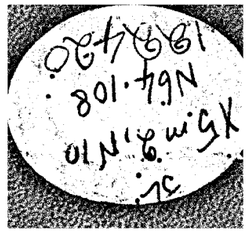
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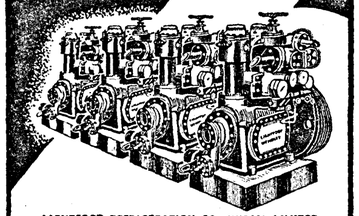

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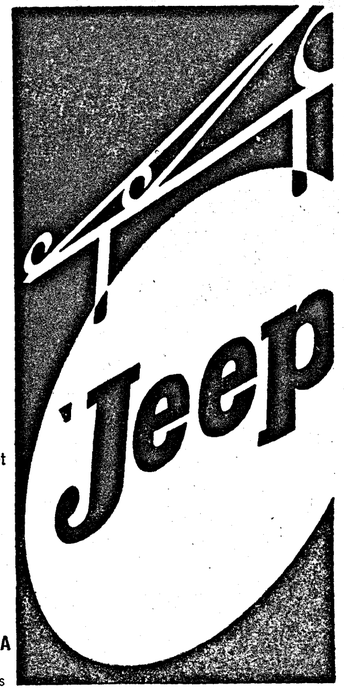

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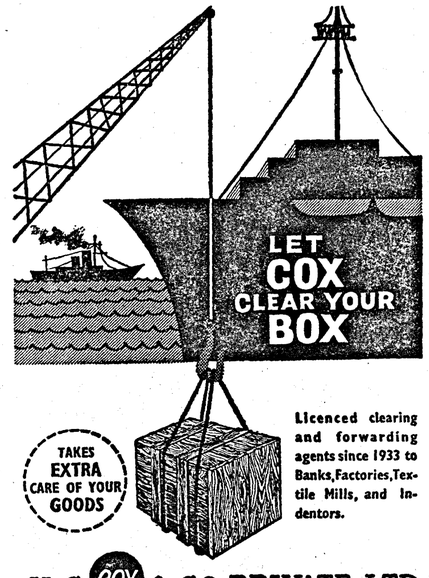

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INDEX TO VOLUME CVIII (JANUARY TO JUNE 1964)

PAGE

A

AGRICULTURE, FOOD AND ANIMAL HUSBANDRY

Agricultural Programme 195
Asian Farm Front, E.C.A.F.E. on 364
Central Warehousing Corporation ... 473
Co-operative Farming Societies 15
Competition in World Markets for Lac ... 1031
Controls in Foodgrains 496
Control on Foodgrain Dealers 792
Farm Response to Price and Non-price Factors 6
Fish Flour 544
Fish in Saudi Arabia 1012
Food Imports Policy 453
Food and Nutrition 790
Food Situation 354, 1048
Lok Sabha Debate on Food and Agriculture 541
Madras Land Ceiling Act 400
Market for Shrimps in U.S. 1012
Net Availability of Foodgrains 323
New U.S. Wheat-Cotton Programme ... 1018
P.L. 480 Deal 734
Preserved Fruits and Vegetables 642
Regulating Foodgrains Trade 638
Rice in W. Bengal 918
Seventeenth Amendment Bill ... 733, 958
Third Bad Year in Food 348
U.S. Aid to Indian Agriculture 209, 259, 332
World Agricultural Growth 934
World Dairy Output 630
World Food Programme Agreements ... 385
World Production of Paddy 473

AMERICAN LETTERS—

American Industrialists' Visit to India ... 600
Exports to Russia and East Europe ... 876
How Real is Poverty in the U.S. 558
Rail-road Industry's Labour Dispute ... 795
Significance of Tax Reduction 404
Trade and Tariffs 1052
U.S. and Nehru 964
Will Price Stability Continue? 696

AVIATION—

Air-India to Buy "Concord" 477
Air-India's Boeing Fleet 172
American Challenger to Concord 289
Anglo-French "Concord" Airliner 846
Avro-748 403
Boom in Air Travel 844
Cargo Airliner 940
Civil Aviation 1050
Concord Supersonic Airliners 197
Fresh Light on Air Accidents 172
H.A.L.'s First Supersonic Aircraft ... 844
Helicopter Service in Big Cities 25
I.A.C. World's Largest Domestic Airline 112, 568
Monopoly, Big Drawback of I.A.C. ... 940
Progress of Air Cushion Vehicles 746
Supersonic Race 736
T.W.A.'s Earnings 293
W. German V.T.O. Plane 940

AVIATION COMPANY—

Pan American Airways 795, 1033

B

BANKING AND MONEY—

Bank That Shows Money 652
Banks Role in Indian Economic Progress ... 551
Banks' Contribution to Capital of Unit Trust 635
Banking Laws (Miscellaneous Provisions) Act 8
Banking Reform in Sweden 166
Banking in Pakistan 839
Banking Trends in Busy Season 838
British Banks to Close on Saturdays? ... 312
British Bankers' Annual Statements ... 198
Can Monetary Policy Be Internationalised? 241
Central Bank for Eastern Europe 242
Competition in British Banking 121
Contingent Liabilities of Banks, R.B.I.'s Study 1102
Controlled and Dearer Credit 399
Credit Squeeze and After 447

PAGE

BANKING AND MONEY—*contd.*

Deposits in Non-Banking Companies ... 787
Deposits with Companies 396
Depositors Deserve a Better Deal 702
Expansion of Branch Banking 966
Federal Reserve System in U.S. 742
German Banking and Economy 602
I.M.F.'s Resources 926
Incentive to Depositors, Agreement Among Banks 1055
India's Repayment of I.M.F. Credit ... 315
Indian Bank Rate, Rumour on 271
Industrial Development Bank ... 358, 1014
Inflation in W. Europe 492
Institute of Bankers 1095
Interest on Deposits 399
Interest Rates in Europe 328
International Monetary System 40
Japan and I.M.F. 478
Lending to Agriculturist and Small Industrialists 82
Martins Bank Chief on Interest Rates ... 75
Monetary Policy, S.K. Basu on 2
Monetary Policy in U.S. 550
National Savings 198
Nationalisation of Banks 447, 593
Non-Banking Companies Deposits ... 959
Partners in Progress, World Bank Group in Asia, Africa and U.S. 124
Pattern of Interest Rates 543
Per Jacobsson Foundation 702
Prejudice and Politics in the Liquidity Mix 837
Rationale Behind the U.K. Bank Rate Increase 460
Refinance Corporation, Progress of ... 550
Rural Savings and Debts 35
Section 7 of the Banking Companies Act Should a Central Bank be Really Independent? 645
'Six' to Adopt Measures to Combat Inflation 357
Small Savings in Maharashtra 6
State Bank of India Act 42
State Bank's Progress 454
Statements of Bank Chairmen in India ... 447
Struggle for Deposits 235
Syndicate Bank 82
Trend and Progress of Banking 878
Twentieth Anniversary of I.M.F. 159
U.S. Ex-Imp. Bank's Operations 502
U.S. Government's Control Over Credit for Stock Markets 5
Urban Credit Co-operatives 115
When a Bank is Not a Bank 793
Window Dressing by Banks 926
World Bank's Lending Policy 235

BANKS—

Allahabad Bank 385
Andhra Bank 879
Bank of Baroda 83, 502
Bank of India 83, 407
Bank of Maharashtra 83, 619, 646
Bank of Rajasthan 868
Bareilly Corporation (Bank) 703
Canara Bank 119, 603, 621
Canara Banking Corporation 359
Central Bank 119, 603, 764
Chartered Bank 503, 518
Devkaran Nanjee Bank 32, 503
Habib Bank 400
Hindustan Mercantile Bank 646
Indian Bank 83, 603
Indian Overseas Bank 119, 502
Krishnaram Baldeo Bank 1015
Lombard Banking 405
Mitsui Bank 794
National and Grindlays Bank 323
Punjab National Bank 83, 879
State Bank of Bikaner and Jaipur ... 243
State Bank of Hyderabad 83
State Bank of India 119, 406, 466
State Bank of Indore 279
State Bank of Mysore 552
State Bank of Saurashtra 323
State Bank of Travancore 406
Syndicate Bank Ltd. 119, 552
Union Bank of India 119, 503, 770
United Bank of India 32, 429, 570
United Commercial Bank ... 119, 448, 668

PAGE

C

CEMENT—

A Bigger Public Sector in Cement? ... 870
Cement Industry 1047
For Higher Cement Production 962
Growth of Cement Industry 214

CEMENT COMPANIES—

Andhra Cement 1077
Associated Cement Companies 26
Dalmia Cement (Bharat) 898, 976
Digvijay Cement 1033
Orissa Cement 1117
Panyam Cements and Minerals Industries 26, 174

CHEMICALS—

Cellulose Acetate Factory of East Anglia Plastics 101
Chemical Industry 7
Nangal Fertiliser Factory 53
Petro-chemical Complexes, Plan for ... 1112
Petro-chemicals in the U.S. 1110
Pharmaceutical Drugs 270
Private Fertiliser Projects 874
Progress of Fertiliser Projects 450
Protection for Soda Ash 944
Russia: World's Largest Soap-maker ... 235
Siemens and Phillips' Joint Venture in Medical Equipment 640
Titanium Dioxide, Protection for 336

CHEMICAL COMPANIES—

Alkali and Chemical Corporation of India 269
Alembic Chemical Works 898, 979
Amar Dye-Chem 1075, 1114
Anil Starch Products 724
Atul Products 820, 854
Coromandel Fertilisers 736, 743
Dharamsi Morarji Chemical 991
Hindustan Polymers 892
Premier Fertilisers 1077
Synbiotics Ltd. 342

COAL—

Amalgamation of Small Collieries 546
Bungling in Coking Coal 738
Coal Industry 238
Deep Shaft Mines, N.C.D.C.'s Programme 56
Disc Filter for Coal Washeries 338
Fuel Efficiency Service 274
Growth Problems of Coal Industry ... 398
Non-coking Coal Freed from Control ... 871
Singareni Collieries 7

COAL COMPANIES—

Bengal Coal 674, 714
New Beerbhoom Coal 676
South Karanpura Coal 297

COFFEE—

Cess on Coffee Exports 735
Coffee in Brazil 1082
Coffee Getting Popular in U.K. 639
International Coffee Agreement 56
Outlook for Coffee 1098
Problems of Financing Coffee Industry ... 458
Whither World Coffee? 191
World Coffee Price 115

COFFEE ESTATES—

Anaparai Estates 55
Kumergode Estates 575
Savamalai Estates 768

COMPANY AFFAIRS—

Andhra Sugar's New Venture 32
Bajaj Tempo's Public Issue ... 115, 192
Bharat Forge Co.'s Capital Issue 72
Bharat Steel Tubes' New Issue 75
Bhaskar Textile Mills' Public Issue 215, 400
Business Associations, Need for a Philosophy 12

Supplement to "COMMERCE" dated 1st August 1964

PAGE

COMPANY AFFAIRS—contd.

Capital Issues 75
Cementation Co.'s Contract 312
Century's Bonus Issue 235
Century Spg. & Mfg's. Diversification Plan 150
Chemicals and Fibres' Capital Issue ... 701
Cochin Refinery's Public Issue 132
Cominco Binani Zinc's Issue 916
Company Contribution for Political Purposes 695
Company News from Europe 942
Concentration in Corporate Sector ... 942
Consent for Capital Issues in 1963 ... 135

Devidayal Cable's Fresh Issue 75
Dividend of American Express 429

Elecon's Maiden Dividend 574
Engel India's Allotment 474
Esso Debentures 635

Facilitating Research on Corporate Sector 1076
Fresh Capital Issues 105, 378

Glasstek, A New Tata Enterprise ... 75
Guest, Keen, Williams' Debentures 116, 531
Gwalior Rayon's New Acquisition ... 159

Hind Cycles' Merger with Gwalior Rayon 448
Hindustan Polymer's Capital Issue ... 916
How Big is Shareholders' Democracy in India 664

Issue of Shares by Tender 1024, 1062

Kerala Spinners Equity Issue 544

Lakshmi Machine Works' Public Issue ... 188
Lintas' Silver Jubilee 109

Mahindra Ugine Steel Co.'s Public Issue 31
Modern Company and Rule of Law 261, 290, 330
Mohatta and Heckel's Issue 1007

New Capital Issues 724
New Company Formations in 1962-63 ... 555

Peirce, Leslie and Co. to Become Rupee Co. 263
Premier Cable to Enter Capital Market ... 544
Public Accountability of Private Corporate Sector 134, 168

'Restricted' Information About Public Sector Projects 192
Rights, Duties and Obligations of Company Directors 894, 932, 982
Rockwell India's Public Issue 1127

Share Transfer Fees 235, 315
Tax Deduction from Dividend 544
World's Biggest Merger of Photographic Firms 379

CO-OPERATION

An *Ideal Rural Co-operative Store* ... 599
Co-operative Movement in 1961-62 ... 435
Co-operative Sector 1098

Report on Co-operative Administration ... 34

COTTON—

Cotton Control 159, 315
Cotton Crop 1007
Cotton Price Policy 1047
Cotton Target 498

Extra Long-staple Cotton 44, 880

Factory Farms for Cotton 540
Indian Cotton Prices 31, 84
International Federation of Cotton and Allied Textile Industries 929

Movement of Cotton 842

New Cotton Strain for Andhra Pradesh ... 796

One-price System for U.S. Cotton ... 191

Pakistan's Cotton Industry 968
Production and Consumption of Cotton ... 842

Subsidy Rate for U.S. Cotton 928

Traditional Divisions in Textile Industry 882

U.S. Cotton to the Rescue 396

World Cotton Consumption 360
World Cotton Stocks 128
World Production of Cotton 648
World Trade in Cotton 796

COTTON AND WOOLLEN MILLS—

Adoni Spg. and Wvg. 900
Ahmedabad Advance Mills 987
Anglo French Textiles 1074
Arvind Mills 725

Bangalore Woollen, Cotton and Silk Mills 723, 757
Bharat Commerce and Industries ... 987
Bhaskar Textile Mills 411
Bombay Dyeing and Manufacturing ... 627
Bowreah Cotton Mills 1120
Buckingham and Carnatic 723, 762

PAGE

COTTON AND WOOLLEN MILLS—contd.

Cawnpore Textiles 900
Century Spg. and Mfg. 819
Coimbatore Cotton Mills 724
Coimbatore Pioneer Mills 1034
Dewan Bahadur Ramgopal Mills ... 55

Elgin Mills 295
Elphinstone Spg. and Wvg. Mills ... 1076, 1122

Finlay Mills 859

Gokak Mills 947
Gold Mohur Mills 859

Hemalatha Textiles 142

Indore-Malwa United Mills 1032, 1079

J. K. Manufacturers 805
Jawahar Mills 768
Jaya Shree Textiles 818

Kohinoor Mills 675
Kothari Mills 860

Madura Mills 437, 559
Mafatlal Fine Spg. and Mfg. 901
Modern Mills 1075

New Shorrock Spg. and Mfg. 901
Nimar Textile Mills 178
Nutan Mills 821

Podar Mills 899

Radha Krishna Mills 951
Raipur Manufacturing 768
Rajasthan Spg. and Wvg. Mills 532
Rajkumar Mills 1077
Rayalaseema Mills 991
Raymond Woollen Mills 858

Saraspur Mills 725
Sassoon Spg. and Wvg. 901
Shreeniwas Cotton Mills 767, 888
Sri Ranga Vilas Ginning, Spg. and Wvg. Mills 575
Standard Mills 901
Svadeshi Mills 1033
Swan Mills 859

Tata Mills 987
Trichinopoly Mills 725

Usha Spg. and Wvg. Mills 58

Victoria Mills 1120

CURRENCY AND EXCHANGE—

Cupro-nickel Coins 17

Demonetisation of Burmese Currency ... 922
Dollar Shortage? 1013

Exchange Rates, Fixed and Unfixed ... 197

How Strong Is Sterling? 890

Judgment on Euro-currencies 1101

Multiple Key Currency System, U.S. Step on 317

Sterling Area, Will it Bow Out? ... 38, 164

D

DELHI LETTERS—

Action on Fourth Plan 832
Anti-Graft Drive 115

Brief Talks with Mikoyan 1096
Budget of a Technocrat 351

Chavan's Search for Defence Aid ... 740
Controls in Foodgrains 496
Controversy Over Status 1008

Defence Plans 36, 549

Exodus from Burma 700

Food Imports 453
Food Problem 1048
French Decision to Recognise Red China 196
Future of Yojana Bhavan 640

How They Chose the Leader 960

I.A.C., World's Largest Domestic Airline ... 112
Indo-Australian Trade 496
Issues Raised by Mr. Neogy 236

Oil and Steel Concepts 112

Removing Malaviya Malformations ... 453
Russian Help to Bokaro Plant 788

Several Missions to East Europe 872
Slow Take-off in "MIG" Plans 272

Third Bad Year in Food 348
Towards Freedom from Foreign Aid ... 919

DRAINAGE, IRRIGATION & WATER SUPPLY—

Central Aid for Irrigation 1098

Desalination of Sea Water 814

Economics of Big Irrigation Projects 1066, 1107

Irrigation and Power, Ministers' Conference on 30

Utilisation of Irrigation Potential 383

PAGE

E

ELECTRICITY, ATOMIC ENERGY, CABLES AND COMMUNICATIONS—

Bharat Electronic's Target 544

Britain's Second Nuclear Power Plan ... 814

Europe's Future Power Needs 814
Export Prospects for Electric Motors ... 140

Hardware Heavy Electricals 922

Neyveli Thermal Station 814
Nuclear Research Project in U.K. ... 80

Uncertain Outlook for TV Industry in Europe 426

ELECTRICITY, CABLE AND RADIO COMPANIES

Asian Cables Corporation ... 75, 676, 812
Associated Battery Makers (Eastern) ... 178
Devidayal Cable Industries 92, 900, 1026

Electric Construction and Equipment ... 437

Globe Auto Electricals 105

Henley Cables India 631
Hindustan Electric 180

Philips India 85

ENGINEERING—

Bhadravati Iron and Steel Works' Expansion 77
Bokaro Steel Project 263, 271, 740, 785, 788

European Steel Industry 750

Foundry Industry, Problems Facing ... 846
Future of Electric Furnaces 430

Heavy Engineering Corporation 654
Hindustan Steel's Performance 464

Japan's Iron and Steel Industry 750

Machine Tools Production 334
Machinery Manufacturing Industries ... 622
Manufacture of Printing Machinery ... 53
Material Testing Machines 963
Metal Scrap Trade Corporation 625
Miller Dynamo Lighting Sets 750
Mitsubishi Turbo-generating Plant ... 561

Pig-iron Plants 834

Role of *Technologists* 34
Rourkela Plant, Mr. Solveen on 206
Rourkela's Chronic Ailments 122
Rourkela Steel Works 432

Special Steel Projects 923
Steel Decontrol 354
Steel Plant for Goa 1010
Steel Production in U.K. 165
Steel for Engineering 542
Steel for Water Manufacture 1095

T.I.S.Co. & I.I.S.Co.'s Expansion 574
Training Steel Workers in U.K. 98

Water Desalting Plants 555
World Steel Market 194

ENGINEERING COMPANIES—

Andhra Foundry and Machine ... 935, 955

Bharat Forge 10
Bharat Steel Tubes 106
Binani Metal Works 1034
Brady Engineering 625, 813
Braithwaite and Co. (India) 938

Calcutta Steel *988*

Dalmia Iron and Steel 338

Escorts Ltd. 1117

Guest, Keen, Williams 135, 947, 1070

Indian Standard Wagon 1119
Industrial Containers 860

Jessop and Co. 675, 755
J.K. Steel 24

Kamani Engineering Corporation ... 626, 754
Kirloskar-Asea 476
Kirloskar Brothers 54
Kirloskar Cummins 556
Kumardhubi Engineering Works *900*

Lakshmi Machine Works 170
Larsen and Toubro 724

Mahindra Ugine Steel 50, 1038
Martin Burn 474
McKenzies 439
Mohatta and Heckel 1019

National Machinery Manufacturers 951
New Standard Engineering 296

Premier Construction 627

Sandvik Asia Ltd. 192
Scottish Indian Machine Tools 596
Southern Structurals 821
Steel Containers 866
Structural Engineering Works 178

Tensile Steel 1034
Textile Machinery Corporation 1075
Trichy Steel Rolling Mills 27

Voltas 21, 216, 257

PAGE

F

FINANCE (Budget)—

Background to the U.K. Budget 651
Britain's Budget 886

Central Government Budget ... 349, 382

Economic and Budgetary Trends, Indian Merchants' Chamber on 255

I.M.C.'s Pre-budget Survey 191

Maharashtra's Budget 269

Pakistan Budget 1050
Pre-Budget Guesswork 271

Relief in Budget Measure 693

State Budgets 319, 354, 402

U.S. Mammoth Budget 118

FINANCE (General)—

Aid by Compensation 877
Aid for Developing Countries 852
Aid-India Consortium's Pledges 962
Annuity Deposits Scheme 351, 1095

Britain's 'Stake-in-the Nation Bonds' 276
British Aid to Overseas Countries ... 164, 965

C.D.F.C.'s Loan for Mukand Iron 573
Canadian Investment in India 547
Capital Market, Problem of Reviving ... 595
Colombia's Stand-by Arrangement with I.M.F. 279

European Capital Market 925

Finances of State Governments 1104
Foreign Aid Utilisation 699, 822
Foreign Private Capital ... 595, 701, 1053
Fourth Finance Commission 787

High Cost of Big Government 528

I.D.A. in U.S. Congress 352
I.D.A. Credit for India 1053
I.D.A Credits to Pakistan 1052
I.D.A. Credit to Tanganyika 15
I.F.C. Investment in Fort Gloster 260
I.F.C. Investment in Nigeria 119
I.M.F. Standby Credit to Chile 292
I.M.F. Standby Credit to Syrian Arab Republic 452
India, A Bet for the Foreign Investor ... 774
India's Aid to Nepal 792
India's *Repayment to I.M.F.* 822
Indian Investment Centre's Progress ... 295
Information Officer for Foreign Investment 477
Investment Climate, Mr. G. L. Mehta on 275

Millionaires in Britain 543
Mr. Jalan on Fiscal Policy 544

National Income 323, 355
National Savings Progress 198

Prospects for U.S. Aid 493
Public Debt of Central Government ... 410

Refinance Corporation 595
Russian Aid to Middle East 888

Self-Financing in Industry 965
State Financial Corporations, Role of ... 34
State Financial Corporations, Working Group on 256, 278, 322
S.U.N.F.E.D.'s Progress 1051

Test Case for Financial Co-operation, Italy's 405
Towards Freedom from Foreign Aid ... 919

Unit Trust of India 217, 235, *1007*
United Loan from U.S. 315
Urban Credit Co-operatives 115
U.S. Foreign Aid Bill 1050
U.S. Loan to Bearings Project 248
U.S. Loans to I.F.C. and I.C.I.C.I. 185

World Bank Loan to Algeria 877
World Bank Loan to Ethopia 886
World Bank *Loan to Nigeria* 452
World Bank Loan to New Zealand ... 478
World Bank Loan to Tunisia 1011

FINANCE (Taxation)—

Corporate Taxation in Different Countries 716

Federal Income-tax in the U.S. 282
Federal Tax System in the U.S. *920*

Income-tax Appeals 1011
Income-tax Refunds 432
'Income-tax *vs.* Foreigner' 1111

Massive Tax Cuts in U.S. 396

Sales Tax on Export Goods 735
Surtax on Companies 353

Tax on Unearned Income 271
Taxes and Savings 834
Taxation on Non-Residents 352
Taxation Proposals, P. L. Tandon on ... 495
Turnover Tax in E.E.C. 495

Union Excise and the Exchequer 248
Union Government's Tax Proposals ... *399*
U.S. Tax Reduction Bill 263

PAGE

G

GOLD AND SILVER—

Gold Pool—A Success 400
Industrial Diamonds 345
London Gold Market 861
Pool of Gold Revealed 452
Reassessment of Russian Gold 741
World Gold Position 81

H

HOUSING—

Housing Group's Report 875
Housing for G.O.I. Employees in Bombay 846
L.I.C.'s Own-your-home Scheme ... 6, 639
World-wide Problem of Housing, I.L.O. Study 974

I

INDUSTRIES—

Biscuit Industry, Problems of 450
British Industrial Production 528

Common Production Programme 462

Defence Production 451

Education for Industry 398

Glass, Refractories and Ceramics 336

Higher Production Through Better Plant Utilisation 766

Indian Leather Fair 162
Industrial Development of Nigeria ... 185
Industrial Diamonds 345
Industrial Licensing 78, 1073

New Industrial Locations 1047

Photographic Industry in Europe 616
Private Sector in Industry 74

Russia: World's Largest Soap-maker ... 235

Stainless Steel Razor Blades 635

Water for Bombay's Industries 698

INSURANCE AND PROVIDENT FUNDS—

Co-operative Underwriting in General Insurance 660, 704
Code of Conduct in General Insurance ... 945

Deposit Insurance in India 794
Disturbing Trend of Expenses in Life Insurance 376

Employees' Provident Fund 582
Employees' State Insurance 434
Export Risks Insurance 504

First Decade of Employees' Provident Fund Scheme 136

General Insurance, Trends in 790

Investment Objectives of L.I.C. 871

L.I.C. in General Insurance 543
L.I.C.'s Fourth Valuation 318

Pension-*cum*-Life *Insurance for Self*-Employed 434

Selling Insurance 'Over the Counter' ... 828

INSURANCE COMPANIES—

All-India General Insurance 945

India Reinsurance Corporation 1030

New India Assurance 1030

Sterling General Insurance 731

J

JUTE—

Final Estimate of all-India Jute Crop ... 263
Full Freedom for Jute Mills 157

Jute Industry's Fibre Needs 45
Jute Mill Machinery 923

Problems of Jute Industry 494

JUTE MILLS—

Alliance Jute Mills 339

Budge-Budge Jute Mills 676

Champdany Jute 1034
Cheviot Mills 951
Chitavalsah Jute Mills 439

Delta Jute Mills 951

Empire Jute 297

Kamarhatty 1074
Kanknarrah 1074
Kelvin Jute 142

Nellimarla Jute Mills 339

Presidency Jute Mills 297

Waverley Jute Mills 262

PAGE

L

LABOUR—

'Avoid the Drug of Arbitration' 639

Bonus Commission's Recommendations ... 472

Collective Bargaining in India 324
C.S.O.'s Middle Class Survey 1060

Employment in Rural Areas 748
Engineering Association on Bonus ... 835

Fair Price Shops for Workers 554
Formula for Bonus, Bonus Commission on 233
Forty-hour Week in Britain 963

I.L.O. and Automation 472
Incentives in Modern Industry 985
Industrial Disputes in Maharashtra ... 816
Industrial Relations 446

Japan Exports Know-how to Australia ... 748

Labour in Democratic Socialism 22
Labour in Public Sector 836
Labour Problems, Kothari on 546
Labour Policy 599
Labour Relations in Rourkela 35
Labour Survey Techniques 816
Lakdawala Committee on Consumer Price Index 78, 194, 320

Management Development 735
Manpower Planning and Policy in U.S ... 816
Mediation and Arbitration in W. Germany 816

Overstaffing in Public Sector Units ... 643

Pensions and Politics in the U.S. 701
Personnel Policies of Public Sector Enterprises 706
Productivity and Labour in Indalco ... 739
Professional Management 542

Real and Money Wages, Trends in ... 896

Salaried Middle Class 1046
Science of Manpower Management in a Developing Economy 374
Social Security 923
Social Security in W. Germany 208

Technical Talent for Public Sector 118
Training Industrial Engineers 608

U.P.A.S.I. on Bonus 495
U.S. Labour Costs 741

Voluntary Arbitration 175

"Wage Drift" in Britain 1008
Workers Participation in Management ... 874
World Labour Situation, I.L.O. on ... 208

LEADING ARTICLES—

A.-I.C.C. Reiterates its Socialism 869
Another P.L. 480 Deal? 734

Bhubaneshwar and Private Sector ... 397
Bigger Public Sector in Cement 870
Blueprint for Socialism 29
Britain's "Brain Drain" 270
Broad Contours of Fourth Plan 830

Chittaranjan Locomotive Works 314
Current Economic Situation 918

Dr. Rao's Blueprint for Socialism 113

Education for Industry 398

Finances of Maharashtra 269
First Task Before New Cabinet 1006
Formula for Bonus 233
Full Freedom for Jute Mills 157

Government's Economic Survey ... 313, 350
Growth Problems of Coal Industry ... 398

India and the West 73
India's Export Performance 189
Industrial Relations 446
Irrigation and Power 30

Jawaharlal Nehru 917
Jute Industry, Problems of 494

Liberalism Triumphs 957
Lok Sabha Debate on Food and Agriculture 541

Mahalanobis Report 786
May the Government Become Wiser ... 637
Monetary Policy, S. K. Basu on 2
Monopolies Commission 694
National Maritime Day 594
Nationalisation of Banking 593
New Central Cabinet 1005
Nehru's Economic Eclecticism 958

Pakistan's Economy 1094
"Paper Socialism" 829
Pharmaceutical Drugs 270
Private Sector in Industry 74
Professional Management 542
Prospects for U.S. Aid 493

Railway Budget 234
Regulating Foodgrains Trade 638
Respect for Judiciary 190
Rethinking on Sugar Policy 157
Rice in W. Bengal 918

Salaried Middle Class 1046
Seventeenth Amendment to the Constitution 733, 958

PAGE

LEADING ARTICLES—*contd.*

Shastri's Remarks on Fourth Plan ... 1093
Soviet Aid for Bokaro 785
State of the U.S. Economy 114
Steel for Engineering 542
Sugar Industry, State of Affairs in ... 734
Swatantra Party's Economic Policy ... 189
T.T.K.'s Approach to Planning 1
T.T.K. Disappoints Again 693
Tax Proposals Disheartening 349
Wealth from Mineral Wastes 446
World Trade Conference 445, 1045

LONDON LETTERS—

Balance of Payments Position 37
Balance of Trade 120, 497, 1099
Balancing Statesman or Lame Duck? ... 700
Bank Rate 120, 356
Banks Chairmen's Speeches 240
Banking for Bankers 160
Booming British Economy 877
Britain and Nehru 965
Export Trade Picture 1053
Gold Reserves 240
Government and the State of the Nation 644
Grasping the Commonwealth Mettles ... 740
Kennedy Round 837
Market in Doldrums 1012
Pattern of Trade 792
Prices or Profits? 80
"Pulse" of the Stock-market 196
Rising Tide 3
Shadow of Policy to Come 405
State Spending 276
Trade Gap 320
Trends in Foreign Trade 925
U.K.'s External Capital Position 452
World Trade Conference 548

M

MANCHESTER LETTERS—

Activity in Textile Trade 127
Cotton Board on Textile Trends 929
Cotton Goods Imports 841
Demand for Textiles 705
Export Trade in Textiles 797
Extending Control of Cotton Board ... 606
Final Textile Trade Figures 246
Imports of Cotton Textiles 1017
Manpower Shortage in Cotton Mills 169, 505
New Integration Moves in Textiles ... 553
New Textile Pact with Hong Kong 281
New Wage Structure 649, 1106
Reorganisation of Cotton Industry 201
Return from Weaving Units 362
Rising Productivity of Cotton Mills ... 327
Takeover of Textile Companies 457
Textile Industry's Situation 43
Textile Machinery Export 969
Textile Output 409
Textile Stockbuilding 745
Textile Takeover Deals 1056
Trading Results of Cotton Mills 85

METALS, MINES AND MINERALS—

F.O.B. Floor Prices for Mica Exports ... 56
Japan Looking Elsewhere for Iron Ore ... 492
Master Plan for Iron Ore Exports 162
Tin Plate for India 972
Tin Research in 1963 526
Wealth from Mineral Wastes 446
World Nickel Consumption 17
World Price of Tin 316

MINING COMPANIES—

Cominco Binani Zinc 889
Ferro Alloys Corporation 1077
Hindustan Aluminium Corporation ... 946
Indian Aluminium Co. 674, 760
Jaipur Metals and Electricals 991
Khandelwal Ferro Alloys 1072, 1119
Kutch Salt and Allied Industries 801
Shivrajpur Syndicate 631

MISCELLANEOUS—

Benefits of U.S. Space Research 366
Disease of Disuse 695
First Task Before New Cabinet 1006
Jawaharlal Nehru 917
Liberalism Triumphs 957
May the Government Become Wiser ... 637
Nehru, an Example for Managers ... 1010
New Central Cabinet 1006
Smoking and Health 79

PAGE

MISCELLANEOUS COMPANIES—

Alembic Glass Industries 860
Andhra Pradesh Industrial Development Corporation 52
Angelo Bros. 262
Asiatic Oxygen 569
Assam Match 900
Balmer Lawrie 1119
Bengal Flour Mills 821
Birds Investments 575
Bombay Oxygen Corporation 768
Bombay Potteries and Tiles 532
Borosil Glass Works 951
Brakes India 272
British India Corporation 946, 1064
British Paints 1118
Brushware 860
Carborundum Universal 180
Commerce (1935) 761
Duncan Brothers and Co. 1119
Eastern Investments 339
G. Claridge and Co. 631, 761
Hindustan Lever 626, 758
Hindusthan-Pilkington Glass Works ... 723
Indian Oxygen 138, 141
Indian Wood Products 439
Industrial Credit and Investment Corporation of India 384, 408
Industrial Investment Trust 1118
Kesoram Industries and Cotton Mills ... 23
Killick Industries 631
Maharashtra State Financial Corporation 1119
National Pipes and Tubes 476
New India Industries 988
Parshuram Pottery Works 105
Permanent Magnets 439
Polson Ltd. 821
Rallis India 215, 378
Sen-Raleigh 531, 561
Spencer and Co. 20
Travancore Ogale Glass Manufacturing ... 951
Tube Investments of India 17
Tungabhadra Industries 476
Unilever 378, 899
Union Carbide India 767, 927
Vibgyor Ltd. 946
W. H. Brady and Co. 676, 813
Western India Match Works 818

MISCELLANEOUS ECONOMIC MATTERS—

A.I.C.C. on Socialism 869
Bhubaneshwar Session and Private Sector 397
Blueprint for Socialism 29, 75
Bombay's Civic Problems 498
Britain's Brain Drain 270
Britain's Role in India's Development ... 76
British Economic Volunteers Abroad ... 275
Businessmen's Problems 238
'Capitalist' Challenges Mr. Khrushchev ... 722
Committees in India, How They Work ... 4
Commodity Prices and Reserve Currencies 501
Concentration of Economic Power? 402, 763
Control of Monopolies and Cartels ... 850
Current Economic Situation 918
Democratic Socialism; An Election Stunt 3
Development of Technical Know-how ... 14
Dr. Rao's Blue Print on Socialism ... 113
Economic Aid, French or American Style? 165
Economic Trends in Canada 90
Economic Trends in Pakistan ... 566, 1108
Economic Trends in U.K. 1054
Economy and Growing Numbers, Asian Conference *16*
European Economy 642
Futures Trading in Commodities 959
G. D. Birla on Government's Economic Policies 639
Government's Economic Survey ... 313, 350
Holding the Price Line 3
How to Eradicate Corruption 598
Imbalance in World Economy 244
Income Distribution, Study of 159
India and the West, Mr. Jay on 73
Indo-British Economic Ties 195
Israel's Economy in Outline 662
Mahalanobis Report 786, 1020
Maharashtra *vs.* W. Bengal, Factors Behind Economic Growth *895*
Monopolies Commission ... 543, 694, 851
Nehru's Economic Eclecticism 958
New Light on Price Rises 326
New Year Prospects of British Economy 102
Orissa's Economic Development 77
Pakistan's Economy 1094
'Paper' Socialism 829
Population Control 1050

PAGE

MISCELLANEOUS ECONOMIC MATTERS—*contd.*

President Johnson's State of Union Message 1
Private Sector and Public Relations ... 83
Production and Investment in U.K. ... 25
Progress of Latin America 74
Rising Prices in Europe 84
Standards in Education 70
State of the U.S. Economy 1
Swatantra Party's Economic Policy 189
Synthetics *vs.* Natural Raw Materials ... 83

MOTOR TOPICS—

Automobile Ancillary Industry 13
Automobile Industry, Progress of 4
Automobile Production in 1963 57
Car Output in Italy 2
Chrysler-Rootes Deal 100
Cuban Order for British Leyland 1
Demand Growth for Cars in U.K. 8
Detroit Launches Export Drive 25
Motor Vehicles Production in Japan ... 2
Tata-Mercedes Trucks 13

MOTOR COMPANIES—

Ashok Leyland 141, 2
Automobile Products of India 3
Bajaj Tempo 210, 262
Enfield India 1077
General Motors 192
Mahindra and Mahindra 625, 756
Premier Automobiles 54

N

NEW PRODUCTS AND PROCESSES—

Adhesive Cable 287
Air Conditioning for Spring Frames ... 173
Air Mixing Device for Jets 173
Aluminium Alloy Cable 207
Aluminium From Waste 847
Anhydrous Milk Fat 52
Automatic Control of Crossing Barriers ... 55
Automatic Silk Saree Printing 52
Automatic Spraying Machines 527
Automatic Textile Sizing Process 47
Ball Point Adhesive Applicator 335
Belter Pipe Protector 335
Board-making Machine 847
'Brains' for Space Rockets 1113
Brighter Coating for Metals 431
Building Bricks from Waste 431
Bullet Proof Glass 367
Butter Oil from Whole Milk 207
Capless Fountain Pen 99
Car Travel Measured 207
Cartridges Filling Machine 254
Centrifuge for Eggs 941
Changeable Bed 133
Checking the Hardness of Steel 287
Cockpit Voice Recorder 1063
Compact Ground Prospecting Instrument 173
Compacted-volume Meter 287
Computor Controls Steel-making 254
Cork Remover 99
Corrosion Protection 133
Cryogenic Storage System 559
Cutting Coke Consumption in Blast Furnaces 99
Cylinder Dryer for Fabrics 47
Deionisation of Sugarcane Juice 47
Dial Type Light Dimmer 335
Dictating Machines 527
Diesel Powered Platform Truck 335
Disposing Chemical Residues 527
Document Copiers 465
Dual Purpose Fork Truck 173
Dual Purpose Roof Ventilator 254
Dyeing and Finishing of Viscose Rayon ... 1063
'Egg' Drycleaner 887
Electrical Hydrometer 1113
Electric Testing Pistol 1063
'Epistop,' An Australian Adhesive ... 133
Extractor 287
Filtering Semi-fluids 367
Flame-resistant Adhesive 133
Flame-resistant Cable 99
Forging Billets 847
Frozen Meal 1063
Glass Hypodermic Syringe 254
Grinding and Polishing 431
Grinding Hard Materials 287
Grinding Wheel 173
Handling Scrap Material 335
Hard Coating for Steel 335
Heat Camera 207
High Speed Nickel-plating 847
High Speed Welder 887
Hydraulic Motor 465

PAGE

NEW PRODUCTS AND PROCESSES—*contd.*

...ntifying Railwagons 133
FIN ...proving Reproduction of Photographs ... 431
...ammable Rubber Bladder for Mine Safety 254
...flammable Vehicle Rafts 207
...rument for Making Glass Knives ... 207
E...es More Coke 335
...netic Alloys 431
...cury Columns Test Turbines 207
...al Recovery 99
Milk Container 431
Mobile Car Garage 941
Money Changing Slot Machine 465
Mould Temperature Control 527
Multiple Solar Cells 173
Multi-contract Plug System 254
Nail Driver 254
New Asbestos Tile 207
New Face for Sc...w 133
New Hard Iron 133
New Hydraulic Press 887
New Magnetic Devices 715
New Pack for Export Cheese 133
New Rotary Screen Printing Machine ... 715
...n Load Tap Changer 1063
...dourless Cooking 173
...ptical Probe 367
...ven for Baking Bread 559
Oxygen Steel Process 527
Pallet Loader 367
Paper Dissolves in Water 335
Pitch Fibre Pipes 527
Plastic Coated Power Cables 887
Plastic Jacket for Pipe Insulation ... 173
Pocket Size Television Set 287
Points Reinforced with Nylon 335
Portable Electric Power Units 254
Portable Refrigerator 335
Pressure Switch 367
Process of Nylon 335
Protecting Metal Surfaces 887
Recording Wagon Movements 559
Reversible Washing Line Holder 99
Road Marking Post 431
Rotary Engine 207
Safety Belts for Car Seals 133
Safety Container for Solvents 254
Self Service Fuelling 465
Solvent Recovery System 287
Special Light Domes 99
Spongy Metal for Steels 254
Spray Gun 287
Stainless Steel 367
Step Ladder 173
Stockings made of Polyproplene 254
Stops Fare-Dodging 367
Structure of Protein 133
Switch Point 173
Synthetic Fibre Blanket 335
Textile Printing Rollers 207
Thermo Electric Heat Pump 465
Tough Motor 287
Transisterised Warning Lamp 287
Truck Brake Components of Plastics ... 465
Tungsten Carbide 431
Typewriter Keyboard 207
Ultrasonic Bonding of Fabrics 99
Ultrasonic Cleaning Equipment 287
'Universal' Machine Tool 335
Vibratory Conveyor 1113
Vision in Vinyl 325
Vinyl Acetate 887
Water Soluble Cores 431
Water Tap 335
Wearing Steel 133
Wool Dyes 207
Work Efficiency Analyser 527
World's Largest Yankee Cylinder ... 133
Wrapping Machine 99

O

OILS AND OLEAGINOUS MATTERS—

Achieving Self-sufficiency in Oil 831
Cochin Refinery 132
India's Biggest Oil Tanker 666
Iran's Oil Economy 978
Merger of I.O.C. and Indian Refineries ... 623
Oil Industry in Italy 852
Oil Revenues of Middle East Governments 1028
Raising Yield of Oilseeds 236
Russian Competition in Oil 852
Russian Oil Exports, Changes in 618
Story of Phillips Petroleum 296
Trend of World Oil Prices 432
Trends in Petroleum in India 204
World Crude Oil Production 129

PAGE

OIL COMPANIES—

Indo-Burma Petroleum 860
Oil India 103
Tide Water Oil Co. (India) 725

P

PAPER—

Bagasse for Paper 738
Paper Industry 791
Paper and Pulp Conversions 27

PAPER MILLS—

Bengal Paper Mills 1117
Indian Paper Makers Association 806
Paper Products 296
Shree Gopal Paper Mills 1032
Star Paper Mills 532
Straw Products 1118

PLANNING AND RECONSTRUCTION—

Broad Contours of Fourth Plan 830
Colombo Plan Review 163
C. H. Bhabha on Planning 274
Democratic Socialism 3
Fourth Plan 832
French Lesson for Indian Planning 719, 752
Shastri on Fourth Plan 1093
Strategy of Planning 318
Swatantra on Planning 276
T.T.K.'s Approach to Planning 1

PLANTING TOPICS—

Cardamom Industry 1099
Export of Cashew Kernel 107

PUBLICATIONS—

Automobile and Modern Transport ... 750
Bombay Chamber of Commerce 47
'Company News and Notes'—Special Number 215
Cotton Trade Journal 842
Development of Firms 902
Economics of Take-off Into Sustained Growth 808
Fiscal Policy and Inflation in Post-war India 808
Guide to River Thames 601
How to Start Small-scale Industries ... 808
I.C.M.F. Journal 968
Indian Journalists' Guide 236
Indian Labour Movement 808
Industrial and Engineering Annual ... 345
Industrial Times' Foreign Collaboration Number 1125
Japan Company Directory 215
Kothari's Economic Guide and Investors' Handbook 185
Monetary Policy and Central Banking in Japan 902
Statistics—An Introductory Analyses ... 808
Stock Exchanges Quotations 1111
Theory of Money 47
World Bank 47

R

RAILWAYS AND TRAMWAYS—

Chittaranjan Locomotive Works 314
Incidence of Railway Accidents 286
North Calcutta Suburban Railway ... 286
Plastic Locomotive 25
Push-Button Trains in London 655
Railway Budget 234
Railway Debate 318
Railway Electrical Engineering in Britain 286
Tunnel to Link Britain and France ... 239
Working of Integral Coach Factory ... 366

RAYON, STAPLE AND OTHER FIBRES—

Boosting Exports of Rayon Textiles ... 884
First 25 years of Nylon 11
Growing Strength of Synthetic Fibres ... 595
India to have a Terylene Plant 27
Man-made Fibre Industry 456
Man-made Fibre Industry in the U.S. ... 126
Man-made Fibres in Britain 796
New Non-iron Cotton Fibre 127
Teaseling Machine for Man-made Fabrics 281
World Output of Man-made Fibres ... 456

PAGE

RAYON MILLS—

Baroda Rayon Corporation 27, 205
Chemicals and Fibres of India 57
National Rayon Corporation 574
Travancore Rayons 474

RUBBER—

Demand for Rubber 284
Rubber in Malaya 1058
World Production of Natural Rubber ... 181
World Rubber Economy and India ... 1058
World Rubber Position 284

RUBBER COMPANIES—

Dunlop Rubber Co. 941
Dunlop Rubber Co. (India) Ltd. ... 573, 728
General Tyres 18
Madras Rubber Factory 474
National Rubber Manufacturers ... 573, 678
Ruby Rubber Works 262
Synthetics and Chemicals 1034
Thamarapally Rubber 991
Thirunbadi Rubber 476

S

SHIPPING AND PORTS—

All-weather Port at Ratnagiri 98
Bigger Ships to Carry Oil 600
Calcutta Port Trust 814
Cochin Shipyard 477
Jayanti Shipping Co.'s Fleet 132
National Maritime Day 594
Russia's Threat to Europe's Shipping ... 164
Shipping at Geneva Trade Conference ... 871

SHIPPING COMPANIES—

Bengal Assam Steamship 725
Great Eastern Shipping 103

SILK—

Ambica Silk Mills' Silver Jubilee 31

SILK MILLS—

Ambica Silk Mills 1115

STOCK EXCHANGES—

Bhubaneshwar Session's Impact on Stocks 75
Britain's First Woman Stock Broker ... 544
Broker or Director 345
Fall in Equities Overdone 959
Stock Exchange Reaction to the Central Budget 735
Stock Exchanges Cautious 115
Trend of the Stock Exchange ... 1007, 1047
World's Oldest Stock Certificate 501

SUGAR—

Co-operative Sugar Mills 130
D.I.R. and Cane Supplies 118
Expansion of Sugar Industry 88
India and Sugar Abroad 235
I.S.M.A's Annual Meeting 733, 810
Long-term Sugar Policy, Need for ... 202
Minimum Cane Price 400
National Sugar Institute 698
Rethinking on Sugar Policy 157
Sugar as Foreign Exchange Earner ... 130
Sugar Marketing Corporation 695
Sugar Prices 922
Sugar Production 298
Sugar Production Prospects *88*
Sugarcane Yield in Maharashtra 811
World Sugar Price 191, 959
World Sugar and India 316, 736

SUGAR AND BREWERY COMPANIES—

Andhra Sugars 39, 530
Balrampur Sugar 142
Belapur 97
Belsund Sugar 532
Bharat Sugar Mills 27
Bhopal Sugar Industries 260
Carew and Co. 105
Champarun Sugar 142
Changdeo Sugar Mills 338
E.I.D.-Parry 422, 475
Gobind Sugar Mills 27
Gwalior Sugar 297
India Sugars and Refineries ... 379, 508

PAGE

SUGAR AND BREWERY COMPANIES—*contd.*

Kesar Sugar Works 104
Kolhapur Sugar Mills 48
New India Sugar Mills 55
Nizam Sugar Factory 531, 620
Phaltan Sugar Works 575
Ramnugger Cane and Sugar 262
Raza Buland Sugar 530
Sitalpore Sugar Works 55
Tulsipur Sugar 180
Walchandnagar Industries 378

T

TEA—

Bombay Burmah's Tea Crop 724
Concession for Tea Industry 402
India and World Tea Situation 800
Outlook for Tea 1010
Production Target of Tea 874
Tea Board, Estimates Committee on ... 506
Tea Industry 238
Trend of Tea Consumption in Europe ... 1068

TEA COMPANIES—

Coonoor Tea Estates 476
Highland Produce 1120
Kil Kotagiri Tea and Coffee Estates ... 575
Murphulani (Assam) Tea 768
Ouchterlony Valley Estates (1938) ... 725
Stanes Amalgamated Estates 180

TEXTILES—

Boosting Mill Cloth Production 1016
British Textile Industry, Trends in ... 86
Cloth Prices 396, 1095
Cost Structure of Cotton Mills, Muranjan Committee on 84
Cotton Mill Industry, Problems of ... 744
Cotton Mills' Production 181
Cotton Textile Exports 765
Ex-Mill Cloth Prices 1047
Export Emblem for Textiles 884
High Speed Shuttleless Loom 846
Indo-U.S. Textile Pact 834
Khadi Commission Indicted 315
Mobile Textile Spinning Laboratory ... 362

PAGE

TEXTILES—*contd.*

Price Stamping of Mill Cloth, Bharat Chamber's Plea 200
Productivity in Cotton Mills 875
Rationalisation in Kanpur Textile Mills ... 604
S.T.C's Contract to Import Textile Machinery 263
Textile Exports from India 456

TOBACCO—

Production of Tobacco 492
Smoking and Health 79

TOBACCO COMPANIES—

National Tobacco Co. of India 1120

TRADE—

Balance of Trade 787
British Columbia International Trade Fair 77
Commercial Arbitration 828
Commercial Arbitration in E.C.A.F.E. Area 177
Consumer Protection in U.S. 258
Estimates Committee on Trade 572
Experience of Post-war Commodity Agreements 370
Geneva—Platform for Liquidity Reformers 601
G.A.T.T. Meeting on Tariffs 293
Import Policy 546
Import Trade 738
Import-Export Trade Analysed 630
India, World Trade Talks and E.C.M. ... 176
India's Exports 56, 189
India's Exports in 1963-64 857
India's Exports to U.S. 53
India's Foreign Trade, S.T.C.'s Role ... 377
Indian Trade Delegation to Latin America 1012
Indo-Afghan Trade 143
Indo-African Trade 1100
Indo-Australian Trade 496
Indo-French Trade 450
Indo-Greek Trade 496
Indo-Iran Trade 496
Indo-Pak Trade 817
Indo-Sudan Trade 294
Indo-U.S. Trade 817
International Marketing 100
Ireland, E.F.T.A. and the Six 672
"Kennedy Round" 790, 836
Men Behind the Export Drive 258
New Horizons for World Trade 567
New World Trade Body? 959
New York City's World Trade Centre ... 722

PA

TRADE—*contd.*

Protecting Consumer's Interest 4
Quality Control and Pre-shipment Inspection 8
Resale Price Maintenance System in Britain 162
Role of G.A.T.T. 96
Targets for Geneva Trade Talks 500
The Six: Inflation into Deflation? ... 711
Trade and Aid 698
Twenty-first Session of G.A.T.T 630
U.K.-E. Europe Trade 192
U.K.'s Plea at World Trade Conference ... 837
U.N. Conference on World Trade ... 721, 984
U.S. Attitude to Trade with Red Bloc ... 831
W. Germany to cut Tariffs 871
W. Germany's Trade Position 804
World Trade Conference ... 445, 856, 104
World Trade Gap 27
Zagreb Trade Fair 89

TRANSPORT AND ROADS—

Andhra Pradesh State Road Transport Corporation, Supreme Court on 1
Calcutta's Traffic Problem ... ...
Committee on Tourism ... ...
Ecuador's National Highway 10
Issues Raised by Mr. Neogy 23
Progress of Transport Schemes, Ministry's Report on 52
Tourism 59
Traffic Congestion in Bombay 23
Tunnel Under English Channel 37

U

U.P. LETTERS—

Consumers Face Hardships 9
Finances Basically Sound 28
Foodgrains Production 47
Industrial Development 92
Industries Suffer a Setback 72
"Khandsari" Stocks Seized 111

W

WOOL—

Research in Wool Industry 92
Wool in Soviet Union 92

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COMMERCE

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

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Commerce

A WEEKLY REVIEW OF INDIAN FINANCIAL, COMMERCIAL AND INDUSTRIAL PROGRESS

Contents

	PAGE
LEADING ARTICLES—	
T.T.K.'s Approach to Planning	1
Monetary Policy	2
MARKET GOSSIP	3
THIS WEEK'S SURVEY	6-7
SPECIAL FEATURES—	
London Letter	3
Committees in India	4
What's Good for Money is Good for Stocks?	5
Business Associations	12
Development of Technical Know-how ...	14-15
Economy and Growing Numbers ...	16
Idea of Helicopter Service in Big Cities ...	25
CHAIRMEN'S SPEECHES—	
Tube Investments of India Ltd. ...	17
General Tyres Ltd.	18
Spencer and Co., Ltd.	20
J.K. Steel Ltd.	24-25
MONEY AND BANKING	8
TEXTILES	11
LABOUR	22
COMPANY MATTERS	26,27

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T.T.K.'S APPROACH TO PLANNING

THE Union Finance Minister, Mr. T. T. Krishnamachari, who has been thinking aloud on current economic problems and raising posers regarding them in a manner calculated to provoke public thinking and discussion, has had two very recent occasions for displaying his freshness of approach to economic growth. The first such occasion was on 16th December 1963, when, at the end of an unusual pre-budget statement on the economic situation, he announced the decontrol of 16 industrial commodities (*vide* second leading article in our issue of 21st December 1963). In that statement, incidentally, the accent was more on short-term than on long-term problems. But on the more recent occasion, when he delivered the inaugural address at the Indian Economic Conference held at Bombay on 25th December 1963, the basic and longer-term aspects of planning and growth claimed his greater attention. It is noteworthy that the Lok Sabha statement and the inaugural address, both of which raised a series of practical issues for public discussion, have also roused hopes in the public mind that T.T.K. might strive hard to bring about a pragmatic reorientation of economic policies, albeit within the ideological framework of democratic socialism.

As planning is a continuous process and the third Plan must be followed by the fourth, T.T.K. did well, in particular, to pose the following relevant questions, for some of which he also sought to provide, by implication or otherwise, practical answers in his inaugural address at the Bombay conference of economists:

(1) Is the fourth Plan going to be a translation, in more detailed terms, of the broad projections that we have been giving in the earlier Plans? Or, do we need to look again, re-examine those projections and perhaps shift our sights or perspectives or both?

(2) Do our strategy of development—involving heavy effort on basic industry—and our scales of priority determination continue to be correct or do they need a fresh look?

(3) Is our balance between consumption and investment, while politically wise, economically the optimum?

(4) On the institutional side, are we making the best use of productive energy whether in the Centre or the States and in the public and private sectors?

(5) Are we doing enough to generate the resources—human, physical and economic—for the targets that we deliberate?

(6) Are we in fact moving towards a new momentum in economic effort and an expanding environment for production or are we moving into a situation of excessive control and complicated institutionalisation?

Since T.T.K. is firmly convinced that "the strategy and methods (of planning) hitherto followed are basically correct" and that the fundamental approach and investment priorities in our Plans are inherently sound and thus deserve to be continued, his call for a "ruthless re-examination of our methods of implementation of the Plan targets so as to rectify our mistakes and shortcomings" is to be strictly understood as referring to the *process of implementation*. It involves no contradiction in T.T.K.'s stand on the *planning strategy* as such. Surely, one can envisage more practical, and less doctrinal, ways of Plan implementation without prejudice to the basic framework of a Plan. Even if one has reservations about the soundness and wisdom of the basic Plan strategy, one should find no difficulty in recognising the flexible and pragmatic approach of T.T.K. to the broad technique of implementation. His general emphasis "on both advance and consolidation" and his recognition of the need for devoting more attention in the initial period of the fourth Plan to the problems of consolidation and of securing substantially larger outputs from the inputs already made are unexceptionable, for they are entirely relevant to the question of efficient and effective fulfilment of Plan targets.

Likewise, in the given "income-oriented" Plan which is designed to effect a relatively greater increase in saving and investment than in current consumption, T.T.K.'s ideas pertaining to possible readjustments in investment as between sub-sectors of development seem to be practical and realistic. For instance, his twin plea for the further development of metallurgical industries so as to produce a variety of capital goods and intermediate products and for a relatively larger emphasis on chemical industries, especially those based on the petro-chemical complex, is perfectly sound, for these industries can not only bring down the foreign exchange needs of future growth but are also crucial to higher levels of performance in agriculture and consumption industries. Practical ways of readjusting import-saving and export-earning investments have also been indicated by T.T.K. That import substitution, like export earning, should not ignore the cost aspect is his view. It is difficult to disagree with this view, for, if both import-saving and export-earning investments are judiciously effected in the light of the comparative cost advantages of end-products, they are more likely to have the most favourable impact on the overall balance of payments position than the present thin resource allocations over a wide front on the import and export sides alike. In other words, T.T.K.'s idea would involve a concentrated effort in selected industries so as to reduce potential imports quickly and efficiently, even if this implies continued reliance on imports in certain other directions. On the export side, too, his idea would involve a concentrated effort on lines that promise the best results in terms of cost advantages and availability of markets. Surely, both planners and industry can find a lot of food for thought in T.T.K.'s plea for selective and concentrated effort in the import and export fields.

Another field in which investments and methods of implementation can be suitably readjusted and modified without prejudice to the basic framework of Plan priorities is that of irrigation and power development. It is well known that irrigation development in particular has not taken place according to schedule and that power projects have been frequently delayed in execution. Inter-State rivalries and the increasingly difficult financial position of State Governments would seem to justify the course suggested by T.T.K. The suggestion here is that the Centre should shoulder more direct responsibility for irrigation and power development. It is T.T.K.'s expectation that such a change in the area of responsibility would produce the additional good that the economics of a project might receive greater consideration as against sentimental and parochial support that often goes with such a project. All this is realistic, but the difficulty lies in persuading the States to surrender their responsibility.

By far the most sensible of T.T.K.'s observations are at the end of his address at the economic conference. Although he is of the opinion that no radical change in the policy of giving to the public sector "a dominant position in basic industrial development" is called

for, he has nevertheless recognised the need for a change in the approach to the distribution of responsibility between that sector and the private sector. The required change, in his emphatic view, should be "in the direction of devising new ways of co-operation between the two sectors and in determining their complementary character, so that the national economy as a whole could grow fast." There is no elaboration of this idea in T.T.K.'s address. It would be most interesting to watch for concrete developments in this regard. But there can be no doubt that his emphasis on "complementarity" and "co-operation," both of which are positive and constructive in the context of India's mixed economy, would be strenuously contested by doctrinaire leftists in the Congress, including his leader.

The last point in T.T.K.'s address relates to foreign private investment. It is, indeed, a forthright stand that he has taken on this issue. His view is that "the stage has come when we would be justified in opening the doors even wider to private foreign investment as long as the burden that such investment might put on our balance of payments in future is not disproportionate to its contribution to our economic growth." He has also made the telling point that there is no reason to fear the domination of private foreign investment in most of the vital areas where "the vigilant presence of the public sector" has by now been established. Some of these vital areas are oil prospecting and refining, fertiliser production, petro-chemicals, non-ferrous metallurgy, sections of engineering industry, power generation and coal mining. In all these areas, it should be possible to encourage private foreign investment, if T.T.K. succeeds in devising new ways of determining the complementary character of the public and private sectors either within the existing framework of the Industrial Policy Resolution of 1956 or by modifying it in the needed direction. It is, perhaps, too much to read such things into his observations on the role of the two sectors and on the need for opening the doors even wider to private foreign investment. It is, however, to be hoped that T.T.K. will preserve in his dynamic approach —dynamic in the sense of changing the methods of implementing the Plan in accordance with the changing circumstances.

MONETARY POLICY

IN his presidential address to the forty-sixth annual conference of the Indian Economic Association held at Bombay last week, Prof. S. K. Basu of Calcutta University chose for special comment the issues pertaining to monetary policy. After touching on the post-war theoretical innovations relating to monetary policy over which a lively debate has been going on in recent years, Prof. Basu extended his support to a relatively high interest rate structure. This plea, which also found general support from the other economists who participated in the conference, is fully in accord with what Commerce itself has been emphasising repeatedly for quite some time now. Indeed, at no time was such discipline so urgent as now, for the forces of inflation are gathering momentum, following defence orders, industrial expansion, a soft home market and generous labour awards. No one will say that the monetary authorities are not conscious of the urgency, but only they are not prepared to follow a dear money policy through a straight increase in the Bank rate which continues to be pegged at the low level of 4½ per cent since the beginning of last year. The rate, it is common knowledge, is completely out of alignment not only with the rate of interest charged by banks to trade and industry (about 8 to 8½ per cent) but also with those offered by first class industrial concerns on their debentures.

Prof. Basu was quite justified in his criticism of the Reserve Bank's policy of introducing the Bank rate weapon through the back-door, either through the raising of stamp duties (this was done way back in 1957-58 when T.T.K. was Finance Minister) or by introducing a quota and a slab rate system of lending rates and requesting banks to raise their lending rates and then formalising the rise in the structure of interest rates by increasing the Bank rate. By not including the Bank rate weapon in its package deal approach to the problem of credit control, the Reserve Bank has been weakening the effects of its monetary policy. One of the main reasons why selective credit control has not yielded the results expected is, as Prof. Basu said, that it was not, at least in the earlier stages, buttressed by general control measures, a practice which has been contrary to that adopted in other countries.

The one stock argument advanced against the policy of high interest rates is that it will inflate the cost of public borrowing. There is not much force in this argument, inasmuch as the bulk of the gilt-edged securities is held by the Reserve Bank and the Government departments themselves, so that the increase in service charge will be only fictional. Prof. Basu did well to draw attention to this important aspect. Nor is the argument that high interest rates would have a disquieting effect on small industries valid, for, apart from Prof. Basu's solution to this problem—namely, there are various ways of giving special relief to such industries—the fact remains that small industries have always had to pay a relatively higher cost for credit.

Even supposing that the policy of high interest rates suffers from certain drawbacks, its advantages to the economy as a whole will more than counterbalance the disadvantages. The advantages were impressively highlighted by Prof. Basu as follows:

"In a capital-scarce economy, the maintenance of a low and stable interest rate policy is likely to hamper, rather than stimulate, economic growth and capital formation. A relatively high interest rate structure will help in economising the use of capital and bring about a desirable change in the allocation of resources. In certain circumstances, low interest rates . . may tend to encourage substitution of capital for labour and provide an incentive to wastage, rather than economy of scarce capital resources. They may also tend to stimulate unhealthy practices in company financing by placing too much reliance on loan capital, rather than on equity, as is already being witnessed in India. Post-war Japan offers a good example of a country achieving a high rate of economic growth and capital formation with a high interest rate structure."

To follow a dear money policy would be tantamount to hitting two birds with one stone. In the first place, dear money will help combat the danger of inflation, especially at a time when a heavy increase in money supply is inevitable. Secondly, a dear money policy, coupled with suitable fiscal incentives, will increase the propensity to save, thereby permitting greater investment and higher production. What is more, the policy will prompt the banking community to offer competitive interest rates for attracting deposits away from non-banking financial institutions and commercial houses which are said to be paying as high as 8-9 per cent on deposits collected from the public. It is, of course, assumed here that the ceilings on rates of interest payable on deposits, under inter-bank agreement, will be linked to the Bank rate and that the agreement itself will operate in a flexible manner.

The problems posed by the non-banking financial institutions and industrial houses which compete with banks in providing credit as well as in accepting deposits received detailed attention at the hands of Prof. Basu. He enlightened the audience on the theoretical approaches made in other countries (such as the U.S. and the U.K.) which have similar problems and himself appeared to have been carried away by them. He wanted the central banking institution to extend its controls to non-banking institutions also and warmly endorsed the powers conferred on the Reserve Bank under the latest amendments to banking laws. He neither questioned the veracity of an unverified unofficial estimate of time deposits diverted to business houses, nor went into the practicability and cost of enforcing such controls on non-banking companies. This is a very disappointing omission in Prof. Basu's address.

In the context of the straightforward employment of the general weapon of Bank rate, there is much to commend in the plea of Prof. Basu that the possibilities of a selective use of the discount rate policy may be explored by the monetary authorities. Preferential discount rates, for instance, could be charged by the Reserve Bank for certain categories of paper such as export bills and industrial papers with a view to diverting the flow of credit into desired channels, as is being done in several European countries. The Indian tier system of quotas and lending rates is no doubt based on a formula which relates the penal rates to the amount of borrowing made by a bank in excess of a certain percentage of its statutory reserves subject to an overall ceiling. But the system which Prof. Basu has suggested has a positive value, in that it will relate the penal or preferential rate to the type of collateral paper. It is true that a beginning has already been made by the Reserve Bank in this direction, especially in regard to export finance, but the practice deserves wider application. One other suggestion of his in this connection concerns the technique of import pre-deposit requirements. This technique, which has been adopted in many foreign countries, it is claimed, has not only selective but also quantitative effects upon the cost and availability of credit. It is a moot point whether India should adopt this technique, for the great bulk of India's imports consists of essential raw materials, components and capital goods. The cost of these imports will go up, if this technique is followed, thereby aggravating the high cost character of our economy.

The distinguished economist from Calcutta also chose for special comment the issue pertaining to the exchange rate of the rupee. Ruling out a straight devaluation of the rupee, he advocated a policy of multiple exchange rates for both exports and imports through a well planned differential tariff policy as a desirable alternative. In support of his plea, he observed:

"The advantages of a multiple exchange rate policy over straight devaluation are obvious. While the effect of devaluation would be pervasive, multiple exchange rates can be selective and discriminatory. They will also avoid, first, the difficulties inherent in quantitative restrictions which are created by the possibilities of windfall profits to importers who are able to secure licences and, secondly, the danger of corrupt and inefficient allocation of foreign exchange. Under multiple exchange rate system, the allotment of foreign exchange is also, no doubt, a function of administrative judgment, for the responsibility of classifying imports into preferred and non-preferred, essential and non-essential categories still rests with the officials. But multiple exchange rates being in the nature of cost restrictions, the price mechanism operates as a safety valve, while quantitative restrictions like prohibition of non-essential imports pay no heed to the price mechanism."

The anxiety of Prof. Basu over the persistent strains in the balance of payments position is, of course, understandable. But a system of multiple exchange rates suggested by him, in whatever manner it is introduced, constitutes, as in the case of devaluation, a remedy which is worse than the disease. It is bound to inflate the import bill, while, in the case of exports, its effect will only be of a short-term nature. For, sooner or later, the other countries competing with India for foreign markets may—in fact, will—adopt retaliatory measures to counteract the effects of India's manipulation of its exchange rate. Moreover, such a system has been tried in several countries and found wanting; in fact, the Latin American countries which had tried them for a long time in the post-war period lost more than they had gained. It is also pertinent to add here that multiple exchange rates have been tried mostly by dictatorships, including that of Herr Hitler in pre-war Germany, to bolster themselves up in power. Indeed, even their moderate success can be ensured only through an authoritarian regime. Since there are no extraordinary circumstances favouring its adoption, it would be difficult, indeed, to secure the consent of the I.M.F. which, as is well known, is totally opposed to policies of multiple and discriminatory currency practices. As for the G.A.T.T., Prof. Basu has stated that discriminatory taxes and subsidies could be so cloaked as not to arouse its opposition. It is a pity that he thinks that India can fool the G.A.T.T. this way.

That apart, discriminatory taxes and subsidies are at best only palliatives and palliatives cannot be relied upon as a means for securing a sustained expansion of exports. They will only shield the defects in Indian economy and the economic policies of the Congress Government. Clearly, in putting forward such a dubious solution, Prof. Basu has only sought to perpetuate, albeit indirectly, India's high-cost economy, whereas the stress ought to have been on the improvement of the country's export capacity through maximum production of quality goods at an economic cost. Instead of advocating multiple exchange rates, we wish Prof. Basu had cared to find out the causes of economic disequilibrium in the country and advocated straightforward remedies that would yield enduring results, though they might be painful in the initial stages of application. It is amazing that Prof. Basu, who was realistic enough to appreciate the merits of dear money policy, should have succumbed to the temptation of commending solutions that are being rapidly abandoned as being worthless by those who have tried them and the adoption of which will seriously undermine India's credit abroad. This country will go down in the estimation of not only Western democracies but also the Soviet bloc, if it follows his advice. What is more, there will be a serious setback to the inflow of foreign private capital.

LONDON LETTER

THE RISING TIDE

(From Our Own Correspondent)

LONDON, 28th December 1963

THE change of Administration has already proved to have had a much deeper political and economic significance than was at first suspected. It came hard on the heels of the annual political conferences of the parties, conferences in which the Labour Party hoisted a new flag of "modernisation in industry" and showed how increased output could pay for the country's social programmes. The Conservative Party was not to be outdone, "Modernity" was their keynote too and, apart from the new Prime Minister, it was the forward-looking men of the party—men like Maudling at the Treasury and Heath at the Board of Trade—who held the leading positions. When the Prime Minister went on his own private election tour, he not only jumped on the band-wagon of modernity but staggered his colleagues with the ease with which he promised money-wise all things to all men.

Now the Chancellor of the Exchequer has published a quinquennial estimate of public spending—by both Central and Local Government—that puts the seal on the rising tide of expenditure. Government is to spend *pro rata* with the estimated rise in national output over the next five years; that is, between the current year and 1967, public spending is to rise by about 20 per cent, that is, at a rate of approximately 4 per cent per annum; all this in *real* terms.

How different is this from what has happened in the past? Five years ago in 1958, public spending in the U.K. totalled £7,400 million and five years before that £6,100 million. But prices have risen 9 per cent in the past five years and had risen 18 per cent in the five previous years. In terms of *today's* prices, public spending has risen from £8,000 million in 1953 and £8,100 million in 1958 to £10,900 million in 1963.

Thus, the first five years of Conservative administration were true to tradition—the tradition of a party which claimed to keep public expenditure and taxes down. Incidentally, they also witnessed an 18 per cent inflation, but that presumably was not a matter of policy.

But the second five-year period of the Conservative Government saw a *one-third* rise in public spending—a rate of increase much above the rise in national output, a rate which saw Government taking a much larger share of the national cake. What had happened to the traditional policy of conservatism? It had been caught in the pressure for more defence, more education, more social services. There *was* no coherent policy—every department was out for itself, ploughing its own path towards its own general goals of "improvement."

So the plan for the next five years (it is *not* a five-year plan, merely a Treasury estimate of the trend of Government expenditure) is, relatively speaking, an orderly approach to the financial policy of the future, keeping this in line with *current* policies and current estimates of national output. But two things are certain to happen to this plan: in the first place actual annual estimates are going to exceed this as various pressures push up spending here and there, pressures which could only be resisted by a Government bound on retrenchment. Neither a successor Conservative administration nor yet a Labour one is looking for such retrenchment. The second certain happening is some degree of inflation. If the general cost of goods and services rises by no more than 10 per cent in the next five years, the nation will have cause to feel well satisfied, especially if they are five years of active business.

Thus, in the end, the next five years may see as big a rise in Government spending in real terms as did the last five—whatever Government is in power. The significant thing is that, as a result of the recent change in administration, the new Premier's electioneering and the whole trend of the Administration's policies, the Government and the Conservative Party are set on a new course, a course not so very different—except in the political philosophy which dominates it—from that of its Opposition.

The priorities are roads, education and housing. A Labour Government would have the same, with the additional emphasis on a Ministry of Science or of Scientific Development. And, of course, there remain fundamental differences between the ways in which Conservatives and Labour would seek to implement their policies. For all that, the two parties are more and more approximating to the American system. They are a tremendous way from that yet, but the great differences of financial policy, the differences of how much of the national product should be spent by Government on behalf of all and how much should people spend for themselves, these differences have now been eroded away. Large and growing Government expenditure is now an accepted policy of both the major political parties.

MARKET GOSSIP

Democratic Socialism: An Election Stunt

ONE fails to understand the necessity for redefining the Congress Party's brand of socialism or for reiterating its faith in that philosophy. All that has been well known not only in India but throughout the world. In addition, Prime Minister Nehru himself has been swearing by democratic socialism almost every week, if not every day. Indeed, he has been doing this so often that, nowadays, one scarcely comes across any new points in his speeches. Most of his speeches have become stereotyped and stale. This is also true to a considerable extent about the speeches of most of the Congress leaders. And yet why are they trying to define socialism in concrete terms now with a lot of fan fare? The answer is simple. The Congress Party wishes to stay in power for as long a period as possible. It is paving the way for the next election propaganda.

The vast majority of people are poor but they have votes. Naturally, the Congress Party wants to sound sweet to the poor masses by promising to squeeze the well-to-do people a little more. Jealousy is a human weakness. The Congress Party wants to play upon this weakness. But, in doing so, it is exposing the country still further to the danger of communism. It is no secret that there are many communists in the Congress in the disguise of democratic socialists. They are, once again, bestirring themselves to capture power as quickly as possible, or at least to get control of the party when Mr. Nehru gives up the leadership or disappears from the scene. For them, the Kamaraj Plan has been a boon. They have already been defying party discipline by insisting upon complete nationalisation of banking and other key sectors, even though Mr. Nehru has stated times without number that he does not favour such a step.

The Congress Party is misleading the public when it says that there is concentration of economic power in a few hands in the private sector. What this party wants to do is to concentrate both political power and economic power in its hands. The big industrialists in the private sector are hardly a power nowadays, as witness their inability to prevent the drastic amendments to the Company Law and Banking Laws that were carried out in December last. Their effective influence over the Congress Party is very little, even though they continue to provide it with the bulk of the resources required to win the elections. Actually, the big industrialists, barring a few exceptions, are quite submissive to this Party.

The Congress Party has not been successful in bringing about the rapid economic growth which it had promised. This failure reflects partly its inability to administer this vast country efficiently and partly the defects in its economic policies. If, for instance, people are not having more food, more clothing, more housing, better education and cheaper cost of living, surely the blame cannot be laid at the doors of businessmen; it has not been due to any concentration of economic power. Who, for instance, prevented expansion and modernisation of cotton mill industry, the only one that could produce cloth at an economic price? Where are the Ambar Charkas now? Where are the handlooms to protect which the mill sector was subjected to a ceiling? Who was responsible for allowing crores of rupees to go down the drain through prohibition? Who gave a long lease of life to bootlegging? Who worked the Sindri Fertiliser plant virtually to death and how many crores have been spent on its rehabilitation? How many crores of foreign exchange have been lost by the grievous delay in permitting expansion of petroleum refineries and the establishment of petro-chemical industries? Why is there such a great underutilisation of irrigation potential created at a cost of several crores of rupees and who is responsible for it? Who prevented the tuning up of the administrative machinery in the Centre and States in order to improve its efficiency to the required level?

One can go on expanding this list of omissions and commissions. Suffice it to say that it is not the Birlas or Tatas, or Thapars or Singhanias, but the Congress Party that is responsible for the poor rate of economic growth. That is the blunt truth. And now this Party is trying to find scapegoats in the business community, in the so-called concentration of economic power and in the middlemen, not all of whom are functionless intermediaries. In other words, the objective behind the resolution on democratic socialism drafted by the Congress Working Committee and released to the Press on New Year's Eve is to throw the blame on others for its own miserable failures.

Neither nationalisation of banks, nor the placing of a ceiling on urban incomes and urban property, nor an increase in the incidence of capital gains tax will lead to a narrowing down of the gap between the rich and the poor. On the contrary, it will only delay the attainment of genuine socialism, as the rate of economic growth will continue to remain poor in such circumstances. There will be more tax evasion, inflation in share values, redistribution of urban property among family members, a setback to saving habit and encouragement to spendthriftness and speculation. One day, these evils may become so strong as to trigger a bloody revolution by the exasperated masses. No political party, not even the Congress Party, can hope to bring about sustained social contentment and stability through paper socialism of the type which it has been preaching since 1931 and practising since 1951.

Some in market circles are happy that Mr. T. T. Krishnamachari has been successful in preventing the inclusion of nationalisation of banks in the Working Committee's draft resolution on democratic socialism. But what did his fair-looking Deputy Minister, Mrs. Tarakeswari Sinha, say in Parliament last week? She said, in effect, "no nationalisation now, but at a more opportune time later." She did not say "no nationalisation for ever." So the sword of Damocles has, again, been left hanging over the banks.

The most significant addition made by the Congress Working Committee to the draft circulated at the Jaipur Session of the A.-I.C.C. in November last is the following:

". . . other steps will also have to be taken so that the distance between the bottom and the top rungs is reduced in a striking manner in a reasonable period of time. These steps will be in the sphere of both policy and organisation.

"It is necessary to bring about a limitation of incomes and property in private hands. This limitation should apply specially in respect of inherited wealth and urban property. The State should secure a large share of capital gains and appropriate a much larger proportion of unearned income than is being done at present.

"The Government should place itself in a position, more effectively than is the case now, to direct the means of credit and investible resources of the country along the lines of national priorities and our social purposes. At present, small entrepreneurs and new-comers are placed under a serious disadvantage in respect of availability of financial resources. There is also need for further steps for the removal of abuses and malpractices in financial institutions."

The second paragraph in the above quotation has queered the pitch for T.T.K. If he were to implement this directive in his next budget, he would cause a serious disappointment to investors and the capital market. If he failed to do so, he would be unpopular with his party. It would, therefore, be a fair inference to conclude that the resolution places T.T.K. in a dilemma.

Frantic Bid To Check Price Rise

An unusually firm stand on the question of setting up of consumer stores for workers by industrial establishments marked the speech of Mr. G. L. Nanda, Union Minister for Home Affairs and Labour, at the meeting of the Standing Labour Committee held at New Delhi on 27th December 1963. Mr. Nanda said that all industrial establishments employing 300 workers or more should set up their own consumer stores by the end of February 1964. He warned that failure to do so would compel the Government to resort to legislation to achieve the objective. The Government, he added, would not hesitate to promulgate an ordinance to force employers to set up consumer co-operative or fair-price shops, if need be. Mr. Nanda wanted these consumer stores, which could be subsequently converted into co-operatives, to cater to at least 50 per cent of the ordinary working class family and also to extend credit facilities to workers. He brushed aside the objections raised by employers to the provision of credit facilities and pointed out that it would be in the interests of employers themselves to set up consumer stores where workers could buy their requirements at reasonable rates.

Mr. Nanda also strongly favoured the linking of dearness allowance with the cost of living index by all employers. At present, the practice of linking dearness allowance directly to the cost of living index is prevalent only in certain industries. Obviously, the Minister wants this system to be adopted more widely so that rise in price would be compensated by an automatic increase in allowances. But will the linking of dearness allowance to consumer price index and the establishment of consumer stores constitute a lasting solution to the real problem which is shortage of goods and services and their high costs and prices? This in turn is the result of the wrong policies followed by the Government whose cumulative effects are now manifesting themselves in the form of shortages and mounting costs. This, coupled with administrative laxity and inefficiency, has produced the present unpleasant situation of inflationary rise in prices of essential commodities.

The Government's obligation in respect of the Industrial Truce Resolution was to keep prices under check. Having failed to do this, it is now left with no alternative but to hustle employers into doing something about it, notwithstanding even genuine difficulties that they might have. Finance and supplies are two problems employers will have to face in opening consumer stores. Even if the money is found, the question of getting adequate quantities of goods at controlled rates is not easy, unless, of course, the Government takes special responsibility for such supply. Whatever the difficulties, the idea of consumer stores for workers is a commendable one and considering the Government's record in regard to holding the price line, it seems to be perhaps the only way employers can ensure that workers get goods at reason-

(Continued on page 27)

COMMITTEES IN INDIA

HOW THEY WORK AND HOW THEY SHOULD

(By A Special Correspondent)

THE abnormal delay on the part of the Mahalanobis Committee to submit its report has attracted considerable attention. It is necessary to point out that this is not the only committee that has failed to complete its work in time. In fact, there is hardly any important committee set up under official auspices, which has finished its job within the time originally allotted to it. Almost invariably every official committee asks for extension of time.

The Import and Export Policy Committee, for example, was set up on 30th March 1961 and it was asked to submit its report by the end of July in the same year but it was able to do so only in March 1962. The Central Excise Reorganisation Committee, appointed on the 2nd November 1960, was called upon to submit its report by 31st October 1961, but its report was finalised in March 1963. The Committee to suggest ways and means of increasing the export of jute manufactures was constituted in March 1962 and it was required to submit its findings within a period of three months. But its report was signed only in January 1963 and published several months later. Similar instances can be multiplied.

It should be said in fairness to the committees that, in some cases, delay occurs due to factors beyond their control. Sometimes the personnel of the committee is changed owing to the resignation, transfer or death of some member; or entirely new problems may come up in the course of investigation, which call for more time. But even allowing for such factors, it cannot be denied that official committees in India do take much longer time than what is actually necessary or justifiable.

Delay is not the only shortcoming of official committees. Sometimes the committees do not take the trouble to do their job as thoroughly as they should. As a result, their reports are rather sketchy. As an example of this, we may mention the report of the Committee on Fair Trading Practices. This Committee was set up in June 1962 by the Board of Trade with ten members including eminent industrialists, economists and officials. But the Committee did not appear to have considered the problem seriously.

"At the outset," said this Committee's report, "we would like to say that, in the short time in which the Committee was asked to submit its report, it was not possible either to meet the representatives of industry, trade and consumers or to study the problems referred to it in great detail." One wonders what prevented this Committee from asking for extension of time so as to enable it to examine the problem in all its aspects. As it was, its report was very brief and hardly did justice to the subject.

Similarly, the Jute Committee failed to assess properly the threat posed to the Indian jute industry from the jute industry of Pakistan—a point on which the Indian Jute Mills Association has strongly criticised the Committee's report. We may also cite in this connection the failure of the Export-Import Policy Committee to review the working of the export promotion councils and commodity boards. This Committee had asked in its questionnaire to what extent export promotion councils and similar bodies had succeeded in diversifying our export trade, but its report is silent on this aspect.

If committees are to serve a useful purpose, Government should see to it that the personnel is carefully chosen. The members should not only be competent in their field but they should be able to devote some time to the work of the committee on which they are called upon to serve. Committees should be required to complete their work in a reasonable time. And Government should also be prepared to show greater respect to the recommendations of the committees. It is, of course, neither possible nor desirable for the Government to accept the recommendations in all cases but rejection should be the exception rather than the rule. Where it is not possible to accept the recommendations, the Government may explain the reasons for the same, so that the public can better appreciate the official point of view.

It is also important to emphasise that committees should be set up only when there is a genuine need for them, that is, when a problem has to be examined carefully and objectively in all its aspects so as to enable the Government to come to a right decision. There should be no attempt to constitute committees merely to serve as a pretext for postponing or abandoning certain schemes and projects. A glaring instance, where Government set up committees which served no useful purpose, is provided by the project for the manufacture of cheap cars.

For over two years, this question was examined by more than one committee and the Government and Parliament took so much interest in it that an impression was created that the manufacture of cheap cars was the most urgent task confronting the country! Ultimately, however, the project was abandoned. The Union Minister for Steel and Heavy Industries explained that the scheme could not be implemented because priority should be "definitely and overwhelmingly in favour of the manufacture of commercial vehicles which provide the base for the transport of goods and for public passenger transport." The Minister added: "The immediate implementation of the project will involve not only money resources —of which we are short enough, in all conscience, especially in terms of foreign exchange— but also physical resources like building materials, steel, power and transport. These are all in short supply and I do not see that we can expend any of these on what is, after all, not a project meriting high priority in our present situation."

Surely, it did not require the services of committees with technical experts to come to the above conclusion!

*

In an article in its issue of 7th December 1963 the *Economist* of London made a critical study of the working of official committees in England and its observations are by no means irrelevant to the practice followed in India. "Committees," said the journal, "have too often been asked to make up the Government's mind on what it should decide itself. Committees have often been asked the wrong questions, and given the wrong membership. Their best and most radical recommendations are often fated to be pigeonholed, or ignored. Worst, committees of outside inquiries have been used to thrust into temporary obscurity matters on which a straight answer from the Government would be politically inconvenient. There is a further, purely political, criticism. It seems the height of folly for a Government to appoint a committee of reasonable men to tell it to do what all reasonable men already know it ought to do. At the very least, the Government thus deprives itself of the credit for deciding to do these things."

ASP/LIC-SP-42A

Overlooking the Arabian Sea at Bombay stands a gigantic new building. It's named 'Yogakshema'—a Sanskrit word connoting 'welfare'—a very apt name for the headquarters of the LIC, which the Prime Minister, Shri Jawaharlal Nehru opens on Thursday, December 26, 1963. We hope the LIC policyholders everywhere will share our joy on this occasion. Because 'Yogakshema' is more than a very handsome six-storey edifice—it's a statement of trust by the Corporation in the future of life insurance in India. And it is the measure of stability of an institution which guards the future of many millions.

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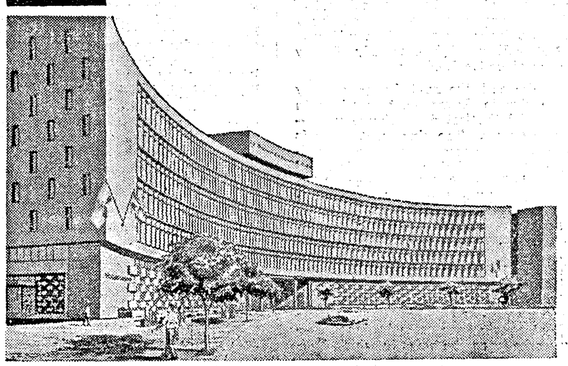

IS WHAT'S GOOD FOR MONEY GOOD FOR STOCKS?

By Questor

THERE seems to be little doubt that the U.S. Federal Reserve Board's control over credit granted for stock market dealing is going to increase. This is the likely outcome of the regulations proposed to the U.S. Congress in the spring by the Securities and Exchange Commission *for eliminating various abuses* in the over-the-counter market.

The power to exercise a specific control over stock market credit was first granted to the Fed as a result of the 1929 collapse and has not been dropped, like other specific controls, with the return of "normal" conditions—it is something not found in many countries outside the U.S. The reason, no doubt, is that stock markets in most other centres are smaller, their importance to the economy less marked, and the use of credit to support their operations less organised.

But even in the U.S., though the power to vary margin requirements exists and is not infrequently exercised—it has been exercised 15 times since 1945, the last time in November—nobody claims that its effect can be predicted at all precisely. The amount of credit in use for financing security purchases at any time is not known. The actual use a borrower makes of his credit will always escape official statisticians. And the permitted exemptions from the margin regulations are so generous—all loans, including foreign loans, other than from brokers and banks—that the effect of an increase in margin requirements is bound to be blunt.

That, perhaps, is why the Fed has chosen to alter margin requirements fairly infrequently and then by fairly large amounts. The change, like a change in the British Bank Rate, is intended to have a generalised impact on market psychology rather than to produce a precise effect. And the result is that there is little agreement among experts, even of the most general kind, about the consequences of a change. It appears that an increase in margin requirements is more effective at checking a boom than a reduction is in stimulating one. It appears, too, that an increase has more effect on the price of glamour stocks than on that of blue-chips. But both these generalisations could have been deduced, without much risk of error, from what is known about the consequences of all credit restrictions.

It may well be, once the extent of the Fed's control over stock market credit becomes greater, that it may be able to exercise its powers more subtly, with smaller and more frequent changes in margin requirements. It will not be easy, since few lenders care to ask many questions when the security is sound; it may well be necessary to attack the assumption that margin trading is normal by making the average requirement considerably higher. But the point is that any experience the Fed acquires in the flexible use of this selective monetary control will be of considerable value to central banks in other countries. As national stock markets develop in size and importance, and as the connection between the investment climate and the general business situation becomes closer, other governments too will come to regard the influencing of security prices as part of their economic responsibility.

Let me take London, which has a well-developed stock market, as an example of what I mean. The London market in official debt is large and efficient, and official bodies of one sort and another are constantly operating in it: the Bank of England, therefore, has long regarded it as part of its function to preserve an "orderly market" in government paper—not usually attempting, unless pushed, to work against the established trend, but trying hard to smooth out irregular and potentially disturbing fluctuations. This smoothing out habit shades off imperceptibly, in modern conditions, into an open-market policy based on definite aims in the field of interest rates and institutional liquidity.

Whether this kind of intervention is right or wrong, I do not pretend to judge; but it has been going on for a good many years and is generally accepted. If intervention is acceptable in one market, why not in another? And, since the behaviour of industrial stock prices is often much more important to the economy than the course of bond yields, why not intervene when it seems economically necessary to nudge the market in a desirable direction?

The idea, no doubt, will seem startling and unpleasant to many people. But it cannot be turned down on the sentimental grounds that the stock market is the preserve of the little man and the bond market the haunt of large institutional investors. If it is permissible to intervene in one—as most governments do where there is a large national debt to be managed—the idea of intervening in the other cannot be dismissed out of hand. A much more real difficulty is that governments in capitalist countries do not normally hold, and would not be permitted to hold, the large portfolio of investments in private industry needed if intervention in the stock market is to be possible.

But attitudes change. The U.S. Administration, for example, soon found ways and means of acquiring foreign currencies when it decided that intervention in the exchange markets was necessary. And, if a Labour government takes office in Britain this year, we may be in a position to add to the experience gained by the Fed. State shareholding in private industry, both to exercise economic pressure and to back a national scheme of graduated pensions, is part of the Labour Party's policy. Nobody has yet suggested that these holdings should be used for market operations, and most people—the Bank of England above all—would resent the suggestion. But, in the long run, it seems to me, the very fact that a Government holds large quantities of stocks is likely to make some sort of market intervention inevitable.

* * * *

Wider Still and Wider

It may be a little other-wordly, at a time when the future of the European Community is hanging desperately in the balance, to spend time on the prospect for complete financial integration inside it. But the European Commission has already achieved a good deal by patient other-worldliness; and the article by M. Claude Segré in the current number of *Moorgate & Wall Street* (a review jointly sponsored by Philip Hill from London's Moorgate and Harriman Ripley from Wall Street) is of interest to everyone concerned with the possibility of widening the international capital market. It demonstrates that the difficulties involved are of a sort which are unlikely to be overcome without a will towards political union which even the Six are finding it troublesome to maintain.

So far as the letter of the law is concerned, the Commission has little to grumble about. "Provisions already in force," according to M. Segré, "are sufficient to permit all the operations essential for the day-to-day functioning of the Common Market"; and Article 67 of the Rome Treaty demands the removal of restrictions on capital movements only to "the degree necessary to ensure the proper functioning of the Common Market." Why, then, the worry? Because the mere removal of restrictions is not in itself sufficient to create the free market in capital which is necessary to support freedom of trade, freedom of establishment for manufacturers and the free movement of labour.

It is true that all restrictions have not yet been removed. Since the directive of 1960, the Six have virtually removed those on the movement inside the Community of direct investment, personal capital, transactions in securities, and trade credit. But the control of short-term capital movements and of foreign capital issues is still left to the discretion of national governments; and this, as M. Segré indignantly points out, is not so much because of balance of payments considerations as because of national economic interests. So far as short-term movements are concerned, circumstances have largely taken the place of decision. The emergence of an international money market in Euro-currencies, together with the experience that "leads and lags" in commercial payments can constitute a major speculative operation, have in effect side-stepped the reluctance of some European governments to abandon control over purely financial movements of short-term capital.

But the market in long-term capital is still restricted directly or indirectly. And since this restriction is not made for balance of payments reasons—the European market in existing securities is now extremely free—it must rest on arbitrary institutional factors and the equally arbitrary (in the view of the European Commission) habits of national governments. M. Segré draws up a long list of friction-producing customs. They range from conscious discrimination against foreigners on blatantly nationalistic grounds to the quotation requirements of different stock exchanges. The predominant demands of state finance, the prejudice against foreign investments long written into the constitutions of financial institutions, legal requirements about mortgages and other forms of security, the prevalence of self-financing, the inadequacy of company accounts, the jungle of national tax law and the failure of double-taxation agreements—all these deter the foreign investor, institutional or private.

"None of the above elements," Mr. Segré writes, "positively prevents international financial transactions, but they considerably increase the 'margin of indifference,' that is to say, the minimum advantage that an investment or issuing operation abroad must offer compared with a similar operation on the home market before it appears worthwhile." And all these elements, I would add, increase the discretion of a particular government to tailor the international flow of capital to its national advantage even when formal restrictions have been abandoned.

M. Segré, as an internationalist so far as the Six are concerned, is determined to demonstrate that a concerted effort to break down institutional barriers to the free movement of capital would be to the advantage of the Community as a whole. I do not doubt it. But the difficulties involved in appealing to the spirit of the Treaty of Rome rather than to its actual provisions are apparent in some of the suggestions he makes. For the long term, he reckons that the logical aim is complete monetary union, as suggested in M. Marjolin's Action Programme published earlier this year. The only comment that needs to be passed on this excellent document—and it's a sad one—is that no government or central bank in the Six has yet shown the slightest practical interest in it.

For the short-term, M. Segré commends the loans denominated in a "European unit of account" which Belgian banks have been issuing and the proposal that various tranches of a major issue should be simultaneously placed in several national markets, each denominated in the local currency, by an international consortium of banks. But the "unit of account" seems to be a dying duck—partly because of the risk to the issuer, partly because central banks mistake it for a gold clause, partly because it is horribly complicated.

And the consortium idea, which has a much better chance of success, was put forward by Herr Abs of the Deutsche Bank, who dislikes M. Marjolin's idea of monetary union inside the Community and believes that the leading European financial institutions have a responsibility to keep a bridge open to the world outside.

I have the feeling that the positive action needed to oil the international movement of capital can best be initiated, now that the orthodox barriers are down, by financial institutions themselves. And there is no obvious reason why it should be easier to initiate inside the European Community than on a wider scale.

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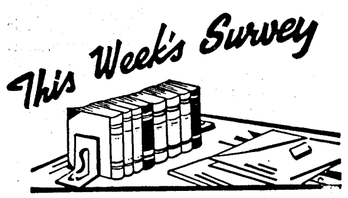

SMALL SAVINGS IN MAHARASHTRA

IT is well-known that the State of Maharashtra has been in the vanguard of the country's small savings movement. In the last 12½ years it has contributed an aggregate of Rs. 180 crores by way of net collections of small savings. Although the State's population represents only 10 per cent of the all-India population, its small savings contribution has amounted to as much as 30 per cent of the country's total collections. What is more, Maharashtra has consistently exceeded its own annual targets in this field by 125 to 150 per cent. In the current fiscal year, for instance, Greater Bombay alone has collected, four months ahead of schedule, a record amount of Rs. 15.0 crores (net), as compared with the year's target of Rs. 14.0 crores. Incidentally, Greater Bombay's actual contribution in the first eight months of 1963-64 represents a fourth of the all-India collections of Rs. 61 crores (net) in the same period; this is at once an index of the region's industrial prosperity which has made such a high rate of small savings by the working and middle classes possible. This performance, it is expected, will be bettered in the next three months when, according to the confident estimate of Mr. Homi J. H. Taleyarkhan, State Minister for Small Savings, the additional collections would come to Rs. 6.0 crores. In all likelihood, therefore, Greater Bombay's net collections in the current year might aggregate Rs. 21.0 crores. It is presumably by taking into account the trend of collections in Greater Bombay and in the State as a whole in the first three years of the current Plan that Mr. Taleyarkhan has just forecast an aggregate collection of nearly Rs. 100 crores in the State for the entire Plan period. If his estimate materialises, as it is most likely to do, it would mean that about a fourth of the State's third Plan outlay of Rs. 390 crores will have been financed from this source. And that will be no mean achievement in a country where only three or four out of every 100 persons are savers.

How has Maharashtra achieved its pre-eminent position in small savings collections? First and foremost is the energetic and missionary drive of the Minister for Small Savings and the Directorate of Small Savings. In this connection, the Union Finance Minister Mr. T. T. Krishnamachari himself who inaugurated the Small Savings Seminar at Bombay on 25th December 1963, rightly described Mr. Taleyarkhan as a "missionary" in the cause of small savings. Secondly, in the last few years the small savings movement has spread so rapidly to the rural areas that they now contribute nearly as much small savings as the urban areas do. Thirdly, regular savers in the State are now 10 lakhs, as compared with five lakhs a few years back. These savers are in 5,000 groups and 5,000 bachat grams, with 100 per cent coverage of the earning population. And, lastly, there are at present 20,000 official and non-official agents for small savings collections in the State.

These facts and figures convey an eloquent idea of the tremendous organisational efforts that has gone into the small savings movement over the years. No wonder, therefore, the Union Finance Minister was full of admiration for the small savings organisation in Maharashtra. In fact, he seemed to think so highly of its performance and potentialities that he indicated the possibility of small savings agents being asked to take up propaganda work on behalf of the Unit Trust. After all, the Unit Trust would supplement the small savings movement. It might thus be easier for the small savings organisation to get the small investors to take interest in the Unit Trust, of which much is expected.

FARM RESPONSE TO PRICE AND NON-PRICE FACTORS

The highly theoretical presidential address delivered by Dr. B. N. Ganguli at the All-India Agricultural Economics Conference held at Bombay on 25th December 1963 was not without some practical importance, for it dealt with the trend of agricultural development in India with special reference to the operation of the price mechanism. How farm output has responded to prices (regulated or unregulated) came in for analysis in Dr. Ganguli's address, and this is relevant to a discussion of the agricultural price policy. It is well known that sugarcane, for instance, has been subjected to minimum price regulation on the basis of a high minimum which has become traditional. The prices of rice and wheat have been kept down by a number of regulatory measures, and maximum and minimum prices are fixed for cotton. There is a minimum price for jute, but *gur*, *jowar* and groundnuts are more or less unregulated or there is less continuous regulation. The different ways in which these crops have responded to prices would seem to suggest that the price factor alone is not of decisive importance in agricultural production.

Dr. Ganguli has observed, in this connection, that "it is not entirely convincing to say that output has increased because of relative price stability." Groundnut prices have had a very high co-efficient (20.3) of variation; yet its annual rate of increase of output has been only 4.6 per cent, on the average, as against 4.2 per cent in the case of non-food crops, in general. On the other hand, the annual rate of increase of output of cotton—a controlled commodity, the price of which has been kept down by regulatory measures—is as high as 6.6 per cent. In the Punjab, for instance, it has been shown by a research study that, while price alone was the important factor in the determination of the acreage under maize and sugarcane, irrigation capacity was more important than price for cotton, *bajra* and irrigated wheat and yield more important in the case of rice. Dr. Ganguli seems to think that it is irrigation capacity, rather than the price factor, that explains the recent increases in both the area and yield of wheat and cotton in India as a whole. Similarly, the yield factor seems to have been more important than price in the case of rice, for this commodity has registered the highest annual increase (2.5 per cent) of productivity in the last decade. Farm response cannot thus be explained wholly in terms of prices. On the other hand, it "would seem to depend on the constellation of price and non-price factors which act and re-act on one another through an intricate chain of relations."

Dr. Ganguli's analysis is significant precisely for its synoptic view of the operation of price and non-price factors. He has shown how the output of foodgrains is linked in a chain of mutual causation with the output of non-food crops, prices of input and consumer goods purchased by farmers, prices of non-food crops and food-crops and the level of self-consumption. Likewise, the output of non-food crops is linked with the aforesaid factors other than self-consumption which is either non-existent or insignificant in the case of commercial crops. Two significant factors in the situation, of course, are (i) the parity, that is, the ratio between the prices received and the prices paid by farmers and (ii) the inter-crop price parity. Any disequilibrium in these parities may have adverse reactions on agricultural development in the long run. But self-consumption, marketed surplus, and de-stocking and re-stocking operations of farmers are also of importance. Unless all these factors are systematically studied in their intricate inter-relationships, *ad hoc* price fixing and regulation may have unintended consequences. Experience to date in this field does not lend itself to any valid generalisation. It goes to the credit of Dr. Ganguli that he has questioned the thesis that whatever has happened by way of agricultural development has happened only because of the State's price policy. So long as there are several non-price factors which have influenced the direction of India's agricultural development, the entire question would need to be more carefully studied. That is a task for applied research in agricultural economics.

L.I.C.'S "OWN-YOUR-HOME" SCHEME

The L.I.C. has just announced a scheme for helping its policyholders to have their own homes. Called "own-your-home" scheme, this step is claimed to be yet another service the L.I.C. renders to its policyholders. Stated simply, the scheme is this: The L.I.C. will advance loans to its policholders for the construction or purchase of new houses on the strength of the policies which should be assigned to the Corporation as a pre-condition of grant of loan. The amount of the loan would be about 90 per cent of the sum assured, subject to a maximum of one lakh of rupees and a minimum of Rs. 10,000. However, in the case of approved housing schemes or when the loan is for the purpose of constructing extensions to an existing house, the minimum limit will be reduced to Rs. 7,500. The actual amount of loan to an individual within the maximum indicated above will be determined by the category to which he belongs, there being only two such categories: (1) policyholders who are in employment and can satisfy the L.I.C. about the stability of their employment and (2) other policyholders. In the first category, loans will be computed on a slab system, the percentage being 85 (of the value of the property) for the lowest slab which will gradually decline to 70 per cent in the highest slab. For those in the second category, the maximum limit will be two-thirds of the value of the property. The higher percentage for small loans is designed to ensure that the more modest borrowers, who would normally stand

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in need of greater financial assistance, get a larger quantum of loan.

Policies to be eligible for the loan will have to be of the approved type, for instance, endowment assurance policies whereunder the term is not longer than the repayment term fixed under the loan. Such policies will have to be maintained in force at all times. Loans may be repaid out of the proceeds of life insurance policy/policies assigned to the Corporation but repayment of the loan can be made either partly or fully by instalments in multiples of Rs. 500. The rate of interest payable has been fixed at 7½ per cent. But this is subject to an attractive rebate of one per cent per annum for punctual payment. Interest is payable monthly.

Under the scheme, loans against policies will be granted only for the construction of new houses, or carrying out extension to existing houses or for the purchase of recently constructed houses in good condition. Loans, however, will not be available for buying ownership flats, in a commercial or co-operative housing scheme, obviously because the ownership flat-holder does not have any title over the land and building in which he owns a flat. In effect, this condition, namely, that loans will not be available for buying ownership flats, makes the scheme of little value in cities like Bombay and Calcutta where housing shortage, in its most acute form, exists. The scheme is likely to benefit policyholders in small towns where land values are not very high and where it may be possible to construct houses at a cost not exceeding Rs. one lakh, the maximum amount that one can borrow under the scheme. The scheme will not make any significant impact on the housing shortage in most cities where it is acute. The L.I.C. should, therefore, examine whether it can devise a method by which the problem of the weak legal status of ownership flats, which makes loans for purchase of ownership flats risky, could be got over. Unless this is done, thousands of its policyholders will not be able to avail themselves of this facility.

CHEMICAL INDUSTRY

The point that the chemical industry should devote more attention to research was stressed by Mr. Asoka Mehta, Deputy Chairman of the Planning Commission, in his inaugural address at the silver jubilee celebrations of the Indian Chemical Manufacturers Association held the other day at Bombay. He added that the industry's real dynamism lay in its capacity to make science and technology augment and alter the resources provided by nature. He realised, of course, that it was necessary to secure foreign know-how at the present stage of development. But he did not consider it advisable to depend wholly on processes developed by foreign countries for all time to come. His suggestion was that the industry must establish closer links for fruitful exchanges with the National Laboratories by using the processes developed in them, besides referring to them their problems and possibilities. He also advised the industry to organise its own research facilities on a co-operative basis.

Mr. Mehta's emphasis on research is certainly timely in the context of rapid development and expansion taking place in the field of chemical industry. The Development Wing of the Planning Commission, it may be noted here, has envisaged an investment of as much as Rs. 1,600 crores in the fourth Plan, as against an estimated investment of about Rs. 650 crores in the third Plan. The fourth Plan is also likely to ensure a breakthrough in the vast field of petro-chemicals. Among the products that have already recorded rapid strides in production are basic chemicals, such as caustic soda, soda ash, calcium carbide, industrial gases, acids and fertilisers, organic chemicals and a host of other products, including vitamins, sulpha drugs, dyestuffs, insecticides and explosives. Several new products have, of late, been added to the list of manufactures within the country, which include, among others, synthetic rubber, vitamin C, streptomycin, hamycin, ammonium phosphate fertiliser, reactive dyes, potassium permanganate, formaldehyde and carbon black. As Mr. J. H. Doshi, President of the Association observed, the base of the industry is widening all the time.

These encouraging trends, however, should be viewed against the background of several heavy odds facing the industry. In the first place, there is the high cost structure of the industry. Analysing this phenomenon, Mr. Doshi, President of the Association, referred to the fact that the ratio between output and investment is low in India. A sample survey of the member-firms of the I.C.M. Association conducted recently, covering 79 firms, has substantiated this trend. They together accounted for the employment of 140,000 workers. Their total output was only Rs. 273 crores, whereas their total investment was still higher at Rs. 315 crores. Thus, the output is not even equal to the amount of investment. This is in contrast to the trend in the developed countries, where the chemical industry's output represents two to five times its investment. The low ratio of output in the country, according to Mr. Doshi, was due to the higher cost of plant installation and the low proportion of utilisation of plant capacity, besides low labour productivity.

Mr. Doshi was of the opinion that excise duties also contributed to the enhancement of the cost of production. Explaining this point, he observed:

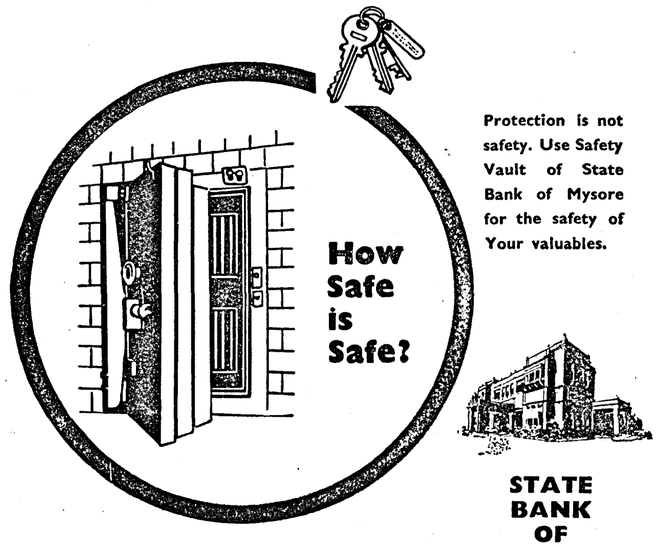
" .... While it may be conceded that excise is an essential means of collecting revenue, it is open to question whether it is a wise policy to extend the net to cover basic chemicals, accessories and finished products all at the same time. A glaring instance is the incidence of excise duties at various stages in the manufacture of dyestuffs. Basic raw materials like acids and alkalis used in their manufacture attract excise duties. Even carbon dioxide manufactured and used for captive consumption is not spared and is subject to 50 per cent duty. The end-product is further subjected to an excise duty as high as 16⅔ per cent *ad valorem*. These are raw materials of textile industry where again the excise is levied. It is this system of multiple levies which progressively inflates the cost of production as it becomes compounded at each stage of manufacture. Similar conditions apply to plastic industry also, with the result that they have shown a slow-down in consumption causing an idle capacity. These are by no means isolated examples. What is more embarrassing is that there is a great deal of attention on any price changes of products but none at all on a basic contributory factor, namely, the insatiable appetite for funds of the Exchequer."

Another important reason for the high cost structure of the industry is the defective licensing policies, with little or no attention given to the economies of plant size. Referring to this issue, Mr. Asoka Mehta justified the role assigned to small units in the industry. Bigger units, he conceded, offered economies of size, but they required large capital outlay, which could be managed only by a few business houses. "Apart from the question of monopolies, the activisation of our economy," he said, "required wider spread of entrepreneurship in the country." According to him, in the fields of primary and basic chemicals, the utmost attention should be paid to economies of scale. But, he added, in further conversion and processing, small units should be favoured, "as they would spread entrepreneurship, help to diversify the economy in many regions and provide more employment." These are usual arguments in support of the small units, which leave unanswered their impact on the cost structure. As Mr. Doshi pointed out, fragmented and small units would keep chemical prices much higher than those in world markets, and reduce their competitive capacity. Mr. Doshi did not, however, rule out the usefulness of the small units in the chemical industry. Only, he urged that their role should be properly defined and planned in a manner that would not act as a constant drag on the economy.

SINGARENI COLLIERIES

The revised third Plan production target for the Singareni Collieries Company, Ltd. in the public sector is 6.1 million tonnes per annum, as against the original target of 5.6 million tonnes. That represents exactly a sixth of the entire public-sector target of 36.6 million tonnes, so that the share of the National Coal Development Corporation is 30.5 million tonnes. These targets seem to have been fixed rather unrealistically, for, as the recent mid-term appraisal of the third Plan has estimated, the likely achievement of the N.C.D.C. collieries in 1965-66 would be no more than 24.0 million tonnes and that of the Singareni collieries just 4.1 million tonnes. Incidentally, the private sector is expected to produce as much as 61.7 million tonnes in the last year of the Plan, as compared with its target of 61.5 million tonnes. The contrast between the lagging performance of the public sector in coal industry and the steady progress of production according to schedule in the private sector is thus quite sharp and patent.

As far as the Singareni Collieries Company, Ltd. is concerned, its expansion project is not likely to be completed by the end of the third Plan. While the Company achieved its 1962-63 production target of 3.2 million tonnes fully and is expected to exceed its 1963-64 target of 3.5 million tonnes by 100,000 tonnes, it will not be able to achieve its 1964-65 target of 4.3 million tonnes fully even in 1965-66. But it is surprising that there is a reference to this poor rate of growth only in the mid-term appraisal but not in the address delivered by Mr. M. P. Pai, I.C.S., Chairman, in his address at the annual general meeting of the Company on 23rd December 1963. It is, however, possible to draw the inference from his address that the progress of the expansion project has been slow, for he has himself stated that the Company has been finding it difficult to procure the necessary foreign exchange for the purpose of importing equipment. Incidentally, the Company's third Plan capital outlay of Rs. 28 crores has a foreign exchange component of about Rs. 8.4 crores. Even maintenance of production at the current level seems to be difficult at Singareni. The Chairman has complained, in this connection, that there is difficulty in procuring essential spares required for maintenance of the plant and equipment due to inadequate foreign exchange allotment.



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SB-76

BANKING LAWS (MISCELLANEOUS PROVISIONS) ACT, 1963

A SURVEY OF THE LATEST CHANGES

NOW that the heat and light generated by the easy but exciting passage of the Banking Laws (Miscellaneous Provisions) Act is cooling off, one can settle down to a review of the actual and practical changes that have occurred. Most of the important controversial provisions of the Act have been widely commented and are fairly known, but, in the glare of publicity, a few of the minor, though useful, changes have escaped the notice they deserve.

This is an omnibus Act, which amends three other Acts, two of them substantially, and grants many overriding powers of a judicial nature to the Reserve Bank of India and the Government of India; the Act is, after all, not as simple as its title suggests. Moreover, although the Government could avoid a reference to the select committee by telling the Lok Sabha that the Act involved no complicated technical points requiring a detailed scrutiny, it could not conceal the fact that the Act does involve a wholly different structure of and unprecedented operational controls over the banking and financial systems of the country. It is no consolation to be told that the powers will not be used, unless necessary or that they will not be abused, for the power to determine what constitutes "necessity" and "abuse" are also in the hands of the same authority that will wield the more substantial powers.

Non-banking Institutions

The bulk of the substantial amendments to the Reserve Bank of India Act are included in a new chapter containing provisions relating to the non-banking institutions receiving deposits and the financial institutions. The terms are very widely defined. "Non-banking institutions" cover all companies under the Companies Act, 1956, all firms under the Indian Partnership Act, 1932 with partners' capital in excess of one lakh of rupees, and all statutory corporations; and "financial institutions" are those non-banking institutions the business of which it is to finance hire purchase, trade, commerce, industry or agriculture, or to deal with all types of stocks, shares, securities or hire purchase transactions. The net is cast so wide as to cover almost every type and description of financial activity in the country: the financial institutions, for example, are so defined as to include public sector institutions like the Industrial Finance Corporation, State Financial Corporations, Industrial Credit and Investment Corporation of India and many others, though it is not clear whether L.I.C. will also be included or not.

As a result of the latest amendments, the Reserve Bank now possesses three types of powers over the entire range of *non-banking* and *financial* institutions:

(a) Power to call for detailed *returns* relating to or in connection with the receipt of deposits by the non-banking institutions or regarding the business of the financial institutions. The details to be supplied by the former include the purpose and period of deposits, rates of interest and other terms and conditions governing the deposits, while the latter must furnish data on their capital and reserves, assets and liabilities, investments and advances including the names of the borrowers, in addition to the other conditions governing their advances.

(b) Power to *inspect* any such institution and their books and accounts for the purpose of verifying the correctness or completeness of the information furnished or for the purpose of obtaining such information.

(c) Power *to give directions* to such institutions either generally or to any one of them or a group of them regarding the *receipt of deposits* by the non-banking institutions or the *conduct of business* by the financial institutions.

Penal Provisions

In addition, the Reserve Bank is empowered to regulate or prohibit the issue of a prospectus or advertisement soliciting deposits of money from the public, to determine whether any amount described as "borrowing" is or is not a deposit and to examine any director, manager, officer or employee on oath and to administer an oath accordingly. The penal provisions provide that offences under the Act are punishable with imprisonment upto three years or with fine or with both, in addition to the power of the Reserve Bank to prohibit acceptance of deposits by non-banking institutions.

The only safeguards against the executive or judicial powers of the Reserve Bank under these provisions are that the Bank will be guided by "*public interest*" in dealing with the non-banking institutions, and would have "*due regard*" to the responsibilities and objects of the financial institutions and to the effects of their business on money and capital markets. But even here, the Bank itself is the sole authority to determine what constitutes the public interest and whether due regard has been paid to the relevant factors.

An Unexpected Ally

The declared purpose of the Government in regulating the acceptance of deposits and grant of advances by non-banking and financial institutions in the above manner is to ensure more effective supervision of the monetary and credit system by the Reserve Bank, by bringing them within the orbit of credit control measures in the organised money market. Apart from enforcing the discipline of the money market on the recalcitrant elements, what appears to be at the back of the Government's mind in bringing these measures is its newly-found concern for the existence of "unaccounted money" used to finance trading in goods, commodities and durables. For both these purposes, the Government seems to be eager to prevent diversion of deposits away from the banking system: the bankers have, of course, been glad to find an unexpected ally in the Government.

The first few clauses of the amendments to the Reserve Bank of India Act, introducing a couple of procedural changes, end the redundant system of currency accounts that has been in existence for almost 100 years. Formerly, the Government and now the Reserve Bank maintain detailed accounts and statistics of the notes in circulation in order to ascertain the notes due to be written off. According to Section 34 of the Reserve Bank of India Act, which copies the earlier Paper Currency Acts, notes which have not been presented for payment within 40 years of their issue are deemed to have been lost or to have gone out of circulation. The volume of such notes was fairly large in view of the great preference for cash in our country; their writing off reduced the Bank's (or Government's) liabilities, and became a source of immediate gain to them, by enabling them to acquire or resume assets held against the notes written off. In the longer run, however, the gain was only nominal and could be wiped away to the extent that such notes, which are subsequently presented for payment, have to be honoured. Moreover, the cost and effort involved in maintaining the detailed accounts was far out of proportion to the gains available. Wisely therefore, the system of maintaining detailed accounts of currency in circulation and the procedure of writing of notes outstanding for more than 40 years is being discontinued.

The Relic of a Bygone Age

Similarly, the provisions providing for maintenance of a certain minimum level of rupee coins (which technically include Government of India one rupee notes also) in the assets held against the bank notes in circulation are also being dropped. With the vast expansion in the amount of notes and in the economic functions and responsibilities of the Government, these requirements were formal only and served no real purpose. It makes no difference whether the Reserve Bank Governor's promise to pay is *backed* by the Government Securities signed by the Governor himself on behalf of the President or by the metalic rupee coins or by the one rupee notes signed by the Finance Secretary: in fact, the entire theory of the need for maintaining reserves as backing for the note circulation is the relic of a bygone age.

The amendments to the Banking Companies Act enhance and extend the powers of the Reserve Bank over the commercial banks so as to provide for stricter supervision of the operations and working of the banking system; there are at least five amendments which introduce fundamental changes in the structure and organisation of banking, though there are many others which are only clarificatory in nature and are intended to bring out more clearly the intention underlying certain provisions of the Act.

The voting rights of an individual shareholder of any banking company, which are now restricted to *five* per cent of the total voting rights of all the shareholders of the company, will in future be restricted to *one* per cent. Grant of unsecured loans and advances to directors or to firms, private companies or individuals in whom they are interested as guarantors or otherwise are at present prohibited under Section 20 of the Banking Companies Act: the prohibition is now extended to both public and private companies in which the Chairman of the bank is also interested as Chairman, managing director, managing agent, or director or partner of the managing agent. Unsecured advances to such companies against Government supply bills, *bona fide* bills of exchange or trust-receipts are, however, exempted from the prohibition.

The present Section 21 of the Act already empowers the Bank, in public interest, to determine banks' policies in relation to their advances, and to issue directives to them regarding the purposes, margins and the rates of interest governing such advances. The amended Section 21 requires the Reserve Bank to take into account the interests of depositors also, and enables it to give to any bank, additional directions regarding the maximum amount of advances that may be granted to, or guarantees that may be given on behalf of, any one company, firm or individual, having regard to the capital structure, assets structure and the deposits of the bank concerned. The directions will also apply to the other terms and conditions on which the advances or guarantees may be given.

Additional Control

A new Part IIA containing three sections, 36AA, 36AB and 36AC gives the Reserve Bank considerable additional control over the banks and their managements. These new provisions replace sub-sections (3), (4) and (5) of Section 10 of the Act, which, among other things, enabled the Reserve Bank to remove from office, a Chairman or director or manager or chief executive officer, *if he had contravened the provisions of any law* in circumstances which made it undesirable for him to continue to be associated with the bank concerned or detrimental to the interests of its depositors. Under the new provisions, the Reserve Bank could order the removal of any person associated with a bank, if it is necessary for securing the proper management of the bank concerned, or if it is in the interests of the public or depositors, *whether that person has violated any law or not.* The only safeguards against the abuse of this vast power are that the reasons for removal must be recorded in writing, that a reasonable opportunity must be given to the affected person to make a representation to the Reserve Bank, and that an appeal could be made to the Central Government, the decision of which shall be final. One of the safeguards is, however, vitiated by the Reserve Bank's power to suspend the person concerned pending the consideration of his representation. Further the Reserve Bank could appoint a suitable person to fill the vacancy caused by the removal of the director or chief executive officer or other officer or employee of a bank. The Reserve Bank could also appoint additional directors on the Board of a bank, their number being not more than five or one-third of the prescribed strength of the Board, whichever is less. Such persons or directors shall hold office during the *pleasure* of the Reserve Bank, but for not more than three years, shall *not incur any obligation or liability* for their actions and ommissions in good faith and in the execution of their duties, and shall not be required to hold any qualification-shares. No such removal shall entitle any person to any compensation notwithstanding any law or contract, and all such appointments shall take effect notwithstanding anything contrary contained in any law or instrument.

Clarificatory Amendments

Among the minor and clarificatory amendments to the Banking Companies Act, one extends the prohibition against the use of words 'bank,' 'banker' or 'banking' to firms, individuals or groups of individuals also: another makes it clear that the appointment of a chief executive officer cannot in any event be for a period in excess of five years at a time, and that no renewal could be allowed two years before it is due: still another provides that no loan due from a director or his friends could be written off without the permission of the Reserve Bank. This is intended to plug a loophole revealed by the Palai affair.

The detailed annual return of unclaimed deposits not operated for ten years or more which the banks were submitting so far to the

(*Continued on page* 28)

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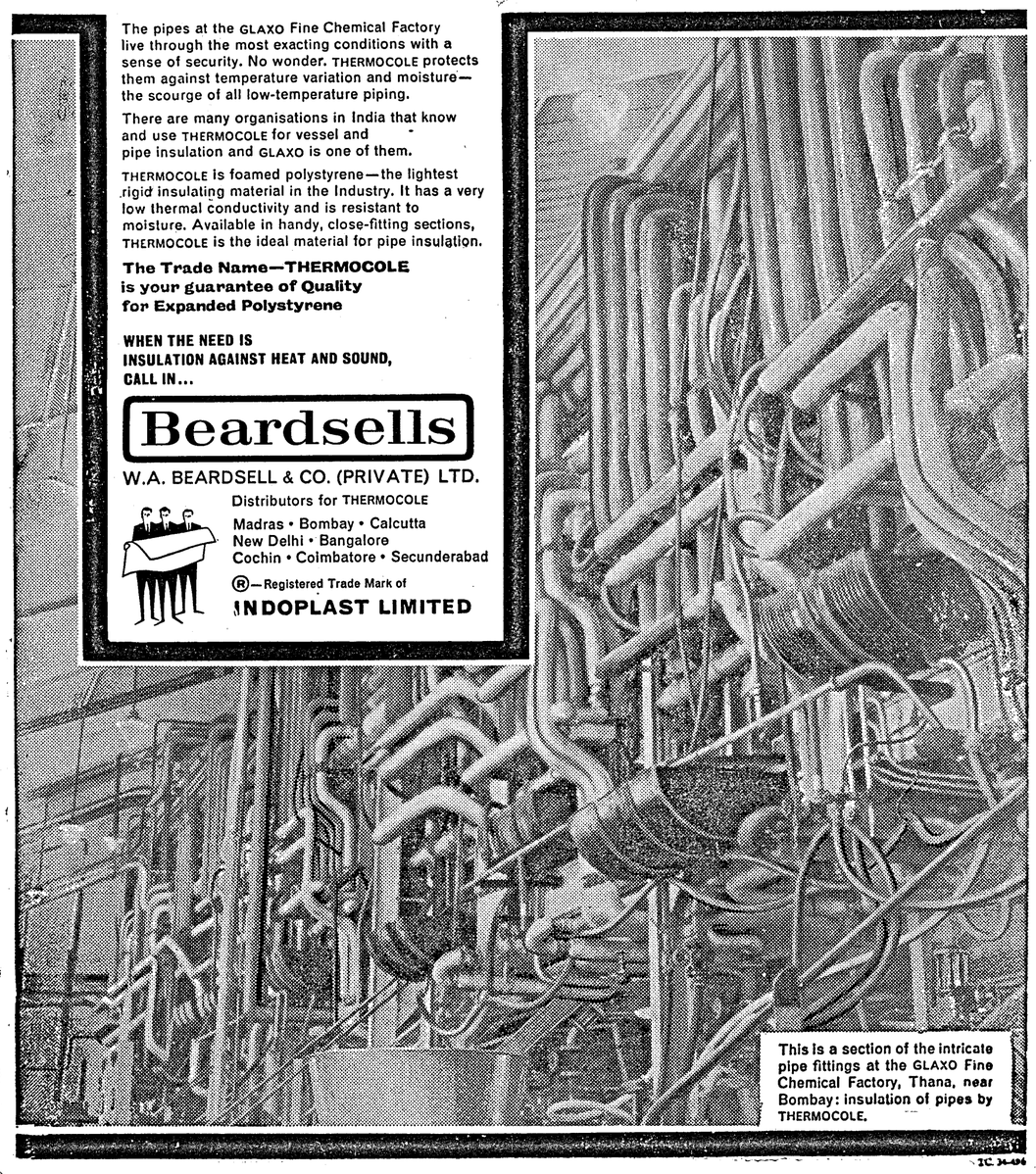


This is a section of the intricate pipe fittings at the GLAXO Fine Chemical Factory, Thana, near Bombay: insulation of pipes by THERMOCOLE.

IC 34-496

ANNOUNCEMENT REGARDING THE PROPOSED ISSUE OF CAPITAL

This is only an announcement and not a Prospectus and persons interested are requested to apply for a copy of the Prospectus for full details.

BHARAT FORGE COMPANY LIMITED

Registered Office: **13, ELPHINSTONE ROAD, KIRKEE, POONA-3**

EXISTING AND PROPOSED ACTIVITIES

Bharat Forge Company Limited plans to erect a Modern Drop and Upset Forge Plant capable of producing 6,000 tons of forgings per annum on a single-shift operation and 16,800 (Nos.) finished crankshafts per year.

Included in the project, in addition to Modern Drop and Upset Forging Equipment, will be a completely equipped Die Shop, heat treat facilities and up-to-date equipment for Quality Control.

Complete facilities for the machining, heat treatment, grinding and inspection of Drop Forged Crankshafts will enable the Company to produce these items from the billet to the completed crank.

The Company will produce a complete line of forgings and finished crankshafts in a variety of ferrous and non-ferrous metals for the rapidly developing manufacturing industries of India.

The Company has concluded collaboration agreement with The Steel Improvement and Forge Company, Ohio, U.S.A., for providing the necessary technical assistance and services. The Company has secured the necessary Foreign Exchange Loan and import licences.

LOCATION OF THE INDUSTRY

The Company has purchased from the Government of Maharashtra 61 acres and 34-8 gunthas of land in Mundhwa, within 3½ miles from Poona City, to locate the Industry.

BOARD OF DIRECTORS

1. SHRI SHANTANURAO LAXMAN KIRLOSKAR *(Chairman)* Lakaki, Shivajinagar, Poona-5.	Industrialist. *Chairman & Director :* Kirloskar Oil Engines Ltd. Swastik Rubber Products Ltd. Kirloskar Cummins Ltd. Kirloskar Pneumatic Co., Ltd. Kirloskar Consultants Pvt. Ltd. *Director :* Kirloskar Brothers Ltd. The Mysore Kirloskar Ltd. Kirloskar Electric Co. Ltd. Jay Engineering Works Ltd. Delhi Cloth & General Mills Co. Ltd. Escorts Limited. Bajaj Auto Limited. The Ahmedabad Electricity Co., Ltd. Kirloskar Asea Limited. Bharat Ball Bearing Co. Ltd.
2. LALA CHARAT RAM 15, Kitchner Road, New Delhi.	Industrialist. *Director :* Shri Ram Associates Pvt. Ltd. Delhi Cloth & General Mills Co. Ltd. Jay Engineering Works Limited. Bharat Ball Bearing Co., Ltd. Usha Refrigeration Industries, Ltd. Industrial Finance Corporation of India. National Research Development Corporation of India. Indian Drugs & Pharmaceuticals Ltd. Amar Dye-Chem Limited.
3. SHRI NAVNITLAL SAKARLAL SHODHAN Ellis Bridge, Ahmedabad.	Industrialist. *Director :* The Sarangpur Cotton Mfg. Co. Ltd. Sakarlal Balabhai & Co. Ltd. The Silver Cotton Mills Co. Ltd. The Laxmi Commercial Limited. Hind Chemicals Limited. Amar Dye-Chem Limited. The Sandesh Limited. Gopalbhai Balabhai & Co. Ltd. The Indian Electro Chemicals Ltd. The Anil Starch Products Ltd. National Machinery Manufacturers Ltd. Asian Cables Corporation Ltd. The Gujarat Steel Tubes Ltd. The Ahmedabad Electricity Co. Ltd. Indequip Engineering Ltd. Bank of Baroda Limited.
4. SHRI PRATAP BHOGILAL 26, Ridge Road, Bombay-6.	Industrialist. *Director :* Shree Ram Mills Limited. South India Insurance Co. Ltd. New Great Insurance Co. of India Ltd. Amar Dye-Chem Limited. The Western India Vegetable Products Ltd. Podar Mills Limited. The New Standard Engineering Co. Ltd. Bagalkot Cement Co. Ltd. National Machinery Manufacturers Ltd. The Scindia Steam Navigation Co. Ltd. The Baroda Electric Meters Ltd. The Gokak Mills Limited. The Bank of India Limited. Premier Automobiles Limited. Hindustan Polymer Limited. Rockwell India Limited. The Mysore Kirloskar Limited.
5. SHRI BAHUBALI GULABCHAND Ratnam Apartments, Block No. 1, 4 Little Gibbs Road, Malabar Hill, Bombay-6.	Industrialist. *Director :* The Hindustan Construction Co., Ltd. The Indian Hume Pipe Co. Ltd. The Hindustan Spun Pipes Ltd. The Neptune Assurance Co. Ltd. PAL Hire Purchase Limited. Vikhroli Metal Fabricators Ltd. Walchand & Co. Private Ltd.
6. SHRI NARAYAN WAMAN GURJAR C/o Kirloskar Electric Co. Ltd. Rajajinagar, Bangalore-3.	Industrialist. *Chairman & Director :* Kirloskar Electric Co. Ltd. *Director :* The Mysore Kirloskar Limited. Kirloskar Oil Engines Limited. Kirloskar Pneumatic Co. Ltd. Kirloskar Cummins Ltd. Kirloskar Asea Limited. Deepak Insulated Cable Corpn. Ltd.
7. HIS HIGHNESS MAHARAJASAHEB OF KOLHAPUR New Palace, Kolhapur.	Ruler. *Director :* The Sandur Manganese & Iron Ores Private Limited.
8. MR. CHARLES H. SMITH, JR. 22500 McCauley Road, Shaker Heights 22, Ohio, U.S.A.	Industrialist. *President and Director :* The Steel Improvement & Forge Co. Cleveland, Ohio, U.S.A. *Director :* Netco Inc., (U.S.A.) Custom Tool & Mfg. Co., (U.S.A.) Industrias Kaiser Argentina (Buenos Aires Argentina) Metachemical Machines Ltd. (Lond.) Metachemical Processes Ltd. (Lond.) Sifco do Brazil (Sao Paulo, Brazil). *Chairman :* Consultative Council, Sifco do Brazil. *Trustee & President :* Board of Trustees of the Forging Industry's Educational & Research Foundation, U.S.A.
Alternate Director to Mr. Charles H. Smith, Jr., **SHRI CHANDRAKANT S. KIRLOSKAR,** Yeshwantnagar, Poona-7.	Executive. *Managing Director :* Kirloskar Cummins Limited. *Director :* Shivaji Works Limited. Shamsher Sterling Cable Corpn. Ltd.
9. SHRI NEELKANTH A. KALYANI Kalyani Buildings, Karad, Dist. Satara.	Ex-Officio Director of the Company. Industrialist and Agriculturist. *Director :* Kirloskar Pneumatic Co. Ltd. Ugar Sugar Works Limited. Hindustan Gears Private Ltd. Karad Electric Supply Co. Pvt. Ltd.

MANAGING AGENTS

Messrs. KALYANI INDUSTRIES, Karad, a partnership firm is appointed as Managing Agents of the Company for a period of 10 years from 19-12-1961. The following are the partners of the said Managing Agency Firm:

1. Shri Neelkanth A. Kalyani, Karad
2. His Highness Maharajasaheb of Kolhapur, Kolhapur
3. Shri Chandrakant S. Kirloskar, Poona

AUTHORISED CAPITAL

	Rs.
2,00,000 Equity Shares of Rs. 100 each	2,00,00,000
1,00,000 Cumulative Preference Shares of Rs. 100 each ..	1,00,00,000
	3,00,00,000

SUBSCRIBED CAPITAL

75,380 Equity Shares of Rs. 100 each at par in cash by Directors, their friends, associates and collaborators ..	75,38,000
2,620 Equity Shares of Rs. 100 each reserved for allotment to the collaborators	2,62,000

PROPOSED ISSUE TO THE PUBLIC

77,000 Equity Shares of Rs. 100 each at par and in cash ..	77,00,000
75,000 9.3% Cumulative Redeemable Preference Shares of Rs. 100 each at par and in cash	75,00,000
	1,52,00,000

The subscription list will open at the commencement of banking hours on Friday the 10th day of January 1964 and will close at the close of banking hours on Wednesday the 22nd day of January 1964 or earlier at the discretion of the Directors but not earlier than the close of the banking hours on Monday the 13th day of January, 1964.

Application forms along with copies of the Prospectus can be had from the Registered Office of the Company or from the Underwriters, Bankers and Brokers whose names and addresses are given below :—

UNDERWRITERS

The entire issue offered to the public is fully underwritten by the following underwriters :

1. GOVERNMENT OF MAHARASHTRA.
2. INDUSTRIAL FINANCE CORPORATION OF INDIA, Reserve Bank Building, Parliament Street, New Delhi.
3. THE INDUSTRIAL CREDIT & INVESTMENT CORPORATION OF INDIA LTD. 163, Backbay Reclamation, Bombay-1.
4. LIFE INSURANCE CORPORATION OF INDIA, Jeevan Kendra, Jamshedji Tata Road, Bombay-1.
5. THE INVESTMENT CORPORATION OF INDIA LTD., Ewart House, Bruce Street, Fort, Bombay-1.
6. CANARA BANK LTD. Canara Bank Bldg., 112 Jayachamarajendra Road, Bangalore-2.
7. R. R. NABAR & CO., 31, Dalal Street, Fort, Bombay-1.
8. THE BANK OF INDIA LIMITED, Mahatma Gandhi Road, Bombay-1.
9. THE CANARA INDUSTRIAL & BANKING SYNDICATE LTD. Mukund Nivas, Udipi, Mysore State.

THE FIRST 25 YEARS OF NYLON

WILL IT FIGHT OFF ITS RIVALS?

"MIRACLE fibre": This was how nylon was first described over twenty-five years ago —on 27th October 1938—when E. I. du Pont de Nemours and Company of the U.S announced its discovery to the general public. The appellation is quite apt and nylon continues to be a really miracle fibre, notwithstanding the advent of several new synthetic fibres. The properties offered by nylon are unmatched and the uses to which it is put are unlimited. Indeed, the past two and a half decades have brought almost universal acceptance of nylon both as a synthetic fibre and as an engineering plastic. Perhaps no other product in the chronicles of the chemical industry is said to have justified, even in the year of its twenty-fifth anniversary, new investments as heavy as those required in all its previous history. The story of nylon's progress through many stages of hard-won development, embodying great technical leaps as well as staggering financial risks, is impressively presented by the Du Pont Company in a brochure specially published on the occasion of the twenty-fifth anniversary of the Company's public announcement of nylon.

Besides tracing some of the stepping stones to nylon's success, the booklet suggests that some of the more significant chapters in the history of this fibre are yet to be written. In particular, attention is drawn to two important factors which have prompted nylon's present modernisation and expansion programme. One is the heightened competition within the industry. In addition to Du Pont, several other producers now make nylon. And many new fibres and plastics aim at nylon applications. Nylon facilities, it is stressed, must incorporate the latest technology if they are to compete successfully. The second factor is the steadily expanding world economy. With economic growth come new markets and enlarged opportunities for products that can fill definite needs. In this pattern of growth, nylon expects to prove its continued usefulness; it foresees a lively 25 years ahead.

The one measure of continued acceptance of nylon—and of the increased competition for nylon customers—is, according to the Du Pont booklet, the proliferation of production facilities around the world. As of 1963, some 112 producers of yarns and fibres owned more than 120 plants in 38 countries, including plants projected or under construction. The location of the nylon plants is indicated below:

Country	*No. of plants*
U.S.A.	13
Argentina and Italy	8 each
W. Germany, Japan and Brazil	7 „
India	6
United Kingdom	5
Spain, France and E. Germany	4 each
Mexico	3
Venezuela, Uruguay, U.S.S.R., Czechoslovakia, Turkey, Mainland China, South Korea and Australia	2 each
Canada, Colombia, Peru, Chile, Portugal, Norway, Sweden, Netherlands, Belgium, Luxembourg, Poland, Hungary, Rumania, Greece, Israel, U.A.R. and Taiwan ..	1 each

The above list, it must be added here, gives only a broad idea of the position of nylon manufacturing facilities. Just because one country has more nylon plants than another, it does not mean that the former is a bigger producer than the latter. For instance, Britain has fewer plants than India. But the fact is that India's production of nylon is only a fraction of that of the U.K. and what little India manufactures is based on imported raw materials.

Du Pont's booklet has not furnished data relating to the actual production of nylon in the different countries excepting the U.S. In the U.S., the total nylon fibre output, which was less than 50,000 lbs. prior to 1940, gradually rose and touched about 250 million lbs. in 1956. It was, however, after this year that the increase in production was spectacular, the quantity actually produced in the calendar year 1962 being as much as 600 million lbs.

Nylon is used most extensively in a number of fields. The majority of tennis racquets today are strung with braided nylon. Nylon has practically replaced raw silk in military parachutes. This fibre is largely used in making lightweight combat clothing, mosquito netting, hammocks, tents, camouflage netting and cloth, socks, ladies' and men's wear, tyre cord and several industrial products. A special bulked continuous filament nylon yarn is used for carpeting. Industrial, non-apparel uses have multiplied from the very start and, every year, nylon seems to find a foothold in a new and promising fibre or plastics application. Tyre yarn is especially revealing of nylon's utility. Although it costs more per lb. than rayon, its greater strength has made nylon the chosen fibre in over 70 per cent of replacement passenger tyres and in more than 72 per cent of replacement tyres for trucks and buses. Meanwhile, further improvements in nylon tyre cord are being made. A new low-flat-spotting type may soon make heavy inroads in the original equipment market long dominated by rayon. Nylon has also found a wide variety of uses in recreational materials.

The manifold uses to which nylon is put have been the result of persistent and continuous research. Equally significant results from research have been the other popular fibres for the consumer market. The legacy of nylon involved financial and technical carryover. Just as rayon earnings helped subsidise early research and development costs for nylon, earnings from nylon helped underwrite development for 'Orlon' ($25 million) and 'Dacron' ($80 million) before these fibres went into full production. The details in respect of these fibres, as well as of "Lycra," are given below:

Orlon: This is an acrylic fibre spun from polyacrylonitrile. Earning wide acceptance in carpeting, blankets, sweaters and other knitwear, it serves both as a supplement to nylon fibres and as a vigorous competitor.

Dacron: This polyester fibre is produced from a polymer based on polyethylene terephthalate. It has widest use in shirts and suits (where nylon is less adaptable), curtains and drapes and as a fibre-fill for comforters, pillows and upholstery. In clothing, Dacron has been particularly successful in blends with rayon, cotton and wool.

Lycra: This spandex fibre is the result of highly complex chemistry involving polyurethanes. It is lighter, more elastic and more durable than rubber. It is already the choice fibre for swimsuits, girdles and other figure-hugging feminine finery. Lycra both supplements and competes with nylon for brassieres and other intimate fashion uses.

The impact of nylon, especially on the U.S. market, was "immediate and overwhelming." This was because of the fact that the new fibre offered certain vital properties which the other fibres did not offer. At the time when nylon made its debut, the position in respect of the traditional textile fibres as described by Du Pont's booklet was this: "Silk was expensive but not very durable; linen crushed easily; wool was scratchy and water-shy; cotton was serviceable but not easily translated into high fashion. One relatively recent innovation, rayon, was economical, but there were severe limits to its strength and durability."

The economic success of nylon shared by thousands of business firms also means the livelihood, in varying degrees, for nearly 1.5 million American working people and their dependents. More than 19,000 persons, it is stated, are engaged directly in the manufacture of nylon and over 730,000 in the making of various kinds of apparel with nylon as the sole or basic fibre. Another 150,000 work in tire-cord processing or making of rugs and house furnishings, including upholstery. More than 500,000 persons work for retail stores which sell clothing, with part of it made from nylon.

Nylon has so far resisted every attempt to make it obsolete. Actually, it is proving more useful than at any time in its 25-year commercial history. This is evident from the fact that nylon production has been expanding at a vigorous average annual rate of more than 14 per cent.

What are the reasons for nylon's outstanding durability as a glamour product in the highly competitive fibres industry? The answer given to this question in the Du Pont booklet is as follows:

"For one thing, the combination of strength, toughness and elasticity is still unmatched, even by such highly useful and popular fibres as 'Orlon' and 'Dacron.' Most important of all, however, have been the persistent and successful efforts of scientists to adapt the original molecule to other forms and structures. A new form, sold under the trade-mark 'Antron,' illustrates this kind of improvement. The conventional nylon fibre had a hard, slick surface which made it ideal for stockings, lingerie, and many industrial uses. But these characteristics also made it less attractive in most dress materials, in skirts and in sweaters. The newer form, however, has a softer, bulkier feel, and is winning nylon many new customers in fields where formerly it had proved only moderately useful. Similarly, the new bulked continuous filament nylon makes possible many new and exciting designs in carpeting. As a result, nylon carpets in 1962 recorded a 41 per cent gain over 1961, and by 1963 were accounting for nearly 40 per cent of all carpet fibre used. Stretch nylon yarns are recording spectacular gains. Their popularity in ski wear has spread to all forms of casual clothing. In addition, stretch nylon began to appear in men's suiting in 1963, as blends with wool and 'Dacron' polyester fibre. Another factor in nylon's history for the next 25 years which should be of great interest to the consumer is the fierce fight for markets among a growing number

(*Continued on page 28*)

BHARAT FORGE COMPANY LIMITED—*Continued*

BANKERS

1. THE BANK OF INDIA LIMITED, Mahatma Gandhi Road, P. B. No. 238, Bombay-1.
2. CANARA BANK LIMITED, Canara Bank Bldg., 112 Jayachamarajendra Road, Bangalore-2.
3. THE BANK OF MAHARASHTRA LIMITED, 1177 Budhwar Peth, Poona-2.
4. THE PUNJAB NATIONAL BANK LTD., Karimjee House, Fort, Bombay-1.
5. THE CENTRAL BANK OF INDIA LTD., Mahatma Gandhi Road, Fort, Bombay-1.
6. THE UNITED WESTERN BANK LTD., Chirmule Niketan, Satara City.
7. THE CANARA INDUSTRIAL & BANKING SYNDICATE LTD., Mukund Nivas, Udipi, Mysore State.

BROKERS

Bombay

1. R. R. Nabar & Co., 31 Dalal Street, Fort, Bombay-1.
2. A. B. Pandit & Co., 32, Apollo Street, Fort, Bombay-1.
3. P. R. Subramanyam, 70-A, Stock Exchange Bldg., Apollo Street, Fort, Bombay-1.
4. Merwanjee Bomanjee Dalal, Allahabad Bank Building, Apollo Street, Bombay-1.
5. Harkisondas Lukmidas, Stock Exchange Building, Fort, Bombay-1.
6. Batlivala & Karani, Union Bank Building, Dalal Street, Fort, Bombay-1.
7. Lewis & Jones, Bank of Baroda Building, Apollo Street, Bombay-1.
8. Champaklal Devidas, Aga Khan Building, Dalal Street, Bombay-1.
9. Chimanlal J. Dalal & Co., 107, Stock Exchange Building, Fort, Bombay-1.

Calcutta

1. Place, Siddons & Gough Pvt. Ltd., 6 Lyons Range, Calcutta-1.
2. G. M. Pyne, Allahabad Bank Building, 14, India Exchange Place, Calcutta-1.

Madras

1. Kothari & Sons, Oriental Buildings, Armenian Street, Madras-1.
2. Paterson & Co., 22, Errabalu Chetty Street, Madras-1.
3. Maconochie & Co., Mercantile Bank Building, Madras-1.

New Delhi

1. H. P. Mehta & Co., Connought House, Connought Place, New Delhi-1.
2. Harbans Singh Mehta & Co., 33, Regal Building, Parliament Street, New Delhi-1.
3. Raj Paul Chadha & Co., Delite Cinema Building, Asaf Ali Road, New Delhi.
4. P. S. Khambete, M-45 Connought Circus, New Delhi-1.

Ahmedabad

1. Chinubhai Chimanlal Dalal, Manek Chowk, Ahmedabad.
2. Narendrabhai Lalbhai Sheth, Manek Chowk, Ahmedabad.

Bangalore

1. Lokkur & Co. Kempegowda Road, Bangalore-9.
2. P. R. Subramanyam, 'Shree Siva', 24, Fourth Street, Benson Cross Road, Bangalore-6.
3. M. Nanjappaiah Jaghirdar, 181, Cavalry Road, Bangalore-1.

Hyderabad

1. P. B. Afzulpurkar, Sultan Bazar, Hyderabad (A.P.)

BUSINESS ASSOCIATIONS

NEED FOR A PHILOSOPHY

By V. I. Chacko

IN Independent India business associations have proliferated in number and they cover almost all kinds of businesses including trade, industry, planting and agriculture. They range from nothing more than printed letterheads to complex organisations, with a vast variety of industrial or trade groups and interests within their fold and performing many functions of importance to its membership.

Voluntary organisations have been formed with social, religious, professional and economic objectives. There are several thousands of these bodies, registered and unregistered. Here we are only concerned with organisations with economic objectives like chambers of commerce, industrial, planting and agricultural associations. Some of these associations date back to a century or more and are nationally known. Some of these have exercised great influence on the Government's economic policies in the past and wish to believe that they still do so. They surely do exercise considerable influence over their own membership and regulate their internal affairs over a wider field than at any time in the past.

Whatever their influence over public policy, some of the nationally known associations have increasingly become aware of the role they should play beyond the strict business interests of their membership. Voluntary organisations are power centres and many of the matters on which they may decide as of internal and domestic concern are not necessarily matters without public effect.

Little Literature

There is very little of literature on industrial or business associations in this country, about their structure, functions, standing, objectives, interests and systems of operation. At the outer edges are the paper associations. They appear to represent certain interests during a crisis faced by them and disappear as soon as their limited purposes are achieved or the crisis blows over. There are those small and parochial associations which are maintained alive by an occasional meeting, spasmodic activities and the interest of a few individuals who find such bodies convenient for their own purpose. The larger chambers of commerce and industrial associations with paid and permanent secretariats keep a wary eye on all matters affecting their membership, maintain the flow of information from and to the membership, help in studying problems affecting them and making representations on their behalf.

Some of the leading organisations go far beyond these familiar chores. These organisations at the national level have increasingly tended to deal with public policy in relation to business, have organised research and systematic inquiry into economic policies of the Government and give voice to business views on broad industrial policy. They have tended to establish points of lively contact between the policy-makers in the Government and the industry and to express in public the business point of view.

Since economic policy was concerned primarily with development under Government control and Central planning, business associations were caught in an unending stream of legislations, executive decisions, sanctions and restrictions which immediately affected their members. Associations, as power centres, were of relevance only to their own membership once the Government began to assume power monopoly over economic and social policies. Association policy was no longer a matter subject to an independent and comprehensive understanding of the integrated totality of the purpose of policy, but what was expedient and circumspect. Its own inherent limitation that the membership was not concerned with anything more than what affected them in the carrying on of their business in the accustomed manner, made things worse. Voluntary associations as power centres were, to the broad stream of public opinion, self-seeking and inward-looking.

So long as a parliamentary system of democracy exists in India, together with its attributes of civil liberties and freedom of speech, it becomes effective and meaningful only if private enterprise and the opportunities for self-employment also exist. In place of a monopoly of State power, private enterprise provides the countervailing force of dispersed economic power with the necessary freedom for the majority of the population from dependence on the State for livelihood.

New Role

There are many thoughtful men in the country who feel that, with Central planning, enormous concentration of power in the hands of the Government over social and economic activity, wholesale dependence of individual businesses on the patronage and systems of permits and licences, there is very little of freedom left with the business community to act as effective centres of the countervailing powers of a pluralist society. If we can get away from an argument on the perfect distribution of powers for maintaining a system of checks and balances and accept that powers have begun to flow into Government hands by an exercise of the very instrument of popular democracy, businessmen will find a more fruitful area for creative discussion.

It is certainly the belief of many businessmen that their organisations are only concerned with the protection of their business interests and for the regulation of their internal relations. But few can now afford to believe that public policy and political objectives have no lasting and decisive effect on business and businessmen. The efforts of business organisations to protect the interests of their members from the consequence of such policies bring their activities, if not directly in conflict with State policies and objectives, at least at some dissonance with such policies. Associations now recognise that an intelligent and responsive understanding of the interests of the community at large is essential to their successful functioning.

Wider Responsibility

Any voluntary association of a business interest must take decisions which have social and economic impact on people not covered by the association's membership. What justifies such exercise of power and who should control it and make it acceptable to the people affected? How could it act with responsibility to the community? How could it protect its own interests if the community believes that business associations are only concerned with the interest of their membership? This obvious conflict cannot be resolved, unless associations assume a wider responsibility than what their articles and memoranda of association have laid down or would strictly allow.

Large-scale business associations in India have most of their time and talent devoted to the everyday problem of functioning business in industry, commerce or agriculture. Its membership is in constant need of advice, help and guidance and, within the framework of existing practice and the law, they have to be guided through or protected from the rigours and dangers of the exercise of State power. Since that power cannot be challenged or questioned, associations have tended to seek mitigation from the effect of such power exercise by placating and flattering the wielders of that power and in some cases by feeble and sporadic efforts at educating them. The last function has taken several forms, the most enlightened being a study of public policy for their impact on industry and trade. But associations have unfortunately stopped short of a critical examination of their own objectives and policies, with the result that distrust of the intentions of private enterprise frustrates public appreciation of all efforts at an objective study of Government's economic policies by such associations.

Why Keep Out of Politics?

Business associations have always refrained from any action which might be construed as politically inspired and, by this excessive caution, have rendered themselves incapable of studying or understanding the political climate in which they operate. Voluntary association of industrialists and businessmen encounter their most serious shortcomings in their adjustment towards the political climate for which industrial bodies have done little or no original work in India. The fact that social and economic decisions proceed from a certain politically-accepted framework of reference are not always readily recognised by these associations. Their preoccupation with the consequences of those decisions as apply to their membership's interests invariably lead them to deal with the symptoms and not with the causes of their problems. Over a period of time, their effectiveness must inevitably decline. In fact, private enterprise has no effective defence against the accusation that it is only interested in its own limited self-interest and not in that of the community at large and the mist of distrust so completely envelops it that the true image of private enterprise cannot be seen. Whereas private enterprise has taken just pride in its initiative, drive, creativeness and efficiency, it has failed to convey that its efforts are in the interest of the welfare and progress of the community.

Modern Governments are increasingly tending towards taking into their hands all the levers of community organisation and action. In a country such as ours this process of power concentration provides a dangerous situation in which despotic powers can be assumed in the name of the ignorant, the incurious and the indifferent masses who rely so much on the Government for their protection and welfare. What could be a more convenient means of destroying private enterprise than by projecting them as the exploiters of the innocents from whom the Government is out to protect them. Democracy cannot survive in our country, unless informed and responsible decisions are taken on matters which affect the community the majority of whom are helpless against the exercise of power whether by the State or from dispersed centres of power like unions, industrial and agricultural associations and chambers of commerce.

A changing society is not a threat but an opportunity to businessmen who are attuned to a higher objective than an exclusive concern for personal gain. In fact, enlightened businessmen accept this proposition. Their principal preoccupation however happens to be the unending problem of dealing with the frustrating, confusing, time-consuming and wearying processes of Government controls and regulations. Their associations are primarily intended to guide them through such deeps and shallows as the flood of Government directive and control operations present. It is here that some clear thinking on the part of business organisations has become necessary. Individual businessmen, however enlightened, cannot make a difference to the popular impression about private enterprise when individual beliefs and practices differ so widely. To keep the sights of the business community on the higher objectives which do not figure at every meeting of the committee should essentially be a function of the professional association men. Indian business associations are witnessing the rise of an efficient, articulate body of professional men who man their secretariats. Their experience is deep and wide in the problems of associations, but there are among them men equipped to understand and appreciate the broader setting of public interests and aspirations and who can find a synthesis between the interests of business and the larger community. As stipendiaries, their influence over their committees and the general membership varies very considerably and provides no assured basis for exercising any great influence over business thinking beyond their everyday problems.

Fear Mentality Must Go

Much of what has been said here might lead one to conclude that the problem is one of public relations. While good public relations would keep associations alive to policies that secure public goodwill and acceptance, the main question here is one of public responsibility on the part of private enterprise beyond the call of ordinary decent conduct. The two essentials for the rise of a new philosophy by which to conduct business affairs would be a rise of men with vision within industrial and trade associations and a common approach by the different business organisations in the country. Though political backing may differ in complexion, trade unions are better placed than employers' organisations in the matter of adjustment to political forces. They are closer to the levers of political power and their leaders are full-time stipendiaries of their unions and individually committed to the changes. In employers' organisations, the power rests within the membership and, as businessmen individually, they are not directly involved with the broader issues which condition the functioning of their businesses and collectively they are incapable of a common viewpoint on such remote and possibly controversial issues.

Business associations require a new approach to the world of politics, an intelligent, informed and responsible view of the political climate instead of getting paralysed with fright and confusion at the thought of political involvement in business discussions. Associations must be guided by a new philosophy which takes public interest as the standard guide-posts for business policy.

THE MADRAS ALUMINIUM COMPANY LIMITED

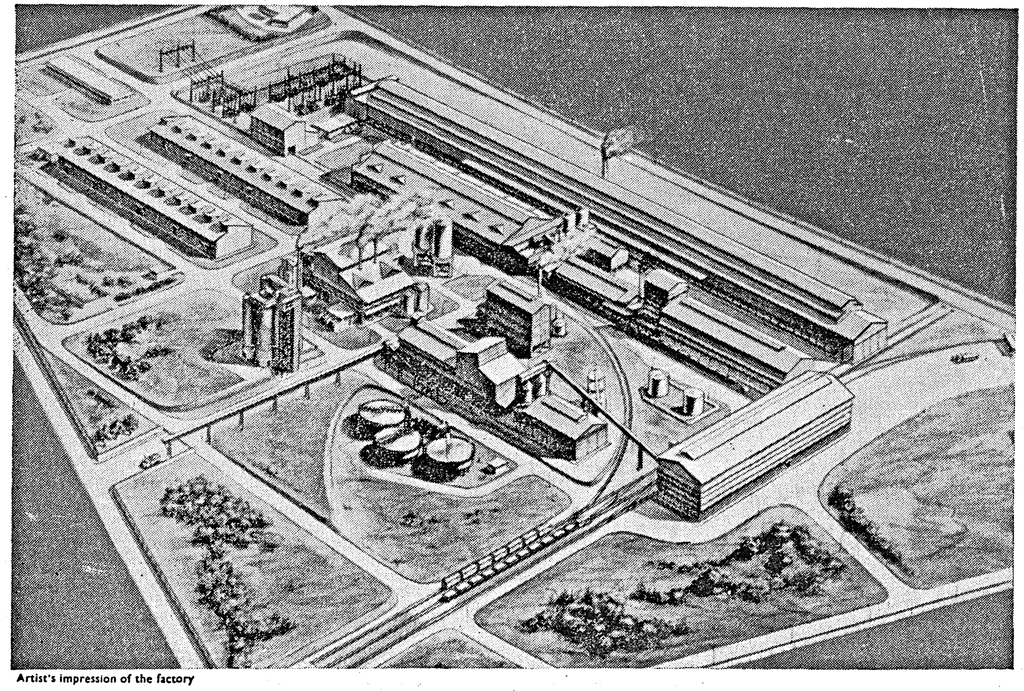
announce the installation of the

ELECTROLYTIC POT

at Mettur, Salem District
on the 29th December, 1963
in the distinguished presence of

HON'BLE SRI R. VENKATARAMAN
MINISTER FOR INDUSTRIES, MADRAS

PRODUCTION OF ALLOYS & INGOTS TO COMMENCE BY THE SECOND HALF OF 1964



Artist's impression of the factory

Technical Collaborators:
M/S MONTECATINI of ITALY
Authorised Capital : Rs. 10 crores
Issued Capital : Rs. 6 crores

Foreign loan arrangements with
M/S. MEDIOBANCA of ITALY

Raw material—"BAUXITE" ore from company's mines at Sheveroy Hills, Yercaud, Salem District.

TO PRODUCE ANNUALLY 10,000 tonnes comprising of

ALUMINIUM ALLOYS & INGOTS	:	2,500 tonnes
ALUMINIUM RODS	:	3,000 tonnes
ALUMINIUM EXTRUSIONS	:	1,000 tonnes
ALUMINIUM ROLLED PRODUCTS	:	3,500 tonnes

FDS-MA-171

DEVELOPMENT OF TECHNICAL KNOW-HOW

SUGGESTIONS FOR ACCELERATED AND INTEGRATED PROGRESS

By Dr. Surendra C. Dholakia

EVER since we nationally adopted a policy of economic progress through industrialisation, we have been expanding the volume and complexity of technological effort in order to achieve progressively higher levels of production of goods and services. And so we are advancing from one Plan to another into industrial and economic activities of increasing diversity and greater complexity. In such circumstances, availability and application of technical know-how assumes vital significance.

While materials in their primary crude form have been potentially available for centuries, their utilisation has been stepped up only as and when the necessity to support and protect human subsistence and welfare has kept on mounting. Thus, necessity and human genius may be termed the parents of invention, that is, know-how. In our country, the only positive way of meeting such a heavy backlog of social and personal needs of the society is to press into service the modern technical know-how.

Anatomy of Technical Know-how

Development and accumulation of know-how, however, is a slow, painful and relatively expensive process. Such a development has also to go through certain stages to retain a mature and self-sustaining dynamism. In order to appreciate the all-pervading nature of technical know, it would be advisable to follow the various stages of interaction between materials and know-how ending up in a consumable product. These stages are:

1. Consumable product may either be imported for further transport and distribution in the country or may be produced indigenously.

2. Production results from the interaction between process know-how and intermediate raw materials.

3. Intermediate raw materials are obtained through process know-how and primary materials.

4. Process know-how is composed of plant know-how and operating know-how.

5. Operating know-how involves academic aspects including research and training in fundamentals for the particular technology and development of operating skill and efficiency techniques.

6. Plant know-how includes the materials for fabrication of the plant, fabrication and construction know-how and design know-how for the plant and machinery.

7. Production of materials used in the fabrication of the plant requires the application of process know-how with respect to other primary raw materials. This process know-how is developed along the lines already mentioned.

8. Know-how involved in the physical construction of the plant and machinery is based on the development of human skill and training in certain workshop techniques so as to achieve the characteristics and specifications required by the design know-how. This is achieved by proper intensive training of the qualified personnel under the expert supervision and guidance.

9. Design know-how is the most vital part of the technical know-how complex and is built up partly by integration of available operating and design data and partly by experiments on pilot scale. A thorough background of the academic aspects of the technology involved is absolutely essential.

Stages of Application

A national plan of development, therefore, basically implies a well-thought-out programme of making various degrees of technical know-how available from indigenous talent. The emphasis in the beginning would progressively shift from purchasing know-how plus materials from abroad to gradual replacing imported materials with indigenous ones and development of technical know-how locally for each corresponding stage of such substitution. Such a stage-wise development of technical know-how may cover the following aspects:

(a) Survey of needs and available means for satisfaction at national and international level.

(b) Arrangement for supply of the consumable materials and articles including know-how and materials, terms of payment, and national costs involved therein.

(c) Item-wise development of projects for utilisation of indigenous materials—termed "project design."

(d) Process design.

(e) Product design.

(f) Equipment design.

(g) Engineering design.

(h) Erection and start-up know-how.

(i) Efficient production and maintenance.

(j) Factory management.

(k) Research, development, and accumulation of further know-how.

The above stages may be illustrated by a reference to the development of the industries of steel and fertilisers in the country during the last few years. Although we have been making these products indigenously, we have to import large quantities to meet the balance of our requirements. In order to save time involved in the development of various stages of know-how described above, we first continued to import consumable articles. Secondly, we tried to investigate indigenous material resources available for their production in the country. Thirdly, we developed projects in detail in order to study the economics of the same. Fourthly, we decided to put up manufacturing units in the country by importing necessary plant and equipment, thereby importing the design know-how, as well as know-how for start-up and production. Ultimately, we realised that the materials which are used in the manufacture of this plant and machinery should also be made in the country in order to let the indigenous technical know-how grow to maturity, which was the ultimate step for complete and integrated development of technical know-how in these particular fields. This process is still continuing, and is far from complete even in these two fields, but we are positively on the right track.

Know-how Costs

Considerable sums of national savings have been spent abroad simply because of non-availability of various degrees of know-how within the country. The accompanying table indicates approximate amounts spent on the know-how factor since 1951. In this table, the know-how costs have been classified as direct, indirect and built-in costs. These costs which are payable explicitly for purchase and availability of know-how (whether design, or operating or any other) are termed "direct costs." Under the "indirect costs" may be included such amounts as may have to be spent in order to make arrangements for direct know-how to be feasible and practicable. Cost of travelling and maintaining the expert personnel, engineering and supervisory services which should be paid to the know-how group in order that the plant is erected according to their requirements, etc., are part of indirect costs. At any particular stage of technology, there is a built-in item of know-how which is brought in as a part of the imported plant and equipment and some process materials which may be termed "built-in know-how." Whenever a machinery is imported, the country is paying not only for the basic constructional material and manufacturing labour used in its production but also for the know-how involved in its design and quality production. Thus, the know-how costs are not separately stated, but are included in the cost of equipment and hence have been so termed. Additionally, there is a concealed element of know-how costs in the profits accruing to the supplier firm, in view of the fact that considerable specialisation and monopoly in the field of heavy plant and machinery exists and hence competition is not sufficiently widespread to force down the level of profits. These figures, though only approximate, do indicate the range of financial expenses involved for technical know-how imported in various forms.

Pace of Indigenous Progress

The figures as such need not be grudged against if we take certain aspects of the situation into account. Technological development in the country remained, more or less, at a stagnant level for several decades, while the other countries kept on advancing technology by intensive application of science to industry all the time. Our social and personal needs for materials and consumable articles have also continued to grow during this period of stagnant technology. It takes several years before the stage of ultimate know-how picks up indigenous roots. Thus, the only immediate way of attempting to approach the progressively rising level of needs was to apply ready-made technological know-how from whatever sources available in order to make up for the lost time. We have already stimulated the stagnant indigenous technology by injecting modern technical know-how at various levels in our industrial set-up. The question, however, remains whether the present pace of improvement in the level of indigenous technical know-how could be considered in step with our advancing needs and whether it is really the best effort the country can make at the present time.

Outlay on Know-how factor since 1951

(In crores of rupees)

Plan	Total Plan investment	Investment in organised industries	Approximate Know-how costs			
			Direct	Indirect	Built-in	Total
First	2,000	400	6	4	10	20
Second	4,800	1,600	24	16	40	80
Third	10,000	2,400	36	24	60	120
Fourth	18,000	5,000	75	50	125	250

The transition from academic and operational level of know-how to the design level is a relatively long and complex process. At the same time, unless the ultimate level of know-how for design and construction of manufacturing equipment and processes is acquired, the true benefits obtainable from technological revolution would remain only marginal. It is only when this stage in technical know-how is developed indigenously that the country can be said to have developed technological maturity and would be in a position to channel certain proportion of its economic, technological and academic efforts into research and development for continued technological achievements. This alone can be the bedrock of continuing social revolution based on technological development and a wholesome remedy for meeting our expanding needs.

Suggestions for Speeding Up

How, then, can this advancement towards technological maturity be speeded up? The problem is to be handled at all levels of technical know-how together. Beginning with the academic level, our teaching institutions should employ intensive methods of training and impart the most modern knowledge available in the subjects. The laboratories should be well equipped for the purpose. However, these are no substitutes for the quality of the teaching staff. Ultimately, it is the mental make-up and professional experience of the individual teacher that will provide an organic link between the student at the academic level, the equipment, experimentation and modern industrial practice.

At the operating level, considerable experience is normally accumulated in any plant organisation. Such an experience has to be systematically collected, interpreted, and pooled for further development and application. As the experience in the operation of a plant grows, certain technological factors at academic level tend to acquire practical significance. It is one thing to maintain a mass of figures at a plant just for statistical purposes and to calculate broad economic results. It is, however, an entirely different matter to develop that mental discipline to watch for such data and operational features which would be helpful in jumping over to the stage of ultimate know-how. This is possible if the plant personnel are recruited on the basis of merit only and are provided with necessary in-plant training and offered freedom of action and proper incentives so as to stimulate their active participation in the jumping-over process.

Integration of Experience

Pooling of such experience on an industry-wise basis should then be the next step. The engineers and technologists experienced in all the aspects of each industry should be provided ample opportunity for exchanging their experience regarding problems and their remedies. While it may be true in general that, in a competitive industrial field, the plant personnel should be advised to keep their experience within the plant and should not pass it on to the competing producers, some method should also be found whereby the exchange of experience continues to take place in the interest of all concerned. Such a task may be undertaken by the industry-wise associations of technologists through seminars, technical journals and publications, plant visits and research projects. It should be said that the demand for goods in this country is likely to lead the supply for the next few years and, hence, given efficient management and sound technological practice, all the manufacturers are likely to have an assured market for their products. In such circumstances, pooling of technological experience would only lead to the increased level of efficiency and national self-reliance for all the plants in the country. This would pave the path for the firsthand development of specialised know-how indigenously.

Exchange of Personnel

Exchange of personnel from one plant to another and from one industry to another and also from one sector to another need not be taken in bad light. Ambitions and aspirations of individuals with drive and initiative should be taken into account while deciding recruitment and personnel policies. A technologist should be considered within his normal rights if he hopes for a more challenging job with possibilities of further professional and economic advancement. Not all our plant organisations are run along objective and scientific lines and some well-deserved technicians may get stuck up at places from which they wish to be delivered in order to develop their potentialities fully. Rate of growth of professional talent is faster if an engineer gets an opportunity to widen his horizons of experience in both intensity and diversity. No undue impediments need be put in such a process of exchange of personnel. The plea that there is shortage of trained people and that the employers should, therefore, treat their own as virtual slaves is untenable when one bears in mind that it is lack of objective management and foresight which is primarily responsible for this shortage. Promotion of technical personnel to managerial positions should also be encouraged. Industrial management and project administration are new professions vitally required in a developing economy. The old ideas which treat technical and managerial functions as separate watertight spheres and which only believe in placing premium on age and time-seniority in preference to youthful merit and initiative should be discarded once for all. These factors have been neglected hitherto in the public and private sectors and have cost us dearly in retarding the healthy growth of indigenous technical know-how.

Standardisation and Practical Training

One of the means of expediting the development of indigenous know-how is standardisation of processes, plant and equipment and scale of operation. We are already aware of the efficient processes and machinery of economic size operating in other areas of the world. We have also the benefit of perspective planning, by which our requirements for the future may be reasonably estimated and availability of indigenous raw materials for various major products may be assessed. We should, therefore, select those processes and equipment and scales of operation which would be within our financial and operational means and would produce the desired products at a reasonable cost. This does not imply that we should restrict ourselves only to the specific processes and equipment and thus deny ourselves the advantages of competitive processes and diversity in equipment design. Probably, the techno-economic circumstances in the different parts of the country would lead us to adopt different processes and equipment. At the same time, we need not adopt processes and equipment which have not been successfully tried out elsewhere. We have neither time nor the means to make technological experiments on a commercial scale. We should rather take advantage of the technology already available and spend whatever additional means available for further development to keep abreast in each field.

Development of human skill and intensive practical training are other aspects which should be attended to in order that the specifications drawn up by the designers are adequately realised in practice during the fabrication of plant and equipment. This would suggest a social change in attitude of young workers towards the relatively new types of jobs and working conditions. All facilities, such as easy accessibility to a nearby technical training institute, post-training employment facilities, part-time training facilities, career guidance and aptitude tests, financial assistance and incentives for good work, should be planned on a country-wide basis. It is needless to mention that investment in this field is potentially highly productive.

Design Know-how: Consultants and Entrepreneurs

The ultimate know-how stage is reached when the services of the designers for plants and processes and technical consultants are available widely in the country on a competitive basis. Such a profession would develop when the entrepreneurship would become further widespread and fresh groups of the enterprising people with initiative and foresight would be eager to undertake calculated risks involved in setting up new industries. This would develop a demand for designers and consultants which could be met from the senior experienced and qualified personnel from the industry and the research institutions. Even at this level, the collaboration with some experienced organisations from abroad could be of help. Such a new profession would naturally require certain safeguards and incentives. It is frequently mentioned that adequate use is not being made of the indigenous know-how already available in some fields. Some of the reasons which may have led to this situation are the following:

1. An industrialist would prefer to reduce the element of risk as far as possible by selecting an experienced firm from abroad rather than a new consultant within the country. He is already facing several risks in regard to his project and his tendency to minimise the same could be understood.

2. The speed of implementing the project is also determined by the experience of the consultancy firm and the industrialist is anxious to put up his project without undue loss of time in order to keep down the cost of the scheme and also to secure substantial markets before competitors enter the field.

3. Sometimes the financing arrangements, particularly with respect to foreign exchange, would encourage industrialists to seek foreign collaboration from a particular source.

4. Highly specialised nature of a project in some cases gives no option to the promoter in regard to the selection of the consultants.

5. At times the industrialist is not able to locate the right kind of personnel for design and consultancy services in the country who may command his confidence and may be willing to offer services on terms suited to him.

6. An industrialist may also feel that his secrets regarding the project may pass on to other prospective competitors through an Indian consultant, thus partly nullifying the advantages he expected to derive by being the pioneer in a particular field.

7. Certain factors like fabrication of plant and machinery, special constructional materials, workshop techniques and tools, credit facilities, delivery periods, availability of controlled materials, performance guarantees regarding output, efficiency and life of machinery may not be indigenously resolved to the satisfaction of the industrialist. This may make implementation of the project more difficult even after the services of an Indian designer or a consultant are secured. The industrialist may, therefore, decide to proceed with a foreign consultant and foreign suppliers of machinery in the overall interest of the project.

If it is desired to develop technical know-how indigenously soon enough, positive steps should be taken to meet the above-mentioned apprehensions in the mind of a prospective industrialist. This would best be done by the Indian designers and consultants who should adopt a liberal and more exacting attitude as regards their terms and quality of the service rendered and should continue their pioneering efforts to co-ordinate the industrialists, the suppliers of plant and materials and the authorities so as to build up confidence in their ability and integrity. Industrialists should also realise that, sometime, somewhere, someone has to be the first to design, construct and operate a new project in the country and they should, therefore, make an all-out effort to avail themselves of the services available indigenously, whenever practical.

Contracts for Know-how and Training

It is also observed that some of the contracts for supply of know-how and machinery from abroad cover training of Indian technologists in operating techniques only. In this way, none from the Indian side is associated at the design stage and thus no first-hand experience for design of plants, processes and projects is available to the Indian promoters even after payment of the know-how fees. It should also be stated that the opportunity of training Indian engineers abroad is not fully utilised by some Indian promoters partly because of their anxiety to avoid expenses of training due to lack of foresight and partly because of difficulties of foreign exchange. It would be more productive if arrangements to train the Indian engineers even in the up-to-date methods of design and to associate them in all techno-economic processing and decision-making stages right from the inception of a project were included in all contracts with the companies abroad. It should also be impressed upon the Indian promoters that it is in their own interest to get their engineers thoroughly trained in the factories abroad for sufficiently long periods and that any expenses on this account are bound to prove highly productive in due course. The Government, too, should encourage these practices by proper co-operation and vigilance.

Conclusion

It can be seen from the above discussion that development and application of technical know-how in all aspects is highly imperative in the country. The structure of technical know-how in relation to industrial development as a whole has been looked into and the limitations placed on its development indigenously have been brought out. Various suggestions have been made in order to bring about its development in an integrated and expeditious manner. We have to consider modern large-scale operating methods and continuous processing equipment which are available to us at the payment of a price from abroad. We have also to produce our goods and services at reasonable prices and of standardised quality in order not only to offer them to the masses with meagre incomes but also to meet competition in international export markets. We have also to recognise the urgency imposed upon us by the rate of growth of population and its material needs. The country should, therefore, take up the challenge by expediting the development of technical know-how indigenously so that we can really achieve a "snowball" stage so vital to our very existence and sustained progress.

FIRST I.D.A. CREDIT FOR TANGANYIKA

The International Development Association, an affiliate of the World Bank, has extended a development credit equivalent to $4.6 million to Tanganyika to help the Government to enlarge the secondary school system. This is the first financial operation by the World Bank group in Tanganyika since the country became independent in 1961. The credit will help finance the construction and equipment of two new schools and the extension and equipment of 53 others, providing in all nearly 6,900 additional places for students.

The expansion of secondary schools is vital to the economic development of Tanganyika. There is an urgent and increasing demand for secondary school graduates both for direct employment and for further training in the administrative and professional fields, private and public. The need is all the more pressing as expatriate civil service officials depart. In five years, Tanganyika will need to have trained and available twice the present number employed in such careers as teaching and engineering, as well as a wide range of technicians in other fields. There is little chance, however, that enough qualified people will be available to fill all the vacancies even after completion of the programme now being financed.

The Government programme to expand the secondary school system was started in July 1962 and is scheduled for completion in June 1967. As a result of the programme, the number of places for students will be increased to 24,300. Several countries are helping to provide qualified teachers for the schools. The two new schools to be built with I.D.A. assistance will be Government boarding schools; the 53 schools to be enlarged include 12 Government and 27 voluntary agency boarding schools, and 8 Government and 6 voluntary agency day schools. Tanganyika's population is scattered and boarding facilities for secondary schools are necessary to enable pupils to attend regularly. The voluntary agency schools, which are operated and staffed by various religious organisations in Tanganyika, have traditionally played an important role in the country's educational and social development.

The I.D.A. credit is for a term of 50 years. Repayment of the principal will begin on 15th November 1973. Thereafter, 1 per cent of the principal will be repayable annually for 10 years and 3 per cent will be repayable annually for the final 30 years. The credit is free of interest, but a service charge of ¾ per cent per annum of the amount withdrawn and outstanding will be made to meet I.D.A.'s administrative costs.

CO-OPERATIVE FARMING SOCIETIES

About 2,053 co-operative farming societies are now functioning in the country, 1,049 in pilot areas and the rest in non-pilot areas. About 41,000 farmers have pooled a little over 260,000 acres of land to form farm co-operatives. Uttar Pradesh has 288 societies in the pilot areas, the largest for any State. As for non-pilot societies, Maharashtra leads with 291. Nine farming societies, six in pilot and three in non-pilot areas, have been formed in the Union territory of Delhi. Manipur has 18 societies, 12 in pilot and six in non-pilot areas.

The Union Government has been giving several incentives to popularise co-operative farming. A co-operative farming society is eligible for a total assistance of about Rs. 12,000 towards share capital, managerial expenses, etc. Central assistance to co-operative farming societies, in both pilot and non-pilot areas, is outside the State plan ceilings. The State Governments have also been advised by the Centre to make available to co-operative farming societies loans and subsidies on a preferential basis from the Community Development and other departmental budgets. The central co-operative banks will meet the short-term requirements of the farm co-operatives. To enable the recovery of loans granted by central banks, the co-operative farms are required to give an undertaking to sell their agricultural produce through co-operative marketing societies.

ECONOMY AND GROWING NUMBERS

ASIAN MEETING SURVEYS THE BURDEN

By Our New Delhi Correspondent

THREE facts emerged clearly from the Asian population conference held in New Delhi under the auspices of the United Nations Economic Commission for Asia and the Far East: first, all of Asia except Japan has to live and grow with the burden of a heavy population drag for many years to come; secondly, the Japanese method of family planning through a national practice of abortions does not fit in with concepts acceptable to the rest of Asia; thirdly, apart from the horror of abortion, there are not many inhibitions in most parts of Asia which stand in the way of initiating family planning campaigns.

The fact that a conference on population could be held reflected the lack of pressing inhibitions in Asia; even today such a conference cannot be convened in some parts of the world like Latin America which are under the dominating influence of the Roman Catholic Church.

The Russians did not go on record as being opposed to family planning in Asia, but at the same time pointed out that the ardent advocates of family planning were propounding absurdities if they thought that birth control would be able to bring about quicker development prospects in the near future—a decade or two. The Russians projected the "impossible hypothesis" of a total suspension of all human births in the region, say, for the next two decades, as an exercise in argument. They were disgusted at the continuing popularity of "the Malthusian gibberish." Even if no babies are born for 20 years, the demand for employment for those already there and growing up would proceed at the same pace as now in the coming two decades. In other words, the approach of the Russians was: Asia's development planners should not take cover under the plea of population explosion for their failures to plan properly and to make the best possible use of the available manpower.

The final report of the conference recorded that there was widespread acceptance in Asia of the need for "responsible parenthood and limitation of families." At the same time, the least that economic development planners and politicians could do was to lay more emphasis on food production programmes to see to it that the growing number of people were provided at least with food.

As usual, the E.C.A.F.E. Secretariat working paper contained a complete statistical record. The E.C.A.F.E. region's population was placed at around 1,700 million now, against the total world count of 3,000 million people. That meant 54 per cent of the world's population was in one-sixth of the land area of the world. Average density in the E.C.A.F.E. region was 71 persons per square kilometre, thrice the world average. On the basis of arable area, the E.C.A.F.E. region's average density of more than 400 people per square kilometre was double the world average. The actual total of the E.C.A.F.E. region's population in 1960 was 1,608.7 million and the projections were a total of 2,000 million by 1970 and 2,440 million by 1980.

Between 1950 and 1960 the annual average increase in population in the E.C.A.F.E. region was 1.8 per cent, as compared with one per cent in the three preceding decades. In the 40 years, 1920 to 1960, the E.C.A.F.E. region's population increased from 1,000 million to 1,600 million. Of this increase, 44 per cent was in the last decade. There was no special increase in fertility and the increase came about as a result of social welfare and public health measures adopted by the various countries which had become free after the war. Excluding Hong Kong and Singapore, which in effect are city states, the highest population density of 250 per square kilometre or more were in Taiwan, South Korea and Japan. Mainland China has a population density of about the same as the region's average, 71 per square km., but India has a density twice the region's average.

On the basis of average density for land area, Japan comes after the Netherlands, Belgium and Taiwan. But if only the inhabitable arable area is taken into account, Japan comes out the most densely populated in the world—with a density of 1,535 persons per square km. of arable land. Following Japan are North Vietnam (1,262), South Korea (1,225) and Taiwan (1,220).

At the bottom of the population growth graph is Japan which had an annual increase of 1.6 per cent in the decade of the fifties. Currently, the rate has been brought down further to one per cent for the past three years since the national census of October 1960. At the top of the graph, is tiny Brunei with more than six per cent annual population growth. A growth rate of more than three per cent was reported from Taiwan, the Philippines, Thailand, Malaysia, Cambodia and Laos.

China's population growth rate was 1.6 per cent annual, India's 1.9 per cent and Pakistan's 2.1 per cent. The average annual growth rate for Mainland China in the sixties is placed at 3.3 per cent, and in the seventies at 2.8 per cent, projecting a Chinese population of 778 million in 1970 and 915 million in 1980. For India the projections are an increase annually of 2.3 per cent in the sixties and 2.6 per cent in the seventies, giving a projection of 541 million people in 1970 and 661 million in 1980.

Brunei has the largest number of people in the dependant age group of below 15 years or above 60 years, 110 for every 100 in the working age group. India has 82 dependant age group people for every 100 in the working age group; of these 72 are below 15. The comparable figure for Japan is 64, including 49 below 15 years. But these comparisons are somewhat irrelevant because a large number of the people in the working group in India do not have proper employment and wages.

There were two aspects in studying which the conference delegates took particular interest, the Japanese method of population control, and the special problems of Indonesia which has a very uneven pattern of population distribution within the islands in the Republic. Indonesia's present population is placed at 100 million. The 1961 census had counted 97 million people in Indonesia. Of these nearly 63 million or 65 per cent were concentrated on Java which comprises less than seven per cent of the area of Indonesia. Kalimentan, which has 28 per cent of the area, has four per cent of the total population and Sumatra, which covers a quarter of the area, has 16 per cent of the population. The Indonesian Government has an official policy of transmigration to other islands to relieve the pressure on Java but this has not met with much success so far.

The Japanese method of population control has been successful *entirely because of the* widespread practice of abortion. The Eugenic Protection Law, in force for the past fifteen years, permits abortion if pregnancy will affect the health of the mother or if another baby will bring economic hardship for the parents. In effect it means anybody, married or *unmarried*, can have an abortion operation done legally. There are more than 12,000 doctors who make a living entirely from abortions. They do not have to report the names and addresses of the patients but only report to the authorities on the total abortions done in a month. Reporting a lower number is common because it means paying less taxes.

The tally of abortions officially counted in Japan is around 13 million and the estimates of those not registered are another six million. There have been more abortions than births in the past decade. An annual rate of a million abortions on the official count was reached in 1953 and it stayed at that level since then. Soon after giving legal sanction for abortions, the Japanese Cabinet started having second thoughts on the matter. Half-heartedly the Japanese Government and family planning experts started playing up the ill-effects of abortion on the health of the mother and advocating greater use of physical and chemical contraceptives. But contraceptive appliances have not proved foolproof. Sterilisation operations have also not become popular. One semi-official estimate is that three out of ten women undergoing abortion suffer injuries. At the same time, some economists in Japan talk of an optimum population of 30 to 40 million against the present 96 million. The present Japanese Prime Minister, Mr. Ikeda, is against abortion and the craze for contraception. He is not overawed by an increase in population.

Home Minister Gulzarilal Nanda has ruled out abortion for India. If India were to adopt abortions on the Japanese scale, it would mean ten million abortions a year.

While the conference delegates did not exhibit any inhibitions on the part of their Government, all-out support by many Governments to family planning is still a distant dream in several parts of Asia. Burma was not present at the Delhi conference and some people in authority in Rangoon have told this correspondent that they felt Burma suffered from underpopulation. When this writer questioned the late Marshal Sarit of Thailand, he was still in two minds about official promotion of family planning campaigns. Family planning campaigns in Pakistan, India and South Korea are not extensive enough to make any mark on the birth rate for two decades or so.

TABLE IV—*Official Count of Abortions in Japan*

1949	246,104	1956	1,159,288
1950	489,111	1957	1,122,316
1951	638,350	1958	1,128,231
1952	789,193	1959	1,098,853
1953	1,068,066	1960	1,063,250
1954	1,143,059	1961	1,035,239
1955	1,170,143	1962	985,351

TABLE I—*E.C.A.F.E. Area Population: Present and Prospective*

Country	Population (in millions) 1960	Average annual growth rate 1950-60	Estimated population (in millions) 1970	1980	Average annual growth rate 1960-70	1970-80
Mainland China ..	656	1.6	778	915	3.3	2.8
Taiwan	10.6	3.4	14.6	19.3	2.8	2.2
India	433	1.9	541	661.5	2.3	2.6
Indonesia ..	94.2	2.0	118.2	152.8	2.3	2.7
Japan	93.2	1.2	101.5	112.4	0.9	1.0
Pakistan ..	92.5	2.1	120.6	153.6	2.6	2.5
North Korea ..	8.2	1.9	42.5	52.8	2.6	2.2
South Korea ..	32.9					
Philippines ..	27.4	3.2	38.6	55.8	3.5	3.8
Thailand ..	26.4	3.2	36.7	52.1	3.4	3.6
Burma	22.1	1.8	28.0	37.5	2.4	3.0
Iran	20.2	2.2	25.4	33.0	2.3	2.7
N. Vietnam ..	16.4	2.2	42.4	46.4	2.4	1.9
S. Vietnam ..	14.1					
Afghanistan ..	14.4	1.8	19.6	22.1	2.0	2.3
Australia ..	10.3	2.3	14.5	16.3	2.3	2.4
Ceylon	9.9	2.3	15.6	18.3	3.3	3.0
Malaysia ..	9.7	3.2	15.5	18.1	2.4	3.1
Cambodia ..	5.6	3.2	8.5	9.8	2.7	3.0
Hong Kong ..	3.1	2.9	4.6	5.1	2.8	2.2
New Zealand ..	2.4	2.4	3.2	3.6	1.9	2.2
Laos	1.8	3.2	2.5	2.9	2.0	2.8
E.C.A.F.E. region ..	1,608.7	1.8	2,001.6	2,441.6	..	..

Source: *E.C.A.F.E.*

TABLE II—*Total Population of Indonesia*—1961

Region	Population	Area sq. km.	Persons per sq. km.
Java	62,993,056	132,174	477
Sumatra ..	15,739,363	473,606	33
Kalimentan ..	4,101,475	539,460	7.6
Sulawesi ..	7,079,349	189,035	37
Other islands..	7,105,586	570,070	12.5
Indonesia..	97,018,829	1,904,345	51

Source: *Central Bureau of Statistics, Djakarta.*

TABLE III—*Infant Mortality Rates for Six Selected Countries*

(Rates per 1,000 live births)

Country	1930	1940	1950	1960
Ceylon	175	149	82	57
Malaya	162	134	102	69
India	180	160	124	87
Japan	124	90	60	31
Philippines ..	165	136	102	66
Singapore ..	214	143	82	35

TUBE INVESTMENTS OF INDIA LIMITED

CHAIRMAN'S REVIEW

SPEAKING at the Fourteenth Annual General Meeting of the Shareholders held on 18th December, 1963 at the Registered Office of the Company at 52/53, Jehangir Street, Madras, the Chairman, Sir A. Ramaswami Mudaliar, K.C.S.I., D.C.L. (Oxon), said :

GENTLEMEN,

Let me extend to you a cordial welcome to the fourteenth annual general meeting of the shareholders of Tube Investments of India Limited. The Directors' report, the audited balance-sheet as at, and the profit and loss account for the year ended 31st July 1963, have been in your hands for some time and with your permission I shall take them as read.

The Directors' report deals with the many problems that have faced the Company during the year under review. The production of cycles, which was our original objective and which still remains one of the main purposes of this Company, has fallen in number and has been ten per cent less than in the previous year. The fall in production is due to causes which are fairly familiar to industrialists particularly in this part of the country.

Tubes of the requisite type are obviously essential for cycle manufacture, and the Company, therefore, established a tube mill at the appropriate time, but the short production of tubes, the causes of which will be referred to later, has affected the production of cycles. To this was added a severe cut imposed by the Government of India in the value of import licences issued to the Company. Essential consumable stores, mostly chemicals, nickel, etc., could not be had in sufficient quantities. Above all, the almost complete cut in the supply of electricity by the Madras State Electricity Board, extending over a period of two weeks, led to the closure of the factory and entailed, consequently, the failure to reach the planned targets for cycles and spare parts.

Demand Growing

I referred to the fall in the production of tubes. The cold roll mill installed in 1962, started production in March of that year with hardly any teething troubles, so long as imported skelp and strips were used. During the year the Company had to use steel from the Rourkela factory and was glad of the availability of indigenous products for the purpose, but unfortunately experience showed that the supplies were not of the requisite quality and specifications. The defect in the skelp supplied often became manifest only after the steel had been processed and naturally resulted in the processed article being also discarded with considerable financial loss to the Company. The demand for our tubes and cold rolled steel strips has been steadily growing and the Company has under consideration a scheme for a substantial increase in our present capacity of cold rolled steel strips. Some of the details relating to the scheme are now under discussion with Government and our collaborators.

The costs of production have been increasing fast due to various causes. The last budget has added very considerably to the costs of the end products in most industries. While realising the need for meeting the needs of the Defence requirements, consequent on Chinese aggression, and desiring to play its part without reserve, industry may be allowed to point out that some of these tax burdens may considerably add to the costs of manufacture without compensating advantages to Governments. The increase in the import duty on plant and machinery, the enhancement of inter-State sales tax, the increase in the import duty on essential raw materials, not readily available, are some of the tax burdens, which one may venture to suggest, deserve a second and more thorough examination by the top authorities concerned.

Metal Sections

The Directors' report refers to the fact that in spite of all the setbacks, preparations have been made including selection of personnel for the special training required, and the erection of buildings to install the plants and machinery of this unit, but Government orders for capital goods licence have not yet been received.

Ti Diamond Chain Limited

The factory has made good progress. The production suffered only due to shortage of raw material and the power cut already referred to. The cycle chains manufactured in this factory have been of such quality that they have been exported in considerable quantity to Nottingham and more exports are in contemplation. The production of industrial chains, it is hoped, will be commenced early in the new calendar year.

Ti Miller Limited

As the Directors' report mentions, the factory building has been completely constructed and most of the plant and machinery has been installed. The production of dynamo lamps is now expected to commence early in the new year.

In spite of the handicaps which have been mentioned above, the operating costs are fairly satisfactory, but those in charge of management must feel a sense of frustration when on the one hand they are asked to have a productivity drive and show results and on the other hand for causes beyond their control, production falls even below normal. I feel bound to emphasise this point as the difficulties experienced at the present day are not confined to any particular industry or industries but are general and are the result of the complexities of the controls in operation which in their turn lead to unconscionable administrative delays. The obstacles in the way of establishment, maintenance and development of industries catering to the needs of the country, and even of the export trade, are legion and these, I believe, are also realised and even appreciated by persons in authority but remedial measures have been tardy and haphazard. It is to be sincerely hoped that steps will be taken to remove, in the coming year, in good measure, the causes which hamper industrial productivity and development.

I should like to record my deep thanks for and appreciation of the ready help and advice that the Company has continued to receive from our Associates, Messrs. Tube Investments Limited, of the United Kingdom, and other companies in their group. The foreign collaborators of our subsidiary companies have also continued to help us with their best advice and have placed their latest know-how at the disposal of our factories without reserve. We are also grateful to the Government of India and the Government of Madras for their interest in the development of this Company and the facilities they have extended and the advice that they have given in its expansion programme. If in spite of their desire to help, either raw materials or the supply of electricity had to be cut, some at least of the blame must be attributed to nature.

We continued to have cordial relations with our factory workers and office staff both at the factory and head office and I have great pleasure in acknowledging with thanks the co-operation they have extended to us and their enthusiastic support in the successful working of the Company.

Note : *This does not purport to be a record of the proceedings at the Annual General Meeting.*

WORLD NICKEL CONSUMPTION REACHES NEW HIGH IN 1963

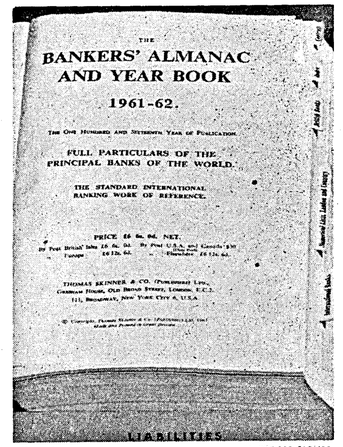
Free world consumption of nickel in 1963 established a new record high of 525 million pounds, or approximately 50 million pounds over 1962 and almost 20 million pounds above the previous record high reached in 1961, according to Mr. Henry S. Wingate, Chairman of the International Nickel Company of Canada, Limited. Most of the countries of the free world shared in this year's increase over 1962, with the United States, Japan and the Common Market countries registering the greatest gains.

The nickel industry is continuing its strong efforts to broaden the markets for nickel, for, despite the record high consumption attained in 1963, the current nickel-producing capacity in the free world, exclusive of Cuba, is still substantially in excess of consumption.

Commenting optimistically on the future, Mr. Wingate has predicted that the free world's consumption of nickel in 1964 would be higher than the record reached in 1963, and that the years further ahead would show solid growth in nickel consumption.

With effect from the 1st inst., all cupro-nickel one anna, copper double pice and copper and bronze single pice coins have ceased to be legal tender. These coins will, however, continue to be accepted for the next six months, that is, upto the end of June 1964 at all offices of the Reserve Bank of India, all agency banks of the Reserve Bank conducting government business and all treasuries and sub-treasuries in payment of dues as well as for exchange. During this period, these coins will also be accepted at all railway and post and telegraph offices, but only in payment of dues, such as in payment for railway tickets, booking of goods by railways, for postage stamps and other postal stationery, radio licence fee, etc. Thereafter these coins will continue to be accepted at the seven offices of the Issue Department of the Reserve Bank of India at Bombay, Calcutta, Madras, Kanpur, New Delhi, Bangalore and Nagpur.

The irrigation potential created in the country up to March 1962 was 12,912,000 acres and the utilisation of this potential in 1962-63 was 10,599,000 acres. The potential created upto March 1963 was 14,267,000 acres; the unutilised potential being 2,257,000 acres. The utilisation in any year must be compared with the potential created one year earlier as the crops could be grown and water utilised only after the potential was first created.



A GREAT BANK?

How do you judge the world's great banks? Deposits are one way. The Mitsubishi Bank's deposits of well over eight hundred billion yen* tell part of the story. For the rest, speak to the world bankers who respect Mitsubishi and the business leaders who prefer to deal with it. The Mitsubishi Bank can make your dealing with Japan easier and faster.

* As of September 30, 1962, equivalent to Stg. £831,174,119

MITSUBISHI BANK

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Los Angeles Agency: 626 S. Spring St., Los Angeles 14, Ca

Investment in Safety

Defence Bonds

CHAIRMAN'S SPEECH:

GENERAL TYRES LIMITED

MARKETING COMMENCED—PLANS FOR EXPANSION SCHEME

THE following is the speech delivered by Dr. Ramaswami Mudaliar, Chairman, General Tyres Limited, at the Third Annual General Meeting of the Shareholders of the Company on 20th December 1963, at Leslie House, 19, Chowringhee, Calcutta 16.

LADIES AND GENTLEMEN,

It gives me great pleasure to extend to you a hearty welcome to the third annual general meeting of your Company. You have already received the Directors' report and Audited accounts for the year ended 30th June 1963 and with your permission I shall take them as read.

The working of the Company in course of the year under review resulted in a loss of Rs. 1,82,615 on account of expenses incurred during the period of construction and your Directors have recommended that the amount be carried forward.

Construction of Plant

Construction of buildings at the factory site has since been completed. The factory layout and buildings would not only take care of production to the full extent of the initial capacity of 1,80,000 Nos. each of tyres and tubes per annum but also provide adequate scope for future expansion. Imported plant and machinery of the latest and most advanced type representing a c.i.f. value of about Rs. 75 lakhs have been received and installation thereof has since been completed along with matching indigenous equipments and electric installations.

Your Company's plant could not be commissioned early this year as stated by me in my last year's speech. Trial production was delayed by a few months and commenced in July this year due to the unavoidable delay in getting power, building materials and some raw materials all of which are common though disquieting features of new industrial projects in our country.

The specifications for the tyres and tubes of your Company have been finalised on the basis of the special road and climatic conditions in India. The products of the trial output that were put to a complete series of extensive and rigorous tests in the laboratory as well as on roads have turned out very satisfactory. At present production is confined to the more popular types and sizes for cars and trucks. I am glad to be able to tell you that the tyres and tubes of your Company have since been introduced to the market through the all-India sales set-up of the Managing Agents.

The Tyre Industry

The automobile tyre and tube industry in India continued to maintain satisfactory progress during the year under review, the index of production of rubber manufactures including tyres and tubes in July 1963 being 204.6 as against 173.9 for the corresponding month of 1962. Actual production of automobile tyres and tubes during the twelve months from July 1962 to June 1963 amounted to 17.98 lakh Nos. and 18.60 lakh Nos. respectively and the output for the whole of 1963 is expected to be about 21 lakh Nos. each of tyres and tubes.

According to current estimates, the demand for automobile tyres and tubes is expected to go up from 22.50 lakh Nos. each in 1962-63 to about 34 lakh Nos. each at the end of the third Five-year Plan period. Out of 12 units licensed by the Government of India with a total annual capacity of 51.45 lakh sets of tyres and tubes, eight tyre factories, including that of your Company with an aggregate licenced capacity of 39.45 lakh sets are in production while the remaining four units having a licensed capacity of 12 lakh sets are likely to go into production at a later stage.

I am sure I am voicing the feeling of the tyre industry as a whole when I say that it is rather perturbed over the continuous rise in the cost of important raw materials consumed by the industry particularly as a result of the heavy tax burden imposed by the 1963 budget. Apart from the impact of the budget, raw material costs will further increase due to the prices of indigenous items like synthetic rubber, carbon black, rayon fabric, tube valves, etc. being substantially higher than those of their imported counterparts. Very recently the Government of India have announced their decision to abolish price control on sixteen commodities including tyres and tubes, natural rubber and rayon yarn. The implications thereof are being considered by your Directors.

Expansion Project

You will have noticed from the Directors' report that your Company have already received an industrial licence from the Government of India to effect substantial expansion of its installed capacity and that after completion of the said expansion scheme the total capacity of the Company's factory would cover 3 lakh Nos. each of tyres and tubes and 6 lakh kgs. of Camel Back per annum. The existing technical link-up with Messrs. Technoexport Foreign Trade Corporation, which has worked satisfactorily since its inception will also cover this expansion project. Consent of the Controller of Capital Issues has been received for the issue of 8,00,000 equity shares of Rs. 10 each for cash at par to finance the said scheme for the present. Your Directors propose to proceed in due course with the rights issue of equity shares in the ratio of one new equity share for every existing equity share held in accordance with the terms and conditions of the consent letter. As per present estimates the substantial expansion is likely to be completed within the third Plan period.

The Collaborators

His Excellency Mr. F. Hamouz, Minister for Foreign Trade, Czechoslovak Socialist Republic, laid the Company under a deep debt of gratitude by visiting the factory at Kankinara on 1st November 1963 and spending there the major part of the day. In fact this was the only industrial unit in the private sector visited by Mr. Hamouz inspite of his numerous preoccupations during his brief stay in Calcutta. The visit is testimony to the great importance attached by the Czechoslovak Government to and the keen interest taken by them in our project which emphasises fruitful collaboration between Czechoslovakia and India. On that occasion Mr. Hamouz expressed satisfaction at the progress of your Company's project and assured your Company of all possible help from his Government, particularly in respect of the second stage expansion scheme and also stated that his Government may explore possibilities of large-scale export of your Company's products to Czechoslovakia and countries. The long-term trade and payments agreement (to be effective from January 1964) recently concluded between the Governments of Czecholovakia and India providing for substantial increase in the export of manufactured goods from India to Czechoslovakia and the 50-million dollar credit offered by Czechoslovakia to this country have opened up possibilities for further economic collaboration between the two great countries for implementation of various projects included in our third and fourth Five-year Plans, of which the factory of your Company represents one.

Before concluding, I would like to record the appreciation of the Directors of the co-operation and assistance received from the technical collaborators, Messrs. Technoexport Foreign Trade Corporation, Czechoslovakia, and of the loyal and devoted efforts of the officers and staff of the Company throughout the year under review.

Note :—*This does not purport to be a record of the proceedings at the Annual General Meeting.*

Blocks of rubber no bigger than bricks are solving vexing and expensive maintenance problems in rugged *mining, industrial and agricultural operations* throughout South Africa. Better known as industrial fenders, and produced by the Goodyear Tyre and Rubber Co. (S.A.) (Pty.) Limited, South Africa, the virtually indestructible natural rubber blocks are positioned to take up the terrific initial shock caused when two ore-laden mine cars clang together or when the damp body of a tilt unloaded hopper car returns against its frame. It is claimed that a "tub-busting" problem of broken frames and damaged axles has been reduced by 75 per cent. In South Africa, the use of 3-in.-and 3½-in.-square fendering on mine tubs has now become, in fact, standard mining practice. Three-inch square fendering has been used successfully to replace broken steel springs in cane trucks.

After breaking several axles of his springless quarry stone trailers, a quarry operator is said to have solved the problem of this severe impact damage by placing 3½-in.-square fendering between the trailer chassis and the body, taking up the shock.

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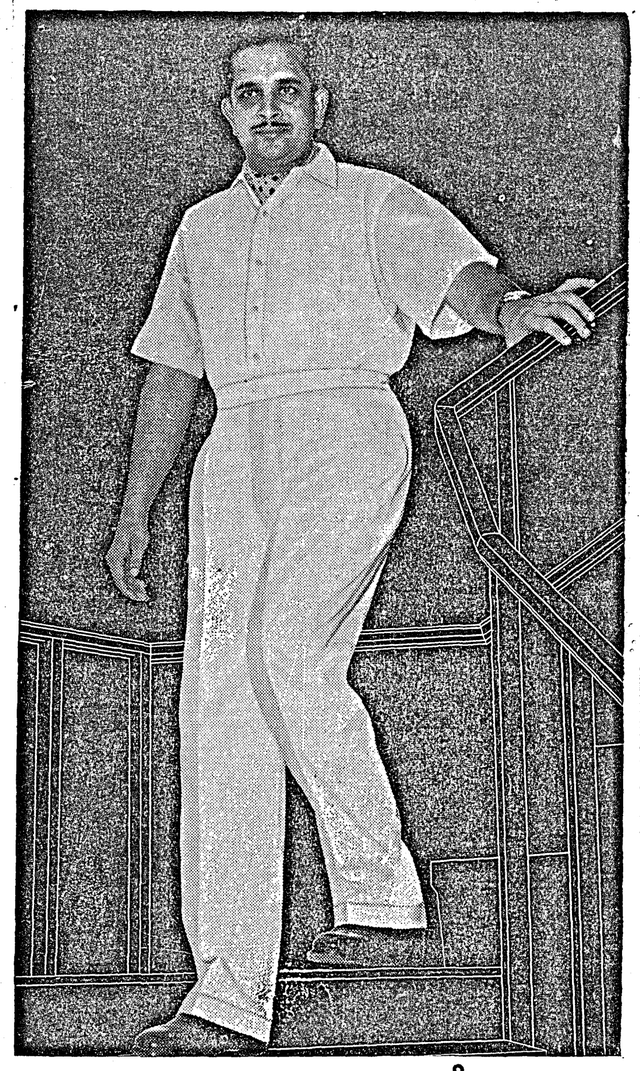

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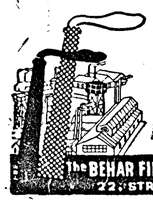

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BASIS OF COMPUTATION OF EXCISE DUTY NEEDS TO BE CHANGED

CHAIRMAN, MR. Z. R. IRANI'S SPEECH AT ANNUAL MEETING

A PLEA for a change in the basis of computation of excise duty on manufactured articles was made by Mr. Z. R. Irani, Chairman of Spencer and Co., Ltd., Madras, in his speech at the Sixty-sixth Annual General Meeting of the shareholders held at Madras on Friday, 20th December, 1963. In Mr. Irani's opinion, a levy at a flat rate would be simpler and easier to collect than the present system of calculating the levy on the basis of the highest ruling wholesale price. The following is the full text of Mr. Irani's speech :

Another year sees us together for our annual meeting and I welcome you all. We meet in a more secure atmosphere than on the previous occasion, but the necessity for vigilance is no less and, as time goes on, more and more will be demanded of us and, accordingly, it will be our duty to meet our obligations as best we can.

The accounts have been in your hands for the prescribed period and I now propose enlarging on some points that may be of interest. In a business with such varied activities as ours, there must be expected fluctuations in the profits of certain sections. If the trend is upwards, then this satisfactory position is analysed and the fullest advantage taken of our findings. If the trend is downwards, then it behoves us to examine the causes and remedy them if within our power so to do. For comparison, our profits this year were derived as follows : wholesale and retail sections 19 per cent, drugs and pharmaceuticals 27 per cent, hotels and catering 17 per cent, refrigeration and air conditioning 13 per cent, house furnishing 9 per cent, aerated waters 4 per cent, tea 6 per cent, cigars 2 per cent, and sundries 3 per cent.

Overheads Increase

There has been a decrease in the contribution from wholesale and retail sections and this is due partly to the limited availability of some important indigenous commodities, partly to the restricted import of liquor and partly to a further contraction in profit margins. There is a cure for the first two reasons, but the third is a trend which will remain with us for a long time to come. As a matter of fact, our gross profit percentage, when compared with that of the previous financial year came down by 1 per cent, though it was offset, to a large extent, by the increase in turnover. On the other hand, overheads are unavoidably on the increase and the only answer to the problem of advancing earnings is to swell turnover and this is constantly being pursued. So far in the current financial year, turnover is slightly higher, but you will understand that this in itself does not spell a corresponding increase in net results.

Cost-consciousness

I have said it before and I will reiterate the statement that we are predominantly a trading concern. Our category of business is as important to the economy of the country as that of the producer, be it heavy industry, the class of commodities known as consumer goods or raw foodstuffs, for the simple reason that the final disposition of everything produced is the actual user and an organisation to effect this is essential. The frequent exhortations of Ministers and officials to maintain the price line is therefore of concern to us in that it impinges on the welfare of the people. Our practice in arriving at the selling price of a commodity is, in essence, to calculate its comprehensive cost and for our services add a margin representing a fair gross profit. I have from time to time advised you that these margins have been shrinking over the past few years in order to hold the price line, so far as is possible, for the benefit of our many customers and to secure volume of business. We, therefore, consider ourselves extremely cost-conscious, but the misfortune is that the average trader does not work on that principle. It is the principle of supply and demand that governs the prices he fixes and thus he is to be considered a speculator rather than a trader. Here we have the root of an unstable economy which is unwholesome, to say the least, and which can only be eradicated by a process of rethinking involving a deeper sense of civic responsibility. I am against the imposition of controls by Government, except as a last resort, but should that be unavoidable, then they should not only be realistic but also such as to promote and not curb or leave scars on the economy and furthermore wilful infringements should be severely penalised.

Excise Duty on Manufactures

I wish to touch on the subject of excise duties levied on certain manufactured articles. I regard such duties as a necessary form of indirect taxation but I am not enamoured with the method of their computation. Why is it necessary to compute this on the highest ruling wholesale price instead of a simpler expedient ? Wholesale prices vary according to the reputation and uptake of the buyer, this being a world-wide practice, especially in countries where there is intensive production and extensive buying. Excise duty is a tax ex-manufactory. Would it not therefore be simpler and less vexatiously but more efficaciously collected by a levy at a flat rate—for instance, in the case of refrigerators and domestic air conditioners, on the basis of cubic capacity and horse-power, respectively ?

There is a move afoot to change the existing procedure of licensing of industries whereby each State sponsors and sanctions industries within its jurisdiction. Such a step will only lead to chaotic planning and unhealthy competition for the simple reason that their desire to possess key industries will blind States from consideration of all-important factors as, for example, relationship of factory site to the source of raw material and to potential markets. Such and other factors are basic in any scheme with a view to producing at the lowest cost possible. It goes without saying, then, that licensing of industries must be controlled by a central organisation which has at its command the broad picture of production costs and targets.

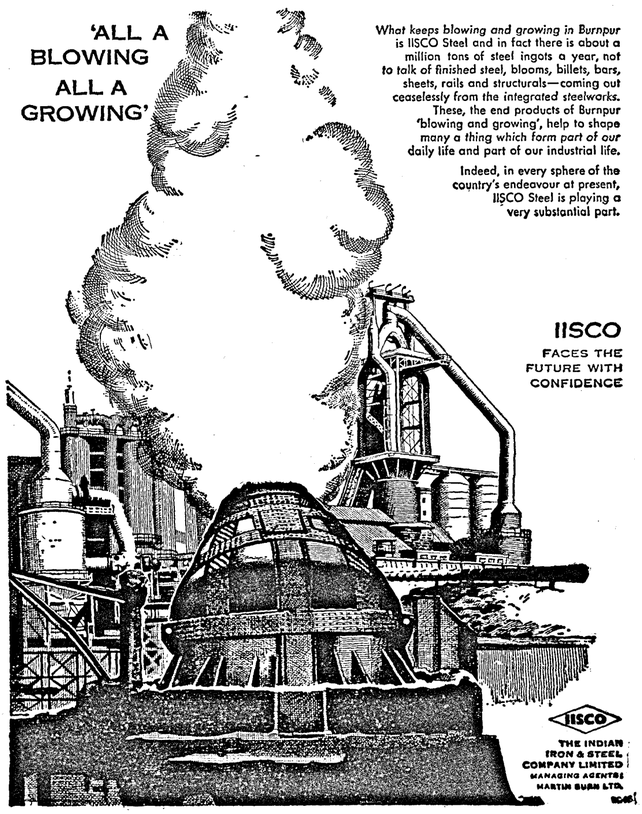
Higher Labour Cost

The increased cost of living has necessitated our having to meet demands for an increase in dearness allowance to workers and this will undoubtedly add to our operating costs. In 1961, the provident fund of workers in our drug factory, bakery and hotel establishments was taken over by the State under the Employees' Provident Funds Act. Since then all our workers have been brought within the scope of the Act. This means that, as provident fund contributions are made on the basis of both basic salary and dearness allowance, in addition to which a gratuity is also payable to workmen, as defined by the Industrial Disputes Act, the cost of providing retiring benefits has risen. I am confident that labour will appreciate these measures and co-operate to their utmost with the management.

Your Directors would like to place on record their warmest appreciation of the services rendered by the senior executives, staff and workers, and I am glad to say that during the year they have received their continued loyalty and support.

The balance-sheet as at 30th June 1963 was approved and adopted. A further and final dividend of 12 per cent, less tax, on the ordinary shares as recommended by the Directors was declared, making in all a total dividend of 18 per cent less tax for the year.

Note :—*This does not purport to be a record of the proceedings at the Annual General Meeting which will be sent separately to shareholders.*



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AUTHORISED:
500,000 Shares of Rs. 100 each .. .. Rs. 5,00,00,000

SUBSCRIBED:
255,000 Equity shares of Rs. 100 each fully called and paid up .. .. Rs. 2,55,00,000

PRESENT ISSUE:
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Name and Address	*Business, occupation and particulars of other Directorships*
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P. A. Narielwala, Breach Candy Gardens, B. Desai Road, Bombay 26. (*Vice-Chairman.*)	Industrialist. *Director of :* Central India Spg., Wvg. & Mfg. Co. Ltd. Merck, Sharp & Dohme of India Ltd. Tata Industries Private Ltd. and other companies.
B. Reinhart, St. Georgenplatz-1, Winterthur, Switzerland.	Businessman. *Partner*—M/s. Volkart Brothers, Winterthur, Switzerland.
S. Moolgaokar, Mayfair, Little Gibbs Road, Bombay 6.	Industrialist. *Director of :* Associated Cement Companies Ltd. Indian Standard Metal Co. Ltd. Tata Engineering & Locomotive Co. Ltd. and other companies.
R. F. S. Talyarkhan, Lyndewode House, Bomanji Petit Road, Bombay 26.	Managing Director. *Director of :* Commercial Printing Press Ltd. International Tractor Co. of India Ltd. Roche Products Ltd. Tacar Air Conditioning & Refrigeration Private Ltd.
S. K. Handoo, Jeevan Jyot, 7, Setalvad Road, Bombay 6.	Company Director. *Director of :* Indian Standard Metal Co. Ltd. Merck, Sharp & Dohme of India Ltd. The Tata Power Co. Ltd. and other companies.
P. Gregori, Volkart House, B. Desai Road, Bombay 26.	Joint Managing Director. *Director of :* Anglo-French Drug Co. (Eastern) Ltd. The Patel Cotton Co. Private Ltd. (*Alternate Director*) Volkart (Bombay) Private Ltd. (*Alternate Director*)
A. B. Parakh, Kashmir House, 94, Nepean Sea Road, Bombay 6.	Joint Managing Director. *Director of :* Indo-German Chamber of Commerce, Bombay. Indian Roads & Transport Development Association Ltd.
P. C. Cheryan, Kum-Kum, 50-A, Pedder Road, Bombay 26.	Technical Director and General Manager (*Engineering*) *Director of :* Lakshmi Machine Works Ltd. Lakshmi Card Clothing & Mfg. Co. Private Ltd. (*Alternate Director*)
A. Vogt, Volkart House, B. Desai Road, Bombay 26. *Alternate Director for* MR. B. Reinhart.	Businessman. *Director of :* Volkart (Bombay) Private Ltd. The Patel Cotton Co. Private Ltd. (*Alternate Director*)

SECRETARY

T. R. Seshadri, Revills, 45, New Cuffe Parade, Bombay 5.

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DATE OF THE OPENING AND CLOSING OF THE SUBSCRIPTION LIST

The Subscription list will open at the commencement of banking hours on Thursday, the 9th January 1964, and will close at the close of banking hours on Wednesday, the 15th January 1964, or earlier at the discretion of the Directors but not before the close of banking hours on Monday, the 13th January 1964.

COPIES OF THE PROSPECTUS AND THE APPLICATION FORMS WILL BE AVAILABLE FROM THE BANKERS TO THE ISSUE, THE UNDERWRITERS, AUTHORISED BROKERS AND FROM THE COMPANY'S REGISTERED OFFICE.

LABOUR IN DEMOCRATIC SOCIALISM

A THEORETICIAN'S DISAPPOINTING PERORATION

TO those who had hoped that the Presidential address of Dr. Radhakamal Mukerjee at the Sixth All-India Labour Economics Conference, held at Bombay on 25th December, 1963, would contain an objective analysis of labour problems and their economic implications, as well as practical suggestions for solving these problems, the hour-long peroration of the learned professor must have come as a great disappointment. For most of what Dr. Mukerjee said was calculated to create the impression that workers were a neglected and exploited lot and that, unless they were made the focus of all planning, it would not be possible to usher in democratic socialism. In his enthusiasm to canvass sympathy for workers, Dr. Mukerjee has sought to paint a picture of industrial workers and their status which does not have even a faint resemblance to actuality. Pointing out that the Five-year Plan envisages the worker as "the principal instrument in the fulfilment of the targets of the Plan and in the achievement of economic progress generally," the President said that, in "reality he (the worker) enjoys today not the status of the architect or master-builder of the Plan but of a goaded, harassed and discontented errand boy." Dr. Mukerjee may receive applause from workers for this rhetorical flourish, but those who know the actual state of affairs in the labour field and are aware of the role workers and their representatives play in the formulation and implementation of labour and other policies affecting workers would surely not subscribe to this view.

The same exaggerated concern for workers' welfare, without regard to practical realities, marks this distinguished Professor's approach to the question of wages. He wants a National Minimum Wages Act to be enacted immediately which would serve as an incentive to fair labour standards in various States and industries. The Act should, according to his plan, lay down a general national minimum based on the assessment of the essential requirements of the industrial workers' family belonging to the lowest paid group. The President of the Conference was "amazed" that the Indian Labour Conference, held at New Delhi in 1957, while laying down that the minimum wage should be need-based, calculated the minimum human requirements on a basis substantially lower than the current internationally adopted norms. He said that Dr. Aykroyd gave a wrong lead in fixing the minimum food requirements at 2,600 calories, which, in his opinion, was inadequate. Dr. Mukerjee recalled that he had suggested long back that, for calculating minimum wage, a norm of 3,000 calories per day, 45 yards of clothing per annum and 100 square feet of living space per capita for a family of 3.4 adults or 4 persons should be adopted and that several minimum-wage decisions had been given on this basis. In view of this, he thought that the acceptance of the criteria of the minimum needs of the Indian worker on the basis of the norms laid down by the Indian Labour Conference, would be a "retrograde step."

Capacity to Pay Ignored

None would have objected to Dr. Mukerjee's calculation, if the problem was merely one of determining a respectable, need-based minimum wage, so that, once agreement on this issue was reached, all workers could be paid that minimum. But, unfortunately, the real problem is the incapacity of the industry, nay, of the country, to pay a need-based minimum wage. The Indian Labour Conference itself recognised this and that is why, instead of insisting that a need-based minimum wage should be paid by all industries, it laid down certain norms (food: 2,700 calories; clothing 18 yards, per capita) as a "guide" for all wage-fixing authorities.

Having fixed the national minimum and safeguarding the health and productive efficiency of different grades of workers, wage policy should, Dr. Mukerjee recommended, be delinked from a purely monetary approach. The present policy of holding money wages down in a period of rising prices is, in his opinion, incompatible with democratic socialism for at least two major reasons. First, the industrial working class can neither safeguard the standard of living nor have any interest in any plan for improved industrial output. Secondly, the employers earn higher profit in the redistribution process associated with an inflationary situation. The present imbalance between wages, profits and prices, he went on to say, was highly detrimental to the working class as well as to the consumers in general. Quoting figures in support of his contention, Dr. Mukerjee said that, between 1939 and 1956, the cost of living had increased by more than four times (413 as compared with 100 in 1939), while the improvement in real wages was negligible. Both production and productivity showed an improvement during the same period, 163 and 112 respectively, but the rise in profit was phenomenal, about four times (377). Looking from a different perspective, the national income improved by 19.20 per cent between 1950-57 and the net production of factory industries by 73 per cent during the same period. But the average earnings of workers in perennial factories improved by only 27.63 per cent. From these data, the President of the Conference drew the conclusion that wages had not increased in proportion to production and productivity.

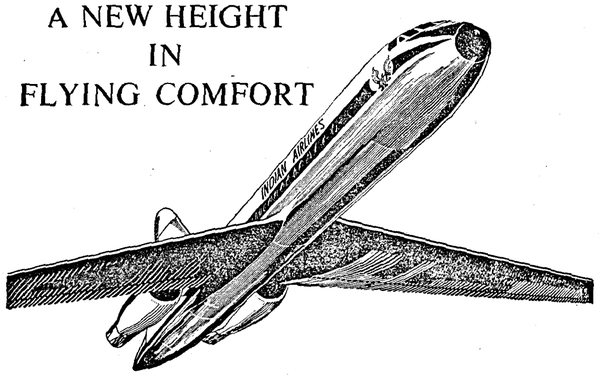
Compulsory Bonus!

It is in this context that he advocated bonus as some kind of a compensatory payment to workers. Bonus, Dr. Mukerjee opined, should comprise an increasing proportion of wages. He suggested a tentative formula for payment of bonus in industries making profit. Twelve and a half per cent of the net profits, he maintained, should be regarded as the basic minimum to be distributed to the workers of an industrial establishment "on the basis of the principle of social justice." How this figure was arrived at and how such an amorphous and elusive concept as social justice could be given a precise quantitative definition are two questions for which the learned professor provided no answer. Dr. Mukerjee went a step further and said that bonus should be made, by legislation, part and parcel of the workers' earnings whenever such earnings fell below the living wage level. Both social justice and the peace and welfare of a country fast accelerating its pace of industrialisation demanded this, he added. It is amazing that Dr. Mukerjee had not cared to examine the practical implications of his suggestion. Is he suggesting that bonus should be paid whether or not there is profit? If there is no profit in a particular year wherefrom should bonus be paid? He may be tempted to retort by asking: Are not dividends paid to shareholders out of reserves built up from the profits of previous years? This, however, is not fair reasoning, for, if no dividend is paid for any particular year, the capital remains unremunerated, whereas workers get at least their wages.

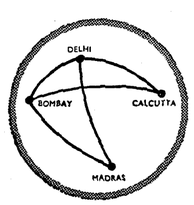
Wage-fixing Machinery

The President of the Conference expressed dissatisfaction with the existing machinery for bonus and wage fixation. Wage and bonus fixation, in his opinion, should be taken away from adjudicators, tribunals or from Government and be entrusted to voluntary wage councils on State and all-India levels. The major objectives of these Councils should be (1) formulation of norms for the determination of wages and bonus, (2) fixation of workloads and norms, (3) standardisation of wage rates for each industry and co-ordination in the wage structure in other industries, (4) fixation of a national minimum wage, (5) establishment of inter-regional parity in wage levels, etc. He also wants full opportunities for collective bargaining and the development of strong and effective trade unions and consequently views with disfavour the State assuming larger and larger responsibility for decisions affecting wages, industrial peace and labour welfare. What Dr. Mukerjee obviously advocates is that, after having ensured a need-based minimum wage to workers and having made provision for cheap rations, clothing, education, medical aid and housing, workers should be left free to bargain for still higher wages and better conditions of service. Moreover, facilities should be created for co-determination and worker participation in management. Nowhere in his speech he stressed the obligations of workers, as distinguished from their rights, with which he seems to be obsessed. Nor did he consider the financial aspects of his proposals and the ability of the country, with its vast unemployment and underemployment, to meet the cost. It is this one-sided approach and lack of balance and perspective that vitiate the entire speech of the President and render it an unrealistic piece.

INTRODUCING
A NEW HEIGHT
IN
FLYING COMFORT



THE IAC CARAVELLE



- Powered by two Rolls-Royce Avon jets each with 12,000 lbs thrust.
- Cruising speed of 510 m.p.h. at up to 35,000 feet height, well above uncomfortable weather.
- Radar equipped, pressurised and air-conditioned.
- Engines mounted at the rear to throw the noise and fury behind you for the smoothest, quietest flight.
- Spacious cabin accommodating 84 passengers in comfortable reclining seats.
- Three hostesses and a steward in attendance.

INDIAN AIRLINES

IAC-1812

ANNOUNCEMENT

This is not a Prospectus but only an announcement of a proposed issue of Debentures. Interested persons may obtain copies of the Prospectus from the Company's Registered Office and the Bankers, Underwriters and Brokers of the issue.

KESORAM INDUSTRIES AND COTTON MILLS LIMITED

(Incorporated on the 18th day of October, 1919 under the Indian Companies Act, 1913)

Registered Office: **15, INDIA EXCHANGE PLACE, CALCUTTA-1.**

A. EXISTING AND PROPOSED ACTIVITIES :

The Company is engaged in the business of manufacturing various types of cotton textile goods. The Company has also established two Filament Viscose Rayon Yarn Plants (known as Kesoram Rayon Unit No. I and Kesoram Rayon Unit No. II) and a Transparent Paper Plant.

The Company has now decided to implement its Cast Iron Spun Pipe Project with an installed capacity (on double-shift working) for the manufacture of 30,000 tons of Cast Iron Spun Pipes ranging from 3" to 12" nominal bore and fittings per annum. The construction work in respect of this Project has already commenced and it is expected that by the end of 1964 it will go into production.

The Company has entered into agreements with M/s. GHW-Gesellschaft Fuer Huettenwerksanlagen, M.B.H. of West Germany for the supply of plant and machinery, drawings, instructions, standards and specifications, etc. for installation of a complete plant of the said Cast Iron Spun Pipe Project and delegating skilled staff for supervision of erection, commencement of operation and fulfilment of guaranteed performance as well as for training the Company's basic staff for the purpose. Besides, a tripartite agreement on technical collaboration has also been entered into between the Company, the said M/s. GHW-Gesellschaft Fuer Huettenwerksanlagen, M.B.H. and M/s. Buderus' Sche Eisenwerke of West Germany under which the foreign collaborators have, inter alia, agreed to render all technical know-how for production and process control, technical consulting services and all research development to the Company.

B. LOCATION OF THE INDUSTRY :

The Textile Unit of the Company is situate at 42, Garden Reach Road, Calcutta-24, and its Filament Viscose Rayon Yarn Plants and Transparent Paper Plant are situate at Tribeni, District Hooghly.

The Company's Cast Iron Spun Pipe Project is located at Bansberia, District Hooghly.

C. BOARD OF DIRECTORS :

1. SHRI BASANT KUMAR BIRLA (ex-officio), "Basant Vihar," 18, Gurusaday Road, Calcutta-19.—*Merchant.*
2. SHRI PRABHU DAYAL HIMATSINGKA, 11, Queens Park, Ballygunge, *Calcutta.—Solicitor.*
3. SHRI RAM KUMAR BHUWALKA, 38-C, Garcha 1st Lane, Ballygunge, Calcutta-19.—*Merchant.*
4. SHRI MAHALI RAM SONTHALIA, 503, Keyatala Road, C.I.T. Scheme, Ballygunge, Calcutta-19.—*Merchant.*
5. SHRI HIRALALL SOMANY, 13, Gurusaday Road, Ballygunge, *Calcutta-19.—Merchant.*
6. SHRI KRISHNA GOPAL MAHESHWARI (ex-officio), Maheshwari House, 36, Nepean Sea Road, Bombay-6.—*Business.*

D. AUDITORS :

MESSRS. PRICE WATERHOUSE, PEAT & CO., Chartered Accountants, B4, Gillander House, *Calcutta-1.*

E. SOLICITORS TO THE ISSUE :

MESSRS. ORR, DIGNAM & CO., 29, Netaji Subhas Road, Calcutta-1.

F. MANAGING AGENTS :

BIRLA BROTHERS PRIVATE LTD., 15, India Exchange Place, Calcutta-1.

G. SHARE CAPITAL:

(a) **Authorised Capital:**

Rs. 5,00,00,000 divided into—

(i) 20,000 10% Cumulative Preference Shares of Rs. 100 each,

(ii) 1,40,000 7.85% Redeemable Cumulative Second Preference Shares of Rs. 100 each (redeemable at par on 31st March, 1967), and

(iii) 34,00,000 Ordinary Shares of Rs. 10 each.

(b) **Issued, Subscribed and Paid Up Capital:**

Rs. 3,19,92,590 divided into—

(i) 20,000 10% Cumulative Preference Shares of Rs. 100 each,

(ii) (a) 99,844 7.85% Redeemable Cumulative Second Preference Shares of Rs. 100 each (redeemable at par on 31st March, 1967),

(b) 156 7.85% Redeemable Cumulative Second Preference Shares of Rs. 100 each aforesaid, with a partly paid-up capital of Rs. 8,190 forfeited by the Company, and

(iii) (a) 19,99,566 Ordinary Shares of Rs. 10 each,

(b) 434 Ordinary Shares of Rs. 10 each in respect of which Application money has been received but allotments are pending.

H. PROPOSED ISSUE OF DEBENTURES TO THE PUBLIC:

Rs. 1,75,00,000 Registered Debentures (1975-78), divided into 17,500 Debentures of Rs. 1,000 each, bearing interest at the rate of 7% per annum, at par, payable in full on application.

I. OPENING AND CLOSING OF THE SUBSCRIPTION LIST :

The Subscription List will open at the commencement of banking hours on the 9th January, 1964 and will close at the close of banking hours on the 18th January, 1964 or earlier at the discretion of the Directors, but not before the close of banking hours on the 11th January, 1964.

J. Application Forms along with copies of the Prospectus may be had from the Registered Office of the Company or from the Bankers/Underwriters/Brokers, whose names and addresses are given below.

(a) BANKERS :

1. State Bank of India, 3, Strand Road, Calcutta.
2. The United Commercial Bank Ltd., 2, India Exchange Place, Calcutta-1.
3. The Central Bank of India Ltd., 33, Netaji Subhas Road, Calcutta-1.
4. Canara Bank Ltd., 71, Canning Street, Calcutta-1.
5. The American Express Company, Inc., 21, Old Court House Street, Calcutta-1.

(b) UNDERWRITERS:

1. Life Insurance Corporation of India, 'Jeevan-Kendra,' Jamshedji Tata Road, Bombay-1.
2. Messrs. Harkisondass Lukhmidass, Stock Exchange Building, 5th Floor, Apollo Street, Fort, Bombay-1.
3. Messrs. G. M. Pyne, Allahabad Bank Buildings, 14, India Exchange Place, Calcutta-1.
4. The Central Bank of India Ltd., Mahatma Gandhi Road, Fort, Bombay-1.
5. The United Commercial Bank Ltd., 2, India Exchange Place, Calcutta-1.
6. West Bengal Financial Corporation, 23, Rajendra Nath Mukherjee Road, Calcutta-1.
7. The Oriental Fire and General Insurance Company, Ltd., Oriental Buildings, Mahatma Gandhi Road, Bombay-1.
8. Messrs. Batlivala & Karani, Union Bank Building, Dalal Street, Fort, Bombay.
9. Messrs. Maconochie & Co., Mercantile Bank Buildings, Madras-1.
10. Canara Bank Ltd., 71, Canning Street, Calcutta-1.
11. Messrs. Jhawar & Co., 7, Lyons Range, Calcutta-1.
12. Messrs. Murarka Brothers, 7, Lyons Range, Calcutta-1.

(c) BROKERS :

1. Messrs. G. M. Pyne, Allahabad Bank Buidings, 14, India Exchange Place, Calcutta-1.
2. Messrs. Place, Siddons & Gough (Private) Ltd., 6, Lyons Range, Calcutta-1.
3. Messrs. Jhawar & Co., 7, Lyons Range, Calcutta-1.
4. Messrs. Murarka Brothers, 7, Lyons Range, Calcutta-1.
5. Messrs. Kishanchand Jhunjhunwala, 7, Lyons Range, Calcutta-1.
6. Messrs. Harkisondass Lukhmidass, Stock Exchange Building, 5th Floor, Apollo Street, Fort, Bombay-1.
7. Messrs. Batlivala & Karani, Union Bank Building, Dalal Street, Fort, Bombay-1.
8. Messrs. Lewis & Jones, Bank of Baroda Building, Apollo Street, Fort, Bombay-1.
9. Messrs. A. B. Pandit & Co., 32, Apollo Street, Fort, Bombay-1.
10. Messrs. Navalchand T. Shah & Co., 15, Union Bank Building, Dalal Street, Fort, Bombay-1.
11. Messrs. P. Roy Company, 3/8, M. M. Road, JN. Panchkuin Road, New Delhi-1.
12. Messrs. Harbans Singh Mehta & Co., 33, Regal Building, Parliament Street, New Delhi-1.
13. Messrs. M. R. Dhawan & Co., 4/8, Asaf Ali Road, New Delhi-1.
14. Messrs. Maconochie & Co., Mercantile Bank Buildings, Madras-1.
15. Messrs. Kothari & Sons, Oriental Buildings, Armenian Street, Madras-1.
16. Messrs. M. Nanjappaiah Jahgirdar, 181, Cavalry Road, Bangalore-1.

(d) HEAD OFFICES OR MAIN OFFICES OF THE BANKERS AT :

Ahmedabad, Amritsar, Bangalore City, Baroda, Bombay, Calcutta, Cochin, Darjeeling, Delhi, Ernakulam, Gauhati, Goa, Hyderabad, Indore, Jamshedpur, Kanpur, Madras, Nagpur, New Delhi, Poona, Simla, Srinagar, Surat, Tuticorin.

By Order of the Board,
M. L. BAGRODIA,
Secretary.

CALCUTTA,
Dated 28th December, 1963.

J. K. STEEL LIMITED

INADEQUATE SUPPLY OF RAW MATERIALS HITS PRODUCTION

SPEECH OF CHAIRMAN, MR. LAKSHMIPAT SINGHANIA

ADDRESSING the shareholders of J.K. Steel Ltd. at their Tenth Annual General Meeting held at Calcutta on Monday, 30th December 1963, Mr. Lakshmipat Singhania, Chairman of the Company, pointed out how lack of co-ordination of Government policies resulted in avoidable delays in production. Citing the Company's own experience, the Chairman said that ever since the plant for the manufacture of cold rolled strips and box strappings was set up, it was consistently starved of raw material, namely, hot rolled strip, the supply of which had been of the order of only 25 per cent of the requirements. Mr. Singhania rightly questioned the advisability of creating capacity for production without adequate planning for supply of essential raw materials.

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

GENTLEMEN,

I have great pleasure in welcoming you to the tenth annual general meeting of the Company. The annual report and accounts for the year ended 30th June 1963, have already been circulated and the Directors, in their report to the shareholders, have dealt with the salient features of the Company's working during the year.

Working of the Year

The sales during this year reached a peak of Rs. 1.76 crores, as compared to last year's figure of Rs. 1.14 crores. The profits are also higher in this year and the Directors have recommended an increased dividend of 15 per cent. The year under review has been a very difficult one for India, overshadowed by the Chinese aggression, which brought in more strain on our foreign exchange resources, necessitating further curbs on available foreign exchange to the industry in general. Your Company also suffered on this account with shortage of imported raw materials, stores and spares. Super Profit Tax was introduced and Emergency Risk Insurance was levied. Further, during the year Calcutta area suffered from a serious shortage of power, necessitating restriction in and staggering of power supply as well as frequent load sheddings, with the result that some of the day shifts of your factory had to be transferred to work during night. The cost of material, labour and services also increased substantially during this period. All these resulted in loss of production and increased costs. Viewed in this background, the results of this year should be considered as satisfactory. The profits could have been still better had the Government fixed the retention price of jute baling hoops for the year under review for which the Company has claimed an increase.

The Company Completes Ten Years

The Company has completed ten years of working. During this decade, there has been gratifying increase in the size and activities of the Company. The gross block, which stood at about Rs. 12 lakhs at the beginning of the decade, stands at Rs. 98 lakhs at the end of this year. Sales have risen approximately Rs. 30 lakhs to Rs. 176 lakhs. When the Company commenced production, it employed about 175 persons and today it is employing more than 725. Apart from providing such substantial employment opportunities in the State, the Company employed and trained over 650 East Bengal refugees, a good number of whom are still in our employ, while others, after their training, have engaged themselves in other gainful employments. The total employment potential, thus created, is appreciable taking into account the fact that for every direct employment there are nine indirect employments. The average earning of an employee has reached Rs. 2,200 per annum.

The Company, which started with the manufacture of jute baling hoops only, now also manufactures cold rolled strips, box strappings and steel wire ropes. In addition, the manufacture of electric hoists and chain pulley blocks is to commence very shortly, factory for which is already complete. All of these new lines of production, adopted by the Company, are of pioneering nature. These items, which are very much needed for the country's requirement, were imported at the cost of enormous foreign exchange. We can derive satisfaction from the fact that manufacture of these new items by us has so far saved for the country approximately Rs. 2 crores worth of foreign exchange. Apart from these new items, the Company's initial product, namely, jute baling hoops, which is an important ancillary to the jute industry, being used for packing the entire jute goods production in the country, has continued to serve the country well by earning foreign exchange through exports. It may be added that in spite of very high increase in cost of materials, labour and taxation, there has been comparatively very little increase in the selling price of the hoops and the Company has been working at low margins of profit in order to make available these hoops to the jute industry at prices, which are comparatively very much lower than those of other similar rolled products.

Distribution of Earnings

The total earnings of the Company, during the last ten years, have been distributed as follows:

62.41 per cent ...	on materials and stores
8.57 per cent ...	to employees
7.63 per cent ...	to Government taxes and duties
9.94 per cent ...	on depreciation, administrative expenses and interest on borrowings
6.77 per cent ...	for funds ploughed back in the industry itself
2.89 per cent ...	as dividends
1.79 per cent ...	to management.

It will be seen that the shareholders only received 2.89 per cent of the earnings of the Company. The total taxes and excise duty paid directly by the Company during these years amounted to Rs. 74 lakhs and the Company ploughed back as much as Rs. 66 lakhs for expansion of the Company's activities and for the manufacture of new articles.

It will be clear from the above that an industry of this kind is a national institution providing greater employment, creating and contributing to the wealth of national economy and making the country self-sufficient in respect of essential manufactured goods for which the nation had to depend on imports from other countries.

Expansion

The Company is going ahead with its various expansion programmes, though the progress was very much affected on account of various handicaps. The plant for the manufacture of electric hoists and chain pulley blocks has been installed, but the production could not be started as yet on account of non-availability of import licences for essential raw materials and components, though these represented a very small percentage. It is unfortunate that this scheme, which is once again of pioneering nature, has taken more than five years for completion on account of unnecessary, wasteful and avoidable delays in the Government machinery in respect of industrial licensing, approval of collaboration agreement, issue of import licences for capital goods and raw materials and components, etc. If this plant could have started even two years before, the country would have saved foreign exchange to the tune of Rs. 1 crore by now. It is high time that definite steps are taken to remove these impediments in the speedy growth of the industry in the country.

Our project for doubling up the capacity of steel wire ropes plant was similarly delayed. On account of non-availability of foreign exchange the Company had to go to the Industrial Credit and Investment Corporation of India Ltd. for a foreign exchange loan. I am happy to report that the I.C.I.C.I. Ltd. have agreed to sanction the necessary foreign exchange loan. Orders for the machinery have already been placed and it is now expected that the expansion shall come into effect in a year's time.

Other schemes of the Company are also receiving the Company's full attention. Meanwhile, the Company has obtained industrial licences for (1) doubling the capacity of the plant for the manufacture of cold rolled strips, and (2) manufacture of electric overhead travelling cranes.

Last year, I had dealt with in detail the difficulties that we had been facing in regard to raw material supply. I regret to inform that the problem continued without showing any sign of improvement this year also. Supply of billets for the manufacture of jute baling hoops—which is directly linked with the export of jute goods—continues to be far from satisfactory. The actual average monthly receipts of billets during the year were 750 tons or 62 per cent of the so-called "entitlement" fixed by the iron and steel control—a figure supposed to represent the minimum supply that can be realistically made in a situation of short supply of billets in the country. It will be recalled that this figure of "entitlement" in itself is 60 per cent of our original quota of 2,000 tons to which we were entitled during 1960-61. Thus the actual receipts are nearly 37 per cent of our original quota and a process of progressive reduction in raw material supply seems to be in operation. Even this inadequate quantity was received by us in a most irregular manner and in many months the actual receipts were not more than 25 per cent of the "entitlement," due to which we had to encounter many a time slowing down of production and threats of imminent closure of the works. In fact, we had to shut down the operations for nearly 1½ months during October-November, 1962, on account of shortage of billets. This naturally resulted in short supply of jute baling hoops to the jute industry. The fact that this industry is supposed to enjoy a certain amount of priority in regard to supply of billets further raises the question of efficacy of control of production and distribution of steel.

Supply of Hot Rolled Strip

Similarly the position in regard to the supply of hot rolled strip, which is the raw material for the manufacture of cold rolled strips and box strappings, did not show any sign of improvement—rather deteriorated during the year. Ever since the plant has been set up, it has been starving for raw material, supply of which has been of the order of 25 per cent. The indigenous supply of hot rolled strip was very much inadequate to meet the requirements and the position was further accentuated on account of the inability of the Rourkela plant to supply hot rolled strips in slit widths, which it was supposed to do two years back. Import of raw materials was not allowed, whereas import of cold rolled strips continued in one form or other. The Company is capable of manufacturing various types of cold rolled strips and box strappings, but the Company has been deprived of savings in foreign exchange of nearly Rs. 1½ crores because of the failure on the part of Government to supply raw materials to such an important plant and utilise its capacity. One wonders at the advisability of creating capacity for production without adequate planning for supply of essential raw materials for the same.

The Minister for Steel, Mines and Heavy Engineering has himself acknowledged that there is a great shortage in the country of flat steel products and the shortage is likely to continue for some time to come. The flat products, which include strips, serve as basic raw material for many engineering industries and it is therefore necessary that, till indigenous production of such flat products comes up, arrangements should be made to import hot rolled strips and sheets rather than cold rolled strips or other finished products.

Personnel and Productivity

Under the existing conditions of industrial development in the country every effort should be directed towards increased production. Taking into account that we have to export more and more with a view to earning foreign exchange, it will also be necessary to modernise our productive methods and reduce costs. Unfortunately, the tendency on the part of the labour leaders is not to enthuse into the workers this sense of emergency. During the year under review, even though there had been no conflict with the labour in general, yet the tendency of slow-down and indiscipline had been manifest. In spite of the fact that a number of channels have been devised, through which the demands of the workmen could be settled, the general tendency has been to bypass these channels and take the law in hand. This attitude has only resulted in a lower productivity, which is a great loss to the country.

On account of the rapid industrial development taking place in the country, a vacuum has been created for technical and administrative hands. Unfortunately, imparting training in specialised jobs has become more difficult on account of frequent changes that such personnel now make in this situation of shortage of their supply over demand. I think, it is in the national interest to ensure that we not only educate more technical hands, but also train specialists in specified jobs. It should be recognised that specialisation can only be acquired by continuity of experience in a particular line. It is also necessary that the educational system is moulded to suit the pattern of new employment opportunities that exist or are being created.

Export

Another point which I may touch is in regard to making available raw materials for export of finished goods. We have been endeavouring for sometime past to export jute baling hoops. However, it has not been possible for us to do so, on account of two factors, (1) non-availability of raw material, i.e. billets, and (2) non-availability of any export incentive either in the shape of concessional price of raw materials or otherwise. We have been pleading with the Government to help us in establishing this export line, but we have not been successful so far. We are, however, continuing in our attempts.

Raj Committee Report

As you are all aware, the Government of India constituted a Committee to enquire into the system of planning and distribution of steel. This Committee, known as the Raj Committee, has submitted its report in October, 1963. The Committee has made far-reaching recommendations, some of which can be called bold in as much as that they favour decontrol to a large extent. While basically I am always in favour of decontrol, the problem connected with decontrol in times of extreme shortage in the availability of steel against demand, both as raw material and finished product, has to be reckoned with. I hope Government will take suitable action on the report in due course, after taking into consideration all the pros and cons of the subject.

Conclusion

Gentlemen, any industrial undertaking in India today is no longer a concern only of the shareholders, management or of the labour directly engaged in the undertaking. It subserves the overall economy of the country trying to expand as fast as possible. The economy, no doubt, has grown over the past decade of planning, but during the first two years and even in the current year of the third Plan, the rate of growth has slowed down. Those of us in business have been pointing to this stagnation for sometime past and I am happy that the Government is also getting more and more cognisant of the realities.

One thing that I would like to stress is that economic well-being can be achieved really only by greater production. Therefore, to my mind the question "who does it faster and better" is more important today than "who should do it." After all, economic success is more important than anything else and this should not be affected by policies based on doctrinaire considerations. Economic policies would have to be such as to promote initiative and capital formation.

Further, greater stress is to be laid on increased efficiency and hard work by everyone. It is only through greater productivity and higher efficiency that we can really hope to achieve our aims.

Gentlemen, on your behalf I must express my appreciation of the good work done by all sections of the employees. Our thanks are also due to the Managing Agents for their very valuable services and to our esteemed customers for their continued co-operation.

IDEA OF HELICOPTER SERVICE IN BIG CITIES

PRACTICAL DIFFICULTIES HIGHLIGHTED

By Our Aviation Correspondent

ALL who travel fairly constantly by air will probably agree that much of the charm—and value—of air travel is dissipated by the quite disproportionate time of any air journey which is spent on the ground. Some part of that time, of course, is spent in the processing of passengers and their baggage and, in the case of international flights, in passing through Customs and other formalities. The greater part of the 'ground time', however, is usually spent in surface transport negotiating traffic-congested roads to and from airports.

The discrepancy between flight and ground time, needless to say, is most marked on very short-haul routes between most European and American cities—London/Paris is a typical example. Nevertheless, even over the comparatively long distances of India's trunk routes, the disparity, if less, is still noticeable. From Bombay to Delhi, for example, the flight time by Viscount is usually about 2 hours and 40 minutes against a total journey time of five hours. And when, from February next, Caravelles begin to operate the trunk services, the proportion of ground to flight time will, of course, be accentuated.

Scope Plenty

Viewed in this light, a recent suggestion by the Minister for Transport and Communications has much to commend it. The Minister, in fact, mooted the idea of a helicopter service between the Calcutta Maidan and Dum Dum Airport, and he invited private enterprise to take the matter in hand. Since air travellers from Calcutta currently complain that it takes as long to reach Dum Dum from Tollygunge as it does to fly to Bombay by jet, there seems to be plenty of scope in the idea.

Nor, it appears, has private enterprise been slow in taking up the challenge. A private company in Calcutta has expressed, we are told, its willingness to operate such a service and has actually presented a plan to the Civil Aviation Department. Such details of the plan as have been disclosed indicate a service operated by by Russian M-14 helicopters with accommodation for 16 passengers. With three such helicopters, the company estimate that, operating for nine hours daily, the service could carry up to 800 passengers per day. The flight between the Maidan and Dum Dum will be a matter of about ten minutes, and the fare proposed is said to be Rs. 20 for the single journey.

Is it Practicable?

Fired, perhaps, by this example, a private company in Bombay has also presented a plan to connect Santa Cruz Airport with Bombay city by helicopter. No specific type has been mentioned but an American helicopter—possibly the Sikorsky S-61, a 25 seat vehicle—has been indicated. Both these proposals are of great interest—but are they entirely practicable? This is an issue on which opinions are likely to differ and, if one's personal opinion lacks enthusiasm, that does not indicate a lack of sympathy with the projects. Nor, of course, is one necessarily right.

There is, of course, little practical difficulty in operating helicopter services of this nature on, shall we say, a casual or *ad hoc* basis. But to be financially successful, and of benefit to the public, such services must be established on a more or less permanent basis. In that case, certain requirements must be fulfilled. First and foremost, there is the question of heliports. While, at first glance, the Maidan in Calcutta may seem to be ideal for the purpose, there are a number of possible objections.

An Important Question

The Maidan, after all, is a public park. Should the citizens—and particularly those who are never likely to enjoy the facilities of air travel—be deprived of any part of the amenities which parks are established to provide? In cities in Europe and America, that question has been summarily answered with a very emphatic negative. It is true that helicopters require a small alighting area—but the needs of a heliport do not stop there. For a service run on a regular basis, there would have to be facilities for passengers—a waiting-room at least, a restaurant perhaps. There would have to be ticket offices, a Control Room, roads, car and vehicle parks, and, possibly, facilities for customs, police, and medical authorities. In all, as these services develop, the actual area required would probably extend to six or more acres.

And there is, too, the very important question of noise, because the helicopter is nothing if not noisy. The problem of noise, in fact, has been the biggest single obstacle that would-be operators have had to surmount. The Maidan is surrounded by hotels, offices, and a residential district. Will the residents be prepared to suffer helicopter noise for nine hours daily and every day of the year? If so, they must be more long-suffering than the residents of most cities in Europe and the United States.

So far, one has dealt solely with the Calcutta plan. Assuming, however, that the Bombay plan envisages the use of the Oval, or some central spot in Bombay, exactly the same objections arise—indeed, possibly in a greater degree. The Oval, for instance, is completely surrounded by offices and residential flats. What is more, apart from Colaba—which is mainly a Defence area—one finds it difficult, off hand, to name any open piece of ground, close to the heart of the city, which is naturally suitable for a heliport. It might be necessary, in fact, to build a heliport on a platform erected over existing buildings—an immensely expensive undertaking.

An Expensive Luxury

Finally, we come to the question of economics. This, of course, is mainly a matter for the promoters. It may be of interest, however, to outline what one conceives to be the principal economic difficulties. The distance from the Maidan to Dum Dum Airport is some sixteen miles. The fare proposed—or so one has been given to understand—is Rs. 20 for the single journey. In other words, the fare is about Rs. 1.25 per mile—or more than four times the cost of an air ticket on conventional services. Furthermore, most airlines provide a free coach service to and from the airport. The helicopter service, therefore, is an expensive luxury. Those who are prepared to pay Rs. 20, over and above the cost of an airline ticket, one argues, must value their time and comfort fairly highly.

How many people, then, would be prepared to avail themselves of the service? We have two possible guides. I.A.C. estimates an average of 1,000 passengers into and out of Dum Dum daily. There are, in addition, passengers travelling on international services which call at Dum Dum—say, about 200 on daily average. Thus the helicopter service has a potential of 1,200 passengers per day. Now, on similar helicopter services operated by British European Airways from London Airport to the West End of London, less than 5 per cent of passengers make use of the facility. Let us, however, stretch a point and assume that 10 per cent of passengers arriving at and departing from Dum Dum use the helicopter service. Carrying about 120 passengers per day, can the company concerned make the service pay? And what one has written of Calcutta applies, in greater or lesser degree, to Bombay. It is not, one is inclined to think, a particularly golden prospect.

PLASTIC LOCOMOTIVE

The world's first plastic locomotive, it is reported, will make its bow at the six international engineering fair in Brno next September. It will be manufactured by the V.I. Lenin (Skoda) Works in Plzen, and will be in test operation on Czechoslovakia's main line for most of 1964. Routine production is expected to start in 1965.

Czechoslovakia began making electric locomotives only six years ago. Today this country is Europe's foremost exporter of AC locomotives. While Skoda turned out 81 electric locomotives in 1959, the year the last steam locomotives was produced, it will soon reach 350 and then 450 units per year. It was this expansion which spurred the creation of the ivory coloured streamlined plastic model, weighing 123 tons and powered by six 850 kilowatt AC motors, now being tested.

Skoda decided it was high time to introduce something new in the way of locomotive styling, and they called in Otakar Diblik, the industrial artist who made his name as a member of the team that designed the curvaceous rear-engine air-cooled Tatra 603 sedan.

A.C.C.'S PROFIT-MARGIN LOWER

DIVIDEND NOT FULLY COVERED BY NET PROFIT

THANKS to the continuing pressure of costs, the Government's inflexible and unrealistic price policy and a faulty packing charge formula, the Associated Cement Companies Ltd. (Managing Agents: Messrs. Cement Agencies Ltd., Bombay) has had again to dip into reserves—deeper this time than during the preceding year—to maintain the dividend at 12 per cent per annum, subject to deduction of tax, for the year ended 31st July 1963. The total production in India and Pakistan had, of course, increased from 40.52 lakh tonnes to 41.45 lakh tonnes and despatches from 39.81 lakh tonnes to 41.91 lakh tonnes and this swelled the turnover by Rs. 2.30 crores to Rs. 36.67 crores. This increase in the sale of products is naturally reflected in an increase of Rs. 40.69 lakhs to Rs. 15.14 crores in the cost of materials and stores consumed but it is the staff and other expenses which have expanded out of all proportion, the former from Rs. 574.43 lakhs to Rs. 654.09 lakhs—partly because of the inclusion of additional bonus of Rs. 41 lakhs for the six years ended 31st July 1962—and the latter from Rs. 690.16 lakhs to Rs. 770.48 lakhs. As a result, the 1.3 per cent rise to 94.4 per cent in the utilisation of rated capacities has been of little avail and the gross profit has declined by Rs. 5.05 lakhs to Rs. 782.97 lakhs. In terms of profit-margin (ratio of gross profit to turnover) the drop is from 22.9 per cent to 21.4 per cent.

With the decrease in the gross profit, the provision for the Managing Agents' commission has gone down from Rs. 35.73 lakhs to Rs. 33.42 lakhs, while that for depreciation has been lowered from Rs. 257.41 lakhs to Rs. 242.77 lakhs. The provision for taxation, however, has shot up by Rs. 25.62 lakhs to Rs. 298.45 lakhs largely because of the inclusion of the estimated liability of Rs. 19.69 lakhs for S.P.T. The decline in net profit is, therefore, relatively larger, being Rs. 13.72 lakhs to Rs. 208.33 lakhs. The maintenance of dividend absorbs Rs. 228.90 lakhs, so that the net profit falls short by Rs. 20.57 lakhs, as compared with a deficiency of only Rs. 6.85 lakhs in the previous year. This shortfall has been made good by withdrawals from reserves.

The working results of the Company for each of the past four years are set forth in the comparative table below:

(In lakhs of rupees)

	For the year ended 31st July			
	1963	1962	1961	1960
Sale of products	36,66.83	34,36.69	30,04.39	27,08.69‡
Other income	70.97	85.34	78.62	83.22
Closing stocks	147.37	163.17	138.82	117.63
Cost of materials, cement purchased, stores, etc.	15,14.46	14,73.77	13,95.23	11,50.9
Staff expenses	654.09	574.43	539.45	496.85
Other expenses	770.48	690.16	582.11	558.35
Gross profit	782.97	788.02	687.36	605.69
Managing Agents' commission	33.42	35.73	17.16	38.96
Provision for—				
Depreciation	242.77	257.41	275.56	239.60
Taxation	298.45	272.83	137.55	110.93
Net profit	208.33	222.05	157.08	213.10
Excess provisions written back	7.77	4.91	4.39	5.60
Withdrawal from reserves	49.00	37.00	98.00	84.50
To reserves	37.08	35.02	10.38	71.81
Dividend	228.90 (12%)	228.90 (12%)	226.00 (12%)	225.89 (12%)
Carry forward	0.68	0.68	0.61	0.42
Market price of ordinary shares (in rupees):	1963	1962	1961	1960
High	159.00	185.00	172.00	162.50
Low	137.00	145.50	143.25	137.50

In spite of the poor rate of return on capital employed and the gradual erosion of reserves, the Company, it is encouraging to find, has continued to perform its duty of expanding its capacity and production of the various types of cement. This will be evident from the following summary of the relevant portions of the Directors' report:

The production of special cements, such as Silvicrete, slag cement, oil well cement, hydrophobic cement, etc., was stepped up during the year under report. The production and sale of slag cement at Chaibasa, in particular, showed a sizable improvement and sales amounted to 1.07 lakh tonnes as against 0.47 lakh tonnes in the previous year. Although there was some improvement in the transport of granulated slag from Jamshedpur to Chaibasa, the problem is by no means satisfactorily solved yet. It is expected that there will be a further improvement in the manufacture and sale of slag cement which has been very well received by the market. The output of firebricks at the Katni works was, however, only marginally higher than last year but the manufacture of other A.C.C. products made steady progress.

At Mancherial works, production during the year improved considerably over that of the previous year, but is still below the rated capacity of the factory. This is primarily due to continued restriction in power supplied by the Andhra Electricity Board. Very recently, however, a part of the power cut was restored. At Bhupendra works, due to rapidly depleting limestone reserves, it was difficult to keep the plant running at full capacity. In order to conserve the available limestone reserves, the Central and Punjab Governments were approached to permit the Company to transfer one of the four kiln units from Bhupendra to Madukkarai works.

The plant at Madukkarai works is being extended by 1.2 lakh tonnes. Simultaneously, in order to improve both the quality and quantity of the available raw materials, a flotation plant will also be installed. The entire installation is expected to be ready in 1967. Progress on the extension of the Dwarka works has been well maintained. At Kymore works all the buildings and structures for the white cement plant have been constructed and the kiln and other machinery are now under erection. The plant is expected to go into commission early in 1964.

The work on the Jamul factory is making progress. All the buildings and structures including the housing colony have been completed and the erection of the kiln is now in progress. The first unit is expected to be ready and taken into commission by the end of 1964 and further extension to include the manufacture of slag cement will be completed about six months later. The Company has signed an agreement with Hindustan Steel Ltd. for the supply of granulated slag from Bhilai to this factory. The material will be used for intergrinding with clinker produced at the factory and will thus help to increase considerably the productive capacity of the plant. Construction of the new factory at Porbandar is proceeding and work on the factory buildings structures and residential colony is making good progress. Manufacture of cement will be by the dry process and the plant will be similar to that being erected at Jamul.

Progress of the engineering works project at Shahabad has been satisfactory. The machine shops and fabrication shops went into production as per schedule. Steady progress on construction of the grey iron foundry is being maintained. It is expected to go into production early in 1964. Efforts are also being made to enlarge the scope of the engineering activity at Shahabad by including new line of manufacture in technical collaboration with Hitachi Ltd. of Japan.

As regards the factories in Pakistan, fresh negotiations have commenced for their disposal and a letter of intent has been signed with certain promoters. The actual sale will be subject, of course, to the approval of the Governments of India and Pakistan. Meanwhile, the Directors have decided to obtain the authority of shareholders at their forthcoming annual meeting.

At the last annual general meeting the shareholders had sanctioned the proposed investment by the Company in 12,000 equity shares of Rs. 100 each at par (out of 60,000 equity shares of Rs. 100 each to be issued at par) of Tata-Robins-Fraser, Limited, a public company promoted in collaboration with Hewitt-Robins Incorporated, U.S.A., Fraser and Chalmers Engineering Works of General Electric Company, Limited, U.K., and the Tata Iron and Steel Company, Limited, for the purpose of manufacturing materials handling and processing equipment and for undertaking turnkey contracts for designing and erection of conveyor systems and the like. As required by Section 372 of the Companies Act, 1956, approval of the Central Government has been obtained to this investment. The new company which was incorporated on 20th November 1962, has offered to the company 12,000 equity shares of Rs. 100 each on payment of Rs. 50 per share and accordingly the company has invested Rs. 6 lakhs.

In spite of successive withdrawals from reserves during the past few years for dividend disbursement, the financial position of the Company still continues to the strong, though, of late, it has been subject to some strains following the continued expansion of activities. The share capital, the whole of which is only in equity shares of Rs. 100 each, stands unchanged at Rs. 19.07 crores. It is supported by Rs. 10.49 crores in reserves, excluding Rs. 2.29 crores which is to be utilised for payment of dividend for 1962-63. Against these "own" funds of Rs. 29.56 crores, the written down value of fixed assets alone amounts to Rs. 28.49 crores while the gross block is stands at Rs. 45.37 crores including additions of approximately Rs. 2 crores made during the year. Borrowings have also increased from Rs. 7.05 crores to Rs. 11.15 crores and current liabilities and provisions from Rs. 13.56 crores to Rs. 15.10 crores. The outside interest thus aggregates Rs. 26.25 crores or Rs. 2.60 crores more than the total, at Rs. 23.65 crores, of current assets, loans and advances. Investments, mainly in shares of subsidiaries or associated companies, are placed at Rs. 3.66 crores.

The Rs. 100 fully paid ordinary shares of the Company are currently quoted at Rs. 157.25 cum-div. which, on an ex-div. basis, fetches a yield of about 5.7 per cent per annum on fresh investment.

PROFIT OF PANYAM CEMENTS DECLINES

DIVIDEND PASSED OVER

THE story as narrated by the Panyam Cements and Minerals Industries Ltd. (Managing Agents: Messrs. Panyam Industrial Agencies Pvt. Ltd., Cement Nagar) in respect of the year ended 31st August 1963 is in no way different from that narrated by other cement producers and reviewed in this journal from time to time. On the one side there has been an increase in the production of clinker from 66,009 tonnes to 71,770 tonnes and of cement from 65,604 tonnes to 77,038 tonnes, the turnover increasing by more than 10 per cent from Rs. 60.02 lakhs to Rs. 67.81 lakhs following the rise in cement despatches from 65,656 tonnes to 76,219 tonnes. But, on the other side, consequent on the decrease of Rs. 3.87 lakhs to Rs. 14.04 lakhs in gross profit, the profit margin (ratio of gross profit to sales) has declined sharply from 29.8 per cent to 20.7 per cent. The reasons for this deterioration in profit margin have been chiefly two, namely, increase in cost of production due to Governmental action and a faulty packing charge formula imposed on the industry as will be evident from the following extract from the Directors' report.

"The improvement on the production side has not, however, reflected itself in better working results, namely, due to the substantial increase in costs on account of higher prices of coal, increases in railway freight, royalty on limestone, etc., all due to Governmental action, which the Government had assured the industry to compensate as per the escalation clause. In fact, from 1st November 1961 such increases were up to Rs. 4.22 per tonne, while subsequent increases from the beginning of 1963 in royalty, electricity tariffs, provident fund contributions, sales tax, and the imposition of Emergency Risk Insurance have further stepped up the actual costs to Rs. 5.16 per tonne as on 31st May 1963 over and above the retention price. Had this increase been conceded, it would have meant for us an income of about Rs. 4 lakhs. But, unfortunately, the Government granted an increase of Rs. 2.50 per tonne only (excluding 25 nP per tonne for reduction in selling agency commission) from 1st June 1963. Thus the compensation received from such an inadequate increase in price conceded for three months (June to August 1963) has resulted in Rs. 48,000 only. The packing charges fixed by the Government from quarter to quarter, too, have always been falling short of the actuals for the procurement and rise of the required percentage of new and serviceable second hand jute gunnies."

The decrease in gross profit has resulted in lowering the provision for the Managing Agents' commission from Rs. 83,000 to Rs. 49,000, while that for depreciation has gone down from Rs. 9.27 lakhs to Rs. 8.84 lakhs, as a result of the decline in the value of depreciable block. But this saving has been very nearly absorbed by the provision which has become necessary for the first time, as all previous losses have been fully recouped. On making these essential provisions, there has remained a net profit of Rs. 4.05 lakhs, as against Rs. 7.81 lakhs a year before. Adding to this the amount brought forward from the preceding accounting period and Rs. 14,949 as the excess provisions written back and write off Rs. 61,286 as share capital issue expenses, the Directors have transferred Rs. 1.55 lakh to reserves and have proposed the payment from the balance of the preference dividend for the year, amounting to Rs. 2.33 lakhs. No dividend on the ordinary shares has been recommended, as against eight per cent distributed in the previous year. A sum of Rs. 1,340 is being carried forward, as against the Rs. 30,304 brought in.

The following comparative table clearly brings out the vissicitudes in the Company's fortunes during the past four years:

(In lakhs of rupees)

	For the year ended 31st August			
	1963	1962	1961	1960
Sale of cement	67.81	60.02	65.08	62.72
Other income	1.88	2.36	3.45	2.93
Closing stock of cement	0.97	0.42	0.47	0.83
Raw materials and stores consumed	8.41	3.11	6.27	11.89
Other expenses	47.70	41.26	39.92	36.62
Gross profit	14.04	17.91	21.98	17.41
Managing Agents' remuneration	0.49	0.83	...	...
Provision for—				
Depreciation	8.84	9.27	10.19	9.33
Taxation	0.66	...	...	...
Net profit	4.05	7.81	11.79	8.08
Excess provisions written back	0.15	...	0.14	...
Miscellaneous write-offs	0.61	0.61	0.52	...
To reserves	1.55	0.65	0.07	...
Dividends—				
Preference	2.43	2.45†	3.73*	...
Ordinary		3.00		
Carry forward	(Nil)	(8%)	(Nil)	(Nil)
	0.01	0.36	0.10	—7.50

* Arrears upto the year ended 31st August 1960.
† *Including Rs. 1.06 lakhs as arrears for the year ended 31st August 1961.*
Note :—All dividends are subject to deduction of tax.

During the year under review, the Company made further calls for the payment of

(Continued on page 28)

SYNOPSES OF COMPANY REPORTS

Baroda Rayon Corporation Ltd.

(*Managing Agents:* Messrs. Gaekwad Chinai & Co. Private Ltd., Udhna (Surat).)

Fifth Annual General Meeting—1st February 1964.

Working Results:

	For the year ended 30th September (In thousand rupees)	
	1963	1962
Sales—yarn and waste	1,35,54	Nil
,, —others	1,57	Nil
Closing stock	43,64	Nil
Other income	1,28	64
Loss	40*	38*
Credit balance brought forward	3,73	4,11
Excess tax provision transferred	19	Nil
Total available balance	3,93	4,11
Appropriations:		
To adjustment of loss for the year	40	38
To provision for depreciation	1,49	Nil
Credit balance carried forward	2,03	3,73

Market value of ordinary shares (in rupees):	1963	1962	1961
High	127.00	161.00	171.00
Low	87.00	111.00	119.00

* Loss after providing Rs. 50,000 for Managing Agents' remuneration (Rs. 37,500 for the previous year).

Extracts from the Directors' report: Inauguration: Dr. S. Radhakrishnan, President of India, formally inaugurated the *Rayon Plant* on 23rd December, 1962. The occasion was marked by the presence of the then Chief Minister of Gujarat State, Dr. Jivraj N. Mehta and a number of other distinguished invitees.

Progress: The auxiliary plants, viz. *Sulphuric Acid, Carbon-de-Sulphide* and *Power Plants* were put into commission at the beginning of October, 1962. The *Anhydrous Sodium Sulphate Plant* has been recently put into successful operation. The teething troubles experienced by the *Power Plant* were finally overcome by the end of June, 1963 and this plant has since been working satisfactorily.

Production and Sales: The output of the Rayon Plant was 1,420 M. Tonnes of *Rayon Yarn* of various deniers (corresponding to 1,519 M. Tonnes of *Rayon Yarn* of 120 deniers) during the year. The Plant attained its rated capacity of 6.25 M. Tonnes per day on 100 denier basis at the end of June, 1963. The products of the Company have been progressively achieving the desired quality and are now most acceptable to the weavers throughout the country.

In the initial period the Company experienced high turnover of labour and teething trouble in the Power Plant, resulting in irregular production. Considering these factors among others, the Company was permitted to sell its production of yarn in the open market.

The Government of India has directed the Tariff Commission to go into the cost structure of various Rayon Units and to recommend the fixation of fair prices. This Company has submitted to the Tariff Commission that, being a high cost unit, it cannot afford to give away a substantial part of its production under Distribution Control Order at the rate fixed by the Textile Commissioner and has urged the Commission to recommend higher prices for the new high cost units than for the existing units.

As the erection of the plant and machinery and the construction of civil engineering works were completed during the year under report, the total expenditure of Rs. 54,88,204 incurred during the period of erection till the date of starting up of the production has now been capitalised and allocated to various heads of accounts, on the basis of the certificate received from the Architects of the Company. This, however, is subject to further adjustments, when final bills of the contractors in respect of the civil engineering work are received.

Expansion: The Company has already received an industrial licence to increase its production capacity of rayon yarn by 1½ tons on the basis of 100 deniers. The import licence for importing the additional machinery required to implement this expansion is awaited. The Company's application for an industrial licence for putting up a plant to manufacture 20 tons of *Staple Fibre* per day is pending with the Government.

As stated in the last Report, necessary steps have been taken to convert the boilers from coal firing to oil firing. The licence to import the oil firing equipments is expected to be received shortly.

Accounts in brief as at 30th September 1963 are as under :—

Liabilities	Rs.	Assets	Rs.
Capital*	4,75,79,300	Gross block	8,58,04,748
Reserves and surplus	8,33,094	—Depreciation	1,49,332
Other liabilities	5,11,64,134	Net block	8,56,55,416
		Block in progress	7,74,737
		Current assets	1,24,35,852
		Cash	67,128
		Miscellaneous expenditure	5,93,395
	Rs. 9,95,76,528		Rs. 9,95,76,528

* Paid-up capital consists of 4,76,043 equity shares of Rs. 100 each. Of the above shares, 26,750 equity shares of Rs. 100 each are allotted as fully paid up pursuant to a contract, without payment being received in cash. Allotment and instalment money in arrears amount to Rs. 25,000.

Paper and Pulp Conversions Ltd.

(*Managing Agents:* Messrs. M. S. Parkhe and Co., Poona.)

Twenty-first Annual General Meeting—4th January 1964.

Working Results:

	For the year ended 31st July (In thousand rupees)	
	1963	1962
Sales (less returns)	95,06	81,42
Closing stock	10,70	7,60
Other income	1,36	89
Gross profit	11,32	9,51
To Managing Agents' remuneration	57	45
Transfer to depreciation	4,74	4,64
,, ,, provision for taxation	5,71	2,64
Net profit	30	1,73
Transfer from reserves	1,24	*Nil*
Excess provisions written back	1,16	1
Appropriations:		
Transfer to development rebate reserve	97	32
,, ,, dividend reserve	1,78	*Nil*
Proposed dividend (taxable) ordinary	4 (9%)	1,44 (8%)
Carry forward	3	9

* The dividend for 1963 will be paid out of the dividend reserve.

Extracts from the Directors' report: During the year under review the factory crushed 1,44,339 tonnes (38,67,174 mds.) against 1,51,958 tonnes (40,71,315 mds.) of sugarcane in the previous year. The working days were less at 161 days as compared to 186 days in the previous year. The average recovery was however, better at 10.38 per cent. against 9.64 per cent. in the previous year. The crushing was lower due to restriction imposed by the Government on sugar production of last season as also due to inadequate rains and diversion of cane to gur and khandsari. During the current season a crushing of about 1,30,600 tonnes (35 lac mds.) of sugarcane is expected.

Accounts in brief as at 30th June 1963 are as under :—

Liabilities	Rs.	Assets	Rs.
Capital*	15,00,000	Gross block	56,65,330
Reserves and surplus	22,73,093	—Depreciation	24,76,405
Other liabilities	80,38,511	Net block	31,88,925
		Current assets	85,79,639
		Investments	1,000
		Cash	42,040
	Rs. 1,18,11,604		Rs. 1,18,11,604

* Paid-up capital consists of 50,000 ordinary shares of Rs. 10 each and 1,00,000—5 per cent. cumulative redeemable preference shares of Rs. 10 each.

Gobind Sugar Mills Ltd.

(*Managing Agents:* The Cotton Agents Private Ltd., Bombay.)

Eleventh Annual General Meeting—Held on 30th December 1963.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1963	1962
Sales	1,59,53	1,28,59
Closing stock	67,66	75,58
Gross profit	9,00	11,22
To Managing Agents' commission	62	78
Transfer to depreciation	2,80	2,95
,, ,, development rebate reserve	31	6
,, ,, provision for taxation	Nil	4,67
Net profit	5,87	2,86
Appropriations:		
Transfer to taxation reserve	3,70	Nil
,, ,, general reserve	Nil	1,50
,, ,, dividend reserve	1,50	Nil
,, ,, other reserves	63	1
Proposed dividends (taxable) C. preference	*	50
,, ,, ordinary	*	1,00
Carry forward	(20%) 3	(20%) 19

* Dividends for 1963 will be paid out of the dividend reserve.

Extracts from the Directors' report: During the year under review the factory crushed 1,44,339 tonnes (38,67,174 mds.) against 1,51,958 tonnes (40,71,315 mds.) of sugarcane in the previous year. The working days were less at 161 days as compared to 186 days in the previous year. The average recovery was however, better at 10.38 per cent. against 9.64 per cent. in the previous year. The crushing was lower due to restriction imposed by the Government on sugar production of last season as also due to inadequate rains and diversion of cane to gur and khandsari. During the current season a crushing of about 1,30,600 tonnes (35 lac mds.) of sugarcane is expected.

Accounts in brief as at 30th June 1963 are as under :—

Liabilities	Rs.	Assets	Rs.
Capital*	15,00,000	Gross block	56,65,330
Reserves and surplus	22,73,093	—Depreciation	24,76,405
Other liabilities	80,38,511	Net block	31,88,925
		Current assets	85,79,639
		Investments	1,000
		Cash	42,040
	Rs. 1,18,11,604		Rs. 1,18,11,604

* Paid-up capital consists of 50,000 ordinary shares of Rs. 10 each and 1,00,000—5 per cent. cumulative redeemable preference shares of Rs. 10 each.

Trichy Steel Rolling Mills Ltd.

(*Managing Agents:* Messrs. Sree Sankar & Co., Madurai.)

Second Annual General Meeting—Held on 30th December 1963.

Extracts from the Directors' report for the period from 1st September 1962 to 30th September 1963 :— During the period under reference all the expenses have been charged to capital account and the Company has earned a net income of Rs. 5,480. The Directors recommend to appropriate the same as follows: To provision for taxation Rs. 2,740 and to preliminary expenses Rs. 2,740.

General: The construction of the Mill buildings and the erection of the plant and machinery has been completed and the trial production has since commenced. The Directors hope that the Mill will reach the full licenced capacity of 50 tonnes per day very shortly.

Accounts in brief as at 30th September 1963 are as under :—

Liabilities	Rs.	Assets	Rs.
Capital*	37,00,000	Gross block	37,51,978
Other liabilities	13,16,717	—Depreciation	13,742
		Net block	37,38,236
		Current assets	8,80,448
		Cash	2,81,560
		Miscellaneous expenditure	1,16,673
	Rs. 50,16,717		Rs. 50,16,717

* Paid-up capital consists of 3,70,000 equity shares of Rs. 10 each fully paid up.

Bharat Sugar Mills Ltd.

(*Managing Agents:* The Cotton Agents Private Ltd., Bombay.)

Thirty-second Annual General Meeting—Held on 30th December 1963.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1963	1962
Sales	1,11,64	92,28
Closing stock	31,94	60,05
Gross profit	7,51	8,72
To Managing Agents' remuneration	63	71
Transfer to depreciation	90	99
,, ,, development rebate reserve	Nil	16
,, ,, provision for taxation	Nil	3,54
Net profit	5,98	2,95
Transfer from dividend equalisation reserve	1,00	Nil
Appropriations:		
Transfer to taxation reserve	4,40	*Nil*
,, ,, reserve for contingencies	20	7
,, ,, dividend equalisation reserve	Nil	50
,, ,, dividend reserve	2,50	Nil
Proposed dividends (taxable) preference	*	25
,, ,, ordinary	*	2,25
Carried forward	(15%) 9	(15%) 21

Market value of ordinary shares (in rupees):	1963	1962	1961
High	16.00	15.00	16.62
Low	11.25	12.00	11.50

* The dividends for 1963 will be paid out of the dividend reserve.

Extracts from the Directors' report: During the year under review the crushing of sugarcane was very much lower at 57,608 tonnes (15,43,463 mds.) against 1,16,668 tonnes (31,23,078 mds.) in the previous year. The factory worked for 108 days against 216 days in the previous year. The average recovery was, however, slightly higher at 9.94 per cent. as against 9.58 per cent. in the previous year. The crushing was abnormally low as a result of the acreage under sugarcane in the area having gone down due to cut in sugar production of last season announced by the Government of India and lower yield of sugarcane per acre owing to early start of rain. During the current season a crushing of about 68,000 tonnes (18 lac mds.) of sugarcane is expected.

Accounts in brief as at 30th June 1963 are as under :—

Liabilities	Rs.	Assets	Rs.
Capital*	20,00,000	Gross block	26,70,91
Reserves and surplus	22,15,515	—Depreciation	18,53,168
Other liabilities	37,76,165	Net block	8,16,746
		Current assets	53,77,761
		Investments	14,44,770
		Cash	3,51,403
	Rs. 79,91,680		Rs. 79,91,680

* Paid-up capital consists of 1,50,000 ordinary shares of Rs. 10 each 5,000—5 per cent. cumulative redeemable preference shares of Rs. 100 each.

MARKET GOSSIP

(Concluded from page 3)

able prices. In fact, this approach is better than the alternative of paying higher dearness allowance to compensate for the rise in price, because the latter system itself is inflationary.

India To Have A Terylene Plant

I.C.I., the world-famous British firm, will shortly manufacture polyester fibre in India. Polyester fibre, known and marketed in this country under the trade name "Terylene", is an outstandingly good apparel fibre which has strongly entrenched itself in the field of clothing manufacture in India in an incredibly short time. Fabrics made from polyster fibre are strong, crease- and stretch-resistant, quick-drying, rotproof and durable—qualities which make Terylene really cheap, in spite of its apparently high price compared with fabrics made of natural fibres. It blends well with natural fibres such as cotton and wool in the manufacture of lightweight materials suitable for warmer climates. Terylene is being increasingly used by the Indian textile industry for the manufacture of high quality fabrics for shirts, suits, dresses, socks, ties and other items of apparel. By virtue of its strength and resistance to many chemicals, polyester fibre also finds some important industrial uses.

At present, Terylene goods are manufactured by Indian mills out of imported polyester yarn. Although the processing conditions and techniques are different in respect of polyester fibre, well-equipped cotton and woollen mills are able to handle polyester fibre without difficulty once they are acquainted with the correct processing conditions. In order to ensure that mills are properly advised in this matter, I.C.I. (India) Private Ltd., the Indian subsidiary which markets Terylene in India, has set up a Technical Service Department for the purpose. This Department is also responsible for quality control to ensure that fabrics that do not conform to certain minimum standards are not produced.

The manufacture of polyester fibre in India now proposed by I.C.I. will obviate the need for imports of yarn and provide a strong base for building up an export market for polyester fabrics. A limited quantity of Terylene fabrics is already being exported. This could be greatly expanded into an important source of foreign exchange earnings for the country when the present plan for the manufacture of polyester fibre comes to fruition. I.C.I. has already formed a new company, called Chemicals and Fibres of India Ltd., C.A.F.I. for short, for undertaking the manufacture of synthetic fibres, plastics, dyestuffs and other chemical products. C.A.F.I.'s first venture will be manufacture of polyester staple fibre which will be known under the trade name 'Terene'. The plant is being built with the technical assistance of the Fibres Division of I.C.I., Ltd., U.K. The estimated capital outlay on the plant and equipment is Rs. 585 lakhs, of which Rs. 250 lakhs will be equity capital, two-fifths of which will be offered to Indian investors and the balance will be held by I.C.I. The Company will enter the capital market shortly.

Notices

ASHOK LEYLAND LIMITED
ENNORE, MADRAS-57

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Fifteenth Annual General Meeting of the Company will be held at the Registered Office of the Company at Ennore, Madras-57, on Monday the 27th January, 1964, at 2-00 p.m., to transact the business, particulars of which have been given in the Notice along with the explanatory statement, being posted individually to the Shareholders of the Company.

The Share Transfer Books of the Company will be closed from 10th January 1964 to 27th January 1964, both days inclusive.

By Order of the Board,
For ASHOK LEYLAND LIMITED,
A. E. L. COLLINS,
Managing Director.

ENNORE, MADRAS.
25th November 1963.

Note: A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member.

THE CHAMPDANY JUTE COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT AN Extraordinary General Meeting of the Members of the Champdany Jute Company, Ltd., will be held at the Registered Office of the Company, 2, Netaji Subhas Road, Calcutta, at 11-45 a.m. on 21st January, 1964, to consider, and if thought fit, to pass the following Special Resolution:

"That Mr. A. N. Sircar be and is hereby appointed a Director of the Company."

By Order of the Board,
JAMES FINLAY & CO., LIMITED
Managing Agents.

2, NETAJI SUBHAS ROAD,
CALCUTTA.
10th December, 1963.

Notes:

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

(2) An Explanatory Statement under Section 173 of the Companies Act, 1956, is being forwarded to the Members.

SHAW WALLACE AND COMPANY LIMITED

DIVIDEND ON PREFERENCE SHARES

THE DIRECTORS HAVE DECLARED A Second Interim Dividend on the Company's Preference Shares for the year ending 31st December, 1963 at the rate of 2.4975 per share (i.e. Rs. 3 per share increased in accordance with the provisions of the Preference Shares (Regulation of Dividends) Act, 1960 less Income Tax at the Company's rate of 25 per cent). This dividend will be paid to Members whose names appear in the Company's Preference Share Register on 15th January, 1964 or their mandatees, subject to deduction of tax under Section 194 of the Income Tax Act.

The Preference Share Transfer Register of the Company will be closed from 4th to 15th January, 1964, both days inclusive.

By Order of the Board
D. A. HOUGHTON,
Calcutta Director and Secretary.

Registered Office:
4, BANKSHALL STREET,
CALCUTTA 1.
27th December, 1963.

ASSOCIATED BATTERY MAKERS (EASTERN) LIMITED

NOTICE TO SHAREHOLDERS

THE ACCOUNTS OF THE COMPANY FOR the year ended 31st August, 1963 exhibit a net profit, after allowing for depreciation, of Rs. 54 lakhs before tax. After providing for taxation and reserves, and bringing in the balance from the last account, the amount available is Rs. 18 lakhs.

The Board of Directors has resolved to recommend to the shareholders at the forthcoming Annual General Meeting that a dividend for the full year on the issued capital of Rs. 118 lakhs be declared at the rate of 15 per cent subject to tax.

By Order of the Board,
H. M. COX,
Secretary.

Registered Office:
BARLOW HOUSE,
59C, CHOWRINGHEE ROAD,
CALCUTTA-20.
17th December, 1963.

RANE (MADRAS) LIMITED
47, Velacheri Road, Madras-32

NOTICE

NOTICE IS HEREBY GIVEN THAT AN Extraordinary General Meeting of the shareholders of the Company will be held at the Registered Office on Friday the 10th January 1964 at 4 p.m., to transact the businesses, particulars of which have already been posted to the members individually.

By Order of the Board,
IYER & CO. PRIVATE LIMITED,
Managing Agents.

MADRAS,
Dated: 24th December, 1963.

Note: A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a member of the Company.

BANKING

(*Concluded from page* 8)

Reserve Bank of India has been discontinued as it was not worth the time and labour involved, in view of the insignificant amount of such deposits. Section 34A of the Act, preventing disclosure of information regarding secret reserves of banks has been made applicable to all the banks. The duty to furnish information to the Reserve Bank inspectors has been cast even on bank employees who may not be classified as officers.

The amendments to Sections 44A and 45 of the Banking Companies Act have been proposed as a result of practical difficulties faced in giving effect to schemes of voluntary or compulsory amalgamations of banks. Desirable schemes of mergers have often been prevented or at any rate delayed by interested parties demanding a proof that all the legal formalities and requirements in connection with the amalgamations have been complied with. It is now clear that an order or a certified copy of the Reserve Bank's order sanctioning a scheme of voluntary amalgamation and of the Government's order reconstructing or amalgamating a bank shall be conclusive evidence that the prescribed procedure has in all cases been followed and that the reconstruction or amalgamation is in order and valid. Amendment to Section 44B of the Act ensures that the Reserve Bank's approval is obtained before a High Court sanctions any modifications to a scheme of compromise or arrangement with creditors, originally certified by the Reserve Bank as being in order and reasonable.

The Amendments to Section 45F of the Act provide that the entries in the documents or certified copies of documents shall be admitted as evidence in all legal proceedings (and not only in proceedings by or against a banking company) and against all officers and employees (and not only against directors). The amended section will apply to *all* banking companies that are wound up.

The amendments to Sections 45S and 45T are concerned with the liquidation procedure. Some of the officers of the State Governments, who are already authorised under the present Act to take charge of the properties and assets of the banking companies in liquidation on behalf of the liquidators concerned, have now been empowered to sell the properties locally on behalf of the liquidators, who have also been empowered to issue the necessary certificates to the State Government officers.

The amendment to the State Bank of India (Subsidiary Banks) Act 1959 brings down the voting rights of the individual shareholders of any subsidiary of the State Bank on par with the voting rights of the shareholders of other banking companies.

How does the Reserve Bank feel about the additional powers thrust upon it? The Governor has already given an assurance to the bankers that these powers will be exercised only if it is necessary to do so in the interests of the public and the depositors. That goes without saying: but the real snag, as already pointed out, is that the Reserve Bank is itself the sole judge of the "necessity and interest." Moreover, although the Governor felt that quick-acting devices and effective powers were necessary to enable the Reserve Bank of India to act in good time, it has no where been demonstarted that the powers were not enough to enable it to act quickly and effectively. As regards the powers acquired over the non-banking institutions, the Governor flatly declared that *at present* the Bank had no intention of exercising any control over them: that would be considered only after the Bank has been able to complete its information of the nature of the problems it is expected to solve!

In any case, under the weight of these vast and sweeping powers over the entire range of banking, non-banking and financial institutions, the Reserve Bank must find itself in a very uncomfortable and unenviable position, for it will no longer be able to avoid its responsibilities, as it did in the Palai affair. It must now be busy finding officers and employees of the calibre required to enable it to live up to the new challenges it will have to face in the years to come.

TEXTILES

(*Concluded from Page* 11)

of fibre producers. Some of these are large manufacturers with strong research organisations. They too will be working steadily to improve nylon, or to find an ultimate successor."

Whatever be the scale of expansion and development in the nylon industry elsewhere, Du Pont of the U.S. continues to hold its position of leadership in the production and sale of nylon. This Company not only supports research on an increasing scale but also continually re-examines every phase of production to find ways to insure high quality and hold costs down. As part of such a programme, Du Pont has taken on hand the implementation of a programme which seems to ensure a "thoroughgoing modernisation of every phase of nylon manufacture." The programme entails heavy capital outlay which is said to approximate the original costs of the Company's four major nylon fibre facilities. Nevertheless, the Du Pont Company emphasises that competition in the years ahead will require the finest production plant that the present knowledge of the art of making nylon can create. Considering the frantic efforts of scientists to develop a fibre that will not merely perform most of nylon's functions but perform them better, the future of nylon will naturally depend on whether this fibre will be so improved and modified as to fight off all rivals and even perform new tasks.

COMPANY MATTERS

(*Concluded from page* 26)

unpaid amounts on the preference and ordinary shares issued in the preceding year and this has raised its issued share capital to Rs. 99.53 lakhs from Rs. 83.40 lakhs a year. Of this, Rs. 24.99 lakhs are in three series of preference shares and the balance in equity shares of Rs. 100 each. The reserve position has bettered slightly and aggregates Rs. 14.74 lakhs. As against these own funds of Rs. 114.26 lakhs, outside interest amounts to Rs. 98.32 lakhs, comprising Rs. 81.50 lakhs in borrowings (of these Rs. 72 lakhs from the Industrial Credit and Investment Corporation of India) and Rs. 16.82 lakhs as current liabilities and provisions. On the assets side, the net block has come down from Rs. 75.40 lakhs to Rs. 71.34 lakhs, but, as the value of capital work-in-progress has risen sharply from Rs. 4.06 lakhs to Rs. 75.79 lakhs, the total net block is higher at Rs. 147.12 lakhs, as against Rs. 79.46 lakhs as at the beginning of the year.

COMMERCE

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

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BLUE-PRINT FOR SOCIALISM

THE Congress Party is becoming a victim of its own slogans and propaganda in favour of socialism. This is the outstanding impression that one gets of the lively debate at Bhubaneshwar this week on "democratic socialism," the new slogan for the old goal, displacing the hitherto familiar phrase "socialist pattern of society" coined at the Avadi session. The counsel of caution given by the new President, Mr. Kamaraj, and such elders as Mr. Lal Bahadur Shastri, Mr. S. K. Patil, Mr. Morarji Desai and Mr. T. T. Krishnamachari went unheeded by the younger generation and the old radicals. The Government of India, the Planning Commission and the High Command were severely criticised by the latter group for the slow pace of economic growth in recent years and clearly warned that, unless democratic socialism was spelt out and a programme of action with specific time limits was drawn and announced, the masses would revolt against the Party. Admittedly, the extreme leftist elements in the Party want to capture power or at least to get the Party committed to State capitalism during the lifetime of Prime Minister Nehru. They realise that the sands are running out and that they must assert themselves quickly. It is with this object they have been vehemently criticising and ridiculing the elders who have been in power all these days by recounting their failures and attributing such failures to the inadequate dose of socialism injected into the economy. Some may be inclined to dismiss this conclusion as cynical. If that is so, the alternative inference is that the rank and file of the Party are sadly disillusioned and disappointed with the performance of their leaders. This is much worse, especially as the remedies suggested by them for quickening the pace of economic progress and improving the living standards of the masses disclose a doctrinaire bent of mind influenced by obsolete theories and dogmas. If their remedies were adopted, democracy would soon become a sham in India and the poor would be poorer still, for it is the poverty, and not wealth, that would be redistributed.

The record of leftists in the Congress Party has been such as not to command unquestioned faith in their honesty and sincerity of purpose. Active behind the scenes in their camp is Mr. Krishna Menon, the notorious author of the jeep scandal and a leader who brought the country to the verge of a military disaster. Then there are the highly vocal Mr. K. D. Malaviya, who had to leave the Cabinet under a cloud, and Mr. B. Patnaik, the erstwhile Chief Minister of Orissa, who too is believed to have been connected with some of Mr. Malaviya's discreditable actions. If only Prime Minister Nehru had cared to lift the veil that hides the many sins of omission of these three leaders, their pretence of being good, democratic socialists would have been exposed long ago. But, unfortunately, for reasons best known to himself, Mr. Nehru has always shielded them, thereby enabling them to preach extremist doctrinaire socialism today. It is only in this country that ministers who had to retire from their posts under disgrace can pose as the champions of masses and underdogs. The irony of it all is that they want nationalisation of banks, which, to be successful, requires a high degree of integrity and honesty. Are these sterling qualities present to the degree required in the party-in-power and in the administrative machinery? This is by no means an impertinent question, what with the candid admission of corruption in high places by the former Congress President and the Union Home Minister, among others, and their continuing search for an effective remedy for this chronic malady. It is astonishing that, when there is so much corruption in the country and when the hands of the public sector are more than full, with the administrative machinery groaning under maximum strain, top leaders, who are aware of all these defects, should advocate nationalisation of banks, sugar, textile, plantation, and cement industries. Either they have become irresponsible or they are deliberately forcing the country along the path that will take it to economic and political chaos and let in the communist forces. It will be useful to remember, in this connection, that the present strength of the leftist forces in the Congress Party is itself due (*a*) to its advocacy of doctrinaire socialist policies such as State trading and State-ownership of industries and (b) to constant harping on such catchwords as concentration of economic power in a few hands and monopoly capitalism. If leaders like Mr. Nehru, Mr. Lal Bahadur Shastri and Mr. T. T. Krishnamachari had refrained from indulging in these slogans and faced the facts squarely right from the beginning, there would have probably been fewer opportunities for the type of criticism and demands made by *the leftists in the Bhubaneshwar session of the* Congress this week.

The case for nationalisation of banks presented by Mr. Patnaik was quite misleading. He said five business houses controlled the banking industry which had only Rs. 38 crores of share capital and Rs. 1,480 crores of depositors' money. These five houses, he added, controlled 1,600 industrial units, through interlocking of finance. Put this way, the whole thing may sound fantastic to laymen. But the fact is that all over the free world the paid-up capital of banking system is only a small fraction of deposits. It will be so, for that is the feature of banking business. Bank shares are widely held, but the controlling interest has to be in a few hands if there is to be order, discipline, continuity of policies and sound management. A bank cannot be run in the same way as a political party or a government; if it is run that way, it will not exist for a day and the funds of depositors will be in jeopardy. It is incorrect to suggest that banks have been using their deposits to finance mostly the industries and trade belonging to their directors. Moreover, banks are under the control of the Reserve Bank and those in the private sector have to compete with the Government-owned State Bank of India and its subsidiaries which together account for over a third of the commercial banking sector. That no significant practical advantage will accrue to the public by nationalising the joint-stock commercial banks has been demonstrated time and again. And yet a section of politicians keeps on demanding nationalisation, in order to fulfil their political ambitions.

Mr. T. T. Krishnamachari has firmly declined to accord a high priority to nationalisation of banks, on the ground that the objectives of those in favour of nationalisation can be effectively served under the latest amendments to Banking Laws. These amendments, as readers are aware, will enable the Government to reduce the voting rights of shareholders, to dismiss or appoint executives and directors of a bank without let or hindrance and, to control and direct the provision of credit, so that the Government enjoys all the benefits of nationalisation without having to pay compensation to shareholders and without any of the responsibilities that go with ownership. It is, however, not known to what extent he has been successful in postponing the evil day, because the leftist leaders assert that the new blue-print on socialism implies total nationalisation. It looks as though they will not rest content until their goal is reached. In the bargain with them, the rightists will continue to yield ground to them, as they have already done in the banking, general insurance and corporate sectors. Mr. Krishnamachari's own order of priority for implementing the blue-print holds promise of further restrictions on trade and industry. One does not know what new measures he will initiate to check tax evasion and to catch the black market money. In all these cases, it is the honest businessmen that are inconvenienced most.

The Bhubaneshwar session of the Congress Party was concerned more with ideology than with the burning problems of the day. Take the price problem, for instance. It was left to Mr. T. T. Krishnamachari to remind the delegates that the price line was getting out of control and that effective steps must be taken to bring down the prices first. The Congress Party's approach to this problem is one of confusion; it is a case of one trying to catch the bull by the tail instead of by the horns. The price line will remain stable if supplies are increased through higher production. Instead of concentrating its attention on this basic problem, the Party is bent upon devising methods for eliminating the middlemen in the false belief that they are the real mischief-mongers. It is true that, when uncontrolled, middlemen exaggerate the effects of shortfalls in production on prices. By removing them from the scene, it may be possible to minimise the exaggerated rise in prices. But the assumption here is that the State can provide an alternative chain that will link the producer with the consumer and function more efficiently and honestly than the middlemen. That assumption, however, is unwarranted in the light of experience since independence. The poor progress made by the *co-operative marketing societies and the* prevalence of corruption in the co-operative movement as a whole are there for all to see. Worse will be the position, if crops happen to be larger than expected and shortages disappear. In such a situation, the growers will suffer more than the consumers. The specific mention in the so-called blue-print on democratic socialism that rice mills should be progressively nationalised betrays the absence of realism and existence of shallow thinking among the policy-makers in the Congress. One wishes they had taken the advice of Mr. S. K. Patil, who, as the Union Minister for Food and Agriculture, had studied this problem thoroughly and from the angle of feasibility. It is sheer nonsense to think that, in times of shortages, only rice millers exploit the consumers by pushing up prices and that everything will be fine once the State ousts them out of their business. The growers themselves do the mischief by withholding the crops. Again, after the rice *moves out of millers, there is room for* interfering with its flow to consumers. There are also several ways in which the real cost to them can be increased.

Even if one were to concede, for argument's sake, that nationalisation of rice mills would solve the problem to a considerable extent, the

Contents

LEADING ARTICLES—	PAGE
Blue-print for Socialism	29
Irrigation and Power	30
MARKET GOSSIP	31
TREND OF SHARES	32
THIS WEEK'S SURVEY	34-35
SPECIAL FEATURES—	
Delhi Letter	36
London Letter	37
Will The Sterling Area Bow Out? ...	38
International Monetary System	40-41
Manchester Letter	43
MONEY AND BANKING	42
COTTON	44
JUTE	45
ENGINEERING	46
NEW PUBLICATIONS	47
NEW PRODUCTS AND PROCESSES	47
COMMERCE AND INDUSTRY	53
COMPANY MATTERS	54-55
TREND OF MARKETS	59-61

question whether it would be a practicable proposition remains to be answered. On this issue, Mr. Patil made some pertinent points in his speech at Bhubaneshwar, though they fell on deaf ears, as witness the unanimous adoption of the resolution on democratic socialism without even changing a comma. Mr. Patil said there were 43,000 rice mills in the country, employing some 500,000 persons. The Government could certainly find the money to pay compensation to the millers for taking over their factories, as it can create money. But the real problem would be to find the necessary personnel who would be honest and efficient in managing these mills. As Mr. Patil rightly remarked, *the 500,000 workers in these mills* would not become paragons of virtue overnight. His warning that, *if the Government took the* risk of managing the rice mills and failed to arrange the proper distribution of products, the farmers and consumers alike would be punished is no exaggeration. His further remark that, by taking on the role of middlemen, the Government would become the donkey which should be prepared for the flogging, too, is sheer commonsense. In having failed to listen to this sane advice of a realist, the Congress Party has sowed one more seed of uncertainty in rural areas. The rice millers will now become shy of investing more in their business; they may not care to modernise their plant and machinery or expand their capacity. The more honest ones among them may be tempted to dispose of their mills while the going is good and the mills will pass into the hands of only those who have the guts to face the uncertainty and/or have no scruples. *Another result may be a slackening* in the expansion of rice milling capacity which in turn will adversely affect the interests of agriculturists. Is this socialism? No, it is either bankruptcy of thought or political hypocrisy or a blend of both.

IRRIGATION AND POWER

OF the several ingredients of the *infrastructure* for which the public sector has assumed the major responsibility in India, irrigation and power are by far the most important, the one being basic to agricultural development and the other to industrial growth. It is well known that the accent in planning has all along been more on agricultural and industrial progress with the aid of relatively cheap water and electricity than on the economic viability of irrigation and power projects and the economics of pricing these public sector services. But, considering that such projects have already absorbed enormous capital outlays and that they will call for bigger expenditure in the years to come, the need seems to have arisen for examining whether they could not be made remunerative enough to provide a good part of the resources required for the future expansion of irrigation and power facilities. In this context, the Union Finance Minister's recent suggestion *at Bombay that the Centre should shoulder* more direct responsibility for irrigation and power *development deserves to be actively* pursued, if the economic aspects of a project are to receive greater consideration as against sentimental and parochial support that often goes with such a project.

The shortfalls experienced in irrigation and power targets in the first decade of planning have only underlined the need for taking a fresh look at the economics of the relevant projects. One may recall, in this connection, that several projects were slowed down, postponed or dropped altogether for lack of sufficient resources, with the result that the original targets were not achieved. It was originally envisaged in the second Plan that irrigation, for instance, would be available for an additional area of 21 million acres (12 million acres under major and medium projects and 9 million acres under minor works), so as to take the net irrigated area in the country to 88.0 million acres in 1960-61 (the last year of the second Plan), as compared with the base level of 51.5 million acres in 1950-51 (the year immediately preceding the first year of the first Plan). The actual capital expenditure incurred on irrigation during the decade aggregated Rs. 910 crores (Rs. 730 crores on major and medium projects and Rs. 180 crores on minor works). But, in spite of this huge expenditure, the aggregate net irrigated area rose from 51.5 million acres in 1950-51 to only 60.2 million acres in 1960-61 (*vide* Classification of Area and Irrigated Area, 1960-61, on page 343 of the Annual Number 1963 of *Agricultural Situation in India*). This aggregate, incidentally, is very much less than even the reduced figure of 70.0 million acres estimated for 1960-61 in the third Plan's review of ten years of planning, let alone the original estimate of 88.0 million acres for that year in the second Plan.

It would thus appear that, whatever be the official claim in regard to the additional irrigation potential that has been created, in terms of actual utilisation in the fields, the additional area benefited has come to only 8.7 million acres (60.2 *minus* 51.5) during the first decade of planning. Of this additional area, 4.5 million acres were irrigated by Government canals (major and medium projects) and 4.2 million acres by minor works like tanks and wells. The additional area irrigated by tanks and wells was in fact 5.4 million acres, for there was a net reduction in the area irrigated by private canals and other sources to the tune of 1.2 million acres. The long and short of the whole thing is that, while the huge outlay of Rs. 730 crores on major and medium irrigation has *benefited only 4.5 million acres*, an outlay of just Rs. 180 crores on minor irrigation has sufficed to benefit an area of as much as 5.4 million acres. In other words, while the capital cost of major and medium irrigation has come to about Rs. 1,600 per acre (of course, this figure may be expected to decrease progressively to Rs. 1,200 with the progressive increase in utilisation from the current 75 per cent of the earlier projects to 100 per cent), that of minor irrigation has represented no more than Rs. 333 per acre. At these rates, the proposed third Plan outlays of Rs. 650 crores on major and medium irrigation and about Rs. 200 crores on minor irrigation may be reasonably expected to bring the aggregate net irrigated area to about 70.3 million acres only in 1965-66, as compared with 60.2 million acres in 1960-61.

If 80 per cent utilisation is assumed, as Dr. K. L. Rao, Union Minister for Irrigation and Power, has done in his presidential address at the Irrigation and Power Ministers' Conference held at New Delhi on the 3rd instant, the additional potential of 23.2 million acres proposed to be created under the third Plan would benefit as much as 18.4 million acres. But that much addition, bringing the net irrigated area to the level of 78.6 million acres in 1965-66, cannot be validly assumed, for the rate of utilisation is bound to be much lower than the figure of 80 *per cent in the earlier years of new irrigation* projects initiated in the third Plan period. Whatever be the rate of utilisation, *there can* be no questioning the need for completing almost all the *committed* projects during the fourth Plan period. According to Dr. Rao, this task itself would involve an aggregate outlay of Rs. 800 crores. As the costs of projects have been going up, the planners would do well not to include any new major and medium projects in the fourth Plan. The additional resources (whatever they be) demanded by Dr. Rao for some new major and medium projects could as well be allotted to minor irrigation which is any day more economical and capable of yielding quicker benefits than major irrigation. At the same time, the beneficiaries of major and medium projects should be made to contribute more than they do at present towards the running costs of such projects through higher water rates and also, wherever possible, *towards a part of their capital costs.* Unless they foot a part of the capital bill, it would be patently uneconomic to maintain a high level of investment in major irrigation from which they stand to benefit ultimately. It is unfortunate that several State Ministers of Irrigation have refused to commit themselves to this course. But the fact that the Ministers' Conference has led to the appointment of a committee for examining the question of additional resources for irrigation through betterment or other levies may yet mean something, if only the leaders of State Governments can summon some courage in dealing with the increasingly prosperous agriculturists.

As for the power programme, the total investment upto the end of the second Plan was about Rs. 1,020 crores (of which State-owned public utilities accounted for Rs. 790 crores), as compared with Rs. 190 crores (of which less than half was in the public sector) in 1950-51. The additional outlay of Rs. 830 crores during the first decade of planning was made up of Rs. 720 crores in State-owned utilities, Rs. 70 crores in company-owned utilities and Rs. 40 crores in self-generating industrial establishments. The aggregate addition to the 1950-51 generating capacity of 2.30 million kw., over the ten-year period, was only 3.40 million kw., as against the target (combined first and second Plans) of 4.88 million kw. The capital cost of that much additional capacity actually installed has worked out to about Rs. 2,400 per kw. This rate may be on the high side, as some of the power projects on which outlays had been effected have spilled over into the third Plan. But, as against this must be set the likelihood that some of the third Plan projects, too, would spill over into the fourth Plan. So much so, that the rate of Rs. 2,400 per kw. may be validly assumed for the third Plan period. At this rate, the revised aggregate outlay of Rs. 1,130 crores for the stated purpose of installing an additional capacity of 7.0 million kw. may *actually* suffice for an additional capacity of 4.6-4.7 million kw. only.

Perhaps, at the most, the likely achievement may come to 5.3 million kw. on the basis of a reduced rate of Rs. 2,100 per kw. And that would mean an aggregate installed capacity of no more than 11.0 million kw. in 1965-66, as against the 12.5 million kw. estimated in the recent mid-term appraisal of the third Plan. As Dr. K. L. Rao himself has confirmed, the *aggregate installed capacity at the commencement* of the New Year (that is, 1964) is just 7.1 million kw., representing an increase of only 1.4 million kw. over 2¾ years of the Plan. Even considering that the phasing of benefits has itself visualised relatively larger additions to capacity only in the last two years of the Plan, the likelihood of achieving 12.5 million kw. in 1965-66 would have to be ruled out. Incidentally, the most likely achievement of 11.0 million kw. in 1965-66 would involve a cumulative shortfall of 3.2 million kw. in the combined target for the first three Plan periods. No wonder, therefore, that industrial production is expected to range round the relatively moderate rate of 7.5 per cent per annum over the third Plan period. The biggest single factor responsible for the continuing under-utilisation of industrial capacity is indubitably the shortfall in power supply.

It may still be possible to expedite the tempo of power development, if additional re*sources can be mobilised for the purpose.* This is particularly necessary, for the resource *requirement of the third Plan projects* seems to have been underestimated. The most effective way of generating the required additional resources would be to increase the electric power rates so as to get a return of at least 10 per cent on the capital base. This has been strongly recommended in the recent report of the World Bank Mission. It is the Mission's view that the policy of low power rates is no longer a stimulus to "growing investment and larger production," for many industrialists have recognised of late that the ready availability of power is much more important than its price. What is worse, according to the Mission, this policy "does make difficult the accumulation of funds for the further expansion of generating capacity which is so urgently needed." As the Mission's illustrative calculations have it, increasing the average power rate to, say, Re. 0.116 per kw.h. would mean an additional profit of about Rs. 500 crores for the entire third Plan period. Dr. K. L. Rao, too, has appropriately referred to the need for raising the rates, albeit in the context of the resources for the fourth Plan power programme. But the State Ministers have evinced no enthusiasm for this proposal too. In fact, they have opposed the idea on the ground that it would retard industrial progress in their States. Here, again, the appointment of a committee for examining the question of additional resources for Electricity Boards through an upward revision of power tariffs may ultimately lead to something or nothing.

What is difficult to understand, in this connection, is the shortsighted opposition of sections of industry to any suggestion of an increase in the price of power (which has all along been subsidised in a way to further industrial development). It is well known that the costliest kilowatt of electricity is that which is not readily available for maintaining industrial production at the optimum level. Moreover, any upward revision in the power tariffs of State Electricity Boards should be logically applied to those of the company-owned utilities, and that would improve their finances. If the electricity industry in the private sector is benefited that way and if, at the same time, it is permitted to expand its generating capacity in all possible ways, it would be in a position to raise more resources, both internally and by attracting fresh capital from the market, so as to make good at least a part of the expected *shortfall in the third Plan's target of generat*ing capacity. There is no reason why the proposal mooted by the Union Minister for Irrigation and Power should wait for implementation during the fourth Plan period. The need for additional resources for power development in the current Plan itself is there for all to see. It should be met here and now.

MARKET GOSSIP

Indian Cotton Prices

AN elementary fact that too often tends to be ignored in the avalanche of official exhortations and policies for holding the price line is that the price of any product or service is a function of cost and a reflection of the supply position. It, therefore, follows logically that, in order to bring down prices, *costs of production must be reduced* and supply increased. Unless this is done, nothing can stop prices from rising even in a controlled market. The cure for rising prices is, therefore, apparently simple—cost reduction and higher production—though it may be difficult to administer it in practice. Measures that enhance cost and restrict production are inconsistent with the policy of holding the price line. It is, perhaps, this simple logic that has prompted the Committee of Experts (headed by Dr. S. K. Muranjan), appointed by the Ministry of International Trade early last year, to suggest that, in view of the prevailing high price of raw cotton, measures should be taken to stabilise cotton prices. Extensive extracts from the Committee's report in respect of cotton textiles have appeared in a section of the Press. It is not clear from these extracts whether the Committee investigated the other elements in the cost structure of the cotton textile industry, that is, other than raw materials, and if so what other suggestions it has made. So far as cotton is concerned, the Committee is reported to have pointed out that one of the main reasons for the continuing high price of cloth is the high price of cotton. It has found that Indian cotton prices are very much higher than world prices. An economic and stable price for raw cotton, in its opinion, is of crucial importance to the competitive success of Indian cotton textiles in foreign markets.

The Committee feels, and rightly so, that, as a producer of coarse and medium varieties of cotton, India has or should have an advantage over its competitors, who depend on imports for raw materials, both from the standpoint of domestic consumption and exports of yarn and cloth produced from these cottons. The extent of the advantage would depend in an appreciable measure on the prices of these varieties as compared with the prices of cotton abroad. It is, therefore, important, according to the Committee, to examine whether the floor and ceiling prices fixed for cotton are reasonable. It is but proper and inevitable, the Committee maintains, that prices of comparable cottons in India and abroad should rule at the same level when a free market, however regulated, exists.

Proceeding from this basic assumption, the Committee makes a comparative study of the prices of American and equivalent Indian cottons. It points out that the American middling one inch cotton, for which the U.S. Government declares support prices, has its nearest counterpart in Indian Cambodia B cotton which has an identical staple, namely, one inch. The American support price for middling 1 inch cotton works out to Rs. 1,240-Rs. 1,250 per candy of 784 lbs., as compared with the floor and ceiling prices of Rs. 911 and Rs. 1,325 per candy for Cambodia B. It will thus be seen that the Indian ceiling price is higher than the American support price. It may be noted here that, in view of the shortage of cotton existing in this country, the ceiling prices more often than not turn out to be the actual market prices. Indeed, sometimes they even rule above the ceilings also as has been the experience in the last few seasons.

The bulk of mill consumption of Indian cotton, about 73.5 per cent, is accounted for by cotton having a staple length of less than 28/32". Cotton with staple length one inch and above forms only 10 to 11 per cent of total mill consumption. Yet, the Committee points out, the average of ceiling prices of the major 26 varieties of cotton, with staple lengths ranging from 25/28" to 1", weighed by their respective share in mill consumption during 1962-63, is as high as Rs. 1,127 per candy. This has led the Committee to the conclusion that, unless the ceilings fixed for the medium staples are unduly high, the weighted average could not amount to such a high figure as Rs. 1,127, as against the ceiling price of Rs. 1,325 per candy for the comparatively longer staple Cambodia B cotton.

In the opinion of the Committee, there is further reason to believe that the floor and ceiling prices of Indian cotton are higher relatively to the prices of American cotton. Thus, it points out, one of the most inferior Indian varieties, Mogiai Jarilla 25/32", has a staple length one point lower than the shortest staple American cotton (26/38"). The longest staple Indian cotton Cambodia A has a staple length of 1.1/32" which is very much lower than the best American cotton 1.8/32". Yet floor prices for these two Indian cottons are allowed a difference of Rs. 463, as against the American minimum price difference of Rs. 229.5 per candy only. This is even more true of ceilings, says the Committee. Jarilla and Cambodia have ceilings which differ by as much as Rs. 528, whereas the difference between the highest prices of the shortest and longest staple American cottons is only Rs. 50.4.

Even when the disparity between the floor and ceiling prices is compared with that between the ruling minimum and maximum market prices in the U.S., it is found, according to the Committee, that the trading margins allowed in this country are high. Floor and ceiling prices (average), with such wide disparity as Rs. 747 and Rs. 1,127, have become necessary, because, unlike in the U.S. where the C.C.C. stocks and price supports act as a cushion, a forward market has been allowed to exist in this country without any stabilising agency entrusted with the responsibility of holding the price line in the interest of the consumer and exports. The Committee concedes that the cotton situation in the U.S. and India are basically different, with the haunting fear of unwanted surplus in the former country and the danger of shortages and prices piercing the ceilings in the latter. Even so, in the interest of domestic price policies and exports, the need for a reasonable and stable price for raw material cannot be overlooked. Whether a forward market in cotton has any healthy function to perform in the context of persistent shortages and continuous upward pressure on prices is quite a separate matter, opines the Committee. But it presumes that the present basis of the hedge contract, namely, Moglai Jarilla 25/32" staple, which is an inferior and non-representative variety, has much to do with inflating both the floor and ceiling prices of cotton.

That Indian cotton prices are above world parity is a fact well known to mills in India for quite some time now. And the high price of cotton has been one of the significant factors that have contributed to the high domestic and export price of cloth, because raw cotton accounts for more than 50 per cent of the cost of production of cloth. Instead of trying to bring down cotton prices, official policy has been pegging cotton prices at higher and higher levels under pressure from growers, or more correctly, from the self-appointed champions of growers' interest. The Government has succumbed to this pressure partly because of political expediency and partly influenced by the hope that high price will bring forth higher production. This hope has not materialised and the resultant situation of high prices and persistent shortage, along with high taxation and restriction on mill production, has undermined the export trade in cotton textiles. It is to be hoped that the Committee's report and the suggestions contained therein would induce some rethinking on cotton price policy and lead to an eventual readjustment of cotton prices to more reasonable levels.

"Musco": An Attractive Long-term Issue

Due to open for subscription on Tuesday next (14th January) is the Rs. 1.57-crore public issue of Mahindra Ugine Steel Company Limited (Musco for short), an enterprise launched jointly by Messrs. Mahindra and Mahindra Limited and the Societe Inde-Ugine of France for the manufacture of alloy and special constructional steel. The issue, which has been fully underwritten, consists of Rs. 1.07 crore in equity shares (of Rs. 10 each) and Rs. 50 lakhs in preference shares (9.3 per cent cumulative redeemable shares of Rs. 100 each). The public issue of Rs. 1.57 crore will meet roughly one-fourth of the aggregate estimated capital outlay of Rs. 6.50 crores, including a foreign exchange component of Rs. 2.6 crores. The balance of Rs. 4.93 crores will be met by a loan-cum-investment of Rs. 1.50 crore (investment proper is Rs. 40 lakhs) from the International Finance Corporation, a foreign exchange loan of Rs. 65 lakhs from the I.C.I.C.I., a rupee loan of Rs. 1.50 crore from the I.F.C. of India, deferred payment facilities amounting to Rs 25 lakhs, a direct investment of Rs. 40 lakhs by the French firm, and Rs. 63 lakhs from the House of Mahindras and its associated companies, staff and shareholders. Details of the issue are given on pages 50 and 51 of *Commerce*. A perusal of these details will clearly indicate how attractive this issue is from the point of view of investors. It is true that investors will have to wait for a few years before getting a return, as the promoters of the project themselves say that their factory, proposed to be built at Khopoli, about sixty-five miles from Bombay, will commence operation only by the middle of 1966 and go into full production a year later. But such waiting will doubtless be amply rewarded, considering that the project is a sound and well-conceived one, with great growth potential. Some of the highly attractive features of the project are as follows:

1. The products of the factory, namely, chromium, nickel, manganese, molybdenum and vanadium alloy construction steels will have a ready market. For so vast is the demand for these steels which are widely used in the manufacture of aircraft, locomotives, automobiles and machinery parts where higher strength and elastic properties, coupled with higher ductility, are required. They also form one of the essential raw materials for the armament and defence-oriented industries. The estimated annual demand for constructional steels is put at 100,000 tons by 1965-66 and double this quantity by 1970-71. The annual licensed capacity of the Musco's plant is 25,000 tons of ingot steel or about 18,000 tons in terms of finished steel.

2. One can reasonably expect economic operation of the factory with special emphasis on quality. For the construction and operating phases of the project will have comprehensive engineering and technical services and know-how rendered by Ugine of France which has more than fifty years' experience in the manufacture of construction steel. The French firm enjoys a world-wide reputation for the quality of their products.

3. The factory will have easy accessibility by road and rail, besides being close to the industrial consuming centres. What is more, it is assured of adequate power and water supplies.

4. Plentiful supplies of melting scrap, the most important raw material for the production of alloy and special steel by electric furnace, are available. As for other items, some are indigenously obtainable, while some need to be imported till such time as indigenous capacity is developed.

5. The Company is in the hands of a competent Board of Directors, including Mr. Harish Mahindra (Chairman), Mr. H. V. R. Iengar, Mr. Madan Mohan Mangaldas, Mr. Keshub Mahindra, and the Maharaja of Jaipur.

6. The Company will have tax benefits such as a tax holiday for the first five years, development rebate, and concessions in super-tax on dividends and S.P.T.

7. The distribution of the Company's products will be in the hands of Mahindra and Mahindra Ltd. (the sole selling agents) which, as is well known, has long experience in steel trade.

So much about the investment merits of the Musco project. One cannot, however, envisage the profit-margin of this Company, for much will depend on the fiscal and pricing policies of the Government at the time the Company goes into production. But there is no doubt that the project is of considerable importance for the economy of the country as a whole. The production will help meet a part of the growing demand for alloy constructional steels that India cannot afford to import because of the shortage of foreign currencies. The annual turnover of the Company's output, when normal production is attained, is expected to be of the order of Rs. 4 crores which is certainly not an insignificant figure in terms of the foreign exchange savings to the country.

Chemicals And Fibres' Capital Issue

One of the notable companies to enter the capital market in the new year is the Chemicals and Fibres of India Ltd. (C.A.F.I.). The Company, which was formed in 1961 to undertake the manufacture of synthetic fibres, plastics, dyestuffs and other chemical products, has offered 625,000 equity shares of Rs. 10 each for public subscription. The list will open on 20th January 1964 and close on the 25th or earlier but not in any case earlier than 22nd January. The mode of payment is Rs. 2.50 per share on application and Rs. 7.50 per share on allotment. Application must be for a minimum of 50 shares of multiples thereof.

The authorised capital of the Company is Rs. 10 crores in 10,000,000 equity shares of Rs. 10 each. The issued capital is Rs. 2.50 crores; of this, the Imperial Chemical Industries Ltd. of Britain, the parent company, will contribute Rs. 1.50 crore or 60 per cent of the capital in pound sterling which will be used to pay for the plant, equipment and design charges. The Life Insurance Corporation of India takes up Rs. 12.50 lakhs. The Directors and employees of the Company have agreed to take up Rs. 25 lakhs. The balance of Rs. 62.50 lakhs represents the present offer to the public. The issue has not been underwritten in the strict sense of the term, but the Imperial Chemical Industries (India) Private Ltd. has agreed to take up, without any commission, any of the shares not subscribed by the public. The Company has a seven-member Board of Directors, with Mr. A. R. Foster, Chairman and Managing Director of I.C.I. (India) Private Ltd., as Chairman. There are two Indian Directors on the Board, namely, Mr. Neville Wadia and Mr. N. R. Pillai.

The capital outlay on the project, including the cost of land, buildings, plant, equipment, machinery, etc., is estimated at Rs. 5.85 crores which will be met by the equity capital of Rs. 2.50 crores, a loan from the Life Insurance Corporation of India of the order of Rs. 1.50 crore and borrowings aggregating Rs. 1.85 crore from the British Bank of the Middle East. The first plant will be for manufacturing polyester staple fibre for which there is a great and growing demand in the country. At present, import of polyester fibre manufactured by I.C.I. of Britain and marketed under the name "Terylene," is severely restricted and therefore locally manufactured polyester fibre is expected to find a ready and expanding market in the country. A much larger demand than the present licensed capacity of the Company of 4.5 million lbs. is said to be in existence in the country and plans for a substantial increase in capacity have already been formulated. Technical assistance is being provided by the parent company. Construction of the plant is now well under way at the Company's 220-acre site at Thana, near Bombay, and production is expected to commence in the first half of 1965. Investors in this issue may not, therefore, have to wait for long to get a return on their capital, if everything goes well according to schedule.

Ambika Silk's Silver Jubilee

On the occasion of the Ambika Silk Mills' Silver Jubilee, the management can certainly look back with justifiable pride and look forward with considerable confidence. We say "justifiable pride" because the Company has, during the twentyfive-year period of its existence—it was incorporated on 11th January 1939—not only expanded but also diversified production of art silk, nylon and terylene fabrics. Such expansion and diversification have been achieved through (a) increase in the number of looms from 200 to 300, (b) installation of latest type machinery (including warp knitting looms), and (c) establishment of an efficient printing department. The progress is fully reflected in the highly encouraging results of the Company for the past few years. Between 1939 and 1953, the share capital of the Company has risen from less than Rs. 3 lakhs to Rs. 25 lakhs, sales and processing service charges from Rs. 1.21 lakh to Rs. 2.21 crores and gross profit from just Rs. 22,702 to as much as Rs. 31.35 lakhs (for the year 1962). The gross block of the Company as at the end of 1962 stood at Rs. 50.46 lakhs, as against Rs. 4.70 lakhs in 1939. The shareholders of the Company have benefited greatly from the progressively rising rate of dividend which for the year 1962 was 20 per cent (subject to tax), as against 4 per cent distributed for the year 1941.

(*Continued on page 72*)

TREND OF SHARES

OPERATORS CAUTIOUS

(From Our Own Correspondent)

BOMBAY, 9th January

THE Stock Exchange greeted the New Year in an atmosphere of hesitancy and uncertainty. Caution was the keynote of trading, as the market had not fully recovered from the shocks administered on Tuesday, 31st December 1963, by the Congress Working Committee's draft resolution which, *inter alia*, envisaged a ceiling on income, inherited wealth and urban property and a larger share for the State in capital gains and unearned income. Apprehensions that this resolution would be adopted in the Congress session at Bhubaneshwar caused nervousness in the bull camp during the holidays and provoked long liquidation at throw-away prices in the kerb dealings. The losses would have been heavier but for a sudden change in the market sentiment on the concluding day of the account on Friday last. Although a landslide in prices was averted, confidence was by no means restored. It is needless to emphasise that the new uncertainties would nullify the good effects of certain recent moves of the Finance Minister such as the decontrol of 16 commodities.

Fears of nationalisation of banks was another factor which undermined the sentiment and frightened genuine investors out of the market. This resulted in some selling pressure in bank shares and adversely affected the insurance section also.

The only question on which attention continued to be focussed was this: What concrete steps would be taken by the Government to implement the objectives of democratic socialism? Marketmen soon realised that an answer to this question could be found only in the budget for 1964-65 due to be presented on 29th February next.

In refreshing contrast to past experience, some aggressive buying was in evidence on the last day of the last settlement. Undeterred by the prevailing uncertainties, leading operators lent effective support to the speculative favourites such as Tata Steel, Century, National Rayon and Tata Engineering. In doing this, they were encouraged by the growing belief that the Government would hesitate to take any drastic steps which would have the effect of retarding the pace of industrial development. The improved sentiment was also attributed to a substantial increase in the output of steel registered by T.I.S.Co. and I.I.S.Co. during the past month and reports of revival of U.S. investors' interest in the Indian market.

From the technical point of view, it would appear that market has become healthier, as the marginal bulls have been weeded out in the recent nervousness engendered by the trend of discussions on the Congress resolution. This was amply reflected by the encouraging behaviour of the market since the beginning of this week with a few shares like National Rayon and T.E.L.Co. and Tata Chemicals hoisting fresh peaks.

In unofficial dealings late on Tuesday, however, anxiety over the Prime Minister's health caused a jitter and values suffered a small jolt only to recover fully in Wednesday's official session on reassuring reports that, after feeling very tired and weak, the Prime Minister was quite cheerful and in good spirits. Again, after the close of the market on that day, values receded in kerb trading following unfounded adverse rumours about Prime Minister's health. On Thursday, the markets opened higher due to short-covering by the overnight speculators, as the rumours turned out to be false. A part of the resultant gains were, however, wiped out towards the close, as there was no follow-up buying and operators preferred to keep their commitments light. The Finance Minister's determined opposition to the leftists' demand at the Bhubaneshwar session of the Congress Party for nationalisation of banks and certain other industries also helped the stock exchanges to close on a steady note. As compared with the closing rates for 1963, the list as of Thursday this week shows a sprinkling of modest losses and gains.

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Scripwise, National Rayon, T.E.L.Co. and Tata Chemical were particularly outstanding during the week under review, inasmuch as all the three of them scaled new peaks of Rs. 439.50, Rs. 306 and Rs. 19.72 during the week. Among the favourites, Steels were conspicuously firm on continued speculative support aided by the substantial improvement in the output figures of steel for the past month. Tata Ordinary were lifted up higher to Rs. 147.50 and India Iron to Rs. 25.10, as against Rs. 144.50 and Rs. 24.88 last week. Century and Kohinoor were likewise pushed up at one stage to Rs. 694 and Rs. 343 before receding to Rs. 681 and Rs. 339.50 at the end of the week, as against Rs. 665.50 and Rs. 330.50, respectively, a week before. Indian Dyestuff and Colour-Chem, however, recorded losses of Rs. 5 and Rs. 7.50 to finish at Rs. 332.50 and Rs. 352.50 after advancing in the mid-week to Rs. 347.50 and Rs. 356.25. The cash list presented a more or less dull appearance, as investible funds were being conserved for participation in a spate of new issues entering the capital market in the current month. Popular favourites like Baroda Rayon, South India Viscose, Synthetics and Chemicals, Kirloskar Cummins, Associated Bearing and Sandvik Asea eased on disinvestment selling.

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Reports from Bombay were mainly responsible for maintaining a steady trend on the Calcutta Stock Exchange during the week. Trading was, however, dull and featureless and share values, after registering a general decline on Monday, staged a moderate recovery as the week progressed. Selected speculative counters regained considerable ground under the leadership of India Iron and Hind Motors, Orient Paper, India Aluminium, Guest Keen William and Texmaco followed suit and recorded welcome gains over the week. In the cash section, selected jute and miscellaneous industrials such as Angelo, Imperial Tobacco, J. K. Synthetics, Aluminium Corporation, Indian Carbon, Alkali, Goodyear and Universal Cables attracted attention and showed a hardening trend. After remaining sluggish for sometime, Teas met with selective support.

* * * *

Trading on the Madras Stock Exchange was dull and unexciting. There was a slackening of buying inquiries and business was restricted only to the popular scrips. A redeeming feature was the steadiness of planting shares, which met with moderate absorption but only at lower rates. Selected textiles such as Madura and Travancore Rayons showed to advantage on some demand reflecting a revival of confidence on the part of investors. In contrast to this, South India Viscose were a soft feature under the weight of special selling. Enquiries for Mettur Chemicals, Ashok Leyland and Aluminium Industries were meagre and made no significant impact on their value.

ANOTHER VENTURE OF ANDHRA SUGAR

The Andhra Sugars Ltd. has announced the launching of a new venture to set up three plants for producing annually 9,900 tons of caustic soda, 6,330 tons of chlorine and 2,600 tons of hydrochloric acid. The combined outlay on these plants is estimated at Rs. 214.17 lakhs. The major part of the outlay is proposed to be met by a loan (of Rs. 140 lakhs) from the Industrial Finance Corporation, deferred payments (Rs. 28.75 lakhs), and internal resources (Rs. 32.42 lakhs), so that the amount raised by way of public issue will be only Rs. 13 lakhs in 100,000 equity shares of Rs. 10 each at a premium of Rs. 3; the issue will open for subscription on the 20th inst.

Although the I.F.C. loan is sizable and entails heavy interest payments, the Company has preferred it to larger public issue apparently because of two considerations. One is that the Company may be hopeful of repaying the I.F.C. loan at the earliest so as to obviate payment of heavy interest charges. It is already operating a sugar factory with a daily cane-crushing capacity of 1,250 tons, as well as sulphuric acid, industrial alcohol, and acetic acid and acetic anhydride plants. The gross income earned by the Company during the year ended September 1962 amounted to Rs. 2.81 crores and the profit-margin (ratio of gross profit to sales) was 20 per cent, the rate of dividend distributed being 16 per cent. The second consideration seems to be that the Company wants the benefit of expansion schemes to be enjoyed more by existing shareholders than by new investors. It may be noted here that the managing agents and friends of Andhra Sugar are holding nearly 70 per cent of the total capital of Rs. 69.97 lakhs (as of 30th September 1962).

Whatever the considerations, in view of good growth prospects and capital appreciation and also of the fact that the amount of public issue is small, the public response to the issue will doubtless be highly encouraging.

DENA BANK DOES WELL

As usual, Dena Bank is the first among the Bombay banks to announce the results of its working during the year ended December 1963. The results are quite gratifying, in that they show an improvement of Rs. 2.51 lakhs to Rs. 26.60 lakhs in net profit after providing for taxation but before making provision for bonus to staff. The improvement may no doubt appear small, but it must be remembered that, in the year 1962, the Bank had suffered a setback of Rs. 5.57 lakhs in profit. The rise in profit should also be judged against the background of larger interest payment on deposits—the total of deposits went up from Rs. 51 crores to Rs. 59 crores—enhanced salaries for staff, and additional expenditure incurred on the establishment of 17 new branches, bringing the total to 129 branches. The aggregate advances made available by the Bank to its clients spurted from Rs. 31.74 crores to Rs. 38.75 crores and working funds from Rs. 55.34 crores to Rs. 65.00 crores.

The profit of Rs. 26.60 lakhs, together with the Rs. 3.19 lakhs brought in from the previous year, gives a total of Rs. 29.79 lakhs available for distribution. The proposed dividend, including the final 3 per cent, is higher at 12 per cent, as against 11 per cent a year before. As the enhanced dividend is on a higher capital base for the whole year, the amount required for making it is larger at Rs. 12.00 lakhs, as against Rs. 6.90 lakhs a year before. The bonus to staff also takes up a bigger amount, namely, Rs. 6.00 lakhs, as against Rs. 4.50 lakhs. Consequently, the amount transferred to reserve funds is lower by Rs. 13 lakhs at Rs. 10 lakhs.

UNITED BANK PAYS MORE

The United Bank of India, too, has proposed the payment of a higher dividend (subject to tax) of 7½ per cent for the year 1963, as against 6 per cent distributed in 1962. This has been rendered possible by a handsome increase in net profit (after providing for taxation and bonus) from Rs. 21.20 lakhs to Rs. 26.39 lakhs. Of this profit, dividends alone will absorb Rs. 20.20 lakhs, the sum allocated to statutory reserves being Rs. 5.30 lakhs; the corresponding figures for 1962 are Rs. 16.08 lakhs and Rs. 4.26 lakhs, respectively. The net accretion to the deposit portfolio of the Bank was larger in 1963 than in 1962, being Rs. 7 crores, as against Rs. 5 crores; the total deposits at the end of 1963 stood at Rs. 72 crores.

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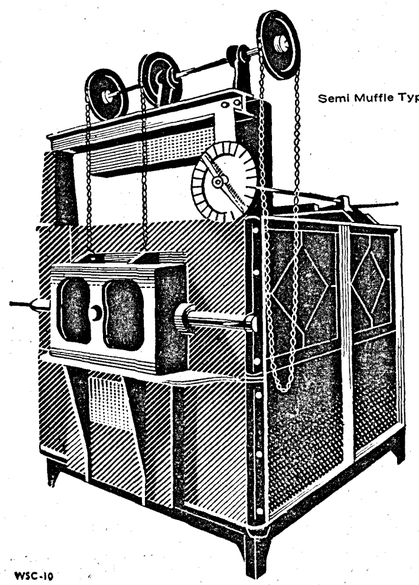

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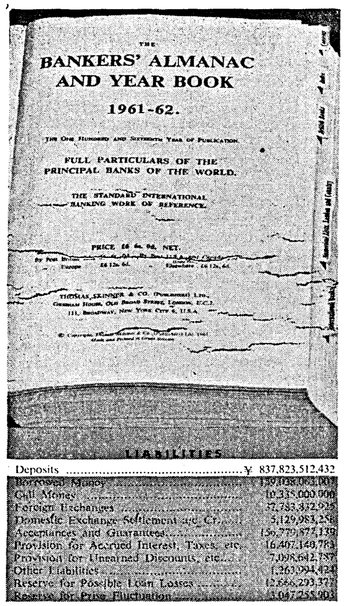

Deposits	¥ 837,823,512,432
Borrowed Money	139,038,063,000
Call Money	10,338,000,000
Foreign Exchanges	27,383,332,920
Domestic Exchange Settlement and C/C	5,129,983,258
Acceptances and Guarantees	156,779,877,139
Provision for Accrued Interest, Taxes, etc.	16,407,140,783
Provision for Unearned Discounts, etc.	7,098,642,787
Other Liabilities	1,363,994,424
Reserve for Possible Loan Losses	12,566,293,372
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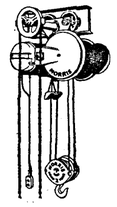

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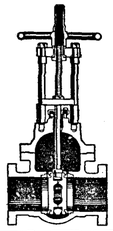

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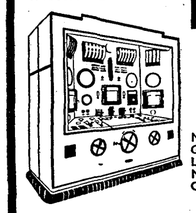

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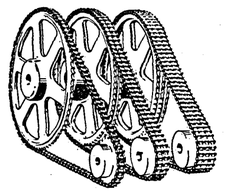

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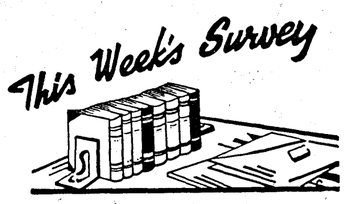

REPORT ON CO-OPERATIVE ADMINISTRATION

THE co-operative movement, which used to be mainly concerned with credit, has become so much diversified in recent years that it now covers several other fields of economic activity like joint farming, agricultural processing and marketing, sale of consumer goods, industrial production, housing and insurance. Thanks to such diversification, the responsibilities of the co-operative administration have become increasingly complex and difficult. That the Co-operative Departments in the States would need to be streamlined and strengthened for discharging their manifold administrative responsibilities has been recognised for some time now. But concrete measures towards this end are yet to be taken. It is in this context that the recommendations of the Committee on Co-operative Administration (Chairman: Mr. Vaikunth Lal Mehta), which was appointed in April 1963 in pursuance of a decision taken at the Lucknow Conference of State Ministers of Co-operation held in February 1963, strike one as quite timely. Whether these recommendations, just published in summary form, are also realistic and practical can only be broadly inferred, in the absence of the full report.

The Press summary, while referring to the Committee's recommendations for strengthening the staff of the Co-operative Departments so as to enable them to discharge their diverse promotional, as distinct from supervisory, responsibilities more efficiently, has highlighted the Committee's view that "any increase in the size of the Co-operative Departments should not lead to any interference in the day-to-day working of co-operative institutions, such as would adversely affect their freedom and autonomy." The expanded set up, recommended by the Committee in this connection, would have the Registrar in the elevated rank of a Commissioner, assisted by six functional advisers or joint registrars for audit, banking and credit, co-operative marketing and processing of agricultural produce, industrial co-operatives, co-operative farming and consumers' co-operative stores. At the divisional and district levels, too, there are to be full-fledged officers to represent the Co-operative Department. It may be conceded, as Sir Malcolm Darling had stated in his report on certain aspects of the co-operative movement in India (1957), that special staff would be needed to enable the large areas, which are co-operatively undeveloped, to keep pace with the Plan. Given thus the need for strengthening the co-operative staff and the even greater need for vigilant supervision and efficient, as also continuous, audit of various types of societies, it may not be possible entirely to avoid departmental interference in the day-to-day affairs of co-operative institutions. Perhaps, it would be easier to avoid needless administrative interference, if one key recommendation made by the Committee can be implemented expeditiously. This recommendation is to the effect that the primary credit societies, which are now subjected to departmental supervision in some States and to the institutional supervision of central financing agencies in some others, should come to be supervised by central banks uniformly in all the States and that the supervision of all other co-operative societies should be transferred to appropriate federal co-operative agencies. This salutary approach is, incidentally, in conformity with the following view of the Rural Credit Survey Committee:

> "Supervision of primary societies should be invariably regarded as the legitimate function of the financing banks. They are well fitted for this role because of the intimate relations which may be expected to exist between them and the societies. Besides, as financiers of the societies, they have to safeguard their own interests and ensure the soundness of the operations of the societies. . . ."

This approach would involve, in the case of non-credit societies, too, the formation of federal co-operative bodies wherever they are not in existence and the transfer to them of some of the statutory powers of the Registrar of Co-operative Societies. Until such systematic arrangements are made within the co-operative sector itself, it goes without saying that supervision should continue to be the direct responsibility of the Co-operative Departments. The required amendments to the Co-operative Societies Act, it is needless to add, should not, however, be unduly delayed, if the co-operative movement is to be freed from excessive bureaucratic control and interference. Likewise, there is need for ensuring that extraneous forces, political or other, do not influence the working of co-operatives which are essentially business organisations. It is good that the Committee, while recognising this need, has particularly questioned the wisdom of any move to transfer to *panchayats* some of the powers in respect of co-operatives. It has done so on the ground that any such transfer of powers would impede progress towards the transfer of authority to federal co-operative agencies which alone could make the movement self-disciplined and self-regulatory. The Committee's view, incidentally, is broadly in line with the approach of the Damle Committee on Co-operative Policy (1959) which had pleaded for a clear demarcation of functions between the *panchayats* and the co-operatives for the simple reason that "the *panchayat* is primarily an administrative body which comprises all the people in the village and has revenue resources and tax powers, while the village co-operative is essentially a business organisation whose resources are largely based on contractual obligations." As a business organisation, it is only fair and appropriate that the co-operative society should be subjected to the business supervision of federal co-operative agencies and not to the supervision of *panchayats* with their inevitable local feuds and politics.

STATE FINANCIAL CORPORATIONS

What role do the State Financial Corporations play in the country's economy? Has the progress made by them in the past few years been satisfactory? Are there any special factors that are hampering the efficient working of the Corporations? And what should be done to ensure a quick expansion of the range and volume of their activities? For the answers to these posers, one has only to peruse the brief but forthright speech delivered by Mr. P. C. Bhattacharyya, Governor of the Reserve Bank of India, while inaugurating the tenth conference of the representatives of State Financial Corporations at Bangalore last week-end. The points made by him certainly deserve the urgent consideration of the Corporations, if they "are to make a real impact on the process of industrialisation that is going on in the country. These Corporations, by the way, are considered to be "the most important instruments" for accelerating the pace of development of small- and medium-scale industries.

The State Financial Corporations, it will be recalled, have been functioning for various periods in different States since 1953. Ten years may be a short period to judge whether the Corporations have fulfilled the objectives for which they were set up, especially because of the teething troubles experienced by them and the dislocation caused by the reorganisation of States. But even after fully allowing for these troubles, the progress made so far has been rather slow. Candidly enough, Mr. Bhattacharyya said: "We cannot feel entirely satisfied, particularly *when what has been done is viewed against what needs to be done.* This has been a matter of concern to all of us for some time." He attributed the poor progress to four major impediments. They are: (1) Lack of adequate resources; (2) absence of suitable climate for undertaking underwriting business; (3) excessive caution owing to inability to build up adequate reserves; and (4) implications of the scheme of guaranteed dividends as applicable to the Corporations. The lack of foreign exchange resources of their own has also limited, according to Mr. Bhattacharyya, their business. The fact that a considerable part of the business of small-scale units is being handled by the National Small Industries Corporation, which has been supplying machinery on hire purchase, has been another factor responsible for the unimpressive progress of the State Financial Corporations.

The aforesaid factors, we are told, have been dealt with by the Working Group set up by the Reserve Bank—the report of the Group has still not been released to the public—and the Group has offered various suggestions, short-term and long-term, for improvement. Assuming that these suggestions are practical, they deserve to be implemented energetically and that without much delay. In particular, there is the urgent need for strengthening the resources position of the Corporations. Mr. Bhattacharyya felt that certain further measures of positive assistance should be accorded to the Corporations, but he did not spell out clearly what these measures were. The grant of such assistance can certainly be obviated if the Corporations themselves take steps to acquire more resources by, say, strengthening the capital base and tapping the source of deposits from the public. Meanwhile, the improvement in the resources of the Refinance Corporation for Industry and the establishment of the proposed Development Bank will doubtless help the flow of funds to the Corporations.

A mere increase in the resources of Corporations is, of course, of no avail. What is more important is the utilisation of these resources wisely and profitably. Unless definite steps are taken to augment the business of the Corporations, their subvention liability to the State Governments—the total of this liability now stands at Rs. 1.62 crore—would, as Mr. Bhattacharyya warned, continue to grow, mortgaging their future profits. The lending operations of the Corporations must be of a judicious nature, for, otherwise, the Corporations will incur heavy losses as a result of payment defaults. The working results of some Corporations for the year 1962-63 reveal a number of defaults. Naturally enough, Mr. Bhattacharyya was prompted to urge maintenance of close contacts with borrowers after the disbursal of loans.

A noticeable feature of development banks abroad is the relatively greater freedom enjoyed by their managements in deciding upon the nature of securities which borrowers must furnish for term loans. Recalling this, the Reserve Bank Governor stated that it was now appropriate to examine whether, in India also, the existing provisions of the statute governing the State Financial Corporations are not unduly restrictive. If there are any such restrictions, they must be relaxed forthwith. It is, however, necessary to mention that this step should not lead to the employment of resources in risky ventures, thereby jeopardising the safety of funds belonging to the State and the public. Mr. Bhattacharyya did well, indeed, to emphasise this important aspect.

ROLE OF TECHNOLOGISTS

A technologist, as distinct from a scientist or a laboratory researcher, is one who plays a crucial role in the practical (commercial) exploitation of the results of scientific and industrial research. Especially in the current technological revolution associated with the growth of nuclear energy, complex chemicals, electronics, plastics and other science-based industries, he plays an even more significant role by integrating science with industry. Technologists as a class, particularly in a developing economy like India's, are also expected to act as innovators in relation to industrial development by (1) adapting engineering processes and practices to the country's resources and requirements, (ii) extending technical know-how gained in a particular branch to allied fields and (iii) applying the processes developed in laboratories for commercial manufacture. It would be interesting to examine whether technologists in India have acquitted themselves creditably so far in the discharge of these three functions. Most revealing in this context is the 12th Pandya Memorial Lecture delivered by Mr. G. L. Mehta, Chairman, Industrial Credit and Investment Corporation of India, at the Annual Convention of the Indian Institute of Metals held on the 3rd instant.

While dealing first with the adaptation of processes and use of raw materials to suit Indian conditions, Mr. Mehta has driven home the point that it is the responsibility of technologists to improvise and fabricate machinery in India and use indigenous raw material so as to curtail capital goods and raw material imports. But, according to Mr. Mehta, Indian technologists, working even in well-established fields, are still not actively engaged in the development work of adapting and perfecting new processes aimed at conservation of resources. Three telling examples of little or no technological progress are to be found in the following passage of Mr. Mehta's lecture:

> "Our paper industry is still dependent on bamboo as raw material which would sooner or later be inadequate to meet the increasing demand for paper, and yet insignificant development work seems to have been done in regard to the use of bagasse for the purpose. Our rayon industry has now come of age, but we have yet to develop the technology for making rayon grade pulp which is at present imported. We are still importing large quantities of zinc required for galvanising certain steel products, while its substitution by the process of aluminising remains only a vague idea."

Extension of know-how from the established fields to new ones should also be increasingly possible. For instance, the experience gained by Indian technologists in steel plants should be of use in establishing independent pig iron plants and in developing the technology for producing alloy steel. Again, the technical know-how gained in the fairly well-established dyestuff and plastics industries should be of use in the development of intermediates. Likewise, welding techniques learnt during the establishment of a large number of plants should make it possible for us to take up fabrication of process plants ourselves. That not much technological progress has been made in such fields is clear from Mr. Mehta's emphasis on the possibilities for the extension of know-how over a wider field of industry. In so far as adoption of laboratory research for commercial production is concerned, it is a painful fact that the industrial fruits of research work in the National Laboratories have been slow to materialise. Here, again, it is expected of the technologists to bridge the gap between laboratory results and their commercial exploitation. A practical suggestion made by Mr. Mehta, in this connection, is that technologists working in industries should also be associated with the research institutions in order to ensure the commercial orientation of industrial research. Indian technologists have thus before them *some unique opportunities for creative endeavour.*

RURAL SAVINGS AND DEBTS

Some revealing light on the pattern and trend of debts, borrowings, assets and investments in the rural household sector is thrown by a survey conducted by the Reserve Bank of India last year. The main findings of the survey have been published in the latest (December 1963) issue of the *Reserve Bank of India Bulletin.* The survey was carried out in an overall sample of 2,057 villages, spread over all the States, and covered the period July 1961 to June 1962. It was found that nearly three-fourths of the rural households were cultivators, the proportion varying from 59 per cent in the Punjab to 91 per cent in Jammu and Kashmir. Cultivators were predominant in the States of Bihar, Madhya Pradesh, Rajasthan, Kerala, Uttar Pradesh and Jammu and Kashmir while non-cultivators accounted for a sizable portion of the rural community in Madras, Andhra Pradesh, Gujarat, West Bengal and the Punjab.

The average value of recorded assets per rural household ranged from Rs. 3,115 in Assam to Rs. 10,482 in the Punjab, the all-India average per rural household being Rs. 5,358. The average value of assets owned by non-cultivators, at Rs. 1,678 per household for all India, was much lower than that of cultivators, namely, Rs. 6,696 per household. The explanation for this disparity, which was particularly marked in Kerala and Maharashtra, is that artisans and other low income groups formed a large proportion of the non-cultivating households.

The survey also revealed that quite a large proportion of households, nearly 62 per cent of the total, to be precise, reported outstanding loans in cash at the end of June 1962. The proportion was more than 50 per cent in all States except Assam and Orissa. In Mysore, Rajasthan, Madras and the Punjab the proportion exceeded 70 per cent. The average debt per reporting household was about Rs. 654 for all rural households. Rs. 719 for cultivator households and Rs. 429 for non-cultivator households. Debts per acre of cultivated holdings exceeded Rs. 100 in Madras, Kerala, Andhra Pradesh and Bihar. Measured as percentage of the value of total assets, the incidence of debt was less than 5 per cent in Assam, Orissa, Jammu and Kashmir and Kerala. In Madras, Rajasthan, Mysore and Andhra Pradesh, this proportion exceeded 9 per cent.

Nearly 50 per cent of the rural households reported borrowings during the year under survey. State-wise, the proportion was relatively low in Assam and Orissa, being only 20 per cent. The proportion was highest in Rajasthan where it exceeded 70 per cent. In other States, the proportion varied between 40 and 60 per cent. The average amount borrowed per rural household was about Rs. 180, the averages for cultivators and non-cultivators being Rs. 205 and Rs. 111, respectively. Repayments averaged about Rs. 90 per household, that is, about half the amount borrowed. The proportion of repayments to borrowings was around the all-India figure in most of the States.

Fixed capital formation in farm business, non-farm business and housing was estimated at Rs. 50 per rural household. Farm business and house construction together accounted for the major part of the fixed capital formation; the former contributing Rs. 24 and the latter Rs. 22 per household. Fixed capital formation in non-farm business was negligible at Rs. 4 per rural household. Among individual States, fixed capital formation per rural household was comparatively low, ranging from Rs. 25 to Rs. 30 in the States of West Bengal, Bihar, Madhya Pradesh, Orissa and Assam, while, in all other States, it was above Rs. 40. Fixed capital formation in farm business was comparatively high in Gujarat, Madras, Mysore and Maharashtra but very low in West Bengal, Bihar and Madhya Pradesh, while capital formation in house construction was more important in the Punjab, Rajasthan, Kerala and Jammu and Kashmir.

The foregoing account covers, as already mentioned, only some of the more important findings of the survey. The mass of statistical data thrown up by the investigations have yet to be tabulated and it is therefore difficult to interpret the causes of and relationship between the changes in the debts and assets position recorded by the survey. A comparison with earlier estimates is also not possible, because *the required adjustments for differences in* concepts, definition, coverage, etc. are not possible. However, when the tabulation and analysis of the data are completed, a fuller and clearer picture of rural debts, savings and investments would emerge.

LABOUR RELATIONS IN ROURKELA

Despite frequent labour troubles, which are attributed to non-observance of labour laws, and which have contributed substantially to the unsatisfactory performance of the Rourkela steel plant, the management of the plant has in the past vehemently denied that there is anything seriously wrong with labour-management relations in the plant or in the treatment of workers. The management has in fact been very touchy about criticism that labour laws are not being strictly observed in the plant and has tried to create the impression that such criticisms are deliberately made by interested parties to discredit the "fair image of the public sector." The claims of the management have, however, failed to carry conviction, as they have not been borne out by actual experience. Labour troubles in the plant have been too frequent to justify the conclusion that the situation is as favourable as the management wants one to believe. In this context, the report that Mr. W. Solveen, a high official of the W. German Economics Ministry, will shortly be coming to India to make an on-the spot study of the labour situation in the steel plant is significant. It is not known whether Mr. Solveen has been asked by the plant's management to make the study or whether he is being sent by the W. German Government itself in view of its close association with, and stake in the success of, the Rourkela plant. According to one report from Bonn, Mr. Solveen's study has been sponsored by the W. German Government, because of its anxiety to see that normal labour relations are restored and the plant's working improves. In any case, the fact that such a study has been found necessary or desirable speaks volumes for the actual situation prevailing in the plant. Mr. Solveen, who has made a thorough study of the plant and the causes of its unsatisfactory performance during his three earlier visits to this country, should be able to assess the shortcomings in personnel policies that have caused frequent troubles and to suggest suitable reforms in this regard. Their implementation would, of course, rest with the management. This it can do only if it sheds its self-righteous attitude and honestly ask itself whether it is or is not really at fault. If the boot is on the other leg, that is, if labour leaders are responsible for inciting workers to resort to go-slow tactics and other undesirable practices, the blame should be fixed squarely on them and suitable action taken. In any case, the country cannot afford the working efficiency of such a vital unit as the Rourkela steel plant to be impaired on any account.

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DELHI LETTER

DEFENCE PLANS GET BOGGED DOWN

SOME NEW NAVAL AND AIR FORCE FORAYS

From Our Special Correspondent

NEW DELHI, *7th January*

PLANS to strengthen the defence potential are also getting bogged down, like the Five-year economic development Plans. Nearly fifteen months after the massive Chinese attack on the North-East Frontier, there is still considerable groping about by Indian defence officials in a maze of plans for indigenous armaments manufacture. American and British promises in this field are by no means unlimited and some Western diplomats—fortunately not all of them—are developing a feeling of exasperation over the inability of the Indian administration to absorb at a fast pace the military aid already provided. Existing ordnance factories have done a commendable job in abandoning coffee percolators and in increasing production of military hardware and branching out into new items like automatic weapons. But a beginning has yet to be made with the six new ordnance factories which are planned to be set up. Equipment for the first of these new factories is expected to arrive from the United States in six months and it is hoped that the plant will be commissioned by the end of the year. This means that, despite all sense of urgency about a defence plant, the gap between the date on which a decision was taken to build the plant and the day on which the plant will begin production is two years! The plan for the six ordnance factories is quite feasible within a few years. The British are expected to help with the second ordnance plant and the third may also go up with American assistance.

The Indian arms shopping list, prepared by the Defence Ministry in the flash of danger following the Chinese attack, has long ago been dismissed by Washington as too ambitious. Apart from the unwillingness of the West to provide massive military assistance within the rules of non-alignment still in force in Delhi, there is the question of Indian administrative capacity to make use of aid. Not that the Americans or the British are ready to pour in a flood of aid. The annual American military supplies are expected to be pegged at Rs. 30 crores in the absence of further Chinese military action. It is possible the United States will be able to supply much of the equipment India wants from surplus stores. This will make the purchases cheaper too. Assistance from other Western sources may also be around an annual Rs. 30 crores. Britain, it is said, will have to fabricate hardware specially. This may mean delays but the equipment will be fresh from the factory.

Talks with Russians

Western allies agree with the Indian thesis that it will be excellent to persuade the Russians to continue to invest in aid for Indian defence against the Chinese threat. The West, having expressed unwillingness to provide supersonic fighters for the Air Force, the Russian supplies of and promises to help in the manufacture of MIG-21 crafts is welcome. Here again, the project plans are moving slowly. The Russians supplied six MIG planes last year, of which two have been lost in a crash a few days ago. Six more MIGs are to come this year. One reason for the delay in the setting up of plants to make MIGs is the Indian desire to make a plane more advanced than the MIG-21, so that the craft which may come out of the Indian factories are not totally obsolete when they are produced. Aeronautics (India) Limited has been formed with an initial capital of Rs. 25 crores to run the Nasik air frame factory and the engine factory at Koraput in Orissa. A third plant is to be built in Hyderabad to make the essential accessories for MIGs like electronic equipment and missiles. Details of this project are under discussion. Defence and Finance Ministry officials are expected to go to Moscow soon to discuss some remaining details of the Nasik and Koraput projects. There are whispers about difficulties over the financial arrangements. If the experience of Soviet dealings in military aid to other non-communist countries is any indication, the Russian terms of loans for military use will be much harsher than the terms of loans for economic development. Take, for instance, the Indonesian experience. Both the period of repayment and the rates of interest could be hard. In the case of Britain, the military assistance is a gift. The Americans are said to offer liberal terms—thirty to forty years—for repayment with virtually no interest. As in the case of economic aid, the Russians will accept 'rupee payment' which means exports of selected commodities. The Americans are also said not to insist on repayment in dollars; one way out is to create counterpart rupee funds which may again be lent back to the Indian Government for semi-military uses like building strategic roads.

Apart from the creation of more mountain divisions and modernisation of the armaments used by the army, another aspect of defence development is the conversion of the Indian Air Force into an all-jet fighting arm. More training facilities for this will be provided by Britain and the United States. The Indian Air Force has a fleet of Dakotas for transport work and the other planes in use include MIG-21s, Hawker Hunters, Mysteres, Ouragons, GNATs, Vampires, Canberras, Caribous, C-119 planes and Soviet-made turbo-transport. The helicopter fleet also has a variety, including the French Alouettes which are to be manufactured in the country.

Aircraft Manufacture

The origins of the Indian aircraft manufacturing industry go back to 1940, when, in collaboration with the Mysore Government, the late Mr. Walchand Hirachand established the Hindustan Aircraft Factory. HAL has played a significant part in the defence build-up.

Although started by a private entrepreneur, from the very beginning the factory had been under the control of the Defence Department. First, HAL launched a programme to make Curtiss-Hawk fighters, Vulteee bombers and Harlow trainers under licence. But, when the Second World War spread, the Government converted HAL into a base for overhaul of engines and planes used in the Far Eastern war sector. HAL did a commendable job in this field, and, when the country became free, HAL initially devoted itself into converting damaged aircraft into airworthy planes. Then, under licence, HAL began making Percival Prentice trainers for the Indian Air Force. HAL also assembled about one hundred Tiger Moths by 1951. In 1947-48 HAL had begun experimentation in designing its own plane and the result was the HT-2 trainer aircraft to replace the Tiger Moth. Numerous HT-2 planes were made and supplied to the Air Force, Navy, and flying clubs and some were also sold abroad. In 1950, HAL struck out into the jet field, taking a licence from De Havilland to make Vampire jet fighters. HAL made about 280 Vampires for the Air Force. In 1952, HAL separated its manufacturing and overhauling wings and set up a branch unit in Barrackpore to undertake the repair work.

In Supersonic Set

India joined the supersonic set in 1961, when HAL successfully test-flew the HF-24, a supersonic jet fighter designed and built in Bangalore. (The design team was led by a German employed by HAL.) While prototypes have been made and tested and a production range is understood be under way, HAL has still not broken the back of the problem of finding a suitable engine for the Mark II version of HF-24, which will be faster. The HAL break-through made India the first Asian country to make its own supersonic jet plane.

Simultaneously with the work on HF-24, HAL started manufacturing the GNAT transsonic lightweight jet fighter under licence from a British firm. For powering the GNATs and the HF-24, HAL has a contract with Bristol Siddley permitting it to make Orpheus engines but the advanced development of Orpheus engines was given up by the British and has resulted in problems for HAL. Suggestions for use of a Soviet engine on HF-24 were abandoned, because the Soviet engines were too heavy to be fitted into the HF-24 design.

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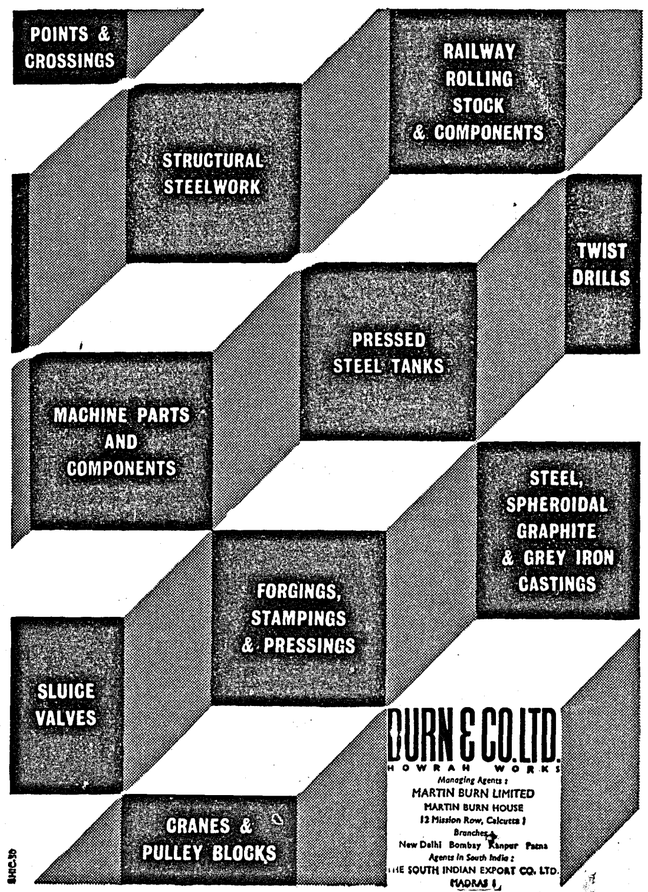

LONDON LETTER

PAYMENTS POSITION

(From Our Own Correspondent)

LONDON, *4th January*

THE year-end has brought both the formal results of the balance of payments to the end of the third quarter of 1963 and the latest movements right up to the end of December in the United Kingdom gold reserves.

On the first, there has turned out to have been—as long anticipated—an overall deficit on the current balance as against surpluses in each of the three preceding quarters. On the other hand, the deficit was not as great as that in the third quarter of 1962 and, since the third quarter is always payments-wise the worst of the four, the figures just published are in effect reassuring rather than the reverse. The following table shows the United Kingdom's imports and exports and the visible balance of trade over each of the past four quarters:

(In million £s)

	Imports f.o.b.	*Exports f.o.b.*	*Balance*
4th quarter 1962 ...	1,031	1,031	*nil*
1st quarter 1963 ...	1,037	1,051	+14
2nd quarter 1963 ...	1,064	1,083	+19
3rd quarter 1963 ...	1,075	1,014	−61

Against the adverse visible balance of £61 million for the third quarter of this year, that for the third quarter of 1962 was almost the same at £57 million. The country's *invisible* income for the three quarters of this year were respectively: £63 million, £49 million and £33 million—the latter representing a *rise* of £13 million on the invisibles for the corresponding quarter of 1962. Thus, taking all the figures together, the final current balance for the first three quarters of this year were respectively: favourable £77 million, favourable £68 million and the third quarter adverse £28 million (against adverse balance of £37 million the previous year).

The biggest factor causing the drop in invisibles is that in the third quarter there is very heavy outgoing tourist expenditure. But if these figures are corrected for seasonal factor, then the current balances—instead of those given above—are, for the three quarters respectively: £70 million; £23 million and £15 million—all *favourable*—a total favourable balance for the year to date of £108 million.

A comparison of the seasonally adjusted figures with the unadjusted figures shows that there is something in hand for the fourth quarter, which a year ago threw up a favourable current balance of £22 million. There is nothing yet in these figures, therefore, to upset the forecast of a favourable balance at the year-end of the order of £100 million even allowing for the steady growth in imports during the quarter just ended.

Capital Movements

Capital movements, however, during the third quarter ran unfavourably to this country: there was a net outflow of £34 million, mainly due to a big drop in investment into the United Kingdom by overseas residents. Thus, as an offset against the trading balance, there has been in the first three quarters of the year to date a net capital outflow of £95 million, as against a net capital outflow of £31 million for the corresponding period of 1962. However, there is more than one way of regarding capital outflows: the traditional purist way is that a "good neighbour" country ought to export in capital whatever it gains on its current balance. By this criterion the United Kingdom has this year been an exemplary "good neighbour."

The history of the gold reserves this year is reasonably encouraging even though the year ends, as a result of the annual heavy payments to U.S.A. and Canada on the old Lend-Lease accounts, at just under £950 million. But the true history of the reserves is that, although in a sense the February/March speculation was against the pound, the reserves have climbed steadily by nearly £100 million to the year-end. The special payments that have been made in the course of the year have been:

1. repaying £89 million to the European Central Banks for their help given during the February/March drain;

2. repaying £13 million on the old European Payments Union account;

3. the annual repayment to U.S.A./Canada of £66 million.

If we ignore the last one because it is an annual payment, the other two items still account for just over £100 million. Basically, therefore, the reason why the reserves today stand at just under £950 million is because of the special hot money outflow in February/March which has not yet been fully recovered. As for the month of December itself, the payments to North American countries of £66 million were offset by special receipts from West Germany (to feed an account here for arms purchases). Finally, there was gain on current movement of £9 million, reducing the overall December drop to about £40 million.

If one questions why the reserves have been moving up in the past nine months of the year, while the balance of monetary movements as between the current and capital transactions over the year as a whole appears to have been stationary, the answer seems to lie in the improvement in the balances of the sterling area countrise with the non-sterling world, for we know that in the first nine months of this year they built up their balances in this country by some £180 million.

The good showing of the reserves this month (that is, after allowing for this special American payment) has, of course, helped to strengthen the general position of sterling and until it is clearly seen that current and capital movements are steadily against the country—which nothing in the figures above yet indicates—there is no reason to expect other than mild fluctuations in the exchange.

DELHI LETTER

(*Concluded from previous page*)

Along with the development of the fighter planes, HAL also worked on light aircraft and came up with the Pushpak in 1958. The Pushpak is a trainer aircraft suitable for flying clubs. Then came the four-seater Krishak, useful for short hops, pest control and insecticide spraying and observation work. Under way now at Bangalore is a two-seater jet trainer, provisionally called HJT-16, powered by a Viper turbo-jet engine. Under contract with Rolls Royce, HAL is making Dart engines and engine parts useful for Viscounts, Fokker Friendships and the Avro-748 which is being manufactured at the Aircraft Manufacturing Depot in Kanpur. Initially under the direct control of the Air Force, the Kanpur plant is now a public sector undertaking run by the Defence Ministry.

The Navy's air arm is today confined to the Garuda air station in Cochin and the only aircraft carrier, I.N.S. "Vikrant" now equipped with Sehawk jet fighters. More of them are soon arriving from Britain. A decision has now been taken to build the second naval air station in Goa. The Navy still lacks a submarine wing. The decision to establish a naval air station in the Andamans outpost is also significant. Besides the Chinese threat, there has been the rapid growth of the Indonesian naval striking force with East European help. However, the Indonesian build-up is not even whispered about as one of the reasons for the build-up of a garrison on the Andamans which is closer to Indonesia and Malaysia than to the Indian coast.

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WILL THE STERLING AREA BOW OUT?

By Questor

REFORMING the international monetary system is a bone of contention usually discussed in relation to the dollar, the difficulties which have been caused by the persistence of a large U.S. payments deficit and, paradoxically, the even greater difficulties which may arise when this deficit is finally eliminated. But the problem of sterling is, in its way, even more serious.

Sterling plays a double part in the system: it is held as a reserve currency by the countries which form part of the sterling area and it is employed by many others as a currency in which to settle commercial transactions. Net balances of about $6,900 million are held in London by sterling area countries and of about $1,500 million by others.

Since the British reserve of gold and convertible currencies amounts to only some $2,800 million, the existence of these short-term foreign balances places a considerable restraint on economic policy: the British Treasury pointed out recently that it would not be desirable to adopt policies which might lead to any considerable increase in the size of foreign balances of sterling.

But the balances held by non-sterling countries are now probably no larger than the minimum needed for working convenience. They have been built up in the past few months even though interest rates in London are no longer relatively attractive. It is the balance held by other sterling countries, which were once regarded as the lesser threat to stability, which now present the greater problem.

The traditional assumption is that the sterling area is a largely self-contained unit made up of two complementary halves. Britain buys raw materials and foodstuffs from other sterling countries; they buy manufactures from Britain. Britain invests long-term capital in other sterling countries; they keep their liquid funds in London and the gold reserve serves as a common pool of foreign exchange for the whole area. But the traditional assumption has been breaking down for some time past.

In the first place, the pattern of trade has been changing, in two ways. Raw materials have come to represent a lower proportion of Britain's total imports while the more developed sterling countries have been trying to build up their exports of manufactures. At the same time, as a result of the erosion of Commonwealth Preference, other countries have been making more and more headway into Commonwealth markets. The two halves of the sterling area neither interlock so neatly nor are as dependent upon one another as was once the case.

In the second place, the trade of other sterling countries has grown more rapidly than that of Britain. In 1962, for example, for the first time, their combined imports and exports with the non-sterling world were larger than Britain's and the gap seems to have widened during 1963. The result is that the behaviour of the central gold reserve is now more likely to be affected by the current balance of payments of other sterling countries than by Britain's own.

In the third place, the massive injection of foreign capital on which the outer sterling area relies to balance its accounts is no longer coming predominantly from Britain. In the first three-quarters of 1963 the inflow of long-term capital from Britain amounted to $344 million, the inflow from non-sterling countries (much of it in the form of tied aid) to $1,190 million.

It is understandable, when other sterling countries no longer do more than a third of their trade or obtain more than a third of their long-term capital imports from Britain, that the area no longer functions as it used to do. And, in fact, sterling countries have been building up reserves outside London for some time past. In 1961, 1962 and apparently in 1963, only about half their total surplus of foreign exchange was invested in London and went to increase the sterling area reserve.

A good part of the difference is explained by the fact that South Africa has been in handsome surplus and believes, as a major gold-producing country, in keeping its reserve in gold. But the same tendency has been at work elsewhere. It seems reasonable to assume that more and more sterling countries will wish in the future to hold gold of their own or to hold liquid assets in centres other than London.

This is reasonable enough from their point of view. It is even reasonable from Britain's point of view—though it may raise the problem of how to run down smoothly the business of a bank which has always borrowed short and lent long. But, from the general point of view, it means that sterling may not be able much longer to economise the gold needs of a large part of the world as effectively as it has done in the past.

It may be, of course, that the European Community will become politically integrated as fast as the sterling area dissolves and that the creation of a common European currency will make possible an even greater economy of gold. It would be more prudent to assume that a fresh strain is likely to be imposed on the international monetary system and that vigorous international action is needed to meet it.

DEMAND GROWTH FOR CARS IN U.K.

That the number of motor vehicles in Britain will continue its headlong advance during the next 20 years and beyond is a basic assumption of the report entitled "Traffic in Towns" recently submitted by a working group of engineers, architects, and traffic experts appointed by the Minister of Transport in 1961. Projecting past trends and taking account of recent experience in the U.S.A., the working group believes that the number of motor vehicles will rise from 10½ million at present (only 7½ million five years ago) to 18 million by 1970, 27 million by 1980 and perhaps 40 million by the year 2010. Because of the prevailing passion for car-ownership, the proportion of cars in the total will steadily increase. Their number will rise from 6½ million at present to 12 million by 1970, 19 million by 1980 and 30 million—three-quarters of the total—by 2010.

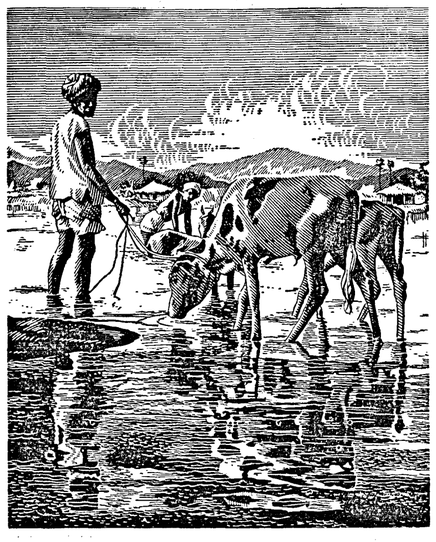
These forecasts take account of the estimated increase in the population of Great Britain to 74 million by 2010. They imply that there will then be 540 motor vehicles for every thousand people; and that there will be 405 passenger cars per thousand, or 1.3 cars per family on average. Around the year 2,000, the number of vehicles per thousand of the population will be stabilised, on the assumption that most of the people who want cars will by then have been able to secure them. Thus, the growth curve will have flattened out by then.

All such long-range forecast are, of course, highly speculative, says the *Petroleum Press Service*. The Committee is not unmindful of the fact; but it regards an increase to 25 million vehicles (including 17½ million cars, or an average of one per family) as virtually certain, assuming that the growth of the population has been correctly forecast.

An agreement has been signed by the Burmah Oil Co. of Britain with the Government of Burma covering outstanding questions arising from the transfer to Government ownership of the interests in Burma of Burmah Oil Co., Indo-Burma Petroleum Co., and British Burmah Petroleum Co. The Government of Burma has paid to Burmah Oil, on behalf of the three companies, a sum of £2,419,487, being the balance of the agreed price of the companies' holdings in Burmah Oil Co. (1954), and the marketing interests of Burmah Oil Co. (Burma Trading) and of Indo-Burma Petroleum Co.

The latest production plans of Soviet Union foresee an increase in the output of crude oil from 205 million tons in 1963 to 222 million in 1964 and 240 million tons in 1965. Most of the increase is to come from the Volga region, the North Caucasus, and from new oil regions in the Ukraine. Also, gas production in 1965 is expected to be 40 per cent higher than last year, and the share of oil and gas in total energy production is to rise from 48 per cent in 1963 to 53 per cent in 1965. It is planned to lay in 1964 and 1965 a total of 8,500 kms. trunk pipelines for the transport of gas, and 5,500 kms. for the transport of oil.

Gently flows the quiet river



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THE ANDHRA SUGARS LIMITED, TANUKU

(INCORPORATED ON THE 11TH DAY OF AUGUST 1947)

THIS IS ONLY AN ANNOUNCEMENT AND NOT A PROSPECTUS

Consent of the Central Government has been obtained for this issue

A copy of the Prospectus for the issue of 1,00,000 Equity Shares has been delivered to the Registrar of Companies, Andhra Pradesh, Hyderabad, for registration as required by Section 60 of the Companies Act, 1956.

The Company's Preference and Equity Shares are at present being officially quoted on the Madras Stock Exchange. Application will be made to the Madras Stock Exchange for permission to deal in and for an official quotation of the present issue of Equity Shares of the Company.

The subscription list in respect of this issue of 1,00,000 Equity Shares of Rs. 10 at Rs. 3 premium will open at the commencement of working hours on 20th January 1964 and will close at the close of working hours on 25th January 1964 or later at the discretion of the Directors but not earlier than close of business on 22nd January 1964.

SHARE CAPITAL

AUTHORISED CAPITAL:		Rs.
30,000 9.3% Cumulative Redeemable Preference Shares of Rs. 100 each		30,00,000
7,00,000 Equity Shares of Rs. 10 each		70,00,000
	Total Rs.	1,00,00,000
ISSUED CAPITAL:		
30,000 9.3% Cumulative Redeemable Preference Shares of Rs. 100 each		30,00,000
5,00,000 Equity Shares of Rs. 10 each		50,00,000
	Total Rs.	80,00,000
SUBSCRIBED AND PAID-UP CAPITAL:		
30,000 9.3% Cumulative Redeemable Preference Shares of Rs. 100 each		30,00,000
4,99,667 Equity Shares of Rs. 10 each		49,96,670
	Total Rs.	79,96,670

PRESENT ISSUE

1,00,000 Equity Shares of Rs. 10 each are offered to the public at a premium of Rs. 3 per share	Rs. 10,00,000

Pursuant to the provisions of Section 81 of the Companies Act, 1956, the Company in general meeting has, by a special resolution, authorised the present issue of 1,00,000 Equity Shares to the public. A premium of Rs. 3 per share has been fixed by the Controller of Capital Issues for this issue.

This fresh issue of 1,00,000 Equity Shares of Rs. 10 each will rank *pari passu* with the existing equity shares in all respects except for the dividend to be declared for the year 30th September 1963 and in case of dividend for which they will be entitled to from out of the profits of the accounting year 1963-64 *pro rata* to the paid-up capital from the date of the allotment on the application money and from the dates of payment of the allotment and call monies respectively will be paid.

APPLICATION AND SUBSCRIPTIONS AND TERMS OF PAYMENT

Applications for 1,00,000 Equity Shares offered for public subscription must be for a minimum of 50 Equity Shares or multiples of 50 shares. The share money including premium is payable as given below :

(1) On application at Rs. 2.50 per share and the premium amount of Rs. 3 per share.

(2) Within one month from the date of allotment Rs. 2.50 per share and the balance of Rs. 5 in two equal instalments of Rs. 2.50 each as and when called for by the Directors.

BOARD OF DIRECTORS

(1) SRI MULLAPUDI TIMMARAJU (*Chairman*), Tanuku.
(2) SRI MULLAPUDI HARISCHANDRA PRASAD, M.L.A., Tanuku.
(3) SRI VEGESANA KANAKA DURGA VENKATA SATYANARAYANARAJU, Panduvva.
(4) SRI JAVVADI LAKSHMAIAH, Penugonda.
(5) SRI M. A. KRISHNAMACHARI, Madras.
(6) SRI NIDADAVOLU SURENDRANATH CHOWDARY, Tanuku.
(7) SRI BOLLA BULLI RAMAIAH, Tanuku.
(8) SRI NUTHAKKI BHANU PRASAD, Hyderabad.

MANAGING AGENTS

MESSRS. RANGA RAO & COMPANY, Tanuku.

SECRETARY

SRI K. ANJANEYULU.

REGISTERED OFFICE

VENKATARAYAPURAM, MANDAPAKA LIMITS, TANUKU (West Godavari District).

BANKERS

1. STATE BANK OF INDIA, Tanuku.
2. THE CENTRAL BANK OF INDIA LTD., Tanuku.
3. THE ANDHRA BANK LTD., Tanuku.
4. BANK OF BARODA LTD., Madras.

AUDITORS

M/s. BRAHMAYYA & COMPANY, Vijayawada.

UNDERWRITERS

M/s. P. R. Subramanyam of Bombay and M/s. Somayajulu & Co., of Madras have jointly and severally underwritten the entire issue of 1,00,000 Equity Shares at Rs. 3 premium for an underwriting commission of 2½ per cent on the face value of the shares.

OFFICIAL BROKERS

1. M/s. P. R. Subramanyam, 70-A, Stock Exchange Building, Apollo Street, Fort, Bombay-1.
2. M/s. Somayajulu & Co., 337, Thambuchetty Street, Andhra Insurance Building, Madras-1.
3. M/s. P. R. Subramanyam, "Shree Siva," 24, Fourth Street, Benson Cross Road, Bangalore-6.

EXISTING AND PROPOSED ACTIVITIES

The Company operates at present (a) Sugar Factory with a cane crushing capacity of 1,250 tons per day, (b) Sulphuric Acid Plant of 50 tons per day, (c) Superphosphate Plant of 150 tons per day, (d) Industrial Alcohol Plant of 3,000 gallons per day, and (e) Acetic Acid and Acetic Anhydride Plant of 8 tons per day.

The Company is now setting up at Kovvur

(1) Caustic Soda Plant of 9,900 tons per annum.
(2) Chlorine Plant of 6,330 tons per annum, and
(3) Hydrochloric Acid Plant of 2,600 tons per annum.

The total cost of the entire new project is estimated at Rs. 2,14,17,000 and this will be met by borrowings from Industrial Finance Corporation of India for Rs. 1,40,00,000, deferred payments for Rs. 28,75,000 and balance from Internal resources and the present issue of Rs. 10 lakhs at 30 per cent premium, i.e. Rs. 13 lakhs.

The Caustic Soda and Chlorine Plants are already under erection and are expected to go into production in 1964.

Other information regarding Dividends, etc. will be available from the Prospectus.

Application forms and Prospectus copies can be had from the Registered Office of the Company, Bankers and Official Brokers and Underwriters.

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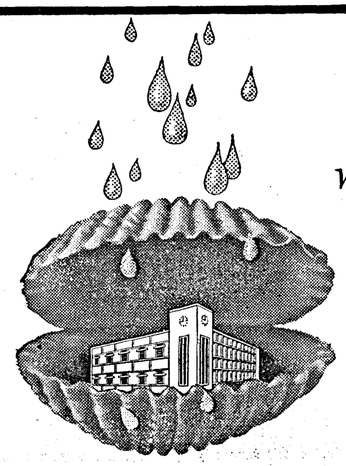

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INTERNATIONAL MONETARY SYSTEM

ADEQUACY OF LIQUIDITY AND EFFORTS TO COUNTER IMBALANCES IMPERATIVE

By Pierre-Paul Schweitzer

Managing Director, International Monetary Fund

[Has the present international monetary system the potential to provide an expanding volume of international liquidity in a manner acceptable to the countries concerned? The answer to this poser, broadly speaking, may be in the affirmative, considering that the series of measures devised already or proposed to be taken later will help meet the liquidity needs that may emerge in the long run. But there is no denying the fact that these measures alone will not be sufficient, for there is the imperative need for continuous efforts to make the world monetary system strong enough to counter any imbalances or crises that may develop and flexible enough to meet the growing requirements of world trade and economic development. This need was most forcefully emphasised by Mr. Pierre-Paul Schweitzer, the new Managing Director of the International Monetary Fund, in his address before the U.N. Economic and Social Council at New York on 19th December 1963. In view of the considerable importance attached to the subject, we reproduce on these pages the text of his address.—ED.]

LET me begin by summarising the main financial and economic developments in the world as they have appeared to us in the Fund. 1962 was a year of generally favourable developments and this trend on the whole has continued in 1963. In both years, economic activity has expanded in most industrial countries; this year the cyclical upswing that began in the United States about three years ago has accelerated, there was a revival in activity in the United Kingdom, and most other countries continued to increase output under conditions of very high levels of employment. As one might expect, the continued upward trend in some of these countries has had its effect on wages and prices, especially in Western Europe and, in some of these countries, increasing inflationary pressures have recently called for corrective action. In contrast, there has been continued relative stability in costs and prices in the United States and the United Kingdom. On the whole, there has been progress toward a better equilibrium in world payments during the last two years. However, capital movements among the industrial countries have at times caused strains during both years. In the United States, large outflows of capital earlier this year have recently induced the United States to intensify its programme of action to reduce its overall payments deficit. I shall revert to these matters later. I would just say at this point that the payments imbalance of the United States, even though calling for continued vigilance, on the whole appears to be approaching manageable proportions.

It is also encouraging that international financial trends among the developing countries as a group have improved somewhat during the last two years. The downward movement in the prices of primary products has been reversed and the value of exports of the primary producing countries has recently risen at least at the same rate as world trade. Nevertheless, it must be recognised that the majority of these countries still face considerable difficulties in carrying through their policies of economic growth and in achieving a reasonable balance in their international transactions.

Smooth Operation

In general, then, the international financial scene has been calm. Among industrial countries, there has been further progress in monetary co-operation, and the monetary system as a whole has operated smoothly. At this time of relative monetary calm internationally, the world's monetary authorities have considered it particularly appropriate and timely to take stock of their collective resources and facilities and to consider whether anything needs to be done to strengthen them. It is in this context that the current studies of liquidity originate, to which the I.M.F. is directing considerable attention and to which I shall later refer in greater detail.

Among the most significant developments in the Fund during the last year was the substantial increase in its membership. In 1963, twenty countries have joined—all but two of them in Africa. They are: Algeria, Burundi, Cameroon, Central African Republic, Chad, Congo (Brazzaville), Congo (Leopoldville), Dahomey, Gabon, Guinea, Ivory Coast, Jamaica, Malagasy Republic, Mali, Mauritania, Niger, Rwanda, Trinidad and Tobago, Uganda and Upper Volta. In addition, we have received an application for membership from Kenya, which gained its independence last week. The Fund now has 102 members—almost three times as many as it had when it started operating in March 1946.

With this latest increase in membership, quotas in the Fund now amount to more than the equivalent of $15.5 billion, and about two thirds of this is available in the form of gold and the currencies of the major industrial countries which are most frequently used in international trade and payments. In addition, the Fund, to counter any undue strain on the international monetary system, can borrow the equivalent of a further $6 billion in the currencies of ten industrial countries in accordance with the terms of the General Arrangements to Borrow. The resources of the Fund, furthermore, because of their revolving character, are continually being reconstituted and can thus be directed to those situations where they are most needed any particular time. Thus the actual and potential resources available to the Fund, amounting as they do to something like one-quarter of the total gold and foreign exchange reserves of member countries, provide a most powerful defence against the harmful repercussions of disequilibria in international payments.

Almost all the new members that have joined the Fund during the last few years are newly-independent countries. Most of them are facing difficult problems in organising their monetary, fiscal and exchange systems so as to provide a solid basis for their economic growth. Over the years, the fund has provided technical assistance to its members both in the course of its regular rounds of consultations and by the assignment of Fund staff members as resident advisors. But the addition of so many new members, many of them as yet without sufficient trained personnel and all of them aspiring to a rapid rate of economic development, has posed a new challenge.

Technical Assistance

The Fund is, therefore, substantially expanding its capacity to render technical assistance to its members. We are doing this in two ways. First, we are organising a fiscal affairs group, which we expect in due course to develop into a fully-fledged department of the Fund. Experts recruited for this new activity will be experienced in most aspects of fiscal affairs, including tax policy, tax systems, tax administration, budgeting and other aspects of the control of revenues and expenditures. We expect this group will examine the experience of various countries in the fiscal field and build up a store of comparative data, participate in missions sent out by the Fund, provide fiscal advisors to members on their request, and share in the Fund's training programme. In organising this facility, we have been very conscious of the excellent work on fiscal affairs which has been carried out over the years by the United Nations itself, and we have explored frankly with U.N. officials the areas of possible overlap in the operations of the two programmes. While we have little experience as yet, I am confident that we will find no difficulties arising between our two organisations in this field that cannot be resolved through the close and helpful working relations which have long existed between us.

The second new service is in the central banking field, where we are working out arrangements by which members of the Fund wishing to establish central banks or to improve or strengthen the existing ones may come to the Fund for technical advice. In providing this service, the Fund, in addition to the use of its own personnel, will turn principally to one or another of the established central banks to borrow officials with appropriate experience who might be sent to the requesting country to give advice or to serve there temporarily in official positions. Experts recruited by the Fund in the latter category will be responsible only to the country for which they work, even though their salaries will generally be paid by the Fund. In our opinion, there is a growing need for this type of technical service and we think we can fill the need in the way I have described. In one case where there is a special and urgent need, that of Congo (Leopoldville), the Fund has gone further than envisaged in the programme by agreeing to recruit, at the Fund's expense, qualified senior technicians who can take executive responsibility not only in central banking matters but also in such fields as exchange and import control and fiscal administration. Let me also mention that, in view of the need of the many newly-independent members, the Fund is considering ways to improve and expand the usefulness of its Training Programme for officials for member countries. In particular, we are at present setting up a training programme in French, in addition to the existing one in English, as a service especially to the many of our new members coming from French speaking areas in Africa.

Compensatory Financing

In his speech here last April, Mr. Jacobsson explained the policy that was adopted in February of this year for giving special financial assistance, in addition to that available under the Fund's normal policies, to those countries that face payments difficulties created by sharp decreases in the value of their exports. As he indicated then, this assistance becomes available to a member when the Fund is satisfied that the shortfall is temporary and largely caused by circumstances beyond the member's control. The member in turn must indicate that it is willing to co-operate with the Fund in finding appropriate solutions to its balance of payments difficulties, where these are required. Where these conditions are satisfied, a country can be assured that its request for a compensatory drawing will be met in amounts normally up to 25 per cent of its quota. Furthermore, this facility will not reduce the amount of assistance available under general Fund policies, as the Fund is prepared to permit its holdings of a member's currency to exceed what has hitherto been the limit of 200 per cent of its quota, when this is necessary to facilitate its policies on compensatory financing. Such financial assistance also possesses the same revolving character as that made available under the Fund's general drawing policies.

We have been pleased to note that the Fund's policy on compensatory financing has been well received both by member countries and by international bodies, in particular the United Nations Commission on International Commodity Trade. So far, the new facility has been used by Brazil and the United Arab Republic, the former drawing $60 million and the latter $16 million. These amounts represented an estimate of the export shortfall experienced, which was, in both cases, smaller than 25 per cent of the quota. The United Arab Republic transaction brought the Fund's holdings of that country's currency to 215 per cent of quota—the first time in the Fund's history that the 200 per cent limit had been exceeded. The fact that only two countries have, so far, applied for a compensatory drawing is, I believe, largely attributable to the generally favourable trend during the past year in export receipts of primary producing countries.

The Compensatory Financing Decision also provides that sympathetic consideration will be given to requests for quota adjustments from countries exporting primary products, especially those with smaller quotas, in order to make these more appropriate in the light of export fluctuations and other relevant criteria. Increases in the quotas for such countries will, of course, increase the financial assistance which the Fund can give them in accordance with its policies. Under this provision, increases have recently been agreed to for El Salvador, Honduras, and the Syrian Arab Republic, which raise the quotas of these countries by an average of more than 50 per cent. Other applications for quota increases are presently under consideration in the Fund.

Standby Arrangements

In part because of the comparatively favourable developments in the payments positions of many primary producing countries, Fund transactions have been smaller in amount so far in 1963 than during the last few years. Total drawings by 15 countries have so far amounted to $330 million. Repurchases have been of about the same magnitude, so that the total amount of outstanding drawings has remained between $1.6 billion and $1.7 billion. Amounts available to member countries under outstanding standby arrangements have increased this year, however, by almost $200 million, and now total about $1.75 billion. These stand-by arrangements, all but two of which have been concluded with developing countries, provide for frequent contacts between the members and the Fund which are, I believe, of great value both to the Fund and to the member.

The two largest stand-bys are with the two main reserve centres. The equivalent of $1 billion is at the disposal of the United Kingdom under a stand-by arrangement which that country concluded in August for one year. This was a precautionary measure taken by the U.K. authorities against the possible short-term impact on the payments position of their programme of expansion without inflation. In July, the Fund also granted a stand-by arrangement to the United States, for an amount equivalent to $500 million. This was the first time that the United States had availed itself of the financing facilities of the Fund. During the first decade of the Fund's operations, drawings on the Fund were made overwhelmingly in U.S. dollars, so that the United States was the only country that had extended large credits to other countries through the Fund.

Broader Use of Currencies

With the introduction of convertibility in a number of European countries at the end of 1958, and the accompanying increased strength of these countries' currencies relative to the U.S. dollar, a broader use of currencies became appropriate in Fund operations. In the past few years the Fund has encouraged countries using Fund resources to draw currencies other than dollars. At the same time, repurchases to the Fund have been made primarily in U.S. dollars, thereby gradually eliminating the earlier large creditor position of the United States in the Fund. During 1962, for instance, repayments to the Fund in U.S. dollars exceeded drawings by $610 million; to that extent the Fund assisted in the financing of the balance of payments deficit of the United States. This illustrates the way in which the Fund is developing its policies to make better use of the currencies available to it.

At the beginning of 1963, the Fund's holdings of U.S. dollars were approaching 75 per cent of quota, a level beyond which they cannot, under the Articles of Agreement, be accepted in repurchase. This threatened to cause inconvenience to a number of countries who keep their international reserves mainly in U.S. dollars and who have repurchase obligations to the Fund. The stand-by arrangement of the United States was chiefly intended to resolve this problem. The United States can use this facility to draw the currencies of other members that can be accepted by the Fund in repurchase. It will then sell such currencies for dollars at par to other countries which need to make repurchases to the Fund.

The Fund's stand-by arrangements with the two major reserve centres not only demonstrate the Fund's ability to assist all its members, large or small, but also that even its largest members are prepared to use it. They are also an indication that we are gradually overcoming the feeling which prevails in some countries that use of the Fund's resources is to be regarded as a sign of serious weakness or crisis for the currency of the country availing itself of Fund assistance.

U.S. Position

The deficit in the U.S. balance of payments will, no doubt, for some time remain a key factor on the international financial scene. It may, therefore, be useful to view the most recent developments against their historical background. The balance of payments problem of the United States became apparent in 1958, but had its origin much earlier. In fact, the U.S. balance of payments had already moved into deficit in 1950. In general, however, U.S. deficits were moderate until the late 1950's, and the resulting increase in the international reserves of other countries was welcomed both in the United States and elsewhere as a necessary part of the post-war economic adjustment, toward which so much of the U.S. economic policy had been directed. The weakening in the U.S. payments position had been concealed in the mid-1950's by the effect of the Suez crisis and other temporary factors. By 1958, however, it became evident that there was a radical change in the pattern of the earlier years. In that year, the United States began to run large and persistent deficits in its balance of payments while most industrial countries were accumulating surpluses, many of them substantial ones.

The payments disequilibrium among the industrial countries that became apparent in 1958 was reflected in other aspects of economic and financial relationships. Those countries that had large surpluses were also generally experiencing a much more rapid economic growth than the United States. Their exports were rising rapidly. This increase in exports stimulated economic growth directly; it also strengthened the payments positions of these countries so that they were not inhibited by balance of payments considerations from carrying out their economic policies. With their more rapid growth and expanding markets, these countries also offered attractive investment opportunities, and the resulting flow of capital from the United States to these countries added to the international balance of payments problem.

There are now signs that the disequilibrium among the industrial countries has lessened substantially. Costs and prices have remained remarkably stable in the United States, while, in the major surplus countries, they have risen sharply in the course of the last two or three years as production has pressed against the limits of capacity. The appreciation of the German mark and the Netherlands guilder in 1961 also helped in this adjustment process. The balance of payments surpluses of the main industrial countries have been eliminated or reduced. These persistent surpluses had been concentrated in Continental Europe. Of the countries in this area, only France remained in a strong surplus position at the end of 1962. During the first half of 1963, the French overall position remained very strong, although the surplus on current account was reduced, but, since mid-1963, the rise in its reserves has levelled off somewhat. Italy, which still had a substantial surplus during most of 1962, is at present running a sizable deficit. On the other hand, the balance of payments of the Federal Republic of Germany has again moved into overall surplus, although the current account remained in deficit through the third quarter of this year. This adjustment has coincided with continued expansion in world industrial production and, in the process, the growth rates in the industrial countries have become more nearly equal. Since 1961, industrial production in the United States, aided by a cyclical upswing, has risen more rapidly than in the Common Market area.

Developments in U.K.

Another encouraging sign of reduced international imbalance is found in recent economic developments in the United Kingdom, the other major reserve centre. While that country has tended to be in balance of payments equilibrium over the long run, its international reserves have been subject to pressure from time to time, and its economic growth has for many years been rather sluggish. In 1963, however, the United Kingdom has experienced a more rapid increase in production than for the past several years, coinciding with considerable stability in its balance of payments. One of the most important factors contributing to this increase in production has been increased competitiveness due to a slower rise in domestic prices and costs than in many countries in Continental Europe.

These various encouraging factors in the present world payments situation do not mean that further efforts will not be required to reduce the continuing imbalance to tolerable dimensions. The United States has made it clear that it will pursue energetically a programme aimed at reducing its deficit while maintaining a vogorous domestic economy with stable cost and price levels. This is all the more necessary because it is unlikely that the rise in costs and prices in Europe will be allowed to continue long at anything like its recent pace.

Primary Producing Countries

Another most welcome feature of international monetary developments in the past year has been the tendency for a number of primary producing countries to achieve surpluses in their balances of payments. This has been caused largely by a rise in exports due chiefly to increases in basic commodity prices. In the course of 1962, the downward movement in the price of basic commodities, which had persisted for several years, was reversed and recovery has continued this year. In the first half of 1963, exports of primary producing countries were about 7 per cent higher than a year earlier and they were apparently rising at least as rapidly as world trade. This favourable development is tempered by the fact that, while there has been an improvement in the level of export proceeds, there does not appear to have been any increase in the inflow of financial resources from the industrial countries. This is a field in which clearly much still needs to be done.

Over a period of years, the export performance of the primary producing countries has been sluggish when compared with the trend in the exports of industrial countries. Between 1958 and 1962, trade among the industrial countries rose by over 50 per cent, whereas their imports from primary producing countries rose by only 20 per cent. Primary producers' exports have not kept pace with the rise in industrial production in the industrial countries, in part because of the rapidly rising use of synthetic materials, but also in part because of the trade barriers which are maintained by many countries, against both primary products and manufactured goods. A liberal attitude by industrial countries toward imports from the less developed countries should be given full emphasis in current international deliberations on trade policy. Many less developed countries are becoming increasingly well equipped for the production of manufactures, and fuller access to export markets for such goods would greatly facilitate the diversification and expansion of exports which ought to be an important aspect of the economic growth of the developing countries. They should not be denied the opportunity to use their competitive advantages in any markets in the world. Both the problem of access to markets and that of maintaining the level of prices of primary products at an equitable level will properly occupy the attention of the G.A.T.T. and the United Nations Conference on Trade and Development. At the same time, the efforts of the developed countries to extend economic aid to the less developed ones and to improve the terms on which it is offered, need to be intensified. In addition, both groups of countries should give high importance to policies that stimulate the flow of private long-term capital.

Role of I.M.F.

The Fund's role in this vital process of economic growth and the expansion of world trade and the flow of resources needs to be better understood. The resources that a country can obtain from the Fund are a supplement to its reserves. They are not a direct contribution to development financing. Designed to deal with temporary swings in the balance of payments, drawings are repayable, at the latest, within three to five years. However, access to Fund financing enables members to adjust their payments positions less abruptly, and in a more orderly manner, than they could otherwise do. This helps to prevent wasteful disruption in programmes for economic development and is in itself a contribution to the process of economic growth. Moreover, the Fund, in its day-to-day activities—in its advice to member-countries in the course of regular consultations and its technical assistance missions—makes an important contribution to the developing countries' efforts to achieve the financial conditions necessary for their economic growth.

Essential for all efforts to promote the advancement of the less developed countries is an international climate of prosperity and growing world trade. In this respect, the record since 1945 has so far been more encouraging than that of any comparable period in modern history. Throughout the post-war period, business recessions in the industrial countries have generally been mild and short-lived, and restrictions on international trade have been widely reduced; the volume of world trade has doubled since 1950. Responsibility for the continuation of this favourable climate rests primarily with the major industrial countries, and with the international organisations that are entrusted with important tasks in the economic field.

I believe we may all take much encouragement from the increasing international co-operation on economic problems which has developed both among countries and through international organisations. In the particular field of the Fund's responsibility, there have been decisive advances in co-operation on monetary and exchange problems, both to deal with crises or threatened crises in international payments and to reduce underlying disequilibria through co-ordination of economic policies. It has become recognised that, in the vital area of financial and monetary policy, each country should consider the interest of the world at large and not only those of its own economy, and that all major issues call for co-ordinated action rather than action by each country in isolation.

A Major Question

One of the major questions that is now under active consideration is whether the present international monetary system is strong

(Continued on page 61)

STATE BANK OF INDIA ACT TO BE AMENDED

SALIENT FEATURES OF PROPOSED CHANGES

THE proposed amendments to the State Bank of India Act are intended (i) to improve the quality of its services and increase the efficiency of its business by creating a larger number of local head offices and by increasing their autonomy, particularly in so far as the powers to grant loans and advances are concerned, and (ii) to extend and enhance the Government's control over the management of the Bank by increasing the official and nominated element in the composition of both the Central Board and the local boards. Incidentally, the amending Bill also extends the period of State Bank's term loans up to ten years and makes provision for limiting the accumulations in the Integration and Development Fund at any time to a sum of Rs. 5 crores.

The amending Bill is the outcome of practical difficulties experienced by the monolithic organisation of the State Bank of India in dealing with the staff, administrative and business problems of almost 1,600 branch offices and over 40,000 employees (including the branches and employees of the seven subsidiaries) from a single central office. Although the existing organisation of the Bank provides for four local head offices, their powers have so far been confined to the routine recruitment and establishment matters and to the payment of staff salaries and bills. During recent years, the two managing directors of the Bank must have found it increasingly difficult and physically impossible to maintain a *personal* liaison with the fast increasing number of branch agents and, through them, with the customers of the Bank scattered throughout the country.

The other reason which must have prompted the Government to decentralise the powers and functions is the Finance Minister's declared intention to extend the area of the State Bank's operations. With its existing organisation, the Bank had reached the limits of its expansion, and the increasing business was already telling upon the speed and accuracy of its functioning. The proposed decentralisation would bring welcome relief to the executives, officers and men of the Bank's central office and would provide greater scope and initiative to the talents and abilities at the local head offices. No doubt, the reorganisation would involve additional staff at the local head offices, but they would more than justify the additional expenditure involved, if they are able to initiate efforts towards achieving an efficient service organisation.

Handicaps

Inadequacy of staff, accommodation and lack of powers have made the working of the State Bank branches a difficult task for its executives and customers. There have been complaints of inordinate delays on the Government Receipts and Payments Counters at the State Bank of India branches throughout the country and of poor quality of service to the business community. One often hears reports of procedural and operational delays, insufficient (or lack of) appreciation of the needs and requirements of depositors and borrowers and a total disregard of the customers' conveniences, in general. To a large extent, the decentralisation of business and administrative matters in the local head offices will enable the latter to devise ways and means of ending this state of affairs at the branches. Larger staff and wider discretionary powers to the local head offices would help cut down procedural delays and enable quick decisions to be taken for augmenting staff or accommodation in time to cut down operational delays. The local head offices would, however, need to instil a greater sense of discipline and purpose in the staff at the branches and to provide more leisure and freedom from routine duties to branch agents, if they are to be enabled to devote themselves to the problem of winning and retaining customers for the State Bank and to lessen the ordeals of the public who has to deal with Government's receipts or payments; branch agents who are tied to their desks throughout the day (and even some part of the night) are obviously unable to do so.

The four local head offices at present cater to the four circles in which the branches of the State Bank are divided for the purpose of accounting. The immediate needs of the Bank could be met by the creation of two or three additional local head offices and corresponding circles and by reallocating the jurisdiction of the four existing local head offices. But from the long-term point of view, it would be advisable to plan for an independent local head office in each of the States, in line with the Reserve Bank's plan for a branch in each of the State capitals. The Bengal and the Bombay Circles, with more than 200 branches under each, are in need of urgent relief.

The local boards will now be required to exercise all powers and perform all functions and duties of the State Bank in relation to the specified business that may be carried on or transacted by the State Bank under the provisions of Sections 32 and 33 of the State Bank of India Act.

The jurisdiction of the local boards will cover the banking and remittance business of any Government in India, as the agent of the Reserve Bank, or undertaking and transacting any other business which the Reserve Bank may from time to time entrust to the State Bank. The question of settling terms and conditions of agency or of appointing sub-agents will, of course, be dealt with by the Central Board.

The local boards will also be authorised to carry on or transact the business of advancing and lending of moneys upon the security of trustee stocks and securities, debentures, etc., issued by public authorities, goods or documents of title to goods, eligible bills of exchange and promissory notes, and to accept, as *additional collateral* security, fully paid shares or immovable property or documents of title to them. Where, however, the security consists of debentures of limited companies, or of shares and debentures of statutory corporations, or of hypothecated goods or book debts and assets of hire-purchase companies, the approval or directions of the Central Board will still be required.

The local boards will further be allowed to deal with the sale or realisation of any security or property, negotiable instruments, remittance business, buying and selling of gold and silver, acceptance and conduct of deposit accounts, agency business on commission term, executor and trustee business, granting letters of credit and advancing or lending money for the purpose of averting or facilitating winding up of a company or a society or to grant loans to courts of wards.

Finance for Housing

In addition to these traditional powers of the Bank, the local boards will be empowered to advance money for housing purposes as agents of or in participation with any Government or Corporation. Their powers to grant advances to any staff co-operative housing society or to grant term loans to industries will, however, be circumscribed by the directions issued and the general policy laid down by the Central Board of the Bank.

Moreover, the local boards will also exercise such other powers and functions as may be conferred on or assigned to them by the Central Board.

After all this delegation, the powers retained by the Central Board of the State Bank of India relate to such matters as unsecured advances (with the approval of the Central Government) to any national or foreign Government, investment of the funds of the Bank, agency arrangements with co-operative institutions, underwriting of stocks, shares, debentures etc., borrowings by the Bank for the purposes of its business, or acquisition of subsidiaries, etc. It is apparent that these are all matters which require central direction and decision and as such cannot be delegated to regional boards. The powers now delegated to the local boards are in addition to such powers regarding staff and establishment matters as were already being exercised by them.

Composition of the Boards

The second major amendment proposed by the amending Bill increases the Government's powers to appoint members of the Central Board and local boards of the Bank. After reorganisation, the local boards will consist, in addition to those directors of the Central Board who are also members of the local boards, of eight members (instead of four at present) out of which six (instead of three at present) will be nominated by the Central Government, one will be elected by the shareholders and the remaining one will be filled by the Secretary and Treasurer, by virtue of his office. As the Chairman of the State Bank cannot possibly attend all the meetings of all the local boards, the Governor of the Reserve Bank of India will appoint one of the members of the local board as the President.

Under the revised constitution, the Central Board of the State Bank of India will consist of a Chairman and Vice-Chairman (to be appointed by the Central Government in consultation with the Reserve Bank and after considering the recommendations of the Central Board of the State Bank), two Managing Directors (to be appointed by the Central Board of the Bank with the approval of the Central Government), one representative each of the Reserve Bank and the Central Government, the Presidents of all local boards who shall become directors of the Central Board by virtue of their office, not less than two and not more than four directors to be elected by shareholders other than the Reserve Bank (instead of the six directors appointed by them at present), and not less than two and not more than six directors to be nominated by the Central Government (in place of eight directors who are appointed at present).

It will thus be noticed that a marked change has sought to be made in the composition of the local boards as well as the Central Board of the Bank. The reasons that have prompted the Government to increase the official or nominated element in the directorships are not clear, but it is a fair guess that this is not an isolated move: it is a part of the Government's wider policy of moving from price and distribution controls over the economy towards increased ownership and management control over both the public and private sectors of the economy.

Medium-term Loans

Another important amendment to the State Bank of India Act seeks to permit the Bank to grant term loans to industrial or commercial units or groups as may be specified by the Central Board, for periods up to ten years (instead of the present seven years). The wisdom of this amendment will be apparent if one appreciates the various difficulties faced by new industries in growing to maturity. The seven-year period imposed the strain of repayment just a little too soon, and this welcome amendment would provide the much needed breathing space to India's nascent industries. The progress made by the Bank in the provision of medium-term loans and in furnishing deferred payments guarantees for acquiring plant and machinery has, however, been modest: as at the end of 1962, term loans were just over Rs. 4½ crores out of total advances of the State Bank amounting to over Rs. 270 crores. It is to be hoped that the proposed liberalisation in the period of the term loans will give a greater fillip to the Bank's term loans.

The Integration and Development Fund, to which the dividends declared by the Bank and payable to the Reserve Bank on the latter's compulsory minimum holding of 55 per cent are credited, is intended to finance the development activities of the Bank, particularly the losses incurred by it and its subsidiaries on their new branches. The balance in the Fund at the end of 1962 was a little over Rs. 3 crores: over the years, more than Rs. 82 lakhs were utilised from the Fund. The amount of the Fund is now considered adequate and it is no longer necessary to continue further automatic contributions to it. It is, therefore, proposed to limit the total amount of the Fund to Rs. 5 crores.

These changes do not touch or affect the State Bank's subsidiaries in any manner. There is a school of thought which feels that the maintenance of the separate facade of subsidiaries without any real freedom to them is meaningless and raises several difficult problems of administration and business. It would have served, in its view, a real need if the opportunity provided by the present amending Bill had been utilised to bring about a complete merger of the subsidiaries with the State Bank of India. This, however, is a short-sighted view, for decentralisation of power, however small and limited, does help in ensuring provision of efficient service to borrowers and depositors alike.

TEXTILE INDUSTRY IN GOOD SHAPE

HIGHER PROFIT-MARGINS EXPECTED

From Our Special Correspondent

MANCHESTER, 31*st December*

ALTHOUGH trading conditions during the half-year to the end of September were far from satisfactory, mainly because of the wide disparity between the cost of home-produced cotton textiles and import prices, the Directors of Fine Spinners and Doublers, one of the big Lancashire combines, announced in a statement that future prospects were brighter than for some time. The Directors are declaring an interim dividend of 5 per cent and, in addition, a special tax-free distribution of 6*d.* per unit on realised capital profits arising from the sale of property and investments.

MANCHESTER LETTER

"Since September, the seasonal upsurge in trade has been sufficient to ensure high activity in the mills until well into 1964," added the statement. "Although much of this new business shows little improvement in margins, there are definite signs of a more realistic approach to the pricing problem." The trade was accepting that, as duty-free imports of yarn and cloth from low-cost countries had been contained at a level representing 30 per cent of the home market, prices within this sector could have no relation to prices within the remaining 70 per cent. "There are now encouraging signs that determined efforts to make worthwhile the trade left available to us are meeting with some success and, for this reason, it can be said that future prospects are brighter than for some time," said the statement.

In the U.S.A., the Company's subsidiary, the Delta and Pine Land Company, had had an excellent growing season, the cotton crop being particularly successful, with the yield per acre an all-time record. There was every reason to believe that the Company's cotton planting seed would again meet with a steady demand, so that the final result from the subsidiary at the year-end should prove to be very satisfactory.

Conditions in the French cotton industry were far more stable than in Lancashire, providing a good framework in which reorganisation plans could be pressed forward. As a result, the improvement in earnings of the Company's French mills continues.

Union Discussions Adjourned

After a 1½-hour meeting in Manchester, union leaders of nearly 150,000 Lancashire cotton workers decided to adjourn discussions about new pay, hours and holiday arrangements within the industry. The Executive Committees of the eight unions involved will discuss the matter, and then a further full union meeting will be held in January.

The meeting followed a call from the Bolton Cardroom Workers for a new look to be taken at the present wages and hours structure in the cotton trade. Mr. Lewis Wright, the Chairman of the meeting, said that no firm decision had been taken, but he hoped that, following further talks, some "formulated policy" might emerge.

New £1-million Mill

A new £1,000,000 cotton mill capable of producing 10 million yards of cloth a year is to be built in Northern Nigeria with top management and weaving machinery from Lancashire. Mr. Edward A. Seroussi, Managing Director of Nortex (Nigeria) Ltd., signed a contract with British Northrop, the Lancashire machinery manufacturers, for the supply of 250 automatic looms for the new mill at Gusau in Northern Nigeria. To be run by Zamfara Textile Industries Ltd. and partly financed by Northern Nigeria Investments Ltd., an associate of the Commonwealth Development Corporation, the mill is expected to be in operation by October next year, employing about 1,000 workers.

Mr. Alan D. Ashley, Managing Director of a Manchester executive selection firm, is to advise the Company on the selection of 17 textile technicians from Britain. They will be offered: salaries of about £3,500 to about £1,750; free £4,000-bungalows with air-conditioning; and every 18 months a three-month holiday with pay to Britain. This will also include free air transport for the technicians and their families. Explained Mr. Seroussi: "We have come to Lancashire, because we believe that the technicians and management here are the best in the world for know-how. British textile machinery manufacturers are first-class for service."

"Buy Textiles" Advice

In view of the traditional diffidence with which the Stock Exchange approaches the textile share market, it is rare indeed for advice to be given to investors to support such issues. Even those stockbroking firms which have their finger on the textile pulse are often chary of stating categorically that prospects are bright.

Recent developments, not solely concerned with the sharp expansion in activity during the last month or two, however, have prompted a Manchester firm of brokers who regularly attend the meetings of textile firms and who can be relied upon to have a sure grasp of the situation, to give unqualified advice to their clients suggesting that a selection of textile shares at today's prices may well prove a good long-term investment. The trade, it contends, can hope for greater stability in the future, thus reducing the risk element implied in the present high yields. In some cases at least, there is the prospect of restoration of dividend cuts and, in all cases, a better industrial future should lead ultimately to growth in profits and dividends.

While this is the summing-up of an independent observer, the report goes into considerable detail in gauging the outlook and draws comfort from the major developments which have occurred in the structure of the industry in the past few years, and particularly in recent months. The recovery from the last slump has been slow and long delayed, says the writer, but the new conditions developing in the structure of the industry have encouraged greater readiness to undertake forward commitments. Order books in general now present a sufficiently healthy state to allow thoughts to turn towards higher margins.

Long War of Attrition

Dealing with the generalisation so frequently made about the textile industry that the average level of management ability is extremely low, the report springs to Lancashire's support in declaring these allegations are not completely satisfactory as a working rule. "It is by no means certain," it continues, "that the average level of innate ability in management in textiles is significantly lower than that to be found in other industries. If, indeed, the average level is lower, it may fairly be attributed to the long war of attrition which the industry has been fighting in the face of continuous and cumulatively difficult commercial conditions."

Coupled with prospects of more categorisation and control of imports, a continuous reduction is taking place in the number of firms and the amount of capital equipment which is producing textiles within this country. The significance of the various bids made by the man-made fibre producers extends beyond their immediate effects on individual companies. Such changes have already created a more dynamic atmosphere in the industry and, although restlessness may not be entirely favourable in stimulating buying power, the idea of merger and amalgamation, says the report, becomes much more a day-to-day possibility.

EXTRA LONG-STAPLE COTTON

RESURGENCE OF DEMAND LEADS TO BETTER BALANCE BETWEEN SUPPLY AND DISTRIBUTION

THE extra long-staple cotton situation during the 1962-63 world cotton season, which ended on 31st July 1963, was doubtless more favourable than that for some time in the past. This is the main conclusion reached by the International Cotton Advisory Committee, Washington, in its annual survey of the supply and demand position of this type of cotton which has a staple length of more than 1⅛". During the 1962-63 season, according to the Committee, new records were set for supply and demand and the statistical situation at the end of the calendar year 1963 was strong. The record supply was due to the fact that, despite a reduction in total acreage, thanks to reduced plantings in the United Arab Republic, one of the major producers of extra long-staple cotton, production reached an all-time record of 2.1 million bales of 478 lbs. each, as against 1.8 million bales during 1961-62. The explanation for this spurt in world production lies in the marked improvement in overall average yield which, at 484 lbs. per acre, was 73 lbs. more than in the previous season. In fact, the average yield per acre in the U.A.R., at 567 lbs., approached double the 1961-62 figure of 300 lbs. and was higher than that in any previous season. Record or near-record yields were also realised in the U.S. and Peru and in the smaller producing countries as a group. In contrast, the yield per acre in Sudan was markedly lower than the 1961-62 figure which was a record, although it was higher than in any other recent season.

Higher production, coupled with larger carryover stock of 878,000 bales, as compared with 765,000 bales in the previous season, made for a total supply of close to three million bales, 2.79 million bales to be precise, during 1962-63. The main increase in supply occurred in the U.A.R., but supply in each of the other major producing countries was also noticeably higher.

The most remarkable feature of the extra long-staple cotton situation last season was the resurgence of demand. Consequently, total disappearance, as represented by indigenous consumption in producing countries and exports, exceeded even the 1959-60 record. At 2.1 million bales, comprising exports of 1.9 million bales and indigenous consumption by producing countries, aggregating 205,000 bales, disappearance during the season (1962-63) exceeded production by a small margin. This resulted in a modest decline in stocks from 878,000 bales at the beginning of the season to 812,000 bales at the end of it. In absolute terms, however, stocks of this magnitude are higher than in any previous season except the last. This situation, in the opinion of the I.C.A.C., should be considered in the context of the marked increase in demand and the limited availability for export of extra long-staple cotton until the new crop comes to the market. The following table gives a country-wise break-down of supply and disappearance of extra long-staple cotton during the period 1960-61 to 1963-64:

('000 bales of 478 lbs. each)

	1963-64	1962-63	1961-62	1960-61
Supply : stocks on 1st August :				
U.A.R.	110	70	290	245
Sudan	540	640	325	240
Peru	7	20	9	7
U.S.A.	120	111	109	133
Others	35	37	32	25
Total	812	878	765	650
Production :				
U.A.R.	945	1,060	638	1,040
Sudan	650	650	920	485
Peru	150	183	148	144
U.S.A.	152	110	61	66
Others	80	78	76	62
Total	1,977	2,081	1,843	1,803
Supply :				
U.A.R.	1,055	1,130	928	1,290
Sudan	1,190	1,290	1,245	725
Peru	157	203	157	151
U.S.A.	272	221	170	199
Others	115	115	108	88
Total	2,789	2,959	2,608	2,453
Disappearance : Exports :				
U.A.R.	..	942	783	918
Sudan	..	733	590	399
Peru	..	180	128	137
U.S.A.	..	3	7	8
Others	..	50	37	32
Total	..	1,917	1,545	1,494
Consumption :				
U.A.R.	..	78	60	62
Sudan	..	..	..	..
Peru	..	7	7	5
U.S.A.	..	90	97	75
Others	..	30	31	23
Total	..	205	195	165

The higher supply during 1962-63 season imparted some easiness to prices of extra long-staple cotton which ruled well below the 1961-62 levels. The table below indicates the trend of prices during the decade ended 1962-63:

(Cents per pound)

Season and month	C.I.F. Liverpool (Dudley Winder)			El Paso/ Phoenix
	Egyptian Karnak F.G.	Sudan Sakel G 5 S	Peruvian Pima No. 1	U.S.A. Grade 2 1⅛"
1953-54	55.06	..	47.56	71.79
1954-55	60.05	53.54	50.95	64.43
1955-56	64.65	54.41	53.49	59.35
1956-57	72.11	69.33	63.61	67.20
1957-58	49.57	48.51	49.19	64.40
1958-59	35.70	34.59	35.76	58.14
1959-60	44.77	41.62	43.73	57.07
1960-61	46.91	43.54	43.71	56.58
1961-62	43.28	38.00	41.38	61.12
1962-63	41.03	36.89	38.54	57.07
1963-64 :				
August	42.35	37.70	38.55	57.71
September	42.92	37.66	39.54	56.36
October	43.61	38.50	39.14	56.63

As regards the outlook for the current season, that is, 1963-64, the Committee observes that the salient factors in the supply of extra long-staple cotton during the season are the reduced carryover stocks and lower production prospects. Total supply during 1963-64 is tentatively estimated at 2.8 million bales, as compared with nearly three million bales during the last season. The large unknown factor in the estimate is the actual production in Sudan which is difficult to assess precisely at present. It is, however, assumed that a normal yield will be produced on an acreage stabilised near last season's level. The 1963-64 supply thus appears quite large in relation to consumption requirements. Free world consumption of extra long-staple cotton during 1962-63 aggregated nearly 1.3 million bales, as against 1.17 million bales in the previous year. Consumption prospects for the current season are uncertain at present. The following comments of the Committee are, however, significant in this context.

Outlook for the near future will be affected by various factors. The continuing heavy demand for extra long-staples, even after allowing for some rebuilding of stocks, would seem to indicate the possibility of a further increase in consumption in certain countries. There is reason to believe that the favourable relationship between the prices of extra long-staples and those of other cottons during the 1962-63 season offered an inducement in some countries to substitute extra long-staples for other cottons in certain end-uses. However, during the last few months, extra long-staple cotton prices have tended upwards while the reverse is generally true for other cottons. If this trend continues this might exert a limiting influence on consumption. On the other hand, if the price situation is favourable, the extra long-staples might be expected to share in any upward movement in cotton consumption generally.

A vital consideration in the future trend of consumption of extra long-staples will be the competition from the man-made fibres but in view of the rather volatile situation prevailing here it is difficult to appraise what effect this will have in the short run. However, it is apparent that the trend of total consumption and of extra long-staples in the United Kingdom have been downward for several years and apparently many other countries in Western Europe are finding it increasingly difficult to maintain the output of the fine sections of the industry. By contrast, with the not-so-favourable outlook in Western Europe, the trend in consumption of extra long-staples in India and Japan should continue to rise. In summary, it would appear that consumption of extra long-staples during the present season will, in all probability, show little change from the 1962-63 level.

As regards trade, the Committee opines that the export outlook for extra long-staples in 1963-64 will be more or less favourable. This opinion is, however, based on two assumptions. First, no radical change will occur in the pattern of trade in extra long-staple cotton, especially in respect of trade with Communist countries which now absorb about 40 per cent of the world export of extra long-staple cotton. Secondly, extra long-staple cotton will share, to some extent at least, in any upward trend in world cotton consumption. Already, the Committee points out, there is evidence that exports would increase in 1963-64—the tendency of prices to firm up. But this very factor, namely, the firm trend of prices, the Committee hastens to add, might tend to limit expansion of exports and consumption.

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JUTE INDUSTRY'S FIBRE NEEDS RISING

HIGHER YIELDS OF QUALITY JUTE ESSENTIAL

BY the end of the fourth Plan—that is, 1965 66—the jute industry in India will be requiring not less than eight million bales of raw jute and two million bales of mesta. This is the estimate that has emerged from the studies made by the Working Group on commercial crops set up in the Union Ministry of Food and Agriculture. As compared with the actual output in the 1962-63 season (July-June), the estimated requirements represent an increase of 2.63 million bales in the case of raw jute and 480,000 bales in that of mesta. The increase, especially in regard to raw jute, may appear to be significant, but it is not at all difficult of achievement, provided, of course, sustained efforts are made to augment the productivity of jute lands, both quantitatively and qualitatively. The need for sustained efforts has to be specially stressed because of the lack of much progress actually achieved so far, despite the loud talk of intensive development of jute cultivation. Here are the relevant figures:

	Area ('000 hectares)	Production ('000 bales)	Per-acre yield (bales per hectare)
Raw Jute			
1950-51	564	3,283	5.82
1955-56	696	4,108	5.03
1960-61	619	4,030	6.51
1961-62	923	6,347	6.88
1962-63	848	5,367	6.33
Percentage rise in 1962-63 over 1950-51	50	63	9
Mesta			
1952-53	194	682	3.51
1955-56	231	1,159	5.02
1960-61	279	1,131	4.05
1961-62	318	1,692	4.36
1962-63	318	1,522	4.37
Percentage rise in 1962-63 over 1952-53	79	123	24

One bale=400 lbs.

A look at the above table will reveal that whatever rise in the production of raw jute that has taken place during the last few years has been due largely to the expansion of area under jute, the improvement in per-hectare yield being negligible. The all-India average yield of raw jute obtained in the 1962-63 season was no more than 6.33 bales which is much less than that (7.38 bales) obtained in East Pakistan. Actually, in 1960-61, the average yield in East Pakistan was as high as 9.16 bales. Only about eight or nine districts out of a total of 73 districts growing jute in India, we are told, have a per-hectare yield exceeding 7.41 bales, as against the overall average of 6.33 bales for the country. With such low productivity, it would, as Dr. Ram Subhag Singh, Union Minister for Agriculture, clearly warned while addressing the annual general meeting of the Indian Central Jute Committee held at Calcutta on Thursday last week, be extremely difficult for Indian jute goods to stand up to serious competition that is developing in the world market. Increased production of jute goods through rise in productivity instead of through additional acreage, Dr. Singh rightly pointed out, was necessary to enlarge the country's share of the expanding world demand for jute goods, as well as to meet the rising domestic consumption. Incidentally, it may be noted that the jute industry is an export industry—almost three-fourths of its production is sold abroad—and that raw jute accounts for well over half of the industry's production costs.

Jute Development Board

To the extent per-hectare yields are raised, the cost of raw jute can be reduced. Such a reduction is imperative in the context of enhancing the competitive capacity of Indian jute goods in world markets *vis-a-vis* not merely Pakistan jute goods but also other substitute packing materials (such as paper, cotton and plastic bags) and bulk handling. Incidentally, an increase in the productivity of jute lands will release a large part of acreage for the cultivation of rice, the production of which is lagging behind the country's growing needs. Dr. Singh certainly struck a note of realism when he declared: "We cannot afford to continue to put more land under jute." It is because of the deficiencies in promotional effort at the level of the State Governments concerned that the Srivastava Committee has urged the establishment of a Jute Development Board which would co-ordinate the activities of the State Agriculture Departments. The suggestion is, indeed, a very pertinent one and must be implemented without much delay.

With judicious application of good seeds, fertilisers and improved cultural practices, it is possible to step up the per-hectare yield of jute to a significant extent. There are quite a few instances of growers in West Bengal, Assam and Tripura having obtained 14-15 bales per hectare. Similar yields can be secured in most of the areas if a vigorous drive is launched to intensify cultivation. Viewed thus, it is, indeed, gratifying to be assured by Dr. Singh that the suggestions of the Working Group "would be fully implemented" during the remaining two years of the third Plan and in the fourth Plan period. Stating that there were no basically limiting factors such as soil and environment, he observed:

"What is necessary is to improve the administrative machinery and to ensure that all the inputs required by the jute growers are made available to him in time and at reasonable cost by using all the incentives and subsidies which the Central and State Governments have agreed to place at his disposal. It has been recognised that, unless the quality of jute is improved, it would be difficult for India to compete with other jute-growing countries which have more congenial natural conditions for the production of high quality jute and are fast developing a modern jute goods industry, India lost some ground in the market for gunnies and may similarly lose some customers in hessian and other jute products in which she holds a monopoly at present, unless the quality of fibre is improved."

Retting Facilities

The quality of raw jute depends largely on the availability of retting facilities. It is true that the jute retting scheme was started several years ago, but it does not, as Dr. Singh himself frankly admitted, seem to have had the desired impact on the quality of raw jute, thanks to the difficulties involved in having small individual retting tanks. In view of these difficulties, a comprehensive scheme for establishing bigger tanks linked to irrigation canals, tube wells, etc., was recently drawn up by a sub-committee of the Central Jute Committee and a sum of Rs. 3 crores was also made available by the Government of India to the jute growing States as loans free of interest for the first three years. It is disquieting to hear from Dr. Singh that there has so far been no response to his scheme from any State Government. Dr. Singh did well to urge the State representatives present at the meeting to give serious consideration to it and formulate proposals without further loss of time for the excavation of retting tanks, particularly in those areas where there is acute scarcity of water at the time of retting of jute crop and, consequently, the quality of fibre is poor.

Simultaneously with efforts to augment productivity of jute lands, there is the urgent need for removing many anomalies that exist in the present system of grading and quality classification of jute fibre. This is important if the cultivators are to be assured of a proper price. A high-level technical committee, according to Dr. Singh, has been set up recently to work out a new regional basis for proper grading and classification. The report of this committee is expected to be ready soon, but the question is whether the Government will take an early decision on it.

Improved Seeds

Whether for raising the output of raw jute from a given area of land or for improving the quality of fibre grown, improved seeds play a notable part. It was just as well, that Dr. Singh made a pointed reference to this aspect. He said:

"Under the third Plan, seed multiplication schemes were sanctioned for each of the jute-growing States. However, the progress made under these schemes does not justify the assumption made earlier that the jute area will be saturated with some of the latest improved strains within the foreseeable future. The Government has been advised that those areas which are growing jute at present concentrate attention on fibre production for which they are more suitable and that the seed production programme be taken up in dry areas of the country where the yield of seed per acre will be higher and the quality of seeds also superior. A scheme of this nature is being formulated and it is proposed to be implemented in the States of U.P. and Rajasthan through the National Seeds Corporation. This step would eventually lead to the solution of jute seed problem and would make it possible for taking full advantage of the very good work which has been done in developing new varieties of superior quality and better yielding capacity."

Besides ensuring the necessary wherewithal to cultivators for producing a larger quantity of quality fibre from a given area of land, it is essential that the cultivators get an economic price for his product. Such a price is in the interest as much of the cultivators as of the jute industry itself. There have been complaints from several quarters that the jute growers are not getting prices to which they are entitled. These complaints, as Dr. Singh rightly said, must be removed, so that the farmers respond in full measure to the appeal to produce more fibre of better quality per acre. Needless to say that, in this context, proper regulation of jute markets requires utmost attention.

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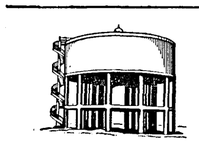

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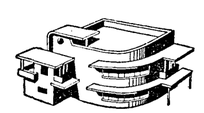

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PROGRESS OF AUTOMOBILE INDUSTRY

THIRD PLAN TARGETS WILL NOT BE ATTAINED

THE automobile industry in India is one of those newer and younger industries which owe their origin to planning. It will be recalled that in 1953 the Government of India formulated its policy for the development of an indigenous automobile industry—a policy which decreed the termination of the activities of those assemblers who did not submit proper manufacturing programmes and which made the market for automobiles available to those units that had a genuine programme for progressive manufacture. At the same time, protection was granted to the industry. Subsequently in 1956, following the Tariff Commission's inquiry, protection was extended for a period of ten years. In 1957, faced with a difficult foreign exchange situation, the Government rationalised the types and makes of vehicles to be developed to three passenger cars (Standard, Fiat '1100' and Hindustan) three medium trucks of 3 to 5 tons (Dodge, Mercedes-Benz and Bedford) one heavy truck of 5 tons and above (Leyland Comet, Tiger-Titan), one light truck (one-ton Dodge) and one jeep. Perkins P6 and Meadows engines, suitable as original equipment for Dodge and Bedford trucks, were also licensed for manufacture.

In the last ten years the main automobile industry has made much progress, as will be seen from (i) the progressive increase of investment, (ii) the sustained rise in production, and (iii) the gradual reduction in the import content. As for the first indicator, it is noteworthy that the investment, which stood at no more than Rs. 3.0 crores in 1953, rose to Rs. 6.4 crores in 1956, to Rs. 16.8 crores by the end of 1959, to Rs. 26.7 crores at the end of 1961 and to over Rs. 35.0 crores by the middle of 1963. Secondly, the annual output of jeeps, cars and commercial vehicles rose from 32,137 in 1957 to 56,967 in 1962, the aggregate for the six-year period coming to 256,904. The rate of output in the first six months of 1963, however, was slowed down mostly because of the emergency restrictions placed on car production for the purpose of maintaining the level of truck manufacture for defence purposes. The actual output of jeeps, cars and trucks in the January-June 1963 period was only 24,777, representing an annual rate of just under 50,000 for the whole of 1963, as compared with about 57,000 in 1962. The aggregate output of diesel engines in the 6½-year period from 1957 to the end of June 1963 was 48,092. Thirdly, the industry's progress towards indigenous content may be noted in the following percentage figures:

	As in 1956	End of 1961
Willys Jeep	45	68
Hindustan	50	75
Standard	20	44
Fiat	30	49
Dodge—1-ton	30	38
Dodge—3-5 tons	48	76
Bedford	—	54
Mercedes-Benz	45	67
Leyland Comet	35	52

In 1962 the indigenous content was further raised overall by 9 per cent. If the industry's goal of reaching an indigenous content of 85 to 90 per cent by 1964-65 comes to be attained, it will be something remarkable, considering that, out of the 5,000-and-odd components and parts of an automobile, only 35 to 40 per cent can be made by the main manufacturers themselves, while 30 to 35 per cent and 25 to 35 per cent have to come from the automobile ancillary manufacturers and general engineering industries, respectively.

Ancillary Industry

The automobile ancillary industries, which meet the requirements of the vehicle manufacturers for original components and also the spare parts needs of the fleet of vehicles on the roads, have also progressed rapidly since 1955 when their total production of items (excluding tyres, tubes and batteries) was no more than Rs. 45 lakhs. In 1961, the output of the ancillary sector was valued at Rs. 12.5 crores and in 1962 at Rs. 18.0 crores. As for tyres and tubes for the automobile industry, their production, too, has gone up since 1955. The output of tyres increased from 8.8 lakhs in 1955 to 15.6 lakhs in 1961, while that of tubes from 7.9 lakhs to 14.8 lakhs. In the sub-sector covering the manufacture of motor cycles, scooters and three-wheelers, the total output increased from 18,298 in 1960 to 25,852 in 1962.

In spite of all this progress in the automobile and ancillary industries and of the expansion plans under way for truck manufacture, the third Plan production targets of 60,000 commercial vehicles and 60,000 motor cycles and scooters may not be achieved. In fact, the Planning Commission's recent mid-term appraisal of the Plan has itself forecast a likely achievement of only 54,000 commercial vehicles and 45,000 motor vehicles and scooters in 1965-66. But, considering that the level of output of jeeps was as high as 7,597 and that of cars 23,326 in 1962, it should not be too difficult to reach the targets of 10,000 jeeps and 30,000 cars in 1965-66, if foreign exchange allocations do not fall short of the industry's minimum requirements. But the Planning Commission's recent mid-term appraisal has given no such hope, for, according to it, the likely output of cars in 1965-66 would be about 25,000 only.

Current Shortage of Vehicles

Let alone the production targets for 1965-66. What is currently disquieting is that, in spite of the industry's progress so far, there is a serious shortage of motor vehicles and of spare parts for their maintenance. How serious this shortage is and how it can be possibly remedied have been succinctly dealt with in the presidential address of Mr. A. E. L. Collins at the annual meeting of the Association of the Indian Automobile Manufacturers held at New Delhi on the 3rd instant. The relevant passage from the address is quoted below:

"The rate of our progress, however, remains primarily dependent on the amount of foreign exchange which can be made available for the import of plant and machinery required for the expansion of outputs and of those components and raw materials which are not yet available from Indian sources. It is a great problem because the demand for cars, commercial vehicles, motor-cycles, etc. has increased more rapidly than their indigenous content. Consequently, the total amount of foreign exchange required to sustain the industry has increased, in spite of the reduction in the foreign exchange required per vehicle. At the same time, the demand for spare parts for the maintenance of vehicles in service has continuously increased.

"Today, therefore, there is a serious shortage of motor vehicles and of spare parts for their maintenance in a roadworthy condition; and this has resulted in the usual unhealthy state of a market in which demand greatly exceeds supply. It poses a tremendous problem not only to our industry but also to Government. It is unlikely that the production targets of the third Plan can be achieved in full. It is certain that the success of the fourth Plan will, to a great degree, be dependent on the road transportation of an enormous volume of persons and goods, necessitating an increase in the production of motor vehicles which may be well in excess of twice the third Plan targets. We must inevitably, therefore, face the necessity to undertake formidable expansion projects; and, notwithstanding the achievement of satisfactory indigenous contents, for some time to come our industry will require allotments of foreign exchange which will represent a severe strain on the country's resources. The obvious solutions to this particular problem are such increases in indigenous content as will bring the total foreign exchange requirements to a manageable level or the export of such a volume of the industry's products as will earn the foreign exchange necessary to sustain it.

"With regard to the former of the two solutions which have been suggested, most vehicle manufacturers will, within a comparatively short space of time, have established facilities which will enable them to manufacture all those components which are normally produced in automobile factories. But the achievement of indigenous content in excess of 90 per cent will be dependent on the availability in India of raw materials, part fabricated components, such as forgings, castings and pressings and finished components purchased from ancillary manufacturers such as carburettors, electrical equipment, brake gear, etc. which have to be purchased by vehicle manufacturers. Great strides have been and will continue to be made in the establishment of ancillary industries. However, until alloy steels, special tools, forgings, castings and the great variety of what to the vehicle manufacturer can all be classified as his raw materials are available, the ideal of 100 per cent indigenous content will remain unattainable."

But the Government's insistence on the attainment of 100 per cent indigenous content in the next few years seems to ignore two aspects—one pertaining to quality and the other to cost. That quality runs the risk of deteriorating further and that costs will go up may be foreseen, for the present hectic drive towards optimum or 100 per cent indigenous content ignores realities. Mr. Collins has, therefore, done well to point out the practical difficulties in the way of attaining 100 per cent indigenous content. The two points of criticism in Prime Minister Nehru's inaugural address at the meeting of the Association, namely, that (i) the automobile industry, with its sheltered market, is indifferent to the general complaint about the "poor quality" of vehicles, and (ii) the cost of production and thus the price of cars have not gone down in spite of the progressive increase in indigenous content, do not seem to be wholly valid. As far as the "poor quality" and high cost factors are concerned, both the unrealistically rapid pace of indigenous content and the relatively uneconomic scale of operations in the industry are to blame. As far as the "high selling prices" of cars are concerned, Mr. Collins himself has argued why the ability of the industry to reduce prices is limited:

"Our Association is gravely concerned regarding the high level of selling prices of motor vehicles. To raise revenues to meet the cost of its development projects, Government must necessarily impose taxes and duties appropriately; and to the extent that road transport can be considered capable of contributing, it must bear its share of such impositions. Nevertheless, if the numbers of transport vehicles necessary to ensure the carriage of commodities and persons at a level to meet the requirements of the country are to be purchased, particularly by private operators then careful consideration must be given to the question of retail prices.

"In future planning, therefore, it will be essential that on the basis of minimum ex-factory prices, exclusive of import and excise duties, at which it may be practicable to produce motor vehicles, the quantum of duty added will be such that there will be sufficient purchasing power, and sufficient credit and hire purchase facilities, to ensure that the number of cars, commercial vehicles, jeeps, motor cycles and other vehicles operating in the country shall be adequate to meet its requirements. Our Association would not wish to appear presumptuous in referring to this question, which may be considered a Governmental prerogative: and we are well aware that it must be engaging the careful consideration of the Planning Commission and of the Ministries concerned with the manufacture and operation of motor vehicles. But it is perhaps appropriate for us to emphasise that the extent to which our members can expect to contribute to the desirable reduction of retail prices must, for some time to come, be very limited; and that fiscal policy is likely to have a greater impact on prices than attempts to reduce manufacturing costs."

In these circumstances of high costs and high prices and of the large unsatisfied demand for vehicles in the domestic market itself, any suggestion of automobile exports would seem to be of only academic importance. Mr. Nehru's reference to this matter and Mr. Collins' examination of its possibility in certain circumstances have, therefore, no relevance to the Indian situation in the near future.

NEW PUBLICATIONS

Theory of Money. By W. T. Newlyn. Published by Clarendon Press, Oxford. Pages: 166, Price: 18s. net.

THE theory of money is a subject which has current interest and, in this book, Mr. W. T. Newlyn examines the ways in which monetary policy affects the economy. The Radcliffe Committee of England submitted an exhaustive analysis of the monetary system in England and, according to the author, the analysis of the Committee requires "careful interpretation" if it is not to mislead. The author has restricted his scope to an analysis only of those structural relationships which it is essential to understand in order to see how the theory operates in practice. The subject is dealt with in twelve broad chapters which deal with various aspects of money supply, the influence of rate of interest, how the concepts of liquidity influence monetary policy and finally makes some assessment of the scope of monetary policy. Taking the Keynesian theory of money, he has tried to integrate the much broader concepts of liquidity which "have, for sometime, been lurking uneasily on the periphery of the subject." The author concludes that the monetary measures can make a contribution which, though small, is significant in itself in restraining demand but can do little more than facilitate the operation of non-monetary measures in stimulating demand.

He has taken the following three as the objectives of the monetary policy, namely, full employment, avoidance of inflation and external equilibrium. With reference to these he considers the effect of the following measures which are open to the authorities, namely, the manipulation of supply of money, the manipulation of maturity of Government debt, conversion of market expectations and the manipulation of the Bank Rate. The most effective single monetary measure is the manipulation of money supply. But both because of the fiscal limitations and because a sharp contraction of any large magnitude might produce a liquidity crisis, the use of this measure is likely to be confined within limits which makes it slow to operate. He considers that a deliberate policy of raising interest rates runs into the debt management limitation which stems from the fact that the monetary authorities, being responsible for managing the Government's credit, are reluctant deliberately to drive down the value of securities. All the above policy measures involve a change in the rate of interest and in the interest incentive affecting expenditure. Having regard to the limitations on both the manipulation of the supply of money and the manipulation of interest rates, monetary policy can only be regarded as a fine adjustment to be used in conjunction with other measures of economic policy.

The assessment of the scope for monetary policy has been concerned throughout more with restrictions than with expansion. The author deals with the overall conclusion of the Radcliffe Committee on the scope of monetary policy. "Monetary measures are aimed at the level of demand, but by their nature they are incapable by themselves of having an effect sufficiently prompt and far-reaching for the purpose, unless applied with a vigour that itself creates a major emergency. They are not so much a policy in themselves as a part of one general economic policy which includes, among its instruments, fiscal and monetary measures and direct physical controls.

Written in a lucid style, the publication is a valuable contribution to the library on monetary economics.

The World Bank. By James Morris. Published by Faber and Faber, London. Pages: 192. Price: 25s. net.

The World Bank or the International Bank for Reconstruction and Development is well known by now as the most successful of the great international bodies created after the Second World War. "With its vast resources, its empirical methods, its sometimes patronising self-confidence and its immense range of activities, the Bank has established itself as the principal fermenter of the continuing industrial revolution—the chief single agency by which the backward nations of the earth are trying to hoist themselves into equality." Any discussion about a Bank would ordinarily be dry as one has to deal with it without passion or sympathy, but Mr. James Morris has attempted to present to the layman an interesting book wherein he indicates that, though the Bank's policies, methods and even intentions have been different, it has succeeded by adopting one common denominator, the conviction that change is usually for the best, despite first appearances, and that all nations must come in the end to 'Huddersfield.'

Mr. James Morris, who has many popular books to his credit, was commissioned by the ex-President, Mr. Eugene Black, to paint a picture of the Bank. Choosing five different corners of the earth in which the Bank's money is playing a role, the author takes us to see the developments in Ethiopia, Siam, Southern Italy, Colombia and the Indus Basin. Ethiopia has been only a tiresome honeymoon. The Ethiopians scarcely need to change but angrily want to. The Siamese must but scarcely feel the urge. The differences between the two Italies are remarkable. In regard to Colombia it is observed that, though it is a confused, even a sick country today, she has some seeds of dignity in her and, in their germination, one may perhaps see the future of South America. The negotiations in regard to the Indus Basin development lasted just a little less than nine years, "perhaps the longest gestation any international agreement has ever had to endure." During the discussions, it is indicated that "the Indians quoted *force majeure*, the Pakistanis quoted the old principle that in riparian disputes the existing uses of water must be sacroscant, and only additional uses are open to agreement—by which they meant that, if might was on the other side, right was all on theirs. So tricky and ticklish did the negotiations become that the Bank took to dealing with each side separately one at a time." Mr. James Morris regards the agreement a landmark in the history of development diplomacy and reckons it as the most flamboyant of the feathers in the World Bank's normally sombre Hamburg. The enterprises underwritten by the Bank are varied: the port of Bangkok was dredged; the city of Baghdad was freed from floods, the Cacua Valley in Colombia was electrified, the Northern Rhodesian railways were overhauled, the Icelandic radio transmitter was rehoused, the Ethopian telephone system was reorganised, the Ceylonese established an institute of scientific research, etc.

Till recently there had been a fear that countries had reached a saturation point in the matter of absorption of loans from the World Bank, particularly with its affiliate, the International Development Association. The I.D.A. is gentler in its stipulations and can put money into things not commercially profitable, like education, charge no interest and adopt the "gradual payments" system. But Mr. James Morris rightly sees the World Bank "as the seed of something greater still." The World Bank in 1956 did not have a reputation which was reassuring but today "the Bank is nothing if not respectable, and the very fact that it considers a State ripe for a loan is a kind of gilt-edged testimonial. It abandoned its duties of reconstruction and devoted all its energies to development." The institution is a bank—"a proper bank, run by professional bankers, lending money at rates of interest not extortinate but scarcely open-handed, expecting to see a profit on its cash and on the projects it financed, raising its own funds largely by the selling of bonds in the open market." Mr. Eugene Black guided it for over a decade. While in 1950 a floatation by the Bank was a sorry failure, today it is scarcely less in demand than those of the most successful corporations. Mr. Black's stature enormously increased during his tenure of the presidency, as one "whose loyalties went beyond flag-waggings and parochial slogans." He developed the institution to no idealist zeal but only to steady sensible standards—money well used, money paid back. It is an apt remark: "I don't always agree with him but at least he is consistent."

The book is well written, giving an insight into efforts for economic development, which will be useful to the professional as well as the general reader. Mr. Eugene Black during his tenure of office built up the philosophy of "Development Diplomacy." As a catalyst agency, the World Bank has played an important role in the world technical revolution, though it may be marginal. In this regard the author portrays the effective role of Eugene Black.

BOMBAY CHAMBER OF COMMERCE

The report of the Bombay Chamber of Commerce and Industry for the year ended 1962, published recently, is much more than a mere recitation of the annual proceedings of the Chamber, for it contains a wealth of information pertaining to trade and industry. It provides a "bird's-eye view" of almost all the important legislative enactments of the Central Government, as also of the Government of Maharashtra. For instance, it has reproduced, in brief, the Apprentices Act 1961, the budgets of the Central Government and the State Government for the year 1963-64 and the Defence of India Act and Rules. There is also a resume of the meetings of the Direct Taxes Advisory Committee, the constitution of Export Inspection Advisory Council, the amendments to Factories Act, the deliberations of the 20th Indian Labour Conference and the trade agreements during 1962. Besides, a short account of the Workers' Education Scheme, a summary of the Mudaliar Committee on Import and Export Policy and the Government's resolution thereon has also been included. The Chamber's replies to the Bonus Commission's questionnaire and the report of the Committee on Free Trade Zones form part of the report under review. A unique feature is that the report's table of contents has been arranged alphabetically so that it may also serve as an index to the subjects covered therein. There are some statistical tables, the most informative of which is one on the import and export trade of India from 1883 to 1962. In short, the Chamber's report touches upon all the important aspects of, and developments in, the fields of commerce, industry and finance.

(Concluded from next column)

Cylinder Dryer for Fabrics

A combination of convection and contact in a new cylinder machine for the accelerated drying of fabrics results in a reduction in floor space and capital cost. Manufactured by Weston-Evans and Co. Ltd., Avanti Works, Manchester Road, Clifton, near Manchester, England, the machine's narrow cylinders—30 in. in diameter—are said to be more effective than the usual large-diameter, thick-walled, air-laden cylinders, with their lower surface temperature and lower contact pressure. Full compensation for fabric shrinkage and control of tension are possible, since the fabric in contact with the small cylinders is sub-divided into controllable sections, with automatic speed adjustment between each. The machine consists of several drying units, the number depending on the required output. Hot air and steam used in the drying are re-circulated via ducts. When the fabric is light and its moisture content is high, the makers claim, one convection accelerator unit serving one drying cylinder is equivalent to four drying cylinders used without the convection unit.

NEW PRODUCTS AND PROCESSES

Deionisation of Sugarcane Juice

SUGAR content in the Indian sugarcane is rather low compared to other countries. Further, because of the presence of non-sugars, appreciable amount of molasses is produced and the full recovery of sugar from sugarcane juice cannot be effected. With an annual production target of 3.3 million tons of sugar, it is estimated that about 1.2 million tons of molasses containing about 4.2 lakh tons of irrecoverable sugar will be produced. Thus it will be seen that over 11 per cent of total sugar is lost through molasses. Sugarcane juice (from sulphitation process) as sent for concentration and crystallisation contains about 1 per cent ash. This high ash content is one of the responsible factors for high production of molasses. Any reduction in the mineral matter in the juice will reduce production of molasses, increasing thereby sugar recovery.

Laboratory investigations revealed that the ash content in the juice could be considerably reduced by removing mineral impurities from the juice by means of ion exchange process and that the recovery of sugar can be increased by 8-10 per cent. With a view to establish the practical possibilities from these laboratory results and to collect economic and technical data for commercial application of the process in the Indian sugar industry, a project was set up at National Sugar Institute, Kanpur, by National Research Development Corporation of India. Pilot plant studies have been made with clarified (sulphitation) cane juice and conditions for optimum deionisation have been established in the pilot plant.

Clarified cane juice, cooled to a temperature of 15-18°C was passed through beds of suitable cation and anion exchange resins whereby most of the mineral and colouring matters were removed and almost a water-white or pale yellow juice is obtained. This juice gives an increased yield of 8-10 per cent (over the usual) of superior grade sugar and an edible syrup. Different techniques of juice deionisation were studied. Also different types of resins were tried to determine their capacity for the purification of juice and regeneration efficiency so as to select the most useful combination. These studies established the superiority of the mixed bed technique for treatment of cane juice. A pair of cation and anion exchangers most suitable for demineralisation of clarified juice was selected. After exhaustion cation exchange resin was regenerated with dilute hydrochloric or sulphuric acid and the anion exchange resin was regenerated with dilute ammonia. Other alkalies like soda ash or caustic soda could also be used for regeneration of anion exchange resin. The activities of the resins are found to be good for several thousand cycles.

Besides the extra recovery of sugar of superior grade, there are other economic benefits accruing from the above process. Molasses obtained after the ion exchange treatment process have edible characteristics and can be placed in the market at a low price for such purpose. Another benefit of great importance is the elimination of periodical shut-downs for cleaning scales and incrustations deposited on heating surfaces, because the scale forming substances are removed during the deionisation process. A continuous non-stop operation for very long time can therefore be expected. Over and above these direct advantages the process it is said will yield extra sugar without any increase in the acreage for sugarcane, and the final molasses obtained being edible, can be expected to relieve direct pressure on sugar by replacing it in many fields of its application.

Automatic Textile Sizing Process

Automatic and accurate control of the sizing process in textile manufacture—a major research project of the world's textile industries for many years—has now been accomplished. A system developed at the Shirley Institute, 52-56 Market Street, Manchester, England, the headquarters of textile research in Britain, is applicable not only to textiles but to any industry in which materials have to be impregnated or coated with a fluid substance. Sizing in the textile context means the addition of an adhesive lubricant—usually a solution of starch and tallow—to the warp yarn so that it can be woven without breaking. Conventional practice is to run the warp sheet through a bath of hot sizing paste and to remove the excess by mangling. The operator of the "slashing" or sizing machine can only judge the amount of size added by the "feel" of the yarn as it passes from the mangle to drying cylinders. Lack of a precise control system has resulted in many difficulties in the weaving stages. The system which has now been perfected at the Shirley Institute provides the complete answer to all problems associated with size application. It provides the method for delivering additive sizing ingredients at any desired rate automatically and with an accuracy of plus or minus 0.2 per cent. In so doing it automatically compensates for all variable conditions, mechanical and otherwise, which cannot be standardised in normal practice. Basic principle of the Shirley size box system is a metering control and a pump governed by infinitely variable gears. To cover the full range of modern and foreseeable requirements in sizing (different yarns require varying percentages of size), the gearbox has a speed-ratio range spanned in logarithmic steps so small that the controller can be set to within one-fiftieth of any percentage of size.

(Continued in previous column)

KOLHAPUR SUGAR MILLS LIMITED

FURTHER EXPANSION OF CAPACITY CONTEMPLATED

CHAIRMAN, MR. RAMNIWAS R. RUIA, URGES PRICE REVISION

THE Kolhapur Sugar Mills Limited has requested the Government of India to permit a further expansion of daily cane-crushing capacity from 2,600 metric tonnes to 3,000 metric tonnes. This was disclosed by the Chairman of the Company, Mr. Ramniwas R. Ruia, in the course of his speech at the Thirtieth Annual General Meeting of the Company held at Bombay on Friday, 27th December 1963. Such expansion, Mr. Ruia said, would be in the interest not only of the Company but also of the agricultural economy in the neighbourhood, since the factory was situated in a very concentrated cane area. Reviewing the working results of the Company, he alluded to the various increases in cost elements since the last report of the Tariff Commission and urged the Government to examine the cost structure of the sugar industry afresh. Referring in particular to the cane price policy, he warned that sugar was an agro-industrial problem and that making raw material dearer would make Indian sugar dearer for the consumer and also less competitive in world markets. The very basis of a balanced policy, he declared, lay in the improvement of per-acre yields of quality cane by adopting an intensive programme of development.

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

GENTLEMEN,

It is my great pleasure to welcome you here and to be in your midst this afternoon at the thirtieth annual general meeting of the Mills.

Before I proceed with the business of the meeting, I desire to refer to three very sad events which have recently occurred, events of international and national significance, which have, cast a deep shadow in the mind. I refer to the brutal assassination of the late President of the United States, John Fitzgerald Kennedy, who, by his dynamism, had ushered a new era in international affairs, had sought to find a common ground of understanding between the East and the West. He was an apostle of peace and equality of human beings—a second Abraham Lincoln, who had the courage to bring the noble philosophy into practice. His invaluable help to us in our emergency further endeared him to all of us.

Death has taken a heavy toll in the most tragic and accidental deaths of five of our very experienced top Generals. It is a grievous loss to our Defence Services and particularly so in this hour of national emergency, regarding which we feel very deeply.

The third sad happening was the sudden demise of our late Chief Minister, Shri Dadasaheb Kannamwar, who died in harness. He was a man of the masses possessed courage and judgment in dealing with men and things.

Gentlemen, in expressing the feelings of sorrow, I am sure, I am voicing your feelings also.

(At the suggestion of the Chairman, the assembly remained standing in silence for a couple of minutes to express their heartfelt condolences and deep respect for the memory of the departed.)

The New Chief Minister

The late Shri Dadasaheb Kannamwar has been ably succeeded by his trusted colleague, Shri Vasantraoji Naik, who brings in his new post considerable experience of public life in Vidarbha and also in the larger Maharashtra and wide experience as administrator, along with a rich record of legislation in the sphere of land reforms. He has widely travelled and had an opportunity of visiting China and Japan as a delegate of the International Rice Commission. His unanimous election as leader and Chief Minister is an evidence of the trust which his colleagues and the public have in his talents and ability. We all wish him a brilliant future as Chief Minister and prosperity to our State with him at the helm of affairs.

Now, coming to the business of the meeting, the accounts for the period ended 30th June 1963, along with the report of the Directors for the statutory period, have already been in your hands and, with your permission, I shall take them as read.

The production of sugar of 380,231 quintal bags during the year under report, as compared with 269,890 bags of the last year, has been an all-time record for the factory. Our production stands as the highest in Maharashtra and second in the whole of India. The average recovery was 12.47 per cent, as compared with 12.45 per cent of the preceding year.

The production of alcohol in our distillery was augmented to 1,250,000 gallons, as against 731,580 gallons of the previous year. The molasses allotted from the neighbouring factories by the Government of Maharashtra was fully utilised. The new and the old plants together are well on the way to achieve an annual production of two million gallons with a daily production of 7,000 gallons, and your management has already approached the Central Government with a request to grant us increase in production capacity to that extent. This will necessitate a supply of 35,000 metric tonnes of molasses and the distillery can easily utilise the molasses of all the neighbouring factories in the district. While on this point, I would like to express our sense of thankfulness to the Industries Commissioner of the Government of Maharashtra and to the managements of the Panchaganga, Warana and the Bhogawati factories for their valued co-operation.

Expansion and Modernisation

Gentlemen, while reviewing for you the progress of the Mills, naturally, my mind goes back some twenty years when the Mills were only a 400-ton unit producing about 50 to 60 thousand bags and the distillery producing only about 500 to 600 gallons per day and about 100,000 gallons annually. The capacity now has increased almost to eight to ten times and both the plants have been modernised. Further, the Mills have taken up new projects of alcohol-based chemical industries. It has, however, to be borne in mind that the block capital investment of Rs. 3.5 crores, necessary for this development, has been built without the shareholders being called upon to contribute, which I am sure, you will appreciate. Your management has been pursuing the wise policy and healthy practice of ploughing back profits so necessary for capital formation and needed for expansion. I must, however, observe that, due to the heavy tax burden, rise in cost of stores and the wage Bill, formation of capital is becoming increasingly difficult and, I am afraid, is reflected in the comparatively slow pace of industrial expansion in 1962-63.

To speak of the financial working results, I might observe that, though our working results are as good as can be expected, the incidence of the Super Profits Tax, which amounts to Rs. 2,73,315, War Risk Insurance and other taxes reduces profits for distribution. Added to that is the rise in the cost of stores, and the wage bill due to the full implementation of the recommendations of the Wage Board. None of these factors were taken into account when the Tariff Board framed the cost structure of sugar. I, therefore, think that Government will be well advised to examine the cost structure afresh.

Cane Price Policy

Gentlemen, as regards return to the cultivator, none will be happier than myself if the the cultivation of sugarcane is made a more lucrative occupation to the farmer than what it is at present. But, in order to make the cultivation of sugarcane more profitable to the farmer, a long-range policy of cane development is necessary. The overall yield per acre in our country is the lowest in the world. The sugar content is also poor. Merely fixing higher cane price may be expedient as a temporary measure, but that is not enough. Sugar is an agro-industrial problem and making the raw material dearer will make our sugar dearer for the consumer and also less competitive in the foreign market, as it was two years back. The very basis of a balanced policy lies in improving the per-acre yield and improving the quality by adopting an intensive programme of development which, I am happy to note, the Mills have been following. We provide irrigation, finance, manures, seed, etc., and technical guidance and our Development Department is manned by twelve agricultural graduates along with the necessary field staff and the number of cultivators deriving the benefits is 5,706 today.

While on the question of development, I may refer to the huge amount of Rs. 87,24,000 paid by us, so far, by way of cane cess and purchase tax together, levied by the State Government for development work. Provision of roads in the area of operation for facilitating and cheapening transport of sugarcane forms a major part of the development work. A few years back, the Maharashtra Government had prepared a tentative scheme to construct roads in the areas of factories in the Kolhapur district. Certain amounts were also proposed to be spent in the area of each factory. In the meanwhile, the *Zilla Parishads* began functioning and the work of constructing roads in the factory areas appears to have been shelved. I would most earnestly urge the *Zilla Parishad* to take up the work which is of utmost importance for our cultivator-suppliers and for the industry as well. I would also request the State Government that, while apportioning grants to the *Zilla Parishad*, certain specific amounts, in proportion to the amounts contributed and the present contributions by factories, should be earmarked for the purpose of roads for each factory area. Speaking about our Mills, an additional crossing in the upper reach of the Panchaganga will shorten distances of transport of cane from the other bank of the river and save cost on transport.

Sugarcane Farms

You are aware of the Maharashtra Agricultural Land (Ceiling on Holdings) Act, 1961, by which the State Farming Corporation has taken possession of our surplus lands (1,134 acres), along with staff, on 1st of August 1963. Negotiations regarding the taking over of the agricultural machinery and valuation of structures, etc., are on the way. Our irrigation project will remain with us and we shall have to supply the facility to the Corporation on terms and conditions to be mutually agreed. Recently, however, Article 28 of the above Act has been declared invalid by the Bombay High Court as being repugnant to the Constitution and the Government have preferred an appeal to the Supreme Court. The matter being *sub judice*, I need not say anything more.

The third Plan target of production of sugar is placed at 40 lakh metric tonnes and the all-India target for the present year is 33 lakh metric tonnes. The Maharashtra State has been allotted a target of 6.5 lakh metric tonnes. The sub-allocation for us is 42,000 metric tonnes. This means, a higher production of approximately 40,000 quintal bags over the production of the last year. It appears somewhat strange that, though there are nearly 180 factories in the country, no proper and comprehensive planning, taking into account the interests of the cultivator, producer and consumer, has been so far there. A balanced long-term policy allocating zones of cane supply also is needed. I appreciate that there may be various difficulties which Government may have to tackle. But in any plan, certain difficulties will always be there and they will have to be faced and overcome.

Exports

Happily today, our country has gained a fairly important position in the international market as exporter of sugar, thanks to the far-sighted policy of the former Food Minister. Sugar is now an important earner of exchange. The prices in the international market have also shot up and this is just the opportunity for ourselves to stabilise our position as exporter. The present short supply all the world over has stimulated the production of sugar in countries like Australia which have been very watchful in securing markets in America and Japan. Widening of export and meeting the higher domestic consumption should be the guiding pivots of the future development of our sugar industry.

You are aware that our factory has achieved a crushing capacity of 2,500 to 2,600 metric tonnes per day, as against the licensed capacity of 1,700 metric tonnes. You will join with me in appreciating this achievement of nearly 50 per cent increase in the crushing capacity. Looking to this, your management has requested the Centre to grant us expansion to 3,000 metric tonnes per day. The factory stands in a very concentrated cane-area and a further expansion of this factory will not only be in our interest but also in the interest of the agricultural economy in the neighbourhood.

Now coming to the new chemical projects, particularly, acetic acid, I may say that the progress has been somewhat slow and the start-up has been delayed for one technical reason or another, the most important factor being the delay in getting power. However, every effort is being made to expedite the start-up of the plant early. All the important plant has been erected and some indigenous material is expected to be received soon. The laboratory building is complete and the progress of the butanol building is satisfactory. In the context of the alcohol-based industries, I may acquaint members that the Government has granted us licences for the manufacture of ethyl acetate (900 metric tonnes), carbon dioxide (5,400 metric tonnes) and dry ice (3,600 metric tonnes) and preliminary enquiries about plant and machinery are in progress.

Current Working

Gentlemen, you would like me to offer a few remarks in a general way on the current working since the end of our official year.

You are aware that, due to the abnormal shortage in the overall production of sugar in the country during the year under report and the commitments for export, there is paucity of sugar for meeting the rising domestic consumption. Government had, therefore, to resort to regulation of price, movement and distribution control by issuing the Sugar Control Order in April, in addition to the controlled releases which were already there. I would like to say that the demand for sugar has been acute for the first time and not only we, but also all factories in the country find their godowns empty. Though from the factories' angle, this is a good feature, but, looking to the country's requirements, this appears a bit alarming, because we are in the process of consuming all our past surplus and, unless production goes up substantially, the problem from the consumers' angle in the months to come will be rather acute. The present trend of production in the country also does not give a very rosy picture. As far as our Mills are concerned, I understand that it will be difficult to reach anywhere near the target of 42,000 metric tonnes fixed for us and even the production of last year may not be achieved, in view of the prevailing high prices of the *gur* market and the diversion of cane for *gur*.

Sugar Prices

You are aware that in the Government policy of granting licences for new sugar factories, the co-operative sector is favoured by the Government. In my opinion, mixed economy, working together for mutual advantage as in Australia, may be good for the country. It is, however, the duty of the Government to see that factories in the so-called private sector are not placed at a disadvantage by the public sector. I have also to observe that, as compared with the price of cane fixed at Rs. 54.10 nP per metric tonne for the last season on the basis of recovery, the final price now fixed for our Mills is Rs. 61.80 nP per metric tonne. This price was first revised on 18th of November and the second upward revision came during the last week. As a result of the first revision, the price of sugar also was increased. It is, however, feared, judging from the Press report, that sugar price is not likely to be again revised. Moreover, the revision of cane price has to be given effect to retrospectively from 1st of November 1963. This places the industry in a rather awkward situation in realising the amount of difference in price of the sugar already delivered under Government orders which may sometimes be difficult. In this context, I may also refer to the idea of giving cane price fixed, ex-field, which policy some co-operative factories have adopted. This is likely to increase the cost of production and I understand the Government of Maharashtra are not unaware of this and they are trying with the Centre to get transport charges included in the cost.

Similarly, with regard to the question of rebate in excise duty as an incentive for higher production, the recent ruling of Government, to include Maharashtra along with Madras, Mysore and Kerala will adversely affect the amount of rebate to which the mills in this part of the country should have been entitled. This question, I hope, will be taken up energetically by the Deccan Sugar Factories Association.

Gentlemen, you have noticed how the productivity and efficiency of our industry have been looked after by the management very assiduously. The management have been equally keen about the physical, the mental and the cultural progress of the employees and they have liberally encouraged the two institutions which cater for the physical and cultural progress, I mean, the *Kolhapur Sugar Mills Gymkhana* and *Jeevan Kalyan*.

Among the activities of the Gymkhana, cricket, badminton and tennis and indoor games like table tennis and bridge, may be mentioned for the outstanding merit our players have shown by winning local and outside championships.

The *Jeevan Kalyan* observed the *Ganesh Festival* with the same enthusiasm and on the same scale and in keeping with the high traditions. Likewise, the Annual Number possesses a variety of articles of high literary merit in both English and Marathi. Shri Madhavraoji Bagal's contribution on *Art and Artists of Kolhapur*, also published separately in book form, deserves special mention.

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

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

Finally, I desire to record our warm appreciation of the very efficient and devoted work of our General Manager, Shri M. B. Lohia, who has that rare gift of imaginative dynamism combined with a keen sense of reality. I may also mention the loyal and earnest co-operation of the Deputy General Manager, Shri S. D. Patil, and other colleague officers and for the never-failing and hearty co-operation of the staff and workers in the discharge of their duties.

With these words, I now beg to propose that the balance-sheet and profit and loss account for the year 1962-63 be approved and adopted.

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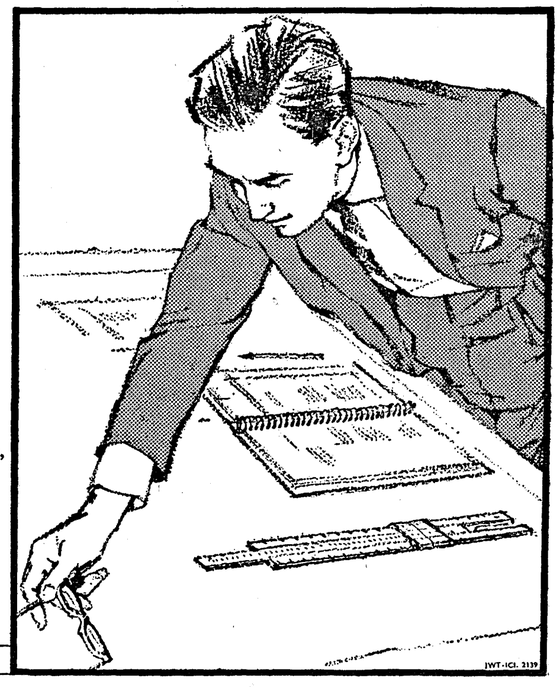

JWT-ICI. 2139

THIS IS ONLY AN ANNOUNCEMENT OF THE PROPOSED ISSUE OF CAPITAL AND NOT A PROSPECTUS

Persons interested in full details are requested to apply for a copy of the Prospectus, which is available from the Company's Registered Office, Bankers, Brokers and Underwriters

MUSCO MAHINDRA UGINE STEEL COMPANY LIMITED

(Incorporated on the 19th day of December, 1962 under the Companies Act, 1956).

Registered Office: **Gateway Building, Apollo Bunder, Bombay-1**

SHARE CAPITAL

AUTHORISED CAPITAL :

	Rs.
40,00,000 Equity shares of Rs. 10 each	4,00,00,000
1,00,000 Preference shares of Rs. 100 each	1,00,00,000
	5,00,00,000

A. ISSUED CAPITAL :

4,30,000 Equity shares of Rs. 10 each	43,00,000

B. SUBSCRIBED AND PAID-UP CAPITAL:

		Subscribed Rs.	Paid up Rs.
(1)	8 equity shares of Rs. 10 each, fully paid in cash, subscribed for at par by the signatories to the memorandum	80	80
(2)	15,000 equity shares of Rs. 10 each at par credited as fully paid-up, allotted to Mahindra and Mahindra Limited for consideration other than cash	1,50,000	1,50,000
(3)	15,000 equity shares of Rs. 10 each at par credited as fully paid-up, allotted to Societe D'Electro-Chimie D'Electro Metallurgie Et Des Acieries Electriques D'Ugine for consideration other than cash	1,50,000	1,50,000
(4)	1,99,992 equity shares of Rs. 10 each, on which Rs. 5 have been paid-up, subscribed for in cash at par by Mahindra and Mahindra Limited	19,99,920	9,99,960
(5)	2,00,000 equity shares of Rs. 10 each on which Rs. 5 have been paid-up, subscribed for in cash at par by Societe Inde Ugine, a subsidiary of Societe D'Electro-Chimie D'Electro Metallurgie Et Des Acieries Electriques D'Ugine	20,00,000	10,00,000
	Rs.	43,00,000	23,00,040

C. PRESENT ISSUE: Rs.

(1) 20,70,000 equity shares of Rs. 10 each at par	2,07,00,000
(2) 50,000 Redeemable 9.3% Cumulative preference shares of Rs. 100 each at par free of Company's tax but subject to deduction of taxes at source at the prescribed rates	50,00,000
Rs.	2,57,00,000

D. OUT OF THE PRESENT ISSUE:

(1) 2,00,008 equity shares of Rs. 10 each have been agreed to be subscribed for in cash at par by Mahindra and Mahindra Limited	20,00,080
(2) 2,00,000 equity shares of Rs. 10 each have been agreed to be subscribed for in cash at par by Societe Inde Ugine	20,00,000
(3) 1,99,992 equity shares of Rs. 10 each have been agreed to be subscribed for in cash at par by Mahindra & Mahindra Ltd. if in the first instance they are not taken up by the staff of Mahindra & Mahindra Ltd., and of their associated companies ; and shareholders of Mahindra & Mahindra Ltd.	19,99,920
Rs.	60,00,000

E. SHARES RESERVED FOR ALLOTMENT TO INTERNATIONAL FINANCE CORPORATION, WASHINGTON

4,00,000 equity shares of Rs. 10 each are reserved for allotment to International Finance Corporation, Washington, for cash at par in terms of the Investment Agreement	40,00,000

(This is governed by a separate consent order No. R. 75-CCI/63 by the Controller of Capital Issues dated the 18th September 1963).

F. NOW OFFERED AT PAR FOR PUBLIC SUBSCRIPTION FOR CASH :

(1) 10,70,000 equity shares of Rs. 10 each	1,07,00,000
(2) 50,000 redeemable 9.3% cumulative preference shares of Rs. 100 each free of Company's income tax but subject to deduction of taxes at source at the prescribed rates	50,00,000
Rs.	1,57,00,000

DIRECTORS

Name and Address	*Occupation*
1. **Mr. Harish Chandra Mahindra** Indian. 65, Nepean Sea Road, Bombay 6.	*Chairman of:* Mahindra Sintered Products Ltd. Mahindra Owen Ltd. Dr. Beck & Co. (India) Ltd. Press Syndicate Ltd. *Director of:* Mahindra & Mahindra Ltd. Indian & Eastern Engineer Co. Ltd. Electro Equipments Corpn. Ltd. Turner Hoare & Co. Ltd. and others
2. **Mr. Haravu Varada Raj Iengar** Indian. Bens Gardens, Adyar, Madras 28.	*Chairman and Managing Director of:* E.I.D. Parry Ltd. *Chairman of:* Indian Aluminium Co. Ltd. Travancore Sugars & Chemicals Ltd. Parry Confectionery Ltd. Hercules Insurance Co. Ltd. The Deccan Sugar & Abkhari Co. Ltd. and others.
3. **Lt. Gen. H. H. the Maharaja Sir Sawal Man Singh Bahadur of Jaipur** Indian. Rajmahal Palace, Jaipur.	*Director of:* United Malleable Co. Ltd. Orient Paper Mills Ltd. Belpahar Refractories Ltd. Rajasthan Spinning & Weaving Mills Ltd. and others.
4. **Mr. Madanmohan Mangaldas** Indian. Mangal Bag, Ellis Bridge, Ahmedabad.	*Director of:* The Aryodaya Spg. & Wvg. Co. Ltd. The Gaekwar Mills Ltd. The Bank of India Ltd. The Gujarat Steel Tubes Ltd. The Great Eastern Shipping Co. Ltd. National Machinery Manufacturers Ltd. Gujarat State Fertilizers Co. Ltd. and others.
5. **Mr. Jal Hormusji Mehta** Indian. Carmichael House, Carmichael Road, Cumbala Hill, Bombay 26.	*Chairman of:* H. M. Mehta & Co. Ltd. H. M. Mehta & Sons Ltd. Navsari Cotton and Silk Mills Ltd. Kemp & Co. Ltd. Zenith Assurance Co. Ltd. British India General Insurance Co. Ltd. Indequip Engineering Ltd. *Director of:* Machinery Manufacturers Corpn. Ltd. Industrial Investment Trust Ltd. Union Bank of India Ltd. Mahindra & Mahindra Ltd. *Ahmedabad Advance Mills Ltd.* Central India Spinning, Weaving and Manufacturing Co. Ltd. Bharat Line Ltd. and others.

Name and Address	*Occupation*
6. **Mr. Paul Jean Commissaire** French. 1, Avenue Pozzo di Borgo, St. Cloud, (Seine-et-oise), France.	*Director of:* Societa Italiana Acciai Utemili SIAU, Italy. *President of:* Societa Italiana UGINOX, Italy. Societe Belge des Depots des Acieries d'Ugine, Belgium. *Managing Agent of:* Societe de Vente et des Depots des Acieries d'Ugine UGSTA GMBH, Germany. *Manager of:* The Steel Department of Societe d'Electro-Chimie d'Electro Metallurgie et des Acieries Electriques d'Ugine, Paris.
7. **Mr. Michel Fernand Philippe Jaoul** French. 81, Bis Rue de Longchamp, Neuilly, Sur Seine, France.	*Chairman of:* Societe Inde Ugine, Paris. *Director of:* Ugine Industries Inc., New York, U.S.A. Pacific Chemical Industries Pty. Paramatta, N.S.W. (Australia).
8. **Mr. Bhaskar Mitter** Indian. 7/1 *Queen's Park,* Ballygunge, Calcutta 19.	*Managing Director of:* Andrew Yule & Co. Ltd. *Director of:* The New Beerbhoom Coal Co. Ltd. Katras Jherriah Coal Co. Ltd. Port Engineering Works Ltd. Tide Water Oil Co. (India) Ltd. Budge Budge Jute Mills Co. Ltd. and others.
9. **Mr. Keshub Mahindra** Indian. 45, Nepean Sea Road, Bombay 6.	*Chairman of:* Mahindra & Mahindra Ltd. International Tractor Company of India Ltd. Turner Hoare & Co. Ltd. Otis Elevator Co. (India) Ltd. Leeds Meter Manufacturing Co. Ltd. *Director of:* Ceat Tyres of India Ltd. Southern Industrial Corporation Ltd. and others. *Alternate Director of:* Indian Aluminium Co. Ltd.
10. **Mr. Aloke Kumar Mitra** Indian. 56/2 Ballygunge, Circular Road, Calcutta 19.	*Chairman of:* Machinery Manufacturers Corporation Ltd. *Director of:* Mahindra & Mahindra Ltd. Mahindra Engineering Co. Ltd. Indian National Diesel Engine Co. Ltd. and others.

APPLICATION FOR SHARES

All applications must be made on the form accompanying the prospectus which can be had from the following Company's Bankers, Brokers, Underwriters and from the Registered Office.

UNDERWRITERS

The entire present issue to the public has been fully underwritten by:

(1) Government of Maharashtra.

(2) The Industrial Credit and Investment Corporation of India Ltd., Bombay.

(3) Life Insurance Corporation of India, Bombay.

(4) Industrial Finance Corporation of India, New Delhi.

(5) Devkaran Nanjee Banking Company Ltd., Bombay.

(6) The Indian Overseas Bank Ltd., Bombay.

(7) The New India Assurance Co. Ltd., Bombay.

(8) South British Insurance Co. Ltd., Bombay.

(9) The Union Bank of India Ltd., Bombay.

(10) Messrs. Lewis & Jones, Bombay.

(11) Messrs. Sanghi Brothers (Indore) Private Ltd., Indore City.

(12) Amer Finance (Bombay) Private Ltd., Bombay.

(13 South India Insurance Company Ltd., Bombay.

BANKERS

DEVKARAN NANJEE BANKING CO., LTD. at their main branches at:

Ahmedabad, Bangalore, Baroda, Bhavnagar, Bombay Bhopal, Calcutta, Cochin, Delhi, New Delhi, Hyderabad (Dn.), Jamnagar, Madras, Mangalore, Poona and Rajkot.

THE INDIAN OVERSEAS BANK LTD., at their main branches at:

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THE UNION BANK OF INDIA LTD., at their main branches at:

Ahmedabad, Bangalore, Baroda, Bhavnagar, Bombay, Calcutta, Cochin, Coimbatore, Delhi, New Delhi, Hyderabad (Dn.), Jamnagar, Kanpur, Madras, Madurai, Nagpur, Poona, Rajkot, Surat, and Vijayawada.

COMPTOIR NATIONAL D'ESCOMPTE DE PARIS, at their branches at:
Bombay and Calcutta.

BROKERS

Bombay

1. Lewis & Jones, Bank of Baroda Building, Apollo Street, Bombay-1.
2. Dhirajlal Maganlal Purshotamdas, Old Stock Exchange Building, Dalal Street, Bombay-1.
3. Devkaran Nanjee & Co., 5, Hamam Street, Bombay-1.
4. P. R. Subramanyam, 70/A Stock Exchange Building, Apollo Street, Bombay-1.
5. Mahadevia Bros., Old Stock Exchange Building, Dalal Street, Bombay-1.
6. K. J. Shah & Sons, Old Stock Exchange Building, Dalal Street, Bombay-1.
7. Chimanlal J. Dalal & Co., 107, Stock Exchange New Building, Dalal Street, Bombay-1.

Madras

1. Paterson & Co., 22, Errabalu Chetty Street, Madras-1.
2. Kothari & Sons, Oriental Buildings, Armenian Street, Madras-1.

Calcutta

1. Place, Siddons & Gough (P) Ltd., 6, Lyons Range, Calcutta-1.
2. G. M. Pyne & Co., Allahabad Bank Building, 14, India Exchange Place, Calcutta-1.

New Delhi

1. Harbans Singh Mehta & Co., 33, Regal Buildings, Parliament Street, New Delhi.
2. Rajaram Bhasin & Co., Stock Exchange Building, Asaf Ali Road, New Delhi.

Ahmedabad

1. Chinubhai Chimanlal Dalal, Manek Chowk, Ahmedabad.

Bangalore

1. P. R. Subramanyam, "Shree Shiva," Plot No. 6, 4th Street, Bangalore 6.

LOCATION OF THE INDUSTRY

The Company's factory is to be established on a site measuring about 150 acres near the Railway Station at Khopoli, about 65 miles from Bombay in the State of Maharashtra. Karjat-Khopoli Broad Gauge line runs alongside the site. Power will be available from the Tata Hydro-Electric grid and the Company has received confirmation from Tata Hydro-Electric Power Supply Company that the Company's power requirements will be met in full by the time the plant goes into production. *Patalganga tailrace, originating* from Tata Hydro-Electric Power Station, flows very near the site and will provide adequate water for the plant.

EXISTING AND PROPOSED ACTIVITIES

Mahindra Ugine Steel Company Limited is establishing an up-to-date and modern plant for manufacture of Alloy Constructional Steel and Case-Hardening Steel, with an annual capacity of 25,000 tons of ingot steel or 18,000 tons of finished steel. The manufacturing programme of the Company covers a wide range of chromium, nickel manganese, molybdenum and vanedium alloy steels.

The manufacturing facilities will, *inter alia*, include modern electric arc furnace, forging press, rolling mill, re-heating furnaces and heat treatment furnaces. The products to be manufactured will include billets, rounds, flats, squares etc., in sizes and sections related to current consumption and future growth trend.

The Company's products will find applications in aircraft construction, locomotives, automobiles and machinery parts where higher strength and elastic properties coupled with higher ductility are required.

The Company has entered into collaboration agreements with Societe d'Electro-Chimie d'Electro Metallurgie et des Acieries Electriques d'Ugine of France for providing comprehensive technical assistance and services both during the construction and operating phases of the project.

The Company has secured the necessary foreign exchange loans-cum-investments and deferred payment facilities to cover the foreign exchange cost of capital plant and equipment.

DATES OF OPENING AND CLOSING OF SUBSCRIPTION LIST

The Subscription List will open at the commencement of banking hours on the 14th January, 1964 and will close at the close of banking hours on the 24th January, 1964 or sooner as the Directors may decide but in no case will the List close before the close of banking hours on the 17th January, 1964.

ANDHRA PRADESH INDUSTRIAL DEVELOPMENT CORP. LTD.

SPEECH OF CHAIRMAN, MR. A. V. BHANOJI ROW

"ENTERPRISE MUST BE KEPT FREE AND UNFETTERED"

THE Second Annual Meeting of the Andhra Pradesh Industrial Development Corporation Ltd. was held at Hyderabad on 6th December 1963. Addressing the meeting, Mr. A. V. Bhanoji Row, Chairman of the Corporation, made the very pertinent point that, for rapid industrial development, it was necessary that enterprise should be left free and unfettered with minimum controls and that the technical personnel available be mobilised and put to best use. He outlined the varied activities of the Corporation and regretted that its eagerness to help was not matched by its resources. He, however, assured that the Corporation was making all possible efforts to raise additional resources and to render assistance on a larger scale than at present.

The following is the full text of Mr. A. V. Bhanoji Row's speech:

GENTLEMEN,

I have great pleasure in welcoming you to the second annual general meeting of the shareholders of this Corporation.

The annual accounts and the directors' report for the period ended 31st March 1963 have been placed before you. I am glad to inform you that the Comptroller and Auditor General of India has stated that he has no comments to offer on our accounts for the period. With your permission, I shall take the annual accounts and Directors' report as read.

Andhra Pradesh has been a predominantly agricultural State. While one cannot minimise the importance of agriculture in promoting and assisting economic growth, it cannot also be gainsaid that industrialisation is equally necessary for progress. Both industry and agriculture are, therefore, necessary for the economic progress of the State. After all, the essentials of progressive agriculture are better implements, more and better fertilisers, insecticides and pesticides and of course better seeds. Except the last item, all the others are the products of industrial development. In the present emphasis on agriculture, it should not, therefore, be forgotten that it is equally necessary to pay attention to industrial development, even though this may be directed towards assisting in agricultural output.

Decade of Development

Although there has been a strong tradition of agriculture in Andhra Pradesh, widespread industrial development is a comparatively new phenomenon. At one time, the plea for rapid industrial growth was made on the basis of balanced regional development, but it is becoming increasingly known that our prospects of industrialisation are based on more substantial grounds of sound raw material base, both mineral and agricultural, and increasing availability of water, transport and power facilities. It is said that, in India, we are now passing through the decade of development. I would say that Andhra Pradesh is now at the beginning of a decade of rapid industrialisation.

One of the requisites for the rapid industrial development in any State is to create a separate cadre of officers for industries, so that they could function continuously in any industrial undertaking or in Industries Department in which they are posted. These officers can also be sent for further training in their respective fields, if required, either in this country or outside. By doing so, continuity of implementation of policies, programmes and plans can be ensured. The specialised knowledge of these officers acquired during their service could be put to the best use and advantage for the undertakings or offices for which they are posted. But now what is happening is that these officers are constantly shifted from one assignment to another unrelated to their fields of activity at short intervals, with the result that the implementation of programmes is being retarded. For these reasons, it is essential that the Industries Department should have a special cadre of officers.

Enterprise

For rapid industrial development, it is necessary that 'Enterprise' should be left free and unfettered with minimum controls and that the technical personnel available should be mobilised and put to best use. Two countries in the world, that is, West Germany and Japan have followed the above policies and developed their industries from utter destruction to prosperity after the Second World War and they have become most prosperous nations in the world.

When this Corporation was set up about three years ago, the broad purpose was to assist in the rapid industrial growth of the State. Over a period of time, we have evolved a pattern of activities which are calculated to provide the fillip to further growth. Many other States also have established similar Corporations. In the field of financial assistance to new industries that are being established in the State, I may say that, with the comparatively meagre resources at our disposal, we have done fairly well. The total assistance we have rendered so far in various forms is broadly as follows:

	Rs. in lakhs
1. Underwriting of share capital ...	113.50
2. Investment in share capital ...	4.00
3. Guarantees for deferred payments	468.00
Total ...	585.50

We have recently taken a further decision to assist the spinning mills in the State. We may, therefore, claim that nearly every large-scale industry that has been promoted in the State has had some form of assistance from this Corporation. I hope we will be in a position not only to maintain this record but also to improve upon it in the future and catch up with other industrially developed States in the country.

Joint Ventures

One special feature of our activities which is not normally found in other similar institutions but which I am sure will come to be increasingly followed, is our direct promotion of certain selected industries. Without casting any aspersions on anyone, I may say that the general level of industrial activity in the State has been low in comparison with some other States like Maharashtra, West Bengal, Madras and the Punjab. There were several reasons for this and I do not propose to go into them on this occasion. The fact, however, remains and we, therefore, considered that the Corporation could itself perform the initial functions of promoters in the promotion of industries, by applying for industrial licences, negotiating for foreign collaboration and financial participation and welcoming private capital in the formation of joint ventures for certain selected industries.

THE
BRITISH INDIA CORPORATION LTD.
KANPUR

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

BEGG SUTHERLAND DIVISION
Secretaries and Treasurers:
The Elgin Mills Company, Limited
Cawnpore Textiles Limited
Brushware Limited
Cawnpore Sugar Works Limited
Champaran Sugar Company, Limited
Saran Engineering Company, Limited

Secretaries for:
Beta Picker Co. Ltd.

Agents for:
The Oriental Fire & General Insurance Co. Ltd.

We have so far obtained clearances from the Government of India for the promotion of a ball bearings factory, a high tension and low tension insulator factory, an integrated glass factory and a pig iron project in the State. In the case of the ball bearings project, we have negotiated the terms of the foreign collaboration with a reputed Japanese firm, Messrs. Koyo Seiko Company Ltd., for the manufacture of all kinds of bearings, including the heavy journal bearings for Indian railways. The formal approval of the collaboration agreement and the clearance for foreign exchange are awaited from the Government of India. We have in the meanwhile acquired the necessary land for this project. We are now considering certain offers of participation from Indian parties for the formation of the new company to manage this project. In the case of the insulators and glass projects, negotiations with foreign collaborators are in progress, and we expect shortly to finalise these also. In the meanwhile, steps are also being taken to form new companies along with private capital participation. A preliminary feasibility report for pig iron project has just been received and is under our examination now. We expect rapid progress hereafter in this project also.

Development Area Scheme

Another new item of activity which we have recently taken on is the implementation of the Development Area Scheme, which is intended to help the growth of industry by providing developed industrial sites with all facilities to be given to private industrialists desirous of setting up large-scale industries in the State. We have selected about 1 000 acres in Maula Ali and Sanathnagar areas, close to Hyderabad, for this purpose. Acquisition of these sites is in progress now.

A Corporation such as ours with varied activities has necessarily to depend on funds directly from Government or from other sources with the support and backing of Government. As I have said before, we are now in the decade of development and, with the increasing availability of various facilities, we have already found considerable interest being shown by various industrialists in promoting new industries in the State. The present political stability in the State and the progressive attitude of the Government are also happy auguries for rapid industrial growth. It is but proper that these industrialists look up to the various financing institutions in the country and particularly to our Corporation for assistance in the promotion of new ventures such as fertiliser factories. Our eagerness to help is, unfortunately, not matched by our resources.

Loan from Government

Sometime back, the Sub-Committee on Development of Andhra Pradesh Regional Committee decided to sanction a loan of Rs. 5 crores from out of the resources of Telangana region. This loan will carry interest of 4½ per cent and it should be repaid in 20 instalments and it has to be utilised by the Corporation for the direct promotion of industries in Telangana region of the State. As first instalment of this loan, the Committee had decided to allot a sum of about Rs. 1 crore to the Corporation. We have accordingly addressed the State Government to release this loan of Rs. 1 crore, in the first instance. Now that some of the industries taken up for promotion by the Corporation are being established in Telangana region, I hope that this loan of Rs. 5 crores will be made available by Government to the Corporation at an early date.

We are making all possible efforts to raise additional resources and we are confident that, with the sympathetic support of the State Government, we will very soon be in a position to render assistance on a larger scale than at present.

I wish to take this opportunity to thank the Managing Director, General Manager and the other officers and the staff of the Corporation for their loyal and enthusiastic work in promoting our activities.

INDIA'S EXPORTS TO UNITED STATES

NON-TRADITIONAL ITEMS FARING WELL

THE increase in the export of non-traditional items from India to the U.S.A. has been an encouraging feature in our foreign trade in recent years. The value of such exports so far has been relatively small but a good beginning has been made and, with more vigorous efforts, it will be possible to achieve significant success in course of time. Some of the new Indian items now being exported to the U.S. are handicrafts, engineering goods, sugar, medical and pharmaceutical products, floor-coverings and footwear. The table below shows the trend in the export of some non-traditional goods from India to the U.S.

(Value in '000 rupees)

	1960-61	1961-62	1962-63
Art works	1,15,65	93,38	1,09,92
Sewing machines household		1,55	4,93
Iron and steel	4,29,58	5,06,43	65,54
Floor coverings	91,24	98,96	1,08,68
Footwear	16,75	20,89	34,60
Medicinal and pharmaceutical products ..	7,86	5,37	4,64
Sugar	..	10,87,95	3,90,10

Among handicrafts, the more important are carpets, druggets and floor coverings, ceramics, toys and dolls, fabrics, coir products, jewellery, including precious and semi-precious stones, metalware, miscellaneous goods like artwares, ivory and horn products, etc.

Market for Handicrafts

In 1962, the import of handicrafts into the United States from all over the world declined to $291 million from $303 million in 1961. However, the import of handicraft goods from India into the U.S. rose from $8 million to over $10 million in the same period. The items which recorded an increase in exports were carpets, druggets and floor coverings, jewellery and coir products. The export of other items like metalware, fabrics and miscellaneous handicrafts sharply declined. The trend in the U.S. import of handicrafts from India is as follows:

(In thousand dollars)

	1960	1961	1962
Carpets, druggets and floor coverings	2,033.40	2,014.50	2,494.80
Jewellery	1,919.30	2,497.20	3,942.10
Coir and other fibres and their products	1,545.10	1,575.60	2,257.10
Metalware	1,061.90	1,572.20	1,493.40
Fabrics	138.40	588.50	299.20
Dolls and toys	4.70	4.40	4.50
Ceramics	10.60	4.80	4.90
Miscellaneous handicrafts such as ivory and horn products, papier mache, fancy leather goods, paintings, sculpture and artwork	129.40	129.70	88.50
Total U.S. imports of handicrafts from India	7,742.80	8,386.90	10,584.80
Total U.S. imports of handicrafts from *all* countries	292,450.00	303,650.00	291,700.00

The prospects for increasing the export of Indian handicrafts are bright, provided adequate care is taken to maintain first class quality and to adjust to the changing tastes of the consumers in the United States. Our competitors in handicrafts are mainly Japan and Hong Kong. In certain items like fibre products and carpets, the competition is chiefly from the Netherlands, Mexico and Iraq. Some of these countries have better advantages than India in respect of lower freight rate, more efficient labour and better sales techniques. Even so, there is great scope for increasing our exports. The Commercial Section of the Indian Embassy in the U.S. has observed that Indian designs are mostly conventional with the usual elephants, gods and goddesses. These are too ornate and embellished for the tastes of American purchasers. It has been, therefore, suggested that, while the motif may remain Indian, there should be greater variety and originality in conception and design combined with utility.

Engineering Exports

So far as engineering goods are concerned, Indian businessmen as well as our Consulate-General in New York and San Francisco have recently been making intensive efforts to export these goods, but there has not been much success. Apart from sewing machines, the other engineering goods have not been able to make headway. In 1961-62 we exported 2.800 sewing machines which rose to 8,803 in 1962-63. Although this increase is gratifying, it is insignificant, as compared with the total import of sewing machines into the U.S. from various countries. In 1962 the value of sewing machines of different types imported into the U.S. was $40 million—$5 million more than that of the previous year.

Japan is the most important supplier of sewing machines to the U.S., the bulk of her supplies consisting of household types valued at over $10 but not over $75 apiece. Japan is reported to have made arrangements with some large department store chains in the U.S. and she produces these machines under the brand names suggested by these stores. India also can sell more sewing machines to the U.S. after making a better study of the requirements of housewives in that country.

Among other engineering goods, cast iron soil pipes have a good market but there are various difficulties. The U.S. itself produces these pipes in huge quantities and our competitors like France and Australia have already firmly established themselves in the U.S. market. Nevertheless, if our costs of production can be brought down, it may be possible to increase our export to some extent. The total import of engineering goods into the U.S. reached a record figure of nearly $5 billion in 1962, as against $3.3 billion in 1961. The difficulties in increasing our exports are formidable indeed. Even so, by proper efforts, it should be possible to increase the export of our non-traditional items, especially engineering goods, to a far higher level than at present.

NANGAL FERTILISER FACTORY

The performance of the Nangal Fertiliser and Heavy Water Factory belonging to the State-owned Fertiliser Corporation of India is quite encouraging. The factory is expected to reach the production target set for the year 1963-64. The annual rated capacity of the factory is placed at 380,000 tonnes of fertiliser and production in 1963-64 is likely to come very near this capacity. During the first nine months of the current year, the factory produced as much as 280,435 tonnes of fertiliser (calcium ammonium nitrate). It will be recalled that the output in 1961-62 was 200,790 tonnes, as against the target of 200,000 tonnes, and 284,322 tonnes in 1962-63, as against the target of 280,000 tonnes. The fact that a high rate of production was achieved even during the first two years of the factory's working gives an idea of its efficiency.

The Heavy Water Plant, which was commissioned in August 1962, exceeded its production target during 1962-63. The output during that year was 5,250 kgs., as against the target of 4,000 kgs. The target for the year 1963-64 is 11,500 kgs. of heavy water, against which production during the first nine months amounted to 8,740 kgs. The designed capacity of the plant, assuming most favourable conditions of concentration of distillate hydrogen, is 14,000 kgs. per annum, but it is normally expected to yield only about 12,000 kgs. a year.

MANUFACTURE OF PRINTING MACHINERY

The panel appointed by the Government of India for assessing the requirements of printing machinery has assessed the demand by the end of 1965-66 as follows:

Proof presses: 300 precision cylinder proof presses and 1,000 letter press proof presses.

Platen presses: 3,000 treadle type end power-operated type presses.

Flat bed machines: 600 single revolution stop cylinder type machines and 300 two-revolution type machines.

Rotary presses: 20.

Offset machines (single colour): 600.

In addition to the printing machines listed above, the panel has assessed the requirements of ancillary machines as follows: 550 guillotines, 1,700 wire stitching machines, 200 board shearing machines, 300 folding machines, 200 perforating machines and 200 book sewing machines. The requirements by 1970-71 for various types of machines would be still greater.

The Government is anxious that the manufacture of printing machinery should be developed within the country as rapidly as possible. With this object in view, it would welcome any well-drawn schemes, preferably in collaboration with reputed foreign manufacturers of printing machinery. The industry at present is not covered by the Industries (Development and Regulations) Act, 1951. As such, no permission is necessary for undertaking the manufacture of printing machinery. The Government's approval, however, is necessary for the import of capital equipment and collaboration arrangements.

The annual demand for printing machinery in the country by 1965-66 is estimated at over Rs. 7 crores. The demand is expected to rise to about Rs. 12 crores per annum by 1970-71.

CBD-14
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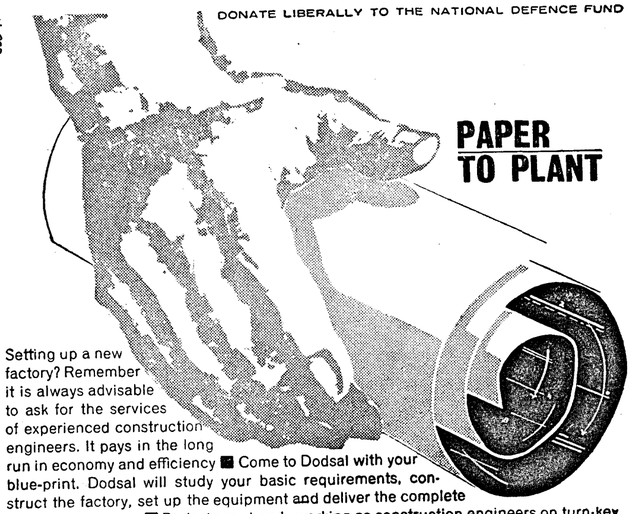

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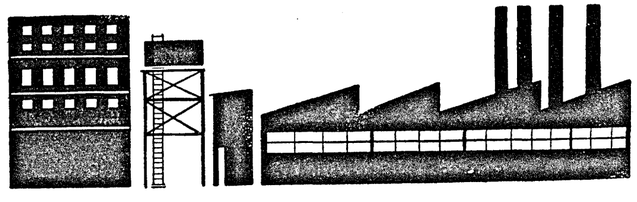

PREMIER AUTOMOBILES' SALES AND PROFIT RECEDE

DIVIDEND PASSED OVER

THE year ended 30th June 1963 has, indeed, proved to be an unfortunate one in the life of the Premier Automobiles Ltd. (Managing Agents: Messrs. Aero-Auto Ltd., Bombay). Owing to the reduction of 30 per cent in the foreign exchange allocation for import of Fiat components, the number of passenger cars produced fell by 2,790 and, though the Company was called upon to execute some defence orders for trucks, the actual output of these vehicles was "rather" disorganised, due chiefly to the Defence Ministry's policy of self-sufficiency in the matter of production. It was with great effort, therefore, that production could be reorganised, but, even then, the number of vehicles sold could register a less than ten per cent increase over the previous year. To make matters worse, the cost of production went up as a result of several factors such as imposition of various levies by the Government, the rising prices of materials, particularly of indigenously manufactured components, overheads, interest charges, levy of Emergency Risk Insurance, and enhancement of sales tax, excise and import duties with no corresponding escalation in the price of either cars or trucks. Consequently, the profit margins (ratio of gross profit to turnover) were reduced to 5.9 per cent from 7.6 per cent earlier.

How the aforesaid factors have affected the sales realisation and the profit—particularly the latter—will be evident from a scrutiny of the comparative table given below:

(In lakhs of rupees)

	For the year ended 30th June			
	1963	1962	1961	1960
Sale proceeds	20,11.64	21,47.62	22,73.87	20,94.88
Other income	16.83	12.74	14.60	12.47
Closing stocks of ifinished goods	199.66	217.01	191.63	163.90
Raw materials and stores consumed	14,81.83	16,09.10	17,80.58	16,43.53
Salaries, wages and benefits	276.74	266.49	222.64	189.15
Other expenses	133.74	146.47	119.12	93.95
Gross profit	118.81	163.68	193.86	153.88
Managing Agents' commission	..	6.76	8.83	10.96
Provision for—				
Depreciation	63.47	60.37	56.14	44.23
Taxation	19.15	49.00	55.00	34.00
Net profit	36.19	47.54	73.59	64.69
Excess provisions written back	2.05	1.95	5.10	23.18
Expenses relating to prior years	10.00	5.07	4.32	13.53
To reserves	28.75	8.00	23.00	42.77
Ordinary dividend	..	39.32 (7%)	49.82 (9%)	30.97 (9%)
Carry forward	0.40	1.84	4.76	3.24
Market price of ordinary shares (in rupees):	1963	1962	1961	1960
High	117.00	160.00 CR	185.00	191.50
Low	95.00	92.00 XR	151.00	136.00

Note:—All dividends are subject to deduction of tax.

The turnover, it will be noted, has declined by a little over nine per cent from Rs. 21.48 crores to Rs. 20.12 crores, but the gross profit has decreased by well over one-fourth its previous figure of Rs. 163.68 lakhs to Rs. 118.81 lakhs, despite a rise in other income and a welcome reduction in closing stocks. In view of the drop in gross profit, the Managing Agents have agreed, with a certain proviso, to forgo their commission of Rs. 3.91 lakhs for the year. No provision has, therefore, been made for this amount in the accounts. The provision for depreciation, however, has been raised slightly from Rs. 60.37 lakhs to Rs. 63.47 lakhs but that for taxation is less by as much as Rs. 29.85 lakhs at Rs. 19.15 lakhs, owing partly to lower taxable profit and partly to higher transfer to the development rebate reserve. As a result of this substantial saving, the decrease in net profit is only Rs. 11.35 lakhs to Rs. 36.19 lakhs, the lowest level touched during the past few years. Adding to this the amount brought forward from the previous year and the Rs. 2.05 lakhs withdrawn from past provisions, the Directors have written off from the amount available a sum of Rs. 10.90 lakhs as expenses and claims pertaining to previous years, including Rs. 7.03 lakhs as bonus for the year 1959-60. The credit to the statutory development rebate reserve has been stepped up from Rs. 8.00 lakhs to Rs. 13.75 lakhs, while Rs. 15 lakhs (as against nil), have been transferred to the general reserve. The dividend has unfortunately been passed over as against seven per cent subject to deduction of tax paid for the preceding year. The carry forward is Rs. 40,487, as against the Rs. 1.82 lakh brought in.

During the year under review, the Company sold 4,350 cars and 5,712 trucks, as against 7,193 cars and 5,324 trucks in the previous year. The restricted output of cars, as stated earlier, was due partly to the reduction in the foreign exchange allocation for Fiat components and partly to the need, particularly since the advent of the emergency, to step up the production of commercial vehicles to meet defence requirements. It is obvious, therefore, that the output of cars can increase within the given capacity only if the indigenous manufacture of components goes up with a corresponding reduction in the reliance on imports. Viewed thus, the statement of the Chairman, Mr. Lalchand Hirachand, that the production of components and parts is progressing well and that more and more parts are being manufactured indigenously is certainly heartening. The Company now manufactures all major parts for the rear axles for the Fiat cars and expects to reach 85 to 90 per cent indigenous content when its sheet metal plant starts operation. The construction of the press plant buildings and the erection of presses are progressing; they are expected to be completed soon. It is hoped that the first phase of production will be commenced by the first quarter of 1964 and the second phase by the middle of this year when stamping will be produced.

As for the manufacture of diesel engines under the agreement with Messrs. Henry Meadows Ltd. of England, the Company has received a part of the machinery and equipment ordered and is making four to five engines per day. But when all the machinery and equipment are received and installed, the output will go up to ten engines per day. At present, the Company is also manufacturing "Airtemp" air-conditioners in its factory. In order to meet the growing demand for these, it is now considered necessary to start a separate subsidiary Company to undertake this activity in collaboration with the Chrysler Corporation of the U.S.A. Negotiations are in progress on the terms and conditions regarding capital, etc.

Time and again, the automobile industry had emphasised the need for a larger volume of production with a view to reducing the prices of vehicles. The target of automobile production in the country also demanded an immediate revision, particularly in the context of the emergency so as to meet the increased defence requirements. With this view in mind, several automobile manufacturers of whom this Company is one, submitted to the Government their expansion programmes. The Chairman informed the shareholders that the Government has now approved of the Company's programme for expanding the truck manufacturing capacity to 15,000 per annum and also for the manufacture of Chrysler Cummins diesel engines at the rate of 15,000 per annum. The Government's sanction for the expansion project for Fiat cars is, however, yet awaited.

The Company made during the year a further call of Rs. 10 on the 187,237 ordinary shares of Rs. 100 each issued in April 1962 and this has raised its subscribed share capital (made up only of ordinary shares of Rs. 100 each) to Rs. 6.38 crores which enjoys a backing of Rs. 1.83 crore in reserves and surplus. Side by side with this increase in "own" funds, borrowings have also risen sharply from Rs. 5.23 crores to Rs. 8.91 crores, due mainly to the loan of Rs. 2.12 crores availed of from foreign financial institutions. These are in addition to current liabilities and provisions aggregating Rs. 2.52 crores. As a result of additions worth Rs. 1.78 crore, the block account, too, has gone up to Rs. 9.22 crores, while the written down value of fixed assets is placed at Rs. 4.81 crores. This besides, unallocated capital expenditure on new projects is Rs. 1.64 crore. Investments are carried in the books at a cost of Rs. 13.51 lakhs and current assets, loans and advances altogether amount to Rs. 13.05 crores.

Coming to the prospects for current year, the Chairman states in his report to shareholders that, as at 30th November 1963, the Company had sold 1,660 cars, 2,522 trucks and Rs. 74.36 lakhs worth of spare parts, as against 2,271 cars, 1,909 trucks and spare parts valued at Rs. 66.22 lakhs in the corresponding period of 1962-63. Moreover, the Company has secured orders from the Government of India for supply of trucks to the defence department. It is expected, the Chairman adds, that the production of these vehicles will be "substantially" stepped up from April 1964 and it may take a little longer to raise the output of Fiat cars to, say, 650 a month from the present average of 300 per month.

KIRLOSKAR BROTHERS FARES WELL

PROFIT-MARGIN, HOWEVER, SAME

THE working results of Kirloskar Brothers Ltd. (Managing Agency: Messrs. Kirloskar Son and Company, Kirloskarwadi) for the year ended 31st July 1963 are very good. For, notwithstanding the keen competition experienced by the Company's products, turnover has expanded further by about Rs. 90 lakhs, or 23 per cent, to Rs. 477.81 lakhs and the gross profit has risen more than proportionately from Rs. 48.95 lakhs to Rs. 60.64 lakhs. In terms of profit margin (ratio of gross profit to sales), however, there is hardly any improvement—the actual margin having remained stagnant at 12.7 per cent. But it has to be remembered that manufacturing costs have also gone up during the year, owing to increase in the prices of raw materials and rise in expenses. Staff expenses, for example, have risen from Rs. 40.66 lakhs to Rs. 49.85 lakhs and other expenses are higher by Rs. 5.18 lakhs at Rs. 40.23 lakhs. Material costs of goods sold are also higher at Rs. 334.06 lakhs, as against Rs. 268.20 lakhs, but this increase is due entirely to enlarged production.

The increase in gross profit has hardly affected the Managing Agents' commission which has gone up only marginally from Rs. 3.18 lakhs to Rs. 3.76 lakhs. Not there has been an appreciable increase in the provision for depreciation which is larger by Rs. 1.58 lakh at Rs. 13.96 lakhs. Considering that new assets worth Rs. 37.37 lakhs were acquired during the year and that the full year's depreciation became chargeable on assets valued at Rs. 61.13 lakhs added in the previous year, this small increase in the provision for depreciation may appear incongruous. The reason, however, is that there has been a change in the mode of charging depreciation during the year from the equal instalment basis followed hitherto to the written down value method allowed under the Income-tax Act. It is also for this reason and also for the fact that the provision for taxation is higher by only Rs. 4.61 lakhs at Rs. 18.13 lakhs that there has been only a slight increase in the provision for Managing Agents' commission. On making these essential provisions, the resulting net profit is Rs. 24.79 lakhs, as against Rs. 19.87 lakhs a year ago. From this the Directors have transferred Rs. 18.64 lakhs to various reserves and set aside a further sum of Rs. 36,246 for payment of dividend on nine per cent preference shares proportionately for the period between the day of allotment and 31st July 1963. The ordinary dividend has once again been maintained at 10 per cent subject to deduction of tax, but, since it is also payable proportionately on the new equity shares issued during the year, the actual amount to be distributed is higher at Rs. 6.10 lakhs, as against Rs. 5.78 lakhs for the year before and Rs. 4.31 lakhs for 1960-61. The carry forward is Rs. 19,491, as against the Rs. 12,309 brought in.

The steady progress achieved by the Company during the past four years is amply reflected in the following table:

(In lakhs of rupees)

	For the year ended 31st July			
	1963	1962	1961	1960
Sales (gross)	477.81	387.87	315.67	235.13
Other income	6.97	5.29	3.42	3.00
Material cost of goods sold	334.06	268.20	208.38	144.88
Staff expenses	49.85	40.66	38.38	33.61
Other expenses	40.23	35.05	35.28	26.77
Gross profit	60.64	48.95	37.05	32.87
Managing Agents' commission	3.76	3.18	2.54	2.60
Provision for—				
Depreciation	13.96	12.38	9.27	7.82
Taxation	18.13	13.52	11.28	11.06
Net profit	24.79	19.87	13.96	11.39
Excess provisions written back	0.39	0.04	0.09	0.10
To reserves	18.64	14.12	9.76	7.46
Dividends—				
Preference	0.36	..	..	..
Ordinary	6.10 (10%)	5.78 (10%)	4.31 (10%)	4.03 (10%)
Carry forward	0.19	0.12	0.11	0.12
Market price of ordinary shares (in rupees):	1963	1962	1961	1960
High	42.50	60.00	62.00	75.00
Low	37.00	44.00	37.00 XR	61.00

It will be seen from the above table that there has been a continuous upward trend in the sale as well as gross profit, both of which have nearly doubled over the four-year period. Even though the dividend rate has remained unchanged at Rs. 2.50 per share subject to tax, owing to the increase in the number of ordinary shares, the actual distribution has risen from Rs. 4.03 lakhs to Rs. 6.10 lakhs or roughly 50 per cent. On the whole, the dividend payout policy has been conservative, since, out of a total net profit of about Rs. 70 lakhs, only Rs. 20.22 lakhs or less than one-third have gone

(*Continued on next page*)

SYNOPSES OF COMPANY REPORTS

New India Sugar Mills Ltd.

(*Managing Agents:* The Cotton Agents Private Ltd., Bombay.)

Twenty-ninth Annual General Meeting—Held on 30th December 1963.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1963	1962
Sales	1,70,29	1,59,91
Closing stock	58,45	89,31
Gross profit	14,27	11,70
To Managing Agents' commission	1,13	02
Transfer to depreciation	2,22	2,54
,, ,, development rebate reserve	17	8
,, ,, provision for taxation	Nil	4,62
Net profit	10,75	3,54
Appropriations:		
Transfer to general reserve	20	Nil
,, ,, taxation reserve	6,00	Nil
,, ,, special reserve	25	Nil
,, ,, reserve for contingencies	28	7
,, ,, renovation and renewals reserve	50	Nil
,, ,, dividend reserve	3,49	Nil
Proposed dividends (taxable) preference	*	61
,, ,, ordinary	*	2,88
	(36½%)	(36½%)
Carry forward	11	8

* Dividends for 1963 is to be paid out of the dividend reserve.

Extracts from the Directors' report: During the year under review the crushing of sugarcane was very much lower at 1,24,343 tonnes (33,31,432 mds.) against 1,97,540 tonnes (52,92,567 mds.) in the previous year. The factory worked for 114 days against 192 days in the previous year. The average recovery was, however, higher at 9.92 per cent. against 9.02 per cent. in the previous year. The crushing was abnormally low as a result of the acreage under sugarcane in the area having gone down due to cut in sugar production of last season announced by the Government of India. During the current season a crushing of about 1.12 lac tonnes (30 lac mds.) of sugarcane is expected.

The Government of India have fixed a target of 33 lac tonnes of sugar production during the current season. With that end in view the Government have increased the price payable by sugar factories for sugarcane. Besides this, rebate in basic excise duty on additional production during the current season over the production during the season 1961-62 has been granted. The rebate will be 50 per cent. of the basic excise duty on additional production during November, 1963 and April, 1964 and subsequent months and 20 per cent. on production during December, 1963 to March, 1964 compared with the production during the corresponding periods of season 1961-62. The Company's factory is likely to get a very little benefit of the rebate on this account.

This year different prices of sugarcane have been fixed for different areas in the country. In the case of this Company's factory the price of sugarcane payable during the current season has been fixed at Rs. 4.82 per quintal as against Rs. 4.38 during the preceding season. The price of sugar has been fixed at Rs. 113.75 per quintal against Rs. 108.50 (raised to Rs. 111.20 from 19-7-1963) of the preceding season. The price of sugar fixed is not adequate keeping in view the increased price of sugarcane and the increase in the costs of production.

Accounts in brief as at 30th June 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	18,54,610	Gross block	61,13,988
Reserves and surplus	41,64,855	—Depreciation	40,39,291
Other liabilities	64,50,084	Net block	20,74,697
		Current assets	83,35,540
		Investments	13,26,430
		Cash	2,32,891
	Rs. 1,24,69,558		Rs. 1,24,69,558

* Paid-up capital consists of 78,910 ordinary shares of Rs. 10 each (including 30,000 shares converted from 7½ per cent. cumulative redeemable preference shares of Rs. 10 each); 486—10.71 per cent cumulative preference shares of Rs. 100 each and 10,000—5½ per cent cumulative redeemable preference shares of Rs. 100 each. Amount paid up on shares forfeited is Rs. 16,919.

Anaparai Estates Ltd.

(*Managing Agents:* The Associated Planters Private Ltd., Madras.)

Twentieth Annual General Meeting—Held on 30th December 1963.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1963	1962
Sales—coffee	14,07	13,13
,, —pepper	3	69
,, —oranges	15	6
Closing stock of coffee	12,12	12,12
,, ,, pepper	43	3
Gross profit	5,53	2,56
To Managing Agents' commission	51	20
Transfer to depreciation	38	45
Net profit	4,64	1,91
Appropriations:		
Transfer to provision for agricultural and central income-tax	2,54	74
Proposed dividend (taxable) ordinary	1,81 (15%)	1,21 (10%)
Carry forward	35	6

Market value of ordinary shares (in rupees):	1963*	1962	1961
High	3.25	3.15	4.70
Low	2.57	2.00	3.10

* Upto 27th December 1963.

Extracts from the Directors' report: Working: The Directors feel that the working results of the Company for the year ended 30th June 1963, have been satisfactory. The Coffee produced by the Company has been valued at Rs. 2.10 per point.

Crop	Estimated for 1962-63	Realised for 1962-63	Estimated for 1963-64
Arabica	211 tonnes	174 tonnes	180 tonnes
Robusta	382 tonnes	3254 tonnes	330 tonnes
Pepper	24 candies	52 candies	27 candies
Orange	20 to 25 lorry loads	30 lorry loads	20 lorry loads

The average cost of coffee per kilo stood at Re. 1.48 as against Re. 1.68 during the previous year.

General: The coffee crop realised for the year was about 500 tons as against 468 tons realised for the previous year and the points awarded for coffee submitted to the Coffee Pool for the year was 5,81,955 as against 5,76,959 points awarded originally plus 4,41,839 bonus points awarded for the previous year. The reduction in basic points awarded for the various grades of coffee cont.nues for the year. It is expected that for the current year's crop also bonus points may be awarded. The Wage Board appointed by the Government of India for Coffee Industry has awarded an interim increase in wages at 3 nP per day for men and 2 nP per day for women and adolescents and Rs. 9 per month to the staff of Coffee Estates with effect from 10th August 1962.

The estates of the Company are being maintained in a very good condition.

Accounts in brief as at 30th June 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	12,07,833	Gross block	22,60,026
Debentures	3,81,000	—Depreciation	3,45,437
Reserves and surplus	2,62,815		
Other liabilities	23,22,723	Net block	19,21,189
		Current assets	19,54,902
		Investments	2,58,856
		Cash	39,429
	Rs. 41,77,376		Rs. 41,77,376

* Paid-up capital consists of 6,50,080 ordinary shares of Rs. 2 each. Of this 1,50,080 ordinary shares are allotted as fully paid-up bonus shares.

Sitalpore Sugar Works Ltd.

(*Managing Directors:* Mr. R. N. Datta and Mr. D. P. Ghosh, Calcutta.)

Thirty-first Annual General Meeting—Held on 30th December 1963.

Extracts from the Directors' report for the year ended 30th June 1963: The result for the period shows a net loss of Rs. 7,18,697 (Loss of Rs. 6,97,343 for 1962) after providing only half the normal depreciation on factory building, plant and machinery and full normal depreciation on other assets due to uneconomic crush and short duration.

The causes attributing to adverse result being the impact of Wage Board award, low recovery from cane and very meagre quantity of cane supply which has increased the Company's over-head expense to a large extent.

The normal seasonal requirement for the existing capacity of the plant is 30 lakh maunds of cane in a season; against this there was a supply of 8 lakh maunds only. Thus the crushing season was as short as 50 days. This shortfall was mainly due to the announcement for 10 per cent cut in cane supply and diversion of cane for *gur* which fetched higher price.

Control was imposed on 17th April 1963, and price fixed at Rs. 108.50 per quintal for D-29, which was too low in comparison to the cost of production. However the price was increased to Rs. 111.20 subsequently from 19th June 1963, by which time a substantial quantity of the stock of sugar was already sold at the previous rate.

Prospect for the current year is not considered bright as there has been a shrinkage in cane acreage and some of the cane has been diverted for *gur* manufacture. The Directors, however, expect a better supply for 1964-65 season as cane has been priced at a higher rate this year.

The Company has almost completed the development programme for increasing the capacity of the plant and it is expected that before the beginning of 1964-65 season, the factory will have an increased capacity and as such will be able to crush more cane in a shorter period which will help in bringing down the cost of production.

Accounts in brief as at 30th June 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	10,02,115	Gross block	38,57,935
Reserves	68,548	—Depreciation	21,19,304
Other liabilities	48,31,682	Net block	17,38,571
		Block suspense	3,08,559
		Current assets	23,78,727
		Investments	27,707
		Cash	38,936
		P.L. a/c deficit	14,09,845
	Rs. 59,02,345		Rs. 59,02,345

* Paid-up capital consists of 1,00,000 ordinary shares of Rs. 10 each. Calls in arrears amount to Rs. 50. Amount paid up on shares forfeited is Rs. 2,165.

Dewan Bahadur Ramgopal Mills Ltd.

[*Managing Agents:* Messrs. Lachminarayan Ramgopal & Sons Private Ltd., Hyderabad (A.P.)]

Forty-fourth Annual General Meeting—Held on 28th December 1963.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1963	1962
Sales of cloth, yarn and waste	1,10,20	1,05,31
Closing stock	19,19	21,25
Gross profit	3,22	10,69
To Managing Agents' remuneration	Nil	54
Transfer to depreciation	2,20	4,67
,, ,, development rebate reserve	31	3
Net profit	1	5,45
Transfer from reserve for taxation	1,38	Nil
Appropriations:		
To sales tax relating to previous years	1,38	23
,, bonus relating to previous year	7	18
Transfer to debenture redemption reserve	Nil	1,00
,, general reserve	Nil	4,00
To dividends	Nil	Nil
Carry forward	63	69

Market value of ordinary shares (in rupees):	1963	1962	1961
High	82.00	98.00	125.00
Low	70.00	75.00	65.00

Extracts from the Directors' report: The year under review was a critical one for the Textile Industry which had to face many odds. The Chinese aggression in October 1962 caused a severe dislocation in cloth trade and a state of emergency was declared by the Central Government. Due to heavy indirect taxation resorted to by the Central Government, the cost of living went up thereby increasing the dear food allowance. The position of Indian Cotton, which constitutes a major item in the cost of production of cloth and yarn, was very difficult, the prices ruling considerably higher than in the previous year. There was also increase in several of the items that go into the cost of manufacture. The cost of dyes, chemicals and stores had gone up. There was increase in power tariff, in the rates of Inter State Sales Tax, in customs and excise duties on a number of items consumed by the Industry and in transport charges also. The Contribution to the Employees State Insurance had to be paid at double the rate i.e., 2½ per cent. The State of Emergency declared brought about an additional burden of Emergency Risks Insurance from 1st January 1963, not only on buildings, plant and machinery but on goods also such as raw materials, stores, finished products etc., whether in godowns or in transit. All these factors cumulatively, pushed up the cost of production while the prices of cloth continued to be regulated in accordance with the price fixation formula, voluntarily accepted by the Textile Industry as an *ad-hoc* and temporary measure as far back as September 1960. The export trade was none too happy due to increased competition from other exporting countries.

All these factors contributed to pull down the gross profits to a low level despite the best efforts that had been put forth. Due to meagre gross profits earned, the statutory depreciation of Rs. 4,15,304 could not be provided for in full and only a sum of Rs. 2,90,304 was provided for, leaving in arrears the balance of Rs. 1,25,000.

On an application made by the Company, the Central Government was pleased to accord sanction to increase the installed capacity of spindleage by another 3,520 spindles so as to make a total of 27,936 spindles. In the circumstances the 3 *New Ring Frames* of UT3E *High Draft System* originally ordered out for replacement of 10 old *Ring Frames*, were diverted with the permission of the Textile Commissioner, for expansion purposes. The 3 *New Ring Frames* of a total of 1,320 spindles so far received have already been erected and put into commission.

With a view to finance the above said expansion and modernisation schemes, the Andhra Pradesh State Financial Corporation was approached for a long term loan. The Corporation has sanctioned a loan of Rs. 7,74,000 on the security of a mortgage on the fixed assets of the Company and steps are being taken to finalise the transaction.

The Company has been executing orders for supply of cotton fabrics for Defence purposes. Cloth worth about Rs. 5,00,000 has already been supplied and cloth worth about Rs. 8,00,000 is being manufactured and supplied under another order.

Accounts in brief as at 30th June 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	18,00,000	Gross block	1,03,98,274
Reserves and surplus	12,09,073	—Depreciation	51,64,929
Debentures	9,46,000		
Other liabilities	49,43,787	Net block	52,33,345
		Current assets	35,97,122
		Investments	40,535
		Cash	18,858
	Rs. 88,98,860		Rs. 88,98,860

* Paid-up capital consists of 18,000 equity shares of Rs. 100 each fully paid up in cash.

COMPANY MATTERS

(*Concluded from previous page*)

to shareholders, while the balance has been ploughed back into business. The reserve position as at 31st December 1963 stands at Rs. 142.69 lakhs, excluding Rs. 6.10 lakhs earmarked for the payment of ordinary dividend if approved of by shareholders. Against this, the share capital aggregates Rs. 83.21 lakhs only, of which Rs. 15 lakhs are in preference shares. The expansion and diversification of current activity undertaken a few years earlier have also resulted in increasing the borrowing from Rs. 93.95 lakhs to Rs. 111.50 lakhs, while current liabilities and provisions are higher by Rs. 15.11 lakhs at Rs. 116.93 lakhs. On the assets side, owing to the addition of new assets worth about Rs. 38.46 lakhs (including building and construction valued at Rs. 1.09 lakh), the gross block has expanded to Rs. 220.50 lakhs. On deducting therefrom Rs. 88.90 lakhs as the depreciation accumulated to date, it yields a net block of Rs. 131.60 lakhs. Investments mainly in associated companies are carried in the books at Rs. 26.04 lakhs, besides current assets, loans and advances altogether amounting to Rs. 302.79 lakhs.

The Company's branch factory at Dewas was formally inaugurated on 22nd December 1963 and has now attained its full production. Production of vertical turret lathes with partially imported components is also likely to commence shortly. An agreement has been signed with the Tecumseh Products Company of the U.S.A. for manufacture in India of hermetically sealed compressors units required by the manufacturers of refrigerators and air-conditioners. Tecumseh Products Company is the world's largest manufacturer of such compressors and its products are on the most advanced design. The Directors hope that these products will be well received in the Indian market.

The Rs. 25 paid 'old' ordinary shares of the Company are currently quoted at Rs. 42.50 *cum div.* On an *ex-div.* price, the net yield per annum works out to about 4.3 per cent.

NEWS IN BRIEF

THE budget session of Parliament is expected to begin on 10th February 1964.

India exported tea worth Rs. 131 crores during the year 1963, representing a rise of Rs. 7 crores as compared with the previous year.

The Nepa Mills produced a total of 30,361 tonnes of newsprint during the calendar year 1963. This quantity exceeds the rated capacity of the Mills by 361 tonnes.

The Employees' State Insurance Scheme has been extended to Palghat in Kerala State from 28th December 1963. As a result, 2,000 more factory workers will benefit under the Scheme.

A nine-member Vigilance Committee has been constituted for the Union Territory of Delhi to suggest adequate measures for the control and elimination of corruption. The Chief Commissioner of Delhi is the Chairman of the Committee.

The Minerals and Metals Trading Corporation of India expects to export annually 16 million tons of iron ore, including 6 million tons from Goa, by the end of the third Plan, the total foreign exchange earnings therefrom being estimated at Rs. 70 crores.

The Indian Lac Cess Committee has placed the final estimate of the *Katki* lac production in 1964 at 4,722 tonnes, as against the preliminary estimate of 6,793 tonnes. The quality actually produced during 1963 was 6,532 tonnes.

The first sugar factory in the co-operative sector in Kerala, built at a cost of Rs. 125 lakhs at Pandalam, will be commissioned on the 13th inst. The factory has a daily cane crushing capacity of 1,000 tons of sugarcane.

The Union Government has banned exports of mica on consignment basis with effect from the 1st of next month. Export of mica scrap and waste will, however, be allowed on merits by the Chief Controller of Imports and Exports at New Delhi.

Air-India proposes to effect this year sweeping fare reductions on the North Atlantic route. This move is a sequel to the decision of B.O.A.C. and other big airlines to cut the London-New York economy fare by £36 to £142.10. Air-India is to operate a daily London-New York service from 1st April next.

India's exports during the first eight months of the current financial year 1963-64 amounted to Rs. 512 crores, as compared with Rs. 455 crores in the corresponding period of 1962-63. The exports during November 1963 touched the record level of Rs. 73.7 crores, as against Rs. 64.2 crores in November 1962.

The first U.A.R.-Indian shipping agreement was signed at Cairo on the 3rd inst. between the Governments of the two countries. The agreement envisages the establishment of a regular maritime service between the two countries. It is valid for five years and provides for "most favoured treatment" of the two countries' ships at the U.A.R. and Indian ports and for the equal sharing of the shipping traffic.

The First National City Bank has introduced with effect from the 2nd inst. a novel cheque book facility for the savings bank account holder. The name of each saving bank account holder will be printed on every cheque. The other important facilities include two withdrawals a week by cheque, the ceiling on the amount of weekly withdrawal being Rs. 1,000 or a fourth of the balance, whichever is more, without notice, and sending of quarterly statement of accounts to clients, thus eliminating the conventional pass book. Clients will be given a booklet for maintaining a personal record of deposits and withdrawals.

The National Coal Development Corporation has a programme of opening 14 deep shaft mines which will ensure a total annual output of 25 million tonnes. Nine mines, each accounting for an annual output of two million tonnes, are proposed to be located in the Central Jharia coal field in Bihar. Poland is expected to provide assistance for these mines. The total outlay is put at Rs. 15 crores. Three mines together accounting for an annual output of 2.25 million tonnes are to be opened in the Bokaro coalfield with the assistance from Britain. The remaining two mines will be at Disengarh in West Bengal and they will have a production capacity of 1.50 million tonnes each.

The Government of India has announced f.o.b. floor prices for mica exports. The prices, which range from 50 nP to Rs. 17 per lb. depending on the variety of mica, will take effect from the beginning of next month. The floor price is fixed at Rs. 17 for book form splitting quality No. 4, Rs. 13 for book form quality No. 5, Rs. 11.50 for No. 4 loose splittings (dusted or undusted) exported from Calcutta port and Rs. 11 from Madras port, Rs. 8 for No. 5 loose splittings (dusted or undusted), 75 nP for loose splittings other than cheap loose and 50 nP for No. 6 cheap loose splittings.

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From Abroad

The Government of Switzerland has abolished the import duty on tea with effect from the 5th inst.

The Ceylon Petroleum Corporation has taken over all the 525 petrol filling stations owned by Shell, Caltex and Esso in that country with effect from 29th December 1963.

Textiles and clothings emerge as one of the three most important growth sectors in the international trade during 1962, according to the annual report of G.A.T.T. The others are chemicals and passenger cars. Trade in all types of yarns and fabrics reached a total of about $8,000 million, 5 per cent more than in 1961, while clothing accounted for $1,500 million, a rise of 12 per cent.

President Johnson has signed the $3,000 million Foreign Aid Bill which was passed by the U.S. Senate on 30th December 1963. The Bill also authorises extension of the Government-backed credit for private sales of wheat to the Soviet Union and Eastern Europe.

The Government of Turkey has published a decree under which the exporters of all manufactured goods will be able to claim "a drawback" of all taxes, import duties and other treasury charges included in the cost price of their exports. The decree refers specifically to all kinds of textiles, yarns, clothing and hosiery; a wide variety of other manufactures is expected to be added in the near future.

The Indonesian President has signed two bills which give the status of contractors to Shell, Stanvac and Caltex. The Companies have agreed to give the Indonesian Government 60 per cent of their profits *plus* a total bonus of $45 million. The Shell and Stanvac, as well as the Caltex which does not do any marketing business in Indonesia, have been allowed to continue their production and export business over the next 20 years but as Government contractors.

A liberal import trade policy for the shipping period ending June 1964 has been announced by the Pakistan Government. The major items of iron and steel group (iron billets and tinplate) can now be imported from any source. Previously, imports were allowed only against licences issued under the U.S. A.I.D. financial assistance. Further, as a measure of improving the export performance, the rate of export bonus has been increased from 10 to 15 per cent in the case of cotton yarn and 30 to 40 per cent in respect of other textiles.

The International Coffee Agreement is now in full force, following its ratification by the Governments of the U.S. and Madagascar, according to the U.N. European office. The Agreement required ratification by exporting countries representing 80 per cent of world exports and importing countries representing 80 per cent of imports. The quota adjustment, the setting of price differentials and the promotion of consumption have now become the responsibility of the International Coffee Council established under the Agreement.

The U.S. Justice Department, which recently began the investigation of the case of the missing soyabean oil, has come across another "big commodities scandal." Many European grain importers are reported to have attempted to defraud the U.S. Government. An inquiry by the House Appropriations Committee revealed that over half of about a million tons of feed grains, which were to have been supplied to Austria under the foreign aid programme, were diverted to countries such as West Germany, East Germany and Britain and were sold at premium prices. These diversions took place between 1959 and 1962. None of these countries was eligible to receive American commodities under the foreign aid programme. It is said that the companies concerned earned a profit amounting to $3-5 million.

PERSONAL

MR. Haakon Nord has been appointed Ambassador of Norway to India.

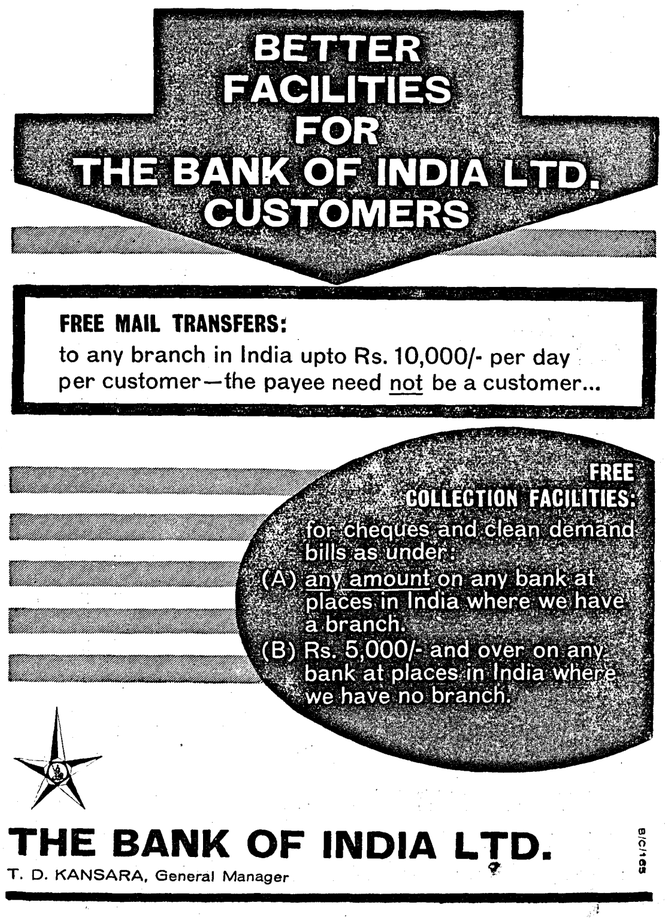
Sir Giles Guthrie has taken over charge as the full-time Chairman of British Overseas Airways Corporation.

Mr. R. V. Sheth has been appointed Secretary of the Bombay Oilseeds and Oils Exchange Ltd., Bombay.

Mr. Raghunath Rao, Assistant Director-General, International Labour Office, is retiring in February next. He will be succeeded by Mr. Hafiz Abdul Majid of Pakistan.

Mr. S. S. Khera, Cabinet Secretary, has been appointed Chairman of the Board of Directors of the Aeronautics (India) Ltd., a State-owned concern which was floated and registered in August last for the manufacture of MIGs and other types of aircraft.

Mr. J. S. Raj, Deputy General Manager of the Industrial Credit and Investment Corporation of India Ltd., has left for Nigeria to take up the post of General Manager of the Nigerian Industrial Development Bank being set up there. In view of the initial problems of setting up a new organisation in that country, the World Bank and the I.F.C. requested the Corporation to spare the services of Mr. Raj during the early stages of the new Bank's development. The Corporation has agreed to lend his services for a short period.



THIS ANNOUNCEMENT IS NOT A PROSPECTUS. PERSONS INTERESTED IN FULL DETAILS ARE REQUESTED TO OBTAIN COPIES OF THE PROSPECTUS WHICH ARE AVAILABLE FROM THE REGISTERED OFFICE OF THE COMPANY OR FROM THE OFFICES OF THE COMPANY'S REGISTRARS, BROKERS AND THE BANKERS TO THE ISSUE.

CHEMICALS AND FIBRES OF INDIA LIMITED

(INCORPORATED ON 29TH MARCH, 1961, UNDER THE COMPANIES ACT, 1956)

NAME OF THE COMPANY AND THE ADDRESS OF THE REGISTERED OFFICE :

Chemicals and Fibres of India Limited, Crescent House, 19, Wittet Road, Ballard Estate, Bombay-1.

EXISTING AND PROPOSED ACTIVITIES :

The Company will manufacture in India polyester staple fibre for which the demand in India is already established.

The polyester staple fibre which is manufactured and sold in Britain under the registered trade mark "Terylene" will be manufactured in India and sold under the registered trade mark "Terene". Polyester staple fibre is used by itself and in blends with other fibres and can be made into a wide range of fabrics such as suitings, trouserings, dress goods and shirts. Locally manufactured polyester fibre will also be used in a number of industrial applications. Import of "Terylene" is at present severely restricted.

Imperial Chemical Industries Limited, London, are the technical collaborators.

LOCATION OF THE INDUSTRY

The factory to manufacture polyester fibre will be erected at a site in the Trans-Thana Creek Industrial Area which has been provided for the Company by the Maharashtra Industrial Development Corporation. This site is suitable in all respects for the purposes of the Company ; it is connected by road to Thana which in turn is directly linked to Bombay by rail.

BOARD OF DIRECTORS

1. **ALBERT RIDGEBY FOSTER** (*Chairman*)
   24, Alipore Road,
   Calcutta.
   Chairman and Managing Director of:
   Imperial Chemical Industries (India) Private Ltd.
   Chairman of:
   The Alkali & Chemical Corporation of India Ltd.
   Indian Explosives Ltd.
   Director of:
   Atic Industries Ltd.
   Imperial Chemical Industries (Exports) Ltd. and others.
2. **NEVILLE NESS WADIA,**
   Bella Vista,
   Peddar Road,
   Bombay-26.
   Chairman of:
   The Bombay Dyeing & Manufacturing Co. Ltd.
   Herdillia Chemicals Ltd.
   and others.
   Director of:
   The Tata Iron & Steel Co. Ltd.
   National & Grindlays Bank Ltd.
   and others.
3. **SIR RAGHAVAN PILLAI,**
   5, Mansingh Road,
   New Delhi.
   Chairman of:
   Guest, Keen, Williams Ltd.
   Sankey Electrical Stampings Ltd.
   Managing Director of:
   Martin Burn Ltd.
   Director of:
   Vaughan Burn Crane Co. Ltd.
   Borax Morarji Ltd.
4. *WALLACE PLATT BIRTWHISTLE,*
   14, Lee Road,
   Calcutta.
   Director of:
   Imperial Chemical Industries (India) Private Ltd.
   Indian Explosives Ltd.
5. **CHARLES EDWARD JOHNSTONE CRAWFORD,**
   5, Malabar Court,
   Ridge Road,
   Malabar Hill,
   Bombay-6.
   Director of:
   Imperial Chemical Industries (India) Private Ltd.
   Atic Industries Ltd.
6. **CHARLES EDWARD SALKELD,**
   58, Hill Park,
   Powai Road,
   Malabar Hill,
   Bombay-6.
   Director of:
   Imperial Chemical Industries (India) Private Ltd.
   Atic Industries Ltd.
   Hill Properties Private Ltd.
7. **GEOFFREY WALLIS SHAW,**
   12A, Fountain Court,
   Middleton Street,
   Calcutta.
   Engineer.

AUTHORISED CAPITAL

	Rs.
1,00,00,000 Equity Shares of Rs. 10 each	10,00,00,000

SUBSCRIBED CAPITAL

125 Equity Shares of Rs. 10 each, fully paid up, have already been taken up by subscribers to the Memorandum, Directors and others	1,250

PRESENT ISSUE

24,99,875 Equity Shares of Rs. 10 each	2,49,98,750

OUT OF THE PRESENT ISSUE :

	Rs.
(i) 15,00,000 Equity Shares of Rs. 10 each have been agreed to be subscribed for by and will be allotted at par to Imperial Chemical Industries Limited, London	1,50,00,000
(ii) 1,25,000 Equity Shares of Rs. 10 each have been agreed to be subscribed for by and will be allotted at par to the Life Insurance Corporation of India..	12,50,000
(iii) 2,49,875 Equity Shares of Rs. 10 each have been reserved for allotment at part to the Directors and Employees of Chemicals and Fibres of India Limited and to the Directors, Employees and Distributors of Companies associated with Chemicals and Fibres of India Limited	24,98,750
(iv) **PROPOSED ISSUE TO THE PUBLIC AT PAR** 6,25,000 Equity Shares of Rs. 10 each are now offered for public subscription in terms of the prospectus, Rs. 2.50 per share whereof is payable on application	62,50,000
	2,49,98,750

DATES OF OPENING AND CLOSING OF SUBSCRIPTION LISTS

The subscription list will open at the commencement of Banking hours on 20th January, 1964, and will close at the close of the Banking hours on 25th January, 1964, or earlier at the discretion of the Directors but not earlier than the close of Banking hours on 22nd January, 1964.

Application forms along with copies of the prospectus can be had from the Registered Office of the Company, the Registrars, the Bankers to the Issue and Brokers, whose names and addresses are given below:

BANKERS TO THE ISSUE

NATIONAL & GRINDLAYS BANK LIMITED.
At their branches at Bombay, Amritsar, Bangalore, Calcutta, Cochin, Delhi, Hyderabad, Kanpur, Madras and New Delhi.

THE CENTRAL BANK OF INDIA LIMITED.
At their branches at Ahmedabad, Indore, Lucknow and Nagpur.

MANAGING BROKERS

Place, Siddons & Gough (Private) Ltd., 6, Lyons Range, Calcutta-1.
Lewis & Jones,
Bank of Baroda Building,
Apollo Street, Fort, Bombay-1.

BROKERS

Bombay

Batlivala & Karani,
Union Bank Buildings,
Dalal Street, Fort, Bombay-1.

Harkisondass Lukhmidass,
New Stock Exchange Building.
Apollo Street, Fort, Bombay-1.

Dhirajlal Maganlal Purshotamdas,
Old Stock Exchange Building,
Dalal Street, Bombay-1.

Merwanjee Bomanjee Dalal,
Allahabad Bank Building,
Apollo Street, Fort, Bombay-1.

Calcutta

G. M. Pyne,
14, India Exchange Place,
Calcutta-1.

Chunilal T. Mehta,
8, Lyons Range,
Calcutta-1.

Madras

Paterson & Company,
Badsha Building,
22, Errabalu Chetty Street, Madras-1.

Chitra & Company,
16, Bombay Mutual Building Annexe,
322/323, Linghi Chetty Street, Madras-1.

Kothari & Sons,
Oriental Buildings,
Armenian Street,
Madras-1.

New Delhi

Harbans Singh Mehta & Company,
33, Regal Buildings,
Parliament Street, New Delhi.

Raj Paul Chadha & Company,
Delite Cinema Building,
Ajmeri Gate Extension Area,
Asaf Ali Road, New Delhi.

M. R. Dhawan & Company,
Prithvi Mansions,
4/2 Asaf Ali Road, New Delhi.

Ahmedabad

Narendrabhai Lalbhai Sheth,
Manek Chowk,
Ahmedabad-1.

Bangalore

M. Nanjappaiah Jahgirdar,
181, Cavalry Road, Bangalore-1.

REGISTRARS

The Investment Corporation of India Limited, Ewart House, Bruce Street, Bombay-1.

USHA SPINNING AND WEAVING MILLS LIMITED

PRICE STAMPING ON COTTON CLOTH SHOULD BE DISCONTINUED

SPEECH OF CHAIRMAN, MR. BABUBHAI M. CHINAI, AT ANNUAL MEETING

IN his speech at the Second Annual General Meeting of the Usha Spinning and Weaving Mills Ltd., held at New Delhi on Wednesday, 18th December, 1963, Mr. Babubhai M. Chinai, Chairman, has endorsed the view that the system of stamping prices on cloth, which is an integral part of the three-year-old scheme of voluntary price control, has not served the desired purpose and that it should, therefore, be scrapped. Price stamping, in Mr. Chinai's opinion, has led to a certain amount of distortion in the pattern of production which is not in the ultimate interest of the consumer. It has also caused difficulties to mills and come in the way of building a healthy relationship between manufacturers and distributors. Mr. Chinai has expressed the hope that the ten-man committee, appointed for examining the procedure and methods of stamping prices, would not confine itself to the procedural aspects of price stamping but would examine objectively the merits and demerits of the scheme itself. The following is the full text of Mr. Chinai's speech:

FRIENDS,

I have great pleasure in welcoming you all to this second annual general meeting of the Company. The report of the Directors and the statement of accounts for the period ended 30th June 1963 have been with you for some time. I shall, with your permission, take them as read.

I am happy to say that your Company is making good progress. At a time when the capital market was not particularly attracted to investment in new textile units, it is a matter for satisfaction that our flotation was a great success. As you know, on 17th March 1963 production of the Company's mill at Badarpur was inaugurated by Sardar Pratap Singh Kairon, Chief Minister of Punjab. Regular production started from April 1963 with 12,000 spindles. The Company will thus be making its contribution to the industrial development of the State of Punjab which has already made rapid industrial development during the last few years due to the impetus and encouragement given by the Government of Punjab to new industrial enterprises.

Up-to-date Machinery

Latest and up-to-date machinery has been installed in your mill. A significant feature of our production planning is that the mill can switch over to the manufacture of a variety of special kinds of yarn and also yarn of special application to military and defence requirements. We had certain difficulties in the beginning after the installation of the machinery, particularly lack of adequate supply of electric power. They have now been tided over and the mill is now working three shifts a day. I will now deal with certain points in the balance sheet and the profit and loss account. During the period under review, the Company has sustained a loss of Rs. 3,55,484.99 after providing for depreciation of Rs. 2,16,100.56 on building, plant and machinery, electrical equipment, etc. During the period under review, the Company completed only three months of trial production. The Company has acquired capital assets worth Rs. 68,18,160.28 comprising land, building, machinery and other assets thereby providing a good foundation for further expansion and development.

Expansion Programme

The Government of India has been kind enough to grant us an expansion licence No. L/23(1)/296/62 TEX(B) dated 6th April 1962 for further 13,000 spindles. The Government of India, after due and careful consideration, has decided to increase the spindle capacity of small units to 25,000 spindles to make the units economical and reduce overhead expenses. On a study of the comparative working results of units with 12,000 spindles and 25,000 spindles, it is found that the expected return on investment on the basis of current values is 57 per cent in a unit of 25,000 spindles as compared to 30 per cent in a unit having only 12,000 spindles. Moreover, the basic production cost is expected to be much lower in a unit functioning with 25,000 spindles. However, the main advantage is derived from the sales angle, as increased quantity of hosiery yarn and doubled yarn, which can fetch higher prices, can be produced in a 25,000 spindles unit. As per estimates, it enables an operating profit of 17.3 nP per lb. on 12,000 spindles, as against 37.8 nP on the 25,000 spindles unit. The installation of the additional 13,000 spindles in pursuance of the industrial licence granted to us will lead to great economy in overhead expenses and, I think, an early implementation of the proposal is very necessary. Your Company has already taken adequate steps for the implementation of the expansion programme. The capital outlay for the proposed expansion is expected to be about Rs. 106 lakhs. We have applied for loan and other facilities from the Industrial Finance Corporation of India. It is also necessary to raise part of the finance by recourse to a further issue of capital of Rs. 35 lakhs. An application for the purpose has been made to the Controller of Capital Issues and necessary consent for the issue has since been received. Orders have already been placed with indigenous machinery manufacturers and also foreign machinery suppliers for the supply of necessary plant and machinery for the expansion programme.

I am happy to say that your Company has already acquired land comprising about 23,000 square yards for the construction of a labour colony and the Punjab State Government has been approached for necessary assistance for the construction of 96 double-room tenements and 128 single-room tenements. Your Company is expecting early sanction for the construction of the labour colony.

Rise in Cotton Acreage

The cotton textile industry occupies an important place both from the point of view of meeting the growing requirements of an essential consumer item as also for augmenting our foreign exchange earnings. However, the inadequate and uncertain supply of cotton continues to be the industry's major problem. The average area under cotton cultivation increased from 12.16 million acres between 1947 and 1951 to 19.50 million acres or by 60 per cent between 1956 and 1961. Though the area under cotton cultivation in India is the highest in the world, we have not yet attained self-sufficiency in this essential raw material. The reason is the low yield per acre. While the yield of cotton per acre varies from 207 to 455 lbs. in other cotton growing countries of the world, it is a mere 100 lbs. in India. Government should, therefore, take necessary steps to increase the yield and augment cotton production.

Price Stamping

It has been my view that the scheme of stamping of prices on cotton fabrics, which is an integral part of the three-year-old system of voluntary regulation of cloth prices, has not served the purpose envisaged for it. It is known that price stamping has led to a certain amount of distortion in the pattern of production which is not in the ultimate interest of the buyers. It has caused difficulties to the mills also and has stood in the way of building a healthy relationship between them and the distributive channels. In this context, I welcome the appointment of a ten-man committee to examine the procedure and methods of stamping prices. I would like to express the hope that the committee will not go merely into the procedural aspects of the matter but also look into the merits of the proposal itself, and consider dispassionately the removal of price stamping. In my view, in the circumstances prevailing in the country today, removal of price stamping will be in the larger interests of the consumers.

Economic Growth

I am happy to note that the Union Finance Minister intends to review the present fiscal and related policies of the Government with a view to stimulating economic growth. The too frequent changes in fiscal policies are having its adverse effects on the economy. The imposition of the Super Profit Tax is an additional burden which is bound to retard industrial production. Further, the increase in excise duties, customs duties, corporate taxes and surcharges in addition to the rising costs of all materials, stores, spare parts, wages, etc., has contributed to the increase in production costs. The Government's pricing policy without any consideration being given to the increased production costs inevitably effects the profitability of the Company.

Some measures have already been taken for liberalising credit facilities to help augment industrial production and development. Further steps need to be taken by enlarging the functions of the Industrial Finance Corporation and by liberalising credit facilities. Repayment schemes should also be conceived more imaginatively so that no undue strain is involved in servicing loans during the period of development. I hope that before long Government will take suitable measures including necessary changes in the Super Profit Tax and other fiscal levies and bring about a wholesome climate for capital formation and industrial growth. In fine, I am glad to inform you that your mill's production has steadily gone up from an average of 2,067 kg. in April, 1963 to an average of 5,797 kg. in November, 1963. During certain periods in November, production reached a high figure of 6,174 kg. which is more than the usual maximum production which could be expected of a unit of the same capacity. Your mill is producing 50 per cent of the yarn in cones and 50 per cent in hanks. The quality of the yarn is found to be good. Daily market reports show that the yarn produced by the mill compares very favourably with many of the established mills in Northern India.

The Company has planned to implement the following programme during 1964.

(a) Expansion of existing spindleage by another 7½ per cent without any increase in capital except for minor additions of 3 more Ping frames.

(b) To diversify the production of 75 per cent in cones for which comparative return is much higher than the hank yarn.

(c) To diversify the balance production to doubled yarn and other special yarn which is fetching comparatively higher price in the market. The Company intends to spend about Rs. 7 lakhs on its balancing programme for which necessary financial arrangements are being finalised.

Thanking you.

Note: *This does not purport to be a record of the proceedings of the Annual General Meeting.*

COMMERCE

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TREND OF MARKETS

CALL RATE 5 PER CENT

(From Our Own Correspondent)

BOMBAY, *8th January*

The short-term money market has continued to rule firm since we reported last on 18th December 1963. Demand for funds has been well maintained, but borrowers are finding no difficulty whatever in obtaining their requirements, since the supply of funds available is adequate. Only, they have to pay a high rate of interest, namely, 5 per cent, below which lenders refuse to part with money (both fresh and renewals). Conditions at Calcutta have been persistently tight, the inter-bank call rate now being 5 per cent, as against 3½-3¾ per cent three weeks before.

The 91-day Government of India Treasury Bills, the tenders for which opened on Tuesday the 7th inst., elicited limited support. The total amount offered was no more than Rs. 2 crores which was also the amount invited and accepted. The average rate of accepted tenders continued unchanged at Rs. 2.315 per cent per annum. The Intermediate Treasury Bills fared no better. The amount of Bills actually sold from 30th December to 4th January was just Rs. 23.75 lakhs.

India's foreign assets improved by Rs. 22 lakhs to Rs. 105.79 crores during the week ended 3rd January, the improvement was in contrast to the drop of Rs. 1.64 crore which occurred in the previous week. It was entirely under balances held abroad which stood at Rs. 8.33 crores. The foreign securities held in the Issue Department of the Reserve Bank were unchanged at Rs. 97.46 crores. Deposits of scheduled banks with the Reserve Bank increased by Rs. 4.19 crores to Rs. 85.14 crores. At the same time, their borrowings rose by Rs. 18.71 crores to Rs. 26.79 crores, including Rs. 8.71 crores (a rise of Rs. 5.55 crores) against usance bills. Notes in circulation spurted by Rs. 29.46 crores to Rs. 2,369.18 crores.

There was a sharp rise of Rs. 24.28 crores (to Rs. 1,574.86 crores) in the total credit made available by the scheduled banks to their clients during the week ended 27th December. Deposits, too, rose but by only Rs. 16.58 crores to Rs. 2,405.64 crores. The banks had, therefore, to resort to borrowings from the Reserve Bank, the total outstanding of these was Rs. 7.74 crores, of which those against usance bills alone accounted for Rs. 3.18 crores, a rise of Rs. 1.14 crore. They had also to sell a part of their investments which receded by Rs. 11.19 crores to Rs. 709.20 crores.

Listless conditions prevailed in the Gilt-edged market. Barring select short-dated loans in which some strong business was put through, the volume of transaction was very much limited, with narrow fluctuations in prices. Indeed, the quotations for most of the Central and State loans were maintained at their previous levels.

In the foreign exchange market, the banks' selling and buying rates for U.S. dollars declined by 25 nP each to Rs. 478.25 and Rs. 475 per $100, respectively. In New York, the pound sterling strengthened *vis-a-vis* the dollar, the spot rate advancing by 0.210 cent to 279.860-279.890 cents and the three months' forward by 0.110 cent to 279.640-279.670 cents.

* * * *

The total cash contributions brought into the Central account of the National Defence Fund at New Delhi till the close of business on 31st December 1963 amounted to Rs. 57.88 crores. Of this sum, Rs. 28 lakhs came from Britain and Rs. 62 lakhs from other countries. In addition, contributions in gold and gold ornaments amounted to 2,277,109 grammes, approximately equivalent to 195,292 tolas.

SILVER RISES AGAIN

(From Our Own Correspondent)

BOMBAY, *8th January*

A fresh peak of Rs. 252.50 per kilogram was touched by silver today, as against the closing of Rs. 248 three weeks ago. The persistent firmness was engendered by the move of some dealers to corner sizable stocks. Hopes of larger demand during the ensuing marriage season also fanned the bullish fervour. The upward trend is expected to continue for some time to come unless there are fresh large-scale arrivals. The actual daily arrivals are currently of the order of just 10 bars, whereas the rate of offtake is higher.

In Sympathy with silver and on the likelihood of better demand, fourteen-carat gold also edged forward from Rs. 59 on 18th December (the last date covered by our previous report) to Rs. 60.25 per 10 grams today. Primary gold was unofficially quoted at Rs. 103. Sovereign was unchanged throughout at Rs. 85.

The world price of gold in the London market softened slightly from $35.07⅞ per ounce three weeks ago to $35.07 today. Ready gold declined over the same period by 2½*d.* to 250s. 7¾*d.* Ready and forward silver were unaltered at 111⅜*d.* and 111½*d.*, respectively. Silver at New York, too, was unaltered at 129.3 cents. Silver is now freely available from the U.S. Treasury at 129.29 cents an ounce, a level which was reached in the New York market in September last and has been held since. Speculative positions, according to Messrs. Samuel Montagu and Co., London, have all been liquidated and the inventories, which had been increased in anticipation of price rises, have now been reduced to more normal levels. These positions are estimated to have fed about 40 million oz. into world markets during the calendar year 1963. The total demands upon the U.S. Treasury silver stocks for both industrial and coinage purposes in 1964 are expected to approach 150 million oz.

The aggregate free world output of gold in 1963 is estimated at about 39 million oz. worth approximately $1,400 million, representing a rise of five per cent as compared with 1962 and 60 per cent above the output in 1953. Estimates of Russia's annual gold output vary widely from $350 million to $600 million and those of gold reserves from $4,000 million to $10,000 million. These figures are given in the January *Monthly Letter* of the First National City Bank. Posing the question whether there is enough gold, the *Monthly Letter* observes:

"With better distribution of monetary gold stocks between the United States and other major nations, the gold problem today focuses on the adequacy of new gold supplies to meet the needs of an expanding and increasingly complex world economy. Over the past fifteen years, official gold stocks have increased by 1.3 per cent annually out of new output and Russian sales. The slow growth in gold reserves is the consequence of the large and sustained private demand for gold, itself a sign of fears and suspicions about the world's major currencies. Reserves in the form of currencies are easier to supply and, as a matter of fact, constitute a growing portion of monetary reserves, though gold still represents some three-fifths of the total. As the gold standard has gradually evolved into the gold exchange standard, holdings of dollars and sterling in international reserves have provided a means of economising on gold. There must be enough reserves to provide time for needed readjustments in balances of payments among nations, but not so much as to breed worldwide inflation. There is, of course, no way to turn the clock back and restore the gold standard. By the same token, however, there is no practical possibility of cutting loose from gold altogether.

"The crux of the international liquidity problem is that some nations are reluctant to accept other nations' currencies in lieu of gold. Recognition of this will help improve the understanding, in the searching re-examination of our international monetary system now under way, that the problem cannot be resolved by creating Esperanto units of account by some international body. It must be resolved by protecting real values of currencies and enhancing respect for credit instruments as substitutes for gold."

The following table shows the trend of prices during the week under review:

	8-1-1964 (closing)	High	Low	31-12-1963 (closing)
SILVER	Rs.	Rs.	Rs.	Rs.
Ready (996 fine) ..	252.50	252.50	250.00	250.50
GOLD				
Ready (14 carat) ..	60.25	60.50	60.00	60.00
Sovereign ..	85.00*	—	—	85.00*
London—				
Gold ..	250s. 7¾*d.*	250s. 9½*d.*	250s. 7¾*d.*	250s. 10*d.*
Silver Ready ..	111⅜*d.*	—	—	111⅜*d.*
Silver Forward ..	111½*d.*	—	—	111½*d.*
New York—				
Silver	129.3 cents	—	—	129.3 cents

*As on 24-6-1963.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce.

COTTON FUTURES FIRM

(From Our Own Correspondent)

BOMBAY, *8th January*

The cotton futures market ruled distinctly firm during the three-week period under review. The firmness, in the context of a fairly comfortable stock position and the promising outlook for the new crop, is largely attributed to two main factors. First, there is growing apprehension that import of any sizable quantity of U.S. cotton under P.L. 480 is difficult during the current season. The failure to secure as yet the 300,000 bales of American cotton which India is supposed to receive under the Indo-U.S. manganese-cotton barter deal concluded in April last is pointed out as an instance of the bleak prospects for imports of U.S. cotton. Second, spot prices, especially of Gujarat varieties, have been ruling firm. This has imparted considerable strength to futures. Although the crop prospects continue to be bright, in spite of some adverse developments in weather during November, a critical month for cotton, the expansion of mill capacity now going on is expected to increase the demand for cotton so that, even if the crop turns out to be as good as last season's, the surplus would not be as large as earlier anticipated. This consideration, coupled with fairly good demand from abroad for Bengal *Deshi*, induced good support for the Jarilla March contract in the futures market. Consequently, the contract steadily firmed up from Rs. 721 per three quintals on 18th December to a peak of Rs. 738.75 on the 6th inst. Profit-taking attracted by the high level and some fresh selling induced by easier advices from the terminal markets, especially Punjab, resulted in a decline in prices and the contract closed lower at Rs. 754.50 today, a net gain of Rs. 13.50 over the period. The undertone, however, remains generally firm.

Trading in Jarilla May 1964 contract commenced on 24th December. The contract opened on a subdued note at Rs. 725.25 per three quintals, that is, Rs. 6.25 below the March contract and, after declining steadily to touch Rs. 718 on the 2nd inst., firmed up in sympathy with the March contract to Rs. 728.50 on Monday, the 6th inst. The finish was, however, Rs. 3.50 lower.

In the spot section, mill buying is at present limited on account of the high prices and the expectation of a fall in rates. Such popular varieties as Co2, Buri Digvijay, 197/3, Kalyan and Wagad, however, continue to elicit inquiries. But mills are reluctant to buy at the prevailing prices. Export demand for Bengal *Deshi* continues to be fairly good. If the present interest were to persist, the shippers' share of the last quota for 200,000 bales of Bengal *Deshi* would be absorbed before long. Sales registered for export as at the end of December aggregated 102,000 bales. As regards foreign cotton, mills showed interest in ready lots of almost all foreign varieties. The following are the latest available quotations—in rupees per candy of 784 lbs.—from the spot market at Sewri:

Bengal *Deshi* 750; L.147 1,205; Co2 1,200; Digvijay 1,275; Jaydhar 950.

Crop prospects continue to be good. A leading cotton firm, namely, Patels and Volkarts, has summed up new crop position as at the end of November as follows:

"Although we had rather unseasonal weather developments during November in some parts of the country, the crop on the whole continued progressing satisfactorily. Some setbacks here and there were made good by improved crop prospects elsewhere. Total production estimates remain unchanged and prospects are still for an excellent crop, both quantity and particularly quality-wise.

In the North (Punjab, U.P., Rajasthan), harvesting was in full swing. By end of November practically the whole Bengal *Deshi* crop was picked, and only about 30 per cent of the P/American crop remained to be collected from the fields. A few rainy days interfered with the crop movement, but fortunately did not cause any significant damage. Arrivals reached some 15,000 bales per day at the end of the month, with the Bengal Deshi crop movement at its peak and P/American arrivals rapidly increasing. Quality-wise, the picture is very satisfactory and, particularly, the P/American 320F crop is far better than last year's.

"Crop accounts from the central belt (Madhya Pradesh, Maharashtra) were mixed. The whole of Madhya Pradesh came in for further, rather unseasonally late, rains which were, however, of short duration and followed by clear weather; the net result will be a late but good crop. In the CP/Berar tracts of Maharashtra, weather was unsettled towards the end of November, but fortunately no rains fell; whilst production estimates for 197/3 had to be scaled down, those for Buris could correspondingly be increased and overall prospects continued good. Only in the Gaorani circle of Maharashtra did the crop come in for a severe setback due to a plant disease which reportedly spread throughout this circle and must have been bred during the excessively wet spell earlier in the season; here crop estimates had to be pruned down quite considerably. Harvesting throughout these areas was in full swing by end of November, with arrivals gradually increasing to some 20,000 bales per day.

"The West Coast (Gujerat, including Saurashtra) recorded fairly heavy rains towards the end of November, accompanied by gusty winds, which caused some shedding of bolls. It was at one time feared that the crop suffered quite some damage, but as it cleared up, prospects for a good crop, particularly in Saurashtra, revived again. Due to these rains, the crop development has, however, been somewhat delayed and arrivals will start later than previously expected.

"In the South (Mysore/Andhra/Madras), crop reports continued rather mixed. The main crops in the Western-Comptah circle did not fare too well because of inclement weather conditions, but there was still time and opportunity for making up some of the setbacks. Further South, beneficial rains were received just when they were most needed. As per end of November, the following arrivals were recorded as compared with these at the same time during the previous two seasons:

	(In bales of 400 lbs./180 kgs.)		
Areas	1963-64	1962-63	1961-62
North	367,000	252,000	370,000
Central Belt ...	425,000	219,000	160,000
West Coast ...	7,000	—	3,000
South	34,000	31,000	22,000
Elsewhere ...	—	—	—
	833,000	502,000	555,000

GROUNDNUTS FORGE AHEAD

(From Our Own Correspondent)

BOMBAY, *8th January*

The three weeks that this report covers (from 19th December to 8th January) witnessed a hectic rise in the groundnut futures, the April contract jumping up by Rs. 13.38 to Rs. 229.50 and the January contract by Rs. 5.88 to Rs. 225.00. The rise followed frantic buying by bulls who feared an acute scarcity of supplies in the not too distant future. The fears stemmed from the slow pace of arrivals in the wake of heavy demand from crushers and *vanaspati* manufacturers. The reported brisk export business in groundnut oil also imparted strength to the market, with the result that the spot prices of groundnut and groundnut oil registered a notable rise. The swift advance in forward rates has perturbed the authorities. The State's Minister for Civil Supplies, it is reported, discussed the issue with the Chairman of the Forward Markets Commission recently. The Chairman, however, was understood to have stated that the existing forward rates, though they were higher than those prevailing some weeks ago, were fairly lower than the prescribed ceilings. Discounting the belief that speculators had cornered stocks, the Chairman assured the Minister that his commission would not hesitate to take appropriate steps if the situation so warranted.

There were no developments worth reporting in the castorseeds section. The March contract picked up 25 nP to Rs. 165.50. Ready Madras was fully steady at Rs. 32.62 and Kanpur at Rs. 31.62. Oil B.S.S. gathered 15 nP to Rs. 14.40 and commercial 5 nP to Rs. 13.70.

Linseed met with good support. March contract advanced by 62 nP to Rs. 37.12 and June contract by 50 nP to Rs. 37.94. Bold ready gained 10 nP to Rs. 37.62. Linseed oil, however, declined by 30 nP to Rs. 15.40.

Cottonseed April contract elicited large enquiries and rose by Rs. 2.50 to Rs. 100. But the January contract was a shade lower at Rs. 99.75.

The following table shows the closing prices of oilseeds and oils on Wednesday 8th January as compared with those of two previous weeks:

	8-1-1964	31-12-1963	24-12-1963
Groundnuts	Rs.	Rs.	Rs.
January 1964 contract	223.00	223.37	223.37
April 1964 contract	229.50	228.50	230.00
Nizam bold	45.75	45.75	45.75
Khandesh quality	46.25	46.25	46.37
Oil ex-mill	18.00	17.90	18.10
Oil Ldy. Receipts	17.85	17.75	17.85
Castorseed			
March 1964 contract	165.50	165.50	166.75
June 1964 contract	168.00	168.25	169.60
Ready Madras	32.62	32.87	33.00
Ready Kanpur	31.62	32.00	32.00
Oil B.S.S.	14.40	14.30	14.40
Oil commercial	13.70	13.70	13.90
Linseed			
March 1964 contract	37.12	36.94	37.25
June 1964 contract	37.94	37.87	38.12
Bold ready	37.62	37.50	38.00
Linseed oil	15.40	15.40	15.80
Cottonseed			
January 1964 contract	—	94.50	98.50
April 1964 contract	100.00	100.00	101.50

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

FREIGHT ON PEPPER RAISED

(Messrs. Parekh and Co.)

BOMBAY, 8th *January*

Malabar black pepper (garbled) moved narrowly between Rs. 272.50 and Rs. 282.50 during the month of December, in view of poor inquiries from New York where spot remained dull at $0.32, as grinders were out of the field and in sympathy with Singapore where market ruled flat at $(M) 105 with poor overseas demand. At the beginning of New Year, however, the market appeared to have turned the corner and garbled edged forward to Rs. 282.50 during the week, as New York started nibbling by buying ready and forward shipment. Dealers in New York paid for Ready shipment of Malabar pepper $0.31½ and $0.32 and for February-March shipment $0.32½. In Singapore also, black pepper improved from $(M) 105 to $(M) 112½, despite poor foreign demand, as all hopes of early settlement of the present political differences between Indonesia and Malaysia faded and border situation in the North Borneo deteriorated. New York spot, after rising to $0.34, came down to $0.33½, as demand from grinders remained poor. Most of the sellers there, however, turned bullish, as Lampong remained unquoted from both Singapore and Indonesia. They were not pressing in view of the comparatively poor stock position. Speculative elements which were until now sitting on the fence appeared to have started taking interest.

Despite the augmenting of new arrivals, all the coastal markets in Malabar remained steady, as most of the dealers and exporters there were buying in anticipation of early broadening of enquiries both from the U.S.A. and Europe. Most of the foreign buyers are said to be in favour of buying Malabar pepper, as there is no certainty regarding the shipment of Lampong or Sarawak pepper should the situation worsen.

Acute inflation in Indonesia and poor crop of Lampong are supporting factors. The position in Sarawak is confusing and the despatches of white and black Sarawak pepper to Singapore are very much reduced.

The important events of the week are the increase in the freight on pepper from India to New York from $55 to $65 and the establishment of a pilot plant for making white pepper from black in Kerala.

The estimate of new crop of Malabar black pepper remained unchanged between 28,000 tons and 29,000 tons. The export of Malabar pepper during the seasonal year 1962-63 amounted to 19,000 tons, as against 23,000 tons in the previous season.

Prices on the Cochin ring hardened from Rs. 282 to Rs. 287 for January. February delivery remained, on enquiries, with a premium of Rs. 6 to Rs. 7. In Bombay ring, *Maha* delivery, after touching the lowest at Rs. 308, improved to Rs. 318 but came down again to Rs. 314, while *Chaitra* rallied from Rs. 317 to Rs. 326.

Ungarbled developed improved tone and was on demand at Rs. 272.50 the lowest being Rs. 262.50.

The future of pepper appears to be promising, as all the unfavourable factors that were keeping the market down till now are now discounted at the present level of price, particularly in view of the uncertain political situation in Malaysia and lower stock position in Singapore, Sarawak and Indonesia.

There are reports that most of the direct shipments of Lampong from Indonesian ports were detailed for regarbling, as they were not fully to *Asta* standard. There are chances of seeing some firework in the world's pepper market should the situation between Malaysia and Indonesia worsen into a shooting war.

GOOD C.T.C. TEAS STRONG

(From Our Own Correspondent)

CALCUTTA, 7th *January*

The improvement in sentiment in the last export auctions held here followed increased demand. The intervening holidays meant early arrangements for meeting commitments. Meanwhile, tea shipments to the United Kingdom have continued to be heavy. Exports as a whole this season have been higher than last year, although the North Indian crop up to the end of November 1963 amounting to 548.2 million lbs. was 18.2 million lbs. lower than the crop for the comparative period of 1962.

Production in North India in December was insignificant, in view of the heralding of cold weather much earlier than usual. The year's shortfall in crop will, therefore, not be less than 18 million lbs. at any rate. This feature, despite increase in exports, makes the 1963-64 season a disappointing period for tea gardens. This is reflected in the poor interest shown by investors in tea garden shares. While the average prices realised at auctions this season have been lower as compared with the last season, costs of production have risen appreciably.

The keen competition shown by other producing countries in export markets is keeping down prices and preventing gardens from equalising marginal revenue to marginal cost. India is the largest tea producing country in the world, and it should be a matter of concern that Ceylon has made an earnest bid to lessen the gap between its and Indian output. Up to the end of October, Ceylonese production aggregated 411 million lbs., thus representing a rise of 16 million lbs. over the first ten months of 1962. Ceylon is striving hard to attain the target of 500 million lbs.

While the overall exports from India have risen this year, it is a matter of concern that shipments to some of India's traditional markets have fallen. The Sudan, Iran, Turkey, and the U.A.R. have taken less tea than last year, whereas the U.K., the U.S.S.R. and East European countries have bought more. Significant success is reported in attempts in Turkey to grow tea. Already 40,000 acres of land in that country have been brought under tea, and the fact that Turkey has imported less tea from India this year shows that it is able to supply more against internal needs.

In accordance with the arrangements already made with the European Economic Community, the U.K. has announced suspension of import duties on tea and certain other prodocts for a period of two years commencing from 1st January 1964. It was stated that, if the forthcoming negotiations with the G.A.T.T. did not succeed, Britain could reimpose the duties at any time after 31st December 1965. Switzerland and Canada have also announced a similar withdrawal of duties. India is hoping to increase exports to the E.C.M. countries and the Indian Tea Board has already set up a promotional centre at Brussels. At the same time, it should be noted that, now that the non-Commonwealth producing countries would also be able to ship tea to the U.K. freely, competition for the U.K. market would be keener.

In the last internal sales, dusts on offer aggregated 31,208 packages. A fall in demand towards the close of sales was in evidence. Orthodox teas were very steady. "Teas for price" were also in good demand, but legg-cut teas eased. Good C.T.Cs were also a strong feature, and the smaller and brighter categories were preferred. Medium C.T.Cs, however, eased. The quotations per 1 kg. inclusive of excise duty were: good Assam C.T.C. dust Rs. 5.70 to Rs. 6.30; medium Assam C.T.C. dust Rs. 5.05 to Rs. 5.25; legg-cut dust Rs. 4.80 to Rs. 5.00; medium Assam dust Rs. 4.70 to Rs. 5.00; and plain orthodox dust Rs. 4.50 to Rs. 4.70.

At the last export sale, offerings amounted to 48,873 packages. There was good general demand. Whole leaf grades improved. The few tippy teas were also steadier. In Darjeelings, the improved types met with better inquiries, but other kinds eased. In C.T.Cs, the better liquoring kinds were higher, and B.Ps were steady, while similar fannings eased. Secondary grades were in good demand. Legg-cut teas eased by 10 nP. Plain orthodox teas were a fully strong market, but fannings eased. Medium orthodox teas were irregular, but the more useful and better liquoring kinds recorded a definite dearer trend. The quotations per 1 kg. inclusive of excise duty were: Best Assam C.T.C. fannings Rs. 5.60 to Rs. 6.20; best Assam C.T.C. B.P Rs. 5.70 to Rs. 6.40; clean plain pekoe Rs. 5.00 to Rs. 5.40; medium Assam C.T.C. B.P. Rs. 5.10 to Rs. 5.50; medium Assam C.T.C. fannings Rs. 5.00 to Rs. 5.30; plain fannings Rs. 4.50 to Rs. 4.60; and plain B.P. Rs. 4.50 to Rs. 4.65.

TANNED SKINS FIRM

(From Our Own Correspondent)

MADRAS, 6th *January*

Though the New Year has dawned, importers overseas have not bestirred themselves and got into a buying mood. Export trading has been very small during the last two weeks and prices have ruled firm in all sections.

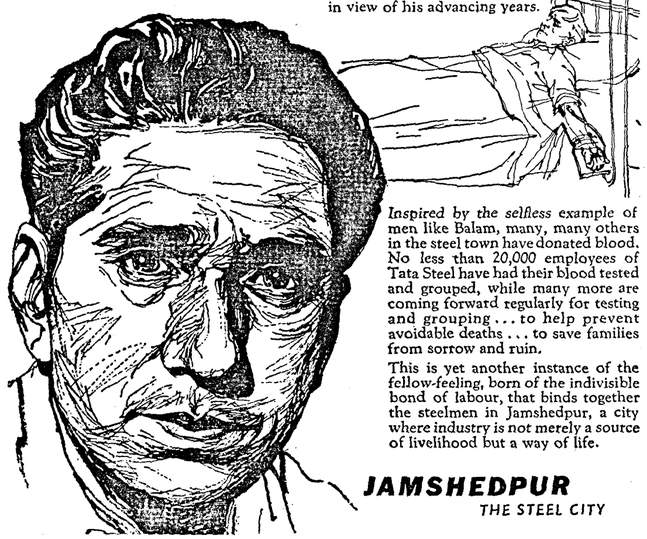
Arrivals of stocks from the tanneries have been on the usual scale and clearance slow. Inland demand for low grade kips has been moderate. Export demand was for cowcalf light weights which have been in poor supply. Inquiries for cow hides, buff hides and calf for shipment were negligible, as importers in U.K., Continent and U.S.A. have been lethargic. It is hoped that regular trading will commence by the middle of this month.

Tanned skins market ruled firm. Tanners have been trying to obtain increased prices for goat skins—top marks—but buyers have declined to meet sellers' ideas. Tanners have not been able to buy raw stocks at economic prices so far, but hope to do so, in view of the Government reducing the export quota of shippers of raw skins by 5 per cent from the 1st inst. Prime and semi-prime sheep skins remained steady; and middle class sheep lower selections in light weights were in good demand and higher prices were paid by the importers on the Continent.

His blood has saved many lives

Way back in 1935, at Jamshedpur's Main Hospital, a man lay dying. Only a transfusion of blood could save him. In those days, most people thought that blood donation permanently damaged health. But a young man came forward and voluntarily gave his blood to sustain the ebbing life. Between 1935 and 1955, the same man freely gave his blood no less than 40 times—on an average twice a year—for victims of industrial accidents, to save men critically ill.

This extraordinary man is T. S. Balam, a typist with Tata Steel at Jamshedpur, a happy, healthy family man of 50. Although he still wants to donate blood, doctors decline his offer in view of his advancing years.



Inspired by the selfless example of men like Balam, many, many others in the steel town have donated blood. No less than 20,000 employees of Tata Steel have had their blood tested and grouped, while many more are coming forward regularly for testing and grouping ... to help prevent avoidable deaths ... to save families from sorrow and ruin.

This is yet another instance of the fellow-feeling, born of the indivisible bond of labour, that binds together the steelmen in Jamshedpur, a city where industry is not merely a source of livelihood but a way of life.

JAMSHEDPUR
THE STEEL CITY

GIVE FREELY TO THE NATIONAL DEFENCE FUND

The Tata Iron and Steel Company Limited

IWTTN 1254

The following are the ruling prices—in rupees per lb.—for all-round parcels in the local market:

Tanned cow hides 8/8½ lbs. average Rs. 2.20 to Rs. 2.25, cowcalf 1½/2 Rs. 3.80 to Rs. 4.00, buff hides 12/14 Re. 1.85 to Re. 1.95 and buffcalf 1½/2 Rs. 3.50 to Rs. 3.60.

FANNING TEAS EASIER

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 2nd *January*

A total of 952,000 kgs. was offered in tea sale No. 53 held here on 30th December 1963. A few Nilgiri invoices were improved in quality, while mediums showed little change from last week. The market opened to good demand which continued throughout the sale. There was good support for plain and low medium brokens which were fully firm to occasionally dearer. Similar fannings, however, inclined easier. Medium brokens were irregularly steady, but, here again, fannings came to an easier market. Good mediums evoked useful support and sold at around last rates. Highgrowns elicited irregular support and generally realised lower rates than last. Black leaf descriptions were a strong feature of the sale. C.T.C. descriptions were sold readily and prices for these were quoted steady, but unorthodox types inclined easier. Whole leaf grades and tippy teas were slightly lower.

The quotations per kg. were:

	1963	1962
	Rs.	Rs.
Low mediums	4.20-4.50	4.10-4.50
Mediums	4.40-4.70	4.55-4.90
Good mediums	4.80-5.45	4.95-5.35
Nilgiri B.O.P.	4.50-8.20	5.20-8.05

The average price realised in sale No. 53 was Rs. 4.47 per kilo, as against Rs. 4.49 a week ago and Rs. 4.77 in the corresponding sale last year.

A total of 396,000 kg. was offered in sale No. 'A', held today., There was less demand than in previous weeks and prices on average declined by about 10 nP. Highgrowns and unorthodox teas, however, met with firm support and generally sold at about last rates. Medium teas declined by 10 to 15 nP. There was strong enquiry for clean black grainy grades which were firm and occasionally dearer. Residuals were the weakest feature of the sale and often up to 20 nP easier.

The average price realised in dust sale No. 'A' was Rs. 4.38 a kilo, as against Rs. 4.45 a week ago and Rs. 4.28 in the corresponding sale last year.

Colombo: There was good demand. Best liquoring highgrowns were 10 to 20 cents easier, but others were steady. Better liquoring mediums advanced by 10 to 15 cents, while others were sold at around last rates. Lowgrowns were firm. Owing to a general clerical strike, next week's sale has been postponed.

London: In Monday's sale, there was strong demand. C.T.Cs were dearer by 1d. to 2d. Orthodox descriptions and Dooars were irregular and sold at around last rates.

Ceylon and South Indians: Offerings in Tuesday's sale amounted to 23,550 packages, of which 7,607 packages were from South India. Best liquoring Ceylons were firm, but others were easier. Teas from South India were steady at last week's levels.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire as follows:

"*Sale No.* 1: 962,000 kgs. offered. Good general demand. Low mediums and mediums steady. Good mediums firm. Highgrowns better demand with quality. Unorthodox stronger. All clean and blackleaf fannings dearer."

SUGAR SAGS

(From Our Own Correspondent)

HAPUR, 6th *January*

Sugar in the open market registered a sagging trend during the fortnight under review, thanks to the improved supply position. The sugar factories in west U.P. are reported to be drawing normal cane supplies, barring a few which are now facing dearth of supplies and are made to work in restricted hours. The State Government is reported to be taking steps to achieve the production target of 1.5 million tons, but trade circles are of the opinion that the target is beyond reach. Sugar prices in the open market ranged between Rs. 155 to Rs. 160 per quintal, as against the controlled prices of Rs. 118 to Rs. 124.

New *khandsari* attracted good buying support from stockists of Punjab and Rajasthan in expectations of early despatches on export permits. Production is still mounting and *khandsari* producers in some centres in the Muzaffarnagar area were purchasing cane upto Rs. 5.75 a quintal, as against the Rs. 5.04 to Rs. 5.34 a quintal paid by factories. *Khandsari* stayed steady and was now quoted at: *desi* inferior Rs. 105 to Rs. 120; medium Rs. 130 to Rs. 140; superior Rs. 140 to Rs. 152.50; *boora* Rs. 150 to Rs. 160 per quintal.

Ready *gur* during the fortnight was influenced mainly by the receipt of import permits. In the earlier part of the fortnight under review, ready *gur* was subdued and eased upto Rs. 3 a quintal, as import permits for the month of December had been exhausted, but, on receipt of import permits against January quota, prices recorded gains and the week's despatches aggregated forty wagon loads mostly to Gujarat. Arrivals during the week were hampered due to rains and cloudy weather. The major part of the arrivals here as well as in the mofussil markets was readily lifted and stocks with the trade were still meagre. Half of the cane crop is reported to have been used in sugar, *khandsari* and *gur* manufacture. Preparation of land for the next cane sowings has commenced and actual sowings would commence by the end of the month. Prices of *gur* were: superior Rs. 67.50; *dara* Rs. 65 to Rs. 66.25; *balti* Rs. 71.50 to Rs. 72.50; *shakker* Rs. 72.34 to Rs. 77.70 a quintal.

INTERNATIONAL MONETARY SYSTEM

(Concluded from page 41)

enough to counter any imbalances or crises that might develop and flexible enough to meet the growing needs of world trade and economic development. In particular, the question has been raised whether the system has the potential to provide an expanding volume of international liquidity in a manner acceptable to the countries concerned.

The question of international liquidity has been under close study in the Fund for many years. A report on this question was given to the Economic and Social Council, at its request, in 1953. In 1958, a report, *International Reserves and Liquidity*, was presented to the annual meeting of the Board of Governors at which a general increase of Fund quotas was recommended and carried out the following year. At the 1961 annual meeting of the Board of Governors, Mr. Jacobsson presented a plan for supplementing the Fund's resources through borrowing which, after prolonged negotiation, evolved into the General Arrangements to Borrow, which came into force just over a year ago. This year's Annual Report of the Executive Directors, now before you, has paid considerable attention to the subject of international liquidity, and it was also actively discussed at the meeting of the Board of Governors in October. I think it is fair to say that the consensus of that meeting was that there was not at present a general shortage of liquidity, but that the long-run adequacy of liquidity deserved serious examination. The Fund is, therefore, intensifying its study of international liquidity, including the functioning of the international monetary system and the role of the Fund in this system. In working on these problems, it is our intention to bear in mind the many and diverse interests of all our members, old and new, developed and developing, all of whom have a fundamental common interest in maintaining and strengthening an effective world monetary order. The ten industrial countries that are the potential lenders to the Fund under the General Arrangements to Borrow are also studying the question of international liquidity. Close liaison has been established between the Fund and this group to assure effective co-operation and co-ordination between the two studies.

I believe that it cannot but be a source of added strength to the world economy that these questions of the adequacy of liquidity in the longer run are now being carefully studied. At the same time, however, that we devise measures to meet the liquidity needs that may emerge in the longer run, we should continue efforts to counter the pressures to which the international monetary system is exposed now. In this connection, we can note with great satisfaction the much closer and more effective co-operation among central banks and treasuries that has been built up in the last few years. The collective defences thus provided have been able to counter, with increasing effectiveness, the pressures to which the exchange markets were subjected.

However, there is one major aspect of the international financial situation which confronts us in the immediate future. I have mentioned that the authorities in the United States and in all other major countries are agreed that payments equilibrium must be established. The adjustments necessary for this purpose will, however, take time, not least because the United States must, in the light of its key role in the world economy, take into particular account the wide repercussions of its actions on the rest of the world. During this time, the remaining deficit must be financed. Fortunately the resources available for this are, indeed, very substantial. First, the United States holds over $15 billion in gold and has stated that this great reserve will be used to defend the parity of the dollar. It was particularly helpful in this connection that the Chairman of the Board of Governors of the Federal Reserve System recently restated in clear terms that the effective use of the gold stock to meet international obligations need not be hampered by the prescribed minimum reserve of gold against liabilities of the reserve banks. Secondly, the United States has large drawing facilities in the International Monetary Fund of which the stand-by arrangement to which I have already referred is only a small fraction. Thirdly, the United States can continue to count on the fact that many countries are prepared to take a considerable part of any balance of payments surpluses in the form of claims on the United States. Impressive support for the dollar is, therefore, available, while the United States is achieving a reasonable equilibrium in its payments position. The gradual realisation that this is so has for some time been contributing increasing strength and confidence to the international monetary system.

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MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 3rd Jan., 1964

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long Term Operations) Fund		73,00,00,000
National Agricultural Credit (Stabilisation) Fund		8,00,00,000
Deposits—		
(a) Government—		
(i) Central Government		52,52,77,000
(ii) State Governments		9,66,34,000
(b) Banks—		
(i) Scheduled Banks		85,18,95,000
(ii) State Co-operative Banks		3,52,39,000
(iii) Other Banks		2,41,000
(c) Others		173,93,07,000
Bills Payable		36,37,25,000
Other Liabilities		46,73,88,000
	Rupees	573,92,06,000

ASSETS	Rs.	Rs.
Notes		21,16,49,000
Rupee Coin		3,23,000
Small Coin		2,61,000
National Agricultural Credit (Long Term Operations) Fund—		
(a) Loans and Advances to—		
(i) State Governments		26,91,13,000
(ii) State Co-operative Banks		8,92,70,000
(iii) Central Land Mortgage Banks		....
(b) Investment in Central Land Mortgage Bank Debentures		3,55,31,000
National Agricultural Credit (Stabilisation) Fund Loans and Advances to State Co-operative Banks.		....
Bills Purchased and Discounted—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		79,54,50,000
Balances Held Abroad*		8,33,41,000
Loans and Advances to Governments**		44,27,71,000
Loans and Advances to—		
(i) Scheduled Banks†		26,79,40,000
(ii) State Co-operative Banks†		134,01,22,000
(iii) Others		1,65,70,000
Investments		190,88,75,000
Other Assets		27,70,60,000
	Rupees	573,92,06,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

† Including Rs. 8,71,00,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department		21,16,49,000
Notes in circulation		2369,17,57,000
Total Notes issued		2390,34,06,000
Total Liabilities		2390,34,06,000

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	97,45,69,000	
Total		215,21,79,000
Rupee Coin		115,81,25,000
Government of India Rupee Securities		2059,31,02,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2390,34,06,000

State Bank of India

Statement of Affairs for the week ended 6th Dec., 1963

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital :— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each..	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		8,75,00,000
Deposits and Other Accounts		591,13,89,000
Borrowings from Other Banking Companies, Agents, etc.		72,40,000
Bills Payable		5,60,82,000
Bills for Collection being Bills receivable as per contra		8,23,34,000
Acceptances, Endorsements and Other Obligations per contra		19,44,24,000
Other Liabilities (including Inter-Office Adjustments)		23,03,36,000
Total .. Rs.		663,45,55,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		15,57,12,000
Balances with other Banks		2,87,18,000
Money at Call and Short Notice		4,18,33,000
INVESTMENTS :—		
Government and other Trustee Securities	Rs. 302,37,78,000	
Other Authorised Investments	8,94,73,000	
		311,32,51,000
ADVANCES :—		
Loans, Cash Credits, Overdrafts, etc.	Rs. 250,40,42,000	
Bills Discounted and Purchased	19,50,11,000	
		269,99,53,000
Bills Receivable being Bills for Collection as per contra		8,23,34,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		19,44,24,000
Premises less Depreciation		2,03,45,000
Furniture and Fixtures less Depreciation		1,68,89,000
Other Assets (including Inter-Office Adjustments)		28,25,93,000
Total .. Rs.		663,45,55,000

EXCHANGE RATES

	8th January 1964	31st December 1963
London on New York Dollar	2.7087-2 7089	2.7966-2.7968
London on Berne .. Sw. Fcs.	12.0780-12.0800	12.0680-12.0700
London on Paris .. Fcs.	13.7115-13.7135	13.7080-13.7100
New York on London Cents per £	279.860-279.890	279.650-279.680
Pound Sterling—		
Sellers T.T. D.D. Spot	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months	1-5 15/16	1-5 15/16
Buyers T.T.	1-5 1/32	1-6 1/32
Buyers D.D.	1-5 1/16	1-6 1/16
U.S. Dollar—		
Sellers T.T. D.D. Rs. to $100	478.25	478.50
Buyers T.T. Rs. to $100	476.00	475.25
Canadian Dollars—		
Sellers T.T. D.D. Rs. to $100	445.00	445.25
Buyers T.T. "	437.25	437.25
French Francs—		
Sellers T.T. D.D... per Rs. 100	102.30	102.30
Buyers T.T "	103.40	103.40
Swiss Francs—		
Sellers T.T. D.D... "	90.10	90.00
Buyers T.T. "	91.10	91.00
Deutsche Marks—		
Sellers T.T. D.D... "	83.10	82.90
Buyers T.T. "	84.00	83.80
Italian Lire—		
Sellers T.T. D.D... "	12,975	12,965
Buyers T.T. "	13,150	13,140
Swedish Kroner—		
Sellers T.T. D.D... "	108.40	108.40
Buyers T.T. "	109.50	109.50
Belgian Francs—		
Sellers T.T. D.D... "	1,038	1,037
Buyers T.T. "	1,054	1,053
Dutch Guilders—		
Sellers T.T. D.D... "	75.10	75.10
Buyers T.T. "	76.00	75.90
Hongkong Dollars—		
Sellers T.T. D.D... "	119.60	119.60
Buyers T.T. "	120.60	120.60
Norwegian Kroner—		
Sellers T.T. D.D... "	149.50	149.40
Buyers T.T. "	150.00	150.80
Danish Kroner—		
Sellers T.T. D.D... "	144.30	144.10
Buyers T.T. "	145.60	145.50

State Bank of Pakistan

Statement of Affairs for the week ended 22nd Nov., 1963

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		3,00,00,000
Reserve Fund		6,65,00,000
Rural Credit Fund		3,00,00,000
Deposits :—		
(a) Central Government		10,77,64,000
(b) Provincial Governments		5,50,18,000
(c) Banks		34,51,41,000
(d) Others		92,42,74,000
Bills Payable		11,67,000
Other Liabilities		10,97,17,000
	Rupees	166,95,81,080

ASSETS	Rs.	Rs.
Notes		5,58,14,000
Rupee Coin		25,000
Subsidiary Coin		37,000
Bills Purchased and Discounted :—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		....
Balances held outside Pakistan*		19,37,58,000
Loans and Advances to Governments		6,82,00,000
Provincial Governments' Debtor Balances		....
Other Loans and Advances		47,86,70,000
Investments		76,08,50,000
Other Assets		11,20,27,000
	Rupees	166,95,81,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	5,58,14,000	
Notes in circulation	408,21,68,000	
Total Notes issued		413,79,82,000
Total Liabilities		413,79,82,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion—		
Silver Bullion	25,00,44,000	
Foreign Securities	81,87,19,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
		149,89,27,000
B. Rupee Coin	6,52,94,000	
Government of Pakistan Securities	251,47,55,000	
Internal bills of exchange and other commercial paper	....	
		258,00,49,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,00,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets		413,79,82,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 37.58 per cent.

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday) 27-12-63	20-12-63	28-12-62
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	58,06	54,97	54,60
(ii) From others	990,35	979,88	819 22
(b) Borrowings from banks	24,88	24,56	33,48
(c) Others	63,98	62,84	47,35
2. Time liabilities—			
(a) Time deposits—			
(i) From banks	27,56	25,81	21,52
(ii) From others	1,255,24	1,255,61	1,223,04
(b) Borrowings from banks	22,72	22,75	18,33
(c) Others	9,95	9,95	9,53
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,246,09	2,235,49	2,042,25
4. Borrowings from Reserve Bank	7,74	7,26	20,70
(a) Against usance bills and/or promissory notes	3,18	2,04	13,66
(b) Others	4,56	5,22	7,04
5. Borrowings from State Bank and/or a notified Bank	23,09	23,38	15,47
6. Cash	60,55	56,48	53,71
7. Balances with Reserve Bank	79,62	80,06	78,94
8. Cash and balances with Reserve Bank	140,17	136,54	132,65
9. S as per cent of S	6.24	6.11	6.50
10. Balance with other banks in current account	26,53	23,71	24,38
11. Money at call and short notice	50,80	54,01	60,19
12. Investments in Government securities	709,20	720,38	652,50
13. 12 as per cent of S	31.57	32.22	31.95
14. Advances—			
(a) Loans cash credits and overdrafts	1,322,23	1,302,23	1,209,99
(b) Due from banks	10,04	11,40	9,51
15. Inland bills purchased and discounted	193,02	189,43	158,19
16. Foreign bills purchased and discounted	59,61	58,91	54,20
17. Total Bank Credit [14(a)+15+16]	1,574,86	1,550,58	1,422,38
18. 17 as per cent. of S	70.12	69.36	69.65

INDEX NUMBERS OF SECURITY PRICES

[1952-53=100]

Group and Sub-Group	Week ended 28th Dec., P 1963‡	21st Dec., 1963	30th Nov., 1963	29th Dec., 1962
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	100.1	100.1	100.1	99.5
2. Government of India	99.8	99.8	99.8	99.3
3. State Governments	102.1	102.1	102.0	101.6
4. Municipal, Port Trust, etc.	99.0	99.0	99.0	98.2
[DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98.1	98.1	98.0	99.0
PREFERENCE SHARES—ALL INDIA.				
6. Total	81.5	81.6	81.5	80 8
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	172.8	173.0	172.3	172.8
8. *Agriculture and Allied Activities : Total**	152.1	152.5	154.1	150.0
9. Tea Plantations	139.9	140.4	142.3	141.0
10. Coffee Plantations	178.1	178.1	170.5	144.4
11. Rubber Plantations	178.4	178.4	176.3	162.6
12. *Mining and Quarrying: Total**	142.3	143.8	145.8	153.3
13. Coal	107.0	107.3	109.7	118.5
14. Other Mining	166.4	168.4	170.5	178.5
15. *Processing and Manufacturing : Total*	187.5	187.5	186.3	185.9
16. *Processing and Mfg. (Foodstuffs,Textiles,etc.): Total*†*	180.8	180.3	189.1	193.1
17. Sugar	134.2	135.2	138.0	131.9
18. Cotton Textiles	170.2	170.2	171.6	172.5
19. Jute Textiles	96.6	97.2	100.3	98.8
20. Silk and Woollen	961.6	948.3	912.4	997.0
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	198.5	198.5	198.7	186.5
22. Iron and Steel	161.2	159.7	156.8	146.3
23. Transport Equipment	347.5	349.5	341.3	352.4
24. *Electrical Machinery*	161.1	163.7	168.2	161.1
25. Machinery other than Transport and Electrical	233.5	234.2	233.8	223.2
26. Basic Industrial Chemicals	184.8	185.2	180.7	180.0
27. *Processing and Mfg. (Others) : Total**	157.7	158.6	158.7	162.7
28. Cement	148.3	149.2	148.7	148.8
29. Paper	201.7	202.0	202.5	214.2
30. *Other Industries : Total**	109.8	110.1	109.3	108.1
31. Electricity Generation and Supply	88.1	88.5	87.2	84.0
32. Trading	115.9	115.6	115.6	114.7
33. Shipping and Other Transport	98.6	99.8	100.5	88.3
34. Construction	291.1	288.9	285.8	256.0
35. *Financial : Total*	192.1	192.9	192.2	204 2
36. Banks	214.0	216.1	212.5	228.2
37. Insurance	162.9	152.8	162.8	163.7
38. Investment Trusts	84.3	84.3	85.0	89.4
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	180.5	180.4	178.8	—
40. Calcutta	161.0	161.7	161.3	163.9
41. Madras	—	176.8	177.4	—
42. Delhi	231.8	233.0	229.6	223.1

*Including 'Miscellaneous.' †Including Edible and Vegetable Oils. P=Provisional. ‡ Madras Stock Exchange remained closed during the week.

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	14th Dec., 1963	7th Dec., 1963	15th Dec., 1962	October 1963	October 1962	Percentage of Increase (+) or Decrease (—) in Oct., 1963 as compared with Oct., 1962	Financial Year Averages 1962-63	1961-62
Food Articles	504	135.8	134.6R	121.4	139.2	129.0	+ 7.9	126.1	120.1
Cereals	192	117.7	117.6	103.9	118.7	108.5	+ 9.4	105.6	102.3
Pulses	43	121.0	118.8	100.3	113.5	115.0	— 1.3	105.2	91.9
Fruits and Vegetables	53	140.3	139.6R	127.7	119.5	127.6	— 6.3	1345.6	127.6
Milk and Ghee	84	122.5	122.8R	110.6	129.1	123.9	— 4.2	124.3	116.4
Edible Oils	47	147.6	146.4R	149.6	152.3	156.7	— 2.8	152.3	156.5
Fish, Eggs and Meat	17	152.1	151.6R	145.4	147.1	149.1	— 1.3	143.5	135.2
Sugar and Gur	48	183.1	175.3	138.6	215.1	157.4	+36.7	145.0	119.6
Others	50	176.3	175.5R	170.3	178.4	168.5	+ 6.9	171.8	171.6
Liquor and Tobacco	31	121.0	120.4R	98.8	119.6	99.3	+20.4	100.6	100.3
Tobacco		118.2	117.6	96.2	116.8	96.8	+20.7	97.1	96.8
Fuel, Power, Light and Lubricants	36	139.9	139.9	124.2	139.8	123.0	+13.7	124.1	122.1
Industrial Raw Materials	196	133.3	137.9R	133.4	134.5	138.8	— 0.5	130.7	142.0
Fibres	61	132.9	132.7	127.3	131.2	129.1	+ 1.6	128.8	138.3
Oilseeds	60	151.8	151.6R	145.1	154.9	157.7	— 1.8	159.4	156.4
Minerals	2	91.5*	91.5*	93.4	91.0	93.4	— 1.9	95.8	91.9
Others	32	126.4*	125.0	125.4	122.8	124.6	— 1.4	125.8	128.1
Manufactures	290	130.7	130.8	128.8	131.1	129.4	+ 1.3	128.8	128.6
Intermediate Products	41	138.7	138.4R	138.8	144.2	139.1	— 3.7	138.8	138.0
Finished Products	249	129.4	129.5R	127.5	129.8	127.0	+ 2.2	127.1	124.6
Textiles	147	127.3	127.4	126.7	127.8	125.3	+ 2.0	126.2	125.5
Cotton		135.3	135.7*	133.3*	135.7	129.6	+ 4.7	130.7	132.0
Jute		98.3	99.0	109.2	101.4	108.9	— 6.9	110.9	122.4
Woollen		160.2*	160.2*	141.3*	157.5	141.3	+11.5	140.4	122.7
Silk and Rayon		139.0*	138.3*	125.5*	137.3	134.7	+ 1.9	131.8	119.9
Metal Products	12	163.7	163.7	161.0	163.7	161.0	+ 1.7	160.1	151.6
Chemicals	20	117.1*	117.1*	115.3*	117.5	117.2	+ 0.3	115.5	110.7
Oil Cakes	9	164.3*	164.3R	164.1*	164.4	165.2	— 0.5	169.9	147.5
Machinery and Transport Equipment	31	124.3	124.3	117.4	124.3	117.4	+ 5.9	117.9	114.5
Others	30	128.1	128.2	125.1	128.8	125.2	+ 2.9	125.3	121.3
All Commodities	1,000	134.5	133.9R	125.0	136.3	129.9	+ 4.9	127.9	125.1

Note :—Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index. * Estimated. R—Revised.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	Six months ended Sept. 1963	1962	April to March* (Twelve months) 1962-63	1961-62
Exports	366,26	320,46	686,35	655,17
Re-exports	1,73	4,43	7,34	5,17
Total Exports	367,99	324,89	693,69	660,34
Imports	554,93	564,13	1,077,09	1,090,06
Overall Balance of Trade	—186,94	—239,24	—383,40	—429,72
Exports—Items:				
Tea	52,55	55,28	129,19	122,26
Coffee	4,60	4,11	7,61	9,02
Sugar	18,68	9,15	18,04	15,34
Jute yarns and manufactures	81,77	75,66	156,17	144,78
Cotton yarns and manufactures	25,19	23,86	52,13	53,31
Metalliferous ores and metal scrap	23,21	13,89	31,75	36,56
Cotton, raw and waste	8,04	9,22	17,07	20,35
Petroleum Products	2,89	1,71	4,13	3,48
Vegetable Oils	8,99	5,23	13,17	5,32
Fruits and vegetables	14,74	12,13	26,90	25,35
Tobacco—Raw	16,85	12,19	18,37	14,97
Mica	4,44	5 50	10,36	9,66
Wool and other animal hair	2,40	3,46	6,64	9,19
Gums, resins and lac	3,92	3,55	7,28	6,64
Spices	6,05	6 14	13,87	7,51
Hides and skins, raw	5,04	4,95	11,01	8,79
Cashew kernels	11,18	9,29	19,36	18,17
Pepper (black)	2,37	2,94	6,57	8,08
Manganese ore	3,72	4,14	9,86	10,42
Iron and steel scrap	2,56	84	1,99	6,25
Iron ore and concentrates	16,16	8,12	19,32	17,41
Sewing machines	14	18	48	44
Electric fans	35	29	93	67
Groundnut oil	5,09	2,25	7,33	1,03
Castor oil	3,16	2,43	4,29	4,00
Defatted groundnut meal	12,69	10,47	26,52	13,96
Country-wise Exports—				
Australia	8,90	9,74	18,82	15,85
Burma	2,35	2,45	5,13	5,24
Canada	12,47	11,91	22,42	17,58
Ceylon	8,19	7,99	13,47	16,98
Czechoslovakia	8,34	4,59	11,27	8,05
France	6 84	3,96	8,54	7,98
West Germany	8,80	7,00	15 29	19,81
Italy	5,80	4,21	9,52	10,06
Indonesia	86	2,91	4,05	6,80
Japan	28,37	15,20	33,99	40,45
Kuwait	1,53	1,73	3,95	3,92
Federation of Malaya	5,44	3,28	6,73	6,78
New Zealand	3,79	3,70	6,59	7,39
Netherlands	4,78	3,66	8,53	7,99
Nigeria	1,87	4,07	6,17	7,05
Pakistan	3,52	4,49	9,40	9,44
Singapore	7,00	3,75	9,43	8,25
Sudan	2,56	3,24	9,01	10,30
U.A.R.	3 68	5,23	13,06	12,85
United Kingdom	74 74	75 63	162,75	159,73
U.S.A.	65 21	52,42	116,59	115,05
U.S.S.R.	26 56	18,60	38,28	32,03
Imports—Items :				
Machinery	177,25	154,00	309,29	302,90
Iron and Steel	44,33	42,87	86,56	107,81
Copper	10,08	13,23	25,24	23,45
Aluminium	3 43	9,33	10,39	7,92
Zinc	4,69	4,73	9,02	7,35
Tin	3,12	3,08	5,10	5,78
Lead	1,76	1,34	2,69	2,59
Nickel	78	73	1,44	1,56
Chemicals, drugs and medicines	47,03	49,03	100,41	89,76
Electrical goods and apparatus	41,26	29,06	62,16	65,91
Vehicles (excluding aircraft, ships and boats)	19,49	30,94	48,84	49,78
Aircraft	6,08	6 08	12,47	12,97
Ships and boats	1,38	1,16	1,78	1,89
Cotton, raw and waste	24,33	36,80	56,91	62,56
Fruits and vegetables	7,00	6,32	18,21	14,80
Paper, pasteboard, etc.	5,75	5 95	13,34	15,95
Dyes and colours	4,64	5,10	12,15	14,46
Spices	42	82	1,77	1,67
Rice	12,14	16,26	21,26	18,73
Wheat and spelt	31,76	65,22	91,86	93,87
Country-wise Imports—				
Australia	7,99	14,04	22,86	24,17
Burma	5,62	7,24	8,71	11 24
Canada	12 91	5,81	14,70	18,56
Ceylon	2,03	3,70	8,18	4,50
Czechoslovakia	8,07	10,62	19,71	15 02
France	7,02	6,62	12 99	16 78
West Germany	43,24	50,09	90,49	122,88
Italy	7,74	11,76	21,89	26,33
Japan	31,84	22,91	62,75	59,45
Iran	30,80	21,73	45,98	47,35
Federation of Malaya	7,66	5,80	10,71	12 92
New Zealand	1,01	97	1,83	1,22
Netherlands	6,59	7,16	13,84	13,25
Norway	50	1,18	1,76	2,32
Pakistan	4,72	7,33	15,67	13,36
Singapore	2,96	4,60	8,11	9,00
Sudan	4,56	11,70	17,11	10,56
Sweden	5,67	3,93	8,40	14,34
Switzerland	6,18	5,32	10,23	10,75
U.A.R.	6,35	8,73	9,78	12,04
United Kingdom	85,67	91,34	178,31	200,15
U.S.A.	171 46	176,27	315,26	255 54
U.S.S.R.	32,06	27,23	55,50	89 94

* Excludes figures for Goa, Daman and Diu.

† Including electric goods.

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees) Offered	Applied for	Allotted	Average rate of discount Per cent.	Rate of allotment in full Rs.
1963					
15th October	2.00	2.00	2.00	—	99 420
16th to 19th Oct.*	3.81	—	2.55	2.320	99 436
22nd October	2.00	2.00	2.00	—	99 420
23rd to 26th Oct.*	3.81	—	3.81	2.318	99 436
29th October	2.00	2.00	2.00	—	99 420
30th Oct. to 2nd Nov.*	8.10	—	6.59	2.310	99 436
5th November	2.00	2.00	2.00	—	99 420
6th to 9th Nov. *	0 45	—	8.10	2.300	99 441
12th November	2.00	3.03	2.00	—	99 425
13th to 16th Nov.*	2 64	—	2.45	2.318	99 431
19th November	2 00	4.00	2 00	—	99 420
20th to 23rd Nov.*	2.27	—	2.64	2.320	99 436
26th November	2 00	2.00	2 00	—	99 420
27th to 30th Nov.*	4 77	—	2 57	2.00	99 436
3rd December	2 00	4.00	2 00	2.320	99 420
4th to 7th Dec.*	1 39	—	1 39	—	99 436
10th December	2 00	2.12	2 00	2.315	99 425
11th to 14th Dec.*	0 23	—	0 23	—	99 436
17th December	2 00	2.00	2 00	2.315	99 420
18th to 21st Dec. *	2 35	—	2 35	—	99 36
24th December	2 00	2.00	2 00	2.310	99 420
28th to 28th Dec.*	2 10	—	1 57	—	99 436
30th Dec. to 4th Jan.*	0.24	—	0.24	—	99 436
1964					
7th January	2.00	2.00	2.00	2.315	99.420
Total amount outstanding	59.24	—	59.24	—	—

*Intermediate Treasury Bills s id.

INDUSTRIAL PRODUCTION

Industries.		1960	1961	1962	January to May (Five months) 1963	1962	May 1963	May 1962
Major Industries—								
Coal	million metric tons	52.62	56.10	61.55	28.70	25 13	5.72	5.13
Steel (Ingots and Metal for castings)	thousand metric tons	3,251	4,071	5,112	2,524	2,094	507	422
Yarn	million kgs.	788	862	860	360	358	74	72
Cloth	million metres	4,616	4,604	4,480	1,822	1,908	375	396
Cement	thousand metric tons	7,835	8,245	8,586	4,009	3,571	808	732
Jute	thousand metric tons	1,085	971	1,181	512	477	105	98
Paper and paper boards	thousand quintals	3,475	3,641	3,676	1,804	1,576	377	322
Matches*	million gross boxes	32.6	38.4	29.8	1,740*	..	370*	..
Sugar	thousand metric tons	2,591	2,841	2,786	1,455	2,072	6	15
Engineering and Electrical industries—								
Machine tools†	Value in lakhs of Rs.	602	761	1,074	589	420	126	82
Electric lamps	millions	41 38	46 12	53 64	28 98	22 64	6 52	4 72
Dry cells	millions	207.4	213.6	238.8	112 5	95 5	24 1	21 3
Power transformers	thousand K.V.A.	1,116	1,754	2,387	1,112	1,053	* 241	206
Electric Motors	thousand H.P.	680	837	980	487	391	101	84
Electric fans	Nos.	991,200	1,074,000	1,134,000	542,200	404,800	114,300	112,600
Radio receivers	Nos.	266,700	326,340	348,096	168 151	143,216	33,046	27,785
Storage batteries	Nos.	510,000	520,800	564,000	280,300	188,000	57,900	48,800
Diesel engines—Vehicular	Nos.	9,708	9,816	7,620	3,355	3,603	802	663
Diesel engines—Stationary	Nos.	44,196	44,196	42,672	22,900	16,339	4,785	3,149
Chemical Industries—								
Salt	million metric tons	2.44	3.47	3.90	2.40	1.94	0 01	0 73
Caustic soda	metric tons	99,144	119,844	127,420	54,865	50,696	10,900	10,188
Soda ash	metric tons	145,284	176,639	222,060	108,424	89,666	19,330	18,310
Chlorine liquid	metric tons	31,656	33 912	36,972	16,298	16,705	3,418	2,956
Bleaching powder	metric tons	5,928	7,128	6,816	3,066	2,803	685	605
Dichromates	metric tons	5,472	6,732	7,045	2,788	2,629	690	454
Sulphuric acid	metric tons	359,400	413,520	468,300	215,035	179,975	46,861	35,346
Superphosphate	metric tons	322,464	370,886	445,224	214,018	165,788	51

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

YIELDS ON INDUSTRIAL SECURITIES—ALL INDIA

(Per cent. per annum, tax-free)

Average of months/month	1962-63‡	1961-62	Sept., 1963	Sept., 1962
Central Government Securities:				
(a) 3% conversion loan 1958 or later†	3.15	2.91	3.24	3.06
(b) Others‡	2.89	2.71	2.92	2.81
Debentures	4.35	4.15	4.62	4.33
Preference‖Shares	5.87	5.64	5.80	5.84
Variable Dividend Industrial Securities	4.85	4.67	4.91	4.76
Agriculture and Allied Activities†	6.27	5.74	5.58	6.24
(a) Tea Plantations	6.45	5.94	5.80	6.40
(b) Coffee Plantations	5.44	4.74	5.59	5.82
(c) Rubber‖Plantations	7.54	6.56	5.69	7.27
Mining and‖Quarrying	4.93	5.15	4.83	4.97
(a) Coal	4.01	4.13	4.60	3.96
(b) Other Mining	5.59	5.85	4.99	5.70
Processing‖and‖Manufacturing	4.48	4.24	4.55	4.36
Foodstuffs, Textiles, etc.‡ ††	4.33	4.16	4.24	4.28
(a) Sugar	6.18	5.62	5.38	6.26
(b) Cotton Textiles	4.33	3.72	4.25	4.23
(c) Jute Textiles	3.87	5.14	4.43	4.22
(d) Silk and‖Woollen	3.50	2.92	3.45	3.28
Metals and Chemicals†	4.65	4.22	4.80	4.47
(a) Iron and Steel	5.31	4.69	5.32	5.02
(b) Transport Equipment	4.56	3.77	4.68	4.33
(c) Electrical Machinery	4.32	4.46	5.15	3.98
(d) Other Machinery	3.54	3.46	3.89	3.45
(e) Basic Ind. Chemicals	4.74	3.64	4.52	4.59
Others	4.59	4.52	5.01	4.41
(a) Cement	5.00	4.77	5.47	4.87
(b) Paper	3.87	4.54	4.52	3.45
Other Industries	5.30	5.28	5.42	5.20
(a) Electricity Generation and Supply	5.60	5.42	5.90	5.48
(b) Trading	6.62	6.74	7.35	6.31
(c) Shipping and Other Transport	4.20	4.40	4.22	4.23
(d) Construction	3.83	3.98	3.71	3.70
Financial	5.91	5.84	6.65	5.87
(a) Banks	5.66	5.42	6.53	5.65
(b) Insurance	6.58	7.07	7.17	6.39
(c) Investment Trusts	6.54	6.72	6.51	6.61

† Running yield. ‡Average of four loans: (i) 3½% 1962, (ii) 3½% 1967, (iii) 3½% First Development Loan 1970-75 and (iv) 4% 1972. ‖ Including 'Miscellaneous.' †† Including Edible and Vegetable Oils.

AGRICULTURAL PRODUCTION

Crop	Forecast	(Area in thousand Hectares) 1962-63	(Area in thousand Hectares) 1961-62	(Production in thousand metric tons) 1962-63	(Production in thousand metric tons) 1961-62
Cereals—					
Rice	final	34,787	34,526	32,018	34,807
Wheat	final	13,458	13,520	11,182	12,089
Jowar	final	17,748	17,798	9,333	7,741
Bajra	final	10,712	11,057	3,662	3,554
Barley	final	3,094	3,215	2,474	3,152
Maize	final	4,579	4,493	4,520	4,269
Ragi	final	2,331	2,367	1,914	1,878
Small millets	final	4,883	4,768	1,841	1,970
Total cereals	final	91,532	91,574	67,100	69,405
Pulses—					
Gram	final	9,194	9,544	5,727	5,827
Tur	final	2,363	2,351	1,539	1,389
Other Kharif pulses‖	final	6,317	6,304	1,787	1,687
Rabi pulses††	final	5,371	5,486	2,647	2,828
Total pulses	final	23,245	23,685	11,650	11,631
Total foodgrains	final	114,777	115,259	78,750	81,036
Oilseeds—					
Groundnut	final	6,640	6,422	4,593	4,685
Castorseed	final	444	443	103	101
Sesamum	final	2,424	2,245	453	379
Rape and Mustard	final	3,128	3,140	1,300	1,337
Linseed	final	1,833	1,964	427	456
Total oilseeds	final	14,519	14,214	6,876	6,958
Fibres—					
Cotton*	final	7,973	7,719	5,247	4,457
Jute A.	final	848	923	5,410	6,398
Mesta A.	final	348	389	1,534	1,706
Sannhemp (a)	final	316	333	78	78
Other crops—					
Potato	final	369†	370‡	2,767‡	2,747‡
Sugarcane@	final	2,291	2,423	9,371	10,144
Gingerly (Dry)	final	137†	182‡	17†	17‡
Pepper (Black	final	102	102	26	28
Chillies (Dry)	final	613	589	376	376
Tobacco	final	415†	400‡	344	312

Source: Ministry of Food and Agriculture. ‡Excluding Tur.
* In terms of cotton lint and in thousand bales of 180 Kgs. each. †† Excluding Gram and Tur. A.—In bales of 180 Kgs.
(a) Relates to fibre crop only. @ Yield in terms of *gur*.
† Refers to 1961-62. ‡ Refers to 1960-61.

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	27th June, 1963	5	4.5
Belgium	July, 1963	3.50	4
Bolivia	June, 1963	6	6.9
Burma	1962	3.00	4.00
Canada	11th Aug., 1960	3.5	4
Ceylon	13th Aug., 1960	2.50	4
Chile	Jan., 1963	14.62	14.20
Denmark	13th Nov., 1963	6	5.5
Ecuador	1960		5
El Salvador	June, 1961	5.5	6
Finland	April, 1962	8	7
France	14th Nov., 1963	3.5	4
Greece	17th Jan., 1963	6	5.50
India	3rd Jan., 1963	4	3.50
Indonesia	1st April, 1946	4	3
Ireland	Aug., 1962	3.95	3.94
Italy	7th June, 1958	4	3.50
Japan	20th April, 1962	6.21	5.84
Malaya	28th July, 1961	6	7
Mexico	4th June, 1942	4	4.50
Netherlands	7th Jan., 1963	4	3.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1955	2.50	3.50
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1959	6.00	9.50
Philippines	9th Jan., 1962	3	6
Portugal	12th Jan., 1944	2	2
South Africa	27th Nov., 1962	4	3.50
Spain	1961	5.75	5
Sweden	13th June, 1963	3.50	4
Switzerland	26th Feb., 1959	2.50	2
Thailand	Nov., 1959	7	5
Turkey	May, 1961	9	7.5
United Kingdom	27th June, 1963	4.50	4
U.A.R.	May, 1962	3	5
U.S.S.R.	1st July, 1938	8	4
U.S.A.	14th July, 1958	3	3.50
West Germany	6th May, 1961	3.50	3

RAW COTTON STATISTICS

Particulars	Details or Period	In Bales of 180 Kilograms
Cotton Receipts (Total Indian)	Week ended 2nd Jan., 1964	14,084(J)
	Corresponding week, 1963	18,295(J)
	1st Sept. to 2nd Jan., 1963-64	392,669*
	Corresponding period, 1962-63	448,425▲
Exports by Rail	From 1st Sept. to 2nd Jan., 1963-64	17,818
Exports by Road (Estimated)	Do. Do.	24,000
Exports by Sea	Do. Do.	43,514
Mill Consumption (Estimated)	1st Sept. to 2nd Jan., 1963-64	449,416
	Corresponding period, 1962-63	447,913
Stock (with exporters, dealers and mills) in Bombay (Estimated).	On 2nd Jan., 1964	359,175
	Corresponding date, 1963	234 580
Consumption of Cotton—		
Indian	September 1963	446,987
Foreign		69,735
Indian	Twelve months ended Aug., 1962-63	4,789,414
Foreign		880,646
Indian	Same period, 1961-62	4,709,141
Foreign		978,752
Stocks (Mills and Elsewhere)—		(Bales of 392 lbs.)
Indian	As on 30th Sept., 1963	1,356,144
Foreign		224,703
Indian	As on 30th Sept., 1962	951,289
Foreign		818,907

Indian Mills cotton consumption from 1st to 30th September (In Bales of 180 Kilograms)

	1963	1962
Indian	446,987	384,491
Pakistan	7,295	14,013
American	24,031	21,480
Egyptian	11,981	7,907
Sudan	11,241	23,950
East African	4,630	9,617
Others	557	1,735
Total	500,722	463,793

Exports to (In bales of 180 kilograms)	Week ended 2nd Jan., 1964	Week ended 2nd Jan., 1963	From 1st September to 2nd January 1963-64	From 1st September to 2nd January 1962-63
U.K.	128	..	1,228	550
Continent	778	89	3,230	6,865
Hong Kong	..	50	2,294	2,904
Japan	3,700	5,132	34,068	41,865
U.S.A.	594	..	2,132	2,344
Other countries	200	50	562	595
Total—all foreign countries	5,400	5,321	43,514	55,123

Cotton Pressed in India† (In running bales)	Week ended 20th Dec., 1963	(Bales of 392 lbs.) 127,115
	Corresponding week, 1962	53,848†
	1st Sept. to 20th Dec., 1963	584,001
	Corresponding period, 1962	
Karachi (Pakistan) Receipts	1st Sept. to 19th Dec., 1963	501,459
	Corresponding period, 1962	567,505
Exports	1st Sept. to 19th Dec., 1963	187,716
	Corresponding period, 1962	189,745

(J) By Rail and Sea. † Incomplete. * By Rail, Sea and Road. A—Adjusted. —Not received.

GOVERNMENT SECURITIES

TERMINABLE LOANS

Loan	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
3 % Loan	1950	30,33,10,400	1954	99.50
3 % Fg. Loan	1943	110,11,78,000	1965-68	97.55
3 % Dev. Loan	1945	116,05,82,000	1970-75	90.25
2½% Loan	1946	16,77,48,000	1976	83.50
2½% N. F. Loan	1954	158,17,94,000	1966	99.85
2½% N. F. Bonds (2nd Series)	1955	153,67,92,000	1965	99.65
2½% N. F. Bonds	1956	197,40,92,000	1967	99.45
2½% Loan	1956	86,63,53,000	1974	96.75
2½% N. F. Bonds (4th Series)	1957	56,99,30,000	1967	99.45
4 % Loan	1957	154,70,22,000	1972	99.25
2½% Loan	1958	70,00,00,000	1968	98.10
2½% Loan N.P.B.	1958	156,64,22,000	1968	99.40
4 % Loan	1958	94,51,44,000	1972	99.15
4 % Loan	1959	190,85,42,000	1969	97.10
4 % Loan	1959	81,06,89,000	1972	98.25
4 % Loan	1960	98,05,17,000	1980	98.25
4 % Loan	1960	85,54,41,000	1966	99.55
4 % Loan	1961	65,96,55,000	1981	98.40
4 % Loan	1962	114,03,37,000	1985	100.10
5½% Gold Bonds	1962	22,60,000	1977	118.00
4½% Loan N.D.B.	1962	13,96,47,000	1972	100.50

LOANS TERMINABLE AT OPTION OF GOVT

2 % Loan	[1896-97]	8,93,32,000	M.	65.00
3 % Loan	1948	245,91,08,000	K.	65.65

STATE LOANS

4 % Andhra	1955	5,00,16,000	1st Sept. 1967	99.00
4 % Andhra	1956	6,56,15,000	1st Sept. 1968	98.80
4½% Andhra	1956	5,48,92,000	15th July 1970	98.50
4 % Andhra	1958	6,57,75,000	19th Aug. 1971	98.00
4 % Andhra	1959	9,55,74,000	29th Aug. 1969	98.50
4½% Andhra	1961	11,01,81,000	Sept. 1972	98.35
4 % Andhra	1962	10,99,10,000	Aug. 1974	99.00
4 % Maharastra	1956	3,34,85,000	1st Sept. 1964	100.10
4 % Maharastra	1956	9,41,35,000	1st Sept. 1967	99.35
4 % Maharastra	1956	7,70,11,000	3rd Sept. 1970	98.80
4 % Maharastra	1957	6,47,37,000	1st Sept. 1969	99.45
4½% Maharastra	1958	6,48,62,000	15th July 1970	99.35
4½% Maharastra	1958	4,31,45,000	15th July 1971	99.25
4½% Maharastra	1959	6,58,14,000	19th Aug. 1971	99.00
4½% Maharastra	1960	10,98,87,000	29th Aug. 1969	98.85
4½% Maharastra	1961	10,77,36,000	Sept. 1972	99.25
4 % Maharastra	1962	13,64,07,000	Aug. 1974	99.85
4 % Bihar	1955	1,54,02,000	1st Sept. 1967	98.80
4 % Bihar	1956	2,13,40,000	1st Sept. 1968	98.80
4 % Bihar	1958	2,76,71,000	15th Oct. 1970	98.50
4½% Bihar	1959	3,33,22,000	19th Aug. 1971	97.75
4½% Bihar	1959	3,22,43,000	29th Aug. 1969	98.50
4½% Bihar	1961	3,28,40,000	Sept. 1972	98.40
4½% Bihar	1962	4,31,75,000	Aug. 1974	98.85
4½% Gujarat	1959	5,54,74,000	29th Aug. 1969	98.85
4½% Gujarat	1961	5,97,47,000	Sept. 1972	98.80
4½% Gujarat	1962	6,54,73,000	Aug. 1974	99.55
3½% Howrah Bridge (New)	1936-37	1,95,06,700	1956-66	94.50
4 % Hyderabad	1955	2,21,06,000	1st Sept. 1967	98.80
4 % Hyderabad	1956	2,18,02,000	3rd Sept. 1968	98.80
4 % Madras	1952	5,24,81,200	1st Aug. 1964	99.90
4 % Madras	1955	10,01,37,000	1st Sept. 1967	99.15
4 % Madras	1956	13,85,56,000	3rd Sept. 1968	98.80
4½% Madras	1958	5,55,57,000	15th July 1970	98.75
4½% Madras	1959	8,25,75,000	19th Aug. 1971	98.00
4½% Madras	1960	12,20,72,000	29th Aug. 1969	98.50
4½% Madras	1961	10,44,06,000	Sept. 1972	98.45
4 % Madras	1962	13,24,99,000	Aug. 1974	99.10
4 % Mysore(J)	1933	2,95,85,200	1st Dec. 1953-63	100.00
4 % Mysore	1956	3,54,94,000	1st Sept. 1967	99.15
4 % Mysore	1956	4,11,11,000	3rd Sept. 1968	98.80
4½% Mysore	1957	3,54,36,000	16th Sept. 1969	98.50
4½% Mysore	1958	3,61,62,000	15th July 1970	98.75
4½% Mysore	1959	5,43,46,000	19th Aug. 1971	98.00
4½% Mysore	1960	4,87,78,000	29th Aug. 1969	98.50
4½% Mysore	1961	3,54,19,000	Sept. 1972	98.45
4½% Mysore	1962	6,59,06,000	Aug. 1974	99.00
3 % M.P.	1948	2,03,29,000	15th Sept. 1964	98.50
4 % M.P.	1955	1,03,12,000	1st Sept. 1967	99.00
4 % M.P.	1956	1,58,42,000	3rd Sept. 1968	98.80
4 % M.P.	1958	2,21,35,000	15th July 1970	98.00
4½% M.P.	1959	3,25,25,000	19th Aug. 1971	97.75
4 % M.P.	1960	5,16,80,000	29th Aug. 1969	98.50
4½% M.P.	1961	5,04,45,000	Sept. 1972	98.00
4½% M.P.	1962	6,06,29,000	Aug. 1974	99.00
4 % Saurashtra	1955	3,45,39,000	1st Sept. 1967	99.00
4 % Saurashtra	1956	2,62,56,000	3rd Sept. 1968	98.80
4 % Kerala	1956	2,22,08,000	3rd Sept. 1968	98.40
4½% Kerala	1958	3,27,43,000	15th July 1970	98.20
4½% Kerala	1959	4,47,08,000	19th Aug. 1971	98.50
4½% Kerala	1960	4,09,41,000	29th Aug. 1969	97.75
4½% Kerala	1961	4,10,08,000	Sept. 1972	98.00
4½% Kerala	1962	4,21,15,000	Aug. 1974	98.50
2½% U.P.Z.A.	1952	42,60,19,000		43.00‡
3 % U.P.	1938	1,54,30,000	15th Sept. 1961-66	92.75
4 % U.P.	1952	5,82,17,000	1st Aug. 1964	99.90
4 % U.P.	1955	8,94,65,000	1st Sept. 1967	99.15
4 % U.P.	1956	8,19,58,000	3rd Sept. 1968	98.80

PORT TRUST LOANS

BOMBAY

Amount Rs.	Interest per cent.	Year of Issue	Repayable	Market quotation Rs.
36,50,000	4	1904	1964	
35,00,000	4	1905	1965	
18,00,000	4	1906	1967	
44,00,000	4	1907	1968	
75,00,000	4	1908	1969	96.00
40,00,000	4	1909	1970	
85,00,000	4	1910	1971	
75,00,000	4	1911	1972	
1,10,00,000	4	1912	1973	
60,00,000	4	1913	1974	92.00
88,25,000	4	1914	1975	92.00
56,00,000	4	1915*	1975	
24,58,000	3½	1935*	1975	
15,00,000	3½	1936*	1966	D
10,00,000	3½	1936*	1968	
7,00,000	3½	1941	1971	

CALCUTTA

Rs.				Rs.
90,24,300	4	1914	1974	98.25
76,00,100	4	1915	1975	98.25
1,50,00,000C	3	1921	1981	82.00
66,02,300C	6††	1921	1981	144.00N
80,00,000	4½	1931	1991	93.00
60,00,000	3½	1935	1965	99.00
50,00,000	3	1935	2005	72.00
50,00,000	3	1945	2005	72.00
50,00,000	3	1945	1975	83.75
50,00,000	3	1946	2006	72.00
50,00,000	3	1947	2007	72.00
50,00,000	3	1948	1978	83.00
50,00,000C	3	1950	1980	81.00
50,00,000	3	1951	1981	80.50
60,00,000	4	1958	1983	97.50
90,00,000	4	1955	1985	97.25
77,00,000	4	1956	1986	97.25
78,00,000	4	1956	1986	97.25
1,24,00,000C	4	1957	1987	99.50
1,30,00,000	4½	1958	1988	99.00
1,00,00,000	4	1959	1989	99.50
80,00,000	4½	1959	1989	99.00
2,50,00,000	4	1960	1990	98.00
1,00,00,000	4	1960	1970	98.50
1,50,00,000	4½	1961	1971	98.75

STERLING LOANS

£892,600	5	1923	1953-83	£69⅜
£961,000	5	1924	1954-84	£69⅜

MADRAS

Rs.				Rs.
24,01,669	3½	1947	1977	
8,68,957†	3	1947	1977	A
2,90,517†	3	1949	1979	
45,00,000‡	4½	1954	1984	

IMPR. TRUST LOANS

BOMBAY

Amount Sanctioned Rs.	Interest per cent.	Year of Issue	Repayable	Market quotation Rs.
60,00,000	4	1903	1963	
50,00,000	4	1904	1964	
30,00,000	4	1905	1965	
20,00,000	4	1906	1966	97.57
15,00,000	4	1907	1967	N
30,00,000	4	1908	1968	
25,00,000	4	1912	1972	
18,00,000	4	1913	1973	
50,00,000	4	1914	1974	
25,00,000	4	1916	1976	97.50
66,00,000	6	1920	1935-80	N
25,00,000	4	1927	1961-70	98.00N
10,00,000	3½	1936	1966	

STERLING LOANS

£566,000	4	1909	1969	£95.50
£385,000†	4	1910	1970	£95.50N

CALCUTTA

Rs.				Rs.
50,00,000	4	1934	1964	99.25
55,00,000	3½	1935	1965	96.00
30,00,000	3	1936	1966	92.50
20,00,000	3	1938	1963-68	92.50
75,00,000	4½	1958	1968	98.50
65,00,000	4½	1959	1974	101.00

MUNICIPAL LOANS

BOMBAY

Rs.				Rs.
8,25,00,000	3½	1947	1977	82.00
2,13,14,600	3½	1949	1979	82.00
4,00,00,000	3½	1950	1965	98.50
2,69,81,472	4	1952	1964	99.50
2,00,57,818	3½	1951	1966	98.50
92,19,000†	4	1952	1964	99.00
66,67,000†	4	1954	1966	99.00
2,50,00,000	4	1955	1967	98.00
1,57,50,000	4	1956	1968	98.00
2,09,10,500	4½	1957	1969	99.00
4,40,00,000	4½	1958	1970	99.00
3,00,00,000	4½	1959	1971	97.00
3,00,00,000	4½	1960	1972	99.00
2,50,00,000	4½	1961	1973	98.00
5,15,00,000	4½	1962	1974	99.75

CALCUTTA‖

Rs.†				Rs.†
33,91,000	3½	1925	1965	98.00
60,00,000	3	1936	1966	92.00
47,50,000	3	1938	1968	92.50
50,00,000	3	1939	1972	92.00
66,58,000	3½	1951	1966	98.50
22,50,000	4½	1954	1979	100.00
2,25,72,000	4½	1955	1985	97.50N
73,86,000	4½	1958	1988	100.50
1,67,32,000	4½	1958	1970	101.00N

State Loans	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
4½% U.P.	1958	7,65,59,000	15th July 1970	98.50
4 % U.P.	1959	8,70,81,000	19th Aug. 1971	98.25
4 % U.P.	1960	7,79,21,000	29th Aug. 1969	98.50
4 % U.P.	1961	6,53,99,000	Sept. 1972	98.45
4½% U.P.	1962	9,84,05,000	Aug. 1974	99.40
4 % Rajasthan	1956	3,14,19,000	3rd Sept. 1968	98.80
4½% Rajasthan	1958	3,75,88,000	15th July 1970	98.90
4½% Rajasthan	1959	3,84,19,000	19th Aug. 1971	98.00
4½% Rajasthan	1960	5,09,25,000	29th Aug. 1969	98.35
4½% Rajasthan	1961	4,40,43,000	Sept. 1972	98.40
4½% Rajasthan	1962	4,94,42,000	Aug. 1974	98.85
4 % Orissa	1956	2,00,61,000	3rd Sept. 1968	98.80
4½% Orissa	1958	3,28,60,000	15th July 1970	98.50
4½% Orissa	1959	3,82,58,000	19th Aug. 1971	97.75
4½% Orissa	1960	3,40,63,000	29th Aug. 1969	98.50
4½% Orissa	1961	5,88,74,000	Sept. 1972	98.40
4½% Orissa	1962	7,66,10,000	Aug. 1974	99.00
4 % Bharat‖	1956	1,11,40,000	1st Sept. 1968	98.80
4 % W. Bengal	1952	2,60,00,000	15th July 1964	99.50
4 % W. Bengal	1955	7,58,72,000	1st Sept. 1967	99.15
4 % W. Bengal	1956	7,11,40,000	3rd Sept. 1968	98.80
4½% W. Bengal	1958	5,10,50,000	15th July 1970	98.50
4½% W. Bengal	1959	7,09,09,000	19th Aug. 1971	98.00
4½% W. Bengal	1960	7,05,32,000	29th Aug. 1969	98.50
4½% W. Bengal	1961	7,30,71,000	Sept. 1972	98.75
4½% W. Bengal	1962	7,02,29,000	Aug. 1974	99.50
4½% Assam	1959	2,76,40,000	19th Aug. 1971	97.50
4½% Assam	1962	3,01,85,000	Aug. 1974	98.85
4½% Punjab	1962	2,18,87,000	19th Aug. 1971	98.40
4½% Punjab	1961	3,13,03,000	Sept. 1972	98.40
4½% Punjab	1921	3,64,88,000	Aug. 1974	98.85

ABBREVIATIONS. N—Nominal. (J) Income-tax free. * Loans held entirely by the Trustees. † Erstwhile State Transport
A—Held by Government of India. B—Taken up by State Bank of India. C—Held by Commissioners. D—Domestic Loan not marketable
††Rate of Interest reduced from 6 to 3 per cent with effect from 1st June 1944. ‡ Rate of Interest reduced from 4½ to 4 per cent with effect from 1st April 1955
‡—Interest free for first 12 years. †—Interest free for first 7 years. E—Ex Eleven Instalments but inclusive of accrued interest.
M—At the option of the Government after three months' notice. K—On September 1956 or later at the option of the Government after three months' notice
T—Liability taken over by Madhya Pradesh. @ Total amount invested in Gold Bonds up to 18th February 1963.

STOCK & SHARE QUOTATIONS

Abbreviations :—D.—Deferred shares. P. O.—Preferred Ordinary shares. Y.—Accounts published yearly. H.—Accounts published half-yearly. P.—Company has Preference shares. T.—Company has Debentures. N.—Nominal quotations. x.d.—Ex. Dividend. c.d.—Cum. Dividend. I.—Interim Dividend. CR.—Cum. Right. XR.—Ex. Right.

Shares :—If a company has different classes of shares—as for example : 'A' shares and 'B' shares—these are indicated by the same letters 'A' and 'B' under the columns 'Paid-up Ordinary Capital' and 'Paid-up' per share.

Accounts :—Figures in the Accounts Closed column represent the months or the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June and December, respectively. Reserves include general and other reserves and all other funds which a company may have excluding depreciation fund, reserves for tax liability and provident fund. Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed less sales, if any, and stands for the gross figures except where otherwise indicated.

Dividends :—Dividends for completed years are shown as amount per share per annum, but where quoted for portion of a year they represent the proportionate dividend for that period. In the case of those companies which close their accounts yearly dividends shown are for their financial year.

TEXTILES

COTTON, RAYON, SILK AND WOOLLEN

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number Installed Spindles	Number Installed Looms	Mill	Latest available Quotation Rs.	Paid-up Per Share Rs.	Dividend Per Ordinary Shares 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
BOMBAY CITY AND ISLAND																
20,00,700	17,73,622	50,45,511	30,68,133	28,452	Maganlal Bhagwandas & Co.	45,180	..	Ambika Silk Mills Co., Ltd.	275.00	100	15.00	20.00	20.00		12	Y.
50,00,000	17,53,035	1,54,39,380	83,17,117	1,35,979	Rajpuana Trd. (Agencies) Pvt. Ltd.	55,396	902	Apollo Mills	*Nil*	2	*Nil*	*Nil*	*Nil*		12	Y.
40,00,000	11,54,641	1,21,07,426	85,20,253	2,99,665	Gulabchand Jain, Esq. (Chairman)	50,596	1,021	B. R. Cotton Mills	125.00	100	*Nil*	*Nil*			3	Y.P.T.
2,50,98,000	3,82,76,018	12,80,53,040	6,93,15,505	67,586	Nowrozee Wadia & Sons (Pvt.) Ltd.	2,08,184	3,561	Bombay Dyeing & Mfg.	61.10	25	3.50	3.50	3.50		12	Y.
10,00,000	12,30,667	18,64,077	2,36,70,196	21,112	M. Ramanarain Private Ltd.	44,784	860	Bradbury Mills	130.00	100	12.50	15.00	15.00	15.00	3	Y.P.
5,54,90,900	4,31,32,954	16,13,10,543	6,59,13,337	28,885	Birla Gwalior Private Ltd.	1,26,752	2,698	Century Spg. & Mfg.	686.50	100	30.00	30.00	30.00		12	Y.P.
22,00,000	53,60,444	1

JUTE COMPANIES

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.				Rs. nP	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
6,00,000	74,60,989	1,77,88,958	77,19,665	8,246	B. N. Elias & Co. Private Ltd.	879	Agarpara	10.00	10	1.00	0.25	0.25	1.20	3	Y.P.T.
4,00,000	21,01,100	95,52,870	35,90,518	32,706	McLeod & Co., Ltd.	456	Alexandra	275.00	100	44.00	15.00	42.50		12	Y.P.T.
30,00,000	..	1,57,75,372	1,09,21,225	58,837	McLeod & Co., Ltd.	1,264	Alliance	145.00	100	6.00	*Nil*	10.00		6	Y.P.
49,20,700	1,64,67,331	3,42,98,396	2,11,97,620	90,773	Duncan Brothers & Co., Ltd.	2,561	Anglo-India	182.50	100	20.00	7.50	19.00	*12.00*	3	Y.P.
40,00,000	32,34,394	1,01,46,077	1,00,08,540	1,752	Bird & Co. Private Ltd.	810	Auckland	138.00	100	27.00	12.00	*Nil*	*15.00*	3	Y.P.T.
20,00,000	49,35,536	1,58,43,088	98,46,188	39,368	Birla Brothers Private Ltd.	939	Bally	252.50	100	25.00	25.00	25.00	25.00	3	Y.P.
£275,000	£875,267	£1,456,277	£1,075,854	£1,341	Jardine Henderson Ltd.	1,889	Barnagore	£1 10sh.	10 sh.	10 sh.	10 sh.	£2		3	Y.P.
45,00,000	27,09,209	72,32,013	43,25,231	62,432	Soorjemull Nagarmull	600	Bengal	9.44	10	0.50	0.50			6	Y.P.T.
1,59,56,210	3,33,85,994	9,96,98,597	4,20,72,427	46,410	Birla Brothers Private Ltd.	1,373	Birla	34.50	10	1.50	1.50	1.50	1.50	3	Y.P.
36,00,000	14,32,140	1,22,81,184	73,06,738	30,613	Andrew Yule & Co., Ltd.	991	Budge-Budge	144.00	100	10.00	*Nil*	12.00		12	Y.P.
7,47,380	83,200	39,78,434	37,08,876	—2,79,302	Dayaram & Sons	502	Calcutta Jute Mfg.	6.12	10	*Nil*	*Nil*			12	Y.P.
18,00,000	31,18,228	97,45,253	58,38,932	9,234	M.	616	Caledonian	175.00	100	12.00	5.00	15.00		12	Y.
29,58,200	99,79,201	1,80,52,861	1,06,68,488	22,643	*James Finlay & Co., Ltd.*	600	*Champdany*	322.37	10	1.00	0.50	0.50		3	Y.
38,58,750	72,45,119	1,82,37,000	70,26,410	1,02,122	Andrew Yule & Co., Ltd.	1,131	*Chiplot*	122.25	10	*Nil*	0.50	2.50		11	Y.P.
30,15,000	49,65,400	1,27,67,357	81,17,119	61,455	McLeod & Co., Ltd.	800	Chitavalsah	10.06	10	0.50	*Nil*	0.50		7	Y.P.T.
24,00,000	3,94,809	81,44,890	69,78,978	—15,44,521	M.	969	Clive	9.00	10	*Nil*	*Nil*			3	Y.P.
31,42,200	21,35,993	1,33,34,168	82,26,530	9,316	Bird & Co. Private Ltd.	768	Dalhousie	189.00	100	1.00	*1.00*	*Nil*	*25.00*	3	Y.P.T.
56,00,000	48,77,425	1,80,62,884	65,71,786	28,674	Andrew Yule & Co., Ltd.	773	Delta	163.00	100	7.50	*Nil*	*12.00*		11	Y.P.
15,00,000	39,20,700	1,17,82,216	82,50,067	40,827	McLeod & Co., Ltd.	500	Empire	17.75	10	1.25	0.75	1.25		7	Y.P.T.
63,00,000	1,23,58,695	3,46,72,867	2,25,01,408	4,522	*Kettlewell Bullen & Co., Ltd.*	1,884	*Fort Gloster Industries Ltd.*	295.00xr	100 Old	25.00	10.00	12.50	20.00	3	Y.P.T.
31,49,625	*32,04,500*	1,42,22,521	68,72,824	*6,051*	*Bangur Bros. Ltd.*	1,014	*Fort William*	26.00	10	2.25	2.25	1.00	2.00	3	Y.P.T.
84,32,100	77,96,303	3,00,05,500	1,61,98,876	16,267	Lakshmipat Singhania, Esq. (Chairman)	1,709	Ganges Manufacturing Co. Ltd.	13.00	10	1.00	1.00	1.50	2.00	3	Y.P.
43,20,000	37,97,205	1,75,30,642	63,41,617	16,522	M.	607	General Ind. Society Ltd.	16.37	10	1.00	1.00	1.50		12	Y.
48,00,000	65,59,122	3,27,96,620	2,06,30,061	28,659	Macneill & Barry Ltd.	1,394	Gourepore	23.12	10	3.00	2.50	2.00	2.00	3	Y.P.
40,00,000	1,09,30,042	1,80,44,677	1,01,39,206	4,954	Bangur Bros., Ltd.	1,078	*Hastings*	126.00	100	6.00	6.00	8.00	8.00	3	Y.P.
16,80,000	44,86,659	99,76,527	67,56,170	4,294	M.	729	*Hooghly*	15.00	10	1.00	2.00	0.75	1.00	3	Y.P.
65,62,500	*46,00,997*	2,31,38,622	1,61,63,455	..	Jardine Henderson Ltd.	1,940	Howrah	18.37	10	1.25	1.00	1.00	1.00	3	Y.P.T.
62,50,000	1,26,22,000	3,46,75,240	2,10,25,240	5,088	Hamabut Bankissendas	2,272	Hukumchand	21.00	7.50	2.15	2.15	2.00	2.00	3	Y.P.
87,30,000	29,63,965	1,86,83,015	1,09,04,160	76,164	M.	760	India	15.50	12.50	1.75	1.50			3	Y.
24,00,000}	32,17,016	2,06,72,088	1,54,08,121	14,157	*Jardine Henderson Ltd.*	1,797	Kamarhatty	{ 103.00	100	5.00	*Nil*	*20.00*		} 12	Y.P.T.
'B' 10,20,000}								{ 183.00	*'F' 100*	5.00	*Nil*	*20.00*			
30,00,000}	13,48,482	1,78,29,418	1,30,92,281	11,179	Jardine Henderson Ltd.	1,527	Kankanarrah	{ 137.00	100	4.00	1.00	1.50		} 12	Y.P.T.
'B' 24,00,000}								{ 137.00	*'F' 100*	*Nil*	*Nil*	15.00			
28,00,000	56,73,600	1,67,55,274	*1,13,61,002*	47,758	McLeod & Co., Ltd.	703	Kelvin	191.00	100	15.00	15.00	5.00		6	Y.P.
64,00,000	66,26,816	2,49,19,513	1,56,16,494	3,379	Anderson Wright Ltd.	1,533	Khardah	17.81	10	2.00	0.50	1.25	1.25	3	Y.P.
58,88,200	*49,23,577*	2,28,97,362	1,50,89,333	12,641	F. W. *Heilgers & Co.* Private Ltd.	1,250	Khardah Co.	130.00	100	20.00	7.00	*Nil*	*10.00*	3	Y.P.T.
24,48,000	1,30,000	1,30,10,972	70,07,675	4,687	Bird & Co. Private Ltd.	931	Lansdowne	98.00	100	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.
28,00,000	14,08,147	65,36,707	45,86,702	664	Bird & Co. Private Ltd.	840	Lawrence	167.00	100	*15.00*	*15.00*	10.00	10.00	3	Y.P.
81,65,200	44,95,037	2,88,24,106	1,66,72,214	84,805	M.	2,294	*Megna*	17.94	10	1.20	1.25			3	Y.
29,98,900	41,30,065	1,31,36,467	1,15,38,300	21,072	*Bhagat Agencies Ltd.*	315	Nalhati	109.00	100	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.T.
20,00,000	11,62,460	36,57,022	27,62,449	3,215	Howrah Trading Co. Private Ltd.	425	Naskarpara	10.00	10	*Nil*	*Nil*			10	Y.
35,00,000	73,10,449	2,01,18,988	59,47,374	9,507	M.	852	National	23.00	10	0.75	*Nil*	1.00		10	Y.P.
29,25,000	35,71,072	1,31,82,917	1,03,15,923	61,184	McLeod & Co., Ltd.	816	Nellimarla Jute	12.75	10	0.30	0.60	1.50		7	Y.P.T.
2,58,50,000	2,42,19,122	19,27,55,049	2,18,58,031	15,530	Sahu Jain Ltd.	1,765	New Central	18.16	10	*1.50*	*1.50*	*Nil*		3	Y.P.T.
16,79,880	56,86,689	1,43,61,778	89,72,943	1,076	Bird & Co. Private Ltd.	567	Northbrook	28.50	10	3.00	3.00	2.00	3.50	3	Y.
66,70,500	98,00,825	3,43,45,564	1,65,12,293	13,111	Macneill & Barry Ltd.	1,092	Nuddea	62.00	50	4.00	3.00	2.50	5.00	3	Y.
25,00,000	12,61,704	1,07,73,202	81,73,202	37,324	*McLeod & Co., Ltd.*	400	Presidency	5.31	5	0.40	0.50	0.50		7	Y.T.
20,00,000	6,27,128	68,18,305	24,70,549	25,500	Hindustan Investment Corpn. Ltd.	305	Rameshwara	8.00	10	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.
42,50,000	*6,89,006*	1,73,97,467	87,90,278	..	Jardine Henderson Ltd.	1,276	Reliance	8.00	10	*Nil*	*Nil*	*Nil*		3	Y.P.T.
£600,000	£867,481	£1,501,838	£738,964	£8,338	Thomas Duff & Co. (India) Pvt. Ltd.	2,013	Samnagore	9.50N	£1	6%†	*Nil*	10%†		12	Y.P.
30,00,000	13,58,456	1,35,23,995	97,69,026	2,602	Bagaria Bros. & Co., Ltd.	611	Shree Ambica	17.37xd	10	0.60	*0.60*			3	Y.P.
14,00,000	17,16,854	77,15,303	55,72,946	26,425	Hindustan Investment Corpn. Ltd.	401	Seamab	22.50	10	2.50	2.50	2.50		12	Y.P.
£600,000	£560,895	£1,390,914	£783,019	£9,976	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Thakurdas	9.50N	£1	6%	*Nil*	15%†		12	Y.P.
25,98,000	42,63,667	1,10,95,221	65,98,988	603	Bird & Co. Private Ltd.	1,326	Union	150.00	100	25.00	*Nil*	*Nil*	20.00	3	Y.P.T.
£400,000	£365,053	£1,338,747	£668,758	£8,551	Thomas Duff & Co. (India) Pvt. Ltd.	1,831	Victoria	9.50N	£1	6%†	*Nil*	10%†		12	Y.P.
2,50,000	8,20,000	80,38,164	48,14,833	66,272	McLeod & Co., Ltd.	447	Waverley	5.31	1	0.30	0.30	0.60		6	Y.P.

SOUTH INDIAN PLANTING COMPANIES

TEA COMPANIES

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.				Rs. nP.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
10,93,090	5,60,324	18,08,952	4,15,754	*48,095*	*Young India Agencies Private Ltd.*	1,665	Balanoor Tea and Rubber	13.25	10	1.50	1.20	1.20		3	Y.P.
84,00,000	25,11,425	1,49,41,142	25,95,990	54,776	*Kothari & Sons (Ags.) Pvt. Ltd.*	1,370H	Blue Mountain Estates & Ind.	2.30xd	2	0.25	0.20	0.20	0.20	6	Y.
5,50,000	5,14,075	19,95,982	4,35,544	9,158	K. Anantaraman, Esq. (Mg. Director).	848	Chandramalai Estates Ltd.	2.55	2	0.20	0.20	0.12	*Nil*	6	Y.P.
14,00,100	14,46,330	33,49,058	11,64,122	22,758	Pelree, Leslie & Co., Ltd.	603H	Chemlira Peak Estates	4.53	2	0.40	0.40	0.40	0.40	3	Y.
5,88,730	13,31,210	24,50,668	2,65,047	46,860	Matheson Bosanquet & Co. Pvt. Ltd.	159H	Coonoor Tea	18.25	10	*1.75*	*1.50*	*2.75*		9	Y.P.
4,80,000	5,03,204	16,40,072	2,97,148	13,462	Srinivasa Agencies	671	Cwerg Tea	4.85	2	*0.40*	*0.40*	0.30	0.30	3	Y.P.
8,40,000	2,84,526	15,93,902	4,33,226	3,300	P. G. Krishna Iyer, Esq. (Mr. Director)	*171H*	*Devashola (Nilgiri) Tea*	24.50	10	*1.50*	*1.50*	*1.50*		12	Y.
6,74,650	3,83,749	13,44,758	3,14,293	*23,158*	*Young India Agencies Private Ltd.*	1,177	Devon Tea	11.96	10	1.50	1.20	1.20	1.00	3	Y.P.
7,50,000	6,10,000	5,34,450	1,39,223	19,223	K. N. Krishna Iyer (Mg. Director)	198	Emerald Valley Estates	6.30	5	*Nil*	0.30	0.30	1.00	3	Y.
25,00,000	19,85,470	59,76,179	*13,56,331*	12,526	Parkins Private Ltd.	1,506	Halleybrook	12.00	10	1.50	1.50	1.10		12	Y.P.
9,00,000	7,23,749	18,92,749	4,93,218	29,726	Pelree, Leslie & Co., Ltd.	190H	Kalusa Tea	4.10	2	0.40	0.50	0.30	0.30	3	Y.T.
17,17,078	9,90,584	38,03,338	7,87,740	73,949	Pelree, Leslie & Co., Ltd.	656H	Kil Kotagiri Tea	5.06	2	*0.50*	*0.50*	*0.50*		10	Y.P.
6,93,000	3,13,000	13,93,086	1,58,424	1,857	Birla Brothers Pvt. Ltd.	326	Kinnula Tea	6.07	10	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.
5,00,000	1,48,676	10,54,318	1,13,129	36,576	Matheson Bosanquet & Co. Ltd.	169H	*Lucky Valley*	12.00	10	1.00	1.00	1.00		12	Y.
3,50,000	20,000	3,59,370	33,028	—2,70,302	Vasantha & Co. (Tricky) Pvt. Ltd.	255	Manar Estates Ltd.	1.93	2	0.20	0.10	0.10	0.10	3	Y.
3,00,000	6,13,117	12,05,041	3,09,591	—3,503	Easty Thomas, Esq. (Mg. Director).	560	Manamalay	34.50	25	3.75	3.50	2.50	*Nil*	12	Y.P.
36,01,000	24,19,434	84,10,841	17,28,500	20,273	A. V. Thomas & Co. (India) Ltd.	825H	Neelamalai	5.20xd	5	0.375	0.375	0.375	0.375	6	Y.
12,00,000	10,00,000	32,29,949	5,97,918	9,932	A. V. Thomas & Co., Ltd.	738H	Nellamuthay	3.63xd	2	0.26	0.30	0.30	0.30	6	Y.P.T.
14,06,250	10 15 954	40,42,205	8,24,073	8,184	A. V. George & Co., Ltd.	1,022	Nilgiri Tea	10.50	10	0.50	*Nil*	0.50	0.50	3	Y.P.
23,10,000	11,02,621	39,43,326	15,15,045	28,437	Harrison & Crosfield Ltd.	841	Nonsuch Tea	9.00	10	*Nil*	*Nil*	*Nil*		3	Y.
14,88,000	17,22,983	34,54,296	7,51,937	40,177	P. S. M. Mulyenex, Esq. (Chairman)	765	*Parkside*	189.00	100	1.00	*1.00*	*Nil*	*25.00*	3	Y.P.T.
6,00,000	6,84,231	79,137	79,137	4,27,161	S. Shanmukarishna *Aiyar, Esq.*	221	Peninsular Plantations Ltd.	21.25	10	2.00	2.00	2.00	2.00	6	Y.
17,01,000	13,33,809	45,47,926	19,04,123	60,839	Aaniwadi & Co. (Travancore) Ltd.	634H	Peermade	20.50	10	2.25	2.50	2.00		12	Y.P.
57,91,880	24,68,711	1,23,79,158	46,17,781	58,309	Pelree Leslie & Co., Ltd.	1,506H	Periakaramalai	3.40	2	0.27	0.40	0.25	0.30	3	Y.P.
13,50,000	2,96,576	12,62,042	2,74,015	3,959	A. V. Thomas & Co. (India) Ltd.	882	Sheveroy Estates Ltd.	2.62	2	0.18	0.15	0.125	0.125	6	Y.P.
9,00,000	*12,71,773*	28,99,827	9 11 370	4,140	T. Stanes & Co., Ltd.	1,137	Stanes Amalgamated	13.71xd	*10*	1.70	1.50			6	Y.
1,25,000	12,500	2,18,692	52,930	2,921	M.	216	Swinton Estates	2.68	2	0.25	0.12	*Nil*	*Nil*	3	Y.
12,50,000	12,35,897	34,15,317	5,92,906	1,057	Srinivas Agencies	1,056	Tadayar Tea	1.97	2	0.18	0.20	0.20	0.20	3	Y.P.
15,75,000	16,50,500	33,03,735	5,16,817	1,113	*Parkins Private Ltd.*	2,213	Twyford	8.50	10	1.00	0.60	0.50		12	Y.
2,20,000	3,97,345	10,81,650	1,41,852	—32,255	A. V. *George & Co., Ltd.*	503	Udayagiri Rubber Co., Ltd.	15.50	10	0.10	*Nil*	*Nil*		12	Y.P.
21,00,380	21,26,250	57,80,505	22,04,479	22,127	T. Stanes & Co., Ltd.	736H	United Nilgiri	23.75	10	2.50	2.50	2.50	2.25	3	Y.
47,25,000	*21,33,765*	*93,19,415*	*25,08,787*	81,380	Kothari Mehta & Co. Pvt. Ltd.	1,127H	Waterfall	2.25xd	2	0.25	0.20	0.20	0.20	6	Y.P.

RUBBER AND OTHERS

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.				Rs. nP.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
6,00,000	5,52,435	17,66,245	5,03,062	20,544	*Ramani & Co. Pvt. Ltd.*	933	Alagerswar Estates Ltd.	2.77	2	0.15	0.30	0.20	0.20	3	Y.
6,75,000	2,85,527	21,05,698	4,40,732	1,893	K. N. Neelakantan, Esq. (Mg. Director)	2,417	Amalgamated Coffee Estates Ltd.	10.01	10	1.00	1.00	1.00	*0.50*	3	Y.P.T.
2,50,000	5,02,935	14,79,817	2,21,618	46,975	A. V. George & Co., Ltd.	639	Anamalais Rubber Co., Ltd.	14.19	*10*	*1.50*	*1.80*	*1.50*		12	Y.P.
12,07,833	2,28,040	22,89,026	3,45,437	24,775	Associated Planters Private Ltd.	1,343	Anaparai Estates Ltd.	3.25xd	2	0.40	0.30	0.20	0.30	6	Y.T.
4,25,000	4,75,000	13,07,785	1,42,007	1,061	Young India Agencies Pvt. Ltd.	1,041	*Badra Coffee Estates Ltd.*	2.90	2	0.30	0.30	0.15	0.20	3	Y.P.
4,00,000	66,000	7,45,317	1,56,274	2,787	A. V. Thomas & Co. (Mysore)	233H	Babadudin Coffee & Produce.	5.50xd	5	0.40	0.40	0.30	0.30	6	Y.P.
3,00,000	2,95,000	4,73,718	84,297	1,451	Planting *Agencies (Private)* Ltd.	151H	*Balmadhu* Plantations	1.80	2	0.15	0.10	*Nil*	0.10	5	Y.P.
28,01,279	19,60,914	60,61,649	12,47,012	23,951	Pelree, Leslie & Co., Ltd.	6,255	Cochin Rubber	6.37	5	0.525	0.60	0.60	0.36	6	Y.P.
22,50,000	*33,62,169*	*57,74,822*	*18,29,355*	*890*	M. A. Sreenivasan, Esq. (Chairman)	2,703	Coffee Lands and Industries	15 74xd	10	0 60	1 20	0.60	0.60	3	Y.P.
71,85,000	78,42,159	1,75,91,409	54,78,544	1,607	M. A. Sreenivasan, Esq. (Chairman)	8,345	Consolidated Coffee	20 05xd	10	2.00	2.00	1.60	2.00	3	Y.P.
6,00,000	5,09,735	15,58,047	3,41,758	5,918	Associated Planters Private Ltd.	1,410	Cottamul Plantations	9.07	10	1.00	1.00	0.625	1.00	3	Y.P.
4,08,580	2,50,000	4,02,630	1,35,077	40,856	Pelree, Leslie & Co., Ltd.	246H	Cowcoody *Estates (Coffee)*	4 48xd	2	*0.50*	*0.50*	*0.40*	*0.35*	6	Y.
18,00,000	13,20,000	37,97,378	8,89,483	15,845	A. V. Thomas & Co., Ltd.	519H	Highland Produce	15.37	10	1.50	1.50	1.50		12	Y.P.
11,85,700	11,77,000	31,73,857	8,60,277	25,963	A. V. George & Co., Ltd.	1,357	Kadua Rubber Co., Ltd.	6.45xd	2	0.30	0.40	0.50	0.60	12	Y.
12,00,000	8,19,342	22,75,750	4,65,953	*5,164*	*A. V. Thomas & Co., Ltd.*	888H	Kaipetta Estates	11 50	10	1.25	1.25	1.25	1.125	4	Y.
4,00,000	4,00,000	9,94,191	2,37,237	12,870	Pelree, Leslie & Co., Ltd.	273H	Kanneregode Estates Ltd.	2 47	2	0.40	0.35	0.30		10	Y.
13,50,000	6,58,333	23,34,000	5,52,746	3,600	K. T. Veeraa Kathavar, Esq.	2,147	Mahakara Rubber	15 37	10	1.50	1.50	1.50	1.40	3	Y.
3,25,000	2,50,000	8,72,737	96,634	3,643	Associated Planters Pvt. Ltd.	906	Meerara Rubbers Ltd.	7.94cd	5	1.00	1.00	0.75	*0.625*	6	Y.P.
40,59,900	17,71,083	70,92,921	13,59,147	1,226	A. V. Thomas & Co., Ltd.	1,886H	*Midland Rubber*	11 40	10	1.25	1.25	1.25	1.00	3	Y.P.
3,35,000	4,12,007	17,54,491	3,54,374	1,18,003	A. V. *George & Co. Ltd.*	1,321	Naamakkal Rubber	22 55	10	1.50	1.50	1.50		12	Y.P.
2,00,000	4,81,116	10,47,132	60,435	1,632	Associated Planters Private Ltd.	840	*Nilambur* Rubber Co.	12 75	10	1 50	1.50	1.00	1.50	12	Y.P.T.
6,50,000	5,96,464	12,49,223	1,39,772	17,687	*Pelree, Leslie & Co., Ltd.*	270H	Oasoor Estates Ltd.	3 50cr	2	0.30	0.30	0.20	0.30	3	Y.
19,45,980	20,84,283	65,00,225	25,50,063	—3,58,491	Pelree, Leslie & Co., Ltd.	1,512H	Rajapalaiyam Estates	4 35	2	0.25	0.30	0.12	0.20	10	Y.P.T.
16,50,000	5,12,431	24,89,527	4,19,333	6,344	Aspinwall & Co., Ltd.	900H	Pullangode Rubber	2 73	2	0 10	0 12	0 15	0.20	3	Y.P.
13,50,000	13,58,959	33,99,894	5,55,425	20,850	A. V. Thomas & Co., Ltd.	1,218H	*Rajagiri Rubber*	20 62xd	10	2.00	2.00	2.00	2.125	6	Y.P.
2,50,000	1,84,983	4,06,886	60,784	47,831	Associated Planters Private Ltd.	422	Rajpuhra Coffee Ltd.	22 45	10	1.25	1.25	1.00	1.25	10	Y.P.
12,00,000	78,007	20,37,248	2,33,330	—1,43,843	Patco Agencies	*470H*	*Sanganeshwar* Coffee Estates	1 55	2	0.12	0.12	*Nil*	*Nil*	3	Y.P.T.
5,50,170	3,25,000	9,99,999	1,90,807	699	*Pelree, Leslie & Co., Ltd.*	*202H*	*Sayamala* Estates Ltd.	4 55	2	0.28	0.32	0.30		11	Y.
10,00,000	2,03,130	22,50,803	1,88,357	4,534	*East India Agencies Private Ltd.*	1,454	Teekoy Rubber (India) Ltd.	6 50	10	*Nil*				3	Y.T.
6,25,000	2,74,153	14,00,789	65,143	7,695	A. V. George & Co., Ltd.	816	Thamarapally Rubber	16 40	10	1 00	1.80	1.60		12	Y.P.T.
9,15,300	10,56,781	15,73,653	2,16,158	17,321	Pelree, Leslie & Co., Ltd.	1,235	Thirumbadi Rubber Co., Ltd.	2 03	1	0 07	0 12	0.10		9	Y.
6,00,000	6,15,000	13,79,050	1,92,999	1,840	Empee Thomas, Esq. (Mg. Director).	1,341	Travancore Rubber	11 25	10	1 30	1 24			12	Y.
41,00,000	12,63,584	90,95,305	18,31,504	32,283	Aspinwall & Co. (Travancore) Ltd.	2,100H	Travancore Rubber & Tea	0 83	*10*	*0 00*	*1.00*	1.00		12	Y.P.
20,00,000	1,91,000	33,48,191	9,99,484	223	P. T. Thomas, Esq. (Mg. Director)	3,157	*Tropical Plantations* Co.	27.00	25	2.00				12	Y.
8,80,010	5,47,051	10,34,166	54,792	9,229	S. Padmanabha Aiyar, Esq. *(Chairman)*	1,178	*Valkombam* Rubber Co., Ltd.	33 45	10	2.50	3.00			12	Y.
6,00,000	6,09,482	19,50,932	1,87,596	6,425	P. I. Joseph, Esq. (Chairman)	1,245	Velimalai Rubber & Co.	5 05	5	0 60	0.50	0.25	0.35	12	Y.P.T.
12,00,000	12,40,982	16,57,152	2,24,153	36,874	Pelree, Leslie & Co., Ltd.	417H	Wartvhully Estates Ltd.	2 85	2	0 30	0.30	0.20	0.24	3	Y.
6,95,000	97,309	13,65,461	1,02,251	22,313	M.	898	Woodland Estates	6 90	10	1.00	1.00			3	Y.P.T.

V—*Includes 80 nP. for 30-6-1954.* * Includes bonus. H—Area in Hectares. M—Managed by Board of Directors. † Less Income-tax.

N.B.—All dividends paid since 31st March *1959* are shown as taxable.

NORTH INDIAN TEA ESTATES

ASSAM

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Acreage under Tea	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.				Rs. nP	Rs.	Rs. nP	Rs. nP	Rs. nP	Rs. nP		
4,45,700	16,87,493	27,43,433	*11,03,330*	....	McLeod & Co., Ltd.	288H	Amlekhi	17.25	10	*Nil*	1.00	0.75		12	Y.P.
2,79,000	17,237	16,81,578	7,19,307	449	M.	456	Ananda (Assam) Tea	30.00	10	3.00	3.00	2.50		12	Y.
7,03,250	5,92,782	20,36,373	7,49,159	3,627	Gillanders Arbuthnot & Co., Ltd.	956H	Ananda Rag	32.00	10	3.00	3.00	3.25		12	Y.
5,50,000	15,34,741	29,19,154	12,07,900	2,926	McLeod & Co., Ltd.	242H	Baghmari	17.25	10	*Nil*	1.50	0.75		12	Y.
4,00,000	10,36,055	28,03,148	9,41,235	46,930	Andrew Yule & Co., Ltd.	161H	Barmatia	24.25	*10*	3.50	2.50'C'	2.00		12	Y.
4,95,500	7,92,905	20,43,695	11,92,052	26,199	National Tea Corporation	291H	Batell	17.50	5	1.50	1.50	1.50		12	Y.
36,40,

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP	Rs. nP	Rs. nP	Rs. nP		
CERAMIC; MINING AND QUARRYING														
36,00,000	12,111	67,05,606	23,63,316	2,915	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	7.37	10	0.50	0.50	0.50		3	Y.
18,50,000	6,88,243	23,23,858	12,41,519	777	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kotah) Ltd.	24.00N	10	2.00	2.00	2.00		9	Y.P.
55,23,146	22,41,104	1,90,40,451	48,35,034	3,208	Bharat Ram Bhagat & Co.	Bengal Potteries	4.69	25	0.375	0.30	0.30		12	Y.
40,00,000	28,81,279	1,22,44,032	53,39,187	50,122	Bird & Co. Private Ltd.	Bisra Stone Lime Co.	20.12	10	3.00	3.00	1.00	1.25	3	Y.
14,17,800	20,91,390	51,29,834	19,81,934	3,342	Smt. K. M. Motichand Shah (Chairman)	Bombay Potteries and Tiles Ltd.	131.25	100	12.50	15.00	15.00		12	Y.
80,00,000	24,68,788	1,36,52,623	46,61,618	1,20,034	Saraf Mor & Co. Private Ltd.	Ferro Alloys Corporation Ltd.	116.00	100	8.00	11.00	9.00		12	Y.P.
£2,056,950	£2,324,873	£4,002,119	£2,243,733	£78,310	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	3.40	Sh. 2	0.36	0.36			12	Y.
₹ 5,00,000 }	27,81,955	34,18,636	10,76,454	1,40,029	Bird & Co. Private Ltd.	Karanpura Development	11.25	10	0.50	0.50			12	Y.
₹ 15,00,000 }														
50,00,000	1,14,21,419	5,73,268	3,69,515	Khandelwal Industries Private Ltd.	Khandelwal Ferro Alloys Ltd.	61.00	100	Nil	Nil	Nil		12	Y.P.
30,00,000	56,55,899	1,70,20,513	52,30,493	25,499	Bird & Co. Private Ltd.	Kumardubbi Fireclay and Silica Works.	18.45	10	1.80	1.80	1.80		12	Y.P.T.
1,78,79,255	10,90,896	1,22,39,515	76,18,994	3,25,965	Sir Indra Singh, Kt. (Chairman)	Metal Corporation of India Ltd.	8.00	10	Nil	Nil	Nil		3	Y.P.
6,00,000	7,27,302	17,66,777	9,37,747	100	Mysore Industrial Development Co.	Mysore Stoneware Pipes & Potteries	11.57	10	1.428	1.20	1.50	1.25	3	Y.
20,00,000	67,67,431	80,62,201	34,56,795	38,801	Bird & Co. Private Ltd.	Orissa Minerals	23.50	10	2.50	2.50	2.00		3	Y.
23,50,000	20,51,551	97,85,619	53,29,845	24,893	A. V. Gharpure, Esq. (Chairman)	Parahuram Pottery Works Co., Ltd.	59.00	25	5.36	5.36	5.36		7	Y.P.
20,86,650	54,10,475	1,10,96,407	49,48,144	—7,04,525	Killick Industries Ltd.	Shivrajpur Syndicate	22.00	10	2.00	2.00			11	Y.
4,83,840 }	10,46,690	27,59,491	9,68,262	28,403	S. N. Beri, Esq. (Secretary)	Sutna Stone & Lime Co. Ltd.	28.31	10	2.00	2.75	3.00		12	Y.
4,80,680 }							5	5	1.00	1.375	1.50			
CHEMICAL														
23,58,175	....	1,79,449	13,076	—26,845	Agri-Chem Engineers	Adarsh Chemicals & Fertilisers	79.50	100	Nil	Nil			12	Y.P.
1,44,50,000	79,42,309	3,08,99,996	1,16,84,003	82,981	Rayuma Services	Alembic Chemical Works Co.	160.00	100	14.00	14.00	12.00		12	Y.P.
3,10,00,000	1,96,10,378	6,41,59,351	2,02,43,574	1,37,284	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India	88.00	10	1.20	1.50	1.50		9	PY.
89,97,100	79,09,664	1,54,62,149	50,97,267	15,665	Amrital & Co. Private Ltd.	Amar Dye-Chem. Ltd.	148.75	100	12.00	9.00	9.00		12	Y.P.
39,34,000	47,59,789	1,99,22,550	81,31,040	5,491	Kasturlal Lalbhai & Co.	Anil Starch Products Ltd.	605.00	100	80.00*	80.00*	25.00*		12	Y.P.
2,97,50,025	1,55,18,362	6,58,46,094	1,71,87,475	61,185	Lalbhai Sons & Co.	Atul Products Ltd.	342.00	100	12.00	12.00	12.00		12	Y.P.
50,00,000	....	35,050	910	....	P. N. Balasubramanian, Esq. (Mg. Director)	Barium Chemical Ltd.	68.00	100	..	..	Nil		6	Y.
1,25,45,900	67,58,823	1,59,19,707	81,89,070	5,723	Dr. B. N. Ghose (Managing Director)	Bengal Chemical and Phar.	95.50	100	7.00	10.00	10.00		12	Y.P.
1,25,00,000	£6,16,340	1,47,76,373	34,41,545	1,134	Rammiwas R. Ruia, Esq. (Chairman)	Chem-Chem Ltd.	852.50	100	Nil	8.00	12.00	12.00	3	Y.
14,68,344	4,84,918	17,40,466	9,62,099	12,818	Nadkarni & Co.	Chemo-Pharmaceuticals Laboratories Ltd.	12.00	25	2.50	3.00	3.00		12	Y.
31,83,300	50,96,730	1,53,80,333	69,34,176	25,075	Dharamsi Morarji & Co.	Dharamsi Morarji Chemical Co., Ltd.	130.00	50	Nil	8.00	8.00		12	Y.P.
1,07,50,000	1,07,07,353	5,93,07,157	2,11,95,198	1,75,320	Sahu Bros. (Saurashtra) Private Ltd.	Dhrangadhra Chemicals	122.00	100	Nil	6.00	6.00	6.00	3	Y.P.
5,56,04,732	61,48,460	10,44,89,497	4,07,36,479	3,85,109	M. K. K. Nayar, Esq. (Mg. Director)	F. A. C. T.	6.03	10	0.60	0.60		Nil	3	Y.
1,86,76,000	71,67,780	2,54,75,973	38,44,627	3,006	Mafatlal Gagalbhai & Sons	Indian Dyestuffs Industries Ltd.	242.80	100	6.00	6.00	7.00	7.00	3	Y.P.
12,00,000	28,91,558	6,54,13,853	15,61,809	19,974	Jai H. Mehta, Esq. (Chairman)	Kemp & Co.	270.25	50	20.00	25.00	30.00		3	Y.P.
1,40,00,000	37,43,801	2,43,51,282	1,10,56,661	11,631	Seshasayee Brothers Private Ltd.	Mettur Chemicals	12.55	10	1.25'C'	1.25	1.375*	1.25	3	Y.P.T.
24,81,220	13,02,665	56,25,511	47,52,455	3,322	T. Shamanna, Esq. (Chairman)	Mysore Chemical and Fertilisers	7.95	10	1.00	1.00	0.50	Nil	3	Y.P.
8,00,000	4,59,693	13,39,516	7,11,140	1,07,087	T. Rajasundara Raj, Esq. (Mg. Director)	Mysore Chemicals Mfg.	12.00	10	2.00'C'	1.50	2.00	2.00	3	Y.P.
56,00,000	86,00,955	1,03,02,940	30,64,507	9,857	Ramdas Kilachand, Esq. (Chairman)	Polychem Ltd.	132.50	50	5.50	7.50	7.50	7.50	3	Y.P.
40,54,500	870	20,19,203	6,760	49,736	Emcete & Sons Private Ltd.	Premier Fertilisers Ltd.	6.25	10	Nil	Nil	Nil		3	Y.P.
22,50,000	17,63,267	65,52,467	27,96,555	11,012	Sangar Brothers Ltd.	Pricepharm Co., Ltd.	162.00	100	30.00	22.50	17.50	15.00	12	Y.
20,00,000	17,67,251	31,86,795	18,80,805	19,167	D. M. Jaffray, Esq. (Chairman)	Smith Stanistreet & Co.	11.50xd	5	1.25	1.25	1.25	1.125	6	Y.P.
4,98,54,470	24,38,960	3,13,78,704	17,05,817	—9,38,858	Tulsidas Kilachand, Esq. (Chairman)	Synthetics & Chemicals Ltd.	102.50	100	Nil	Nil	Nil	Nil	3	Y.P.
3,02,33,815	1,09,52,567	9,01,95,274	3,04,93,267	3,923	Tata Industries Private Ltd.	Tata Chemicals	19.54	10	0.60	0.65	0.65	1.00	3	Y.P.T.
20,00,000	5,89,750	29,88,714	12,05,339	6,516	P. Krishnamoorthy, Esq. (Mg. Director)	Travancore Chemical Mfg. Co. Ltd.	18.37	10	1.50	2.00	2.25	2.00	3	Y.P.
25,03,075	....	8,03,992	1,493	—8,73,288	Mr. M. J. Vaidya (Chairman)	Travancore Electro-Chemical Ind.	95.00N	100	Nil	Nil	Nil		12	Y.
14,90,375	....	25,06,158	7,313	—2,574	Mr. N. S. Iyengar (Chairman)	Ultramarine & Pigments Ltd.	130.00	100	..	Nil	Nil		12	Y.
ELECTRIC (BOMBAY)														
8,74,78,895	1,85,12,601	18,97,73,999	5,00,50,102	364	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd.	95.00	100	7.00	7.00	8.00	8.00	3	Y.T.
85,33,330	31,13,441	2,90,89,788	78,81,211	10,72,973	N. C. Javeri & Co.	Amalgamated Electricity Co. Ltd.	10.00	10	1.00*	0.90	0.90	0.90	3	Y.T.
3,02,77,000	1,23,89,917	12,25,51,084	3,04,61,315	36,154	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co.	1,067.50	1,000	85.00*	80.00*	80.00*	90.00	3	Y.P.T.
1,75,00,000	1,21,07,283	5,11,22,126	1,25,80,588	9,370	Killick Industries Ltd.	Bombay Suburban Electric Supply	106.00	100	8.00	8.50	8.50	9.00	3	Y.
7,07,020	1,03,967	16,97,265	8,70,206	1,536	Rajapuram Textiles (Agencies) Ltd.	Broach Electric Supply Development	7.00	10	0.66	0.72	0.60	0.50	3	Y.T.
48,89,000	12,56,813	1,57,72,704	61,59,509	3,547	Rajapuram Textiles (Agencies) Ltd.	Poona Electric Supply	200.00	100	9.50	8.25	8.25	8.00	3	Y.P.T.
70,00,000	34,04,487	1,81,03,022	61,54,423	2,075	Killick Industries Ltd.	Surat Electricity	102.25	100	7.50	8.00	8.00	8.50	3	Y.P.
2,40,00,000	1,39,56,841	9,29,64,314	2,23,28,926	27,536	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply	108.50	100	8.50*	8.00*	8.00*	9.00	3	Y.P.
5,15,39,000	3,61,11,341	20,88,47,938	4,39,65,810	29,988	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,100.00	1,000	85.00*	80.00*	80.00*	90.00	3	Y.P.
West Bengal and Other Centres														
19,99,600	51,20,883	1,62,58,959	47,04,294	52,890	Martin Burn Ltd.	Agra Electric Supply Co., Ltd.	118.00	100	11.00	11.00	11.00		3	Y.T.
8,00,000	15,51,803	55,60,716	26,26,817	25,623	Martin Burn Ltd.	Bareilly Electric Supply	11.75	10	1.10	1.10	1.10		3	Y.T.
17,00,000	52,26,411	1,59,14,319	56,10,869	47,299	Martin Burn Ltd.	Benaras Electric Light & Power Co.	11.75	10	1.10	1.10	1.10		3	Y.T.
£4,562,846	£10,811,910	£27,859,351	£15,501,279	£100,524	Sir Hukum Chand (Chairman)	Calcutta Electric Supply	11.69	10	1.75	1.75	1.75		3	Y.T.
6,60,090	7,65,076	37,79,204	11,86,451	42,983	Octavius Steel & Co., Ltd.	Cuttack Electric Supply	11.37	10	0.75	1.00			3	Y.
43,20,000	29,73,449	1,10,72,807	42,62,986	4,27,783	Andrew Yule & Co., Ltd.	Dhabergarh Power Supply	86.00	100	10.00	10.00	10.00		3	Y.T.
5,34,840	1,48,287	42,36,579	17,00,936	47,138	Moonna Lall & Sons	Jhansi Electric Supply	5.40N	10	0.70	Nil	0.70		3	Y.T.
22,49,700	29,21,749	1,08,50,125	45,63,884	33,808	Martin Burn Ltd.	Jubbulpore Electric Supply	11.25	10	1.00	1.00	1.00		3	Y.T.
85,07,380	40,44,930	1,41,54,380	56,08,270	75,727	Octavius Steel & Co., Ltd.	Patna Electric Supply	11.37	10	1.00	1.00			3	Y.T.
9,10,000	2,56,304	15,86,883	6,29,467	5,342	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply	6.87	10	0.625	0.625			3	Y.T.
16,80,000	16,03,685	80,81,327	48,11,630	3,975	Bird & Co. Private Ltd.	Sijuah (Dherriah) Elec. Supply Co.	8.60N	10	1.00	0.90	0.90		3	Y.T.
70,00,000	30,85,172	2,42,75,380	91,28,055	23,889	Octavius Steel & Co., Ltd.	Soane Electric Supply Corpn.	11.05	10	0.90'C'	0.90	1.00		3	Y.T.
5,00,000	14,00,467	36,90,508	15,13,568	33,674	Martin Burn Ltd.	Upper Jumna Valley Elec. Supply	18.00	10	1.35	1.35	1.35		3	Y.
50,00,000	80,84,613	3,67,42,636	1,64,54,562	92,879	Martin Burn Ltd.	U. P. Electric Supply Co.	155.00	100	11.00	11.00	11.00		3	Y.T.
8,00,000	18,88,608	54,12,090	15,22,321	4,16,700	Chandrie & Co. Private Ltd.	Vellore Electric Corporation	15.25	10	1.50	1.429	1.429		3	Y.P.
ENGINEERING (Bombay)														
51,93,100	53,99,578	1,13,50,355	63,52,499	26,128	Turner Morrison & Co. Ltd.	Alcock Ashdown & Co., Ltd.	304.00	100	17.00	22.50	19.00		12	Y.
24,00,000	5,75,350	24,99,064	10,00,222	16,853	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	16.00	10	1.00	1.00	0.75		12	Y.
90,40,000	54,17,295	2,14,22,410	86,99,565	153	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	110.80	100	13.00*'C'	13.00	7.00	8.00	3	Y.
1,20,00,000	1,33,394	78,69,718	31,55,715	—7,54,123	Dharamsingh D. Desai, Esq. (Chairman)	Hindustan Electric Co., Ltd.	151.25	100	Nil	4.00	Nil		4	Y.P.
60,00,000	1,28,73,174	2,72,57,477	146	146	Walchand & Co. Private Ltd.	Indian Hume Pipe Co., Ltd.	170.00	100	13.00'C'	13.00	14.00	14.00	3	Y.T.
15,00,000	4,01,618	9,54,586	1,82,481	33,604	T. V. Baddeley, Esq. (Chairman)	Jost's Engineering	60.00	50	4.00	5.00	5.00	3.00	3	Y.
50,00,000	17,41,760	95,00,765	31,13,238	20,765	Adnem Services	Jyoti Ltd.	147.50	100	12.00	12.00	9.00		12	Y.
44,99,250	12,00,023	91,20,182	38,40,615	4,403	Kamani Bros. Private Ltd.	Kamani Engineering Corporation	14.92	10	0.80	0.90	0.95		9	Y.P.
58,19,798	1,08,54,794	1,93,62,279	88,19,669	12,309	Kirloskar Sons & Co.	Kirloskar Bros. Ltd.	42.50	25	2.50	2.50	2.50		7	Y.
61,34,940	71,09,895	1,57,20,070	67,59,501	573	Kirloskar Associates	Kirloskar Electric Co., Ltd.	10.12xd	10	0.90	1.10	1.20	1.00	6	Y.
60,00,000	60,41,772	1,46,28,572	60,50,693	32,519	Kirloskar Sons & Co.	Kirloskar Oil Engines, Ltd.	30.00	10	1.43	1.80	1.50		3	Y.
27,58,350	20,54,388	50,71,373	16,74,703	18,511	Kirloskar Industries	Kirloskar Pneumatic Co., Ltd.	267.50	100	Nil	12.50	12.50	10.00	3	Y.P.T.
6,28,120 }	3,80,730	1,26,63,493	40,82,994	61,080	Prem Kumar Gupta, Esq.(Mg.Director).	Lakshmiratan Eng.	7.00	10	Nil	Nil	Nil		3	Y.
41,00,000 }														
1,65,00,000	95,52,279	1,92,80,483	60,22,772	11,973	L. & T. (Management) Private Ltd.	Larsen and Toubro Ltd.	23.40	10	1.80'C'	1.80	1.40	1.40	3	Y.P.
57,29,880	....	25,48,815	4,35,810	—8,20,078	B. L. Kucheria, Esq. (Secretary)	Lynx Machinery	5.76	10	..	Nil	..	Nil	3	Y.
30,12,160	35,37,386	1,84,83,145	82,09,093	2,374	Mahindra & Mahindra Ltd.	Machinery Mfrs. Corpn. Ltd.	22.76	10	Nil	Nil	1.25	1.50	3	Y.P.
1,32,00,000 }	88,80,083	2,01,54,530	73,57,093	80,985	M.	Mahindra & Mahindra Ltd.	16.76	10	1.25	1.50*	1.25	1.50	10	Y.P.
33,00,000 }														
30,00,000	1,29,812	53,73,065	23,71,642	46,079	Prithviraj Sons	Man Industrial Corporation Ltd.	105.00	100	Nil	Nil	Nil		3	Y.P.
11,00,000	3,81,875	44,17,690	28,57,240	11,772	P. Jhunjhunwala, Esq. (Mg. Director)	McKenzies Ltd.	137.50	100	10.00	12.50	14.00		3	Y.P.
1,08,28,019 }	91,29,048	1,99,99,158	76,17,143	....	Jeewan Ltd.	Mukand Iron & Steel	17.76	10	1.20	1.20	1.20	1.20	3	Y.P.
D. 1,24,830 }														
50,00,000 }														
7,50,000 }	58,34,208	1,83,49,872	85,50,104	2,976	Kirloskar Associates	Mysore Kirloskar Ltd.	154.50	100	12.00	12.00	12.00	10.00		Y.
15,55,400	11,06,582	39,61,901	14,35,875	8,127	Sir C. B. Mehta (Chairman)	National Elec. Industries Ltd.	106.00	50	6.00	6.00	6.00	5.00	3	Y.
56,23,100	19,91,950	1,40,31,705	38,33,622	23,037	J. V. Patel, Esq. (Mg. Director)	New Standard Engineering	89.00	50	6.00	6.00	6.00	9.00	3	Y.P.
38,99,970	1,27,33,669	11,68,013	2,84,931	66,035	Walchand & Co. Private Ltd.	Premier Construction	167.00	30	13.00	10.00	9.00		12	Y.P.
45,00,000	50,82,376	1,52,93,027	54,73,341	3,713	Bhagat & Sons Private Ltd.	Structural Engineering Works Ltd.	103.00	100	12.00	13.00	8.00		6	Y.P.
27,55,67,999	39,10,37,897	101,95,88,422	92,56,04,257	142,202	Tata Iron and Steel Co.	Tata Iron and Steel	148.50	75 1/2	9.75'C'	13.24	10.36*	11.00	3	Y.P.
7,99,99,300	5,09,28,017	32,80,72,279	15,50,34,261	14,962	Tata Industries Private Ltd.	Tata Locomotive	303.50	100	12.50	14.50	14.50	14.50	3	Y.P.T.
27,22,280	15,68,192	65,71,363	19,90,582	11,654	T. Mukerjee, Esq.	T. Maneklal Mfg. Co.	650.00	100	18.50	27.00	27.00	6.00	3	Y.
41,66,980	26,67,021	19,70,675	1,38,451	1,176	T. N. Dalal, Esq. (Chairman)	Tractors (India) Ltd.	20.00	10	3.00	3.25	3.25	2.25	3	Y.
2,55,00,000	1,08,92,7608	1,49,51,678	39,40,314	2,91,854	J. D. Chokai, Esq. (Chairman)	Voltas Ltd.	266.50	100	13.00	14.00	14.00		3	Y.
70,00,000	23,27,374	1,12,49,648	5,05,730	29,882	M.	Zenith Steel Pipes Ltd.	18.40	10	..	Nil	Nil	0.80	4	Y.
West Bengal and Other Centres														
6,00,000	7,28,551	42,61,418	24,92,691	4,14,417	North Bihar Trading Co. (Pvt.) Ltd.	Arthur Butler & Co.	14.94	10	Nil	Nil	1.00		12	Y.P.T.
60,00,000	44,13,221	1,12,70,910	76,30,992	5,247	Textila Brothers Pvt. Ltd.	Bharata Electric Steel	17.25	10	1.50	1.50	1.50		12	Y.
60,00,000	7,80,864	39,60,644	14,75,470	19,201	G. D. Binani, Esq. (Mg. Director)	Binani Metal Works Ltd.	12.12	10	1.50	1.00	1.00		12	Y.
1,00,00,000	94,55,491	1,64,16,231	81,29,921	2,757	J. V. Jardine Paterson, Esq. (Chairman)	Braithwaite & Co. (India) Ltd.	33.00	10	2.50	2.50	1.40		12	Y.
12,00,000	10,43,374	1,34,10,269	72,92,176	....	Palmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd.	49.00	N	3.00	3.00	3.00	6.00	12	Y.
19,88,670	7,04,341	39,97,539	14,03,035	32,996	Homes Wilson & Co., Ltd.	Britannia Building and Iron	8.00	10	Nil	Nil	Nil		3	Y.P.
1,00,00,000	52,95,735	1,98,55,098	75,90,275	5,115	McLeod & Co., Ltd.	Britannia Engineering	10.44	10	1.00	1.00	1.00		12	Y.P.T.
25,00,000	18,19,436	36,02,338	19,71,971	....	Martin Burn Ltd.	Dr. L. Electric Construction	20.12	10	0.90	2.00	1.50		12	Y.P.
84,00,000	2,99,02,509	6,88,27,014	3,77,03,735	65,077	Martin Burn Ltd.	Burn & Co.	305.00	100	28.50	28.50	28.50	25.00	4	Y.T.
1,00,00,000	17,65,495	76,57,194	17,95,224	1,08,751	R. N. Bhutika, Esq. (Secretary)	Calcutta Steel Co., Ltd.	18.31	10	0.50	1.50	1.50	1.25	3	Y.
1,00,00,000	22,00,314	2,42,10,314	59,12,202	52,967	J. L. Mukharia, Esq.	Central Foundry Machinery Mfg. Co., Ltd.	12.52	10	1.00	1.00	1.00	0.75	3	Y.P.T.
80,00,000	24,00,000	1,39,75,264	38,03,886	1,09,021	J. Dalmia, Esq. (Chairman)	Dalmia Iron & Steel Ltd.	11.59	10	1.00	1.00	1.00		6	Y.
60,98,400	20,22,000	85,76,386	21,56,386	12,317	Birla Brothers Private Ltd.	Elec. Const. & Equipment Co.	18.06	10	1.00	1.00	1.00		12	Y.
83,77,790	55,98,810	1,73,84,995	92,52,476	9,707	Harnarabad & Co. Private Ltd.	Escort Ltd.	17.25	10	1.50	1.50	1.10		9	Y.P.
4,00,00,000	6,98,32,755	9,77,84,014	3,42,96,023	....	N. R. Pillai, Esq. (Chairman)	Guest, Keen, Williams Ltd.	27.12	10	1.00'C'	1.40	1.40	1.40	12	Y.T.
12,50,000	6,45,100	62,85,333	43,23,968	5,801	Martin Burn Ltd.	Hooghly Docking	105.50	50	Nil	Nil	6.25		12	Y.P.
12,44,08,990	30,89,05,725	85,16,35,648	23,96,32,601	....	Martin Burn Ltd.	Indian Iron and Steel	25.24	10	1.50	1.50	1.50	1.50	3	Y.P.
77,97,000	87,57,038	1,35,75,384	88,08,803	24,064	Martin Burn Ltd.	Indian Standard Wagon	36.50	10	2.85	2.85	2.85	2.00*	3	Y.
96,55,160 }	3,29,33,672	4,56,30,100	1,92,97,757	6,022	Indra Singh & Sons Private Ltd.	Indian Steel and Wire Products	55.37	0.10	2.50	2.40	2.50	1.50	3	Y.
24,580 }							12.50	0.1	0.25	0.25	0.25	0.80		
48 78,580	3,63,887	42,99,689	23,95,610	19,483	C. R. Ramaswamy, Esq. (Mg. Director)	Indian Steel Rolling Mills Ltd.	9.80	10	1.25	1.00	0.90		3	Y.T.
51,87,197	1,86,61,053	5,12,70,807	2,30,47,904	4,896	Madan Mohan Lal Shri Ram & Co.Pt.Ltd.	Jay Engineering Works, Ltd.	19.62	10	1.715	1.715	1.50	1.00	3	Y.P.T.
40,00,000	35,85,700	87,90,324	28,17,989	66,647	J. Mukherjee, Esq.	J. K. Steel Ltd.	12.37	10	2.00	2.00	2.00	1.50	3	Y.P.
2,03,97,000	2,30,16,815	4,72,50,219	1,54,93,699	51,159	A. K. Chanda, Esq. (Chairman)	Jessop & Co.	24.37	10	0.858'C'	0.858	0.858	1.00	3	Y.P.
27,64,800	53,04,920	1,08,33,358	50,21,186	8,088	Bird & Co. Private Ltd.	Kamarahati Engineering Works	9.00	3	0.90	0.75	0.45		11	Y.P.
10,50,000	1,09,151	15,55,823	14,91,446	—18,08,413	Marshalls (Direction) Private Ltd.	Marshall Sons & Co. (India) Ltd.	2.75	2	Nil	Nil	Nil		6	Y.
49,98,000	13,58,398	1,54,02,104	92,07,119	—4,42,917	M.	National Iron and Steel Co., Ltd.	6.10	10	Nil	Nil	Nil		3	Y.P.T.
60,00,000	24,06,943	76,65,140	24,16,813	4,85,193	R. S. B. Ind. Development Co. Ltd.	Richardson & Cruddas Ltd.	16.12	10	..	..	..		6	Y.P.
6,00,000	22,62,802	32,10,370	22,45,052	13,304	The British India Corpn. Ltd.	Saran Engineering Co.	8.12	4	0.35	0.40	0.50	0.40	3	Y.
61,90,392	5,98,986	71,12,042	12,68,445	9,74,261	Mr. N. Ranganadhan (Mg. Director)	Southern Structurals	10.37	10	Nil	Nil	Nil		3	Y.P.
1,50,00,000	72,86,757	5,39,18,700	2,67,11,803	84,360	Birla Brothers Private Ltd.	Textile Machinery Corporation. Ltd.	28.00	10	1.00	1.00	1.25		12	Y.P.T.
59,44,225	29,19,958	1,09,67,915	40,30,919	8,132	Balasundaram & Co.	Textool Co. Ltd.	146.00	100	15.00	15.00	15.00	12.00	4	Y.

* Includes bonus. 'C'—On Increased Capital. M—Managed by Board of Directors. X.B.—Ex. Right.

N.B.—All dividends paid since 31st March 1959 are shown as taxable.

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP	Rs. nP	Rs. nP	Rs. nP		
INSURANCE (X)														
13,50,000	75,06,126	2,00,31,419	77,74,823‡‡	32,703	N. M. Cole, Esq. (Mg. Director)	Concord of India	11.25	5	1.00	1.00	1.00		12	Y.
10,00,000	17,65,196	23,43,030		66,390	M.	Devkaran Nanjee Insurance	33.00	50	3.00	3.00			12	Y.
24,00,000	94,82,559	1,86,71,036	82,47,288‡‡	29,229	H. V. R. Iengar, Esq. (Chairman)	Hercules Insurance	28.00	10	2.25	2.625	2.625		12	Y.
21,15,300	91,50,737	1,10,12,296	70,42,320‡‡	28,

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
UNCLASSIFIED (Other Centres)														
93,75,000	2,48,84,621	7,27,48,445	1,37,72,801	11,965	J. K. Industries Private Ltd.	Aluminium Corporation of India Ltd...	13.37	10	1.20	1.20	1.20	0.50	3	Y.P.T.
1,00,00,000	56,07,689	2,15,10,686	95,29,840	47,916	Seshasayee Bros. (Trav.) Pvt. Ltd.	Aluminium Industries Ltd.	18.65	10	1.80	0.90	1.80	1.50	3	Y.
7,94,700 }							{ 16.00	10	..	..	0.50		} 4	Y.
12,78,975 }	1,77,450	10,78,716	99,668	11,596	K. N. Mookerjee, Esq. (Chairman) ..	American Refrigerator Co., Ltd. ..	7.25	7.50	..	..	0.50			
50,00,000	43,57,426	41,40,417	28,06,414	2,34,634	Turner Morrison & Co., Ltd.	Angelo Bros. Ltd.	26.12	10	2.50	2.81	2.80		8	Y.
4,97,14,990	87,98,000	15,78,410	1,84,35,513	58,435	A. E. L. Collins, Esq. (Mg. Director)	Ashok Leyland Ltd.	7.50xd	5	0.40	0.30	0.40		9	Y.
80,00,000	33,58,937	47,06,379	26,68,350	12,842	Mr. A. Hydari and Mr. S. Gothberg	Assam Match Co., Ltd.	27.37	10	1.80	2.00*	2.00*		12	Y.
1,18,00,000	93,48,093	1,18,82,784	66,26,590	7,16,123	H. R. Gregson, Esq. (Mg. Director)	Associated Battery Makers (E.) Ltd. A.	26.62	10	2.50	1.50	1.50		8	Y.
20,00,000	44,17,209	77,53,757	54,45,881	1,66,533	Oberoi Hotels (India) Private Ltd.	Associated Hotels of India	9.00N	Nil	1.00	1.00	1.00		6	Y.P.T.
80,01,400	1,20,07,997	91,05,947	44,08,273	....	O. G. Montgomery, Esq. (Chairman)	Balmer Lawrie & Co., Ltd.	258.00	100	25.00	25.00	25.00		12	Y.
12,00,000	29,55,620	38,19,481	34,08,481	....	Balmer Lawrie & Co., Ltd.	Bengal Flour Mills Co., Ltd.	32.00	10	4.00	2.50	2.50		12	Y.
20,00,000	9,37,825	67,95,058§§	....	2,634	Lovelock & Lewis	Birds Investment Ltd.	10.37	10	0.95	1.00	1.00		9	Y.P.
68,95,530	83,79,866	1,94,30,251	78,28,521	6,999	K. Julian Scott, Esq. (Mg. Director)	Britannia Biscuits	50.25	10	2.50	3.00*	2.50	2.10	3	Y.P.T.
2,25,00,000	2,10,19,061	3,17,13,024	2,50,39,901	2,53,254	Satish Chandra, Esq. (Chairman)	British India Corporation Ltd.	8.69	5	0.20	0.35	0.45		12	Y.P.
50,00,000	40,58,031	49,29,296	27,40,613	27,856	R. A. Godwin, Esq. (Mg. Director)	British Paints (India) Ltd.	22.50	10	1.25	1.25	1.00		12	Y.
1,38,80,000	14,77,426	1,77,97,325§§	....	2,46,740	Andrew Yule & Co., Ltd.	Clive Row Investment	8.50	10	0.80	0.75	0.75		12	Y.
5,96,650	7,50,000	40,86,567	30,84,660	28,239	K. L. Mital, Esq. (Secretary) ..	Delhi Flour Mills Co., Ltd.	15.00N	10	1.00	1.00	0.70		12	Y.P.T.
4,50,00,000	4,35,74,182	11,20,80,433	5,17,42,203	23,38,011	M. L. Bazaz, Esq. (Mg. Director)	Dunlop Rubber Co. (India) Ltd. ..	35.51	10	2.15	2.00	1.50		12	Y.P.T.
90,00,000	1,27,43,000	39,14,313	14,45,834	2,42,095	K. P. Goenka, Esq. (Chairman) ..	Duncan Brothers & Co., Ltd.	141.00	100	14.00	14.00	14.00		12	Y.P.
56,72,320	1,98,19,354	1,07,85,256	38,60,205	29,721	N. N. Mohan, Esq. (Mg. Director)	Dyer Meakin Breweries	31.50	5	1.25	1.50	0.90		3	Y.
76,89,000	88,98,196	1,65,86,036§§	....	1,32,549	Lovelock & Lewis	Eastern Investment Ltd.	116.00	100	14.00	14.00	15.00		12	Y.P.
96,53,202	1,93,822	26,02,244	8,43,057	—4,08,444	D. P. Sen, Esq. (Secretary) ..	East Anglia Plastics (India) Ltd. ..	9.25	10	..	Nil	Nil	Nil	3	Y.
49,30,000	6,73,263	1,08,91,608	27,61,940	4,791	S. Sankaran, Esq. (Mg. Director)	Enfield India Ltd.	8.15	10	0.50	0.40	0.40		12	Y.P.
40,12,883	89,04,090	1,15,37,705	59,85,716	2,65,362	Satya Narain Gupta, Esq. (Chairman)	Ganesh Flour Mills Co., Ltd.	19.50	12.50	1.60	1.60	1.60		9	Y.P.
14,00,000	10,92,000	44,75,416	23,85,812	46,128	Macneill & Barry Ltd.	Ganges Rope Co., Ltd.	235.00	100	17.50	20.00	15.00		12	Y.
61,94,650	....	2,82,964	....	—92,822	National Rubber Mfrs. Ltd.	General Tyres Ltd.	10.06	7.50	..	Nil	Nil		6	Y.
65,00,000	58,42,190	34,60,723	20,83,588	15,471	J. W. Easson, Esq. (Chairman) ..	Gillanders Arbuthnot & Co., Ltd. ..	14.00	10	1.00	1.10	1.10	1.10	3	Y.P.
40,00,000	31,88,500	86,62,918	52,34,329	38,310	D. S. Barron, Esq. (Chairman) ..	Godfrey Phillips India Ltd.	26.50	10	4.00	4.00	3.00		12	Y.P.
2,00,15,000	1,54,59,733	3,68,93,878	97,75,535	51,86,310	R. E. D. Carey, Esq. (Mg. Director)	Goodyear India Ltd.	30.25	10	..	Nil	Nil		12	Y.
8,07,66,250	2,31,76,491	10,23,86,433	5,58,33,894	3,043	Birla Brothers Private Ltd.	Hindustan Motors	19.50	10	0.90	1.20	1.25	1.15	3	Y.P.
1,80,00,000	52,66,923	1,97,24,190	54,21,748	—5,71,393	Talukdar Law & Co. Private Ltd. ..	Hindusthan Pilkington Glass	16.19	10	1.20	1.20	Nil		10	Y.
40,00,000	....	92,65,321	6,66,780	—11,50,829	H. L. Somany, Esq. (Chairman) ..	Hindustan Tyreforda Ltd.	14.05	10	..	Nil	Nil	Nil	3	Y.
15,15,00,000	10,67,60,544	12,69,94,528	4,09,70,628	3,29,429	Mr. F. A. Collett (Chairman) ..	Imperial Tobacco Co. of India Ltd. ..	0.87	10	0.80	0.90	0.90	0.80	3	Y.
4,00,28,880	4,53,66,220	18,12,24,786	5,15,28,582	56,98,466	H. V. R. Iengar, Esq. (Chairman) ..	Indian Aluminium Co., Ltd.	29.50	10	1.50	1.50	1.75		12	Y.P.T.
2,48,65,450	3,38,26,675	3,48,51,981	1,88,64,273	81,510	M. V. Pherwani, Esq. (Chairman) ..	Indian Cable Co., Ltd.	37.25	10	2.25	2.25	2.25	2.25	3	Y.
2,64,00,000	1,22,25,521	1,75,82,036	3,36,59,113	17,61,380	Amlya Kumar Sen, Esq. (Mg. Director)	Indian Oxygen Ltd.	26.25	10	1.50	1.50	1.20		9	Y.P.
29,93,375	1,89,825	60,18,368	28,12,032	66,066	M.	Indian Plastics Ltd.	8.19	10	Nil	Nil	Nil	Nil	3	Y.P.
8,27,970	12,42,783	22,18,109	13,35,190	53,721	M.	Indian Rubber Manufacturers	20.00	10	2.00	3.00	3.00		12	Y.
74,98,900	5,31,500	1,01,04,128	15,16,862	19,207	Duncan Brothers & Co., Ltd.	Isaac Holdens (India) Ltd.	14.12	10	Nil	Nil	Nil		12	Y.
2,00,00,000	87,10,720	55,40,429	19,24,182	....	J. V. J. Paterson, Esq. (Chairman)	Jardine Henderson	78.00	100	7.00	7.00	6.00	7.00	3	Y.P.
15,00,000	15,00,000	18,79,359	1,52,872	64,044	J. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd.	8.64	10	0.60	0.60	0.60		12	Y.
1,24,92,125	10,83,514	1,84,72,051	6,81,699	2,02,393	Young India Agencies Pvt. Ltd. ..	Madras Rubber Factory Ltd.	14.25	10	..	0.60	0.45		9	Y.
1,47,12,250	1,22,48,546	93,25,334	22,81,208	2,44,687	T. Leslie Martin, Esq. (Chairman)	Martin Burn Ltd.	27.62	10	2.75	2.75	2.50		9	Y.P.
16,00,000	14,99,563	29,93,908	5,30,650	....	Vithal Mallya, Esq. (Chairman) ..	McDowell & Co., Ltd.	23.62	10	3.00	1.25	0.60		12	Y.
47,12,000	90,33,368	54,12,628	15,66,033	2,34,727	M.	McLeod & Co.	206.00	100	15.00	15.00	18.00		12	Y.P.
1,61,00,000	2,38,95,151	4,47,55,502	1,71,01,969	38,785	M. K. Vellodi, Esq. (Chairman) ..	Metal Box Co. of India Ltd.	41.00	10	2.50	2.50	2.50	1.90	3	Y.
34,93,000	22,90,164	52,86,801	11,11,396	3,456	N. D. Ayyangar, Esq. (Mg. Director)	Mysore Electric Industries Ltd. ..	168.00	100	24.00	20.00	20.00	12.00	3	Y.
6,56,250	10,53,965	15,05,796	8,55,184	1,217	Mr. M. Subramanyan (Chairman)	Mysore Lamp Works	30.00	10	2.00	2.50	3.70*	0.80‡	3	Y.P.
10,00,000	6,01,040	22,77,151	13,28,686	1,401	I. P. Mallappa, Esq. (Chairman) ..	Mysore Tobacco	12.00	10	Nil	1.00	1.00	1.00	3	Y.
1,35,00,000	1,27,32,234	1,64,18,005	73,46,576	21,703	Associated Ind. Dev. Co. (Pvt.) Ltd.	National Insulated Cable Co.	23.37	10	2.50	2.50	2.50	1.80	3	Y.
30,00,000	34,26,465	53,48,856	30,80,392	52,804	Associated Ind. Dev. Co. (Pvt.) Ltd.	National Pipes & Tubes Co., Ltd. ..	27.94	10	2.00	2.00	2.00		9	Y.P.
40,00,007	39,77,485	81,98,266	44,68,902	35,985	Associated Ind. Dev. Co. (Pvt.) Ltd.	National Rolling & Steel Rolling ..	19.75	10	1.50	1.50	1.50		9	Y.P.
40,00,000	16,52,447	1,23,15,329	54,09,501	75,633	K. N. Mookerjee, Esq. (Mg. Director)	National Rubber Manufactures Ltd. ..	13.12	10	Nil	0.65	0.80		12	Y.P.
79,97,000	1,29,48,132	1,71,77,572	93,89,768	3,61,143	B. N. Elias & Co. Private Ltd. ..	National Tobacco Co.	13.44	10	1.60	0.70	0.70		12	Y.P.T.
23,32,100	17,57,391	46,55,515§§	....	46,960	Ramdutt Ramkissendas	New India Investment Corpn. Ltd. ..	59.50N	75	6.50	6.50	6.50		3	Y.
20,00,000	20,04,500	19,06,582	10,15,929	2,705	Parry & Ltd.	Parrys Confectionery Ltd.	3.10	1	0.30	0.30	0.26	0.16	3	Y.
2,00,00,000	89,30,483	2,95,80,999	1,04,71,921	1,39,632	W. A. C. H. Bosschaart, Esq. (Chairman)	Phillips India Ltd.	28.37	10	1.20	1.20	1.20		12	Y.
1,56,16,613	9,37,500	2,22,80,449	1,44,846	—3,25,133	Duncan Brothers & Co., Ltd.	Philips Carbon	15.25	5	Nil	Nil	Nil		3	Y.
12,25,000	7,44,934	30,98,133	7,95,351	4,309	Iyer & Iyer Private Ltd.	Rane (Madras) Ltd.	8.55	5	0.70	0.70	0.75	0.75	3	Y.P.
41,56,400	43,63,124	75,97,564	27,98,850	2,987	T. Shamanna, Esq. (Chairman) ..	Radio & Electricals Mfg. Co., Ltd. ..	21.37	10	2.30	1.80	1.80	1.80	3	Y.
2,25,00,000	14,24,127	1,55,03,210	69,56,578	3,23,563	Badridas Goenka, Esq. (Chairman)	Ralia Das Limited	139.00	100	4.00	8.50	8.50		3	Y.P.
5,00,00,000	3,35,90,000	11,86,05,576	7,92,70,758	4,305	Sahu Jain Ltd.	Rohtas Industries	12.37	10	2.00	1.00	0.80	0.90	3	Y.P.T.
70,00,000	58,67,480	3,03,25,675	1,16,24,438	13,552	K. D. Gangull, Esq. (Secretary) ..	Sen-Raleigh Ltd.	15.12	10	0.80	0.80	0.80		9	Y.P.
71,50,000	20,80,190	65,69,728	40,37,891	41,523	Seshasaye Bros. (Trav.) Pvt. Ltd. ..	Seshasaye Industries	6.72	10	Nil	Nil	Nil		12	Y.P.
37,50,000	40,22,084	1,15,07,370	41,76,885	43,117	M.	Shaw Wallace & Co., Ltd.	17.62	10	1.50	1.50	0.75		12	Y.
49,00,000	4,97,010	48,82,001	12,69,630	7,238	S. D. Sethia & Co. Private Ltd. ..	Spencer & Co., Ltd.	20.75xd	10	1.80	1.80	1.80	1.80	6	Y.P.
2,80,000	12,23,716	32,20,982	21,46,076	67,383	Andrew Yule & Co., Ltd.	Standard Motor Products	19.35	10	0.90	0.70	0.60		3	Y.
12,80,000	4,54,648	35,740	13,04,570(k)	1,540	F. W. Heilgers & Co. (Private) Ltd. ..	Ogale Bros. (Private) Ltd.	5.85	10	0.60	0.70	0.65		12	Y.
3,00,00,000	1,03,14,323	10,13,84,729	4,10,29,316	47,032	M. P. Pai, Esq. (Chairman)	T. Stanes & Co., Ltd.	27.40	10	3.25*	1.50	3.25	3.25	3	Y.P.
17,50,000	10,02,941	50,73,982	24,33,892	2,026	Bird & Co. Private Ltd.	Tube Investments of India Ltd.	222.00xd	100	10.00	10.00	10.00	10.00	7	Y.T.
8,00,000	15,48,969	1,53,707	26,76,159(k)	38,908	F. W. Heilgers & Co. (Private) Ltd. ..	The Cotton Agents Private Ltd.	9.50	10	Nil	Nil	Nil		9	Y.T.
3,50,000	3,01,032	23,77,775	17,78,595	36,403	B. M. Varma, Esq. (Mg. Director) ..	Tungabhadra Industries Ltd.	41.50	10	1.80	1.80	1.25		12	Y.T.
49,98,000	6,09,055	1,05,82,162	42,25,012	1,17,162	Hindustan Investment Corpn. Ltd. ..	Union Carbide India Ltd.	28.25	10	1.50	1.50	1.50	0.60	3	Y.
7,00,000	....	60,62,759	34,56,424	—6,23,711	M.	United Flour Mills Ltd.	27.00N	10	3.50	1.00	0.75		11	Y.
						Western India Plywoods Ltd.	234.00	100	10.00	12.00	14.00	15.00	3	Y.P.
						Wellman Incandescent India Ltd.	8.06	5	..	..	..	Nil	3	Y.
TRANSPORT														
20,00,000	27,13,587	53,71,269	23,96,464	11,765	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	128.00	100	7.50	7.50	Nil		10	Y.P.
1,00,00,000	31,61,089	4,96,46,330	2,56,84,032	....	Dinshaw (Private) Ltd.	Bharat Line	5.60	10	Nil	Nil	Nil		12	Y.
60,00,000 }	2,13,62,445	10,33,27,711	3,00,11,520	1,05,207	A. H. Bhiwandiwalla & Co. (Bombay) Private Ltd.	Great Eastern Shipping Co.	{ 16.92	10	1.00	0.75	1.00		} 6	Y.P.
30,06,000 }							9.12	5(New)	0.50	0.39	0.50			
£855,580	£1,104,360	£4,312,991	£2,242,183	—£84,854	Kilburn'& Co. Private Ltd.	India General Navigation & Rly. Co. ..	44.00	£10	Nil	..	..		12	Y.P.
£2,47,50,000	1,57,29,564	23,79,77,974	8,19,14,557	90,760	Lionel Edwards (Private) Ltd. ..	India Steamship Co.	7.19	10	1.00	Nil	Nil	Nil	3	Y.P.
11,28,19,293	11,58,24,547	36,88,60,105	12,45,17,005	2,82,649	D. M. Khatau, Esq. (Chairman) ..	Scindia Steam Navigation Co.	14.56xd	20	0.60	0.60	0.60	1.00	6	Y.
8,40,800	29,75,610	17,52,888	10,48,110	5,407	B. R. Aiyer, Esq. (Manager)	Walford Transport Ltd.	{ 4.06	O. 1	0.30	0.30	0.30		} 12	Y.
O. 5,10,200 }							2.50	F.O. 1	0.20	0.20	0.20			

COAL COMPANIES

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Director or Secretaries	Company	Latest available Quotation	Paid-up per Share	Dividend per Ordinary Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
25,50,000	69,27,800	1,49,32,049	90,70,765	39,096	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields	24.75	10	1.00	1.25	1.50	1.50	3	Y.
12,00,000	12,52,902	41,58,929	36,22,221	....	Jardine Henderson Ltd.	Barraree Coke	22.00	10	Nil	Nil	1.50	1.50	3	Y.
1,40,40,350	1,52,388	31,57,099	6,92,033	5,392	Kanoria Mardi & Co.	Bengal-Bhutan	9.00	10	0.40	0.40	Nil		12	Y.
1,20,00,000	2,44,30,490	7,89,11,386	5,07,62,864	10,42,254	Andrew Yule & Co., Ltd.	Bengal Coal	256.00	100	25.00	21.00	..		10	Y.P.
2,25,000	5,45,835	24,86,330	21,80,114	16,129	M.	Bengal-Nagpur	22.00N	10	1.00	2.00	..		12	Y.
40,00,000	84,350	1,27,37,959	60,90,055	—3,56,585	Sahu Jain Ltd.	Bharat Collieries	9.44	10	Nil	Nil	Nil		12	Y.T.
7,15,000	8,31,772	59,01,884	37,69,468	—6,87,301	M.	Bhulanbararee	12.00N	10	Nil	Nil	..		12	Y.T.
7,50,000	22,77,003	45,77,689	29,53,344	33,647	F. W. Heilgers & Co. (Private) Ltd. ..	Borrea	21.31	10	1.50	1.50	1.50		12	Y.P.
90,00,000	94,32,421	4,74,28,829	2,56,38,977	90,766	Bird & Co. Private Ltd.	Burrakur	17.60	10	1.30	1.30	1.30	1.30	3	Y.T.
49,97,750	6,85,370	84,52,322	33,58,568	3,58,023	Hindustan Investment Corpn. Ltd. ..	Central India	9.50	10	0.80	1.00	1.00		3	Y.
8,00,000	12,99,490	54,18,457	35,46,265	—1,25,641	Jain Industries [..	Central Kurkend	3.50	10	Nil	..	..		12	Y.
16,00,000	....	61,90,801	36,92,941	—5,39,034	M.	Dhemo Main	8.87	10	Nil	Nil	Nil		12	Y.
£2,40,000	£561,005	£979,072	£218,516	£6,234	Jardine Henderson Ltd.	East Indian	30.75	£1	1.00	2.00	2.75		4	Y.
29,83,750	1,18,76,888	5,05,78,170	3,63,55,118	33,594	Macneill & Barry Ltd.	Equitable	23.00	10	1.50	1.00	..		12	Y.P.T.
15,00,000	....	27,42,664	9,88,023	—5,84,295	Bhatter's Agency Ltd.	Ghusick and Musila	14.25	10	Nil	Nil	Nil		3	Y.
12,00,000	2,41'433	45,20,017	30,34,265	796	Killick Industries Ltd.	Hingir-Rampur	45.75	50	Nil	Nil	Nil		6	Y.P.
3,00,000	....	26,07,213	20,64,191	—3,65,025	M.	Hurriladih	5.50	10	Nil	..	..		12	Y.
20,00,000	9,86,018	49,02,919	15,19,023	32,810	Bird & Co. Private Ltd.	Karanpura Collieries	16.00	10	0.75	1.00	1.00		2	Y.P.
14,88,460	16,01,825	61,62,377	42,88,781	1,11,842	Andrew Yule & Co., Ltd.	Katras Jherriah	33.75	10	9.50	4.00	2.50		1	Y.
9,00,008	10,22,762	29,57,644	23,77,772	57,591	H. Y. Low & Co. (Private) Ltd. ..	Kukurka	13.37	10	0.40	..	..		4	Y.
7,48,240	....	13,90,484	10,51,023	74,711	Tantia Brothers Private Ltd.	Nazira	6.25	10	0.75	Nil	Nil		12	Y.
31,97,210	34,47,233	1,69,65,316	1,11,11,820	93,645	Andrew Yule & Co., Ltd.	New Beerbhoom	17.50	10	1.60	1.00			10	Y.P.
10,00,000	3,90,206	12,37,138	3,80,199	51,230	Octavius Steel & Co., Ltd.	New Mahabhoom	14.25	10	0.75	1.00			3	Y.
1,15,000 }	4,31,409	17,05,275	10,59,558	15,045	M.	North West	{ 19.75	10	2.00	2.00			} 3	Y.
1,57,000 }							17.50N	7.50	1.50	1.50				
7,50,000	13,22,645	2,92,538	22,85,007(k)	45,060	P. Prashad, Esq. (Chairman) ..	Ondal	13.50	10	0.60	0.75			12	Y.P.
3,34,000	1,52,212	39,66,287	14,17,166	689	Deepchand Kishenlall	Parasea	14.00	10	0.125	0.125			12	Y.P.T.
15,75,000	24,59,125	87,38,044	54,04,852	54,253	Shaw Wallace & Co., Ltd.	Pench Valley	18.31	10	1.00	1.00	1.00		3	Y.
41,89,120	40,85,000	1,62,75,221	1,12,48,598	35,781	M.	Ranegunge	13.69	10	1.50	1.70	1.70		3	Y.
13,50,000	20,80,190	65,69,728	40,37,891	41,523	Shaw Wallace & Co., Ltd.	Rewa	28.50	10	2.00	2.00			12	Y.
37,50,000	40,22,084	1,15,07,370	41,76,885	43,117	M.	Samla Collieries	6.00	10	1.00	1.00			12	Y.
49,00,000	4,97,010	48,82,001	12,69,630	7,238	S. D. Sethia & Co. Private Ltd. ..	Selected Satgram Collieries	118.00	100	16.00	14.00			12	Y.P.
2,80,000	12,23,716	32,20,982	21,46,076	67,383	Andrew Yule & Co., Ltd.	Seebpore	34.75	7	3.00	3.00			12	Y.P.
12,80,000	4,54,648	35,740	13,04,570(k)	1,540	F. W. Heilgers & Co. (Private) Ltd. ..	Sendra	5.00	10	0.50	0.35			12	Y.
3,00,00,000	1,03,14,323	10,13,84,729	4,10,29,316	47,032	M. P. Pai, Esq. (Chairman)	Singareni	7.50	10	0.70	0.75	....	0.75	3	Y.
17,50,000	10,02,941	50,73,982	24,33,892	2,026	Bird & Co. Private Ltd.	South Karanpara	8.50	10	0.25	Nil	Nil		8	Y.
8,00,000	15,48,969	1,53,707	26,76,159(k)	38,908	F. W. Heilgers & Co. (Private) Ltd. ..	Standard	11.50	10	1.50	1.00			12	Y.
3,50,000	3,01,032	23,77,775	17,78,595	36,403	B. M. Varma, Esq. (Mg. Director) ..	Union	7.50	10	Nil	Nil			12	Y.
49,98,000	6,09,055	1,05,82,162	42,25,012	1,17,162	Hindustan Investment Corpn. Ltd. ..	Western Bengal	8.87	10	0.60	0.75	0.90		3	Y.
7,00,000	....	60,62,759	34,56,424	—6,23,711	M.	West Jamuria	4.56	10	Nil	Nil			12	Y.

H.—Clive Row Investment—Dividend for 1959 includes additional dividends of 9 nP for the year ended 31st March 1955 and 37 nP for the year ended 31st March 1956.

M.—Managed by the Board of Directors. *N.B.*—Dividends paid since 31st March 1959 are shown as taxable.

A.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 118 lakhs whereas the interim dividend of 15 per cent was on a paid-up capital of Rs. 80 lakhs only.

X.B.—Ex-Bonus.

* Includes bonus.

(k) Investments.

§§ Investment at cost.

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.	Latest available Quotation. Rs.	Paid-up per Share. Rs.
BANK						
Allahabad Bank T.F.C.	15,00,000	1901	6.00	Mar. Sept.	93.50	100
BREWERIES AND SUGAR						
Bharat Sugar R. C.	5,00,000	1931	5.00	Dec. ..	70.00N	100
Bhopal Sugar T.F.C.	12,50,000	1937	5.00	April ..	60.00	100
Carew & Co. T.F.R.C.	8,00,000	1875	6.50	Mar. Sept.	73.50	100
Cawnpore Sugar Works T.F.C. ..	10,00,000	1905-24	8.00	Feb. Aug.	112.00	100
Deccan Sugar & Abkhar 'A' T.F.C...	7,00,000	1920	7.00	July Apr.	4.44xd	5
East India Distilleries C.	£200,000	1897	9.00	Jan. July	18.25xd

MARKET GOSSIP

(*Concluded from page 31*)

With the notable progress achieved so far, the Ambika Silk Mills is today well poised to develop *further in the years to come.* Well could Mr. Ravindra Maganlal, Chairman of the Company, claim, in his speech at the Silver Jubilee celebrations held at Bombay on Wednesday this week, that the future of the Company was bright, with prospects of continued expansion and prosperity. Reassuring, indeed, is his statement that the management would always endeavour to ensure a fair return on capital consistent with the building up of the Company's internal strength and to give the consumers the quality fabrics produced from the latest in man-made fibres at a reasonable price.

Bharat Forge Company

Steel forgings are extensively used in industry, particularly in the automobile, coal mining, earthmoving equipment, electrical and petroleum industries. Quite a large part of the requirements of forgings is currently being met by imports, since domestic production is sufficient to meet no more than two-fifths of the total demand. Presently, the demand is placed at 100,000 tons and this is expected to double by the end of the third Plan (1965-66). Most of the present forging units are integral parts of main workshops which themselves consume the forged parts, leaving only small quantities for supply to other industries on commercial basis. Further, it is stated that there is at *present no forge shop that can manufacture finished* forgings on mass scale solely for commercial purposes. It is these factors that invest the project of the newly formed Bharat Forge Company Ltd. with great importance. The project (to be located at Poona) envisages production of 6,000 tons of carbon and alloy steel forgings (on single-shift basis) weighing upto 450 lbs. apiece and 16,800 finished crankshafts for automobile and other engines. The crankshaft machine shop, the promoters claim, will be the first of its kind in India to supply finished crankshafts on a commercial basis. The value of expected total turnover after the plant goes into full operation will be over Rs. 5 crores.

Considering that the project belongs to the heavy engineering group, it is no wonder that the capital cost is very high: Rs. 4.71 crores. Barring Rs. 78 lakhs already subscribed and agreed to be subscribed and Rs. 152 lakhs to be raised by way of a public issue, the entire balance of Rs. 2.41 crores is proposed to be met in the form of loans (Rs. 186 lakhs from the U.S. Ex-Imp Bank and Rs. 55 lakhs from banks and other sources). The Company has secured the technical collaboration of the well-known Steel Improvement and Forge Company of Cleveland (U.S.A.), having more than 40 years' experience in the manufacture of commercial steel, non-ferrous and other forgings for automative, aircraft, railway and other industries in the U.S., Canada and South America. The collaborators will furnish to the Indian Company all technical data and advice. It has also undertaken to buy the machinery for the new project, supervise its erection here, and send American technicians to erect and run the plant for five years, simultaneously training Indian technicians. They have already sent an experienced engineer as technical adviser.

The Board of Directors of the Company is presided over by Mr. S. L. Kirloskar. The other Directors are Messrs. Charat Ram, N. S. Shodhan, Pratap Bhogilal, Bahubali Gulabchand, N. M. Gurjar, Charles H. Smith, N. L. Kalyani and the Maharaja of Kolhapur.

DEBENTURES

Amount Rs. or £	Rate of Interest per cent	Interest Payable on	Company	Date of Issue	Latest available Quotations (per hundred) Rs. or £	Principal Repayable
			BREWERIES AND SUGAR			
7,50,000	7	1st December and 1st June	Carew & Co.	1938	98.00N	1st June — 1970
2,46,000	6½	1st March and 13th September	Carew & Co. (2nd mortgage)	1941	95.00N	28th February — 1970
26,00,000	4½	1st May and 1st November	Walchandnagar Industries	1944	99.50	1st November — 1959-64
75,99,000	6	1st July and 1st January	Walchandnagar Industries	1960	98.50	21st June — 1972
			COAL			
80,00,000	6	30th April and 31st October	Bharat Collieries	1944	90.00N	31st October — 1964
60,00,000	6½	1st May and 1st November	Bengal Coal Co., Ltd.	1961	98.00	31st October — 1975
20,00,000	4½	30th June and 31st December	Burrakur Coal Co.	1947	85.00	30th June — 1967 (a)
46,85,000	5½	1st July and 1st January	Equitable Coal Co.	1953	98.00N	14th December — 1968(a)‡
			COTTON			
30,00,000	5½	1st January and 1st July	Ahmedabad Advance	1956	95.00	13th December — 1966-71
4,00,000	6	10th May and 10th November	Bengal-Nagpur	1897	85.00N	15th November — 1966 (a)
68,25,000	5T	1st April and 1st October	Buckingham and Carnatic	1952	100.25	1st March — 1972 (a)
40,02,381	6½	1st April and 1st Octboer	Gokak Mills	1957	93.00	1st April — 1967-72
18,00,000	6½	2nd January and 2nd July	Minerva Mills	1959		1st July — 1967-70
24,23,000	6	1st January and 1st July	Shree Nivas	1958	99.60	31st December — 1970
29,51,000	6½	1st April and 1st October	Simplex	1959	97.00	15th October — 1969-74
30,00,000	5½	1st April and 1st October	Lakshmi-Vishnu	1955	94.50	1st June — 1966-70
80,00,000	5½	1st June	Tata Mills	1961	97.50	1st June — 1966-71
			ELECTRICS			
10,00,000	4½	31st March and 30th September	Agra Electric Supply Co., Ltd.	1950	89.00	31st March — 1965 (a)
3,00,00,000	5½	15th June and 15th December	Ahmedabad Electric Co., Ltd.	1960	98.00	15th June — 1966-70
89,28,000	5½	1st April and 1st October	Andhra Valley Power Supply Co.	1940	94.25	1st April — 1970-75
12,00,000	4½	30th June and 31st December	Benaras Electric Light and Power Co., Ltd.	1949	90.00	31st December — 1964 (a)
29,787,574	5	1st January and 1st July	Calcutta Electric Supply Corporation Ltd.	1950	90.50	1st January — 1970 (a)
10,80,000	5	1st January and 1st July	Bijua (Dhariala) Electric Supply Co., Ltd.	1951	91.00	30th June — 1966 (a)
1,00,000	5T	3rd April and 3rd October	South Madras Electric Supply	1940	98.50	30th September — 1958-68
47,73,000	5	1st March and 1st September	Tata Power	1940	94.00	1st July — 1970
2,50,00,000	4½	1st January and 1st July	Tata Power	1949	84.00	1st July — 1965-70
			ENGINEERING			
5,00,000	5½	30th June and 31st December	Britannia Engineering	1945	94.00	31st December — 1969
1,50,00,000	6½	1st January and 1st July	Guest, Keen, Williams Ltd.	1958	100.00	1st January — 1971
29,18,000	7	15th September and 15th March	Indian Hume Pipe (Bearer)	1962	100.00	15th September — 1977 (a)
10,00,000	4	31st May and 30th November	Kumardubhi Engineering Works Ltd.	1946	90.00	31st May — 1971
3,00,00,000	5	1st April and 1st October	Tata Locomotive	1950	96.50	30th September — 1960-65
			JUTE			
12,00,000	5½	1st October and 1st April	Agarpara	1939	92.00	31st March — 1969
6,00,000	5½	30th June and 31st December	Alexandra	1939	91.00	30th June — 1969
16,00,000	4	31st December and 30th June	Auckland Jute Co., Ltd.	1945	78.00	31st December — 1964
10,69,000	5	30th June and 31st December	Chitavalah Jute Mills	1951	88.50	30th June — 1966
16,72,000	5½	31st March and 30th September	Dalhousie Jute Co.	1954	90.00	31st March — 1969 (a)
8,86,000	5	15th January and 15th July	Empire	1951	90.00	15th July — 1966 (a)
25,00,000	5½	31st March and 30th September	Fort Gloster Industries Ltd.	1952	98.00	30th September — 1966
20,40,000	6½	31st March and 30th September	Howrah Mills Co., Ltd.	1955	92.50	31st March — 1970
25,00,000	5	30th June and 31st December	Khanjson Jute Mills Co., Ltd.	1949	90.00	31st December — 1964 (a)
25,00,000	5½	30th June and 31st December	Naihati	1952	90.00	31st March — 1967 (a)
5,00,000	6½	14th November and 14th May	Nellimarla Jute Mills Co., Ltd.	1939	92.00	14th May — 1974
20,00,000	4	30th June and 31st December	Northbrook Jute Co., Ltd.	1945	85.00	31st December — 1964
25,00,000	5	31st March and 30th September	Bellance Jute Mills Co., Ltd.	1950	81.00	5th September — 1965 (a)
12,00,000	5½	30th June and 31st December	Union	1937	95.50N	31st March — 1967
			RAILWAYS; STEAMSHIP AND TRAMWAYS			
£321,697	4½	1st January and 1st July	Calcutta Tramways	1900	£66.00N	At 105% at any time on 6 months' notice or at par or every seventh year thereafter
£139,051	5	1st April and 1st October	Calcutta Tramways	1933	£74.00N	
6,50,000	6	30th June and 31st December	Katakhal-Lalabazar Railway	1945	85.00	31st December — 1974
£200,000	4½	30th June and 31st December	Shahdara-Delhi-Saharanpur Railway	1905	£64N	Any time on six months' notice (a)
			PLANTING			
4,84,000	7T	1st April and 1st October	Sanganeshwar Coffee		100.00	1st April — 1960-61
			MISCELLANEOUS			
45,00,000	5	2nd January and 2nd July	Aluminium Industries	1961	100.25	2nd July — 1966-71
9,96,000	5	1st January and 1st July	Aluminium Corporation of India Ltd.	1948	92.00	31st December — 1965
8,00,00,000	6½	1st March and 1st September	Burmah-Shell	1954	98.75	1st September — 1968-69(a)§
2,00,00,000	5½	1st April and 1st October	Caltex Oil Refining (India) Ltd.	1955	93.50	1st October — 1970
1,00,00,000	6½	31st March and 30th September	Dalmia Cement (Bharat) Ltd.	1946	86.00	30th September — 1970
2,04,55,000	6½	1st January and 1st July	Dunlop Rubber Co. (India) Ltd.	1950	99.50	1st January — 1972 (a)†
97,80,000	5½	1st January and 1st July	Indian Cable Co., Ltd.	1954	100.50	30th June — 1969 (a)‡
3,00,00,000	6½	2nd January and 1st July	Indian Aluminium Co., Ltd.	1959	94.00	1st January — 1975
27,75,000	5T	2nd January and 2nd July	Metlon Chemical Industries	1949	84.00	30th September — 1964
39,70,000	4	30th June and 31st December	McLeod & Co., Ltd. (Convertible Notes)	1947	410.00 (per note)	31st December — 1972 (a)
74,75,000	5	1st April and 1st October	Macneill and Barry Ltd.	1951	85.00N	30th September — 1964
55,91,000	6½	30th June and 31st December	National Rayon	1955	99.00	1st April — 1971
30,00,00,000	6½T	15th May and 15th November	Oil India		98.00	30th June — 1965-70
	6½	1st January and 1st July	Premier Automobiles	1958	125.00	15th November — 1968-77
1,00,00,000	6	30th June and 31st December	Rohtas Industries Ltd.	1946	96.00	31st March — 1973-78
10,00,000	5½	January and July	Shree Gopal Paper Mills Ltd.	1944	85.00	31st December — 1969
80,00,000	5½	1st May and 1st November	Esso	1953	93.75	15th July — 1966
5,31,000	5	31st January and 31st July	Tata Chemicals Ltd.	1945	95.00	1st April — 1966-68 (a)‡‡
50,00,000	6	1st April and 1st October	Tata Oil Mills Co. Ltd.	1959	96.00	31st July — 1970-75
						30th September — 1969-74

(a) These debentures are registered and are transferable by transfer deeds. (b) Option to repay on 3 months' notice at any time at 3 per cent premium. ‡ With option to redeem at Rs. 101 per cent after 10 years or at Rs. 100-8 per cent after 13 years. § Any debenture entstanding on 1-6-1969 willbe redeemed on that date with option to redeem all debentures at 101 per cent on 1-6-1964. ‡‡ Rs. 80 lakhs will be redeemed annually by drawings from 1st May 1964 onwards. The Company has option to redeem debentures at 101 per cent on 1st May 1965 on six months' notice. † Option to repay at par on six months' notice on or after 1st January 1961. T—Taxable. T.F.—Tax-free.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the period ended 9th January 1964:

	Closing quotations 24-12-1963	High	Low	Closing quotations 9-1-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	143.75	146.00	143.75	146.00
Apollo (2)	1.94	1.92	1.84	1.84
Baroda Rayon (100)	102.00	100.00	97.00	97.50
Bombay Dyeing (25)	61.50	63.00	60.50	62.70
Bradbury (50)	156.25	157.50	156.25	157.50
Central India (100)	100.00	100.50	98.00	98.00
Century Mills (100)	690.00	694.00	664.50	681.00
Dawn (50)	153.00	154.00	150.50	153.00
Elphinstone (50)	100.00	100.00	98.00	100.00
Finlay (100)	317.00	316.00	313.00	314.00
Gokak (100)	176.00	177.00	174.00	176.50
Gold Mohur (100)	212.50	—	—	211.25
Gwalior Rayon (10)	45.25	45.50	43.00	43.00
Ind. Unld. Defd. (1)	2.60	2.62	2.58	2.58
Ind. Untd. Ord. (10)	21.48	22.20	21.48	22.00
Indian Rayon (100)	83.00	83.00	77.00	78.00
Indore Malwa (100)	205.00	205.00	201.00	202.00
Khatau (100)	208.75	211.25	207.00	210.00
Kohinoor (100)	326.00	343.00	320.50	339.50
Mafatlal (100)	760.00	760.00	748.75	752.50
Modella Woollens (10)	15.24	14.96	14.76	14.84
Morarji (100)	377.00	372.00	367.00	367.00
Mysore (50)	45.00	—	—	45.00
National Rayon (100)	425.50	439.50	418.00	432.50
New Great (100)	178.00	—	—	178.00
Phoenix (100)	226.00	227.00	222.00	227.00
Podar Mills (10)	14.00	13.28	13.00	13.24
Raymond Woollen (100)	136.00	135.50	134.00	135.50
Sassoon Spg. (10)	42.75	—	—	42.75
Shreeram (100)	280.00	278.00	273.50	274.00
Simplex (50)	128.00	128.00	127.00	127.00
Standard (100)	840.00	855.00	814.00	840.00
Swadeshi (100)	252.00	252.00	248.00	249.00
Swan (100)	270.00	270.00	265.00	265.00
T. I. Viscose (100)	146.00	145.00	139.00	140.00
Tata Mills (50)	56.50	56.50	55.00	56.50
Lakshmi-Vishnu (100)	103.00	104.00	103.00	104.00
Western India (250)	875.00	—	—	875.00
BANKS				
Bank of India (50)	105.50	107.00	102.00	107.00
Do. (New) (50)	105.00	107.00	104.00	107.00
Bank of Baroda (50)	93.50	93.50	88.00	90.00
Central (25)	45.75	46.50	44.75	46.50
Central "A" (25)	46.00	47.00	45.50	46.00
Dena Bank (50)	55.00	57.00	55.00	57.00
Punjab National (10)	19.88	19.76	19.24	19.24
Union Bank (5)	6.52	6.36	6.20	6.36
United Com. (50)	72.00	71.00	70.00	71.00
Maharashtra (50)	54.50	—	—	54.50
ELECTRIC COS.				
Ahmedabad (100)	95.50xr	95.50xr	94.00xr	95.00xr
Amalgamated (10)	10.00	—	—	10.00
Andhra Valley (1,000)	1,067.50	1,068.75	1,065.00	1,067.50
Bom. Sub. El. (100)	106.50xd	106.50xd	103.00xd	103.50xd
Surat (100)	105.25	105.25	102.00	102.25
Tata Hydro (100)	*110.75xd*	*111.00xd*	*108.00xd*	*108.50xd*
Tata Power (1,000)	1,131.25xd	1,135.00xd	1,098.75xd	1,100.00xd
INSURANCE COS.				
British India (10)	12.04	—	—	12.04
Indian Mercantile (50)	56.00	—	—	56.00
New India (15)	48.50	48.25	45.00	45.00
New India "A" (15)	49.00	48.75	45.50	45.50
Vulcan (10)	16.76	16.76	16.00	16.00
STEEL COS.				
Ind. Iron (10)	25.15	25.25	24.88	25.10
Mukand Iron (10)	18.12	18.24	17.68	17.76
Tata Steel Ord. (75)	148.00	148.75	144.00	147.50
SUGAR COS.				
Belapur (50)	236.50	236.50	234.00	235.50
Bhopal (10)	13.00	13.00	12.88	12.88
Changdeo (12.50)	27.25	28.00	27.25	28.00
Mahmudabad (50)	132.00	135.00	128.50	131.00
Phaltan (50)	111.00	112.00	106.50	110.00
Walchand Ind. (100)	155.00	155.00	152.00	154.00
CEMENT COS.				
Associated Cts. (100)	157.25	155.00	152.75	153.00
Digvijay (100)	182.00	179.00	177.00	178.50
Orissa (10)	14.24	14.24	14.00	14.00
DYES & CHEM.				
Amar-Dye-Chem (100)	150.00	150.00	145.00	147.50
Camphor & Allied (100)	97.00	97.00	90.00	94.00
Citric (100)	82.50	82.50	77.00	79.00
Chemicoat (100)	165.00	—	—	165.00
Colour Chem (100)	362.50	360.00	350.00	352.50
Indian Dyestuff (100)	343.75	348.75	332.50	332.50
Polychem (50)	136.25	135.00	128.75	128.75
Synthetics (100)	111.00	109.00	102.00	103.00
Tata Chemicals (10)	18.68	19.72	18.48	19.04
MISCELLANEOUS				
Alcock Ashdown (100)	300.00	304.00	295.00	301.00
Bom. Burmah (25)§	61.20	61.90	60.00	61.40
Do. (New) (20)§	46.75	46.75	46.00	46.50
Br. B. Petrol (1 sh.)	2.50	2.60	2.52	2.58
Br. I. Corpn. (5)	8.68	8.68	8.52	8.52
Cooper Eng. (100)	110.00	111.00	108.50	111.00
Hindustan Lever (10)	38.65	38.50	37.50	37.50
Hindustan Motors (10)	19.12	19.56	18.88	19.28
I. C. & Invest. Corporation (100)	94.00	—	—	94.00
Indian-Copper (2 sh.)	3.40	3.44	3.36	3.38
Killicks (100)	88.00	88.50	86.50	88.50
Larsen & Tonbro (10)	23.00	23.88	23.12	23.32
Mahindra & Mahindra (10)	17.48	17.48	16.76	16.76
Asian Cables (100)	88.50	—	—	88.50
Permanent Magnets (100)	166.25	160.00	140.00	140.00
Phillips Carbon (10)	15.24	15.04	14.76	14.84
Pre. Automobiles (100)	100.50	105.00	97.50	99.00
Premier Con. (50)	167.50	169.00	165.00	166.00
Seindia (20)	15.48cd	15.52cd	14.24xd	14.24xd
G. E. Shipping (10)	16.72	17.00	16.72	16.72
N. Standard Eng. (100)	141.00	139.50	134.50	134.50
T. Maneklal (100)	650.00	650.00	630.00	630.00
Shivrajpur (10)	20.00	20.00	19.00	20.00
Sirpur Paper (10)	13.72cd	13.76cd	13.04xd	13.04xd
Tata Locomotive (100)	292.75	300.00	288.00	301.50
Tata Oil (25)	68.50	69.25	67.25	68.00
Voltas (100)	264.50	267.00	260.00	264.00
W. J. Match (100)	268.00	266.00	262.00	264.50
W. Coast Paper (100)	165.00cd	161.00cd	155.50xd	158.00xd
Zenith Steel (10)	19.00	18.88	17.80	18.00

GOVERNMENT SECURITIES	24-12-1963 Rs.	Gross Yield Earlier Redemption	Gross Yield Later Redemption	9-1-1964 Rs.
2½% 1976	83.50	—	4.39	83.50
3% 1964	99.50	—	3.50	99.50
3% 1966-68	97.85	3.83	3.50	97.85
3% 1970-75 1st Dev.	90.20	4.65	4.36	90.20
3% 1986 Con. Loan	65.80	—	4.56*	65.70
3½% 1964 N. P. Loan	99.85	—	3.66	99.85
3½% 1965 N. P. Bonds	99.65	—	3.77	99.65
3½% 1967 N. P. Bonds	99.40	—	3.70	99.35
3½% 1974	96.75	—	4.12	96.75
3½% 1967 N. P. Bonds	99.60	—	3.68	99.60
3½% 1969 Loan	97.15	—	4.09	97.15
3½% 1968	98.10	—	3.95	98.10
3½% 1968 N. P. Bonds	99.45	—	3.88	99.45
4% 1972 Loan	99.25	—	4.10	99.25
4% 1973 Loan	99.15	—	4.10	99.15
4% 1970 Loan	99.25	—	4.15	99.25
2½% 1966 Bonds	99.65	—	3.64	99.65
4% 1980 Loan	98.30	—	4.14	98.30
4% 1981 Loan	98.55	—	4.17	98.55
4½% 1985 Loan	100.10	—	4.49	100.10
4½% 1977 Q. Bonds	118.00	—	4.73	118.00
4½% 1972 N. D. Bonds	100.70	—	4.15	100.70

* Current Income. xd—Ex-dividend. xr.—Ex-Right. c.s.—Cum-Right. cd—Cum-dividend.
§ B. Burmah—Shares of Rs. 125 have been sub-divided into 5 shares of Rs. 25 each. ‡ Sub-divided into 5 shares of Rs. 20 each after taking into account the Bonus element of Rs. 25.

COMMERCE

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

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INDIA AND THE WEST

IT is, indeed, India's good fortune that there are in Britain and other Western countries quite a number of highly responsible persons who continue to take keen interest in its economic development. They include not merely politicians, businessmen and industrialists but also leading economists and financial commentators. Opinions, of course, vary on the ways and means of helping India in its task of improving speedily and effectively the woefully low living standards of its teeming millions, a task which, as it has been appropriately described, is almost half the problem of alleviating world need. But there seems to be unanimity of views at least on two important measures of assistance. One is that the economically advanced countries should intensify their efforts to extend aid on a much larger scale and to improve the terms in favour of India on which it is offered. The other is that these countries should adopt a more liberal attitude towards imports from India. Both these aspects have been impressively highlighted by Mr. Douglas Jay of Britain in the course of a special article contributed exclusively to *Commerce* (*vide* page 76). The observations of Mr. Jay are of special significance not so much because he is one of the most influential members of the British Parliament and one who will in all probability become the Board of Trade President in the event of Labour Party winning the next General Elections but because of the highly sensible and practical suggestions he has offered to foster India's economic relations with Britain, in particular, and the industrially advanced countries of the free world, in general.

The main thesis of Mr. Douglas Jay is *that the economically advanced countries can* help India much more effectively by buying its exports freely than by merely lending or giving money. India is becoming increasingly well equipped for the production of manufactured goods, and fuller access to export markets for such goods would greatly facilitate *the diversification and expansion of exports* which, as the new Managing Director of the International Monetary Fund, Mr. Pierre-Paul Schweitzer, has very rightly pointed out, ought to be an important aspect of the economic growth of the developing countries. For how else could India be expected to pay for the *increased imports of a wide range of capital* goods so vitally necessary for speeding up industrial growth? It should not be denied the opportunity to use its competitive advantages in any markets in the world. Although India has raised this problem of access to markets on so many occasions in the past, it has not been of much avail, as witness the persistently low pace at which exports are rising. It is, therefore, just as well that Mr. Douglas Jay has emphasised that his own country should take the lead in both urging and practising this policy. Britain, incidentally, is the head of the Commonwealth, of which India too is a member and its share in the aggregate trade of India is quite sizable: about 22 per cent of exports and 16 per cent of imports.

Taking the example of cotton textiles, a staple earner of foreign exchange for India, Mr. Douglas Jay has indicated how the problem of access to markets in developed countries can be tackled. Britain, we are told, takes about 38 per cent of its textile consumption from abroad, whereas the U.S barely five per cent and the Common Market less than two per cent. Quite bluntly, Mr. Jay says: "The Common Market countries are, as usual, the worst—narrow, protectionist, selfish and insular." At the G.A.T.T. Textile Conference at Geneva in 1962, the U.S. and other industrial countries had pledged themselves to buy more textiles from Asia. Recalling this pledge, Mr. Jay observes that the progress made so far is very little. He could actually have said that the progress is negative, as evidenced by the use of escape clause of the G.A.T.T. long-term textile agreement by the U.S. and some other countries for curtailing imports and the continuance of quota restrictions in others. Mr. Jay must, therefore, be heartily thanked for having urged Britain to take the lead in breaking this deadlock. It must, he avers, inform the Common Market and the U.S. that, unless they step up generously their purchases of Indian textiles before some given date, Britain will have to cease buying textiles from them and buy more from India.

The warning that Mr. Jay wants Britain to give to the U.S. and the Continent is pertinent indeed. But the question is: Will the textile millowners and traders in Britain not object to heavier imports of cotton goods from India? Even if there is a slight increase in imports at any time, these interests raise a hue and cry. Notwithstanding the voluntary ceiling agreement between the cotton industries of the two countries, there is a powerful section of Lancashire mill interests which continues to raise the bogey of competition from import's of low-cost cotton goods and urge for official intervention to curtail such imports. The British Government has not been able to fight these pressure tactics partly for political considerations and partly for fear of unemployment in textile industries. Although it has not itself clamped down any controls by way of either quota restrictions or levy of import duty, it has played an active part in bringing about the voluntary agreement between the cotton textile industries of both the countries.

Being a politician, besides an eminent economist in his own right, Mr. Douglas Jay is fully aware of the understandable anxieties of British textile industrialists and workers. But he is not one of those who say that nothing can be done. In fact, he has suggested a way out which need not be regarded as impracticable, a solution to which this journal drew attention on an *earlier occasion* (*vide* pages 142-43 of *Commerce* dated 27th July 1963). It is this: The British Government should redouble its efforts to steer new industries and employment into the Lancashire and Dundee areas, so that the British textile industries can gradually adapt themselves without causing unemployment on a *mass scale. It can reasonably* ask the workers to change over to new industries, but what it cannot ask them to do is to suffer prolonged unemployment. Mr. Jay's answer to the question as to how both Britain and India can reach a bargain acceptable to both sides is as follows:

"Suppose the Indian Government were to guarantee to buy, over a period of years, the aircraft, motor vehicles, ships or machine tools produced by a new plant erected in the British textile areas; then Britain could in return reasonably undertake, over the same period of years, to widen the import quotas for Indian textiles. This would economically benefit both sides; would cause no unemployment; and would correspond with economic realities, since each country would be concentrating on the products it was best fitted to manufacture. Certainly, any such scheme would be difficult to organise in practice. But *I do not believe it would be impossible*, given goodwill and intelligence on both sides. Indeed, this is precisely the sort of planned co-operation to which we ought to be directing our minds."

Mr. Jay's suggestion, though it is addressed primarily to Britain, holds equally valid in the case of all other developed countries which have been taking interest in India's economic growth. One must not confuse oneself by *thinking* that what Mr. Jay is advocating is a mere barter. This will be clear, if one reads the whole article of Mr. Jay. It is only one of the series of valuable suggestions made by him. It will not, however, be wrong to say that Mr. Jay wants the principle of international division of labour to be liberally applied by the developed countries in favour of developing countries. He has tried to show that this can and ought to be done to the mutual benefit of both. It is precisely this aspect of world trade and payments that has unfortunately been relegated to the background in favour of the monetary problems and so-called liquidity difficulties of the world's richest and most developed nations. That the trade (and aid) problems of development of underdeveloped countries is equally important and urgent has been most forcefully brought out by Mr. Neil McInnes in a comprehensive article on pages 36 and 38 of our 1963 Annual Number published last week. He observes:

"It would be dishonest to put resolution of Western payments problems before the urgent question of stimulating aid for development and of increasing the developing nations' exports. What is more, this could become an alibi for never doing anything really helpful about development, because one does not have to be a sceptic by temperament to entertain serious doubts about the West ever 'solving' its monetary difficulties to everyone's satisfaction. . . . In general, the trade and aid problems of development are relegated to the background, while advanced nations settle their own commercial and financial differences. More urgent than taking sides in such disputes, e.g., for the Anglo-Americans against the Common Market, is the need to protest against this order of priorities which entails neglecting questions that concern all huma-

Contents

	Page
LEADING ARTICLES—	
India and the West	73
Private Sector in Industry	74
MARKET GOSSIP	75
THIS WEEK'S SURVEY	78-79
TREND OF SHARES	112
SPECIAL FEATURES—	
Britain's Role in India's Development	76
Dr. A. N. Khosla's Powerful Dream	77
London Letter	80
What to do with Gold?	81
Manchester Letter	85
Trends in British Textile Industry	86-87
Canada's Economic Advance Steady	90
U.P. Letter	94
International Marketing	100
Reflation in Right Dose Yields Satisfactory Results	102
Delhi Letter	112
CHAIRMAN'S SPEECH—	
Belapur Co., Ltd.	97
MONEY AND BANKING	82-83
TEXTILES	84
SUGAR	88
ENGINEERING	98
NEW PRODUCTS AND PROCESSES	99
COMMERCE AND INDUSTRY	101
COMPANY MATTERS	103-105
NEWS IN BRIEF AND PERSONAL	107
TREND OF MARKETS	103-109
MISCELLANEOUS STATISTICAL INFORMATION	110-111
WEEK'S STOCK EXCHANGE TREND	111

nity for questions that concern only a dozen nations at most and which will take years or decades to settle if ever they are settled."

Not that the problems of the industrially advanced countries are of no concern at all to India and other developing countries, for both the groups have a fundamental common interest in maintaining and strengthening an effective world monetary order. Only, the developed countries, in their anxiety to settle their own problems, should not belittle the urgency of helping the underdeveloped countries by way of trade. The major element in help, as Sir Roy Harrod, another eminent economist of Britain, has stressed (*vide* his article in the 1963 Annual Number of *Commerce*), consists in hospitality to the exports of developing countries. "It is a paradox," to quote him, "that some countries seem more willing to provide gifts or soft loans to developing countries than to allow the produce of those countries access to their own markets." It is as much in the interest of developing countries as in that of advanced countries themselves that the former should not be excluded from the markets of the latter by import restrictions, tariffs, etc. Surely, the problem of providing trading facilities to the developing countries in world markets requires greater Governmental attention and action in the developed countries. At no time before was this need so urgent as it is today.

So much for what the West should do for India. But there is a lot that India itself must do, if the suggestions made by leaders like Mr. Douglas Jay and Sir Roy Harrod are to be of any avail. It must work in close cooperation with Britain and other countries that wish to widen the role of the International Monetary Fund. Besides, it must initiate and vigorously implement measures designed to improve the efficiency of India's export industries. It must not allow its imaginary fears of concentration of economic power in a few hands and monopolies in the private sector to stand in the way of fulfilling this essential task. It is a pity that, at this juncture, some eminent economists in this country should put forward proposals that are likely to undermine the ability of India to compete in world markets. They too are so obsessed with the ideological need for decentralising means of producing consumer goods and distributing economic power that they seem to be oblivious of the more urgent and practical need of economic viability on the export front. What is the point in asking the developed countries to open up their markets for India's simple manufactures, if we continue to indulge in dogmas that have no relevance today and do not learn from our mistakes of the early 'fifties in regard to consumer goods industries? Surely, we cannot expect the developed countries to pay for our follies also.

PRIVATE SECTOR IN INDUSTRY

THE private sector in agriculture, mining and industry, transport and commerce, housing and services has always been predominant in India's mixed economy. It continues to be so up till now, the spectacular growth of the public sector (represented by the Central, State and local Governments) since 1948-49 notwithstanding. The relevant statistical magnitudes in the national accounts show, for instance, that the contribution of the private sector to net domestic product (at current prices) increased absolutely from Rs. 8,030 crores in 1948-49 to Rs. 13,060 crores in 1961-62, though, as a percentage of domestic product, it did fall from 92.6 in the former year to 88.9 in the latter. While the net output of the public sector (covering both enterprises and administration) increased, at the same time, from Rs. 640 crores to Rs. 1,630 crores, the increase, as a percentage of domestic product, was from 7.4 to only 11.1. If the net output of Government enterprises, as distinct from administration, is considered separately, the relevant increase was from 2.8 per cent of net domestic product in 1948-49 to just 4.2 per cent in 1961-62. It is seen from the national expenditure data, too, that the share of the public sector by way of current and capital expenditures has continued to represent a relatively small proportion of net national expenditure at market price. The percentage figures, in this connection, are 9.4 for 1948-49 and 14.7 for 1961-62. The major role played by the private sector, whether in terms of its contribution to net domestic product or in terms of its share in national expenditure, should thus be clear.

While this overall picture emerging from national income data may be very flattering to the private sector, it should not be forgotten that, since the advent of planning, public policy has been oriented to a relatively faster expansion of the public sector. It is, in this context, that a comparison of Government capital expenditure and private sector investment during the first decade of planning from 1951-52 to 1960-61 would seem to be quite relevant. The figures show that gross capital formation on Government account was as much as Rs. 5,800 crores during the period, whereas, in the vastly bigger private sector, the aggregate investment during the same period was no more than Rs. 4,900 crores at the most liberal estimate. A break-up of the private sector investment, incidentally, shows that agriculture accounted for Rs. 800 crores, power for Rs. 90 crores, transport for Rs. 210 crores, mining and industry (including small industry) for Rs. 1,400 crores (exclusive of about Rs. 200 crores being the outlay on modernisation and replacement), housing and other construction for Rs. 1,700 crores, and miscellaneous fields for Rs. 700 crores. In this break-up, the figure pertaining to mining and industry alone is relatively more significant in the context of the controversy that has centred on the relative roles of the two sectors —public and private. Here the comparative investment figures pertaining to the two sectors show that, with its aggregate capital outlay of Rs. 1,400 crores, the private sector had somewhat excelled the public sector outlay of about Rs. 1,200 crores on mining and industry.

Let us suppose, for the nonce, that the projected third Plan outlays on mining and industry in both the sectors would fully materialise. The consolidated picture covering 15 years of planning would then show an aggregate public sector investment of Rs. 2,850 crores in mining and industry, as against Rs. 2,825 crores (exclusive of Rs. 150 crores for modernisation and replacement) of private sector investment. It would thus appear that the private sector and the public sector are equal (that is, fifty-fifty) contributors to fresh investment in mining and industry in the 15-year period of planning. Whether this position would continue undisturbed in the fourth and fifth Plan periods is the question. That it *should* continue at least at this fifty-fifty level, if not at a level more favourable to the private sector, is a reasonable expectation, but one cannot be certain that it would actually be so, for the Congress Party's statement on democracy and socialism clearly says that the public sector must grow progressively in large-scale industries, particularly in the field of heavy and basic industries, which are all capital-intensive. Besides, the stress is on co-operation so far as processing industries are concerned and, as the bulk of the resources of industrial co-operatives (as, for instance, sugar and cotton spinning) is provided by the State, the co-operative sector belongs more to the public sector than to the private sector. Further, the new Congress President has urged that the State Governments should be permitted and encouraged to set up medium-size consumer goods industries also.

There is, however, no denying the fact that the private industrial sector's achievements in terms of output, employment, creation and diversified manufacture have been vastly more impressive than those of the public sector. On this ground alone, the private sector industries can lay claim to the allocation of a dominant share in the task of industrialising the country and to the encouragement necessary for fulfilling it. The Federation of Indian Chambers of Commerce and Industry has done well, in this connection, to bring out a brochure on the contribution of private sector industries during the Plans. This publication is quite timely, for the Congress Party's statement on democratic socialism has raised the doubt whether pragmatic considerations would prevail with the powers-that-be in their approach to industrial growth. Since there is much that remains to be done in the industrial field, it is but necessary that the public should be persuaded to place greater faith in the future of private industries in the light of their past performance. A broad idea of that performance can be had from the following highlights of the private industrial sector's achievements as described in the Federation's brochure:

1. The output of private organised industries and mining nearly doubled during the first decade of planning and is expected to go up further by nearly 60 per cent, according to the third Plan targets. The physical achievements so far could easily have been greater if the several persistent shortages of foreign exchange, power, transport and raw materials had not stood in the way of optimum utilisation of installed capacities.

2. Nearly 95 per cent of the output of organised industries was in the private sector in 1960-61 and their contribution to national income went up from 5.8 per cent in 1950-51 to 10.5 per cent in 1960-61. The contribution of small enterprises to national income went up by 24 per cent during the last decade.

3. Private enterprise in India is responsible for the development of a very wide range of manufacturing industries covering many consumer and producer goods. A nucleus of machine building industry covering machinery and equipment for textile, sugar, tea processing, cement, paper and printing industries, industrial boilers, etc., was also formed mainly by private enterprise, and the output of machinery in the private sector increased by 2.2 times during the first decade of planning.

4. A major part of the resources for development of private industries was provided from their internal resources. Undistributed profits and surpluses of private industrial enterprises financed 62 per cent of the total investment in the first Plan and 47 per cent in the second Plan. During the third Plan also, the contribution of internal resources of industry for financing industrial development in the private sector is expected to be 48 per cent.

5. Private industries contributed almost the whole of the total income-tax revenue (inclusive of super-tax and surcharge) accruing to the Central Exchequer from industries, which came to a total of Rs. 788 crores during the first decade of planning. Net contribution on account of excise duty, largely from private industries, was about Rs. 2,020 crores during the same period. In addition, there was the contribution of private industries to State finances by way of electricity duty, general and motor spirit sales tax and other State levies.

6. Additional employment in private organised industries was one million during the first decade of planning. In the small-scale sector, a good deal of progressive and self-reliant leadership was in evidence, suggesting a dynamic potential of efficient small-scale enterprises.

7. Out of every rupee spent by private organised industry, about 16 nP are spent by public limited companies and about 10 nP by private limited companies on salaries, wages and employees' welfare expenses, as against a share of dividend income of 3 nP per rupee for public limited companies and about 2 nP per rupee for private limited companies.

The first of the aforesaid findings is most impressive when viewed against the background of the contribution of the public sector in mining and industry. The Federation's brochure has provided, in this connection, a comparative picture of the growth of output in as many groups of industries as possible in the two sectors. The period covered is from 1950-51 (the year preceding the first year of the first Plan) to 1965-66 (the last year of the third Plan). It may be noted that the 1965-66 figures are only targets. Since in both the sectors there are going to be shortfalls in the achievement of production targets under the third Plan, the comparison provided in the brochure may be deemed broadly valid. The following figures, gleaned from the brochure, will tell their own story:

Output of Organised Industry and Mining

(In crores of rupees)

	1950-51		1960-61		1965-66	
	Public sector	Private sector	Public sector	Private sector	Public sector	Private sector
Base metals and products ..	..	90	57	214	318	444
Transport equipment	7	43	31	176	40	380
Machinery	..	37	4	82	58	363
Electrical equipment	..	16	2	81	70	192
Chemicals and pharmaceuticals.	1	70	22	134	143	387
Mining and oil ..	..	96	17	132	106	189
Non-metallic minerals ..	3	64	15	261	106	344
Rubber and leather products ..	..	78	..	170	..	271
Paper, wood and products ..	..	29	2	70	4	138
Textiles	..	750	..	1,102	..	1,374
Food products	..	262	..	625	..	851
Total ..	11	1,535	150	3,047	845	4,933

It can be worked out from the above figures that the public sector's output will represent only about a seventh of the aggregate output of organised manufacturing and mining industries alone by the end of the third Plan. Even if the public sector investment in these industries comes to be stepped up in the fourth and fifth Plan periods at a phenomenal rate, that sector may still neither surpass nor even catch up with the private sector in terms of output, provided its growth in size and variety is not retarded as a matter of State policy.

MARKET GOSSIP

A Tame End

THE Bhubaneshwar session of the Congress Party had a tame end. Mr. K. D. Malaviya and his company of radical socialists did not follow up their fiery speeches, demanding, among other things, immediate nationalisation of banks and foodgrains trade, by insisting that their amendments to the Working Committee's resolution on democratic socialism be put to vote. Instead, they quietly withdrew them and did not even vote against the original resolution. Apparently, they must have sensed that the majority of delegates was not with them. It is significant that, just before the adoption of the aforesaid resolution by the A.I.C.C., Mr. Malaviya lost the contest for a seat on the new Working Committee of the Congress Party for the current year.

Equally significant was the tone of moderation and restraint that characterised the presidential address of Mr. Kamaraj. While solidly supporting the thesis of democratic socialism, Mr. Kamaraj favoured a practical approach to the realisation of this goal, an approach that would not lead to class conflict. He felt that there could be no inherent conflict between socialism and democracy and hoped that the Congress Party would be able to dispel the popular belief that, in a socialist State, men lose their natural freedom. His speech, however, was not free from some suggestions of dubious value. The proposal that State Governments should establish and run medium-size consumer goods industries was one of them. He, too, subscribes to the fallacy that there is a vast concentration of economic power in a few hands. Hence such suggestions as also the proposal that a monopolies commission be appointed on the British model. There could be no objection to this proposal, provided encouragement to, and the treatment of, the private sector were also on the British model. In fact, this journal had preferred the appointment of such a commission to the numerous restrictive clauses in the Company Law, the appointment of tribunals under the latest amendment to the Company Law, and the punitive features of the fiscal policy, all of which have been introduced on the plea that they are necessary for preventing concentration of economic power.

Although nationalisation of banking and foodgrains trade has been denied the high priority demanded by the radical leftists, the Congress Party is committed to it in principle. Mr. Lal Bahadur Shastri amply acknowledged this point in his reply to the debate on democratic socialism, though he emphatically stressed that the realities of the situation must always be taken into account before translating a principle into action. He also gave the assurance that, through the Congress Parliamentary Committee and its counterparts in State Legislatures, the High Command would keep a close watch over the Government at both the Centre and the States in order to ensure that the Party's socialist programmes were faithfully implemented.

Not Exactly Bullish

The implications of the aforesaid assurances of Mr. Shastri at Bhubaneshwar to the share markets are not exactly pleasant. They do not mean any improvement in the scope for bullish fervour. On the contrary, one has to be cautious; one may take a risk with one's savings, but not with borrowed funds. It would be unwise to pitch too high one's expectation of tax reliefs in the forthcoming budget. The Congress Party has persuaded itself to believe strongly that something more effective must be done in the fiscal sphere to reduce economic disparity in the country. As to what this "something effective" is will, perhaps, be known in the coming budget itself. Another uncertain factor is the determination of Mr. T. T. Krishnamachari to get an account of the "unaccounted money." Many in market circles are wondering as to how the Finance Minister will tackle this rather ancient problem. Some share-brokers, however, are inclined to think that whatever he does in this direction will ultimately have a bullish effect on stock exchanges, as the unearthed money will seek an outlet in shares, particularly equities. This reasoning doubtless sounds plausible. It may not, however, work out that way, if the measures adopted by the Finance Minister to reach his goal turn out to be of an expropriatory nature. It will be pertinent to recall here that, contrary to the common belief, the steps taken by the Government to cure the people of the gold habit did not have a sustained bullish impact on equities.

Martins Bank Chief On Interest Rates

The reflections of Sir John N. Nicholson, Chairman of Martins Bank Ltd., London, on interest rates should provide some food for thought to those monetary diehards in India who still cling to the outmoded Keynesian doctrine of cheap money. Although Sir John's observations, made in the course of his annual statement circulated to the shareholders of the Bank, refer to conditions in Britain, they have relevance to India because banks in this country too face much the same problem as those in Britain, namely, fast-growing demand for advances and increasing competition for deposits among banks themselves, on the one hand, and from institutions outside the banking field, on the other. The relevant portion of Sir John's statement is quoted below:

"Though the trend of bank advances has shown a pronounced upward tendency during the year, our banking system still has scope for lending to sound borrowers. That situation may not continue indefinitely. The Government's deficit financing of their proposed extensive schemes of public expenditure should considerably increase the total deposits of the banks (though there is little sign of this as yet) and thus enable the banks to provide finance for those who require it; but deposits increased from this source alone may not prove sufficient and, moreover, if we are to expand our business, we must not be content to rely on them solely. We also face—and cannot ignore—the steadily growing demand for deposits from an ever-widening circle of competitors outside the banking field. It has for long been our view as a bank that this competition could become serious, but during the time of credit restriction, and since, while ample funds for all reasonable requirements were still available, it would obviously have been most unprofitable to alter our long-established interest rate pattern. *When we begin to find ourselves unable to provide the funds for our customers' borrowing needs, we must go into the market and bid for them, even though the net result may be a general rise in rates of interest to be charged. In this context, money is itself a commodity which is subject to market influences—and yet, in spite of this, the rate of interest charged by the Clearing Banks for their advances is in general obviously below that of the free market.* Since our deposits are not keeping pace with the growth of our economy, it is clear that sooner rather than later we shall have to become competitors in the open market if we are to play our full part."

The portion italicised is the most significant part of the statement because it reflects the real function of interest rates and indicates the solution to the banks' problem. This is a view with which we heartily concur. What Sir John's advice amounts to is this: offer higher interest rates to attract more deposits and charge more on advances, even if this means a general rise in interest rates. This view, of course, assumes that banks are free to compete in the open market for deposits by offering terms which are relatively as attractive as those given by non-banking institutions and not bound, as they are in this country, by agreements limiting the rate of interest payable on deposits. And as long as banks in this country operate under this limitation, they would be fighting a losing battle against non-banking institutions in the struggle for deposits. And the increasing diversion of deposits away from the banking system is not a healthy development, because it will, by enlarging that part of the monetary system outside the control of the Reserve Bank, contribute to the rigidity of the monetary system itself. The answer to the problem does not lie in trying to control the interest rates in the non-banking sector through a flat.

Devidayal Cable's Fresh Issue

A substantial manufacturer of winding wires and cables, Devidayal Cable Industries Ltd., Bombay (with aggregate assets of about Rs. 60 lakhs, as of December 1963) has been in the field for the past nine years—as private limited company from 1955 to October 1963 and as a public company since November 1963. Its aggregate sales, mainly of winding wires for use in the manufacture of transformers, motors, chokes, metres, etc., has risen from a modest Rs. 6 lakhs in 1955 to Rs. 1.25 crore (estimated) in 1963. Working with the latest type of equipment for continuous extrusion and vulcanising, the Company's factory at Thana near Bombay has been manufacturing house wiring cables, too, since 1961. The output of cables represents only a third of the Company's entire production. In view of the large prospective demand for winding wires, the Company has been licensed for substantial expansion both for the production of super-enamelled, paper-controlled and cotton-covered wires and strips and for the establishment of new lines of production, such as steel and alloy steel wires and glass insulated wires. It is for raising a part of the finance required for this expansion project that the Company has just proposed to enter the capital market on 27th January next. The expansion project, incidentally, will involve an aggregate outlay of about Rs. 97.0 lakhs by way of both fixed and working capital, of which Rs. 53.5 lakhs will be raised in loans from bankers, Rs. 6.0 lakhs met from retained earnings and other reserves, and Rs. 37.5 lakhs raised in fresh equity and preference capital.

With an authorised capital of Rs. 1.25 crore, the Company has at present an issued, subscribed and paid-up capital of Rs. 23.10 lakhs (Rs. 21.60 lakhs in equity shares of Rs. 10 each and Rs. 1.50 lakh in redeemable cumulative preference shares of Rs. 10 each). The present issue is for Rs. 37.5 lakhs (Rs. 2.5 lakhs in equity shares allotted to the Directors and their friends, Rs. 25.0 lakhs in equity shares offered to the public at par for subscription in cash and Rs. 10.0 lakhs in 9½ per cent redeemable cumulative preference shares, free of company's tax but subject to deduction at source at the prescribed rates). The total issue now being offered for public subscription is Rs. 35.0 lakhs and has been fully underwritten. The subscription list will open on 27th January 1964 and will close on 6th February 1964 or earlier at the discretion of the Directors, but in any case not earlier than 29th January 1964.

The Company expects a sales turnover of Rs. 2.3 crores per annum after the expansion project is completed. It has an expanding market for both winding wires and cables. Its profit-making capacity may be rated fairly high, considering that it has paid equity dividends since 1958 and that its profit (subject to development rebate and taxation) for 1963 is expected to be Rs. 10 lakhs, as compared with Rs. 3.5 lakhs for 1958. Mr. Harikishandas T. Aggarwal, Chairman of the Company's Board of Directors, is hopeful that the profit from 1964 onwards would be adequate to enable the Company to pay the fixed dividend on preference shares, to make a reasonable transfer to reserves and to declare a reasonable dividend on equity shares. The hope seems to be quite justified in the light of the Company's past experience and in view of the tax exemption available for a part of the share capital and reserves to be employed by the Company for its substantial expansion.

Glasstek—A New Tata Enterprise

A new Company that is likely to enter the capital market shortly is Glasstek, a joint venture of the Investment Corporation of India (a Tata concern) and the Pfaudler Permutit Inc. of the U.S.A., the world's largest manufacturer of glassed-steel process equipment with an annual sales turnover of $62 million, having subsidiaries and manufacturing plants in four Continents. The Company proposes to establish a factory at Chinchwad, near Poona, for the manufacture of glassed-steel and alloy process equipment as well as Ionac water and waste treatment equipment and chemicals. The authorised capital of Glasstek will be Rs. one crore. The initial issued capital will be Rs. 60 lakhs, of which 50 per cent will be owned by the Pfaudler Permutit Inc. and 25 per cent by the Investment Corporation of India; the remaining 25 per cent will be offered to the public.

Glassed-steel is very much in demand by the fast-growing chemical, pharmaceutical and allied industries in the country. Its distinguishing quality is corrosion-resistance and pliability. In fact, it is said that few materials can be made economically into such wide variety of sizes and forms for handling so many types of corrosive materials as glassed-steel. At present, glassed-steel equipment is not manufactured in this country, the demand is met entirely from imports. Indigenous manufacture of glassed-steel process equipment will not only obviate the need for imports but will also ensure speedy delivery at lower cost. Customer-servicing will also improve because parts and personnel will be available locally for the maintenance of the equipment.

The Company has already secured a manufacturing licence for the various items it intends to manufacture. Although the capacity proposed to be installed is not known, the total outlay on the project envisaged is Rs. 94 lakhs.

Asian Cables Corporation

The Asian Cables Corporation is going ahead with its second stage of manufacturing power cables, magnet (enamelled) wires and covered strips in collaboration with the Phelps Dodge Enfield International Corporation of the U.S., according to the Company's new General Manager, Mr. T. S. Sitapati. If everything goes well, the implementation of the whole project will have been completed by the end of March next year. The project envisages an annual production of 800 miles of paper-insulated cables, 200 miles of P.V.C. cables, 1,200 tons of enamelled wires and 500 tons (to be raised to 1,000 tons later) of paper-covered strips. The total estimated outlay is Rs. 255 lakhs. A sum of Rs. 100 lakhs has already been raised by way of a rights issue. The American collaborator has contributed Rs. 55 lakhs by way of equity capital. The balance of Rs. 100 lakhs is being met from out of a foreign exchange loan of Rs. 50 lakhs from the I.C.I.C.I., a loan of Rs. 12 lakhs from the I.F.C. of India and Rs. 38 lakhs from other borrowings.

The Company is at present producing only rubber and P.V.C. cables, the licensed annual capacity on two-shift basis being 30 million core yards and 15 million core yards, respectively. Currently, only one shift is being worked, because of temporary slackness of demand, teething difficulties and delay in the issue of I.S.I. certificate marks. The capacity is, however, expected to be fully utilised in about three or four months when the total annual production in terms of value would be of the order of Rs. 2 crores. Meanwhile, efforts are being made to switch over from copper to aluminium cables, wherever possible.

Bharat Steel Tubes

Yet another company to enter the capital market in the new year is the Bharat Steel Tubes Ltd., New Delhi. The Company, which was first established as a private limited company in November 1959 and converted into a public limited concern in August 1962, has offered for public subscription at par 429,000 equity shares of Rs. 10 each and 30,000 9.3 per cent cumulative redeemable preference shares of Rs. 100 each. The subscription list opens on the 28th inst. and closes on 7th February 1964 or earlier but not before the 30th inst. Details of the capital structure and the extent of participation by the foreign collaborating company (Abbey Etna Machine Company of the U.S.) are given in the Company's announcement published on page 106 of this issue. Suffice it to add here that the issue is fully underwritten by the Life Insurance Corporation of India and six other underwriters, including the Government of Punjab —the State where the Company's factory is to be located. The Company has already acquired a 130-acre site at Ganaur, 35 miles from Delhi. It will produce steel tubes and pipes, both galvanised and black, of ⅜" to 5" diameter required for carrying water, gas, steam oil and petroleum. The demand for these pipes is large and growing, in view of the hydro-electric projects under execution and the development of the oil and petroleum industries. The Company has secured, as already noted, the financial and technical collaboration of the Abbey Etna Machine Company of the U.S.A. which will provide one million dollars in the form of equity capital, besides technical know-how and services at all stages of the project. The required foreign exchange loan and licence for importing equipments have already been secured. The Company has a nine-member Board of Directors, with Mr. N. Dandekar, I.C.S. (Retd.) as Chairman.

BRITAIN'S ROLE IN INDIA'S DEVELOPMENT

GOOD SCOPE FOR EXPANSION

By Douglas Jay, M.P.

THE wish is, I believe, very strong in Britain among almost all schools of thought to expand trade massively between Britain and India and, if possible, to increase aid at the same time. Relations between the two countries have, perhaps, never been more friendly, particularly after the prompt military help promised to India by Britain after the Chinese attack at the end of 1962. Realisation is also very widespread among the British public that standards of living are so deplorably low in the Indian sub-continent, as compared with the West, that there are strong moral grounds for Britain giving all the assistance possible to India's third Five-year Plan and its probable successors. One of the most powerful strands in British opposition little over a year ago to joining the Common Market on the terms proposed by Mr. Edward Heath and Mr. Harold Macmillan was the fear that it would harm India.

One welcome result, however, of the Common Market controversy in Britain has been a much wider understanding of the fact that advanced countries can much more effectively help developing countries by buying their exports freely than by merely lending or giving money. Economically advanced countries all over the world ought, in my view, to buy as freely as possible the produce of less developed countries; and Britain ought to take the lead in both urging and practising this policy. In any economy in a sane world, it is, of course, wholly in the interest of *both* sides to the bargain that the richer countries should buy the exports of the poorer on an ever-expanding scale.

Trade Between Both

These are sentiments and aims which most informed people in both Britain and India would no doubt readily accept in general terms. But, when we look at the actual scale of trade between the two countries, it is absurdly small, particularly in view of the long economic ties between them, and Britain's special responsibility for India arising out of the past. India's total exports of about £500 million a year are grossly inadequate to pay for her imports of £800 million a year; and her imports of £800 million a year are themselves far too small for a developing country with so huge a population. But even out of these totals, India is only importing a little over £150 million a year from the U.K., and exporting rather less to the U.K. These seem to be ridiculously small figures of trade between countries of 450 million and 50 million, respectively, and also too small in relation to the U.K.'s total imports and exports of about £4,000 million a year each way. The U.K.'s aid to India of only about £30 million is also surprisingly small, compared with the total aid India is receiving of about £400 million a year and the U.S. contribution of about £200 million. Britain's aid is, of course, limited by two factors; first the rival needs of many developing Commonwealth countries throughout Africa and Asia and the West Indies; and, secondly, Britain's own balance of payments difficulties, and shortage of gold reserves.

What is the reason for the trade between the two countries being on such a plainly inadequate scale? In general, there is really little doubt about the answer. India cannot sell more to Britain, because quota obstacles are put in the way of the goods India can most easily export. And India cannot buy more from Britain simply because she has not the foreign exchange. It is an unhappy accident that, apart from the great primary raw materials like tea, cotton and raw jute which India still sells in big quantities to the U.K., the manufactured goods which she is already able to produce and export happen to compete with British industries heavily concentrated in certain geographical areas. If cotton and jute manufacture were not both concentrated in the Lancashire and Dundee districts respectively, it would be far easier for Britain to step up its purchase of Indian goods. Fortunately, leather goods—which India is also well-fitted to export—do not raise the same issues quite so acutely.

Britain, of course, here has a far better record than the United States or the Common Market countries. The U.K. now takes about 38 per cent of its textile consumption from abroad, the U.S. barely 5 per cent, and the Common Market less than 2 per cent. Thus, British policy towards the developing countries, though not good enough in my view, has nevertheless been far more liberal than that of the other industrial nations. The Common Market countries are, as usual, the worst—narrow, protectionist, selfish and insular. In these circumstances, it is extremely difficult to expect Lancashire to accept even greater pressure from imports when other countries are clearly not doing anything like their share in helping the less developed countries.

So far very little progress has followed from the G.A.T.T. conference at Geneva in 1962, at which the U.S. and other industrial countries pledged themselves to buy more textiles from Asia. I believe that, in order to break the deadlock, Britain ought to inform the Common Market and U.S. that, unless they agreed to step up generously their purchases of Indian textiles before some given date, Britain will have to cease buying textiles from the U.S. and Common Market. This should lead to an increase in India's exports either to the other countries or to the U.K., since, if we in Britain are forced to cut our purchases from the Common Market and the U.S., we shall be better able to buy more from India.

Some Concrete Suggestions

Secondly, I believe the U.K. Government ought to redouble its efforts to steer new industries and employment into the Lancashire and Dundee areas, so that the British textile industries can gradually adapt themselves without unemployment being caused on a mass scale. You can reasonably ask Lancashire and Dundee workers to change over to new industries. What you cannot ask them to do is to suffer prolonged unemployment. Here it seems to me that India itself might be able to help to reach a bargain acceptable to both sides. Suppose the Indian Government were to guarantee to buy over a period of years the aircraft, motor vehicles, ships or machine tools produced by a new plant erected in the British textile areas; then, in return, Britain could reasonably undertake over the same period of years to widen the import quotas for Indian textiles. This would economically benefit both sides; would cause no unemployment; and would correspond with economic realities, since each country would be concentrating on the products it was best fitted to manufacture. Certainly, any such scheme would be difficult to organise in practice. But I do not believe it would be impossible, given goodwill and intelligence on both sides. Indeed this is precisely the sort of planned co-operation to which we ought to be directing our minds.

Britain's exports to India, however, have somehow to be increased as well as India's exports to Britain. Here the difficulty is not any lack of wish by India to buy British capital goods, but rather shortage of foreign exchange. It seems to me, therefore, that, despite all the export credit schemes already in force, a British Government must make up its mind on the following question: Is the U.K. prepared to liberalise its credit terms on a really generous scale? Or are we going to lose the greater part of potential export trade to India to the U.S., Germany, Japan and others? Here, I agree with the recent British Federation of Industries report on India's economic problem that Britain ought to take the plunge and stake its future on extending far more generous export credit schemes for India and the other poorer countries.

The motive which quite naturally leads any prudent British Government to hesitate before doing this is the fear that, if exports are simply given away, and not paid for, then the U.K.'s balance of payments will be undermined—and perhaps sterling endangered, to the injury of all Commonwealth countries. I believe we can find an answer to this. Though the whole subject of export credits is vastly complex, the main lines of policy should, I suggest, be as follows:

Apart from some direct gifts of aid, and the contributions of the international agencies, the export of capital goods for development from Britain to India should normally be financed by loans not gifts. This is surely likely to be more satisfactory to both sides. The lender will have some assurance that the whole proceeding is not hopelessly uneconomic and likely to end in fiasco. The borrower will feel that he is not receiving charity, but entering into a mutually beneficial enterprise. He will also have an incentive to use the money productively and carefully.

But, again in general, the periods of such loans should in my view be long; and the rate of interest should be low, but not negligible. It is perfectly clear that, if India borrows further large amounts at 6 per cent for five or ten years, her balance of payments will become unmanageable before her economy has developed anywhere near the self-sustaining stage. But, despite the current difficulties and delays in India's present Five-year Plan, I do not despair of her economy becoming viable in thirty, forty or fifty years' time. More rapid swings in relative economic fortunes than this have occurred between the U.K., Germany, the U.S. and France in the past twenty-five years. By the year 2000, India might be a surplus country, if she discovered oil and natural gas in really massive quantities, she might win through sooner. Therefore, it seems to me that loans on a thirty to forty-year basis are a reasonable proposition for both sides. They offer India a real chance of earning the service on the loan, and Britain a chance of getting something over a long period in payment for her exports.

So with rates of interest. The present rates on some loans and credits (not all of course) of five and six per cent seem to be an intolerable burden for India with her present living standards and at her present stage of development. On the other hand, rates as low as ¼ to ½ per cent seem to me going too far the other way, apart from exceptional projects not intended to yield an economic return. They amount to near-charity from the lender and must put a burden on his future balance of payments, and they exert only a negligible incentive on the borrower to use the money productively.

Should British loans to India be tied or untied? I think the answer must be *both*. From India's point of view, clearly the more untied loans the better. From the British point of view, the principle should, I suggest, be this: Give all the untied loans and grants which the U.K. economy can afford without danger. Then, over and above this, offer tied loans wherever Britain has surplus capacity for producing goods which India needs. Such a scheme for £15 million of "surplus capacity" loans has recently been adopted by the present British Government under pressure from the Labour Opposition. But so far we have, I believe, only scratched the surface of these possibilities, and should push this idea very hard indeed from now onwards.

World Liquidity

Finally, let us remember that the limiting factor on what Britain—and indeed the U.S.—can do today is the shortage of gold and international financial reserves. An inadequacy of world reserves, due to a faulty monetary mechanism, is without doubt holding back the use of productive capacity in both the richer and the poorer countries. The right solution in principle is for the International Monetary Fund to be given the power to create more international credit in some form, and lend it through the World Bank and its family of agencies to the less developed countries for them to spend on goods they need from their more advanced neighbours.

This would break the deadlock all round, expand trade both ways, throw no burden on anyone's balance of payments, and speed up development and the real rise in living standards in India and the other poorer countries. It would be wholly to the benefit of all of us, and the real key to success in India's struggle to achieve a self-sustaining role. So both the British and Indian Governments, and the rest of the Commonwealth, ought to put their whole strength co operatively behind the plans now being worked out for more generous "world liquidity" and a strengthened I.M.F. Where our interests thus coincide, let us wholeheartedly work together.

DR. A. N. KHOSLA'S POWER-FULL DREAM

QUICK-MARCH ORDERS IN BACKWARD ORISSA

By K. Krishna Moorthy

INDIAN State Governors, by and large, are figureheads of State, decorative additions to the furniture in Raj Bhavans. The job has also been generally the preserve of political pensioners from the Congress Party—for a veteran who loses his hold in his home State in internecine faction strife or in general elections. The Governor of Orissa State, Dr. A. N. Khosla, engineer and planner, is an exception to the general rule of Governors. He fits in well with the new mood in backward Orissa introduced when Biju Patnaik led the Congress back to a decisive election victory in 1961. The mood prevails in Orissa although Mr. Patnaik applied for relinquishing office under the Kamaraj law of renunciation; Mr. Patnaik continues to dominate the affairs of State sitting in his room in the Secretariat as the Chairman of the State Planning Board.

For most officials in Orissa, the Governor, Dr. Khosla, is the "old man" who busies himself with putting his finger into development projects and dreaming up new concepts of economic development. Dr. Khosla's biggest contribution to Orissa's development ideas is a dream document for harnessing the river system in the State and for producing power also from big thermal installations which will be integrated with the hydro complex. Dr. Khosla has been associated with Orissa power plans for more than two decades. As Chairman of the then Waterways, Irrigation and Navigation Commission, Dr. Khosla in 1945 first put out his plans to harness the Mahanadi. The only project to come to fruition from among those plans was the Hirakud dam across the Mahanadi, completed in 1957. Dr. Khosla has revised his original power plans for Orissa and now produced a bigger perspective plan which aims at harnessing the Mahanadi river system at various stages.

Twin Spectres

Orissa State has an abundance of water resources whose seasonal shift is wide. Orissa, comprising five per cent of the area of the Indian Union, has within its 60,000 square miles area one-tenth of the nation's water wealth. The total run-off of the rivers in Orissa is an annual 121.26 million acre feet, about two-thirds of the Indus system's flow. The Mahanadi system, consisting of the Mahanadi, the Brahmani and the Bitarani, contribute 101.61 million acre feet a year. The seasonal variations in the Mahanadi system range from a maximum flood discharge of 2.8 million cusecs to a minimum of 100 cusecs!

The twin spectres of Orissa have been flood and drought, alternating with disastrous frequency. In a drought in 1865-66 nearly a million people are estimated to have perished in Cuttack district alone. This was followed by a big flood. In 1961 the floods caused severe damage and relief operations cost the Government an initial Rs. 6 crores. In the following year, damage to kharif crops from drought was placed at Rs. 60 crores.

The Khosla Plan can be divided broadly into two sections, the thermal part and the hydro part covering generation of power, irrigation and navigation canals and a new seaport. As Dr. Khosla explained to this correspondent at the Raj Bhavan in Bhubaneswar, the hydro part of the plans will cost a total of a little less than Rs. 950 crores. The end products of these projects will be complete flood control on Orissa's treacherous rivers; installation of more than eight million kilowatts of generating capacity; irrigation facilities for more than eight million acres of cropped area; about 1,000 miles of navigational canals connecting Visakhapatnam and Haldia and the Rourkela steel plant and the iron ore and coal belt to Paradeep port and Chilka lake; 1.2 million acres of reservoir for fish cultivation and other things; and a potential fresh water harbour of about 150 square miles, in the western part of Chilka lake with about 36 miles of fresh water canal up to 50 feet deep with a perennial discharge equal to or more than the winter discharge of the Hooghly on which Calcutta lies.

The river valley projects and the thermal projects could be designed to produce together more than 18 million kilowatts at the end of a 25-year period. Dr. Khosla's calculations are that the hydro-electric part of the river valley projects will cost a little over Rs. 600 crores and the thermal part another Rs. 600 crores. Including the flood control, irrigation and navigation projects, the total cost of the hydro projects is placed by Dr. Khosla at more than Rs. 900 crores. Or, in other words, something around Rs. 1,500 crores for the integrated scheme, to be spread over 25 years.

Dr. Khosla has made a comparison of his estimates for the Orissa complex with the cost of the Tennessee Valley Authority which has 31 hydro-electric dams and ten steam plants producing 12 million kilowatts, of which eight million kilowatts are steam-based. The T.V.A. cost around Rs. 840 crores and Dr. Khosla's estimates are about Rs. 1,200 crores for producing more than 18 million kilowatts in Orissa. The T.V.A. has brought direct benefits to seven American States in an area of 80,000 square miles. Dr. Khosla says that his scheme will do all that T.V.A. has done and more—in the irrigation field—and help Orissa, Andhra, Bengal, Bihar and Madhya Pradesh States.

Dr. Khosla envisages an investment of Rs. 250 crores in these power and irrigation projects spread over the years to 1973. At that stage, he says, the sale of power and other income will provide sufficient returns—he calculates a net annual Rs. 40 crores—for re-investment on the later stages of the integrated scheme. Dr. Khosla also thinks that an expenditure of Rs. 250 crores on these projects by 1973 will be within the technical and managerial capacity of Orissa.

The first step in the extension of the power plans in Orissa was taken on 5th January when Prime Minister Nehru laid the foundation-stone for the Tikkerpara dam and the Talcher thermal plant which is aided by the United States.

Fresh Water Port

The Governor's plan for a port in Chilka lake also has interesting aspects. The flow of water from the canal falling into Chilka will be sufficient, according to Dr. Khosla, to make the channel self-flushing, once dredged to between 40 and 50 feet depth. The soil dredged out could be used to build a 400 to 500 feet embankment on which railway lines can be laid and other port facilities provided.

Whether Dr. Khosla's calculations will be financially as simple as he visualises remains to be seen. According to one Delhi observer, Dr. Khosla has a record of consistent underestimation of financial costs of projects.

Orissa's first Five-year Plan outlay was originally estimated at Rs. 74.5 crores but the actual expenditure was Rs. 68 crores, of which the Centre took the burden of spending Rs. 60 crores. In the second Plan, against the original outlay of Rs. 100 crores Rs. 84 crores were spent and, of this amount, the Centre picked up the bills for nearly Rs. 66 crores. For the third Plan the original outlay was Rs. 160 crores, with a Central promise to provide nearly Rs. 129 crores. But now the Orissa State's third Plan has been revised to Rs. 220 crores. The actual expenditure on the Orissa plan was Rs. 23.77 crores in 1961-62 and Rs. 33.61 crores in 1962-63. The original provision in 1963-64 was Rs. 32.56 crores but the anticipated outlay has gone up to Rs. 46.70 crores. For the fourth year of the third Plan, in discussions with the Planning Commission last month, an outlay of more than Rs. 63 crores was agreed upon. Orissa State has exhibited greater vigour than many other States in canvassing its projects. For example, although Dr. P. C. Sen brought a huge delegation from West Bengal, he was unable to explain many of his plans to the satisfaction of the Planning Commission. The Orissa delegation, on the other hand, was well-equipped with arguments, many of which appear to have convinced the planners into agreeing to steadily increasing outlays.

Paradeep Project

Some officials in Delhi also talk of the 'political banditry' by Orissa's leaders in development projects. The Paradeep port project was resisted by the Planning Commission as well as the Transport Ministry which claimed that a major port was in its domain. Biju Patnaik went ahead and started work on the Paradeep project and has now forced Planning Commission approval for spending nearly Rs. 12 crores on the port project during the third Plan. The biggest arguments for Paradeep are the three B's in Calcutta—bars, bores and bends. The port of Calcutta is being suffocated by silt. The quick march in development projects in Orissa, including Paradeep, is entirely the result of the dynamic approach of Biju Patnaik.

A port at Paradeep has been talked about for 15 years and the Japanese have been interested in it since the early fifties. The Japanese, in the middle of 1963, submitted to the Ministry of International Trade a scheme for the integrated development of mines, railways, roads, ports and industries in Orissa State. The Japanese had earlier conducted several tests on possibilities in Paradeep. Both the Japanese and French engineers suggested estuary ports but Indian engineers and the British consulting firm of Render, Palmer and Tritton ultimately chose a lagoon harbour. Model experiments were conducted at the Poona research station of the Water and Power Commission.

A road has been constructed from the port site to the quarries 100 miles away and a total of 600,000 tons of stone and boulders are being carried to raise the breakwaters. The lagoon harbour will be formed by dredging into the shore—about 200 million cubic feet or 11 million tons of soil have to be dredged out. Ten thousand people are already at work on the port construction.

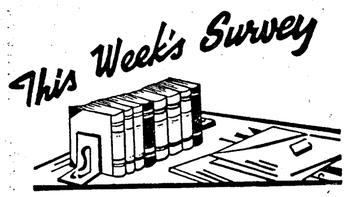
From the mines 100 miles away, iron ore will initially be brought to Paradeep by trailer trucks speeding on an expressway. A railway line will come later when more distant mines are developed.

The total cost of the project may be around Rs. 40 crores and Paradeep will become the deepest port on the Bay of Bengal, capable of handling 60,000-ton ore carriers and 100,000-ton tankers. The first stage, to cost Rs. 18 crores, is to be finished in 1966 when the iron ore berth will be capable of handling two million tons of iron ore. In the first stage, half a million tons of general cargo also could be handled every year. By 1970-71 the aim is to make the port capable of handling five million tons of ore and one million tons of other cargo. In the final stage, there are to be three ore berths and nineteen general cargo berths, capable of handling ten million tons of iron ore. That will be about ten years from now.

The report of the National Council of Applied Economic Research on the development of Paradeep, released in December, says: "The end cost of delivery of ore from the mining area to the port of Paradeep can be the lowest for any port on the east coast, and with one or two exceptions such as Goa, in the country as well."

The Central Government has decided to participate in the forthcoming British Columbia International Trade Fair scheduled to be held at Vancouver (Canada) from 13th to 23rd May next. This Fair offers an opportunity and effective media to Indian exporters and industrialists for publicising their merchandise not only in the province of British Columbia but in the entire region of West Canada. This market, which has not yet been tapped, offers a special advantage in the existence of a large and prosperous Indian community there whose co-operation will be of great help in introducing new products from India to that region. Besides, the complete removal, earlier this year, of the surcharges on the import of a large variety of goods in that area makes India's entry into this market easier. The intending participants are expected to forward a list of exhibits which they wish to send to the Director of Exhibitions, Ministry of International Trade, Udyog Bhavan, Maulana Azad Road, New Delhi, by 19th February, 1964 mentioning the quantity and value of their goods and area likely to be required for their display. Approximate gross and net weight and volume of the packages containing the goods have also to be mentioned. The exhibits will then have to be delivered to the Government's forwarding and shipping agents, namely, Messrs. Mackinnon Mackenzie and Co. Pvt. Ltd., Ballard Estate, Bombay, by the end of next month.

The expansion of the Bhadravati Iron and Steel Works in Mysore State is making good progress. The rolling mill building has been completed. And while erection of the rolling mill itself was started, erection of the steel structure for the oxygen generating plant is nearing completion. The construction of the steelworks bay is now in full swing. Installations to be incorporated under the expansion scheme of the Indian Iron and Steel works include a complete LD and electric steel-making plant, a 500-ton mixer, the necessary crane installations and auxiliary equipment. The existing rolling mill will be extended to include a three-high blooming stand and a three-high finishing mill. The annual rolling capacity will thus be increased by 85,000 tons. At the structural steelwork plant, the entire structural steelwork for the plant is being manufactured locally by Indian personnel according to drawings and instructions supplied by DEMAG Ag. of Duisburg, Germany.



FOR SPEEDIER INDUSTRIAL LICENSING

IN his Lok Sabha statement of 16th December 1963, it will be recalled, the Union Finance Minister, Mr. T. T. Krishnamachari, announced the first step towards liberalisation of industrial licensing policies and procedures. The Government's decision involved (i) the raising of the exemption limit for licensing under the Industries (Development and Regulation) Act from Rs. 10 lakhs to Rs. 25 lakhs and (ii) the consequential raising of the exemption limit for purposes of capital issues control from Rs. 10 lakhs to Rs. 25 lakhs. (This exemption is not applicable to issue of bonus shares.) It was then clarified by the Finance Minister that the relaxation was intended to simplify and expedite the licensing procedures and to give a special fillip to the setting up of industries with indigenous equipment and using indigenous raw materials. T.T.K. had also indicated in his statement that further measures of liberalisation, if any, should await the report of the Committee which had been appointed to examine the licensing procedures in regard to industrial capacity, import of capital goods, issue of capital, and so on. It is, indeed gratifying to find that this Committee (with Mr. T. Swaminathan, I.C.S., as Chairman and with leading industrialists like Mr. Bharat Ram, Mr. A. R. Foster, Mr. Lakshmipat Singhania and Mr. A. M. M. Murugappa Chettiar and some other representatives of businessmen as members) has drawn up an interim report within less than four months from the date of its appointment in September last. And it is even more heartening to know that the Government has promptly accepted its main recommendations.

The first of these recommendations is calculated to ensure a speedy procedure for according clearance in principle to the establishment of industrial capacity. The new procedure would involve the issue of a "letter of intent" to an industrialist within about a month from the date of receipt of an application from him for starting an industry. As the purpose of the "letter of intent" is to indicate that the Government would be prepared to consider favourably the proposal put forward by the industrialist, the issue of this letter will enable him to negotiate more confidently with foreigners for collaboration or for the supply of capital goods. But, if within a specified period of six to twelve months, depending on the nature of the industry, the party does not submit all the remaining applications in respect of foreign collaboration, capital issue, etc., the "letter of intent" would automatically be deemed to have become inoperative. There is no doubt that the recommended procedure would reduce greatly the usual time lag between the date of application for an industrial licence and the date of actual licensing. The issue of a "letter of intent" within a month of the receipt of application would, by eliminating the uncertainty on the score of licensing, greatly assist the entrepreneur in his arrangements for foreign collaboration, import of capital equipment and issue of capital. The Government has, therefore, done well to accept the relevant recommendation of the Committee.

But neither the prompt issue of a "letter of intent" by the Government nor the submission, within six to twelve months, of other related applications by the party concerned would automatically mean that the actual approval of foreign collaboration terms, issue of import licences and issue of capital would be free from further procedural delays. It is precisely to minimise such delays that the Committee has made its second recommendation. This is intended to ensure the speedy processing of all applications relating to some key industries. The new procedure would involve expeditious and simultaneous consideration of *all* further clearances by the appropriate sub-committee of the Licensing Committee. Incidentally, the key industries, to which this procedure is to be applied in the interest of speedy establishment of additional capacity for the promotion of self-sustaining industrial growth, are: Pig-iron, alloy steel, ferro-chrome and other ferro-alloys except ferro-manganese and ferro-silicon, malleable iron castings, steel castings, steel forgings, structurals (heavy), industrial machinery, cranes, machine tools including small tools, dies, jigs and fixtures, automobile ancillaries, coated abrasives, electric winding wires, fertilisers, sulphuric acid, caustic soda and soda ash, rubber chemicals, petrochemicals, including synthetic rubber pesticides, paper and paper board, cement and pulp (cellulosic). In cases where adequate capacity has already been licensed, only expeditious approvals would have to be given to the relevant applications. It is good that the Government has accepted the Committee's second recommendation too. But it should not be forgotten that speedier licensing procedures, by themselves, would not bring about faster industrial growth in the absence of a favourable climate in other respects, too, especially in regard to raising capital. The State Governments also must streamline their procedures for making available water, land and power.

LAKDAWALA COMMITTEE REPORT

The three-man expert committee (Chairman: Professor D. T. Lakdawala of the University of Bombay) appointed by the Government of Maharashtra in August 1963 to examine the question of readjustment of the existing consumer price index series of Bombay and to consider the method of linking it with the proposed new series, with 1960 as base year, submitted its report on the 7th inst. Disclosing this at a Press conference held in the City this week, Mr. N. M. Tidke, the State's Labour Minister, said that the Government proposes to hold consultations with organisations of employers and trade unions this week before taking a decision on the report. While the Government's move to consult employers and workers, the two parties that will be directly affected by the decision, is welcome, it is surprising that the Government has not made available copies of the report even to the Press. Even at the Press conference, held last Saturday to announce the news, only a few conclusions and recommendations of the Committee were disclosed. The brief Press note issued by the Government in this connection is also not any more enlightening, as it has not given even a fairly good, let alone a fair, summary of the report or of its conclusions. All that has been published by the Government so far is the following terse announcement:

"In the opinion of the Committee, any revision of the existing series for periods prior to 1960 has to be ruled out. The Committee has not also considered it appropriate to take into account the changes in consumption pattern in respect of few items as that would have disturbed the weights of other items. The Committee has, therefore, stuck to the fixed basket up to 1960 as far as possible and has corrected the current index series for the calendar year of 1960.

Various points were raised by the employers' and workers' organisations before the Committee and they included grievances in respect of repetition of prices of certain items over a long period, failure of the compilation to take into account the quality changes in certain items of consumption, non-representative character of some of the items that have been priced and substitutions made in some of the items of consumption. After careful consideration of these points, the Committee came to the conclusion that the existing series require adjustment in respect of price indices of only four items, namely, ghee, ready-made tea, house rent and clothing group. The price indices of these items were, therefore, corrected by the Committee and on such corrections, the average general index figure for the year 1960, which was at 420, worked out to be 449, that is, 29 points more.

"As regards the problem of linking the current series with the new series, after considering the various submissions made to them, the Committee came to the conclusion that the new series should be linked to the current revised series at 1960 only by a simple ratio linking and that the linking factor should be 4.49. In doing so, the Committee took into consideration the factor that the period of the Family Budget Enquiry on which the proposed new series is based is different from the base period for the proposed series and felt that no readjustment is necessary in the new series on account of this factor."

It is, therefore, not surprising that there has been singular lack of comment and reaction about a report whose outcome is likely to affect the pay packets of lakhs of wage earners in the City and the wage bill of hundreds of employers. Responsible trade union leaders preferred to remain silent in anticipation of fuller details, while the more vocal and militant among them, knowing little about the exact recommendations, not to speak of the logic and reasoning behind them, attacked the Committee on the ground that workers were not represented on it. The fact is that this particular Committee was not supposed to be a tripartite committee but a technical committee, composed of experts, to decide a technical issue, namely, linking of the present series of consumer price index numbers, readjusted if necessary, with the new series. It was, of course, open to the Committee to ascertain the views of employers' and workers' representatives on the question and this the Committee did before framing its report and recommendations.

One fails to understand why the Government rushed to announce the recommendations of the Committee even before making arrangements to release copies of the report at least to the Press. Is it because the report indicated the possibility of higher D.A. for workers as a result of the increase by 29 points in the general index figure for 1960, worked out by the Committee on the basis of the readjustment made in respect of the four items? Or is it because the Government wanted the linking factor to be finalised quickly so that the switch-over to the new series could be accomplished as soon as possible? Whatever the reason, the failure to make available a fuller account of the Committee's recommendation is deplorable, especially because the Government wants to make a decision on the report forthwith, after consultation with representatives of employers and workers. It is pertinent to ask, in this connection, whether the Government does not want any public discussion of the report but is satisfied with ascertaining the views of representatives of employers and workers only. It is true that these represent the two parties directly affected by the decision. But there is a third party, that admirable, long-suffering, normally meek and generally silent group of men and women—the consumers—on whom are always inflicted the wounds of labour-management conflict, because they ultimately foot the bill of higher D.A. and higher prices. Should they not have a say in the matter, unless, of course, the Government arrogates to itself the exclusive right to speak for, and defend the interests of, consumers?

PRESIDENT JOHNSON'S MESSAGE TO CONGRESS

The Johnson Administration in the United States is committed to the continuation of the former Kennedy Administration's policies. What is more, it is determined to get the pending legislative programme enacted by the Congress by summer, presumably with an eye on the presidential election later this year. The Kennedy image can stand the new Administration in good stead and yield results at the hustings if the Kennedy programme is substantially implemented in time. That seems to explain the anxiety of President Johnson, who, in his State of the Union Message delivered before a joint session of the U.S. Congress last week, has called for prompt action on the legislative programme and made a fervent plea for getting the job done. Much is expected of this year's session of the Congress—at least President Johnson expects much from it—and the Civil Rights Bill, the Tax Reduction Bill and the forthcoming Budget with its programmes relating to health, housing, education, transportation and foreign aid will demand its more or less simultaneous attention. If that august body had been stung to the quick by President Johnson's twitting remark—"Last year's Congressional session was the longest in peacetime history. With that foundation, let us work together to make this year's session the best in history"—all would be well and both the United States and the world might stand to benefit a great deal from the fulfilment of the Kennedy programme.

The new President may well find the Congress more co-operative than it was in the last session, for he has promised to do what the Congress would like most to be done. Thus, he is for a substantial reduction in federal expenditures and in federal deficit without a corresponding reduction in the federal support for social services. This is how the President has highlighted the essential features of his Administration's forthcoming Budget for the fiscal year 1964-65:

"The Budget will cut our deficit in half, from $10 billion to $4.9 billion.... It will call for a substantial reduction in federal employment, a feat accomplished only once before in the last ten years. While maintaining the full strength of our combat defences, it will call for the lowest number of civilian personnel in the Department of Defence since 1950. It will call for total expenditures of $97.9 billion—compared to $98.4 billion for the current year, a reduction of more than $500 million. It will call for new obligational authority of $103.8 billion—a reduction of more than $4 billion below last year's request of $107.9 billion.

"But it is not a standstill budget—for America cannot afford to stand still. Our population is growing. Our economy is more complex. Our people's needs are expanding. By closing down obsolete military installations—by curtailing less urgent programmes—by cutting back where cutting back is wise—by insisting on a dollar's worth for a dollar spent—I am able to recommend in this reduced Budget the most federal support in history for education, for health, for retraining the unemployed, and for helping the economically and physically handicapped."

With its promise of frugality, efficient spending and reduced deficit, the Budget may persuade the Congress more easily than any other economic argument to adopt the pending tax Bill which envisages a phased cut of $11 billion in personal and corporate taxes. Quite apart from the twin consideration that the American taxpayer surely deserves the cut and the American economy strongly demands it, what commends it most at the present time is that "the new budget clearly allows it," as President Johnson has emphasised. First of February next has been laid down as a tentative deadline for the enactment of the tax Bill, for, according to the President, every month of delay will dilute its benefits in 1964 for consumption, investment and employment.

President Johnson's message is quite as significant for the world, in general, as for the United States, in particular. Some noteworthy steps that are being taken by his Administration and some promises made by it are in the best interests of world peace and security, ultimate disarmament and world prosperity. The proposed cut in the output of enriched uranium by 25 per cent and the proposed closure of four plutonium piles and non-essential military installations clearly show that the present U.S. Administration does not seek an excess of military power that could be provocative as well as wasteful. The President's assurance to make increased use of food as an instrument of peace, to preserve the present gold value of the dollar, to expand world trade and to continue the aid programmes should be deemed no less heartening, especially to the underdeveloped parts of the world.

SMOKING AND HEALTH

To the mass of statistical evidence on the hazards to health on account of cigarette smoking, of which the report of the British Royal College of Surgeons, published in 1962, was the most authoritative contribution so far, has now been added the findings of the special committee appointed by Dr. Luther L. Terry, the Surgeon General of the U.S. The Committee, which was asked to study the effect of smoking on health, has given, in a 150,000-word report published this week, the finding that cigarette smoking is causally related to lung cancer in men. The data for women, though less extensive, point in the same direction. The main conclusions of the report are:

1. Cigarette smoking is a health hazard of sufficient importance in the U.S. to warrant appropriate remedial action.

2. It is causally related to lung cancer in men and in women it points in the same direction. The risk of developing lung cancer increases with the duration of smoking and with the number of cigarettes smoked per day and is diminished by discontinuing smoking. Risk of developing lung cancer for pipe and cigar smokers is greater than for non-smokers but much less than for cigarette smokers. The relationship of pipe smoking to cancer of the lip appears to be established.

3. Cigarette smoking is the most important cause of chronic bronchitis. A relationship exists between pulmonary emphysema and cigarette smoking, but it has not been established that the relationship is causal. For the bulk of the population, cigarette smoking is a much more important cause of chronic broncho-pulmonary disease than atmospheric pollution or occupational exposures. Cigarette smoking does not appear to cause asthma.

4. Male cigarette smokers have a high death rate from coronary artery disease than non-smoking males, but it is not clear whether the relationship has causal significance.

5. Women who smoke cigarettes during pregnancy tend to have children of lower weight at birth. It is not known whether this decrease in birth weight has any influence on the biological fitness of the new-born child.

The Committee comprised nine eminent doctors and one professor, with Dr. Terry as Chairman. It took 14 months to prepare the report which runs into 387 pages. The principal source of evidence was the seven studies conducted in the field since 1951. A total of 1,123,000 persons were covered by these studies of whom 37,391 men died during the studies. Deaths due to lung cancer in the U.S. in 1962 aggregated 41,000, as compared with less than 3,000 in 1930. This extraordinary rise in the death rate, according to the Committee, has not been recorded for cancer of any other part of the body. The Committee also noted that observations of thousands of patients and autopsy studies of smokers and non-smokers showed that many kinds of damage to body functions and to organ cells and tissues occurred more frequently and severely in smokers.

Announcing the findings of the Committee at a Press conference at Washington this week, Dr. Terry said that the Government would take prompt action to determine what remedial measures the public health services should take. He, however, declined to say whether the Committee's report constituted the official policy of the U.S. Public Health Service. Although Dr. Terry did not indicate what remedial action would be taken, tobacco manufacturers in the U.S. expect that, in view of the unequivocal condemnation of cigarette smoking by the Committee, some action would be taken by the Government. These are likely to be (1) broader educational campaign against smoking by the Public Health Service, (2) new labelling rules, and (3) possibly, some regulation of, if not restriction on, cigarette advertising. Already several Bills have been tabled in the Congress, which require, among other things, cigarette packets to be marked to show nicotine and tar content or to carry a printed warning that cigarette smoking is a health hazard. More Bills are expected to be tabled, though the chances of their passage are regarded slim. Meanwhile, the three major U.S. broadcasting network have announced that they will review their policies regarding tobacco advertising in the light of the report. One radio station in Concord, California, has, in fact, promptly banned cigarette advertising even though it is one of the three main sources of revenue to the station.

A drop in cigarette sales is also anticipated, though the possibility of a permanent decline is ruled out. As had happened when the report of the Royal College of Surgeons was published, sales, after falling initially, are expected to rise again. Thus, in 1963 cigarette consumption in the U.S. rose by three per cent to reach a total of 523,000 million, as compared with a rise of only one per cent in 1962, the year in which the British report was published. *Per capita* consumption, which had declined slightly in 1962, recovered last year to more than 4,000 cigarettes or 200 packs (of twenty cigarettes each). Similarly, *per capita* consumption of cigarettes dropped in 1953 and 1950, following the report of the American Cancer Society, but, thereafter, it rose consistently year after year until 1962. There are, according to one estimate, 70 million smokers in the U.S. out of a total population of 180 million. No wonder tobacco manufacture and distribution is a multi-million dollar business, with annual sales of cigarettes alone being of the order of $2,000 million and an advertising budget of $200 million. Taxes on tobacco, running into a few billions of dollars, constitute an important source of revenue to the Government.

(Continued on page 109)

Bank of America
NATIONAL TRUST AND SAVINGS ASSOCIATION

Condensed Statement of Condition December 31, 1963
(Figures of Overseas Branches are as of December 24, 1963)

RESOURCES

Cash and Due from Banks	U.S. $	2,479,898,764.34
United States Government Securities and Securities Guaranteed by the Government		2,002,279,642.65
Federal Agency Securities		114,558,826.77
State, County, and Municipal Securities		957,094,362.58
Other Securities		118,542,202.58
Loans Guaranteed or Insured by the United States Government or its Agencies		1,404,472,339.93
Other Loans and Discounts		6,960,940,779.99
Direct Lease Financing		19,142,632.26
Customers' Liability for Acceptances		280,859,102.51
Bank Premises, Fixtures, etc.		240,896,266.38
Accrued Interest and Other Resources		115,166,538.94
TOTAL RESOURCES	**U.S.**	**$14,693,851,458.93**

LIABILITIES

Capital	U.S.	$178,000,000.00	
Surplus		482,000,000.00	
Undivided Profits and Reserves		168,180,758.70	
TOTAL CAPITAL FUNDS			U.S. $ 828,180,758.70
Reserve for Possible Loan Losses			153,203,347.46
DEPOSITS Demand	U.S.	$5,949,298,071.49	
Savings and Time	U.S.	$7,293,207,553.54	13,242,505,625.03
Foreign Funds Borrowed			4,395,637.06
Liability on Acceptances			281,831,612.63
Reserve for Interest, Taxes, etc.			183,734,478.05
TOTAL LIABILITIES			**U.S. $14,693,851,458.93**

Main Offices in the two Reserve Cities of California
SAN FRANCISCO • LOS ANGELES
Branches throughout California—world-wide coverage with offices in leading financial centers overseas
Member Federal Deposit Insurance Corporation • Member Federal Reserve System

Bank of America — New York
(International)
A wholly-owned subsidiary
Condensed Statement of Condition December 31, 1963

RESOURCES

Cash and Due from Banks	U.S. $132,357,843.43
United States Government Obligations	5,000,000.00
Other Securities	7,355,955.44
Loans and Discounts	177,591,946.36
Customers' Liability for Acceptances and Endorsed Bills	48,025,142.23
Bank Premises, Furniture and Fixtures	3,639,733.46
Accrued Interest and Other Resources	1,874,816.18
TOTAL RESOURCES	**U.S. $375,845,437.10**

LIABILITIES

Capital	U.S. $34,000,000.00
Surplus	6,800,000.00
Undivided Profits	5,000,401.33
TOTAL CAPITAL FUNDS	U.S. $ 45,800,401.33
Reserve for Possible Loan Losses	4,583,151.04
Deposits	273,472,022.86
Liability on Acceptances	44,266,842.85
Liability on Endorsed Bills	5,875,068.74
Reserve for Interest, Taxes, etc.	1,847,950.28
TOTAL LIABILITIES	**U.S. $375,845,437.10**

MAN-ON-THE-SPOT SERVICE THROUGHOUT CALIFORNIA ... ACROSS THE NATION ... AROUND THE WORLD

LONDON LETTER

PRICES OR PROFITS?

(From Our Own Correspondent)

LONDON, 11*th January*

AS the idea gains ground that non-inflationary expansion of an economy depends upon some sort of incomes policy, so the debate turns on which way could be used to control the non-wage, non-salary, incomes. Profits, after all, are not the same as wages: they are residual and subject to greater fluctuation than any other item in the make-up of costs (that is, selling prices). To control them is to make risk-bearing less attractive and so damp down that initiative which is the mainspring of economic expansion. About the most effective and least damaging control is through the taxation of profits and a system of differential taxation of profits has for many years been part of the British fiscal system—but with the object simply of exploiting a source of revenue rather than of assisting an incomes policy.

This week "Neddy" (National Economic Development Council) met to consider recommendations from the staff side that management had a function of responsibility in opposing price and cost inflation, and that it should recognise this responsibility and take steps to implement it. The "Neddy" economists were saying that it is easier to control prices than profits and it was not so damaging—it need not be damaging at all—to initiative. But a control over prices does, by definition, give a control over profits, since profits are the residual item in prices. Moreover, the public have an immediate interest and benefit from a control over prices. Nearly everyone understands nowadays that wage increases become only nominal instead of real if price increases follow and that control over prices can keep down the demand for higher wages.

The representatives of management accepted the general recommendations of "Neddy" and the Chancellor of the Exchequer thereupon asked for a joint declaration by employers and unions that (*a*) unjustified price increases were not to be made and (*b*) that inflationary wage increases would not be sought. The unions felt a trap and would not agree—deferring the problem to next month's meeting. And the Chancellor is visibly annoyed.

But, by avoiding one trap, the unions may not avoid another, for, if the economy shows increasing signs of strain, the Chancellor may take restrictive measures before the election and blame the unions for having to do so. Some cynics have suggested that the unions should accept the declaration and agree that excessive wage increases are as bad as excessive price increases, pointing out that that still permits higher-than-average increases for workers whose wages are lower than average, or who ought to be paid more to recruit more labour, or whose efficiency deserves it! Unfortunately, unions are mainly run by simple men not given to devious thinking or to taking advantage of the breadth of meaning of words and they are not likely to take the cynics' advice.

The Chancellor is, therefore, faced with doing nothing for a month (and perhaps longer) and to blame the unions, if need be, or to take some sort of action to implement the "Neddy" recommendation as endorsed by the employers. Since "Neddy" can only be a recommending body, action must always lie with Government and the responsibilities of Government do not lessen, because the governed cannot always make up their minds on what advice to offer. There is, therefore, substantial opinion already that the Government should take steps to avoid excessive price increases and, therefore, strengthen its position, if it had to resist certain wage increases.

In this country, there is still substantial resale price maintenance and the current report of the Registrar of Restrictive Trading Agreements shows that pricing arrangements cover wide areas of British selling. To make competition real, resale price maintenance should be scrapped—made illegal—to allow sellers to pass on the benefits of their economies to the public. If the Chancellor were to make plain that all attempts to combine, to agree, or to penalise non-agreers, on prices would incur his severe displeasure to be followed by whatever legislation was necessary, a great blow would have been struck for keeping down prices.

Next, the Government has already got "Neddy" to recommend on the state of the economy; it has "Nicky" to consider the effect of wage increases; why should it not set up a price review commission to consider the justification for particular price increases? The Chancellor could then use legislative machinery to prevent certain price rises being effective while a case was under review and to cause them to be abandoned altogether if the Commission ruled against them. This action could be effective in the case of the great utilities, such as power, steel and constructional materials and other commodities (e.g. flour) having a big influence on the economy.

This would not be difficult machinery to operate, though it would show that the Government meant business in the matter of an incomes policy. But one must admit that, in practice, nothing is likely to be done till the next meeting of "Neddy" and, if there are differences still, may be not then.

A NEW NUCLEAR RESEARCH PROJECT

The U.K. Atomic Energy Authority has notified its intention to participate in the new three-year research programme of the O.E.C.D's European Nuclear Energy Agency's Halden Reactor Project which began on the 1st inst. The other participants in the new programme, which will have a budget of $3.6 million, are the Norwegian Institute for Atomenergi (owner of the Halden reactor), the Danish and Finnish Atomic Energy Commissions, Reactor Centrum Nederland, A/B Atomenergi of Sweden, and the Swiss Government. The Austrian and the Atomic Energy Commission will be associated through the secondment of personnel. The new programme will be devoted mainly to long-term testing of fuel elements, including burn-up studies, experimental investigations of the chemistry of boiling water reactors, and further development of instrumentation for the measurement and control of the physical conditions in high specific power fuel elements of an operating power reactor. The Halden Project is one of the joint undertakings of the O.E.C.D.'s European Nuclear Energy Agency and was set up in June 1958 under a three-year agreement to carry out a joint programme of research and development on the boiling heavy water reactor concept.

The British week in Germany for promotion of exports of U.K. consumer goods, sponsored jointly by the Board of Trade and the Export Council for Europe, will be declared open at Dusseldorf on 23rd May next by Mr. Edward Heath, Secretary of State for Industry.

WHAT TO DO WITH GOLD?

By Questor

ONE result of recurrent uncertainty about the strength of the pound or the dollar is that an unduly small proportion of the world's newly-mined gold finds its way into the vaults of central banks. During 1962, for example, they obtained only about a third of new production, and over the past ten years private holders of gold—speculators, hoarders and investors in *objets d'art*—have absorbed an amount equivalent to twice the official reserve of the sterling area. The total amount of gold locked up in private hands is not known with any certainty, but it may well be as much as one-third of the world's official reserves.

Should an attempt be made to plug this leak? The U.S., until the establishment of the central bankers' gold pool, was often critical of the existence of a free gold market in London. The Italian central bank suggested last year that the existence of the market was frustrating the efforts of central banks to economise on the use of gold by co-operative action. But the attempts made by Governments of gold-hoarding countries (notably India and France) to discourage the habit have not so far been particularly successful; and, while the private demand for gold persists, there is little doubt that the closing of the London market would be rapidly followed by the growth of an alternative market in Zurich perhaps, or Johannesburg.

The fact that the market is in London does at least enable central banks to exercise some control over its behaviour. The gold pool, administered by the Bank of England, has succeeded in keeping the price of gold extremely stable. Last year, for example, private demand fluctuated considerably. It rose strongly on several occasions, when the failure of the Brussels negotiations led to pressure on sterling and again in the summer when the possibility that Congress might turn down the interest equalisation tax produced a spate of devaluation rumours. It fell short of supply in the autumn, when Russia was selling gold on an unprecedented scale. Yet the market price of gold fluctuated only between the narrow limits of $35.05 and $35.12 an ounce throughout the year. This ability to manage the market may be useful in 1964, when elections are to be held both in Britain and the U.S.

Moreover, it seems likely—the figures are not yet available—that central banks were able to add more to their reserves of gold during 1963 than in the previous year. To that extent, the case for trying to cut off supplies from the private hoarder is less strong than it may have seemed twelve months ago.

But the fact is that any improvement in official reserves has been due not so much to a decrease in hoarding demand as to an increase in the supply of gold coming to market. On the one hand, South African sales rose further during 1963. On the other hand, Russia—which needed to finance large purchases of grains and other foodstuffs—sold more gold to the West than ever before. It is suggested that the amount involved may have been more than 400 tons (say, $500 million worth), more than half of it in the month of September alone.

The size of Russia's gold production and reserve is a matter of guesswork. But the Central Intelligence Agency of the U.S. has just published its guess that output is worth only $175 million a year. This is less than half the figure guessed in the past by the U.S. Bureau of Mines. Its size, and the C.I.A. estimate that gold production costs in Russia are twice the world price, seems to square well with reports that Russian planners and politicians have been at odds for some time past about the desirability of devoting more resources to gold output. But, if this figure is right, Russia has been selling more than she produces and running down her accumulated reserve of gold for six years past.

Where the reserve has fallen to now, it would be interesting to know; the C.I.A. guess of something under $2,000 million must be reckoned as even more tentative than its guess about output, and may even be connected with U.S. attempts to persuade European countries not to allow long-term credits to Russia. But it certainly looks less likely now than has sometimes been suggested in the past that Russia's need to buy from the West will help to solve the West's financial problems. The increase in liquidity to be expected from this source must now be scaled down sharply. Last year's sales, in particular, must be regarded as quite exceptionally large.

Moreover, if the C.I.A. estimates about Russian production costs are to be taken seriously, the U.S. now has an even stronger reason than before for keeping the price of gold pegged at $35 an ounce. While the price is pegged at this level, world production will continue to rise relatively slowly. If the supply of international liquidity is to support a steady growth in trade, central banks must get as much of the increase in production as possible: so if Russian sales are relatively small in 1964 and private demand relatively high, it is possible that we shall hear renewed demands for the closing of free gold markets.

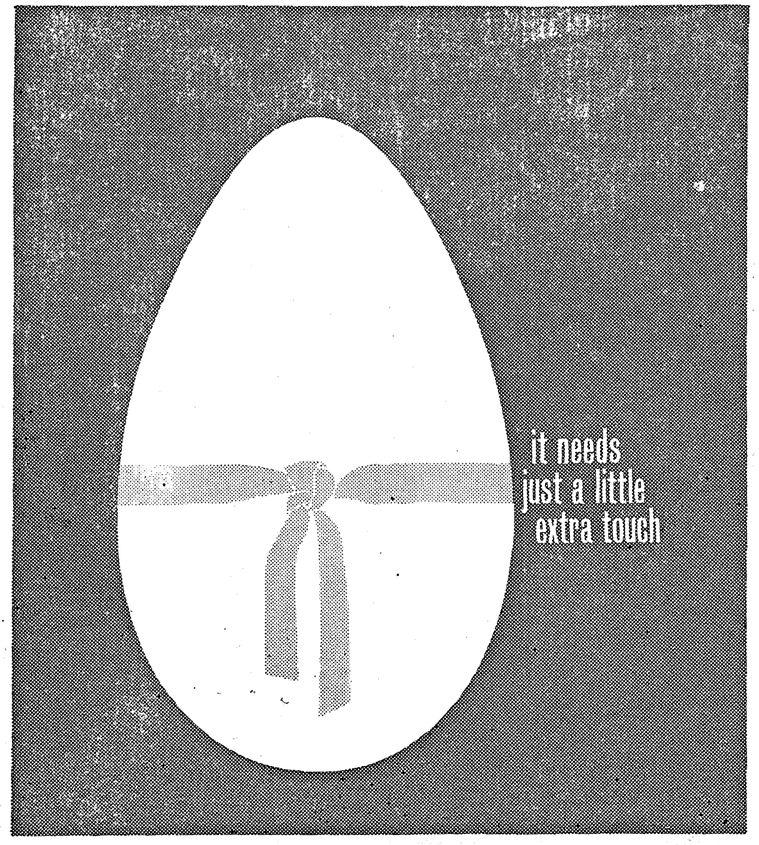
Until the U.S. payments deficit is eliminated and the dollar out of trouble, however, it might be extremely dangerous to take steps likely to produce a black market price of gold well above the U.S. official price. It would be much more sensible to reform the monetary system in such a way as to make the amount of gold already available go a long way further.

GIANT CUBAN ORDER FOR LEYLAND

The Government of Cuba has signed a big contract with the Leyland Motor Corporation, U.K., worth nearly £4 million, for the supply of 400 buses together with spare parts during the next twelve months. The buses will be used for urban passenger transport in the city of Havana and are part of a Cuban Government plan to standardise on Leyland buses throughout the whole country. This plan may mean orders for a further 1,000 buses later.

Commenting on this latest Cuban order, Mr. Donald Stokes, Managing Director of the Leyland Motor Corporation, said: "This order is one of the largest we have ever received, and has been won against intense foreign competition. We have had salesmen in Cuba for the past six months who have secured the contract against tenders from companies in France, Germany, Japan, Spain and Czechoslovakia."

This is the third bus order which Leyland has received from Cuba since the war—the first was in 1949 for 620 buses and the second in 1959 for 200. The bus concerned in the new order is the Leyland-M.C.W. Olympic single-deck model of integral construction which is designed and built specifically for export by Leyland and Metropolitan-Cammell-Weymann Ltd. It is 36 ft. in length and seats 45 passengers.



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CLEAR UNDERSTANDING OF PROBLEMS LACKING

JUDGED by whatever criterion, be it the length of maturities of loans, the valuation of primary assets of borrowers, the appraisal of the value of collaterals supporting credits, or even the purpose of advances and the margin requirements, the commercial banks in India have been following, generally speaking, the highest credit standards and prudent, sensible and careful credit policies. These elements, which determine the 'eligibility' standards of the banks (or of any other credit or lending institution, for that matter), constitute the broad fabric of the *quality* of credit. Defined in a single phrase, the quality of credit means the basic *ability* of the borrower to liquidate the loan in good times as well as in bad. The capacity of the same borrower under different circumstances and of different borrowers under similar circumstances may be different, and it is apparent that there could be a wide variety of situations depending upon the various possible combinations of borrowers and circumstances. It is the basic function of banks to evaluate these various combinations and to examine the nature and character of borrowers, the circumstances in which they are placed as well as the circumstances in which they *could* find themselves, if something goes wrong. The Indian banking system as a whole has an excellent record of evolving the highest standards of eligibility and following sound loan procedures and practices.

Reserve Bank's Comment

Fifteen years of efforts of the Reserve Bank inspectorate have made no mean contribution to this achievement, but it would be a mistake to suppose that regulatory inspections, which are in the nature of an examination and evaluation of what has been done and left undone, and which has left broad discretion to the banks regarding their operations, could by themselves achieve the positive result of improving the tone and quality of the assets structure. Bankers have also been willing partners in this process and have made efforts and taken initiative to ensure that the highest credit standards are prescribed and followed and the best quality is achieved and maintained. It is not without reason or justification that the Reserve Bank of India paid a tribute to the banking system not only for the "notable contribution" it has made to the economic development of the country in spite of the difficulties which it has had to face, but also for the "continuous process of organisational improvements" in the tone and quality of the operations. Even at the end of 1960, during which public confidence in banks was slightly shaken following the failures of Palai Central and Laxmi Bank, the Reserve Bank could say that "such weaknesses as have been shown are dimensionally of little significance," and express its confidence in the banking system by remarking that it can "look forward successfully to meet the challenge" of the third Plan.

It is in this context of the quality of bank credit that the growing demands of politicians, belonging to the Congress as well as the Opposition parties, for the supply of bank credit to farmers, smaller entrepreneurs, villagers and other vulnerable sections of the community have to be examined. To the general complaint that joint-stock banks do not provide finance to these classes of borrowers, the bankers' general answer is that they are not creditworthy. This, of course, is evading the issue, for that precisely is the complaint against the banks. Bank finance is freely available to creditworthy borrowers who do satisfy the minimum standards of eligibility prescribed by the bankers—there is nothing peculiar about it. The question in developing countries, it is argued, is to liberalise the eligibility standards, increase the element of risk and provide finance to such borrowers who do not strictly satisfy all the standard tests, in order to enable them to build up their economic strength and improve their creditworthiness up to the standard insisted by the banks. The emphasis, in short, is on the purposive use of bank credit.

A Risk

The purposive use of bank credit, involving, as it does liberalisation of eligibility and credit standards, carries with it, the risk of deterioration in the quality of credit. Far from assisting the vulnerable and weaker sections of the community, such a deterioration could bring the banks into financial difficulties, besides also jeopardising the development plans of the country by giving a setback to the efforts of the banks to mobilise savings of the community and by damaging the fabric of confidence of depositors in their banks. If a large credit portfolio is built up by banks on unsound loan practices and if the quality of their assets consists largely of weak and poor securities on the margin, a subsequent collapse of the entire credit structure would simply place another obstacle in the path of our economic expansion.

It is widely being argued that bank advances to farmers for agricultural production should be based not upon the assets which he is able to furnish (for he has none, and even when he has, it is unacceptable to the bankers according to conventional standards), but upon the *productive potential* that he possesses. It is readily conceded that all credit must take into account the lender's assessment of the borrower's creditworthiness, but what is insisted upon is that creditworthiness should largely mean and be based upon the productive potential of the borrower.

In a way, this is the actual position. No good banker relies upon the security alone, even when he takes it. All bank managers look to the character, integrity and ability of the customer and look upon his business as a "going concern," for they know it well, that the borrower's capacity to repay depends upon the profitability of his business: Security is the safety net—the final resort in case of unforeseen difficulty—but an essential element. It is not the only factor, but it is not unimportant. A banker has no wish to be involved into extended procedures for enforcing a security, or exercising his legal rights over it. No banker takes recourse to such forceful tactics until he has exhausted all the gentler methods of request or persuasion, for he knows that realising a security is always an unpleasant and troublesome way out and the result is often unsatisfactory to both the parties. In many cases, all this unpleasantness is not at all necessary, because a good banker scrutinises the *purpose* of the loan carefully and makes sure that the borrower utilises it in ways which themselves generate the *means* for repayment. Nevertheless, curious and unexpected circumstances do arise and it is always necessary to retain the freedom of action and the ultimate source on which to rely.

Real Objection

The real objection of joint-stock banks to providing farm credit is, therefore, not what they say it is: bankers' reluctance cannot be on the grounds that farmers have no eligible or acceptable assets, because in fact, a substantial portion of their advances is unsecured, and every banker will testify that there are many unsecured advances which cause far less anxiety than some of the secured ones. Again, the bankers' objection cannot be against basing their valuation of the creditworthiness of the farmer on his productive potential, for that is what they actually do, in case of most of the industrial and trade borrowers, even when they take a security. Their reluctance is in fact due to the element of *uncertainty* in the results of agricultural operations. The bankers' estimate of the productive potential may be all right, the farmer may be honest and hardworking, and may apply the loan for the purpose of raising the crop: but there is no guarantee that the right type of fertilisers will be available at reasonable prices and at the appropriate time, and that the monsoon will just be satisfactory. Nor is there any insurance against crop failures and unforeseen or untimely loss of cattle.

Moreover, with the age-old technique *still* being followed by the farmers, there is the constant danger that the productive potential may not be actually realised. It is because of these uncertainties that joint-stock banks have largely avoided farm advances and that the co-operative credit system is saddled with an excessive proportion of overdues and heavy bad debts. In spite of official patronage, concessional finance and many other encouragements and support, the co-operative movement has hardly been able to face these odds: if joint-stock banks, with their relatively heavier overheads as compared with co-operative banks, involve themselves into similar predicaments, it is easy to visualise the adverse effects upon their resource mobilisation. The blame for this state of affairs, if it is to be apportioned, lies entirely with the Government, which has failed to transform agriculture into a commercial proposition, in spite of crores of rupees of taxpayers' money utilised on irrigation projects, rural development projects, costly fertiliser factories and the national extension services.

The first move towards interesting the commercial banks in farm credit must, therefore, come from the Government: if it fails to make agriculture a viable and prosperous industry, it is futile to exhort joint-stock banks to lower their credit standards for lending to farmers, for the Reserve Bank will be the first to object to such deterioration in the quality of credit. A task which is unequal to the abilities of the Government (with all the taxpayers' money and the power to create money at will) could hardly be a suitable field for the banks to stake the depositors' money held by them in trust. The fact that even the State Bank of India, which is charged with the task of tackling the problem of rural-credit, has hardly been able to assist the farmers beyond making token advances to co-operative and warehousing institutions, should be enough to convince the enthusiasts that the solution of our agricultural stagnation does not lie in forcing the banks to lower their standards of credit, but in improving the character of agriculture and raising the capacity of the farmers to face the banks on a commercial footing. The incentives provided by the availability of refinance from the Agricultural Refinance Corporation could hardly solve the problem on the necessary scale, for the banks will still have to bear the impact of risk and uncertainty in farm lending.

An Important Difference

The case is, however, different when we examine the bankers' reluctance to handle a large number of small accounts: the uncertainties of lending to small manufacturers, small entrepreneurs and businessmen are far less than those of lending to agriculturists, and are of a different character. The Reserve Bank and the National Small Industries Corporation have evolved imaginative schemes of guarantees for bank advances to small industries. Here a distinction can be made between liberalisation in the procedures for grant of advances to them and deterioration in the quality of credit. If the experience of the 'Pilot' scheme of the State Bank of India during the last eight years in supplying *co-ordinated* finance to small-scale industries is shared widely with the other banks, some useful lessons can be learnt and applied by the latter in practice.

The real difficulty in dealing with a large number of small advances is administrative; as the short-lived but costly experiment with the compulsory deposits scheme showed conclusively, commercial banks in the private sector are hardly equipped to deal with a bulk of small businesses. Some rethinking and reorganisation are necessary in this field.

The principles and problems governing credit to agriculturists and the small-scale industries are thus different and both should not be clubbed together as is being done today by many a politician. They require careful thought and analysis. The politicians lump them together, obviously because banks do not interest themselves substantially in both these fields. The result has been that the critics have missed the real issues, and have failed to suggest appropriate solutions for each problem. The initiative in one case rests with the Government, while in the other it is with the banks. Let none blame the other for its own failures, and let us hope that, in the wider interests of the nation, each will live up to its own responsibilities.

SYNDICATE BANK LTD.

The name of the Canara Industrial and Banking Syndicate Limited has been changed to the Syndicate Bank Limited with effect from the 1st of this month. The Registered Office of the Bank has been shifted to Manipal, a small town about three miles from Udipi (South Kanara District, Mysore State). The administrative office of the Bank, however, will continue to function for the present at Mukund Nivas, Udipi. This also will move to Manipal shortly. The change in name will not affect any rights or obligations of the Bank or render defective legal proceedings by or against the Bank. Any such proceedings will be continued under the new name. The existing share certificates of the Bank with the share-holders will continue to be quite valid and it is not necessary to get the new name of the Bank endorsed immediately on the share certificates or deposit receipts, pass books, cheque books or other documents with the public. Whenever, in the ordinary course, those documents are received by the Bank (say, for endorsement of payments of share money or for transfers), the new name of the Bank will be impressed or endorsed on the documents. No fresh account opening forms or resolutions, etc., will be necessary, in view of the change in name.

STATE BANK OF HYDERABAD

THERE was a handsome rise of Rs. 21.71 lakhs to Rs. 171.02 lakhs in the gross earnings of the State Bank of Hyderabad (General Manager: Mr. Satya Dev, Hyderabad) during the year ended December 1963 as compared with the previous year. If, however, allowance is made for the enhanced subsidy (Rs. 5.16 lakhs, as against Rs. 2.31 lakhs) received from the State Bank of India for the losses incurred by the Bank's new offices, the rise in earnings comes to only Rs. 18.86 lakhs. The bulk of this rise, as is only to be expected, was accounted for by banking business proper, the earnings from which increased by Rs. 18.67 lakhs to Rs. 164.79 lakhs, other income (excluding the aforesaid subvention) increasing by Rs. 0.19 lakh to Rs. 1.07 lakh. Quite a large part of the additional earnings, however, was eaten up by heavier interest payments (+Rs. 7.82 lakhs), staff and other expenses (+Rs. 12.23 lakhs), and depreciation (+Rs. 0.09 lakh). The provision for taxation has not been disclosed, but there is no doubt that it must be larger, in view of the higher assessable profit. Even so, the net profit for the year 1963 is better by Rs. 1.57 lakh at Rs. 12.23 lakhs. The improvement in profit is notable, especially because it is in contrast to the setback of Rs. 1.53 lakh suffered in 1962. The Directors of the Bank could, of course, have raised the dividend a little, instead of maintaining it again at 6 per cent., subject to tax. But they have preferred to be cautious and transferred larger sums to reserves (Rs. 3.00 lakhs, as against Rs. 2.50 lakhs) and other funds (Rs. 1.75 lakh, as against Rs. 1.28 lakh). Provision for bonus to staff has also been enhanced by Rs. 50,000 to Rs. 4.50 lakhs.

Notable among the changes in the Bank's balance-sheet over the year is a substantial rise of Rs. 4.81 crores to Rs. 31.34 crores in deposits. Loans and advances, on the other hand, are lower by Rs. 1.15 crore at Rs. 15.03 crores. Consequently, the credit ratio has recorded a marked fall from 61.0 per cent. to 47.9 per cent. For the same reason, borrowings from other banks are *nil*. The entire growth in deposits has been used to strengthen the cash position and the ratio of cash to deposits has more than doubled, from 11.3 per cent. to 25.2 per cent. Investments are only fractionally better, which, in the context of the jump in the size of deposits, has meant a lower ratio of investments to deposits. Apparently, the seasonal demand for bank credit had not significantly asserted itself on the resources of this Bank before the year-end. It may have done so since then.

The progress made by the Bank since 1960 is depicted in the table below:

(In lakhs of rupees)

	1963	1962	1961	1960
Interest and discount earned ..	132.14	116.89	92.35	76.30
Commission, exchange and brokerage earned	32.65	29.23	27.27	22.97
Other income	6.23	3.19	2.50	2.10
Interest paid	70.97	63.15	50.03	38.61
Expenses	84.84	72.61	57.11	51.24
Depreciation	2.98	2.89	2.79	2.37
Net profit*	12.23	10.66	12.19	9.15
To reserve fund	3.00	2.50	4.15	1.85
,, other funds	1.75	1.28	1.28	1.25
,, bonus to staff	4.50	4.00	3.50	3.00
Dividend	3.00 (6%)	3.00 (6%)	3.00 (6%)	3.00 (6%)
Carry forward	0.23	0.25	0.36	0.09
Capital	50.00	50.00	50.00	50.00
Reserves	38.50	35.50	33.00	29.85
Deposits	31,33.86	26,53.21	24,29.39	19,39.73
Advances	15,02.68	16,17.58	13,99.86	10,71.22
Investments	10,11.63	962.57	870.02	976.97
Cash	791.26	300.26	361.74	160.66
Balance sheet total	36 31.19	31,30.42	28,31.63	24,23.74
Ratio to deposits of—	%	%	%	%
Advances	47.9	61.0	57.6	55.2
Investments	35.3	30.2	35.8	48.3†
Cash	25.2	11.3	14.9	8.3

* Provision for taxation undisclosed.
† Only on unencumbered portion.

The developmental activities of the Bank during the year 1963 included the establishment of twelve new branches, raising the total number of branches to 94, besides three pay or sub-offices. The total limits sanctioned against the security of warehouse receipts rose from Rs. 49.41 lakhs to Rs. 51.93 lakhs; four additional warehouses were built within the Bank's area of operation. The needs of small-scale industries continued to receive special attention, the limits actually sanctioned rising from Rs. 81.14 lakhs to Rs. 111.45 lakhs, though the amount of credit utilised was only Rs. 54.16 lakhs, as against Rs. 37.55 lakhs. The Bank also continued to transact the Government cash business and agency functions. As of today, the Bank is handling Government cash business at 59 centres and holds currency chests of the Reserve Bank's Issue Department at 67 centres (including two sub-chests). The aggregate remittancee issued and encashed during 1963 under the R.B.I.'s remittance facilities scheme amounted to Rs. 109.14 crores and Rs. 17.31 crores, respectively. The corresponding figures in respect of co-operative institutions were Rs. 36.84 crores and Rs. 25.55 crores. Further, the Bank continued to act as the Registrar of the Andhra Pradesh State Electricity Board.

WORKING RESULTS OF FIVE BANKS

Five more banks have announced their working results for the year ended December 1963. They are the Bank of India, the Punjab National, the Bank of Baroda, the Indian Bank and the Bank of Maharashtra. The results of all these Banks show an improvement in net profit, the actual rise ranging from Rs. 13.46 lakhs in the case of the Bank of India to Rs. 57,000 in respect of the Bank of Maharashtra. The Bank of Baroda and the Indian Bank have stepped up the rate of dividend, the former from 16 to 18 per cent. and the latter from 14 to 15 per cent. (including bonus). The dividend proposed by the Bank of Baroda for the year 1963 is on higher capital. The additional capital issued in 1962 ranks for dividend in respect of the whole of 1963, while it received a proportionate distribution of final dividend in 1962. The Punjab National and the Bank of Maharashtra have maintained the dividend at the previous year's level of 20 per cent. and 9 per cent., respectively. The additional capital of Rs. 10 lakhs issued by the latter Bank during the year 1963 also ranks for *pro rata* distribution. If the Bank of India has reduced the dividend from 20 to 18 per cent, it is apparently because of the Directors' proposal to issue, subject to official consent, 40,500 fully paid bonus shares of the face value of Rs. 50 each; the issue will be in the proportion of one bonus share for every 20 existing shares whether ordinary shares and/or 'A' ordinary shares held by a member on a date to be prescribed later. Including the proposed issue, the paid-up capital of the Bank will increase to Rs. 425.25 lakhs. Moreover, the dividend of 18 per cent. proposed for 1963 is payable on the higher capital of Rs. 4.05 crores, whereas, in 1962, the interim 8 per cent. was on Rs. 3.00 crores and the final 12 per cent on Rs. 4.05 crores.

The salient features of the Banks' working results during the years 1962-63 are given in the following table:

(In lakhs of rupees)

Name of Banks	Profit*	Amount brought in	Transfer to reserves	Dividend‡	Amount carried forward
Bank of India:					
1962	111.54	29.16	22.50	72.60	45.60
1963	125.00	18.10	25.00	72.90	40.20
Punjab National:					
1962	113.83	10.38	25.00	40.00	15.21
1963	126.47	15.21	50.00	40.00	3.18
Bank of Baroda:					
1962	63.19	3.03	12.75	27.30	26.17
1963	75.00	3.47	15.50	36.00	26.97
Indian Bank:					
1962	15.25	1.49	3.10	12.20	1.44
1963	17.00	1.44	3.40	13.26	5.18
Bank of Maharashtra:					
1962	8.43	4.35	4.50	3.89	0.46
1963	9.00	0.46	4.00	3.89	0.46

* After providing for taxation but before making provision for bonus to staff.
† Subject to tax deduction.
‡ Including payment of bonus to staff.
§ Excluding bonus to staff and charities.

It will be noted that the transfers to published reserves are larger in the case of the first four banks included in the table, while they are a shade lower in the case of the fifth.

Details regarding deposits, advances, etc. (as at the end of 1963) are not available in respect of the Bank of India and the Punjab National, but it can be confidently said that both have registered a notable improvement in the year under review. The aggregate deposits of the Indian Bank have gone up over the year 1963 from Rs. 44.04 crores to Rs. 49.83 crores. The deposits of the Bank of Baroda are said to have risen by 22 per cent. in 1963; 33 new branches were opened by the Bank. As for the Bank of Maharashtra, deposits have increased by Rs. 4.69 crores to Rs. 29.45 crores, advances by Rs. 2.8 crores to Rs. 14.67 crores and investments by Rs. 3.9 crores to Rs. 13.43 crores.

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COST STRUCTURE OF COTTON MILLS

MURANJAN COMMITTEE'S FINDINGS

IN our Market Gossip columns last week, we made a reference to the views of the Muranjan Committee on cotton prices, basing ourselves on extracts appearing in a section of the daily Press. We had stated then that it was not clear from those extracts whether the Committee had investigated the other elements in the cost structure of cotton textile industry. Inquiries made since then reveal that the Committee, appointed by the Union Government towards the close of November 1962, has done so and that it submitted the first part of its report concerning raw material cost as early as at the end of March 1963 and the second part concerning conversion (or manufacturing) cost early in July 1963. The Government, however, has still not released either part of the report to the public. Apparently the Government has held it back pending its decision on the revision of cloth and yarn prices. It may be recalled that, besides the findings and suggestions of the Muranjan Committee, the Tariff Commission, too, studied the problem and submitted its report well over a year ago, in December 1962, to be precise. The delay in taking a decision on this important issue is deplorable considering that the cotton mill industry is today caught between severe cost inflation, on the one side, and virtual pegging of selling prices, on the other. The Committee of the Indian Cotton Mills Federation, at its meeting held in Bombay recently, reviewed the cost structure of the industry especially since the introduction of the voluntary price regulation scheme and the freezing of textile prices since January 1961. The review revealed the following trends:

While the cloth prices have remained virtually the same during the last three years, there has been an all-round increase in the manufacturing costs following the rise in the cost of materials required for the production of textiles. The wage bill of the industry has also gone up substantially. Besides the increase in the basic wages, there has been a rise in the dear food allowance and in the employers' contribution to the provident Fund and Employees' State Insurance. Recently, the Industrial Court awarded five days' casual leave and seven days' privilege leave to the workers of the Bombay cotton mills. In the result, the growing disparity between costs and prices is causing grave apprehension to the industry.

Modernisation Element

The cotton mill industry, or, for that matter, any other industry, cannot be expected to sell its products indefinitely at prices below the actual cost of making them. Indeed, the prices must not only be sufficient to cover adequately the rise in different costs but also ensure a reasonable margin of profit. Further, the prices must provide for suitable rehabilitation or modernisation allowance. The need for such an allowance arises from the fact that the machinery and equipment installed in a large number of mills are old and worn-out and, unless they are replaced, the productivity will continue to be poor. Since the financial position of the vast majority of cotton mills is none too satisfactory and considering that the outlay on rehabilitation is pretty heavy, the Muranjan Committee has done well, indeed, to urge that the new cloth prices now being considered on the recommendations of the Tariff Commission should be so fixed as to include an element of the price specifically for modernisation or rehabilitation. The Committee is reported to have observed:

"....Price fixation which does not admit of provisions to stimulate efficiency and reduce costs imperils development. It should be so devised that the stimulus for elimination (of highly uneconomic units), replacement or amalgamation is not removed. If the element of rehabilitation or modernisation is provided for at the time of price fixation, it is necessary to ensure that this element is used purposefully and effectively to raise the efficiency of the industry as a whole. If the return on employed capital is deemed adequate to cover all legitimate requirements of return on investment, a special element for rehabilitation or modernisation can only be regarded as a sacrifice by the consumer in favour not only of any individual unit but of the industry as a whole."

The Muranjan Committee is quite right when it says that it might not be conducive to the efficiency of the industry if inefficient units are permitted to collect and use the element of price (for modernisation or rehabilitation) for themselves. For any further expenditure on such units would be a mere waste of financial and real resources. The Committee has accordingly suggested that the funds accruing from the modernisation element in the case of mills with unsatisfactory working results should be used on units which give promise of reaching the efficiency of the average level. "Such a collective and selective approach," to quote the Committee, "may not be compatible with a purely competitive economy, but it must be regarded as an ordinary incident of planned economy." This approach, incidentally, marks a welcome departure from the system of fixing prices on one condition regarded as basic, namely, that the existing units, irrespective of their level of efficiency, must be kept in production. The Committee has divided the mills to be dealt with into the following two categories:

Units that can be reconstructed with some investment of capital or change of management, etc., and

units that have to be liquidated as legal entities but the assets and equipments of which are capable of further use either in the textile or in some other industry.

Reconstruction Corporation

The Muranjan Committee has recommended the establishment of a special body, known as the Reconstruction Corporation, to liquidate the latter category of mills and assist the former category to improve their position. Both the courses should be considered inevitable in any scheme of cutting down the production costs of cotton textiles as a whole. The proposed Corporation, it is emphasised, would have to function with adequate capital and personnel working on two separate sets of reconstruction and liquidation. The Committee has, therefore, suggested the imposition of a special cess on the textile industry. It is further suggested that the funds accruing from modernisation element in price in the case of mills with highly unsatisfactory working results should be credited to the Corporation.

The proposal for the levy of a general cess on the industry is not sound. Apart from the unjustified additional burden that will fall on the mills which have persistently striven hard to improve their efficiency with a view to producing larger quantities of quality textiles at an economic cost, the impact on consumer prices will be severe. The grant of a special rehabilitation allowance in price, together with more liberal loans from the Government-sponsored financial institutions and other measures of assistance, may be quite sufficient. In the case of units which are highly uneconomic and inefficient, the Government can directly order their liquidation or amalgamation with bigger units. The managements of such units will not suffer any heavy loss, as they can doubtless get a lot of money by disposing of their machinery, buildings and lands.

Production Control?

The Muranjan Committee has alluded to the raw cotton buying policy of mills and says: "The freedom to buy cotton anywhere and to adopt or claim to have adopted any particular 'cotton mix' lies at the root of one of the most serious malpractices or abuses on the part of mill managements. The purchase price at which cotton is passed on in the accounts of textile mills betrays too often a suspicious look about them." This abuse, in the opinion of the Committee, could be eliminated if the Government were to compel the mills to standardise their production of yarn or fabrics within the prescribed limits and, in the case of purely spinning mills, standardisation of yarn should be fixed mill-wise.

In effect, the Muranjan Committee has advocated detailed production control which, to say the least, is highly unjustified, with disquieting effects. It would be clearly wrong to deny the mills the freedom to produce whatever type of goods the domestic and overseas buyers want, though no one will dispute the need for prohibiting production of sub-standard textiles. Any denial of such freedom is bound to curtail the production of higher quality cloth to suit the changing tastes of consumers. The abuses to which the Muranjan Committee refers can be minimised, if not completely eliminated, if appropriate conditions are created for the prevalence of inter-mill competition. The causes of corruption lie in a defective textile policy designed to protect uneconomic units in the decentralised sector. It is this policy that needs to be changed.

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TRADING RESULTS OF COTTON MILLS

PROFITS TOUCH LOW LEVELS

From Our Special Correspondent

MANCHESTER, *7th January*

PROFITS announced by British cotton companies in 1963 were at their lowest level since 1959, before the industry's big reorganisation scheme took effect. Total earnings, after tax, of 67 companies owning more than 250 mills were £4,027,191, as compared with £7,234,961 for the same firms in 1962. In the previous year, 70 firms made profits of nearly £12 million. The fall in earnings reflected dull trading in 1962 and the early part of last year when the mills were frequently working short time. In the final quarter of 1963, big buying of textiles resulted in a sharp upsurge in order lists and many firms are now fully engaged for most of the current year. Profits are expected to rise accordingly, although margins are still narrow.

MANCHESTER LETTER

According to an independent analysis of trading results of cotton companies (prepared by Frederick W. Tattersall Ltd., of Manchester), aggregate net earnings announced by 15 leading spinning and weaving combines and their subsidiaries amounted to £2,033,952, as compared with £3,494,469 in 1962. The average profit was £139,597 per group, as against £232,965, and the average dividend paid was 8.09 per cent, as against 11.97 per cent.

Average profits announced by 22 independent spinning mills during 1963 were £6,053, as against £25,475 for the same units in 1962. The average dividend distributed was 10.39 per cent, as against 15.65 per cent. Average profits of 15 firms combining spinning and weaving was £67,829 per company, as compared with £134,982 for the same firms in 1962. The average dividend was 10.19 per cent, as against 14.05 per cent.

Credit balances accumulated by the 22 spinning firms now total £3,762,274, an average of £171,012. Those combining spinning and weaving carried forward an aggregate of £3,037,480, an average of £202,499. Total net earnings of 15 firms mainly dealing with the weaving of cloth announced in 1963 were £782,630, as against £1,155,308 in the previous year. Average profit was £52,175, as against £77,021, and dividends averaged 8.06 per cent as against 10.07 per cent.

Overseas Trade in November

Assessment of 1963 in terms of exports and imports must await the completion of the annual accounts prepared by the Board of Trade. In the meantime, the eleven-month figures show no pronounced change from conditions prevailing earlier in the year. Both shipments abroad during November and the arrivals from foreign sources were on a similar basis to previous months.

By the end of November, earnings from exports of cotton goods had exceeded £40 million, a reduction of about £2,750,000 on the previous year. The cost of imports of similar materials had increased by some £3 million to nearly £56,500,000. Without a sudden deterioration in the situation in December, it appears that the joint totals of exports of cotton and man-made fibre fabrics last year will, for the first time for more than a decade, exceed the quantity of goods exported in the previous 12 months.

Big Man-made Fibre Gains

Producers of purely cotton fabrics can scarcely congratulate themselves on this feat as the eleven-month volume was still almost 13 million yards lower than in 1962. Makers of man-made fibre cloth, however, gained a lot of ground, achieving not far short of a 50 per cent increase on exports. Cotton cloth shipments to the end of November were 203,858,000 square yards, as against 216,647,000 square yards, while those in the man-made fibre sector were 72,040,000 square yards, as against 50,099,000 square yards.

Much the same situation arose in the spinning section where cotton yarn and thread exports fell from 20,118,000 lbs. to 18,803,000 lbs. but man-made fibre yarn shipments advanced again after their big rise in 1962. The eleven-month total was 74,910,000 lbs., as against 62,716,000 lbs. in the same period of the previous year and 48,575,000 lbs. in 1961.

Larger Imports

Turning to imports, the figures to the end of November show that larger supplies of all types of goods entered this country, apart from man-made fibre cloth. Arrivals of cotton yarn and thread increased from 29,672,000 lbs. to 33,541,000 lbs.; cotton grey cloth imports from 406,220,000 square yards to 446,098,000 square yards; finished cotton cloth from 131,729,000 square yards to 139,981,000 square yards and man-made fibre yarn imports rose steeply from 5,579,000 lbs. to 14,350,000 lbs. The single exception to the trend was man-made fibre cloth, where purchases from abroad were reduced from 62,601,000 square yards to 58,351,000 square yards.

Within the cloth imports total, India remained well ahead as a grey cloth supplier, sending 167,469,000 square yards, as against 140,144,000 square yards. Other countries to increase their shipments to Britain were Pakistan, from 36,444,000 square yards to 50,821,000 square yards; Canada from 6,309,000 square yards to 11,188,000 square yards; Portugal from 14,304,000 square yards to 25,839,000 square yards and China from 20,259,000 square yards to 33,464,000 square yards.

Reductions in grey cloth imports were recorded during the eleven months from Hong Kong at 80,491,000 square yards, as against 93,511,000 square yards; France at 6,069,000 square yards, as against 11,515,000 square yards; Spain at 5,728,000 square yards, as against 12,927,000 square yards, and Japan at 13,570,000 square yards, as against 24,611,000 square yards.

The only notable changes in purchases by British importers of finished cotton cloth were bigger takings from India at 14,667,000 square yards, as against 8,351,000 square yards and from Portugal at 10,527,000 square yards, as against 4,178,000 square yards.

A Good Guide

Confirmation of the general tone of reports from the industry during the past few weeks came in the interim statement issued by the Directors of Fine Spinners and Doublers just before the year-end. This official summary of the position always provides a good guide to the affairs of the spinning trade in the second half of each year, particularly when linked to the survey given by the Chairman of the Lancashire Cotton Corporation which follows within a few weeks.

"Since September, the seasonal upsurge in trade has been sufficient to ensure high activity in the mills until well into 1964," said the Fine Spinners' report. "Although much of this new business shows little improvement in margins, there are definite signs of a more realistic approach to the pricing problem."

Imports from low-cost countries, it is pointed out, have now apparently been contained at a level of about 30 per cent of the home market. Prices within this sector, it is suggested, have no relation to those within the remaining 70 per cent. On the assumption that determined efforts have been and will be directed towards maintaining prices at a reasonable level, the Board of Fine Spinners are able to predict that future prospects are brighter than for some time.

Outside the United Kingdom this group has extensive interests, most of which seem to be progressing well. The American cotton plantation has had an excellent growing season, with all-time record yields. Reorganisation of the French mills is being pressed forward, resulting in a continued improvement in earnings from this source.

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TRENDS IN BRITISH TEXTILE INDUSTRY

MERGERS GAIN MOMENTUM—PRODUCTIVITY IMPROVES—EXPORTS PICK UP

By Arthur Tattersall

IN any notes which future historians make about conditions in the Lancashire cotton industry in 1963 the year may well be regarded as the one in which its structure began to show a remarkable change. Four years before, the Government-sponsored reorganisation scheme had set in motion a comprehensive scrapping programme, to be followed by equally extensive re-equipment plans. The past 12 months has seen a fresh outbreak of amalgamations in which the giant man-made fibre producers have taken a leading part. The movement began at the beginning of May when it was announced that the English Sewing Cotton Company (E.S.C.) had made a bid for Tootal Ltd., thus linking two organisations which were already predominantly "vertical" in structure.

Taken by itself, this development would have attracted considerable attention in textile circles, but the important aspect of the venture was the fact that financial aid to effect the merger had been given jointly by Courtaulds and Imperial Chemical Industries, two of the largest combines in Britain, both with a considerable stake in the textile trade, who themselves had been locked in an abortive takeover struggle only a few months previously.

It was abundantly clear at the outset that the E.S.C./Tootal link was only the beginning of the chapter so far as the man-made fibre producers were concerned. Jointly they expressed belief in verticalisation and their readiness to put a fraction of their far-from-inconsiderable finances at the disposal of other companies which contemplated expansionist policies, but lacked the capital for large-scale efforts.

In the meantime, both these determined leaders in their sphere have reached out in different directions to strengthen their position in textiles as a whole. In this way, they can provide outlets for their production and keep a firm grip on all processes through to the finished article.

Swift Changes

Merely to enumerate the deals subsequently arranged hardly gives an adequate picture of the swiftly changing scene, but it is safe enough to predict that similar developments will occur in the years ahead, unless unforeseen events hamper this trend.

Courtaulds, for example, has taken a minority interest in Carrington and Dewhurst, the big man-made fibre spinning and weaving group; it has absorbed Bairnswear and Foister, Clay and Ward, thus branching out into the hosiery and knitwear industries; it has consolidated its controllling interest in Morton Sundour Fabrics and taken over three small private companies involved in processing, trimming manufacture, etc. In the fashion field, the well-known house of Susan Small has been brought within the Courtaulds fold and within the past few weeks two new bids have been announced—one for the old-established James Nelson group, which not only spins and weaves but also produces rayon yarn—and the other for the well-known Midlands knitwear firm of Meridian.

Upto the beginning of November, I.C.I. had kept relatively quiet, but a sudden fresh incursion into the textile field by the offer of financial aid and a minority interest in Viyella International set all the old rumours circulating once more. This was followed by an arrangement to take a similar interest as Courtaulds in Carrington and Dewhurst, so that speculation rose sharply as to whether these two all-powerful companies in their particular field were, in fact, collaborating or competing for what must appear to them as the textile pygmies.

It is still too early to give a definite answer on this point, but there can be no illusions about the general trend, which, once more, moves towards the big battalions in industry. This has been accentuated by the quick use made by Viyella of the loan offer by I.C.I. to absorb the British Van Heusen Corporation—another instance of two big groups with extensive vertical organisations joining forces to strengthen their position in the field.

Some commentators have described the latest phase as the "insatiable appetite" of the man-made fibre producers for textile companies. There have been forecasts that the outcome will be an industry consisting of four or five huge concerns, rather on the lines of the United States where the giants dominate cloth production, surrounded by several thousand satellites.

On a lower level in the financial sense was Viyella's earlier takeover of John Binns, the Yorkshire spinning and weaving firm, and the absorption by Vantona of a number of companies, particularly in the candlewick trade, which now form a compact grouping in a particular section and offer the advantage of expert specialisation. Such developments are a natural corollary of events going on in high places and have the effect of stabilising the trade, which should eventually be to the benefit of the market as a whole.

In contrast to these exponents of the theme of verticalisation and throughput from the earliest stage of the fibre to the made-up garment, there are still many supporters of consolidation by the more traditional methods of horizontal operation. Nothing further has been heard of the widely-canvassed rumours circulating some months ago about the links which were said to be being forged between the major producers in the spinning section, but moves along these lines cannot be ruled out as the general readjustment continues.

Case for Categorisation

One of the most vital factors to emerge from the long-drawn-out arguments over the import situation was the eventual acceptance by the Government of the industry's case for categorisation to be introduced. The President of the Board of Trade made it abundantly clear during a visit to Manchester in June that no revision of the current arrangements establishing ceilings on arrivals from Commonwealth countries was contemplated until their expiration at the end of 1965.

At that time, he brushed aside the trade's contention that limits should be imposed on imports of individual types of cloth on the lines of the systems already operating in other countries and regarded as part of the structure of the long-term agreement which had been ratified by more than a score of nations under the G.A.T.T. "umbrella." Subsequent pressure in high places and the strong tone adopted by several negotiators resulted in an admission only a few weeks later that the system was justified. The Government promised support for Lancashire's case when talks with India's trade leaders started in the autumn.

This was a turning point indeed, being as significant a move as that which launched the reorganisation scheme. It marked a change in policy for which Lancashire had long been pressing and ended the crisis of confidence which had held back customers from making their needs known for the best part of two years.

Subsequently, the broadening of demand came as a natural result of the change of mood, but there were extensive undertones which equally affected the market. Better productivity in the mills was a major influence in this respect. Widely quoted and re-quoted has been the figure of a 15 per cent rise in output per head as compared with four years back and to an industry so prone to criticism as cotton, an achievement of this side has been a formidable aid in stimulating confidence.

Immediate repercussions from the re-equipment scheme could not be envisaged. Installation of new plant requires careful timing and balanced production in the different processes before it can be fully effective. Only since the beginning of 1963 have the advantages become clear cut and still more gains can be forecast in the years ahead.. Meanwhile, the progress made has given an incentive to every section of the trade to put its house in order; the more intelligent and far-sighted firms have gone a long way towards achieving this object.

At the beginning of May 1963, a sudden decision to concede a second wage advance in a short time to spinning and weaving workers was announced; from July a flat rate increase of 5*s.* 9*d.* a week was given. Hopes that the subsequent rise in overheads and prices might encourage a buying movement in the early summer were not fulfilled, but business during the holiday season was on a rather broader basis than often happens at that time of the year. Throughout this period orders were placed which provided producers with only a very narrow margin of profit and complaints about this state of affairs were persistent.

Time to Buy

In September, however, customers made up their minds that the time had come to buy. The statistical position was much as it had been 12 months previously—only more so. Stocks had been allowed to decline to extremely low levels and, though yet another disappointing summer from the weather aspect had been experienced, clearances had gathered some momentum. The necessity for replenishments reached a pitch where follow-on orders were placed on a more extensive scale than at any time since the hectic days of 1959-60.

Still a major influence was the relatively low price level ruling. Imports, larger than in 1962 but well below the previous year's peak, had a depressing effect on bids and buyers were not prepared to raise their quotations until supply shortages began to appear. By that time many of the mills had secured contracts which meant that delivery could not be offered until the early months of 1964 and the underlying strength of the market had undergone a very considerable change.

Quite apart from the fundamental aspect of categorisation of imports, the control over arrivals of foreign goods became tighter during the period. An agreement was reached with Portugal (a country which had been described, not without reason, as liable to become "the Hong Kong of Europe") under which shipments to the United Kingdom will in future be subject to a ceiling roughly equivalent to actual imports during the 12 months to the end of August, 1963.

Contact was also made with the Spanish cotton industry with the object of introducing a measure of categorisation; talks took place with Indian trade leaders on the same important topic. Although some opposition to the idea was expressed by Hong Kong, the wheels have been set in motion to regulate the flow of arrivals and the position is at least stabilised for the moment.

During the first half of 1963, yarn production showed very little change as compared with the same period in 1962, the respective figures being 310,570,000 lbs., as against 318,050,000 lbs. The quantity of cloth woven, however, was nearly 60 million yards lower than in the first half of last year at 809,250,000 yards.

Yarn output in 1963 was running at above the comparable level in 1962 each month since April. Production of cloth per working day in August was higher than in the same month last year, being the first time for over two years that production had exceeded the rate recorded in the same month of the previous year. These gains were achieved with a labour force in spinning and weaving some 12,000 fewer than a year previously.

Exports of cotton goods were slightly lower than in the comparable period of 1962, but a sharp revival in overseas trading took place in man-made fibre yarn and cloth. In consequence, for the first time for more than a decade, the joint totals of exports of cotton and man-made fibre goods for the first nine months of the year were in excess of the previous year's level. The margin was indeed narrow but, coupled with other more favourable factors, this represents a base from which further progress might be achieved.

The tables on the next page indicate the latest position of exports, imports, employment and production compared with recent years.

Raw Cotton Prices and Supplies

Changing conditions in raw cotton markets are just as much a sign of the times in textiles as the developments taking place in many other sectors. There is no point in reiterating the importance once attributed to such events as American crop estimates and the sudden variations in demand which had a direct bearing on the offtake in yarn and cloth. Times have certainly changed in this respect.

There could have been no more obvious example of this transformation in the raw cotton scene than the complete absence of reaction to the two official reports on the progress of the American crop issued in October and November. The first of these showed that the yield per acre had spurted significantly to a new all-time record of 500 lbs. and that the probable production would be virtually unchanged as compared with the previous season's harvest.

A rise of some 500,000 bales in the supplies anticipated a month previously and the fact that the crop has been grown on an area some 2 million acres smaller than last year were notable factors, but the markets took them in their stride without price changes of any magnitude.

Very Big Yields

The November estimate consolidated the position by adding yet another 500,000 bales to the probable production and raising the average yield to 516 lb. per acre. This lifts the harvesting outlook into a very different category as it represents an increase of 50 lb. per acre above the previous peak in 1958-59.

Modernisation of agricultural methods can be expected to create new situations of this kind, but it remains to be seen what action will be taken by the authorities in Washington to restore some kind of equilibrium in the face of changing conditions. The legislative system at the moment is based on control of acreage to avoid the accumulation of surpluses, so that considerable readjustment will be necessary if yields persist at this high level.

Outside the United States, however, latest production trends show that the overall output may be reduced by about 500,000 bales as compared with last season. Smaller supplies are likely from Mexico and the Middle East, but should be offset by larger crops in the Communist bloc countries. A major influence in the past few weeks has been recognition that the quantity of cotton likely to be available in Egypt and the Sudan will be smaller than anticipated and supply shortages have already been predicted.

Spot rates for raw cotton in the markets of the world showed a little more animation than in recent years, although the tendency was for sudden movements to be followed by several weeks of stability. Official values seemed to lag behind trade trends to a far greater extent than in the past.

At the beginning of 1963, one-inch middling American cotton on the spot in Liverpool was quoted at 24.00*d.*, there being a limited rise to 24.15*d.* in January, and a subsequent decline to 23.75*d.* by the end of June. A steady downward movement developed during August and September, until the low point of 22.90*d.* was reached. Slightly firmer rates prevailed in the last two months of the year, the latest figure being 23.20*d.*

In the Liverpool market for Sudan cotton, there were lengthy periods when no changes took place in quotations. The Sakel C6 variety, which opened the year at 28.90*d.*, was reduced to 27.90*d.* in January, and remained unchanged thereafter until October. Subsequently, a rising undertone developed and the latest quotation is 29.10*d.*

Fully Competitive

Results from modernised spinning mills are exceedingly promising and it is no idle boast that the best of British firms can now stand comparison with any others in the world. Naturally, the introduction of costly new machinery, especially in the ancillary processes, is an expensive item and in the circumstances it becomes all the more essential that reasonable profits should be earned to cover depreciation and make allowances for future re-equipment. The absence of adequate margins has therefore provided employers with severe problems, but the brighter mood lately encountered should go part of the way to rectifying this situation.

When the buying movement developed in September, the call for supplies extended over most types of yarn, though the trend still favoured the medium and lower qualities rather than some of the finer numbers. As usually happens, however, when pressure for supplies mounts, the offtake shows a broadening tendency and, in due course, most of the descriptions produced in Lancashire mills came in for sustained attention.

Growing imports again provided a disconcerting aspect and added to the difficulties of spinners. Not only were direct arrivals larger than in the past, but the rivalry from foreign cloth producers caused a reduction in the demand for domestic yarns. In this connection, the volume of doubled cotton yarn entering British ports from abroad still had an important bearing on the situation at home.

Total imports from all sources were bigger than in the same period of 1962.

Exports of cotton yarn and thread dwindled during August and September and at the end of nine months of 1963 were some 500,000 lbs. smaller than in the corresponding period of the previous year. Some progress was made in shipping these goods to Continental markets, but a further reduction in supplies sent to Australia and New Zealand was noted. A little more demand was encountered for the Irish Republic.

The ever-widening gap between shipments of cotton yarn and thread and comparable exports of man-made fibre yarns was further emphasised during the first nine months of this year. Trade in cotton yarns and thread was barely 15,600,000 lbs., but man-made fibre yarn shipments exceeded 60 million lbs., being 10 million lbs. higher than in the same period of 1962. Exports of man-made fibre yarns were spread over a number of markets. Australia, the Soviet Union, Sweden and Switzerland each absorbed more than 4 million lbs., with good support from China, South Africa, the Irish Republic and India.

Cotton Weaving

In the weaving section of the industry, the turnover was in a few hands, until the general broadening of demand developed after the holiday season came to an end. The call for supplies varied substantially between individual branches and some manufacturers were not without useful orders for the whole of the year. Gathering animation in the autumn provided a much stronger basis from which weavers could operate and in the past few weeks the turnover has shown a very marked expansion.

Most firms, as a result, are now in a much more favourable position than for some years back and the length of order lists is sufficient to keep machinery well engaged for at least a similar period in the future. Like their counterparts in spinning, however, weaving employers have grumbled incessantly about their inability to secure adequate terms on which new business can be fixed up. Only very recently have contracts been arranged which offer more than barely acceptable remuneration.

So far this year purchases from abroad have been well in excess of the totals taken from foreign producers in 1962, though some curtailment of imports has been noticeable in the last two or three months. To the end of September, the volume of arrivals of grey and finished cotton cloth was 473,160,000 square yards, against 427,144,000 square yards in the same period last year. The major increase has been in grey cloth, but the quantity of made-up cotton garments reaching British ports has also broadened perceptibly.

In the face of these sustained thrusts from overseas and in particular the disruptive price element, local manufacturers have found progress far from easy. A regular call for follow-on contracts has been encountered from week to week, but it has only been in the closing stages of the year that anything approaching large-scale purchasing has been experienced. Fair quantities of routine constructions, ranging over dress-wear, linings and furnishings have moved off steadily, while, in the industrial sector, operations have continued in many different styles, from the finest speciality products to heavy materials.

In the nine months to the end of September, shipments of cotton cloth to overseas markets amounted to 168,750,000 square yards against 177,218,000 square yards in the same period of 1962. Impressive figures of exports were achieved by makers of man-made fibre cloth, the quantity sent abroad in the first nine months of the year being 57,021,000 square yards against 40,070,000 square yards in the corresponding period last year.

In cotton goods, South Africa took first place in absorbing cloth supplies, the quantity of 23,475,000 yards being 2 million yards more than in 1962, while the Irish Republic and Nigeria also accepted more goods. Shipments to Australia were reduced by over 4 million yards to 19,055,000 square yards. A sharp setback in trade with Rhodesia and Nyasaland was also encountered, this year's total being 9,984,000 square yards against 14,085,000 square yards.

New Zealand took first place as importer of British man-made fibre cloth this year, absorbing 5,098,000 square yards in the first nine months of 1963. Exports to the Irish Republic exceeded 4 million yards, as did those to South Africa, while useful support came from Sweden, Hong Kong and Rhodesia and Nyasaland.

Non-stop Operation

A major item of interest in relation to labour matters has been the application submitted to the Cardroom Workers' Amalgamation for permission to run a mill on a non-stop basis. Carefully worked-out schedules, comprising 5 shifts and allowing week-end workers a long break, were put forward and received consideration, not only by the chief union involved, but by all the other cotton unions.

The idea was treated as a principle, as it was regarded in the form of a test case which might well be duplicated in other directions if the system was successfully adopted. Opposition to the scheme was voiced by some union officials and the outcome was a rejection of the arrangement.

The trade union leaders phrased their comment carefully, indicating the passing of a resolution that they were not agreeable to the running of mill machinery "outside the terms of the present five-day week agreement." This was taken to mean that the particular application had been refused and that others would meet with similar opposition. In view of the fact that the individual workers at the mill concerned were apparently ready to operate the rather unusual hours, particularly as they would mean a shorter working week and more pay, the end may not yet have been heard of the matter.

Exports—A Lost Habit?

The fact that the almost continual downward slide in exports of cotton and man-made fibre fabrics has been halted this year gave slight encouragement to those traders who believe that rock bottom has been touched, and that a reversal of this trend can be anticipated. The obstacles are legion, but are not insuperable. Many firms have lost the habit of seeking export business, despite Lancashire's proud record of the past.

Six missions have crossed the Channel to probe the possibility of regaining some of the business formerly done with European countries, most of which have similar living standards to Britain. Continental styling has made great headway in this country, to the detriment of our own manufacturers, while many shippers have barely scratched the surface of the numerous outlets in Europe.

The breakdown of the Common Market talks was a setback in many ways, but there is much to be said for getting a foothold across the Channel in the event of future changes of policy. A resumption of negotiations for Britain's entry into a customs union in Europe should not catch textile traders unawares.

The immediate outlook for both the cotton and man-made fibres industries in Lancashire remains encouraging. Sufficient momentum has been built up and forward buying has developed on such a lively basis that most firms are assured of sustained activity throughout the next six months at least.

DATA ON U.K. TEXTILE INDUSTRY

(Sq. yds. in thousands)

	Exports		Imports	
	Cotton	Rayon, etc.	Cotton	Rayon, etc.
1938	1,386,235	31,176	52,000	24,000
1941	783,109	69,054	340	720
1945	441,005	84,187	10	7,620
1947	532,887	96,836	160	16,080
1949	903,578	160,708	348,800	51,600
1951	864,375	217,206	275,800	99,200
1953	709,905	176,826	98,640	44,400
1955	554,504	133,747	299,600	65,320
1957	455,760	111,239	416,252	73,400
1959	347,637	63,725	537,145	37,764
1960	327,181	54,249	727,807	58,469
1961	286,632	48,884	731,011	69,739
1962	235,210	54,969	575,458	66,464
1963				
1st quarter	58,400	19,087	175,167	14,983
2nd "	55,565	19,760	157,419	13,911
3rd "	54,785	18,194	140,574	16,547

	Production (Weekly averages) (in 1,000's)		Employment (Average at work)	
	Yarn lbs.	Cloth linear yds.	Spinning and doubling	Weaving
1937	26,500*	79,270	176,000	187,000
1941	23,180	41,300	117,800	108,200
1945	17,910	35,520	96,000	96,100
1947	19,570	38,700	119,500	105,600
1949	24,350	49,830	137,660	120,800
1951	27,110	56,920	145,430	140,320
1953	23,100	49,660	125,720	124,100
1955	22,350	47,680	118,380	117,970
1957	22,050	43,980	111,710	103,510
1959	19,250	37,020	91,990	81,870
1960	19,390	36,740	85,030	81,260
1961	17,550	35,420	81,960	79,760
1962	15,900	31,010	72,450	74,880
1963				
1st quarter	16,890	31,320	68,650	70,080
2nd "	16,220	30,930	67,780	68,240
3rd "	15,210	27,030	66,640	66,680

* Excluding doubled yarn.

SUGAR PRODUCTION PROSPECTS

ACTUAL OUTPUT THIS SEASON MAY BE FAR SHORT OF THE 3.3-MILLION-TON TARGET

TWO and a half months have elapsed since the current sugar season officially began—on 1st November, to be precise. This is no doubt too short a period to say categorically as to what would be the total sugar production in the whole season. Even so, the reports of crushing operations of mills that have come from different parts of India do enable one to assess the overall performance of the industry to some extent. The quantity of sugar produced in the first two months of the season (that is, November and December 1963) is said to be about 840,000 metric tons, as against the actual output of 635,000 tons in the corresponding months of the 1962-63 season. The extent of rise is of the order of 32 per cent. On this basis, the aggregate production for the whole season may be estimated at no more than 2.85 million tons, as against the 2.15 million tons actually produced in 1962-63. One section puts the figure at as low as 2.60 million tons. It is, of course, possible that production during January, February and March will be at a higher pace than in November and December. If regard be had to this consideration, the total production in the whole of 1963-64 season may be a bit more than 2.85 million tons. Even so, the prospects of sugar production target of 3.3 million tons (fixed for 1963-64) being hit successfully are rather dim. Indeed, there is no exaggeration whatever in the statement of Mr. Neville N. Wadia, Chairman of the Belapur Company Limited, that the eventual sugar production would fall far short of the set target. Speaking at the annual meeting of the Company at Bombay on Friday the 10th inst., Mr. Wadia alluded to the joint-stock sugar mills in Maharashtra State and observed:

"In Maharashtra alone, the objective is 650,000 tonnes, but most joint-stock factories find themselves short of the required quantity of cane to produce the amount of sugar which the private sector will have to make as its contribution to the target set by the State Government."

Sugarcane Supplies

Similar is the experience of sugar mills situated in other States. It is true that the cane prices payable by mills have been raised steeply and the controlled selling prices of sugar, too, have been enhanced. And it may also be true that the cane crop position this season is much better than in the previous season. Why then are the sugar mills finding it difficult to secure the required quantities of cane? The answer to the poser is not far to seek. Diversion of cane supplies to *gur* and *khandsari* manufacture continues to be on a large scale, thanks to the persistently high prices commanded by them. Apparently the official restrictions on the production of these sugar substitutes are not being, and cannot be, effectively enforced. If anything, the restrictions themselves have imparted a bullish fervour to *gur* and *khandsari* markets.

The question naturally arises as to what should be done. In his speech, Mr. Wadia suggested the imposition of an excise duty on *gur*, which at present is entirely free of duty, or some form of zoning to ensure that all cane grown within a fixed factory area goes to the factory in the zone for being converted into white sugar. The imposition of excise duty on *gur* does not seem to be a feasible proposition, as it will not be easy to collect it from the large number of small producers scattered over a wide area. But the other part of Mr. Wadia's suggestion, namely, zoning of factory areas, is quite possible, provided the State Governments have the political courage to compel cane growers to supply their produce to the factories and ruthlessly stamp out illicit conversion of cane into *gur*. The fact of the matter is that a Government which is ever ready to compel and coerce the most efficient manufacturers of sugar, namely, the sugar millowners, has not the guts to act in that manner, so far as *gur* manufacturers are concerned, even though it is fully aware that recovery of sugar from cane under this process is only 70 per cent of that in the factory. It is significant, in this connection, that the zoning committee within the Maharashtra State Sugarcane Committee, though it was appointed several weeks ago, has still not been able to produce a workable scheme. Stating that the future of the sugar industry was highly uncertain, Mr. Wadia expressed his confidence that, with a more realistic and bold approach from both Central and State Governments, the uncertainties could be removed and the sugar industry put on a more stable and sound base. Surely, it is such an approach that is wanted most, and not introduction of controls from time to time to take care of temporary difficulties.

Meaningless Exhortation

One of the uncertainties that continue to face the sugar industry pertains to lack of regular, adequate cane supplies. Dame Nature does, of course, play an important part in influencing the size of the cane crop harvested in any particular season. Even so it is not at all difficult to ensure the requisite supplies to sugar mills which, after all, consume only a third of the aggregate annual cane yield. It is sheer commonsense that no sugar mill will curtail its operations any time if it is able to secure the quantity of cane it needs at an economic price, for, to the extent the duration of its working is lengthened, its earnings will correspondingly increase, assuming that other things remain unaltered. Viewed thus, the exhortation made by Mr. K. G. Rajwade, Chairman of the Development Council for Sugar Industry, at the sixteenth meeting of the Council held at Etikoppaka (Andhra Pradesh) on the 10th inst., that "the sugar industry should adopt a more rational and patriotic attitude" is meaningless. All this is mere rhetoric and sentiment rather than substance and reason. This conclusion is further strengthened from the following passage of Mr. Rajwade as reported in a section of the daily Press:

"I appeal to the sugar industry to increase sugar production in such a way as to ensure a guaranteed level of availability of sugar for consumption in the country. The present time is the most crucial and testing period for the sugar industry. If, in spite of all the measures taken by the Government which has cost the country Rs. 20 crores in subsidies to growers, rebates to the industry, etc., the production does not increase and the industry fails to achieve the targets, serious consideration will have to be given to the question of reorganising the industry itself, so that a certain minimum level of production is attained and maintained over the next few years. The industry should think of the days when it suffered from the handicap of a surplus and clamoured for exports. The Government then came to the rescue of the industry with large subsidies. Now that there is a scarcity, the industry's co-operation and, if necessary, sacrifice is essential. The country has a fortuitous time when it can earn large amounts of valuable foreign exchange through increased sugar exports. The industry is not, however, inclined to produce more, unless promises are made and advantages held out."

By implication, what Mr. Rajwade means is that the sugar industry is deliberately trying not to produce more sugar. This assessment is, to say the least, wrong and uncharitable. Mr. Rajwade ought to know that, since higher production results in lower unit cost of output and higher profit, every mill will naturally endeavour its best to maintain maximum output. Did the industry not produce in the 1960-61 season (last year of second Plan) 3.03 million tonnes of sugar, a quantity which was well above the Plan target of 2.25 million tons? If the industry could not produce more than 2.15 million tons in 1962-63, was it not because of insufficient cane supplies, following large-scale diversion to *gur-khandsari* production and the reduction in the size of the crop itself? Even before the crushing season began, it was abundantly clear that there would be keen competition for the available cane supplies, but neither the Centre nor the State Governments did anything to ensure the requisite supplies to sugar mills and that notwithstanding a clear warning from the interests concerned. This journal itself had drawn the attention of the Government to this aspect. What was Mr. Rajwade doing then? Did he warn his Ministers and urge them to initiate timely measures? Instead of being candid enough to admit the Government's lethargy, he now seeks to put the blame for the shortfall in sugar output entirely on the industry and talks not like a responsible official but like a political demagogue. He holds out, by implication, a vague threat that, if the industry does not step up its production even at a financial loss, it would be subjected to some drastic reorganisation. He conveniently forgets, in issuing this threat, the Government's own responsibility for the mess in which the sugar industry often finds itself. If anything goes wrong with a controlled industry in a planned economy, the Government is more responsible for it than the industrialists concerned, for the latter, with their hands tied by bureaucratic controls, do not have the freedom to exercise their initiative and ingenuity.

The need for augmenting sugar output is paramount from the point of view of rising demand for both domestic consumption and export. The working sub-group of the Development Council, in its draft report which was considered at the meeting last week, has estimated the aggregate domestic demand to rise to three million tons by 1965-66 (the end of third Plan) and to four million tons by 1970-71 (end of fourth Plan). The consumption of *gur* and *khandsari* by 1970-71 is expected to reach 6.75 million tons and 480,000 tons, respectively. Taking exports into account, the total requirements of sugarcane are put at 135 million tons. Although this target represents an increase of as much as 41 million tons as compared with the 94 million tons actually harvested in the past season (1962-63), it should not be difficult of achievement. The lands devoted to sugarcane crop in several parts of the country can certainly be made to give larger yields of superior quality cane, provided the State Agricultural Departments apply themselves wholeheartedly to help the cultivators through provision of better irrigation facilities, distribution of quality seeds and supply of fertilisers. The State Governments do collect every year crores of rupees by way of cane purchase tax and they must utilise a substantial part of the proceeds, if not the whole of them, for cane development work.

EXPANSION OF SUGAR INDUSTRY

The implementation of the expansion schemes of the existing mills does not seem to be progressing quite satisfactorily. Thus, according to a recent official review prepared for the benefit of the Development Council for Sugar Industry, of the 120 mills licensed for expansion during the second and third Plan periods, only 49 units have completed their schemes. Such poor progress is not surprising, in view of the foreign exchange shortage, favouritism shown to co-operative sugar factories and official red-tapism, not to speak of the difficulties in raising sufficient rupee resources.

Including the additional capacity of one million tons (in terms of white sugar output) licensed so far partly by way of setting up new mills and partly by expansion of existing units, the total licensed capacity as of today comes to 3.36 million tons. Of this total, a capacity of 160,000 tons is likely to remain infructuous. Three factories have gone into production since the commencement of the current sugar season and four more are expected to begin functioning before the season ends (on 31st October 1964), the total additional capacity installed being at least 180,000 tons.

The Government of India has decided to license another 500,000 tons capacity, so as to raise the aggregate capacity to 3.7 million tons by the end of the current Plan. Proposals for licensing are expected to be finalised shortly. It is understood that a fourfold criteria may govern the future licensing of sugar mills: recovery percentage, absence of competition for available cane supplies from the *gur* industry, condition of cane development and preference for co-operative sectors. Present indications are that, out of the additional annual capacity of 500,000 tons, the share of the co-operative sector alone will be 350,000 tons, of which expansion of existing co-operative units accounts for 200,000 tons and establishment of new co-operative units for 150,000 tons. The corporate sector's share is put at 150,000 tons, the whole of which is meant for the expansion of existing units. This is only as it should be considering that the expansion of existing units always entails much less capital outlay than the setting up of new mills.

As against the Government of India's aforesaid decision to license an additional capacity of only 500,000 tons, the applications actually received are said to cover a total capacity of 1.9 million tons—1.1 million tons in the co-operative sector and 800,000 tons in the private sector. Out of this, the official screening committee, which is expected to complete its work by the end of this month, is believed to have already approved of applications for licensing the expansion of 19 co-operative mills with a total capacity of 200,000 tons.

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CANADA'S ECONOMIC ADVANCE STEADY

SIGNIFICANT EXPANSIONARY TRENDS IN OPERATION

By Hon. Mitchell Sharp
MINISTER OF TRADE AND COMMERCE

FOR Canada 1963 has been a year of steady economic advance. While the performance of the economy is still less than adequate, improvement has been general and significant progress has been made toward overcoming our main economic difficulties. Unemployment is lower, industrial slack has been partially absorbed and the imbalance in our external account and reliance on foreign borrowing have been reduced.

It appears that Canada's Gross National Product has increased by six per cent between 1962 and 1963 and total output in real terms by more than four per cent. A record grain crop has contributed to this advance but non-farm output also is up by about four per cent. This growth has increased the earnings of all major income groups. Total personal income is up by six per cent and *per capita* real income has advanced to a new high.

Total employment in Canada has been more than two per cent higher on average in 1963 than in the previous year and unemployment has been four per cent lower. This margin of improvement has widened toward the end of the year. In November 226,000 more persons were employed than a year ago, an increase of 3.6 per cent, and 39,000 fewer persons were without jobs. After adjustment for usual seasonal variation, jobless persons now comprise 5.1 per cent of the labour force, the lowest figure in more than six years.

Influences contributing to sustained expansion in 1963 include strong international demand giving rise to sharply rising exports, increased business outlays for plant and equipment and an unusually strong market for consumer durable goods. In the latter part of the year an upsurge in new house-building, along with the emergence of large market outlets for Canada's record wheat crop, gave new stimulus to the economy.

Industrial Growth

In 1963 as in the previous year Canada's industrial growth has been spearheaded in large part by the strong advance in secondary manufacturing. Motor vehicles produced in Canada exceeded 600,000 units this year after reaching the half-million mark for the first time in 1962. This has led to sharply higher levels of output in the automotive parts and rubber industries. Steel ingot production is up year-over-year by 14 per cent to a total annual output of more than eight million tons, double the level of a decade ago. The agricultural implement industry has had a notable resurgence, as have a number of other machinery producers. Other secondary industries to achieve substantial gains this year include textiles, clothing, electrical apparatus and a number of chemicals.

Among Canada's major industrial materials, notable production increases have been achieved in iron ore, aluminium, lumber, kraft pulp and plywood. Higher sales of copper and nickel were accompanied by a reduction of excess stocks and some decline in operating levels. The newsprint industry, though hampered by the early year newspaper strikes in the United States has, nevertheless, recovered to its previous high level of annual production and sales. Good progress has been made in the development of market outlets for sulphur which, along with potash, have assumed importance in Canada's export trade. Oil and natural gas have advanced in line with demand growth in available markets. Electric power generation has attained a new high level whereas coal output has averaged a little higher in 1963 than in the preceding year.

Total industrial production has increased by five per cent between 1962 and 1963, bringing the cumulative advance for the last three years to 16 per cent. This gain is the result not only of growing demand but also of increased penetration by Canadian producers into both the domestic and foreign markets.

The generally improved competitiveness of Canadian producers is reflected also in Canada's trade and balance of payments position. Exports this year have increased much more than imports. This has resulted in an upward shift of $275 million in the merchandise trade balance in the first ten months of the year, while further substantial gains are anticipated in ensuing months due to unusually heavy grain shipments. Most of the improvement in the trade balance this year reflects the further increase in Canada's surplus with overseas countries, particularly Britain. Canada's deficit with the United States is down moderately but still amounts to $450 million in the 10-month period.

Exports Higher

Exports within each of the major commodity groups are higher this year. Most notable in this respect is the continuing rapid expansion in sales abroad of secondary manufactured products reflecting new and growing markets in many parts of the world for a wide range of machinery and equipment items and consumer products. Exports of capital goods under long-term financing arrangements, mainly to less-developed countries, are of growing importance in this trade.

In non-merchandise transactions, Canada's tourist account has shown continued improvement—from a deficit of more than $200 million in 1960 and $50 million last year to what promises to be at least an even balance this year. There is, however, no evidence of significant or continuing improvement in other current account items which means that the deficit on all current non-merchandise transactions remains close to $1 billion annually. Consequently, even with the improved balances in commodity trade and tourism, Canada still has a large imbalance in current transactions as a whole which in the 12-month period ending September 1963 (the latest figures available) amounted to $542 million.

Nevertheless, the chances of a further increase in the surplus on merchandise trade appear good. The existing strong trend of exports has been reinforced by large sales of wheat to Mainland China, the U.S.S.R. and other Eastern European countries. These greatly increased shipments to Communist countries together with the heavy movement to traditional customers is expected to raise wheat exports in the current crop year to 550 million bushels, about 150 million bushels above the previous annual record. Also of major significance is the atmosphere of sustained expansion which presently characterises Canda's principal foreign markets. In the United States the expectation is widespread that the current up-trend of activity will continue in 1964. Following several years of slow advance, Britain is now experiencing a considerable economic resurgence. In Japan also growth trends have strengthened following a brief slow-down last year. Economic activity in Western Europe continues on an upward course accompanied, nevertheless, by inflationary pressures in some countries. Strengthening now under way in a number of international commodity markets will add to the buying power in underdeveloped areas which rely heavily upon exports of raw materials and food. While Canadian export prices, on average, are at about the same level now as a year ago, there are indications of firming in the prices of a number of export commodities.

These conditions suggest the likelihood of a quite substantial increase in Canada's exports in 1964 which would be the fourth consecutive year of strong advance.

Outlook for 1964

Significant expansionary forces are also apparent within the domestic economy. While the return to more normal weather conditions in 1964 would entail a year-to-year decline in grain output, the additional spending power generated by this year's record production and exports will be source of new stimulus in the economy as a whole for some time. In the West there is a new optimism associated with the disappearance of conditions of burdensome oversupply in Canada's grain growing industry and the expectation that high level of exports will continue at least through the next two crop years.

Preliminary indications of capital spending plans for 1964 suggest that this year's rate of advance in business outlays on plant and equipment will be fully maintained. Significant increases in capital programmes are indicated in manufacturing, electric power and transportation. In housing the large carryover of unfinished houses virtually assures a high volume of house-building next year even in the event of some decline in starts from this year's high level. The trend of public construction will be influenced by the advanced stage of the technical school building programme but some continuing increase in total outlays is, nevertheless, indicated. In short, there is every indication that total private and public capital spending will be higher in 1964 than in 1963.

While it would be hazardous to try to assess the future trend of consumer spending on durable goods, nevertheless, the continuing growth of incomes should provide firm underpinning to the consumer market generally.

All in all demand prospects appear good in both home and foreign markets. Strong overall demand means increased production, more jobs and higher incomes. Such conditions could be short-lived, however, unless they are accompanied by the kind of initiatives which will ensure a continued strengthening in our position in both home and foreign markets. In Canada's open economy, mounting prosperity can all too readily bring a resurgence of imports and strain in our balance of payments. Such an eventuality will be avoided only by pressing forward in our efforts to expand existing markets and develop new ones wherever there are opportunities for economic production. From this point of view, Canada supports and looks forward to participation in next year's important round of trade and tariff negotiations.

Continued competitive ascendancy in traditional export lines is, of course, tremendously important to our national well-being. However, this in itself is not enough. Even in the best of circumstances, proceeds from the sale of our major food and industrial material exports are not likely to be adequate, in the longer run, to meet the ever-mounting foreign exchange requirements of a prosperous Canada. No lasting solution to our balance of payments and related problems is likely to be achieved except through the further substantial broadening and filling out of Canada's industrial structure on a competitive basis.

International Competitiveness

Canada's current account deficit has been reduced from a high of $1.5 billion in 1959 to scarcely more than one-third of this amount in the 12 months ending September 1963. The promising outlook for exports in the ensuing year might seem to bring us within sight of balancing our external accounts for the first time in a decade. In the interim, however, imports also are rising and further progress in reducing Canada's reliance on net foreign borrowing might yet prove ephemeral unless we are able to sustain our present momentum towards broader participation in both home and foreign markets. With the more limited availability of foreign capital following upon recent taxation proposals in the United States, this is no time to risk a reversal in our external payments position. This is why it is so important to press ahead with the task of filling existing gaps in our industrial structure.

International competitiveness has a special significance in Canada's present economic circumstances. It should, however, be remembered that internationally-oriented industries make up the lesser part of the total structure of industry and cannot, therefore, be expected to provide all or even most, of the new employment opportunities necessary to absorb a growing labour force. Moreover, productivity is improving especially rapidly in this segment of industry which means that substantial increases in production can be achieved with relatively little additional employment. Export and import-competing industries can make their most vital contribution to the national well-being by giving sufficient viability to our external financial position to support adequate growth in the economy at large. Growth in domestically-oriented sectors of the economy, where most of Canada's labour force is employed, can proceed in a sound and healthy fashion only if the economy is made free of vulnerability to balance of payments strain. This is why the further strengthening in our external payments position is so important at this time. All-out economic growth is not only fostered by, but is also conditional upon, a strong external financial position.

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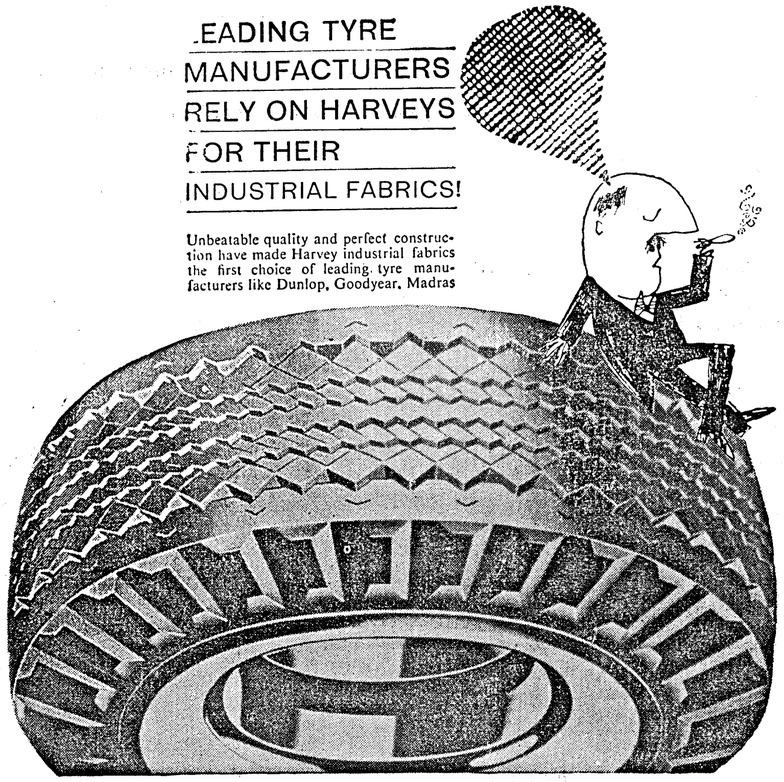

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		23,10,000

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(a) Subscribed for in cash at par by and allotted to the Directors, their friends and associates—25,000 Equity Shares of Rs. 10 each	2,50,000
(b) Offered to the Public at par for subscription in Cash : 2,50,000 Equity Shares of Rs. 10 each	25,00,000
1,00,000 9½% Redeemable Cumulative Preference Shares of Rs. 10 each (free of Company's tax, but subject to deduction at source at the prescribed rates)	10,00,000
	Rs. 37,50,000

The amount payable in respect of shares comprising the present offer are :

On application .. .. Rs. 2.50 per share,

On allotment .. .. Rs. 2.50 per share,

and the balance of Rs. 5 per share payable in one instalment with an interval of not less than 3 months from the date of allotment, and in any case not later than 25th September, 1964.

BOARD OF DIRECTORS

Name and Address	Business, occupation and particulars of other Directorships
1. **Harikishandas T. Aggarwal,** Seksaria Building, 74 Marine Drive, Bombay-1. *Chairman.*	Industrialist. *Chairman and Managing Director :* Devidayal Rolling & Refineries Pvt. Ltd.
2. **M. N. Bhagat,** B-41, Darshan Apartments, Mount Pleasant Road, Bombay-6.	Engineer. *Director :* (a) Indian Cathodic Protection Co., Private Ltd., Bombay. (b) The Indian Expanded Metals Pvt. Ltd., Bombay, and (c) Messrs. Bhagat Enterprises Pvt. Ltd., Bombay.
3. **Natvarlal Manekial Chinai,** Mayfair Gardens, Little Gibbs Road, Malabar Hill, Bombay-6.	Industrialist. *Director :* (a) Chinai & Co. Pvt. Ltd. (b) Prabhat Udyog Limited.
4. **Jasvantlal Matubhai,** Lentin Chambers, Dalal Street, Fort, Bombay-1.	Solicitor and Advocate, Supreme Court of India. *Director :* (a) Spectro Industries Pvt. Ltd. (b) Nirlon Synthetic Fibres & Chemical Pvt. Ltd. (c) Ironite Co. of India Ltd. (d) Khandelwal Ferro Alloys Ltd. (e) Khandelwal Udyog Ltd. (f) Vasant Investment Corporation Ltd. (g) Bombay Papers Ltd.
5. **Nanu B. Amin,** S.B. (MIT., U.S.A.), M.Sc. (Cornell), Race Course Circle, Baroda.	Industrialist. *Director :* (a) Jyoti Limited, Baroda-3. (b) The Alembic Chemical Works Co., Ltd. (c) Jyoti Calor Emag Ltd. (d) The Baroda Co-operative Land Mortgage Bank Ltd. (e) The Baroda Industries Development Corpn. Ltd. (f) Elecon Engineering Co., Ltd. (g) Speciality Paper Ltd. (h) Associated Paper and Pulp Mills Ltd.
6. **Kewal Kishan H. Aggarwal,** B.Sc. (N.Y.-U.S.A.), 177, Prem Kutir, Netaji Subhas Road, Bombay-1.	Managing Director. Business Executive. *Director :* Devidayal Rolling & Refineries Pvt. Ltd.
7. **Kamal Kishan H. Aggarwal,** Seksaria Building, 74, Marine Drive, Bombay-1.	Technical Director. Industrial Engineer. *Director :* Devidayal Rolling & Refineries Pvt. Ltd.
8. **Ram Gopal Abbhi,** I.A.S. (Retd.), Karimjee House, 2nd Floor, Sir Pherozshah Mehta Road, Fort, Bombay-1.	*Chairman :* The Sindhu Resettlement Corpn. Ltd. *Director :* (a) Sindhu-Hochtief (I) Ltd. (b) Gandhidham Spg. & Mfg. Co., Ltd. (c) Surendra Overseas Ltd.

SECRETARY

D. S. Venkatraman, F.C.C.S., Vasant Kunj, North Avenue, Bombay-54.

UNDERWRITERS

1. **Life Insurance Corporation of India,** "Jeevan Kendra," Jamshedji Tata Road, Bombay-1.
2. **Oriental Fire and General Insurance Co., Ltd.,** Oriental Building, Bombay-1.
3. **Indian Guarantee & General Insurance Co., Ltd.,** Gresham Assurance Bldg., Sir Pherozshah Mehta Road, Bombay-1.
4. **Bank of Baroda, Ltd.,** Apollo Street, Bombay-1.
5. **Indian Bank Limited,** United India Building, Sir Pherozshah Mehta Road, Bombay-1.
6. **New India Assurance Co., Ltd.,** Mahatma Gandhi Road, Bombay-1.
7. **Messrs. Lewis & Jones,** Bank of Baroda Building, Apollo Street, Bombay-1.
8. **Messrs. Chimanlal J. Dalal & Co.,** Stock Exchange New Building, Apollo Street, Bombay-1.
9. **Messrs. Place, Siddons & Gough Pvt. Ltd.,** 6, Lyons Range, Calcutta-1.
10. **Messrs. Harbans Singh Mehta & Co.,** Regal Building, Parliament Street, New Delhi, and **Messrs. Raja Ram Bhasin & Co.,** A320, Defence Colony, New Delhi. (Jointly.)

BROKERS

Ahmedabad :

1. **Messrs. Chinubhai Chimanlal Dalal,** Fatehbhai's Haveli, Ratanpole, Ahmedabad.
2. **Messrs. Narendrabhai Lalbhai Sheth,** Manekchowk, Ahmedabad.

Bombay :

1. **Messrs. Lewis & Jones,** Bank of Baroda Building, Apollo Street, Fort, Bombay-1.
2. **Messrs. Chimanlal J. Dalal & Co.,** 107, Stock Exchange New Building, Dalal Street, Bombay-1.
3. **Messrs. Mahadevia Brothers,** Stock Exchange Old Building, Dalal Street, Fort, Bombay-1.
4. **Messrs. Harkisondass Lukhmidass,** Stock Exchange Building, 5th Floor, Apollo Street, Fort, Bombay-1.

Bangalore :

1. **Messrs. M. Nanjappaiah Jahgirdar,** 181, Cavalry Road, Bangalore-1.

Calcutta :

1. **Messrs. Place, Siddons & Gough (Pvt.) Ltd.,** 6, Lyons Range, Calcutta-1.
2. **Messrs. G. M. Pyne,** Allahabad Bank Buildings, 14, India Exchange Place, Calcutta-1.

Delhi :

1. **Messrs. Harbans Singh Mehta & Co.,** 33, Regal Building, Parliament Street, New Delhi-1.
2. **Messrs. Raja Ram Bhasin & Co.,** A-320, Defence Colony, New Delhi.

Madras :

1. **Messrs. Paterson & Co.,** 22, Errabalu Chetty Street, Madras-1.
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3. **Messrs. Dalal & Co.,** National Insurance Building, Madras-1.
4. **Messrs. Chitra & Co.,** 322/323, Linghi Chetty Street, Madras-1.

BANKERS TO THE ISSUE

1. **The Bank of Baroda Limited,** Apollo Street, Bombay-1.
2. **The Indian Bank Limited,** United India Building, Sir Pherozshah Mehta Road, Bombay-1.
3. **The Punjab National Bank Ltd.,** Karimjee House, Sir Pherozshah Mehta Road, Bombay-1.

EXISTING AND PROPOSED ACTIVITIES

The Company has been engaged in the manufacture and sale of winding wires, viz. super enamelled wires, paper covered wires, cotton covered wires and strips, since January 1953. Since 1955 the Company has expanded its activities several fold and in 1961 the factory for the manufacture of winding wires and strips was shifted to Pokhran Valley, Thana, and a cable manufacturing unit was added. The Company is marketing its cables under the I.S.I. mark. The Company has been granted industrial licences for the expansion of its installed capacities in respect of super enamelled wires and strips and paper covered wires and strips. The Company has also been granted industrial licences which they have now decided to implement in respect of :

(1) manufacture of steel and alloy steel wires (mild steel galvanized, black hard bright wire, high tensile wire, etc.) up to an installed capacity of 5,000 tons per annum with the technical assistance of Messrs. Barron & Crowther (Export) S.A. U.K. and

(2) manufacture of glass insulated wires.

LOCATION OF THE FACTORY

The factory is located at Pokhran Valley, near Thana, 22 miles from Bombay, in Maharashtra State, on a freehold plot of land.

DATE OF OPENING AND CLOSING OF SUBSCRIPTION LIST

The subscription list will open at the commencement of banking hours on 27th January 1964 and will close at the close of banking hours on 6th February 1964, or earlier as soon as the subscription approximating to the amount offered has been received, but in any case not earlier than the close of banking hours on 29th January 1964.

Application forms along with copies of Prospectus can be had from the Registered Office of the Company and at the offices of the Underwriters, Bankers and authorised Brokers.

U.P. LETTER

CONSUMERS FACE GREAT HARDSHIPS

PLAN FOR THE EASTERN DISTRICTS

From Our Special Correspondent

LUCKNOW, 15*th January*

ALTHOUGH the indices of wholesale food prices for the country, after having registered an unprecedented rise in 1963, showed a seasonal decline at the end of the year, the prices of food articles, both wholesale and retail, in all U.P. markets have continued to rise. In most of the U.P. markets eatable wheat, rice and pulses are available only at the rate of 1½ seers, 1¼ seers and 1¼ seers per rupee, respectively. The prices of milk, vegetables, ghee and other food articles have also increased. It would not be wrong to say that the rise in the retail food prices in the different U.P. markets between January 1963 and January 1964 has been of the order of 30 to 50 per cent. The consumers have suffered unbearable hardship because of the ever-rising food prices. The prices at which the fair-price shops and consumers' co-operative stores are expected to sell cereals, pulses, sugar and other food articles are, of course, lower but these shops and stores are unable to supply the people's demand for the simple reason that they do not always have the necessary stocks.

Defective Policies

The worst feature of the situation is that part of the scarcity of both food articles and other commodities is due to defective Government policies and a suitable change in these policies would improve matters. The distribution of wheat, rice and sugar is defective not only in rural areas but also in the urban areas. Even in the cities and big towns, for example, the consumers are not able to get even the limited amount of one kilo per head per month, in spite of the fact that the Central Government has increased U.P.'s quota of factory sugar from 20,000 tons to 21,503 tons per month. In the case of cement, an artificial scarcity has been created because of the State Government's order to all District Supply Officers to earmark 75 per cent of the cement quota for the Planning Department so that irrigation and agricultural programmes in rural areas might be properly implemented. Out of the remaining quota of 25 per cent, top priority has been given to departmental and Government construction work and to demand for repairs to people's houses.

The consequence is that cement for new construction activity by the people is almost non-available. The people would probably have suffered less because of these hardships if they had known that the available supply of cement was being utilised properly. But the block development officers who are responsible for the utilisation of the 75 per cent of the cement quota in the districts are not able to make proper use of the available supplies which are either used for construction work which could be done as well by motar or the cement bags pass into the black market. This explains the paradoxical position that, whereas cement is not available in the open market, any quantity could be bought at Rs. 15 per bag from the black market.

The most unfortunate aspect of the developing food crisis in U.P. is that the Government appears to be oblivious of it and has no programme to meet it. The U.P. Food and Civil Supplies Minister, Mr. Jagmohan Singh Negi, while admitting that food prices in U.P. had increased, told a Press conference that the U.P. Government had adequate buffer stocks of wheat and rice to be able to prevent prices from rising unduly and that the number of fair-price shops in the State has been considerably increased to cope with the situation. But since the buffer stocks and fair-price shops have not succeeded in checking the rising prices so far, the people are not convinced of their doing so in future. The situation cries out for some definite measures to solve the problem of rising prices in the immediate future and to prevent its recurrence so as to protect the consumers from undergoing unbearable hardships.

Another Sugar Inquiry

The U.P. Government is setting up a high-power committee to examine the working of the sugar, *gur* and *khandsari* industries and to devise ways and means of increasing sugar production in the State. But what is needed is not a fresh inquiry but some definite action. In fact, all aspects of the problem should by now be quite clear to the Government and the proposed committee could hardly find out anything new. Sugar production in U.P. had declined from 14½ lakh tons in 1960-61 to 8½ lakh tons in 1962-63 and the Government has already fixed the target of output for 1963-64 at 15 lakh tons. In fact, the report of the U.P. Sugar Advisory Committee, which also was a high-power committee, is already before the Government. The problem of sugar production would be solved if the Government were to take action on the recommendations of the Sugar Advisory Committee. It has recommended that the Government should provide, through the agency of the State Industrial Corporation and the National Industries Development Corporation, loans to the sugar industry in U.P. to the tune of Rs. 5 crores for purposes of modernisation and renovation of plant and machinery. Unless this capital is made available to the U.P. sugar industry, it is difficult to see how sugar production in U.P. could be increased while maintaining quality and prices at competitive levels. The Committee has also recommended that an intensive programme of sugarcane cultivation should be undertaken in the mill's gate areas and no new licences for power crushers should be issued within ten miles of the gates of sugar factories and within a radius of three miles of the out centres—where sugar factories purchase their sugarcane in addition to purchasing it at the factory gate—if the amount of sugarcane purchased at such centres is more than five lakh tons.

The Committee has not neglected the *gur* and *khandsari* industries and has suggested their fuller development in areas which are taken out of the factory's reserved areas in the wake of intensive development of the mills' gate areas. One of the most important recommendations of the Committee is that the U.P. Government should approach the Government of India for fixing the minimum sugarcane prices each year in advance of the sowing season and for fixing the yearly target of sugar production for the entire country with the State-wise break-up several years in advance. It is difficult to see as to what new light the U.P. Government hopes to get from the new inquiry committee. If action were taken on the recommendations of the Sugar Advisory Committee, much valuable time and considerable public money would be saved and quick results produced.

Development of Eastern U.P.

The joint study team of the Planning Commission and the U.P. Government, under the chairmanship of Mr. B. P. Patel, has produced a comprehensive seven-year plan for the development of the eastern districts of U.P. on the basis of a type-study of four districts in the eastern region, namely, Deoria, Azamgarh, Jaunpur and Ghaziabad. The Plan would cost nearly Rs. 84 crores, of which Rs. 10 crores would be needed in the remaining two years of the third Plan. One of the most difficult problems would be to provide the necessary finances as the U.P. Government is already finding it difficult to implement their third Plan and would not be able to find either the money or real resources to the extent of Rs. 10 crores for the eastern districts in addition to what they are already spending on them.

As was only to be expected, the study team found that the *per capita* outlay on the development of the eastern districts of U.P. at Rs. 14 in the first Plan, Rs. 26½ in the second Plan and Rs. 50 in the third Plan, after taking into account the team's recommendations, was not only much less than for the entire country taken together but was also less than for the other regions of U.P. But it was somewhat unexpected that the study team emphasised the development of agriculture and not of industry and agriculture on a balanced basis because, without the development of industry, it would not be possible either to increase the *per capita* income fairly rapidly or to provide employment opportunities to a rapidly increasing population. It is, however, true that the economy of the eastern districts of U.P. is predominantly agricultural and a fuller development of agriculture—for which the team has recommended not only that 75 per cent of the cultivated areas in place of 50 per cent at present should be brought under irrigation but that double-cropping, use of fertilisers, better seed and co-operative credit should be more fully developed—would provide higher incomes to the population already employed in agriculture. Moreover, the team's recommendation that the economy's infrastructure, chiefly the sources of irrigation, power supply, transport and communications should be more fully developed, would prepare the base for future industrialisation of this region.

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Balance Sheet of the State Bank of Hyderabad as at 31st December, 1963

As at 31-12-1962 Rs. nP.	CAPITAL AND LIABILITIES	As at 31st December 1963 Rs. nP.	Rs. nP.
	1. Capital—		
1,00,00,000.00	Authorised Capital—1,00,000 Shares of Rs. 100/- each	1,00,00,000.00	
50,00,000.00	Issued Capital (pursuant to Section 10 (1) of the State Bank of Hyderabad Act, 1956 as amended by Part VII of the Third Schedule to the State Bank of India (Subsidiary Banks) Act, 1959)—50,000 Shares of Rs. 100/- each		50,00,000.00
	2. Reserve Fund and Other Reserves—		
33,00,000.00	As per last Balance Sheet	35,50,000.00	
2,50,000.00	ADD—Amount transferred from the profit for the current year	3,00,000.00	
35,50,000.00			38,50,000.00
	3. Deposits and Other Accounts—		
11,49,40,851 71	Fixed Deposits	13,65,46,366 06	
8 04 79,231 66	Savings Bank Deposits	3,74,27,285 31	
11,99,00,436.67	Current Accounts, Contingency Accounts, etc..	13,94,12,616 29	
26,53,20,582.04			31,33,86,267.66
	4. Borrowings from Other Banking Companies, Agents, etc.—		
Nil	(i) In India	Nil	
Nil	(ii) Outside India	Nil	
Nil			Nil
	PARTICULARS—		
Nil	(i) Secured by Government Securities per contra	Nil	
Nil	(ii) Unsecured	Nil	
1,35,73,901.31	**5. Bills Payable**		1,45,51,723.50
	6. Bills for Collection Being Bills Receivable as per contra—		
70,06,782 91	(i) Payable in India	89,52,470 34	
54,196 59	(ii) Payable outside India	2,17,908.69	
70,60,979.50			91,70,379.03
3,724.90	**7. Other Liabilities—** Rebate on Bills Discounted	2,992.05	
1 42 37,113 93	Inter-Office Adjustments (inclusive of unrealised items on account of Agency and Currency Chest transactions due to Reserve Bank of India)	99,20,486 19	
1,42,40,838.83			99,23,478.24
42,71,167.98	**8. Acceptances, Endorsements and Other Obligations per contra**		72,13,952.77
36,063.76	**9. Profit and Loss—** Balance of Profit as per last Balance Sheet ..	24,862 65	
10,66,293 89	App—Profit for the year ended 31st December, 1963	12 23,109.38	
11,02,362.65		12,47,972.03	
3,00,000.00	LESS: Appropriations thereof— Amount set aside for payment of dividend	3,00,000 00	
2,50,000.00	Amount transferred to Reserve Fund ..	3,00,000 00	
1,20,000.00	Amount transferred to Pension Fund ..	1,50,000 00	
7,500 00	Amount transferred to Staff Welfare Fund.	25 000 00	
4,00,000.00	Bonus to Staff	4,50,000 00	
24,862.65			22,972.03
	10. Contingent Liabilities— Claims against the Bank not acknowledged as debts	62,584 40	
63,669.71	Bills of Exchange rediscounted	Nil	
Nil	Outstanding Forward Exchange Contracts ..	7 61,150.00	
Nil	Guarantees given on behalf of Directors or Employees of the Bank	2,250 00	
2,250.00	Guarantees given on behalf of others	30,98,095 49	
99,73,342.69	On partly paid shares (Rs. 20,000 in respect of 200 shares of the Central Warehousing Corporation and Rs. 8,00,000 in respect of 10,000 shares of the Re-finance Corporation for Industries Private Ltd.)	8,20,000.00	
10,85,000.00			
31,30,42,332.31	Total .. Rs.		36,31,18,773.23

As at 31-12-1962 Rs. nP.	PROPERTY AND ASSETS	As at 31st December 1963 Rs. nP.	Rs. nP.
	1. Cash— In hand and with the Reserve Bank and State Bank of India (including Foreign Currency Notes and cash in transit)		2,25,74,548.45
2,21,66,813.13			
	2. Balances with Other Banks on Current Account—		
3,27,412.84	(i) In India	6,12,334 27	
31,325.82	(ii) Outside India	38,993 27	
3,58,738.66			6,51,327.54
75,00,000.00	**3. Money at Call and Short Notice**		5,59,00,000.00
	4. *Investments—		
	(i) (a) Securities of the Central and State Governments and Trustee Securities (at or below market value) ..	9,59,23,299.69	
9,22,42,772.80	(b) Other Trustee Securities—		
	(1) Shares, Debentures and Bonds (at cost—for which there are no market quotations)	27,73,000.00	
27,70,500.00	(2) Land Mortgage Bank Debentures (at market value)	15,64,500.00	
5,04,500.00	(3) Partly paid shares (at cost—for which there are no market quotations)	80,000.00	
65,000.00	(ii) Shares (at cost—for which there are no market quotations)— (a) Fully paid shares of State Bank of Pakistan	50,000.00	
50,000.00	(b) Partly paid shares	2,00,000.00	
2,00,000.00	(iii) Debentures or Bonds (at cost—for which there are no market quotations)	5,71,000.00	
3,34,000.00	(iv) Other Investments	Nil	
Nil	(v) Gold	Nil	
Nil	*Of which Government securities of the face value of Rs. 7,84,45,000 are pledged against borrowings as per contra.		10,11,61,799.69
9,62,56,772.80			
	5. Advances (Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)—		
	(i) Loans, Cash Credits, Overdrafts, etc.— Rs. nP. (1) In India .. 12,08,25,722.44 (2) Outside India Nil	12,08 25,722.44	
13,79,49,720.14	(ii) Bills Discounted and Purchased— (i) Payable in India 2,80,64,133.46 (ii) Payable outside India .. 13,78,265.62	2,94,42,399.08	
2,38,08,616.46			15,02,68,121.52
16,17,58,336.60	PARTICULARS OF ADVANCES: See separate Statement appended.		
	6. Bills Receivable Being Bills for Collection as per contra—		
70,06,782.91	(i) Payable in India	89,52,470 34	
54,196.59	(ii) Payable outside India	2,17,908.69	
70,60,979.50			91,70,379.03
42,71,167.98	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra** ..		72,13,952.77
	8. Premises Less Depreciation—		
27,35,946.93	Total cost upto 31st December, 1962	27,50,096 22	
14,149.29	Additions during the year	4,76,676.61	
27,50,096.22		32,26,772.83	
Nil	LESS: Deductions during the year	Nil	
27,50,096.22		32,26,772.83	
4,92,814.93	Total depreciation written off upto the 31st December, 1963	5,55,262.12	
22,57,281.29			26,71,510.71
	9. Furniture and Fixtures Less Depreciation—		
32,94,193.62	Total cost upto the 31st December, 1962 ..	35 85,097.46	
2,95,661.67	Additions during the year	4,66,047.79	
35,89 855.29		40,51,145.25	
4,757.83	LESS: Sales during the year	559.33	
35,85,097.46		40,50,585.42	
20,90,265.55	Total depreciation written off upto the 31st December, 1963	22,72,091.08	
14,94,831.91			17,78,494.34
	10. Other Assets including Silver—		
572.00	Silver	851 75	
57,51,602.82	Adjusting Account of Interest, Commission, etc.	74,75,362 81	
11,45,856.17	Stationery, Stamps and Suspense	13,98,635 60	
28,59,379.45	Advance Payment of Income-tax	26,93,789.02	
97,57,410.44			1,15,68,639.18
1,60,000.00	**11. Non-Banking Assets Acquired in Satisfaction of Claims**		1,60,000.00
31,30,42,332.31	Total .. Rs.		36 31,18,773.23

Particulars of Advances

As at 31-12-1962 Rs. nP.		As at 31-12-1963 Rs. nP.	As at 31-12-1962 Rs. nP.		As at 31-12-1963 Rs. nP.
14,05,42,225.61	(i) Debts considered good in respect of which the Bank is fully secured.	12,56,41,331.58	1,83,169.19	(v) Debts due by directors or officers of the Bank or any of them either severally or jointly with any other persons	2,43,535.52
92,81,013.58	(ii) Debts considered good for which the Bank holds no other security than the debtors' personal security	82,32,784.95			
1,19,35,097.41	(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors ..	1,63,94,004.99			
Nil	(iv) Debts considered doubtful or bad, not provided for	Nil	4,23,90,099.31	(vi) Debts due by companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or, in the case of private companies, as members (including Rs. 71 70 308.59 on account of advances made to companies, which are guaranteed by the Government of Andhra Pradesh) ..	3,03,61,703.42
			1,83,169.19	(vii) Maximum total amount of advances including temporary advances made at any time during the year to directors or managers or officers of the bank or any of them either severally or jointly with any other persons	2,57,810.54
				(viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or, in the case of private companies, as members (including Rs. 2,59,32,881.55 on account of advances made to companies, which are guaranteed by the Government of Andhra Pradesh)	4,73,59,475.61
			4,23,90,099.31	(ix) Due from banking companies	85,651.81
16,17,58,336.60	Total .. Rs.	15,02 68,121.52	Nil		

(Continued on next page)

THE BELAPUR COMPANY LIMITED

TAX BURDEN ON SUGAR INDUSTRY STUPENDOUS

SPEECH OF CHAIRMAN, MR. NEVILLE N. WADIA

On a turnover of Rs. 3.66 crores during the year ended September 1963, the Belapur Company Limited paid a total tax of as much as Rs. 1.21 crore. Recalling these figures at the Forty-fourth Annual General Meeting of the Company held at Bombay on Friday, 10th January 1964, Mr. Neville N. Wadia, Chairman, stated that one could get an idea of the stupendous tax burden the sugar industry had to shoulder in one form or another. Apropos the 3.3 million-tonne output target fixed for the current season, Mr. Wadia felt that the eventual sugar production would fall far short of the net target. In Maharashtra alone, most joint-stock factories found themselves short of the required quantity of cane to produce the quantity of sugar which the private sector would have to make as its contribution to the 650,000-tonne target fixed by the State Government.

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

GENTLEMEN,

I welcome you all once again to the annual general meeting of the Company and, as usual, I will try to review for you the workings of the Company during the year and the prospects for the current year.

As you will have seen from the printed accounts and report which you have no doubt all studied, the Company has had quite a successful year and the results, I think you will agree, can be considered satisfactory. The very heavy burden of taxation, however, rather spoils the picture from the shareholders' point of view and I will again refer to this in more detail in a few minutes.

The quantity of cane harvested on our estates was just over 167,000 tonnes which is very slightly less than the previous year, but the quantity of cane purchased from outside sources was substantially higher at 73,000 tonnes, as against the previous year's figure of 37,000 tonnes.

Sugar Produced

The quantity of cane actually crushed at Harigaon was almost 188,000 tonnes, as against 184,600 tonnes the year before, and nearly 53,000 tonnes were sent over to Gangapur to be crushed on behalf of the Company at the subsidiary Company's factory. The sugar produced out of these quantities of cane was 234 963 bags at Harigaon and 65,436 bags at Gangapur, making a total of 300,399 bags.

Owing to heavier demands in the internal markets and requisitions for export abroad, the average monthly releases by the Central Government were larger than usual and this accounts for the comparatively small stock remaining in the godowns at the close of the financial year. These circumstances also account for the large increase in revenue from sales.

Cane Shortage

Those of you who were present at the annual general meeting just twelve months ago will recall that I concluded my address to shareholders on a somewhat pessimistic note. I had in mind at that time the approach of a difficult period of sugarcane shortage, the heavy taxation which the year 1962-63 would have to bear and the possible loss of our farms under the Land Ceilings Act. Actually the period of cane shortage did not arrive early enough to affect us very much during the year, but it is with us now and it is certain that the total cane we crushed at Harigaon and Gangapur will be less during the current season. This is because *gur* manufacture is more remunerative to the cane grower, despite higher prices offered for cane by the sugar factories, and also because of a drive by co-operative units to increase their membership.

The direct taxation which the Company has had to provide for in the accounts for 1962-63 amounts to the staggering figure of Rs. 59,09,011. This, of course, includes Rs. 24,28,000 agricultural income-tax for two previous years and Super Profits Tax of Rs. 1,10,230 for 1961-62. To this must be added Rs. 87,02,476 of excise duty and cane purchase tax paid during the year. When one contemplates that, as compared with a turnover of Rs. 3,65,82,730 in 1962-63, the total tax amounted to Rs. 1,20,73,257, one gets an idea of the stupendous burden the sugar industry has to carry by way of taxes in one form or another.

Sugarcane Farms

As regards our farms, you will have seen from the press that the writ petition which was filed against the State Government in connection with the Land Ceilings Act was heard in the Maharashtra High Court during September and October 1963 and, as a result of the judgment, Section 28 of the Act was struck down. Both the parties, that is, the State Government and ourselves, have obtained leave to appeal to the Supreme Court and the matter is still *sub judice*. So I do not want to say anything at this stage which might in any way be construed as contempt of Court. The section which was struck down by the High Court is the one which provided for the taking over of sugarcane farms by a State-owned corporation. Until the case is finalised, we shall continue to carry on the cultivation of sugarcane on our farms, as before, and it is because I do not anticipate any decision during the current season that I feel the results this year should again be satisfactory.

Gangapur Mills

But I am afraid I cannot hold out such hopes for our subsidiary company, Gangapur Sugar Mills Ltd. Their accounts for the year ended 30th June 1963 are published in your printed balance-sheet and you will see that they had a better year. The cane they crushed was of good quality and they were able to obtain a recovery of 12.10 per cent which is the best they have so far achieved. They were able to show a profit of about Rs. 1 lakh after charging full depreciation for the year, but there are still large arrears of depreciation for previous years and also arrears of development rebate. So it cannot be said that the Company is yet on a sound basis. Unfortunately, the current year for them is not likely to show a continuance of the progress. There is a very acute shortage of cane in their area and, although we have done our best to persuade those cultivators who have cane for sale, to supply it to us, by offering them higher rates, we have not been wholly successful, with the result that the crushing season at Gangapur this year is likely to be very short.

I regret also that I am not able to report any progress in the matter of irrigation schemes to enable cane to be grown in the vicinity of the Gangapur factory. A few months ago, the State Government showed some interest in financing such a project to utilise the Godavari river waters, but these things take time to develop and, as far as I know, there has not yet been any definite decision to go ahead. Also quite recently, a suggestion was made that the Gangapur factory be turned into a co-operative unit. Without making any commitment, we agreed to consider any schemes which might be placed before us and which might appear to be beneficial to all concerned, but, up to now, nothing in the way of a definite proposal has come forward.

As you probably know, the Central Government has this year set the target of sugar

(Continued on page 102)

State Bank of Hyderabad—*Continued*

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1963

Year ended 31-12-1962 Rs. nP	EXPENDITURE	Year ended 31-12-1963 Rs. nP	Year ended 31-12-1962 Rs. nP	INCOME (Less provisions made during the year for bad and doubtful debts and other usual or necessary provisions)	Year ended 31-12-1963 Rs. nP
63,15,400.33	1. Interest paid on Deposits, Borrowings, etc.	70,07,075.18	1,16,89,153.46	1. Interest and Discount	1,32,13,730.30
58,00,621.87	2. Salaries and Allowances and Pension and Provident Funds ..	66,05,771.02	29,22,655.61	2. Commission, Exchange and Brokerage	32,64,086.45
8,357.94	3. Directors' Fees and Allowances	8,775.30	76,776.77	3. Rents	71,875.13
4,17,133.54	4. Rent, Taxes, Insurance, Lighting, etc.	5,15,378.08		4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	20,146.61
23,985.23	5. Law Charges	20,157.66			
3,11,129.29	6. Postage, Telegrams and Stamps	3,60,442.60			
7,500.00	7. Auditors' Fees	7,500.00	10,613.94	5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	Nil
2,89,182.25	8. Depreciation on and Repairs and Other Charges to the Bank's Property	2,07,638.37			
2,83,738.74	9. Stationery, Printing, Advertisement, etc.	3,36,181.33	Nil	6. Income (net) from Non-Banking Assets and Profit from Sale of or Dealing with such Assets	Nil
2,751.02	10. Loss (net) from Sale of or Dealing with Non-Banking Assets ..	8,323.03			
4,04,517.78	11. Other Expenditure	5,31,539.41	Nil	7. Other Receipts (including Subsidy from the State Bank of India in terms of Section 48 of the State Bank of India (Subsidiary Banks) Act, 1959, Rs. 5,15,933)	5,31,092.87
10,66,293.89	12. Balance of Profit	12,23,109.38			
			2,31,303.00		
1,49,30,592.78	Total .. Rs.	1,71,01,891.36	1,49,30,592.78	Total .. Rs.	1,71,01,891.36

PARTICULARS OF REMUNERATION TO THE GENERAL MANAGER

(Previous Year) Rs. nP		Rs. nP
33,810.65	Salaries	33,137.50
3,492.52	Contributions to Provident Fund and Gratuity	3,408.30
37,303.17	Total .. Rs.	36,545.80

In addition free furnished quarters and use of car for official purposes.

(Sd.) SATYA DEV,
General Manager.

(Sd.) B. VENKATAPPAIAH, *Chairman.*
(Sd.) S. N. SEN GUPTA,
(Sd.) PANNALAL BANSILAL PITTI,
(Sd.) R. HYDARI,
(Sd.) A. H. ELIAS,
(Sd.) R. P. GOYAL,
(Sd.) RAMDEV RAO,
(Sd.) A. H. VENKAT RAO, *Directors.*

REPORT OF THE AUDITORS

To THE STATE BANK OF INDIA:

We, the undersigned Auditors of the State Bank of Hyderabad, appointed under Section 41 (1) of the State Bank of India (Subsidiary Banks) Act, 1959, report on the Balance Sheet and Accounts of the Bank as at the 31st December, 1963.

We have examined the above Balance Sheet of the State Bank of Hyderabad as at the 31st December, 1963, and the Profit and Loss Account for the year ended upon that date with the Accounts and Vouchers relating thereto of Head Office and with the Returns submitted and certified by the Branch Managers, which Returns have been incorporated in the above Balance Sheet and Accounts, and report:

(i) that, in our opinion the Balance Sheet is a full and fair one, containing all the necessary particulars and properly drawn up so as to exhibit a true and correct view of the affairs of the Bank, according to the best of our information and the explanations given to us and as shown by the Books of the Bank;

(ii) that, where we have called for any explanation or information such explanation and information have been given to us and have been satisfactory;

(iii) that, the transactions of the Bank which have come to our notice have been within the powers of the Bank;

(iv) that, the Returns received from the Branches of the Bank have been found adequate for the purpose of our audit;

(v) that, the Profit and Loss Account shows a true balance of profit for the year covered by such Account;

(vi) that, in our opinion the Balance Sheet and the Profit and Loss Account are drawn up in conformity with the law; and

(vii) that, in our opinion Books of Account have been kept by the Bank as required by law.

S. B. BILLIMORIA & CO.,
Chartered Accountants.

HYDERABAD (A.P.),
Dated 8th January, 1964.

TRAINING STEEL WORKERS IN U.K.

INDUSTRY'S OWN MACHINERY HAS FARED WELL

THE British Government recently framed certain proposals for the future of industrial training. One of these envisages the establishment of Training Boards for the leading industries. In this connection, the British Iron and Steel Federation, which has welcomed the prospect of the establishment of an Iron and Steel Training Board, has highlighted the coincidental nature of the Government's proposals and those which the industry itself has followed over the last fifteen years. Thanks to the co-operative action taken by the steel companies on a national and on a regional basis through the medium of the Federation, there is now in existence a voluntary machinery for training which can be further developed under the ægis of the new organisation. The Federation is conscious that much remains to be done and that the progress achieved by the voluntary machinery for training needs to be more widely applied. The industry's experience todate in the field of training would seem to suggest that the right foundations have been laid and the right principles followed. As the growing iron and steel industry in India would have to grapple with this gigantic problem of technical training, it might usefully study the working of the training organisation within the British steel industry. Luckily, in this context, an authoritative account of that training machinery is available in a brochure, just published by the British Iron and Steel Federation.

The brochure notes at the outset that training is recognised throughout the British iron and steel industry as an essential part of efficient management. Apart from the need to train new recruits, there is the need to train staff for promotion, to keep the work force up-to-date with modern practices and also to retrain existing workers to operate the new processes that are being introduced. Training today is thus more than just a narrow instruction in the execution of the job in hand, for it offers the individual, of whatever grade, the chance of acquiring maximum competence, a clear understanding of his role in his organisation and an opportunity for advancement. In view of this wider concept of training, the industry as a whole has looked to the Federation for the provision of services that would be uneconomic if every company were to provide for itself. Since the establishment of the Federation's Training Committee in 1948, company directors, managers and senior education and training officers have brought their executive experience and specialist knowledge to the formulation of advice at the national level. Such advice has been regularly carried to the steelworks through seven area training committees covering the major steelmaking areas.

Area Committees

Six of these area committees, incidentally, have full-time training officers whose function is to be at hand with advice and guidance even in regard to the planning of full-scale schemes at the request of individual companies, to organise co-operative training schemes and to help the development of training itself. The director of a small company concerned about the recruitment and training of young operatives, the departmental manager planning a series of talks, the office manager wanting to discuss the problems of communication within a large staff, an education officer contemplating a company course for young managers, a sales manager needing to provide some initial instruction for new salesmen—all can call on their area training office for help and advice. The area training staff spend some time in the works to find out what is wanted, put to the management such recruitment and training schemes as will meet the need and, if these are approved, remain at hand to help implement them, working with the local education authorities and the youth employment service. The committee's work can also extend beyond national boundaries; in recent years it has organised the training of some 400 key personnel for the Durgapur steelworks in India. It will be recalled here that the Indian students had each an average of six months' training at one of 16 British steelworks after a series of 14 induction courses run jointly with the British Council.

Further details about the "training for skill" are to be found in the brochure. To deal first with the training of operatives. Half the 22,000 workers under the age of 21 in the industry are said to be junior operatives, and almost all large companies provide introductory courses for such operatives, *putting a strong emphasis on safe working at this early stage.* In their first year, junior operatives usually move from one department to another, gathering experience. Many companies have first-year training schemes that include periods of study at the local college and several give instruction in a company training workshop. After their first year, continuous shift-working makes it difficult for junior operatives to be released for study courses without interfering with production, but ways round this difficulty have been devised by a number of firms so that they can complete these two or three-year studies and get the City and Guilds of London Institute Iron and Steel Operatives Certificates. But, with the advance of technology, the need for more highly qualified production workers is constantly arising. To meet this need, too, the City and Guilds of London Institute is considering a proposal of the B.I.S.F. Central Training Committee for an advanced certificate for operatives, to be awarded after a further year of part-time study. The new course will give men destined for senior jobs an understanding of some of the scientific background to production processes. The first examination, in this connection, is expected to be held in 1965. At the same time, men well-versed in the skills required for older processes need re-training as new methods of producing or shaping steel are introduced. Companies are, therefore, introducing planned re-training schemes that bring together teams of operatives, as well as the foremen and engineers upon whom the main burden of instruction in new plant must fall. Modern teaching methods, coupled with experience in existing plant elsewhere, are used to effect a smooth transition. Since so much operative training is on the job, co-operative training schemes, in which several companies participate, have also come into vogue, though their growth has been rather slow. Such schemes, for instance, are operating in the West Riding and North Derbyshire and the Lancashire areas for training young forge workers and rolling mill operatives from small companies. These schemes call on the administrative services of the B.I.S.F. Area Training Staff.

Apprenticeship

Teaching craftsmen their trade through apprenticeship, which is the oldest systematised training in industry, has been dealt with next in the brochure. This system of apprenticeship is now on the threshold of change. The current trend is to provide fully-equipped training workshops and use modern teaching methods. This has led the industry to believe that the training of a fitter, turner, bricklayer, electrician, carpenter, plumber or painter could be completed in other than the usual five years. The industry's aim is an overall change in the pattern that might involve a shortening of the standard term of apprenticeship for most crafts and even a possible lengthening for some specialised crafts. That the length of apprenticeship for each trade should be reassessed is also one of the recommendations of the B.I.S.F. Training Committee. The Committee has urged the abolition of the present maximum age limit for entry into apprenticeship, as also the introduction of practical tests to establish standards of basic skill which must be reached before the apprenticeship is complete, and a widening of the range of skills taught in each trade. Changes, in this connection, would have to be gradual and subject to consultation with craft unions. Already, at the national level, companies and craft unions are in touch through a joint advisory committee on which sit six representatives of the B.I.S.F. Training Committee and six members of craft unions. At least one major company has by now negotiated changes in the apprenticeship for its electricians, mechanical engineers and painters.

The varied duties of a technician lie between the scientific work of the technologist and the skilled operations of the craftsman. A technician, incidentally, has been defined as a man who must have sufficient understanding of technical practices to undertake their application and control without needing the more advanced scientific knowledge that the technologist possesses. Technicians are required for process control, inspection, laboratory work, maintenance, planning and drawing offices. Many more will be needed as the industry advances technologically. In order that they might receive an adequate training for carrying out the increasing number of tasks that call for them—tasks that can free technologists from duties which do not require their educational level—the B.I.S.F. Training Committee has begun a detailed study of the jobs technicians do and the training that these require. One result of this study todate is the recommendation that technicians in laboratories and quality control departments should take the new three-year course for the City and Guilds of London Institute Metallurgical Technicians Certificate.

Future Technologists

The need for well-qualified and practical technologists to control the complex processes in a modern steelworks is growing. Colleges offering diploma courses in, for example, engineering or metallurgy, are attracting students from steelmaking areas all over Britain. One of these colleges, through liaison with the B.I.S.F., has taken special account of the industry's needs, by including in the syllabus more industrial metallurgy, lubrication, refractories and other subjects than is common with engineering courses. In its turn, the industry co-operates with the colleges by providing lectures in special subjects and by giving practical experience to staff. Training in the work is based on personal tuition by experienced members of staff working to a syllabus drawn up by the particular department. Trainees usually receive instruction in some form of engineering —mechanical, structural or electrical—or in one of the branches of laboratory work, metallurgy or fuel technology, and even in production administration and blast furnace burden development.

On the administrative and managerial side, too, the steel industry in Britain has been operating training programmes for (i) clerical workers. (ii) foremen or supervisors and (iii) managers. As for the first, several large companies have developed three to five-year training programmes that take clerical workers through all departments, and the industry is also looking to the new Certificate in Office Studies to introduce more secondary modern school-leavers to office work. In regard to supervisory skills, training within companies is supplemented by attendance at outside courses. The B.I.S.F. Area Committees keep under review the changing needs in foremanship training and adjust their provisions accordingly. Area courses for foremen are also run by the Area Training Organisation on behalf of companies. In management training, the established practice is in-company training, supplemented by outside courses of instruction. The term "manager" today includes more than the heads of production departments. Some of the biggest steel companies run residential courses for their managers or make use of some of the residential conferences run by Area Training Committees. Many steel companies nominate present or future managers for one of the two-month residential courses held at the B.I.S.F. Management College. Since the college was established in 1957, as many as 940 managers from 85 companies have attended courses there.

From the foregoing account of training facilities in the British steel industry two noteworthy conclusions emerge. One is the remarkable catalytic role played by the British Iron and Steel Federation which guides and organises training in co-operation with the industry. And the other is the pooling of experience and the exchange of ideas that take place through the medium of the Federation's Central and Area Training Committees. The systematic way in which the Federation and the industry have voluntarily organised and operated the diverse training programmes is worthy of emulation in this country.

ALL-WEATHER PORT AT RATNAGIRI

Work on the Rs. 2-crore scheme for the development of Ratnagiri (in Maharashtra coast) as an all-weather port is to commence shortly. The foundation stone of the 1,500-foot harbour wall to be built into Mirya Bay will be laid on the 20th inst. by Mr. Raj Bahadur, Union Minister for Shipping. The project is expected to be completed in three years' time. When completed, Ratnagiri will rank as the second all-weather port in Maharashtra, Bombay being the only one at present. It will, however, continue to be a minor port.

The decision to develop Ratnagiri as an all-weather port had been delayed due partly to some technical reasons and partly to a futile public controversy over the choice. But the Government of Maharashtra has at last made a firm choice, which has been welcomed widely because Ratnagiri has a vast hinterland, rich in agricultural and mineral resources. Besides its proximity to the iron mines, it has always had its importance as an intermediate port.

To begin with, a sum of Rs. 50 lakhs has been provided by the Union Government for expenditure on the Ratnagiri project in the coming year, while the State Government has allocated Rs. 20 lakhs as its share.

NEW PRODUCTS AND PROCESSES

Reversible Washing-line Holder

A DUTCH firm has brought out a washing-line holder that is said to be especially suitable for use on flat balconies. The frame of the holder consists of two seamless drawn steel tubes and two clamps, which can be attached to a wooden or metal balcony railing. The tubes are 70 c.m. long, with a wall thickness of 2 m.m. and a diameter of 19 m.m. The clamps consist of two profiled plates that are passed around the balcony rail and can be secured with four bolts and wing-nuts. An alternative design is used for fixing the holder to a stone balcony. On the top plate of each clamp a trough-shaped steel keyway is welded, in which the end of one of the tubes if fixed, again by wing-nut and bolt. Turning on its axis (i.e. the bolt), the tube can then describe an arc of about 150°. Thanks to this design feature, the wash, which in dry weather hangs outside the balcony, can, when it starts to rain, be placed under cover by flipping the frame inwards. The wash will then normally be sheltered by upstairs balconies. Welded at six points along the tubes are metal eyelets to which the washing lines are attached. By sliding the clamps apart along the railing the six washing lines can be stretched between the two tubes. If the tubes are three metres apart, the washing line has an effective length of 18 metres. If the spacing is greater, a third tube should be mounted between the first two. The entire washing-line holder is galvanised to prevent it from rusting. The holder weighs a little over 1½ kg. and patents are pending on it.

Capless Fountain Pen

A major fountain pen manufacturing company in Tokyo, Japan, has on sale a unique "capless" fountain pen claimed to be the first of its kind in the world. The novel fountain pen incorporates a unique contrivance. When the body of the pen is turned, the end opens automatically and the pen point protrudes, ready for use. Because it is sealed in when not in use, the pen can be clipped to a pocket without any fear of the ink leaking. Foreign manufacturers are said to have tried without success to produce this type of capless fountain pen. The Japanese manufacturer, however, completed the pen in four years by using special metal alloys and techniques. The manufacturer has acquired 40 domestic patents on the novel pen while applications for patents have been filed with the United States, Britain, France, West Germany, Italy, India and Brazil.

Special Light Domes

A Dutch firm has started marketing a light dome (lantern light) which gives maximum diffusion without loss of light. The dome, which is made of plastic (methyl methacrylate), is provided over its entire surface with circular micro-diffusers about 15 m.m. in diameter, which allow all sunlight to pass and at the same time completely disperse it. Where these domes are used, in the rooms below there is no trouble from direct rays of sunlight, local heat, reflexes or cast shadows. The dome is fabricated with a profiled rim so that where a double wall is desired two domes can easily be fitted one on top of the other. With the aid of corrosion-resistant aluminium clips the dome can be securely clamped on to any kind of base frame. Using this method of fastening there is no need for holes to be made for screws, thus precluding the possibility of leakages. Expansion and contraction can take place unimpeded. A double dome, where used, is secured in the same manner. Although the domes can be fitted on to any type of frame, special lightweight base frames can also be supplied that are fully finished on the inside and, moreover, insulated. Frames are also made to cater for circular domes over square roof openings. These light domes, on which patents are pending and which are the outcome of numerous tests conducted jointly with the Technical and Physics Department of the T.N.O. (Organisation for Applied Physical Research), come in five sizes, namely, two circular versions with diameters of 86 c.m. and 116 c.m., respectively, and three rectangular ones measuring 86 c.m. square, 86 x 116 c.m. and 116 c.m. square.

Cutting Coke Consumption in Blast Furnace

Dr. Istvan Péntek and his associates at the Firing Techniques Research Institute in Miskolc, Hungary, have been engaged for a considerable length of time on a problem of world-wide interest: how to replace expensive coke, traditionally used in blast furnaces during the production of pig-iron, by some other suitable fuel and reducing the amount required. Liquid or gaseous hydrocarbons, natural gas or oil could more economically be used and be more efficient if they could be mass produced. Specialists have unanimously agreed that a suitable solution would be to considerably increase the temperature of the blast in the furnaces. However, neither the construction nor the refractory material used in ordinary hot-blast processes have proved suitable for this, as they are bound to deteriorate under the increased thermal strain. Dr. Péntek's team has, however, succeeded in developing a new type of hot-blast plant construction which can be fired on an industrial scale with enriched fuel, without the necessity of using special refractory materials. This enables cheap natural gas, available in large quantities to be used and leads to a reduction of the amount of coke required. One of the hot-blast devices at the No. 2 Blast Furnace at Diósgyór has recently been rebuilt to this new design. The equipment has been in regular operation for the past month and has proved to be completely successful. Coke consumption in the blast furnace was reduced by more than the estimated ten per cent. In addition, the new equipment has the advantage of being simply and easily erected, and the expenditure is recovered within two months through economical operation.

Flame-resistant Cable

Cable with flame resistant qualities, capable of withstanding a standard flame test of 1093° C., is being produced by an Irish firm, Wandleside Warren Wire Company Ltd., Dunmurry, Belfast, N. Ireland. It is also resistant to heat and corrosion. The cable has been developed particularly for use in aircraft, on circuits where lower temperature cables are unsuitable, and for industrial use where heat, corrosion and flame are problems. The makers say an example of the cable's industrial use is in steel works. The cable can be supplied with copper conductors, or with special conductors, for use as thermocouple compensating cable. It can be made up in multi-core form. The secret of cable's particularly high flame and heat resistant qualities is in insulation, which consists of a combination of various materials, including glass and P.T.F.E., and in the method of manufacture. The new cable is lighter in weight, has a smaller diameter and is rated at a higher operating voltage than comparable cases, say the firm.

Ultrasonic Bonding of Fabrics

A technique which could elliminate conventional sewing in many manufacturing operations has been developed in Britain. It is designed for the bonding of man-made fibres, woven and non-woven fabrics, plastics and most structures of a predominantly fibrous composition. Basis of the development are the effects that result from the use of intense high frequency vibrations, when applied to materials, causing them to inter-weave, interlock or amalgamate with each other. When a number of layers of fabric are activated ultrasonically under a given pressure loading, they bond together so intimately that in tearing them apart the parent fabric can rupture before the treated zone. Microscopic examination shows that the bonded structure has become an integrated whole and there is no appreciable change in the nature of the bonded material. The effects of the process on differing materials, such as paper to plastic, are complex but the manufacturers claim that regardless of the precise physics in creating these unions, the resulting bond is as durable and stable as the parent materials. Man-made fibres such as nylon and terylene can be bonded with little or no embrittlement of the structure of the fabrics. With certain cloths a "threadless stitcher" or ultrasonic "sewing machine" can be used. The type of equipment varies considerably from one application to another, depending on the type of material, thickness and physical characteristics but essentially employs an ultrasonic probe operating in conjunction with a rotary or claw feed device, under carefully controlled pressure.

Wrapping Machine

A semi-automatic machine which applies heat-sealed wraps of polythene, polypropylene, P.V.C., or other suitable film to products of various shapes and sizes at rates up to 600 an hour, is being manufactured by a British firm. The manufacturers, Industrial Developments (Packaging) Ltd., Turnstill Street, Burnley, Lancashire, England, say it has special applications for textile, stationery, toy, fancy goods and confectionery manufacturers who are faced with the problems of swiftly wrapping products of various sizes and shapes. A quick adjustment of height and width enables it to handle any article up to 8 in. high, 20 in. wide and 30 in. long, while greater height can be obtained by permanent alteration to the sealing frame mounting.

Metal Recovery

A new range of portable and semi-portable magnetic metal recovery plants, designed to meet the needs of companies engaged in metal recovery operations on steelworks slag heaps, foundry and works waste heaps, is being produced by a British firm, Brimag (Industrial Magnets) Ltd., Stratford Road, Shirley, Solihull, Worwickshire, England. The unit is a self-contained electro-magnetic separator and screening plant designed for handling metal bearing slag, foundry or works waste at a feed rate up to 350 tons an hour. The function of the machine is to accept material fed into a hopper by a dragline excavator, face shovel, or similar earth mover, and then to feed the vibratory in a controlled and evenly distributed burden, over an electro-magnetic divertor drum. The waste material is discharged by a conveyor at the front of the machine and the magnetic material diverted into a vibratory grading and cleaning screen. This discharges magnetic scrap on to one conveyor and magnetic fines on to another. Both these conveyors are fitted into the side of the machine.

Cork Remover

A French firm—De Poncins and Cie, Paris 15—has invented a sensational cork remover using compressed CO_2 to pop out corks instantly and effortlessly. The keen-pointed needle is plunged through the cork, a short burst of CO_2 and the cork is automatically blown out undamaged and without affecting the wine. A real boon to restaurants, hotels, bars, cafes, etc., this device is indestructible and guaranteed for one year against defects. Cartridges are replaceable and provide 100 openings.

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INTERNATIONAL MARKETING

POINT OF VIEW OF A U.S. BUSINESS MANAGER

By Robert Sackman

VICE-PRESIDENT, AMPEX CORPORATION, REDWOOD CITY, CALIFORNIA

[Mr. Sackman was the leader of the five-man team of senior U.S. industrial executives which conducted a series of seminars on international marketing in Calcutta, Madras, Bombay and New Delhi in November last. His views on the subject are, therefore, worthy of close study.—ED.]

MANY American businessmen have developed during the past few years a new international orientation and export consciousness. Until recently, we have been, for the most part, "inwardly oriented"; that is, the domestic market was regarded as the primary one and international markets were considered merely additional areas for sales of the same products. In the last 15 years, however, many of our businessmen have come to look at the world as their market place.

From ancient days, international trade has been one of the leading forces in shaping the destiny of nations. It is, perhaps, no exaggeration to say that on the expansion of this instrument of communication and physical exchange the fate of the world may hinge. In fact, one of our largest firms has incorporated this idea in its motto, "World Peace through World Trade."

However, world trade, like world peace, must be worked at—it does not just happen. In management, academic, government and labour circles in the United States, world trade has been receiving much study.

I would like to discuss in some detail six management principles which I think are fundamental to any business that has committed itself to enter world markets. While these principles are applicable to domestic business as well, each has a special importance in international business.

1. The company and its management must have a total market or customer orientation, international in scope.

2. The company must make an investment in new product development through controlled Research and Development programmes, particularly in products designed for world markets.

3. Continuing programmes for cost reduction, quality control, and new manufacturing methods and techniques must go hand-in-hand with new product development.

4. Managers are a company's most valuable asset. The time and money must be invested to select and train them.

5. Systematic planning must be provided to knit together all elements of the business, domestic and international.

6. Once a commitment has been made to international export, the company and all levels of its management must think and act as an international enterprise, if the company is to succeed in world trade.

Now, let us take each of these principles in turn.

What do we mean by "total market or customer orientation"? Modern marketing has caused us to change from the old philosophy of "sell what we can make" to that of "make what we can sell." In the field of international trade, the Japanese have done an outstanding job in following this principle. Since World War II, they have made a major effort to study and understand customer needs in the U.S. market, which they picked as a prime one. Through this study, they determined, for example, that the small battery-operated, transistor radio filled a customer need that had not been recognised by many of our manufacturers of similar products. The result is history: a classical case of the "make what we can sell" theory. The Japanese now have a substantial share of the market for all transistor type radios sold in the United States.

The second principle which I have stressed is management's willingness to "make an investment in new product development through controlled research and development, particularly in products designed for world markets." All too many companies, in making the transition from "inward," or domestic, orientation to an "outward," or international, orientation, do not face the fact that they now must compete with companies world-wide who are likewise making a determined effort to advance the state of the art, develop new products, find new applications for existing products and thus gain a foothold in new markets and increase participation in old ones. I speak here from the point of view of a company whose products are of high technological content. To be successful in these world markets, a company cannot sit by passively while market conditions change and competition introduces more advanced products, and then try to react to these by emergency counter-measures.

A chief characteristic of an industrial economy, particularly one which is in a rapid state of growth, is change. To do business successfully at home or overseas, a company must be a leader in change. By providing the basic ingredient, research and development, to produce new products, a company is, in effect, changing the shape of the market, rather than running the risk of having to react to market conditions changed by others with a product the market will not buy.

The next management principle is that of "continuing programmes for cost reduction, quality control and new manufacturing techniques must go hand-in-hand with new product development." When any company, whether in India or the United States, makes the decision to leave its relatively sheltered domestic market, it finds itself in the arena of world-wide competition, with the customer now looking for the product that will give him the features he wants at the lowest cost and best quality, wherever it may be obtained. In the case of technical products particularly, we have found that low cost labour, in and by itself, is not the answer; but, rather, it is consideration of the total of all costs—overhead and direct—plus the great factor of productivity, that tell the story. Innovation in manufacturing methods and techniques, tooling and automated production, plus an efficient and economic overhead structure, are the keys to cost competition in world markets.

U.S. industry has had to make several major changes in its manufacturing methods because of its experience during World War II. From 1939 to 1945, most of our industry operated on the basis of what we have called "cost plus fixed fee contracts," issued by the Government. That is, the Government paid all operating costs, plus a 4-10 per cent fee on total cost—in effect, a guaranteed profit. Under these conditions, the cost of manufacture became secondary. Our total efficiency was low; manpower was added at all levels.

At the war's end and as a result of this lack of cost consciousness, U.S. industry found itself in a dangerously uncompetitive condition. If found it could no longer keep excessive manpower, both overhead and direct, added during the war years, and still be competitive in the world market. Twelve to eighteen months of reorganisation and readjustment at all levels were needed to bring industry back to an economic and competitive level.

The second change occurred in the early 1950's, when the new plants and methods of Europe and Japan began to export products of high quality and technical calibre into the U.S. market and other world markets at very competitive prices. Here, again, innovation in manufacturing methodology took place—the use of data processing computers for production and inventory control cut inventories and improved manufacturing cycle time. A new field of value analysis came into being, and more companies developed standards systems, all to the end of obtaining for the customer a better product at lower cost, profitable to the company but competitive in world markets. In not every case were companies successful, but many were.

I believe that opportunities exist for India to be a contender for leadership in quality and low cost manufacture in many product markets.

The next point I made earlier was that managers are the company's most valuable asset, and we must invest the time and money properly to select and train them. The equity in your managers is not shown on your books. They are not added up as values of X rupees. They are, however, more valuable than the total remaining resources of the business. Thus, a company should be prepared to invest substantial amounts of time and money in the development of management personnel. Particularly in growth companies, it is an ever-present challenge.

Many companies in the United States, ourselves included, have an extensive college hiring programme, and we pay all or part of the undergraduate or graduate training of engineers and business specialists. We also select promising young students from our secondary schools for technician training, give them a combination of schooling and on-the-job training.

Last, but not least, our middle and top management are encouraged to participate in management seminars; to attend courses in their own fields and, in some cases, to go back to the university for specialised courses. It is my own personal belief that one of the most important jobs I have as a manager is to coach, train, and guide the people who work for me. All too often, when faced with the daily problems of running a business, we forget that we must give the younger man an opportunity to learn to manage by managing. Let him make mistakes, and make this a part of his training programme.

A matter of particular urgency in the area of management development was highlighted by Dr. Homi Bhabha, Director of the Indian Atomic Energy Laboratories, in a recent interview in the United States. Dr. Bhabha stated: "One of the most serious manpower problems is the lack of managers who have the technical background to direct laboratories, factories...." The president of my own company shares this view and has frequently emphasised that no manager of the future can afford to be technologically illiterate. This does not mean that he must be a scientist or engineer, but he must have some understanding of the disciplines in which his company is working.

The fifth principle I have mentioned is systematic planning to knit together all the elements of the business, domestic and international. I believe that the single most important function of the manager of an enterprise is to plan—to look ahead. No one else in the firm can really have the responsibility for charting the course. No one else has as many facts upon which to base decisions, to determine realistic goals and the best methods of achieving them. For, in addition to broad policy planning, there must be planning in regard to market, product, manufacturing, research and development, personnel, facilities, and finances, too.

This job of total planning cannot be done without considering the international phases of a company's business. As a matter of fact, the domestic division manager must have the responsibility for participating in the planning of the international operations. Just as an obvious type of example, when a research and development programme for a new product is started, the characteristics which are required in the international market place are taken into account with those of the domestic. If they are not—and this has happened at times—it is a costly process to re-tool and re-design a special product or a modification of the domestic product for the international field.

The sixth and last management principle, and one that I think sums up the whole, is that, once a commitment has been made to international export, the company at all levels of its management must think and act as an international enterprise. I mentioned earlier that a major change had taken place in our industry over the past 15 or 20 years. It has recognised the fact that it cannot serve international markets simply by tacking on to its domestic structure an organisation known as an "export operation" without making the other necessary changes in the thinking and philosophy of everyone, from the president on down to the factory supervisor. All must be made to see clearly the potential of the international market. The managers must be made to travel overseas and visit with overseas customers, to convince themselves of the tremendous potential for their product in the overseas market and the potential profit that would reflect back on the division if the international operation could be properly served.

This type of planning and leadership will convert a group of men from separate camps of domestic and international managers within the same company to a unified group dedicated to the fact that it is in their company's and their country's interest to become a truly international organisation.

CELLULOSE ACETATE INDUSTRY

EAST ANGLIA PLASTICS' INTEGRATED PROJECT

A SIGNIFICANT step towards the establishment of an integrated acetate industry in India was taken when the foundation-stone of the cellulose acetate factory of East Anglia Plastics (India) Ltd. was laid on the 13th inst. by Mr. Lal Bahadur Shastri at Visakhapatnam, in Andhra Pradesh. The cellulose acetate project of the Company will be a completely integrated unit designed to produce a whole range of chemicals, plastics and textiles from such indigenously available raw materials as cotton linters and alcohol. The unit will also produce, in intermediate stages, cotton-wool, cotton for explosives, acetic acid for rubber and plasticizers industries, acetic anhydride for aspirin manufacture and acetylated products, besides the ultimate product of acetate flake which finds many uses in the manufacture of moulding granules, plastics, X-ray, photographic films, lacquers, and for producing filament for man-made silk industries and staple fibre for woollen industry.

The nucleus of the integrated project of the Company is the small factory at Jessore Road near Calcutta which produces cellulose acetate moulding powder and P.V.C. compounds out of imported raw materials. This factory has an installed capacity of 2,000 tons per annum but actual production has been much less, thanks to fortign exchange shortage which has placed a limit on imports of raw materials. It is to overcome this limitation that the Company proposes to produce the raw materials within the country itself by integrating the compounding scheme with the manufacture of C.A. flakes. The Company has succeeded in securing the technical collaboration of an internationally reputed group of industries in the flakes project. According to the terms of the collaboration agreement, the fee for the collaborator is to be paid in fully paid-up shares of the Company; no separate royalty is payable. The project consists of five independent plants. These are: (1) bleaching plant, (2) acetic acid plant, (3) acetic anhydride plant, (4) acetylin plant, and (5) acetic acid recovery plant. The principal plants and equipment will be imported through the foreign collaborator on deferred payment basis under a French credit, the repayment of which has been guaranteed by the State Government of Andhra Pradesh. The plant will have a capacity of 10 tons of cellulose acetate a day.

Demand and Production

The significance of this venture of East Anglia Plastics (India) Ltd. can be appreciated only if it is viewed against the background of the rising demand for cellulose acetate plastics and filaments in the country. The consumption requirements of cellulosic plastics at the end of the third Plan is estimated to reach 7,000 tonnes per annum. At present, the country does not produce any cellulose, while the demand is only partly met by imports which aggregate about only 2,000 tonnes of cellulose acetate. In view of the foreign exchange shortage, much larger imports to meet the rising demand is clearly out of the question. Hence the need for manufacturing cellulose acetate within the country itself. Cotton linters and power alcohol being available in plenty in this country, by virtue of its position as one of the largest producers of cotton and sugar in the world, conditions are said to be ideal for the development of cellulose acetate industry in India. Its slow growth so far is attributed by some to lack of technical "know-how" about acetate industry which has been surrounded by a veil of secrecy. Consequently, acctate rayon and thermoplastic industries have not developed as much as, say, viscose rayon industry. One of the great disadvantages of the latter, however, is that rayon grade wood pulp, the principal raw material, is not abundantly available. In this respect, acetate industry has a great advantage in that its main raw material, namely, cotton linters and power alcohol, can be found within the country. The only disadvantage in depending upon cotton linters and power alcohol is the absence of stability in their production. As readers are aware, the output of both cotton and sugar varies widely, as it depends, among others, on the trend of monsoon and other weather conditions. The experience of some of the other chemical industries based on power alcohol has not been happy, their progress having been erratic. It would be interesting to know what steps the East Anglia Plastics proposes to take to overcome this defect and ensure a steady flow of its basic raw materials at stable prices. It is true that the main object in locating the factory in proximity to the Caltex Oil Refinery is to facilitate the future extension of the Company's activities by linking it to the petrochemical industrial complex that is expected to come up there. But that will take time, being more or less a long-range project.

From the point of view of demand for cellulosic plastics, there is, of course, tremendous scope for the industry. The varieties of products cellulose acetate industry can produce and the numerous uses of cellulose acetate make it an important industry for any rapidly developing country. This industry, it may be noted here, has attained a high degree of development not only in the U.S., the U.K., France and Germany but also in Japan, Italy, Hong Kong, South America and Mexico. At one stage, when many varieties of synthetic man-made fibres and other plastics appeared in the market, the future of acetate was considered not bright. But it has now been proved beyond doubt that acetate, by virtue of its unique characteristics such as resiliency, toughness, high impact strength, colourability and immunity from fire hazard, is highly suitable for use in yarn, plastics, film and lacquer.

Varied Uses of Cellulose Acetate

This versatility of cellulose acetate was clearly brought out by Mr. D. N. Mitra, a Director of East Anglia Plastics (India) Ltd., in his welcome address at the foundation-stone-laying ceremony. Characterising the modern age as the age of plastics and cellulose acetate as a very important member of the plastics family, Mr. Mitra outlined the numerous uses of cellulose acetate in the following words:

"One cannot fail to appreciate its versatility when one realises how often during his daily life one uses cellulose acetate end-products. As you begin your day, brushing your teeth, combing your hair, you use cellulose acetate. Your garments, be it silk, worsted fibre or wool, probably are spun from cellulose acetate in one form or the other. As you steer your car, hold your tool handles, use your pen, dictate your talk to record on a tape, smoke your filter-tip cigarette or breathe the filtered air in your air-conditioned room, you perhaps cannot think of any other plastid material than cellulose acetate which is more suitable for the manufacture of automobile steering wheels, tool handles, fountain pens, tapes, cigarette or air filters. When you click your camera or watch a film-show you appreciate in the back of your mind the versatility of this plastic, which is safe and not inflammable.

"As your wife goes for shopping for toys or household articles or other materials in beautiful and attractive transparent packages she cannot avoid buying cellulose acetate products. A modern housewife lives with cellulose acetate perhaps throughout the day with her spectacles, sun-glasses, the knitting needles, kitchen whisks and mixers, hair driers and vacuum cleaners.

"Even when you retire to bed, switch off your bed-room lamp and put away your eye-glasses, the lamp shade and filter-end of your burning cigarettes quietly remind of acetate and you wonder how often during the day you have made use of cellulose acetate either as plastics, film, filters, yarn or lacquer."

In his address on the occasion, Mr. Lal Bahadur Shastri conceded that India could not afford to lag behind other countries in plastic production for long as plastics were needed for use not only in consumer industries but also in engineering and construction industries. It is, however, necessary to ensure, as Mr. Shastri emphasised, that the goods produced both for domestic consumption and exports are of high quality and reasonable price, especially because of the keen competition in the field of plastics from Japan and Hong Kong which are offering quality goods at low prices. Exports of plastic goods from India were valued at Rs. 76 lakhs in 1961-62 and Rs. one crore in 1962-63. The export target for 1963-64 is two and a half times this figure, Rs. 2.50 crores, to be precise. Good quality and competitive price hold the key to success in achieving this target.

The management of East Anglia Plastics deserves to be congratulated on its venture in setting up an integrated project for the manufacture of cellulose acetate in the country. When the project is completed and production starts the country can be truly said to have a cellulose acetate industry, capable of producing both the raw materials and the finished product from them.

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MONTHLY ECONOMIC REVIEW OF U.K.

REFLATION IN RIGHT DOSE YIELDS SATISFACTORY RESULTS

NEW YEAR PROSPECTS REASONABLY GOOD

By W. T. C. King

EDITOR, *THE BANKER, LONDON*

BRITAIN'S economy at the end of 1963 was in very different shape from what it was at the beginning. The winter of 1962-63 marked the bottom of the economic cycle when abnormally severe weather sharply reinforced other forces that were putting a brake on economic activity.

Even before that aggravating influence, the check to expansion had given place to an actual decline in the fourth quarter of 1962. The seasonally corrected index of industrial production dipped to an average of 115 from its third-quarter peak of 116 (1958=100), and even the total national output (which is much less susceptible to fluctuation than industrial production alone) declined fractionally for the second successive quarter to £5,531 million at 1958 prices, as compared with the second-quarter peak of £5,611 million.

In consequence, by the mid-September count in 1962 the number of persons registered as unemployed in Great Britain had risen to 566,000 or 177,000 more than at the corresponding date in 1961 and the ratio of unemployed to the labour force had risen to 2.5 per cent. The exceptional severities of the weather in the next two months carried the total to a new post-war peak (apart from the extraordinary fuel-crisis dislocation of 1947) of 878,000 and the ratio to 3.9 per cent. Yet, by the last count in 1963, the total of unemployed had been brought down to just under 460,000, showing a net decline of more than 100,000 over the 12 months and the ratio was down to two per cent.

Industrial Production

That is, one important measure of the change in economic climate that has taken place in 1963; but the movement in some other indicators has been at least as striking. The latest available index of industrial production relates to the month of October. Even so, the seasonally corrected figure at the new peak of 122 was already showing an advance of nine points from its lowest 1962 level and of 13 points from the weather-distorted index of January 1963. If month-to-month variations are smoothed by taking a three-month average, the latest available figure shows an advance at an annual rate of fully six-and-a-half per cent as compared with the average for the fourth quarter of 1962.

In order to observe this rate of advance in perspective, it needs to be remembered that the level of industrial production for the final quarter of 1962 (which happened also to be the same as the average for the whole of that year) was less than two-and-a-half per cent above the average for the year 1960. The driving force behind this rather striking swing into re-expansion was unquestionably the series of deliberate measures of reflation introduced by the Government and monetary authorities progressively from about the middle of 1962 onwards.

By the end of that year there were differences of opinion among public commentators about whether further reflationary steps would be needed in 1963, but, early in the year, virtually everyone agreed that more would have to be done and the debate shifted to the problem of scale—with some highly respected unofficial commentators advocating very large injections.

Indeed in the event, the Budget of last April did give tax reliefs on an unprecedented scale (if measured in terms of money values), but considerably smaller reliefs than the most enthusiastic *pundits* had thought necessary. Some of these observers actually predicted that what had been done would only just about suffice to prevent a further rise in unemployment if seasonal fluctuations and the readjustments after the abnormal winter were excluded.

This calculation was based in part on the assumption that the degree of under-utilisation of the employed labour force by the fourth quarter of 1962 (the extent of this could be roughly deduced from the smallness of rise in output over a two-year period in which capacity had been mounting steadily) would permit a substantial rise in output with only a small intake of labour. In the event, as has been shown, unemployment fell much more rapidly than had been expected. This may mean that employers have on average been content to retain a considerable margin of slack in utilisation of the employed labour force, so that the scope for further expansion of output from existing capacity may be larger than might appear from the level to which the ratio of unemployment has fallen.

On the other hand, it is important to remember that the average ratio for Great Britain conceals wide variations between the several regions. Whereas in Scotland and the northern region, the ratio is still over four per cent, in London and the south-east and in the Midlands it is down to only 1.2-1.3 per cent, which must be very close to the effective limits of full employment. If such ratios are sustainable without undue strain, it is only on the basis that mobility of workers from regions of higher unemployment is sufficient to provide a safety valve.

Overstrain Avoided

In retrospect, it is plain that the scale of reflation was fully adequate to achieve the chosen aim—namely, to take up the slack in productive capacity as quickly and considerably as was feasible without running the risk of developing such a momentum of demand as would force the economy into a new crisis of overstrain.

In fact, the rate of expansion of output has reached virtually the best expectations; and anything faster might have been dangerous. Even as it is, the climate of expansion, the general confidence that it will continue, and the tightening of conditions in the labour market have had their repercussions in wage bargaining.

By far the most considerable source of doubt at the moment is whether the next round of wage increases can be kept, on an average, from going much beyond the Chancellor's target average of three to three-and-a-half per cent per annum. Several important settlements have recently been reached on the basis of around five per cent—though in some instances this has been equivalent to a considerably lower annual rate—and the big question now is whether these can be clearly established as justifiable special cases and thus prevented from being a dangerous precedent in the general run of negotiations.

Aside from this danger, the prospect for the coming year looks reasonably favourable. An important characteristic of the reflationary process up to date is that it has not been substantially based, as was the upturn of 1959, on any boom in spending on consumption, nor has there been any such massive injection of consumer credit as occurred four years ago.

On this occasion, the upturn in aggregate demand came first from the investment outlays of the public sector and from exports and these were flanked by a moderate growth in consumption. It seems probable that, in 1964, all the principal sectors of demand will be expanding simultaneously, though the rate of growth in public sector investment should slacken.

Industrial Investment

At the same time, fixed industrial investment by the private sector is expected soon to turn upwards again, after its declining trend since the third quarter of 1961; and at some stage during the year total demands on productive resources seem bound to be swollen by an increase in the flow of supplies into stocks, including work in progress.

Contrary to expectations, the latest quarterly estimates of industry's stocks suggested that, in the third quarter of 1963, after allowing for seasonal factors, there was an actual de-stocking—to the extent of £67,000,000 (at 1958 prices)—the first perceptible movement of this kind since the second quarter of 1958. If stock-building demands proved to be large and if the other sectors of demand were all expanding as considerably as has been estimated, it would not be surprising if some braking action became necessary before the end of the year.

The National Institute of Economic and Social Research, an unofficial but highly expert body of economists, estimated a few weeks ago that, by the end of 1964, the ratio of unemployment, seasonally adjusted, was likely to be down to 1.6 or 1.7 per cent, which many people (but not the Institute) would regard as close to, if not beyond, the safety limit. And this estimate was framed at a time when it was assumed that the upturn in stock-building had already begun.

There is no general expectation, yet, however, of any return to major restraints. But both the Prime Minister and the Chancellor of the Exchequer have emphasised that, in view of the scale of the programmes of public-sector expenditure, there is not likely to be scope for "general or substantial" reductions in taxation.

Meanwhile, there is reasonable ground for hoping that the expansionary trend will not this time have to be slowed up prematurely because of a threat to sterling or to the balance of payments. Over the past year, exports have risen somewhat faster than imports, and, although in the latest months this relationship has been reversed, Britain's balance of payments as a whole has remained in a reasonably healthy state, and the future prospects for exports are regarded as good.

The seasonally corrected quarterly estimates show that the current account was still in small surplus by the third quarter of 1963—at £15,000,000, as compared with £23,000,000 in the second quarter and £70,000,000 in the first. The unadjusted figures for the nine months showed a surplus of £117,000,000, which was actually more than sufficient to cover the estimated net outgoings of long-term capital account. (These, at £95,000,000, were running at a substantially smaller rate than was usual a few years ago.)

This heartening performance, combined with the rising earnings of the overseas Sterling Area, explains why the central gold and dollar reserves of the Sterling Area have continued their upward trend (special transactions apart) in spite of the fact that the relative levels of international interest rates no longer favour a flow of short-term funds towards London. Stock-building demands for imports, or changes in international influences, may yet cause pressure on sterling; but, so long as the underlying state of the balance of payments remains healthy, it will be reasonable to meet any such pressure by drafts on the reserves or on Britain's large international credit facilities without immediate recourse to major measures of domestic restraint.

THE BELAPUR COMPANY LIMITED

(*Concluded from page 97*)

production for the country at 33 lakh tonnes, which is 50 per cent higher than the production during the past year. With a view to reaching this target, sugarcane prices have been increased from time to time during the past few months and the controlled selling prices of sugar have also been enhanced twice during the past nine months in the hope that more cane will be attracted to the factories, but, from reports coming in from various parts of the country, it would appear that the eventual sugar production will fall far short of the set target. In Maharashtra alone, the objective is 6.5 lakh tonnes, but most joint stock factories find themselves short of the required quantity of cane to produce the amount of sugar which the private sector will have to make as its contribution to the target set by the State Government. It is, therefore, clear that the remedy will have to be sought in some other direction, as, for instance, an excise duty on *gur* which at present is entirely free of duty, or some form of zoning to ensure that all cane within a fixed factory area goes to that factory for sugar manufacture. A Zoning Committee within the State Sugarcane Committee is in fact already in existence, but, upto now, that Committee has not been able to produce a workable scheme.

There is, therefore, much uncertainty in the future of the industry, but I am sure that, with a more realistic and bold approach from both Central and State Governments, those uncertainties can be ironed out and the sugar industry put on to a more stable and sound base, so as to avoid, as far as possible, the necessity for having to make changes and introduce controls from time to time to take care of temporary difficulties.

GREAT EASTERN SHIPPING FARES WELL

SUBSTANTIAL EXPANSION OF FLEET PROPOSED

THERE is only one way to describe the working results of the Great Eastern Shipping Company Ltd. (Managing Agents: Messrs. A. H. Bhiwandiwala & Co. (Bombay) Pvt. Ltd., Bombay) for the year ended 30th June 1963, and it is that these are excellent. Operating earnings by way of freight and charter hire, which had advanced by Rs. 40.61 lakhs to Rs. 326.48 lakhs during the previous year, have spurted by as much as Rs. 126.42 lakhs to reach what may be called a record level of Rs. 452.90 lakhs, while other income, including the profit on sale of assets, is higher by Rs. 7.39 lakhs at Rs. 24.25 lakhs. Total income during the year has thus marked a rise of about 37 per cent over its previous level. Since as against this the increase in total expenses is of the order of 38 per cent only, that is, from Rs. 268.42 lakhs to Rs. 350.14 lakhs, the profit-margin (ratio of gross profit to operating earnings) has widened by about five points to 28 per cent. This has resulted in raising the gross profit to Rs. 127.01 lakhs from Rs. 74.92 lakhs a year ago. But this has inevitably invited a higher provision of Rs. 5.07 lakhs as against Rs. 1.05 lakh for Managing Agents' commission and of Rs. 64.70 lakhs, as against Rs. 61.55 lakhs, for depreciation. No provision for taxation has been made for the third year in a row, for reasons set forth in the following extract from the Directors' report:

"In view of accelerated depreciation on ships claimed for income-tax purposes in the past years, the depreciation to be claimed for income-tax purposes during the year under report would be lower than that provided in the books of accounts. The taxes paid in foreign countries would also be disallowed expenditure for Indian income-tax purposes. The assessable profit would, therefore, be higher than the profit as for our books of account. Your Directors, therefore, consider that the profit and loss accounts for the financial year must be debited with a development rebate reserve of Rs. 51.75 lakhs (Rs. 16 lakhs for the previous year) for the purpose of availing the benefit of the development rebate allowed for income-tax purposes in respect of the profits for the year under report. As such, there would be no tax liability."

After making the essential provisions as noted above, what has remained as net profit is Rs. 57.24 lakhs which compares very favourably with Rs. 12.32 lakhs for the year before. Adding to this the amount brought forward from the previous year, a sum of Rs. 58.29 lakhs has become available for appropriation. Out of this Rs. 51.75 lakhs have been credited to the statutory development rebate reserve as stated earlier and a sum of Rs. 5.25 lakhs have been transferred to the general reserve. The dividend has been passed over and the balance of Rs. 1.29 lakh is being carried forward as against Rs. 1.05 lakh brought in.

The rapid progress achieved by the Company, particularly since 1961 when it suffered a setback in profit, is clearly brought out by the following comparative figures:

(In lakhs of rupees)

	For the year ended 30th June			
	1963	1962	1961	1960
Operating earnings	452.90	326.48	285.87	336.52
Other income	22.25	12.05	11.76	10.52
Profit on sale of assets	2.00	4.81	0.01	4.40
Insurance claims recovered	..	..	8.50	..
Operating expenses	308.97	238.49	210.82	238.67
Administrative expenses	46.17	29.93	25.32	25.86
Loss on sale of assets	..	..	13.91	0.45
Gross profit	127.01	74.92	56.08	83.96
Managing Agents' remuneration	5.07	1.05	0.50	1.05
Provision for—				
Depreciation	64.70	61.55	58.77	63.15
Taxation	..	..	..	0.04
Net profit or loss	57.24	12.32	—8.19	19.82
Refund of taxes	..	0.87	5.35	..
Withdrawals from reserves	..	12.00	16.65	21.88
To reserves	57.00	17.00	9.00	32.85
Dividends—				
Preference	..	..	1.79*	1.84
Ordinary	..	9.00	7.02	9.00
		(10%)*	(7.8%)†	(10%)
Carry forward	1.29	1.05	1.86	0.86
Market price of ordinary shares (in rupees):	1963	1962	1961	1960
High	19.00	14.80	16.20	20.24
Low	11.40	11.24	12.76	15.20

* Fully subject to deduction of tax.
† Of this only 2 per cent. was subject to deduction of tax.

In order to compensate the shareholders for the loss of dividend, the Directors had originally proposed the capitalisation of Rs. 25 lakhs standing to the credit of the capital redemption reserve account and Rs. 5 lakhs from the general reserve No. 2, representing the untaxed profits set aside in the past, for the purpose of issuing bonus shares in the proportion of one fully paid equity share of Rs. 10 for every two fully paid equity shares of Rs. 10 held. They had also recommended that proportionate benefit may be made available to the holders of partly paid shares by capitalising a further Rs. 15 lakhs out of the sum lying in the general reserve No. 2 and applying the same for crediting partly paid equity shares with an amount of Rs. 2.50 per share so as to increase the amount paid-up on every partly-paid equity share of the nominal value of Rs. 10 from Rs. 5 to Rs. 7.50 per share. The Government, however, was not agreeable to this proposal. After discussions with the Controller of Capital Issues, the Directors have modified the earlier proposal as follows:

One bonus share of Rs. 10 each for every three fully-paid equity shares of Rs. 10 each and one fully-paid bonus share of Rs. 10 each for every six partly-paid equity shares of the nominal value of Rs. 10 each on which only Rs. 5 have been called up.

Besides the Directors have decided to make the final call of Rs. 5 on the partly paid shares; this call is payable by 1st February 1964.

The financial position of the Company as at 30th June, 1963 may now be briefly summarised. The paid up capital is unchanged at Rs. 90 lakhs, all in equity shares of Rs. 10 each, half fully paid and half paid to the extent of Rs. 5 per share only. It is supported by reserves aggregating Rs. 272.93 lakhs so that the equity per share works out to more than Rs. 40 against nominal value of Rs. 10. Secured loans have advanced from Rs. 626.94 lakhs to Rs. 682.82 lakhs and so have current liabilities and provisions from Rs. 110.33 lakhs to Rs. 142.75 lakhs. With additions worth Rs. 23.82 lakhs during the year, the gross block has gone up to Rs. 1,034.30 lakhs and, on deducting therefrom Rs. 349.50 lakhs as depreciation provided so far, the net block works out to Rs. 684.90 lakhs. Investments, mainly in debentures of Madurai Mills Company, are carried in the books at a cost of Rs. 20.82 lakhs, while current assets, loans and advances total Rs. 497.89 lakhs. Receipts on account of incomplete voyages as at the date of the balance-sheet are shown at Rs. 28.36 lakhs, as against an expenditure of Rs. 13.25 lakhs.

As at the date of balance-sheet, the fleet of the Company consisted of 15 vessels, with a gross registered tonnage of 95,872 and deadweight tonnage of 138,255. Before the close of the financial year, the Directors decided to add five to seven ships to the Company's fleet. They now report the acquisition of five ships at an approximate cost of £1.3 million or Rs. 1.75 crore. Out of these two have already been delivered and the remaining three were expected to be delivered soon. With the acquisition of these five ships and discarding of one old ship, the gross registered tonnage has risen to 127,918 and the deadweight tonnage to 183,839. It is expected that, on the basis of the present freight rate level, this acquisition of five ships will bring about an increase of about Rs. 1.5 crore in the freight-earning potential of the Company. The Company has also placed an order, subject to the approval of the Government of India, with the Japanese shipyard for building a bulk carrier of 36,000 tons with an option to build another at an approximate cost of Rs. 2 crores each. These ships are proposed to be utilised for carriage of such bulk cargoes as ore and foodgrains.

The impact of the expansion already effected after the end of the year under report and to be achieved by the building of two bulk carriers will be reflected in the working of the Company as under:

(*a*) Since the two vessels have already been delivered and the remaining three vessels will be delivered by December 1963, their operation will reflect itself partially in the working of the current year and fully in the financial year 1964-65.

(*b*) If the Company is able to achieve the contemplated expansion by building two bulk carriers which are expected to be delivered to it in the second half of 1965 and 1966 their operation will influence its financial results from 1965-66 onwards.

As regards the prospects for the current year, the Directors have reported to the shareholders as follows:

"The recent rise in the international freight market has coincided with the seasonal rise that takes place during winter months when Europe requires additional fuel. It is, however, felt that the recent improvement in the freight market is more than seasonal and more lasting. This hope is based on the requirements of the two major powers, Russia and China, for contemplated movement of foodgrains from U.S.A., Australia and Canada. Since the Company has already executed or made commitments for fairly major expansion, it can hope to benefit, provided improvement in the international freight market lasts for some time."

"The coastal freight structure is again being reviewed by the Government. It is hoped that action taken by the Government as a result of this review will impart stability to coastal shipping and also provide for self-regulating adjustment of the level of coastal freight rates to the level of the operating costs for the future."

OIL INDIA LIMITED

Oil India Limited has declared an interim dividend of Rs. 40 per share (of Rs. 1,000 each) for the year 1963. The authorised capital of Oil India is Rs. 50 crores. The subscribed capital of Rs. 28 crores is held in equal proportions by the Government of India and the Burmah Oil Company, the two partners in the concern. A debenture issue of Rs. 30 crores was raised to meet the rupee cost of the Company's pipeline project. The foreign exchange cost of the project was provided by the Burmah Oil Company and this amount, approximating to £10 million, was later converted into medium- and long-term loans through a debenture raised by the Burmah Oil Company in London and loans from financial institutions in London under B.O.C.'s guarantee. The U.K. Government also advanced a loan of £3 million for this project.

There were limitations imposed upon actual production and sales of crude oil during the year 1963 due to unavoidable delays in the completion of the Barauni refinery, but the Company's operations during the year 1963 were otherwise satisfactory according to plan. Sales of crude oil during the year to the Gauhati refinery and also to the Assam Oil Company refinery at Digboi amounted to a total of approximately 750,000 tonnes.

During the year, 29 wells were drilled, as against the target of 30 wells, bringing the total number of wells completed to 171, of which 132 wells are successful producers of oil and gas, 22 await further testing and 17 have proved dry. It is said that the number of wells drilled during the year would have been more but for the difficulties encountered towards the end of the year in the acquisition of land for drilling sites. New techniques such as directional drilling and dual completion were applied for the first time in India, and the field potential was brought to three million tons production per annum. When this quantity of crude oil is refined, products of a foreign exchange value of over Rs. 35 crores, it is claimed, need no longer be imported. Its 720-mile-long Nahorkatiya-Gauhati-Barauni pipeline, technically one of the most modern and automatic of its kind in the whole world, was completed throughout its entire length early in 1963. The crude conditioning plant at Duliajan especially designed to make it possible to transport the waxy Nahorkatiya crude at cold weather underground temperatures in Assam was also completed at a capital cost of approximately Rs. 1.6 crore.

Oil India also undertook exploration and test drilling in its exploration licence area, granted in January 1963, under a Rs. 2-crore programme which will continue in 1964 and 1965. In the first working season March-June 1963, a seismic survey covered 220 line miles and, for the next working season from September 1963 to June 1964, nearly 700 line miles are expected to be covered. The test well at Tinali has reached a depth of 12,586 ft. and the second test well spudded in at Bogapani on 21st December is already 3,000 ft. deep.

Notices

WAVERLEY JUTE MILLS COMPANY LIMITED

ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE Share Transfer Books of the Company will be closed from 21st January, 1964 to 31st January, 1964, both days inclusive.

By Order of the Board,
McLEOD & Co. LTD.,
C. HOCKLEY,
Director,
Secretaries & Treasurers.

3, NETAJI SUBHAS ROAD,
CALCUTTA,
10*th January*, 1964.

THE KELVIN JUTE COMPANY LIMITED

ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE Share Transfer Books of the Company will be closed from 21st January, 1964 to 31st January, 1964, both days inclusive.

By Order of the Board,
McLEOD & Co. LTD.,
C. HOCKLEY,
Director,
Managing Agents.

3, NETAJI SUBHAS ROAD,
CALCUTTA,
10*th January*, 1964.

KESAR SUGAR'S PROFIT DOWN

NEW CHEMICAL COMPANY TO BE FLOATED

DURING the year ended 31st July 1963, the sale proceeds and the gross profit of the Kesar Sugar Works Ltd. (Chairman: Mr. Tulsidas Kilachand, Bombay) have shown divergent trends. The turnover had expanded handsomely from Rs. 229.71 lakhs to Rs. 291.00 lakhs or over 26 per cent but the gross profit has declined, though moderately, from Rs. 15.51 lakhs to Rs. 14.69 lakhs in spite of a rise of Rs. 3.35 lakhs in other income. The improvement in sales has, of course, been due to the heavy reduction in the stocks of sugar as is evidenced by the decrease of about Rs. 70 lakhs to Rs. 89.22 lakhs in the value of closing stocks while the deterioration in profit-margin (ratio of gross profit to sale proceeds) from 6.7 per cent to five per cent has been due principally to a poor crushing season as will be seen subsequently. In addition to the drop in gross profit, essential provisions too have increased, for depreciation from Rs. 4.28 lakhs to Rs. 4.38 lakhs and for taxation from Rs. 5.25 lakhs to Rs. 6 lakhs, so that the result in net profit is lower by Rs. 1.67 lakh at Rs. 4.31 lakhs. Nevertheless, the ordinary dividend has been maintained once again at 20 per cent, subject to deduction of tax, but since it is also payable proportionately on the new partly paid shares the total amount to be disbursed is Rs. 4.63 lakhs against Rs. 4.50 lakhs for the preceding two years.

The working results of the Company for the past four years are presented synoptically in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st July			
	1963	1962	1961	1960
Sale proceeds (gross)	291.00	229.71	224.97	191.28
Other income	7.83	4.48	4.42	2.83
Closing stocks	89.22	159.24	131.84	114.26
Excise duty paid	42.78	58.43	61.72	70.55
Other expenses	171.34	187.65	170.88	160.15
Gross profit	14.69	15.51	14.37	23.84
Depreciation	4.38	4.28	3.95	3.16
Taxation	6.00	5.25	4.00	7.00
Net profit	4.31	5.98	6.42	12.78
Provisions written back	1.34	..	0.40	..
Miscellaneous provisions made	..	0.11	0.06	0.68
To reserves	0.36	0.85	1.46	0.10
Dividends—				
Preference	0.92	0.92	0.92	1.00
Ordinary	4.63 (20%)	4.50 (20%)	4.50 (20%)	4.05 (22.5%)
Carry forward	0.13	0.52	0.92	1.04
Market price of ordinary shares (in rupees):	1963	1962	1961	1960
High	189.00	287.50	272.50	400.00*
Low	100.50	170.00	160.00	60.00†
	XR	XR		

* On Rs. 50 paid shares.
† On Rs. 40 paid shares
Note :—All dividends are subject to deduction of tax.

Owing to unsatisfactory weather conditions and the diversion of sugarcane to *khandsari* and *gur* manufacture, there was a substantial drop in cane supplies during the year under report and the factory could crush only 1,792,463 quintals of cane in 161 days as against 2,372,933 quintals in 206 days during the previous season. Consequently, sugar production declined heavily from 230,202 quintals to 176,950 quintals even though the recovery was better, being 9.87 per cent as against 9.70 per cent in the preceding season. As for the distillery, the production and offtake of alcohol improved further during the year being the highest on record so far. This was mainly because the synthetic rubber factory at Bareilly commenced lifting alcohol from January 1963 onwards. As there is now sufficient demand for alcohol for internal consumption as well as for export, the Government has dispensed with the scheme of compulsory admixture of alcohol with petrol. Though the demand seems now to be assured, the non-availability of molasses in large enough quantities may come in the way of further increase in production. The business of the subsidiary, Distillers' Trading Corporation Ltd., also showed good progress during the year. The Company has now assigned its export contract to the subsidiary which would carry on the business throughout the year. The prospects of exports for the current year, however, are not certain. At the chemical factory, various efforts made to improve the working resulted in increasing the sale of chemicals but profit showed little improvement, owing to continued disparity between rising costs of manufacture and the selling prices of chemicals manufactured by the factory.

As regards the scheme for the manufacture of sodium hydrosulphite and allied chemicals at Baheri in technical and financial collaboration with A.C.C. (Brotherhood) Ltd., it was decided, as desired by the Government of India, to float a new company for undertaking the said project. A new company has accordingly been registered under the name Kesar Chemical Ltd. with an authorised capital of Rs. 2.50 crores of which equity shares of Rs. 80 lakhs are to be issued presently. The Directors propose to invest Rs. 20 lakhs in the equity capital of this new company and to move the necessary resolution seeking the shareholders' sanction at the forthcoming annual general meeting.

It will be recalled that, during the preceding year, the unissued 35,000 equity shares of Rs. 100 each of the Company were subdivided into 70,000 shares of Rs. 50 each and that, of these, 18,000 shares were offered to the equity shareholders of the Company in the proportion of two new shares for every five shares held. During the year under report, a sum of Rs. 25 per share only was paid-up on these and this has raised the equity share capital of the Company as at 31st July 1963 to Rs. 26.95 lakhs while the preference share capital has remained unchanged at Rs. 15.00 lakhs. The total paid-up share capital thus totals Rs. 41.95 lakhs and has a backing of Rs. 22.69 lakhs in reserves and surplus. As against these own funds of Rs. 64.64 lakhs, borrowings amount to as much as Rs. 135.12 lakhs besides current liabilities and provisions aggregating Rs. 73.30 lakhs.

On the assets side, the net block is worth Rs. 43.70 lakhs and has been obtained by reducing a gross block of Rs. 108.17 lakhs by Rs. 68.46 lakhs which is the aggregate amount of depreciation earned to date. Investment, chiefly in the ordinary shares of Synthetics and Chemicals Ltd., an associate company, have a book value of Rs. 86.85 lakhs while current assets, loans and advances stand at Rs. 142.51 lakhs in the aggregate.

As regards the prospects for the current year, this is what the Directors have to state:

"The sugar production in the country had declined from 29.70 lakh tons in the year 1960-61 to 27 lakh tons in 1961-62 and declined further to a very low level of 22.50 lakh tons last year and even with a carry forward of 10 lakh tons this seemed hardly adequate to meet the increasing domestic consumption and export commitments. For the current season, the Government have fixed the production target of 33 lakh tons and for this purpose have taken various incentive measures such as increasing the price of sugarcane and sugar and allowing excise rebates on excess production, etc. These measures alone are not likely to achieve the object and the Government must make strenuous efforts to see that the factories obtain adequate supplies of cane and that the price of sugar is made remunerative."

The Rs. 50 fully paid ordinary shares of the Company are currently quoted at Rs. 112 *cum-div*. The net return, on an *ex-div*. price, works out to about 6.7 per cent per annum.

The Government of India has approved in principle the project of Messrs. Lekhraj Devraj and Sons of Bombay for manufacturing 3,000 metric tonnes of link chains on single-shift basis. A public limited company, under the name Eldee Link Chains Limited, is being formed for implementing the project. The capital outlay is put at Rs. 75 lakhs.

Mr. Al Foil Packs Dairy Products to Perfection

Aluminium Packaging keeps Dairy Products full-flavoured, fresh and uncontaminated right up to the consumer's table.

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SYNOPSES OF COMPANY REPORTS

Carew and Co., Ltd.

(*Secretaries and Treasurers*: Messrs. Gladstone Lyall and Co., Ltd., Calcutta.)

Annual General Meeting—31st January 1964.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1963	1962
Sales	4,60,93	3,99,36
Stock in trade	1,31,79	1,30,54
Gross profit	65,45	40,10
To Secretaries' and Treasurers' remuneration	3,21	2,34
Transfer to depreciation	4,03	4,04
" " provision for taxation	36,91	23,19
" " " " " (for previous years)	3,00	Nil
" " " " super profits tax	8,00*	Nil
" " " " wealth tax	1,36	Nil
Net profit	8,86	10,53
Appropriations:		
To payment of forfeited dividend on preference shares	Nil	1
Transfer to debenture redemption reserve	Nil	1,76
" " general reserve	11,37	5,40
" " development rebate reserve	52	34
Proposed dividends (taxable) C.R. preference.	68 (6⅔%)	2,70† (6⅔%)
" " ordinary	Nil	3,72
Carry forward	1	1

* Includes Rs. 1,75,000 for previous year.
† Includes arrears of preference dividends for earlier years.
‡ Only Rs. 133.

Extracts from the Directors' report: While the overall results are the highest ever achieved by the Company, the Directors regret that they can only recommend the payment of the dividend on the preference share capital because of the need to reduce as quickly as possible the rather large overdraft with the State Bank of India, Calcutta. It has to be reported that some progress has been made in the negotiations to hand over the Pakistan Branch to a Pakistan Company in exchange for shares. The Directors will, of course, be requesting, in due course, the approval of the shareholders to the proposed sale of the Branch.

India: Rosa Sugar Factory: It was a most disappointing season and the factory crushed 61,301 tonnes of cane against 116,000 tonnes in the previous year. There was, of course, a substantial drop in the quantity of cane crushed in 1962-63 by most sugar factories but Rosa was particularly badly hit by the activities of the *gur* and *khandsari* operators. While the Government did eventually agree to an increase in the controlled selling price for Rosa Sugar Factory, this decision came too late to prevent a heavy loss being incurred by the factory. It is difficult to assess with any accuracy what the prospects are for the current season but the factory has made an early start and as a consequence of steps taken by the Government the crush may be in the neighbourhood of 93,000 tonnes. First impressions are that the quality of cane is as good as last year although with the possibility of a longer crushing season the overall rate of recovery will probably be less than last year.

Distilleries: The sale of case liquor showed an improvement over the previous year and this is reflected in the net profits of the units. Due to the shortage of supplies of molasses to *West Bengal*, Rosol Distillery was not able to produce as much commercial spirit as previously. While this difficulty continued during the early part of the current financial year steps have now been taken to procure sufficient supplies. The Company has placed a new *Whisky* on the market.

Pakistan: Darsana Sugar Factory: This Unit had its most successful sugar season from the financial point of view and was able to crush 161,675 tonnes. The crush ended on 12th *May* 1963 and as a consequence of the long season and the inferior quality of the cane the recovery was 8.77 per cent. While it cannot be expected that the results of the current year will be as good, it is likely that the financial results should prove to be satisfactory.

Distillery: The profit of this Unit was more than maintained and while there are difficulties in obtaining imported materials required for production the current year should show a reasonable return of profit.

Accounts in brief as at 30th June 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	40,00,000	Gross block	1,63,32,127
Debentures	20,41,211	—Depreciation	1,21,38,966
Reserves and surplus	65,23,161		
Other liabilities	1,85,69,708	Net block	42,43,161
		Other assets	5,58,567
		Current assets	2,48,55,637
		Investments	90,419
		Cash	3,85,117
	Rs. 3,01,34,100		Rs. 3,01,34,100

* Paid-up capital consists of 3,20,000 ordinary shares of Rs. 10 each and 8,000—6½ per cent cumulative redeemable preference shares of Rs. 100 each.

Globe Auto Electricals Ltd.

(*Chairman*: Mr. Nyalchand Mulchand Sheth, Bombay.)

Second Annual General Meeting—18th February 1964.

Extracts from the Directors' report for the year ended 30th September 1963: The working of the Company during the year under report, after providing Rs. 49,658 (Rs. 12,596 in 1962) for depreciation, has resulted in a net loss of Rs. 1,28,302. Adding thereto a carried forward loss of Rs. 34,911 from last years' account and an income-tax payment of Rs. 12,285 pertaining to the same, the accounts show a total loss of Rs. 1,75,498 which the Directors recommend to be carried forward.

Further Issue of Capital—Autolite Project: In addition to the capital requirements of Rs. 30 lakhs for Marelli Project already raised last year, the additional capital needs of Rs. 45,75,000 for *Autolite Project* have been satisfactorily raised during the year under report as follows: Rs. 10,00,000 Right shares of Rs. 100 each at par—(i) Rs. 6,00,000 subscribed by existing shareholders. (ii) Rs. 2,00,000 subscribed by The Industrial Credit and Investment Corporation of India Ltd. and (iii) Rs. 2,00,000 subscribed by Industrial Finance Corporation of India. Rs.15,75,000 equity participation by The Electric Autolite Company (15,750 shares of Rs. 100 each at par) as per Collaboration Agreement entered into with them; Rs. 15,00,000 rupee loan from *Industrial Finance Corporation* of India and Rs. 5,00,000 Bank cash credit arrangement. The Company's total financial requirements of Rs. 75,75,000 for both Marelli and Autolite Projects have thus been satisfactorily arranged.

The Directors have so far allotted to The *Electrical Autolite Company 11,775 equity* shares of Rs. 100 each at par for consideration otherwise than in cash against initial disclosure fee and supply of machinery already received. The outstanding 3,975 equity shares will likewise be allotted to them for consideration otherwise than in cash in terms of the Collaboration Agreement.

Progress of Marelli Project: The production of *Marelli items* has now been stabilised and the Company has started making supplies to the vehicle manufacturers against annual contracts entered into with them. In this connection, the visit of Dr. Orefici, Managing Executive of Messrs. Magneti Marelli, was found helpful and timely. The two experts deputed to India by Messrs. Magneti Marelli did a satisfactory job in training the Companies' personnel and in stabilising quality of the products.

Progress of Autolite Project: The construction of buildings and the erection of machinery for the *Autolite Project* are practically complete. The trial production of the *Alternators, Starting Motor* and *D.C. Generator* has already commenced and the quality of the products turned out has been found upto the mark. The production of all the *Autolite items is expected to be stabilised during* the next few months. Meanwhile, the Company has already negotiated annual contracts for the same.

The Directors have to report that both Marelli and Autolite Projects are making satisfactory progress after overcoming teething troubles and unforeseen difficulties. The task has been considerably facilitated by the timely receipt of import licences for raw materials and components from Government.

Mr. J. J. Bohmrich, President, Prestolite International Corporation and Special Director of the Company, came to Bombay in the first week of November 1963. He visited the factory at Mulund and expressed satisfaction at the progress achieved.

Accounts in brief as at 30th September 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	41,68,450	Gross block	20,63,810
Other liabilities	14,08,536	—Depreciation	62,254
		Net block	20,01,556
		Disclosures fees	1,52,139
		Block in progress	17,44,416
		Expenditure during construction	1,87,011
		Current assets	8,05,240
		Cash	3,88,701
		Miscellaneous expenditure	1,21,425
		P.L. a/c deficit	1,75,498
	Rs. 55,76,986		Rs. 55,76,986

* Paid-up capital consists of 41,775 equity shares of Rs. 100 each. Allotment money in arrears amount to Rs. 9,550. Amount paid up on shares forfeited is Rs. 500.

Parshuram Pottery Works Co., Ltd.

(*Chairman*: A. V. Gharpure, Morvi, Gujarat.)

Thirty-second Annual General Meeting—23rd January 1964.

Working Results:

	For the year ended 31st July (In thousand rupees)	
	1963	1962
Sales	76,27	73,00
Closing stock	5,24	6,16
Gross profit	16,47	15,88
To Managing Agents' commission	1,16	1,16
Transfer to depreciation	4,19	4,51
" " development rebate reserve	28	26
" " provision for taxation	6,30*	5,23
Net profit	4,54	4,91
Tax refunds and other credit items	Nil	20
Appropriations:		
Transfer to provision for interest on general reserve	17	Nil
" rehabilitation reserve	1,00	2,24
" dividend equalisation reserve	1,00	1,00
" investment fluctuation reserve	Nil	50
To payment of bonus to staff and workers	Nil	12
Proposed dividends (taxable) preference	61	61
" " equity	1,57† (15%)	75 (21.44%)
Carry forward	43	25

* Includes Rs. 35,000 for super profits tax.
† Includes Rs. 1,04,901 being dividend at the rate of 15 per cent. on 34,997 equity right shares.

Extracts from the Directors' report: *Sales*: Inspite of competition in the market and falling prices, the total sales during the year amounted to Rs. 76,26,912-53 which is more than the sales of the previous year by Rs. 3,26,492-68. The Company has started exporting its products and during the current year, it has been able to export substantial quantity of tiles. The Company is endeavouring to export sanitaryware and tiles in larger quantities.

New Work: During the accounting year, an amount of Rs. 762,797-11 has been spent for new buildings, furnaces, plants and machineries in various factories of the Company.

Expansion Project: Due to delay in the grant of the required import licences for the expansion projects of *Sanitaryware* and *Glazed Tiles*, it is regretted, much progress in the Company's expansion projects could not be made during the year. However, now the import licences are received and the work of implementing the expansion projects for *Sanitarywares* and *Glazed Tiles* will be speeded up. It is hoped that the Company will be able to complete its expansion programmes by the end of the next year. Regarding the *Glazed Tiles* expansion project the Company was awaiting the necessary import licence which is now received and it is hoped to complete the expansion programme for *Glazed Tiles* also by the end of next year.

Accounts in brief as at 31st July 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	21,72,415	Gross block	1,05,25,903
Reserves and surplus	23,27,466	—Depreciation	57,38,031
Other liabilities	52,22,618	Net block	47,87,872
		Current assets	29,17,183
		Investments	10,47,710
		Cash	9,69,714
	Rs. 97,22,479		Rs. 97,22,479

* Paid-up capital consists of 10,000—6 per cent. free of income-tax cumulative first preference shares of Rs. 25 each; 28,000—4 per cent. free of income-tax cumulative second preference shares of Rs. 25 each and 43,746 equity shares of Rs. 25 each. Application moneys received on new issue of equity shares amount to Rs. 3,765.

FRESH CAPITAL ISSUES

The Controller of Capital Issues has authorised eight companies to raise fresh capital aggregating more than Rs. 8.51 crores. Of these, five are issuing capital exceeding Rs. 1 crore each. The issue of one company is on a rights basis and another is issuing bonus shares. Two are issuing preference shares partly. Three companies involve foreign collaboration and, in one, a State Government will hold 51 per cent of the share capital. One company is offering part of its new capital to the public through prospectus. There is a bank issuing equity capital. The consent for all these issues is valid for 12 months. Here are the details:

Bayer (India) Limited, Bombay: It will raise capital of Rs. 261 lakhs in equity shares of Rs. 100 each, for cash at par. Out of this, 146,160 shares may be offered to Farben Fabriken Bayer A.G. of West Germany. Of the balance, such number of shares as would qualify the shares to be listed on recognised stock exchanges would be offered to the public by prospectus. The proceeds will be utilised for the manufacture of insecticides and *various pharmaceutical items.*

Durgapur Chemicals Limited, Calcutta: It is proposed to raise capital of Rs. 2 crores in 20,00,000 equity shares of Rs. 10 each partly for cash and partly for consideration other than cash. The capital is required for the establishment of a factory at Durgapur for the manufacture of caustic soda, chlorine, phenol and bye-products. The total capital cost of the scheme is estimated at Rs. 650 lakhs. The Government of West Bengal will participate in the share capital of the Company to the extent of 51 per cent.

Metal Box Company of India Limited: This company will issue 1,610,000 equity shares of Rs. 10 each for cash at a premium of Rs. 2.50 nP per share to be issued to the existing shareholders in the ratio of one right share for every share held. The capital is required for the conversion of existing loans of Rs. 124 lakhs obtained from Metal Box Company Overseas Limited (London) into shares in connection with the Company's expansion programme which has already been completed.

Delhi Cloth and General Mills Company Limited, Delhi: It will issue Rs. 110 lakhs capital (inclusive of the premium amount of Rs. 10 lakhs) in 200,000 equity shares of Rs. 25 each, for cash at a premium of Rs. 5 per share to be offered to the existing shareholders of the Company and 200,000 9.3 per cent redeemable, cumulative preference shares of Rs. 25 each for cash at par to be offered to the public. The money will be used for meeting the increase in the cost of its two projects for manufacture of P.V.C. and rayon tyre cord.

Saru Engineering Corporation Limited, Uttar Pradesh: It will issue Rs. 1 crore capital, divided into 320,000 equity shares of Rs. 25 each, and 20,000 9.5 per cent (free of company's tax but subject to deduction of tax at source at the prescribed rates) redeemable, preference shares of Rs. 100 each. All the shares will be issued for cash at par, except equity shares of the value of Rs. 1 lakh which will be for consideration other than cash. Out of the capital consented, equity shares of the value of Rs. 55 lakhs and the entire preference shares will be offered to the public by prospectus.

Punjab and Sind Bank Limited, Dehra Dun: This is raising further capital of Rs. 10 lakhs divided into 20,000 equity shares of Rs. 50 each.

Usha Martin Black (Wire Ropes) Limited, Calcutta: It will issue capital of Rs. 5 lakhs in 50,000 equity shares of Rs. 10 each at a premium of Rs. 2 per share to the Commonwealth Development Finance Company Limited, London, towards meeting cost of capital equipments. The Company is also obtaining a loan of Rs. 20 lakhs from the C.D.F.C. for the same purpose.

Bajaj Tempo Limited, Bombay: This Company will issue Rs. 486,450 in equity shares of Rs. 10 each to be allotted as bonus shares to the existing shareholders of the Company in the ratio of one bonus share for every two equity shares held. The shares will be issued on capitalisation of Company's reserves to a like extent.

ANNOUNCEMENT REGARDING THE PROPOSED ISSUE OF CAPITAL.

This is only an announcement and not a Prospectus and persons interested are requested to apply for a copy of the Prospectus for full details.

BHARAT STEEL TUBES LIMITED

(Incorporated as a Private Limited Company on 20-11-1959 under the Companies Act 1956 and converted into a Public Limited Company on 29-8-1962)

Registered Office: **14-15/F, Connaught Place, New Delhi-1**

EXISTING AND PROPOSED ACTIVITIES OF THE COMPANY

The Company was incorporated with the objects stated in the Memorandum of Association and with the immediate object of setting up a factory for the manufacture of Steel Tubes and Pipes, both galvanised and black, within the size range of ⅜" to 6" diameter for the flow of gas, water, steam, oil and petroleum, with an annual installed capacity of 36,000 tons per shift.

The Company, besides producing Steel Tubes and Pipes to I.S.I. specifications, will also produce to certain specifications laid down by A.P.I. (American Petroleum Institute) to contribute towards the speedy execution of projects in the country, where pipe lines are required for various purposes.

The Company has concluded Financial and Technical Collaboration Agreement with Messrs. Abbey Etna Machine Company, Perrysburg, Ohio, U.S.A. for providing U.S. Dollars one million in the form of equity capital, besides technical know-how and services at all stages of the project. The Company has secured the necessary foreign exchange loan and import clearance, required for the purpose.

LOCATION OF THE INDUSTRY

The Company has acquired, through the Government of Punjab, approximately 130 acres of land in Ganaur (near Railway Station) in the State of Punjab, about 35 miles from Delhi, to locate the industry.

BOARD OF DIRECTORS

1. MR. NARAYAN DANDEKER, I.C.S. (Retd.), (*Chairman*), "Southlands," 177, Upper Colaba, Bombay-5.
   Chartered Accountant.
   Director:
   Bombay Mutual Life Assurance Society Ltd.
   The Punjab National Bank Ltd.
   Oriental Power Cables Ltd.
   Orissa Textile Mills Ltd.
   Borosil Glass Works Ltd.
   Baroda Rayon Corporation Ltd.
   Borax Morarji Limited.
   Sterling General Insurance Co. Limited.
   Indian Oxygen Limited.
   Crookes Interfran Limited.
   Electric Power Supply Co. Pvt. Ltd.
   Patvardhans (Jamkhandi) Pvt. Ltd.
   Patvardhan Industries Pvt. Limited.
   Loop Engineering Consultants Pvt. Ltd.
2. MR. NELSON DANIEL ABBEY, JR., 5124, Corey Road, Toledo, Ohio, U.S.A.
   Industrialist.
   President:
   Abbey Etna Machine Co., Perrysburg, Ohio, U.S.A.
   Director:
   Mobile Pipe Corporation, San Francisco, California, U.S.A.
3. MR. V. RAMA KRISHNA, C.I.E., I.C.S. (Retd.), Sunder Mahal, 28, Maharajkumarika-Padmavati Road, Jeyporenagar, Madras-6.
   Industrialist.
   Chairman:
   The K.C.P. Limited.
   The Jeypore Sugar Co. Limited.
   Krishna Industrial Corporation Ltd.
   The Andhra Cement Co. Ltd.
   R.S. Industrial Corporation Pvt. Ltd.
   Director:
   Export Risks Insurance Corporation Ltd.
   E.I.D. Parry Limited.
   Deccan Sugar & Abkhari & Co. Ltd.
   Ramakrishna Machinery Corporation Pvt. Ltd.
   The Hyderabad Construction Co. Ltd.
   Andhra Pradesh Industrial Development Corporation Ltd.
   Madras Aluminium Co. Ltd.
   The National Industrial Development Corporation Ltd., New Delhi.
   Indian Graphic Arts Equipment Co. Ltd.
   Radha Krishna Mills Ltd.
4. MR. WILLIAM NATHANIEL SCOTT, 5168, Stonewood Drive, Riverside, California, U.S.A.
   Industrialist.
   President & Director:
   Smith-Scott Co. Inc. P.O. Box 3033 Riverside, California, U.S.A.
   MR. HARBANS SINGH MEHTA (alternate to Mr. William N. Scott), 33, Regal Bldgs., Parliament Street, New Delhi-1.
   Investment Advisor.
   Director:
   Escorts Limited.
   Industrial Cables (India) Limited.
   Ajudhia Textile Mills Ltd.
   Bharat Carbon & Ribbon Mfg. Co. Ltd.
   Goetze (India) Ltd.
   Northern India Paper Mills Ltd.
   Usha Spinning & Weaving Mills Ltd.
   Hindustan Dowidat Tools Ltd.
   Oriental Spun Pipe Co. Ltd.
   Leiner-Knit Gelatine Co. Ltd.
   Usha Forgings & Stampings Ltd.
   Delhi Stock Exchange Association Ltd.
   Saru Engineering Corporation Ltd.
5. MR. KARL KHESHVALA, C/o M/s. Lewis & Jones, Bank of Baroda Bldg., Apollo Street, Bombay-1.
   Businessman.
   Director:
   National Rubber Manufacturers Ltd.
   Loop Engineering Consultants Pvt. Ltd.
   Capsulation Services Pvt. Ltd.
   Modella Woollens Ltd.
   Modella Cotton Ltd.
6. MR. STEPHEN STRANAHAN, 1902, Perrysburg—Holland Road, Holland, Ohio, U.S.A.
   Businessman.
   Director Treasurer:
   National Flight Services Inc., U.S.A.
   Detroit Aircraft Supply Inc., U.S.A.
   Indian River Corporation, U.S.A.
   Wand Oil Corporation, U.S.A.
   Webstrand Corporation, U.S.A.
7. KANWAR SWARAN SINGH, 6 B/6, Uttari Marg, N.E. Area.
   Businessman.
   Director:
   Raunaq & Company Pvt. Ltd., Delhi.
   Raunaq & Co. Industries Pvt. Ltd., New Delhi.
8. MR. R. P. KAPUR, 14-F, Connaught Place, New Delhi.
   Businessman.
   Managing Director:
   Capital Finance of India Pvt. Ltd., New Delhi.
   Director:
   Reliance Overseas Private Ltd., New Delhi.
9. MR. RAUNAQ SINGH (*Managing Director*), 14-15/F Connaught Place, New Delhi-1.
   Industrialist & Businessman.
   Chairman:
   Rajput Urban Co-operative Bank Limited, Delhi.
   Managing Director:
   Raunaq & Company Private Limited, Delhi.
   Director:
   Raunaq & Company (Industries) Pvt. Ltd., New Delhi.
   Industrial Cables (India) Limited, New Delhi.
   Reliance Overseas Private Limited, New Delhi.
   Kundli Engineering Works Pvt. Ltd., New Delhi.

Note: Mr. Nelson Daniel Abbey, Jr., is the President and Messrs. William N. Scott and Stephen Stranahan are the associates and nominees of Messrs. Abbey Etna Machine Co., U.S.A.

MANAGING DIRECTOR

Under an Agreement with the Company, Mr. Raunaq Singh was appointed the Managing Director of the Company for a period of five years commencing from 29th August, 1962. His appointment has been approved by the Central Government by its letter No. 1 (420)-C.I./62 dated 12.3.1963.

The Agreement provides for payment to Mr. Raunaq Singh, during the tenure of his office a remuneration of 5 per cent commission on the net profit of the Company for each financial year, inclusive of the perquisite of free furnished accommodation and a car to be placed at his disposal for the business of the Company, with the reservation that the total remuneration drawn by him by way of commission on net profit and the remuneration from Messrs. Raunaq & Company Private Limited, Delhi, as the Managing Director of that Company should not exceed Rupees 1,20,000 per annum, but in the absence of or inadequacy of profits he shall be entitled to draw Rs. 7,500 per annum as minimum remuneration plus the money value of the perquisite of a car and free furnished accommodation. The minimum remuneration shall be increased to Rs. 30,000 per annum when the effective capital of the Company exceeds Rupees Sixty lacs.

Mr. Raunaq Singh has been in this Steel Tubes Trade for the last 25 years and he is the Managing Director of Messrs. Raunaq & Company Private Limited, Delhi, which has a long standing and has a name in the pipe market in this country. This Company has a network of offices in Calcutta, Bombay and Delhi.

AUDITORS

1. MESSRS. DHAWAN DINODIA & COMPANY, Chartered Accountants, C-37, Connaught Place, New Delhi.
2. MESSRS. R. N. BAHL & CO., Chartered Accountants, 5, New Flats, Qutab Road, Delhi-6.

SHARE CAPITAL

AUTHORISED CAPITAL

	Rs.
16,00,000 Equity Shares of Rs. 10 each	1,60,00,000
40,000—9.3% (free of Company's Tax but subject to deduction of tax at source at the prescribed rate) Cumulative, Redeemable Preference Shares of Rs. 100 each	40,00,000
	2,00,00,000

ISSUED AND SUBSCRIBED :

3,00,000 Equity Shares of Rs. 10 each	30,00,000

Paid up as follows :

	Rs.
(a) 15,500 Shares of Rs. 10 each fully paid up	1,55,000
(b) 1,93,090 Equity Shares of Rs. 10 each, 50% paid up	9,65,450
(c) 91,410 Shares of Rs. 10 each, 25% paid up	2,28,525
	13,48,975

PRESENT ISSUE :

	Rs.
9,00,000 Equity Shares of Rs. 10 each	90,00,000
30,000—9.3% (free of Company's tax but subject to deduction of tax at source at the prescribed rate) Cumulative Redeemable Preference Shares of Rs. 100 each	30,00,000
	1,20,00,000

OUT OF THE PRESENT ISSUE :

The foreign Collaborators, Messrs. Abbey Etna Machine Co., U.S.A., and their associates have agreed to take up or cause to be taken up in cash and will be allotted 4,71,000 equity shares of Rs. 10 each	47,10,000

NOW OFFERED AT PAR FOR PUBLIC SUBSCRIPTION :

	Rs.	Rs.
A. 4,29,000 Equity Shares of Rs. 10 each ..	42,90,000	
B. 30,000—9.3% Cumulative Redeemable Preference Shares of Rs. 100 each. (Free of Company's tax but subject to deduction of tax at source at the prescribed rates)..	30,00,000	
		72,90,000
		1,20,00,000

(The above offer for Public Subscription has been entirely underwritten by various underwriters mentioned hereinafter.)

NEWS IN BRIEF

AIR-INDIA has reduced its fare on the Bombay-New York route from $1,989.50 to $1,856.30 for first class round trip and from $1,191.30 to $1,127.90 for the economy class round trip with effect from 1st April next.

The Government of India, on the recommendation of the Forward Markets Commission, has granted recognition to the Pepper and Ginger Merchants Association, Bombay, to conduct forward trading in black pepper for a further period of three years.

The Indian Council of Medical Research has drawn up a Rs. 10-crore programme of medical research during the fourth Plan. The programme lays special stress on the need for augmenting the research potential in the existing research institutions.

The Gujarat Agriculture Department has decided to introduce during the current calendar year hot weather cultivation of groundnuts in about 6,000 acres where irrigation facilities are available. Such cultivation is expected to give a per-acre yield of 1,200 to 2,000 lbs.

The aggregate exports of cashew kernel during the year 1963 amounted to 2.33 million cases (of 50 lbs. each) valued at Rs. 8.21 crores, as against 2.05 million cases valued at Rs. 7.25 crores in 1962. The U.S. continues to be the largest buyer with 1.28 cases, followed by Russia and East Germany with 400,000 cases and 150,000 cases, respectively.

The subjects "textiles," "handloom industry" and "jute" which were hitherto under the Ministry of International Trade, and the subject "cement" under the Ministry of Steel, Mines and Heavy Engineering (Department) of Heavy Engineering) have been transferred to the Ministry of Industry with effect from the 8th inst.

The Central Government has decided to license additional capacity for the manufacture of agricultural tractors. Preference will be given to schemes for production in the lower h.p. ranges. A recent study has revealed that, since some of the licensed units have not made satisfactory headway, there exists a gap between demand and installed capacity, thereby necessitating imports of built-up tractors from rupee payment countries.

The pisciculture earnings of the *panchayats* in Orissa increased from about Rs. 1.8 lakh in 1960-61 to nearly Rs. 5.9 lakhs in 1962-63. This income constituted about 22 per cent of the total income from non-tax sources of the *panchayats* in the Estate. The area under fish cultivation also increased from about 5,500 acres in 1961-62 to well over 13,500 acres in 1962-63. During the third Plan, a provision of Rs. 40 lakhs has been made for giving assistance to the *panchayats* for the development of pisciculture in this State.

The Union Government is to set up, with the help of the United Nations Special Fund, a Central Soil Mechanics and Material Testing Laboratory. The U.N. Special Fund has sanctioned Rs. 16.2 lakhs and the Centre will bear an expenditure of Rs. 19.7 lakhs. The Laboratory will be attached to the Central Water and Power Commission. It will carry out intensive scientific investigations of river development and flood control projects, delineation of areas that can be commanded by irrigation canals, and examination of construction material to locate available rock and earth quantities required for the construction of dams.

The 26th meeting of the Indian Central Tobacco Committee is scheduled to be held at Madras on the 20th inst. under the chairmanship of Mr. A. D. Pandit, Special Secretary to the Union Ministry of Food and Agriculture. It will consider, *inter alia*, the recommendations of the various sub-committees, review the progress made on research work done at the Committee's Institute, as well as exploratory trials on exportable types of tobacco in new areas, and results of research to be released for adopting by farmers, and examine a scheme for training cultivators in growing exportable types of tobacco.

Members of the employees' provident fund are likely to be granted "unemployment relief advance" from their provident funds on being retrenched from service. This question, along with other subjects, was discussed by the Central Board of Trustees, Employees' Provident Fund at their 23rd meeting held at New Delhi on Monday this week. The Board fixed the rate of interest at 4½ per cent to be credited to the subscribers' accounts for the year 1964-65. At the end of October 1963, over 24,100 establishments were covered under the Employees' Provident Funds Act, 1952, and the benefits of contributory provident fund were being enjoyed by over 3.7 million workers. About Rs. 465 crores had been collected by way of provident fund contributions, of which over Rs. 231 crores were invested in Government securities. Till the end of September 1963, about Rs. 137 crores had been refunded to members on account of final settlement, advances, etc.

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From Abroad

Gold output in South Africa touched a new peak of 27.43 million ounces during the year 1963, as compared with 25 million ounces in 1962 and 22.9 million ounces in 1961.

The rate of unemployment in the U.S. declined to 5.5 per cent in December 1963 from 5.9 per cent in the previous month, though the number of adult men unemployed was higher.

The U.S. Government has recently issued licences for the sale of a further $104 million worth of American wheat to the Soviet Union and other Communist bloc countries. This sale brings the total value of American wheat shipments to $300 million.

Production of paper in Norway reached the all-time high of 900,000 tons during the year 1963, an increase of 10 per cent over the 1961 record. Exports also touched a record of 580,000 tons, while domestic consumption was of the order of 310,000 tons. Western Europe continued to be the biggest buyer.

The Governments of Indonesia and Pakistan have signed an agreement under which Pakistan will supply cotton yarn worth one million U.S. dollars. The delivery will be made during the first six months of this year. The payment by Indonesia will be 65 per cent in the form of raw cotton acquired by it under U.S. P.L. 480 and the balance in dollar currency.

The Fibres Division of the Imperial Chemical Industries (U.K.) has released for commercial use a new synthetic staple fibre which can be processed on conventional equipment for hard fibres. The fibre, known as Type R polypropelene staple, can be used in its own or in intimate blends with normal sisal fibres. Some ropes made from it are already available and a much wider range of products is expected to be on the market soon. Like sisal, the new fibre has a cross-sectional diameter of 0.005 inch and a staple length of 40 inches, but, unlike sisal, it is crimped along its length to improve cohesion and assist in processing. The new staple fibre is expected to make a tremendous impact on the rope, twine and cordage trades.

An agreement has been reached between the representatives of the Norwegian authorities and the private credit institutions on measures to restrict credit expansion during the current year. The agreement closely resembles similar deals concluded between the two parties in previous years, but it indicates that credit will be even tighter than previous year. Accordingly, the commercial banks are to be allowed to increase their outstanding loans by only 400 million kroner (£20 million) during the year, a rise of 5-6 per cent as compared with the permitted increase of 6-7 per cent during 1963. At the close of 1964, the outstanding loans granted by these banks should not exceed 7.5 million kroner (£375 million) and the savings banks' outstanding loans 7,000 million kroner (£350 million). The agreement also stresses the need for still tighter curbs on all forms of consumer credit, particularly personal loans and loans to finance hire purchase buying. In granting loans this year, the private credit institutions have been urged to favour applications for housing loans, loans for regional development projects, and schemes to make Norwegian firms more competitive, as well as export projects.

PERSONAL

MR. Radhakrishna R. Ruia, a Director of Ramnarain Sons Pvt. Ltd., has been elected Chairman of the Millowners Association, Bombay, for the year 1964-65.

Mr. T. S. Sitapati, formerly Technical and Commercial Manager, National Insulated Cable Company, has joined the Asian Cables Corporation Ltd. as its General Manager.

Lord Normanbrook, formerly British Secretary to the Cabinet and Head of the Home Civil Service, will join the Board of British Overseas Airways Corporation sometime in June next.

Mr. P. L. Tandon, Chairman of Hindustan Lever Ltd., has been nominated a Director of the Central Board of the Reserve Bank of India, with effect from 15th January 1964.

Mr. Dhirajlal Maganlal, senior partner of Messrs. Dhirajlal Maganlal Purshottamdas, and Mr. P. A. Narielwala, a Director of Messrs. Tata Sons Ltd., have been elected President and Vice-President, respectively, of the Indian Merchants Chamber for the year 1964.

The Earl of Cromer, Governor of the Bank of England, will be arriving in New Delhi on 5th February. During his 15-day visit to this country, he will have discussions with the Finance Minister, Deputy Chairman of the Planning Commission and heads of banking concerns.

Mr. R. L. Mehta, till recently Joint Secretary in the Union Ministry of Labour and Employment, has been given the special assignment of implementing labour laws in the public sector undertakings. He will hold the rank of Additional Secretary.

BHARAT STEEL TUBES LIMITED—*Continued*

DATE OF THE OPENING AND CLOSING OF THE SUBSCRIPTION LIST

The subscription list will open, both in respect of Equity as well as Preference Shares at the commencement of Banking hours on the 28th January, 1964, and will close at the close of the Banking hours on the 7th February, 1964. The Directors at their discretion may close the subscription lists both in respect of Equity as well as Preference Shares earlier, but not before the close of the Banking hours on the 30th January, 1964.

Application forms along with copies of the Prospectus can be had from the Registered Office of the Company or from the Underwriters, Bankers and Brokers whose names and address are given below:

UNDERWRITERS

The entire issue offered to the public is fully underwritten by the following underwriters:—

Life Insurance Corporation of India, Jeevan Kendra, Jamshedji Tata Road, Bombay-1.
The Industrial Finance Corporation of India, Reserve Bank Building, Parliament Street, New Delhi.
Government of Punjab, Chandigarh.
New India Assurance Co. Limited, 87, Mahatma Gandhi Road, Fort, Bombay.
Canara Bank Limited, 56, Janpath, New Delhi-1.
The Bank of India Limited, Janpath, New Delhi-1.
South India Insurance Co. Limited, Moti Mahal, Jamshedji Tata Road, Bombay-1.

BANKERS

National & Grindlays Bank Ltd., H-Block, Connaught Circus, New Delhi.
The Punjab National Bank Limited, Chawri Bazar, Delhi.
The Bank of India Limited, Janpath, New Delhi.
Canara Bank Limited, Janpath, New Delhi.

BROKERS

New Delhi

M/s. Harbans Singh Mehta & Co., 33, Regal Building, Parliament Street, New Delhi-1.
M/s. P. Roy & Co., 3/8 M. M. Road, New Delhi-1.
M/s. Raj Paul Chadha & Co., Delite Cinema Building, Asaf Ali Road, New Delhi-1.
M/s. Labh Chand Rode, 3, Delhi Exchange Building, Asaf Ali Road, New Delhi-1.
M/s. K. B. Malik & Co., 7-Prem House, Connaught Circus, New Delhi-1.
M/s. Bharat Bhushan & Co., H-45, Connaught Place, New Delhi-1.
M/s. Sant Ram Dhuper & Co., 51-52, Stock Exchange Building, Asaf Ali Road, New Delhi-1.
M/s. J. S. Sahny & Co., 25, Stock Exchange Building, Asaf Ali Road, New Delhi-1.
M/s. Raja Ram Bhasin & Co., A-320, Defence Colony, New Delhi.

Bombay

M/s. Lewis & Jones, Bank of Baroda Building, Apollo Street, Fort, Bombay-1.
M/s. Batlivala & Karani, Union Bank Building, Dalal Street, Fort, Bombay-1.
M/s. Harkisondass Lukhmidass, Stock Exchange Building, Apollo Street, Fort, Bombay-1.
M/s. A. B. Pandit & Co., 32, Apollo Street, Fort, Bombay-1.
M/s. Mahadevia Bros., P.O. Box 424, Stock Exchange Old Bldg., Dalal Street, Fort, Bombay-1.
M/s. Chiman Lal J. Dalal & Co., 107, Stock Exchange New Building, Dalal Street, Fort, Bombay-1.
M/s. Dalal & Sons, Share Bazar Old Bldg., Dalal Street, Fort, Bombay-1.

Ahmedabad

M/s. Narendrabhai Lalbhai Sheth, Manek Chowk, Ahmedabad.
M/s. Chinubhai Chimanlal Dalal, Share & Stock Brokers, Manek Chowk, Ahmedabad.

Calcutta

M/s. Place Siddons & Gough Private Limited, 6, Lyons Range, Calcutta-1.
M/s. G. M. Pyne, 14, India Exchange Place, Allahabad Bank Building, Calcutta-1.

Madras

M/s. Paterson & Co., 22, Erabalu Chetty St., Madras-1.
M/s. Chitra & Co., 322/323, Linghi Chetty Street, Madras-1.
M/s. Maconochie & Co., Post Box No. 291, Mercantile Bank Building, Madras-1.

Hyderabad

M/s. P. B. Afszul Purkar, Sultan Bazar, Hyderabad.

Bangalore

M/s. M. Nanjappaiah Jahgirdar, 181, Cavalry Road, Bangalore.

TREND OF MARKETS

MONEY TIGHT

(From Our Own Correspondent)

BOMBAY, 15*th January*

Demand for credit in the short-term money market was well sustained throughout the week under review. Since, however, the supply of funds available was sufficient to meet this demand, inter-bank call rate continued unchanged at the high level of 5 per cent. There was a slight expansion in turnover. Conditions at Calcutta, however, tightened further, the call rate rising from 5 to 5½ per cent; some business was put through even at 5¾ per cent.

The prevailing tightness of money is reflected in the

poor response to Government of India Treasury Bills,

sharp rise of Rs. 43.31 crores to Rs. 2,412.49 crores in notes in circulation during the week ended 10th January,

increase of Rs. 4.52 crores to Rs. 31.32 crores in loans and advances obtained by scheduled banks from the Reserve Bank in the same week, and

fall of Rs. 6.42 crores to Rs. 78.72 crores in deposits of scheduled banks with the Reserve Bank.

The total amount offered against tenders for the 91-day Government of India Treasury Bills which opened on Tuesday the 14th inst. was Rs. 2 crores, just equivalent to the amount invited (and also accepted). The average rate of accepted tenders was unaltered at Rs. 2.315 per cent per annum. The Intermediate Treasury Bills evoked very poor demand, the Bills actually sold from the 8th to 11th inst. aggregating no more than Rs. 15 lakhs, as against Rs. 23.75 lakhs a week before and Rs. 210.00 lakhs two weeks before.

A further rise of Rs. 96 lakhs to Rs. 106.75 crores in the foreign assets of India was voted in the week ended 10th January. The whole of this rise was under balances held abroad which stood at Rs. 9.25 crores, as against Rs. 8.33 crores. The foreign securities held in the Issue Department of the Reserve Bank continued unchanged at Rs. 97.46 crores. Loans and advances to scheduled banks, as already mentioned, went up by Rs. 4.32 crores, the bulk of the increase (+Rs. 3.84 crores) being accounted for by those against usance bills.

The pressure of demand for bank credit persisted during the week ended 4th January, according to the statement of position of scheduled banks for this week. The total of credit actually made available spurted by Rs. 45.35 crores to Rs. 1,620.21 crores. The rise was so appreciable that the improvement of Rs. 3.31 crores to Rs. 2,408.95 crores in deposits was too insufficient to meet the enlarged demand from their clients, so that the banks were compelled to approach the lender of last resort (that is the Reserve Bank) for accommodation. The total borrowings from that source jumped up by Rs. 12.41 crores to Rs. 20.15 crores, of which the share of those against usance bills alone was Rs. 11.73 crores, a rise of Rs. 8.55 crores. The scheduled banks were also compelled again to sell a part of their investments. The aggregate investments stood lower by Rs. 12.41 crores at Rs. 696.78 crores.

There was no development worth reporting in the Gilt-edged market. In view of the tight money conditions, fresh buying support in both Central and State loans was lacking. Turnover, as a consequence, was restricted, with values remaining practically unchanged.

In the foreign exchange market, the banks' selling and buying rates for U.S. dollars were unaltered at Rs. 478.25 and Rs. 475 per $100, respectively. In New York, spot sterling-dollar rate was quoted at 279.860-279.890 cents, same as last week, while the three months' forward gained 0.030 cent to 279.670-279.700 cents.

14-CARAT GOLD IN DEMAND

(From Our Own Correspondent)

BOMBAY, 15*th January*

Fourteen-carat gold forged ahead from Rs. 60.25 to Rs. 63 per 10 grams during the week under review. The rise followed renewed hopes of enlarged offtake during the coming marriage season. Primary gold was unofficially quoted higher at Rs. 109 per 10 grams, as against Rs. 103 a week before. Sovereign was fully maintained at Rs. 85.

On persistent buying support, ready silver advanced further from Rs. 252.50 to Rs. 254 per kilogram. The rise would have been more marked but for larger arrival. The actual average arrivals during the week were 13 bars, as against 10 bars in the previous week.

The world price of gold in the London market improved slightly from $35.07⅞ to $35.08 per ounce. Ready gold picked up ½*d.* to 250*s.* 6*d.* Both ready and forward silver were unchanged at 111¾*d.* and 111¼*d.*, respectively, as also silver in New York at 129.3 cents.

No trading took place in the local bullion market on the 9th inst. as a mark of protest against the Gold Control Rules in response to the call made by the All-India Sarafs Association. This day was also observed as a "Black Day." The Greater Bombay Jewellers' and Bullion Dealers Association held a public meeting on the same day to protest against the proposed Gold Control Bill. Several persons who spoke at the meeting made a scathing attack on the Bill. Mr. N. Dandekar, who presided over the meeting, declared that the Bill was highly unjustified and should be withdrawn. Mr. Morarji Vaidya feared that gold control would breed bribery and corruption on an increasing scale. Mr. P. Gopalkrishnayya described how the Government had lost a revenue of about Rs. 30 crores a year by way of income-tax, sales tax, etc., and how the Government had to spend about Rs. 20 crores towards the rehabilitation of the unemployed goldsmiths. Mr. B. S. Mahajan, President of the Association, criticised the Government's attempt to have the Bill passed into law during the emergency so as to claim immunity under Article 358 of the Constitution and to avoid a challenge to the Bill under Article 19. He also warned that the *implications of some of the new* provisions would be very serious.

The Government of India has sanctioned the setting up of 18 gold refineries in Andhra Pradesh for the supply of 14-carat gold to self-employed goldsmiths. The refineries will all be in the private sector.

The following table shows the trend of prices during the week under review:

	15-1-1964 (closing)	High	Low	8-1-1964 (closing)
	Rs.	Rs.	Rs.	Rs.
SILVER				
Ready (996 fine) ..	254.00	254.00	252.00	252.50
GOLD				
Ready (14 carat) ..	63.00	63.25	61.00	60.25
Sovereign	85.00*	—	—	85.00*
London—				
Gold ..	250*s.* 8*d.*	250*s.* 8*d.*	250*s.* 6½*d.*	250*s.* 7½*d.*
Silver Ready ..	111¾*d.*	—	—	111¾*d.*
Silver Forward ..	111¾*d.*	—	—	111¾*d.*
New York—				
Silver	129.3 cents	—	—	129.3 cents

* As on 24-6-1963.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce.

FURTHER RISE IN COTTON

(From Our Own Correspondent)

BOMBAY, 15*th January*

The firmness witnessed in the cotton futures market last week gathered momentum during the week under review. The apprehension that imports of American P.L. 480 cotton under the Indo-U.S. manganese-cotton barter deal would be delayed till April next and the growing firmness of spot prices initiated a buying movement which led to a rally in futures. The possibility of tenders against the maturing Jarilla March contract being smaller than expected, in view of the widening disparity between spot and futures prices, also fanned the bullish fervour. Under pressure of large-scale bull support and short-covering the Jarilla March contract spurted from the week's opening rate of Rs. 738.50 (per three quintals) to a peak of Rs. 745.75 yesterday) before receding to Rs. 739.50 at the close today, the net gain over the week being Re. 1. The May contract too rose in sympathy from Rs. 727 to Rs. 731 but finished lower today at Rs. 727.50.

In the spot market at Sewri, several mills were regular buyers of such long staple varieties as Co2, L.147, and Digvijay early in the week. Prices of Gujarat varieties in particular, showed a tendency to harden almost daily, thanks to the reluctance of co-operative societies to sell cotton except at a premium, on the one hand and good mill demand on the other. Demand tended to fall off towards the close of the week but prices continued to rule firm. Export demand for Bengal *Deshi* was well maintained and prices ruled firm. Export sales registered to-date against the quota of 200,000 bales is estimated at around 140,000 bales.

Following reports that U.S. cotton under the barter deal would not be available until April, attention of mills turned to other foreign cotton varieties, especially Sudan and East African. Operators noted the announcement of the Government of Sudan that there would be no change in the export duty on Sudan cotton during the 1963-64 season and that the policy of marketing the crop through weekly auctions would be continued during the current season also. This should set at rest rumours that were current locally that the export duty on Sudan cotton was likely to be revised. The U.A.R. Government has also announced that no new changes will be introduced in the system of marketing of Egyptian cotton in the current season. The reported sale by the Uganda Lint Marketing Board of 20,000 bales of cotton to China and the possibility of sale of another 80,000 bales induced fears among mills in India that they would find it difficult to secure supplies at reasonable prices. This led to a hardening of prices of ready lots of East African cotton available locally. As regards U.S. cotton, mills seem to be of the opinion that unless the Government negotiates a fresh agreement for import of U.S. cotton under P.L. 480, India might be forced to buy inferior cotton at higher prices later in the season.

The following are the latest available quotations—in rupees per candy of 784 lbs.—from the spot market at Sewri:

Bengal *Deshi* 765; Ganganagar 820; Nagar C02 1,725-1,750; Hubli Jaydhar 930; L.147 1,220.

YARNS LISTLESS

(From Our Own Correspondent)

BOMBAY, 15*th January*

The yarn market presented a dull appearance during the week under review due to lack of up-country demand. There was no inquiry for art silk yarn from upcountry operators as well as the local mills. National Rayon 150D suffered a loss of 25 nP over the week while 120D sagged by 31 nP to Rs. 11.55. S.I. viscose 120D, however, gained 22 nP to Rs. 14.52. S.I. viscose 180D changed hands at Rs. 12.91.

In the staple fibre section, mill buying was restricted. The operators were hesitant to enter into fresh commitments either way.

Spot Century (40 x 2) fell by 7 nP to Rs. 9.90. Kohinoor was dull at the last week's level of Rs. 10.32.

The cotton yarn section was devoid of interest. 80s Mahindras lost a rupee to Rs. 92. 10s Modern was neglected at Rs. 20.62, and 20s Parkash at Rs. 23.62. But 40s City put on 25 nP to Rs. 37.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	15-1-1964	8-1-1964
	Rs.	Rs.
Art silk yarn (per kg.)—		
National Rayon 120D	11.55	11.81
Century 75D	18.30	18.41
S. I. Viscose 150D	14.52	14.30
Staple fibre yarn (40 x 2)—		
Kohinoor (per kg.)	10.32	10.32
Century	9.90	9.97
Cotton yarn (per bundle of 10 lbs.)—		
10s Modern	20.62	20.62
20s Parkash	23.62	23.62
60s Finlay	—	76.00
80s Mahindra	92.00	93.00

OILSEEDS DULL

(From Our Own Correspondent)

BOMBAY, 15*th January*

Dull conditions prevailed in the oilseeds market during the week under review. Trading in groundnuts futures was confined mainly to adjustments of open positions in the maturing contract. Most of the open positions were squared up in accordance with the understanding reached between bulls and bears. Since the bears sought to cover up their short-sales, the carry-forward charges declined markedly. Today's closing date for the January contract was Rs. 226.87, as against Rs. 225 on Wednesday last week. The April contract picked up 50 nP to Rs. 230. Spot rates moved narrowly in the absence of any special development.

Castorseeds ruled easy. Buyers were scarce, thanks to poor demand from crushers and dull export enquiries for castor oil. Turnover was greatly restricted, with rates remaining practically unchanged, that is at last week's levels.

Linseeds were listless, excepting for oil which on special support went up by 30 nP to Rs. 15.70.

Cottonseeds were subjected to selling. The April contract declined by a rupee to Rs. 99.

The following table shows the closing prices of oilseeds and oils on Wednesday 15th January as compared with those of two previous weeks:

	15-1-1964	8-1-1964	31-12-1963
	Rs.	Rs.	Rs.
Groundnuts			
January 1964 contract	226.87	223.00	223.37
April 1964 contract	230.00	229.50	228.50
Nizam bold	45.75	45.75	45.75
Khandesh quality	46.75	46.25	46.25
Oil ex-mill	17.90	18.00	17.90
Oil Bly. Receipts	17.75	17.85	17.75
Castorseed			
March 1964 contract	165.25	165.50	165.50
June 1964 contract	168.25	168.00	168.25
Ready Madras	32.75	32.62	32.87
Ready Kanpur	31.62	31.62	32.00
Oil B.S.S.	14.40	14.40	14.30
Oil commercial	13.70	13.70	13.70
Linseed			
March 1964 contract	37.06	37.12	36.94
June 1964 contract	37.87	37.94	37.87
Bold ready	37.62½	37.62	37.50
Linseed oil	15.70	15.40	15.40
Cottonseed			
January 1964 contract	—	—	94.50
April 1964 contract	99.00	100.00	100.00

N.B.—All quotations for future contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

PEPPER STEADY

(Messrs. Parekh and Co.)

BOMBAY, 15*th January*

Malabar black pepper remained steady during the week, with prices fluctuating within a narrow range. Garbled was steadier under support from exporters and commission houses who were stock-piling in anticipation of foreign enquiries. Garbled moved between Rs. 277.50 and Rs. 281.50. January delivery was steady at Rs. 286, after touching Rs. 290, while February was quoted at Rs. 293, the highest being Rs. 298. Spot in New York was quoted at $0.33, whereas fair quantities were sold to grinders by the dealers at $0.32½ on ex-dock basis. New York is reported bidding Malabar at $0.32 for ready shipment. Dealers there buy once or twice a week and then withdraw and try to sell to grinders either afloat or ready or almost or the same parity of replacement from India, their profit being saving in interest and warehouse charges only. They do this with a view to remaining in touch with Indian market as Singapore, after confrontation, has become a dead market to them. Quotations from Indonesia remain erratic and differ from one seller to the other. The soft feature of the Malabar market is stockpiling by exporters, inasmuch as, if the foreign buyers do not materialise in time and New York continues to persist its "hand to mouth" buying policy, the market may go down even after the seasonal pressure is over. In short, the future of the Indian market depends on the timely and continuous foreign inquiries from New York.

Singapore remained steady at $112½ for black and at $(M)145 for white with poor inquiries. There are reports that Singapore is inquiring for buying Malabar hollow berries. On the Bombay Exchange, *Maha* delivery moved between Rs. 318 and Rs. 314 and *Chaitra* between Rs. 328 and Rs. 324.

Ready pepper is quoted at Rs. 152.

The weekly noteworthy features were the grant of the recognition in respect of the forward

trading in black pepper to the Pepper and Ginger Merchants' Association, Bombay, for a further period of three years and the Sukarno-Macapagal talk on Malaysia at Manila. There are reports that President Sukarno is proposing to Manila the development of Cebu of Phillipines as "free port" for the use of Indonesian export.

The future of the world's pepper market depends on the buying policy of the U.S., because bulk buyings by Russia and East European countries do not make so much impression on the trade as the buying of New York which is sending bids to buy to various merchants and not confining their buying to small group of merchants as done by Russia and other East European countries. Russia, after buying in the previous months, is now reported to have withdrawn. Other East European countries are reported to be negotiating small parcels.

NILGIRI TEAS IMPROVE

(Messrs. Forbes, Ewart and Figgis Pvt. Ltd.)

COCHIN, 9*th January*

A large quantity of approximately 1,000,000 kg. came under the hammer in tea sale No. 1 held here on Tuesday the 7th inst. Nilgiri quality was generally improved, but mediums were only a little brighter. There was strong general demand throughout the sale. The better Nilgiri invoices with improved quality were sold at enhanced rates, but lesser kinds tended to be irregular and were sometimes easier. All mediums and low-growns were well supported selling at firm to dearer rates, particularly fannings grades. Black leaf descriptions were a strong feature of the sale. Whole leaf grades were better supported, especially O.Ps which were strong. Tippy teas received useful support. Unorthodox types shared in the general upward trend of the market and were sold well, particularly the cleaner sorts.

The quotations (per kg.) were:

	1964	1963
	Rs.	Rs.
Low mediums	4.30-4.60	4.20-4.85
Mediums	4.60-4.85	4.85-5.20
Good mediums	4.90-5.70	5.20-5.85
Nilgiri B.O.P.	4.75-8.10	5.60-8.70

The average price realised in sale No. 1 was Rs. 4.56 per kilo, as against Rs. 4.47 a week ago and Rs. 4.91 in the corresponding sale last year.

In dust sale No. 1 held today, 332,000 kgs. were offered. There was good general demand. All medium categories evoked useful support, though prices for these were quoted barely steady. Residual kinds, however, were sold at rates below last with some withdrawals. Highgrowns elicited good support and often registered advances in price. Clean black grainy descriptions were a strong feature of the sale. Unorthodox descriptions received useful inquiry, particularly C.T.Cs which were dearer.

The average price realised in dust sale No. 1 was Rs. 4.42 per kilo, as against Rs. 4.38 a week ago and Rs. 4.33 in the corresponding sale last year.

Colombo: There was no sale this week, owing to the general electrical strike.

London: *North Indian and other growths*: In Monday's auction, there was fair demand with Assam C.T.Cs generally lower, but Dooars remained about steady.

Ceylon and South Indians: In Tuesday's sale, better liquoring types were firm to dearer, but others came in to an irregular and occasionally easier market.

As we go to press, Messrs. Forbes, Ewart and Figgis Private Ltd., wire us as follows:

"*Sale No.* 2: 699,000 kgs. offered. Good demand. Low mediums firm. Mediums upto 15 nP dearer. Good mediums steady. Highgrowns dearer with quality. Unorthodox irregular, sometimes little easier. Clean black fannings stronger."

WHEAT AND RICE HARDEN

(From Our Own Correspondent)

HAPUR, 13*th January*

Foodgrains moved both ways during the week. While wheat and rice registered a hardening trend, coarse grains were subdued, thanks to better *rabi* crop prospects following recent rains. The Union and State Governments are anxious to check this rising trend in grain prices and more fair price shops are being opened and sales through such shops are increasing. Stock position with the Government, however, is reported to be sound.

Wheat hardened by 50 nP per quintal during the week on brisk local and outside buying support. Average quality was now placed at Rs. 54.25 to Rs. 56.50 and farm produce at Rs. 57 to Rs. 60 per quintal. Local wheat stocks ran down to 3,000 quintals. Rice, however, improved slightly during the week due to small arrivals of new crop produce and demand, too, was slack at higher levels. Local stocks left with trade were also reported to be nominal. Week-end prices were:—Rice *basmati* superior Rs. 93.77 to Rs. 95.45; *sela basmati* Rs. 91.09 to Rs. 93.77; *nainpuri* Rs. 64.30; *ramajwayan* Rs. 77.70; *raimunia* Rs. 83.38; and *gadda* Rs. 61.62 per quintal.

Gram, however, eased by 67 nP per quintal during the week on easy Punjab advices and good crop prospects. Stockists were said to be anxious sellers. Punjab quality gram was now transacted at Rs. 50.91 and local produce at Rs. 50.25 per quintal. Maize declined by a further 50 nP to Re. 1 per quintal on selling pressure by stockists, the actual prices ranging between Rs. 37.50 and Rs. 38.75 per quintal according to quality. Week's arrivals, however, were small around 5,000 maunds and local maize stocks were now put around 19,000 quintals. Barley and *bejhar* stayed steady on good demand in the face of small stocks and prices stood at Rs. 39 to Rs. 40 for barley and at Rs. 40.50 to Rs. 41.50 for *bejhar*. *Juwar* and *guwar* sought higher levels, due to poor supply position. Prices were quoted between Rs. 46.89 to Rs. 48.23 and Rs. 48.23 to Rs. 48.90 per quintal respectively. *Bajra* and *methi* ruled quiet.

Subdued conditions prevailed in the pulses market during the week on better crop prospects. Peas declined by Re. 1.75 to Rs. 2.50 per quintal according to quality on slack demand and poor outside buying enquiry. Peas *dara* was now quoted at Rs. 46.50 to Rs. 47.50 and white farm between at Rs. 48 to Rs. 49 per quintal. Peas *dal* also eased to Rs. 50.50 per quintal. *Arhar* also declined by upto Rs. 3 per quintal on poor buying and prices now ranged between Rs. 57 and Rs. 59.50 for average quality and between Rs. 61.62 and Rs. 63.63 for superior quality. *Urd* and *moong* ruled quiet on slack demand at Rs. 61.62-Rs. 68.32 for *urd* and at Rs. 72.34-Rs. 77.70 for *moong*. *Masoor* and other *dal* were listless. Week-end prices were: *Arhar dal* Rs. 71 to Rs. 81; *urd dal* Rs. 83.03; *moong dal* Rs. 75.74; *masoor* Rs. 58.94 to Rs. 64.30; *masoor dal* Rs. 75.50; and gram *dal* Rs. 58.94.

"KHANDSARI" RECEDES

(From Our Own Correspondent)

HAPUR, 13*th January*

Sugar in the open market continued to rule subdued, thanks to diversion of demand to new *khandsari*, and prices ranged between Rs. 155 and Rs. 158 a quintal. However, through rationshops, sugar supplies continued to be restricted at the controlled prices of Rs. 120 to Rs. 126 per quintal. Sugar factories in West U.P. were reported to be facing shortage of cane supplies and, if the situation does not improve soon, the sugar season might end earlier and, in U.P., sugar product on figure would be around 1.2 million tons, as against the target of 1.5 million tons fixed for the State. In the Muzaffarnagar area, too, sugar factories were facing dearth of cane and it was gathered that the prices of sugarcane payable to cultivators had to be revised upwards in order to face competition with *khandsari* units.

Khandsari eased further during the week by Rs. 5 to Rs. 8 a quintal on poor buying support in the face of increased new arrivals in the markets. *Khandsari* units were reported to be purchasing cane upto Rs. 5.50 per quintal in the Muzaffarnagar region, as against the Rs. 5.04 to Rs. 5.34 paid by factories. Some units in the Hapur area have reverted to the manufacture of *gur*, thanks to the marked increase in the prices of the commodity in the past few weeks. Week-end prices of *khandsari* here were: moist inferior Rs. 100 to Rs. 115; medium Rs. 120 to Rs. 130; superior Rs. 131 to Rs. 148; *boora* Rs. 155 to Rs. 160 a quintal.

Ready *gur* firmed up during the week following brisk buying support of *balti* quality which is being received in Hapur markets only and prices touched new heights after the imposition of ban on its movement. The Central Government, however, rushed any fresh permits to Hapur and *balti* quality ran down steeply upto Rs. 10 a quintal today. The week's exports during the week, however, aggregated 70 wagonloads. New permits against January quota are now being received at Muzaffarnagar where *gur* prices are on the increase. Daily arrivals of *gur* here as well as in *mofussil* areas have improved substantially due to increase in *gur* prices. Week-end prices of *gur* here were:—superior Rs. 62.50 to Rs. 63.50; average Rs. 61; *balti* Rs. 64; *shakker* Rs. 72.34 to Rs. 77.70 a quintal.

Ready *gur* in the Muzaffarnagar continued to record a steadier trend on receipt of import permits from Gujarat. Week-end prices of 40 kilogram were:—*Chaku* Rs. 26 to Rs. 28.62; *pansera* Rs. 25.50 to Rs. 26; *laddoo* Rs. 27.50.

TANNED SKINS FIRM

(From Our Own Correspondent)

MADRAS, 13*th January*

Trading in kips has been small during the week. Importers of E.I. tanned cow hides are offering low prices for F.A.Q. marks and a small volume of business has been booked. This has to some extent affected the price structure of better standards. Export trading is negligible and the tone is weak. There is limited interest in cow calf light weight fourths selection and moderate call from the U.K. for standard marks in buffcalf.

In the tanned skins section, prices ruled firm. There is good demand for goat skins 11/12 lbs. and upwards. The tanners' efforts to obtain increased prices have not met with success. As regards sheep skins, the market overseas is similar to last week; but in the local bazaar, sellers have put up prices, following the strength in the raw centres.

The next German tanned skins public sales take place on the 20th instant when 83,100 goat and 2,300 sheep skins will be available for sale.

Shipments during the month of December 1963 were: 1,221 bales tanned cow hides, 172 cowcalf, 10 buff hides, 314 buffcalf, 350 goat and 420 sheep skins to the U.K. ports; 21 cow hides, 5 cowcalf, 2 buff hides, 58 buffcalf, 858 goat, 548 sheep skins, and 1,406 cases chrome and pickled goat skins to the Continental ports; 20 buff hides, 107 buffcalf, 385 goat and 5 pickled goat skins to the U.S.A. ports; 7 goat and 320 sheep skins to Japan.

SURVEY

(*Concluded from page* 79)

The reaction of tobacco manufacturers, as expressed by Mr. George Allen, President of the American Tobacco Institute, is that the report is "not the final chapter" of the story and that further research is necessary. In view of the mounting volume of evidence against smoking, tobacco manufacturers will, however, be forced to devote more funds to research on new methods of filtration so as to develop "safe" cigarettes. So far, the tobacco industry has spent only a negligible sum (placed at no more than $7 million in the past 10 years) on research study of diseases that may be caused by smoking. Introduction of filters is an attempt to reduce the hazards of smoking. But the efficiency of filters has not been proved and the Terry Committee itself was of the view that there was as yet not enough evidence to make a judgment whether filter cigarettes were safe.

Repercussions of the report under review are not confined to the U.S. In Britain, the British Medical Association greeted the report as confirming, with very much more detail, the findings of the Royal College of Surgeons on smoking in 1962. It warned the addicts to stop the habit, or cut it down drastically, or face the grave risks indicated by the U.S. report. A renewed bid to remove cigarette advertising from television in Britain was hinted at by Mr. Noel-Baker, Labour M.P. and Chairman of the Advertising Inquiry Council, in his comment on the report. In Japan, the Monopolies Corporation, the only agency that can produce or sell tobacco in the country, is reported to be considering what action needs to be taken in the light of the report. Even in Bombay cigarette sales are said to have dropped following the publication of the report in the U.S.

Although no one will claim that the Terry Committee has said the last word on the subject, sufficient evidence has been marshalled to prove not only the hazards to health of smoking but also to establish a casual relationship between lung cancer and smoking. Those who ignore the warning of these eminent doctors, on the ground that there are still some gaps in the knowledge so far available, will do so at their own peril.

India is an important producer and exporter of raw tobacco. Any setback to smoking habit is bound to affect adversely the fortunes of tobacco growers. Farsighted farmers, as well as farmers who have regard for the safety of human lives, will doubtless switch over to other crops which are wholesome and equally rewarding.

LINTAS' SILVER JUBILEE

Lintas Limited, Bombay, was set up as an advertising agency on 2nd January 1939. The agency then consisted of 23 persons and it leaned heavily on Lintas, London. Even press bookings were made there. There was only one artist. Mr. P. L. Tandon, a 'founder' of Lintas, recalls that "a new professionalism, a new jargon, a new vitality" arrived with the birth of the agency. Before Lintas, he says, the Lever operation was selling and advertising. "Now it became marketing based on a proper integrated concept." In Madras, where he was Lintas Branch Representative in 1939, Mr. R. Ramaswami coped manfully with what he calls "a panel of pundits." They helped him with translation of advertising copy into the South Indian languages. Today Lintas handles work involving nearly 150,000 words of Indian language copy. It is all written centrally in Bombay.

Mr. P. L. Tandon and Mr. R. Ramaswami, the two members of the first batch of Lintas, are today the Chairman and Vice-Chairman, respectively, of Hindustan Lever Ltd.

To meet the marketing needs of their clients in those early days of advertising in India when the advertisers were handicapped by the dearth of medium of communication, Lintas grappled with many unfamiliar problems. Mr. P. L. Tandon undertook the first ever scientific survey of the Indian press. The project started in 1939 and it was completed in 1940.

The agency's post-war expansion got really under way in 1947. A Client Service Organisation was set up with full-fledged Accounts Executives handling billings that totalled Rs. 18 lakhs in 1947 and Rs. 65 lakhs in 1952. The staff increased to 114. Lintas Marketing Research unit also began to function.

Lintas development has been geared to the needs of the marketing operations in which it participates. Apart from growth in size (and it has grown), apart from elaboration of more services and departments (and this has been notable), the most important development has been in its people. They have added an understanding of markets to pure advertising expertise. They are now more intimately a part of the general marketing picture.

Lintas Bombay's Silver Jubilee celebrations in January 1964 grow memorable from the presence of Mr. S. R. Green, Director of Unilever's Marketing Division in charge of Lintas World Co-ordination. Silver jubilees are moments built on the past that point to the future. It is in this spirit that the 128 people of Lintas Bombay gather as a generation passes.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 10th Jan., 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long Term Operations) Fund	73,00,00,000
National Agricultural Credit (Stabilisation) Fund	8,00,00,000
Deposits—	
(a) Government—	
(i) Central Government	51,96,34,000
(ii) State Governments	15,84,54,000
(b) Banks	
(i) Scheduled Banks	78,71,57,000
(ii) State Co-operative Banks	2,03,38,000
(iii) Other Banks	1,92,000
(c) Others	182,62,60,000
Bills Payable	8,56,98,000
Other Liabilities	48,23,87,000
Rupees	580,88,91,000

ASSETS	Rs.
Notes	15,59,74,000
Rupee Coin	1,71,000
Small Coin	3,23,000
National Agricultural Credit (Long Term Operations) Fund—	
(a) Loans and Advances to—	
(i) State Governments	26,89,63,000
(ii) State Co-operative Banks	8,76,18,000
(iii) Central Land Mortgage Banks	....
(b) Investment in Central Land Mortgage Bank Debentures	3,59,36,000
National Agricultural Credit (Stabilisation) Fund Loans and Advances to State Co-operative Banks.	....
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	86,09,09,000
Balances Held Abroad*	9,20,13,000
Loans and Advances to Governments**	39,85,61,000
Loans and Advances to—	
(i) Scheduled Banks†	31,31,75,000
(ii) State Co-operative Banks†	133,24,47,000
(iii) Others	1,82,45,000
Investments	196,33,51,000
Other Assets	27,82,99,000
Rupees	580,88,91,000

* Includes Cash and Short-term Securities.
** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.
† Includes Rs. 12,54,50,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.
‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	15,59,74,000	
Notes in circulation	2412,48,77,000	
Total Notes issued		2428,08,51,000
Total Liabilities		2428,08,51,000

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	97,45,69,000	
Total		215,21,79,000
Rupee Coin		113,55,70,000
Government of India Rupee Securities		2099,31,02,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2428,08,51,000

State Bank of India

Statement of Affairs for the week ended 3rd Jan., 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital :— 20,00,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each..	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		8,75,00,000
Deposits and Other Accounts		589,96,40,000
Borrowings from Other Banking Companies, Agents, etc.		6,77,88,000
Bills Payable		7,71,88,000
Bills for Collection being Bills receivable as per contra		8,56,98,000
Acceptances, Endorsements and Other Obligations per contra		17,72,57,000
Other Liabilities (including Inter-Office Adjustments)		12,36,40,000
Total .. Rs.		657,49,61,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		23,37,68,000
Balances with other Banks		3,20,80,000
Money at Call and Short Notice		6,20,00,000
INVESTMENTS :—		
Government and other Trustee Securities Rs. 275,17,86,000		
Other Authorised Investments .. 8,94,62,000		284,12,48,000
ADVANCES :—		
Loans, Cash Credits, Overdrafts, etc. Rs. 273,26,43,000		
Bills Discounted and Purchased.. 21,69,35,000		294,95,78,000
Bills Receivable being Bills for Collection as per contra		8,56,98,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		17,72,57,000
Premises less Depreciation		2,09,47,000
Furniture and Fixtures less Depreciation		1,62,24,000
Other Assets (including Inter-Office Adjustments)		15,01,61,000
Total .. Rs.		657,49,61,000

State Bank of Pakistan

Statement of Affairs for the week ended 3rd Jan., 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	5,65,00,000
Rural Credit Fund	3,00,00,000
Deposits :—	
(a) Central Government	23,44,96,000
(b) Provincial Governments	50,82,000
(c) Banks	36,74,91,000
(d) Others	93,26,28,000
Bills Payable	10,22,000
Other Liabilities	13,50,26,000
Rupees	180,31,45,000

ASSETS	Rs.
Notes	6,03,60,000
Rupee Coin	22,000
Subsidiary Coin	42,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	2,98,87,000
Balances held outside Pakistan*	26,02,28,000
Loans and Advances to Governments	2,45,00,000
Provincial Governments' Debtor Balances	
Other Loans and Advances	65,27,77,000
Investments	65,17,20,000
Other Assets	11,70,00,000
Rupees	180,31,45,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	6,03,60,000	
Notes in circulation	436,73,82,000	
Total Notes issued		442,77,42,000
Total Liabilities		442,77,42,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	25,00,44,000	
Silver Bullion	47	
Foreign Securities and Bonds	81,31,24,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
B. Rupee Coin	5,50,54,000	149,33,32,000
Government of Pakistan Securities	282,03,50,000	
Internal Bills of exchange and other commercial paper	....	
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		287,54,04,000
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,00,000	
Rupee Coin	29,51,000	
Total Assets		5,90,06,000
		442,77,42,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 34.99 per cent.

EXCHANGE RATES

	15th January 1964	8th January 1964
London on New York, per Dollar	2.7937-2.7939	2.7937-2.7939
London on Berne .. Sw. Fcs.	12.0750-12.0770	12.0780-12.0800
London on Paris .. Fcs.	13.7180-13.7200	13.7115-13.7135
New York on London Cents per £	279.860-279.890	279.860-279.890
Pound Sterling—		
Sellers T.T. D.D. Spot	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months .. .. .. s.	1-5 15/16	1-5 15/16
Buyers T.T. .. .. .. s.	1-6 1/32	1-6 1/32
Buyers D.D. .. .. .. s.	1-6 1/16	1-6 1/16
U.S. Dollar—		
Sellers T.T. D.D.. Rs. to $100	478.25	478.25
Buyers T.T. .. Rs. to $100	475.00	475.00
Canadian Dollar—		
Sellers T.T. D.D. .. Rs. to $100	444.75	445.00
Buyers T.T.	437.00	437.25
French Franc—		
Sellers T.T. D.D... per Rs. 100	102.40	102.30
Buyers T.T	103.40	103.40
Swiss Francs—		
Sellers T.T. D.D... ..	90.10	90.10
Buyers T.T.	91.10	91.10
Deutsche Marks—		
Sellers T.T. D.D. ..	83.10	83.10
Buyers T.T.	84.00	84.00
Italian Lire—		
Sellers T.T. D.D... ..	12,080	12,975
Buyers T.T.	13,150	13,150
Swedish Kroner—		
Sellers T.T. D.D... ..	108.40	108.40
Buyers T.T.	109.50	109.50
Belgian Francs—		
Sellers T.T. D.D... ..	1,038	1,038
Buyers T.T.	1,054	1,054
Dutch Guilders—		
Sellers T.T. D.D... ..	75.20	75.10
Buyers T.T.	76.00	76.00
Hongkong Dollars—		
Sellers T.T. D.D... ..	119.60	119.60
Buyers T.T.	120.60	120.60
Norwegian Kroner—		
Sellers T.T. D.D... ..	149.50	149.50
Buyers T.T.	150.90	150.90
Danish Kroner—		
Sellers T.T. D.D... ..	144.40	144.30
Buyers T.T.	145.70	145.60

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday) 3-1-64	27-12-63	4-1-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	60,39	58,06	51,48
(ii) From others	1,020,99	990,85	826,13
(b) Borrowings from banks	24,11	24,88	25,42
(c) Others	65,36	63,98	49,77
2. Time liabilities—			
(a) Time deposits—			
(i) From banks	27,78	27,56	22,77
(ii) From others	1,224,52	1,225,24	1,205,49
(b) Borrowings from banks	25,41	22,72	16,35
(c) Others	9,91	9,95	9,67
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,245,51	2,246,09	2,031,62
4. Borrowings from Reserve Bank	20,15	7,74	19,45
(a) Against usance bills and/or promissory notes	11,73	3,18	10,31
(b) Others	8,42	4,56	9,14
5. Borrowings from State Bank and/or a notified Bank	22,38	23,09	16,02
6. Cash	60,74	60,55	52,10
7. Balances with Reserve Bank	82,97	79,62	78,47
8. Cash and balances with Reserve Bank	143,72	140,17	130,57
9. S as per cent of 3	6.40	6.24	6.43
10. Balance with other banks in current account	27,28	26,53	20,63
11. Money at call and short notice	63,05	50,80	54,08
12. Investments in Government securities	696,78	709,20	642,16
13. 12 as per cent of 3	31.03	31.57	31.61
14. Advances—			
(a) Loans cash credits and overdrafts	1,352,41	1,322,23	1,228,65
(b) Due from banks	10,12	10,94	10,25
15. Inland bills purchased and discounted	206,29	193,02	162,24
16. Foreign bills purchased and discounted	61,52	59,61	53,20
17. Total Bank Credit [14(a)+15+16]	1,620,21	1,574,86	1,444,09
18. 17 as per cent. of 3	72.15	70.12	71.08

INDEX NUMBERS OF SECURITY PRICES

[1952-53=100]

Group and Sub-Group	Week ended 4th Jan., P 1964	28th Dec., 1963‡	7th Dec., 1963	5th Jan., 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	100.1	100.1	100.0	99.4
2. Government of India	99.9	99.8	99.8	99.2
3. State Governments	102.1	102.1	102.1	101.6
4. Municipal, Port Trust, etc.	98.9	99.0	99.0	98.3
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98.1	98.1	98.1	99.0
PREFERENCE SHARES—ALL INDIA				
6. Total	81.3	81.6	81.5	80 6
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	172.2	172.8	171.9	172 5
8. *Agriculture and Allied Activities : Total**	151.1	152.1	152.7	149.7
9. Tea Plantations	138.8	139.9	141.6	141.1
10. Coffee Plantations	176.7	178.1	173.1	144.5
11. Rubber Plantations	180.2	178.4	176.4	162.3
12. *Mining and Quarrying: Total**	142.9	142.3	145.4	152.3
13. Coal	106.7	107.0	108.9	116.8
14. Other Mining	167.7	166.4	170.4	176.7
15. *Processing and Manufacturing : Total*	186.8	187.5	185.9	185 4
16. *Processing and Mfg. (Foodstuffs,Textiles,etc.): Total**	190.1	190.6	188.7	192.7
17. Sugar	133.3	134.0	132.6	131.9
18. Cotton Textiles	169.9	170.2	170.6	172.2
19. Jute Textiles	96.2	96.6	98.7	98.6
20. Silk and Woollen	956.5	961.6	902.5	991.7
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	197.4	198.5	196.3	185.8
22. Iron and Steel	159.3	161.0	156.0	139.9
23. Transport Equipment	345.9	347.5	345.1	348.0
24. Electrical Machinery	160.5	161.1	166.6	160.1
25. Machinery other than Transport and Electrical	233.4	233.5	232.2	222.8
26. Basic Industrial Chemicals	185.4	184.8	178.8	180.5
27. *Processing and Mfg. (Others) : Total**	157.2	157.7	158.4	162.5
28. Cement	147.2	148.3	148.6	148.6
29. Paper	200.6	201.7	201.6	213.0
30. *Other Industries : Total**	109.8	109.8	109.6	108.3
31. Electricity Generation and Supply	88.0	88.1	87.7	85.1
32. Trading	116.0	115.9	115.0	114.1
33. Shipping and Other Transport	98.5	98.6	100.4	88.3
34. Construction	200.4	201.2	286.8	241.4
35. *Financial : Total*	190.3	192.1	192.4	204.2
36. Banks	212.8	214.9	213.9	228.2
37. Insurance	161.7	162.9	158.6	163.7
38. Investment Trusts	84.4	84.3	83.7	89.4
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	178.9	180.5	178.5	175.7
40. Calcutta	161.0	161.0	161.3	163.8
41. Madras	177.3		176.5	185.2
42. Delhi	231.3	231.8	230.3	220.6

*Including 'Miscellaneous.' †Including Edible and Vegetable Oils. P=Provisional. ‡ Madras Stock Exchange remained closed during the week.

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	21st Dec., 1963	14th Dec., 1963	22nd Dec., 1962	October 1963	October 1962	Percentage of Increase (+) or Decrease (−) in Oct., 1963 as compared with Oct., 1962	Financial Year Averages 1962-63	1961-62
Food Articles	604	136.5	135.6R	122.5	139.2	129.0	+ 7.9	126.1	120.1
Cereals	192	117.1	117.2R	103.6	118.7	108.5	+ 9.4	104.6	102.8
Pulses	43	121.7	121.2R	102.8	113.5	115.0	− 1.3	105.2	91.9
Fruits and Vegetables	23	138.0	140.3	126.0	119.5	127.6	− 6.3	1345.6	137.6
Milk and Ghee	84	123.9	123.4	116.2	129.1	123.0	+ 4.9	124.1	119.4
Edible Oils	47	147.0	147.6	149.5	152.3	156.7	− 2.8	152.3	156.5
Fish, Eggs and Meat	17	160.0	160.1R	142.3	147.1	149.1	− 1.3	145.5	135.2
Sugar and Gur	48	191.1	193.1	141.7	215.1	157.4	+ 36.7	145.0	119.6
Others	50	175.8	176.3	169.4	178.4	168.5	+ 6.9	171.8	171.4
Liquor and Tobacco	21	112.6	121.0	99.1	119.6	100.3	+19.2	100.6	100.2
Tobacco		110.7	118.2	95.5	116.9	96.8	+20.7	97.1	96.8
Fuel, Power, Light and Lubricants	38	140.0	139.9	124.2	139.8	123.0	+13.7	124.1	125.1
Industrial Raw Materials	135	138.3	138.4R	134.0	138.1	138.8	− 0.5	136.5	142.9
Fibres	61	133.1	133.0R	127.2	131.2	129.1	+ 1.6	128.5	138.4
Oilseeds	60	151.3	151.8	146.4	154.9	157.7	+ 1.8	159.4	158.4
Minerals	2	91.7*	91.7*	93.4*	91.6	93.4	− 1.9	93.6	94.9
Others	32	127.0	126.7R	125.5	122.8	124.6	− 1.4	125.8	128.1
Manufactures	220	130.8	130.7	128.9	131.1	129.4	+ 1.3	128.8	128.6
Intermediate Products	41	138.2	138.6R	138.1	138.8	144.2	− 3.7	139.5	138.8
Finished Products	249	129.2	129.4	127.1	129.3	127.8	+ 1.2	127.1	124.8
Textiles	147	126.9	127.3	126.3	127.8	125.3	+ 2.0	125.2	125.6
Cotton		135.7*	133.3*	135.7	135.7	129.6	+ 4.7	130.7	127.9
Jute		96.7	98.3	107.7	101.4	108.9	− 6.9	110.9	122.4
Woollen		160.2*	160.2*	141.3*	157.5	141.3	+11.5	140.4	122.7
Silk and Rayon		189.0*	189.0*	126.3*	187.3	134.7	+ 1.9	131.8	119.9
Metal Products	12	167.3	163.7	161.0	163.7	161.0	+ 1.7	160.1	151.6
Chemicals	20	116.9*	117.1*	115.3*	117.5	117.2	0.3	115.5	110.7
Oil Cakes	9	165.5	164.3*	165.1*	164.4	168.3	+ 2.3	160.9	147.5
Machinery and Transport Equipment	31	124.3	124.3	117.4	124.3	117.4	+ 5.9	117.9	114.5
Others	30	128.1	128.1	125.2	128.8	125.2	+ 2.9	125.3	121.3
All Commodities	1,000	134.9	134.4R	125.7	138.3	129.9	+ 6.9	127.9	125.1

NOTE :—Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index.

R—Revised. * Estimated.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

RAW COTTON STATISTICS

Particulars	Details of Period	In Bales of 180 Kilograms
Cotton Receipts (Total Indian)	Week ended 9th Jan., 1964	20,074(J)
	Corresponding week, 1963	24,656(J)
	1st Sept. to 9th Jan., 1963-64	422,633*
	Corresponding period, 1962-63	478,079*
Exports by Rail	From 1st Sept. to 9th Jan., 1963-64	17,849A
Exports by Road (Estimated)	Do. Do.	25,000
Exports by Sea	Do. Do.	55,974
Mill Consumption (Estimated)	1st Sept. to 9th Jan., 1963-64	475216
	Corresponding period, 1962-63	457,740
Stock (with exporters, dealers and mills) in Bombay (Estimated).	On 9th Jan., 1964	349,938
	Corresponding date, 1963	243,657
Consumption of Cotton—		
Indian	October 1963	441,379
Foreign		53,105
Indian	Two months ended Oct., 1963	888,366
Foreign		106,840
Indian	Same period, 1962	735,305
Foreign		172,483
Stocks (Mills and Elsewhere)—		
Indian	As on 31st Oct., 1963	1,168,454
Foreign		207,161
Indian	As on 31st Oct. 1962	746,406
Foreign		342,102

Indian Mills cotton consumption from 1st Sept. to 31st October (In Bales of 180 Kilograms)	1963	1962
Indian	888,366	735,305
Pakistan	2,389	30,156
American	49,970	60,063
Egyptian	22,935	14,471
Sudan	22,739	46,567
East African	7,783	17,508
Others	1,024	3,718
Total ..	995,206	907,788

Exports to (In bales of 180 kilograms)	Week ended 9th Jan. 1964	Week ended 9th Jan. 1963	From 1st September to 9th January 1963-64	From 1st September to 9th January 1962-63
U.K.	250	..	1,478	550
Continent	1,584	472	4,814	7,337
Hong Kong	..	100	2,455	3,004
Japan	161	5,838	44,333	47,703
U.S.A.	10,265	200	562	2,544
Other countries	200	..	..	595
Total—all foreign countries.	12,460	6,610	55,974	61,733

Cotton Pressed in India† (In running bales)		(Bales of 392 lbs.)
	Week ended 27th Dec., 1963	..
	Corresponding week, 1962	172,161
	1st Sept. to 27th Dec., 1963	771,100
	Corresponding period, 1962	756,102
Karachi (Pakistan) Receipts	1st Sept. to 26th Dec., 1963	668,707
	Corresponding period, 1962	616,944
Exports	1st Sept. to 26th Dec., 1963	237,869
	Corresponding period, 1962	233,100

(J) By Rail and Sea. † Incomplete. * By Rail, Sea and Road. A—Adjusted. —Not received.

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

[1949=100]

	All-India	Bombay*	Ahmedabad C	Sholapur	Kanpur C	Nagpur	Calcutta C	Madras City	Delhi	Ajmer	Gauhati	Jam-C shedpur	Jabalpur	Ban-C galore
1960 Average	124	420	109	257	100	136	100	142	120	107	103	100	109	100
1961	126	431	108	262	101	131	106	145	127	113	106	101	111	103
1962	130	444	104	381	105	133	107	150	130	115	112	105	131	108
November 1962	133	445	106	413	105	137	111	161	130	116	115	107	133	112
January 1963	130	435	103	416	103	135	106	150	130	111	110	103	132	109
Feb. ,,	129	437	104	401	104	131	107	150	130	110	110	104	132	109
March ,,	130	438	105	370	105	129	110	149	130	111	111	107	133	109
April ,,	131	437	105	367	106	132	112	149	130	115	112	109	133	109
May ,,	132	440	106	368	107	133	112	150	132	117	111	108	133	110
June ,,	134	446	107	376	109	138	112	150	132	117	110	109	134	112
July ,,	136	448	108	387	110	143	112	151	133	121	111	110	135	112
August ,,	136	449	108	374	110	144	113	151	134	124	109	109	141	112
September ,,	137	454	109	377	112	146	116	152	136	124	109	109	143	113
October ,,	138	453	..	371	..	146	..	151	136	..	109	..	143	..
November ,,		454	..	378	..	..	..	..	..	..	..	..	..	..

* June 1934=100. †Jan. 1928=100. C—From Jan., 1963. —Base: 1960=100.

INDEX NUMBERS OF WHOLESALE PRICES—IMPORTANT COMMODITIES

(Base : 1952-53=100)

Average of months Average of weeks ended Saturday	Rice	Wheat	Jowar	Dal/s	Gram	Tea	Milk	Sugar	Gur	Tobacco Raw	Raw Cotton	Raw Jute	Groundnut	Spices and condiments	Coal	Jute manufactures	Cotton manufactures	Iron and Steel products	Cement manufactures
1956-57	97	88	122	122	71	165	104	95	100	80	111	126	111	97	116	95	116	131	
1960-61	103	90	122	130	87	206	118	127	126	111	112	210	145	128	141	121	128	147	
1961-62	105	91	113	132	82	198	117	125	114	96	109	178	155	140	142	122	128	144	
1962-63	111	93	120	139	89	175	121	131	124	99	118	147	140	156	151	111	131	140	
November 1962	116	91	137	124	92	190	122	128	168	93	113	147	135	162	153	113	130	161	
April 1963	117	88	109	119	87	..	132	138	177	105	119	149	135	154	161	109	135	161	
May ,,	121	88	110	122	88	..	133	136	196	111	120	149	138	158	161	108	135	161	
June ,,	124	88	113	124	91	211	140	136	228	112	119	148	144	156	161	101	135	161	
July ,,	127	91	113	131	91	211	140	136	228	113	118	141	146	161	161	98	135	162	
August ,,	129	92	109	130	90	207	140	136	228	113	119	143	147	161	161	101	135	163	
September ,,	131	92	109	130	93	198	129	136	267	111	118	147	159	161	161	101	136	163	
October ,,	132	94	110	129	96	195	135	136	281	112	114	149	147	157	161	101	136	163	
November ,,	134	130	97	112	133	101	192	127	139	216	112	117	147	136	157	161	100	136	163

RAILWAY TRAFFIC—WAGON LOADINGS

(In thousands)

Year/Month	Total No. of Wagons Loaded	Coal and Coke	Grains and Pulses	Oil-seeds	Raw Cotton	Cotton Manufactures	Raw Jute	Jute Manufactures	Sugar	Cement	Pig-iron	Iron and Steel (Others)	Tea	Manganese Ore
1960-61	9,757	1,591	837	132	52	16	116	15	128	401	56	217	25	79
1961-62	9,870	1,706	803	115	40	14	128	13	180	399	51	366	24	76
1962-63	10,607	1,924	792	125	43	14	150	15	148	385	55	488	26	78
Oct., 1962	5,876	1,075	453	63	22	8	75	6	88	214	29	236	20	43
April ,,	1,839	172	74	15	5	1	8	1	14	34	4	26	..	4
May ,,	1,839	345	157	26	10	3	16	2	27	67	9	75	2	10
June ,,	2,717	509	236	35	13	3	21	3	39	98	14	113	3	14
July ,,	3,068	687	311	44	15	4	25	4	50	139	19	158	7	20
Aug., ,,	4,561	866	377	52	16	5	35	5	61	163	24	196	11	24
Sept., ,,	5,461	1,040	446	59	18	7	50	5	71	195	29	237	16	29
Oct., ,,	6,406	1,225	516	69	19	8	70	6	78	230	33	280	21	34

Note.—The figures relate to Government Railways. Figures include Broad and Metre Gauges. The monthly figures are progressive from April and incorporate revision in respect of earlier months. *Source:*—Ministry of Railways.

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A	7-Year B	12-Year B	12-Year National Plan Savings Certificates C	Post Office Savings Bank Deposits	10-Year National Plan Certificates D	Post Office Cash Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E	Cumulative Time Deposits 5-Year J	10-Year J	15-Year Treasury Savings Deposit Certificates 3½% F	4% C	15-Year Annuity Certificates G	Total
	Outstandings	Outstandings	Outstandings	Receipts	Outstandings	Receipts	Outstandings	Outstandings	Outstandings	Receipts	Outstandings	Receipts	Outstandings
1958-59	1,76	3,79	119,09	87,45	152,73	190,54	240,40	21,03	—40,67	3	2	42,57	6,35	11,68	67	2,41	225,06	595,56
1959-60	1,54	3,17	99,14	83,25	221,63	209,59	268,11	19,79	—41,35	50	31	41,66	10,64	21,76	66	2,91	304,90	680,59
1960-61	1,24	2,46	81,40	82,51	286,74	236,88	313,17	18,84	—41,99	1,70	93	38,80	16,14	37,34	69	3,38	338,07	786,00
1961-62	86	1,89	52,42	79,81	347,96	271,05	347,90	17,91	—42,62	3,47	1,91	36,79	19,79	53,35	49	3,83	341,48	872,28
1962-63	59	1,40	48,23	42,08	368,16	242,01	351,71	16,31	—42,62	7,55	3,56	20,38	7,32	60,70	50	3,83	361,41	944,75
Nov., 1962	70	1,61	54,14	—73	377,38	15,03	342,78	16,77	—42,58	5,90	2,92	22,63	..	60,02	3	3,78	25,03	897,15
April 1963	55	1,32	46,75	..	365,43	20,48	353,23	16,17	—42,85	7,05	2,71	19,90	..	60,66	3	3,83	31,13	951,78
May

DELHI LETTER

OIL AND STEEL CONCEPTS CHANGING

I.A.C. WORLD'S LARGEST DOMESTIC AIRLINE

From Our Special Correspondent

New Delhi, 14th January

THE concept of seeking primacy in the oil sector for the public sector even at the cost of delays in development—a policy which was dear to the heart of ex-Minister K. D. Malaviya—now appears to be yielding, albeit very gradually, place to a more pragmatic approach. Not that the public sector plans are being downgraded to a subsidiary status, but the private firms may now have a fair chance. The projects in the public sector at Koyali, Barauni and Cochin and the current plans for the Madras and Haldia refineries will be pursued with vigour, to be completed by the middle of the fourth Plan. A top-level meeting, attended by the Union Finance Minister, Mr. T. T. Krishnamachari, was held on the 13th inst., at which perspective programmes for the oil sector were considered. Those who participated are said to have agreed with expert projections that, at the end of the fourth Five-year Plan, that is, by 1971, the national needs of petroleum products will be between 27 and 28 million tonnes and that to meet this demand, the refinery capacity will have to be 30 million tonnes. The needs by the end of the third Plan may be around 17 million tonnes of products.

Mr. Malaviya had advocated a policy of first creating refining capacity for the public sector so that it would achieve a dominating position. As things stand, during the third Plan period, the expansion will be only in the public sector. The Digboi refinery of the Assam Oil Company, India's oldest plant, has little scope for expansion. A decision is now expected to be taken to permit the Bombay and Visakhapatnam refineries to expand early in the fourth Plan period. The Government now appears to be willing to agree more readily with oil companies' estimates of rapid growth in demand for petroleum products. Mr. Malaviya is said to have deliberately sought to dismiss oil firms' estimates as too high so as to add weight to his policy of denying scope for the firms to expand.

The Oil and Natural Gas Commission has been having talks with the Kuwait National Petroleum Company whose delegation arrived in Delhi on Saturday. The talks are in continuation of discussions initiated when an Indian delegation visited Kuwait in October. The Indian Government is seeking imports of crude from Kuwait for the Madras public sector refinery and exploring possibilities for imports to feed the proposed refinery at Haldia.

Steel Projects

Is there a big conflict between Steel Minister Subramaniam's perspective plan for Steel and Finance Minister Krishnamachari's emphasis on a selective approach during the fourth Plan? There are loud whispers in the capital over a growing clash of opinion between the Steel and Finance Ministers. The differences are reported to include their personal assessment of the ability of Indian experts to design and build the Bokaro plant on their own. The Finance Minister's view appears to be that it will be difficult to canvass foreign assistance for the Bokaro project, if the Steel Ministry goes entirely on Indian consultants' plans and advice.

Immediately after the refusal of U.S. Congress of the late President Kennedy's request for American aid to underwrite Bokaro, Mr. Subramaniam had made the thunderous declaration of doing it largely on our own. There were different strategies under discussion then. One was to start work on the project, call for international tenders for various types of machinery and leave it to the successful foreign tenders to negotiate with their Governments for the necessary foreign aid guarantees. Second thoughts have led to abandoning this method, partly for fear of chaos in building the Bokaro plant, as this piecemeal ordering may lead to difficulties in co-ordinating the plant construction stage by stage.

The original hope of indigenous fabrication of a large quantity of machinery, expressed by Mr. Subramaniam, is receding into a distant aspiration long after the early stages of Bokaro are ready. The Heavy Engineering Corporation can make a limited contribution to the building of steel plants in the fourth Plan period. As for private fabricators who may be able to make some steel plant equipment, an assessment of the capacities available will take many months. A detailed study of the quality performances of the private fabricators will have to be made even after the various firms spell out what they can make. According to one expert, such a survey will take about two years. The Heavy Engineering Corporation itself is in no position to give an accurate estimate of what it will be able to deliver in the next five years.

The Steel Ministry's rethinking rules out as impossible the Steering Group's perspective targets of 18 million tonnes of ingots and four million tonnes of pig iron by the end of the fourth Plan. As it is, by 1968, the ingot production will be a little less than seven million tonnes. From that level to 18 million tonnes by 1971? The dreams have to be cut down to size.

The present position is as follows: Foreign aid prospects and equipment manufacture possibilities for Bokaro have to be worked out carefully, but the priority will be for Bokaro. The two other projected public sector steel plants—in Goa and Salem—will take a back seat. Only in Bhilai is the first expansion programme going ahead smoothly. Bhilai's ultimate expansion to 3.5 million tonnes capacity may not face many hurdles. In Durgapur and Rourkela, the foreign collaborators are reported to be willing to discuss further expansion in the fourth Plan only after the current expansion programmes go forward smoothly. As for the Tata and Indian Iron plants, World Bank aid may be available for expansion.

Special Steels

The selective approach calls for the rapid creation of facilities to make special steels. Here, two sizable projects are under way, although the start of work on them was considerably delayed. The Bhadravathi conversion is being done with the assistance of Austrians and Germans. Its ultimate capacity will be 77,000 tons of tool, die and construction steel for the railways and the automobile industry; delivery of products at this rate will be around 1967, if there are no new snags.

Work on the Durgapur special steels plant, with Japanese technical and financial collaboration, is being speeded up. Rourkela expansion will provide about half a lakh tonnes of electrical steel and ordnance factories may contribute another half a lakh tonnes. Fifteen private firms licensed to make special steels have a total capacity of around two lakh tonnes. By the end of the fourth Plan, one estimate is that the country will need up to a million tonnes of special steels. The reasons for the withdrawal of the licence for a special steel plant given to Tatas have not been explained clearly by the Steel Minister. The original programme for a special steel plant under the Defence Ministry in Kanpur has been given up. A search is being made by the Government for Soviet assistance in this field. Nothing is likely to emerge in the form of additional Soviet aid in the third Plan period; the Government will have to try to include this special steel plant in projects with Soviet help in the fourth Plan.

Indian Airline

The new General Manager of the Indian Airlines Corporation, Mr. Jehangir S. Parakh, who was confirmed in his post early this month, is the first airline employee to be appointed to the top executive post in the I.A.C. He had 'non-official' antecedents, having been on the accounts side in the Deccan Airways at the time of nationalisation in August 1953. The I.A.C. initially had a full time Chairman, Mr. B. C. Mukharji. His successor as Chairman was Mr. Shankar Prasad, during whose term Air Vice Marshal Lal was appointed General Manager. The I.A.C. then continued to have Mr. Prasad as part-time Chairman. Mr. S. Mullick, who succeeded Air Vice-Marshal Lal as General Manager, also came from administrative officials' cadre. Since the past year, the I.A.C. has a non-official, Mr. Satish Chandra, as part-time Chairman.

In 1962-63, the I.A.C.'s profits rose to Rs. 20.91 lakhs from Rs. 7.88 lakhs in the previous accounting year and the new General Manager says that, in 1964-65, with the introduction of new and faster planes, the Corporation will be able to make a profit of around Rs. 75 lakhs or more. From February, the I.A.C. will be flying three Caravelles to connect the four major cities. Except between Calcutta and Madras, there will be a daily flight each way between Bombay, Calcutta, Delhi and Madras. Additionally, there will be a daily Viscount service plus the night services taking mail and passengers and converging on Nagpur to swap men and mail.

Apart from the three Caravelles—the I.A.C. has asked the Government to provide it with the fourth Caravelle by the end of the year—there will be twelve Viscounts, ten Fokker Friendships, three Skymasters and three dozen Dakotas in operation. The Heron fleet has been disposed of. Of the fourteen Viscounts the I.A.C. bought, one was lost in a crash last year and another was scrapped after an accident in Colombo earlier.

The Viscounts will also start flying Bombay-Hyderabad, Bombay-Bangalore and touch Coimbatore too. More Viscounts will go into the hard-pressed Assam sector. From the short hop runs like Delhi-Agra-Banaras-Calcutta, the Friendships will go more into the feeder services. But the replacement of Dakotas will take several years.

The I.A.C. claims that its unduplicated route mileage of 26,000 makes it a bigger domestic airline in terms of mileage than any in the world, except in the Soviet Union. The biggest American home airline, the United Airlines, has an unduplicated route mileage of 18,000, according to an I.A.C. official. The I.A.C. also becomes the first domestic airline in Asia to use its own jet craft. Pakistan flies Boeings between Dacca and Karachi but that flight is not strictly domestic.

The Transport Ministry has at last also yielded to the pressure of higher Cabinet counsels to tone down its opposition to the Avro which is being made by the Aircraft Manufacturing Depot in Kanpur. The I.A.C. has now agreed to try out this aircraft for its suitability without placing too much emphasis on the economic aspects in comparison with, say, the Fokker Friendships. When the Series II Avro comes out of the factory in a few months, the I.A.C. will give it a trial as a freighter in Assam. The Avro it may be noted, has a great advantage in its ability to take off from short and rough airstrips.

TREND OF SHARES

DULL AND LISTLESS

(From Our Own Correspondent)

Bombay, 16th *January*

THE stock markets spent another week worrying about the future. Dull and listless conditions prevailed throughout. Business was patchy and fluctuations, except in a few pivotal counters, were narrow. With barely six weeks to go for the presentation of the Union budget for 1964-65, there was naturally little inclination to extend the commitments.

During the week, the main source of worry was reports of disturbed conditions in certain parts of Calcutta and it's suburbs on Friday which forced the authorities to call in the military on Saturday to assist in maintaining law and order. These ugly developments provoked nervous selling in an unwilling market and depressed prices over a wide front.

The sixty-eighth session of the Indian National Congress, which concluded on Friday, put the seal of approval on its socialist programme and policy, declaring the national objective as "the establishment of a Socialist State based on parliamentary democracy" and indicated the direction in which the Congress Party and the Government should move in the pursuance of the socialist goal. The Congress President, in his address, stressed the need for reducing the inequalities in income through taxation and followed this up with the declaration at a public meeting in Madras on Tuesday that concentration of wealth in a few hands would lead to frustration and revolution among the people and endanger democracy itself. Echoing this sentiment a day later at Indore, Mr. V. K. Krishna Menon averred that concentration of wealth and economic power in a few hands would not only disrupt community life but also destroy the nation. He, therefore, urged that economic imbalance must be removed without delay.

On the economic front, the news was certainly encouraging and such as to inspire confidence. The clamour of the left wing in the Congress for nationalisation of banks will not be heard for some time, as the question has been ruled out.

A further concession was announced by the Finance Minister in regard to licensing of industries, inasmuch as henceforth no licence need be obtained except in a few specified industries for substantial expansion of the existing industries provided the fixed assets do not exceed Rs. 25 lakhs after expansion.

The Union Government's decision to issue expeditiously "letters of intent" and to evolve a special procedure for the speedy processing of all applications for industrial licences relating to certain key industries was welcomed by industrial circles as a pointer to the Government's determination of making the economy more forward.

On top of this, in a public lecture delivered in the capital last week, Mr. Ashok Mehta, though an ardent socialist, underlined the value of profit-motive as a spur to investment and increased production.

But all these favourable factors, as also the trend of higher profits earned by the banks in 1933 which should have normally served to act as morale booster, fell flat on the market, as it has become more sensitive to adverse factors. The only consolation is that selling pressure was not heavy, because of the tight grip of a few bull operators having stout hearts and long purse; these bulls refused to be scared of their wits by the unfavourable developments referred to earlier in this review.

In the prevailing circumstances, the cautious mood of both operators and investors is understandable, as there is a growing feeling that whatever changes the Union Government intends to make in pursuance of Bhubaneshwar Congress Resolution are likely to be reflected in the budget to be presented to Parliament on 29th February. The dividend outlook, too, does not suggest a significant change for the better in the context of the recommendation to limit the unearned income. The most optimistic view that the operators can take is that the economic situation might not deteriorate further, in view of the Government's emphasis on stimulating investment activity and through it industrial production in the private sector.

• • • •

Scripwise, equities received consistent but small setbacks throughout the week under review and the entire list, with the solitary exception of Voltas, was dotted with moderate losses over the week. The main bearish factor was the outbreak of communal disturbances in Calcutta and its suburbs and the calling of the military to maintain law and order in the City. On Tuesday, there was some improvement in Tata Steel Ordinary which were bid up to Rs. 148.50 on renewed hopes of an imminent increase in the retention prices of steel. Likewise, Century regained speculative favour on revival of rumours and at one stage were in keen request upto Rs. 688 before winding up the week at the unchanged rate of Rs. 681. The announcement of a two for five rights issue in Voltas, coupled with the encouraging performance for 1962-63, was greeted with a rise in the scrip to Rs. 269 on Wednesday but the improvement proved short-lived in line with the general soft tendency. The closing rate on Thursday was a shade lower at Rs. 264, reflecting a nominal gain of Re. 1 over the week. The worst affected counters were Scindia and Tata Chemical both suffering losses of 68 nP and 44 nP at Rs. 13.56 and Rs. 18.60, respectively. Elsewhere, Hindustan Motor and T.E.L.Co. provided weak features on stray bull liquidation.

COMMERCE

"For Commerce, though the child of Agriculture, fosters hi
Who else must sweat and oil and gain but scanty fa
William

VOL. CVIII. No. 2753 BOMBAY, 25th JANUARY 1964

Commerce

A WEEKLY REVIEW OF INDIAN FINANCIAL, COMMERCIAL AND INDUSTRIAL PROGRESS

Contents

	Page
LEADING ARTICLES—	
Dr. Rao's Blueprint for Socialism ...	113
State of the U.S. Economy	114
MARKET GOSSIP	115
TREND OF SHARES	116
THIS WEEK'S SURVEY	118-119
SPECIAL FEATURES—	
Delhi Letter	115
London Letter	120
Competition in Banking—Yes or No? ...	121
Rourkela's Chronic Ailments	122
Manchester Letter	127
World Crude Oil Production	129
Public Accountability of Private Corporate Sector—I	134-135
Private Sector and Public Relations ...	137
CHAIRMAN'S SPEECH—	
Indian Oxygen Ltd.	138-139
MONEY AND BANKING	124
TEXTILES	126
COTTON	128
SUGAR	130
ENGINEERING	132
NEW PRODUCTS AND PROCESSES ...	133
LABOUR	136-137
COMMERCE AND INDUSTRY	140
COMPANY MATTERS	141-142
NEWS IN BRIEF AND PERSONAL	143
TREND OF MARKETS	144-145
MISCELLANEOUS STATISTICAL INFORMATION	146-148
STOCK AND SHARE QUOTATIONS	149-156
WEEK'S STOCK EXCHANGE TREND	156

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DR. RAO'S BLUEPRINT FOR SOCIALISM

THE Congress Party's preoccupation with definition of socialism even while a state of emergency is on has led to an increase in the production of plans for ushering in socialism. In the process, more paper and ink, both scarce commodities, are being wasted. Dr. V. K. R. V. Rao, who had the foresight to jump into the socialist wagon long before his colleagues in the teaching profession had realised the necessity for it as a means of advancing their interests and who has quite a few firsts to his credit, seems to have been the first among the fraternity of distinguished professors to prepare a blueprint for implementing "democratic socialism." His is really a blueprint, in contrast to the rather irregular and confusing outline drawn up by the Congress Party at Bhubaneshwar. Unlike the Congressmen known for their verbosity and inconsistencies, Dr. Rao has evidently to care for his reputation as a trained thinker and disciplined writer. The 2,000-word blueprint on socialism, which he is reported to have submitted to the Planning Commission, certainly does credit to these qualities of his. He is said to have focussed attention on five major points, obviously to prevent rambling by the policy-makers.

The first goal of the Congress Party under its new socialist outlook is to prevent concentration of economic power in a few hands. Warmly endorsing this stand, Dr. Rao proposes the following steps to reach the goal:

1. Limit the size of private enterprises.

2. Regulate levels of consumption by fixing a ceiling.

3. Oust the big business from the ownership of newspapers, including weeklies and other periodicals, and place all the media that seek to mould public opinion in the hands of trusts.

4. Regulate recruitment of staff for the private sector through Government machinery.

5. Give preferential treatment to the vulnerable sections of society in order to ensure equality of opportunities to them.

It is not clear whether Dr. Rao wants his first suggestion to be applied with retrospective effect or only to the enterprises that are established after his scheme is put into operation. If it is not applied to existing concerns, it will mean that the concentration of economic power in a few hands that is alleged to have already taken place will continue. If it is applied, it will mean chaos in economic activity and retardation of the pace of economic growth. If what Dr. Rao is after pertains only to the new units to be established, he has to prove that there are enough entrepreneurs who can do the job efficiently and expeditiously. It is pertinent to remind him, in this connection, that, in its anxiety to avoid concentration of economic power, the Union Government gave licences for several new projects to new entrepreneurs, many of whom, as was discovered later on, could not bring them to fruition. Quite a few of them surrendered their licences and a number of them were forced to give them up. The result has been a slowing down of economic progress and emergence of imbalance in the industrial structure. Some of the projects, as, for instance, aluminium, fertilisers, and petro-chemicals, have now been allotted to the public sector at State levels and it remains to be seen how quickly and economically the State Governments will establish and administer them. Resort to this solution will have to be made increasingly, as the supply of experienced entrepreneurial skill in this country is by no means plentiful. The outcome will be more and more of State capitalism and a mixed economy with a diminishing role for the private sector in industrialisation and marketing. Power will then be concentrated in the hands of a few politicians and the country will succumb by stages to some form of authoritarianism. Merit will yield place to sycophancy. Efficiency, enterprise and integrity will be at a discount.

Being a sensible economist, Dr. Rao realises that imposition of a limit on the size of private enterprises will impair the economic efficiency of units in certain industrial sectors and the country will lose the benefits of large-scale mass production methods. He has, therefore, hastened to qualify his suggestion by adding that "nothing should be done that will come in the way of maximising production and productivity." But how is this condition to be observed? Dr. Rao does not appear to have answered this query. An obvious answer is that all those industries where economies of scale can be realised must only be in the public sector—an answer which is consistent with his basic thesis. This means that all large-scale industries and economic activities, including banking, insurance, shipping and other services, must be in the public sector. By implication, therefore, Dr. Rao wants State capitalism on a massive scale; he is only using such words as democratic socialism and mixed economy as a facade for State capitalism, so that the private sector might not get frightened by his proposals. He is, however, honest enough to admit that a mixed economy and a socialist society of his concept cannot co-exist for long, as there is an inherent contradiction between them and, therefore, emphasises the urgent need for resolving it by framing and implementing a "deliberate and well-conceived policy." Otherwise, he fears that the "socialist ideal" itself might get destroyed. So for Dr. Rao the socialist ideal is more important than rapid economic growth. And he sees no contradiction between a socialist society of his concept and parliamentary system of democracy.

As a sop to private sector apparently, he is said to have added a rider to his five point scheme, the rider being this: "As socialism does not mean just the sharing of poverty, special care must be taken to see that regulatory measures suggested for private enterprises do not hamper either production, or efficiency, or the free flow of foreign capital and technical assistance." This is a striking essay in contradiction, for it is hard to see how this qualification can be fulfilled in actual practice without detriment to his main solution discussed in the foregoing paragraphs. The learned professor will do well to explain how he would implement his policy subject to this condition, if he were in charge of the Government. The contradiction becomes more apparent if the fourth point in the list given at the outset is taken into consideration, namely, Government control over recruitment of personnel required by the private sector. The reference here is obviously to managerial and technical personnel who are in short supply. No efficient and honest foreign private investor will come forward to invest in this country under such a condition.

Basically, this proposition is undemocratic and unconstitutional, for it implies physical control of a section of labour market. It may be argued that the Government has already powers to regulate the appointment of executives in the corporate sector, that the salaries and other emoluments of chief executives such as managing directors and paid directors have to be approved by the Company Law Department of the Government, and that there could be no harm in extending this control to a larger and wider section of executives in the private sector. This argument is tantamount to saying that one wrong step justifies another. Moreover, this solution will not be conducive to promotion of efficiency, enterprise and sense of res-

...contrary to the ...ard, diligent work. ...untries, the prin... ...results is coming ...of the type advocated ...d to drive away even ...gn countries. Dr. Rao ...thinks that considera... ...mpts the managerial per... ...ientists and engineers to ...rivate sector in preference ...or. There are also other con... ...e most important being greater ...dom of action and quicker pro... ...ne are actually averse to Govern... ...rice, for, among other things, there ...m and the task of implementing con... ...s a thankless and risky one. In an ad... ...tration charged with the responsibility of ...king a variety of economic controls, there ...always a danger of even honest officers getting caught under some charge or other, especially if they are conscientious and enterprising. Not all can be so fortunate as Dr. Rao has been to get positions in Government where the task is to tender advice without any responsibility for implementing it.

What goods does Dr. Rao have in mind the consumption of which is to be regulated through a ceiling? They cannot be essentials of life, for the masses do not have enough money for buying even the bare minimum. Nor is there an unlimited supply of these goods. If what bothers him are the luxuries and the conventional or professional necessities, a ceiling is already in operation, albeit indirectly, through a high level of indirect taxation and prohibitive prices induced by a keen shortage of supplies even in relation to the minimum demand for them. Evidently, these limitations do not satisfy our distinguished professor of economics, because he believes that the type of life led by businessmen and the upper sections of middle class excites the envy of the have-nots and fears that it may spark a revolution. If the powers-that-be share this fear of Dr. Rao, the better thing to do would be to abolish all upper classes in railways, to restrict the use of automobiles only to the defence personnel, ministers and aged persons as well as invalids who can afford, to close down the manufacture of such luxuries as air conditioners, refrigerators and cooking ranges; and to play effectively the role of a kill-joy. This solution is infinitely better than the one advocated by Dr. Rao, as it will minimise, if not eradicate, the evils of corruption, black-marketing and the growth of unaccounted money. Austerity of the type which Dr. Rao has in mind could not be practised by Gandhiji's followers even when he was alive. But it could probably be enforced by a Stalinist-type regime.

It has been a favourite pastime of some politicians, not merely communists but also socialists and Congressmen, to attack the Indian Press as being a handmaid of money bags and to demand that newspapers should not be owned or controlled by them. More and more politicians have begun to indulge in this fashion and it is not surprising that Dr. Rao (who has for long been regarded more as a politician than as an objective economist) too has joined their ranks. The objectivity of the vast majority of the Indian Press, the logic of its criticisms and the efficiency of its news services are often a thorn in the flesh of politicians who are eager to push this country into the quagmire of State capitalism of a communist type in the name of egalitarianism. Their irritation is understandable. Implicit in their suggestion for bringing the newspaper ownership under trusts is the allegation that the editors are the stooges of capitalists, that they have no convictions of their own and that they have no courage to express them. There is, however, no substance in this allegation, nor in the implied assumption that, once the newspapers are brought under independent (?) trusts, they will all become the supporters of socialist policies now being propagated by the Congress Party. Further, those who advocate the idea of trusts forget that, under the latest amendments to the Company Law, trusts can be controlled and influenced by the Government. If newspapers are to be efficient in fulfilling their roles, they have to be large-scale business enterprises, requiring an enormous amount of risk capital and competent leadership. If they are owned by trusts, there is no certainty that these prerequisites will be forthcoming in an adequate measure and that the gaps, if any, will not be filled by some undesirable elements. The Congress Party is rich in money and can establish its own chain of newspapers to propagate its ideals, instead of resorting to dubious solutions of the type incorporated in Dr. Rao's blueprint for socialism.

STATE OF THE U.S. ECONOMY

IT is still true to say that, notwithstanding the emergence of Western Europe as a strong economic bloc and the increasing participation of Soviet Russia in world trade, the economic prosperity of the world as a whole is closely linked to that of the United States. For so wide and far-reaching are the repercussions of the U.S. actions, economic as well as political, on the rest of the world. The U.S. holds nearly two-fifths (about $16,000 million worth) of the aggregate free world gold stock and one-third ($5,235 million) of the total I.M.F. gold tranche positions, the two major elements of international liquidity, and accounts for approximately one-sixth of the total world trade. And no other country has extended economic and technical assistance to the developing countries on such a colossal scale as the U.S. Take, for instance, India. Out of the total aid received by this country since the era of planning began in April 1951, the share of the U.S. alone is more than half. Incidentally, the U.S. supplies India nearly one-third of its import requirements and buys roughly one-fifth of its export wares, both being in terms of value. Viewed thus, a sound, healthy and expanding American economy is of the utmost significance to the world, in general, and India and other developing countries, in particular. It is, therefore, greatly reassuring to hear President Johnson declare, in his first economic report sent to the Congress this week along with the 1964-65 budget message, that he and his Administration would endeavour their best to promote maximum employment, production and purchasing power within the framework of free competitive enterprise.

There is ample evidence in President Johnson's report to show that the economic progress made by the U.S. during the year 1963 and the two years preceding it has been impressive and sustained and, what is more, non-inflationary. The gross national product (that is, the total output of goods and services) rose by 5.4 per cent to $585 billion in 1963, as compared with 1962; actually in the last quarter of 1963, the G.N.P. passed the all-time peak of $600 billion. Industrial production went up by 5.1 per cent, personal *per capita* income (before taxes) by 4.7 per cent to $2,500 and corporate profits by 10.5 per cent to over $50 billion before taxes and $25 billion after taxes. The after-tax income of individuals exceeded $400 billion. Residential construction passed $25 billion and civilian employment $70 million. Simultaneously, price stability has been maintained for the sixth consecutive year.

FIVE KEYS TO EARNING POWER

1. *Education*: Poverty and ignorance go hand in hand. We must upgrade the education of all our youth, both to advance human well-being and to speed the nation's economic growth. But, most vitally and with Federal support, we must upgrade the education of the children of the poor, so that they need not follow their parents in poverty.

2. *Health*: We must speed and intensify our efforts to make good health more accessible to the poor.

3. *Skills and jobs*: We need to help both young adults and older workers acquire marketable skills.

4. *Community and area rehabilitation*: Concerted community action, with new Federal assistance, can break the dismal and vicious cycle found in too many of our rural and urban areas. The Area Development Act must be renewed and improved and rural communities must be helped to find new economic strength.

5. *Equal opportunity*: Even beyond civil rights legislation, the fight to end discrimination requires constructive action by all Governments and citizens to make sure—in practice as well as in principle—that all Americans have equal opportunities for education, good health, jobs and decent housing.

—PRESIDENT JOHNSON

While the record of U.S. economic growth is thus striking and heartening, there are nevertheless certain disquieting trends which continue to tarnish the performance of American economy. Among them, three stand out most prominently, namely, unemployment, idle capacity in industry and balance of payments deficit. About 5½ per cent of the American labour force, we are told, is still idle even after a year-to-year advance of $30 billion in G.N.P. Taking into account the inevitable annual additions to workers who seek employment, at least two million jobs are needed today to get rid of what President Johnson aptly described as stubborn excess unemployment. Another two million jobs are needed each year to offset the labour-saving effects of rising productivity. All in all, it is said, 75 million jobs will soon be needed. Operating rates in manufacturing industries still average only 87 per cent of capacity, as against the 92 per cent rate preferred by business managers. The high unemployment rate and existence of idle capacity in industry have resulted in heavy wasting potential (men, machines and materials) of the order of $30 billion annually. There is then the persisting balance of payments deficit, as a result of which gold outflows continue, though the rate of actual outflow is now less than what it was in the previous years.

These disturbing trends must be corrected forthwith in the interest not merely of the U.S. but of the world in general. It was to this task that the late Mr. Kennedy had addressed himself and one should be happy indeed to learn that President Johnson would continue the dynamic policies initiated by Mr. Kennedy. This is what President Johnson says in his economic report:

"If we are to master these problems, we must, above all, enact the Tax Bill. Not in one or two or three months but now. Not in diluted but in strengthened form, with an immediate drop from an 18 per cent to a 14 per cent withholding rate."

The Tax Bill, it will be recalled, envisages a phased cut of $11 billion in personal and corporate taxes. Considering that such a cut will give a powerful boost to the domestic economy, there is no doubt that the U.S. Congress will be realistic enough to approve the Bill without much delay. As a result of tax reduction, the gross national product of the U.S. is expected to rise by as much as $38 billion to $623 billion in the current calendar year. The estimate of $623 billion is said to be substantially higher than what could be expected in the absence of prompt enactment of the tax legislation. Since the expectations of a tax reduction have already been incorporated in the forward planning of many business firms, the effect on the economy of any failure to pass the legislation swiftly, as President Johnson has clearly warned, might be deeply disturbing. How powerful will be the full effect of tax reduction on the American economy has been impressively brought out by him thus:

"As the tax reduction takes full effect, its stimulus to private consumption and investment will shrink the $30-billion gap between the nation's actual and potential output and provide approximately two million additional jobs for the unemployed and the new workers entering the labour force. As economic activity expands and personal and business incomes increase, Federal revenues will also rise. The higher revenues, combined with continuing pressure for economy and efficiency in Federal expenditure programmes, should hasten the achievement of a balanced budget in an economy of full prosperity."

To the extent the American economy receives stimulus from the proposed tax cut, the other countries too will be greatly benefited, especially the underdeveloped countries, in the form of more liberal economic assistance and larger inflow of private capital investments. The early enactment of the tax cut legislation will, by enhancing the competitive capacity of American firms in world markets, reduce the deficit in the U.S. balance of payments which, as is well known, remains a key factor on the international financial scene. A significant improvement in the U.S. balance of payments position is also of considerable importance to India and other developing countries in that it may lead to a relaxation in the condition attached to the A.I.D. loans and grants under which over 80 per cent of these must be spent on the goods and services produced in the U.S.

Be that as it may, there are two sentences in President Johnson's economic report which deserve notice. They are: "Our development assistance effort must and will be more sharply focussed and vigorously administered. We shall encourage others to share more of its burden and seek a larger role for private investment." These observations, it is possible, may give one an impression that the quantum of direct Government assistance to the developing countries will be reduced and that more restrictions will be imposed on its utilisation. Such misgivings are, however, unwarranted. For President Johnson has clearly urged the continuance of a strong development assistance programme—this, he says, is "vital to the pursuit of peace and stability in the free world"—and fervently called for reduced trade barriers. These are the things that are most urgently needed today in the struggle of developing countries for attaining and ensuring decent living standards.

MARKET GOSSIP

Stock Exchanges Cautious

BOTH investors and speculators are keeping out of stock exchanges, due to a number of uncertainties. There are not many who are now sanguine about the Central budget for 1964-65 being a bullish one. Some who are close to Delhi feel that this pessimism is unwarranted, but faith in the optimism of this minority is lacking. The most popular guess is that, while S.P.T. will be abolished, the Finance Minister will take back the concession in some form or other. The tax revenues are buoyant and normally one could have justifiably expected some relief in both direct and indirect taxation. Bhubaneshwar and the Centre's promise to increase its contribution to State budgets have, however, engendered caution.

Corporate results published since the beginning of 1964 are encouraging. Profits of almost all banks have shown a perceptible improvement. A couple of them have even increased their dividends and the others have maintained them on a higher capital. Among the industrial concerns, Voltas, Indian Oxygen and Associated Battery Makers have done well, though they have only maintained the dividend. The impression that one gets from the statements of accounts and directors' reports about the outlook is favourable. Nevertheless, equities in general are lower than those at which they began the year. A possible explanation for this state of affairs is the fact that, in the current year, profit-margins may be adversely affected by a heavier wage bill. The award of the Bonus Commission seems to be unfavourable to shareholders, as the lion's share of the net profit has been earmarked for workers. The revision of cost of living indices, as well as the continued rise in cost of living, implies heavier dearness allowance. The time is up for the Wage Board for plantations to submit its report. It will be unrealistic to think that the Board will let the employers off lightly.

The increase in wage bill is unlikely to be neutralised by a fall in the cost of raw materials or power. On the contrary, all available indications are that the cost inflation will persist. An increase in the cost of electricity to industrial consumers is being actively considered. Similarly, the manufacturers of coal, steel, cement and paper have been pressing the Government to permit a rise in their ex-factory prices. Inflation is going to be the biggest worry of all in the coming months of the year.

A redeeming feature of share markets is the absence of any substantial selling pressure. This is due, to a large extent, to the hope that somehow things will turn out better. The fact that the Government is sponsoring a unit trust has strengthened this hope, as it has created the impression that, however much the politicians may talk of nationalisation and a further strong dose of socialism, the Government has a stake in popularising investments in equities. Again, experience in the past has shown that undue pessimism about the prospects for equities, especially when a boom is absent, has invariably proved unprofitable. In any case, there seems to be no sense of alarm among the leaders of business community. They have been taking the discussions in Bhubaneshwar and the drastic amendments in the banking and company laws quietly.

Boom In Coffee Abroad

Among the world commodity markets, it is not only sugar that has been moving up, but also coffee. In the London market, for instance, Uganda spot is now quoted in the neighbourhood of 335s. a cwt., an increase of 20s. over a week; a year ago, the price realised was less than half of it, 159s. 6d. to be precise. In the U.S., Santos No. 4 is standing at about 47 cents per lb., equivalent to some 380s. per cwt., as against 275s. per cwt. (approximate) this time last year. The main reason for the upward trend in the price of this popular beverage in the Western world—even in the U.K., the traditional tea drinking country, coffee habit is rapidly growing, especially among the younger generation—is a shortage of floating stocks of high grade coffee and the fear of scarcity in the coming months, owing to a big fall in the estimates of Brazilian coffee crop for the 1964-65 season, from over 20 million bags in 1963-64 to less than 10 million bags. The coming into existence of the International Coffee Agreement following its ratification by the U.S. (which accounts for more than half the world consumption of coffee—24.5 million bags a year out of a total of 46.9 million bags) last week has also contributed to the better tone of the market. Discussing the prospects for coffee, the *Economist*, London, writes:

"Coffee prices have soared under the impact of the series of natural disasters during 1963. These virtually eliminated some Caribean crops and Brazil—where the 'normal' production of about 18 million bags equals over one-third of world consumption and recent heavy crops have equalled more than one-half—is estimated to have as little as 9.5 million bags in prospect in 1964-65, while the effects of last year's disasters may still be felt in some reduction of its 1965-66 crop. Brazilian stocks are heavy but ageing, so that purely numerical calculations are little guide to true reserves of high-grade coffee.

"With annual world consumption creeping up and expected to reach 50 million bags in a year or two, there is thus a real fear of physical shortage of 'quality' coffees. Quota increases are to be sought again by the United States when the Executive Board of the International Coffee Organisation (I.C.O.) meets later this month to prepare for the March meeting of the full Council. An increase of a million bags a year was refused at the Council's last meeting. Such increases, more likely to be agreed this time, would ease supplies and, temporarily, prices too; but they would still leave unsolved the other problem that underlies the present imbalance of the coffee market. Some 16 per cent of U.S. roastings and around half of the U.K.'s 1.2 million bags a year now find their way into soluble ('instant') coffees.

"Stocks of coffee in consumer countries, which were kept low while supplies were heavy and prices weak, have now been rebuilt to equal the high post-war levels. So the present climb in prices can be expected to meet with resistance that will cause setbacks from time to time—certainly at the end of this month if the United States has its way on quotas. But any real change in trend must await a recovery in Brazilian output and a change in the basic quotas, neither of which will happen overnight."

If India is to avail itself of the benefit of this boom in world coffee markets, it must seek and obtain a bigger quota than the 20,000 tons that have been allotted to it under the International Coffee Agreement. There is no reason why it should not be granted a larger quota, especially as the shortage is precisely in the varieties which it is in a position to offer. It is to be hoped that the Union Ministry of International Trade will take up the matter with the Executive Board of I.C.O. in London without any delay.

Urban Credit Co-operatives

Whereas the commercial banks cater primarily to the credit requirements of industry and trade, the non-agricultural credit institutions, comprising urban co-operative banks, employees credit societies and others which serve the needs of particular professions, such as weavers and fishermen, perform two important functions. One is to encourage thrift among their members and the other is to provide credit facilities to individuals on a scale that is normally considered uneconomic by the commercial banks. The past few years have witnessed a notable expansion of this sector of the urban economy. Thus, between 1951 and 1962 (the latest year for which data are available), the number of societies has gone up from 7,300 to 12,300, membership from 2.18 million to 5.00 million, working capital from Rs. 57 crores to Rs. 165 crores and loans advanced from Rs. 47 crores to Rs. 162 crores. About a third of the urban population, it is claimed, is today covered by the non-agricultural credit societies and, by the end of the fourth Plan (1970-71), about half the urban population will have been covered.

The progress made by the non-agricultural credit societies is thus notable. Also notable is the financial strength and independence of these societies, as witness the fact that the deposits gathered by them (Rs. 103 crores as of 1961-62) form 62 per cent of their working capital. But the way in which several of these societies are actually working leaves much to be desired. It was, therefore, just as well that the Union Ministry of Community Development and Co-operation constituted, in May last year, a Study Group (Chairman: Mr. V. P. Varde) to suggest measures to ensure the sound and speedy growth of this sector. The Group has since submitted its report, a summary of which was released to the Press last week-end.

The Study Group has done well to deplore the organisation of urban banks on commercial basis. And it is quite realistic in urging that the lending policy of the banks should be production-oriented and related to the repaying capacity of the borrower rather than security. Only, the criteria mentioned should be scrupulously observed. Repaying capacity, for instance, is a vague term and the managements of societies must take care to check the capacity of borrowers to repay thoroughly, lest they should be burdened with a heavy load of bad debts. Loans for small-scale industry and housing, it is suggested, should increasingly be given. In order that the urban banks may not suffer losses by advancing to small industries, the Group has recommended the inclusion of these banks in the scheme for guaranteeing bank loans. No one can take exception to this recommendation, as well as to the plea that the central financing co-operative agencies should provide the urban banks adequate loans and overdraft facilities. But the Group's suggestion pertaining to State contribution to share capital on matching basis is irrational. Where, after all, is the need for such contribution when the urban banks themselves are collecting sizable deposits, as noted above?

As for employees' co-operative societies, the Group wants every organisation employing more than fifty persons to have one such society. This is a good suggestion worthy of implementation. Surely, the employers can provide, as has been suggested by the Group, working capital loan of upto Rs. 15,000 repayable in ten years, besides managerial subsidy or staff on loan for about three years initially. Care, however, must be taken to see that the employee-members of the societies do not make it a habit to borrow from these societies for all and sundry purposes.

Bajaj Tempo To Expand

Encouraged by its own past performance and by the excellent demand that exists for light trucks (three-wheelers and four-wheelers), Bajaj Tempo Ltd. has decided to undertake a large-scale expansion programme estimated to

(Continued on next page)

DELHI LETTER

ANTI-GRAFT DRIVE

(From Our Special Correspondent)

ALTHOUGH he has been meeting the Prime Minister and having consultations with him almost daily, the responsibility of being the No. 1 in full operation in the Centre has been thrust upon Mr. Gulzarilal Nanda temporarily. According to Mr. Nanda—in conversation with foreign correspondents last week-end—Mr. Nehru has been wanting to be up and about as early as he can, but all his party friends have been advising the Prime Minister to take it easy. Mr. Nanda says that a radical reorganisation of the Cabinet will be completed before Parliament reassembles in the third week of February for the Budget session. While the Prime Minister remains available for consultations from his sick bed, foreign as well as domestic affairs have pressed upon Mr. Nanda. At Calcutta, the Home Minister took quick and firm steps to control the communal troubles. The riotous aftermath of the theft of the Prophet's hair in Kashmir and the breakdown of the administration in that State as well as the Bengal rioting had international Indo-Pakistani overtones which again have had to be dealt with largely by Mr. Nanda without ready advice from senior colleagues who have been Kamaraj-planned into the party wilderness.

In the Planning Commission, Mr. Nanda, with all the Gandhian sincerity at his command, had earned a reputation for long-winding dissertations and little else. It must be said in his defence that, in all those years, he did not have the administrative apparatus under him to implement his ideas, his job was to be a shadow of Mr. Nehru in the planners' brains trust. In the few months he has been in the Home Ministry, Mr. Nanda is beginning to prove himself capable of quick decisions and firm implementation, as was seen in Calcutta. Amid all these preoccupations with quasi-international and law and order problems, the Home Minister has found time to work out in great detail a programme for administrative reorganisation and suppression of corruption.

Move No. 1 in the anti-corruption drive is the appointment, announced last evening, of Mr. Nittor Srinivasa Rau, retired Chief Justice of the Mysore High Court, as the Chairman of the Central Vigilance Commission. The appointment will be for six years and the judge will be barred from accepting any other Government post afterwards. The judicial chief of the Commission will have independent authority to take up cases on his own, without anybody standing in the way. No doubt, he will operate within the ambit of restrictions imposed by constitutional procedures and not through emergency laws.

Move No. 2 is action to reduce administrative delays which have become the major cause of corruption. Mr. Nanda divides into two broad categories the corrupt practices in the permit *raj* that the country is—bribes being offered for getting what are normally due to the applicants for some permit, licence or concession, and bribes for undue favours to which the applicants are not entitled under the normal course of licensing or other orders. The first category of bribes, Mr. Nanda explains, has become widespread because of the administrative delays of which some are contrived at to induce bribe-giving—deliberate delaying tactics to earn cash. The businessman parts with money to get what may be his normal due to avoid waste of time which again is waste of money and profit for the industrialist. Nobody has yet suggested a *satyagraha* by some industrialist laying claim to a Gandhian business pedigree. Mr. Nanda does not promise a *ram raj* which would brook no delays, but offers to act within the administrative framework by putting the screw on officials. He is calling a series of meetings of senior officials to speed up administrative procedures. There will be someone high enough in the official hierarchy who will also be easily accessible, to deal with grievances about delays. This again will naturally have to suffer a red-tape treatment because the complainants will have to be screened first. As for the other set of corrupters in search of special favours, the weapon is the big stick and the Home Minister holds out the threat of deterrent punishment in which the bribe-giver will be penalised as much or more than the official caught taking illegal gratification. The meeting between industrialists and the Home Minister last week was something of a comic interlude in which both sides accepted the charges of widespread corruption and made a mutual promise to mend ways. The Home Minister hopes to have his anti-corruption machinery in swing by the time the new financial year begins.

Food Trading

Apart from the resolutions adopted at the Bhubaneshwar session of the Congress—which prescribes no deadline for various socialist measures—there are practical considerations which are leading to an elaborate reassessment of the policy on trading in foodgrains. The re-thinking is taking the administration away from the policies of Mr. S. K. Patil which ended State trading. The Calcutta rice crisis caught the administration on the wrong foot and the traders were found, by and large, unmanageable. Food Ministry officials are thanking their and Mr. Swaran Singh's lucky stars that a situation similar to that in Calcutta did not emerge in North India in the past few weeks. Wheat stocks in the North Indian grain markets are said to be a tenth of what they were at this time a year ago and one reason for the small stocks is the huge export to Bengal during the rice crisis. The Government claims to have averted a grain crisis in the northern zone by unloading large quantities of wheat through hundreds of fair-price shops. In Delhi itself, about two hundred new fair-price shops have been opened, bringing their total number to more than four hundred and fifty.

TREND OF SHARES

PRE-BUDGET APATHY

(From Our Own Correspondent)

BOMBAY, *22nd January*

SHARE markets were again on the defensive last week, with both bulls and bears disinclined to be aggressive. A growing decline in the volume of business and a continuation of the sustained downward drift were the main features of the trading. The mood was one of caution and the professional operators were not inclined to enlarge their commitments. The bulk of the business was of a jobbing nature with an increasing tendency to book quick profits at small upturns. The phenomenon could be attributed as much to the pre-budget apathy as to the continuance of mixed news from the corporate front. Judged by the mood of the market, it appears fairly certain that equities will drift aimlessly to progressively lower levels, until the budgetary uncertainties which have cast their shadows on the market are out of the way.

On the economic front, the news bag contained quite a few encouraging features. The reports that the Union Government is taking steps to provide adequate and cheap credit for export purposes as recommended by the Study Group on export finance and the recommendations of the Secretaries' Committee in regard to decontrol of steel failed to create a durable impression.

On the contrary, the reactionary trend which developed on Friday gathered fresh momentum under the unfavourable impact of the reported recommendations of the Bonus Commission whose report was signed on Saturday. The Commission is reported to be of the view that a return of seven per cent on paid-up capital and four per cent on reserves should be adequate and that a minimum bonus of four per cent and a maximum of 20 per cent of annual wages (including dearness allowance) should be paid. Marketmen also found something to worry in the Lakdawala Committee's findings that the cost of living index in Maharashtra will have to be revised upwards.

The uncertainties regarding Cabinet reshuffle were set at rest by the official announcement of Mr. Lal Bahadur Shastri and Mr. D. Sanjiviah as Ministers of the Union Cabinet.

As the Central budget was only five weeks away, speculation was rife about the new budget proposals. While the overall tax structure for the new financial year is not expected to undergo any radical change, feeling is gaining ground that Mr. T. T. Krishnamachari would grant some relief to the corporate sector at least in the matter of Super Profits Tax in order to enliven the capital markets. Since the level of expenditure is likely to show a further rise next year, marketmen believe that the Union Finance Minister might rely more on indirect taxes. Moreover he may have to find the ways and means of implementing the socialist policies of the Congress. It is also feared that there cannot be any significant change in the dividend outlook for the corporate sector in the context of the recommendations to limit unearned income.

Scripwise, all the speculative counters, excepting A.C.C., Scindia and Telco wound up the week with on-balance losses in varied degrees. The rot began since the end-of-account session on Friday when fears of higher contango charges provoked tired bull liquidation and in its wake prices declined along the entire list. A weak tendency developed on Monday, following the bearish implications of the Bonus Commission's report, which suggested a larger distribution of profits to labour. Several equities took a downward plunge which brought them down to the depressed levels registered on 2nd January as a sequel to Congress resolution on democratic socialism. A feeble attempt at recovery on the following days proved abortive in the absence of any follow-up support even at lower levels. During the course of the week, Tata Steel were marked down to Rs. 144.50, Indian Iron to Rs. 24.84, Century to Rs. 664, Bombay Dyeing to Rs. 61.40, Kohinoor to Rs. 330.50, National Rayon to Rs. 418, Telco to Rs. 290, and Hind Motor to Rs. 18.84. At these levels, some replacement support was in evidence which averted a further decline. The closing rates on Thursday were a trifle better: Tata Steel Rs. 145, Indian Iron Rs. 24.88, Century Rs. 673.50, Bombay Dyeing Rs. 62, Kohinoor Rs. 333.00, National Rayon Rs. 419, Telco Rs. 292, Hind Motor Rs. 18.88. The most pronounced fall was in Standard which closed at the worst level of Rs. 777 against Thursday's close of Rs. 822. The only shares which had an improved finish were Scindia and A.C.C.

In the cash section, the general drooping tendency was once again in evidence not because of any perceptible selling pressure but due to paucity of inquiries. Mafatlal Fine were marked down in the last two sessions by Rs. 120 to Rs. 600 on disinvestment selling, following the offer to the public of 14,500 equity shares of Rs. 100 each at a premium of Rs. 275 per share.

MARKET GOSSIP

(Concluded from previous page)

cost about Rs. 180 lakhs. The programme envisages (a) an increase in the production capacity of three-wheelers from 1,000 to 2,500 vehicles a year and (b) manufacture of 1,500 four-wheelers annually. The bulk of the estimated outlay of Rs. 180 lakhs is proposed to be met from borrowings (Rs. 92.77 lakhs, including Rs. 50 lakhs from the I.F.C. of India), reserves (Rs. 7.37 lakhs), present capital (Rs. 14.59 lakhs), contribution to equity capital by the foreign collaborating firm (Rs. 17.77 lakhs) and offer of shares to existing shareholders (Rs. 18.50 lakhs). The balance of Rs. 29 lakhs will be offered to the public. The issue will open for subscription on the 10th of next month.

The public response to the issue of Bajaj Tempo will doubtless be encouraging. For the Company's products are assured of a ready market. Further, the experience which the Company has already had and the services of some technicians made available by the German collaborators may be expected to ensure quality production at economic costs. What is more, the Company is already paying handsome dividends, the rate of dividend actually paid for the year 1962-63 being 20 per cent. The Company, it will be recalled, commenced manufacturing activities only in May 1959.

Guest, Keen, Williams' Debentures

The well-known firm of Guest, Keen, Williams Limited is offering to the public Rs. 1.5 crore worth of debentures—1973-78 (of Rs. 1,000 each at par) carrying interest at 7 per cent taxable. The proceeds from the issue will be utilised for financing the Company's development plans, the most important of which pertains to the expansion of steel making and rolling capacity for the manufacture of special steels. The subscription list will open on 3rd February. The whole of the issue has been underwritten by the Life Insurance Corporation, the I.C.I.C.I. and four sharebroker houses. The Company has chosen the issue of further debentures—there are already outstanding Rs. 139.75 lakhs worth of 6½ per cent stock 1966-71—apparently because its subscribed capital is quite large, being no less than Rs. 632.18 lakhs.

Notice

STRUCTURAL ENGINEERING WORKS LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Twentieth Annual General Meeting of the above Company will be held at 4.30 p.m. on Wednesday the 29th January, 1964 at the Registered Office of the Company to receive and adopt the Directors' Report and Audited Accounts for the year ended 30th June, 1963, to declare dividends, to appoint Directors in place of Mr. A. M. Kapadia and Mr. I. N. Bhagat who retire by rotation and to appoint Auditors for the current year.

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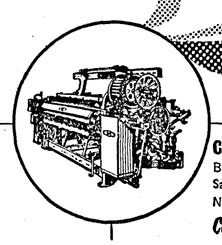

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LEADING ARTICLE :
- **A Year of Hardship and Stagnation**

FEATURE ARTICLES :
- **Rethinking on the Constitution**—C. S. Venkatachar, I.C.S.(Retd.)
- **U.S. Military Aid to India**—Dr. M. S. Venkataramani
- **Defence and Industrial Development**—C. H. Bhabha
- **Helping the Developing Countries**—Sir Roy Harrod
- **The European Economic Community**—Prof. H. C. Walter Hallstein
- **G.A.T.T. and Developing Countries : An Appraisal**—Finn Gundelach
- **Is Liquidity Problem a Global Affair ?**—Neil McInnes
- **Balance of Payments Problem and Economic Development** Dr. P. S. Lokanathan
- **Planning by Persuasion : Evolution in Britain**—George O. Hoskins
- **Indo-British Economic Relations**—Michael Donelan
- **Prospects for Investors**—George Carvelho
- **Statism in Co-operative Movement**—J. C. Ryan, I.A.S. (Retd.)
- **Agricultural Refinance Corporation**—V. Sivaraman
- **Evolution of Union-State Relations**—A. K. Chanda
- **Stabilising the Price Level**—Prof. P. C. Jain
- **Planning for Development**—G. D. Somani
- **Export Promotion Needs More Serious Attention** R. J. Venkateswaran
- **Productivity : Key to Export Promotion**—Chinoobhai C. Javeri
- **The Emergent Countries of Africa**—C. N. Vakil
- **Training of Chartered Accountants**—Dr. Rustom C. Cooper
- **Public Sector Undertakings**—Radheshyam R. Morarka, M.P.
- **Progress of Rayon Industry**—Babubhai M. Chinai, M.P.
- **Oil in Indian Economy**—P. A. Gopalkrishnan, I.C.S.
- **Copper Industry of India**—K. V. Subrahmanyam
- **Control and Regulation of the Banking System** Pravinchandra V. Gandhi
- **Banking Education in India**—Dr. J. D. Sundram
- **Debt Expansion for India's Economic Growth**—S. R. Sarna
- **State of Banking Statistics**—" Argus "
- **Gold Control in Retrospect**—Dr. Kersi Doodha
- **Entrepreneurship and Economic Development**—Dr. D. L. Narayana
- **Firm as a Unit of Assessment**—C. C. Dalal
- **The Glass Industry of India**—P. N. Talukdar

FEATURE ARTICLES—*(Continued)*
- **Marketing Organisation for Corporate Issues**—L. C. Gupta
- **Tea and Coffee Industries**—J. R. Henshaw
- **Obsolescence in Management**—S. Srinivasan
- **Trade Union Rivalry in India**—Dr. J. L. Rastogi
- **Use of Grievance Procedure**—Prof. B. N. Mehrotra
- **The Millions of Workers**—Dr. K. A. Zachariah
- **Economic Trends in Britain**—Our London Correspondent
- **Economic Trends in the U.S.**—Our New York Correspondent
- **Economic Trends in West Germany**—Inga Krugmann-Randolf
- **Why Road Transport ?**—Dr. F. P. Antia
- **State of Oilseeds in India**—Ramdas Kilachand
- **New Dreams for Steel Aplenty**—Our New Delhi Correspondent
- **Another Bad Year for Pepper**—I. T. Parekh
- **World Bullion Review**

1963 REVIEW OF
- **Labour**
- **Commodity Prices and Cost of Living**
- **World Commodity Prices**
- **Coal**
- **Jute**
- **Textiles**
- **Cotton**
- **Sugar**
- **Planting**
- **Food and Agriculture**
- **Industrial Production**
- **Trade**
- **Banking and Money**

TREND OF MARKETS IN 1963 :
- **Stock Exchanges**
- **Cotton**
- **Oilseeds**
- **Bullion**
- **Tea**
- **Jute**
- **Metals**
- **Hides and Skins**

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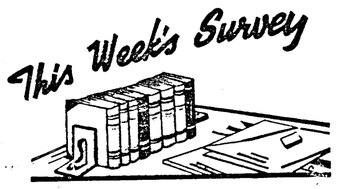

U.S. MAMMOTH BUDGET

THE mammoth budget of the U.S. Government for the fiscal year beginning on 1st July next, which President Johnson presented to the Congress on Tuesday this week, cannot be described more aptly than what President Johnson himself called "a budget of economy and progress." It is a budget of economy, because it envisages, for the first time in the past nine years, a reduction of $500 million to $97,900 million in the total administrative expenditure, in spite of an appreciable increase of $4,600 million to $93,000 million in administrative receipts. The resulting budget deficit is, therefore, small, being $4,900 million, as against $10,000 million (estimate) for the current fiscal year (1963-64) and $6,200 million for 1962-63. The reduction in deficit certainly marks an important step towards "the achievement of a balanced budget in a full-employment, full-prosperity economy." And the budget is a budget of progress in that it continues to provide ample funds for a multitude of programmes, domestic and foreign, aimed at peace and plenty for all. The key paragraph in President Johnson's budget message is worth recording here:

"This budget safeguards the peace by providing for the further strengthening of the most formidable defence establishment the world has ever known; it recommends continued military assistance to those nations menaced by Communist aggression, direct and indirect; it includes economic assistance to those nations which are willing to take the steps necessary to guard their freedom and independence through economic self-help; it provides the funds necessary to advance our mastery of space, toward the achievement of a manned lunar landing in this decade; it provides for the sound management and development of our natural and agricultural resources; and in its recommendations relating to education, housing, manpower training, health, and employment opportunities for youth, it provides more funds than ever before in our history for the fuller development of our nation's most important resource—its people. Moreover, this budget makes provision for the initiation of a new and major effort to break the vicious circle of chronic poverty, which denies to millions of our fellow citizens a just participation in the benefits of life in our country. We owe to every young person in America a fair start in life—and this means that we must attack those deficiencies in education—training, and health, and job opportunities by which the fetters of poverty are passed on from parents to children. The attack on poverty must rely on local initiative and leadership and the resources of the local, State, and Federal Governments must be mobilised to support these efforts."

The administrative budget expenditure of $97,900 million estimated for the coming fiscal year covers only regular Government programmes financed out of Treasury revenues and does not include the outlay of $29,400 million on trust fund transactions and other special projects having their own sources of revenue (such as the Highway Trust Fund and the Social Security System). Adding these two figures and subtracting $4,600 million (that would otherwise be counted twice), the total Government outlay, or the total cash payments to the public as it is called, comes to $122,700 million, which is the same as that for the fiscal year 1963-64. More than two-fifths ($55,200 million to be precise) of this aggregate outlay is accounted for by national defence and nearly one-fourth (24 per cent of the total) by social security payments, as well as other trust fund transactions. The balance represents the combined share of international relations (2 per cent), interest charges on Federal Government debt (7 per cent), space research (4 per cent or $6,731 million), agricultural programmes (4 per cent), veterans benefits (4 per cent) and other programmes, including natural resources, commerce, transportation, housing, health, labour, community development, federal aid for education and general Government (11 per cent). Of the money needed to finance these payments, 40 per cent will come from individual income taxes, 21 per cent from corporation income taxes, 14 per cent from employment taxes paid into trust funds that finance workers' benefits, 23 per cent from other taxes and 2 per cent from public borrowings.

The President's budget estimates tell only a part of the story about Governmental spending in the U.S., for they exclude the funds spent by State and local Governments. In 1962, the most recent year for which complete figures are available, general expenditure by these Governments amounted to $59,000 million, the comparable figure for the Federal Government being $89,000 million. While the Federal Government spends most heavily for national defence, the State and local Governments put the bulk of their money into schools, highways, hospitals and public welfare programmes.

To India and other developing countries, President Johnson's budget message is certainly gratifying. In this message, the President has echoed his distinguished predecessor, Mr. Kennedy's emphasis that the U.S. should use a part of its great resources and technical knowledge to promote in the emerging nations hope and orderly progress, replacing misery, hostility and violence. "The 1965 request," to quote him again, "reflects the successes we have had in reducing the dependence of some nations upon the low-cost aid loans made by the Agency for International Development; by 1965, a number of countries will have turned to other sources and types of loans more consistent with their increasing economic strength." It is also a matter for great satisfaction to the developing countries that President Johnson has laid considerable emphasis on the reduction in trade barriers, as this step would bring about an increase in their exports and help an increasing number of these countries to become self-supporting. Declaring that the 30-year campaign of the U.S. to reduce barriers to world trade and the intensified pursuit of that goal signalled by the passage of the Trade Expansion Act of 1962 would reach a climax in 1964, he said: "For most poorer countries, full self-support is still some distance off. We must help them find a path to development through freedom and freedom through development." These are, indeed, noble sentiments and it is to be hoped that they would permeate the deliberations and actions of the U.S. Congress as well as of the other industrially advanced countries, especially the members of the European Economic Community.

TECHNICAL TALENT FOR PUBLIC SECTOR

The problem of attracting and retaining qualified personnel, especially technical personnel, which the industrial and commercial undertakings in the public sector are already facing, will increase in magnitude and complexity as the public sector expands, as it doubtless will. For, in the free market for labour, which exists in this country, those establishments, which offer better terms and opportunities for advancement, will obviously attract better talent. Public sector undertakings will, therefore, have to compete more keenly with the private sector units if they want to attract first class technical and managerial talent. Since most of the public sector undertakings are concerned with highly complex and specialised technical operations, it would be a dangerously shortsighted policy to select second-rate personnel to be put in charge of plants costing crores of rupees. So far, no serious attempt seems to have been made to evolve a system of remuneration that will attract and retain talent in the public sector undertakings. The system obtaining in most of them is at best a modified version of the pay scales applicable to the civil service. The result has been not altogether happy, because public sector undertakings are finding it increasingly difficult to get suitable technical personnel of the required quality. In fact, there is even a flight of first class talent from the public to the private sector which offers more attractive terms and greater scope for quick promotion.

In view of this position, the Industries Ministry of the Union Government did well to initiate an independent study of the problem, the causes and solutions for it. The study was made by Dr. H. K. Paranjape of the Indian Institute of Public Administration, New Delhi. For the purposes of the study, data were specially collected from 27 enterprises in both public and private sectors. The study points out that the existing imbalance between the demand for and supply of experienced engineers, especially those with certain kinds of specialised experience, has created difficulties for all industrial undertakings whether in the private or public sector. However, new public sector undertakings have a special problem to face, in that they have to attract at least a minimum number of qualified and experienced persons at the initial stages. The study has, therefore, suggested that public sector undertakings should pay higher salaries to technical personnel. One of the findings of the study is that remuneration in public sector undertakings is generally related to the pay scales prevalent in Government services and grant of higher pay at a comparatively young age is objected to even in the case of scarce talent. There is, the study points out, a virtual ceiling on remuneration at Rs. 3,000 though, in the case of foreigners and a few persons specially obtained from the private sector under special agreement, higher remuneration is permitted. The result is that competent and experienced persons are not attracted to new undertakings and those who possess valuable experience tend to get lost to the public sector.

It is true, the study points out, that public sector undertakings are treating their employees fairly; but then, it adds, the large and better managed companies in the private sector also do so, though there are many private companies which are much worse than public sector undertakings in their treatment of workers. This distinction is, however, irrelevant to personnel selection, because the public sector undertakings, if they were to secure talent, have to compete not with the badly managed companies in the private sector but with the well-managed ones. Given a mixed economy and the reluctance of the Government directly to control the remuneration paid by private sector undertakings, there is no alternative to public sector undertakings but to provide comparable remuneration. The report adds that the idea that salaries in the public sector undertakings should be similar to those paid in Government services should be firmly rejected and that a business-like approach to remuneration should be adopted. The study emphasises that, in an economy where rapid industrial growth is taking place, some migration of personnel is not only not harmful but to some extent desirable. But public sector undertakings, which lose a large number of their personnel or fail to attract sufficient number of young men of talent, are bound to suffer.

The study has also made certain specific recommendations regarding the lower and upper limit of salary and the channels for promotion. Thus, it is suggested that a fresh engineering graduate should get a starting salary of Rs. 500 per month and that the top most salary in large public undertakings should be placed somewhere around Rs. 5,000 per month. As regards promotion, it is suggested that opportunities for rising to top positions should be equally open to all categories of personnel and that technical personnel should not be made to feel that they are handicapped because of their being engineers and technicians. One of the significant findings of the study is that bureaucratic attitude on the part of top-managers, many of whom are civil servants, has been a source of considerable dissatisfaction among the younger technical officers.

The author of the study examined the feasibility of creating a common cadre of technical personnel for all public sector undertakings. His conclusion is that a common cadre will not be desirable, though some kind of a co-operative endeavour may be necessary for small enterprises in the public sector. He has, however, stressed the need for observance of certain uniform principles regarding remuneration in all public sector undertakings. In order to ensure uniformity, the establishment of a pay research unit is proposed for conducting surveys and advising public sector units about suitable standards of remuneration for different types of jobs.

The most important point that emerges from the study is that personnel policies in public sector undertakings, including the level of remuneration, cannot be pursued in isolation but has to take cognisance of the trend of salary and other benefits offered in the private sector. It is, in other words, idle to think that an industrial undertaking in the public sector could be managed in the same way as a Government department. If the Government wants (and it certainly does) public sector undertakings to function as efficiently as the units in the private sector, it should be prepared to adopt those policies which have contributed to the latter's efficiency. This is as much true of personnel as of other aspects of management.

D.I.R. AND CANE SUPPLIES

The Union Food and Agriculture Minister's statement at Lucknow the other day that the Defence of India Rules would not henceforth be resorted to for inducing the cultivators to supply cane to the sugar mills in reserved areas is rather surprising. It may be that administrative action for cane regulation has already been taken and a stage reached where it would be possible to deal with the problem under normal laws. But the withdrawal of D.I.R. for cane supply will definitely take away even the element of paper compulsion and further worsen the situation of sugar production, especially in Uttar Pradesh. The crushing operations of sugar mills are not so encouraging as one would wish. The actual output of sugar up to the 7th of this month, according to Mr. A. M. Thomas, Union Minister of State for Food, was no more than 912,000 metric tons, as against the 755,000 tons produced in the corresponding period of 1962-63. The rise in output is thus of the order of 21 per cent, whereas the production target of 3.30 million tons fixed to be achieved in the current season represents an increase of over 50 per cent as compared with the actual output of 2.15 million tons in 1962-63. Whatever it is, one wonders whether it is advisable to withdraw the application of D.I.R. for cane supplies during the peak period of the crushing season and that when the sugar mills continue to experience difficulties in obtaining their requirements of cane. It is strange that, while the Government is prepared to compel cereal growers to deliver a part of their crop at fixed prices, it is unwilling to follow this method so far as sugarcane is concerned. Commenting on the withdrawal of D.I.R., a spokesman of the U.P. sugar industry is reported to have said:

"The situation will worsen further. The stumbling blocks created by cane growers have already made it impossible for the factories to reach the State's production target of 1.5 million tons. The Government has already admitted that it would be possible to produce only 1.2 million tons. In the present circumstances, the maximum the State can achieve is 1.05 million tons. . . . On the basis of present trends, ten to fifteen sugar factories will conclude their operations before the end of next month for want of cane."

Similar seems to be the position obtaining in Bihar State. "Five sugar mills in North Bihar," to quote a report, "are facing closure owing to the diversion of sugarcane to *gur*. A large number of *gur* manufacturers have migrated from U.P. to North Bihar. They have made bulk purchases of standing cane crop, thereby depriving the sugar mills of their normal supply."

Mr. Swaran Singh has, of course, done well to brush aside the political pressure brought upon him for removing the ban on inter-State movement of *gur*. But the point is that, in spite of such a ban, mills in certain areas, as Mr. Swaran Singh himself has admitted, are facing acute competition from *gur* and *khandsari*. One of the factors—a predominant factor indeed—that has inspired such competition pertains to the increasing use of *gur* for illicit distillation which, as is well known, has turned to be a flourishing cottage industry in several places, thanks to prohibition. Mr. Swaran Singh is, therefore, sadly mistaken if he thinks that the present problem of cane supply to sugar factories has been met by raising the cane price to Rs. 2 per maund in areas of keen competition for cane supplies. If the authorities are really anxious to ensure maximum sugar production, they must accept the imperative need for completely banning *gur-khandsari* production in and around sugar factory areas. There is no escape from this.

On the question of cane price, Mr. Swaran Singh also stated at Lucknow that there was no scope for a further increase in price and that the sugar mills were free to give from their own resources a cane price of more than Rs. 2 per maund in the interest of keeping up sugar production. This statement implies that any additional price will not be taken into account at all for the purpose of fixing ex-factory sugar prices. Does Mr. Swaran Singh believe that the sugar mills have the means to pay a higher price for cane? The present price of Rs. 2 per maund is itself high in all conscience. It is the sugar consumer that is being mercilessly squeezed out to whet the appetite of the politically-led cane growers, as well as of the exchequer.

SEVEN MORE BANKS ANNOUNCE THEIR RESULTS

Since we went to press last week, seven more banks have announced their working results for the year ended December 1963. They are the State Bank of India (the biggest commercial bank in India though it is in the public sector), the Central Bank of India (the biggest commercial bank in the private sector), the United Commercial, the Union Bank, the Indian Overseas, the Canara Bank and the Syndicate Bank (formerly known as the Canara Industrial and Banking Syndicate Ltd.). The results of all these banks, as those of others reviewed briefly in our earlier issues, also show an improvement in net profit. The improvement must be attributed to expansion of banking business, as is reflected in the upward trend of advances. If the rise in net profits for the year 1963 as compared with the previous year has not been more marked, it is because of the fact that the increase in gross earnings of banks has been neutralised greatly by heavier interest payments, staff and other expenses, and taxation. The table below gives the exact amount of net profits earned by the aforesaid seven banks during the years 1962 and 1963, as well as dividend absorption, transfer to reserves and amounts brought in and carried forward:

(In lakhs of rupees)

Name of bank	Profit*	Amount brought in	Transfer to reserves	Dividends	Amount carried forward
State Bank of India:					
1962	269.25	50.41	55.00	129.37	45.67
1963	274.82	45.67	55.00	129.37	35.51
Central Bank:					
1962	179.06	23.37	38.71	63.00	0.93
1963	189.26	0.93	40.00†	63.28	0.91
United Commercial:					
1962	73.33	2.07	28.00	24.56	0.19
1963	76.43	0.19	17.00	33.60	0.76
Union Bank:					
1962	22.07	1.45	6.00	6.06	1.40
1963	27.38	1.40	6.00	11.40	10.88‡
Indian Overseas:					
1962	20.00	2.23	6.75	10.20	2.03
1963	24.93	2.03	4.00	13.19	1.02
Canara Bank:					
1962	15.44§	0.47	5.50	8.20	0.53
1963	24.00§	0.53	N.A.	15.00	N.A.
Syndicate Bank:					
1962	18.33	0.35	6.50	8.40	0.78
1963	26.00	0.78	9.00	8.40	4.38‖

* After providing for taxation (figures not disclosed) but before providing for bonus to staff.
† Excluding Rs. 39 lakhs transferred to special reserve.
‡ Subject to payment of bonus to staff.
§ After providing for bonus to staff.
‖ Subject to other appropriations not disclosed.
N.A.—Not available.

Dividends (subject to tax) have been maintained at the previous year's levels in the case of all banks, except the Indian Overseas which has stepped it up from 12 per cent to 14 per cent; the actual rate (per cent) of dividend proposed for the year 1963 is: State Bank of India 23, Central Bank 20, United Commercial 112, Union Bank 11.4, Syndicate Bank 20 and Canara Bank 15. The dividends in the case of United Commercial, Union Bank and Canara Bank are on higher capital. Besides maintaining dividend on higher capital, the Directors of the United Commercial have also proposed to issue, subject to the approval of the Controller of Capital Issues, bonus shares in the ratio of one share (of Rs. 50) for every 14 shares held by capitalising a part of the premium on shares. The new shares of the Union Bank, which qualified for dividend for only three months in 1962, are now entitled to a full year's dividend. The amount transferred to reserves is larger in the case of Central Bank and Syndicate Bank, but smaller in respect of United Commercial and Indian Overseas, while it is unchanged in the case of State Bank of India and Union Bank. The allocation to reserves made by the Canara Bank is not known. Bonus to staff accounts for quite a bit of the profits earned. The actual amount set aside for this purpose—in lakhs of rupees—for the year 1963, the figures in brackets relating to 1962, is: State Bank 82 (72); Central Bank 70 (65); United Commercial 19 (16.5); Indian Overseas 6 (4); Syndicate Bank 5 (3). The amount of bonus payable by the Union Bank and Canara Bank is not known; in the previous year, their bonus had absorbed Rs. 7.66 lakhs and Rs. 5.14 lakhs, respectively.

In the preliminary statement of results, the deposits of the Indian Overseas Bank, as on 31st December 1963, are shown at Rs. 41.50 crores, as against Rs. 37.13 crores a year before. The corresponding figures for the Syndicate Bank and Canara Bank are Rs. 45.11 crores (Rs. 32.65 crores a year before) and Rs. 72 crores (Rs. 59 crores), respectively.

I.F.C. INVESTMENT IN NIGERIA

The International Finance Corporation has agreed to join a group of leading Japanese cotton textile firms and two Nigerian development institutions in establishing a new cotton textile company in Nigeria. The new company, called the Arewa Textiles Ltd., will construct and operate an integrated cotton textile mill at Kaduna in Northern Nigeria. The cost of the project is estimated at £N 1.6 million ($4.48 million), of which the I.F.C. is providing finance, in the form of loan and share capital, amounting to £N 250,000 ($700,000). The Barclays Overseas Development Corporation of London (a subsidiary of Barclays D.C.O.) and Handelsfinanz of Zurich are participating in I.F.Cs loans. The I.F.Cs investment is in the form of capital shares to the tune of £N 117,000 and loans aggregating £N 133,000. Of the amount to be lent, £N 87,000 will be in the form of a secured loan, repayable in ten equal annual instalments beginning in 1967, and £N 46,000 will be in the form of a convertible loan, repayable in five equal annual instalments beginning in 1969. The new plant will have 10,000 spindles, 400 looms and appropriate bleaching facilities. Using Nigerian cotton as a raw material, it will help in the growth of an industry which has a natural base for development in Nigeria. When in full production, the plant will provide employment for some 750 Nigerians. This is the first investment that the I.F.C. has announced in Nigeria, and it is the first operation in which the I.F.C. will be associated with a group of Japanese industrial companies.

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LONDON LETTER

SATISFACTORY TRADE FIGURES

WILL BANK RATE BE RAISED?

(From Our Own Correspondent)

LONDON, 18*th January*

WE now have the trade figures for December before us and therefore those for all 1963. *Both imports* and exports jumped to *record* levels in December: even on a seasonally adjusted basis imports hit a new high at £443 *million* and exports and re-exports a new high at £373 *million—which also shows* a record high *trade* gap of £70 million.

For the year 1963 as a *whole, imports* totalled £4,825 million (a 7 per cent rise on the *1962 total)* and *exports* and re-exports reached £4,230 *million (also a 7 per cent* rise on the year). The crude trade gap is, therefore, a little under £600 million but, when the imports, which *are shown above on* a c.i.f. *basis, are* corrected to f.o.b.—same as exports—the *gap* is narrowed to about £100 million. Thus, pending final estimates for the invisibles, there is no reason to alter *recent forecasts that the year will* end up with a *favourable* balance of the order of £100 million.

The first comment on these figures is that imports have not risen as much as they might, *given the upsurge in the* economy, even though they are 2 per cent over the *annual* N.E.D.C. target. Admittedly, in the last quarter, imports rose 13 per cent, but they rose 14 per cent in the last quarter of 1960 at *the same* stage in the trade cycle of four years ago.

The second point is that the average monthly trade gap has been growing: from £36 million per month in the first quarter, £47 million in the second and £53 *million* in the third, to over £60 million in the final quarter. But again, for a boom year, it could have been *worse.*

The question as to why it has not been worse brings us to the third point, which is the encouraging export performance. The last peak month was August and *since then exports* have, relatively speaking, been dropping away. Thus, their rise to a new December peak—on a seasonally adjusted *basis*—shows that the momentum of increase has not been lost. Moreover, past dragging in exports has been to the sterling area where raw material prospects are now better and *with them the chance of* more export expansion; and recent expansion has been to North America where trade prospects remain exceptionally good.

Even so the steadily rising strain on balance *of payments is something of which account must* be taken and, if the strain is not to increase, the first question asked is what monetary action the *authorities might* take. Apart from the balance of payments, *they must be noting the* rise in both industrial investment above the *forecasts* and the higher personal spending. Midway through last year the forecast was that capital investment in industry in 1964 would be little different from that in 1963; now, *six months later,* the Board of Trade is forecasting a rise of 8 per cent. The distributive and service industries are expected to go up from the original 5 per cent estimate by 10 per cent; so taking *all business investment,* whereas the original guess was under 5 per cent, it now looks as if 10 per cent will be nearer the mark and in terms of money this might be £100 million more investment. Even these figures are well below the level of investment for 1962, but the investment boom of that year marked the end of *the previous cycle.* The present indications are that investment in 1965 will be even higher than in 1964.

As for consumer spending, the latest figures only relate to the third quarter which was up on *the second quarter by* the very high margin of 2½ per cent. Present indications are that 1963 consumer spending was 3½ per cent up on *the previous* year—and, of course, the rate is steadily rising.

Over the past quarter short-term interest rates have risen 0.3 per cent and long-term rates 0.4 per cent, but neither of these rates *are quite as high* (especially the short rates) as they were in the *early spring of last year.* Superficially, therefore—Bank rate having been unchanged over this period—there seems no *reason* to suppose that Bank rate might be *raised (the gap between it and other* rates being less wide than last *March).*

The anxiety to avoid a repetition of stop-go *policies, however, makes everyone concerned* strain to look ahead as much as possible in order to use gentle brakes and stimuli. Thus, the current query is whether Bank rate should *not be raised as* a warning. What about the effect on international *money flows? There is* now a two-tier Bank rate, brought into operation when the Bank rate was last lowered to enable hot money to continue earning competi*tive interest. This would hardly work in* reverse, for, if all money *rates were rising,* overseas funds would come in to take advantage of this. And at present the margins be*tween British* and U.S. interest rates (and also in other *competitive centres)* are not such as to encourage a British move upwards. *If the* U.S. economy does go on boosting and money rates there rise, then the British rate is likely *to follow automatically.*

But, apart from the technical reasons concerned with the economy, there are political *reasons to consider and, though the* Governor of the Bank is not directly *concerned with* these, his master in Whitehall is. If the election is not too long delayed, then Bank rate could go up soon after it (whoever was in power), but, *if it is unduly postponed,* technical reasons could force the Chancellor's hand. Indeed, the Chancellor must be increasingly faced with a conflict between his political and *national interests. The* former dictate giving the economy a free *rein till after an election,* the latter might demand a gentle application of the brakes very soon. His is not an enviable position in which to be and it will get worse as time goes on and as the economy continues to expand.

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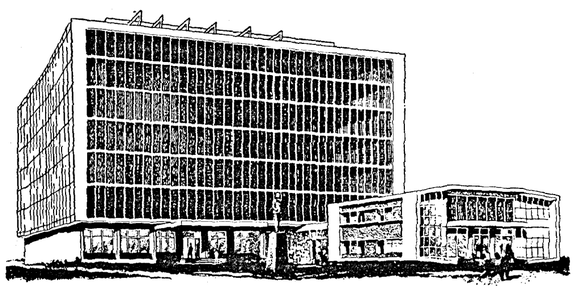

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COMPETITION IN BANKING—YES OR NO?

By Questor

LAST April, in the City of London, Martins Bank held a banquet to celebrate its 400th *anniversary.* The chief guest and speaker was the Governor of the Bank of England, and he suggested to the assembled bankers that they should compete more vigorously to serve *the needs of the twentieth century.*

Their deposits, he pointed out, had been rising much less rapidly than the national income. Rather than rely passively on the *Government* to increase their resources by deficit budgeting, they should seek themselves to increase them by adopting more flexible interest rates and by attracting the custom of *the ordinary wage-earner.*

The bankers were first surprised and then annoyed. They have certainly been growing less rapidly than other deposit-taking institutions, but this is because they have been the main victim during the past 25 years of formal and informal Government restrictions on credit. Their interest rate structure certainly *tends to be rigid, but this is because* rigidity suited the convenience of the monetary authorities in the past and was assumed still to do so.

They have been trying hard to attract new, *small accounts,* despite the fact that they are relatively unprofitable to operate. If *they have* been trying hard only recently, it is because they have only recently been given freedom to *act as commercial rather than semi-official* organisations and are not sure how long this freedom will last.

The bankers, in short, felt that they had been unfairly used. They have been brooding privately on this unfair usage ever since, and only now, when the annual chairmen's statements are being published, are they making an *open rejoinder. Some of their comebacks* are no more than good debating points: they suggest, for example, that the Government will prevent the banks from making use of any hard-earned increase in lendable resources whenever it seems convenient, or that the slow growth of deposits is a result of restrictions and has been accompanied by a higher velocity of circulation.

Some, again, are a bid for active co-operation from the authorities. The compulsory liquidity ratio, they point out, *is still ex*tremely high by international standards, and the fact that the Government charges a stamp duty on cheques increases the cost of banking services to the wage-earner.

But the more thoughtful of them have concentrated on the implications of the proposal that they should make the interest rate structure more flexible and *attempt to attract* deposits which are at present going elsewhere. And they make some strong points.

In the first place, the only domestic source of funds which can increase bank deposits directly is the Government itself. But, if the banks were to succeed in attracting money out of the various National Savings media or in offering *companies* a rate competitive with that available on Treasury Bills, the Government would be forced to retaliate. The *status quo* would be restored inevitably, but at the cost of an unnecessary and possibly damaging rise in interest rates.

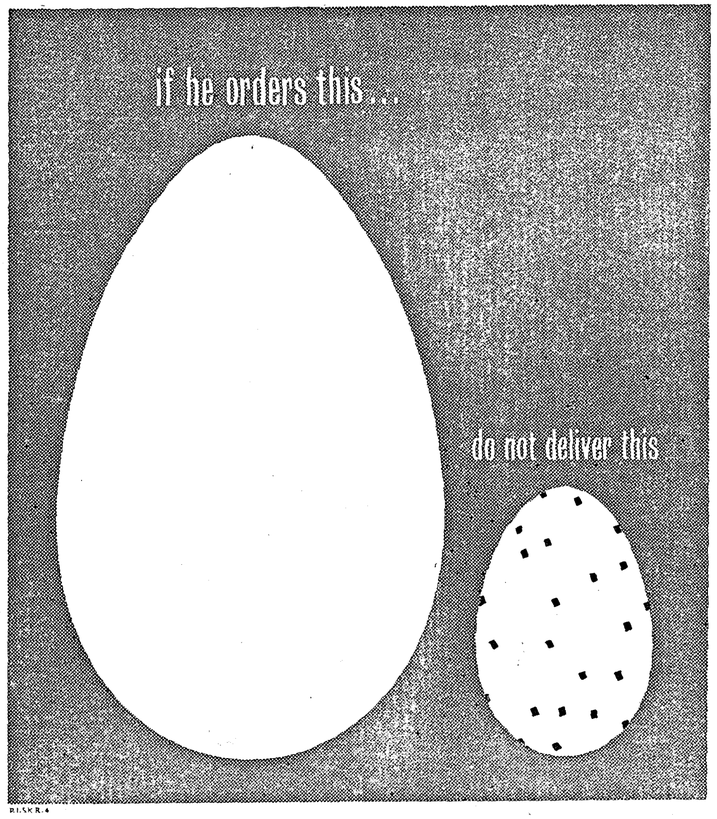
In the second place, whether the banks increased their deposits directly by competing with the *Government* or forced the Government to increase them indirectly by competing with other institutions and reducing the velocity of circulation, they could do so only by *offering* higher interest rates. This increase would apply not only to new deposits but to a considerable slice of existing deposits. Their costs would therefore rise, and they would be forced to increase the rate charged on advances; this would imply not only a tendency to devote a larger part of their funds to speculative *projects which can afford* to pay high rates, but a widening in the gap between the rate charged to small borrowers and that *charged* to large. Not only would interest rates generally tend to rise as a result of competition, in short, but the big depositor and the big borrower would tend to gain at the expense *of the small.*

It is not certain which of these two arguments—one basically economic, one social—carried more weight, but it appears that the Treasury was sufficiently impressed by the conjunction to hint that it would not approve of competition along the lines recommended by *the Bank of England. The bank chairmen,* therefore, both those who have seemed to favour competition and those who have expressed reservations, are consciously arguing a theoretical rather than a practical case. But it may well become more practical in the future than it is at present, and it presents a question *of general interest—is free competition, which* is generally assumed to produce the best results in other sectors of a developed economy, to be allowed between large financial institutions?

History has forced most countries to answer "no." The risks involved in full-scale competition—notably bankruptcies and concentration—affect too many people and are too close to the *health of the whole economy* to be tolerated. Banks, and the interest *rates* they charge, have been carefully regulated for a long time past; and nowadays, when the *national dangers which* first led to regulation are less urgent, the *need for international co*operation in financial affairs is better recognised.

But if the banks are to be *discouraged from* competing in price and are expected to adopt a "responsible" line in their lending operations, how are they to be prevented from ossifying? In the *first place, I suggest, Governments need*ing to impose formal or informal restrictions on the granting of credit should see to it that these are imposed on all deposit-taking institutions, and *not only* on the largest: it is in the general interest that new *institutions should* spring up with changing circumstances, but they should not be given a free run of the field.

And, secondly, there is plenty of room for the banks to compete with one another in the services they provide—especially to wage-earners *who do not yet use them. The British* banks, for example, are moving slowly through advertisement and automation to attract a larger public: as soon as one of them is ready to go out bald-headed, the others will be forced to follow.



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ROURKELA'S CHRONIC AILMENTS

SEARCH FOR COMPETENT DOCTORS

By K. Krishna Moorthy

THE Steel City of Rourkela is flanked by the Koel and Brahmini rivers; the confluence of these rivers is only a few miles from the City. Near this *sangam*, legend has it, Ved Vyas sat and composed the Mahabharata. Now another epic is being composed here again—the travails of bringing about close co-operation between Indians and Germans for industrial progress and the search for competent leaders to co-ordinate this constructive endeavour.

The epic began in 1948, when the Indian Government indicated its intention to set up a steel plant with an annual capacity of 500,000 tons. In 1953, two well-known German firms, Krupp and Demag, signed a consultation contract with the Indian Government and, in January 1955, they submitted a project report. The plan for a million-ton plant had by then been conceived by Delhi and, in February 1956, the new project report was approved by the Indian Government. Construction work on the plant began in October 1956. In March 1961, the wide strip mill, the last big section of the steel works, was inaugurated. Nearly three years have passed, but the enterprise has still been unable to shed the sicknesses it acquired partly in the very first stages of its conception.

Crop of General Managers

On 2nd December last, Mr. Walter Scheel, German Minister for Economic Co-operation, launched the work on the expansion of the plant to 1.8 million tonnes under the terms agreed to in April. A fortnight later, Dr. Peters, who was the General Superintendent of the Works for 28 months, left. A few days later, Mr. S. T. Raja, who had been General Manager of the Rourkela plant for exactly two years, was out. Delhi has announced the name of Mr. A. N. Banerjee as Mr. Raja's successor. Mr. Banerjee is not completely new to steel, having been Iron and Steel Controller and Deputy General Manager at Durgapur. Whatever the deficiencies in Rourkela's steel production programme, it has raised a large crop of general managers. Mr. Banerjee has the distinction of being the seventh General Manager. While expansion work has begun, it will be months before the new General Manager and the new General Superintendent, the two key-men at the plant, are able to come to grips with the problems affecting the steelworks. The Deputy General Manager, an I.A.S. officer, has just about finished his running-in period at the plant and he is there to some extent as the State Government's watchdog.

As soon as he became Steel Minister in the middle of 1962, Mr. C. Subramaniam announced that one of his early tasks would be to try and cure the sick child that Rourkela had become. After the Chinese attack, the Rourkela plant assumed more importance than ever before as the supplier of flat products essential for the defence industries. But Mr. Subramaniam, who experimented with a scheme of decentralisation of control of steel plants, has yet been unable to find the doctors competent enough to cure Rourkela.

Capital Outlay

Rourkela's limp has placed it way behind Bhilai and Durgapur in many respects. It has a congenital origin in the Indian steel organisation directly dealing with numerous firms in West Germany. In the case of Bhilai and Durgapur, the Soviet Government and the British consortium of firms had been turn-key contractors, presenting a co-ordinated approach right from the beginning. Rourkela was the first in the matter of planning, erection and completion, but Bhilai raced ahead in the matter of production and has maintained its record in 1962 and 1963. The first million-ton stage of the Rourkela plant cost Rs. 234 crores, as compared with a little less than Rs. 200 crores at Bhilai and Durgapur. But the capital cost is not strictly comparable, as the Rourkela plant is meant for producing steel products of higher value. According to Rourkela accountants, there will be 50 to 75 per cent more money in the sale of Rourkela products as compared with the sales of Bhilai and Durgapur products. Until Bokaro comes into being Rourkela has no competitor in the country.

The Rourkela management says that the works cost per ton of ingot is about the same in all the public and private sector plants but this correspondent was unable to obtain the exact figures from the Rourkela authorities. The Rourkela financial authorities say that the T.I.S.Co investment cost per ton of steel is Rs. 1,300. The capital investment in Rourkela is Rs. 2,340 per ton capacity and the expansion may bring it down to Rs. 2,000. The expansion to 1.8 million tonnes is now estimated to cost Rs. 130 crores. The maximum expansion possible at Rourkela is 2.5 million tonnes.

A Race-horse

In flat products essential to the defence industries, Rourkela will play an important role for many years. Dr. Erhard described the Rourkela plant as a race-horse. The horses at Bhilai and Durgapur, which did not lay claim to high pedigree, are running more smoothly. Why has the Rourkela race-horse been stumbling?

One reason is the organisational failure on the Indian side from the very beginning in co-ordination. The Germans failed to organise a central agency and the Indian organisation did not come to the standard of performance which the Soviet and British suppliers were able to provide through their own centralised systems. The Soviet insistence on detail was exacting; the British also managed their co-ordinating tasks well. As for the Germans, they either assumed a high level of performance on the part of the Indians—a confidence misplaced—or they were indifferent to the problems. They did not start with anything more than commercial motives; when international comparisons started emerging, the whole thing came as a rude shock for German industry.

There are plenty of arguments on both sides. A new series of mutual recriminations cropped up even at this late stage over whom to blame for the spare parts muddle which is ruining the performance of the plant. According to German experts at Rourkela, the German steel works back home carry a stock of ten per cent of plant as spare stores. Because of the trans-Oceanic distances involved in supplies to Rourkela, the spare-parts stocking, according to the Germans, should have been 20 per cent of plant. Despite detailed studies, even the last bulk orders for spare parts was defective, as Mr. Peters emphasised in his farewell report.

Caste System!

The Germans, the Russians and the British have all been dealing with similar sets of Indians at the construction stage and after the plants went into production. Only the British have had the edge in the language of communication. Both the Russians and the British appear to have made sufficient allowance for the calibre of Indian technical and managerial personnel and made adjustments, while the Germans perhaps cry wolf at the slightest provocation. The Germans are mad at Indians who do not go mad over machinery breakdowns; the philosophically indifferent approach of some Indian counterparts to engineering problems gets on the nerves of Germans. The Indian B.Es sneer at the "fitters and the foremen" who come out as experts, because some of the good German steel men may not have a degree to their credit. Their attitude stems from the Indian academic caste system.

Why was Mr. Raja Retired?

The absence of a continuing thread of managerial leadership at Rourkela is another major problem. The command performance of six General Managers in eight years has placed the plant under a shadow of constant uncertainty. Mr. S. T. Raja, the last General Manager, earned praise for his "vigorous management" from Mr. Solveen, Secretary to the German Ministry of Economic Affairs. The Germans are also known to have expressed a wish that Mr. Raja be retained as General Manager in the crucial initial stages of expansion work. For his performance at the Hindustan Antibiotic Factory at Pimpri, Mr. Raja was honoured with a *Padma Shri*. But Mr. Raja is now being sent "underground" to raise coal in the nationalised coal sector.

In the politics of personalities, did Mr. Raja become disqualified for Rourkela leadership, because he was, to an extent, acceptable to the Germans who saw some merit in him? Mr. Raja had drawn on his head a hornet's nest of labour unrest. Absenteeism at Rourkela—as high as 25 per cent—had broken the heart of German as well as Indian engineers. Added to this was a series of labour disputes and work stoppages as a result of the in-fighting among five registered labour unions, of which not one has been recognised. Each one of the unions naturally tries to outdo the other in the race for the title of militancy necessary to swell the membership rolls. Orissa State officials complain of the contemptuous disregard the former Rourkela General Manager had for the views of the State Government on the brittle labour situation. State Ministers and officials have felt that the Rourkela management was creating law and order situations which would be difficult for the State Government to solve.

With the Central Government also, there was, perhaps, a feeling that the erstwhile Rourkela manager was talking too much about other steel plants like Bhilai. One inference is that such talks was partly inspired by the Germans. I have heard Rourkela management talk of the danger in running steel plants above rated capacity as is being consistently done at Bhilai. Rated capacity is not an absolute equation and obviously the Russians rate things differently. But there is plausibility in the alleged danger, as witness what happened to the fertiliser plant at Sindri a couple of years ago.

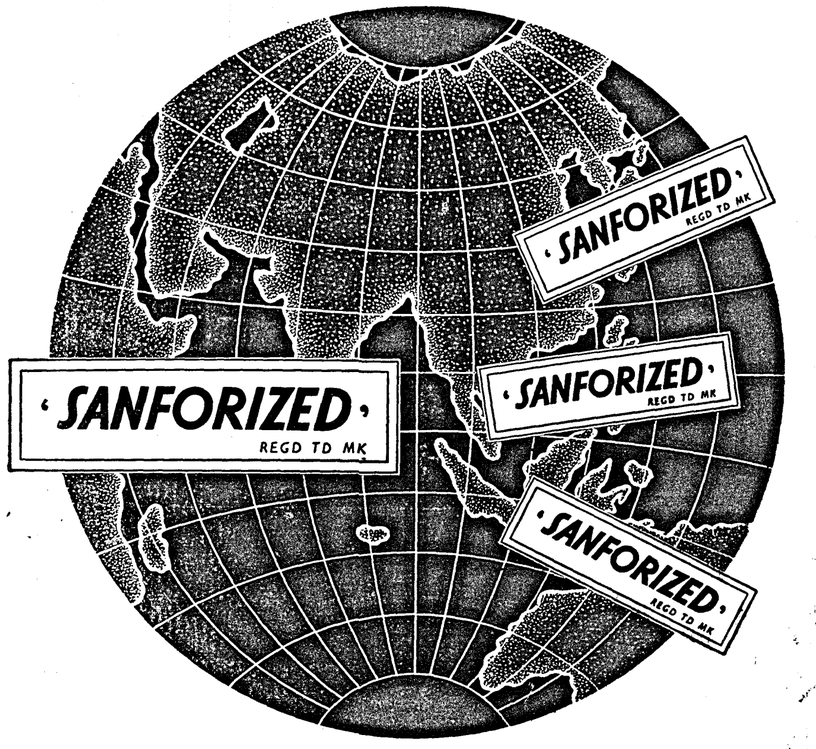
German Annoyance

Under the new arrangements with the Germans, more than 250 technicians are to be available to rectify the flaws in Rourkela. The largest number of Germans at the plant at one time for maintenance and operations was two hundred and fifty; now there are about 230 Germans at Rourkela. There were 1,100 Germans in all employed during the first stage of construction. It is doubtful whether the Germans have been able to provide experts in all the sections where they assessed they would be needed. It is also doubtful whether the Indian side has given the Germans as much freedom as was envisaged in recent agreements. The Germans, according to some, have not been forceful enough to exercise the powers supposedly conferred on the technical team.

After the appointment of a Briton as the General Manager at Durgapur, the Germans have been cut up more than ever before. The annoyance was already extensive over the denial of a seat for the Germans among the steel planning brains-trust groups in the country. The Americans, while discussing Bokaro, insisted on a free hand for ten years and this was acceded to by Delhi in principle. The British and Russians have the final word on many things at Durgapur and Bhilai. The Germans feel they have been left in the lurch. They are not impressed by the argument that, apart from being a Briton, the new Durgapur General Manager was considered to be the best man available for the job.

The Germans still have to present their "best man." There is a failure of communication between Indians and Germans at Rourkela as well as in Delhi. The Indian official prejudices against the private sector are carried over naturally into the international field and the Indian Government has a pronounced reluctance to deal intimately and directly with German industry. The Germans also lack a personality like, say, Sir Norman Kipping to speak for all German industry from a position of prestige equal to that of a Minister.

Apart from the flow of money, men and materials from Germany, Rourkela today needs technical and general managers who will be assured full support by both Delhi and Bonn to have an uninterrupted innings of several years. Once the competent men have been picked for the two jobs and paid adequately to resist corrupt practices, there is no reason why Bonn and Delhi should not back them to the hilt, instead of treating a succession of general managers as apprentices to be tried out and sent out periodically.



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WORLD BANK GROUP IN ASIA, AFRICA AND THE AMERICAS

IN almost two decades of its existence, the objectives, functions, role and effectiveness of the International Bank for Reconstruction and Development have been changing, both in emphasis and strategy. From the urgent problems of reconstruction in the already advanced industrial areas of the Western Europe in the immediate post-war years, its efforts have been directed mainly towards aiding the economic development of countries in Asia, Africa and the Americas. This is only one of the reasons, however, why the activities of the World Bank group of institutions in Europe and other advanced countries of the world like Australia have been excluded from this review of their partnership in the progress of the developing world. The other, more cogent reason is that the more important of their activities in advanced countries concern borrowings in their capital markets. The World Bank has issued and sold bonds in Austria, Belgium, Canada, Germany, Italy, Netherlands, Switzerland and the United Kingdom in the respective currencies of those countries: in addition, various issues of American dollar bonds have been sold in more than 40 countries, as well as in the United States itself.

The Bank had made more than 350 loans totalling over $7,000 million for financing 800 projects in 64 countries by June 1963: the emphasis has been less on the utilisation of official resources consisting of the member-Governments' subscriptions, than on facilitating the movement and activating the channels of international private capital investment. More than half of the loans disbursed by the Bank have come from sources other than Government subscriptions.

Two affiliates of the World Bank, the International Finance Corporation (established in 1956) and the International Development Association (established in 1960) have also largely contributed to the widening horizons of the World Bank group. The I.F.C. is an investment institution, designed to supplement the activities of the Bank, by encouraging the growth of productive *private* enterprise in the less developed countries. The I.F.C. seeks to create investment opportunities and to stimulate the flow of private capital by bringing together domestic and foreign investors as well as experienced management. While the Bank grants loans, the I.F.C. makes investments in the share capitals of enterprises or underwrites new issues. The I.F.C. does not invest in Government-owned or operated industries: more than that, it does not insist, like the World Bank, on Government guarantee of repayment. In fact, under the new regime and leadership, the World Bank itself proposes to liberalise its operations and procedures by dispensing with the guarantee of the Government of the borrower's country.

The I.D.A. adds to the investible international funds of the World Bank, but its terms are less onerous than the conventional terms of the Bank. The developing countries' need for and ability to make use of development capital have increased faster than their ability to service the capital on conventional terms, and the I.D.A. was intended to bridge the gap between the needs and abilities. In fact, the I.D.A. divides its member-countries into two parts—countries who are contributors and countries who are eligible to receive credits.

While the World Bank has 90 member-countries, the I.F.C. has 73 and I.D.A. 76 members: the scale of assistance rendered by the affiliates is modest: against more than 350 *loans* to 64 countries totalling over $7,000 million made by the Bank, the I.F.C. is committed to *invest* $80 million in 59 enterprises in 24 countries and the I.D.A. has extended 40 development *credits* totalling more than $500 million to 18 countries. The importance of I.F.C. and I.D.A. lies, not in the quantity of their contribution, but in the quality of their assistance.

Having analysed the changing strategy of the World Bank group, we may now review their activities in the three continents. The accompanying table shows the position at a glance:

World Bank Loans and I.D.A. Credits to Asia, Africa and the Americas Classified by Purpose

Purpose	No. of loans and credits			Amount in million dollars		
	Asia	Africa	Americas	Asia	Africa	Americas
Electric power	31	9	50	568	252	960
Transportation	41	24	46	1,130	515	596
Rail-roads	21	14	8	682	274	145
Roads	6	7	34	269	104	425
Ports and waterways	12	2	4	159	87	26
Aircraft	1	..	..	6	..	..
Pipelines	1	1	..	14	50	..
Telecommunication	1	2	2	42	4	22
Agriculture	20	5	20	177	72	88
Industry	32	5	7	574	120	52
Water-supply	3	..	1	96	..	3
General development	1	2	..	75	40	..
School construction	..	1	..	..	5	..
Total	129	48	126	2,662	1,008	1,721

Twenty-three countries in Asia and Africa each and twenty in the Americas (in addition to U.S.A. and Canada) are members of the World Bank and I.D.A. The total commitments in the three areas by the two institutions amount to $2,662 million distributed among 16 countries in Asia, $1,721 million distributed among 19 countries of the Americas and $1,008 million distributed among 19 countries of Africa. The World Bank has given one-third of its total loans throughout the World to Asia, one-fourth to Americas and one-seventh to Africa, that is, more than 70 per cent to the three continents: of the balance, $1,600 million have been lent to Europe and $400 million to Australia. The I.D.A. has lent to Asia more than 70 per cent of its total lending throughout the world, 14 per cent to Americas and 7 per cent to Africa. This gives an indication (1) of the stakes that the World Bank group has built up in the large developing tracts and teeming millions of Asia; (2) of the comprehensive and continuing story of the part played by the group in Americas; and (3) of its developing relationship in Africa.

The World Bank group of financing institutions have mainly directed their efforts towards helping member-nations to build the foundations of economic growth. Approximately, one third of Bank loans and one-eighth of I.D.A. credits are for electric power and have helped to finance the addition of over 20 million kilowatts to world's generating capacity. Another one-third of the Bank loans and one-half of I.D.A. credits are for transport improvement throughout the world—railways, highways, airways, waterways and pipelines. The remaining third of Bank loans and two-thirds of I.D.A. credits have been for agriculture, especially irrigation: for industry, especially steel production, for telecommunications, drinking water supplies, school construction and for general development. But this classification by categories provides only a broad guidance, for the purpose of transport loans has often been to open up new farming areas or improve agricultural marketing: electric power loans often help improvement of telecommunications, give a stimulus to industrial growth and help to irrigate farmlands or protect them from the ravages of floods.

Both the World Bank and I.D.A. have concentrated on lending for the development of basic services: electric power and transportation have accounted for over 90 per cent of loans and credits in Americas, over 75 per cent in Africa and over 60 per cent in Asia. In large parts of the developing world, inadequate transport and insufficient power act as obstacles to economic progress: hence this emphasis on building up the foundations of economic development.

Transportation

Loans for *railways* not only take up the lion's share of lending for transportation in Asia and Africa, but they also make up by far the biggest proportion: the World Bank has, for example, lent more for the development of Indian railways than for any other single enterprise anywhere in the world. They help to raise the capacity of Indian railways to meet the growing challenges of the Five-year Plans. In Burma, Senegal, Mali, Upper Volta, Ivory Coast, Congo and Kenya, Tanganyika, Uganda, Rhodesias and South Africa, they help to pay for locomotives, rolling stock, bridge construction materials and other equipment required to rehabilitate and modernise the railway systems. In Korea, the World Bank group pays for the services of consultants to assist in modernising railway accounting! In Thailand, the Bank and its affiliates help the replacement of railway workshops destroyed by war, while in Japan, the Bank has been financing a new high-speed rail link to relieve congestion in the world's most heavily industrialised region. In Pakistan, it is the track and repair facilities and signalling and other equipment that have received attention, while in Sudan the help has been for new railway equipment and for the construction of 400-mile long railway extensions. In order to open up remote but fertile North-east Nigeria, the Bank is financing construction of a 400-mile-long new line. In the Americas, Brazil, Columbia, Mexico and Peru are rehabilitating or modernising 2,500 miles of railroads with the help of World Bank assistance.

Improved *road* transportation has played a key role in the recent economic development of many American countries. New roads have opened up millions of additional acres for commercial cultivation: they have lowered the transport costs and brought producers closer to the markets. Bank loans have supplied foreign exchange for transportation projects in a *chain* of 17 countries stretching from Mexico to Argentina and in Haiti also: I.D.A. credits are, in addition, financing major highway programmes in seven countries. More than 30,000 miles of roads are being built in the Americas. Though lending for roads has played a relatively smaller part in Asia and Africa, they are already financing an express highway in Japan, a comprehensive highway development programme in Thailand, Iran and Israel and improvements to the National Highways system in India. In Ethiopia, Congo and Kenya, new motorable roads are being built and improved.

The Bank has financed erection of *pipelines*—altogether a different kind of transport link—in Pakistan and Algeria: a 350-mile pipeline for bringing natural gas from the newly discovered Sui fields to Karachi, and a 400-mile oil pipeline between Sahara oilfields and the Mediterranean port Bougie. Introduction of jet *air* transportation in India has also been financed by the Bank.

Building new ocean ports in Israel and Equador and a new lake port in Ethiopia, transformation of an old Peruvian port into one of the most modern in the Western hemisphere, deepening and widening of the Suez Canal, improvement of a number of inland river ports in East Pakistan and Congo, and dredging and other improvements or reconstruction and modernisation of ports in India, West Pakistan, Burma and Thailand are among the main features of World Bank group financing for *port* development.

Severe shortage of electric *power* is a major barrier to economic growth in all the three continents. Forty-nine power loans by the World Bank or I.D.A. in 14 countries of Americas have helped to generate more than 8.3 million kilowatts of additional electricity, which has approximately doubled the generating capacity. Ten countries of Asia have borrowed to finance 18 major dams and hydro-electric stations, 12 thermo-electric stations, many thousands of miles of transmission lines and extensive distribution facilities. When all the projects are complete, they will add more than 4 million kilowatts to the total generating capacity. Bank loans for power development are also helping a number of a major schemes in Rhodesias, South Africa, Ghana, Algeria, Uganda and Swaziland.

Agricultural Loans

Agriculture provides livelihood to more people than any other activity in the three continents. Many of the transport and power loans have helped improve agriculture: in addition, the Bank has made loans directly for agriculture in ten countries or territories of Americas to assist irrigation projects or to finance import of equipment to mechanise methods of cultivation. Improved communications in rural Africa are helping in expanding agricultural and livestock products: direct loans for irrigation and other agricultural improvements have also been made. In India, Iran, Japan, Lebanon and Thailand, agriculture shares through irrigation and flood control, in the benefits of multi-purpose projects. Bank loans for agriculture, moreover, have helped to increase food production in India through reclamation of lands from weed-infested and jungle areas, and in Pakistan from waterlogged and salty areas. Drilling for deep irrigation wells and other drainage schemes, and irrigation projects are being financed in many areas; loans have also financed import of cattle in Japan and equipment and machinery for land settlement and clearing new farms in Pakistan.

Industrial Loans

Much of the lending for *industry* in Asia has been used to finance the expansion of iron and steel industries of India and Japan, though machines and machine tools in Japan and coal raising in India have received attention. Two of the largest industrial loans in Africa have been for mining projects that are helping to transform the economic prospects of Gabon, Congo and Mauritania. Bank loans are helping expansion of output of potash and other mineral salts in Israel and construction of a paper mill in Pakistan. I.D.A. credits are financing establishment of industrial estates designed to encourage the development of small-scale industry in India and Pakistan.

In the Americas, Bank assistance for power and transport has been an important factor for rapid industrial growth, which itself has largely been financed by private capital. Bank's direct lending has been for the projects of particular importance to the economies: loans for Chile's new paper and pulp mills permit fuller utilisation of forest resources and new export industry, and modernisation of coal mining will lead to self-sufficiency in coal; a cement plant is being financed in Peru for the development of the North-West.

Apart from these loans for particular private projects, the World Bank group has been providing loans and credits to development financing institutions, which—the development banks—help to stimulate private industry by financing and otherwise aiding existing industries and setting up new ones. The Development Bank of Ethiopia was, in fact, organised by the World Bank itself.

Improvement of water-supply to capital cities of Jordan and Nicaragua, construction of secondary and technical schools in Tunisia, modernisation of telegraph and telephone systems of India, Uruguay, Brazil and Ethiopia and the works under the Indo-Pak settlement over the use of the waters of the Indus river and its tributaries are some of the other purposes which Bank loans and I.D.A. credits are financing.

Other Activities

Financial assistance for economic development is not the only or even the main part of Bank efforts in the three continents. Technical assistance has become an increasingly important source of assistance for the development programmes of member-countries.

In Africa, advice and assistance have been given to a number of countries. Bank-sponsored missions have carried out comprehensive economic surveys, to serve as a basis for drawing up a long-range development programme. The Bank has also supplied a number of executives to African countries for carrying out development measures. To broaden its knowledge of the newly independent African countries and their knowledge of it, the Bank appointed a special representative for Africa in 1961, and has set up a department for African studies.

In the Americas, the World Bank's engineers and financial experts regularly visit countries, investigating not only the existing projects but also proposals for new projects. The Bank's resident representatives have assisted in the preparation and implementation of general development policies. The Bank has also sent special missions to conduct broad economic surveys, to study specific problems and to advise Governments on measures to promote economic development.

In Asia, general survey missions of the Bank have made comprehensive economic surveys of Ceylon, Iraq, Jordan, Malaya, Syria and Thailand. Another mission reported on the economic implications of Malaysia. Bank missions have kept in close touch with the economic growth and problems of India and Pakistan and a resident representative is stationed in both. Most important contributions of the Bank to these two countries is the organisation of Aid-India and Aid-Pakistan Clubs which concert the efforts of capital-exporting

(*Continued on page 145*)

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MAN-MADE FIBRE INDUSTRY IN THE U.S.

SCOPE FOR EXPANSION OF CONSUMPTION CONSIDERABLE

[Man-made fibres play a very prominent part in the textile economy of the U.S. which, it is common knowledge, is one of the largest producers of these fibres in the world. How remarkable has been the growth of this industry and how vast is the scope for their future development constituted the main theme of a special paper which Mr. Robert C. Jackson, Vice-President of the American Textile Manufacturers' Institute, read at the last annual meeting of the International Federation of Cotton and Allied Textile Industries held at Athens. An adaptation of Mr. Jackson's paper is published on this page for the benefit of the textile industry in India where, too, the man-made fibre industry is making rapid strides. The table accompanying the article is compiled from the figures given by the Textile Organon and the U.S. Department of Agriculture—Ed.]

THE man-made fibre producers and the man-made fibre textile mill products industry are *two distinct and separate groups.* The relationship is that of supplier and customer enjoying a common bond of interest in the consumer product. The good terms of this relationship have contributed to the large measure of success enjoyed by this segment of the *textile industry.*

Many changes have taken place in the structure of the industry in the United States in recent years. The nature of these changes makes it difficult to report on a fibre or even a family of fibres except on the basis of mill consumption. While it is true that we continue to have many mills devoted either by choice or economics to a single fibre, this fact does not hold today with the greater portion of our total production. Modern machinery and technological advances and innovations have made it possible for management to choose almost at will among the fibres. Advances in market research, changes in consumer preferences, improvements in quality and properties of fibres, and, by no means least of all, the fluctuations of pricing are a few of the many standards on which mill management might decide to use this or that fibre or combination of fibres.

The state of the man-made fibres textile industry in the United States is relatively good. A vibrant new industry has claimed its place in our economy and, in so doing, it has accepted its responsibilities to industry, to the Government and to the consuming public. It has been responsible for significant changes in the material conditions of life for untold millions of people. It has offered satisfaction to human needs in ways that never existed before the discovery and subsequent adaptations of these fibres.

Happy Marriage of Fibres

There are many students of the subject who think that the era of the battle of the fibres is drawing to a quiet close. The battles of the past—not unlike the temperamental frustrations of a normal courtship of strong-willed boys and girls—are inevitably resulting in a happy marriage of the fibres. The full realisation and acceptance of this union obviously is contributing to the profitable satisfaction of the fibre producers, the manufacturers, the retailers and the consumers.

The United States continues to enjoy the highest per capita rate of fibre consumption in the world. This rate of consumption, however, has not kept pace with the rate of population growth during the past decade. We find many reasons to which this strange fact may be attributed. None of them are peculiar to our country and none of them are conclusive, but, in combination, we are sorely aware of the end result. We know of the losses to such non-textile products as paper and plastics. We are conscious, too, of the trend of people everywhere toward the informal way of living, the desire and the need for lighter weight and more informal clothes. By the same token, we know that the acceptability of these lighter weight fabrics is, in itself, a tribute to the ingenuity of the textile industry. With much less weight and bulk, we are providing an ever lighter piece of goods in combination with superior strength, hand and drape. Even so, we know that rapidly improving technology in man-made fibres has helped make these changes both possible and acceptable.

In the twenty-year period beginning with 1950, it is anticipated that per capita consumption of all fibres in the United States will have dropped from 40 to 36 lbs. Of this total, and if current trend continues, cotton might be expected to decline from 27 lbs. to 21 lbs. and wool could suffer a slight loss from three and a half to three lbs. By the same time, 1970, man-made fibres likely will show an increase from slightly over nine lbs. to at least twelve lbs.

Again, if current trends can be relied upon, man-made fibres may be expected to show a greater share of the total volume of all fibres consumed. While the volume of natural fibre consumption will continue to increase, the rate of increase may well decline. Obviously, an import factor in recent trends, and certainly a factor to be considered in the future, is the price structure of the natural fibres, particularly cotton. Should cotton become available to American textile mills at the same price it is sold on the world market, there most certainly would be an improvement in cotton's competitive position relative to man-made fibres, especially rayon.

No Limit in Sight

From our vantage point, we believe that a combination of related circumstances contributes to the growing acceptance of consumer goods made from these fibres. In the case of the natural and vegetable fibres, we think of just one fibre in each instance. Man-mades embrace an entire family and there is no limit in sight on the ultimate number involved. While the family is classified as man-made, the individual members are as different from each other as cotton and wool or hemp and silk. Yet it is the variety of quality and performance among the entire group that creates interest in, and demand for, these textile fibres.

We doubt that there has been any more dramatic impact by any fibre than the resurgence of rayon within the past year. A pure product of research, this "grandfather" of the new family of fibres continues as the dominant man-made fibre in the world. From the first recorded suggestion, in 1964, that silk might be man-made by a scientific process to the first public showing of rayon fabric at the Paris Exposition of 1889; to the building of a plant at Marcus Hook, Pennsylvania, in 1910; and to that day in 1924 when the industry agreed to the word "rayon" as a generic term for all synthetic yarns made from a cellulose base, this fibre has led the fight for survival and recognition for the family to follow. It has been said that the production of rayon and acetate in the United States alone could encircle the globe 45 times every minute of every day of the year.

High-wet-modulus Rayons

The advent of the high-wet-modulus rayons has brought an entirely new range of interest in mixes of 50 per cent modified rayon and 50 per cent carded cotton. Many of our manufacturers feel that these new blends offer cleaner staple fibre, improved spinning and weaving efficiency, improved yarn quality, and improved appearance over carded cotton. This rayon gives higher lustre, more luxurious hand, and greater colour depth and clarity to dyed or printed fabrics.

The development of trilobal filament yarns —polyamides and polyesters—has provided a silky hand and high lustre which has not only caught on in woven fabrics but has found a big welcome in tricot fabrics. Improved properties in the acrylics have sparked new interest among texturisers, knitters, weavers and designers who like the worsted-like hand and appearance in bulky sweaters, pile linings, suitings (with 50 per cent polyester) and in floor coverings where its use is showing steady growth.

Perhaps more than any other recent development, the offering of stretch fabrics has truly captured the mind and the imagination of designers and consumers. These fabrics are moving fast in so many end uses that an up-to-the-minute report is impossible. Man-made fibres enjoy the commanding lead in this area which was set initially by polyamide in the mid '50s. The significant development of spandex core yarns with spun yarn covers may very well prove to be one of the outstanding textile achievements of the current year.

Acceptance of Blends

This brings us now to the impact created on our industry through the forthright acceptance of blends. Of course, blends are not new either in concept or production. What is new is the rush of consumers and retailers to buy, and of the mills to spin and weave the fabulous properties that research and industry have fashioned into fabrics not even dreamed of a few years ago. Fundamentally, we are concerned with the impact of blends on the textile mill products industry. Here we see new concepts emerging in the thinking of management officials.

We have been confirmed cotton textile manufacturers moving heavily into these blends. Some of these represent large production facilities and have long been wedded to cotton as their only raw material. Others are experimenting and will move into the field, if they sense the opportunity for "trading up" and improving their earning position through the new blends.

There is so much to talk about the giant strides of the man-mades in texturising, bonding, laminating and non-wovens, or the many new developments in the use of the thermoplastic qualities of the existing yarns. But we simply say again that the joint efforts of fibre producers, weavers and knitters continue to stagger the imagination with the future they predict for man-made fibres.

Two Significant Steps

In the United States, we are presently taking two steps of a statistical nature which we believe hold some significance for others also. Our Government, on 1st September 1963, instituted a new system for reporting deliveries of man-made fibres and their products into the United States. These reports will give us a record of the true nature of these fibres and goods. We will know whether the fibres in the fabrics are filament, spun or mixed. Under each of these groups, we will know the generic fibre content. The system is new and it is easily expandable. It is designed to encompass the future additions to the family of man-made fibres. On 1st January 1964, our Government instituted a new report on domestic production. Like the import report, domestic production will be geared to yarn type and generic fibre. We will have a far more accurate statistical picture of the changes taking place in the production of the industry. Provision has been made for blends which cannot now be positively pin-pointed in our current reports. We would encourage close observation of these two reports by this Committee for Man-Made Fibres. We would hope that some date in the not too distant future will see the inauguration of a means of statistical reporting with a common base which would be accepted and understood by manufacturers of all nations.

The Future

Rather than try to predict the future for man-made fibres, we would more appropriately pay respects to the forebears of our hosts and recall the ancient Greek saying, "the future is hidden in the lap of the gods." Surely, the future for these magnificent fibres from the test tubes is 'hidden' but only because that future is so bright that its true place is beyond our comprehension. These fibres long ago passed the point of imitating nature. They are no longer 'substitutes' for cotton, wool or silk. Today they are the new raw materials of the ancient textile industry in their own right.

It goes without saying that we in the man-made fibre segment of the textile manufacturing industry have the greatest appreciation for the value of the natural fibres, and for their continuing need. At the same time, it is now completely clear that they do not, and will not in the future, completely dominate the textile fibre picture. In the future, based on the realities of today's world of textile fibres, we feel that one of the great contributions our industry can make to the consuming public is to encourage the maximum contribution of all the fibres to each other.

Man-made Fibres in U.S.

(In million lbs.)

	1962	1961	1960	1950
Total world production	8,604	7,778	7,303	3,706
Of which: U.S.	2,431	1,981	1,882	1,405
Production of rayon and acetate fibres	6,314	5,931	5,738	3,553
Of which: U.S.	1,272	1,005	1,029	1,259
Production of non-cellulosic fibres	2,380	1,847	1,565	153
Of which: U.S.	1,159	900	854	146
Per capita consumption (lbs.):				
Rayon and acetate	6 8	6.1	5 8	8 9
Non-cellulosic fibres	5 8	4.7	4 5	0 9
Cotton	22 5	22 2	23 2	30.9
Wool	2 3	2.2	2 3	4 2
Others	0 4	0.6	0 4	0 3
All fibres	37.8	35.8	35.9	45.2

SUSTAINED ACTIVITY IN TEXTILE TRADE

SALES RISE MARKEDLY—ORDER BOOKS LENGTHEN

From Our Special Correspondent

MANCHESTER, 14th January

MANCHESTER LETTER

WEEK by week the statistical evidence mounts up to support the trade assessments of the past few months which have described the gradual emergence of the industry in Lancashire from a period of "just ticking over" to a phase of sustained activity. Latest to report on the current position is the Cotton Board, whose quarterly review attributes the recovery in part to the prolonged running down of stocks. The survey records a big expansion in sales, marked lengthening of order books, and a reduction of stocks of finished products, but only a very marginal improvement in prices.

The fall in stocks of cloth held by weavers, converters and grey cloth importers is now estimated at 63 million square yards in the 12 months to the end of September last. Retail clothing sales took a marked turn for the better from July onwards, the review adds. In the third quarter last year, they were about 6 per cent greater than in the same period of 1962.

Higher Productivity

Most of the other information contained in the quarterly analysis of the industry has already been released. Yarn productivity in November was 2½ per cent up on the 1962 rate and the best figure for any month since November 1961. In cloth, the improvement was 3 per cent in October as compared with the same month a year previously.

Once more figures for machine activity show a declining quantity of plant in place, but the more effective use of spindles and looms from those available. In the third quarter last year, total ring equivalent spindles amounted to 6,510,000, of which 5,700,000 were running. These figures compare with an average of 8,690,000 spindles in place in 1961 when 7,950,000 spindles were operating and 15,260,000 spindles in 1959, of which 10,320,000 were at work. The latest machine activity returns for the third quarter of 1963 are the best since the 1961 average, being 67.6 per cent of capacity, there being a steady rise so far in each quarter last year.

Although two-shift working in spinning mills showed a reduction of 60,000 spindles to 1,400,000 in the third quarter, there was a slight movement towards more three-shift working. This reached a new high level at 400,000 spindles; the volume of plant operating either two or three shifts was fractionally higher than in the second quarter.

Cloth Output Gains

Much the same picture emerges from the weaving section where machine activity improved, despite the smaller labour force and the reduction in the number of looms running. Output of both cotton and man-made fibre cloth in the third quarter last year was higher than in the similar period of 1962, but the number of looms running in the Lancashire area fell from 117,800 to 106,700. The rate of weaving machine activity increased from 84.7 per cent to 86.5 per cent. This was again the highest level since the average for 1961, as in the case of spinning.

One rather surprising fact is the decline in the number of fully automatic looms in place in running mills. In the third quarter last year, these aggregated 42,300 out of 123,400 available looms. In the same period of 1962, 43,000 automatics were in place out of a total of 139,100, but, in the subsequent 12 months, the number has gradually fallen.

Profits—A Comparison

Delving a little deeper into the sectional variations disclosed within the broad outline of profits announced by cotton companies last year, it is possible to pursue a theme which has been apparent in the past—that the industry's earning power is now dominated by the fortunes of the combines. This is noticeably so as a result of the marked elimination of single-unit spinning firms since the reorganisation scheme was launched.

The tables below indicate the profit-earning capacity of the different branches during recent years. They should be read in conjunction with our annual figures for the spinning trade published last week at the time of our regular analysis of trading results:

	Companies	Average profit per company	Yearly average dividend
		£	Per cent
Combines			
1951	11	701,526	10 00
1952	12	524,004	17.42
1953	12	384,180	11.94
1954	12	431,028	12 58
1955	14	383,213	14 09
1956	14	324,904	13.25
1957	14	354,010	12 72
1958	14	336,716	10.70
1959	14	320,254	9 73
1960	14	375,525	12.48
1961	14	470,700	14.82
1962	14	250,317	12 83
1963	15	139,597	8.09
Spinner-Weavers			
1951	17	194,428	23.03
1952	17	177,045	19.84
1953	21	74,047	17.06
1954	17	82,200	16.32
1955	20	60,701	13.06
1956	18	50,233	12 53
1957	19	89,197	10 80
1958	19	71,504	10.74
1959	20	57,736	10.18
1960	17	112,844	14.17
1961	16	171,868	17 51
1962	16	146,148	13.60
1963	25	67,829	10.19
Weavers			
1951	21	120,404	31.79
1952	21	70,857	21.09
1953	28	40,821	21.21
1954	28	34,120	15.08
1955	27	42,235	13.80
1956	24	24,000	9.81
1957	24	21,320	8.27
1958	23	25,015	9.07
1959	22	10,073	6.84
1960	20	47,102	9.66
1961	17	52,512	13 11
1962	17	70,073	11.54
1963	15	52,175	8.06

In every section, the gap between the figures recorded in the post-war peak of 1951 and the current returns is very substantial. The spinner-weavers made a bold bid to regain past fortunes in 1961, but conditions affecting other firms have been relatively disappointing in a number of years since the beginning of the 1950's.

The position of the combines last year was in fact the poorest in more than a decade, apart from 1959; only in two years were lower figures produced by those firms which combined spinning and weaving. In contrast, the weaving sector returned profits well above the average for the decade, although dividend payments were roughly in line with the distribution made by the major groups.

Revival at Hand?

Many estimates are now being made about the returns which can be expected in the course of 1964. Observers who have noted the long order books and apparently prosperous state of a number of companies are suggesting a revival in earning power. Those closer to the industry, although ever prone to take a cautious line, are not entirely convinced that finances will be quite as flourishing as the professional onlookers seem to think.

There is no need to withdraw our prediction that an improvement will be recorded. That seems obvious in the light of current circumstances, but whether the gains will be such as to merit the use of the much abused term "boom" depends largely on future control over imports and the ability of the industry itself to regulate its affairs on a truly economic basis.

NEW NON-IRON COTTON FIBRE

After two years of research, a leading Austrian textile concern in the Province of Vorarlberg has succeeded in arriving at a process which permits the production of a cotton fibre with permanent non-iron properties, which is now being marketed in textiles under a registered trade name. The chemical process applied results in a change of the fibre's molecular structure to the effect that the wet crease recovery test shows an index of 170 degrees, as compared with 138 degrees in the previously produced non-iron cotton fibres and 32 degrees in the untreated cotton fibre. The textiles manufactured from the new fibre are boiling-proof and have a chale-test resistance of 92 per cent, as against 100 per cent found in the natural fibre and 60 per cent in the previous form of treatment, so that their durability is considerably increased in comparison with the earlier types of non-iron textiles.

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WORLD COTTON STOCKS RISING TO REACH A POST-WAR RECORD

IMBALANCE LIKELY TO PERSIST

THE most striking feature of the world cotton situation during the 1962-63 season, which ended on 31st July 1963, was the return of a pronounced imbalance between production and consumption. This situation, according to the latest monthly review (December 1963) of the International Cotton Advisory Committee, Washington, was brought about by a record level of production, aggregating nearly 49 million bales, including production in communist countries, and a decline in consumption to 45.9 million bales—the lowest level since 1958-59. The combined effect of these two developments was to increase carryover stocks at the end of the season to a record 22.8 million bales, that is 3.2 million bales more than a year ago and sufficient to meet six months' global consumption requirements. The U.S. accounted for the major part of the increase in stocks. At 11.2 million bales, stocks at the end of the season in that country was 3.4 million bales more than at the end of the previous season. Stocks in net importing countries also increased by 400,000 bales to 5.9 million bales, though the carryover in net exporting countries (other than the U.S.) and in the communist bloc countries declined by 300,000 bales each to 3.5 million bales and 2.2 million bales, respectively. Nearly all major textile manufacturing countries in Western Europe reduced their stocks last season while there was a substantial rebuilding of stocks in India and some increase in Japan.

This increase in stocks, coinciding with another good world cotton crop during the current (1963-64) season, point to continuance of the last season's imbalance in supply and demand, unless, of course, consumption rises sharply to absorb the surplus. This is quite unlikely. The increase in production, it may be noted here, is solely accounted for by the U.S., where, according to the December crop forecast of the Department of Agriculture, the 1963-64 output would be up by 600,000 bales at 15.5 million bales, as compared with 14.9 million bales last season. This increase in estimated production, despite a marked reduction in planted acreage, is attributed to a record yield per acre of 524 lbs. which is 58 lbs. higher than the previous record of 466 lbs. An acre of land in the U.S., therefore, now produces one bale (of 478 lbs.) and 46 lbs. of cotton per acre, as compared with less than 100 lbs. in India.

With a marked increase in carryover and a larger crop, supply in the U.S. during the 1963-64 season is placed at a level four million bales higher than during the last season. Utilisation of cotton is also expected to increase significantly during the current season but not sufficiently enough to offset the increase in supply. Current indications, therefore, are that there will be a further marked addition to the carryover stocks in that country at the end of the current season, bringing stocks to a record 13 million bales. This means that, in the relatively short period of only three years, stocks in the U.S. will have increased by some six million bales from 7.2 million bales in 1961-62 to 13 million bales at the end of the 1963-64 season. If stock position outside the U.S. remains more or less unchanged, carryover at the end of the current season would aggregate 25 million bales—the highest level reached since the Second World War.

In the free world outside the U.S., production during the current season is expected to decline substantially in Mexico, U.A.R., Spain and Turkey, while in Central American countries, Greece and North Brazil it is expected to increase. The total output in the free world outside the U.S. will, on present reckoning, be fractionally lower at 21.2 million bales, as compared with 21.9 million bales during last season. A slight increase in production from 12.1 million bales to 12.5 million bales is expected in communist countries. Global supply during the 1963-64 season is currently estimated at 72 million bales, as compared with 68.5 million bales in 1962-63. The accompanying table indicates the estimated world supply during the current season as compared with that in the previous two seasons.

The most important element in the other aspect of the cotton situation, namely, distribution, is consumption. It is too early to say what exactly will be the actual level of consumption in the U.S. and other important consuming centres of cotton in the free world. The general impression, however, is that consumption in the current season should show a modest increase by comparison with the last season. On the basis of early returns, the present cycle appears to have passed the low point in the U.S., in several West European countries and in Japan. Raw cotton supplies have been augmented in India by the marked increase in carryover stocks and another good crop is expected during the current season. Whether this would be sufficient to meet the consumption requirements would depend on the expansion in demand by mills as a result of the expansion in spinning and weaving capacity now going on.

One of the factors that will have a direct bearing on the level of mill consumption of cotton in the U.S. will be the price of cotton. In an effort to eliminate the so-called "price advantage" enjoyed by foreign mills in the purchase of U.S. cotton, the U.S. House of Representatives recently passed the Cooley Cotton Bill. Under this Bill, payment in kind would be made to persons other than producers to reduce the cost of raw cotton to domestic mills. The Secretary of Agriculture would have discretionary powers to determine the rate of such payments. Also included in the Bill is a provision to enable a reduction in support price from its current level of approximately 32.50 cents per lb. to 29 cents per lb. for basic Middling one inch within the next three years. The Bill, even if it is passed by the Senate (there can be no certainty about this), is unlikely to have any effect on cotton prices and, through lower price, on consumption of cotton, in the current season.

On the basis of the present estimates of stocks and production and taking into account the prospects for consumption, export availabilities in the free world outside the U.S. are expected to be about one million bales less than during last season and exports of cotton from this area are likely to be less during the current season. Export availability in the free world outside the U.S. is estimated at 10 million bales. Virtually all of this cotton is expected to be exported. Taking into account the reduction in export availabilities in other countries and the prospective increase in world consumption, the official estimate for exports of U.S. cotton during the current season is around 5 million, as compared with 3.4 million bales in 1962-63, thus reversing the declining trend of exports witnessed in the past three seasons, which brought down exports from the U.S. from 7.1 million bales in 1959-60 to 3.4 million bales last season.

Statistical Position of World Cotton

(In million bales of 478 lbs each)

	1963-64 (estimated)	1962-63	1961-62
Stocks, 1st August:			
United States	11 2	7 8	7 2
Other net exporters	3 5	3 8	3 5
Net imports	5 9	5 5	6 6
Total	20 6	17.1	17 3
U.S.S.R., Mainland China and Eastern Europe	2.2	2 5	2.9
World total	22 8	19 6	20 2
Production:			
United States	15.5	14 9	14 5
Elsewhere	21 2	21 9	19 5
Total	36.7	36.8	34.0
U.S.S.R., Mainland China and Eastern Europe	12.5	12.1	12 1
Total	49 2	48 9	46 1
Total supply	72.0	68 5	66 3
Consumption:			
United States	8 4	9.0	
Elsewhere	23 2	23 6	
Total	31.6	32 6	
U.S.S.R., Mainland China and Eastern Europe	14 3	14 1	
World total	45 9	46.7	
Destroyed	0 1	0 1	
Total	46.0	46 8	

WORLD CRUDE OIL PRODUCTION

SHARP RISES RECORDED IN MIDDLE EAST, RUSSIA AND LIBYA

FOLLOWING the record rise of 95 million metric tons in 1962, the world's crude oil producers last year achieved another sharp increase in output, of the order of 90 million metric tons. Production in all countries thus reached the impressive figure of 1,304 million metric tons, as compared with 1,214 million tons in the preceding year, and 1,119 million in 1961. In fact, world production has virtually doubled over the past ten years, going up from 655 million tons in 1953, and last year's increase—amounting to over seven per cent—was slightly above the average annual percentage rate of growth during the 1953-63 decade.

Last year's experience confirms the assessment made in these columns a year ago, that annual increases of some 90 million tons must now be considered as normal. As was also pointed out last year, such vast increases in production make it imperative for the oil industry to provide for corresponding expansions in its facilities for oil refining, transport and distribution. Indeed, no other industrial activity in the world involves continuous new investment on such a scale.

Taking the free world alone, production increased last year by some 70 million tons, or 7 per cent. As usual, the steepest rises occurred in the Eastern Hemisphere whose output now accounts for over two-fifths of the free world's total. In particular, the massive production of the Middle Eastern countries rose in 1963 by another 31 million tons, while Libya's output shot up from 3½ to 21 million tons. In the Western Hemisphere, the main increases occurred in North America, with U.S. output rising by some 13 million tons, and Canadian output by some 3 million tons. Within the Communist world, the Soviet Union itself was once again responsible for most of the steep rise which added some 20 million tons to the production of the area.

Western Hemisphere

The U.S.A. is still by far the largest producing country, but internal demand is now growing slowly and, notwithstanding the local restrictions on imports, her share in world production has fallen dramatically, from over half in 1950 to one-third in 1960, and now to 28.6 per cent in 1963. Last year's increase in volume was equivalent to close on about 3½ per cent, which is relatively high by recent U.S. standards but amounted to only about half the average rate for the free world as a whole. For 1964, the I.P.A.A. forecasts an increase of only about 1.5 per cent in crude oil production, alongside somewhat larger increases in the output of natural gas liquids (3.4 per cent) and in imports (2.7 per cent).

In Canada, production over the past few years has been increasing more rapidly than in any other major producing country of the Western Hemisphere, but the annual rate of growth has been declining—from 15 per cent in 1961 to 11 per cent in 1962 and 9 per cent in 1963. Moreover, the Alberta Conservation Board now assumes a much more modest increase in the foreseeable future, amounting to about one-third during the whole of 1963-70. Nearly 25 million tons, or over two-thirds, of last year's output, came from Alberta where, however, the present productive capacity is estimated to be as high as 50 million tons annually, not including the large potential capacity of the as yet undeveloped oil sands of Athabasca.

Venezuela continues to be the world's largest oil exporter, but expansion there is hampered by high costs. In 1962, there was nevertheless a sharp rise in production, mainly due to requirements of heavy Venezuelan crudes in Europe, and, consequently, the average annual rate of increase for the years 1959-62 nearly reached the Government's target of 4 per cent. Last year's performance, however, was disappointing, with a further rise of 1.4 per cent only.

Mexican production continues to rise, though in an unspectacular manner, while conditions in Colombia have greatly improved with the recent start of operations in newly developed fields. Production in Argentina and Trinidad, however, was barely maintained last year, and the outlook in Argentina in particular is uncertain, in view of the Government's recent cancellation of the drilling, exploration and development contracts with foreign oil companies.

The phenomenal increase in the Middle East continues, mainly in response to the still rapidly rising demand in Europe. Last year's output, estimated at 343.9 million tons, amounted to nearly half the free world's total production outside the U.S.A.; Kuwait alone produced as much oil as was produced in the whole of the Middle East as recently as in 1951. The rate of increase in 1963 amounted to about 10 per cent—the same as in 1962—and the increase in terms of volume is one of the highest on record.

Kuwait and Saudi Arabia consolidated their leading position within the area by increasing their output, in each case by 5-6 million tons, and Saudi Arabia's production capacity will shortly be further increased by over 6 million tons (125,000 b/d) when Aramco's ninth field, at Manifa, is taken into operation. At the same time, production in the Kuwait/Saudi Arabia Neutral Zone expanded by over 3 million tons, chiefly through the expansion from the Japanese-controlled offshore field.

Production in Iran is now rising even more rapidly than in Kuwait and Saudi Arabia, the increase in 1963 being as high as 7½ million tons. Of last year's record output of some 73 million tons, all but about 1.2 million came from the Consortium, but E.N.I. and Pan American will both shortly complete their preparations for large-scale offshore production. The Consortium's operations last year included the commissioning of three new production units—one at Gach Saran and two at the new Ahwaz field.

In Iraq, the downfall of the Kassem regime was followed last year by an upsurge in oil production. After being virtually unchanged the year before, overall production went up in 1963 by over 6 million tons, reaching about 55½ million tons. More oil is now flowing through the Northern pipeline system, but an even more significant change is the reversal of the downward trend in the Southern fields, as a result of the lower cargo dues and port charges at Fao. Production in the South went down from 12½ million tons in 1959 to about 9 million in 1962, but last year's output again equalled the 1959 record, and towards the end of the year it was actually equivalent to some 16 million tons annually.

Elsewhere in the Middle East, the development of the E.N.I.-controlled fields brought about a further sharp rise in Egypt, and the Trucial Coast sheikhdom of Abu Dhabi, where regular production started in mid-1962, has now attained a production rate of over 3 million tons annually. At present, all the sheikhdom's oil comes from the Umm Shaif offshore field, but I.P.C's onshore field at Murban has now reached the stage of commercial production, with an export potential as high as 6 million tons a year.

• • • •

The world's most spectacular current development in the realm of production, however, is the emergence of Africa as a major source of crude. Production in Algeria, started in 1958, went up to 20½ million tons in 1962 and has now reached an annual rate of 24 million tons. No further increase is attainable with the present pipeline facilities, but the capacity of the Edjélé-La Skirra line will shortly be raised by another 3 million tons annually, and there are plans for a new trunk line from Hassi Messaoud to Arzew, with an initial capacity of 8.9 million tons.

In the course of last year, Algeria has been overtaken as an oil producer by neighbouring Libya, whose producing/exporting career began as recently as October 1961. Moreover, the two Libyan pipeline systems already completed give scope for a further expansion of output, and a third system—from the new Hofra field to the Gulf of Sirte—will be completed by the end of this year, with an initial capacity (later to be doubled) of about 8 million tons annually.

There are also three firmly established oil-producing regions in Equatorial Africa—in Nigeria, in Angola, and in the ex-French countries of Gabon and Congo. In Angola, last year witnessed a substantial increase in production from the new Tobias field, and Nigerian output is moving steadily up, towards the goal of 5 million tons set for 1965.

Europe and the Far East

Production in Western Europe rose last year by 1,000,000 tons, reaching over 18 million tons. However, the long-term future of the area's leading producer—Western Germany—is in doubt as State support is being gradually withdrawn. The decline in Austrian production which started in 1956, has now been reversed, and the more recent decline in Italy—chiefly Sicily—may be reversed in the near future, as crude from the Gela field will soon be used in the new adjacent refinery and petrochemical plant.

There was very little change last year either in Indonesia, or in the Far Eastern area as a whole. The output of the Seria field in Brunei has, however, fallen from around 5.4 million tons annually in 1955-59 to barely 3.5 million tons now. The first Australian field, at Moonie in Queensland, will probably start commercial production early in the new year.

In the Soviet Union, crude oil production developed last year broadly in accordance with

(Continued on page 132)

WORLD (ESTIMATED) CRUDE OIL PRODUCTION*

(Thousand metric tons)

	1961	1962	1963	% change 1962-63	1963 % of total
North America					
U.S.A.:					
West of Rockies	41,333	41,657	42,000		
East of Rockies	312,099	319,112	331,500		
	353,432	360,769	373,500	+ 3.5	28.6
Canada	29,733	32,865	35,850	+ 9.0	2.8
	383,165	393,634	409,350	+ 4.0	31.4
Caribbean Area					
Venezuela	152,147	167,310	169,850	+ 1.4	
Colombia	7,456	7,289	8,300	+15.2	
Trinidad	6,532	7,013	7,000	..	
	166,135	181,612	184,950	+14.3	14.2
Other Latin America					
Mexico	15,213	15,918	16,500	+ 3.6	
Argentina	12,148	14,046	13,800	— 1.8	
Brazil	4,549	4,324	5,000	+14.5	
Peru	2,568	2,828	3,000		
Chile	1,208	1,524	1,750		
Bolivia	354	340	410		
Ecuador	391	332	310		
	36,431	39,312	40,770	+ 3.7	3.1
Middle East					
Kuwait	82,482	92,177	97,500	+ 5.8	
Saudi Arabia	69,227	75,746	81,000	+ 6.9	
Iran	58,700	65,405	73,000	+11.6	
Iraq	49,030	49,190	55,500	+12.8	
Kuwait Neutral Zone	9,800	13,044	16,400	+25.7	
Qatar	8,382	8,808	9,100	+ 3.3	
Egypt	3,766	4,670	6,000	+28.4	
Abu Dhabi	—	808	2,300		
Bahrein	2,250	2,251	2,250		
Turkey	414	508	700		
Israel	134	133	150		
	284,185	312,740	343,900	+9.9	26.4
Africa (excluding Egypt)					
Algeria	15,638	20,492	23,700	+15.7	
Libya	700	8,420	21,000	+149.8	
Nigeria	2,292	3,371	3,750	+11.2	
Angola	104	480	1,200		
Gabon/Congo (Brazzaville)	877	950	1,000		
Morocco	80	127	150		
	19,691	33,840	50,800	+50.0	3.9
Western Europe					
W. Germany	6,204	6,776	7,350	+8.5	
Austria	2,448	2,394	2,600		
France	2,164	2,371	2,530		
Netherlands	2,046	2,157	2,220		
Italy	1,972	1,808	1,700		
Yugoslavia	1,342	1,625	1,600		
U.K.	105	113	145		
	16,281	17,144	18,145	+5.8	1.
Far East					
Indonesia†	21,445	22,795	22,800	..	
Brunei/Sarawak	4,184	3,812	3,600	—8.2	
India	442	1,046	1,300		
Japan	666	761	800		
Burma	562	587	600		
Pakistan	378	473	500		
	27,677	29,474	29,500	+0.1	2.2
Free World					
Western Hemisphere	585,731	614,558	635,071	+ 3.3	48.7
Eastern Hemisphere	347,834	393,198	442,345	+12.5	33.9
	933,565	1,007,756	1,077,416	+ 7.0	82.6
Of which: Outside U.S.A.	580,133	646,987	703,916	+ 8.1	54.0
Eastern Europe and China					
U.S.S.R.	166,068	186,000	205,000	+10.2	
Rumania	11,582	11,864	12,000	+ 1.1	
Hungary	1,457	1,641	1,750		
Albania	618	725	800		
Bulgaria	207	199	200		
Poland	203	203	200		
Czechoslovakia	154	170	180		
China‡	5,500	5,800	7,000	+24.1	
	185,819	206,602	227,130	+ 9.9	17.4
World Total	1,119,384	1,214,358	1,304,546	+ 7.4	100.0

• Excluding small production in Cuba, Thailand, Formosa, Outer Mongolia and New Zealand.
† Including West New Guinea. ‡ Including oil from shale and coal.

SUGAR AS FOREIGN EXCHANGE EARNER

HIGH WORLD PRICES HELP INDIA BUILD UP EXPORTS

SUGAR is now earning for India quite a bit of foreign exchange. The total value of sugar exports in the current financial year is expected to be of the order of Rs. 30 crores, out of the aggregate estimated exports of Rs. 780 crores. Indeed, almost one-sixth of the anticipated improvement of Rs. 86 crores in overall exports as compared with the previous year (1961-62) will be accounted for by sugar alone. Sugar has thus emerged as one of the staple earners of foreign exchange, a position that ought to be preserved in the years to come. It is, therefore, somewhat disconcerting to learn from the reported assessment of export prospects as made by the experts of the Union Ministry of International Trade that the actual sugar exports in the next financial year (that is, 1964-65) may not exceed Rs. 15 crores, as against the estimated Rs. 30 crores for 1963-64.

The above assessment is based on the ground that the country is already committed to export 300,000 tons of sugar during 1964-65 and, judging by the current trend of production, more sugar may not be available for export. This, however, is not the way one should look at the problem of sugar exports. It is true that the domestic demand for white sugar is rising persistently, but the installed capacity of sugar industry, too, is expanding, following the additional capacity licensed by the Government partly through setting up of new mills and partly through the expansion of existing units (*vide* reference on page 88 of the last issue of *Commerce*). And whatever capacity that is put up can certainly be utilised fully, provided the sugar industry is assured of adequate cane supplies. India does grow every year much more cane than what is actually needed by the sugar industry and it should not at all be difficult to ensure the requisite supplies to the mills, provided energetic steps are taken to see that there is no large-scale diversion of cane supplies to the production of *gur* and *khandsari* which is really a wasteful exploitation of raw material. Sugarcane production itself can be augmented if the State Agricultural Departments play their part properly. Although attention to these aspects have been drawn repeatedly, they have to be stressed again, particularly in the present context of the supreme urgency for earning as much foreign exchange as possible through sugar exports, especially as the prospects for this trade are very bright, thanks to the buoyancy of the world sugar market, a buoyancy that is expected to persist for sometime to come. Surely, the present is the most opportune time for India both to consolidate its existing markets and to explore new markets.

The continuing buoyancy of world sugar market is reflected in the sustaining high level of prices. Raw sugar in London is currently ruling at £88 per ton (c.i.f. London), which, though well below the peak of £105 touched early in November 1963, is more than twice the rate of £40½ prevailing a year ago. A further rise in prices, with a peak in the late spring of over £100 per ton, is confidently expected by the sugar dealers in London. Even when allowance is made for a possible decline in price due to unexpected developments, there is room for warranting the assumption that the price may not go below £75 (Rs. 1,000) per ton. At this price, India can undoubtedly export sugar at a profit without any subsidy payable by the Government of India to meet any loss on exports.

Sugar as India's Foreign Exchange Earner

(In crores of rupees)

	1963-64 (estimate)	1962-63	1961-62
Total exports of all commodities.. ..	780.00	693.69	660.34
Of which sugar ..	30.00	17.01	14.55
Percentage share of sugar in the total	3.9	2.4	2.2
Quantity of sugar exported (000 metric tons)	—	418	285

—Not known. Actual exports in the first half of the year (April-October) was 363,864 metric tons valued at Rs. 18.86 crores.

World market conditions are highly in favour of India as a seller of sugar. In the first place, there are, it is said, fewer second-hand cargoes of sugar in the hands of speculative interests still waiting to find buyers and to depress prices. Secondly, the U.S. refiners are expected to enter the market to buy sizable quantities of sugar, in view of the inability of the Administration to ensure for them sufficient supplies. And, finally, the aggregate world sugar production of 54.32 million tons in the current season, which began on 1st September 1963, is expected to fall short of the estimated consumption of 55.77 million tons by over a million tons.

That the supply-demand position in the current year would continue to be tight was clearly envisaged by the International Sugar Council at its last meeting held at London early in November last. The Press *communique* issued by the Council then, it will be recalled, had said:

"The Council adopted the Statistical Committee's first estimate of the net import requirements of the free market for 1964 amounting to 1,143,000 metric tons (raw value) and noted that the import requirements of the United States of America from foreign sources were estimated at 3,540,000 metric tons, making a total for the requirements of the world market of 14,970,000 metric tons. The Council considered this estimate against the first forecast of supplies available for world destinations in 1964 and noted that requirements would again be considerably in excess of supplies."

The gap between world sugar production and consumption widened considerably from 3.31 million tons in 1961-62 to 5.35 million tons in 1962-63. While the deficits in Asia and Europe increased, the surpluses in North, Central and South America continued to decrease. The situation in Oceania, however, shows a considerable improvement, the actual output being well above consumption. Africa turned from a deficit to a surplus one, though the actual surplus in 1962-63 was negligible.

World sugar consumption has continued to expand since the past few years, due to population increases, rise in purchasing power, and opening up of large new areas of consumption in underdeveloped countries. Thus, between 1953-54 and 1962-63, the actual consumption, according to the estimate prepared by Messrs. F. O. Licht, a well-known firm of sugar dealers in London, has gone up by an average of over six per cent per annum (the total net increase is 21.16 million tons), while actual output has risen by 5.27 per cent (the total net increase is 17.70 million tons). Since population experts forecast even quicker increase in population and considering that the standard of living will improve with further technological development, as also because of the refinements in taste standards in underdeveloped countries, the tempo of increase in consumption will doubtless continue to rise. Messrs. F. O. Licht have calculated that, on the basis of an annual increase of five per cent, world sugar consumption will reach 91.4 million tons by 1972-73 or 35.3 million tons more than in 1962-63. As against this rise, world sugar production (also at a yearly rate of increase of five per cent) will be of the order of 83.5 million tons. The anticipated shortfall is thus 7.9 million tons. An increase in production at the yearly rate of five per cent is thus regarded as insufficient. These figures indicate how promising is the future for the world trade in sugar with "tremendously good marketing potentiality for the product in the next decade." If the expanding requirements of world sugar are to be satisfied fully, it is necessary to step up the sugarbeet and sugarcane acreage, improve per-acre yields, expand the capacity of existing sugar mills and refineries, and install new plants.

As for the areas where expansion of production capacity may occur, Messrs. Licht see tremendous possibilities in some Asiatic and African countries. According to them, India offers boundless production possibilities, and developments in Australia and South Africa will also be of considerable importance. Taiwan can easily double its production if the prices offer an appropriate incentive. The position in respect of other areas is as follows:

South America: Sugarcane cultivation possibilities are unlimited.

Central America: Development will be decided in the near future by production in Cuba which, in turn, will depend on whether the present Government there is able to check the present recession.

U.S.A.: The home-grown cane and beet sugar production has been steadily rising since the lifting of Government restrictions and there is enough land in the country to meet the increased internal demand for sugar. But much will depend on the Administration's sugar policy and on the question whether large quantities of sugar will continue to be imported in order to meet internal requirements or whether the domestic industry will be allowed to cater more for these requirements.

Europe: The sugar policies of European countries have so far been oriented towards meeting the domestic needs, since exporting sugar is normally a losing business for these countries, though the situation has changed with the prices ruling high (8 to 10 cents per lb.) in the international market. But developments there will certainly not be a decisive factor for sugar supply for the rest of the world.

Soviet Russia is one of the world's biggest producers of sugar. Details of its production programme for the coming years are not available. The target fixed to be achieved in 1963 was 5.90 million tons, but the actual output is estimated at no more than 5.15 million tons of white sugar (or 6.55 million tons raw value); the estimate is based on a total beet crop of 35 million tons and an average yield of 10.61 tons per hectare. Russia, it may be noted here, has been buying the major portion of Cuba's sugar production since the U.S. Government imposed a ban on Cuban imports. In view of the tight supply position in Russia and because of the serious shortfall in output (placed at just 3.5 million tons) in Cuba, due to the damage caused by the hurricane "Flora," the quantity of Cuban sugar left for Communist China and the world market is expected to be less than a million tons. This development, together with the marked reduction in stocks in the exporting countries and the emergence of the tendency to build-up of stocks in importing countries, strengthen the prospects of a high level of world sugar prices for sometime to come. This opportunity should certainly be availed of in full by India.

Sugar: Continental-wise Position

(In million metric tons—raw value)

	1962-63	1961-62	1960-61
Europe:			
Production	18.33	19.36	21.25
Consumption	24.30	23.72	22.98
North and Central America:			
Production	13.50	13.90	15.71
Consumption	12.44	12.18	11.47
Asia:			
Production	7.74	8.09	8.41
Consumption	10.41	10.09	9.85
South America:			
Production	6.03	6.23	6.08
Consumption	5.16	5.12	4.72
Africa:			
Production	3.03	2.87	2.40
Consumption	3.02	2.92	2.82
Oceania:			
Production	2.11	1.51	1.51
Consumption	0.76	0.75	0.74
World total:			
Production	50.74	51.96	55.36
Consumption	56.09	55.27	52.57

World Sugar Balance

(In million metric tonnes—raw value)

	1963-64 (estimate)	1962-63 (estimate)	1961-62	1960-61
Opening stocks*	6.03	11.38	14.69	11.90
Production	54.32	50.74	51.96	55.36
Total available supply	60.35	62.12	66.65	67.26
Consumption	55.77	56.09	55.27	52.57
Closing stocks	4.58	6.03	11.38	14.69
Actual production—consumption gap in the season proper	—1.45	—5.35	—3.31	+2.79

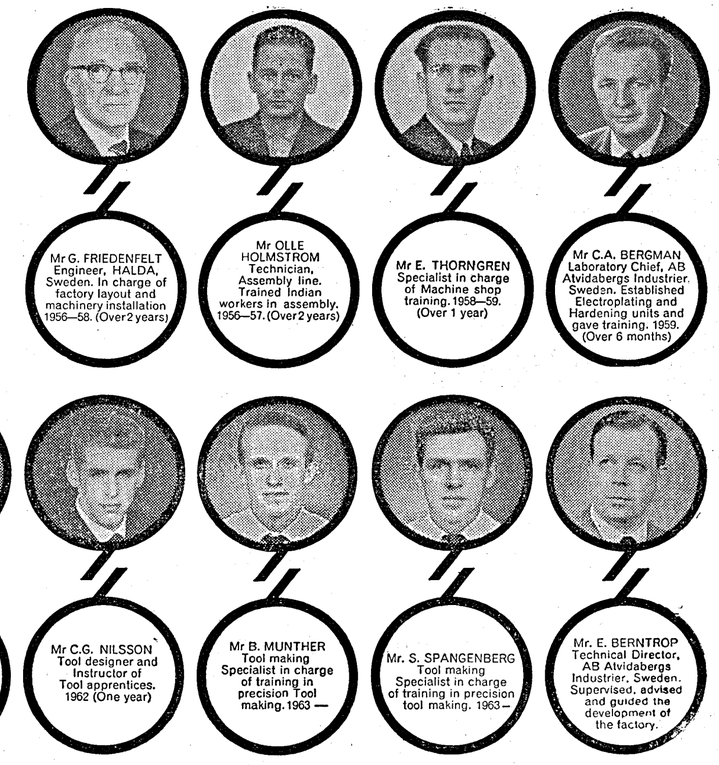
Note: The figures relate to the crop years ended 31st August.
* Excluding Soviet Russia and Mainland China.

CO-OPERATIVE SUGAR MILLS

Four more co-operative sugar factories have gone into production during the current season, bringing the total number of co-operative sugar factories working to 45. Of these, two are located at Takli and Kumbhi-Kasari in Maharashtra and one each at Batala in Punjab and Aska in Orissa. Each of these factories has an installed cane-crushing capacity of 1,000 tons per day.

The Union Ministry of Community Development and Co-operation has recommended the applications of five existing co-operative sugar factories for expansion of their capacity and eight proposals for the establishment of new co-operative sugar factories. With a view to ensuring the production of 3.3 million tons, the target set for the current year, the Government has already announced a number of incentives, namely, increase in cane price, rebate in basic excise duty and transport charges, increase in the ex-factory price of sugar and measure for stoppage of diversion of cane in the factory zones for the manufacture of *gur* and *khandsari*.

HALDA'S HIGH QUALITY AND PRECISION ARE NO ACCIDENT!



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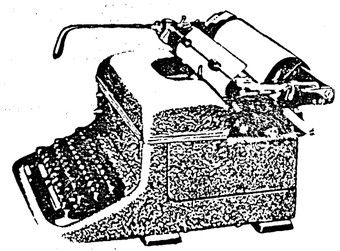

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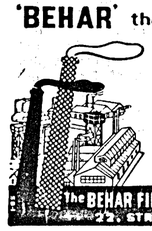

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STAGNATION IN AUTOMOBILE ANCILLARY INDUSTRY

RAW MATERIAL SHORTAGE ACUTE

IT is well known that the motor vehicle is an assembled product of as many as 5,000 and odd components, most of which are produced by manufacturers functioning independently of the automobile plant. About 30 to 35 per cent of these components usually come from the automobile ancillary manufacturers, while 25 to 35 per cent come from the general engineering industries. Taking the ancillary industry alone here, it is noteworthy that its output of original components needed by the vehicle manufacturers in India and of spare parts needed by the fleet of vehicles on the roads has increased from Rs. 45 lakhs in 1955 to Rs. 18 crores in 1962. In addition, the output of tyres has gone up from 8.8 lakhs in 1955 to 15.6 lakhs in 1961 and that of tubes from 7.9 lakhs to 14.8 lakhs. In the context of the drive under way for raising the indigenous content of motor vehicles to 90 per cent in the next one or two years, the need for quickening the pace of development of the ancillary industry has arisen. This aspect has been emphasised time and again by the Government and the ancillary industry itself has shared the Government's anxiety in this regard. But the industry is conscious of the fact that it has not come up to the Government's expectations. Its inability to leap forward, according to Mr. Pranlal Patel who addressed the fourth annual general meeting of the All-India Automobile and Ancillary Industries Association held at Madras on the 19th instant, has been due to some built-in resistances.

Present Position

What is the present state of the industry? As Mr. Pranlal Patel has stated, the overall production (Rs. 20 crores) of automobile components in 1963 did not represent any significant increase over the 1962 level. This was in sharp contrast to the performance of the industry in the years immediately preceding. In 1961, for instance, the industry had recorded an increase in production of 39 per cent over 1960. The performance was much more impressive in 1962 when the industry registered a production increase of 60 per cent over the 1961 level. There is thus no doubt that there is currently stagnation in what should be a rapidly growing industry with a ready market for its products. The Association's own assessment is that while, on the one hand, production facilities in terms of equipment installed in the industry are rapidly expanding, raw material bottlenecks, on the other, continue to inhibit their optimum utilisation. According to a recent survey by the Association, installed capacity in the industry is grossly underutilised and the incidence of idle capacity in some cases is as high as 50 per cent.

What is even more deplorable is that this underutilisation of capacity continues while shortages of those very items, which the installed equipment is intended to produce, continue to persist. It may be recalled, in this connection, that the World Bank Mission's recent report has given the finding that "stocks of spare parts and accessories in the motor vehicle industry are totally inadequate in relation to the number of vehicles now on the roads (or immobilised for repair)." This situation can be relieved by augmenting indigenous production, provided adequate supplies of raw materials and components (both indigenous and imported) can be made available. Otherwise, the acute raw material shortage would continue not only to slow down production but also to upset seriously the industry's economics.

Import Content of Ancillaries

The President of the Automobile and Ancillary Industries Association has drawn pointed attention to the fact that most of the components and sub-assemblies manufactured by the industry are either processed wholly out of imported materials or have a substantial element of import content in them. Mr. Patel has, therefore, made the following cogent plea for a more liberal allocation of foreign exchange:

"Our efforts to raise production are being frustrated by the inadequate supply of raw materials which are not available in the country and have necessarily to be imported. In a rapidly growing industry like ours, consumption of raw materials will be continuously on the increase. Thus, our requirements of alloy steels of various specifications, non-ferrous metals and chemicals, all of which are imported at present, are steadily rising, with the growing volume of production. Nonetheless, foreign exchange releases to us continue to be pegged down to levels which have long since ceased to reflect our actual needs. *Ad hoc* releases of foreign exchange will no longer suffice. Considering the growth of the industry, particularly in the last three years, and the very significant contribution it is making today towards import substitution, the time has come to consider the industry's claim to its rightful share of scarce resources like foreign exchange on the basis of a rational order of predetermined priorities.

"Indigenous raw materials like pig iron and steel are by no means easy to acquire, as their distribution is governed by numerous priorities on which defence and operational priorities have been superimposed after the proclamation of the national emergency. While there is a great shortage of pig iron, supplies of which are now being actually rationed, supplies of sheets from Rourkela have failed to materialise. To quote an instance, the manufacturers of scooters, motor cycles and three-wheelers, who placed trial indents with Hindustan Steel, Rourkela, for sheets at the beginning of last year, have now been told that, in the absence of priority, their orders cannot be executed.

"The industry's requirement of foreign exchange this year on purely maintenance account is in the neighbourhood of Rs. 10 crores. This is mainly on raw material account as our component imports are comparatively small. This is a very conservative estimate and, judged in relation to the very significant contribution the industry is making towards import saving both in vehicle production and maintenance, the requirement is modest indeed."

Government's Approach

The Union Minister for Steel, Mines and Heavy Engineering, Mr. C. Subramaniam, whose speech was read at the Madras meeting of the Association, admitted that there was a shortage of essential raw materials. But he expressed surprise at the fact that, in spite of a fourfold increase in the foreign exchange released to the ancillary items during the last four years, production had been more or less stagnant in 1963, as compared with the previous year. The Minister pointed out that, in the current financial year, the foreign exchange allocation to the industry was to the tune of Rs. 10 crores. It was his view that, with that much allocation, it should be possible for the industry to produce over Rs. 30 crores' worth of goods in 1964-65. The long and short of the Minister's reply was a 'no' to the industry's demand for more foreign exchange. In the circumstances, what can the industry do? If it is not to reconcile itself to the prevailing situation of idle capacity, it should make a diligent effort to find indigenous substitutes and sources of supply, without detriment to the quality of parts made by them. At the same time, the Government also would do well to determine the industry's share in foreign exchange resources on a more rational basis of priorities, as suggested by Mr. Pranlal Patel, and not on an *ad-hoc* basis which is of dubious value. On balance, it would appear that, if production of both original equipment for the automobile industry and of spare parts for the transport fleet on the roads is to be stepped up greatly, the ancillary industry's plea for a larger and more stable level of foreign exchange allocation deserves to be fully considered by the authorities.

Price Control?

The Minister's threat to extend price control to automobile ancillaries "in order to check wasteful methods of production, inefficiency and profiteering" is no answer to the problem for two reasons. For one thing, price control would be a retrograde step at a time, when several industrial commodities have been rightly decontrolled and the need for liberalising other controls has been recognised by the Finance Minister, Mr. T. T. Krishnamachari, himself. For another, inefficiency in production, if there is any, must be largely due to the inadequacy of imported raw materials and the relatively poor quality of indigenous materials. But it should be remembered, at the same time, that manufacturers of vehicles, the prices of which are subject to Government approval, have been asking for higher prices to meet the higher cost of indigenous components. If vehicle prices are not to be raised further, the ancillary industry must do its best to quote reasonable prices for the components manufactured by it. But here the industry is unfortunately in a vicious circle, for, unless it has adequate raw materials for utilising its capacity fully, it may not be in a position to reduce the costs of production.

JAYANTI SHIPPING COMPANY

The Jayanti Shipping Company has recently acquired a bulk carrier, called *Kanishka Jayanti*. This is the sixth of eight such vessels being built for the Company by the well-known shipbuilders, Mitsubishi Shipbuilding and Engineering Company of Japan. Two more carriers of the same class, of 33,250 d.w.t. each, are expected to be delivered during mid-1964.

The bulk carrier just acquired has an overall length of 600 feet and breadth of about 90 feet. When fully loaded, it can carry about 32,000 tons of ore, has a draft of about 33 feet and is equipped with the most modern navigational devices, including radar and a special equipment called 'Loadicator.' The loadicator will indicate the exact load distribution in different holds and thus help in the navigational stability of the vessel.

The Jayanti Shipping Company's total tonnage, incidentally, works out now to approximately 365,000 d.w.t., including the recently added bulk carrier, which is roughly one-fifth of the total tonnage on Indian registry.

Including the *Kanishka*, Jayanti's fleet now comprises six bulk carriers of average 33,265 d.w.t. each, one tanker of 33,015 d.w.t. and a dozen cargo vessels of average 10,614 d.w.t. each, making a total of 19 vessels. The Company is expected to acquire one more oil tanker (super-size, of 54,000 d.w.t.), two more bulk carriers (of 33,250 d.w.t. each) and three combined oil-*cum*-ore carriers (of 21,000 d.w.t. each) during the year 1964.

COCHIN REFINERY'S PUBLIC ISSUE

The Cochin Refineries Ltd. is a mixed, that is, public-*cum*-private enterprise. The Central Government's share in its Rs. 7-crore equity capital will be 51 per cent, while Phillips Petroleum Company, Duncan Brothers and Company Ltd. and the Kerala Government will have 25 per cent, 2 per cent and 7 per cent, respectively. The remaining 15 per cent (representing Rs. 1.04 crore) is to be issued to the public for subscription. It is reported, in this connection, that the share list of the Company will be opened for public subscription early next month. This public issue will consist of 104,000 equity shares of Rs. 100 each. While no underwriting of the shares is contemplated, Phillips Petroleum has offered to take up any shortfall in the subscription.

According to the Managing Director of the Company, Mr. John W. Loy, the entire project will cost Rs. 22.8 crores. Nearly all the financing, excluding equity capital, would be covered by medium and long-term U.S. loans arranged by Phillips. The refinery, he claimed at New Delhi last week, would be in a position to go on stream in the fall of 1965 and reach its full capacity by the end of that year.

TATA-MERCEDES TRUCKS

The expansion project of T.E.L.Co. for the manufacture of trucks is making steady progress. According to Mr. Walter Hitzinger, representative of the German collaborating firm, who spoke at a Press conference at New Delhi on the 17th instant, T.E.L.Co. would begin manufacturing 2,000 Tata-Mercedes trucks per month within the next two years, as compared with the present 1,000 per month. He disclosed further that from July this year the Company was likely to manufacture 1,500 trucks per month, possibly with 90 per cent indigenous content.

WORLD CRUDE OIL PRODUCTION

(*Concluded from page* 129)

the annual plan, reaching about 205 million tons, or 19 million tons more than in 1962. The country is thus favourably placed to reach, if not exceed, the goal of 240 million tons set for 1965, the last year of the current seven-year plan. Beyond that, the U.S.S.R. is committed to strive towards an output of 390 million tons in 1970, and about 700 million tons in 1980.

The world's proved reserves of crude oil today are taken to be equivalent to 37 years' production at the 1962 rate. But, unless the figure is revised, they will only be equivalent to about 34 years' production at the 1963 rate while, according to Mr. M. R. Bridgeman's calculation, they amount to a mere 15 years' production if measured by the probable output of the year 1980. Mr. Bridgeman's conclusion—that we are in need of a sustained world-wide search effort—is, indeed, powerfully supported by the production estimates now available for the year just passed.—*By Special Arrangement with Petroleum Press Service.*

NEW PRODUCTS AND PROCESSES

New Pack for Export Cheese

AUSTRALIAN cheeses are now being shipped to Britain and Europe in newly designed boxes made of timber and hardboard. The box was developed in conjunction with the Dairy Research Section of Australia's Commonwealth Scientific and Industrial Research Organisation. It is constructed with timber ends and sides and the bottom of 3/16th in. standard hardboard. The internal dimensions are held to close tolerances because the most important aspect of the box is the pressure exerted on the cheese itself, which is packed in a plastic bag. The pieces of hardboard in the bottom of the box are planed smooth to remove the possibility of dust particles entering the cheese. Drop tests in the form of two foot drops on to concrete, have shown that they stand up to the normal rigours of transport. The boxes are now being used commercially for export shipments by the Producers' Distributing Co-operative Society, Queensland.

"Epistop"—An Australian Adhesive

An Australian-made adhesive, "Epistop," will bond wood to concrete, iron to bricks and stone, glass to steel and rubber to ceramic or metal, or any structural materials. The manufacturers, Indelab Pty. Ltd., rather than compile a detailed list of what materials the adhesive will bond, simply point out that the only material to which it will *not* bond is polythene. The adhesive, which contains fibreglass and is known as an epoxy, also has a wide use as a filling compound. It hardens in 2 hours. Epoxies have nothing in common with the more conventional adhesives. They are not glues, but thermosetting plastics, which, when mixed with a curing agent, undergo a chemical reaction. In the reaction, the chemical structure of the epoxy changes and its molecules link with the molecules of the materials being bonded. The result is a "weld" often stronger than the material it bonds. Other advantages of epoxies are that, when heated, the bond will not melt and flow and is not effected by immersion in acids, alkalis, water or solvents.

"Safety" Belts for Car Seats

Safety is "built in" at each stage of manufacture of car seat belts which have won significant export markets for an Australian firm. Tudor Accessories (Aust.) Ltd. of Adelaide, produces a range of car safety belts to the stringent specifications of the Standards Association of Australia. The belts are made in several styles—lap strap (a single belt around the abdomen), diagonal type (across one shoulder), combination lap and diagonal belt, and full harness (lap strap and belts over both shoulders). Safety specifications are concerned with two aspects. The first, obviously, is that all parts of the belt—webbing, stitching, buckle, connections—must be capable of withstanding very great force. The second is that the buckle, under pressure, can be released quickly and easily, even by a child or a person injured or suffering shock. The Standards Association of Australia specifies that a belt must withstand a 4,000 lb. strength test in a static test rig. This and the testing conditions are identical with the relevant British Standard (B.S.S. 3254). In Australia, after investigations by the Standards Association, it was decided to make the release specification even more exacting than the 45 lb. specified in B.S.S. 3254. A figure of 25 lb. was laid down as the maximum which could be safely accepted for a belt carrying a 250 lb. load. The firm has been closely connected with the testing of safety belts ever since it began making them. It built the test rig used by one of the Standards Association testing authorities, the Royal Melbourne Institute of Technology. Tudor factory tests about one belt in 500. It claims this is probably a higher proportion than that of any other quantity manufacturer in the world. It uses I.C.I. terylene woven into webbing in Australia. Terylene thread is used for stitching. To maintain strength of joins, machining must follow a specific design. In Tudor belts, there must be just seven stitches to the inch, no more and no less. General Motors-Holden's Pty. Ltd., Ford Australia Ltd., Rootes Australia and Australian Motor Industries (Standard) have all chosen Tudor belts for fitting to their vehicles.

World's Largest Yankee Cylinder

The world's largest Yankee cylinder is to be manufactured by Karlstads Mekanis a Werkstad (K.M.W.), the Swedish heavy engineering company, for the Ingerois cardboard mill at Ikeroinen, Southern Finland. It will have a diameter of 6,000 mm, length of 5,170 mm and is designed for a speed of 300 m. per minute. The 120-ton unit, with a surface of 93 sq.m. will be cast in April. After grinding, finishing and final assembly it will be ready for shipment in January 1965. K.M.W. has manufactured a number of big Yankee cylinders over the years. The latest was a 5,100 mm diameter cylinder for the K.M.W.-built paper machine for the Munksjö paper mill in Sweden.

Structure of Proton

A unique method of investigating elastic scattering of protons on protons at energies of 1,000 MEV and above has been suggested by Soviet scientists, Victor Kopylov-Svlridov and Vladimir Nikitin. The scientists have found a way to measure with high accuracy even the small angles at which high energy protons scatter. This enabled them to carry out experiments which might play a big role in the studies of the structure of elementary particles. A report on their experiments was presented to the 15th session of the Scientific Council of the Dubna Joint Nuclear Research Institute by Academician Vladimir Veksler, Director of the Institute's laboratory of high-energies. The essence of the new method applied in Dubna for the first time is that the elastic scattering process is studied through determining the characteristics of the recoil protons which were in a state of rest before the collision. The experimenters placed a one-micron target into a hydrogen-filled chamber of the proton-sychrotron. Such accelerating conditions were selected under which the same proton passed through the target thousands of times. Thereby, the effectiveness of the accelerated beam of protons increased by as many times. This, in turn, increased the intensity of the beam of recoil protons which were knocked out of the target. Collisions of two protons occurred at great distances—so that the bombarding particle and the proton at rest interacter by their "stratospheres," to use Academician Veksler's metaphor. The Dubna research workers have registered 22,000 cases of the appearance of recoil protons. The scattering characteristics in these experiments have been measured with great accuracy. Using different methods of mathematical processing, physicists obtained data warranting definite conclusions concerning the proton structure. The experiments in Dubna are continuing.

Identifying Rail Wagons

A system for identifying moving railway wagons has been announced by International General Electric, overseas marketing division of U.S. General Electric. It consists of a pattern of piezoelectric elements to be mounted under the truck and serve as a "fingerprint," a pick-up unit mounted between the rails having no moving parts and suitable for encasing in concrete if required, and a scanning, decoding and output device near the pick-up head. When the wagon enters the field of the pick-up unit a signal from the fingerprint unit or "Dezignator" is received by pick-up device antennae. Impulses are transmitted to the decoder and punched on tape. The system is claimed to permit railways to locate any wagon immediately, quickly switch incoming trucks to the proper sidings and notify customers without delay.

New Face for Screw

The changing face of the simple screw, universal medium for fastening any two things together has just been demonstrated in London. Developed by Phillips, in collaboration with the British firm of G.K.N. Screws and Fasteners Ltd., the world's biggest manufacturers in this field, the main feature in the new recess head type screw, named "Pozidriv," is its vertical driving face which can be speedily located by the driver without danger of misalignment. The new head is claimed to eliminate the tendency of the driver to "cam-out" or be forced from the screw head during fixing. Other material advantages based on extensive tests in the U.S. and in Britain are productivity gains in the order of eight per cent on assembly work. The new screw can make a significant contribution to cost saving in mass assembly industries.

Flame-resistant Adhesive

Samples of a new range of non-inflammable adhesives developed by a British firm, Plus Products, 1-68 Queensway, Team Valley, Gateshead, County Durham, after two years of intensive research have been sent for evaluation to many parts of the world. Main application is in foam rubber, automobile and upholstry industries where adhesives are rapidly replacing welding and stitching methods. An official of the company said that although the new product was slightly more expensive than inflammable equivalents, it could in fact prove more economical because of its better surface spread. The new solution was heavier and could give an increased spread of 10 to 20 per cent over similar products. Other advantages are short drying time, good ageing properties and flexibility. In some cases it can be used by application to one surface only of the two being joined.

New Process for Corrosion Protection

A method of applying paint coatings by electro-deposition has been introduced into the production plant of a British factory. The coating technique, said to give greatly improved corrosion protection, is expected to find wide application in the car industry and general industrial field. The system has been developed jointly by two British companies, Imperial Chemical Industries Ltd., London, and Pressed Steel Ltd., Cowley, and is believed to be the first technique of electro-deposition of paint to be used on a production line in Britain. It is now being used at works where an ammonia-stabilised water-borne paint is priming car petrol tanks. Experimental plant for applying the process to car bodies and to a small-parts line is also in operation at the same company. The process is essentially a dipping one, in which an electric current is passed between the work piece and another electrode. The resultant coating consists of a high viscosity coagulated film which adheres strongly to the steel surface even before stoving. Only the resin and pigment are deposited (the water being excluded by electro-osmosis), which eliminates the possibility of runs or sags. The voltages necessary to achieve a satisfactory film are below 100 volts DC. Deposition can take within a period of one minute and drain-off is claimed to be very rapid. Other advantages claimed for the new technique are: fully automatic operation including the facility of controlling film thickness, full utilisation of paint, good coverage of sharp edges without film recession, penetration into welded seams and effective and irreversible coverage of partially screened areas such as the interior surfaces of box sections.

Changeable Bed

A bed that can be changed from single to double in five seconds without lifting and without changing mattresses, manufactured by Price Brothers and Co. Ltd., Wellington, Somerset, is said to be the answer to one of the hotel industry's problems—the loss of trade when a couple have to be turned away because the only vacant room is a single one. In its single form, it looks like a 3 ft. modern bed. But the foam-filled divan base is in two sections, one fixed and one moveable, rather like the leaves of an extensible table. When pulled, the moveable section runs out on casters for 18 in., making a gap into which the mattress drops. The sections are stepped, with "tongues" that run under the mattress for a close and level fit. In this double form, the bed is 4 ft. 6 in. For ease of storing and transport, the legs, head board and foot board of the bed are detachable, and the whole packs into a relatively small space.

Ni-Hard Iron

Successful commercial development of a nickel-chromium cast white iron combining superior resistance to both abrasion and corrosion has been announced by The International Nickel Company, Inc. Designated Ni-Hard iron, type 4, it is a patented high-alloy modification of the Ni-Hard family of abrasion-resisting irons which has been in industrial service for many years. Ni-Hard iron, type 4, however, offers improved mechanical properties and greater resistance to corrosion over the established Ni-Hard iron, type 1, it is claimed. By virtue of its alloy content, the type 4 iron possesses a matrix structure, in the mold-cooled condition, which is similar to that of a heat treated steel. It is expected to find major service in pumps and other equipment handling abrasive solids in water. Also, extensive use is predicted for Ni-Hard iron, type 4, in applications such as metal-working rolls, mill liners, grinding balls, pulveriser rings and roll heads. In-service tests have shown that Ni-Hard, type 4, iron impellers in centrifugal pumps handling ore and tailings have lasted upto twice as long as those made of competitive abrasion-resisting materials. Grinding rings of type 4 iron in a ring-roll type pulveriser, used for dry-grinding cement clinker, had an average life of more than 4,000 hours. Reports from International Nickel's Research Laboratory, where the iron was developed, indicate that the type 4 iron can be melted in either a cupola or electric furnace and is quite fluid and readily castable. For most applications the only treatment required is stress relieving for four hours at 400 to 450°F, although a more extensive heat treatment may be used for applications where higher strength and hardness are desired. Ni-Hard iron, type 4, is composed of 3.0 to 3.6 per cent total carbon; 1.5 to 2.0 per cent silicon; .40 to .70 per cent manganese; 5.5 to 6.5 per cent nickel; 7.0 to 10 per cent chromium; balance iron. Ni-Hard is a registered trademark of The International Nickel Co. Inc., for a family of abrasion-resisting cast irons. Ni-Hard irons, including type 4, are produced by authorised foundries licensed by International Nickel.

Weaving Steel

Skilled master weaver operates a special hand-built loom producing ultra-fine wire cloth. The wire cloth, woven in Pall Corporation's plants at Lurgan, Northern Ireland, and Shannon, Eire, is furnace-sintered and manufactured into precision filters and other equipment for aerospace and industrial uses. The finest grades of this stainless steel mesh may contain as much as 3½ miles of finer-than-human-hair wire per square foot. Pall filters manufactured from these materials are used aboard virtually all military and civil aircraft, including the Boeing 707 and in most space vehicles. They protect hydraulic, pneumatic, fuel and lube systems from microscopic contaminants which could damage or jam sensitive, close-tolerance pumps and valves and thus precipitate a catastrophic failure.

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PUBLIC ACCOUNTABILITY OF PRIVATE CORPORATE SECTOR—I

PHILOSOPHY OF INDIAN COMPANY LAW

(Contributed)

THE expanding frontiers of the private corporate sector and the stirrings of a new consciousness among the public about the obligations of the private corporate sector towards the society have added a new dimension to the discussion of the role of private corporate sector in an economy which is free from the trappings of centralised direction and control as is noticed in the countries that boast themselves to be "socialist democracies." The discussion of this new dimension is particularly of vital significance to developing countries like India, where the goals of a welfare economy and an egalitarian society in which opportunities to share the fruits of developing economy are to be thrown open to all sections of the society have been specifically defined in the directive principles in the Constitution and as such are of the nature of a permanent obligation cast on the present as well as future governments of the country. While in the developing countries including ours, a discussion of public accountability of private corporate sector is still almost unknown, in the more industrially advanced countries of the West it has come to be most avidly discussed in academic circles and among the intelligentia, as a natural corollary to the acceptance of the concept of public interest *vis-a-vis* the private corporate sector. But even there, the discussion on the application of the test of public accountability to private corporate sector and the ways of doing it, is very largely confused. This confusion largely arises from the general line of thinking that the public sector and the nationalised industries alone are to function in 'public interest' and as such it is necessary to subject them only to the test of public accountability. It is proposed to discuss in this article the need to apply the test of public accountability to the private sector after statistically showing that the frontiers of the private corporate enterprise have so vastly expanded that, apart from the shareholders and creditors, the public have also come to have a stake in its functioning.

Expanding Frontiers

For a proper appreciation of the expanding frontiers of the private corporate sector in our country, it may be emphasised that, at present, our country is passing through a very crucial phase of industrial revolution which started with Independence in 1947 and gained momentum with the launching of the First Five-year Plan in 1951. During the current phase of industrial revolution, the industrial base of the country has vastly been diversified. In fact, it can be said that the country has taken big strides to get nearer to the take-off stage.

In the next few Five-year Plans, which will ultimately lead the country to that stage, the corporate sector has a big role to play. Already, the corporate sector in our country accounts for more than 90 per cent of industrial production computed on the basis of factory output. Also ninety per cent ownership of the productive capital of factories in the major industries is vested in the joint-stock companies. The share of the corporate sector in the net domestic product at factor cost for the non-Government sector is reckoned around 15 per cent. This proportion for the trade and industry in the non-Government sector comes to over 66 per cent. The total invested capital of the entire corporate sector aggregated approximately Rs. 2,200 crores and their total assets over two times that figure. Excluding the capital invested in the Government companies incorporated under the provisions of the Companies Act which comes to about Rs. 800 crores, the total paid-up capital of the private corporate sector, which comprises approximately 25,400 companies, is at present estimated at around Rs. 1,400 crores.

These figures indeed look very large in comparison with the number of companies at work at the beginning of the century when there were only 1,340 of them and their paid-up capital added upto Rs. 35 crores only. If we go still earlier into the nineteenth century to its eighties when the corporate sector in our country had taken firm roots after a lapse of some three decades since the passing of the first Companies Act in 1850, we find that there were only about 500 companies at work in the country with a total paid-up capital of about Rs. 16 crores. It is not only that the number and paid-up capital at work in the country have increased over the last 100 years—in fact much of this expansion took place after the outbreak of the Second World War—but also that, within the corporate sector, the number of big-sized companies has gone up phenomenally. Excluding the private railways, banks, insurance and other financial companies, the total number of companies having a paid-up capital of Rs. 50 lakhs and more was only 6 on the eve of the First World War and the number of such companies increased to about 50 by 1930-31. As against this, the number of big companies was reported to be 461 in 1960-61 to be exact. Since then, the number of such companies has further gone up to around 500. The paid-up capital of the 461 large-sized companies amounted to Rs. 1,212 crores in a total of Rs. 1,814 crores for the entire corporate sector. Out of the 461 companies, 39 were the Government companies with a total paid-up capital of Rs. 539 crores, whereas the remaining 422 were non-Government companies, having a total paid-up capital of Rs. 673 crores. It is thus seen that the total number of non-Government joint stock companies having a paid-up capital of Rs. 50 lakhs and more accounted for nearly ·53 per cent of the total paid-up capital of the entire private corporate sector.

Small and Big Co-exist

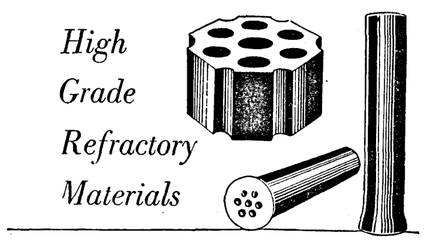
This concentration of capital invested in a small number of fair and large-sized companies in the private corporate sector is not to be regarded as either alarming or disconcerting, as the growth of these companies has in no way impeded the formation or growth of small and medium-sized companies in our country. It is seen that, in almost every industrial group, about 90 per cent of the companies are incorporated every year with such small authorised capital base as Rs. 10 lakhs or less. Notwithstanding this continued overwhelming flotation of small-sized companies in the private corporate sector, the number of large-sized flotation with an authorised capital base of Rs. 1 crore or more has steadily increased from 28 in 1956-57 to over 70 in 1961-62, after establishing a record of 89 in 1960-61. In all during the period 1956-57 to 1961-62, 272 big-sized companies had been formed with an authorised capital of Rs. one crore and more each, of which 236 were in the private corporate sector and their authorised capital accounted for about 44 per cent of the total authorised capital of all the companies formed in the 'private sector' during the same period.

The foregoing figures thus clearly bring out that both the small and big companies coexist in the private sector without the latter affecting the chances of survival and growth of the former. To draw an analogy from the U.K. and the U.S., it may be mentioned here, that, in those countries, the growth and presence of a large number of giant-sized companies is construed not necessarily a harmful phenomenon, provided they function as independent competitive units not belonging to any closely connected industrial or business hegemonies, with no secret understandings collusively entered into between them in regard to the evolution of common price policies and of sharing markets which might prejudicially affect the interests of the consumers and generally speaking go against the public interest.

The wide horizons embraced by the totality of the corporate bodies and the commanding heights touched by the leaders of the private corporate sector have, however, come to catch the imagination of the various sections of the society; private corporate sector will continue to remain a focal point of discussion in future as its size expands further under the coming Five-year Plans. To the present volume of investment in the private corporate sector, another Rs. 1,850 crores are expected to be added during the third Plan. The proposed addition works out to as much as 46 per cent of the total private sector investment and 18 per cent of the total planned outlay and investment of the third Plan. Alongside the public sector's growth, the future of the private sector so far its growth is concerned continues to be bright. But the actual conditions and climate for its functioning would very much depend on how the corporate management, which is estimated to comprise 70,000 directors at the minimal level, conduct the business of corporate bodies under it not merely in furtherance of the interests of shareholders and for the safety of the monies lent by the creditors but by keeping the workers in the enterprises satisfied by giving them a 'fair wage' and a share in the profits and by playing fair to the public as consumers by giving them a share in the fruits of higher productivity. That is to say, the private sector enterprises and their management have to function under a new socio-economic philosophy for business which is the philosophy of public interest, not under the traditional one of looking after the interests of shareholders and creditors only.

Not A Mere Law

In law, the new socio-economic philosophy has yet to get recognition in its full implications and in explicit terms. In comparison with the provisions of Companies Act elsewhere in the English speaking world, the company law in our country, as spoken of by official circles, is more than a mere law and order measure which adjudicates between the rights of different parties—



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shareholders, creditors and management by majority. It is said to be an instrument for effecting socio-economic policies of the Government in regard to the dispersal of concentration of economic power, reduction of inequalities in income and wealth, democratisation of company management and subjugation of private motives that govern the working of the corporate bodies to the larger interests of the society. Thus, some half a dozen sections in our company law speak of 'public interest' in explicit terms. The scheme of the substantive Companies Act of 1956, and certain changes or innovations contemplated under the latest Amendment Act of 1963 such as the setting up of a high powered tribunal to look into the conduct of company directors and remove them from their positions if found guilty of fraud, misfeasance and grave misdoings aim at making company management and directors as responsible company managements and directors.

This move to make company management and directors behave and acquit themselves as responsible leaders of the corporate sector is one big trot towards the goal of taking the companies out of their traditional grooves and changing their complexion into that of responsible companies, the touchstone of which is 'public interest,' which has to be broadly viewed in present times to be roughly synonymous with 'general welfare' of a pluralistic society. Here, while considering the concept of public interest, it is also to be realised that the 'value element' of public interest is relativistic.

Change in Ideas

Apart from this conceptual consideration of the term 'public interest,' the understanding of which is very essential for the discussion of public accountability of private corporate sector, one more thing that deserves mention is that, in modern times, company managements have to, in a positive and deliberate manner, shape corporate policies and pursue them in consonance with the prevailing concept of public interest, whereas, in the past, when the *laissez faire philosophy* was dominant throughout the world, it was not the company managements' behaviour but the force of classical competition that made the joint-stock companies serve the 'public interest.' Even in those days, the justification for protecting property rights in private enterprise used to be that they served the public interest. It was believed that, by protecting the enterpriser in the profits he could make, he was induced to risk his capital in productive enterprise and to manage his enterprise economically, so as to increase his profits. And, while the economical management induced the enterpriser to maximise his profits, the classical competition exercised a control over the profits and at the same time also removed the uneconomic and inefficient ones from the field. Public interest was thus served by private enterprises. It was also then believed that the classical competition compelled enterprisers to serve public interest in four ways, namely, that the price was brought in reasonable relationship to costs, that benefits to labour arising from production were reasonably related to their respective contribution to production, that, as nearly as possible, optimum use of resources was made, so that no more of resources was used than was necessary for the end product and the combination of resources was used which involved the least cost and that technology was improved so as to reduce the costs, improve products and introduce new products.

However, in the twentieth century, a radical change has occurred in the corporate sphere. Joint-stock companies have become collective enterprises. In the big ones among them, a single management interrelates the capital of many thousands of investors, labour of many thousands of workers and the wants of many thousands of consumers. Companies have put on an appearance of a 'community system' or they look like a "microcosm of society as a whole." Unlike the olden days, when ownership and control of enterprise was united in the hands of an entrepreneur or a small group of enterpreneurs, now, as a result of widespread dispersal of share ownership, the shareholders have come to be removed from a position of direct control over the corporate enterprise to a remote point of control and the control now rested with persons who owned only a small portion of the share capital. These managerial oligarchies, who control enormous resources, naturally have to look to the claims of workers and consumers. The emergence of big corporate giants has, to a certain extent, made the market mechanism inoperative and conditions of perfect competition of the classical type have been replaced by those of imperfect competition. These changes in the economic scene and the emergence of a strong feeling among the public for a fair deal and fair treatment, together with the growth of powerful trade unions, have had tremendous repercussions on the corporate bodies and their management, and have made the application of test of public accountability to them a matter of urgent necessity.

(To be continued)

CONSENT FOR CAPITAL ISSUES IN 1963

During the calendar year 1963, as many as 418 companies were given consent for capital issues, involving an aggregate amount of Rs. 544.31 crores, as against 447 companies covering a total of Rs. 381.5 crores in the previous year. Of these 418 companies, 359 were non-Government companies covering Rs. 237.57 crores and 59 Government companies covering Rs. 306.75 crores. The details of the issues relating to non-Government and Government companies, respectively, are as follows:

(In crores of rupees)

Initial 85.000 non-Government and 41.90 Government: further issues 41.08 and 187.33; bonus 10.75 and 0.11 debentures 15.39 and nil; loans, etc., 85.35 and 77.41 and the total 237.57 and 306.75.

THIS IS ONLY AN ANNOUNCEMENT AND NOT A PROSPECTUS

ISSUE OF Rs. 1,50,00,000 7% DEBENTURE STOCK—1973/78

GUEST, KEEN, WILLIAMS, LIMITED

(INCORPORATED UNDER THE INDIAN COMPANIES ACT, 1913)

Registered Office: 41, CHOWRINGHEE ROAD, CALCUTTA-16

SHARE CAPITAL

AUTHORISED:
1,00,00,000 Ordinary (Equity) Shares of Rs. 10 each .. .. Rs. 10,00,00,000

SUBSCRIBED:
63,21,874 Ordinary (Equity) Shares of Rs. 10 each .. .. Rs. 6,32,18,740

LOAN CAPITAL OUTSTANDING
6½% Debenture Stock 1966/71 .. .. Rs. 1,39,75,000

PRESENT ISSUE:
Rs. 1,50,00,000 7% (Taxable) Debenture Stock 1973/78 in units of Rs. 1,000 each at par PAYABLE IN FULL ON APPLICATION.

DIRECTORS

Name and Address	*Occupation*	*Name and Address*	*Occupation*
SIR RAGHAVAN PILLAI, K.C.I.E., C.B.E., 5, Mansingh Road, New Delhi.	Industrialist (*Chairman*)	B. N. KHOSLA, ESQ., 19, Jorbagh Lodi Road, New Delhi.	Engineer
W. MORRICE, ESQ., 7, Rainey Park, Calcutta.	Company Executive (*Managing Director*)	S. LLOYD, ESQ., G. K. N. Screws & Fasteners Ltd., Heath Street, Birmingham, England.	Industrialist
R. A. BINNS, ESQ., 2D, Burdwan Road, Calcutta.	Company Executive	K. C. MAITRA, ESQ., "Rushilla," Carmichael Road, Bombay.	Engineer
DR. A. K. BOSE, 4, King's Court, Theatre Road, Calcutta.	Metallurgist	M. M. MALKANI, ESQ., 30, Alexandra Court, Chowringhee Road, Calcutta.	Engineer
S. L. DASS, ESQ., 5A, Belvedere Road, Calcutta.	Industrialist	SIR A. RAMASWAMI MUDALIAR, K.C.S.I., D.C.L. (Oxon), 9, Lower Rawdon Street, Calcutta.	Industrialist.

SECRETARY
R. B. RITCHIE, ESQ.

TRUSTEES FOR THE DEBENTURE STOCKHOLDERS
B. GILL ESQ., Sandersons & Morgans, 5 & 7, Netaji Subhas Road, Calcutta-1.
R. N. SEN, ESQ., Price Waterhouse Peat & Co., B-4, Gillander House, Netaji Subhas Road, Calcutta-1.

UNDERWRITERS
The Life Insurance Corporation of India, Bombay.
The Industrial Credit and Investment Corporation of India Limited, Bombay.
Place, Siddons & Gough (Private) Limited, Calcutta.
Lewis & Jones, Bombay.
Harkisondass Lukhmidass, Bombay.
Paterson & Company, Madras.

BROKERS
Calcutta:
Place, Siddons & Gough (Private) Ltd., 6, Lyons Range, Calcutta-1.
G. M. Pyne, Allahabad Bank Buildings, 14, India Exchange Place, Calcutta-1.
Bombay:
Lewis & Jones, Bank of Baroda Building, Apollo Street, Fort, Bombay-1.
Batlivala & Karani, Union Bank Buildings, Dalal Street, Fort, Bombay-1.
Harkisondass Lukhmidass, Stock Exchange Building, 5th Floor, Apollo Street, Fort, Bombay-1.
Madras:
Paterson & Co., 22, Errabalu Chetty Street, Madras-1.
New Delhi:
Harbans Singh Mehta & Co., 33, Regal Building, Parliament Street, New Delhi-1.
Raj Paul Chadha & Co., Delite Cinema Building, Asaf Ali Road, New Delhi.

BANKERS TO THE ISSUE
National and Grindlays Bank Limited.
(At their branches at Calcutta, Bombay, Madras, Delhi, New Delhi, Amritsar, Kanpur, Hyderabad and Bangalore.)
The Central Bank of India Limited.
(At their branches at Ahmedabad and Indore.)

EXISTING AND PROPOSED ACTIVITIES
The principal business of the Company consists of manufacture, distribution and sale of special steels, steel bars and bright sections, bolts, nuts, rivets, railway permanent way material, railway wagon parts, railway signal fittings, steel sleepers, scaffold fittings, wood screws, metal thread screws, cotter pins, safety pins, tungsten carbide tipped tools and steel grinding media. The Company also has an Agency Section importing and selling a wide range of mechanical and electrical products of well-known overseas manufacturers.

The Company has development plans, the principal among which is the proposed expansion of steel making and rolling capacity for the manufacture of special steels for which necessary industrial licences have been obtained from the Government of India.

LOCATION
The Company has manufacturing works at Calcutta and Bhandup near Bombay. The Calcutta Works are situated in Howrah, West Bengal and the Bhandup Works, approximately 18 miles from Bombay, on the main Agra Road.

DATE OF OPENING AND CLOSING OF SUBSCRIPTION LIST
The Subscription List will open at the commencement of the Banking hours on the 3rd February, 1964 and will close at the close of Banking hours on the 12th February, 1964 or earlier, according to the discretion of the Directors of the Company, but not earlier than the close of Banking hours on the 5th February, 1964.

COPIES OF THE PROSPECTUS AND THE APPLICATION FORMS WILL BE AVAILABLE FROM THE BANKERS AND THE BROKERS NAMED IN THIS ANNOUNCEMENT.

FIRST DECADE OF EMPLOYEES' PROVIDENT FUND SCHEME

RECOVERY OF ARREARS BIGGEST PROBLEM

THE scheme of compulsory contributory provident fund, framed under the Employees' Provident Funds Act, 1952, completed ten years at the end of the fiscal year 1962-63. The scheme made steady progress during the decade, with each successive year bringing within its compass more and more workers in an increasing number of industries and conferring on them more and more benefits in addition to the schemes primary function of providing for the old age of members and for their dependents. Beginning with only six major industries in 1952, the scheme, according to the annual report for 1962-63 of the Employees Provident Fund Organisation, embraced as many as 71 at the end of March 1963, covering 22,413 establishments and 3.52 million subscribers, as against 17,416 establishments and 3.15 million subscribers as at the end of the previous year. Out of this, 1,350 establishments covering 1,269,340 workers, were "exempted establishments"—that is, establishments having their own provident fund schemes, the benefits under which were not less favourable than those under the statutory scheme and which were managed by the companies themselves. The scheme was extended to an additional 11 industries since March 1963, bringing the total number of industries covered at the end of the year to 82. The table at the end of the page indicates the progress of coverage at a glance.

The Employees Provident Fund Act, it may be noted, now applies to establishments in the covered industries employing 20 or more persons, unless of course the establishments are registered under the *Co-operative Societies* Act and works without the aid of power, in which case the minimum limit is 50. Originally, the Act was also not applicable to establishments owned by the Government or local authority. Since May 1958, however, this distinction has also been removed.

Rate of Contribution Enhanced

The rate of contribution by members, as is well known, was originally fixed at 6¼ per cent of basic wages, retaining allowance, if any, and dearness allowance, including cash value of food concessions, if any. Section 6 of the Act, fixing the rate of contribution, was, however, amended in 1962 in order to vest the Government with general powers to apply and enhance the rate of contribution from 6¼ per cent to 8 per cent in any industry or class of establishments covered under the Act by a notification, after making such inquiry as it deemed fit. In exercise of this power, the Government raised, with effect from 1st January 1963, the statutory minimum rate of provident fund contribution to 8 per cent in respect of factories employing 50 or more persons in six industries, namely, (1) cigarettes, (2) electrical, mechanical or general engineering products, (3) iron and steel, (4) paper other than hand-made paper and (5) cement. In the case of cement, it may be noted here, the enhanced rate was applicable with effect from 1st April 1963 only. Later, that is, with effect from 1st November 1963, the higher rate was made applicable to 18 more industries, namely, (1) textiles (made wholly or in part of artificial silk and wool, (2) matches, (3) edible oils and fats other than *vanaspati*, (4) rubber and rubber products, (5) electricity, (6) tea, (7) printing, (8) glass, (9) stone-ware pipes, (10) sanitary wares, (11) electrical porcelain insulators of high and low tension, (12) refractories, (13) tiles, (14) heavy and fine chemicals, (15) indigo, (16) non-edible vegetable and animal oils and fats, (17) mineral oil refining industry and (18) newspaper establishments.

It has also been provided that a worker can increase his contribution to 8⅓ per cent of his wages if his employer agrees but the employer's contribution will remain at the specified rate. This ceiling, that is, the ceiling on employees' contribution is likely to be raised further. The report under reference discloses that, during the year 1962-63, about 40,171 members contributed voluntarily at the higher rate.

Investments

Total contributions received in cash from unexempted establishments, during the year, inclusive of past accumulations, amounted to Rs. 28.60 crores, as against Rs. 25.04 crores in the previous year. In addition, past accumulations contributed in the shape of securities aggregating Rs. 4.15 crores were also received from covered establishments which had previously their own provident fund scheme. A sum of Rs. 26.04 crores were invested in Central Government securities in respect of unexempted establishments. Interest realised on investments during 1962-63 amounted to Rs. 4.33 crores. The pattern of investment is 20 per cent in 12-year National Defence Certificates and Defence Deposits and 80 per cent in other Government of India Securities, including National Defence Bonds. This pattern is expected to yield a little over 4 per cent per annum in respect of future investments. In line with this expectation, the rate of interest on provident fund contributions was raised to 4 per cent for the year 1963-64, as compared with 3.75 per cent paid since 1957-58. The Central Board of Trustees hope that a further increase would be possible in the near future. This hope has materialised for the Board has since announced that the rate of interest for 1964-65 would be 4½ per cent.

Recovery of Arrears

The recovery of arrears of provident fund contributions from employers is by far the biggest problem facing the Employees Provident Fund Organisation. An idea of the magnitude of the problem can be had from the fact that, at the end of the year, 2,144 cases relating to recovery of arrears were pending before law courts and 2,020 cases were pending with State Governments for sanction. Total number of prosecutions launched from the beginning of the scheme till the end of the year under review, was 6,693 of which 4,549 cases were disposed of. Out of these, as many as 2,852 resulted in convictions. In August 1963, the problem of recover of arrears and default was discussed at a conference of Regional Provident Fund Commissioners, presided over by the Central Provident Fund Commissioner. It was suggested at this conference that the Act should be amended so as to provide for: (1) first priority for the recovery of arrears of provident fund dues over all debts or its inclusion among the secured debts, (2) imposition of a minimum fine in the case of non-payment of dues, (3) imposition of minimum fine or continued non-payment of dues after convictions, and (4) fixation of a minimum period of compulsory imprisonment for subsequent defaults. These and other recommendations of the conference are said to be under the consideration of the Central Government.

In order to speed up the rate of recovery of arrears, the Employees Provident Fund Act was amended recently to empower the Central, Deputy and Regional Commissioners to determine the provident fund dues and other charges recoverable from an establishment and to confer on Provident Fund Inspectors powers to search and seize papers and other evidences for the proper implementation of the Act.

Higher Damages from Employers

In order to discourage persistent defaults, the State Governments were empowered to realise from the defaulting employers damages up to 25 per cent of the arrears. Till recently, the usual rate of damages charged was only 6¼ per cent per annum and this low rate constituted an indirect incentive for the irresponsible employers to defer payment. For this reason, it has been suggested to State Governments to levy damages according to a progressively increasing scale of damages, beginning from 2 per cent for first default of a duration of one month or less, increasing to a maximum of 25 per cent for the sixth default, or for a period of more than five months. Almost all State Governments have agreed to levy damages according to this scale and the rest are expected to follow suit. The levy of increased damages is said to have resulted in better recovery, though the full impact is expected to be felt during 1963-64 only. Damages received during 1962-63 on delayed contributions amounted to Rs. 7.77 lakhs.

The need for prompt settlement of claims of out-going members can be hardly overemphasised. The Employees Provident Fund Organisation claims, in its report, that every effort is being made to see that most of the claims are settled within 10 to 15 days. The delay that occurs is said to be due, in most cases, to the late submission of returns by employers or due to the receipt of claims not correctly filled up. As prompt payment of claims is the final objective and most important function of the regional offices of the Employees Provident Fund Organisation, the following steps were taken during the year in order to speed up settlement of claims:

(i) Employers were requested to submit necessary forms immediately after the date of retirement of a subscriber. Inspectors on their visits checked this important point and guided the establishments suitably;

(ii) The statement of contributions sent by the employer was particularly scrutinised to check

PROGRESS OF PROVIDENT-FUND SCHEME AT A GLANCE

Industries covered	No. of covered establishments	No. of subscribers (In thousands)
From 1-11-1952 :—		
Cement	41	41
Cigarettes	14	14
Engineering (mechanical and electrical etc.)	3,922	502
Iron and steel	169	129
Paper	76	37
Textiles	2,154	1,181
From 31-7-1956 :		
Edible oils and fats	895	33
Sugar	185	178
Rubber and rubber products	166	33
Electricity	424	74
Tea	953	286
Printing	921	56
Stoneware pipes	13	3
Sanitarywares	16	3
Electrical porcelain insulators	13	2
Refractories	48	19
Tiles	296	23
Matches	82	9
Glass	160	20
From 30-9-1956 :		
Heavy and fine chemicals	726	100
Indigo	—	Nil
Lac including shellac	35	2
Non-edible oils and fats	13	1
From 31-12-1956 :		
Newspaper establishments	182	27
Mineral oil refining	4	10
Coffee plantations	507	45
Rubber „	132	15
Cardamom „	39	1
Mixed „	383	26
Pepper „	—	Nil
From 30-11-1957 :		
Iron-ore mines	96	17
Manganese „	254	29
Limestone „	54	24
Gold „	2	10
Industrial and power alcohol	28	4
Asbestos cement sheets	7	6
Coffee curing	27	8
From 30-4-1958 :		
Biscuit-making industry	87	6
From 30-4-1959 :		
Road motor transport establishments	898	74
From 31-5-1960 :		
Mica factories	100	11
Mica mines	214	11
From 30-6-1960 :		
Plywood industry	80	10
Automobile servicing and repairing	389	17
From 31-12-1960 :		
Rice milling	1,456	19
Dal „	85	1
Flour „	73	4
From 31-5-1961 :		
Starch industry	11	2
From 30-6-1961 :		
Hotels	1,013	27
Restaurants	225	6
Petroleum or natural gas storage	58	8
Petroleum or natural gas exploration	19	5
From 31-7-1961 :		
Petroleum or natural gas refining	—	—
Cinemas	760	17
Film studios	25	2
Film production concerns	12	2
Distribution concerns dealing with exposed films	42	2
Film processing laboratories	9	1
From 31-8-1961 :		
Leather and leather products	225	14
From 30-11-1961 :		
Stoneware jars	9	2
Crockery	15	1
From 31-12-1961 :		
Cane farm owned by the owner of a sugar factory	29	5
From 30-4-1962 :		
Trading concerns	2,762	163
From 30-6-1962 :		
Fruit and vegetable preservation industry	27	2
From 30-9-1962 :		
Cashewnut industry	24	2
From 31-10-1962 :		
Wood processing industry	140	7
Saw mills	277	6
Wood seasoning kilns	—	—
Wood preservation plants	—	—
Wood workshops	27	1
From 31-12-1962 :		
Bauxite mines	4	Neg.
From 31-3-1963:		
Confectioneries	N.A.	N.A.
From 30-4-1963 :		
Laundry and laundry services	N.A.	N.A.
Buttons	N.A.	N.A.
Brushes	N.A.	N.A.
Plastic and plastic products	N.A.	N.A.
Stationery products	N.A.	N.A.
From 31-5-1963 :		
Dramatic theatres	N.A.	N.A.
Societies and clubs	N.A.	N.A.
Companies etc. connected with exhibitions and feats	N.A.	N.A.
From 31-8-1963:		
Canteens	N.A.	N.A.
Aerated water, soft drinks, etc.	N.A.	N.A.
From 31-10-1963 :		
Distilling and rectifying spirits	N.A.	N.A.

Neg.—Neglible. N.A.—Not available.

if an individual had ceased to be a member;

(iii) Inspectors on their visits paid particular attention to the filling up of nomination forms;

(iv) Wherever possible, *interim* payments of the subscribers share were made; and

(v) The Regional Commissioners carried out a periodical review of outstanding cases.

A sum of Rs. 6.57 crores was paid in respect of 134,000 claims during the year, as against Rs. 5.29 crores in respect of 113,000 claims in the previous year. The different categories of claims paid were as under:

	Claims	*Rs. in lakhs*
Superannuation	8,779	81.92
Retrenchment	31,354	158.86
Dismissal	2,679	10.72
Resignation and termination of service	69,599	236.00
Migration	975	5.44
Permanent invalidation	8,562	60.48
Death	8,377	50.35

Total claims settled in just over a decade amounted to Rs. 26.40 crores, involving about 676,000 claims.

One of the facilities available to members of the Fund is that they can get non-refundable advances from the Fund for specific purposes under certain conditions. These purposes are (1) payment of premia on life insurance policy, (2) construction or purchase of a house or a plot of land for a house, (3) buying shares of consumers' co-operative stores and (4) exigencies like temporary closure of an establishment of more than 30 days. Advances made for these purposes during the year amounted to Rs. 91.61 lakhs, of which no less than Rs. 27.61 lakhs were for payment of insurance premia and Rs. 64 lakhs for construction or purchase of houses.

Clarifications

Some important clarifications in respect of claims settlement coverage of the Act etc. were issued by the Government. These are worth recording here:

(*a*) The provident fund accounts of the members of the Fund may be settled immediately, by payment of both the employee's and employer's shares of contributions in full together with interest thereon, as may be admissible in case of those members who cease to subscribe to the Fund as a result of the establishment in which they are employed going out of the purview of the Act in accordance with the provisions of section 16(1)(*a*) thereof.

(*b*) Reservists who are employed in various establishments covered under the Act may be paid non-refundable advances to the extent of their own share of contributions together with interest thereon when they are called back by the Army authorities.

(*c*) Exemption has been granted under section 16(2) of the Act to such classes of establishments owned or controlled by charitable institutions as are working exclusively for the benefit of their employees, from the operation of the Act for a further period of 5 years. (This notification has come into force with effect from 13th August 1960).

(*d*) The manufacture of tamarind seed powder cannot be deemed to fall within the scope of the scheduled industries 'starch,' 'heavy chemicals' or 'flour milling.'

(*e*) In view of doubts in certain quarters it has further been clarified that:

(i) Railway booking agencies are not covered under the Employees' Provident Funds Act under the scheduled head 'trading and commercial establishments.'

(ii) Guar gum does not fall under the scheduled head 'starch' or 'heavy and fine chemicals' for the purposes of Employees' Provident Funds Act.

(iii) The manufacture of boot polish does not fall under the scheduled industry 'heavy and fine chemicals.'

(iv) Staple fibre yarn manufactured from staple fibre comes under the scheduled head 'textiles' under the Employees' Provident Funds Act.

(v) The manufacture of staple fibre does not come under the head 'textiles.'

(vi) The wages earned by the members by working on Sundays and other holidays (intended to be contributed towards National Defence Fund) will not be liable for provident fund deductions.

(vii) The Employees' Provident Funds Act does not apply to 'cotton ginning and pressing' factories.

Supreme Court's Decisions

The Supreme Court also delivered some judgments clarifying the applicability of the Act to certain industries. The following decisions are important from the point of view of employers and workers:

Different High Courts had expressed divergent views regarding the question whether the composite factories, that is, factories partly engaged in a scheduled industry and partly in a non-scheduled industry should be brought within the purview of the Act and the scheme as a whole or only in respect of that part which is engaged in scheduled activities. This controversy has been set at rest by the Supreme Court's judgment delivered in the cases of Regional Provident Fund Commissioner, Bombay *vs.* (1) Shri Krishna Metal Manufacturing Company, and (2) Oudh Sugar Mills Limited, wherein it has been laid down that the definition of 'factory' as given in the Employees' Provident Funds Act cannot necessarily mean a factory *exclusively* engaged in the particular industry specified in Schedule 1 and that the words 'engaged in any industry specified in Schedule I' used in Section 1(3)(*a*) of the Act would mean primarily engaged in any such industry; and if a factory is engaged in 2 or more connected industrial activities, one of which is primary and the others are purely subsidiary, feeding or incidental, then it is the primary activity which should determine the character of the factory. In case the factory is engaged in two or more industrial activities which are independent, then all such activities are primary and any one of these activities would determine the character of the factory. This view has again been confirmed by the Supreme Court in its recent decision in the case of Associated Industries *vs.* Regional Commissioner, Kerala.

The Supreme Court recently held that the typical production bonus in force in Bridge and Roof Company (India) Ltd. is excluded from the definition of 'basic wages' and is, therefore, not liable for provident fund deductions. While delivering the judgment in this case, and the case of the Jay Engineering Works Limited, the Supreme Court observed that a typical production bonus scheme has only one base or standard and the worker is not bound to produce more than the base or standard; time wages are guaranteed up to that base or standard and any payment for production above that base or standard, whatever the name of this payment is production bonus. The peculiar feature of the production bonus scheme in force in the Jay Engineering Works is that it has got two bases, namely, (i) the quota, and (ii) the norm, the quota being much lower than the norm. The workmen are expected to give the 'norm' as the minimum production and if there is any deliberate deviation therefrom they are liable to be charged with misconduct in the shape of go-slow and may be dismissed for such misconduct. It has accordingly been held that the portion of the payment which is made for production above the 'norm' would be production bonus and would be covered by the judgment of the Court but that portion of payment which is made for production up to the quota as well as for production between the 'quota' and the 'norm' is basic wage within the meaning of that term in the Act. It will be seen that the base or standard of the typical production bonus scheme corresponds to the norm of the peculiar production bonus scheme of the Jay Engineering Works Limited. Thus each case of production bonus will now have to be examined on the basis of the principles enunciated by the Supreme Court.

Contract Labour

The employees employed by or through a contractor are covered under the definition of 'employee' given in the Act. But there was no specific provision in the Act making the employer responsible for complying with the provisions of the Act in relation to the employees of a contractor. The Supreme Court decided in March 1962, that the provisions made in this regard in the Employees Provident Funds Scheme, 1952 were unconstitutional and void mainly for the following reasons:

(*a*) That there is no provision enabling the employer to recover the amount of contributions from the employees employed by or through a contractor, and

(*b*) that there is no obligation on the contractor to pay to the employer the amount paid by the employer on account of employees of the contractor.

As a result of this decision, the provident fund benefits since then were available only to the employees employed directly by the employer and not to those employed through a contractor. This situation led to discontent amongst the workers employed by or through a contractor who had been enjoying provident fund benefits under the scheme prior to March 1962. Very recently (in September 1963), the Act has been amended, extending the benefits to the employees employed by or through a contractor as well, and enabling the employer to recover the contributions from the contractor.

While the existing work is being consolidated and the administrative machinery is being streamlined, the Employees Provident Fund Organisation, the annual report claims, is going ahead with planning for the future also. As many as 27 more industries and classes of establishments with an estimated prospective membership of about 270,000, have already been surveyed with a view to ascertaining their capacity to bear the burden of provident contributions. As the application of the scheme to smaller units and the problem of recovery of arrears present difficulties, the Organisation would do well to gear up and streamline the administrative machinery at both the Centre and in States before coverage of the Act is extended to more and more industries. In other words, the emphasis should now be on consolidation rather than expansion.

PRIVATE SECTOR AND PUBLIC RELATIONS

SERIOUS OMISSIONS IN FEDERATION'S STUDY

(*By A Special Correspondent*)

ON the eve of the Bhubaneshwar session of the Congress, the Federation of Indian Chambers of Commerce and Industry brought out a brochure, explaining the contribution of the private sector to the development of the Indian economy during the first decade of planning. This is, indeed, a commendable effort to inform the public about the achievements of the private sector in the different fields of economic activity.

The brochure has given copious statistics, indicating the investment made by the private sector in agriculture, power, transport, large and small industries, housing and in other spheres; the sources from which the funds were obtained; and the extent to which production has been increased in various industries.

An attempt has also been made to show how the private sector helps to augment the revenues to the Exchequer in the form of direct taxes and indirect taxes and State taxes like electricity duty, sales tax, etc.

The data presented in the brochure are undoubtedly useful and interesting, but there are many significant and serious omissions. It is, of course, not possible within a small brochure to deal in detail with every aspect relating to the achievement of the private sector but at least the more important ones ought to have been mentioned.

For example, there is not a word in the brochure about the contribution made by the private sector industries towards the earning of foreign exchange. This is, after all, one of the most valuable ways in which the private sector has been serving the economy. In fact, one main reason why the large-scale industries should be actively encouraged is that they can contribute substantially to the earning of foreign exchange.

World trade is becoming increasingly competitive and the advanced countries are taking the fullest advantage of the latest developments in the field of science and technology by modernising their equipment. Therefore, if Indian goods are to compete successfully in foreign markets, it is necessary that our industries should be given all facilities for expansion, for diversification and for modernisation.

Similarly, the Federation could have usefully pointed out to what extent industrialisation during the last ten years has helped to displace imports. If this fact had been brought out with suitable statistics, it could have created a very good impression.

It is stated that between 1956-60 no fewer than 188 new items of manufactures were taken up by the private sector of which 106 were engineering and 82 belonged to chemicals and other industries. But no details are given about these new industries or about the extent to which they have contributed to the earning or saving of foreign exchange.

Another serious omission is about prices. The country is interested not merely in increasing production but in making goods and services available at reasonable prices which the consumer can afford. As Mr. T.T. Krishnamachari, the Union Finance Minister, pointed out at Bhubaneshwar, the continuous rise in prices is one of the most difficult and important problems confronting the Government at present.

The Federation could have dealt with this matter and explained how the prices have risen due to factors beyond industry's control. It could have shown how the various levies in the field of direct and indirect taxation have resulted in price increases of essential commodities and caused distress to the people. The Federation itself set up, soon after the proclamation of the Emergency in October 1962, vigilance committees in different zones for keeping a watch on price trends. But it is not known to what extent these efforts have actually succeeded.

The Federation has described the limitations that have hindered the progress of the private sector, such as industrial policy, administrative delays, shortage of foreign exchange, and scarcity of transport and power. But, surprisingly, no mention is made of the fiscal policy which has also contributed to the

(*Continued on page* 145)

INDIAN OXYGEN LIMITED

CHAIRMAN, MR. N. DANDEKAR'S STATEMENT

SEVERAL NEW PROJECTS TO BE LAUNCHED

THE following is the statement circulated by Mr. N. Dandekar, Chairman, Indian Oxygen Limited, to the Members of the Company with the annual report for the year 1963:

It is a pleasure and a privilege for me to have the opportunity of addressing you for the first time as Chairman of your Company since my appointment on 1st April 1963.

The year under review began with a short, sharp but undeclared war with China, which ended as abruptly as it began. While it exposed large and unexpected areas of unpreparedness on our side in weapons, transport, equipment and communications, it also disclosed to a surprising and welcome degree the underlying unity and resolve among the people at large, throughout the country, to resist the unprovoked aggression by every means and at whatever cost. In this context, the task for industry was to mobilise the national material resources without avoidable delay and to place at the disposal of our Government and our Armed Forces everything they needed to resist aggression. In this effort, your Company has played its part to the best of its ability and resources.

Profits, Taxation and Dividend

The result of the year's operations, before taxation but after providing depreciation of Rs. 59,66,478 (previous year Rs. 49,83,816), was a profit of Rs. 1,40,40,263, as against Rs. 1,35,49,369 last year. Compared to a sales advance from Rs. 8.88 crores to Rs. 10.21 crores, the profit increase was indeed small. Considering, however, the substantial increase in depreciation, coupled with the severely curtailed production at the Electrode Factory where activity was inhibited by acute shortage of core wire, and the general rise in costs resulting partly from the national emergency and partly out of inflation and the impact of the Finance Act, 1963, the trading results may be regarded as satisfactory.

The tax provision for the year, including Rs. 9,00,000 for Super Profits Tax, amounts to Rs. 69,33,996, leaving a net profit of Rs. 71,06,257 as against Rs. 60,82,869 in the previous year. Out of this, a sum of Rs. 19,00,000 (previous year Rs. 6,50,000) has been transferred to the development rebate reserve; this includes a further provision of Rs. 6,00,000 for the previous year. After adding Rs. 17,61,389 brought forward from the previous year and transferring Rs. 32,069 to the fixed assets replacement reserve, almost the whole of the balance amounting to Rs. 69,00,000 has been transferred to general reserve, as against only Rs. 10,00,000 so transferred last year.

After careful consideration of the Company's present and prospective resource position, and all other relevant circumstances including, in particular, the increasing burden of taxation in the context of the continuing situation of national emergency, your Directors have decided to recommend that the rate of dividend (subject to deduction of tax) should be maintained at 12 per cent. If this recommendation is accepted the dividend will be paid out of general reserve.

Sales

Sales for the year totalled Rs. 10.21 crores, an increase of 15 per cent over the last year's figure of Rs. 8.88 crores. In view of the difficulties your Company had to encounter during the year under review, this was indeed very satisfactory. Acute shortage of core wire persisted almost throughout the year, severely curtailing the output of electrodes at our factory at Khardah near Calcutta. It is a matter of great regret that, despite the continuance of the national emergency, timely attention was not given by the authorities to ensure the availability of core wire, with the result that electrode production in the country suffered a very severe setback and caused considerable inconvenience to the engineering industry. There was also occasional failure of power which interrupted production activities at several of our factories, notably at the Electrode Factory, and also at Asansol and Madras.

Oxygen and dissolved acetylene sales showed considerable increases and the sales of gas-user equipment, electric welding equipment and medical products also improved substantially.

Capital expenditure incurred during the year was financed largely out of the Company's internal resources and amounted to Rs. 85,50,601 covering a number of projects throughout the country.

I am glad to report that the agreement with the British Oxygen Company Limited for a sterling loan of £500,000, to which reference was made by my predecessor in his statement last year, has now been finalised; and it has also received the approval of the Government of India. With the support of this foreign exchange loan, the Company is now in a position to take in hand a major expansion programme covering a number of projects to which I shall refer in some detail in the paragraphs which follow. This expansion programme is expected to cost about Rs. 6 crores, spread over four years. It has been estimated that, after taking into account the internal resources which will be generated over that period and the loan of £500,000, the Company will require additional rupee finance of about Rs. 2 crores for the expansion programme. I am glad to report that, subject to the consent of the Controller of Capital Issues, arrangements have been made with the Punjab National Bank Limited, to provide us with this amount by way of medium-term loan secured by the pledge of debenture-stock.

Development and Expansion

In his statement last year, my predecessor had mentioned that the second 400M³ oxygen plant was under erection at Bombay. That plant went into commercial production in May.

The buildings for the new factory at Hyderabad are in an advanced stage of construction. The dissolved acetylene plant is expected to go into production there within the next two months and the oxygen plant by July 1964.

Construction of the Loxite factory at Ranchi is expected to be completed early in 1964. Production activities were discontinued at the Burnpur Loxite factory in January 1963 and taken up partly (in a temporary structure) at the Ranchi site and partly at Bermo.

Keeping in view the general trend of demand for your Company's products in the near-future, we have drawn up a programme of substantial development and expansion for the four years ending 30th September 1967. Several new projects have been proposed covering additional facilities for production and distribution of gases, production of user equipment and electrodes, and also for manufacture of plants. Our schemes include, of course, plans for reorganisation and modernisation of existing factories also.

Industrial Gases

In the field of industrial gases, the new projects include the installation of an argon purification plant at Bombay (for which an industrial licence has already been received), two 400M³ liquid oxygen plants one each at Calcutta and Madras, and many new installations at customers' works in various parts of the country.

An industrial licence has been obtained for the manufacture of welding and cutting equipment at our new factory for which land has been acquired at Taratala Road, Calcutta. Construction work will begin soon and it is hoped that the project will be completed by the end of 1966. It is intended ultimately to shift the activities of the present Equipment factory at Beliaghatta, Calcutta, also to the new factory.

In the sphere of electrode production, the Company has been granted an industrial licence for substantial expansion at Khardah factory as also for a new Electrode factory at Madras. The work of expansion at Khardah will commence soon; and as regards the industrial licence for the proposed Madras factory, clarification is awaited from the Government on certain points. Meanwhile, the land required for the Madras factory has already been acquired and it is hoped that it will be possible to commence construction work during the second quarter of 1964.

Mention was made last year of the Company's intention to undertake the manufacture of plant and machinery for producing and using gases. Your Company's application for an industrial licence for the manufacture of air separation plants and associated cryogenic equipment is now under the consideration of the Government.

Each manufacturing venture, whether for gas-producing plants, electrodes or equipment, will take the country one further step towards self-sufficiency for these essential products besides effecting valuable saving in foreign exchange. We hope, therefore, that the urgency and desirability of the projects outlined above will bring forth from the authorities concerned support and co-operation in full measure.

Competition

The pressing demands for industrial oxygen and dissolved acetylene thrown up by the national emergency were brought to your notice last year. I record with satisfaction that, in spite of insufficiency of cylinders, the Government demands on us for additional supply of gases were on the whole satisfactorily met and, despite the shortage of core wire, our contractual obligation to Government for the supply of electrodes was fulfilled, although inevitably in both cases often at the cost of non-Government customers. It is hoped that the inadequacy of oxygen and dissolved acetylene supplies in the country, and also of electrodes, which already existed and was highlighted in the difficult initial days of the national emergency and which still persists, will persuade the Government to adopt a more practical policy of industrial licensing of new manufacturing units for these vital products. While the Government continues to be influenced by illusory fears concerning a supposed monopoly situation in these fields, your Company accepts the necessity for, and the fact of, competition. But it is only natural to hope that, in view of your Company's resources, experience and stature in this field, as also in recognition of the quality of the services it has provided over the years, the Company's expansion schemes will not be held in check by the Government's restrictive policies.

I am glad to say that the Company has been entrusted with the management and operation of the tonnage oxygen plant, the first in the private sector, put up by the Tata Iron and Steel Company Limited, at Jamshedpur. This arrangement with Tatas is in pursuance of the power taken by your Company under one of the new object clauses adopted at a meeting of the shareholders held on 27th September 1962, and since approved by the Calcutta High Court.

We have also been approached by other producers of industrial gases to render them assistance *inter alia* by way of technical advice on their plant and factory. In three cases, we have already agreed to render such assistance. All this goes to emphasise that we are not in the least averse to the emergence of genuine competitors. Indeed, we hope that our standing and experience will, by helping others, foster a happy spirit of co-operation and healthy competition among the producers of industrial gases in this country.

Prospects

From what I have said above, it will be evident that I entertain a feeling of confidence and restrained optimism about the future prospects for the Company. We are about to enter upon a period of fairly heavy capital expenditure with full confidence and faith in the future of our country. It is a faith shared by the British Oxygen Company Limited also; in this connection, we had the privilege of a visit in November this year by their Vice-Chairman, Lord Reith, who toured India extensively and visited five of your Company's factories in different parts of the country. But, while investment of such magnitude as we have in view implies favourable long-term prospects, both as regards profits and growth generally, the short-term prospect must necessarily be viewed somewhat more conservatively because of the increasing debt and interest load until the new investments become fully productive.

Management and Personnel

On his retirement from India, Sir John Brown relinquished on 31st March 1963 the office which as Chairman of your Company he had occupied since 11th June 1958. Under his distinguished stewardship, there have been remarkable developments of your Company's undertaking and the ground has been prepared for further expansion in future. I offer Sir John Brown our sincere thanks for his services to the Company and I also extend to him our warm wishes for further success in his new life in England.

Mr. P. C. Kavanagh, who had been the Company's Assistant Managing Director since 1st June 1959, also vacated his office on 31st March 1963. Mr. Kavanagh left us in order to take up a position with the British Oxygen Company Limited. Mr. Kavanagh's association with the Company extended over a period of more than fourteen years and I take this opportunity of wishing him success in the years to come.

Mr. S. K. Sinha, one of your Directors since 26th October 1956, will retire at the annual general meeting; and though eligible for re-election, he has, on personal grounds, decided not to seek it. In Mr. Sinha's retirement the Company will suffer a distinct loss. I thank him for his services to the Company, and would like him to know that he carries with him our sincere good wishes for the future.

House Journal

In the Chairman's statement on the 27th annual report and accounts, mention was made of the publication of a house journal called *Oxygen News*. The employees' reaction to this mode of communication was so encouraging that *Oxygen News* commenced monthly publication in January 1963. This house journal is fast becoming an effective medium of self-expression for the employees, as also a secure channel of communication between the management and the employees.

I take this opportunity of recording with pride the contributions made individually by members of the Company's staff in furthering the national effort during the emergency. In particular I would mention the warm and generous response to the appeals for contributions both to the National Defence Fund and the Blood Bank. Sixteen employees were called up for active service, while their colleagues, working in factories and elsewhere, were also contributing towards the defence efforts.

Note: *This does not purport to be a record of the proceedings of the Annual General Meeting.*

THE CENTRAL BANK OF INDIA, LIMITED

Profit for the Year 1963

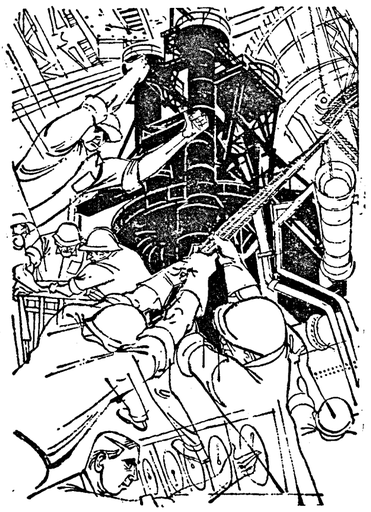
The net profit of The Central Bank of India, Ltd., for the year ended 31st December 1963, subject to audit and after providing for taxation, amounts to Rs. 1,89,26,426.88 (previous year Rs. 1,79,95,826.83), which, together with the sum of Rs. 93,249.88 (previous year Rs. 23,36,733.88) brought forward from the previous year's account, amounts to Rs. 1,90,19,676.76, which the Directors have disposed of as follows :—

	Rs.
An *ad-interim* dividend paid at the rate of Rs. 2.40 per share, subject to tax (i.e. Rs. 1.68 net) for the half-year ended 30th June 1963..	30,28,166.40
Amount transferred to Reserve Fund	40,00,000.00
Amount transferred to Special Reserve	39,00,000.00
Amount transferred to Staff Gratuity Fund	10,00,000.00
Amount provided for Bonus to Staff	70,00,000.00
To Carry Forward to next year's account	91,510.36
	Rs. 1,90,19,676.76

The Directors propose to recommend to the Shareholders the payment of Dividend as follows :—

	Rs.
To pay the balance of final dividend for 1962 and interim dividend for 1963 to the former shareholders of the Jodhpur Commercial Bank Ltd., to whom the shares of the Central Bank have been or remain to be allotted	12,641.37
To pay a Final Dividend for the half-year ended 31st December 1963 at the rate of Rs. 2.60 per share, subject to tax (i.e. Rs. 1.82 net), making in all 14 per cent for the whole year	32,87,401.00
	Rs. 33,00,042.37

a challenge well met



On the 3rd January, this year, the 'E' blast furnace at the Jamshedpur steel works was blown out for relining and enlarging. It was a big job involving 2,100 tonnes of refractories, 1,700 metres of piping, 7,600 metres of electric cables and 1,100 tonnes of steelwork and castings.

When the original schedule was halved from 180 days to 90, many thought it to be impossible. But a team of Tata Steel engineers, technicians and workers took up the challenge and completed the operation in 84 days, 6 days ahead of the drastically revised schedule.

The 'E' blast furnace, with an original capacity of 315 tons a day, was bought second-hand from the U.S.A. 45 years ago. Its rated capacity has now been stepped up to 660 tonnes of pig iron a day without sinter burden, or to 725 tonnes with sinter and sized iron ore.

The record-breaking achievement is another demonstration of efficient team-work, technical know-how and sustained efforts to attain greater productivity with the minimum outlay that characterize a city like Jamshedpur, where industry is not merely a source of livelihood but a way of life.

JAMSHEDPUR
THE STEEL CITY

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EXPORT PROSPECTS FOR ELECTRIC MOTORS

COST STRUCTURE AND PRICES DEEMED COMPETITIVE

By S. K. Srivastava

AN increase of 175 per cent in the export of engineering products from India during the last six years must be regarded as a significant rate of growth. In 1956, the value of our engineering exports totalled Rs. 4 crores; in 1962, it rose to about Rs. 11 crores. Electric fan and parts, diesel engine and parts, railway accessories, sewing machine and parts, steel sections, cast iron products, aircraft parts, aluminium ware, etc., constitute the bulk of our engineering exports. But the emergence of electric motors in the export list is a distinct achievement.

India is endeavouring through successive Plans to bring about by rapid industrialisation the "take-off" phase in its economy and achieve the process of "self-sustaining" growth. For a fast developing economy, the requirement of capital goods is colossal and ever-increasing. Among capital goods, the electric motor being the nerve-centre of all industrial activity has a great demand in all countries, whether developed or developing. India's annual import of electric motors is thus around Rs. 3 crores. Compared to 1960-61, the value of import has slightly fallen recently from over Rs. 3 crores in that year to Rs. 2.6 crores in 1961-62 and Rs. 2.9 crores in 1962-63. The slight fall in import and the emergence of export of electric motors are clearly due to the substantial increases in domestic production in recent years.

Although electric motors were first manufactured in India before the Second World War, in 1951 the output was only 24,000 (No.). Under the successive Plans, the level of production has steadily risen every year and the industry has made remarkable progress. Installed capacity increased from 152,400 h.p. in 1951 to 339,600 h.p. by 1956. By the end of 1960, it rose to 602,400 h.p. The present annual rated capacity of 1,124,600 h.p. is nearly double that of 1960. The production of electric motors was 60,000 in 1956. In 1951, it rose to 135,600. Last year, the output was 152,400. Thus, with the advent of national planning, domestic production of electric motors during 1951-62 increased by more than six times.

Capacity and Production

The Indian electric motor industry has today 27 large-scale units located in Madras (11), West Bengal (6), Maharashtra (5), Punjab (2) and one each in Mysore, Gujarat and Andhra Pradesh. Besides, there are 74 small-scale units with a capacity of 266,000 h.p. Their combined production reached the second Plan target of about one million h.p. By the end of the third Plan (1965-66), the demand of electric motors upto 300 h.p. is estimated at 2.5 million h.p. Additional capacity required for the purpose has, therefore, been licensed. Some of the new units are expected to manufacture special types of motors like flameproof motors and high horse-power motors ranging upto 500 h.p.

Having regard to the recent expansion and the large-scale development programme before the industry, a gradual reduction in the volume of imports of electric motors and steady increases in their export in future may reasonably be visualised. The export figures for the last three years are shown below:

Year	Export of electric motors: Quantity (No.)	Value Rs.
1960-61	70	24,073
1961-62	100	62,042
1962-63	115	1,39,850

The Indian electric motor has been exported to East Pakistan, Afghanistan, West Germany, Ceylon and Aden. But, as already observed, the export of electric motors has only just emerged. Its present magnitude is not of much immediate consequence. What really matters or concerns us is the prospect of export and our ability to raise high the present level. It must be remembered that there is a close connection between the level of export and the competitive position of industry. The lower the unit cost of production, the stronger is the competitive position, and consequently the larger is the export possibility. This brings us to the fundamental question of production cost and prices.

Data relating to the cost of production are available from the *Annual Survey of Industries* (*A.S.I.*) reports on which are issued by the Central Statistical Organisation (Industrial Statistics Wing), Calcutta. The *A.S.I.* commenced from the year 1959; for former *Census of Indian Manufactures* did not give separate data on electric motors. The *A.S.I.* data are at present available for two years only, namely, 1959 and 1960. The available data however relate to the entire output of the industry and not to each of the products—major or minor—manufactured by it. As our interest is to study the unit cost of production, it is necessary to estimate the industry's gross output in terms of its major product, namely, the electric motor. This has been done in Table I below. The various elements of cost have been studied in Table II and the unit cost of production of electric motor has also been worked out therein.

TABLE I—*Estimate of Physical Output*

Item	Year 1959	Year 1960
Major product (Electric motor)		
*Quantity (No.)	75,667	110,285
Value (Rs.)	4,17,02,505	5,36,23,233
Other products (including work done)		
Value (Rs.)	2,75,68,136	3,61,41,098
†Major product equivalent (No.)	50,032	74,364
Gross output 1+2		
Quantity (No.)	125,699	184,649
Value (Rs.)	6,92,70,641	8,97,64,331
Ex-factory sale price of electric motors (Rs.)	551	486

* The production of electric motors shown in this table differs with that quoted earlier, as the two production series are taken from different sources and their coverage is not identical.
† The value of other products converted at the rate of the major product yields the equivalent of the latter.

TABLE II—*Manufacturing Costs (in Rs.)*

Item	Year 1959	Year 1960
Value at factory of fuels, lubricants, electricity, etc. consumed		
Amount	9,14,178	8,94,850
Unit cost	7.27	4.84
Value at factory of raw materials, chemicals, packing materials, etc. consumed		
Amount	4,18,90,044	5,49,30,903
Unit cost	333.25	297.49
Work done by others		
Amount	8,84,401	21,51,454
Unit cost	7.03	11.65
Depreciation		
Amount	13,88,510	22,06,404
Unit cost	11.04	11.94
Total input		
Amount	4,50,77,133	6,01,83,611
Unit cost	358.59	325.92
Salaries, wages and benefits paid to employees		
Amount	1,30,51,131	1,47,16,658
Unit cost	103.82	79.70
Total manufacturing cost		
Amount	5,81,28,264	7,49,00,269
Unit cost	462.41	405.62

N.B.—1. The unit cost has been worked out by dividing the respective amount of cost by the physical output.
2. The amounts of the individual input items do not add up to the total value of input which is adjusted for the difference in the opening and closing stocks of semi-finished products, and finished products used for further manufacture during the year.

Findings of Data

The following salient features of cost and prices in the Indian electric motor industry may be observed from the data analysed in Tables I and II:—

(1) The industry is cost-conscious. Compared to 1959, the cost per unit of output in 1960 shows appreciable decreases. The reduction in cost is brought about by the fall in the value of materials consumed and the decrease in the amount of wages, salaries, etc. spent per unit of production. The former declined by Rs. 35.7 and the latter by Rs. 24.1 on every electric motor produced in 1960. Together they resulted in the reduction of total cost by Rs. 56.8 which is not insignificant in a single year.

(2) The decrease in cost is a measure of rationalisation and efficient management achieved by the industry. As the scale of production has risen, the level of technological efficiency has advanced and the economies secured in larger measure. The process should continue.

(3) The little increase in the value of work done by other concerns for industry is due to the growth of sub-contracting activity and is to be regarded as a welcome feature. It is prevalent in all industrially developed countries and is a recognised part of the modern industrial complex.

(4) With a fall in the unit cost of production, the reduction made in the ex-factory selling price is more significant, that is, Rs. 65.0, as against Rs. 56.7 in the cost.

Data for later years not being available, it is not possible to indicate precisely the extent of further reduction in production cost and prices that might have been achieved by the industry during the last two years. But the fact that export has shown appreciable rise in these two years suggests further gain in the competitive position of the industry, and if this process of steady reduction in cost and consequently in price is continued, sizable increases in export and substantial foreign exchange earnings thereby are a clear possibility in the near future.

Competitive Prices

A comparison of the prices of Indian electric motors with the prevailing prices in other countries would no doubt give us a clearer picture of the competitive position of our industry. But such price data are not readily available. In their absence, however, some idea of the position can be had by comparing the readily available import, export and ex-factory prices of electric motors in India. It is, of course, true that the import price being c.i.f and the export price f.o.b., they are not strictly comparable between themselves or with the ex-factory price. It is also true that prices of electric motors vary according to their capacity and make, and the likely differences in their composition in the export, import or domestic production would vitiate the price comparison. But their relative differences, by and large, can still be meaningful, as we shall see presently.

The relevant price data are as under:

	Average prices Rs.
Ex-factory	486
Export	1,216
Import	1,990

The prices may now be analysed as under:

(1) The price structure appears quite logical. The ex-factory price should be the lowest and it is so.

(2) The higher import price may be explained by the elements of insurance, freight, duties, etc., on the one hand, and by the difference in quality, on the other.

(3) The export price is reasonably below the import price and appears competitive. The difference between the export price and the ex-factory price is not insignificant so that the possibility of a reduction in the former might be explored with a view to boosting export.

As an incentive to export, a drawback of customs duty or Central excise duty paid on materials used in the manufacture of electric motors is allowed by the Government. Besides, there is a 50 per cent reduction in the normal tariff rates for the transport of electric motors from certain producing centres to the ports by goods train for export. Further export promotion measures would be helpful. In so far as the industry is still partly dependent on imported supplies of insulating materials, copper wire and strips and aluminium ingots, it would be necessary to ensure their adequate supplies either by liberalised imports or by augmenting indigenous sources so that the industry's future development is not interrupted at any stage. Quality product is a "must" today. This can be hardly over-emphasised. The specifications laid down by the Indian Standards Institution for electric motors should be scrupulously followed by the manufacturers.

A recent market survey for electric motors in Iran, published in the May issue of the *Journal of Industry and Trade* (pp. 841-42), has concluded that "Indian manufacturers have a good chance to enter the market, if they can offer competitive price and quality." The Engineering Export Promotion Council's trade delegation to West European countries last year has also reported market opportunities for electric motors in those countries. More market surveys and official and non-official visits to the foreign countries, particularly Asian and African, should be undertaken and trade contacts established.

Thus, with a large-scale development programme in hand, and prospects of further increases in domestic production, with a reasonably competitive structure of cost and prices and possibility of further reduction and gain in strength thereby, with the various export promotion measures, and with the quality of product assured, the emergence of electric motors in India's export list of engineering products has come to stay and is sure to move up. And one day (not in the distant future), it seems, it is certain to occupy one of the top positions in the export list of India's engineering goods, provided, of course, efforts are continued in that direction. And why should not the efforts continue when both the industry and the Government are determined to boost exports?

INDIAN OXYGEN'S RESULTS ENCOURAGING

DIVIDEND SAME—RESERVES STRENGTHENED

IT is probably for the first time in its career as the leading producer and supplier of industrial gases and allied equipment in the country that the turnover of the Indian Oxygen Ltd. (Chairman: Mr. N. Dandekar) has crossed the Rs. 10-crore mark to stand at Rs. 10.21 crores for the year ended 30th September 1963, or some 15 per cent higher than the 1961-62 figure of Rs. 8.88 crores. This improvement is, indeed, impressive but has been achieved, it is pertinent to note, not without difficulties. The acute shortage of core wires which had interfered with production during the preceding year persisted almost throughout the year under report and severely curtailed the output of electrodes at the factory at Khardah. Besides this, there were occasional failures of power which interrupted production activity at several of the Company's factories, notably at Asansol and Madras. The supply of cylinders also was insufficient. If despite these handicaps, the turnover expanded it was because of the considerable increase in sales of oxygen and dissolved acetylene and the substantial improvement in sales of gas-user equipment, electric welding equipment and medical products. In consonance with the growth in sale proceeds, the gross profit too has advanced from Rs. 185.34 lakhs to Rs. 200.07 lakhs but the profit-margin (ratio of gross profit to sale proceeds) has actually declined from 20.9 per cent to 19.7 per cent because of the severely curtailed production of electrodes coupled with the general rise in costs resulting partly from the national emergency and partly from the inflationary impact of the last budget.

Apart from the decline in profit-margin, there has been an increase in essential provisions as well, that for depreciation having risen from Rs. 49.84 lakhs to Rs. 59.67 lakhs and for taxation on the year's profit from Rs. 58.17 lakhs to Rs. 69.34 lakhs. Since, however, an extra provision of Rs. 16.50 lakhs had had to be made last year on the issue of bonus shares and for additional tax in respect of prior years, total provision for taxation for the year under report shows a fall of Rs. 5.33 lakhs. The net profit is, therefore, higher at Rs. 71.06 lakhs against Rs. 60.83 lakhs but is still a shade below the level of Rs. 71.30 lakhs achieved in 1960-61 on a turnover which was a third less than that of the year under report. A notable feature of the year's result is that the plough back has been raised from Rs. 17.60 lakhs to Rs. 44.64 lakhs partly because of the higher disposable profit and partly because a substantial portion of the amount brought forward from the previous year has also been credited to reserve.

Working results of the Company for the past four years are presented synoptically in the following comparative table:

(In lakhs of rupees)

	For the year ended 30th September 1963	1962	1961	1960
Sale proceeds	1020.68	887.67	756.58	645.52
Other income	2.57	3.13	1.05	2.29
Materials and stores consumed..	400.31	353.05	299.37	242.11
Staff expenses	191.84	166.42	143.33	127.00
Other expenses	231.03	186.39	163.32	130.35
Gross profit	200.07	185.34	152.61	138.95
Provision for—				
Depreciation	59.67	49.84	44.96	37.11
Taxation	69.34	74.67	36.25	38.86
Net profit	71.06	60.83	71.30	62.98
Refunds and write backs			10.50	4.23
To reserves	44.64	17.60	38.52	33.16
Dividend	43.68	43.68	39.00	30.00
	(12%)	(12%)	(15%)	(15%)
Carry forward	0.35	17.61	18.07	13.78
Market price of ordinary shares (in rupees):	1963	1962	1961	1960
High	31.00	50.12	42.00	45.00
Low	24.44	30.75	34.37	27.87

The development and expansion plans initiated a few years ago were continued during the year. The second 400 cubic metre oxygen plant which was under erection at Bombay, went into commercial production in May. The buildings for the new factory at Hyderabad are in advanced stage of construction. The dissolved acetylene plant there is expected to go into production within next two months and the oxygen plant by July of this year. Construction of the Loxite factory at Ranchi is expected to be completed early in 1964. Production activities were discontinued at the Burnpur Loxite factory in January 1963 and taken up partly in a temporary structure at the Ranchi site and partly at Bermo.

Keeping in view the general upward trend of demand for its products, the Company has drawn up a programme of substantial development and expansion for the four years ending 30th September 1967. Several new projects have been proposed covering additional facilities for production and distribution of gases, production of user equipment and electrodes, and also for manufacture of plants. The schemes include, of course, plans for reorganisation and modernisation of existing factories also.

In the field of industrial gases, the new projects include the installation of an argon purification plant at Bombay (for which an industrial licence has already been received), two 400 M^3 liquid oxygen plants one each at Calcutta and Madras, and many new installations at customers' works in various parts of the country.

An industrial licence has been obtained for the manufacture of welding and cutting equipment at the new factory for which land has been acquired at Taratala Road, Calcutta. Construction work will begin soon and it is hoped that the project will be completed by the end of 1966. In the sphere of electrode production, the Company has been granted an industrial licence for substantial expansion at Khardah factory as also for a new electrode factory at Madras.

The expansion programme are expected to cost the Company about Rs. six crores, spread over four years. It will be recalled that, in his last year's statement, the Chairman had informed the shareholders that the parent Company, the British Oxygen Company Ltd., had agreed, in principle, to make further advance by way of loans up to the total of £500,000. This agreement has now been finalised and it has also received the approval of the Government of India. It is, however, estimated that, after taking into account this loan and the internal resources that will be generated over the period of four years, the Company will still require additional rupee finance of about Rs. two crores for the completion of its expansion programme. The Chairman has informed the shareholders that, subject to the consent of the Controller of Capital Issues, arrangements have been made with the Punjab National Bank Ltd. to provide the Company with this amount by way of medium-term loan secured by the pledge of debentures.

The expansion programmes are expected to capital of the Company during the year which accordingly continues to stand at Rs. 364 lakhs made up entirely of equity shares of Rs. 10 each. This is supported by reserve aggregating Rs. 169 lakhs. Borrowings have also increased from Rs. 227.46 lakhs to Rs. 244.64 lakhs, while current liabilities and provisions have advanced to Rs. 432.98 lakhs from Rs. 375.72 lakhs a year ago. New assets worth Rs. 116.80 lakhs were acquired during the year as a result of which the gross block has gone up to Rs. 906.16 lakhs. On deducting therefrom Rs. 391.56 lakhs as the depreciation earned to date, a net block of Rs. 514.56 lakhs is obtained. Inclusive of Rs. 65.75 lakhs as the cost of capital projects in progress, the total net block stands at Rs. 580.31 lakhs. Current assets, investments and loans and advances all amount to Rs. 633 lakhs.

As regards future prospects, this is what the Chairman has to say:

"From what I have said above it will be evident that I entertain a feeling of confidence and restrained optimism about the future prospects for the Company. We are about to enter upon a period of fairly heavy capital expenditure with full confidence and faith in the future of our country. It is a faith shared by the British Oxygen Company Limited also; in this connection we had the privilege of a visit in November this year by their Vice-Chairman, Lord Reith, who toured India extensively and visited five of your Company's factories in different parts of the country. But while investment of such magnitude as we have in view implies favourable long-term prospects, both as regards profits and growth generally, the short-term prospect must necessarily be viewed somewhat more conservatively, because of the increasing debt and interest load until the new investments become fully productive."

The ten-rupee ordinary shares of the Company are currently quoted at Rs. 26.12 *cum-div.*, at which rate the yield works out to 3.3 per cent per annum net.

ASHOK LEYLAND

PROFIT LOWER—DIVIDEND CUT

IT is really difficult to dispute the fact that the performance of Ashok Leyland Ltd. (Chairman: Dr. A. Ramaswami Mudaliar, Madras) during the year ended 30th September 1963 is disheartening. Although the demand for the Company's products continued greatly to exceed supply, the turnover has come down from Rs. 13.12 crores to Rs. 10.99 crores, or by 16.3 per cent, owing to the disappointingly low output of chassis. If, despite this heavy decline in turnover, the gross profit shows only a moderate deterioration of Rs. 3.76 lakhs to Rs. 114.61 lakhs, it is chiefly because of the substantial rise in closing stocks of vehicles and finished components from Rs. 101.25 lakhs to Rs. 183.29 lakhs. This statement is substantiated by the fact that staff and other expenses have combined to increase from Rs. 126.62 lakhs to Rs. 145.37 lakhs and, though the excise duty paid and the cost of materials, spare parts and stores, etc., consumed have together declined in absolute terms by Rs. 153.69 lakhs to Rs. 928.38 lakhs, their proportion to the turnover has actually risen by more than two points to 84.5 per cent.

In the matter of net profit, again, there is only a marginal reduction from Rs. 55.91 lakhs to Rs. 51.52 lakhs, because, whereas the provision for depreciation has been stepped up slightly from Rs. 40.46 lakhs to Rs. 41.64 lakhs, that for taxation is a shade lower at Rs. 21.45 lakhs against Rs. 22 lakhs for the year before. There is thus little change in the total of essential provisions. But here also the downward movement has been artificially arrested by bringing about a change in the mode of calculating depreciation. From its inception, the Company has been providing depreciation in accordance with the diminishing balance method. To fall in line with modern practice, the Directors have decided that it would be advantageous to change over to the straight line method of depreciation fund allotment with effect from 1st October 1962. Had the Company adhered to the original method of charging depreciation against the gross profit the provision would have been as high as Rs. 52.17 lakhs or Rs. 10.53 lakhs more than the amount provided for now and the net profit in that case would have been correspondingly lower.

After adding to the disclosed net profit for the year Rs. 0.58 lakh brought forward from the previous accounting period, the Directors have set aside Rs. 5.50 lakhs (as against Rs. five lakhs last year) as provision for bonus to staff, and credited Rs. 14 lakhs to the development rebate reserve (against Rs. 16.42 lakhs last year). Transfer to the general reserve, which had received Rs. 5.41 lakhs a year ago, has altogether been suspended. The ordinary dividend has been pruned to seven per cent per annum from eight per cent per annum paid for the previous four years in succession. But since it is payable on a larger number of shares than previously the actual distribution amounts to Rs. 32.07 lakhs against Rs. 29.39 lakhs.

It must, however, be noted that the Company was not the only one whose working results were adversely affected during the preceding year, as this was the general fate suffered by all automobile manufacturers in the country; nor was the setback something of its own creation. As has been pointed out by the Directors in the statement to shareholders, the low output of chassis during the year was the combined result of the following difficulties:

i. Delay in the issue of import licences in October 1962 and curtailment of the Company's foreign exchange allotment caused serious material shortages which led to the loss of 58 working days during the year.

ii. 12 working days were lost during June/July due to the imposition of an 80 per cent power cut, thus bringing the total lost working days to 70.

iii. In some cases during the year, initial supplies of material from indigenous sources, following their deletion from import, proved unsatisfactory; and, until improvements could be effected, production was adversely affected.

The above difficulties notwithstanding, a satisfactory rate of output was achieved by the year-end and, as far as can be foreseen, it will be maintained and increased progressively during the current year.

The fluctuations in the fortunes of the Company during the past four years due to

(*Continued on page 145*)

SYNOPSES OF COMPANY REPORTS

Hemalatha Textiles Ltd.

(*Chairman*: Mr. A. D. Mango, Madras.)

Sixteenth Annual General Meeting—Held on 27th December 1963.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1963	1962
Sales	58,43	64,46
Closing stock	20,13	17,86
Gross profit	4,95	7,01
To Managing Agents' commission	18	65
,, donations	6	1
Transfer to depreciation	1,20	1,39
,, ,, provision for taxation	1,95	3,46
,, ,, ,, super profits tax	72*	Nil
Net profit	72	2,40
Transfer from general reserve	23	Nil
Excess provisions and receipts relating to previous years	1	14
Appropriations:		
Transfer to development rebate reserve	9	8
,, plant replacement reserve	Nil	1,00
Proposed dividends (taxable): preference	28	28
,, ,, ordinary	75	1,20
	(5%)	(8%)
Carry forward	†	17

Market value of ordinary shares (in rupees):	1963	1962	1961
High	9.54	10.00	10.00
Low	8.98	9.44	9.90

* Includes Rs. 67,700 for super profits tax for the previous year.
† Only Rs. 64.

Extracts from the Directors' report: The increase in the cost of electricity and the compulsory insurance against Emergency risk added further burdens to the already rising manufacturing cost. While these influences have resulted in a reduction in the profitability of the Company's operations, it would still have been possible to pay a reasonable dividend on the equity shares but for the fact that the Company has to meet a substantial liability for Super Profits Tax in respect of the operations of an earlier year. In view of that, the Directors feel justified in drawing on the reserves to a small extent in order to make the dividend on the equity shares up to 5 per cent.

The building for the expansion of the Mill by 6,000 spindles is completed. The preparatory machinery has been despatched by the manufacturers and some of it is ready at the site. The delivery of the ring frames, however, is not expected to commence until January 1964 and, therefore, the additional capacity may not be commissioned until about the middle of 1964.

Accounts in brief as at 30th June 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	19,55,120	Gross block	30,08,930
Reserves and surplus	3,90,827	—Depreciation	21,36,341
Other liabilities	15,76,887		
		Net block	8,72,589
		Block-in-progress	2,81,316
		Current assets	25,99,210
		Investments	54,657
		Cash	1,21,062
	Rs. 39,28,834		Rs. 39,28,834

* Paid-up capital consists of 4,306—5 per cent. tax-free cumulative preference shares of Rs. 100 each and 1,50,000 ordinary shares of Rs. 10 each. Amount paid up on shares forfeited is Rs. 24,520.

Champarun Sugar Co., Ltd.

(*Secretaries and Treasurers*: The British India Corporation Ltd., Kanpur.)

Fifty-eighth Annual General Meeting—Held on 30th December 1963.

Extracts from the Directors' report for the year ended 30th June 1963:

Sales of sugar and molasses amounted to Rs. 2.29 crores against Rs. 2.44 crores in the previous year. The results for the year including items relating to previous year and provisions no longer required show a surplus of Rs. 3,67,461. After deducting depreciation amounting to Rs. 2,12,301 (Rs. 2,27,043 for 1962) and development rebate reserve of Rs. 98,711 (Rs. 27,820 for 1962) there is left a credit balance of Rs. 56,449. This amount is adjusted against the debit balance brought forward from the previous year of Rs. 9,07,232, thus leaving a loss of Rs. 8,50,783 to be carried forward.

On account of unfavourable conditions the working results of the Company have not been very satisfactory and only a marginal profit has been made in respect of the year under review. The crushing season had been unusually short being of 103 days duration (192 days previous year) at Barrah factory and 90 days as against 201 at Chanpatia factory. This was directly attributable to shrinkage of cane acreage and consequent short supply of sugarcane for crushing. The trading results have further been adversely affected owing to frequent mechanical breakdowns at Barrah factory, which is capable of producing good quality sugar.

Operations: The comparative figures of the last two seasons for cane crushed and extractions obtained, are as under:—

	Barrah Factory		Chanpatia Factory	
	1962-63	1961-62	1962-63	1961-62
Cane crushed (qtls.)	7,28,634	13,97,500	6,23,071	14,58,129
Recovery (%)	9 48	8.66	10 35	9.08

In order to tide over the mechanical shortcomings and to achieve more efficiency, steps have already been taken to implement, as referred to in the last report, within the Company's financial limitations, the first phase of the rehabilitation programme recommended by the Company's Technical Adviser, Mr. Gundu Rao, who has since joined the Organisation. The working is, therefore, expected to be better in the present season, provided adequate cane supply is forthcoming.

Raw Sugar: As stated in the last Directors' Report, Chanpatia factory was to be fully engaged in the manufacture of raw sugar and the entire quantity was to be exported on behalf of the factory. The export agency division of the Indian Sugar Mills Association, however, accepted a quantity of 2,500 tonnes of sugar to be supplied by the Chanpatia factory and suggested that the rest might be offered on behalf of other associate sister factories. Accordingly, the remaining quantity of sugar was supplied either on behalf of Barrah factory of this Company or against the export quotas of Marhowrah and Gauri factories of Cawnpore Sugar Works, Limited.

Cane Prices: The Government of India, in pursuance of their policy of linking cane prices for season 1963-64 to the recovery obtained in the last season have, by a notification dated 21st October, 1963, prescribed the cane prices to be paid by the sugar factories. The cane prices per maund for the Company's factories are:—

	1963-64	1962-63
Barrah	Rs. 1.75	Rs. 1.53
Chanpatia	Rs. 1.83	Rs. 1.57

The corresponding increase in sugar prices announced by the Government of India is highly unremunerative. The factories in East U.P. and North Bihar are very much perturbed and agitated over this issue and are pressing for the fixation of prices in a more realistic manner.

Accounts in brief as at 30th June 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	18,00,000	Gross block	03,21,057
Reserves†	47 01,301	—Depreciation	63,53,290
Other liabilities	72,83,614		
		Net block	29,67,771
		Block-in-progress	3,142
		Current assets	1,07,66,804
		Investments	30,000
		Cash	1,00,598
	Rs. 1,38,74,915		Rs. 1,38,74,915

* Paid-up capital consists of 1,80,000 ordinary shares of Rs. 10 each.
† Reserves shown after deducting the debit balance of Rs. 8,50,783 in the profit and loss account.

Kelvin Jute Co., Ltd.

(*Managing Agents*: Messrs. McLeod & Co., Ltd., Calcutta.)

Annual General Meeting—31st January 1964.

Working Results:

	For the year ended 31st May (In thousand rupees)	
	1963	1962
Sales—gunnies	3,40,20	2,40,86
,, —loom hours	1,13	0
Closing stock	1,06,32	63,09
Gross profit	46 01	6,88
To Managing Agents' remuneration	3,54	49
Transfer to depreciation	9,62	5,04
,, ,, provision for taxation	0,00	Nil
Net profit	23,05	45
Transfer from general reserve	Nil	2,00
Appropriations:		
To payment on account of arbitration for previous years	80	Nil
Transfer to development rebate reserve	11 88	1,23
,, ,, general reserve	4,00	Nil
,, ,, provision for taxation for previous year	Nil	1,00
Proposed dividends (taxable) preference	01	01
,, ,, ordinary	5,00	1,40
	(20%)	(5%)
Carry forward	05	48

Market value of ordinary shares (in rupees):	1963	1962	1961
High	204.00	213.00	177.00
Low	165.00	173.00	130.00

Extracts from the Directors' report: During the year, the hours of work remained constant but the number of looms in operation varied with the purchase of loom hours by the Company and the reduction in the sealed loomage by the Indian Jute Mills Association from 9 per cent to 5 per cent on 2nd July, 1962. As from the 23rd December, 1962, the sealing of looms was discontinued. Over the year under review the loomage was increased at various dates from 376 to 457 in double shift which resulted in working an additional average of 188 looms on a single shift basis, over and above, the registered complement of 703 looms giving an all time record production for the Company. Due to power cuts, working hours had repeatedly to be adjusted but despite this only 1,018 loom hours were lost due to sudden load-shedding. Workers wages, however, were not affected.

Modernisation of the preparing/spinning and weaving sections continued throughout the year. The Company has taken a lease of premises from the Waverley Jute Mills Co. Ltd., thereby increasing the loomage from 48 to 155 for the manufacture of *Jute Carpet Backing* during the period under review. This loomage worked in trible shift 7 days per week and at the date of this report 160 looms have been working. Initially the yarn supply for these looms was made from the Main Mill at Kelvin Jute Mills but subsequently *Batching, Preparing, Spinning* and other ancillary machinery has been installed and now the *Carpet Backing Section* is independent for yarn supplies. The cost of installing the machinery and looms in the broad loom section was met partly from the Company's own resources and also by arranging additional overdrafts from the State Bank of India.

Another bumper crop led to an abundant supply of raw jute and in order to support the raw jute market the Company's Mill continued to make purchases on buffer stock account and also statutory quotas issued by the Jute Commissioner. The Company was thus obliged to hold very large stocks resulting in considerable financial strain.

Trading conditions were favourable throughout the year with the general price level for goods, particularly *Hessian*, well able to absorb the operational minimum price for raw material. Foreign demand has since slackened and the outlook for the current year, however, is not expected to be so satisfactory as a result of lower prices for goods and increases in workers wages by implementing the recommendations of the Jute Wage Board.

Relations with labour remained cordial throughout the year. The Apprentices Act, 1961 has been implemented and amendments to the Maternity Benefit Act and the Provident Fund Act have given more beneficial conditions to certain employees.

Accounts in brief as at 31st May 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	38,00,000	Gross block	2,51,06,312
Reserves and surplus	73,56,736	—Depreciation	1,23,43,904
Other liabilities	2,18,16,884		
		Net block	1,27,62,408
		Current assets	1,86,15,298
		Investments	8,00,050
		Cash	6,75,054
	Rs. 3,29,73,620		Rs. 3,29,73,620

* Paid-up capital consists of 10,000—7 per cent. cumulative preference shares of Rs. 100 each and 28,000 ordinary shares of Rs. 100 each. Of the above shares 14,000 ordinary shares are allotted as fully paid up by way of bonus shares of which 7,000 ordinary shares are issued by capitalisation of reserves and 7,000 ordinary shares from share premium account.

Balrampur Sugar Co., Ltd.

(*Registered Office*: Calcutta.)

Thirty-first Annual General Meeting—Held on 21st December 1963.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1963	1962
Sales—sugar and molasses	1,18,81	1,10,82
Stock-in-trade	8,27	56,56
Gross profit (+) or loss (—)	—1,69*	+2,81
Transfer to depreciation	1,70	1,76
,, ,, provision for taxation	Nil	8
Net profit (+) or loss (—)	—1,66	97
Balance brought forward	16	3
Excess provisions and other items no longer required	6	4
Appropriations:		
Transfer to development rebate reserve	Nil	32
,, ,, provision for taxation for earlier years	0	Nil
Proposed dividend (taxable) equity	Nil	56
	(Nil)	(1%)
Carry forward credit or debit	—1,53†	16

* Loss after providing for depreciation. Loss carried forward after taking into account provision for taxation for earlier years.

Extracts from the Directors' report: The duration of season during the year under review was the shortest during the last eight years with 73 days as against 145 days in the previous year. This was due to shortage of cane availability which was 5,42,410 quintals only as compared to 11,00,436 quintals during last year. The reasons attributed to this are mainly due to curtailment in the cane area by the cane growers and diversion of cane to *gur*. The recovery was, however, 9.99 as against 9.71 per cent in the preceding season.

The scarcity of cane was not only confined to the Company's Factory but during the current year there had been a very steep fall in the availability of cane throughout India. Total cane crushed in the country was 2,16,00,000 tonnes as against 2,79,36,700 tonnes in the preceding season and consequently the sugar production fell from 27,30,419 tonnes (1961-62) to 21,50,000 tonnes (1962-63).

On account of low production of sugar, the Government imposed control on the 17th April, 1963 over the sale and distribution of sugar. The controlled price as fixed by the Government is much lower than the cost of production which has gone up on account of low crushing due to short-availability of cane and higher cost of stores and other charges. This is reflected in the accounts presented for the year.

This year the Company's factory produced 39,608 quintals of raw sugar which was exported through the Indian Sugar Mills Association (Export Agency Division).

The future for the coming season does not seem to be bright as far as the availability of cane is concerned. Although the Government have increased the sugarcane prices by 0.18 nP per maund over last year's prices, *khandsari* and *gur* prices have gone up and there being no restriction over its production and/or price, manufacturers of these commodities offer much higher prices to cane growers and consequently supplies to sugar factories suffer.

Accounts in brief as at 30th June 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	14,00,000	Gross block	30,01,002
Reserves*	0,32,007	—Depreciation	23,99,157
Other liabilities	19,83,303		
		Net block	15 05,535
		Block in progress	1,63,006
		Current assets	25,37,046
		Investments	15,000
		Cash	21,121
	Rs. 43,15,310		Rs. 43,15,310

* Paid-up capital consists of 5,60,000 fully shares of Rs. 2.50 each fully paid up in cash.

Notice

RALLIS INDIA LIMITED

NOTICE OF CLOSURE OF TRANSFER BOOKS

NOTICE IS HEREBY GIVEN THAT THE Transfer Books of the Company will be closed from 7th February 1964 to 24th February, 1964, both days inclusive.

By Order of the Board,
KENNETH SHEPPARD,
Secretary.

16, HARE STREET,
CALCUTTA,
30*th December* 1963.

NEWS IN BRIEF

THE Board of Trade is scheduled to meet at Calcutta on the first of next month. The implementation of the various export promotion schemes will come up for review at the meeting.

The final report of the Wage Board for Tea Plantation Workers is expected to be released within the next two months, according to Mr. G. Ramanujam, Vice-president of the I.N.T.U.C.

A Rs. one-crore factory for the manufacture of baby tractors is proposed to be set up by the Omsum Engineering Company of Bangalore in collaboration with a Japanese firm. It will be located at Malur and produce 3,000 units of Fuji hand tractors a year.

The production capacity of the State-owned superphosphate factory at Sindri is expected to be raised from 25,000 tons to 50,000 tons during the third Plan period. Similarly, the capacity of the high-tension insulator factory at Ranchi will be stepped up from 2,400 tons to 4,800 tons.

Following the removal of price control on staple fibre and the withdrawal of the voluntary price control scheme in respect of viscose yarn, the Union Government has directed the Tariff Commission not to continue its inquiry into the quest on of fixing fair prices for man-made fibres and yarns.

An Indian trade centre, the first foreign institution of its kind in Nigeria, has been opened at Lagos. The centre, besides acting as an information centre, will also provide trade and industrial intelligence on India to Nigerians and transmit to India data on current Nigerian economical trends. It will mount every three months a different display to illustrate aspects of Indian industrialisation.

Exports of specified grades of cardamoms are allowed to all permissible destination up to the end of August next and licences will be given freely but subject to ceilings and floor prices. Exports of cardamoms in all forms other than specified grades will also be allowed freely to all permissible destinations against shipping documents. And as a measure of promoting exports of cardamoms, it has been decided to waive the licence fee.

A study team with Mr. I. N. Bongirwar, Maharashtra's Registrar of Co-operative Societies, as Chairman, has been constituted by the Union Ministry of Community Development and Co-operation to examine the working of general insurance co-operative societies and to recommend the future line of their development. The team has been asked to indicate promotional steps and future programmes for the organisation and working of co-operatives in the general insurance sector. It is likely to submit its report in about three months time.

The Agricultural Production Board has directed its Committee of Secretaries to examine the question of stabilising the price structure of agricultural commodities. The Committee has been asked to submit its report at the next meeting of the Board on 19th February next. The Committee consists of the Secretaries to the Union Ministries of Food, Agriculture, Community Development, Economic Affairs and of the Planning Commission. Meanwhile, the Board has decided to continue Central financial assistance for intensive cultivation of cotton and oilseeds and to extend it to include wheat and rice also.

The Governments of India and Afghanistan signed at New Delhi on Tuesday this week an arrangement involving an annual trade of around Rs. 10-11 crores. Under the arrangement, India will supply traditional goods such as textiles, tea, spices, engineering goods, electrical equipment and apparatus, and hardware in exchange for dry and fresh fruits, asafoetida, cumin seeds, medicinal herbs, etc. Payments in respect of cotton and wool exported by Afghanistan and those in respect of a specified list of non-traditional goods exported by India will be paid in free foreign exchange. Although the arrangement is for one year, it will automatically be extended for the second and third years.

The members of the Kuwait oil delegation held the final round of talks with Mr. P. A. Gopalkrishnan, Chairman of the Indian Oil Company Ltd., at Bombay last week. In New Delhi, the delegation met the Union Minister for Petroleum and Chemicals, Prof. Humayun Kabir, and Minister of State, Mr. O. V. Alagesan. The delegation told Mr. Gopalkrishnan that the Kuwait National Petroleum Company had decided to set up a refinery with Governmental assistance from Kuwait. The Kuwait Government holds 60 per cent shares in the Kuwait National Petroleum Company, while the remaining 40 per cent has been subscribed by the public. The Kuwait refinery is scheduled to go on stream sometime in the middle of 1966. Among the subjects discussed with the Chairman of the I.O.C. were the possibilities of importing middle distillates produced by the refinery into India to be marketed by the Indian Oil Company. They also revealed that an economist would soon arrive in India to collect information about matters pertaining to oil industry in India, including the pattern of demand and facilities available at the major ports for importing refined products into India.

From Abroad

Britain's exports and imports both touched during the year 1963 new peaks of £4,229 million and £4,825 million, respectively.

Sweden's State budget for the fiscal year 1964-65 shows a formal operating surplus of Kr. 80 million. Total revenues are estimated at Kr. 22,050 million and expenditure at Kr. 21,970 million.

Under a trade protocol signed between the Governments of Soviet Union and Guinea, Russia will supply motor cars, refrigerators, oil products and sewing machines to Guinea in exchange for coffee and fruits.

Nigeria has formally asked the European Economic Community for negotiations on an association agreement with the Common Market. Nigeria's main aim is to secure access to the European market for its exports of cocoa, palm oil and palm kernels and groundnuts.

The U.S. Department of Commerce has authorised the sale of $7.5 million worth of rice to Russia, the first substantial quantity of this grain involved in the current deals between the two countries. The authorisation also covers $15.5 million worth of wheat, bringing the total proposed wheat sale to $286 million.

The Government of Yugoslavia has decided to abolish all customs duties on coffee, tea and some other agricultural products imported from tropical countries. The decision is in line with the Government's policy (as a temporary member of the G.A.T.T.) of removing duties on agricultural products of developing countries.

China will export to Cuba rice, soya beans, edible oils, canned meat, cotton, fabrics, paper, rolled steel, machinery, chemical products, medicines and other goods and import in return raw sugar, nickel ingots, tobacco and copper concentrates. A trade protocol to this effect covering the year 1964 has been signed between the Governments of the two countries.

Tea prices in West Germany are about to drop by 2.35 to 3 DM per kilo, following the Government decree abolishing customs duty for unpacked tea and reducing the levy to 5 per cent for packages below three kilos. West Germany consumes 8.5 million kilos of tea each year, nearly 90 per cent of which comes from India and Ceylon.

A new home is being built every minute of the year in West Germany. Last year, 525,000 dwellings were completed, the rate of construction being maintained steadily during the last 15 years. From 1949 up to the end of 1963, 7.30 million new homes were built. They represent more than 40 per cent of the present total of 17 million housing units in the country, including West Berlin.

PERSONAL

MR. Justice Nittor Srinivasa Rau, retired Chief Justice of the Mysore High Court, has been appointed Chairman of the Central Vigilance Commission.

Mr. J. M. A. H. Luns, Minister for Foreign Affairs of the Netherlands, has been elected Chairman of the Council of the O.E.C.D. at Ministerial level for 1964.

Dr. N. Das, till recently Director-General of the Employers' Federation of India at Bombay, has been appointed Adviser-*cum*-Vice-President of the Hindustan Motors Ltd. He will take up his new assignment on 1st March next.

Mr. M. S. Ram, a former Director of India Supply Mission at Washington and currently attached to the Union Ministry of Irrigation and Power, has been appointed General Manager of Trombay fertiliser project, under the Fertiliser Corporation of India.

Mr. J. O. Hitchcock, Managing Director of the International Nickel Company (Mond) Ltd., London, will be visiting India in the first half of February to acquaint himself with the latest developments in the iron and steel industry, as well as with the projects on special steels. Mr. Hitchcock will be arriving in Bombay on 2nd February next.

Mr. A. N. Banerji, former Iron and Steel Controller, has taken over charge as the General Manager of the Rourkela steel plant *vice* Mr. S. T. Raja who has been appointed Chairman of the National Coal Development Corporation. Mr. Raja succeeds Mr. R. C. Dutt who will take over as the Additional Secretary, Company Law Administration, in the Union Finance Ministry.

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MONEY TIGHTER

(From Our Own Correspondent)

BOMBAY, 22*nd January*

Tighter conditions prevailed in the short-term money market during the week under review. There was persistently high demand for credit—a common feature at this time of the busy season—while the supply of funds actually available was less. Indeed, borrowers found it difficult to obtain their requirements in full. Some banks had to approach the Reserve Bank for temporary accommodation. Consequently, the inter-bank call rate moved up to a high level of 5¼ per cent for both fresh money and renewals, as against 5 per cent a week before. Even at this rate lenders were scarce. Some are said to have paid no less than 5¾ per cent. Similar was the position at Calcutta, the call rate jumping up from 5-5¼ per cent to 5¾ per cent with borrowers over.

The rate of interest for short-term deposits remained unchanged at the ceilings prescribed under the inter-bank agreement. For purposes of ready reference, the ceilings are quoted below:

(*a*) Category I (banks with deposits above Rs. 50 crores and exchange banks) 3 to 30 days (inclusive) 3 per cent, 31 to 60 days (inclusive) 3½ per cent, 61 to 90 days (inclusive) 3½ per cent, 91 days and over but less than 12 months 3¾ per cent, 12 months 4 per cent.

(*b*) Category II (banks with deposits of more than Rs. 10 crores but upto and including Rs. 50 crores) ¼ per cent higher than the rates for Category I.

(*c*) Category III (banks with deposits of more than Rs. 10 crores but upto and including Rs. 25 crores) ¼ per cent higher than the rates for Category I.

In view of the stringency in the money market, the response to the 91-day Government of India Treasury Bills, tenders for which opened on Tuesday the 21st inst., continued to be poor. The total amount offered was just equivalent to that invited and also accepted, namely, Rs. 2 crores. The average rate of accepted tenders was slightly higher at Rs. 2.325 per cent per annum, as against Rs. 2.315 per cent. The response to the Intermediate Treasury Bills was also poor, the Bills actually sold from the 15th to 18th inst. being no more than Rs. 43 lakhs, as against Rs. 15 lakhs a week before.

India's foreign assets improved by a further Rs. 2.95 crores to Rs. 109.70 crores during the week ended 17th January, the entire improvement having been accounted for by balances held abroad which stood at Rs. 12.24 crores. There was no change in the foreign securities (Rs. 97.46 crores) held in the Issue Department of the Reserve Bank. Deposits of scheduled banks with the Reserve Bank rose by Rs. 4.02 crores to Rs. 82.74 crores. Loans and advances to scheduled banks, too, increased by Rs. 96.45 lakhs to Rs. 32.23 crores. Notes in circulation showed an increase of only Rs. 2.38 crores to Rs. 2,414.87 crores.

There was a further rise of Rs. 19.31 crores to Rs. 1,639.52 crores in the total credit made available by scheduled banks to their clients during the week ended 10th January. Since, at the same time, deposits declined by Rs. 2.04 crores to Rs. 2,406.91 crores, borrowings from the Reserve Bank went up by Rs. 11.20 crores to Rs. 31.35 crores. Of this total, those against usance bills accounted for Rs. 14.17 crores, an increase of Rs. 2.44 crores. Investments showed a rise of Rs. 9.18 crores to Rs. 696.78 crores.

The sale of 4½ per cent 1973 Central loan has been suspended by the Reserve Bank with effect from the 15th inst. The suspension is apparently because of the proximity of the half-yearly interest which falls due today (22nd January). The Bank was offering this loan before at Rs. 100. Despite the suspension of its sale, the loan was available at Rs. 100. The gilt-edged market dull, with poor institutional support. Turnover was limited.

In the foreign exchange market, the banks' selling rate for U.S. dollars advanced by 25 nP to Rs. 478.50 per $100, while their buying rate was unchanged at Rs. 475. In New York, the pound sterling eased a little *vis-a-vis* the dollar, the spot rate declining by 0.040 cent to 279.820-279.850 cents and the three months' forward by 0.060 cent to 279.610-279.640 cents.

SILVER SPURTS AGAIN

(From Our Own Correspondent)

BOMBAY, 22*nd January*

Ready silver touched a fresh peak of Rs. 258 per kilogram on Friday the 17th inst., a rise of Rs. 4 in just two days; the closing rate on Wednesday last week was Rs. 254. Although the metal stood a shade lower at Rs. 275.50 today, the undertone was distinctly firm. Buying support was well sustained, thanks to bullish advices from Madhya Pradesh, Gujarat and Rajasthan sides. With low level of floating stocks—estimated at a mere 400 bars—and with prospects of high demand during the ensuing marriage season, it was feared that an acute scarcity of supplies would be felt. Some parties were reported to have attempted to corner whatever stocks they could get. The daily average offtake was about 30 bars, whereas actual arrivals were no more than 15 bars.

In sympathy with silver and following continued demand from ornament manufacturers, 14-carat gold also moved up from Rs. 63 to Rs. 65.25 per 10 grams. In the wake of reduced contraband supplies, pure gold advanced by Rs. 2 to Rs. 111.50. Sovereign was fully maintained at Rs. 85.

The world price of gold in the London market picked up ¼ cents to $35.08¾ per fine ounce. Ready gold spurted by 1¼d. to 250s. 9¼d. Ready and forward silver, however, were firm, the former at 111¾*d.* and the latter at 111¼*d.* Silver in New York was also firm at 129.3 cents.

The following table shows the trend of prices during the week under review:

	22-1-1964 (closing)	High	Low	15-1-1964 (closing)
	Rs.	Rs.	Rs.	Rs.
SILVER Ready (996 fine) ..	257.50	258.00	256.00	254.00
GOLD Ready (14 carat) ..	65 25	65.25	63.75	63.00
Sovereign	85.00*	—	—	85.00*
London—				
Gold ..	250s. 9¼d.	250s. 9¼d.	250s. 8¼d.	250s. 8*d.*
Silver Ready ..	111¼*d.*	—	—	111¾*d.*
Silver Forward ..	111¼*d.*	—	—	111¾*d.*
New York—				
Silver	129.3 cents	—	—	129.3 cents

* As on 24-6-1963.

N.B.—The quotation for gold is per 10 grams (about 0.35 tola) and that for silver is per kilogram (35.73 tolas). London and New York quotations are per ounce.

COTTON FUTURES FORGE AHEAD

(From Our Own Correspondent)

BOMBAY, 22*nd January*

Cotton futures, which started the week on an easy note induced by profit-taking and fresh selling on fears of compulsory requisitioning in Gujarat, firmed up in subsequent sessions. The firmness was engendered by speculative support following adverse weather conditions in Gujarat and Punjab and the possibility of damage to the crop. The report that the Gujarat Government was opposed to the move for compulsory requisitioning of cotton and the sealing of certain cotton areas in the State in order to arrest the spiralling trend of prices, especially of Digvijay varieties, bullishly affected the markets. Rumours that the announcement of a second export quota for Bengal *Deshi* was imminent also affected sentiment. Large-scale speculative buying and spot house support induced by these considerations led to a rally in futures. The Jarilla March 1964 contract forged ahead from the week's opening of Rs. 737 (per three quintals) to touch a peak of Rs. 751.75 today, the highest level reached so far and Rs. 12.25 above the last week's closing of Rs. 739.50, before winding up the session fractionally lower. The *May* contract firmed up in sympathy from Rs. 726.25 on the 16th inst. to Rs. 734.50 today.

The trend of the cotton futures prices during the week is indicated below:

(In rupees per three quintals)

	15-1-64	*High*	*Low*	22-1-64
Jarilla March ...	739.50	749.50	737	750.50
Jarilla May ...	727.50	733.25	726	734.50

In the spot market at Sewri, trading continued to be characterised by restricted mill demands, thanks to the prevailing high prices. Most mills were inclined to defer purchases, pending a fall in prices. Needy mills, however, picked up moderate quantities of popular varieties such as CO2, L.147, Digvijay 197/3 and Kalyan. The Gujarat Government is reported to have been advised by the Centre to keep a watch over the upward trend in prices of Gujarat cotton. The latter is said to be concerned over the persistent tendency of prices of Gujarat cotton, especially the Digvijay variety, to harden and is understood to have suggested that, if prices do not come down to a reasonable level, compulsory requisitioning should be resorted to. The Gujarat Government, it is said, has denied that prices have risen unduly or that there is hoarding of stocks. The firmness of cotton prices currently witnessed in the State is attributed to keen mill demand on apprehension that there would be shortage of long staple cotton on account of delay in getting P.L.480 cotton from the U.S.

Talks of the possibility of another export quota for Bengal *Deshi* activised the export section. There were renewed inquiries for Bengal *Deshi*, the prices of which tended to harden as a consequence. Meanwhile, export sales registered against the last quota for 200,000 bales of Bengal *Deshi* aggregated 154,000 bales as on 20th January 1964. Moderate mill demand for foreign cotton was reported. Higher grade Sudan, Egyptian and U.S. cotton attracted the attention of mills. Only a limited volume of actual business was, however, put through.

The following are the ruling prices—in rupees per candy of 784 lbs.—from the spot market at Sewri:

Wagad 885; Kalyan 940, CO2 1,340; L.147 1,200; Gadag Laxmi 960; Sudan G5S 1,430; Pima 1,735.

ART SILK YARNS DEPRESSED

(From Our Own Correspondent)

BOMBAY, 22*nd January*

The yarn market continued to rule subdued owing to slackness in demand. Art silk yarns were depressed on account of poor offtake by mills, while supplies were reported to be plentiful. Prices, as a result, fell further. Even at lower levels, traders were hesitant to lend support. Staple fibre yarns were dull in the absence of any encouraging development. Cotton yarns elicited only selective demand. The finer counts tended to move up on reports that there was paucity of supplies.

In the art silk yarn section, Bright South India Viscose 120D fell by 22 nP to Rs. 14.30 and Bright Century 100D by 25 nP to Rs. 13.75. Bright National Rayon 150D was dull at Rs. 10.89. While *National Rayon* 120D, however, gained 2 nP to Rs. 11.57.

Among staple fibre yarns, spot Kohinoor (40×2) dropped 64 nP to Rs. 9.68. City was neglected at Rs. 9.61. But Century met with special support and moved up from Rs. 9.90 to Rs. 9.99 today.

In the cotton yarn section, ten counts Navsari, 32s Madura and 40s City were dull, with rates maintained at last week's level. The exception was 40s City which put on 25 nP to Rs. 37 and 80s Mahindra which gathered 25 nP to Rs. 92.50.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	22-1-1964	15-1-1964
	Rs.	Rs.
Art silk yarn (per kg.)—		
National Rayon 120D	11.57	11.57
Century 75D	18.21	18.39
S. I. Viscose 150D	12.91	12.91
Staple fibre yarn (40 × 2)—		
Kohinoor (per kg.)	9.68	10.32
Century	1.99	9.90
Cotton yarn (per bundle of 10 lbs.)—		
10s Navsari	19.50	19.50
20s Parkash	23.62	23.62
32s Madura	32.50	32.50
40s City	36.75	37.00
60s Finlay	—	—
80s Mahindra	92.50	92.00

OILSEEDS ADVANCE

(From Our Own Correspondent)

BOMBAY, 22*nd January*

A distinctly firm trend was in evidence in the oilseeds market during the week under review. Groundnut futures staged an impressive rally, following excellent advices from upcountry markets and increase in spot prices which induced large-scale short-covering. Small arrivals, too, imparted strength. Castorseeds also met with good buying support induced by reports that the recent cold spell had affected the standing crop in the North Gujarat area. In sympathy, linseeds and cottonseeds tended to move up.

The groundnut *January* contract shot up from Rs. 226.87 to Rs. 230.50. Some operators who had commitments in this contract were said to be busy shifting their interest in the distant (April) contract which, as a consequence, rose by Re. 1.75 to Rs. 231.75. Nizam bold ready spurted by Re. 1.12 to Rs. 46.87 and Khandesh quality by Re. 1.37 to Rs. 47.62. Groundnut oil ex-mill hardened by 50 nP to Rs. 18.40 and railway receipts by 45nP to Rs. 18.20. The reported cancellation of an order for exports of 6,000 tons of groundnut oil to the U.K. did not have much effect.

In the castorseeds section, March contract advanced from Rs. 165.25 to Rs. 167.62 and June position from Rs. 168.25 to Rs. 169.50. Ready Madras gathered 50 nP to Rs. 33.25. Kanpur picked up 63 nP to Rs. 32.25. B.S.S. rose by 30 nP to Rs. 14.70 *and commercial by 20 nP to Rs. 13.90.*

Linseed March contract increased from Rs. 37.06 to Rs. 37.19 before finishing at Rs. 36.94. June contract gained 7 nP to Rs. 37.94. Bold ready strengthened by 38 nP to Rs. 38. Oil, however, softened a little to Rs. 15.60.

Cottonseed April contract was bid at Rs. 100, as against Rs. 99.

The following table shows the closing prices of oilseeds and oils on Wednesday 22nd January as compared with those of two previous weeks:

	22-1-1964	15-1-1964	8-1-1964
	Rs.	Rs.	Rs.
Groundnuts			
January 1964 contract	230 50	226 87	223 00
April 1964 contract	231 75	230 00	229 50
Nizam bold	46 87	45 75	45 75
Khandesh quality	47 62	46 25	46 25
Oil ex-mill	18 40	17 90	18 00
Oil Rly. Receipts	18 20	17 75	17 85
Castorseed			
March 1964 contract	167 62	165 25	165 50
June 1964 contract	169 50	168 25	168 00
Ready Madras	33 25	32 75	32 62
Ready Kanpur	32 25	31 62	31 62
Oil B.S.S.	14 70	14 40	14 40
Oil commercial	13.90	13.70	13.70
Linseed			
March 1964 contract	38 94	37 06	37 12
June 1964 contract	37 94	37 87	37 94
Bold ready	38 00	37 62	37 62
Linseed oil	15.60	15.70	15.40
Cottonseed			
January 1964 contract	98 00	—	—
April 1964 contract	100.00	99.00	100.00

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

MEDIUM TEAS FIRM

(Messrs. Forbes, Ewart and Figgis Private Ltd.)

COCHIN, 16*th January*

Offerings in tea sale No. 2 held here on the 14th inst. amounted to 699,000 kgs. Quality from the Nilgiri district showed a further seasonal improvement, while medium categories were generally brighter. The market met with good demand. There was useful inquiry for low mediums which were sold at firm rates. Mediums, particularly the brighter types, were well competed for and registered advances up to 15 nP. Good mediums were also well supported and sold around last rates. Highgrowns, meeting better support, were sold at dearer rates where quality showed improvement. There was better support for fannings than brokens. Clean black leaf descriptions, particularly fannings, were a strong feature. Unorthodox descriptions evoked irregular support. C.T.C. brokens were easier, but fannings were firm. *Orange pekoes were fully firm, while flowery* pekoes came to a lower market.

The quotations (per kg.) were as follows:

	1964	1963
	Rs.	Rs.
Low mediums	4.35-4.65	4.15-4.75
Mediums	4.70-4.95	4.75-5.10
Good mediums	5.00-5.70	5.20-5.80
Nilgiri B.O.P.	5.00-8.90	5.60-8.30

The average price realised in sale No. 2 was Rs. 4.67 per kg., as against Rs. 4.56 a week ago and Rs. 4.89 in the corresponding sale last year.

A total of 303,000 kgs. was offered in dust sale No. 2 held today. There was strong general demand. Highgrowns were sold well at enhanced rates. Medium dusts of all descriptions were generally firm to dearer. Clean black grainy descriptions were the strongest feature of the sale and some good prices were paid. Unorthodox dusts generally followed the dearer trend of the market.

The average price realised in dust sale No. 2 was Rs. 4.50 per kilo, as against Rs. 4.42 a week ago and Rs. 4.18 in the corresponding sale last year.

Colombo: There was again no sale this week on account of the general strike which has now been resolved, and the sale will be held next week.

London: North Indian and other growths: In Monday's auction, there was somewhat less demand, with C.T.C's registering declines in price, while Dooars were slightly easier. Orthodox descriptions were about steady.

Ceylon and South Indians: In Tuesday's sale, 24,468 packages were offered, of which 7,710 packages were from South India. There was strong general demand for both Ceylon and South Indian teas. Prices were generally dearer for most descriptions.

As we go to press, Messrs. Forbes, Ewart and Figgis Private Ltd. wire as follows:

"*Sale No.* 3: 492,000 kgs. offered. Strong general demand. Low mediums fully firm. Mediums and good mediums strong and dearer. Highgrowns dearer. Unorthodox fully firm."

RICE ARRIVALS POOR

(From Our Own Correspondent)

HAPUR, 20*th January*

Wheat was quietly subdued and the rising tendency seemed to have halted, thanks to the measures taken by the Government, including large-scale sales of wheat through fair-price shops and wheat flour freely. But some coarse grains, including gram and maize turned steadier on good buying support in the face of dwindling stocks. Apart from draught conditions in East U.P. and scanty winter rains in West U.P., heavy frost all over Northern India during the week was reported to have adversely affected the standing *rabi* crops.

Wheat at Hapur was quoted around the previous week's level of Rs. 54.50 to Rs. 56 per quintal for average quality and Rs. 58 to Rs. 60 for better farm produce. Local stocks had fast declined, but wheat flour was being sold freely. Arrivals out of the stocks retained by cultivators were reaching the market albeit in small quantities.

Rice also maintained the last week's level, as arrivals were meagre and local stocks, too, were not sound. Rice *basmati* was quoted towards the week-end at Rs. 94 to Rs. 96.45, *sela* at Rs. 91.09 to Rs. 94, *mainpuri* at Rs. 82.96, *ramajiwayan* at Rs. 76.36, *raimunia* at Rs. 79.04 and *gadda* at Rs. 60.95 a quintal.

Among coarse grains, grams improved fractionally to Rs. 49 to Rs. 50.84 a quintal and local stocks declined to 7,800 quintals. Maize was steadier, as it was in good demand for seasonal consumption and prices stood at Rs. 37 to Rs. 38.75 a quintal. *Bajra* also attracted consumer support and sought higher levels at Rs. 45 to Rs. 47.75 a quintal. *Barley* and *bejhar* were in poor demand. While *juwar* was listless for want of support, *guwar* was in some demand. Week-end prices (in Rs. per 40 kilogram) were: *Barley* 39 to 40; *bejhar* 40 to 41; *juwar* 47 to 48.25; *guwar* 46 to 47.75.

Peas and *arhar* turned steady during the week, as standing crops were adversely affected due to heavy frost. Stocks left with the trade, too, were very small. *Urd* and *moong* arrivals being poor and seasonal demand being fairly heavy, prices were held steady. Other pulses were steady in sympathy with *peas* and *arhar*. Week-end prices (in Rs. per 40 kilogram) were: Peas *dara* 45 to 46.50; *farm* 48 to 50; peas *dal* 50.62; *arhar* 58 to 63.63; *arhar dal* 80.38; *moong* 71 to 76; *moong dal* 82.06; *massor* 60 to 64; *massor dal* 75.02; *urd* 61.63 to 68.32; *urd dal* 80.38; and gram *dal* 59.

SUGAR DRIFTS LOWER

(From Our Own Correspondent)

HAPUR, 20*th January*

Sugar in the open market fell to Rs. 155 to Rs. 158 per quintal, as against the previous week's level of Rs. 160. Although the supply position continued to be restricted, a part of the demand was being met by *khandsari* the prices of which ran down appreciably during last two weeks. The current season's production of 913,000 tons upto 7th January is the highest for the corresponding period in recent years, but the season's total output is not expected to be substantially higher than last year. Many factories in the West U.P. are already facing cane shortage and the season is expected to be over before long. The Union Government has refused to increase cane prices further as well as to lift the ban on the inter-State movement of *gur* and *khandsari*. Sugar in Muzaffarnagar was also depressed in the absence of buying urges and, in the open market, sugar was now quoted at 158 a quintal.

Khandsari eased appreciably during the week and the fall was influenced by the U.P. Government's proposal to control distribution of *khandsari* also. Fall in prices was to the extent of Rs. 8 a quintal, as the stockists were anxious sellers and support from Punjab and Rajasthan stockists was lacking. *Khandsari* production is being done with vigour in Muzaffarnagar area where the producing units are lifting cane by paying a price of upto Rs. 5.80 a quintal, as against the Rs. 5.36 a quintal paid by factories. Week-end prices were: Inferior Rs. 95 to Rs. 105; medium Rs. 110 to Rs. 120; superior Rs. 125 to Rs. 135; crystal Rs. 135; *boora* Rs. 147.

Ready *gur* drifted lower sharply, as the Union Government has refused to grant any export permits to Hapur. *Balti* quality, which is a speciality at Hapur and is much in request from Gujarat, and ran down by Rs. 5 a quintal. Pansera superior was done at Rs. 25 average at Rs. 24.50, *balti* at Rs. 25 and *shakker* at Rs. 26 a quintal. Over two-third of the cane crop is finished and a major part of the rest would be used for seed purposes. Daily arrivals were small at an average of 3,500 maunds and offtake was only under previous commitments. In the Muzaffarnagar market, *gur* drifted lower in the week-end following the Government's announcement that restrictions on inter-State movement of *gur* would not be withdrawn.

According to the Indian Sugar Mills Association, the total sugar production in the month of December 1963 was about 510,000 metric tons, as against 459,000 tons in the same month in 1962. This brings the total production for the first two months of the season 1963-64 to 755,000 tons, as against 634,000 tons in the corresponding period of the last season. The offtake of sugar from factories during the month of December 1963, including 11,500 tons despatched for exports, was 218,000 tons, as against 230,000 tons (including 12,000 tons despatched for export). The total despatches during first two months of the 1963-64 season were 381,000 tons (including 19,000 tons despatched for exports), as against 456,000 tons (including 30,000 tons despatched for exports) in the same period last season. The total closing stock of sugar with the factories as on 31st December 1963 was 524,000 tons, as against 1,181,000 tons a year before.

• • • •

The Controller of Foodgrains Distribution, Greater Bombay, has promulgated an order fixing the maximum wholesale and retail prices for sugar candy, lissa sugar and *bura* (crushed) sugar in Greater Bombay. Under the new order which came into effect on the 21st inst., no person who is a wholesale or retail dealer can sell or agree to sell or otherwise dispose off or agree to deliver sugar candy, lissa sugar and bura (crushed) sugar at a price in excess of the maximum wholesale or retail price fixed under it. The prices fixed for the three categories of sugar are:

	Wholesale Price (Rs. per bag of 50 kg.)	*Retail Price* (Rs. per kg.)
Sugar candy		
Fulkali	38.40	2.03
Jodkhada	36.40	1.99
Kani	33.40	1.93
Lissa sugar	96.70*	1.57
Bura (crushed) sugar ...	133.75†	1.47

*Per bag of 70 kg. †Per bag of 100 kg.

KIPS DULL

(From Our Own Correspondent)

MADRAS, 20*th January*

Business in E. I. kips continued to be dull with stray inquiries for lower ends in lights and mediums. Cow calf market remained quiet. Inquiries for buff calf were fair but at lower prices.

Tanned goat skins remained steady to firm. In tanned sheep skins, while best middle classes and market types advanced locally, prime and semi-prime ruled steadier.

BANKING

(Concluded from page 124)

countries. Direct technical assistance grants to help in planning projects or programmes have also been made by the Bank.

Above all, the Economic Development Institute of the Bank provides training to the officials of its members and helps in improving the quality of economic management in developing countries.

The purpose of the International Finance Corporation, as already seen, is to promote the industrial development of less-developed regions by means of investments in productive private enterprises. I.F.C. has been particularly active in Americas, where over two-thirds of its investment commitments have been made. Thirty-eighth enterprises distributed in 11 countries of the Americas, varying from steel and paper mills to petro-chemicals, fertilisers, and transport and construction equipment have received $56 million which has helped to generate new investments totalling $374 million. In four Asian countries, nine enterprises, including textiles, steel rolling, cement, pumps and ball bearings, have received $13 million, which has financed new investment to the scale of $60 million. Commitments have also been made to invest $8 million in nine enterprises in Africa.

The story of the World Bank group in the three continents is a continuing one: new resources are being raised, new outlets are being sought. New dimension is being given to the problems of development throughout the world.

PRIVATE SECTOR AND PUBLIC RELATIONS

(Concluded from page 137)

stagnation in industrial development in recent years.

Coming on the eve of the Central Budget, the Federation might have pointed out how the impact of various taxes, particularly those which were imposed last February, has affected confidence and discouraged capital formation. It could have made some useful suggestions to the Union Finance Minister for his consideration in formulating his next budget.

The brochure states that the private sector continues to dominate the economy. It points out that nearly 95 per cent of the output of organised industries is in the private sector. A statement of this type is likely to encourage the radical elements in the Congress and outside to persist in their demand for the immediate nationalisation of various industries. The Federation could have refuted the argument that industrialisation has resulted in the concentration of power and explained how India's biggest industrial units are mere toys in comparison with their counterparts in the U.S., the U.K., West Germany and elsewhere.

In conclusion, it must be emphasised that a mere statistical approach is not going to be of much help in changing public opinion in favour of private enterprise. Statistics are, no doubt, useful but they should be employed skilfully and imaginatively to counter the persistent propaganda deliberately carried on against the private sector by interested persons. Valuable as the present brochure is, its usefulness could have been greatly enhanced if it had been made more comprehensive by touching on points relating to import saving, export promotion, prices, fiscal policy, etc., briefly discussed in this article.

COMPANY MATTERS

(Concluded from page 141)

one reason or another are clearly brought out in the following comparative table:

(In lakhs of rupees)

	For the year ended 30th September		For nine months ended 30th Sept.	For the year ended 31st Dec.
	1963	1962	1961	1960
Sale proceeds (gross)	10,98.54	13,12.48	811.93	832.67
Other income ..	7.68	10.28	9.01	6.70
Closing stock of vehicles and finished components ..	183.39	101.25	96.95	108.59
Excise duty paid	115.51	127.51	75.38	69.42
Materials, spare parts, stores, etc., consumed	812.87	954.56	586.88	683.88
Staff expenses	79.40	71.72	41.00	42.12
Other expenses	65.97	54.90	34.83	30.54
Gross profit	114.61	118.37	71.21	74.19
Provision for—				
Depreciation	41.64	40.46	23.60	25.32
Taxation	27.45	22.60	14.60	11.00
Net profit	51.52	55.91	30.01	34.86
Provision for bonus to staff ..	5.50	6.00	3.00	3.00
To reserves	14.00	21.83	8.90	10.72
Dividend	32.07	29.39	20.33	21.23
	(7½)	(8%)	(8%)	(8½)
Carry forward	0.53	0.58	0.91	0.12
Market price of ordinary shares (in rupees)	1963	1962	1961	1960
High	7.90	8.25	9.75	9.70
Low	7.10	7.43	7.87	6.80

Note:—All dividends are subject to deduction of tax.

During the year, the balance of Rs. 2.50 per share on the partly paid 3,445,134 equity shares were called up and this has raised the share capital of the Company as at 30th September 1963 to Rs. 497.11 lakhs. This is supplemented by Rs. 81.61 lakhs in reserves and surplus. But against this rise of about a crore of rupees in 'own' funds, outside interest has advanced much faster. Secured loans which had increased by a mere Rs. 26.74 lakhs to Rs. 195.06 lakhs a year ago have now spurted to Rs. 267.52 lakhs while current liabilities and provisions are up from Rs. 195.31 lakhs to Rs. 218.89 lakhs. Luckily both these put together are more than fully covered by current assets, loans and advances, which, as on the date of the balance-sheet, aggregate no less than Rs. 538.41 lakhs. Besides, there are investments worth Rs. 25.35 lakhs at cost, chiefly in Ennore Foundries Ltd. —a company in the same group. Inclusive of the additions worth Rs. 98.80 lakhs made during the year, the gross block has now risen to Rs. 599.72 lakhs, or about Rs. 21 lakhs higher than the own funds, but has been written down through the depreciation account to Rs. 438.46 lakhs. Adding to it Rs. 62.90 lakhs being the cost of capital work-in-progress, the total of net block works out to Rs. 501.37 lakhs.

The Rs. 5 fully paid ordinary shares of the Company are currently quoted at Rs. 7.05 *cum-div.* and fetch a net return of 3.6 per cent per annum on fresh investment.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 17th Jan., 1964

BANKING DEPARTMENT

Liabilities	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long Term Operations) Fund	73,00,00,000
National Agricultural Credit (Stabilisation) Fund	8,00,00,000
Deposits—	
(a) Government—	
(i) Central Government	52,66,11,000
(ii) State Governments	23,33,70,000
(b) Banks—	
(i) Scheduled Banks	82,73,87,000
(ii) State Co-operative Banks	2,35,89,000
(iii) Other Banks	1,98,000
(c) Others	174,62,49,000
Bills Payable	31,87,09,000
Other Liabilities	53,04,56,000
Rupees	586,65,69,000

Assets	Rs.
Notes	12,92,48,000
Rupee Coin	2,32,000
Small Coin	3,41,000
National Agricultural Credit (Long Term Operations) Fund—	
(a) Loans and Advances to—	
(i) State Governments	26,76,67,000
(ii) State Co-operative Banks	8,71,12,000
(iii) Central Land Mortgage Banks	....
(b) Investment in Central Land Mortgage Bank Debentures	3,59,36,000
National Agricultural Credit (Stabilisation) Fund	....
Loans and Advances to State Co-operative Banks	....
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	69,35,33,000
Balances Held Abroad*	112,53,63,000
Loans and Advances to Governments**	30,88,34,000
Loans and Advances to—	
(i) Scheduled Banks†	32,28,20,000
(ii) State Co-operative Banks†	132,49,22,000
(iii) Others	1,70,68,000
Investments	225,32,94,000
Other Assets	30,11,99,000
Rupees	586,65,69,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

† Includes Rs. 11,78,50,000 advanced to scheduled banks against esance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

Liabilities	Rs.	Rs.
Notes held in the Banking Department	12,92,48,000	
Notes in circulation	12414,87,14,000	
Total Notes issued		2427,79,62,000
Total Liabilities		2427,79,62,000

Assets	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	97,45,69,000	
Total		215,21,79,000
Rupee Coin		113,26,81,000
Government of India Rupee Securities		2099,31,02,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2427,79,62,000

State Bank of India

Statement of Affairs for the week ended 10th Jan., 1964

Capital and Liabilities	Rs.	Rs.
Capital—		
Authorised Capital :— 20,00,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		679,69,000
Deposits and Other Accounts		591,99,95,000
Borrowings from Other Banking Companies, Agents, etc.		75,93,000
Bills Payable		6,08,51,000
Bills for Collection being Bills receivable as per contra		8,63,60,000
Acceptances, Endorsements and Other Obligations per contra		17,08,59,000
Other Liabilities (including Inter-Office Adjustments)		10,58,27,000
Total .. Rs.		649,52,35,000

Property and Assets	Rs.	Rs.
Cash in hand and with Reserve Bank		14,95,26,000
Balances with other Banks		2,60,76,000
Money at Call and Short Notice		4,46,67,000
Investments :—		
Government and other Trustee Securities	271,40,08,000	
Other Authorised Investments	8,84,62,000	
		280,34,70,000
Advances :—		
Loans, Cash Credits, Overdrafts, etc.	276,78,86,000	
Bills Discounted and Purchased	21,98,38,000	
		298,77,24,000
Bills Receivable being Bills for Collection as per contra		8,63,60,000
Consituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		17,08,59,000
Premises less Depreciation		2,09,68,000
Furniture and Fixtures less Depreciation		1,62,80,000
Other Assets (including Inter-Office Adjustments)		18,93,05,000
Total .. Rs.		649,52,35,000

State Bank of Pakistan

Statement of Affairs for the week ended 3rd Jan., 1964

BANKING DEPARTMENT

Liabilities	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	6,65,00,000
Rural Credit Fund	3,00,00,000
Deposits—	
(a) Central Government	23,44,96,000
(b) Provincial Governments	59,82,000
(c) Banks	36,74,91,000
(d) Others	93,26,28,000
Bills Payable	10,22,000
Other Liabilities	13,50,26,000
Rupees	180,31,45,000

Assets	Rs.
Notes	6,03,60,000
Rupee Coin	22,000
Subsidiary Coin	42,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	2,98,87,000
Balances held outside Pakistan*	26,62,26,000
Loans and Advances to Governments	2,45,00,000
Provincial Governments' Debtor Balances	....
Other Loans and Advances	65,27,77,000
Investments	65,17,29,000
Other Assets	11,76,00,000
Rupees	180,31,45,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

Liabilities	Rs.	Rs.
Notes held in the Banking Department	6,03,60,000	
Notes in circulation	436,73,82,000	
Total Notes issued		442,77,42,000
Total Liabilities		442,77,42,000

Assets	Rs.	Rs.
I. A. Gold Coin and Bullion—		
Silver Bullion	25,00,44,000	
Foreign Securities	81,31,24,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
B. Rupee Coin	5,50,54,000	149,33,32,000
Government of Pakistan Securities	282,03,50,000	
Internal bills of exchange and other commercial paper	....	
		287,54,04,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,00,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets		442,77,42,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 34.99 per cent.

EXCHANGE RATES

	22nd January 1964	15th January 1964
London on New York$ per Dollar	2.7982-2.7984	2.7987-2.7989
London on Berne .. Sw. Fcs.	12.0750-12.0770	12.0750-12.0770
London on Paris .. Fcs.	13.7165-13.7185	13.7180-13.7200
New York on London Cents per $	279.820-279.850	279.860-279.890
Pound Sterling—		
Sellers T.T. D.D. Spot	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months .. .. .. a.	1-5 15/16	1-5 15/16
Buyers T.T. .. .. .. a.	1-6 1/32	1-6 1/32
Buyers D.D. .. .. .. a.	1-6 1/16	1-6 1/16
U.S. Dollar—		
Sellers T.T. D.D. .. Rs. to $100	478.50	478.25
Buyers T.T. .. Rs. to $100	475.00	475.00
Canadian Dollar—		
Sellers T.T. D.D. .. Rs. to $100	445.00	444.75
Buyers T.T.	437.25	437.00
French Franc—		
Sellers T.T. D.D. .. per Rs. 100	102.40	102.40
Buyers T.T	103.40	103.40
Swiss Franc—		
Sellers T.T. D.D.	90.10	90.10
Buyers T.T.	91.10	91.10
Deutsche Marks—		
Sellers T.T. D.D.	82.90	83.10
Buyers T.T.	83.90	84.00
Italian Lire—		
Sellers T.T. D.D.	12,975	12,980
Buyers T.T.	13,150	13,150
Swedish Kroner—		
Sellers T.T. D.D.	108.30	108.40
Buyers T.T.	109.40	109.50
Belgian Francs—		
Sellers T.T. D.D.	1,038	1,038
Buyers T.T.	1,054	1,054
Dutch Guilders—		
Sellers T.T. D.D.	75.20	75.20
Buyers T.T.	76.10	76.00
Hongkong Dollars—		
Sellers T.T. D.D.	119.60	119.60
Buyers T.T.	120.60	120.60
Norwegian Kroner—		
Sellers T.T. D.D.	149.60	149.50
Buyers T.T.	150.90	150.90
Danish Kroner—		
Sellers T.T. D.D.	144.30	144.40
Buyers T.T.	145.70	145.70

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday)		
	10-1-64	3-1-64	11-1-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	56,61	60,39	48,73
(ii) From others	1,024,48	1,020,99	817,88
(b) Borrowings from banks	29,73	24,11	27,55
(c) Others	68,19	65,36	50,69
2. Time liabilities—			
(a Time deposits—			
(i) From banks	24,63	27,78	19,19
(ii) From others	1,222,97	1,224,52	1,026,38
(b) Borrowings from banks	19,13	25,41	16,44
(c) Others	10,03	9,91	9,56
3. Aggregate deposits [(1) (c) (ii)+ 2 (a) (ii)]	2,247,45	2,245,51	2,026,27
4. Borrowings from Reserve Bank	31,35	20,15	25,04
(a) Against usance bills and/or promissory notes	14,17	11,73	15,98
(b) Others	17,18	8,42	9,06
5. Borrowings from State Bank and/or a notified Bank	21,51	22,38	16,61
6. Cash	57,28	60,74	45,79
7. Balances with Reserve Bank	80,63	82,97	75,52
8. Cash and balances with Reserve Bank	137,91	143,72	124,31
9. 8 as per cent of 3	6,14	6,40	6,13
10. Balance with other banks in current account	23,32	27,28	18,33
11. Money at call and short notice	50,68	53,05	52,55
12. Investments in Government securities	687,60	696,78	635,55
13. 12 as per cent of 3	30,59	31,03	31,37
14. Advances—			
(a) Loans, cash credits and overdrafts	1,373,49	1,352,41	1,241 51
(b) Due from banks	8,97	10,12	9,76
15. Inland Bills purchased and discounted	205,63	206,29	160,04
16. Foreign bills purchased and discounted	60,40	61,52	52,71
17. Total Bank Credit [14(a)+15+16]	1,639,52	1,620,21	1,454,25
18. 17 as per cent. of 3	72,95	72,15	71,77

INDEX NUMBERS OF SECURITY PRICES

[1952-53=100]

Group and Sub-Group	Week ended			
	11th Jan., P 1964	4th Jan., 1964	14th Dec., 1963	12th Jan., 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	100.1	100.1	100.1	99.3
2. Government of India	99.8	99.9	99.8	99.1
3. State Governments	102.1	102.1	102.1	101.6
4. Municipal, Port Trust, etc.	98.9	98.9	99.0	88.3
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98.1	98.1	98.1	99.0
PREFERENCE SHARES—ALL INDIA				
6. Total	81.3	81.3	81.4	80 6
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	171.7	172.2	172.6	171.9
8. *Agriculture and Allied Activities : Total**	150.3	151.1	152.8	149.9
9. Tea Plantations	137.6	138.8	141.2	141.1
10. Coffee Plantations	174.8	176.7	177.7	145.0
11. Rubber Plantations	180.7	180.2	176.6	162.2
12. *Mining and Quarrying: Total**	143.1	142.3	144.8	154.6
13. Coal	106.4	106.7	108.6	118.1
14. Other Mining	168.2	167.7	169.5	179.7
15. *Processing and Manufacturing : Total*	186.6	186.8	186.9	184.7
16. *Processing and Mfg. (Foodstuffs,Textiles,etc.): Total*†*	188.4	190.1	189.6	191.9
17. Sugar	153.8	153.3	155.9	131.8
18. Cotton Textiles	170.0	169.9	177.0	172.6
19. Jute Textiles	95.8	96.2	97.8	98.6
20. Silk and Woollen	948.9	956.5	917.5	970.7
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	198.3	197.4	197.8	185.0
22. Iron and Steel	160.7	159.5	158.7	137.8
23. Transport Equipment	345.5	345.9	345.9	351.2
24. Electrical Machinery	159.6	160.5	166.6	159.7
25. Machinery other than Transport and Electrical	234.1	233.4	233.9	223.2
26. Basic Industrial Chemicals	186.7	185.4	178.3	179.5
27. *Processing and Mfg. (Others) : Total**	158.7	157.2	158.3	161.8
28. Cement	147.2	147.2	148.4	148.4
29. Paper	201.0	201.6	202.6	211.0
30. *Other Industries : Total**	109 0	109.8	110.1	107.5
31. Electricity Generation and Supply	87.7	88.0	88.4	84.7
32. Trading	115.3	116.0	116.3	114.2
33. Shipping and Other Transport	96.4	98.5	100.6	87.5
34. Construction	290.4	290.4	287.4	258.0
35. *Financial : Total*	188 5	190.3	192.0	204.4
36. Banks	210.8	212.8	214.3	228.0
37. Insurance	149.2	151.7	155.1	160.1
38. Investment Trusts	84.7	84.4	84.4	80.3
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	179.1	178.9	179.3	174.1
40. Calcutta	159.8	161.0	161.9	163.7
41. Madras	177.1	177.2	177.2	186.1
42. Delhi	231.5	231.3	233.2	221.0

*Including 'Miscellaneous.' † Including Edible and Vegetable Oils. P=Provisional.

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	28th Dec., 1963	21st Dec., 1963	29th Dec., 1962	October 1963	October 1962	Percentage of Increase (+) or Decrease (—) in Oct., 1963 as compared with Oct., 1962	Financial Year Averages 1962-63	1961-62
Food Articles	504	137.4	136.5	121.9	139.2	129.0	+ 7.9	126.1	128.1
Cereals	192	117.8	117.1	103.3	118.7	108.5	+ 9.4	105.6	102.3
Pulses	43	124.9	123.0R	103.3	113.5	115.0	— 1.3	105.2	91.9
Fruits and Vegetables	23	127.9	128.0	124.3	119.0	127.8	— 6.3	134.6	137.6
Milk and Ghee	84	124.9	123.0	115.9	129.1	123.9	— 4.2	124.3	116.4
Edible Oils	47	150.1	147.9	148.9	152.3	156.7	— 2.8	152.3	156.8
Fish, Eggs and Meat	17	150.0	150.0	144.3	147.1	149.1	— 1.3	143.5	135.2
Sugar and Gur	48	190.4	191.1	138.8	215.1	167.4	+36.7	145.0	119.6
Others	50	176.6	175.8	168.6*	178.4	168.5	+ 6.9	171.8	171.6
Liquor and Tobacco	21	122.4	122.4	99.1	119.6	100.3	+19.2	100.6	100.5
Tobacco	..	119.7	119.7	95.5	116.8	96.8	+20.7	97.1	96.8
Fuel, Power, Light and Lubricants	38	139.3	139.3R	124.3	139.8	123.0	+13.7	124.1	122.1
Industrial Raw Materials	136	139.8	138.5R	133.8	138.1	138.8	— 0.5	136.8	142.6
Fibres	61	134.1	133.1	126.8	131.2	129.1	+ 1.6	128.8	138.3
Oilseeds	66	153.1	151.6R	146.5	154.9	157.7	— 1.8	159.4	156.4
Minerals	2	91.5*	91.5*	93.4*	91.8	93.4	— 1.9	93.6	94.9
Others	32	129.1*	127.0	125.7	122.8	124.6	— 1.4	125.8	128.1
Manufacture	220	131.1	130.7R	128.7	131.1	129.4	+ 1.3	128.8	126.8
Intermediate Products	41	139.2	139.0R	137.7	138.8	144.2	— 3.7	139.8	138.8
Finished Products	249	139.7	139.4R	127.2	129.8	127.0	+ 2.2	127.1	124.8
Textiles	147	127.7	127.2R	126.1	127.8	125.3	+ 2.0	125.2	125.6
Cotton	..	135.0*	135.0*R	133.7*	135.7	129.3	+ 4.7	130.7	127.9
Jute	..	98.0	96.7	105.3	101.4	108.9	— 6.9	110.9	122.4
Woollen	..	160.2*	160.2*	141.2*	167.5	141.3	+11.9	140.4	122.7
Silk and Rayon	..	142.0	140.2*	127.5*	137.3	134.7	+ 1.9	131.8	119.9
Metal Products	12	163.0	163.0R	161.0	163.7	161.0	+ 1.7	160.1	151.6
Chemicals	20	118.3*	117.8*R	116.8*	117.5	117.2	+ 0.3	115.5	110.7
Oil Cakes	9	166.0	165.9	163.6*	164.4	168.3	+ 2.3	160.9	147.5
Machinery and Transport Equipment	31	124.5	124.5R	117.4	124.3	117.4	+ 5.9	117.9	114.5
Others	30	128.0	128.1	125.2	128.8	125.2	+ 2.9	125.2	121.5
All Commodities	1,000	135.7	134.9	125.3	136.3	129.9	+ 4.9	127.9	126.1

NOTE :—Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index. R—Revised. * Estimated.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	Seven months ended Oct.		April to March* (Twelve months)	
	1963	1962	1962-63	1961-62
Exports	434,46	377,58	686,35	655,17
Re-exports	2,09	4,77	7,34	5,17
Total Exports	436,55	382,35	693,69	660,34
Imports	634,71	644,43	1,077,09	1,090,06
Overall Balance of Trade	—198,16	—262,08	—383,40	—429,72
Exports—Items:				
Tea	70,18	70,98	129,19	122,56
Coffee	5,33	4,09	7,91	9,02
Sugar	19,72	10,93	18,04	15,34
Jute yarns and manufactures	97,32	90,19	156,17	144,78
Cotton yarns and manufactures	29,65	27,76	52,13	53,31
Metalliferous ores and metal scrap	27,73	16,10	31,75	36,56
Cotton, raw and waste	9,44	9,97	17,07	20,35
Petroleum Products	3,21	1,94	4,13	3,48
VegetableOils	9,67	5,78	13,17	5,32
Fruits and vegetables	17,18	14,73	23,90	25,38
Tobacco—Raw	18,19	12,57	16,87	14,97
Mica	5,15	6,29	10,36	9,66
Wool and other animal hair	2,84	3,84	5,64	9,19
Gums, resins and lac	4,64	4,15	7,28	6,64
Spices	7,26	7,37	13,87	7,51
Hides and skins, raw	5,59	5,57	11,01	8,79
Cashew kernels	12,75	11,00	19,36	18,17
Pepper (black)	2,68	3,33	6,57	8,08
Manganese ore	4,03	4,41	7,88	9,45
Iron and steel scrap	3,06	1,00	1,99	6,25
Iron ore and concentrates	27,73	16,10	19,82	17,41
Sewing machines	16	18	45	44
Electric fans	38	38	93	67
Groundnut oil	5,29	2,56	7,83	1,03
Castor oil	3,52	2,57	4,29	4,00
Defatted groundnut meal	13,95	12,50	26,52	13,96
Country-wise Exports—				
Australia	10,30	11,20	18,32	15,35
Burma	2,53	2,88	5,13	5,74
Canada	14,38	14,38	22,42	17,58
Ceylon	9,08	9,17	13,47	12,93
Czechoslovakia	9,02	5,32	11,27	8,05
France	4,58	4,53	8,54	7,96
West Germany	10,17	8,12	15,29	13,81
Italy	7,01	4,93	9,52	9,06
Indonesia	2,90	3,03	4,05	6,50
Japan	32,50	7,09	33,99	40,45
Kuwait	1,81	2,05	3,95	3,02
Federation of Malaya	6,77	3,82	6,78	6,78
New Zealand	4,33	3,88	4,59	7,39
Netherlands	5,52	4,18	8,95	7,99
Nigeria	2,07	4,36	6,17	7,05
Pakistan	4,03	5,37	9,44	8,44
Singapore	8,46	4,38	9,43	8,25
Sudan	13,75	4,76	9,01	10,80
U.A.R.	4,31	6,24	13,09	12,85
United Kingdom	93,49	91,40	162,75	159,73
U.S.A.	73,42	61,59	119,59	115,05
U.S.S.R.	30,31	21,92	38,28	32,03
Imports—Items :				
Machinery	204.89	178,36	309,29	302,90
Iron and Steel	50,76	49,70	86,65	107,81
Copper	13,74	11,17	23,54	23,45
Aluminium	3,75	6,87	10,50	7,93
Zinc	5,07	5,52	9,02	7,35
Tin	3,79	3,70	5,10	4,78
Lead	1,93	1,67	2,69	2,59
Nickel	90	88	1,44	1,56
Chemicals, drugs and medicines	52,07	55,98	100,41	89,76
Electrical goods and apparatus	46,90	34,88	62,16	65,91
Vehicles(excluding aircraft, ships and boats)	22,59	35,32	48,84	49,76
Aircraft	6,41	7,56	12,47	17,97
Ships and boats	1,06	1,16	1,78	1,89
Cotton, raw and waste	26,33	40,05	56,91	62,86
Fruits andvegetables	7,31	7,16	13,21	14,00
Paper, pasteboard, etc.	6,58	6,84	13,54	15,95
Dyes and colours	5,27	7,01	12,16	14,46
Spices	44	90	1,77	1,67
Rice	12,14	16,26	21,26	18,75
Wheat and spelt	35,02	64,64	91,86	93,87
Country-wise Imports—				
Australia	9,20	15,90	22,85	24,17
Burma	6,10	7,34	8,71	11,24
Canada	15,62	6,02	14,70	16,55
Ceylon	2,34	4,43	5,16	4,50
Czechoslovakia	9,27	12,58	19,71	16,02
France	7,48	7,18	12,99	10,78
West Germany	49,72	57,17	96,48	123,88
Italy	8,89	13,25	21,89	26,33
Japan	36,70	35,49	62,76	59,45
Iran	33,80	23,71	45,88	47,35
Federation of Malaya	8,61	6,55	10,71	12,92
New Zealand	1,06	1,02	1,88	1,62
Netherlands	7,05	7,76	13,84	13,25
Norway	59	1,28	1,76	2,22
Pakistan	5,37	5,30	10,67	13,16
Singapore	5,38	5,31	8,11	9,00
Sudan	5,54	13,08	17,11	10,56
Sweden	6,33	4,63	8,40	14,54
Switzerland	5,82	8,21	10,23	10,75
U.A.R.	6,56	3,70	9,78	12,04
United Kingdom	98,87	104,57	178,51	209,15
U.S.A.	197,17	201,75	315,26	255,54
U.S.S.R.	37,03	31,11	55,50	39,94

* Excludes figures for Goa, Daman and Diu.

† Including electric goods.

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees)			Average rate of discount	Rate of allotment in full
	Offered	Applied for	Allotted	Per cent.	Rs.
1963					
29th October	2.00	2.00	2.00	—	99.420
30th Oct.to 2nd Nov.*	2.10	2.10	2.10	2.310	99.436
5th November	2.00	3.03	2.00	—	99.425
6th to 9th Nov. *	0.45	—	0.45	2.300	99.441
12th November	2.00	4.00	2.00	—	99.425
13th to 16th Nov.*	2.64	—	2.64	2.318	99.441
19th November	2.00	2.00	2.00	—	99.420
20th to 23rd Nov.*	2.10	—	2.10	2.320	99.436
26th November	2.00	4.00	2.00	—	99.420
27th to 30thNov.*	4.77	—	4.77	2.00	99.436
3rd December	2.00	2.00	2.00	2.320	99.420
4th to 7th Dec.*	1.39	—	1.39	—	99.436
10th December	2.00	2.12	2.00	2.315	99.425
11th to 14th Dec.*	0.23	—	0.23	—	99.436
17th December	2.00	2.00	2.00	2.315	99.420
18th to 21st Dec. *	2.35	—	2.35	—	99.436
24th December	2.00	2.00	2.00	2.310	99.420
26th to 28th Dec.*	2.10	—	2.10	—	99.436
30th Dec. to 4th Jan.*	0.24	—	0.24	—	99.436
1964					
7th January	2.00	2.00	2.00	2.315	99.420
8th to 11th Jan.*	0.15	—	0.15	—	99.436
14th January	2.00	2.00	2.00	2.315	99.420
15th to 18th Jan.*	0.43	—	0.43	—	99.436
21st January	2.00	2.00	2.00	2.325	99.415
†Total amount outstanding	49.42	—	49.42	—	—

*Intermediate Treasury Bills sold.

INDUSTRIAL PRODUCTION

Industries		1960	1961	1962	January to May (Five months) 1963	January to May (Five months) 1962	May 1963	May 1962
Major Industries—								
Coal	*million metric tons*	52.62	56.10	61.55	28.70	25.13	5.72	5.13
Steel (Ingots and Metal for castings)	.. thousand metric tons	3,251	4,071	5,112	2,524	2,034	507	422
Yarn	.. .. million kgs.	788	862	860	360	358	74	72
Cloth	.. .. million metres	4,616	4,694	4,480	1,822	1,908	375	386
Cement	.. .. thousand metric tons	7,835	8,245	8,586	4,009	3,571	803	732
Jute	.. .. thousand metric tons	1,035	971	1,181	512	427	105	98
Paper and paper boards	.. thousand quintals	3,475	3,641	3,876	1,804	1,576	370	322
Matches*	.. million gross boxes	35.6	38.4	28.3	1.740*		370*	..
Sugar	.. thousand metric tons	2,591	2,841	2,726	1,455	2,072	6	159
Engineering and Electrical Industries—								
Machine tools†	.. Value in lakhs of Rs.	592	701	1,074	589	420	126	82
Electric lamps	.. .. .. millions	41.39	46.13	58.64	23.98	22.64	5.52	4.72
Dry cells	.. .. .. millions	207.4	213.6	238.8	112.5	95.5	24.1	21.5
Power transformers	.. thousand K.V.A.	1,116	1,764	2,337	1,112	1,038	241	206
Electric Motors	.. .. thousand H.P.	830	787	980	487	391	101	84
Electric fans	.. .. .. Nos.	991,200	1,074,000	1,134,000	542,200	494,800	114,300	112,600
Radio receivers	.. .. .. Nos.	256,700	338,340	348,096	168,151	143,216	33,040	27,725
Storage batteries	.. .. .. Nos.	510,000	520,800	554,000	280,300	188,600	57,900	48,800
Diesel engines—Vehicular	.. .. .. Nos.	9,708	9,816	7,629	3,355	3,603	802	665
Diesel engines—Stationary	.. .. .. Nos.	44,196	44,196	42,672	22,900	16,839	4,785	2,149
Chemical Industries—								
Salt	.. .. .. million metric tons	3.44	3.47	3.99	2.40	1.94	0.91	0.78
Caustic soda	.. .. .. metric tons	99,144	119,844	125,420	54,865	50,606	10,900	10,138
Soda ash	.. .. .. metric tons	145,284	176,539	222,660	108,424	89,668	19,830	18,310
Chlorine liquid	.. .. .. metric tons	31,856	33,912	36,972	16,298	16,705	3,418	2,956
Bleaching powder	.. .. .. metric tons	5,925	6,815	7,260	3,066	2,803	685	605
Bichromates	.. .. .. metric tons	5,472	6,782	7,045	2,788	2,629	690	454
Sulphu

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

YIELDS ON INDUSTRIAL SECURITIES—ALL INDIA

(Per cent. per annum, tax-free)

Average of months/month	1962-63	1961-62	Nov., 1963	Nov., 1962
Central Government Securities:				
(a) 3% conversion loan 1966 or later†	3.15	2.91	3.20	3.31
(b) Others‡	2.89	2.72	2.83	2.85
Debentures	4.35	4.15	4.70	4.37
Preference Shares	5.87	5.64	5.84	5.92
Variable Dividend Industrial Securities	4.85	4.67	4.69	5.06
Agriculture and Allied Activities	6.27	5.74	5.69	6.42
(a) Tea Plantations	6.45	5.94	5.98	6.57
(b) Coffee Plantations	5.44	4.74	3.64	5.73
(c) Rubber Plantations	7.54	6.56	5.55	7.80
Mining and Quarrying	4.93	5.15	4.54	5.22
(a) Gas	4.01	4.13	4.29	4.12
(b) Other Mining	5.09	5.35	4.72	6.07
Processing and Manufacturing	4.48	4.24	4.26	4.72
Foodstuffs, Textiles, etc.‡ ††	4.33	4.16	3.95	4.50
(a) Sugar	6.18	5.62	4.67	6.54
(b) Cotton Textiles	4.33	3.72	3.94	4.56
(c) Jute Textiles	3.87	5.14	4.50	3.83
(d) Silk and Woollen	3.50	2.92	3.05	3.86
Metals and Chemicals‡	4.65	4.22	4.55	5.02
(a) Iron and Steel	5.31	4.69	5.03	5.76
(b) Transport Equipment	4.56	3.77	4.30	5.21
(c) Electrical Machinery	4.22	4.46	4.17	4.60
(d) Other Machinery	3.54	3.46	3.56	3.84
(e) Basic Ind. Chemicals	4.74	3.64	3.15	4.97
Others	4.59	4.52	4.64	4.82
(a) Cement	5.00	4.77	5.08	5.41
(b) Paper	3.87	4.64	4.15	3.65
Other Industries	5.30	5.23	5.40	5.36
(a) *Electricity Generation and Supply*	5.60	5.42	5.91	5.69
(b) Transport	5.62	5.74	6.84	6.55
(c) Shipping and Other Transport	4.20	4.40	4.46	4.19
(d) Construction	3.83	3.98	3.23	4.24
Financial	5.91	5.84	6.34	5.98
(a) Banks	5.66	5.42	6.19	5.77
(b) Insurance	6.58	7.07	6.90	6.52
(c) Investment Trusts	5.54	5.72	6.42	6.64

† Running yield. ‡Average of four loans: (i) 2½% 1962, (ii) 3½% 1967, (iii) 3½% First Development Loan 1970-75 and (iv) 4% 1979. ‡ Including "Miscellaneous." †† Including Edible and Vegetable Oils.

IRON AND STEEL PRODUCTION (In metric tons)

Tata Iron and Steel Co., Ltd.	Pig Iron	Steel Ingots	Saleable Steel
Year ended 31st March, *1960*	1,594,000	1,555,000	1,237,000
Do. 31st March, 1959	1,538,000	1,623,000	1,263,000
Do. 31st March, 1962	1,647,800	1,643,400	1,317,700
Do. 31st March, 1963	1,766,000	1,799,300	1,412,700
December 1962	161,800	158,200	128,000
June 1963	159,700	163,000	126,800
July	159,700	163,700	127,100
August "	155,000	161,400	127,600
September "	144,100	149,400	119,400
October "	144,800	153,500	121,900
November "	146,300	159,300	128,600
December "	162,800	174,600	136,000
Indian Iron and Steel Co., Ltd.			
Year ended 31st March, *1960*	1,070,470	840,305	672,707
Do. 31st March, 1961	1,160,576	914,159	722,034
Do. 31st March, 1962	1,187,397	934,498	735,970
Do. 31st March, 1963	1,291,826	1,002,038	795,119
December 1962	116,304	91,175	66,444
June 1963	112,028	86,413	61,612
July	113,840	83,553	74,124
August "	115,800	90,128	70,905
September "	102,048	81,047	63,191
October "	81,704	83,240	76,520
November "	76,696	81,595	64,682
December "	83,051	87,519	70,229

INDIAN JUTE GOODS STATISTICS

(In thousand metric tons)

	November		Jan. to Nov.	
	1963	1962	1963	1962
Production—Total	103.8	101.4	1,128.9	1,082.6
Of which:				
Hessian	45.4	45.1	482.1	436.5
Sackings	42.9	46.1	463.4	505.3
Others	15.5	10.2	183.4	140.2
Despatches—Total	100.2	100.7	1,094.1	1,039.5
Of which:				
For exports	70.3	75.1	795.6	767.0
Hessian	33.2	38.8	426.4	386.5
Sacking	31.9	30.7	233.9	281.3
Others	5.1	5.6	135.2	99.2
For internal consumption	29.9	25.6	298.5	272.5
Hessian	3.0	3.2	42.6	39.8
Sacking	22.5	19.4	224.9	200.2
Others	3.5	3.0	31.7	32.5
Closing stocks—Total	111.4	91.4	111.4	91.4
Of which—				
Hessian	40.0	27.7	40.0	27.7
Sacking	47.8	50.5	47.8	50.5
Others	23.6	13.2	23.6	13.2

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	27th June, 1963	5	4.5
Belgium	July, 1963	6.50	4
Bolivia	June, 1963	6	6.9
Burma	1962	3.00	4.00
Canada	11th Aug., 1960	4	5
Ceylon	18th Aug., 1960	2.50	4
Chile	Jan., 1963	14.62	14.20
Denmark	13th Nov., 1963	6	5.5
Ecuador	1960	5	6
El Salvador	June, 1961	5.5	6
Finland	April, 1962	5	7
France	14th Nov., 1963	3.5	4
Greece	17th Jan., 1963	4	5.50
India	3rd Jan., 1963	4	4.50
Indonesia	1st April, 1946	4	3
Ireland	Aug., 1963	5.95	5.94
Italy	7th June, 1963	4	3.50
Japan	20th April, 1963	6.21	5.84
Malaya	28th July, 1961	6	4
Mexico	4th June, 1942	4	4.50
Netherlands	7th Jan., 1963	4	3.50
New Zealand	24th Mar., 1961	6	4
Norway	14th Feb., 1955	2.50	3.50
Pakistan	14th Jan., 1959	5	4
Parn	Nov., 1959	6.00	9.50
Philippines	9th Jan., 1962	8	6
Portugal	12th Jan., 1944	3	3
South Africa	27th Nov., 1962	4	3.50
Spain	1961	3.75	5
Sweden	18th June, 1963	3.50	6
Switzerland	29th Feb., 1959	2.50	2
Thailand	Nov., 1959	3	5
Turkey	May, 1961	9	7.5
United Kingdom	27th June, 1963	4.50	4
U.A.R.	May, 1962	3	6
U.S.S.R.	1st July, 1938	3	4
U.S.A.	14th July, 1963	3	3.50
West Germany	5th May, 1961	3.50	3

RAW COTTON STATISTICS

Particulars	Details of Period	In Bales of 180 Kilograms
Cotton Receipts (Total Indian)	Week ended 16th Jan., 1964	28,620(3)
	Corresponding week, 1963	27,291(4)
	1st Sept. to 16th Jan., 1963-64	465,305*
	Corresponding period, 1962-63	610,370*
Exports by Rail	From 1st Sept. to 16th Jan., 1963-64	18,960A
Exports by Road (Estimated)	Do. Do.	25,000
Exports by Sea	Do. Do.	60,907
Mill Consumption (Estimated)	1st Sept. to 16th Jan., 1963-64	508,300
	Corresponding period, 1962-63	480,840
Stock (with exporters, dealers and mills) in Bombay (Estimated).	On 16th Jan., 1964	354,441
	Corresponding date, 1963	337,222
Consumption of Cotton—		
Indian	October 1963	441,379
Foreign		63,105
Indian	Two months ended Oct., 1963	858,356
Foreign		106,640
Indian	Same period, 1962	735,305
Foreign		172,483
Stocks (Mills and Elsewhere)—		(Bales of 392 lbs.)
Indian	As on 31st Oct., 1963	1,168,454
Foreign		207,161
Indian	As on 31st Oct. 1962‡	765,456
Foreign		342,102

Indian Mills cotton consumption from 1st Sept. to 31st October (In Bales of 180 Kilograms)	1963	1962
Indian	888,366	785,805
Pakistan	2,389	30,156
American	49,970	60,063
Egyptian	22,925	14,471
Sudan	22,739	46,507
East African	7,783	17,508
Others	1,024	3,718
Total	995,206	907,788

Exports to (In bales of 180 kilograms)	Week ended 16th January		From 1st September to 16th January	
	1964	1963	1963-64	1962-63
U. K.	200	300	1,778	850
Continent	577	967	5,391	8,304
Hong Kong	377	..	2,622	3,054
Japan	2,180	2,200	46,522	40,903
U.S.A.	1,500	1,600	3,332	4,144
Other countries	..	..	562	595
Total—*all foreign countries.*	4,933	5,067	60,907	58,800

Cotton Pressed in India† (in running bales)	Week ended 3rd Jan., 1964	151,415
	Corresponding week, 1963	95,160†
	1st Sept. to 3rd Jan., 1963-64	907,677
	Corresponding period, 1962-63	
Karachi (Pakistan) Receipts	1st Sept. to 2nd Jan., 1963-64	735,599
	Corresponding period, 1962-63	688,633
Exports	1st Sept. to 2nd Jan., 1963-64	208,650
	Corresponding period, 1962-63	205,116

(*I*) By Rail and Sea. † Incomplete. * By Rail, Sea and Road. A—Adjusted. —Not received.

GOVERNMENT SECURITIES

TERMINABLE LOANS

Loan	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
2½% Loan	1956	80,38,10,400	1964	99.50
3% Fd. Loan	1945	110,11,76,000	1966-68	97.85
2½% Def. Loan	1946	116,05,82,000	1970-75	90.10
2½% Loan	1958	157,47,48,000	1972	83.50
3½% N.P. Loan	1954	158,17,94,000	1964	99.85
3½% N. P. Bonds (2nd Series)	1956	153,87,92,000	1965	99.65
3½% N. P. Bonds	1956	197,40,92,000	1967	99.45
2½% Loan	1956	66,65,65,000	1974	96.75
3½% N. P. Bonds (4th Series)	1957	56,99,30,000	1967	99.50
4% Loan	1957	164,70,22,000	1972	99.25
3½% Loan	1958	70,00,00,000	1968	98.10
3½% Loan N.P.B.	1958	153,14,52,000	1968	98.40
4% Loan	1958	*64,61,44,000*	1972	99.15
5½% Loan	1959	190,85,42,000	1969	97.10
4% Loan	1959	81,06,39,000	1979	98.35
4% Loan	1960	*98,05,17,000*	*1980*	*98.25*
5½% Bonds	1960	82,65,41,000	1966	99.65
4% Loan	1961	85,56,55,000	1976	98.40
4½% Loan	1962	114,03,37,000	1985	100.10
4½% Gold Bonds	1962	52,60,000	1977	118.00
4½% Loan N.D.B.	1962	13,96,47,000	1972	100.40

STATE LOANS

4 % Andhra	1956	5,00,16,000	1st Sept. 1967	98.00
4½% Andhra	1958	5,66,15,000	3rd Sept. 1968	98.80
4½% Andhra	1958	5,48,92,000	15th July, 1970	98.40
4½% Andhra	1959	6,57,26,000	15th July, 1971	98.00
4 % Andhra	1960	9,85,35,000	29th Aug. 1972	98.40
4½% Andhra	1961	11,01,81,000	Sept. 1972	98.10
4½% Andhra	1962	10,93,10,000	Aug. 1974	99.25
4 % Maharastra	1955	3,94,85,000	1st Aug. 1964	100.00
4 % Maharastra	1955	9,41,35,000	1st Sept. 1967	99.30
4 % Maharastra	1956	12,71,41,000	1st Sept. 1968	98.75
4½% Maharastra	1957	6,47,37,000	16th Sept. 1969	99.45
4½% Maharastra	1958	6,48,62,000	15th July 1970	99.35
4½% Maharastra	1958	6,15,15,000	15th July 1971	98.25
4 % Maharastra	1959	6,66,14,000	19th Aug. 1971	98.25
4½% Maharastra	1960	10,98,51,000	29th Aug. 1972	98.55
4½% Maharastra	1961	10,77,36,000	Sept. 1972	99.25
4½% Maharastra	1962	13,64,97,000	Aug. 1974	99.85
4 % Bihar	1955	1,54,05,000	1st Sept. 1967	98.80
4 % Bihar	1956	2,18,41,000	3rd Sept. 1968	98.80
4 % Bihar	1956	2,76,71,000	15th Oct. 1970	98.10
4 % Bihar	1958	2,87,35,000	1st Sept. 1971	97.75
4 % Bihar	1960	3,25,43,000	29th Aug. 1969	98.50
4½% Bihar	1961	3,28,46,000	Sept. 1972	98.40
4½% Bihar	1962	4,21,75,000	Aug. 1974	98.95
4 % Gujarat	1956	5,32,74,000	29th Aug. 1969	98.85
4 % Gujarat	1961	5,97,47,000	Sept. 1972	98.40
4½% Gujarat	1962	6,54,79,000	Aug. 1974	99.50
4½% Howrah Bridge (New)	1956-57	1,95,06,700	1966-66	94.50
4 % Hyderabad	1955	2,12,46,000	1st Sept. 1967	98.80
4 % Hyderabad	1956	2,18,02,000	3rd Sept. 1968	98.80
4 % Madras	1955	2,54,81,000	1st Sept. 1967	98.90
4 % Madras	1956	10,47,17,000	1st Sept. 1967	99.20
4 % Madras	1958	12,35,58,000	3rd Sept. 1968	98.90
4½% Madras	1958	5,55,57,000	15th July 1970	98.50
4 % Madras	1958	8,72,75,000	19th Aug. 1971	98.00
4½% Madras	1958	12,29,75,000	29th Aug. 1972	98.45
4½% Madras	1961	10,44,00,000	Sept. 1972	98.45
4½% Madras	1962	12,54,99,000	Aug. 1974	99.25
4 % Mysore(*f*)	1923	2,85,85,200	1st Dec. 1965	100.00
4 % Mysore	1955	3,84,94,000	1st Sept. 1967	99.30
4 % Mysore	1956	5,11,11,000	3rd Sept. 1968	98.80
4 % Mysore	1957	3,84,86,000	16th Sept. 1969	98.75
4½% Mysore	1958	5,51,82,000	15th July 1970	98.75
4 % Mysore	1958	8,48,46,000	19th Aug. 1971	98.50
4½% Mysore	1960	4,87,78,000	29th Aug. 1969	98.50
4½% Mysore	1961	5,54,19,000	Sept. 1972	98.45
4 % Mysore	1962	6,69,09,000	Aug. 1974	99.25
4 % M.P.	1948	2,02,29,000	15th Sept. 1964	98.50
4 % M.P.	1956	1,58,12,000	1st Sept. 1967	99.00
4 % M.P.	1956	3,29,42,850	3rd Sept. 1968	98.80
4½% M.P.	1958	2,21,35,000	15th July 1970	98.00
4 % M.P.	1958	3,26,25,000	19th Aug. 1971	97.75
4½% M.P.	1960	5,16,80,000	29th Aug. 1969	98.50
4½% M.P.	1961	5,04,45,000	Sept. 1972	98.00
4½% M.P.	1962	5,02,59,000	Aug. 1974	98.90
4 % Saurashtra	1955	3,45,39,000	1st Sept. 1967	99.25
4 % Saurashtra	1956	2,52,58,000	3rd Sept. 1968	98.80
4 % Kerala	1956	2,72,08,000	3rd Sept. 1968	98.40
4½% Kerala	1958	3,27,42,000	15th July 1970	98.20
4 % Kerala	1959	4,47,08,000	19th Aug. 1971	97.25
4½% Kerala	1960	4,09,41,000	29th Aug. 1969	98.00
4½% Kerala	1961	4,10,08,000	Sept. 1972	98.00
4½% Kerala	1962	4,21,15,000	Aug. 1974	98.40
3½% U.P.Z.A.	1952	42,50,10,000		45.00‡
3½% U.P.	1936	1,54,30,000	15th Sept. 1961-66	92.75
3½% U.P.	1952	5,82,17,000	1st Aug. 1964	99.85
4 % U.P.	1955	3,94,65,000	1st Sept. 1967	99.15
4 % U.P.	1958	8,19,58,000	3rd Sept. 1968	98.80

PORT TRUST LOANS

BOMBAY

Amount Rs.	Interest per cent.	Year of Issue	Repayable	Market quotation Rs.
56,50,000	4	1904	1964	
35,00,000	4	1905	1965	96.10
15,00,000	4	1906	1966	97.00
44,00,000	4	1907	1968	
75,00,000	4	1908	1969	96.00
40,00,000	4	1909	1970	
58,00,000	4	1910	1971	
75,00,000	4	1911	1972	
1,10,00,000	4	1912	1973	
80,00,000	4	1913	1974	95.00
88,25,000	4	1914	1975	95.00
55,00,000	4	1915*	1975	
24,05,000	3½	1935*	1975	
16,00,000	3½	1936*	1976	D
10,00,000	3½	1938*	1968	
7,00,000	3½	1941	1971	

CALCUTTA

Rs.				Rs.
99,74,800	4	1914	1974	98.25
78,90,100	4	1915	1975	98.25
1,50,00,000(*C*)	3	1921	1981	82.00
1,44,00,000	4½	1921	1981	98.50
60,00,000	4½	1921	1991	93.50
60,00,000	3½	1925	1985	99.00
25,00,000	3½	1928	1928-68	92.00
60,00,000	3½	1935	1985	72.00
60,00,000	3½	1945	2005	72.00
50,00,000	3½	1945	1975	85.75
50,00,000	3	1946	1976	85.50
50,00,000	3	1946	2006	72.00
60,00,000	2½	1947	1977	75.50
50,00,000	3	1948	1978	85.00
50,00,000(*C*)	3	1950	1980	81.00
50,00,000	3	1951	1981	80.50
50,00,000	4	1955	1985	97.50
50,00,000	4	1955	1985	97.25
77,00,000	4	1956	1986	97.25
78,00,000	4	1956	1986	97.25
1,24,00,000	4½	1957	1987	99.00
1,80,00,000	4½	1958	1988	99.00
1,00,00,000	4	1959	1989	99.50
60,00,000	4½	1959	1989	99.00
1,00,00,000	4	1960	1970	98.50
1,50,00,000	4	1960	1970	98.50
1,50,00,000	4½	1961	1971	98.75

STERLING LOANS

£892,600	5	1923	1953-83
£901,000	5	1924	1954-84

MADRAS

Rs.				Rs.
24,01,669	3½	1947	1977	
8,09,9577	3	1947	1977	A
2,90,5177	3	1947	1977	
45,00,0001	4½	1954	1984	

IMPR. TRUST LOANS

BOMBAY

Amount Sanctioned Rs.	Interest per cent.	Year of Issue	Repayable	Market quotation Rs.
60,00,000	4	1903	1963	
50,00,000	4	1904	1964	
50,00,000	4	1905	1965	
20,00,000	4	1906	1966	97.57
15,00,000	4	1907	1967	N
30,00,000	4	1908	1968	
25,00,000	4	1912	1972	
50,00,000	4	1913	1973	
50,00,000	4	1914	1974	
25,00,000	4	1916	1976	
66,00,000	5	1926	1926-60	97.50 N
25,00,000	4	1927	1961-70	98.00N
25,00,000	5½	1935	1985	

STERLING LOANS

£566,600	4	1909	1969	£95.50
£998,000	4	1910	1970	£95.50N

CALCUTTA†

Rs.				Rs.
50,00,000	4	1924	1964	99.25
55,00,000	3½	1925	1985	96.00
50,00,000	4	1925	1965	98.50
25,00,000	3	1926	1968	92.00
75,00,000	4½	1956	1968	98.50
65,00,000	4½	1958	1974	101.00
		1959	1974	99.75

MUNICIPAL LOANS

BOMBAY

Rs.				Rs.
8,25,00,000	3½	1947	1977	82.00
2,18,14,500	3½	1949	1979	82.00
4,00,00,000	3½	1950	1965	98.50
2,99,51,472	4	1950	1964	99.50
2,00,67,318	3½	1951	1966	98.50
2,92,19,000	4	1951	1966	99.50
86,87,0001	4	1954	1956	99.00
2,50,00,000	4	1955	1967	98.00
1,51,50,000	4	1956	1968	98.00
2,09,10,600	4½	1957	1969	99.00
4,40,00,000	4	1958	1970	99.00
3,00,00,000	4	1959	1971	98.50
3,00,00,000	4½	1960	1972	99.00
5,15,00,000	4	1962	1974	99.75

CALCUTTA†

Rs.				Rs.
88,91,000	3½	1925	1985	98.00
60,00,000	3	1926	1966	92.00
47,50,000	3	1926	1951	92.00
21,10,000	3½	1942	1972	92.00
66,58,000	3½	1951	1966	98.50
75,50,000	4½	1954	1979	100.00
2,22,75,000	4	1955	1985	97.25N
78,80,000	4½	1958	1970	101.00N
1,67,32,000	4½	1958	1970	101.00N

State Loans	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
4½% U.P.	1958	7,65,50,000	15th July 1970	98.00
4 % U.P.	1959	8,70,81,000	19th Aug. 1971	98.35
4½% U.P.	1960	7,79,21,000	29th Aug. 1969	98.50
4 % U.P.	1961	6,53,09,000	Sept. 1972	98.40
4½% U.P.	1962	8,04,05,000	Aug. 1974	99.25
4 % Rajasthan	1956	3,14,16,000	3rd Sept. 1968	98.80
4½% Rajasthan	1958	2,79,86,000	15th July 1970	98.35
4½% Rajasthan	1959	3,34,19,800	19th Aug. 1971	98.00
4½% Rajasthan	1960	5,09,25,000	29th Aug. 1969	98.35
4½% Rajasthan	1961	4,49,43,000	Sept. 1972	98.35
4½% Rajasthan	1962	4,94,45,000	Aug. 1974	98.90
4 % Orissa	1956	3,09,34,000	3rd Sept. 1968	98.80
4½% Orissa	1956	2,22,50,000	15th July 1970	98.40
4 % Orissa	1959	3,82,58,000	19th Aug. 1971	97.75
4½% Orissa	1960	4,40,63,000	29th Aug. 1969	98.50
4½% Orissa	1961	2,65,77,000	Sept. 1972	98.40
4½% Orissa	1962	7,66,10,000	Aug. 1974	99.25
4 % W. BhararaT	1956	1,13,76,000	3rd Sept. 1968	98.80
4½% W. Bengal	1957	2,60,60,000	16th Sept. 1969	98.75
4 % W. Bengal	1956	7,58,72,000	1st Sept. 1967	99.15
4 % W. Bengal	1956	7,11,40,000	3rd Sept. 1968	98.80
4½% W. Bengal	1958	5,10,10,000	15th July 1970	98.20
4 % W. Bengal	1959	7,69,60,000	19th Aug. 1971	98.00
4½% W. Bengal	1960	7,05,27,000	29th Aug. 1969	98.00
4½% W. Bengal	1961	7,20,71,000	Sept. 1972	98.75
4½% W. Bengal	1962	7,08,29,000	Aug. 1974	99.50
4 % Assam	1959	2,76,46,000	Sept. 1972	97.50
4½% Assam	1962	3,01,83,000	Aug. 1974	98.85
4 % Punjab	1962	2,18,57,000	19th Aug. 1971	97.50
4½% Punjab	1961	2,15,02,000	Sept. 1972	98.40
4½% Punjab	1962	3,64,88,000	Aug. 1974	98.85

ABBREVIATIONS. N—Nominal. (*f*) Income-tax free. * Loans held entirely by the Trustees. ‡ Ex-Jay State Transport Loan. † Ex-Elsewhere Loan not marketable.
A—Held by Government of India. B—Taken up by State Bank of India. C—Held by Commissioners. D—Ex-Sterling Loan not marketable.
†Rate of Interest reduced from 6 to 5 per cent with effect from 1st June 1944. ‡ Rate of Interest reduced from 6½ to 4 per cent with effect from 1st April 1932.
‡—Interest free for first 15 years. †—Interest free for first 7 years. ‡—Ex-Eleven Instalments but inclusive of accrued interest.
M—At the option of the Government after three months' notice. §—On September 1966 or later at the option of the Government after three months' notice.
T—Liability taken over by Madhya Pradesh. @ Total amount invested in Gold Bonds up to 18th February 1963.

STOCK & SHARE QUOTATIONS

Abbreviations :—B.—Deferred shares. P. O.—Preferred Ordinary shares. Y.—Accounts published yearly. H.—Accounts published half-yearly. P.—Company has Preference shares. T.—Company has Debentures. N.—Nominal quotations. x.d.—Ex. Dividend. c.d.—Cum. Dividend. I.—Interim Dividend. C.R.—Cum. Right. X.R.—Ex. Right.

Shares :—If a company has different classes of shares—as for example : 'A' shares and 'B' shares—these are indicated by the same letters 'A' and 'B' under the columns 'Paid-up Ordinary Capital' and 'Paid-up' per share.

Accounts :—Figures in the Accounts Closed column represent the months or the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June and December, respectively. Reserves include general and other reserves and all other funds which a company may have excluding depreciation fund, reserves for tax liability and provident fund. Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed less sales, if any, and stands for the gross figures except where otherwise indicated.

Dividends :—Dividends for completed years are shown as amount per share per annum, but where quoted for portion of a year they represent the proportionate dividend for that period. In the case of those companies which close their accounts yearly dividends shown are for their financial year.

TEXTILES

COTTON, RAYON, SILK AND WOOLLEN

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number Installed: Spindles	Number Installed: Looms	Mill	Latest available Quotation Rs.	Paid-up Per Share Rs.	Dividend Per Ordinary Shares 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
BOMBAY CITY AND ISLAND																
20,00,700	17,73,822	50,45,511	30,68,133	26,452	Maganlal Bhagwandas & Co.	45,180	..	Ambika Silk Mills Co., Ltd.	352.50	100	15.00	20.00	20.00		12	Y.
50,00,000	17,53,685	1,64,39,380	83,17,117	1,35,878	Rajputana Text. (Agencies) Pvt. Ltd.	55,396	902	Apollo Mills	1.72	2	*Nil*	*Nil*			12	Y.
40,00,000	11,54,641	1,21,07,426	85,20,253	2,99,665	Golabchand Jain, Esq. (Chairman)	50,596	1,051	B. K. Cotton Mills ..	125.00	100	*Nil*	*Nil*			12	Y.
2,50,98,000	3,32,76,018	12,80,53,040	6,93,15,505	67,586	Nowrojee Wadia & Sons (Pvt.) Ltd.	2,05,184	3,551	Bombay Dyeing & Mfg. ..	62.00	25	3.50	3.50	3.50		12	Y.
10,00,000	43,71,358	98,64,077	66,76,196	21,112	M. Ramnarain Private Ltd. ..	44,784	880	Bradbury Mills	160.00	50	5.00	12.50	5.00	15.00	12	Y.P.
5,54,90,000	4,31,32,954	16,13,10,543	6,59,13,337	28,865	Birla Gwalior Private Ltd. ..	1,26,752	2,698	Century Spg. & Mfg. ..	674.00	100	30.00	45.00	30.00		12	Y.
26,00,000	63,00,444	1,42,43,896	96,80,380	5,343	Cowasjee Jehangir & Co. Pvt. Ltd.	31,

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
6,00,000	74,80,980	1,77,68,358	77,19,665	8,246	B. N. Elias & Co. Private Ltd. ..	879	Agarpara	10.00	100	1.00	0.25	0.25	1.20	3	Y.P.T.
6,00,000	21,01,100	85,62,870	55,90,516	32,706	McLeod & Co., Ltd.	456	Alexandra	275.00	100	44.00	15.00	42.50		12	Y.P.T.
20,00,000	....	1,57,75,372	1,09,91,225	58,837	McLeod & Co., Ltd.	1,264	Alliance	142.00	100	6.00	Nil	10.00		5	Y.P.
49,20,700	1,64,67,331	3,42,98,398	2,11,97,620	90,773	Duncan Brothers & Co., Ltd.	2,561	Angle-India	181.00	100	20.00	7.50	10.00	12.00	3	Y.P.T.
40,00,000	32,04,394	1,69,46,077	1,00,08,540	1,752	Bird & Co. Private Ltd. ..	810	Auckland	248.00	100	25.00	25.00	25.00	25.00	3	Y.P.
20,00,000	40,35,530	1,68,43,088	98,46,188	39,388	Birla Brothers Private Ltd. ..	959	Baily	214.00	£5	£1 10sh.	10 sh.	10 sh.	£2	3	Y.P.
£275,000	5,975,367	21,486,277	£1,075,854	£1,841	Jardine Henderson Ltd. ..	1,889	Barnagore	1,850.00	£100	£50	£50	£50		3	Y.P.T.
45,00,000	27,09,209	73,32,013	43,25,231	62,433	Soorajmull Nagarmull	600	Bengal	9.25	10	0.50	0.50			3	Y.P.
1,59,56,210	3,88,65,994	9,96,98,597	4,20,72,427	46,410	Birla Brothers Private Ltd. ..	1,378	Birla	33.37	10	1.50	1.50	1.50	1.50	12	Y.P.
85,00,000	12,35,140	1,22,61,814	73,06,738	30,018	Andrew Yule & Co., Ltd. ..	991	Budge-Budge	143.00	100	10.00	Nil	12.00		10	Y.P.
7,47,880	88,200	49,78,434	37,08,876	—2,70,302	Dayaram & Sons	502	Calcutta Jute Mfg.	8.12	10	Nil	Nil			12	Y.P.
15,00,000	31,18,228	97,45,353	59,36,932	9,234	M.	616	Caledonian	175.00	100	5.00	15.00	15.00		8	Y.
29,68,200	99,79,201	1,90,52,861	1,06,68,488	22,643	James Finlay & Co., Ltd. ..	600	Champdany	21.75	10	1.00	0.50	0.50		3	Y.
38,58,780	72,45,112	1,37,32,000	70,26,410	1,05,122	Andrew Yule & Co., Ltd. ..	1,151	Cheviot	21.00	10	Nil	0.50	2.50		11	Y.P.
30,15,000	40,65,400	1,27,67,357	81,17,119	61,488	McLeod & Co., Ltd.	600	Chitavalsah	10.06	10	0.50	Nil	0.50		7	Y.P.T.
24,00,000	8,04,609	81,44,890	69,78,078	—15,44,521	M.	969	Clive	9.00	10	Nil	Nil	Nil		3	Y.P.
31,49,200	21,85,995	1,38,24,108	82,26,550	8,316	Bird & Co. Private Ltd. ..	766	Dalhousie	130.00	100	1.00	1.00	Nil	25.00	11	Y.P.T.
58,00,000	2,96,500	1,80,62,884	65,71,726	28,674	Andrew Yule & Co., Ltd. ..	779	Delta	148.00	100	7.50	Nil	12.00		7	Y.P.T.
15,00,000	39,20,700	1,17,82,216	82,59,067	40,327	McLeod & Co., Ltd.	500	Empire	16.00	10	1.25	0.75	1.25		7	Y.P.T.
68,00,000	1,28,58,695	4,12,02,867	2,35,01,403	4,532	Kettlewell Bullen & Co., Ltd.	1,884	Fort Gloster Industries Ltd.	295.00	100 Qtd	25.00	10.00	12.50	20.00	3	Y.P.T.
31,49,625	25,04,090	1,42,22,521	93,72,524	9,051	Bangur Bros., Ltd.	1,014	Fort William	26.00	10	2.25	2.25	1.00	2.00	3	Y.P.T.
84,32,100	77,96,303	3,00,05,500	1,61,98,875	16,267	Lakshmipat Singhania, Esq. (Chairman)	1,709	Ganges Manufacturing Co. Ltd.	13.06	10	1.00	1.00	1.50	2.00	3	Y.P.
48,20,000	37,97,205	1,75,30,642	68,41,617	18,522	M.	607	General Ind. Society Ltd.	16.00	10	4.00	1.00	1.80		12	Y.T.
48,00,000	65,59,122	3,27,96,620	2,06,30,061	28,659	Macneill & Barry Ltd.	1,394	Gourepore	62.25	25	6.00	2.50	6.00	2.00	3	Y.P.
30,00,000	1,09,80,427	1,86,44,677	1,01,39,206	4,004	Hastings	1,326	Hastings	128.00	100	6.00	6.00	6.00	6.00	3	Y.P.
16,80,000	44,86,659	99,76,527	67,56,170	4,294	M.	720	Hooghly	16.00	10	1.00	2.00	0.75	1.00	3	Y.P.T.
65,62,500	46,00,997	2,31,38,629	1,01,63,455	....	Jardine Henderson Ltd. ..	1,040	Howrah	18.00	10	1.25	1.00	Nil	1.00	3	Y.P.
52,50,000	1,26,25,000	3,46,75,240	2,10,75,240	5,088	Rishra Ranklesendas	2,272	Hukmemband	20.25	7.50	2.15	2.15	2.00	2.00	3	Y.P.
87,30,000	26,63,965	1,86,83,015	1,09,04,160	76,164	M.	790	India	15.50	12.50	1.75	1.50			3	Y.
24,00,000	32,17,016	2,06,72,088	1,54,08,111	14,157	Jardine Henderson Ltd. ..	1,797	Kamarhatty	195.00	10	5.00	Nil	20.00		12	Y.P.T.
B* 19,20,000								195.00	'B' 100	5.00	Nil	20.00			
30,00,000	13,48,482	1,78,29,416	1,30,92,261	11,179	Jardine Henderson Ltd. ..	1,527	Kankanarah	129.00	10	Nil	Nil	15.00		12	Y.P.T.
B* 24,00,000								129.00	'B' 100	Nil	Nil	15.00			
28,00,000	72,61,800	2,51,06,312	1,23,43,904	94,036	McLeod & Co., Ltd.	703	Kelvin	181.00	100	15.00	15.00	5.00	20.00	5	Y.P.
54,00,000	66,26,810	2,49,19,513	1,56,16,494	3,879	Anderson Wright Ltd.	1,330	Khardah	17.81	10	2.00	0.50	1.25	1.25	3	Y.P.
59,38,200	49,05,677	2,28,97,363	1,50,89,313	12,641	F. W. Heilgers & Co. Private Ltd.	1,250	Kinnison	129.00	100	20.00	7.00	Nil	10.00	3	Y.P.T.
24,48,000	1,30,000	1,00,10,272	70,67,675	4,687	Bird & Co. Private Ltd. ..	931	Lansdowne	96.00	100	Nil	Nil	Nil		3	Y.P.
30,00,000	14,08,147	65,36,767	45,86,705	664	Bird & Co. Private Ltd. ..	1,177	Lawrence	157.00	100	15.00	15.00	10.00	10.00	3	Y.P.
81,65,200	44,95,037	2,88,24,106	1,66,72,214	84,805	M.	1,294	Megna	13.00	10	1.20	1.25			3	Y.P.
29,98,900	41,39,963	1,91,36,426	1,16,78,800	21,972	Bhagat Agencies Ltd.	315	Naihati	104.00	100	Nil	Nil	Nil	Nil	3	Y.P.T.
20,00,000	1,35,660	36,57,072	27,63,449	9,216	Howrah Trading Co. Private Ltd.	425	Naskarpara	8.00	10	0.60	0.60			10	Y.T.
35,00,000	73,10,449	2,01,18,988	63,47,374	9,507	M.	852	National	28.00	10	0.75	Nil	1.50		10	Y.P.
26,25,000	35,71,072	73,62,617	41,65,438	61,184	McLeod & Co., Ltd.	500	Nellimarla Jute	12.75	10	0.50	1.00	1.50		3	Y.P.
2,85,00,000	2,42,10,122	10,27,55,049	2,18,58,031	15,630	Sahu Jain Ltd.	1,765	New Central	12.62	10	1.50	1.50	Nil		3	Y.P.T.
16,79,880	56,86,689	1,48,61,778	89,72,943	1,076	Bird & Co. Private Ltd. ..	567	Northbrook	28.00	10	3.00	3.00	2.50	3.50	3	Y.T.
66,79,500	58,00,825	1,53,46,564	65,12,293	15,111	Macneill & Barry Ltd.	1,092	Ouddea	60.00	10	4.00	3.00	2.50	5.00	3	Y.
25,00,000	12,61,704	1,07,73,202	81,73,202	37,324	McLeod & Co., Ltd.	400	Presidency	15.25	5	0.40	0.30	0.50		7	Y.T.
20,00,000	5,27,128	68,13,305	24,70,569	25,500	Hindustan Investment Corpn. Ltd.	305	Rameshwara	9.50	10	Nil	Nil	Nil	Nil	3	Y.P.T.
49,50,000	6,89,000	1,23,97,477	67,90,276	....	Jardine Henderson Ltd. ..	1,276	Reliance	8.00	10	Nil	Nil	Nil	Nil	3	Y.P.T.
£600,000	£867,481	£1,501,888	£738,964	£8,838	Thomas Duff & Co. (India) Pvt. Ltd.	2,013	Samnaggur	9.50N	£1	6%†	Nil	10%†		12	Y.P.
30,00,000	13,58,456	1,35,28,995	97,69,026	2,602	Bagaria More & Co., Ltd. ..	911	Shree Ambica	35.00	10	Nil	Nil			3	Y.P.
14,00,000	17,18,854	77,43,303	55,72,946	26,425	Hindustan Investment Corpn. Ltd.	401	Soorah	22.50	10	2.50	2.50	2.50		12	Y.P.
£600,000	£566,895	£1,390,914	£783,019	£9,976	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Titaghur	9.50N	£1	6%†	Nil	12½†		3	Y.P.T.
35,98,600	42,65,697	1,10,55,079	69,98,988	603	Bird & Co. Private Ltd. ..	1,326	Triton	149.00	100	25.00	6.00	Nil	20.00	3	Y.P.T.
£400,000	£365,953	£1,338,747	£666,723	£8,551	Thomas Duff & Co. (India) Pvt. Ltd.	1,831	Victoria	9.50N	£1	6%†	Nil	10%†		12	Y.P.
2,50,000	8,20,000	80,38,164	46,14,633	66,272	McLeod & Co., Ltd.	447	Waverley	8.19	1	0.30	0.30	0.60		5	Y.P.

SOUTH INDIAN PLANTING COMPANIES

TEA COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
10,93,990	5,60,324	18,08,952	4,15,754	48,095	Young India Agencies Private Ltd...	1,665	Balanoor Tea and Rubber ..	13.25	10	1.50	1.20	1.20		3	Y.P.
84,00,000	25,11,425	1,40,41,142	25,95,900	54,776	Kothari & Sons (Agn.) Pvt. Ltd.	3,370	Blue Mountain Estates & Ind..	33.33	2	0.25	0.20	0.20	0.20	6	Y.
2,50,000	5,11,022	10,99,097	4,35,544	9,168	K. Sunataraman, Esq. (Mg. Director).	848	Chandramalai Estates Ltd. ..	2.55	2	0.20	0.20	0.40	Nil	6	Y.P.
14,00,100	14,46,380	33,49,058	11,04,122	22,758	Pelrce,'Leslie & Co., Ltd. ..	693H	Chembra Peak Estates	4.55	2	0.40	0.40	0.40	0.40	9	Y.
5,66,730	13,31,310	24,50,088	2,65,047	46,800	Matheson Bosanquet & Co. Pvt. Ltd.	169H	Connoor Tea	18.37	10	1.75	1.50	1.75		9	Y.P.
4,80,000	5,03,204	16,40,072	2,97,148	18,462	Srinivas Agencies	671	Coorg Tea	4.85	2	0.40	0.40	0.30	0 30	3	Y.P.
8,40,000	2,28,526	13,60,903	4,33,228	3,800	P. G. Krishna Iyer, Esq. (Mg. Director)	177H	Devashola (Nilgiri) Tea ..	24.66rd	10	2.00	2.00	1.50		12	Y.
6,74,650	3,23,749	13,54,758	3,14,293	23,158	Young India Agencies Private Ltd.	1,177	Devon Tea	11.96	10	1.50	1.20	1.20	1 00	3	Y.P.
7,50,000	6,10,000	5,04,450	13,465	19,221	K. N. Krishna Iyer (Mg. Director)	108	Emerald Valley Estates ..	6.30	5	....	Nil	0.30	1.00	3	Y.
25,00,000	19,85,470	59,76,170	13,56,831	12,526	Parkins Private Ltd.	1,506	Halleyburia	12.60	10	1.50	1.25	1.10		12	Y.P.
9,00,000	7,23,749	16,03,742	4,93,218	29,726	Pelrce, Leslie & Co., Ltd. ..	190H	Kalasa Tea	4.16	2	0.40	0.50	0.30	0.30	3	Y.T.
17,17,076	9,00,584	36,03,338	7,67,740	78,949	Pelrce, Leslie & Co., Ltd. ..	556H	Kil Kotagiri Tea	4.90	2	0.50	0.50	0.50		7	Y.P.T.
8,00,000	3,13,000	13,93,084	1,58,424	1,857	Ice Commerce & Co. Pvt. Ltd. ..	936	Kodamullay Plant. Ltd. ..	5.07	10	0.40	Nil	Nil	Nil	3	Y.P.
5,00,000	1,46,676	10,64,318	1,13,129	36,576	Matheson Bosanquet & Co., Ltd.	100H	Lucky Valley	12.00	10	1.00	1.00	1.00		12	Y.
3,50,000	20,000	3,59,379	33,038	4,609	Vasantha & Co. (Trichy) Pvt. Ltd.	255	Manar Estates Ltd.	1.93	2	0.10	0.10	0.10	0.10	3	Y.
3,00,000	6,13,117	15,03,172	3,99,591	—8,503	Eapen Thomas, Esq. (Mg. Director)	560	Mannullay	34.00	25	3.75	3.50	2.00	Nil	3	Y.P.
30,00,000	24,19,434	84,10,841	17,28,590	20,273	A. V. Thomas & Co. (India) Ltd.	825H	Neelamalai	4.94xd	5	0.375	0.375	0.375	0.375	6	Y.P.
12,00,000	10,09,000	32,29,949	6,97,916	9,932	A. V. Thomas & Co., Ltd. ..	738H	Nellampathy	8.63	2	0.30	0.30	0.30	0.30	3	Y.P.T.
14,00,250	10,15,954	40,42,365	8,24,073	8,184	A. V. George & Co., Ltd. ..	1,622	Nilgiri Tea	8.90	10	0.80	1.00	1.00	0.50	3	Y.P.
23,10,000	11,02,621	39,43,336	15,15,045	28,437	Harrison & Crosfield Ltd. ..	841	Nonsuch Tea	22.57xd	10	2.00	2.00	2.00	2.00	6	Y.
14,88,900	17,22,983	34,54,296	7,51,037	46,177	P. S. M. Molyneux, Esq. (Chairman).	227H	Parkside	26.33	10	2.75	2.25	2.75	2.50	6	Y.
5,00,000	6,84,231	7,96,354	79,137	4,27,117	S. Sivaramakrishna Aiyar, Esq.	771	Peninsular Plantations Ltd.	21.25	10	2.00	2.00	2.00	2.00	12	Y.
17,00,000	12,83,809	46,47,926	10 04,123	69,839	Aspinwall & Co. (Travancore) Ltd.	634H	Peermade	20.50	10	2.25	2.50	2.00		12	Y.P.
57,94,880	20,68,711	1,23,79,158	46,17,784	58,808	Pelrce, Leslie & Co., Ltd. ..	1,506H	Periakanamallai	3.40	2	0.27	0.40	0.25	0.30	3	Y.P.
18,50,000	2,96,500	12,02,040	1,74,015	3,959	A. V. Thomas & Co. (India) Ltd.	882	Sheveroy Estates Ltd.	2.30	2	0.18	0.15	0.125	0.125	6	Y.
9,00,000	15,30,496	31,73,663	10,92,544	17,781	T. Stanes & Co., Ltd.	457H	Stanes Amalgamated	13.71	10	1.70	1.00	1.50	1.20	6	Y.T.
1,25,000	12,500	2,18,632	22,050	2,255	M.	216	Swinton Estates	2.68	2	0.25	0.12	Nil	Nil	3	Y.
12,50,000	12,05,697	34,15,317	5,52,996	22,571	Srinivas Agencies	1,056	Talayar Tea	1.97	2	0.16	0.20	0.20	0.20	3	Y.
18,75,000	16,56,500	33,93,735	5,16,817	1,113	Parkins Private Ltd.	1,215	Tevyford	9.50	10	1.00	1.00	Nil		12	Y.P.
2,50,000	3,87,345	10,81,880	1,41,832	—32,255	A. V. George & Co., Ltd. ..	503	Udayagiri Rubber Co., Ltd. ..	15.50	10	0.10	Nil	Nil		12	Y.
21,93,280	21,26,250	59,80,505	22,04,476	22,127	T. Stanes & Co., Ltd.	786H	United Nilgiri	23.75	10	2.10	2.20	2.20	2.25	3	Y.
47,25,000	21 33,765	93,19,418	15,06,787	81,380	Kothari Mehta & Co. Pvt. Ltd. ..	1,127H	Waterfall	2.30	2	0.25	0.30	0.20	0.20	6	Y.P.

RUBBER AND OTHERS

6,00,000	5,52,435	17,66,245	5,03,082	20,544	Ramani & Co. Pvt. Ltd.	938	Alageswar Estates Ltd. ..	2.77	2	0.15	0.30	0.20	0.20	3	Y.
6,75,000	2,85,527	21,05,698	4,40,732	1,693	K. N. Neelakantan, Esq. (Mg. Director)	2,417	Amaigamated Coffee Estates Ltd.	10.01	10	1.00	1 00	1.00	0.50	3	Y.P.T.
2,50,000	5,92,985	14,70,817	2,21,618	46,975	A. V. George & Co., Ltd. ..	689	Anandam Rubber Co., Ltd. ..	14.10	10	1.50	1.80	1.50		12	Y.P.
12,07,838	2,28,040	22,69,626	3,45,437	34,775	Associated Planters Private Ltd.	1,343	Anapurani Estates Ltd. ..	3.25xd	2	0.40	0.30	0.30	0.30	6	Y.T.
4,25,000	4,75,000	12,07,785	1,42,997	1,061	Young India Agencies Pvt. Ltd.	1,041	Badra Coffee Estates Ltd. ..	2.90	2	0.30	0.30	0.15	0.20	5	Y.P.
4,00,000	86,000	7,45,317	1,56,774	2,787	A. V. Thomas & Co. (Mysore)	238H	Bababudin Coffee & Produce..	5.30xd	5	0.40	0.40	0.30	0.30	6	Y.P.
3,00,000	2,05,000	4,73,718	88,297	1,481	Planting Agencies (Private) Ltd.	214	Balmadies Plantations	1.80	2	0.15	0.10	Nil	0.10	5	Y.P.
28,91,279	19,00,914	60,63,649	12,47,912	28,861	Pelrce, Leslie & Co., Ltd. ..	6,255	Cochin Malabar	6.37	3	0.525	0.60	0.60	0.36	2	Y.P.
22,50,000	33,02,189	57,74,920	18,29,355	890	M. A. Sreenivasan, Esq. (Chairman).	2,793	Coffee Lands and Industries ..	15.62	10	0.60	0.50	0.90	0.90	9	Y.P.
71,55,000	78,42,159	1,75,91,409	54,78,544	1,607	M. A. Sreenivasan, Esq. (Chairman).	8,345	Consolidated Coffee	10.25	10	2.00	2.00	1.50	2.00	6	Y.P.
6,00,000	5,09,735	15,58,047	1,41,758	5,918	Associated Planters Private Ltd.	1,410	Cottanad Plantations	9.00	10	1.00	1.00	0.625	1.00	3	Y.P.
4,08,580	2,50,000	4,02,630	1,35,017	40,856	Pelrce, Leslie & Co., Ltd. ..	240H	Cowcoody Estates (Coffee) ..	4.53	2	0.50	0.50	0.40	0.35	6	Y.
18,00,000	14,20,000	37,07,279	8,89,483	15,646	A. V. Thomas & Co., Ltd. ..	619H	Highland Produce	15.37	10	1.50	1.50	1.50		12	Y.P.
11,85,700	11,77,705	31,72,827	4,60,277	22,904	A. V. George & Co., Ltd. ..	1,537	Kailas Rubber Co., Ltd. ..	6.35xd	2	0.40	0.50	0.60	0.60	2	Y.
12,00,000	8,19,342	22,75,750	4,65,055	5,184	A. V. Thomas & Co., Ltd. ..	888H	Kaipetta Estates	11.50	10	1.25	1.25	1.25	1.125	4	Y.
4,00,000	4,00,000	9,94,191	2,87,287	15,870	Pelrce, Leslie & Co., Ltd. ..	273H	Kumergode Estates Ltd. ..	2.47	2	0.40	0.35	0.30	10	10	Y.
13,50,000	6,68,333	23,24,900	5,02,046	3,669	K. T. Thomas Kathanar, Esq.	2,147	Malankara Rubber	15.37	10	1.50	1.60*	1.40	1.40	3	Y.
3,25,000	2,50,000	8,72,787	96,634	3,643	Associated Planters Pvt. Ltd.	906	Marcara Rubbers Ltd.	7.94ed	5	0.60	0.60	0.75	0.625	3	Y.P.
40,50,000	17,71,083	79,92,051	13,59,147	1,229	A. V. Thomas & Co., Ltd. ..	1,388H	Midland Rubber	11.40	10	1.25	1.25	1.25	1.00	3	Y.P.
3,35,000	4,12,607	17,54,491	3,54,374	1,18,608	A. V. George & Co., Ltd. ..	1,331	Nenmeny Rubber	22.55	10	1.50	1.50	1.50		12	Y.P.
2,00,000	4,91,182	10,47,182	60,435	840	Associated Planters Private Ltd.	640	Nilambur Rubber Co.	12.75	10	1.50	1.50	1.00		12	Y.P.T.
6,50,000	5,06,464	12,89,223	1,39,772	17,987	Pelrce, Leslie & Co., Ltd. ..	293H	Oscor Estates Ltd.	3.53cr	2	0.30	0.30	0.20	0.30	3	Y.
18,45,980	20,34,883	55,69,225	22,56,063	—8,58,491	Pelrce, Leslie & Co., Ltd. ..	1,812H	Ouchterlony Valley Estates ..	4.20	2	0.28	0.24	0.12		10	Y.T.
18,50,000	5,12,131	34,69,527	4,19,833	6,344	Aspinwall & Co. Ltd.	906H	Palpetta Estate	2.30	2	0.10	0.12	0.10	0.20	3	Y.P.
13,50,000	13,58,959	53,99,894	5,55,425	20,850	A. V. Thomas & Co., Ltd. ..	1,216H	Rajagiri Rubber	20.62	10	2.00	2.00	2.00	2.125	6	Y.P.
2,00,000	1,64,963	4,06,853	50,046	47,531	Associated Planters Private Ltd.	422	Rajendra Coffe Ltd.	10.42	5	1.25	1.25	1.00	1.25	3	Y.P.
12,00,000	20,37,248	28,37,248	2,33,330	—1,43,543	Tatea Agencies	470H	Sangameshwar Coffee Estates..	1.50	2	0.12	0.12	Nil	Nil	3	Y.P.T.
1,50,170	3,23,000	9,98,960	1,90,807	699	Pelrce, Leslie & Co., Ltd. ..	202H	Savamalai Estates Ltd.	4.55	2	0.28	0.32	0.30	11	11	Y.
10,00,000	2,03,130	22,50,803	1,88,357	4,534	East India Agencies Private Ltd.	1,454	Teekoy Rubber (India) Ltd. ..	6.50	10	Nil				3	Y.P.T.
8,25,000	2,74,150	14,90,769	55,183	7,695	A. V. George & Co., Ltd. ..	816	Thamarapally Rubber	16.40	10	8.00	1.80	1.60		12	Y.P.T.
9,15,300	10,56,751	15,73,653	2,16,158	17,131	Pelrce, Leslie & Co., Ltd. ..	1,255	Thirumbadi Rubber Co., Ltd..	2.03cd	10	0.07	0.12	0.10		9	Y.
8,00,000	6,15,618	18,78,050	1,92,991	1,840	Eapen Thomas, Esq. (Mg. Director)	1,341	Travancore Rubber	11.25	10	1.30	1.20			12	Y.P.T.
4,50,000	12,63,584	90,95,305	18,31,504	32,283	Aspinwall & Co. (Travancore) Ltd.	2,109H	Travancore Rubber & Tea ..	9.80	10	0.90	1.00	1.00		12	Y.
20,00,000	1,91,000	33,48,191	9,09,484	223	P. T. Thomas, Esq. (Mg. Director) ..	3,157	Tropical Plantations Co. ..	21.00	25	2.00				12	Y.
8,80,010	5,47,051	10,34,166	54,782	9,228	S. Padmanabh Aiyaar, Esq. (Chairman)	1,118	Vallumdam Rubber Co., Ltd..	33.75	10	3.00	3.00			2	Y.P.T.
6,00,000	6,69,482	19,50,932	1,87,596	6,425	P. I. Joseph, Esq. (Chairman)	1,245	Velimalai Rubber & Co.	5.05	5	0.60	0.50	0.25	0.35	2	Y.P.T.
12,00,000	12,40,982	16,57,152	2,24,133	36,874	Pelrce, Leslie & Co., Ltd. ..	417H	Wartyhully Estates Ltd.	2.85	2	0.30	0.30	0.20	0.24	3	Y.
6,95,000	97,309	13,65,464	1,02,251	28,313	M.	898	Woodland Estates	6.90	10	1.00	1.00			3	Y.P.T.

V—Includes 60 nP. for 30-6-1954. * Includes bonus. H—Area in Hectares. M—Managed by Board of Directors. † Less Income-tax.

N.B.—All dividends paid since 31st March 1959 are shown as taxable.

NORTH INDIAN TEA ESTATES

ASSAM

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Tea	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP	1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	Accounts Closed	Reference
4,45,700	16,37,403	27,43,433	11,03,330	.....	McLeod & Co., Ltd.	288H	Amluckie	17.25	10	Nil	1.00	0.75		12	Y.P.
2,78,000	7,42,237	10,81,576	7,19,307	449	M.	456	Ananda (Assam) Tea ..

MISCELLANOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs	Rs. nP	Rs. nP	Rs. nP	Rs. nP		
CERAMIC; MINING AND QUARRYING														
36,00,000	13,111	67,05,606	23,63,316	2,915	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	6.75	10	0.60	0.60	0.50		3	Y.
18,50,000	6,38,242	23,23,858	12,41,519	777	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kotah) Ltd	24.00N	10	2.00	3.00	2.00		9	Y.P.
55,23,146	23,41,104	1,90,40,451	48,35,034	3,208	Bharat Ram Bhagat & Co.	Bengal Potteries	4.69	24	0.375	0.30	0.30		12	Y.
40,00,000	28,81,279	1,22,44,092	53,39,187	50,122	Bird & Co. Private Ltd.	Bisra Stone Lime Co.	19.81	10	3.00	3.00	1.00	1.25	3	Y.
14,17,800	20,91,390	51,25,934	19,81,934	3,342	Smt. K. M. Motichand Shah (Chairman)	Bombay Potteries and Tiles Ltd.	181.25	100	12.86	15.00	15.00		9	Y.P.
80,00,000	24,48,788	1,30,52,623	46,61,618	1,20,034	Saraf Mor & Co. Private Ltd.	Ferro Alloys Corporation Ltd.	116.50	100	8.00	11.00	9.00		12	Y.P.
62,056,950	62,324,875	4,002,119	22,243,738	17,810	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	3.28	Sh. 2	0.36	0.36			12	Y.
F.5,00,000 } O.15,00,000 }	27,81,955	34 18,636	10,76,454	1,40,029	Bird & Co. Private Ltd.	Karanpura Development	11.25	10	1.50	1.50			12	Y.
50,00,000		1,14,21,419	5,73,268	3,63,515	Khandelwal Industries Private Ltd.	Khandelwal Ferro Alloys Ltd.	60.50	100	0.50	0.50			12	Y.
30,00,000	56,55,899	1,70,20,512	82,30,436	25,499	Bird & Co. Private Ltd.	Kumardhubi Fireclay and Silica Works	18.45	10	Nil	Nil			12	Y.P.
1,78,79,255	10,90,896	1,22,39,515	76,13,994	3,25,965	Sir Indra Singh, Kt. (Chairman)	Metal Corporation of India Ltd.	1.80	10	1.80	1.80	1.80		12	Y.P.T.
6,00,000	7,27,303	17,00,777	9,37,747	190	Mysore Industrial Development Co.	Mysore Stoneware Pipes & Potteries	8.08	10	Nil	Nil	Nil		3	Y.
20,00,000	67,67,431	80,62,201	34,56,786	38,801	Bird & Co. Private Ltd.	Orissa Minerals	11.57	10	1.428	1.20	1.50	1.25	3	Y.
12,18,650	22,84,051	1,05,25,903	57,38,031	43,395	A. V. Gharpure, Esq. (Chairman)	Parshuram Pottery Works Co., Ltd.	23.12	10	3.00	2.80	2.00		6	Y.
20,66,650	54,10,475	1,10,96,407	49,48,144	—7,04,525	Kilikli Industries Ltd.	Shivrajpur Syndicate	59.00	25	5.36	5.36	5.36	3.75	7	Y.P.
4,83,840 } 4,80,680 }	10,46,690	27,59,491	9,68,263	23,403	S. N. Beri, Esq. (Secretary)	Sutna Stone & Lime Co. Ltd.	19.00 {28.12	10 5	8.00* Nil 1.00	Nil 2.75 1.375	3.00 1.50		11 12	V. Y.
CHEMICAL														
23,58,175		1,79,449	13,076	—26,645	Agri-Chem Engineers	Adarsh Chemicals & Fertilisers	79.50	100	Nil	Nil			3	Y.P.
1,44,50,000	79,42,309	3,08,89,996	12,41,519	82,961	Rajputana Mining Agencies Private Ltd.	Alembic Chemical Works Co.	160.00	100	14.00	14.00	12.00		12	Y.P.
2,10,00,000	1,96,10,278	6,41,59,351	2,02,43,574	1,37,284	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India	32.50	10	1.20	1.50	1.50		9	FY.
30,97,100	70,09,664	1,64,62,149	50,97,267	15,665	Amritlal & Co. Private Ltd.	Amar Dye-Chem. Ltd.	142.50	100	12.00	9.00	9.00		12	Y.P.
39,84,000	47,59,789	1,96,22,550	81,81,640	5,491	Kasturbai Lalbhai & Co.	Anil Starch Products Ltd.	605.00	100	80.00*	80.00*	25.00*		12	Y.P.
2,97,26,625	1,55,18,362	6,58,46,050	1,71,87,475	61,183	Lalbhai Sons & Co.	Atul Products Ltd.	342.00	100	12.00	12.00	12.00		12	Y.P.
50,00,000	....	....	910	....	F. T. Anklesaria, Esq. (Mg. Director)	Barium Chemical Ltd.	68.00	100	....	....	....		6	Y.
1,25,45,900	67,58,823	1,59,19,707	81,89,070	5,728	Dr. B. N. Ghose (Managing Director)	Bengal Chemical and Phar.	96.00	100	7.00	10.00	10.00		3	Y.
1,25,00,000	64,16,340	1,47,09,873	34,41,548	1,174	Ramniwas Ruia, Esq. (Chairman)	Colour Chem. Ltd.	330.00	100	Nil	8.00	12.00	12.00	3	Y.P.
14,86,344	4,84,018	17,40,490	9,02,099	12,818	Nadkarni & Co.	Chemo-Pharma Laboratories Ltd.	27.00	10	2.50	3.00	3.00		3	Y.
81,85,000	60,25,333	1,53,26,176	69,14,176	25,675	Dharamsi Morarji & Co.	Dharamsi Morarji Chemical Co., Ltd.	133.75	50	Nil	8.00	8.00		12	Y.
1,07,50,000	1,07,07,353	5,03,67,157	2 11 05,198	1,75,320	Sahu Bros. (Saurashtra) Private Ltd.	Dhranadhra Chemicals	119.00	100	Nil	6.00	6.00	8.00	3	Y.
2,56,04,732	61,48,460	10,44,89,497	4,07,36,479	3,85,109	M. K. K. Nayar, Esq. (Mg. Director)	F. A. C. T.	9.93	10	0.60	0.60	0.60	0.60	3	Y.P.
1,86,70,000	71,67,750	2,54,75,973	36,44,327	9,006	Mafatlal Gagalbhai & Sons	Indian Dyestuffs Industries Ltd.	322.50	100	6.00	6.00	7.00	7.00	3	Y.
12,00,000	6,54,411	28,94,858	15,61,607	19,974	Jal H. Mehta, Esq. (Chairman)	Kemp & Co.	276.25	200	25.00	25.00	20.00		3	Y.P.
1,40,00,000	87,48,501	2,43,51,282	1,10,56 661	11,631	Seshasayee Brothers Private Ltd.	Mettur Chemicals	12.25	10	1.25Cr	1.25	1.375*	1.25	3	Y.
24,81,220	13,02,685	36,56,515	47,52 455	3,339	T. Shanmanna, Esq. (Chairman)	Mysore Chemical and Fertilisers	7.95	10	1.00	1.00	0.50	Nil	3	Y.
10,00 000	5,35,916	13,66,245	7,61,774	4,765	S. Ramanathan, Esq. (Mg. Director)	Mysore Chemical Mfg.	16 70	10	2.00Cr	2.00	2.00	1.50	3	Y.
50,00,000	86,00,055	1,03,02,040	30,64 507	9,857	Ramdas Kilachand, Esq. (Chairman)	Polychem Ltd.	128 75	50	5.50	7.50	7.50	7.50	3	Y.
40,54,500	870	20,10,293	6,760	49,735	Emcete & Sons Private Ltd.	Premier Fertilisers Ltd.	6.25	10	Nil	Nil	Nil		12	Y.P.
22,50,000	17,63,293	65,52 467	27,96,505	11 072	Bangur Brothers Ltd.	Phosphate Co., Ltd.	170.00	100	35.00	35.00	17.50	15.00	6	Y.
20,00,000	17,57,251	31,86,795	18,60,805	19,167	D. M. Jaffray, Esq. (Chairman)	Smith Stanistreet & Co.	11.50Xd	5	1.25	1.25	1.25	1.25	6	Y.
4,94,54,470	24,39,960	3,13,78,704	17,05,817	—9,38,858	Tulsidas Kilachand, Esq. (Chairman)	Synthetics & Chemicals Ltd.	102.00	100	....	Nil	Nil	Nil	3	Y.
3,02,33,815	1,09,52,567	9,01,95,274	3,04,93,867	3,923	Tata Industries Private Ltd.	Tata Chemicals	78 28	10	0.60	0.65	0.65	1.00	6	Y.P.
50,00,000	5,89,760	29,98,714	12,05,339	6,516	F. Krishnamoorthy, Esq. (Mg. Director)	Travancore Chemical Mfg. Co. Ltd.	18.37cd	10	1.50	2.00	2.25	2.00	3	Y.P.T.
25,03,075	....	8,93,292	1,493	—6,73,298	Mr. M. J. Vaidya (Chairman)	Travancore Electro-Chemical Ind.	95.00N	100	Nil	Nil	Nil		12	Y.P.
14,99,375	....	25,06,158	7,313	—2,574	Mr. N. S. Iyengar (Chairman)	Ultramarine & Pigments Ltd.	130.00	100	..	Nil	Nil		12	Y.
ELECTRIC (BOMBAY)														
8,74,78,895	1,85,12,601	18,97,73,999	5,00,50 102	864	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd.	95.00	100	7.00	7.00	8.00	8.00	3	Y.T.
85,83,330	31,13,441	2,90,89,788	78,81,211	10,72,073	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd.	9.72	10	1.00*	0.90	0.90	0.90	3	Y.P.
3,62,77,000	1,23,59,917	12,25,61,084	3,04 61,313	36,154	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co.	1,037.50	1,000	85.00*	80.00*	80.00*	90.00	3	Y.P.T.
1,75,00,000	1,21,07,263	5,11,22,126	1,25,80,588	3,370	Kilikli Industries Ltd.	Bombay Suburban Electric Supply	161.50	100	8.00	8.50	8.50	9.00	3	Y.
7,07,020	7,04,361	19,07,530	16,05,235	8,20,266	Rajaputana Textiles (Agencies) Ltd.	Broach Electric Supply Development	7.00	10	0.66	0.72	0.60	0.50	3	Y.
48,80,000	12,66,813	1,57,72,704	61,50,569	3,547	Rajaputana Textiles (Agencies) Ltd.	Poona Electric Supply	200.00	100	9.50	8.25	8.25	8.00	3	Y.P.T.
70,00,000	34,04,463	1,81,93,935	61,64,423	2,075	Killick Industries Ltd.	Surat Electricity	161.50	100	9.00	9.00	8.50	8.50	3	Y.P.
2,40,00,000	1,39,56,841	9,29,67,314	2,22,23,926	27,536	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply	108.50	100	8.50*	8.00*	8.00*	9.00	3	Y.P.
5,16,36,000	3,61,11,341	20,38,47,938	4,30,05,310	29,988	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,087.50	1,000	85.00*	80.00*	80.00*	90.00	3 §§	Y.P.
West Bengal and Other Centres														
19,99,500	51,20,883	1,62,58,959	47,04,284	52,890	Martin Burn Ltd.	Agra Electric Supply Co., Ltd.	118.00	100	11.00	11.00	11.00		3	Y.T.
8,00,000	15,51,803	55,60,716	26,26,817	25,623	Martin Burn Ltd.	Bareilly Electric Supply	11.87	10	1.10	1.10	1.10		3	Y.T.
17,00,000	52,25,411	1,59,11,819	45,12,889	47,299	Martin Burn Ltd.	Benaras Electric Light & Power Co.	11.87	10	1.10	1.10	1.10		3	Y.T.
£4,262,646	£10,815,240	£37,532,951	£15,201,226	£100,524	Sir William Lamond (Chairman)	Calcutta Electric Supply	11.87	10	1.10	1.10	1.10		3	Y.T.
2,00,00,000	7,55,075	37,78,204	11,86,451	42,963	Octavius Steel & Co., Ltd.	Cuttack Electric Supply	12.87	10	0.75	1.00	74%	74%	3	Y.P.T.
49,20,000	29,75,474	1,10,72,867	42,62,988	4,27,783	Andrew Yule & Co., Ltd.	Dishergarh Power Supply	12.87	10	0.75	1.00	1.00		3	Y.
5,34,640	1,48,267	42,36,979	17,60,526	47,133	Moonna Lall & Sons	Jhansi Electric Supply	86.00	100	10.00	10.00	10 00		3	Y.P.
22,49,700	29,21,749	1,08,59,125	45,63,931	33,303	Martin Burn Ltd.	Jubbulpore Electric Supply	5.40N	10	0.70	Nil	0.70		3	Y.T.
35,07,380	40,44,800	1,41,84,880	66,06,270	75,727	Octavius Steel & Co., Ltd.	Patna Electric Supply	11.75	10	1.00	1.00	1.00		3	Y.
9,10,000	2,56,304	15,86,883	6,29,467	5,342	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply	10.12	10	1.00	1.00			3	Y.T.
10,80,000	16,05,257	80,81,327	48,11,830	3,975	Bird & Co. Private Ltd.	Sijbali (Dheriah) Elec. Supply Co.	8.25	10	1.00	0.90	0.90		3	Y.T.
70,00,000	30,88,132	2,42,78,389	81,28,055	23,880	Seshasayee Bros. Private Ltd.	South Madras Electric Supply Corpn.	10.97	10	0.90Cr	0.90	1.00		3	Y.
5,00,000	14,00,467	36,90,508	15,13,568	33,674	Martin Burn Ltd.	Upper Jumna Valley Elec. Supply	18 00	10	1.35	1.35	1.35		3	Y.P.T.
56,00,000	80,84,613	3,67,42,886	1,64,54,562	92,879	Martin Burn Ltd.	U. P. Electric Supply Co.	166.00	100	11.00	11.00	11.00		3	Y.
8,00,000	13 88,606	54,12,090	15,22,321	4,16,700	Chandrie & Co. Private Ltd.	Vellore Electric Corporation	15.25	10	1.50	1.429	1.429		3	Y.P.
ENGINEERING (Bombay)														
51,98,160	68 99,678	1,13,50,358	63,52,499	26,123	Turner Morrison & Co. Ltd.	Alcock Ashdown & Co., Ltd.	295.00	100	17.00	22.50	19.00		12	Y.
19,99,000	5,79,306	24,92,064	10,90,229	16,853	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	97.50	50	5.50	6.00*	6.00*		12	Y.
90,40,000	1,51,75,435	2,14,22,145	58,30,565	153	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	113.00	100	13.00*Cr	13.00	7.00	8.00	6	Y.
1,20,00,000	1,33,894	78,69,718	31,55,715	—7,54,123	Dharamsih D. Desai, Esq. (Chairman)	Hindustan Electric Co., Ltd.	146.25	100	Nil	4.00	Nil		12	Y.P.
60,00,000	1,28,73,184	2,72,67,477	1,58,47,699	145	Walchand & Co. Private Ltd.	Indian Hume Pipe Co., Ltd.	155.00	100	13.00Cr	13.00	14.00	14.00	6	Y.P.T.
15,00,000	4,61,818	9,54,586	1,83,491	33,211	T. V. Baddeley, Esq. (Chairman)	Jost's Engineering	60.00	50	4.00	5.00	5.00	3.00	3	Y.
50,00,000	17,41,760	95,00,785	31,13 238	20,765	Adnem Services	Jyoti Ltd.	141.25	100	12.00	12.00	9.00		12	Y.
44 96 250	12,00,028	81,20,182	38,40,012	4,403	Kamani Bros. Private Ltd.	Kamani Engineering Corporation	14.62	10	0.80	0.90	0.95		12	Y.P.
67 61,445	1,42,50,068	2,19,41,464	88,80,437	19,417	Kirloskar Sons & Co.	Kirloskar Bros. Ltd.	42.50	25	2.50	2.50	2.50	2.50	7	Y.
61 34,940	71,09,895	1,57,20,070	67,59,501	578	Kirloskar Sons & Co.	Kirloskar Associates	19.12cd	10	0.90	1.10	1.20	1.00	6	Y.
60,00,000	60 41,904	1 45,28,272	50,50,893	22,516	Kirloskar Sons & Co.	Kirloskar Oil Engines, Ltd.	30.00	10	1.43	1.00	1.00		3	Y.
27,58,950	20,54,388	50,71,373	16,74,705	18,511	Kirloskar Industries	Kirloskar Pneumatic Co., Ltd.	267.50	100	Nil	12.50	12.50	10.00	3	Y.P.
5,28,120 } 41 00 000 }	3,80,730	1,26,63,493	40,82,994	61,080	Prem Kumar Gupta, Esq.(Mg.Director).	Lakshmiratan Eng.	6.52	10	Nil	Nil	Nil		9	Y.
1,65,00,000	98,52,279	1,92,60,488	60,22,772	11,978	L. & T. (Management) Private Ltd.	Larsen and Toubro Ltd.	22.44	10	Nil	1.80*Cr	1.80	1.40	3	Y.P.
57,29,580	....	25,48,815	4,35,319	—8,20,078	B. L. Kucheria, Esq. (Secretary)	Lynx Machinery	5 24	10	..	Nil	Nil		3	Y.
30,12,160	35,37,886	1,84,83,145	82,09,093	2,374	Mahindra & Mahindra Ltd.	Machinery Mfrs. Corpn. Ltd.	22.76	10	Nil	Nil	1.25	1.50	3	Y.P.
1,32,00,000 } 1,98,28,019 }	88,80,083	2 01,54,530	73,57,093	80,985	M.	Mahindra & Mahindra Ltd.	16.52	10	1.25	1.50*	1.25		10	Y.P.
30,00,000	1,29,812	53,73,065	23,71,642	46,079	Prithviraj Sons	Man Industrial Corporation Ltd.	115.00	100	Nil	Nil	Nil		3	Y.P.
11,00,000	3,81,875	44,17,690	28,57,240	11,772	P. Jhunjhunwala, Esq. (Mg. Director)	McKenzies	137.50	100	10.00	12.00	14.00		7	Y.P.
). 1,24,830 }	91,29,048	1,99,99,158	76,17,143	....	Jeswan Ltd.	Mukand Iron & Steel	17.00	10	1.20	1.20	1.20	1.20	3	Y.P.
50,00,000 } 7,50,000 }	58,34,208	1,83,49,872	85,50,104	2,075	Kirloskar Associates	Mysore Kirloskar Ltd.	155.00 {106.00	100 50	12.00 6.00	12.00 6.00	12.00 6.00	10.00 5.00	3	Y.
15,55,400	11,96,582	39,61 901	14,85,875	8 127	Sir C. B. Mehta (Chairman)	National Elec. Industries Ltd.	89.00	50	6.00	6.50	6.50		3	Y.
56,23,100	19,91,480	1,40,31,705	36,33,522	23,037	J. V. Patel, Esq. (Mg. Director)	New Standard Engineering	129.50	100	12.00	9.00	9.00	9.00	3	Y.P.
88,99,970	1,27,33,669	11,68 013	2,82,031	66,035	Walchand & Co. Private Ltd.	Premier Construction	161.00	30	13.00	10.00	9.00		12	Y.P.
45,00,000	50,82,276	1,22,93,027	54,73,341	3 713	Bhagat & Sons Private Ltd.	Structural Engineering Works Ltd.	95.00	100	12.00	13.00	8.00		6	Y.P.
7,55,67,699	38,10,37,802	1,95,88,43,262	92,56,04,257	32 096	Tata Industries Private Ltd.	Tata Iron and Steel	450.50	75 Ord	9.72*Cr	10.00	10.00*	11.00	3	Y.P.
7,99 99,500	5,00,28,017	32,80,72,279	15,50,34,261	14,902	Tata Industries Private Ltd.	Tata Locomotive	292.50	100	12.50	14.50	14.50	14.50	3	Y.P.T.
27,22,280	15,68,192	65,71,363	19,00,582	11,654	T. Mamchand & Co.	T. Mamchand Mfg. Co.	605.00	100	18.50	27.00	27.00	6.00	3	Y.
41,66,980	38,97,021	19,70,675	11,38,441	1,176	M. N. Dalal, Esq. (Chairman)	Tractors (India) Ltd.	135.00	100	8.00	8.00	8.00	8.00	3	Y.
2,25,00,000	1,08,92 7608	1,49,51,078	39,40,814	2,91,954	J. D. Chokai, Esq. (Chairman)	Voltas Ltd.	265.00	100	13.00	14.00	14.00		3	Y.
70,00,000	23 27,374	1,12,49,648	5,05,730	29,382	M.	Zenith Steel Pipes Ltd.	17.16	10	..	Nil	Nil	0.60	4	Y.
West Bengal and Other Centres														
6,00,000	7,28,551	42,61,418	24,92,691	4,14,417	North Bihar Trading Co. (Pvt.) Ltd.	Arthur Butler & Co.	14.94	10	Nil	Nil	1.00		12	Y.P.T.
50,00,000	44,13,221	1,12,71,910	76,90,692	5,247	Tantia Brothers Pvt. Ltd.	Biartia Electric Steel	12.15	10	1.00	1.00	1.25		12	Y.T.
40,00,000	2,80,884	39,66,844	14,75,470	19,201	G. D. Binani, Esq. (Mg. Director)	Binani Metal Works Ltd.	12.12	10	2.50	1.00	1.00		12	Y.T.
1,00,00,000	94,55,491	1,54,19,231	31,59,921	2,757	J. V. Jardine Paterson, Esq. (Chairman)	Braithwaite & Co. (India) Ltd.	33.50	10	2.50	2.50	1.40		12	Y.T.
12,00,000	50,48,274	1,34,59,269	72,92,176	....	Balmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd.	49.00 N	10	3.00	3.00	3.00		12	Y.T.
19,98,670	7,04,361	39,07,530	14,03,635	32,966	Homes Wilson & Co., Ltd.	Britannia Building and Iron	3.00	10	Nil	Nil			3	Y.P.
1,00,00,000	52,95,735	1,98,55,098	75,90,275	5,115	McLeod & Co., Ltd.	Britannia Engineering	10.44	10	1.00	1.00	1.00		12	Y.P.T.
25,00,000	18,18,344	43,29,328	19,71,671	....	Balmer Lawrie & Co., Ltd.	Br. I. Electric Construction	29.12	10	4.50	4.50	4.50		12	Y.T.
24,00,000	2,99,03,039	4,86,27,014	3,77,03,735	65,077	Martin Burn Ltd.	Burn & Co.	305.00	100	28.50	28.50	28.50	25.00	4	Y.T.
1,00,00,000	17,65,495	75,57,194	17,95,224	1,08,761	R. N. Bhutika, Esq. (Secretary)	Calcutta Steel Co., Ltd.	13.19	10	0.50	1.50	1.50	1.25	3	Y.
1,00,00,000	42,09,184	2,42,19,314	59,12,202	32,061	R. L. Makharia, Esq.	Central India Machinery Mfg. Co., Ltd.	11.50	10	Nil	Nil	Nil	0.75	3	Y.T.
80,00,000	24,00,884	1,39,75,554	38,03,886	1,00 021	J. Dalmia, Esq. (Chairman)	Dalmia Iron & Steel Ltd.	11 53	10	1.00	1.00	1.00		9	Y.
60,93,400	20,22,000	85,76,388	21,56,388	12,311	Birla Brothers Private Ltd.	Elec. Const. & Equipment Co.	12.00	10	1.00	1.00	1.00		10	Y.P.
83,77,700	55 59,619	1,73,84,005	22 52,420	9,707	Harparshad & Co. Private Ltd.	Escort Ltd.	27.25	10	1.00	1.00	1.00		12	Y.T.
4,00,00,000	6,96,32,752	9,77,66,023	3,42,06,023	....	N. R. Pillai, Esq. (Chairman)	Guest, Keen, Williams Ltd.	26 62	10	1.60*Cr	1.40	1.40		12	Y.T.
12,50,000	6,45,100	62,85,333	43,23,966	5,801	Martin Burn Ltd.	Hooghly Docking	105.00	50	Nil	Nil	6.25		12	Y.P.
24,48,980	30,89,05,725	85,16,35,648	23,96,30,601	....	Martin Burn Ltd.	Indian Iron and Steel	24.06	10	1.50	1.50	1.00	1.50	12	Y.P.
77,97,000	1,35,75,384	3,98,03,003	88,06,103	24,064	Martin Burn Ltd.	Indian Standard Wagon	36.50	10	2.85	2.85	2.85	2.00*	3	Y.P.
26,580 } 48 78,580 }	3,23,88,672	4,56,80,100	1,92,97,757	6,022	Indra Singh & Sons Private Ltd.	Indian Steel and Wire Products	85.37 {12.50	0.10 0.1	2.30 0.23	2.40 0.23	2.30 0.23	1.80 0.80	3	Y.T.
1,51,87,197	1,36,61,953	5,12,70,807	2,30,47 904	4,896	C. N. Ramaswamy Esq. (Mg. Director)	Indian Steel Rolling Mills Ltd.	9.70	10	1.00	1.25	1.00	0.90	3	Y.P.
40,00,000	65,79,000	97,98,620	30,88,807	2,169	Madan Mohan Lal Shri Ram & Co.Pt.Ltd.	Jay Engineering Works, Ltd.	10.37	10	1.715	1.715	1.25	1.00	3	Y.P.T.
2,63,97,000	2,30,16,815	4,72,50,219	1,54,05,899	51,159	J. K. Industries Private Ltd.	J. K. Steel Ltd.	16.50	10	2.00	2.00	1.00	1.50	6	Y.
27,64,800	53,04,920	1,06,32,358	50,21,186	3,088	A. K. Chanda, Esq. (Chairman)	Jessop & Co.	24.44	10	0.858*Cr	0.858	0.858		10	Y.P.
10,50,000	1,09,591	18,65,829	14,91,446	—18,08,413	Bird & Co. Private Ltd.	Kumardhubi Engineering Works	8.75	8	0.03	0.35	0.45		11	Y.P.T.
49,95,000	13,58,598	1,54,02,104	96,07,119	—4,42,917	Marshalls (Direction) Private Ltd.	Marshall Sons & Co. (India) Ltd.	2.47	2	Nil	Nil	Nil		6	Y.
60,00,000	24,06,943	76,55,140	24,16,313	4,85,185	M.	National Iron and Steel Co., Ltd.	6.25	10	Nil	Nil			3	Y.P.T.
6,00,000	20,52,302	82,10,350	22,45,052	18,304	B. B. Ind. Development Co. Ltd.	Richardson & Cruddas Ltd.	27.40	10	1.50	1.00	1.25		12	Y.P.
61,90,922	5,98,982	71,12,042	12,68,445	9 74,261	The British India Corpn. Ltd.	Saran Engineering Co.	8.12	4	0.35	0.40	0.50	0.40	3	Y.
1,50,00,000	78,66,757	5,39,18,700	2,67,11,803	64,860	Mr. N. Ranganadhadhan (Mg. Director)	Southern Structurals	10.37	10	Nil	Nil	0.60		12	Y.
59,44,225	20,10,956	1,09,67,915	40,30,919	3,132	Birla Brothers Private Ltd.	Textile Machinery Corporation Ltd.	27.40	10	1.00	1.00	1.25		12	Y.P.T.
					Balasondaram & Co.	Textool Co. Ltd.	146.50	100	15.00	15.00	15.00	12.00	4	Y.

* Includes bonus. 'C'—On Increased Capital. *N.B.*—All dividends paid since 31st March 1959 are shown as taxable.

M—Managed by Board of Directors. X.R.—Ex. Rights.

MISCELLANOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP	Rs. nP	Rs. nP	Rs. nP		
INSURANCE (X)														
13,50,000	75,06,126	2,00,31,419	77,74,822§§	32,703	N. M. Cole, Esq. (Mg. Director)	Concord of India	10.12	5	1.00	1.00	.00		12	Y.
10,00,000	11,65,196	28,43,030		66,390	M.	Devkaran Nanjee Insurance	33.00	50	3.00	3.00			12	Y.
24,00,000	94,82,529	1,36,71,086	82,47,288§§	20,329	H. V. R. Iengar, Esq. (Chairman)	Hercules Insurance	23.00	10	2.25	2.625	2.625		12	Y.
21,15,300	51,50,727	1,10,12,296	70,42,330§§	28,755	K. M. D. Thackersey, Esq. (Chairman)	Indian Mercantile Insurance	56.00	50	6.00	6.00	7.50		12	Y.
20,00,000	85,41,867	2,37,89,856	90,76,944§§	22,823	M. G. Mody, Esq. (General Manager)	New Great Insurance

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
UNCLASSIFIED (Other Centres)														
68,75,000	2,48,84,621	7,27,48,445	1,37,72,801	11,065	J. K. Industries Private Ltd.	Aluminium Corporation of India Ltd. ..	13.08	10	1.20	1.20	1.20	0.60	3	Y.P.T.
1,00,00,000	56,97,689	2,15,10,686	95,29,840	47,916	Seshasaye Bros. (Trav.) Pvt. Ltd. ..	Aluminium Industries Ltd.	18.50	10	1.80	0.90	1.80	1.50	3	Y.
2,94,700	1,77,450	10,78,716	99,668	11,596	K. N. Mookerjee, Esq. (Chairman) ..	American[Refrigerator Co., Ltd. ..	15.00	10	..	..	1.00			
12,78,975							7.25	7.50	..	..	0.50		4	Y.
80,00,000	43,57,426	41,40,417	28,06,414	2,34,634	Turner Morrison & Co., Ltd.	Angelo Bros. Ltd.	26.37	10	2.50	2.31	2.80		3	Y.
4,97,14,990	81,08,000	5,99,72,026	1,61,25,618	53,399	A. E. L. Collins, Esq. (Mg. Director)	*Ashok Leyland Ltd.*	7.01cd	5	0.40	0.30	0.40	0.35	12	Y.
80,00,000	33,58,937	47,06,579	26,68,350	12,842	Mr. A. Hydari and Mr. S. Gothberg ..	Assam Match Co., Ltd.	27.37	10	1.80	2.00*	2.00*		12	Y.
1,18,00,000	93,43,093	1,16,82,784	66,26,590	7,18,123	H. B. Gregson, Esq. (Mg. Director)	Associated Battery Makers (E.) Ltd. A.	25.75	10	2.50	1.50	1.50		3	Y.
20,00,000	24,17,508	77,53,757	54,43,661	1,66,533	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India	9.94	10	*Nil*	1.00	1.00		3	
80,01,400	1,20,07,997	91,05,947	44,06,273	....	C. G. Montgomery, Esq. (Chairman) ..	Balmer Lawrie & Co., Ltd.	254.00	100	25.00	25.00	25.00		12	Y.
12,00,000	29,55,620	38,19,481	34,08,481	....	Balmer Lawrie & Co., Ltd.	Bengal Flour Mills Co., Ltd.	33.75	10	4.00	2.50	2.50		12	Y.
30,00,000	9,27,823	57,95,058§§	....	2,654	Lovelock & Lewis	Birds Investment Ltd.	10.44	10	0.95	1.00	1.00		9	Y.P.
66,98,530	89,79,866	1,94,30,351	78,38,521	6,996	K. Julius Kerr, Esq. (Mg. Director) ..	Britannia[Biscuits Co., Ltd.	50.25	10	2.50	3.00*	2.50	2.10	3	Y.P.T.
3,25,00,000	2,19,19,061	3,17,18,024	2,50,39,901	2,53,254	Satish Chandra, Esq. (Chairman) ..	British India Corporation Ltd. ..	8.00	5	0.80	0.85	0.45		12	Y.
50,00,000	40,58,031	49,29,290	27,40,613	27,856	B. A. Godwin, Esq. (Mg. Director) ..	British Paints (India) Ltd.	22.12	10	1.25	1.25	1.00		12	Y.P.
1,38,50,000	24,77,426	1,47,57,255§§	....	2,46,740	Andrew Yule & Co., Ltd.	Clive Row Investment	8.66	10	0.80	0.75	0.75		12	Y.
5,96,650	7,50,000	40,86,887	30,84,560	28,239	K. L. Mital, Esq. (Secretary)	Delhi Flour Mills Co., Ltd.	15.00N	10	1.00	1.00	0.70		10	Y.
4,50,00,000	4,35,74,162	11,26,80,482	5,17,42,203	23,38,011	M. L. Bezon, Esq. (*Mg. Director*) ..	Dunlop Rubber Co. (India) Ltd. ..	37.25	10	2.15	2.00	1.50		12	Y.P.T.
90,00,000	1,27,43,000	26,12,813	14,45,884	2,42,000	N. S. Bawnia, Esq. (Chairman)	Godfrey Phillips India Ltd.	141.00	100	14.00	14.00	14.00		12	Y.P.
66,72,320	2,23,56,496	2,44,33,402	53,53,071	48,651	N. N. Mohan, Esq. (Mg. Director) ..	Dyer Meakin Breweries	31.50	5	1.25	1.50	0.90	0.90	12	Y.P.
78,69,000	66,98,100	1,65,86,036§§	....	1,32,549	Bird & Co. Private Ltd.	Eastern Investment Ltd.	117.00	100	14.00	14.00	12.00	0.90	12	Y.P.
98,58,202	1,98,822	26,02,244	8,43,087	—4,06,444	D. P. Sen, Esq. (Secretary)	East Anglia Plastics (India) Ltd. ..	8.81	10	..	*Nil*	*Nil*	*Nil*	3	Y.
48,80,000	6,73,283	1,08,91,608	27,61,940	4,791	S. Sankaran, Esq. (Mg. Director) ..	Enfield India Ltd.	9.25	10	0.50	0.40	0.40		12	Y.P.
40,12,888	89,64,000	1,15,37,708	59,85,716	2,62,862	Satya Narain Gupta, Esq. (Chairman).	Ganesh Flour Mills Co., Ltd.	13.50	12.50	1.60	1.60			12	Y.
14,00,000	10,92,000	44,75,419	23,85,812	48,126	Macneill & Barry Ltd.	Ganges Rope Co., Ltd.	235.00	100	17.50	20.00	16.00		12	Y.
61,94,650		2,82,964	9,737	—92,822	National Rubber Mfrs. Ltd.	General Tyres Ltd.	6.16	7.50	*Nil*	*Nil*	*Nil*		6	Y.
65,00,000	58,42,190	84,60,723	20,83,588	18,471	J. W. Easson, Esq. (Chairman) ..	Gillanders Arbuthnot & Co., Ltd. ..	14.00	10	1.00	1.10	1.10	1.10	3	Y.P.
40,00,000	81,88,500	56,02,813	24,34,329	39,310	N. S. Bawnia, Esq. (Chairman) ..	Godfrey Phillips India Ltd.	26.50	10	4.00	4.00	3.00		12	Y.P.
2,00,15,000	1,54,59,733	8,66,98,873	87,75,525	51,86,310	R. E. O. Carey, Esq. (Mg. Director)	Goodyear India Ltd.	26.50	10	4.00	4.00	3.00		12	Y.P.
8,07,66,250	2,31,76,491	10,71,36,646	5,28,33,894	8,043	Birla Brothers Private Ltd.	Hindustan Motors	20.31	10	*Nil*	*Nil*	*Nil*		12	Y.P.
1,80,00,000	52,66,923	1,97,24,190	54,21,748	—5,71,893	Talukdar Law & Co. Private Ltd. ..	Hindustan Pilkington Glass	18.97	10	0.90	1.20	1.25	1.25	3	Y.P.
40,00,000		92,65,321	6,66,780	—21,50,824	H. L. Somany, Esq. (Chairman) ..	Hindustan Twyfords Ltd.	18.19	10	1.20	1.20	*Nil*	*Nil*	10	Y.
16,16,00,000	10,67,60,544	12,60,94,528	4,09,70,628	3,29,429	Mr. F. A. Collett (Chairman)	*Imperial Tobacco* Co. of India Ltd. ..	9.75	10	0.80	0.90	0.90	0.80	3	Y.
4,00,29,880	4,53,66,220	13,12,24,786	5,15,28,582	68,98,466	H. T. Mangur, Esq. (Chairman) ..	Indian Aluminium Co., Ltd.	58.87	10	1.50	1.50	1.75		12	Y.P.T.
2,48,55,450	3,38,26,676	3,48,31,931	1,88,64,278	21,521	J. V. J. Paterson, Esq. (Chairman) ..	Indian Cable Co., Ltd.	19.37	10	2.25	2.25	2.25	2.25	3	Y.T.
3,54,00,000	1,61,35,566	9,06,12,221	3,91,56,221	35,587	Amiya Kumar Sen, Esq. (Mg. Director)..	Indian Oxygen Ltd.	26.12	10	1.50	1.50	1.20	1.20	3	Y.T.
29,93,375	1,89,825	60,18,368	28,12,622	66,066	M.	Indian Plastics Ltd.	7.25	10	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.
6,27,970	12,42,788	22,18,109	13,35,190	58,791	M.	Indian Rubber Manufacturers	20.00	10	2.00	3.00	3.00		3	Y.P.
74,99,900	5,31,000	1,01,04,229	15,19,862	19,207	Duncan Brothers & Co., Ltd.	Isaac Holdens (India) Ltd.	13.00	10	*Nil*	*Nil*	*Nil*		12	Y.
2,00,00,000	87,10,720	55,50,429	19,24,182	....	T. J. Paterson, Esq. (Chairman) ..	Jardine Henderson	76.50	100	7.00	7.00	6.00	7.00	3	Y.P.
15,00,000	13,00,000	18,79,858	1,52,872	—92,822	Y. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd. ..	8.84	10	*Nil*	*Nil*	*Nil*		6	Y.
1,24,82,125	10,83,514	1,84,72,051	9,81,899	2,02,392	Young India Agencies Pvt. Ltd. ..	Madras Rubber Factory Ltd.	13.90	10	..	0.80	0.45		9	Y.
1,47,12,250	1,22,46,546	93,25,334	22,81,208	2,44,687	T. Leslie Martin, Esq. (Chairman) ..	Martin Burn Ltd.	28.00	10	2.75	2.75	2.50		12	Y.
16,00,000	14,99,563	20,93,908	5,30,650	....	McDowell & Co., Ltd.	McDowell & Co., Ltd.	22.82	10	1.25	1.25	1.50		12	Y.P.
47,12,000	90,33,398	94,12,823	15,66,035	2,84,727	Vittal Mallya, Esq. (Chairman) ..	McLeod & Co.	206.00	100	15.00	15.00	18.00		12	Y.P.
1,61,00,000	2,38,95,151	4,47,55,502	1,71,01,969	58,785	M.	Metal Box Co. of India Ltd.	50.62	10	2.50	2.50	2.50	1.90	3	Y.P.
34,93,000	22,90,164	42,86,801	11,11,396	3,429	M. K. Vellodi, Esq. (Chairman) ..	Mysore Electric Industries Ltd. ..	168.00	100	24.00	20.00	25.00	12.00	3	Y.
6,56,250	10,58,986	15,05,788	4,55,184	1,217	N. G. Ayyangar, Esq. (Mg. Director)	Mysore Lamp *Works*	80.00	10	2.00	2.50	3.70*	0.80*	3	Y.
10,00,000	6,01,040	22,77,151	13,28,886	1,401	Mr. M. Subramanyam (Chairman) ..	Mysore Tobacco	12.00	10	1.00	*Nil*	1.00	1.00	3	Y.
1,35,00,000	1,27,32,234	1,64,18,002	78,46,576	21,708	Associated Ind. Dev. Co. (Pvt.) Ltd.	National Insulated Cable Co.	22.62	10	2.50	2.50	2.50	1.80	3	Y.
30,00,000	34,56,455	93,48,656	50,80,392	52,804	Associated Ind. Dev. Co. (Pvt.) Ltd.	National Pipes & Tubes Co., Ltd. ..	28.50	10	2.00	2.00	2.00		9	Y.P.
40,00,000	39,77,495	81,98,266	44,68,902	25,295	Associated Ind. Dev. Co. (Pvt.) Ltd.	National Rolling & Steel Ropes	19.75	10	1.80	1.80	1.80		9	Y.P.
50,00,000	16,62,447	1,23,15,320	54,09,501	75,633	K. N. Mookerjee, Esq. (Mg. Director)	National Rubber Manufacturers Ltd.	12.37	10	*Nil*	0.85	0.80		12	Y.P.
79,97,000	1,29,58,132	1,71,77,572	93,89,788	3,61,142	E. N. Elias & Co. Private Ltd.	National Tobacco Co.	12.50	10	1.60	0.70	0.70		12	Y.P.T.
23,32,100	17,27,391	45,55,515§§	....	40,960	Ramdutt Ramlinsendas	New India Investment Corpn. Ltd. ..	50.00	75	6.50	6.50	5.00		12	Y.
20,00,000	10,04,500	19,06,562	10,15,029	2,705	Parry & Co., Ltd.	Parrys Confectionery Ltd.	3.10	2	0.80	0.80	0.26	0.16	3	Y.
2,50,00,000	89,50,450	2,95,00,000	1,04,71,921	1,39,638	W. A. C. H. Hosechaart, Esq. (Chairman).	Phillips India Ltd.	28.37	10	1.20	1.20	1.80		12	Y.
1,58,16,013	8,37,000	2,22,80,449	1,44,846	—3,25,133	Duncan Brothers & Co., Ltd.	Phillips Carbon	14.62	5	1.00	*Nil*	*Nil*	*Nil*	3	Y.
12,25,600	7,44,934	30,08,132	7,95,031	4,309	Iyer & Co. Private Ltd.	Rane (Madras) Ltd.	8.55	5	0.70	0.70	0.75	0.75	3	Y.
41,56,400	47,63,183	75,97,624	27,99,889	19,937	T. Shanmanna, Esq. (Chairman)	Radio & Electricals Mfg. Co., Ltd. ..	21.37	10	2.30	1.80	1.80	1.80	3	Y.
2,25,00,000	14,24,127	1,55,03,210	69,56,578	3,23,563	Dadiseth Kanta, Esq. (Chairman) ..	Rallis India Ltd.	129.50	100	10.00	10.00	8.00		3	Y.
5,00,00,000	3,35,90,000	15,36,08,576	7,92,70,758	4,305	*Sahu Jain Ltd.*	Rohtas Industries	12.06	10	2.00	1.00	0.90	0.90	3	Y.P.T.
70,00,000	58,67,480	1,03,57,553	1,16,24,438	1,553	S. N. Gangull, Esq. (Secretary)	Sen-Raleigh Ltd.	15.00	10	0.80	0.80	0.60		9	Y.P.
71,60,000		1,02,02,408	9,21,237	—14,10,918	Seshasaye Brothers Pvt. Ltd.	Seshasaye Industries	6.72	5	*Nil*	*Nil*	*Nil*		3	Y.P.
75,00,000	55,43,000	3,25,33,514	1,15,95,090	76,764	S. M. Smith, Esq. (Chairman)	Shaw Wallace & Co., Ltd.	17.25	10	1.50	1.50	1.75	1.80	12	Y.P.
40,00,000	1,10,03,806	1,65,52,552	89,38,199	4,37,429	C. W. Stephenson, Esq.	Spencer & Co., Ltd.	21.50	10	1.80	1.80	1.80	1.80	12	Y.P.
47,00,000	32,00,000	2,09,13,405	63,50,721	14,232	Standard Motor Co. (*India*) Pvt. Ltd.	Standard Motor Products	21.50	10	1.80	1.80	1.80		6	Y.P.
9,99,310	55,188	18,77,856	9,39,671	498	Ogale Bros. (Private) Ltd.	Travancore[Ogale Glass	5.85	10	0.60	0.70	0.85		12	Y.P.
11,50,800	19,10,341	16,95,907	8,53,237	53,666	E. H. Stanes, Esq. (Mg. Director) ..	T. Stanes & Co., Ltd.	27.40	10	2.25*	1.50	3.25	3.35	3	Y.P.
2,50,00,000	2,14,79,630	5,65,64,026	1,69,15,726	50,510	Sir A. Ramaswami Mudaliar (Chairman).	Tube Investments of India Ltd.	215.00xd	100	10.00	10.00	10.00	10.00	7	Y.
80,58,060	1,87,021	77,93,874	36,18,874	1,48,217	The Cotton Agents Private Ltd.	Tungabhadra Industries Ltd.	9.37	10	*Nil*	*Nil*	*Nil*		9	Y.
2,80,00,000	3,16,49,276	7,50,03,122	2,05,08,459	4,44,246	J. B. Galloway, Esq. (Chairman) ..	Union Carbide India Ltd.	41.60	10	1.80	1.80	1.25		12	Y.T.
50,00,000	91,28,520	70,39,890	27,47,493	....	Vittal Mallya, Esq. (Chairman)	United Breweries Ltd.	71.40	10	6.00	6.00	2.50		12	Y.P.
5,00,000	6,61,791	9,45,216	6,49,099	6,571	Shaw Wallace & Co. Ltd.	United Floor Mills Ltd.	27.81	10	3.50	1.50	2.50	0.60	3	Y.
31,46,250	36,44,970	1,13,05,331	55,87,488	9,209	A. N. Checkley, Esq. (Mg. Director) ..	*Western India Plywoods Ltd.*	234.00	100	10.00	12.00	14.00	15.00	3	Y.P.
14,49,425	....	4,88,069	25,840	—8,84,232	B. A. Harper, Esq. (Mg. Director) ..	Wellman Incandescent India Ltd. ..	8.12	5	..	..	..	*Nil*	3	Y.
TRANSPORT														
20,00,000	27,13,587	53,71,269	23,96,464	11,765	*Andrew Yule & Co.*, Ltd.	Bengal-Assam Steamship Co.	128.00	100	7.50	7.50			10	Y.P.
1,00,00,000	*31,61,089*	*4,95,46,330*	*2,56,84,032*	....	Dinshaw (Private) Ltd.	Bharat Line	4.72	10	*Nil*	*Nil*	*Nil*		12	Y.
50,00,000	2,71,64,446	10,54,29,602	3,40,39,042	1,28,087	A. H. Bhiwandiwalla & Co. (Bombay) Private Ltd.	Great Eastern Shipping Co.	16.32	10	1.00	0.78	1.00	*Nil*	6	Y.P.
30,06,000							4.75	5	0.50	0.39	0.50	*Nil*		
£655,580	£1,194,360	£4,312,991	£2,342,183	—£284,854	Kilburn & Co. Private Ltd.	India General Navigation & Rly. Co. ..	45.00	£10	*Nil*				12	Y.P.
2,47,50,000	1,57,29,564	23,79,77,974	8,19,14,557	—89,24,855	Lionel Edwards (Private) Ltd.	India Steamship Co.	6.87	10	1.00	*Nil*	*Nil*	*Nil*	3	Y.P.
11,28,19,233	11,58,24,547	36,88,60,105	12,45,17,005	2,82,649	D. M. Khatau, Esq. (Chairman)	Scindia Steam[Navigation Co.	13.84	20	0.60	0.80	0.80	1.00	3	Y.
Or. 8,40,800							8.00	*O.* 1	0.30	0.30	0.30		6	
F.O. 2,10,200	29,75,610	17,52,888	10,48,110	5,407	R. B. Alyer, Esq. (Manager)	Walford Transport Ltd.	4.06	*F.O.* 1	0.20	0.20	0.20		12	Y.
							2.75		0.20	0.20	0.20			

COAL COMPANIES

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Director or Secretaries	Company	Latest available Quotation	Paid-up per Share	Dividend per Ordinary Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
25,50,000	69,27,800	1,49,32,049	90,70,765	39,096	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields	24.75	10	1.00	1.25	1.50		3	Y.
12,00,000	12,52,902	41,58,992	36,25,221	....	Jardine Henderson Ltd.	Barraree Coke	21.75	10	*Nil*	*Nil*	1.50	1.50	3	Y.
4,49,350	1,52,388	11,57,992	6,03,036	5,392	Kalyanji Mavji & Co.	Bengal-Bhatdee	8.00N	10	0.60				12	Y.
1,20,00,000	2,44,30,490	7,89,11,386	5,07,62,864	10,42,254	Andrew Yule & Co., Ltd.	Bengal Coal	251.00	100	25.00	21.00			10	Y.P.
3,25,000	5,45,835	24,86,330	21,80,114	16,129	M.	Bengal-Nagpur	*22.00N*	100	1.00	2.50			12	Y.
40,00,000	84,950	1,27,37,956	69,90,595	—3,95,581	Shaik Jain Ltd.	Bharat Collieries	8.44	10	*Nil*	*Nil*	*Nil*		6	Y.P.T.
7,15,000	*8,31,722*	59,01,884	37,69,465	—8,37,301	M.	Bhubaneswara	10.00	10	*Nil*				12	Y.T.
7,50,000	22,77,003	45,77,689	29,53,344	33,647	F. W. Heilgers & Co. (Private) Ltd.	Borrea	21.31	10	1.50	1.50			12	Y.P.
90,92,480	94,32,421	4,74,28,220	2,59,88,877	30,788	Bird & Co. Private Ltd.	Burrakur	16.12	10	1.30	1.30	1.30	1.80	6	Y.P.T.
49,97,750	6,85,370	84,52,322	33,58,568	3,59,023	Hindustan Investment Corpn. Ltd.	Central India	9.50	10	0.80	1.00	1.00		3	Y.
8,00,000	12,99,490	54,18,457	35,46,265	—1,25,641	Jain Industries	Central Kurkend	3.44	10	*Nil*				12	Y.
16,00,000		61,57,992	36,92,941	—5,39,034	M.	Dhemo Main	4.50	10	*Nil*	*Nil*	*Nil*		12	Y.
22,40,000	£561,905	£979,072	£218,616	£6,234	Jardine Henderson Ltd.	East Indian	29.50	£1	2.00	2.00	2.75		4	Y.
29,85,760	1,18,76,888	5,05,78,170	3,65,55,116	33,594	Macneill & Barry Ltd.	Equitable	22.69	10	1.50	1.00			12	Y.P.T.
15,00,000		40,000	9,88,623	—5,84,265	Bhatter's Agency Ltd.	Ghusick and Mualia	12.12	10	*Nil*	*Nil*	*Nil*		3	Y.
12,00,000	2,47,433	45,20,017	30,34,246	799	*Killick Limited*	Hingir-Rampur	46.00	50	*Nil*	*Nil*	*Nil*		6	Y.P.
3,00,000		26,07,213	20,64,191	—3,65,025	M.	Hurriladih	5.50	10	*Nil*				12	Y.
20,00,000	9,86,018	49,20,929	18,19,029	32,810	Bird & Co. Private Ltd.	Karanpura Collieries	16.00	10	0.75	1.00	1.00		2	Y.P.
14,88,460	16,01,825	61,62,377	42,68,781	1,11,842	Andrew Yule & Co., Ltd.	Katras Jherriah	34.50	10	9.50	4.00	2.50		1	Y.
9,00,000	10,22,762	29,57,644	23,77,712	57,591	H. V. Low & Co. (Private) Ltd. ..	Lakurka	13.00	10	0.40				4	Y.
7,48,240		16,49,490	10,51,223	74,711	Tantia Brothers Private Ltd.	Nazira	6.25	10	0.75	*Nil*	*Nil*		12	Y.
31,97,210	34,47,233	1,69,65,316	1,11,11,820	93,645	Andrew Yule & Co., Ltd.	New Beerbhoom	16.19	10	1.50	1.00			10	Y.P.
10,00,000	3,90,206	12,37,138	3,80,199	51,230	Octavius Steel[& Co., Ltd.	New Mashbhoom	15.25	10	0.75	0.80			3	Y.
1,15,000							19.75	10	2.00	2.00				
1,57,000	4,31,409	17,65,275	10,59,556	15,045	M.	North West	46.50N	7.50	1.50	1.50			5	Y.
7,50,000	13,22,645	2,92,536	22,85,007(k)	45,060	P. Prashad, Esq. (Chairman)	Ondal	13.50	10	0.70	0.75			12	Y.P.
4,54,000	15,75,000	37,86,226	14,17,450	589	Deepchandi Kishenlall	Parasea	14.00	10	0.125	0.125			12	Y.P.T.
41,99,120	40,85,000	1,62,76,221	1,12,48,598	54,253	Shaw Wallace & Co., Ltd.	Perch Valley	18.31	10	1.00	1.00	1.00		3	Y.
15,60,000	20,80,190	65,99,726	40,37,691	35,781	M.	Ranegunge	13.69	10	1.50	1.70	1.70		3	Y.
37,50,000	40,22,084	1,15,07,370	41,76,885	41,528	Shaw Wallace & Co., Ltd.	Rewa	28.50	10	2.00	2.00			12	Y.
48,00,000	4,97,010	48,82,001	12,69,030	43,117	M.	Samla Collieries	49.17	10	1.00	1.00			12	Y.
5,80,000	12,23,716	32,30,082	21,46,078	7,238	S. D. Sethia & Co. Private Ltd. ..	Selected Satgram Collieries	117.00	100	15.00	14.00			12	Y.
12,80,000	4,54,648	35,740	13,04,570(k)	67,385	Andrew Yule & Co., Ltd.	Seebpore	84.75	7	3.00	3.00			12	Y.P.
8,00,00,000	1,08,14,323	10,13,84,729	4,10,29,316	47,033	F. W. Heilgers & Co. (Private) Ltd.	Sendra	5.00	10	0.50	0.35			12	Y.
17,50,000	10,02,341	60,73,982	24,33,892	2,926	M. P. Pai, Esq. (Chairman)	Singareni	9.75	10	0.70	0.75	....	0.75	3	Y.
8,00,000	*15,48,989*	1,53,707	26,76,159(k)	33,908	Bird & Co. Private Ltd.	South Karanpura	8.50	10	0.25	*Nil*	*Nil*		6	Y.
3,50,000	3,01,032	23,77,775	17,78,595	*36,405*	F. W. Heilgers & Co. (Private) Ltd.	Standard	11.87	10	1.50	1.00			12	Y.
49,98,000	5,99,055	1,05,82,162	45,25,015	1,19,162	E. M. Varma, Esq. (Mg. Director) ..	Union	10.12	10	*Nil*	*Nil*			12	Y.
7,00,000	....	60,62,759	34,56,424	—5,23,711	Hindustan Investment Corpn. Ltd.	Western Bengal	8.80	10	0.60	0.75	0.90		12	Y.
					M.	West Jamuria	4.56	10	*Nil*	*Nil*			12	Y.

H.—Clive Row Investment—Dividend for 1959 includes additional dividends of 9 nP for the year ended 31st March 1955 and 37 nP for the year ended 31st March 1956.

M.—Managed by the Board of Directors. *N.B.*—Dividends paid since 31st March 1959 are shown as taxable.

A.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year *1960 would work out* to 16.36 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 118 lakhs whereas the interim dividend of 15 per cent was on a paid-up capital of Rs. 50 lakhs only.

(k) Investments. X.B.—Ex-Bonus.

** Includes bonus.*

‡‡ Investment at cost.

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.	Latest available Quotation. Rs.	Paid-up per Share. Rs.
BANK						
Habadad Bank T.F.C.	15,00,000	1901	6.00	‖Mar. Sept.	93.50	100
BREWERIES AND SUGAR						
Bharat Sugar R. C.	5,00,000	1931	5.00

BANKS

Paid-up Ordinary Capital	Reserve Fund	Carried Forward	Name of Bank	Latest available Quotation	Paid-up per Share	Dividend per Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs. or £	Rs. or £	Rs. or £		Rs. or £	Rs. or £	Rs. nP	Rs. nP	Rs. nP	Rs. nP		
87,50,000	1,23,75,000	6,20,995	Allahabad Bank	253.50	100	18.00‡	18.00‡	15.00		12	Y.P.
1,01,800	25,48,220	3,245	Andhra Bank	94.40	100	8.00	8.00	8.00		6, 12	H.
40,75,500				85.10	85	6.80	6.80	6.80			
2,00,00,000	2,00,33,960	4,16,722	Bank of Baroda	90.50	50	8.50	8.50	8.00	4.00‡	12	Y.
2,85,00,000	4,11,56,000	13,09,848	Bank of India	106.00	50	10.00	10.00	10.00	4.00‡	6, 12	R.L.Y.
A. 60,00,000				107.00	50'A'	1.00	10.00	10.00	4.00‡		
40,74,870	26,80,000	46,362	Bank of Maharashtra	54.50	50	5.50‡	4.50	4.50		12	Y.
81,90,000	76,00,000	58,369	Canara Bank Ltd.	81.50	50	7.50	7.50	7.50		12	Y.P.
17,75,715	25,25,000	15,445	Canara Banking Corporation Ltd. ..	73.00	50	7.50	7.50	7.50		12	Y.P.
'A' 5,99,870				157.50	100'A'	20.00‡	20.00‡	10.00			
'B' 60,57,995	66,00,000	77,782	Syndicate Bank Ltd...	18.50	10'B'	2.00	2.00‡	1.00		12	Y.P.
'C' 2,09,000				1.71	10'C'	0.20	0.20‡	0.10			
2,02,86,850	5,10,84,859	93,250	Central Bank of India Ltd.	46.50xr	25	5.10‡	5.00	5.00	2.40‡	12	R.L.Y.
'A' 52,80,000				47.50xr	25	5.10‡	5.00	5.00	2.40‡		
1,00,00,000	1,10,00,000	1,78,514	Devkaran Nanjee Banking Co. ..	56.00	50	4.38	5.50	5.50	6.00	12	Y.
2,00,00,000	2,80,00,000	54,84,941	Habib Bank Ltd. P.	20.96N	5	17.5%	20%	20%		12	Y.
1,25,00,000	10,00,000	17,401	Hindustan Commercial Bank	13.50	50	NIL	NIL	NIL		12	Y.
50,00,000	2,10,000	52,289	Hindustan Mercantile Bank	13.37	50	NIL	NIL	NIL		12	Y.
58,39,795	90,01,884	1,42,757	Indian Bank	157.00cd	100	15.00‡	15.00	14.00‡	7.00‡	12	R.L.Y.
75,00,000				146.00cd	100	14.00	14.00	12.00			
19,50,775	86,86,169	2,03,044	Indian Overseas Bank Ltd.	—	75	—	—	9.00		12	Y.
15,00,000	15,88,000	21,884	Pandyan Bank Ltd.	37.00	25	2.50	18.75			12	Y.
1,00,24,000	2,25,56,000	15,21,090	Punjab National Bank	19.24	10	2.00	2.00	2.00	1.00‡	12	Y.
5,62,50,000	3,75,00,000	45,57,533	State Bank of India	402.50	100	22.75	23.00	23.00		12	Y.
1,00,00,000	70,00,000	1,89,907	Union Bank of India	6.16	5	0.57	0.57	0.57		12	Y.
2,33,35,937	3,03,00,000	25,151	United Commercial Bank	70.70	50	6.00	6.00	6.00		12	H.
2,68,67,461	95,00,000	3,26,008	United Bank of India..	8.56	10	0.43	0.60	0.60		12	R.L.Y.

PRINCIPAL EXCHANGE BANKS (Dividend per cent.)

£6,600,000	£7,150,000	£494,910	Chartered Bank	£2-16-9	£1	15†	15‡†	15†		12	Y.
H.K. $79,046,125	£15,000,000	£146,383	Hongkong and Shanghai Banking Corporation	£21‡	H.K. $25	sh. 12*	sh. 15*	sh. 15*		12	Y.
£5,703,000	£5,250,000	£316,941	National and Grindlays Bank Ltd. ..	£1-12-6	sh. 15	12‡†	13‡†	14†	7‡†	12	H.Y.

‡ Includes bonus. F—Figures in Pak rupees. † Less tax. xr—Ex-Right.
* sh. per Share free of tax. C—On increased Capital.
N.B.—All dividends declared since 31st March 1959 are taxable.

DEBENTURES

Amount Rs. or £	Rate of Interest per cent	Interest Payable on	Company	Date of Issue	Latest available Quotations (per hundred) Rs. or £	Principal Repayable
BREWERIES AND SUGAR						
7,50,000	7	1st December and 1st June ..	Carew & Co.	1938	98.00N	1st June 1970
2,45,000	6‡	1st March and 15th September ..	Carew & Co. (2nd mortgage)	1941	95.00N	28th February .. 1970
26,00,000	4‡	1st May and 1st November ..	Walchandnagar Industries	1944	99.50	1st November .. 1959-64
75,02,000	6	1st July and 1st January ..	Walchandnagar Industries	1960	98.50	21st June 1972
COAL						
30,00,000	6	30th April and 31st October ..	Bharat Collieries	1944	99.00N	31st October .. 1964
60,00,000	6‡	1st May and 1st November ..	Bengal Coal Co.,Ltd.	1961	98.00	31st October .. 1975
20,00,000	4‡	30th June and 31st December ..	Burrakur Coal Co.	1947	85.00	30th June .. 1967 (a)
46,86,000	5‡	1st July and 1st January ..	Equitable Coal Co.	1953	98.00N	14th December .. 1968 (a)‡
COTTON						
30,00,000	5‡	1st January and 1st July ..	Ahmedabad Advance	1956	95.00	18th December .. 1966-71
4,00,000	6	1st May and 10th November ..	Bengal-Nagpur	1957	94.00N	15thNovember .. 1968 (a)
66,93,000	5T	1st April and 1st October ..	Buckingham and Carnatic	1952	100.00	1st March .. .. 1972 (a)
40,02,381	6‡	1st April and 1st October ..	Gokak Mills	1957	93.00	1st April 1967-72
16,00,000	6‡	2nd January and 2nd July ..	Minerva Mills	1959		1st July 1967-70
84,22,000	6‡	1st January and 1st July ..	Shree Nivas	1958	99.50	31st December .. 1970
29,51,000	6‡	1st April and 1st October ..	Simplex	1959	97.00	15th October .. 1969-74
30,00,000	6‡	1st April and 1st October ..	Lakshmi-Vishnu	1956	94.50	1st June 1966-70
30,00,000	5‡	1st June'	Tata Mills	1961	86.50	1st June 1966-71
ELECTRICS						
10,00,000	4‡	31st March and 30th September ..	Agra Electric Supply Co., Ltd.	1950	89.00	31st March .. 1965 (a)
2,00,00,000	6‡	15th June and 15th December ..	Ahmedabad Electric Co., Ltd.	1960	98.00	15th June 1966-70
93,25,000	5‡	1st April and 1st October ..	Andhra Valley Power Supply Co. ..	1949	94.00	1st April 1970-76
12,00,000	4‡	30th June and 31st December ..	Benares Electric Light and Power Co., Ltd.	1949	93.00	31st December .. 1964 (a)
23,787,574	5	1st January and 1st July ..	Calcutta Electric Supply Corporation Ltd.	1959	90.50	1st January .. 1970 (a)
10,80,000	6	1st January and 1st July ..	Sirsa (Jherlah) Electric Supply Co., Ltd...	1951	91.00	30th June .. 1976 (a)
1,00,000	5T	3rd April and 3rd October ..	South Madras Electric Supply	1940	98.50	30th September .. 1953-68
47,73,000	5	1st January and 1st July ..	Tata Power	1960	94.50	1st July 1970
2,50,00,000	4‡	1st January and 1st July ..	Tata Power	1949	84.00	1st July 1965-70
ENGINEERING						
5,00,000	5‡	30th June and 31st December ..	Britannia Engineering	1945	94.00	31st December .. 1969
1,50,00,000	6‡	1st January and 1st July ..	Guest, Keen, Williams Ltd.	1958	100.00	1st January .. 1971
29,18,000	7	15th September and 15th March.	Indian Hume Pipe (Reserve)	1962	101.50	15th September .. 1977 (a)
10,00,000	4	31st May and 30th November ..	Kumardhubi Engineering Works Ltd. ..	1946	90.00	31st May 1971
3,00,00,000	5	1st April and 1st October ..	Tata Locomotive	1950	96.75	30th September .. 1960-65
JUTE						
12,00,000	5‡	1st October and 1st April ..	Agarpara	1939	91.00	31st March .. 1969
6,00,000	5‡	30th June and 31st December ..	Alexandra	1939	93.00	30th June .. 1969
15,00,000	4	31st December and 30th June ..	Auckland Jute Co., Ltd.	1945	90.00	31st December .. 1964
10,69,000	5	30th June and 31st December ..	Chitavalsah Jute Mills	1946	90.00	30th June .. 1966
18,73,000	5‡	31st March and 30th September ..	Dalhousie Jute Co.	1954	90.00	31st March .. 1969 (a)
3,86,000	5	15th January and 15th July ..	Empire	1951	90.00	15th July .. .. 1966 (a)
25,00,000	5‡	31st March and 30th September ..	Fort Gloster Industries Ltd.	1952	98.00	30th September .. 1966
20,40,000	5‡	31st March and 30th September ..	Howrah Mills Co., Ltd.	1955	92.50	31st March .. 1970
25,00,000	5	30th June and 31st December ..	Kinnison Jute Mills Co., Ltd.	1949	90.00	31st December .. 1964 (a)
25,00,000	5‡	30th June and 31st December ..	Naihati	1952	90.00	31st March .. 1967 (a)
5,00,000	6‡	14th November and 14th May ..	Nellimarla Jute Mills Co., Ltd.	1939	92.00	14th May 1974
20,00,000	4	30th June and 31st December ..	Northbrook Jute Co., Ltd.	1945	85.00	31st December .. 1964
25,00,000	5	31st March and 30th September ..	Shamnagar Jute Mills Co., Ltd.	1950	81.00	5th September .. 1965 (a)
12,00,000	5‡	30th June and 31st December ..	Union	1937	95.50N	31st March .. 1967
RAILWAYS ; STEAMSHIP AND TRAMWAYS						
£321,697	4‡	1st January and 1st July ..	Calcutta Tramways	1900	£66.00N	At 105% at any time on 6 months' notice or at par or every seventh year thereafter
£139,051	5	1st April and 1st October ..		1933	£74.00N	1st October .. 1974
6,50,000	6	30th June and 31st December ..	Katakhal-Lalabazar Railway	1945	85.00	31st December .. 1974
£200,000	4‡	30th June and 31st December ..	Shahdara-Delhi-Saharanpur Railway ..	1905	£64N	Any time on six months' notice (a)
PLANTING						
4,54,000	7T	1st April and 1st October ..	Sangameshwar Coffee	£100.00		1st April 1960-61
MISCELLANEOUS						
45,00,000	5	2nd January and 2nd July ..	Aluminium Industries	1961	100.25	2nd July 1966-71
9,90,000	5	1st January and 1st July ..	Aluminium Corporation of India Ltd. ..	1948	92.00	31st December .. 1965
3,00,00,000	5‡	1st March and 1st September ..	Burmah-Shell	1954	94.00	1st September .. 1965-80 (a)‡
2,00,00,000	5‡	1st April and 1st October ..	Calico Oil Refining (India) Ltd.	1955	98.50	1st October .. 1970
1,00,00,000	6‡	31st March and 30th September ..	Dalmia Cement (Bharat) Ltd.	1946	98.00	30th September .. 1976-77
2,04,55,000	6‡	1st January and 1st July ..	Dunlop Rubber Co. (India) Ltd.	1950	100.00	1st January .. 1973 (a)†
97,80,000	5‡	1st January and 1st July ..	Indian Cable Co., Ltd.	1954	100.50	30th June .. 1969 (a)‡
3,00,00,000	6‡	1st January and 1st July ..	Indian Aluminium Co., Ltd.	1959	98.00‡	1st January .. 1975
27,75,000	5T	2nd January and 2nd July ..	Metfur Chemical Industries	1949	84.00	30th September .. 1964
39,70,000	4	30th June and 31st December ..	McLeod & Co., Ltd. (Convertible Notes)..	1947	410.00 (per note)	30th September .. 1972 (a)
74,75,000	5	1st April and 1st October ..	Macneill and Barry Ltd.	1951	85.00N	1st April† 1971
55,91,000	6‡	30th June and 31st December ..	National Rayon	1955	99.00	30th June 1965-70
20,00,00,000	6‡T	15th May and 15th November ..	Oil India		98.00	15thNovember .. 1968-77
20	6‡	1st January and 1st July ..	Premier Automobiles	1958	125.50	31st March .. 1968-73
1,00,00,000	6	30th June and 31st December ..	Rohtas Industries Ltd.	1954	96.00	31st December .. 1969
10,00,000	5‡	January and July ..	Shree Gopal Paper Mills Ltd.	1944	95.00	15th July 1966
80,00,000	5‡	1st May and 1st November ..	Esso	1953	94.00	1st April .. .. 1964-68 (a)‡‡
5,31,000	5	31st January and 31st July ..	Tata Chemicals Ltd.	1945	95.00	31st July 1970-75
50,00,000	6	1st April and 1st October ..	Tata Oil Mills Co. Ltd.	1959	96.00	30th September .. 1969-74

(a) These debentures are registered and are transferable by transfer deeds. (b) Option to repay on 3 months' notice at any time at 3 per cent premium.
‡ With option to redeem at Rs. 101 per cent after 10 years or at Rs. 100-8 per cent after 12 years. ‖ Any debenture outstanding on 1-6-1969 will be redeemed on that date with option to redeem all debentures at 101 per cent on 1-6-1964. ‡‡ Rs. 50 lakhs will be redeemed annually by drawings from 1st May 1964 onwards. The Company has option to redeem debentures at 101 per cent on 1st May 1968 on six months' notice. † Option to repay at par on six months' notice on or after 1st January 1961. T—Taxable. T.F.—Tax-free.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 23rd January 1964:

	Closing quotations 16-1-1964	High	Low	Closing quotations 23-1-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	146.00	146.00	137.50	137.50
Apollo (2)	1.84	1.80	1.72	1.72
Baroda Rayon (100)	95.00	95.50	92.00	92.00
Bombay Dyeing (25)	62.80	62.70	61.40	62.00
Bradbury (50)	160.00	160.00	157.00	157.00
Central India (100)	98.00	98.50	97.00	98.00
Century Mills (100)	681.00	682.00	664.00	673.50
Dawn (50)	152.50	152.50	151.00	152.00
Bibhinstone (50)	98.00	99.00	98.00	98.00
Finlay (100)	310.00	314.00	310.00	310.00
Gokak (100)	173.00	—	—	173.00
Gold Mohur (100)	210.00	211.25	210.00	211.25
Gwalior Rayon (10)	41.00	41.50	40.50	41.00
Ind. Untd. Defd. (1)	2.52	2.52	2.50	2.50
Ind. Untd. Ord. (10)	22.00	21.95	21.45	21.75
Indian Rayon (100)	77.00	76.50	74.00	74.00
Indore Malwa (100)	205.00	205.00	201.00	201.00
Khatau (100)	206.25	206.25	198.75	201.25
Kohinoor (100)	334.00	334.50	330.50	333.00
Mafatlal (100)	741.25	741.25	600.00	625.00
Modella Woollens (10)	14.84	—	—	14.84
Morarji (100)	367.00	360.00	358.00	360.00
Mysore (50)	45.00	—	—	45.00
National Rayon (100)	435.00	430.50	418.00	410.00
New Great (100)	178.00	—	—	178.00
Phoenix (100)	233.00	233.00	226.00	230.00
Podar Mills (10)	13.00	13.24	13.00	13.24
Raymond Woollen (100)	135.00	—	—	134.50
Sasoon Spg. 10)	42.75	—	—	42.75
Shreeniwas (100)	271.00	272.00	268.00	270.00
Simplex (50)	126.00	126.00	125.00	126.00
Standard (100)	822.00	820.00	772.00	777.00
Svadeshi (100)	246.50	247.00	245.50	245.50
Swan (100)	265.00	—	—	265.00
S. I. Viscose (100)	136.50	137.00	133.00	133.00
Tata Mills (25)	55.50	56.20	55.00	56.00
Lakshmi-Vishnu (100)	103.00	103.00	102.00	102.00
Western India (250)	875.00	—	—	875.00
BANKS				
Bank of India (50)	107.50	108.00	106.00	106.00
Do. (New) (50)	108.00	108.00	107.00	107.00
Bank of Baroda (50)	91.50	92.00	90.50	91.00
Central (25)	47.00	47.50	46.00	46.50
Central 'A' (25)	48.00	48.00	46.25	47.50
Dena Bank (50)	55.50	56.00	55.20	56.00
Punjab National (10)	19.24	—	—	19.24
Union Bank (5)	6.20	6.20	6.12	6.16
United Com. (50)	70.00	71.00	70.00	70.70
Maharashtra (50)	54.20	54.20	54.00	54.00
ELECTRIC COS.				
Ahmedabad (100)	95.50	95.50	94.50	95.50
Amalgamated (10)	9.72	9.72	9.52	9.60
Andhra Valley (1,000)	1,037.50	1,037.50	1,025.00	1,037.50
Bom. Sub. El. (100)	103.50	103.50	101.00	102.00
Surat (100)	100.50	101.50	100.50	101.50
Tata Hydro (100)	108.00	108.75	108.00	108.75
Tata Power (1,000)	1,087.50	1,092.50	1,082.50	1,082.50
INSURANCE COS.				
British India (10)	11.76	—	—	11.76
Indian Mercantile (50)	56.00	—	—	56.00
New India (15)	44.50	46.50	44.50	46.50
New India 'A' (15)	45.00	47.00	45.00	46.75
Vulcan (10)	16.00	—	—	16.00
STEEL COS.				
Ind. Iron (10)	25.05	25.05	24.84	24.88
Mukand Iron (10)	17.52	17.48	16.88	17.00
Tata Steel Ord. (75)	146.75	147.00	144.50	145.25
SUGAR COS.				
Belapur (50)	230.50	230.50	228.50	229.00
Bhopal (10)	12.88	—	—	12.88
Chemfalco (12.50)	28.00	29.50	29.35	29.50
Maharashtra (50)	129.00	128.00	125.50	128.00
Phaltan (50)	108.50	108.00	105.00	105.00
Walchand Ind. (100)	151.00	150.00	147.00	147.00
CEMENT COS.				
Associated Cts. (100)	150.25	153.00	150.25	152.25
Digvijay (100)	172.50	172.50	168.00	171.00
Orissa (10)	13.88	13.88	13.60	13.84
DYES & CHEM.				
Amar-Dye-Chem (100)	147.50	147.50	142.50	142.50
Camphor & Allied (100)	92.00	92.00	91.00	91.00
Citric (100)	78.00	88.00	76.50	77.00
Chemicals (100)	153.50	—	—	153.00
Colour Chem (100)	340.00	340.00	325.00	328.75
Indian Dyestuff (100)	328.75	330.00	316.25	320.00
Polychem (50)	128.75	128.75	125.00	125.50
Synthetics (100)	102.00	103.00	101.00	103.00
Tata Chemicals (10)	18.60	18.52	17.92	18.28
MISCELLANEOUS				
Alcock Ashdown (100)	296.00	295.00	290.00	294.00
Bom. Burmah (25)	46.25	46.50	46.00	46.00
Do. (New) (20)	2.72	2.82	2.60	2.72
Br. B. Petrol (1 sh.)	8.24	8.36	8.12	8.36
Br. I. Corpn. (5)	110.50	113.00	110.00	112.25
Hindustan Lever (10)	36.00	36.00	35.50	36.00
Hindustan Motors (10)	19.08	19.08	18.84	18.88
I. G. & Invest. Corporation (100)	94.00	94.30	94.00	94.00
Indian-Copper (2sh.)	3.36	3.36	3.34	3.30
Killicks (100)	87.50	87.50	84.00	85.00
Larsen & Toubro (10)	22.64	22.76	22.24	22.40
Mahindra & Mahindra (10)	16.24	16.52	15.76	16.52
Asian Cables (100)	82.50	82.50	81.00	81.00
Permanent Magnets (100)	137.50	137.50	132.50	135.00
Phillips Carbon (10)	15.00	15.00	14.76	14.76
Pfz. Antenobiotics (100)	97.50	97.70	96.50	97.50
Premier Con. (80)	163.50	163.50	158.50	160.50
Scindia (20)	13.56	13.96	13.28	13.76
G. E. Shipping (10)	16.44	16.52	16.28	16.32
N. Standard Eng. (100)	128.50	132.00	128.00	128.00
T. Manekial (100)	635.00	635.00	605.00	615.00
Shivraspur (10)	20.00	20.00	19.00	19.00
Birpur Paper (10)	12.68	12.68	12.52	12.60
Tata Locomotive (100)	291.50	293.75	290.00	292.00
Tata Oil (25)	66.50	67.50	65.00	65.50
Voltas (100)	265.00	266.00	262.00	264.50
W. I. Match (100)	261.50	261.50	259.00	260.00
W. Coast Paper (100)	153.50	153.00	150.00	151.00
Zenith Steel (10)	17.68	17.52	17.12	17.24

GOVERNMENT SECURITIES	16-1-1964 Rs.	Gross Yield Earlier Redemption	Gross Yield Later Redemption	23-1-1964 Rs.
2½% 1976	83.50	—	4.39	83.50
3% 1964	99.50	—	3.50	99.50
3% 1966-68	97.85	3.88	3.50	97.85
2½% 1970-75 1st Def.	90.05	4.94	4.13	90.05
2½% 1986 Con. Loan ..	65.65	—	4.56*	65.65
3½% 1964 N. P. Loan.	99.85	—	3.66	99.85
3½% 1964 N. P. Bonds	99.65	—	3.70	99.65
3½% 1967 N. P. Bonds	99.35	—	3.70	99.35
3½% 1974	96.75	—	4.12	96.75
3½% 1967 N. P. Bonds	99.00	—	3.88	99.00
3½% 1969 Loan ..	97.10	—	4.09	97.10
3½% 1968	98.10	—	3.93	98.10
3½% 1968 N. P. Bonds	99.45	—	3.88	99.45
4% 1972 Loan ..	99.25	—	4.10	99.25
4% 1973 Loan ..	99.15	—	4.10	99.15
4% 1970 Loan ..	98.25	—	4.15	98.25
2½% 1966 Bonds ..	99.65	—	3.65	99.65
4% 1980 Loan ..	98.30	—	4.14	98.30
4% 1981 Loan ..	98.55	—	4.11	98.55
4½% 1985 Loan ..	100.10	—	4.49	100.10
6½% 1977 G. Bonds ..	118.00	—	4.73	118.00
4½% 1977 N. D. Bonds	100.60	—	4.16	100.00

* Current Income. xd—Ex-dividend. xr.—Ex-Right.
cr.—Cum-Right. cd—Cum-dividend.
‡ Rs. Burmah—Shares of Rs. 125 have been sub-divided into shares of Rs. 25 each. † Sub-divided into 5 shares of Rs. 20 each after taking into account the Bonus element of the Rights issue.

COMMERCE

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

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RETHINKING ON SUGAR POLICY URGENT

THE supply position of sugar in India is by no means comfortable. The prospects are that, in the coming months, consumers will have to suffer more than they did last year. There is increasing evidence that the Government's calculations regarding production may not fructify. It is true that production upto 22nd January 1964 has been 100,000 tons more than that in the corresponding period of the 1960-61 season when there was a record high output of about 3,000,000 tons. But this does not automatically warrant the conclusion of the officials of the Union Food Ministry that the remaining months of the 1963-64 (that is, the current) season will witness the same rate of production (let alone a higher rate) as in the 1960-61 season. For the availability of sugarcane to sugar factories is rapidly shrinking, due to the combined effect of keen competition from *gur* and *khandsari* producers and failure of sugarcane crop to come up to the levels expected earlier. In many parts of India, factories are, therefore, faced with the prospect of earlier closure of crushing operations. It is possible that, by March end, crushing will be virtually over in almost all parts of the country.

When the production target of 3.30 million *tons of sugar* was fixed for the current season, the assumption was that sugarcane crop would be at least 104 million tons, that is, the level reached in the 1960-61 season. But current estimates are that the crop is much less than this total. At the same time, *gur* prices have been twice as high as those prevailing in the comparable period of 1960-61. This is true of *khandsari* too. So the brown sugar producers have been at a great advantage over white sugar producers whose capacity to compete with the former is limited by the price control on their product. The latest estimate of white sugar production for the current season as a whole, made by Mr. G. M. Modi, Chairman of Indian Sugar Mills Association, is no more than 2.53 million tons, a shortfall of 770,000 tons, as compared with the target of 3.30 million *tons. Even if some allowance* is made for possible underestimation by Mr. Mody, it now looks as though the output may not exceed 2.65 million tons, as against a minimum requirement of 2.80 million tons for both domestic consumption (on the basis of existing controls and restraints) and export of 300,000 tons already committed to. Really speaking, if there is to be some elbow room and a modest surplus to be carried forward, production should be not less than three million tons.

This being the real state of affairs, the Government must act quickly and do all that is possible to increase the flow of sugarcane to the factories and to extend the crushing season. The solution put forward by the I.S.M.A. this week, though by no means ideal, seems to be a practicable one, capable of meeting the current situation in a better manner than the measures taken so far. The Government is not prepared to compel sugarcane growers in the areas of sugar factories to deliver all their crop to factories. Nor is it willing to enforce compulsory closure of *gur* and *khandsari* units in these regions. So the only thing to do is to permit the sugar factories to pay whatever prices they like for sugarcane and to raise their selling prices for sugar accordingly. Since, however, complete decontrol is not a feasible proposition from the political point of view, the I.S.M.A. has been realistic enough to suggest that only that quantity of sugar which is in excess of production achieved in the past season (this amounted to 2.16 million tons) should be allowed to be sold at whatever prices the factories can realise in the open market. There may be room for bargaining about the quantum of production that should be subject to price control, but, once the principle of "selective control," to borrow Mr. Modi's description, is accepted, the issue can be settled to the satisfaction of both the industry and the Government. But the authorities must make up their mind expeditiously, for, with the crushing season rapidly advancing towards its end, even a week's delay will reduce the extent of increase in production that can be secured under the proposed scheme.

The incentive given by the Government to producers of white sugar at the commencement of the season in the form of a 50 per cent rebate of excise duty on production in excess of that in 1961-62 has not been of much avail to the majority of factories. For the output in the base year was about 2.80 million tons, a level the attainment of which itself is extremely doubtful as shown earlier. The incentive scheme would have been of some help had the Government agreed to the industry's proposal that 1962-63 should be taken as the base. It is to be hoped that the Government will not make a similar mistake in regard to the present suggestion of the industry. If the industry is charged with the responsibility of supplying 2.2 million tons at controlled prices, leaving the rest of production to be sold at free market prices, the gain may be substantial; according to Mr. Modi's reckoning, production can be expected to touch at least 2.8 million tons. If bulk consumers such as confectioners, sweetmeat-makers and hotels are left to get their requirements of sugar in the free market, a supply of 2.2 million tons should suffice to take care of the needs of households and individuals at controlled prices. So the hardship to consumers will not be as much as one may imagine. In any case, at present, the prices paid by consumers for *gur* and *khandsari* are nearly as much as those for white sugar. These two varieties of brown sugar account for about 60 to 65 per cent of total sugar consumption in the country, the market for them being provided by the rural areas and the low income group in urban centres.

In other words, the bulk of the people who need and deserve the benefit of controlled prices is not receiving it. Accordingly, there is not much substance in the contention that the poor will suffer most if the suggestion for selective control is accepted and implemented. On the contrary, the country will be richer, as conversion of sugarcane into white sugar is undoubtedly the most economic way of utilising this edible crop.

The two-price scheme discussed here does not mean that exports of sugar will become uneconomical. World prices of white sugar are now so high and the prospect of their staying at current levels for some time to come is so bright that it should be possible to export not only 300,000 tons but even something more. Only, full remission of excise duty and sugarcane cess may be necessary at the worst. The immediate objective should be to secure as high a level of sugar production as possible this season itself. The next objective should, of course, be to evolve a long-term policy for sugar that will replace the policy of expediency and short-term solutions (controls followed by decontrols and *vice versa*) that have characterised the growth of sugar industry all these years. But this is a subject which is outside the scope of the present article and needs separate treatment.

FULL FREEDOM FOR JUTE MILLS

FOR jute mills in India, Saturday, 1st February 1964 is a red-letter day in their history. It marks their return to full freedom. From that day, they can work as long, and as many looms, as they like, the only limiting factors being the Factories Act and the length of their order books. The quarter century old Working Time Agreement, which has been governing the operations of Indian jute industry, has been scrapped with effect from that day. Significantly enough, the Indian Jute Mills Association (I.J.M.A.) announced this important decision on the eve of the fifteenth Republic Day. The Agreement, it will be recalled, was instituted by the Association way back in 1938—it was actually enforced with effect from 26th September of that year—as a means to reg

1962, the I.J.M.A. has consistently followed the policy of maximum production, so much so that the entire installed capacity of the industry has been fully utilised, thanks to the plentiful supplies of raw jute and excellent offtake of jute goods for both domestic consumption and export. The total average loom hours actually worked in the calendar year 1963 was as high as 2,458, as against 2,432 in 1962 and 2,099 in 1961. The average would have been higher still but for shortage of spinning capacity and restricted supply of power.

The I.J.M.A.'s Working Time Agreement was severely criticised by the Srivastava Committee on the score that it was basically restrictionist in outlook and that it operated to protect inefficient units. But the criticism had clearly ignored the realities of the situation. It is no doubt true that, as a result of the Agreement, one-eighth of the jute industry's weaving capacity remained unutilised during the last twenty-five years, excepting since January 1962 when the industry, as already stated, has been allowed to operate to the full installed capacity. But there is no denying the fact that the Agreement did serve a much useful twofold purpose: to avoid cut-throat competition among I.J.M.A. member-mills and to maintain a constant strict vigilance on any unplanned growth of production capacity in individual units. What would have happened if the Agreement had not been there during the period immediately after the devaluation of the Indian rupee (in September 1949) when the jute industry was threatened with a total cessation of raw jute supplies from Pakistan and again during the raw jute famine years of 1959 and 1960? If only the Srivastava Committee had cared to examine this question, it would have found that, but for the Agreement, the conditions in the jute industry would have been depressing to a degree, with a most severe impact especially on the marginal, financially weaker mills.

In any case, the fact that the Government did not compel the industry to give up the Working Time Agreement all these years, though it had the power to do so, is evidence enough that it too was a party to it. It would be interesting to know what would have been the recommendation of the Srivastava Committee had it gone into this question a few years ago when the industry was in the doldrums. In fact, there had been many a Government committee on jute industry before and, to the best of our recollection, none of them had condemned the Agreement as unworthy of being continued. It is also necessary to recall here that the public exchequer has benefited more from the restrictive features of the Agreement than the jute mills themselves, because, but for the stabilising influence imparted by it, the Government would not have been able to collect the hundreds of crores which it did from the industry by way of export duties, before it was compelled to abolish them by the keen competition offered by the young and energetic jute industry in Pakistan and the growth of a variety of substitutes for jute goods. All this shows that the Srivastava Committee was gifted with short memory and hindsight.

It is sheer commonsense that the rate of output in any industry in a given period of time is influenced essentially—one can as well say wholly—by two factors, one, availability of adequate supply of the right types of raw materials and, two, level of demand for its products. Both these factors are important especially in the case of the jute industry which, as readers are aware, is largely at the mercy of Dame Nature—it is Dame Nature that determines the size of the jute crop harvested in a season—and, what is more, its fortunes are linked very closely to the conditions obtaining in the world jute goods markets. It may be worth mentioning here that, out of every hundred tons of jute goods produced by the industry, as many as 80 tons are exported abroad. Which industry, after all, will deliberately curtail its production operations if it is assured of adequate supplies of raw materials at an economic price and of ready market for its products? The Srivastava Committee and all others who have unreservedly criticised the I.J.M.A.'s Working Time Agreement ought to have known that the jute industry is fully aware that, to the extent production is stepped up, the unit cost of output will be lower and the margin of profit better. There were, of course, occasions in the past when the I.J.M.A. had to be prodded by the Government and a section of the Press (including this journal) to work the Agreement in a flexible manner and to devote more time and resources to improve their efficiency, to evolve new uses for jute goods and to do market research.

The argument that the Working Time Agreement was restrictionist in outlook is, therefore, an exaggeration. This is also true of the contention that the Agreement was choking enterprise and initiative by virtually putting a premium on inefficiency. The Srivastava Committee has itself admitted that the jute industry has modernised itself almost 90 per cent up to the spinning stage, rationalised its operations by amalgamating uneconomic units and diversified its production by increasing its output of specialities from about 30,000 tons to 150,000 tons a year. This admission itself clearly disproves the Committee's allegation that the Agreement had checked the growth of the bigger, better-managed and economically more viable mills, so that they may not affect the working of the relatively weak and inefficient units. It must, however, be recognised that all this outcome was not spontaneous. It was due partly to the changeover from a sellers' market to a buyers' market in the latter half of 'fifties and partly to constructive criticisms from those who took an interest in the welfare of jute industry. In all these matters, one has to balance the disadvantages against the advantages before pronouncing the final verdict. It would be incorrect to contend that the Agreement was always operated in a perfect manner and that it had no ill-effects at all of the type described by the Srivastava Committee. Equally incorrect it would be to deny the benefits conferred by the Agreement. What is important is that, on balance, the Agreement has been beneficial to the country.

All this is no doubt past history now that the Agreement itself has been completely and quite rightly abandoned. Even so, this discussion is not irrelevant, lest the jute industry should stand condemned before the public. The industry certainly needs public sympathy

Jute Goods As Foreign Exchange Earner
(In crores of rupees)

	April-October		Whole of	
	1963-64	1962-63	1962-63	1961-62
Total exports of all commodities	437	382	694	660
Of which jute goods	97	90	156	145
Percentage share of jute goods in total exports	22.2	23.5	22.5	22.0
Exports of jute goods (Quantity in '000 metric tons)	561	545	935	815
Average export value: Rs. per metric ton	1,729	1,659	1,668	1,779
Exports as per cent. of production	77.6	78.4	77.8	81.3
Actual production in '000 metric tons	723	695	1,202	1,002

and active Government assistance in its struggle to face boldly and successfully the serious challenge posed by (a) the rapidly expanding jute industry in Pakistan, (b) the competition from substitute packaging materials (especially paper and plastic bags), and (c) the increasing resort to bulk handling methods in transportation and storage of foodgrains, sugar and other similar produce. How keen is the competition offered by the Pakistan jute industry will be evident from the statistics relating to actual exports of sacking from India and Pakistan in recent years. Between 1957 and 1963, the share of Pakistan in the combined shipments of the two countries has jumped up from 12 per cent to about 38 per cent, while that of India has gone down from 88 per cent to 62 per cent. Competition from Pakistan in the hessian markets too is tending to be keener and keener every day. While it is unfortunate that the Srivastava Committee failed to take note of this vital aspect, it is gratifying to find that the Export Study Group on Jute Manufactures (Chairman: Mr. G. C. L. Joneja, Jute Commissioner) has drawn special attention to it. The Study Group has impressively highlighted the six distinct advantages which the Pakistan jute industry enjoys over its Indian counterpart. They are:

1. Pakistan possesses the most modern machinery, with higher productive capacity per man.

2. Pakistan has abundant good quality raw jute. The industry gets jute of superior quality at lower prices. The use of good quality jute gives a better quality of product. Pakistan has fixed its minimum raw jute prices at rates which are about Rs. 6 per maund below that for the comparable Indian variety. Stock operations are at 10 per cent below even the minimum prices. The incidence of freight from the cultivator's fields to the mills is less than a third of that in India. The Pakistan industry is also protected by an export duty on raw jute. The overall advantage enjoyed by Pakistan in the price of jute and cuttings amounts to about Rs. 168 per ton.

3. Pakistan has got abundant supply of cheap labour which only needs to be trained. The efficiency of the Pakistan worker is gradually increasing with experience.

4. Pakistan's industry is not required to spend as much as modernisation as the Indian industry.

5. Pakistan's industry sells a part of its production at present to the internal market at high prices. The benefit so accruing is used to subsidise export prices.

6. Pakistan's industry enjoys the benefit of export bonus, the impact of which is about Rs. 180 per ton on hessian and Rs. 120 per ton on sacking.

The Study Group has not merely presented the picture of Pakistan's cost advantages over Indian jute goods. It has also enumerated the advantages of India over Pakistan in regard to power charges, supply and prices of stores, efficiency of workers and benefits of research, but has come to the conclusion that most of these advantages are of a temporary nature and will gradually disappear in the years to come with the progress of jute industry in Pakistan. Besides, it has strongly urged the adoption of immediate measures "to work out a suitable solution to the problem" and to set up an appropriate machinery for dealing with it. One wonders whether the Group itself could not have indicated, in clear cut terms, the steps the Government and the industry should take. All that it has stated is this and the whole of it is pertinent as far as a general statement can go:

"The picture of Pakistan's cost advantage over Indian jute goods in the export markets makes the necessity of an all-round productivity drive vitally important to meet the challenge, although it is appreciated that only a part of the deficit can be met by cost reduction through higher productivity. It is necessary for the Indian industry to diversify its production and take to more and more sophisticated manufactures. In this connection, the role of research and market development is of vital importance."

Against the background of keen competition from Pakistan, it is indeed encouraging to hear about the propects of enlarged buying from Soviet Russia and East European countries. According to the I.J.M.A. delegation which visited these countries some time last year, jute goods exports to Russia could be raised from the present level of Rs. 8 crores to Rs. 30 crores by 1967 and those to East Europe from Rs. 3 crores to Rs. 5 crores. Equally encouraging is the report that the demand for jute goods for industrial uses in West Germany would continue, despite the inroads of substitutes. Encouraging, too, is the news that burlap continues to enjoy wide popularity in the U.S. which bought a record total of 915 million yards in 1963, as against 878 million yards in 1962. The U.S., incidentally, is the biggest customer for Indian jute goods, accounting as it does for one-third of the total Indian exports.

Now is the time, therefore, for the Indian jute industry not only to consolidate its present markets but also to establish new markets. It is appropriate to refer here to the recent Pacific Coast regional meeting of the Textile Bag Manufacturers Association at Las Vegas (Nevada) whereat it was said that Pakistan jute goods were sometimes better in quality and cheaper in price than the Indian goods. The main defects in Indian burlap to which attention was drawn at the meeting were: wrong and uneven weaving, mouldy cloth, splash marks, leopard spots, narrow width, more short bolt ends, and shortage in measurement. It is surprising that such avoidable defects should exist even today. They must be removed forthwith. There is an urgent need for improvement in quality and proper pre-shipment inspection. No less urgent is the need for constant research in the ever changing user habits, in discovering new uses and in developing methods to sustain the buyers' interest in jute goods in the face of competition from substitutes. Given this vigilance and adequate, regular supplies of raw jute at reasonable prices, the Indian industry will, there is no doubt, compete effectively for its share of expanding world trade in jute goods.

MARKET GOSSIP

Cotton Control Returns

THE expected has happened in regard to cotton supply. The soaring prices of the commodity during the past few weeks have at last awakened the authorities. The Textile Commissioner's order of 27th January, stopping movement of cotton from the Digvijay tracts of Gujarat to outside the growing districts, marks the first official intervention of the season. The action has been defended on the ground that prices of Digvijay 'A' cotton have pierced the ceilings and have caused a similar rise in those of other varieties. If such conditions were to prevail in other varieties of cotton, the Textile Commissioner has warned, in his Press note published on page 183, that a similar action would be taken in respect of those areas where they are grown. He has also threatened random requisitioning of cotton at the ceiling rate based on the survey result of the Appeal Committee. There are reports that the authorities are likely to intervene in all those areas where cotton is still to be marketed. The bulk of the crop in the Punjab, Madhya Pradesh, Maharashtra, Rajasthan, U.P., parts of Andhra and Mysore has already reached the market, while arrivals from Gujarat will commence next month and the Southern crop will move in last. In addition, the Textile Commissioner has also limited mill buying of Digvijay 'A' cotton this season to 75 per cent of consumption of such cotton last season and called upon mills to settle out contracts for purchases in excess of this quantity immediately.

Better late than never is the remark one would offer on the official action. But in doing so, one might be accused of being charitable. For, barely two months ago, the official thinking was seriously inclined in favour of raising a buffer stock of cotton by making purchases if and when cotton prices declined by about Rs. 100 a candy below the ceiling rates. That was when prices had ruled easy on expectations of a bumper crop of about 5.9 million bales. The constant talk of building up an official buffer stock actually prevented any important setback in prices. Since then, and especially during the past three weeks, the outlook for cotton, particularly for the popular varieties, has changed radically owing to the two successive cold waves in a fortnight, the intensity of which was very severe and the duration quite long especially in Gujarat. The indigenous crop, more reasonably placed at 5.70 million bales in December last, is now estimated at 5.60 million bales. The Textile Commissioner's office needs no telling that the Gujarat crop, maturing around this time of the season, is always exposed to the risks of the cold weather. But, instead of being cautious, a quality all the more necessary this season because of the limited scope for imports, it not only quietly acquiesced in the official talk of building up a buffer stock at a time when the size of the total crop was anybody's guess but also failed to act promptly the moment the price trend became definitely upward. Now the Textile Commissioner conveniently blames speculators for the rise in prices of good varieties of cotton of about Rs. 50 per candy above the ceiling rates. He could have easily prevented this rise, if his experts had been vigilant.

The tragic fact of the cotton situation in this country has all the while been that official actions have very little to do with demand and supply and have been more often than not motivated by political considerations. The emphasis has been not on insuring the farmer against damage to the crop and loss of his cattle, nor on helping him to raise the yield through greater use of fertilisers and manures, improved seed, etc., but on giving him incentives by way of higher ceilings. The reaction of the Gujarat Government to the Textile Commissioner's action also speaks of its anxiety to be popular with cotton growers and disregard for the less vocal consumers.

Official sources and the textile industry think that the supply situation is not as tight as is feared by traders. Even if it is so, imports will have to be larger than the quantity considered sufficient before the cold wave. According to reliable estimates, 700,000 bales of foreign cotton will be available this season, including some 300,000 bales out of the quotas licensed last season. The Textile Commissioner is expected to visit Washington soon and will negotiate with the authorities there for a fresh authorisation of 500,000 bales of cotton under P.L. 480 and press for a minimum of at least 300,000 bales. The success of his mission can prove really comforting.

Income Distribution: An Interesting Study

Three notable conclusions emerge from the study of the analysis of income distribution as made by the Tax Research Unit of the Union Finance Ministry: the analysis covers a nine-year period from 1953-54 (third year of the first Plan) and 1961-62 (first year of the third Plan). One is that the share of lower and middle income groups (with taxable annual incomes above Rs. 5,000 but not exceeding Rs. 25,000) in the aggregate income of all individual assessees has gone up from 60 per cent in 1953-54 to about 70 per cent in 1961-62, while that of persons with annual incomes of over Rs. 25,000 has declined from 40 per cent to 30 per cent. This trend is the result of the relatively higher rate of rise in the total incomes of the former group—these have actually doubled from Rs. 250 crores to Rs. 500 crores—than in the case of the latter group the total incomes of which have risen by only 50 per cent from Rs. 160 crores to Rs. 240 crores. The pattern of shift in incomes has, however, remained broadly the same for all categories of assessees, that is, for both salary and non-salary earners. Secondly, there has been a reduction in income concentration among individuals, the actual reduction being 12.3 per cent in respect of incomes before tax and 10.7 per cent in respect of those after tax. Thirdly, the income disparity itself has narrowed down, albeit slightly. It is particularly significant, says the Tax Research Unit, that income-tax and public expenditure have brought about a 30 per cent reduction in income concentration. The actual co-efficient of concentration, the value of which is represented as ranging from zero to one, is found to have come down from 0.44 to 0.31.

The improvement in the incomes of lower groups of tax assessees should be attributed primarily to increased employment opportunities following the implementation of the innumerable development schemes under the Five-year Plans. One has to concede also the fact that there has been, as the Research Unit itself rightly points out, some increase in the mobility of persons from lower to higher income brackets. This has resulted from the provision of extended and improved facilities of education and technical training, as well as from competition for experienced personnel among the growing number of employers.

Since the analysis covers only individual incomes assessable to income-tax, a comparison of the incidence of income-tax on the different income groups is specially relevant. Such a comparison reveals that, alongside of a decline in incidence for the lowest income-tax paying groups over the nine years ended 1961-62, there has been a fall in the proportion of disposable income of the higher income groups. The tax changes have, therefore, brought about a positive reduction in the post-tax income concentration during the above period. The study also shows that, for all individuals coming within the income groups below Rs. 40,000 annually, there has been an increase in the pre-tax incomes, the increase in the case of those coming within the Rs. 5,001-Rs. 10,000 group being higher than for others. Conversely, there has been a decrease in the relative shares of income of persons having incomes above Rs. 1 lakh. The same pattern of distribution is noticed in regard to changes in the relative shares of post-tax incomes also.

The aforesaid broad conclusions have been reinforced by the income-tax statistics compiled by the Central Board of Revenue. The statistics bring out the fact that, between 1956-57 and 1961-62, the number of assessees in the annual income group not exceeding Rs. 15,000 has risen from 422,328 to 820,441 and the total assessed income from Rs. 295 crores to Rs. 512 crores, whereas, in the case of persons with incomes above Rs. 2 lakhs, the number of assessees has declined from 650 to 543 and total taxable income from Rs. 27 crores to Rs. 20 crores. It is, of course, true that the findings of these studies cover only individuals assessable to income-tax and these individuals together account for no more than 4 per cent of the country's total working population and that the agricultural incomes, which do not attract Central income-tax, are not included. Even so, the trend is clear. And it is that income disparities are definitely getting reduced and that the rich are not getting richer as is frequently alleged by communists and fellow-travellers.

Century's Diversification Plan

The Century Spinning and Manufacturing Company Ltd., which has shown, under the able management of Birlas, commendable enterprise in expanding the range of activities in the field of textiles first by taking up manufacture of rayon yarn and then tyre-cord, has now drawn up an ambitious plan for diversification of its activities. Some of the new lines proposed are closely related to its main business and therefore designed to help it emerge as a well-integrated modern unit. Some others, however, are only distantly related, if at all. Thus, it proposes to manufacture synthetic rubber and rubber products, rayon pulp and other cellulose products, plastics and photographic goods and also generate and distribute gas and power. The additional activities, the Directors claim, arise out of the Company's existing business and are cognate, ancillary or supplementary thereto. They think it is desirable and beneficial for the Company to undertake these activities, because, by doing so, it will attain its main purpose of carrying on its business more economically as well as efficiently. Although the outlay on the new schemes is not disclosed, it can be expected to run into some crores of rupees. In this connection, the Directors state that the Company has and can command sufficient resources for financing the diversification of its business.

Since the Company is already manufacturing tyre-cord, in proposing to produce synthetic rubber and rubber products it will be only turning its attention to the other raw materials used in the manufacture of tyres and tubes. The proposal for manufacturing rayon pulp and other cellulose products arises from the fact that the Company is already manufacturing quality rayon, the most important raw material for which is wood pulp. According to the Directors, a right step would be that the Company should have its own plantations. Linked to this is the scheme for manufacturing photographic goods, including raw films, the basic raw material for which is cellulose. As regards plastics, the Company proposes to manufacture polymers required for producing synthetic fibres. The Company is interested in the development of synthetic fibre industry and is exploring the possibilities of obtaining the basic raw materials which can be had either from the feed-stock of naphtha or steam cracking units or alternatively obtained by coal distillation. The proposal to generate and distribute gas and power stems from this. The Company is said to have explored in Vidarbha coal deposits suitable for setting up a low temperature carbonisation plant which can yield, as by-product, coke, surplus coal gas and relatively greater amounts of other products such as road tar, spirit, phenols and cresols.

For accommodating these additional activities, the objects clause of the Company's memorandum is sought to be amended by a special resolution to be placed before shareholders for approval at their extraordinary general meeting called on the 21st inst. Two other resolutions, one for the re-appointment of the Managing Agents, Messrs. Birla Gwalior (Private) Ltd., for a period of ten years with effect from 1st July 1964, and the other for approving contracts entered into by their associates, Lucky Trading Company Ltd., will also be tabled at the meeting.

The Company's plan for diversification as described above is a bold one, in keeping with the enterprising spirit of the Birla House. It is also in consonance with the type of integration and expansion of activities undertaken by the industrial giants in Western Europe and the U.S. in the last few years. But it remains to be seen whether the Government of India will accord its sanction to the plan. The fact that the Directors have not hesitated to take the public into confidence, notwithstanding the Congress Party's growing stress on the need for preventing concentration of economic power and Dr. V. K. R. V. Rao's serious suggestion for placing a ceiling on the size of enterprises in the private sector, reflects their faith in the merits of their scheme and robust optimism in the future of private enterprise. Here is a typical example of a pioneering entrepreneur who believes in action; obviously, Birlas have immense faith in the Gita, wherein it is said, to the effect, do your duty without fear and reward will follow. Good luck to them!

Gwalior Rayon's New Acquisition

The Gwalior Rayon Silk Manufacturing (Weaving) Company Ltd. has decided to acquire the Punjab Cloth Mills Ltd., an associate of the Company's Managing Agents, which has a textile mill at Bhiwan (Hissar) in East Punjab. The proposed take-over is deemed essential in the Company's interests, as it will promote the use and consumption of staple fibre at a time when indigenous production of staple fibre has increased and cotton is in short supply. Besides, for the Company's weaving division, special yarns with staple fibre as the basic raw material are required for the manufacture of suitings and other products. Apart from helping the Company in making experiments in spinning staple fibre, the textile mill will also enable it to make special yarns for use in its weaving division and also for sale to the art silk industry. It would thus be possible to stimulate the Company's sales which at present are becoming difficult. Even independently of this object, the mill, as it is, can be a profitable proposition under the Company's management. It may be pointed out here that the Company had applied for a licence for setting up a spinning mill, but has so far not got it. In the meantime, it has negotiated the purchase of a running mill in the Punjab.

The mill consists of 18,000 spindles and 286 looms. It has already got a licence for another 9,000 spindles. If the Company can obtain a licence for additional 15,000 spindles, it can have at its disposal 42,000 spindles. The Directors understand that the Government is inclined to let the Company have this additional spindleage. The purchase price agreed upon is Rs. 33.02 lakhs, comprising Rs. 7.02 lakhs, being the value of land and buildings, and Rs. 26 lakhs, being the value of plant and machinery, motor vehicles, furniture and fittings, etc. The Company will first pay Rs. 8 lakhs and acquire the mill's premises, plant and stocks. The balance of the purchase price will be paid on completion of the sale.

Twentieth Anniversary of I.M.F.

In July next, the International Monetary Fund—I.M.F. for short—will be celebrating its twentieth anniversary. On that occasion, the Fund could surely take legitimate pride for its untiring efforts to achieve the high ideal of a multilateral system of world trade and payments at fixed exchange rates. Although the Fund is less than twenty years old—it was conceived at the Bretton-woods Conference in July 1944 and legally established in December 1945—it is mature enough to engage itself actively in a varied programme of service to its members. Not only have the membership and financial resources of the Fund registered a marked expansion but its role and responsibility in the functioning of the international monetary system have also increased quite significantly. When the Fund began functioning, it had only 29 members with quotas aggregating $7,000 million. Today, it has 102 members with quotas aggregating $15,560 million, supplemented by a $6,000-million borrowing arrangement with ten developed member-countries. As of 31st December 1963, forty-eight members have drawn in all an equivalent of $7,100 million from the Fund in 14 currencies and the repayments have reduced the amount outstanding to $1,700 million.

Besides making available stand-by credits to member-countries faced with tight balance of payments position, the Fund has also been providing facilities for consultation, research and technical assistance. In order to meet increasing requests for technical aid, the Fund announced, in 1963, that efforts would be made along several lines to develop its advisory capacity. A fiscal affairs group with experience in tax policy, tax

(Continued on page 188)

LONDON LETTER

BANKING FOR BANKERS

GROWING PAINS OF BECOMING MODERN

(From Our Own Correspondent)

LONDON, 25th *January*

THE chairmen of the great joint-stock banks, finding that the pronouncements of official bodies on the state of the economy, have overtaken theirs in value and timeliness, have drawn the proper conclusions and decided to devote their annual reviews this year to the broad subject of banking. Thus we have had dissertations on the principles of banking; the correctness or otherwise of the 28-30 per cent liquidity ratio against deposits (the Chairman of Martins spoke for them all when he said that 25 per cent should be sufficient and pointed out that, in the U.S. the limit is only 18 per cent on current accounts and 5 per cent on time-deposits); the proportion of deposits held in investments and the proportion held in advances. The end-year balance sheets reveal total deposits of the eleven clearing banks of the U.K. at some £8,300 million, with net deposits (that is after eliminating cheques, etc., in course of collection between banks) some £600 million less. This figure has grown gradually, but not spectacularly, over the past ten years. But what concerns all the banks is that the rate of growth has, in this period, fallen so far behind that of the national income, that is, that of the economy as a whole. On the comparison produced by the Lloyd's Bank, bank deposits have only increased by one-fourth the rate of growth of the gross national income.

Undoubtedly, the banks have felt they were somehow failing to meet the needs of the community and have turned their minds to the question as how to swell their deposits and so their profitable lending. In the last five years, one great change has already taken place: they have swung an increasing share of their assets from investments to advances. The latter have now reached nearly 50 per cent of a bank's assets, while investments have dropped to 15 per cent.

But the banks are not satisfied with this increase in earnings. They are painfully aware that even the charges they make on current accounts (which most customers resent anyway) do not pay for running those accounts and in this year's speeches it is claimed that the cost of current accounts is even greater than the cost of deposit accounts on which, of course, an interest rate of 2 per cent (with Bank Rate at 4 per cent) is being paid. If this is so, then no wonder they are worried.

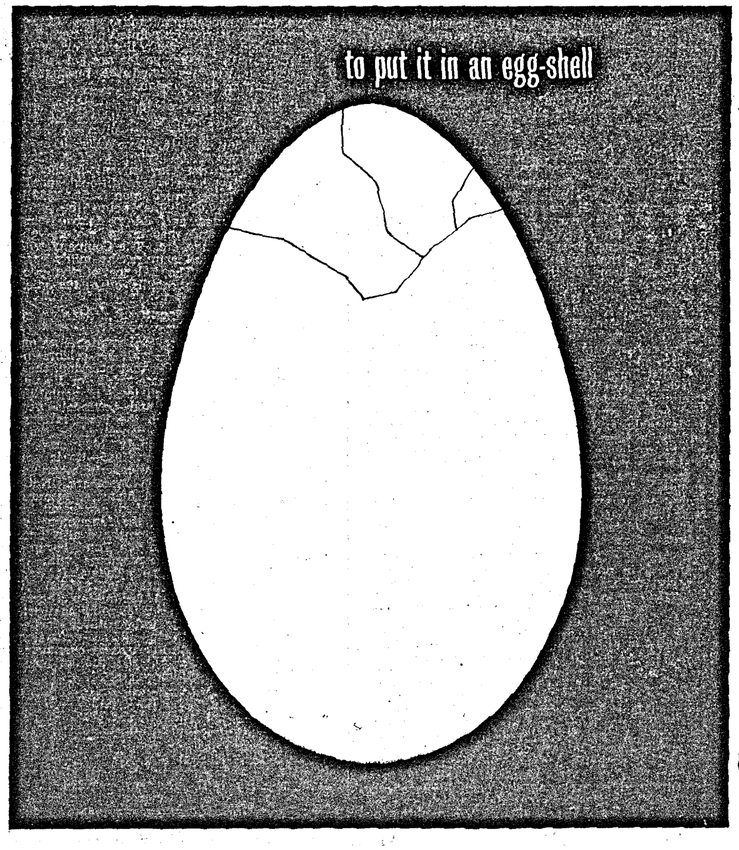
The banks have been told to compete for deposits. They have been doing some collective thinking on this problem and some tentative conclusions are beginning to emerge. First of all, current accounts are costly: and when the Chairman of Barclays claims that his bank's current accounts have risen by 7 per cent per annum over the past four years (the total is now 2,600,000 accounts, with nearly half as many deposit accounts and Barclays' grand total of deposits has now topped the £2,000 million-mark, the highest of any bank outside the U.S.A.) his pride is mixed with concern that this vast total is not paying its way.

Next, since to raise charges is so highly unpopular, the banks are wondering whether they must not expand the total of their deposit accounts by offering higher rates of interest—and in turn they would have to charge more on their loans.

In recent years, many short-term lenders have decided that the deposit rates offered by banks are uncompetitive and have put their money straight into Treasury Bills or loans to finance companies or to local authorities. These last three classes of borrowers have, as a result, not used the services of banks. This whole section of borrowing and lending has bypassed the banks. The tentative answer appears to be to offer higher rates of interest on large time-deposits—the sort of sums that are otherwise lent directly. Here there is room for competition between the banks, but they clearly do not relish bidding for large deposits in the same way as they have to bid for Treasury Bills. On the other hand, they will be reluctant to have to charge more on accommodation, but they seem to have decided to face that one, and one of the spokesmen has pointed out that, even with the prospective increase, the cost of bank accommodation in the U.K. would be lower than elsewhere in the world.

What the banks are not keen on doing is changing the nature of the business they like to finance, even though they could charge more on that different business. Thus, they do not seem inclined to go in for business involving more risk or longer time, charging a higher price. However this may not be an inflexible view, so far as the time element is concerned, for Lloyd's have pointed out that their ideas began changing in 1947, when they decided to help finance medium-term export business in large capital goods—involving credit being outstanding for a few years instead of a few months. But Barclay's have uttered a warning about assuming that more time deposits means that it is prudent to increase investment in long-dated advances: time deposits can become very hot indeed (they can hardly expect over a month's notice and even though for an appropriate increase in the price the term might be three months such terms would be of little help when the balancing investment was for a term of years).

The conclusion from all this is that at the moment the big British bankers are in no wise prepared to relinquish their innate caution; they are bothered about getting the increased current accounts for which they are all busily advertising with only higher costs to show for their pains; they want to go for the banking business that is at present bypassing them and to angle for the big deposits by offering better bait; and they reluctantly envisage making the general borrower pay more as a result. But, of those who have uttered so far, none has yet grasped the thought that banking in the U.K. might even turn slightly in directions familiar to most foreign banks and compete in fields where the time element is a little longer and may be the risk slightly greater. Is this because the authorities behind them, the Bank of England and the Treasury, would not be prepared to extend the rediscounting and other help a central banking authority can give? If so, the joint-stock banks have given no hint of complaint. Maybe they have not yet realised they are experiencing the growing pains of banking in the modern world!



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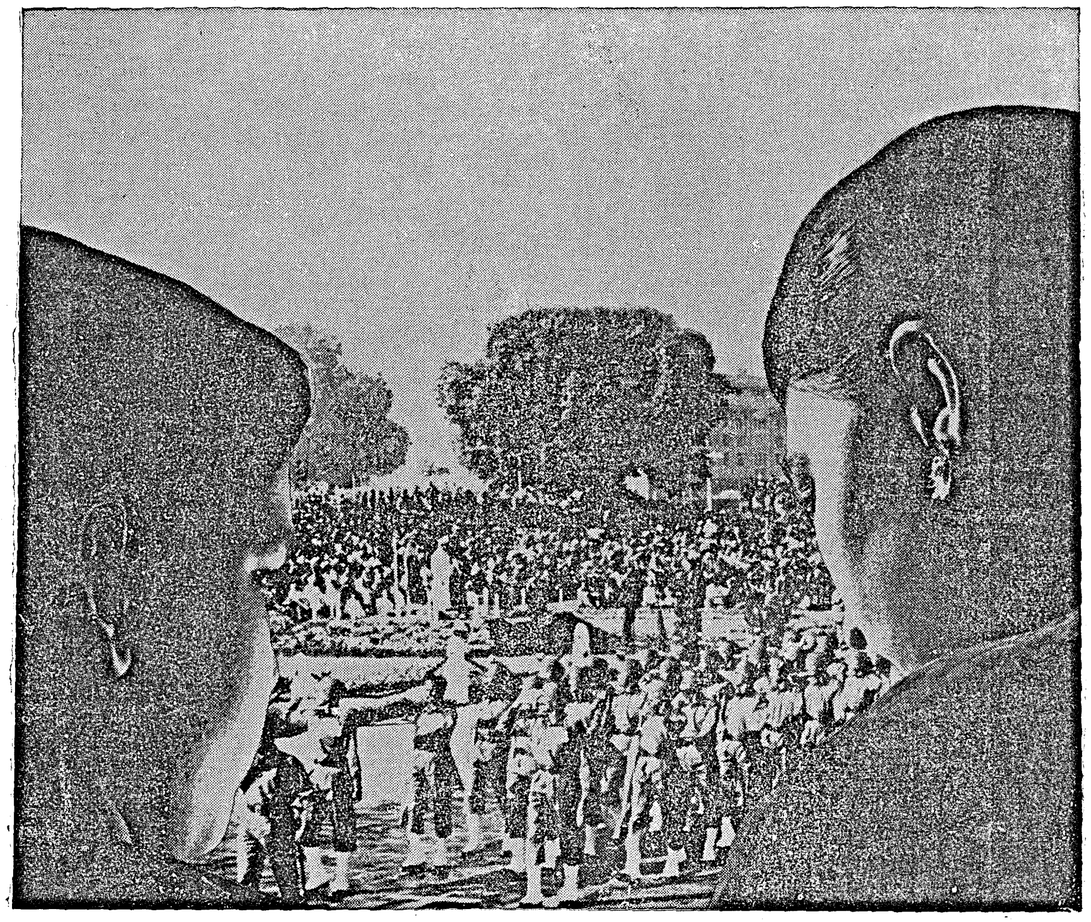

The parade of freedom that never ends....

Fourteen years ago she watched the first Republic Day Parade, in her arms her baby son. The years have passed. Once again she watches the march past. Beside her stands her fourteen year-old boy, symbol in his eager youth of the young India he is part of. ☐ In those fourteen years for mother, for son, and for millions like them the world has changed. They have learnt new needs, achieved new fulfilments, accepted the new responsibilities of Freedom. ☐ Year by year has grown the ever-deepening awareness of a national unity, an integration reaching through and beyond the division of locality and language. ☐ The Parade of Freedom is a living symbol of national oneness. This Parade must never end...

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NATIONAL INTEGRATION SERIES NO. 6

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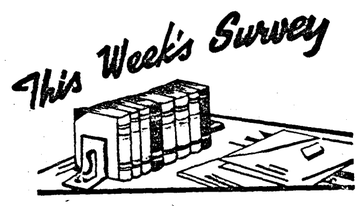


"MASTER PLAN" FOR IRON ORE EXPORTS

IRON ore ranks today as the fifth largest earner of foreign exchange for India, after jute goods, tea, cotton textiles and sugar. And it might not be surprising at all if iron ore were to emerge as *the* largest foreign exchange earner in the next few years, assuming, of course, that the "Master Plan" for iron ore exports evolved by the Union Government is implemented successfully. This Plan envisages a total annual exports of 30 million metric tons by 1970, valued at Rs. 120 crores (at the current average price of about Rs. 40 per ton). The Plan is an integrated one embracing as it does development of mines, expansion of transport capacity, improvement of port handling facilities and gradual acquisition of ore-carrier fleet. The total outlay on the whole scheme is expected to be no less than Rs. 330 crores, as against the earlier estimate of Rs. 250-300 crores. This is also in addition to the cost of schemes included in the third Plan. Considering that the outlay is pretty heavy and, what is more, the foreign exchange component is quite sizable (as much as Rs. 70 crores), utmost attention is naturally being given by the Government of India to the question of financing the Master Plan. And it is gratifying, indeed, that the World Bank is taking a keen interest in the Plan. The Bank has deputed to India two experts (Mr. Peter Wright and Mr. Pentanalli) to help the Government implement the Plan. The two experts held detailed discussions with the Planning Commission and the Union Finance Minister last week-end. The discussions, it is gathered from press reports, centred round the extent of investigation of iron ore deposits, scale of investment, facilities for prospecting operations, long-term prospects for exports, and port facilities. Presumably on the basis of the assessment made by its experts, the World Bank will announce the grant of a loan to finance a part of the outlay on the Master Plan.

In view of the comprehensive nature of the Master Plan for iron ore exports, the reported move of the Government of India to set up a separate organisation for ensuring complete integration in planning, follow-up and appraisal of progress is commendable. Equally commendable is the decision of the Mineral Ores Export Advisory Committee (Chairman: Mr. G. L. Bansal, Secretary-General, Federation of Indian Chambers of Commerce and Industry) to ask the iron ore mineowners to prepare their plans for the mechanisation of mines, indicating the investment they are prepared to make and also the minimum quantity of ore they would like to lift every year. Mechanisation of mines is imperative for bringing down production costs. The need for a reduction in costs is all the greater in the context of the buyers' market that has emerged in the iron ore trade, as witness the steady and continuous fall in prices. The average price realised from the export sale of one ton of iron ore during the first seven months of the current financial year (1963-64) was less than Rs. 40—it was lower still at Rs. 35 in the month of October 1963—as against over Rs. 53 realised in the corresponding period of 1962-63. India had to export thrice the quantity (4.91 million tons, as against 1.82 million tons) to earn double the foreign exchange (Rs. 19.44 crores, as against Rs. 9.74 crores).

It is thus obvious that, if the exports of Indian iron ore are to be safeguarded in a competitive market, there is the vital need for improving the operational efficiency of mines and for ensuring quicker and economic transport of ore first from the mines to ports and then from the ports to destinations to which the ore is sold. What is wanted, therefore, is energetic implementation of the Master Plan referred to above. Given such implementation, one need not be sceptical at all about the possibility of the 30-million-ton export target being hit by 1970, even though the target represents a rise of as much as 20 million tons as compared with the current rate of shipments.

Since the Master Plan for iron ore exports is of long-term character, it is appropriate that due attention is paid to the question of the form in which the exports are to be effected. some are inclined to feel that India should export pig iron and not iron ore. The suggestion is a perfectly valid one in theory. It is any day better to export a semi-processed raw material than the crude raw material, as it will provide greater scope for employment and yield a larger amount of foreign exchange, both of which the country needs badly. But India is not in a position to muster enough capital and technicians to increase its pig-iron making capacity even to meet its domestic requirements, let alone the needs of export markets. The suggestion, therefore, is not a practicable one, however desirable it may be. Further, manufacture of steel in most of the industrially advanced countries in the West, as well as in Japan, is a highly automatised process from ore to finished products, so that the problem arises as to how the pig iron supplied by India could be fit into this process. But it should be possible for India to try and succeed in the next alternative, namely, to sinter the iron ore and export it in the form of pellets. This method of promoting India's exports has three distinct advantages. In the first place, the sintering process will provide employment to a large number of persons. Secondly, a lot of shipping space which is otherwise wasted in carrying a lot of waste material along with iron ore proper can be saved. And, finally, the foreign exchange earnings will improve, because of the value added in the process of converting the ore into pellets. The authorities in India would, therefore, be well advised to consider the merit of this suggestion and explore the possibilities of implementing it in co-operation with the principal buyers of Indian iron ore. It is quite likely that, considering the high cost of their domestic labour, if not the difficulty of obtaining enough workers, the importing countries themselves would welcome the idea.

INDIAN LEATHER FAIR

The leather and allied trades, the Central Leather Research Institute and the Indian Leather Technologists Association must all be complimented on their spirit of co-operation in sponsoring the Indian Leather Fair which was inaugurated at Madras on Monday this week by Mr. Manubhai Shah, Union Minister for International Trade. Organised for the first time in the history of Indian leather industry, the Fair provides an excellent opportunity to producers and exporters to exchange ideas, discuss problems of mutual interest and acquaint themselves with the latest techniques of production as well as to assess the changes in consumer tastes and preferences. The Fair also helps the exporting interests to come in contact with foreign buyers who visit the Fair. Such exchange of information and ideas are of considerable importance in the renewed efforts now being made to promote exports. Hides and skins (raw and tanned), by the way, constitute a staple earner of foreign exchange for India, the total value of exports actually effected in the calendar year 1963 being as much as Rs. 40 crores, representing one-twentieth of the estimated aggregate exports of Rs. 770 crores in that year. Appropriately enough, Mr. Manubhai Shah described the leather industry as "the *prima donna*" of the export industries.

Vast scope exists for stepping up the exports of leather and leather manufactures. The world demand for these goods has risen substantially in recent years and all available indications point to a further rapid rise in demand in the next few years. The U.K. continues to be the most important traditional market for Indian tanned goods. The other important markets are the U.S., France, Italy, West Germany, Switzerland, the Netherlands, Belgium, Sweden and Denmark. That exports of hides and skins have improved markedly from Rs. 32 crores in 1961 to Rs. 40 crores in 1963 is, of course, quite gratifying. But the proportion of finished goods in the total exports in 1963 is negligible, being no more than Rs. 4.5 crores. Apparently, the Government's policy of discouraging exports of raw hides and skins has still not had the desired effect. In the scheme of export promotion, due attention ought to be paid to exports of finished goods, instead of raw goods. For such exports fetch larger foreign exchange, not to speak of the additional employment provided in the process of converting raw hides and skins to finished goods. Tanned skins, we are told, for instance, earn 25 per cent more per unit of raw material than raw skins. Mr. Manubhai Shah did well, therefore, to urge the leather industry and trade to augment exports of finished goods to at least Rs. 20 crores in 1964.

Of special significance to exports are the three assurances which Mr. Shah held out in his speech. First, the Union Government would pursue a "steady" policy in regard to exports of hides and skins and there would be no sudden changes in it. It is the lack of such a policy that often disrupts the export trade. Needless to say that the foreign buyers must always be sure of a continuous flow of hides and skins. Secondly, assistance for export promotion would be made available from the Marketing Development Fund created by the Government. Thirdly, the Government would be ready to release foreign exchange for the import of machinery and equipment required for modernising the industry, besides seeking the assistance of developed countries for the purpose.

Never was the need for modernising the tanning and finished leather manufacturing industry so pressing as it is today. The industry, it is common knowledge, continues to be run predominantly on traditional lines, adopting the same old patterns and methods without imbibing the rapid changes in science and technology that have taken place in the highly industrialised countries. The result is low productivity in respect of both output and quality. The reason for this state of affairs, as Mr. A. Nagappa Chettiar, Chairman of the Indian Leather Fair's Executive Committee, has rightly averred, is the lack of opportunities to contact and observe the up-to-date scientific methods of production. It is not, he says, feasible for most producers in India to travel wide and study the changing pattern of requirements of overseas buyers every year. "A sense of self-satisfaction," to quote him, "seems to prevail and they appear to rest content so long as the normal exports continue." Mr. Nagappa Chettiar certainly strikes a note of realism when he says that, in the highly competitive world, the leather industry, if it is to progress and thrive, must adjust and reorient its production and offer what is best and what is needed most. The Leather Fair, it is to be hoped, will help foster the development of quality-consciousness which is one of the essential prerequisites for successful export promotion. It is also to be hoped that the Fair would be an annual feature and run on business lines to promote the growth of trade and industry and not as a form of evening entertainment as most fairs in this country invariably turn out to be.

U.K. TO FOSTER COMPETITION IN RETAIL TRADE

Britain's Secretary of State for Industry, Trade and Regional Development, Mr. Edward Heath, has promised to produce in a few weeks' time a Bill aimed at making the system of Resale Price Maintenance (R.P.M. for short) illegal. Under this system, a manufacturer can fix the retail price of his product and make sure that retailers stick to that price. At present, the British law permits this arrangement and manufacturers can, and often do, enforce it by going to a court. The proposed Bill will, however, provide the right to seek exemption before a judicial tribunal within probably about six months of its becoming law. During the period between the application and the settlement of the case one way or other by the tribunal (which will probably be a branch of the Restrictive Trade Practices Court), goods which are the subject of an exemption appeal will continue to be protected by R.P.M. This means that, after the grace period of six months, there will be a further period of exemption from the new law for the goods before the tribunal while their cases are being heard. This further period, the Board of Trade seems to think, may be up to two or three years. The end of R.P.M. may not, therefore, come soon. But Mr. Heath seems to be assuming that trade associations rather than individual manufacturers will be the main applicants for exemption and that the tribunal will be able to lay down expeditiously precedents for categories of manufacturer and also demonstrate case by case the kind that it will not exempt, thus weeding out pleas for individual goods in advance. Sweden, incidentally, set about the same problem in the same way 11 years ago. When the manufacturers had finished stating their cases, just two articles were allowed to enjoy the benefit of R.P.M., namely, books and newspapers.

Making a statement to the House of Commons on 15th January on the Government's decision to abolish R.P.M., Mr. Heath said: "The Government believes that this practice is in general incompatible with the objective of encouraging effective competition and keeping down costs and prices. It has reached the conclusion that R.P.M. should be presumed to be against public interest, unless, in any particular case, it is proved to the contrary to the satisfaction of a judicial tribunal." Mr. Heath's statement covered not only R.P.M. but also the Government's approach to mergers, monopolies and restrictive trade practices. But on these other topics the Government does not propose a Bill this session. Instead, it will produce a White Paper on these much discussed topics in about a month amplifying the broad outlines given to the House by the Secretary on strengthening and enlarging the Monopolies Commission in order to enable it to work in groups and refer to the Government practices considered to be contrary to the public interest.

After he made his statement, Mr. Heath faced a number of critical comments on the Government's decision to end R.P.M. at a private meeting of the Tory backbenchers' Trade and Industry Committee. Many of the 100 Conservative M.Ps present were worried about two points: the effect of the abolition of R.P.M. on the small individual shopkeeper, and the timing of the proposed legislation so close to the General Election. But the general feeling was that all the criticism had come from the "reactionary" wing of the Party. Labour M.Ps, favouring all throughout the end of restrictive trade practices, were inclined to support the Government's action. The reaction of the British Press has generally been favourable. Many of the newspapers have appreciated the Government's boldness in coming forward with this measure which is bound to be unpopular with thousands of retailers, the majority of whom are supporters of the Conservative Party and have already been hurt by the rapid growth of large department stores, called super markets in American parlance.

Many manufacturers, the wholesale trade and associations speaking for small shopkeepers (who still command nearly half of Britain's £9,000 million a year retail sales) have been shocked by the Government's proposals to end the system of fixed prices. They contend that R.P.M. disciplines dealers, helps them give good service to customers and protects small retailers and manufacturers by preventing big retailers from starting a rate war by cutting prices. They also believe that it is justified where after-sales service is needed (especially in such consumer durables as kitchen equipment, washing machines, T.V. sets and refrigerators) and argue that standards would decline and the user's safety might be endangered after its abolition. In fact, there was an immediate wave of price cutting after Mr. Heath's statement, though it is less noticeable now. While many manufacturers affected by the price cutting, including even Cadburys who are committed to preserving the maximum number of small confectioners, have refrained from prosecuting the retailers for breaking the R.P.M. agreement, General Electric and Prestige have threatened legal action against them. It may be noted here that large retailers, including the super market groups, who will be able to use their considerable buying power to undercut and outsell the small trader, have been delighted at the Government's proposals. They have, in fact, been outselling the small trader for quite some time by giving discounts in various ways. The small shopkeepers have been trying hard to retain the goodwill of their customers by improving their efficiency by rendering personalised service and by giving the regular buyers occasional gifts in kind, invariably food parcels.

But what is now proposed by the British Government is something more serious than the competitive undercutting indulged in by the big stores, a competition frowned upon by the manufacturers themselves when it tended to go too far. No wonder then that the 480,000 small shopkeepers themselves are expected to lead the fight against the removal of R.P.M. Among the trades where this price practice has been in force for long, they dominate with as much as 90 per cent share of the business done. Mainly, these trades are confectionery, tobacconist, newsagent and ironmongery. Their share of the furniture and soft furnishings business also is substantial, being 75 per cent. In the book trade, they handle 70 per cent. In some other trades also, where there is not much R.P.M., like women's and children's clothes, small retailers have held their own even in the face of rivalry from super markets.

There is, however, another school of thought, according to which there is not much evidence that R.P.M. is essential to keep the small man alive. The Federation of British Industries, for instance, feels that the effect of abandonment of R.P.M. on prices is unlikely to be nearly as great as many commentators seem to think. The attitude of National Association of British Manufacturers is, however, a little cautious and conservative. It is not totally opposed to the abolition of R.P.M. for it is prepared to concede that, in some articles, it will lead to healthy competition with favourable results for consumers, but it feels that R.P.M. is necessary for certain manufactured goods. Nevertheless, the consensus of opinion among British commentators is that, while the manufacturers who turn out to be last-ditch defenders of the principle may number a few, quite a number of them would like to see the practice go and that the majority might reconcile themselves to the change by reorganising their pattern of distribution and marketing. They are further of the view that, among the distributors and retailers, those who are opposed to the change might be more important in numbers but not in the share of trade.

The end of R.P.M. could very well mean unfettered competition and extension of rationalisation in the distributive trades. It could have some interesting side-effects upon certain marketing services that have in some degree been substitutes for price competition, such as certain kinds of consumer advertising, co-operative trading, and the latest surrogate, trading stamps. The classical concept of free competition, with the consumer as the king, could then have some real meaning.

In India, of today, there is no such problem in retail marketing as in Britain, though the system of fixed retail prices prevails for such items as radios and other electrical goods, chocolates, toilet articles, packed foods, etc. Where there is competition for custom, special discounts can be obtained. But the scope for competition is very, very limited, on account of scarcity of supply of almost all types of consumer durables, articles of conventional and professional necessities, toilet and beauty products, and packed foods, soft beverages and chocolates. In the U.K. (as well as in other Western countries), however, there is a surfeit of all types of consumer goods, resulting in a strong buyers' market. Besides, in most urban centres in India, the chances for new entrants in the retail trade are scarce, if not *nil*, for want of accommodation for opening shops as well as because of non-availability of goods. One has to pay a heavy premium to get either of the facilities. The problem in India is, therefore, the reverse of that in Britain. The preoccupation of the State here is to prevent blackmarketing and fleecing of consumers as a result of acute shortages.

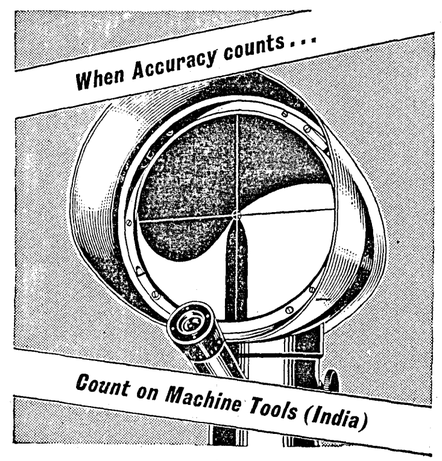
There is, of course, a lot of talk in India currently about concentration of economic power in a few hands and private monopolies. Much of it is political propaganda, designed to win the votes of ignorant masses and to sidetrack their attention from the Government's failures to keep the rosy promises made under the five-year development plans. But that apart, its approach to these so-called evils of private enterprise is different from that in the U.K. Here the solutions proposed are State capitalism and/or State controls, co-operative marketing and State ownership of marketing channels for certain types of goods, especially foodgrains. There, in the U.K., the move is to enhance the forces of free market competition. What is more important, where the State finds it necessary to permit a certain amount of restraint on excessive competition through the system of R.P.M., the issue is to be judged by a judicial tribunal and not by bureaucrats as is invariably the case under the socialist dispensation obtaining in this country.

COLOMBO PLAN REVIEW

The latest annual report of the Consultative Committee of the Colombo Plan, that covering the year 1962-63 (July-June), reviews the economic progress made in the South and South-East Asian countries during the year and assesses the possibilities for progress in the years ahead. Its summing up is that, "while economic progress has been possible and rising national income serves as a tribute to the efforts of these countries, there is a general feeling that performance can and must be improved." The task for the future, it says, seems clearly to find the ways and means of accelerating the rate of economic progress. The report records that almost $13,820 million worth of external assistance has been directed to the countries of South and South-East Asia since the inception of the Plan up to the end of June 1963. In 1962-63 alone, external assistance amounting to $1,820 million came to the receiving countries.

Reviewing the economic trends in India, the Colombo Plan Consultative Committee observes:

"Mobilisation of resources has now to be carried out with a view not merely to pressing ahead with planned development but also to enabling India to build an adequate defence. The outlook for the coming years will no doubt depend on the rate at which production can be increased and foreign assistance secured for the import of fixed capital as well as materials and components required to maintain full capacity production in Indian industries. . . . While there is every likelihood of an improvement in supplies, the pressure of demand is likely to increase as spending on defence and development gathers further momentum. Although Government revenues have shown a sizable increase since the beginning of the current fiscal year—an increase sufficient to nearly offset the increase in Government outlays—the prospect of a renewed pressure of demand is not unlikely. It is clear, therefore, that concerted efforts will be necessary to increase savings in order to maintain a reasonable degree of stability in the economy consistent with the need to stimulate growth."



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BUSINESS NEWS FROM EUROPE

RUSSIA'S THREAT TO EUROPE'S SHIPPING

VALUABLE DATA ON STERLING AREA

By Our Special Correspondent

REPORTS of plans to increase the Soviet merchant fleet fourfold backed by increases in the tonnages of other Communist countries, *are seriously worrying West European shipping interests.* Last year, Russia moved up three places—from 11th to eighth—in the world shipping league, increasing her fleet by 750,000 tons to 5.4 million gross tons. This tonnage is still not large for her population size, but she has plans to make herself the world's second largest shipping nation by 1980.

The target is 10 million tons of shipping by 1970 and 21 million tons by 1980, which would give Russia a working tonnage slightly behind that of *Britain's present fleet.* In order to achieve this, Russian yards are now working at such full stretch that orders for ships have had to be contracted out to the Western world. Last year, major orders were placed, among others, in Britain (three dredgers), France (three ships) and Japan (eight ships in one order, £50 million *worth of tonnage in another).*

For Europe, *the consequences of this huge* expansion are that over-capacity (which at last shows signs of receding after seven years) may again be intensified and the existing patterns of international shipping freights *may be disrupted.* There is also the probability that, with much new Communist capacity afloat, trade will be *carried increasingly in the ships of the nations* conducting it, to the growing exclusion of third-country charter traffic.

This is a particular problem for Britain, since much of its merchant fleet has been built on the premise that it will carry goods anywhere for anyone. America has already made inroads into this principle by stipulating that foreign aid—*and even some commercial transactions* such as the wheat-for Russia deal should be carried substantially in United States flag ships.

The extent of the coming threat can be *seen from the rise in freight turnover carried* by Russian ships. In 1950, they carried 39,700 million ton-kilometres. By 1961, this had risen to *131,500 million and by 1962 to 173,000 million* ton-kilometres.

Difficulties Loom for Sterling Area

Recent developments in international trade *suggest that the sterling area may be heading* for difficulties (*vide* page 38 of *Commerce* dated 11th January, 1964).

Holdings of sterling by the overseas sterling area at the end of June, 1963, were the highest *at £2,763 million (7,736 million U.S. dollars)* since 1959. When British claims on the rest of the sterling area are taken into account, this *left net balances* in London of £2,407 million (6,740 million dollars).

The sterling area finances approximately one-third of the world's trade. But the proportion of its exports to, and imports from, Britain, long the *main prop of this trade,* has been declining appreciably. In 1963, the overseas sterling area (all the area except Britain) imported 49 per cent of its goods from Britain; by 1962, the percentage had fallen to 31. While the total value of its imports from Britain went up slightly from £1,217 million (3,407 million dollars) to £1,360 million (3,848 million dollars) imports from the rest of the world more than doubled from £1,253 million (3,508 million dollars) to £2,970 million (8,316 million dollars).

The same trend shows in the overseas sterling area's exports to Britain. In 1953, these comprised 48 per cent of the overseas area's total exports; by 1962, the proportion had fallen to 36 per cent. *While the value of exports to Britain* rose slightly from £1,333 million (3,732 million dollars) to £1,405 million (3,934 million dollars) exports to the rest of the world rose from £1,435 million (4,018 million dollars) to £2,473 million (6,924 million dollars).

This trend has been aggravated by a change in the balance between exports and imports: *in the past, British and overseas sterling area* exports and imports have been complementary. Britain has imported foodstuffs and raw materials from the area while exporting ready-made goods to it. Such a movement meant that there was no great strain on sterling balances. When Britain's imports from the overseas sterling area rose, the supplying nations could use the funds accumulating as a result of more trade to strengthen their own currencies.

The situation was a convenient one for Britain: the sterling balances held in London provided a small but useful source of liquid funds to help in the conduct of the London international financial market. But since 1959, the overseas sterling area has been buying more manufactured goods, and more from outside the sterling area.

This is partly the result of a loss by Britain of export competitiveness as her prices have risen. But it is also due to the whittling away of privileges given to British goods—the narrowing of import duty preferences in Commonwealth markets and the ending of trade discrimination there against the Japanese and the Americans. Partly, too, it is due to the substitution of the United States for Britain as a provider of capital. Britain's traditional role of assistance in, for instance, India and Pakistan has been very much taken over by America and, since the United States ties a large proportion of its aid to its own goods, American influence is to that extent replacing British. Up to about 1950, the overseas sterling area received about half its capital from Britain. By the early 1960s, this proportion had fallen to about one-third.

A further disconcerting trend concerns changes in the reserves of the rest of the sterling area. When it has been in deficit with the rest of the world in recent years, it has run down sterling balances to cover the deficit; when in surplus it has built up locally held gold reserves instead of converting into sterling and helping the sterling area's gold and dollar reserves. Had the overall surpluses of the rest of the area been converted into sterling, the gold reserves of the area as a whole, would, it has been estimated, now be standing at over £1,300 million, higher than at any point since the end of the war.

Furniture Trade: Hopes and Fears

After two or three lean years, culminating in the disastrous winter of 1962-63, European furniture producers believe that 1964 will see *them back on the road to expansion.* The biggest problem facing many of them at the moment is that orders have temporarily outstripped productive capacity. They now hope that the two big trade fairs opening in London on 27th January and Cologne a day later, will give them a clearer idea of whether the boom will last throughout the year. The short-term future is bright; it is doubts about the longer term that the manufacturers would like settled.

This is particularly true of continental Europe, where there has been some price instability in the industry during the last two or three years. *In spite of this,* intra-European trade in furniture has risen appreciably and one of the better auguries for the future is the way in which the progressive reduction of trade barriers in the Common Market has helped to stimulate trade among the Six. Between 1958 and the end of 1962, for instance, Belgian exports to the rest of the Common Market rose tenfold, from £0.4 million (1.1 million dollars) to £4.4 million (12.3 million dollars). And, by the end of the first half of 1963, exports were running at an annual rate of £7.36 million (20.6 million dollars), 55 per cent over 1962. West Germany, Europe's *largest furniture trader,* has shown a similar trend. Total exports between 1958 and 1962 rose by 105 per cent from £5.5 million (15.4 million dollars) to £11.3 million (31.6 million dollars). In the same period, exports to the rest of the Six rose by 109 per cent from £3.48 million (9.7 million dollars) to £7.18 million (20.1 million dollars).

In spite of relatively higher tariff barriers, countries outside the Common Market have also shown encouraging results in selling to the Six. British exports to the Six in the same period have risen by 385 per cent, from £0.2 million (0.56 million dollars) to £0.97 million (2.7 million dollars) and Swedish exports by 67 per cent from £0.68 million (1.9 million dollars) to £1.15 million (3.2 million dollars). Belgium, after West Germany and France, the next largest trader, has boosted her output by making cheap credit available to producers. But exports have been *helped by the gradual abolition of quotas* and licences and rapidly increasing productivity per worker. If 1956 is taken as the base year, output per man had risen 63 per cent by the end of June, 1963.

Germany also reached record levels by the end of 1962, production having touched £355 million (994 million dollars). But early in 1963 *there was a decline of about 10 per cent,* the first setback the industry has had for some years. However, in the last quarter of the year, estimates show that the trade is once more on a rising curve. In the first nine months of 1963, France took most German exports, followed by Switzerland, the Netherlands, Belgium and Austria.

Factors common to most of Europe seem to indicate that, even if the trade is precariously poised at the moment, its long-term trend is in fact a rising one. Increasing affluence makes faster turnover more likely. Thirty to 40 years ago, a family bought a suite of furniture soon after marriage and expected it to *last through married life. Now, the family* buys on average at least one more, sometimes two. There is also increasing quality and design, with the Scandinavians leading the way and the Italians following rapidly. There has also been an increase in the quality of subsidiary furniture—for the bathroom, the kitchen and *the garden. Finally,* there is likely to be increased competition from Eastern Europe (already a big timber exporter) as trade planners there realise that furniture is an exportable commodity.

In the past, furniture producers have held back from exporting, thinking that national styles do not make for easy selling abroad. *The Yugoslavs and other Eastern Europeans* are already proving them wrong. With increasing manufacture of cheaper furniture in the East bloc, there is likely to be an increase in sales pressure *on non-Communist countries.*

Finland: Outlook Clouded

After the inflation and stagnation of production which gripped Finland most of last year, the outlook for 1964 is now viewed too happily in Helsinki. The boom years of 1959-61 *are unlikely to return: all that Finnish econo*mists expect for is that this year the country will start to move forward again.

Industrial productivity is expected to rise by some 4 per cent, about the same as in 1963 but well below the 10 per cent of the previous two years. A rise in productivity late last year enabled gross national product to go up by 2.5 *per cent, but this was well below the 6 per* cent average for the four previous years.

Key to the future is the ability of the Government to control prices; which rose 4.5 per cent last year. This was followed at the turn of the year by a six-month freeze on the prices of food, textiles and some other consumer goods and building materials. If prices cannot be kept *in check, higher taxation is likely.* A lack of investment finance has held back the efforts of the key forest industry to increase productivity. Forest products bring in about 75 per cent of Finland's *foreign earnings.* A surge at the end of the year resulted in the total value of all forest product exports being about 8 per cent higher in 1963 and exports of paper and pulp up by some 10 per cent.

Exports of all goods and services in 1963 were estimated to be £375 million (1,150 million dollars), about 4 per cent above 1962, which resulted *in the trade gap being reduced from* £44 million (124 million dollars) to £17 million (47 million dollars). A number of foreign loans were received, a large one being floated in New York, the first there since 1934, and new net long-term borrowing abroad is expected to have amounted to nearly £30 million (80 million dollars).

RECORD BRITISH AID FOR OVERSEAS COUNTRIES

Britain's total aid programme had doubled in size between 1957-58 and 1961-62 and Britain's ability to maintain and increase the size of her programme *depended on the soundness of the* domestic economy. This was stated by Britain's Minister of State at the Board of Trade, Mr. Edward du Cann, during the third reading of the Export Guarantees Bill in the House of Commons last week. Mr. du Cann said that the British economy was so sound now that the amount of aid being given during 1963, and in the pipeline, was a record. The total of Government expenditure overseas was currently running at nearly £500,000,000 a year. Private investment overseas amounted to another £300,000,000 a year. This was a very substantial charge on Britain's balance of payments.

ECONOMIC AID—FRENCH OR AMERICAN STYLE?

By Questor

MOST rich countries nowadays supply some kind of aid to those which are poorer than themselves. Their motives are not always clear as crystal. Governments conventionally regard the instinct of charity as the prerogative of private persons and organisations. The expenditure of public money has to be justified in terms of political, or military, or economic advantage, however faraway and imprecisely defined. Much of it, therefore, is wasted by politicians, soldiers and economists.

The U.S. got into the habit of spending large sums on foreign aid when the need was more pressing than an analysis of motives. Habit was reinforced by the various pressure-groups it bred, which were able to use the cold war against communism as a universal pass-key. But now, when the deficit on foreign payments has brought the U.S. to face the fact that its spending capacity is limited, Congress is beginning to interfere with the Administration's discretion to spend the appropriation as it pleases as well as with the size of the sum itself.

This year's cut in the appropriation is certainly large—a cut of about one-third against an average of about 20 per cent. We know that it will have little immediate effect, because the U.S. Administration, which regards the aid programme as an essential part of its foreign policy, has taken good care to keep a comfortable reserve of unspent appropriations from past years in hand. But Congress has simultaneously taken care to circumscribe the use of this reserve. Military aid to Africa is not to exceed $25 million; no military aid is to be given to Latin America except in special circumstances; aid of any kind is to be supplied to Indonesia only when the U.S. national interest is immediately concerned; aid must be suspended whenever a Government—as the Government of Argentina did in 1963—repudiates a contract; and so on.

Congress, moreover, has now expressed a clear view about two of the chief issues raised by all aid programmes. The first of these is the extent to which aid, supplied and received by Governments, should be used to assist private enterprise at home and abroad. In fourteen separate amendments, Congress is seeking to increase the proportion and a special advisory committee has been appointed to report by the end of 1964.

The second is the extent to which Government aid should be provided through international agencies on a multilateral rather than a bilateral basis. Multilateral aid is undoubtedly more efficient in getting value for money, but prevents the immediate donor from attaching political or economic strings to his gift. The Senate came down in favour of more multilateralisation, the House heavily against.

It is interesting to compare the U.S. debate about aid with that which has been started in France by the recent report of a Government-appointed commission of inquiry. The question is of interest there, because of the end of the Algerian war, the improvement in the French balance of foreign payments, and perhaps because of General de Gaulle's wish to cut an independent dash in the world. France has always spent a great deal on aid—more than any other member of the O.E.C.D. in relation to national income—but the lion's share has gone until recently to Algeria and other ex-members of the colonial empire; military and similar prestige expenditure in territories outside Algeria has been costing even more than economic aid. The time has now come for a fresh look.

The French commission, starting logically from the beginning, decides that foreign investment (as distinct from aid) is economically inferior to investment at home and is an expensive way of stimulating exports. It comes down in favour of it on the ground that the West has an interest, not so much in combating Communist infiltration as in preventing the development of a hungry and hostile poor half of the world.

And it admits that there are national advantages to be gained as well. It suggest that the high French ratio of aid to national income should be kept up (which means, on the optimistic assumptions of the economic planners, doubling the amount between 1961 and 1975) and it makes various general suggestions about its use. In particular, it suggests that France should devote a decreasing proportion of its aid to the ex-empire, that she pay attention to the efficiency of recipient Governments rather than to their political leanings, and that she should channel a larger part of her total aid through multilateral (i.e. European) institutions. The whole emphasis, moreover, is on State aid, rather than on State aid as a means of helping private concerns.

I cannot claim that Britain's present motives about aid are clearer than those of the U.S. or of France; most of the British thinking about the subject is distorted by old assumptions, some political and some economic, about the nature of the Commonwealth and the working of the sterling area. But it is possible that British politicians and officials, with a long tradition pressing on them, take the broad *view more instinctively than those of some other* countries. And I think that most of them, once the sterling area finally collapses, would agree that multilateral action is best.

The highest possible proportion of that aid which is not military support, or dumping of surpluses, or export promotion should be channelled through bodies like the I.D.A., which are staffed by *impartial experts in development.* The free flow of private investment capital should be encouraged by the establishment of an international insurance scheme—the World Bank would have done it two years ago if there had been enough support. The rich, as the French commission pointed out, have a common interest in preventing the emergence of a hostile poor.

STEEL PRODUCTION IN U.K.

Production of steel in Britain showed a marked rise in 1963, and the demand for British steel products in world markets rose to a record level. Total production of steel in 1963 was 22,520,000 tons, which is 10 per cent. higher than in 1962 and somewhat above the total for 1961, though still below the peak of 24,305,000 tons achieved in 1960.

Capacity utilisation in the steel industry in 1963 is estimated to have averaged 79 per cent and the rate improved progressively in the course of the year. Weekly production in December (at 519,300 tons) actually reached the highest level ever recorded.

Direct exports of steel in 1963 are estimated to have been at a record level—some 9 per cent more than in 1962 and about 4 per cent. more than the previous peak of 4,200,000 million tons in 1961.

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PART I

Salient Features of

* The Arbitration Act, 1940 *by Justice S. D. Singh*
* The Indian Contract Act 1872 *by K. Venkoba Rao*
* The Indian Partnership Act 1932 *by P. V. Ramanayya*
* The Companies Act 1956 *by Dr. M. J. Sethna*
* The Factories Act 1948 *by L. V. Jaadhao*
* The Industrial Disputes Act 1947 *by K. R. Wazkar*
* The Industrial Employment (Standing Orders) Act 1946 with Model Standing Orders *by H. M. Ghosh*
* The Indian Trade Unions Act 1926 *by H. N. Trivedi*
* The Minimum Wages Act 1948 *by Dr. Anand Prakash*
* The Payment of Wages Act 1936, *by Dr. B. S. Bhargava*
* The Payment of Wages Amendment Act 1947
* The Employees' Provident Funds Act 1952 *by Dr. B. K. Bhattacharya,* I.A.S.
* The Employees' State Insurance Act 1948 *by V. N. Rajan,* I.C.S.
* The Workmen's Compensation Act 1923 *by K. L. Gothi*
* The Employers' Liability Act 1938 *by Pran Nath*
* Employer-Employee Relations *by K. S. Gupta*
  What are Your Responsibilities to Management?
  What are Your Responsibilities to the Worker?
  How Can You Maintain Discipline?
  How Can You Develop Team-Work?
  How Can You Make Sure Your Workers Get a Square Deal?
  What Can You Do to Build Morale Among your Workers?
  How Would You Break in a New Worker?
* Tips for Successful Executives Handling Labour Problems
* On Bonus *by G. B. Pai*
* How to Investigate Complaints, Conduct Departmental Inquiry? and Procedure for Fines, Suspensions, Discharges, Dismissals and Retrenchment *by R. G. Gokhale*
* Glossary of Important Definitions Pertaining to Management and Labour *by G. L. Kothari*

PART II

* Statewise Lists of Industries in India employing 50 or more workers daily:
  (*a*) Andhra (*f*) Kerala (*k*) Orissa
  (*b*) Assam (*g*) Madhya Pradesh (*l*) Punjab
  (*c*) Bihar (*h*) Madras (*m*) Rajasthan
  (*d*) Delhi (*i*) Maharashtra (*n*) Uttar Pradesh
  (*e*) Gujarat (*j*) Mysore (*o*) West Bengal

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BANKING REFORM IN SWEDEN

NEED FOR FRESH COMPREHENSIVE STUDY FELT

SWEDISH banking consists of many paradoxes: though the bulk of commercial banking is restricted to five leading banks who control 80 per cent of deposits and act more or less *oligopolistically* in relation to each other, they face competition from other credit institutions like savings banks, postal-giro and rural credit institutions. Although these specialised institutions fulfil different functions, there is, nevertheless, considerable overlapping, particularly in the competition for deposits and in providing means of payments or transfers. While, on the one hand, the Swedish banking system has reached a degree of maturity and displays a high level of efficiency, the policies and methods of the central bank (*Riksbank*) and the Government, on the other, have failed to create conditions in which banks could play a useful role and function normally. Though the Riksbank has enforced various restrictive measures and *ad hoc* controls on top of a series of directives and requests to counter recurring *inflationary pressures*, it has failed to evolve an adequate technique of central banking control. The limits imposed on the banking system by legal restrictions and administrative controls are the source of the main weakness of the system, yet, within these limits, the banks have largely maintained flexibility in their policies and have been adaptable to changing environments.

The 1955 Act

The Swedish Banking Companies Act, 1955 has largely become an anachronism within eight years of its operation, because of the predominant but misplaced emphasis that it lays upon the protection of the interests of depositors. Security of deposits is the fundamental element in any system of banking, but danger to depositors through imprudent policies or unscrupulous managements is very remote now-a-days. The 1955 Act has undergone so many amendments and revisions that it already looks like a "patchwork of legislation," as a result of limited changes on various aspects that have so far taken place. Many of the changes have been the result of the initiative taken by the Swedish Banks' Association. The banking quarters now feel that a time has come for a radical reform of the stipulations of the Act dealing with the business operations of the banks, and a general review of the principles for the management of banking business.

In Sweden, the tradition of legal supervision and control of the banking system is long and old. Extensive new and detailed legal restrictions were introduced by the Banking Companies Act of 1933 and many of the restrictions already in force under the old Act of 1911 were rigorously tightened. In 1955, a revision of bank legislation was undertaken as a result of the recommendations of an expert committee which had laboured for six years to complete its report; but the committee was not required to review the *entire* complex of important problems concerning the ways and forms for the operation of the banks' activities. The committee reported only on certain specific aspects of banking, like the banks' right to receive deposits, their duty to maintain adequate cash reserves and their right to grant term-loans and unsecured advances. In view of the structural changes in the banking system and the rest of the economy which have occurred since 1933, a general review of bank legislation would have been of vital importance: since this was not done, the inadequacy of the Swedish Banking Companies Act, 1955 has been evident in recent years. In the paragraphs that follow we shall draw a broad outline of the problems and inadequacies of the existing provisions and of the desirable solutions. In doing so, we have relied on a comprehensive article on the subject by Mr. Lars Fogelklou in the latest *Quarterly Review* of Skandinaviska Banken.

Restrictions on Term Loans

The most important provisions of the 1955 Act are concerned with the scope of banks' lending operations, capital requirements and liquidity ratios.

The foremost restriction on the scope of banks' lending operations is the emphasis on the short-term loans. Prior to the legislation of 1955, the articles of association of all commercial banks contained a compulsory stipulation to the effect that loans could be granted for a maximum period of only six months, with certain important exceptions. The 1955 Act not only gave a legal recognition to this condition, but also relaxed it somewhat by allowing overdrafts up to one year and term loans up to ten years subject to a maximum of 150,000 kronor on each loan so long as the total of such loans did not exceed 20 per cent of banks' capital funds. Even before this relaxation, there was in actual practice a frequent tacit understanding that the short-term credits would be successively renewed, and many such credits have in fact remained outstanding for long periods. Many borrowers have used these short-term loans for the extension of their fixed capital on a medium- or long-term basis. As the Swedish people rarely relish to invest their funds in equities but prefer to entrust them to credit institutions, industrial development might have been seriously hampered had it not been for the banks' help in extending the fixed capital loans, though in violation of the spirit of the laws.

The Swedish Banks' Association has in recent years recommended further twofold relaxations in the restrictions on term loans: the first of these pertains to 'loans to premium payers' under the rules governing the administration of the General Pension Fund; it has been accepted, in view of the special nature of loans. The other relates to long-term export credits; the Government has responded to this part of suggestion by establishing (in 1962) a special institution for export credits, *Svensk Exportkredit*.

The main justification behind the peculiarly stringent restrictions on the grant of term-loans in Sweden, unlike in the neighbouring Scandinavian countries, is apparently to guarantee the liquidity and solvency of the banking system, but the arguments are not very convincing. Even if the banks were liberally allowed to grant term-loans, they would certainly be selective and ensure sufficient security and safety for bank funds. Perhaps, the objection is against the principle of borrowing short and lending long. Sound banking, to the Swedes means, as to many others, lending largely on a short-term basis.

Security for Loans

The most prevalent and popular form of lending in Sweden is loans or advances against a note of hand, that is, the demand pronote. But the loans and advances *must* be secured by some type of collateral of which the most common are mortgages on buildings, plant and machinery, bonds, shares, personal guarantees and in certain cases merchandise. The banking legislation provides that loans may not be granted, unless satisfactory security is furnished. To the three exceptions to this rule, namely, loans to all classes of banks and public authorities, short-term loans to businesses for business purposes and discounted bills of exchange, etc., a fourth was specially added by the 1955 Act: unsecured loans to small businesses up to a maximum amount of 75,000 kronor in each case, provided that the total amount of these loans did not exceed 10 per cent of the banks' capital funds. Within the same proviso, a further relaxation allowing unsecured loans up to 5,000 kronor to businesses other than small ones, was made in 1960. In 1962, again at the initiative of the Swedish Banks' Association, the limit was further raised to 15,000 kronor.

In spite of these relaxations and exceptions, the possibilities for unsecured loans are still limited: even while introducing the Midland Bank type of 'personal loans' under which no security is required, the Swedish banks themselves arrange for some type of collateral in the form of credit insurance in order to comply with the law. The peculiar restrictions on unsecured loans by Swedish banks, unlike the position in other European countries, are of particular relevance to us in India at a time when several restrictions on unsecured loans to certain companies or firms have been introduced by the recent Banking Laws (Miscellaneous Provisions) Act, 1963. Bankers' experience not only in India but throughout the world is that many unsecured loans are far more safe and give much less trouble than some of the secured ones. In practice, the restrictions on unsecured loans have proved to be an obstacle to the banks' meeting reasonable requests for bank credit. It is a welcome sign that the Swedish Banks' Association is asking for a reconsideration of the 'strange legal requirement of security' for an ordinary short-term bank loan, although our own Indian Banks' Association has been satisfied with securing a couple of exceptions in the Banking Laws (Miscellaneous Provisions) Act before it was passed.

Shares and Debentures

As compared with the position in Holland, Switzerland, Norway, Denmark and Finland, the stipulations of the Swedish Banking Companies Act regarding banks' right to acquire shares or debentures are extremely restrictive. The reason for these prohibitions is that shareholding is supposed to imply a risk of unwise speculation—a risk alien to the nature of banking. In practice, however, a bank's inability to acquire shares or debentures for short period investments or to guarantee or underwrite new issues has meant considerable hardships to small enterprises who do not have adequate resources of their own or who cannot wait till favourable opportunities in the capital market are available. Moreover, the Swedish Banks' Association has maintained that there are weighty reasons—both economic and practical—in favour of giving the banks the right to acquire debentures at least to a limited extent. Debenture loan is a very convenient form of loan, and an important source of finance for industry.

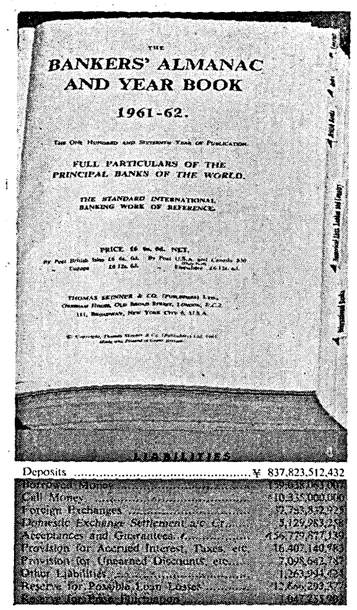
According to the view of the Swedish Banks' Association, small industries will find it particularly difficult to obtain finance without the help of bank guarantee or underwriting, especially when business conditions are less favourable. The Association has, therefore, suggested that Swedish banks may be allowed to acquire shares up to the total value of 50 per cent of their capital funds and debentures up to 15 per cent of their capital funds. Among the new and worthwhile innovations suggested, are two new types of securities representing something in between the debentures and shares, namely, loans against participating debentures and convertible debentures. For obviating the difficulties of small businesses in obtaining risk capital, it has also suggested that special issuing houses and holding companies may be established and banks may be allowed to acquire and hold shares in them in the same way as they have been permitted to acquire shares in the case of other specialised institutions like *Industikredit* and *Exportkredit*.

Right to Receive Deposits

The Swedish Banking Companies Act 1955 prescribes the principle that a bank must observe a certain relationship between capital and reserves, on the one hand, and between the capital funds and deposits, on the other. If capital funds do not exceed 5 million kronor, deposits must not exceed 25 million kronor: If the capital funds are more, a very complicated formula prescribes the maximum level of deposits. Some relaxations in the formula have been allowed at the instance of the Banks' Association, but several problems still remain: for example, the question whether debenture capital borrowed by banks is to be considered as deposits or loan capital is still to be settled finally. There are further restrictions on the maximum amount permitted on a single savings bank account and on the branch expansion programmes of the banks which in many ways limit their efforts at deposit mobilisation.

The Banking Structure

At present, the structure of Swedish banking is more complex than in England, because, in addition to the postal-giro and the postal cheque service, there is a heterogeneous group of banking and mortgage institutions. Some of the problems relating to banking operations and management are already being considered by the *Credit Institution Committee* set up a year ago to define the areas of activity of the various credit institutions. There is, however, a strong case for appointing another high-powered committee, with broad terms of reference, for undertaking a comprehensive review of every phase of banking activity and legislation in Sweden. Apart from outlining the directions in which relaxations are necessary, such a committee will also have to face the specific task of assessing the impact of the developments in the gradually maturing Common Market and speedily integrating European Capital Market upon Swedish banking. Such a review by any expert committee is, however, a long-term affair: meanwhile, the Swedish bankers are waiting and wondering how far their immediate problems will be solved by the authorities.



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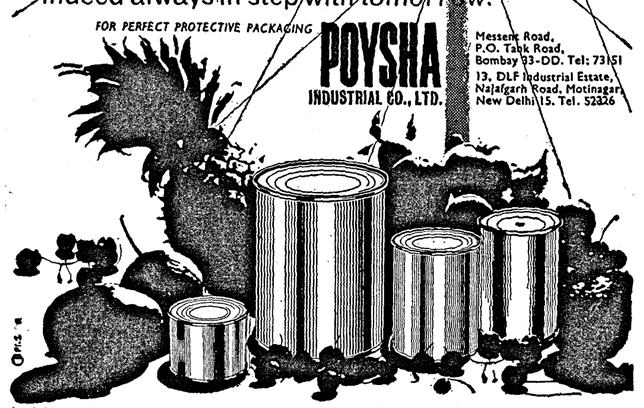

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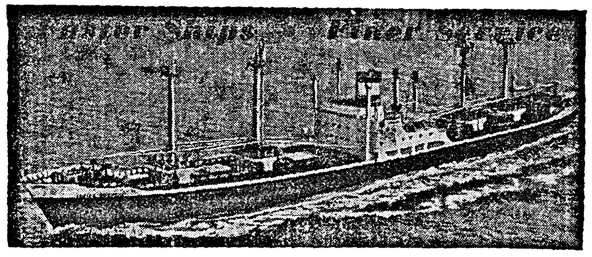

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PUBLIC ACCOUNTABILITY OF PRIVATE CORPORATE SECTOR—II

WHY NOT APPOINT SUPERVISORY BOARDS?

(Contributed)

THE grounds for applying the test of public accountability to private sector enterprises are stronger than those commonly cited in the case of public sector enterprises. Firstly, the control over public sector enterprises through public accountability is advocated to see that those enterprises do act and function in public interest. In fact, the public sector enterprises are from the very start public-interest oriented. In the case of private sector enterprises, it is all the more necessary to see that they do not do things that might be against public interest. Secondly, the private sector enterprises are in a big way responsible for the success of the national economy as a whole and in our country for the success of the Five-year Plans. Also, they are expected to maintain the country's ability to compete in the world markets. Thirdly, in a country where capital and technical resources are limited, it is important to see that they are most efficiently and desirably used. Such use of the resources is not automatically assured by leaving the private enterprise to operate on the basis of maximisation of profits. Fourthly, private enterprises in a free society do influence the character of the society. One of the ways of influencing the character of the society is by contributing to the political parties and thereby moulding the character of laws of the land. Fifthly, public accountability is necessary in the case of private sector enterprises to see more closely and precisely to what extent private appropriation of wealth diverges from the accepted goal of reduction of gap between the various sections of the society and to suggest ways of effecting harmony between those classes.

It may be mentioned here that there are other alternative controls also, but, in comparison to public accountability, they have either become blunt with the passage of time or are found to be less effective to achieve the desired results in a pluralistic society. One kind of control is the economic control by markets. The efficacy of this control is gone. The second kind of control is the existence of countervailing power which means organised resistance to corporate management policies. This control, according to the past experience, could not be organised on a wide front and has, therefore, proved to be inadequate. At best, countervailing power could be developed on the labour front and it secured benefits for the labour only whereas the interests of the consumers could not be safeguarded. A third type of control is the control by the rule of law, which, in democratic societies, could not be pushed beyond a certain stage.

Welfare of Society

The acceptance of concept of public interest by the State for operating industrial enterprises was easy, as, in democratic societies, Government's existence and stability very much depended on its record of work for the general welfare of the society. In the private corporate sector, the acceptance seems to be confined to certain enlighted corporate management circles only. In the western world, the chairmen and presidents of big companies have started looking beyond the frontiers of shareholders and creditors to consumers and public while formulating the business policies. But this realisation, however, has not yet quite clearly resulted in the dawning of a realisation of public accountability of private sector enterprises. It is seen today that the public sector is subjected to the test of public accountability in a number of ways and to a considerable detail, whereas only to a very small extent has the private sector been made accountable.

By far the most important argument used for prescribing a very strict test of public accountability for the public sector enterprises is that the public sector industries, being bereft of profit motive, their efficiency has to be judged in some other effective manner. Then there are other arguments also, namely, that the attainment of targets set for the public enterprises, the attainment of national objectives, the regulation of undue powers of managers of monopolistic public enterprises, etc., justify the application of test of public accountability. Among the methods employed for securing public accountability of public enterprises, one is that, in some cases, public sector enterprises are governed by special statutes, rules and regulations which act as automatic means of controlling their policy decisions. These statutes also specifically lay down the controls to be exercised by the Government and by the *Ministers. They are* also required by law and often by directives given to them by the Government to disseminate adequate information by preparing full and factual annual reports and accounts, organising efficient public relations departments, issuing informative literature on major policies of production, expansion, labour relations, etc. Also they are subjected to control by Parliament in several ways, namely, through Parliament questions, debates and resolutions, examination by Public Accounts Committee and Estimates Committee and inquiries by special committees of Parliament. Apart from these, financial transactions and working of the public sector enterprises are subjected to close scrutiny and audit by the Comptroller and Auditor-General. In regard to the last-named control, there are certain express provisions provided for under the Companies Act, 1956 in our country. Provisions of Section 619 place the Government companies under the jurisdiction of the Comptroller and Auditor-General for its audit and those of Section 619A cast an obligation on the Central Government to place the annual reports of Central Government Companies before Parliament and on the State Governments to place such reports before their respective State legislatures.

"Numbing Effects"

As against the foregoing array of diverse methods subjecting the public sector enterprises to public accountability which sometimes cause "numbing effects" on them, the corporate bodies in the private sector are made primarily accountable to their shareholders and to the public in a limited way. In the first place, the Companies Act contains certain provisions which ensure that companies are set up on an honest basis. These regulations relate to the preparation of memorandum and articles of association and prospectus in which a series of disclosures which might help the investors to make investment decisions are required to be made. Another set of provisions under the Act requires the companies to hold annual general meetings and present annual accounts and report to their shareholders. Annual accounts and a number of other documents are also required to be filed with the Registrars of Companies under the provisions of the Act for inspection by the public and for scrutiny by the Government. The companies are also required to keep certain registers containing the list of shareholders, details of the shareholdings and other particulars of financial interests of directors, etc., in their registered offices for inspection by the shareholders and creditors. The provisions of Company Law in our country also require the passing of special resolution by shareholders and approval of the Government in regard to a number of matters such as inter-company investments and loans beyond certain stipulated limits, appointment of managerial personnel, their remuneration and contracts entered into by the companies with their managerial personnel and their associates, etc. The provisions of the Act also, under certain circumstances, confer powers on the Government to get the affairs of the companies investigated by inspectors. Thus, the scope of public accountability in the case of private sector enterprises stops with the foregoing few provisions contained in the Companies Act.

In reality the foregoing requirements under the Companies Act do not ensure adequate public accountability of the private sector enterprises. Broadly speaking, any scheme of public accountability of the private sector enterprises should deal with three matters. In the first place, fraudulent and dishonest practices and oppression of minority rights have to be investigated and checked. Secondly, the scandalous waste of which chances cannot completely be ruled out in the private sector is to be prevented. Thirdly, policy decisions of the private sector need to be brought out in the open so that it could be seen that they in no way militate against the goals set and accepted by the society. For looking into each of the foregoing things, different ways of public accountability are to be evolved and, in evolving these, one has to see that they do not inhibit the smooth and successful working of joint-stock companies concerned and that they also do not discriminate between the two sectors, namely, the private and public sectors. In fact, as far as possible, the various devices of public accountability should apply equally to the public and private sector industrial organisations.

In order to secure control over the activities mentioned, one effective way of subjecting the private sector enterprises to public accountability would be to require them to publish information on their working in a very detailed and comprehensive manner. Over the span of last one hundred years or so, the scope of annual accounts of companies has very considerably widened. In the beginning, when business enterprises were one-man ventures or joint ventures promoted by a small group of people, annual accounts were a matter of 'mere historical record.' But, as the number of shareholders increased and the companies acquired the character of 'public companies' in law, as loans and advances came to be sought by these companies from financial institutions and banks and as wider appeals made to the public for large amounts of share capital, annual accounts became an 'instrument of accountability' and a 'public address' rather than a 'solilogy' and an 'aide-memoire.' In the nineteenth century, the legal injunction to disclose the financial working of companies in the form of profit and loss account and balance-sheet under the Company Law was regarded as "sheer legislative interference with the benevolent workings of *laissez-faire*."

Wider Economic Interest

In the present times, when the companies have become powerful engines of economic progress, the functions of disclosure in accounts are not merely restricted to the prevention of fraudulent and other abuses of financial stewardship and the exercise of shareholders' control "as compacts between particular boards of directors and their shareholders." The wider economic interest of society demands "disclosure, because a free economy operates through spontaneous attraction of resources to points of highest productivity" and for this process to work "the provision of finance is crucial. Social economy in real resources demands that finance is channelled to uses where the rate of return is high and away from uses where it is not." This point has very cogently been put forward by Professor Baxter of the London University who submitted for the consideration of the Jenkins Committee that "if the economy is to work efficiently, the decisions regarding the fruitful uses of resources by the individuals" must be based on adequate information. Investors should have available the fullest and clearest data on the working of the various sectors guided by such data, they will put new resources into the sectors where likely returns are the highest—thus helping to give the consumer what he wants and to reduce abnormally high profits rates to the competitive level.

The society that fails to provide itself with the best available information is wasting resources and keeping its income needlessly low; when applied to such a society, the main economic argument for freedom becomes hollow since most people concerned would probably be better off in material things if they abandoned private enterprise and entrusted new investment to state planners with dictatorial powers to extract information. Considering these imperatives, the annual accounts and other sources of information of the companies should among other details required under the law, disclose financial connections of companies with other firms, past and present levels of production, employment and investment, reveal the background of policy decisions relating to production, employment and pricing. The details of management structure, formal agreements made with directors, various other bodies, etc., should also be disclosed.

Another way of securing public accountability would be that some means of questioning and reviewing the working of companies should be established. Already for the public sector undertakings, a number of parliamentary bodies such as the public accounts committee, estimates committee, standing committee of parliament are there which periodically or even continually conduct the examination of the work of these enterprises. Certain expert quarters in the West which favour the idea of public accountability of private sector

(Continued on next page)

MANPOWER SHORTAGE IN COTTON MILLS

TRADE UNIONS TO PRESS FOR BETTER TERMS

From Our Special Correspondent

MANCHESTER, *21st January*

AFTER simmering just below the surface for some considerable time as a controversial issue, the future of resale price maintenance, with all its implications, has suddenly flashed into the limelight. From a purely political standpoint, the Government's decision to introduce legislation, aimed at ending the system, is, at the very least, courageous, as such a step was bound to produce strong reactions from many sources.

MANCHESTER LETTER

Some commentators have suggested that the proposals offer too many loopholes and the possibility of delays confusing the issue may undermine its effectiveness, but the stand which is to be taken against price-fixing must have very substantial repercussions on the economic scene. The attitude displayed is nevertheless well in line with earlier legislation drawn up with the object of curtailing restrictive practices and curbing the powers of monopolies.

One of the complaints raised about the way in which the previous cases of alleged restriction have been tackled was the slow rate of progress achieved, the lengthy hearings and the long wait for a decision which inevitably caused a lack of confidence in the industry under review. If the present legislation succeeds, it is to be hoped that more effective measures will be adopted to investigate the appeals which are likely to be put forward by many interested parties.

Five Years Back

Although the cotton industry's direct acquaintance with such events dates back for some five years, the experience is still sharp enough in many memories to bring recollections of the confusion then caused by the eventual abandonment of the Yarn Spinners' and the Cotton Yarn Doublers' Agreements. Before that, it had been the turn of members of the textile finishing trade to fact the tribunal probing alleged pricing arrangements on behalf of the Monopolies Commission.

In each case, the schemes then in force were regarded as being against the public interest and their sponsors were given the opportunity to withdraw the arrangements. Only in two instances among the many so far heard has the Restrictive Practices Court failed to find against the organisers of the practices which were being surveyed. There must obviously be numerous ways of creating defensive mechanism to sustain a particular industry or service against those who threaten to undermine its foundations. Equally, there will be two points of view as to whether such steps are justified.

The opponents of these schemes strongly contend that they bolster up the inefficient and smother initiative; supporters are just as convinced that they offer traders who have an important stake in an industry the chance to make reasonable profits and keep their machinery up-to-date and competitive. Although the agreements in cotton yarn spinning and doubling have long since ceased to exist, it is as well to remember that they consisted not of price-fixing pure and simple but of a minimum margin arrangement under which competitive prices could still be quoted. The margin, and not the final selling rate, was the subject of the pacts.

Leadership, the Answer?

Some local significance can be found in the current outbreak of dissention over the proposed new legislation. Many influential individuals and companies within the cotton textile industry still feel strongly that margins should be maintained to eliminate weak selling in time of strain.

Behind-the-scenes moves have been taking place in an attempt to secure official sanction for some system of recommended price levels which would not cut across the five-year-old verdict of the Restrictive Practices Court. In view of the latest developments, it seems very unlikely that the Board of Trade in its present mood would countenance any scheme of this kind. Price leadership on a completely informal basis is the only possible alternative. Such an operation could be carried out more easily now that the industry consists of a smaller number of units. It may, indeed, encourage more mergers provided they do not approach the "monopoly" standard.

As often happens, two items of news affecting the trade coincided last week, both of which raised fundamental issues concerning wages and working conditions which caused considerable misgivings about the future. On the one hand, the spinning and weaving trade unions decided to go ahead with their approach to the employers for better terms, while a report from Oldham disclosed that one of the largest mills in the area was discontinuing shift working.

Taking the second point first, the attitude of the operatives at the Lily Mill at Shaw in reverting to single day-shift operation in two of the three ring rooms highlights the difficulty experienced by the management in securing enough women to work the shift which runs from 2 p.m. to 10 p.m. Opposition to the afternoon-evening shift from housewives can be attributed to a number of causes, not least the alternative employment offered by other firms in the area, both textile and non-textile, which do not involve evening work.

The social consequences of the shift system have always been a drawback, but, if a streamlined industry is to operate successfully in these highly competitive days, there seems to be little alternative but to use the expensive machinery now installed to the best possible advantage. In theory at least, the costs of production must be kept at the lowest possible level and it is difficult to see how the latest plant can be economically worked on a single day shift.

The labour situation in the industry as a whole has undergone a pronounced change in the past few months. Although the position varies from district to district, there are constant reports of a shortage of manpower, particularly in specialist occupations within the mills. Fortunately, too, so far this year, the weather has not caused the usual rate of absenteeism which is always liable to hamper productivity during the winter months. This factor has lately become even more vital now that the redeployment of labour means that the numbers employed in particular processes have been reduced to a minimum.

These important aspects of the current state of trade are sure to be raised by the employers at forthcoming meetings with the unions when the whole question of future labour relationships in the industry comes up for consideration. It is not yet clear whether the leaders of the operatives are planning to put a detailed scheme before the millowners, but they are aiming at a comprehensive system of improving working conditions as a whole.

The official statement issued by the executive committees of the various unions said that the whole question of wages, holidays, hours of work and redundancy had been considered. The meeting expressed dissatisfaction with the method of forcing wage increases and other improvements in time of good trading and the difficulties experienced when trade was not buoyant. A decision was made to approach the employers for talks about the possibility of "programming" increases over a period of a few years "to establish some stability and to avoid disputes."

(Concluded from previous page)

have suggested the establishment of Supervisory Boards for each of the basic industries like the Iron and Steel, Coal, Oil and Gas, etc., and a General Supervisory Board for big companies in other industrial fields. These Boards should, apart from looking into the financial working of basic industries and big companies, evaluate their general planning, supply and production capacities, price policies and also see how their policies fit in with the Government's policies at the national plane. These Boards should, however, not undertake lengthy internal probing and inquiries which might become a burden on the industries and companies, but should consider reports and accounts published by them, take oral evidence etc. Further, the boards should do the assessment periodically, say, once in three years or so in various industries and groups of companies. The setting up supervisory boards as suggested above should not meet with opposition from the private sector, as the public sector enterprises are already being investigated by a number of parliamentary committees.

Thus, the foregoing two important suggestions would go a long way to make the public accountability of private sector enterprises really effective as they would satisfy the main aims of public accountability, namely, that public accountability opens major decisions to informed criticism and that it increases the influence of public interest on management decisions and widens the criteria by which industrial organisations are to be judged beyond the traditional economic or commercial tests.

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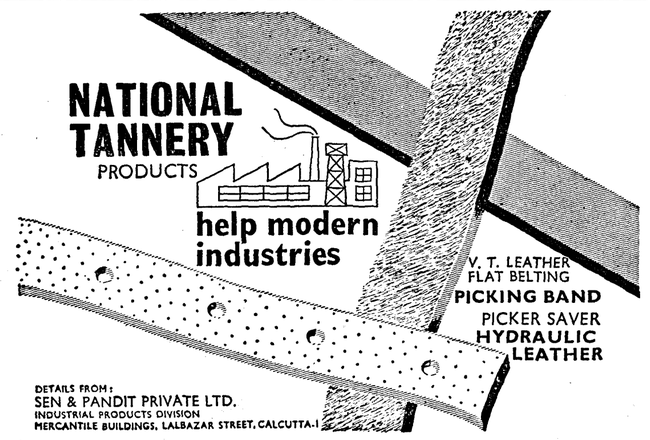

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This is an Announcement of intention to make Public Issue of Shares and not a Prospectus. Persons interested are requested to apply for a copy of the Prospectus for full details. Copies are available from the Company's Registered Office, Bankers and Brokers.

LAKSHMI MACHINE WORKS LIMITED

(INCORPORATED IN INDIA ON 14TH SEPTEMBER, 1962 AS A PUBLIC LIMITED COMPANY UNDER THE COMPANIES ACT, 1956)

Registered Office : **348, AVANASHI ROAD, PAPPANAICKENPALAYAM, COIMBATORE-1.**

SHARE CAPITAL

AUTHORISED CAPITAL

	Rs.
3,00,000 Equity shares of Rs. 100 each	3,00,00,000
50,000 9% Cumulative Preference shares of Rs. 100 each	50,00,000
Rs.	3,50,00,000

ISSUED CAPITAL: *Present Issue*—

	Rs.
2,50,000 Equity shares of Rs. 100 each	2,50,00,000

SUBSCRIBED CAPITAL

1,00,000 Equity shares of Rs. 100 each Subscribed by Promoters, Directors, their Friends and relatives.	1,00,00,000

AGREED TO BE SUBSCRIBED:

	Rs.
1. Reserved for allotment to Messrs. Rieter Machine Works Ltd., Technical Collaborators of the Company, for the supply of Know-how, Plans and Layout, and for supplies of machine tools upto 12% of the Issued Capital	30,00,000
2. 20,000 Equity shares of Rs. 100 each reserved for allotment to International Finance Corporation, Washington	20,00,000
3. **Now Offered to the Public for** subscription at par in cash, in terms of this Prospectus—1,00,000 Equity shares of Rs. 100 each	1,00,00,000
Total Issued Capital .. Rs.	2,50,00,000

TERMS OF PAYMENT

The share moneys are payable as follows :—On application Rs. 25 per share : On allotment Rs. 25 per share within 45 days of the date of allotment. The balance of Rs. 50 per share in two calls of Rs. 25 each per share as and when the Directors call.

Application for shares :—Application for Equity shares must be made for a minimum of 5 shares or multiples of 5 shares and must be made in the form attached to the Prospectus.

BOARD OF DIRECTORS

SRI. A. M. M. MURUGAPPA CHETTIAR, "Chamundeswari Baugh," 9, Santhome High Road, Madras-4. (*Chairman*).

Managing Director:

Carborundum Universal Ltd.
Tube Investments of India Ltd.

Chairman:

The Madras Industrial Investment Corporation Ltd.
Sri Sarvaraya Sugars Ltd., Madras.
Mysore Cements Ltd., Bangalore.

Director:

Madras Alloy & Stainless Steels Ltd.
Ashok Leyland Ltd.
E.I.D. Parry Ltd., etc., etc.

MR. FRITZ PREYSCH, 43, Buelrainstrasse, Winterthur, Switzerland.

Director:

Rieter Machine Works Ltd., Winterthur.

Alternate Director to Mr. Fritz Preysch.
SRI C. DORAISWAMY, No. 7, East Spur Tank Road, Madras-31.

Director:

Needle Industries (India) Pte. Ltd.
Chelpark Co. Ltd.
Mettur Industries Ltd.
T.I. Diamond Chain Ltd.

MR. MAX R. EPPRECHT, 11, Eichweg, Winterthur-Seen, Switzerland.

Engineer-Director:

Rieter Machine Works Ltd.

SRI G. VENKATASWAMY NAIDU, 4/261, Avanashi Road, Coimbatore.

Managing Agent:

The Lakshmi Mills Co. Ltd.
The Coimbatore Cotton Mills Ltd.

Director:

The Rajalakshmi Mills Ltd.
The Premier Mills (CBE) Ltd., etc., etc.

SRI G. K. DEVARAJULU, "Shell House," Avanashi Road, Coimbatore.

Managing Agent:

The Lakshmi Mills Co. Ltd.
The Coimbatore Cotton Mills Ltd.

Managing Director:

South India Viscose Ltd.

Director:

The Madras Aluminium Co. Ltd.
The Premier Mills (CBE) Ltd.
Sivananda Mills Ltd.
The Indian Overseas Bank Ltd., etc., etc.

SRI K. SUNDARAM, "Rasakondalu," Circuit House Road, Coimbatore.

Managing Agent:

The Lakshmi Mills Co. Ltd.
The Coimbatore Cotton Mills Ltd.
The Textool Co. Ltd.

Director:

South India Viscose Ltd.
Madras Machinetool Manufacturers Ltd., etc., etc.

SRI K. RAJAGOPAL, 2/239, Avanashi Road, Coimbatore.

Managing Agent:

The Lakshmi Mills Co. Ltd.
The Coimbatore Cotton Mills Ltd.

Director:

Rajalakshmi Mills Ltd.
Bell Alloys Steel (P) Ltd., etc., etc.

SRI V. N. RAMACHANDRAN, "Vijaya," 5-A, A.T.T. Colony, Avanashi Road, Coimbatore.

Managing Agent:

The Premier Mills (CBE) Ltd.
Premier Cotton Spg. Mills Ltd.
Super Spinning Mills Ltd.

Director:

The Textool Co. Ltd.
South India Viscose Ltd.
The Madras Aluminium Co. Ltd., etc., etc.

SRI G. R. DAMODARAN, "Anbarangam," Kamaraj Nadar Road, Redfields, Coimbatore.

Managing Agent:

The Coimbatore Pioneer Mills Ltd.
Shree Rangavilas Ginning, Spg. & Wvg. Mills Ltd.
Kumaran Mills Ltd.
Coimbatore Pioneer Fertilisers Ltd.

Director:

Pioneer Fire & Genl. Ins. Co. Ltd.
Neiveli Lignite Corporation, Ltd., etc., etc.

SRI S. R. P. PONNUSWAMY CHETTIAR, "Ram Prakash," R.S. Puram, Coimbatore.

Managing Agent:

Sivananda Mills Ltd.

Managing Director:

Essorpe Mills Private Ltd.

Director:

The Premier Mills (CBE) Ltd.
South India Viscose Ltd., etc., etc.

SRI R. KRISHNASWAMY, 6/675, Trichy Road, Singanallur P.O., Coimbatore-5.

Managing Agent:

The Rajalakshmi Mills Ltd.
The Coimbatore Cotton Mills Ltd.

Managing Director:

B. Rangaswamy Naidu Orchards Private Ltd.

Director:

South India Viscose Ltd.
B. Rangaswamy Naidu Cattle Farm Private Ltd., etc., etc.

SRI V. RAMASWAMY NAIDU, 131, Uppilipalayam, Singanallur P.O., Coimbatore-5.

Managing Agent:

Kadri Mills (CBE) Ltd.
The Pankaja Mills Ltd.

Managing Director:

Sri Ambal Mills Private Ltd.

Director:

The Madras Aluminium Co. Ltd.
Coimbatore Pioneer Fertilisers Ltd.

SRI G. V. GOVINDASWAMY NAIDU, "Venkata Nilayam," Venkatesa Mills P.O., Udamalpet, Coimbatore Dt.

Managing Agent:

The Sri Venkatesa Mills Ltd.
Amaravathi Sri Venkatesa Paper Mills Ltd.

Director:

The Sri Venkatesa Mills Ltd.
Amaravathi Sri Venkatesa Paper Mills Ltd., etc., etc.

SRI P. C. CHERYAN, Technical Director & General Manager (Engg.), M/s. Voltas Ltd., 19, Graham Road, Ballard Estate, Bombay-1.

Director:

Voltas Limited.
Lakshmi Card Clothing Mfg. Co. Private Ltd.

MANAGING AGENTS

M/s. G. KUPPUSWAMY NAIDU & CO., Avanashi Road, Pappanaickenpalayam, Coimbatore.

UNDERWRITING

The entire present issue offered to the Public for subscription is underwritten as follows:—

	Rs.
1. *Industrial Finance Corporation of India*, Parliament Street, New Delhi	20,00,000
2. Life Insurance Corporation of India, Jeevan Kendra, Jamshedji Tata Road, Bombay-1	20,00,000
3. The Madras Industrial Investment Corporation Ltd., 23, Nungambakkam High Road, Madras-34	15,00,000
4. The New India Assurance Co., Ltd., 87, Mahatma Gandhi Road, Bombay-1	10,00,000
5. Industrial Credit & Investment Corporation of India Ltd., 163 Backbay Reclamation, Bombay-1	5,00,000
6. Canara Bank Ltd., 17/225, Oppanakara St., Coimbatore-1	5,00,000
7. The Bank of Baroda Ltd., Big Bazar St., Post Box No. 269, Coimbatore-1	5,00,000
8. The Bank of India Ltd., Y.M.C.A. Road, Post Box 105, Coimbatore-1	5,00,000
9. The Central Bank of India Ltd., Variety Hall Road, Coimbatore-1	5,00,000
10. The Union Bank of India Ltd., 14/243, Oppanakara St., Coimbatore-1	5,00,000
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Bangalore

M/s. P. R. SUBRAMANYAM, "Shreesiva", 24, Fourth Street, Benson Cross Road, Bangalore-6.

PROPOSED ACTIVITIES

To manufacture complete Blowroom Lines, Carding Engines, Lap Formers, Ribbon Lap Machines, High Speed Combers, High Speed Draw Frames, Speed Frames, Ring Spinning Frames, Double Apron Drafting Arrangements, and manufacture of the complete range of spinning machinery, accessories and Spare Parts to spin cotton and staple fibre yarns and allied kindred materials or products of the same design as those of M/s. Rieter Machine Works Ltd., Winterthur, Switzerland.

TECHNICAL COLLABORATION

The Company will embark on the manufacture of textile spinning machinery of all description in collaboration with the world-renowned Swiss Firm of textile machinery manufacturers namely, M/s. RIETER MACHINE WORKS LTD., WINTERTHUR, SWITZERLAND. The collaboration Agreement is valid up to 31-3-1975.

LAKSHMI MACHINE WORKS LIMITED—(*Continued*)

BUSINESS PROSPECTS OF THE COMPANY

While a number of established units are producing textile machinery and are straining at the leash to meet the country's requirements, the demands are far from being met. Experience of existing manufacturing units has proved that specialised skill and meticulous training make all the difference in securing a proper output and maintaining quality in production. With the foreign collaboration of such a veteran among textile machinery manufacturers as RIETER MACHINE WORKS LTD., WINTERTHUR, SWITZERLAND, the Company can ensure the highest efficiency in output, the incorporation of the latest refinements in textile machine making, and the maintenance of quality. The Company hopes to place on the market textile machines of the same standard and quality as Rieters are themselves producing over the years, the first stage of production to commence in the latter half of 1964. It is expected that based on the present estimates, the Company will make sufficient profits to enable a fair dividend to be paid to the shareholders of the Company after meeting other obligations.

LOAN CAPITAL

The Industrial Credit and Investment Corporation of India Ltd., have agreed in principle to grant a loan to the Company in foreign currencies equivalent to U.S. $840,000 (about Rs. 40 lakhs) and a rupee loan of Rs. 15 lakhs. The International Finance Corporation, Washington, has also agreed in principle to grant a foreign exchange loan of U.S. $960,000 and they will also participate in our equity capital (in foreign exchange) for a sum of Rs. 20 lakhs. Scheduled banks have agreed to advance a block loan of Rs. 65 lakhs. All these loans will be secured by a legal mortgage ranking *pari passu* for all the institutions. The repayment will be in sixteen half-yearly instalments ending in 1975.

LOCATION OF THE FACTORY

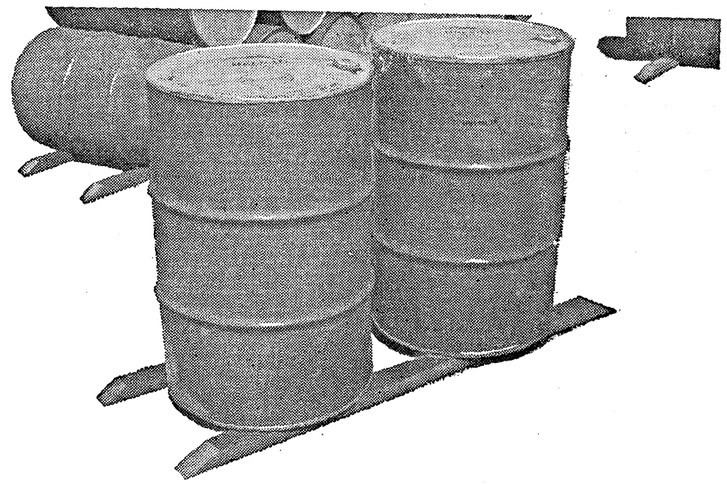
The factory will be located at Periyanaickenpalayam, about 11 miles from Coimbatore on the Coimbatore-Mettupalayam Railway route near the Railway Station. There will be a railway siding and easy access by roads. The Company has already purchased 111 acres 74½ cents of land. Adequate supply of water and power have been ensured.

PROGRESS MADE

Import licences for machine tools, component parts and raw materials have been obtained for Rs. 37,80,587/- Essentiality Certificates also for the same for a total value of Rs. 34,86,247/- have been received and necessary applications have been made for getting the import licences. Model machines from M/s. Rieter Machine Works Ltd., have been ordered and these will be got shortly. Indigenous machineries for the first stage of the project have also been ordered for. Building constructions are expected to be ready by April 1964 and the first stage of production is anticipated to commence in the latter half of 1964.

DATES OF OPENING AND CLOSING OF SUBSCRIPTION LIST

The subscription list will open at 10 a.m. on *Monday, 3rd February*, 1964 and will close at 5 p.m. on Wednesday, 19th February, 1964 or earlier at the discretion of the Directors as soon as subscriptions approximating to the amount issued hereunder to the public have been received but not earlier than 5 p.m. on Thursday, 6th February 1964.



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mas. IOC 36439

FRESH LIGHT ON AIR ACCIDENTS

SAFETY AIDS IN SOUTH-EAST ASIA INADEQUATE

By Our Aviation Correspondent

THE subject of air safety has occupied, of late, an increasing amount of space in the aeronautical press. This is not because of any *deterioration in the accident rate.* Indeed, in spite of a sudden spate of serious accidents towards the close of the year, provisional figures indicate that the rate for 1963 was a slight improvement on that for 1962. The cause of present concern is, rather, the increasing number of accidents—and, if that sounds contradictory, an explanation of how the accident rate is computed will serve, perhaps, to clarify the issue.

As at present calculated, then, the rate is based on the annual number of fatalities related to the annual total of passenger-miles *operated. The present rate, for example,* is a shade under one fatality for every 100 million passenger-miles. Thus, despite the fact that the number of accidents tends to increase every year, owing to the continuous expansion of air transport, the accident rate has actually improved over the last two years. Now, however welcome in itself, the picture of air transport safety which this presents is not altogether reliable. An added disadvantage stems from the impression that the standard of safety is constantly improving. This could lead, in certain quarters, to a quite unwarranted sense of satisfaction. It may be of interest to examine these two charges more closely.

Complacency

Leaving for a moment the question of accident rate presentation, let us deal with the possibility of complacency. One does not imply that this actually exists. So long, however, as it can be demonstrated that the accident rate is improving, a tendency to inaction, to rest on the oars as, it were, is bound to exist. And this, in fact, has been encouraged by some statisticians who have certainly conveyed the impression that, statistically speaking, accidents are bound to increase as air transport expands. This is a dangerous attitude.

At a recent conference in London, convened by the United Kingdom Air Safety Committee, amongst the papers read was one which contained this significant passage:

"It is not the absolute level of risk which counts, but the image of risk in the public mind. A five or tenfold improvement (in the accident rate) in the next decade or so appears to be necessary. In other words, it is not enough that the accident rate be maintained, or even slightly improved. Only a very substantial reduction in the number of accidents will suffice. And, if that reduction is not forthcoming, the image of risk in the public mind is going to assume very ugly proportions indeed."

Method of Calculation

Let us now turn to the actual presentation of the accident rate. While, on the face of it, the present method of calculation may appear to be as good as any other in comparing the relative safety of air transport *vis-a-vis* those of other means of public transport, it does tend to depict the safety of air travel in an unduly favourable light. The air transport industry carried, in 1962, close on 140 million passengers. That figure increases annually. It is estimated, moreover, that the average distance travelled by each passenger is about 600 miles. The quite astronomical number of passenger-miles which this represents, therefore, itself tends to distort the picture. More to the point, however, the picture itself does not reveal the true facts of the situation.

What are the facts? At a meeting in Athens, organised by the Flight Safety Foundation of New York, an exhaustive study was made of all jetliner accidents during the past five years. This clearly showed that an overwhelming proportion of these accidents occurred during two phases of flight—take-off and descent. Of these two phases of flight, moreover, descent accounted for twice as many accidents as did take-off. It was also remarked that, whereas three-quarters of the world total of airliner flights took place in the North American Continent and Europe, yet, of the thirteen accidents which involved air traffic control or ground aids, only two occurred in those areas. The inference drawn was to the effect that, in greater or lesser degree, the remaining areas lack adequate ground aids.

An Interesting Study

These conclusions are now reinforced by an interesting study of airline accidents in 1962 made by a Mr. Peter Clegg and published in *The Aeroplane and Commercial Aviation News.* For the purpose of his study, the author divides the world into seven regions. These are: (1) North America, (2) Australasia, the Far East, and the Pacific, (3) Europe and North Africa, (4) Africa exclusive of the North, (5) South and South East Asia, (6) Central and South America, and (7) the Middle East. He then summarises the accident statistics of 1962 in a series of tables. Thus, he tabulates, by regions, the number of accidents, the number of fatalities, the number of departures, and, as a ratio, the number of flights involving fatalities against the total number of flights. Finally, he tabulates, again by regions, the average number of flights per fatality.

Mr. Clegg's object is to demonstrate that the accident rate, to be of any value, should be based not on the number of passenger-miles flown, but on the number of flights made. "The normal airline passenger," he says, "will have little, if any, idea of the distance he has flown or is likely to fly in his lifetime. But he would probably be very interested to know how many times he can expect to board an aircraft before—according to the laws of probability—he meets with a fatal accident." In tabulating the results by regions, Mr. Clegg aims to show how very widely the risks involved vary from region to region. Finally, he claims that any so-called average accident rate is quite misleading. "The measure of safety prevalent in 1962," he points out, "is largely accounted for by the safety of North American and Australasian operations."

Space precludes any detailed account of the results of Mr. Clegg's study. It must suffice to mention his three principal conclusions. These are: firstly, that flights in North America and Europe total 4,861,700 or more than four times the number of flights—1,114,200—in all the other five regions put together; secondly, the ratio of flights involving fatalities to world total flights shows that North America, Australasia, and Europe—in that order—come out conspicuously better than the remaining four regions. In the case of Australasia, for example, the ratio is 1 : 414,800 as compared with 1 : 33,500 in the case of South East Asia. Finally, in an assessment of safety by regions, South and South East Asia comes out the worst of the seven regions.

Mr. Clegg, in fact, gives us an entirely new picture not only of the comparative safety of air travel, but, more specifically, of where the principal dangers lie. His views and conclusions are not necessarily, of course, the last word on the subject. They do, however, make a great deal of sense—that is undeniable. They merit, one suggests, the close attention of all those concerned with the provision of airports, communications, ground aids, facilities, and services generally—and particularly in the countries of South and South East Asia of which India is one. It is not enough for our national airlines to hold well merited reputations for safety. The same high standards must be applied to the organisation on which, in the final analysis, the safe conduct of air operations so heavily depends.

AIR-INDIA TO BUY ONE MORE BOEING

Air India is contemplating to buy one more Boeing 707, according to Mr. B. R. Patel, its General Manager. Including this, which is expected to be delivered in March 1965, Air-India will have in all eight Boeings. With the purchase of the eighth Boeing frequencies on some of Air India's routes will be increased to cater to the increased traffic on the system. The Corporation is looking forward to the addition of one large jet practically every year to the fleet until such time as the supersonics come into commercial use. With the arrival of Air-India's new Pratt and Whitney powered Boeing 707 320B, Air-India will introduce the eighth service from Bombay to London in August this year. This will be departing from India in the morning and reaching London in the evening on Saturday and will leave London on Sunday afternoon and arrive in India on Monday morning. The Corporation will also step up the frequency of India-Moscow service to two and extend its Sydney service to Nandi, Fiji.

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NEW PRODUCTS AND PROCESSES

Multiple Solar Cells

THE concept of power from sunlight comes closer to commercial reality with the development in Britain of multiple solar cells which have virtually unlimited life and can withstand extreme climatic conditions. The solar cell system for converting daylight into electric current for storage in secondary batteries became generally known when it was used to provide power for electronic equipment in satellites. The cell, developed by Ferranti Ltd. of Lancashire in Britain, is claimed to be the first efficient and economic device for doing the same job in remote land or sea situations at considerably less cost than conventional systems. The new system is based on a large-area silicon photovoltaic cell unit known as type MS40. It is composed of four individual cells connected in parallel to a common heat sink. An integral moulded cylindrical lens encapsulation increases the effective solar radiation collection area. This, together with other design features, gives a solar spectrum conversion efficiency of about 8 per cent at ground level. A trial assembly of the MS 40 modules has just been shipped to the Persian Gulf where it will be used to power off-shore oil drilling. Others are being used to provide light for marine buoys and other navigational aids. Cost of power when using the new cell is one penny per watt hour—based on capital cost of the equipment spread over five years. Compared with conventional power generation systems using commercial fuels and requiring frequent maintenance, running costs of the solar power system are said to be negligible. Other uses envisaged for the solar power system are rural telecommunications, telemetry systems, unattended weather stations, solar powered clocks and repeater stations.

Dual Purpose Fork Truck

The slow process of goods selection, using ladders or portable platforms between widely spaced racks at varying heights in warehouses, is eliminated by the use of a dual purpose fork truck manufactured by Conveyancer Fork Trucks Ltd., Warrington, England. It can also be used as an order-picking machine as well as a conventional reach fork truck. The operator can travel the entire length of storage racking, driving either forward or reverse, adjusting the height of the platform enabling him to select items of stock for miscellaneous order requirements, which are stacked on a standard pallet carried in front of the driver. When order picking is completed the platform is lowered and the truck is driven away and the load deposited in the conventional manner.

Plastic Jacket for Pipe Insulation

A new type of plastic jacket for insulating pipes before use underground has been developed in Britain by Anchor Insulating Co. Ltd., London. Intended for pipes that are to carry water, oil, grain, or other substances needing a constant temperature, the jacket is applied in two stages. First a waterproof polythene outer layer is wrapped loosely around the pipe. Foam polyurethane able to withstand temperatures between minus 50°F. and 240°F. is then injected into the cavity between polythene and pipe. When the pipes are laid they are joined by an oversize polythene sleeve into which polyurethane is injected from mobile equipment. The makers of the jacket claim that by removing the need for brick or concrete pipe ducts the system reduces installation costs. They also supply pre-insulated pipes to any specification.

Odourless Cooking

A griddle and a deep fryer now being produced in Britain by the Flavourfare Ltd., Hamshire, are said to be the only ones with built-in extractor systems that remove all fumes and cooking smells. An extractor fan is enclosed in the stainless-steel body below the infra-red griddle plate. It draws fumes down behind the cooking area, over a precipitator that removes the grease, and expels them at the bottom through a pipe that can be led, low down and out of sight, to a wall vent, or connected to an existing ventilation duct.

New Switch Point

The switch construction department of an important Australian steel mill has recently manufactured and exported longest switch point with a branch-off curve radius of 1,600 m., the most favourable for Central Europe. The advantage of the new construction, designed in accordance with the latest technological findings, is the fact that the train can travel on the branch-off curve—without cant—at a maximum speed of 125 km/h. The new design makes it possible to do without considerable speed reductions at junctions or when running through stations. Some railway administrations already use switches admitted for a maximum speed of 125 km/h, however they have an even bigger branch-off curve radius, a fact causing considerable difficulties especially within the range of railway stations. The enterprise exports about 3,000 to 5,000 tons of switch points per year.

New Grinding Wheel

A diamond grinding wheel on which a layer of fine diamond grit lies parallel to a layer of coarse diamond grit is claimed to give a 10 to 15 per cent cutting power improvement as compared with conventional diamond wheels. Made by the De Vries and Son (Diamond) Tools Ltd., London, it is developed specifically for sharpening tungsten carbide tools, but it can also be used in optical and other industries where smooth surface finishes are required. The two layers of diamond grit are side by side on the face of the wheel and, when the coarse and fine grits alternately contact the material, the average penetration is greater than that achieved with a uniform grit size.

Air-conditioning for Spinning Frames

Spinning requires very carefully controlled conditions of heat and humidity, and the more the output of spinning frames is stepped up, the more air is required for the air-conditioning of the premises containing them. With a view to avoiding wastage and enabling the operatives to work in a normal atmosphere, a big Swiss firm recently produced an individual system of air-conditioning which combines the suction of the roves and the necessary humidification, and above all air-conditions the space inside the frames, and consequently the feed thread. The air circulates in a closed circuit. Thanks to this new solution, the humidification effect is the maximum where most needed, that is, inside the frames.

Air Mixing Device for 'Jets'

A British development of considerable value in the testing of jet aircraft engines is an air mixing device for a "cell" in which the engines are tested under varying simulated flight conditions. It replaces a number of complex systems previously used to achieve the same result. The new unit is a sphere of titanium stabilised stainless steel and is about 14 ft. in diameter. Its function is to feed air to the test "cell" at varying ranges of temperatures and pressures and to act as an anchor point for the 24 in. and 36 in. bore pipework associated with the system.

Compact Ground Prospecting Instrument

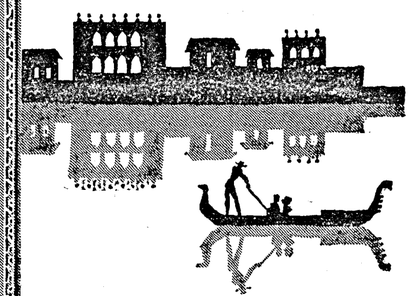
A lightweight electromagnetic ground prospecting instrument has been developed by the ABEM company, Stockholm. The instrument, called the Minigun, was subjected to extensive field tests in Canada during the past year and is now being marketed. The single-frequency equipment features two self-contained units connected to each other by a length of cable that serves the double purposes of measuring tape and electrical voltage reference. The total weight, including the feeding cable, is only 9.75 kg. The minigun measures three parameters at the receiver unit—in-phase component, out-of-phase component, and dip of the electromagnetic field at the receiver staff. This staff, a coil wound on a ferrite core, forms an integral part of the compensator-amplifier. Component readings are obtained directly in per cent of the normal field strength for any transmitter-receiver separation up to 40 metres, while readings of the dip of the electromagnetic field can be obtained up to a separation of 90 metres without the use of a feeding cable connection. The minigun is powered by standard dry batteries. The latest electronic techniques are used, including a transistorised printed circuit on a plug-in card for the amplifier. The Company since 1961 a member of the Atlas Copco group of companies, is a pioneer in the development of electromagnetic ground prospecting equipment and also undertakes complete geophysical contract service with air-borne, ground and underwater surveys.

New Step Ladder

A company Handelsonderneming van't Hof, Belvédèrelaan 9, Nunspeet (Holland) has produced a step ladder with pivoting steps for use in the house, in shops or in stores. So long as the ladder is in the folded position the steps are parallel to the oprights; when it is pulled out, they are brought by a lever into a horizontal position. The step ladder is made entirely of metal, the steps too. It comes in 3-, 4-, 5- and 6-steps versions, all the steps folding away neatly when the ladder is closed. The steps are 14 cm. wide and provided with aluminium treads with anti-slip honeycomb surfaces. When closed, the step ladder is only 7 cm. wide. The ladder with three steps is 122 cm. long: length increases by 22 cm. for each successive step. Thanks to a special design feature, the ladder is not unsteady on uneven floors (with differences of up to 8 mm. in level). Even if not properly put up, the ladder is prevented from shooting open by a special catch fitted underneath the top step.

COUNTRIES WE EXPORT TO (4)

ITALY HAS PURCHASED IN 1963 75000 PAIRS OF FOOTWEAR FROM *Bata* INDIA



PANYAM CEMENTS & MINERAL INDUSTRIES LTD.

INCREASE IN SELLING PRICE INADEQUATE

Summary Of Chairman, Mr. T. S. Sundaram's Address

THE following is a summary of the address to shareholders by Mr. T. S. Sundaram, Chairman of the Company, dealing with the Company's working for the year ended 31st August 1963. The Annual General Meeting of the Company was held on 20th January 1964 at 4.00 p.m. at Cement Nagar.

I have great pleasure in welcoming you all to this the eighth annual general meeting of the Company.

Before dealing with the accounts for the year ended 31st August 1963, I should like to refer to the gloom that overtook the world by the assassination of President Kennedy, who had striven hard for the improvement of international relations during the tenure of his office.

We met last year under the cloud of Chinese aggression, which created a spontaneous upsurge of patriotic effort, unequalled at any time in the history of our country. Even now, this aggression on the borders still continues, although the actual fighting has stopped. We should, therefore, be ready to renew our pledge not to rest until the aggression is driven out of our soil. We should be glad, therefore, of our Government's determination to develop adequate military forces to resist aggression from Communist China and their associates. At the same time, our Government have recognised that economic development should not be allowed to suffer through an excessive application, as is due, of the resources for our rearmament programme.

Appraisal of Third Plan

As you all know, the recent mid-term appraisal of the third Five-year Plan, which has been discussed threadbare since over a month in Parliament, as also outside, has disclosed an increased feeling of dissatisfaction and frustration. Whilst the Hon'ble Ministers and their associates were inclined to throw the blame, for this shortfall, on the private sector, the majority opinion of the Press, industrialists and other well-wishers of the country has been that the targets drawn up have been somewhat optimistic and that the situation has been further aggravated by the procedural delays in obtaining foreign exchange resources in the early period of the Plan. More than all, as the Hon'ble Planning Minister himself confessed in Parliament, even in more favourable circumstances, the period of gestation of some projects and/or in some industries should have been longer than what the planners had visualised at the time of the formulation of their Plans, with particular reference to power shortages and the inability of the respective State Governments to keep pace with the growing industrial needs, besides the increased emphasis attached to rural electrification.

Opportunity to Think

Whatever be the outcome of this reappraisal and the consequent action that our Government and the Planners may decide to take, this has given one and all the opportunity to pause and think as to whether our planning targets have been realistic and whether, instead of maximum growth at a point of time, the development policy should have been actually the maximum rate of growth over a period as a whole, commensurate with the other attendant circumstances, such as the investment climate and opportunities, taxation policies at the Centre and States, power supply position, availability of capital goods and foreign exchange with particular reference to their imports, spares and so on.

According to the recent survey, it has been revealed that roughly, two out of five companies in the private sector had to prune their dividends; whilst, one increased and two others, with great difficulty, maintained their previous rates, mostly by ploughing back their reserves. Despite the recently promulgated regulations drastically curbing the beneficial amenities offered by commercial banks and the more stringent conditions to Company Law regulations, the attitude of the present Central Finance Minister, particularly his bold action in abolishing price controls for certain industrial goods and raising the exemption limit for industrial licensing and for capital issues for industries, justifies our hope of a more realistic approach from him to our economic maladies, which alone would ensure capital resources for industrial expansion and investment in productive enterprises. It is, therefore, fervently hoped that the Finance Minister, besides, strengthening the institutional framework of commercial finance resources, would also consider the much needed changes in the fiscal and taxation policies.

Cement Industry

Speaking of our portland cement industry in particular, unless due encouragement is given, the Plan target, both as regards installed capacity and production, cannot be fulfilled and there would be a substantial shortfall. Owing to the heavy capital costs for new projects, as also for the substantial expansion of existing units—it may be mentioned in this context that indigenous supplies of capital goods are 30 to 50 per cent higher in costs than imported makes —most of the industrial licences have been shelved. This is the case even with the contemplated State ventures which have not passed the proposal stage, even after two years.

The need of the hour, to achieve higher installed capacity, would, therefore, be for the Government to review the position dispassionately, without any reference to their being the largest consumers of cement in the country, having thus a direct interest in keeping the cement prices from soaring. The surveys published in the Reserve Bank *Bulletins* in the past two years clearly confirm the facts that (1) the level of profitability in the industry has been lower, compared to the average of all industries during the last three years of the second Plan; (2) the scale of profits and of reserve accumulation in the industry has been inadequate in relation to its very heavy capital requirements; (3) the shift in the structure of cost has gone in favour of employees, raw materials, manufacturing expenses and tax provisions, as against entrepreneurs, dividends and profit retention; and (4) the general attitude to labour by the Central and State Governments has been in preference of bigger labour complement for a given workload, than what is obtained in Western countries, particularly in U.S.A. where it is less than one-tenth in man-hours per tonne of cement output, although our per capita consumption, which is usually taken as an index of progress in a country, is far below that of the advanced countries in the world, at 40 lbs. as against 600 lbs. in U.S.A. and 660 lbs. in Sweden. Unless, therefore, the Central Government is activated by genuine motives for the rigorous rehabilitation of the industry, no substantial results can be envisaged, even when, as the ruling party are now visualising, such basic industries are taken over and run in the public sector.

In the report of the Directors submitted to all the shareholders, full explanation was given as to the unfortunate circumstances which, in spite of the best production results achieved during the year, could not reflect in better working results and profits; mainly due to the substantial increases in costs of production and refusal of the Central Government to accord due compensation as per the escalator clause. In fact, whilst the increase in actual cost was Rs. 5-16 per tonne as on 31st May 1963, it was Rs. 5-24 on 31st October 1963. But the actual compensation conceded by the Government from 1st June 1963 is only Rs. 2.50 per tonne, excluding the reduction of 25 nP per tonne in the selling agency commission. Thus, there is a shortfall of Rs. 2-74 per tonne.

High Rate of Production

The equity of State policies have been, as a great poet expressed, "He that with his hand the vessel made, will surely not in after wrath destroy." But, unfortunately, in the case of our unit, such equitable considerations have not prevailed with the Central Government; and we are one of the four high cost units in the country, that have been totally denied the concessions of the incentive scheme, although we have been producing about 105 per cent of the rated capacity ever since we started production, five years back.

The erection of machinery for the expansion unit is in full swing and we expect the new unit to go into production within the next two or three months, as soon as the additional generator at the T.B. Hydel Station, Hospet, commences generating power. Delayed deliveries of machinery ordered from indigenous suppliers, arising partly by the delays in shipment of essential components from abroad, but mostly owing to the non-availability of plates, etc., from Rourkela, for the manufacture of kilns and the necessity, therefore, for importing these also, have been responsible, in a large measure, for the postponement of production of the expansion unit by nearly one year.

Labour

I desire to take the opportunity of conveying my appreciation to all ranks of labour and staff for their strenuous and efficient co-operation in achieving the production results during the year and for the quick work that is being done in regard to the erection of the expansion unit. My observations will be incomplete if I do not make a special mention of the devotion and great earnestness that our top officers and departmental heads brought to bear on their responsibilities.

I would also like to take the opportunity to record our appreciation and thanks to the Industrial Credit and Investment Corporation of India Ltd., and the Bank of Baroda Ltd., with reference to the capital loans granted for the substantial expansion of our unit. Thanks are also specially due to our Managing Agents for enabling the Company to achieve record production during the year and to the A.C.C. Organisation for their continuous and quick erection work that is in progress.

I now have the pleasure to move that the Directors' report and audited accounts for the year ended 31st August 1963 with the auditors' report thereon, be adopted.

Note:—*The above is not a document purporting to be a report of the proceedings of the Annual General Meeting.*

THE
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Beta Picker Co. Ltd.

Agents for:
The Oriental Fire & General Insurance Co. Ltd.

VOLUNTARY ARBITRATION

NEED FOR CAUTION AND RIGHT DIRECTION

By Dr. R. M. Goil

MUCH interest has lately been shown in the matter of voluntary arbitration of industrial disputes in India. Its widespread use is being advocated, especially at the Governmental level, with renewed emphasis, as a method of fostering cordial industrial relations and stepping up production. Its comparative merits over the existing method of adjudication are being reiterated. It offers, it is being said, a simple, informal, and prompt method of settling disputes, as against adjudication which involves time-consuming litigation, gives rise to feelings of resentment among the parties, undermines mutual faith and, therefore, whittles down the quality of adjustment necessary to settle industrial disputes.

The recognition of theoretical superiority of voluntary arbitration, however, is not new. As early as 1956, Mr. Khandubhai Desai, the then Labour Minister, replying to a debate on Industrial Disputes (Amendment and Miscellaneous Provisions) Bill, commented on the famous 'Giri Approach' (which supported voluntary arbitration) and said that he had always felt that voluntary agreement to refer questions to arbitration was the best solution. On practical considerations, however, he felt that complete *laissez-faire* was out of date and the society cannot allow workers or managements to follow the law of the jungle. Therefore, as a last resort, he supported the Government's power to refer disputes to adjudication. Furthermore, it was pointed out that, even though compulsory adjudication was being retained on the statute book, the Government would endeavour to encourage voluntary arbitration as far as possible.

Similar faith in the desirability of voluntary arbitration has been incorporated in the Code of Discipline framed about five years ago and in the Industrial Truce Resolution over a year back. The tripartite nature of both these measures and their acceptance by all the major employers' and workers' organisations further reinforced the ideal of voluntary arbitration.

Having accepted the "ideal" of voluntary arbitration, however, the parties do not seem to be unanimous about the translation of the ideal into practice on a large-scale. The trade unions and the Government seem all for it, as against the rather cautious attitude of the employers towards it. The speeches and discussions at the two-day seminar on voluntary arbitration in New Delhi in November 1963, sponsored jointly by the All-India Organisation of Industrial Employers and the Employers' Federation of India (*vide Commerce* dated 7th December 1963) are indicative of this cautious approach.

It may be of interest, therefore, to consider whether the present industrial relations climate in the country provides us with an opportune time for a widespread adoption of voluntary arbitration and whether the necessary pre-conditions for such an adoption exist, and to offer some suggestions.

Difficulties Ahead

Odds seem to be very much against a significant improvement in the general industrial relations climate in the country in the near future. Despite the Industrial Truce Resolution adopted by the central organisations of employers and workers in November 1962 and despite the continued "emergency" which prompted its adoption, several strains and stresses have lately been experienced on our labour front both in the private and public sectors. The erstwhile Union Labour Minister Mr. G. L. Nanda also referred to such "signs of tension" at a recent conference of personnel and welfare officers organised by the National Institute of Labour Management, Bombay. Unresolved controversies with regard to bonus and neutralisation of constantly rising cost of living are already causing concern in several industrial and other employments. The situation with regard to work stoppages caused by industrial disputes has, of late, also not been promising. The progress of the scheme of workers' participation in management has been very halting. And reports of the failure of Industrial Truce Resolution have even appeared in the Press.

Difficult situations from the point of view of labour-management relations in several Indian industries may further be expected due to the continued necessity for a faster growth of the country's economy which carries with it a latent threat of inflation and a laggard race between cost of living and wages. More production and better production will further call for an accelerated pace of technological improvement and rationalisation and the consequent retrenchment and re-adjustment of at least a part of the labour force are likely to further sharpen the tensions, especially in an economy already replete with chronic unemployment.

Mutual negotiations culminating in voluntary arbitration will certainly help in the improvement of this climate and will pave the way for a spirit of genuine co-operation between labour and management. The realisation of this objective of genuine co-operation, however, does not depend so much on voluntary arbitration (the culminating step) as on what precedes it. In fact, it will not be far from the truth if it is said that voluntary arbitration is more a "result" of good industrial relations and mutual confidence and understanding between the parties rather than a "cause" of it. The extent to which the parties practice voluntary arbitration is, in other words, an index of the extent to which they rely on themselves and to which they refuse to accept any outside interference except when they themselves seek it.

Pre-conditions

For, after all, voluntary arbitration is nothing but voluntary reference of a controversial issue to some disinterested person or persons to obtain a "decision" when the parties have tried and failed to arrive at an understanding themselves. Reference of any dispute to such arbitration, therefore, presupposes the existence of an adequate grievance and a negotiating machinery and the capacity and willingness of the parties effectively to utilise it. Widespread effective use of mutual grievance and negotiation machinery, it may be hoped, will itself lead to a widespread reliance in voluntary arbitration. And powerful, united, and responsible labour movement, enlightened management, and an atmosphere of mutual trust and confidence are the essential pre-conditions for the former. So long as, therefore, there are rifts within the labour ranks even at the plant level, so long as union leadership finds it difficult to accept boldly and implement hard decisions, so long as the Code of Discipline and the Truce Resolution continue to be violated, and so long as there is an atmosphere of mutual distrust, simple insistence on voluntary arbitration will not mean a real difference. Use of voluntary arbitration should, and automatically will, be phased along with progress in these areas. Government's policy of encouraging collective bargaining, of inducing comprehensive agreements between the parties, of recognising a single "representative" union, of instituting formal grievance procedures in the undertakings, and of spreading facilities for workers' and union leaders' education, and the gradual spread of the idea of human relations in industry will all contribute significantly to progress in these areas and, through it, to voluntary arbitration.

Thus, the correct approach lies not in coercion (that is how the employers seem to be feeling about it) but in encouragement; not in demanding voluntary arbitration but in creating an atmosphere in which it will "voluntarily" evolve itself. Certain guidelines may, no doubt, be suggested for such an evolution.

Binding Award

Arbitration may be voluntary or compulsory both in the matter of referring a dispute to it and in accepting its award. When we talk of voluntary arbitration in India, we mean only voluntary reference of the disputes to it. Once a matter is voluntarily referred to arbitration, its award is binding on the parties (as it is in the U.S. and several other Western countries) and not non-binding (as it is largely in the U.K.). It is also in this sense (voluntary arbitration with binding award) that the term has been used in the Industrial Disputes (Amendment and Miscellaneous Provisions) Act, 1956. And that is also how it should be. For not much useful purpose will be served if the parties, having failed to arrive at a settlement by themselves, agree to refer some dispute to a third party for "decision" but refuse to abide by the "decision" of that party. Granting of legal status to arbitration awards (as is conceived in a recent Bill to amend the Industrial Disputes Act, 1947) is, therefore, a step in the right direction.

This, however, should not mean a complete denial "to the parties to the dispute the chance for any further reference to courts of law" in the matter. Grounds such as that any one of the parties does not represent the majority, that the arbitrators have gone beyond the terms of reference, and that the issue under dispute was not arbitrable under some existing contract should certainly be legitimate grounds for either party to go to the court against the arbitration award. A definite time limit, however, ought to be provided for making an appeal against the award.

'Contract' and/or 'Grievance' Arbitration

Arbitration may be either an extension of grievance machinery or of negotiating machinery or of both. In an industry or firm where collective bargaining is well established and there are regular contracts or agreements between the employers and the workers with regard to the latter's wages, hours, and other conditions, arbitration can be used to settle both kinds of disputes: (a) disputes involving "interests" or economic disputes, and (b) disputes involving "rights" or interpretative disputes. While arbitration in the first kind of disputes is called "contract arbitration," it is called "grievance arbitration" in the second. In the first, the matters under dispute are those that are relevant for negotiating a contract such as wages, hours, holidays, workers' share in profits, etc. In the second, the disputes are only over rights that flow from existing agreements. When, for example, a dispute is over the content of the Standing Orders in a firm, it is a dispute of "interests." Once the Standing Orders have been framed and agreed upon, any difference of opinion about their application in a particular case will be a dispute of "rights" or of interpretation. The parties have to be clear in their minds if they are willing to submit both kinds of disputes to arbitration or only the latter type of disputes. In the U.S., for instance, arbitration is largely limited to the "rights" issues; "interests" issues are only to be bargained between the parties. Most collective contracts, there, contain a no-strike clause and a formal grievance procedure with voluntary arbitration as its last step.

Attempts may be made in India first to popularise voluntary arbitration in the limited sphere of 'grievance arbitration,' i.e., for the settlement of those 'rights' disputes that flow from contracts wherever they exist. Such contracts must provide for a formal grievance procedure culminating in voluntary arbitration. Where no formal contracts exist between the parties, such matters will be those that normally constitute a grievance under the Model Grievance Procedure adopted by the Sub-Committee of the Indian Labour Conference on Workers' Participation in Management and Discipline in Industry in 1958. These matters are: "complaints affecting one or more individual workers in respect of their wage payments, overtime, leave, transfer, promotion, seniority, work assignment, working conditions, and interpretation of service agreements, dismissals and discharges." Most such disputes will be regarding such routine matters over which Labour Court (not Industrial Tribunal) will have its jurisdiction, should it be decided that they be referred to adjudication under the existing law. As for 'contract arbitration' it is better to advance slowly and cautiously.

Constitution

Whether there should be a single arbitrator or a board, who should appoint and pay the arbitrators, whether the appointment should be *ad hoc* or permanent, and the like may be raised as relevant questions. Since we are talking of voluntary arbitration, the final answers to such questions will ultimately depend upon how the parties feel about them. In general, it may be said that single-man arbitration may satisfy the requirements in cases of 'grievance arbitration.' Such single arbitrators may also be named by the parties on a permanent basis, subject, of course, to provisions of periodic change should it be demanded by either party. Payment for the services of such arbitrators and any other costs involved in it should be shared by the parties both to act as a check against an indiscriminate use of arbitration and to ensure independence of the arbitrators from any kind of influence from within (any of the parties) or without.

In matters of 'contract arbitration,' on the other hand, a board of arbitration constituted

(*Continued on page* 177)

INDIA, WORLD TRADE TALKS AND E.C.M.

PROSPECTS OF BETTER EXPORT OPPORTUNITIES IMPROVE

THE outcome of the Board of Trade meeting that will be held at Calcutta today (1st February) is awaited with more than ordinary interest, for, at this meeting, the Board is expected to decide on the broad approach which India should adopt at the forthcoming two world trade conferences, namely, United Nations Conference on Trade and Development and the Kennedy round of multilateral negotiations. The U.N. Conference is due to begin at Geneva on 23rd March and the Kennedy round on 4th May. The former is intended to be the highlight of the U.N. Development Decade and owes its origin to a decision taken at the General Assembly in December 1962. The Conference will deal mainly with trade problems concerning the developing countries. The Kennedy round will be held under the auspices of the G.A.T.T. The procedure to be followed in the Kennedy round will be laid down by the Trade Negotiations Committee set up by the G.A.T.T. Ministers at their meeting held at May 1963. This Committee is expected to meet at Geneva in the second week of this month and, on the basis of the reports presented by its various sub-committees, it will prepare its own report and submit it to the G.A.T.T. Contracting Parties when they meet at Geneva on the 24th inst. This meeting, which will be attended by Ministers' deputies and last about three weeks, will also deal with other G.A.T.T. business.

India and other developing countries are eagerly looking forward to the aforesaid world trade conferences as a means for improving their exports to the developed countries. The hopes of the successful outcome of these conferences have revived greatly of late, especially after the European Economic Community got over the worst crisis in its short period of existence (of five or six years) on 23rd December last when the Council of Ministers reached accord on farm policy and Kennedy round. The atmosphere that prevailed both before the Council met at Brussels and during the deliberations of the meeting, it will be recalled, was one of tension and confusion. Indeed, it looked as though the fate of the E.E.C. itself was at stake, because of the sharp divergence in the stand taken by France and West Germany, the two most powerful members of the Common Market. President de Gaulle of France had threatened to destroy the Common Market unless the other members agreed to implement a common agricultural policy before the end of 1963, whereas West Germany wanted a package deal for settling together the questions of agricultural policy and the joint E.C.M. approach to the Kennedy round of trade for liberalising tariffs.

Compromise Package Deal

Happily, however, the Council of Ministers accepted the compromise package deal on the next steps in the Common Market's agricultural policy and on the Community's position in the Kennedy round of trade negotiations. The salient features of this deal are as follows:

Cereals: By 15th April 1964, the Council will fix cereal prices for the 1964-65 marketing year on the basis of the Commission's proposals.

Dairy produce, beef and veal: The common policy comes into operation on 1st April 1964.

Rice: The common policy comes into operation on 1st July 1964.

Fats: By 1st June 1964, the Commission is to put forward a draft regulation based on principles laid down by the Council. The latter must come to a decision by 1st November 1964.

In addition, the Commission must submit draft basic regulations concerning the sugar market and a proposal for Community rules regarding quality wines produced in certain areas. The Council must also take decisions on four proposals by the Commission on the alignment of health regulations (concerning intra-Community trade in fresh meat, cattle and pigs, fresh poultrymeat and meat products) and on the proposal for the harmonisation of legislation on cocoa and chocolate.

Under Article 6 of Regulation No. 19 of Rome Treaty, target prices of cereals are required to be brought gradually into line during the transition period and fixed by the Council before 1st July every year. The E.E.C. Commission has put before the Council a proposal to effect this alignment in a single operation during the 1964-65 marketing year. The "cereal" component of the levy on processed products (such as flour, groats, meal, malt and starch) has been revised in step with the progress towards a common level of cereal prices. The other component (that is, protection for the processing industry) will be cut again by 2/15 on 1st July 1964, reaching a total reduction of two-fifths. The intra-Community levies on pigment, eggs and poultry are also being gradually reduced. The part of the levy resulting from the effects on feeding costs of the difference in feed-grain prices has been reduced in step with the alignment of cereal prices. The component representing protection for the industry should be cut by a further 2/15 on 1st July. On the same date, that part of the levy on imports from non-member countries which maintains Community preference will be raised from one to four per cent. Before the end of June, the Council has to draw up Community rules for the operation of markets and commercial transactions in respect of fruits and vegetables. It may be noted here that, with effect from 1st January 1964, quantitative restrictions and measures with equivalent effect imposed on class one products have been abolished in intra-Community trade and the member-States have ceased to rely on Article 44 of the Treaty (governing minimum prices).

The contribution of the Agricultural Guidance and Guarantee Fund to expenditure on refunds and market intervention will be increased from one-sixth to one half of total expenditure for 1964-65. The Fund derives 80 per cent of its total revenue from the member-States' contributions and 20 per cent in proportion to the net imports of each member-State.

Internal Market

There is no deadline for customs disarmament in 1964; the next reduction in internal customs duties is scheduled for 1st January 1965. The Commission has, however, a great variety of tasks ahead of it in the internal market. Broadly, these cover the following:

1. Establishment of a true customs union, elimination of charges with effect equivalent to customs duties, elaboration of common rules to ensure the uniform application of the common customs tariff and the free movement of goods, the quest for Community solutions to quota problems. These are in addition to the work of administering the tariff resulting from the numerous changes in rates for various items.

2. Abolition of quantitative restrictions maintained by measures with effect equivalent to quotas or by technical regulations liable to hamper trade. The relaxation of Government monopolies also comes under this head.

3. Preparation of the directives provided for in the general programmes for the liberalisation of establishment and services and to studies dealing with the structure of industrial sectors.

It is intended to set up three semi-permanent panels of experts to draw up general customs regulations (suspension or abolition of duties), to determine the method of calculating customs value and to draw up explanatory notes for the application of the common external tariff. The customs aspects of negotiations under the Trade Expansion Act, which began in 1963, will be actively pursued in 1964. It consists of detailed studies to determine the impact of customs duties on the various products and the semi-tariff and non-tariff obstacles encountered in the principal sectors. The Commission's programme of work relating to liberalisation of establishment and services covers the two years 1964 and 1965. Some thirty directives are expected to be issued during this time, dealing with public contracts, wholesale trade, occupations serving industry and transport, banks and other financial establishments, journalists, architects, agriculture, retail trade, accountants, food industries, engineering, mining and quarrying, and manufacturing.

In the course of 1964, the E.E.C. Council will examine the five proposals governing transport which the Commission submitted towards the close of May last year. They are: (*a*) regulation establishing a rate bracket system for goods transport by road, rail and inland waterway; (*b*) regulation on the institution and operation of a Community quota for road haulage; (*c*) directive on the standardisation of procedures for issuing licences for road haulage; (*d*) decision on the harmonisation of certain provisions affecting competition in road, rail and inland waterway transport; and (*e*) decision on the organisation of a survey on infrastructure costs in road, rail and inland waterway transport. These proposals are already being studied by the Economic and Social Committee and the European Parliament, both of which are to render formal opinions during the first three months of this year. The Council itself will then be able to consider these texts. If the Council adopts them by the end of the year, this will constitute a basis for the common transport policy. The Commission's proposals relate to the most important aspects of transport policy, that is, free movement of transport services, organisation of the market and harmonisation of competitive conditions. Moreover, the initial proposals will be supplemented later in the year by others dealing with passenger transport, removal of double taxation on road vehicles and co-ordination of infrastructure investments. The application of the common policy to traffic on the Rhine will have to be settled at the same time. The Commission will shortly submit a memorandum in the Council on this matter to assist the Council in taking its decisions. By 30th June, the Commission will put forward a proposal for applying the rules of competition to road, rail and inland waterway transport.

Harmonisation of Taxes

The E.E.C. Commission's agenda for the current year (1964) also includes the subject relating to the elimination of tax frontiers which, it is said, is most essential for economic union. On the 16th and 17th of last month (January), there was for the first time an exchange of views at Brussels between the Commission of the European Economic Community and members of a Parliamentary Committee concerning the harmonisation of taxes in the Common Market. In his opening remarks, Mr. von der Groeben recalled that all attempts to achieve better international division of labour by reducing customs duties, removing other obstacles to trade and introducing currency convertibility could have no lasting success as long as other action by Governments materially influenced trade between States. The abolition of tax frontiers, he said, was an essential prerequisite for a European internal market. With this in mind, the Commission, at the end of 1962, had submitted the draft of a directive on the harmonisation of turnover taxes. Now that the Economic and Social Committee and the European Parliament have given their agreement to the Commission's proposal, the harmonisation of these taxes has entered on a decisive phase. As a bill for the introduction of an added-value tax has also been tabled in the German Bundestag, the Commission welcomed direct discussion with the members of the Finance Committee at this juncture. It expected that the German bill would soon be passed and that this would provide a strong stimulus to turnover tax harmonisation in the E.E.C.; conversely, the Bundestag was justified in expecting a rapid decision on the Commission's draft directive by the E.C.C. Council of Ministers. The members of the Bundestag Finance Committee evinced particular interest in the aims, importance and technical preparation of the harmonisation of turnover tax and in the state of progress of the Commission's work on consumer taxes, direct taxes on enterprises, international double taxation and capital transactions taxes.

The Finance Minister of the Six are meeting at Rome this month to discuss the introduction of the added-value tax and the harmonisation of consumer taxes and other direct taxes. The discussions will centre round the report submitted by the Standing Committee of the heads of revenue departments on how the common added-value tax system proposed by the Commission may be applied and what effects it would produce. In the light of the discussions at this meeting, the Council will consider the course of action in the spring.

Associated States

Meanwhile, there has been some delay in the enforcement of the new convention with the associated African States and Madagascar. The convention, which had been scheduled to come into force on 1st January 1964, has been held up as a result of the delay in the fulfilment of the requisite condition that the instruments of ratification by the six member-States and at least 15 associated States, as well as the instrument notifying the conclusion of the convention by the E.E.C., should be deposited. The condition is likely to be fulfilled in the beginning of spring. Pending this, the provisional arrangements which were to lapse on 31st December last have been extended. The Commission has decided to ask the Council also to extend until the convention comes into force the measures intended: (*a*) to eliminate customs duties and charges with equivalent effect in accordance with the system in force on 31st December 1962; (*b*) to maintain reciprocal import quotas at the level fixed for 1962, subject to arrangements that may be made by the E.E.C. under the common agricultural policy; (*c*) to take into consideration, in the framework of the common agricultural policy, the interests of the associated States as regards products similar to or competing with European products; and (*d*) to maintain the situation concerning freedom of establishment resulting from the application of the Treaty upto the end of December 1962.

It may be interesting to note, in this connection, that some of the Commonwealth countries in Africa have also sought the E.E.C.'s permission to become associate members. These are Kenya, Tanganyika, Uganda and Nigeria, which have a total population of 55 million. This move has, however, caused considerable misgivings not only among the African States that are already enjoying the benefits of associate membership but also among Latin American countries.

Whatever developments that take place in the European Common Market are always of much significance to India which has close trade relations with this region. Out of the aggregate Rs. 635 crores worth of imports from all countries in the first seven months of the current financial year 1963-64, the combined share of the six Common Market countries alone comes to over Rs. 77 crores, representing more than 12 per cent of the total imports. The C.M. countries constitute an important source from which India obtains a wide range of capital goods. But the imports of C.M. countries from India continue to be on a small scale, their combined share in the total exports from India being just 7 per cent (Rs. 31 crores) out of the total of Rs. 437 crores in the first seven months of 1963-64. Consequently, India continues to have sizable adverse trade balance with the C.M. countries. Hence India's plea to these countries to reduce trade barriers that are at present hampering its export trade in their markets. It is just as well that the Union Ministry of International Trade is reported to be directing its attention to the task of using fully the opportunities made available as a result of the E.E.C.'s decision to suspend the tariff on tea and hard wood and their expected decision to grant similar suspension in respect of spices and cashew. It is, of course, gratifying to learn that the Government of India continues to press for the widening of the C.M. countries' gates for Indian goods. But this alone is not sufficient. The Government must follow realistic economic and fiscal policies, so that the Indian exporting interests will be able to compete effectively in E.E.C. markets.

India's Trade with Common Market
(In crores of rupees)

	April-October						Whole of					
	1963-64			1962-63			1962-63			1961-62		
	Exports to	Imports from	Balance of trade	Exports to	Imports from	Balance of trade	Exports to	Imports from	Balance of trade	Exports to	Imports from	Balance of trade
India's trade : all destinations ..	436.55	634.71	−198.16	382.35	644.43	−262.08	693.69	1,077.09	−383.40	660.34	1,090.06	−429.72
Combined share of Common Market countries ..	30.87	77.36	−46.49	24.56	89.97	−65.41	46.85	153.50	−106.65	50.73	191.14	−140.41
Of which : West Germany ..	10.17	49.72	−39.55	8.12	57.17	−49.05	15.29	96.48	−81.19	19.81	122.88	−103.07
France ..	4.58	7.48	−2.90	4.53	7.18	−2.65	8.54	12.99	−4.45	7.96	16.78	−8.82
Italy ..	7.01	8.89	−1.88	4.93	13.25	−8.32	9.52	21.89	−12.37	9.06	26.33	−17.27
Belgium ..	3.59	4.25	−0.66	2.73	4.61	−1.88	4.48	8.30	−3.82	5.91	11.86	−5.95
Netherlands ..	5.52	7.02	−1.50	4.18	7.76	−2.58	8.95	13.84	−4.89	7.99	13.25	−5.26
Luxemberg ..	—	—	—	0.07	—	—	0.07	—	—	—	0.04	—

Available

COMMERCIAL ARBITRATION IN E.C.A.F.E. AREA

Professor Pieter Sanders, an internationally known Dutch lawyer, who recently visited several Asian countries at the request of the United Nations Economic Commission for Asia and the Far East (E.C.A.F.E.), investigated the present conditions of commercial arbitration, both national and international, in certain parts of the region. In the seven countries he visited—Iran, Pakistan, India, Ceylon, Malaysia, the Philippines and Thailand—Professor Sanders entered into contact with Government officials from the ministries of commerce and foreign affairs, as well as with chambers of commerce and other organisations and individuals active in commercial arbitration. In all these countries, he found a steadily growing interest in commercial arbitration as a procedure for the settlement of disputes arising from trade contracts.

One of the purposes of Professor Sander's visit was to discuss with Governments and national commercial arbitration organisations the advantages of acceding to the United Nations Arbitration Convention of 1958 on the enforcement of foreign arbitral awards. Only a few of the countries of the E.C.A.F.E. region have ratified this convention. The convention facilitates recognition and execution of awards made abroad.

With the growth of international trade between countries of the region, and between them and those of other regions, further development of international commercial arbitration may be expected. The E.C.A.F.E. has set up a commercial arbitration centre within its international trade division. It organised a conference on commercial arbitration in Bangkok in 1962 and is planning to hold another early in 1965.

LABOUR

(*Concluded from page 175*)

on an *ad hoc* basis may be preferred. These boards may be constituted either with or without the co-operation of the Government. Provision may be made for the statutory constitution of such boards on the lines of Section 11 of the M.P. Industrial Relations Act, 1960, which provides for nomination by the Government of equal number of arbitrators from the lists submitted by the union and the employer concerned. Such a board is chaired by a person mutually agreed upon by the parties or, in its absence, by a member or chairman of the Industrial Tribunal as nominated by the Government. In both the cases, i.e., when the board is formed either independently by the parties or under Government auspices, its size should not normally exceed three (a chairman and one member nominated by each party). The cost of each member on such board should be borne by the respective parties and that of the chairman jointly by both.

The Central and State Governments should draw up and maintain panels of persons considered suitable for appointment as arbitrators which should include a cross-section of qualified neutral experts. The parties may not, however, be bound to select arbitrators only from such panels.

Normally, the persons appointed as arbitrators should be well versed with the problems connected with the disputed matter. Nevertheless, for very technical matters assistance of assessors might be taken if the parties and the arbitrators so desire.

A code of conduct for the arbitrators should be drawn up on a tripartite basis, preferably by the Indian Labour Conference, which should spell out in detail some guiding lines for the actual conduct of arbitration, as it is only the quality of arbitration in the beginning that can ensure its popularity in future. It is necessary that arbitration proceedings are conducted in an informal manner and, as far as possible, without the help of legal practioners; that there is proper recording of the evidences and other relevant material; and that the arbitrators confine themselves only to specific matters under reference.

Objectives

One very important decision shall have to be taken by the parties at the time of drawing up such a code. It is whether the arbitrators, while giving their awards, are to be considered only with the limited and immediate objective of bringing peace between the parties directly involved or are to take into account the larger interests of the industry and the community. It does not seem possible that, in the present circumstances of development planning, our arbitrators can ignore these larger interests, especially in 'contract arbitration.' Even in a country like the U.S., where free collective bargaining largely regulates labour-management relations, Secretary of labour under the Kennedy Administration, Mr. Goldberg, had to uphold the right of the Administration (Government) "to assert and define the national interest" wherever it was likely to be affected by collective bargaining. He held that "collective bargaining should be responsive to the public interest" and "that Government mediators, in addition to assisting in keeping the peace, should provide guidelines to the parties to insure that the settlements reached took into consideration the interests of the parties as well as the public."

To conclude, a slow and steady march towards voluntary arbitration should be preferred to a rather hasty changeover. Let 'grievance arbitration' be widely established in the first instance and 'contract arbitration' will itself get popular as the necessary pre-conditions—strong and united unions, general social and economic improvement, education, a liberal outlook of the parties, and collective bargaining—are developed. Let us retain the 'voluntary' nature of voluntary arbitration. Encouragement, not coercion, will bear good fruit. Let us, at the same time take all possible measures, including permissive legislation, to ensure its development on sound lines wherever the parties come forward to give this 'ideal' a trial. This alone can ensure lasting sustenance to the move once it gets going on any significant scale.

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SETBACK FOR STRUCTURAL ENGINEERING

EXPANSION SCHEMES DELAYED

COMPETITION and other extraneous factors have affected the results of the Structural Engineering Works Ltd. (Managing Agents: Messrs. Bhagat and Sons (Private) Ltd., Bombay) for the second year in succession, namely, the year ended 30th June 1963. Realisation from the sale of products and work done has declined by Rs. 10.22 lakhs to Rs. 129.73 lakhs and the gross profit has shed a further Rs. 4.39 lakhs to Rs. 13.96 lakhs. As a result of this decrease in profit, the provision for Managing Agents' commission has been lowered from Rs. 1.23 lakh to Rs. 50,000 and that for taxation from Rs. 5.40 lakhs to Rs. 1.87 lakh.

The provision for depreciation is, however, slightly higher at Rs. 6.15 lakhs, as against Rs. 6.01 lakhs a year before, but since this rise has been more than fully absorbed by the substantial saving in other essential provisions, the net profit has receded only marginally from Rs. 5.71 lakhs to Rs. 5.44 lakhs.

To this is to be added Rs. 3,713 brought forward, Rs. 21,295 written back from past provisions and Rs. 1.35 lakh withdrawn from reserves to get Rs. 7.04 lakhs as the amount available for distribution. Out of this, the Directors have credited Rs. 70,000 to the development rebate reserve and set aside Rs. 2.21 lakhs for the payment of the preference dividend for the year. The rate of ordinary dividend has been lowered by two points to six per cent, subject to deduction of tax. Since, however, it is also payable proportionately on the 45,000 new shares allotted on or after 1st July 1962, it absorbs a larger amount of Rs. 4.06 lakhs, as against Rs. 3.51 lakhs in the previous year. The carry forward is Rs. 5,683.

The Company's results for the past four years are set forth in the following comparative table:

(In lakhs of rupees)

	For the year ended 30th June			
	1963	1962	1961	1960
Sales and work done	129.73	139.95	145.16	94.46
Other income	0.76	1.16	0.59	0.66
Finished stock as at close	78.65	46.92	54.67	42.38
Raw materials and stores consumed	68.29	54.14	77.50	37.88
Other expenses	79.97	60.87	61.11	48.00
Gross profit	13.96	18.35	19.33	17.35
Managing Agents' remuneration	0.50	1.23	1.50	1.17
Provision for—				
Depreciation	6.15	6.01	6.00	5.37
Taxation	1.87	5.40	4.10	4.00
Net profit	5.44	5.71	7.73	6.81
Provisions written back	0.21	1.16	3.00	..
Withdrawal from reserves	1.35	..	..	..
To reserves	0.70	1.20	4.05	1.45
Dividends—				
Preference	2.21	2.21	2.21	2.02
Ordinary	4.06	3.51	3.00	2.26
	(6%)	(8%)	(13%)	(12%)
Carry forward	0.06	0.04	0.09	0.12
Market price of ordinary shares (in rupees):	1963	1962	1961	1960
High	110.00	182.00	235.00	350.00
Low	92.00	121.25 XR	167.50 XR	225.00

During the year under review, the Company issued 45,000 new equity shares of Rs. 100 each on which Rs. 75 per share were called up during the year. This has raised the share capital to Rs. 103.68 lakhs, of which Rs. 78.68 lakhs are in ordinary shares, but the reserves have decreased by Rs. 4.16 lakhs to Rs. 46.76 lakhs. Borrowings have risen from Rs. 133.75 lakhs to Rs. 136.26 lakhs and so also current liabilities and provisions from Rs. 71.81 lakhs to Rs. 75.73 lakhs. But the total indebtedness to outsiders of Rs. 211.99 lakhs is more than adequately covered by current assets, investments and loans and advances aggregating Rs. 259.51 lakhs. The gross block has risen by Rs. 5.96 lakhs to Rs. 128.89 lakhs, but, as the accumulated amount of depreciation is higher by Rs. 6.07 lakhs at Rs. 60.80 lakhs, the net block works out to Rs. 68.09 lakhs, as against Rs. 68.20 lakhs a year ago. Besides, projects-in-progress are valued at Rs. 34.77 lakhs.

To some extent profits during the year were affected by the considerable strain on the finances as well as the working of the Company imposed by its expansion programme inasmuch as the new schemes of expansion, undertaken with foreign collaborations, could not be completed and the progress thereof was seriously hampered by the delay in completing the Company's financial arrangements with its bankers. In order to finance the expansion the Company, it will be recalled, was carrying on negotiations with its bankers for a substantial increase in the existing overdraft facilities and for a medium-term loan. It had also applied to the Industrial Credit and Investment Corporation of India Ltd. for a loan of Rs. 60 lakhs to meet the capital outlay for the Cochran boiler and other projects. Owing chiefly, as the Directors inform the shareholders, to the serious repercussions of the last budget, it took nearly a year and a half to complete these arrangements.

Further, the work relating to the duct line project of the Bombay Municipal Corporation and certain other jobs had to be held up for considerable time on account of the prevailing emergency, while work at the Dhamangaon factory was affected by power supply. Considerable difficulties were also experienced in obtaining materials, like electrodes which are so essential for the Company's business. Also, owing to difficulties beyond the control of the management, the work of laying pipes at Calcutta could not progress as expected. The Calcutta factory has now been switched over to other structural work necessitating the maintenance of large stocks of steel. All this imposed a heavy burden on the Company's finances. Furthermore, there was keen competition in the structural steel fabricating industry and, whilst accepting work at reduced rates, the Company had to expend more towards the cost of labour owing to revision of wage scales, etc. Thus, its working continued to be affected by a downward trend in prices and an upward trend in the cost of labour and materials.

As for the prospects for the current year, the Directors state that the question of expediting the progress of work on the new schemes of expansion, namely, manufacturer of prestressed concrete pipes, Cochran boilers, penstock, transmission towers and reinforced concrete pipes for the duct line project of the Bombay Municipal Corporation, has been engaging the attention of the Directors. It is, however, to be added that further progress will naturally depend upon and be subject to national emergency and other difficulties which may obstruct the same but which cannot be foreseen at this particular stage.

The Rs. 100 paid shares of the Company are currently quoted at Rs. 95.00 *cum-div.* and fetch a net yield of 4.6 per cent per annum on an *ex-div.* price.

NEW SPINNING MILL AT KHANDWA

The foundation-stone of Nimar Textile Mills at Khandwa in the State of Madhya Pradesh was laid on the 20th inst. by one of the Directors, Mr. Mangaldas D. Vora. This is the first spinning mill at Khandwa. Its capacity is 25,000 spindles. Khandwa has been chosen for the location of the mill, as it is a rich cotton growing centre with adequate power and water facilities. It is 43 miles from Burhanpur, which is the ready consuming market for the cotton yarn, required for handlooms and powerlooms. It is expected that the mill will go into production by the end of 1964. Loan arrangements have been made with I.F.C. of India and the underwriting arrangements are being completed.

The Board of Directors include well-known businessmen and industrialists. The Company proposes to enter the capital market very shortly.

ASSOCIATED BATTERY'S NET PROFIT LOWER

DIVIDEND, HOWEVER, SAME

SUPER Profits Tax, claiming as much as Rs. 9.60 lakhs including Rs. 4.70 lakhs on account of the previous year, is responsible for the setback in the net profit of the Associated Battery Makers (Eastern) Ltd. (Managing Director: Mr. H. R. Gregson, Calcutta) from Rs. 21.67 lakhs to Rs. 15.70 lakhs for the year ended 31st August 1963. The total tax burden for the year at Rs. 38 lakhs, as against Rs. 29.10 lakhs for the previous year, is higher roughly to the same extent as the estimated S.P.T. liability for the two years. Dividend on the 10-rupee ordinary shares has, however, been maintained at 15 per cent per annum, subject to tax, because (i) the overall results have been encouraging, with sales showing an improvement of 12 per cent from Rs. 227.58 lakhs to Rs. 254.98 lakhs and gross profit of 6 per cent from Rs. 60.82 lakhs to Rs. 64.87 lakhs, and (ii) the amount brought in from the previous year, at Rs. 7.18 lakhs, is quite substantial. It is because of this large surplus profit available from the previous year, as against which only Rs. 7,978 have now been carried forward as the undistributed surplus, that the dividend, absorbing Rs. 17.70 lakhs, has been fully covered without any depletion of reserves. The amount conserved by transfers to reserves out of the profit for the year under review is a shade lower at Rs. 4.92 lakhs, as against the net figure of Rs. 5.04 lakhs last year.

The following table compares the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st August			
	1963	1962	1961	1960
Sales	254.98	227.58	218.14	206.23
Income from other sources	4.13	4.51	1.69	5.99
Materials, stores and spares consumed	118.58	105.92	103.73	97.62
Expenses and charges	76.67	65.35	63.06	54.73
Gross profit	64.87	60.82	53.04	59.86
Provision for—				
Depreciation	11.17	10.05	7.47	7.79
Taxation	38.00	29.10	21.58	23.77
Net profit	15.70	21.67	23.99	28.30
Withdrawals from reserves and provisions	..	1.64	1.13	1.05
Transfer to reserves	4.92	0.68	7.91	5.70
Dividend	17.70 (15%)	17.70 (15%)	17.70 (15%)	19.50 (25%)
Carry forward	0.08	7.18	8.24	8.75
Market value of equity shares (in rupees):	1963	1962	1961	1960
High	30.25	40.12	40.12	41.75
Low	22.37	29.50	33.50	33.37

The Managing Director, Mr. H. R. Gregson, has made four important points about the Company's working in his statement for the year. First, the satisfactory progress during the year has been due to heavy and essential Defence orders and excellent demand for the products from automotive machinery manufacturers for whom the Company has been the principal supplier of the *Exide* initial equipment batteries. But the Defence demand caused dislocation of the normal production and led to the doubling of the output of the wide range of special Defence batteries and also to the introduction of new types of special batteries. Further, the Defence demand and the requirements of the automotive machinery manufacturers made it difficult for the Company to meet adequately the other healthy demands for *Exide* and *Dagenite*. However, efforts are being continued to increase output to meet these overall requirements. Secondly, exports of storage batteries which the Company first started in the year 1958-59 have improved and the Company has a good export order book, thanks to some success from the tours of its representatives in overseas markets. The third point made by Mr. Gregson is about the prices of raw materials and development of suitable grades of the various plastic and rubber raw materials in the country. This point is to be read in continuation with the second point, for Mr. Gregson says: "We are marketing our products at prices (excluding excise duty) directly comparable to those prevailing in Europe, but, if a manufacturer has to pay twice as much for a raw material as competitors in Europe, Japan and other countries then the adverse effect of this on exports is very apparent." The vexed question of raw materials continues to be a problem, although the Company has endeavoured to improve matters, for example, through its lead recovery plant which, during the year under review, made a major contribution to its lead requirement and produced a quarter of its total net requirements. Lastly, the current

(Continued in previous column)

(Concluded from next column)

year's prospects are said to be good. The year has started on a satisfactory note and order position is encouraging. Plans for improving production to meet what should continue to be a strong general demand are under way.

The Company's financial position is sound. The paid-up capital of Rs. 118 lakhs is backed with reserves and surplus amounting to Rs. 98.43 lakhs. Borrowings (unsecured loans) have gone up from Rs. 4.61 lakhs to Rs. 7.86 lakhs and so have current liabilities and provisions from Rs. 45.65 lakhs to Rs. 64.68 lakhs. The total indebtedness to outsiders aggregates Rs. 72.54 lakhs which is less than a third of the total of current assets, book debts and investments amounting to Rs. 234.35 lakhs. The gross block of the value of Rs. 131.11 lakhs (Rs. 118.83 lakhs a year before) has been well written down to Rs. 54.08 lakhs and is shown, with capital goods in transit, at Rs. 54.62 lakhs.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 25.75 *cum-div.* and offer a net yield of 4.2 per cent per annum.

248 Pages

These pages of **COMMERCE ANNUAL NUMBER 1963** contain as many as 46 feature articles on a wide variety of subjects of topical importance contributed by eminent economists, administrators, businessmen and experts. The subjects covered include planning and development, agriculture, industry, trade, banking, finance, taxation, labour, transport, and economic trends in Britain, West Germany and the U.S. The Number contains also our customary comprehensive reviews of trends in the different sectors of the Indian economy, besides all the major markets. Here are the exact **CONTENTS** of the Annual Number:

LEADING ARTICLE:

A Year of Hardship and Stagnation

FEATURE ARTICLES:

Rethinking on the Constitution—C. S. Venkatachar, I.C.S. (Retd.)
U.S. Military Aid to India—Dr. M. S. Venkataramani
Defence and Industrial Development—C. H. Bhabha
Helping the Developing Countries—Sir Roy Harrod
The European Economic Community—Prof. H. C. Walter Hallstein
G.A.T.T. and Developing Countries: An Appraisal—Finn Gundelach
Is Liquidity Problem a Global Affair?—Neil McInnes
Balance of Payments Problem and Economic Development—Dr. P. S. Lokanathan
Planning by Persuasion: Evolution in Britain—George O. Hoskins
Indo-British Economic Relations—Michael Donelan
Prospects for Investors—George Carvelho
Statism in Co-operative Movement—J. C. Ryan, I.A.S. (Retd.)
Agricultural Refinance Corporation—V. Sivaraman
Evolution of Union-State Relations—A. K. Chanda
Stabilising the Price Level—Prof. P. C. Jain
Planning for Development—G. D. Somani
Export Promotion Needs More Serious Attention—R. J. Venkateswaran
Productivity: Key to Export Promotion—Chinoobhai C. Javeri
The Emergent Countries of Africa—C. N. Vakil
Training of Chartered Accountants—Dr. Rustom C. Cooper
Public Sector Undertakings—Radheshyam R. Morarka, M.P.
Progress of Rayon Industry—Babubhai M. Chinai, M.P
Oil in Indian Economy—P. A. Gopalkrishnan, I.C.S.
Copper Industry of India—K. V. Subrahmanyam
Control and Regulation of the Banking System—Pravinchandra V. Gandhi
Banking Education in India—Dr. J. D. Sundram
Debt Expansion for India's Economic Growth—S. R. Sarna
State of Banking Statistics—"Argus"
Gold Control in Retrospect—Dr. Kersi Doodha
Entrepreneurship and Economic Development—Dr. D. L. Narayana
Firm as a Unit of Assessment—C. C. Dalal
The Glass Industry of India—P. N. Talukdar

FEATURE ARTICLES—(Continued)

Marketing Organisation for Corporate Issues—L. C. Gupta
Tea and Coffee Industries—J. R. Henshaw
Obsolescence in Management—S. Srinivasan
Trade Union Rivalry in India—Dr. J. L. Rastogi
Use of Grievance Procedure—Prof. B. N. Mehrotra
The Millions of Workers—Dr. K. A. Zachariah
Economic Trends in Britain—Our London Correspondent
Economic Trends in the U.S.—Our New York Correspondent
Economic Trends in West Germany—Inga Krugmann-Randolf
Why Road Transport?—Dr. F. P. Antia
State of Oilseeds in India—Ramdas Kilachand
New Dreams for Steel Aplenty—Our New Delhi Correspondent
Another Bad Year for Pepper—I. T Parekh
World Bullion Review

1963 REVIEW OF:

Labour
Commodity Prices and Cost of Living
World Commodity Prices
Coal
Jute
Textiles
Cotton
Sugar
Planting
Food and Agriculture
Industrial Production
Trade
Banking and Money

TREND OF MARKETS IN 1963:

Stock Exchanges
Cotton
Oilseeds
Bullion
Tea
Jute
Metals
Hides and Skins

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SYNOPSES OF COMPANY REPORTS

Tulsipur Sugar Co., Ltd.

(*Secretary*: Mr. M. P. Jhunjhunwala, Calcutta.)

Fourth Annual General Meeting—Held on 30th December 1963.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1963	1962
Sales—sugar, molasses and bagasse	1,22,32	1,54,06
Closing stock of sugar and molasses	20,85	60,07
Gross loss (—)	—2,63*	—47*
To depreciation	2,63	2,64
Net loss(—)	—2,63*	—47*
Excess provisions for tax and other credit adjustments	13	24
Credit balance brought forward	Nil	20
Total available balance	13	44
Appropriations:		
To excise duty short recovered	Nil	6
„ cane price claim short realised written off	1,13	Nil
„ cane purchase tax on an export quota sugar recoverable—written off	5	Nil
„ dividends	Nil	Nil
„ adjustment of loss	13	44
Net debit balance carried forward	—3,76	—3

* Loss after providing for depreciation.

Extracts from the Directors' report: As indicated in the Directors' report for the previous year, the loss has been caused by circumstances under which the Company had been struggling for some time. There has been considerable outlay towards expansion through borrowings. As a result, the Company had to provide a great deal of depreciation and interest, for several years.

During the period, the Company's factory was required to supply 30,556 quintals of sugar to the Export Agency Division for export outside the country which reduced the Company's realisations by Rs. 2.80 lakhs. Had the quantity been paid for at market rate, the net result for the year's working would have shown a small surplus. However, the directors are still hoping to receive a sizable amount in the shape of final payment from the Export Agency Division.

Working: The factory commenced crushing on 9th December, 1962 and could continue only upto 6th March, 1963. Shortage in supply of cane resulted in a reduced total crush of 80,020 M. tons as against 1,38,831 M. tons in the previous season. The factory worked for 88 days as against 175 days in the previous season. Overall crushing was smooth and booked a recovery of 10.14 per cent as against 9.72 per cent in the previous season.

Accounts in brief as at 30th June 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	14,00,070	Gross block	48,97,688
Reserves	12,78,314	—Depreciation	22,98,956
Other liabilities	49,38,587		
		Net block	25,98,732
		Block in progress	1,32,087
		Current assets	44,16,989
		Investments	61,704
		Cash	31,078
		P.L. a/c deficit	3,75,891
	Rs. 76,16,971		Rs. 76,16,971

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

Hindustan Electric Co., Ltd.

(*Chairman*: Mr. Dharmsinh D. Desai, Bombay.)

Thirteenth Annual General Meeting—17th February 1964.

Working Results:

	For the year ended 30th April (In thousand rupees)	
	1963	1962
Sales less returns	2,24,50	1,84,26
Closing stock	75,64	49,79
Gross profit (+) or loss (—)	+22,05	—12,26
Transfer to depreciation	3,18	3,52
„ „ development rebate reserve	18	Nil
„ „ provision for doubtful debts	1,50	Nil
„ „ „ taxation	5,19	Nil
Net profit (+) or loss (—)	+12,60	—12,26*
Transfer from reserves	Nil	3,26
Appropriations:		
To provision for taxation for previous years	Nil	10
„ collaboration and fresh capital issue expenses	Nil	28
„ land purchase expenses	Nil	6
Proposed dividends (taxable) preference	3,43† (6.57%)	Nil
„ „ ordinary	Nil	Nil
To adjustment of loss brought forward	9,05	Nil
Carry forward credit (+) or debit (—)	+13	—9,05

Market value of equity shares (in rupees):	1963	1962	1961
High	165.00	300.00	100.00
Low	117.50	152.00	91.50

* Loss after providing for depreciation.
† For two years 1962-63 and 1961-62.

Extracts from the Directors' report: As far as the Company's Howrah Works are concerned the Directors regret that in spite of their best efforts they were unable to get the accounts thereof duly audited. As members are aware the Howrah Works were closed from 15th November, 1961 and were re-opened on the 24th August, 1963 in a phased programme ending on the 16th November, 1963. Due to the closure of over 21 months and the total absence of the old staff attending to accounts and other senior executives which did not rejoin the Howrah Works on re-opening, the management was handicapped in carrying out this work.

The sales invoiced by the Company have increased from Rs. 1,64,26,382 in 1961-62 to Rs. 2,24,50,113 in this year. Whereas the sales of transformers have been reduced due to the fact that the Company's Howrah Works were closed throughout the year, production and sales of *Conductors* and *Motors* have increased. Sales of imported *Brown Boveri* material have already started and are expanding satisfactorily. As a result of these increased activities, stocks have also gone up to a certain extent.

The offer for the purchase by the Company of the land and factory including residential quarters at Faridabad has been accepted by the Government of India on reasonable terms of payment and the necessary agreements are under execution.

The Company has also initiated the purchase of approximately 40 acres of fresh land near the railway station of Faridabad. Sale deeds for about 30 acres have already been executed and for the remaining plots, for which the sale deeds will be executed shortly, deposits have been made to land owners. At Baroda the Company is at the same time purchasing land for a new plant near Makarpura Railway Station.

Industrial Licences: The Rolling Mill at Faridabad Works has made good progress and went into regular production in May 1963. The new Conductor Factory at Ghaziabad has also started production in July 1963.

The industrial licence for Baroda Works has been extended to cover the manufacture of *Air Blast Circuit Breakers* for *Electric Locomotives*. For the assembly of these breakers as well as for the manufacture of *Control Panels* a new shed has been erected near the existing plant in Baroda. In the same shed a training centre for the workers will be opened soon.

The Company's collaborators have prepared a project report for the establishment of a new plant on the land under acquisition at Makarpura/Baroda. According to this project, the Company will undertake initially the manufacture of *High Tension Air Blast Circuit Breakers* up to 220 kV., the complete manufacture of *Breakers for Railways, Tap Changers, etc.* Other items covered by the industrial licence will follow in a phased manner.

Howrah Works: The negotiations which were going on with the workers of the Company's Howrah Factory for a considerable time proved successful and a settlement was arrived at with a large majority of the workers. Consequently, the Howrah Works were re-opened on 24th August 1963 and production has been resumed. In view of this settlement, separate representation has been granted by the Hon. Tribunal and accordingly a joint petition for compromise has been filed.

As stated in the Directors' report of the Hindustan Conductors Ltd. the object and the purpose of the said subsidiary company is being fulfilled by this Company and hence the said subsidiary Company is not functioning. It has therefore been decided by the Board of Directors to dispose off 4,993 equity shares of Rs. 100 each (Rs. 5 per share paid up) being its entire shareholding to Mr. D. D. Desai, one of the Directors of this Company, at Rs. 25,000.

Accounts in brief as at 30th April 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	1,40,00,000	Gross block	79,23,681
Reserves and surplus	1,64,104	—Depreciation	28,47,228
Other liabilities	1,32,60,498		
		Net block	50,76,453
		Block in progress	11,30,680
		Current assets	1,34,41,622
		Investments	1,62,818
		Cash	76,04,110
	Rs. 2,74,24,602		Rs. 2,74,24,602

* Paid-up capital consists of 1,20,000 equity shares of Rs. 100 each and 20,000—6 per cent. tax-free Irredeemable cumulative preference shares of Rs. 100 each.

Carborundum Universal Ltd.

(*Chairman*: Sir A. Ramaswami Mudaliar, Madras.)

Ninth Annual General Meeting—31st January 1964.

Working Results:

	For the year ended 31st August (In thousand rupees)	
	1963	1962
Sales less returns	1,86,60	1,66,75
Closing stock	66,63	38,05
Gross profit	38,92	35,66
Transfer to depreciation	7,13	7,19
„ „ development rebate reserve	42	20
„ „ provision for taxation	21,60	15,97
Net profit	9,77	12,30
Transfer from reserve for taxation	1,44	Nil
Appropriations:		
Transfer to provision for super profits tax for the year 1962	3,00	Nil
Transfer to general reserve	3,00	5,00
„ „ other reserves	Nil	3,00
Proposed dividend (taxable) ordinary	4,05*	4,50†
	(9%)	(9%)
Carry forward	76	1,40

* On the increased ordinary capital of Rs. 55 lakhs.
† On a paid-up capital of Rs. 50 lakhs.

Extracts from the Directors' report: There has been an increase both in production and in sales of *Bonded* and *Coated Abrasive* products. The net increase in sales amounts to over Rs. 16 lakhs. However, the profit after provision for taxation is considerably lower. The main reason for this is the very onerous burden of taxation which the Company has had to bear. In addition to the normal provision for Income-tax and Corporation tax, the Company has had to provide for Super Profits Tax in respect of the earnings of the year under report as well as that of the year ended 31st August 1962. It is sincerely hoped that the levy of Super Profits Tax will be removed altogether or at least substantially modified so as not to be such a heavy burden on the industry.

In the Directors' report for last year, mention was made that the Industrial Credit and Investment Corporation of India Limited had agreed to extend a line of foreign exchange credit of upto Rs. 17.5 lakhs to finance the import content in the Bonded Expansion project of this Company. Utilisation of funds thereof has commenced. The main building extensions are complete and several items of machinery have already been received and the rest are expected shortly. This increased capacity will be available for utilisation towards the end of the financial year ending August, 1964.

Construction work of the *Aluminium Oxide Plant* is proceeding apace at Edapally near Cochin and some shipments of machinery have been received. Work has also commenced at Port Okha in respect of the *Calcined Bauxite* installation and the *Rotary kiln* has been shipped from abroad towards the end of December 1963. In addition to these schemes, the Company has plans for the manufacture of 750 tons per annum of *Super Refractories* for which a very good demand has been indicated. It is expected to receive an industrial licence for this purpose from the Government of India shortly.

To meet part of the capital expenditure in respect of the *Aluminium Oxide Plant*, the issue of 20,000 shares of Rs. 100 each at a premium of Rs. 25 per share as required by the Controller of Capital Issues, has been made during the year under report and a sum of Rs. 50 (Rs. 25 towards the premium and Rs. 25 towards share capital) per share has been received by the Company on these newly issued shares. Subsequently, the Board of Directors of the Company have called up a further sum of Rs. 50 per share on these 20,000 shares and this sum is expected to be paid up by the end of December 1963.

For additional finance to meet the cost of the various schemes, the Board of Directors approached the Industrial Credit and Investment Corporation of India Limited and are pleased to report that the Industrial Credit and Investment Corporation of India Limited has expressed their willingness to extend another loan of Rs. 75 lakhs (Rs. 65 lakhs in rupees and Rs. 10 lakhs in foreign currency). It is expected that this Company will be able to obtain and utilise this loan in the near future and implement its various plans of expansion and new projects by the end of 1964.

Accounts in brief as at 31st August 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	55,00,000	Gross block	1,05,80,858
Reserves and surplus	45,00,000	—Depreciation	51,21,109
Other liabilities	88,00,942		
		Net block	54,68,749
		Goodwill and trade marks	1,017
		Current assets	1,29,21,076
		Investments	98,392
		Cash	3,12,708
	Rs. 1,88,01,942		Rs. 1,88,01,942

* Paid-up capital consists of 50,000 ordinary shares of Rs. 100 each and 20,000 ordinary shares of Rs. 100 each—Rs. 25 per share called and paid up.

Stanes Amalgamated Estates Ltd.

(*Managing Agents*: Messrs. T. Stanes & Co., Ltd., Coimbatore.)

Seventeenth Annual General Meeting—Held on 17th December 1963.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1963	1962
Sales—tea, green leaf and other produce	17,70	16,28
„ —coffee	2,48	2,01
Closing stock—tea and coffee	2,85	1,29
Gross profit	4,51*	6,21
To donations	5	3
„ Managing Agents' remuneration	34	57
Transfer to depreciation	95	88
Net profit	3,17	4,73
Excess tax provision no longer required	2	32
Appropriations:		
To provision for taxation	1,50	2,52†
Transfer to reserves	63	1,01
To dividends (taxable) ordinary	1,08 (12%)	1,35 (15%)
Carry forward	18	21

Market value of ordinary shares (in rupees):	1963	1962	1961
High	15.60	15.92	16.65
Low	13.71	14.55	14.78

* After providing Rs. 7,000 for bonus to staff.
† Includes Rs. 6,373 being additional wealth-tax paid for assessment years 1957-58, 1958-59 and 1959-60.

Extracts from the Directors' report: *Crop*: *Tea*: The output of black tea for the year from the Company's own leaf was almost up to the level of the previous year's record, with 4,08,265 kgs. and, in addition, 23,461 kgs. from bought leaf. The previous year's figures were 4,10,516 and 13,085 kgs. respectively.

The production of green leaf, at 3,26,160 kgs. was 33,701 kgs. down compared with the 1961-62 record. The average sale price exclusive of excise duty was Rs. 4.51 per kg. as against Rs. 4.44 per kg. last year, and for green leaf Rs. 0.72 per kg. against Rs. 0.65 last year.

Coffee: The crop harvested amounted to 44,856 tonnes, approximately 6 tonnes in excess of the blossom estimate. The crop has been valued at the same price as last year Rs. 2.20 per point. This crop was not big enough to make the running of the coffee economical, with the result that the Company incurred a loss of Rs. 34,465 compared with a profit of Rs. 64,134 the previous year. With 2.43 hectares replanted in Station Selections during the year, the Company's estates maintaining 13 hectares of immature coffee as a charge under cultivation expenses. In continuation of the decision to replant Kotada mixed Tea and Coffee areas in tea, 2 hectares of moribund old coffee has been uprooted for planting in tea. A further 2 hectares of similar old coffee has been uprooted and planted with guatemala grass to rehabilitate the soil before planting in tea at a later date. The current year's crop is estimated at 44 tonnes.

Progress Report and Crops Harvested:

Year	Gross profit	Net profit after taxation	Tea crop	Coffee crop
	Rs.	Rs.	Kgs.	Tonnes
1960-61	2,33,053	1,05,053	3,53,419	24
1961-62	4,05,540	2,49,540	4,23,601	88
1962-63	3,16,837	1,78,837	4,08,265	44
1963-64 (estimated)	...	...	4,26,750	44

Accounts in brief as at 30th June 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	9,00,000	Gross block	31,73,663
Reserves and surplus	15,48,277	—Depreciation	10,92,544
Debentures	2,00,000		
Other liabilities	5,10,949	Net block	20,81,119
		Current assets	7,64,605
		Investments	1,31,112
		Cash	1,82,390
	Rs. 31,59,226		Rs. 31,59,226

* Paid-up capital consists of 90,000 ordinary shares of Rs. 10 each.

NEWS IN BRIEF

THE National Shipping Board has appointed a Committee to consider the feasibility of a round-the-coast cargo service, aimed at linking almost all the small ports clothing the country's vast coastline.

Britain is currently spending at a rate between Rs. 200 and Rs. 250 crores a year on Governmental aid to the developing countries or 1¼ per cent of Britain's national income, besides Rs. 180 crores a year on technical assistance, according to the British High Commissioner in India.

A Rs. 15-crore newsprint factory is proposed to be set up in the private sector in the Punjab in collaboration with a Canadian firm. The factory, which is expected to go into production by 1968, will manufacture about 16,000 tonnes per annum.

The first thermal power station in the Jammu and Kashmir State, located at Kalakot 75 miles from Jammu, is expected to be commissioned some time next year. The station is being built in collaboration with Yugoslavia. It will have a capacity of 22.5 MW. per annum.

The Chief Minister of Gujarat has indicated the State's readiness to accept the offer of arbitration for settling the controversy between Gujarat and the Oil and Natural Gas Commission on the pricing of gas to be supplied to the State's power houses and industrial units.

A team headed by Mr. N. N. Wanchoo, Secretary, Department of Iron and Steel, will leave for Japan in the middle of this month on a three-week tour of that country to study the working of steel industry there with particular reference to its capital structure and advanced techniques of steel making.

The State Trading Corporation has signed an agreement with Messrs. Abitibi of Canada, under which it will import 25,000 tonnes of newsprint valued at about Rs. 1.5 crore from Canada during 1964-65. India imports approximately 90,000 tonnes of newsprint and sheets every year from the Soviet Union, Canada, Scandinavian countries and Poland.

The refining capacity of the Gujarat refinery now under construction will be expanded from two million tonnes to three million tonnes before the end of the third Plan, according to a spokesman of the Oil and Natural Gas Commission. The Commission is vigorously stepping up its exploration activities all over the country in order to meet the growing demand for petrol.

The Government of India has set up a 14-member Central Planning Group, with Mr. M. C. Chagla, Union Minister for Education, as Chairman, to prepare the broad outline of a perspective plan of educational development in India to cover the next 15 years (1966-81) and, against its *background, to work out a detailed programme* for inclusion in the fourth Plan (1966-71).

The cotton mills' production in December 1963 is provisionally placed at 81 million kgs. of cotton yarn and 390 million metres of cloth, as compared with 74 million kgs. of yarn and 377 million metres of cloth in the same month of 1962. At the end of the month, the composite mills held 113,000 metric bales of cloth as unsold and 165,000 metric bales as sold but unlifted.

The budget session of Parliament will commence on the 10th inst. The Railway Budget will be presented on the 11th inst. and discussion on it will commence on the 19th inst. The general budget will be introduced on the 29th inst. and discussions on it will commence on 2nd March next. The Lok Sabha will take up the demands for grants of various Ministries between 10th March to 14th April next.

The Maharashtra Government has decided to appoint a committee for carrying out a traffic survey of ports in the State and for preparing a master plan for their development. The Committee will be asked to study the cargo and passenger traffic potential in all ports in the light of various industrial and other developments proposed for the coastal belt and make some specific recommendations regarding the pattern of development.

As many as 96 co-operatives have made necessary arrangements for procurement of jute in 89 secondary markets and nearly 300 feeder centres in the jute growing States of Assam, West Bengal, Bihar, Orissa, Tripura, Uttar Pradesh and Andhra Pradesh, under the price support scheme. They are reported to have purchased up to the end of December 120,000 maunds of jute valued at about Rs. 36 lakhs, on the price support basis and 250,000 maunds valued at Rs. 75 lakhs on commercial basis as part of their normal business activity.

The Iron and Steel Controller has notified that 2,000 tons of stainless steel sheets of gauges suitable for utensil making are to be imported through the Minerals and Metals Trading Corporation of India, New Delhi, against their exports. The Directors of Industries of State Governments will be allotted bulk quotas for their States. Allocations to individual units will be made by them. The manufacturers of stainless steel utensils may submit their indents direct to the Director of Industries of the respective States before the end of this month (February).

The prospectors of the Atomic Energy Department have discovered a rich deposit of high grade uranium ore in Bhatin area in Bihar State. The deposit will help in the setting up of another uranium ore mill in that area, besides the existing one at Jaduguda. The existing mill, which is the principal source of uranium presently in India, will yield raw material for the production of requisite quantity of atomic fuel for India's first atomic power station at Tarapore in Maharashtra. The target of extraction of 1,000 tonnes of uranium per day is expected to be achieved when the Bhatin mine is worked.

One of the largest Hungarian foreign trading enterprises, the Complex, recently signed a contract to supply two 25 MVA synchrocompensators at a cost of Rs. 20 lakhs for the Hirakud Dam project. The synchrocompensators are manufactured by the Ganz Works in Budapest, one of the largest and oldest factories for power-generating and electrical gear in Europe. The two synchrocompensators are of the latest hydrogen-cooled type. After installation, the electricity-losses of the Hirakud-Rourkela grid will be significantly reduced. They are expected to be delivered in 1965.

The Union Ministry of Community Development and Co-operation has drawn up a scheme for the award of prizes and incentives to the best co-operative institutions as well as individuals who have an outstanding achievement to their credit in furtherance of the co-operative movement. Under the scheme, the best model society in every district which has a consistently good record of performance for a period of years, might be selected by the district co-operative banks or the district co-operative unions for award of rolling shields or trophies every year. Small cash prizes may also be awarded to a few societies which have been functioning on sound lines or have shown outstanding results.

The Union Ministry of International Trade has made arrangements for the import of machine tools from Czechoslovakia, Hungary, Poland and East Germany for delivery in 1964 for actual users in both scheduled and non-scheduled sectors. The actual users are required to submit their applications for import licences in the prescribed form and manner to the Development Officer (Tools), Directorate-General of Technical Development. Applications for licences for import of machine tools under the capital goods licensing scheme from actual users may also be made under the normal procedure, with a copy of the application sent to the Development Officer (Tools).

The Union Minister of Shipping, Mr. Raj Bahadur, discussed several shipping problems with the representatives of shipowners at Bombay last week. The Minister expressed satisfaction at the working results of the shipping companies and was hopeful that the Indian tonnage, which at present stood at about 1.2 million g.r.t., would reach the figure of 1.6 million g.r.t. and might possibly go upto 2 million g.r.t. by the end of the current Plan.

* * * *

From Abroad

Britain will pay to the International Development Association an additional £34.5 million in three equal instalments, in November 1965, 1966 and 1967. The House of Commons has given its consent to this contribution.

The Pakistan International Airlines is placing orders for three Trident jet airliners worth about £6 million with the de Havilland division of the Hawker Siddeley in Britain. These airliners are powered by three aft-mounted Rolls-Royce Spey 25 engines; they are likely to be delivered in the summer of 1965.

Production of staple fibre in Britain touched a record of 388.90 million lbs. in 1963, as compared with the 336.29 million lbs. produced in 1962 and 305.66 million lbs. in 1961. The filament yarn production was 330.29 million lbs., as against 290.85 million and 261.97 million lbs., respectively.

International price levels for newsprint are expected to collapse because of a build-up of a large surplus by 1965, according to the F.A.O.'s report on pulp and paper prospects in Eastern Europe. By 1965, Western Europe alone is expected to have a potential export surplus of 2.8 million tons of paper and paperboard.

The U.S. Senate Banking and Finance Committee has voted in favour of a $11,500-million cut in U.S. income-taxes. The cut, if approved by Congress, would be the biggest income-tax cut in that country. The tax cut Bill was approved by the House of Representatives on 25th September 1963.

The total world production of natural rubber during the first eleven months of 1963 amounted to 1.87 million tons and consumption aggregated 2.03 million tons. The consumption figure includes gross imports of 287,500 tons into the Soviet Union and 95,000 tons into China. The production of synthetic rubber during the same period was 2.2 million tons and consumption 2.14 million tons.

The U.S. Agriculture Department's first estimate of world rice crop (excluding the communist Asia) in the 1963-64 season puts the total yield at 154.3 million tonnes, a record level, as compared with the 150.4 million tonnes actually produced in 1962-63. The acreage under rice cultivation is estimated at 215 million acres in 1963-64, as against 219 million acres in the previous year.

The International Air Transport Association has just approved a world-wide air-freight consolidating programme. The programme, subject to ratification by the Governments of the member-countries concerned, is expected to be put into effect on 1st April next. It will encourage the orderly promotion and sale of air-freight and establish uniform standards of business practice.

As the largest car makers, the Fiat of Italy is reported to be studying the ways and means of warding off air poisoning by exhaust gases. It has already put into shape an ingenious device whereby exhaust gases are channelled into the aspiration system and burned in the engine's cylinders. This device keeps the inside of the engine's bottom slightly depressed, so that at no stage of operation can any exhaust gas puff into the air, while at worst a mild washing may occur by outside air leaking in. It has been approved by U.S. authorities and all Fiat cars shipped to America are provided with it. The Fiat will extend this application gradually to all its cars.

Production of paper and paperboard in Sweden rose by over 10 per cent to about 2.26 million tons in 1963. The capacity of the Swedish mills at the end of the year was about 2.90 million. Most of the production increase during 1963 was accounted for by paperboard, particularly kraftliner (up from 425,000 to 535,000 tons). The output of kraft paper rose from 636,000 to 703,000 tons, while newsprint showed a small rise of 11,000 tons to 640,000 tons. Deliveries during the year included 1.65 million tons for export and 935,000 tons for the home market. Of the total exports, nearly 80 per cent went to Europe, including 48 per cent to E.E.C. and 28 per cent to E.F.T.A. countries. The remaining 20 per cent is absorbed by a large number of countries on all continents.

Permits granted to Swedish companies for direct investments abroad aggregated Kr.391 million in 1963, as compared with Kr.430 million in 1962. Of this total, only 45 per cent was utilised during the year (which is probably due to the fact that most of them were granted during the latter half of 1962). For the first time, applications for investments in E.F.T.A. countries have exceeded those for E.E.C. which dropped by 50 per cent in value. A sharp decline was also registered for investments in the U.S. However, a major increase was noted in Sweden (from Kr.322 million in 1962 to Kr.754 million in 1963). Practically the entire amount is earmarked for investments in already existing companies and includes a comparatively small number of large projects. A particularly large increase is registered for U.S. investments in Sweden and also investments from the E.F.T.A. countries.

Labour position in Britain improved greatly during the year 1963. By the end of the year, the demand for labour was rising rapidly. In the autumn, the number of workers temporarily laid off fell to a very low level, and the absorption of the July school leavers into the labour force became very rapid in the last eight weeks or so of the year. The number of unemployed in Britain during December 1963 was 460,000 some 100,000 less than in December 1962, and represented about 2 per cent of the labour force. Some further decline in numbers seeking work is expected in 1964.

PERSONAL

MR. Lal Bahadur Shastri was sworn in as a Cabinet Minister without portfolio on 24th January.

Mr. D. Sanjivayya, the erstwhile Congress President, was sworn in as the Union Minister for Labour and Employment.

Mr. J. L. Hathi, who was looking after the labour portfolio until recently, has now been designated Minister of Supply and Technical Development.

Mr. Carl T. Rowan, U.S. Ambassador to Finland, will be nominated by President Johnson as the new Director of U.S. Information Agency, in the place of Mr. Edward R. Murrow who has resigned because of ill health.

Mr. D. S. Joshi, Secretary, Union Ministry of International Trade, left for New York to participate in the final meeting of the Preparatory Committee of the World Trade and Development Conference.

Prof. M. S. Thacker, Member, Planning Commission, has been appointed a member of the U.N. Advisory Committee on the Application of Science and Technology to Development. He will attend the Committee's first session commencing at New York on the 25th inst.

Notices

RESERVE BANK OF INDIA
CENTRAL RECRUITMENT BOARD
BOMBAY

APPLICATIONS ARE INVITED FOR THE following posts in the Agricultural Credit Department of the Reserve Bank of India:—

(A) POSTS AND SCALES OF PAY:

(i) **Rural Credit Officers:—**

Rs. 430-430-55-815 EB 55-925-60-1,045.

(ii) **Economic Assistants:—**

(a) *At higher pay centres—*

Rs. 255-15-270-16-398-21-419 EB 21-482-22-570.

(b) *At centres other than higher pay centres—*

Rs. 230-10-240-15-270-16-382 EB 16-398-21-503-22-525.

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

In addition to pay, the selected candidates will be eligible to draw local pay, dearness and house rent allowances at rates prescribed from time to time. Local pay is not admissible to category (ii).

(B) QUALIFICATIONS:

(i) **Rural Credit Officers: Applicants should**

(*a*) posses very high academic qualifications of Indian or foreign Universities (preferably post-graduates) in Economics, Co-operation, Sociology or other social sciences and posses degrees which are either first class or high second class. Special study or knowledge of Rural Economics or Rural Sociology will be an additional qualification, *and*

(b) have a minimum of five years' experience in a co-operative department/institution or commercial bank out of which not less than three years should be in a responsible position.

(ii) **Economic Assistants: Applicants should** possess high second class Master's degree or a first class Bachelor's degree in Economics or Commerce of an Indian or foreign University. Specialised study in Rural Sociology will be an additional qualification. Due weightage will be given to the successful completion of the training courses conducted under the auspices of the Committee for Co-operative training, and/or experience gained in a co-operative department/institution or a commercial bank.

Note: Experience in Community development, small-scale and cottage industries, marketing, training and publicity, etc. will be given due weightage and knowledge of more than one regional language will be an additional qualification.

(C) AGE LIMITS AS ON 1st FEBRUARY 1964:

(i) **Rural Credit Officers:** Candidates should not ordinarily be over 30 years of age but the age limit may be extended upto 35 years in the case of candidates with exceptionally good qualifications and/or experience of value to the Bank.

(ii) **Economic Assistants:** Between 18 and 24 years.

The maximum age limit is relaxable but not beyond 30 years in the case of:—

(*a*) candidates possessing special qualifications and experience of value to the Bank;

(*b*) ex-employees of banking institutions whose services had to be terminated for reasons of economy or as a result of the banks going into liquidation;

(*c*) personal retrenched from Government offices after at least one year's service applying through Employment Exchanges; and

(*d*) candidates belonging to the Scheduled Castes or Scheduled Tribes.

2. Applicants for the posts of Rural Credit Officers must remit with their application a fee of Rs. 7.50 and those for the posts of Economic Assistants a fee of Rs. 2.00 by cheque or bank draft on a *Scheduled Bank* payable at Bombay or by Postal Order drawn in favour of Reserve Bank of India, Bombay. *The application fee is in no case refundable.* In the case of candidates belonging to Scheduled Castes/Tribes, the fee will be reduced to one-fourth.

3. Applications in the candidate's own handwriting in the prescribed forms obtainable from the Reserve Bank's offices at Bombay, Calcutta, Kanpur, New Delhi, Nagpur, Madras, Bangalore, Hyderabad, Trivandrum, Lucknow, Patna and Jaipur accompained by copies (originals should not be sent) of certificates regarding age and educational qualifications, statements of marks secured in the Graduate and Post-graduate degree examinations and two testimonials should be forwarded to the Secretary, Central Recruitment Board, Reserve Bank of India, Central Office, Post Box No. 406, Bombay No. 1, so as to reach him on or before the 22*nd February* 1964.

4. Candidates already in service will be required to produce a proper discharge certificate from their employers in the event of their being selected at the time of their appointment in the Bank's service.

5. Candidates belonging to Scheduled Castes/Scheduled Tribes should mention this fact prominently in their applications and also enclose a copy of a certificate to that effect from a competent authority.

6. Candidates must be prepared to serve in any office of the Bank in India and to undertake tours when required.

7. Selected candidates will have to appear for interview/s before the Selection Board at any of the Bank's offices.

8. Appointments will be subject to candidates being found medically fit for service in the Bank by the Bank's Medical Officer.

9. If any candidate desires to have his application acknowledged, he should send it by "Registered Post—Acknowledgement Due." Apart from those who may be specially called, interviews will not be granted to candidates nor will the Bank enter into correspondence with them.

10. Canvassing in any form will be regarded as disqualification.

THE RAMNUGGER CANE AND SUGAR COMPANY, LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Twenty-seventh Ordinary General Meeting of the Shareholders of the Ramnugger Cane and Sugar Company, Ltd. will be held at the Registered Office of the Company, 7, Wellesley Place, Calcutta, on Wednesday, the 26th February, 1964, at 12 noon, to transact the following business:—

1. To receive the Directors' Report and pass the audited Accounts for the year ended 31st August, 1963.
2. To declare a dividend on Preference Shares.
3. To declare a dividend on Ordinary Shares.
4. To elect Directors.
5. To appoint Auditors and fix their remuneration.
6. To transact any other business which may properly be brought before the Meeting.

NOTICE is also given that the Share Transfer Registers will be closed from the 10th February to 26th February, 1964, both days inclusive.

A member who is entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself, and the proxy need not be a member of the Company.

By Order of the Board,
ANDERSON WRIGHT LIMITED,
Managing Agents.

CALCUTTA,
20*th January*, 1964.

THE DURBHANGA SUGAR COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE Fifty-second Ordinary General Meeting, being the Annual General Meeting, of The Durbhanga Sugar Company, Limited, will be held at the Registered Office of the Company at Lohat on the 26th day of February, 1964, at 10.30 a.m. for the following purposes:—

(1) To receive and adopt the Directors' Report and Accounts for the year ended the 31st August, 1963, and Balance Sheet and Report of the Auditors thereon.

(2) To declare a Dividend.

(3) To elect a Director in place of Shri Padmanabh Prasad, who retires under Article 107 and, being eligible, offers himself for re-election.

(4) To appoint Auditors for the current year and to fix their remuneration.

As Special Business:

(5) To consider the payment of extra remuneration to the Directors for the year ended the 31st August, 1963.

(6) To sanction payment of remuneration to the Manager for the year ended the 31st August, 1963.

(7) To transact any other business which may be brought forward at the meeting with the permission of the Chairman.

By Order of the Directors,
W. F. MALDEN,
Secretary.

LOHAT,
DISTRICT DARBHANGA,
9th January, 1964.

Note:—(1) A member of the Company, who is entitled to attend and vote, is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member.

(2) The Share Transfer Books of the Company will be closed from the 10th February to the 26th February, 1964, both days inclusive.

(3) Dividend Warrants will be posted to those Shareholders whose names stand on the Register on the 26th February, 1964.

Explanatory Statement pursuant to Section 173 of the Companies Act, has been circulated with the Notice to the Members of the Company.

BURMAH-SHELL REFINERIES LIMITED

NOTICE IS HEREBY GIVEN THAT THE Register of the Company's 5¼ per cent Debentures 1965-69 will be closed for transfers from 15th February 1964 to 29th February 1964, both days inclusive.

R. N. CHETTUR,
Secretary & Treasurer, State Bank of India, Agents for Burmah-Shell Refineries Ltd. for the management of the Debentures.

STATE BANK OF INDIA,
MUNICIPAL LOANS SECTION,
APOLLO STREET, FORT,
BOMBAY, 1*st February* 1964.

THE BENGAL PAPER MILL COMPANY LIMITED

Registered Office: Netaji Subhas Road,
CALCUTTA-1

NOTICE OF FINAL CALL

NOTICE IS HEREBY GIVEN THAT BY A resolution passed on 28th January, 1964 the Board of Directors of the Company have decided to make Final Call of Rs. 5/50 nP. per share (inclusive of Rs. 3/- on account of premium) on 1,80,000 Equity Shares of Rs. 10/- each issued at Rs. 22/- per share. The Call Money is payable to the Company at its Registered Office on or before 20th February 1964 by the Shareholders registered as on 31st January 1964. Individual Notices to Shareholders will also be sent on 1st February 1964.

By Order of the Board,
H. P. DHANUKA,
Director.

CALCUTTA, 28*th January* 1964.

TREND OF MARKETS

MONEY STRINGENT

(From Our Own Correspondent)

BOMBAY, 29*th January*

The short-term money market continued to rule firm during the week under review, though conditions tended to improve slightly later in the week, following inflow of some funds. Demand for credit was well sustained and it was not easy for borrowers to obtain their requirements fully. The inter-bank call money rate for both renewals and fresh money was maintained at the high level of 5½ per cent. Interest rates for short-term deposits remained unchanged at the ceilings prescribed under the Inter-bank Agreement. Conditions at Calcutta continued to be stringent throughout the week, the call rate standing at 5½ per cent, same as last week.

Thanks to the persistent stringency in the money market, the 91-day Government of India Treasury Bills, tenders for which opened on Tuesday 28th January, evoked poor response. The total amount offered was no more than Rs. 2 crores which was just equivalent to that invited. The whole of it was accepted. The average rate of accepted tenders remained unaltered at Rs. 2.325 per cent per annum. Strangely enough, the response to Intermediate Treasury Bills was better than last week. The Bills actually sold from 22nd to 25th January amounted to Rs. 250 lakhs, as against Rs. 43 lakhs a week before and Rs. 15 lakhs two weeks before.

There was a handsome improvement of Rs. 2.02 crores to Rs. 111.72 crores in India's foreign assets during the week ended 24th January. The improvement occurred despite the fall of Rs. 2.98 crores to Rs. 9.26 crores in balances held abroad, for this fall was more than made good by the rise of Rs. 5 crores to Rs. 102.46 crores in the foreign securities held in the Issue Department of the Reserve Bank. Deposits of scheduled banks with the Reserve Bank receded by Rs. 4.13 crores to Rs. 78.60 crores. At the same time, their borrowings from the Reserve Bank, too, declined by about Rs. 3 crores to Rs. 29.29 crores, of which total of those against usance bills accounted for Rs. 9.84 crores, a drop of Rs. 1.95 crore over the week. Notes in circulation decreased by Rs. 17.69 crores to Rs. 2,397.18 crores.

The total credit made available by scheduled banks to their clients expanded by a further sum of Rs. 13.37 crores to Rs. 1,652.89 crores during the week ended 17th January. With this expansion, the net rise in credit since the beginning of the current busy season on 1st November 1963 comes to Rs. 183.94 crores, as against Rs. 72.64 crores in the corresponding period of the 1962-63 busy season. Alongside of the increase in bank credit in the aforesaid week, the deposits of banks also spurted by Rs. 18.47 crores to Rs. 2,425.38 crores. Even so, the outstanding borrowings from the Reserve Bank were pretty heavy, being Rs. 32.04 crores (a rise of Rs. 69 lakhs), including Rs. 12.20 crores (a fall of Rs. 2.50 crores over the week) in those against usance bills. Investments were a shade lower at Rs. 687.08 crores.

Trading in the Gilt-edged market was a dull and drab affair. Institutional support was lacking. The volume of transactions put through was thin, with values moving narrowly. Most of the Central and State loans were held at the last week's levels. The 6½ per cent 1977 Gold Bonds softened by 25 nP to Rs. 117.75 at which level they give a redemption yield of 4.77 per cent.

In the foreign exchange market, the banks' buying rate for U.S. dollars rose by 25 nP to Rs. 475.25 per $100, whereas their selling rate was unchanged at Rs. 478.50. In New York, the pound sterling ruled easier *vis-a-vis* the dollar, the spot rate declining by 0.050 cent to 279.770-279.800 cents and the three months' forward by 0.060 cent to 279.550-279.580 cents.

FURTHER RISE IN COTTON

(From Our Own Correspondent)

BOMBAY, 29*th January*

Cotton futures rose further this week, in spite of the Textile Commissioner's announcement on Monday (27th January) of the imposition of ban on the movement of cotton from Districts of Gujarat to outside those areas. Curiously enough, the ban, which constitutes the first official intervention during the current season, was construed by speculators to emphasise the feared shortage of supplies. In fact, as is explained by the Textile Commissioner in the Press note published below, the ban has been imposed because of the sharp rise in the price of Digvijay 'A' cotton, which, unless checked in time, might prove infectious. All the same, the futures contracts rose to new high levels on short-covering, speculative buying and absence of selling. The report on Saturday that steps were being taken to import 300,000 bales of U.S. cotton under P.L. 480 imparted some easiness to the futures market. The easiness, however, proved short-lived, thanks to emergence of fresh speculative support. Firm spot advices and reports of damage to the crop in Gujarat due to the cold wave continued to affect the sentiment. The March contract advanced during the week from Rs. 750.50 to Rs. 761.50 and closed Rs. 9.75 higher over the week at Rs. 760.25. The May contract attracted speculative buying from yesterday, with the result that its discount over the March delivery narrowed down from Rs. 17.75 to Rs. 12.25.

The week's trend in the futures prices is indicated below:

(In rupees per three quintals)

	22-1-64	*High*	*Low*	29-1-64
Jarilla March ...	750.50	761.50	750.50	760.25
Jarilla May ...	734.50	749.00	734.50	748.00

Announcing the imposition of ban on the movement of cotton from outside Gujarat Districts, the Textile Commissioner, in his Press note, describes how the Government of India has viewed with concern the increasing prices of many varieties of indigenous cotton which have gone beyond the statutory ceiling prices mainly because of the operation of speculative elements in the market. Recalling that the ceiling prices were increased during the last season by Rs. 125 per candy and that the revised ceiling prices were generally considered adequate to give sufficient incentive for increased production of cotton, the Textile Commissioner observes that, since, next to food, the price of cloth is an important factor entering into the cost of living index, it is in the public interest that cotton, which forms the major component of the cost of cloth and yarn, should not go beyond the ceiling prices fixed by the Government, particularly when such prices are considered to be "incentive oriented" and are, in fact, much above the international prices ruling for corresponding staple lengths.

In view of the increase in prices beyond the ceilings, especially in the case of Digvijay 'A' cotton, the leadership of which has been followed by certain other varieties also, the Textile Commissioner states that he has banned the movement of cotton in ginned or pressed form from any of the Districts of Surat, Broach, Baroda, Panch Mahal, Sabarkantha and Kaira of the Gujarat State excluding the talukas of Cambay and Petlad to places outside those Districts except in accordance with a special permission issued by the Textile Commissioner or any officer authorised by him. Mills desirous of transporting cotton from the above places may apply in writing to the Textile Commissioner, Bombay, giving full details. This restriction will not, however, apply to cotton parcels of weights not exceeding 15 kilograms for samples and domestic purposes. In this connection, the official Press note says:

"If such conditions prevail in respect of other cotton, similar action will be taken in respect of those areas which grow such cottons as and when necessary. Requisitioning of cotton at the ceiling rate based on the survey result of the Textile Commissioner's Appeal Committee will be commenced at random as and when necessary. In the implementation of the above measures, the Textile Commissioner will hold consultations, whenever necessary, with an advisory panel consisting of Mr. Dayalji G. Patel and Mr. Mooljibhai Bhatt, representatives of cotton growers, and Mr. Keshavlal Premchand Shah."

The Textile Commissioner has issued a further notification prescribing that the quantity of Digvijay 'A' cotton which a manufacturer may buy during the season commencing from 1st September 1963 shall not be more than 75 per cent of his consumption of such cotton during the cotton season 1962-63. If a mill has made forward purchases of this cotton in excess of the above limit, it should, it is pointed out, settle the contract for such excess quantity immediately under advice to the Textile Commissioner. Incidentally, it has been clearly stated that, if the situation does not improve after taking these measures, the Textile Commissioner may consider introducing further control measures such as varietal quota and compulsory survey.

There were no sellers of Digvijay cotton in the Sewri spot market after the Textile Commissioner issued the above order. Most mills were inclined to defer purchases, pending a general fall in prices following the official intervention. Some business was, however, reported in selected lots of CO2, L147 and 197/3.

The following were the spot prices—in rupees per candy of 784 lbs.—of some of the varieties:

Arvi L147 1,270; Amravati 1,237, Chopda 1,085, Digras 1,200 and Malkapur 1,170.

In the export section, registerations of Bengal *Deshi* were fast nearing the current quota's ceiling of 190,000 bales, and traders viewed with optimism prospects for an additional quota. The quantity licensed for import and actual arrivals into the country in the period from 1st September 1963 to 10th January 1964 amounted to 338,455 bales and 165,465 bales, respectively.

OILSEEDS SHOOT UP

(From Our Own Correspondent)

BOMBAY, 29*th January*

Both oilseeds and oils ruled buoyant during the week under review, with values shooting up to impressively high levels. The buoyancy followed hectic buying by bulls and heavy covering by shorts, thanks to tight supply position in the wake of steadily expanding demand. The groundnut section in particular depicted a distinctly firm trend, the January contract touching yesterday the ceiling of Rs. 236 per 250 kg. prescribed by the Forward Markets Commission; on Wednesday last week, it stood at Rs. 230.50. Trading in this contract was suspended. Today the contract was nominally quoted at the same level, that is, Rs. 236. The April contract forged ahead in the course of the week from Rs. 231.75 to Rs. 236.50, before finishing today at Rs. 236, a level that is just Rs. 5 below the revised enhanced ceiling of Rs. 241 fixed for this contract. The bullish fervour was fanned principally by fears of a possible acute scarcity of supplies developing in the next few weeks. The fears stemmed from:

(*a*) reported damage to the crop caused by the recent cold spell in Gujarat and other parts of Northern India;

(*b*) poor arrivals; the average daily arrivals were no more than 2,500 bags of groundnuts and 200 tons of oil, as against the normal rate of 10,000 bags and 500 tons, respectively; and

(*c*) good export business in groundnut oil with deals actually put through covering about 50,000 tons.

It is precisely for these reasons that crushers and *vanaspati* manufacturers were said to be buying on a large scale, while the stockists and cultivators were holding on to their stocks in anticipation of a further rise in prices. No wonder then that the spot prices, too, recorded a hardening trend. Groundnuts Nizam bold jumped up by Re. 1.75 to Rs. 48.62. Khandesh quality spurted by a like amount to Rs. 49.37. Oil ex-mill put on 85 nP to Rs. 19.25. Railway receipt strengthened by 75 nP to Rs. 18.95.

Castorseeds features were also buoyant during the week on reports of considerable damage done by the cold spell in North Gujarat to the standing crop. The report that the Brazilian crop had been affected by rains also imparted strength. The March 1964 contract moved up from Rs. 167.62 to Rs. 172.50, yesterday, the peak touched since business in this contract commenced on 19th November 1963. The closing today was a shade lower at Rs. 171.75. June contract went up in sympathy and touched Rs. 173.50 before finishing at Rs. 173. Ready Madras and Kanpur gathered a rupee each to Rs. 34.25 and Rs. 33.25, respectively. Oil B.S.S. hardened by 25 nP to Rs. 14.95. Oil commercial changed hands at Rs. 14.30, as against Rs. 13.90 last week-end.

Linseeds ruled strong following firmness of mustard seeds in North Indian markets. The March 1964 contract gained 37 nP to Rs. 37.31. June contract increased by 56 nP to Rs. 38.50. Linseed oil was done at Rs. 15.30.

In sympathy with the general trend of the market and on bullish advices from the cotton market, cottonseeds, too, tended to move up. The April 1964 contract recorded a rise of Rs. 2, today's closing being Rs. 102.

The following table shows the closing prices of oilseeds and oils on Wednesday 29th January as compared with those of two previous weeks:

	29-1-1964	22-1-1964	15-1-1964
	Rs.	Rs.	Rs.
Groundnuts			
January 1964 contract	236.00	230.50	226.87
April 1964 contract	236.00	231.75	230.00
Nizam bold	48.62	46.87	45.75
Khandesh quality	49.37	47.62	46.75
Oil ex-mill	19.25	18.40	17.90
Oil Rly. Receipts	18.95	18.20	17.75
Castorseed			
March 1964 contract	171.75	167.62	165.25
June 1964contract	173.00	169.50	168.25
Ready Madras	34.25	33.25	32.75
Ready Kanpur	33.25	32.25	31.62
Oil B.S.S.	14.95	14.70	14.40
Oil commercial	14.30	13.90	13.70
Linseed			
March 1964 contract	37.31	36.94	37.00
June 1964 contract	38.50	37.94	37.87
Bold ready	37.50	38.00	37.62
Linseed oil	15.30	15.60	15.70
Cottonseed			
January 1964 contract	—	96.00	—
April 1964 contract	102.00	100.00	99.00

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seedsare per 50 kilograms and oil per 10 kilograms.

SILVER SOARS

(From Our Own Correspondent)

BOMBAY, 29*th January*

Silver soared this week by more than ten points to Rs. 268 per kilo, which is a new all-time peak. The rise was caused by excellent offtake and poor stock position. At 30 bars, the daily average offtake almost doubled arrivals. Local stocks were extremely limited at about 400 bars, as the tendency of certain parties to corner the available supplies continued. The price opened one point higher at Rs. 258.50 and gradually improved to Rs. 262 by Saturday. Yesterday, it shot up to Rs. 267 and rose further to Rs. 268 at close today.

Gold was also firmer. The 14-carat variety met with steady demand from ornament manufacturers and recorded a handsome gain of Rs. 4.25 to Rs. 69.25 over the week. As against Rs. 111.50 last week, pure gold was unofficially bid up to Rs. 120 this week, before settling down to around Rs. 118. Sovereign moved up from Rs. 85 to Rs. 88.

The international price of gold in London was fractionally higher at $35.08¼, as compared with $35.08¼ last week. The ready rate gained from 250s. 9¼*d.* to 250s. 9½*d.*, after easing initially to 250s. 8½*d.* Silver in New York and London continued firm at last levels.

The following table shows the trend of prices during the week under review:

	29-1-1964 (closing)	High	Low	22-1-1964 (closing)
	Rs.	Rs.	Rs.	Rs.
SILVER				
Ready (999fine) ..	268.00	268.00	256.50	257.50
GOLD				
Ready (14 carat) ..	69.50	69.50	66.00	65.25
Sovereign	85.00*	—	—	85.00*
London—				
Gold	250*s.* 9½*d.*	250*s.* 9½*d.*	250*s.* 8½*d.*	250*s.* 9½*d.*
Silver Ready ..	111½*d.*	—	—	111½*d.*
Silver Forward ..	111½*d.*	—	—	111½*d.*
New York—				
Silver	129.3 cents	—	—	129.3 cents

* As on 24-6-1963.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce.

BLACK PEPPER QUIET

(Messrs. Parekh and Co.)

BOMBAY, 28*th January*

Malabar black pepper ruled quiet this week, with slow erosion in prices in the absence of foreign enquiries and owing to pressure of arrivals. Arrivals have proved much more than the demand, and stocks are accumulating in the godowns of commission agents. Ready ungarbled was on sale at Rs. 266. Garbled was quiet at Rs. 269. The February delivery moved sluggishly between

Rs. 278 and Rs. 281. March was quoted at a premium of Rs. 6. Ready, in Bombay, was quoted at Rs. 150 per 50 kg. The *Mahu* delivery dropped to Rs. 302 on liquidation. The *Chaitra* delivery eased to Rs. 313. Singapore was fairly steady at $ (M) 112¼, as the arrivals from Sarawak were diminishing. Spot, in New York, came down from $0.33¼ to $0.32¼ as grinders remained out of the market on expectation of lower prices. It is reported that offers for Malabar at $0.31½ remained unaccepted. Indonesia was a sporadic seller both in Europe and the U.S.A. Exporters there were reported quoting at $0.31½ per lb. *c.i.f.* New York without success. Malabar was offered at progressively lower price for testing the New York buyers.

The noteworthy factor for the market was the official declaration of "cease fire" both by Indonesia and Malaysia following the good offices of Mr. Robert Kennedy. Settlement of the political dispute between Indonesia and Malaysia is likely to affect the world pepper market. The *Mahu* delivery, in Bombay, went off the board at Rs. 303.

TEAS DEARER

(Messrs. Forbes, Ewart and Figgis Private Ltd.)

COCHIN, *23rd January*

A smaller quantity of approximately 500,000 kg. came under the hammer in tea sale No. 3 held here on Tuesday, 21st January. A useful selection of Nilgiri teas was on offer and mediums were generally brighter. The market met with strong and active demand. Best Nilgiri brokens were sold at around last rates, but their fannings were often dearer. The lesser Nilgiris were higher where quality was improved, but similar fannings came to a lower market following less competition. Good mediums were sold well and were firm to dearer, particularly where quality was improved. There was strong inquiry for medium and low medium brokens which tended to move up, especially the brighter kinds, while fannings in these categories advanced but to a lesser extent. Black leaf descriptions were again a strong feature of the sale and were sold well. Whole leaf grades and unorthodox types followed the general upward trend of the market. Tippy teas were easier.

Quotations (per kg.) were:

	1964	1963
	Rs.	Rs.
Low mediums	4.45-4.85	4.30-4.80
Mediums	4.90-5.15	4.80-5.10
Good mediums	5.20-5.80	5.20-5.90
Nilgiri B.O.P.	5.20-8.75	5.75-10.90

The average price realised in sale No. 3 was Rs. 4.93 per kilo, as against Rs. 4.67 a week ago and Rs. 5.28 in the corresponding sale last year.

Offerings in dust sale No. 3 held today amounted to 253,000 kg. The market opened strong and active which continued throughout the sale. All medium categories were well competed for and were sold at firm to dearer rates. There was useful inquiry for highgrowns and these were also fully firm to dearer. Residual kinds, meeting useful demand, were sold at around last rates. Clean black grainy descriptions were a strong feature of the sale. Unorthodox descriptions shared in the general trend of the market.

The average price realised in dust sale No. 3 was Rs. 4.52 per kilo, as against Rs. 4.50 a week ago and Rs. 4.15 in the corresponding sale last year.

Colombo: There was active demand. Broken grades were better, particularly brighter liquoring kinds. Lowgrowns were also better, though best liquoring fannings were slightly easier.

London: North Indian and Other Growths: The market was fairly active on Monday with prices ruling steady on last rates. Bright liquoring Africans were often dearer by 1d. to 3d.

Ceylon and South Indians: 26,513 packages were offered in Tuesday's sale, of which 8,496 packages came from South India. There was good general demand and prices tended dearer.

As we go to press, Messrs. Forbes, Ewart and Figgis Private Ltd., wire as follows:

Sale No. 4: 468,000 kgs. offered. Strong general demand. Low mediums and mediums 5 to 10 nP dearer. Good mediums 10 nP to 20 nP dearer. Others fully firm. Highgrowns strong and dearer. Unorthodox stronger.

GOOD DEMAND FOR TEA

(From Our Own Correspondent)

CALCUTTA, *28th January*

Although good general demand was a feature of both the export as well as internal tea sales held here last week, it is generally expected that demand is unlikely to broaden. For, most of the overseas markets, which usually buy from India, have already taken substantial quantities. Despite the shortfall in the North Indian crop in 1963, exports to the United Kingdom rose impressively. It should also be noted that tea stocks in the U.K. increased to 160 million lbs. in the week ended 17th January from 154.60 million lbs. in the previous week.

What is now remaining to be marketed is mostly the cheaper varieties, for which foreign demand is usually poor. Domestic demand also is not heavy at this time in view of the expensive credit. Also, since supplies exceed demand, internal stockists are cautious. At the same time, it is unlikely that overseas buyers would be in a hurry to enter the market this year. They have built up a good stock position, and can stay out of the market for some time. Nothing can be known about the quantity the U.S.S.R. would lift from India this year. Last year, Russian support to the Calcutta tea market was lively, but now Communist countries have been reported to be growing more tea. In the present situation, the trade is worried about the difficulties that might be caused by overproduction. Although world production last year equalled consumption, it was clear that producing countries were vying with one another to increase their output. The F.A.O.'s forecast of a glut in supplies by 1964-65 would, therefore, appear to be based on a correct assessment.

The North Indian tea output in December 1963 was higher at 14.25 million lbs. as compared to 9.96 million lbs. in December 1962. Total output in 1963, at 562.44 million lbs., showed, however, a decline of 13.95 million lbs. as compared to 1962. The loss in the North Indian output was partly made good by the rise of 7.8 million lbs. in the South Indian production which totalled 178.8 million lbs. up to the end of November 1963. The Calcutta Tea Traders Association recently stated that, although the present statistical position was good, the future outlook was uncertain.

In the last export sales held here, offerings totalled 68,101 chests, which met with good general demand. Darjeelings were a strong feature, and prices recorded a hardening tendency. Whole leaf grades were firm, but tippy teas eased. Plain orthodox teas met with support, and the more useful grades, particularly fannings, were higher. Medium orthodox B.O.Ps eased, but the brighter teas were fully firm. C.T.Cs were accorded useful support, with B.Ps being firm. Prices of the brighter liquoring teas gained, but legg-cut teas eased up to 10 nP. The prices per one kg., inclusive of excise duty, were: Best Assam C.T.C. fannings Rs. 5.60 to Rs. 7.00, best Assam C.T.C. B.P. Rs. 5.70 to Rs. 6.20, medium Assam C.T.C. fannings Rs. 5.00 to Rs. 5.30, medium Assam C.T.C. B.P. Rs. 5.20 to Rs. 5.60, clean plain pekoe Rs. 5.10 to Rs. 5.40, plain fannings Rs. 4.50 to Rs. 4.65 and plain B.P. Rs. 4.50 to Rs. 4.65.

Dusts on offer at the last internal sales held here totalled 31,166 packages. Demand was good and gathered momentum as the sale progressed. Flavoury Darjeelings were fully steady. C.T.Cs opened easier by 10 nP to 15 nP, but as the sale progressed, the loss was not only made good, a small gain was also recorded. Good C.T.Cs were favoured by buyers. Plain orthodox teas eased, and, among Assams, the better liquoring teas were steady. Legg-cut teas were firm, but the fibrous kinds occassionally eased. The quotations per one kg., inclusive of excise duty, were: Good Assam C.T.C. dust Rs. 6.00 to Rs. 6.60, medium Assam C.T.C. dust Rs 5.10 to Rs. 5.30, legg-cut dust Rs. 4.90 to Rs. 5.05, medium Assam dust Rs 4.70 to Rs. 5.00 and plain orthodox dust Rs. 4.50 to Rs. 4.70.

JUTE GOODS HARDEN

(From Our Own Correspondent)

CALCUTTA, *28th January*

With good business reported in both hessian and sacking constructions, prices of jute goods recorded an uptrend during the week under review. The daily arrivals having declined further, fibre prices were fully firm at around the minimum levels.

The trade noted with satisfaction that the West German Government proposed freeing jute goods from import control from July next. India at present exports about 15,000 tonnes of jute goods to West Germany, and the trade is hopeful that this quantity can be increased at least threefold within the next two years. Sharing in this optimism, Mr. Theodor Schwartz, Vice-President, Import and Export Division of the West German Bags and Canvas Importers' Association, who was at Calcutta last week, said that the Indian mills should study the requirements in West Germany. For he said that West German buyers, since they experienced difficulties in securing timely supplies from Pakistan, looked to India to meet their increasing needs of the packaging material.

Although the stocks which the U.S. built-up in 1962 in the wake of the Chinese invasion of India enabled U.S. buyers to accord support to the Calcutta market only sparingly in 1963, the total offtake from India by that country exceeded that of 1962. This is attributed to the marked increase in economic activities in the U.S. in the last year. Both farms and industrial output touched high levels and these required more bags. Packing for industrial uses, too, recorded a significant increase. The high burlap stocks assured price stability and, with increased output, Indian mills were also able to maintain a steady supply. The outlook for increased exports to the U.S. this year is considered bright among the trade here. Although the average monthly consumption in the U.S. in 1963 was higher than in 1962, December consumption was only 75 million yards, as compared with 77 million yards in the previous month. At the end of December 1963, stocks aggregated 294 million yards, against 281 million yards in the previous month. At the December rate of consumption, the stocks represented about 3.9 months' requirements.

Another factor which gives strength to the improved outlook for jute goods is the increasing level of internal consumption. In December, internal offtake rose to 34,500 tonnes from 29,900 tonnes in November. Although exports also rose it was the boosted seasonal demand for internal consumption that led the total offtake to rise substantially to 105,800 tonnes from 100,200 tonnes. Hessian rose from 40,100 tonnes to 47,400 tonnes. The increase in the total offtake of miscellaneous goods from 12,700 tonnes to 13,800 tonnes was due mainly to the increased overseas demand for carpet-backing cloth. However, the combined sacking offtake fell from 44,600 tonnes to 41,800 tonnes, internal offtake rising from 22,500 tonnes to 26,700 tonnes and export offtake declining from 24,900 tonnes to 17,900 tonnes. In view of the increase in hessian exports from 36,200 tonnes to 43,200 tonnes and that in miscellaneous goods from 9,200 tonnes to 10,200 tonnes, the total offtake for exports rose by 1,100 tonnes to 71,400 tonnes, despite the fall in sacking exports. Internal offtake of hessian and miscellaneous goods was slightly higher at 4,200 tonnes and 3,600 tonnes, respectively, as against 3,900 tonnes and 3,500 tonnes in November 1963.

Steadier conditions in the jute goods market were a feature of the week under review. There were several overseas inquiries for both hessian and sacking goods, leading to short-covering. Mills have decided to continue the enhanced rate of production in February also. With restricted working in mills on account of curfew, production this month is expected to fall and, therefore, the increase in output as well as stocks in December received less attention. In fact, prices tended to rise this week. On Tuesday last, scattered business in sacking for export took place, while good inquiries were received for hessian. As a result, there was local short-covering, and ready hessian 40" 10 oz. rose from Rs. 47.95 to Rs. 48.15. Ready B. twills were unchanged but firm at Rs. 112.80. Soon speculative activity in the futures market became rife, and ready B. twills spurted to Rs. 113.45 on Wednesday. However, hessian 40" 10 oz. eased to Rs. 48.05. The market was closed on Thursday on account of holiday and, when it reopened on Friday, there were rumours of impending Government tenders for B. twills, the price of which rose to Rs. 113.75. In sympathy, hessian 40" 10 oz. was steady at Rs. 48.10. The decision by mills to end the working time agreement was announced on Saturday, and this caused prices to decline. B. twills moved down to Rs. 113.20 and hessian 40" 10 oz. to Rs. 48.00. The market was closed yesterday, being a holiday.

In sympathy with the steadier jute goods market, fibre prices were fully firm at around the minimum levels. Daily arrivals have now fallen to about 100,000 maunds in the agencies, where prices are showing a tendency to rise. As a result of the purchases by 93 co-operatives in areas where prices had sagged, prices in most secondary markets and feeder centres in Assam, West Bengal, Bihar, Orissa, Tripura, Uttar Pradesh and Andhra have been stabilised. Up to the end of December, the purchases by these co-operatives aggregated 120,000 maunds valued about Rs. 36 lakhs. In Calcutta, prices were steady as follows: Assam bottoms Rs. 30.50 a maund; northern bottoms Rs. 29.50; and daissee bottoms Rs. 33.50.

DULL TRADING IN KIPS

(From Our Own Correspondent)

MADRAS, *27th January*

Trading in tanned hides with the U.K. continued to be difficult this week. Inquiries were for lower ends of medium and light cowhides. Cowcalf fourths had good call. Buffcalf attracted good business and ruled firmer.

Business in tanned goat skins was difficult due to higher prices. Tanners were unable to obtain raw skins at economical levels. Tanned sheep skins remained firm due to good demand from the overseas.

COPPER SPURTS

(From Our Own Correspondent)

CALCUTTA, *28th January*

The striking feature in the metal market during the week under review was the spurt in the international price of copper to about £242 a ton from £234, while other metals ruled easy. Producers, having exhausted all stocks held in London on their account, have lost control over the price trend in copper. Demand from the United States has been particularly heavy. From 1962, copper producers, except those in the U.S.A., have curtailed their production by about 15 per cent, but maintained stocks in London to hold the price line in view of the steady fall in copper consumption as a result of the growing popularity of aluminium. Since aluminium has several advantages, it has become a powerful substitute for copper all the world over. The Government of India has been urging industrial users to replace copper by aluminium, as India has inexhaustible resources of bauxite for making aluminium, and cable plants in India have already made a beginning.

The rise in the world price should be considered only temporary, since it is expected that producers would now use the idle capacity and raise production in an attempt to rebuild their stocks in London. The fact that the U.S. consumption of copper has been rising despite aluminium having become a conductor of electricity is taken as an indication of the resilience of the U.S. economy in 1963. The rise in the L.M.E. price is a matter of grave concern to India, since this would lead to a fall in imports in view of the need for more foreign exchange to maintain the present level of arrivals.

Utensil copper scrap, in Calcutta, hardened from Rs. 630 to Rs. 635 per 100 kgs. The fact that, in London, the three-months copper wire-bars rose from £240 to £243¾ a ton, shows that an immediate recession was not anticipated. Much now depends as to what steps the Rhodesian Selection Trust Group would formulate to rebuild stocks in London. Earlier this month, the Trust and the Anglo-American Group had announced their intention to increase their rate of copper sales from 85 to 90 per cent and reduce their cut-back programme by 5 per cent. Despite these measures, the price rise has not abated.

However, the uptrend in zinc in L.M.E., noticed in recent weeks, was arrested during the week under review. The price eased from £94¼ to £91¼ a ton and this followed freer offers from influential quarters. This led to a fall in demand. The three-month metal eased from £90½ to £89¼, thus ignoring the continued strength in U.S. futures. In India, the price was maintained at the higher level in view of poor stocks. The L.M.E. price of tin also eased; the week's opening and closing rates being £1,041¼ and £1,036 a ton, respectively. This was attributed to a temporary fall in demand and some loss in Penang. In Calcutta, the price was firm at Rs. 3,270 per 100 kgs., though the stock position was comfortable. Lead was firm at Rs. 215 per 100 kgs.

FOODGRAINS STEADY

(From Our Own Correspondent)

HAPUR, *27th January*

Quiet to steady trend was witnessed in the foodgrains market during the past week. There were reports that absence of adequate rains and heavy frost had adversely affected *rabi* crops. Wheat and other grain prices stayed steady and pulses, too, registered a steadier trend.

While wheat average quality at Hapur were stationary at Rs. 54.75 to Rs. 56.75 per quintal, superior farm produce was quoted higher at Rs. 58 to Rs. 59.50 per quintal. Open stocks with trade declined to about 2,500 quintals and wheat stocks in other markets were also very small as compared with the previous year. But thanks to the steps taken by the Government, prices have not gone up appreciably. Large-scale sales of wheat through fair price shops and wheat flour freely checked the otherwise perfectly bullish trend in grains prices.

Rice stayed steady, as arrivals in market still continued small and local stocks, too, were meagre. Week-end prices were:—Rice *basmati* superior Rs. 93.77 to Rs. 96.45; *sela basmati* Rs. 91.09 to Rs. 94; *mainpuri* Rs. 61.62; *ramajwayan* Rs. 75.02; *raimunia* Rs. 79.04 and *gadda* Rs. 60.28 per quintal.

Gram ruled steady at Rs. 49 to Rs. 50.25 per quintal according to quality on Punjab advices and local stocks ran down to 7,800 quintals. Barley and *bejhar* continued stationary at Rs. 39.50 and Rs. 40 to Rs. 41 per quintal, respectively. Stocks of both these coarse grains were small and demand, too, was slack. Maize continued to attract good seasonal demand and local stocks declined to 17,000 quintals. Arrivals were poor and prices registered gains towards the week-end. *Juwar* was listless at Rs. 46 to Rs. 47.50, while *guwar* improved slightly to Rs. 47 to Rs. 48.50 a quintal on better buying enquiry in the face of small stocks with trade. Other coarse grains, including oats and *methi*, stayed steady.

In pulses, the standing peas and *arhar* crop having been adversely affected due to heavy frost, prices were steadier. Arrivals of *urd* and *moong* were small in the face of good seasonal demand. Week-end prices were: peas *dara* Rs. 44.50 to Rs. 47; farm Rs. 48 to Rs. 49.50; peas *dal* Rs. 51.58; *arhar* average Rs. 56.26 to Rs. 57; superior Rs. 60.28 to Rs. 62; *arhar dal* Rs. 69.66 to Rs. 80.25; *urd* Rs. 61.62 to Rs. 64.30; *urd dal* Rs. 75.02; *moong* Rs. 69.66 to Rs. 75.02; *moong dal* Rs. 80.38; *masoor dal* Rs. 74.50 and gram *dal* Rs. 51.58 per quintal.

SUGAR QUIET

(From Our Own Correspondent)

HAPUR, *27th January*

Sugar ruled quiet during the week, as part of the demand is being met with *khandsari*. Sugar production in west U.P. is hardly satisfactory, since most of the mills are working with restricted hours, due to non-availability of adequate cane supplies and it is gathered that crushing operations would end earlier than expected. However, the overall production is reported to be better and latest available figures put the actual production so far at 1.2 million tons which is about 100,000 tons higher than the actual output in the corresponding period of 1960-61 which was the peak production season. Prevailing prices here were Rs. 155 to Rs. 158 per quintal, as against the controlled prices of Rs. 120 to Rs. 126 a quintal. Sugar factories in the Muzaffarnagar area are also facing shortage of cane supplies, as the *khandsari* manufacturing units are buying cane upto Rs. 6 a quintal, as against the Rs. 5.36 fixed to be paid by factories.

Desi khandsari staged a rally during the week in the wake of support from stockists. After an early setback on reports of proposed distribution of *desi khandsari* at controlled prices in U.P., there was a smart rally towards the week-end in response to Punjab and Rajasthan demand. *Khandsari* production was being continued with vigour in all the producing areas and week-end prices were: moist Rs. 100-Rs. 112, medium Rs. 115-Rs. 125 and superior Rs. 130-Rs. 140 per quintal.

Ready *gur* ruled quiet during the week, as few import permits were received here from Rajasthan side. Gujarat support was still lacking for non-receipt of import permits from that State. The week's offtake at ten wagon-loads was mostly under previous commitments. Daily arrivals of *gur* here were poor at an average of 1,500 maunds and arrivals were also meagre in mofussil markets of Gulaothi and Sinana and other centres. The fall in arrivals was due partly to extreme cold and frosty weather, and further the cultivators were retaining their produce for seed purposes. Week-end prices per 40 kilogram were: *Pansera* superior Rs. 25.50; *dara* Rs. 25; *balti* Rs. 25.75; *shakker* Rs. 26.

Gur and *shakker* sustained heavy losses in the Muzaffarnagar market in the earlier part of the week following the warning by the Union Food Minister against hoarding, but prices improved slightly later in the week on good buying enquiry in the face of poor arrivals. *Gur Chaku* was now quoted at Rs. 25.50-Rs. 27.50 and *khurpapar* at Rs. 26.25 per 40 kilogram. *Shakker* attracted good demand from Punjab and Rajasthan at Rs. 25 to Rs. 29 per 40 kilogram according to quality.

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The Union Government has modified the existing arrangement for the issue of import and export permits for *gur* by the district magistrates in the States. The modified arrangement has come into force today. The import permits for *gur* are now valid for five weeks instead of four weeks. The agents of importers must, however, submit their applications for export permits before the 21st of each month. Import permits received after this date will be cancelled and returned to the importing State Governments. The balance of the export quota will then be distributed by the district magistrates of exporting districts among the local exporters on export permits valid for one week only. The district magistrates of importing States will issue import permits to such associations or trades holding export permits. The validity by such import permits will be three weeks from the date of issue.

TWENTY-FIFTH EDITION OF KOTHARI'S INVESTORS' HANDBOOK

The 1963 edition of *Kothari's Economic Guide and Investors' Handbook of India* is the twenty-fifth number of this useful, informative and exhaustive publication on the progress made by the country through the corporate sectors. It, therefore, constitutes a landmark in the career of this reference book. While preparing it, however, its compilers—Messrs. Kothari and Sons, the well-known firm of share brokers of Madras—have had to skip the 1962 edition. But then in the preface to the 1961 number itself, they had expressed their cherished hope to bring out the silver jubilee edition in a more ambitious manner in order to serve the public to a greater extent. So much planning and thought have gone into the compilation of the volume under review. Besides, the Defence of India Rules were promulgated on 26th October 1962, the time when the new edition was nearing completion. They affected the whole process of printing, as they necessitated an almost complete re-arrangement of the contents and also deletion of certain information to comply with the D.I.R. 52, as, for instance, information relating to cement industry, aluminium, and coal companies, engineering units, companies having mining interests and also industries with a defence bias.

The delay in publication has, however, been used for bringing the volume more up-to-date, and since the purpose is not only to provide information on companies to investors and financiers but also to furnish statistics of economic interest, detailed data have been included on licensing, collaboration arrangements, capital issues and foreign assistance by way of investment, loans and grants. These additions more than compensate for the loss arising from the deletion of certain sections. The new edition is published in one volume, as against two in 1961, with the price per copy unchanged at Rs. 50. The publication has expanded from a slim edition of only 130 pages in 1936 to a giant volume of as many as 2,750 pages in 1963 and from serving the investment interests in South India alone to covering the corporate sector of the country as a whole.

U.S. LOANS TO I.F.C. AND I.C.I.C.I.

Funds available for private industry investment in India will be increased by Rs. 20 crores as a result of two agreements concluded between the Governments of India and the United States. The Industrial Finance Corporation and the Industrial Credit and Investment Corporation of India have each received a credit of Rs. 10 crores from the sales proceeds of agricultural commodities supplied to India under U.S. Public Law 480. The Corporations have extended assistance to several hundred concerns operating in a large variety of industries, including aluminium, automobiles, cement, chemicals, textiles, engineering, glass, mining, paper, plywood, rayon, sugar and shipping.

Notice

THE ELGIN MILLS COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE Share Transfer Books of the Company will be closed from 14th February to 7th March, 1964, both days inclusive.

By Order of the Board,

Per Pro THE BRITISH INDIA CORPN., LTD.,

R. P. MATHUR,
Dy. Secretary,
Secretaries & Treasurers.

SUTHERLAND HOUSE,
KANPUR,
Dated: 24th January 1964.

INDUSTRIAL DEVELOPMENT OF NIGERIA

A NEW BANK BEING SET UP

THE International Finance Corporation, an affiliate of the World Bank, has joined hands with leading American, European and Japanese investment institutions, as well as Nigerian interests, in establishing the Nigerian Industrial Development Bank. The initial capital resources of the Bank will amount to £N4.25 million (equivalent to $11.9 million). The American, European and Japanese institutions making new investments in N.I.D.B. have subscribed to a total of £N487,225 ($1,364,000). The institutions are: Chase International Investment Corporation, Istituto Mobiliare Italiano, Bank of America, The Bank of Tokyo, Limited, Commerzbank A.G., Irving International Financing Corporation, Northwest International Bank and Societe Financiere pour les Pays d'Outre Mer S.A.

The Bank is a reconstruction of a former industrial development finance company, the Investment Company of Nigeria (I.C.O.N.), which was created in 1959 under the sponsorship of the Commonwealth Development Finance Company Limited. In the four years since its formation, the I.C.O.N. has invested the larger part of its issued capital in private enterprise developments, some of which are already showing profits. It has been active in the new issue field and it has been managing the Lagos Stock Exchange. Its shareholders have agreed to a partial conversion of their shareholdings into the new Bank's shares, amounting to £N500,000 ordinary shares and £N250,000 preference shares. Most of the I.C.O.N.'s shares were held by 96 non-Nigerian shareholders, chiefly British, the largest of whom are: Commonwealth Development Finance Company Ltd., Commonwealth Development Corporation, United Africa Company Ltd., Barclays Bank D.C.O., Bank of West Africa Ltd., British-American Tobacco Company Ltd., Imperial Chemical Industries Ltd., Tube Investments Ltd., Vickers Ltd., Vivian, Younger and Bond Ltd., Chemical Overseas Finance Corporation, and International Basic Economy Corporation.

Financing Operations

The new Bank is designed to provide long and medium-term finance in the Federation of Nigeria. It will concentrate its operations, as a matter of policy, in the industrial and mining sectors. It will assist in the establishment and growth of productive private enterprises by supplying finance, and related services, in any form suitable to the needs of its clients. It will encourage the participation of foreign capital in Nigeria's economic development and seek to widen the base of private participation in Nigerian industry by selling its investments in the domestic market, by sponsoring new share issues and by engaging in underwriting operations.

The Bank has an authorised capital of £N5 million ($14 million), of which £N2 million ($5.6 million) initially have been paid in on ordinary shares and £N250,000 ($700,000) on non-voting preference shares. Ordinary shares worth £N1,020,000 ($2,856,000) or 51 per cent of the Company's voting capital, have been designated as Class A shares and reserved for Nigerian subscribers and international organisations, of which Nigeria is a member (for example, the I.F.C.). The remainder of the voting stock, designated as Class B shares, may be held by any interested investor, whether Nigerian or foreign. Class A shares have been subscribed by the I.F.C. and the Central Bank of Nigeria, which each took up shares for approximately £N499,830, and by Nigerian private investors who hold shares for about £N20,340.

It is the intention of both the Central Bank of Nigeria and the I.F.C. to sell their N.I.D.B. holdings to Nigerian private investors as rapidly as may be consistent with good marketing practices. These sales will be made for an initial period at par, and at appropriate prices thereafter. The two institutions will make their sales in equal proportions as private purchasers come forward.

Government's Assistance

The establishment of the Bank followed negotiations between the representatives of the I.C.O.N. and a Steering Committee composed of prominent Nigerians. The Federal Government of Nigeria, which has played an active role in encouraging the formation of the new company, is giving it further support by making a long-term interest-free loan of £N2 million available to it. This loan, together with its paid-in share capital, will raise the N.I.D.B's total initial resources to £N4.25 million.

The principal aims of the reconstruction were to establish a new institution which retains the I.C.O.N's essentially private nature and, though strongly supported by foreign participants, would be also essentially Nigerian in character. To achieve this purpose, it was agreed to regard the I.F.C's shareholdings in the N.I.D.B. as Nigerian and the I.F.C. has agreed that, when disposing of its holdings, it will sell only to Nigerian private investors.

Nigeria's six-year development plan is already providing the framework for an expansion of the country's industrial capacity. As a result of the Government's policy of encouraging investment, by the adoption of such measures as tax freedom for pioneer industries, liberal depreciation allowances, duty concessions on imported raw materials and reasonable tariff protection, Nigerian industry is expanding quickly, though as yet it forms a small part of the country's total economic activity. The establishment of the N.I.D.B. with adequate capital resources and with broad foreign connections will be an important step in assisting Nigeria's further industrial development.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 24th Jan., 1964

BANKING DEPARTMENT

Liabilities	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long Term Operations) Fund	75,00,00,000
National Agricultural Credit (Stabilisation) Fund	3,00,00,000
Deposits—	
(a) Government—	
(i) Central Government	67,02,21,000
(ii) State Governments	19,80,06,000
(b) Banks—	
(i) Scheduled Banks	78,60,47,000
(ii) State Co-operative Banks	1,95,76,000
(iii) Other Banks	1,92,000
(c) Others	175,39,26,000
Bills Payable	36,48,78,000
Other Liabilities	66,37,84,000
Rupees	601,66,30,000

Assets	Rs.
Notes	16,90,89,000
Rupee Coin	2,81,000
Small Coin	3,61,000
National Agricultural Credit (Long Term Operations) Fund—	
(a) Loans and Advances to—	
(i) State Governments	26,72,53,000
(ii) State Co-operative Banks	8,66,16,000
(iii) Central Land Mortgage Banks	....
(b) Investment in Central Land Mortgage Bank Debentures	3,59,36,000
National Agricultural Credit (Stabilisation) Fund	
Loans and Advances to State Co-operative Banks	....
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	68,91,36,000
Balances Held Abroad*	9,25,79,000
Loans and Advances to Governments**	32,73,72,000
Loans and Advances to—	
(i) Scheduled Banks†	29,28,65,000
(ii) State Co-operative Banks†	130,52,57,000
(iii) Others	1,84,67,000
Investments	245,17,35,000
Other Assets	27,96,83,000
Rupees	601,66,30,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

† Includes Rs. 9,24,00,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

Liabilities	Rs.	Rs.
Notes held in the Banking Department	16,90,89,000	
Notes in circulation	2397,17,89,000	
Total Notes issued		2414,08,78,000
Total Liabilities		2414,08,78,000

Assets	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,20,000	
(b) Held outside India		
Foreign Securities	102,45,69,000	
Total		220,21,89,000
Rupee Coin		114,17,47,000
Government of India Rupee Securities		2079,69,52,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2414,08,78,000

State Bank of India

Statement of Affairs for the week ended 24th Jan., 1964

Capital and Liabilities	Rs.	Rs.
CAPITAL—		
Authorised Capital— 20,00,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		5,30,00,000
Borrowings from Other Banking Companies, Agents, etc.		609,78,15,000
Bills Payable		79,80,000
Bills for Collection being Bills receivable as per contra		5,87,14,000
Acceptances, Endorsements and Other Obligations per contra		8,77,66,000
Other Liabilities (including Inter-Office Adjustments)		17,60,31,000
Total .. Rs.		1,25,57,000
		659,01,13,000

Property and Assets	Rs.	Rs.
Cash in hand and with Reserve Bank		17,24,34,000
Balances with other Banks		4,55,39,000
Money at Call and Short Notice		5,13,33,000
INVESTMENTS—		
Government and other Trustee Securities	270,05,69,000	
Other Authorised Investments	8,94,19,000	
		278,99,88,000
ADVANCES—		
Loans, Cash Credits, Overdrafts, etc.	230,65,32,000	
Bills Discounted and Purchased	21,53,10,000	
		310,58,43,000
Bills Receivable being Bills for Collection as per contra		8,77,66,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		17,60,31,000
Premises less Depreciation		2,09,78,000
Furniture and Fixtures less Depreciation		1,64,00,000
Other Assets (including Inter-Office Adjustments)		12,08,01,000
Total .. Rs.		659,01,13,000

State Bank of Pakistan

Statement of Affairs for the week ended 17th Jan., 1964

BANKING DEPARTMENT

Liabilities	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	6,65,00,000
Rural Credit Fund	3,00,00,000
Deposits :—	
(a) Central Government	27,20,51,000
(b) Provincial Governments	57,59,000
(c) Banks	36,17,47,000
(d) Others	98,57,96,000
Bills Payable	50,82,000
Other Liabilities	14,49,35,000
Rupees	190,48,05,080

Assets	Rs.
Notes	6,78,12,000
Rupee Coin	25,000
Subsidiary Coin	47,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	2,98,37,000
Balances held outside Pakistan*	29,57,91,000
Loans and Advances to Governments	3,92,00,000
Provincial Governments' Debtor Balances	....
Other Loans and Advances	75,86,15,000
Investments	39,32,44,000
Other Assets	12,01,84,000
Rupees	190,48,05,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

Liabilities	Rs.	Rs.
Notes held in the Banking Department	6,78,12,000	
Notes in circulation	440,86,25,000	
Total Notes issued		447,63,37,000
Total Liabilities		447,63,37,000

Assets	Rs.	Rs.
I. A. Gold Coin and Bullion	25,00,000	
Silver Bullion		
Foreign Securities	81,31,24,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	149,33,32,000
B. Rupee Coin	5,36,49,000	
Government of Pakistan Securities	287,03,50,000	
Internal bills of exchange and other commercial paper	....	292,39,99,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,00,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets		447,63,37,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 84.61 per cent.

EXCHANGE RATES

	29th January 1964	22nd January 1964
London on New York—per Dollar	2.7976-2.7979	2.7982-2.7984
London on Berne .. Sw. Fcs.	12.0780-12.0800	12.0750-12.0770
London on Paris .. Fcs.	13.7090-13.7110	13.7165-13.7185
New York on London Cents per $	279.770-279.800	279.820-279.850
Pound Sterling—		
Sellers T.T. D.D. Spot	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months	1-5 15/16	1-5 15/16
Buyers T.T.	1-5 1/32	1-5 1/32
Buyers D.D.	1-5 1/16	1-5 1/16
U.S. Dollar—		
Sellers T.T. D.D. ..Rs. to $100	478.50	478.50
Buyers T.T. ..Rs. to $100	475.25	475.00
Canadian Dollar—		
Sellers T.T. D.D. ..Rs. to $100	445.50	445.00
Buyers T.T. ..	437.50	437.25
French Francs—		
Sellers T.T. D.D... per Rs. 100	102.30	102.40
Buyers T.T. ..	103.40	103.40
Swiss Francs—		
Sellers T.T. D.D...	90.10	90.10
Buyers T.T. ..	91.10	91.10
Deutsche Marks—		
Sellers T.T. D.D...	83.90	83.90
Buyers T.T. ..	83.90	83.90
Italian Lire—		
Sellers T.T. D.D...	12.970	12.975
Buyers T.T. ..	13.145	13.150
Swedish Kroner—		
Sellers T.T. D.D...	108.30	108.30
Buyers T.T. ..	109.40	109.40
Belgian Francs—		
Sellers T.T. D.D...	1.037	1.038
Buyers T.T. ..	1.053	1.054
Dutch Guilders—		
Sellers T.T. D.D...	75.20	75.20
Buyers T.T. ..	76.10	76.10
Hongkong Dollar—		
Sellers T.T. D.D.	119.80	119.80
Buyers T.T. ..	120.80	120.80
Norwegian Kroner—		
Sellers T.T. D.D...	149.60	149.60
Buyers T.T. ..	150.90	150.90
Danish Kroner—		
Sellers T.T. D.D...	144.40	144.30
Buyers T.T. ..	145.70	145.70

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday)		
	17-1-64	10-1-64	18-1-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	57,37	56,61	49,20
(ii) From others	1,026,66	1,024,48	830,29
(b) Borrowings from banks	36,95	39,23	25,28
(c) Others	71,70	68,19	53,55
2. *Time liabilities*—			
(a Time deposits—			
(i) From banks	24,76	24,63	19,31
(ii) From others	1,234,83	1,222,97	1,215,55
(b) Borrowings from banks	15,30	10,13	16,19
(c) Others	10,07	10,03	9,08
3. *Aggregate deposits [(1) (a) (ii)+2 (a) (ii)]*	2,261,49	2,247,45	2,045,84
4. Borrowings from Reserve Bank	22,04	31,35	27,29
(a) Against usance bills and/or promissory notes	12,20	14,17	16,43
(b) Others	19,84	17,18	10,77
5. Borrowings from State Bank and/or a notified Bank	19,05	21,51	16,43
6. Cash	53,78	57,28	55,61
7. Balances with Reserve Bank	79,45	80,63	76,91
8. Cash and balances with Reserve Bank	138,23	137,91	132,52
9. 8 as per cent of 3	6,11	6,14	6,46
10. Balance with other banks in current account	22,25	28,32	18,59
11. *Money at call and short notice*	53,97	50,68	51,27
12. Investments in Government securities	687,08	687,60	642,21
13. 12 as per cent of 3	30,38	30,59	31,39
14. Advances—			
(a) Loans cash credits and overdrafts	1,386,86	1,373,49	1,247,78
(b) *Due from banks*	9,76	8,97	10,03
15. Inland bills purchased and discounted	207,13	205,63	164,21
Bills Receivable being Bills for Collection as per contra	58,90	60,40	51,90
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra			8,77,66,000
Premises less Depreciation			2,09,78,000
Furniture and Fixtures less Depreciation			1,64,00,000
Other Assets (including Inter-Office Adjustments)			12,08,01,000
Total Bank Credit [14(a)+15+16]	1,652,89	1,639,52	1,463,89
18. 17 as per cent of 3	72,09	72,35	71,55

INDEX NUMBERS OF SECURITY PRICES

(1952-53=100)

Group and Sub-Group	Week ended			
	18th Jan., 1964	11th Jan., 1964	21st Dec., 1963	19th Jan., 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	100.1	100.1	100.1	99.2
2. *Government of India*	99.5	99.6	99.5	98.9
3) State Governments	102.0	102.0	102.1	101.6
4. Municipal, Port Trust, etc.	98.9	98.9	99.0	98.3
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98.1	98.1	98.1	99.0
PREFERENCE SHARES—ALL INDIA				
6. Total	81.2	81.2	81.6	80.5
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. *Total*	170.5	171.7	173.0	171.1
8. *Agriculture and Allied Activities : Total*	149.9	150.3	152.5	149.4
9. Tea Plantations	137.2	137.6	140.4	141.1
10. Coffee Plantations	174.8	174.8	178.1	143.2
11. Rubber Plantations	180.0	180.7	178.4	162.1
12. *Mining and Quarrying: Total*	141.5	143.1	143.8	152.8
13. Coal	105.4	106.4	107.6	118.7
14. Other Mining	166.3	168.2	168.4	176.2
15. *Processing and Manufacturing : Total*	185.2	186.6	187.5	183.6
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*	187.6	189.4	190.3	190.9
17. Sugar	182.0	183.8	185.2	182.0
18. Cotton Textiles	169.6	170.0	170.4	172.0
19. Jute Textiles	94.6	95.8	97.2	98.2
20. Silk and Woollen	926.2	940.9	948.3	955.7
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total*	137.4	136.3	136.5	133.6
22. Iron and Steel	160.6	160.7	160.9	156.7
23. Transport Equipment	346.6	348.6	349.3	347.1
24. *Electrical Machinery*	158.4	159.6	163.7	159.6
25. Machinery other than Transport and Electrical	232.0	234.1	234.2	221.4
26. Basic Industrial Chemicals	185.2	186.7	185.2	170.6
27. *Processing and Mfg. (Others): Total*	154.6	155.7	156.6	161.4
28. Cement	145.6	147.2	149.2	148.3
29. Paper	197.8	201.0	202.5	210.6
30. *Other Industries : Total*	108.2	109.0	110.1	107.4
31. Electricity Generation and Supply	87.7	87.7	88.5	84.7
32. Trading	113.3	115.3	115.6	114.5
33. Shipping and Other Transport	94.8	96.4	96.8	97.2
34. Construction	288.6	290.4	288.4	259.3
35. *Financial : Total*	187.2	188.6	192.9	202.9
36. Banks	211.0	211.7	216.1	227.8
37. Insurance	140.4	149.2	152.8	157.0
38. Investment Trusts	84.4	84.7	84.3	89.2
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	178.5	179.1	180.4	173.0
40. Calcutta	172.7	173.9	175.1	169.6
41. Madras	176.5	177.0	176.8	185.7
42. Delhi	230.3	231.5	233.0	219.4

*Including 'Miscellaneous.' † Including Edible and Vegetable Oils

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	4th Jan., 1964	28th Dec., 1963	5th Jan., 1963	October 1963	October 1962	Percentage of Increase (+) or Decrease (-) in Oct., 1963 as compared with Oct., 1962	Financial Year Averages 1962-63	1961-62
Food Articles	504	137.1	137.6R	122.7	139.2	129.0	+ 7.9	135.1	129.1
Cereals	192	116.0	117.8	102.4	118.7	108.5	+ 9.4	105.6	106.3
Pulses	42	124.4	124.9	103.0	113.5	115.0	— 1.3	105.2	91.9
Fruits and Vegetables	23	142.3	137.9	124.3	130.0	127.6	+ 1.9	154.6	146.6
Milk and Ghee	84	124.6	124.9	117.3	129.1	133.9	— 4.2	124.5	116.4
Edible Oils	47	149.2	150.1	148.4	152.3	158.7	— 2.8	155.5	156.8
Fish, Eggs and Meat	17	156.4	157.2R	144.2	147.7	149.1	— 1.0	147.5	144.6
Sugar and Gur	48	185.2	190.4	141.1	215.1	157.4	+36.7	145.9	129.8
Others	49	176.2*	176.6	176.0	178.4	168.5	+ 6.0	171.5	171.8
Liquor and Tobacco	21	122.7	122.4	98.8	119.8	99.3	+19.2	106.4	97.3
Tobacco		120.1	119.7	99.5	116.8	96.8	+20.7	97.1	96.8
Fuel, Power, Light and Lubricants	39	139.3	139.3	125.2	139.6	122.0	+14.4	124.1	123.1
Industrial Raw Materials	196	140.4	139.8	133.8	138.1	138.8	— 0.5	136.6	136.6
Fibres	61	134.3	134.1	127.2	131.2	129.1	+ 1.6	128.5	126.3
Oilseeds	60	153.3	153.0	146.0	154.0	154.0	+ 1.3	159.4	156.4
Minerals	2	91.6	91.5*	93.4*	91.6	93.4	— 1.9	95.6	94.9
Others	32	130.9	129.1*	125.0	122.8	124.0	— 1.4	125.8	128.1
Manufactures	260	131.4	131.7	128.8	131.1	129.4	+ 1.3	128.8	126.6
Intermediate Products	41	139.8	139.2	137.4	138.8	144.2	— 3.7	136.5	138.8
Finished Products	249	130.9	129.7	127.4	129.8	127.0	+ 2.2	127.1	124.6
Textiles	147	128.0	127.7	126.5	127.8	125.3	+ 2.0	126.2	125.6
Cotton		135.0*	135.0*	133.0	135.7	129.0	+ 4.7	130.7	127.9
Jute		99.8*	98.0	106.0	101.4	108.9	— 6.9	110.9	122.4
Woollen		160.2*	160.2*	141.3*	157.5	141.3	+11.5	140.4	122.7
Silk and Rayon		141.4*	142.0	127.0*	137.3	134.7	+ 1.9	131.8	119.0
Metal Products	12	163.6	161.0	161.0	163.7	161.6	+ 1.3	160.1	151.6
Chemicals	20	118.2*	118.3*	116.0*	117.5	117.2	+ 0.3	115.5	110.7
Oil Cakes	9	164.8*	166.0	164.3*	164.4	168.3	+ 2.3	160.9	147.5
Machinery and Transport Equipment	31	125.2	124.5	117.4	124.3	117.4	+ 5.9	117.9	114.5
Others	30	128.0	128.0	125.2	128.8	125.2	+ 2.9	125.3	121.8
All Commodities	1,000	135.7	135.8R	125.6	136.3	129.9	+ 4.9	127.9	125.1

Note :—Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index.

R—Revised. * Estimated.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	Seven months ended Oct.		April to March* (Twelve months)	
	1963	1962	1962-63	1961-62
Exports	434,46	377,58	686,35	655,17
Re-exports	2,09	4,77	7,34	5,17
Total Exports	436,55	382,35	693,69	660,34
Imports	634,71	644,43	1,077,09	1,090,06
Overall Balance of Trade	—198,16	—262,08	—383,40	—429,72
Exports—items:				
Tea	70,18	70,98	129,19	122,26
Coffee	5,33	4,90	7,61	9,02
Sugar	10,72	10,93	18,04	15,34
Jute yarns and manufactures	97,32	90,19	156,17	144,78
Cotton yarns and manufactures	29,65	27,76	52,13	53,31
Cotton, raw and waste	9,44	9,97	17,07	20,35
Petroleum Products	3,21	1,94	4,13	3,48
Vegetable Oils	9,67	5,78	13,17	5,82
Fruits and vegetables	17,18	14,73	26,90	25,38
Tobacco—Raw	12,19	12,57	18,87	14,97
Nuts	5,15	8,29	10,36	9,66
Wool and other animal hair	2,34	3,34	5,64	9,19
Gums, resins and lac	4,64	4,15	7,28	6,64
Spices	7,26	7,37	13,37	7,51
Leather & Leather Manufactures	14,86	12,91	22,75	25,45
Hides and skins, raw	5,59	5,57	11,01	8,79
Cashew kernels	12,75	11,09	19,56	18,17
Pepper (black)	2,68	3,33	6,57	8,08
Manganese ore	4,42	4,61	7,88	10,42
Iron and steel scrap	3,06	1,99	3,99	9,25
Iron ore and concentrates	19,44	9,61	19,32	17,41
Sewing machines	16	18	45	44
Electric fans	38	38	93	67
Groundnut oil	5,20	2,36	7,83	1,03
Castor oil	3,62	2,57	4,29	4,09
Defatted groundnut meal	13,95	12,50	26,52	13,96
Country-wise Exports—				
Australia	10,30	11,20	18,82	15,85
Burma	2,59	2,88	4,13	5,54
Canada	14,38	14,38	22,42	17,58
Ceylon	9,98	9,17	13,47	16,98
Czechoslovakia	9,02	5,22	11,27	8,05
France	4,68	4,53	8,54	7,96
West Germany	10,17	8,12	15,28	19,81
Italy	7,01	4,83	9,52	9,06
Indonesia	90	3,03	4,65	6,80
Japan	32,50	7,09	33,99	40,45
Kuwait	1,81	2,05	3,95	2,92
Federation of Malaya	6,77	3,82	6,73	6,78
New Zealand	4,53	3,88	6,59	7,39
Netherlands	5,52	4,18	8,95	7,93
Nigeria	2,07	4,36	6,17	7,05
Pakistan	4,03	5,37	9,40	9,44
Singapore	8,46	4,38	9,43	8,25
Sudan	3,75	4,76	9,01	10,30
U.A.R.	4,81	7,24	13,09	12,85
United Kingdom	93,49	91,40	162,75	159,73
U.S.A.	75,42	61,39	116,59	115,05
U.S.S.R.	30,81	21,22	38,23	32,03
Imports—items:				
Machinery	204,89	178,36	309,29	326,90
Iron and Steel	50,76	49,70	86,65	107,81
Copper	18,74	14,17	23,45	23,45
Aluminium	3,75	6,87	10,50	7,93
Zinc	6,07	5,62	9,02	7,25
Tin	3,70	3,10	4,76	4,76
Lead	1,98	1,67	2,69	2,59
Nickel	90	88	1,44	1,56
Chemicals, drugs and medicines	52,07	55,98	100,41	89,76
Electrical goods and apparatus	46,99	34,88	62,16	65,91
Vehicles (excluding aircraft, ships and boats)	22,59	35,32	48,84	49,76
Aircraft	6,41	7,56	12,47	12,97
Ships and boats	1,96	1,16	1,78	1,89
Cotton, raw and waste	26,33	40,05	56,91	62,66
Fruits and vegetables	7,81	7,16	18,21	14,60
Paper, pasteboard, etc.	5,59	6,34	15,84	15,05
Dyes and colours	5,27	7,01	12,15	14,49
Spices	44	99	1,77	1,67
Rice	12,14	18,26	51,26	18,73
Wheat and spelt	35,02	64,64	91,86	93,87
Country-wise Imports—				
Australia	9,29	15,90	22,86	24,17
Burma	6,10	7,34	8,71	11,24
Canada	15,62	9,92	14,79	18,56
Ceylon	3,14	4,43	8,18	4,50
Czechoslovakia	9,27	12,58	19,71	16,01
France	7,48	7,18	12,99	10,78
West Germany	49,72	57,17	98,85	102,98
Italy	8,39	13,25	21,59	26,81
Japan	38,70	35,49	62,76	59,45
Iran	23,80	23,71	45,28	47,35
Federation of Malaya	8,61	6,55	10,71	12,92
New Zealand	1,06	1,02	1,83	1,22
Netherlands	7,02	7,76	13,54	11,25
Norway	59	1,28	1,76	2,52
Pakistan	8,37	8,30	16,07	16,66
Singapore	5,33	5,81	8,11	9,90
Sudan	5,54	13,03	17,12	10,58
Sweden	4,51	4,53	8,40	14,54
Switzerland	6,82	6,21	10,23	10,75
U.A.R.	6,56	5,79	9,78	12,04
United Kingdom	98,67	105,17	178,21	200,15
U.S.A.	127,17	2,01,75	315,26	253,54
U.S.S.R.	37,09	31,11	55,50	39,94

* Excludes figures for Goa, Daman and Diu.

† Including electric goods.

INDIAN JUTE GOODS STATISTICS

(In thousand metric tons)

	December		Jan. to Dec.	
	1963	1962	1963	1962
Production—Total	107.3	104.2	1,238.2	1,122.8
Of which :				
Hessian	46.5	46.2	528.6	482.7
Sackings	43.7	45.0	507.1	451.8
Others	17.1	13.0	202.5	188.3
Despatches—Total	105.8	111.9	1,239.8	1,151.4
Of which :				
For exports	71.3	81.4	866.8	848.4
Hessian	43.2	47.0	499.6	483.6
Sacking	17.9	29.4	231.8	307.7
Others	10.2	5.0	145.4	107.2
For internal consumption	34.5	30.5	333.0	303.0
Hessian	4.2	4.4	47.0	44.2
Sacking	20.7	23.3	250.7	223.5
Others	3.6	2.8	35.3	35.3
Closing stocks—Total	112.8	82.8	112.8	82.8
Of which—				
Hessian	39.4	22.7	39.4	22.7
Sacking	47.1	46.5	47.1	46.5
Others	26.3	13.6	26.3	13.6

RAW COTTON STATISTICS

Particulars	Details of Period	In Bales of 160 Kilograms
Cotton Receipts (Total Indian)	Week ended 23rd Jan., 1964	31,262(J)
	Corresponding week, 1963	22,421(J)
	1st Sept. to 23rd Jan., 1963-64	527,565*
	Corresponding period, 1962-63	657,701*
Exports by Rail	From 1st Sept. to 23rd Jan., 1963-64	19,999
Exports by Road (Estimated)	Do. Do.	25,000
Exports by Sea	Do. Do.	70,413
Mill Consumption (Estimated)	1st Sept. to 23rd Jan., 1963-64	533,509
	Corresponding period, 1962-63	562,940
Stock (with exporters, dealers and mills) in Bombay (Estimated).	On 23rd Jan., 1964	380,048
	Corresponding date, 1963	350,865

Indian Mills cotton consumption from 1st Sept. to 31st October (In Bales of 180 Kilograms)	1963	1962
Indian	888,366	725,305
Pakistan	2,389	30,156
American	49,970	60,063
Egyptian	22,935	14,471
Sudan	22,739	46,567
East African	7,783	17,508
Others	1,024	3,718
Total	995,206	907,788

Exports to (In bales of 180 Kilograms)	Week ended 23rd January		From 1st September to 23rd January	
	1964	1963	1963-64	1962-63
U. K.	433	2,211	850	
Continent	1,711	478	5,102	8,782
Hong Kong	389	100	3,109	3,104
Japan	6,775	2,826	53,297	52,723
U.S.A.	300	..	4,132	4,144
Other countries	..	..	562	595
Total—all foreign countries	9,508	3,393	70,413	70,198

Consumption of Cotton—			
Indian	October 1963	441,379	
Foreign		23,105	
Indian	Two months ended Oct., 1963	888,366	
Foreign		106,840	
Indian	Same period, 1962	725,305	
Foreign		172,483	

Cotton Pressed in India (In running bales)		(Bales of 392 lbs.)
	Week ended 10th Jan., 1964	13,603
	Corresponding week, 1963	138,603
	1st Sept. to 10th Jan., 1963-64	101,550†
	Corresponding period, 1962-63	1,046,180

Stocks (Mills and Elsewhere)—		
Indian	As on 31st Oct., 1963	1,163,454
Foreign		207,181
Indian	As on 31st Oct., 1962‡	746,406
Foreign		342,102

Exports to		
Karachi (Pakistan) Receipts	1st Sept. to 9th Jan., 1963-64	697,566
	Corresponding period, 1962-63	688,633
Exports	1st Sept. to 9th Jan., 1963-64	348,357
	Corresponding period, 1962-63	311,821

(J) By Rail and Sea. † Incomplete. * By Rail, Sea and Road. A—Adjusted. —Not received.

GOVERNMENT SECURITIES

Loan	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
TERMINABLE LOANS				
2 ¾ % Loan	1950	30,38,10,400	1964	99.50
2 ½ % Pr. Loan	1945	110,11,78,000	1965-68	97.85
2 ½ % Nov. Loan	1945	115,05,82,000	1970-75	90.10
2½ % Loan	1946	14,77,48,000	1972	83.50
2½ % N. P. Loan	1954	158,17,94,000	1964	99.85
2½ % N. P. Bonds (2nd Series)	1956	153,67,92,000	1965	99.65
2½ % N. P.Bonds	1957	56,99,30,000	1967	99.50
2 ¾ % Loan	1957	154,72,22,000	1972	99.25
3½ % Loan	1958	70,00,00,000	1966	98.10
3½ % Loan N.P.B.	1958	158,64,22,000	1966	99

TREND OF SHARES

EQUITIES RECEDE

(From Our Own Correspondent)

BOMBAY, 30*th January*

AFTER moving indefinitely in a narrow range for the major part of the week, equities turned definitely downwards from yesterday on bull liquidation, some renewed bear pressure and absence of fresh buying. Settlement considerations and pre-budget uncertainties explained selling by the erstwhile bulls. This was the first week since the start of the new year when losses were fairly well pronounced all over the list. Moreover, the volume of business tended to rise following the decline in prices. It would, therefore, appear that the trend will be easy until some definite indications are known about the ensuing budget. In the meantime, indicative of the investor's apathy is the marked depression in cash scrips and the widening discounts on new issues.

An inspired report in a section of the Press about the next budget proposals added to the confusion, since, while it said that major changes in the tax structure were likely and S.P.T. and C.D.S. were to be modified, it also spoke of intensification of the patently anti-rich measures, like wealth tax, estate duty and gifts tax. Again, it emphasised that, since the Finance Minister was known not to set much store by deficit financing, taxation and increased savings were the only alternatives left for mobilisation of resources. Beaten once last year, marketmen were afraid to take much risk over the budget this year. The inclination was clearly in favour of lightening one's commitments.

The corporate news during the week was encouraging, though it failed to create any enduring impression on market sentiment. Important developments were the announcement of Century's diversification plans and the proposals of the New Standard Engineering for manufacturing shortly shot blasting equipment under a new company, called Indabrator Ltd., and expanding its works for taking up manufacture of some new items. The Directors of Escorts Ltd. announced their decision to issue one bonus share for every five fully paid shares and 13 bonus shares for every 100 partly paid shares.

But, as against this good news, the report that the Tariff Commission had not recommended any increase in cloth prices but had suggested for acceptance by the Government a schedule under which the prices would, by and large, be lower than the existing ex-mill prices had a depressing effect on cotton mill shares.

* * * * *

Values declined sharply on Dalal Street only today on liquidation by a prominent industrialist-operator, following which there was increased selling in almost all the speculative counters which had otherwise been steady during the week in spite of lack of support. Weakness was also pronounced in view of the settlement tomorrow.

Steel shares dropped rather perceptibly; Tata Ordinary from Rs. 145.25 to Rs. 143 and Indian Iron from Rs. 24.88 to Rs. 24.48. Among Textiles, Century closed Rs. 7.50 lower at Rs. 666, after early improvement from Rs. 672 to Rs. 687 on the news of the diversification plans. National Rayon were sold down today from Rs. 421 to Rs. 408.50. Bombay Dyeing lost over the week 80 nP to Rs. 61.20 and Kohinoor three points to Rs. 330.

Engineering shares followed the general trend, with T.E.L.Co. declining by seven points to Rs. 285, Voltas by Rs. 2.50 to Rs. 262 and Hindustan Motors by 40 nP to Rs. 18.48. In the Miscellaneous section, Bombay Burmah showed a setback of 50 nP to Rs. 59.80 and Indian Dyestuff of Rs. 6.25 to Rs. 313.75. Cements were quiet, with A.C.C. marginally lower at Rs. 152 as compared with Rs. 152.25 last week, but Belapur, among Sugars, moved down from Rs. 229 to Rs. 225. Shipping shares were also easier, and Scindia dropped from Rs. 13.76 to Rs. 13.44.

* * * *

The trend was quite easy on the Calcutta Stock Exchange, especially because of the settlement yesterday. Among cleared shares, Indian Aluminium gained by 32 nP to Rs. 28.75, but Dunlop and Guest Keen were both 25 nP lower at Rs. 36.75 and Rs. 26.56, respectively, Orient Paper and Orissa Cement recorded losses of up to 30 nP at Rs. 37.90 and Rs. 13.50, and Birla Jute eased from Rs. 33.81 to Rs. 33.62.

In the cash section, Bowreah, among Textiles, receded from Rs. 25.24 to Rs. 23.75 and Cawnpore from Rs. 6.94 to Rs. 6.50. Coal shares were quiet, but among Jutes, Budge Budge moved down from Rs. 143 to Rs. 139 and Barnagore from Rs. 221 to Rs. 218, while Delta rose from Rs. 139 to Rs. 148. Engineering shares were easier, with Dalmia Iron and J.K. Steel recording losses of over 40 nP at Rs. 11.12 and Rs. 15.75, respectively. Philips India, in the Miscellaneous section, dropped sharply from Rs. 28.37 to Rs. 25.50 and Union Carbide closed one point lower at Rs. 40.50. Paper, Sugar and Tea shares showed small variations.

* * * *

Trading was dull on the Madras Stock Exchange, but values still slipped generally lower, with a few exceptions. Thus, Bangalore Woollen, closed two points lower at Rs. 236, Textools eased by 50 nP to Rs. 145, Aluminium Industries shed 10 nP to Rs. 18.40 and Indian Steel Rolling showed a loss of 15 nP to Rs. 9.75. On the other hand, Midland Rubber gained 50 nP to Rs. 11.40 and Highland Tea 23 nP to Rs. 15.60.

MARKET GOSSIP

(Concluded from page 159)

systems and administration and budget control is being organised as a new service of the Fund. An additional arrangement for providing technical advice in the organisation and operation of central banks will utilise assistance not only of the Fund staff but a panel of experts whom the Fund will be able to draw from established central banks. The Fund's training programme for officials of central banks also is being improved and expanded.

In its work on the problems of the developing primary-producing countries, the Fund has found many opportunities for co-operation with other international efforts. It is working closely with the development consortia organised by the World Bank and with the Contracting Parties to the General Agreement on Tariffs and Trade (G.A.T.T.), and will participate in the forthcoming U.N. Conference on Trade and Development. Responding to an invitation extended by the U.N. Commission on International Commodity Trade, the Fund produced last year a report on compensatory financing of export fluctuations that defined its role in problems of this nature. The statement noted that members were already using the Fund to deal with shortfalls in their export earnings and said that the Fund was willing to consider increases in quotas for countries needing assistance in larger amounts. Further, the report disclosed that the Fund had adopted a more liberal policy for use of its resources to counter export fluctuations. Since its publication last March, two countries have made drawings under this new facility which will doubtless prove useful to others in the future.

While most of its recent activity has centred on developing countries, the Fund also has given attention to the present and possible future payments problems of its industrial members. None of these countries drew on the Fund in 1963, but the United Kingdom and United States entered into stand-by arrangements for $1,000 million and $500 million, respectively.

The past two years of the Fund's operation have brought about a reduction in members' outstanding balances, an increase in Fund commitments under stand-by arrangements, and a shift from U.S. dollars to European currencies in much of the organisation's financial assistance.

LAKSHMI MACHINE WORKS LTD.

Lakshmi Machine Works Ltd. is issuing for public subscription 100,000 equity shares of Rs. 100 each. Lists for subscription for the issue, which has been fully underwritten, among others, by the I.F.C.I., the L.I.C., the I.C.I.C.I. and the Madras Industrial Investment Corporation Ltd., will open on Monday the 3rd inst. and close on the 19th inst., or earlier, but not before the 6th inst. Out of its authorised capital of Rs. 350 lakhs, comprising Rs. 300 lakhs in equity shares and Rs. 50 lakhs in 9 per cent. taxable, cumulative preference shares, the Company is issuing equity capital of Rs. 250 lakhs, including Rs. 100 lakhs already subscribed to by the promoters, Directors and their friends, Rs. 30 lakhs reserved for allotment to foreign collaborators, Messrs. Rieter Machine Works Ltd. of Winterthur, Switzerland, and Rs. 20 lakhs to be allotted to the International Finance Corporation, Washington, an affiliate of the World Bank.

The Company proposes to set up at Perianaickenpalayam, about 11 miles from Coimbatore, a plant for manufacturing textile machinery of all descriptions. The need for establishing additional textile machine-making capacity in the country has been felt for some years and has become rather pronounced in the last one year, with the existing manufacturing units being flooded with orders and being in a position to promise only distant deliveries. With the recent large licensing of spindleage, estimated at 1,000,000 spindles, the demand for textile machinery has grown and the delivery position has become less satisfactory. The Company hopes to place on the market textile machines of the same standard and quality as Rieters have themselves made.

The major raw material required for the manufacture of textile machines is special cast iron, while high carbon steel is needed in small quantities. These requirements, we are told, will be met partly by imports and partly by indigenous production. Since a number of projects for the manufacture of special steel of all descriptions have been licensed in the country, it is estimated that the Company will not need to depend on external sources for its requirements of raw material for any long time. Sufficient power supply has been promised by the Madras State Electricity Board and it is also contemplated to equip the Company with generators as a standby arrangement.

The project is divided into three stages, two of which are to be taken up in 1963-65 and the third will start from 1966. The total outlay is placed at Rs. 855 lakhs, comprising Rs. 595 lakhs on the first two stages and Rs. 260 lakhs on the third stage. The immediate outlay of Rs. 595 lakhs is to be met out of (1) the share capital issue as discussed above, (2) short-term borrowings of Rs. 186.30 lakhs, (3) a block loan from a bank of Rs. 65 lakhs and (4) institutional borrowings comprising Rs. 55 lakhs from the I.C.I.C.I. and Rs. 45.70 lakhs from the I.F.C., Washington. The cost of investment for the third stage is to be met out of cash accruals, bank borrowings and advances from customers. The Company's Chairman is Mr. A. M. M. Murugappa Chettiar and its Managing Agents are Messrs. G. Kuppuswami Naidu and Company, a well-known firm with a lot of achievements in the manufacture of machinery to its credit.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 30th January 1964:

	Closing quotations 23-1-1964	High	Low	Closing quotations 30-1-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	137.50	—	—	134.00
Apollo (2)	1.72	1.90	1.72	1.90
Baroda Rayon (100)	92.00	94.00	92.00	92.00
Bombay Dyeing (25)	62.00	62.30	61.20	61.20
Bradbury (50)	157.00	—	—	157.00
Central India (100)	98.00	98.00	96.00	96.00
Century Mills (100)	673.50	687.00	663.00	666.00
Dawn (50)	152.00	153.00	150.00	151.00
Elphinstone (50)	98.00	—	—	98.00
Finlay (100)	310.00	315.00	310.00	315.00
Gokak (100)	173.00	173.00	169.00	171.00
Gold Mohur (100)	211.25	—	—	211.25
Gwalior Rayon (10)	41.00	41.25	40.50	40.75
Ind. Unsd. Defd. (1)	2.50	2.54	2.46	2.50
Ind. Untd. Ord. (10)	21.76	21.60	21.48	21.60
Indian Rayon (100)	74.00	77.00	74.50	75.00
Indore Malwa (100)	201.00	205.00	201.00	205.00
Khatau (100)	201.25	202.50	198.75	200.00
Kohinoor (100)	333.00	335.00	328.50	330.00
Mafatlal (100)	625.00	615.00	595.00	600.00
Modella Woollens (10)	14.84	—	—	14.84
Morarji (100)	360.00	370.00	359.00	365.00
Myrtle (50)	45.00	—	—	45.00
National Rayon (100)	419.00	426.50	408.50	411.00
New Great (100)	178.00	—	—	178.00
Phoenix (100)	230.00	230.50	230.00	230.00
Podar Mills (10)	13.24	13.24	13.00	13.00
Raymond Woollen (100)	134.50	135.50	134.00	134.00
Sassoon Spg. 10)	42.75	40.50	40.25	40.25
Shree Dig (100)	270.00	272.00	268.00	270.00
Simplex (50)	126.00	126.00	124.00	125.00
Standard (100)	777.00	800.00	771.00	777.00
Svadeshi (100)	245.50	245.50	245.00	245.00
Swan (100)	265.00	—	—	265.00
S. I. Viscose (100)	133.00	136.00	133.00	134.00
Tata Mills (25)	56.00	56.00	55.50	55.50
Lakshmi-Vishnu (100)	102.00	—	—	102.00
Western India (250)	875.00	—	—	875.00
BANKS				
Bank of India (50)	106.00	106.50	106.00	106.50
Do. (New) (50)	107.00	108.00	107.00	107.00
Bank of Baroda (50)	91.00	92.00	90.50	92.00
Central (25)	46.50	46.50	45.00	46.00
Central 'A' (25)	47.50	47.50	46.50	47.00
Dena Bank (50)	56.00	56.00	55.50	55.75
Punjab National (10)	10.24	—	—	10.24
Union Bank (5)	6.16	6.16	6.08	6.12
United Com. (50)	70 75	72.00	71.50	72.00
Maharashtra (50)	54 00	—	—	54.00
ELECTRIC COS.				
Ahmedabad (100)	95 50	96.30	95.30	96.00
Amalgamated (10)	9.60	9.64	9.60	9.64
Andhra Valley (1,000)	1,037.50	1,037.50	1,030.00	1,030.00
Bom. Sub. El. (100)	102.00	103.00	102.00	103.00
Surat (100)	101.50	101.50	99.50	99.50
Tata Hydro (100)	108.75	111.25	109.00	111.00
Tata Power (1,000)	1,082.50	1,085.00	1,078 75	1,080.00
INSURANCE COS.				
British India (10)	11.76	12.00	11.76	12.00
Indian Mercantile (50)	56.00	—	—	56.00
New India (15)	46.50	47.50	46.25	47.50
New India 'A' (15)	46.75	48.00	46.50	47.50
Vulcan (10)	16.00	16.00	15.76	16.00
STEEL COS.				
Ind. Iron (10)	24.88	24.92	24.40	24.48
Mukand Iron (10)	17.00	17.00	16.80	16.80
Tata Steel Ord. (75)	145.26	146.25	142.75	143.00
SUGAR COS.				
Belapur (50)	229.00	229.00	224.00	225.00
Bhopal (10)	12.88	—	—	12.88
Chandan (12.50)	29.50	—	—	29.50
Maharashtra (50)	128.00	131.00	128.00	129.50
Phaltan (50)	105.00	105.00	104.00	104.50
Walchand Ind. (100)	147.00	147.50	145.00	146.00
CEMENT COS.				
Associated Cts. (100)	152.25	153.75	151.50	152.00
Digvijay (100)	171.00	171.00	169.00	169.00
Orissa (10)	13.84	13.76	13.60	13.60
DYES & CHEM.				
Amar-Dye-Chem (100)	142.50	143.75	142.50	142.50
Camphor & Allied (100)	90.00	91.50	88.00	90.00
Citric (100)	77.00	77.00	75.00	77.00
Chemicoat (100)	153.00	—	—	153.00
Colour Chem (100)	328.75	333.75	330.00	332.50
Indian Dyestuff (100)	320.00	325.00	312.50	313.75
Polychem (50)	125.00	126.25	121.25	125.75
Synthetics (100)	103.00	109.00	95.50	109.00
Tata Chemicals (10)	18.28	18.24	17.80	17.92
MISCELLANEOUS				
Alcock Ashdown (100)	294.00	296.00	292.00	292.00
Bom. Burmah (25)	60.30	60.50	59.60	59.80
Do. (New) (20)	46.00	—	—	46.00
Br. B. Petrol (1) sh.	2.72	2.74	2.60	2.64
Br. I. Corpn. (5)	8.36	8.24	8.12	8.24
Cooper Eng. (100)	112.25	—	—	112.25
Hindustan Lever (10)	36.00	36.25	35.75	35.75
Hindustan Motors (10)	18.88	18.92	18.44	18.48
I. C. & Invest. Corporation (100)	94.00	—	—	94.00
Indian-Copper (2 sh.)	3.30	3.34	3.28	3.28
Killick (100)	85.00	85.75	85.00	85.00
Larsen & Toubro (10)	22.40	22.72	22.36	22.44
Mahindra & Mahindra (10)	16.52	16.80	16.24	16.80
Asian Cables (100)	81.00	81.00	78.50	79.50
Permanent Magnets (100)	135.00	137.50	135.00	135.00
Phillips Carbon (10)	14.76	14.76	14.00	14.00
Pre. Automobiles (100)	97.50	97.50	96.50	96.50
Premier Gen. (80)	160.50	161.50	157.00	159.00
Scindia (20)	13.76	13.80	13.36	13.44
G. E. Shipping (10)	16.32	16.48	16.32	16.36
T. Standard Eng. (100)	128.00	131.00	128.00	131.00
T. Maneklal (100)	615.00	—	—	615.00
Shivrajpur (10)	19.00	19.00	18.00	18.00
Sirpur Paper (10)	12.60	12.60	12.40	12.40
Tata Locomotive (100)	292.00	298.00	284.50	285.00
Tata Oil (25)	65.50	66.00	64.50	65.20
Voltas (100)	264.50	265.00	261.50	262.00
W. I. Match (100)	260.00	261.00	259.50	260.50
W. Coast Paper (100)	151.00	151.00	149.50	149.50
Zenith Steel (10)	17.24	17.32	16.80	16.80

GOVERNMENT SECURITIES	23-1-1964 Rs.	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	30-1-1964 Rs.
2½% 1976	83.50	—	4.39	83.50
3 % 1966	99.50	—	3.50	99.50
3 % 1966-68	97.85	3.83	3.93	97.85
3 % 1970-75 1st Dev.	90.05	4.94	4.18	90.05
3 % 1986 Con. Loan	65.50	—	4.60*	65.25
2½% 1964 N. P. Loan	99.85	—	3.66	99.85
2½% 1965 N. P. Bonds	99.65	—	3.70	99.65
2½% 1967 N. P. Bonds	99.35	—	3.70	99.35
2½% 1974	96.75	—	4.12	96.75
2½% 1967 N. P. Bonds	99.60	—	3.88	99.60
2½% 1969 Loan	97.10	—	4.09	97.10
2½% 1965	98.10	—	3.93	98.10
2½% 1968 N. P. Bonds	99.45	—	3.88	99.45
4 % 1972 Loan	99.25	—	4.10	99.25
4 % 1973 Loan	99.15	—	4.10	99.15
4 % 1979 Loan	98.25	—	4.15	99.25
3½% 1966 Bonds	99.65	—	3.65	99.65
4 % 1980 Loan	98.30	—	4.14	98.30
4 % 1981 Loan	98.55	—	4.11	98.55
4½% 1985 Loan	100.10	—	4.50	100.00
4½% 1977 G. Bonds	118.00	—	4.72	118.00
4½% 1972 N. D. Bonds	100.60	—	4.19	100.40

* Current Income. xd—Ex-dividend. x.r.—Ex-Right.
c.s.—Cum-Right. cd—Cum-dividend.
§ B. Burmah—Shares of Rs. 125 have been sub-divided into 5 shares of Rs. 25 each. ‡ Sub-divided into 5 shares of Rs. 20 each after taking into account the Bonus element of Rs. 25.

COMMERCE

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

William Blake.

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SWATANTRA PARTY'S ECONOMIC POLICY

EVEN fiction can be made to appear as a fact through constant and consistent propaganda, much more so these days, when people are preoccupied with their means of living, having little time to think or verify. The leaders of Congress Party have often been saying that the Swatantra is a party of rightist reactionaries, bent upon establishing a capitalist society, and that it does not believe in economic planning or in State ownership of industries. The Swatantra Party has, therefore, done well to reiterate, at its third National Convention held at Bangalore last week-end, that it does not believe in *laissez faire*, nor is it opposed to planning. What it is opposed to is the type of planning done by the Congress Party, which has necessitated frequent amendments to the Constitution to the detriment of the freedom of the individual and violation of the fundamental rights guaranteed in Part III of the original Constitution adopted in November 1949. The substance of the resolution adopted at Bangalore is that Swatantra's planning will be confined to the four corners of the fundamental rights before they were abridged by the powers-that-be in the past 13 years. The touchstone of its plans for economic development is whether they will achieve the welfare of the people and will be of any use to the poorest and the weakest members of the community. Its order of priorities will start with the increase in the production and provision of elementary necessities such as pure drinking water, food, clothing, shelter and employment. On the question of State ownership of industries, the Party is of the view that such should be limited to the provision of infrastructure. Every Swatantra leader who spoke in favour of this resolution sought to highlight the virtues of his Party's approach to planning by presenting them against the failures of the Congress Party in this respect and drawing attention to the heavy tax burdens, increase in public debt, rise in prices and cost of living, shortages of essentials of life, detailed irksome controls over many walks of life, growing volume of corruption, etc. By implication, the Swatantra leaders meant that, under their system of planning and order of priorities, economic development will be more rapid and less painful, if not totally painless. They will have to do a lot of explaining, if one is to believe what they say.

It can be readily granted that there is excessive and injudicious taxation in the country, that there are far too many controls than necessary, that the Congress Party is creating a myth when it talks of the existence of harmful concentration of economic power, that there is both the need and the scope for giving a bigger role to the private sector, that considerations of rapid economic growth should have a priority over ideological dogmas and that, in the interest of economic efficiency, the value of profit-motive should be recognised. Indeed, there is a lot more that can be added to this list of the lines on which the Congress Party's economic policies should be amended in order to ensure optimum rate of economic growth with stability and without detriment to the fundamental principles of democracy. This journal has pointed out on many an occasion that the defects in the economic policies of the Congress Party and its administrative weaknesses in implementing plans for industry, agriculture and community development have provided a fertile ground for communism to flourish. Of late, most of the steps which the Congress Party has taken to improve its performance and to plug the loopholes have meant more strength to communism and less stability for private enterprise and individual initiative which are the pillars of a genuinely democratic society. But all this does not mean that economic planning by the Congress Party has been such a total failure, as is made out by the Swatantra Party. Nor has that planning been of the Soviet type, as Mr. Masani is never tired of saying; it is not even of the Yugoslavian type. Such criticisms are sheer exaggeration, if not false. It would do a lot of good to the Swatantra Party, if it is restrained and balanced in its criticism and does not repeat the mistakes of Congressmen and Communists in this respect.

The problem of economic development of India is unprecedented in the annals of history. The population, already over 440 million, is going up at the high rate of nine to ten million a year. The rate of capital formation is small. The people are impatient and highly conscious of their rights. There are politicians who are promising heaven on earth if the real Soviet-type or Chinese-type planning is followed. In such a state of affairs, it will not be possible to attain a rate of economic growth that will be sufficiently substantial to fulfil the aspirations of the people without a certain amount of hardship, without centralised planning, without controls and without State initiative in regard to certain heavy industries, in addition to activities for providing infrastructure facilities. The room for differences of opinion can only be in regard to details and not on fundamentals.

All along the Swatantra Party, however, has only been talking in broad general terms. This is not sufficient to carry conviction even to those who concede the need for an Opposition party like the Swatantra, in order to ensure the survival of democracy. It must come down to brass tacks and show in detail that the priorities indicated by it will lead to a more rapid increase in gainful employment, will result in less stress on balance of payments position and will mean less hardship to the people than has been the case under Congress planning. It must work out and show how much steel, fuel and power, cement, textile fibres, housing materials, capital goods, fertilisers and transport facilities will be required to provide the basic amenities needed by the people, according to its conception, and how it will find them. It must also show how it will raise the necessary resources. In other words, it will have to draw up a counter plan on the assumption that it will be in power one of these days. It is no use merely saying that all this will be done when the Party is returned to power with a majority. The Congress Party, too, was talking in vague terms before it came to power, but, when it started implementing its ideas of a welfare State, it found it necessary to go in more and more for heavy industries, for more taxation, for more controls, etc. What certainty is there that the Swatantra Party will do better? It cannot expect to be placed in power on broad generalisations. It will be imprudent for the Swatantra Party, in particular, to try to win the affections of the people merely by capitalising on the failures of the Congress Party, because, for reasons already mentioned, rapid economic development of a country like India cannot be achieved without tears.

The Swatantra Party must also evolve a policy for tackling employer-employee relations. The lower middle class and the working class are sceptical of this Party and are being increasingly attracted by trade unions which believe in communism. It must play an active part in inculcating among employers the philosophy of trusteeship and try to convince workers that their interests will be safer in a mixed economy of the type it has in view and not in that of the Congress Party or that of any other leftist party. This will be one way, in fact an effective way, of minimising the risks of nationalisation. The absence of any reference to employment and labour policies is a perceptible lacuna in the economic programme of the Swatantra Party.

In contrast to the nebulous character of the Swatantra Party's attitude to planning and economic development is its vigorous and forthright opposition to some of the specific policies and programmes of the Congress Party. A typical instance is provided by its stand on the seventeenth amendment to the Constitution now before a Select Committee of both the Houses. This is a dangerous measure, in that it exposes the entire peasantry to the risks of serfdom. There is no overemphasis or exaggeration in the Swatantra Party's criticism of this latest attempt of the Congress Party to whittle down further the fundamental rights of the people. Every one who cares for the future of democracy in this country must read the Swatantra Party's clear analysis of the implications of this unwarranted new assault on the already attenuated Constitution. Equally impressive is its line of reasoning against nationalisation of banking. Although the Congress Party has not officially accepted the demand for nationalisation of banks, its stand on this issue is vague. Many leading Congressmen still swear by it and the others who have said "no" have done so only on the ground that the time is not opportune for enforcing this "reform." Now that the Swatantra Party has opposed it on grounds of principle, the Congress Party will have to reckon with the fact that at least one of the Opposition parties is not in favour of this mischievous demand, designed to perpetuate the one party rule in this country.

Contents

		PAGE
LEADING ARTICLES—		
Swatantra Party's Economic Policy	...	189
Export Performance	...	189
Respect for Judiciary	...	190
MARKET GOSSIP	...	191
TREND OF SHARES	...	192
THIS WEEK'S SURVEY	...	194-195
SPECIAL FEATURES—		
Delhi Letter	...	196
London Letter	...	196
Exchange Rates: Fixed and Unfixed	...	197
Manchester Letter	...	201
Trends in Petroleum in India	...	204
U.S. Aid to Indian Agriculture—I	...	209-211
CHAIRMEN'S SPEECHES—		
Baroda Rayon Corporation Ltd.	...	205
Ashok Leyland Ltd.	...	212-213
MONEY AND BANKING	...	198
TEXTILES	...	200
SUGAR	...	202-203
ENGINEERING	...	206
NEW PRODUCTS AND PROCESSES	...	207
LABOUR	...	208
COMMERCE AND INDUSTRY	...	214
COMPANY MATTERS	...	215-216
NEWS IN BRIEF AND PERSONAL	...	217
TREND OF MARKETS	...	220-222
MISCELLANEOUS STATISTICAL INFORMATION		223-224
STOCK AND SHARE QUOTATIONS	...	225-231
WEEK'S STOCK EXCHANGE TREND	...	232

EXPORT PERFORMANCE

NINETEEN hundred and sixty-three was, by all accounts, a record year for India's export trade—much better than the preceding one. The aggregate value of exports during that year, just estimated on the basis of the actual exports of the first 11 months, was as much as Rs. 785 crores, as compared with the total of Rs. 687 crores in 1962. Export earnings thus increased by Rs. 98 crores in 1963. Most of the export commodities shared in this handsome increase, as will be evident from the table accompanying this article. The picture that emerges from the table is, indeed, heartening, for the increase in exports, representing 15 per cent over those of 1962, is also the highest on record. That this improvement has resulted from a substantial rise in the volume of exports, and not from any jump in their unit values, is seen from the re-

levant index numbers (available upto October 1963) published by the Department of Commercial Intelligence and Statistics. Since the unit value index of exports was about the same in the first ten months of 1963 (107 points) as in 1962 (106 points) and since the volume index increased from 130 points in 1962 to 158 in the January-October period of 1963, it may be inferred that there was a considerable real increase in the quantum of exports, unaccompanied by any fall in unit values.

But that is not the only encouraging feature of the export situation, for there are some others which have been highlighted in a recent official review. One of these is that the export increase has been well spread over a number of commodities. Another is that about Rs. 85 crores of the increase have been earned in the form of dollars or sterling and not under the barter agreements with the Soviet bloc. Yet another is that most of the increase in exports has been achieved in items, the exports of which do not enjoy any incentives or assistance. The Board of Trade, which met at Calcutta on the 1st instant, has drawn attention, in this connection, to the fact that more than 80 per cent of the aggregate exports were effected without any special assistance. As the Board noted further, it was only in respect of a relatively small portion of the exports that some incentives had been considered necessary, in view of the disabilities of high costs, scarcity of raw materials, rising internal demand, etc. The exports covered by the export promotion schemes, it was revealed at the Board's meeting, aggregated only about Rs. 160 crores. The cost of incentives involved here was only of a small order, namely, Rs. 28 crores. Even this latter amount included a substantial portion of imported raw materials for which foreign exchange would have had to be otherwise consumed for sustaining the domestic industries concerned. The Board of Trade has rightly expressed satisfaction at the results achieved by exporters and manufacturers largely by their own efforts.

On the import side, too, the situation in 1963 was a shade better, for the aggregate import bill for the first 11 months of that year was only Rs. 977 crores, as compared with Rs. 1,017 crores in the corresponding period of 1962. The increase in exports and the decrease in imports had thus improved the overall trade balance, the deficit having been reduced from Rs. 401 crores during January-November 1962 to Rs. 274 crores during the corresponding period of 1963. It was against this background of improved trade performance that the Board of Trade met at Calcutta as much to take stock of export achievements as to bring about further improvements. But the Board was frankly not inclined to draw excessive comfort from the gains made last year. That sustained progress in export promotion could be achieved on a lasting basis only through cost reduction was fully recognised by the Board which felt that, in a situation of continually rising costs, drastic remedies would have to be resorted to for reducing them. One such remedy, in the opinion of the Board, would be to freeze the import duties on machinery and capital goods at the existing levels or to reduce them substantially, wherever possible. This suggestion is unexceptionable, for there is no doubt that the continually rising import duties on machinery and equipment tend to raise the capital costs of industries and to add to the costs of rehabilitation and modernisation.

But the Board's other suggestion, namely, that power rates should be kept at low levels for effecting reduction of costs does not seem to be quite reasonable, for, unless the returns on power projects are made economic, the country will find it increasingly difficult to service the loans (both foreign and Indian) incurred for financing them at some very high costs. Moreover, the Board's view runs counter to that recently advanced by the World Bank Mission to the effect that power rates should be increased so as to yield a return of at least 10 per cent on the capital base and thereby generate the required additional resources for accelerated power development. It also runs counter to the suggestion which was made by the Union Minister for Irrigation and Power at the Irrigation and Power Ministers' Conference early last month and which is being examined by a committee set up by that conference. That the Board of Trade has not realised that abundant supplies of power at whatever cost would make for optimum utilisation of industrial capacity and thus for a measure of cost reduction is surprising.

While the Board has no doubt done well to emphasise the need for cost reduction, in general, and for cost reduction studies by the Planning Commission, in particular, it does not seem to have recognised the wisdom behind the Union Finance Minister's recent plea for concentrated effort on selected export lines that promise the best results in terms of comparative cost advantages and the availability of markets. Although the export promotion schemes cover only a fifth of the country's exports, that fifth does represent, in absolute terms, a big slice of export trade and cover a wide range of commodities. There is, as T.T.K. opined, "danger in spreading our resources too thinly over a wide front." It should be a feasible proposition to concentrate greater promotional effort on export lines selected on the basis of cost advantages that they *already* have. This suggestion is by no means novel, for the Associated Chambers of Commerce of India, whose constituents can lay claim to a vast fund of experience in the country's export trade, have always placed greater emphasis on such a selective approach. The Chambers, it will be recalled, eloquently reiterated this approach in a resolution at their annual general meeting held early in December last. The relevant resolution recorded, *inter alia*, that "India must continue for some prolonged time to depend, to a major extent, on the earnings of the traditional and well-established export industries." "To safeguard and fortify some of the more important of those industries," the Chambers strongly recommended that (i) the tea industry should be allowed the finance necessary, through tax reliefs and otherwise, for expanding

EXPORTS IN 1962 AND 1963
(Value in rupees crores)

Commodities	1962	1963	Change
Tea	123.6	132.0	+ 8.4
Coffee	8.0	8.0	..
Pepper	8.3	6.0	— 2.3
Other spices	8.2	8.3	+ 0.1
Vegetable oils non-essential.	9.5	16.5	+ 7.0
Vegetable oils essential ..	4.2	3.1	— 1.1
Oilcakes	27.1	34.0	+ 6.9
Lac	4.7	5.0	+ 0.3
Gums and resins	2.3	3.3	+ 1.0
Cashew kernel	18.4	23.4	+ 5.0
Other fruits and vegetables.	7.7	8.5	+ 0.8
Cotton raw and waste ..	15.5	14.5	— 1.0
Sugar and manufactures ..	14.8	26.0	+11.2
Fish	3.5	6.0	+ 2.5
Raw wool	6.5	4.0	— 2.5
Leather tanned or dressed..	22.6	25.0	+ 2.4
Hides and skins raw ..	10.1	10.5	+ 0.4
Jute manufactures ..	150.1	160.0	+ 9.9
Cotton textiles	47.0	49.0	+ 2.0
Woollen manufactures ..	4.8	7.5	+ 2.7
Art silk fabrics	7.3	8.0	+ 0.7
Coir, yarn and manufactures	12.1	12.1	..
Iron ore	29.4	36.0	+ 6.6
Manganese ore	8.5	8.0	— 0.5
Other ores	2.0	1.7	— 0.3
Mica	10.4	9.0	— 1.4
Iron and steel scrap ..	2.2	4.5	+ 2.3
Ferro manganese	0.9	0.5	— 0.4
Engineering goods ..	9.0	12.0	+ 3.0
Chemical and allied products	3.5	4.5	+ 1.0
Footwear	2.7	3.5	+ 0.8
Bones and bristles ..	4.2	4.3	+ 0.1
Coal and coke	2.8	2.3	— 0.5
Plastic goods	0.8	2.0	+ 1.2
Sports goods	0.6	0.7	+ 0.1
Other items	93.7	125.3	+31.6
Total ..	687.0	785.0	+98.0

and improving its output, (ii) effective action should be taken to make jute manufactures more competitive *vis-a-vis* those of Pakistan, and (iii) modernisation and increased productivity should be encouraged in the cotton textile industry.

It would be bordering on complacency to think, as the Board of Trade seems to do, that, because the bulk of export trade is moving unaided, it would be sufficient to rely on the development of healthier practices alone—practices such as quality control, sample adherence, contractual fulfilment, price stabilisation and export publicity. The three export lines, particularly mentioned by the Chambers for selective treatment, are tea (including coffee), jute manufactures and cotton textiles, and these account, as of 1963, for about Rs. 350 crores by way of export earnings. If to these are added other export commodities like pepper and other spices, vegetable oils, oilcakes, lac, cashew kernel, raw cotton, hides and skins, coir yarn and matting, fruits and vegetables, sugar and iron ore, the aggregate export earnings from raw materials and from manufactures based on agricultural commodities would come to more than Rs. 575 crores, representing nearly three-fourths of the entire export earnings. Surely, such a large sector of the country's export trade cannot be allowed to languish. If anything, it would need to be fortified and expanded by simultaneous efforts in the fields of cultivation, extraction and manufacturing. These efforts should be aimed at greater agricultural productivity (which is particularly important in the case of plantation crops, jute and cotton) through recognised means and at higher industrial productivity through modernisation of machinery and equipment, particularly in the jute, cotton textile and sugar industries. The Board of Trade's observation that the export sector of industries, agriculture and plantations has been having a higher priority for modernisation needs to be qualified by the statement that the gap between the achievements todate and the objectives, between the ideal and the real, is very wide.

RESPECT FOR JUDICIARY

JUST two days before he took the oath of office as the Chief Justice of India on Saturday the 1st inst., Mr. Justice B. P. Gajendragadkar concluded a series of three Lajpatrai Memorial lectures at Delhi. In the course of those lectures, Mr. Justice Gajendragadkar described, in his own inimitable style, how vital was the role played by the judiciary in a democratic setup and made two highly significant observations. One was that law would succeed only if it was wisely framed and was implemented in an honest and efficient manner. The other was that any public action (administrative or judicial) should not be influenced by improper considerations or be based on ulterior motives, for, otherwise, it would be a very bad form of corruption. These objectives cannot be fulfilled, unless the judiciary maintains a high standard of integrity, unblemished probity and independence from the influence of the executive. It is, indeed, a matter for great pride that, in this respect, the record of our courts of law has been clean and unquestionable. This is amply illustrated by the series of judgments which the courts have given in the past few years, judgments that have spared no one, however important a place he occupies in the political and social hierarchy. One such judgment was delivered by the Supreme Court on the 27th of last month when it quashed the schemes framed by the Andhra Pradesh State Road Transport Corporation (R.T.C.) for nationalising 64 motor routes in the Kurnool district. The five Judges who gave the judgment, including the Chief Justice, must have been aware that their verdict would greatly embarrass the Andhra Pradesh Government, more particularly the Chief Minister, Mr. N. Sanjeeva Reddy, whose stature in the party in power is pretty high; he was an ex-President of the Congress Party. Nevertheless, they did not hesitate in the least to give a verdict which, in their opinion, would serve the ends of justice and fairplay.

The Supreme Court's judgment arose out of a batch of eleven appeals by Mr. C. S. Rowjee and other motor transport operators against the R.T.C. The appellants, who were operators of motor transport in the western part of Kurnool district, objected to the R.T.C.'s schemes for nationalisation of road transport in 64 routes. The objections were overruled by the State's Minister for Transport and the operators filed writ petitions in the High Court challenging the legality of the schemes. The petitions, however, were dismissed by the High Court whereupon the parties went in appeal to the Supreme Court. The allegations made by the appellants are worth recording, in that they will help one to appreciate the soundness of the Supreme Court's judgment. Summed up, the allegations were:

The R.T.C.'s schemes were framed at the instance of the Chief Minister, Mr. Sanjeeva Reddy. Mr. Reddy felt chagrined at the defeat of his Party men and supporters and, desiring to wreak vengeance against the motor transport operators of western Kurnool, who were his political opponents, instructed the R.T.C. to change the order in which the districts were to have been taken up for nationalisation, so that Kurnool could be taken up first. In other words, Mr. Reddy wanted the R.T.C. deliberately to depart from the schedule which it had drawn up earlier. The R.T.C. gave effect to these instructions and directions by taking up first only the western part of the Kurnool district, instead of the whole of Kurnool district at a time eliminating the private operators in the western part from their field, and thereby giving rise to the impression that this was done to spite the political opponents of the Chief Minister. The schemes did not really reflect the opinion of the R.T.C. as was required by Section 68-C of the Motor Vehicles Act, 1939; they owed their origin only to the directions of the Chief Minister who had acted *mala fide*.

The facts of the case were clear enough. The five learned Judges of the Supreme Court could not but hold the view that the schemes in question were formulated merely in order to give effect to the wishes of the Chief Minister and that they did not comply with the statutory requirement, namely, that the Corporation must act on the basis of its independent judgment as to the requirements of public interest. They, therefore, declared that the R.T.C.'s schemes were vitiated by non-compliance with the requirements of Section 68-C of the Motor Vehicles Act. Since there had been no denial of *mala fide* intentions by the Chief Minister—this was unfortunate—nor any affidavit by any person who claimed or could claim to know personally about the allegations, their Lordships felt constrained to hold that the allegations that the Chief Minister was motivated by bias and personal ill-will against the appellants stood unrebutted. Stating that there was no affidavit even from the R.T.C. denying the allegations made by the appellants, their Lordships recalled the conference of the Corporation and its officers summoned by the Chief Minister soon after he took office at which he had admittedly suggested that nationalisation of road transport in the Kurnool district should be taken up first. They also recalled that the Chief Minister himself later made a statement in the Assembly as to what he did at the meeting and that the Corporation had departed from what it had decided only a little while previously. In view of all these and on the basis of the evidence placed in the case, their Lordships were satisfied that the R.T.C.'s action was the result of the conference of April 1962 and that the impugned schemes were formulated by the Corporation in order to give effect to the wishes of the Chief Minister expressed there.

When the highest supreme judicial body in the country passes strictures on anyone, they must be respected without any reservation, whoever be the person concerned and whatever view he may hold on them. It is, therefore, only proper that Mr. Sanjeeva Reddy should have decided to vacate office as the Chief Minister of Andhra Pradesh immediately after seeing the summary of the Supreme Court's judgment reported in the Press. The judgment has not just reversed an order of the Andhra Pradesh Government. It has also questioned the very motive behind the decision of the R.T.C., namely, the *mala fide* intentions of Mr. Reddy. By offering to resign, Mr. Reddy has, therefore, respected constitutional propriety and set a standard of conduct worthy of emulation by others. By quietly accepting the Supreme Court's verdict, he has also made amends for the indifference he showed when the case was being heard. He should have actually gone to the Court and defended his action. His failure to do so was perhaps the result of a guilty conscience. Whatever may be his explanation, he now stands condemned for misusing his authority as Chief Minister. However valuable his services to the country, in general, and to his State, in particular—he can certainly take legitimate pride in having contributed to the consolidation and stability of administration in Andhra Pradesh—respect for constitutional conventions is of inestimable value, especially to a young democracy like India. It is, therefore, essential for the Congress High Command to permit Mr. Reddy to resign. There is no other way of preserving democratic traditions and democracy.

More important than the resignation of Mr. Sanjeeva Reddy is the implication of the Supreme Court's judgment to the Administration. It is that administrators should not be misled in their decisions by the partisan motives and *mala fide intentions of the politicians* who are returned to power. This advice is applicable particularly to autonomous bodies; otherwise, their autonomy becomes a farce. In the light of the Supreme Court's findings, the Andhra Pradesh Government will, it is to be hoped, examine afresh the policy of nationalisation of road transport, so that the private motor operators may continue to carry on their activities, subject, of course, to the overall official regulation and control. The Andhra Pradesh Government, or, for that matter, the Government of any State, has plenty of things to do in several other fields of economic activity, particularly in the development of agriculture. It would be better, indeed, if it were to concentrate its attention on these, leaving the plying of motor vehicles and such other activities to the private sector which can undertake them more efficiently and cheaply.

MARKET GOSSIP

Sugar Abroad

THERE has been a sharp fall in world sugar prices of late. Sugar in London is currently standing at £80 per ton (c.i.f.) for spot, as against £93¾ prevailing three weeks ago. The drop in forward rates is even more sharp, being £20 per ton in March delivery, £18 in May and £16 in August. The swift break in prices has followed nervous selling induced by some bearish factors. One such important factor pertains to improved beet crop statistics in Western Europe which have rendered obsolete the earlier estimate of world shortage. It would appear from these statistics that more sugar will be available in Western Europe than had previously been thought, despite bad harvests in some countries. France recently put a sizable quantity up for tender and a still larger quantity is expected shortly. West Germany is also said to be proposing to sell a large quantity. It is, however, not so much these reports as the unexpected sale of sugar by Japan at cut prices that has imparted weakness to the world markets. Two cargoes of sugar were offered by Japan to Iran—one at £78½ per ton and another at £76½—and the appearance of two more cargoes is considered likely. Further, the Brazilian Sugar Institute has offered for sale some raw sugar and it is reported that the Dominican Republic will put a sizable quantity of sugar up for tender in the near future. On top of all these, there is the report that the U.S. has filled its import requirements earlier than expected, coupled with the announcement by President Johnson that he plans to remove all marketing restrictions on 1964 domestic cane and beet sugar. In a special agricultural message sent to Congress on Friday last week, President Johnson stated that he would present early in the season recommendations for remedial legislation concerning the sugar acquired by the U.S. from foreign suppliers under the global quota scheme.

Right now, it is difficult categorically to assert that the improved sugar beet prospects in Western Europe and the U.S. Administration's proposal would relieve the pressure on world market supplies which are still short. For much will depend on the moves of Russia and China, both of which are experiencing a shortage of sugar. Russia, according to one report, had a poor crop last year and some beet has recently been fed to cattle owing to the drastic scarcity of other feeds. "A pointer towards tightness in the Soviet position," to quote this report, "is that both Finland and Afghanistan, which are normally buyers from Russia, have shown buying interest in the world market. If Russia comes on to the world market as a buyer—some estimates put its demands at 500,000 tons—sugar prices should rise again."

I.M.C.'S PRE-BUDGET SURVEY

As we go to press, we have received a copy of the *Pre-Budget Economic Survey and Review of Budgetary Trends*, prepared by the Indian Merchants' Chamber, Bombay. The publication, as the title itself suggests, is divided into two parts—one part appraising the economic advance in the first three years of the third Plan and the second part reviewing the budgetary trends in relation to their impact on the economy. This is, indeed, a pioneer attempt by a non-official body in delineating a picture of the economy well in advance of the Central Budget. It has its undoubted value even as the official *Economic Survey*, usually released along with the Budget papers, and the customary eve-of-Budget analyses of economic and budgetary trends in the financial Press have theirs. While most of the facts and figures may be common to both official and non-official reviews, their analysis and interpretation may differ in some respects. It would, therefore, be interesting to examine the conclusions of the Chamber's *Survey* in the same critical way as we usually deal with the official *Economic Survey*. Our next issue will thus carry an article on the Chamber's timely publication.

One-price System For U.S. Cotton

While this country has been trapped by its own policy of higher price incentives for agricultural products and props to exports in the form of import entitlements, the United States is about to end its two-price system for cotton, which is the result of a policy of high price supports for agricultural products and which has, therefore, inflated domestic prices and necessitated some form of export subsidy to meet competition from foreign cotton in overseas markets. The policy, laying down the domestic price for cotton at 32 cents per lb. and the export price at about 24 cents per lb., is also said to have undermined the competitive position of the U.S. cotton textile industry and forced it to seek internal protection through quotas restricting imports of cotton textiles according to the country of origin and the type of fabrics. Legislative action ensuring a one-price policy for cotton is expected this year.

Indeed, on 31st January, President Johnson asked Congress to enact legislation enabling U.S. cotton to meet competition of foreign cotton and man-made fibres. He said, in a special farm message, that the present policy was not meeting the needs of either the grower, or the handler, or the cotton mill or the consumer. Foreign cotton was cheaper, he observed, and foreign mills could buy American cotton cheaper than could domestic mills. This was because the price-support programme held U.S. cotton above world price levels and above some man-made fibres, while foreign buyers were able to buy U.S. cotton at the world price through the operation of a Government subsidy.

Mr. Johnson said that the aim of the new cotton legislation should be threefold: *(1) to make* cotton more competitive with other fibres; (2) to make it possible for growers who desire to do so to produce cotton at world prices, without any subsidy, on a basis that would not add to U.S. stocks; and (3) *to maintain the income of cotton* growers while reducing excessive carry-over stocks. There are two proposals before Congress to deal with this problem and, as an Administration spokesman said, either would meet the goals set out by the President.

One of the proposals is embodied in the Cooley Bill passed by the House of Representatives on 5th December 1963. The Bill named after its initiator, Mr. Harold D. Cooley, Chairman of the Committee on Agriculture in the House of Representatives, seeks to enable U.S. mills to buy cotton at the export price by allowing them to claim against the difference amounting to 8½ cents per lb. a subsidy in kind, that is, *in the form of cotton acquired by the C.C.C.* in the course of its price support operations. But the Bill provides for a mandatory one-price system, as it includes the Jones amendment which leaves the amount of the offsetting domestic payment to the discretion of the Secretary of Agriculture. The Bill also allows growers to overplant their allotments, but without price supports. It will be seen that the manner in which the single-price system is sought to be brought about by this Bill is unique.

The other proposal, introduced in the Senate by Senator Herman Talmadge, aims at gradual reduction in grower price supports, with domestic and world prices finally becoming the same. It provides, however, for compensatory payments to growers for offsetting the loss of income that would result from the lower price supports.

The reaction of the Cotton Policy Committee of the American Textile Manufacturers Institute to the two proposals is that any one of them would serve the manufacturers' purpose. All that it wants is an expeditious return to a single-price system and it is opposed to anything that does not achieve this objective. In a statement last month, the Committee said: "For seven years, the textile industry has lived under the unfair burden of the two-price system. After 16 months, we have experienced serious disruption of our entire market structure for cotton textile products, awaiting the action of Congress to comply with the late President Kennedy's and now President Johnson's stated positions that Congress should correct the situation." Some opposition to the move for one-price system can be expected from the cotton growers and farm group leaders. But the Administration is strongly in favour of early legislation for ending the present system.

Whither World Coffee?

Even after the lengthy discussions at London last week-end, the Executive Board of the International Coffee Organisation (I.C.O.) deadlocked on the issue of export quota adjustments, though there was common agreement that more coffee was needed to halt the rise in world coffee prices. For the consumer-interests, led by the U.S., wanted a quota rise of 5-6 per cent, while the producer-interests, led by Colombia and Brazil, were not prepared to agree to an increase of more than 2-3 per cent. Incidentally, it may be noted that the aggregate basic export tonnages fixed under the Agreement amount to 45.53 million bags (of 60 kilos each), the total adjusted for the 1963-64 coffee season (October-September) being over 46.19 million bags. In view of the deadlock, the question arose: What next? Perhaps no one except the Board's Executive Director, Mr. J. O. Santos, seemed to know the answer to the poser. For it was Mr. Santos who suggested the convening of an emergency full Council meeting. The suggestion was immediately accepted and it was decided that such a meeting should be held on the 10th and 11th inst. Invitations, it is said, have already been sent out to fifty-nine member-countries of the World Coffee Agreement. The quota question besides, the meeting is expected to ascertain the present membership of the I.C.O. and adopt measures to permit the accession of those signatories which had not deposited the instrument of ratification by 31st December 1963. Also included in the agenda is the issue pertaining to redistribution of votes. As both producers and consumers in the I.C.O. must together total a thousand votes for each of the two sections, the votes of those who have not ratified the Coffee Agreement will have to be redistributed.

Whether the emergency meeting will succeed in arriving at a decision acceptable to both sides and, if so, how, remains to be seen. May be, the bargaining position of coffee producing countries has strengthened to some extent lately, following the decline in coffee prices on both sides of the Atlantic in the past fortnight, the Uganda spot London receding from 335s. to 325s. per cwt. But there is a growing belief that higher quotas can cause only a slight psychological break in the market and not reverse the trend towards a tighter supply position for coffee. The Commodities Editor of the London *Financial Times* is, therefore, inclined to feel that the principal bar-

gaining at the emergency meeting will centre round the distribution of higher quotas rather than the actual size of the increase. In either case, India will stand to benefit, provided, of course, its delegation to the meeting successfully presents its case for a bigger export quota than the 20,000 tons allotted to it and impresses upon the other members attending the meeting the pressing urgency of earning foreign exchange.

Bajaj-Tempo's Public Issue

Bajaj-Tempo Ltd., which has all but completed the construction of its new factory at Chinchwad near Poona and is in the process of transferring machinery and equipment from its existing factory at Malad, Bombay, is a pioneer in the manufacture of three-wheelers in this country. These three-wheelers, manufactured in technical and financial collaboration with Messrs. Vidal & Sohn Tempo-Werk GMBH., Hamburg-Harburg (West Germany), are sturdy, versatile vehicles which are used in several Indian cities as delivery vans, pick-up trucks, ambulances, autorickshaws, refuse trucks, oil tankers, and so on. Within less than three years from the commencement of manufacture in May 1959 with a licensed capacity of 1,000 vehicles per annum, the Company achieved 63 per cent indigenous content. Today, the indigenous content of the three-wheeler is 81 per cent, and this is expected to reach the level of 90 to 95 per cent by the end of 1964. The Company has been recently licensed for an expanded annual capacity of 4,000 vehicles, of which four-wheelers will account for 1,500 in the first year (that is, 1965) of their manufacture under the Rs. 1.8-crore expansion programme which has been taken on hand. This paper's representative, who, along with other pressmen, went round the Bajaj-Auto factory (manufacturing scooters) and the Bajaj-Tempo factory near Poona on the 21st of last month, was visibly impressed by their methodical and tidy organisation for production, as well as by the determination of the management to complete the expansion project by the end of this year and put the new Tempo-Viking four-wheeler on the market early next year.

A little more than half of the finance required for the expansion programme is to come from institutional sources. The Industrial Finance Corporation of India has already sanctioned a loan of Rs. fifty lakhs. Borrowings from banks and other sources will account for about Rs. 42.8 lakhs. The Company's reserves available for financing expansion amount to Rs. 7.4 lakhs. As the Bajaj-Tempo Ltd., which was incorporated in 1958 and became a public company in 1961 with an authorised capital of Rs. 100 lakhs in equity shares of Rs. 10 each, has an issued, subscribed and paid-up capital of only Rs. 14.6 lakhs (in equity shares of Rs. 10 each fully paid-up), it has decided to issue further equity capital to the tune of Rs. 65.3 lakhs. Of this fresh equity issue, Rs. 18.5 lakhs will be in the form of right shares which have been offered to the existing shareholders resident in India and fully subscribed; Rs. 16.9 lakhs and Rs. 90,000, respectively, have been reserved for allotment to the German collaborating firm and a German resident director against supply of machinery and equipment; and Rs. 29 lakhs will represent the amount presently to be subscribed by the public. It is for raising the last-mentioned amount of Rs. 29 lakhs that the Company is entering the capital market on 10th February 1964. Applications for shares, in this connection, must be for a minimum of 50 shares or multiples thereof. Rs. 3 per share is to be paid on application. The balance of Rs. 7 per share is to be paid in three calls at intervals of not less than three months. It may be noted that the present public issue of Rs. 29 lakhs has been fully underwritten.

The Company has a creditable dividend record to date. It paid 11 per cent in 1959-60, 20 per cent in 1960-61, 18 per cent in 1961-62 and 20 per cent in 1962-63. It has also capitalised a part of its reserves by issuing bonus shares of the face value of Rs. 4.9 lakhs (included in the already issued and paid-up capital of Rs. 14.6 lakhs). Besides, the Company is now ploughing back for expansion Rs. 7.4 lakhs representing accumulated reserves. With an influential Board of Directors (Mr. Ramakrishna Bajaj as Chairman, Mr. Charat Ram, Mr. R. P. Nevatia and two German engineers as Directors and Mr. N. K. Firodia as Managing Director), the Company may be confidently expected to function at a high level of business efficiency. With an expanding and assured market for light trucks of less than one-ton carrying capacity—the estimated demand for such vehicles is 30,000 per year at present—the Bajaj three-wheelers and four-wheelers seem to be assured of a good market. The three-wheeler pick up truck, costing Rs. 7,500 without excise duty, and the four-wheeler, likely to cost no more than Rs. 12,000 without excise duty, are bound to appeal to a whole range of users, including hospitals, municipalities and panchayats, dairies and small industries. In these circumstances, Bajaj-Tempo Ltd. can look forward to profitable performance, given an adequate and regular supply of raw materials and spare parts.

"Restricted Information"

The Union Government's latest order under the Defence of India Rules restricting the publication of news about the public sector undertakings, will be making the task of economic journalists still more difficult. As it is, information from Government sources is hard to come by. The official handouts, in their peculiar way, refuse to yield anything beyond a part information. The reports have to satisfy themselves with whatever little trickles down from these reluctant sources, as is evident from the columns of most of the daily newspapers. Those of the journalists who prefer to present a somewhat comprehensive picture about any of the important public sector undertakings will find it hard to file a copy, if some bureaucratic over-enthusiasts decide to club together all unpalatable facts as "restricted information." A particular difficulty will be experienced in regard to the petroleum industry in which case the private companies have also been roped in. While there can be no quarrel with the underlying principles of this order, there is legitimate fear, on the basis of past experience, that its injudicious application will tend to stifle a full and frank discussion of our economic development.

It is to be hoped that the authorities concerned, before declaring any information "restricted," will take into account the need for information for a correct assessment of the country's economic progress. For even a discussion of the Government's economic policies cannot be fruitful without facts.

U.K.—E. EUROPE TRADE

Britain will abolish quota restrictions on imports of manufactured goods from Eastern Europe, if satisfactory arrangements are reached with the countries concerned, according to Mr. Edward Heath, Secretary of State for Trade and Industry. Negotiations are currently being held at London between the British and Czech officials. Talks will also be held with Bulgaria, Hungary, Poland and Rumania. The object of the move is to enable these countries to earn more sterling to finance purchases of British capital goods, etc. The items which are expected to be freed from quota restrictions include machine tools, furniture, basket work, leather goods, glassware, pottery, books and pharmaceuticals. The East European countries, however, will have to ensure that their goods do not enter the U.K. at 'disruptive' prices; if this happens, Britain reserves the right to re-impose quota restrictions. The arrangements do not include Anglo-Russian trade, as this will be a separate subject to be negotiated soon.

"SANDVIK COROMANT" TOOLS

Sandvik Asia Ltd. has started marketing *Sandvik Coromant* tungsten carbide tips and tools which it manufactures in collaboration with Sandvik Steel Works of Sweden. These products are famous the world over for their quality and precision, and the Sandvik group is one of the world's leading manufacturers of cemented carbide products. Special care is taken at the Sandvik plant at Poona to equal the quality standards associated with the name *Sandvik Coromant*. The Company has been manufacturing for the past two years rock drill steel equipment which the Atlas Copco (India) (Private) Ltd. markets in the country on its behalf. The tungsten carbide tips and tools are, however, being sold directly by the Company.

RECORD RESULTS OF GENERAL MOTORS

General Motors, the world's biggest manufacturing corporation, has reported record income sales and employment during 1963. Net income has expanded from $1,459 million (approximately Rs. 693 crores) to $1,592 million (Rs. 756 crores). Estimated sales have totalled $16,500 million (Rs. 7,837.50 crores), as against $14,600 million (Rs. 6,935 crores) in 1962, the previous record year. The Company employed during the year an average of 640,000 people, including 157,000 outside the United States, and paid them a total of $4,300 million (Rs. 2,042.50 crores) by way of salaries, wages and other benefits.

As a further step towards expanding overseas interests, Fisons Ltd., the well-known fertiliser and chemical manufacturing firm of Britain, has struck a £2.5-million deal with the American Biltrite Rubber Company of Massachusetts, under which it has agreed to buy the American Company's National Polychemicals Division's assets and business. Funds for this acquisition have been provided by the Morgan Guaranty Trust Company of New York in the form of a medium-term loan. Details of interest rate and repayment periods have not yet been disclosed. National Polychemicals is a major supplier of blowing agents to the rubber and plastics industry in the U.S. It also operates in the field of speciality resins for hardboard, plywood and decorative laminates.

Tea crop of the Bombay Burmah Trading Corporation Ltd. for the seven-month period ended 31st December 1963 amounted to 2,035,002 kg. of made tea, as against 1,914,995 kg. during the same period of 1962. However, owing to the unfavourable weather conditions during January, the lead over last year has been reduced to some extent.

Notice

ALLIANCE JUTE MILLS COMPANY LIMITED

NOTICE

ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE Share Transfer Books of the Company will be closed from 11th February, 1964 to 25th February, 1964, both days inclusive.

By Order of the Board,
McLEOD & Co. LTD.,
C. HOCKLEY,
Director,
Secretaries & Treasurers.

3, NETAJI SUBHAS ROAD,
CALCUTTA,
28th January, 1964.

TREND OF SHARES

PRE-SETTLEMENT STEADINESS

(From Our Owr Correspondent)

BOMBAY, *6th February*

MUCH need not be read into the slight steadiness in equities this week, though it was in refreshing contrast to the sudden weakness noticed near the close of last week. For, if last week's setback was due to pre-settlement liquidation, the minor change for the better in sentiment this week seemed due mainly to the beginning of the new account, especially because, in Bombay, it happens to be of a three-week, and not the usual two-week, duration. No doubt, factors like prospects of some relief in margins and good corporate news did sustain the improvement in sentiment. But the steadiness appeared to be largely on account of absence of fresh selling and some squaring-up of business in the first week of the new settlement. It is because of this that speculative counters like Century, National Rayon and T.E.L.Co. staged a smart rally and others closed generally with small gains. Shorts were cautious in the absence of any particularly depressing factor. But buyers, too, were scared away by the pretty high badli charges at the turn of the last settlement on both Bombay and Calcutta Stock Exchange. The result was featureless trading throughout the week, with some redeeming sparkles here and there.

The week opened with fresh hope for relaxation of margins. Mr. A. Baksi, Joint Secretary of the Union Finance Ministry, assured a deputation of the Bombay Stock Exchange, led by the President, Mr. K. R. P. Shroff, at a meeting here on Friday, 31st January, that he would place their plea before the Finance Minister. The same day came the news that the authorities of the Ahmedabad Stock Exchange had sought an interview with T.T.K. in the same connection. It now seems likely that after, if not before, the budget margins may be relaxed.

Corporate news remained generally good. The report of the Directors of Voltas Ltd. giving details of the expansion plans in hand and the statement of the Chairman, Mr. J. D. Choksi, that the Company had now reached a stage from which there would be no going back, had a favourable effect on the market sentiment, with the shares of the Company improving smartly from Rs. 261.50 to Rs. 270 during the week. The Alkali and Chemical Corporation of India Ltd. reported encouraging results for the year ended 30th September 1963. Gross profit of the Company has gone up considerably from Rs. 112.79 lakhs to Rs. 157.84 lakhs in line with the improvement in sales from Rs. 6.95 crores to Rs. 8.13 crores, but the dividend has been maintained at Rs. 1.50 per share. The Directors of the Madura Mills Company Ltd. announced a higher dividend of 17.50 per cent per annum on the Rs. 15 fully paid shares for the year ended 31st December 1963, as against 15 per cent a year before, following the increase in net profit from Rs. 51.51 lakhs to Rs. 80.17 lakhs. The Directors of Walchandnagar Industries Ltd. decided to maintain the ordinary dividend at 12 per cent per annum for the year ended 30th September 1963. However, the two steel companies' production figures for January showed a setback in saleable steel output from 136,600 tonnes to 133,100 tonnes in the case of the T.I.S.Co. and from 70,229 tonnes to 63,185 tonnes in the case of the I.I.S.Co.

The general news of interest to the marke had two interesting features, one the start of the Unit Trust of India from 31st January and the other the stress laid by the Finance Minister on the need for attracting more private foreign capi tal in the course of his speech at a meeting c the officials of the Indian Investment Centre a. New Delhi two days ago.

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On Dalal Street, Century and Scindia were in the limelight, the former staging a smart recovery from Rs. 666.60 to Rs. 692.50 on replacement buying by the prominent industrialist-operator in this scrip and the latter rising from Rs. 13.28 to Rs. 14.40 on strong support. National Rayon rallied from Rs. 409.50 to Rs. 424.50 and Kohinoor gained Rs. 6.50 to Rs. 336.50 over the week. Bombay Dyeing appreciated by a full point to Rs. 62.20 and Svadeshi by Rs. 5.50 to Rs. 250.50, but Standard were only three points higher at Rs. 780.

Among Steel shares, Tata Ordinary gained three points to Rs. 145.75 during the week and Indian Iron 44 nP to Rs. 24.84. In the Miscellaneous section, T.E.L.Co. improved by Rs. 6ne to Rs. 291.25 and Hindustan Motors by 24 nP ons Rs. 18.72. Bombay Burmah closed one po higher at Rs. 60.80. Quoted *ex-div.* from Mon the 3rd inst., A.C.C. gained Rs. 2.65 to Rs. 14 over the week. Belapur, among Sugar sha the moved up from Rs. 225 to Rs. 229. va

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Selected forward shares evoked some support on the Calcutta Stock Exchange. Thus, Howrah Jute improved from Rs. 17.87 to Rs. 18.50, Indian Aluminium from Rs. 28.75 to Rs. 29.31 and Dunlop Rubber from Rs. 36.75 to Rs. 37. But cash scrips made a mixed show. For instance, Bharat Commerce, among Textiles, declined by Re. 1.31 to Rs. 22.06 and Amalgamated Coal recorded a loss of Re. 1.75 to Rs. 23. Alliance Jute were marked down from Rs. 142 to Rs. 135, but Delta rallied further from Rs. 148 to Rs. 151. Engineering and Miscellaneous issues recorded small losses.

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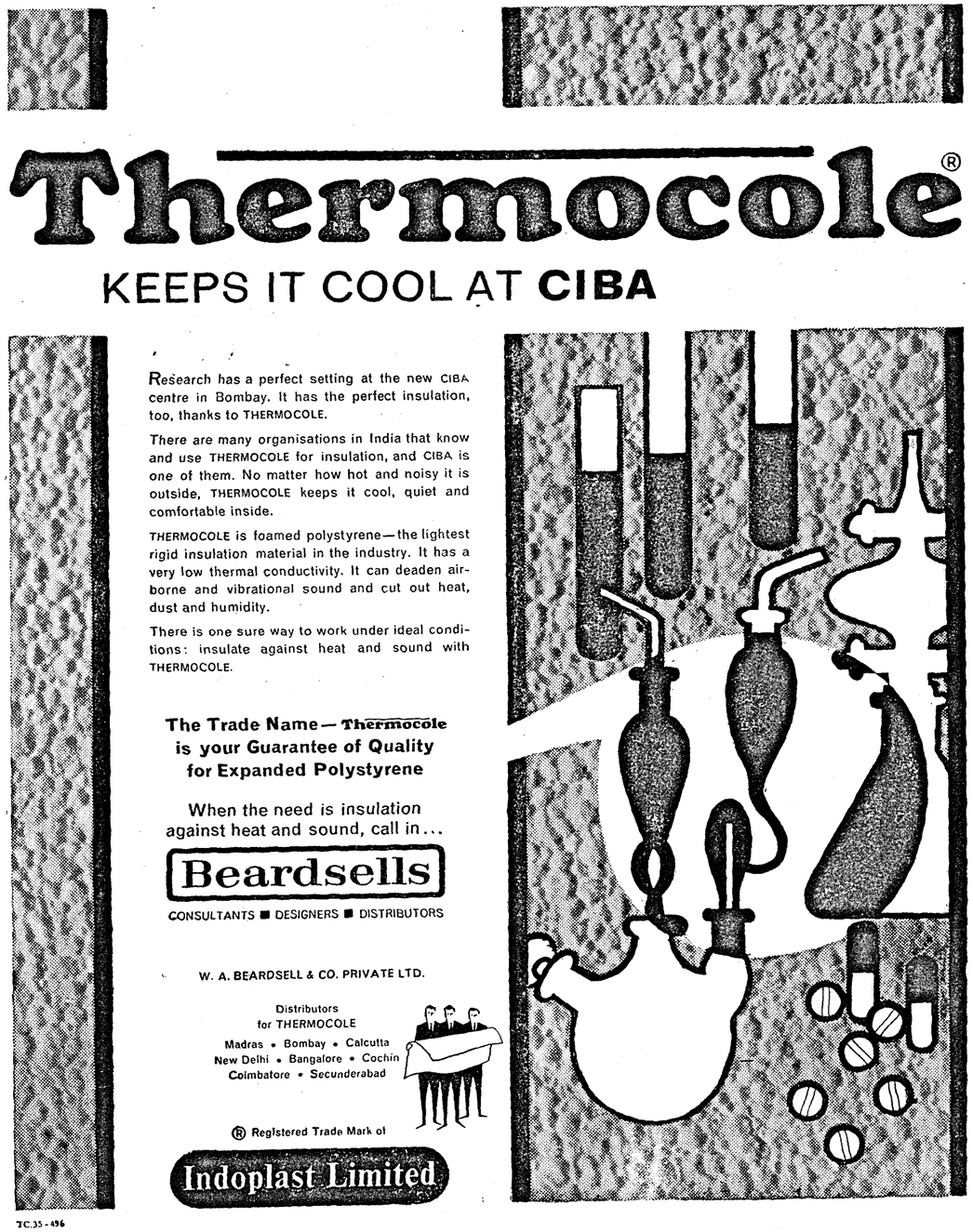
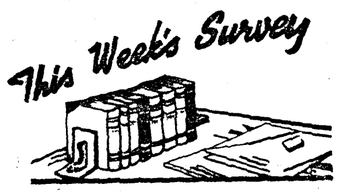
Trading remained dull and the tendency easy on the Madras Stock Exchange. Among the prominent counters, E.I.D. suffered a setback o. 40 nP to Rs. 37.75, Midland Rubber of 30 nP to Rs. 11.10 and S.I. Viscose of one point to Rs. 133. Madura Mills rose, however, from Rs. 33.40 to Rs. 35.50 on news of higher dividend.





AN UNWISE DECISION

THE attitude taken by the employer interests in Bombay in regard to the readjustment of the existing consumer price index series with 1960 as base year recommended by the Lakdawala Committee and the decision of the Maharashtra Government thereon is, to say the least, deplorable. And more deplorable is the move of the Millowners' Association, Bombay, to take the issue to the Industrial Court. What, after all, are the considerations that have weighed with the employer interests categorically to reject the findings of the Committee? Their chief objections, according to a spokesman of the Employers' Federation of India, are six. They are:

1. The prices of milk taken into account by the Committee are wholly unrelated to the present mode of purchase.

2. The weightage given to *supari* as well as its price is most artificial and contributes substantially to the inflation of the index. If the index is accepted, it will mean that the working class family will be spending Rs. 20 a month on the item of *pan-supari* alone.

3. As regards house rent, the index has been worked out without taking into consideration the proportion of new houses to old houses in the city.

4. There has been a marked change in the proportion in which workers buy rice in the free market and from fair-price shops at prices fixed by the Government.

5. Before accepting the Committee's recommendations and deciding to give effect to them, the Government of Maharashtra did not take any steps to bring the parties (employers and employees) together for negotiation, nor had it accepted the employers' suggestion for referring the issue to arbitration.

6. As a result of the unilateral action on the part of the State Government, the industry in Bombay City will be saddled with an estimated additional burden of Rs. 5 crores per annum, of which the cotton textile industry alone will have to bear well over Rs. 2 crores.

The hue and cry raised by the employers' interests over the findings of the Lakdawala Committee are clearly unwarranted. This Committee was an impartial one in that it consisted of three independent competent persons who did not have anything to do with either industry or labour. Thus the Committee consisted of two leading economists, namely, Prof. D. T. Lakdawala of Bombay University (Chairman of the Committee) and Dr. K. Mukerji of the Gokhale Institute of Politics and Economics, Poona, and a statistical expert, namely, Mr. C. V. Rao, Deputy Director of Statistics, Reserve Bank of India. The Secretary to the Committee was Mr. T. R. Bhagawat, Assistant Commissioner of Labour, Government of Maharashtra. Such a Committee cannot, therefore, be accused of having taken a partisan stand in favour of labour and ignored the interests of employers. Considering that the Committee was quite a competent one and that it has clearly stated that it has finalised its recommendations after duly ascertaining and considering the various points raised by the employers' and workers' organisations, one fails to understand why the Bombay Millowners' Association has thought fit to take the issue to the Industrial Court.

The argument that the findings of the Committee are one-sided is untenable. The Committee itself says that, after carefully considering the various viewpoints of the interests concerned, it came to the conclusion that the old series required adjustment in respect of price indices of only four items, namely, ghee, ready-made tea, house rent and clothing group, that any revision of the series for periods prior to 1960 had to be ruled out, and that the incorporation of changes in consumption pattern in respect of a few items would disturb the weights of other items. It may be that the Committee has, as is pointed out by the employers, "totally ignored the various important suggestions made to it by them in connection with the index." In the absence of the full text of the Committee's report, which the Government of Maharashtra has still not made available to us despite special requests made to it, it is not known to what extent this contention is correct and on what grounds the Committee did not accept them. It is, however, apparent that the Committee was not convinced by the employers' suggestions. Further, since the representatives of workers also argue that many of their suggestions were not accepted by the Committee, it is obvious that the Committee has tried to strike a balance and in doing so has pleased neither party. In fine, if the Committee's link-up formula has gone against employers in some respects, it has gone against workers in other respects.

It has also to be remembered that, before the Maharashtra Government made up its mind, it did consult both the employers' and workers' representatives and heard their respective points of view. An outcome of this making was the Government's suggestion that the formula should be adopted only from January this year and not with retrospective effect, as was demanded by workers. Here also, the employers won a point in their favour.

As for the financial impact of the enhanced dearness allowance, the additional incidence that will fall on the mill industry, in particular, is put at Rs. 2 crores annually. Apart from the question that the mills will naturally pass on the additional incidence to consumers, the fresh average increase in the price of cloth produced by the city mills comes to less than two naye paise per metre. The millowners may contend that even this increase is inflationary. But they cannot themselves fight inflation single-handed. In any case, several millowners have not hesitated to buy cotton above the ceiling prices or to put up the price of cloth in contravention of the so-called gentlemen's agreement on fair prices by making slight changes in the composition of cloth. So if they advance the consumer's case in their favour, they will not succeed in carrying conviction to the public. They know as much as we do that actual prices paid by consumers have been going up all the time and that the index numbers do not reflect these increases in full. The best thing for the millowners to have done would have been to accept the recommendation of the Maharashtra Government gracefully, instead of deciding to fight out the issue in the Industrial Court on narrow technical and legal grounds. The question of composition of index numbers and their readjustments is a technical issue, for which economists are more suited than industrial courts. It is unwise to go in for adjudication on it. At this rate, there will be no end, no limit to the sphere of adjudication. Such a judicious approach would have helped workers to extend their co-operation and prevented them from being attracted by the trade unions controlled by the communists. Even employers need a political strategy and vision. Even now, it is not too late for the millowners of Bombay to drop their ill-advised move and bury this issue (so far as they could) by accepting the decision of the State Government.

The unwise lead given by the Millowners' Association, Bombay, it is to be fervently hoped, will not be emulated by its counterpart in Ahmedabad which has also reacted sharply to the Gujarat Government's decision to implement the award of the special committee set up by it to examine the question of readjusting the existing consumer price indices for the purpose of paying dearness allowance to mill workers. This Committee, too, consisted of two eminent economists (Dr. M. B. Desai, Professor of Agricultural Economics, M. S. University, who was also the Chairman of the Committee, and Prof. J. L. Dholakia of Gujarat University) and one statistical expert (Mr. V. V. Divetia, Director of the Bureau of Economics and Statistics); Mr. A. V. Vyas, Deputy Labour Commissioner, was the Secretary. The Committee has recommended the readjustment of the existing series in respect of house rent which was based on 1930 and cloth which was based on prices in 1952, but has not found it necessary to readjust the weightage in the miscellaneous group. As a result of the revision, the Ahmedabad cotton mill workers will get an additional dearness allowance of about Rs. 7-Rs. 7.50 per month and the annual D.A. bill of the industry is expected to rise by Rs. 1.25 crore to over Rs. 14.50 crores. Since the dearness allowance rate in most textile and other industrial centres in Gujarat has all along been linked to the consumer price index for Ahmedabad, the workers employed in these centres, too, will get higher dearness allowance. Whatever the additional burden, it well behoves the textile industry of Gujarat to accept the Committee's findings and give effect to them gracefully. It would certainly be a sad mistake, if it were to take the issue to a court of law.

WORLD STEEL MARKET

What a big change has taken place in the world steel economy in the last 16 years! The United States and Western Europe which, together, accounted for 80 per cent of the world's aggregate steel output (210-215 million tonnes) in 1947, produced only 50 per cent of the world total (420-425 million tonnes) in 1963. Gone, therefore, is the old dominance of the United States and Western Europe in the world steel market—a dominance based on technological know-how and ready access to abundant coal and iron ore resources. Thanks to fresh technological breakthroughs, low-cost transportation, development of rich new iron mines, foreign aid and private investment, several countries, which were formerly dependent on steel imports, are now making more and more of the metal themselves and even exporting it whenever domestic demand slackens. The trends in the growth of output in the principal steel-making countries in the period 1950-63 may be noted in the following table taken from the February issue of the Monthly Letter of the First National City Bank (New York):

(In thousands of metric tons of ingot)

	1950	1963	Per cent increase
300% or more:			
Japan	5,333	34,722	551
Mexico	430	2,094	387
Rumania	615	2,863	366
Netherlands	540	2,508	364
Italy	2,604	11,182	329
India	1,610	6,329	305
200% to 300%:			
South Africa	832	3,078	270
Yugoslavia	481	1,737	261
East Germany	1,097	3,913	257
Brazil	879	2,970†	241
Poland	2,272	8,730	215
Australia	1,597	5,022	214
Austria	1,044	3,235	210
100% to 200%:			
U.S.S.R.	29,800	87,500	194
Spain	890	2,500	182
Sweden	1,584	4,254	169
Czechoslovakia	3,186	7,998	151
Canada	3,384	8,386	148
Hungary	1,155	2,911	126
West Germany	15,453	34,828	125
Less than 100%:			
France	9,528	18,821	98
Belgium-Luxembourg	8,865	12,568	83
United Kingdom	18,348	25,221	38
United States	96,836	109,281	13

* Includes only countries producing more than one million tons in the last year. Where final 1963 figures are not available, production figures for the latest twelve months have been used.
† 1962 figure; 1963 figures unavailable for Brazil.

The very fact that steel imports into the United States and the Common Market have been heavy in recent years—some eight million tonnes in terms of ingot were imported into the former and 4.7 million tonnes into the latter in 1963—would seem to suggest that the world's ability to make steel has been growing faster than demand. With the world capacity exceeding 500 million ingot tonnes now and with an estimated record production of 420-425 million ingot tonnes last year, the traditional steelmaking countries have become increasingly anxious about the lagging demand for their steel and also sensitive to foreign inroads into their own domestic markets. In particular, the Common Market countries, in their anxiety to stem the flow of imports, have just decided to raise their steel tariffs—averaging around six per cent previously—to the Italian level of nine per cent by 15th February. The unified external tariff for steel (albeit at a higher level), now being evolved by the Community, is sought to be justified on two grounds. One is that steel imports into the Community have increased from 2.5 million tonnes in 1961 to 4.7 million tonnes in 1963. The other is that steel imports, being priced as low as £42 a ton on an average, have had an adverse effect on the steel price level within the Community whose producers, faced with falling prices and profits, have begun to go slow on new investment plans. Whatever be the justification for this tariff move, there can be no gainsaying that it would have an impact, both real and psychological, on the world steel trade, in general, and the steel exports made by Britain, Austria and Sweden, in particular, to the Community. The higher tariff barrier would also tend to deflect some exports to the United States, where tariffs average only about six per cent.

The United States, while it is strongly opposed to any tariff move that might spoil the atmosphere for lowering trade barriers in the "Kennedy Round" G.A.T.T. negotiations scheduled to begin in May next, is nevertheless inclined to support some kind of international anti-dumping agreement. But it is by no means clear whether that country would bless the proposed Community move—something more drastic than any anti-dumping measure—to convene a world conference of leading producing countries to evolve ways and means of harmonising the terms of international competition and thereby stabilising the steel trade on the lines of world agreements already in operation for wheat, coffee and cotton textiles. A section of non-official American opinion, represented by the *Monthly Letter* of the First National City Bank (New York), has, however, refused to share the alarm felt in some European quarters, as will be seen from the following quotation:

"While price-cutting and aggressive tactics in world markets are bound to be troublesome, they arise out of the progressive changes going on in the world as nations press their efforts to achieve economic growth and higher standards of living. How successful they are will largely determine how fast they will grow as export markets for industries in the United States and the Common Market.

"It would be a pity, therefore, if efforts should be diverted toward stifling world competition in steel, when industrial nations have so much to gain from expanding international trade. Though the European Coal and Steel Community's tariff action comes at an inopportune time, this should not distract us from the main goal of lowering tariff barriers in the forthcoming G.A.T.T. negotiations."

This is indeed a wholesome piece of advice to the Common Market countries which, while continuing to export some 14 million tonnes of steel per annum, seem to be unduly worried over steel imports amounting to just a third of that export quantity. The United States, whose steel imports amount to some eight million tonnes per annum now, as against the meagre two million tonnes it exports, is, on the other hand, inclined to take a less alarmist view of the world steel situation and to adopt a more liberal approach towards international competition. Here is one more instance of the United States and the European Economic Community not seeing eye to eye on trade and tariff matters.

AGRICULTURAL PROGRAMMES

The last meeting of the National Development Council, it will be recalled, decided to set up a high-level board at the Centre to co-ordinate all administrative actions connected with agricultural production programmes. With the constitution of this board—called the Central Agricultural Production Board—a renewed sense of urgency seems to be in evidence on the agricultural front. The States have followed suit by setting up co-ordination committees both at the Ministerial level (with the Chief Minister as Chairman) and at the Secretariat level (with the Chief Secretary as Chairman) to co-ordinate the work of all departments in matters connected with agricultural production. These committees have been urged to meet frequently for giving constant and sustained attention at the highest level to agricultural problems. The Central Board's decision to have detailed discussions with the State Governments on problems pertaining to programme implementation has also been followed up by regional agricultural conferences. Two of them, one covering the Western Region and the other covering the Southern Region, were held in the course of the past 10 days. As administrative deficiencies and organisational bottlenecks have been usually blamed for tardy progress in the implementation of agricultural programmes, there can be no doubt that administrative co-ordination at the State level, as also between the Centre and the States, would make for quicker and more efficient action all round.

The co-ordination committees at the State level and the regional conferences between the States and the Central Agricultural Production Board may, therefore, be expected to go some way towards streamlining the organisational structure at the higher levels. But, unless similar co-ordination is effected at the district, block and village levels in all the States, orders from above will not be easily translated into practical plans of action. The Centre may take a series of steps to make available more credit and physical requisites for agriculture and each State Government may broadly allocate them to the various districts. But, in the final analysis, it is only administrative and organisational efficiency at the district, block and village levels that can ensure the prompt availability of aids to farmers at the beginning of each agricultural season. The decisive part will thus have to be played by the block organisation, covering a certain number of villages, in each district. To say this is not to detract from the aid-giving roles of the Central and State Government, for, in the absence of adequate aids and allocations of physical requisites, the block organisation, by itself, cannot be expected to achieve much.

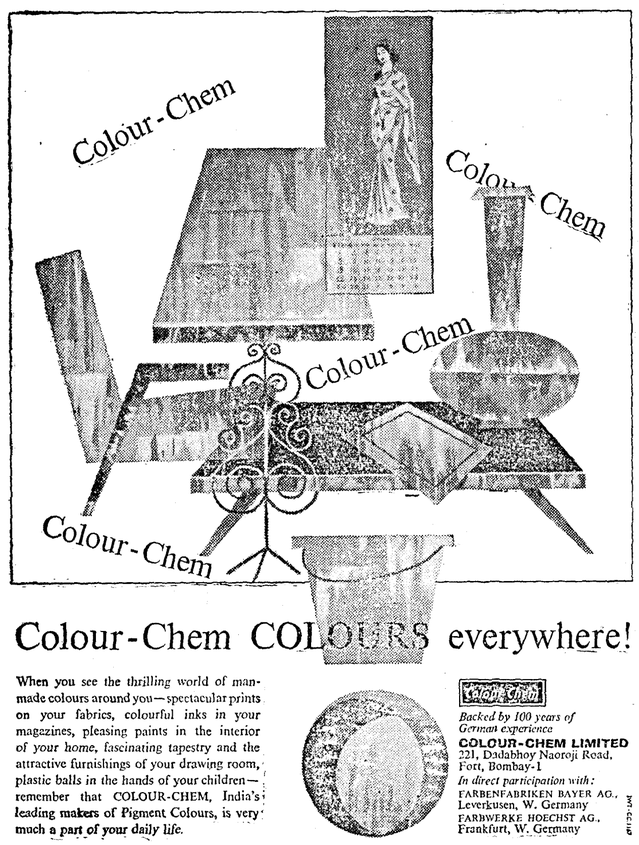
It is in this context that some of the practical arrangements discussed or approved at the Western and Southern Regional Conferences on Agricultural Production seem to be quite timely—timely because the 1964-65 season will begin in a few months' time from now. Particularly noteworthy are the decisions taken at the conference of the Southern Region covering the States of Madras, Mysore, Andhra Pradesh and Kerala. One of these is to the effect that co-operative societies should be strengthened, more immediately in the intensive cultivation areas (package programme districts), so as to link credit to production programmes and marketing. Another decision is that, wherever possible, credit might be extended in kind. The two decisions, if earnestly implemented, would ensure more adequate and timely credit for agricultural purposes. The conference of the Western Region, covering the States of Maharashtra, Gujarat and Madhya Pradesh, has also taken a decision to strengthen the co-operative structure with a view to ensuring prompt and adequate supply of credit. The detailed discussions, at both the conferences, on improving the supply and distribution of fertilisers, organic manures, improved seeds, pesticides and plant protection equipment (both of which the Centre has undertaken to make available in time and at more reasonable prices) iron and steel and cement for agricultural purposes also seem to have been on practical lines. If more effective distribution arrangements result from these discussions, the results thereof should be in evidence in the next agricultural season.

INDO-U.K. ECONOMIC TIES

The British Chancellor of the Exchequer, Mr. Reginald Maudling, did not at all indulge in any crystal gazing when he declared at London the other day that India could become the most important market in the world for British goods by the end of the present century and that, before then, Indian Investment would commence flowing into Britain as a counterpart of British investment in India. This statement, which Mr. Maudling made in his speech at a dinner meeting organised by the Indian Journalists Association in London, may sound rather optimistic in view of India's present difficulties. But Mr. Maudling's confidence will doubtless be shared by anyone in India and abroad who has cared to have a knowledge of this country's great potential. "Staggering" was the word he used to describe the potential of India's economy. Saying that the trade and financial links between India and Britain are, by tradition, "very close and strong," he observed:

"Britain's investment in India is of the order of £330 million, or more than that of all other countries together. We provide a market for almost a quarter of India's total export sales and India, in return, provides a market of large and growing importance for British exports. At the moment, Indian market is limited very strictly by shortage of foreign exchange, but this time will pass.... I believe there will be a tremendous development over the next few decades in trade between our two countries."

Britain's assistance to India in meeting its development problems, Mr. Maudling went on to explain, took three forms: First, direct Government-to-Government aid (financial and technical; second, private investment which is of immense importance; and, third, trade the importance of which is increasingly recognised. A very pertinent point that Mr. Maudling stressed was that development plans such as India's "cannot be fully successful, unless they lead to vigorous expansion of exports." Such expansion, however, presupposes the willingness of other countries, more especially the developed countries, to buy more and more from India. Reassuring, therefore, is the statement of Mr. Maudling that Britain would continue to play its part in facilitating opening of markets for Indian exports. In regard to cotton textiles, he no doubt made it clear that Britain could no longer accept imports without any limit, since about 40 per cent of its domestic consumption was already being taken by imports and the indigenous industry was only half the size it was ten years ago, but he wanted the other developed countries, too, to buy more from India. He said: "If only the other industrialised nations had been prepared to accept imports on a similar scale, how different would the position of India have been today." In their own enlightened self-interest, the prosperous people in the northern hemisphere should help their less well placed fellowmen in the southern hemisphere, for, once the latter's living standards improve, the trade between the two hemispheres can expand at a faster pace to the mutual benefit of both.



DELHI LETTER

FRENCH DECISION AND INDIA

UNWISE TO JUMP TO ADVERSE CONCLUSIONS

From Our Special Correspondent

NEW DELHI, 4th February

IN the current turmoil over the French decision to recognise Communist China, a spokesman of the External Affairs Ministry has chosen to use only a cryptic remark—untimely. Probably the present-day compulsions of Indian foreign policy do not allow him to go beyond it and be a little more specific which would indicate in some way at least, the actual feelings of the Government of India. A threadbare discussion of the political consequences of the French action is already on. But, understandably enough, the usual extroverts on economic policies have kept themselves in leash so far about its possible effects on our foreign trade and economic relations, particularly in relation to the Common Market.

There is no gainsaying the fact that economic consequences of the French decision will be tremendous for this country. Close on the heels of this announcement has come a report from Paris that the French have decided to call off a projected trade delegation visit to India. The delegation was earlier reported to have drawn up a rather longish itinerary covering a number of countries in South and South-East Asia. It is not yet known if the entire tour programme has been given up or only a suitable adjustment made in it to avoid a touch down at Palam.

The reasons adduced for this change in the programme are twofold. First, the French industrialists feel that the chances of raising the Indo-French trade from the current level of 120 million francs annually, are remote. Secondly, they are reluctant to associate themselves with any trade delegation at present since all the French aid through the Consortium are pledged to specific projects.

Wise Policy

Be that as it may, the Indian side seems to have adopted the wise policy of not jumping to conclusions. Despite the political developments and reports of the Chinese desire to purchase French heavy machinery while offering to sell to France goods which India now exports to that country at "competitive" prices (in other words, at "cut-throat" rates, it is gratifying to note that those who have the good of India at heart, have withheld comments till further clarification of the situation. For, it will be a foolhardy attempt to forget the existing Indo-French economic ties just because certain nuances of the French foreign policy does not appeal to us at the present moment. The list of French-assisted projects and services in India is quite substantial.

The Indian Airlines Corporation's all-jet domestic service has been made possible by the introduction of the French-manufactured Caravelles on the trunk routes. The I.A.C. has already acquired three Caravelles out of the French credit sanctioned, and is to start negotiations for securing a fourth one.

The Indian Air Force's acquaintance with French aeronautics occurred quite a few years ago with the purchase of sub-sonic jet fighter Ouragons (Toofanis). Recently Alizes and Alouette helicopters have been supplied to the I.A.F. along with a signed agreement to manufacture Alouette III helicopters in India.

Direct Aid

France has so far provided, through the Aid India Club, a total aid of U.S. $70 million plus bank credit of U.S. $10 million for private sector firms, for the first three years of the current Plan. Indian authorities feel that, in view of the French aid being pegged at a low level all through these years, there is hardly any possibility of its taking a sharp turn upward in the near future.

If one were to look for a French personality in the industrial projects now going up in this country, the one qualifying item will be the fertiliser factory at Nangal, in which the major French associates were the Saint-gobian. Among other French participants in Indian industrial projects are: Krebs and Co. for supply of chemical plants and a zinc smelter at Udaipur, Empacel for paper mills, Fives Lille for cement and sugar plants, NEYRPIC for turbines for hydro-electric project at Maithon, Koyna, Bhadra and Sharavathi, CITRA for dry dock at Bombay for the Indian Navy, Ets Bauchet and Co. for the photofilms factory at Ootacamund, Delle and Schneider-Westinghouse for electrical equipment for several State Electricity Boards, Barbier Benard and Turenne for lighthouse equipment. Besides, the French Petroleum Institute has helped us in setting up a similar organisation for the Oil and Natural Gas Commission; and the French experts from the Societe Nationale des Chemins de fer have been advising the Indian Railways on a mammoth electrification programme for the last four years. Recently, experts from the Electricity de France have been advising the Indian Union and States power authorities on the problems of high-voltage transmission and the creation of inter-State power grids. The National Coal Development Corporation has secured the services of engineers, foremen and workers from Charbonnages de France for an experimental project to use a new method of coal extraction. The world-famous Renault has recently signed up with a private Indian firm for the manufacture of agricultural tractors. Renault has been an active collaborator for several years at the initial stages of the Hindustan Machine Tools.

A matter for concern, however, has been the running deficit against India in her trade with France. The total trade between the two countries is on the low side and has been continuously going down, as the table below shows:

(In crores of rupees)

	1960-61	1961-62	1962-63
Indian exports to France ..	7.6	7.9	8.5
Indian imports from France ..	19.9	16.0	13.0
Balance against India ..	12.3	8.1	4.5

In addition, the difficulties that India faces in regard to her trade with the European Economic Community, apply to her trade relations with France as well. This is particularly true of France because of that country's preferential trade relations with the former French colonies in Africa, the majority of which have now become associate members of the E.E.C. and the export products of which are competitors with those of India. In respect of the manufactures and semi-manufactures in which India has a definite edge over the former French colonies, quota restrictions and various other barriers like duties, enforce a severe check on the possibility of increasing our exports to France. One cannot say with any definiteness if France would not shift its present policy of aid and trade with India in favour of China, but that seems very unlikely.

(Concluded from next column)

March election (still a possibility) and so began to sell. Those who are selling out now are a bit late, although the sellers' market will probably continue until the institutional investors, who have much tougher nerves than most, feel that it is time for them to come in. So what we are witnessing is the latter part of an inevitable but not serious speculative movement, equally operative in the sterling field.

Investment dollars are the highway to "Labour-free" foreign stocks. Such currency is very limited and a demand for foreign stocks quickly sends it to a premium emphasising a weakness of sterling. The authorities have felt no call to intervene in this market which they could only do by liquidating some form of reserves. The lesson is that students of the British economy should not be misled by movements in limited markets at the moment highly vulnerable to political speculation. But the advantage of all this activity now is to spread the effects so that by the time an election comes and if a Labour Government is returned market movements are likely to be limited in time and extent. And the panicky seller will do well to remember that the really big operators have discounted everything beforehand and are simply waiting to mop up the smaller ones who think that the bottom is going to fall out of the investment world. Mr. Wilson and his colleagues, while no slaves to traditional thinking, are very concerned to keep clear of financial and exchange crises which would interfere with their development plans for the economy.

LONDON LETTER

MR. MAUDLING TAKES A CHEERFUL VIEW

REAL REASON FOR SETBACK IN STOCK MARKET

(From Our Own Correspondent)

LONDON, 1st February

TODAY, the Chancellor of the Exchequer danced gaily through all the bright things that can be said about the British economy. The occasion was the quarterly meeting of the National Production Advisory Council on Industry and this underlining of Britain's vigorous and sustained expansion was intended to concentrate thinking by both sides of industry on how such a happy state of affairs could be prolonged, instead of dissolving in tears of inflation.

The Chancellor began cautiously by saying that it looked as if 1964 would be better than 1963, a statement which aroused neither surprise nor interest. And then he went over the various economic indicators: the rate at which industrial orders are coming in, increase in stockbuilding, continuous decline in unemployment, steady expansion prospects for exports, steady rise in consumer spending—without (and this is important) any great rise in consumer credit, or hire-purchase finance.

Output was rising at between 5 and 6 per cent per annum and the Chancellor considered that there was still slack in the economy to be taken up before awkward strains developed: employment could still increase, more overtime could still be worked, but there was a likelihood that shortages in skilled labour would appear in particular industries. When this happened and as the slack in the economy became fully taken up so would expansion slow down. It seems that what the Chancellor really wanted to rub in was that this slowing down, rather than the present time, would be the danger point. For the pressure for more rises—whether of wages and salaries, profit margins or prices—would then be at its maximum. The increase in money incomes could not, over the period, exceed the hoped-for continuous 4 per cent per annum which remained the long-term "Neddy" target.

So Mr. Maudling is still looking with a troubled eye at the danger of unchecked rises in incomes and prices and, so far, both sides of industry are not of a mind as to how the danger should be met. "Neddy," incidentally, will have met yet again by the time these words are read. And management will look for some response to the olive branch it put out at the previous meeting that management should do all it could to keep prices in check.

Yet, while the Chancellor was enthusing about the prosperity of the nation in Whitehall, back in the City the tickertapes were recording a further one per cent overall drop in equities on a week of ups and downs. The quick commentators were blaming it all on Mr. Wilson, who, in his speech in the steel and coal county of South Wales a week ago, stressed the intention of the Labour Party to tax capital gains seriously and to shift some of the burden of taxation from individuals to companies and from undistributed to distributed profits. But then none of this is very new. The Labour Party have not only just now produced their ideas on redistributive taxation and anyway last week in the stock markets was rather better than the previous three. For equity prices have now slid some 6 or 7 per cent since their peak on the second day of the New Year.

Investors indeed have for some time had to take into account the possibility of a change of Government and with that a stiffening of fiscal policies. They are also aware that Mr. Wilson and his fiscal advisers believe in stimulating and not stifling British industry and commerce and are not therefore likely to take sadistic measures which will simply hold back investment and enterprise. But a Labour Government, while generous to the entrepreneur, as, for example, in applying lower taxes to profits ploughed back into the business than to those distributed, will be harder on the investor as such in the matter of capital gains (where this country is less radical than the U.S.A.) and distributed profits. This means that careful stock market operators decided some time ago that the market was really quite high enough with the possibility of a

(Continued in previous column)

EXCHANGE RATES: FIXED AND UNFIXED

By Questor

THE many different schemes which have been put forward for improving the international monetary system can be divided quite simply into two classes. One class contains the single proposal that exchange rates should be set free to fluctuate more or less freely against one another according to circumstances. The other contains the many other proposals—ranging from credit-creation by an international super-bank to a moderate increase in I.M.F. quotas—designed to make the present system of semi-fixed exchange rates workable.

Economists, if I may generalise, tend to be in favour of flexible exchange rates, bankers and other practical men in favour of fixed exchange rates. Both sides can readily find theoretical arguments in favour of their prejudice, and discussion between them is seldom fruitful.

The situation is changed, if one begins by admitting that it can be a great advantage to have a single fixed currency in a given area, sweeping away the assumption that such areas should always be defined by national frontiers and inquiring what sort of area can benefit most from possessing a common currency. This is the approach adopted by Dr. R. I. McKinnon of Stanford in a useful paper, contained in the current review of the *Banca Nazionale del Lavoro*. If it seems academic, it must be remembered that the European Economic Community is consciously attempting to reach the sort of economic unity which the States of the U.S. achieved some time ago.

Dr. McKinnon begins by pointing out that the larger the size of a developed economy, the less its dependence on conditions in the outside world is likely to be. As trade between members of the E.E.C. increases, the group becomes more important than the individual members of it. If individual exchange rates were to fluctuate, there would be a tendency to adopt the strongest member currency as a common standard; if confidence in fixed rates persists, the emergence of a common currency is inevitable. The E.E.C. has managed to move rapidly towards integration during the past few years, because all its members have gained, though in varying degrees, from the persistent U.S. deficit.

Once the balance of payments between the Six themselves becomes seriously upset, however, the Community will undergo its first serious test. Financial markets are so little developed and financial nationalism is still so strong that violent shifts in national interest rates may be needed to induce offsetting movements of capital—shifts so violent as to be unacceptable in the context of domestic economic policy.

Common Currency and Common Monetary Policy

This, of course, is why the European Commission is trying so hard at present to get member-Governments to see the importance of financial free trade. But, if it is successful in achieving this and in protecting the E.E.C. from the danger of dissolution, complete economic integration will not be far off. Each member-Government will have resigned its right to rig the market in its own favour. Not only will exchange rates be fixed but there will be a common rate of interest: the way will be clear to the establishment of a common Community currency and a common Community monetary policy.

The E.E.C. has yet to face this choice between dissolution and complete integration. Dr. McKinnon, assuming that it—and much of the rest of Europe—eventually adopts a common currency, proceeds to consider the proper relationship between the European and North American systems. The main feature of both these areas is that they are large and largely self-sufficient: outside trade would be of relatively small importance. In these conditions, he suggests, the currencies of the two areas might well be left to float against one another (with official intervention to smooth out random fluctuations); this would leave the authorities with maximum freedom to tailor their economic policies to domestic needs and would have little effect either on trade or on direct investment between the two areas.

The idea of two fixed-exchange blocs in Europe and North America, with a floating rate between the two, was proposed last summer by the Brookings Institution as a possible alternative to the adoption—more and more unlikely—of one of the more ambitious plans for improving the present international monetary system. If the E.E.C. succeeds in solving the problems which lie ahead of it and in merging six currencies into one, it is quite likely that such a system will come into being: it would suit both the U.S. and the E.E.C.

The collapse of the idea of an international monetary authority would be a serious embarrassment only to those industrialised countries (Japan, Canada, Britain and the larger countries of the sterling area) which felt disinclined to integrate their economies with either of the large blocs—or with that of the Soviet bloc, which might well become a third member of such a system.

It is at this point that politics takes over from finance and that Governments have to make impossibly difficult decisions. Canada may not be able to escape the logic of its geography indefinitely; Australia may have to go in with the U.S., because it cannot stand alone, Japan to choose between the U.S. and Asia, Britain between the U.S. and Europe. The fact that sterling is still an important international currency and that the Commonwealth is still a valuable political grouping serves only to distract attention from the fact that this choice will eventually have to be made—unless the E.E.C. collapses altogether.

MORE ORDERS FOR CONCORD SUPERSONIC AIRLINER

Orders for four more Concord supersonic airliners have been placed by B.O.A.C. and Air France, bringing the total to eight each. Progress of the Concord project—shared between the British Aircraft Corporation and Sud Aviation of France—is such that additional orders are now possible, according to a joint statement issued at the conclusion of talks between Sir Giles Guthrie, Chairman of B.O.A.C. and Mr. Joseph Roos, President of Air France. Orders for Concords from world airlines now total as many as 35.

The Concord has been designed for a speed of about 1,500 m.p.h. and will carry 100 passengers.

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Edited by: **K. S. GUPTA,** Director, Bombay Labour Bureau

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CONTENTS

PART I

- Salient Features of
  - The Arbitration Act, 1940 *by Justice S. D. Singh*
  - The Indian Contract Act 1872 *by K. Venkoba Rao*
  - The Indian Partnership Act 1932 *by P. V. Ramanayya*
  - The Companies Act 1956 *by Dr. M. J. Sethna*
  - The Factories Act 1948 *by L. V. Jaadhao*
  - The Industrial Disputes Act 1947 *by K. R. Wazkar*
  - The Industrial Employment (Standing Orders) Act 1946 with Model Standing Orders *by H. M. Ghosh*
  - The Indian Trade Unions Act 1926 *by H. N. Trivedi*
  - The Minimum Wages Act 1948 *by Dr. Anand Prakash*
  - The Payment of Wages Act 1936 *by Dr. B. S. Bhargava*
  - The Payment of Wages Amendment Act 1947
  - The Employees' Provident Funds Act 1952 *by Dr. B. K. Bhattacharya*, I.A.S.
  - The Employees' State Insurance Act 1948 *by V. N. Rajan*, I.C.S.
  - The Workmen's Compensation Act 1923 *b K. L. Gothi*
  - The Employers' Liability Act 1938 *by Pran Nath*
- Employer-Employee Relations *by K. S. Gupta*
  - What are Your Responsibilities to Management?
  - What are Your Responsibilities to the Worker?
  - How Can You Maintain Discipline?
  - How Can You Develop Team-Work?
  - How Can You Make Sure Your Workers Get a Square Deal?
  - What Can You Do to Build Morale Among your Workers?
  - How Would You Break in a New Worker?
- Tips for Successful Executives Handling Labour Problems
- On Bonus *by G. B. Pai*
- How to Investigate Complaints, Conduct Departmental Inquiry? and Procedure for Fines, Suspensions, Discharges, Dismissals and Retrenchment *by R. G. Gokhale*
- Glossary of Important Definitions Pertaining to Management and Labour *by G. L. Kothari*

PART II

- Statewise Lists of Industries in India employing 50 or more workers daily:
  - (a) Andhra (f) Kerala (k) Orissa
  - (b) Assam (g) Madhya Pradesh (l) Punjab
  - (c) Bihar (h) Madras (m) Rajasthan
  - (d) Delhi (i) Maharashtra (n) Uttar Pradesh
  - (e) Gujarat (j) Mysore (o) West Bengal

PART III

- Whos Who of leading management executives in Industry and Trade (Illustrated)

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MORE ON BRITISH BANKERS' ANNUAL STATEMENTS

BIDDING FOR DEPOSITS—LIQUIDITY RATIO

CONTRARY to the long tradition and custom, the 1963 annual statements of British bank chairman have mainly been devoted, as was rightly remarked by our London Correspondent last week, to a discussion of banking problems. Year after year, for many years, these bankers used to review the state of the nation, the conditions of business, international economic trends and problems of fiscal and monetary policy; paradoxically enough, it was customary for them to cover almost every aspect of domestic and world economy, except banking itself, apparently because they did not wish to see their problems discussed, even in the most general terms, on a public plane. Even when they spoke of their individual bank's affairs, they confined themselves to outlining in a colourless fashion the salient features of the Directors' report and statement of accounts for the year under review. There was, of course, a slight departure from this pattern last year, in that Lord Monckton, Chairman of the Midland Bank, discussed the most controversial issue in British banking, namely, whether banks should compete for deposits.

But this year almost all bank chairmen have followed the lead given by Lord Monckton. In doing so, they must have apparently been encouraged by the initiative taken by the Bank of England Governor, Lord Cromer. It will be recalled that Lord Cromer himself had advocated, in a dinner given by Martins Bank in April last, competition among banks for deposits and a vigorous drive for gathering more deposits. Many bankers did not like it, some were even irritated, but they have all shown in this year's speeches that they are shedding their conservatism and are prepared to discuss the real problems confronting them. All the eight bank chairmen (of Barclays, Midland, National Provincial, Lloyds, Westminster, Martins, Williams Deacon's and District) have given the pride of place to a lively discussion of the question of competition for deposits, a question that was lightly ignored last year.

Pros and Cons

As is only to be expected, the bankers do not agree among themselves. Sir John N. Nicholson (Martins Bank) is convinced that, since deposits are not keeping pace with the growth of the economy, sooner rather than later the British bankers will have to become competitors in the open market if they are to play their full part. He is not content to rely solely on the increase in deposits as a result of Government's deficit financing, but wants to face the "steadily growing" and "ever-widening" circle of competitors outside the banking field and *bid* for the *money*, even though that may involve a general rise in the rates of interest to be charged on bank credit. Even for bringing the wage-earners and small savers within the banking system, he feels that no amount of advertising will help, unless it is accompanied by the offer of an attractive rate of interest on deposits. He meets the argument that this step would push up the cost of bank credit by pointing out that the rate of interest charged by banks on their advances today is "obviously below that of the free market."

Mr. Herald Peake (Lloyds Bank) is equally outspoken and prepared to face the issues when he says that the time is approaching when, in order to maintain their stocks of raw material, the banks might find it *necessary* to pay higher rates of interest for time deposits, but he draws consolation from the fact that, even if the lending rates had to be jacked up as a result, the cost of bank accommodation would *still* continue to be lower than abroad.

Lt.-Col. Marshall Brooks (District Bank) and Sir Eric A. Carpenter (Williams Deacon's Bank) have their own reservations and confine themselves to a disinterested statement of facts without showing their preferences one way or another. To both of them this matter raises very 'complex' issues and cannot be considered in isolation from the lending rates.

Mr. Duncan Stirling (Westminster Bank) and Lord Monckton (Midland Bank) do not conceal their opposition to competing for deposits by paying higher rates for them, though the former is more outspoken of the two. Lord Monckton is content with flashing a red light—the ramifications of higher rates for deposits and advances will extend far beyond the banking system into the whole field of economic policy. Mr. Stirling, however, clearly declares that it would be unrealistic to pay dearly for obtaining deposits. His vehement opposition to higher deposit rates is probably the result of lower profits of his bank for 1963. But, in any case, he is convinced that there is no pool from which *new* money could be drawn into the banking system. He goes back to the pre-Radcliffe proposition that the overall amount of money is determined by Government policy and nothing that banks do can increase or diminish it.

Mr. John Thomson (Barclays Bank) is apparently agreeable to competition, but is not prepared to pay more than the banks can afford. He also raises three other points—namely, that somebody will have to bear the cost of more expensive money, that the Government can take countermeasures if banks attracted deposits at the cost of money going to the Government and that the higher cost will not be confined to the *additional* money, but will also apply to some of that which banks already have. Although Mr. Thomson is willing to raise the price of money for "deposits in large quantities" when the time comes, or when the circumstances justify, he is emphatic that it would be bad both for customers and banks to charge too high a rate of interest on advances, even if the customers were willing and able to afford them and however safe and technically desirable the solution may prove to be.

All this debate on competitive bidding for deposits among the bankers at the highest level has been carried on with the knowledge that the Treasury does not approve of the type of competition advocated by the Bank of England's chief. It is difficult to say whether the Treasury's opposition is based upon the wasteful economic effects of competition or upon the undesirable social implications of the higher structure of interest rates; but the whole position is summed up by Sir Carpenter (Williams Deacon's Bank)—the various suggestions are "receiving the active consideration," even after more than two years of the continuing debate! Even Lord Monckton could do no better than saying that "discussions are continuing."

Majority Not in Favour

One thing is, however, clear: the majority of bankers are not impressed by the arguments that the growth of deposits have lagged behind the growth of G.N.P. as well as the growth of their competitors' deposits, and have countered them by pointing out the markedly rapid growth in recent years in the number of customers using the banks and in the turnover of their funds handled by banks. This growth in banking habit, as Lt.-Col. Brooks has taken pains to point out, is not only due to the expansion in the economy generally, but also to a change in the attitude of the general public to the banks, fostered by bank advertising and efforts. Banks have most actively promoted the use of their services by many more people. Mr. Stirling has further pointed out that, between 1951 and 1963, as against a rise of 99 per cent in G.N.P., 29 per cent rise in bank deposits and 73 per cent in currency in circulation, bank clearings rose by 175 per cent. The inference is clear that relatively more transactions are being put through the banking system against a relatively small stock of money within it.

While conceding that banks, in their own, as well as national, interest, cannot be indifferent to the possibility of their deposits being insufficient to finance nation's trade and industry, Mr. Stirling points out that the problem is not so simple as is thought by those who advocate higher rates of interest on deposits. The main point that he makes in this connection is that banks' deposit rates are not fixed arbitrarily but are related to the use of money which is dependent upon the liquidity ratio and other controls imposed by the authorities upon banks. He not only highlights the well-known fact that by maintaining a stronger liquidity than their competitors, banks are better able to meet their liabilities to their depositors, but also underlines the less known and less appreciated fact that even the banks' competitors, who do not maintain strong liquidity but bid for deposits, themselves rely upon the liquidity of the banks in times of need.

Not Yet

Reading between the lines, the overall impression one gets from the annual statements of British bankers is that they are reluctant to compete for deposits by offering a price incentive just at this stage: they recognise that the issue may become more relevant in future, but, for the present, they seem to be satisfied with the substantial contribution of *personal* deposits to the growth of deposits. "The trend is strong at present and is likely to have a greater influence in the future," says one chairman. Similarly, the bankers seem to place a great reliance on the scope that *still* exists for sound lending. Banks' present lendings are pretty well spread and most of the banks have found that personal loans have been a very successful innovation. Thus, while the "discussions are continuing," banking business goes on briskly. But the bankers would not take the blame for indecision: "inaction and indecision are by no means the same thing," declares Mr. Thomson.

All the British bankers have welcomed the lowering of the liquidity ratio from 30 per cent to 28 per cent and some of them see no objection, indeed, to working towards a still lower ratio, since almost every one of them had at some time or other during the last autumn, shown a lower ratio: but thanks to window-dressing, they are all able to say that their year-end *actual* liquidity ratio is above 30 per cent. Bankers, nevertheless, agree that the lower ratio will be *most* helpful in the ensuing tax-gathering season.

Question of Costs

The British bank chairmen have also the factors contributing to rising operating and administrative costs from various points of view. One of them is a major change—at once inevitable and desirable—which is coming over British banking. The increasing number of accounts derived from ever-widening sections of society like the wage-earners and other smaller men are relatively more expensive and yet they are welcome to the bankers, because it gives them a chance, as well as stimulus, to develop their services in such a way as to match the increase in their business. Bankers are also conscious that, in order to offer a useful and friendly service to the wage-earners, revision of hours of business can no longer be postponed. But, once again, the bankers have not discussed all the implications of this problem. They merely mention it to show that they are aware of its existence, and that a decision will be taken in due course.

Staff costs and problems are a dominant factor in a service organisation, and banking is not an easy occupation in which to make accurate measurements of productivity. Banks, therefore, place great emphasis on recruiting the right type of people and giving them intensive training. Mr. Thomson, for example, addresses the young people of right ability and offers them tasks "worthy of their mettle" within the Barclays Group. Bank recruitment programmes are assuming particular importance, because banks are reaching a stage when the staff recruited in large numbers in 1920's for the delayed expansion during the First World War will soon reach the age of retirement. Lord Monckton has talked about training schemes for swift promotions for eligible youngsters. The District Bank chairman has given details of his bank's training facilities which are undoubtedly necessary for the maintenance of a high standard of service.

Further, all the bank chairmen have given extensive details of the progress, achievements and plans in the field of the employment of computers and electronic data processing machines. The outcome will be, says Mr. Stirling, that a progressively smaller proportion of bank's work will be repetitive and manual and more of it will be supervisory and administrative. Mr. Thomson, however, strikes the right note when he says that, though electronic brains will achieve great powers of discernment, it is impossible that they will displace human judgment.

Great Train Robbery

Last year's great train robbery in Britain, involving the cash of many banks, has prompted bank chairmen to comment on the security arrangements in their own banks and the extent of risk insurance cover obtained by them for cash movements as well as protection provided by them to their staff. Similarly, the value of the abolition of stamp duty on cheques for the promotion of banking habit has been stressed by some of the chairmen.

The trend towards closer international monetary and banking co-operation is reflected in Lord Monckton's statement, who, naturally enough, has been unable to resist the temptation to devote almost half of his statement to the new innovations of Midland in extending its organisation across the frontiers. The changing pattern of world trade and finance has opened the way for further initiative in banking. Midland has moved along two paths: (i) by establishing a new link with banks operating in Africa, Australia and Canada through a new bank—Midland and International Banks Ltd., and (ii) by arriving at a closer understanding with leading banks in Belgium, Holland and West Germany. Midland has thus found ways of deepening co-operation over a wide range, without destroying the existing "happy business relationship" with other banks. Midland believes that the two paths of progress they have followed are wide with room enough for development.

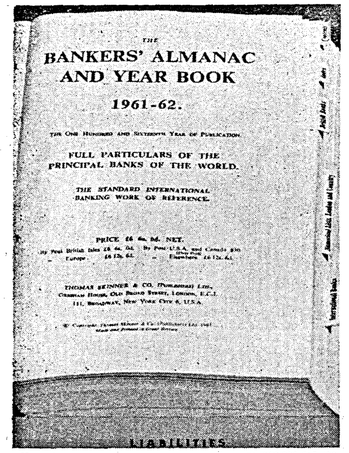
Most bank chairmen have ended their speeches with high hopes and rising expectations of prosperity for British economy and banking. Mr. Duncan Stirling, however, is alone in striking a note of caution; it is wise, says the Westminster Chairman, to remember that discretion is most needed when expectations are highest. His concern, at times amounting to obsession, with costs, earnings, profitability, need to build up inner reserves and discretion is understandable if one realises the great mystery of its lower profits in spite of a larger increase in advances in the past year.

NATIONAL SAVINGS REACH ALL-TIME HIGH

Net collections in small savings in the first nine months of the current financial year upto the end of December 1963 reached an all-time record of Rs. 71.16 crores, the figure for the corresponding period in the previous year being no more than Rs. 30.27 crores. The collections also exceeded the previous peak of Rs. 59.75 crores touched in 1960-61. Every State has contributed to the all-time peak reached during April-December 1963. Maharashtra leads with Rs. 14.47 crores, West Bengal coming next with Rs. 14.26 crores, followed by Bihar with Rs. 6.39 crores and Uttar Pradesh with Rs. 6.30 crores.

Sales of national defence certificates yielded a net amount of Rs. 42.39 crores, as against Rs. 30.17 crores in the corresponding period of 1962-63. Defence deposit certificates have improved from Rs. 4.44 crores to Rs. 12.20 crores. Net deposits with post office savings banks have also improved by Rs. 18.39 crores. Yet collections in cumulative time deposit accounts now are at Rs. 72 lakhs per month, the collections during the nine months being Rs. 6.14 crores.

Apart from the net collections in small savings, total sales of premium prize bonds during 1963 amounted to Rs. 5.73 crores. By volume of sales, the collections were almost equally distributed in the Rs. 5 and Rs. 100 denominations. In the sale of prize bonds, Maharashtra came first with Rs. 2 crores. West Bengal accounted for Rs. 48 lakhs, Gujarat for Rs. 42 lakhs and Madras for Rs. 38 lakhs. In Delhi, Maharashtra and West Bengal, the total sales of Rs. 100 denominations premium prize bonds were highest while, in Andhra Pradesh, Madhya Pradesh, Mysore and Rajasthan, the sales of bonds of the Rs. 5 denomination were higher.



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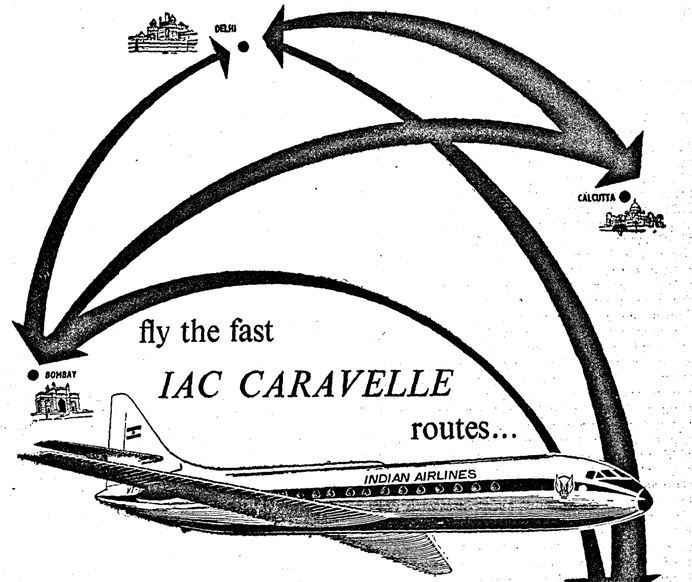

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PRICE STAMPING OF MILL CLOTH

BHARAT CHAMBER'S PLEA FOR ABOLITION NO SOLUTION

THE Cotton Textile Price Stamping Scheme has been in operation for over three years now. The Scheme, it will be recalled, was introduced in 1960 by the Indian Cotton Mills Federation purely as a voluntary form of price control collectively agreed to by all the mills with the specific object of curbing the upward trend of mill-made cotton piecegoods prices. Since the enforcement of the Scheme, there has been a controversy as to the utility and effectiveness of the Scheme. The actual working of the Scheme has been criticised severely on the score that correct prices are not being stamped at all, that a number of mills are charging prices higher than those fixed by the Committee of Millowners by changing slightly the construction of piecegoods, that the wholesale traders actually encourage mills to stamp higher prices so that they could get a bigger margin in their favour and that, taking advantage of scarcity of popular varieties of cloth, some mills are collecting extra money over and above the stamped prices. Just a few days ago, this writer went to a retail shop to buy a pair of *dhoti* and he was told that he could get it only at a price which was Rs. 4 above the stamped price of Rs. 26 per pair. Similarly, the prices quoted for some other varieties of cloth were also higher than the stamped prices. When questioned, the shop-keeper said that the wholesale dealer from whom he bought the goods always collected premia, since the mills themselves demand 'on' money.

Some of the defects inherent in the Stamping Scheme and the various abuses that have crept into the Scheme in wholesale and retail trade have been well brought out by the Bharat Chamber of Commerce, Calcutta, in a note submitted to the Review Committee (Chairman: Mr. R. Doraiswamy, Textile Commissioner) which is currently examining the working of the Scheme. The Committee, incidentally, is expected to submit its findings in about two weeks. The Bharat Chamber has made a scathing attack on the Scheme which, it says, has largely been ineffective in serving the interests of industry and trade, on the one hand, and the consumers, on the other. The Chamber's assessment of the whole position is as follows:

"The inherent unsoundness of the Scheme becomes apparent when visualised against the background of the fact that, for the purpose of price stamping of mill cloth, prices are fixed on the basis of the prices obtaining in a particular month of 1959 which, from all practical considerations as well as under the fast changing circumstances, can hardly be regarded as a rational basis for such fixation. With varying cost structure of the cotton mill industry, fixation of prices of cotton cloth on the basis of prices obtaining in 1959 seems unrealistic.

Consumers' Interests Ignored

"The Scheme of Price Stamping has been instrumental in straining the relations between the industry and trade, on the one hand, and between the wholesale and retail trade, on the other. In view of the pressing consumer demand, while the trade is keen to obtain supplies of popular varieties of cloth, the mills are unable to meet such supplies mainly due to inadequacy of production. Again, the mills are reported to have dumped on the wholesalers unpopular varieties of cloth, along with inadequate supplies of the varieties in high demand. The wholesalers naturally find themselves in a predicament to dispose of the supplies of the cloth having very low demand, but they, in their turn, have to pass on such supplies to the retailers in a more or less like manner. The inevitable outcome of these processes is observed in the widespread prevalence of 'cross-section' sale at different stages. The circumstances become compelling for the retailers to procure unpopular varieties of cloth which ensures more reasonable margin of profit and to push the sale of such varieties to the consumers, regardless of the contrary direction of demand. In such a situation, the consumers do not get what they actually want at a fair price, or, in other words, there is scant regard all round for both consumer demand and preferences.

"The operation of the Scheme, instead of contributing to standardisation of production and quality control, has resulted in a distorted production pattern of cloth with little regard for changing consumers' needs and preferences. In fact, the absence of standardisation and the results therefrom are clearly in evidence from the contemporary market condition under which, while the varieties with very low demand are available in relative abundance, there is scarcity of popular varieties. Many mills have resorted to large-scale variation of sorts and qualities of their production without any tangible benefit either to the consumers or to the trade. As a matter of fact, such tendencies in production pattern only aggravates the existing imbalance between the production pattern and consumption trends.

"The operation of the Scheme has brought about a virtual disruption of normal channels of marketing and distribution and, in consequence, the *bona fide* section of trade has suffered. This section cannot afford to risk its status and goodwill by realising higher prices for the popular items to make good the loss on the unpopular ones. As a result, new channels have cropped up without permanent affiliation to the textile trade. Regardless of the proved efficiency of the normal trade channels in marketing and distribution, there is an increasing tendency on the part of the mills to take over the marketing either themselves or through their associated agencies. The scheme of channeling distribution through consumers' co-operative stores has not also benefited the consumers in all cases, for instances are not wanting when supplies of cloth are available to the consumers at prices less than those stamped on cloth below which the consumers' co-operatives are not in a position to sell. It is, therefore, clear that the operation of the retail stores established by the mills as well as the consumers' co-operatives has failed to serve the interest of the consumers in the best possible manner desirable.

"The core of the problem bolls down to the fact that there exists a positive imbalance between production and consumption trends. The need is, therefore, imperative to secure a better balance between the changing consumption demand and the pattern of production. In order to achieve this objective, it is necessary to concentrate on increasing the production of cotton cloth keeping in view the consumers' tastes and preferences.

"In regard to the problem of cloth prices, the Chamber would like to point out that mill-made cloth is no longer the determining source of supply to meet the consumption needs of the people. In fact, there are other competing sources of supply like handlooms, powerlooms, artsilk and rayon and hosiery. From practical and commercial point of view, it does not seem to be prudent to resort to price and production regulation of mill-made cloth and thereby to diminish its competitive capacity *vis-a-vis* products from other sources.

"In view of the fast changing consumers' tastes and preferences, the need is clearly for production of appropriate varieties of cloth as also for increasing the aggregate production with adequate standardisation of qualities. It is, indeed, difficult to make price regulation successful on an item of mass consumption like cloth on any permanent basis. Once the production trend exhibits an all-round increase and diversification in consonance with divergence in consumption demand, the necessity of imposing any price regulation should hardly arise.

"The Chamber feels that the whole background of the Price Stamping has undergone considerable change and, in the light of the changing circumstances relating to both production trends and consumption pattern, the sooner the Scheme is scrapped altogether the better for both industry and trade as well as the consumers. The Scheme has clearly failed to achieve any desirable purpose during the last three years of its operation. There is reason to believe that, if conditions are created for all-round increase in production of wide range of varieties and an element of competition is infused by allowing free play of market forces, the prices of cloth will stabilise at a level both fair and reasonable which might well be below the level of prices ruling under the Price Stamping Scheme. If there is sufficient consumption-orientation of production planning and the marketing channels can be kept wide, the need for continuing the Price Stamping Scheme with all its unnecessary restraints can well be dispensed with without detriment to any section involved in its operation.

"The Chamber feels confident that the Review Committee will apply its mind and devote its mature judgment to the issues raised in respect of the Price Stamping Scheme for recommending its abolition. Such abolition will be in tune with the recent abolition of price control on sixteen other industrial products."

Counsel of Despair

The series of criticisms levelled against the Stamping Scheme by the Bharat Chamber are, by and large, valid. And it may be difficult to disagree with the finding that the primary objective behind its introduction, namely, curbing the upward trend in prices, has not been realised. There are several instances of some mills having raised prices by making minor changes in the texture of the fabrics. Almost all the popular varieties of 1959, it is stated, are now appearing in a changed form with higher prices. On an average, the current prices are said to be higher by at least 20 per

(*Continued on page 222*)

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REORGANISATION OF COTTON INDUSTRY

FINISHERS ADVOCATE HORIZONTAL MERGERS

From Our Special Correspondent

MANCHESTER, 28*th January*

IN the face of many declarations to the contrary, only a bold man still sticks up for the traditional horizontal structure of the Lancashire industry against the protagonists of vertical arrangement, which seems to get the support of nearly all the "big guns" these days. The annual report of the Finishing and Allied Trades Section of the Manchester Chamber of Commerce, however, "goes out on a limb" in taking a different line.

MANCHESTER LETTER

"The fashionable view that vertical integration is the answer to all Lancashire's problems ignores the unpretentious and deep-seated virtues of the horizontal system," it declares. Technically, the report adds, the finisher who specialises in a limited range of fabrics and whose whole capital is absorbed by the plant required for this type of finishing probably has an advantage over the large vertical organisation whose finishing plant is a relatively small part of the whole.

Nor has it ever been established, the report contends, that vertical integration incorporating finishing plant has the desired effect of reducing finishing costs. On the other hand, the benefit of controlling all aspects of a fabric's construction and the regularity of its flow between processes can be quite significant.

Attempts have been made by the organisations in the textile finishing trade to encourage horizontal mergers in the belief that the greatest weakness of the present system lies in the excessive number of individual units in operation. An enquiry merger service has been set up by the piece dyeing section, inviting those firms which consider themselves to be too small for modern trading conditions to contact others in a similar position with a view to horizontal amalgamations.

Protective Adjustments?

The finishers may be, to some extent, the "odd men out" in the industry on this point, but they echo the views of many when opposing the outlawing of price arrangements, which now seems more of a probability following the Government's apparent determination to ban resale price maintenance. The textile trade still smarts under the whip of earlier legislation which effectively halted its attempts to control its own destiny on the price front. The report under consideration calls for the incorporation of a limited number of protective adjustments "to prevent isolated companies from debasing the whole economic structure of an industry for a variety of obscure reasons which rarely have any lasting beneficial effect even on themselves."

Quoting the case of a finishing trade unit with a 90 per cent interest in one type of processing and only 10 per cent in another, the author of the survey observes that severe under-cutting can be carried out in the minor process in an attempt to inflate turnover without affecting the major line. The secondary trade, however, is probably another company's major activity, provoking the latter into retaliation by cutting in on the other process at price levels which barely make any contribution to overheads.

"Multiply this many times over, and it is not long before many segments of the industry are operating at levels which hardly permit adequate expenditure on research and development, and on industrial welfare generally," the report adds. Although most companies survive this type of competition, it undoubtedly slows down the rate of progress, inflicts a feeling of instability on staffs and operatives alike, and quality becomes a border-line problem instead of a desirable objective in itself.

Time for Decisions

Since the drastic scrapping programme carried out in Lancashire nearly four years ago was completed, more than 100 mills have closed down without the Government aid which was then offered. The reasons for these decisions have varied, but most managements have blamed the incidence of foreign competition and the growing arrivals of goods from abroad, which have resulted in so much price disruption. The redundancy scheme was, of course, closely linked to the re-equipment project which is now on its final six months if the Government's financial grant is to be obtained. Those firms which have hesitated in taking steps towards greater modernisation are now being faced with a series of difficult decisions.

Arising from this state of affairs, the directors of Fothergill and Harvey have openly admitted that without re-equipment the old-style spinning mill cannot compete effectively with those in which the most modern plant has been installed. As a result, their Green Vale mill at Littleborough is to be closed and the Company's yarn requirements are to be obtained from other sources in Lancashire.

The official statement announcing this decision said that costs of production in a mill which had not been brought up to modern standards must put the Company at a disadvantage in selling its output of cotton drill. There must be many more firms, especially the smaller independent units which have already discovered this stark economic fact.

If the industry as a whole is to prosper, it is to be hoped that they, too, will recognise that only by modernisation and a continual process of re-equipment can efficiency be maintained. The system of "the weakest going to the wall" may be a hard doctrine, but the opportunity to take a much easier way out was offered in 1959. The clock cannot be put back at this stage.

Efficiency Contrasts

Comparisons between the rate of efficiency achieved by the leading combines in the trade and smaller units have not always been in favour of the large groupings. Yet recent declarations from at least two of the major concerns seem to refute this argument so far as the current rise in productivity is concerned.

A few weeks ago, Sir Cuthbert Clegg claimed that productivity in the units of Combined English Mills (Spinners) had been raised by 25 per cent since the beginning of the re-organisation scheme. Now Mr. Roger Lee, on behalf of the Lancashire Cotton Corporation, reports a 20 per cent improvement. The Cotton Board's average figure for the spinning industry as a whole suggests a gain of 15 per cent, so that, if these two combines alone have done so much better, there must be quite a number of other firms whose results drag down the average.

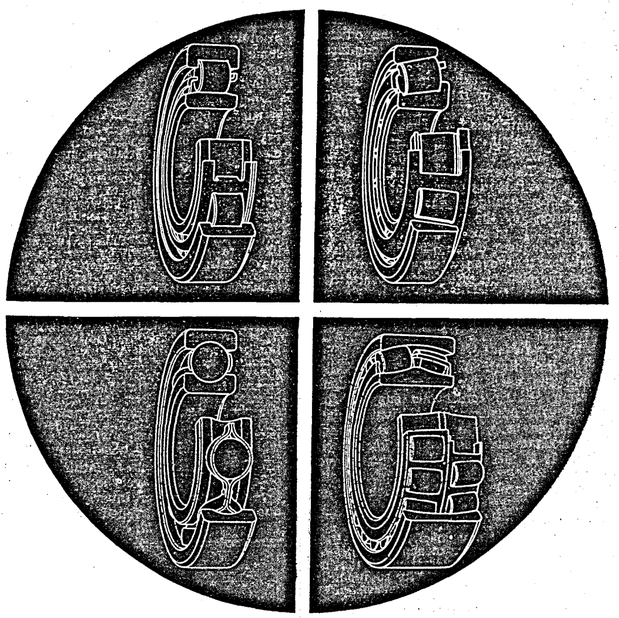
Half on Shifts

Similarly, the spread of shift working shows some individual variations. Towards the end of last year, the number of running spindles on shift was said to be about one-third of the total, but Mr. Lee indicates that the L.C.C. figure is now almost 50 per cent of yarn production. Within the Corporation, employment in the year to the end of October fell by 3 per cent, but production was raised by 6 per cent.

In addition to the two general wage increases, which were conceded to spinning and weaving operatives between October 1962 and July 1963, further advances were negotiated at local level for departments where redeployment has taken place. Mr. Lee, in his annual statement, points out that such increases are always accompanied by worthwhile reductions in the labour costs of production. "We believe that the concentration of productive capacity will continue," he declares, "and that higher levels of activity in the remaining mills will bring material reductions in costs."

Indian cotton, rayon and nylon display at the second Bangkok Industrial Trade Fair was opened on 31st January 1964 by the Minister for Economic Affairs of the Royal Thai Government. On visiting the Indian pavilion, the Minister expressed appreciation for the Indian fabrics and praised their display.

Over 15,000 visitors went to the Indian pavilion during the first four hours. The Fair will continue till the 16th of this month.



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NEED FOR A LONG-TERM SUGAR POLICY

PROF. D. R. GADGIL'S VIEWS ANALYSED

"RETHINKING on sugar policy urgent": When we gave this heading to our first editorial last week, we had, of course, very much in mind the immediate objective of securing as high a level of sugar production as possible in the current season. But we made it clear at the same time that the next objective should be to evolve a long-term policy for the development of sugar industry. One may be provoked to ask: If the inclusion of sugar industry under the Five-year Plans with fixation of targets for installed capacity and production of white sugar, investment in the industry, sugarcane production, *gur* and *khandsari* output does not constitute the elements of a long-term policy, what else does? Apart from the question whether the five years covered by the development programme really represent a sufficiently long period, there is no denying that even the five-year programme has not actually been implemented on a five-year basis. Such a statement may no doubt appear strange, but it is a fact. Even a cursory glance through the pages of sugar industry's history during the thirteen years of planning will reveal that the sugar policy of the Government has all along been one of expediency and short-term solutions. Indeed, the history of sugar, as a leading sugar millowner once remarked, is one of control, decontrol, recontrol, partial control and control again. Consequently, the trend of sugar production has been highly erratic and the country at present is faced with a critical supply situation.

The need for a long-term sugar policy was never so urgent as it is today. The domestic demand for sugar is expanding rapidly, in view of the continuously rising population, increasing purchasing power and changing dietetic habits of the people. There is then the importance of earning the badly needed foreign exchange through sugar exports the scope for which is excellent, thanks to the distinct firmness of world sugar markets. If the sugar industry is to cater to the rising demand for both domestic consumption and exports at an economic price, it is imperative that the official sugar policy should be shaped by long-term considerations. The importance of such a policy has been most forcefully and impressively highlighted by one of India's leading economists, Prof. D. R. Gadgil, in the course of a special article contributed to the *Opinion* of Bombay. Prof. Gadgil, who has been intimately connected with the development of co-operative sugar factories in Maharashtra, is no doubt aware that it is not possible, at any point of time, to make confidently a full projection of the situation for the next, say, ten years and to hold rigidly to such projection irrespective of the subsequent changes in the situation. But he believes that, even when full allowance is made for the element of uncertainty and the need for readiness to adapt oneself to emerging situations, no effective planning is possible without a long-term base for policy.

Two Main Objectives

This journal itself has been repeatedly emphasising the need for a long-term sugar policy aiming at the continuous support for (*a*) the expansion of sugarcane cultivation and (*b*) the increase in white sugar (as distinct from brown sugars such as *gur* and *khandsari*) production. It is these objectives which have also been strongly emphasised by Prof. Gadgil. The relevant extract from his article is as follows:

"In relation to the first aim, it does not appear necessary to adopt any novel measure. The present relative prices of sugar appear sufficient to establish the desirable secular trend in the increase in area under sugarcane. In addition, it is necessary to undertake special intensive effort for the improvement of yields and quality of cane. The programmes in this behalf must be separately planned and must particularly distinguish between areas where present performances are highly unsatisfactory and where they are relatively satisfactory. In relation to the production of sugar, it is necessary to have a long-term policy of steadily increasing capacity and not to be deterred by events in individual years in the pursuit of this policy. The limiting consideration in this regard appears now to be the production capacity of domestic producers of machinery for the manufacture of sugar. It is important to plan for a steady annual increase in the capacity of the sugar industry from the point of view of also keeping the manufacturers of sugar plants in steady employment."

It is true that the past thirteen years have witnessed a marked rise in the sugar industry's capacity which has almost doubled since 1950-51 to 2.85 million tons (as of 1962-63) and that the quantity of sugar produced, too, has gone up significantly—from 1.12 million tons in 1950-51 to 2.99 million tons in 1960-61, though it was lower at 2.16 million tons in 1962-63. But the rise in sugar production has not been appreciable enough to keep pace with the increase even in minimum requirements for both domestic consumption and export, not to speak of the violent fluctuations in the year-to-year levels of output. Whatever capacity that exists in the sugar industry at present and whatever additional capacity that will be added in the coming years can doubtless be utilised fully, if only the industry is assured of regular, adequate supplies of cane at an economic cost. It is the absence of such supplies that interferes with the crushing operations of sugar mills. In other words, a steady increase in the output of sugar is interrupted either because of a bad season or because of a specially large diversion of cane to production of *gur* or *khandsari*.

Cane Supply Regulation

Policy cannot, of course, directly deal with seasonal conditions, but there is no reason why, as Prof. Gadgil has aptly stated, it should not be possible to bring about and maintain an appropriate distribution of cane supply between *gur* and *khandsari* producers, on the one hand, and manufacturers of sugar, on the other. "We require today," to quote the Professor, "a common production plan for *gur*, *khandsari* and sugar." He recalls how the usual instrument of variable excise has so far been used by the Government in implementing common production plans in respect of some other commodities and regrets that sugarcane distribution has not yet been visualised as a problem of this type. The result is that, whereas sugar manufacture is subjected to extremely heavy taxation in terms of excise and other cesses, the production of *gur* and *khandsari* is almost entirely free. What is worse, there is no uniform policy in this matter and the measures, especially in relation to *gur* manufacture, vary from State to State. Appropriately enough, Prof. Gadgil has explained at some length the two-fold relation between the prices of *gur* and sugar. His explanation is as follows:

"In the first instance, movements in the price of sugar appear to affect directly movements in the price of *gur*. Not only are the movements of the two sets of prices in the same direction but also the ranges of variations are largely similar. Further, in most movements, sugar prices appear as leaders. Secondly, the supply of sugarcane for manufacture of *gur* is, to a considerable extent, affected by the relation between the prices of *gur* and the prices that the manufacturers of sugar pay to producers of sugarcane. The relation between these two, established at any time, is likely to be disturbed by two sets of contrary movements; either by a slump in the price of *gur* or by a sharp rise in the retail price of sugar, inducing an equally sharp rise in the price of *gur* which rise is, however, not reflected in the price offered by manufacturers of sugar to producers of sugarcane. In view of these established relations, it is impossible for the Government to neglect the problem of prices of gur. If, because of inadequate supply of sugarcane, the production of sugar becomes low, prices at retail of sugar increase; an increase in the price of sugar forces upward the price of *gur* which, by making *gur* more profitable to producers of sugarcane, further affects the supply of sugarcane to sugar manufacturers. Thus, a vicious circle is set up which it is difficult to break through."

There is, of course, nothing new in these observations, for everybody knows that the level of *gur* prices invariably influences the quantity of cane crushed by the sugar industry in any given period of time. Even so, Prof. Gadgil has done well to lay stress on this issue, lest it should continue to receive scant attention. In this connection, the learned Professor has urged the Government to realise that its ideas relating to the proper price level for *gur* must be allowed to influence the policy relating to the price of sugar at the retail level. It further follows, according to him, that the Government must have a controlling device through which it can regulate not only the variations in the price of *gur* but also the relative profitability for cane producers of manufacturing *gur* at given prices for it. In his considered opinion, the usual practicable device is a tax element which could ultimately affect the price obtained for sugarcane. Prof. Gadgil has not indicated the nature of this device or the range of its applicability. He has merely emphasised that the policy aims he has in view are: "Some uniformity in regulatory policy relating to *gur* price and production and the ability to bring about a measure of parity in producers' prices of cane for any type of end-product without, at the same time, permanently forcing high the level of *gur* prices."

Even after the problem of *gur* is satisfactorily tackled as described above, one cannot assume that there will be a steady increase in the total production of sugar. It would be safer to assume that sugar production will continue to be subject to considerable variations. Prof. Gadgil has accordingly done well to urge the policy-makers to tackle the problem of adjusting a fluctuating supply to demand. Quite realistically (from the point of view of India's need for expanding and diversifying its exports), he has suggested that the country should aim at a fairly large and increasing volume of sugar exports. The establishment of facilities for production of raw sugar and the initial success that has attended this step offer, in his opinion, a proper base for the building of export policy. To quote him again:

"A long-term export policy assumes a minimum quota of production for export. It is only on the basis of such a quota that long-term contracts for exports of sugar can be negotiated. However, the operation of such a policy requires ability to project, well in advance of any season, the supply of and demand for sugar in the internal market. Only if this is done can the export market, above the minimum, serve somewhat as a cushion in relation to domestic supplies. Also this is necessary for a plan of rational and specialised production of raw sugar. It may be assumed that, with established relations and some long-term contracts, the international market will be able to absorb Indian exports with a given degree of variability. It is obvious that one must be prepared to experience somewhat large variations in prices received in this market. These may, however, average out fairly in the long run.

"Even with the development of an export market, supplies available in the internal market will not be fully under control and, given the unpredictability of internal demand, the relation between internal demand and supply may be subject to severe strains in particular years. This means that the long-term policy for sugar must provide for the creation of a distributive agency which is able to manage, within limits, the fluctuations in the relation of internal demand to supply from year to year. And this must be built up as a normal enduring mechanism. In the absence of such mechanism to deal with annual variations, a steady implementation of a consistent long-term policy will not be possible.

"I should like to emphasise that all that I have suggested here requires the creation of no new machinery, the adoption of no new policy measures or the imposition of no new restraints or regulations. Control over sales by manufacturers of sugar has been in continuous operation for years. Ex-factory prices of sugar have been often under formal or informal control. There is also currently in operation throughout the country some system or systems of distribution of sugar to the ultimate consumer and an attempt in the direction of creating an efficient structure for the distribution of sugar. Not only has the policy been made in the short-term but agencies have been created at short notice and for short-terms. The hasty implementation of *ad hoc* decisions and their quick abandonment has led to great loss of time and money and has left no lasting effects. . . .

"Another important aspect of long-term policy is the need for providing adequate penalties and incentives within the policy for efficient production and economic operation. It is possible to point to a large number of aspects of present short-term arrangements which disregard this aspect. Only a carefully framed and consistent long-term policy can properly provide for these and this should be done as soon and as effectively as possible."

The chief merit of a long-term policy for sugar, covering not merely the production of white sugar, *gur* and *khandsari* but also sugar exports and cane growing, lies in the avoidance of considerable wastage of cane and maximum production of quality white sugar at an economic cost. A larger and larger part of the available cane supplies ought to be utilised for producing white sugar *vis-a-vis gur* and *khandsari*, inasmuch as the making of the latter items entails loss of much sugar, since the recovery of sucrose is considerably less. Every hundred tons of cane crushed by a sugar mill give, even on a conservative estimate, four-fifths more sugar than could be obtained if the same hundred tons were converted into *gur* or *khandsari*. And, to the extent more sugar is produced and to the extent attention is concentrated on measures designed to enhance the productivity of cane leads (both quantitatively and qualitatively), the recourse to additional area for growing sugarcane will be reduced, the area so released being used for growing foodgrains and other crops.

In any scheme for expansion of sugar industry in the coming years, due importance ought to be attached to the areas which are ideally suited to cane growing. Surely, there is, as Prof. Gadgil has rightly averred, considerable scope for improving per-acre yield and quality of cane and, with systematic efforts in this direction, the production of cane *in the more* favoured areas in the country will be on a level of efficiency comparable with the more advanced areas anywhere in the world. Experience with the sugar mills established lately in the last decade which Prof. Gadgil has also cited shows that, with some efforts in the direction of increased efficiency, the cost of sugar production in India will compare favourably with that of the most established older sugar producers and exporters in the world.

SUGAR ECONOMY AT A GLANCE

(In thousand metric tons)

	1950-51	1962-63	Percentage change
Sugar production	1,118	2,160	+ 93.2
Sugar consumption	1,070	2,500	+133.6
Gur production	3,305	2,935	— 8.1
Gur consumption	3,254	N.A.	..
Area under sugarcane (thousand acres).	4,214	5,489	+ 30.3
Total cane yield	57,079	91,505	+ 60.3
Per-acre yield (tons)	14	17	+ 21.4
Cane used for sugar production ..	11,147	22,000	+ 97.4
Percentage share in total cane yield ..	20.0	24.0	+ 20.0
Recovery per cent. (average)	10.03	9.82	— 2.1

N.A.—Not available.

The State of Maharashtra is ideally suited to sugarcane cultivation. Both the per-acre yield and the recovery per cent in sugar are much higher than in States like Uttar Pradesh and Bihar where the sugar industry is highly concentrated. The Government of India will do well to give active assistance to the existing sugar mills in this State to expand their capacities, besides allowing also the setting up of new units where there are no sugar mills at present and where supplies of cane are plentiful. Any policy which accords preferential treatment to certain States will no doubt evoke strong protest from U.P., Bihar and some other States. And one can also expect considerable political pressure from these latter States. But the planners and the powers-that-be should boldly fight out such pressure. For, otherwise, the speedy and healthy growth of sugar industry will be stifled and the interests of consumers, who have sacrificed not a little to the industry's development all these years, will continue to be neglected. What is wanted is a long-term realistic policy for sugar, in the place of the present policy which is shaped almost exclusively by short-term considerations. By attempting to sketch the elements of such a policy, Prof. Gadgil has certainly initiated public discussion on this important subject. It is to be hoped that others interested in this subject will follow up this lead.

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TRENDS IN PETROLEUM IN INDIA

DEMAND RISING—SELF-SUFFICIENCY IN CRUDE NOT IN SIGHT

MULTITUDES of people, multiplying needs, and a shortage of the means to fulfil them typify the Indian scene, and the resulting pressures on the oil industry are no different from the rest. Demand for petroleum products is expected to exceed 16 million tons by the end of the third Five-year Plan in 1966, as compared with about 9 million tons today, and, by the end of the fourth Plan in 1971, it may approach 30 million tons. Imports to satisfy requirements on this scale would entail an intolerable drain on foreign exchange; the authorities, long conscious of the problem, have launched a big programme of refinery building, and are carrying out exploration in several parts of the sub-continent. But the desire to have everything done by the State itself has simply underlined the inevitable shortage of capital and know-how and the Government is now taking steps to enlist the co-operation of private foreign enterprise, at least in refinery construction. For its part, private foreign enterprise shows signs of becoming reconciled to working through undertakings in which the Government takes an equal or even a majority participation.

Refineries All Round

Four refineries exist in the private sector: the old-established 400,000-ton Digboi refinery of Assam Oil (Burmah Oil Company), the 2½-million-ton Esso refinery at Bombay, Burmah-Shell's 3½-million-ton refinery, also at Bombay, and that of Caltex, one million tons, at Visakhapatnam on the east coast, giving a present total for private refining capacity of 7½ million tons.

To balance this, in pursuance of the policy designating oil as a sphere in which the public sector should have a controlling interest, the Government embarked in 1958 upon construction of wholly owned State refineries. Gauhati in Assam, 750,000 tons, has been built with Rumanian assistance and the Russians are building Barauni in Bihar, 2 million tons, and Koyali near Baroda in Gujarat, 2 million tons. Gauhati was opened in 1962 but throughout has averaged far below capacity, owing to various difficulties—bottlenecks in handling deliveries of crude from the fields (Nahorkatiya and Moran) and in getting products away from the refinery (a products pipeline to Siliguri is due for completion in August of this year), trouble with the kerosine-treating unit, and, recently, failure of the water supply owing to a change in the course of the always shifting Brahmaputra river. The Barauni refinery was scheduled for completion early last year, but unusually heavy rains and labour troubles have caused delay; the first one-million-ton distillation unit is now expected to come on stream in April and the second later this year. At Koyali, construction has barely begun and completion of the full capacity of two million tons is hardly likely before 1965. The three public sector refineries would then have a total capacity of 4¾ million tons, but the Government intends eventually to expand them, Gauhati to one million tons, and Barauni and Koyali to three million tons each, which would bring the total to 7 million tons.

A New Pattern

Last year, an important agreement was reached with the U.S. independent Phillips Petroleum for construction of a 2½-million-ton refinery at Cochin, Kerala, in which the Government will have a 51 per cent interest, Phillips 25 per cent and the remaining 24 per cent will be offered to the Kerala State Government and to private Indian investors. This enables the Government to call on the resources and experience of foreign enterprise, while retaining a controlling interest. Again, eventual extension of capacity by one million tons is foreseen.

The enthusiasm of the Government for building refineries is not yet at an end: one of 2½ million tons capacity is now projected at Madras in southern India. Companies which have expressed interest include Burmah Oil in conjunction with Shell International, E.N.I., Esso, Gulf, Caltex, Phillips, Pan American, and German and Japanese firms. Some have already submitted definite offers on which negotiations are proceeding. Esso has proposed a 2½-million-ton refinery, together with ammonia, lubricants and asphalt plants, in which it would have a 49 per cent interest and the Government 51 per cent. This bears out the probability that the Indian Government is unlikely to entertain any offer which gives it less than the majority participation it negotiated with Phillips.

Lastly, for the more distant future, a refinery is envisaged at Haldia near Calcutta. This is an area of heavy consumption where the need for capacity is clearly apparent and here again the private refining companies with marketing in India are likely to show interest. Burmah-Shell and Esso some time ago offered to extend the capacity of their existing plants, but the former Oil Minister, Mr. Malaviya, set his face adamantly against any expansion of the private sector. The new Minister of Petroleum and Chemicals, Mr. Humayun Kabir, and the Minister of State, Mr. O. V. Alagesan, while not changing the policy that public ownership should have the controlling interest in refining, are more inclined to judge proposals on their merits, and on whether additional capacity proves to be necessary—all this depending on the progress made with the refineries in the public sector.

With new refineries along the west of India at Koyali and Cochin, expansion at Bombay would not be so pressing. But a shortfall in total capacity, for the Indian market as a whole, may well arise. The total capacity of existing private refineries and those under construction in the public sector will be 14¾ million tons by 1966 against an expected demand level of at least 16 million tons. Another 6½ million tons will be added by the extension envisaged at Gauhati, Barauni, Koyali and Cochin and the new capacity at Madras, but demand will meanwhile have expanded still further; it is expected to reach 24 million tons by 1969, and 30 million by 1971.

INDIA: ESTIMATED CONSUMPTION OF PETROLEUM PRODUCTS

(Thousand metric tons)

	1960	1961	Per cent change in 1961	1962	Per cent change in 1962	1963*	Per cent change in 1963
Motor Gasoline ..	840	871	+ 3.7	920	+ 5.6	950	+ 3.3
Kerosine ..	1,950	2,164	+11.0	2,347	+ 8.5	2,230	— 4.9
Gas/Diesel Oils ..	1,838	2,022	+10.0	2,248	+11.2	2,370	+ 5.4
Fuel Oil	1,348	1,482	+ 9.9	1,724	+16.3	2,040	+18.3
Others	1,118	1,188	+ 6.3	1,275	+ 7.3	1,410	+10.6
Total ..	7,094	7,727	+ 8.9	8,514	+10.2	9,000	+ 5.7

* Based on figures for January-September.

As more products become available from the new State-owned refineries, the State marketing organisation, Indian Oil Company, which was set up in 1959, will extend its operations still further and hopes to become the largest marketer in a few years. It has a big programme of construction, including bulk intsallation and service stations. But I.O.C. is not aiming at the exclusion of the major foreign marketing companies, Burmah-Shell, Esso and Caltex, who are also investing in new facilities. Supplies from the various refineries are being made available to distributing companies other than affiliates through purchase or exchange.

Awkward Demand

In 1963, the growth of consumption slackened somewhat, the increase being less than six per cent, as compared with nine or ten per cent in recent years. Motor gasoline consumption, always comparatively small in view of the widespread poverty, was depressed, owing to the extreme shortage of cars and the higher personal taxation imposed in the last budget which hit the car-owning section of the population. The raising of duties on diesel oil and kerosine at the same time adversely affected consumption of these products. The inflationary trend of prices of goods in general and the rise in the cost of living, in particular, have cut down demand for petroleum products, since the more people have to spend on food and clothing the less they have over, even for near-necessities like kerosine.

The pattern of demand diverges from that of possible refinery yields, a problem which weighs more heavily on a public sector refinery than on that of an affiliate of an international company which may be able to dispose of products through its outlets in other countries. Thus Burmah-Shell exports about 130,000 tons a year of surplus motor gasoline from Bombay and Esso also disposes of all the products of its Bombay refinery not absorbed by the local Indian market. Clearly, ability to get rid of surplus products—and thereby earn or save foreign exchange for India—is a factor to be taken into consideration in negotiations for the construction of future refineries.

As more refineries are built more naphtha will become available. But it is hoped that more uses will be found for it locally. For example, Burmah-Shell are already supplying some naphtha to a fertiliser plant, and, with the increasing emphasis being laid on agriculture in the Five-year Plans, more fertiliser plants are planned. Projects for industries based on the manufacture of other chemicals from petroleum, including plastics, synthetic rubber, fibres, and detergents, are in various stages of planning. A survey of these possibilities, taking into account feedstocks available from refineries and natural gas resources, was made for the Indian Government by Dr. Henny of the French Institut du Petrole, whose report submitted last year is being studied. Regulations governing the establishment of a number of industries, including petrochemicals, are being liberalised.

The surplus of fuel oil is likely to fade away as industrialisation and electrification progress. But imbalance between domestic

(*Continued on page 218*)

REFINERIES IN INDIA AT A GLANCE

Location	Ownership	Existing capacity	New projects/ extensions	Date of completion	Crude supply
		(Metric tons a year)			
Digboi, Assam	Assam Oil (Burmah Oil Company)	400,000	..	..	Digboi (Assam Oil) Nahorkatiya, Moran (Oil India)
Bombay, Maharashtra ..	Esso	2,500,000	..	..	Imported; Ankleshwar (Oil and Natural Gas Commission)
Bombay, Maharashtra ..	Burmah-Shell	3,500,000	..	..	Imported; Ankleshwar (Oil and Natural Gas Commission)
Visakhapatnam, Andhra ..	Caltex	1,100,000	..	..	Imported
Gauhati, Assam	Government	750,000 (a)	..	..	Nahorkatiya, Moran (Oil India)
			(250,000)	(b)	Nahorkatiya, Moran (Oil India)
Barauni, Bihar	Government	..	1,000,000	April 1964 (c)	Nahorkatiya, Moran (Oil India)
			1,000,000	August 1964	Nahorkatiya, Moran (Oil India)
			(1,000,000)	(b)	(uncertain) (d)
Koyali, Gujarat	Government	..	1,000,000	end-1964	Ankleshwar (Oil and Natural Gas Commission)
			1,000,000	end-1965	Ankleshwar (Oil and Natural Gas Commission (uncertain) (e)
			(1,000,000)	(b)	
Cochin, Kerala	Government 51 per cent Phillips Petroleum 25 per cent Kerala State and Indian private capital 24 per cent;	..	2,500,000	end-1965	Imported
		..	(1,000,000)	(b)	Imported
Madras	To be negotiated. Companies interested: Burmah Oil/Shell, Esso, Caltex, ENI, Phillips, Gulf, Pan American and German and Japanese groups	..	2,500,000	..	..
Haldia (Calcutta), Bengal ..	Future project; no steps yet taken	..	..	..	..

(a) Throughput in 1962 and 1963 much below capacity.
(b) Extension envisaged by the Government for some future date.
(c) Completion has been delayed owing to heavy rains, and labour troubles.
(d) Total production foreseen for Nahorkatiya and Moran 3 million tons a year.
(e) Production foreseen for Ankleshwar 2 million tons a year.

BARODA RAYON CORPORATION LIMITED

SPEECH OF CHAIRMAN, MR. BABUBHAI M. CHINAI

THE following is the speech delivered by Mr. Babubhai M. Chinai, Chairman (in the absence of the Chairman of Board of Directors, H. H. Fatehsinhrao P. Gaekwad), the Baroda Rayon Corporation Ltd., at the Fifth Annual General Meeting of the Company held on 1st February 1964, at Udhna (Surat):

GENTLEMEN,

It gives me great pleasure to welcome you all this morning to the fifth annual general meeting of your Company and to place before you for adoption the Directors' report and audited accounts for the year ended 30th September 1963. These were circulated and have been in your hands for quite some time and with your permission I take the same as read. I shall not repeat the several salient points regarding the working of the Company set out in the Directors' report. I shall confine myself to making a few general observations and refer to some of the latest developments and aspects.

Teething Troubles Over

First of all I feel proud to mention that within a few months after we started commercial production we got over most of our teething troubles and, in fact, made a progress in production and in quality achievement to expectation. Indeed, our production per day is nearly nine tonnes of rayon yarn on our average denier near 120. This has been achieved against our rated capacity of 6.25 metric tonnes per day on 100 denier basis. This satisfactory progress is the result of our attaining special speed and efficiency in comparison with those connected with the rated capacity.

The plant is now run entirely by our officers and men and all foreign technicians left long ago. We have been successfully manufacturing finer deniers of yarn such as 55, 60 and 75 along with other usual deniers such as 100, 120 and 150. The Company would also be producing dull yarn within a couple of months so as to cater to the pressing demands for such yarn also. Our quality is also now received with general satisfaction and in a few deniers it can stand comparison with any other product in the country and even imported yarns. We have been specially gratified that our production of 55/12 denier has been welcomed as second to none by the *jari*-making trade of Surat and elsewhere. We have steadfastly kept the Asahi quality as our standard for achievement. This standard is fully vindicated by the rayon yarn of your Company in point of strength as well as of lustre.

Industry's Progress

Our achievement in production is our fitting contribution to the country's productivity effort. In the wake of the Chinese aggression the need has been accentuated to work hard, produce more and export more. Despite the uncertain climate of the emergency, the man-made fibre industry in India has continued advancing to the third Plan target of viscose filament rayon of 76 million lbs. per year. With a little under 5 million lbs. in 1951, the national output of viscose rayon in a decade increased to over 47 million lbs. in 1961 and 57 million lbs. in 1962; it bids fair to attain 70 million lbs. in 1963. Several rayon manufacturing units have been set up with expansion projects on the anvil in almost every one of them. The increased production of rayon yarn saves crores of rupees of foreign exchange, provides raw material required for the medium and small-scale art-silk and *jari* industry, conserves India's slender foreign exchange resources by reducing the import bill on staples, yarns and fabrics. The future demand for rayon yarn, as for other fibres, natural or synthetic, is ever-increasing and abundant. For, the third Plan targets are based on certain assumptions of *per capita* cloth requirement and the total rate of Indian population growth. As has been manifest, the population growth has been faster than anticipated in the Plan so that actual requirements for all fabrics and cloths are still abundant. Under the circumstances, whatever expansions can be readily and economically undertaken to balance existing units are all doubly justified. It is my hope and prayer that Government would look upon our expansion proposals for an additional viscose line, for some additional frames (eight of them already industrially sanctioned), for a balancing plant for caustic soda, etc. in the light of the established need of the country. As the President, Dr. Radhakrishnan, crisply declared at the inauguration of our rayon plant in December 1962, rayon if viewed as a luxury is a luxury of the poor, but since the luxury of yesterday often becomes a necessity of today, rayon has fast become a necessity for the country's overall clothing programme, and for conserving foreign exchange resources.

Export Promotion Scheme

The one important raw material which is at present imported for the rayon industry is wood-pulp and the necessary foreign exchange for it is found by what is called the Export Promotion Scheme. Under the Scheme, the spinners are required to supply about a third of their total production by earmarking first quality product in certain deniers to manufacturers of export fabrics. The foreign exchange entitlement earned by the manufacturers of fabrics is then adjusted against the import of wood-pulp by the rayon industry. The subsidy thus imposed by the Export Promotion Scheme on the sale of yarn causes the spinners to pay 50 per cent more for the import of its wood-pulp as raw material. This is a heavy burden on the rayon industry, which happens to be singularly selected for such treatment in the matter of foreign exchange under the A.I.D. programme, among all industries in the country, and which is thus subjected to unmerited drain on its resources, while paying, at the same time, very heavily to the Central and State Governments through the recently increased excise and other taxes. I would, therefore, request the Government in all earnestness and humility that they should relieve the industry from the Export Promotion Scheme and provide it with the modicum of foreign exchange required for the purchase of wood-pulp.

The report of the Directors has made a reference to the Tariff Commission having been entrusted with the duty of fixing fair prices for the rayon industry. In the wake of the recent orders of the Government decontrolling the prices of rayon, reference to the Tariff Commission has almost been shelved. Nevertheless, I may mention that before the decontrol orders, the Cost Accountant of the Tariff Commission fully surveyed our unit and its costing and the data available with him would no doubt reinforce my request for taking the rayon industry outside the Export Promotion Scheme, as suggested above.

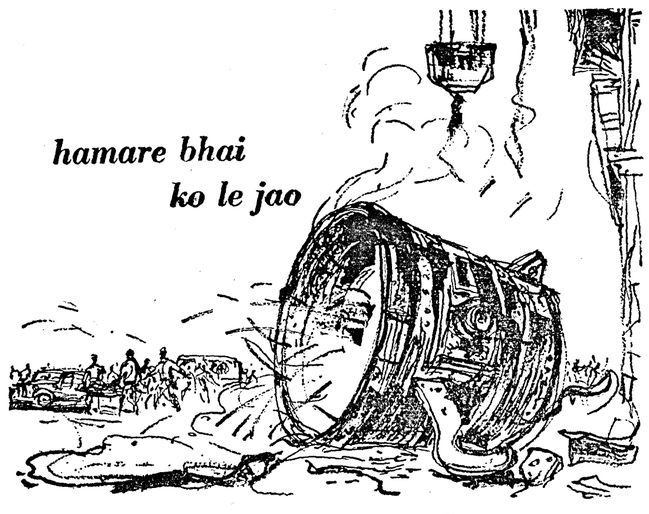
Amenities for Staff

Apart from labour housing referred to in the report various amenities and employee services have been provided by your Company. The Company is running a canteen and also counter services in the plant. Free milk is provided in departments affected with acidic atmosphere as also free clothing or clothing allowance. Transport facilities are provided for the colony staff to supplement the State Transport bus services. Our bus also serves as a school bus for the children of the staff, who attend various schools in Surat. A full-time medical practitioner with necessary staff and dispensary is in attendance. Outdoor and indoor games have been arranged including cricket and volley-ball.

Now that teething troubles are over and conditions have fairly stabilised, I would like to record our sincere appreciation of the good work of all our present staff and workers whose efforts, under the stewardship of our chief executive, Mr. N. K. Dravid, have enabled us to achieve satisfactory results by the end of the first year.

Thank you.

Note: *This does not purport to be a record of the proceedings at the Annual General Meeting.*



It happened some years ago in the steel melting shops at the Jamshedpur works. A large ladle, carrying 75 tons of molten iron, suddenly crashed to the ground with a deafening noise from an overhead crane. The spattering sparks and red-hot metal seriously injured a number of brick-layers working at what seemed to be a safe distance. The air was rent with the frenzied shouts of the men and the hissing of steam.

The first ambulance could remove only five of the injured to the hospital. General Manager Keenan could take only three more in his car. He chose the three who had a better chance of survival than the rest. One of these men, a Hindu worker, however, refused to go. "Do not take me away", he said. Disregarding his own agony, he feebly nodded towards a half-burnt Muslim colleague, and said: "*Hamare bhai ko le jao.*" As Keenan recalls, "The Hindu who was in pain and danger of death remembered, not that the Mohammedan was of a different faith, but that he was his brother."

This feeling of comradeship, born of the common bond of labour, is the spirit that characterises Jamshedpur, where industry is not merely a source of livelihood but a way of life.

JAMSHEDPUR
THE STEEL CITY

The Tata Iron and Steel Company Limited JWTTN 3350R

GIVE FREELY TO THE NATIONAL DEFENCE FUND

CALCUTTA'S TRAFFIC PROBLEM APPALLING

FEASIBILITY OF CIRCULAR RAILWAYS

By Som Nath Chatterjee

THE magnitude of Calcutta's transport problem may be well imagined from a simple observation of Dr. B. C. Roy, the late Chief Minister of West Bengal:—

"There was a time when many including myself thought that Central Avenue had a lot of space with its continuous 70 ft. width. Little did we apprehend then that, in 1962, the space for moving vehicular traffic would be cut down to 40 ft., the parked cars being the intruders."

Indeed, Calcutta's traffic problem is really appalling because the volume of its vehicular traffic is annually increasing by roughly 10 per cent, road mortality also being alarmingly increased in the same ratio. (According to an estimate, 275 people, including 189 pedestrians, died in one year in street accidents). Be it noted here that, according to a survey made by C.M.P.O., on an average week day, in Howrah Bridge area alone about 507,899 people and 43,371 vehicles cross the bridge, the details of which are given below:—

	No. of people	*No. of vehicles*
Trams	.. 113,787	1,907
Buses	.. 207,235	4,226
Other fast vehicles ..	.. 41,080	22,481
Slow vehicles	.. 22,354	14,757
Pedestrians	.. 123,443	..
Total	.. 507,899	43,371

Hazardous Growth

Calcutta's traffic problem has become acute because its roads are not built to suit a particular volume of traffic which is often done in developed countries. The sad state of the very narrow Strand Road is a grim reminder in this connection. One wonders how our city planners fail to understand that, as a city grows, business tends to grow at one or more centres and so the people have to be transported from and to their homes every day.

Again, Calcutta's growth has not been at par with its growth as an industrial and commercial centre. Due to this, the City has never been properly linked with its suburbs. Because of this, two problems have emerged. Firstly, there is no highway which can link up this City with the southern and eastern parts of India. Only the G.T. Road connects Calcutta with its north-western industrial area. But, for at least 30 miles in Calcutta's industrial belt, this G.T. Road is narrow and heavily congested, making traffic movement slow and causing road accidents to increase. Secondly, communication inside the city is again highly unsatisfactory. A large number of daily passengers, at least five to six lakhs, come to Calcutta to attend offices from suburbs. For them, existing travel facilities at Howrah and Sealdah stations—offered by the Calcutta Tramways and State Buses—to reach Dalhousie Square are extremely inadequate. Besides these, the abnormal pressure of population in Calcutta due to partition and the lack of facilities for quick movement from one part of the City to another, especially from the circumference to the centre, have aggravated the problem further.

The above problems indicate that Calcutta is heading towards a serious crisis and that immediate steps should be taken to face the disaster. True, the magnitude of the problems and their heavy financial implications make the same formidable. Yet, we must remember that Calcutta is the nerve centre of All-India: it is linked up with the interest of India as a whole. So, in any event, we shall have to face this challenge in our national interest.

World Bank Mission's Concern

Little wonder, therefore, that Calcutta's traffic problems attracted the attention of the World Bank Mission. Little wonder, again, that the Mission was shocked to find that no provision had been made for Calcutta's improvement and thus forced to make the following observation:

"In the Mission's view, one of the most dangerous weaknesses in the Plan is the continued neglect of the problems of urban development of Calcutta. If this is to be remedied it is essential, first, that the Central Government should accept the direct and special financial responsibility for the improvement of the conditions in the City; and, second, that the provincial and municipal authorities should co-operate in establishing an effective body to carry through an enlarged programme of municipal reconstruction and improvement."

Towards the Solution

Any modern town planning worth the name to become successful must provide adequately for day-to-day growth of traffic and transportation needs. Also, future needs must not escape one's attention because any traffic and/or transportation plan must not remain content with present conditions but also look ahead to meet the future needs. The C.M.P.O., quite aware of this, is trying hard to prepare a plan to serve the Greater Calcutta area for the next 25 years bearing in mind the socio-economic and other changes that may be effected in the intervening period.

Finance

But finance is the main hurdle in the way of achieving the above objective. About the financial burden, it is interesting to note the observations of the World Bank Mission here:—

"The Mission got the impression that the Corporation of Calcutta has neither the power nor the financial resources to cope with the staggering problems faced in the City. The annual municipal revenue is restricted to the paltry sum of about Rs. 85 million—a good deal less than in Bombay which is a smaller city. The Government of India tends to regard these problems as wholly the concern of the Government of West Bengal, which, in turn, is struggling with many other difficulties and must respond to a legislature that inadequately represents the interests of the urban areas. The very magnitude of the challenge that Calcutta presents to the conscience and political commonsense of those in authority no doubt in part explains the inadequacy of the responsibility. *Everybody admits that more ought to be done about it. Nobody is ready to do it.*" (Italics mine.)

Circular Railways

The proposal to construct a new bridge across the Hooghly is a very right step in traffic and transport development plans. This will indirectly contribute towards urban improvement schemes. This bridge would be capable of carrying the loads of buses, lorries and other heavy vehicles besides the railway trains. All we need today is to introduce fast-moving and frequent electric train services upto Dalhousie Square point, so that from the farthest point of Greater Calcutta's radius the working population can reach its place of business within an hour's time And, if an underground railway system is impracticable for the purpose, then separate rail tracks for suburban services as in Bombay be laid for frequent and quick movements.

It is worth mentioning here that the Railway Board has already ordered its experts to examine the proposal of the West Bengal Government for having circular railways around Calcutta. And this will be the first study about the technical feasibility of a scheme aimed to solve the problem of overcrowding in Calcutta's public transport system.

The views of the C.M.P.O. deserve further consideration. To relieve the present traffic congestion, the Secretary of C.M.P.O. has already stressed the urgent need for extending local trains as far down as Hastings. He has further argued that the proposed satellite towns would also tackle this overcrowding problem.

The Port authorities, of course, have a mixed feeling about the circular railways. They apprehend that this project is a difficult one because it would result in the demolition of some jetties around the Strand Road, acquisition of large tracts of costly landings in some parts of Calcutta as also the pulling down of some buildings.

Some difficulties no doubt stand in the way of introduction of Circular Railways. Yet this project stands firm on these grounds: (a) Calcutta's population is fastly increasing and its dispersal is not always possible; (b) besides West Bengal, people from all parts of India are attracted to this City of Job Charnock; and (c) in spite of this mounting population, no concrete steps have been taken up till now to ease the traffic congestion. Circular railways will be a complete answer to these problems. It will not be a costly project if the existing lines of Port Commissioners are used.

MR. SOLVEEN ON ROURKELA

The profits of the Rourkela steel plant will be far greater than those of the other two steel plants—Bhilai and Durgapur. The smooth flow of production at Rourkela depends upon a steady output and the proper maintenance of the installations.

Public criticism, making out that Rourkela does not stand up well in comparison with the other two plants, is due to lack of technical knowledge of steel production, because the technical layout of Rourkela, with its most modern equipment and with its diversity of flat and further finished products, does not allow a comparison. Rourkela is the only steel plant in India which employs the L.D. process, the most advanced technical method of steel production, the method followed by the advanced steel-producing countries of the world. This process helps to produce with one converter in about 30 to 40 minutes the same amount of melted steel which is obtained in about seven hours under the open-hearth furnace process. It is obvious that this profitable process needs more care and training than the open-hearth process employed in Bhilai as well as in other steel plants here.

Furthermore, Rourkela is producing flat products like sheets of varying grades of thickness, while the other plants are producing heavy products such as rails and bars. The prices of the flat products turned out at Rourkela range from Rs. 750 to Rs. 1,450 per ton, whereas the prices of the products of the other two steel plants in the public sector range from Rs. 500 to Rs. 600 per ton. From this, the advantage of Rourkela should be obvious.

These points regarding the Rourkela steel plant, the foremost Indo-German project for India's economic development, were made by Mr. W. Solveen, a high-ranking official of the Federal Government in Bonn and a specialist on Rourkela, at a Press conference in New Delhi.

Having led a delegation of steel experts which examined the working of the Rourkela plant two years ago and recommended measures to allay fears about it and to improve the operation of the steelworks, Mr. Solveen is thoroughly acquainted with all problems of the project. About two years after the submission of his recommendations, Mr. Solveen recently paid a visit to Rourkela and studied the present situation in the working of the plant. Later, in New Delhi, he conveyed his impressions to the Minister for Steel, Mines and Heavy Engineering and the Secretary of the Ministry and expressed the hope that the management at Rourkela would take further suitable action to ensure the satisfactory maintenance of the plant.

At his Press conference Mr. Solveen also made the following points:

The Rourkela plant having already reached its rated capacity, attention should now be paid to the improvement of quality, so that the finished products could conform to international standards. This will depend upon the smooth flow of production at the plant. The first pre-condition for such flow is that the plant should be maintained with care, a basic stock of spare parts being piled up. The Chief Superintendent of Maintenance of the plant has prepared a list of these spare parts, which require a supply of foreign exchange amounting to about DM 9.5 million. The subject is now before the Government of India. Unless the basic stock is maintained there is always a danger of breakdown of the plant and consequent disturbance of production. Besides, additional provision should be made for the replacement of spare parts involved in current wear and tear. The cost of these parts will be paid to the Government of India by Hindustan Steel Limited.

Reiterating the conditions for the successful maintenance of the plant, Mr. Solveen said that the first condition was the availability of a basic stock of the necessary spare parts. The second condition was that restlessness among Rourkela's labour force should be stopped.

MOTOR VEHICLES PRODUCTION IN JAPAN

The Japanese automobile industry witnessed a boom in 1963 when the production of motor vehicles recorded new high levels. During the year under review the output of motor vehicles of all categories rose by 29.6 per cent to 1,283,533 units, according to the Automobile Industrial Association. The production of passenger cars alone recorded a handsome rise of 51.7 per cent over the previous year to 407,830 units. The reason for this expansion in production has been attributed to strong demand in both domestic and export markets.

To revert to the category-wise production data. Truck production rose by 21.4 per cent to 862,782 units, while bus production recorded an increase of 15.3 per cent to 12,902 units. The production of passenger cars, each with a cylinder capacity of 360 c.c. or more, amounted to 330,038 units, whereas the production of midget cars, each with a capacity of less than 360 c.c. aggregated 77,772.

During the year, Toyota turned out 318,495 units, Nissan Motors 268,315. Isuzu Motors 79,457, Prince Motors 53,756 and Hino Motors 38,493.

NEW PRODUCTS AND PROCESSES

New Asbestos Tile

THE Semtex Ltd., London, has developed a new asbestos tile and will display the tile at CARPEX 64 fair to be held at London during the last week of the month. Called *Semfloor* 65, this is a flexible vinyl asbestos tile of high durability and is considered particularly suitable for 'heavy-traffic' areas in the home. Available in fourteen colours with marble effect, the tile measure 9"x9" and is priced at 11d. each. Semtex will also be displaying sponge rubber carpet-underlay in two grades and two new colours in the range of SELFLAY tiles bringing the total number of colours in this range to 14.

Rotary Engine With Many Applications

A new rotary internal combustion engine with a new planetary geometry has been developed by Mr. Finn Jernaes, a Norwegian engineer of Kristiansand, southern Norway. The engine is claimed to have no cooling, lubricating or sealing problems while developing its power very smoothly because its layout provides for three ignitions per revolution instead of the single ignition cycle of the conventional Wankel engine. The engine has a central oval rotor moving within a triangular system of combustion chambers. It is expected to be applicable to pumping operations, compressors, steam engines and hydraulic machinery.

Mercury Columns Test Turbines

Steam turbine testing has been made easy by the production of a mercury column on a commercial basis by the C.F. Casella and Company of London in collaboration with the Divisional Efficiency and Test Department of the Central Electricity Generating Board. It is available as a short-range model (26-31 inches of mercury) and a long-range model (15-31 inches), and is intended for the accurate measurement of vacuum conditions in condensers of steam turbines. Normally used to conduct tests on new plant, or pre-overhaul and post-overhaul routine heat consumption test, the column can be used in conjunction with a barometer to find absolute pressure or back-pressure in the condenser. It may also be used to find low temperature pressure differentials.

Heat Camera Used in Diagnosis

Pain-free medical diagnosis is now possible with a new device called the Pyroscan, developed by S. Smith and Sons, London. The device is in effect an electronic heat camera yielding a picture of the infra-red radiation emitted by the body's surface. The pictures thus produced show at a glance the presence of any abnormalities and form a guide to a wide range of pathological conditions. Equipment produced in the United States, it is claimed, takes 15 minutes and more to make the same type of picture that the Pyoscan turns out in 20 to 30 minutes. Research is in progress to improve still further on this performance.

Car Travel Measured to a Millimetre

Engineers at the Thornton Research Centre, Cheshire, of Shell Research have invented an instrument called a printing speed meter which can measure the distance a car travels to within one millimetre and estimate the time taken to travel this distance to within a ten-thousandth of a second. The heart of the device is a small wheel that rotates about an extension of the stub axle of a non-driven car wheel. The outside of the wheel carries 1,543 axial grooves and as each one passes the knife edge of an electro magnetic pick-up a voltage is generated. Each revolution of the wheel produces 1,543 cycles of alternating voltage, that is, each time the car moves one millimetre (0.039 inch) one cycle is generated. By counting the number of cycles, the distance travelled is determined to that degree of accuracy. To measure speed, the number of cycles generated in ¼ second is recorded.

Inflatable Vehicle Rafts

Motor vehicles transportable on water by means of inflatable rafts or bags are the latest development reported from the R.F.D. Company, of Godalming, U.K. makers of inflatable craft for the services. The company works in co-operation with the Fighting Vehicles Research and Development Establishment of the War Department. A special vehicle, adequately waterproofed and fitted with flotation bags, has been developed. This is normally towed, and trials have taken place. An alternative is a complete inflatable pontoon with steel channels to take the wheels and act as a ramp when one end is deflated on land. On very calm water a Land Rover so mounted can transport itself by the movement of the wheels on the pontoon, but it is proposed that a propeller be fitted to the shaft of the engine to make the whole selfpropelling. Discussions are going on with Rover to see if water-proofing kits could be made to enable Land Rovers to be used with flotation bags only.

Butter Oil from Whole Milk

The Alfa-Laval process of "straight through" production of butter oil from wholemilk or cream —dispensing with the need of first making butter, then melt it down—has been introduced in Australia, according to Alfa-Laval of Sweden, who developed this method. A plant with a capacity of 900 kgs. of finished butter oil per hour is now in operation at the Foster (Victoria) factory of the South-Eastern Milk Products Co-operative Company. The wholemilk is first separated to a 35 per cent butterfat cream which is then flash pasteurised. The cream is fed to the so-called Clarifixator in which it is concentrated and the cream emulsion is broken. The oil, containing 85 per cent butterfat, is subsequently fed to the fat concentrator where further concentration takes place and oil is discharged containing 0.4 per cent moisture. The skim milk from the clarifixator, although containing a very small fat percentage, is further centrifuged to recover the remaining butterfat. The butter oil is then heated to 200° F and flashed into a vacuum chamber where partial cooling and final dehydration takes place. After further cooling in a plate heat exchanger the butter oil is ready for packing. Advantages of the "straight through" system, Alfa-Laval claims, are increased capacity or through-put, reduction of fat losses, and further economies in steam and water consumption.

Textile Printing Rollers

Textile printing rollers made by centrifugal castings are substantially cheaper and technically superior to the conventional solid copper or sand-cast copper rollers, claim the Sheepbridge Stocks Ltd., England, the manufacturers. Because of the nature of the casting process, centrifugally cast rollers are naturally free from air holes and are perfectly balanced. This results in great saving on machining, which is minimal in comparison to that required by sand-cast rollers, and no wastage in terms of rejects. In addition, the method gives a 15 per cent increase in tensile strength in comparison to sand-cast metal, and, since the ends of the rollers are closed with high strength bushes, they are much stronger as the sand-cast roller ends. The rollers, after use, need only to be skimmed off and the copper surface replaced in an electrolytic plating vat. This enables standard roller sizes to be supplied and maintained, and saves printers from maintaining large stocks of solid copper rollers.

Wool Dyes

A new range of dyes, which will make it possible for the textile industry to produce woollens with greater light and wet-fastness than in the past, have been perfected by Imperial Chemical Industries Ltd. Millbank, London. The makers have already developed dyes which react chemically with cellulosic fibres, such as cotton and rayon, and synthetics, but the new range is said to be the first in the world which will combine chemically with wool. The agents in India for dyes are Imperial Chemical Industries (India) Ltd., Calcutta.

Aluminium Alloy Cable

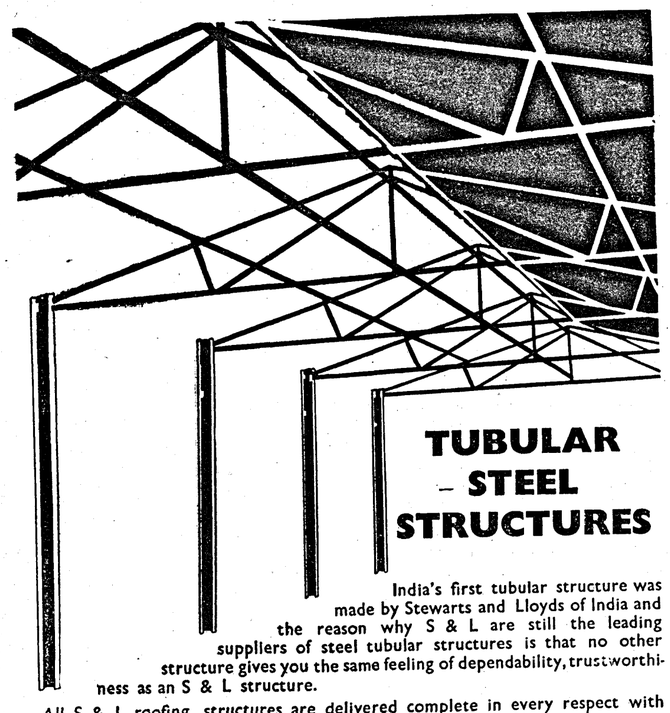
The Kaiser Aluminium and Chemical Corporation, 300, Lakeside Drive, Oakland 12, California, U.S., has found that special combinations of aluminium and alloy strands, to make overhead cables for electricity transmission, provide greater flexibility in design. The new conductor cable is called ACAR, standing for aluminium conductor alloy reinforced. With a strength-to-weight ratio equivalent to steel-reinforced aluminium cable of the same diameter, ACAR has better electrical conductivity. Alternatively a smaller cable can be used, it is claimed, for the same current capacity. The alloy conductors as strengtheners are not limited to the core. They can be stranded in any combination. A comparison in weight shows that 1,000 feet of the Company's steel-reinforced cable weighs 1,094 lbs. whereas the same length of ACAR of the same diameter weighs only 870.4 lbs. Elimination of the steel in a cable has an additional advantage in the cable's resistance to corrosion.

New Typewriter Keyboard

The Max-Planck-Institute for Work Physiology in Dortmund, West Germany, is presently testing a proposed new typewriter keyboard suggested by a group of German engineers. The advantages of this innovation are obvious to any person who spends any time at the typewriter. The new keyboard does not have four straight rows, as present machines, but is divided into a right and a left field. The keys correspond to the anatomic factors of hands and finger-tips and are thus arc-formed. This enables each of the different fingers to reach the keys without any trouble. No more energy is needed than when using an electric typewriter. The entire keyboard is not placed in a horizontal position but at a 30° angle. The increase of certain illnesses such as infected hand tendons and tendon-sheaths prompted the engineers to develop the new typewriter. Doctors are convinced that a new keyboard would lead to a considerable decrease in illnesses due to strained hands.

Instrument for Making Glass Knives

A precision apparatus for making the high-quality glass knives needed for cutting the ultra-thin sections used by electron microscopists has been developed by LKB-Produkter, Stockholm. Called the KnifeMaker, it is claimed to be the first device of its kind. The apparatus accepts glass strips up to 38 mm. wide and 7 mm. thick and produces, from strips with smooth regular sides, knives with much straighter edges than those usually obtained with manual methods. To score the glass the instrument uses a sintered tungsten carbide wheel. For each fracture, the scoring and breaking is done in succession without removing or repositioning the glass, a principle which contributes to the high reproducibility. The KnifeMaker can be adjusted quickly to break knives with any scoring angle between 40° and 55°.



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I.L.O. ON WORLD LABOUR SITUATION

REAL WAGES BETTER ONLY IN FIVE COUNTRIES

THE world labour situation in 1963 followed the pattern of previous years: continued improvement in industrialised countries, and a generally stagnant situation in the developing countries. Such is the picture that emerges from the statistical data released by the International Labour Office. In the industrialised countries, the overall level of employment is rising and unemployment (except in a few cases) is diminishing; weekly hours of work are going down; money wage increases generally exceed rises in consumer prices despite the fact that prices have been increasing at an accelerating rate in most cases.

Figures relating to the developing countries are spotty. Nevertheless, the available data show that the workers in these countries continue to suffer from widespread unemployment and underemployment, often accompanied by price increases reaching as high as 40, 80 or even over 100 per cent. The gap between the situation of workers in industrialised and developing countries is thus widening.

The total number of employed persons reached new record levels in 1963 in almost all of the industrialised countries. Employment in manufacturing continued to increase, except in a small number of European countries and in Argentina. In several countries, however, the rate of increase was somewhat slower than in 1962. In the industrialised countries, workers in agriculture and in mining continued to move into other economic sectors.

Unemployment was, as in previous years, unevenly spread in the world. As a result of favourable conditions, it has fallen in a number of countries (most of the industrialised countries of Europe and Japan), virtually to a rock-bottom level. In fact, many European countries have had to cope with a shortage of manpower; this problem was particularly acute in the Federal Republic of Germany and in Switzerland. Scattered and incomplete data from the developing countries indicate that unemployment and especially underemployment remained at a very high level, largely as a result of the increasing population.

Rise in Prices

The rise in consumer price was slightly more rapid in 1963 than in the previous year in most of the countries surveyed; however, in one country out of five the rise slackened. The sharp price increases observed in previous years continued their upward spiral in several developing countries, especially in Latin America. In Brazil, prices more than doubled between 1960 and 1962 and the increase over the past 12 months reached 80 per cent. In Colombia, following the devaluation in October 1962, retail prices rose early in 1963 and, from January to November, increased by more than 40 per cent. Similarly, in Chile, the rise has exceeded 40 per cent over the past 12 months. In Indonesia, the seriousness of the price situation was illustrated by the fact that from September 1962 to September 1963, prices more than doubled, reaching a level more than 13 times that of 1958.

Money wages increased in virtually all the countries for which data were available. In most cases, the rise in money wages was greater than the rise in consumer prices. As a rule, average weekly earnings did not increase as much as hourly earnings—an indication of a shorter working week. The earnings of women workers increased faster than the earnings of men workers in most of the European countries for which separate statistics were available.

Employment

These general remarks can be spelled out a little more fully as follows:

As in previous years, the general level of employment went up in all countries for which figures were available, with the exception of Finland and the United Kingdom, where very slight declines were recorded. In June 1963, the total number of employed persons in the United States went above the 70 million mark for the first time. Behind this general advance, however, the trends varied from country to country and were different in the various sectors of economic activity.

Employment in agriculture fell off still more in most countries. The decline was particularly perceptible in Austria, Czechoslovakia, France, the Federal Republic of Germany, Italy, the Netherlands and the United States. In France, over a period of eight years, one farmer out of four left the land. In the Federal Republic of Germany, more than 100,000 wage-earners have moved out of agriculture and into other sectors of the economy since 1960. On the other hand, employment continued to rise in the Socialist sector of agriculture in Bulgaria, Hungary, U.S.S.R. and Yugoslavia. This increase was, however, less marked than in the other economic sectors.

The number of miners diminished by 5 to 10 per cent between 1960 and 1962 in the United States, France, the United Kingdom, Japan and the Federal Republic of Germany. The decline was more than 10 per cent in Canada and about 20 per cent in Belgium.

Employment in manufacturing increased in most of the countries for which data were available. It was up 7 per cent in Israel, 6 per cent in Yugoslavia and 5 per cent in Rumania. In Canada and the United States, and also in Bulgaria and Poland, the rate of increase was lower than in 1962. Hungary, Ireland and Italy also reported tangible increases.

In certain countries, on the other hand, employment in manufacturing fell off. In Argentina, for example, the decline that began in 1955 continued: a drop of 14 per cent between June 1962 and June 1963 brought the number of workers to a level of 30 per cent below that of 1955. In Europe, decreases were reported from Austria, Denmark, Finland, the United Kingdom and Sweden. The loss neared 4 per cent in Denmark and Finland but was less than 2 per cent in the other countries.

Unemployment

An exceptionally rigorous winter resulted in a sharp increase in the number of unemployed in almost all the industrialised countries of Europe during the first two months of 1963, but unemployment then dropped to the very low levels reported in preceding years.

In Italy, unemployment as a chronic phenomenon is now confined to a few areas in the south. The number of unemployed, which had gone down by 45 per cent during the previous three-year period, dropped by a further 17 per cent in 1963. In October of last year, it stood at 413,000 or 2 per cent of the labour force. The lower unemployment figure could be attributed in part to the coming into force of law extending the period of compulsory education. In Belgium, the drop in unemployment that had begun in 1959 brought the number of unemployed to a level lower than any recorded since 1947. In France, the Netherlands, Greece, Sweden and Yugoslavia, unemployment at the end of 1963 was less than it had been at the end of 1962, in Austria, the Federal Republic of Germany and Ireland the level of unemployment remained virtually unchanged. In most of these countries, a large proportion of the registered unemployed were, in fact, pensioners or workers difficult to employ for reasons of health. Unemployment has virtually ceased to exist in Luxembourg and Switzerland.

In Canada, unemployment has in general been going down since August 1961; in September 1963, it was at the lowest level recorded since 1959 and, in November 1963, the number of unemployed stood at 303,000, the lowest level for November since 1956. In Chile and Puerto Rico, and also in Australia and New Zealand, there has been considerable improvement in the unemployment situation.

In the United Kingdom, where unemployment has increased since September 1961, numerous lay-offs resulting from the rigours of winter brought the number of unemployed in February 1963 to a figure not previously reached since the war—933,000, or 4 per cent of the labour force. Between February and July, the number of unemployed dropped considerably, and, in October-November 1963, the total was slightly lower than in the corresponding period of 1962, even though it remained above the 500,000 mark.

In the United States, the unemployment figures showed a drop in 1962, the average for that year being lower by some 800,000 than the average for 1961. There was an increase in unemployment in 1963, however, the level averaging out to 5.7 per cent. of the manpower.

In Japan, the seasonal rise in unemployment occurring in March was higher in 1963 than in 1961 and 1962, but the number of unemployed subsequently fell during the following months to the very low level of the previous year. In Spain, unemployment increased from 5,000 to 99,000 between October 1962 and October 1963. In Finland, during the same period unemployment rose from 20,000 to 29,000.

Consumer Prices

Consumer prices increased in almost all the 101 countries for which data were available; in most of them, the rate of increase was higher in 1963 than in 1962.

Rises of more than 10 per cent occurred in 10 countries—Argentina, Brazil, Chile, Colombia, Congo (Leopoldville), Indonesia, Iceland, Laos, Mauritania and South Korea. Prices increased 5 to 10 per cent in 19 countries and territories—Aden, Cameroon, Congo (Brazzaville), Dominican Republic, Ecuador, Finland, France, Gabon, Gibraltar, Israel, Italy, Japan, Peru, Philippines, Spain, Turkey, Uganda, South Viet-Nam and Yugoslavia. In almost 30 countries the rises were between 2 and 5 per cent, and in about 40 countries they were less than 2 per cent. Four countries reported a drop in consumer prices; they were Burma, Nigeria, Tanganyika and the United Arab Republic.

Money Wages and Real Wages

Statistics on wages were available from about 30 countries only. In all but one, average money wage increased, the range being from 0.6 per cent in the Philippines (non-agricultural sector) to 39.7 per cent in Colombia (Manufacturing).

Money wages in manufacturing increased by more than 20 per cent in 4 countries—Argentina, Chile, Colombia and Yugoslavia. Increases exceeding 10 per cent but less than 20 per cent occurred in 5 countries—Italy, Israel, Japan, Mexico and South Korea. In 9 countries—Belgium, Finland, France, Federal Republic of Germany, the Netherlands, Norway, Philippines, Puerto Rico and Sweden—money wages were between 5 and 10 per cent higher in 1963 than in 1962. Money wages increased from 2 to 5 per cent in Bulgaria, Canada, Ireland, Hungary, Poland, Puerto Rico, the United Kingdom and the United States. Low rates of increase (between 1 and 2 per cent) were reported from Australia, China (Taiwan) and New Zealand. In Czechoslovakia, the average level of wages was 1 per cent less during the first six months of 1963 than during the corresponding period of the previous year.

As a result of the continuous rise in consumer prices, real wages have often increased much less than money wages, and in 8 of the countries for which figures are available—Argentina, Austria, Ceylon, Chile, China (Taiwain), Czechoslovakia, Philippines, South Korea—the purchasing power of the workers actually diminished; this drop amounted to less than 5 per cent everywhere except in Chile and South Korea. Real wages increased by more than 5 per cent in 5 countries—Belgium, the Federal Republic of Germany, Italy, Mexico and Yugoslavia. In Canada, real weekly earnings increased by 1.6 per cent between August 1962 and August 1963, and in the United States by 2.8 per cent from October 1962 to October 1963. On the other hand, the increase in real wages did not exceed one per cent in Australia, Denmark, France, Japan and New Zealand.

SOCIAL SECURITY IN W. GERMANY

A German Correspondent in Cologne writes:

Before the German Parliament in Bonn is a controversial *Sozialpaket*—literally, "social package." The controversy is not over whether Germany should continue its pioneering efforts to provide social security, but how. The package contains the biggest social legislation in years, and correspondingly is immensly expensive. It would:

1. Continue wages during illness for all wage-earners. (All working people now receive a full six weeks' pay while off the job in case of illness. But while white collar employees get paid directly through their employers, wage earners receive part of sick benefits from sickness insurances, part from employers. The "social package" aims at reframing of this legislation, making employers pay the full amount of sick wages also for wage earners);

2. Increase family allowances that are aimed at helping families with children.

3. Grant more liberal provisions concerning health insurance.

For almost a century, Germany has been a "welfare State" to a considerable degree. In the past, voices have been raised to criticise the "paternalism" that is potential in any State-run system of social security. Now it is not the State alone, but also W. German industry, that is in danger of adopting a paternalistic role.

(*Continued on page 218*)

U.S. AID TO INDIAN AGRICULTURE—I

BASIC APPROACH TWOFOLD, OVERALL DEVELOPMENT OF LAND AND ITS YIELD

By Dr. S. Chandrasekhar

DIRECTOR, INDIAN INSTITUTE FOR POPULATION STUDIES, MADRAS

THE picture of the Indian peasant and his plight, reflecting the overall backwardness of Indian agriculture, have been drawn only too often. He is incredibly poor in terms of income, and this poverty is both a cause and a consequence of his station in life. He is illiterate and suffers from poor health. He lives in a squalid mud hut devoid of hygiene and sanitation. His food, despite the fact he is the primary producer, is coarse and least nutritious. He is in chronic debt to the State, the landlord when there is one or the local moneylender. The monetary demands made on him by his social and religious obligations—marriages, festivals and funerals—accentuate his financial misery.

Secondly, the land he cultivates is in an equally miserable condition, unless he is fortunate enough to own a part of the fertile and irrigated part of the land. Through the years, thanks to the steady growth of population and the traditional Hindu laws of inheritance, the holding has been fragmented and subdivided into numerous uneconomic patches. Over the years, the land has been cultivated in such a primitive and unscientific fashion that it has lost much of its inherent fertility. The land has been giving for centuries without receiving anything in return. The monsoon determines the peasant's destiny, and, whether there is a drought or a deluge, it is the land that suffers. And, when the monsoon fails, famine stalks the land. Thus, his crop is in a large measure a gamble in the rains. Then, there is the problem of erosion. Crop rotation is not the common rule. In some areas, there are no fertilisers, natural or artificial.

Thirdly, the relation between the cultivator, his land and animals and human society—the whole ecological set-up—does not brighten the picture. The types of land tenure, despite recent progressive legislation, range from near agrarian slavery and share cropping to peasant proprietorship. Landless tenancy seems to be the lot of the majority of the world's farmers, and India is no exception. There are the inevitable difficulties of rural credit to cover the cost of not only seeds, ploughs, manure, fertiliser, cattle and fodder, but also marriages and funerals.

Not Insoluble

These are some of the problems, and the necessary reforms and solutions are well known. These problems, however, are not insoluble. They can be met by a concerted attack with the aid of soil conservation, afforestation, irrigation, better implements, better seeds, the use of organic and inorganic fertilisers, better control of pests, fewer but better livestock, the consolidation of holdings and the creation of rural credit facilities. The implementation of these apparently simple reforms would require nothing short of a social and economic revolution in the countryside, but without such a revolution the Indian farmer will never come up to American, Danish or Swedish standards of productivity. And to accomplish this we must multiply the effort involved in the transformation of a single peasant by several hundred millions.

All efforts at agricultural development in the underdeveloped countries can be grouped under two broad categories. These are: (1) Those measures that contribute towards an increase in the yield per acre and, (2) those that help to bring new land under cultivation.

To take the former first. The yield per acre and the yield per head of agricultural population differ rather widely from country to country and between regions within a country. It is largely a question of the condition of the soil, climate, rainfall and the technological stage of the art of farming. The differences in yield per acre between, say, the United States and India are impressive and understandable, in view of the great cultural and technological differences between these two countries. There are some significant differences between the Asian countries themselves. For example, Japan raises twice as much food crops as China per acre, and China's yield is nearly double that of India. If the yield per acre in each of these countries is taken to be representative of the average fertility of the land, the differences in output become all the more striking, since there are no major institutional or technological differences in farming practices between India, China and Japan. The problem here is to make an acre in India yield as much as an acre in Japan and eventually to make it yield as much as an acre in the United States, Canada or Sweden.

Even in a country of advanced agricultural practices such as the United States, the last word on agricultural development has not been said. Recently, Dr. Charles E. Kellogg, of the United States Department of Agriculture, asserted that the yield per acre in the United States could be considerably increased and that American farmers are not yet making full use of the materials and techniques readily available to them, such as improved machinery, fertilisers, better seed varieties, etc. How the adoption of hybrid corn has increased the yield per acre in the United States corn belt by as much as a fifth is well known. If this can be done on lands where yields are already high, it should be possible to do at least as well in such low yielding areas as India. A comparison of the yields per acre and *per capita* in India and a few other countries shows the very low productive capacity of both farmers and land in India:

An International Comparison of Food Crop Yields, 1950

Country	Percentage of world production	*Per capita* lbs.	Per acre lbs.
Rice—			
India	19.6	185	1,048
Burma	3.6	686	1,216
China	31.8	..	2,248
Japan	7.9	818	3,321
Wheat—			
India	3.8	3	593
Australia	3.6	1,484	909
Canada	7.5	1,832	979
U.S.A.	24.9	538	1,079
Pakistan	2.3	100	733
Rawsugar(cane and beet)			
India	15.7	33	3,063
Cuba	20.0	2,622	4,567
U.S.A.	5.2	25	3,701
Mauritius	1.2	1,956	6,132
Pakistan	5.2	31	3,100

The foregoing figures indicate the rather unsatisfactory position of India in world agricultural production. The *per-capita* yield (probably due to the large population) as well as the per-acre yield are comparatively low. But the soil cannot be blamed, if we look into the figures (in the table below) of agricultural production during the last decade when relatively better methods of cultivation were adopted and more fertilisers employed:

Index Numbers of Agricultural Production

(1949-50=100)

Group	1950-51	1955-56	1960-61
All crops	96	117	135
Food crops	91	115	131
Other crops	106	120	142

Despite heavy fluctuations from year to year, there is an unmistakable evidence of improvement in India's agricultural yield. The cumulative rate of growth was about 3.5 per cent per annum and was much higher than in any previous decade. The preceding decade produced an average annual yield of foodgrains of 50 million tons which was being increased year by year and reached as much as 76 million tons by 1960-61. These figures strongly suggest that with intensive cultivation, and more chemical fertilisers, greater irrigation facilities, the cultivated land in India is capable of yielding much more than it does at present.

Now for the measures which help to bring new land under the plough. Of course, in one sense, there is no "new" land as such in an ancient country like India with centuries of cultivation or habitation. But, according to the official statistics of the pattern of land utilisation of India, some land is still available, land termed "cultivable but uncultivated." Of course, this land is not fertile or easily accessible and favourable for ready settlement. This is no doubt marginal and near-barren land that demands more than the usual investment that makes land yield. But, in view of the country's persistent food shortage, no land other than fallow and forest can be left uncultivated no matter what the investment needed in the long run. The following table shows the pattern of land usage in India according to the official cadestral surveys:

Pattern of Land Utilisation in India, 1950

Category	Area in thousand acres	Percentage o classified area
Classified area	614,610	..
Unclassified area	196,199	..
Gross area	810,372	..
Net area sown	266,372	43.3
Current fallows	18,171	3.0
Under forests	93,143	15.2
Not available for cultivation	96,024	15.6
Other uncultivated land excluding current fallows	98,400	16.0

American aid to Indian agriculture revolves around these two basic approaches for the overall development of land and its yield. One is to bring all the available cultivable and near-cultivable land under the plough and the second is to make the cultivated land yield double or treble if possible in consonance with such investment on land as is possible. This twin approach could transform Indian agriculture within a reasonable time from a losing, pathetic, traditional way of life into a commercial, economic and successful proposition.

All Embracing

American assistance, from both the Government and the Ford Foundation, to Indian agricultural development has been all embracing in the sense that it has touched almost every major area of rural reconstruction. However, only a few significant projects in India's overall agricultural development will be examined here. An exhaustive survey of all aspects of American aid to Indian agriculture will be rather voluminous; nor is it necessary for our purpose. A few selective projects considered here reveal how the aid has been crucial in attacking certain fundamental defects in Indian agriculture.

Of the total American aid that has come to India since the latter's independence, over one half has been in the form of P.L. 480 Food for Peace Commodities. In 1962, the total amount

TABLE A:—*Value of American Agricultural Commodities Covered by Agreements with India*

	Dollars (millions)	Rupees equivalent (crores)
India Wheat Loan of 1951	189.7	90.3
Section 402 of Mutual Security Act (P.L. 665).	67.8	32.3
Public Law 480, Title I:		
First agreement of August 29, 1956	354.5	168.8
Second agreement of June 23, 1958	55.3	26.3
Third agreement of September 26, 1958	259.8	123.7
Fourth agreement of November 13, 1959	297.9	141.9
Fifth agreement of May 4, 1960	1,389.8	662.3
Sixth agreement of May 1, 1962	39.3	18.7
Seventh agreement of November 26, 1962.	46.6	..
Eighth agreement	5.1	..
(Total of all eight agreements: $2,428.3 million=Rs. 1,156.3 crores)		
Public Law 480, Title II	4.9	2.3
Miscellaneous relief grants	5.5	2.6
Public Law 480, Title III	116.8	55.6
Total	2,813.0	1,314.8

Source: *Food for Peace* (Madras, U.S.I.S., 1962).

TABLE B:—*Composition of Agricultural Commodities Covered by U.S. Agreements with India**

Commodity	Unit	Quantity stipulated in agreements	Quantity imported by India through June 1961
Wheat and flour:			
Wheat Loan of 1951	Ton	2,000,000	2,000,000
Section 402 of Mutual Security Act	,,	636,000	636,000
Five agreements under U.S.-P.L. 480, Title I	,,	26,400,000	13,230,000
U.S.-P.L. 480, Title II	,,	10,000	10,000
Total wheat and flour	,,	29,046,000	15,876,000
Rice:			
U.S.-P.L. 480, Title I	,,	1,580,000	630,000
U.S.-P.L. 480, Title II	,,	10,000	10,000
Total rice	,,	1,590,000	640,000
Corn and sorghum (U.S.-P.L. 480, Title I)	,,	832,000	832,000
Total foodgrains	,,	31,468,000	17,357,000
Cotton:			
Section 402 of Mutual Security Act	U.S. bale	86,000	86,000
U.S.-P.L. 480, Title I	,,	1,150,000	1,150,000
Total cotton	,,	1,236,000	1,236,000
Tobacco (U.S.-P.L. 480, Title I)	Ton	4,000	4,000
Non-fat dry milk:			
U.S.-P.L. 480, Title I	,,	24,000	24,000
U.S.-P.L. 480, Title II	,,	4,000	4,000
Total non-fat dry milk	,,	28,000	28,000
Soyabean oil (U.S.-P.L. 480, Title I).	,,	3,000	3,000

* This table does not include commodities imported under Title III of U.S.-P.L. 480 and "miscellaneous relief grants" given to India in 1951.

Source: *Food for Peace* (Madras, U.S.I.S., 1962).

of these American-supplied agricultural commodities is the equivalent of 160 pounds of foodgrains for every man, woman and child in in India, amounting to some thirty rupees for every inhabitant in India.

This impressive agricultural aid has come to India through the following agreements:

(*a*) India Wheat Loan of 1951.

(*b*) Section 402 of Mutual Security Act (Public Law 665).

(c) Public Law 480; Titles I, II and III.

The two tables A and B published on previous page present the various commodities received by India and their value in dollars and rupees under each of these agreements.

Almost two-thirds of all American assistance to India since the fiscal year 1951 comes under the heading of agricultural commodities, or the Food for Peace Programme as it is called now. The first instance of American aid extended to India was a grant of $4.5 million to purchase American foodgrains to tide over a food shortage in India during August 1950. The grant was made under authorisation of the China Area Aid Act of 1948.

When India's food shortage became more critical early in 1951 and India requested more assistance, the American Congress passed the India Emergency Food Aid Act of 1951 and approved under this legislation the first loan to India in June 1951. Under this legislation, a loan of $189.7 million (Rs. 90.3 crores) was given to India to finance the purchase of two million tons of wheat from the United States. The loan, with interest at 2¾ per cent per annum, is repayable in dollars. However, the Act provided that the first five million dollars, representing interest, were to be made available to India for the rehabilitation and development of Indian universities and institutions of higher learning. The India Wheat Loan Educational Exchange Programme began in 1954 under the administration of the United States Information Service. The amount available has been spent on the provision of books and scientific equipment to Indian university libraries and laboratories and the exchange of American and Indian educators and scholars.

In 1955, the Mutual Security Act (Public Law 665) was so amended that a portion of the technical and financial aid to India would be supplied in the form of agricultural commodities. Under Section 402, wheat and cotton worth $67.8 million (Rs. 32.3 crores) were supplied to India during the U.S. fiscal year 1955-57. This comprised some 636,000 tons of wheat and 18,000 long tons of cotton. The rupee proceeds from the sales of these commodities were to be spent on certain mutually agreed development projects. Of these proceeds, Rs. 40 million have been earmarked for a number of technical cooperation missions, both for the visits of Indians to the United States and for the salaries of American technical personnel in India. Besides this, Rs. 198 million were credited to the Rihand Dam Project.

Under this Act, the American Government also assists private American aid by paying the ocean freight for relief shipments of non-surplus agricultural commodities. As of the beginning of 1960, American philanthropic and voluntary agencies had purchased $5,700,000 worth of supplies and equipment and shipped to India at the expense of the American Government.

The Agricultural Trade Development and Assistance Act, enacted in July 1954, did not come into operation in southern Asia until U.S. fiscal year 1956. Under Title I of U.S. Public Law 480*, as the Act is popularly called, the President is authorised to sell agricultural commodities for foreign currencies (not necessarily surplus agricultural commodities, for the foreign purchasers may buy from the most advantageous source in the United States). Title II permits the free donation of supplies by the President to foreign countries to meet famine and other urgent relief requirements. Title III

*Section (*d*) under Title I allows a portion of the local currency sales proceeds to be set aside for buying goods and services for friendly countries. United States "triangular trade" transactions include purchases for India of fertilisers with Japanese yen, French francs, and Italian lira, and electrical goods and clay products from Japan. These products are resold in India and the sales proceeds contribute towards supporting U.S. operations in India (total $6 million).

permits two very different uses of American agricultural commodities:

(*a*) for bartering in exchange for strategic and other raw materials, and

(*b*) for donation to non-profit, voluntary agencies which assist needy persons both in and outside the United States. The Cooley amendment to P.L. 480 sets aside 25 per cent of the sales proceeds under Title I for loans to private industry.

India signed her first agreement with the United States under P.L. 480, Title I in August 1956. The total value of commodities actually imported under this first agreement was $354.55 million. A second agreement for wheat and other grains valued at $55.28 million was signed in June 1958; a third only three months later came to $259.81 million worth of supplies; a fourth agreement in November 1959 involving 2,997,000 metric tons of wheat, 210,000 metric tons of rice, 350,000 bales of cotton, 226 metric tons of tobacco and 100,000 metric tons of coarse grains, was valued at $29,787 million. The fifth agreement, was "the biggest agricultural commodities agreement ever signed between any two countries." The agreement was concluded in May 1960 and will supply India during the course of four years with 16 million tons of wheat and one million tons of rice. The total value of the fifth agreement comes to $1,370 million, raising the grand total value of Indian imports from the United States under these five agreements to $2,337 million. Three more agreements have been signed under Title I, bringing the total value to $2,428.3 million.

Under Title II, India has received donations for relief in the emergency years of 1956 and 1957 of 10,000 tons each of wheat and rice and 3,000 tons of non-fat, dry milk powder, with a total value of $4.9 million (Rs. 2.3 crores). In October 1961, India received a gift of 1,250 short tons of powdered milk for her flood victims.

As of 31st August 1961, India has been donated $161.8 million worth of foodgrains, milk powder and other agricultural commodities, which have been distributed to the poor and needy through voluntary agencies.

Through the Co-operative for American Relief Everywhere (C.A.R.E.), the American people donated Rs. 3 crores in 1961-62 to assist the School Mid-day Meals Project in Madras State. When Ambassador Galbraith handed a consignment of milk powder from the first C.A.R.E. shipment over to the Chief Minister of Madras State he addressed those assembled for the ceremony as follows:

"There can be little question that a noon-day meal does more to insure school attendance than the most efficient officers.... It is good that we have light in our lamps. It is even better that we have light in our children's eyes. I hope that those who look at the power plants and transmission lines of the Five-year Plans will also spare a glance for children who are better fed and better read as the result of the progressive vision of the people of Madras."

Over one million school children studying in 27,000 schools in Madras State receive free lunches under this programme. According to Dr. Allan Kline, the Director of C.A.R.E. in India, the programme is the largest of its kind in the world.

In October 1961, the American Ambassador inaugurated a similar project for free lunches in Kerala State schools; he announced at that time that American commodities will also be made available to schools in the Punjab. Since then, C.A.R.E. school feeding programmes have also been initiated in the States of Andhra Pradesh and Rajasthan. Thus, some four million school children are benefited by the Programmes in the five States.

An important difference between India's purchase of foodgrains under P.L. 480 and normal commercial purchases is that the purchase is made out of funds subsequently placed at India's disposal by the United States. Eighty-seven per cent of the sale proceeds under P.L. 480 are used to help the economic development of India. One-third of the proceeds are given as grants; a larger portion is loaned to the Indian Government for development projects, and 6.9 per cent of the total is loaned to private industry. The remaining eighth of the total supports the U.S. Government agencies in India.

(To be continued)

Announcement of Public Issue

(This announcement is not a Prospectus)

Bajaj-Tempo LIMITED

Registered Office: Bombay-Poona Road, Chinchwad, Poona.

EXISTING AND PROPOSED ACTIVITIES:

The company was manufacturing about 1000 Tempo Hanseat three-wheeler vehicles per year, which are in use as pick-up trucks, delivery vans, autorikshas, refuse trucks, oil tankers etc. Production of these vehicles is now proposed to be increased to 4000 per year.

The company has now been licensed to manufacture in the same capacity Tempo Viking four-wheeler vehicles.

Both for production of Tempo Hanseat three-wheeler and Tempo Viking four-wheeler collaboration agreements have been entered into with Messrs. Vidal & Sohn Tempo-Werk GMBH, Hamburg-Harburg, West Germany.

LOCATION OF THE INDUSTRY:

The company has acquired about 118 acres of land on Bombay-Poona Road, Chinchwad (Dist. Poona). Construction of factory building is in progress and is expected to be completed by March 1964.

The manufacturing operations of the company are at present located partly at 126 Ghodbunder Road, Malad, Bombay, and partly at the new factory site mentioned above.

BOARD OF DIRECTORS:

1. **Shri Ramkrishna Bajaj** Chairman *Bhagwati Bhuvan,* Carmichael Road, Bombay-26.	..	Industrialist Director of: Bajaj Electricals Limited Batala Engineering Co., Ltd. Hind Rectifiers Limited Radio & Electricals Ltd. Matchwel Electricals (India) Ltd. — etc.
2. **Mr. Curt Gebser** Am Radeland 125, Hamburg-Harburg (West-Germany).	..	Engineer
3. **Mr. Rolf Bacher** Nurenbergstrasse 30, Weissenburg/Bayren (West-Germany).	..	Engineer
4. **Shri Charat Ram** 15, Kitchener Road, New Delhi.	..	Industrialist Director of: Delhi Cloth & General Mills Co. Ltd. Jay Engineering Works Ltd. Bharat Ball Bearing Co. Ltd. Industrial Finance Corporation of India. Amar Dye Chemicals Ltd. Indian Drugs & Pharmaceuticals Ltd. — etc.
5. **Shri R. P. Nevatia** Pitale Prasad, Worli Seaface, Bombay-18.	..	Industrialist Director of: Mukand Iron & Steel Works Limited Batala Engineering Co. Ltd. Raza Buland Sugar Co. Ltd. Pulgaon Cotton Mil's Ltd. — etc.
6. **Shri N. K. Firodia** **Managing Director** 243 Sion-Matunga Road, Bombay-22.	..	Industriallst Director of: Godavari Sugar Mills Limited Kaycee Industries Ltd. Oriental Power Cables Ltd. Matchwel Electricals (India) Ltd. — etc.

		No. of shares	Nominal value in Rs.
a)	**AUTHORISED CAPITAL** Equity shares of Rs. 10 each ..	10,00,000	1,00,00,000
b)	**ISSUED, SUBSCRIBED AND PAID UP** Equity shares of Rs. 10 each fully paid ..	1,45,935	14,59,350
c)	**PRESENT ISSUE** Equity shares of Rs. 10 each at par ..	6,52,710	65,27,100
OUT OF THE PRESENT ISSUE:			
A.	Offered as Right shares to the existing shareholders resident in India and fully subscribed.	1,85,000	18,50,000
B.	Reserved for allotment against supply of Machinery, Plant and Equipment etc.		
	(i) Messrs. Vidal & Sohn Tempo-Werk GMBH.	1,69,000	16,90,000
	(ii) Mr. Rolf Bacher Weissenburg/Bayren (West Germany)	8,710	87,100
C.	**Now offered to the public for subscription in cash**	**2,90,000**	**29,00,000**

TERMS OF PAYMENT:

On application Rs. 3

Balance Rs. 7 in three calls at intervals of not less than three months as may be decided by the Directors. No call shall exceed Rs. 3 per share.

UNDERWRITERS:

1. **The Central Bank of India Ltd.,** Mahatma Gandhi Road, Bombay-1.
2. **Devkaran Nanjee Banking Co. Ltd.,** Horniman Circle, Bombay-1.
3. **Messrs. Harbans Singh Mehta & Co.,** 32 Regal Building, Parliament Street, New Delhi. & **Messrs. Raja Ram Bhasin & Co.,** A 320, Defence Colony, New Delhi.
4. **Shri Birdhichand Choadhry,** Domalguda, Hyderabad.
5. **Messrs. P. Roy Company,** 3/8 M. M. Road, Junction Panchkuin Road, *New Delhi*-1.

BANKERS TO THE ISSUE:

The Central Bank of India Ltd., Mahatma Gandhi Road, Fort, Bombay.

The United Commercial Bank Ltd., Dr. D. N. Road, Bombay-1.

Devkaran Nanjee Banking Co. Ltd., Horniman Circle, Bombay-1.

BROKERS:

BOMBAY:

Messrs. Mahadevia Brothers, Old Stock Exchange Building, Dalal Street, Bombay-1.

Messrs. Lewis & Jones, Bank of Baroda Building, Apollo Street, Bombay-1.

Messrs. Navalchand T. Shah & Co., 15, Union Bank Building, Dalal Street, Bombay-1.

Messrs. A. B. Pandit & Co., 32, Apollo Street, Bombay-1.

Messrs. Merwanjee Bomanjee Dalal, Allahabad Bank Building, Apollo Street, Bombay-1.

Messrs. L. G. Bhole, 76 Stock Exchange New Building, Dalal Street, Bombay-1.

Messrs. P. R. Subramanyam, 70A Stock Exchange Building, Apollo Street, Bombay-1.

DELHI:

Messrs. Harbans Singh Mehta & Co., 33 Regal Building, Parliament Street, New Delhi.

Messrs. P. Roy Company, 3/8 M. M. Road, Jn. Panchkuin Road, New Delhi-1.

Messrs. Raja Ram Bhasin & Co., A-320 Defence Colony, New Delhi.

Messrs. Jagan Nath Syal & Co., 27 Stock Exchange Building, Asaf Ali Road, New Delhi.

Messrs. Bharat Bhushan & Co., H-45 Connaught Place, New Delhi.

MADRAS:

Messrs. Paterson & Co., 22 Erabalu Chetty Street, Madras-1.

Messrs. Chitra & Co., 322-323 Linghi Chetty Street, Madras-1.

CALCUTTA:

Messrs. G. M. Pyne, Allahabad Bank Building, 14 India Exchange Place, Calcutta-1.

Messrs. Place, Siddons & Gough (Pvt.) Ltd., 6 Lyons Range, Calcutta-1.

HYDERABAD:

Mr. Birdhichand Choadhry, Domalguda, Hyderabad-Dn. 1.

BANGALORE:

Messrs. P. R. Subramanyam, 24 Fourth Street, Bensen Cross Road, Bangalore-6.

APPLICATION FORMS:

Forms of application for shares and copies of the Prospectus can be had from Underwriters or Bankers or Brokers to this issue or from the company.

DATES OF THE OPENING AND CLOSING OF THE SUBSCRIPTION LIST:

The subscription list will open at commencement of Banking hours on 10th February 1964 and will close at the close of the Banking hours on 18th February 1964 or earlier at the discretion of the Board of Directors but not before the close of the Banking hours on 12th February 1964.

Mar BT 37

ASHOK LEYLAND LIMITED

ANNUAL SPEECH OF CHAIRMAN, DR. A. RAMASWAMI MUDALIAR

SPEECH delivered by Dr. A. Ramaswami Mudaliar, K.C.S.I., D.C.L. (Oxon), Chairman, Ashok Leyland Limited, to the shareholders at the Fifteenth Annual General Meeting of the Company held on 27th January 1964 at Ennore, Madras.

GENTLEMEN,

I have great pleasure in extending to you a cordial welcome to the fifteenth annual general meeting of your Company.

The Directors' report, audited balance-sheet and profit and loss account for the year ending 30th September 1963, have been circulated to you and, with your permission, I shall take them as read.

You will have read in the profit and loss account that sales for the 1962-63 year were a little in excess of Rs. 10.92 crores, which is 16 per cent less than the corresponding figure for 1961-62, when sales were approximately Rs. 13 crores. This reduction does not represent any reduction in the demand for your Company's products. On the contrary, there is every indication that it will be some time before increased output can meet a demand greatly in excess of the Company's ability to supply. But the 1962-63 year was one in which there were continuous difficulties regarding the availability of materials required for the manufacture of chassis and engines. It is appropriate that I should acquaint you with some of these difficulties, which have made it a serious problem to maintain profitable trading.

Exchange Handicap

A shortage of foreign exchange available for allotment to the automobile industry, for the import of raw materials not available in India and for finished and semi-finished components not yet manufactured in your factory or not available from Indian ancillary manufacturers, caused shortages which resulted in serious reductions in output. In October 1962, these shortages resulted in the output for the month being no more than 46 chassis, against productive capacity for 300, and for ten days the chassis assembly line was inoperative. Similar circumstances in February 1963 made it impossible to produce any chassis at all for the whole of that month. A severe cut in the total foreign exchange allotted to your Company for the whole year under review, which it was impossible to counteract in the time available by reducing the imported content of a 'Comet' chassis, made it necessary to reduce deliveries of imported materials and this in turn resulted in overseas suppliers being required to discontinue shipments. Unavoidable delays in the re-establishment of supplies at a later stage, had a most adverse effect on our ability to maintain production schedules.

Because reductions in the amounts of foreign exchange available for the import of materials from overseas was anticipated, your Company has made strenuous efforts to increase the indigenous content of its products. To this end it has been the policy to make maximum utilisation of raw materials and semi-finished materials such as castings and forgings available from Indian sources of supply. Messrs. Ennore Foundries Ltd., a subsidiary company, has been able to meet our demands for grey iron and for aluminium castings, but it has been difficult to obtain adequate supplies of steel castings, malleable iron castings and forgings. It will be appreciated that on occasions a decision to delete a component from import, replacing import by supply from an ancillary manufacturer, may involve unexpected difficulties, despite all the precautions which are taken to ensure that the corresponding indigenous component shall be satisfactory. Should the indigenous component be defective in any way after import has been discontinued, stocks may be completely exhausted before the defects can be eradicated; and, in that event, production can become seriously curtailed for a period. Such difficulties occurred on two occasions during the 1962-63 year, but steps have been taken to obviate a recurrence in future.

By June 1963, most of the year's difficulties having been overcome, production returned to normal. But in late June-July a shortage of electricity, necessitating an 80 per cent cut in the supply to your factory, resulted in a complete shut down of production for 12 days.

Higher Production

Summarising what is a tale of woe, your Company was only producing chassis from the assembly line for approximately three-quarters of the available working days during the year. Output for the year had conditions been normal, would have been not less than 3,200 chassis. The actual output was only 2,411 chassis. This unavoidable failure to maintain production at a high enough level is reflected in the financial returns from the sale of your Company's products which has been referred to. However, I am happy to be able to advise you the material stock position has improved and the output of chassis and engines has become established at a steady and satisfactory level. It is anticipated the output will reach a figure of 15 chassis per working day in the near future, with an increase to 17 chassis before the end of this financial year. During the first three months of the current year the deliveries of chassis to our customers have been nearly twice the number delivered in the corresponding period of the 1962-63 year.

You are aware that your Company has been engaged in an expansion programme designed to increase production to 6,000 'Comet' chassis per annum, to increase the manufacture of spare parts and at the same time to increase the indigenous content of your products. You will have noted in Schedule 'D', included in the balance-sheet, that during the year 1962-63 additional buildings and plant and machinery to a value of approximately Rs. 96.7 lakhs have been added to your fixed assets. The corresponding total addition for the two years ending 30th September 1961 and 30th September 1962 was Rs. 237 lakhs approximately. That is, the total expenditure on buildings, plant and machinery incurred for the implementation of the expansion programme has exceeded Rs. 3.33 crores. Because skilled labour has had to be trained from men with no previous engineering experience, supervisors also have had to be trained, machine tool deliveries have frequently been behind schedule and production has had to be maintained while installing new machine tools and moving others to make room for them, the expansion project has represented a major problem; and it will not be completed for another five to six months. In the meantime, your Company has had to maintain profitability in the face of underutilisation of installed capacity, heavy depreciation and interest charges on machines installed but initially not fully utilised and a degree of out-of-balance production. These are problems inescapable and inevitable during major expansion projects and your managers and executives and the workmen whom they supervise accept them as such. While I have no doubt you will be disappointed that it has not proved possible for the usual dividend to be maintained for the 1962-63 year, when you may well have looked forward to an improvement rather than a reduction from 8 per cent to 7 per cent, I suggest that in relation to the financial burden of the expansion programme occurring during a year in which reduced output became unavoidable, it has not been an entirely unsatisfactory year from the financial point of view. Unless any unforeseen difficulties arise, you can look forward to your Company benefiting from the results of its past labours and during 1963-64 the endeavour will be made to produce over 3,600 'Comet' chassis, possibly 4,000; and to reach a steady monthly output exceeding 400 per month before the year-end.

Indigenous Content

You will necessarily be interested in knowing the extent to which the 'Comet's' indigenous content has been increased. To maintain output at a level which will ensure adequate profitability in the context of a continuing shortage of foreign exchange, it is obviously necessary for the maximum effort to be made to reduce the import of the materials required for the manufacture of chassis. The current indigenous content is 79 per cent in relation to the Company's latest application for licences, involving foreign exchange allotment, for the import of materials and components from overseas. That is, the value of the imported content of a chassis will be 21 per cent of the value of a complete chassis; and this figure will be progressively reduced to 10 per cent during the next 18 months. It will be your Directors' aim so to balance the increase both of the number of chassis produced and of the indigenous content of a chassis that the latter will reach the desired figure of at least 90 per cent, while the former will ensure an increase in revenue in keeping with the additional expenditure on plant and machinery installed to manufacture new components in your factory.

Plans have been completed for the manufacture at your factory of additional components including engine camshafts, engine timing gears and rear axle differential pinions; and for the purchase of additional semi-finished and finished materials from Indian ancillary manufacturers. These steps are designed to increase the indigenous content to not less than 90 per cent.

Your Directors decided recently that it was desirable to alter the method used in your Company to calculate annual allotments to depreciation. From its inception the Company has used what may be called the "reducing book balance" method which is covered by Section 205(2) (a) of the Companies Act. In this method the value of assets is reduced annually by a fixed percentage which is deducted from the previous year's book value. It has the disadvantage that over the terms of years during which an asset reduces to scrap value, the early depreciation allotments are high and reduce progressively year by year. Consequently, when new plant and machinery is installed depreciation charges are at their highest when full utilisation may not have been established and output is consequently below the level which will eventually be achieved. The alternative method of depreciation allotment which may be called the "straight line" method is arbitrarily to take 5 per cent of the installed value of plant and equipment as the scrap value: and to credit depreciation fund with an equal amount annually, being 95 per cent of the installed value divided by the numbers of years taken to represent the period during which the asset will reduce to scrap value. The new method, which is authorised by Section 205(2) (b) of the Companies Act, has been introduced with effect from 1st October 1962; and no change has been made in the amount credited to depreciation for the years up to the 30th September 1962.

Concurrently with the expansion of your Company's output facilities, Ennore Foundries Ltd. are also providing for the installation of additional equipment which will enable them to double their output of castings, thus ensuring that all demands on them will be met adequately. You will have noted that as at 30th September 1963, your Company's investment in Ennore Foundries Ltd. was Rs. 23,72,990 out of a total issued and subscribed capital at that date of Rs. 94,92,000, the balance being held by Leyland Motors Ltd. and its nominees.

Export Prospects

Your Company is continuing its efforts to establish an export trade. It is not easy to secure business in overseas markets because it is necessary to compete not only with other manufacturers in India, Europe and the U.S.A., but also with Leyland Motors who offer chassis similar to those produced at Ennore. It is only possible to secure orders, therefore, if the Ashok Leyland specifications, quality, after-sales service and prices are comparable to those of competitors. With the assistance of Leyland Motors, a start has been made in the establishment of an export market; and todate 66 'Comet' chassis have been sold to the Ceylon Transport Board, this including an order for 41 chassis secured during the 1962-63 year. It is confidently anticipated that the reputation which has been earned in Ceylon will assist in the task of extending sales to other overseas markets.

I am pleased to be able to inform you that the Government of India has recently approved the inclusion of a new model in your Company's range of products. Based on the Leyland 'Beaver' chassis a range of heavy duty chassis are to be produced at Ennore which will provide for the following types of vehicles:

(i) A passenger chassis suitable for double-deck coachwork, similar to the Leyland 'Titan'.

(ii) A passenger chassis suitable for maximum duty single-deck coachwork, similar to the Leyland 'Tiger'.

(iii) A 4 x 2 goods chassis similar to the Leyland 'Beaver'.

(iv) A 6 x 4 goods chassis similar to the Leyland 'Hippo'.

When a demand develops, as it is likely to do, the engines, clutches, gearboxes, front axles, rear axles, steering gears, etc., which will be produced at your factory for the above range of vehicles, will be susceptible of incorporation in a 4 x 4 version of the 'Beaver' and a 6 x 6 version of the 'Hippo' chassis. This means that facilities will be created for the production of a range of chassis which, including the 'Comet,' will eventually provide for gross train weights from 12 tons up to 32 tons.

In connection with the 'Beaver' Project, it is proposed initially to install capacity for the production of 2,000 chassis per annum. But planning will be so executed that the new buildings, plant and machinery can ultimately be expanded to provide for an output of 5,000 chassis per annum. The Leyland Motor Corporation has indicated its readiness to continue investing in the Company's equity in regard to any additional capital which will have to be issued in order to implement this project. Leyland's investment would be utilised as heretofore for the purchase of plant and machinery in the United Kingdom.

Leyland's Co-operation

In all the expansion programmes that I have envisaged, we have had the ready co-operation of Leyland Motors, not merely in financial contribution, but what is more important, in their active assistance in the technical aspects of the expansion. Directors of Leyland Motors and senior executives have maintained their periodical visits to your factory. Mr. Stokes spent some time at your factory in March and Mr. West in February and December 1963, reviewing the progress made and giving valuable advice to the management; and Mr. R. K. Robinson, Production Engineer, Leyland Motors, spent a considerable time at your factory in January and March 1963, giving most useful and valuable guidance to our production staff. These visits have enabled the management to organise and regulate our productive capacity better and I am sure I am voicing your wishes when I convey to the Leyland Directors and technical staff, our thanks for all their assistance.

Sir Henry Spurrier, owing to indifferent health has ceased to be the Chairman of the Leyland Motor Corporation, but he continues to take interest in Ashok Leyland and in Leyland Motors activities in England and particularly in India, in his capacity as President of the Leyland Motor Corporation. We hope and pray that he will be restored to normal health and we shall continue to have guidance from his great experience.

Sir William Black has been appointed as Chairman of the Leyland Motor Corporation and Mr. D. G. Stokes as Managing Director and Deputy Chairman of Leyland Motor Corporation. Mr. West is Chairman of Leyland Motors Ltd. I have had personal contact with all these distinguished gentlemen, more than once when I was in England, and I can assure you of their deep interest in your Company and of their genuine appreciation of the progress that it has made.

Our relations with our employees have remained cordial throughout the year and the results which we have obtained in a very difficult year, were in no small measure due to the hardwork and loyal service of the officers, staff and workpeople of your Company. I would like to convey on your behalf and on mine, our appreciation of their good work and our thanks for their loyal co-operation. I am not formally repeating myself if in this year's speech also, I refer to the work of the Managing Director, Mr. Collins, whose devotion to duty and absorbing interest in the progress of the Company have been most notable. His inspiring leadership has had no small effect on the work of other officers, staff and the workers in the factory.

Note: *This does not purport to be a record of the proceedings at the Annual General Meeting.*

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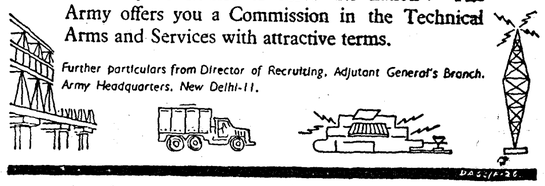

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FROM THE NEAREST LEADING BOOK-SELLER

GROWTH OF CEMENT INDUSTRY RELATIVELY SLOW

FINANCIAL TRENDS NONE TOO ENCOURAGING

THE Indian cement industry, which belongs to the group of capital-intensive industries of basic importance, has been predominantly concentrated in the private sector. Its output increased from a mere 1.2 million tons in 1937 to about 3.2 million tons in 1951 and 8.1 million tons in 1961. This growth of production, however, was by no means spectacular over such a long period of 25 years. In fact, it was relatively modest, considering that the actual production in 1961 represented just two-thirds of the second Plan target of 12 million tons. Several factors have been responsible for this comparatively slow growth of the industry. First and foremost is the factor of pricing which has been subjected to statutory or informal regulation since 1942. As the largest consumer of cement in the country, the Government has been directly interested in keeping cement prices at moderate levels. So much so, the industry has not seen even one prosperous year as in the case of some other industries in the post-war period. The following findings of a painstaking study (*Financial Trends and Productivity in the Cement Industry*), edited and published by Dr. K. R. Paymaster, for the Association of Indian Trade and Industry (Bombay), bear out that the industry has not had the opportunity to accumulate reserves to the same extent as other industries:

"In 1960, the cement industry's accumulated reserves (excluding capitalised reserves) and premium on shares were about 42 per cent of its ordinary paid-up capital (including bonus shares), as against 132 per cent in iron and steel, 121 per cent in the case of paper, 116 per cent in sugar, 114 per cent in cotton textiles, 97 per cent in jute textiles and 56 per cent in electricity. If bonus shares issued against the capitalisation of reserves are regarded as reserves, instead of paid-up capital as has been done above, these percentages would be still higher in the case of industries other than cement and electricity. The electricity industry, being a public utility, is governed strictly in respect of its rating, which limits the scope of profits and the creation of reserves. The cement industry capitalised during the period only Rs. 36 lakhs worth of reserves, against much larger capitalisation in the case of other industries except electricity, and it capitalised premium on shares worth Rs. 1.75 crore. Cement companies' reserves and capitalised reserves as percentage of paid-up capital (excluding bonus shares) in 1961 were 650 in the United Kingdom, 146 in the United States of America and 106 in Japan, as against 28 in India."

Inadequate Reserves

The Association's study, covering 32 manufacturing plants with gross assets of the value of Rs. 123.5 crores and accounting for about 90 per cent of national cement production in 1961, has driven home the point that capital-intensive industries like cement must have a sound reserve position. Reserves, as the study has rightly emphasised, provide capital funds not only directly, but also indirectly by making investment in equity capital more attractive and by improving the borrowing position of the company. But the scale of reserve accumulation in the industry appears to be inadequate in relation to its capital requirements. The reserves (Rs. 14.94 crores) accumulated during the period covered by the study have been a little more than two-fifths of the amount of depreciation accumulated, and less than half of the amount of paid-up capital (Rs. 40.92 crores, including Rs. 36 lakhs of bonus shares issued against capitalisation of reserves and Rs. 1.39 crores of premium on shares, also capitalised) in 1961. The break-up of accumulated reserves is as follows:

		Rs. crores
1.	Reserves earmarked against future contingencies and liabilities	3.00
2.	Rehabilitation and replacement reserves	2.67
3.	Development rebate	4.82
4.	*Surpluses:*	
	(a) General reserve	3.75
	(b) Capital reserve	1.19
	(c) Profit and loss account balance	—0.49
	Total ...	14.94

Thanks to this unsatisfactory reserve position, the industry has had to rely heavily on debentures and loans since 1954 for its development programme. It may be noted, in this connection, that debentures and loans have increased from Rs. 3.24 crores in 1954 to Rs. 24.59 crores (a little more than half of this representing institutional loans) in 1961, that is, by more than seven times, whereas the net block has increased by just 2.6 times from Rs. 20.70 crores to Rs. 55.28 crores. The issue of bonus shares against the capitalisation of profits in the cement industry has also been negligible, as compared with the issues made by other leading Indian industries and by the cement industry in the U.K. and the U.S.A. Incidentally, the study's findings on the capitalisation of reserves by several American and British cement companies may be read with interest in this context:

"Many foreign companies had accumulated huge reserves during the post-war years, and had issued bonus shares on a large scale against the capitalisation of such reserves. For example, the world's largest cement producer, the Associated Portland Cement Manufacturers Ltd., who controls about 65 per cent of the U.K.'s production capacity, issued bonus shares at the rate of one for every one in 1953, three for every two held in 1956, one for every four held in 1959 and one for every two held in 1961. Its ordinary paid-up capital in 1961 was £43,179,701, of which £34,559,900 or a little more than three-fourths was made up of bonus shares. Another British Company, the Tunnel Portland Cement Company, the second largest group in the U.K., made three bonus issues in the fifties, one for one in 1950 and 1954 each, and one for five in 1957. Some cement companies in the U.S.A. also made generous issues of bonus shares (stock dividends). To give an extreme example, the holders of shares in the Penn-Dixie Cement Company, who had a share of the face value of $1.00, received between 1948 and 1961 bonus shares at the rate of one for every twenty in 1955 and 1956, besides handsome cash dividends every year; and in 1961, this company had capitalised and accumulated reserves worth over twenty times its paid-up capital issued for cash. The $1.00 share of this company could be sold in the open market at $40.00 in 1957. The other leading American companies covered by this study, namely, Alpha Portland Cement, Consolidated Cement, General Portland Cement, Lehigh Portland Cement and Lone Star Cement had in 1961 accumulated reserves and capitalised reserves between one to three times their ordinary paid-up capital issued for cash.

"Three leading U.K. companies had accumulated and capitalised reserves in 1961 worth over 6 to 13 times their ordinary paid-up capital issued for cash. The market prices of the ordinary shares of these U.S. and U.K. cement companies were very high. As against this, no Indian company had accumulated reserves equal to its ordinary share capital, and the shares of no Indian cement company was quoted on the Indian stock exchanges in 1961 at even double the face value, which was quite common in the case of old as well as new companies in other industries."

The Association's study has drawn pointed attention to the fact that cement shares have not been as popular with Indian investors as the shares of certain other industries. Consequently, the prices of cement shares have remained subdued during recent years. This is not surprising, for all the relevant indicators bear out the relatively low profit-making capacity of the industry. For instance, the margin of profit (that is, net profit after depreciation and tax) expressed as a percentage of net sales, has come down from 22.7 in 1937 to 7.0 in 1961. Expressed in another way, the industry's net profits, expressed as per cent of net worth (that is, owned funds or, in other words, shareholders' funds, as distinct from borrowed funds), have fallen from 10.4 in 1956 to 7.9 in 1960, whereas in all industries taken together they have increased from 8.8 to 10.8. Specifically, in comparison with several leading industries, the cement industry's level of profitability in 1960 was lower, as will be seen from the following figures:

Net Profit as Per Cent of Net Worth

Industry	1956	1960
Cotton textiles	8.3	13.3
Iron and steel	14.6	10.5
Engineering	9.7	12.9
Cement	**10.4**	**7.9**
Sugar	10.1	11.5
Paper	6.2	9.4
Vegetable oil	4.0	10.7
Chemicals	6.3	13.1
Matches	8.0	13.1
Electricity	6.8	8.8
All industries (including others) ..	8.8	10.8

The shareholders' immediate concern is with the amount of dividends they receive. Here, too, the cement industry's performance has been disappointing, for dividends as per cent of net sales have declined from 18.4 in 1937 to 6.2 in 1961. According to the study, no cement company has been able to maintain a rate of dividend of 10 per cent or more over a reasonable period.

Productivity Trends

The Association's study is also notable for its examination of productivity trends in the industry. Productivity in India is very low in comparison with the state of affairs in other countries. The total number of man-hours required per ton of cement output in 1961 was, for instance, 1.10 in Japan, 1.17 in Belgium and 1.24 in the U.S., whereas the Indian average was more than ten times that of the United States. Although Indian productivity is thus very low, it should be said to the credit of the industry that it has maintained a steady upward trend in productivity since 1949. In fact, the index number of productivity (output per man-day) has risen from 100 in 1949 to 301 in 1961. This rising trend has been due to the increase in the average size of cement plants from 93,000 tons in terms of installed capacity in 1946 to 276,000 tons in 1961. The increase in the degree of mechanisation and the increase in the average installed capacity per plant, both of which point to higher overall capital intensity, have thus had a favourable effect on productivity.

But, according to the study, money wages have increased relatively more than productivity. The exact finding, in this connection, is that, while productivity, as measured by tons produced per manday in 1959 was 264 per cent of that in 1946, wages (including other benefits) per worker per day in 1959 were 387 per cent of those in 1946. The percentage distribution of the "net value added by manufacture" has been increasingly favourable to employees, as will be seen from the following figures:

	1947-56 Per cent	1957-61 Per cent
Employees' remuneration ..	56.3	65.1
Managing Agents' remuneration ..	7.1	4.6
Shareholders' earnings (dividends and retained profits)	36.6	30.3

On the basis of these figures the study has reached the conclusion that employees have benefited more than managing agents and shareholders from such increase in productivity as has taken place in the Indian cement industry. This is a point that should be borne in mind by the public before it is moved by the plea for nationalisation of cement industry by some interested politicians and trade union leaders.

CHANGE OF NAME

NEW NAME

MODI INDUSTRIES LTD.

Registered Office: **MODINAGAR.**

The name of the company formerly known as Modi Sugar Mills Ltd. is changed to

MODI INDUSTRIES LTD.

Our patrons may kindly note this.

RALLIS INDIA STAGES A COME-BACK

DIVIDEND RAISED—RESERVES STRENGTHENED

AN impressive come-back has been staged by Rallis India Ltd. (Chairman: Mr. Badridas Goenka, Calcutta) during the year ended 31st August 1963. Its sales, which had declined from Rs. 19.09 crores to Rs. 17.91 crores in the previous year, have risen by 20 per cent to Rs. 21.55 crores during the year under review and its gross profit has improved considerably to Rs. 79.56 lakhs, or by nearly 60 per cent, from Rs. 49.75 lakhs to which level it had dropped in the previous year from Rs. 58.45 lakhs for the year ended 31st August 1961. Consequently, the dividend on the 100-rupee ordinary shares has been raised from 8.5 per cent to 10 per cent per annum, subject to tax. Simultaneously, reserves and provisions have got as much as Rs. 25.83 lakhs, as against a bare Rs. 8,000 a year before, though this is after obtaining Rs. 12.77 lakhs by way of withdrawals and write-backs, as against Rs. 5.25 lakhs in the past year. It may be pointed out here that, in the previous year, the withdrawal had become necessary because of the past bonus liability amounting to Rs. 5.93 lakhs, whereas, during the year under review, it has become due largely because of excess provision for depreciation made in previous years.

The progress made by the Company during the past four years is brought out in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st August			
	1963	1962	1961	1960
Sale proceeds	21,54.55	17,91.12	19,09.01	18,08.43
Closing stocks	218.85	313.55	215.74	173.84
Other income	27.60	35.57	36.01	26.55
Materials consumed ..	17,80.95	15,16.78	16,47.94	15,62.82
Other expenses	221.64	260.16	236.64	200.03
Gross profit	70.56	49.75	58.45	52.13
Depreciation	6.21	5.27	4.00	4.02
Taxation	37.11	21.97	24.33	7.11
Net profit	36.24	22.51	30.12	41.00
Transfer from reserves and write-backs	12.77	5.25	..	..
Bonus for past years ..	..	5.93	..	..
To reserves and provisions ..	25.83	0.08	7.14	6.17
Dividends—				
6% taxable preference ..	3.75	3.75	4.00	23.98*
Ordinary	22.50	19.13	19.13	9.00
	(10%)	(8.5%)	(8.5%)	(4%)
Carry forward	0.08	5.24	4.35	4.49
Equity shares' market value (in rupees):	1963	1962	1961	1960
High	150.00	176.00	165.00	153.00
Low	111.50	134.50	120.00	75.00

* Gross dividend for the six years ended 31st August 1960.

The year 1961-62 had proved difficult for the Company's trading division, especially in respect of cotton because of the small size of domestic crop and the resultant control of the price, which had reduced both the volume of business and the margin of profit. In contrast, all the divisions of the Company, particularly the pharmaceutical and merchanting divisions, are said to have fared much better during 1962-63, the year under review. This explains the improvement in the overall financial results.

In line with the general improvement, the net profit has gone up by over Rs. 13 lakhs from Rs. 22.51 lakhs to Rs. 36.24 lakhs, in spite of the tax burden rising substantially from Rs. 21.97 lakhs to Rs. 37.11 lakhs, because of the larger gross profit. But, besides the general improvement in results, two other special factors have also contributed to the increase in net profit. One is that the year's profit has attracted no S.P.T., because the Company had a deficiency to bring forward from the previous year; but for this the tax burden would have been higher by Rs. 4.50 lakhs. But taking advantage of the substantial increase in gross profit, the Directors have set apart Rs. 2.50 lakhs for S.P.T. reserve, apparently for meeting future liability on this score. The other factor is that the Directors have adopted a more reasonable policy in regard to providing depreciation on fixed assets for reasons explained below:

"The Directors considered the Company's policy in regard to depreciation of fixed assets and concluded that the method of calculation adopted in previous years was unnecessarily severe and had, over the years, resulted in an excessive charge against profits of more than Rs. 12 lakhs. It was, therefore, decided to recalculate the depreciation *ab initio* at the rates and on the basis laid down for income-tax purposes and to adopt that method of calculating depreciation in the current and future years. This has resulted in the sum of Rs. 12.40 lakhs being brought back to the credit of profit and loss appropriation account. The charge for depreciation in respect of the year ended 31st August 1963 on the new basis is Rs. 6.21 lakhs. If that basis had been adopted in the previous year, the amount would have been Rs. 4.54 lakhs instead of Rs. 5.27 lakhs as charged in the accounts of that year."

The Company's subsidiaries did not do well during the year under review; the aggregate of dividends received from them declining from Rs. 15.77 lakhs to only Rs. 2.69 lakhs.

Ralliwolf, for instance, suffered in production and profit because of delay in receiving imported components. Rallifan started the year with good prospects, but fell a victim of industrial strife of a purely political nature, as a result of which the factory was virtually idle for the last three months of the year. The factory is now working normally. Ralli-Hoyland was again faced with an unsatisfactory market for its main products, namely, umbrella ribs, and, in order to minimise the losses, it curtailed production drastically. Means are being sought to find other and more profitable work for this subsidiary. Higher prices for cotton and the unchanged selling prices of yarn reduced the profit of Hemalatha Textiles. The spindleage of this subsidiary is being expanded, in order to make the mill a more economic production unit, and the work on this expansion and also on the modernisation of the plant is proceeding satisfactorily. Ralli Chemicals commenced production, but because of some unavoidable teething troubles and erratic arrivals of the essential raw materials could work at only half its normal capacity and therefore incurred a trading loss. Development of the market for its output has, however, been well up to expectations and the future prospects are considered favourable.

The Company's paid-up capital, as at 31st August last, amounts to Rs. 300 lakhs, including Rs. 75 lakhs in 6 per cent taxable, cumulative preference shares of Rs. 100 each, and is backed by reserves and surplus aggregating Rs. 41.52 lakhs, excluding Rs. 26.35 lakhs shown under dividend reserve for meeting the year's dividend liability. Secured bank loan has come down from Rs. 238.30 lakhs to Rs. 186.94 lakhs and, together with current liabilities and provisions (including the dividend liability for the year) amounting to Rs. 188.12 lakhs, brings the total indebtedness to outsiders to Rs. 375.06 lakhs, as against which current assets, loans and advances are shown at Rs. 454.60 lakhs. Investments in subsidiaries have increased from Rs. 73.73 lakhs to Rs. 88.26 lakhs, but the net figure of amounts due from them has been lower at Rs. 39.23 lakhs as compared with Rs. 48.26 lakhs a year before. Other investments have increased from Rs. 22.13 lakhs to Rs. 30.14 lakhs. The gross block of Rs. 166.51 lakhs (Rs. 155.03 lakhs a year before) has been written down to Rs. 103.69 lakhs.

Currently quoted at Rs. 130 *cum-div.*, the Rs. 100 fully-paid ordinary shares of the Company offer a net yield of 5.7 per cent per annum.

COMPANY NEWS AND NOTES—SPECIAL NUMBER

The *Company News and Notes*—a fortnightly published by the Company Law Division, Department of Revenue, Ministry of Finance, which is useful to those who wish to keep themselves informed of developments pertaining to company law, in particular, and the corporate sector, in general, has made its 1st January 1964 issue a special number. There are six special articles, the first two of which deal with the provisions relating to sole selling agency arrangements and marketing arrangements in vogue in the automobile industry in the country. Dr. Raj K. Nigam, who has the company on the tip of his fingers and an authority on corporate data, and Mr. N. C. Chaudhuri, Research Officer of the Department, have successfully traced the growth and structural pattern of joint-stock companies in the third article. The fourth discusses succinctly the aspects of financing of small-scale industries and the fifth is devoted to an examination of the objects clause in the Memorandum of Association. The last one provides a comparative study of the provisions dealing with the annual meetings and accounts in the Indian Company Law and about twenty other countries.

Besides these, the number has also reproduced the Finance Minister's speech in Parliament on the Companies (Amendment) Bill as reported by the Select Committee and the Unit Trust Bill. The study on the finances of Government companies during the year 1961-62, published in the Reserve Bank *Bulletin*, has also been appropriately highlighted.

JAPANESE CORPORATE SECTOR

Leading companies of Japan have recovered from the effects of the tight money programme adopted by the Government in September 1961. Their results for the half-year ended March 1963 showed the first signs of gradual improvement along with the recent business recovery. The improvement was carried further in the next half-year period ended October 1963. The pace of recovery was not necessarily the same by industry. In the heavy industry group, most heavy electric machinery manufacturers reported smaller profits for the second half-year term and were forced to cut dividends. In contrast, steel manufacturers in general registered larger sales and fatter profits. Even taking into account such variations in sales and profits of different companies, the business year which ended in the autumn of 1963 can be regarded as a term marking a favourable turn in the fortunes of Japanese companies.

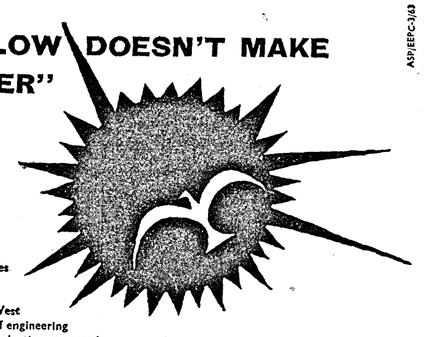
A detailed study of the corporate sector in Japan is contained in *Japan Company Directory* 1964 which compares the results of individual companies in different industries for the half-year ended March 1963 with those for the immediately two preceding half-year terms. The Directory is comprehensive, as it gives, besides the results, data on the companies' financial position and also its standing in the industrial group. Its other sections, such as Who's Who in Japanese business, Government and affiliated organisations and business associations make it a good reference work for those who have or wish to have dealings with Japan, the most developed country in Asia.

BHASKAR TEXTILE MILLS LTD.

Bhaskar Textile Mills Ltd., which proposes to install a textile mill with 15,000 spindles at Jharsuguda, Orissa, will enter the capital market shortly with a public issue of Rs. 21 lakhs, comprising Rs. 14 lakhs in equity shares and Rs. 7 lakhs in 9.5 per cent cumulative preference shares redeemable after 12 years. The entire issue has been underwritten. The Company's promoters, Directors and their friends have subscribed for shares worth Rs. 14 lakhs.

The Company has obtained the requisite licences for its project and placed orders for imported as well as indigenous plant and machinery. Construction of the building is going apace and the plant is expected to be commissioned in the third quarter of this year. The total outlay on the project has been estimated at Rs. 109 lakhs. Calcutta's well-known businessman, Mr. Surajmal Mohta, heads the Company's Board. He is also the Managing Director of Shree Bhawani Cotton Mills Ltd., which owns a mill with a complement of 24,000 spindles at Abohar, Punjab.

"ONE SWALLOW DOESN'T MAKE A SUMMER"



ASP/EEPC-3/63

There is a market for quality Indian products abroad. During 1962 engineering goods worth Rs. 11 crores were exported to various countries, including highly industrialised countries like the U.K., U.S.A. and West Germany. But our present export of engineering goods is hardly 2 per cent of total production compared to exports by industrialised countries accounting for 25 to 50 per cent of their total production. You can help the country tide over its foreign exchange crisis by boosting your exports. We can give you advice that will facilitate your exports.

Develop Export Consciousness

ENGINEERING EXPORT PROMOTION COUNCIL, India Exchange (7th Floor), Calcutta-1.

VOLTAS TAKES A BIG STRIDE

MORE FUNDS FOR AMBITIOUS EXPANSION

THE progress made by Voltas Ltd. (Managing Director: Mr. R. F. S. Talyarkhan, Bombay) during the year ended 31st August 1963 is the most impressive in its nine-year career, more particularly so because it follows the first setback in profit recorded in the previous year. It is, therefore, even more satisfying to learn from the Chairman, Mr. J. D. Choksi, that the Company has now reached a stage from which there is no going back. His observation, which has as much bearing on the proposed expansion schemes as it has on the present working, can be taken to mean that an investor in Voltas can look forward to good growth prospects. Indeed, Mr. Choksi says, the shareholders "can claim a fair share of our success, for they have given us, through the years, much encouragement and support."

The results for the year under review show a sharp rise in proceeds of sales and services from Rs. 27.16 crores to Rs. 32.42 crores and a good recovery in gross profit to Rs. 183.49 lakhs from Rs. 129.60 lakhs to which level it had dropped in the previous year from Rs. 148.63 lakhs for the year ended 31st August 1961. But, as the Directors point out, the Company has benefited only to a minor extent from this improved performance, as the bulk of the profit has gone as tax. The income-tax and corporate tax liability for the year is estimated at Rs. 94 lakhs (Rs. 71 lakhs a year before) and for meeting it a taxation reserve of this amount has been created out of the profit. This leaves a net profit of Rs. 79.10 lakhs (Rs. 48.53 lakhs a year before). This is, however, without any provision in the accounts for S.P.T. for the year under review. The liability on this score has been provisionally estimated by the Income-tax Department at Rs. 13.21 lakhs, but, since it is still to be exactly determined, an additional sum of Rs. 26 lakhs has been transferred to taxation reserve. This transfer has been deliberately kept large because the profit for the year under review will also be subject to such measures and rates of taxation as may be proposed in the forthcoming Central Budget.

The overall tax liability (calculated at 1963 rates) would absorb, average over the two years 1961-62 and 1962-63, as much as approximately 65 per cent of the pre-tax profit. Referring to this huge tax burden, Mr. Choksi says: "A tax system, so devised as to leave to the shareholders of a company, rich and poor alike, 35 per cent of the profits for the dividends (on which again taxes will be payable at rates applicable to individuals rising to 87 per cent), rehabilitation and expansion *plus* contingencies can only lead ultimately to a negation of democracy in which private enterprise can play a worthwhile role." It is mainly because of this heavy tax burden that the Directors have been obliged, in spite of the much better results, to leave the dividend for the year under review unchanged at 14 per cent per annum, subject to tax.

The following comparative table gives an idea of the progress made by the Company in the past four years:

(In lakhs of rupees)

	For the year ended 31st August			
	1963	1962	1961	1960
Proceeds of sales and services ..	32,42.24	27,16.32	25,72.59	19,86.46
Other income	4.77	5.41	16.97	15.99
Closing stocks	670.33	716.74	680.18	802.43
Cost of sales and services	26,67.17	22,34.62	21,06.58	15,90.74
Other expenses	391.90	357.52	334.35	285.19
Gross profit	183.49	129.60	148.63	126.09
Depreciation	10.39	9.07	6.97	5.68
Taxation	94.00	71.00	66.50	60.00
Net profit	79.10*	48.53	75.16	60.41
Transfer from reserves and provisions and write-backs ..	12.82	24.57	6.59	13.14
To reserves and provisions ..	48.76*	27.41	31.63	25.87
Development rebate reserve ..	1.67	1.65	1.82	1.69
Provision for gratuity, less amount paid during the year..	10.05	10.21	13.04	11.29
Dividend	35.70	35.70	35.70	33.15
	(14%)	(14%)	(14%)	(13%)
Carry forward	..	2.92	3.79	4.25

Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	269.00	276.50	315.00	319.00	307.00
Low	260.00	219.00	223.00	247.00	183.00

* Net profit before super profit tax. The provision for reserves includes Rs. 26 lakhs for super profit tax and other possible tax liability.

Unlike 1961-62, the year under report benefited from the somewhat shorter delivery periods resulting into the finalisation of a substantially higher volume of business. Besides, in all sectors of production—except standard airconditioning units which suffered from cuts in the allocation of foreign exchange for imported components—the output increased steadily throughout the year. In the case of core drills and three-throw pumps, production was 50 per cent more and the indigenous content in both the cases rose to 88 per cent. The component requirements for 1963-64 in these two instances have been fully covered and the entire output scheduled for this period has already been sold. Production of electric motor starters increased by 60 per cent during the year. The tooling for the manufacture of another model of motor starters is nearing completion. Progress made in the manufacture of diamond drill bits and mining accessories during the year was satisfactory.

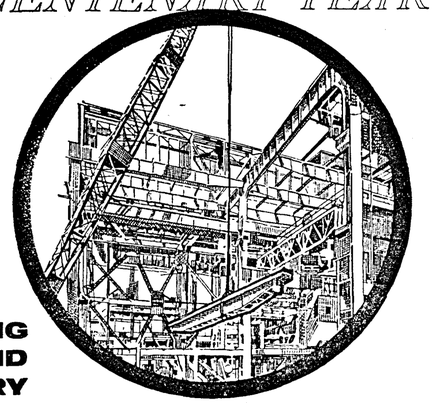
The Company is in the process of setting up at Panchpakhadi, near Thana, an up-to-date factory for manufacturing a wide range of airconditioning and refrigeration equipment, mining equipment, materials handling equipment, electrical equipment, etc., for which it is negotiating for collaboration with leading manufacturers abroad. This ambitious expansion is expected to cost Rs. 3.30 crores. The additional funds are to be made available through the recently floated debenture issue of Rs. 1 crore (this was oversubscribed), a rights issue of Rs. 1.27 crore to the existing shareholders in the proportion of two new shares for every five shares held at a premium of Rs. 25, and the balance amount out of internal resources and bank borrowings. According to the Chairman, once the Company is able to manufacture compressors required for the airconditioning industry, it will have gone a long way towards meeting the backlog of demand created by import restrictions and the additional defence, industrial and domestic requirements. After airconditioning, the Company's manufacturing activities will be largely concentrated on materials handling and mining equipments and other joint venture projects.

The Carrier Corporation has allowed the Company to make airconditioning equipment. The industrial licence has been obtained. Negotiations for a foreign exchange loan for plant and machinery for this project are expected to be concluded shortly and preparatory work for manufacturing compressors and airconditioning equipment at the Thana works is well in hand. The Company holds a licence for making small size domestic refrigerators. It has obtained satisfactory results on experimental prototypes and is making preparations for starting regular production. For the power factor correction capacitor project, a foreign exchange loan has been obtained from the I.C.I.C.I. and orders have been placed abroad for capital equipment. Some other schemes are also under negotiation and will mature soon.

While the Company's sales have increased by 100 per cent in the last four years, its paid-up capital base has remained unchanged since 1956 at Rs. 255 lakhs all in equity shares of Rs. 100 each. The capital is, however, supplemented by reserves and surplus amounting to Rs. 234.27 lakhs, excluding Rs. 94 lakhs in the taxation reserve for meeting the year's liability and Rs. 36 lakhs shown under dividend reserve also for meeting the year's liability. Borrowings are shown at Rs. 437.02 lakhs. These and current liabilities and provisions (including the year's tax and dividend liabilities) bring the total indebtedness to outsiders to Rs. 16.80 crores, as against which current assets, book debts and investments aggregate Rs. 20.32 crores. At Rs. 130.36 lakhs, the net block compares with a gross block of Rs. 179.12 lakhs (Rs. 149.52 lakhs a year before) on which a total depreciation of Rs. 48.75 lakhs has been provided so far. Capital work-in-progress is shown separately at Rs. 7 lakhs.

Currently, the Rs. 100 fully paid ordinary shares of the Company are quoted at Rs. 265.50 *cum-div.* and offer a net yield of 3.8 per cent per annum.

BIRD'S CENTENARY YEAR



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The Bird-Heilgers Group, with water treatment, coal washeries, castings and structurals, refractories, pneumatic equipment, springs and research, is playing a significant role in providing basic requirements for a wide variety of industries.

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B2/BRD-8A

NEWS IN BRIEF

THE Life Insurance Corporation of India has agreed to give a loan of Rs. 12 crores to the Punjab State Electricity Board for its rural electrification programme.

A special meeting of the Board of Trade is scheduled to be held at New Delhi on the 28th inst. to consider the subjects included in the agenda for the World Trade Conference which is due to begin at Geneva on 23rd March next.

The Union Government is examining seriously the question of nationalising the 49,000 rice mills in the country with a view to ensuring fair prices for both producers and consumers, according to Mr. S. D. Mishra, Union Deputy Minister for Community Development and Corporation.

The Minerals and Metals Trading Corporation has fixed an export target of 25 to 30 million tons of iron ore to be attained at the end of the fourth Plan, as against the anticipated export of 16 million tons (including six million tons from Goa) in 1965-66.

The Government of Madras has set up an *ad hoc* committee to study the problems of cashew cultivation and industry in the State. The Committee has been asked to examine the scope for establishing large-scale cashew plantations with special emphasis on improvement of yield and quality.

It is reported that the Oil and Natural Gas Commission is negotiating with the oil firms of the U.S., the U.K., Japan and some other countries for collaboration in the Rs. 72-crore petrochemical project in Gujarat. The Central Government will contribute 51 per cent of the capital, the balance representing the combined share of foreign collaborators and Indian investors. The foreign exchange component of the project is put at about Rs. 48 crores.

Licences for the substantial expansion of a number of textile mills in various States have been recently granted by the Government of India. Licences have also been given for setting up new mills, including a few in the co-operative sector. The new mills are expected to be located at Bellary (Mysore), Mahe (Kerala), Kanpur (Uttar Pradesh), Indore (Madhya Pradesh), Nasik and Latur (Maharashtra) and Gingee and Tiruvellore (Madras).

The Union Government has rejected the suggestion put forward by leading chambers of commerce for declaring the Haldia port area as a free-trade zone. The principal reason for the rejection is said to be administrative. Similar proposals have been received from 28 other areas and the Union Government's future course of action will be determined in respect of these proposals on the basis of experience at Kandla port which will be used as a free port.

Exports of mica under any form other than fabricated mica, mica waste, mica scrap and factory cutting, and mica splittings on consignment basis have been banned with effect from the 1st inst. Shipments of mica of any variety other than the fabricated mica, however, will be permissible from that date only, if irrevocable letter of credit, without recourse to the extent of at least 90 per cent of the invoice value of the goods, has been opened in favour of exporters.

A three-man delegation, headed by Mr. R. Doraiswamy, Textile Commissioner, has left for Washington to negotiate a new quota for exports of textiles to the U.S., beginning from 1st April next; the other members of the delegation are Mr. B. G. Kakatkar, Secretary-General of the Indian Cotton Mills Federation, and Mr. H. A. Sujan, Director-General of the Textile Export Promotion Council. The 15-month term of the present quota is due to expire on 31st March 1964. The quotas cover four varieties of textiles, namely, carded drills, twills, satins, and some varieties of sheets and garments. The present quota of 37.5 million square yards, which was fixed at the 1962 level of exports following the U.S. Government's invocation of the market disruption clause of the G.A.T.T. Textile Agreement, is considered to be inadequate.

The Unit Trust of India, set up under the Unit Trust of India Act 1963, has been established with effect from the 1st inst. with its Head Office at Bombay. Mr. R. S. Bhatt, Executive Director of the Indian Investment Centre, and Mr. V. G. Pendharkar, Economic Adviser to the Reserve Bank of India, have been appointed Chairman and Executive Trustee, respectively, of the Trust. The other members of the Trust are: Dr. B. K. Madan (Executive Director, Reserve Bank of India), Mr. N. M. Wagle (Managing Director, Greaves Cotton and Company, Ltd.), Mr. B. Mitter (Managing Director, Andrew Yule and Company), Mr. P. Brahmayya (Chartered Accountant of Madras), Mr. S. D. Srinivasan (Managing Director, Life Insurance Corporation of India), Mr. N. A. Krishnan (Managing Director, State Bank of India), Mr. H. T. Parekh (General Manager, Industrial Credit and Investment Corporation of India) and Mr. R. L. Tuli (General Manager, Punjab National Bank).

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From Abroad

Sweden has raised its bank rate with effect from 30th January 1964 to 4½ per cent from 4 per cent to which level it had been raised from 3½ per cent in June last year.

The revolutionary Government of Burma has decided to nationalise general insurance early next year. All insurance companies, national and foreign, have been asked to wind up their business by 31st January 1965. The Union of Burma Insurance Board has already started underwriting all general insurance with effect from the 1st inst.

Under an agreement reached recently at Karachi between the Governments of the U.S. and Pakistan, the former will provide the latter with an interest-free long-term loan of $750,000 for financing imports of spare parts, servicing equipment and maintenance of consultant service for the Rechna Doab tube-well project.

The citizens of West Germany are now drinking far more tea than has been consumed in the former German Reich. Between 1954 and 1963 alone, *per capita* consumption increased from 90 grammes to 127 grammes. Experts believe that a part of the increase is due to the fact that West Germans are using more tea to prepare a cup of tea.

The West German Economics Minister, Kurt Schumuecker, will study more thoroughly the problem of German imports of textiles in the next few weeks. This is the result of complaints made by the domestic textile industry as well as by overseas suppliers. Meanwhile, the Federal Economics Ministry has found out that a large proportion of imported textiles is being bought by German manufacturers for further processing.

Following the continued upsurge of international demand for diamonds, the De Beers Central Selling Organisation, which handles some 80 per cent of world production of precious stones, is contemplating to increase the price of gems by 10 per cent. This move is the second within a year, the last increase of 5 per cent in prices having been effected in March 1963. The oversupply of certain qualities of small gems is no longer considered to be a problem.

The Government of Saudi Arabia is considering a proposal to set up an iron and steel plant at Hedjaz in Western Saudi Arabia with an annual capacity to produce 45,000 tons of iron bars, joints, wires and sheets, with a provision for increasing capacity to 60,000 tons. The Government will allocate about £5.8 million to cover the cost of building the first stage of the plant. Nine international firms are reported to have offered technical assistance and collaboration.

The Government of Canada has formally adhered to the International Monetary Fund's general arrangements to borrow. The maximum commitment of the Government of Canada is $200 million, bringing the total commitments received to $6,000 million. The ten countries participating in the borrowing arrangements have undertaken to lend their own currencies to the Fund up to certain stated amounts, if this should become necessary to forestall or cope with an impairment of the international monetary system. The arrangements entered officially into force on 24th October 1962 by which time eight countries had notified the Fund of their adherence.

The Governments of Pakistan and Yugoslavia have recently concluded an agreement under which Yugoslavia will provide credits to Pakistan and will accept repayment over a number of years in the form of primary commodities, manufactured goods and semi-manufactured articles. The first part of the agreement covers exchange of equivalent quantities of goods and commodities for one year, with Pakistan exporting jute, cotton and manufactured goods and Yugoslavia exporting motor cars, scooter equipment, cables, marine engines and typewriters. The second part covers the construction by Yugoslavia of 200 wells in exchange for specified grades of jute for two years and the third part covers an offer of a further credit of $10 million.

PERSONAL

MR. T. P. Singh has taken over charge as the Secretary to the Planning Commission.

Mr. William Warnock, Ireland Ambassador in Switzerland, has been appointed the First Ambassador of Ireland in India.

Mr. S. P. Puri, Director of the Allahabad Bank Limited, has been appointed Chairman of the Board of Directors of the Bank.

Mr. Justice P. B. Gajendragadkar was sworn in as the Chief Justice of India on the 1st inst. in the place of Mr. Justice B. P. Sinha who has retired.

Mr. K. P. Goenka, Chairman and Managing Director of Duncan Bros. Co., Ltd., has been elected President of the Federation of Indian Chambers of Commerce and Industry for the year 1964-65.

Mr. J. Charanjiva, who recently retired from Burmah-Shell service, has joined the Brady Group as Personnel Adviser with effect from 1st January 1964 and has been appointed to the Board of Directors of Commerce (1935) Ltd.

Prof. K. T. Merchant, Principal of the Sydenham College of Commerce and Economics, has been appointed a Director of the East India Cotton Association by the Union Government.

Mr. N. S. Pande, Joint Secretary, Union Ministry of Finance, has been appointed a Director of the State Trading Corporation and the Mines and Minerals Trading Corporation.

Mr. Roland Pierott, Assistant to the Bank of America's President at the Head Office in San Francisco and co-ordinator of international activities, has been appointed Executive Vice-President of the Bank of America.

Mr. Harish Chandra Mahindra, Executive Director of Mahindra and Mahindra Ltd. and Chairman of Indian and Eastern Engineering Company Ltd., has been elected Chairman of the Mahindra Ugine Steel Company Ltd.

Dr. Yves Dunant, head of the World Marketing Division of Sandoz and a senior Director of Sandoz (Basle), is on a brief visit to this country. During his stay, he will meet some Central Ministers and officials of the Industry and Health Ministries.

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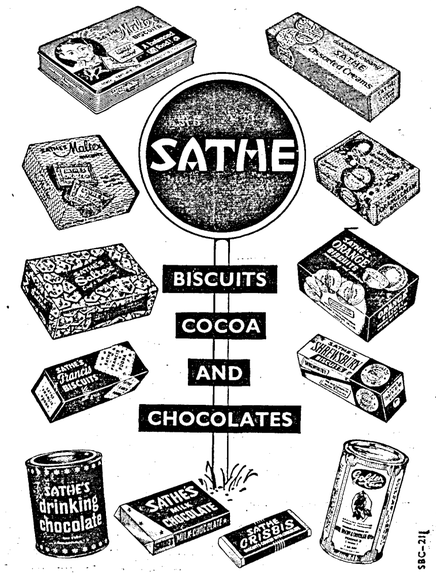

SATHE BISCUIT & CHOCOLATE CO., LTD. POONA-2.

Notices

THE SOUTH KARANPURA COAL COMPANY LIMITED

NOTICE IS HEREBY GIVEN TO THE MEMbers of the above-named Company that the Annual General Meeting of the Company will be held at the Registered Office, Chartered Bank Buildings, Calcutta, at 10.45 a.m. on Friday, the 28th February, 1964, for the following purposes:—

1. To consider and adopt the Audited Accounts of the Company for the year ended 31st August, 1963 and to receive the Directors' and the Auditors' Reports thereon.
2. To declare the Dividend recommended by the Directors.
3. To appoint a Director in the place of a retiring Director.
4. To appoint Auditors and fix their remuneration.

AS SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification the following resolution which will be proposed as a special resolution.

"That Article 161 of the Articles of Association of the Company be amended deleting the word 'three' in line 4 and substituting therefor the word 'six'."

The Share Transfer Register of the Company will be closed from 14th February, 1964 to 28th February, 1964 both days inclusive.

By Order of the Board,
BIRD & CO. (PRIVATE) LTD.,
Secretaries and Treasurers.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA, *30th January*, 1964.

Notes: (a) A member entitled to attend and vote at this Meeting may appoint a proxy to attend and vote instead of himself. A proxy need not be a member of the Company.

(b) The Dividend, if declared, will be paid on or after 15th March, 1964, to those Shareholders so entitled whose names appear in the Company's Book on the 28th February, 1964 or to their mandatees. No application for Dividend Warrants will be necessary.

(c) The relative explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business set out above is being sent to all members.

THE SOUTH KARANPURA COAL COMPANY LIMITED

AT A MEETING OF THE BOARD OF Directors held on Thursday the 30th January, 1964, the following Dividend was recommended for declaration at the Annual General Meeting to be held on Friday the 28th February, 1964, subject to deduction of Tax.

On Ordinary Shares at 2½ per cent per annum.

By Order of the Board,
BIRD & CO. (PRIVATE) LTD.,
Secretaries and Treasurers.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA, *31st January*, 1964.

EASTERN INVESTMENTS LIMITED

THE BOARD OF DIRECTORS HAS DECIDED to recommend to the forthcoming Annual General Meeting of the Members of the Company the following Final Dividends for the year ended 31st December, 1963, subject to deduction of tax—

On the taxable cumulative Preference Shares @ 4.1625 per cent per annum less Interim dividend @ 2.08 per cent already paid.

On the Issued Ordinary Shares @ 10 per cent per annum.

By Order of the Board,
BIRD & COMPANY (PRIVATE) LTD.,
Secretaries.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA, *29th January*, 1964.

MADURA MILLS COMPANY LIMITED

Registered Office:
New Jail Road, MADURAI

NOTICE IS HEREBY GIVEN THAT THE Annual General Meeting of the Company will be held in Pandyan Building, West Veli Street, Madurai, on Wednesday, the 25th March, 1964, at 3.30 p.m. The Share Transfer Books will be closed from 21st February to 20th March, 1964 both days inclusive.

1. All persons holding shares on blank transfers should immediately arrange to have the shares registered in their own names, as the Company will pay any dividend declared only to the person(s) in whose name the share stands as on 20TH MARCH, 1964.
2. Shareholders desiring dividends to be paid to Banks or other Mandatees should register the mandates with the Company before 21st February, 1964.
3. Intimation of any change of address should be given to the Company immediately.

A. & F. HARVEY LIMITED,
Managing Agents.

MADURAI,
30th January, 1964.

TRENDS IN PETROLEUM IN INDIA

(*Concluded from page 204*)

supply and demand will still persist, owing to the disproportionately large demand for middle distillates. India must continue to import kerosine and diesel oil, which hitherto have come mostly from the Persian Gulf, although Russian products are imported by the State-owned marketing organisation.

The Size of the Search

What are the chances of filling the proliferating refineries with indigenous crude? This would produce a far more considerable saving in foreign exchange than the substitution of crude imports for products. But exploration so far has only yielded potential production of about five million tons a year.

Present output comes from two regions. In Assam, the old Digboi field of Assam Oil (Burmah Oil) produces about 300,000 tons, all refined at Digboi which also receives some crude from the Nahorkatiya and Moran fields of Oil India, in which the Indian Government has a 50 per cent share. Crude from these newer areas already feeds the Gauhati refinery and production will rise to three million tons a year when the Barauni refinery comes into operation. A 720-mile pipeline from the fields to Barauni *via* Gauhati is complete.

Some fresh exploration has at last been possible in Assam since Oil India was granted in January 1963 a new 1,290 square mile licence in the Dum Duma district. The joint venture company has a £1½ million six-well drilling programme; the first well, at Tinali near Moran, has been drilled to 12,586 feet and is now being tested, and the second, at Bogapani, near Nahorkatiya, was begun on 20th December and is below 3,000 feet. Other locations in Upper Assam are on the way.

Apart from an unsuccessful search in West Bengal by Stanvac between 1953 and 1960, all other exploration has been reserved for many years to the Indian Government's Oil and Natural Gas Commission. The O.N.G.C. works with the help of equipment and technicians provided by the U.S.S.R. under a long-term aid agreement. A credit agreement was also concluded with E.N.I. in 1961, permitting the Italian company to carry out various oil operations. The French Institut du Petrole have provided some technical assistance, through a Petroleum Institute at Dehra Dun, where the headquarters of the O.N.G.C. are situated.

The Oil and Natural Gas Commission has been most successful in Gujarat. It has discovered an oilfield at Ankleshwar, now producing at an annual rate of 730,000 tons a year. The crude goes by rail to the Bombay refineries but when Koyali refinery is completed it is hoped to raise output to 2 million tons. A gas field has been found at Cambay. E.N.I. will build a pipeline network in this area, comprising a crude line from Ankleshwar to Koyali, a products line from Koyali to Ahmedabad, gas lines from Ankleshwar to Uttran and Baroda, and from Cambay to Dhuwaran. Exploration drilling has been carried out elsewhere in Gujarat: at Kalol, Sanand, Waravel, and Bareja near Ahmedabad, and Olpad and Kosamba near Ankleshwar; hydro-carbons have been encountered at several of these places, but it is not yet known if they are of commercial significance. Wells are to be drilled around here near Navagaon, on the island of Aliabet and offshore in the Gulf of Cambay.

The O.N.G.C.'s exploration in other parts of India has not so far yielded any important discoveries. In Assam, four wells at Rudrasagar in the Sibsagar district had encountered oil at mid-1963, but one nearer Sibsagar was dry; one is drilling at Lakwa. In the Punjab, a well at Jawalamukhi found gas a few years ago but another was dry and so were wells at Adampur, Hoshiarpur and Janauri; another deep test will now be drilled near Jawalamukhi. Other areas where exploratory or structure drilling is planned include the Cauvery Basin —a well early this year at Karaikal—Jaisalmer in Rajasthan, Purnua and Raxaul in Bihar and on the Andaman Islands. E.N.I. will drill for O.N.G.C. on a contract basis probably in the Ganges valley. The Indian Government has been considering the possibilities of exploration in Iran, but, in view of the shortage of foreign exchange, it is difficult to see how this could be undertaken.

A Heavy Task

The O.N.G.C. is certainly making great efforts. But the job is too big. Although Central India is not sedimentary, the subcontinent is vast and the extent of the potentially oil-bearing basins around the peninsula and in the northern plains and Himalayan foothills is estimated at 400,000 square miles. With the best will in the world, a Government organisation must spread itself very thin or concentrate on very few spots.

Expenditure on exploration and production in the third Plan (1961-66) was originally put at Rs. 115 crores, afterwards raised to Rs. 202 crores (one crore of rupees: £750,000). The Planning Commission in a *Mid-term Appraisal of the third Plan*, published in November 1963, estimated that about Rs. 147 crores had been spent and that a substantial part of the programme would remain to be carried over into the fourth Plan, to run from 1966-71. For this, the Oil and Natural Gas Commission has submitted proposals entailing a total outlay of Rs. 230 crores. If arrangements could be made to supplement the efforts of the Oil and Natural Gas Commission by private outside help in exploration, as is being done for refining, so much the better. India has so *much to do with its money.—By Special arrangement with Petroleum Press Service.*

LABOUR

(*Concluded from page 208*)

Industry does not want this role. On the contrary, it hopes for a social-security system with a minimum of employer interference and a maximum of individual freedom.

What then is the problem? Take, for example, the sick-pay part of the "social package." Workers off the job on sick leave have nearly doubled in recent years: from an average of 3.9 per cent (of those workers who receive sick benefits through insurance organisations) in 1951 to fully 6.35 per cent in 1962.

Total expenditures of insurance organisations established by law (including not only cash payment to sick workers, but also costs of medical and dental care, medicines, hospital treatment, etc.) have not merely doubled since 1951, but have shot up more than fivefold.

Far from evading its legitimate responsibilities towards helping to meet sick benefits, industry wants to pay—but in a business-like way; in a way that is calculable, like other expenses, in advance.

Specifically, industry would like to hand over its sick-pay contributions, in a pre-set amount, based on statistical estimates, directly to the insurance organisations. These agencies in turn would "cover" a worker and his family while the employee was off the job.

This is not a question of bargaining with the ill; it is a question of a firm's remaining economically viable, so that the ill will have a job to come back to.

It is hard enough for a big industry to operate with an unknown expense ahead. Imagine the situation of a small business—of, for example, a master craftsman who has a staff of four or five persons.

Confront him with an epidemic of influenza, all his workers out at once, and direct sick-benefit payments out of his own pocket could well bankrupt him.

Thus, the issue is not whether wage-earners and their families should be helped through hard times; that principle was established decades ago. The big question is whether the individual employer shall dole out benefits or whether workers shall have a right to apply directly to an insurance agency that is set up to do the job.

248 Pages

These pages of **COMMERCE ANNUAL NUMBER 1963** contain as many as 46 feature articles on a wide variety of subjects of topical importance contributed by eminent economists, administrators, businessmen and experts. The subjects covered include planning and development, agriculture, industry, trade, banking, finance, taxation, labour, transport, and economic trends in Britain, West Germany and the U.S. The Number contains also our customary comprehensive reviews of trends in the different sectors of the Indian economy, besides all the major markets. Here are the exact **CONTENTS** of the Annual Number:

LEADING ARTICLE:
- **A Year of Hardship and Stagnation**

FEATURE ARTICLES:
- **Rethinking on the Constitution**—C. S. Venkatachar, I.C.S. (Retd.)
- **U.S. Military Aid to India**—Dr. M. S. Venkataramani
- **Defence and Industrial Development**—H. C. Bhabha
- **Helping the Developing Countries**—Sir Roy Harrod
- **The European Economic Community**—Prof. H. C. Walter Hallstein
- **G.A.T.T. and Developing Countries : An Appraisal**—Finn Gundelach
- **Is Liquidity Problem a Global Affair ?**—Neil McInnes
- **Balance of Payments Problem and Economic Development** Dr. P. S. Lokanathan
- **Planning by Persuasion : Evolution in Britain**—George O. Hoskins
- **Indo-British Economic Relations**—Michael Donelan
- **Prospects for Investors**—George Carvelho
- **Statism in Co-operative Movement**—J. C. Ryan, I.A.S. (Retd.)
- **Agricultural Refinance Corporation**—V. Sivaraman
- **Evolution of Union-State Relations**—A. K. Chanda
- **Stabilising the Price Level**—Prof. P. C. Jain
- **Planning for Development**—G. D. Somani
- **Export Promotion Needs More Serious Attention** R. J. Venkateswaran
- **Productivity : Key to Export Promotion**—Chinoobhai C. Javeri
- **The Emergent Countries of Africa**—C. N. Vakil
- **Training of Chartered Accountants**—Dr. Rustom C. Cooper
- **Public Sector Undertakings**—Radheshyam R. Morarka, M.P.
- **Progress of Rayon Industry**—Babubhai M. Chinai, M.P.
- **Oil in Indian Economy**—P. A. Gopalkrishnan, I.C.S.
- **Copper Industry of India**—K. V. Subrahmanyam
- **Control and Regulation of the Banking System** Pravinchandra V. Gandhi
- **Banking Education in India**—Dr. J. D. Sundram
- **Debt Expansion for India's Economic Growth**—S. R. Sarna
- **State of Banking Statistics**—"Argus"
- **Gold Control in Retrospect**—Dr. Kersi Doodha
- **Entrepreneurship and Economic Development**—Dr. D. L. Narayana
- **Firm as a Unit of Assessment**—C. C. Dalal
- **The Glass Industry of India**—P. N. Talukdar

FEATURE ARTICLES—(*Continued*)
- **Marketing Organisation for Corporate Issues**—L. C. Gupta
- **Tea and Coffee Industries**—J. R. Henshaw
- **Obsolescence in Management**—S. Srinivasan
- **Trade Union Rivalry in India**—Dr. J. L. Rastogi
- **Use of Grievance Procedure**—Prof. B. N. Mehrotra
- **The Millions of Workers**—Dr. K. A. Zachariah
- **Economic Trends in Britain**—Our London Correspondent
- **Economic Trends in the U.S.**—Our New York Correspondent
- **Economic Trends in West Germany**—Inga Krugmann-Randolf
- **Why Road Transport ?**—Dr. F. P. Antia
- **State of Oilseeds in India**—Ramdas Kilachand
- **New Dreams for Steel Aplenty**—Our New Delhi Correspondent
- **Another Bad Year for Pepper**—I. T. Parekh
- **World Bullion Review**

1963 REVIEW OF:
- **Labour**
- **Commodity Prices and Cost of Living**
- **World Commodity Prices**
- **Coal**
- **Jute**
- **Textiles**
- **Cotton**
- **Sugar**
- **Planting**
- **Food and Agriculture**
- **Industrial Production**
- **Trade**
- **Banking and Money**

TREND OF MARKETS IN 1963:
- **Stock Exchanges**
- **Cotton**
- **Oilseeds**
- **Bullion**
- **Tea**
- **Jute**
- **Metals**
- **Hides and Skins**

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TREND OF MARKETS

CALL RATE UP

(From Our Own Correspondent)

BOMBAY, *5th February*

Conditions in the short-term money market turned tighter during the week under review, the inter-bank call rate for both renewals and fresh money jumping up by ½ per cent to 5¾ per cent. There was a persistent increase in the demand for bank credit, while the supply of floating funds was on a much reduced scale. Borrowers had, therefore, to look around for accommodation. They could, of course, obtain their requirements but at higher rates. Turnover of funds was quite large. The Calcutta market, too, ruled pretty tight and there was no change in the call rate which stood throughout at the high level of 5¾ per cent, though some scattered business was put through at 5½ per cent.

Perhaps because of the stringency in the money market, there were no sales of 91-day Intermediate Treasury Bills during the period from 29th January to 1st February, though they were on offer. Undeterred by this lack of response, the Reserve Bank has announced that these Bills would continue to be an offer during the period 5th February to 8th February. The 91-day Treasury Bills under the tender system had the same experience as last week. The total amount offered at Rs. 2 crores was just equivalent to that invited; the whole of it was accepted at Rs. 2.325 per cent per annum, same as last week.

India's foreign assets improved by a further Rs. 14 lakhs to Rs. 111.86 crores during the week ended 31st January 1963. The entire increase was in balances held abroad which stood at Rs. 9.40 crores. The foreign securities held in the Issue Department of the Reserve Bank were unchanged at Rs. 102.46 crores. Deposits of scheduled banks rose by Rs. 1.28 crore to Rs. 79.89 crores. At the same time, loans and advances to them went up by Rs. 6.79 crores to Rs. 36.08 crores, including Rs. 13.14 crores (a rise of Rs. 3.30 crores) made available against usance bills. Notes in circulation declined by Rs. 5.47 crores to Rs. 2,391.71 crores.

A further rise of Rs. 17.01 crores (to Rs. 1,669.90 crores) in the total credit made available by scheduled banks to their clients occurred during the week ended 24th January. Since their deposits also increased albeit by a smaller amount of Rs. 10.91 crores to Rs. 2,438.29 crores on top of the accretion of Rs. 18.47 crores in the preceding week, borrowings from the Reserve Bank declined by Rs. 3.29 crores to Rs. 28.75 crores, of which those against usance bills accounted for Rs. 10.35 crores, a drop of Rs. 1.86 crore. Investments receded by Rs. 2.33 crores to Rs. 684.75 crores.

On Thursday, 30th January, the Reserve Bank of India resumed the sale at par of 4½ per cent 1973 Central Government Loan. Sales had been suspended since 15th January, as the interest on the loan was due for payment on 22nd January. But for this development, the Gilt-edged market continued to rule dull. Business put through was meagre, with no change in the quotations for most of the loans.

In the foreign exchange market, the banks' selling rate for U.S. dollars was unchanged at Rs. 478.50 per $100, whereas their buying rate eased by 25 nP to Rs. 475. In New York, the pound sterling was irregular *vis-a-vis* the dollar. Thus, the spot rate picked up 0.030 cent to 279.800-279.830 cents, while the three months' forward eased by 0.010 cent to 279.540-279.570 cents.

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The total cash contributions brought into the central account of the National Defence Fund at New Delhi till the close of business on 31st January 1964 amounted to Rs. 58.04 crores. Of this amount, a sum of Rs. 28 lakhs came from Britain and Rs. 63 lakhs from other countries. In addition, contributions in gold and gold ornaments amounted to 2,279,489 grammes, approximately equivalent to 195,496 tolas.

REACTION IN BULLION

(Form Our Own Correspondent)

BOMBAY, *5th February*

The recent spurt in bullion prices came to a halt this week. After opening firm, the market reacted to close around the week's lowest levels due mainly to the withdrawal of support from hoarders and partly also because of some increase in arrivals in silver.

The reaction was led by silver which dropped from Rs. 269—a new all-time peak touched on Thursday, 30th January—to Rs. 262 yesterday and closed today five points lower over the week at Rs. 263 per kilo, following the marked decline in the daily average offtake from 30 bars to 20 bars, as against which arrivals increased from 15 bars to 18 bars. The decline in offtake was said to be mainly due to the withdrawal of support from the Akola party. Besides, local offtake was also limited.

Pure gold, traded unofficially, was quoted initially at Rs. 120. But as the week progressed, it declined to Rs. 113, as against Rs. 118 a week ago. Sovereign also shed a point at Rs. 87. Fourteen-carat gold opened 25 nP higher at Rs. 69.75, but sagged to close at the week's lowest level of Rs. 66.

The international price for gold was a shade lower at $35.08 as compared with $35.08¼ last week, with the ready quotation in London also moving down from 250s. 9¼d. to 250s. 9d. Silver in New York and London was unchanged at the last levels.

The U.S. may soon have to reduce the silver content of its coinage and perhaps eliminate it, according to Samuel Montagu and Company. Pointing out in its monthly *Silver Market Letter* that U.S. Treasury stocks were reduced by about 180 million ounces to some 1,500 million ounces during last year, the firm says that the extent of the withdrawals is surprisingly heavy and tends to show that steps must be taken before long to lessen the drain. Consumption of silver in U.S. coinage in 1963 amounted to 111.30 million ounces, out of the total non-Communist world consumption of 247 million ounces in industry and 172.2 million ounces for coinage. The U.S. Treasury is now the only dependable source capable of covering the large gap between production and consumption.

The following table shows the trend of prices during the week under review:

	5-2-1964 (closing)	High	Low	29-1-1964 (closing)
SILVER	Rs.	Rs.	Rs.	Rs.
Ready (996 fine) ..	263.00	269.00	262.00	268.00
GOLD				
Ready (14 carat) ..	66.00	69.75	66.00	69.50
Sovereign ..	85.00*	—	—	85.00*
London—				
Gold ..	250s. 0d.	250s. 9d.	250s. 8½d.	250s. 9½d.
Silver Ready ..	111¾d.	—	—	111¾d.
Silver Forward ..	111¾d.	—	—	111¾d.
New York—				
Silver	129.3 cents	—	—	129.3 cents

* As on 24-6-1963.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce.

COTTON FIRM

(From Our Own Correspondent)

BOMBAY, *5th February*

Trading in cotton Jarilla March futures contract came to a standstill this week from yesterday afternoon, as the contract had risen by Rs. 10 over last Saturday's closing level of Rs. 762.25, which is the weekly permitted price rise once the rate exceeds Rs. 765. Unofficially, the contract was quoted higher still at Rs. 776, though it had been slightly easier around Rs. 773 early this morning. The distant May contract was quoted today at Rs. 761, as against the closing of Rs. 749 on Saturday the 1st inst. and of Rs. 748 on Wednesday last week.

The trend was reactionary on Thursday, 30th January, in the light of the last week's official intervention to arrest the rising spot prices and also because of the F.M.C.'s warning to the E.I.C.A. (issued on the same day) against unhealthy speculation, which, it was said, had caused a strident rise in the futures quotations. On liquidation by the principal operator, both the futures contracts turned easy on that day. This reactionary trend did not, however, last long, as the Board of the E.I.C.A., while advising prominent members to prune outstandings in futures to bring down values to a reasonable level, also decided unanimously to protest against the Textile Commissioner's order, freezing movement of Digvijay cotton from Gujarat so that the upward trend in spot prices might be checked, on the ground that the farmers had already suffered a heavy loss because of the damage to the crop on account of the cold spell and frost and that, therefore, lower prices would act as a disincentive to increased production. This attitude of the E.I.C.A. to the official intervention revived the bullish sentiment which was bolstered up during the week by Maharashtra's Chief Minister, Mr. V. P. Naik's statement on Sunday the 2nd inst. that the State Government was opposed to the fixation of *ad hoc* prices by the Union Government for cotton, as such prices did not relate to the cost of production and did not ensure fair prices to the cultivators for their produce. This open divergence in the attitude of the State and Central Government authorities to the cotton price issue led to further nervous bear covering in futures and emboldened the principal bull operator to hold on to his outstanding position of some 50,000 bales, irrespective of the F.M.C.'s warning to the E.I.C.A. The result was the sharp and unchecked rise in values during the week.

The trend during the week under review is indicated below:

(In rupees per three quintals)

	29-1-64	*High*	*Low*	5-2-64
Jarilla March ...	760.25	772.25	756.00	772.25
Jarilla May ...	748.00	761.00	744.50	760.50

Mill demand for spot cotton at the Sewri market was concentrated on Kalyan, L 147, CO2 and 197/3, prices of which, as a consequence, hardened further. Digvijay however, was, quoted about five points lower. The following were the spot prices—in rupees per candy of 784 lbs.—of some of the varieties:

Dhangadhra CO2 1,345, Akot L 147 1,240, Amravati 1,235, Chopda 1,085, Devalgaon 1,205 and Laxmi (new) 1,200.

A Press note issued by the Textile Commissioner today says that the terms, conditions and procedure for the import of cotton from the U.S. under the M.M.T.C./C.C.C. barter deal (1963) for about $38-42 million, covering the value of about 300,000 bales of cotton, have been finalised.

In the import section, Pima Karnak was traded at Rs. 1,625 c.i.f. March and Sudan XP3L at Rs. 1,530 c.i.f. March. In the export section, Japan was said to be switching over to Pakistan Deshi varieties, as Bengal Deshi prices here were believed to be prohibitively high.

The Indian Central Cotton Committee has commended the adoption of improved practices for raising the per acre yields of cotton in the rain-fed Vidharbha tracts. Its programme for improved cultivation contains details about preparatory tillage, manures and manuring, seeds and sowing, intercultivation and controls of pests and diseases. Its experiment on the Amravati demonstration plot produced 1,244 kgs. of *kapas* per hectare, as against the traditional output of 463 kgs. The seed tried was an improved American variety, namely B-147. The gain in profits was Rs. 377 per hectare.

President Johnson asked Congress on 31st January to enact legislation for enabling U.S. cotton to meet competition from foreign cotton and man-made fibres. The present programme providing a two-price system, he said, met the needs of neither the grower, the handler, the cotton mill nor the consumer. He remarked that, whereas the grower price support programme held U.S. cotton above world price levels, the foreign buyers obtained the cotton at world prices through the operation of the Government export subsidy to growers.

ART SILK YARNS EASY

(From Our Own Correspondent)

BOMBAY, *5th February*

Art silk yarns and staple fibre yarns ruled distinctly easy during the week under review, while cotton yarns registered a hardening trend following good support at higher levels. The easiness of art silk yarns was due to fears of sizable sales at reduced rates by spinners and decline in premium on import licences. Reports from consuming centres also were not encouraging. In sympathy with art silk yarns and on rumours that several South Indian mills had bought the entire quantity of imported staple fibre remaining unutilised with the Government, staple fibre yarns tended to move down. The rumours of a possible replacement of excise duty on staple fibre by a lower rate of duty on yarn also imparted weakness. Cotton yarns, however, met with enlarged buying enquiries, thanks to encouraging advices from upcountry centres and firmness of raw cotton.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	5-2-1964	29-1-1964
	Rs.	Rs.
Art silk yarn (per kg.)—		
National Rayon 120D	11.55	11.68
Century 75D	18.35	18.44
S. I. Viscose 150D	12.91	12.91
Staple fibre yarn (40/2)—		
Kohinoor (per kg.)	9.48	9.55
Century	9.50	9.66
Cotton yarn (per bundle of 10 lbs.)—		
10s Navsari	19.37	19.50
20s Podar	24.50	23.87
32s Madura	32.50	32.50
40s City	37.50	36.75
60s Finlay	76.25	76.25
80s Mahindra	93.00	92.50

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Exports of Rayon and Synthetic Fabrics

The pace of improvement in the overseas offtake of Indian rayon and synthetic fabrics was somewhat checked during the calendar year 1963. The actual increase in shipments in that year was only two million metres, as against the rise of over 16 million metres recorded in 1962 and of 31.23 million metres in 1961. The total quantity of fabrics actually shipped in 1963 is estimated at 85.67 million metres, as compared with 83.76 million metres in 1962 and 67.35 million metres in 1961. The figure of 85.67 million metres, incidentally, is the all-time peak level of exports. While the pace of increase in shipments slowed down during 1963, the average export price realised by rayon and synthetic fabrics was slightly higher at Re. 1.09 per metre, as against Re. 1.08 in 1962 and 94 nP in 1961. The total foreign exchange earned by these fabrics during 1963 amounted to about Rs. 9.34 crores, as compared with the Rs. 9.11 crores earned in 1962 and Rs. 6.32 crores in 1961. The most important markets for the fabrics are Singapore, Iraq, Aden, Canada, Ceylon, Sudan, Rhodesia and Nyasaland, and Kenya. The quantities—in million metres—actually bought by these countries in 1963 with figures in brackets giving the previous year's shipments, are: Singapore 17.15 (15.21); Iraq 5.93 (4.66); Aden 4.51 (3.05); Canada 3.70 (1.47); Ceylon 3.67 (8.34); Sudan 3.16 (3.25); Rhodesia and Nyasaland 4.00 (5.69); and Kenya 2.01 (0.57).

CASTORSEEDS ADVANCE

(From Our Own Correspondent)

BOMBAY, *5th February*

The oilseeds market depicted an easy trend in the first three sessions of the week under review, but staged a recovery on Monday and the recovery persisted in the subsequent two sessions also. Early in the week, both seeds and oils encountered selling, while fresh buying support was lacking. Consequently, values moved down. On Monday, however, the sentiment of the market improved, thanks to reports of unfavourable weather conditions in the principal growing areas. These reports induced good bull support which led to a recovery in prices. The recovery gathered momentum yesterday and today following persistent short-covering and absence of selling pressure. The groundnut section witnessed a reversal of the last week's upward trend in the earlier sessions, as the supply position improved, following good arrivals, while buying by crushers and *vanaspati* interests was on a reduced scale. In the latter sessions of the week, however, prices registered a rise as a result of short covering, good demand from upcountry centres and firm advices from the cotton market. The report that the State Trading Corporation had bought some 20,000 tonnes of groundnut oil (at Rs. 2,050-Rs. 2,060 per tonne in new drums on f.o.b. basis) to be shipped to Burma and that it would be covering an equal quantity also for shipment to Burma, too, imparted strength. Castorseeds continued to be buoyant, owing to hectic bear-covering and fears of damage to new crop from the recent cold spell. Linseeds were cheerful, following the upsurge in prices of mustard seeds in North Indian markets. Cottonseeds were firm.

The groundnut January 1964 contract went off the board at the ceiling price of Rs. 236 per 250 kg. on 30th January. The April contract began the week at Rs. 235.12 and after declining to Rs. 234.37 on Friday, recovered to close at Rs. 236.25 today. The net rise over the week was Re. 1.13. Ready Nizam bold and Khandesh quality changed hands at Rs. 48.50 and Rs. 49.25, respectively, same as last week. Oil ex-mill lost 25 nP to Rs. 19 and railway receipts 15 nP Rs. 18.80.

The castorseeds March 1964 contract jumped up by Rs. 2.87 to touch a new high of Rs. 174.62 today. June contract gathered Re. 1.75 to Rs. 174.75. Ready Madras picked up 31 nP to Rs. 34.62. Ready Kanpur strengthened by 25 nP to Rs. 33.50. Oil B.S.S. however, was quoted low at Rs. 14.80 as against Rs. 14.95 last week. Oil commercial shed 10 nP to Rs. 14.20.

In the linseed section March 1964 contract rose by Re. 1.13 to Rs. 38.44. The June 1964 contract opened the week at Rs. 38.31 and closed at Rs. 39.56, thus gaining Re. 1.25 over the week. Bold ready was unchanged at last week's level of Rs. 37.50. Linseed oil hardened by 20 nP to Rs. 15.50.

Business put through in cottonseed futures was limited. The April 1964 contract moved narrowly both ways before closing at the last week's level of Rs. 102.

The following table shows the closing prices of oilseeds and oils on Wednesday 5th February as compared with those of two previous weeks:

	5-2-1964	29-1-1964	22-1-1964
	Rs.	Rs.	Rs.
Groundnuts			
January 1964 contract	236.00	236.00	230.50
April 1964 contract	236.25	236.00	231.75
Nizam bold	48.50	48.62	46.87
Khandesh quality	49.25	49.37	47.62
Oil ex-mill	19.00	19.25	18.40
Oil Rly. Receipts	18.80	18.95	18.20
Castorseed			
March 1964 contract	174.62	171.75	167.62
June 1964 contract	174.75	173.00	169.50
Ready Madras	34.62	34.25	33.25
Ready Kanpur	33.50	33.25	32.25
Oil B.S.S.	14.80	14.95	14.70
Oil commercial	14.20	14.30	13.90
Linseed			
March 1964 contract	38.44	37.31	36.94
June 1964 contract	39.56	38.50	37.94
Bold ready	37.50	37.50	38.00
Linseed oil	15.50	15.30	15.60
Cottonseed			
April 1964 contract	102.00	102.00	100.00

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

KIPS FIRMER

(From Our Own Correspondent)

MADRAS, *3rd February*

Business in E.I. kips this week continued difficult. Cow calf and buff calf remained firmer. In the tanned goat skins section, business done was small owing to high prices, whereas, in tanned sheep skins, primes and semi-primes continued to attract buyers. Best middle class sheep skins ruled firmer on steady inquiries from abroad.

SPURT IN MEDIUM TEAS

[*Messrs. Forbes, Ewart and Figgis (Private) Ltd.*]

COCHIN, *30th January*

A total of 468,000 kgs. was offered in tea sale No. 4 held here on the 28th inst. Quality in general showed a further seasonal improvement and there were a few useful mediums on offer. The market opened to strong general demand. There was useful support for low medium and medium brokens which were firm to dearer. Similar fannings were better supported and often sold at dearer rates. Among good mediums, those with improved quality evoked keen competition and registered an advance up to 20 nP. Highgrowns also continued in good demand and generally were sold at dearer rates with buyers following quality. Clean black leaf descriptions were also firm to dearer. Unorthodox descriptions were sold well at around last rates. Whole leaf grades were strong, particularly orange pekoes, whereas there was useful inquiry for a small selection of tippy teas on offer.

Quotations (per kg.) were:

	1964	1963
	Rs.	Rs.
Low mediums	4.55-4.95	4.25-4.65
Mediums	4.95-5.30	4.70-5.00
Good mediums	5.40-6.10	5.10-5.80
Nilgiri B.O.P.	5.40-9.40	5.75-9.90

The average price realised in sale No. 4 was Rs. 5 per kilo, as against Rs. 4.93 a week ago and Rs. 5.10 in the corresponding sale last year.

A lesser quantity of 241,000 kgs. was offered in dust sale No. 4 held today. There was good general demand. The few highgrowns on offer were sold at generally dearer rates. All mediums were sold well at usually slightly enhanced rates, except Travancores which fetched valuations. Residuals were the weakest feature of the sale and were frequently taken up at a discount. There was strong competition for unorthodox kinds which were dearer all round.

The average price realised in dust sale No. 4 was Rs. 4.55, as against Rs. 4.52 a week ago and Rs. 4.23 in the corresponding sale last year.

Colombo: Just over 6½ million lbs. were offered this week. The market opened to strong general demand with all liquoring brokens dearer except plainest mediums. Similar fannings, however, were irregular but often about steady, while lowgrown brokens tended 3-5 cents dearer with their fannings advancing 10-20 cents.

London: North Indian and other growths: In Monday's auction, there was good general demand at firm rates.

Ceylon and South Indians: As many as 27,174 packages were offered in Tuesday's sale, of which 8,640 packages were from South India. There was good general demand. Both Ceylons and South Indians elicited useful inquiry and were sold at fully firm to dearer rates.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire as follows:

"*Sale No. 5*: 480,000 kgs. offered. Good demand. Low mediums and mediums firm. Good mediums and highgrowns dearer. Unorthodox easier."

DEMAND FOR TEA GOOD

(From Our Own Correspondent)

CALCUTTA, *4th February*

Active trading was in evidence in the export and internal tea sales held here last week. Despite high stocks in Great Britain, bidding was lively at the last week's sales held at Mincing Lane. But the trade does not consider the outlook as encouraging, in view of the strong competition from other producing countries, mainly Ceylon and East Africa, which enjoy advantages from lower costs of production.

Despite lower output, Indian tea exports realised Rs. 132 crores, representing a substantial increase of Rs. 8.4 crores over 1962. The average price realised here for leaf so far this season is lower at Rs. 5.36 per kg., as against Rs. 5.44 for the comparative previous period. The average price for dusts has also declined from Rs. 4.90 a kg. to Rs. 4.85. North-Indian tea exports up to the 15th of last month were slightly lower at 282.16 million lbs. as compared with 292.60 million lbs. in the corresponding previous period. But the output in North India has also dropped to 562.44 million lbs. from 576.39 million lbs. in 1962.

That the dividend outlook for tea companies for 1963 is less encouraging is reflected in the poor support accorded to tea shares on the Calcutta Stock Exchange. Dividends already announced are lower than those for 1962. While production and selling prices in 1963 have fallen, the unit cost of production has increased owing to increased labour charges and higher prices for stores. The industry's satisfactory export performance is attributed to the tax concession allowed in the last budget.

The forthcoming Central budget is hopefully looked forward to by investors. The industry's capacity to attract private capital is linked with the marketing outlook. The industry has also stressed that the internal market in India should be exploited more vigorously, as other beverages, such as cold drinks, are gaining in popularity and it is feared that Indian tea is not getting a proper share from the improving standard of living of industrial workers. The revival of internal campaigns has, therefore, been urged.

Leaf offerings at the export sale totalled 71,442 packages which met with strong general demand. Keen competition was offered to whole leaf grades, which, as a result, were fully firm; the few tippy teas on offer, however, recorded an easy trend. Darjeelings met with increased seasonal support and hardened. Medium and secondary C.T.Cs were in good demand, with the brighter liquoring teas realising higher prices on keen competition. Best C.T.Cs also advanced, and brokens were ahead of the corresponding fannings. Legg-cut teas, though in good demand, recorded an irregular trend. Plain orthodox teas and "teas for prices" were fully steady. Medium kinds were firm and the brighter liquoring teas were higher. However, plain teas, especially B.O.Ps eased. The quotations per one kg., inclusive of excise duty, were: Best Assam C.T.C. B.P. Rs. 5.90 to Rs. 6.20, best Assam C.T.C. fannings Rs. 580 to Rs. 6.10, clean plain pekoe Rs. 5.10 to Rs. 5.40, medium Assam C.T.C. fannings Rs. 5.10 to Rs. 5.40, medium Assam C.T.C. B.P. Rs. 5.40 to Rs. 5.70, plain B.P. Rs. 4.55 to Rs. 4.65 and plain fannings Rs. 4.50 to Rs. 4.65.

At the internal sale, dusts offerings aggregating 31,657 packages met with good general demand. A strong feature was the bright liquoring Assams, while all plain orthodox teas were steady. Legg-cut teas hardened. Medium C.T.Cs met with good demand, and prices for the small and powdery teas rose. Good C.T.Cs were firm, with small lots registering a hardening tendency. The quotations per one kg., inclusive of excise duty, were: Good Assam C.T.C. dust Rs. 6.20 to Rs. 6.70, medium Assam C.T.C. dust Rs. 5.10 to Rs. 5.30, legg-cut dust Rs. 4.90 to Rs. 5.10, medium Assam dust Rs. 4.70 to Rs. 5.10 and plain orthodox dust Rs. 4.50 to Rs. 4.70.

METALS STEADY

(From Our Own Correspondent)

CALCUTTA, *4th February*

The metal market ruled steady during the under review. Noting encouragingly the significant rise in India's exports in 1963 to Rs. 785 crores from Rs. 687 crores in 1962, the trade looked forward to relaxation in the import policy relating to essential raw materials, including base metals. The forthcoming Central budget is, therefore, awaited with interest. Having regard to the fact that the exising installed capacity in regard to copper and copper alloys semi-manufactures is not being fully used due to paucity of imported base metals and that the country spends consider-

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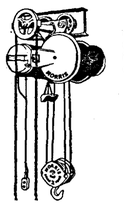
And all other types of machinery for lifting, conveying, etc.

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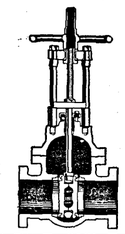
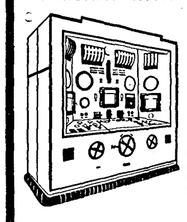
VALVES AND BOILER MOUNTINGS
Complete range of steam fittings for all power and process requirements.


These and many more...

KENT
INSTRUMENTATION

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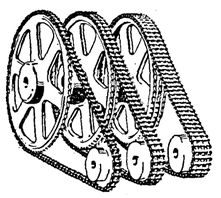

ajanta/WHB/63-20

Sole Representatives in India:
W. H. BRADY & CO. LTD.
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able foreign exchange in importing semi-manufactures to meet essential industrial requirements, the plea of the industry for sufficient supplies of inputs is modest and must be met. When the semi-manufactures industry is not even able to meet internal demand in full, it cannot be blamed for lack of initiative on its part in exporting the products to neighbouring countries. The Government should consider fixing special import quotas for base metals and actual users must be asked to export the production against special quotas. This would not only lead to increased production within the country but also bring in valuable foreign exchange.

Advices from the London Metal Exchange and the Far Eastern markets continue steady. It was reported that sellers of copper in London restricted their activities in view of the uncertainty arising from the troubled African situation and the strike threat in Chile. Spot copper wire bars opened at £240¼ a ton and, after gaining to £240¾, closed at £239¾. In Calcutta, utensil copper scrap rose from Rs. 635 per 100 kgs. to Rs. 640. While the fall in free stocks of copper on the L.M.E. has led to hopes that Rhodesian mines would resume full production, it should be noted that demand from the U.S.S.R. has been on the increase. While that country increased copper output in the decade to 1961 from 225,000 tons to 600,000 tons, the consumption in 1961 was 716,000 tons.

Tin, in London, closed at £1,035 a ton, as against the opening rate of £1,041. The General Services Administration is scheduled to review the long-term stockpile releases programme shortly. If the weekly quota were increased, it is felt that the maintenance of the world price at the current level would be difficult. The industry in Malaysia is willing to increase production, if it is assured of a fair price. Tin, in Calcutta, was firm at Rs. 3,300 per 100 kgs. Spot zinc, in London, opened at £92¾ a ton and, after being higher at £93¾, closed at £93¼. Spot lead closed higher on balance at £79, as against opening of £78¾.

JUTE GOODS MOVE DOWN

(From Our Own Correspondent)

CALCUTTA, *4th February*

While raw jute ruled steady during the week under review, goods moved down. Although, following the announcement by the Indian Jute Mills Association of the annulment of the Working Time Agreement as from the 1st of this month, the reaction that set in proved temporary, dullness soon returned, as the I.J.M.A.'s decision was interpreted bearishly on closer examination by the trade. The aim of the Agreement, which has been in force now since a number of years, was to adjust the production of mills from time to time in accordance with demand. It had operated satisfactorily in the days of acute shortage of fibre and again in the period of slackness of overseas demand for gunnies. During the last two years, however, the Agreement though it was in force in paper, was not taken recourse to, in view of the availability of domestic fibre in abundant quantities, coupled with the revival of overseas demand.

The outlook for hessian is considered bright. In recent weeks, purchases of hessian have been satisfactory and indications are that the U.S.A., the U.S.S.R. and Argentina have commenced purchases for replenishment of stocks. It is felt that, with limited availability of fibre fit for manufacture of hessian, mills would not be able to increase supplies to the full extent of demand and, as such, there is no fear that the abolition of the Working Time Agreement would lead to a glut in hessian supplies. The trade, however, is not at all optimistic about the outlook for sacking goods. With the advantage of about Rs. 400 a ton in cost of production over Indian mills, Pakistan has expanded its market overseas by driving out the Indian product to the extent possible. Pakistan's ability to export as much sacking as it produces is not at all affected by the existence of the working time agreement or otherwise. Its abolition, however, has only highlighted the trade's attention to the stark reality of the difficulty to push Indian heavy goods in overseas markets.

Fibre, as stated at the outset, ruled steady during the week under review. The Jute Commissioner, Mr. G. C. L. Joneja, has fixed the compulsory purchase quota of mills for February at 540,000 bales, as against 760,000 bales for the previous month. Of this quota, the I.J.M.A. mills have been allotted 500,000 bales. In an attempt to complete the January quota, mills had increased their purchases earlier in the week. These purchases, coupled with the mis-belief that the abrogation of the Working Time Agreement would lead to expansion of mills' capacity—mis-belief because the installation of additional capacity in terms of both spindles and looms requires the prior approval of the Jute Commissioner, and Government's known policy is against any such expansion at any rate in the near future—led fibre prices to rise above the minimum levels. Assam bottoms rose from Rs. 30 to Rs. 30.50, daisee bottoms from Rs. 33.50 to Rs. 34 and northern bottoms from Rs. 29.09 to Rs. 29.50. Prices in the agencies were above Calcutta's parity and sellers, though eager for business, declined offers below quoted rates. Since marketing of more than 60 per cent of the crop has been completed and the price support measures are working so very well, there would no longer be a problem of sagging prices for the rest of the season. Mills are keenly awaiting the considerations which would weigh with the Government in fixing the fibre prices for the new season.

During the week, despite good inquiries from overseas, prices declined. This was attributed to the abrogation of the Working Time Agreement, as it was wrongly believed that this would lead to a glut in supplies. Further, dull reports were received from the New York burlap market where the duty paid 40" 7½ oz. hessian fell to 9.05 cents a yard from 9.15 cents and the 10 oz. to 11.80 cents from 11.95 cents. In the Calcutta market, there were indications of imminent purchases by the U.S.S.R. and the probable quantity against February-September deliveries was believed to be 280 million yards. Interest was also in evidence on behalf of both the U.S.A. and Argentina. Demand from the U.S. led to scattered deals. On Tuesday last, covering business in both hessian and sacking was a feature, and thus ready B. twills were steadier at Rs. 113.05 and ready hessian 40" 10 oz. at Rs. 48. However, prices soon declined and, on Wednesday, the downward movement was marked, in view of lack of business. B. twills thereupon eased to Rs. 112.70 and hessian 40" 10 oz. to Rs. 47.60. At lower levels, activity in the futures market was on a modest scale. When mills turned sellers for both near and forward positions, prices declined further on Thursday to push down B. twills to Rs. 112.30 and hessian 40" 10 oz. to Rs. 47.20. Due-date selling pressure from holders led to a sharp decline in prices on Friday (31st January), despite scattered deals in hessian on overseas account. Hessian 40" 10 oz. eased to Rs. 46.50 and B. twills to Rs. 111.60. Quiet conditions marked trading over the week-end, when prices eased to Rs. 46.25 and Rs. 111.55, respectively. Keen activity in futures was a feature of trading yesterday, ready B. twills advancing to Rs. 113.40 and hessian 40" 10 oz. to Rs. 47.10.

"KHANDSARI" HARDENS

(From Our Own Correspondent)

HAPUR, *3rd February*

The sugar supply position continued restricted and the bulk consumers had to meet their requirements from the open market at Rs. 155 to Rs. 158 a quintal, as against the controlled prices of Rs. 123 to Rs. 126 a quintal. Production of sugar in West U.P. has been satisfactory, but from mid-January factories have been facing cane shortage due to keen competition from *gur* and *khandsari* manufacturers. The industry circles do not expect the production this season to exceed 25.30 lakh tons.

Desi khandsari prices displayed a hardening trend during the week, as the State Government's proposal to arrange controlled distribution of and regulate prices seems to have fizzled out. Punjab and Rajasthan stockists continued to be good buyers and consequently prices of different qualities improved sharply by Rs. 3 to Rs. 10 per quintal. The State Government has once again declared that exports of the commodity to other States would not be allowed. Units manufacturing *khandsari* were buying cane up to Rs. 5.80 per quintal in Muzaffarnagar area, as against Rs. 5.36 fixed for them. The inferior quality was quoted at Rs. 105 to Rs. 115, medium at Rs. 120 to Rs. 135 and superior at Rs. 140 to Rs. 143.50 per quintal.

Ready *gur* recorded a steadier trend on encouraging support from stockists. *Balti* quality arrivals were being loaded for other centres where permits have been received. *Pansera* quality was much in request from East U.P. Daily arrivals here averaged 2,000 to 2,500 maunds and stocks were fast mounting. But permits for the current month are expected to be issued shortly. Weekend prices here were:—*Balti* Rs. 27 to Rs. 27.50, *pansera* superior Rs. 27.75, *dara* Rs. 27.25 and *shakker* Rs. 27.50 per 40 kilograms.

FOODGRAINS IMPROVE

(From Our Own Correspondent)

HAPUR, *3rd February*

Excepting rice which was subdued on larger arrivals, foodgrains registered a firm trend during the week under review on fears of heavy damage to the standing *rabi* crops due to the cold spell and frost in the past ten days. The U.P. Government has asked its District Magistrates to assess the damage and arrange relief where necessary. Absence of winter rains have also adversely affected the *rabi* crops and, according to an official of the State Agriculture Department, crop prospects are far from satisfactory.

Wheat improved Rs. 2.50 per quintal to Rs. 56.25 to Rs. 58.29 for the average quality and Rs. 60 to Rs. 62.50 for the better farm produce. Prices might have risen still further but for the heavy sales of imported wheat and wheat flour through fair-price shops. Local stock of wheat left with the trade are small and the new crop will reach the market only in April. Week-end rice prices were:—*Basmati* superior Rs. 93.77 to Rs. 96.45, *sela* Rs. 91.09 to Rs. 93.77, *mainpuri* Rs. 61.62, *ramajwayan* Rs. 75.03, *raimunia* Rs. 79.04 and *gadda* Rs. 58.94 a quintal.

Gram prices hardened upto Re. 1 per quintal to Rs. 50.37 to Rs. 50.75 per quintal during the week on firm Punjab advices and inadequate stocks. Maize also advanced by 50 nP. to Re. 1.50 per quintal on brisk consumer demand. Stocks with the trade have been fast declining and are now around 14,000 quintals. Prices were quoted at Rs. 37 to Rs. 40 per quintal. Barley and *bejhar* improved in sympathy, while *juwar* and *guwar* remained steady. Week-end prices were: Barley Rs. 39.50 to Rs. 40.50, *bejhar* Rs. 40.50 to Rs. 41.50 *juwar* Rs. 47.56 to Rs. 48.23, *guwar* Rs. 48.23 to Rs. 48.90 and oats Rs. 50.94 to Rs. 60.28 a quintal.

Pulses were steady on fears of heavy damage to the standing crops of peas and *arhar* by frost. Peas improved by 66 nP to Re. 1 per quintal, with the dara quality quoted at Rs. 46.25 to Rs. 47.25, the farm quality at Rs. 48.50 to Rs. 50 and peas *dal* at Rs. 52.50 a quintal. *Arhar* moved up by Re. 1.34 with the average quality quoted between Rs. 58.94 and Rs. 60.28 and the superior stuff at Rs. 61.62 to Rs. 63.63. *Arhar dal* was traded at Rs. 69.75 to Rs. 80.25 per quintal. *Urd* moved up fractionally to Rs. 61.62 to Rs. 69.66 per quintal according to quality on the poor stock position, and *urd dal* was quoted at Rs. 75.02. Week-end prices in other sections were: *Moong* Rs. 72.34 to Rs. 77.70, *moong dal* Rs. 80.38, *massor* Rs. 61.62 to Rs. 66.98, *massor dal* Rs. 74.50 and *gram dal* Rs. 54.50 per quintal.

TEXTILES

(Concluded from page 200)

cent over the 1959 levels at which the prices were supposed to have been pegged. Even so, the Bharat Chamber's advocacy of the abolition of the Scheme is counsel of despair. It can be adopted, if one can be certain that it will bring about a quick increase in production, thereby raising the supply of cloth well above the demand. At the moment, the prospects of this positive outcome are remote. Accordingly, some controls are better than no controls. There is no reason why the Price Stamping Scheme should not serve the consumers' interests, if the defects in it were removed and if it were enforced properly? It is the failure of authorities to enforce the Scheme effectively, to modify the price schedules promptly and periodically to allow for the increases in costs, and to create consumer vigilance bodies all over India that has been responsible for the unsatisfactory working of the Scheme.

It is, therefore, gratifying to learn that the plea for complete abolition of the Scheme has not found favour with the Doraiswamy Committee. Instead, the Committee is reported to have in mind several measures designed to remove the defects in the Scheme and to enforce it properly and efficiently. A specific recommendation that the Committee is expected to make covers the system of stamping prices under which the mills will be required to stamp three prices, namely, ex-mill price, wholesale price (by adding 8 per cent of the ex-mill price and excise duty) and retail price (which leaves a margin of 10 per cent of the ex-mill price and excise duty). Currently, the retail price is being worked out by adding 18 per cent to the ex-mill price (exclusive of excise duty). Another specific recommendation that the Committee is expected to make pertains to the setting up of a Screening Committee to scrutinise complaints in respect of the working of the Stamping Scheme. While it remains to be seen whether these recommendations will be accepted, it is necessary to ensure that the ex-mill prices stamped on piecegoods should not only cover adequately the production costs but also leave a decent margin of profit to the mills. The prices fixed in respect of the majority of categories over three years ago have long ceased to be realistic, thanks to the increases in the different elements of the mills' cost structure, especially raw cotton prices, wage bill, prices of coal, chemicals and fuels, transport and taxation.

Viewed thus, it is, indeed, unfortunate that the Tariff Commission is reported to have recommended a schedule under which the cloth prices will generally be lower than even the ex-mill prices fixed in 1960. The very fact that the Commission's report was submitted over a year ago renders the recommendations out-of-date. It is ironical that the Government has not yet published the Commission's report, and that the contents of the report are being allowed to be pinched by a section of the Press in bits and parts. Nor has the Government taken a decision one way or other on the Commission's recommendations. The various increases in production costs that have occurred in the past two-three years and the prospective additional burden imposed by the implementation of the Lakdawala Committee's recommendations *must* be taken into account and the ex-mill prices be revised suitably. Otherwise, the mill industry will, sooner or later, find itself once again in a deep crisis and the Government will be compelled to take recourse to some drastic remedies to correct the situation. Such a contingency can be avoided, if the Government acts now and here.

Notice

THE GWALIOR SUGAR COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Share Transfer Books of the Company will remain closed from the 18th to 29th February, 1964, both days inclusive, in connection with the Annual General Meeting of the Company to be held on the 29th February, 1964 at the Registered Office of the Company at Dabra (Madhya Pradesh).

By Order of the Board,

For THE GWALIOR SUGAR COMPANY LIMITED,

Y. BAHADUR,
Secretary.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 31st Jan., 1964

BANKING DEPARTMENT

Liabilities	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long Term Operations) Fund		73,00,00,000
National Agricultural Credit (Stabilisation) Fund		8,00,00,000
Deposits—		
(a) Government—		
(i) Central Government		60,20,25,000
(ii) State Governments		15,82,80,000
(b) Banks—		
(i) Scheduled Banks		79,88,80,000
(ii) State Co-operative Banks		2,62,73,000
(iii) Other Banks		4,41,000
(c) Others		177,25,23,000
Bills Payable		39,30,21,000
Other Liabilities		60,10,13,000
	Rupees	601,24,56,000

Assets	Rs.	Rs.
Notes		22,59,23,000
Rupee Coin		1,97,000
Small Coin		3,63,000
National Agricultural Credit (Long Term Operations) Fund—		
(a) Loans and Advances to—		
(i) State Governments		26,72,44,000
(ii) State Co-operative Banks		8,57,57,000
(iii) Central Land Mortgage Banks		....
(b) Investment in Central Land Mortgage Bank Debentures		3,59,36,000
National Agricultural Credit (Stabilisation) Fund		
Loans and Advances to State Co-operative Banks		....
Bills Purchased and Discounted—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		52,71,70,000
Balances Held Abroad*		9,40,20,000
Loans and Advances to Governments**		34,06,16,000
Loans and Advances to—		
(i) Scheduled Banks†		36,07,60,000
(ii) State Co-operative Banks†		131,06,11,000
(iii) Others		2,60,72,000
Investments		244,38,16,000
Other Assets		28,49,65,000
	Rupees	601,24,56,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

† Includes Rs. 13,14,09,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

Liabilities	Rs.	Rs.
Notes held in the Banking Department	22,59,23,000	
Notes in circulation	2391,71,37,000	
Total Notes issued		2414,30,60,000
Total Liabilities		2414,30,60,000

Assets	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	102,45,60,000	
Total		220,21,70,000
Rupee Coin		114,39,29,000
Government of India Rupee Securities		2079,60,52,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2414,30,60,000

State Bank of Pakistan

Statement of Affairs for the week ended 17th Jan., 1964

BANKING DEPARTMENT

Liabilities	Rs.	Rs.
Capital paid-up		3,00,00,000
Reserve Fund		6,65,00,000
Rural Credit Fund		3,00,00,000
Deposits :—		
(a) Central Government		27,39,81,000
(b) Provincial Governments		67,59,000
(c) Banks		36,17,47,000
(d) Others		98,57,96,000
Bills Payable		50,87,057
Other Liabilities		14,49,35,000
	Rupees	190,48,05,060

Assets	Rs.	Rs.
Notes		6,78,12,000
Rupee Coin		25,000
Subsidiary Coin		47,000
Bills Purchased and Discounted :—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		2,98,87,000
Balances held outside Pakistan*		29,57,91,000
Loans and Advances to Governments		3,92,00,000
Provincial Governments' Debtor Balances		....
Other Loans and Advances		75,86,15,000
Investments		59,32,44,000
Other Assets		12,01,84,000
	Rupees	190,48,05,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

Liabilities	Rs.	Rs.
Notes held in the Banking Department	6,78,12,000	
Notes in circulation	440,85,25,000	
Total Notes issued		447,63,37,000
Total Liabilities	....	447,63,37,000

Assets	Rs.	Rs.
I. A. Gold Coin and Bullion	25,00,44,000	
Silver Bullion		
Foreign Securities	81,31,24,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01 64,000	
		149,33,32,000
B. Rupee Coin	5,36,49,000	
Government of Pakistan Securities	287,03,50,000	
Internal bills of exchange and other commercial paper	....	
		292,39,99,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02 000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,99,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets		447,63,37,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 54.61 per cent.

State Bank of India

Statement of Affairs for the week ended 24th Jan., 1964

Capital and Liabilities	Rs.	Rs.
CAPITAL—		
Authorised Capital :— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		9 30,00,000
Deposits and Other Accounts		609,78,15,000
Borrowings from Other Banking Companies, Agents, etc.		79,80,000
Bills Payable		5 87,14,000
Bills for Collection being Bills receivable as per contra		8,77,66,000
Acceptances, Endorsements and Other Obligations per contra		17,60,31,000
Other Liabilities (including Inter-Office Adjustments)		1,25,57,000
Total .. Rs.		659,01,13,000

Property and Assets	Rs.	Rs.
Cash in hand and with Reserve Bank		17,24,34,000
Balances with other Banks		4,85,39,000
Money at Call and Short Notice		5,13,33,000
INVESTMENTS :—		
Government and other Trustee Securities Rs. 270,05,69,000		
Other Authorised Investments .. 8,94,19,000		
	278,99,88,000	
ADVANCES :—		
Loans, Cash Credits, Overdrafts, etc. Rs. 280,05 33,000		
Bills Discounted and Purchased .. 21,53,10,000		
	310,58,43,000	
Bills Receivable being Bills for Collection as per contra		8,77,66,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		17,60 31,000
Premises less Depreciation		2,09,78,000
Furniture and Fixtures less Depreciation		1,64 09,000
Other Assets (including Inter-Office Adjustments).		12,08,01,000
Total .. Rs.		659,01,13,000

EXCHANGE RATES

	5th February 1964	29th January 1964
London on New York $ per Dollar	2 7979-2 7981	2 7976-2 7979
London on Berne .. Sw. Frs.	12 0800-12 0820	12 0780-12 0800
London on Paris .. Frs.	13 7090-13 7110	13 7090-13 7110
New York on London Cents per £	279 800-279 830	279 770-279 800
Pound Sterling—		
Sellers T.T. D.D. Spot	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months	1-5 15/16	1-5 15/16
Buyers T.T.	1-6 1/32	1-6 1/32
Buyers D.D.	1-6 1/16	1-6 1/16
U.S. Dollar—		
Sellers T.T. D.D. .. Rs. to $100	478.50	478.50
Buyers T.T. .. Rs. to $100	475.00	475.25
Canadian Dollars—		
Sellers T.T. D.D. .. Rs. to $100	445.25	445.50
Buyers T.T.	437.25	437.50
French Francs—		
Sellers T.T. D.D. .. per Rs. 100	102.30	102.30
Buyers T.T	103.40	103.40
Swiss Francs—		
Sellers T.T. D.D.	90.10	90.10
Buyers T.T.	91.10	91.10
Deutsche Marks—		
Sellers T.T. D.D.	82.90	82.90
Buyers T.T.	83.90	83.90
Italian Lire—		
Sellers T.T. D.D.	12.975	12.970
Buyers T.T.	13.150	13.145
Swedish Kroner—		
Sellers T.T. D.D.	108.30	108.30
Buyers T.T.	109.40	109.40
Belgian Francs—		
Sellers T.T. D.D.	1.037	1.037
Buyers T.T.	1.053	1.053
Dutch Guilders—		
Sellers T.T. D.D.	75.20	75.20
Buyers T.T.	76.10	76.10
Hongkong Dollars—		
Sellers T.T. D.D.	119.60	119.60
Buyers T.T.	120.60	120.60
Norwegian Kroner—		
Sellers T.T. D.D.	149.60	149 60
Buyers T.T.	151.00	150.90
Danish Kroner—		
Sellers T.T. D.D.	144 40	144.40
Buyers T.T.	145.70	144.70

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday)		
	24-1-64	17-1-64	25-1-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	59,02	57,37	48 87
(ii) From others	1,032 06	1,029,66	825 52
(b) Borrowings from banks	35,12	36,95	25,77
(c) Others	69,77	71,70	54,05
2. Time liabilities—			
(a Time deposits—			
(i) From banks	24,16	24,76	20,82
(ii) From others	1,241,12	1,234,83	1,225.66
(b) Borrowings from banks	14,23	15,39	18,03
(c) Others	10,16	10,07	8,90
3. Aggregate deposits [(1) (a) (ii) + (2) (a) (ii)]	2,273,18	2,261.49	2,051.19
4. Borrowings from Reserve Bank	28,75	32,04	23,57
(a) Against usance bills and/or promissory notes	10,35	12,20	15,44
(b) Others	18,40	19,84	8,13
5. Borrowings from State Bank and/or a notified Bank	19 57	19,05	15 15
6. Cash	58,04	58,78	48 29
7. Balances with Reserve Bank	76,56	79,45	73,58
8. Cash and balances with Reserve Bank	134,60	138,23	121,78
9. 8 as per cent of 3	5,92	6.11	5.94
10. Balance with other banks in current account	28,49	29,25	19.68
11. Money at call and short notice	49,83	53,97	51,95
12. Investments in Government securities	684,75	687,08	649,87
13. 12 as per cent of 3	30.12	30.38	31.68
14. Advances—			
(a) Loans cash credits and overdrafts	1,402,32	1,386,86	1,256,83
(b) Due from banks	9,71	9,76	8,95
15. Inland bills purchased and discounted	207,59	207,13	164,48
16. Foreign bills purchased and discounted	59,99	58,90	53 80
17. Total Bank Credit [14(a)+15+16]	1,669,90	1,652,89	1,475,11
18. 17 as per cent. of 3	73.46	73.09	71.91

INDEX NUMBERS OF SECURITY PRICES

[1952-53—100]

Group and Sub-Group	Week ended			
	25th Jan., 1964P	18th Jan., 1964	28th Dec., 1963‡	26th Jan., 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	100 1	100 1	100.1	99.2
2. Government of India	99 8	99 8	99 8	98.9
3. State Governments	102 0	102 0	102.1	101 6
4. Municipal, Port Trust, etc.	98.9	98.9	99.0	98.3
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98.1	98.1	98.1	99.0
PREFERENCE SHARES—ALL INDIA				
6. Total	81 2	81 2	81.5	80.4
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	169.1	170 5	172.8	168 7
8. *Agriculture and Allied Activities : Total**	148.8	140 9	152.1	149 0
9. Tea Plantations	136 2	137 2	139 9	140 8
10. Coffee Plantations	171 9	174 8	178 1	142.1
11. Rubber Plantations	181 0	180 9	178 4	161.9
12. *Mining and Quarrying: Total**	138 8	141 5	142 3	152 1
13. Coal	103.0	105 4	107 0	117.9
14. Other Mining	163.3	166.3	166.4	175.6
15. *Processing and Manufacturing : Total*	183.4	185.2	187 5	180.5
16. *Processing and Mfg. (Foodstuffs,Textiles,etc.): Total*†	185 6	187.8	190 6	187 3
17. Sugar	131.2	132.9	134 2	130 9
18. Cotton Textiles	168 0	169 6	170 2	168.6
19. Jute Textiles	94 5	94 6	96 6	97.5
20. Silk and Woollen	906.3	926.2	961 6	924.9
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	195 6	197.4	198 5	189.7
22. Iron and Steel	158.9	160.6	161 2	133.4
23. Transport Equipment	342 9	346.6	347 5	345.4
24. Electrical Machinery	156.2	158.4	161.1	158.1
25. Machinery other than Transport and Electrical	230.7	232.0	233.5	218.1
26. Basic Industrial Chemicals	183.3	185.2	184.8	174.2
27. *Processing and Mfg. (Others) : Total**	154.1	154 9	157 7	159.2
28. Cement	144.9	145 6	148 3	145.7
29. Paper	196.6	197 8	201 7	210.9
30. *Other Industries : Total**	107 6	108.2	109 8	106.8
31. Electricity Generation and Supply	87.4	87 7	88 1	84.5
32. Trading	112.4	113 3	115 5	113.4
33. Shipping and Other Transport	94 0	94 8	95 6	95.2
34. Construction	283 9	288 6	291 9	269 0
35. *Financial : Total*	188 4	191 2	192 0	193 0
36. Banks	211.2	209 8	214 9	227 8
37. Insurance	147.8	140 4	152 9	153 6
38. Investment Trusts	84 6	84.3	85.2	89.2
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	175.6	177.5	180 5	169.4
40. Calcutta	158 0	158.7	161.0	162.1
41. Madras	175.4	176 5		184.5
42. Delhi	227.8	230.5	231.8	219.4

*Including 'Miscellaneous.' †Including Edible and Vegetable Oils P=Provisional. ‡ Madras Stock Exchange remained closed during the week.

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	4th Jan., 1964	28th Dec., 1963	5th Jan., 1963	November 1963	November 1962	Percentage of Increase (+) or Decrease (—) in Nov., 1963 as compared with Nov., 1962	Annual Averages 1963P	Annual Averages 1962
Food Articles	504	137.1	137.6R	122.7	138.6	129.6	+ 5.4	132.7	124 9
Cereals	192	118.0	117.8	102 4	118.5	109.4	+ 8.3	111.5	105.7
Pulses	43	124 4	124.9	116 2	113.2	95.4	+ 2.7	108.7	103.7
Fruits and Vegetables	23	142 8	137.9	133 3	137.2	131.4	+ 4.4	134.3	123.7
Milk and Ghee	84	124.6	124.9	117 3	124.1	122.3	+ 1.5	126.3	123.1
Edible Oils	47	149.2	150.1	143.4	149.1	157.5	— 5.3	148.6	154.7
Fish, Eggs and Meat	17	156.4	157.2R	161.3	146.3	+ 3.4	145.6	144.2	140.9
Sugar and Gur	48	185 2	190.4	141 1	187.7	153.0	+22.7	180.7	137.5
Others	12	175 2*	178.6	127.0	178.2	172.2	+ 0.7	170.9	168.4
Liquor and Tobacco	21	122.7	122.4	99 1	118.5	100.2	+18.3	115 4	99.5
Tobacco	..	120.1	119.7	95.5	115.6	96.6	+19.7	112 4	96 0
Fuel, Power, Light and Lubricants	39	139.3	139.3	125.2	139 9	123.0	+13.7	136 3	123 0
Industrial Raw Materials	135	140 4	139.8	133.8	136.6	137.8	— 0.9	137 2	137.3
Fibres	61	134 3	134.1	127.2	131.9	129.5	+ 1.9	132 0	128 0
Oilseeds	60	163.3	163.0	146.6	148.5	154.0	— 3.6	150 1	154.0
Minerals	2	91.6	91.5*	93.4*	91.6	93.5	— 2.0	92.7	93.9
Others	12	130.0	129.1*	125.0	126.0	125.2	+ 0.6	125.5	126.5
Manufacture	280	131.4	131.1	128.3	128.6	129.9	+ 0.7	130.3	128.1
Intermediate Products	41	138.8	139.2	137 4	139.2	142.1	— 2.7	138.2	139.8
Finished Products	239	130.0	129.7	127 4	129.6	127.8	+ 0.4	129 2	126 2R
Textiles	147	128 0	127.7	126 5	127.5	126.5	+ 0.8	127.3	125 5R
Cotton	..	135.9*	135.9*	133 9	135.7	130.0	+ 4.4	135.1	129 2R
Jute	..	99 1*	98.0	100 0	99.7	112.8	— 1.4	101.3	113 7
Woollen	..	160.2*	160.2*	141 3*	160.2	141.3	+13.4	150.1	136.1
Silk and Rayon	..	141 4*	142 0	127 9*	137.8	134.4	+ 2.5	137 6	129 2
Metal Products	12	163 0	163.0	161.0	163.7	161.0	+ 1.7	162 3	157 3
Chemicals	20	118.2*	118.3*	116 0*	117.6	117.2	+ 0.3	117.2	114 4R
Oil Cakes	9	164 2*	166.0	164 3*	164.4	171.1	— 3.9	164 0	158 8
Machinery and Transport Equipment	31	125 2	124.5	117 4	124 2	112.4	+ 0.8	122 6	117 1R
Others	30	128.0	128.0	125.2	128.6	125.6	+ 2.4	127.7	124.2
All Commodities	1,000	135.7	135.8R	125 8	134.6	130.1	+ 3.5	132.4	127.2

NOTE :—Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index. P=Subject to revision. R—Revised. * Estimated.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees) Offered	Applied for	Allotted	Average rate of discount Per cent.	Rate of allotment in full Rs.
1963					
6th to 9th Nov. * ..	0.45	—	0.45	2.300	99.441
12th November ..	2.00	4.00	2.00	—	99.425
13th to 16th Nov.* ..	2.64	—	2.64	2.318	99.441
19th November ..	2.00	2.00	2.00	—	99.420
20th to 23rd Nov.* ..	2.57	—	2.57	2.320	99.436
26th November ..	2.00	4.00	2.00	—	99.420
27th to 30th Nov.* ..	4.77	—	4.77	2.00	99.436
3rd December ..	2.00	2.00	2.00	2.320	99.420
4th to 7th Dec.* ..	1.39	—	1.39	—	99.436
10th December ..	2.00	2.12	2.00	2.315	99.425
11th to 14th Dec.* ..	0.23	—	0.23	—	99.436
17th December ..	2.00	2.00	2.00	2.315	99.420
18th to 21st Dec. * ..	2.35	—	2.35	—	99.436
24th December ..	2.00	2.00	2.00	2.310	99.420
26th to 28th Dec.* ..	2.10	—	2.10	—	99.436
30th Dec. to 4th Jan.*	0.24	—	0.24	—	99.436
1964					
7th January	2.00	2.00	2.00	2.315	99.420
8th to 11th Jan.* ..	0.15	—	0.15	—	99.436
14th January ..	2.00	2.00	2.00	2.315	99.420
15th to 18th Jan.* ..	0.43	—	0.43	—	99.436
21st January	2.00	2.00	2.00	2.325	99.415
22nd to 25th Jan.* ..	2.50	—	2.50	—	99.436
28th January	2.00	2.00	2.00	2.325	99.415
4th February	2.00	2.00	2.00	2.325	99.415
Total amount outstanding	43.82	—	43.82	—	—

*Intermediate Treasury Bills sold.

IRON AND STEEL PRODUCTION (In metric tons)

Tata Iron and Steel Co., Ltd.	Pig Iron	Steel Ingots	Saleable Steel
Year ended 31st March, 1960 ..	1,594,000	1,555,000	1,237,000
Do. 31st March, 1959	1,588,000	1,623,000	1,263,000
Do. 31st March, 1962 ..	1,647,800	1,643,400	1,317,700
Do. 31st March, 1963 ..	1,760,000	1,799,300	1,412,700
January 1963	151,700	159,100	126,500
June ,, ,, ..	150,900	153,500	126,800
July ,, ,, ..	159,700	158,700	127,100
August ,, ,, ..	155,900	161,400	127,600
September ,, ,, ..	140,900	144,100	119,400
October ,, ,, ..	144,800	153,500	125,300
November ,, ,, ..	146,300	158,300	126,600
December ,, ,, ..	162,800	174,600	134,500
January 1964	164,400	171,300	133,100
Indian Iron and Steel Co., Ltd.			
Year ended 31st March, 1960 ..	1,070,470	840,305	672,707
Do. 31st March, 1961 ..	1,160,576	914,159	722,034
Do. 31st March, 1962 ..	1,187,397	934,498	735,970
Do. 31st March, 1963 ..	1,291,825	1,002,038	795,119
January 1963	120,068	86,248	68,972
June ,, ,, ..	112,038	86,413	61,612
July ,, ,, ..	113,540	85,553	74,124
August ,, ,, ..	115,800	90,128	70,905
September ,, ,, ..	102,548	81,947	63,191
October ,, ,, ..	91,704	85,840	76,520
November ,, ,, ..	76,696	81,595	64,882
December ,, ,, ..	85,015	87,519	70,229
January 1964	109,243	87,771	63,185

INDIAN JUTE GOODS STATISTICS

(In thousand metric tons)

	December		Jan. to Dec.	
	1963	1962	1963	1962
Production—Total	107.3	104.2	1,238.2	1,186.8
Of which :				
Hessian	46.5	46.2	528.6	482.7
Sackings	43.7	45.9	507.1	551.8
Others	17.1	12.1	200.5	152.3
Despatches—Total	108.8	111.9	1,199.8	1,151.4
Of which :				
For exports	71.3	81.4	866.8	848.4
Hessian	43.2	47.0	489.6	433.5
Sackings	17.9	26.4	251.8	307.7
Others	10.2	8.0	145.4	107.2
For internal consumption..	34.5	30.5	333.0	303.0
Hessian	4.2	4.4	47.0	44.2
Sackings	26.7	23.3	250.7	223.5
Others	3.6	2.8	35.3	35.3
Closing stocks—Total	112.8	82.8	112.8	82.8
Of which—				
Hessian	39.4	22.7	39.4	22.7
Sackings	47.1	46.7	47.1	46.7
Others	26.3	13.6	26.3	13.0

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	27th June, 1963	5	4.5
Belgium	July, 1963	3.50	4
Bolivia	June, 1963	6	6.9
Burma	1962	3.00	4.00
Canada	11th Aug., 1963	3.5	4
Ceylon	13th Aug., 1963	2.50	4
Chile	Jan., 1963	14.62	14.20
Denmark	13th Nov., 1963	5	5.5
Ecuador	1960	6	6
El Salvador	June, 1961	5.5	6
Finland	April, 1962	6	7
France	14th Nov., 1963	3.5	4
Greece	17th Jan., 1963	4	4.50
India	3rd Jan., 1963	4	4.50
Indonesia	1st April, 1946	4	3
Ireland	Aug., 1963	3.95	3.94
Italy	7th June, 1958	4	3.50
Japan	26th April, 1963	6.21	5.84
Malaya	29th July, 1961	6	7
Mexico	4th June, 1942	4	4.50
Netherlands	9th Jan., 1963	4	3.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1955	2.50	3.50
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1959	6.00	9.50
Philippines	9th Jan., 1963	3	6
Portugal	12th Jan., 1944	4	2
South Africa	27th Nov., 1962	4	3.50
Spain	1959	5.75	5
Sweden	31st Jan., 1964	4	4.5
Switzerland	26th Feb., 1959	2.50	2
Thailand	Nov., 1959	7	6
Turkey	May, 1961	9	7.5
United Kingdom	27th June, 1963	4.50	4
U.A.R.	May, 1962	3	4
U.S.S.R.	1st July, 1936	3	4
U.S.A.	14th July, 1958	3	3.50
West Germany	5th May, 1961	3.50	3

INDUSTRIAL PRODUCTION

Industries.		1960	1961	1962	January to Aug. (Eight months) 1963	1962	Aug. 1963	Aug. 1962
Major Industries—								
Coal	million metric tons	52.62	56.19	61.55	44.90	39.78	5.45	4.98
Steel Ingots—crude	thousand metric tons	3,242	4,027	5,000	4,020	3,223	499	417
Yarn	million kgs.	788	862	880	681	574	75	74
Cloth	million metres	4,616	4,694	4,680	3,931	2,909	393	394
Cement	thousand metric tons	7,835	8,245	8,586	6,197	5,548	733	697
Jute	thousand metric tons	1,085	971	1,181	828	784	107	104
Paper and paper boards.. ..	thousand quintals	3,475	3,541	3,876	2,968	2,527	406	316
Matches*	million gross boxes	33.6	38.4	28.8	1,740*M	..	..	..
Sugar	thousand metric tons	2,591	2,341	2,786	1,471	2,122	10	5
Engineering and Electrical Industries—								
Machine tools†	Value in lakhs of Rs.	602	761	1,074	1,029	682	136	86
Electric lamps	.. .. millions	41.39	46.13	53.55	47.80	37.32	6.19	5.20
Dry cells	millions	207.4	213.6	238.8	186 0	158 0	24.3	21.7
Power transformers	thousand K.V.A.	1,116	1,754	2,357	1,721	1,603	192	195
Electric Motors	.. thousand H.P.	880	837	980	778	643	90	81
Electric fans	.. .. Nos.	991,200	1,074,000	1,134,000	836,700	765,900	92,600	99 300
Radio receivers	.. .. Nos.	266,700	326,340	348,096	272,600	225,200	36,100	30,500
Storage batteries	.. .. Nos.	510,000	520,800	564,000	459,000	383,400	57,900	50,100
Diesel engines—Vehicular ..	.. .. Nos.	9,708	9,816	7,620	5,677	5,207	813	558
Diesel engines—Stationary ..	.. .. Nos.	44,198	44,148	45,672	37,372	27,214	4,906	5,510
Chemical Industries—								
Salt	million metric tons	3.44	3.47	3.90	4 01	3.61	0 16	0 12
Caustic soda	.. .. metric tons	99,144	119,844	127,420	90,180	82,603	13,451	12,564
Soda ash	.. .. metric tons	145,284	176,539	225,660	174,270	143,785	22,164	18,786
Chlorine liquid	.. .. metric tons	31,654	33,914	36,720	27,576	24,813	4,187	3,658
Bleaching powder	.. .. metric tons	5,928	7,128	6,816	4,770	4,523	688	653
Bichromates	.. .. metric tons	5,472	5,732	5,045	4,438	4,393	622	593
Sulphuric acid	.. .. metric tons	359,400	413,280	458,304	358,166	284,783	47,000	40,091
Superphosphate	.. .. metric tons	322,464	370,836	445,224	305,115	264,785	48,300	36,132
Non-ferrous Metals—								
Aluminium	.. .. metric tons	18,467	18,381	35,404	34,576	18,644	4,123	3,632
Antimony	.. .. metric tons	809	618	661	585	305	75	18
Copper (virgin metal)	.. .. metric tons	8,992	8,725	9,781	6,213	6,481	795	850
Lead (virgin metal)	.. .. metric tons	3,778	3,664	2,849	2,404	1,739	400	240
Gold	.. .. kilograms	4,992	4,872	5,076	2,596J	3,010J	..	403
Miscellaneous (Minor) Industries—								
Sewing Machines	.. .. Nos.	297,288	307,404	343,824	249,223	231 030	32,814	30,262
Bicycles	.. .. Nos.	1,050,996	1,040,004	1,115,916	771,165	737,045	102,905	78,579
Automobiles	.. .. Nos.	51 660	54,312	57,816	32,479	38,894	3,521	4,589
Plywood—Tea chests	.. thousand sq. metres	9,120	9,108	9,132	6,491	6,099	759	694
Plywood—Commercial	.. thousand sq. metres	6,024	6,546	7,356	5,283	4,903	616	597
†Woollen manufactures {	Worsted Fabrics .. thousand metres	13,980	13,200	18,288	13,483	11,728	1,906	1,997
	Worsted Yarn .. .. thousand kgs.	12,588	14,760	18,012	15,223	11,124	1,592	1,613
Alcohol—Industrial	.. .. million litres	70 57	92 34	110 82	97 01	73 22	10 40	9 88
Alcohol—Power Absolute ..	.. .. million litres	49 33	53 77	59.22	25.08	35 07	0.38	4 06
Railway Wagons	.. .. Nos.	7,417	13,705	15,932	10,563J	7,053J	..	1,389
General Index—(Base 1956=100 Revised)		129.8	139.3	149.8	159.8§	148.2§	161 8	152.6

* Matches—From January 1963 onwards figures are in thousand boxes of 50 sticks each. § Average of first eight months seasonally adjusted.
† Includes figures for Jammu and Kashmir. M—Upto May only. J—upto July only. ‡ Excluding portable tools. —Not Available.

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

(1949=100)

	All-India	Bombay*	Ahmedabad C	Sholapur† C	Kanpur C	Nagpur C	Calcutta C	Madras City	Delhi	Ajmer	Gauhati	Jam-C shedpur	Jalpaiguri	Ban-C galore
1960 Average	124	420	109	357	100	136	100	142	120	107	103	100	100	100
1961 ,, ...	126	431	102	352	101	131	101	148	127	113	106	101	101	105
1962 ,, ...	130	444	104	381	105	133	107	150	130	115	112	103	131	108
November 1962 ..	131	445	105	413	105	137	111	151	130	116	115	107	133	109
January 1963 ..	130	438	103	416	103	135	106	150	111	110	110	103	132	109
Feb. ,, ...	129	437	104	401	104	131	107	150	110	110	110	104	132	109
March ,, ...	130	438	105	370	105	129	110	149	110	111	111	107	133	109
April ,, ...	131	437	106	367	106	132	112	149	132	115	112	109	133	109
May ,, ...	132	440	106	368	107	133	112	150	132	117	112	109	133	110
June ,, ...	134	446	107	376	109	138	112	150	132	117	110	108	134	113
July ,, ...	135	448	108	381	110	143	112	151	133	121	111	110	135	112
August ,, ...	136	449	108	374	110	141	113	151	134	121	109	109	141	112
September ,, ...	137	454	109	377	112	146	116	152	136	124	109	109	143	113
October ,, ...	137	457	112	376	112	146	119	151	136	122	112	109	143	114
November ,, ...	138	454	..	..	..	..	..	..	..	..	..	..	142	..

* June 1934=100. †Jan. 1928=100. C—From Jan., 1963. —Base: 1960=100.

INDEX NUMBERS OF WHOLESALE PRICES—IMPORTANT COMMODITIES

(Base : 1952-53=100)

Average of months Average of weeks ended Saturday	Rice	Wheat	Jowar	Bajra	Gram	Tea	Milk	Sugar	Gur	Tobacco Raw	Cotton Raw	Jute Raw	Groundnut	Spices and condiments	Coal	Jute manufactures	Cotton manufactures	Iron and Steel manufactures	Textile manufactures
1956-57	97	89	123	122	71	165	104	95	100	80	111	126	111	97	116	95	116	121	
1957-58	101	92	122	123	77	164	104	97	101	80	111	126	111	97	116	95	116	121	
1958-59	100	92	122	123	77	164	104	97	101	80	111	126	111	97	116	95	116	121	
1959-60	100	92	122	123	77	164	104	97	101	80	111	126	111	97	116	95	116	121	
1960-61	100	92	122	123	77	164	104	97	101	80	111	126	111	97	116	95	116	121	
1961-62	100	92	122	123	77	164	104	97	101	80	111	126	111	97	116	95	116	121	
1962-63	100	92	122	123	77	164	104	97	101	80	111	126	111	97	116	95	116	121	
1962 Nov. 10 ..	100	92	122	123	77	164	104	97	101	80	111	126	111	97	116	95	116	121	
Dec. 8 ..	100	92	122	123	77	164	104	97	101	80	111	126	111	97	116	95	116	121	
1963 Jan. 12 ..	100	92	122	123	77	164	104	97	101	80	111	126	111	97	116	95	116	121	
Feb. 9 ..	100	92	122	123	77	164	104	97	101	80	111	126	111	97	116	95	116	121	
March 9 ..	100	92	122	123	77	164	104	97	101	80	111	126	111	97	116	95	116	121	
April 13 ..	100	92	122	123	77	164	104	97	101	80	111	126	111	97	116	95	116	121	
May 11 ..	100	92	122	123	77	164	104	97	101	80	111	126	111	97	116	95	116	121	
June 8 ..	100	92	122	123	77	164	104	97	101	80	111	126	111	97	116	95	116	121	
July 13 ..	100	92	122	123	77	164	104	97	101	80	111	126	111	97	116	95	116	121	
August 10 ..	100	92	122	123	77	164	104	97	101	80	111	126	111	97	116	95	116	121	
September 14 ..	100	92	122	123	77	164	104	97	101	80	111	126	111	97	116	95	116	121	
October 12 ..	100	92	122	123	77	164	104	97	101	80	111	126	111	97	116	95	116	121	
November 9 ..	100	92	122	123	77	164	104	97	101	80	111	126	111	97	116	95	116	121	

RAILWAY TRAFFIC—WAGON LOADINGS

(In thousands)

Year/Month	Total No of Wagons Loaded	Coal and Coke	Grains and Pulses	Oil-seeds	Raw Cotton	Cotton Manu-factures	Raw Jute	Jute Manu-factures	Sugar	Cement	Pig-iron	Iron and Steel (Others)	Tea	Manga-nese Ore
1960-61	9,757	1,591	887	132	52	16	116	15	128	401	56	217	23	19
1961-62	9,870	1,706	803	115	40	14	128	12	180	599	51	266	24	16
1962-63	10,607	1,824	792	125	43	14	150	15	143	355	54	458	32	15
Oct., 1962	5,876	1,075	453	63	22	8	75	6	88	214	29	236	20	43
April ,, ...	919	172	74	15	5	1	8	1	14	34	4	36	..	3
May ,, ...	1,839	345	157	26	10	3	16	2	27	67	9	75	2	10
June ,, ...	5,717	509	236	35	13	3	21	3	39	98	14	113	3	14
July ,, ...	3,616	687	311	44	15	4	25	5	50	139	19	154	7	20
Aug., ,, ...	4,561	866	377	52	16	5	35	5	61	163	24	196	11	24
Sept., ,, ...	5,461	1,040	446	59	19	7	50	5	71	195	29	237	16	29
Oct., ,, ...	6,406	1,225	516	69	19	8	70	6	78	230	33	280	21	34

Note.—The figures relate to Government Railways. Figures include Broad and Metre Gauges. The monthly figures are progressive from April and incorporate revision in respect of earlier months. *Source:*—Ministry of Railways.

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A	7-Year B	12-Year B	12-Year National Plan Savings Certificates C	Post Office Savings Bank Deposits	10-Year National Plan Certificates D	Post Office Cash Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E	Cumulative Time Deposits 5-Year	10-Year	15-Year Treasury Savings Deposit Certificates 3½% F	4% G	15-Year Annuity Certificates G	Total
	Out-stand-ings	Sales	Out-stand-ings	Re-ceipts	Out-stand-ings	Re-ceipts	Out-stand-ings	Out-stand-ings	Out-stand-ings	Out-stand-ings	Re-ceipts	Re-ceipts	Out-stand-ings
1958-59 ..	1,76	3.79	119.09	87.45	152.78	190.54	240.41	21.03	–0.67	3	2	42.57	6.35	11.68	67	2.41	285.06	595.56
1959-60 ..	2.54	3.17	90.14	83.52	221.88	200.59	268.31	11.79	1.70	50	37	41.07	10.64	27.29	69	3.38	304.90	680.50
1960-61 ..	1.24	2.46	81.40	82.51	280.74	236.88	313.17	18.84	–41.99	1.70	93	38.80	8.14	37.34	69	3.38	338.07	785.09
1961-62 ..	0.86	1.89	65.52	79.81	347.96	271.55	347.90	17.91	–42.43	3.96	1.91	27.50	16.79	53.35	49	3.63	341.48	872.99
1962-63 ..	0.50	1.40	44.28	42.08	368.16	242.01	381.71	16.91	–42.82	7.55	3.56	20.38	7.32	60.70	50	3.83	361.41	944.75
Nov., 1962 ..	70	1.61	54.44	–73	377.38	15.03	342.78	16.77	–42.58	5.99	2.92	22.63	..	60.92	3	3.78	25 03	897.15
April 1963 ..	57	1.36	46.75	..	365.43	20.48	353.23	16.17	–42.65	7.05	5.71	19.90	..	60.66	3	3.85	31.13	951.78
May ,, ..	55	1.32	45.34	..	363.29	19.68	340.81	16.05	–42.64	8.41	3.88	19.37	..	60.62	3	3.83	29 91	954.24
June ,, ..	54	1.27	43.87	..	361.25	18.84	349.78	16.01	–42.66	8.84	4.05	18.93	..	60.57	2	3.82	29 07	960 31
July ,, ..	53	1.23	42.32	8	359.14	21.37	355.74	15.91	–42.66	9.31	4.27	18.20	..	60.50	2	3.81	31 27	972.38
Aug. ,, ..	51	1.16	41.00	..	357.23	18.33	356.47	15.81	–42.69	9.76	4.50	17.64	..	60.44	4	3.83	28.79	981.40
Sept., ,, ..	50	1.12	39.60	..	355.44	19.21	359.15	15.55	–42.68	10.20	4.74	17.13	..	60.43	3	3.83	29.10	991.39
Oct., ,, ..	47	1.07	38.21	–2	353.31	19.84	361.85	15.46	–42.71	10.64	4.98	17.17	..	60.39	4	3.84	30.33	999.58
Nov., ,, ..									1.23			16.23	..	60.31	4	3.86		

Note.—Outstandings relate to end of period and do not include Indian Union's share of pre-partition liabilities; repayments, however include those from the pre-partition holdings of Indian investors. A—Discontinued from July 1, 1955. B—Discontinued from June 1, 1957. C—Issued from June 1, 1957. D—Issued from May 10, 1954 to May 30, 1957. E—Including Defence Savings Banks Deposits upto 1954-55 F—No sales from June 1, 1957. G—1st series issued from July 1954 to 1957 and 2nd series issued from January 1958. H—Outstandings in respect of items in column 9 marked 'R' are not included. J—Commenced from 2nd January 1959. N.S.—Five-year price bonds were issued from 1st April 1960 and the total outstandings at the end of Nov., 1963 amount to Rs. 29.22 crores. *Fifteen-year* Cumulative Time Deposits *commenced* from June 1962—the outstandings at the end of Oct., 1963 amount to Rs. 40 lakhs. Twelve-year National Defence Savings Certificates *commenced* from 15th November 1962 and the outstandings at the end of Oct., 1963 amount to Rs. 112.22 crores. Ten-year Defence Deposit Certificates were issued from 10th November 1962—the outstandings at the end of Nov., 1963 amount to Rs. 22.51 crores.

STOCK & SHARE QUOTATIONS

Abbreviations :—D.—Deferred shares. P. Q.—Preferred Ordinary shares. Y.—Accounts published yearly. H.—Accounts published half-yearly. P.—Company has Preference shares. T.—Company has Debentures. N.—Nominal quotations. x.d.—Ex. Dividend. c.d.—Cum. Dividend. I—Interim Dividend. CR.—Cum. Right. XR.—Ex. Right.

Shares :—If a company has different classes of shares—as for example : 'A' shares and 'B' shares—these are indicated by the same letters 'A' and 'B' under the columns 'Paid-up Ordinary Capital' and 'Paid-up' per shares.

Accounts :—Figures in the Accounts Closed column represent the months or the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June and December, respectively. Reserves include general and other reserves and all other funds which a company may have excluding depreciation fund, reserves for tax liability and provident fund. Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed less sales, if any, and stands for the gross figures except where otherwise indicated.

Dividends :—Dividends for completed years are shown as amount per share per annum, but where quoted for portion of a year they represent the proportionate dividend for that period. In the case of those companies which close their accounts yearly dividends shown are for their financial year.

TEXTILES

COTTON, RAYON, SILK AND WOOLLEN

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Number Installed Spindles	Looms	Mill	Latest available Quotation	Paid-up Per Share	Dividend Per Ordinary Shares 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.					Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
BOMBAY CITY AND ISLAND																
20,00,700	17,73,622	50,45,511	30,68,133	26,452	Maganlal Bhagwandas & Co.	45,180	..	Ambika Silk Mills Co., Ltd.	347.50	100	15.00	20.00	20.00		12	Y.
50,00,000	17,53,685	1,64,39,380	83,17,117	1,35,878	Rajputana Txt. (Agencies) Pvt. Ltd.	56,468	902	Apollo Mills	1.04	2	*Nil*	*Nil*			12	Y.
40,00,000	11,54,641	1,21,07,426	65,30,253	2,99,693	Lalabhai Kalidas Jain, Esq. (Chairman)	50,056	1,031	B. B. Cotton Mills	125.00	100	*Nil*	*Nil*	50.596		12	Y.P.T.
1,50,98,000	3,82,76,018	12,80,53,040	6,93,15,505	67,586	Nowrojee Wadia & Sons (Pvt.) Ltd.	2,08,184	3,591	Bombay Dyeing & Mfg.	62.40	25	3.50	3.50	3.50		12	Y.P.
10,00,000	43,71,358	98,64,077	56,78,108	21,112	M. Ramnarain Private Ltd.	44,784	859	Bradbury Mills	157.00	50	5.00	12.50	5.00	15.00	12	Y.P.
5,54,80,000	4,81,52,054	16,13,10,548	6,99,18,527	63,65,237	Century Enka Private Ltd. ..	1,26,752	2,702	Century Spg. & Mfg. ..	30.00	100	30.00	30.00	30.00		12	Y.P.
26,00,000	53,90,444	1,42,43,899	96,80,380	5,343	Gowasjee Jehangir & Co. Pvt. Ltd. ..	31,460	672	Cooria Spg. & Wvg. ..	162.50	100	11.00	11.00	11.00	11.00	3	Y.
20,00,000	49,27,043	1,21,39,021	77,41,056	2,049	Rula Industries Ltd.	43,960	510	Dawn Mills	151.50	50	15.00	15.00	15.00	15.00	3	Y.
34,00,000	33,74,168	1,58,70,060	79,34,359	–9,38,334	Puranmal Dubna Sons	47,444	928	Edward Textiles	285.00	200	18.00	18.00	15.00		12	Y.P.
30,00,000	48,56,650	2,37,36,533	1,05,05,794	5,844	N. K. Jalan, Esq. (Director-in-charge)	52,988	1,756	Elphinstone Spg. & Wvg. ..	97.00	50	9.00	11.00	9.00		12	Y.
50,00,000	83,06,959	2,39,91,574	1,39,71,589	31,083	James Finlay & Co., Ltd.	63,212	780	Finlay Mills	217.00	100	23.00	23.00	23.00		12	Y.
50,00,000	66,03,389	1,42,40,565	83,44,387	29,942	James Finlay & Co., Ltd.	59,212	1,020

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	No. of Looms	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
6,00,000	74,89,980	1,77,88,356	77,19,665	8,246	B. N. Elias & Co. Private Ltd.	879	Agarpara	10.00	10	1.00	0.25	0.25	1.20	3	Y.P.T.
6,00,000	31,01,100	88,62570	55,90,516	22,732	McLeod & Co., Ltd.	456	Alexandra	275.00	100	44.00	15.00	42.50	20.00	12	Y.P.T.
30,00,000	.....	1,57,75,372	1,08,91,225	58,837	McLeod & Co., Ltd.	1,264	Alliance	135.00	100	6.00	Nil	10.00	..	5	Y.
49,20,700	1,64,67,331	3,42,98,398	2,11,97,620	90,772	Duncan Brothers & Co., Ltd. ..	2,561	Anglo-India	183.00	100	20.00	7.50	10.00	12.00	5	Y.P.
49,80,000	52,04,394	1,39,46,077	1,00,09,540	1,752	Birdsel & Co. Private Ltd.	810	Auckland	138.00	100	27.00	12.00	Nil	15.00	3	Y.P.T.
20,00,000	40,95,520	1,58,43,088	98,46,188	39,388	Birla Brothers Private Ltd.	1,373	Bally	250.00	100	25.00	25.00	25.00	25.00	3	Y.P.
£375,000	£975,367	£1,486,277	£1,075,854	£1,341	Jardine Henderson Ltd.	1,889	Barnagore	218.50	£5	£1 10sh.	10 sh.	10 sh.	£2	3	Y.P.
45,00,000	27,09,259	73,25,013	48,25,231	62,433	Soorajmull Nagarmull	600	Bengal	8.00	10	0.50	0.50	Nil	..	6	Y.P.T.
1,59,56,210	3,88,65,994	9,96,08,597	4,20,72,427	46,410	Birla Brothers Private Ltd.	1,373	Birla	33.87	10	1.50	1.50	1.50	1.50	3	Y.P.
85,00,000	14,35,140	1,22,61,814	73,96,788	30,613	Andrew Yule & Co., Ltd.	991	Budge-Budge	140.00	100	10.00	Nil	12.00	..	10	Y.P.
7,47,880	89,200	49,78,424	37,08,876	—2,70,502	Dayaram & Sons	603	Caledonia	8.12	10	Nil	Nil	..	..	12	Y.P.
15,00,000	31,18,228	97,45,253	58,86,932	9,234	M.	616	Caledonian	175.00	100	12.00	6.00	15.00	..	11	Y.P.
52,65,200	99,79,201	1,80,52,661	1,06,65,488	22,643	James Finlay & Co., Ltd.	600	Champdany	22.37	10	1.00	0.50	0.50	3	3	Y.
88,58,750	72,45,112	1,37,32,000	70,26,410	1,02,122	Andrew Yule & Co., Ltd.	1,131	Cheviot	21.25	10	Nil	0.50	2.50	11	3	Y.P.
20,15,000	40,65,400	1,27,67,357	81,17,119	61,455	McLeod & Co., Ltd.	500	Chitavalsah	10.06	10	0.50	Nil	0.50	Nil	3	Y.P.T.
24,00,000	8,04,809	81,44,890	60,78,978	—16,44,121	M.	969	Clive	8.00	10	Nil	Nil	Nil	3	3	Y.P.T.
31,49,200	21,85,995	1,33,24,108	82,26,550	3,316	Bird & Co. Private Ltd.	766	Dalhousie	191.00	100	1.00	1.00	Nil	25.00	3	Y.P.T.
56,00,000	68,77,425	1,80,62,884	65,71,786	28,674	Andrew Yule & Co., Ltd.	779	Delta	148.00	100	7.50	Nil	12.00	11	11	Y.P.
15,00,000	39,20,700	1,17,82,216	82,59,067	40,327	McLeod & Co., Ltd.	500	Empire	16.00	10	1.25	0.75	1.25	7	7	Y.P.T.
68,00,000	1,23,58,695	4,12,02,667	2,36,01,408	4,532	Fort Gloster Industries Ltd. ..	1,884	Fort Gloster	10.00	100 Old	25.00	10.00	12.50	20.00	3	Y.P.T.
31,49,625	82,04,590	1,42,22,521	93,72,524	6,051	Bangur Bros. Ltd.	1,014	Fort William	24.37	10	2.25	2.25	1.00	2.00	3	Y.P.T.
84,32,100	1,00,05,500	5,00,05,500	1,61,36,575	16,257	Lakshmipat Singhania, Esq. (Chairman)	1,709	Ganges Manufacturing Co.	13.12	10	1.00	1.00	1.50	2.00	3	Y.P.
43,20,000	37,97,205	1,75,30,642	68,41,617	16,522	M.	807	General Ind. Society Ltd.	16.00	10	4.00	1.00	1.80	3	12	Y.T.
48,00,000	66,59,122	3,27,96,620	2,06,30,061	28,659	Macneill & Barry Ltd.	1,394	Gourepore	22.55	10	3.00	2.50	2.00	2.00	3	Y.T.
40,00,000	1,09,80,042	1,86,44,677	1,01,39,206	4,954	Bangur Bros., Ltd.	1,078	Hastings	128.00	100	6.00	6.00	6.00	6.00	3	Y.P.
16,80,000	44,86,859	99,76,527	67,56,170	4,294	M.	720	Hooghly	16.00	10	1.00	2.00	0.75	1.00	3	Y.P.
65,62,500	46,00,997	2,31,38,629	1,61,63,455	.....	Jardine Henderson Ltd.	1,940	Howrah	18.50	10	1.25	1.00	Nil	1.00	3	Y.P.T.
52,50,000	1,26,22,000	3,46,75,240	2,10,75,240	5,088	Hukumchand Ltd.	2,272	Hukumchand	20.50	7.50	2.15	2.15	2.00	2.00	3	Y.P.
87,30,000	26,23,055	1,56,38,015	1,09,04,160	76,164	M.)	760	India	15.25	12.50	1.75	1.50	..	..	3	Y.
24,00,000	22,17,016	2,06,72,088	1,54,08,111	14,167	Jardine Henderson Ltd.	1,797	Kamarhatty	177.00	100	Nil	Nil	20.00	12	12	Y.P.T.
'B' 19,20,000								177.00	'B' 100	5.00	Nil	20.00			
30,00,000								124.00	100	Nil	Nil	15.00			
'B' 24,00,000	18,48,482	1,78,29,416	1,30,62,261	11,179	Jardine Henderson Ltd.	1,527	Kankinarrah	124.00	'B' 100	Nil	Nil	15.00			
28,00,000	72,61,800	2,51,06,315	1,23,43,004	94,936	McLeod & Co., Ltd.	703	Kelvin	181.00	100	15.00	15.00	5.00	20.00	5	Y.P.
54,00,000	66,26,513	1,90,75,527	1,40,56,494	3,879	Shoorjmull Nagarmull	1,430	Kharda	17.81	10	2.00	0.50	1.25	1.25	3	Y.P.
59,38,200	49,03,577	2,58,97,363	1,50,89,318	12,641	F. W. Heligers & Co. Private Ltd. ..	1,250	Kinnison	129.50	100	20.00	7.50	Nil	10.00	3	Y.P.T.
24,48,000	1,30,000	1,00,10,273	70,97,675	4,667	Bird & Co. Private Ltd.	931	Lansdowne	96.00	100	Nil	Nil	Nil	..	3	Y.P.
28,00,000	14,08,147	65,36,767	45,86,702	664	Bird & Co. Private Ltd.	840	Lawrence	102.00	100	15.00	15.00	10.00	10.00	3	Y.P.
81,65,200	44,95,037	2,88,24,106	1,66,72,214	84,805	M.	1,294	Megna	12.75	10	1.20	1.25	..	..	3	Y.
22,99,900	41,59,958	1,91,86,426	1,15,76,800	23,972	Bhagat Agencies Ltd.	315	Naihati	104.00	100	Nil	Nil	Nil	Nil	3	Y.P.T.
20,00,000	11,82,460	36,57,072	27,68,449	3,216	Howrah Trading Co. Private Ltd. ..	425	Nalsarpara	6.00	10	0.60	..	..	..	3	Y.T.
35,00,000	73,10,449	2,01,18,988	53,47,374	9,507	M.	852	National	21.12	10	0.75	Nil	1.00	..	10	Y.P.
26,25,000	38,71,072	73,62,617	41,65,438	19,114	Macneill & Barry Ltd.	916	Nellimarla Jute	11.81	10	0.30	0.60	1.50	7	7	Y.P.T.
2,56,50,000	2,42,19,122	10,27,55,049	2,18,58,931	16,530	Sahu Jain Ltd.	1,765	New Central	12.31	10	1.50	Nil	Nil	3	3	Y.P.T.
16,79,350	66,86,689	1,43,61,778	89,72,943	1,076	Bird & Co. Private Ltd.	567	Northbrook	28.00	10	3.00	3.00	2.00	3.50	3	Y.P.T.
66,79,500	58,00,825	1,83,46,564	95,12,293	19,111	Macneill & Barry Ltd.	1,092	Nuddea	61.00	50	4.00	3.00	2.50	5.00	3	Y.
25,00,000	12,61,704	1,07,73,202	81,73,202	87,824	McLeod & Co., Ltd.	400	Presidency	6.25	5	0.40	0.30	0.50	..	3	Y.T.
20,00,000	5,27,126	68,13,305	24,70,389	25,560	Hindustan Investment Corpn. Ltd. ..	305	Rameshwara	9.20	10	Nil	Nil	Nil	Nil	3	Y.P.
49,50,000	6,89,006	1,23,97,167	87,70,276	.....	Jardine Henderson Ltd.	1,276	Reliance	17.04	10	Nil	Nil	Nil	Nil	3	Y.P.T.
£600,000	£867,481	£1,501,838	£788,964	£8,338	Thomas Duff & Co. (India) Pvt. Ltd.	2,013	Samnaggur	9.50N	£1	6%†	Nil	10%†	..	3	Y.P.T.
£0,00,000	13,86,456	1,35,78,995	97,69,086	2,602	Bagaria More & Co., Ltd.	911	Shree Ambica	9.50N	£1	6%†	Nil	10%†	12	12	Y.P.
14,00,000	17,16,854	77,48,303	55,72,946	26,425	Hindustan Investment Corpn. Ltd. ..	401	Soorah	35.00	10	0.60	0.60	..	..	3	Y.P.
£600,000	£566,895	£1,390,914	£783,019	£9,976	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Titaghur	22.50	10	2.50	2.50	2.50	12	12	Y.P.
£5,56,000	42,03,667	1,10,65,221	63,98,988	603	Bird &(Co. Private Ltd.	1,226	Union	9.50N	£1	6%†	Nil	18%†	12	12	Y.P.
£400,000	£365,953	£1,338,747	£666,723	£8,551	Thomas Duff & Co. (India) Pvt. Ltd.	1,831	Victoria	154.00	100	25.00	6.00	Nil	20.00	3	Y.P.T.
2,50,000	9,70,000	81,07,250	46,38,438	57,655	McLeod & Co., Ltd.	447	Waverley	9.50N	£1	6%†	Nil	10%†	12	12	Y.P.
								8.19	1	0.30	0.30	0.60	0.30	5	Y.P.

SOUTH INDIAN PLANTING COMPANIES

TEA COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
10,88,900	6,50,324	18,08,052	4,15,764	46,095	Young India Agencies Private Ltd. ..	1,665	Balancor Tea and Rubber ..	13.25	10	1.50	1.20	1.20	..	3	Y.P.
25,11,000	25,11,000	1,49,47,142	98,35,990	54,776	Kothari & Sons (Agts.) Pvt. Ltd. ..	1,370H	Blue Mountain Estates & Ind. ..	2.33	2	0.25	0.20	0.20	0.20	6	Y.
5,50,000	5,11,030	19,95,967	4,35,544	9,168	K. Anantaraman, Esq. (Mg. Director).	848	Chandrosallai Estates Ltd.	2.56	2	0.20	0.20	0.10	0.20	6	Y.
14,00,100	14,46,380	33,49,058	11,64,122	22,758	Peirce, Leslie & Co., Ltd.	693H	Chembra Peak Estates	4.55	2	0.40	0.40	0.40	0.40	3	Y.
15,56,780	13,51,210	24,50,688	2,65,047	48,800	Matheson Bosanquet & Co. Pvt. Ltd.	1169H	Coonoor Tea	18.37	10	1.75	1.50	1.75	Nil	9	Y.P.
4,80,000	5,08,204	16,40,072	2,97,148	18,462	Srinivas Agencies	671	Coorg Tea	4.85	2	0.40	0.40	0.30	0.30	3	Y.P.
8,40,000	2,28,626	13,60,003	4,33,226	3,300	P. G. Krishna Iyer, Esq. (Mg. Director)	171H	Devashola (Nilgiri) Tea	24.60cd	10	2.00	2.00	1.50	1.50	12	Y.
6,74,650	3,83,740	13,44,758	3,14,293	23,168	Young India Agencies Private Ltd. ..	1,177	Devon Tea	11.96	10	1.50	1.20	1.20	1.00	3	Y.P.
7,50,000	6,10,000	5,94,450	18,465	19,221	K. N. Krishna Iyer (Mg. Director) ..	198	Emerald Valley Estates	6.12	5	Nil	0.80	0.80	0.80	6	Y.P.T.
25,00,000	19,85,470	59,76,170	18,56,881	12,578	Parkina Private Ltd.	1,508	Halleybaria	12.70	10	1.50	1.25	1.10	..	12	Y.P.
9,00,000	7,23,749	16,35,748	4,49,218	29,726	Peirce, Leslie & Co., Ltd.	1902H	Peirce, Leslie & Co., Ltd. ..	4.10	2	0.40	0.50	0.30	0.30	3	Y.
17,17,076	9,00,584	36,03,338	7,67,740	78,949	Peirce, Leslie & Co., Ltd.	556H	Kil Kotagiri Tea	4.90	2	0.50	0.50	0.50	..	10	Y.P.
6,90,000	5,13,000	18,93,984	1,58,454	1,857	Jos. Sommen & Co. Pvt. Ltd.	936	Kurchermana Plant. Ltd.	5.07	10	Nil	0.40	Nil	Nil	3	Y.P.
5,00,000	3,46,076	10,46,318	1,18,129	36,576	Matheson Bosanquet & Co., Ltd. ..	109H	Lucky Valley	12.00	10	1.00	1.00	1.00	..	12	Y.
3,50,000	20,000	3,59,379	38,028	4,609	Vasantha & Co. (Trichy) Pvt. Ltd. ..	255	Manar Estates Ltd.	1.93	2	0.20	0.10	0.10	0.10	3	Y.
5,00,000	6,13,117	15,05,175	3,99,501	—2,503	Kanji Thomas, Esq. (Mg. Director)..	550	Mamallay	34.60	25	3.75	3.50	2.00	Nil	3	Y.P.
30,00,000	24,19,434	84,10,841	17,28,590	20,273	A. V. Thomas & Co. (India) Ltd. ..	826H	Nedumalai	4.95xd	5	0.375	0.375	0.375	0.375	6	Y.
12,00,000	10,09,000	32,29,949	6,97,916	9,932	A. V. Thomas & Co., Ltd.	788H	Nellampathy	3.67	2	0.26	0.30	0.30	0.30	6	Y.P.T.
24,00,000	10,15,954	40,42,395	8,24,073	8,184	A. V. George & Co., Ltd.	1,522	Nilgiri Tea	8.90	10	0.80	1.00	1.00	0.50	3	Y.P.
23,10,000	11,02,021	39,48,336	15,16,045	26,487	Harrison & Crosfield Ltd.	841	Nonsuch Tea	22.57xd	10	2.00	2.00	2.00	2.00	6	Y.
14,88,960	17,22,983	34,54,296	7,51,937	46,177	P. S. M. Molyneux, Esq. (Chairman).	227H	Parkside	26.33	10	2.75	2.25	2.75	2.50	6	Y.
6,00,000	6,64,231	7,96,354	79,137	4,27,161	S. Sivaramakrishna Aiyar, Esq. ..	171	Periakaramalai Plantations Ltd. ..	8.25	10	2.00	2.00	2.00	2.00	3	Y.
17,00,000	12,83,809	46,47,926	19,04,123	69,889	Aspinwall & Co. (Travancore) Ltd. ..	634H	Peermade	20.50	10	2.25	2.50	2.00	..	12	Y.P.
57,24,880	20,68,711	1,23,79,158	46,17,784	58,308	Peirce, Leslie & Co., Ltd.	1,506H	Periakaramalai	3.43	2	0.27	0.40	0.25	0.30	3	Y.P.
18,50,000	2,95,500	12,02,040	1,74,015	5,954	A. V. Thomas & Co. (India) Ltd. ..	882	Sheerery Estates Ltd.	2.30	2	0.18	0.15	0.15	0.125	6	Y.
9,00,000	15,30,496	31,73,663	10,92,544	17,781	T. Stanes & Co., Ltd.	457H	Stanes Amalgamated	13.71	10	1.70	1.00	1.25	0.125	6	Y.
1,25,000	12,500	2,18,622	22,050	2,021	M.	216	Swinton Estates	2.68	2	0.25	0.12	Nil	Nil	3	Y.
12,50,000	12,05,997	34,15,317	5,52,096	22,571	Srinivas Agencies	1,006	Talayar Tea	1.93	2	0.16	0.20	0.20	0.20	3	Y.P.
15,75,000	16,56,500	33,93,735	5,16,817	1,113	Parkina Private Ltd.	1,215	Twyford	8.55	10	1.00	0.60	0.50	..	12	Y.
2,50,000	1,41,000	10,81,880	1,41,332	—82,554	A. V. George & Co., Ltd.	503	Udayagiri Rubber Co., Ltd. ..	15.50	10	0.10	Nil	Nil	..	12	Y.P.
21,00,280	21,26,260	59,80,505	22,94,476	22,127	T. Stanes & Co., Ltd.	736H	United Nilgiri	22.76	10	2.10	2.20	2.20	2.25	3	Y.P.
47,25,000	21 33,765	93,19,418	16,06,787	51,880	Kothari Mehta & Co. Pvt. Ltd. ..	1,127H	Waterfall	2.27	2	0.25	0.20	0.20	0.20	6	Y.P.

RUBBER AND OTHERS

6,00,000	5,52,435	17,66,245	5,03,082	20,544	Ramani & Co. Pvt. Ltd.	933	Alagewwar Estates Ltd. ..	2.67	2	0.15	0.30	0.20	0.20	3	Y.
6,75,000	2,85,527	21,05,699	4,40,732	1,693	K. N. Neelakantan, Esq. (Mg. Director)	2,417	Amalgamated Coffee Estates Ltd.	10.01	10	1.00	1.00	1.00	0.50	3	Y.P.T.
2,50,000	5,92,985	14,70,817	2,21,618	46,975	A. V. George & Co., Ltd.	689	Arandan Rubber Co., Ltd. ..	14.19	10	1.50	1.50	1.50	1.50	12	Y.P.
12,07,838	2,28,040	22,69,626	5,45,437	84,775	Associated Planters Private Ltd. ..	1,343	Anaparai Estates Ltd.	3.22cd	2	0.40	0.30	0.20	0.30	6	Y.T.
4,25,000	4,75,000	12,07,786	1,42,997	1,061	Young India Agencies Pvt. Ltd. ..	1,041	Badra Coffee Estates Ltd. ..	2.90	2	0.30	0.30	0.15	0.20	5	Y.P.
3,00,000	86,000	7,45,317	1,56,774	2,787	A. V. Thomas & Co. (Mysore) ..	223H	Bababudin Coffee & Produce ..	0.30xd	5	0.40	0.40	0.30	0.30	6	Y.P.
3,00,000	2,05,000	4,73,718	88,297	1,481	Planting Agencies (Private) Ltd. ..	151H	Balmadies Plantations	1.80	2	0.15	0.15	Nil	Nil	6	Y.P.
29,01,579	19,60,914	60,63,649	12,47,912	28,851	Peirce, Leslie & Co., Ltd.	6,255	Cochin Malabar	6.40	3	0.525	0.60	0.60	0.36	2	Y.P.
22,50,000	32,62,109	57,74,920	18,20,365	800	M. A. Sreenivasan, Esq. (Chairman)..	2,793	Coffee Lands and Industries ..	15.75	10	0.60	1.20	0.90	0.90	6	Y.P.
71,55,000	78,42,159	1,75,01,409	54,78,544	1,607	M. A. Sreenivasan, Esq. (Chairman).	8,345	Consolidated Coffee	19.45	10	2.00	2.00	1.50	2.00	6	Y.P.
6,00,000	5,09,735	16,58,047	1,41,768	5,018	Associated Planters Private Ltd. ..	1,410	Cottanad Plantations	9.00	10	1.00	1.00	0.625	1.00	3	Y.P.
4,68,850	2,50,000	4,02,680	1,85,017	40,856	Peirce, Leslie & Co., Ltd.	246H	Cowcoddy Estates (Coffee) ..	4.53	2	0.50	0.50	0.40	0.35	6	Y.
18,00,000	14,20,000	37,97,270	8,80,488	16,545	A. V. Thomas & Co., Ltd.	519H	Highland Produce	15.60	10	1.50	1.50	1.50	..	12	Y.P.
11,85,700	11,77,705	31,72,827	4,60,277	22,904	A. V. George & Co., Ltd.	1,537	Kallas Rubber Co., Ltd.	5.89xd	2	0.40	0.50	0.60	0.60	2	Y.
12,00,000	8,19,542	25,75,750	4,55,923	5,164	A. V. Thomas & Co., Ltd.	886H	Kalpetta Estates	11.72	10	1.25	1.25	1.25	1.125	6	Y.
4,00,000	4,00,000	9,94,191	2,37,237	12,870	Peirce, Leslie & Co., Ltd.	278H	Kumergode Estates Ltd.	2.47	2	0.40	0.35	0.30	..	10	Y.
13,50,000	6,58,100	22,24,900	5,02,946	3,669	K. T. Thomas Kaithanar, Esq. ..	2,147	Malankara Rubber	16.50	10	1.50	1.00*	1.40	1.40	3	Y.
3,25,000	2,50,000	8,72,737	96,634	3,643	Associated Planters Pvt. Ltd. ..	906	Mercara Rubbers Ltd.	7.94cd	5	1.00	1.00	0.75	0.625	3	Y.P.
40,50,000	17,71,083	79,92,921	13,59,147	1,228	A. V. Thomas & Co., Ltd.	1,388H	Midland Rubber	11.10	10	1.25	1.25	1.25	1.00	3	Y.P.
4,35,000	4,13,207	17,54,491	8,54,771	1,18,608	Associated Planters Pvt. Ltd. ..	1,331	Nemmeny Rubber	22.55	10	1.50	1.50	1.50	..	12	Y.P.
2,00,000	4,91,116	10,47,182	60,425	1,632	Associated Planters Private Ltd. ..	840	Nilambur Rubber Co.	12.75	10	1.50	1.50	1.00	..	12	Y.T.
6,60,000	6,96,404	12,89,223	1,39,772	17,087	Peirce, Leslie & Co., Ltd.	293H	Ozoor Estates Ltd.	2.35xr	2	0.30	0.30	0.20	0.30	3	Y.
19,45,980	20,34,883	55,59,225	22,56,083	—3,68,491	Peirce, Leslie & Co., Ltd.	1,813H	Pachalonny Valley Estates ..	4.20	2	0.28	0.24	0.12	..	10	Y.P.T.
16,50,000	5,12,431	24,05,527	4,19,333	6,344	Aspinwall & Co., Ltd.	900H	Pullangode Rubber	2.86	2	0.16	0.12	0.16	0.20	3	Y.P.
18,50,000	18,58,959	58,09,894	5,55,425	20,850	A. V. Thomas & Co., Ltd.	1,216H	Rajagiri Rubber	20.50	10	2.00	2.00	2.00	2.125	6	Y.P.
2,50,000	1,54,180	4,09,885	60,946	47,531	Associated Planters Private Ltd. ..	422	Rajendra Coffe Ltd.	10.42	5	1.25	1.25	1.00	1.25	3	Y.P.
12,00,000	78,907	20,37,248	2,33,330	—1,43,843	Patco Agencies	470H	Sangameshwar Coffee Estates ..	1.80	2	0.12	0.12	Nil	Nil	3	Y.P.T.
5,50,170	3,23,000	9,98,900	1,90,807	699	Peirce, Leslie & Co., Ltd.	202H	Savamalai Estates Ltd.	4.55	2	0.28	0.32	0.30	..	11	Y.
10,00,000	2,03,180	22,80,802	1,58,357	4,634	East India Agencies Private Ltd. ..	1,454	Teckpy Rubber (India) Ltd. ..	6.60	10	Nil	..	..	..	3	Y.P.T.
6,25,000	2,74,153	14,90,789	65,133	7,695	A. V. George & Co., Ltd.	816	Thamarapally Rubber	16.40	10	8.00	1.80	1.60	..	12	Y.P.T.
9,15,800	10,56,751	15,73,653	2,16,153	17,131	Peirce, Leslie & Co., Ltd.	1,235	Thirumbadi Rubber Co., Ltd. ..	1.00cd	1	0.07	0.12	0.10	..	9	Y.
6,00,000	6,15,010	13,78,050	1,02,091	1,840	Bagaria More & Co., Ltd.	1,241	Travancore Rubber	12.00	10	1.20	1.20	..	..	12	Y.
41,00,000	12,63,584	90,95,305	18,31,504	82,283	Aspinwall & Co. (Travancore) Ltd. ..	2,109H	Travancore Rubber & Tea	9.80	10	0.90	1.00	1.00	..	12	Y.P.
20,00,000	1,91,000	33,48,191	9,00,484	223	P. T. Thomas, Esq. (Mg. Director) ..	3,157	Tropical Plantations Co.	21.00	25	2.00	..	..	..	12	Y.
8,80,000	5,47,051	10,34,166	54,782	9,228	S. Padmanabh Aiyar, Esq. (Chairman)	1,118	Vaikundam Rubber Co., Ltd. ..	33.75	10	3.00	3.00	..	..	12	Y.
6,00,000	6,69,462	16,50,932	1,67,596	6,425	P. J. Joseph, Esq. (Chairman) ..	1,245	Vellimalai Rubber & Co.	5.05	5	0.60	0.50	0.25	0.35	2	Y.P.T.
12,05,000	12,40,982	16,57,152	2,24,133	36,874	Peirce, Leslie & Co., Ltd.	417H	Wartyhully Estates Ltd.	2.85	2	0.30	0.30	0.20	0.24	3	Y.
6,25,000	97,309	13,85,464	1,02,251	23,313	M.	898	Woodland Estates	6.90	10	1.00	1.00	..	..	3	Y.P.T.

V—Includes 60 nP. for 30-6-1964. * Includes bonus. H—Area in Hectares. M—Managed by Board of Directors. † Less Income-tax.

N.B.—All dividends paid since 31st March 1959 are shown as taxable.

NORTH INDIAN TEA ESTATES

ASSAM

| Paid-up Ordinary Capital Rs. | Reserves Rs. | Gross Block Rs. | Depreciation Rs. | Carried Forward Rs

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs	Rs. nP	Rs. nP	Rs. nP	Rs. nP		
CERAMIC; MINING AND QUARRYING														
26,00,000	12,111	67,05,606	22,63,816	2,915	United Provinces Commercial Cor. Ltd..	Assam Sillimanite Ltd.	6.50	10	0.60	0.60	0.60		3	Y.
18,50,000	6,35,342	23,20,856	12,41,519	777	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kotah) Ltd	24.00N	10	2.00	3.00	2.00		9	Y.P.
55,25,146	22,41,104	1,90,40,451	48,35,034	3,208	Bharat Ram Bhagat & Co.	Bengal Potteries	4.80	25	0.375	0.30	0.30		12	Y.
44,592,648	£10,815,240	£87,532,951	£15,201,226	£100,524	Sir William Lamond (Chairman) ..	Calcutta Electric Supply	14.37	10	7½%	7½%	7½%		3	Y.P.T.
5,60,000	7,55,076	37,78,204	11,86,451	42,963	Octavius Steel & Co., Ltd.	Cuttack Electric Supply	10.50	10	0.75	1.00			3	Y.
43,20,000	29,75,446	1,10,72,567	42,62,986	4,57,788	Andrew Yule & Co., Ltd.	Dishergarh Power Supply	86.00	100	10.00	10.00	10.00		3	Y.P.
5,34,540	1,48,287	42,36,379	17,60,526	47,133	Moonna Lall & Sons	Jhansi Electric Supply	5.40N	10	0.70	Nil	0.70		3	Y.T.
22,49,700	29,21,749	1,08,59,125	45,53,834	88,303	Martin Burn Ltd.	Jubbulpore Electric Supply	11.94	10	1.00	1.00	1.00		3	Y.T.
85,07,850	40,54,800	1,41,84,880	55,06,270	75,737	Octavius Steel & Co., Ltd.	Patna Electric Supply	16.05	10	1.00	1.00			3	Y.P.
9,10,000	2,66,304	15,86,883	6,29,467	5,342	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply ..	6.87	10	0.625	0.625			3	Y.
15,80,000	18,03,685	80,81,327	48,11,030	3,975	Bird & Co. Private Ltd.	Sijuah (Dhemaji) Elec. Supply Co. ..	8.25	10	0.00	0.90	0.90		3	Y.T.
70,00,000	80,85,122	2,42,72,836	81,28,055	22,389	Sedhasaye Bros. Private Ltd.	South Madras Electric Supply Corpn..	11.00	10	0.72°C	0.90	1.00		3	Y.P.T.
5,00,000	14,00,467	88,90,508	15,18,568	33,074	Martin Burn Ltd.	Upper Jumna Valley Elec. Supply ..	18.00	10	1.35	1.35	1.35		3	Y.
56,00,000	80,84,613	3,67,42,686	1,54,54,562	92,979	Martin Burn Ltd.	U. P. Electric Supply Co.	168.00	100	11.00	11.00	11.00		3	Y.T.
8,00,000	18,82,606	54,12,090	16,25,321	4,16,700	Chandrie & Co. Private Ltd.	Vellore Electric Corporation	16.25	10	1.50	1.429	1.429		3	Y.P.
CHEMICAL														
22,56,175	....	1,79,449	13,076	—26,645	Agri-Chem Engineers	Adarsh Chemicals & Fertilisers ..	77.50	100	Nil	Nil			12	Y.P.
1,44,50,000	79,42,209	3,08,89,996	1,16,84,003	82,961	Rayuma Services	Alembic Chemical Works Co.	158.75	100	14.00	14.00	12.00		12	Y.P.
3,10,00,000	1,96,10,278	6,41,59,351	2,02,43,574	1,37,284	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India	30.75	10	1.20	1.50	1.50		9	PY.
89,97,100	79,09,664	1,64,62,149	50,97,267	15,666	Amrital & Co. Private Ltd.	Amar Dye-Chem. Ltd.	147.50	100	12.00	9.00	9.00		12	Y.P.
39,84,000	47,59,789	1,98,22,550	81,81,040	5,491	Kasturbai Lalbhai & Co.	Anil Starch Products Ltd.	590.00	100	30.00*	30.00*	25.00*		12	Y.P.
6,27,50,625	1,55,16,982	6,58,40,094	1,71,87,475	61,138	Lalbhai Sons & Co.	Atul Products Ltd.	326.00	100	12.00	12.00	12.00		12	Y.T.
50,00,000	....	35,050	910	....	P. N. Balasubramanian, Esq. (Mg. Director)	Barium Chemical Ltd.	63.00	100	....	....	Nil		6	Y.
1,25,45,900	67,58,828	1,59,19,707	81,89,070	5,728	Dr. B. N. Ghose (Managing Director) ..	Bengal Chemical and Phar.	96.00	100	7.00	10.00	10.00		3	Y.P.
1,25,00,000	95,16,340	1,47,09,873	34,41,548	1,134	Ramniwas R. Ruia, Esq. (Chairman) ..	Colour-Chem Ltd.	336.25	100	Nil	8.00	12.00	12.00	3	Y.
14,86,344	4,84,918	17,42,007	9,02,090	12,816	Thakarsi & Co.	Chemo Pharm Laboratories Ltd. ..	27.25	25	2.50	2.50	2.50		12	Y.
81,83,800	50,97,750	1,58,60,338	69,34,176	25,675	Dharamsi Morarji & Co.	Dharamsi Morarji Chemical Co., Ltd.	136.25	50	Nil	8.00	8.00		12	Y.
1,07,50,000	1,07,07,353	5,93,07,157	2,11,95,198	1,75,320	Sahu Bros. (Saurashtra) Private Ltd. ..	Dhrangadhra Chemicals	117.50	100	Nil	6.00	6.00	8.00	3	Y.
6,05,37,740	61,46,485	14,59,99,477	4,07,36,479	5,85,199	M. K. K. Nayar, Esq. (Mg. Director) ..	F. A. C. T.	5.70	10	0.60	0.60	Nil		3	Y.
1,86,70,000	71,67,780	2,54,75,978	36,44,827	3,006	Mafatlal Gagalbhai & Sons	Indian Dyestuffs Industries Ltd. ..	322.50	100	6.00	6.00	7.00	7.00	3	Y.P.
12,00,000	6,54,411	28,94,858	15,61,602	19,974	Jal Hi. Mehta, Esq. (Chairman) ..	Kemp & Co.	276.25	200	25.00	25.00	20.00		3	Y.
1,40,00,000	37,45,482	2,43,51,982	1,10,56,661	11,651	Seshasaye Brothers Private Ltd. ..	Metlur Chemicals	12.40	10	1.50 G'	Nil	Nil	1.25	3	Y.P.T.
24,81,220	18,02,685	56,25,511	47,52,455	3,822	T. Shamanna, Esq. (Chairman) ..	Mysore Chemical and Fertilisers ..	7.95	10	1.00	1.00	0.50	Nil	3	Y.
10,00,000	5,85,915	18,66,245	7,61,774	4,765	S. Ramanathan, Esq. (Mg. Director) ..	Mysore Chemicals Mfg.	16.70	10	2.00'C'	2.00	2.00	1.50	3	Y.
66,00,000	85,00,955	1,09,02,040	30,64,507	9,857	Ramdas Kilachand, Esq. (Chairman) ..	Polychem Ltd.	130.00	50	5.50	7.50	7.50	7.50	3	Y.P.
40,54,500	870	20,19,203	6,760	49,785	Rmcete & Sons Private Ltd.	Premier Fertilisers Ltd.	6.25	10	Nil	Nil			12	Y.P.
22,50,000	17,05,933	45,52,467	27,96,505	11,013	Rangoo Brothers Ltd.	Phosphate Co., Ltd.	170.00	100	35.00	25.00	17.50	15.00	6	Y.
20,00,000	17,67,251	31,86,795	18,60,805	19,167	D. H. Jaffray, Esq. (Chairman) ..	Smith Stanistreet & Co.	13.50	5	1.25	1.25	1.25	1.125	6	Y.P.
4,98,54,470	24,88,980	3,13,78,704	17,05,817	—9,88,858	Tulsidas Kilachand, Esq. (Chairman) ..	Synthetics & Chemicals Ltd.	100.00	100	....	Nil	Nil	Nil	3	Y.
9,02,35,815	1,09,52,567	9,01,95,274	3,04,93,667	5,922	Tata Industries Private Ltd.	Tata Chemicals	18.26	10	0.60	0.65	0.65	1.00	6	Y.P.T.
25,00,000	5,89,750	29,88,714	12,05,339	6,516	P. Krishnamoorthy, Esq. (Mg. Director)	Travancore Chemical Mfg. Co. Ltd. ..	18.25cd	10	1.50	2.00	2.25	2.00	3	Y.P.
31,16,000	....	5,93,392	1,493	—6,72,388	Mr. M. J. Vaidya (Chairman)	Travancore Electro-Chemical Ind. ..	96.00N	100	Nil	Nil	Nil		12	Y.*
14,90,375	....	25,06,198	7,313	—2,574	Mr. N. S. Iyengar (Chairman)	Ultramarine & Pigments Ltd.	125.00	100	..	[Nil]	Nil		12	Y.
ELECTRIC (BOMBAY)														
8,74,78,895	1,85,12,601	18,97,73,999	5,00,50,102	364	Kilick Industries Ltd.	Ahmedabad Electricity Co., Ltd. ..	96.20	100	7.00	7.00	8.00	8.00	3	Y.T.
85,83,230	31,13,441	2,90,89,788	78,81,211	10,72,978	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd. ..	9.64	10	1.00*	0.90	0.90	0.90	3	Y.P.
3,02,77,000	1,28,89,917	12,25,61,084	3,04,61,318	86,164	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co. ..	1,035.00	1,000	85.00*	80.00*	80.00*	90.00	3	Y.P.T.
1,75,07,720	1,21,07,203	5,21,23,126	1,25,80,588	3,870	Killick Industries Ltd.	Bombay Suburban Electric Supply ..	155.00	100	8.00	8.50	8.50	9.00	3	Y.
7,07,020	1,03,967	15,97,265	8,70,206	1,536	Rajaputana Textiles (Agencies) Ltd. ..	Broach Electric Supply Development ..	6.48	10	0.66	0.72	0.60	0.50	3	Y.T.
48,89,000	12,56,318	1,57,75,704	61,59,599	2,547	Rajaputana Textiles (Agencies) Ltd. ..	Poona Electric Supply	192.50	50	8.50	8.25	8.25	8.00	3	Y.P.T.
70,00,000	84,04,483	1,81,93,836	61,64,423	2,075	Killick Industries Ltd.	Surat Electricity	99.00	100	7.50	8.00	8.00	8.50	3	Y.P.
2,40,00,000	1,39,56,841	9,29,64,314	2,23,23,926	27,536	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply ..	111.00	100	8.50*	8.00*	8.00*	9.00	3	Y.P.
5,15,36,000	2,61,11,541	20,88,47,938	4,89,65,310	29,988	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co., ...	1,092.50	1,000	85.00*	80.00*	80.00*	90.00	3	Y.P.
West Bengal and Other centres														
19,99,600	51,20,888	1,62,58,959	47,04,294	52,890	Martin Burn Ltd.	Agra Electric Supply Co., Ltd. ..	118.00	100	11.00	11.00	11.00		3	Y.T.
8,00,000	15,51,803	55,60,716	26,26,817	25,623	Martin Burn Ltd.	Bareilly Electric Supply	11.87	10	1.10	1.10	1.10		3	Y.T.
17,00,000	22,26,417	1,29,14,319	56,10,869	47,290	Benares Electric Light & Power Co. ..	Benares Electric Light & Power Co. ..	14.37	10	1.00	1.00	1.00		3	Y.T.
44,592,648	£10,815,240	£87,532,951	£15,201,226	£100,524	Sir William Lamond (Chairman) ..	Calcutta Electric Supply	14.37	10	7½%	7½%	7½%		3	Y.P.T.
5,60,000	7,55,076	37,78,204	11,86,451	42,963	Octavius Steel & Co., Ltd.	Cuttack Electric Supply	10.50	10	0.75	1.00			3	Y.
43,20,000	29,75,446	1,10,72,567	42,62,986	4,57,788	Andrew Yule & Co., Ltd.	Dishergarh Power Supply	86.00	100	10.00	10.00	10.00		3	Y.P.
5,34,540	1,48,287	42,36,379	17,60,526	47,133	Moonna Lall & Sons	Jhansi Electric Supply	5.40N	10	0.70	Nil	0.70		3	Y.T.
22,49,700	29,21,749	1,08,59,125	45,53,834	88,303	Martin Burn Ltd.	Jubbulpore Electric Supply	11.94	10	1.00	1.00	1.00		3	Y.T.
85,07,850	40,54,800	1,41,84,880	55,06,270	75,737	Octavius Steel & Co., Ltd.	Patna Electric Supply	16.05	10	1.00	1.00			3	Y.P.
9,10,000	2,66,304	15,86,883	6,29,467	5,342	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply ..	6.87	10	0.625	0.625			3	Y.
15,80,000	18,03,685	80,81,327	48,11,030	3,975	Bird & Co. Private Ltd.	Sijuah (Dhemaji) Elec. Supply Co. ..	8.25	10	0.00	0.90	0.90		3	Y.T.
70,00,000	80,85,122	2,42,72,836	81,28,055	22,389	Sedhasaye Bros. Private Ltd.	South Madras Electric Supply Corpn..	11.00	10	0.72°C	0.90	1.00		3	Y.P.T.
5,00,000	14,00,467	88,90,508	15,18,568	33,074	Martin Burn Ltd.	Upper Jumna Valley Elec. Supply ..	18.00	10	1.35	1.35	1.35		3	Y.
56,00,000	80,84,613	3,67,42,686	1,54,54,562	92,979	Martin Burn Ltd.	U. P. Electric Supply Co.	168.00	100	11.00	11.00	11.00		3	Y.T.
8,00,000	18,82,606	54,12,090	16,25,321	4,16,700	Chandrie & Co. Private Ltd.	Vellore Electric Corporation	16.25	10	1.50	1.429	1.429		3	Y.P.
ENGINEERING (Bombay)														
51,98,100	68,99,678	1,18,50,858	68,52,499	26,123	Turner Morrison & Co. Ltd.	Alcock Ashdown & Co., Ltd.	301.00	100	17.00	22.50	19.00		12	Y.
19,99,060	5,79,306	24,92,084	10,90,229	16,853	W. H. Brady & Co., Ltd.	Brady Bunder Ltd.	101.00	50	5.00	5.00*	5.00*		12	Y.P.
90,40,000	2,97,203	2,14,25,410	85,90,565	153	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	107.50	100	13.00*C'	13.00	7.00	8.00	6	Y.
1,20,00,000	1,51,427	97,23,681	28,47,223	—12,767	Dharamsinh D. Desai, Esq. (Chairman)	Hindustan Electric Co., Ltd.	142.50	100	4.00	Nil	Nil	Nil	4	Y.P.
60,00,000	41,28,715	2,72,37,477	1,54,47,893	145	Walchand & Co. Private Ltd.	Indian Cables Co., Ltd.	156.00	100	13.00*C'	13.00	14.00	14.00	6	Y.P.T.
15,00,000	4,61,618	9,54,586	1,82,481	35,604	T. V. Baddeley, Esq. (Chairman) ..	Jost's Engineering	56.00	50	4.00	5.00	5.00	5.00	3	Y.
50,00,000	17,41,760	95,00,785	31,13,288	20,765	Adnem Services	Jyoti Ltd.	141.00	100	12.00	12.00	9.00		12	Y.
44,96,250	12,00,028	81,20,301	33,40,012	4,403	Kamani Engineering Corporation ..	Kamani Engineering Corporation ..	41.50	10	0.90	0.90	0.60		9	Y.P.
67,61,445	1,42,50,068	2,19,41,464	88,90,417	19,417	Kirloskar Sons & Co.	Kirloskar Bros. Ltd.	42.50	25	2.50	2.50	2.50	2.50	7	Y.
61,34,040	71,09,895	1,57,20,070	67,59,501	578	Kirloskar Associates	Kirloskar Electric Co., Ltd.	18.42xd	10	0.90	1.10	1.20	1.00	3	Y.
60,00,000	60,41,905	1,45,28,572	50,50,893	32,515	Kirloskar Sons & Co.	Kirloskar Oil Engines Ltd.	27.75	10	1.40	1.60	1.60		6	Y.
27,58,350	20,54,388	50,71,878	16,74,703	18,511	Kirloskar Industries	Kirloskar Pneumatic Co., Ltd.	180.00	100	Nil	12.50	12.50	10.00	3	Y.P.
5,28,120	3,80,730	1,26,68,408	40,82,994	61,080	Prem Kumar Gupta, Esq.(Mg.Director).	Lakshmiratan Eng.	6.60	10	Nil	Nil	Nil		3	Y.
41,00,000								10	Nil	Nil	Nil		6	
1,65,00,000	99,52,279	1,92,60,488	60,22,772	11,973	L. & T. (Management) Private Ltd. ..	Larsen and Toubro Ltd.	22.88	10	1.80'C'	1.80	1.40	1.40	3	Y.P.
57,29,880	....	28,48,815	4,35,319	—8,20,078	B. L. Kucheria, Esq. (Secretary) ..	Lynx Machinery	5.00	10	..	Nil	Nil		3	Y.
30,12,180	35,37,886	1,84,83,145	82,09,093	2,874	Mahindra & Mahindra Ltd.	Machinery Mfrs. Corpn. Ltd.	22.76	10	Nil	Nil	1.25	1.50	3	Y.P.
1,87,50,000	88,80,083	2,01,54,830	78,57,093	80,985	M.	Mahindra & Mahindra Ltd.	17.00	10	1.25	1.50*	1.25		10	Y.P.
33,00,000								10	Nil	Nil	Nil		9	
30,00,000	1,39,812	53,73,065	23,71,642	46,079	Prithviraj Sons	Man Industrial Corporation Ltd. ..	115.00	100	Nil	Nil	Nil		9	Y.P.
11,00,000	8,31,287	44,17,690	28,57,340	11,772	Mr. Khubchandwala, Esq. (Mg. Director)..	McKennon Ltd.	187.50	100	10.00	12.00	14.00		7	Y.P.
1,08,28,019	91,29,048	1,99,99,158	76,17,148	....	Jeewan Ltd.	Mukand Iron & Steel	17.28	10	1.20	1.20	1.20	1.20	3	Y.P.
D. 1,24,880														
50,00,000	58,34,208	1,33,49,872	85,50,104	2,975	Kirloskar Associates	Mysore Kirloskar Ltd.	155.00	100	12.00	12.00	12.00	10.00		Y.
7,50,000	....	....	....	....			106.00	50	6.00	6.00	6.00	5.00		
15,55,400	11,99,582	39,61,901	14,35,875	9,127	Sir C. B. Mehta (Chairman)	National Elec. Industries Ltd.	80.00	50	6.00	6.00	6.00		3	Y.
59,25,100	19,91,430	1,40,31,705	36,38,522	23,037	J. V. Patel, Esq. (Mg. Director) ..	New Standard Engineering	133.00	100	12.00	9.00	9.00	9.00	3	Y.P.
38,99,970	1,27,33,669	11,68,013	2,84,931	66,935	Walchand & Co. Private Ltd.	Premier Construction	168.75	30	13.00	10.00	9.00		12	Y.P.
78,67,725	40,54,800	1,22,80,803	60,98,553	5,658	Shroff, Sons Private Ltd.	Structural Engineering Works Ltd. ..	103.00	100	12.00	8.00	6.00	6.00	3	Y.P.
27,55,67,699	38,10,87,802	1,05,88,43,262	92,56,04,257	32,096	Tata Industries Private Ltd.	Tata Iron and Steel	145.50	75 Old	9.72*C'	10.36*	10.36*	11.00	3	Y.P.
7,99,99,300	5,09,28,017	32,80,72,270	15,50,34,261	14,962	Tata Industries Private Ltd.	Tata Locomotive	291.50	100	12.50	14.50	14.50	14.50	3	Y.P.
27,22,260	15,83,136	45,71,363	19,00,582	11,654	Mr. N. Dalal, Esq. (Chairman)	T. Mansukhlal & Co.	606.00	100	27.50	27.50	27.50	27.50	6	Y.
41,66,980	38,97,021	19,70,675	11,38,441	1,176	M. N. Dalal, Esq. (Chairman)	Tractors (India) Ltd.	28.25	10	3.00	3.25	3.25	2.25	6	Y.
2,55,00,000	3,28,57,137	1,79,11,702	48,75,403	....	J. D. Choksi, Esq. (Chairman)	Voltas Ltd.	269.50	100	13.00	14.00	14.00	14.00	3	Y.
₹0,00,000	23 27,374	1,12,49,648	5,05,780	29,882	M.	Zenith Steel Pipes Ltd.	16.76	10	..	Nil	Nil	6.00	6	Y.
West Bengal and Other Centres														
6,00,000	7,28,551	42,61,418	24,92,691	4,14,417	North Bihar Trading Co. (Pvt.) Ltd. ..	Arthur Butler & Co.	21.25	10	Nil	Nil	1.00		12	Y.P.T.
50,00,000	44,13,221	1,12,71,910	76,90,692	5,247	Tantia Brothers Pvt. Ltd.	Bharatia Electric Steel	14.00	10	1.00	1.00	1.25		12	Y.
40,00,000	7,80,854	39,00,644	14,75,470	19,201	G. D. Binani, Esq. (Mg. Director) ..	Binani Metal Works Ltd.	12.90	10	2.50	2.50	2.50		12	Y.
1,00,00,000	94,55,491	1,84,12,671	81,29,921	2,757	Sir J. Jardine Paterson, Esq. (Chairman)	Braithwaite & Co. (India) Ltd.	33.50	10	2.50	2.50	1.40		12	Y.
12,00,000	50,43,274	1,34,59,269	72,92,176	....	Balmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd.	49.00 N	10	3.00	8.00	8.00		12	Y.
19,88,670	7,04,341	39,97,530	14,03,035	32,096	Homes Wilson & Co., Ltd.	Britannia Building and Iron	3.80	10	Nil	Nil			12	Y.P.T.
1,00,00,000	52,95,135	1,93,55,098	75,90,776	5,115	McLeod & Co., Ltd.	Britannia Engineering	10.12	10	1.00	1.00	1.00		12	Y.
25,00,000	18,18,384	35,02,938	19,71,671	....	Balmer Lawrie & Co., Ltd.	Br. I. Electric Construction	29.12	10	4.50	2.00	2.50		12	Y.
84,00,000	2,99,02,509	6,88,27,014	3,77,05,785	65,077	Martin Burn Ltd.	Burn & Co.	202.00	100	28.50	28.50	28.50	28.00	12	Y.
1,00,00,000	17,66,496	75,67,194	17,95,224	1,08,751	K. N. Bhotika, Esq. (Secretary) ..	Calcutta Steel Co., Ltd.	13.00	10	0.50	1.50	1.50	1.25	3	Y.
1,00,00,000	42,00,184	2,42,19,314	59,12,202	32,991	R. L. Makharia, Esq.	Central India Machinery Mfg. Co., Ltd.	13.00	10	Nil	Nil	Nil	0.75	3	Y.
80,00,000	24,00,000	1,39,75,264	39,05,886	1,09,021	J. Dalmia, Esq. (Chairman)	Dalmia Iron & Steel Ltd.	11.00	10	1.00	1.00	1.00		12	Y.
60,93,400	20,22,000	85,76,388	21,66,388	12,311	Birla Brothers Private Ltd.	Elec. Const. & Equipment Co.	13.00	10	1.00	1.00	1.00		10	Y.
83,77,799	55,59,619	1,73,84,005	22,62,420	9,707	Harnarshad & Co. Private Ltd.	Escort Ltd.	15.87	10	1.60	1.50	1.10		12	Y.P.
4,00,00,000	6,96,32,756	7,77,64,814	3,42,06,023	....	Sir R. Pillai, Esq. (Chairman)	Guest, Keen, Williams Ltd.	26.75	10	1.50 G'	1.50	1.40		12	Y.P.
12,50,000	6,45,100	62,85,338	43,23,968	5,801	Martin Burn Ltd.	Hooghly Docking	101.00	50	Nil	Nil	6.25		12	Y.P.
12,44,08,900	30,89,05,725	85,16,35,648	29,96,39,691	....	Martin Burn Ltd.	Indian Iron and Steel	24.50	10	1.50	1.60	1.00	1.50	3	Y.P.
77,97,088	87,07,388	1,35,75,884	68,06,803	24,064	Martin Burn Ltd.	Indian Standard Wagon	36.10	10	2.85	2.85	2.85	2.00*	3	Y.P.
96,53,160	3,23,88,672	4,56,30,100	1,92,97,757	6,022	Indra Singh & Sons Private Ltd. ..	Indian Steel and Wire Products ..	35.12	0.10	2.80	2.40	2.30	1.80	3	Y.
26,580							12.37	0.1	0.23	0.24	0.23	0.80		
48,76,580	3,63,887	42,99,689	23,95,610	19,483	C. R. Ramaswamy, Esq. (Mg. Director)	Indian Steel Rolling Mills Ltd. ..	9.75	10	..	1.25	1.00	0.90	3	Y.P.
1,51,87,197	1,36,61,953	5,12,70,807	2,30,47,904	4,896	Madan Mohan Lal Shri Ram & Co.Pt.Ltd.	Jay Engineering Works, Ltd.	19.87	10	1.715	1.715	1.50	1.00	3	Y.P.T.
40,00,000	65,79,000	97,76,833	30,35,807	2,769	J. K. Steel Ltd.	Jessop & Co. Ltd.	15.56	10	2.00	2.00	1.00	1.50	3	Y.P.
2,03,97,000	2,30,19,815	4,72,50,219	1,54,93,699	51,159	A. K. Chanda, Esq. (Chairman)	Kilburn Engineering Ltd.	24.44	10	0.858*C'	0.858	0.858		10	Y.P.
27,64,800	53,04,920	1,06,33,358	50,21,186	3,088	Bird & Co. Private Ltd.	Kumardhubi Engineering Works ..	8.69	8	0.08	0.35	0.45		11	Y.P.T.
10,50,000	1,09,591	18,85,829	14,91,446	—18,08,418	Marshalls (Direction) Private Ltd. ..	Marshall Sons & Co. (India) Ltd. ..	2.47	2	Nil	Nil	Nil		6	Y.P.
49,96,000	18,56,398	1,54,02,104	92,07,119	—4,42,917	M.	National Iron and Steel Co., Ltd. ..	6.25	10	Nil	Nil	Nil		3	Y.P.T.
60,00,000	24,06,943	76,55,140	24,16,313	4,85,185	S. B. Ind. Development Co. Ltd. ..	Richardson & Cruddas Ltd.	8.19	4	..	..	..		9	Y.P.
6,00,000	20,52,302	82,10,330	22,45,052	18,204	The British India Corpn. Ltd.	Southern Structurals	8.12	4	0.35	0.40	0.50	0.40	3	Y.
61,90,392	5,98,985	71,12,042	12,68,445	9,74,251	Mr. N. Ranganadhan (Mg. Director)	Textile Machinery Corporation, Ltd.	11.00	10	Nil	Nil	0.60		12	Y.P.
1,50,00,000	78,86,757	5,39,16,700	2,67,11,803	64,860	Birla Brothers Private Ltd.	Textile Machinery Corporation, Ltd.	27.50	10	1.00	1.00	1.25		12	Y.P.T.
59

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
UNCLASSIFIED (Other Centres)														
93,75,000	2,48,84,521	7,27,48,445	1,37,72,801	11,965	J. K. Industries Private Ltd.	Aluminium Corporation of India Ltd...	12.12	10	1.20	1.20	1.20	0.50	3	Y.P.T.
1,00,00,000	56,97,689	2,15,10,686	95,29,840	47,916	Seshasayee Bros. (Trav.) Pvt. Ltd.	Aluminium Industries Ltd	18.40	10	1.80	0.90	1.80	1.50	3	Y.
7,94,700	1,77,450	10,78,716	99,668	11,596	K. N. Mookerjee, Esq. (Chairman)	American Refrigerator Co., Ltd. ..	15.00	10	..	..	1.00		4	Y.
12,78,975							7.25	7.50	..	..	0.50			
30,00,000	44,23,028	46,09,374	20,12,654	2,17,061	Turner Morrison & Co., Ltd.	Angelo Bros. Ltd.	26.87	10	2.50	2.81	2.80	2.80	8	Y.
4,97,14,000	31,06,000	5,99,72,026	1,61,25,015	53,399	A. K. L. Collins, Esq. (Mg. Director) ..	Ashok Leyland Ltd.	7.15cd	5	0.40	0.30	0.40	0.35	9	Y.
80,00,000	33,58,037	47,06,379	26,68,350	12,842	Mr. A. Hydari and Mr. S. Gothberg ..	Assam Match Co., Ltd.	27.37	10	1.80	2.00*	2.00*		12	Y.
1,18,00,000	98,34,917	1,31,10,564	77,02,231	7,978	H. R. Gregson, Esq. (Mg. Director) ..	Associated Battery Makers (E.) Ltd. A..	25.00	10	2.50	1.50	1.50	1.50	8	Y.
20,00,000	44,17,203	77,53,757	84,43,881	1,66,533	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India	10.31	10	Nil	1.00	1.00		6	Y.T.
80,01,400	1,20,07,997	91,05,947	44,08,278	....	C. G. Montgomery, Esq. (Chairman) ..	Balmer Lawrie & Co., Ltd.	255.00	100	25.00	25.00	25.00		12	Y.
12,00,000	29,55,620	38,19,461	34,08,481	....	Balmer Lawrie & Co., Ltd.	Bengal Flour Mills Co., Ltd.	33.75	10	4.00	2.50	2.50		12	Y.
20,00,000	9,27,323	67,95,058§§	....	2,634	Lovelock & Lewis	Birla Investment Ltd.	10.44	10	0.95	1.00	1.00		9	Y.P.
68,95,580	88,79,366	1,04,30,251	78,29,521	6,999	K. Julian Scott, Esq. (Mg. Director) ..	BritanniaBiscuits	50.25	10	2.50	3.00*	2.50	2.10	3	Y.P.T.
2,25,00,000	2,19,19,061	3,17,13,024	2,50,39,901	2,53,254	Satish Chandra, Esq. (Chairman) ..	British India Corporation Ltd. ..	8.25	5	0.20	0.35	0.45		12	Y.P.
50,00,000	40,58,031	49,29,290	27,40,613	27,856	E. A. Godwin, Esq. (Mg. Director) ..	British Paints (India) Ltd.	21.25	10	1.25	1.25	1.00		12	Y.
1,88,80,000	14,77,426	1,77,97,825§§	....	2,46,740	Andrew Yule & Co., Ltd.	Clive Row Investment	8.37	10	0.80	0.75	0.75		12	Y.
5,96,650	7,50,000	40,86,867	30,84,660	28,239	K. L. Mital, Esq. (Secretary)	Delhi Flour Mills Co., Ltd.	15.00N	10	1.00	1.00	0.70		10	Y.P.T.
4,50,00,000	4,95,74,162	11,26,80,422	5,17,42,203	25,38,011	M. L. Bezon, Esq. (Mg. Director) ..	Dunlop Rubber Co. (India) Ltd. ..	36.81	10	2.15	2.00	2.50		12	Y.P.T.
90,00,000	1,27,43,000	89,14,813	14,45,884	2,42,095	K. P. Goenka, Esq. (Chairman)	Duncan Brothers & Co., Ltd.	131.00	100	14.00	14.00	14.00		12	Y.P.
56,72,820	2,25,56,449	2,44,33,402	53,53,071	45,057	N. C. Mohan, Esq. (Mg. Director) ..	Dyer Meakin Breweries	21.00	5	1.25	1.50	0.90	0.90	12	Y.
95,87,750	88,98,196	1,65,86,036§§	....	1,32,549	Bird & Co. Private Ltd.	Eastern Investment Ltd.	117.00	100	14.00	14.00	12.00	Nil	12	Y.P.
96,53,202	1,93,822	20,02,244	8,43,057	—4,08,444	D. P. Sen, Esq. (Secretary)	East Anglia Plastics (India) Ltd. ..	8.50	10	..	Nil	Nil	Nil	3	Y.
48,30,000	6,79,365	1,01,01,598	27,61,940	4,791	S. Sankaran, Esq. (Mg. Director) ..	Enfield India Ltd.	10.10	5	0.50	0.40	0.40		12	Y.P.
40,12,888	89,64,000	1,15,37,705	59,85,716	2,62,362	Satya Narain Gupta, Esq. (Chairman) ..	Ganesh Flour Mills Co., Ltd.	13.50	12.50	1.60	1.60			9	Y.P.
14,00,000	10,92,000	44,75,416	28,85,812	46,128	Macneill & Barry Ltd.	Ganges Rope Co., Ltd.	235.00	100	17.50	20.00	15.00		12	Y.
80,00,000		4,78,555	21,601	—3,80,540	National Rubber Mfrs. Ltd.	General Tyres Ltd.	7.00	7.50	..	Nil	Nil	Nil	3	Y.
65,00,000	58,42,190	34,60,723	20,85,588	15,471	J. W. Easson, Esq. (Chairman)	Gillanders Arbuthnot & Co., Ltd. ..	14.00	10	1.00	1.10	1.10	1.10	3	Y.P.
40,00,000	31,58,000	86,02,918	52,84,329	38,310	D. S. Barron, Esq. (Chairman)	Godfrey Phillips India Ltd.	26.50	10	4.00	4.00	3.00		12	Y.P.
2,00,15,000	1,54,59,738	2,44,03,978	87,75,535	51,86,810	B. E. D'Souza, Esq. (Mg. Director) ..	Goodyear India Ltd.	29.12	..	..	Nil	Nil		6	Y.
3,07,66,250	2,31,76,491	10,71,36,646	5,28,33,894	3,048	Birla Brothers Private Ltd.	Hindustan Motors	18.69	10	0.90	1.20	1.25	1.15	3	Y.P.
1,80,00,000	52,66,923	1,97,24,190	54,21,748	—5,71,803	Talukdar Law & Co. Private Ltd. ..	Hindustan Pilkington Glass	19.19	10	1.20	1.20	Nil		10	Y.
40,00,000		92,66,321	6,66,780	—11,50,824	H. L. Somany, Esq. (Chairman)	Hindustan Twyfords Ltd.	13.12	Nil	..	Nil	Nil	Nil	3	Y.P.
15,16,00,000	10,67,60,544	12,69,94,528	4,09,70,628	3,29,429	Mr. F. A. Collett (Chairman)	Imperial Tobacco Co. of India Ltd.	9.87	10	0.80	0.90	0.90	0.80	3	Y.
4,00,28,880	4,53,66,220	18,12,54,786	5,15,28,583	56,68,484	H. V. R. Iyengar, Esq. (Chairman) ..	Indian Aluminium Co., Ltd.	18.94	10	1.50	1.50	1.75		12	Y.P.T.
2,48,85,431	3,39,26,675	3,48,33,921	1,88,54,273	21,521	J. V. J. Paterson, Esq. (Chairman) ..	Indian Cable Co., Ltd.	36.25	10	2.25	2.25	2.25	2.25	3	Y.T.
3,64,00,000	1,01,33,886	9,06,12,544	3,91,50,221	35,587	Amiya Kumar Sen, Esq. (Mg. Director)..	Indian Oxygen Ltd.	26.31	10	1.50	1.50	1.20	1.20	9	Y.T.
29,25,375	1,89,825	60,18,566	28,12,632	66,066	M.	Indian Plastics Ltd.	7.75	Nil	Nil	Nil	Nil	Nil	3	Y.
5,27,970	15,47,783	22,18,109	13,85,190	58,791	M.	Indian Rubber Manufacturers	20.00	10	2.00	3.00	3.60		4	Y.
74,98,900	5,31,500	1,01,04,128	16,16,862	19,207	Duncan Brothers & Co., Ltd.	Isaac Holdens (India) Ltd.	13.62	10	Nil	Nil	Nil		12	Y.
2,00,00,000	87,10,720	55,40,429	19,24,182	....	J. V. J. Paterson, Esq. (Chairman) ..	Jardine Henderson Ltd.	30.50	10	7.00	7.00	6.00	7.00	3	Y.
15,00,000	13,00,000	18,79,359	1,52,872	64,044	J. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd. ..	8.84	10	1.00	1.00			3	Y.P.
1,24,92,125	10,83,514	1,84,72,051	6,81,699	2,02,893	Young India Agencies Pvt. Ltd.	Madras Rubber Factory Ltd.	13.90cd	10	..	0.60	0.45		9	Y.
1,47,12,250	1,22,48,546	99,25,334	22,81,208	2,44,087	T. Leslie Martin, Esq. (Chairman) ..	Martin Burn Ltd.	27.50	10	2.75	2.75	2.50		12	Y.P.
16,00,000	14,99,568	29,93,908	5,80,650	....	Vittal Mallya, Esq. (Chairman)	McDowell & Co., Ltd.	22.32	10	3.00	1.25	0.60		12	Y.
47,12,000	90,33,368	84,12,628	15,66,083	2,34,727	M.	McLeod & Co.	206.00	100	15.00	15.00	18.00		12	Y.P.
1,61,00,000	2,38,74,151	4,47,55,502	1,71,01,969	88,785	M. K. Vellodi, Esq. (Chairman)	Metal Box Co. of India Ltd.	51.00	10	2.50	2.50	2.50	1.90	3	Y.P.
34,93,000	22,90,164	32,86,801	11,21,896	3,426	N. G. Ayyangar, Esq. (Mg. Director) ..	Mysore Electric Industries Ltd. ..	168.00	100	24.00	20.00	20.00	12.00	3	Y.
6,55,250	10,53,945	15,05,798	8,55,184	1,217	Mr. N. Subramanyam (Chairman)	Mysore Lamp Works	30.00	10	2.00	2.50	3.75*	0.80	3	Y.P.
10,00,000	6,01,040	22,77,161	13,25,686	1,401	J. P. Mallaya, Esq. (Chairman)	Mysore Tobacco	12.00	10	1.00	1.00	1.00	1.00	3	Y.
1,35,00,000	1,27,32,234	1,64,18,002	78,46,576	21,708	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Insulated Cable Co.	22.94	10	2.50	2.50	2.50	1.80	3	Y.P.
80,00,000	84,26,465	58,48,858	30,80,392	58,504	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Pipes & Tubes Co., Ltd. ..	27.37	10	2.00	2.00	2.00		9	Y.
40,00,000	39,77,485	31,08,282	14,66,902	25,985	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Rolling & Steel Ropes ..	18.50	10	1.30	1.50	1.50		6	Y.
50,00,000	16,52,447	1,28,15,820	54,09,501	75,633	K. N. Mookerjee, Esq. (Mg. Director) ..	National Rubber Manufacturers Ltd.	12.56	10	Nil	0.65	0.80		12	Y.P.
79,97,000	1,29,46,152	1,71,77,272	98,89,768	3,01,149	B. N. Ry. & Co. Private Ltd.	National Tobacco Co.	12.00	10	1.60	0.75	0.75		12	Y.P.T.
22,33,100	17,27,891	49,45,515§§	....	46,960	Ramdutt Ramkissendas	New India Investment Corpn. Ltd. ..	45.00	75	6.50	6.50	5.00		12	Y.
20,00,000	10,04,500	19,05,562	10,15,929	2,705	Parry & Co., Ltd.	Parrys Confectionery Ltd.	8.03	1	0.30	0.30	0.26	0.16	3	Y.
2,50,00,000	80,30,483	2,93,55,699	1,04,71,921	1,59,050	W. A. C. H. Beschaart, Esq. (Chairman)	Phillips India Ltd.	21.50	10	1.50	1.50	1.30		12	Y.
1,56,15,013	9,37,500	2,22,80,449	1,44,846	—3,25,138	Duncan Brothers & Co., Ltd.	Phillips Carbon	14.00	5	Nil	Nil	Nil		3	Y.
12,25,600	7,44,934	30,08,183	7,95,031	4,309	Iyer & Co. Private Ltd.	Rane (Madras) Ltd.	8.85	5	0.70	0.70	0.75	0.75	3	Y.
41,56,400	44,65,124	75,57,284	27,08,850	2,997	T. Sharma, Esq. (Chairman)	Radio & Electricals Mfg. Co., Ltd.	21.37	10	2.00	1.80	1.80	1.80	3	Y.
2,25,00,000	41,45,070	1,66,51,275	62,82,070	5,062	Badridas Goenka, Esq. (Chairman) ..	Ralli's India Ltd.	132.00	100	4.00	8.50	8.50	10.00	3	Y.P.
5,00,00,000	3,35,90,000	15,86,08,576	7,92,70,758	4,305	L. D. Gangulli, Esq. (Secretary) ..	Robins Industries	12.00	10	2.00	1.00	0.80	0.90	3	Y.P.T.
70,00,000	58,57,480	93,23,757	1,16,54,438	13,552	Sahu Jain Ltd.	Sen-Raleigh Ltd.	15.00	10	1.50	1.50	1.50		12	Y.P.
71,60,000		1,02,02,408	9,21,237	—14,10,918	Seshasayee Brothers Pvt. Ltd.	Seshasayee Industries	6.72	10	Nil	Nil	Nil		12	Y.P.
75,00,000	55,45,000	3,25,38,514	1,15,95,090	76,764	S. M. Smith, Esq. (Chairman)	Shaw Wallace & Co., Ltd.†	17.10	10	1.50	1.50	0.75		12	Y.P.
40,00,000	1,10,03,808	1,85,59,054	89,85,199	4,57,429	C. W. Stephenson, Esq.	Spencer & Co., Ltd.	21.50	10	1.80	1.80	1.80	1.80	12	Y.P.
47,00,000	32,00,000	2,09,13,405	63,50,721	14,232	Standard Motor Co. (India) Pvt. Ltd..	Standard Motor Products	10.32	10	0.90	0.70	0.60		12	Y.
9,99,310	52,158	18,77,856	9,39,671	498	Ogale Bros. (Private) Ltd.	Travancore Ogale Glass	5.85	10	0.60	0.70	0.65		12	Y.
11,56,300	19,10,581	16,05,997	8,32,637	53,066	E. H. Stanes, Esq. (Mg. Director) ..	T. Stanes & Co., Ltd.	27.40	10	2.25*	1.50	3.25	3.35	8	Y.
2,50,00,000	2,14,79,630	5,65,54,026	1,69,15,726	50,510	Sir A. Ramaswami Mudaliar (Chairman).	Tube Investments of India Ltd. ..	215.00xd	100	10.00	10.00	10.00	10.00	7	Y.
30,58,950	1,87,021	77,93,874	26,18,874	1,42,217	The Cotton Agents Private Ltd.	Tungabhadra Industries Ltd.	9.50	10	Nil	Nil	Nil		12	Y.
2,80,00,000	3,10,40,275	7,50,08,122	2,05,03,459	4,44,246	J. B. Galloway, Esq. (Chairman)	Union Carbide India Ltd.	40.37	10	1.80	1.80	1.25		12	Y.
50,00,000	91,28,520	70,39,890	27,47,493	....	Vittal Mallya, Esq. (Chairman)	United Breweries	38.25	10	6.00	6.00	2.50	0.60	3	Y.
5,00,000	6,61,791	9,26,454	4,49,099	6,571	Shaw Wallace & Co., Ltd.	United Flour Mills Ltd.	27.81	10	3.50	1.00	0.75		11	Y.
31,40,200	36,44,970	1,13,05,331	52,87,458	9,200	A. K. Kaderkutty, Esq. (Mg. Director) ..	Western India Plywoods Ltd.	234.00	100	10.00	12.00	14.00	15.00	3	Y.P.
14,49,425	....	4,88,099	25,340	—3,84,232	B. A. Harper, Esq. (Mg. Director) ..	Wellman Incandescent India Ltd. ..	7.75	5	..	..	..	Nil	3	Y.
TRANSPORT														
20,00,000	27,13,587	58,71,269	23,95,464	11,765	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	128.00	100	7.50	7.50			10	Y.P.
1,00,00,000	31,61,089	4,96,46,330	2,56,84,032	....	Dinshaw (Private) Ltd.	Bharat Line	4.60	10	Nil	Nil	Nil		12	Y.
60,00,000	2,71,64,446	10,84,29,602	3,49,39,642	1,28,987	Shipping Corporation of India Ltd. ..	Great Eastern Shipping Co.	16.64	10	1.00	0.78	1.00	Nil	3	Y.P.
30,05,000					Private Ltd.		8.72	5(New)	0.50	0.39	0.50	Nil	6	Y.P.
£955,580	£1,104,350	£4,312,901	£2,842,183	—£84,854	Kilburn & Co. Private Ltd.	India General Navigation & Rly. Co. ..	44.00	£10	Nil	..	..	Nil	12	Y.P.
2,47,50,000	1,57,29,564	22,79,77,974	8,19,14,557	....	Lionel Edwards (Private) Ltd.	India Steamship Co.	6.66	10	1.00	Nil	Nil	Nil	3	Y.P.
11,28,19,293	11,58,24,547	36,88,60,105	12,45,17,005	2,82,649	D. M. Khatau, Esq. (Chairman)	Scindia Steam Navigation Co.	14.32	20	0.60	0.60	0.60	1.00	6	Y.
O. 8,40,800	29,75,610	17,52,888	10,48,110	5,407	R. R. Aiyer, Esq. (Manager)	Walford Transport Ltd.	4.06	O. 1	0.30	0.30	0.30		12	Y.
P.O. 2,10,200							2.75	P.O. 1	0.20	0.20	0.20			

COAL COMPANIES

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Director or Secretaries	Company	Latest available Quotation	Paid-up per Share	Dividend per Ordinary Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
25,50,000	69,27,800	1,49,32,049	90,70,765	39,095	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields	24.75	10	1.00	1.25	1.50		3	Y.
12,00,000	12,52,902	41,58,992	36,25,221	....	Jardine Henderson Ltd.	Bengal-Bhatdee	21.75	10	Nil	Nil	1.50	1.50	3	Y.
4,49,350	11,02,586	13,57,089	6,93,623	5,892	Kalyanji Mavji & Co.	Bengal Coal	6.00N	10	0.60	0.60			12	Y.
1,20,00,000	2,46,30,490	7,89,11,886	5,07,62,864	10,42,254	Andrew Yule & Co., Ltd.	Bengal Coal	253.00	100	25.00	21.00			10	Y.P.
2,25,000	5,45,855	24,86,350	21,80,114	16,129	M.	Bengal-Nagpur	23.00N	10	1.00	2.60			12	Y.
40,00,000	64,925	1,27,37,959	69,80,505	—3,95,581	Shaw Wallace & Co., Ltd.	Bharat Collieries	5.44	10	Nil	Nil	Nil		6	Y.P.
7,15,000	8,31,772	59,01,884	37,59,468	—6,87,301	M.	Bhulanbararee	10.00	10	Nil				12	Y.
7,50,000	22,77,003	46,77,689	29,53,344	33,547	F. W. Heilgers & Co. (Private) Ltd. ..	Borrea	21.31	10	1.50	1.50			12	Y.
90,02,480	94,22,451	4,74,25,823	2,50,58,977	90,768	Bird & Co. Private Ltd.	Burrakur	16.00	10	1.30	1.30	1.30	1.30	12	Y.
49,97,750	6,85,370	84,52,322	33,58,568	3,58,023	Hindustan Investment Corpn. Ltd. ..	Central India	9.37	10	0.80	1.00	1.00		4	Y.
8,00,000	12,99,490	24,16,427	35,46,265	—1,25,641	M.	Central Kurkend	3.41	10	Nil				12	Y.
16,00,000	....	61,90,801	36,92,941	—5,39,084	M.	Dhemo Main	4.50	10	Nil	Nil			4	Y.
£2,40,000	£561,905	£979,072	£218,516	£6,234	Jardine Henderson Ltd.	East Indian	29.50	£1	1.00	2.00	2.75		12	Y.P.T.
29,63,760	1,16,76,838	5,05,78,170	3,63,55,116	33,594	Macneill & Barry Ltd.	Equitable	22.75	10	1.50	1.00			3	Y.
15,00,000	40,000	27,42,664	9,88,623	—5,84,265	Bhatter's Agency Ltd.	Ghusick and Musia	13.00	10	Nil	Nil			6	Y.P.
12,00,000	2,41,433	45,20,017	30,34,265	796	Killick Industries Ltd.	Hingir-Rampur	46.00	50	Nil	Nil	Nil		12	Y.
3,00,000		26,07,213	20,64,101	—3,65,025	M.	Hurriladih	5.44	10	Nil		.00		2	Y.P.
20,00,000	9,86,018	49,02,919	15,19,022	32,810	Bird & Co. Private Ltd.	Karanpura Collieries	16.00	10	0.75	1.00	1.50		4	Y.
14,88,460	16,01,825	61,62,377	42,68,781	1,11,842	Andrew Yule & Co., Ltd.	Katras Jherriah	34.50	10	9.50	4.00	2		12	Y.
9,00,000	10,22,772	29,57,644	23,77,712	57,641	H. V. Low & Co. (Private) Ltd.	Lakuria	13.00	10	0.40			Nil	12	Y.P.
7,48,240	56,490	13,90,484	10,51,228	74,711	Tantia Brothers Private Ltd.	Nazira	6.25	10	0.75	Nil			10	Y.P.
31,97,210	34,47,233	1,69,65,316	1,11,11,820	98,645	Andrew Yule & Co., Ltd.	New Beerbhoom	16.19	10	1.60	1.00			3	Y.
10,00,000	3,90,000	12,37,188	3,80,199	51,256	Octavius Steel & Co., Ltd.	New Mashboom	16.19	10	0.75	0.80			3	Y.
1,25,000	4,31,409	17,65,275	10,59,556	15,045	M.	North West	19.75	10	2.00	2.00			12	Y.P.
1,57,000							17.50N	7.50	1.50	1.50			12	Y.P.T.
7,50,000	13,22,645	2,90,538	22,85,007(k)	45,060	P. Prashad, Esq. (Chairman)	Ondal	16.50	10	0.60	0.75			3	Y.
2,34,095	1,52,212	37,86,226	14,17,160	589	Deepchand & Kishenlall	Parasea	14.00	10	0.125	0.125	1.00		3	Y.
15,75,000	24,59,125	87,88,044	54,04,852	54,253	Shaw Wallace & Co., Ltd.	Perch Valley	18.31	10	1.00	1.00	1.75		12	Y.
41,99,120	40,35,000	1,62,75,251	1,12,45,998	35,781	M.	Ramagoogie	13.56	10	1.50	1.70	1.7		12	Y.
13,50,000	20,80,150	63,69,728	40,37,891	41,523	Shaw Wallace & Co., Ltd.	Rewa	28.50	10	2.00	2.00	2		12	Y.
37,50,000	40,22,084	1,15,07,370	41,76,885	43,117	M.	Samla Collieries	8.00	10	1.00	1.00	1		12	Y.P.
40,00,000	4,97,019	48,82,001	12,69,030	7,238	S. D. Sethia & Co. Private Ltd.	Selected Satgram Collieries	118.00	100	16.00	14.00	20		12	Y.
2,80,000	12,23,716	35,20,082	21,46,076	67,383	Andrew Yule & Co., Ltd.	Seebpore	34.75	7	3.00	3.00	20		12	Y.
12,80,000	4,54,648	35,740	13,04,570(k)	1,540	F. W. Heilgers & Co. (Private) Ltd. ..	Sendra	5.00	10	0.50	0.35	0	0.75	8	Y.
3,00,00,000	1,03,14,323	10,18,84,759	4,10,39,316	47,033	M. P. Pai, Esq. (Chairman)	Singareni	5.75	10	0.60	0.70	0.75		12	Y.
17,50,000	10,02,841	50,73,982	24,33,892	2,026	Bird & Co. Private Ltd.	South Karanpara	8.50	10	0.25	Nil	Nil	0.90	12	Y.
8,00,000	15,48,969	1,53,707	26,76,159(k)	38,908	F. W. Heilgers & Co. (Private) Ltd. ..	Standard	11.87	10	1.50	1.00			3	Y.
3,50,000	3,01,632	23,77,775	17,78,595	36,403	B. M. Varma, Esq. (Mg. Director) ..	Union	10.12	10	Nil	Nil			12	Y.
49,98,000	6,09,655	1,05,85,162	42,25,012	1,10,162	Hindustan Investment Corpn. Ltd. ..	Western Bengal	8.81	10	0.60	0.75	0.90		12	Y.
7,00,000	....	60,62,759	34,56,424	—6,23,711	M.	West Jamuria	3.50	10	Nil	Nil				Y.P.

H.—Clive Row Investment—Dividend for 1959 includes additional dividends of 9 nP for the year ended 31st March 1955 and 37 nP for the year ended 31st March 1956. *Instp. 12 Y.
M.—Managed by the Board of Directors. N.B.—Dividends paid since 31st March 1959 are shown as taxable. (k) Investments. 12.00† 12 Y.P.T.
A.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent approximate, as the final dividend of 10 per cent was paid on the 4 Y.
whereas the interim dividend of 15 per cent was on a paid-up capital of Rs. 50 lakhs only. X.B.—Ex-Bonus. X.R.—Ex. Rights.

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.	Latest available Quotation. Rs.	Paid-up per Share. Rs.
BANK						
Allahabad Bank T.F.C.	15,00,000	1901	6.00	Mar. Sept.	94.00	100
BREWERIES AND SUGAR						
Bharat Sugar R. C.	5,00,000	1931	5.00	Dec. ..	70.00N	100
Bhopal Sugar T.F.C.	12,50,000	1937	5.00	April ..	60.00	100
Carew &

BANKS

Paid-up Ordinary Capital Rs. or £	Reserve Fund Rs. or £	Carried Forward Rs. or £	Name of Bank	Latest available Quotation Rs. or £	Paid-up per Share Rs. or £	Dividend per Share 1960 Rs. nP	1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	Accounts Closed	Reference
67,50,000	1,23,75,000	6,29,995	Allahabad Bank	253.50	100	18.00‡	18.00‡	15.00		12	Y.P.
1,91,600	28,48,220	3,245	Andhra Bank	94.40	100	8.00	8.00	8.00		6, 12	H.
40,78,300				82.10	85	6.80	6.80	6.80			
2,00,00,000	2,09,33,260	4,16,722	Bank of Baroda	92.00	50	8.50	8.50	8.00	4.001	12	Y.
3,55,00,000	4,11,50,000	13,09,848	Bank of India	105.50	50	10.00	10.00	10.00	4.001	6, 12	R.L.Y.
A. 50,00,000				108.00	50'A'	1.00	10.00	10.00	4.001		
49,74,870	26,80,000	46,362	Bank of Maharashtra	54.59	50	5.50‡	4.50	4.50		12	Y.
61,00,000	76,00,000	53,369	Canara Bank Ltd.	81.50	50	7.50	7.50	7.50		12	Y.P.
17,75,715	25,25,000	15,445	Canara Banking Corporation Ltd. ..	73.00	50	7.50	7.50	7.50		12	Y.P.
'A' 5,09,870				157.50	100'A'	20.00‡	20.00‡	10.00‡			
'B' 40,57,995	66,00,000	77,782	Syndicate Bank Ltd.	18.50	10'B'	2.00	2.00‡	1.00		12	Y.P.
'C' 2,00,000				1.71	1'C'	0.20	0.20‡	0.10			
2,02,88,350	5,10,84,369	93,250	Central Bank of India Ltd. ..	46.50	25	5.10‡	5.00	5.00	2.401	12	R.L.Y.
'A' 52,50,000				46.00	25	5.10‡	5.00	5.00	2.401		
1,00,00,000	1,10,00,000	1,78,514	Devkaran Nanjee Banking Co. ..	56.30	50	4.38	5.50	5.50	6.00	12	Y.
3,00,00,000	2,20,00,000	54,34,041	Habib Bank Ltd. P.	20.95N	5	17.5%	20%	20%		12	Y.
1,25,00,000	10,00,000	17,401	Hindustan Commercial Bank ..	13.50	50	*Nil*	*Nil*	*Nil*		12	Y.
50,00,000	3,10,000	52,289	Hindustan Mercantile Bank ..	12.37	50	*Nil*	*Nil*	*Nil*		12	Y.
88,39,795	99,01,884	1,43,787	Indian Bank	157.00cd	100	15.00‡	15.00	14.00‡	7.001‡	12	R.L.Y.
75,00,000				146.50cd	100	14.00	14.00	12.00			
18,60,775	86,86,169	2,03,044	Indian Overseas Bank Ltd.	—	75	—	—	9 00		12	Y.
15,00,000	15,38,000	21,284	Pandyan Bank Ltd.	37.00	25	2.50	18.75			12	Y.
1,99,64,000	2,36,56,000	15,21,000	Punjab National Bank	19.24	10	2.00	2.00	2.00	1.001	12	Y.
5,62,50,000	8,75,00,000	45,67,533	State Bank of India	402.50	100	22.75	23.00	23.00		12	Y.
1,00,00,000	70,00,000	1,39,907	Union Bank of India	6.12	5	0.57	0.57	0.57		12	Y.
2,23,33,937	3,03,00,000	25,151	United Commercial Bank	73.00	50	6.00	6.00	6.00		12	H.
2,68,67,461	95,00,000	3,26,006	United Bank of India.. ..	8.10	10	0.43	0.60	0.60		12	R.L.Y.

PRINCIPAL EXCHANGE BANKS (Dividend per cent.)

£6,600,000	£7,150,000	£494,910	Chartered Bank	£2-15-0	£1	15†	15‡†	15†		12	Y.
H.K.$79,046,125	£15,000,000	£146,283	Hongkong and Shanghai Banking Corporation	£19‡	H.K. $25	sh. 12*	sh. 15*	sh. 15*		12	Y.
£5,708,000	*£5,250,000*	*£316,941*	*National and Grindlays Bank Ltd.* ..	£1-12-9	sh. 15	12‡†	13‡†	14†	7‡†	12	H.Y.

‡ Includes bonus. P—Figures in Pak rupees. † Less tax. xr—Ex-Right.
* sh. per Share free of tax. C—On increased Capital.
N.B.—All dividends declared since 31st March 1959 are taxable.

DEBENTURES

Amount Rs. or £	Rate of Interest per cent	Interest Payable on	Company	Date of Issue	Latest available Quotations (per hundred) Rs. or £		Principal Repayable	
BREWERIES AND SUGAR								
7,50,000	7	1st December and 1st June ..	Carew & Co.	1938	98.00N	1st June ..	..	1970
2,46,000	6‡	1st March and 13th September..	Carew & Co. (2nd mortgage)	1941	95.00N	28th February	..	1970
26,00,000	4‡	1st May and 1st November ..	Walchandnagar Industries	1944	99.50	1st November	..	1959-64
75,00,000	6	1st July and 1st January ..	Walchandnagar Industries	1960	98.50	21st June ..	..	1972
COAL								
30,00,000	6	30th April and 31st October ..	Bharat Collieries	1944	99.00N	31st October	..	1964
60,00,000	6‡	1st May and 1st November ..	Bengal Coal Co., Ltd.	1961	98.00	31st October	..	1975
20,00,000	4‡	30th June and 31st December ..	Burrakur Coal Co.	1947	85.00	30th June	..	1967 (a)
46,86,000	5‡	1st July and 1st January ..	Equitable Coal Co.	1953	98.00N	14th December	..	1968 (a)‡
COTTON								
80,00,000	5‡	1st January and 1st July ..	Ahmedabad Advance	1956	95.00	13th December	..	1966-71
4,00,000	6	10th May and 10th November ..	Bengal-Nagpur	1897	85.00N	15th November	..	1966 (a)
63,93,000	5T	1st April and 1st October ..	Buckinghams and Carnatic	1952	100.00	1st March	..	1972 (a)
40,02,331	6‡	1st April and 1st October ..	Gokak Mills	1957	93.00	1st April ..	..	1967-72
18,00,000	6‡	2nd January and 2nd July ..	Minerva Mills	1959		1st July ..	..	1967-70
34,22,000	6‡	1st January and 1st July ..	Shree Nivas	1958	99.60	15th December	..	1970
39,51,000	6‡	1st April and 1st October ..	Simplex	1959	97.00	15th October	..	1969-74
30,00,000	6‡	1st April and 1st October ..	Lakshmi-Vishnu	1955	94.50	1st June ..	..	1966-70
30,00,000	5‡	1st June	Tata Mills	1961	88.50	1st June ..	..	1966-71
ELECTRICS								
10,00,000	4‡	31st March and 30th September..	Agra Electric Supply Co., Ltd. ..	1950	89.00	31st March	..	1965 (a)
3,00,00,000	5‡	15th June and 15th December ..	Ahmedabad Electric Co., Ltd. ..	1960	98.00	15th June	..	1965-70
98,25,000	5‡	1st April and 1st October ..	Andhra Valley Power Supply Co.	1940	94.00	1st April	..	1970-75
12,00,000	4‡	30th June and 31st December ..	Benaras Electric Light and Power Co., Ltd.	1949	93.00	31st December	..	1964 (a)
£3,787,574	5	1st January and 1st July ..	Calcutta Electric Supply Corporation Ltd.	1950	90.50	1st January	..	1970 (a)
10,80,000	5	1st January and 1st July ..	Sijua Electricity Supply Co., Ltd.	1951	91.00	30th June	..	1970 (a)
1,00,000	5T	3rd April and 3rd October ..	South Madras Electric Supply	1940	93.50	30th September	..	1953-68
47,73,000	5	1st March and 1st September ..	Tata Power	1940	94.00	1st July ..	..	1970
2,50,00,000	4‡	1st January and 1st July ..	Tata Power	1940	84.00	1st July ..	..	1965-70
ENGINEERING								
5,00,000	5‡	30th June and 31st December ..	Britannia Engineering	1945	94.00	31st December	..	1969
1,50,00,000	6‡	1st January and 1st July ..	Guest, Keen, Williams Ltd.	1958	100.00	1st January	..	1971
29,18,000	7	15th September and 15th March.	Indian Hume Pipe (Bearer)	1962	100.00	15th September	..	1977 (a)
10,00,000	4	31st May and 30th November ..	Kumardhubi Engineering Works Ltd.	1946	90.00	31st May ..	..	1971
3,00,00,000	5	1st April and 1st October ..	Tata Locomotive	1950	96.75	30th September	..	1960-65
JUTE								
12,00,000	5‡	1st October and 1st April ..	Agarpara	1939	91.00	31st March	..	1969
6,00,000	5‡	30th June and 31st December ..	Alexandra	1939	92.00	30th June	..	1969
15,00,000	4	31st December and 30th June ..	Auckland Jute Co., Ltd.	1946	90.00	31st December	..	1964
10,69,000	5	30th June and 31st December ..	Ottinkalsh Jute Mills	1951	90.00	30th June	..	1966
18,73,000	5‡	31st March and 30th September.	Dalhousie Jute Co.	1954	90.00	31st March	..	1966 (a)
8,86,000	5	15th January and 15th July ..	Empire	1951	90.00	15th July ..	..	1966 (a)
25,00,000	5‡	31st March and 30th September.	Fort Gloster Industries Ltd. ..	1952	68.00	30th September	..	1966
20,40,000	5‡	31st March and 30th September.	Howrah Mills Co., Ltd.	1955	92.50	31st March	..	1970
25,00,000	5	30th June and 31st December ..	Kinnison Jute Mills Co., Ltd. ..	1949	90.00	31st December	..	1964 (a)
25,00,000	5‡	30th June and 31st December ..	Naihati	1952	90.00	31st March	..	1967 (a)
5,00,000	6‡	14th November and 14th May ..	Nellimarla Jute Mills Co., Ltd.	1939	92.00	13th May ..	..	1974
20,00,000	4	30th June and 31st December ..	Northbrook Jute Co., Ltd. ..	1945	85.00	31st December	..	1964
25,00,000	5	31st March and 30th September.	Titaghur Jute Mills Co., Ltd. ..	1950	81.00	30th September	..	1965 (a)
12,00,000	5‡	30th June and 31st December ..	Union	1937	95.50N	31st March	..	1967
RAILWAYS ; STEAMSHIP AND TRAMWAYS								
£321,697	4‡	1st January and 1st July ..	Calcutta Tramways	1900	£66.00N	At 105% at any time on 6 months' notice or at par or every seventh year thereafter		
£139,051	5	1st April and 1st October ..		1933	£74.00N			
6,50,000	6	30th June and 31st December ..	Katakhal-Lalabazar Railway	1945	85.00	1st October	..	1974
£200,000	4‡	30th June and 31st December ..	Shahdara-Delhi-Saharanpur Railway ..	1905	£64N	31st December	..	1974
						Any time on six months' notice (a)		
PLANTING								
4,54,000	7T	1st April and 1st October ..	Sangameshwar Coffee	..	100.00	1st April ..	..	1960-61
MISCELLANEOUS								
45,00,000	5	2nd January and 2nd July ..	Aluminium Industries	1961	100.25	2nd July ..	..	1966-71
9,96,000	5	1st January and 1st July ..	Aluminium Corporation of India Ltd.	1948	92.00	31st December	..	1965
8,00,00,000	5‡	1st March and 1st September ..	Burmah-Shell	1954	94.00	1st September	..	1965-69(a)§
2,00,00,000	5‡	1st April and 1st October ..	Caltex Oil Refining ((India) Ltd.	1955	93.50	1st October	..	1970
1,00,00,000	6‡	31st March and 30th September.	Dalmia Cement (Bharat) Ltd. ..	1946	86.00	30th September	..	1970
2,04,55,000	6‡	1st January and 1st July ..	Dunlop Rubber Co. (India) Ltd. ..	1950	160.50	1st January	..	1973 (a)†
97,80,000	5‡	1st January and 1st July ..	Indian Cable Co., Ltd.	1954	100.50	30th June	..	1969 (a)‡
3,00,00,000	6‡	1st January and 1st July ..	Indian Aluminium Co., Ltd. ..	1959	98.00	1st January	..	1975
27,75,000	5T	2nd January and 2nd July ..	Mettur Chemical Industries ..	1949	84.00	30th September	..	1964
39,70,000	4	30th June and 31st December ..	McLeod & Co., Ltd. (Convertible Notes)..	1947	410.00 (per note)	31st December	..	1972 (a)
74,75,000	5	1st April and 1st October ..	Macneill and Barry Ltd.	1951	85.00N	30th September	..	1964
55,91,000	6‡	30th June and 31st December ..	National Rayon	1955	90.00	1st April ..	..	1971
80,00,00,000	6‡T	15th May and 15th November..	Oil India		98.00	30th June	..	1965-70
	20	1st January and 1st July ..	Premier Automobiles	1958	125.50	15th November	..	1968-77
1,00,00,000	6	30th June and 31st December..	Rohtas Industries Ltd.	1946	96.00	31st March	..	1968-78
10,00,000	5‡	January and July	Shree Gopal Paper Mills Ltd. ..	1944	95.00	31st December	..	1969
80,00,000	5‡	1st May and 1st November ..	Sirpur	1953	94.00	15th July ..	..	1966
5,31,000	5	31st January and 31st July ..	Tata Chemicals Ltd.	1945	95.00	1st April ..	..	1964-68 (a)‡‡
50,00,000	6	1st April and 1st October ..	Tata Oil Mills Co. Ltd.	1959	96.00	31st July ..	..	1970-75
						30th September	..	1969-74

(a) These debentures are registered and are transferable by transfer deeds. (b) Option to repay on 3 months' notice at any time at 3 per cent premium.
‡ With option to redeem at Rs. 101 per cent after 10 years or at Rs. 100-8 per cent after 13 years. §Any debenture outstanding on 1-6-1969 will be redeemed on that date with option to redeem all debentures at 101 per cent on 1-9-1964. ‡‡ Rs. 80 lakhs will be redeemed annually by drawings from 1st May 1964 onwards. The Company has option to redeem debentures at 101 per cent on 1st May 1963 on six months' notice. †Option to repay at par on six months' notice on or after 1st January 1961. T.—Taxable. T.F.—Tax-free.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 6th February 1964:

	Closing quotations 30-1-1964	High	Low	Closing quotations 6-2-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100) ..	134.00	138.00	134.00	138.00
Apollo (2) ..	1.90	1.96	1.86	1.94
Baroda Rayon (100)..	92.00	96.00	92.00	96.00
Bombay Dyeing (25)..	61.20	62.40	61.20	62.20
Bradbury (50) ..	157.00	—	—	157.00
Central India (100) ..	96.00	97.50	96.00	97.00
Century Mills (100) ..	666.00	692.50	666.50	685.00
Dawn (50) ..	151.00	151.50	151.00	151.50
Elphinstone (50) ..	98.00	—	—	98.00
Finlay (100)	315.00	317.00	315.00	317.00
Gokak (100)	171.00	172.50	169.00	172.50
Gold Mohur (100) ..	211.25	212.50	211.25	212.50
Gwalior Rayon (10) ..	40.75	41.50	41.00	41.50
Ind. Unted. Defd. (1)..	2.50	2.56	2.46	2.52
Ind. Untd. Ord. (10)..	21.60	22.00	21.56	22.00
Indian Rayon (100) ..	75.00	78.00	75.00	77.50
Indore Malwa (100) ..	205.00	205.00	202.50	205.00
Khatau (100)	200.00	201.25	200.00	201.25
Kohinoor (100)	330.00	329.00	328.50	336.50
Mafatlal (100)	600.00	620.00	602.50	615.00
Modella Woollens (10).	14.84	—	—	14.84
Morarji (100)	365.00	372.00	367.00	372.00
Mysore (50)	45.00	—	—	45.00
National Rayon (100).	411.00	424.50	409.50	420.00
New Great (100) ..	178.00	—	—	178.00
Phoenix (100)	230.00	229.00	227.00	229.00
Podar Mills (10) ..	13.00	—	—	13.00
Raymond Woollen (100)	134.00	134.50	134.00	134.50
Sassoon Spg. (10) ..	40.25	—	—	40.25
Shreeniwas (100) ..	270.00	273.00	268.00	271.00
Simplex (50)	125.00	126.00	125.00	126.00
Standard (100)	777.00	788.00	772.00	780.00
Swadeshi (100)	245.00	252.00	244.50	250.50
Swan (100)	265.00	267.50	262.50	267.52
S. I. Viscose (100) ..	134.00	139.00	134.00	138.50
Tata Mills (25)	55.50	57.50	55.50	56.70
Lakshmi-Vishnu (100).	102.00	—	—	101.00
Western India (250) ..	875.00	875.00	847.50	847.50
BANKS				
Bank of India (50) ..	106.50	106.50	105.00	105.50
Do. (New) (50) ..	107.00	108.00	107.00	108.00
Bank of Baroda (50)..	92.00	92.00	91.50	92.00
Central (25)	46.00	46.50	45.50	45.25
Central 'A' (25) ..	47.00	46.50	45.50	46.25
Dena Bank (50) ..	55.70	56.30	55.70	56.30
Punjab National (10)..	19.24	19.24	19.12	19.24
Union Bank (5)	6.12	6.16	6.12	6.16
United Com. (50) ..	72.00	75.00	71.50	75.00
Maharashtra (50) ..	54.00	54.50	53.75	54.50
ELECTRIC COS.				
Ahmedabad (100) ..	96.60	96.30	95.00	96.20
Amalgamated (10) ..	9.64	9.64	9.56	9.64
Andhra Valley (1,000)	1,030.00	1,035.00	1,030.00	1,035.00
Bom. Sub. El. (100)..	103.00	103.50	103.00	103.50
Surat (100)	99.50	—	—	99.00
Tata Hydro (100) ..	111.00	111.00	110.00	111.00
Tata Power (1,000) ..	1,080.00	1,092.50	1,078.75	1,092.50
INSURANCE COS.				
British India (10) ..	12.00	12.24	12.00	12.24
Indian Mercantile (50).	56.00	56.20	56.00	56.20
New India (15)	47.50	48.50	47.75	48.25
New India 'A' (15) ..	47.50	49.00	48.00	49.00
Vulcan (10)	16.00	—	—	16.00
STEEL COS.				
Ind. Iron (10)	24.48	24.84	24.40	24.76
Mukand Iron (10) ..	16.80	17.28	16.88	17.24
Tata Steel Ord. (75) ..	143.00	145.75	142.50	145.00
SUGAR COS.				
Belapur (50)	225.00	230.00	224.00	229.00
Bhopal (10)	12.88	—	—	12.88
Chandsi (12.50) ..	29.50	—	—	29.50
Maharashtra (50) ..	129.50	137.50	128.50	136.00
Phaltan (50)	104.50	105.00	101.00	104.00
Walchand Ind. (100) ..	146.00	151.50	146.00	151.00
CEMENT COS.				
Associated Cts. (100) .	152.00cd	152.00cd	145.00xd	146.25xd
Digvijay (100)	169.00	175.00	169.00	174.50
Orissa (10)	13.60	13.92	13.76	13.76
DYES & CHEM.				
Amar-Dye-Chem (100).	142.50	148.75	142.50	148.75
Camphor & Allied (100)	90.00	90.00	86.50	89.00
Citric (100)	77.00	77.00	76.00	76.00
Chemicoat (100)	153.00	—	—	153.00
Colour Chem (100) ..	362.50	360.00	331.25	360.00
Indian Dyestuff (100).	313.75	323.75	312.50	321.25
Polychem (50)	123.75	131.25	123.75	131.25
Synthetics (100) ..	99.00	103.00	99.00	100.50
Tata Chemicals (10). ..	17.92	18.40	17.92	18.20
MISCELLANEOUS				
Alcock Ashdown (100).	292.00	302.00	293.00	301.00
Bom. Burmah (25)§ ..	59.80	61.30	59.50	60.80
Do. (New) (20)‡ ..	46.00	—	—	46.00
Br. B. Petrol (1½ sh.)..	2.64	2.78	2.60	2.72
Br. I. Corpn. (5) ..	8.24	—	—	8.24
Cooper Eng. (100) ..	112.25cd	112.25cd	105.50xd	108.00xd
Hindustan Lever (10).	35.75	36.50	35.50	36.50
Hindustan Motors (10).	18.48	18.84	18.48	18.72
I. C. & Invest. Corporation (100) ..	94.00	—	—	94.00
Indian Copper (2 sh.) .	3.28	3.36	3.24	3.32
Kilnicks (100)	85.00	85.50	85.00	85.50
Larsen & Toubro (10).	22.44	23.00	22.28	22.80
Mahindra & Mahindra (10) ..	16.80	17.00	16.88	17.00
Asian Cables (100) ..	79.50	80.00	79.00	80.00
Permanent Magnets (100)▼	135.00	137.50	133.75	135.00
Phillips Carbon (10).	14.00	14.32	13.92	14.32
Pre. Automobiles (100)	96.50	100.50	95.75	99.00
Premier Con. (30) ..	159.00	169.00	157.50	167.00
Scindia (20)	13.44	14.40	13.28	14.20
G. E. Shipping (10) ..	16.36	16.80	16.36	16.80
N. Standard Exp. (100)	131.00	134.00	131.00	134.00
T. Maneklal (100) ..	615.00	615.00	605.00	605.00
Shivrajpur (10)	18.00	19.52	18.00	19.52
Sirpur Paper (10) ..	12.40	12.56	12.40	12.56
Tata Locomotive (100)	285.00	292.25	285.00	291.25
Tata Oil (25)	65.25	65.50	64.00	65.00
Voltas (100)	262.00	270.00	264.00	269.00
W. I. Match (100) ..	260.50	261.50	260.00	261.00
W. Coast Paper (100).	149.50	153.00	149.50	152.00
Zenith Steel (10) ..	16.80	16.92	16.72	16.76

GOVERNMENT SECURITIES	30-1-1964 Rs.	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	6-2-1964 Rs.
2½% 1976	83.50	—	4.39	83.50
3 % 1964	99.50	—	3.50	99.50
3 % 1966-68	97.85	3.83	3.50	97.85
3 % 1965-75 1st Dev.	99.40	4.04	4.02	99.15
3 % 1986 Con. Loan..	65.25	—	4.62*	64.90
3½% 1964 N. P. Loan.	99.85	—	3.66	99.85
3½% 1965 N. P. Bonds.	99.45	—	3.70	99.45
3½% 1967 N. P. Bonds.	99.35	—	3.70	99.35
3½% 1974	96.75	—	4.12	96.75
3½% 1977 N. P. Bonds.	99.60	—	3.88	99.60
3½% 1969 Loan ..	97.10	—	4.16	97.05
3½% 1968	98.10	—	3.93	98.10
3½% 1968 N. P. Bonds.	99.45	—	3.88	99.45
4 % 1972 Loan ..	99.25	—	4.10	99.25
4 % 1973 Loan ..	99.15	—	4.10	99.15
4 % 1979 Loan ..	98.95	—	4.15	99.15
3½% 1966 Bonds ..	99.65	—	3.65	—
4 % 1980 Loan ..	98.30	—	4.14	Y.P.
4 % 1981 Loan ..	98.55	—	4.07	Y.
4½% 1985 Loan ..	100.00	—	4.12	Y.
2½% 1977 G. Bonds..	118.00	—	12	Y.P.T.
4½% 1972 N. D. Bonds	100.40	—	4	Y.

* Current Income. xd—Ex-dividend. R—Ex. Right.
c.s.—Cum-Rights. cd—Cum-div.
§ B. Burmah—Shares of Rs. 125 ha shares of Rs. 25 each. ‡ Sub-divided into 5 taking into account the Bonus element

COMMERCE

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

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FORMULA FOR BONUS DEFECTIVE

THE performance of the Bonus Commission has been disappointing. It has confirmed the grave misgivings of employers voiced at the time the Commission was appointed. To some extent, Mr. Gulzarilal Nanda, the then Union Minister for Labour, is responsible for the extremely unsatisfactory outcome, because the terms of reference to the Commission themselves were defectively drawn up. It was for the Government to decide, as a matter of policy, whether or not the bonus element in a worker's emoluments should be linked to his performance. The defects in the present system of paying bonus had been impressively presented to both the public and the Government before the Commission was set up. It had been shown time and again that the efficient and inefficient workers, the conscientious and indifferent workers, the hardworking and lazy workers, all got the same rate of bonus, that, where bonus was made payable industry-wise, the workers of badly managed companies and soundly managed ones alike got placed on par, that bonus unrelated to performance was not conducive to improving productivity and that the system prevailing in this country was a crude one, not obtaining in any of the progressive nations in the world. The Union Labour Ministry turned a deaf ear to all these arguments and contented itself with the vague remark that there was nothing in the Commission's terms of reference to consider any alternative proposals to the prevailing method of reward for workers. Even from the somewhat lengthy summary of the Bonus Commission's recommendations circulated by the *Press Trust of India* early this week, it is not clear whether the Commission seriously considered any alternative proposals and, if it did, on what grounds it rejected them. All that is mentioned is that, in the opinion of the Commission, it would be neither desirable nor feasible "to abolish this long-standing system" or to replace it "by an annual bonus linked with production or productivity." This conclusion appals us, for it implies that there is no room for a scientific rationalisation of the present wage structure which is a product of a series of *ad hoc* decisions based on short-term considerations and expediency and under which inefficiency is placed on a par with efficiency, if not at a premium. In adopting this stand, the Bonus Commission seems to have taken the line of least resistance and one that will be popular with the mass of workers, trade union leaders and politicians for whom vote-catching methods have immense appeal even if they are not in the larger interests of national economy.

There is nothing original in the formula evolved by the Bonus Commission. It is only a refinement of the basis followed in some of the existing awards or agreements between employers and workers. What is worse, the refinement is detrimental to investors and excessively biased in favour of workers. It is also not in tune with the realities of the situation. Thus, the Commission has fixed the return on equity capital at no more than 7 per cent when even first class companies cannot raise debentures at that rate and have to pay 9 to 10 per cent on cumulative redeemable preference shares. It is true that the dividend on ordinary shares can be higher than 7 per cent, as the surplus available for distribution to equity shareholders will be a little larger having regard to the return allowed on reserves and the balance of profit not meant for workers. But the return allowed on reserves is no more than 4 per cent and of the surplus shareable between workers and investors, as much as 60 per cent is earmarked for the former and, on the remaining 40 per cent, there are many other calls such as S.P.T. (Super Profits Tax), gratuity for workers, rehabilitation allowance on fixed assets, transfers to reserves (which no prudent company can ignore) and bonus for supervisors and officers. When adequate allowance is made for all these essential provisions, the balance will not be adequate to remunerate the equity capital at a rate that will be consistent with the risks involved, the sacrifices made in the past and the waiting inevitable in the first few years of new enterprises, and sufficient to attract fresh capital in a market where the competing demands are far in excess of available savings. The differentiation made by the Commission between paid-up capital and reserves for purposes of return reflects its failure to improve upon the irrational formula adopted in the past awards on bonus. There is no justification whatever for giving reserves a lower rating than that accorded to paid-up capital. Actually, the reserves deserve to be treated higher, as they reflect the self-restraint and prudence exercised by the risk-bearing shareholders in order to safeguard the future of their companies and thereby those of workers also. In this respect, the Commission has behaved no better than the theoretical socialists who adorn the seats of power in this country. The least the Commission could have done was to follow the Tariff Commission's basis of adopting one rate (which has been 10 per cent in the case of most industries) for both paid-up capital and reserves. No wonder that Mr. N. Dandekar, who served as the employers' representative on the Bonus Commission, refused to be a party to the ill-conceived formula framed by the majority of his colleagues on the Commission.

The Commission's rationale for excluding Super Profits Tax, gratuity for workers and rehabilitation allowance for purposes of calculating the profit to be shared between workers and investors does not seem to be reasonable. The statutory rate of depreciation is inadequate in the context of high cost of plant and machinery and the need for maintaining the competitive capacity of Indian industries through prompt modernisation. It is, of course, understandable if the Commission did not want to give complete freedom to employers in this respect, lest such should be misused. But it could have allowed a certain percentage for this purpose. It must be remembered, in this connection, that the older industrial units have borrowed heavily from such institutions as the I.F.C. or N.I.D.C. and the I.C.I.C.I. for modernisation and expansion. Several of them have raised debenture capital from the market. All these loans can be repaid only from retained profits. S.P.T. and gratuity are clear statutory liabilities and ought to have been added to deductible items. It is common knowledge that the definition of super profit for purposes of S.P.T. is itself unfair and that there has been strong pressure on the Government to drop this inequitable levy.

In giving to workers the lion's share of the distributable surplus, which itself is to be arrived at on the basis of a formula quite unfair to investors, and in linking the actual bonus to individual workers to the total of both basic wage and dearness allowance, the Bonus Commission has ignored the improvements that have taken place in recent years in the workers' emoluments, consequent upon the awards of Wage Boards, enhanced fringe benefits and larger dearness allowance. Surely, the workers'

among a crucial section of employees. Managements will find this proposition unworkable and may have to make suitable adjustments in the salaries of these employees, if they cannot pay bonus out of the share of profit meant for investors. The Commission has been perfectly right in principle in not including the bonus payable to high paid supervisory and managerial staff drawing a salary of over Rs. 1,600 within the share meant for employees; only, it has set apart far too much for the latter. Accordingly, managements may have to step up the salaries of these staff too.

The recommendations of the Commission, however, are not without some redeeming features. One of them is the device suggested for ensuring a certain amount of stability in the payment of bonus in lean years also. This is sought to be done by placing a ceiling (at 20 per cent of wages and dearness allowance drawn in a year) to the bonus payable to a worker and a minimum of 4 per cent. If the surplus available to workers under the Commission's formula is more than the amount required to pay the maximum bonus, it has to be carried forward to be set off in succeeding years upto a maximum period of the next four years. Similarly, where the surplus available is inadequate to cover the minimum 4 per cent, the deficiency should be carried forward and set off against the surplus in succeeding years upto a maximum period of four years. It is, however, not clear as to what would be the position if there are surpluses or deficits after four years. Supposing a company has enough surplus left in the bonus equalisation fund at the end of four years after paying the maximum bonus in each of the four years, can that surplus be credited to shareholders? Another redeeming feature is a six-year exemption to new units. A third one is the provision that public sector units which compete with those in the private sector must also pay bonus according to the Commission's formula. Notwithstanding all this, there is no doubt that the formula has been excessively weighted in favour of employees and that its cumulative effect on the growth of investments in the private sector will be adverse. The Commission's recommendations must, therefore, be suitably modified by a tripartite body; if this approach fails, the whole question must be considered *de novo* by another, more broadbased, commission.

THE RAILWAY BUDGET

IT has been consistently good going for the Indian Government Railways since the beginning of the third Plan which will soon be entering its fourth year. In their case, the Plan involves an aggregate outlay of Rs. 1,580 crores, and the estimated capital expenditure of about Rs. 900 crores in the first three years and Rs. 360 crores proposed to be spent in 1964-65 will leave just Rs. 320 crores to be incurred in the last year. That a third of the aggregate cost of the Plan will have been met from the Railways' own resources, including the sums annually set apart for depreciation, is indeed a sound aspect of their capital budgeting. Their current finances, too, seem to be in better shape now, for the "gross traffic receipts" increased by 36 per cent from Rs. 457 crores in 1960-61 (last year of the second Plan) to Rs. 622 crores in 1963-64 (Revised Estimate). Of course, over the same period, "ordinary working expenses," too, increased by about 25 per cent from Rs. 313 crores to Rs. 393 crores. But, as against this, it must be noted that (1) appropriation to the depreciation reserve fund increased from Rs. 45 crores to Rs. 80 crores, (ii) the net revenue, out of which payment to General Revenues in lieu of the tax on passenger fares and dividend to them on account of the Railways' capital-at-charge are paid, went up by more than 50 per cent from Rs. 88 crores to Rs. 133 crores, and (iii) the net surplus or profit creditable to the development fund was also well above Rs. 30 crores per annum during most of the period. If it had been possible to achieve a measure of economy in "ordinary working expenses," the ultimate surplus might have reached a more substantial level of, say, Rs. 40 to 50 crores a year, as, in fact, it did in 1962-63 with its net profit of Rs. 42 crores. Still, the fact remains that the Railways' financial performance, judged either by the level of "net revenue" or by that of "net profit," was quite satisfactory in the last three years, as will be seen from the table on page 268, showing "receipts" and "expenditure" of Indian Railways. This table, incidentally, provides a detailed comparative picture of Railway finances since 1960-61. That the Revised Estimates for 1963-64 have placed gross and net traffic receipts, as well as net revenue and net profit, at higher figures than in the original Budget for the year may also be noted from the table.

That, in short, is the background to the Railway Budget for 1964-65, presented by Mr. H. C. Dasappa, Minister for Railways, in the Lok Sabha on the 11th instant. The Budget estimates "gross traffic receipts" at Rs. 668 crores (including Rs. 11 crores expected to accrue from the proposed two per cent general increase in the existing supplementary charge on goods freight rates and from the proposed minor adjustments in these rates), as against Rs. 622 crores in 1963-64 (Revised). Thus the estimated increase in gross receipts is about Rs. 46 crores—an increase broadly reflecting the continuing financial prosperity of the Railways. But it is rather disquieting that, in spite of this handsome increase, the estimated net surplus of Rs. 31 crores for the year will be less than the corresponding surplus of Rs. 38 crores in 1963-64 (Revised). As the expenditure chargeable to the development fund is steadily increasing from year to year in view of the greatly increased and increasing capital-at-charge, it is doubtful whether the estimated surplus of Rs. 31 crores creditable to that fund in 1964-65 will be quite adequate. This doubt arises because the Railway Minister himself has admitted that even the larger surplus of Rs. 38 crores in 1963-64 (Revised) "is just about adequate."

What expenditure items will be responsible for lowering the net surplus in spite of a big increase of Rs. 46 crores in gross traffic receipts may now be examined. The principal increases, as compared with 1963-64, on the expenditure side will be as follows:

	Rs. crores
(1) Increase in ordinary working expenses	21
(2) Additional appropriation to depreciation reserve fund ...	3
(3) Appropriation to pension fund	19
(4) Additional dividend to General Revenues	8
Total ...	51

It will thus be seen that even the increase of Rs. 46 crores in receipts will not fully cover the increase on the expenditure side. That explains why the net surplus in 1964-65 will be less than in the previous year. Of the aforesaid four items of increase, the last three are justifiable. The additional appropriation to the depreciation reserve fund is not large, considering the increasing capital-at-charge; if anything, the addition seems to be modest in the context of the increasing cost of replacements chargeable to the fund. The appropriation to the pension fund, which is being set up for the first time on the Railways, has been elaborately justified in the Railway Minister's Budget speech. This has become something unavoidable, for many Railway employees, who have hitherto preferred to continue under the Railway Contributory Provident Fund Scheme of retirement benefits, are now expected to opt for pension with its enhanced benefits in lower-rated pensions sanctioned from October 1963 and with the improvement in the family pension scheme with effect from January 1964. It has been computed that the actual cost of pensions, which at present is of the order of three crores of rupees per annum on account of the relatively few pensionable staff, will progressively rise to higher and higher levels till it reaches an amount of Rs. 38 crores per annum. Since a sum of Rs. 30 crores would need to be paid into the fund each year from now on to finance, and fully cover, liabilities on account of the ordinary, invalid and family pensions of ten lakhs of railway employees, the *ad hoc* contribution of Rs. 19 crores to the new fund seems to be a reasonable and necessary provision at this stage.

As for the additional dividend to General Revenues, the enhanced rate of 4.50 per cent (as against 4.25 per cent in 1962-63) on capital provided by the Government upto the end of 1963-64 and the still higher rate of 5.75 per cent to be paid on capital made available from 1st April 1964 would necessarily involve, in relation to the increase in capital-at-large, a bigger quantum of dividend. Incidentally, the most salutary development is the acceptance by the Railways of the Government's proposal that 5.75 per cent interest should be paid on new capital. The Railway Minister has recognised that the higher rate is wholly appropriate, considering the increased cost of raising capital and the still higher rate of interest on some of the foreign loans made available to the Railways. If the next Railway Convention Committee, which is to review the rate of dividend in 1965, applies the enhanced rate to all capital made available since the beginning of the third Plan, it will be an even more salutary development. The Railways will then be freed of the charge that they have been receiving an indirect subsidy in the form of a lower rate of interest payable by them. At the same time, a higher rate of interest on capital may make for greater efficiency and economy on the Railways on the operation and expenditure sides.

The only item in which the Railway Minister could have made an attempt to restrain the increasing expenditure is "ordinary working expenses." With greater operational efficiency and fuel economy, it should not have been too difficult to limit the estimated increase in working expenses to a figure lower than Rs. 21 crores. It is true that the increases in indirect taxes under the 1963-64 General Budget have added to the cost of materials and stores consumed by the Railways in the course of their current operations. The various staff benefits, recently sanctioned by the Government, have also contributed their share to the rise in working expenses. Even after allowing for these factors, there seems to be some scope for effecting a measure of economy through higher productivity and operational efficiency. This possibility does not seem to have been seriously explored, and the Federation of Indian Chambers of Commerce and Industry is, therefore, right in pointing out that operational efficiency is not improving. If the estimate of working expenses had been less by, say, Rs. 5 to 6 crores and if, at the same, the gross traffic receipts had been estimated a little more liberally so as to yield Rs. 5 to 6 crores more, the entire addition of Rs. 11 crores to the freight bill could have been avoided.

The downward adjustment in the classification of certain high-rated commodities and the rationalisation of coal freight, it may be noted in this connection, have been effected in such a way as to yield an additional Rs. 3.5 crores, while the general increase of two per cent in the supplementary charge on goods freight, including coal freight, is expected to yield a further Rs. 7.5 crores. As the Railway Minister has sought to revise the coal freight rates for long distances in such a manner as to make them conform more nearly to the cost of its haulage, the cost of coal to industrial consumers in areas far away from the Bihar-Bengal coalfields is bound to go up to some extent or other. The Federation's criticism is that the Railway Minister should have waited for the final report of the World Bank's team on coal transport. As this team has closely studied the coal transport problem and its related aspects, including freight rates, the Federation's criticism is not unwarranted.

In any case, the stock argument of the Railways that additional funds are necessary to augment rail capacity for moving all the traffic offered is not applicable to the present situation. The Railway Minister himself has pointed out that, while the Railways moved 18.3 million tonnes more in 1962-63 than in 1961-62 and expect to move 15 million tonnes more in 1963-64 than in 1962-63, there is considerable surplus (unutilised) capacity, particularly in respect of line capacity and specialised rolling stock designed to meet the specific needs of coal, ore and steel plant traffic. This, of course, will only be a passing phase, for the likely increase in agricultural production in the 1963-64 crop year and in industrial production in the current year and the rising trend in exports, particularly of ores, will substantially add to the volume of traffic to be handled by the Railways in the coming years. It may well be that the Railways will reach or even exceed the 1964-65 freight traffic target of 211 million tonnes, representing an increase of 17 million tonnes on the estimated traffic of 194 million tonnes in 1963-64. The Railway Minister's hesitancy to forecast confidently whether that extra traffic of 17 million tonnes will, in fact, materialise suggests that he is rather overcautious. Apparently, it is this doubt that has led to a certain under-estimation of goods traffic receipts, even as his assumption of just two per cent increase in passenger traffic over 1963-64—an assumption that does not seem to be quite valid in the context of the phenomenal growth of suburban traffic—has involved some under-estimation in coaching receipts too. All this only goes to show that the proposed addition to the freight bill could have been avoided without any detriment to the soundness of Railways' finances.

MARKET GOSSIP

Welcome Move By World Bank

FROM the point of view of India and a host of other developing nations, the World Bank's decision to liberalise its lending policies is most welcome. The credit for this goes to Mr. George Woods, President of the Bank. Exactly four and a half months ago—at the Bank's last annual meeting held on 30th September 1963—he conceded the need for improving the terms of the Bank's loans in favour of borrowers. On Friday the 7th inst., the Bank actually put into effect one of the series of liberal lending policies unfolded by Mr. Woods at that meeting. On that day, the Bank announced a $45-million loan to Columbia for financing a large hydro-electric development programme on the Nare River. The terms of the loan differ from those in vogue hitherto in three important respects. In the first place, the period of the loan is longer, 35 years, as against the maximum period of 25 years so far. Secondly, the grace period has been extended, the amortisation of the loan beginning only after five years (in April 1969 to be precise), as against the usual three years for power projects. And, finally, the rate of interest charged is distinctly lower, being 5¼ per cent (including the one per cent commission which is allocated to the Bank's special reserves), as compared with 6 per cent charged by the Bank on 20-year or 25-year loans.

The liberalisation of the terms of World Bank's loan policy is of considerable significance to the developing countries many of which are nearing the limit of the amounts they can borrow on the Bank's terms of interest and repayment, though their ability to absorb external finance remains pretty high. Since quite a number of countries are already faced with the problem of heavy service charges on foreign loans, they cannot naturally afford to go on adding to their external debt, leading inevitably to a decline in Bank's business. In a way, this was indicated by the sharp fall of 50 per cent in the new loans made by the Bank which in the year ended June 1963 aggregated no more than $449 million, as against $882 million in the previous year. Many financial experts, including the former President, Mr. Eugene Black, had warned that the Bank's operations might tend to decline because several recipient countries could not add to their external debt. This warning and the World Bank's own assessment have together inspired the move of the Bank to liberalise its loan policy.

Share Transfer Fees

Share transfer fees are now fast on their way out. The T.I.S.Co. is the latest to join the list of companies belonging to such progressive managements as Mafatlals, Jardine Hendersons, Bird-Heilgers and Parrys, which have already dropped the practice of collecting such fees from investors. The T.I.S.Co.'s decision is effective as of 10th February and has prompted Shree Niwas Cotton Mills to follow suit. Among the Birla group of companies, Texmaco and Hindustan Motors have already abandoned the practice and the Century Spinning and Manufacturing Company is expected to fall in line soon. New companies seeking listing of their shares on the Bombay Stock Exchange are now required not to charge share transfer fees.

More than a year ago, the Committee of Presidents of Stock Exchanges asked companies to drop the practice, because it had proved tedious and irritating. The amount involved is a trifle—for instance 25 nP per share in the case of the T.I.S.Co. But determining and paying it according to the different practices followed by different companies, such as per share, per transferee deed and per scrip certificate, has become very irksome for stock brokers. To companies, too, the procedure has appeared rather clumsy and confusing. Perhaps, the trouble would be worthwhile, if the income were to be sizable. But, in fact, 75 per cent of them are found to be collecting less than Rs. 2,000 per annum. Even T.I.S.Co., with the widest shareholding and fastest change in ownership, netted in only Rs. 94,000 during the year ended 31st March 1963.

In abandoning the practice, the Indian companies are following their counterparts in the U.K., where, however, the transfer fees average roughly 2s. 6d. Incidentally, in that country, every transfer means an issue of a new share certificate and not a mere endorsement on the old certificate in favour of the new buyer as is done in this country.

Now that progressive company managements have taken the lead in forgoing share transfer fees, irrespective of the income companies derived therefrom, it will be a fitting gesture from the Government if it reduces the stamp duty on transfer of shares, which is now 75 nP per every Rs. 100 worth of shares, in order to help widen ownership of companies. It is encouraging to hear that the authorities of the Bombay Stock Exchange have decided to make a plea on these lines to the Government.

Unit Trust Begins Work

The Union Trust of India has begun functioning in Bombay from the 1st of this month under the stewardship of Mr. R. S. Bhatt (Chairman), aided by Mr. V. G. Pendharkar (Executive Trustee); the inaugural meeting of the Trust's Board of Trustees was held on Tuesday the 11th inst. The primary objective of the Trust, as readers are aware, is twofold: to stimulate and pool the savings of middle and low-income groups and to enable them to share the benefits and prosperity of the rapidly growing industrialisation in the country. This twofold objective is sought to be achieved through a threefold approach: first by selling units of the Trust among as many investors as possible in the different parts of the country, then by investing the sale proceeds, together with the Trust's own funds—the Trust has an initial capital of Rs. 5 crores—in industrial and corporate securities, and finally by paying dividends to those who have bought the units of the Trust.

Since the launching of the Unit Trust is a maiden venture, a great deal of preparatory work will necessarily have to precede the actual country-wide sales of the Trust's units and the entry into the market for buying securities. But such work should not take an unduly long time. It is, therefore, gratifying to be told by Mr. Bhatt that the Trust would try to expedite these matters as early as possible. And reassuring is his statement that the sale of units would be organised in a smooth manner and that the Trust would build up a sound portfolio with a spread over a wide range of securities so as to obtain maximum return consistent with security of capital. It remains to be seen how exactly these assurances will be fulfilled. The task before this monopoly organisation is an enormous one. It is easy to list the difficulties confronting it but not the suggestion of solutions.

The income-tax and super-tax concessions in respect of dividends from unit holdings, expectations of handsome dividends and the low face value of units (not less than Rs. 10 and not more than Rs. 100) will doubtless encourage the people to invest in the units of the Trust. Much will, of course, depend on the Trust's arrangements for selling its units and the trend of equity values. In his opening statement to the Board, Mr. Bhatt said that it would be necessary to take the assistance of banks, L.I.C. and the agents for national savings scheme. One, however, wonders whether the banks and the L.I.C. offices, which are busy with their own activities, will take much interest in selling the units, unless the commission offered is worthwhile. Even so, they cannot be expected to go from door to door canvassing sales. The country-wide sales of units can be organised successfully if, besides the banks, L.I.C. and agents for national savings schemes, the Trust also appoints trustworthy agents in the various parts of the country on an attractive commission basis.

India And Sugar Abroad

There is now no doubt at all that the 3.3-million-ton sugar production target fixed for the current (1963-64) season will not be hit. Mr. Swaran Singh, Union Minister for Food and Agriculture, who was talking loudly about the successful attainment of the target, stated in the Lok Sabha on Tuesday this week that the actual output of sugar would at best be no more than 2.9 million tons. Even here, he preferred not to be categorical or assertive, for he used the words "likely to be." The figure of 2.9 million tons, incidentally, is much higher than the most optimistic estimate of the spokesmen of sugar industry, namely, 2.6 million tons. Even assuming that Mr. Swaran Singh will prove correct—a rather frail assumption—the sugar supply position is bound to be pretty tight during the remaining months of the season. The frank indirect admission by Mr. Swaran Singh that there would be a shortfall of 400,000 tons in the target fixed for the season clearly suggests that the Governments, Central and State, have not been successful in taking effective measures either to compel cane growers in the areas of sugar mills to deliver a substantial quantity, if not all, of their crop to mills or to regulate production of *gur* and *khandsari* in these regions.

The failure of the powers-that-be to learn from past experience and to create the necessary conditions for maximising sugar production—they know full well what these conditions are—cannot but be described as most deplorable, especially when vast opportunities are present to earn sizable foreign exchange through exports. It is true that there has been a further sharp fall in world sugar prices, the latest available c.i.f. London quotation for raw sugar being £77 per ton, the lowest level since early October last, as against £80 a week before and £94 four weeks before. But the fall is only temporary, as it is attributed to the resale of a cargo of raw sugar by Japan, rumours of further sales and publication of better European beet crop estimate. While there may be some improvement in the world statistical position, it is felt that the supply-demand imbalance "is almost certain to remain" and that prices "would become firmer in the not-too-distant future." India will do well to take note of this assessment and spare no efforts to achieve as large an exportable surplus of sugar as possible. The task involved is by no means difficult; only the authorities at both Central and State levels must have the will to address themselves to this task in right earnest without being influenced by political considerations.

Russia: World's Largest Soap-maker

Of all countries in the world, the Soviet Union is the largest soap-maker. In 1962, it produced more than 1.50 million tons, a quantity exceeding the combined production of 15 countries of Western Europe (1.36 million tons) and Oceania (118,000 tons), according to the latest issue of the *Coconut Situation* published by the U.N. Food and Agriculture Organisation. The data furnished in this F.A.O. publication relate to soap production in 62 countries. They show that, during the five years from 1958 to 1962, soap production in the Soviet Union steadily increased from 1,365,000 tons in 1958 to 1,513,000 tons in 1961 and exceeded that total by 150,000 tons in 1962. Production in North America, on the other hand, steadily declined over the same five years, falling from 700,000 tons in 1958 to 607,000 tons in 1961 and 599,000 tons in 1962. Production in Western Europe fell from 1,473,000 tons in 1958 to 1,380,000 tons in 1962. In the rest of the world, soap production was still generally rising in the developing countries but falling in industrialised countries such as Japan and Australia.

Explaining the different trends in soap manufacture, an official of the F.A.O. points out that the Western industrialised countries, especially in North America and Western Europe, are using more and more detergents made from synthetics, while, in the U.S.S.R., the synthetic industry has been developing only in the past few years. Although the Soviet Union's soap production figures include synthetic detergents, these are said to account for only a small proportion (less than five per cent) of the total soap production. Thus, soap production in the Soviet Union is rising, whereas that in the Western countries is falling. On a *per capita* basis, the total production of soap and synthetic detergents is currently of the order of 15 kg. in the United Kingdom, 12 kg. in the United States, 10 kg. in France, 7 kg. each in Western Germany and the U.S.S.R., and 5 kg. in Japan.

Statistics relating to the use of coconut oil and other fatty ingredients for soap, margarine and shortening in about 16 countries show that tallow and greases constitute the largest components of soap in all countries. The alternative components are coconut oil, palm oil, marine oils, soya bean oil, other vegetable oils and animal oils.

Struggle For Deposits

It is not in India alone that commercial banks are engaged in a struggle for deposits to meet the persistently rising credit requirements of their clients, for such a struggle is on in other countries too. In the U.S., for instance, commercial banks, numbering more than 13,000, are encountering stiff competition—never before, it is said, was competition so intense as it is at present—from institutions like mutual savings banks and savings and loan associations. Thus, between 1946 and 1963, the aggregate deposits of commercial banks have gone up by just 110 per cent (or $150 billion), whereas commercial paper and bankers' acceptances have risen by as much as 2,000 per cent ($9.5 billion), credit union deposits by 1,500 per cent ($7.5 billion), savings and loan shares by 975 per cent ($83 billion), deposits in mutual savings banks by 165 per cent ($28 billion) and short-term Government obligations by 50 per cent ($28 billion).

Certain aspects of the competition for deposits, along with some of the misconceptions surrounding them, have been lucidly explained in an interesting article contained in the January-February issue of *Business in Brief* published by the Chase Manhattan Bank, New York. In considering the issue of competition for deposits as between commercial banks and other financial institutions, the article has examined the viewpoints of the banking system as a whole and of individual commercial banks. An important finding of the study is that the growth of financial institutions such as mutual savings banks has, by facilitating the flow of funds through the economy, contributed to the rapid post-war increase in the velocity of circulation of money. Another important finding is that the increased holdings of such assets as mutual savings bank deposits on the part of individuals may exercise an expansionary effect on the economy by pushing consumer spending and borrowing upward. Since such pressures cannot easily be restrained by the Federal Reserve System, as it has no control over these financial agencies, the article says: "It (the Federal Reserve System) must, therefore, bear down doubly hard on commercial banks by restraining their deposit growth. It is for this reason that many observers have suggested that a more equitable and efficient system would result, if the monetary authorities were given direct control over non-commercial bank financial intermediaries."

So far as individual commercial banks are concerned, it is pointed out that what matters is not the way in which changes in competitive situation affect the financial community in general but rather the manner in which they affect their own position. The article has arrived at the following three interesting conclusions:

1. Since all the banks in the system, working individually, will tend to take similar action in response to the forces of the market, the effort to meet competition from individual savings and loan associations or mutual savings banks will lead to a more competitive structure of rates on time money generally.

2. Banks will find that a larger proportion of their deposits are going into the expensive time form.

3. The remaining demand deposits will turn over more rapidly, making them more costly.

Century's Bonus Issue

For quite some time now, a bonus share issue by the Century Spinning and Manufacturing Company Ltd. had appeared to be a possibility. It had seemed a near certainty after the Company's announcement a fortnight back of its ambitious diversification plan, as it was presumed that, before proposing a rights issue for financing the new schemes, the Directors would create the right climate for it by announcing first a bonus issue. The Directors' decision of Friday last week to offer the shareholders one bonus share for every five shares held has thus met the market's expectations as witness the spurt in the Company's shares from Rs. 692.50 to Rs. 710 in the after-close kerb deals on that day, which occurred in spite of the Directors recommending no final dividend (against Rs. 18 for 1962) for the year ended 31st December

(*Continued on next page*)

DELHI LETTER

ISSUES RAISED BY MR. NEOGY

SEVERAL SACRED COWS INVOLVED

(From Our Special Correspondent)

NEW DELHI, 11*th February*

ON the day of the Railway Budget, which has announced *no* increase in passenger fares, it is relevant to recall the remarks of an eminent American economist on the Indian transport system. The American economist, who has made several visits to India and has ably presented the case for increased assistance, thought that the Indian Government was unnecessarily concerned over passenger traffic. According to him, the railways should make passenger traffic unpopular, instead of subsidising it from funds earned from goods traffic. The American jocularly even suggested making departure times of trains in the dark midnight or early morning hours so as to dissuade people from undertaking avoidable journey; he also wanted only wontonly brief stoppages at wayside stations. Of course, an Indian politician told the economist of the threat of reaction by violence in India which could stop any train for as long as the crowds wanted!

Mr. K. C. Neogy, until recently Chairman of the Committee on Transport Policy and Co-ordination, did not want to go to the fantastic ends urged by the American economist. But, for the past four and a half years, ever since he accepted the chairmanship of the Committee, Mr. Neogy had pressed for a study of the economics of railways so as to try and evolve a sensible and economically sound transport policy. In New Delhi's big instrument of transportation for rapid industrial development, costing has been given a back seat. After the overcentralisation and the merger of the various railways and the adoption of the single rate policy, it would be difficult now to make any sort of quick unit cost calculations. Cost and profit calculation is simple in the case of lorry traffic. On the railways, there is also a distinct disinclination to attempt costing. Specific costing on railways may be nearly impossible because of the variety of traffic and goods —as the French who have made a serious attempt have found out. The French, however, are trying to evolve an average unit cost for various types of traffic but in India, as one expert quipped to this correspondent, the average costing has been taken to its most absurd limits. The social obligations of the railways, unconnected with financial results, have gained overriding importance in this country after independence. Before independence the railways in India consisted of numerous semi-autonomous units each of which had the freedom to vary rates based on various economic and traffic considerations. Even in those days coal was treated as a special category with uniform rates. The railways today have a dominantly political role to perform, whether serving the interests of electorally-strong passenger pressure groups or lobbyists from among exporters or meeting regional needs. Apart from direct subsidies now openly given as rebates to exporters, there are cross-subsidies like the broad-gauge subsidising metre-gauge and goods traffic subsidising passenger carriage costs.

As the only non-official on the transport committee, Mr. K. C. Neogy had no doubt an unenviable task. The official members had their primary jobs, and work on the committee for them was at best a part-time excursion in which they spoke within the narrow briefs provided by the respective Ministries or Departments they represented. The States, with their autonomous highway rights enshrined in the Constitution, did not take kindly to the Committee's queries which they did not care to answer for a long time. It needed the Prime Minister's personal intervention at one stage to persuade the State Chief Ministers to instruct their colleagues to co-operate with the work of the Committee.

After spelling out the numerous difficulties in going ahead with the Committee's work in its interim report, Mr. Neogy had, been pressing upon Central Ministers for the addition of non-official economists to the Committee, so that it could explore intensively some of the economic aspects which should govern a co-ordinated transport policy covering railways, roads and waterways. Such a close investigation would perhaps have hurt many sacred cows and pricked some precepts which have become fundamental to Government planning. Anyway, the powers-that-be, even at some of the highest levels, were disinclined to let the Committee go ahead towards its logical objectives.

World Bank Comes In

The World Bank came into the picture slyly and indirectly. Way back in 1957, as the big prospective lender to the Railways, the World Bank had proposed an examination of transport policies. The Government of India, on its part, did not exhibit much enthusiasm for the Bank's suggestion; Delhi did not turn down the suggestion either. If the Government of India had accepted the Bank's offer in 1957, Indian representatives would have been on the investigating committee on a position of equality. The terms of the investigations would have been respectable and not humiliating as in the present World Bank investigation. Even a small country like Argentina has bargained successfully for equal status on the committee investigating its transport problems. The present World Bank investigation, which will not be thorough, was initiated after a backdoor entry. The original agreement was for a study of the coal freight problems.

Mr. Neogy implied in his statement last week that the World Bank's investigators had enlarged the scope of the inquiry, exploiting the vagueness of the agreement the Government signed. The Indian Government does not have an honourable status in its association with the investigating committee. The Indian representative whom the Bank has agreed to tolerate on the steering committee had to be approved as acceptable by the Bank which also *insisted* that the representative should come from the private sector. As a major creditor who is also making an almost unilateral investigation of a vital national sector, the World Bank is now in a position to lay down policies unpalatable to Delhi. If the Bank does not do it, it will certainly be not because the country's administrators played any part in preventing such an embarrassment. It is debatable whether the creditor is capable of such an act of grace. The realisation that the World Bank was making an almost parallel inquiry was naturally the last straw for Mr. Neogy. For some time, he is known to have been in correspondence with the Prime Minister and others on the sorry state of affairs.

World Trade Talks

An Asian concert on what to do at the U.N. World Trade Conference will take place early next month at Teheran, on the occasion of the annual conference of E.C.A.F.E. Mr. Manubhai Shah, Minister for International Trade, will take part in the consultations among developing E.C.A.F.E. countries on the broad strategy to be pursued at the Geneva conference. Mr. Shah may not be taking part in the E.C.A.F.E. conference proper. The Teheran meeting will take the Inter-Asian conversations a stage further from the decisions taken at a conference in Manila a few months ago.

"Away with all trade barriers to developing countries' exports"—that will be the key slogan. India is also a little impatient with the ways of G.A.T.T., which, according to Mr. Manubhai Shah, has "served the purpose for which it was formed." Mr. Shah is convinced of the need to modernise G.A.T.T. and expand its scope. There are many undeveloped as well as developed countries which have not been admitted into the G.A.T.T. club. The Soviet Union, for instance, is keen to join, although there is one school of thought that Russia may wreck G.A.T.T. Mr. Manubhai Shah does not subscribe to this point of view. If G.A.T.T. cannot be reformed, he would support the idea of a new trade organisation which will be more broad-based.

RAISING YIELD OF OILSEEDS

In view of the setback in oilseeds production during 1962-63 despite an increase in the area under cultivation, the question of raising the per-acre yield of oilseeds naturally formed the theme of the presidential speech of Mr. A. D. Pandit, Special Secretary in the Union Ministry of Food and Agriculture, at the 17th annual general meeting of the Indian Central Oilseeds Committee held at Hyderabad on Thursday last week. The drive for attaining this objective has to be two-pronged —better agricultural practices and intensive cultivation, the adoption of which Mr. Pandit emphasised. Agencies aiding the cultivator are found to have been lagging in providing the necessary credit, fertilisers and insecticides at the right time. Why and how they lagged should be studied, said Mr. Pandit, by the State Directors of Agriculture. Groundnut being the major crop, it must receive greater attention so that wide fluctuations in the aggregate oilseeds production are minimised.

The-Ford-Foundation-assisted package programme for concentrated use of all resources—technical advice, fertilisers, insecticides, etc.,—on selected areas will be extended, according to Mr. Pandit, from the present 170,000 acres in the districts of Gujarat, Maharashtra, M.P., Madras and U.P. to a million acres in different parts of the country by the end of the third Plan. This will be done in accordance with the Government's policy of greater intensive cultivation of important commercial crops.

MARKET GOSSIP

(Concluded from previous page)

1963. The rights issue is expected to follow after the budget.

The proposed bonus issue will mean capitalisation of Rs. 50.98 lakhs (including Rs. 20.62 lakhs standing in the share premium account) out of reserves aggregating Rs. 431.62 lakhs. This amount is slightly higher than the Rs. 45.88 lakhs which would have been required had the final dividend been maintained at the 1962 level. It must, however, be remembered that, whereas payment of dividend will mean distribution of the Company's resources, issue of bonus shares will result in a conservation of resources, thereby facilitating the implementation of the Company's expansion plan. The Directors' proposal is, therefore, on sound lines. It is true that the bonus issue will involve a tax liability of Rs. 6.38 lakhs, assuming that the bonus tax will not be raised in the budget. But this is an inevitable price and is worh paying, especially in view of the need for rectifying the imbalance between the Company's capital structure and its block account. Even after the bonus issue, the Company's paid-up capital (including Rs. 125 lakhs in preference shares) will rise to no more than Rs. 430.88 lakhs, as against the net block, as at 31st December 1962, of Rs. 10.09 crores.

It will be recalled that, in October 1961, the Company had capitalised Rs. 50.98 lakhs from reserves for a one-for-four bonus issue. Earlier, that is, in January 1960, it issued two right shares for every three shares held at a premium of Rs. 20 per share.

TREND OF SHARES

STEADIER SENTIMENT

(From Our Own Correspondent)

BOMBAY, 13*th February*

A SLIGHTLY steadier sentiment developed on the stock exchanges during the week under review on bear covering and renewed professional support. Steel shares, supported on prospects of decontrol towards the close of this month, and some leading speculative counters were noticeably higher. But trading was slow and not particularly exciting, as the general tendency was cautious in view of the uncertainties associated with the ensuing budget. For the same reason, higher levels attracted some mild but steady realising. Nevertheless, over the week as a whole, the majority counters closed with small gains and the market finished on a note of subdued optimism.

Favourable corporate news, prospects of decontrol of steel, the healthy technical position of the markets and, finally, the budget being still three weeks hence would appear to have been the factors which emboldened professional buyers to lend fresh support. As for the budget, the general expectations were that it would be a constructive one. This feeling gained further ground in the light of the plea made by the F.I.C.C.I. President, Mr. Bharat Ram, for a review of the tax policies in order to reduce the burden on industry. The broadening enquiry for cash scrips also contributed to the steadier sentiment. The Bonus Commission's report, limiting the reurn on capital at 7 per cent and on reserves at 4 per cent and recommending 60 per cent of the available surplus profit be set apart for workers, did not upset market men much, as they were inclined to believe that the proposals would be amended in favour of investors. Likewise, the unencouraging trend which the Security Council debate over Kashmir took for this country had also no depressing influence on market sentiment.

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Steel shares were in the limelight on Dalal Street. Both Tata Steel Ordinary and Indian Iron rose smartly from Rs. 145 to Rs. 148 and from Rs. 24.76 to Rs. 25.35, respectively, on strong support influenced by their attractive levels and prospects of decontrol of steel. After spurting from Rs. 692.50 to Rs. 710 in Friday's unofficial deals on the news of a one-for-five bonus share issue, Century turned gradually lower in the subsequent official sessions to close today at Rs. 697.50, as against Rs. 685 a week ago. National Rayon staged an impressive recovery from Rs. 417.50 to Rs. 434.50 on both bear covering and fresh support induced by expectations of better working for the year ended 31st December 1963. Bombay Dyeing, Kohinoor, Svadeshi and Standard showed, however, small gains.

The Miscellaneous section followed the general trend. T.E.L.Co. closed with a gain of five points at Rs. 296.25, Voltas of Rs. 4.50 at Rs. 273.50, Bombay Burmah of 40 nP at Rs. 61.20 and Hindustan Motors of 44 nP at Rs. 19.16. On encouraging reports about the outlook for shipping companies, Scindia recorded a further smart rise of Re. 1.04 to Rs. 15.24. Indian Dyestuff spurted by Rs. 16.25 to Rs. 337.50. A.C.C. were Re. 1.25-higher at Rs. 147.50 and Belapur showed a gain of five points at Rs. 234. In the cash section, Colour-Chem were marked up by Rs. 17.50 to Rs. 377.50, SLM Manekla1 by Rs. 9.50 to Rs. 207, Sandvik by Rs. 9 to Rs. 182 and Synthetics by Rs. 8.50 to Rs. 109.

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Leading forward shares recorded moderate gains on the Calcutta Stock Exchange. Birla Jute and Indian Aluminium were both up by 44 nP to Rs. 34.05 and Rs. 29.75, respectively. Burrakur and Guest Keen improved by 25 nP each to Rs. 16.31 and Rs. 26.87, respectively. Kesoram gained 19 nP to Rs. 27.75 and Texmaco 20 nP to Rs. 27.70.

In the cash section, Jayshree, among Textiles, recorded an impressive rise from Rs. 15.37 to Rs. 16.06. Bengal Coal closed two points higher at Rs. 255. Excepting Budge Budge which dropped by three points to Rs. 137, Jute shares were steady. In the Engineering section, Burn closed four points higher at Rs. 206 and others showed small gains. Miscellaneous issues were generally well held, but National Tobacco slipped back from Rs. 12 to Rs. 11.25 and Indian Oxygen declined by 55 nP to Rs. 25.70. Paper shares were quoted higher, especially Bengal at Rs. 27.25, as compared with Rs. 26.50 last week, and Ballarpore at Rs. 16.87, as compared with Rs. 16.56.

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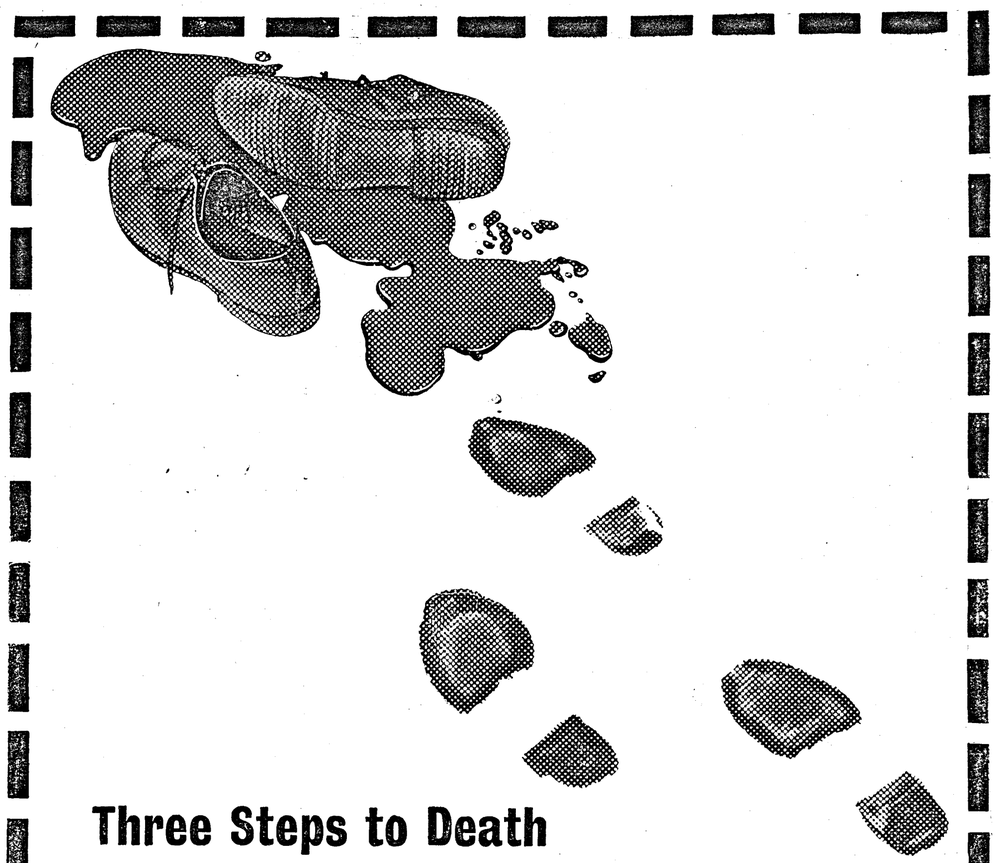
Equities presented a mixed show on the Madras Stock Exchange. Thus, S.I. Viscose rose by Rs. 8.50 to Rs. 141.50 and Travancore Rayon by Re. 1.25 to Rs. 25.25, and, in the Miscellaneous section, Aluminium Industries gained 47 nP to Rs. 18.87 and Mettur Chemical 40 nP to Rs. 12.80, while E.I.D. and United Breweries dropped by 25 nP each to Rs. 37.50 and Rs. 33, respectively.

INDIAN JOURNALISTS' GUIDE

The third issue of *Indian Journalists' Guide* (Chief Editor: Mr. M. R. Pai, pp. 92, price Rs. 2) which is brought out every year by the students of the Bombay College of Journalism, carries some interesting articles written by eminent names, which are primarily aimed at giving students of journalism an insight into the field of press and public relations. Mr. Frank Moraes gives a brief outline of the role of the Press in emergency, Mr. V. K. Narasimhan comprehensively reviews the prospects and problems of the Indian Press from 1963 to 1973 and Mr. Aubrey Mendieta explains what public relations is. The publication wears a neat, though not a particularly imaginative, appearance.



Three Steps to Death

1. Crossing the road carelessly
2. Walking with back to traffic
3. Stepping out on a road from behind a parked vehicle

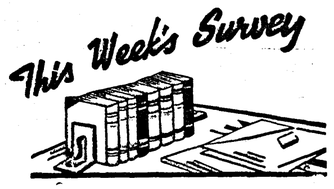
Three simple steps.
To death or disaster.
Next time
you're using the road,
watch your step.
One false move,
and you may not live
to make another.

* Cross the road carefully. Where there's a marked Pedestrian Crossing, use it.
* Where there's no pavement, walk facing the Traffic.
* Never step out on a road from behind a parked vehicle.

BURMAH-SHELL

Road Safety is a matter of life...and death

Alyars BS. 433D



COAL INDUSTRY

THERE has been in evidence for some time now the disquieting trend of a fall in demand for low-grade coals and, consequently, of a pretty large accumulation of pithead stocks. With production currently running at the rate of just 67 million tonnes, as compared with the reduced target of 90 million tonnes for 1965-66, and with about five million tonnes of accumulated stocks at the pitheads at present, the situation is rather depressing for the industry. Perhaps this is only a passing phase and the industry may soon be in a position to correct the imbalance between the demand for and the supply of low grade coals. Two developments seem to be encouraging in this connection. One is that the Union Minister for Steel and Mines, Mr. C. Subramaniam, has just told the representatives of the industry that the Government will not give any subsidy or inducement in future for encouraging the use of any substitute fuel like furnace oil and that steps would be taken to bring about such changes in the production pattern as would solve the twin problem of a glut in low-grade coals and of scarcity in higher grades of coal. It will be recalled in this context that Mr. Darab C. Driver, President of the Coal Consumers' Association of India, had pleaded some months back for restricting the production of low-grade coals with the aid of a suitable subsidy from the Government. Whether or not the Government adopts this particular approach, it may be expected to do something to balance production in relation to demand by taking into consideration the factor of quality, as it is already seized of the problem.

Any move to bring about an increase in the output of high-grade coals should involve a prompt decision on the question of coal prices. The Government, happily, is now considering the report of an official committee which has submitted its report on coal price increase. Mr. C. Subramaniam has even held out the hope that the Government would take a decision on the report before the end of this month. The industry's hope is that the price increase would be substantial enough to sustain the incentive for higher production of superior grades which involve deep and difficult mining. An increase in the price of metallurgical coal is most certainly called for as much to neutralise the cost increase and provide an incentive for modernisation as to conserve such coal for the most essential purposes. Whether the price differential between higher grades and lower grades will be made wide enough to discourage consumers, who can make do with inferior coals, from seeking to procure high grade coal, however, remains to be seen. Likewise, whether the industry's demand for increased depreciation allowance, depletion allowance and stowing subsidy will be conceded also remains to be seen, for the Minister has given no definite promise in this regard. Whatever decisions are finally taken by the Government, the industry hopes that they will be such as to restore confidence in its profitable performance and enable the collieries to achieve the third Plan target.

TRAFFIC CONGESTION IN BOMBAY

Greater Bombay, which covers a total area of 186 square miles with a population of more than 4.1 million and a third of all factories in Maharashtra State, handles about 20 million tons of seaborne cargo in a year and has as many as 80,000 vehicles on its roads. The City's misfortune is that it has only one land route to the mainland, that is, via Bombay-Thana Road with its two bridges on Thana creek. Traffic congestion in these circumstances has been an acute problem for the City. It is to relieve this congestion to some extent that the Eastern Express Highway and the Western Express Highway have been under construction at an estimated aggregate cost of Rs. 6.2 crores. With the inauguration, on the 8th instant, of the 15-mile long Eastern Express Highway running through the Bombay Corporation limits, the pressure on the Bombay-Thana Road, which feeds the three National Highways emanating from Bombay (namely, Bombay-Agra Road, Bombay-Poona-Bangalore Road and Bombay-Ahmedabad-Delhi Road), will be greatly relieved. As this Highway bypasses the congested parts of the suburbs and has several special features for facilitating uninterrupted movement, its express character may be expected to be maintained.

The 15-mile long Western Express Highway, which is intended to relieve the traffic congestion on the Bandra-Ghodbunder Road (on the western side of the Western Railway line in Greater Bombay), is yet to be completed. It will run parallel to the Ghodbunder Road, but on the eastern side of the Western Railway. When this highway is completed and the missing links of 35 miles between Ghodbunder and Manor and the Bassein creek bridge project are constructed, at an estimated cost of Rs. 3.3 crores in all, the Bombay-Ahmedabad-Delhi National Highway will constitute a second land route from Bombay to the mainland. Again, when another Thana creek bridge, recently taken up for construction, at a cost of Rs. 4.1 crores, for shortening the distance between Bombay and Poona by 14 miles, and the proposed five link roads (estimated to cost Rs. 3.3 crores) between the two Express Highways are completed in the next few years, all the three National Highways will come to have separate feeder roads, and the traffic congestion on the Bombay-Thana Road and the Ghodbunder Road will be considerably reduced too, as all through traffic will be completely diverted to the Express Highways and the existing roads will be used only for local and suburban traffic. This may not be a complete solution to the problem of traffic congestion within Greater Bombay. But it certainly represents a good beginning, though the aggregate cost of even that beginning works out to about Rs. 17 crores.

TEA INDUSTRY

It is somewhat surprising that the problems of tea industry, which is India's second largest earner of foreign exchange, evoked scant attention at the recent meeting of the Board of Trade held at Calcutta. Is such scant attention due to the feeling that, since the export performance of the industry has been quite encouraging of late, its problems today are not so pressing as they were before? If so, it is a pity. It is true that the aggregate value of tea actually exported in the calendar year 1963 was markedly higher at Rs. 132 crores, as against about Rs. 124 crores in the previous year. And it is also true that the average export price fetched by tea was higher at Rs. 6.10 per kg., as against Rs. 5.83 in 1962 to which level it had declined from Rs. 6.02 in 1961. The improvement in average price, however, was not due to any significant expansion in the quantum of exports and it was only a sympathetic reaction to the general increase in world prices. In terms of quantity, tea exports recorded only a marginal rise of two million kg. (to 216 million kg.), whereas they had gone up by eight million kg. (to 214 million kg.) in the previous year. In fact, even in Britain, India's single largest market for tea and the world's biggest tea drinking country, tea is gradually losing ground for coffee. In the London auctions, the average quotation for tea in 1963 was actually a shade lower at 4s. 2.65*d*. per lb., as compared with 4s. 5.80*d*. in 1962. Since the beginning of 1964, the trend has been downward, the mid-price of quality tea in January having fallen from 5s. 9*d*. to 5s. 3*d*. a pound and that of plain tea from 3s. 4*d*. to 3s. 2¼*d*. All these data thus indicate the stiff competition that exists in world tea markets. The problem of Indian tea is, therefore, one of quality and price as much as quantity. It was precisely to this problem that Mr. S. P. Sinha, Chairman of the Indian Tea Association, drew pointed attention when he addressed the recent annual meeting of the Association's Dooars Branch held at Binnaguri. Here are his notable observations:

"It is no use exporting more if the price correspondingly drops. Every encouragement should, therefore, be given to the production of more and more quality tea, for which there is always a profitable world market. To achieve this object, it is essential to encourage the producer to expand and to replant, and to replant not on recently uprooted areas where the soil may be tired, but on virgin soil, and with the best modern methods from tried and tested stock of high quality, and at the same time to maintain and rehabilitate his factory with the best modern machinery and equipment. At present, the Government neither allow any depreciation for tax purposes on our tea bushes nor do they allow the cost of either extensions or replanting on virgin soil as a revenue charge. This is a quite intolerable burden to place on expansion or rehabilitation, and is one of the main reasons for slow progress. One could make out a good case in the national interest for subsidising the expansion of an export industry. How much more is there a case for relieving it of penal taxation."

Replantation, replacement of old and outdated machines, and better irrigation facilities are the three "must" for successfully meeting the growing competition in world tea markets, quantitatively, qualitatively and price-wise. Recognising these "musts," the Government of India advanced a sum of Rs. 9 crores to the Tea Board for being distributed as loans to tea gardens, Rs. 5 crores for replanting and Rs. 2 crores each for machinery replacement and irrigation facilities. It is, however, disquieting to hear that only a small portion of this amount has actually been sent during the last three years. This slow progress is attributed to the Tea Board's insistence on evidence of creditworthiness before giving loans to tea gardens. The industry has pointed out that, while the creditworthy estates are able to undertake the development activities by taking recourse to their own resources, it is the poorer gardens which are unable to finance any rehabilitation programme out of their own resources and, therefore, need assistance. In regard to irrigation of tea gardens, little progress has been reported, thanks to the absence of any assessment of the water needs of gardens and the sources from which the needs could be met.

The grant of loans for housing plantation labour has also not made much headway, as the question of the security to be furnished by the tea estates for loans under that scheme has not been finalised. A mortgage on the land on which housing schemes are carried out or on the houses built under such schemes has not been found practicable, as the first charge on the fixed assets of the gardens is held by the scheduled banks advancing the working capital. There is no legal provision for a continuing second charge on the same assets and the gardens often have to enter into *pari passu* arrangements with financing institutions other than the Government. The Government, therefore, thinks that the only practical way out is to route its own housing loans through the Tea Board which already holds the second charge through the *pari passu* arrangements. Meanwhile, the Assam Government has convened a high-level conference for early next month to discuss the problems of the tea industry, with particular reference to its finance. The representatives of various institutions now engaged in tea finance (including banks), Tea Board and the industry have been invited to help the Government in evolving a long-term programme for the industry.

The series of complaints levelled against the Tea Board by the industry are now being considered by a committee recently appointed by the Assam Government. The Committee began its sittings on the 5th of this month. The findings of the Committee, it is to be hoped, will lead to a reorientation of the Tea Board's developmental loan programme so as to ensure speedier and effective improvement in the conditions of tea gardens.

BUSINESSMEN'S PROBLEMS

By a strange coincidence, the Western regional conference of the Federation of Indian Chambers of Commerce and Industry (F.I.C.C.I.) and the third quarterly meeting of the All-India Manufacturers' Organisation (A.-I.M.O.) were held at Bombay on the same day, that is, Saturday the 8th inst., albeit at different places; the two meetings began at the same time, that is, 11 a.m. And, by a strange coincidence, again, the President of the F.I.C.C.I., Mr. Bharat Ram, and the Chairman of the A.-I.M.O., Mr. Prabhu V. Mehta, were absent, but their speeches were read at the meetings. The common theme of both the addresses pertained to the factors responsible for the slow pace of economic growth in India and the measures needed to accelerate the pace.

Emerging from the speeches of Mr. Bharat Ram, Mr. Prabhu Mehta and other leading spokesmen of the business community are four disquieting factors which continue to hamper speedier industrial growth. There is, first of all, paucity of foreign exchange, inadequate supply of power and shortages of raw materials, etc. Secondly, the multiplicity of laws, controls and regulations on trade, commerce and industry, by smothering initiative and enterprise, are seriously impeding production. Administrative bottlenecks, procedural delays and ideological obsessions constitute the third disquieting factor. And, finally, there is the high rate and complex system of taxation, Central and State. How serious is the impact of these factors is evident from the persisting large-scale underutilisation of capacity in several industries, ranging from 20 to 60 per cent. Unless, therefore, energetic action is taken here and now, the overall increase of 70 per cent in industrial production envisaged in the third Plan will simply not be attained. Mr. Prabhu Mehta was quite right when he said that "the fuller utilisation of existing installed capacity alone (italics ours) will be of considerable help in achieving the target" (of industrial production fixed to be achieved by 1965-66).

There is, of course, nothing new in the above statement, inasmuch as it has been repeatedly emphasised by several others, including this journal. But only there is as yet no firm indication of concrete action. Appropriately enough, the A.-I.M.O. Conference adopted a resolution urging the Central Government to give priority in the allocation of foreign exchange to existing industries for import of essential raw materials and components, instead of creating new capacity in the same fields. The Government was also called upon (*a*) to encourage foreign equity investment in all possible ways; (b) to convert the external assistance already obtained but lying unutilised into untied credit to the extent it is possible and obtain maximum external assistance for non-project imports; (c) to maximise export earnings by granting more liberal tax concessions, facilitating fuller utilisation of the installed capacity of export industries through adequate supply of essential raw materials and components, and freely allowing expansion of exporting industrial units; and (d) work out for selected industries import substitution in respect of components, raw materials and equipment. A pertinent suggestion made by Mr. G. L. Mehta, Chairman of the Industrial Credit and Investment Corporation of India, who inaugurated the A.-I.M.O. meeting, was that a survey should be made to assess the availability and *suitability* (italics ours) of indigenous raw materials and components so as to encourage indigenous production. The word "suitability" has been italicised advisedly only to stress that the indigenous goods must compare favourably as far as possible with the imported items in respect of quality and price, as, otherwise, the cost of production will be higher and the quality inferior. Another pertinent suggestion of Mr. Mehta pertained to the development of indigenous techniques and association of technicians with projects from the very beginning. Even in cases of foreign technical collaboration, he rightly pointed out, stress should be on development of local talent and skill.

The relaxation of controls in respect of industrial licensing and capital issues and abolition of price controls over sixteen commodities were widely welcomed at the A.-I.M.O. meeting, as well as at the regional conference of the F.I.C.C.I. Emphasis was laid at both the meetings on the need for relaxing controls and administrative regulations in other sectors too. The A.-I.M.O. meeting specifically mentioned elimination of unnecessary restrictions on import licensing, speedier refund of customs and excise duties in the case of exports, and relaxation of controls on prices and distribution of cement, iron and steel, etc. It is these measures which are urgently required to speed up the rate of industrial production and exports.

TUNNEL TO LINK BRITAIN AND FRANCE

"The construction of a rail Channel Tunnel is technically possible and, in economic terms, it would represent a sound investment of the two countries' resources." In these simple words, the British Minister of Transport, Mr. Marples, announced in the House of Commons on the 6th inst. the British and French Governments' joint decision to go ahead with a rail Channel Tunnel estimated to cost £160 million. When this project is implemented, there will not only be a railway link between the British Isles and the Continent but also a road link, as the tunnel is designed to carry both forms of land traffic. Why a rail-*cum*-road tunnel across the English Channel in these days of supersonic aircraft, hovercraft and hydrofoils? This could be the natural question, particularly from the people of this country, considering that the project is estimated to cost a fabulous sum of Rs. 213.33 crores.

There are three good reasons in support of the proposal. One is that the traffic across the Channel has multiplied manifold, and undersea and surface transport has now been accepted as the basis for such traffic, as opposed to air transport. Secondly, the existing cross-Channel facilities will cost many times more on maintenance and improvement than the expense a tunnel will involve. Lastly, a tunnel will mean additional income and also saving for the British Railways.

The Continental motoring boom has resulted in the number of cars carried across the Channel more than doubling itself in the past five years, and the trend still remains upwards. The freight traffic now is five times the pre-war level, even though Britain is still not a member of the Common Market. The ageing cross-Channel facilities cannot be strained much now to cope with this steady increase in traffic. In fact, some of them—for instance Dover train ferries—are already working at full capacity at peak periods. Further, their maintenance, improvement and extension that will become necessary over the next 50 years will involve a massive investment of £1,100 million, whereas a tunnel can serve the same purpose, with better service, for £400 million. The British Railways will earn £1 million a year from the proposed tunnel and save an extra £2 million on operating costs.

In spite of these impressive reasons, nobody, except a few speculators on the London Stock Exchange, is said to have got excited over the official decision to construct the Tunnel. This is because the decision itself has not come as a surprise, for studies in recent years had clearly indicated the inevitability of constructing a tunnel as the best solution for effectively handling the problem of rapidly expanding traffic between the Continent and the British Isles. It was also evident that, as the cost of this project was pretty heavy, Governments alone could finance it. It may be recalled here that proposals made in the past by private companies did not fructify. Indeed, the Channel Tunnel project has a hoary history. It dates back to 1802, when the idea was first proposed by Napoleon's engineers. Thereafter, many unsuccessful attempts were made on both sides of the Channel. In 1830, plans were made only to be rejected because of the cost. Forty-two years later, a French Tunnel Company was formed but nothing came out of it. Military objections prevented work on the scheme of the Submarine Railway Company, which was formed in Britain in 1881 and later became the Channel Tunnel Company, after it had bored a tunnel a mile out to sea. A £32-million project prepared by the Ramsay Macdonald Government in 1930 was defeated in the House of Commons. A Channel Study Group of British, French and American interests was set up in 1957 to examine the possibilities of a tunnel, and in 1960 construction firms proposed that a bridge be built instead of a tunnel. But Anglo-French officials who examined counter-proposals for a cross-Channel link reported last year that a tunnel would cost less than half the expenditure on a bridge. The present official proposal stems from the recommendations of the Anglo-French working group.

On the question of finance, the joint working group was of the view that the magnitude of investment was so high that the raising of necessary funds might present difficulties, more especially because of the uncertainties involved in assessing the future profitability of the enterprise. Further, the likely return on share capital would be considerably less than the minimum which the promoters considered necessary for the placing of their shares. It is in the light of this recommendation of experts that Mr. Marples said: "At the present stage of the discussions, the two Governments have not yet decided whether there is a role—and if so in what form—for the participation of private equity capital in the enterprise. This, together with the fact that private finance would require Government guarantees, must inevitably affect the final decision. Whatever happened, the two Governments would fully control any operating company."

Besides financial considerations, major technical, legal and organisational problems will have to be settled before starting the project. On the technical side, another geological survey will become necessary and it will have to be decided whether the Tunnel should be a bored one or an immersed tunnel in a tube laid in a dredged trench on the sea-level. The terminal rail stations would be sited between Ashford and Folkestone (17 miles from the sea) on the English side and near Calais (just over four miles inland) on the French side, the total dis-

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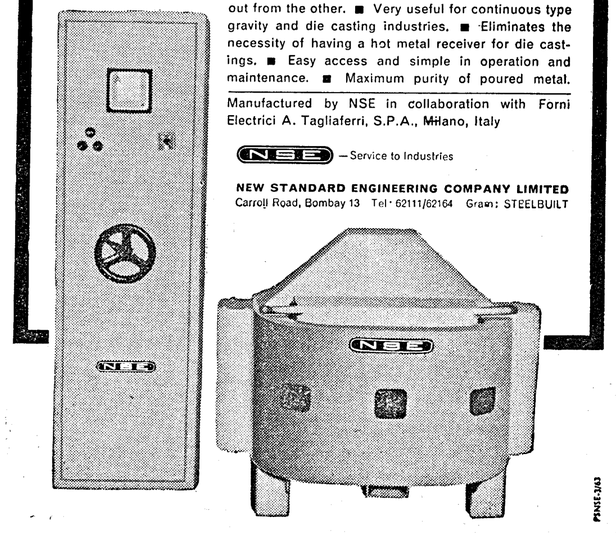

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LONDON LETTER

LOOKING TOO FAR AHEAD

(From Our Own Correspondent)

LONDON, *8th February*

WHEN all the chairmen of the joint-stock banks had finished their speeches, they had all, with one exception—and one expression of indifference—affirmed that the big problem facing them was whether to charge more for their loans and offer more to their depositors. In the boom conditions of trade the country is now enjoying, it is clear that the cost of bank credit is not a determining factor on whether to proceed with a given investment or not (some industrialists have recently argued that it never is a determining factor); so now would be a right time to introduce such a change of policy. But whether because of the ambiguous views of the Bank of England, or their own lack of agreement on the precise degree of change, the banks are still holding back and still bemoaning the extent to which investment money is bypassing them to go direct to finance houses and building societies. Quite a number of bankers hold the view that to have 50 per cent of deposits tied up in advances is quite enough, anyway, and that by no means should any further deposits be more than half devoted to advances. Some others again take a contrary view and argue that there is no need to raise rates—more advances could be made at the cost of a reduction in investments.

Both these views are clearly limited of course: the ratio of advances could, technically, be raised; on the other hand, if the banks are to keep their pre-eminent position in British finance, they should move with the times and offer realistic competitive rates to depositors even if this in the end means some increase in the cost of the accommodation they grant. Just at the moment, the banks are a little on the defensive against hints from official quarters and from commentators that they are not being markedly progressive. Only the Midland Bank is pretending to ignore such criticism by showing that, even if it cannot be more progressive than its sister banks at home, it can make up for this by spreading its wings overseas. So it has built up a consortium with three main European banks for the development of its business both in Europe and overseas.

In spite of the view that the cost of bank credit is not a determining fact in investment, cost nevertheless governs availability. So the generally restrictive effect on business of dearer money is not in question. For this reason the Bank of England began some time ago to discuss with the Treasury whether the time was coming for the Bank Rate to be stepped up. The imminence of a General Election and of the crest of an economic boom are now driving speculation on how the economy ought to be managed and on what might happen to exaggerated lengths.

As your correspondent pointed out three weeks ago, the Chancellor is anxious to do nothing yet to imperil industrial progress; he is also determined not to follow in the footsteps of his stop-go predecessors; and, yet, there is uncertainty on what will happen if electoral speculation combines with a trade weakening of sterling to precipitate a flight from the pound. At present the talk about such a situation developing does no harm except to occupy a good deal of time, but if it continues to grow at the rate of recent weeks it could become mischievous. Too much preoccupation with a problematical future can achieve little except to hasten on the evils which might otherwise be avoided.

Gold Reserves

The January gold reserves rose by 6 million pounds. all of it attributable to a genuine current account surplus. But, as Mr. Maudling himself keeps on saying, without incomes restraint, costs will rise and, if Europe does indeed head towards recession, British exports will begin to fall and a deficit develop on the current balance of payments. Meanwhile, the U.K. goes on investing overseas beyond her true earned surplus out of the proceeds of extra earnings by the sterling area. So, in due course, sterling will become less inherently stable. If speculation against the pound does then develop in a big way, how far will the help of European bankers be available? The U.K. has, of course, its mutual support arrangement with the U.S.A. for $500 million, but will this be adequate? And there is the I.M.F.—but what will the I.M.F. do if the long-term position of sterling is not considered sound?

Such is the tenor of the pessimistic arguments. Clearly by interpolating enough "ifs" a most alarming situation can be conjured up. And even though this might be a year ahead, by brooding on it sufficiently it will advance to our own doorsteps. There is some inclination on the part of his political opponents to blame the Chancellor of the Exchequer for letting such unhealthy forebodings develop. But nobody wants to see any restriction *now*; Mr. Maudling does not want to hear the cry go up "Selwyn Lloyd again" (though oddly enough the Leader of the Opposition, Mr. Wilson is credited with being quite ready to follow an equally tough line financially, should he be put into power and find a sterling crisis on his hands) and the most that can be said against him is that he is not revealing the precise steps he would take if and when restriction becomes necessary. But it is not reasonable to criticise him for this, nor for the fact that, in spite of his pleading the unions have refused—at this week's N.E.D.C. meeting—to sign any incomes policy statement. The Chancellor is not required to reveal his armoury **(or lack of it!) in advance** of the time of using it and his difficulty with the unions is political.

But one point does emerge out of all the discussion on the future of sterling. That is that trade and commerce still—in spite of all the developments of international banking—stand to be sacrificed on the alter of hot-money speculation. It is the fear of what speculation may do to sterling that is behind the arguments about the Bank Rate and the techniques of avoiding inflation. The unfortunate Chancellor cannot be left alone to deal with his problems when (and if) they arise. He is being asked to worry about them now, because the tides of monetary movements are as strong and as beyond control as the tides of the sea. In the absence of effective international action to cope with this problem, it is being said that the Opposition is preparing a British (and possibly a sterling area) protection plan. This could be no more than a partial and temporary solution: the need for international co-operation on this issue is more urgent than ever.

SURVEY

(Concluded from previous page)

tance to be covered by the tunnel being some 44 miles.

The £80 million and odd investment on the Tunnel which will be Britain's share will have to be fitted into the five-year forward programme announced by the Government for capital outlays. Further, the Tunnel will naturally increase the attraction of the South-East England for companies wishing to export to Europe to site their factories there. This poses a direct challenge to the British Government's policy of developing North East and Scotland. The challenge can be met by linking the Tunnel with a highly efficient network of road and rail services. But this will raise the cost of the project far above the estimates for the Tunnel alone. Since building the Tunnel would take six or seven years, the project will have meaning only if it is carried out without eliminating any vital building project in the next five years. A practical issue will be whether the Tunnel should be run by the British and French Railways or whether there should be a separate operating company. The project will eventually need legislation and an Anglo-French treaty.

Reacting to the news, Mr. Leo d'Erlanger, Chairman of the British Channel Tunnel Company and a member of the Channel Study Group, exclaimed: "I am very, very glad that our proposals have been accepted in principle." The proposal has been broadly welcomed by the Export Council for Europe and the British Road Federation. But the Road Haulage Association said that it was dismayed by the decision "which seems to take insufficient account of most of the alternatives to a railway tunnel that have been put forward and is based on far too low an estimate of the amount of traffic that would use a suitable Channel link." Apparently, what the Association means is that the proposed undersea link will not be adequate to take care of the future traffic, even though it will have a capacity of 3,600 vehicles an hour in each direction and cut down the train journey from Paris to London, now taking seven hours on the *Golden Arrow*, to four and a half hours.

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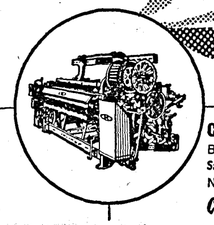

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CAN MONETARY POLICY BE INTERNATIONALISED?

By Questor

IT is an odd thing that international financial co-operation seems to be more difficult to arrange in the field of interest rate policy than almost anywhere else. Governments may agree to peg their exchange rates, to waive their right of converting foreign currency earnings into gold, or to increase (within strict limits) their contributions to international credit-giving bodies. But on interest rates, whatever lip-service they pay to international co-operation, they reserve the right of independent action.

This is partly due to the fact that any conflict between internal and external objectives of policy is likely to be concentrated most acutely in the monetary sector. Many countries still possess neither the readiness nor the institutional machinery to employ fiscal policy as a flexible economic regulator. It is also due to the connected fact that monetary policy, in most countries, is the special preserve of the central bank. Central banks are commonly regarded as the champions of honest money against the profligacy of Governments and reserve to themselves the right of taking monetary action as their instincts instruct them. An apparent conflict between two Governments about monetary policy is quite likely to reflect a conflict, open or concealed, between each Government and its own central bank.

Something like this seems to be happening at the moment between the U.S. and Europe. Last summer, when U.S. short-term rates were rising quite rapidly, there was some apprehension in London that we should be forced to follow suit to check a disturbing movement of investment funds across the exchanges. The situation has now changed completely. Several European countries have already raised their discount rates to meet the overheating of their economies and the steep ensuing rise in prices.

None of these rises is likely to be particularly important in its effect upon the international movement of short-term funds, but Mr. Dillon has now informed Congress that any increase in U.S. short-term rates is less likely to be the result of domestic inflation than of a rise in rates in Britain or Germany. The U.S., he said, would use its influence to ensure that Europe made use of fiscal rather than monetary policy in meeting the threat of inflation.

This open hint of Government-on-Government pressure, however, conceals certain internal differences of opinion. Nobody in the U.S., for example, may pay much attention to Mr. Patman's renewed attempt to have the Federal Reserve System subordinated to the overriding aims of Government. But there are other Texans besides Mr. Patman prejudiced in favour of cheap money. And President Johnson in his economic message, though acknowledging that monetary policy should be flexible enough to meet a revival of inflation he did not expect, proclaimed that it would be absurd to stimulate the economy with tax cuts and simultaneously to cancel out the stimulus by tightening money. I am not saying that anybody is right or wrong but I am suggesting that there is probably a difference of opinion between the Treasury and the central bank. Mr. Martin, after all, has (quite reasonably) refused to give Mr. Patman's Banking Committee an assurance that interest rates will not rise if the tax cut results in inflation.

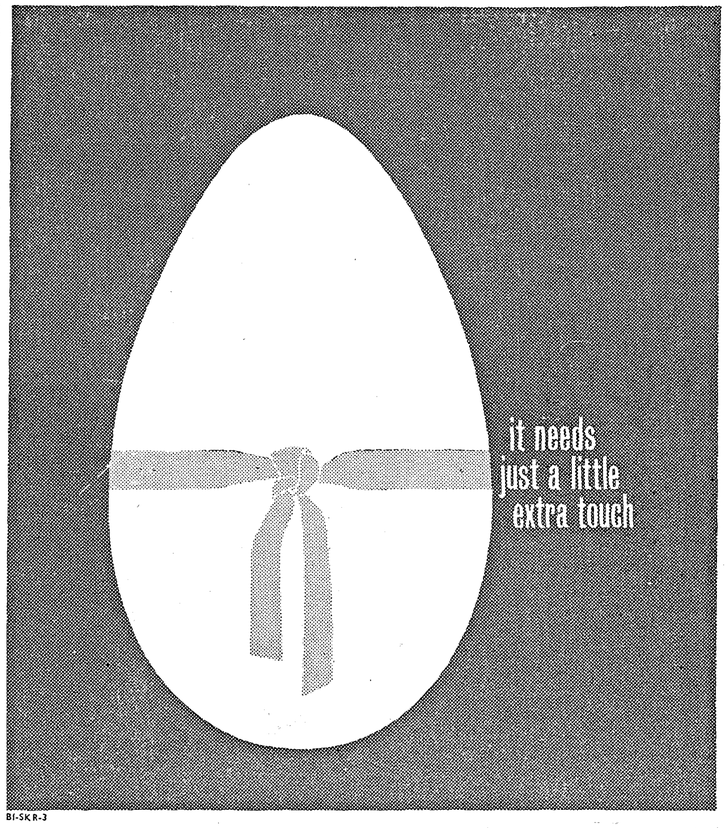
The same internal difference of opinion, or rather of instinctive predilection, exists in Britain too. The Government's expressed aim is to keep the economy growing at an average rate of 4 per cent a year. For some months past, it has been reacting vigorously to stimulus and growing considerably faster than this; reserves of skilled labour are drying up, bottlenecks are causing trouble in certain key industries, wages and prices are beginning to rise—not yet at a European pace, perhaps, but uncomfortably fast. The Government has been faced for some time past with the necessity of taking steps to moderate the rate of growth.

Its reasons for moving slowly are not entirely political—though the fact that an election is due to be held soon is certainly relevant. It is anxious that businessmen should not slip back into the way of assuming that every rise in demand is promptly followed by severe restrictions. It does not want to strangle at birth the recovery in business investment which seems likely to get under way during the next few months; and it believes that insufficient allowance may have been made in the past for the fact that booms, given time, tend to cure themselves without heavy intervention. Action will be taken, but it wants to choose its own timing delicately.

The Bank of England, however, would probably have preferred to raise the discount rate some time ago. The fact that it has not done so can be explained by the strength of the sterling exchange-rate or, more plausibly, by the fact that the Bank is nationalised and therefore bound in the last resort to give way to a determined Treasury. Mr. Dillon's broadside, fired at a time when the Treasury is beginning to share the Bank's feelings about the need for restraint, may be awkward for both of them. Everybody in London is uneasily aware of the fact that sterling may run into trouble later in the year and that U.S. co-operation may then be useful. On the other hand, nobody cares to gamble very much on the belief that the U.S. will be either ready or able to help Britain out completely if the trouble is serious. Even the Labour leader, Mr. Harold Wilson, has declared that he is ready to modify the cheap money prejudices of his party and raise short-term rates sharply if the worst comes to the worst. International co-operation, clearly, has scarcely got beyond its teething troubles.

CAR OUTPUT IN ITALY

Italian motor production has topped a million vehicles for the first time. Of this output in 1963, one firm, Fiat, alone accounted for 950,000 vehicles, 275,000 of which were exported. For the Fiat company, 1963 was a record year. Total sales reached £537 million (1,504 million dollars), £89 million (249 million dollars) more than 1962. Italy's other smaller producers, Alfa Romeo, Lancia and one or two others, helped to take output comfortably over the million mark. But severe competition in the home market, aggravated by possible over-production in the European motor industry, is now making it more difficult for the Italian industry to clear the increased output.



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CENTRAL BANK FOR EASTERN EUROPE

MANY DIFFICULTIES IN ITS WAY

THE International Bank for Economic Co-operation, modelled on the West European O.E.C.D., began its operations on 1st January, 1964. The decision to establish a joint bank of member-States was taken by the Executive Committee of COMECON (Council for Mutual Economic Assistance) in the autumn of 1963—in implementation of the basic policy of the Council consisting of the First Secretaries of Party Committees and the Prime Ministers of Eastern bloc (Soviet) countries, defined earlier in the summer of 1962. This basic policy requires the introduction of new measures and organisational improvements to increase the effectiveness of the Council.

The Bank will perform a variety of functions, but it now looks as if it will not—at least in its first business year—achieve its statutory objective of stimulating trade between COMECON countries. It will also assist in the granting of joint credits to developing countries, participate in financing Eastern bloc capital projects and help establish commercial relations (the nature of which is as yet undefined) with Western countries. In the near future, it will also be concerned primarily with extending short-term credits to COMECON countries in order to achieve greater balance in the payments between the intra-bloc countries, as was pointed out by the Chairman of the Executive Committee of COMECON and the Director-General of the Polish Ministry of Finance. The Hungarian Minister of Finance, moreover, does not rule out a future expansion of its activity. But, obviously, the prerequisites in the trade policies of the member-countries necessary to enable the Bank to fulfil its purpose do not exist. The Bank's first objective will, therefore, be to create or facilitate the creation of these prerequisites.

Settlement of Trade Claims

In the past, the settlement of outstanding trade claims between Eastern bloc countries has been effected by means of overdraft credits—comparable to the 'swings' in East-West settlement. There are however two differences between the two. Firstly, while in the intra-bloc trade an annual bilateral settlement of outstanding claims is insisted upon, the East-West arrangements allow trade deficits of considerable size to persist for years. Secondly, while the former necessarily results in an exchange of goods, the swings have at times been allowed to be converted into longer-term credits.

This bilateral clearing and the necessity of an annual settlement pose serious obstacles in the way of international trade among the Eastern bloc countries. They are aware of these handicaps, since, according to their own statistics, they transacted only about 12 per cent of world trade in 1962 although their share in world industrial output was more than double—38 per cent, to be precise. The lead of the Western countries in foreign trade and in international economic co-operation and division of labour has prompted Eastern bloc countries to enhance the effectiveness and strength of their foreign trade.

To this end, the COMECON countries supplemented their bilateral trading with some multilateral clearing facilities in 1957. The system was not, however, very effective, because (i) the reciprocal non-interest bearing credits to each other were limited to 3 per cent of the value of export trade of the country concerned, and (ii) there were technical difficulties in, and strong opposition to, diversion of goods from bilateral channels into multilateral arrangement.

As a result of this failure, fresh multilateral clearing system was introduced over a year ago for all non-commercial payments. Although this system has not operated long enough to allow any judgment, it has paved the way for a multilateral clearing of *all* outstanding reciprocal claims of Eastern bloc countries. All such claims will now be converted into a freely transferable foreign exchange rouble with a gold content of 0.987412 gram as unit of account. The aim of these new arrangements is to achieve equilibrium in the balance of payments of each member-country *vis-a-vis* the Eastern bloc *as a whole* and not *vis-a-vis* each country, as under the older bilateral arrangements. The result will be that the balance of trade of each country may show claims against one country and liabilities against another. In order to achieve the long-run equilibrium, credits may be extended to member-banks on lines similar to those of the former European Payments Union.

The proposed Eastern bloc payments union is, however, different from the present European Monetary Agreement (E.M.A.), in that *all* payments transaction within the Eastern bloc area are subject to clearing arrangements, whereas, under E.M.A., the clearing mechanism is limited to those countries whose currencies *still* need some kind of support. Administration of E.M.A. clearing arrangements is entrusted to another Bank—the Bank for International Settlement—as a trustee, but the COMECON countries preferred to have their own separate Bank for the purpose.

Capital Resources

This then (the administration of multilateral clearing arrangements) is the main function of the International Bank for Economic Co-operation of the Eastern bloc. It has a capital of 300 million roubles (equivalent to $330 million). This is a modest amount, but the Bank's lending activities will be on a moderate scale and loans will have to be repaid within a year's time. During 1964, only 20 per cent of this capital will be raised, and the quota of individual countries will be fixed in accordance with the volume of their trade. The Soviet Union will contribute about 40 per cent of capital and Poland about 9 per cent.

There are, however, several fundamental doubts regarding the practical usefulness of the new Bank, as distinct from its theoretical aims, according to Dr. Kurt Wessely, Centre of Eastern Studies, Vienna, in a paper contributed to *Creditanstalt-Bankverein*, Austria. The most important of these doubts are two: how far trade among nationally *planned* economics can be reorganised as to put the new multilateral clearing mechanism to use, and how far realistic exchange rates will be evolved by adjusting the existing official rates to the real purchasing power of the currencies concerned.

As regards reorganisation of trade, the continued existence of price distortions is the main difficulty and obstacle. Principles and directives for the establishment of stable and mutually profitable prices in intra-bloc trade—laid down in 1958—have not been applied in practice so far: and this is likely to pose formidable difficulties in the way of the newly created Bank.

The difficulties encountered in establishing stable prices at an agreed uniform level among Eastern bloc countries spring from the concept of reciprocal trade as is understood there. According to the views of Eastern economists, trade between any two countries must not only be kept in equilibrium but must also be subordinatede to the national plans of the trading partners concerned. The greater the care in planning trade transactions and the closer the adherence to the preconceived national trade plans, the better for the national economy. This tying of foreign trade to bilateral and pre-arranged barter transactions—while in harmony with the principles of a planned economy—offers fewer advantages than the adherents of centralised planning are prepared to admit. Among the Western nations, having multilateral clearing arrangement and progressive removal of barriers, foreign trade has made rapid progress, and some form of international co-operation and division of labour has been achieved to the mutual advantage of all the countries concerned. So long as the Eastern bloc countries are not convinced of the advantages of subordinating their national plans and of evolving a co-ordinated area-wide uniform plan for specialisation in production and trade, no improvement in liberalisation of trade or in establishment of realistic level of intra-bloc prices is likely. The introduction of area-wide plan—the solution most in accord with principles of Socialist economies—has been talked about much and the desirability has been accepted in principle, but it has not yet been achieved. In fact, the endless discussions on the form that such centralised planning should take and the resistance by some Eastern bloc countries against such planning has delayed for over a year even such a relatively minor decision as that of establishing a joint bank.

Rates of Exchange

Just as the price reform has evaded a solution as a result of strong nationalistic tendencies, similar problems of adjusting the official rates of exchange to the internal purchasing power of currencies as well as maintaining reasonable standards of value between them have remained unsolved. So long as the official exchange rates differ substantially from the purchasing power of individual currencies at home, the introduction of genuine convertibility is ruled out in effect. Any such convertibility would either have to be based on realistic rates of exchange, or, if allowed to function freely, would soon bring official exchange rates in line with the actual purchasing power of each currency.

There is no evidence, however, that the Eastern bloc Governments are anxious to accept or introduce these changes: they are in fact eager to preserve the myth that the purchasing powers of their currencies *do* in fact correspond to the official par-values of their currencies in terms of gold.

As a result of these two obstacles—absence of realistic price-levels, and exchange rates which conform to the official plans of individual countries rather than to the needs of the Eastern bloc countries as a whole—there will be less scope for activity by the International Bank for Economic Co-operation than had been expected when the project was first announced.

Does your wife have an upturned palm?

"Gimme! Gimme! Gimme!" I hear it all the time. What is one to do? It's hard to be hard on the family! But there's an emergency on, and the pay-packet has to be stretched till the end of the month—including the payment to the life insurance people.

Sometimes I dearly feel I should like to chuck in my life insurance. But when things get too bad I look at it this way: "If my poor wife is finding it hard to manage *now* it's going to be terrible if I and my income are suddenly not there. With my policy kept going, there will be a roof over their heads, food on their table and clothes on their backs. Also money for the schooling."

My life insurance cheque goes in tomorrow. And the next time my wife extends her hand, I'll shake it firmly and give her a big smile... And that will be that!

ASP/LIC-E-34

STATE BANK OF BIKANER AND JAIPUR

The State Bank of Bikaner and Jaipur, which is the name by which the State Bank of Bikaner is called since 1st January 1963 when it took over the State Bank of Jaipur, has made encouraging progress during the year ended 31st December 1963. Its gross income has increased from Rs. 209.24 lakhs to Rs. 229.73 lakhs, out of which Rs. 173.37 lakhs (Rs. 154.93 lakhs a year before) is by way of interest and discount and Rs. 49.66 lakhs (Rs. 44.53 lakhs) is by way of commission, exchange and brokerage. On the expenditure side, interest paid has gone up modestly from Rs. 91.15 lakhs to Rs. 95.33 lakhs and so also other expenses from Rs. 24.17 lakhs to Rs. 25.86 lakhs, but staff expenses have jumped up from Rs. 83.02 lakhs to Rs. 94.38 lakhs. After allowing Rs. 3.83 lakhs (Rs. 3.41 lakhs in the previous year) for depreciation, the profit stands higher at Rs. 10.33 lakhs as compared with Rs. 7.49 lakhs a year before. Out of this profit, Rs. 2.10 lakhs have been carried to the reserve fund and Rs. 25,000 to the staff welfare fund and a sum of Rs. 3.20 lakhs has been provided as bonus to staff. The rate of dividend on the 100-rupee ordinary shares is 6 per cent per annum. The aggregate distribution by way of dividend amounts to Rs. 4.80 lakhs, leaving a surplus of Rs. 10,340 to be carried forward.

As at the end of the year under review, deposits aggregate Rs. 30.76 crores as against Rs. 30.93 crores at the end of 1962. This slight setback is in contrast to the record expansion in the deposits of banks as a whole in the past year. The deposits have been supplemented by recourse to borrowings from other banks, the year-end outstanding on which account is Rs. 1.46 lakh, as against *nil* a year before. Advances show a fairly moderate increase from Rs. 14.10 crores to Rs. 15.39 crores and, as a result, the credit ratio has expanded from 45.5 per cent to 50 per cent. Investments have also improved from Rs. 10.32 crores to Rs. 10.82 crores and the ratio of the unencumbered portion of investments to deposits has gone up from 33.3 per cent to 35.1 per cent. Cash balances total Rs. 875.80 lakhs (Rs. 840.08 lakhs a year before) and, as a ratio to deposits, stand higher at 28.5 per cent as compared with 27.1 per cent in the previous year.

Foreign exchange business handled by the Bank during the year is said to have been satisfactory. The Bank continued to handle Government cash business under an agreement with the State Bank of India. Currency chests of the Reserve Bank's Issue Department were established at eight centres, bringing the total number of these centres to 66. Under its expansion programme, the Bank opened during the year branches at eight places in Rajasthan. But it also closed some of the overlapping branches following the take-over of the State Bank of Jaipur and transferred the branches at Baroda and Jamnagar to the State Bank of Saurashtra in accordance with the policy of rationalisation of branches of State-owned banks. The year-end figure of branches therefore increased by only one from 124 to 125.

The total credit limits sanctioned by the Bank to small-scale industries aggregated Rs. 1.87 crore on 31st December 1963 and covered 207 units. The outstanding advances in these accounts amounted to Rs. 68.18 lakhs. Sanctioned limits in respect of advances to co-operative institutions stood at Rs. 14.58 lakhs at the end of the year and advances against warehouse receipts aggregated Rs. 24.25 lakhs.

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IMBALANCE IN WORLD ECONOMY WIDENING FAST

F.A.O. EXPERT ABLY PRESENTS CASE OF DEVELOPING NATIONS

ALTHOUGH the need for solving the pressing foreign exchange problems of the hundred or so of the developing countries had come to be recognised quite some time ago, it was not until recently that these problems received practical consideration in international discussions. The chief factor that had for long hindered such practical consideration was the absence of a sufficiently comprehensive framework of reference in quantitative terms. Two years ago, however, this lacuna was made good by the U.N. General Assembly by setting up economic growth for the United Nations Development Decade. The U.N. Study, it will be recalled, assumed a hypothetical growth rate of five per cent per annum by 1970 for the total gross domestic products of the developing countries taken as a whole and, on this assumption, it estimated the group's combined imports from the rest of the world by 1970 at $41,000 million (at 1959 prices), or about twice the 1959 volume, besides the debt service charges and other net service cost amounting to $8,000 million (a rise of $4,000 million over 1959). The total thus came to $49,000 million. After taking into account the foreign exchange earnings of $29,000 million (+$8,000 million over 1959) through normal exports and inflows of foreign aid and other net capital transfers aggregating $9,000 million (+$4.000 million over 1959), the U.N. Study put the gap on both current and long-term capital accounts at not less than $11,000 million in 1970, unless new means could be found for reducing it.

An Understatement

The aforesaid projections, we are told, are being recalculated by the U.N. Secretariat and they may undergo some revisions in the light of the criticisms made by a powerful, responsible section of opinion which feels that the problem as set out in the U.N. study is an understatement and that, since the magnitude of the problem is more considerable than that assumed by the study, it requires speedy, energetic and effective global solution. To this section belongs Dr. Gerda Blau, F.A.O.'s Director for Special Studies. Dr. Blau presented two highly stimulating and thought-provoking papers on new directions of world trade at the Chatham House Conference held at Bellagio (Italy) in September last. The first paper, which inquired into some of the principal reasons for the contrast between early post-war hopes and limited achievements in the field of international commodity arrangements, was published by the F.A.O. in the same month, whereas the second paper entitled "Commodity Export Earnings and Economic Growth" was published only on the 29th of last month. Since it is the second paper which is of practical importance—the first was more or less a historical record—it is proposed to analyse here the views of the author.

The Crucial Dilemma

The crucial dilemma facing the developing countries has been impressively highlighted by Dr. Blau thus:

"The high degree of economic dependence of the underdeveloped countries on their traditional exports of a limited range of primary products should be lessened eventually by the progressive development and diversification of their economies. Meanwhile, however, the very process of economic growth and diversification of these countries will inevitably continue to depend in large measure, in any case within the course of this decade, on the possibilities of expanding earnings of foreign exchange from these very same traditional exports for which, in many cases, the outlook in major markets, namely, those of the high-income developed countries, is indifferent or poor. This is the crucial dilemma facing the Governments of the underdeveloped countries in their economic relations with the rest of the world and in the shaping of their own national development programme."

The growth problem of the developing countries is aggravated particularly by the peculiar nature of the economy of these countries. Dr. Blau has drawn attention, for instance, to the rapid rate of population increase, namely, an average of 2½ per cent a year, and says that the five per cent average rate for overall growth assumed in the U.N. Study would merely allow for a growth rate of 2½ per cent in *per capita* income. Further, mention is made of the significance of large agricultural component in the export earnings of the vast majority of underdeveloped countries which results from the fact that agricultural exports have expanded at slower rates in volume and suffered from sharper declines in prices than nearly all other products. Mention is also made of the deterioration in the terms of trade of these countries, thanks to the adverse price trends for primary products since 1954. The importance of bearing this point in mind in considering the possible effects of changes in trends and policies will be evident from the following few facts:

The traditional exports of primary products of predominantly agricultural origin account at present for 90 per cent of the combined foreign exchange earnings of countries of Africa, Asia (excluding Japan), and Latin America from their total exports to the rest of the world. These earnings include the sale of oil (mineral) which benefits only a few of the less-developed countries but accounts for more than one-quarter of the primary export earnings for the group as a whole. If oil-exporting countries are excluded, more than 80 per cent of the total primary export earnings of the developing countries are accounted for by agricultural products. Earnings from agricultural exports have increased at slower rates and suffered from sharper declines in unit prices than the exports of nearly all other products. In addition, many countries are vulnerable, because they depend on one or two commodities for a large part of their exchange earnings. Agriculture earns 94 per cent of total export proceeds for Burma and the Sudan, with rice contributing 69 per cent in Burma and cotton and groundnut 70 per cent for the Sudan. In Brazil, Costa Rica, Ecuador, Honduras and Panama, coffee, cocoa and bananas provided from 64 to 92 per cent of all exports, 71 per cent for bananas alone in Panama. In Ghana, cocoa earns 66 per cent of the total exchange. In Pakistan, jute and cotton earn 63 per cent of the total foreign exchange. In Ceylon, 98 per cent of all exports is earned by agriculture and 82 per cent by tea and rubber.

Main Policy Interests

The main policy interests of the developing exporting countries are summed up under four main heads. In the first place, these countries are obviously interested in expanding the total value, not merely the volume, of their sales. Secondly, they are interested in the average levels of their earnings over a number of years more than in short-term effects and the levels of earnings in terms of import purchasing power, not just in money terms. Thirdly, they prefer trade to aid. This, to them, is not merely a moral issue but also a practical one, since they like to be in control both of the channels for obtaining the funds and of decisions concerning the uses to which they are put. Moreover, enlarged programmes of aid, unless obtained on a grant basis, add to the burden of debt servicing charges which is already a matter of serious concern to several developing countries. And, finally, they want predictability even more than stability. There are possible ways of cushioning, at least in some measure, the ill-effects of the absence of short-term stability, but, if predictability is lacking, programming for development becomes impossible.

Dr. Blau does admit that the Governments and public opinion in their high-income importing countries have become increasingly aware of the seriousness of the trade problems of the low-income countries and that they want to help them. And he also admits that they are becoming increasingly aware of the "inadvisability" of problems of trade, aid and economic growth. But, at the same time, he notices certain conflicting forces inherent in the process of shaping policies within one country or a group of countries. Explaining these forces, the learned Doctor observes:

"The sections of Government and public opinion, which are mainly concerned with international economic relations and, in particular, with the need to assist the process of economic growth in underdeveloped countries, have come to live under the shadow of improved quantitative knowledge of the extent of poverty and of the size of the problem calling for solution. Being conscious of the pledges made by their countries for effective assistance towards the attainment of growth targets, and of the wide gulf that still remains despite large programmes of aid, they want to find *some* ways of making the attainment of these targets more probable than on present evidence it would appear to be. At the same time, they want to do so not merely by means of alternatives which, dollar for dollar, mean the least burden of social cost to the community as a whole, but they also see some considerable political advantage and convenience in choosing alternatives which are not likely to rouse too much opposition from the vocal interests in the community. As it happens, however, of the main alternatives open to them those which might seem the most preferable on grounds of economic rationale, that is, in terms of social cost to the high-income community as a whole, are also often likely to rouse the strongest opposition from *some* vocal interests in the community and the least support from others.

"This again is not an accidental phenomenon, but inherent in the structure of a high-income community which tends to become *relatively* less concerned with the possible burden of higher prices paid by its consumers (particularly since the change in import unit values is reflected only very partially in the prices paid by consumers at retail level) and more concerned with the particular interests and social rights of its producers. The latter claim that full mobility in the interests of economic adjustment need not be fully implemented in a high-income society which can afford the luxury of placing a higher value on social considerations and on the advantages to producers and workers of established forms of activity and environment."

The case of support to agriculture in the developed countries is cited as the most striking manifestation of the aforesaid phenomenon, but there are many others. Take, for example, the influence of vocal sectoral interests which oppose the relaxation of restrictions on imports of cheap manufactures from underdeveloped countries. Dr. Blau has done well, indeed, to show that the opposition is not valid. The expansion of such trade, he rightly observes, could provide a considerable net gain to the importing community and would not necessarily have to mean a hardship to domestic industries, since such imports usually represent a very small share of total production and consumption of the products concerned in the importing country. Moreover, special hardships to particular industries, in his opinion, could be met and, in some cases, are being met, by means of special programmes of national adjustment assistance.

Measures of Assistance

The F.A.O. expert has examined a few possible types of policy measures which the industrialised importing countries could adopt to help the developing countries. It is, for instance, pointed out that a reduction in agricultural protection and support in both importing and high-income agricultural exporting countries may benefit $6,000 million worth of agricultural exports, or one-third of all exports from developing countries. The incidence of this measure will naturally fall on agricultural producers whose supports are reduced. Again, if there is a regulation of the expansion of synthetic raw materials (as, for instance, synthetic rubber), it will ease trade conditions for $6,500 million worth (50 per cent) of the value of agricultural exports from the developing countries. The cost of such a measure will be borne by the entire community in the countries importing raw materials. The two measures suggested by Dr. Blau are:

Commodity agreements aimed at raising prices by setting quotas for the exports of developing countries will effect $3.300 million, or 24 per cent of total exports. These are mainly coffee, cocoa and tea for which no home-produced close substitutes are available in the high-income importing or exporting countries. The incidence of higher prices will have to be borne by the ultimate consumers.

Import levies, imposed in industrialised countries and refundable to underdeveloped exporting countries, may benefit $7,000 million worth, or 55 per cent of the total exports from the developing countries. The incidence of such a measure will be on the consumers in importing countries. It must, however, be stressed that the net benefit to the developing nations will depend on the effects of such levies on prices paid in world markets; these effects vary from commodity to commodity, depending on conditions of supply and demand. An important category concerns exports, from the less developed countries, of commodities for which lower duties are imposed in importing countries for goods in a raw state than in processed form. A number of countries, for instance, charge higher duties for vegetable oils and textiles than for oilseeds and fibres. In one way or another, such differential duties affect 80 per cent or more than $10,000 million worth of all primary exports from the developing countries.

International Action

The problem of the developing countries is so stupendous that no one set of measures can, by itself, make a sufficiently large contribution to the problem calling for solution. Dr. Blau has accordingly called for a more comprehensive framework than that provided now by "largely haphazard and unco-ordinated approaches to the problems of trade, aid and aided trade," a framework for international action and adjustment assistance in both high-income and low-income countries to narrow the estimated huge gap of $11,000 million by 1970. Some of the elements of such a programme, it is suggested, may be as follows:

1. Greatly improved international arrangements for the sharing of knowledge of national development programmes and prospects, and thus to give each country a definite understanding of external conditions to be faced.

2. Partial compensation to primary-exporting countries for losses in export earnings caused by falls in the prices of their exports.

3. International commodity agreements as a means of maintaining export earnings and also of providing an instrument of improved international programming of production, consumption and trade.

4. Lessening of obstacles to trade and consideration of special measures such as import levies in industrial countries refundable to the exporting countries.

5. Formulation of a new set of international principles to correlate trade, aid and aided trade.

This lucid analysis of Dr. Blau puts the whole problem of the trade needs of developing countries in its correct perspective. The importance of foreign trade for the economic development of developing countries, as the U.N. *World Economic Survey* 1962 aptly stated, stems from the fact that, in most of them, production for export and trade constitute a preponderant part of their total economic activity. This aspect and their heavy dependence on imports of machinery, heavy equipment and other essential goods that are strategic to lifting the levels of productive investment for accelerated economic growth must be recognised without any reservation by the developed countries, one and all. How can the developed countries expect the developing countries to pay for the expanding needs of imported supplies, unless they are also enabled to augment their foreign exchange earnings by stepping up export wares? This is the crucial question. The deliberations of the forthcoming U.N. Conference on Trade and Development (due to begin at Geneva on 23rd March and expected to last upto 15th June) and the Kennedy round of multilateral negotiations (commencing on 4th May) will, surely, be in vain, if they fail to result in the enunciation of concrete measures designed to ensure a free and full flow of manufactured goods, semi-processed items and other commodities from the developing countries into the expanding markets of the richer nations.

Exports from Underdeveloped Countries to the rest of the world: main categories only, 1959-61

Exports from underdeveloped countries to the world	All exports		Per cent of total primary commodities	
	$ billion	Per cent of total	Including petrol	Excluding petrol
Agricultural commodities (food and raw materials) ..	10.9	54	60	83
Non-agricultural raw materials ..	2.3	11	13	17
Petroleum	5.0	25	27	..
All primary commodities ..	18.2	90	100	100
Manufactures	2.1	10	..	..
All exports from underdeveloped countries to the rest of the world	20.3	100	..	..
Of which : to developed market-economy countries ..	19.2	95	94	92
to centrally-planned economies ..	1.1*	5	6	8

* Almost entirely primary products.

Indices of Export Prices
(1950=100)

Year	Exports from underdeveloped areas				From developed areas
	Raw materials			Food	Food
	Non-ferrous metals	Mineral	Agricultural		
1954 ..	126	106	83	124	107
1959 ..	118	105	82	89	104
1960 ..	122	102	85	85	103
1961 ..	115	101	78	83	103
1962 ..	116	102	74	83	104
			main problem area		

Agricultural Exports as Per cent of Total Exports; Selected Countries, 1958-60

Countries	All agricultural exports as per cent of country's total exports	Exports of major agricultural products (see list) as per cent of country's total exports	
LATIN AMERICA			
Argentina ..	82	39	Wheat, maize, meat
Brazil ..	90	64	Coffee, cocoa
Colombia ..	79	78	Coffee, bananas
Costa Rica ..	91	80	Coffee, bananas
Cuba* ..	82	73	Sugar
Ecuador ..	95	92†	Bananas, coffee, cocoa
Honduras ..	86	67‡	Bananas, coffee, cocoa
Mexico ..	59	34	Cotton, coffee
Panama ..	94	71	Bananas
NEAR EAST			
Egypt	80	75	Cotton, rice
Syria	72	47	Cotton
Sudan	94	70	Cotton, groundnuts and oil
Turkey ..	77	60	Cotton, tobacco, fruit and nuts
FAR EAST			
Burma ..	94	69	Rice
Ceylon ..	98	82	Tea, rubber
India	41	27	Tea, cotton, tobacco
Indonesia ..	62	47§	Rubber, copra
Malaya ..	72	64	Rubber
Pakistan ..	76	63	Jute, cotton
Philippines ..	79	48	Sugar, copra
Thailand ..	80	66	Rice, rubber
AFRICA			
Ghana	80	60	Cocoa
Nigeria	88	66	Cocoa, groundnuts and oil, palm kernels and oil
Senegal ..	89	86	Groundnuts and oil, palm kernels and oil
Ivory Coast ..	85	79	Coffee, cocoa
Cameroon ..	78	59	Coffee, cocoa

* Two years only.
† Of which : bananas and plantains 61 per cent.
‡ Of which : bananas and plantains 50 per cent.
§ Of which : rubber 33 per cent. In 1948-50 and 44 per cent. in 1958-60.

Exports of Primary Products from Underdeveloped Countries to the rest of the world, 1959-61

	Value in $ billion	Per cent of total exports	
		Including petroleum	Excluding petroleum
From underdeveloped *temperate-zone*, competing with developed temperate-zone exporters and importers (wheat, coarse grains, livestock products, including wool, hides and skins; some oilseeds and oils; some feedstuffs) ..	1.8	10	14
From underdeveloped *tropical zone*, competing with temperate-zone exporters and/or importers (tropical oilseeds and oils, sugar, rice, some fruit, cotton, tobacco, tropical timber, some metals and ores)	5.2	28	39
From underdeveloped *tropical zone*, not competing with identical categories of natural products in developed countries (tropical fibres, rubber, tropical beverages, bananas, spices, some metals and ores)	6.2	35	47
Of which :			
Competing with synthetics and affected by other forms of substitution in markets with advanced technology (tropical fibres, rubber, some metals and ores)	2.9	17	22
Underdeveloped exporters in control of supplies of major import markets (coffee, cocoa, tea, bananas, spices) ..	3.3	18	25
Total, excluding petroleum	13.2	73	100
Crude petroleum	5.0	27	..
Total, including petroleum	18.2	100	..

Percentage shares of selected categories of primary exports from underdeveloped countries to the rest of the world

	All exports, including petroleum	All exports, excluding petroleum
Total primary exports from underdeveloped countries to the rest of the world 1959-61	100	100
Of which affected by :		
(a) Competing exports from temperate-zone developed countries (cereals including rice; livestock products including wool, hides and skins; oilseeds and oils; sugar, cotton, tobacco, citrus, some metals and ores, forest products, petroleum)	66	154
(b) Protected agricultural industries in importing countries (same categories as (a), but *minus* cotton, tobacco, citrus, some metals and ores, timber, petroleum)	22	30
(c) Competing with synthetics or other close substitutes originating in high income countries (oilseeds and oils, fibres and rubber, some metals and ores)	36	50
(d) Underdeveloped exporters in control of supplies in import market (coffee, cocoa, tea, bananas, spices)	18	34
(e) High revenue duties and other fiscal charges (sugar, coffee, cocoa, tea, tobacco, spices) ..	27	37
(f) Differential duties: higher for goods in processed form than for raw products (some temperate-zone foods, oilseeds and oils, sugar, rice, coffee and cocoa, some fruit and spices, tobacco, fibres and rubber, hides and skins; some metals)	58	80
(g) Partly affected by preferential arrangements (temperate-zone foods, oils, sugar, possibly rice—depending on E.E.C. policy, now pending, but not here included coffee, cocoa, bananas, spices, tobacco, petroleum) ..	67	54*

Note :—The percentages shown in the table do not add up to 100, since the different influences overlap and several individual commodities, or groups of commodities, are affected by more than one of these sets of influences at a time.
* Relates to category as shown, excluding petroleum.

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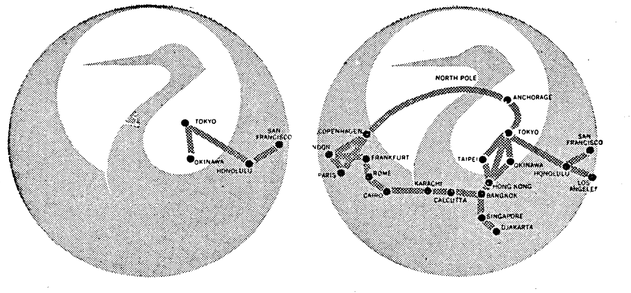

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FINAL TEXTILE TRADE FIGURES

MAN-MADE FIBRE CLOTH EXPORTS RISE MARKEDLY

From Our Special Correspondent

MANCHESTER LETTER

MANCHESTER, *4th February*

IT takes an exceptional December to sway the fortunes of British imports or exports to such an extent that the annual returns show any marked change from the figures already shaping themselves during the course of each year. In 1963, the pattern of overseas trade in cotton and allied goods was already well established and, despite a substantial rise in grey cloth imports during the month as compared with December 1962, the final figures were much as had been widely forecast.

From Lancashire's viewpoint the most encouraging feature was the fact that the joint exports of cotton and man-made fibre cloth were higher than in the previous year, notwithstanding a further modest reduction in shipments of purely cotton goods. The time has certainly come to recognise that combined figures, extending into the man-made fibres field, should be the criterion, as they already are when production returns are scrutinised. For a number of years, export sales of man-made fibre yarn have far outstripped those spun from raw cotton. Even the recent addition of thread in the official figures leaves the cotton sector's exports at only a quarter of those of man-made fibre yarn.

Ratio Narrows

On the cloth side, the reversal of roles is not so marked, although exporters of man-made fibre fabrics have regained some ground from the low point of 1961. The ratio has narrowed, but cotton cloth shipments are still nearly three times as much as those from the man-made fibre section. These and other comparisons are illustrated in the accompanying table below. This shows how exports generally, with the exception of man-made fibre yarns, have shrunk since the post-war peak in 1949, while imports have gathered strength, especially in the last five years.

Giving pride of place once more to the shippers of man-made fibre goods in view of their achievements, the most notable feature of the destinations is the big rise in trade with countries not shown separately by the Board of Trade. Sales to areas shown under the heading of "other foreign countries" or "other Commonwealth countries" represented just over half the total shipments of 80 million square yards. New Zealand succeeded South Africa as the chief importer, taking 6,464,000 yards, followed by South Africa with 5,881,000 yards, the Irish Republic 5,511,000 yards, Sweden 4,746,000 yards and Hong Kong 4,182,000 yards. Well down the list is the former leader, Australia, now a market of some 2,400,000 yards.

A similar situation has arisen in the sale of man-made fibre yarns abroad where "other foreign countries" have taken nearly 20 million lbs. and "other Commonwealth countries" 4 million lbs. out of the total exports of 81 million lbs. In this section, Australia, by a slim margin, remains the chief importer with 6,713,000 lbs., followed closely by Sweden with 6,647,000 lbs., the Soviet Union 5,386,000 lbs. and South Africa 5,324,000 lbs.

Cotton yarn and thread exports in 1963 were about, 1,300,000 lbs. lower at 20,604,941 lbs. Australia was the biggest taker with 4,240,000 lbs., but shipments were down by nearly 2 million lbs. Exports to Canada were over 300,000 lbs. up at 3,066,000 lbs. and those to New Zealand remained steady at 2,057,000 lbs.

Unrecognisable Returns

Compared with the fantastic export figures of 50 years ago, the 1963 cotton cloth shipments table is scarcely recognisable. Only seven outlets absorbed more than 10 million yards of fabric, led by South Africa, whose takings were 29,195,000 yards, an increase of some 2,500,000 yards.

Earnings from exports of cotton yarns and manufactures in 1963 totalled £43,845,517, as against £46,483,280 in the previous 12 months. Those from man-made fibres goods were £47,884,797, as against £38,838,643.

Cost of Imports

To complete the picture, the cost of imports of cotton goods last year was £61,394,229, as against £57,231,674, but this compared with the peak expenditure of £72,539,996 on imports in 1961. The value of man-made fibre goods imported into this country in 1963 was £23,405,371, as against £17,908,734 in 1962.

The major change in the import situation was the increase of more than 50 million yards in arrivals of foreign grey cloth. These totalled 483,486,000 yards during the year and were made up mainly of purchases from the three well-established sources within the Commonwealth. India supplied 184,627,000 yards a rise of 34 million yards; Pakistan stepped up shipments from 37,892,000 yards to 56,326,000 yards, but arrivals from Hong Kong were over 14 million yards lower at 84,744,000 yards.

Marked variations occurred in supplies sent from Europe; French purchases were almost halved at 6,658,000 yards, Portugal increased shipments from 15,352,000 yards to 26,614,000 yards, while Spain sent only 6,252,000 yards, against 13,522,000 yards. Chinese cloth imports rose from 21,937,000 yards to 36,127,000 yards, but much smaller supplies were sent from Japan at 14,627,000 yards, as against 25,722,000 yards. There was a rise of nearly 10 million yards in purchases from undesignated "other foreign countries."

Only a limited increase took place in imports of finished cotton fabric, the total being some 9 million yards higher at 152,722,000 yards. The two major suppliers were again Hong Kong with 27,217,000 yards and Belgium 25,839,000 yards. Other sources from which goods were obtained were India 16,664,000 yards, Western Germany 15,610,000 yards, Portugal 11,309,000 yards and the Netherlands 11,262,000 yards.

No Longer Despondent

Not only the employers but the trade unions in the Lancashire cotton industry are now painting a brighter picture of present conditions and future prospects. The despondency of the first nine months of last year, "which had almost permeated everyone," has given way to hope for the future, says Mr. Joseph King, Secretary of the Cardroom Workers' Amalgamation, in his latest quarterly report to members.

The reasons for the change in circumstances are varied, as is well known. Depleted stocks, the categorisation of imports, the closure of more mills leaving more trade for those remaining, are factors which account to some extent for the improved state of trade. "If some stability could be maintained for a reasonable period of time, the industry would be afforded the opportunity of improving its productivity and competitive role with further installations of the technically developed, new high speed, high productive machinery available," says Mr. King.

U.K.'s Foreign Trade in Textiles

(Cloth in million sq. yards and yarn in million lbs.)

	Cotton Cloth		Man-made Fibre Cloth		Cotton Yarn		Man-made Fibre Yarn	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
1949	904	349	161	52	82	2	21	3
1951	864	377	190	55	71	14	28	12
1953	710	99	177	44	42	3	31	2
1955	555	299	134	65	47*	14	31	2
1957	456	416	111	73	48*	15	44	6
1959	348	537	64	38	31*	22	45	4
1960	327	728	54	58	30*	39	48	8
1961	287	731	49	70	23*	44	53	4
1962	235	575	55	66	22*	32	68	7
1963	222	636	80	63	21*	36*	81	16

* Including cotton thread.

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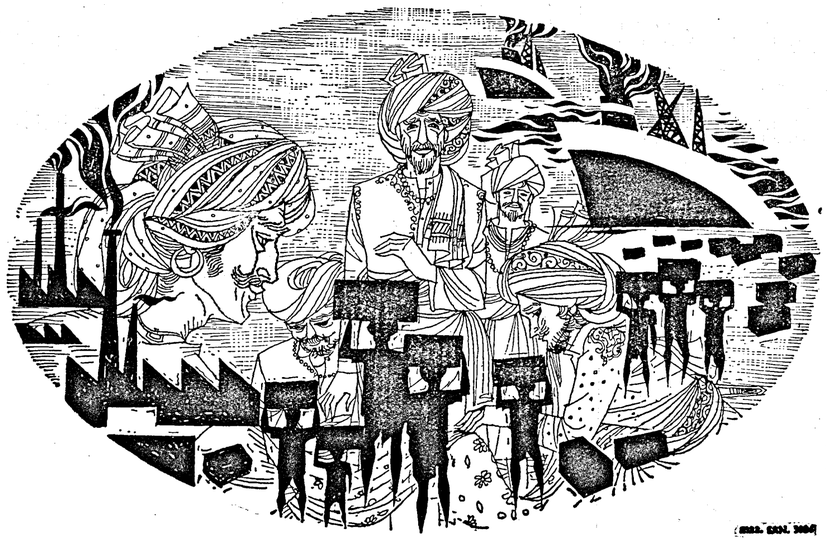

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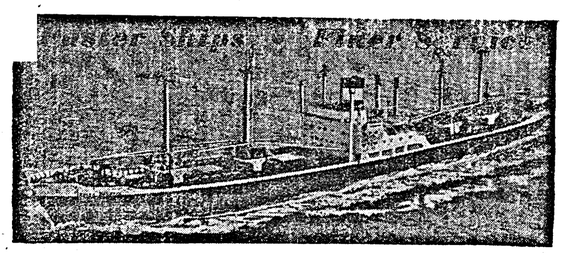

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UNION EXCISE AND THE EXCHEQUER

TASK BEFORE T. T. K.

(By A Special Correspondent)

AS in previous years, the Union Finance Minister is likely to resort heavily to excise duties in his forthcoming budget for raising additional resources. Although the revenues of the Government of India in the current fiscal year have been remarkably buoyant, the increasing demands on account of development and defence will call for more taxation; and since direct taxation has already reached very high levels, the Finance Minister will have to turn to indirect taxation, particularly excise duties.

The gross Central excise revenue has recorded an enormous increase from Rs. 50.09 crores in 1948-49 to Rs. 696.32 crores (estimated) in 1963-64; and the number of commodities subjected to excise has gone up from 15 to 67 in the same period. These items include raw materials and intermediates like soda ash, caustic soda, glycerine, coal tar dyes and coal tar derivatives, zinc, glass and glassware, cement, steel ingots, pig iron and tin plate; necessities like kerosene, cotton cloth, sugar and matches; and luxuries like motor vehicles, refrigerators, rayon, etc.

The growing importance of excise to the Exchequer is clearly brought out in the accompanying table.

Mr. T. T. Krishnamachari has indicated that the excise revenue might rise to Rs. 2,500 crores per year by the end of the fourth Five-year Plan. It seems certain, therefore, that excise duties will figure prominently in the next budget.

The Finance Minister, however, has to exercise considerable caution in resorting to excise. Capital goods, intermediates and raw materials do not offer much scope, if we are to keep down the costs of industrial production. Fresh levies on articles of necessity may push up prices and cause distress to the great majority of the people. Moreover, the Finance Minister, in selecting the items, has to consider the question of cost and convenience in the collection of revenue.

The Central Excise Reorganisation Committee has, in this connection, made some suggestions for the guidance of the Finance Minister. The Committee, by its terms of reference, was not called upon to comment on the selection of commodities or the principles on which they should be made; nevertheless, the Committee has made some observations in this regard "to facilitate decision by Government."

The principles enunciated by the Committee are summed up in the following paragraph:

"It seems to us, therefore, that each proposal for a new levy should be carefully considered. The main criterion should be whether its yield would be commensurate with the administrative problems it would create. The psychological effect of bringing more and more commodities under excise levy should also not be underestimated. We suggest that, having regard to all these considerations, it would be best if the possibility of increasing the levels of existing levies is explored before the imposition of new levies is considered. We fully appreciate that it may not be possible or advisable to increase the rates of duty on some commodities, but there should be room, from time to time, for increasing the duty on others. In such a scheme, to the extent feasible, the cost of collection would, on the one hand, be maintained at a reasonable level, and on the other, the effectiveness and efficiency of the collecting agency would be greatly enhanced."

Excise duties have been used for a variety of purposes—for raising revenue, for curbing consumption, for conserving foreign exchange, for encouraging the small-scale units, etc. These objectives have not in all cases been achieved effectively and sometimes serious anomalies have resulted and production has suffered. It remains to be seen how exactly Mr. Krishnamachari is going to make his choice in the matter of levy of excise duty.

Growth of Excise Revenue

(In crores of rupees)

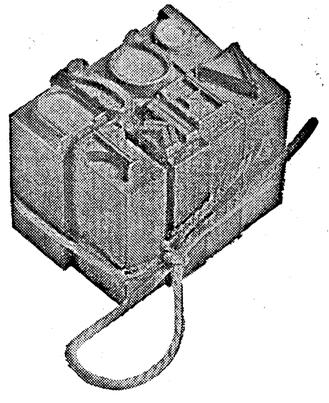
Year	No. of commodities taxed	Gross Central excise revenue	Total tax revenues	Excise revenue as percentage of total tax revenue
1920-21 ..	2	2.85	60.85	4.68
1925-26 ..	3	3.21	72.86	4.41
1931-32 ..	4	6.19	75.62	8.19
1938-39 ..	8	8.72	81.87	10.65
1948-49 ..	15	50.09	385.18	13.00
1953-54 ..	15	93.52	424.64	22.02
1954-55 ..	19	107.91	460.25	23.45
1955-56 ..	27	146.86	492.22	29.84
1956-57 ..	30	190.57	573.72	32.93
1957-58 ..	32	274.44	704.33	38.96
1958-59 ..	32	312.74	722.06	43.28
1959-60 ..	32	384.23	823.18	44.25
1960-61 ..	41	413.16	917.77	45.02
1961-62 ..	58	481.79	1,063.53	45.30
1962-63 ..	67	550.59*	1,190.24*	46.26
1963-64 ..	67	696.32†	1,501.08†	46.39

* Revised estimates. † Budget estimates.
Source : *Report of the Central Excise Reorganisation Committee.*

U.S. LOAN FOR BEARINGS PROJECT

The U.S. Agency for International Development (U.S.-A.I.D.) has authorised a loan of $4.30 million (Rs. 2 crores) in favour of the National Engineering Industries Ltd. of Jaipur. The credit will meet the foreign exchange cost of erecting a new tapered roller bearings plant, with an annual capacity of 1,100,000 bearings, and of expanding the capacity of the Company's existing ball-bearing and straight roller bearing plants by 2,400,000 bearings per annum. This production programme, to be implemented in collaboration with Messrs. Federal Mogul Bower Bearings, Inc., a major U.S. manufacturer in the field, is expected to result in a net annual saving of Rs. 1 crore (52 million) in foreign exchange for the country.

The loan will bear interest at the rate of 5¾ per cent per annum and will be repayable in ten years, including a grace period of two years. In order to reduce the impact of the repayment on the country's balance of payments, the loan agreement provides for the Company to make repayment in rupees on the above schedule to the Government of India which, in turn, will repay the principal to the U.S. Government in dollars in instalments spread over 40 years, including a ten-year grace period.



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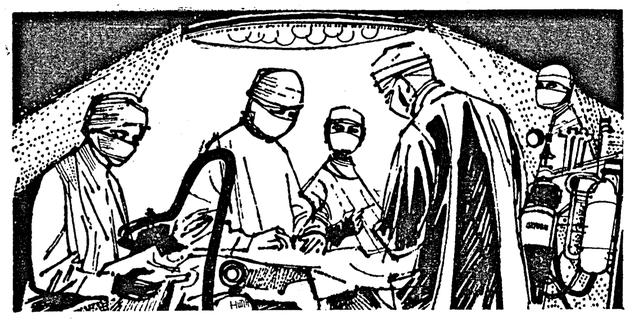

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STATE BANK OF BIKANER AND JAIPUR

(SUBSIDIARY OF THE STATE BANK OF INDIA)

Incorporated in India under special statute. The liability of the Members is limited

BALANCE SHEET AS AT 31st DECEMBER, 1963.

As at 31-12-1962 Rs.	CAPITAL AND LIABILITIES	As at 31st December, 1963 Rs.	np	Rs.	np
	1. Capital—				
1,00,00,000	AUTHORISED CAPITAL— 1,00,00,000 Shares of Rs. 100 each	1,00,00,000	00		
75,00,000	ISSUED CAPITAL— 80,000 Shares of Rs. 100 each	80,00,000	00		
75,00,000	SUBSCRIBED AND PAID-UP CAPITAL— 79,586 Shares of Rs. 100 each fully paid-up ..			79,58,600	00
	2. Reserve Fund and Other Reserves—				
20,35,000	As per last Balance Sheet	22,10,000	00		
1,75,000	ADD—Amount transferred from the Profit for the current year	2,10,000	00		
22,10,000				24,20,000	00
	3. Deposits and Other Accounts—				
18,79,84,440	Fixed Deposits (including Employees' Security Deposits)	17,20,58,102	01		
5,54,52,577	Savings Bank Deposits	6,40,00,912	24		
6,58,45,188	Current Accounts, Contingency Accounts, etc. ..	7,14,96,364	82		
30,92,82,205				30,75,55,379	10
	4. Borrowings from Other Banking Companies, Agents, etc.—				
Nil	(i) In India	1,46,132	53		
Nil	(ii) Outside India	Nil			
Nil				1,46,132	53
	PARTICULARS—				
	(i) Secured by pledge of Government Securities per contra	1,46,132	53		
Nil	(ii) Unsecured	Nil			
Nil					
66,29,570	**5. Bills Payable**			36,25,571	23
	6. Bills for Collection Being Bills Receivable as per contra—				
1,67,29,782	(i) Payable in India	2,11,75,680	81		
3,52,824	(ii) Payable outside India	6,18,386	26		
1,70,82,606				2,17,94,067	07
	7. Other Liabilities—				
75,08,640	(i) Sundries (including Agency Adjustments) ..	4,07,14,727	52		
353	(ii) Unclaimed Dividend	1,323	00		
3,00,000	(iii) Dividend for the year 1963	4,80,000	00		
6,143	(iv) Rebate on Bills Discounted	26,785	51		
46,96,157	(v) Branch Adjustments	Nil			
1,25,11,293				4,12,22,836	03
1,74,11,948	**8. Acceptances, Endorsements and Other Obligations** per contra			1,61,94,614	86
	9. Profit and Loss Account—				
28,451	Balance of Profit as per last Balance Sheet ..	12,672	31		
7,49,222	Profit for the year ended 31st December, 1963 ..	10,32,667	19		
7,77,673		10,45,340	50		
	LESS—Appropriations—	Rs.	np		
3,00,000	(a) Amount set aside for payment of dividend	4,80,000	00		
1,75,000	(b) Transferred to Reserve Fund ..	2,10,000	00		
10,000	(c) Transferred to Staff Welfare Fund	25,000	00		
2,80,000	(d) Bonus to Staff	3,20,000	00		
12,673		10,35,000	00	10,340	50
	10. Contingent Liabilities—				
2,22,002	(i) Claims against the Bank not acknowledged as debts	2,68,712	07		
6,41,395	(ii) Outstanding Forward Exchange Contracts ..	7,58,342	74		
2,50,000	(iii) On partly paid shares	4,100	00		
72,79,714	(iv) Guarantees (including Rs. 11,000 on behalf of Directors and Officers)	65,73,185	43		
37,26,40,295	Total .. Rs.			40,09,27,541	32

As at 31-12-1962 Rs.	PROPERTY AND ASSETS	As at 31st December, 1963 Rs.	np	Rs.	np
3,18,22,337	**1. Cash—** In hand, with Reserve Bank of India, State Bank of India and Notified Banks			6,08,56,802	61
	2. Balances with Other Banks in Current Accounts—				
9,97,640	(i) In India	12,062	84		
6,88,491	(ii) Outside India	2,10,851	67		
16,86,131				2,22,914	51
5,05,00,000	**3. Money at Call and Short Notice**			2,65,00,000	00
	4. Investments (At or below Market Value)—				
	(i) Securities of the Central and State Governments and other Trustee Securities	10,72,66,963	05		
10,16,85,448	(ii) Shares—				
63,315	(a) Fully Paid-up Preference Shares ..	3,000	00		
10,01,019	(b) Fully Paid-up Equity Shares ..	2,20,057	80		
Nil	(c) Partly Paid-up Equity Shares ..	1,040	00		
4,20,000	(iii) Debentures or Bonds	6,80,000	00		
Nil	(iv) Other Investments	Nil			
Nil	(v) Gold	Nil			
10,31,70,283				10,81,71,065	85
	5. Advances (other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)—				
	(i) Loans, Cash Credits, Overdrafts, etc.—				
11,99,10,987	(a) In India	12,99,22,604	70		
Nil	(b) Outside India	Nil			
	(ii) Bills Discounted and Purchased—				
1,91,10,071	(a) Payable in India	2,36,14,426	70		
19,44,748	(b) Payable outside India	3,86,127	01		
14,09,65,806				15,39,23,158	41
12,95,51,265	PARTICULARS OF ADVANCES—				
	(i) Debts considered good in respect of which the Bank is fully secured	14,21,85,357	38		
56,71,310	(ii) Debts considered good for which the Bank holds no other security than the debtors' personal security	38,22,022	73		
	(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	79,15,778	30		
57,43,231	(iv) Debts considered doubtful or bad not provided for	Nil			
Nil		15,39,23,158	41		
14,09,65,806					
	(v) Debts due by Directors or Officers of the Bank or any of them either severally or jointly with any other person	4,85,021	63		
4,18,177	(vi) Debts due by companies or firms in which the Directors of the Bank are interested as Directors, Partners or Managing Agents or, in the case of private companies, as members ..	2,17,18,369	95		
59,89,175	(vii) Maximum total amount of advances including temporary advances made at any time during the year to Directors or Officers of the Bank or any of them either severally or jointly with any other person	5,50,577	60		
5,54,352	(viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the Directors of the Bank are interested as Directors, Partners or Managing Agents or, in the case of private companies, as members ..	2,27,39,195	02		
69,84,569	(ix) Due from Banking Companies	2,68,991	03		
3,94,174					
	6. Bills Receivable Being Bills for Collection as per contra—				
1,67,29,782	(i) Payable in India	2,11,75,680	81		
3,52,824	(ii) Payable outside India	6,18,386	26		
1,70,82,606				2,17,94,067	07
1,74,11,948	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** as per contra			1,61,94,614	86
	8. Premises—				
4,32,178	Original cost as on 1st January 1963	5,07,188	85		
75,011	Additions during the year	6,687	49		
5,07,189		5,13,876	34		
27,881	LESS—Depreciation written off to date	49,804	24		
4,79,308				4,64,072	10
	9. Furniture, Fixtures and Vehicles—				
36,58,319	At cost as on 1st January 1963	42,16,438	24		
7,22,795	Additions during the year	6,95,076	43		
43,81,114		49,11,514	67		
1,64,676	LESS—Deductions during the year	3,13,477	16		
42,16,438		45,98,037	51		
18,89,115	LESS—Depreciation written off to date	21,49,787	89		
23,27,323				24,48,249	62
	10. Other Assets—				
12,15,906	(i) Prepaid expenses and other amounts receivable or adjustable	19,57,500	15		
12,23,191	(ii) Interest accrued on Investments	13,50,501	15		
6,20,912	(iii) Stationery and Stamps on hand	6,08,544	97		
38,94,179	(iv) Advance tax payment and tax deducted at source	51,46,213	63		
11,354	(v) Library Books	11,923	29		
Nil	(vi) Branch Adjustments	12,32,489	46		
69,65,542				1,03,07,172	65
	11. Non-Banking Assets Acquired in Satisfaction of Claims—				
2,29,011	(At estimated market value)			45,423	64
37,26,40,295	Total .. Rs.			40,09,27,541	32

STATE BANK OF BIKANER AND JAIPUR—*(Contd.)*

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1963.

As at 31-12-1962 Rs.	EXPENDITURE	As at 31st December, 1963 Rs.	np
91,14,698	1. Interest paid on Deposits, Borrowings, etc.	95,33,407	24
83,01,863	2. Salaries, Allowances, Provident Fund and Gratuity	94,38,253	85
29,129	3. Directors' Fees and Allowances	19,113	09
6,88,278	4. Rent, Taxes, Insurance, Lighting, etc.	7,37,227	99
59,457	5. Law Charges	36,209	75
5,20,131	6. Postage, Telegrams and Stamps	4,89,686	09
9,000	7. Auditors' Fees	7,500	00
3,41,174	8. Depreciation on and Repairs to the Bank's Property	3,83,092	62
5,22,252	9. Stationery, Printing, Advertisement, etc.	5,18,260	48
Nil	10. Loss from Sale of or Dealing with Non-Banking Assets	Nil	
5,83,690	11. Other Expenditure	7,77,640	84
7,49,222	12. Balance of Profit	10,32,667	19
2,09,23,894	Total .. Rs.	2,29,73,064	14

As at 31-12-1962 Rs.	INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	As at 31st December, 1963 Rs.	np
1,54,93,252	1. Interest and Discount	1,73,37,322	02
44,52,677	2. Commission, Exchange and Brokerage	49,65,828	12
Nil	3. Rents	Nil	
5,640	4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	Nil	
Nil	5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	Nil	
Nil	6. Income from Non-Banking Assets, and Profit from Sale of or Dealing with such Assets	Nil	
9,72,325	7. Other Receipts—Subsidy from the State Bank of India in terms of Section 43 of the State Bank of India (Subsidiary Banks) Act, 1959 ..	6,69,914	00
	Particulars of remuneration relating to the General Manager : Rs.		
	(i) Salaries 30,000		
	(ii) Allowances .. .. Nil		
	(iii) Sitting Fees .. .. Nil		
	(iv) Bonus .. .. Nil		
	(v) Employer's contributions to provident fund, pension fund or any other superannuation fund .. 2,700		
	(vi) Payments by way of gratuities, pensions or otherwise, in excess of the employer's contributions and interest thereon .. .. Nil		
	(vii) The monetary value of any other benefits or perquisites 3,750		
	Total .. 36,450		
2,09,23,894	Total .. Rs.	2,29,73,064	14

Note :—Figures of 1962 relate to those of State Bank of Bikaner and State Bank of Jaipur.

M. D. HEGDE, *Chief Accountant.*

BALWANT SINGH, *General Manager.*

B. VENKATAPPIAH, *Chairman.*

MADAN SINGH
B. MUKERJI
A. R. THANAWALA
E. K. SESHADRI
PREM SINGH
LAL CHAND KOTHARI
AMRIT KUMAR SANGHI
G. R. PODAR
A. H. ELIAS
Directors.

REPORT OF THE AUDITORS

TO THE STATE BANK OF INDIA:

We, the undersigned auditors of the State Bank of Bikaner and Jaipur, appointed under Section 41(1) of the State Bank of India (Subsidiary Banks) Act, 1959, report on the Balance Sheet and Accounts of the Bank as at 31st December, 1963.

We have examined the foregoing Balance Sheet of the State Bank of Bikaner and Jaipur as at 31st December, 1963, and the Profit and Loss Account of the Bank for the year ended upon that date with the Accounts relating thereto of Head Office and with the Returns submitted and certified by the Branch Agents, which Returns have been incorporated in the foregoing Balance Sheet and Accounts.

We report that :—

(i) in our opinion the Balance Sheet is a full and fair one, containing all the necessary particulars and is properly drawn up so as to exhibit a true and correct view of the affairs of the Bank, according to the best of our information and the explanations given to us and as shown by the Books of the Bank ;

(ii) where we have called for any explanation or information such explanation and information have been given to us and have been found satisfactory ;

(iii) the transactions of the Bank which have come to our notice have been within the competence of the Bank ;

(iv) the Returns received from the Branches of the Bank have been found adequate for the purpose of our audit ; and

(v) the Profit and Loss Account shows a true balance of profit for the year covered by such Account.

N. M. RAIJI & CO.,
Chartered Accountants.

BOMBAY, *25th January*, 1964.

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BUSINESS NEWS FROM EUROPE

DETROIT LAUNCHES EXPORT DRIVE

REVOLUTION IN RETAIL TRADE—RUSSIA TO BUY LESS FROM GERMANY

By Our Special Correspondent

THE booming European motor industry, successful in the United States market, may soon face significant competition for the first time in the reverse direction. The success of the bigger American cars in this year's Monte Carlo rally—the leading one took second place—is thought in London to foreshadow a big drive to push direct exports of United States models in the European market.

Detroit's direct exports now take a tiny share of the market—about one per cent in Britain, perhaps a little more in continental Europe—and they seem unlikely to command a mass sale in the foreseeable future. But American sales agents in London say they will now aim specifically at establishing a foothold with compacts in the £1,500-£2,000 (4,200-5,500 dollar) class where European production is not very comprehensive.

Europe is now the world's fastest growing car market, and scope for second-car sales is increasing. In 1953, 5.7 million cars were sold in America, as compared with 1.2 million in Europe. By last year, the United States had increased its domestic sales to 7.4 million units, while European sales had risen to 5.2 million. The conditions are, therefore, considered right for an American invasion. But winning a footing in Europe will not be easy. Five of the countries concerned—Germany, Britain, France, Italy and Sweden—are, together with the United States, the world's leading car producers.

At last month's Brussels Motor Show, the American Ford Company, together with its British and German offshoots, took up a third of the floor space and exhibited 125 vehicles. Last year Chrysler, one of America's Big Three and the fastest expanding of them all, bought final control in Simca, the French producer. Chrysler were thought to be anxious not only to consolidate local manufacturing facilities inside the Common Market but also to secure, for direct sales of American models, the distribution outlets which Simca controlled.

American Motors, the comparatively small but fast-growing concern which pioneered the compacts in the United States, is also pushing its European business hard, particularly for the Rambler models. In Britain, its target is 100 distributors. In order to get into Britain more cheaply, it is exporting right-hand drive models from its Canadian plant, thereby benefiting from the lower tariffs applied by Britain on Commonwealth goods.

Twofold Aim

Behind the American sales drive is thought to be a twofold aim: to cash in on the European boom and to offset rising foreign car competition in the United States. Volkswagen, for instance, expects to sell more than 300,000 cars in the U.S. this year; Britain's B.M.C. hopes to double its sales of the MG 1100 to well over 50,000 units; France's Renault and Britain's Rootes Group also hope to sell more.

At the same time a share in the European market would help Detroit with finance. General Motors already draws about 7 per cent (about £36 million or 102 million dollars) of its net annual income from its controlling interest in Britain's Vauxhall, Germany's Opel and the Australian GM-Holden affiliate. Ford draws 9 per cent (£15 million or 43.5 million dollars) from Dagenham, Cologne and Australia. Chrysler also draws 9 per cent annually (£0.4 million or 1.2 million dollars) from its foreign holdings.

In order to make headway, the biggest obstacle to be overcome is the level of tariffs in Europe. In Britain, imported cars have to climb a 24 per cent barrier (except those from the Commonwealth, 16 per cent; or E.F.T.A., 12 per cent). Lower, but still discouraging, barriers exist elsewhere in Europe. Service centres and dealer outlets also have to be worked up. In spite of these difficulties, the Americans have made an encouraging start. Chryslers are doing well in Scandinavia and Switzerland and have been building up a dealer network throughout Europe. General Motors are reported to be selling best in the Benelux countries, Germany and Switzerland. The less "flashy" cars now being produced in America are thought likely to stand a greater chance of success in Europe; so will the growth of the two-car family.

German-Soviet Trade Falters

Trade between Russia and West Germany, which has expanded steadily since 1955 despite difficulties, looks like meeting its first setback soon. Russia has decided not to renew a three-year trade agreement she has had with West Germany. The decision is thought to have been taken because of the economic difficulties Russia herself is now experiencing as she attempts to produce more consumer goods.

In order, to relieve the pressure, she had asked West Germany to grant her credit terms longer than the usual five years. But West Germany, under strong pressure from the United States, which remains committed to a policy of not making Russia's economic path any easier, has refused to co-operate. Consequently, Russia will find it more difficult to provide in return the consumer goods West Germany is prepared to take and will have to rely on traditional Russian primary exports such as timber and (in normal conditions) farm produce.

West Germany is now the second largest European trader with Russia after Britain and her trade has prospered in spite of the "Hallstein doctrine" which precludes her entering into diplomatic relations with any country that recognises the East German regime. From a two-way total of £19 million (53 million dollars) in 1955, trade between the two countries rose to £107 million (300 million dollars) in 1961. But there was already a slight setback last year when the total for the first 11 months, at £119 million (333 million dollars), was £9 million down as compared with the comparable period of 1962.

Picking up the threads are going to be increasingly difficult as the Common Market becomes more established. Under the Market condition, West Germany will find it more difficult to take unilateral decisions after the end of 1965 on importing agricultural produce—from Russia or any other outside country.

Swiss Curb on its World Banker Role

Drastic anti-inflation plans announced in Switzerland, although in the nature of a domestic credit squeeze, are likely to have a profound impact on the country's traditional role of banker to the world. One of two draft Government decrees would ban the payment of interest on all foreign capital entering Switzerland after the beginning of this year, and bar or limit foreign investment in Swiss equity, real estate and mortgage securities. Another decree would limit all but essential building—and, by implication, halt the huge influx of foreign workers who now make up nearly 30 per cent of Switzerland's labour force.

The importance of the first measure, interpreted as a specific move to shut out foreign capital, is that these funds have lately provided a considerable and fast-rising proportion of the small Swiss economy's money supply. But the influx is now too great to be absorbed by relending for domestic investment. The resultant cheap money situation is leading not only to serious profligacy in capital, particularly building, expenditure—among other things attracting the tide of foreign labour—but also to an import boom, payments difficulties and general overheating of the economy. Cost of living in Switzerland increased by more than four per cent last year and is still rising at about that rate, and 1963 ended with a record foreign trade deficit of at least 25 per cent.

Swiss central bankers, on the ground that the economy is too small to support the franc as an international currency, have been loth to take the course normally adopted by a major money market with a flush of funds; namely to relend abroad. The National Bank's unease on this score was already shown last year when it expressed displeasure that an international loan floated outside Switzerland was denominated in Swiss francs. The present harsh measures are considered the only alternative to this course, after following the failure of voluntary schemes of credit and loan restraint over the past year or so.

The Shops Get Larger

Spurred on by rising consumer demand and the need to keep down overheads, a widespread movement towards larger shops and stores is gaining ground rapidly in Europe. This movement, slow to take hold outside Britain in the decade after the war, is now universal throughout Continental Europe. It is especially marked in West Germany where there has been a rapid increase in the volume of sales by large department stores and supermarkets. Between 1958 and 1962, the volume rose by 41 per cent. In 1961-62 alone it rose by 9 per cent.

"Large-store sales in France and the Netherlands rose by 32 per cent in the five years and by 6.5 and 5.5 per cent, respectively, in 1961-62. Belgium, still short of supermarkets, lagged behind, with a growth of 14 per cent in the five-year period and 1.5 per cent in 1961-62. Germany's lead is further emphasised by the number of supermarkets it now has. There is a supermarket there for every 2,300 people, as compared with one to every 22,800 in Belgium.

Total turnover has also been rising rapidly. In Germany, the index of all retail turnover stood at 159 in 1960 (1954 equals 100) and 188 by the end of 1962. By November of last year, it had leaped to 223. This figure masked an even sharper rise in household goods and clothing, increasingly the province of the large multiple and department retailer, where the indices were 262 and 238, respectively.

In Britain, weekly turnover by multiple retailers rose by seven per cent in the year to November 1963, that by independent retailers by only three per cent. The increasing divergence between the performances of the multiples and the independents is particularly marked in food, where the chains and department stores gained nine per cent, as against the small shops' three per cent; and in durables, where the gains were 11 and five per cent respectively. European business now reports a very similar trend in many parts of the Continent.

In France, department-store turnover last year exceeded that of all other shops and sales rose twice as fast as in any other type of shop. Last year, 116 new supermarkets were opened, as compared with 72 new ones in 1962 and 86 in 1961. The share of the supermarkets in total turnover is still modest—£200 million (560 million dollars) which represents only 2.5 per cent of the food trade. There is plenty of room for expansion in France, in Italy, where the largest chain has only 93 shops, and in Switzerland. In Germany, department store chains and retail co-operatives are taking an increasingly larger share of the market and last year the largest chain store increased its turnover by some 10 per cent above the £200 million of 1962, which was itself an 11 per cent rise on 1961.

Internationalisation

Another future trend looks like being more internationalisation in shopkeeping. A Belgian store, for instance, has opened a branch in Paris and half a dozen others in the rest of France. A British tailoring chain is opening two shops in Paris and has acquired supporting manufacturing facilities in France. A further possibility is for a chain retailer or producer to arrange outlets for its goods through an existing chain in another country. This has already happened with a major British store which markets certain lines through Italy's largest chain.

As stores grow larger, it is also likely that there will be a different emphasis on the goods they sell. Certain lines, such as radios and television sets, are reaching saturation point. But, in each country, there are lines of goods that are moving very slowly at the moment yet could easily become the normal "domestic appliances" of the future. Growth goods are likely to include tape recorders, movie cameras, typewriters, electric floor polishers, electric toasters, and dishwashers. All these goods, according to a recent survey, are only possessed to a very small degree throughout the Common Market and Britain, as compared with ownership of them in the United States.

Other domestic appliances, long normal in American homes, are not very much in evidence in some countries. For instance, vacuum cleaners are only found in seven Italian homes in every 100 and 40 Belgian homes. West Germany has a transistor set in only 12 per cent of homes and the Netherlands in 16 per cent. Italy is also short on washing machines, where they turn up in only 8 per cent of households.

Turkey's Plan in Peril

After only a year, Turkey's Five-year Plan is in danger because of the country's apparent inability to check a rapid rise in imports. The trade gap widened to £229 million (640 million dollars) last year, as compared with £86 million (240 million dollars) in 1962 and £24 million (69 million dollars) in 1958. Strenuous efforts to increase exports and investment have been endangered by this rise. But, in spite of measures to restrict imports, it is expected that this year's gap will be at least as much as 1963's.

The guarantees which have to be lodged against import licence applications have been raised by a half to 30 per cent for "quota" goods and by larger amounts for other, less essential imports. At the same time, a renewed drive is being made to sell more abroad and to cover the deficit with invisible earnings, though not with conspicuous success.

Turkey is troubled by a rapidly increasing population (3 per cent a year), poor agriculture and political instability. If it is to finance a £2,365 million (6,620 million dollars) investment programme by the end of the Plan in 1967, it will have to undertake fiscal reform, curb imports more severely and stimulate production. None of these, on present showing, will be easy.

In the first half of 1963, Turkey's exports were running at an annual rate of £124 million (348 million dollars), £12 million (33 million dollars) less than in 1962. Only with Italy was there a favourable trade balance in the first eight months of last year. A big drive is now on to attract more tourists. The reserves, supported by aid, have dropped only some 14 million dollars to 213 million in the last year. But they are more than 60 million dollars below the 1958-61 average.

West Germany Excelled by Japan in Cameras

Japan, photographic industry of which has been making its biggest-ever foreign sales drive, is confident that it has now overtaken West Germany as the world's greatest exporter of cameras. Final 1963 figures will not be available for some time, but Japanese exporters are almost certain that the drive has paid off. By September, exports were running at an annual rate of £20 million (56 million dollars) comprising 1.7 million units, as compared with sales of £16.4 million (46 million dollars) made up of 1.4 million units in the whole of 1962.

Estimates are that sales will have risen by 20 per cent in 1963. This is only just over half the previous year's rise (38.4 per cent), but it would have been enough to have overtaken Germany. Japan's biggest market in Western Europe has now become West Germany itself; at least, three major Japanese firms have made a concentrated attack on this market during the year. But the rest of Europe has not been ignored and sales drives have been held in Belgium, the Netherlands, Sweden and Britain. The result in Britain has been to push Japanese camera sales there up dramatically. At the end of October, sales, at £3.1 million (8.7 million dollars), were almost 50 per cent higher than during the whole of 1962 (£2.2 million—6.2 million dollars).

Two factors have been behind this sales drive: home demand has started to contract and sales resistance has been encountered in America for the first time. The United States has always been the major market for Japanese cameras since it started exporting seriously in 1953. In 1962 some 45 per cent of all exports went there. But this is believed to have fallen by as much as 5 to 10 per cent in 1963 and Europe has now almost certainly replaced America as the Japanese photographic industry's major growth market.

Russia Claims Perennial Wheat

Russian scientists claim to have developed a new wheat strain for planting all the year round. Following intensive tests over the past two winters, Russian scientists say that the new strain represents a real break-through. So far, they claim, no country has developed a really winter-resistant single year wheat. But the new wheat has not so far given output per acre comparable to other strains though Russian scientists expect to boost its yield in the near future. In any event, the new wheat is expected to play a prominent part in developing production in the colder north-eastern part of the Soviet Union.

Bigger West German Farm Subsidies

West German Government subsidies to farmers increased sharply last year, it is officially announced in Bonn. Total subsidies, at £300 million were 14 per cent above the previous year's total of £263 million. This was a much faster increase than the total West German Government subsidy bill which reached a total of £2,000 million last year, 10 per cent above the 1962 level. Nor are there any signs that subsidies to West German farmers, who are among the least efficient in Europe, will be reduced significantly in the near future. An important factor is likely to be the interim arrangement for Government-paid, Common Market-financed support for German cereals farmers who will receive lower prices when the Market's common grain policy comes into operation.

* * * *

European butter output has fallen to well below the normal seasonal level. The fall is most marked in the main butter exporting countries—Denmark and the Netherlands—and total West European production in the final quarter of 1963 shows a three per cent fall on the comparable period of the previous year. So far, however, lower output has had little effect on prices mainly due to increased supplies from Eastern Europe, the United States and Australia. Higher French milk output is also helping to keep prices down. Only Belgium is experiencing rising prices and in France and Italy prices have even fallen a little below normal. Another major factor in the relative stability of the European butter market is stagnating demand in several countries due to higher ruling prices since 1961. Last year, West European butter sales rose by only a marginal one per cent compared with four per cent during 1961.

* * * *

Norway's merchant fleet, recovering its pre-war position as the world's third largest, increased last year by a net figure of 157 ships totalling 1.7 million tons. A feature of current expansion is the exploitation of world demand for tanker and other specialised tonnage. It is announced in Oslo that Norwegian fleet acquisitions in 1963 included 44 tankers of 911,000 tons and 34 bulk carriers of 556,000 tons. At the start of the year Norway's fleet consisted of 2.836 ships totalling 13.64 million tons. Almost half the total tonnage—6.92 million tons—comprised tankers, though they made up only about a sixth of the total number of ships—528. New ships which joined fleets in the year came to 2.5 million tons, the largest amount of new tonnage ever delivered in a single year. The extent to which the industry is booming can be seen from the fact that 106 ships were sold abroad during the year and also that orders were placed for new ships totalling 4.1 million tons d.w., of which tankers accounted for nearly 75 per cent. This means that there are now orders for about 7 million tons of vessels including two 130,000-ton tankers ordered late last month by Sigval Bergesen from Japan. The average size of the tanker on order is 57,000 tons and of the dry-cargo ship 19,000 tons.

Notice

MADURA MILLS COMPANY LIMITED

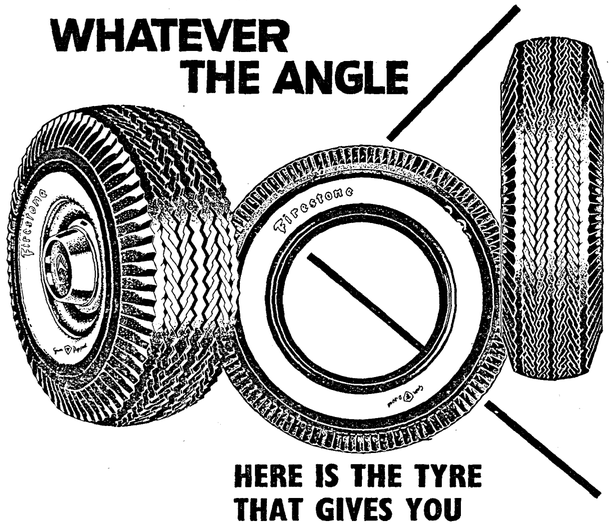
Registered Office:
New Jail Road, MADURAI

NOTICE IS HEREBY GIVEN THAT THE Annual General Meeting of the Company will be held in Pandyan Building, West Veli Street, Madurai, on Wednesday, the 25th March, 1964, at 3.30 p.m. The Share Transfer Books will be closed from 21st February to 20th March, 1964 both days inclusive.

1. All persons holding shares on blank transfers should immediately arrange to have the shares registered in their own names, as the Company will pay any dividend declared only to the person(s) in whose name the share stands as on 20TH MARCH, 1964.
2. Shareholders desiring dividends to be paid to Banks or other Mandatees should register the mandates with the Company before 21st February, 1964.
3. Intimation of any change of address should be given to the Company immediately.

A. & F. HARVEY LIMITED,
Managing Agents.

MADURAI,
30th January, 1964.



NEW PRODUCTS AND PROCESSES

Computer Controls Steel-making

A NEW computer called OSCAR (Oxygen Steel-making Computer and Recorder) has been developed in Britain by Associated Electrical Industries (A.E.I.) Automation Ltd. for more accurate control of oxygen steel-making processes. From input data on the required weight, analysis and temperature of steel and from other data relating to plant variables, OSCAR, it is claimed, calculates and commands the correct charge-weight of scrap, ore, lime and oxygen. There are two types of OSCAR computer, analogue and digital. The analogue computer acts as an efficient calculating machine and provides the operator with controlling data more quickly and accurately than is possible with the tables and graphs now used. The digital computer, on the other hand, can automatically control the whole process from data fed into it by sensing devices.

Glass Hypodermic Syringe

The traditional type of hypodermic syringes has been in use for a great many years now. It consists of a glass cylinder with a soldered metal tip, a top and a metal piston. Naturally, details of construction have been continually perfected and technological developments have made it possible to improve numerous manufacturing operations without however the basic model having been modified to any fundamental extent. But it has long been known that syringes of this type present certain defects inherent in their design. An interesting novelty in this field was introduced in 1954 when a Swiss firm launched on the market a cylindrical syringe with an interchangeable glass. Today, another Swiss firm has recently produced the first all-glass hypodermic syringe with a removable tip, called "Lubrix." The main advantage of this innovation is its strength. In addition, the tip and the tube being two separate parts, in case of damage, only the tube need be replaced, and that at a very moderate price. Owing to the precision of the different parts, it is quite unnecessary to number the tubes and the pistons as previously. "Lubrix," it is claimed, is easy to clean and the risks of contamination are very small owing to the fact that there is no soldered joint. The Teflon tip with a metal cone has been chosen, thanks to its non-adhesive property. Finally, all normal methods of sterilisation are possible: hot air up to 200°C. the syringe should be sterilised without dismantling.

Multi-contact Plug System

Everyone knows just how indispensable electric plugs are nowadays. But previously with this system it had never been possible to go much above a nominal strength of 10 A. Owing to the increased power of so many machines, it had become vitally important to design a system capable of handling higher strengths. The problem has now been solved by a Swiss firm, with its Multi-contact system. The socket consists of a sleeve cut out of a brass bar. This sleeve comprises a series of contact wires forming a slightly convex cylindrical envelope. The elasticity of the wires guarantees excellent contact with the plug on a multitude of lines distributed over the whole surface of the contact pin. The smallest model, with a contact pin measuring 2 to 3 mm in diameter, is designed for connecting currents up to 25 A. The models with contact pins 35 mm in diameter can handle up to 1,000 A, while certain models with pins 100 mm in diameter are designed for currents up to 4,000 A. The increased temperature corresponding to the abovementioned strengths of current does not go above 45° C for standard type plugs. Certain models however are designed to stand temperatures up to 200° C.

Portable Electric Power Units

A Kr. 7 million (£500,000) order for an undisclosed number of portable electric power units has been placed by the Swedish Army with Hägglund and Söner, mechanical and electrical engineering company. The petrol driven engine units will principally be used for feeding radio equipment. Weighing only 75 kg., the portable power plant can be carried by two men. It is designed for both A.C. and D.C., the latter principally intended for charging accumulators. In A.C. operation the plant has a maximum rating of 1.5 kVA, at simultaneous load for A.C. and D.C. the rating is 1.35 kW. Engine and generator are direct-coupled and the unit, including petrol tank, is enclosed in a frame of light steel tubes for protection in handling and transport. The lower part of the frame is shaped as two runners to facilitate transport. The plant can be started up both manually and electrically, in the latter case also by means of remote control.

Spongy Metal for Seals

Spongy metal coatings are used by the Wall Colmoney Corporation of Detroit, U.S., as a seal for rotating parts which because they warm up in use, expand. The sponge is an alloy of iron, chrome and nickel which can be deposited in layers up to ¼ inch thick. It is then treated to produce good anti-friction qualities. The coating was developed primarily to seal the blades of gas and steam turbines and high temperature pumps. As the blades expand, the sponge is compressed and the seals remain tight. The sponge coating can operate at temperatures up to 2,000 degrees F.

Safety Container for Solvents

Small containers for carrying inflammable solvents, such as those used for degreasing, are now being made by Ets. Butin-Gillet, Rue des Martyrs, Paris, 9e. They are meant for use in place of buckets or open pans, which are often used for the odd cleaning or degreasing job and which create a fire hazard. The containers hold four litres, but only a small quantity of the solvent is available for use at any one time. This is contained in a small oval well at one end of the container and into which a sponge or rag can be dipped. If the can is overturned only the contents of the well are spilled. Emptying of the can is by means of an air valve which has been designed so that it cannot be accidentally operated. The container is especially suitable for use in confined areas.

Dual-purpose Roof Ventilator

A new roof ventilator is said to be the first to provide fully weatherproof ventilation in normal use and, in the event of fire, an unobstructed, funnel opening for the exhaust of smoke and heat. The ventilator, developed by the Colt Ventilation and Heating Ltd., Surrey, England, in collaboration with the Department of Scientific and Industrial Research, can be controlled pneumatically or by cable.

Stockings Made of Polypropylene

Polypropylene fibre is being used for women's stockings by the National Plastics Products Company, of Odenton, Maryland, U.S. The Company claims that it is the first new fibre in sheerhosiery since the introduction of nylon. The company uses a 15-denier monofilament fibre for the leg yarn and 50-denier multifilament yarn in tops, heel and toe. The stockings are intended to be sold for $1.65 a pair.

Nail Driver

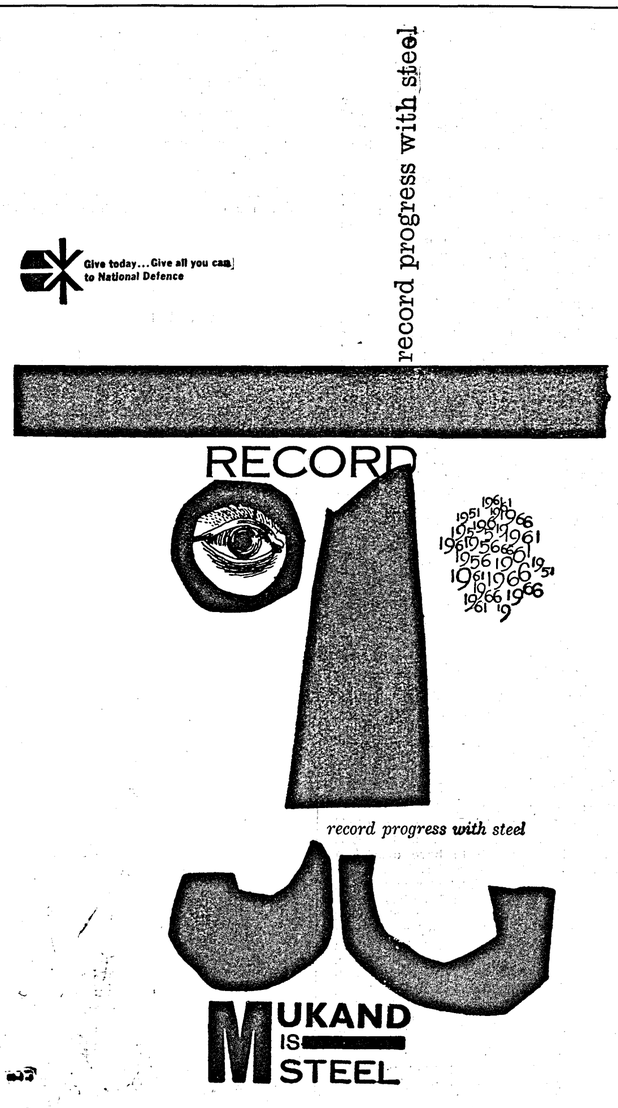
Designed to drive diamond pointed brad nails into the hardest of materials is a new nailer marketed by Lawtons of Liverpool, Lawco House, Liverpool. Suitable for use in assembling small boxes or crates, pinning beech or plywood for hardboard fixing or for pinning mortice and tenon joints or dowels, the tool is air-operated, weighs 6 lbs. and will take five sizes of brads. Also introduced by the same company is the Model G heavy-duty, retractable anvil, stapling machine. This is designed for cartons and the staples used vary between ⅞ to one inch and 1⅛ and 1⅜ inches. The machine is portable and weighs under 20 lbs.

Cartridge Filling Machine

A Norwegian Engineer, Mr. Hans Hiorth, associated with the Norsk Spraengstofindustri, Toldbodgaten, Oslo, Norway, is said to have designed and built a cartridge filling machine which is stated to be able to fill up to 240 cartridges per minute. Explosive compounds in powder form are fed to the machine which fills the cartridge cases with the help of compressed air. There are no moving parts in the system, which is claimed to be safer than more conventional ones.

Inflatable Rubber Bladder for Mine Safety

An inflatable rubber closing bladder for mine shafts to protect the men who do repair work in mines from falling rock has been developed by Trelleborgs Gummifabrik, Sweden's large rubber product manufactures. The device was designed in collaboration with various Swedish mining companies. Usually, wooden structures have long been used for this kind of protection. Besides being a very time-wasting process, the wooden bulwark is often difficult to fit in a shaft with irregular surfaces. The rubber bladder, on the other hand, is easy to install and to remove. It is simply lowered into the shaft and then inflated. Since the rubber conforms to the contours of the pit walls and thus seals the shaft more efficiently than any hitherto known device, the men beneath it can no longer be injured by falling rock. The bladder can also be installed in a fraction of the time required to construct a wooden bulwark.



ECONOMIC AND BUDGETARY TRENDS

INDIAN MERCHANTS' CHAMBER'S REVIEW

FOR the first time a representative commercial body—the Indian Merchants' Chamber, Bombay—has attempted a "Pre-Budget economic survey and review of budgetary trends." This is analogous to the usual *Economic Survey* which the Finance Ministry releases at the time of presentation of the Union Budget. The Chamber's survey, being a non-official effort, bears a certain distinctive stamp. This is evident from its interpretation of trends and its accent on issues requiring examination. It would be very interesting to study on what points this non-official survey and the official survey agree or disagree. But such a comparative study is not immediately possible, for the official *Economic Survey* will not be available before 29th February 1964 when the Union Budget is due to be presented to Parliament. The most that is possible, pending the availability of the official *Survey*, is to present and examine the findings of the Chamber's *Survey* alone here.

The first part of the Chamber's publication deals with the state of the economy as it has actually developed so far under the third Plan. Here, luckily, the Planning Commission's recent mid-term appraisal of the Plan has come in handy for the authors of the Chamber's *Survey*. The Commission's appraisal, it will be recalled, had pointed out that, in the first two years (1961-62 and 1962-63) of the Plan, the annual rate of increase in national income was only 2.5 per cent, as compared with the Plan's target rate of 6.0 per cent per annum. The Chamber has noted, in this connection, that the annual rate of growth in the remaining three years of the Plan would have to be substantially higher at over 8.0 per cent, if the national income in the last year, that is, 1965-66, is to be 30 per cent more than in the last year of the second Plan. Since the agricultural sector, which contributes about 50 per cent to national output, has not performed well in the first three years of the Plan and the agricultural programmes (covering irrigation, soil conservation, improved seeds, fertilisers and plant protection) have not produced the targeted results, the overall rate of economic growth during the Plan period is bound to be correspondingly lowered.

Industrial Production

But that is not all, for the performance of the industrial sector, too, has been disappointing. The actual increases of 6.5 per cent and 8 per cent, respectively, in 1961-62 and 1962-63 in industrial production have been much lower than the target rate of 14 per cent per annum laid down for the third Plan period. The Planning Commission's mid-term appraisal itself has pinpointed the likely shortfalls in the targeted outputs of several industries. The Chamber, for its part, has drawn attention to the existence of large unutilised capacities in a whole range of key industries and consumer goods industries. If the industrial production targets mentioned in the third Plan are to be attained, the rate of industrial growth will have to be doubled in the next two years. But, then, any such increase, in its opinion, will be determined by the removal of factors responsible for slow progress, namely, delays in implementation, impediments to better utilisation of capacity, deficiencies in the supply of raw materials and components. Even in the fields of power and transport, where there has been some improvement on account of the additional investments, the position will not be quite comfortable, unless it is improved in the light of industrial requirements following fuller capacity utilisation for which the Chamber has rightly pleaded.

Referring to the investments so far under the third Plan, the Chamber has given the finding that the high level of investment has produced a low rate of return on account of the industrial and agricultural slack. Taking the public sector, for instance, the Centre's investment on Plan projects has risen from Rs. 430 crores in 1960-61 to about Rs. 690 crores in 1962-63 (Revised estimates) and Rs. 840 crores in 1963-64 (Budget). Central assistance to States for capital formation has increased from Rs. 252 crores in 1960-61 to about Rs. 430 crores in 1962-63. In the private sector of industries, aggregate investment in the first two years of the Plan, estimated on the basis of the data available on capital issues, bank and other industrial credit to industry, imports of capital goods, etc., seems to be more or less of the order envisaged in the Plan. Such high levels of investment, accompanied by an expansion in money supply at a rate higher than the increase in agricultural and industrial production, have led to inflationary pressures. The pressure on domestic prices has been particularly serious in the last two years, namely, 1962-63 and 1963-64.

It had, of course, been expected that such factors as population growth, rise in money incomes and enlargement of the investment programme would lead to additional demand for essential consumption goods. And it was in relation to this expected increase in demand that the targets for agriculture and consumption goods industries had been fixed. But the slow progress towards the attainment of these targets and the defence offtake in the period of the Emergency have aggravated the shortages in supply. The impact of these shortages on prices has not been mitigated or neutralised by buffer stock operations, regulation of distribution agencies, control of prices, fiscal measures, and so on. As the continuing pressure on prices is indubitably derived from continuing shortages in supply, the authors of the Chamber's *Survey* have done well to underline the need for a rapid increase in the production of essential commodities to ensure price stability.

Balance of Payments

The Chamber's *Survey* is more notable for its treatment of the balance of payments situation than for its analysis of production and price trends. After pointing out that, in spite of some improvement in export earnings in the last two years, the basic payments position continues to be one of serious pressure on foreign exchange resources, the authors of the *Survey* have estimated the foreign exchange requirements of the last three years of the third Plan in the following paragraphs:

"On account of the shortfalls in production capacity in the case of steel, tea, oilseeds, and cotton, the present estimates of total export earnings for 1963-64 are Rs. 740 crores and this may rise to over Rs. 800 crores in 1965-66, including exports from Goa which were not previously included in the estimates. The total export earnings for the five years of the Plan are expected to be Rs. 3,700 crores, the target fixed in the Plan. It must be noted that, as compared to 1962-63, the net outflow on invisible transactions would increase in the last three years of the Plan because of larger interest payments on Government account, placed at Rs. 100 crores. The net outflow on capital transactions would also rise and is now estimated at Rs. 400 crores over this period, accounted for mainly by larger repayments on Government account and to the International Monetary Fund. From the estimated export earnings of Rs. 2,300 crores, an amount of Rs. 500 crores will have to be provided for to meet the outflow. It is only out of the balance that provision could be made for the maintenance of imports and for payments that will fall due for project imports against commitments entered into upto March 1963 and estimated at Rs. 100 crores.

"In the next two years, 1963-64 and 1964-65, the non-project imports are expected to be increased substantially, firstly, because of the increased activity associated with defence effort and, secondly, due to growth of production in a number of industries depending on import requirements. Broadly, the requirements of non-project imports during the three years are placed at Rs. 2,400 crores. This would leave a gap between the available foreign exchange resources (excluding external assistance) and the payments in respect of items mentioned above (of Rs. 700 crores) which can be only met by disbursements of non-project external assistance. Assuming that some amount of non-project assistance from Rs. 180 crores available as on March 1963 would spill over to the fourth Plan, the non-project assistance required during 1963-64 to 1965-66 may amount to Rs. 650 crores. According to the Consortium meeting of 1963, about two-fifths of the total of Rs. 510 crores agreed to, that is, about Rs. 200 crores would probably be in the shape of non-project assistance. Taking credit for this amount for the year 1963-64, the additional commitments of non-project assistance for the two years 1964-65 and 1965-66 would amount to Rs. 450 crores."

On the basis of this analysis, the authors of the *Survey* have framed some sensible demands. One is that non-project assistance for providing spares, components and raw materials must be assured in order that industrial production might be maintained at the optimum level. Secondly, a firm assessment of our foreign exchange commitments should be made on the basis of advance action in the implementation of projects. And, thirdly, projects taken on hand should be designed to strengthen the balance of payments by increasing exports and replacing imports; care must be taken to ensure that these projects themselves do not call for excessively large foreign exchange costs.

Budgetary Analysis

The second part of the Chamber's publication has dealt with the budgetary trends and policies in a critical manner with particular reference to Plan outlays by the Centre and the States together. The total Plan outlay for the period 1961-64 is Rs. 4,200 crores (estimated), representing 56 per cent of the five-year outlay of Rs. 7,500 crores in the public sector. It is now expected that, subject to availability of resources, the total third Plan outlay in the public sector will be Rs. 8,000 crores. This would mean that a balance of Rs. 3,800 crores would have to be found in the last two years of the Plan. The additional demand on resources on account of defence is also there. Moreover, the level of expenditure on non-Plan items continues to be at a level higher than what was originally visualised. The Chamber's *Review*, however, has not attempted to estimate defence expenditure and non-Plan, non-development expenditure for the five-year period as a whole.

The *Review* has, on the other hand, provided an estimate of additional tax receipts for the third Plan period as under:

	Rs. crores
(1) Additional yield due to greater buoyancy in tax receipts at 1960-61 rates of taxation ...	800
(2) Aggregate yield of Central tax measures (including changes in railway freights and fares and postal rates) introduced in the first three years of the Plan ...	1,900
(3) Aggregate yield of tax measures introduced by the States in the first three years of the Plan ...	500
Total ...	3,200

It will be recalled, in this connection, that the third Plan had visualised additional taxation at an aggregate of Rs. 1,710 crores (Rs. 1,100 crores at the Centre and Rs. 610 crores in the States) for the Plan period as a whole. Thanks to the buoyancy in normal tax receipts and the large additional tax effort, the proportion of tax revenue to national income is now expected to exceed 14.0 per cent, as compared with the 11.4 per cent visualised in the Plan.

Additional Taxation

It would appear that additional taxation of a larger magnitude than what had been originally envisaged would make up for the expected shortfalls in receipts under some other heads. The contribution of Central enterprises (other than railways and posts and telegraphs), for instance, is not likely to touch the targeted level of Rs. 300 crores. The contribution of railways over the five-year period would, however, exceed the Plan estimate of Rs. 100 crores by about Rs. 50 crores. Market borrowings, which have been of the order of Rs. 525 to Rs. 550 crores in the first three years, may also be expected to exceed the Plan target of Rs. 800 crores (Rs. 475 crores for the Centre and Rs. 325 crores for the States). But it is by no means certain that the small savings target of Rs. 600 crores will be achieved, for the aggregate collections in the first three years are only about Rs. 300 crores. As for external assistance (other than under P.L. 480) which has been estimated at Rs. 1,800 crores for the Plan period, it has come to only Rs. 782 crores in the first three years. Whether the balance (more than Rs. 1,000 crores) will be forthcoming in its entirety in the last two years is rather doubtful. But the I.M.C.'s *Review* seems to be optimistic on this score. Under the head "deficit-financing," the actuals of the first three years would amount to Rs. 580 crores, as compared with the five-year target of Rs. 550 crores. If further deficit-financing is resorted to in the last two years, it may only mean that the massive additional taxation will have been largely eaten up by non-Plan, non-development expenditure. It may not be surprising if the final picture relating to such expenditure in the third Plan period turns out to be much worse than in the second Plan period. But a redeeming feature would, of course, be that a substantial proportion of non-development expenditure is on account of defence.

The Chamber's *Review* has next highlighted several disquieting budgetary trends. It has, for instance, criticised the tendency to underestimate revenue receipts, particularly since the beginning of the second Plan. Actual receipts in the second Plan period, it will be

(*Continued on page 264*)

STATE FINANCIAL CORPORATIONS

WORKING GROUP'S REVIEW AND SUGGESTIONS

THE business of the State Financial Corporations has recently gained some momentum, but their total performance has been much below expectations, considering the size of private industrial investment proposed in the third Plan. The State Financial Corporations Act empowers them to assist concerns by granting loans, subscribing to debentures and underwriting issues of shares and debentures as well as by guaranteeing loans from other sources. But, by and large, they have confined themselves to loans only. Therefore, the Eighth Conference of State Financial Corporations (1961) recommended the setting up of a Working Group to review their working and to suggest ways and means of improving their usefulness. Accordingly, a group of 10 members was set up in June 1962, with Mr. K. C. Mittra of the Reserve Bank as Chairman, representatives of three State Financial Corporations, the Industrial Finance Corporation of India, the Industrial Credit and Investment Corporation of India Ltd., the State Bank of India and of commercial banks as members and Dr. A. K. Banerji of the Reserve Bank as member-Secretary.

In the report which was submitted to the Reserve Bank on 6th February 1964, the Group has made certain important recommendations to promote the growth of these Corporations to the stature of development banks for assisting medium- and small-scale industrial undertakings. The extent of assistance provided by these Corporations depends naturally on the size of their funds. The two major sources of funds are seen to be share capital and market borrowings by debentures; deposits and reserves were relatively insignificant. There is thus need to take steps for a more effective mobilisation of funds: by way of share capital, deposits, bonds as also other additional sources of finance. "If the S.F.Cs are to seriously develop their business," observes the report, "particularly underwriting and gradually also equity financing, they would need to have a stronger capital base to absorb shocks of possible losses."

Deposit Gathering

According to the Group, despite Government guarantee of dividend and principal in respect of the Corporations' shares, the response from financial institutions has not been encouraging, which may be due largely to the dividends, currently fixed at 3-4 per cent, not being sufficiently attractive. It thus considers that a higher rate of dividend would attract funds from private sources and reduce the dependence of these institutions on the State and the Reserve Bank. To encourage the public to keep deposits with these Corporations, the Group has suggested deposit receipts issued by them to be made assignable to third parties and such assignment to be made free of stamp duty, and that every Corporation may be permitted to accept deposits up to *twice* instead of one time its paid-up capital. It has also suggested that the Corporations may join together for an intensive all-India campaign to advertise their various activities to the public.

While bonds have been the major source of funds, the holdings of such bonds are not sufficiently broad-based. For the relatively small sums for which investors have been approached so far, namely, Rs. 15.3 crores, they have depended mainly on the Life Insurance Corporation of India and the State Bank of India. In view of the growing need for raising resources through bonds, the Group has suggested that these bonds may be made more attractive to different types of investors if their maturity pattern is biased in favour of shorter periods; thus, there may be bonds of medium- as also medium-long maturities—the former for banks and individuals and the latter for bodies like the L.I.C. and Trusts. The Group holds that, though the L.I.C. has been an important contributor to these bonds so far, its holdings are small in relation to the long-term investible funds at its disposal. It considers, hence that there is a case for the L.I.C. to make available to these Corporations lines of credit, up to about 2-3 per cent of its total investments, to enable them to draw funds against bonds according to their requirements. The Group has further recommended that the Government may agree to some part of the large annual flow of resources to provident funds to be invested in these bonds and treat bonds and deposit receipts of these Corporations as approved securities under Section 11(2) (b) of the Income-tax Act, so that investments in them by charitable institutions may be exempted from income-tax.

While these suggestions are designed to augment the flow of funds from existing sources, the Group stresses the need for larger direct assistance by the Government or the Reserve Bank; the Government should provide for loan assistance to them as to the Industrial Finance Corporation and the Industrial Credit and Investment Corporation of India. Alternatively, the Reserve Bank should create a special fund, "National Industrial Credit (Long-term Operations) Fund," on the analogy of the National Agricultural Credit (Long-term Operations) Fund to serve as a standby for supplementing their resources.

Investor-Participation

With a fortified resources position, the Group envisages these Corporations to burgeon into development agencies for assisting rapid industrialisation. As yet they have played a small part in financing long-term capital needs through debentures, and they cannot participate directly in industrial equities. The importance of these functions cannot be overemphasised if these institutions are to fulfil their role. To broaden existing and potential investor-participation in industry, the Group has stressed the need for equity and debenture financing and recommended the necessary amendment of the State Financial Corporations Act. The Corporations could make a beginning by participating in equities of seasoned enterprises in collaboration with the Industrial Finance Corporation and the Industrial Credit and Investment Corporation of India which would enable them to build up the necessary expertise.

The industry-wise analysis of Corporations' advances, done on a uniform pattern for all Corporations for the first time, revealed that a few traditional industries like food manufacturing (including cold storage) and textiles absorbed a good part of their assistance, while, with a few notable exceptions, they shield away, from the newly developing industries. Viewed against the background of even such limited measure of diversification of the country's industrial structure that has been recently attained, they have not contributed significantly to this achievement. Perhaps the reasons are stress on adequacy of security, excessive caution in loan policies, lack of technically qualified persons on the staff to appraise proposals from the less well-known sectors of industry, and the fact that these Corporations had no foreign exchange resources to back up on their own loan proposals involving exchange.

The report has, therefore, highlighted the need for a reorientation of their criteria for assessment of loan applications. In the words of the Working Group, "more concern with the earning prospects and less with security will open the way to help deserving enterprises, particularly new ones which may not be able to provide conventional security but have an acceptable scheme and are managed by competent persons." It has thus been recommended that Section 25(2) of the State Financial Corporations Act, which requires that the loans should be "sufficiently" secured, may be amended so as to provide that due regard shall be had *primarily* to the prospects of the operations of an industrial concern and the accommodation shall be secured to the extent which may be considered by the Board to afford reasonable protection.

According to the Group, the provision of finance is only a part of the functions of State Financial Corporations. They should also be equipped to provide guidance and assistance in fostering projects, steer different schemes until they fructify and equip themselves fully to undertake post-credit services.

Working Results

Coming to their working results, the report observes that the net impact of the heavy burden of taxes and guaranteed dividends *vis-a-vis* low earnings has been that these Corporations have built up meagre reserves and are weighed down by a subvention liability of over Rs. 1.6 crores. "But the financial position in which many of them find themselves today and which they are likely to experience for some more years is not one that can be allowed to continue with equanimity." The Group points out that such a situation would not have developed, if that part of gross profits which is required to pay guaranteed dividends—which is really of the nature of an expense item—had been exempted from tax when the institutions were set up. As a decade has elapsed and a few State Financial Corporations can now pay dividends without subventions, it has suggested a variant of this concession to benefit the Corporations without involving Government in any greater loss of revenue than at present, viz. the stepping up of the tax exemption limit in respect of credits to the special reserve account, introduced by the Finance Act, 1961, from 10 per cent to 25 per cent, subject to the same overall limit of such credits, that is, up to the paid-up capital. In addition, it has also suggested (i) that the State Governments and the Reserve Bank may surrender their entire dividends on the shares of these Corporations for being credited to the special reserve fund up to a ceiling of 25 per cent of the paid-up capital rather than 10 per cent as at present and the subvention liability should be written off. The State Financial Corporations, on their part, may try to evolve an appropriate multiple rate structure tailored to the risk-rating of the loan propositions, their size, period, etc., instead of charging a standard rate; also they may adjust their present lending rate to allow them a margin of at least 2½ per cent.

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CHAIRMAN'S STATEMENT

VOLTAS LIMITED

MR. J. D. CHOKSI STRIKES A NOTE OF OPTIMISM

THE following is the statement by Mr. J. D. Choksi, Chairman, Voltas Limited, circulated to the Members of the Company, with the annual report for the year 1962-63:

It gives me great pleasure to report excellent results for this ninth year of our operations. We have now reached, I think, a stage from which there is no going back. Our problems have increased, but so have our achievements. The shareholders can claim a fair share of our success for they have given us, through the years, much encouragement and support. We shall need both these at the present moment.

Funds for Expansion

As you know, a proposal for a rights issue will be placed before the annual general meeting for approval. The capital structure has remained unchanged since 1956 when it was increased to Rs. 255 lakhs. This latter sum, along with profits retained in the business have supplemented our cash credit facilities from banks and have sufficed so far to provide the Company with the funds needed for its expanding volume of trade. Our sales have increased by 100 per cent in the last four years, and as the expansion in our manufacturing activities has taken concrete shape with the start of construction of our new factory at Thana, the demand for fresh funds has become inevitable. Pioneers, as we are, in the field of air conditioning, we propose to carry forward our manufacturing plans in this field to a further stage of self-sufficiency. Once we are able to manufacture the compressors required by this industry, the Company will have gone a long way towards meeting the backlog of demand created by import restrictions and the additional requirements of the defence forces, of Government and industrial undertakings and offices, to say nothing of growing requirements for "comfort cooling." After air conditioning, our manufacturing activities will be largely concentrated on materials handling and mining equipment and in other joint venture projects in which your Company is interested and will participate as promoters, shareholders and selling agents.

Finance has, accordingly, to be provided for the manufacturing unit, and for shares in the joint ventures and finally for working funds. The Directors' report indicates steps taken for procurement of the additional funds which include a rights issue to shareholders. I think shareholders will agree with me that the terms of issue (which require the approval of the Controller of Capital Issues) are reasonably attractive.

The tax demand on last year's profits, in spite of the additional reserves provided to meet it in the Company's accounts, proved to be substantially higher than anticipated. On the same scales this year's taxes work out to approximately 65 per cent of the profits. A tax system, so devised as to leave to the shareholders of a company, rich and poor alike, 35 per cent of the profits for dividends (on which again taxes will be payable at rates applicable to individuals rising to 87 per cent), rehabilitation and expansion plus contingencies can only lead ultimately to a negation of democracy in which private enterprise can play a worthwhile role. The only justification for such measures would be when the nation is in a state of dire peril. We can only hope, that notwithstanding the heavy burdens on the national exchequer, the impact of these self-defeating tax measures will be substantially curtailed in the Finance Bill of 1964, bringing some relief to trade and industry and placing them in a better position to develop and expand and so meet the challenge of the Plans.

Let me now carry a stage further the main theme of my statement last year. In any marketing activity, the customer is king, and customer satisfaction is the axis on which the sphere of marketing revolves. Voltas, in conforming to the criteria of dynamic marketing has, therefore, assigned as important a role to its service, as it has to its sales.

After-sales Service

Essentially, Voltas' trading operations are in themselves an economic service to the community, since they ensure the equitable distribution of goods at fair prices on a nationwide basis. Yet over and above Voltas' actual selling activities are the services it renders before and after sales. It is this complementary aspect of our marketing functions that I would like to describe.

While it is our practice to offer such presales information and advice of a technical nature as enables a customer to choose equipment or materials that are profitable to his venture, the greater part of the Company's services comes after sales; Voltas' after-sales service is now a by-word in the country. This reputation has been achieved over years of careful planning and execution. It is our strong conviction that after-sales service is an important phase of the whole plan of marketing. After-sales services, if adequate, create continuous customer goodwill and confidence and stimulate repeat orders and establish brand loyalties.

After-sales service, in the widest sense, is any service rendered to a customer after the transaction of sale is made. It is any service performed after an order is booked or after a formal agreement to sell and buy has been reached. Basic after-sales services include good packing, quick deliveries at the customer's convenience, timely presentation of invoices that are easy to read and understand, courteous methods of collecting outstandings and a helpful attitude in settling claims which may arise.

The Company's technical after-sales services mainly cover quality guarantees to keep machinery or equipment sold in workable condition for a pre-determined time at the total or partial cost of the supplier, manufacturer or distributor. The cost of these obligations is substantial. But the Company tries to render that type of service as is close to the requirements of the customer.

Training to Staff

Many of you are familiar with the Voltas Crystal room air conditioners and, as you know, air conditioning for comfort-cooling enters into the personal life of people. To ensure that our clients enjoy the comforts of air conditioning without interruption, our services are so organised as to enable a telephone call requesting service to be attended to without appreciable delay in most centres of the country. You will realise what this means in a city like Bombay, where there are 15,000 air conditioners that require service by the Company and in which Voltas' air conditioning and refrigeration division receives about 200 calls a day. As much thought and planning must go into the devising of an after-sales service system as is accorded to a production plan. Consequently, the Company has to provide for an adequate number of trained servicemen, for suitable equipment and facilities and sufficient working capital as would be provided in any large-scale activity in an industrial or business organisation.

To provide for this and, at the same time, to maintain a high standard of service, the Company has its own training schemes to feed its service force. Every six months, about 40 trainees receive basic training at our Chinchpokli Works and are then absorbed by the various divisions for more specialised and on-the-job training.

On a wider scale, where the Company's clients are project authorities, Voltas' after-sales service assumes even greater significance. As many of you are aware, your Company supplies giant machines like bulldozers, excavators and cranes that are used for the larger projects of the nation. The standing charges and operating cost of any one of these machines vary from Rs. 50 to Rs. 250 per hour. One can fairly visualise the extent of the loss to the nation in the event of a breakdown of such machinery. In most cases, the Company's service staff not only erect these machines at project sites, but also train the customer's own works forces to take over their maintenance and working with a minimum loss of time and efficiency.

Obtaining Spare Parts

Another aspect of after-sales service is the assistance a customer receives in obtaining spare parts. Severe import licence restrictions make it impossible for us to maintain our own stocks of spare parts at levels which we consider fully adequate for customer requirements. However, in many ways, we assist customers, including Government projects, in obtaining import licences for essential parts and in storing and distributing them. The Company's own inventory of spare parts contains 80,000 items, representing an investment of over Rs. 2 crores with an organisation of close on 175 persons. The Company goes a step further in ensuring customer satisfaction by assisting its dealers in establishing their own service schemes and service stations and by training their personnel.

The costs of after-sales have to be controlled if these are not to run away with profits. But judicious expenditure in after-sales service is in the best interests of good business. After-sales service acts as a market builder. When the services prove satisfactory, the Company's reputation and that of its products are enhanced and a wider market created through customer satisfaction and goodwill. Moreover, after-sales service helps the Company to watch continuously the performance of a product and to gauge market reactions. It provides a feedback service on which to base the development of better products.

The Maligned Middleman

Twenty-three per cent of the Company's staff are directly or indirectly assigned to various forms of service. This alone will give a measure of the importance we attach to this aspect of marketing. In the present phase of national development, in which most items of equipment are in short supply, the importance of keeping installed equipment in working order can easily be assessed. We hear much these days about the necessity of nationalising the import and distribution trades of this country. Few of the radical 'nationalisers' may be aware of the obligations and services that are involved in importing and distributing technical equipment and machinery such as I have tried to outline in this statement. The oft-maligned "middleman" may appear in a different light if the service aspects of distribution and marketing are properly understood.

I should like to close this statement by expressing the appreciation of the Board and all of you for the excellent services performed by the organisation as a whole during the year.

Note: *The above statement is not a report of the proceedings of the Annual General Meeting which will be held on the 27th February* 1964.

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MEN BEHIND THE EXPORT DRIVE

NEED FOR PUBLIC RECOGNITION

By A Special Correspondent

COMMENTING on the mid-term appraisal of the Third Five-year Plan, the Federation of Indian Chambers of Commerce and Industry remarked that taxation was the only sphere where the achievement had exceeded the target. Now it looks as if the target will be exceeded in respect of exports also. The Ministry of International Trade has estimated that exports in 1963-64 will reach a record level of Rs. 780 crores, or even more if postal exports are also included in the overall calculation, as against the actual exports, inclusive of re-exports, of Rs. 715 crores in 1962-63.

If the Ministry's estimates prove correct, it is certainly a creditable achievement. For nearly a decade, India's export trade had remained somewhat stagnant and it is, therefore, gratifying to be told that the country has done very well in the most important and difficult sphere of export.

Mr. K. B. Lall, India's Ambassador in Brussels, once remarked that it was the British importer who had forged the trade connections with India. He added that the Indian exporter had little to do with the flow of Indian goods into Britain. The exporter did not sell his wares—it was the British importer who bought them. India's Trade Commissioner in Bonn also observed sometime ago that the credit for exporting Indian goods to West Germany must go not to Indian exporters but to the foreign importers who skimmed the globe for supplies required for the maintenance of the German economy.

Export Effort

Whatever might have been the position in the past, it cannot be denied that, recently, Indian businessmen have been making determined efforts to increase exports and earn more foreign exchange. Credit for bringing about this welcome improvement in export should go, in a large measure, to Mr. Manubhai Shah, the Union Minister for International Trade. Mr. Shah has shown considerable drive and enthusiasm in his work. Mainly on his initiative a series of measures have been adopted in recent years with a view to giving a powerful fillip to our exports. Export control has been considerably relaxed, the system of inecntives has been made more effective, cost reduction studies have been taken up, export promotion councils and commodity boards have been strengthened, and a number of other important steps have also been adopted to stimulate exports.

While the Ministry of International Trade and other economic ministries deserve our gratitude, it must be admitted that praise is due to our industrialists and businessmen also as they have played a notable part in the export trade. It is unfortunate that the Government of India has not evolved any scheme for public recognition of the services of those businessmen who have a remarkable record of export to their credit.

Special Incentive

The Board of Trade, at its second meeting held at Calcultta in July 1962, expressed the view that it would be desirable to provide an incentive in the form of recognition of outstanding work and performance of merchant-exporters and manufacturer-exporters in different export items. It suggested that suitable criteria might be evolved carefully, which might be varied from commodity to commodity. The factors that would be taken into account in framing the criteria would include extraordinary performance in terms of value of exports, introduction of Indian products in difficult markets, conduct of research and market studies and also provision of after-sales service for promotion of exports. The total number of awards per year might be of some limited number. The idea was to formulate the scheme in such a way that every exporter should be able to qualify for public recognition in the form of export medals, certificates and merits of honour for export performance.

It is not known why this scheme was not proceeded with. The Government of India awards honours to those who distinguished themselves in various fields—administration, diplomacy, army, police, education, music, sports, etc. There is no reason why excellence in exports also should not be singled out for public recognition. The need for achieving a continuous increase in exports remains as urgent as ever and it is wrong to allow people, who creditably acquit themselves in this field, to remain unknown, unhonoured and unsung.

While on the one hand those who display dynamism in export should be honoured, the persons who continue to indulge in malpractices of one type or another should be dealt with strongly, so that India's fair name in world markets will not get tarnished. Although the number of instances of malpractices in export trade may not be large in relation to the total volume of our trade, it should be noted that even a few cases will suffice to harm the country's reputation. As an official committee has observed: "India is on its way to be an exporting nation; and, unless Indian businessmen inspire confidence in their dealings in the minds of their overseas buyers, all efforts and all measures of export promotion would fail. Offenders could be put on black list which should mean their debarment from receiving any incentives or consideration in this respect."

Task Formidable

While the export performance for the current year is a matter for congratulation, it should not be allowed to create complacency. The task before us is formidable. Competition for Indian goods, both traditional and non-traditional, is becoming more and more acute while our own costs of production also tend to go up steadily owing to various factors beyond industry's control. In such circumstances, the utmost effort should be made to ensure that all obstacles to exports are removed and every encouragement is given to those engaged in this vital work. While fiscal and other incentives have their own value, official or public recognition of outstanding export performance will also go a long way towards encouraging those already in the export trade to do better and to persuade others to enter the export field and serve the country.

CONSUMER PROTECTION IN U.S.

In a bid to save the American housewives from fraud, false advertisements, deception and other harmful mean practices in the market place, President Johnson has asked Congress for legislation to protect the interests of consumers. In a message sent to the Congress on the 5th inst., President Johnson has urged the Congress to strengthen the Government's authority to assure the purity and safety of consumer goods like food, cosmetics and pharmaceuticals. The President does concede that the Administration is already vested with authority to deal with such anti-social elements, but he emphasises that something more should be done. The six major proposals which he has put forward cover the following:

1. Extend inspection authority over foods, patent medicines, cosmetics and therapeutic devices;

2. require that cosmetics be tested and proved safe before they are marketed;

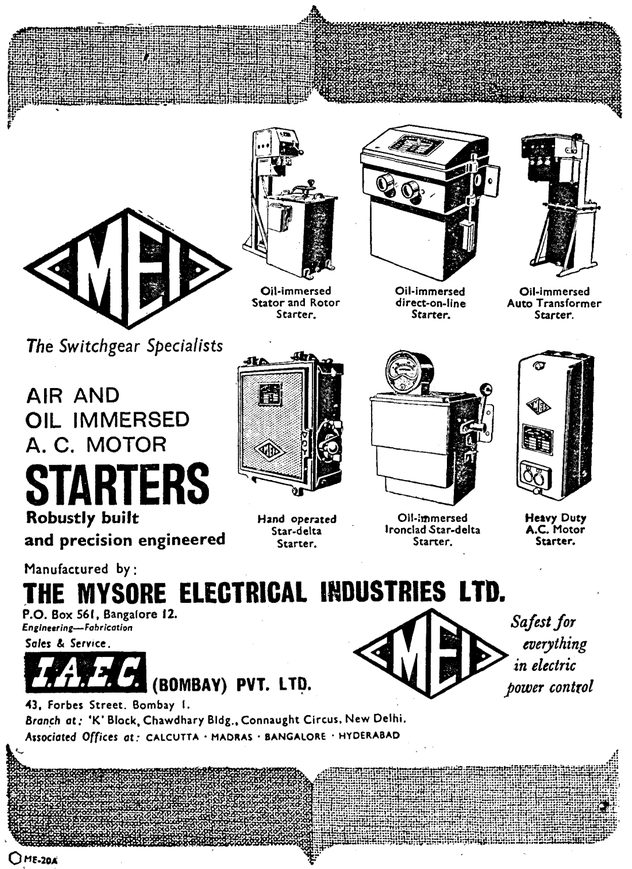
3. pass laws to eliminate deceptive or confusing packaging and labelling of food and other commodities;

4. strengthen present laws to require a greater burden of proof by manufacturers that pesticides are safe;

5. require all lenders to disclose to borrowers in advance full details of the annual rate of interest they must pay; and

6. compel full disclosure of information regarding the purchase of the "over-the-counter" stocks and securities.

Commending these proposals for the acceptance of the Congress, the President says: "Far too long the consumer has had too little voice and too little weight in Government. ... The American housewife—the major American consumer—cannot help but feel confused, and too often unheard, as she seeks the best value for the hard-earned dollar she spends."



U.S. AID TO INDIAN AGRICULTURE—II

AGRICULTURAL UNIVERSITY IN U.P. MODELLED ON LAND-GRANT COLLEGES

By Dr. S. Chandrasekhar

DIRECTOR, INDIAN INSTITUTE FOR POPULATION STUDIES, MADRAS

A MAJOR barrier to Indian agricultural development through the years has been the absence of education in the latest agricultural and allied sciences at the rural peasant level where it is most needed. Indian education has been largely classical and literary under the British; and, when agricultural colleges were established, they catered to the city youths who desired to become white-collared officers in the State Government Agricultural Departments—officers notoriously unwilling to soil their hands and far removed from the dirt-farmers in the rural areas. Hence, the latest developments in agricultural knowledge remained with the educated administrators and their files and manuals and did not percolate to the tiller of the soil. American aid to Indian agriculture has sought to rectify this serious drawback in Indian agricultural development by helping found Agricultural Universities modelled after the American Land-Grant colleges. The first such university to be established in India is the Uttar Pradesh Agricultural University at Rudrapur which opened its portals to the first batch of students in 1960. The importance and relevance of such agricultural universities in the present context of Indian agricultural development can be appreciated when the historical background that brought the American Land-Grant colleges into existence becomes better known.

A hundred years ago, when the United States of America was in the throes of a civil war (1862-65) in the cause of Negro freedom and the stability of the union, the country was predominantly agricultural, much as India is today. Nearly 80 per cent of the population was rural and an average farmer produced enough for two people (today an average American farmer produces enough for 25 people). The yield per farmer and per acre was small, storage difficult and expensive and the farmer's *per capita* income was relatively low.

American college and university education then was patterned after that of Europe, much as Indian education is patterned after the British. It was a classical education which had little to offer to the practical problems confronted by the farmer and the artisan. Industrialisation of America had hardly begun. Agricultural knowledge was traditional and handed down from generation to generation. It was not considered dignified enough to have a curriculum and syllabus fit to be taught in a college. This empirical and commonsensical agricultural knowledge was useful but without scientific content inadequate to the needs of developing agriculture in a vast country.

The American farmer and his representatives in the Congress protested against the then existing formal classical education and demanded educational institutions where scientific agricultural knowledge would be imparted. In response to this request, Senator Justin S. Morril of Vermont introduced the necessary legislation. The Morril Act, that is the Land-Grant Act, received the assent of President Lincoln in 1862. This Act "provided for the grant of land to each State on the basis of 30,000 acres for each member of Congress. The land thus granted was to be sold and the proceeds invested in Government bonds at five per cent interest. The income thus secured was to be used for:

'the endowment, support and maintenance (in each State) of at least one college where the leading object shall be, without excluding other scientific and classical studies.... to teach such branches of learning as are related to agriculture and the mechanic arts in such manner as the legislatures of the States may prescribe, in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions in life'."

After a quarter century, the United States passed the Hatch Act of 1887, by which Agricultural Experiment stations were established throughout the country. The Land-Grant colleges, which number 68 today, working in close association with the Experiment Stations, became responsible for the co-ordination of all agricultural research activities throughout the country.

And about half a century after the establishment of the Land-Grant colleges, the U.S. Government appropriated large sums of money for extension work in Agriculture and Home Economics by passing the Smith-Lever Act in 1914. The Land-Grant colleges brought science to agriculture and made farmers as scientific and well-informed about farming as possible. The Agricultural Experiment station demonstrated the latest knowledge in making agriculture as productive as possible. And last, this combined knowledge was brought to the home and the kitchen. The present extremely high level of productivity in agriculture and the high nutrition standards of the people—apart from the countless gadgets that bring comfort and convenience to the American homes and kitchens—are the product of these three vital innovations.

And it is this rewarding and cumulative experience that the United States Government is now sharing with India, when it helped to set up the first Agricultural University in Rudrapur in Uttar Pradesh.

The development of agricultural universities in India on the model of American Land-Grant colleges goes back in a sense to 1948. During that year, the Government of India appointed the Indian University Education Commission to report on and suggest reforms in university education to meet India's current and future needs. The Commission studied the Land-Grant college and recommended its adoption in India. Consequently, the Governments of the United States and India signed a Programme Agreement in April 1954, popularly known as 028, to co-operate on this matter.

In 1955, an Indo-American team of prominent agricultural educationists was organised to study the agriculture, veterinary colleges and research institutions in India and the United States. They recommended a programme directed towards the establishment of a few leading agricultural institutions where teaching, research and extension education are fully co-ordinated to meet the diverse requirements of agricultural development in India.

In 1956, Dr. H. W. Hannah of the University of Illinois prepared a "Blueprint for a Rural University in India." The Uttar Pradesh State Legislature enacted a law establishing the U.P. Agricultural University in 1958. The University was inaugurated in July 1959, marking a new era in Indian university education by the introduction of the American Land-Grant college pattern of education in India.

This is the first university in India where many of the American procedures have been introduced. Students learn the theory of agriculture and then put what they have learned into practice on the 16,000-acre farm attached to the university. Students have an opportunity to earn while they learn. That most valuable lesson—the dignity of labour, particularly manual and physical labour—is inculcated. There are no peons (*chaprasis*) on the campus to run errands, for the *students* run their own errands. Students operate as postal clerks, telephone operators, farm workers, laboratory helpers and do many odd chores in the poultry, dairy and other departments of the university.

The Agricultural University is the first institution in the country to offer an integrated programme in agricultural education, research and extension work, incorporating the best and the latest in American educational policy and technique. The university has also adopted many of the American academic procedures. These are the course, credit, advisory systems along with frequent quizzes (tests). The student is not judged by a simple comprehensive examination at the end of his whole course—an examination that decides his fate. As in American universities, the curriculum is broken up into separate courses, each of which is attended separately and examined separately. Different courses are for different credits, ranging from one to four. The more credits a student obtains the greater the scholastic progress towards the completion of the curriculum. The needs for completion of the entire course of studies for the degree are not expressed in terms of a number of years, as in other Indian universities, but in terms of the number of credits required and completed. Therefore, a bright student can obtain the degree earlier than an average student. The gifted and the below-average together need not plod on for a required number of years.

The U.P. Agricultural University has several constituent colleges. They are the College of Agriculture, College of Veterinary Medicine, College of Agricultural Engineering and Technology and a College of Basic Sciences and Humanities. It is proposed to add three more colleges—a College of Home Science, a Postgraduate college and an Agricultural Teacher Training Programme.

The American financial assistance to the Agricultural University has taken three major forms: (1) by providing American professors to the university and sending Indian professors to the United States for advanced training in a variety of disciplines; (2) by making dollar grants for the supply of scientific equipment to the various laboratories. These include: animal cages for cats, rabbits etc., balances, barometers, centrifuges, distilling apparatus, electronic tubes, forceps, heating ovens, incubators, microscopes, refrigerators, sterilisers, transformers and many other instruments and implements. The total amount of books and equipment now available in India is about $600,000; (3) by meeting the non-recurring (capital) expenses of the university. The rupee expenses are met by *grants* from the sale proceeds of agricultural commodities supplied to India under U.S. Public Law 480 and Section 402 of Public Law 665.

The United States Government envisages that the total American aid to the Rudrapur University from the beginning of the project in June 1960 to October 1965 will amount, by way of grants, to:

Dollar financing	...	$1,532,000=Rs.	72,92,000
Rupee financing	...	$4,800,000=Rs.	2,21,42,000
Total dollar and rupee grants	... ...	$6,322,000=Rs.	3,01,42,000

That is, the total anticipated American aid to the Rudrapur university will thus amount to a little over Rs. 3 crores by 1965.

The U.P. Agricultural University serves today both as a model and as a pioneering institution for other States to set up similar agricultural universities. Already two or three States (the Punjab and Rajasthan) have set up their own agricultural universities. Other States are on the way to passing enabling legislation to set up similar agricultural universities. It is hoped that, before the end of the third Five-year Plan, every State in the Union will have its own Agricultural University, eventually solving the twin problems of agricultural education and production.

(To be continued)

THE METTUR CHEMICAL AND INDUSTRIAL CORPORATION LIMITED

Registered Office: Mettur Dam R.S.

INTERIM DIVIDEND NOTICE

THE BOARD OF DIRECTORS HAVE declared an interim dividend of 3 per cent free of tax on each old 6 per cent tax-free preference share in accordance with the provisions of the Preference Shares (Regulation of Dividends) Act, 1960, and 6.25 per cent subject to deduction of tax on each old equity share for the year 1963-64.

The Directors have also resolved that the new 9.3 per cent cumulative preference shares (subject to tax) and the new equity shares allotted on 27th January 1964 will be paid the dividend for the year 1963-64 at the time of declaration of the final dividend for the year 1963-64.

The Dividend Warrants will be posted to shareholders on or after 16th March, 1964.

The Register of Members and share transfer books of the Company will remain closed from 3rd March 1964 to 16th March 1964 (both days inclusive).

By Order of the Board,
SESHASAYEE BROTHERS PRIVATE LTD.,
Managing Agents.

METTUR DAM R.S.,
5th February, 1964.

SMART RISE IN ALKALI'S PROFIT

NEARLY 40 PER CENT OF IT PLOUGHED BACK

A SMART recovery in gross profit from Rs. 112.79 lakhs to Rs. 157.84 lakhs, which wipes out about two-thirds of the setback of Rs. 69.05 lakhs suffered in the previous year, is the most striking feature of the considerably better results of the Alkali and Chemical Corporation of India Ltd. (Secretaries: I.C.I. (India) (Private) Ltd., Calcutta) for the year ended 30th September 1963. Sales have surpassed the previous year's record figure of Rs. 695.15 lakhs to Rs. 813.36 lakhs and the profit (before tax), having increased from Rs. 71.72 lakhs to Rs. 110.87 lakhs, stands, as the percentage of total net assets employed in business, at 11.1 as against 8.3 a year before. After claiming development rebate and relief under Sections 84 and 101 of the Income-tax Act, 1961 amounting to Rs. 48.01 lakhs (Rs. 17.22 lakhs a year before), the tax liability on the profit for the year is estimated at Rs. 33.50 lakhs, as against Rs. 27.22 lakhs in the previous year.

Net profit, after tax, amounts to Rs. 77.37 lakhs, that is, Rs. 36.87 lakhs more than in the previous year. Nearly 40 per cent of it has been ploughed back to reserves, the aggregate figure being Rs. 30.23 lakhs, as against Rs. 1.10 lakh a year before. An interim dividend of 75 nP per share, subject to deduction of tax, was paid in May 1963. With the final dividend at 75 nP, the total for the year has been maintained at Re. 1.50 per share. The dividend absorbs Rs. 46.50 lakhs, leaving Rs. 5,671 as the surplus to be carried forward, as against Rs. 1.37 lakh brought in.

The following table compares the year's results with those for the previous three years:

(In lakhs of rupees)

	For the year ended 30th September			
	1963	1962	1961	1960
Sales, less rebate	813.36	695.15	662.53	539.89
Other income	13.59	8.11	7.26	5.03
Closing stocks	120.09	183.22	175.21	79.58
Purchase of finished goods	..	19.34	89.86	..
Manufacturing expenses ..	467.87	455.48	375.31	292.51
Other expenses	138.11	123.66	118.41	113.55
Gross profit	157.84	112.79	181.84	162.43
Provision for—				
Depreciation	46.97	41.07	40.56	33.12
Taxation	33.50	27.22	52.50	25.00
Net profit	77.37	44.50	88.78	104.32
Income as percentage of net capital employed*	11.1%	8.3%	19.2%	17.9%
Transfer from reserves and provisions	..	5.32	2.55	12.83
To reserves	30.23	1.10	43.00	78.00
Dividends—				
Preference	2.01	2.01	2.01	2.01
Ordinary	46.50 (15%)	46.50 (15%)	46.50 (15%)	37.20 (12%)
Carry forward	0.06	1.37	1.16	1.34

Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	33.00	39.50	52.52	44.25	38.25
Low	30.75	28.50	37.50	29.81	22.60

* Income before taxation, but after depreciation, as percentage of total net assets employed in business.

The improved financial results have essentially followed the encouraging production trend during the year. Polythene production, for instance, reached a record level and, as regards paints and pretreatment chemicals, the concentration was on the higher quality products for which there is an increasing market. Further, the new rubber chemicals plant was commissioned and manufacture of the first range of products established during the year. The chlorine, caustic soda and H.C.I. plants achieved a higher output, particularly in the case of hydrochloric acid. But the profitability of these products was restricted by rising costs of power and salt and the unchanged selling prices because of the Government control. Finally, in the insecticides section, a further increase in output from the "Gammexane"/BHC technical unit was recorded during the year.

It may, however, be noted here that both production and the volume of products sold had expanded sizably in the previous year too; only sales realisation and profit had failed to reflect that expansion because of the reductions that had to be made in selling prices of polythene and paints in order to meet competition. The marked rise in sales and profit during the year under review gives cause to believe that the selling prices were not cut further. Besides, the profit seems to have gone up also because of a general decline in the overall costs as can be seen from the following figures (the previous year's comparable figures are given in brackets) showing how the Company distributed every 100 nP during the year:

Materials and services 43 (45), staff expenses 11 (12), other manufacturing and administrative expenses 4 (5), depreciation 6 (6), freight and transport charges 2 (3), selling expenses 8 (9), interest paid 3 (1), excise duty 9 (9), taxation 4 (3), shareholders' dividends 6 (7) and retained in business 4 (*nil*).

Referring to the Company's expansion programme, the Directors state that construction of the new intermediate density polythene plant is nearing completion and production is expected to start shortly, though full utilisation of the capacity will be dependent upon sufficient alcohol becoming available. Design and ordering of a new resin plant have been completed. It is anticipated that this and the associated equipment for achieving an increase in the paints production capacity will be installed by the end of this year. This plant will also enable adoption of more modern methods of paint manufacture. Intensive methods have been made by the Company to increase its exports. Its representatives visited last year a large number of markets in the Far East and South-East Asia. Exports during the current year are expected to exceed those recorded last year.

The Company's paid-up capital is unchanged at Rs. 341 lakhs, including Rs. 31 lakhs in 5 per cent cumulative preference shares of Rs. 100 each. It is backed by reserves and surplus amounting to Rs. 226.39 lakhs. Bank borrowings have increased from Rs. 278.10 lakhs to Rs. 382.02 lakhs and, together with current liabilities and provisions shown at Rs. 234.90 lakhs, bring the total indebtedness to outsiders to Rs. 616.92 lakhs, which exceeds the total of current assets, book debts and investments by a sizable figure of Rs. 237.34 lakhs. This rather heavy indebtedness is explained by the net addition of Rs. 197.42 lakhs to fixed assets, bringing the gross block to Rs. 839.01 lakhs, which has been written down to Rs. 592.48 lakhs. Together with capital work-in-progress at Rs. 212.24 lakhs, the total net block is shown at Rs. 804.73 lakhs.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 31.62 *cum-div.* (final) and give a net yield of 3.4 per cent per annum.

I.F.C. INVESTMENT IN FORT GLOSTER

The International Finance Corporation of Washington has agreed to provide, jointly with the Continental International Finance Corporation, a subsidiary of the Continental Illinois National Bank and Trust Company of Chicago, loan and share capital amounting approximately to $1.20 million (the equivalent of Rs. 57 lakhs) to the Fort Gloster Industries Ltd. for its Rs. 4-crore expansion and diversification programme. The I.F.C.'s investment will consist of a loan of $812,000, repayable in 14 semi-annual instalments, beginning in April 1967, and the purchase of 10,000 new equity shares of the Company for a total subscription of approximately $400,000. These shares will form part of the 41,500 right shares of Rs. 100 each to be issued by the Company at a premium of Rs. 90 per share, the remainder of which will be offered by it to its existing shareholders. Additional resources for the Company's programme will come from a Rs. 59.50-lakh loan from the I.C.I.C.I. Ltd., out of which Rs. 37 lakhs will be in foreign exchange from the resources made available to it by the World Bank.

The expansion programme is expected to take shape next year. Concurrently, the Company is engaged in modernising its jute manufacturing facilities and installing new equipment for the production of wide hessian for meeting the rising demand for jute backing for tufted carpeting in the United States.

(*Concluded from next column*)

turbo alternator set from Messrs. Siemens of Germany. Once this turbo alternator set is under operation, which is expected to be by October this year, the Company will have electrified a large section of its factory for obtaining a considerable improvement in the quality and quantity of sugar produced.

The financial position of the Company is sound. Its paid-up capital, unchanged at Rs. 30 lakhs, comprises Rs. 12.50 lakhs in 5 per cent, tax-free, redeemable cumulative preference shares of Rs. 100 each and Rs. 17.50 lakhs in equity shares of Rs. 10 each. This capital is backed by reserves and surplus amounting to Rs. 16.84 lakhs. Secured bank loans have receded from Rs. 23.40 lakhs to Rs. 6.33 lakhs. These loans and current liabilities and provisions bring the total indebtedness to outsiders to Rs. 24.80 lakhs, as against which current assets, book debts and investments aggregate Rs. 41.32 lakhs. The gross block of Rs. 58.27 lakhs (Rs. 58.01 lakhs a year before) has been written down to Rs. 22.14 lakhs and, together with other assets and machinery, the net block is shown at Rs. 30.32 lakhs.

BHOPAL SUGAR SKIPS DIVIDEND

PROSPECTS DEEMED BETTER

THE dividend record of the Bhopal Sug Industries Ltd. (Managing Agents: Messr A. H. Bhiwandiwalla and Co. (Bomba (Private) Ltd.) has been spoiled further durir the year ended 30th September 1963, as tl Directors have proposed no return on both pr ference and ordinary shares. Since the prefe ence shares are cumulative, the dividend liab lity, which amounted to Rs. 79,125 in the pr vious year, is now in arrears. The rate of div dend on the 10-rupee ordinary shares progre sively declined in the four years ended 30t September 1962 from 25 per cent to 3 per ce per annum, subject to tax. The last tax-fre dividend for the year 1957-58 was 20 per cen that is, 2.50 per cent more than the net dividen for the year 1958-59. In view of this progre sive pruning of the rate of dividend, the mark value of the Company's ordinary shares ha moved down in stages from Rs. 29.25 in 19 to Rs. 12.88 in the current year, though it is sti moderately above the shares' face value Rs. 10.

The dividend for the year under review ha been skipped because higher costs of increase operations have resulted in a disproportionat increase in profit. The quantity of cane crush ed went up by 9 per cent, but production sugar increased by only 5.6 per cent followin the fall in the average recovery from 9.54 pe cent to 9.22 per cent due to the effects of ur favourable monsoon and the damage caused b pyrilla to the available supplies of sugarcan These natural shortcomings hit the productio of cane on the Company's farms and resulte in the cost of production exceeding the rat fixed by the Government for cultivators to th extent of Rs. 80,000. Since such an increase i not allowable for income-tax assessment, it ha led to the Company's requiring to provide proportionately higher amount for income-ta in the aggregate provision of Rs. 95,000, a against *nil* in the previous year. In view of al this, gross profit has gone up only slightly fron Rs. 3.91 lakhs to Rs. 4.12 lakhs, while the ne profit has actually sagged further from som Rs. 70,000 to Rs. 22,000, in spite of the sub stantial improvement in sale proceeds fron Rs. 82.30 lakhs to Rs. 118.14 lakhs.

The net profit has been supplemented b withdrawals from reserves and other adjust ments and the total available for disposa amounts to some Rs. 45,000, out of whic Rs. 29,730 have been provided for cane develop ment council commission for 1959-60, som Rs. 10,000 have been carried to reserves and th balance of Rs. 4,361 has been carried forward.

The following table gives an idea of th progress made by the Company in the past fou years:

(In lakhs of rupees)

	For the year ended 30th September			
	1963	1962	1961	1960
Sale proceeds	118.14	82.30	85.30	61.71
Other income	1.08	0.39	0.45	0.56
Closing stocks	13.19	42.56	38.51	33.58
Sugarcane growing, harvesting and delivery expenses ..	15.31	12.86	16.46	14.42
Sugarcane purchases and expenses	29.05	29.61	26.93	18.03
Excise duty on sugar and cess on cane	20.27	23.21	23.76	24.25
Staff expenses	3.76	3.93	4.04	2.64
Other expenses	16.39	13.24	12.08	9.79
Gross profit	4.12	3.91	7.41	14.69
Managing Agents' remuneration	0.50	0.50	0.50	1.24
Provision for—				
Depreciation	2.45	2.71	2.48	2.01
Taxation	0.95	..	1.25	4.50
Net profit	0.22	0.70	3.18	6.94
Transfer from reserves, provisions and other adjustments ..	0.20	1.25	0.53	0.01
To reserves	0.10	0.62	0.90	1.51
Provisions relating to previous years	0.30	..	0.15	..
Dividends—				
Preference	..	0.79	0.95	0.62
Ordinary	..	0.52 (3%)	2.62 (15%)	3.94 (22.5%)
Carry forward	0.04	0.02	0.02	0.93
Cane crushed (tonnes)	92,351	84,510	95,695	73,773
Sugar production (bags) ..	85,180	80,630	87,623	73,320
Recovery (per cent)	9.22	9.54	9.16	10.11

Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	13.00	14.80	21.24	29.00	29.25
Low	12.88	12.88	20.00	23.76	24.00

Future prospects for the Company are deemed better by the Directors. They state that the Company has gone in for a programme of modernisation and expansion and has already commissioned from the year under review some of the new machinery which had been ordered earlier. The process of modernisation is continuing. Meanwhile, the Directors have arranged an exchange loan of Rs. 3.38 lakhs from the I.C.I.C.I. for purchasing one 1,280-kw.

(*Continued in previous column*)

THE MODERN COMPANY AND RULE OF LAW—I

ECONOMIC AND NON-ECONOMIC POWER

By D. L. Mazumdar, I.C.S.

[The author, Mr. D. L. Mazumdar, I.C.S., has been associated with the reform of Company Law in India for a long time. As the Secretary of the erstwhile Department of Company Law Administration, he has worked hard in developing the administrative framework from almost scratch for giving effect to Independent India's first comprehensive and integrated Company Law of 1956. He has also studied the working of Corporate Law not only in the U.K. but also in most of the free countries in the world. He has thus a unique knowledge of the corporate system and corporate sector and is eminently qualified to speak and write on the subject. Early this month (3rd and 4th February), Mr. Mazumdar delivered two lectures on the "Modern Company and the Concept of Rule of Law" under the auspices of the Prasaranga Directorate of the Mysore University. In these two lectures, which we are publishing in a series of three articles beginning from this issue, the author has (1) traced the historical growth and development of the modern joint-stock company or the corporation from its earliest stages; (2) analysed the impact which this historical process has produced on the structure of company or corporation laws in the Western countries; (3) examined the adequacy of the existing company laws in the light of current facts about the structure and behaviour pattern of the modern company; and (4) briefly dealt with the objects underlying the Companies Act, 1956 in the light of the new norms of the responsibilities of corporate management. In both the lectures, the author is primarily concerned with the analysis of a new sociological situation represented by the emergence of the modern company, avoiding judgment on the new developments.—ED.]

THE joint-stock company, or the corporation as it is called in some parts of the world, is such a pervasive institution in modern society that the authority and powers attaching to it appear to persons who may be concerned with its management or to operators, in the market place dominated by this institution as something intrinsically belonging to this form of organisation. Yet, the truth is that the modern joint-stock company or corporation has come to its present position only after a long process of historical growth and development, which has not only progressively influenced its structure and behaviour pattern but has also basically determined its changing relationship to the rest of the society in which it has functioned. In order to appreciate fully the role and significance of the modern corporation in the present-day society, it is important for enquiring minds to know the main stages in the evolution of the historical process, and to view the developments in this field in their proper perspective.

The concept of the corporation as a self-governing economic organisation is basically as old as the trade guilds of the ancient and medieval times. In our country, mention is found of these inchoate trading corporations in the *Artha Sastra*, and in some of our other earlier literature on the organisation and work of our ancient polity, fragmentary as such reference is. In the Western world, the concept of corporation appears to have been well-established in law at the beginning of the middle ages, when this concept was applied to acclesiastical bodies, local civic units like boroughs and to craft and mercantile guilds, which between them embraced the most dominant institutions in the economic organisation of society in those days. Later on, the concept was extended to the organisation of specialised vocations and professions. By this time, the legal rights and liabilities of the corporation had also been broadly defined. Its principal distinctive features—namely, its right of survival beyond the lives of its members, and its capacity to hold property, to sue and to be sued—had become already well-recognised in law and administrative practice, and its right to regulate the affairs of its members had also been conceded. But the exercise of these rights and powers were subjected to careful supervision by the specific terms of the grant of corporation status to these guilds.

The Beginning

By the middle of 16th century, this authority to confer corporate status passed on to the representative assemblies, wherever they existed. It was at this time that the corporate form of organisation was used for the first time to set up national mercantile organisations of the type of the well-known Chartered Companies of 16th, 17th and early 18th centuries of which the East India Company was the best known in this part of the world. This was the real beginning of the modern joint-stock company, for, it was in these chartered companies that the old legal concept of the corporation was fused with the economic devices of joint-stock trade. What was formerly only a convenient legal institution created by law to promote and further self-governing bodies primarily concerned with civic, craft or professional business, confined to well-defined territorial limits, became a powerful economic and financial institution whose activities often extended beyond the limits of the incorporating State and which possessed the authority not only to administer the privileges, conferred by royal or parliamentary grants among its members but also the right to use them for the benefit of the institution, within the limits of the charter granting it those privileges.

It is not necessary, in this context, to dilate on the social and economic factors which led to this far-reaching change in the character and dimensions of the corporation. The important point to note is the shift in the centre of gravity of the internal power exercised by these mercantile chartered corporations. Whereas in the case of the old civic, craft or professional guilds, their governing bodies were democratically constituted and were concerned primarily with regulating the affairs of the members of the guilds and their relations with outsiders, the new chartered companies or corporations represented by the national mercantile bodies, which were generally engaged in foreign trade or colonisation, were run by a relatively few men, who were the promoters of these bodies and whose main function was to further the objects for which these corporations had come into being, and not so much to regulate the affairs of their members in their dealings among themselves or with outsiders.

Two Major Factors

Two major factors brought about a further transformation of the joint-stock company or the corporation, both in its internal structure and in its mode of operation. The first was the series of technological revolutions sparked off by the invention of the steam engine at the end of the 18th century and ending with the invention of the internal combustion engine towards the end of the 19th century. The second was the social and political enfranchisement of the middle classes which might be said to have been brought about in most of the Western countries of the world between 1830 and 1860. To cut short a long story, the combined effect of these two major developments in the technological and sociological fields was to alter, basically, the character of the national economies of the Western countries.

The autarchic mercantilist economic policies of the 17th, 18th and the early 19th centuries rapidly gave way to the classical liberal economic policies, which, in the socio-economic circumstances of that era, opened the door wide to private enterprise in a manner which could be hardly dreamt of in the earlier centuries. The impact of these far-reaching changes on the growth of the modern joint-stock company and the generalised corporation laws which were to follow was profound. In part, the liberation of the national economies of the Western countries from their earlier mercantilist cast was greatly facilitated by the emergence of the multi-purpose corporation based on the generalised corporation laws enacted in these countries about the middle of the 19th century. The ease with which this form of organisation could be set up and the structural elasticity and operational freedom which it enjoyed rendered it eminently suitable for widespread use for carrying on economic activities on a large scale.

The momentous legal invention of the concept of limited liability cleared the ground for the increasing financial participation of large numbers of people of relatively limited means in the new enterprises organised through these joint-stock companies. By the second half of the 19th century, the joint-stock company or the corporation had already become the standard and dominant form of organisation for carrying on industry and commerce in all the Western countries. As an acute student of the subject has observed: "What had been a rare, privileged entity existing at the will of the sovereign, exercised deliberately for great ends of policy, became, in the course of hardly half a century's development—from 1800-1850—a form of organisation available almost of right to easily qualified people feeling the need for it.... Like its near relative the *contract*, the corporate charter was now freely available on condition that it was used for business or trading purposes."

The rapid rise in domestic trade and industry, leading to an equally rapid rise in the volume and diversity of international trade progressively enlarged the sphere of the joint-stock company and the scope of its activities, so much so that the turn of the 19th century and the beginning of the 20th witnessed the emergence of a large number of international companies or corporations, whose fields of activity crossed the frontiers of the national states and embraced many different countries. This growth in the size and complexity of the modern joint-stock companies and the progressive extension of their sphere of activity lifted them out of their original, historical, economic setting as mere legal institutions for the production and marketing of goods and services, and placed them almost at the centre of the economic life of the modern community. The growth in the scale of business and their complexity also automatically increased the economic power exercised by the corporations. This power was not, by any means, confined to the volume of goods or services which the corporations produced or to the proportion of their turnover to the national aggregate of goods and services. It extended to wage rates, working conditions, and other terms of labour-management, relationship not only in individual corporations, but also increasingly in the rest of the organised economic sector of the country where the norms laid down by the big corporations set the pattern for others to follow.

Similarly, the price policy of the individual big corporations influenced the course of prices in the industries to which they belonged and indeed set the general price pattern in all connected industries. The consumption pattern of the community was similarly influenced both by the price and the production policies of these corporations. Likewise, the investment policies of the big corporations through their borrowing programmes and capital issues to the public affected the responses of investment markets, while the methods adopted by them for financing and refinancing their investments largely determined the terms and conditions on which capital could be obtained by other seekers of it.

The marketing systems adopted by these corporations affected the work and fortunes of thousands of whole-salers and retailers, who earned their living by selling the products of the industries under the management of these corporations. The ramifications of the economic power of the modern corporation can be easily imagined from this brief recital. The big joint-stock companies or corporations are, indeed, the pace-setters in all these different areas of the organised sector of the economic life of the modern community.

Quantification of Power

It is usual in current literature on the economics of modern corporations to attempt to quantify their economic power by relating their scope and activity to the entire corpus of the economic activities of the country. The indicators generally used for this purpose are the amount of capital invested in these corporations, the number of share-holding interests in them, their aggregate turnover; the proportion of this turnover to the gross national product of the community; the total capital assets of these companies; the share of these assets to the aggregate productive capital of the community; the contributions which companies make to the revenues of the State; the number of workers employed by these companies; the proportion of this number to the total gainfully employed population, etc. Figures relating to these indicators are readily available in the technical literature on this subject in the advanced countries of the world. In this country a detailed factual survey on this subject was made in the former Department of Company Law Administration about four years ago and several subsequent surveys have brought these figures reasonably up-to-date.

In the foregoing paragraphs, an attempt has been made to indicate the nature and extent of

(*Continued on page 264*)

SYNOPSES OF COMPANY REPORTS

Waverley Jute Mills Co., Ltd.

(*Secretaries and Treasurers*: Messrs. McLeod and Co., Ltd., Calcutta.)

Working Results:

	For the year ended 31st May (In thousand rupees)	
	1963	1962
Sale of jute	Nil	1,03
,, ,, loom hours	8,73	9,13
Gross profit	10,96	7,85
To Secretaries' and Treasurers' remuneration ..	79	55
Transfer to depreciation	24	21
,, ,, provision for doubtful debts ..	Nil	29
,, ,, ,, taxation	7,00*	4,50
Net profit	2,93	2,30
Excess provisions written back	9	76
Appropriations:		
Transfer to general reserve	1,50	1,00
Proposed dividends (taxable) preference ..	86	86
,, ,, ,, ordinary ..	75	1,50
	(30%)	(60%)
Carry forward	58	66

Market value of ordinary shares (in rupees):	1963	1962	1961
High	10.00	7.02	5.50
Low	5.50	3.90	3.00

* Includes Rs. 2,10,000 for super profits tax.

Extracts from the Directors' report: As in previous years this Company sold loom hours to other units within the McLeod Group at current market rates.

At the commencement of the year under review, the Food Department, Government of India, continued to rent godowns and part of the main mill building for storage of foodgrains. As the lease with Government was short term and due to expire in December 1962, and as it was probable that the Government of India would vacate the premises at any time resulting in loss to the Company, the Kelvin Jute Company Limited was requested to take on lease the remaining portion of the mill for construction of their Broad Loom Division. This they agreed to do and, on the Food Department, Government of India vacating the premises on the 31st August 1962, the entire mill area was given on lease to Kelvin Jute Company Limited with effect from 1st September, 1962, at a monthly rent of Rs. 40,000.

Accounts in brief as at 31st May 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	10,00,000	Gross block	81,07,250
Reserves and surplus..	10,27,655	—Depreciation ..	46,38,438
Other liabilities ..	20,74,318		
		Net block	34,68,812
		Less written off under order of the court ..	27,76,059
			6,92,753
		Block in progress] ..	71,706
		Current assets	17,87,580
		Investments	2,49,215
		Cash	13,00,719
Rs.	41,01,973		Rs. 41,01,973

* Paid-up capital consists of 15,000—5 per cent. cumulative preference shares of Rs. 50 each and 2,50,000 ordinary shares of Re.1 each.

Angelo Bros., Ltd.

(*Managing Agents*: Turner, Morrison and Co., Ltd., Calcutta.)

Fifty-seventh Annual General Meeting—19th February 1964.

Working Results:

	For the year ended 31st August (In thousand rupees)	
	1963	1962
Sales of shellac, seedlac and other products ..	1,97.87	2,00,04
Closing stock	11,88	8,68
Gross profit	30,13	24,80
To Managing Agents' commission	2,36	2,25
Transfer to depreciation	1,28	1,05
,, ,, provision for taxation	15,77*	10,70
Net profit	10,72	10,50
Transfer from general reserve	1,90	Nil
Appropriations:		
Transfer to provision for super profits tax for the year 1961-62	1,90	Nil
,, ,, development rebate reserve ..	49	15
,, ,, general reserve	2,00	2,00
Proposed dividend (taxable) ordinary ..	8,40	8,40
	(28%)	(28%)
Carry forward	2,17	2,35

Market value of ordinary shares (in rupees):	1963	1962	1961
High	27.12	25.37	24.62
Low	21.37	20.00	20.75

* Includes Rs. 3,27,151 for super profits tax.

Extracts from the Directors' report: The report for the year preceding the one under review concluded by alluding to the uncertainties then before us. Fortunately, many of those uncertainties were resolved into conditions which were not unfavourable to this Company's operations and the outcome was a result for the year on which the shareholders would wish to congratulate all concerned: workers at all levels and the Company's Agents in all quarters.

The previous year too there was reference to loss of potential production because of the labours' impatience with the law's processes and by reason of bureaucratic delays. It is a pleasure to report that neither of those adverse factors were experienced to any extent this year and to record particularly the swift relief received from official quarters when such was particularly needed to avoid slowing down our export programme.

During the year, the policy of improving production facilities at the factory has been continued effectively, the existing plant has been maintained to prime condition and the installation of a small bleaching plant has been completed. By the end of this financial year, the Company may have confirmation of the potential profitability of that particular new venture. Bleaching of lac on a commercial scale has hitherto been confined to countries enjoying milder weather than Calcutta's: if the technicians, with the freely given help of the Company's Agents for U.S.A. have succeeded in overcoming that handicap, India will for the first time be in a position to export bleached lac.

Accounts in brief as at 31st August 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	30,00,000	Gross block	46,09,374
Reserves and surplus..	46,40,089	—Depreciation ..	29,12,654
Other liabilities ..	55,58,437		
		Net block	16,96,720
		Current assets ..	93,21,032
		Investments	5,48,110
		Cash	16,33,564
Rs.	1,31,99,426		Rs. 1,31,99,426

* Paid-up capital consists of 3,00,000 ordinary shares of Rs. 10 each. Of the above 2,00,000 shares were allotted as fully paid up by way of bonus shares by capitalisation of profits.

Ramnugger Cane and Sugar Co., Ltd.

(*Managing Agents*: Messrs. Anderson Wright Ltd., Calcutta).

Twenty-seventh Ordinary General Meeting—26th February 1964.

Working Results:

	For the year ended 31st August (In thousand rupees)	
	1963	1962
Sales—sugar	1,38,67	1,14,80
—molasses	1,26	1,40
Closing stock	35,06	31,63
Gross profit	8,04	23,04
To Managing Agents' commission	47	1,84
Transfer to depreciation	4,29	3,76
,, ,, development rebate reserve ..	64	17
,, ,, provision for taxation	60	8,80
Net profit	2,04	8,47
Appropriations:		
Transfer to reserve for replacements and extensions	Nil	50
,, ,, rehabilitation reserve	Nil	2,50
Proposed dividends (taxable) preference ..	31	31
,, ,, ordinary ..	2,40	4,98
	(15%)	(30%)
Carry forward	3	70

Market value of ordinary shares (in rupees):	1963	1962	1961
High	30.37	32.50	30.97
Low	26.00	28.06	14.87

Extracts from the Directors' report: The Factory started crushing on the 9th November 1962 and continued till the 6th February 1963. The total quantity of sugarcane milled during this period was 9,48,798 quintals with an average recovery of 9.54 per cent, as compared with 11,80,303 quintals and 10.35 per cent respectively during previous season. This was the shortest season in recent years as supply of cane from cultivators was much reduced due to high *gur* prices and also due to less plantation. As a result of compulsory reduction of 10 per cent in sugar production introduced by the Government during the previous year the cultivators reduced their acreage under sugarcane. Moreover, more cane was diverted for *gur* production. This condition was common in the whole of North India, resulting in a drop in total Indian sugar production from 2.70 million tons in 1961-62 to 2.16 million tons in the year under review.

The Factory's total production of molasses was requisitioned by the West Bengal Government for supply to distilleries in the State at a rate of Rs. 2.68 per quintal.

Efforts are being made to acquire the assets of Shree Radha Krishna Sugar Mills Ltd. (in liquidation) at Beldanga and a sum of rupees one lac has already been paid to the present occupier. Further necessary action is being taken in this regard.

The factory has, up-to-date, crushed a total quantity of 6,43,061 quintals of sugarcane with an average sugar recovery of 9.62 per cent.

Accounts in brief as at 31st August 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	20,59,820	Gross block	92,71,546
Reserves and surplus..	57,90,943	—Depreciation ..	54,36,475
Other liabilities ..	41,96,834		
		Net block	38,35,071
		Block in progress ..	3,26,409
		Current assets ..	77,39,029
		Cash	6,074
		Miscellaneous expenditure ..	1,39,214
Rs.	1,20,46,697		Rs. 1,20,46,697

* Paid-up capital consists of 4,000—6 per cent. cumulative preference shares of Rs. 100 each and 1,65,982 ordinary shares of Rs. 10 each.

Bajaj Tempo Ltd.

(*Chairman*: Mr. Ramkrishna Bajaj, Bombay.)

Working Results:

	For the year ended 30th September (In thousand rupees)	
	1963†	1962
Sales	86,64	92,38
Closing stock	21,75	16,89
Gross profit	11,31	9,86
Transfer to depreciation	2,29	2,10
,, ,, provision for taxation	3,90	2,50
Net profit	5,02	5,26
Excess provision for dividend for previous year written back	19	Nil
Appropriations:		
Transfer to development rebate reserve ..	49	2,36
,, ,, dividend reserve	1,05	Nil
,, ,, general reserve	2,78	1,09
Proposed dividend (taxable) equity ..	*	1,03
	(20%)	(20%)
Carry forward	Nil	†

* The dividend for 1963 will be paid out of the dividend reserve.
† Only Rs. 497.

Extracts from the Directors' report: The Company has been granted an Industrial Licence for the expansion of its manufacturing capacity to 4,000 units per year. Under the Licence, the Company is allowed to manufacture four-wheeler *Tempo Viking* vehicles within the said capacity.

Industrial Finance Corporation of India has sanctioned a loan of Rs. 50 lakhs (Rs. 25.70 lakhs in DM and Rs. 24.30 lakhs in rupees) for the expansion project. The Chief Controller of Imports has issued import licences for Rs. 42,59,500 for import of machinery, plant and equipment for the expansion project.

Adjoining to the land already acquired, additional about 18 acres of land has been purchased by private negotiations.

Construction of the factory building has well progressed and is expected to be completed by March 1964.

The Company has received the consent of the Controller of Capital Issues for the issue of additional capital of Rs. 65,27,100. Shares of the face value of Rs. 18,50,000 were offered to the existing shareholders resident in India and have been fully allotted. Shares of the face value of Rs. 17,77,100 would be issued to Messrs. Vidal and Sohn Tempo-werk, and Mr. Rolf Bacher against supply of machinery, plant and equipment. Shares of the face value of Rs. 29 lakhs would be offered for public subscription very soon.

The Company has received the consent of the Controller of Capital Issues to capitalise Rs. 4,86,450 from the general reserve and issue bonus shares on the basis of one share for the two shares held by the shareholders, whose names stood in the register of members of the Company on 28th December 1963 and accordingly the bonus shares have been issued and allotted.

Co-operation between the Company's collaborators, Messrs. Vidal and Sohn Tempo-werk GMBH, and this Company remained cordial during the year.

Accounts in brief as at 30th September 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	9,72,900	Gross block	31,08,657
Reserves and surplus..	14,18,846	—Depreciation ..	6,06,311
Other liabilities ..	47,86,549		
		Net block	24,12,346
		Block in progress ..	5,97,031
		Other assets	52,949
		Current assets ..	40,73,693
		Cash	42,266
Rs.	71,78,295		Rs. 71,78,295

* Paid-up capital consists of 97,290 equity shares of Rs. 10 each fully paid up.

Ruby Rubber Works Ltd.

(*Managing Agents*: Ruby Industries (Private) Ltd., Changanacherry, Kerala).

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1963	1962
Sale of finished goods	50,19	34,57
Closing stock	12,37	9,99
Gross profit	2,76	2,51
To Managing Agents' remuneration	17	15
Transfer to depreciation	1,02	1,05
,, ,, provision for taxation	45	35
Net profit	1,12	96
Appropriations:		
To expenses and brokerage written off ..	5	5
Transfer to development rebate reserve ..	17	2
Proposed dividends (taxable) preference ..	50	50
,, ,, ,, equity ..	40	40
	(41%)	(41%)
Carry forward	2	2

Extracts from the Directors' report: In keeping with the development programme launched last year, new sales depots were opened at Cuttack, Hyderabad and Bhopal. Sales promotion work was vigorously pursued and sales turnover reached Rs. 50,18,862 as against Rs. 34,57,457 for the previous year recording an increase of more than Rs. 15,00,000.

The closing quarter of the financial year almost coincided with the power cut in Kerala, which considerably affected production. Following the lifting of the power cut practical steps were taken to maximise the output.

The profit earned has not in fact been in tune with the higher turnover of business chiefly on account of the larger investment on heavy excise duty that was paid during the year under review. Increased cost of raw materials and chemicals and the higher rate of duty paid on carbon black and other chemicals that were imported.

As anticipated in the report submitted last year, the demand for cycle tyres and tubes grew steadily, and thanks to the development and research work pursued by the Company's technicians, the existing machinery has been geared up for the maximum production of quality tested materials. Acute shortage was experienced in the case of bead wire rings used in cycle tyre manufacture. This problem has been partially solved by the arrangements recently completed towards the local fabrication of the rings from steel wire purchased from the Indian markets. With the recent grant of licences to import a small quantity of steel wire, the position is expected to be favourably stabilised, at least, for the coming six months.

In respect of the Bangalore Establishment, it may be mentioned that production was actually started after considerable delay caused mainly on account of the time taken to secure power connection. Considerable initial expenditure as well as overhead charges were incurred for the Bangalore factory. However, in the review of the general accounts production and sale in respect of Bangalore for a period of about three months alone representing the fag-end of the financial year have been incorporated. Naturally, therefore, the quantum of profit registered by the Company has to be viewed against this background also. Incidentally, it may also be added that the Company has by appropriate special resolutions decided to sell the Bangalore branch business and assets to the Manimala Estates Ltd. and the sale is pending completion of certain formalities.

Accounts in brief as at 30th June 1963 are as under:

Liabilities	Rs.	Assets	Rs.
Capital*	13,05,625	Gross block	25,20,152
Reserves and surplus..	52,736	—Depreciation ..	6,87,612
Other liabilities ..	26,75,931		
		Net block	18,32,540
		Current assets ..	19,35,946
		Investments	1,40,000
		Cash	1,92,947
		Miscellaneous expenditure ..	22,850
Rs.	41,24,292		Rs. 41,24,292

* Paid-up capital consists of 49,882—10 per cent. taxable cumulative preference shares of Rs. 10 each and 89,016 equity shares of Rs. 10 each. Amount paid up on shares forfeited is Rs. 5,645.

NEWS IN BRIEF

THE Central Tapioca Board is considering the grant of a five per cent subsidy on exports of tapioca. The subsidy is expected to give a fillip to increase production of tapioca.

Air-India has placed orders for three American supersonic airliners. A sum of $300,000 has already been paid as deposit to book delivery position with the U.S. Federal Aviation Agency.

Under a deal signed between the Union Government and the Australian Wheat Board at New Delhi last week-end, the latter will supply India 171,000 tons of wheat before the end of June next.

The Export-Import Advisory Council will meet at New Delhi on the 26th and 27th inst., instead of on 2nd and 3rd March next as originally scheduled. The change in dates has been necessitated in view of the visit of the Minister for International Trade to Teheran during the first week of next month.

The final all-India estimate of the jute crop for the season 1963-64 (July-June) puts the current year's area and production at 2.13 million acres and 5.91 million bales (of 400 lbs. each), respectively, as against the partially revised estimate of 2.10 million acres and 5.41 million tons for 1962-63. The yield per acre thus works out to 1,110 lbs., as compared with 1,028 lbs. in the previous year.

The hundred-year old Peifce, Leslie and Company, a well-known managing agency firm of South India having interests in several plantation industries, cashew nut industry and export-import business, has decided to become a rupee concern in due course. Necessary arrangements and formalities are in progress. It is stated that Bangurs, a leading Calcutta firm of financiers, have agreed to become partners in the proposed rupee company.

The Bokaro Steel Limited—the public sector company for setting up the Bokaro steel plant—will have an eight-man Board of Directors, with Mr. N. N. Wanchoo, Secretary, Department of Iron and Steel, Ministry of Steel, Mines and Heavy Engineering, as the Chairman. Mr. K. M. George, now Chief Engineer of the Central Engineering and Design Bureau of Hindustan Steel Limited, will be the Managing Director.

The freight rates of steamers engaged in the West bound trade between Malabar Coast ports and Aden and Red Sea ports will be enhanced by 7½ per cent with effect from 1st April next, according to the Malabar Coast Continental Conference. The proposed increase is considered inescapable in view of the steady rise in operating costs which the lines are not able to absorb. This is the first rise effected since the Aden and Red Sea freight rate agreement was concluded in 1958.

It has been decided to suspend, with effect from 31st March next, the provisions relating to the need for taking a permit from the Textile Commissioner's Office for transporting cloth or yarn by rail from Greater Bombay or from Ahmedabad. The manufacturers and dealers intending to transport cloth or yarn from the aforesaid places to any place in India are required to contact the appropriate railway authorities direct for allocation of wagon space, etc.

The State Trading Corporation of India has signed a Rs. 10-crore (£7.5 million) contract with Messrs. Platt Bros. (Sales) Ltd. of Oldham in Britain for the supply of the most modern textile machinery items for 17 mills in India. The items include cardroom spinning and doubling machinery (valued at approximately £5 million) such as the Company's latest high speed machinery (that is high production cards, century combers, globe draw frames and super spinning ring frames) and a new range of blow room machinery.

The Hyderabad Asbestos Cement Products Ltd. has discovered, in collaboration with the Johnson Manvillie Corporation of New York, a fibrous mineral, an essential raw material for asbestos manufacture, in Chibasa area, 80 miles from Jamshedpur. The Company proposes to undertake detailed exploration by means of core drilling upto a depth of 300 feet. It has applied to the Bihar Government for the lease of an extensive area in the Chibasa district. The project is stimated to cost about Rs. 6 crores. Asbestos fibre is a scarce mineral now found only in three countries, namely, Canada, Russia and Southern Rhodesia.

As many as 48 Bills were passed by Parliament in 1963. Nineteen Bills are pending before it. In addition, as many as nine Bills will be presented in the current session of Parliament. These nine Bills are: (1) The Companies (Amendment) Bill; (2) the Indian Crop Insurance Bill; (3) The Standards of Weights and Measures (Amendment) Bill; (4) The Indian Railways (Second Amendment) Bill; (5) Bill to repeal the Bombay Co-operative Societies Act, 1925, as applicable to the Union Territory of Delhi and to extend the Punjab Co-operative Societies Act, 1961, with certain modifications to Delhi; (6) The Foreign Exchange Regulation (Amendment) Bill; (7) The Constitution (Eighteenth Amendment) Bill; (8) The Benaras Hindu University (Amendment) Bill; (9) The Aligarh Muslim University (Amendment) Bill.

From Abroad

The Ceylon Government has banned holiday travel abroad until September next, in a bid to meet the foreign exchange crisis.

The Common Market Commission has increased the rates of duty on slaughtered chickens imported into the Common Market from 20 pfennings (about 4d.) to 25 pfennings (about 5d.) per kg. with effect from the 10th inst.

The Government of Yugoslavia will be sending shortly an economic delegation to India, Burma and Cambodia to hold talks on matters relating to trade, investment, and scientific, technical and other aspects of economic co-operation.

The U.S. Senate passed last week-end the tax cut Bill which will reduce income-tax for 80 million Americans and 550,000 corporate tax payers to the tune of $11,600 million. The average reduction for individuals would be 20 per cent.

The Government of Ceylon has decided to introduce measures to control sales of textiles in the private sector, to regulate prices and to prevent hoarding of textiles by private trade. An official Bill giving effect to these measures is expected to be introduced in Parliament shortly.

The final details of categorisation of cotton textile imports have been settled between Britain and the Hong Kong textile industry, according to Mr. Edward Heath, Secretary of State for Industry, Trade and Regional Development and President of the Board of Trade.

The results of a referendum organised among the staff and employees of the six-nation European Economic Community show that 87 per cent of them are prepared to go on strike for higher pay. The E.E.C. Council of Ministers has rejected the demand for a rise of 8 per cent in their pay packets and maintained its decision to grant only a two per cent rise.

The twentieth conference of the United Nation's Economic Commission for Asia and Far East (E.C.A.F.E.) is scheduled to be held at Teheran from 2nd to 17th March next. Some 600 delegates from 28 countries are expected to attend the conference which will discuss, among other things, the question of the construction of a trans-Asian road from Indonesia to Turkey.

Australia's wool clip for 1963-64 is expected to reach a record of 1,751 million lbs., according to a forecast made by the Australian Woolgrowers' and Graziers' Council, the Bureau of Agricultural Economics and the National Council of Wool Selling Brokers. This forecast figure is 13 million lbs. more than an earlier forecast made by the same group of experts in July 1963. It is also 3 per cent higher than Australia's previous record wool production which was 1,699 million lbs. produced in 1961-62.

The Government of Jamaica has formed a consortium for constructing a £900,000-steel plant. The Consortium called the Caribbean Steel, consists of Jamaican, American and Canadian interests. It has agreed to make available one-third of the equity to the public of Jamaica. The plant will have an annual ingot production capacity of 30,000 tons and rolling mill capacity of 60,000 tons on three-shift basis. The Government, on its part, has guaranteed duty-free imports of scrap and protection against dumping.

The deliveries of filament yarn and staple fibres in Britain stole a march over those of cotton during the year 1963, according to the British Man-made Fibres Federation. The actual deliveries of man-made fibres to various uses" (excluding exports) aggregated 555 million lbs., as against 480 million lbs. in 1962, while consumption of raw cotton amounted to just 487 million lbs., as against 485 million lbs., and that of raw wool was 471 million lbs., as against 456 million lbs.

PERSONAL

MR. Nawab Singh, Secretary to the Union Ministry of Information and Broadcasting, has taken over charge as the Secretary to the Ministry of Works, Housing and Rehabilitation.

Mr. S. G. Pothan, Financial Adviser and Chief Accounts Officer of Western Railway, assumed charge as the Chairman of the Railway Service Commission, Bombay, this week.

Mr. H. D. Cayley, Deputy General Manager and General Manager-designate of the National and Grindlays Bank Limited, who is at present touring India, arrived in Bombay on the 11th inst. He will be in the City till the 16th inst.

Mr. N. J. Nair and Mr. Pranlal Bhogilal have been elected President and Vice-President, respectively, of the Association of Merchants and Manufacturers of Textile Stores and Machinery, India, for the year 1964-65.

have no leave and retirement benefits which the salaried people generally have."

A professional man — like a lawyer or a doctor—who is on his own, will not enjoy leave with pay; nor will he have a provident fund or a pension upon which to depend after retirement. He will have to create, by regular and adequate savings during his active professional life, his own "funds"—House building fund", "Retirement fund", "Family Vacation fund" etc. It is a good idea to have separate Savings Bank Accounts for each purpose with THE BANK OF INDIA LTD.

THE BANK OF INDIA LTD.

T. D. KANSARA, General Manager

B/C/163

THE MODERN COMPANY AND RULE OF LAW—I

(*Concluded from page 261*)

the direct and indirect economic power exercised by the modern joint-stock companies or corporations in the organised sector of the socie.y in which they function. Dominant as this economic power is, specially in slowly developing countries like ours, no less significant is the non-economic power enjoyed and exercised by them, although, in popular discussion on this subject, this aspect of the economic power exercised by the modern companies is usually overlooked. As an acute American observer of the corporation scene remarks:—"Economic power is not the whole story, however, not perhaps even its most important part. Concern with the modern corporation is intensified to the extent that its activities have necessarily ramified beyond the economic sphere of production of goods and services.... Across a widening range of activity, the large corporations have become principal factors. They are the chief agencies of privite research. They are the hope of fund raisers for institutions of higher learning and the principal consumers of the products of those institutions. Their advertising supports newspapers and sponsors T.V. programmes. They are a leading, if not *the* leading purveyor of influence and pressure on public officials in Washington and State capitals.... It follows that, in these spheres and others, they bear large responsibility for the quality and tone of American life.... This attribution of responsibility is not a token of hostility to the large private corporation. What has been said amounts to no more than that the great corporation is the dominant non-governmental institution of modern American life. The university, the labour union, the church, the charitable foundation, the professional association —other potential institutional centres—are all, in comparison both peripheral and derivative."

Apart from the reference to the hope of fund raisers and to the T.V. programmes, discerning observers of the Indian scene will notice how closely this American analysis corresponds to the known facts about the non-economic power equally exercised by big corporations in this country. To say this again is not to pass judgment, but to recognise the emergence of a new sociological institution, namely, the modern corporation.

In the Western countries, it is only during the last 15 or 20 years that this aspect of the working of the corporations has received any worthwhile notice, and it was not till some nine or ten years ago that the practical businessmen and the operators in the market place in those countries recognised the pervasive quality of non-economic power which the corporations were unwittingly exercising on the life of the community in which their activities were carried on!

In our country, it is only very recently that this fact has been recognised by the theoreticians of our economic system. There is, however, still very inadequate appreciation of this situation even by the most farseeing of business leaders. Yet it is on the recognition of the modern corporation, not merely as a convenient legal device for the production of goods and services on a large scale, but in its true present-day character as a new sociological institution, embodying a system of non-governmental power that any adequate and comprehensive economic and social philosophy about the modern corporation can be built up. It must, nevertheless, be said to the credit of the theoreticians of our economy that, shortly before Avadi, they perceived the emergence of this new system of power represented by the modern corporation, and the impact which it was likely to produce on our life and our Government of the day, and had the pre-vision to take note of this factor when they formulated their proposals for the enactment of the new Company Law between the years 1952 and 1955. How this recognition, vague as it was, affected the course of our corporation law is a theme to which I shall turn in the concluding portion of this paper. In the next following section, I propose to analyse very briefly the broad changes in the character of corporation laws which were brought about in the Western countries by the gradual emergence of the modern corporation into its present position of status and strength from the early days of the medieval guilds.

(*To be continued*)

ECONOMIC AND BUDGETARY TRENDS

(*Concluded from page 255*)

recalled, exceeded budget estimates by Rs. 260 crores, while the excess in the first three years of the third Plan would amount to as much as Rs. 500 crores. It has given several other findings also and made critical comments as follows:

(1) The general trend of an increase in the share of non-tax revenue has no doubt been in evidence. But the actual percentage share of non-tax revenue has been invariably less than the estimate because of the disappointing performance of Central undertakings.

(2) The incidence of import duties of a revenue nature has been increasing. A disquieting trend, in this connection, is that items like machinery, iron and steel, etc., which have a bearing on the tempo of industrialisation, have to bear the brunt of import taxation.

(3) Export duties, particularly on vegetable oil and coffee, do not seem to have contributed to the stabilisation of their prices.

(4) A major part of the additional taxation imposed in the last three years would be realised from commodity sources. It has been estimated that the ratio of taxes and duties to ex-factory price now works out to 40 per cent in paper, 65 per cent in sugar, 60 to 65 per cent in cement, 50 to 55 per cent in steel and 40 to 65 per cent in cotton cloth. The rate of excise duty on kerosene has gone up from 41.79 nP per kilolitre in 1948 to 183.20 nP per kilolitre in 1963. Railway freight rates, too, have been progressively enhanced. The effect of indirect taxes on the price structure would have to be seriously examined, for, in the prevailing economy of scarcity, taxation has become an inflationary force.

(5) The proportion of expenditure on "civil administration" to total revenue expenditure has increased from 16.0 per cent in the first Plan to 22.5 per cent in the second. It has increased further in the first three years of the third Plan. So has non-Plan, non-development expenditure in general.

(6) The total debt obligations of the Union Government at the end of the third Plan would be about Rs. 13,600 crores. The gap between interest-yielding assets and interest-bearing obligations was as much as Rs. 1,300 crores at the end of the second Plan. This gap is widening year after year.

(7) The rate of utilisation of foreign aid in the first two years of the third Plan was only 30 per cent of authorisations, as compared with 50 per cent in the first two Plan periods. The implications of the lower rate of utilisation in a period of accelerated growth would have to be carefully examined.

(8) The performance of public-sector undertakings from the point of view of returns has been disappointing. The net profit on capital employed in 28 running concerns has declined from 5.7 per cent in 1961-62 to 4.6 per cent in 1962-63.

(9) The performance of the States in resource mobilisation has not come up to expectations, with the result that the Centre has to provide additional funds for them.

(10) Capital formation in the corporate sector in recent years has been relatively low, averaging about Rs. 59 crores a year. In this connection, the effect of taxation on the resources available in the private sector should be examined.

(11) The contribution of private industry through various measures of taxation has increased greatly over the years. But, at the same time, there has been a decline in the profitability of the corporate sector. While there has been a rise in the wage bill, the increase in profits has fallen short of the additions to capital. (These findings in the Chamber's publication have not been fully supported by statistical data.)

(12) The income-tax data for the period 1953-54 to 1960-61 show that the distribution of income for all individuals has shifted in favour of persons earning less than Rs. 5,000 per year and against higher-income brackets. In view of this trend and the decline in the profitability of the corporate sector, the position in regard to direct taxation and the rate of growth in savings and resources available for capital formation should be reviewed.

These findings, as also the issues raised for possible study, are generally on the lines made familiar by leading organisations of businessmen. Many of them seem to be *prima facie* valid. The private sector's anxiety over the state of Central and State finances is certainly shared by the wider public. If the former looks forward to better financial management in the public sector and, consequently, to lesser burdens on corporate enterprise, the latter would very much like to have some relief from the heavy additional taxation that has been imposed in recent years. If non-development expenditure (other than on defence) can be substantially reduced and if, at the same time, public enterprises can be made to yield more surpluses and plan projects can be executed more economically, the burdens on the taxpayer, in general, and the corporate sector, in particular, may become more bearable. That the present depressing situation cannot be remedied overnight is, of course, true. But a beginning in the direction of remedying the situation can be made at least in the forthcoming Union Budget, if only the Finance Minister so wills it.

Notices

EASTERN INVESTMENTS LIMITED

NOTICE IS HEREBY GIVEN TO THE members of the above named Company that an Annual General Meeting of the Company will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta, at 4.00 p.m. on Wednesday, the 11th March, 1964, for the following purposes:—

1. To adopt the Profit and Loss Account of the Company for the year ended 31st December, 1963, and the Balance Sheet as at that date together with the Directors' and Auditors' Reports thereon.
2. To declare the Dividends recommended by the Directors.
3. To appoint Directors in the place of retiring Directors.
4. To appoint Auditors and fix their remuneration.

AS SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification the following resolution which will be proposed as a special resolution:

"That Article 159 of the Articles of Association of the Company be amended by deleting the word 'three' in line 4 and substituting therefor the word 'six'."

The Share Transfer Registers of the Company will be closed from 26th February, 1964 to 11th March, 1964, both days inclusive.

By Order of the Board,
BIRD & COMPANY (PRIVATE) LIMITED,
Secretaries.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA, *29th January*, 1964.

Notes:—

(*a*) A Member entitled to attend and vote at this meeting may appoint a proxy to attend and vote instead of himself. A proxy need not be a member of the Company.

(*b*) The Dividends if declared, will be paid on or after 23rd March, 1964, to those shareholders so entitled whose names appear in the Company's books on the 11th March, 1964, or to their mandatees. No application for dividend warrants will be necessary.

(*c*) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Special Business set out above is being sent to the Shareholders.

EMPIRE JUTE COMPANY LIMITED

NOTICE

ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE Share Transfer Books of the Company will be closed from 17th February, 1964, to 29th February, 1964, both days inclusive.

By Order of the Board,
McLEOD & Co., LTD.,
C. HOCKLEY,
Director,
Managing Agents.

3, NETAJI SUBHAS ROAD,
CALCUTTA-1.
5th February, 1964.

NELLIMARLA JUTE MILLS COMPANY LIMITED

NOTICE

ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE Share Transfer Books of the Company will be closed from 17th February, 1964, to 29th February, 1964, both days inclusive.

By Order of the Board,
McLEOD & Co., LTD.,
C. HOCKLEY,
Director,
Secretaries and Treasurers.

3, NETAJI SUBHAS ROAD,
CALCUTTA-1.
5th February, 1964.

TREND OF MARKETS

SILVER SAGS FURTHER

(*From Our Own Correspondent*)

BOMBAY, *12th February*

Silver sagged further this week under the pressure of arrivals, but gold, especially the 14-carat material, rallied to close steady after early setback.

The recent sharp rise in prices brought in a further inflow of the white metal during the week, while support remained conspicuous by its absence. The daily average arrivals improved from 18 bars to 20 bars, while the offtake contracted further from 20 bars to 15 bars. Consequently, the price declined from Rs. 262 to Rs. 254.50.

In contrast, 14-carat gold, which after opening one point lower at Rs. 65 had dipped to Rs. 61 on Friday the 7th inst., rallied to Rs. 66.50 by Monday on Delhi buying. Today, it was quoted at Rs. 66.25, as against Rs. 66 a week ago. Pure gold receded early this week from Rs. 113 to Rs. 109, but later recovered slightly to close at Rs. 111.

The international price for gold eased this week from $35.08½ to $35.07⅞ and the ready quotation in London also moved down from 250*s.* 9*d.* to 250*s.* 8¾*d.* Silver in New York and London remained firm at the last levels.

The following table shows the trend of prices during the week under review:

	12-2-1964 (closing)	High	Low	5-2-1964 (closing)
SILVER	Rs.	Rs.	Rs.	Rs.
Ready (999 fine) ..	255.00	262.00	254.50	263.00
GOLD				
Ready (14 carat) ..	66.25	66.50	61.00	66.00
Sovereign	85.00*	—	—	85.00*
London—				
Gold	250*s.* 8¾*d.*	250*s.* 9*d.*	250*s.* 8¾*d.*	250*s.* 9*d.*
Silver Ready ..	111¾*d.*	—	—	111¾*d.*
Silver Forward ..	111¾*d.*	—	—	111¾*d.*
New York—				
Silver	129.3 cents	—	—	129.3 cents

* As on 24-6-1963.

N.B.—The quotation for gold is per 10 grams (about 0.35 tolal and that for silver is per kilogram (35.73 tolas). London and New York quotations are per ounce.

STRINGENCY IN MONEY

(*From Our Own Correspondent*)

BOMBAY, *12th February*

Stringency in the short-term money market persisted throughout the week under review. The supply of funds available was too inadequate to meet the increased demand for credit. Indeed, borrowers continued to look around for accommodation. The position was rendered worse by the reported withdrawal of funds by a bank which was drawing on its Reserve Bank quota at 4½ per cent but lending at a much higher rate; the withdrawal is believed to have followed a directive from the Reserve Bank. Consequently, the inter-bank call rate for both renewals and fresh money rose by a further ¼ per cent to touch the high level of 6 per cent. Conditions in the Calcutta market were equally stringent, the call rate rising from 5¾ to 6 per cent.

The prevailing conditions are reflected in (*a*) the sharp rise of Rs. 50.19 crores to Rs. 2,441.90 crores in notes in circulation during the week ended 7th February and (*b*) the increase of Rs. 13.05 crores to Rs. 49.13 crores in loans and advances given by the Reserve Bank to scheduled banking.

In view of the persistent stringency in the money market, the response to the 91-day Government of India Treasury Bills continued to be poor. The total amount offered against tenders for Rs. 2 crores which were opened on Tuesday the 11th inst. was Rs. 2 crores only; the whole of this was accepted. The average rate of accepted tenders was higher at Rs. 2.340 per cent per annum, as against Rs. 2.325 a week before. The Intermediate Treasury Bills, too, evoked poor response, the amount of tenders actually sold from the 5th to 8th inst. being no more than Rs. 70 lakhs; last week, it will be recalled, there were no sales at all of these Bills.

The Reserve Bank of India has lowered the ceiling on bank advances against rice and paddy by 10 per cent, in view of the higher prices of rice prevailing at present as compared with the position a year ago. In the course of a Press *communique* issued on Monday the 10th inst., the Reserve Bank says:

"The ceiling limits for each two-month period commencing from January-February 1964 in respect of advance against paddy and rice, including advances against warehouse receipts, have been fixed at levels equivalent to 90 per cent of the average aggregate levels of such credit maintained in the corresponding period of 1962. A further ceiling, which will be within this overall ceiling limit, in respect of advances other than those against warehouse receipts is fixed at 90 per cent of such level of advances in the corresponding two-month period in 1962. The continuance of this special feature is intended to ensure that the control has no undue impact on advances against warehouse receipts. Again, in the interests of a steady and orderly growth of the warehousing activity in the country, advances against receipts of such warehouses as were established by the Central and State Warehousing Corporations on or after 1st January 1961 are completely exempted from the purview of the directive. It may be recalled that, previously, this concession was given only to warehouses opened on or after 1st April 1962. Provision is also made in the directive for the continuance of the additional credit limits enjoyed by banks operating in Punjab and Orissa. The provisions relating to 'other foodgrains (excluding wheat)' as set out in the earlier directive are continued, for the present, without any change."

There was a further notable increase of Rs. 9.67 crores to Rs. 121.53 crores in India's foreign assets during the week ended 7th February 1964. The whole of the increase was in balances held abroad which amounted to Rs. 19.07 crores. The foreign securities held in the Issue Department of the Reserve Bank were unaltered at Rs. 102.46 crores. As against the rise of Rs. 3.65 crores to Rs. 83.54 crores in deposits of scheduled banks with the Reserve Bank, the total of loans and advances obtained by them from the lender of last resort went up, as already stated, by as much as Rs. 13.05 crores.

The total credit made available by scheduled banks to their clients spurted again by Rs. 18.90 crores to Rs. 1,688.80 crores during the week ended 31st January. The rise was much more than the addition of Rs. 4.95 crores (to Rs. 2,441.24 crores) to the deposit portfolio of banks, so that the banks had to rely greatly on borrowings from the Reserve Bank. The total outstanding borrowings were higher by Rs. 7.10 crores at Rs. 35.85 crores, of which those against usance bills accounted for Rs. 13.63 crores, a rise of Rs. 3.28 crores. Investments declined by Rs. 1.20 crore to Rs. 683.55 crores.

Trading in the Gilt-edged market was a dull and drab affair again. Buyers were scarce, with interest confined only to a few short-dated loans. Since offers were also scarce, the volume of transactions was small, with values remaining almost unchanged at last week's levels. State loans were dull and Corporation loans were neglected.

In the foreign exchange market, there was no change in the banks' buying and selling rates for U.S. dollars which stood at Rs. 475 and Rs. 478.50 per $100, respectively. In New York, the pound sterling eased a little *vis-a-vis* the dollar, the spot rate declining by 0.010 cent to 279.790-279.820 cents and the three months' forward by 0.040 cent to 279.500-279.530 cents.

COTTON BUOYANT

(*From Our Own Correspondent*)

BOMBAY, *12th February*

Buoyancy in cotton futures continued unabated this week, in spite of the requisitioning of Digvijay cotton by the Textile Commissioner in Gujarat and the resultant drop in the mills' scramble for cotton in the spot market. With the principal bull operator exercising a firm hold on the maturing March contract, prices improved further in the course of the week on bear covering and absence of selling. The distant May contract reached the stipulated ceiling of Rs. 764.75 for the week ended 8th February on Friday the 7th inst. The next day, it eased to Rs. 761.75 and, on Monday the 10th inst., it was quoted initially lower at Rs. 761.50, but rallied to close at Rs. 765.75. It rounded off the week today at Rs. 769, that is Rs. 8.50 higher over the week, after it was bid up to Rs. 770. The March contract, which closed on Monday at the weekly fixed ceiling of Rs. 782.25, was unofficially quoted higher today at Rs. 787.

The trend during the week under review is indicated below:

(In rupees per three quintals)

	5-2-64	*High*	*Low*	12-2-64
Jarilla March ...	772.25	782.25	780.00	782.25
Jarilla May ...	760.50	770.00	761.50	769.00

The Textile Commissioner started requisitioning Digvijay cotton in Gujarat on Friday the 7th inst. at the instance of the Indian Cotton Mills Federation. According to trade sources, about 1,000-1,200 bales have been requisitioned so far. In view of the official requisitioning, mill demand showed signs of gradual decline. This decline was also due to the beginning of Laxmi and Jayadhar arrivals. At a meeting at Ahmedabad on the 10th inst., cotton growers criticised the requisitioning of cotton by the Textile Commissioner. The meeting appealed to the textile industry to desist from using its influence over the Government "for exploiting the unorganised mass of cotton growers," when half of the Digvijay crop still remained unsold.

Activity in the Sewri spot cotton market was confined to selected lots of CO2, L 147 and 197/3. Among imported cottons, Pima and higher grade Sudan attracted stray attention. The following are the spot prices—in rupees per candy of 784 lbs.—of some of the varieties:

Kapadvanj 1,261, Morvi CO2 1,390, A.P. CO2 1,741, Amalner 1,075, Akola L 147 1,218, Nagar 975 and Wagad 918.

YARNS EASY AGAIN

(*From Our Own Correspondent*)

BOMBAY, *12th February*

The yarn market depicted a distinctly easy trend during the week under review. Art silk yarns encountered selling, thanks to low offtake by consuming interests and increased supplies. There were reports of some stock accumulations in certain centres. Staple fibre yarns were dull in the absence of any encouraging development. Cotton yarns were also dull. The handlooms and powerlooms were said to be buying quantities just sufficient to meet their day-to-day requirements.

The market was thick with rumours that the Government of India might concede the plea of rayon spinners for abolishing the concessional rate at which the weaving mills are now obtaining yarn supplies. The special export promotion scheme for rayon textiles, it will be recalled, imposes an obligation on spinners to supply the manufacture-exporters of rayon fabrics art silk yarns at substantially concessional rates in exchange for the surrender of 30 per cent of incentive import entitlement earned by exporters. In support of the plea for withdrawal of concession, it is pointed out that, in view of the downward trend of prices that has set in since the decontrol was announced, the spinners are finding it difficult to continue sales of yarn at concessional rates and that, in the absence of fixed prices, there is no basis for working out these rates. The plea has, however, been opposed by the exporting interests. The opposition is based on the following grounds:

The withdrawal of concession will affect the competitive capacity of India's rayon textiles in the world market. Currently, India is exporting about Rs. 1.25 crore worth rayon goods every month. Export earnings of this order would mean that shippers are lifting about Rs. 20 crore worth of goods in terms of internal prices. The fall in exports would have a depressing effect on the prices of rayon fabrics in the Indian market. Eventually prices of rayon yarns are bound to suffer.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	12-2-1964	5-2-1964
Art silk yarn (per kg.)—	Rs.	Rs.
National Rayon 120D	11.68	11.55
Century 76D	18.28	18.35
S. I. Viscose 150D	12.91	12.91
Staple fibre yarn (40/2²)—		
Kohinoor (per kg.)	9.35	9.48
Century	9.35	9.50
Cotton yarn (per bundle of 10 lbs.)—		
10s Navsari	19.37	19.37
20s Podar	24.50	21 50
32s Madura	32.00	32.50
40s City	37.50	37.50
60s Finlay	76.25	76.25
80s Mahindra	93.00	93.00

GOAT SKINS FIRM

(*From Our Own Correspondent*)

MADRAS, *10th February*

Trading in E.I. kips was a shade better this week. Single tannage semi-premiums lights fetched 71/61/51 and medium fifths were in demand at 45*d.* In tanned cow calf, fourths were in good request. Buffcalf remained quiet, with stray export business. The U.S.A. kept out of the market for buffcalf, but the U.K./Continent buyers came to the rescue of the tanners. In superfine goat skins, the trend remained steady to firm due to the well sold forward position of the tanners. Semi-prime and prime sheep skins were steady, whereas best middle classes remained very firm on good inquiries from Japan.

The recently held Indian Leather Fair has proved a big success, and the trade has proposed to hold the Fair every year.

Total shipments from Madras last month were: 1,572 bales cow hides, 272 bales cowcalf, 855 bales buffcalf, 589 bales goat and 508 bales sheep to the U.K.; 163 bales cow hides, 43 bales cowcalf, 5 bales buffs, 52 bales buffcalf, 618 bales goat, 265 bales sheep and 10 cases of pickled goat to the Continent; 50 bales buffs, 117 bales buffcalf, 229 bales goat and 6 cases of pickled goat to the U.S.A.; and 24 bales goat and 275 bales sheep to Japan.

SPURT IN OILSEEDS

(*From Our Own Correspondent*)

BOMBAY, *12th February*

An impressive rise in prices of linseeds and castorseeds characterised the trading in the oilseeds market during the week under review. The rise in linseed futures followed hectic buying by bulls who were induced by reports of a further swift increase in mustard seed rates in North Indian markets. The mustard crop in North India, it was said, had been damaged considerably by the recent cold spell and frost. Latest estimates put the total production at no more than 600,000 tons. Heavy purchases by shippers also imparted strength to linseeds. Castorseeds met with excellent support, especially from operators who had diverted their attention away from groundnut futures. In sympathy with castorseeds and linseeds, coupled with short-covering, groundnuts tended to move up. Cotton seeds, too, were quoted higher on bullish advises from the cotton market.

Following the directive issued by the Forward Markets Commission, the Bombay Oilseeds and Oils Exchange has issued a stern warning to its members against illegal option dealings (*Teji-Mandi*). A supervisory committee has been appointed by the Exchange to deal with such tradings. Some of the big operators in the market have been asked to submit their books for a check-up by the committee. The committee, it is said, has been given powers to penalise any member who has indulged in such dealings.

The Groundnut April 1964 contract began the week distinctly firm at Rs. 237.12, as against the previous close of Rs. 236.25, and swiftly advanced to touch Rs. 238.12 today, the highest level for the past two years. This rate was, however, still below the ceiling of Rs. 241 (inclusive of the penalty of Rs. 5) fixed by the F.M.C. Nizam bold ready spurted by a rupee to Rs. 49.50. Khandesh quality put on Re. 1.37 to Rs. 50.62. Oil ex-mill advanced by 75 nP to Rs. 19.75. Railway receipts gained a like amount to Rs. 19.55.

In the castorseeds section, the March 1964 contract opened the week on a hesitant note and moved downward from Rs. 174.62 on Wednesday last week to Rs. 173.75 on Monday, before recovering to close at Rs. 176 today. June 1964 contract jumped up from Rs. 174.75 to Rs. 177.25. Ready Madras picked up 38 nP to Rs. 35. Oil B.S.S.

hardened by 30 nP to Rs. 15.10 and commercial by 15 nP to Rs. 14.35. Linseed March 1964 Contract was quoted at Rs. 40.50 today, as against Rs. 39.56 last week end. June 1964 contract increased by Re. 1.44 to Rs. 41. Bold ready rose by a rupee to Rs. 38.50. Oil ready strengthened by 35 nP to Rs. 15.85.

There was a handsome gain of Rs. 3 to Rs. 105, in the cottonseed April Contract.

The following table shows the closing prices of oilseeds and oils on Wednesday 12th February as compared with those of two previous weeks:

	12-2-1964	5-2-1964	29-1-1964
Groundnuts	Rs.	Rs.	Rs.
January 1964 contract	—	236.00	236.00
April 1964 contract	238.12	236.25	236.00
Niram bold	49.50	48.50	48.62
Khandesh quality	50.62	49.25	49.37
Oil ex-mill	19.75	19.00	19.25
Oil Ily. Receipts	19.55	18.80	18.95
Castorseed			
March 1964 contract	176.00	174.62	171.75
June 1964 contract	177.25	174.75	173.00
Ready Madras	35.00	34.62	34.25
Ready Kanpur	33.87	33.50	33.25
Oil B.S.S.	15.10	14.80	14.85
Oil commercial	14.35	14.20	14.30
Linseed			
March 1964 contract	40.50	38.44	37.31
June 1964 contract	41.00	39.56	38.50
Bold ready	38.50	37.50	37.50
Linseed oil	15.85	15.50	15.30
Cottonseed			
April 1964 contract	105.00	102.00	102.00

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms, Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

PEPPER FUTURES IMPROVE

(Messrs. Parekh and Co.)

BOMBAY, 12*th February*

During the past fortnight, Malabar black pepper prices improved, despite poor enquiries from New York where most of the dealers tried to bear the market to force the reserved sellers at the origin to lower the prices. The improvement in Bombay was the result of sizable speculative purchases in *Chaitra* and *Vaisakh* by Gujarat interest. Merchants dealing in small seeds and spices in Gujarat seem to have turned their attention to Malabar pepper, thinking possibly that its present prices are pretty low. Their purchases were about 400 tons.

Ungarbled, at Cochin, moved between Rs. 262.50 and Rs. 271. Garbled fluctuated between Rs. 272 and Rs. 277. The February delivery oscillated between Rs. 282 and Rs. 286. March was neglected, except for some sporadic speculative purchases.

Black pepper, in Singapore, improved to $(M)115, and white to $(M)157½. There is scarcity of supply of white in Singapore. Spot in New York, after climbing down to $0.31¼, improved to $0.32½ in view of grinders' demand.

In Bombay, the ready price remained unchanged at Rs. 150, but *Chaitra* recorded rose from Rs. 312 to Rs. 321 and *Vaisakh* from Rs. 322 to Rs. 332.

UNORTHODOX TEAS EASIER

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 6*th February*

A slightly larger quantity amounting to 480,000 kgs. was offered at tea sale No. 5 held here on Tuesday the 4th inst. A useful selection of improved quality teas was on offer. Demand was not quite strong, following less widespread export interest. The best highgrowns generally came to a lower market, though a few lines were sold well, but the lesser Nilgiris were often dearer with quality. Improved low medium descriptions were sold readily at firm to dearer rates, with buyers closely following quality, but, where no improvement was noticeable, prices were firm. The brighter low mediums also followed a dearer trend, but others in this category often shared slightly in prices. Plainest and black leaf brokens were firm, but Middle East type fannings were not so strong. Whole leaf grades, particularly liquoring sorts, were sold well, but there was only a limited selection of tippy teas available. Unorthodox teas came to an irregular and often easier market.

Quotations (per kg.) were:

	1964	1963
	Rs.	Rs.
Low mediums	4.55-5.00	4.25-4.65
Mediums	5.10-5.50	4.70-5.00
Good mediums	5.30-6.30	5.10-5.80
Nilgiri B.O.P.	5.50-10.10	5.75-11.10

The average price realised in sale No. 5 was Rs. 5.08 per kilo, as against Rs. 5 a week ago and Rs. 4.97 in the corresponding sale last year.

In dust sale No. 5 held today, 259,000 kgs. were offered. The market met with strong general demand. All mediums elicited useful enquiry and were sold at fully firm to dearer rates. A limited quantity of highgrowns was on offer and these were sold at irregular rates. Clean black grainy descriptions attracted keen competition and were the strongest feature of the sale. The poorest and milled descriptions, however, were inclined lower. Unorthodox received useful support and were quoted firm.

The average price realised in dust sale No. 5 was Rs. 4.60 per kilo, as against Rs. 4.55 a week ago and Rs. 4.27 in the corresponding sale last year.

Colombo: There was good general demand. Best liquoring descriptions, although easier at the beginning of the sale, closed dearer. Uva brokens advanced by 10 to 15 cents, while lowgrowns were firm.

London: North Indian and Other Growths: In Monday's sale, there was less demand. C.T.C. Assams eased by 1*d.* to 3*d.* Orthodox and other teas, particularly those valued below 4d., were steady.

Ceylon and South Indians: In Tuesday's sale, offerings amounted to 24,459 packages, of which 7,254 packages were from South India. There was fair general demand. South Indians were fully firm, while Ceylons were about steady, but plainer types were easier.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire as follows:

"*Sale No.* 6: 533,000 kgs. offered. Fair demand at irregular rates. Low mediums and mediums barely steady. Good mediums dearer with quality. Highgrowns irregular. Unorthodox and black leaf lower."

TEAS EASY

(From Our Own Correspondent)

CALCUTTA, 11*th February*

Demand at the last week's tea export sales fell. But that did not surprise the trade, because overseas buyers had already lifted a sizable quantity in the past few weeks. In fact, tea stocks, in the United Kingdom, increased to 169 million lbs. in the week ended 31st January from 166 million lbs. in the previous week. Because of the good statistical position, bidders in Mincing Lane were less active last week and this led to heavy withdrawals of the North Indian offerings. C.T.C. Assams eased by 1*d.* to 3*d.* per lb. according to quality, but good plain teas and orthodox Assams were well supported.

Tea consumption in the United States is said to be on the increase, with instant tea enjoying good prospects. Coffee is a strong competitor with tea in the U.S.A., because it can be prepared instantly. The trade has noted reports that Ceylon's higher production in 1963 was at the cost of quality.

The Central Government has made available to the Tea Board a sum of Rs. 9 crores and the Board has been asked to provide loans to gardens for replantation, replacement of machines, and for augmenting irrigational facilities. The total loans under these heads should not exceed Rs. 5 crores, Rs. 2 crores and Rs. 2 crores, respectively. A good portion of this sum is lying with the Tea Board, because of its insistence that gardens requiring loans should submit proof of creditworthiness. The gardens needing external finance for replacement, extension and improvement of production, state that, it is because they are unable to provide their own funds for these purposes, that they require advances from outside sources. A committee of the Assam Government has now taken up the complaints of the Assam tea industry against the Tea Board in this regard.

The plight of the industry in Cachar is pitiable. Tea bushes in most gardens have already outlived their usefulness, and the gardens are handicapped by lack of funds to undertake replantings, which are now required to be done on a wide scale. Further, the tax structure has hit the industry in Cachar hard. Since most of the tea produced in Cachar finds its way to the internal market, the industry in this district has not only not benefited from the abolition of the export duty but has also paid dearly for the increase of 20 per cent in the excise duty. Presiding recently over the annual meeting of the Sulma Valley Branch of the Indian Tea Association, Mr. C. M. Shaw referred to the loss which Cachar gardens had sustained in view of the excise duty increase and pleaded for tax relief. Mr. Shaw said that the Assam Government's decision to improve substantially the specifications for labour quarters would mean increasing the housing costs by more than 50 per cent. Referring to the Wage Board, which is yet to make its final recommendations, Mr. Shaw declared that the Cachar gardens were not in a position to shoulder any more burden, and that any increase in wages should be on the condition of a compensatory increase in productivity.

Leaf on offer at the last week's export sales totalled 69,363 packages. Demand was less general than usual and prices eased. Medium C.T.Cs eased by 10 nP to 30 nP. The few very best C.T.Cs hardened, but others in this category eased. Secondary types were irregularly easier, but some of the brighter liquoring teas were dearer. Legg-cut teas were in good demand. Plain orthodox teas and "teas for price" were about steady. Bright mediums were in good demand, but the plainer liquoring teas eased. Whole leaf grades also eased, but the tippy teas were dearer. Darjeelings met an appreciating market. The quotations per one kg., inclusive of excise duty, were: Best Assam C.T.C. fannings Rs. 5.70 to Rs. 6.10, Best Assam C.T.C. B.P. Rs. 5.80 to Rs. 6.20, medium Assam C.T.C. B.P. Rs. 5.30 to Rs. 5.60, clean plain pekoe Rs. 5.10 to Rs. 5.40, medium Assam C.T.C. fannings Rs. 5.10 to Rs. 5.40, plain B.P. Rs. 4.55 to Rs. 4.65 and plain fannings Rs. 4.50 to Rs. 4.65.

Dust offerings at the last week's internal sales totalled 31,917 chests, which met with good demand. Plain orthodox teas were unchanged at last levels, but the brighter mediums hardened. Leggcuts were fully steady. Medium C.T.C.s eased but the smaller and brighter teas rose. Good C.T.Cs were a strong feature. The quotations per one kg., inclusive of excise duty, were: Good Assam C.T.C. dust Rs. 6.20 to Rs. 6.70, medium Assam C.T.C. dust Rs. 5.10 to Rs. 5.30, legg-cut dust Rs. 4.90 to Rs. 5.10, medium Assam dust Rs. 4.70 to Rs. 5.10 and plain orthodox dust Rs. 4.50 to Rs. 4.70.

Demand for the 74,338 packages of leaf offerings at yesterday's export sales was fair. Darjeelings hardened following an improvement in quality, but whole leaf grades eased. "Teas for price" were about firm, but plain brokens and fannings eased. Medium orthodox teas also eased, but the brighter teas in this category were well held. Medium C.T.C. brokens were taken at lower rates and fannings proved difficult of sale. The best C.T.Cs also eased, but brokens received more support than fannings in the same category. Legg-cuts gained higher prices. The quotations per one kg., inclusive of excise duty, were: Best Assam C.T.C. fannings Rs. 5.50 to Rs. 6.10, Best Assam C.T.C. B.P. Rs. 5.60 to Rs. 6.20, medium Assam C.T.C. B.P. Rs. 5.20 to Rs. 5.40, clean plain pekoe Rs. 5.00 to Rs. 5.40, medium Assam C.T.C. fannings Rs. 4.95 to Rs. 5.15, plain B.P. Rs. 4.55 to Rs. 4.65 and plain fannings Rs. 4.50 to Rs. 4.65.

JUTE GOODS MOVE NARROWLY

(From Our Own Correspondent)

CALCUTTA, 11*th February*

Although a good number of inquiries was received from overseas buyers this week, actual business that took place in jute goods was limited and so movement of prices was narrow. In raw jute, mills were hesitant buyers, but prices were maintained steady at around minimum levels. A feature of trading was that, even in mesta, sellers, though they were eager for business, were disinclined to discount quotations.

Advices from the New York burlap market continued to be discouraging. For the 40" 7½ oz. hessian there fell from 9.00 cents to 8.55 cents a yard, and the 10 oz. remained changed hands at 11.75 cents a yard. U.S. enquiries for hessian, however, continued to be received at Calcutta. Interest was also shown by both the U.K. and the Argentina. It was hoped that, in the coming months, the U.S.S.R. and other East European countries would show steady interest. Apropos the optimum of Mr. G. C. L. Joneja, Jute Commissioner, in regard to jute goods exports realising the third Plan target of 900,000 tons this year, the trade felt that, if only fibre prices in India came down to the level of those in Pakisan and prices of goods reduced to that extent, overseas demand for sacking and hessian would increase impressively. If the Indian mills are to meet the competition offered by the Pakistan industry in overseas markets, it is needless to say, a reduction in the cost of production in India is imperative. In this context, the news of the possibility that jute sticks can be used as raw material in the manufacture of card-boards, box-boards, post-cards and a variety of cheap writing papers, has been well received. Already two paper mills near Calcutta consume jute sticks for pulp-making, and the Technological Research Laboratory of the Indian Central Jute Committee has done well in circulating the details of the processes involved in converting jute sticks to pulp. It is to be hoped that more and more paper mills begin to use jute sticks. The fact that India is short of coniferous wood for pulp making supports the assumption that, before long, indigenous jute sticks, the production of which is estimated at two million tonnes a year—these are mostly used as firewood now—would have a commercial market. The Government, while fixing fibre prices, should take into consideration the returns which the farmer is capable of receiving now from jute sticks. It is thought that the farmer has been able to lower his costs as a result of increased output also. It is on the economic price for fibre that rests the possibility of increasing exports of goods.

By fixing fibre prices lower than in India, Pakistan has been able to expand its overseas markets for goods, and thus increase production. The Pakistan mills were thus able to increase fibre purchases in the six months to December last to 1,368,000 bales from 1,065,000 bales in the corresponding previous period. The average monthly input of mills in Pakistan rose from 146,000 bales to 162,000 bales. Output of mills has increased substantially to a total of 170,000 tons in the six months. The trade here urges that it is time for action in India to enable the Indian industry to regain its overseas markets for sacking lost to Pakistan. Since India produces a higher proportion of fibre fit for sacking manufacture, it goes without saying that a depression in the fibre market can be avoided if India succeeds in exporting a greater quantity of heavy goods than now. Against the background of the terrific expanding capacity of Pakistan mills, it would be only timely action in India that would ensure India's due share in overseas markets. Since fibre fit for hessian manufacture is in short supply, such fibre commands a premium over minimum prices, while, on the other hand, thanks to the several price support measures, the inferior fibre fit for the manufacture of heavy goods are maintained at the minimum levels. The disparity between these two price levels has been brought to the attention of the Government several times. The only way by which a solution to this problem can be found is by lowering prices of fibre at least in respect of the lower grades. Such a measure would also lead cultivators to pay greater attention to quality.

The further fall in fibre arrivals in this week to 60,000 maunds a day from 100,000 maunds a week ago was reflected in steady conditions in the fibre market during the week under review. It was in consideration of the lower rate of arrivals that the Jute Commissioner fixed a lower quota for this week. As and when mills complete the February quota, the quantity bought by both mills and the Jute Buffer Stock Association this season will total 6.26 million bales, or 84 per cent of the season's estimated crop. In view of this position, holders who have been left with stocks which are mostly of the inferior varieties are not inclined to discount quotations. They feel confident that, for the rest of this season, they would be able to realise the minimum prices. The trade has noted reports from East Pakistan, that the Pakistan Government's jute policy, which has driven away 300 Indian traders, has not led to any benefit to jute growers. It is stated that the withdrawal of buying support on such a mass scale has led to dullness in the fibre market. In fact, overseas demand of fibre has alsc fallen. Thus fibre exports from Pakistan in the six months to December last fell to 2,462,972 bales from 2,725,773 bales in the corresponding previous period. A factor for the fall in overseas demand for Pakistan fibre is the increased exports of jute goods from both Pakistan and India. Continental spinners have complained that their margin of profit has shrunk, in view of the keen competition from Pakistan and India. Noting the expectation of a very large increase in the jute industry's fibre requirements in the five-year period ending 1970-71, according to the latest issue of the *Jute Bulletin*, issued by the Indian Central Jute Committee, the trade feels that the fibre output target of ten million bales (8 million bales of jute and 2 million bales of mesta) as provisionally fixed for the fourth Plan period will lead to marketing problems, if, in the meantime, adequate steps are not taken to expand India's export of heavy goods.

Although actual business passing in goods was limited in the week under review, the expectation that January output of mills would show a decline in view of disturbed working conditions in the month prevented quotations from falling. Also, more interest from the U.S.A. and the U.S.S.R. was anticipated. On Tuesday last, although steadiness marked trading, the higher levels soon attracted profit-taking, and ready B. twills fell to Rs. 113.10 from Rs. 113.40 on the day previous. Ready hessian 40" 10 oz. eased from Rs. 47.10 to Rs. 46.85. On the following day, speculative activity in the futures market led to a rise in quotations. At the rise, mills sold as much as they could for forward positions; however, overseas buyers did not respond. Before the close of the day, prices fell and hessian 40" 10 oz. and B. twills were firm at Rs. 46.95 and Rs. 113.35, respectively. Quiet conditions prevailed on Thursday, and prices were marked down at Rs. 46.85 and Rs. 113.20, respectively. Demand for hessian was modest, and mills on Friday sold for deliveries up to December. Hessian 40" 10 oz. was firm at Rs. 46.80, but B. twills eased to Rs. 113.00. Over the week-end, it was announced that goods in stock with mills as at the end of January 1964 aggregated 120,900 tons, showing a substantial rise of 8,600 tons as compared with the previous month. The rise in stocks against the background of the belief of a fall in production caused disappointment, and B. twills declined to Rs. 112.60 and hessian 40" 10 oz. to Rs. 46.50. With prices at Rs. 112.65 and Rs. 46.60, conditions remained quiet yesterday.

SUGAR STILL AT PREMIUM

(From Our Own Correspondent)

HAPUR, 10*th February*

Sugar ruled quietly steady during the week at Rs. 155 to Rs. 158 per quintal in the open market, as against the controlled price of Rs. 121.34 to Rs. 126 per quintal. The supply position continued restricted. Most of the factories in Meerut and Muzaffarnagar districts were faced with a shortage of cane supplies, which was attributed to the inadequate enforcement of Government's orders. It was alleged that many *khandsari* units were crushing more than double the permitted quantity of cane and were buying cane at some centres up to Rs. 5.80 per quintal, as against Rs. 5.36 being the prices paid by sugar factories. According to the industry sources, the Government has failed to prevent unauthorised manufacture of *gur* and *khandsari* and also their export.

After early losses, *desi khandsari* rallied on revival of demand from stockists in Punjab and Rajasthan. Prices advanced by Re. 1.34 to Rs. 5 per quintal according to quality. Week-end prices were:—*Desi* inferior Rs. 105 to Rs. 120, medium Rs. 132 to Rs. 135, *superior* Rs. 140 to Rs. 145, crystal Rs. 145 and *boora* Rs. 155 to Rs. 160 per quintal.

After ruling quiet in the earlier part of the week in the absence of buying urges due to non-receipt of import permits, *gur* prices improved fractionally in the week-end, as some permits were received. Daily arrivals averaged 2,500 to 3,000 maunds and the local stock was around 14,000 quintals. Total arrivals so far have been estimated around 144,000 quintals as against 127,000 quintals last year. Week-end prices were:—*Gur* superior pansera Rs. 26.25 to Rs. 26.50, average Rs. 26, *dera* Rs. 25.50, *balti* Rs. 26.75 and *shakker* Rs. 27.50 to Rs. 28.50 per quintal.

Divergent trends were noticed in the *gur* market last week at Muzaffarnagar. After early steadiness, *gur* prices sought lower levels in the absence of import permits, while *shakker* and *rusket* varieties registered heavy gains on brisk buying by stockists.

WHEAT RISES FURTHER

(From Our Own Correspondent)

HAPUR, 10*th February*

Firm conditions continued in foodgrains and pulses. This week, as absence of winter rains and heavy frost in the past fortnight adversely affected *rabi* crops. The dwindling stock position also acted as a bullish factor. The U.P. Government is, however, anxious to check this rising trend and more fair price shops are being opened.

Wheat hardened by Re. 1.50 to Rs. 2.50 per quintal according to quality on better local and outside buying enquiry in the face of declining stocks. The average quality was now placed between Rs. 58.75 and Rs. 60.75 and the farm produce between Rs. 62.50 and Rs. 65 a quintal. Local wheat stocks, left with the trade were nominal and crop prospects were uncertain. Rice was steadier on good demand and poor arrivals. Prices advanced by Re. 1.34 to Rs. 2.67 per quintal, as the local stocks were still meagre. Week-end prices were:—Rice *basmati* superior Rs. 93.77 to Rs. 96.45, *sela* Rs. 91.09 to Rs. 93.77, *mainpuri* Rs. 63.63, *ramajwayan* Rs. 75.02, *raimunia* Rs. 79.04 and *gadda* Rs. 60.95 per quintal.

Gram improved by 67 nP to Re. 1.34 per quintal on firm Punjab advices coupled with the declining stocks position. The Punjab quality was quoted at Rs. 53.58 and the local produce at Rs. 52.92 a quintal. Local gram stocks also declined to 4,000 quintals. Maize moved up by 67 nP to Re. 1.50 per quintal on brisk consumer demand with the average quoted at Rs. 37.50 to Rs. 38.50 and superior at Rs. 40 to Rs. 41.25 per quintal. Stocks drifted lower to 13,000 quintals. *Juwar* and *guwar* prices were also steadier in sympathy with the other grains.

Firm conditions were witnessed in pulses on poor crop precspects for peas and *arhar* due to the heavy frost. Peas improved by Re. 1 per quintal to be quoted at Rs. 46.50 to Rs. 48.50 for the *dara* quality and Rs. 50.50 to Rs. 52.50 a quintal for the farm quality. *Arhar* advanced up to Rs. 4 per quintal to Rs. 60 to Rs. 61.62 for the average quality and Rs. 62.96 to Rs. 63.63 per quintal for the superior quality. *Urd* and *moong* also registered further gains on good demand. *Urd* was placed between Rs. 64.30 and Rs. 69.66 and *moong* at Rs. 76.68 to Rs. 79.66 per quintal. *Masoor* and other *dal* prices also tended to rise in sympathy with other *dals*.

COPPER AND TIN SPURT

(From Our Own Correspondent)

CALCUTTA, 11*th February*

The feature of this week's trading in the metal markets was the substantial rise in the prices of copper and tin on the London Metal Exchange. It is apparent that world consumption of copper has risen above production and the only way out is to raise production. While the Rhodesian Selection Trust Group has already announced the removal of all restrictions on production with immediate effect, it remains to be seen how far production can be raised in view of the continued political troubles in Africa. The exhaustion of producers' free stocks held in London is now being felt more and more.

In an attempt to combat the price rise on the London Metal Exchange, the R.S.T. Group had announced its intention to offer copper to its customers at £236 per long ton instead of the L.M.E. settlement price. But the continued rise in the price shows that the initiative has not yet been wrested from speculators. It is felt that confidence cannot be regained, until there has been substantial proof of a rise in production and producers build their stocks in London. It is significant that a prominent producer, the Union Miniere due Haut. Katanga, recently stated that its production in 1964 would not be significantly larger than in 1963, when its output totalled 270,000 long tons. Making this forecast, the quarterly report of the firm referred to the social tension in Katanga leading to labour problems and technical difficulties, thus hampering the Company's output. The Company's output last year was lower by 25,000 tonnes as compared to 1962. The Company made available last year all its production for sale.

On the London Metal Exchange, steady demand raised spot copper wire bars from £241¾ a ton to £245¼. But the three months' metal rose only moderately from £243½ to £246½. Spot cathodes rose from £232½ to £236½, and three months from £235 to £239. Spot fire-refined hardened from £231 to £235½, and the three months from £232 to £237½. Spot tin opened at £1,060 a ton and closed substantially higher at £1,079. Three months' tin closed at £1,064, after opening at £1,054½. It is felt that only increased releases from the U.S. stockpiles would stem the rise in tin. Although production of tin this year is expected to rise under the influence of the improved marketing outlook, it may not meet the increased level of demand. Spot zinc closed at £93 a ton, after falling to £91½ from £94. Spot lead closed lower on balance at £78¼ a ton, as against the opening rate of £79¼.

The Wage Boards for iron ore, limestone and dolomite mines have recommended interim relief for workers in these industries amounting to Rs. 7.80 per month with effect from 1st January 1964. The Government of India has accepted the recommendations and requested the employers to implement them as early as possible. About 100,000 workers are expected to benefit from the recommendations. The minimum emoluments of unskilled workmen in these industries will be raised to Rs. 2.50 per day or Rs. 65 per month, according to the Boards' recommendations. The emoluments should include the basic wage, dearness allowance, cash food subsidy and/or the value of food concessions in cash or in kind, but not bonus. The increase that the minimum paid workman should get in the case of mines where grain concessions are in vogue should be worked out and this amount paid as interim wage increase. In the case of workmen whose total emoluments were between Rs. 100 and Rs. 150 p.m., the interim wage increase would be Rs. 10.40. In the case of those with emoluments above Rs. 150 p.m., it would be Rs. 13. The recommendation would apply to all workmen, time-rate and piece-rate, as defined in the Industrial Disputes Act, as also workmen employed by or through contractors.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 13th February 1964:

	Closing quotations 6-2-1964	High	Low	Closing quotations 13-2-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Advy. (100) ..	138.00	140.00	138.00	140.00
Apollo (2) ..	1.94	1.96	1.92	1.96
Baroda Rayon (100)..	96.00	98.00	96.00	96.00
Bombay Dyeing (25)..	62.20	63.20	62.40	62.70
Bradbury (50) ..	157.00	157.00	149.50	150.50
Central India (100) ..	97.00	98.00	96.50	97.50
Century Mills (100) ..	695.00	705.00	690.00	697.50
Dawn (50) ..	151.50	155.00	152.50	155.00
Elphinstone (50) ..	98.00	98.50	97.00	98.00
Finlay (100) ..	317.00	318.00	315.00	317.00
Gokak (100) ..	172.50	176.00	173.00	174.00
Gold Mohur (100) ..	212.50	—	—	212.50
Gwalior Rayon (10) ..	41.50	43.50	41.50	43.00
Ind. Untd. Defd. (1)..	2.52	2.56	2.52	2.56
Ind. Untd. Ord. (10)..	22.00	22.00	21.76	21.76
Indian Rayon (100) ..	77.50	81.50	78.00	81.50
Indore Malwa (100) ..	205.00	—	—	205.00
Khatau (100) ..	201.25	203.75	200.00	202.50
Kohinoor (100) ..	339.50	354.50	337.50	337.50
Mafatlal (100) ..	615.00	620.00	605.00	612.50
Modella Woollens (10).	14.84	—	—	14.84
Morarji (100) ..	372.00	380.00	372.00	380.00
Mysore (50) ..	43.00	43.00	42.00	43.00
National Rayon (100).	420.00	434.50	415.50	429.00
New Great (100) ..	178.00	—	—	178.00
Phoenix (100) ..	229.00	234.00	229.00	233.00
Podar Mills (10) ..	13.00	13.12	13.00	12.12
Raymond Woollen (100) ..	134.50	—	—	134.50
Sassoon Spg. (10) ..	40.25	—	—	40.25
Shreeniwas (100) ..	271.00	272.00	270.00	272.00
Simplex (50) ..	126.00	126.00	123.00	124.00
Standard (100) ..	780.00	787.00	771.00	781.00
Swadeshi (100) ..	250.50	252.00	248.00	249.00
Swan (100) ..	267.50	—	—	267.50
S. I. Viscose (100) ..	138.50	142.00	140.50	141.50
Tata Mills (25) ..	56.70	59.50	57.50	157.50
Lakshmi-Vishnu (100).	101.00	102.00	101.00	102.00
Western India (250) ..	847.50	—	—	847.50
BANKS				
Bank of India (50) ..	105.50	105.00	104.00	104.00
Do. (New) (50) ..	108.00	108.00	106.00	107.00
Bank of Baroda (50)..	92.00	92.00	91.00	91.50
Central (25) ..	46.25	46.25	45.00	45.75
Central 'A' (25) ..	46.25	46.50	45.00	45.50
Dena Bank (50) ..	56.30	56.50	56.00	56.50
Punjab National (10)..	10.24	—	—	10.24
Union Bank (5) ..	6.16	6.20	6.12	6.20
United Com. (50) ..	75.00	73.00	71.50	72.00
Maharashtra (50) ..	54.50	—	—	54.50
ELECTRIC COS.				
Ahmedabad (100) ..	96.20	96.50	96.00	96.00
Amalgamated (10) ..	9.64	9.64	9.50	9.52
Andhra Valley (1,000).	1,035.00	1,040.00	1,035.00	1,040.00
Bom. Sub. El. (100)..	103.50	105.00	103.50	104.50
Surat (100) ..	99.00	100.25	99.00	99.95
Tata Hydro (100) ..	111.00	111.00	110.50	110.50
Tata Power (1,000) ..	1,092.50	1,110.00	1,092.50	1,107.50
INSURANCE COS.				
British India (10) ..	12.24	—	—	12.24
Indian Mercantile(50).	56.50	—	—	56.50
New India (15) ..	48.25	48.50	48.00	48.00
New India 'A' (15) ..	49.00	49.00	48.50	49.00
Vulcan (10) ..	16.00	—	—	16.00
STEEL COS.				
Ind. Iron (10) ..	24.76	25.35	24.68	25.25
Mukand Iron (10) ..	17.24	17.33	17.16	17.32
Tata Steel Ord. (75) ..	145.00	148.00	145.00	147.25
SUGAR COS.				
Belapur (50)	229.00	234.50	229.00	234.00
Bhopal (10) ..	12.88	—	—	12.88
Chamgdeo (12.50) ..	29.50	29.50	29.00	29.00
Maharashtra (50) ..	136.00	136.00	133.50	134.00
Phaltan (50) ..	104.00	107.00	104.50	107.00
Walchand Ind. (100) ..	161.00	159.00	151.50	155.50
CEMENT COS.				
Associated Cts. (100) .	146.25xd	148.00	146.00	147.50
Digvijay (100) ..	174.50	177.50	175.00	176.50
Orissa (10)	13.76	13.88	13.80	13.80
DYES & CHEM.				
Amar-Dye-Chem (100).	148.75	162.50	148.75	161.25
Camphor & Allied (100)	89.00	96.00	90.00	96.00
Citric (100) ..	76.50	—	—	76.50
Chemicoat (100) ..	153.00	153.00	146.50	146.50
Colour-Chem (100) ..	360.00	382.50	362.50	377.50
Indian Dyestuff (100).	321.25	337.50	318.75	327.50
Polychem (50) ..	131.25	133.75	131.25	131.25
Synthetics (100) ..	100.50	110.00	100.00	109.00
Tata Chemicals (10)..	18.20	18.48	18.12	18.48
MISCELLANEOUS				
Alcock Ashdown (100).	301.00	305.00	300.00	301.00
Bom. Burmah (25) ..	60.80	61.50	60.60	61.20
Do. (New) (20) ..	46.00	47.00	46.75	46.75
Br. B. Petrol (1½ sh.).	2.72	2.80	2.70	2.74
Br. I. Corpn. (5) ..	8.24	—	—	8.24
Cooper Eng. (100) ..	108.00xd	108.50	108.00	108.50
Hindustan Lever (10).	36.50	38.50	36.50	38.50
Hindustan Motors (10).	18.72	19.24	18.68	19.16
I. C. & Invest. Corporation (100) ..	94.00	—	—	94.00
Indian-Copper (2 sh.) .	3.32	3.60	3.32	3.58
Killicks (100) ..	85.50	88.00	85.50	85.50
Larsen & Toubro (10).	22.80	23.04	22.64	23.04
Mahindra & Mahindra (10) ..	17.00	17.00	16.60	16.76
Asian Cables (100) ..	80.00	81.00	80.00	81.00
Permanent Magnets (100) ..	135.00	145.00	137.50	145.00
Phillips Carbon (10).	14.72	14.64	14.48	14.64
Pre. Automobiles (100)	99.00	102.50	99.00	101.50
Premier Con. (30) ..	167.00	170.00	166.00	170.00
Scindia (20) ..	14.20	15.52	14.12	15.24
G. E. Shipping (10) ..	16.80	17.48	16.60	17.48
N. Standard Eng. (100)	134.00	140.50	134.00	140.50
T. Maneklal (100) ..	605.00	620.00	605.00	610.00
Shivraipur (10) ..	19.52	21.24	19.24	20.52
Sirpur Paper (10) ..	12.56	12.84	12.44	12.76
Tata Locomotive (100)	291.25	297.75	290.00	296.25
Tata Oil (25)	65.00	66.00	65.00	65.50
Voltas (100)	269.00	274.50	268.50	273.50
W. I. Match (100 ..	261.00	270.00	261.00	270.00
W. Coast Paper (100).	152.00	153.00	152.00	153.00
Zenith Steel (10) ..	16.76	18.25	16.92	18.25

GOVERNMENT SECURITIES	6-2-1964 Rs.	Gross Yield Earlier Redemption	Gross Yield Later Redemption	13-2-1964 Rs.
2½% 1976	83.50	—	4.30	83.50
3 % 1961	99.50	—	3.50	99.50
3 % 1966-68†.. ..	97.85	3.88	3.50	97.85
3 % 1970-75 1st Dev.	90.15	4.92	4.09	90.30
3 % 1986 Con. Loan..	64.00	—	4.72*	63.40
3½% 1961 N. P. Loan.	99.85	—	3.65	99.85
3½% 1965 N. P. Bonds.	99.65	—	3.70	99.65
3½% 1967 N. P. Bonds.	99.35	—	3.70	99.35
3½% 1974	96.75	—	4.12	96.75
3½% 1967 N. P. Bonds.	99.60	—	3.88	99.60
3½% 1969 Loan ..	97.05	—	4.17	97.00
3½% 1963	98.10	—	3.93	98.10
3½% 1968 N. P. Bonds.	99.45	—	3.88	99.45
4 % 1972 Loan ..	99.25	—	4.12	99.20
4 % 1973 Loan ..	99.15	—	4.10	99.15
4 % 1979 Loan ..	98.25	—	4.15	99.25
3½% 1968 Bonds ..	99.65	—	3.65	99.65
4 % 1980 Loan ..	98.30	—	4.14

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 7th Feb., 1964

BANKING DEPARTMENT

Liabilities	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long Term Operations) Fund	73,00,00,000
National Agricultural Credit (Stabilisation) Fund	8,00,00,000
Deposits—	
(a) Government—	
(i) Central Government	54,51,99,000
(ii) State Governments	9,80,61,000
(b) Banks—	
(i) Scheduled Banks	83,53,52,000
(ii) State Co-operative Banks	1,83,04,000
(iii) Other Banks	4,43,000
(c) Others	176,05,63,000
Bills Payable	34,27,35,000
Other Liabilities	60,19,20,000
Rupees	586,26,67,000

Assets	Rs.
Notes	13,17,29,000
Rupee Coin	2,35,000
Small Coin	3,86,000
National Agricultural Credit (Long Term Operations) Fund—	
(a) Loans and Advances to—	
(i) State Governments	26,64,45,000
(ii) State Co-operative Banks	8,52,89,000
(iii) Central Land Mortgage Banks	....
(b) Investment in Central Land Mortgage Bank Debentures	3,59,36,000
National Agricultural Credit (Stabilisation) Fund Loans and Advances to State Co-operative Banks.	....
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	67,48,21,000
Balances Held Abroad*	19,07,35,000
Loans and Advances to Governments**	38,61,97,000
Loans and Advances to—	
(i) Scheduled Banks†	49,13,00,000
(ii) State Co-operative Banks‡	129,59,40,000
(iii) Others	2,55,97,000
Investments	199,19,76,000
Other Assets	28,62,81,000
Rupees	586,26,67,000

* Includes Cash and Short-term Securities.
** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.
† Includes Rs. 19,59,00,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.
‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

Liabilities	Rs.	Rs.
Notes held in the Banking Department	13,17,29,000	
Notes in circulation	2441,90,09,000	
Total Notes issued		2455,07,38,000
Total Liabilities		2455,07,38,000

Assets	Rs.	Rs
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	102,45,69,000	
Total		220,21,79,000
Rupee Coin		110,16,15,000
Government of India Rupee Securities		2124,69,44,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2455,07,38,000

State Bank of India

Statement of Affairs for the week ended 7th Feb., 1964

Capital and Liabilities	Rs.	Rs.
Capital—		
Authorised Capital :— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		9,30,00,000
Borrowings from Other Banking Companies, Agents, etc.		600,08,73,000
Bills Payable		70,40,000
Bills for Collection being Bills receivable as per contra		3,92,88,000
Acceptances, Endorsements and Other Obligations per contra		8,60,78,000
Other Liabilities (including Inter-Office Adjustments)		17,91,93,000
Total Rs.		2,08,78,000
		648,26,00,000

Property and Assets	Rs.	Rs.
Cash in hand and with Reserve Bank		19,07,58,000
Balances with other Banks		3,51,67,000
Money at Call and Short Notice		4,00,00,000
Investments :—		
Government and other Trustee Securities	244,86,47,000	
Other Authorised Investments	8,94,20,000	253,80,67,000
Advances :—		
Loans, Cash Credits, Overdrafts, etc.	303,28,62,000	
Bills Discounted and Purchased	20,71,77,000	324,00,39,000
Bills Receivable being Bills for Collection as per contra		8,60,78,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		17,91,93,000
Premises less Depreciation		2,17,16,000
Furniture and Fixtures less Depreciation		1,65,33,000
Other Assets (including Inter-Office Adjustments)		13,50,49,000
Total Rs.		648,26,00,000

EXCHANGE RATES

	12th February 1964	5th February 1964
London on New York	$ per Dollar 2.7970-2.7981	2.7979-2.7981
London on Berne	Sw. Fcs. 12.0650-12.0970	12.0800-12.0820
London on Paris	Fcs. 13.7090-13.7110	13.7090-13.7110
New York on London	Cents per £ 279.700-279.820	279.800-279.830
Pound Sterling—		
Sellers T.T. D.D. Spot	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months	1-5 15/16	1-5 15/16
Buyers T.T.	1-6 1/32	1-6 1/32
Buyers D.D.	1-6 1/16	1-6 1/16
U.S. Dollar—		
Sellers T.T. D.D.	Rs. to $100 478.50	478.50
Buyers T.T.	Rs. to $100 474.25	475.00
Canadian Dollars—		
Sellers T.T. D.D.	Rs. to $100 445.25	445.25
Buyers T.T.	" 437.25	437.25
French Francs—		
Sellers T.T. D.D.	per Rs. 100 102.30	102.30
Buyers T.T.	" 103.40	103.40
Swiss Francs—		
Sellers T.T. D.D.	" 90.20	90.10
Buyers T.T.	" 91.20	91.10
Deutsche Marks—		
Sellers T.T. D.D.	" 82.90	82.90
Buyers T.T.	" 83.90	83.90
Italian Lire—		
Sellers T.T. D.D.	" 12.970	12.975
Buyers T.T.	" 13.150	13.150
Swedish Kroner—		
Sellers T.T. D.D.	" 108.20	108.30
Buyers T.T.	" 109.30	109.40
Belgian Francs—		
Sellers T.T. D.D.	" 1.037	1.037
Buyers T.T.	" 1.053	1.053
Dutch Guilders—		
Sellers T.T. D.D.	" 75.20	75.20
Buyers T.T.	" 76.10	76.10
Hongkong Dollars—		
Sellers T.T. D.D.	" 119.60	119.60
Buyers T.T.	" 120.60	120.60
Norwegian Kroner—		
Sellers T.T. D.D.	" 149.60	149.60
Buyers T.T.	" 151.00	151.00
Danish Kroner—		
Sellers T.T. D.D.	" 144.40	144.40
Buyers T.T.	" 145.80	145.70

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday) 31-1-64	24-1-64	1-2-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	59,59	59,02	47,29
(ii) From others	1,032,07	1,032,06	837,29
(b) Borrowings from banks	35,44	35,12	19,32
(c) Others	69,33	69,77	57,79
2. Time liabilities—			
(a Time deposits—			
(i) From banks	23,34	24,16	22,13
(ii) From others	1,246,18	1,241,12	1,213,50
(b) Borrowings from banks	15,45	14,23	18,79
(c) Others	10,73	10,16	8,44
3. Aggregate deposits [(1) (a) (ii)+2 (a) (ii)]	2,278,25	2,273,18	2,040,88
4. Borrowings from Reserve Bank	35,85	28,75	36,10
(a) Against usance bills and/or promissory notes	13,63	10,35	23,68
(b) Others	22,22	18,40	12,42
5. Borrowings from State Bank and/or a notified Bank	17,40	19,57	15,99
6. Cash	58,18	58,04	49,62
7. Balances with Reserve Bank	79,34	76,56	85,62
8. Cash and balances with Reserve Bank	137,52	134,60	135,24
9. 8 as per cent of 3	6.04	5.92	6.63
10. Balance with other banks in current account	27,81	28,49	18,50
11. Money at call and short notice	45,92	49,83	41,31
12. Investments in Government securities	683,55	684,75	637,03
13. 12 as per cent of 3	30.00	30.12	31.21
14. Advances—			
(a) Loans cash credits and overdrafts	1,412,50	1,402,32	1,271,25
(b) Due from banks	8,97	9,71	11,10
15. Inland bills purchased and discounted	215,86	207,59	171,13
16. Foreign bills purchased and discounted	60,44	59,99	51,76
17. Total Bank Credit [14(a)+15+16]	1,688,80	1,669,90	1,494,14
18. 17 as per cent. of 3	74.13	73.46	73.21

INDEX NUMBERS OF SECURITY PRICES

[1952-53—100]

Group and Sub-Group	Week ended 1st Feb., 1964	25th Jan., 1964	4th Jan., 1964	2nd Feb., 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	100.0	100.1	100.1	99.2
2. Government of India	99.8	99.8	99.9	98.8
3. State Governments	102.1	102.0	102.1	101.6
4. Municipal, Port Trust, etc.	98.9	98.9	98.9	98.3
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98.1	98.1	98.1	98.9
PREFERENCE SHARES—ALL INDIA				
6. Total	81.1	81.2	81.3	80.4
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	168.5	169.1	172.2	166.9
8. *Agriculture and Allied Activities : Total**	148.1	148.8	151.1	148.4
9. Tea Plantations	135.3	136.2	138.8	140.5
10. Coffee Plantations	172.3	171.9	170.7	141.8
11. Rubber Plantations	181.2	181.0	180.2	160.9
12. *Mining and Quarrying: Total**	138.1	138.8	142.9	160.9
13. Coal	102.7	103.0	106.7	116.2
14. Other Mining	162.5	163.3	167.7	174.7
15. *Processing and Manufacturing : Total*	182.8	183.4	186.8	178.3
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*†*	184.9	185.6	190.1	184.9
17. Sugar	130.1	131.2	133.3	130.1
18. Cotton Textiles	167.5	168.0	169.9	166.7
19. Jute Textiles	93.8	94.5	96.2	97.0
20. Silk and Woollen	903.6	904.3	956.5	903.0
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	194.8	195.6	197.4	179.2
22. Iron and Steel	157.8	158.9	159.5	132.2
23. Transport Equipment	341.3	342.9	345.9	345.4
24. Electrical Machinery	156.3	156.2	160.5	156.8
25. Machinery other than Transport and Electrical	230.4	230.7	233.4	215.4
26. Basic Industrial Chemicals	182.4	183.3	185.4	173.6
27. *Processing and Mfg. (Others) : Total**	154.2	154.1	157.2	156.5
28. Cement	145.0	144.9	147.2	144.2
29. Paper	197.0	196.6	201.6	205.2
30. *Other Industries : Total**	107.4	107.6	109.8	106.1
31. Electricity Generation and Supply	87.6	87.4	88.0	83.9
32. Trading	112.6	112.4	116.0	112.3
33. Shipping and Other Transport	93.3	94.0	98.5	84.3
34. Construction	289.8	291.9	290.4	267.1
35. *Financial : Total*	188.1	188.4	190.3	199.2
36. Banks	210.5	211.2	212.8	224.6
37. Insurance	148.7	147.8	151.7	150.9
38. Investment Trusts	84.3	84.5	84.4	89.1
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	175.1	175.6	178.9	167.9
40. Calcutta	157.2	158.0	161.0	159.7
41. Madras	176.4	176.4	177.3	183.2
42. Delhi	227.5	227.8	231.3	218.6

*Including 'Miscellaneous.' † Including Edible and Vegetable Oils. P=Provisional.

IRON AND STEEL PRODUCTION (In metric tons)

	Pig Iron	Steel Ingots	Saleable Steel
Tata Iron and Steel Co., Ltd.			
Year ended 31st March, 1960	1,594,000	1,565,000	1,237,000
Do. 31st March, 1959	1,588,000	1,623,000	1,263,000
Do. 31st March, 1962	1,647,800	1,648,400	1,317,700
Do. 31st March, 1963	1,766,000	1,799,800	1,412,700
January 1963	151,700	159,100	126,500
June "	159,000	153,800	126,800
July "	159,700	158,700	127,100
August "	155,000	161,400	127,600
September "	140,900	144,100	119,400
October "	144,800	153,500	123,300
November "	146,800	158,300	126,600
December "	162,600	174,600	136,600
January 1964	164,400	171,300	133,100
Indian Iron and Steel Co., Ltd.			
Year ended 31st March, 1960	1,070,470	840,305	672,707
Do. 31st March, 1961	1,160,576	914,159	725,084
Do. 31st March, 1962	1,187,397	934,498	736,970
Do. 31st March, 1963	1,291,825	1,002,038	795,119
January 1963	120,068	86,248	68,972
June "	112,028	86,413	61,612
July "	119,540	85,553	74,124
August "	115,800	90,128	70,905
September "	102,648	81,947	63,191
October "	81,704	85,840	76,520
November "	78,696	81,595	64,682
December "	83,051	87,519	70,229
January 1964	109,243	87,771	63,185

RECEIPTS AND EXPENDITURE OF INDIAN RAILWAYS

(Figures in crores of rupees)

	Actuals, 1960-61	Actuals, 1961-62	Actuals, 1962-63	Budget, 1963-64	Revised, 1963-64	Budget, 1964-65
Capital-at-charge	1,520.9	1,583.0	1,696.8	2,104.1	2,136.4	2,389.4
Traffic Earnings :						
(a) Coaching—						
(i) Passengers—						
Upper	15.2	17.5	20.4	20.0	21.6	22.0
Third	116.4	133.3	148.8	152.5	158.5	162.0
(ii) Other Coaching	27.2	29.1	32.5	34.8	34.8	35.0
(b) Goods	286.1	306.9	349.5	379.0	391.7	432.0
(c) Sundry other earnings	12.6	13.6	16.7	14.5	16.9	18.0
Gross Traffic Receipts (including suspense and receipts of worked lines)	456.8	500.5	566.8	599.7	622.2	668.0
Working Expenses :						
(a) Ordinary Working Expenses—						
(i) Administration	37.5	37.6	40.9	42.7	44.5	47.5
(ii) Repairs and Maintenance	99.8	100.5	112.8	118.4	122.0	130.9
(iii) Operating Staff	63.4	64.4	72.3	75.6	77.1	82.1
(iv) Operation (Fuel)	62.8	68.3	75.7	81.0	86.0	92.0
(v) Operation other than Staff and Fuel	18.3	18.2	21.3	22.1	21.8	23.8
(vi) Miscellaneous Expenses	23.8	26.5	28.1	26.6	28.5	24.3
(vii) Labour Welfare	9.7	10.2	11.9	13.4	13.9	15.5
(b) Appropriation to Depreciation Reserve Fund	45.0	65.0	67.0	80.0	80.0	83.0
(c) Appropriation to Pension Fund	..	..	..	..	..	19.0
(d) Payments to Worked Lines	0.1	0.2	0.1	0.1	0.1	0.1
Total Working Expenses (including Suspense)	358.2	390.5	429.5	459.2	473.5	516.8
Net Traffic Receipts (Gross Traffic Receipts *minus* (Total Working Expenses)	98.6	110.0	137.3	140.5	148.7	151.2
Net Miscellaneous Receipts	—10.7	—10.2	—13.9	—16.4	—16.0	—17.1
Net Revenue (Net Traffic Receipts *plus* Net Miscellaneous Receipts)	87.9	99.7	123.3	124.1	132.8	134.1
Dividend to General Revenues	55.9	62.8	68.8	80.6	82.5	90.7
Payment to General Revenues in lieu of tax on passenger fares	..	12.5	12.5	12.5	12.5	12.5
Profit for the Year (Net Revenue *minus* dividend to General Revenues and payment in lieu of passenger fare tax)	32.0	24.4	42.1	31.0	37.8	30.9
Operating Ratio (i.e., total working expenses as per cent. of gross traffic receipts)	78.4	78.0	75.8	78.3	76.1	77.4
Net Revenue as per cent. of Capital-at-charge	5.8	5.9	6.5	5.9	6.2	5.6

COMMERCE

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

VOL. CVIII. No. 2757 BOMBAY, 22nd FEBRUARY 1964 PRICE Rs. 2

FINANCES OF MAHARASHTRA

NO one need be surprised that Mr. S. K. Wankhede, Finance Minister of Maharashtra, who presented the budget for 1964-65 to the State Assembly on Wednesday this week, has not only not proposed any fresh taxes but actually given some tax concessions and relief to Government staff (in the form of enhanced dearness allowance), both together costing the exchequer Rs. 2.50 crores. For Mr. Wankhede himself (in 1961-62) and Mr. S. G. Barve (in 1962-63 and 1963-64) had levied new taxes of sizable magnitude calculated to yield an extra revenue that more than covered the third Plan target of additional taxation fixed for the State. Again, the circumstances today are different from those a year ago. Then, the State budgets were governed by the stresses of the emergency caused by Chinese aggression and the growing strains caused by rising Plan outlays. Now, the high level of prices and oppressive cost of living have vitiated the atmosphere for imposing fresh taxes, which, at the level of States, could only be of a nature as would aggravate the inflationary forces. There is, of course, the land revenue which does not suffer from this disadvantage. But this source can be touched only if the State Governments are prepared to face the consequent political unpopularity in rural areas. The Government of Maharashtra is obviously not prepared to take this risk. Be that as it may, the necessity for making a large provision for civil defence has lessened to a considerable degree and there is the justifiable hope of a more liberal Central assistance in the coming year's last year, the scope for this assistance had been circumscribed by the prevalence of the emergency in an active form. What is more, the general buoyancy of revenues of Maharashtra State also has greatly helped Mr. Wankhede. Yields from taxation newly introduced in the first three years of the third Plan are, one is told, much better than had been anticipated before. Thanks to the vigour and enterprise displayed by Mr. Wankhede's Cabinet colleague, Mr. Homi J. H. Taleyarkhan, there has also been a substantial increase in the State's share in small savings collections which have registered a remarkable improvement. The State Government's recent drive to recover arrears of loans and taxes, too, has yielded substantial results. Due to all these factors, the Maharashtra Government, besides meeting its existing commitments, has also made available to various departments sizable additional allocations without having to draw, as originally apprehended, upon its reserves.

How buoyant is the revenue position of Maharashtra Government will be clearly evident from a look at the accompanying table giving a summary of budget estimates for the coming (1964-65) year, as compared with the revised and budget estimates for the current (1963-64) year and the previous year. The estimates show that the revenue receipts in 1964-65 will go up by Rs. 14.24 crores. Actually, the increase may be much more marked, as Finance Ministers have always a weakness for underestimating revenue receipts. In the budget for the current year, for instance, Mr. Barve had taken credit for an increase of Rs. 15.53 crores in revenue as compared with 1962-63 (revised), whereas the increase is now expected to be no less than Rs. 29 crores. Similarly, the capital transactions reveal a surplus of Rs. 1.44 crore, as against the huge deficit of Rs. 17 crores expected earlier. Consequently, the overall deficit of Rs. 16.95 crores has turned out to be a handsome surplus of Rs. 6.87 crores, even after the appreciable rise (+Rs. 24.05 crores) in expenditure over the level that had originally been anticipated (+Rs. 15.89 crores). On the basis of this experience, it may be safely inferred that, as against the overall deficit of Rs. 9.83 crores which Mr. Wankhede anticipates in 1964-65, there may, in fact, be a surplus, even assuming that actual expenditure will be higher than the budget estimate of Rs. 187.94 crores. It is apparently for this very reason that Mr. Wankhede has preferred a budget which, while being free from fresh taxes, actually affords some relief to the common man.

It is, indeed, commendable on the part of the Finance Minister to have chosen food, clothing and drugs for the purpose of tax concessions, though one would wish that the concessions had been a little more liberal. The exemption limit for sales tax on meals served in hotels, restaurants and canteens is proposed to be raised from Re. 1 to Re. 1.50. This concession will certainly give a distinct relief to the thousands of persons depending entirely on hotels, especially in Bombay City, provided the hoteliers do not play any mischief. The innumerable (and increasing) users of ready-made garments will also benefit as a result of the proposed upward revision in the sales tax exemption limit from Rs. 5 to Rs. 10 per piece. As for medicines, the rate of sales tax on preparations containing 12 per cent or more of alcohol is to be reduced by half to 15 per cent and drugs containing less than the aforesaid quantity of alcohol will be subjected only to a general sales tax at 3 nP in the rupee, as against the total tax of 5 nP at present. The other welcome proposals are: (*a*) grant of a conditional rebate equal to sales tax on diesel oil consumed in agricultural operations, (*b*) concession in water rates in the relatively backward areas, (*c*) relief for Government pensioners, (*d*) additional dearness allowance for Government staff, and (*e*) grants-in-aid for raising the dearness allowance payable to secondary teachers of non-Government schools and municipal employees.

MAHARASHTRA BUDGET AT A GLANCE

(In crores of rupees)

	1964-65 (Budget)	1963-64 Revised	1963-64 Budget	1962-63 (Revised)
Revenue	188.45	174.21	160.66*	145.13
Expenditure	187.94	168.78	160.62	144.73
Revenue surplus	0.51	5.43	0.04	0.40
Capital transactions	—10.34	+ 1.44	—16.99	+ 0.99
Overall position	— 9.83	+ 6.87	—16.95	+ 1.39
Plan outlay	111.50	97.20	81.25	72.40

* After taking into account additional tax proposals.

The buoyancy reflected in the revenues of the Maharashtra Government has enabled its Finance Minister to step up further the provision for Plan outlay. The total amount actually earmarked for 1964-65 is Rs. 111.50 crores, as against the revised estimate of Rs. 97.20 crores for 1963-64 and Rs. 72.40 crores actually expended in 1962-63. Including this provision, the total outlay for the first four years of the third Plan will come to Rs. 350 crores, representing over 72 per cent of the aggregate Plan outlay of Rs. 485 crores. The Maharashtra State can certainly take pride for the splendid performance concerning the implementation of the Plan projects. The performance is reflected in the significant rate of economic growth recorded during the last few years. The most striking evidence of this growth, as Mr. Wankhede stated, is that, between 1955-56 (end of first Plan) and 1962-63 (second year of third Plan), the State's income at 1955-56 prices has gone up by over 39.5 per cent from Rs. 1,004 crores to more than Rs. 1,400 crores. The rate of increase in *per capita* income has, however, been slower —the actual income has risen by 17.5 per cent from Rs. 292 to Rs. 343—because of the persistently rising birth rate and declining death rate which itself is evidence of the improvement in living standards. It may be noted, in passing, that the improvement in the State's income is largely due to the vigorous growth of industries in the private sector. The Maharashtra Government will, therefore, do well not to initiate or support such economic policies as are not conducive to the optimum rate of growth of the private sector industries. If one is tempted to strike this note of caution here, it is because one finds that both the Chief Minister of Maharashtra, Mr. V. P. Naik, and the Maharashtra Provincial Congress Committee have been harping on nationalisation of banks as a must for reaching the goal of democratic socialism, whatever it may mean. This journal has no doubt that more nationalisation will only mean more misery for the masses.

From the statistical data furnished in the Finance Minister's speech, as well as in the *Economic Review* released along with budget papers, one finds that the State of Maharashtra is today producing more foodgrains and commercial crops and generating more power than, say, five or six years ago. A distinct improvement has also been noticeable in the number of factories working, employment and production of goods. Notable, too, is the improvement in the fields of communications, education and health. The road milcage, for instance, has risen from 33,800 km. in March 1956 to 43,000 km. in March 1963, the number of students from 3.64 million in 1955-56 to 5.87 million in 1962-63 and the number of hospital beds from 16,000 in 1957 to 24,000 in 1962. This improvement in Maharashtra's economy, creditable though it is, should not, however, engender any sense of complacency among the Ministers, the officials and the powers-that-be. Such a sense of complacency, we are happy to note, is absent in the Finance Minister's budget speech. On the contrary, the Minister has clearly indicated that the State has yet to go a long way towards bringing to a "reasonable level" the general standard of living throughout the State. Gratifying, indeed, is his assurance that the Government would assess the progress of the current Plan schemes and reshape them where necessary, imparting wider dimensions or an increased pace of implementation. And reassuring also is his statement that the Government is fully determined to achieve an average *per capita* daily availability of 18 ounces of foodgrains (as

Contents

Leading Articles—	Page
Finances of Maharashtra	269
Pharmaceutical Drugs	270
Britain's "Brain Drain"	270
Market Gossip	271
This Week's Survey	274-275
Trend of Shares	312
Special Features—	
Delhi Letter	272
Stake-in-the-Nation Bonds ?	276
London Letter	276
U.P. Letter	280
Manchester Letter	281
Federal Income-Tax in the U.S.	282
Aviation Feature	289
The Modern Company and Rule of Law—II	290-291
Monthly Economic Review of U.K.	292
Background to Forthcoming Trade Conference	293
Money and Banking	278-279
Planting	284
Engineering	286
New Products and Processes	287
Commerce and Industry	294-295
Company Matters	295-297
News in Brief and Personal	298
Trend of Markets	299-301
Miscellaneous Statistical Information	302-304
Stock and Share Quotations	305-311
Week's Stock Exchange Trend	311

against the present average of about 15.4 ounces) by the end of the fourth Plan (1970-71), if not much earlier.

Considering the widespread unrest that has developed lately over the disturbing price situation, it is just as well that Mr. Wankhede should have drawn pointed attention to the urgent problem of holding the price line. Despite some of the measures taken by the Government, retail prices in urban areas went up, even according to the imperfect and unrepresentative official price indices, by seven per cent during the calendar year 1963, the prices of foodgrains alone having risen by nine per cent. Mr. Wankhede has not indicated what further concrete steps his Government proposes to take. All that he has said is this: "If the public co-operates in minimising avoidable consumption, thus increasing the savings potential of the people generally, the State shall have gone a long way towards mitigating the hardships and bringing pernicious price trends under control." Public co-operation is no doubt needed, but what is more urgently required is a merciless pruning of unproductive and wasteful Government expenditure. There is no evidence of this overdue reform in Mr. Wankhede's Budget. Besides effecting economy in expenditure, the State Government must also give all possible encouragement and assistance for increasing and maintaining production (industrial as well as agricultural) at the highest level possible.

PHARMACEUTICAL DRUGS

THE growth registered by India's pharmaceutical and drugs industry since Independence has been truly phenomenal. This may be readily gauged from the fact that the value of its output was as much as Rs. 100 crores in 1962-63, as compared with a mere Rs. 10 crores in 1947-48. Another impressive measure of the industry's growth is provided by the variety of its products ranging from anaesthetics to vitamins. Within this wide range are to be found antibiotics like penicillin and tetracycline, anti-diabetic drugs, anti-dysentery drugs, anti-leprosy drugs, anti-pyretics like aspirin and sodium salicylate, anti-T.B. drugs, hormones, liver extracts, drugs of vegetable origin like caffeine and quinine, sulpha drugs, bismuth salts, calcium lactate, calcium gluconate, ether, tetanus serum and tranquilizers. Thanks to such diversified production, the growing popularity of modern medicine and the ever-increasing demand for drugs, the units already existing and under construction, in both the public and private sectors, may be reasonably expected to achieve the production target of Rs. 175 crores per annum by the end of the third Plan. The confidence with which Mr. O. V. Alagesan, Minister of State in the Union Ministry of Petroleum and Chemicals, has just looked forward to the achievement of the third Plan target may be noted in this connection. The Minister, who spoke at the meeting of the reconstituted Development Council for Drugs and Pharmaceuticals held at New Delhi on the 19th instant, has also confirmed that the rapid rise in the output of the industry has enabled the country to reduce imports of finished preparations to a negligible amount. Incidentally, according to the latest available figures, the value of medicinal and pharmaceutical products imported in the whole of 1963 was just Rs. 6.0 crores, as compared with about Rs. 7.5 crores in 1962. The progressively decreasing imports reflect the country's progress towards self-sufficiency in this field.

The pharmaceutical industry, with its aggregate capital investment of Rs. 70 crores (of which a fourth is foreign capital) in about 125 large and 1,600 small establishments and its working force of 100,000 (including 4,000 technicians) is no longer in the preliminary stage. Its advanced character is borne out not only by the wide variety of drugs it produces and the increasing proportion of indigenous raw materials it uses, but also by the contribution that international organisations like the W.H.O. and the U.N.I.C.E.F., the Government of India, indigenous private capital and reputed firms belonging to the U.S., the U.K., West Germany and Switzerland have made to its growth. But it has still some way to go before it can claim to be in a state of self-sustaining growth, for several basic raw materials are yet to be manufactured in the public and private sectors. The Hindustan Organic Chemicals Ltd., in the public sector, which is to meet the raw material requirements of dyestuffs, drugs and plastics industries, for instance, has not had a smooth sailing so far, as the Minister himself has admitted. Since its programme of production is in the process of being reorganised, it will be some time before it begins to supply adequately some of the organic intermediates required for drugs manufacture.

The petro-chemical industry, which, too, can provide a whole range of other organic intermediates for the drugs industry, is yet to be organised on a large scale in the public sector. The Government's proposals for setting up a petro-chemical complex in Gujarat are still in the talking stage. At least the private sector could have gone ahead in this field by now, had Esso's proposals been approved. The Government can yet make amends for past delay and encourage private enterprise to establish petro-chemical units in the areas of existing, as well as proposed, refineries. Till such time as both the sectors are in a position to meet all the raw material requirements of the growing pharmaceutical industry, imports of intermediates would have to be adequately assured to actual users. It has been rightly urged by the industry, in this connection, that the import of any raw material should be banned only after its indigenous production has equalled the country's requirement. While it is broadly true that, with the integrated development of the chemical industries in the country, the raw material demands of the drugs industry will be increasingly met, the Government's policy must, at the same time, be geared more speedily and purposefully to the task of licensing large-scale units in the private sector, too, for the manufacture of intermediates. That way alone can the country make up for the time and opportunity lost in the pursuit of a doctrinaire objective to concentrate the manufacture of basic intermediate chemicals in the public sector.

In any case, the public sector, which is already manufacturing some essential drugs in the Hindustan Antibiotics plant at Pimpri, has enough projects on hand. The current expansion plans of the Hindustan Antibiotics itself are quite substantial, covering as they do the production of 84 M.M.U. of penicillin per annum (as against 60 M.M.U. at present) and 90 tonnes of the anti-T.B. drug, streptomycin, per annum (as against the present 45 tonnes), in addition to several other drugs like hamycin, dermostatin and vitamins. Another public-sector undertaking, namely, the Indian Drugs and Pharmaceuticals Ltd., which is establishing three units with Soviet aid—one for the manufacture of antibiotics at Rishikesh, another for the production of synthetic drugs at Hyderabad and the third for the manufacture of surgical instruments at Madras—is yet to complete them. Already the establishment of these units has been considerably delayed. If the present schedule is adhered to, the Rishikesh and Hyderabad units will commence trial operations by the middle of 1966 and the Madras unit by mid-1965. These three units, when in full production, will account for an aggregate annual output valued at about Rs. 31 crores—Rs. 20 crores by way of antibiotics, Rs. 9 crores worth of synthetic drugs and intermediates and Rs. 2 crores worth of surgical instruments. In all, therefore, the public-sector units (including the Hindustan Antibiotics) will account for about a fifth of the third Plan production target of Rs. 175 crores for the pharmaceutical industry. If the public sector contributes its allotted share fully, it will be a great achievement, indeed, in the field of formulations where private enterprise has always been pre-eminent.

But, from the way in which these projects are being implemented, it looks as though a substantial part of the public sector's third Plan commitments will be fulfilled only in the fourth Plan period. Therefore, if the public sector decides not to take on itself more responsibilities in this field in the fourth Plan period, it will be a very wise decision indeed. Then, the private sector can confidently go ahead with its foreign collaboration arrangements so as to bring the technological talent and research resources of world-renowned pharmaceutical firms to this country in a larger measure than at present. If one knows how greatly the predominant private sector in India's pharmaceutical industry has benefited by foreign collaboration, one will appreciate the immense scope for further progress in the same direction. Mr. Alagesan's own testimony, quoted below, is eloquent in this connection:

> "Modern units have been set up (in the private sector) for the production of a wide range of antibiotics . . . and synthetic drugs. . . . Many of these basic manufacturing units are monuments of progress in the field of chemical technology, carrying out highly intricate and hazardous chemical reactions. Several of them have obtained technical collaboration from manufacturers in the U.S.A., Switzerland, the U.K., West Germany, Italy, etc. With their entry, benefits of advanced research and technology achieved in foreign countries have become available and young engineers and chemists of this country have received training in the research and manufacturing establishments abroad.
>
> "For the processing of pharmaceuticals, large capacities have been established. Latest techniques utilising machinery of high precision are being adopted. Considerable care and attention is being paid to maintain high standards of hygiene. Indian pharmaceutical manufacturers have done investigational work and evolved methods for making the products suitable for tropical conditions, which are even being adopted by foreign manufacturers for products being marketed by them in other tropical countries."

All these remarkable achievements, to which the Minister has testified, are mostly those of large-scale units which alone are in a position to avail of foreign collaboration, do continuous research, maintain standards of quality and reliability, market the products efficiently and achieve economies in production costs. It is, indeed, a pity that hundreds of small-scale units have been allowed to operate in this field without the manifest advantages of superior technical know-how, abundant capital and continuous research. No wonder, therefore, many of them have been producing spurious or sub-standard drugs. Rigorous drug control alone may not be adequate to deal with the innumberable small producers. A two-pronged approach would be necessary in this connection. First, all further encouragement to small-scale units should be stopped. And, secondly, the existing small units should be enabled to benefit from the work of the research laboratory which is proposed to be set up by the Indian Drug Manufacturers' Association, presumably with assistance from the Government. Unless stability studies on various sensitive pharmaceuticals which get easily decomposed in tropical conditions are carried out, regular quality control laboratories in different centres are established and clinical trials on new products manufactured by the industry are systematically conducted by the proposed research laboratory, the menace of spurious, counterfeit and sub-standard drugs will continue.

Fuller encouragement to large-scale units and discouragement to small enterprise as much as possible will thus make for better health in an industry which caters to the health of the people. For the rest, adequate raw material availability, which will ensure optimum utilisation of capacity, and economies of large-scale production with the help of modern, automatic equipment may be expected to result in lower costs and correspondingly lower prices in due course. Exports, which account for just under a crore of rupees now, could also be expected to increase in that situation. Till then, however, official control of drug prices would have to be sufficiently flexible and imaginative, so that all legitimate increases in the costs of raw materials, labour and packing materials could be fully compensated. Care must be taken to ensure that measures intended for curbing profiteering do not result in penalising the honest producer.

BRITAIN'S "BRAIN DRAIN"

THE controversy that has been raging in Britain for quite some time over what has come to be known as the "brain drain" gained a fresh momentum last week. It is a sequel to the disquieting disclosure that British scientists and engineers have been migrating in considerable numbers to the United States and Canada where facilities and opportunities for research as well as for material advancement are undoubtedly greater. There are several estimates in this connection. One is that one in every seven or eight taking doctorates in science in a year goes to the United States. The National Science Foundation (Washington) has just estimated that, as against the arrival of 100 British chemists, physicists and mathematicians as immigrants into the U.S. in the 1956-57 fiscal year, the number had risen to 171 by 1960-61 and still further to 241 by 1962-63. But, according to the Foundation, immigration of British scientists and engineers, taken together, had moved up only from 842 to 912 per year over the six-year period. A third estimate, that of the U.K. Association of University Teachers, has it that Britain lost to other countries in the academic year ended September last some 160 university staff (professors, readers, senior lecturers, etc.), of whom about 60 (largely scientists) went to the U.S. The Association's estimate, however, is not complete, for it is based on a survey of only 70 per cent of university staff other than research workers. Yet another estimate is that of Lord Shawcross, according to whom there were 120 or 130 scientists with Ph.D. degrees and also some very able people in occupations other than science in the total of 26,000 British citizens who emigrated to the U.S. last year.

All these estimates, though they differ from one another in some ways, confirm the large proportion of professors and researchers in science (pure and applied) in Britain's "brain drain."

It would be interesting to examine the factors responsible for this flight of British scientific talent to the United States in particular. According to the Washington Correspondent of *The Financial Times* (London), conversations with scientists arriving from Britain have revealed that higher salaries and better research facilities in the U.S. are the two principal factors involved in decisions to cross the Atlantic. Salaries in the U.S., even for the average scientists, are stated to be at least double those in the U.K. And opportunities for promotion are also said to be much better in the U.S. In addition, as *The Financial Times* has reported, university researchers have been attracted by an American system under which any piece of required equipment can be readily obtained, whatever its cost. This may have been a decisive factor in the emigration of physicists, in particular, who generally require highly complex equipment. Two latest instances of leading British physicists about to leave for the U.S. may be highlighted in this connection. The decision of Dr. John Pople (head of the Basic Physics Division of the National Physical Laboratory) to take up a post in the Carnegie Institute of Technology, Pittsburg, has been prompted by the consideration that, in his area of research in molecular physics, on the borderline between physics and chemistry, much more is going on in the U.S. Another leading physicist, Professor Maurice H. Pryce of Bristol University, is likewise going to the U.S. in search of fresh fields and pastures new. There is also the instance of a public attack on "bad Treasury decisions" by Professor F. Hoyle whose work in radio-astronomy has been delayed and frustrated. These and other earlier instances, incidentally, bear out the following conclusions of the Special Committee of the Institute of Physics and the Physical Society in its recent report:

1. University physicists in Britain still receive emoluments which are only about two-thirds of what their colleagues in industry or Government research are getting. A University department head is far poorer than a senior industrial scientist in Britain and *a fortiori* in the U.S.

2. While new buildings are generously provided with grants, for some reason many departments are finding it difficult to obtain authority to purchase essential instruments costing a few thousands of pounds.

3. With specialisation the order of the day, targets in many research projects are such that, without modern and often expensive equipment, they will just not be attainable. It is not sufficient to say that research funds will eventually be made available, because, where the project is one with an immediate industrial application, the chances are that a team working in parallel in the U.S. will not be hampered and will reach its objective and patent the results well ahead.

These conclusions explain the whole movement of scientists—from universities to research establishments and thence to the U.S. The Association of University Teachers, too, has just explained that, though the factor of salaries carries weight with many staff, at least as important are the research facilities, the ancillary help, and the financial provision for research which makes planning without too much worry possible. Increases in grants, it is stated, have so far been too small and too slow to recapture the goodwill of many university scientists dispirited by a long struggle for money, space and equipment. As Mr. J. Grimond, the Liberal Leader, has said in this connection, British scientists do not seem to have forgotten the treatment of universities and research in the years between elections. The Conservative Government's complacent approach to the "brain drain" problem and the Labour Opposition's move to make political capital out of it seem to be rather amusing at the present time when several scientists in physics, chemistry, physiology and medicine have announced their intention of working in the U.S. Apparently they have no faith in the promises of either political party. But their flight from Britain is bound to drive home the lesson that, unless that country treats its scientists and researchers as generously as the U..S and the U.S.S.R. treat theirs, it cannot hope to be on par with the two latter nations in all-round scientific and technological advance.

MARKET GOSSIP

Pre-Budget Guesswork

THE stock exchanges are calm and confident that the Central Budget which T.T.K. will be presenting to Parliament a week from now will not be unfavourable to investors. The Unit Trust of India has already started investing its initial capital in a wide range of equities and in some select preference shares. Reports in the market of its operations suggest that the U.T.I. is picking up sound scrips offering good yields and that there is a scarcity of sellers. There are no signs of either aggressive buying or selling by speculators. It remains to be seen whether activity will flare up in the interval between the time of writing (Thursday afternoon) this piece and the presentation of the budget.

Naturally, many guesses are being made in the market about the forthcoming taxation proposals. This is a normal feature of pre-budget days. A general assumption is that the need for fresh taxation is markedly less than that a year before. T.T.K. himself has given rise to some optimistic hope in the closing months of 1963. Another general assumption is that the tax proposals will not be a listless affair and that, on the contrary, one should be prepared for a considerable revamping of the fiscal policy and pattern. A third general assumption is that, in effect, T.T.K.'s proposals will hit the top income group hard, while being merciful to the corporate sector, lower income group and middle classes; those with incomes over Rs. 40,000 per year may be called upon to carry a bigger load of taxes. The hatred towards S.P.T. is so much that every one in the market believes that it will be jettisoned. Market circles, however, are less sure of the alternative to S.P.T. Some believe that T.T.K. will jump at the alternative suggested by the leaders of business community last year, namely, a straight increase in the rate of corporate tax. If he does so, it is to be hoped that he will bear in mind the case of small and medium-sized companies.

The main elements of speculation in market circles about the tax proposals are as follows:

1. The wealth tax will be increased rather steeply.

2. The Estate Duty will be enhanced, especially in the slabs over three lakhs of rupees.

3. The tax on capital gains too will share the same fate.

4. The rate of tax deduction on dividends at source may be raised from 30 nP to 45 nP.

5. The rate of taxation on unearned incomes also will be higher.

6. A higher rate of depreciation may be allowed on indigenous plant and machinery.

7. Indirect taxation on raw materials and intermediate products may be reduced in the case of many items and abolished in the case of some.

The first five guesses make sense in the context of the background to the Bhubaneshwar resolution on democratic socialism. The sum total of these proposals is to accelerate the pace of reducing the number of rich people in this country. The fourth one will also serve the additional purpose of checking tax evasion to some extent. It is said that there are many in this country who are holding their investments in *benami* names and are content with the net dividend they get in their hands. They do not simply bother to claim the refund from the tax authorities by showing the dividends in their tax returns and submitting the refund vouchers. By raising the deduction at source, the Finance Minister can straightaway penalise, so the argument runs, such tax evaders, without hurting the honest investors.

Unearned Income

If the fifth item in the above list proves to be true, it will further penalise those who have been prudent enough to save and invest in productive channels. The retired persons, as well as those who have put in many years of service and passed their middle age, will be the worst sufferers. These persons have worked hard, spent less, saved more and put their savings in economic activities that have added to the wealth of the nation. The income they get from such investments is treated as unearned and taxed at a higher rate than that applied to current earned incomes. This is not an equitable method of taxation. It would become doubly inequitable, if the present incidence of tax on all unearned income were to be uniformly enhanced as is rumoured now. What the type of unearned income described here deserves is substantial relief and not fresh burden. Surely, it is unjust to treat the income from self-earned investments on par with the income derived from inherited wealth for purposes of taxation. A person who has worked hard all his active life, earned by the sweat of his brow and set aside a part of his income for enjoying his retirement in comfort and security and for ensuring that, after him, his family does not suffer from pecuniary difficulties, merits a certain measure of consideration, sympathy and encouragement. His income is not the same as the income of a person living lazily on the savings of his forefathers. In fact, one would go further and say that even the income obtained by a person from his or her parents' self-earned property should be treated as earned income for purposes of tax. In other words, it is only the unearned incomes of the second generation that should be subjected to a rate higher than that applicable to earned incomes. It is to be hoped that the Central Board of Revenue and the Finance Minister will do justice to assessees of the type mentioned above.

The sixth guess in our list is apparently based on the ground that indigenous plant and machinery are more expensive than the imported ones and, therefore, a handicap to the manufacturers employing the former who have to export their goods in competition with foreign manufacturers. Another rationale for it is that it will serve as an inducement to entrepreneurs to go in more and more for domestic capital goods and reduce the pressure on the limited supply of foreign exchange.

The seventh guess too is an intelligent one, in that it neatly fits in with the need for reversing the cost inflation which has gained considerable momentum since the last budget.

Bank Rate

For a short while on Friday the 14th inst., there was a strong rumour that the Bank rate might be raised sharply on budget day or soon thereafter. Having regard to the prevalence of widespread inflation in the country, as is evident from the continuing rise in prices (as well as wages) and the steep increase in money supply in recent months, one can easily give credence to this rumour. If the Bank rate is raised to, say, six or seven per cent, it will give a shock to the whole economy and restrain the spentthrift practices of politicians, businessmen and people in general. A high Bank rate, coupled with fiscal concessions to investors, will help the country's economic development with stability by restoring value to the money and encouraging people to save. Such a policy will also impress the foreign countries, the World Bank and the I.M.F. and encourage them to give more assistance. If inflation is allowed to go on at the present rate, it will surely discourage the members of Aid-India Club due to meet at Paris next month.

Besides raising the Bank rate, the authorities should also quickly unload on the market large quantities of wheat out of the P.L. 480 stocks in order to arrest and reverse the markedly upward trend in wheat prices since October last. Mere issue of threats against traders and sermons to consumers will not be of much avail.

T.T.K.'s persistent emphasis on the need for unearthing unaccounted money has also been partly responsible for the vigorous price inflation in the country. It seems to have given great impetus to the flight of black money into all sorts of goods (not excluding dry fruits, almonds and dates), precious stones, houses, flats and furniture. Instead of talking about this subject as he has done, T.T.K. should have promptly acted, taking the culprits by surprise. Apparently, his difficulty must have been the absence of know-how and a firm plan. In that case, silence would have been the best thing, until the course of action had been decided upon. By giving notice of his intentions several months in advance, the Finance Minister has only made his task doubly difficult. Those who have made black money are usually a clever lot. They must have by now been careful enough to tuck away that money beyond the reach of T.T.K. Any measures that he now takes to catch the sinners will probably have to be such as to hurt the honest and innocent investors also. The question that he will have to consider carefully is whether he should penalise all for the sins of a few.

Date With Bokaro

Mr. N. N. Wanchoo, Secretary to the Department of Steel, who is also the head of the firm to handle the Bokaro project, left for Tokyo yesterday as the head of a delegation of officials and technicians from I.I.S.Co., T.I.S.Co., Hindustan Steel, the Heavy Engineering Corporation and Heavy Electricals. The Wanchoo delegation's brief includes probing Japanese steel-makers' willingness to take part in the construction of the Bokaro plant. The Government is still toying with the date of 1967-68 as the target for the completion of the first stage of Bokaro. This stage is now placed at a capacity to make 1.5 million tonnes. The Steel Ministry will soon have to give up the delusion that the project will be possible at this speed.

Despite the reportedly different views of the Finance Minister, the Steel Minister still holds on to the plan of Dastur and Company being the consultants for Bokaro. Inspired reports last week mentioned that French firms were taking an interest in Bokaro and one observer described the reports as a well-timed palliative offered to soothe Indian sentiments which have been hurt by the timing of the French recognition of Peking and de Gaulle's forays into South Asian neutralisation adventures. Not to be outdone, the Americans, negotiations with whom fell through despite the late President Kennedy placing his prestigious support behind the Bokaro plan, also indicated revival of interest in Bokaro. The fact of the matter is that the major steel groups in various countries which are capable of supplying equipment are interested. Such interest is natural in view of the size of the project. Mr. C. Subramaniam, Union Minister, and Mr. P. C. Sethi, Deputy Minister for Steel, Mines and Heavy Engineering, told the Lok Sabha that specific offers were still to emerge. Those interested were France, West Germany, Japan, Belgium, the United States and Czechoslovakia. The Soviet Union and Britain were not mentioned as among those who were interested yet. The tenders may go out in six or seven months. The Bokaro first stage cost, as worked out by Dastur and Company, is about Rs. 360 crores for 1.5 million tonnes. This will

(*Continued on page* 312)

DELHI LETTER

SLOW TAKE-OFF IN "MIG" PLANS

A CASE-STUDY OF PROJECT DELAYS

From Our Special Correspondent

NEW DELHI, 18*th February*

THE project for the manufacture of a supersonic plane to strengthen air defences was certainly one on which the Government had emphasised the need for rapid implementation, even before the Chinese assault on India. If the plans for making MIG fighter planes with Soviet assistance and projects for a network of modern ordnance factories could themselves be delayed so long, the slow pace of several purely economic development projects need not be surprising. The plans for the ordnance factories were announced immediately after the Chinese attack in October 1962. The initial agreement in principle on the manufacture of MIG planes was made even earlier, about the middle of 1962. Yesterday, Mr. K. Raghuramiah, Minister for Defence Production, told a questioner in the Lok Sabha that he "was not aware of any perceptible or avoidable delay" in the Soviet-aided MIG project! At the same time, all that he could say as being done in the construction stage was the start of civil works on the Nasik factory which would make the engines. The frames will be made in Koreput, in Orissa, and discussions are still to take place on the missiles and electronics side of the supersonic air force project. A factory to make these equipment will probably be sited in Hyderabad.

Reports, some weeks ago, that the MIG project was being abandoned, emanated from the difficulties over the financial aspect of the deal. The terms are harsh—a high rate of interest with a seven-year repayment period—and the Finance Ministry at one stage is said to have considered *the deal too expensive*. The current phase of talks with Russians will hammer out the financial details but New Delhi appears to have given up hopes of reducing the harshness of the financial terms. On the other hand, New Delhi probably has made an advance in negotiations for persuading the Russians to make some alterations in the design so as to improve the fighter plane's night performance for one thing. The structural changes, on which the Russians are said to have agreed to work, will mean that the MIG version to be made in India will be superior to the MIG-21. The British and the Americans are unwilling to equip the Indian Air Force with supersonic planes. Mr. Raghuramiah himself told Parliament that talks had not taken place with any country other than Russia on supersonic planes.

The New Oil Horizons

Essentially, the oil policy is claimed to be a continuation of that evolved by Mr. K. D. Malaviya, but the overtones are different and there is no longer the dogmatic assertions on the "evil nature" of the international companies. The Government still holds on to the need for primacy for the public sector, but there has in recent weeks been an exhibition of pragmatism on the part of both the oil companies and the Government. Two years ago, when this correspondent discussed with oil companies' representatives the question of their discrimination in the attitude towards India as compared with that to Japan, the oilmen said that one of the basic reasons for the more liberal approach to Japan was the size of the Japanese market. The new horizons opening in India, where the demand for petroleum products is far outstripping earlier expectations, is probably one reason for the change in the attitudes on both sides. The pattern will now be of partnership between the Government and the companies, first initiated by the Burmah Oil Company in the Oil India deal and now pursued by Philips Petroleum for the Cochin refinery whose share issue has just been announced. The character of the public sector in the oil industry is changing and there is competition among foreign companies. When some years ago Mr. Galbraith privately advocated oil firms' partnership with the Government, it is said some oil companies would have nothing of that kind. The most welcome feature today is the competition among numerous foreign oil firms to be in partnership with the Government. The French and the Italian entry into the field also helped to impress on the established firms that the partnership plans are sensible.

Another new and welcome feature is the series of conversations the Government of India has been having with Kuwait, Iran and Iraq. The Middle Eastern oil producers also are entering a new phase, in which they are keen to have direct approaches to the big developing markets for crude, instead of going through the intermediary Western oil firms. Japan made a dent in the Western monopoly in the Middle East by entering into arrangements for crude production. The Japanese call this crude production "yen oil," because no foreign exchange is involved. The talks between Indian officials and Kuwait, Iranian and Iraqi officials have raised hopes. The proposals for the Oil and Natural Gas Commission exploring Iranian offshore prospects involves many complications, because India is not technically competent yet to take up the exploration on its own. It is whispered about that Iran and Kuwait are willing to sell crude to India direct at prices lower than those charged by foreign companies.

Russians Peeved

In the case of Russians, one version is that Moscow has been cut up as a result of India not accepting its offer to increase supplies of petroleum products. An escalator clause of a heavy discount for rapidly increased purchases was dangled before Delhi but Delhi did not swallow the bait. Following this has come the Soviet demand for increased prices for the petroleum products it supplies to India. The Indian Oil Company is also growing up to present an image other than one purely devoted to distribution of Soviet and completely public sector products. In the I.O.C. distribution pattern, Russian products will be mixed up with those from plants having American and other foreign investment flavour.

While the Koyali and Barauni refineries will come up with Soviet technical and financial assistance, one flaw in the Soviet image is the enormous delay, though the Indian Government has not yet come out with any open expression of displeasure of the Soviet bloc ways. Such criticism of Soviet bloc ways are out of question and the Government has soft-pedalled its disappointments in Nunmati where the Rumanian technicians partly contributed to the mass. At Barauni, too, the Soviet designing of the refinery does not make enough provision for the manufacture of a range of by-products. In fulfilling the petro-chemical dreams which are emerging as part and parcel of the oil development plans, a tie-up with the Soviet bloc will recoil on India since the Russians themselves are backward in the field. Petro-chemicals are a sector in which the Russians, according to Mr. Khrushchev, hope to make progress in the decade of the 'sixties.

The Cost of Malaviya

There was a tendency to interpret Mr. Humayun Kabir's first announcement on the Haldia refinery plans as a sop to his home State. But the delay in initiating plans for a Calcutta refinery is in fact an indictment of Mr. Malaviya and his manipulations, because technical reports had several years ago favoured a Calcutta, close-to-shore, location rather than Barauni. Mr. Malaviya's preoccupation with dogma and presentation of low statistics on demand and targets are now recoiling on the national economy. A Planning Commission panel recently worked out figures which show how careless the planners themselves were while calculating the oil targets and demand projections in the Third Plan itself.

In the draft outline of the Third Plan, the estimates of demand for petroleum products were 9.96 million tons in 1965. The Oil Advisory Committee's estimates, incorporated in the Third Plan document, was 11.723 million tons. The total production in the country in 1965 was placed at 7.923 million tons. (Pages 482-84 of the Third Plan document). In the mid-term appraisal of the Third Plan (page 136) the Planning Commission gives the figure for end of Plan demand of 16.9 million tonnes of petroleum products. Programmes in hand may raise the total refining capacity to a little less than 18 million tonnes in 1966 if the projects go ahead according to present plans. But a later study by the Planning Commission places the best possible production rate at around 16 million tonnes by 1966—a hope not held outside the Government. But the dismal prospects revealed in the Planning Commission study are that there will be immense shortages in a variety of products, particularly lubricants, kerosene and furnace oil. The new study (see accompanying tables) is unrealistic in projecting production figures for 1971. While it can legitimately project the demand for petroleum products in 1971, placed around 30 million tonnes, it is amusing to find it projecting a production total and break-up; between now and 1971, surely there is enough time to plan in detail so as to meet the requirements in 1971. But so far as production patterns are concerned, it is prudent to limit oneself to the next few years on the basis, of projects already under way.

PETROLEUM PRODUCTS

Estimated Requirements as in Third Plan Document

(In million tons)

End products	1965 demand estimates		Total output in 1965	Deficit (—) or surplus (+)
	In draft outline	Oil Advisory Committee estimates made in March 1961		
Kerosene	2.2	2.66	1.282	—1.378
High speed diesel ..	1.8	2.607	1.578	—1.029
Motor spirit	1.3	1.123	1.537	+0.414
Aviation turbine fuel ..	0.3	0.408	0.189	—0.219
Aviation spirit ..	0.06	0.053	0.010	—0.043
Furnace oil	2.2	2.753	1.930	—0.823
Light diesel oil ..	0.7	0.872	0.719	—0.153
Bitumen	0.7	0.828	0.514	—0.114
Jute batching oil ..	0.1	0.080	0.047	—0.033
Lubricants	0.5	0.409	0.071	—0.338
Other products ..	0.1	0.130	0.046	—0.084
Total ..	9.96	11.723	7.923	—4.214 +0.414

Requirements in 1966 as estimated by Planning Commission Study Group now

(In million tons)

	Demand	Production	Surplus(+) or deficit (—)
Naptha and motor spirit ..	1.714	2.895	+1.181
Kerosene and aviation turbine fuel	4.160	3.043	—1.117
Diesel oils	3.850	4.281	+0.431
Furnace oil	4.500	4.310	—0.190
Lubricants	0.480	0.071	—0.409
Bitumen	0.620	0.861	+0.241
Total ..	15.324	15.461	+1.853 —1.516

Mr. Kabir has set up a working group to study the various international offers on the Madras and Haldia refineries. The group is being asked to submit a report in six or seven weeks. After weeding out proposals which were not made in detail, the companies that remain in the field are: Shell, Esso, Caltex, ENI, Philips, Mobiloil, Japan Gasoline and a West European consortium. Japan is anxious to enter the field in India because any success in India will be an advertising point for the Japanese industry in negotiations with other developing countries. Japan already has a partnership with the Indonesians in the oil industry and the Japanese are said to be planning oil ventures in Malaysia. Mobiloil has a public sector lobbyist in the Indian Oil Company which is a partner in a venture with Mobiloil for manufacturing lubricants on a small-scale out of imported base oil.

The Petroleum and Chemicals Ministry has also made administrative arrangements to start processing the plans for petro-chemicals. This branch of oil industry received scant attention in the third Plan but is likely to have the pride of place in the fourth Plan. Mr. Krishnamachari heralded the prospects some weeks ago at a meeting in Bombay and the dream document is one prepared by the French expert, Dr. Henney. The petro-chemical industry is one in which Mr. Krishnamachari's open-door plan for foreign investment may come into play. According to the French expert, the Indian needs for chemicals possible from a petroleum base may be as high as Rs. 150 crores by 1971. The estimates of needs by the end of the third Plan are Rs. 50 crores worth. The French estimates of total investment are more than Rs. 500 crores. Nearly two-thirds of this investment may be needed in foreign exchange. The French expert suggested five petro-chemical structures—in Bombay, Calcutta, Gujarat, Barauni and South India.

No Automobility

Wanted one lakh cars a year: actual production 15,711 in 1963! Both the wish and the reality are official, from a statement by Mr. C. Subramaniam, Minister for Steel and Heavy Engineering. Between the lack of enterprise of Indian manufacturers and the lack of forceful action by the Government, the consumer has been left to suffer. Mr. Subramaniam sees no hope of relief to the car buyer until the rate of production reaches a level of 50,000 a year or more. The Government claims that liberal foreign exchange allocations have been made to help the Indian manufacturers increase the indigenous content to 90 per cent. Mr. Subramaniam has given notice that this target should be reached by the end of the calendar year, but the Planning Commission thinks the increase in use of indigenous equipment to the 90 per cent level will take place only by about the end of the current Plan. The planners also do not think that the industry will be able to achieve even the modest targets fixed for it in the third Plan—a total of one lakh vehicles—trucks, cars and jeeps.

Answering questions in Parliament, Mr. Subramaniam did not elaborate on the surprise announcement by Mr. Nehru some time ago that the Government may enter the automobile industry. According to Mr. Subramaniam, the Government has not revised its stand on keeping the small car project in cold storage. (The Minister's statement was vague enough to merit two contradictory headlines in Delhi newspapers. One said: "No revival of small car project." Another read: "Small car project not given up.")

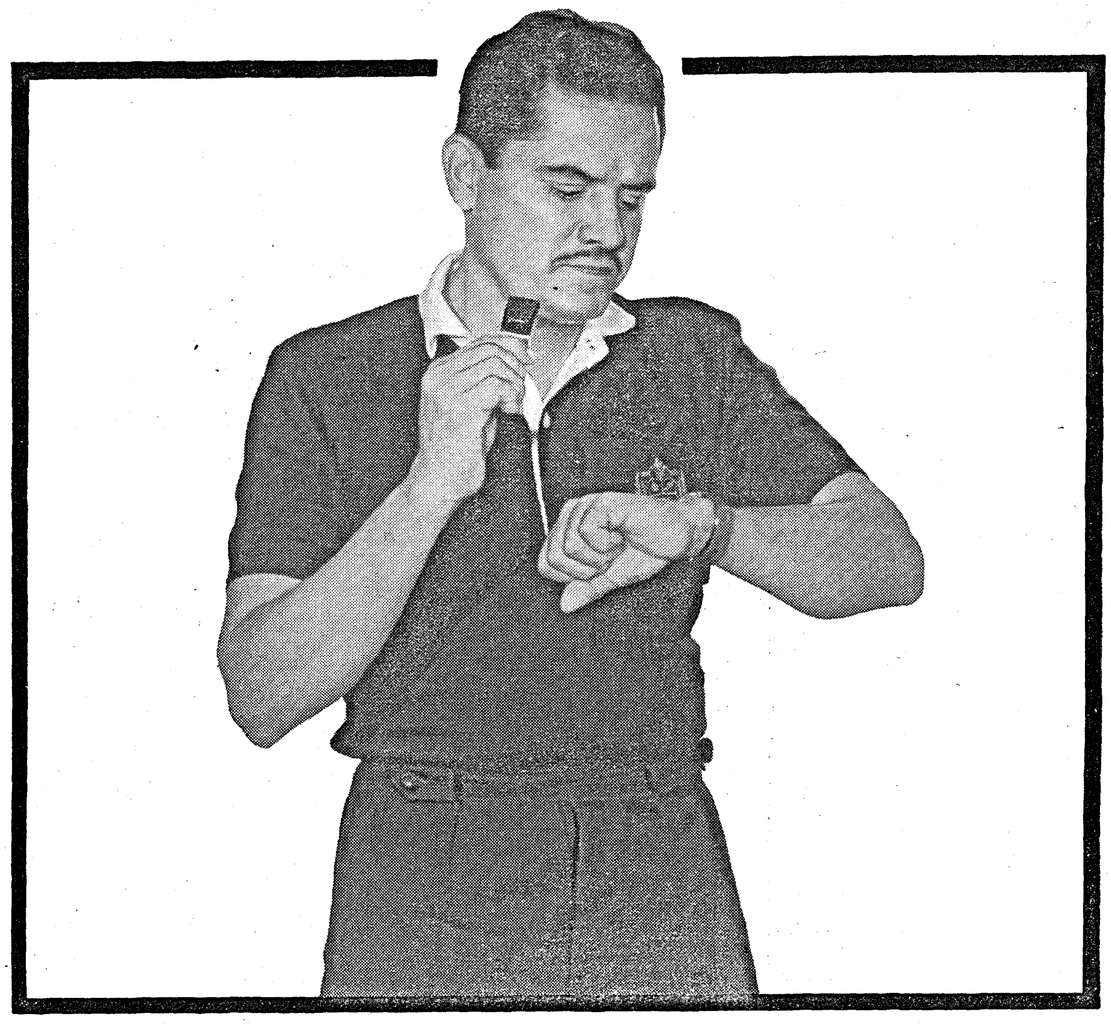
According to Mr. Subramaniam's statement, the percentage of foreign components in the three types of cars made in India varies widely. Last year, Standard used 39.82 per cent of imported components, Ambassador 23.09 per cent and Fiat 35.90 per cent. In terms of C.I.F. value excluding import duty, the use of imported components was Rs. 2,723 worth in Standard, Rs. 1,730 worth in Ambassador and Rs. 2,000 worth in Fiat. Another point which became clear was that the cost of indigenous manufacture was higher than the value of comparable imported components.

BRAKES INDIA LTD.

The factory of Brakes India Ltd.—a joint venture of South India's pioneering industrial group of T. V. Sundaram Iyengar and Sons and Girling Ltd. of the U.K.—located at Padi, six miles from Madras, was declared open on Saturday last by Mr. K. Kamaraj, Congress President. The Company's plant, estimated to cost Rs. 2.50 crores, is claimed to be the first fully integrated project in the country equipped to manufacture a wide range of brake equipment for all makes of motor vehicles made in India. It may be noted here that there have been various improvements in the brake equipment, from mechanically operated to hydraulic-operated or air-assisted systems for reducing the physical effort of the driver in applying brakes. The Company will start with a very high indigenous content of 85 per cent and raise it to 95 per cent within the next three years.

The factory is situated on a 30-acre plot, with an initial covered area of 80,000 sq. ft. with plenty of room for expansion in future. The construction started, according to the Company's Chairman, Mr. T. S. Rajam, in August 1962 and, within 16 months of turning the first sod, the factory has been made ready to commence manufacturing operations.

A whistle blows, it's a penalty...and referee Vaidya's decision is always correct!



On the field, he's an athletic, fast-moving figure. Watching the ball carefully. Keeping an eye out for infringements—fouls, off-sides. His decisions are never questioned, for Vaidya is respected by players and spectators alike. Not so long ago, he was a crack football player. He was chosen to represent India at the Olympics, but an accident kept him out. Today, he referees with skill, intelligence and good judgment...qualities which Vaidya brings to bear on his work as Technical Foreman at Burmah-Shell's Lub. Oil Blending Plant at Bombay.

'RECIPES' FOR OVER 300 LUBRICANTS

'Every engine and moving part,' says Vaidya, 'needs lubricating oil.' And it's Vaidya's job to supervise the blending of over 300 grades of lubricants. With the help of his colleagues, he ensures strict quality control in production so that the oils are on specification.

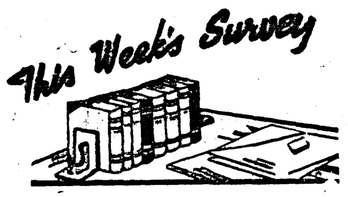
TODAY, AS EVER, PEOPLE LIKE VAIDYA ARE WORKING FOR YOU

'Work must be balanced by physical exercise and relaxation,' says Vaidya. 'That's why I play football and bridge.'

Vaidya and people like him—at all levels of responsibility—are Burmah-Shell. Today, as ever, they—are hard at work...working to ensure that vital petroleum products, essential to India's growth and progress, are brought to you at the right place and time, in the right quantities.

BURMAH-SHELL

BURMAH-SHELL are People in the service of the People



FUEL EFFICIENCY SERVICE

IT has been estimated that fuel accounts for anything from 10 to 40 per cent of the total cost of manufacture in several industries. Greater efficiency in its utilisation, so as to minimise waste, will make for some reduction in cost. If, for instance, a 10 per cent reduction in the consumption of coal can be achieved by more efficient utilisation of that fuel, it would mean a saving of about Rs. 38 crores a year for the country as a whole. This estimate, made by two British experts who visited India some time ago, is based on the 10 per cent saving that can be secured by adopting a few simple "first-aid measures" and by stimulating fuel efficiency consciousness in industry. Of course, still greater saving is possible and this, according to the British experts, could average 25 per cent of the coal consumed in the factories visited by them. Since, however, the effort to attain that level of saving (that is, 25 per cent) might involve substantial modifications in plant and equipment and, consequently, additional capital outlays, the immediately practical thing would only be to aim at a saving of at least 10 per cent through inexpensive and elementary fuel efficiency measures. If industry is suitably guided on these measures by technical experts belonging to a nationwide service, it is bound to appreciate the tremendous scope for fuel economy and ultimately go in for advanced techniques, involving modernisation of boilers, furnaces, etc. when the existing equipments fall due for replacement. It is precisely to provide such guidance that the National Productivity Council has just established, at the instance of the Government of India, a fuel efficiency service in the area presently covered by the Council's Bombay Regional Directorate.

The new service, which was initiated on the 15th instant in the Bombay industrial area, the first zone chosen for the purpose, is intended (i) to promote fuel-consciousness in industry, (ii) to assist industry in adopting proper techniques of fuel utilisation, (iii) to provide in-plant consultation service for advising on fuel efficiency problems, (iv) to undertake fuel efficiency surveys in order to locate and identify fuel efficiency problems and suggest remedial measures, (v) to train personnel in the skills, procedures and techniques of efficient fuel utilisation, (vi) to provide testing and analysis facilities, and (vii) to collect and disseminate information on fuel efficiency.

The N.P.C. Service, which would ultimately deal with all kinds of fuel, will be directing its attention to coal, to begin with. It will deal with all aspects of fuel utilisation, including handling and combustion of fuel and generation, transmission and utilisation of steam and heat. And it will also deal with all types of machinery and equipment consuming fuel and heat, such as boilers, cupolas, furnaces and kilns. While the service will ultimately cover all techniques and measures for increasing fuel efficiency, its stress in the initial stages will be on "first-aid measures" which industry could readily understand and implement with little or no capital investment. Such measures will cover improved operation and maintenance of boilers and other fuel-consuming plant and equipment, improvement of lagging, prevention of steam leakage, trapping and air-venting, effective instrumentation, sensible adjustment of pressure and temperature and use of economisers, heat exchangers, improved stokers and recording instruments. These elementary measures will take very little time to study and may be expected to produce quick results.

The Fuel Efficiency Service, it is gratifying to note, will be advised on its organisational, technical and operational requirements by a high-level standing committee manned by representatives of the National Productivity Council, Coal Board, Railway Board, Central Water and Power Commission, Ahmedabad Textile Industry's Research Association, Central Fuel Research Institute, Indian Institute of Technology, South Indian Steam Users' Association and Indian Institute of Petroleum. Its three-fold service relating to in-plant survey and advice, training and information will be provided by fuel efficiency engineers. When its activities come to cover all parts of the country, a big forward step will have been taken not only in the campaign for conserving good quality coking coal for metallurgical purposes and for increasing the use of low-grade coal by adopting improved fuel burning techniques, but also in the campaign for higher productivity all round. Much is rightly expected of this practical service, modelled on the National Industrial Fuel Efficiency Service of the U.K. On its effectiveness and popularity in the Bombay area will depend its rapid extension to the other parts of the country, especially to the southern, northern and north-western parts, where the need for economic utilisation of coal is paramount because of the great distances that separate them from the coal-producing areas.

MR. C. H. BHABHA ON PLANNING

In a crisp and sarcastic address to the Bombay Rotarians on Tuesday this week, Mr. C. H. Bhabha, Vice-Chairman of the Central Bank of India Ltd., highlighted quite a few important points on the results of India's exercise in democratic economic planning. One was the inflation in the size and cost of the Planning Commission. He said:

"The Planning Commission was, at the beginning, a small compact high-powered body, costing the country only a few lakhs of rupees a year; but, today, it is a vast organisation functioning from a huge structure called the *Yojana Bhavan* and costing the Indian exchequer no less than a few crores a year. It should really and truly be said that, apart from anything else, this institution has proved to be an avenue of employment for a particular type of civil servants, for some devoted followers of the party in power who had to be rewarded for some reason or other, and for a special species of experts and professors who could not make much headway in their own spheres of activity. . . . The one outstanding result noticeable to all intelligent people of this country (however) is that it has worked out some grand basic ideas for inspiring great hopes of the future to our countrymen. At times, the Planning Commission has, because of the nature of its constitution and composition, also assumed itself to be a super Government and voiced, in advance, the efforts and expectations of our national leaders."

Like all inflation, the one in the Planning Commission has thus done more harm than good. The saying that "too much advice is bad" or "too many cooks spoil the broth" is adequately demonstrated by India's performance in planning. How has this performance been? Mr. Bhabha devoted the bulk of his speech to this question. His analysis brought out the following points:

Poor pace of industrial growth; 9 per cent in the first Plan, 8 per cent in the second Plan and 6-7 per cent in the first two years of the third Plan. This compares unfavourably with the growth recorded by Italy, West Germany, Japan and even some of the South American countries.

The contribution of agricultural products to national income in terms of percentage is about the same as 14 years ago. It is also somewhat disheartening to find that, even now, despite all the grand schemes and plans, 71 per cent of the total working population of our country is engaged in agriculture—a percentage which was about the same 14 years ago. It would be relevant to mention here, by way of a contrast, that in the U.S. only 9 to 10 per cent of the total working population is engaged in agriculture and the production from these efforts satisfies not only the needs of the community in that country, but also leaves large surpluses which form an important item of their export list. . . . The daily *per capita* caloric consumption in India today is no more than 1,800 calories, as compared with the barest minimum needed of 2,500 calories per day per head and 3,000 to 3,500 calories consumed per head per day in the U.K. and the U.S.

Speaking frankly, Mr. Bhabha averred that the whole approach of the powers-that-be to agriculture was "most casual, unrealistic and irresponsible." Notwithstanding all the large advertised efforts and the great amounts expended during the last 15 years or so, "it is somewhat disheartening," commented Mr. Bhabha, "to find that we continue to be in the same unhappy position in regard to both agricultural production and prices that we were in 15 years ago and that we may continue to be so for the next decade or two, if some immediate and radical changes are not made by our leaders in their thinking, emphasis and policy." This is a perfectly valid observation and so also his emphasis on the need for concentrating efforts for increasing the productivity of land. One may complain that there is nothing new in the remarks of Mr. Bhabha, but that is not his fault, because, as he himself said, the same old problem persists.

The next issue to which Mr. Bhabha drew the attention of Rotarians was rising population and unemployment. "The baby boom," he scarcastically remarked, "is the only boom that is of a continuing nature in this country." After quoting data on population, he pointed out that, with population going up at the rate of 8 million a year, the prospect of a better material existence in India, even if all the targets of production were hit, "would be only an ever receding feature in the economic landscape of our country." The half-hearted manner in which the planners have been tackling the population problem was exposed by Mr. Bhabha by contrasting the amounts earmarked in the Five-year Plans for family planning and for development of khadi and village industries. It may be recalled here that, as against Rs. 3 crores and Rs. 27 crores provided for family planning in the second and third Plans respectively, khadi and village industries have been allotted a total outlay of Rs. 82.4 crores and Rs. 92.4 crores, respectively. Nearly 75 per cent of the latter amount is for khadi alone, of which no less than Rs. 32 crores have been set apart for Ambar charka, though the ability of even this supposedly improved means of production to provide gainful employment in rural areas is doubtful. No wonder the employment goals in the third Plan also have gone awry. It has been estimated in the mid-term Plan review that, at the end of the third Plan period, there will be an unemployment of no less than 17 million, as against 9 million and 5.3 million at the end of the second and first Plans, respectively.

WORLD TRADE GAP

Just last week, we described, in the course of a special article on page 244, how the imbalance in world economy was widening fast. We recalled then the finding of the U.N. study (1962) that the combined external payments gap (on both current and long-term capital accounts) of developing countries by 1970 could well be about $11,000 million and referred to the opinion expressed by some to the effect that the U.N. finding was an understatement and that the magnitude of the problem was more considerable than that assumed by the study. This view, which was impressively highlighted by the F.A.O.'s Director for Special Studies, Dr. Gerda Blau in September 1963 (*vide* our article last week), has now been strongly endorsed by no less a person than Dr. Raul Prebisch, the Secretary-General of the forthcoming U.N. Conference on Trade and Development, in a special report prepared for the Conference scheduled to begin at Geneva on the 23rd of next month. Whereas the U.N. study of 1962 had estimated the overall payments deficit of developing countries at $11,000 million, Dr. Prebisch expects the trade gap (between the developing and industrialised countries) alone to reach as high as $20,000 million by 1970, unless suitable action is taken. In just one sentence, he forcefully presents the case for firm, energetic and speedy international action:

"It is imperative to build a new order with a view to solving the serious problems of trade and development besetting the world, especially the problems that affect the developing countries."

The widening world trade gap, while it hampers the efforts of developing countries to speed up their rate of economic growth, constitutes a danger to the prosperity of the developed nations themselves, for trade is, after all, a two-way traffic. The solution to the problem has thus to be sought on an international plane; the haphazard and uncoordinated approach that has been adopted so far will not be adequate. Without mincing words, Dr. Prebisch observes that the problems of the world are now dealt with in a fragmentary fashion and not as part of a general problem of development which must be tackled on various fronts with clearly defined objectives. The G.A.T.T. (the General Agreement on Trade and Tariffs, to give its full name), though it has important achievements to its credit, has not been as effective for the developing countries as for the developed. Indeed, the general trends in the world trade, as a recent G.A.T.T. report itself pointed out, continue to be most favourable for the latter and unfavourable for the former. Out of the total world trade amounting to $138.5 billion in 1962, the combined share of the developing countries was negligible, being no more than $50.5 billion. The developing countries have been adversely affected in both ways: loss in the value of exports and rise in the prices of industrial products imported from the developed countries. The relevant extract from the G.A.T.T. report is given below:

"The rate of increase of foreign currency earnings of the developing countries is utterly unsatisfactory and beneath the average achieved by the advanced countries. This adverse element applies to all the developing countries except for the producers and exporters of oil. Besides this, industrial expansion in the developing countries, notwithstanding all the favourable aspects and consequences, also causes a considerably greater demand in power sources and raw materials which provokes extraordinary difficulties for those countries."

Emerging from these telling facts is the question as to why the G.A.T.T. has not been an effective instrument for expanding world trade on a stable and healthy footing. There seems to be three important reasons. According to Dr. Prebisch, one is that agreements and other activities related to primary commodities are negotiated largely outside the G.A.T.T. and are not subject to co-ordinated action. Secondly, the communist countries have remained outside the G.A.T.T.'s scope. And, finally, the G.A.T.T. is far from universal, having only 61 full and 13 associated members, as compared with the 123 nations and agencies (to be represented at Geneva). The Soviet bloc, it may be noted here, has been pressing for the establishment of an international trade organisation as a specialised agency of the U.N., but the Western nations continue to be cool towards this plea. If the plea were to gain much support at the Geneva Conference, the question would arise whether the objective should be achieved by immediately establishing a new organisation or by proceeding gradually or by stages. In the considered opinion of Dr. Prebisch, if a new system is worth introducing at all, the margins of preference in international trade should provide inducements that are clearly adequate in relation to the magnitude of the problem. The optimum would be the grant of free entry to imports from developing countries. For the members of the Common Market and the E.F.T.A., "this would simply mean granting to the developing countries treatment not less favourable than they are prepared to give one another."

Some of the measures designed to improve conditions in world trade were clearly spelt out by Mr. Manubhai Shah, Union Minister for International Trade, in the course of a Press interview at New Delhi a few days ago. These included the following:

1. Stable and remunerative prices must be ensured for primary products, raw materials and minerals.

2. Non-tariff barriers should be dismantled.

3. All quantitative restrictions and internal duties, which impede the free and full flow of manufactured goods, semi-processed items and other commodities of the less developed countries into the expanding markets for the richer nations, should be removed.

4. With the advent of higher technology, mechanisation and automation, there is no justification for the developed countries to adopt differential tariffs which militate against the entry of manufactured goods of the developing countries into their markets.

In commending these, Mr. Manubhai Shah has certainly espoused the cause not merely of India but of the developing countries as a whole. The Geneva Conference, it is to be hoped, will succeed in paving the way for a steady reduction in the growing gulf between the richer nations and the developing countries.

INVESTMENT CLIMATE

Much of what Mr. G. L. Mehta, Chairman of the Indian Investment Centre, said about the factors influencing investment climate in the country at a Press conference held here on Friday last week to mark the completion of the third year's working of the Centre has been reiterated by the Press and spokesmen of the private sector from time to time. But it is always refreshing to hear Mr. Mehta even on a much discussed subject. His views on the subject in question, expressed with that amicable candour and frankness so peculiar to him, have a special relevance now that there has been some awakening and awareness on the part of the Government at the hands of T.T.K. Disagreeing with the pessimists, Mr. Mehta maintained that there had been a revival of investment inquiry from abroad, particularly from the U.S., in the past four or five months, which is the period approximating the second term of Mr. Krishnamachari as the Finance Minister. He appreciated the Government's efforts for achieving better co-ordination among ministries and for reducing administrative delays and referred, in this context, to the appointment of the Swaminathan and Rao Committees. He defended industrial licensing and fixation of priorities, both of which foreign investors found to be tedious, as something inevitable to planning. He claimed that, by and large, foreign investors considered the profitability of industries in India to be higher than in many other countries. He surely knows their mind better than many others, because of his intimate contacts with a large number of them in his capacity as the Chairman of both the I.C.I.C.I. and the Investment Centre.

If India compares favourably with many other countries in respect of industrial profits, what are the factors that have neutralised this advantage and made the foreign investors reticent? Mr. Mehta cited two: political developments—the Goa action and the Chinese aggression, for instance—and the controversial Super Profits Tax imposed in the last budget. Foreign investors do not find, according to Mr. Mehta, income-tax rates on companies in India prohibitive and are, in fact, impressed with the various incentives provided in the tax laws for development. But they are chagrined by S.P.T., particularly because of its effect on new enterprises after their first five years. They find the personal income-tax rates a great handicap, inasmuch as the non-technical foreign staff do not enjoy the concessions allowed to the technical personnel. Besides, the recent politically-motivated economic actions in the neighbouring countries like Ceylon and Indonesia, have also engendered caution among foreign investors. In this context, Mr. Mehta observed, the cry for nationalisation of banks in India even by some topmost leaders, had definitely proved a deterrent to the inflow of foreign private capital.

It will thus be seen that it is not as much the state of the economy as the recent political happenings and the political angle given to fiscal and economic measures that have been restraining foreign investors from playing a role similar to the one they played in Japan and Germany after the war. It will, however, be folly to draw the conclusion from this that all is well with the state of our economy. Far from it; the Government itself has admitted that. While it remains to be seen whether the Government will rectify errors in economic policy, it can at least straightaway dispel uncertainties arising from the demand for more nationalisation and State trading by being categorical in its observations. Encouraging participation of foreign private capital in public sector projects can be a way out. A further beginning in this direction has already been made with the Cochin Refineries Ltd. and the Finance Minister is anxious to attract more of foreign private capital, apparently because he too seems to share the growing view that, in future, foreign Governmental aid will tend to diminish. There are even reports that the Union Government would not mind accepting foreign private capital for the Bokaro steel project.

A good piece of advice to Indian entrepreneurs seeking foreign collaboration was also given by Mr. Mehta. He wanted them to be well equipped with the organisation and knowledge necessary for taking full advantage of such collaboration, as otherwise foreign collaborators might take advantage of their ignorance and charge higher prices and supply inferior machinery and know-how. However, new and small entrepreneurs, he found from experience, had shown a greater degree of care in framing and implementing collaboration agreements than some of the old well-established entrepreneurs. This is an encouraging trend, in that it shows that the younger generation of entrepreneurs are hard-working, painstaking and keen on building a reputation for themselves. Another piece of advice given by Mr. Mehta to Indian entrepreneurs is also worth being recorded here. It is to the effect that they should employ more and more of indigenous talent, techniques, materials and machinery, and know-how, and stop being helplessly dependent always on foreign collaborators for technical skill.

Notice

CHITAVALSAH JUTE MILLS COMPANY LIMITED

ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE Share Transfer Books of the Company will be closed from 27th February, 1964 to 12th March, 1964, both days inclusive.

By Order of the Board,
McLEOD & Co., LTD.,
S. HOCKLEY,
Director,
Managing Agents.

3, NETAJI SUBHAS ROAD,
CALCUTTA-1.
12th February, 1964.

BRITISH ECONOMIC VOLUNTEERS ABROAD

Despite the increasingly large-scale technical assistance rendered by the various United Nations agencies, Governments and private organisations, the speedy economic growth of underdeveloped countries continue to be hampered by shortage of trained manpower and know-how. It is, therefore, gratifying to learn that both the U.S. Administration and the British Government are contemplating to give a boost to the programme of sending volunteers with professional skill and experience to work in developing countries. The U.S. Congress has already voted enough money for raising the strength of the Peace Corps from 7,000 to 10,000 by September next and President Johnson is now asking for a further authorisation covering an additional 4,000 by September 1965. As for Britain, Mr. Robert Carr, Secretary for Technical Co-operation, disclosed in the House of Commons the other day that the Voluntary Service Overseas (V.S.O.) programme would be expanded in the current and next year. It is proposed, it is said, to raise the number of volunteers to be sent overseas from 550 at present to 1,300 in 1965. The number in 1958 when the V.S.O. was first begun was a bare 16. Special emphasis is being laid on professional skill, whereas, until recently, the majority of volunteers consisted of persons who had no special qualifications beyond goodwill and readiness to try their hands at anything. Out of the proposed 1,300-strong V.S.O. next year, graduates alone are expected to number 1,000, as against no more than 250 at present; the rest will comprise school-leavers and industrial apprentices.

Both the British Government and the voluntary societies which recruit qualified young people for overseas work are playing a notable role in expanding the V.S.O. The Government has decided to extend more liberal financial support to the V.S.O. by contributing 75 per cent of the costs involved, as against 50 per cent. Consequently, Government's total contribution in 1965 is put at £650,000, as compared with the anticipated total of £270,000 in 1964. On their part, the voluntary societies propose to arouse a high degree of public interest and support. A new body, called the Council for Volunteers Overseas, is being set up, with the Duke of Edinburgh as President, to advise the voluntary societies and the Lockwood Committee on policy questions affecting the programme. The members of the Council will include Sir John Lockwood, Chairmen of participating voluntary societies, representatives of education and industry, and past volunteers who have returned to Britain. The Council will thus consist of competent persons and one can hope that the V.S.O. programme will be implemented more energetically and vigorously. It is on this hope apparently that the British Government has turned down the idea of establishing a separate Government agency, similar to the American Peace Corps.

The British Government's move to help expand the activities of the V.S.O. is commendable. In answer to a query on the impact of V.S.O. on Britain, Mr. Robert Carr said: "The more young people who pack their bags and go abroad for a while, the better. I don't think their going abroad is bad for Britain and it is certainly good for the countries they go to." Considering the wide gap that exists between available technical manpower and actual requirements in underdeveloped countries, it is regrettable that the aforesaid move of the British Government has been criticised by some members of the Opposition. These members will do well to peruse the understanding editorial of *The Guardian* a few days ago. In that editorial, this liberal-minded paper said: ". . . if the movement (Voluntary Service Overseas) is to be given the higher status now promised to it, then it ought to be built up on a higher scale than is now envisaged." This, indeed, reflects the enlightened opinion of quite a powerful section of the Press in Britain to which the people of the underdeveloped nations must be thankful.

STAKE-IN-THE-NATION BONDS?

By Questor

THE British have to live up to their tradition of respect for democratic Government. Not only do we tax personal incomes at a rate which would be ridiculed in many countries (we have a native distinction between dishonest evasion and decent, legal avoidance) but we have an enormous national debt. This debt serves the liquidity requirements of a wide range of financial institutions, from banks to life assurance companies and pension funds, and the Government has been able to go on increasing it despite a secular increase in prices.

For some years past, it is true, people have been pointing out that long-term investment in fixed-interest stocks may mean a loss of real capital; equities have become fashionable; the yield on industrial stocks is some way below the yield on fixed-interest Government stocks with more than a few years of life.

The main demand for medium and long-dated Government stocks comes from pension funds and life assurance companies, which have long-term obligations to meet in money terms and are not prepared to risk too much of their money in equities and land. But their prejudices, too, are changing. And if the Government suddenly found it necessary to float a large amount of stock—not to meet a normal budget deficit, but (for example) to recompense the landlords whose land will have to be taken over for city redevelopment—it might have to pay a rate of 6 per cent or more.

It is in this situation that a young British economist, Alan Day, has suggested that the Government should offer a new kind of obligation, with an interest rate not fixed but tied to the level of national income—a "stake in the nation." It would rank as an equity in the eyes of the investor and could be offered at an appropriately low initial yield: 2½ per cent today might become 3 per cent in five years and 4 per cent in ten. To avoid the danger of either over- or under-subscription, it could be offered initially to small savers through public institutions. It would become an important element in Government finance only gradually.

There are obvious theortical advantages in such a scheme. The preference of long-term investors, private and institutional, has gradually been shifting from the superficial security of Government stocks guaranteed in money terms to that of the balanced portfolio of equities—the mutual fund principle—which is sound in real terms. It has become more difficult to sell long-term bonds, except in intervals of deflation, and the authorities have a proper prejudice against borrowing short and increasing the liquidity of the economy to an extent which later defies control. If they are to borrow much more, they need a new instrument.

A stock linked with the Gross National Product would certainly help to restore the balance between public and private finance. It would prevent the country's largest borrower—one which may have to raise big additional sums in the near future to finance plans for urban renewal—from leaning entirely on the weakest part of the market for capital. It would prevent the Government's appetite for capital from forcing up interest rates in competitive sectors of the economy. And it would enable the monetary authorities at long last to influence the behaviour of stock prices as well as that of bond prices.

But there are several practical questions one wants to put before approving an economist's brainwave of this kind. First, is the "share in the country" to be measured in real or money terms? If in money, it is equivalent to the index-bonds with which several Governments have already experimented; they have been justifiably frowned on, Mr. Day says, because they imply a deliberate acceptance of inflation—though he also says that the expectation of inflation is justified.

But if the value of national bonds is to be measured in real terms, one comes up against the fact that the G.N.P. of a developed country (which spends more and more on services) is likely to grow a good deal more slowly than the price of an intelligently chosen portfolio of ordinary shares in manufacturing industry. G.N.P. bonds would become an alternative investment, therefore, not for small savers but for life assurance companies and pension funds—and they would at once cut down their purchases of long-term bonds.

The basic fact is that any Government has to borrow as cheaply as possible, and that it does this, in a developed economy, by meeting the investment needs of the main financial institutions. These institutional needs may be above or below the Government's demand at any particular time. It can seek to attract a higher proportion of the country's savings, if there is a particularly large bulge in its capital spending plans, by competing with equities. But, unless there is a date on the G.N.P. stock—and Mr. Day does not mention this—the 2½ per cent yield on issue could easily become 26 per cent in 60 years' time, even at constant prices.

Is any Government, however socially profitable the projects financed by this borrowing, going to find such a rate, or the prospect of it, tolerable? There may be a place—why not?—for G.N.P. bonds, but I doubt whether any responsible Government would ever raise more than a small proportion of its total credit in this form.

SWATANTRA ON PLANNING

Mr. M. R. Masani, General Secretary, Swatantra Party, writes:

I have read with interest and appreciation the stimulating front page article in your issue of February 8 entitled "Swatantra Party's Economic Policy."

There is one point in your article on which I would like to take you up. You allege that all along our Party "has only been talking in broad, general terms" and urge that "it must come down to brass tacks." You then go on to say that "it will have to draw up a counter-plan on the assumption that it will be in power one of these days."

There are two difficulties in the way of what you suggest. The first is that no Opposition in any parliamentary democracy is expected to place before the country an alternative budget or an alternative plan to that of the Government of the day but only an alternative policy or approach. Secondly, the Swatantra Party does not believe in "a plan" in the sense of having one comprehensive Five-year Plan of the nature that is current in the Soviet Union and our own country but in the methods of democratic planning such as those adopted by Monnet planning in France and the N.E.D.C. in England, where there is no one plan for the country's economy as a whole.

The Swatantra Party has certainly suggested a concrete alternative approach the resolution entitled "The Swatantra Alternative" adopted at the National Convention in Bangalore, the proceedings of which you have reviewed, stating clearly that our pattern of planning would provide for the following:

"(*a*) a proper order of priorities starting with the increase in production and the provision of elementary necessities such as pure drinking water, food, clothing and shelter and employment;

(*b*) a reallocation of the role of State and Free enterprise so that the State may perform its proper function of providing the infra-structure through the provision of roads and railways, efficient communications, facilities for the peasant such as irrigation and easy credit, cheap electric power and education, both technical and general; while all other economic activity should normally be left to competitive enterprise;

(*c*) the incentive of legitimate gain under conditions of competition among producers;

(*d*) the elimination of monopoly in both State and Free sectors so as to provide maximum efficiency and service at minimum cost to the consumer;

(*e*) reducing to a minimum governmental controls and regulation to foster economic expansion and minimising corruption;

(*f*) the maintenance of stable prices through the observance by Government of measures of monetary discipline;

(*g*) the revision of policies relating to taxation including land revenue so as to foster saving, investment and employment opportunities; and

(*h*) remunerative prices for agricultural producers."

In my own speech in Parliament during the debate on the Mid-term Appraisal of the Third Plan on December 5, 1963, I had gone even further and had anticipated your suggestion in regard to showing "how much steel, fuel, power, etc., will be required to provide the basic amenities needed by the people." I had pointed out that our production of foodgrains would have to be doubled from 80 million tons in 1960-61 to 160 million tons in 1975-76 if the elementary needs of nutrition were to be met and that simultaneously the cloth production would have to be doubled from 9 million to 18 million yards in 1975-76. I had gone on to point out that even providing a minimum of Rs. 30 per month for the satisfaction of the basic needs of food, clothing, shelter and other basic needs of living would entail a *per capita* income of Rs. 540 a year in 1975, in place of the present *per capita* of Rs. 330. I had then gone on to argue that, in order to achieve this objective, our rate of growth would have to go up from the present miserable 2 per cent to 7 or 8 per cent a year. Finally, I had shown how such a rate of growth had been achieved in countries like West Germany, Japan and the Republic of China by the application of the Swatantra Party's policies of family farming in agriculture and competitive free enterprise with essential minimum controls in the field of industry and trade.

LONDON LETTER

STATE SPENDING GOES UP

(From Our Own Correspondent)

LONDON, *14th February*

THE British Budget is to be produced in two months' time—which makes a March election most unlikely. The expenditure estimates for the coming year have been published this week and show a rise of 6.7 per cent over the estimates prepared a year ago, but, since the current year's estimates have in fact been exceeded, the new figures are only some 5 per cent higher than the rate of current spending. The increase is divided between civil (rather more than half) and military expenditure. It is in fact running at much the same rate as the increase in national productivity—with the sobering thought to be added that it is unlikely to be diminished when national productivity begins to run at a more modest level.

Thus State spending continues to take a rising share of the national income. The following table analyses the main heads of spending, comparing current rates with those now estimated for the year ahead:

(In million £s)

	Current estimates 1963-64		Estimates 1964-65	
Defence	1,991		2,126	
External relations	202	2,193	199	2,325
Economic Services:				
Roads and transport	350		340	
Employment, industry, trade	93		105	
Industrial research	112		125	
Agriculture, fisheries, etc.	420	975	373	943
Community and Social Services:				
Housing, etc.	116		127	
Arts	8		9	
Law and order	130		139	
Education	198		229	
Health and welfare	746		796	
Children's services	261		272	
National insurance benefits and assistance	575		584	
Grants to Local authorities not specially allocated	821	2,855	887	3,043
Administration, etc.		249		238
Total		6,272		6,549

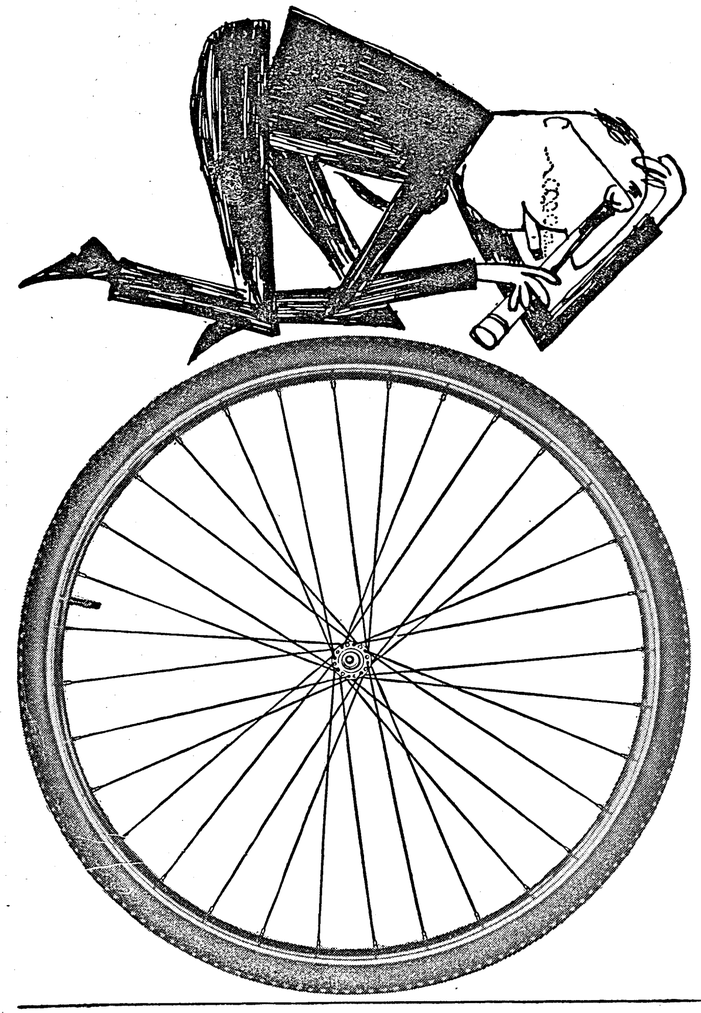
Too much must not be read into these figures by students of Government policy, because large sums are spent by the local authorities, on the social services and roads for instance, partly out of the unspecifically allocated grants from the Central Government and partly out of money they raise directly from rates levied on householders. Nevertheless they are good indications of what the Government is prepared to spend money upon directly. And on such figures the Government remains open to the criticism that it does not allocate anything like enough to the economic services, in particular industrial research and roads. They also show that defence still absorbs over one-third of the budget—a horrifyingly large proportion.

Research Expenditure

For some reason Government Departments seem unable to break away from traditional thinking on research (though industrial firms in this country are open to the same criticism) and consider an 11 per cent increase in the current rate of spending as evidence of large-handedness (the Department of Scientific and Industrial Research gets another £4 million; the Medical Research Council another £1.5 million, and the Agricultural Research Council another £0.75 million). These are paltry sums compared with what is, for instance, spent in the U.S.A. (as a proportion of national income) and concern is at last being created in this country by what is called the "brain drain"—the flow of top scientists and research workers to the U.S.A. and Canada. It is even being feared that the Astronomer Royal may pack up his bags and go because he complains he is made to use a British computer which will not do his sums as well as an American model. Nearly one-seventh of the annual crop of Ph.D's (mainly science doctorates) emigrate to the U.S.A. where they get better facilities as well as better pay and much higher social status.

In connection with the rise in Government and national expenditure and the growth of the British economy, the Director-General of the N.E.D.C. has had some pertinent things to say about the need for more planning of the allocation of resources and spending power. He demands more responsible behaviour from both sides of industry and points out the need for "a general climate of opinion, making responsible action a normal attitude." Modern economic life, he claims, needs "a new economic

(*Continued on page* 301)



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WORKING GROUP'S REPORT ON S.F.Cs—I

A CRITICAL APPRAISAL

THE lucid and business-like report of the Working Group on State Financial Corporations, set up by the Reserve Bank of India a year and a half ago, is notable for a pointed and thorough analysis of the problems and difficulties faced by the 15 corporations (including the Madras Industrial Investment Corporation Ltd., M.I.I.C., for short) in the various fields of their operations and the solutions tried by them, during the short period of their existence varying from three years in the case of Gujarat, and Jammu and Kashmir S.F.Cs to a decade in the case of Punjab S.F.C., and fourteen years in the case of the M.I.I.C. For the purpose of evaluating the role of the S.F.Cs and M.I.I.C. (the word 'corporations' wherever used in this article, refers to all the S.F.Cs as well as M.I.I.C.) in financing industries, the Working Group has reviewed their working in the light of their policies and procedures, and examined their organisational, legal, financial and other difficulties; it has also suggested ways and means of improving the usefulness of the corporations for accelerating growth and development of industries, particularly small-scale industries.

The review and the remedies deal with the resources and their utilisation, as well as with the management, staff and the working of the corporations. Attention has, for the first time, been focussed on the problems and the achievements of the corporations *as a whole*. Although this approach has several limitations as the institutions surveyed have been set up at different times and have been functioning in differing environments, it has its merits in assessing the role of the corporations as *a movement*.

The report of the Working Group, a summary of which was published in our last issue, is, therefore, notable for the perspective from which the review has been made and remedies have been suggested. The analysis of the problems has been done well within the terms of reference of the Group: yet, rather than confining itself within a narrow and formal interpretation of the terms, the Group has, fortunately, taken a broader view and looked upon the corporations, not merely as lending institutions, but also as development banks. There is an important difference between the two. Development banks are an instrument of development and planning, which could bring to bear on their activities a wider vision of social welfare than that of pure lending institutions, which may be primarily concerned with the rate of return they may obtain on the finance provided by them.

New Industries Neglected

The Working Group has analysed the policies and procedures concerning the loans and advances of the Corporations in great detail. One of the most important is the industry-wise analysis of the corporations' advances, done on a uniform pattern for the first time. As pointed out by the Group, viewed against the background of even the limited measure of diversification of industrial structure that has been attained by India since independence, these corporations have in no way contributed significantly to that achievement. With a few notable exceptions, the corporations have largely kept themselves aloof from newly developing industries. One of the reasons for this is that all the States do not offer comparable facilities to the newly developing industries but even where such facilities are available, other factors have been responsible. A basic factor is the understandable (though not justifiable) inclination of the management of the corporations to finance industries wherein the processes of production are relatively simple and which do not require a very detailed scrutiny of the proposals at an advanced level by technical experts. This preference itself may be the result of (*a*) the lack of technical personnel to appraise the proposals from newly developing non-traditional industries; and (*b*) the desire to confine activities to safer traditional industries, rather than to undertake risks of financing non-traditional lines of manufacture, particularly with their meagre resources and the deadweight of more than a crore of rupees worth subvention liabilities to the State Governments.

As the several Reserve Bank studies on the finances of joint-stock companies (including both private limited and small public limited companies) indicate, capital formation has largely been taking place in industries in the transport equipment, machinery, electrical, chemical, pharmaceutical and paper industries, but the corporations have (with a few exceptions) largely devoted their resources to food and textile groups of industries. The Working Group has laid great emphasis on the desirability of corporations diverting more resources to industries with a marked growth potential. Such a shift is all the more necessary, because most of the assistance provided by corporations goes not to public limited companies (27 per cent), but to proprietary (12 per cent), partnership (27 per cent) and private limited (31 per cent) concerns which are generally small and the rate of growth of which is often slow. At the end of 1962, of the total loans outstanding, 26 per cent were given to large-scale units, and 46 per cent to medium-scale and 28 per cent to small-scale units. One of the reasons for the marked success and growth of the Industrial Finance Corporation of India and the Industrial Credit and Investment Corporation of India is their selection of industries with a higher growth rate, and the corporations could usefully learn a lesson from them.

Early Viability Must be Aimed

One of the objectives in enacting the S.F.Cs Act to set up these State-level corporations was to cater to the needs of medium and small-scale units and the intention was to accommodate concerns other than public limited companies also. It may, therefore, appear strange at first sight, to be critical of these very aspects of S.F.Cs activities and suggest a change in favour of fast growing industries and units, particularly large-sized public limited companies: in fact, there is evidence to suggest that, since April 1962 (when the ceiling on the size of individual loans by S.F.Cs was raised from Rs. 10 lakhs to Rs. 20 lakhs), the S.F.Cs. have been taking advantage of this relaxation and have sanctioned sizable amounts to relatively large-scale concerns. But one has to remember that the corporations have to increase their turnover more than proportionately to their administrative costs if they are to attain viability at an early date. If their lendings to large-scale and fast-growing industries increase their profitability and internal reserves, they would ultimately be in a better position to serve the needs of small and non-traditional industries than they are at present. It has been well realised by the Working Group that to restrict the activities of the corporations only to small-scale or medium-scale units that lack a growth potential, is to condemn them to a permanent form of disability. If it is desired to draw forth their best efforts in developmental and promotional activities, it is necessary to allow them to diversify their own activities and to earn enough returns on their strictly commercial lendings in order to enable them to compensate for their activities in the less profitable but socially more desirable fields.

Explaining the genesis of the corporations, the report of the Working Group goes on to say that, even though the assistance provided by the corporations is gaining momentum in the last year or two, their joint performance so far has been much below expectations. Considering the size of the private sector investment totalling Rs. 1,250 crores, under the third Plan, the resources amounting to Rs. 34 crores provided by the Corporations at the end of March 1963 constitute a very small proportion indeed. In fairness to the corporations, however, it may be pointed out that they do not provide the entire capital resources of any unit or project, but supplement the resources raised from the capital market, the commercial banks and internal resources. A more appropriate measure of the role and contribution of the corporations would be provided by the *total* amount of investment which the Rs. 34 crores provided by the corporations has sustained. It is rather surprising that this measure of performance is absent from the otherwise comprehensive statistical data and analysis contained in the report of the Working Group. Inspite of this lacuna, however, there is hardly any doubt that the recommendations of the Working Group for removing the impediments in the working of the corporations will have to be implemented immediately and in the right spirit, if the unduly restrictive nature of the existing provisions of the statute governing the corporations are not to prevent a quick expansion in the range and volume of the corporations' activities.

There are a number of agencies and institutions apart from the corporations which are intended to fill the gaps in the structure of financial institutions in the country, for the supply of term finance to industry in the private sector. While there is much in common among the various institutions, there are also important differences in regard to their capital structure, ownership of shares, extent and nature of Government control and methods and field of operations. This also raises the question of co-ordination of their policies and activities, on which the Working Group has laid particular stress. It is necessary, the Group points out, to assure necessary and sufficient conditions for the effective functioning of corporations and to see that no institution overshadows the growth of another and that each has its specific field to serve. One of the basic aims of the corporations was to make institutional finance available to small units, and a ceiling on maximum accommodation to any single unit was laid down. Several other institutions were, however, set up to assist small industries, namely, the National Small Industries Corporation Ltd. (to provide initiative and help to them to improve their technique of production), State Small Industries Corporations and State Industrial Development Corporations (to establish and manage industrial estates and to assist and finance the promotion, establishment and execution of medium-sized undertakings).

A Dubious Suggestion

The Working Group is of the opinion that, while these institutions have been of great value and assistance to the small and ancillary units, they have affected the business of the S.F.Cs. It is pointed out, for example, that the procedures of N.S.I.C. are more simple than those of S.F.Cs, and their facilities, particularly hire-purchase schemes, are more liberal and convenient. The Working Group has made various suggestions to restrict the scope and activities not only of N.S.I.C., S.S.I.Cs and S.I.D.Cs but also those I.F.C. and I.C.I.C.I., in order that S.F.Cs may thrive: that N.S.I.C. should hand over its hire-purchase machinery to S.F.Cs and should act as a mere clearing house for information, that I.F.C. and I.C.I.C.I. should informally undertake not to entertain applications for foreign exchange loans below an agreed figure and that the Government should provide foreign exchange resources to S.F.Cs, that S.S.I.Cs and S.I.D.Cs should not normally provide direct loans but should provide only marketing facilities and undertake promotional functions only. It has also been suggested that senior officers of N.S.I.C. may help the S.F.Cs in operating hire-purchase machinery functions, and that, where the size of applications is so small to make them uneconomic, either the Government may give a direct subsidy to S.F.Cs or S.S.I.Cs may help the former to handle such applications.

While the need for co-ordination in order to avoid overlapping and facilitate joint operations is paramount and while the need to improve the usefulness of the corporations is equally urgent, the Working Group appears to have taken an attitude of doubtful merit in suggesting restrictions in the scope and activities of other institutional agencies, so that the corporations may prosper. In a developing country, there is vast scope for initiating, promoting and assisting development projects and the S.F.Cs will be able to make their own real contribution, if they are so developed and organised as to operate in a free and enterprising manner. Spoon-feeding the corporations even after a decade of their existence, in the manner suggested by the Working Group, will not only harm the other institutions doing good work, but will also cripple the initiative and creative enterprise of the corporations themselves.

Technical Assistance

The Working Group has drawn pointed attention to the fact that almost all the corporations have avoided recruiting even the minimum technical personnel necessary for appraisal, follow up and supervision of projects during the currency of the loan. The small scale of the operations of the corporations does not, of course, justify the appointment of full-time technicians, but the present practice of making use of the technical personnel of the State and Central Governments involves considerable delays and is not conducive to obtaining best results. In order to obviate these difficulties, the short-term remedy suggested by the Group is to prepare panels of engineers, industrial economists and accountants who are already employed in the industrial sector, and to utilise their services and advice on payment of fees on an approved scale. Such an arrangement could, however, provide only a temporary solution. Accordingly, the Working Group's long-term suggestion for establishing an independent all-India technical and economic evaluation organisation with branches at important centres to serve the evaluation needs not only of S.F.Cs but also of the other lending institutions like I.F.C., I.C.I.C.I., and even the State Bank of India and other commercial banks merits careful consideration.

Another aspect of this problem is that of providing adequate training and orientation to the staff of the corporations themselves. Industrial financing is a new and still developing field and much pioneering work of evolving sound techniques and attitudes of term-lending has yet to be done. The report of the earlier Working Group on Appraisal of Applications for Term Loans has made a beginning in this direction, but it is important to give orientation courses to the Managing Directors and other senior officers of the corporations.

The Working Group's recommendations for transforming the corporations into full-fledged development banks for small-scale and medium-sized industries are reserved for study in a separate article which will be published in our next issue.

STATE BANK OF INDORE'S PROGRESS SATISFACTORY

Satisfactory progress has been made by the State Bank of Indore (General Manager: Mr. G. S. Srivastava, Indore) during the year ended 31st December 1963. Its gross income has gone up from Rs. 66.06 lakhs to Rs. 76.09 lakhs, out of which Rs. 63.56 lakhs (Rs. 56.34 lakhs a year before) is by way of interest and discount and Rs. 10.90 lakhs (Rs. 8.18 lakhs) is by way of commission, exchange and brokerage. Outward interest has moved up from Rs. 33.38 lakhs to Rs. 35.99 lakhs and other expenses, including staff expenses amounting to Rs. 25.46 lakhs (Rs. 20.12 lakhs a year before), have increased from Rs. 26.89 lakhs to Rs. 33.75 lakhs. Profit, after allowing Rs. 82,001 for depreciation as against Rs. 64,536 in the previous year, shows a slight improvement from Rs. 5.14 lakhs to Rs. 5.53 lakhs. Out of this, a sum of Rs. 1.20 lakh (Rs. 1.10 lakh in the previous year) have been carried to the reserve fund, while bonus to staff has taken up Rs. 1.60 lakh (Rs. 1.48 lakh). In addition, Rs. 25,000 have been credited to staff welfare fund. The dividend on the 100-rupee shares has been maintained at 8 per cent per annum, subject to tax. It absorbs Rs. 2.80 lakhs, leaving Rs. 45,844 as the surplus to be carried forward, as against Rs. 78,066 brought in.

The following table compares the Bank's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Interest and discount earned	63.56	56.34	48.69	46.67
Commission and exchange	10.90	8.18	6.99	6.44
Other income	1.60	1.54	1.04	1.03
Interest paid	35.99	33.38	29.29	24.92
Expenses	33.75	26.89	20.25	21.54
Depreciation	0.82	0.65	0.57	0.55
Profit	5.53	5.14	6.61	6.78
To reserve fund	1.20	1.10	4.08	1.37
To gratuity fund	..	..	..	0.40
,, staff welfare fund	0.25	..	..	..
Bonus to staff	1.60	1.48	1.45	1.27
Dividend	2.80	2.80	2.80	..
	(8%)	(8%)	(8%)	
Carry forward	0.46	0.78	1.02	2.74

	As on 31st December			
	1963	1962	1961	1960
Paid-up capital	35.00	35.00	35.00	35.00
Reserves	14.00	12.80	11.70	7.61
Deposits	12,69.90	11,90.39	10,85.97	884.23
Borrowings from banks	..	..	..	113.32
Advances	787.61	704.96	615.11	684.30
Investments	399.11	380.89	306.76	305.70
Cash	169.36	178.22	239.58	69.31
Balance sheet total	14,77.30	13,65.70	12,55.35	11,38.85
Ratio to deposits of—	%	%	%	%
Advances	62.0	58.7	56.6	77.3
Investments	31.4	31.8	28.2	21.7*
Cash	13.3	14.9	22.1	7.8

* Unencumbered portion only.

Taking the year-end figures, deposits have expanded by only Rs. 70.51 lakhs to Rs. 12.70 crores, as against the increase of Rs. 113.42 lakhs to Rs. 11.99 crores a year before. In spite of this limited increase, borrowings from banks appear as *nil* in the balance-sheet. Advances, which had improved by Rs. 89.85 lakhs to Rs. 704.96 lakhs in the previous year, have risen further by Rs. 82.65 lakhs to Rs. 787.61 lakhs over the year under review. Investments show an addition of Rs. 18.22 lakhs to Rs. 399.11 lakhs; the increase is, however, *one-fourth of the figure of Rs. 74.13 lakhs noted in* the previous year. With both advances and investments turning out to be higher and deposits showing a limited growth, the aggregate cash balances have naturally shrunk from Rs. 178.22 lakhs to Rs. 169.36 lakhs, and, as a ratio to deposits, dropped from 14.9 per cent to 13.3 per cent.

The number of branches went up from 30 to 34 during the year. The State Bank's subsidy covering full losses in respect of new branches opened after 4th March 1959 is expected to aggregate Rs. 1.60 lakh for the year (Rs. 90,000 a year before) and has been included in the profit and loss account.

Government cash business and agency functions continued to be transacted at the Bank's offices. Currency chests of the Reserve Bank's Issue Department were established and Government cash business was also undertaken at three more centres, bringing the total number of centres to 10 at the end of the year. In addition, arrangements to assume these functions at two more branches are complete.

The number of small-scale units assisted by the Bank rose from 55 to 64 during the year, the limits sanctioned and in force for them went up from Rs. 34.68 lakhs to Rs. 46.37 lakhs and the amount outstanding from them as at the end of the year was Rs. 18.97 lakhs in 1963, as against Rs. 17.22 lakhs in 1962. Six co-operative units (as against eight a year before) were sanctioned limits aggregating Rs. 15 lakhs (Rs. 11.45 lakhs) and the year-end outstandings from them totalled Rs. 5.82 lakhs (Rs. 3.79 lakhs). Credit facilities against warehouse receipts were utilised at 12 centres (nine in the previous year), with the number of accounts unchanged at 101 for a slight increase in limits sanctioned from Rs. 24.63 lakhs to Rs. 25 lakhs and also in balance outstanding from Rs. 4.77 lakhs to Rs. 5 lakhs.

The year closed with 886 persons on the staff (including 67 temporary seasonal appointments) as against 791 in 1962 (including 38 temporary seasonal appointments). A staff training school was started at the head office from 11th February 1963.

The Government of Colombia has entered into a new stand-by arrangement with the International Monetary Fund, which authorises drawings upto $10 million in the next twelve months. The new arrangement succeeds a one-year stand-by arrangement amounting to $52.5 million which expired on 13th January 1964. Colombia drew the equivalent of $48.5 million under that arrangement and its outstanding drawings on the Fund currently total $115 million. The new stand-by arrangement will provide support for the continued application of the Government's policies. It is expected that these policies will be directed towards the establishment of monetary stability, thereby providing the conditions for an acceleration of public and private investment consistent with the maintenance of an approximate balance of payments equilibrium.

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U.P. LETTER

U.P. FINANCES BASICALLY SOUND

RISING PRICES POSE A SERIOUS PROBLEM

From Our Special Correspondent

LUCKNOW, 19*th February*

ALTHOUGH the U.P. Government's Budget for 1964-65 shows a deficit of Rs. 11.59 crores, with the estimated revenue receipts at Rs. 223.84 crores and the revenue expenditure at Rs. 235.43 crores, the State Government's finances are basically sound and the budgetary position shows a satisfactory trend. If the revenue receipts and expenditure on account of the Plan schemes are excluded, the total revenue and the revenue expenditure in 1964-65 would amount to Rs. 202.64 crores and Rs. 190.82 crores, respectively, thus leaving an actual surplus of Rs. 11.82 crores in the revenue Budget. It is thus on account of the revenue expenditure on the third Plan that the U.P. Budget shows a sizable deficit, which was only to be expected and could not be taken as a sign of weakness in the State Government's finances. As against the estimated revenue expenditure of Rs. 44.61 crores on the Plan projects, the revenue surplus in the Budget (excluding the Plan outlay) of Rs. 11.82 crores and the expected Central subvention of Rs. 21.20 crores provide a total of Rs. 33.02 crores, thus leaving a revenue deficit of Rs. 11.59 crores in the 1964-65 State Budget.

It is also worth noticing that, although the budget estimates for 1962-63 showed a deficit of Rs. 13.35 crores and the budget estimates for 1963-64 showed a deficit of Rs. 4.97 crores, the year 1962-63 actually closed with a small surplus of Rs. 1.33 crore while the revenue deficit in 1963-64, according to the revised estimates, is not likely to exceed Rs. 1.22 crore, which might be still further reduced as actual figures are available. There is, therefore, no justification to take an unduly gloomy view of the estimated deficit of Rs. 11.59 crores in the 1964-65 Budget.

It might be mentioned here that additional taxation in 1962-63 was expected to yield a revenue of Rs. 4.57 crores but the actual increase in revenue from additional taxation was only of the order of Rs. 4.44 crores. In spite of this shortfall in revenue from additional taxation, the budget showed a small surplus as the total revenue receipts were higher and the total revenue expenditure slightly lower than was originally estimated.

The same story was repeated in 1963-64 when the receipts from additional taxation turned out to be smaller than was expected. On account of strong public opposition, the Government had to withdraw the proposed surcharge on land revenue estimated to have yielded a revenue of Rs. 2.68 crores. The other measures of additional taxation also did not yield as much revenue as was expected and in the revised estimates for 1963-64 credit is taken only for Rs. 1.06 crore of revenue from additional taxation as against Rs. 1.99 crore originally estimated. If the deficit of Rs. 1.22 crore in the budget for the current financial year, as indicated by the revised estimates, persists it would be covered by a transfer from the revenue reserve fund.

No Fresh Taxation

In view of this past history of U.P. finances, it was quite natural for the U.P. Finance Minister not to propose in his budget speech any additional taxation measures to cover the revenue deficit of Rs. 11.59 crores in the 1964-65 Budget. The Finance Minister indicated that every effort would be made to increase the State Government's revenue by a speedy recovery of tax arrears and by tightening up the measures to prevent tax evasion. There is also some scope for economy in public expenditure, especially on the non-Plan outlay. But, if the deficit continues and fresh taxation becomes necessary, the taxation proposals would be announced in the future. The U.P. Finance Minister, however, does not appear to be unaware of the fact that the people's taxable capacity in Uttar Pradesh has been almost exhausted on account of additional taxation by the Central and State Governments and the local bodies. The recent increase in the costs of living of the people due to an inflationary rise in the price level has still further reduced the people's capacity to bear additional taxation.

Out of the total capital outlay of Rs. 97.48 crores in 1964-65, the Plan projects account for Rs. 75.82 crores. In fact, the total Plan outlay in the Budget year would be of the order of Rs. 122.22 crores, but, since some of the money would be found by the State Electricity Board from its own resources, the U.P. Government's budget for 1964-65 makes a provision for only Rs. 120.43 crores. The Central assistance in the shape of loans is expected to be Rs. 76.72 crores, but this level of Central assistance is considered inadequate by the U.P. Government and the State Finance Minister has expressed the hope that the Central Government might increase the loan assistance at least by Rs. 2 crores. The Central Government has its own limitations, but, in view of the fact that Uttar Pradesh is still an underdeveloped region and that the eastern districts of U.P. in particular pose a serious problem to the State Government, the request of the U.P. Finance Minister deserves the Government of India's and the Planning Commission's sympathetic consideration.

Agricultural Production

The U.P. Budget for 1964-65 provides substantial outlays for the construction of roads, increasing the power potential and industrial development of the State, but the main emphasis is on increasing agricultural production and on social security measures for Government servants and teachers. In order to increase agricultural production, it has been provided that the outlay on the distribution of fertilisers would be increased from Rs. 12.5 crores to Rs. 17.86 crores, irrigation facilities would be increased by developing small private irrigation works, by introducing an extension service for irrigation, and by more fully developing the minor irrigation works, and by encouraging the cultivators to utilise the available irrigation facilities more fully by introducing a two-part system of irrigation tariffs. It is proposed to launch package programmes in selected districts to increase the production of rice, *jowar*, pulses, potato, cotton, rapeseed, mustard seed and sugarcane. These measures would undoubtedly help, but agricultural production in U.P. continues to be low, and the achievements of agricultural planning have been below target, mostly because of certain defects in organisation and the administrative set-up and, unless they are removed, it is not likely that agricultural production would increase very much. The U.P. Government is not unaware of this aspect of the matter, as the Chief Minister, Mrs. Suchita Kripalani, recently announced that an agricultural production commissioner-*cum*-secretary would be appointed at the State level to co-ordinate the working of all the Government departments dealing with agricultural production. At the district level, agricultural production officers would be appointed with the same object in view. If these officers are able to co-ordinate the work properly, it would certainly help in increasing agricultural production, but that is still a big 'if.'

The increase in old age pensions by Rs. 5, from Rs. 15 to Rs. 20 per month, an increase of Rs. 5 per month in the pension rates of certain categories of Government servants, an increase in the upper limit of salary for admissibility of dearness allowance from Rs. 450 to Rs. 850 per month, a provision for payment of gratuity equivalent to six months' basic salary to the dependents of teachers of junior and senior basic schools and higher secondary schools and some categories of temporary Government servants in case of death are to be welcomed. They would to some extent reduced the hardship of these people. But it is doubtful whether the Government was justified in increasing expenditure on social security measures which, while they would not materially alleviate the condition of the persons concerned, would materially increase Government's non-Plan outlay.

Prices

The biggest single problem in U.P. at present is that of preventing the prices of wheat, rice, pulses, vegetables, milk and other food articles from rising. The prices of a vast variety of goods in U.P. markets continue to rise in spite of all the efforts which the Government appears to be making to hold the price line. Mr. Kamlapati Tripathi told the Legislative Assembly on 13th inst. in the course of his budget speech that the number of fair-price shops has been increased, the entire production of *atta* by mills in the State has been earmarked for sale through fair-price shops, fair-price shops opened in the rural areas for the distribution of sugar would also sell wheat and *atta*, and larger supplies of wheat, *atta* and sugar would be made available to the fair-price shops. But, in spite of all these measures, the prices keep on rising, inflicting unbearable hardships on the people. It appears that the quality of *atta* and wheat made available at the fair-price shops is poor and the quantity made available is much smaller than the demand, with the consequence that most people are forced to buy a good part of their requirements in the open market, thus adding to the inflationary rise in prices. This winter Uttar Pradesh passed through a severe and protracted cold wave and frost, which have damaged from 25 to 75 per cent of *rabi* crops of wheat, pulses, and sugarcane. The frost has not only damaged food crops but also fruits and vegetables the prices of which have increased unduly in all the U.P. markets. The expectations of lower production in 1964-65 has increased the tendency to the hoarding of foodgrains by the consumers, cultivators and middlemen. This has also added to the inflationary rise in prices.

Notice

DALMIA IRON AND STEEL LIMITED

NOTICE IS HEREBY GIVEN THAT THE Eighth Annual General Meeting of the Company will be held at the Registered Office of the Company at Rajgangpur (Dist: Sundergarh, Orissa State) on Wednesday the 25th March 1964, at 3 p.m., to transact the following business:—

1. To receive and consider the Directors' Report, the Auditors' Report and the Audited Statement of Accounts for the year ended 30th September 1963.
2. To declare dividend.
3. To elect a Director in place of Shri Mohanlal Goenka who retires by rotation and is eligible for re-election.
4. To elect a Director in place of Shri N. C. Roy who retires by rotation and is eligible for re-election.
5. To elect a Director in place of Shri J. P. Kejriwal who was appointed as an Additional Director on 29th April 1963 and who holds office as such upto the date of the Eighth Annual General Meeting. Notice has been received from a shareholder under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director.
6. To appoint Auditors and to fix their remuneration.

By Order of the Board of Directors,

For DALMIA IRON & STEEL LIMITED,
K. NATH & CO.,
Secretaries.

30*th January* 1964.

Notes:—

(*a*) Every shareholder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her and such proxy need not be a shareholder. The proxies should, however, be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.

(*b*) The Register of Members and Share Transfers of the Company will remain closed for accepting Share Transfer Applications from 10th March to 25th March 1964, both days inclusive.

(*c*) The dividend when sanctioned will be paid to those shareholders whose names would appear in the Register of Members on 25th March 1964. Dividend Warrants are expected to be posted by 20th April 1964.

(*d*) Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 for item No. 5 of the Agenda is being forwarded to the members of the Company.

NEW TEXTILE PACT WITH HONG KONG

CATEGORY-WISE CEILINGS ON IMPORTS

From Our Special Correspondent

MANCHESTER, 11*th February*

MANCHESTER LETTER

A NEW agreement has been reached with Hong Kong on the question of categorisation of cotton textile exports to Britain. The British Cotton Board said here that the new arrangement, together with similar ones being negotiated with other exporting countries, was "a practical and constructive step towards greater stability in the British domestic market." Praising Hong Kong for the "realistic and co-operative attitude" shown in the negotiations, the Board said that the agreement should inspire greater confidence and provide a firmer basis for the future. Details of the arrangement have been sent to the main sectional associations in the Lancashire cotton industry, and it is hoped that an announcement would be made shortly about negotiations on the categorisation issue with India.

Summarised as far as possible, the Hong Kong deal sets out the 34 categories into which all exports from the Colony to this country will in future be classified. They consist of three for yarn, 15 for piecegoods, and 16 for made-up garments. No immediate change is contemplated in the current ceilings agreed in October 1962, which will last until the end of next year. Under these, annual shipments are contained within a level of 80 million square yards of loom-state cloth, 30 million yards of finished piece goods, and the equivalent of 85 million yards of made-up goods, provided the total of the first two does not exceed 100 million yards.

Transitional Phase

With the exception of corduroy and velveteens and handkerchiefs, the basis on which the categorisation scheme is established is the shipments made during the calendar year 1963, but the arrangement is to be so phased that 1964 is to be a transitional year in which only half the existing cotton goods quotas will be affected by categorisation. Next year, the whole of the annual quota will be subject to complete categorisation.

The categories themselves are split into those regarded as supersensitive, sensitive and non-sensitive. Among the first are such items as drills, twills, jeans, sateens, gabardines and poplins in piecegoods, and mens' and boys' coats, waistcoats, trousers, slacks, shorts, shirts, jeans and rainwear among the garments. In each case, the new controlled level will be 115 per cent of Hong Kong's 1963 export performance.

In the "sensitive" sector are all categories of goods in which shipments from the Colony during 1963 exceeded three million square yards or the equivalent, as well as corduroys and velveteens, yarn dyed fabrics and handkerchiefs, which are to be specially treated. The permitted level in these cases will be 130 per cent of the 1963 shipment rate. Other "non-sensitive" categories, at present not subject to further restrictions, will become "sensitive" if shipments this year reach the 3 million yard mark, although such cases will probably be considered jointly by representatives of the Cotton Board and Hong Kong.

An overall limitation of 6,300,000 lbs. is already imposed on shipments of cotton yarn from the Colony. It has now been agreed that not more than 81½ per cent of the total may be shipped annually as folded yarn and not more than 5 per cent as processed yarn.

Although individual traders may feel that some aspects are not altogether to their advantage, the introduction of the system of categorisation at least adds a defensive weapon to Lancashire's somewhat empty armoury. Despite the change of Government policy on the question of imports and the apparent support from Whitehall, it cannot be denied that the British team has all along been negotiating from weakness; any semi-security which can be obtained for the different sections is not to be treated lightly.

Few in Difficulties

A further reduction in the number of company liquidations in the Lancashire textile trade occurred in 1963, continuing the trend which has been evident since the numerous reorganisations which were brought about by the redundancy programme in 1960. Last year, 41 cases of voluntary liquidation were reported, as against 84 in 1962 and 93 in 1931. No compulsory liquidations were enforced, as against one in each of the two past years, nor were there any creditors' voluntary liquidations, as against one in 1962 and six in 1961.

The members' liquidations, announced after declarations of solvency and in which all creditors were paid in full, concerned 10 manufacturers, one spinning and weaving firm, one doubler, six finishers, 21 merchants and agents and two miscellaneous textile traders. Although no bankruptcies were reported in 1933, receivers were appointed in five cases, two of which were manufacturers, and one each designated as spinners and weavers, merchants and agents, and miscellaneous traders.

Reversing the trend of the last year or two, more new textile company registrations were recorded, there being 67 new firms, as against 50 in 1932, 87 in 1961 and 149 in 1960. The nominal capital involved was substantially higher this year at £1,554,000, as against £652,800 in the previous year. Sixty out of the 67 new registrations concerned merchants and agents and five miscellaneous traders. The other two were a manufacturing company and a doubling concern.

More Records for Machinists

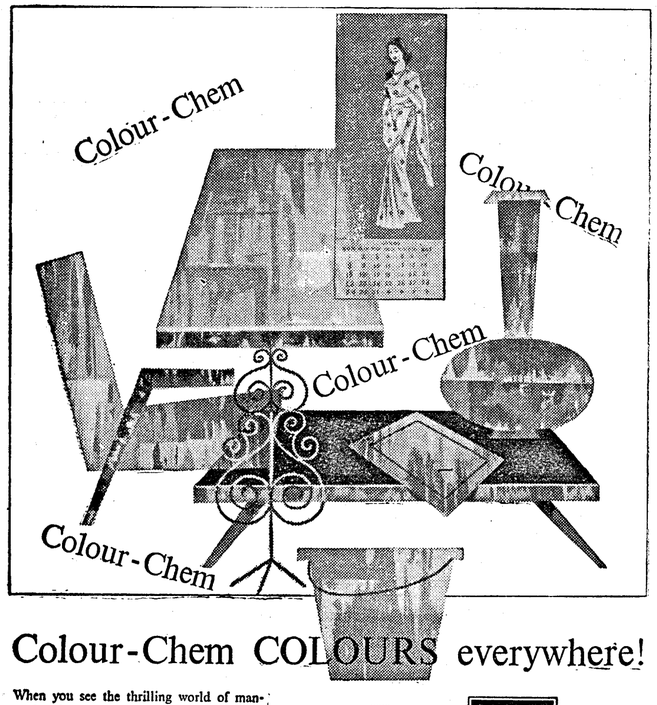
Once again, the makers of textile machinery have hit the jackpot as far as earning foreign currency for Britain is concerned during the past year. Exports in 1963 set up a further record, being valued at £66,558,573, as against the former peak in 1962 of £65,046,192. The actual volume of shipments showed a marginal decline at 1,587,363 cwt., as against 1,603,026 cwt. Recent comparative annual figures have been 1,536,795 cwt. in 1961; 1,343,778 cwt. in 1960 and 1,118,668 cwt. in 1959. The average price obtained for British textile plant per cwt. has steadily increased from around £25 in 1955 to £35 in 1958, £40 in 1961 and £42 in 1963.

Pakistan became the leading importer of British textile machinery last year, absorbing 186,249 cwt., an increase of nearly 30,000 cwt. Neighbouring India, the former chief market, took 159,512 cwt., as against 171,555 cwt. and a big increase in shipments to South Africa occurred from 65,912 cwt. to 112,941 cwt. The other important buyers of plant were the Soviet Union, the takings of which fell from 94,001 cwt. to 72,872 cwt. Egypt showed a substantial rise in purchases from 26,282 cwt. to 75,801 cwt. Australia took 63,417 cwt., Italy 61,074 cwt. and the United States 60,213 cwt.

Sales of machinery for extruding man-made fibres increased from 11,399 cwt. to 33 972 cwt., but plant for preparatory processes to spinning cotton and staple fibre moved off on a slower scale, with shipments of 82,719 cwt., as against 117,413 cwt. A further drop occurred in exports of machinery for spinning and twisting cotton and staple fibre, from 139,533 cwt. to 73,885 cwt. Exports of looms with automatic weft replenishing mechanism rose from 119,043 cwt. to 138,986 cwt. and other looms also showed an expansion in shipments, from 49,861 cwt. to 69,817 cwt.

TEASELING MACHINE FOR MAN-MADE FABRICS

Technical advances made in equipment designed for textiles occupies an important position in all matters affecting man-made fibres. The Establishments Scholaert of France constructors of finishing machines, has built the largest teaseling machine at present available on the world market. The problem lies in processing very wide fabrics, which were customarily processed using natural teasels, since these were woollen fabrics, whereas, in the case of man-made fibre fabrics, any increase by using former had become impossible. A teaseling machine had to be built employing one-piece rollers five metres wide without any intermediate support, so as to provide an unbroken line of 24 teasels equipping the machine from one side to the other. This large teaseling machine, which is operating in a very big English concern, is providing every satisfaction and all vibration and bending is eliminated through its design. Verified production figures reach almost five times those obtained using natural teasels giving, at the same time, a much more even finish.



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FEDERAL INCOME-TAX IN THE U.S.

IS THERE A BETTER ALTERNATIVE?

By Stanley W. Surrey
ASSISTANT SECRETARY, U.S. DEPARTMENT OF THE TREASURY

THE question of alternatives to Federal income taxation is becoming a rather fashionable topic for discussion these days. To be sure, 1963 marked the golden (50th) anniversary of the Federal income-tax and some may complain that it is somewhat unbecoming to discuss the possible demise of the income-tax on such an occasion.

But even a golden (50th) anniversary should not stand in the way of critical analysis. For a tax system cannot remain static. It must be continuously examined and shaped to make it responsive to national needs and an appropriate force in achieving national goals.

Searching discussion and analysis by informed observers are therefore imperative if we are to gain the insights that guide the way to rational decisions.

Among the substitutes for the present income-tax that are being discussed are the value added tax as an alternative to the corporate income-tax, broad-based excise taxes as alternatives to income taxation, and an expenditure tax as an alternative to the individual income-tax.

The general implication of all this appears to be that our income-tax structure is so defective that progress in tax policy can lie only in new and different taxes. Yet are matters really in such a state, and can it be said that our income-tax serves us so poorly?

After all, the income-tax is efficient, in that it raises about $70,000 million annually. The personal income-tax reaches 100 million individuals, about 86 per cent of our adult population. It deals each year with 60 million individual returns and 1.2 million corporate returns, with more than 25 million refund claims, and yet accomplishes all this with commendable efficiency in the light of the tremendous volume of communication between Government and the public that is involved.

Moreover, it achieves these results through a system of voluntary compliance and with an administrative force that is quite small in relation to the population.

Stress on Equity

But while efficiency is an indispensable requirement, it is not, of course, the final criterion of a tax system. We also ask that our tax system meet a rather high standard of fairness. We have been, perhaps, more insistent on this concept of equity than many other countries.

Such a standard, however, is not easy to meet, dealing as we are with a forced exaction from millions of people and with rules which necessarily cannot be cut to every pattern. Moreover, concepts of what is fair, what is equitable and inequitable, are not simple, observable facts. Yet it does not appear anyone is urging the possible alternative taxes on the ground that they are decidedly more fair than the income-tax, or even defending them as no less fair.

Finally, in any tax system, just as a balance must be struck between efficiency and equity, so it must be struck between equity and the achievement of certain national goals.

Employment and Growth

One of our important goals is full employment and greater growth. If a tax system is to contribute to achievement of this goal, it may have to contain certain structural features, such as incentives to investment, which will result in a different allocation of tax liabilities and thus some shift in tax equity.

But here again, has it been shown that, as a structural matter, reliance on an income-tax to raise our revenues is incompatible with achieving these growth goals and that incentives to investment that may be needed cannot be devised within an income-tax framework? Or, to put it differently, can it be clearly shown that the alternative taxes are decidedly superior in this respect? One can suspect that a request for even a modest degree of proof on these matters would likely go unsatisfied.

These few kind words for the income-tax—it is, after all, its golden (50th) anniversary—do not mean that all is well with that tax. For while we can defend its place in the Federal tax structure, we can at the same time recognise its defects and problems.

It should be clear that any mass tax—be it an income-tax, sales tax, value added tax, manufacturers excise tax—will always have its imperfections. And there will always be disputes as to whether this or that solution is the answer, especially since the solution usually lies not in the realm of objective and universal observation, but in the realm of political and social judgment.

A Criterion

Fifty years of debate on the income-tax have at least made us aware of the problems under that tax and possible lines of improvement. These years of debate have also made it clear that much of the difficulty arises from the need to keep our tax system continually responsive to an ever changing society and economy.

Our problem today is not that of improving the Revenue Act of 1913 and its successors as these measures would apply to the United States of 1913—our problem today is that of applying the income-tax to the United States of 1964 and the years ahead.

It may well be that the Revenue Act of 1913 seemed as good an answer to the problems of 1913 as some of the alternative taxes now being discussed look today. Yet, if we were to adopt any of these alternatives today, it is inevitable that 10 years from now it would be enmeshed in issues and debate as future tax commentators sought to adapt it to their society—to eliminate its imperfections, if you will.

Thus, the fact that the income-tax has its full share of problems and controversy does not support the view that the tax should be abandoned. Rather, it is a sign that we are engaged in the proper and necessary task of keeping that tax responsive to our present needs. The important question is what we are doing about the problems we face. I submit that much is being accomplished—and that there is still some hard work ahead.

In sum, on the 50th anniversary of the income-tax, it would be appropriate to pay a tribute to that tax by renewing our efforts to improve its structure and the contribution it can make to our national tax policy.

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DEMAND FOR RUBBER RISING FAST

NEW IMPORT POLICY CRITICISED

THANKS partly to the efforts of the Rubber Board and partly also to the efforts of planters themselves, the doubts once expressed about the successful fulfilment of the third Plan production target of 45,000 tons fixed for natural rubber have completely been belied. Indeed, the target, according to the latest available indications, is expected to be exceeded by a comfortable margin; the estimated actual output in the last year of the third Plan, that is, 1965-66, is not less than 50,000 tons. The estimate seems to be quite a realistic one, considering the markedly high rate of production lately: about 35,000 tons in 1963-64 (estimate based on the actual output in the eight months from April-November 1963), as against the 32,239 tons actually produced in 1962-63 and 27,446 tons in 1961-62.

The gap between the estimated output of 35,000 tons in 1963-64 and the anticipated output of 50,000 tons in 1965-66 is, of course, pretty wide, being 15,000 tons. But one can expect it to be easily filled, as witness the observations of Dr. Rama Varma, Chairman of the Rubber Board, at the forty-sixth meeting of the Board held at Kottayam recently. While only a little over 200,000 acres are currently under tapping out of the total planted area of 361,142 acres, more new areas, according to him, will come under tapping in the coming years and the rising trend of production will thus be maintained. Even the yields in the existing areas themselves could be considerably augmented by better cultural practices. Although this aspect has been repeatedly stressed, the progress actually achieved is depressing. The average yield of rubber per acre of tappable area in 1962-63 was no more than 155 kg., as against 149 kg. in 1961-62, 148 kg. in 1960-61 (last year of second Plan) and 135 kg. in 1955-56 (last year of first Plan). It will be interesting to note here that the average per-acre yield of rubber obtained in Malaya is as much as 440 kg.; the pre-war average of Malaya was only 125 kg. And clones are now being tested that yield about 1,500-1,600 kg. per acre. It may not be possible to obtain such a high yield in India, at any rate not in the next few years, but the yield could be well above what is obtained at present. The Rubber Board has, therefore, done well in deciding to extend the subsidy paid for manures, etc., to planters having upto ten acres (as against upto five acres at present), to supply free of cost planting materials to holders having upto ten acres and to meet 25 per cent of the cost of copper for spraying.

Plea not Justified

While the aforesaid decision and some of the other measures taken by the Rubber Board are welcome, there is still a lot more that the Board can do—and ought to do—in helping the growers to raise the productivity of their lands, quantitatively and qualitatively. Instead of concentrating attention on developmental activity, it is somewhat strange that the Board should have thought of entering into import business in natural rubber. At its recent meeting, the Board adopted a resolution urging the Government to ban imports of rubber direct by rubber goods manufacturers. The Government should, the resolution said, issue import licences to the Board and authorise it to allocate the imported rubber among consumers. The Board's plea for monopoly import licensing is not well substantiated. When once the overseas sellers of natural rubber come to know about the creation of such monopoly in India, they will naturally put up their prices. It is commonsense that the bargaining power as a buyer of actual consumers and established importers is always stronger than a monopoly buyer. Besides the increase in imported cost, the rubber goods producers may also have to bear an additional cost, since the Board will include its import and distribution charges to the selling prices of rubber. It is to be hoped that the Government of India will bear this point in mind and reject the Rubber Board's plea.

There is also no justification in the plea of the Rubber Board not to issue more licences for starting new synthetic rubber plants. The fear expressed by the Board that the interests of the plantation industry would be adversely affected if more such plants were set up is exaggerated, what with the rapid pace at which the demand for rubber is rising, following the expansion and development of the rubber manufacturing industry. The total demand for rubber at the end of the third Plan (1965-66) is expected to be of the order of 170,000 tons, as against the estimated aggregate output of 80,000 tons (50,000 tons of natural rubber and 30,000 tons of synthetic rubber expected to be produced at the Bareilly (U.P.) plant of the Synthetics and Chemicals Ltd.), leaving a gap of 90,000 tons. The total demand forecast for 1970-71 is still higher at 300,000 tons, so that there will be ample room for growers of natural rubber to expand their activities without fear of excessive competition from domestic synthetic production.

Three important aspects will, however, have to be borne in mind by the Government in licensing additional capacity for synthetic rubber production. First of all, it is necessary that the quality of synthetic rubber must be consistent and variable to meet the needs of consumers. Secondly, the synthetic rubber industry should have high power salesmanship backed by first rate technical service. And thirdly—this is a very important point—the price of synthetic rubber should be economic.

An Arbitrary Decision

If special emphasis is laid on the aforesaid three aspects, it is because of the rather sorry predicament in which the synthetic rubber manufacturing company is finding itself today. This Company, it is said, is experiencing difficulty to sell its product and, consequently, almost half of the total installed capacity is lying idle. The Company has, therefore, brought pressure on the Government to do something in the matter. The latter has accordingly decided to link the grant of import licences for natural rubber to the purchase of indigenous synthetic rubber. This decision, however, has evoked a strong protest from rubber goods manufacturers. In a communication addressed to the Government, the Indian Rubber Industries Association declares that the decision is arbitrary, most objectionable, unfair and detrimental to the interests of the industry. The Association does concede the need for conserving foreign exchange and the necessity to encourage indigenous products to the maximum extent possible, but points out that the way in which the synthetic rubber produced at the Bareilly plant is being forced on the industry is unrealistic and ill-conceived. It would have been better, it says, if the Government had called a conference of rubber goods producers to ascertain the products in which synthetic rubber (S.B.R.) can be used and the maximum proportion of the same in various products. Attention is drawn here to the fact that the proportion of S.B.R. in rubber goods varies from product to product and from nil to 70 per cent. Attention is also drawn to the fact that the Bareilly plant produces only three grades of styrene butadene rubbers, whereas the industry has been using several grades not manufactured in the country. Further, the prices of S.B.R. are said to be very much higher than those of not only natural rubber but also of the idea one was given to understand when the project was launched. And, what is more, apprehensions are expressed to the effect that the Government's decision would lead to a rush for the purchase of indigenous natural rubber, causing an increase in its prices which have now been decontrolled.

The criticisms of the Association appear to be broadly valid, as they appeal to commonsense. Before taking a decision, the Government should have ascertained the views of the rubber manufacturing industry. No industry, after all, will bother to import raw materials from abroad—with all the cumbersome import licensing procedures and regulations—if it can get the same easily within the country itself. The best thing to do would be to refer the matter to the Tariff Commission and this the Government has just done.

The rubber goods manufacturing industry, as already stated, has expanded considerably in the past few years, not only in terms of capacity installed and actual output but also in terms of the range of production which has been diversified, as the accompanying table shows. The pace of expansion is bound to be accelerated in the coming years, in keeping with the rising demand for the various rubber goods following the implementation of development programmes, not to speak of the prospects of exports. It is clear, therefore, that the scope for augmenting production of both natural rubber and synthetic rubber is pretty vast and there is no question of any serious competition developing between the two in the foreseeable future.

WORLD RUBBER POSITION

The world rubber markets are currently ruling distinctly easy, the latest available quotation for natural rubber at London being less than 20d. per lb., as against 24d. a year ago. The easiness is due to the comfortable statistical position in respect of both natural and synthetic rubbers. The aggregate world consumption of rubber in the calendar year 1964 is no doubt expected to be well above that in 1963, the estimate made by the Natural Rubber Bureau (Washington D.C.) being 4.65 million long tons, representing a rise of 130,000 tons as compared with the 4.52 million tons believed to have been actually consumed in 1963. But this rise is expected to be more than covered by a marked increase in the available supply. The total supply is put at 4.79 million tons, an increase of 200,000 tons over the 4.59 million tons estimated for 1963. The improvement in available supply is attributed entirely to the appreciable expansion in production from 4.50 million tons in 1963 to 4.70 million tons in 1964, whereas deliveries from stockpiles are expected to decline slightly from 92,500 tons to 90,000 tons. These estimates do not include allowance for the synthetic rubber produced in Eastern Europe and China. The table below indicates the trend of natural rubber and synthetic rubber production and consumption in the most important countries:

(In thousand long tons)

	Natural rubber		Synthetic rubber	
	1964	1963	1964	1963
Production: world total ..	2,150	2,110	2,550	2,390
Of which:				
U.S.A.	..	..	1,630	1,570
Malaysia	890	845	..	..
Indonesia	600	620	..	..
Rest of world ..	660	645	920	820
Consumption: world total ..	2,200	2,200	2,450	2,317
Of which:				
U.S.A.	440	451	1,330	1,299
Japan	205	193	140	120
U.K.	165	168	160	142
W. Germany	145	146	160	143
France	120	123	130	118
Others	1,125	1,116	630	495

It will be seen from the above figures that, while the world consumption of natural rubber in 1964 is expected to be maintained at the previous year's level of 2.2 million tons, that of synthetic rubber is expected to be markedly higher at 2.45 million tons, as against 2.32 million tons. A large part of the increase is accounted for by the U.S. which is the world's biggest consumer of synthetic rubber. The use of stereo synthetic rubbers of the type now being incorporated into the treads of passenger car and truck tyres, it is said, will continue to increase in the U.S. during the current year, with most of this gain coming at the expense of general purpose rubber.

RUBBER GOODS MANUFACTURING INDUSTRY AT A GLANCE

	Unit of measurement	Capacity				Production			
		1963 (as of May)	1962	1961	1956	1963 (Jan.-July)	1962	1961	1956
Annual Index of rubber goods production	1956=100	..	..	..	43.08	185.1*	169.4	157.4	100.0
Footwear (rubber)	Mill. pairs	50.52	50.52	32.64	43.08	23.09	49.68	45.12	36.12
Dipped rubber goods	Mill. dozens	45.34	34.29	45.30	45.06	15.79	25.64	25.56	26.04
Automobile tyres	Thousands	2,186	1,700	1,506	1,018	1,105	1,709	1,562	938
Cycle tyres	Millions	14.10	13.73	16.92	6.84	8.05	11.84	11.35	6.32
Tractor tyres	Numbers	61,500	55,704	40,040	26,298	22,905	56,556	48,456	30,788
Aero tyres	"	8,004	3,600	3,600	5,364	9,835	8,064	2,562	3,660
Cab tyres	'000 metres	80	80	391	380	35	48	40	89
A.D.V. tyres	Numbers	72,000	48,564	43,560	32,148	35,252†	90,600	71,076	23,022
Off-the-road tyres	"	6,600	4,200	3,000	6,372	3,088†	6,864	6,156	2,112
Automobile tubes	Thousands	1,919	1,700	1,532	1,058	1,100	1,522	1,484	918
Cycle tubes	"	15,350	17,850	16,992	8,254	7,817	11,574	12,848	6,378
Tractor tubes	Numbers	55,000	51,800	51,840	24,048	31,679	53,748	53,724	30,720
Aero tubes	"	3,000	1,800	1,800	3,636	2,140	2,940	2,148	2,292
A.D.V. tubes	"	92,000	63,600	63,600	44,100	55,044†	99,504	76,860	37,344
Off-the-road tubes	"	8,000	5,700	5,760	6,372	3,047†	5,916	4,692	1,836
Radiator hoses	Thousands	332	332	556	590	93†	205	250	248
Vacuum brake hoses	"	1,036	1,036	1,080	1,080	729†	1,114	725	552
Other types of hoses	'000 metres	5,194	5,194	3,260	3,308	874	5,050	4,632	1,941
Fan belts	Thousands	2,197	2,197	1,379	865	684	982	1,064	725
Industrial V. belts	"	N.A.	N.A.	174	174	612†	1,313	1,014	266
Rubber-ply transmission and conveyor belting	Metric tons	4,524	4,656	3,096	636	1,224†	2,736	3,132	1,680
Rubber components of railway fittings	Thousands	1,366	1,366	1,536	1,536	766	1,079	1,078	1,056
Ebonite sheet, rods and tubes ..	'000 kg.	192	192	538	538	41	125	167	95
Waterproofed fabrics	'000 metres	5,206	5,206	6,020	6,028	3,619	4,759	4,732	2,342
Latex foam sponge	'000 kg.	1,662	1,662	1,219	663	831†	1,644	1,517	890
Camel back	"	7,125	6,550	2,578	1,995	2,737†	5,519	5,028	2,382

Note :—Capacity is assessed on the basis of three-shift working in the case of tyres and tubes but only one-shift working in respect of others.
* January-October 1963. † January-May 1963. N.A.—Not available.

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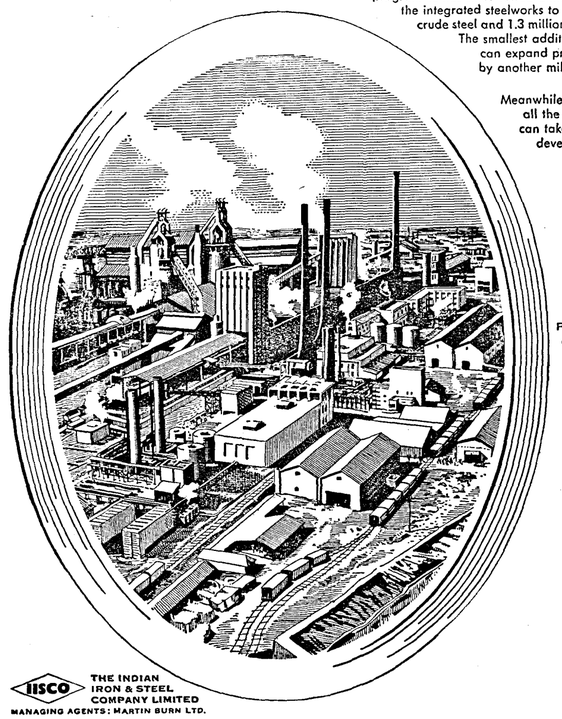

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INCIDENCE OF RAILWAY ACCIDENTS

KUNZRU COMMITTEE'S RECOMMENDATIONS BEING IMPLEMENTED

NOT all railway accidents, which usually number several thousands (*vide* table in this article) in a year, may be serious. But it is the "serious" ones, resulting in loss of life or limb or substantial damage to property, that attract immediate public notice and criticism. Thanks to such criticism and the earnest effort of Railway Administrations to ensure a safer service, the incidence of serious accidents, if not of all accidents, seems to have perceptibly declined in the last one year. In 1963-64, for instance, upto December 1963 there were only five serious accidents in which 12 persons in all were killed, eight grievously injured and 53 slightly injured and the cost of damage to railway property was Rs. 2.4 lakhs. As no serious accidents have been reported since the beginning of 1964, it is ten to ten that 1963-64 will be reckoned as a much safer year for railway travel than either 1961-62 or 1962-63. It will be recalled, in this connection, that 1961-62 witnessed as many as 15 serious accidents in which 120 persons in all were killed, 92 seriously injured and 399 slightly injured and the cost of damage to railway property was Rs. 15.1 lakhs. The corresponding figures for 1962-63 were 14 accidents, 187 persons killed, 121 seriously injured, 383 slightly injured and Rs. 23.4 lakhs by way of damage to railway property.

While the Railway Ministry, in its latest review of accidents, has recorded, with some pride, the improvement in respect of serious accidents in the current year, it has also brought out that two out of the five such accidents in 1963-64 (upto December 1963), as compared with five out of the fourteen in 1962-63 and eight out of the fifteen in 1961-62, were due to the failure of the railway staff. That the negligence or irresponsibility of the railway staff is the biggest single factor responsible for collisions and derailments is seen from the Ministry's publication. Of course, only a few collisions and derailments are usually in the nature of serious accidents. For instance, in 1962-63 the "serious" collisions numbered just six out of 103 collisions investigated and the "serious" derailments just five out of 1,338 derailments investigated in that year. But the more disquieting point here is that 99 out of those 103 collisions and 917 out of those 1,338 derailments were caused by the element of human failure. This only repeats the conclusion arrived at by similar studies in the past that human failure is responsible for the majority of such accidents. Of course, as far as derailments are concerned, besides human failure, the other factor causing their occurrence is the failure of mechanical equipment which accounted for 12 per cent of the total number of derailments in 1962-63.

Preventive Measures

What have the Railway Administrations done in the last one year to deal with this element of human negligence? It will be recalled here that the Railway Accidents Committee (Chairman: Mr. H. N. Kunzru), in its first report submitted by the end of 1962, had recommended several practical safety measures. The Railway Board has accepted most of the Committee's recommendations and begun to implement them. For instance, as a sequel to one of the recommendations, safety organisations have been set up on all the Railways with the primary object of conducting educative propaganda among the railway staff, particularly those entrusted with train operation duties, both individually on a man-to-man basis through personalised contact and appeal, and collectively on a mass scale through the media of brochures, films, posters, seminars, etc. to inculcate safety consciousness amongst them. The Railway Board has also been implementing, by stages, the Committee's recommendation that all locomotives be fitted with speed recording instruments to enable drivers to observe speed restrictions. It is expected that the process of equipping all passenger locomotives with speedometers will be completed by December 1964. Action has also been initiated on the other recommendations pertaining to maintenance of track and rolling stock, signalling and interlocking devices, etc. In particular, signalling and interlocking improvements are being carried out, by stages, at a number of stations to provide an increased measure of safety.

The State Governments have also been requested to share the cost of manning about 1,200 unmanned level crossings on the basis of results of the traffic census recently undertaken by the Railways. The fact that several accidents (168 in 1962-63) involve the running of trains into road traffic at level crossings underlines the need for co-operation from the States. It is noteworthy, in this connection, that some of the State Governments have accepted the Railway Board's proposals and that, thanks to their co-operation, steps have been taken to man as many level crossings in these States as possible. Whistle boards at adequate distances are also being provided at the rail approaches of unmanned level crossings on either end and the State Governments concerned have been requested to provide the necessary road signs on the road approaches of unmanned level crossings. At the 'manned level crossings, too, the Railways have been instructed to carry out frequent and thorough supervision of the working of the gatekeepers. As there are 19,000 unmanned and 12,600 manned public level crossings on the Indian Railways, the problem of ensuring greater safety at these crossings is certainly stupendous. It is to be hoped that all the State Governments, which are responsible for roads and road transport, will co-operate fully with the Railways in this regard. Their co-operation is all the more necessary because two out of every three level crossing accidents take place at unmanned crossings, for road users do not exercise proper vigilance before crossing the railway track.

The second and final report of the Kunzru Committee, which was submitted at the end of 1963, has suggested further measures to ensure safety. One of these is that the Railway

RAILWAY ACCIDENTS

Type of accident	1961-62	1962-63
Collisions	143	131
Derailments	1,513	1,439
Train wrecking	10	8
Trains running into road traffic at level crossings	160	168
Fires in trains and at stations	258	284
Failure of engines	3,355	3,308
Failure of rolling stock	1,749	1,877
Failure of permanent way	262	277
Attempted train wrecking	101	110
Trains running over cattle	1,270	1,194
Trains running into other obstructions	68	67
Miscellaneous	295	256
Total	9,184	9,119

Inspectorate, now under the administrative control of the Union Transport Ministry, should be reorganised. The Inspectorate, if the Committee's suggestion is accepted, will become a commission of railway safety, headed by an experienced and technically qualified officer of the rank of General Manager. And it is to have a technical wing which will assist it in carrying out inspection, audit checks on the maintenance of tracks, rolling stock and operating practices and inquiries into serious accidents. It is also envisaged that the Commission's annual reports should be placed before Parliament and that its inquiries should be open to the public. This particular recommendation, involving the constitution of a commission of railway safety, is subject to the approval of Parliament.

Further Steps

Another recommendations in the final report of the Kunzru Committee is to the effect that a railway level crossing fund, on the lines of the Canadian grade crossing fund, be created to expedite protective measures. The fund is to draw contributions from the Railways, the Union Transport Ministry and the State Governments. This suggestion is already being pursued by the Railway Board with the States, some of which have agreed to share the cost. The Kunzru Committee, noting that a majority of accidents are due to human failure, has recommended that manpower committees should be set up on each railway to assess in advance the staff requirements and that the existing facilities for training of the staff should be fully utilised. It has also given the finding, in this connection, that "rapid" promotions have "diluted" the standard of experience and quality of the supervisory staff. Here is an implied criticism of the kind of staff recruitment and promotion policy which has not been wholly free from caste, communal or other extraneous considerations. It is significant that the Committee itself has referred to "intervention from outside at different levels." Presumably such intervention has been in evidence in matters relating to recruitment, promotion, responsibility and disciplinary action. So long as the human element is of overwhelming importance in the matter of ensuring railway safety and preventing accidents, the need for recruiting or promoting competent and conscientious personnel, irrespective of caste, communal, or parochial considerations, to responsible posts on the operational side and training them adequately need hardly be over-emphasised.

RAILWAY ELECTRICAL ENGINEERING IN BRITAIN

The Chief Electrical Engineer of British Railways, Mr. S. B. Warder, in the course of his Presidential address to the Institution of Locomotive Engineers, London, held recently, made some thought-provoking references to the state of electrical engineering *vis-a-vis* railways. He described some important research and development projects in that field.

In Britain, the 25-kv. A.C. overhead system, according to Mr. Warder, has been chosen as an ideal one for the future. As many as 1,300 miles of track have been electrified during the last five years and a further 750 miles are expected to be completed by 1966. There are some ninety 3,300-h.p. A.C. locomotives and over 500 (950 h.p.) multiple unit train sets in service. The interesting features of the A.C. locomotives include, among other things, high-voltage tap-charging, a single pantograph and a main transformer, a smoothing choke and a traction motor. The traction motors are 4-pole machines which give the required performance without field weakening; they are nose-suspended with roller-bearing axle suspension and resilient gears. To reduce mechanical vibration still further, limited resilience can be introduced between axle suspension bearings and the motor frame. Rheostatic braking is provided and will later be combined with mechanical braking on a single control handle so as to minimise wear of brake blocks.

The high-voltage tap-charging has been adopted after intensive experiments. However, a modified low-voltage tap-charging system has also recorded outstandingly high tractive effort in recent tests. The latest four-car multiple-unit trains consist of battery driving trailer, motor coach, plain trailer and driving trailer. The four axle-mounted traction motors have two rates of acceleration, namely, a 1.1 m.p.h./sec. and a 0.9 m.p.h./sec., the lower rate being used for bad weather conditions. Silicon cells are used in the main rectifier assembly and voltage is controlled by means of electro-pneumatic tapping contactors. Fluorescent lighting, installed throughout, is supplied from static inverters which incorporate controlled silicon rectifiers (now known as thyristors) in place of the conventional transistors.

Mr. Warder has drawn attention to the more modern developments in overhead line equipments. Presently, the 25-kv. ceramic insulators are fitted with arcing rings which collect the arc and lead it innocuously to the extremities of the horns. But the modern insulators are based on glass-reinforced plastics with good insulating properties, high strength and low weight. These have been tried and found to give 3½ years' satisfactory service. He also dealt with the latest developments in the railway electric engineering field.

The most important development in railway electrical engineering according to Mr. Warder, is probably the advent of semi-conductor devices such as the thyristor (controlled silicon rectifier). As long as thermionic valves were an essential part of electronic equipment, it was reasonable they should be excluded from locomotives. Now that reliable solid state devices are available, electronic techniques with their minute currents can be used for control circuits. The thyristor can replace electro-magnetic devices like transductors with savings of bulk and weight, and by using thyristors in the main rectifier bridge regenerative braking is possible.

There is also a passing remark in Mr. Warder's address to the feasibility of driverless trains that are controlled by electronic equipment. Though they will result in savings of manpower and the possibility of greater safety, automatic control has yet to be proved an economic proposition and as efficient as a human driver in getting the best performance from the traction equipment in all circumstances.

NORTH CALCUTTA SUBURBAN RAILWAY

British Insulated Callender's Cables Limited has completed the overhead equipment on the North Calcutta suburban railway electrification scheme. A full electric service is now in operation over the 46-mile route between Sealdah and Ranaghat and the branch line to Bongaon. A total of 280 track miles is involved.

Most of this contract is on the line which runs north from Calcutta to Ranaghat which is on the east bank of the Hooghly River. For the first 23 miles to Naihati the line has four tracks running through the congested jute mill area. From Naihati to Ranaghat the line is double track. The associated line, comprising 55 miles of track, branches off from Dum Dum Junction to Bongaon. To complete operations in this area, three further single track sections, Ranaghat-Shantipur, Ranaghat-Krishnagar and Naihati-Bandel, are also being electrified.

Since the inception of India's Railway electrification programme in 1958, B.I.C.C. has been awarded a total of ten contracts valued at over £8 million and covering over 1,500 track miles. The Calcutta scheme is the first suburban railway in India to be equipped for 25 kV. a.c. electrification.

NEW PRODUCTS AND PROCESSES

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AN electrical engineering concern, N. V. Philips' Gloeilampenfabrieken, Eindhoven (Holland) has brought out an apparatus for cleaning watch parts, jewellery, etc. rapidly and spotlessly. It consists of an ultrasonic generator that can be connected to a cleaning bath or drum. The high-speed ultrasonic treatment is basically a percussive motion of approximately 21,000 vibrations a second caused by cavitation phenomena in the cleaning fluid. This cavitation (the successive creation and implosion of thousands of tiny vacuum bubbles) has an effect similar to a vigorous brushing-out of the most minute nooks and crannies of the jewellery, without causing any damage. In this way watch parts can be completely rid of old oil residues and dust particles. The apparatus takes up little space and is very simple to operate. The generator is simply connected to the light mains. At full load the power consumption of the generator is 125 watts. The dimensions of the generator are 262 x 330 x 178 mm. and it weighs about 10 kg. It can be used in combination with cleaning baths with effective volumes of 1 and 2½ litres.

Pocket-size Television Set

A pocket-size television set is expected to be marketed soon in West Germany. With the entry of this television set, TV-programmes will no longer be gazed at on the screens of TV-sets but on extremely thin fluorescent screens that can be hung on the walls. Furthermore, only one receiving set will henceforth be needed to serve several screens placed in different rooms. Three dimensional colour-TV with stereophonic sound will certainly exist within the next 25 years. And here a novelty for movie-fans: in the next few years, every quality receiver will have a built-in tape recorder that can store and reproduce television scenes as reliably as a tape-recorder records radio programmes. West German television universally believe that the coming motto will be "small, smaller, smallest." TV cameras weighing less than a pound will be developed. A jockey could carry one during a race enabling the audience to experience the race from the horse's back. Laser rays would take the place of co-axial cables and would be able to transmit programmes from city to city and country to country. Intercontinental transmissions would continue to be sent via TV-satellites, of course. The most daring prediction says that TV-technology will not stop at the TV-screen but that the future foresees electric picture waves. They are to enter directly into the visual centre of the brain where they will induce normal visual impulses. It is hoped that this method will enable the blind to "watch" television.

Compacted-volume Meter

To determine the compacted volume (minimum volume of granular and powdered substances) an instrument works the Instrumenten-en Apparatenfabriek 'Veca,' Wageningen, Holland has developed a compacted-volume meter which is simple to operate and can be used in the chemical industry and allied sectors, such as detergents, cattle feedingstuffs, pharmaceuticals, paint and dairy produce. The meter consists of a rectangular casing measuring 255 by 190 mm. at the bottom and 210 x 190 mm. at the top, and 130 mm. high. On top of the case two plastic measuring cylinders can be placed, each 210 mm. high. Each measuring cylinder holds 100 cc. and is graduated from 1 cc. per gram to 3 cc. per gram. Read-off error is 0.1 cc per gram. Each meter is supplied with three weights, namely, one of 1 oz. and two compaction weights of 2 ozs. each. The latter fit accurately into the measuring cylinders. The powder is compacted and deaerated as follows: 28.35 g of the powder to be measured is weighed out and placed in the cylinder. On top of the powder a 2-ounce compacting weight is placed. By pressing a control button, which doubles as a control light, the driving mechanism is started up; the object of this mechanism is to raise the two measuring cylinders to a given height and then allow them to fall back freely. This up-and-down motion, coupled with the effect of the compacting weight, rapidly tamps down the powder. The built-in counter automatically trips the mechanism after 100 strokes. The compacted volume can then be read off from the calibrated graduation on the measuring cylinder in cc/g. Since the meter is provided with two measuring cylinders, two samples can be examined simultaneously. For cleaning, the cylinders can be removed from the apparatus by a simple movement of the hand. Cylinders with other graduations can be supplied to order. This compacted-volume meter can be used to ascertain whether a fabrication process is proceeding as planned (e.g. whether the powder manufactured is not too coarse or too fine in composition) and to design the most suitable packaging. The meter is suitable for connection to light mains of 110-220 volts, 50 c/s.

Tough Motor

No degree of overload can cause heating sufficient to damage the winding insulation of a new electric motor designed by the Crompton Parkinson Ltd., London, for the toughest working conditions. Thermostatic protectors are embedded in the overhang of the windings, and so "sense" the heat at its source. Their operation is directly related to the safe temperature of the insulation. If an overload occurs, the protectors automatically switch off the motor as soon as the heat reaches the safe maximum temperature for which they have been set. When the motor has cooled down a little, it can be re-started even though the overload is still on. It will soon stop again, but there will be no damage however long the overload continues. Stalls and persistent attempts at starting against an impossible load—two common hazards when motors are being used by the unskilled—cannot harm the new motor.

Spray Gun

A spray gun designed to operate on a limited amount of compressed air, is being produced by Alfred Bullaos and Sons Ltd., Staffordshire, England. It has an air consumption of 5 c.ft. a minute at 60 lbs. per square in. and can be used with compressors from ½ h.p. Ideally suited to touching-up and motor body repair work, it will produce a finely atomised spray pattern 6 to 8 in. wide. The one-piece construction of the gun and cup lid make it easy and comfortable to handle. The flow of the material is controlled from the back while a control on the side of the gun adjusts the spray pattern from round to maximum fan width with all intermediate patterns.

Extractor

An overhead, swinging-arm extractor developed by J. P. Udal Ltd., Birmingham, England, for use with press tools is claimed to have an extraction rate of 20 components a minute at full stroke, and as many as 35 a minute at shorter strokes. It is designed for presses with work sections 8¼ in. to 108 in. wide between uprights. Two other models, for presses up to 36 in. and up to 186 in. are being developed. The extractor saves space, since it is mounted on the crown of the press and not on the floor, and time, since the jaw can move in and extract the component as soon as the upstroke of the press has left enough clearance. The operation of the extractor is electro-pneumatic. It works on a timing device fitted to the crankshaft of the press. As the press ram rises, the pneumatic jaws of the extractor move in, grip the component, and lift it out of the die. The arm then swings out, the jaws release the component, and the arm returns to repeat the cycle.

Solvent Recovery System

A British system for the recovery of carbon disulphide (CS_2) from factory exhaust gases is to be exhibited in the form of a pilot plant at the International Chemical Engineers Congress at Frankfurt this June. Designed and developed by chemical engineers of Courtaulds Ltd., the British textile firm, the system, known as "Landmark," has been operating successfully for the past three years at the Company's rayon factory at Holywell in North Wales. The most interesting technical feature of the 'Landmark' project is the use of very large fluidised active carbon beds for the recovery of CS_2 in a continuous and fully automatic operation. The system operates in a steel structure 170 ft. high containing a large vertical duct, an absorber, a stripper/dryer and carbon circulating and regeneration system. The CS_2 laden gas is blown up the large duct into the absorber where it fluidises several beds or layers of active-carbon which absorb the chemical. Instead of being static, the carbon moves continuously through a series of perforated trays and downwards, from tray to tray into the stripper/dryer which removes the CS_2 by steam. The carbon disulphide is then condensed and passed to an underground storage tank ready for returning to the viscose factory.

Transistorised Warning Lamp

A transistorised warning lamp that operates automatically without attention for up to four months has been developed by The Serve Mechanism Company, 505, Lygon Street, East Brunswick, N11, Victoria, Australia. This lamp has been approved by the traffic and construction authorities and is now available for export. Enquiries have already been received from Africa, South-East Asia, Central and South America and the Pacific area. The unit, called the Electrodyne, gives a continuous or flashing beam (whichever is preferred) as a warning light on road and construction work or stationary vehicles. It cannot be opened or operated by unauthorised persons. Its all-welded steel case resists dampness and shields the contents from driving rain, shock, condensation, vibration and direct sunlight. When switched from manual operation to automatic, that is on at night and off during the day, the Electrodyne operates for two to four months on two six-volt latern batteries; is not affected by artificial light, such as street lamps and car headlights, because its photo-electric cell is sensitive only to day-light. The unit operates in ambient temperatures from 25 to 110 degrees Fahrenheit (which can be improved if required) giving a beam diameter of upto 40 feet at a distance of 200 feet. The Electrodyne weighs 4½ lbs. without batteries and is 13" high, 8" wide and 4½" deep.

Grinding Hard Materials

Extremely hard materials can be ground into powder in a fluid energy mill built by Trost Jet Mill Division of the George W. Helme Company of Helmetta, New Jersey. Problems of wear on grinding surfaces do not arise as particles of the material to be ground are fed into jets of fluid which are directed to collide in an impact chamber. Collision of the particles breaks them up even more and the powder is taken off in a normal dust collector. The larger remaining pieces are re-circulated into the steams for another pass through the impact chamber.

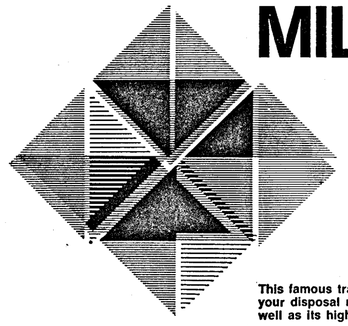
Checking the Hardness of Steel

Hardness of steel strip may be tested continuously without halting the production line by testing the magnetic permanence of the metal. A system built by Assembly Products, Inc. of Chesterland, Ohio, has already been installed by one major American steel mill. The system works on the principle that the amount of magnetism which steel will retain is directly related to its hardness. The moving strip passes first under a magnetic head which erases any previous stray magnetic fields. A second head produces a spot of magnetism every five inches. A third head downstream measures the magnetism retained, giving the hardness reading. The checking device is said to keep a continuous record of the hardness in coils as much as five miles long, showing which parts may require annealing. In its first application the system is checking strip .007 to .015 inch thick. Zinc, oil or paint on the surface are said not to affect the validity of the readings.

Adhesive Cable

A twin-core electric cable that sticks to all smooth surfaces—including metal, plastics or concrete—has been put on the market by Mr. H. Freimann, of Zurich. Called "Calux-Flex," it is intended to appeal especially to the do-it-yourself householder and consists of a flat flex coated on one side with an adhesive layer protected by paper, which is stripped off before use. The adhesive is non-setting, so that the flex can easily be removed. It requires additional fastening only at points where it leaves the wall or ceiling to join a light, bell, telephone, or other apparatus. The flex is at present available only in Switzerland and has been passed for mains voltage by the Swiss Electro-technical Association.

MILAN FAIR



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STATE BANK OF INDORE

(Subsidiary of the State Bank of India)

Incorporated in India under special statute. The liability of the members is limited.

BALANCE SHEET AS AT 31st DECEMBER, 1963

As at 31st December 1962 Rs.	CAPITAL AND LIABILITIES	As at 31st December 1963 Rs. nP	Rs. nP
	1. Capital—		
	AUTHORISED CAPITAL—		
1,00,00,000	1,00,000 shares of Rs. 100 each	1,00,00,000.00	
	ISSUED CAPITAL— (Pursuant to Section 7 (1) of the State Bank of India (Subsidiary Banks) Act, 1959)		
35,00,000	35,000 shares of Rs. 100 each fully paid-up ..		35,00,000.00
	2. Reserve Fund and Other Reserves—		
11,70,000	Reserve Fund as per last Balance Sheet	12,80,000.00	
1,10,000	Amount transferred from Profit and Loss Account ..	1,20,000.00	
12,80,000			14,00,000.00
	3. Deposits and Other Accounts—		
7,46,14,447	(i) Fixed Deposits	7,21,24,680.27	
1,81,18,356	(ii) Savings Bank Deposits	2,18,87,805.17	
2,72,05,038	(iii) Current Accounts, Contingency Accounts, etc..	3,29,77,894.93	
11,99,38,741			12,69,90,379.47
	4. Borrowings from Other Banking Companies, Agents, etc.—		
Nil	(i) In India	Nil	
Nil	(ii) Outside India	Nil	
			Nil
13,35,759	**5. Bills Payable**		14,31,295.38
	6. Bills for Collection Being Bills Receivable as per contra—		
57,91,328	(i) Payable in India	63,01,296.17	
1,631	(ii) Payable outside India	2,154.90	
57,92,859			63,03,451.07
	7. Other Liabilities—		
4,05,300	(i) Gratuity Fund	4,30,495.61	
23,33,217	(ii) Branch Adjustments	46,19,594.22	
25,298	(iii) Unclaimed Dividends	25,327.86	
27,63,815			50,75,417.69
18,80,720	**8. Acceptances, Endorsements and Other Obligations as per contra**		29,83,897.96
	9. Profit and Loss—		
1,01,627	Balance as per last Balance Sheet	78,066.15	
5,14,439	Profit for the year ended 31st December, 1963 ..	5,52,778.84	
6,16,066		6,30,844.99	
	LESS—Amount transferred— Rs. nP		
1,10,000	(i) To Reserve Fund 1,20,000.00		
1,48,000	(ii) Bonus to Staff 1,60,000.00		
	(iii) Amount set aside for payment		
2,80,000	of Dividend (subject to tax) .. 2,80,000.00		
Nil	(iv) Staff Welfare Fund 25,000.00		
5,38,000		5,85,000.00	
78,066			45,844.99
	10. Contingent Liabilities—		
20,160	(i) Claims against the Bank not acknowledged as debts	20,160.00	
2,50,000	(ii) On account of partly paid Preference Shares and Debentures	Nil	
46,97,725	(iii) Guarantees given on behalf of Customers ..	35,55,926.17	
13,65,69,960	Total .. Rs.		14,77,30,286.56

As at 31st December 1962 Rs.	PROPERTY AND ASSETS	As at 31st December 1963 Rs. nP	Rs. nP
	1. Cash—		
95,97,694	In hand and with Reserve Bank of India and State Bank of India		1,43,99,363.31
	2. Balances with Other Banks on Current Account—		
12,24,225	(i) In India	25,36,333.14	
Nil	(ii) Outside India	Nil	
12,24,225			25,36,333.14
70,00,000	**3. Money at Call and Short Notice**		Nil
	4. Investments (At or below Market Value)—		
3,44,86,333	(i) Securities of the Central and State Governments and other Trustee Securities, including Treasury Bills (Rs. Nil) of the Central and State Governments	3,62,82,082.72	
	(ii) Shares— Rs. nP		
2,43,745	(i) Fully Paid Preference Shares. 2,41,377.00		
68,000	(ii) Fully Paid Ordinary Shares.. 68,000.00		
3,11,745		3,09,377.00	
30,40,592	(iii) Fully paid Debentures or Bonds 33,19,110.00		
2,50,000	Partly paid Debentures or Bonds Nil		
32,90,592		33,19,110.00	
Nil	(iv) Other Investments	Nil	
Nil	(v) Gold	Nil	
3,80,88,670			3,99,10,569.72
	5. Advances—		
	(Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)		
	(1) Loans, Cash Credits, Overdrafts, etc.— Rs. nP		
6,46,01,891	(i) In India 6,94,74,968.94		
Nil	(ii) Outside India .. Nil		
6,46,01,891		6,94,74,968.94	
	(2) Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments)—		
58,63,635	(i) Payable in India .. 92,85,824.55		
30,257	(ii) Payable outside India. Nil		
58,93,892		92,85,824.55	
7,04,95,783	Particulars of Advances: See separate Statement appended.		7,87,60,793.49
	6. Bills Receivable Being Bills for Collection as per contra—		
57,91,328	(i) Payable in India	63,01,296.17	
1,631	(ii) Payable outside India	2,154.90	
57,92,859			63,03,451.07
18,80,719	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations as per contra**		29,83,897.96
	8. Premises—		
3,53,697	At cost upto 31st December 1962	3,68,697.35	
15,000	Additions during the year	25,274.00	
3,68,697		3,93,971.35	
1,59,127	Less—Depreciation written off to date	1,67,821.35	
2,09,570			2,26,150.00
	9. Furniture and Fixtures—		
6,82,541	At cost up to 31st December 1962	8,03,094.84	
1,31,762	Additions during the year	1,65,194.53	
8,14,303		9,68,289.37	
11,208	Less—Cost of Sales written off, etc., during the year.	709.58	
8,03,095		9,67,579.79	
4,01,565	Less—Depreciation written off to date after adjustments in respect of items sold, etc. ..	4,65,609.35	
4,01,530			5,01,970.44
	10. Other Assets—		
5,08,785	(i) Interest accrued on Investments	5,39,324.06	
10,95,844	(ii) Advance Payment of Income-tax and Tax deducted at source	12,46,815.16	
1,84,645	(iii) Sundries	1,61,783.51	
89,636	(iv) Subsidy Receivable	1,59,834.70	
Nil	(v) Silver	Nil	
18,78,910			21,07,757.43
Nil	**11. Non-Banking Assets Acquired in Satisfaction of Claims.**		Nil
13,65,69,960	Total .. Rs.		14,77,30,286.56

PARTICULARS OF ADVANCES

As at 31st December 1962 Rs.	PARTICULARS OF ADVANCES	As at 31st December 1963 Rs. nP
6,87,39,384	(i) Debts considered good in respect of which the Bank is fully secured	7,34,42,560.83
10,81,440	(ii) Debts considered good for which the Bank holds no other security than the debtors' personal security	16,32,548.11
6,74,959	(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors ..	36,85,684.55
Nil	(iv) Debts considered doubtful or bad, not provided for	Nil
7,04,95,783		7,87,60,793.49

As at 31st December 1962 Rs.	PARTICULARS OF ADVANCES	As at 31st December 1963 Rs. nP
2,11,236	(v) Debts due by Directors or Officers of the Bank or any of them either severally or jointly with any other persons	2,31,405.39
39,37,350	(vi) Debts due by Companies or Firms in which the Directors of the Bank are interested as Directors, Partners or Managing Agents or, in the case of Private Companies, as Members	60,46,259.21
2,30,598	(vii) Maximum total amount of advances, including temporary advances made at any time during the year to Directors or Managers or Officers of the Bank or any of them either severally or jointly with any other persons	2,94,288.59
39,37,350	(viii) Maximum total amount of advances including temporary advances granted during the year to the Companies or Firms in which the Directors of the Bank are interested as Directors, Partners or Managing Agents or, in the case of Private Companies, as Members	60,33,527.07
2,48,240	(ix) Due from Banking Companies	6,065.14

(*Continued on next page*)

AMERICAN CHALLENGER TO CONCORDE

THREE PROPOSALS UNDER CONSIDERATION

By Our Aviation Correspondent

WHEN this correspondent last wrote on the subject of the supersonic transport (*Commerce*, 12th October 1963), the Anglo-French project (The Concorde) was comparatively well advanced and the United States had still to take a decision on the shape, size and performance of the airliner to be developed. Indeed, at that stage, it had not even decided whether or not to undertake such a project. The Federal Aviation Agency (F.A.A.), it may be recalled, had issued to leading aircraft and engine manufacturers a "request for proposals"—an invitation, in other words, to tender for the project. The replies to that request were due to be submitted to the F.A.A. before 15th January of this year.

Three aircraft manufacturers—Boeing, Lockheed, and North American—have now submitted their proposals. These are currently under scrutiny and evaluation by a mammoth Committee, appointed by the F.A.A., of more than 200 technicians. The Committee's recommendations are expected before the end of May. In the meantime, however, the F.A.A. has released a few details of the basic features of each manufacturer's design.

That of Boeing, for example, features an aircraft of 430,000 lbs. all-up weight, accommodating 150 passengers and capable of a range of 3,500 nautical miles at a speed of Mach 2.7 (about 1,850 miles per hour). Lockheed propose a slightly heavier aircraft of 450,000 lbs. and able, moreover, to accommodate 218 passengers; the designed speed is Mach 3 (about 2,000 miles per hour). North American, while stepping up the weight still further to 480,000 lbs., aim for a speed of Mach 2.65 with accommodation for 187 passengers and a range of 3,480 nautical miles.

The most significant differences, however, are to be found in the approach which each manufacturer has made to the basic problem. That problem, of course, is to reconcile the requirements—wing area and shape—for supersonic speed with those for subsonic speed. Moreover, the SST has not only to handle efficiently at subsonic speed—at which it will probably have to fly at all altitudes below 40,000 feet—but to be equally tractable on the approach, landing, and take-off, at speeds which will enable it to operate from existing airports. There are, no doubt, many ways of attaining those ends, but, at present, probably only two alternatives are practical—the delta-shaped, swept-back wing as used on the Concorde or some form of variable geometry wing.

The latter alternative was suggested some time ago by Dr. Barnes Wallis. Writing on this in *Commerce* in 1962, your correspondent said that "by far the most attractive solution is offered by the variable geometry wing. This simply means, of course, a wing, the shape or angle of which can be changed in flight. Take-off, landing, and subsonic flight, can thus be undertaken with a wing suitable for those functions. The necessary alteration of angle can then be made for supersonic flight. The principal difficulty is to devise a mechanism which will be 100 per cent efficient and yet light and strong enough to sustain the tremendous forces to which it will be exposed. It is claimed that this has been done by Dr. Barnes Wallis, a very notable and ingenious British designer. ..."

It is now intriguing to learn that Boeing have used the variable geometry wing in their design. The other two designs—those of Lockheed and North American—both incorporate the fixed, swept-back, delta wing as does the Anglo-French Concorde. All three vary, of course, in concept but the principle remains the same. So much, then, for the details so far released. As has always been anticipated, all the American designs represent a significant advance on the Concorde; all are superior in capacity, range, and speed. Apart from Boeing's hitherto untried variable geometry wing, the most ambitious project appears to be that of Lockheed. A speed of Mach 3, and capacity more than double that of the Concorde, is certainly to set the sights at a very high mark.

Several vital questions now remain to be answered. Which of the three designs, for instance, will be selected? There is always the possibility, of course, that, in order to enable manufacturers to submit more detailed information, the F.A.A. may postpone, for twelve months or so, any final decision. In view of the market situation—which could be vitally affected by a delay of this nature—such a course now seems improbable. To date, in spite of present uncertainty as to the shape and performance of the American SST, this, it is interesting to note, has secured more customers than the Concorde. Air-India, for instance, has recently reserved three places in the American queue—and Mr. J. R. D. Tata has always proved himself to be a very astute and farsighted judge. It seems far more likely, in the circumstances, that at least one of the three designs will be selected for immediate development.

Almost as important is the second question—when can the American SST be in service? The Concorde is due to fly in 1967 and to enter airline service in 1971. All the American designs, it will be observed, feature speeds well in excess of Mach 2.2. This latter represents about the limit for construction with conventional aircraft materials. The Americans will have to use titanium or special steels. It was thought, at one time, that this factor—coupled with various other complex problems related to high Mach numbers—would be sufficient to ensure the Concorde a lead of two to three years. That is now considered to be less certain. At most, it has been suggested, the Concorde will secure a lead of one year to eighteen months and, having regard to the enormous productive resources of the American industry, if one of the less ambitious designs is selected, even that lead may be substantially reduced.

On the other hand, however, there still remains, so far as the United States is concerned, the question of development finance. The original proposal envisaged Government aid to cover 75 per cent of the estimated $1,000 million cost of development. This, one gathers, has proved to be far from attractive to the industry. The latter has been pressing for an arrangement more in keeping with the highly speculative nature of the project. Lockheed, for instance, is reported to estimate that finance of the order of $8,000 to $10,000 million will be required during the first seventeen years of development and construction. These are prodigious figures—and will be reflected, of course, in the selling price of the end-product. At present, this is estimated to be $17.23 million. The Concorde, at $10 million, seems comparatively small beer!

How do the experts compute the competitive value of the Concorde *vis-a-vis* its American challenger? Opinions vary and, at this stage, of course, it is a very open question. The Concorde is a comparatively modest project which must present far fewer problems than those—many, probably, as yet unforeseen—which the Americans will encounter. If one can properly compare a supersonic airliner with a tortoise, the contest between the Concorde and the American SST might conceivably be likened to the fabled race of the tortoise and the hare. Both pose scientific and industrial problems of great complexity, but the smaller, slower, and altogether less ambitious Concorde might yet still steal a march on its fleet opponent.

STATE BANK OF INDORE—*(Contd.)*

Profit and Loss Account for the year ended 31st December, 1963

Year ended 31-12-1962 Rs.	EXPENDITURE	Year ended 31-12-1963 Rs. nP
33,37,832	1. Interest paid on Deposits, Borrowings, etc.	35,99,311.82
20,11,578	2. Salaries and Allowances and Provident Fund and Gratuity Fund Contributions	25,46,480.03
6,610	3. Directors' Fees and Allowances	5,178.73
1,94,153	4. Rent, Taxes, Insurance, Lighting, etc.	2,18,840.22
4,384	5. Law Charges	19,818.49
1,18,123	6. Postage and Telegrams	1,22,296.43
5,000	7. Auditors' Fees	5,000.00
64,536	8. Depreciation on and Repairs to the Bank's Property	82,001.63
2,17,293	9. Stationery, Printing, Advertisement, etc.	2,19,775.24
Nil	10. Loss from Sale of or Dealing with Non-Banking Assets	Nil
1,32,186	11. Other Expenditure	2,36,091.56
5,14,439	12. Balance being Net Profit subject to provision for Bonus to Staff ..	5,52,778.84
66,06,139	Total .. Rs.	76,08,573.14

Year ended 31-12-1962 Rs.	INCOME (Less provisions made during the year for bad and doubtful debts and other usual or necessary provisions)	Year ended 31-12-1963 Rs. nP
56,33,656	1. Interest and Discount	63,55,662.39
8,17,815	2. Commission, Exchange and Brokerage	10,99,703.65
1,178	3. Rents	3,171.00
Nil	4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	Nil
Nil	5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	Nil
6,951	6. Income from Non-Banking Assets and Profit from Sale of or Dealing with such Assets	195.40
56,903	7. Other Receipts (the previous year's figure includes *inter alia* Locker Rents which this year have been included in Item No. 2 above)	6.00
89,636	8. Subsidy Receivable	1,59,834.70
66,06,139	Total .. Rs.	76,08,573.14

PARTICULARS OF REMUNERATION RELATING TO THE GENERAL MANAGER

	Rs. nP
1. Salaries	12,510.00
2. Allowances	5,004.00
3. Sitting Fees	Nil
4. Bonus	Nil
5. Employer's Contributions to Provident Fund, Pension Fund or any other Superannuation Fund	3,425.52
6. Payments by way of Gratuities, Pensions or otherwise, in excess of the Employer's Contributions and Interest thereon	Nil
7. The monetary value of any other benefits or perquisites	*4,463.50
8. Total of items (1) to (7)	25,403.02
9. Salary and Allowances of the General Manager as stated in the Profit and Loss Account of the previous year	22,937.12

* Also free use of Bank's residential furniture.

R. D. SHARMA,
Chief Accountant.

G. S. SRIVASTAVA,
General Manager.

B. VENKATAPPIAH *Chairman.*
A. R. THANAWALA
K. A. CHITALE
SUGANMAL BHANDARI
B. MUKERJI
A. H. ELIAS
K. NATARAJAN
BHANWARLAL SETHI
BALKISHAN MUCHHAL
} *Directors*

REPORT OF THE AUDITORS TO THE STATE BANK OF INDIA

We have examined the foregoing Balance Sheet of the State Bank of Indore as at 31st December, 1963, and also the Profit and Loss Account of the Bank for the year ended on that date with the Accounts relating thereto of Head Office and with the unaudited Returns submitted and certified by the Agents, which Returns have been incorporated in the above Balance Sheet and Accounts.

We report that :—

(i) in our opinion the Balance Sheet is a full and fair one, containing all the necessary particulars and is properly drawn up so as to exhibit a true and correct view of the affairs of the Bank, according to the best of our information and the explanations given to us and as shown by the Books of the Bank;

(ii) where we have called for any explanations or information such explanations and information have been given to us and have been found satisfactory;

(iii) the transactions of the Bank which have come to our notice have been within the competence of the Bank;

(iv) the returns received from the Branches of the Bank have been found adequate for the purpose of our audit; and

(v) the Profit and Loss Account shows a true balance of profit for the year covered by such account.

A. F. FERGUSON & CO.,
Chartered Accountants.

INDORE, 23*rd January*, 1964.

THE MODERN COMPANY AND RULE OF LAW—II

NEW CONCEPT OF MODERN CORPORATION

By D. L. Mazumdar, I.C.S.

WHEN corporate status was conferred on the medieval civic, craft or trading guilds, the intention was to endow them with some limited powers of self-government. The object of these powers was to enable the guilds to administer the privileges conferred by corporate status among their members in an equitable manner, to enforce discipline among the members in the exercise of privileges, and to regulate the relationships as between them as well as between them and the outsiders who might have dealings with them. Since the grant of corporate status at this stage was limited to certain specified objectives, the terms and conditions of the grant were relatively simple and easily enforced. The fact that these guilds operated within circumscribed territorial and fairly well-defined functional limits rendered adequate oversight of their activities within the framework of their franchise relatively easy.

The mercantilist corporations of the 17th and 18th centuries were also entrusted with equally precise functions but these functions had little in common with the functions of the medieval guilds. These functions were basically intended to subserve the ultimate objects of the mercantilist economic policies of the newly emerging national States of that period, and were largely concerned with the development of foreign trade and the exploitation of foreign resources. Partly because of this and partly because the members of these corporations were related to one another primarily as contributors to the capital of these corporations, and not in the integral manner in which the members of medieval guilds were connected with one another, the idea of self-government by guild members as a whole lost its reality.

Basis of Royal Charters

The royal or parliamentary charters which conferred corporate status on these mercantilist corporations were granted only on grounds of high policy after careful scrutiny and assessment of the objects likely to be achieved by the grant of such status in the context of the national economic and social policies of the States concerned. Secondly, severe limitations were imposed on the size and the activities of these corporations. This was sought to be justified by the monopoly rights conferred on them, and also by the political necessity of preventing such corporations from developing into so many *imperia in imperio*.

The other provisions of the charters of these corporations usually dealt with their internal organisation, but they were not usually spelt out in detail, nor did the regulations provide for any clear-cut allocation of authority as between the different organs of the corporations. The dominant principle underlying the charters granting corporate status to the national mercantilist corporations of the 17th and 19th centuries appeared to have been to hold them to the activities specially authorised by charters. As long as the managers of these corporations kept themselves within the strict limits of the object clauses of these charters, nothing else seemed to matter much. There was little attempt in these charters to regulate the relations of the members of the corporations *inter se*. This was undoubtedly a source of considerable risk to those who entered into contracts with these corporations, but, in the earlier stages of these national mercantilist corporations, these risks appear to have been subordinated to the paramount necessity of achieving the object targets set out in their charter.

With the emergence of the corporations formed under the general corporation laws enacted in the Western world about the middle of the 19th century, the basic pre-supposition of the *ad hoc* corporation laws of the earlier medieval and mercantilist periods underwent a major change. At first, the general laws of incorporation which supplanted the individual charters of the earlier mercantilist period contained many of the restrictions which it was usual to include in them. In the light of the changed economic circumstances and the prevailing socio-economic philosophy in the middle of the 19th century, many of these restrictions ceased to have any functional significance and were clearly out of tune with the temper of these times. It is not, therefore, surprising to find that these earlier generalised laws soon gave way to the traditional pattern of corporation laws which was evolved in the Western countries in the second half of the 19th century and which were to be eventually copied by countries like ours, which had adopted the Anglo-American model in this field.

Basically, this new pattern of corporation laws was evolved round the underlying concepts of the law of contract. Within this theoretical framework, it was primarily for the parties which had combined to set up corporations to determine the limits of their respective duties and responsibilities. This fundamental change in the legal character of the corporation meant the abandonment of the effort to subject business decisions to review by the State either through the processes of the courts or by direct executive control through the restrictive provisions of the incorporating charters as in the case of those constituting the mercantilist corporations of the 17th and 18th centuries.

The Primary Sources

If one were to make a hurried synoptic survey of the development of corporation laws in the Western countries during the last hundred years, particularly in the Anglo-American segment of it, one might summarise the findings by saying that the three primary sources from which the traditional corporation laws derived their sustenance were:

(*a*) first, in the field of law, the law of contract which has been described as the "most powerful stream of 19th century legal growth";

(*b*) secondly, in the economic field, the principles of *laissez faire* which held sway throughout the Western world from about the middle of the 19th century to the beginning of the 20th;

(*c*) thirdly, in the socio-political field, the model provided by the liberal democracies of the 19th century of the mid-Victorian type in England and of the Jacksonian type in the United States of America.

These different strands of law, economics and politics combined to provide the model for the so-called shareholder's democracy of the traditional joint-stock company as embodied in the generalised corporation laws of this period.

Practical Consequences

It is not necessary in this context to go into a detailed analysis of the nature of the influence exerted on the concept of the joint-stock company by these three major streams of thought. The practical consequences of the model on legislative and judicial thinking for nearly a century were clear. By and large, it was considered that the internal relations between the members of the joint-stock company or the corporations, and between them and outsiders were governed by the principles of contract and, as long as these principles were observed, it was reasonable to assume that the interest of the individual members and the enterprises to which they belong were well-protected. Agreements or arrangements entered into in violation of these principles would, to that extent, be voidable or void, depending on the relevant facts and circumstances, and, where guilty intention was established, the penal laws would of course be attracted. Apart from these aberrations or deviations, which would no doubt involve civil or criminal liability as the case might be, there should be no reason to interfere with the judgment of "willing buyers and willing sellers," and business decisions were best left to those who were in a position to take them.

The so-called economic principles of *laissez faire* were thought to ensure that "the greatest good of the greatest number" could be secured by agreements and arrangements freely entered into by sane adults, and "the invisible hand of competition" could be depended upon to bring about the necessary adjustment and accord between the activities of corporations and the interests of the society. The political model of 19th century democracy gave respectability to the concept of the so-called shareholder's democracy. This structure of corporate management was thought to ensure self-government and also to solve the two basic problems of corporate management, namely, its legitimacy and accountability. The management of the corporations were supposed to derive their legal and moral authority for the powers which they exercised from the fact that they owed their office to the suffrage of the shareholders, and they were also deemed to be accountable to the shareholder-electorate, inasmuch as, by the requirement of the corporation laws, they had to render an account of their stewardship to this electorate at least once a year. This was the grand politico-economic model of the self-governing joint-stock corporation which was embodied in the corporation laws of the Western countries for nearly a hundred years from the middle of the 19th century.

Our company law in the past, which was wholly based on the English law, except, in regard to a few topics dealing with some of our special institutional features in the corporate field, was also based on this traditional Western model. The principal legal levers on which the framework of this prototype rested were:

First, a set of elaborate provisions designed to ensure the protection of shareholders through a system of disclosure of the so-called "essential" facts relating to the formation and working of a joint-stock company;

secondly, a string of provisions laying down the procedure for decision-making in those areas of management, where the views of the members of a corporation had to be expressed;

thirdly, a series of provisions intended to safeguard the rights of creditors and others, outside the corporations who might have had dealings with these companies;

fourthly, several provisions dealing with the so-called accountability of management to the shareholders, through the audit of company accounts by qualified auditors and an *expose* of the stewardship of the management at the annual general meetings of companies;

fifthly, provisions for investigation into the affairs of companies in certain special circumstances;

sixthly, an elaborate system of procedural requirements relating to the dissolution of corporate status, and the disposition of corporate assets and liabilities; and

lastly, punitive provisions against proved malpractices and offences, involving guilty intention.

As long as the aforesaid objects were achieved, there was little else for the traditional

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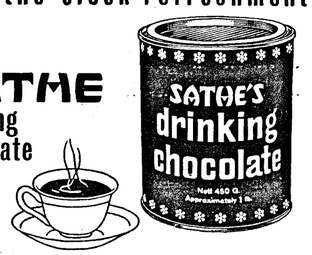

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corporaiton laws to do so far as the regulation of corporate affairs was concerned.

Self-governing Democracy

This version of the joint-stock company or the corporation as a self-governing democracy in miniature, functioning within the framework of the provisions of the traditional corporation laws might have had some distant relevance to the small and medium-size companies, consisting of a relatively small number of shareholders with a significant financial stake in them, and possessing a fairly intimate knowledge of the business of these enterprises which was relatively simple and largely localised. But this version was soon destined to be rendered out of date by the emerging reality of the modern joint-stock company. The character of this structural change has been described by a keen American student of corporate history thus:

> "As scale expanded, the shareholder was less and less the capitalist, risking funds and exercising supervisory authority over a business with whose physical and financial workings he had informed and sophisticated acquaintance. He became an investor, separated in time and understanding, insulated by distance and the proxy machinery from the business activities of the enterprise which used his money. Suffrage was exhausted of reality, since it was neither informed nor organised. Despite the forms of electoral control, management became in all but rare instances, an automatic self-perpetuating oligarchy, in Adolph Berle's phrase. The reality of internal corporate structure had changed from democratic to bureaucratic."

This fundamental change in the internal structure and functioning of the modern joint-stock company or the corporation had rendered the traditional framework of company or corporation laws largely antiquated and otiose. Sociologically also, the emergence of the modern corporation as a system of economic and non-economic power, from its original historical character as a convenient legal device for the production and marketing of goods and services exposed the inadequacies of the existing systems of corporation laws for dealing with the problems created by the new situation. The new problems which confronted company lawyers, company administrators and the theoreticians of the subject were how to legitimise the use of this rapidly growing volume of non-governmental power and to subject the exercise of this power to a new concept of the Rule of Law applicable to the use of this type of power.

These problems emerged in an acute practical form in the Western countries after the Great Depression of the 'thirties, and led to a great deal of new thinking on this subject in law, economics, political science and sociology. Our struggle for freedom and our preoccupation with the militant politics of those years effectively prevented us from participating in this new thinking or from drawing lessons from the legal and administrative reforms in this field which were being attempted in some of the Western countries. Even in those countries, it was not till the end of the Second World War that the full effect of the new thinking was felt in intellectual circles.

A New Philosophy

Meanwhile, a rapid rise in the standard of corporate methods and practices, largely following from World War II, and the growth of a new professional managerial class, which the war effort itself had encouraged and fostered, gave rise to a new philosophy of the social responsibilities of business, which was avidly taken up by the leaders of the trade and industry in the Western countries. This development, in my opinion, largely accounts for the tardy growth of a new system of corporation law based on the new concept of the modern corporation as a system of power.

In other words, it seems to me that the urgency of structural changes in the legal and administrative systems relating to the corporations was not felt, because the behaviour pattern of company management which was still functioning within its old legal-administrative framework had undergone a rapid transformation. The manner in which an organisation functions often masks the defects of its structure; and it may well be that the growth of a pragmatic social philosophy in the Western countries relating to corporate behaviour may have largely made good the deficiencies of an out-of-date legal and administrative system.

But, in the developing countries of the world, where the traditional forms of organisations have not yet felt the winds of change, and have not been activated to a new behaviour pattern, as in the Western countries, the need for legal and administrative engineering to supplement the corrosive action of slow-moving ideas becomes urgent. Even in the Western countries, it is being increasingly recognised in academic and other thinking circles that corporation laws must build into their structure a new concept of responsibility in respect of the exercise of power by corporate management. Unfortunately, even in those countries legal and administrative technology has not yet advanced to a stage where it can be used for engineering purposes to rebuild the structure of their corporation laws or to recast the operative provisions contained in them in a manner that could enlist the general agreement of all those who are connected with their administration or enforcement.

Law of Corporate Responsibility

The need for a developing law of corporate responsibility is nevertheless urgent—particularly in the developing countries of the world where corporate management and practice, over large areas of the corporate sector, have yet to be modernised and adequately informed by the values of a co-operative and responsible society. In the field of Government and constitutional law, where the central problem has been always the control of governmental power, the need for relating the exercise of this power to a broadly accepted conception of public interest has been well recognised for well over a hundred years in all the Western democratic countries. In the jargon of constitutional and administrative lawyers, this is described as the enforcement of the Rule of Law. For historical reasons, this concept has, however, been used in the past only in the context of the regulation of governmental power.

The emergence of the modern corporation as a system of significant non-governmental power would seem to call for an extension of this concept to the exercise of non-governmental power not only by the modern corporations but also by other non-governmental institutions or authorities which may possess similar power and may be in position to use it, in socially significant ways, in large sectors of the life of a modern community. It may be argued plausibly that, in many developing countries, the modern joint-stock company or corporation may not have yet become a centre of significant non-governmental power and that till such centres are recognised and identified in those countries, the need for regulating the powers of the modern corporations or of subjecting them to the new concept of the Rule of Law applicable to them may not arise in practice. As I visualise the new law of corporate responsibility, it must, by its very nature, grow with the development of the society; but the structure of this new law should be such that it can readily absorb the developments in the concept of standards of responsibility. This means that the structure and processes of the new company or corporation laws should be so designed and geared as to offer reasonable assurance that, as soon as a joint-stock company or a corporation becomes a source of significant power, its management would not be free to exercise this power arbitrarily but would be enjoined to use it in a manner that can be rationally related to the legitimate purposes of the society.

The major practical problems which would confront the engineers of the new corporation laws would be: the contents of the new Rule of Law in its application to the modern joint-stock company or corporation; the nature of the new institutional structures which would need to be built into the existing corporational laws in conformity with the requirements of this new Rule of Law; the instruments of policy which would need to be fashioned in order to enforce this new concept of the Rule of Law.

These are some of the basic questions which jurists and administrators would have to answer if the new concept of the Rule of Law in its application to the joint-stock company or corporation is to become as much of a reality as the older concept of the Rule of Law was a reality in its application to the use of governmental power.

(To be continued)

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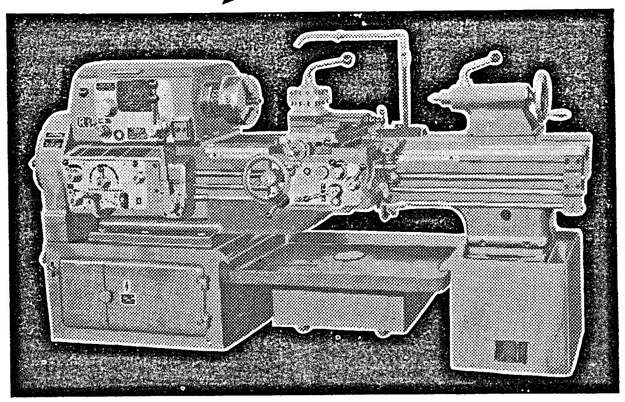

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MONTHLY ECONOMIC REVIEW OF U.K.

PRODUCTION AND INVESTMENT EXPANDING

BANKS' ROLE IN THE CURRENT REFLATION

By W.T.C. King
EDITOR, *THE BANKER, LONDON*

THE latest batch of economic indicators in Britain continues the now familiar story of expansion: the rising activity that set in after the hard winter of 1962-63 still goes on, and may even have accelerated a little in recent months. Industrial production, as shown by the seasonally corrected index, rose to the new peak of 123 (1958=100) in November, compared with the low point of 113 touched at end-1962 and early 1963 (ignoring the weather-distorted figure of 109 for January 1963). If calculated on three-monthly average, this index now shows an advance at the annual rate of just over 6½ per cent compared with the final quarter of 1962.

Aggregate national output, which can be gauged only from the quarterly national income estimates, has of course risen rather more slowly than this, but significantly faster than in previous years. Gross national product, valued at current prices, had reached £6,443 million by the third quarter of 1963, compared with £6,189 million and £5,991 million in the similar quarters of 1962 and 1961, respectively. Corrected for seasonal influences and for price fluctuations, these figures show an advance at an annual rate of 4 per cent—by comparison with the fourth quarter of 1962, whereas the average rate of advance over the previous three years had been perceptibly under 3 per cent.

Pattern of Expansion

The pattern of the expansion, as the Treasury has recently pointed out in its *Bulletin for Industry*, has lately been broadening. Total fixed investment began rising during the summer and there are "strong indications" that additions to stocks had begun to turn upwards before the end of the year. Consumer spending, which is of course the biggest sector, accounting for well over half of all national expenditure, was substantially higher in the second half of the year than at the beginning. It seems, indeed, to have played a somewhat larger part in the whole process of expansion than was at first supposed. Total consumer outlay, taken at constant prices and seasonally adjusted, rose by 2½ per cent both in the second and third quarter of last year.

To judge from the monthly statistics of retail trade, this expansion is continuing. The corrected monthly index had in October slipped back one point from the peak of 110 (1961=100) reached in August-September, but, in December, it made a two-point rise to a new high of 111. Hire-purchase business has been expanding steadily, but its growth has fallen far short of the spectacular surge experienced in the last major phase of reflation—that of 1958-60. By end-1693, total outstanding hire-purchase debt had reached £954,000,000, as compared with £883,000,000 at the low point in November 1962.

Unemployment

The most up-to-date indicator of all is, of course, that relating to unemployment: the latest count of workers unemployed took place at mid-January, and showed an increase, over the preceding five weeks, of 40,800 in the total for Great Britain. Over one-quarter of this movement was, however, attributable to the increase in workers "temporarily stopped" in consequence of the major strike, now ended, at a South Wales steel plant, whilst the increase in adult workers registered as wholly unemployed was some 16,000 less than the normal seasonal movement.

Accurate seasonal smoothing of the statistics is admittedly more than usually difficult at this time of year, but after allowing for that, it still appears that the true rate of unemployment was falling faster in December-January than it had done since about the middle of 1963, though the trend has been downwards throughout. The unadjusted total of unemployment at mid-January was fractionally over 500,000, equivalent to 2.2 per cent of the labour force.

Among the forward-looking indicators, the most heartening are those relating to private industrial investment. The efforts made to stimulate an upturn in this important sphere at last seem on the point of showing positive results in terms of actual work done. Orders placed on the engineering industries have been rising strongly for some time, while home orders for machine tools, which had been rather obstinately lagging, have at last shown a substantial advance.

Private Investment

The forecasts made by private industrialists themselves have also been revised significantly upwards. The Board of Trade's latest survey of investment intentions shows that companies in the manufacturing, distributive and service industries expect in the aggregate to spend about 10 per cent more on fixed investment in 1964 than in 1963, whereas their similar estimate made last summer put the likely expansion at under 5 per cent.

If the rise in private investment really does get strongly under way in the near future, along with rising demands for stock-building, the big question will be whether, or for how long, the economy can accommodate these demands without undue stress, side by side with the continuing rise in consumer outlays, in public sector investment and—it is to be hoped—in exports. Objective measurement of available capacity as an aid to answering any such question has to be admitted to be virtually impossible—if only for the reason that, in the short run, the only underutilised resources that are effectively available are those that match the particular pattern of current demand.

In this field where statistical resources are scanty, any well-based studies are greatly to be welcomed, and one such study has lately come from the National Institute of Economic and Social Research. A sample inquiry into the metal-using industries has suggested that firms in the mechanical and electrical engineering industries and firms producing miscellaneous metal products have in the aggregate increased their output in 1963 to 3 per cent above that for 1962 (but to a level 5-6 per cent higher at end-1963 than at the beginning), and that, allowing for additions to productive capacity, this will have raised their average level of capacity utilisation from a little under 80 per cent at end-1962 to 82 per cent at end-1963.

These same firms expect to increase their total output in 1964 by 9 per cent over the total for 1963, and if these expectations are realised it is estimated that the average level of capacity utilisation would be raised by the year-end to 85-86 per cent. This would probably be virtually the effective limit, since the survey points out that roughly this same ratio marked the peak of activity at the top of the last cycle in the engineering industry, in 1961.

Role of Banking System

A notable feature of this current phase of reflation, by contrast with the reflation of 1958-60, is the very different role that has been played by the banking system, and by credit influences in general. In the earlier phase, a large part of the motivating force seemed to come from the ending of the credit squeeze—by which was mainly meant the freeing of the banks from so-called "directive" controls over their lending, for the first time since the beginning of World War II. The prospective ending of those controls in the summer of 1958 provided the opportunity and the signal for the banks' entry into hire-purchase finance, by taking up participations in the leading finance houses—a movement that gave a great impetus to hire-purchase business as soon as the official controls over the terms of hire-purchase contracts were relaxed.

Similarly, when the official restraint "by request" over the volume of bank advances came to an end, the banks plunged into an uncharacteristically aggressive search for new advances business. For the first time for many years it was advertised to the world that the big banks were anxious to lend. The upshot was a huge surge forward in the advances figures. In the 16 months to end-1959, aggregate net advances of the clearing banks, excluding their lendings to the nationalised industries, rose by fully 45 per cent to some £2,700 million—a rate of growth previously experienced only in the short-lived boom that followed World War I.

Some people supposed that, in 1962, when the banks were for the second time freed from informal "directive" restraints over the scale of their lendings (new "requests" had been made to them in mid-1961), the consequence might again be a massive surge of new lending. These suppositions were, however, never well-founded.

Boom in Bank Lendings

To a large extent the boom in bank lendings in 1958-60 represented a once-for-all readjustment of a pattern of lender-borrower relationships that had been unnaturally distorted by almost 20 years of controls that had discriminated against the big deposit banks as compared with other types of credit-givers. Chiefly because of the tight restraint on the big banks, they had become "underlent" by traditional standards, with the ratio of their advances to their deposits at little over 30 per cent, and the ratio of their investment portfolios correspondingly swollen, at around 33 per cent. Hence it was possible for them to increase the aggregate of their lendings without adding similarly to their aggregate resources—by realising large quantities of investments instead. But this, too, was a once-for-all adjustment. At the beginning of the reflation of 1962-63 the advances ratio was not far short of 47 per cent and the investments ratio was little more than 16 per cent.

For both these reasons the scope for additional bank lending was much more limited than it had been in 1958. Any large growth in bank advances would, it was clear, require a more nearly corresponding rate of growth in the aggregate of bank resources. In fact, the increase in advances in the 15 months to end-1963 had been large by any standards save those of 1958-59, but it was at less than half the rate attained then. It amounted to £525,000,000, equivalent to just over 15 per cent, raising the total (still excluding the loans to nationalised industries) to almost £3,900 million.

Not surprisingly, this slower rate of growth in advances by comparison with the last phase of reflation has been accompanied by a faster rate of increase in bank deposits. In the 12 months to mid-December 1963 the net deposits of the clearing banks rose by £412,000,000, to £7,721 million, or by 5.9 per cent. This compared with an increase of 4.1 per cent in 1962 and one of 5.7 per cent in 1959, and was the fastest rate of credit expansion since the extraordinary spurt during the ultra-cheap money drive immediately after the end of World War II. But, in spite of this, credit creation in this reflation has probably to be regarded as a secondary rather than a primary force.

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SECRETARY

THE INSTITUTE OF COST AND WORKS ACCOUNTANTS OF INDIA

WESTERN INDIA REGION

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I.M.F. STANDBY CREDIT TO CHILE

The International Monetary Fund has entered into a new standby arrangement with the Government of Chile which authorises drawings up to $25 million in the next twelve months. The new arrangement will provide continued support for the Government's policy of establishing conditions of monetary stability as a basis for further economic growth. It replaces a one-year standby arrangement amounting to $40 million which expired on 14th January 1964. Drawings under that arrangement amounted to the full $40 million available to Chile. The country's outstanding drawings on the Fund now amount to $106 million.

BACKGROUND TO FORTHCOMING TARIFF CONFERENCE

POINT OF VIEW OF EUROPEAN COMMON MARKET

THE tariff negotiating plan to be drawn up as part of the preparations for the trade negotiations provided for in the resolution adopted by the G.A.T.T. Ministerial Meeting on 21st May 1963 must establish, in addition to the general rule of linear reduction of duties, a special rule for handling "sensitive" cases of disparity.

The difficulties so far encountered in solving this problem have brought it rather prominently into the public eye, and the numerous commentaries on it give rise to some confusion and various misunderstandings as to its real meaning and scope. An objective examination of the origin, background and factual terms of this problem should throw light on the confusion and clear up misunderstandings.

Not an Invention of the Community

Since it was signed on 30th October, 1947, the General Agreement on Tariffs and Trade has provided the setting for a certain number of conferences* aimed, first at putting an end to the tariff war and, secondly, at progressively reducing tariff barriers between the Contracting Parties.

It is instructive to study the changing procedures followed in these negotiations. Three phases can be distinguished:

(*a*) The traditional approach;

(*b*) The 1960-62 negotiations, known as the Dillon round;

(*c*) The coming trade negotiations.

The traditional approach consisted in each Contracting Party normally negotiating every concession it offered with the Contracting Party which was its main supplier of the product in question. Any concession granted to a Contracting Party was *ipso facto* extended to all the others under the most-favoured-nation clause. Thus, the results of originally bilateral negotiations were treated as results to be applied multilaterally.

The negotiations, therefore, proceeded on a product-by-product and country-by-country basis.

From the 1950-51 Torquay Conference onwards, it became increasingly clear that some industrial countries whose tariffs were lower initially than those of the other countries found it difficult to go beyond a certain point, whereas the tariffs of the others continued to be effective after the reductions agreed to. The problem of disparities between the tariffs was posed and it led the product-by-product method of negotiation to a dead end.

Various suggestions were made for overcoming these difficulties. In 1952, the Benelux countries presented a plan providing for a prior reduction of the high tariffs, so that the negotiation could then proceed on tariffs of comparable level. In 1953, France proposed the Pflimlin Plan which was for an automatic reduction of 30 per cent in three years (10 per cent per annum), at the same time lopping the peaks above certain levels and, conversely, setting minimum figures below which the duties would not be reduced. These plans were not accepted.

The Dillon Round

However, the 1960-62 negotiation—the Dillon round—was a first turning point. This negotiation sprang from a combination of two factors: first, the power granted to the United States Administration by the 1958 Act on trade agreements to negotiate reductions in existing duties of up to 20 per cent and, secondly, the proposal of the European Economic Community to negotiate the binding of the 20 per cent reduction which had served as the basis of calculation for the approximation of the national tariffs towards the common external tariff in accordance with the decision of 12th May, 1960 to speed up the customs union.

The Community further proposed that this 20 per cent reduction should be effected by the linear method but only Great Britain in part accepted this proposal, the other Contracting Parties having stated their preference for the product-by-product method.

The Dillon round was a transitional form of negotiation, sometimes product by product, and sometimes linear. The linear approach was first tried out there, but the results were disappointing: the imbalances between the tariff structures of the various countries no longer permitted the low tariff countries to obtain for their export products sufficient advantages to ensure reciprocity.

It then became clear that the method of negotiating product by product on the main supplier principle was no longer effective.

The G.A.T.T. Ministerial Meeting in November 1961 recognised this fact and for the future advocated the linear formula. By the Trade Expansion Act, the United States Congress gave the Administration powers to negotiate tariff reductions of up to 50 per cent in this way. The Community greeted the passing of this Bill as a manifestation of the readiness of its chief trading partner to create the indispensable conditions for a successful joint effort. It was now possible to carry out an exercise in tariff disarmament on a scale hitherto unknown. The resolution of 21st May 1963 opened the road to this new negotiation.

The Factual Situation

If we feel that negotiating methods must change, we must have an idea of what is needed for fresh progress. Old prejudices and habits of thought must give way to a fresh approach. Long-established concepts inevitably change in context and content. In particular, the reciprocity principle can no longer be thought of only in narrow terms of the comparative value of the concessions actually exchanged, but rather in terms of balance and comparability of the situations to be attained. A dynamic and forward-looking concept of reciprocity must be substituted for a static concept which has been outpaced by the onward march of tariff reduction.

If progress on these lines were to prove impossible, the problem of disequilibrium between tariff structures, i.e. the problem of disparities, would bring the method of linear reduction in its turn to a dead end, for the need to get round this problem by the expedient of exceptions would inevitably whittle down the scope and content of the negotiations.

A statistical comparison of the E.E.C. common external tariff, the United States tariff and the United Kingdom tariff amply demonstrates where the disequilibrium between the tariff structures lies. The C.E.T. (the Common external tariff of the Common Market) is lower than the other two tariffs; it is less dispersed and it includes fewer highs and lows. For instance, only 5 per cent of the C.E.T. duties are above 25 per cent, as against 28 per cent of the U.S. duties and 30.75 per cent of the United Kingdom duties. Above 35 per cent duty, the proportions are as follows: 0.05 per cent in the C.E.T., as against 10.4 per cent in the U.S. tariff and 1.8 per cent in the United Kingdom tariff. It is clear that a straightforward reduction of 50 per cent would considerably aggravate the effect of this disequilibrium, for it would bring a very high proportion of the C.E.T. down to an extremely low or *nil* level of protection, whereas the U.S. tariff would continue to afford a much larger measure of protection.

Community's Fear

The Community considers that such a situation would make reciprocity impossible and, furthermore, might gravely endanger its own development, in view of the growing deficit on its trade balance with the United States ($3,000 million in 1963) and the fact that this unequal protection would expose Community markets to the heavy pressure of exports from third countries, particularly those with extremely low cost prices.

The resolution adopted by the Ministers on 21st May 1963 offers all the necessary elements for dealing adequately with the problem of disparities. It defines in harmonious and balanced fashion the principles which should serve as a basis for the negotiation. Along with the general rule of substantial linear reduction, it recognises the existence of the problem of disparities, lays down the principle of handling this by a special rule—also of automatic and general application—whose effect must be to reduce sensitive disparities in trade. It furthermore poses the problem of countries whose tariffs have a lower general incidence and which might thereby be faced with a problem of reciprocity.

A Confusion

Studies with a view to implementing this resolution, particularly in the matter of pinpointing sensitive disparities and drawing up the special rule to be applied to them, have run into certain difficulties. There is a fairly widespread tendency to attribute these difficulties to the fact that the Community has raised the problem of disparities. This is tantamount to confusing the problem with the solution.

The chief difficulty is the problem facing the small European countries which fear that, for them, the narrowing of disparities may impair the advantages which the application of the general rule would ensure them in access to the Community market, the chief outlet for their exports.

The problem is a real one, but, if it exists, this is not because the Community wishes to resolve the question of disparities but because attempts at adjustment can be in one direction only. In fact, two solutions are possible to make this adjustment: either the low duties follow the general rule and the high duties come down more, or the high duties follow the general rule and, in this case, the low duties are reduced less. However, the working hypothesis of a 50 per cent reduction chosen for the general rule coincides with the limit of the mandate to reduce duties conferred by the Trade Expansion Act and therefore leaves no choice but to apply the second solution.

Nevertheless, the Community wishes to do everything in its power to mitigate the effects of this situation, whose inevitable implications it recognises, although it cannot accept responsibility for them.

*Geneva 1947, Annecy 1949, Torquay 1950-51, Geneva 1956 and Geneva 1960-62.

T.W.A.'S EARNINGS AT A NEW HIGH

The Trans World Airlines' earnings and revenue reached new highs during the year ended 31st December 1963. Gross operating revenue climbed to $475.84 million (approximately Rs. 226.02 crores), showing an increase of $72.81 million (Rs. 34.58 crores), or 18.1 per cent, over the 1962 record figure of $403.03 million (Rs. 191.44 crores). Net earnings, after adjusting the previous year's debit balance of $5.70 million (Rs. 2.71 crores), amounted to $19.69 million (Rs. 9.35 crores), and worked out to a per share earning of $2.94, as against the loss of $0.85 a year before.

Describing 1963 as "the year in which T.W.A. made its dramatic turnaround," the President, Mr. Charles C. Tillinghast, Jr., said that the Airlines regained profitability as the result of the public's acceptance of its superior service during the year. Mr. Tillinghast observed: "We have achieved new highs in performance standards and have offered time-saving conveniences which have scored well with segments of the public, particularly the American businessman." System operating expenses for the year amounted to $435.65 million (Rs. 206.93 crores), that is, 10 per cent more than in 1962. Because of the carried forward loss from 1962, the Airlines would pay no Federal income-tax for the year 1963. In the current year, however, it would incur a substantial tax liability. Last year's cargo revenue came to $52.24 million (Rs. 24.81 crores), that is, 16.9 per cent more than in 1962. The improvement resulted from the Airlines' new marketing strategy. In December last, T.W.A. inaugurated the only through-plane all-cargo jet flights serving major cities in the U.S. and also extended the service to the E.C.M. countries in the following month.

The major improvements in the operations during 1963 include: domestic total revenue passenger miles 5,334,317,000 (up 19.3 per cent over 1962), international total revenue passenger miles 1,681,935,000 (up 39 per cent), system total revenue passenger miles 7,016,251 (up 23.95 per cent), domestic passenger boardings 6,221,534 (up 14 per cent), international passenger boardings 555,906 (up 32 per cent), domestic cargo ton miles 114,116,000 (up 20.5 per cent), and international cargo ton miles 73,691,000 (up 14.2 per cent).

New forms of State assistance to local industry in Norway are outlined in a Government report on the activities of the District Development Fund. The proposed measures cover guidance and subsidies for plant relocation. The Fund will get larger funds for loans, subsidies and stock subscription in new industrial enterprises as a means of strengthening the economy of lagging districts, if the proposals are approved by the Storting (Parliament). One of the key proposals calls for abolishing the Fund loan guarantee department and utilisation of its capital of about £3.35 million for loans. The Fund would thus be able to extend loans, grant subsidies, and subscribe to shares for altogether £20.25 million, including present commitments. It is presumed that the State would take over guarantees made by the Fund whose guarantee activities would henceforth be based on a State guarantee authority. An increase of £3.5 million to £15 million maximum is proposed in the Fund guarantee possibilities, with losses to be covered by the money allocated to the Fund. The Government plans the establishment of a public subsidy agreement to cover moving expenses for enterprises relocating in development areas and expansion of the technical and economic guidance service for industry.

INDIA IN SUDAN'S FOREIGN TRADE

KEEN COMPETITION FROM MANY COUNTRIES

LIKE many other developing countries, Sudan too is on the road to industrialisation. Sudan has a wealth of under-exploited resources, to develop which a National Development Plan (1961-62 to 1970-71) has been launched with the objective of increasing national income from Sudan £350 million* or £30 *per capita* to £560 million (or £37 *per capita*) in 1970-71. Apart from light industry which is developing fast, basic projects such as dams for irrigation and hydro-electric power have also been accorded priority in the plan.

Sudan's economy in recent years has moved forward nearly twice as fast as the annual population increase. The Gross National Product amounting to £395.5 million in 1962 was 3 per cent up on planned level and 12 per cent up on 1960-61. This was entirely due to agriculture, other sectors showing only 3-6 per cent rise on 1960-61.

Sudan's balance of payment has been showing deficit on current account, the deficit being bridged up by loans and credits from abroad. In 1962, this deficit stood at £20.7 million, and the deficit on merchandise account amounted to £9.6 million.

Sudan's exports which constitute the main income of the exchange sector fluctuate from year to year due mainly to fluctuations in world demand for her exports and also due to their prices, particularly of cotton and seed, which in 1961 accounted for 56 per cent of the value of her domestic exports. Gum-arabic occupies second place (10 per cent) followed by groundnuts (9 per cent) and sesame (7 per cent). The remaining 18 per cent comes from agricultural products such as millet, beans and livestock products. Sudan's *imports* are more diversified than her exports. In 1962, food products, beverages and tobacco accounted for nearly 14 per cent, textile products for about 17 per cent, machinery and other capital goods for 50 per cent and fuel for about 6 per cent.

The U.K. is the leading trade partner of Sudan, supplying 28 per cent of the country's imports, and importing 20 per cent of its exports. India which occupied second place in Sudan's trade with a share of about 10 per cent in imports as well as exports, was relegated to third position in 1961 by West Germany with a marginal difference. The failure of the traditional buyers of Sudan cotton to lift all the cotton crop, especially since 1957, tempted the Sudanese Government to look for markets elsewhere, and thus led to bilateral trade agreement and barter dealings with a number of Communist Countries.

Sudan's two-way trade with India attained a new high of Rs. 26.13 crores in 1962-63 (Imports, Rs. 17.11 crores; exports Rs. 9.02 crores) against previous high of Rs. 25.78 crores in 1959-60, (Imports, Rs. 10.31 crores; Exports, Rs. 15.47 crores). The high level of trade in 1962-63 being due to record level of our imports in that year, Indo-Sudan balance of trade showed a record deficit of Rs. 8.09 crores in that year as against record surplus of Rs. 5.16 crores in 1959-60 as a result of peak level of our exports in that year due to Sudan's imports of tea from us on an almost monopoly basis.

The rise in the value of our imports from Sudan in 1962-63 was solely due to our higher imports of cotton which amounted to 48,900 tons worth Rs. 16.7 crores, as against 23,700 tons valued at Rs. 10.18 crores in 1961-62 and 18,200 tons valued at Rs. 8.62 crores in 1960-61. Our imports of cotton constitute more than 90 per cent of our total imports from Sudan. In 1962-63, cotton accounted for 98 per cent of our total imports from Sudan. The other significant item of our import though a minor one is gums, resins and lac, the imports of which amounted to Rs. 40 lakhs in 1962-63 as against Rs. 32 lakhs in 1961-62 and Rs. 74 lakhs in 1960-61.

India's exports to Sudan exhibit an erratic trend as Sudan is a highly competitive market. Our exports of traditional goods that is, tea, cotton piecegoods and jute goods predominate in this market, accounting as they do for 90 per cent of our exports to Sudan. During 1962-63, the export value of these three items together accounted for Rs. 8 crores out of our total exports of Rs. 9 crores. India's exports of principal commodities to Sudan during the last three years are shown in the table at the bottom of the page.

* One Sudan £=287.156 U.S. cents.

Sudan, with a population of about 12 million people and vast land area (about three-fourths size of India) is predominantly an agricultural country. It is only in the last few years that the country has turned seriously to industrialisation. Sudan's economy is now progressing rapidly. Although Britain continues to maintain its predominant position accounting as it does for 20-30 per cent of its imports and exports, other Western countries, that is Western Germany, U.S.A., Italy, etc., have increased their share of the market, notably through development projects.

With the acceleration of the tempo of development, Sudan will soon be self-sufficient in sugar, card-board footwear and to some extent in textiles also. The almost complete convertibility of European currency in Sudan has permitted a wide measure of liberalisation of imports. The great majority of consumer goods are under open general license, the main exceptions being the commodities produced locally. Capital goods, spare parts and raw materials can be imported freely. There is no tariff discrimination except some preferential duty rates granted to U.A.R. particularly on textiles and yarn. In view of all these facts, Sudan is becoming a highly competitive market with price as the main consideration. The market in Sudan is expanding enormously. Apart from traditional goods, there is scope for expanding our exports of non-traditional goods also. A brief analysis of Sudan's major items of imports from our angle of export promotion is given in the following paragraphs.

India is the biggest supplier of tea to Sudan. The following trade statistics showing imports of tea into Sudan during the last three years illustrate this:

(Quantity in tons ; value in £ '000)

	1960		1961		1962	
	Quantity	Value	Quantity	Value	Quantity	Value
India	4,227	1,747	5,991	2,467	6,039	2,127
Kenya and Uganda ..	836	290	2,210	839	2,547	818
China	..	..	1,141	245	..	..
Total (including others) ..	5,092	2,044	9,377	3,563	8,642	2,958

Sudan's imports of tea in 1961 increased by 84 per cent in quantity and 25 per cent in value, but in 1962, there was a drop both in quantity and value, 8 per cent in quantity and 17 per cent in value. India has maintained its leading position, with quantity showing an upward trend throughout inspite of Sudan's imports being slightly lower in 1962 compared with 1961. Imports from China which were sizable in 1961 disappeared in 1962. What is rather disturbing is the fact that competition from Kenya and Uganda is intensifying. Their tea is more black in colour (thus suiting the taste of the Sudanese) and their prices are competitive with India. Moreover, due to proximity of Kenya and Uganda, quicker supplies can be ensued from them. Therefore India has to be on the alert in this potential market.

This is an important item of Sudan's imports accounting for a little over 10 per cent of her total imports in 1962. During the last three years, Sudan's imports of cotton piecegoods increased from £8.1 million in 1960 to £8.9 million in 1961 and to £9.2 million in 1962, whereas her imports from India show a declining trend throughout, having declined from £4.1 million in 1960 to £2.9 million in 1961 and to £1.99 million in 1962. Till 1961, India had the first place in imports of cotton textiles into Sudan, Egypt coming as a distant second. Now Egypt has stolen a march over India and has secured first position in 1962 with her share aggregating to 5,630 tons worth £2.6 million, as against India's 5,065 tons worth £1.99 million. The decline from India is due to keen competition from Japan, U.A.R. and East European countries as may be seen from the following trade statistics:

Imports of Cotton Textiles into Sudan

(Quantity in tons ; value in £ '000)

	1960		1961		1962	
	Quantity	Value	Quantity	Value	Quantity	Value
India	9,600	4,113	7,749	2,933	5,065	1,988
Egypt	2,593	1,824	4,079	2,033	5,630	2,629
Japan	271	252	1,132	1,099	1,935	1,623
East Europe	986	440	2,230	877	3,172	1,211
U.K.	327	426	113	152	241	241
Pakistan	241	82	751	270	791	216
China	473	173	1,692	478	1,029	343
Total (including others) ..	15,822	8,138	19,637	8,944	19,377	9,226

U.A.R. enjoys preferential treatment for their export of cotton textiles to Sudan, besides having bilateral and payments agreements. East European countries have also got similar bilateral and payments arrangements. All these factors have militated against India's exports of cotton piecegoods to Sudan.

Imports of 'Grey' continue to constitute the bulk of imports of cotton piecegoods into Sudan, though of late there has been some decline due to increase in home production and competition from abroad. India, which was by far the most important exporter of 'Grey' till 1961, was relegated to second position with value reduced by about 50 per cent over 1961. The following statistics showing imports of 'Grey' into Sudan illustrate this position:

(Quantity in tons ; value in £ '000)

	1960		1961		1962	
	Quantity	Value	Quantity	Value	Quantity	Value
India	7,578	2,606	6,840	2,132	3,922	1,099
Egypt	806	336	2,235	899	3,439	1,194
Pakistan	241	82	751	270	791	216
East Europe	473	189	1,232	438	1,306	443
China	457	173	1,692	478	1,029	343
Total (including others) ..	10,070	3,395	14,558	4,871	12,470	3,978

Egypt has throughout increased its share both in value and quantity, securing first position in 1962 in value, although in quantity India's exports were more than Egypt. Apart from Egypt, other countries like Pakistan, China and East Europe have intensified their competition. Although in 1962 unit value of imports from India was below all other countries except Pakistan, India's exports have suffered decline in face of increase in the shares of other countries. The increase in case of Egypt and East European countries is presumably due to barter and payments agreement with these countries.

In 1962 Egypt has captured first position in Sudanese market in all varieties except 'Dyed in Yard.' Japan leads even Egypt in 'bleached,' 'Dyed in the piece' and 'Printed' varieties, thus securing first position in these varieties in 1962 in Sudan. India's position in Sudan in 1962 was first in 'dyed in yard,' second in 'grey,' a distant third in 'bleached' 'dyed in the piece' and 'printed.'

India's prospects for increasing its exports of cotton piecegoods to Sudan are not quite promising, unless it takes some special steps as, for example, some barter and payment agreement or linking of its imports of cotton from Sudan to its export of textiles to them.

India is almost the sole supplier of jute goods to Sudan. Sudan's imports of jute goods increased from £1.4 million in 1960 to £1.7 million in 1961 and to £2.7 million in 1962. Imports from India went up from £1.3 million in 1960 to £1.6 million in 1961 and to £2.6 million in 1962. Gunny bags constitute the major item of import, other minor items being hessian cloth and bags. Pakistan is likely to come up in this market. India should keep a keen watch.

Artificial silk piecegoods constitute another item, of which Sudan's imports are substantial, being as high as £2.0 million in 1962, as against £2.5 million in 1961 and £1.8 million in 1960. Japan is by far the largest exporter, accounting for nearly 50 per cent. China ranks a distant second and India comes third. Imports from Egypt which decline from £0.50 million in 1960 to £0.10 million in 1960 increased to £0.11 million in 1962, though imports from India and Japan declined in 1962 as compared with 1961. East European countries also increased their share in 1962 which presumably is due to their barter agreements. The following statistics show this position:

(Quantity in kilos 000 ; value in £000)

Countries	1960		1961		1962	
	Quantity	Value	Quantity	Value	Quantity	Value
Egypt	497	513	126	107	162	114
China	536	307	1,160	599	963	438
India	293	228	396	191	396	159
Japan	255	213	2,145	1,455	2,087	1,145
East European countries .	530	303	127	66	200	80
Total (including others) ..	2,303	1,755	4,039	2,547	3,794	2,040

India has so far been the largest supplier of essential oils to Sudan, imports into which fell from £93,418 in 1960 and £155,000 in 1961 to £88,228 in 1962. India's share, however, continued to rule at about 85 per cent.

India's share in footwear (rubber) which is small has displayed a declining trend, having gone down from £15,981 in 1960 to £2,337 in 1961 and £983 in 1962. Sudan's imports of this item also declined from £0.89 million in 1960 to £0.61 million in 1961 and £0.45 million in 1962. Japan and East European countries are the leading exporters of this item.

India's exports of traditional goods are gradually losing ground in Sudan. It is, therefore, necessary to promote exports of non-traditional goods which have good scope in Sudan in view of the development programme going on there.

India's exports of engineering goods to Sudan increased from Rs. 4.8 lakhs in 1961 to Rs. 7.6 lakhs in 1962. Electric fans alone accounted for exports of Rs. 2.2 lakhs in 1961 and Rs. 3.6 lakhs in 1962. Exports of auto-parts increased from Rs. 77,000 in 1961 to Rs. 1.16 lakh in 1962. Sewing machines and parts, bolts and nuts, C.I. manhole covers, G.I. buckets, tin containers, fluorescent tubes and fittings were some of the other item exported in 1962. Apart from these items, there is scope for export of several other item like diesel engines, railway track materials, cycles, agricultural machinery and implements, insecticides, etc.

With Sudan having a deficit on its balance of trade, the possibility of increasing India's exports to that country depend almost entirely on imports of cotton from it. The Sudanese are somewhat sensitive on this subject and feel that India's imports of cotton should be based entirely on consideration of price and quality.

India was the principal importer of cotton from Sudan in 1962. Of late, Germany, U.S.S.R. and Italy have also increased their purchases and so are able to capture a larger share of Sudan's trade.

Our import policy in respect of cotton is non-discriminatory and our import quotas are issued on a global basis. The rupee payment arrangement with Egypt are not meant in any way to discriminate against Sudan. India's imports of cotton from Egypt and Sudan during the last three years are given below:

(Quantity in '000 tons ; value in Rs. crores)

Year	Imports from Sudan		Imports from Egypt	
	Quantity	Value	Quantity	Value
1960-61	18.2	8.62	21	10.64
1961-62	23.7	10.18	20	10.28
1962-63	42.9	16.70	20	9.38

It will be seen from the *above* that in 1962-63 Indian imports of cotton from Sudan were much higher than those from Egypt, being more than double in quality and a little less than double in value.

Gum-arabic is another item which India imports from Sudan which is the world's biggest producer of this commodity accounting for 80-85 per cent of world supplies. Moreover, Sudanese gum is of superior quality. India could consider meeting its increased import demand from this source.

Sudan is an open market where almost all countries of the world are free to trade. Even after making allowance for Sudan's purchases from aid-giving countries, there is scope for increasing India's exports to that country. Competitive prices, sound business practices, vigorous salesmanship, publicity and after-sale service are fundamental requirements for an export drive in this market.

Principal Items of Exports to Sudan

(Value in Rs. lakhs)

	Unit	1960-61		1961-62		1962-63	
		Quantity	Value	Quantity	Value	Quantity	Value
1. Tea	Lakh kg.	51	266	65	315	62	220
2. Cotton piecegoods ..	Million yds.	71.9	427	49.6	272	62.8	295
3. Jute hessian cloth ..	'000 tons	1.4	25	0.5	8	1.6	31
4. Jute hessian bags ..	'000 metric tons	2.2	39	4.2	77	4	74
5. Sacking bags	" " "	6.7	109	19.5	270	14	175
6. Cotton twist and yarn ..	'000 kg.	154.3	6	3.5	0.4	..	..
7. Spices	"	469.9	13	680.4	14	655	16
8. Sandalwood	Value	..	4	..	1	..	2
9. Oil essential	'000 kg.	60	16	31	11	38	14
10. Footwear	'000 pairs	143.7	8	40.6	3	112	5
Total (including others) ..	....	..	948	..	10,30	..	9,01

ELGIN MILLS' PROFIT DECLINES AGAIN

EXPANSION AND MODERNISATION PROGRAMME WELL UNDER WAY

FOR the second successive year—that is the one ended 30th September 1963—the Elgin Mills Company Ltd. (Secretaries and Treasurers: The British India Corporation Ltd., Kanpur) has been compelled to report an erosion in its profit margin (ratio of gross profit to sales), due to factors entirely beyond its control. Sales excluding excise duty have, of course, risen in common with those of other textile units in the country, from Rs. 630.67 lakhs to Rs. 722.55 lakhs, but the profit margin has declined to 9.4 per cent from 13.5 per cent which was itself lower by 1.5 points than the 1960-61 *high* level of 15 per cent. This setback is attributed by the Directors to the considerable rise in the prices of cotton, increased labour costs and general rise in the prices of all stores, while the prices obtained for finished goods could not be increased due to the voluntary price control on cotton textiles. Moreover, substantial defence orders received from the Government have had to be executed on marginal profit to the Company. And, what was worse, in line with the general decline in exports of cotton textiles from India, there was a drop in exports sales following keen competition in foreign markets, though, fortunately, the Company exceeded the quantum prescribed under the compulsory export scheme. Whereas the cost of raw materials and stores consumed rose proportionately to sales from Rs. 372.60 lakhs to Rs. 411.55 lakhs, staff expenses increased by Rs. 20.63 lakhs to Rs. 176.30 lakhs and other expenses almost doubled from Rs. 58.68 lakhs to Rs. 104.45 lakhs.

In consonance with the reduction in gross profit and as a result of the increase from Rs. 11.27 lakhs to Rs. 14.04 lakhs in the provision for depreciation, the remuneration payable to the Secretaries and Treasurers has gone down from Rs. 3.96 lakhs to Rs. 3.23 lakhs. The provision for taxation, however, is less by Rs. 12.50 lakhs at Rs. 23 lakhs. No provision for Super Profits Tax has been found necessary on account of the large capital expenditure incurred during the year and the consequent substantial depreciation and development rebate available for the Company. On making these essential provisions, the resulting net profit is Rs. 27.48 lakhs, as against Rs. 34.61 lakhs a year ago. After adding to it the Rs. 2.21 lakhs withdrawn from past provisions and the amount brought in from the preceding accounting period, the Directors have transferred Rs. 18.09 lakhs (Rs. 21.69 lakhs), to reserves, of which Rs. 8.59 lakhs (Rs. 2.19 lakhs) have been credited to the statutory development rebate reserve. The preference dividend for the year claims, as before, Rs. 1.41 lakh and the unchanged ordinary dividend of 17.5 per cent absorbs Rs. 11.03 lakhs. The carry forward is only Rs. 5,435, as against the Rs. 89,499 brought in.

The working results of the Company for the year under review is set forth in the following comparative table with those for the past three years thrown in juxtaposition for the sake of comparison:

(In lakhs of rupees)

	For the year ended 30th September			
	1963	1962	1961	1960
Sales less excise duty	722.55	630.67	581.54	399.76
Other income	10.24	14.12	15.24	18.11
Closing stocks of finished goods	139.84	114.68	84.87	57.59
Raw materials and stores consumed	411.55	372.60	353.38	225.50
Salaries, wages and benefits ..	176.30	155.67	133.78	97.03
Other expenses	104.35	58.98	50.71	37.67
Gross profit	67.75	85.34	87.19	63.49
Remuneration to Secretaries and Treasurers	3.23	3.96	4.12	4.27
Provision for—				
Depreciation	14.04	11.27	9.57	5.65
Taxation	23.00	35.50	31.75	24.50
Net profit	27.48	34.61	41.75	29.07
Withdrawals from provisions ..	2.21	1.89	6.06	..
Expenses relating to past years.	..	2.28	0.52	..
To reserves	18.09	21.69	34.93	20.24
Dividends—				
Preference	1.41	1.41	1.41	2.34
Ordinary	11.03 (17.5%)	11.03 (17.5%)	11.03 (17.5%)	14.49 (23%)
Carry forward	0.05	0.89	0.81	0.89

Market price of ordinary shares (in rupees) :	1964	1963	1962	1961	1960
High	23.00	23.62	26.05	22.12	22.69
Low	21.56	17.00	19.09	18.37	17.00

Note.—All dividends are subject to deduction of tax. Those for 1960 relate to two years, viz. 1959 and 1960. Dividends for 1959 were declared but not paid.

It will be recalled that the Directors had informed, in their previous report, that the Company had received a licence for the installation of 12,000 spindles and that the preliminary work in this connection was then in hand. They now state that the work connected with the installation of these spindles is proceeding satisfactorily and it is hoped that these spindles will go into production by the end of September this year, that is, towards the close of the current operating year of the Company. Further, a general permission has been given by Government to all cotton textile mills in the country to install additional spindles to the extent of 7½ per cent of their existing total spindleage. Under this scheme, the Company is allowed to install a further 6,500 spindles; preliminary work in connection with this installation has already been taken in hand, besides the implementation of the programme of renovation and modernisation of mills No. 1 and No. 2 as referred to in the previous report. Since the end of the year under review, further commitments of capital expenditure amounting to Rs. 2.20 lakhs have been made. The total estimated liability on contracts remaining to be executed on capital account as at 30th September is Rs. 62.22 lakhs, as against Rs. 66.60 lakhs a year ago.

There has been no change in the paid-up share capital of the Company which stands at Rs. 78.20 lakhs. Of this, Rs. 15.20 lakhs only are in two classes of preference shares of Rs. 160 each and the balance in ordinary shares of Rs. 10 each fully paid. Reserves excluding the amount earmarked for payment of dividend aggregate Rs. 220.98 lakhs, so that the equity per share works out to slightly more than Rs. 45, as against the present market price of Rs. 21.75. Borrowings have expanded very naturally from Rs. 76.25 lakhs to Rs. 147.58 lakhs through current liabilities and provisions (including the provision for dividends) have declined somewhat to Rs. 112.26 lakhs.

The spurt in bank and other loans however, is, fully reflected in the addition of Rs. 44.38 lakhs during the year to the block account which has on that score now risen to Rs. 291.88 lakhs. On deducting therefrom Rs. 179.78 lakhs as the depreciation earned to-date, the net block works out to Rs. 112.10 lakhs, besides capital work-in-progress valued at Rs. 8.20 lakhs. Current assets and loans and advances amount to Rs. 353.26 lakhs and provide a large enough cover for current liabilities and loans put together. Investments are carried in the book at a cost of Rs. 86.46 lakhs. But a major portion of these, or Rs. 61.16 lakhs to be exact, are in shares of Shree Madhav Mills Ltd, a subsidiary which is still in voluntary liquidation. A further Rs. 23.78 lakhs are locked up as investment in Calico Processes Ltd., another subsidiary, the financial position of which too is none too sound.

The present market quotation for the Rs. 10 paid ordinary share of the Company is Rs. 21.75 *cum-div*. The net annual return on *ex-div*. basis works out to a little less than six per cent.

INDIAN INVESTMENT CENTRE'S PROGRESS GOOD

The progress made by the Indian Investment Centre during the three years to 31st December 1963 has been good. It has helped fructify 57 projects, involving a total capital outlay of Rs. 50 crores, for setting up a variety of industrial enterprises in the country in collaboration with foreign firms. Foreign equity participation in these projects is of the order of Rs. 5.50 crores. Fifteen more cases of foreign collaboration have either been submitted to the Government or are likely to be submitted shortly. In addition, 85 proposals are in varying stages of negotiation between Indian and foreign parties.

Of the 57 approved joint ventures, 31 have been from the U.S., eight from the U.K., five from Japan, four from West Germany, three from France, two each from Canada and Belgium, one from Switzerland and one from Poland for setting up a consultancy firm. Thirty-five of these projects involve both technical collaboration and financial participation, while 22 relate to technical collaboration only. They cover a very wide range of industries, from heavy earthmoving machinery, steel forgings, alloy steel and ball bearings to wood working machinery, sanitarywares, poultry equipment and naphthols and bases.

The advisory committee of industrial experts appointed by the Centre submitted two reports last year, one on raw materials for chemical and process industries and the other on machinery and machinery parts, giving valuable information on location and lags in these fields. The reports, now submitted to the Government, have been used by the Centre to draw up a list of industries in chemical and engineering fields which offer fresh investment opportunities to Indian and foreign

(*Continued on page* 297)

STORY OF PHILLIPS PETROLEUM

AS EXCITING AS OIL FIND

THE story of Phillips Petroleum Company, collaborator and 25 per cent partner in the Government-controlled Cochin Refineries Ltd., is as exciting as oil find. This Bartlesville firm in Oklahoma, U.S., started in 1917 as a producer of crude oil and natural gasoline, when holdings of oil and gas leases of two brothers—Frank and L. E. Phillips who had begun purchasing leases in 1903—had expanded to such an extent that it seemed advisable to incorporate them. A Delaware charter issued to the new company listed its assets at $3 million. There were only 27 employees, including all classifications from Frank Phillips, the president, to the "roustabouts." The Company ended 1962 with assets of $1.7 billion, net income of $107 million, and more than 25,000 employees.

The net income of the Company for 1962, however showed a setback of $6.80 million over the year, though gross income had gone up from $1.23 billion to $1.26 billion. Net income per share declined from $3.31 to $3.11. But dividends paid per share increased from $1.70 to $1.85 (the aggregate amount required for this purpose rising from $58.40 million to $63.60 million) and favourably compared with $1.20 paid for 1952, which is the adjusted comparative rate after a two-for-one stock split in 1956. The addition to the earnings employed in the business was $43.35 million to $747.29 million in 1962, as against $55.37 million to $703.94 million in 1961. Inclusive of these earnings, the total capital base stood at $1.21 billion on 31st December 1962, as against $1.16 billion a year before. Capital expenditure during 1962 was $156.30 million and long-term debt at the end of the year (including amount due within one year) was $240.10 million, as against $131.90 million and $260.40 million, respectively, in 1961. Total assets showed an increase of $49 million in 1962. On the operations side, crude oil and natural gas liquids produced—in net barrels daily—improved from 285,000 in 1961 to 298,000 in 1962, and so did crude oil refined from 238,000 to 263,000 and petroleum products sold from 423,000 to 472,000, but natural gas sold or consumed—in cubic feet daily—suffered a setback from 2,843 million to 2,609 million.

Phillips is the leader in at least seven rapidly growing aspects of the oil industry and occupies a unique position in others. It leads the petroleum industry as a producer of natural gas liquids, seller of natural gas, producer-marketer of liquefied petroleum gases, manufacturer of polyolefin plastics and nitrogen fertilisers, supplier of raw materials to the rubber industry and in atomic energy activities. It is ranked near the top among oil companies. Its reserves of crude oil, condensates and natural gas liquids are high in relation to its size. It has probably the most diversified line of products of any oil company, including crude oil, natural gas, natural gasoline, motor fuels, lubricating oils, aviation gasoline, jet fuels, diesel oils, liquefied petroleum gases, synthetic rubber, ammonia, nitrogen fertilisers, furnace carbon black, butadiene, ethylene, benezene, solvents, plastics and materials for synthetic fibres.

This growth of Phillips in 45 years from a small producing company to one of America's most diversified petroleum companies has been attained in three stages, the first up to 1926 which saw expansion of reserves and production, the second up to 1938 when diversification, integration and further expansion occurred, and the third since the War which has seen fast expansion under the leadership of Mr. K. S. Adams.

The success of its engineers and chemists had pushed Phillips into first place as producer of natural gas liquids within seven years of its coming into being. In 1925, a few leases were acquired in the Texas Panhandle, an area which eventually marked one of the great chapters in the Company's advancement. Today, its activities—centred around Phillips, Texas (named after Frank Phillips)—embrace all the four stages of integration in the oil business —production, transportation, manufacturing and marketing. The Alamo refinery, located north of Borger, Texas, was purchased by Phillips in 1927. In 1930, Phillips acquired the assets of the Independent Oil and Gas Company, a merger which added extensive properties strategically located for broadening the Company's position in the industry. The post-war growth rates of natural gas and petrochemicals industries touched off a chain reaction of Phillips projects which not only had to be superimposed upon normal expansion in the more conventional petroleum segment of the Company's business but required much added expansion. In the ten years following the War, Phillips grew faster than any of America's largest oil companies. The growth has followed the Company's many pioneering advancements, with an aggressive research and development programme. The 4,270 active U.S. patents owned by Phillips at the end of 1962 ranked it second in the oil industry and ninth among all American industrial corporations. It also owned 1,993 patents in other countries.

In the 1940's, Phillips began searching for oil and gas in other countries and now has interests in large reserves in Venezuela, Canada and the Middle East. In 1957, it participated in acquisition of new Venezuelan concessions, part of them in Lake Maracaibo, one of the world's most prolific oil producing regions. The Company's net crude and gas liquids production in Venezuela in 1962 averaged 35,900 net barrels daily. It has interests also in large exploration permits in the Algerian Sahara, where four large gas-condensate fields were discovered in 1960 and 1961 and an important oil discovery was made early in 1963. Oil was also found in one of the several extensive concessions in Libya in 1962. Besides, the Company is exploring for oil and gas in British Honduras, Spain and Australia.

The association of Phillips Petroleum with the Cochin Refineries Ltd. marks its entry in the field of oil in India and follows its collaboration with Phillips Carbon Black Ltd. for manufacturing carbon black and relative by-products. Cochin Refineries has an authorised capital of Rs. 15 crores in equity shares of Rs. 100 each. It is issuing a capital of Rs. 700 lakhs, of which Rs. 357 lakhs (51 per cent) will be taken up by the Government of India, Rs. 175 lakhs (25 per cent) by Phillips Petroleum, Rs. 14 lakhs (2 per cent) by Duncan Brothers and Company Ltd., and Rs. 50 lakhs by Kerala Government, Rs. 46 lakhs by the L.I.C.; the balance of Rs. 58 lakhs are now offered to the public. The public issue has not been underwritten, but Phillips has agreed to take up, without charging any commission, any shares that are not subscribed to by the public. Subscription lists will open on Monday the 24th inst. and close on the 27th inst.

The refinery will have an initial capacity of 2.5 million tons, but it is designed to go up to about 3 million tons per annum. It is expected to go on stream in the fall of 1965 and reach full capacity by the end of that year. The entire project is estimated to cost Rs. 22.75 crores.

NEW STANDARD ENGINEERING CO., LTD.

A capital goods licence worth Rs. 41.63 lakhs —the highest value so far for the Company—has been obtained by the New Standard Engineering Company Ltd. for purchasing machinery and equipment for its foundry and machine shop from the Polish firm of Cekop on rupee payment. Seventy per cent of the cost will be paid on a deferred basis, on which interest will be charged at 4.50 per cent per annum. For raising a part of the necessary funds, the Directors have made the first call of Rs. 25 per share, payable before 31st March 1964, on the 25,000 new shares of Rs. 100 each, which were issued as right shares at a premium of Rs. 20 per share in November 1962 and on which Rs. 45 (including the premium of Rs. 20) were paid per share by 31st March 1963.

The first consignment of the new machinery, which included 50-ton cranes and sand reconditioning plants, will arrive next month and the total shipments will be completed during the year. The installation of this machinery will raise the capacity of the Company's new foundry to 30,000 tons of grey iron castings per annum and place the Company among the few manufacturers in the country who make 30-ton single castings.

(Concluded from next column)

of one-for-five. This offer of rights was made on 31st August 1963 for cash at par. With this issue, the total issued and subscribed capital amounts to Rs. 60 lakhs, as against the balance sheet figure of Rs. 49.97 lakhs, which is backed by Rs. 16.12 lakhs in reserves and surplus. Borrowings, including Rs. 79.23 lakhs shown under secured loans, amount to Rs. 82.62 lakhs and, together with current liabilities and provisions, bring the total indebtedness to outsiders to Rs. 117.50 lakhs. As against this, current assets, book debts and investments aggregate Rs. 145.96 lakhs. The gross block, which expanded during the year from Rs. 49.16 lakhs to Rs. 55.92 lakhs, has been written down to Rs. 37.04 lakhs.

Currently, the Rs. 100 fully paid ordinary shares of the Company are quoted at Rs. 118 cum-div. and offer a net yield of 6.3 per cent per annum.

PAPER PRODUCTS' PROFIT LOWER

BUT PROSPECTS BETTER

UNLIKE 1961-62, the year ended 31st July 1963 has proved unexciting for the Paper Products Ltd. (Chairman and Managing Director: Mr. Sardari Lal Talwar, New Delhi). Its net proceeds of sales (that is, excluding freight, discount, rebate, etc.) which had risen by Rs. 37.13 lakhs to Rs. 150.54 lakhs in 1961-62 have edged up by only Rs. 2.53 lakhs to Rs. 153.07 lakhs during the year under review. Gross profit, at Rs. 18.01 lakhs, is actually lower by Rs. 3.83 lakhs over the year. This setback contrasts with the improvement of Rs. 6.18 lakhs registered in the previous year. Taxation has claimed Rs. 8.16 lakhs (including Rs. 1.27 lakh for S.P.T. in respect of the previous year), as against Rs. 9 lakhs a year before, and depreciation has absorbed Rs. 4.32 lakhs, as against Rs. 3.91 lakhs.

Net profit, after these provisions, amounts to Rs. 5.56 lakhs, that is, Rs. 3.37 lakhs lower than in the previous year. Because of this setback in net profit both the amount transferred to reserves and the rate of dividend have been adversely affected. The appropriation to reserves amounts to only Rs. 65,140, as against Rs. 3.70 lakhs a year before. The rate of dividend on the 100-rupee shares has been reduced further from 18 per cent to 10 per cent per annum, subject to tax. Another reason for the cut in the dividend is the fact that the 16,000 new equity shares of Rs. 100 each which had been offered to the public for cash at par in the previous year are eligible for dividend on a *pro rata* basis for almost the whole of the year under review. In view of this, the aggregate amount to be distributed to shareholders by way of dividend has dropped only slightly from Rs. 5.22 lakhs to Rs. 4.90 lakhs.

The Company's progress in 1962-63 is compared in the table below:

(In lakhs of rupees)

	For the year ended 31st July		
	1963	1962	1961
Sales, less freight, discount and rebate	153.07	150.54	113.41
Other income	0.10	0.06	0.11
Closing stock	9.45	11.08	8.84
Raw material consumed	101.78	100.55	74.86
Staff expenses	12.69	11.35	7.48
Other expenses	19.05	19.09	16.04
Gross profit	18.01	21.84	15.66
Depreciation	4.32	3.91	3.47
Taxation	8.16	9.00	4.98
Net profit	5.56	8.93	7.21
To reserves	0.65	3.70	3.65
Dividend	4.90	5.22	3.84
	(10%)	(18%)	(24%)
Carry forward	..	0.03	0.01

Equity shares' market value (in rupees):	1963	1962	1961
High	126.00	..	..
Low	109.00 XR	..	..

The dislocation in the market caused by the Chinese aggression and delay in deliveries of raw materials from indigenous sources and also in the grant of licences for imported raw materials are the factors, according to the Directors, which hampered the growth in sales during the year. Profit has been affected by increased production costs, without there having been a corresponding increase in sales.

Sales during the current year are said to be experiencing some improvement. The Company has also been making efforts to develop export markets in the Middle East, East Africa and South East Asia. The commissioning into production of the paper mill at Roha (near Bombay) in January last is expected to strengthen the position in regard to the supply of the main raw material which, in turn, is likely to reflect better results. The Government has approved of the Company's scheme for expanding the manufacturing facilities at its Thana plant to cover new lines, such as printing and conversion of cellulose and plastic films, waxed papers and laminates thereof. The capacity envisaged for these items is 6,600 tons per annum. Another proposal from the Company for manufacturing greaseproof and glassine papers in the paper mill at Roha has also been approved by the Government.

During the year, the authorised capital of the Company was doubled to Rs. 1 crore by the creation of another 50,000 equity shares of Rs. 100 each. Since the close of the year, the Company has allotted a further 10,000 equity shares to the existing shareholders on the basis

(Continued in previous column)

SYNOPSES OF COMPANY REPORTS

Empire Jute Co., Ltd.

(*Managing Agents*: Messrs. McLeod and Co., Ltd., Calcutta.)

Annual General Meeting—29th February 1964.

Working Results:

	For the year ended 31st July (In thousand rupees)	
	1963	1962
Sales of gunnies and jute caddis	1,78,11	1,61,54
,, loom hours	2	13
Closing stocks	37.15	32.98
Gross profit	20.58	12.07
To Managing Agents' remuneration	1.57	88
Transfer to depreciation	3.87	3.55
,, provision for taxation	9.40*	4.80
Net profit	5.74	2.84
Excess provisions written back	Nil	25
Refund of income-tax	81	Nil
Provision for doubtful debts written back	6	Nil
Appropriations:		
Transfer to development rebate reserve	51	39
,, general reserve	2.50	Nil
Proposed dividends (taxable) preference	91	91
ordinary	2.25 (15%)	1.88 (12½%)
Carry forward	85	40

Market value of ordinary shares (in rupees):	1964	1963	1962
High	16.00	18.25	20.00
Low	10.00	14.00	14.31

* This includes Rs. 1,05,743 for super profits tax.

Extracts from the Directors' report: The Company's Mill continued to work in accordance with the working time agreement of the Indian Jute Mills Association whereby the 5 per cent sealed loomage was discontinued as from 23rd December 1962 and working hours of the registered complement were increased from 48 to 49 per week with effect from 17th June 1963. The actual number of looms in operation varied with purchases of loom hours by the Company and on an average during the year under rev ew 340 looms worked in double shift 96 hours per week. Due to power cuts, working hours had repeatedly to be adjusted but despite this only a total of 7¼ working hours was lost due to sudden load-shedding.

Modernisation of Mill machinery cont'nued and 1 *Finisher Drawing* and 5 *Sacking Weft Sliver Spinning Frames* were installed.

There was an industrial disput'e regarding rationalisation and workload of the Preparatory Department which resulted in favour of the Company o'herwise Labour relations were satisfactory.

With the Pakistan Jute Industry making further inroads into the world's markets and the slackening of foreign demand there has been lower prices for goods and with these factors, together wi'h the implementa'ion of the recommendations of the Jute Wage Board, it is not anticipated that the outlook for the current year will be so satisfactory.

Accounts in brief as at 31st July 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	25,00,000	Gross block	1,21,66,078
5% debentures	8,80,970	—Depreciation	86,25,776
Reserves and surplus	43,06,305		
Other liabilities	65,27,255	Net block	35,41,202
		Block in progress	5,93,000
		Current assets	91,28,014
		Investments	7,26,534
		Cash	2,29,200
	Rs. 1,42,19,050		Rs. 1,42,19,050

* Paid-up capital consists of 10,000—7 per cent. cumulative preference shares of Rs. 100 each and 1,50,000 ordinary shares of Rs. 10 each.

Presidency Jute Mills Co., Ltd.

(*Secretaries and Treasurers*: Messrs. McLeod and Co., Ltd., Calcutta.)

Annual General Meeting—29th February 1964.

Working Results:

	For the year ended 31st July (In thousand rupees)	
	1963	1962
Sales of gunnies manufactured	1,25,50	1,31,60
,, ,, ,, purchased	15,37	6.90
,, ,, jute	3	62
,, ,, loom hours	16	67
Closing stocks	22.30	21.33
Gross profit	10.02	10.03
To Secretaries' and Treasurers' remuneration	59	61
Transfer to depreciation	2.73	2.77
,, provision for taxation	4.70*	3.55
Net profit	3.30	3.99
Excess provisions written back	4	1
Appropriations:		
Transfer to development rebate reserve	4	17
,, general reserve	1.00	1.00
Proposed dividend (taxable) ordinary	2.50 (10%)	2.50 (10%)
Carry forward	17	37

Market value of ordinary shares (in rupees):	1964	1963	1962
High	5 50	5 87	6 56
Low	5.12	4 25	4.65

* Includes Rs. 18,000 in respect of the previous year.

Extracts from the Directors' report: During the year, the hours of work remained constant but the number of looms in operation varied with the purchase of loom hours by the Company and in accordance with the working time agreement of the Indian Jute Mills Association. The 5 per cent sealed loomage was discon'inued on the 23rd December and working hours of the registered complement were increased from 48 to 49 per week with effect from the 17th June 1963. An average of 235 looms worked in doub'e shift 93 hours per week during the year under rev'ew and at the time of writing 284 looms are so working.

Due to power cuts, working hours had repeatedly to be adjusted but despite this only a total of 11 working hours was lost due to sudden load-shedding.

Modernisation of Mill machinery is to continue but during the year only one *Sacking Weft Sliver Spinning Frame* was installed. Orders for a further 3 *Sacking Weft Drawing Frames* and 5 *Sacking Weft Spinning Frames* have been placed with Messrs. James Mackie and Sons Ltd.

Labour relations were satisfactory and a few minor disputes were settled at b.-partite level. The Apprentices Act, 1961 has been imp.emented and amendmen's to several other Acts have given more favourable conditions to certain employees.

Trading conditions were favourable throughout the year but foreign demand has since slackened and the ou'look for the current year is not expected to be so satisfactory especially with lower pr'ces for goods and increases in workers wages by implementing the recommendations of the Jute Wage Board.

Accounts in brief as at 31st July 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	25,00,000	Gross block	1,08,88,905
Reserves and surplus	13,32,057	—Depreciation	84,46,448
Other liabilities	64,53,125		
		Net block	24,42,457
		Current assets	60,16,893
		Investments	0,11,915
		Cash	2,64,512
	Rs. 93,35,782		Rs. 93,35,782

* Paid-up capital consists of 5,00,000 ordinary shares of Rs. 5 each fully paid in cash.

Gwalior Sugar Co., Ltd.

(*Managing Agents*: Sir J. P. Srivastava and Sons (Madhya Bharat) Private Ltd.)

Annual General Meeting—Dabra—29th February 1964.

Working Results:

	For the year ended 30th June (In thousand rupees)	
	1963	1962
Sales—sugar	1,14.21	94.70
,, —molasses	25	49
Closing stock	33.52	57.07
Gross profit	4.39	2.22
To Managing Agents' remuneration	50	50
Transfer to depreciation	1.47	1.38
,, provision for taxation	58	33
Net profit	1.34	1
Transfer from dividend equalisation reserve	Nil	91
Appropriations:		
Transfer to development rebate reserve	39	Nil
To additional price payable to cane growers	1.50	Nil
Proposed dividends (taxable) R.C. preference	Nil	52
,, ,, C. preference	Nil	39
,, ,, ordinary	Nil	Nil
Carry forward	5	10

Extracts from the Directors' report: The total quantity of cane crushed during the year was 8,14,734.95 quintals (21,82,871.47 maunds) as against 10,82,134.10 quintals (28,99,288 maunds) in the previous year. Although the availability of cane for crushing, and therefore the ou'put, was considerably reduced as compared to the previous year, the recovery showed a marked improvement from 8.88 per cent of the previous year to 9.62 per cent during the season.

This Company has been actively pursuing the various representations that have been made to the Sta'e Government for adequate rel'ef from Sugarcane Cess/Purchase Tax. The State Government has now taken a more sympathetic view of the Company's case for relief in this behalf and has accorded a remission of Rs. 52,906.14 in the liability for cess for the year 1960-61. The Directors also note with satisfaction that as a result of renewed representations the Government has allowed the Company some time within which to make payments of the cess liability admitted by the Company.

With effect from 17-4-1963 the Central Government fixed a price of Rs. 108.95 nP per quintal for IST grade D. 29 for Madhya Pradesh Sugar Fac'ories. This price was substantially lower than the price of Rs. 112.23 nP per quintal allowed in January 1961 on a voluntary basis, and the higher sell'ng prices realised in the earlier months of the season. It is regretted that despite the industry's representation based on cogent reasons, the Central Government declined to increase the unremunerative price fixed for the production of the year and ignored the increased cost of produc'ion, higher cane transportation charges and the incidence of Cess, obta'ning in the State of Madhya Pradesh. The low price fixed for the sugar sold after 17-4-1963 resulted in a substantially lower rea'isation from sales and has appreciably reduced the profits of the year.

In the accounts of the year under review the loss reflected on sugar delivered for export amount'ed to Rs. 2,79,972.00 against Rs. 4,01,720.00 in the prev.ous year.

The Directors have to report that satisfactory progress has been maintained in the implementation of the scheme for expansion of the factory capacity.

The cultivators' cane crop in the Cane zones of the factory has also suffered very greatly because of failure of rains in 1962 and almost the entire crop has been wiped out. The Company's factory is, therefore, faced with a grave and difficult position in the season 1963-64 and there is little prospect that there will be sufficient quantity of cane available even for minimum crushing to permit factory working during the current year.

Accounts in brief as at 30th June 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	27,08,900	Gross block	51,55,816
Reserves and surplus	13,90,770	—Depreciation	35,39,060
Other liabilities	55,81,438		
		Net block	16,16,756
		Block in progress	7,24,810
		Current assets	54,60,127
		Investments	13,60,000
		Cash	5,70,415
	Rs. 97,41,103		Rs. 97,41,103

* Paid-up capital consists of 15,939 equity shares of Rs. 100 each; 6,750—7 per cent. redeemable cumulative preference shares of Rs. 100 each and 5,000—7 per cent. cumulative preference shares of Rs. 100 each.

South Karanpura Coal Co., Ltd.

(*Secretaries and Treasurers*: Messrs. Bird & Co., (Private) Ltd., Calcutta.

Annual General Meeting—28th February 1964.

Working Results:

	For the year ended 31st August (In thousand rupees)	
	1963	1962
Sales	48.27	42.54
Closing stock	1.11	1.40
Gross profit	5.26	4.08
To Secretaries and Treasurers' commission	24	15
Transfer to depreciation	1.80	1.87
,, provision for taxation	1.05	20
Net profit	2.17	2.46
Appropriations:		
Transfer to statutory development rebate reserve	1.33	89
,, general reserve	40	Nil
Proposed dividend (taxable) ordinary	44	Nil
	(2½%)	(Nil)
Carry forward	3	3

Market value of ordinary shares (in rupees):	1964	1963	1962
High	8.50	10.12	12.81
Low	8.50	6.87	8.31

Extracts from the Directors' report: Raising and Despatches: 218,160 tonnes of coal were raised and 220,693 tonnes despatched compared with 208,133 tonnes raised and 206,787 tonnes despatched during the previous year.

Transport: The improvement in transport briefly reported last year, has been maintained throughout the year as a result of which pit head stocks were considerably reduced.

World Bank: Ninety per cent of the equipment ordered from overseas against the World Bank Loan, has been received. The balance should arrive during the next two to three months.

Accounts in brief as at 31st August 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	17,50,000	Gross block	57,60,323
Reserves and surplus	11,80,057	—Depreciation	25,84,592
Other liabilities	26,77,745		
		Net block	31,75 731
		Block in progress	25,040
		Current assets	23,67 357
		Investments	32,220
		Cash	4,514
	Rs. 56,07,802		Rs. 56,07,802

* Paid-up capital consists of 1,75,000 ordinary shares of Rs. 10 each.

COMPANY AFFAIRS

(Concluded from page 295)

entrepreneurs. The list is under the Government's consideration. The Centre has also initiated two industrial surveys, one on machine tools in co-operation with the National Council of Applied Economic Research and the other on process control and mechanical measuring instruments in co-operation with the technical wing of the National Industrial Development Corporation. Both these surveys are likely to be completed by April next. These surveys will determine the specific items which need to be produced in the country as early as possible. More surveys on these lines are expected to be initiated this year.

Publicity and information have not been neglected by the Centre. It has published by now six industrial fact sheets on high priority industries, namely, steel castings, steel forgings, ball bearings, HT and LT insulators, industrial furnaces and printing machinery, and has some more of them under preparation. Its *Monthly Newsletter*, delayed because of the emergency, has started appearing from this year. Its New York office has been doing some good publicity and considerable spadework has been done for promoting greater participation by American interests in India's industrial development.

One of the outstanding activities of the Centre is to hold seminars. These are attended by a large number of American businessmen who pay $120-125 each to find out for themselves facts and figures about the Indian economy from top executives of American firms which already have collaboration arrangements with entrepreneurs in this country as well as from some leading Indian spokesmen who address the seminars. The question of opening an office in Europe has been considered by the Centre for quite some time. Some definite progress in that direction was made last year after its technical adviser, Mr. J. P. Bourdrez, visited the Continent. He has favoured Brussels as the ideal place for a European office because of its being the "capital" of the E.E.C. In the alternative, he has recommended that two offices may be opened, one at Frankfurt and the other at Paris. The matter has been taken up with the Government.

Notice

ESCORTS LIMITED

26, Faiz Bazar, Delhi-6

FINAL CALL NOTICE

THE BOARD OF DIRECTORS IN THEIR meeting held on 24th January, 1964 have decided to call the balance sum of Rs. 2 per share on 5,60,000 Equity Right shares of Rs. 10 each allotted on 27th January, 1962 thus making the shares fully paid up with effect from 1st May, 1964. Notices to shareholders are under despatch. The amount is payable upto 30th April, 1964, either by a Demand Draft or cheque drawn on a Delhi or New Delhi bank or by Money Order to the Company's Bankers, the National and Grindlays Bank Limited, H-Block, Connaught Circus, New Delhi. **No amount is to be sent to the Company direct.** Interest at the rate of 9 per cent per annum shall be chargeable with effect from 1st May, 1964 on all amounts remaining unpaid in terms of this call till the date of actual payment.

By Order of the Board,

P. L. JAITLY,
Secretary.

February 10, 1964.

NEWS IN BRIEF

THE Annual General Meeting of the Indian Jute Mills Association will be held at Calcutta on 20th March, next.

The State-owned Shipping Corporation of India has placed orders for the construction of four 13,400-ton coal carriers with a Yugoslav shipyard.

As many as 1,758 engineering graduates were seeking work through employment exchanges at the end of December last.

The Mahalanobis Committee on the distribution of National income is expected to be placed before Parliament during the current session. The Committee will be submitting its report before the end of this month.

In a bid to stimulate exports of lemongrass oil, of which stocks are accumulating, the Union Government has decided to do away with the system of fixing statutory floor prices for the export.

A two-member delegation sponsored by the Marine Products Export Promotion Council left for Burma, Hong Kong and Singapore on a two-week tour, to explore the possibilities of boosting exports of Indian dried prawns and fish.

The Central Government has sent copies of the Bonus Commission's report to all State Governments, according to Mr. R. K. Malaviya, Union Deputy Minister for Labour and Employment. A decision would be taken on the report only after receiving the views of these Governments.

The existing mechanised cargo handling facilities in the major ports such as fork lifts, tractors, mobile cranes and jitney motors, are being augmented according to requirements. The possibilities of providing modernised bulk handling equipment at different ports are also under the active consideration of the Government of India.

During the calendar year 1963, India imported from Russia goods worth Rs. 58.16 crores and exported to it goods valued at Rs. 48.57 crores. The main items of imports were equipments of power, elecricity, construction earth-moving, drilling and geological prospecting and machine tools.

It is reported that the Government of India has asked the Tariff Commission to enquire into indigenous synthetic rubber prices, following a representation from the Indian Rubber Industries Association regarding the high prices of SR. The current prices per kg. are Rs. 4.05 for S.B.R. and Rs. 3.75 for oil-extended S.B.R.

The Union Ministry of Petroleum and Chemicals has proposed the name of Dr. V. K. R.V. Rao, a member of the Planning Commission, to mediate in the dispute between the Oil and Natural Gas Commission and the Gujarat Government. The Gujarat Government has agreed to his being the arbitrator.

The Central Government is understood to have decided to appoint a second wage board for the textile industry. It is said that the Union Labour Ministry has already selected the Chairman and other preliminaries such as composition of the Board and terms of reference are being finalised.

A Corporation with an initial capital of Rs. 5 crores to take a sizable share of all new steel work construction in the public sector, is being formed. It will support the available contract ability in the country, reduce construction costs and conserve skills in the specialised fields of steel work construction.

The Public sector Barauni refinery is expected to go into production by April or May next, according to Prof. Humayun Kabir, Union Minister for Petroleum and Chemicals. Of the total production target of 30 million tons, 20 to 22 million tons of oil are to be produced in the public sector refineries. At present, public sector produces only one million tons of oil and the contribution of private sector is eight million tons.

The Minerals and Metals Trading Corporation has concluded agreements with the Governments of Czechoslovakia and East Germany for the sale of 30,000 tons of iron ore valued at Rs. 8.31 lakhs and 10,000 tons valued at Rs. 4.86 lakhs, respectively. The Corporation also signed a contract for the sale of 170,000 tons of iron ore to Rumania.

The Sub-committee appointed to go into the question of high production cost in Kolar Gold Mines has recommended the amalgamation of two of the three mines and Centralisation of purchases, certain workshop, civil engineering and sanitary services. It has also recommended a voluntary retirement scheme with normal retirement benefits, alternative employment near about the Kolar Gold Fields to as many workers as possible and phased retrenchment of the remaining surplus workmen.

The National Live Stock Committee is being dissolved, following the decision of the Union Government to entrust the functions relating to the organisation of All-India and Regional Cattle shows to the Indian Council of Agricultural Research, and to transfer to the State Directorates of Animal Husbandry functions relating to the purchase of livestock for export to foreign countries. The entire staff as well as the entire assets and liabilities of the aforesaid committee will be taken over by the I.C.A.R.

The overall demand in the country for scooters, motor vehicles, three-wheelers and mopeds is estimated at 60,000 per annum by 1965-66. Production of these vehicles has been steadily going up in recent years—it came to 26,579 units in 1963, as compared with 25,040 in 1962. According to the Union Minister for Steel, Mines and Heavy Engineering, between 35,000 and 40,000 vehicles in this category are expected to be produced in 1964.

A foreign exchange credit of Rs. 14 crores has been sanctioned by the Union Government for the proposed Rs. 33-crore fertiliser and chemical complex of the Gujarat State Fertiliser Company. The credit is expected to be made available from out of the Japanese and French loan commitments under the Aid India consortium. The Company is expected to enter the capital market towards the end of April next to raise Rs. 15 crores (Rs. 12 crores in equity and Rs. 3 crores in preference capital). The State Government will be a minority partner with a contribution of Rs. 7.35 crores. The State Government and the directors have already subscribed Rs. 2 crores.

A new series of Rs. 1,000 and Rs. 5 Reserve Bank of India notes will be issued shortly. While the design will remain unchanged, the new notes will bear the signature of the present Governor, Mr. P. C. Bhattacharyya and also the authentic renderings of the value in 14 Indian languages on the reverse. Some minor changes have also been incorporated on the reverse. Except for these changes, the new notes will, in all other respects, be similar to the existing ones. Notes with the emblem of Asoka Pillar and bearing the signature of Mr. H. V. R. Iengar or Mr. B. Rama Rau will continue to be legal tender.

The production of sugar in the current season upto 7th February 1964 was 15.27 lakh tonnes, as against 13.23 lakh tonnes, 12.13 lakh tonnes and 13.86 lakh tonnes, in the corresponding periods of 1962-63, 1961-62 and 1960-61, respectively. This information was given in the Rajya Sabha on Monday this week by the Union Minister for Food, Mr. A. M. Thomas. Regarding the expectation of sugar output during the current season, Mr. Thomas said that the season was still on and it was difficult to give at this stage any precise estimate of production during the whole of the season. There was no proposal, he stated, to increase the minimum price of cane.

The discovery of gas in the second test well at Bogapani and the selection of a site for a third test well near Namrup in Upper Assam are the highlights of the exploratory drilling undertaken by Oil India Limited under a Rs. 2-crore programme which will continue throughout 1964 and 1965 in its exploration licence areas in Dum Duma, upper Assam and Ningru, N.E.F.A. The first test well at Tinali, however, has been abandoned as a dry ho'e. Oil India plans to drill at least four more test wells in 1964-65 in these areas. Seismic surveys, which were resumed in September 1963 after the monsoon, have already covered most of the Dum Duma area and the party will be moving soon into the Ningru concession in N.E.F.A.

The Posts and Telegraphs Department has formulated a new scheme, extending the payment of overtime allowance to several additional categories of employees. The new scheme, which will come into force from the 1st of next month, provides for the grant of overtime allowance to staff in post offices, mail-motor organisation, call-duty staff in the engineering branch like sub-inspectors, line-men etc., supervisory staff other than gazette officers and staff in divisional and administrative offices who were hitherto not entitled to such allowance. As a result of the introduction of the new rules, more than 100,000 employees will become eligible for overtime allowance. For working on Sundays, weekly off-days and holidays, overtime at higher rates has been provided for. The overtime rate for postmen for working on holidays will be doubled from Re. 1 to Rs. 2. The new rules provide that the maximum limit of overtime in any employee's case in a month should not normally exceed 70 hours.

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From Abroad

A Pakistan Trade delegation is to leave for Malaysia shortly to explore the possibilities of selling Pakistan cotton and setting up a jute mill in Malaysia.

The number of working days lost in Switzerland as a result of strikes in 1963 was 70,700 as against only 1,386 in 1962. This is the highest figure since 1947. It is also stated that in no year since 1954 have losses of man-days amounted to much more than 2,000 days.

The Indonesian People's Industry Ministry has assumed control over the Anglo-Dutch Unilever Company, following the bid of the Communist-dominated workers' Association to take over the Company last month. Most British and semi-British estate holdings in Indonesia are also now under a degree of Government supervision.

The Thyssen-Huette, one of the big steel companies in West Germany, has now acquired majority interest in the Phoenix Rheinrohr, its sister steel concern. With this acquisition, the Company has now become the largest steel unit in Germany and one of the biggest in Europe. Now the two companies will have a production programme covering almost the full range of rolled products.

The Toyo Rayon Company of Japan and the B.X. Plastics of Britain have concluded an agreement under which the British firm will provide technical 'know-how' and build a £1.58-million polystyrene plant at Iwakuni in Western Japan. The plant will have a production capacity of about 17,000 tons of polystyrene per annum. It is expected to be completed by March 1965. The engineering work for the plant will be carried out by the Power Gas Corporation.

The Bank of England is contemplating to split its Central Banking Information Department into two separate departments with effect from the beginning of next month. One of them, called the Overseas Department, will look after overseas matters and exchange control, while the other, called the Economic Intelligence Department, will deal with the Bank's economic services, including the preparation of the *Quarterly Bulletin*.

Oil companies operating in Sahara will not be allowed to transfer cash from Algeria without prior approval, according to Mr. Bachir Boumaza, Algerian Minister for Economic Affairs. Negotiations on the issue are going ahead with the Government of France, which is the majority shareholder in most of the oil companies. Last year, legislation was passed restricting all cash transfers to France, but it has not yet been applied to oil companies.

The construction work of Canada's heavy water plant at Glace Bay in Nova Scotia is expected to start on 1st July next and production by 1st July 1966. An agreement covering the project has been reached between the Deuterium of Canada and the Crown-owned Atomic Energy of Canada. The capacity of the plant is put at 200 tons per annum. Much of the initial financing of the plant estimated to cost about $30 million will be provided by the Nova Scotia Government-owned Industrial Estates.

Kenya has become a member of the International Monetary Fund, the World Bank, the International Finance Corporation and the International Development Association. Kenya's quota in the Fund is placed at $25 million, its subscription to the capital stock of the World Bank is 333 shares with a total par value of $33.3 million, its subscription to the capital stock of I.F.C. is $184,000; and its subscription to the resources of the I.D.A. is $1.68 million.

A comparison of per-hour costs of industrial labour in the Common Market nations (including wages, employer's contribution to social security and other compulsory or voluntary social benefits) shows that, inspite of steep rises in wages in France and Italy last year, costs remain highest in West Germany. The actual cost per worker-hour in 1963 (in DM) was 5.10 in West Germany, 4.50 in France, 4.20 in Belgium, 4.00 in Italy and 3.65 in the Netherlands.

Foreign exchange earnings from tourism in Norway, not including transportation income, will probably total £25.3 million, marking an actual increase of £3.7 million over the previous year. As the annual increase in the period 1957-62 averaged £1.88 million, tourist income has thus been doubled in six years. Foreign visitors also spend a lot of money on travel in Norway. According to the Travel Association estimates this transportation income rose to £4.9 million last year. On the basis of official figures income from tourism should be close to £30.25 million. Adding non-classified foreign exchange earnings, which in large measure are connected with travel, last year's total tourist income was nearly £35 million.

A co-operative fund of solidarity has been set up in Prague at the Central Council of Co-operatives with the objective of helping to consolidate co-operation with co-operatives in the developing countries. The new office will subsist on voluntary contributions by Czechoslovak co-operatives. Among its activities will be the publication of foreign-language literature, organisation of seminars, schooling, etc. It will also provide for ten three-and-a-half year scholarships in Czechoslovakia for students of Algeria, Mali, Morocco, Tunisia and Cambodia. During the year 1963, Czechoslovak co-operatives sponsored visits by 217 persons of the emerging countries. Nearly 100 studied the organisation and activities of co-operatives for three to six months periods, 30 attended an international seminar on co-operative planning and 15 scholarship-holders are studying at colleges and vocational schools in the country.

PERSONAL

MR. Maneck Dalal, Regional Manager for Air-India in Britain, has been elected Chairman of the Foreign Airlines' Committee.

Dr. Guenter Drath of Krupp-Industriebau, Essen, has assumed charge as the General Superintendent of the Rourkela Steelworks.

Mr. S. K. Handoo has been appointed Chairman of the Board of Directors of the General Electric Company of India Private Ltd.

Mr. C. R. Kamani of Kamani Metallic Oxides Ltd. and Mr. S. S. K. Gosh have been elected President and Vice-President, respectively, of the Indian Zinc Oxides Manufacturers' Association for the year 1963-64.

Mr. John B. Hanna has taken over charge as the Managing Director of Esso Standard Refining Company of India, Ltd., vice Mr. Jesse C. Howard who has been appointed President of the P.T. Stanvac, Indonesia.

Mr. H. T. Parekh, General Manager of the Industrial Credit and Investment Corporation of India Ltd., has left for Caracas (Venezuela) to attend the first International Meeting of Financial Institutions for Development which began on the 17th inst. under the auspices of the Corporation Venezolana de Fomento.

TREND OF MARKETS

STRINGENCY IN MONEY PERSISTS

(From Our Own Correspondent)

BOMBAY, 19th *February*

That the short-term money market continues to rule stringent is not surprising at all. With the busy season in full swing, there is persistent pressure of demand for credit from industry and trade. But the supply of floating funds is rather tight. And so the borrowers in the inter-bank section are finding it difficult to obtain their requirements except by paying high interest charges. The inter-bank call rate for both renewals and fresh money, as a consequence, continues to be maintained at the peak level of 6 per cent. Conditions at Calcutta are also equally stringent, the call rate standing throughout at the same level.

The rate of interest for short-term deposits, however, remain unchanged at the ceilings prescribed under the inter-bank agreement. There is no move among banks to alter them. For purposes of ready reference, the ceilings are quoted below:

(*a*) Category I (banks with deposits above Rs. 50 crores and exchange banks): 3 to 30 days (inclusive) 3 per cent, 31 to 60 days (inclusive) 3½ per cent, 61 to 90 days (inclusive) 3¾ per cent, 91 days and over but less than 12 months 3¾ per cent, 12 months 4 per cent.

(*b*) Category II (banks with deposits of more than Rs. 10 crores but upto and including Rs. 50 crores): ¼ per cent higher than the rates for Category I.

(*c*) Category III (banks with deposits of more than Rs. 10 crores but upto and including Rs. 25 crores): ¼ per cent higher than the rates for Category I.

Thanks to the prevailing tight money conditions, the 91-day Government of India Treasury Bills continued to evoke limited support, apparently from special sources. The total amount offered against tenders for Rs. 2 crores, which were opened on Tuesday the 18th inst., was just Rs. 2 lakhs higher. The amount accepted, however, was only Rs. 2 crores, the average rate of accepted tenders being unchanged at Rs. 2.340 per cent per annum. The Intermediate Treasury Bills, too, elicited only small enquiries. The amount of tenders actually sold from the 12th to the 14th inst. was no more than Rs. 99.75 lakhs which was, of course, higher than the Rs. 70 lakhs fetched in the previous week.

India's foreign assets improved by a further Rs. 1.82 crore to Rs. 123.35 crores during the week ended 14th February. The improvement was entirely in balances held abroad which amounted to Rs. 20.89 crores. The foreign securities held in the Issue Department of the Reserve Bank were unchanged at Rs. 102.46 crores. Loans and advances to scheduled banks went up by Rs. 13.09 crores to Rs. 62.22 crores, including Rs. 23.93 crores (+Rs. 4.34 crores) given against usance bills. Deposits of scheduled banks showed a small fall of Rs. 22 lakhs to Rs. 83.31 crores. Notes in circulation increased by Rs. 9.29 crores to Rs. 2,451.19 crores.

A further increase of Rs. 23.69 crores to Rs. 1,712.49 crores in the total credit made available by scheduled banks to their clients was recorded in the week ended 7th February. Since, at the same time, their deposits fell by Rs. 13.11 crores to Rs. 2,428.13 crores, the banks were compelled to approach the Reserve Bank for accommodation. Their actual borrowings spurted by Rs. 11.32 crores to Rs. 47.17 crores. More than half of this increase was accounted for by borrowings against usance bills, the total outstandings of which as on 7th February stood at Rs. 20.43 crores, as against Rs. 13.63 crores a week before. The banks were also compelled to sell a part of their investments which declined by Rs. 27.43 crores to Rs. 656.11 crores.

The Gilt-edged market continued to rule dull and quiet. Due to tight money conditions, institutional support was at a low ebb. Business put through was, therefore, restricted with values of both Central and State loans moving narrowly. An idea of the poor interest evinced in the market can be had from the following quotations for a few select Central Government loans:

	Latest available	*A month ago*	*End-December 1963*
	Rs.	Rs.	Rs.
3 % 1986	63.40	65.60	65.65
2¾ % 1976	83.50	83.50	83.50
3 % 1970-75	90.25	90.05	90.20
3½ % 1968	98.10	98.10	98.10
3 % 1964	99.55	99.50	99.50
6½ % 1977 Gold Bonds ...	118.00	118.00	118.00

In the foreign exchange market, the banks' selling rate for U.S. dollars advanced by 25 nP to Rs. 478.75 per $100. Their buying rate also rose by a similar amount to Rs. 475.25. In New York, the pound sterling weakened *vis-a-vis* the dollar, the spot rate receding by 0.170 cent to 279.610-279.650 cents and the three months' forward by 0.160 cent to 279.330-279.370 cents.

SILVER RECOVERS

(From Our Own Correspondent)

BOMBAY, 19th *February*

On reports that silver prices had hit a new all-time peak on the London metal market on Monday the 17th inst., spot silver in the local market staged a swift recovery during the week under review. It recovered almost the whole of the Rs. 14.50 which it had lost in the past two weeks or so after touching a new all-time peak of Rs. 269 on 30th January. It opened quiet at Rs. 254.50 and, after spurting to Rs. 263 on Saturday the 15th inst., it rose smartly to Rs. 268.50 by yesterday and closed the week 13 points higher at Rs. 268. The improvement was caused by the withdrawal of supplies later in the week when the daily average arrivals amounted to 12 bars as against 20 bars earlier. The offtake was, however, unchanged at 15 bars.

Gold maintained a steady tone. The fourteen-carat variety was well held till Monday around the last week's closing level of Rs. 66.25, but later it eased slightly to close at Rs. 64.50. Pure gold was unofficially unchanged at Rs. 109, while sovereign moved up from Rs. 85 to Rs. 86.

Both spot and forward silver rose by one-eighth of a penny to 111¼d. and 111¾d. an ounce, respectively, on the London market on Monday, but today they shed this gain to close unchanged over the week at 111⅜d. and 111½d. The rise in prices was caused by a time-lag in getting supplies from New York and was, therefore, not expected to be maintained. New York spot silver showed no change. Ready gold, in London, moved up from 250s. 8¾d. to 250s. 10d. The dollar price for gold was $35.07⅛, as against $35.07⅞ last week.

The following table shows the trend of prices during the week under review:

	19-2-1964 (closing)	High	Low	12-2-1964 (closing)
	Rs.	Rs.	Rs.	Rs.
SILVER				
Ready (996 fine) ..	268.00	268.50	254.50	255.00
GOLD				
Ready (14 carat) ..	64.50	66.50	64.50	66.25
Sovereign ..	85.00*	—	—	85.00*
London—				
Gold ..	250s. 10d.	250s. 10d.	250s. 8¾d.	250s. 8¾d.
Silver Ready ..	111¼d.	111¾d.	111⅛d.	111¼d.
Silver Forward ..	111⅛d.	111¾d.	111⅛d.	111¼d.
New York—				
Silver ..	129.3 cents	—	—	129.3 cents

*As on 24-6-1963.

N.B.—The quotation for gold is per 10 grams (about 0.35 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce.

COTTON REACTS

(From Our Own Correspondent)

BOMBAY, 19th *February*

Cotton futures developed a reactionary trend this week on selling induced by fears of sizable tenders in the maturing March contract. The tendering differences, fixed by the special committee of the E.I.C.A. on Friday the 14th inst., were at the ceiling rates (in view of the spot prices being generally around the ceilings) for all cottons, except Laxmi A, Gaorani, Cambodia C and RG Punjab American 216F in the case of which they were considerably below such rates. Scope for tenders was seen in these four varieties, especially in Laxmi, in view of the fact that its arrivals had just started. Tendering differences apart, sentiment was also influenced by the steady withdrawal of mill buying in the spot market and the resultant (and also because of the Textile Commissioner's requisitioning of cotton) fall in spot prices. The easiness in the spot section was more pronounced in Digvijay and Kalyan which had led the rise in prices following keen buying support from mills. The statement by the former Finance Minister, Mr. Morarji Desai, at Ahmedabad on Monday the 17th inst. that the Central Government had under consideration "necessary changes" in the cotton policy failed to quieten apprehensions that some more drastic measures were in the offing to bring down cotton prices. The proximity of the budget also affected the sentiment, as with it revived the talk of finding ways to arrest the effect of black money on soaring commodity prices. In the light of all this, the principal bull operator in the March contract at last came out to liquidate a part of his holdings, which induced some others to go short in both March and May deliveries. From its last week's unofficial quotation of Rs. 787, the March contract was sold down to Rs. 771 yesterday.

The trend during the week under review is indicated below:

(In rupees per three quintals)

	12-2-64	*High*	*Low*	19-2-64
Jarilla March ...	782.25	783.00	771.00	777.50
Jarilla May ...	769.00	770.25	756.50	760.00

There was not much activity in the Sewri spot market during the week. Mills limited their purchases to L 147, Co2, 197/3 and Kalyan. Stray business was reported in African and Sudan cottons. Spinner interest was seen also in American cotton, but any bulk deal was not reported. The following are the spot prices—in rupees per candy of 784 lbs.—of some of the varieties:

Amravati L 147 1,255, Nagar Co2 1,765 to 1,751, Manavadar hybrid 2 250 f.o.r. Coimbatore, Bodeli 1,201 and Nandgaon 1.051.

ART SILK YARNS EASY

(From Our Own Correspondent)

BOMBAY, 19th *February*

Art silk yarns ruled easy during the week under review, despite fears of reduced arrivals as a result of lower output in one of the popular mills due to labour troubles. For there were reports that stocks in consuming centres continued to be quite large. Imported yarns were firm, owing to good demand. Staple fibre yarns, however, tended to look up, thanks to reduced supplies and good offtake. Cotton yarns were also easy on bearish advices from the cotton market following resistance from consumers many of whom were said to have postponed purchases in expectation of a cut in excise duty.

The Government of India has still not made up its mind on the issue of withdrawing the concessional rate at which the manufacturer-exporters of art silk fabrics are getting art silk yarn supplies from spinners. The weaving interests, it is reported, have made a strong representation urging the authorities not to concede the spinners' plea for withdrawal. If, however, the plea were conceded, the Government should, it is pointed out, either ask the spinners to give a cash subsidy or to raise the incentive entitlement under the export promotion scheme in order to compensate shippers for the loss resulting from the withdrawal of the concessional rate. These proposals have been firmly opposed by spinners. The Government seems to prefer a solution mutually agreed upon between the spinners and weavers.

Traders in yarn have noted the reported recommendation of the Tariff Commission for fixing the dealers' margin at 1½ per cent plus expenses. This margin is considered to be meagre, for the normal trade channels operate through four stages before reaching consumers. The Yarn Merchants Association and Exchange has sent a communication to the Union Minister for Industries urging him to fix the margin at a much higher level than that suggested by the Tariff Commission.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	19-2-1964	12-2-1964
	Rs.	Rs.
Art silk yarn (per kg.)—		
National Rayon 120D	11.66	11.66
Century 75D	18.25	18.25
S. I. Viscose T 150D	12.91	12.91
Staple fibre yarn (40×2)—		
Kohinoor (per kg.)	9.46	9.35
Century	9.37	9.35
Cotton yarn (per bundle of 10 lbs.)—		
10s Navsari	19.37	19.37
20s Podar	24.25	24.50
32s Madura	32.00	32.00
40s Ely		37.50
60s Finlay	76.25	76.25
80s Gossk	83.00	83.00

KIPS FEATURELESS

(From Our Own Correspondent)

MADRAS, 17th *February*

Trading in E.I. kips remained dull this week due to *Ramzan* holidays. Arrivals of tanned cow hides were moderate and the clearance was restricted. Cow calf and buff calf ruled quiet. In the tanned skins section, superfine goat skins ruled a shade easy whereas sheep all classes advanced further.

CASTOR MOVES DOWN

(From Our Own Correspondent)

BOMBAY, 19th *February*

Oilseeds and oils recorded all round gains on persistent bull support early in the week under review, but drifted downward in the later sessions owing to profit-taking at higher levels and stale bull liquidation. Over the week, prices were higher except in the case of castorseeds, the prices of which were well below these prevailing a week ago. The marked setback in castorseeds followed nervous selling pressure on reports of large new crop arrivals from Andhra Pradesh—the average rate of arrivals from Nizamabad alone was said to be 4,000-5,000 bags per day—and expectations regarding early arrivals from Gujarat. Lack of encouraging export enquiry for castor oil also affected the sentiment. The groundnut section ruled steady, with prices tending to look up. There were no special developments worth noting. Demand from crushers and *Vanaspati* manufacturers was well maintained. Linseed futures began the week firm on higher advises from the mustard seeds markets in North India, but the firmness gave way to a distinctly easy trend in the subsequent session. The easiness was due to reports that the Punjab Government was proposing to take action to curb rise in prices of rape seeds, easier advices from Delhi and expectation of new crop arrivals within a fortnight. Spot linseed and linseed oil, however, met with good buying support and scored handsome gains, following the reported extensive damage to the sarsom crop during the recent cold wave. In sympathy with the general trend cotton seeds moved up and touched a new high level today.

It is reported that the question of commencing forward trading in groundnut July and September contracts is now being actively considered by the Forwards Markets Commission. The actual date of commencement of trading is, however, not known. Nor is there any indication at what levels would the ceilings be fixed. Trade circles are inclined to feel that the ceiling rate should be fixed at Rs. 275, in view of the distinct firmness of the spot market and the prevailing inflationary trends.

The Groundnut April 1964 contract opened the week firm at Rs. 238.37, as against the previous close of Rs. 238.12, and after declining to Rs. 237.50 on Friday the 14th inst., recovered subsequently and closed at Rs. 238.12 today. Bold Nizam spurted by 37 nP to Rs. 49.87. Khandesh quality gained 13 nP to Rs. 50.75. Oil ex-mill picked up 25 nP to Rs. 20. Railway-receipt put on 20 nP to Rs. 19.75.

The castorseed March 1964 contract was marked down from Rs. 175.87 to Rs. 172.62. The June Contract fell by Rs. 4.25 to Rs. 173. Ready Madras lost 44 nP to Rs. 34.56. Kanpur dropped 25 nP to Rs. 33.62. Oil B.S.S. was neglected at Rs. 15.10. Oil commercial, however, hardened by 10 nP to Rs. 14.45 on special support.

In the Linseed section, March 1964 contract sagged by 25 nP to Rs. 40.25 over the week. June 1964 contract shed 38 nP to Rs. 39.87. Oil ready, however, strengthened by 50 nP to Rs. 16.35.

The cottonseed April 1964 contract opened the week at Rs. 105.50 but lost a rupee on the very next day, that is, Thursday. It, however,

improved thereafter to close at Rs. 106, today, thus wiping off the earlier loss.

The following table shows the closing prices of oilseeds and oils on Wednesday 19th February as compared with those of two previous weeks:

	19-2-1964	12-2-1964	5-2-1964
	Rs.	Rs.	Rs.
Groundnuts			
January 1964 contract	—	—	236 00
April 1964 contract	238 12	238 12	236 25
Nizam bold	49 87	49 50	48 50
Khandesh quality	50 75	50 62	49 25
Oil ex-mill	20 00	19 75	19 00
Oil Rly. Receipts	19.75	19.55	18.80
Castorseed			
March 1964 contract	172 62	176 00	174 62
June 1964 contract	173 00	177 25	174 75
Ready Madras	34 56	35 00	34 62
Ready Kanpur	33 62	33 87	33.50
Oil B.S.S.	15 10	15 10	14.80
Oil commercial	14.45	14.35	14.20
Linseed			
March 1964 contract	40 25	40 50	38.44
June 1964 contract	40 62	41 00	39.06
Bold ready	39 87	38 50	37.50
Linseed oil	16.35	15.85	15.50
Cottonseed			
April 1964 contract	106.00	105.00	102.00

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

MEDIUM TEA DEARER

[*Messrs. Forbes, Ewart and Figgis (Private) Ltd.*]

COCHIN, *13th February*

A total of 533,000 kgs. was offered in tea sale No. 6 held here on 11th inst. Quality generally showed a further improvement and there was a useful selection of highgrowns on offer. The market met with fair general demand at irregular rates. Low medium and medium brokens evoked fair enquiry and were about steady, while similar fannings were often inclined easier. Good mediums elicited keen competition and the majority of these were sold at dearer rates with buyers following quality. A few best lines of highgrowns were sold well, while others were irregular. Clean black leaf brokens were about steady, but Middle East type fannings received less support than last week and came to a lower market. Whole leaf grades were often dearer, whereas teas of unorthodox manufacture were generally lower. A slightly larger quantity of tippy teas of offer met with fair support.

The quotations (per kg.) were:

	1964 Rs.	1963 Rs.
Low mediums	4.55-5.00	4.20-4.65
Mediums	5.10-5.50	4.70-5.00
Good mediums	5.30-6.30	5.10-6.00
Nilgiri B.O.P.	5.70-9.80	5.75-13.40

The average price realised in sale No. 6 was Rs. 5.20 per kilo, as against Rs. 5.08 a week ago and Rs. 5.03 in the corresponding sale last year.

In dust sale No. 6 held today, 187,000 kgs. came under the hammer. The market again met with strong general demand. The few highgrowns on offer were sold at fully firm to dearer rates. All medium descriptions were sold readily, particularly the brighter kinds which tended slightly dearer. Residuals were stronger than in previous week's sale and generally realised firm prices. Unorthodox types were a strong feature of the sale and sold well.

The average price realised in dust sale No. 6 was Rs. 4.64 per kilo, as against Rs. 4.60 a week ago and Rs. 4.23 in the corresponding sale last year.

Colombo: Just under 6 million lbs. were offered this week. There was strong and active demand with the Russian buyer operating. As a result, medium and highgrown brokens were considerably dearer. Low medium and low grown descriptions also shared in the general rise in price. Fannings were dearer following improving quality.

London: *North Indian and other growths*: Demand was restricted in Monday's sale and Assam C.T.C. teas were up to 4d. easier, following the seasonal decline in quality. Orthodox teas, however, held their value. The poorer dooars sorts also followed a lower trend.

Ceylon and South Indians: A total quantity of 24,072 packages was offered in Tuesday's sale, of which 6,294 packages were from South India. The market met with fair general demand. South Indians were firm, but Ceylons inclined easier.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire us as follows:

"*Sale No. 7*: 453,000 kgs. offered. Good demand, low medium and medium brokens tending dearer. Similar fannings easier. Good mediums stronger and dearer. Highgrowns dearer with quality. Unorthodox barely steady."

LESS DEMAND FOR TEA

(*From Our Own Correspondent*)

CALCUTTA, *18th February*

Less demand was again a feature of trading at the tea export sales held here yesterday. Weak conditions were also in evidence in the dusts sales held last week. The shortage of shed berths and lighters meant difficulty for shippers. It being the tag-end of the season, tea shipments have already fallen. Until the new crop starts arriving, tea will be a poor space finder in loaders. Overseas demand in the early sales of the new season is expected to be less active than usual because the importing countries are believed to have built substantial stocks which can make them indifferent to early sales. Tea stocks in the U.K. rose to 169.78 million lbs. in the week ended 7th February from 163.73 million lbs. in the previous week. In the sales held at Mincing Lane last week, C.T.C. Assams were a strong feature and its price rose by 2*d.* a lb.

The trade has enthusiastically noted reports stating that the Tea Board's promotional organisation at Brussels has been vigorously active since October last and has adopted several novel methods to popularise Indian tea among Europeans. Hot tea has been freely served at airports, playing grounds and petrol-filling stations. Although it takes time for those accustomed to other drinks to change their habits and take to tea, the trade here would urge the early development of selling organisations in the European Common Market countries. In the early period of such organisations, only development work can take place. It is necessary that the Government should give due importance to this aspect and sanction the necessary foreign exchange to such trade organisations as would like to develop trading centres in the E.C.M.

Tea production in South India in 1963 is estimated to have increased to 188.5 million lbs. from 181.1 million lbs. in 1962. Thus, the increase in South India makes up for part of the shortfall in output in North India. Considering that total production in India in 1963 was only 760 million lbs., it is unlikely that the target of 900 million lbs. will be realised by 1965. Several gardens are capable of increasing their output of dusts which are mostly consumed within the country. The fact that in 1963 internal consumption was only 280 million lbs., as against 300 million lbs. in 1961, is a strong deterrant for these gardens to raise output.

Tea gardens desiring to improve quality and thereby raise the proportion of their quality output are handicapped by lack of finance. Government loans are provided, but the high rate of interest is a deterrent for gardens to enable this facility. Further, there are several formalities which in practice are very difficult to fulfil. In the circumstances, the industry feels that if measures are taken to increase internal consumption, the industry can not only increase output but improve their own finances for development plans. Despite increased costs of production and lower production in 1963, it is to the credit of the industry that it increased exports to 491 million lbs. as against 472 million lbs. in 1962, 450 million lbs. in 1961, and 430 million lbs. in 1960. Although this gradual rise has been impressive, there is evidence suggesting that India has not been able to secure an adequate share in the increase in overseas consumption.

In the dusts sales held here last week, offerings totalled 32,409 packages, which met with less demand. The weakest feature was orthodox teas, prices of which eased. Legg-cut teas were absorbed at prices which were 15 nP lower. In C.T.Cs, clean medium teas eased, and the fibrous teas could be pushed only at a substantial discount. Good C.T.Cs were irregular. The quotations (in rupees) per one kg., inclusive of excise duty, were: Good Assam C.T.C. dust 6.20 to 6.70, medium Assam C.T.C. dust 5.00 to 5.25, legg-cut dust 4.85 to 5.00, medium Assam dust 4.60 to 5.10, and plain orthodox dust 4.40 to 4.60.

Easier conditions prevailed at yesterday's sale when offerings totalled 53,457 packages. C.T.Cs recorded an irregular trend, but were generally easier except for the best bright liquoring brokens. Fannings, however, were difficult of sale. Legg-cut teas eased by 5 to 15 nP. "Teas for price" and plain brokens and fannings met with support at lower rates. Other orthodox kinds were irregularly easy. In whole leaf grades, the better sorts were a poor feature. However, Darjeelings were in good demand. The quotations (in rupees) per one kg., inclusive of excise duty, were: Best Assam C.T.C. B.P. 5.40 to 6.20 (nominal), best Assam C.T.C. fannings 5.30 to 5.70 (nom.), clean plain pekoe 5.00 to 5.40, medium Assam C.T.C. B.P. 5.00 to 5.20, medium Assam C.T.C. fannings 4.80 to 5.00, plain plannings 4.40 to 4.60, and plain B.P. 4.40 to 4.60.

METALS FIRM

(*From Our Own Correspondent*)

CALCUTTA, *18th February*

The firm trend in metal prices on the London Metal Exchange emphasised not only the rising trend in world consumption of copper and tin but also the shrinking supplies of zinc. During the week under review, spot zinc in London rose from £93¾ a ton to £99¼, with the three-months' metal improving from £92¾ to £93¾. Thus, while the spot price added £4¾, the forward position hardened by only £1. Demand for zinc from the car manufacturing and steel industries has progressively increased both in the U.K. and the U.S.A., and supplies of the prime western and special grade are in acute shortage. In Calcutta, the price ruled steady, and the fall in arrivals highlighted the shortage.

Spot copper wire-bars in London rose from £246½ a ton to £248, cathodes from £239 to £241, and the fire-refined metal from £236 to £240, with their respective three-months' positions improving from £248 to £249½, from £243 to £243½, and from £239½ to £240. In Calcutta, acute shortage prevailed and scrap supplies were difficult to be located. Virgin copper imports into India in December last totalled only 4,447 tonnes, as against 6,984 tonnes in the previous month. Zinc imports were also lower at 3,823 tonnes, as against 9,435 tonnes. Tin imports were only 331 tonnes as against 354 tonnes, and lead imports 1,900 tonnes, as against 2,531 tonnes. These figures easily explain the firm trend in the market. Spot tin in London closed at £1,077 a ton, after opening at £1,081, while spot lead remained unchanged at £79½ a ton.

JUTE GOODS MARKED DOWN

(*From Our Own Correspondent*)

CALCUTTA, *18th February*

The announcement of a substantial increase in jute goods stocks with mills at the end of January despite decreased production in that month affected sentiment. The announcement, coupled with lack of adequate interest among overseas buyers, brought about a sizable fall in prices of heavy goods. The fall in hessian prices was, however, less marked. Easier conditions also prevailed in the fibre market, and a contributory cause had been the release of the final crop estimate for 1963-64 according to which the crop is now believed to be higher than the partially revised estimate.

Concern is felt among traders over the existence of unsatisfactory conditions in the Calcutta port. Incoming vessels are being delayed in view of shortage of shed berths. Last week, several incoming ships had to be detained at the sandheads. This meant delay in departure of loaded ships too. Mills are naturally worried in regard to fulfilment of contracts in accordance with guaranteed delivery dates. Not only has there been a fall in the number of overseas inquiries this week, but the mills also have been unable to effect as much shipments as they would desire. This state of affairs, developing closely on the heels of an increase in stock, has naturally caused anxiety.

Output of mills in January fell to 101,600 tonnes from 107,300 tonnes in December 1963. While hessian, sacking and carpet backing cloth fell by 3,900 tonnes, 2,300 tonnes and 700 tonnes, respectively, to 42,600 tonnes, 41,400 tonnes and 8,200 tonnes, miscellaneous goods rose by 1,200 tonnes to 9,400 tonnes. The decline in output was due partly to the fall in working hours and partly to rise in absenteeism as a result of the disturbed working conditions in the month. Despite the total fall of 5,700 tonnes in output, goods in stock with mills aggregated 120,900 tonnes, thus showing a rise of 8,600 tonnes as compared with December 1963. The largest increase, that is, 4,100 tonnes, was in hessian, while miscellaneous goods rose by 2,500 tonnes, sacking by 1,500 tonnes, and carpet backing cloth by 500 tonnes. Stock at the beginning of January was 112,300 tonnes. Adding production, the total availability in the month was 213,900 tonnes. The stocks at the end of January being 120,900 tonnes, it follows that demand was for only 93,000 tonnes. It may be noted that the mention of output and stock details relating to carpet backing cloth as a separate item from this month is in recognition of the growing importance of this construction in the export market. It is estimated that, if the backlog of shipments of January is completed this month, stocks should show a welcome decline. Internal despatches were also curtailed last month, as a result of temporary restrictions on railway booking.

The jute mill industry is surprised at its inclusion for application of the Bonus Commission's recommendations on which Government's decision is expected in the near future. For it is only a few months since the Wage Board's decision has become operative. The award is in force up to the end of 1967. In accordance with the Wage Board's award, mills have already paid a fortnight's wages as bonus. Since the Bonus Commission has stated that its formula in regard to payment of maximum and minimum bonus based on profits shall apply to the jute industry unless workers and mills agree to another arrangement, it is to be hoped that, in so far as the Wage Board's award is binding on employers and employees alike, payment of bonus as per the Board's award signifies agreement by both the parties and that, this being so, the jute industry should be spared from the Bonus Commission's recommendation at least for the period the award is effective, that is up to the end of December 1967. Mills look forward to the Central Labour Ministry's views in this regard. They have also become concerned over the resolution recently passed by the Jute Workers' Federation. For the resolution has sought a guarantee from mills that no reduction should be made in the variable dearness allowance of Rs. 32.50. This demand is surprising, because the Wage Board, while fixing the dearness allowance at Rs. 32.50 on the basis of a price index number of 425 (base year 1939=100), stipulated a rise or fall in the allowance by 20 nP for rise or fall for every point. It is equally surprising that the resolution of the Jute Workers' Federation has also demanded a guaranteed minimum wage for piece-rate workers without regard to all other factors including power and raw material difficulties. How unjustified and irrelevant this demand is will be evident from the fact that, in the last two years in view of the abundant supply of fibre, mills have removed all restrictions on output. The working time agreement, according to which mills' output remained connected with availability of fibre and the existence of demand of goods, has already been abrogated. The loss of output as a result of power shedding in the last two years had meant a rise in production costs but workers had not been affected at all.

It is regrettable that workers are attempting to put up demands so soon after the coming into operation of the award of the Wage Board, on which workers, employers and Government were represented. At a time when the industry is straining all its efforts to increase production and export more, it is unfortunate that workers are attempting to spread dissatisfaction among themselves. The implementation of the Wage Board award has meant an increase of Rs. 30 per tonne in cost of production. This has further strengthened the keen competition already shown by the Pakistan industry. Nevertheless, mills in India have shouldered this extra burden in the hope that there would be peace at least until the duration of the award and that there would be a chance for workers to show an increase in productivity. Workers should realise that it is on the success of the efforts now being made by the industry to boost exports that their as well as the industry's future depends. By raising output, mills in India can reduce costs of production as a result of economies of scale, and thus attempt to recapture the export markets already lost to Pakistan. However, output can be raised only if peace among workers prevailed and mills had thought that, by implementing the Wage Board's award, workers would rest content.

Dull conditions were in evidence in the raw jute market during the week under review. Although sellers were keen for business, buyers were reserved. This led to discounted offers, and Assam bottoms eased from Rs. 31.00 to Rs. 30.00 a maund and northern bottoms from Rs. 30.00 to Rs. 29.50. However, the superior varieties remained unchanged, daissee no-bottoms continuing to quote at Rs. 34.00. The small increase in arrivals also affected sentiment. This increase, coming as it did after the release of the final jute crop estimate, was taken as significant. For the final estimate put the crop at 5.91 million bales and the area at 2.13 million acres, thus showing increases of 504,000 bales or 9.3 per cent and 27,000 acres or 1.3 per cent as compared with the previous year. The yield per acre rose from 1,028 lbs. to 1,110 lbs., a rise of 8 per cent. Mill stan markets, despite a fall in arrivals, continued dull. For the coming season, the East Pakistan Government has, like last year, prohibited jute cultivation in the five-mile border belt. The ban will not affect the Tripura border where quality jute is grown. The areas where no substitute crop can be grown have also been omitted from the scope of the ban. In the prohibited area, however, each cultivator can grow jute on half an anna of his basic area, subject to a maximum of one-fourth of a *bigha*, in order to meet his domestic requirements.

The substantial fall in the price of B. twills, from Rs. 112.65 to Rs. 110.00 was the feature in the goods market during the week under review. On Tuesday last, sentiment continued to be affected by the earlier announcement of a substantial increase in stocks with mills. With ready B. twills at Rs. 112.65 and hessian 40" 19 at Rs. 46.70, quotations were nominal, as the market remained closed on Tuesday last. On the following day, sentiment was aided by rumours of a Government order for B. twills involving a substantial quantity. B. twills recovered to Rs. 112.75 and, in sympathy, hessian 40" 10 oz. hardened to Rs. 46.75. The feature on Thursday was heavy selling in the futures market. This took ready B. twills down to Rs. 111.00 and hessian 40" 10 oz. to Rs. 46.30. The Government showed interest for small quantities of B. twills at this stage. On Friday, ready B. twills dropped further to Rs. 110.40, but hessian 40" 10 oz. improved to Rs. 46.40. The market was closed on Saturday, and yesterday's reopening was marked by extreme dullness. At the lower levels, however, there was some buying support. B. twills closed quiet at Rs. 110.00 and hessian 40" 10 oz. at Rs. 45.95.

FOODGRAINS ADVANCE

(*From Our Own Correspondent*)

HAPUR, *17th February*

The firm trend in foodgrains continued unabated this week as prices touched new heights on dwindling stocks and grim prospects of *rabi* crops due to the failure of winter rains and heavy frost and cold spell in the last week of January. Control has been imposed on the prices of wheat flour and a strict watch is being kept on the overall food situation in the State.

Wheat rose by Rs. 2 to Rs. 4 per quintal on encouraging buying while stocks were dwindling fast. The average quality was quoted at the week-end at Rs 62.50 to Rs. 64.50 and the farm produce at Rs. 65.50 to Rs. 67.50 a quintal as against the last year's corresponding prices which were much lower at Rs. 40.19 and Rs. 43.50 per quintal, respectively. Rice was steadier on fairly good demand and poor supplies. Stocks left with the trade were reported nominal. Latest prices (in rupees) were: Rice *basmati* superior 93.77 to 96.45, *sela basmati* 91.09 to 93.77, *mainpuri* 63.63, *ramajwayan* 77.70, *raimunia* 79.04 and *gadda* 60.93 per quintal.

Gram improved by Rs. 2 to Rs. 2.50 per quintal on higher Punjab advices coupled with the poor stock position. The Punjab quality was placed at the week-end at Rs. 56.26 and the local produce at Rs. 55.50 a quintal, the corresponding prices last year were Rs. 41.53 per quintal. Maize prices hardened by Rs. 2 to Rs. 3 per quintal according to the quality to be quoted between Rs. 38.75 and Rs. 39.75 for the average quality and between Rs. 41.75 and Rs. 43.75 per quintal for superior. Stocks ran down to 5,000 quintals. Barley and *bejhar* prices moved up to Rs. 41 to Rs. 42 and Rs. 42.50 to Rs. 43.50 per quintal, respectively. *Juwar* and *guwar* also sought higher levels on lower stocks. *Juwar* was quoted between Rs. 51.50 and Rs. 52.50 and *guwar* between Rs. 52.50 and Rs. 53.50 per quintal. Oats, *methi* and other coarse grains were steady.

Pulses, too, were firm due to poor crop prospects of peas and *arhar* and nominal stocks left with the trade. Peas *dara* was quoted at Rs. 48 to Rs. 50 and farm quality at Rs. 51 to Rs. 53 per quintal, *Arhar* average quality improved by Re. 1 to Rs. 61.62 to Rs. 62.96, farm superior was higher at Rs. 63.63 to Rs. 66.98. *Urd* was quoted at Rs. 66.98 to Rs. 71 and *moong* at Rs. 73.73 to Rs. 81.25 per quintal. *Masoor* and other *dals* also ruled firm. Week-end prices (in rupees) were: Peas *dal* 53.75, *arhar dal* 75.02 to 81.05, *urd dal* 80.38, *moong dal* 85.74, *masoor* 61.62 to 66.98, *masoor dal* 74.50 and gram *dal* 60.28 per quintal.

"KHANDSARI" SPURTS

(*From Our Own Correspondent*)

HAPUR, *17th February*

Sugar prices were almost stationary at Rs. 155 to Rs. 160 per quintal. The factories here, in West U.P., continued to face cane shortage as it was being diverted for the manufacture of *gur* and *khandsari*. While the Government is still hopeful of attaining this season's production target of 3,000,000 tons of sugar, the industry expects the output to be not more than 2,500,000 tons. Controlled prices here were Rs. 121.34 to Rs. 126 a quintal or Re. 1.23 to Re. 1.26 per kilogram.

Khandsari advanced by as much as Rs. 10 a quintal on brisk buying support from stockists in Punjab and Rajasthan. Production was still in full swing, as cane supplies were adequate. The manufacturing units were reported to have increased their cane purchasing prices to Rs. 6.15 per quintal in some areas, as against Rs. 5.36 being paid by sugar factories. Week-end prices were:—*Desi* inferior Rs. 120 to Rs. 135.50, superior Rs. 145 to Rs. 155, crystal Rs. 150 to Rs. 155 and boora Rs. 155 to Rs. 162 per quintal.

Ready *gur* advanced by about Rs. 2 per 40 kilogram on receipts of permits from consuming States. The export quota for Meerut region for the current month was reported to be higher and demand was brisk. Daily arrivals averaged 2,500 to 3,000 maunds and the local stock was estimated around 15,000 quintals. Total arrivals of *gur* during the current session were put at 147,000 quintals. Sowings of cane for the next season has commenced and an increase in the acreage has been arranged this time. Week-end prices were:—Ready *gur pansera* superior Rs. 27.50, average Rs. 27, *balti* Rs. 26.75 and *shakker* Rs. 29 to Rs. 32 per quintal.

LONDON LETTER

(*Concluded from page 276*)

morality." Of course, like all dedicated economists and backroom boys, he cannot consider the political requirements of such an economic morality—and political parties have a way of different approaches to questions of economic morality, while stolidly affirming similar aims.

On the question of growth rate the Neddy chief confirmed that the annual report now being prepared would show that the U.K. was advancing at an exceptionally fast rate (about 5 per cent per annum over the past year or more), but that it would be towards the end of the year when a difficult period would be reached which would determine whether the U.K. would in the long-term maintain the necessary rate of growth or else slide back into the doldrums.

The Government of Turkey will draw the equivalent of $21.5 million during the period of 15th February to 31st December 1964, under a stand-by arrangement concluded with the International Monetary Fund. The new arrangement replaces a stand-by arrangement for the same amount which expired at the end of 1963. The resources made available by that arrangement were fully drawn and the member's outstanding drawings of the Funds now total $52.5 million. The new arrangement will give support to the Turkish reserve position in the event of temporary shortfalls in foreign exchange earnings or delays in the inflow of external assistance. There will continue to be close contact between the Fund and the Turkish Government.

The Reserve Bank of India has brought out a Telegu edition of the English original of 'Reserve Bank of India—Functions and Working,' translated by Prof. B. Sarveswara Rao of Andhra University. The publication traces the historical evolution of central banking in India and brings out the various changes that have taken place in the structure of the Bank as well as in the scope of its functions since its establishment in April 1935. Copies of the Telegu edition priced at Re. 1 per copy can be obtained from the Administrative Officer, Economic Department, Reserve Bank of India, Post Box No. 1036, Bombay-1, and from the Manager, Reserve Bank of India, Madras and the Manager, Reserve Bank of India, Hyderabad.

Notice

THE BANK OF INDIA LIMITED

Registered Office:

70/80, Mahatma Gandhi Road, BOMBAY-1

IT IS HEREBY NOTIFIED FOR INFORMATION of the investing public that the Board of Directors of the Bank have decided not to charge with effect from the 27th day of March 1964 any fees either for transfers of shares of the Bank or for splitting or consolidation of Certificates of shares of the Bank.

By Order of the Board of Directors,

T. D. KANSARA,
General Manager.
The Bank of India Ltd.

BOMBAY,
18th February, 1964.

His blood has saved many lives

Way back in 1935, at Jamshedpur's Main Hospital, a man lay dying. Only a transfusion of blood could save him. In those days, most people thought that blood donation permanently damaged health. But a young man came forward and voluntarily gave his blood to sustain the ebbing life. Between 1935 and 1955, the same man freely gave his blood no less than 40 times—on an average twice a year—for victims of industrial accidents, to save men critically ill.

This extraordinary man is T. S. Balam, a typist with Tata Steel at Jamshedpur, a happy, healthy family man of 50. Although he still wants to donate blood, doctors decline his offer in view of his advancing years.

Inspired by the selfless example of men like Balam, many, many others in the steel town have donated blood. No less than 20,000 employees of Tata Steel have had their blood tested and grouped, while many more are coming forward regularly for testing and grouping... to help prevent avoidable deaths... to save families from sorrow and ruin.

This is yet another instance of the fellow-feeling, born of the indivisible bond of labour, that binds together the steelmen in Jamshedpur, a city where industry is not merely a source of livelihood but a way of life.

JAMSHEDPUR
THE STEEL CITY

GIVE FREELY TO THE NATIONAL DEFENCE FUND

The Tata Iron and Steel Company Limited

IWTN 1254

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 14th Feb., 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long Term Operations) Fund	73,00,00,000
National Agricultural Credit (Stabilisation) Fund	8,00,00,000
Deposits—	
(a) Government—	
(i) Central Government	49,39,53,000
(ii) State Governments	15,39,05,000
(b) Banks	
(i) Scheduled Banks	83,31,31,000
(ii) State Co-operative Banks	1,83,62,000
(iii) Other Banks	9,79,000
(c) Others	176,24,46,000
Bills Payable	33,04,86,000
Other Liabilities	60,93,73,000
Rupees	586,25,35,000

ASSETS	Rs.
Notes	13,11,83,000
Rupee Coin	1,08,000
Small Coin	4,12,000
National Agricultural Credit (Long Term Operations) Fund—	
(a) Loans and Advances to—	
(i) State Governments	26,58,04,000
(ii) State Co-operative Banks	8,43,29,000
(iii) Central Land Mortgage Banks	....
(b) Investment in Central Land Mortgage Bank Debentures	3,59,36,000
National Agricultural Credit (Stabilisation) Fund Loans and Advances to State Co-operative Banks.	....
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	56,56,06,000
Balances held abroad*	20,89,01,000
Loans and Advances to Governments**	36,58,21,000
Loans and Advances to—	
(i) Scheduled Banks†	62,22,05,000
(ii) State Co-operative Banks‡	127,71,39,000
(iii) Others	2,59,72,000
Investments	199,17,50,000
Other Assets	28,76,79,000
Rupees	586,23,35,000

* Includes Cash and Short-term Securities.
** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.
† Includes Rs. 23,93,00,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.
‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	13,11,83,000	
Notes in circulation	2451,10,37,000	
Total Notes issued		2464,31,20,000
Total Liabilities		2464,31,20,000

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India	102,45,69,000	
Foreign Securities		220,21,79,000
Total		109,40,46,000
Rupee Coin		
Government of India Rupee Securities		2134,68,95,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2464,31,20,000

State Bank of Pakistan

Statement of Affairs for the week ended 31st Jan., 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	6,65,00,000
Rural Credit Fund	3,00,00,000
Deposits :—	
(a) Central Government	17,60,91,000
(b) Provincial Governments	2,73,90,000
(c) Banks	36,14,54,000
(d) Others	107,38,83,000
Bills Payable	62,26,000
Other Liabilities	14,87,66,000
Rupees	192,03,10,080

ASSETS	Rs.
Notes	8 32,98,000
Rupee Coin	21,000
Subsidiary Coin	43,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	2,56,57,000
Balances held outside Pakistan*	33,00,90,000
Loans and Advances to Governments	1,83,00,000
Provincial Governments' Debtor Balances	....
Other Loans and Advances	78,66,03,000
Investments	54,32,44,000
Other Assets	12,53,24,000
Rupees	192,03,10,080

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	8,32,98,000	
Notes in circulation	444,25,55,000	
Total Notes issued		452,58,53,000
Total Liabilities		452,58,53,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	25,00,44,000	
Silver Bullion	....	
Foreign Securities	81,31,24,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
		149,33,32,000
B. Rupee Coin	5,31,65,000	
Government of Pakistan Securities	292,03,50,000	
Internal Bills of Exchange and other commercial paper	....	
		297,35,15,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,00,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets		452,58,53,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 34.23 per cent.

State Bank of India

Statement of Affairs for the week ended 14th Feb., 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital :— 20,00,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		9,30,00,000
Borrowings from Other Banking Companies, Agents, etc.		596,49,56,000
Bills Payable		11,70,40,000
Bills for Collection being Bills receivable as per contra		3,68,06,000
Other Liabilities (including Inter-Office Adjustments)		8,45,19,000
		17,70,62,000
Total	Rs.	2,22,49,000
		655,18,82,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		17,93,57,000
Balances with other Banks		3,30,10,000
Money at Call and Short Notice		3,26,67,000
INVESTMENTS :—		
Government and other Trustee Securities	Rs. 238,00,28,000	
Other Authorised Investments	9,44,22,000	
		247,44,50,000
ADVANCES :—I		
Loans, Cash Credits, Overdrafts, etc.	Rs. 311,17,15,000	
Bills Discounted and Purchased	20,45,68,000	
		331,62,83,000
Bills Receivable being Bills for Collection as per contra		8,45,19,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		17,70,62,000
Premises less Depreciation		2,17,76,000
Furniture and Fixtures less Depreciation		1,66,02,000
Other Assets (including Inter-Office Adjustments)		21,62,16,000
Total	Rs.	655,18,82,000

EXCHANGE RATES

	19th February 1964	12th February 1964
London on New York	2.7962-2.7964	2.7979-2.7981
London on Berne Sw. Fcs.	12.1060-12.1080	12.0950-12.0970
London on Paris Fcs.	13.7065-13.7085	13.7090-13.7110
New York on London Cents per £	279.610-279.650	279.790-279.820
Pound Sterling—		
Sellers T.T. D.D. Spot	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months	1-5 15/16	1-5 15/16
Buyers T.T.	1-6 1/32	1-6 1/32
Buyers D.D.	1-6 1/16	1-6 1/16
U.S. Dollar—		
Sellers T.T. D.D. Re. to $100	478.75	478.50
Buyers T.T. Re. to $100	475.25	475.00
Canadian Dollars—		
Sellers T.T. D.D. Re. to $100	445.50	445.25
Buyers T.T.	437.75	437.25
French Francs—		
Sellers T.T. D.D. per Rs. 100	102.30	102.30
Buyers T.T.	103.50	103.40
Swiss Francs—		
Sellers T.T. D.D.	90.30	90.20
Buyers T.T.	91.20	91.20
Deutsche Marks—		
Sellers T.T. D.D.	82.80	82.90
Buyers T.T.	83.80	83.90
Italian Lire—		
Sellers T.T. D.D.	12,905	12,970
Buyers T.T.	13,140	13,150
Swedish Kroner—		
Sellers T.T. D.D.	108.20	108.20
Buyers T.T.	109.30	109.30
Belgian Francs—		
Sellers T.T. D.D.	1,037	1,037
Buyers T.T.	1,053	1,053
Dutch Guilders—		
Sellers T.T. D.D.	75.20	75.20
Buyers T.T.	76.10	76.10
Hongkong Dollars—		
Sellers T.T. D.D.	119.60	119.60
Buyers T.T.	120.60	120.60
Norwegian Kroner—		
Sellers T.T. D.D.	149.50	149.60
Buyers T.T.	150.90	151.00
Danish Kroner—		
Sellers T.T. D.D.	144.50	144.40
Buyers T.T.	145.80	145.80

POSITION OF SCHEDULED BANKS

(In lakhs of rupees)

	For the week ended (Friday)		
	7-2-64	31-1-64	8-2-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	60,51	59,59	45,81
(ii) From others	1,057,12	1,032,07	818,42
(b) Borrowings from banks	33,09	35,44	18,66
(c) Others	68,51	69,33	55,10
2. Time liabilities—			
(a Time deposits—			
(i) From banks	22,77	23,34	22,27
(ii) From others	1,238,54	1,246,18	1,216,70
(b) Borrowings from banks	14,15	15,45	20,25
(c) Others	10,68	10,73	9,61
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,265,66	2,278,25	2,035,11
4. Borrowings from Reserve Bank	47,17	35,35	43,72
(a) Against usance bills and/or promissory notes	20,43	13,63	27,72
(b) Others	26,74	22,22	16,00
5. Borrowings from State Bank and/or a notified Bank	19,33	17,40	16,86
6. Cash	57,14	58,18	50,91
7. Balances with Reserve Bank	84,40	79,34	76,80
8. Cash and balances with Reserve Bank	141,55	137,52	127,70
9. S as per cent of 3	6.25	6.04	6.27
10. Balance with other banks in current account	26,12	27,81	18,48
11. Money at call and short notice	42,16	45,92	36,24
12. Investments in Government securities	656,11	683,55	616,11
13. 12 as per cent of 3	28,96	30.00	30.27
14. Advances—			
(a) Loans cash credits and overdrafts	1,430,02	1,412,50	1,279,54
(b) Due from banks	11,77	8,97	12,57
15. Inland bills purchased and discounted	220,46	215,86	180,49
16. Foreign bills purchased and discounted	62,01	60,44	51,55
17. Total Bank Credit [14(a)+15+16]	1,712,49	1,688,80	1,511,58
18. 17 as per cent. of 3	75,58	74,13	74,27

INDEX NUMBERS OF SECURITY PRICES

[1952-53=100]

Group and Sub-Group	Week ended 8th Feb., 1964	1st Feb., 1964	11th Jan., 1964	9th Feb., 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA				
1. Total	99.9	100.0	100.1	99.2
2. Government of India	99.7	99.8	100.0	98.8
3. State Governments	102.1	102.1	102.0	101.6
4. Municipal, Port Trust, etc.	98.9	98.9	98.9	98.1
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98.1	98.1	98.1	98.9
PREFERENCE SHARES—ALL INDIA				
6. Total	81.2	81.1	81.3	80.4
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	169.0	168.5	171.7	165.4
8. *Agriculture and Allied Activities : Total**	148.2	148.1	150.3	148.2
9. Tea Plantations	135.2	135.3	137.6	140.2
10. Coffee Plantations	172.7	172.3	174.8	138.7
11. Rubber Plantations	180.4	181.2	180.7	158.7
12. *Mining and Quarrying: Total**	139.3	138.1	143.1	150.5
13. Coal	102.8	102.7	106.4	115.4
14. Other Mining	164.3	162.5	168.2	174.7
15. *Processing and Manufacturing : Total*	183.3	182.8	186.6	176.8
16. *Processing, and Mfg. (Foodstuffs, Textiles, etc.): Total*†	185.4	184.9	189.4	183.6
17. Sugar	150.6	150.1	152.8	128.3
18. Cotton Textiles	168.1	167.5	170.0	155.8
19. Jute Textiles	93.8	93.8	95.8	96.1
20. Silk and Woollen	911.0	905.6	943.9	898.8
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	195.4	194.8	198.3	178.2
22. Iron and Steel	158.5	157.8	161.7	119.0
23. Transport Equipment	342.6	341.1	348.6	344.0
24. Electrical Machinery	156.2	156.3	159.6	153.1
25. Machinery other than Transport and Electrical	231.0	230.4	234.1	213.9
26. Basic Industrial Chemicals	182.7	182.4	186.7	171.2
27. *Processing and Mfg. (Others) : Total**	154.2	156.2	158.7	153.7
28. Cement	144.7	145.0	147.2	140.1
29. Paper	197.4	197.0	201.0	200.2
30. *Other Industries : Total**	108.0	107.4	109.6	105.4
31. Electricity Generation and Supply	87.8	87.6	87.7	83.6
32. Trading	113.3	112.6	115.3	112.2
33. Shipping and Other Transport	94.6	93.3	96.4	83.7
34. Construction	287.4	280.8	290.4	256.8
35. *Financial : Total*	188.4	188.1	189.6	193.9
36. Banks	210.7	210.5	211.0	217.5
37. Insurance	149.6	148.7	149.2	151.4
38. Investment Trusts	84.0	84.3	84.7	87.3
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL				
39. Bombay	176.6	175.1	179.1	167.5
40. Calcutta	156.9	157.2	159.9	156.7
41. Madras	175.1	176.4	177.0	181.3
42. Delhi	227.1	227.5	231.5	218.3

*Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	18th Jan., 1964	11th Jan., 1964	19th Jan., 1963	November 1963	November 1962	Percentage of Increase (+) or Decrease (−) in Nov., 1963 as compared with Nov., 1962	Annual Averages 1963P	Annual Averages 1962
Food Articles	504	137.5	137.7R	123.3	136.6	129.6	+ 5.4	132.7	124.9
Cereals	192	117.7	118.8R	103.1	118.0	109.4	+ 8.3	111.6	105.7
Pulses	43	123.7	124.0R	103.6	116.2	113.2	+ 2.7	108.7	103.7
Fruits and Vegetables	23	145.4	145.3R	127.8	137.2	131.4	+ 4.4	134.5	125.7
Milk and Ghee	84	126.8	127.3R	119.4	124.1	122.3	+ 1.5	126.3	123.1
Edible Oils	47	149.6	140.1	146.0	149.1	167.5	− 5.3	148.6	154.7
Fish, Eggs and Meat	17	168.7	154.1R	141.3	151.3	140.3	+ 3.4	145.6	148.9
Sugar and Gur	48	179.8	181.4	140.4	187.7	153.0	+22.7	180.7	137.5
Others	50	180.2*	176.5	179.4	177.9	178.2	− 0.2	170.0	168.4
Liquor and Tobacco	19	122.7	122.7	99.4	118.5	100.2	+18.3	115.4	99.5
Tobacco		120.1	120.1	95.8	115.6	96.6	+19.7	112.4	96.0
Fuel, Power, Light and Lubricants	38	139.4	139.3	125.2	139.9	123.0	+13.7	136.3	123.0
Industrial Raw Materials	116	141.1	141.1	133.4	136.6	137.8	− 0.7	137.2	137.3
Fibres	61	134.6	134.7	127.8	131.9	129.5	+ 1.9	132.0	128.0
Oilseeds	29	153.0	153.0	144.3	148.5	154.6	− 3.9	150.3	154.0
Minerals	2	91.6*	91.6*	93.4*	93.5	92.7	+ 0.9	92.7	93.9
Others	32	132.7*	132.3*	126.4	126.0	125.2	+ 0.6	125.5	126.5
Manufactures	290	131.7	131.5	128.6	128.8	129.9	− 0.7	130.3	128.1
Intermediate Products	41	140.0	139.2R	135.9	138.2	142.1	− 2.7	138.2	132.8
Finished Products	249	130.4	130.2	127.2	129.6	127.8	+ 0.4	129.0	126.2R
Textiles	147	125.7	125.4	126.1	127.5	126.5	+ 0.8	127.3	125.5R
Cotton		135.9*	135.9*	133.2*	135.7	130.0	+ 4.4	135.1	129.2R
Jute		100.9	99.8	104.9	99.7	113.8	−11.6	101.3	113.7
Woollen		160.2*	160.2*	141.3	160.2	141.3	+13.4	150.1	136.1
Silk and Rayon		143.9	143.9*	131.0*	137.8	134.4	+ 2.5	137.6	129.2
Metal Products	12	163.0	163.0	161.0	163.7	161.0	+ 1.7	162.3	157.8
Chemicals	20	118.3*	118.3*	116.6*	117.6	117.2	+ 0.3	117.3	114.4R
Oil Cakes	9	165.0	165.6	163.7*	164.4	171.1	− 3.9	164.0	158.8
Machinery and Transport Equipment	31	125.2	125.2	117.4	124.2	117.4	+ 5.8	122.6	117.1R
Others	30	128.0	128.1	125.1	128.6	125.6	+ 2.4	127.7	124.7
All Commodities	1,000	136.1	136.2R	125.9	134.6	130.1	+ 3.5	132.4	127.2

Note :—Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index. P—Subject to revision. R—Revised. * Estimated.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

YIELDS ON INDUSTRIAL SECURITIES—ALL INDIA

(Per cent. per annum, tax-free)

Average of months/month	1962-63	1961-62	Dec., 1963	Dec., 1962
Central Government Securities :				
(a) 3% conversion loan 1966 or later†	3.15	2.91	3.19	3.33
(b) Others‡	2.89	2.71	2.86	2.91
Debentures	4.35	4.15	4.69	4.36
Preference Shares	5.87	5.64	5.90	5.92
Variable Dividend Industrial Securities	4.85	4.67	4.77	5.00
Agriculture and Allied Activities	6.27	5.74	5.80	6.38
(a) Tea Plantations	6.45	5.94	6.05	6.59
(b) Coffee Plantations	5.54	4.74	5.04	4.95
(c) Rubber Plantations	7.54	6.56	5.57	7.92
Mining and Quarrying	4.93	5.15	4.23	4.85
(a) Coal	4.01	4.13	4.28	4.11
(b) Other Mining	5.69	5.85	4.20	5.37
Processing and Manufacturing	4.48	4.24	4.33	4.66
Foodstuffs, Textiles, etc.††	4.33	4.16	4.01	4.41
(a) Sugar	6.18	5.62	4.77	6.28
(b) Cotton Textiles	4.33	4.72	4.00	4.53
(c) Jute Textiles	3.87	5.14	4.67	3.53
(d) Silk and Woollen	3.50	2.92	3.05	3.85
Metals and Chemicals†	4.65	4.22	4.62	4.99
(a) Iron and Steel	5.31	4.69	5.14	5.79
(b) Transport Equipment	4.56	3.77	3.41	4.58
(c) Electrical Machinery	4.32	4.46	4.78	4.59
(d) Other Machinery	3.54	3.46	3.05	3.81
(e) Basic Ind. Chemicals	4.74	3.64	5.16	4.94
Others	4.59	4.52	4.74	4.78
(a) Cement	5.00	4.77	5.15	5.37
(b) Paper	3.87	4.54	4.27	3.62
Other Industries	5.30	5.28	5.62	5.39
(a) Electricity Generation and Supply	5.60	5.42	5.86	5.71
(b) Trading	6.62	6.74	6.85	6.63
(c) Shipping and Other Transport	4.20	4.40	5.00	4.18
(d) Construction	3.83	3.98	3.37	4.25
Financial	5.91	5.84	6.48	5.98
(a) Banks	5.66	5.42	6.24	5.76
(b) Insurance	6.58	7.07	7.39	6.52
(c) Investment Trusts	6.54	6.72	6.58	6.64

† Running yield. ‡ Average of four loans: (i) 3½% 1962, (ii) 3½% 1967, (iii) 3% First Development Loan 1970-75 and (iv) 4% 1979. ‡ Including 'Miscellaneous.' †† Including Edible and Vegetable Oils.

IRON AND STEEL PRODUCTION (In metric tons)

Tata Iron and Steel Co., Ltd.	Pig Iron	Steel Ingots	Saleable Steel
Year ended 31st March, 1960	1,594,000	1,555,000	1,237,000
Do. 31st March, 1959	1,588,000	1,523,000	1,263,000
Do. 31st March, 1962‡	1,447,800	1,342,200	1,317,700
Do. 31st March, 1963	1,766,000	1,799,300	1,412,700
January 1963	151,700	159,100	126,500
February "	169,000	163,600	126,800
March "	159,700	168,700	127,100
April "	156,000	161,400	127,600
May "	140,600	144,100	119,400
June "	144,800	153,500	126,300
July "	146,500	153,300	126,600
August "	162,600	174,600	136,600
September "	164,400	171,300	133,100
October "	170,068	86,248	63,972
November "	112,028	86,413	61,612
December "	113,540	88,553	74,124
January 1964	115,800	90,128	70,905
February "	102,648	81,947	63,191
March "	81,704	85,840	65,520
April "	76,696	81,595	64,682
May "	83,051	87,519	70,229
June "	109,243	87,771	63,185
Indian Iron and Steel Co., Ltd.			
Year ended 31st March, 1960	1,070,470	840,305	672,707
Do. 31st March, 1961	1,160,576	914,159	722,034
Do. 31st March, 1962	1,187,397	934,498	735,970
Do. 31st March, 1963	1,291,825	1,002,038	795,119
January 1963	120,068	86,248	68,972
June "	112,028	86,413	61,612
July "	113,540	88,553	74,124
August "	115,800	90,128	70,905
September "	102,648	81,947	63,191
October "	81,704	85,840	65,520
November "	76,696	81,595	64,682
December "	83,051	87,519	70,229
January 1964	109,243	87,771	63,185

INDIAN JUTE GOODS STATISTICS

(In thousand metric tons)

	December		Jan. to Dec.	
	1963	1962	1963	1962
Production—Total	107.3	104.2	1,236.2	1,186.8
Of which :				
Hessian	46.5	46.2	528.6	482.7
Sackings	43.7	45.9	507.1	551.8
Others	17.1	12.1	200.5	152.3
Despatches—Total	105.8	111.9	1,199.8	1,151.4
Of which :				
For exports	71.3	81.4	866.8	848.4
Hessian	43.2	47.0	460.6	433.5
Sacking	17.9	26.4	251.8	287.7
Others	10.2	8.0	145.4	107.2
For internal consumption	34.5	30.5	333.0	303.0
Hessian	4.2	4.4	47.0	44.2
Sacking	26.7	23.3	250.7	223.5
Others	3.6	2.8	35.3	35.3
Closing stocks—Total	112.8	82.8	112.8	82.8
Of which—				
Hessian	39.4	22.7	39.4	22.7
Sacking	47.1	46.5	47.1	46.5
Others	26.3	13.6	26.3	13.6

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	27th June, 1963	5	4.5
Belgium	July, 1963	3.50	4
Bolivia	June, 1963	6	6.5
Burma	1962	3.00	4.00
Canada	11th Aug., 1962	3.5	4
Ceylon	18th Aug., 1960	2.50	4
Chile	Jan., 1963	14.02	14.20
Denmark	18th Nov., 1963	6	5.5
Ecuador	1960	5	6
El Salvador	June, 1961	5.5	6
Finland	April, 1962	8	7
France	14th Nov., 1963	3.5	4
Greece	17th Jan., 1963	6	5.50
India	3rd Jan., 1963	4	4.50
Indonesia	1st April, 1946	3	4
Iceland	Aug., 1963	3.95	3.94
Italy	7th June, 1958	4	3.50
Japan	20th April, 1963	6.21	5.84
Malaya	28th July, 1961	6	7
Mexico	4th June, 1943	4	4.50
Netherlands	7th Jan., 1963	4	3.50
New Zealand	24th Mar., 1961	6	5
Norway	14th Feb., 1958	2.50	3.50
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1959	6.00	9.50
Philippines	9th Jan., 1962	3	2
Portugal	17th Jan., 1944	4	3
South Africa	27th Nov., 1963	4	3.50
Spain	1961	5.75	5
Sweden	31st Jan., 1964	4	4.5
Switzerland	29th Feb., 1959	2.50	2
Thailand	Nov., 1959	7	5
Turkey	May, 1961	9	7.5
United Kingdom	27th June, 1963	4.50	4
U.A.R.	May, 1962	3	5
U.S.S.R.	1st July, 1935	5	4
U.S.A.	16th July, 1963	3	3.50
West Germany	4th May, 1961	3.50	3

INDUSTRIAL PRODUCTION

Industries		1960	1961	1962	January to Aug. (Eight months) 1963	January to Aug. (Eight months) 1962	Aug. 1963	Aug. 1962
Major Industries—								
Coal	million metric tons	52.62	56.10	61.55	44.90	39.78	5.45	4.98
Steel Ingots—crude	thousand metric tons	3,242	4,027	5,090	4,020	3,223	499	417
Yarn	" million kgs.	788	862	860	581	574	75	74
Cloth	" million metres	4,816	4,694	4,480	2,931	2,999	383	394
Cement	thousand metric tons	7,885	8,245	8,586	6,197	5,548	733	697
Jute	thousand metric tons	1,055	971	1,181	828	784	107	104
Paper and paper boards	thousand quintals	3,475	3,541	3,876	2,968	2,627	405	316
Matches*	million gross boxes	32.6	38.4	28.8	1,740*M	..	..	..
Sugar	thousand metric tons	2,691	2,841	2,786	1,471	2,122	10	5
Engineering and Electrical Industries—								
Machine tools†	Value in lakhs of Rs.	502	761	1,074	1,029	682	136	86
Electric lamps	" millions	41.38	46.12	58.55	47.80	37.32	6.19	5.20
Dry cells	" millions	207.4	213.6	238.8	180.0	24.3	21.7	
Power transformers	thousand K.V.A.	1,116	1,754	2,357	1,721	1,603	192	195
Electric Motors	" thousand H.P.	680	827	980	778	643	90	91
Electric fans	Nos.	991,200	1,074,000	1,134,000	836,700	785,900	92,600	99,300
Radio receivers	Nos.	266,700	326,340	348,096	272,600	225,200	35,100	30,600
Storage batteries	Nos.	510,000	520,800	564,000	459,000	383,400	57,900	50,100
Diesel engines—Vehicular	Nos.	9,708	9,816	7,620	5,677	5,207	813	558
Diesel engines—Stationary	Nos.	44,196	44,196	42,672	37,372	27,214	4,806	3,510
Chemical Industries—								
Salt	million metric tons	3.44	3.47	3.90	4.01	3.51	0.16	0.13
Caustic soda	metric tons	99,144	113,944	125,420	96,180	82,603	13,451	12,564
Soda ash	metric tons	145,284	176,639	222,660	174,270	143,785	22,164	18,786
Chlorine liquid	metric tons	31,656	33,912	36,972	27,560	24,813	4,187	3,058
Bleaching powder	metric tons	5,928	7,128	6,816	4,770	4,523	633	653
Bichromates	metric tons	5,472	6,732	7,045	4,438	4,393	622	593
Sulphuric acid	metric tons	359,400	413,580	458,304	358,166	284,733	47,000	40,091
Superphosphate	metric tons	332,484	370,886	445,224	365,115	264,785	49,300	36,132
Non-ferrous Metals—								
Aluminium	metric tons	18,467	18,381	35,404	34,576	18,644	4,123	3,632
Antimony	metric tons	809	818	661	585	395	75	18
Copper (virgin metal)	metric tons	8,992	8,736	9,731	6

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	Eight months ended Nov.		April to March* (Twelve months)	
	1963-64	1962-63	1962-63	1961-62
Exports	505.89	440.41	686.35	655.17
Re-exports	2.32	5.25	7.34	5.17
Total Exports ..	508.21	445.66	693.69	660.34
Imports	731.72	748.23	1,077.09	1,090.06
Overall Balance of Trade ..	—223.51	—302.57	—383.40	—429.72
Exports—Items:				
Tea	87.11	84.40	129.19	122.26
Coffee	6.22	5.02	7.61	9.02
Sugar	20.48	12.16	18.04	15.34
Jute yarns and manufactures ..	103.80	104.00	156.17	144.78
Cotton yarns and manufactures	35.52	32.73	52.13	53.31
Cotton, raw and waste ..	10.24	10.56	17.07	20.35
Petroleum Products ..	4.05	2.64	4.13	3.48
Vegetable Oils	10.32	6.85	13.17	5.82
Fruits and vegetables ..	20.12	17.46	26.90	25.38
Tobacco—Raw	18.73	13.62	18.87	14.07
Mica	5.79	7.17	10.36	9.66
Wool and other animal hair ..	3.92	4.08	6.64	9.10
Gums, resins and lac ..	5.23	4.64	7.28	6.64
Spices	8.82	8.71	13.37	7.51
Leather & Leather Manufactures	17.12	14.78	22.75	25.45
Hides and skins, raw ..	6.63	6.52	11.01	8.79
Cashew kernels	14.76	12.78	19.30	18.17
Pepper (black)	3.10	3.83	6.57	8.08
Manganese ore	5.33	5.17	7.88	10.12
Iron and steel scrap ..	3.37	1.11	1.99	3.25
Iron ore and concentrates..	22.79	11.82	19.32	17.41
Sewing machines	1.9	2.3	4.8	4.4
Electric fans	41	49	93	67
Groundnut oil	5.52	3.74	7.33	1.03
Castor oil	3.82	2.86	4.29	4.00
Defatted groundnut meal ..	16.95	15.20	26.52	13.96
Country-wise Exports				
Australia	12.21	12.08	18.82	15.85
Burma	2.64	3.33	5.13	5.64
Canada	15.45	15.74	22.42	17.58
Ceylon	12.12	10.97	13.47	16.08
Czechoslovakia	9.73	6.63	11.27	5.54
France	5.42	5.22	8.54	7.96
East Germany	5.61	6.01	6.50	6.07
West Germany	11.76	9.27	15.29	19.81
Italy	7.89	5.81	9.52	9.06
Indonesia	1.42	3.03	4.05	6.60
Japan	36.96	19.39	33.99	40.45
Kuwait	2.31	2.51	3.95	3.92
Federation of Malaya ..	8.86	4.24	6.73	5.78
New Zealand	5.00	4.91	6.59	7.39
Netherlands	6.23	5.09	8.95	7.99
Nigeria	2.49	4.79	6.17	7.05
Pakistan†	4.55	6.58	9.40	9.44
Singapore	11.07	5.43	9.43	8.55
Sudan	5.13	6.35	9.01	10.30
U.A.R.	6.59	7.61	13.06	12.35
United Kingdom	111.89	103.86	162.75	159.73
U.S.A.	81.72	72.31	116.59	115.05
U.S.S.R.	35.80	26.01	38.28	32.03
Imports—Items:				
Machinery†	237.77	212.14	309.29	302.90
Iron and Steel	59.99	57.48	86.65	107.81
Copper	16.39	15.56	25.52	23.45
Aluminium	3.97	7.53	10.50	7.93
Zinc	7.15	6.69	9.02	7.35
Tin	4.23	4.07	5.10	5.78
Lead	2.24	1.97	2.69	2.59
Nickel	96	87	1.44	1.56
Chemicals, drugs and medicines	57.68	65.16	100.41	89.76
Electrical goods and apparatus	55.14	41.08	62.16	65.91
Vehicles (excluding aircraft, ships and boats) ..	26.67	40.39	48.84	49.76
Aircraft	7.83	9.06	12.47	12.07
Ships and boats	2.03	1.17	1.78	1.89
Cotton, raw and waste ..	23.43	42.43	56.91	62.66
Fruits and vegetables ..	9.86	8.03	18.21	14.80
Paper, pasteboard, etc. ..	7.51	8.37	13.34	15.95
Dyes and colours	5.79	8.17	12.15	14.46
Spices	51	1.09	1.77	1.67
Rice	14.29	16.93	21.26	18.73
Wheat and spelt	49.25	74.41	91.86	93.87
Country-wise Imports—				
Australia	10.19	17.33	22.86	24.17
Burma	7.00	7.83	8.71	11.24
Canada	17.51	8.72	14.70	18.56
Ceylon	2.89	5.37	8.18	4.50
Czechoslovakia	10.83	14.10	19.71	15.02
France	5.17	7.30	12.99	8.78
East Germany	5.75	4.54	7.01	5.64
West Germany	57.78	66.29	96.46	122.85
Italy	10.70	14.60	21.89	26.33
Japan	41.61	42.47	62.75	59.45
Iran	34.53	26.93	45.88	47.35
Federation of Malaya ..	9.22	7.34	10.71	12.92
New Zealand	1.01	1.03	1.33	1.22
Netherlands	7.00	9.39	13.84	13.25
Norway	69	1.35	1.76	2.32
Pakistan	5.77	9.73	16.67	13.86
Singapore	3.72	5.92	8.11	9.00
Sudan	5.94	13.77	17.11	10.56
Sweden	7.11	5.09	8.40	14.34
Switzerland	8.55	7.16	10.23	10.75
U.A.R.	3.25	4.55	9.78	12.04
United Kingdom	114.89	122.92	178.31	200.15
U.S.A.	233.53	232.60	315.76	255.54
U.S.S.R.	43.30	40.23	55.50	39.94

* Excludes figures for Goa, Daman and Diu.

† Including electric goods.

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees)			Average rate of discount	Rate of allotment in full
	Offered	Applied for	Allotted	Per cent.	Rs.
1963					
26th November ..	2.00	4.00	2.00	—	—
27th to 30th Nov.*† ..	2.00	—	2.00	2.00	99.420
3rd December ..	2.00	2.00	2.00	2.320	99.436
4th to 7th Dec.* ..	1.39	—	1.39	—	99.436
10th December ..	2.00	2.00	2.00	2.315	99.425
11th to 14th Dec.* ..	0.23	—	0.23	—	99.436
17th December ..	2.00	2.00	2.00	2.315	99.420
18th to 21st Dec. * ..	2.35	—	2.35	—	99.436
24th December ..	2.00	2.00	2.00	2.310	99.420
26th to 28th Dec.* ..	2.10	—	2.10	—	99.436
30th Dec. to 4th Jan.*	0.24	—	0.24	—	99.436
1964					
7th January	2.00	2.00	2.00	2.315	99.420
8th to 11th Jan.* ..	0.15	—	0.15	—	99.436
14th January	2.00	2.00	2.00	2.315	99.420
15th to 18th Jan.* ..	0.43	—	0.43	—	99.436
21-4 January	2.00	2.00	2.00	2.325	99.415
22nd to 25th Jan.* ..	2.50	—	2.50	—	99.436
28th January	2.00	2.00	2.00	2.325	99.415
4th February	2.00	2.00	2.00	2.325	99.415
5th to 8th Feb. * ..	0.78	—	0.78	—	99.436
11th February	2.00	2.00	2.00	2.340	99.415
12th to 14th Feb.* ..	0.99	—	1.00	—	99.431
18th February	2.00	2.02	2.00	2.340	99.415
Total amount outstanding	39.97	—	39.97	—	—

*Intermediate Treasury Bills sold.

RAW COTTON STATISTICS

Particulars	Details of Period	In Bales of 180 Kilograms
Cotton Receipts (Total Indian) ..	Week ended 13th Feb., 1964 ..	31,875(J)
	Corresponding week, 1963 ..	22,787(J)
	1st Sept. to 13th Feb., 1963-64 ..	707,661*
	Corresponding period, 1962-63 ..	807,347*
Exports by Rail ..	From 1st Sept. to 13th Feb., 1963-64 ..	25,498
Exports by Road (Estimated) ..	Do. Do. ..	32,000
Exports by Sea ..	Do. Do. ..	..
Mill Consumption (Estimated) ..	1st Sept. to 13th Feb., 1963-64 ..	614,194A
	Corresponding period, 1962-63 ..	676,040
Stock (with exporters, dealers and mills) in Bombay (Estimated).	On 13th Feb., 1964 ..	446,480A
	Corresponding date, 1963 ..	393,411
Consumption of Cotton—		
Indian	October 1963	441,879
Foreign	Two months ended Oct., 1963 ..	53,105
Indian		888,366
Foreign		106 840
Indian	Same period, 1962 ..	735,305
Foreign		172,483
Stocks (Mills and Elsewhere)—		
Indian	As on 31st Oct., 1963	1,168,454
Foreign		207,161
Indian	As on 31st Oct. 1962†	746,406
Foreign		842,102

Exports by Sea to Foreign Countries (In bales of 180 kilograms)	Week ended 13th February		From 1st September to 13th February	
	1964	1963	1963-64	1962-63
U. K.		200	2,823	2,183
Continent	1,277	517	10,463	11,295
Hong Kong		100	3,148	3,554
Japan	2,571	3,390	67,610	74,297
U.S.A.	744	494	6,148	6,149
Other countries	..	..	612	595
Total—all foreign countries.	4,592	4,701	90,803	98,073

Indian Mills cotton consumption from 1st Sept. to 31st October (In Bales of 180 Kilograms)	1963	1962
Indian	888,366	735,205
Pakistan	2,380	30,156
American	49,970	60,063
Egyptian	22 935	14,471
Sudan	22 739	46,567
East African	7,783	17,508
Others	1,024	3,718
Total ..	995,206	907.788

Cotton Pressed in India† (in running bales)		
Corresponding week, 1962 ..	186,948	
1st Sept. to 24th Jan., 1963-64..	159,146	
Corresponding period, 1962-63 ..	1,348,850	
Karachi (Pakistan) Receipts	1st Sept. to 23rd Jan., 1963-64 ..	633,466
	Corresponding period, 1962-63	856,912
Exports	1st Sept. to 23rd Jan., 1963-64 ..	422,488
	Corresponding period, 1962-63 ..	371,647

(J) By Rail and Sea. † Incomplete. * By Rail, Sea and Road. A—Adjusted. —Not received.

GOVERNMENT SECURITIES

Loan	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
TERMINABLE LOANS				
3 % Loan	1950	30,38,10,400	1964	99.55
3 % Fg. Loan	1942	110,11,78,000	1966-68	97.85
3 % Dev. Loan	1945	115,05,82,000	1970-75	90.25
2½ % Loan	1946	14,77,48,000	1976	83.50
3 % N. P. Loan	1954	158,17,94,000	1964	99.85
3½ % N. P. Bonds (2nd Series)	1955	153,67,92,000	1965	99.65
3½ % N. P. Bonds (4th Series)	1957	56,99,30,000	1967	99.50
4 % Loan	1957	154,70,22,000	1972	99.20
3½ % Loan	1958	70,00,00,000	1965	98.10
3½ % Loan N.P.B.	1958	156,64,72,000	1968	99.40
3½ % Loan	1958	94,51,44,000	1973	99.15
3½ % Loan	1959	190,85,42,000	1970	97.10
4 % Loan	1959	81,06,39,000	1979	98.35
4 % Loan	1960	98,05,17,000	1960	98.25
3½ % Bonds	1960	82,65,41,000	1966	99.65
4 % Loan	1961	85,96,55,000	1981	98.40
4 % Loan	1962	114,98,37,000	1985	100.10
6½ % Gold Bonds	1962	22,00,000	1977	118.00
4½ % Loan N.D.B.	1962	13,96,47,000	1972	100.40
LOANS TERMINABLE AT OPTION OF GOVT				
3 % Loan	[1896-97] 1946	8,93,33,000 248,91,08,000	M* k	65.00 63.40
STATE LOANS				
4 % Andhra	1955	5,00,18,000	1st Sept. 1967	99.00
4 % Andhra	1956	5,36,15,000	3rd Sept. 1968	98.80
4½ Andhra	1958	5,48,92,000	15th July 1970	98.40
4 % Andhra	1960	6,57,78,000	15th Aug. 1972	98.20
4½ Andhra	1960	9,85,35,000	29th Aug. 1969	98.40
4½ Andhra	1961	11,01,81,000	Sept. 1972	98.00
4 % Andhra	1962	10,91,15,000	Aug. 1974	99.30
4 % Maharastra	1962	3,34,83,000	1st Aug. 1964	100.00
4 % Maharastra	1955	9,41,35,000	1st Sept. 1967	99.30
4 % Maharastra	1956	7,70,11,000	16th Sept. 1968	98.50
4 % Maharastra	1957	6,47,37,000	16th Sept. 1969	99.45
4 % Maharastra	1958	6,48,62,000	15th Sept. 1970	98.40
4½ % Maharastra	1958	4,31,45,000	15th July 1970	99.25
4½ % Maharastra	1959	6,58,14,000	15th Aug. 1971	98.25
4½ % Maharastra	1960	10,09,87,000	29th Aug. 1969	98.40
4½ % Maharastra	1961	10,77,36,000	Sept. 1972	99.25
4½ % Maharastra	1962	13,64,97,000	Aug. 1974	99.85
4 % Bihar	1955	1,84,92,000	1st Sept. 1967	98.80
4 % Bihar	1956	2,18,41,000	3rd Sept. 1968	98.80
4 % Bihar	1958	2,76,71,000	15th Oct. 1970	98.40
4 % Bihar	1959	3,32,22,000	15th Aug. 1971	97.75
4 % Bihar	1960	3,22,43,000	29th Aug. 1969	98.40
4½ % Bihar	1961	3,28,49,000	Sept. 1972	98.40
4½ % Bihar	1962	4,31,76,000	Aug. 1974	99.25
4 % Gujarat	1960	5,32,74,000	29th Aug. 1969	98.85
4½ % Gujarat	1961	5,97,47,000	Sept. 1972	98.80
4½ % Gujarat	1962	6,54,73,000	Aug. 1974	99.50
Bridge (New)	1936-37	1,95,06,700	1956-66	94.50
4 % Hyderabad	1955	2,12,46,000	1st Sept. 1967	98.80
4 % Hyderabad	1956	2,18,62,000	3rd Sept. 1968	98.80
4 % Madras	1957	5,24,81,200	1st Aug. 1966	99.15
4 % Madras	1955	10,47,17,000	1st Sept. 1967	99.20
4 % Madras	1956	12,52,55,000	3rd Sept. 1968	98.80
4½ % Madras	1958	5,55,57,000	15th July 1970	98.50
4 % Madras	1959	8,25,17,000	15th Aug. 1971	98.00
4 % Madras	1960	12,20,72,000	29th Aug. 1969	98.60
4½ % Madras	1961	10,44,09,000	Sept. 1972	98.45
4½ % Madras	1962	12,24,99,000	Aug. 1974	99.30
4 % Mysore	1955	3,54,94,000	1st Sept. 1967	99.30
4 % Mysore	1956	4,11,11,000	3rd Sept. 1968	99.00
4 % Mysore	1957	4,34,36,000	1st Sept. 1969	98.70
4½ % Mysore	1958	5,51,62,000	15th July 1970	98.75
4½ % Mysore	1959	5,66,59,000	15th Aug. 1971	98.00
4 % Mysore	1960	4,57,75,000	29th Aug. 1969	98.60
4½ % Mysore	1961	3,54,19,000	Sept. 1972	98.45
4½ % Mysore	1962	5,08,95,000	Aug. 1974	99.30
4 % M.P.	1948	2,08,29,000	15th Sept. 1964	98.50
4 % M.P.	1955	1,65,12,000	1st Sept. 1967	99.00
4 % M.P.	1956	1,58,42,000	3rd Sept. 1968	98.80
4½ % M.P.	1958	2,21,35,000	15th July 1970	98.00
4½ % M.P.	1959	3,76,59,000	15th Aug. 1971	97.70
4 % M.P.	1960	5,16,80,000	29th Aug. 1969	98.50
4½ % M.P.	1961	5,04,45,000	Sept. 1972	98.00
4½ % M.P.	1962	5,98,37,000	Aug. 1974	99.00
4 % Saurashtra	1955	3,45,89,000	1st Sept. 1967	99.25
4 % Saurashtra	1956	2,98,56,000	3rd Sept. 1968	98.80
4½ % Kerala	1958	2,22,08,000	15th July 1970	98.40
4 % Kerala	1958	3,27,43,000	15th July 1970	98.20
4½ % Kerala	1959	4,47,08,000	15th Aug. 1971	97.75
4 % Kerala	1960	4,09,41,000	29th Aug. 1969	98.00
4½ % Kerala	1961	4,10,08,000	Sept. 1972	98.00
4½ % Kerala	1962	5,15,15,000	Aug. 1974	99.00
2½ % U.P.Z.A.	*1952*	*42,80,19,000*		*43.50*
4 % U.P.	1936	1,54,30,000	15th Sept. 1961-66	92.75
4 % U.P.	1952	5,82,17,000	1st Sept. 1967	97.60
4 % U.P.	1955	8,94,65,000	1st Sept. 1967	99.15
4 % U.P.	1956	8,19,58,000	3rd Sept. 1968	98.80

PORT TRUST LOANS

Amount	Interest payable	Year of Issue	Repayable	Market quotation
BOMBAY				
Rs.				Rs.
35,50,000	4	1904	1964	
35,00,000	4	1905	1965	
15,00,000	4	1906	1967	
44,00,000	4	1907	1968	
75,00,000	4	1908	1969	98.00
40,00,000	4	1909	1970	
40,00,000	4	1910	1971	
75,00,000	4	1911	1972	
1,10,00,000	4	1912	1973	
80,00,000	4	1913	1974	91.00
88,25,000	4	1914	1975	91.00
55,00,000	4	1915	1975	
24,58,000	3½	1935*	1975	D
15,00,000	3½	1936*	1976	
10,00,000	3½	1937*	1976	
7,00,000	3½	1941	1971	
CALCUTTA				
Rs.†				Rs.
90,24,800	4	1914	1974	98.25
79,80,100	4	1915	1975	98.25
1,50,00,000C	3	1921	1951	82.00
68,02,300C	6††	1921	1981	144.00N
50,00,000	3½	1931	1991	93.00
60,00,000	3½	1935	1965	98.00
25,00,000	3	1938	1965-68	82.00
50,00,000	3½	1945	2005	72.00
50,00,000	3	1945	1975	83.75
50,00,000	3½	1946	1976	83.50
50,00,000	3	1946	2006	72.00
50,00,000	2½	1947	1977	78.50
50,00,000	3	1948	1978	83.00
50,00,000C	3	1950	1980	81.00
50,00,000	3	1951	1981	80.50
60,00,000C	3	1951	1983	87.50
90,00,000	4	1955	1985	97.25
77,00,000	4	1956	1986	97.25
78,00,000	4	1956	1988	97.25
1,24,00,000C	4½	1957	1987	99.50
1,30,00,000C	4½	1958	1988	99.00
1,00,00,000	4	1959	1989	99.50
50,00,000	4½	1959	1989	99.50
1,00,00,000	4	1960	1970	98.50
1,00,00,000	4	1960	1970	98.50
1,50,00,000	4½	1961	1971	98.75
STERLING LOANS				
£892,600	5	1923	1953-68	£69⅜
£901,000	5	1924	1954-84	£69⅜
MADRAS				
Rs.				Rs.
24,01,669	3½	1947	1977	
8,69,057C	3	1947	1977	A
2,80,517C	3	1949	1979	
45,00,000†	4½	1954	1984	

IMPR. TRUST LOANS

Amount Sanctioned	Interest per cent.	Year of Issue	Repayable	Market quotation
BOMBAY				
Rs.				Rs.
60,00,000	4	1903	1968	
50,00,000	4	1904	1964	
30,00,000	4	1905	1965	
20,00,000	4	1906	1966	
15,00,000	4	1907	1967	
30,00,000	4	1908	1968	
25,00,000	4	1912	1972	
10,00,000	4	1913	1973	
50,00,000	4	1914	1974	
25,00,000	4	1916	1976	
66,00,000	6	1920	1935-60	
25,00,000	4	1927	1961-70	98.00N
10,00,000	3½	1936	1966	
STERLING LOANS				
£566,600	4	1909	1960	£95.50
£338,000	4	1910	1970	£95.50N
CALCUTTA				
50,00,000	4	1924	1964	99.25
35,00,000	3½	1925	1965	95.00
35,00,000	3½	1926	1966	95.00
20,00,000	3	1928	1965-68	92.50
40,00,000	4	1956	1968	98.50
40,00,000	4	1958	1968	101.00
65,00,000	4½	1958	1968	101.00

MUNICIPAL LOANS

Rs.				Rs.
BOMBAY				
8,25,00,000	3½	1947	1977	82.00
2,13,14,500	3½	1949	1979	82.00
4,00,00,000	3½	1950	1965	98.10
2,09,21,472	4	1952	1964	99.50
2,00,57,318	3½	1961	1966	98.00
92,19,000†	4	1952	1964	99.00
86,87,000†	4	1954	1966	99.00
2,50,00,000	4	1955	1967	98.00
2,50,00,000	4	1956	1968	98.00
2,00,10,500	4½	1957	1969	98.85
4,40,00,000	4	1958	1970	98.75
5,50,00,000	4	1959	1971	98.50
3,00,00,000	4½	1960	1972	98.50
2,50,00,000	4½	1960	1978	98.50
5,15,00,000	4½	1962	1974	99.75
Rs.†				Rs.
CALCUTTA				
33,01,000	3½	1925	1965	98.00
60,00,000	3	1936	1966	92.00
47,50,000	3	1937	1967	92.00
21,10,000	3½	1942	1972	92.00
66,58,000	3½	1951	1966	98.50
72,50,000	4	1954	1979	100.00
73,86,000	4½	1955	1985	97.25N
1,67,82,000	4½	1958	1970	101.00N

State Loans	Issued	Outstanding Rs.	Repayable	Latest Available Quotation Rs.
4½ % U.P.	1958	7,65,59,000	15th July 1970	98.00
4½ % U.P.	1959	5,70,81,000	15th Aug. 1971	98.25
4 % U.P.	1960	7,79,21,000	29th Aug. 1969	98.50
4½ % U.P.	1961	6,53,59,000	Sept. 1972	98.40
4½ % U.P.	1962	9,84,05,000	Aug. 1974	99.30
4 % Rajasthan	1956	3,14,19,000	3rd Sept. 1968	98.80
4½ % Rajasthan	1958	2,72,39,000	15th July 1970	98.35
4½ % Rajasthan	1959	3,84,19,000	15th Aug. 1971	98.00
4 % Rajasthan	1960	5,09,25,000	29th Aug. 1969	98.35
4½ % Rajasthan	1961	4,49,45,000	Sept. 1972	98.00
4½ % Rajasthan	1962	4,94,43,000	Aug. 1974	99.25
4 % Orissa	1956	3,09,34,000	3rd Sept. 1968	98.80
4½ % Orissa	1958	3,26,60,000	15th July 1970	98.50
4½ % Orissa	1959	3,82,58,000	15th Aug. 1971	97.75
4 % Orissa	1960	4,40,53,000	29th Aug. 1969	98.50
4½ % Orissa	1961	3,88,74,000	Sept. 1972	98.40
4½ % Orissa	1962	7,86,10,000	Aug. 1974	99.25
4 % M. Bharat†	1956	1,11,22,000	1st Aug. 1966	98.50
4 % W. Bengal	1952	2,00,00,000	15th July 1964	99.05
4 % W. Bengal	1955	7,58,72,000	1st Sept. 1967	99.15
4 % W. Bengal	1956	7,11,40,000	3rd Sept. 1968	98.80
4 % W. Bengal	1958	5,10,50,000	15th July 1970	98.90
4 % W. Bengal	1959	7,69,64,000	15th Aug. 1971	98.00
4 % W. Bengal	1960	7,05,32,000	29th Aug. 1969	98.60
4½ % W. Bengal	1961	7,30,71,000	Sept. 1972	98.75
4½ % W. Bengal	1962	7,05,12,000	Aug. 1974	99.50
4 % Assam	*1952*	*2,76,40,000*	*19th Aug. 1974*	*97.80*
4½ % Assam	1962	3,01,83,000	Aug. 1974	99.25
4 % Punjab	1952	2,18,87,000	19th Aug. 1971	97.50
4½ % Punjab	1961	5,13,03,000	Sept. 1972	98.40
4½ % Punjab	1962	8,64,88,000	Aug. 1974	99.25

ABBREVIATIONS. N—Nominal. (f) Income-tax free. * Loans held entirely by the Trustees. † Bombay State Transport.
A—Held by Government of India. B—Taken up by State Bank of India. C—Held by Commissioners. D—Domestic Loan not marketable.
†† Rate of Interest reduced from 6 to 3 per cent with effect from 1st June 1944. ‡ Rate of Interest reduced from 6† to 4 per cent with effect from 1st April 1938.
f—Interest free for first 12 years. i—Interest free for first 7 years. J—Ex Eleven Instalments but inclusive of accrued interest.
M—At the option of the Government after three months' notice. K—On September 1986 or later at the option of the Government after three months' notice.
**—Liability taken over by Madhya Pradesh. @ Total amount invested in Gold Bonds up to 15th February 1963.

STOCK & SHARE QUOTATIONS

Abbreviations :—D.—Deferred shares. P. O.—Preferred Ordinary shares. Y.—Accounts published yearly. H.—Accounts published half-yearly. P.—Company has Preference shares. T.—Company has Debentures. N.—Nominal quotations. x.d.—Ex. Dividend. c.d.—Cum. Dividend. I.—Interim Dividend. CR.—Cum. Right. XR.—Ex. Right.

Shares :—If a company has different classes of shares—as for example : 'A' shares and 'B' shares—these are indicated by the same letters 'A' and 'B' under the columns 'Paid-up Ordinary Capital' and 'Paid-up' per share.

Accounts :—Figures in the Accounts Closed column represent the months or the year in which the respective companies close their accounts. 6 and 12, for instance, indicate the months of June and December, respectively. Insurance include general and other reserves and all other funds which a company may have excluding depreciation fund, reserves for tax liability and provident fund. Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed less sales, if any, and stands for the gross figures except where otherwise indicated.

Dividends :—Dividends for completed years are shown as amount per share per annum, but where quoted for portion of a year they represent the proportionate dividend for that period. In the case of those companies which close their accounts yearly dividends shown are for their financial year.

TEXTILES

COTTON, RAYON, SILK AND WOOLLEN

| Paid-up Ordinary Capital Rs. | Reserves Rs. | Gross Block Rs. | Depreciation

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
6,00,000	74,80,980	1,77,88,858	77,19,665	8,246	B. N. Elias & Co. Private Ltd. ..	879	Agarpara	10.00	10	1.00	0.25	0.25	1.20	3	Y.P.T.
6,00,000	21,01,100	85,62,670	55,90,516	25,705	McLeod & Co., Ltd.	456	Alexandra	275.00	100	44.00	16.00	42.50		12	Y.P.T.
30,00,000	26,04,850	1,72,09,661	1,14,76,789	1,05,589	McLeod & Co., Ltd.	1,254	Alliance	135.00	100	6.00	Nil	10.00	12.50	6	Y.P.
49,20,700	1,64,67,331	3,42,98,398	2,11,97,620	90,773	Duncan Brothers & Co., Ltd.	2,561	Anglo-India	163.00	100	20.00	7.50	10.00	12.00	3	Y.P.
40,00,000	22,04,394	1,09,46,077	1,00,08,540	1,752	Bird & Co. Private Ltd. ..	810	Auckland	138.00	100	27.00	12.50	Nil	15.00	3	Y.P.T.
50,00,000	40,35,530	1,58,48,088	98,46,188	29,388	Birla Brothers Private Ltd. ..	959	Bally	250.00	100	25.00	25.00	25.00	25.00	3	Y.P.
2375,000	2975,367	£1,486,277	£1,075,854	£1,341	Jardine Henderson Ltd. ..	1,889	Barnagore	217.00	£5	£1 10sh.	10 sh.	10 sh.	£2	3	Y.P.
45,00,000	27,17,701	76,45,179	45,59,589	1,36,234	Soorajmull Nagarmull	600	Bengal	9.00	10	0.50	0.50	0.50		6	Y.P.T.
1,69,56,210	8,86,65,994	9,06,98,597	4,20,72,427	46,410	Birla Brothers Private Ltd. ..	1,378	Birla	34.62	10	1.50	1.50	1.50	1.50	3	Y.P.
36,00,000	14,82,140	1,22,61,814	73,96,788	20,618	Andrew Yule & Co., Ltd. ..	991	Budge-Budge	137.00	100	10.00	Nil	12.00		10	Y.P.
7,47,880	88,200	49,78,434	37,08,876	—2,70,302	Dayaram & Sons	502	Calcutta Jute Mfg.	9.12	10	Nil	0.50		0.30	3	Y.P.T.
18,00,000	31,18,228	97,45,253	58,36,982	9,234	M.	616	Caledonian	175.00	100	12.00	5.00	15.00		11	Y.P.
39,56,250	99,79,201	1,90,52,861	91,31,218	22,643	James Finlay & Co., Ltd. ..	600	Champdany	22.37	10	1.00	0.50	Nil	4.00	3	Y.
38,58,750	72,45,112	1,87,32,000	70,26,410	1,02,122	Andrew Yule & Co., Ltd. ..	1,181	Cheviot	21.25	10	Nil	0.50	2.50		11	Y.P.
20,15,000	40,65,400	1,27,67,857	81,17,119	81,455	McLeod & Co., Ltd.	500	Chitavalsah	10.06	10	0.50	Nil	0.50		7	Y.P.T.
24,00,000	8,04,509	81,44,800	69,78,978	—15,44,521	M.	969	Clive	8.00	10	Nil	Nil	Nil		3	Y.P.
31,42,200	21,85,995	1,33,24,108	82,26,550	8,316	Bird & Co. Private Ltd. ..	766	Dalhousie	135.00	100	1.00	1.00	Nil	25.00	3	Y.P.T.
50,00,000	68,77,425	1,80,62,884	65,71,786	28,674	Andrew Yule & Co., Ltd. ..	779	Delta	152.00	100	7.50	Nil	12.00		11	Y.P.
16,00,000	42,21,700	1,21,66,087	88,25,776	84,695	McLeod & Co., Ltd.	500	Empire	16.00	10	1.25	0.75	1.25	1.50	7	Y.P.T.
69,00,000	1,23,58,695	4,12,02,867	2,35,01,408	4,832	Ketulewell Bullen & Co., Ltd.	1,884	Fort Gloster Industries Ltd.	276.00	100 Ord	25.00	10.00	12.50	20.00	3	Y.P.T.
21,49,625	82,04,590	1,42,22,521	93,72,524	6,051	Rangpur Bros. Ltd.	1,014	Fort William	24.75	10	2.25	2.25	1.00	2.00	3	Y.P.T.
84,82,100	77,96,303	3,00,05,500	1,61,98,875	16,267	Lakshmipat Singhania, Esq. (Chairman)		Ganges Manufacturing Co. Ltd.	18.12	10	1.00	1.00	1.50	2.00	3	Y.P.
43,20,000	37,97,205	1,75,30,042	68,41,617	16,622	M.	907	General Ind. Society Ltd. ..	51.00	10	4.00	1.50	1.50		3	Y.P.
48,00,000	65,59,122	3,27,96,620	2,06,30,061	28,659	Macneill & Barry Ltd.	1,394	Gourepore	22.25	10	3.00	2.50	2.00	2.00	3	Y.P.
30,00,000	1,09,80,042	1,86,44,677	1,01,39,206	4,964	Bangur Bros., Ltd.	1,078	Hastings	128.00	100	6.00	6.00	6.00	6.00	3	Y.P.
16,80,000	44,86,059	99,76,527	67,56,170	4,294	M.	720	Hooghly	16.00	10	2.00	0.75	1.00		3	Y.P.
65,85,500	46,00,097	2,31,88,629	1,61,63,455	....	Jardine Henderson Ltd. ..	1,940	Howrah	18.50	10	1.25	1.00	Nil	1.00	3	Y.P.T.
22,50,000	1,26,22,000	3,45,75,240	2,10,76,240	5,068	Ramdutt Ramkissendas	2,292	Hukumchand	21.00	7.50	2.15	2.15	2.00	2.00	3	Y.P.
87,30,000	26,63,965	1,86,88,015	1,09,04,160	76,164	M.	790	India	14.87	12.50	1.75	1.50			3	Y.
24,00,000 } 3* 19,20,000 }	82,17,016	2,06,72,088	1,54,08,111	14,157	Jardine Henderson Ltd. ..	1,797	Kamarhatty	177.00	100	5.00	Nil	20.00		12	Y.P.T.
30,00,000 } 3* 24,00,000 }	18,48,482	1,78,29,416	1,30 92,261	11,179	Jardine Henderson Ltd. ..	1,527	Kankinarrah	177.00 'B'	100	5.00	Nil	20.00		12	Y.P.T.
28,00,000	72,61,800	2,51,06,312	1,23,43,904	94,036	McLeod & Co., Ltd.	708	Kelvin	124.00 'B'	100	Nil	Nil	15.00		3	Y.P.
54,00,000	68,26,810	2,49,10,513	1,56,16,494	3,879	Anderson Wright Ltd.	1,580	Khardah	17.81	10	2.00	0.50	1.25	1.25	3	Y.P.
89,82,200	49,03,577	2,28,97,363	1,60,89,818	12,541	T. W. Holigate & Co. Private Ltd.	1,250	Kinnison	128.00	100	20.00	7.00	Nil	10.00	3	Y.P.T.
24,48,000	1,80 000	1,00,10,272	70,67,675	4,667	Bird & Co. Private Ltd. ..	931	Lansdowne	96.00	100	10.00	Nil	Nil	8.00	3	Y.P.
28,00,000	14,08,147	66,36,767	45,86,702	664	Bird & Co. Private Ltd. ..	840	Lawrence	101.00	100	15.00	15.00	10.00	10.00	3	Y.P.
61,65,250	44,95,037	2,58,54,106	1,66,72,214	84,805	M.	1,914	Lyall	12.70	10	1.25	1.25			3	Y.
29,93,900	41,89,963	1,01,36,426	1,15,76,800	21,972	Bhagat Agencies Ltd.	316	Nalhati	104.00	100	Nil	Nil	Nil	Nil	3	Y.P.T.
20,00,000	13,25,460	36,57,072	27,63,449	12,870	Howrah Trading Co. Private Ltd.	425	Naskarpara	6.00	10	0.60	Nil			10	Y.T.
39,00,000	72,10,449	2,01,18,988	53,47,874	9,617	M.	662	National	12.50	10	0.75	0.50	1.00		3	Y.P.
26,25,000	30,29,172	80,98,895	46,01,106	35,230	McLeod & Co., Ltd.	316	Nellimarla Jute	11.62	10	0.80	0.60	1.50	0.50	7	Y.P.T.
2,56,25,000	3,31,09,122	11,98,78,237	2,72,02,888	15,602	Sahu Jain Ltd.	1,765	New Central	12.75	10	1.50	1.50	Nil	1.50	3	Y.P.T.
16,79,850	28,86,689	1,43,61,778	80,72,943	1,076	Bird & Co. Private Ltd. ..	567	Northbrook	98.00	50	8.00	5.00	2.50	8.50	3	Y.P.T.
66,79,500	58,00,826	1,63,46,564	65,12,203	18,111	Macneill & Barry Ltd.	1,092	Nuddea	62.25	50	4.00	3.00	2.50	5.00	3	Y.
15,00,000	13,85,554	53,85,005	34,46,445	17,103	McLeod & Co., Ltd.	400	Presidency	5.31	5	0.40	0.30	0.50	0.50	7	Y.
20,00,000	5,27,128	68,13,305	24,70,569	25,500	Hindustan Investment Corpn. Ltd.	305	Rameshwara	9.20	10	Nil	Nil	Nil	Nil	3	Y.P.
45,50,000	9,89,145	1,24,01,727	60,15,776	7,27,719	M.	423	Reliance	8.31	10	Nil	Nil	Nil	Nil	10	Y.P.T.
4600,000	4607,481	£1,501,838	£738,964	£8,888	Thomas Duff & Co. (India) Pvt. Ltd.	5,018	Samnaggur	9.50N	£1	6% †	Nil	15% †		12	Y.
80,00,000	23,62,884	1,57,85,313	1,08,08,076	8,777	Begaria More & Co., Ltd. ..	911	Shree Ambica	35.00	10	0.90	0.60	Nil	0.90	3	Y.P.T.
14,00,000	17,16,554	77,42,303	55,72,946	26,425	Hindustan Investment Corpn. Ltd.	401	Soorah	20.87	10	2.50	2.50	2.50		12	Y.P.
4600,000	4566,895	£1,390,914	£783,019	£9,976	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Titagarh	9.50N	£1	6% †	Nil	12½ †		12	Y.P.
85,98,600	42,63,667	1,10,95,221	63,98,988	603	Bird &Co. Private Ltd.	1,326	Union	153.00	100	25.00	6.00	Nil	20.00	3	Y.P.T.
4400,000	4365,053	£1,338,747	£666,723	£8,551	Thomas Duff & Co. (India) Pvt. Ltd.	1,531	Victoria	9.50N	£1	6% †	Nil	10% †		12	Y.P.
2,50,000	9,70,000	81,07,250	46,38,438	57,655	McLeod & Co., Ltd.	447	Waverley	9.00xd	1	0.30	0.30	0.60	0.30	5	Y.

SOUTH INDIAN COMPANIES

TEA COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
10,98,990	5,80,824	18,08,052	4,15,754	48,095	Young India Agencies Private Ltd.	1,665	Balanoor Tea and Rubber ..	18.25	10	1.50	1.20	1.20		3	Y.P.
84,00,000	25,12,425	1,49,41,142	25,05,990	54,779	Kothari & Sons (Agx.) Pvt. Ltd.	1,370H	Blue Mountain Estates & Ind.	2.40	2	0.25	0.20	0.20	0.20	6	Y.
5,50,000	5,11,080	19,95,967	4,95,544	9,168	S. Ramanarayan, Esq. (Mg. Director)	846	Chamraj Estates Ltd. ..	9.00	2	0.50	0.20	0.20	0.20	3	Y.P.
14,00,100	14,46,880	33,49,058	11,64,122	22,758	Peirce,Leslie & Co., Ltd.	693H	Chembra Peak Estates ..	4.58	2	0.40	0.40	0.40	0.40	3	Y.
5,66,780	13,31,210	34,50,038	2,65,047	46,800	Matheson Bosanquet & Co. Pvt. Ltd.	159H	Coonoor Tea	18.37	10	1.75	1.50	1.75		3	Y.P.
4,80,000	5,08,204	16,40,072	2,97,148	18,462	Sirisha Agencies	671	Coorg Tea	4.85	2	0.40	0.40	0.30	0 30	3	Y.
8,40,000	2,28,526	13,60,903	4,83,226	8,800	P. G. Krishna Iyer, Esq. (Mg. Director)	171H	Devashola (Nilgiri) Tea ..	24.66cd	10	2.00	2.00	1.50		12	Y.
6,74,850	3,88,749	13,44,758	3,14,293	28 158	Young India Agencies Private Ltd.	1,177	Devon Tea	11.96	10	1.50	1.20	1.20	1 00	3	Y.P.
7,50,000	6,10,000	5,94,450	18,455	19,221	K. N. Krishna Iyer (Mg. Director)	198	Emerald Valley Estates ..	6.10	5	Nil	Nil	0.80	1.00	3	Y.P.
25,50,000	19,85,470	59,76,170	18,56,381	12,526	Parkina Private Ltd.	1,506	Halleyburia	12.70	10	1.50	1.25	1.10		12	Y.P.
9,00,000	7,23,749	19,93,743	4,93,218	29,726	Lily Tea Co. Ltd.	190H	Hatton	4.10	2	0.40	0.50	0.30	0.30	3	Y.T.
17,17,076	9,00,584	36,08,388	7,67,740	79,949	Peirce, Leslie & Co., Ltd.	556H	Kil Kotagiri Tea	4.90	2	0.50	0.50	0.50	0.50	10	Y.P.
8,00,000	5,19,000	18,93,084	1,58,424	1,857	Ige Gunnen & Co. Pvt. Ltd.	998	Kurchermala Plant. Ltd.	3.07	10	Nil	0.40	Nil	Nil	3	Y.P.
5,00,000	1,46,676	10,64,318	1,13,129	85,576	Matheson Bosanquet & Co., Ltd.	109H	Lucky	12.00	10	1.00	1.00	1.00		12	Y.
3,50,000	20,000	3,59,379	33,028	4,609	Vasantha & Co. (Trichy) Pvt. Ltd.	255	Manar Estates Ltd.	1.93	2	0.20	0.10	0.10	0.10	3	Y.
9,00,000	6,15,117	16,08,175	3,09,591	—9,508	Kagan Thomas, Esq. (Mg. Director)	560	Mariamallay	34.50	25	3.75	2.50	2.00	Nil	3	Y.P.
80,00,000	24,19,434	84,10,841	17,28,590	20,278	A. V. Thomas &Co. (India) Ltd.	825H	Neelamalai	5.00	5	0.375	0.375	0.375	0.375	6	Y.P.
12,00,000	10,09,000	32,29,940	6,97,916	9,932	A. V. Thomas&Co. Ltd. ..	788H	Nellampathy	3.72	2	0.25	0.30	0.30	0.30	6	Y.P.T.
14,00,250	10,15,924	40,42,865	8,24,078	8,184	A. V. Thomas & Co., Ltd.	1,622	Nilgiri Tea	9.15	5	0.80	1.00	1.00	0.80	3	Y.
28,10,000	11,02,021	39,48,336	15,16,046	28,437	Harrison & Crosfield Ltd.	841	Nonsuch Tea	22.57	10	2.00	2.00	2.00	2.00	6	Y.
14,85,000	17,22,988	34,54,206	7,51,937	46,177	P. S. M. Molpeynex, Esq. (Chairman)	227H	Parkside	26.33	10	2.75	2.25	2.75	2.50	6	Y.
6,00,000	6,64,231	7,90,356	79,137	4,27,181	S. Sivaramakrishna Aiyar, Esq.	771	Peninsular Plantations Ltd.	21.25	10	2.00	2.00	2.00	2.00	2	Y.
17,00,000	12,83,800	46,47,926	19,04,123	69,839	Aspinwall & Co. (Travancore) Ltd.	634H	Peermade	20.50	10	2.25	2.50	2.00		12	Y.P.
37,54,980	20,55,711	1,23,70,166	46,17,784	58,703	Peirce, Leslie & Co., Ltd.	1,606H	Periakanamalai	2.50	2	0.25	0.40	0.30	0.30	3	Y.P.
12,50,000	2,96,500	12,02,040	1,74,015	3,959	A. V. Thomas & Co. (India) Ltd.	582	Sheverov Estates Ltd. ..	2.32	2	0.18	0.15	0.125	0.125	6	Y.
9,00,000	15,30,496	31,78,663	10,92,544	17,781	T. Stanes & Co., Ltd.	467H	Stanes Amalgamated	13.71	10	1.70	1.00	1.50	1.20	6	Y.T.
1,25,000	15,000	2,18,682	22,950	2,921	Swinton Estates	216	Swinton Estates	2.50	2	0.25	Nil	Nil	Nil	6	Y.
12,50,000	12,05,697	24,15,817	5,52,996	22,571	Srinivas Agencies	1,056	Talayar Tea	1.93	2	0.16	0.20	0.20	0.20	3	Y.
10,75,000	16,66,500	38,93,785	6,16,817	1,118	Parkina Private Ltd.	1,215	Tevyford	8.55	10	1.00	0.60	0.50		12	Y.
2,50,000	2,97,845	10,81,680	1,41,833	—82,255	Udayagiri Rubber Co., Ltd.	503	Udayagiri Rubber Co. Ltd.	15.50	10	0.10	Nil	Nil		12	Y.P.
21,99,280	21,26,250	59,80,505	22,94,476	22,127	T. Stanes & Co., Ltd.	786H	United Nilgiri	23.75	10	2.10	2.30	2.20	2.25	3	Y.
47,25,000	21,23,765	93,19,418	15,06,787	81,880	Kothari Mehta & Co. Pvt. Ltd.	1,127H	Waterfall	2.35	2	0.25	0.30	0.20	0.20	6	Y.P.

RUBBER AND OTHERS

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
6,00,000	5,52,435	17,56,245	5,03,082	20,844	Ramani & Co. Pvt. Ltd.	988	Alagewar Estates Ltd. ..	2.67	2	0.15	0.30	0.20	0.20	3	Y.
6,75,000	2,85,527	21,05,698	4,40,782	1,693	K. N. Neelakantan, Esq. (Mg. Director)	2,417	Amalgamated Coffee Estates Ltd.	10.01	10	1.00	1.00	1.00	0.50	3	Y.P.T.
2,50,000	5,02,985	14,70,817	2,21,618	46,075	A. V. George & Co., Ltd. ..	639	Anandam Rubber Co., Ltd. ..	14.19	10	1.50	1.80	1.50		12	Y.P.
12,07,588	2,28,040	22,69,626	8,45,437	34,775	Associated Planters Private Ltd.	1,843	Anaparai Estates Ltd. ..	3.04xd	2	0.40	0.80	0.20	0.80	6	Y.T.
4,35,000	4,75,000	15,07,785	1,42,997	1,061	Young India Agencies Pvt. Ltd.	1,041	Badra Coffee Estates Ltd. ..	2.90	2	0.30	0.25	0.15	0.20	6	Y.P.
4,00,000	86,000	7,45,317	1,56,774	2,787	A. V. Thomas & Co. (Mysore)	232H	Bababudin Coffee & Produce.	5.30	5	0.40	0.40	0.30	0.30	6	Y.P.
2,00,000	2,05,000	4,78,718	88,297	1,481	Planting Agencies (Private) Ltd.	151H	Balmadies Plantations ..	1.80	2	0.18	0.10	Nil	0.10	3	Y.P.
25,01,272	19,60,914	60,63,640	12,47,212	28,851	Peirce, Leslie & Co., Ltd.	6,226	Cochin Malabar	6.40	3	0.525	0.60	0.60	0.35	2	Y.P.
22,50,000	33,62,169	57,74,920	18,29,355	890	M. A. Sreenivasan, Esq. (Chairman).	2,793	Coffee Lands and Industries ..	15.75	10	0.60	1.20	0.90	0.90	6	Y.P.
71,55,000	78,45,159	1,71,91,405	56,78,544	1,607	M. A. Sreenivasan, Esq. (Chairman).	8,345	Consolidated Coffee	20.00	10	2.00	2.00	1.50	2.00	6	Y.P.
6,00,000	5,09,735	15,58,047	1,41,758	5,018	Associated Planters Private Ltd.	1,410	Cottanad Plantations	9.00	10	1.00	1.00	0.625	1.00	6	Y.P.
4,08,560	2,50,000	4,02,680	1,85,017	40,856	Peirce, Leslie & Co., Ltd. ..	240H	Cowcoody Estates (Coffee) ..	4.53	2	0.50	0.50	0.40	0.35	6	Y.
18,00,000	14,77,000	37,97,279	8,89,483	15,564	A. V. Thomas & Co., Ltd.	519H	Highland Produce	15.60	10	1.00	1.00	1.00		12	Y.P.
11,85,700	11,77,705	31,72,827	4,60,277	22,904	A. V. George & Co., Ltd. ..	1,587	Kallas Rubber Co., Ltd. ..	5.89	2	0.40	0.50	0.60	0.60	2	Y.
12,00,000	8,19,842	22,75,750	4,55,953	5,164	A. V. Thomas & Co., Ltd. ..	888H	Kalpetta Estates	11.90	10	1.25	1.25	1.25	1.125	4	Y.
4,00,000	4,00,000	9,94,191	2,97,237	15,870	Peirce, Leslie & Co., Ltd.	278H	Kumrgode Estates Ltd. ..	3.80	2	0.40	0.50	0.30		10	Y.
13,50,000	6,68,333	23,24,900	5,02,946	8,669	K. T. Thomas&Kathanar, Esq.	2,147	Malankara Rubber	16.50	10	1.50	1.50*	1.40	1.40	3	Y.
3,25,000	2,50,000	8,72,787	96,634	3,643	Associated Planters Pvt. Ltd.	906	Mercara Rubbers Ltd.	7.50xd	5	1.00	1.00	0.75	0.625	6	Y.P.
40,50,000	17,71,088	79,92,021	13,50,147	1,229	A. V. Thomas & Co., Ltd. ..	1,888H	Midland Rubber	11.10	10	1.25	1.25	1.25	1.00	12	Y.P.
2,85,000	4,12,607	17,54,491	3,54,374	1,18,608	A. V. George & Co., Ltd. ..	1,381	Nenmeny Rubber	22.55	10	1.50	1.50	1.50		12	Y.P.
2,00,000	4,91,116	10,47,182	60,435	1,06,000	Associated Planters Private Ltd.	840	Nilambur Rubber Co.	12.75	10	1.50	1.50	1.50		12	Y.P.T.
2,50,000	5,06,464	12,89,223	1,39,772	17,087	Peirce, Leslie & Co., Ltd. ..	293H	Oasoor Estates Ltd.	2.68	2	0.30	0.30	0.20	0.30	3	Y.
19,45,980	20,84,383	55,69,225	22,56,063	—8,58,491	Peirce, Leslie & Co., Ltd. ..	1,812H	Ouchterlony Valley Estates ..	4.23	2	0.25	0.24	0.12		10	Y.P.T.
15,50,000	5,17,231	24,59,527	4,19,333	6,541	Bird & Co., Ltd.	900H	Pallamalai Rubber	2.94	2	0.10	0.12	0.15	0.20	6	Y.P.
13,50,000	13,58,959	58,99,894	5,55,425	20,850	A. V. Thomas & Co., Ltd. ..	1,216H	Rajagiri Rubber	20.75	10	2.00	2.00	2.00	2.125	6	Y.P.
2,00,000	1,04,963	4,06,863	60,046	47,531	Associated Planters Private Ltd.	422	Rajendra Coffe Ltd.	10.42	5	1.25	1.25	1.00	1.25	6	Y.P.
12,00,000	79,907	20,37,248	2,83,330	—1,48,543	Palco Agencies Ltd.	470H	Rangamohana Coffee Estates.	1.50	2	0.12	Nil	Nil	Nil	3	Y.P.T.
5,50,170	8,23,000	9,98,960	1,90,807	699	Peirce, Leslie & Co., Ltd. ..	202H	Savamalai Estates Ltd.	4.45	2	0.25	0.82	0.30		11	Y.
10,00,000	2,05,130	22,50,803	1,88,357	4,534	East India Agencies Private Ltd.	1,454	Teekoy Rubber (India) Ltd...	6.60	10	Nil				3	Y.P.T.
2,25,000	2,74,153	14,90,783	85,183	7,692	T. V. George & Co., Ltd. ..	816	Thamarapally Rubber	16.00	10	3.00	1.80	1.60		12	Y.P.T.
9,15,800	10,56,751	15,73,653	2,16,158	17,131	Peirce, Leslie & Co., Ltd. ..	1,235	Thirumbadi Rubber Co., Ltd.	1.05cd	1	0.07	0.12	0.10		9	Y.
6,00,000	6,15,616	18,78,050	1,92,991	1,840	Espen Thomas, Esq. (Mg. Director)	1,561	Travancore Rubber	12.00	10	1.30	1.20			12	Y.P.
41,00,000	12,25,584	90,95,305	18,31,504	32,233	Aspinwall & Co. (Travancore) Ltd.	2,109H	Travancore Rubber & Tea ..	9.80	10	0.90	1.00	1.00		12	Y.P.
20,00,000	1,91,000	33,48,191	9,09,484	223	P. T. Thomas, Esq. (Mg. Director) ..	3,157	Tropical Plantations Co. ..	21.00	25	2.00				12	Y.
8,50,010	5,47,051	19,34,106	54,782	9,233	S.Padmanabh Aiyar, Esq. (Chairman)	1,141	Vaikundam Rubber Co., Ltd...	33.75	10	3.00	3.00	3.00		12	Y.P.
6,00,000	6,69,482	19,50,932	1,87,596	6,425	P. I. Joseph, Esq. (Chairman)	1,245	Vellimalai Rubber & Co. ..	5.15	5	0.60	0.50	0.50	0.25	3	Y.P.T.
12,00,000	12,40,982	16,57,152	2,24,138	36,874	Peirce, Leslie & Co., Ltd. ..	417H	Wartyhully Estates Ltd. ..	2.90	2	0.30	0.30	0.20	0.24	3	Y.
6,85,000	97,309	13,65,464	1,02,251	23,318	M.	893	Woodland Estates	6.90	10	1.00	1.00			3	Y.

V—Includes 60 nP. for 30-6-1954. * Includes bonus. H—Area in Hectares; M—Managed by Board of Directors. † Less Income-tax.

N.B.—All dividends paid since 31st March 1959 are shown as taxable.

NORTH INDIAN TEA ESTATES

ASSAM

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Director or Secretaries	Acreage under Tea	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP	1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	Accounts Closed	Reference
4,45,700	16,37,403	27,48,483	11,03,330	....	McLeod & Co., Ltd.	368H	Amluckie	17.25	10	Nil

MISCELLANEOUS COMPANIES—*Continued*

CERAMIC; MINING AND QUARRYING

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs	Rs. nP	Rs. nP	Rs. nP	Rs. nP		
36,00,000	12,111	67,05,606	28,63,316	2,915	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	7.31	10	0.60	0.60	0.50		3	Y.
18,50,000	6,39,242	28,23,858	12,41,519	777	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kotah) Ltd.	24.00N	10	2.00	3.00	2.00		9	Y.P.
55,23,144	23,41,104	1,00,40,451	48,35,034	3,208	Bharat Ram Bhagat & Co.	Bengal Potteries	4.60	21	0.375	0.30	0.30		12	Y.
40,00,000	23,81,279	1,22,44,032	53,39,187	50,122	Bird & Co. Private Ltd.	Biera Stone Lime Co.	21.00	10	3.00	3.00	1.00	1.25	3	Y.
14,17,800	20,91,390	51,28,834	19,81,934	3,342	Smt. K. M. Motichand Shah (Chairman).	Bombay Potteries and Tiles Ltd.	181.25	100	12.86	15.00	15.00		9	Y.P.
80,00,000	44,58,788	1,36,52,650	46,61,618	1,20,034	Saraf Mor & Co. Private Ltd.	Ferro Alloys Corporation Ltd.	116.50	100	7.50	11.00	9.00		12	Y.P.
£2,056,950	£2,324,875	£4,002,119	£2,243,738	£79,310	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	3.66	Sh. 2	0.36	0.36			12	Y.
₹ 5,00,000 }	27,81,955	34,18,636	10,76,454	1,40,029	Bird & Co. Private Ltd.	Karanpura Development	11.25	10	1.50	1.50			12	Y.
Cr.15,00,000 }									0.50	0.50				
50,00,000		1,14,21,419	5,73,268	3,63,515	Khandelwal Industries Private Ltd.	Khandelwal Ferro Alloys Ltd.	60.00	100	Nil				12	Y.P.
80,00,000	55,65,899	1,70,20,512	82,30,436	25,499	Bird & Co. Private Ltd.	Kumardhuli Firesclay and Silica Works	18.45	10	1.80	1.80	1.80		12	Y.P.T.
1,78,79,255	10,90,896	1,22,39,515	76,13,994	3,25,065	Sir Indra Singh, Kt. (Chairman)	Metal Corporation of India Ltd.	7.69	10	Nil	Nil	Nil		3	Y.P.
6,00,000	7 27,303	17,66,777	9,37,747	190	Mysore Industrial Development Co.	Mysore Stoneware Pipes & Potteries	11.57N	10	1.428	1.20	1.50	1.25	3	Y.
20,00,000	67,67,431	80,82,501	34,56,766	38,201	Bird & Co. Private Ltd.	Orissa Minerals	23.12	10	3.60	2.80	2.00		6	Y.
12,18,650	22,84,051	1,05,25,903	57,38,031	43,395	A. V. Gharpure, Esq. (Chairman)	Parshuram Pottery Works Co., Ltd.	59.00	25	5.36	5.36	5.36	3.75	7	Y.P.
20,86,650	54,10,475	1,10,98,407	49,48,144	—7,04,525	Killick Industries Ltd.	Shivrajpur Syndicate	29.52	10	8.00*	Nil			11	Y.
4,85,840 }	10,46,690	27,59,491	9,68,263	23,403	S. N. Beri, Esq. (Secretary)	Sutna Stone & Lime Co. Ltd.	£28.12	10	2.00	2.75	3.00		12	Y.
4,80,680 }								5	1.00	1.375	1.50			

CHEMICAL

23,58,175	....	1,79,449	13,076	—26,645	Agri-Chem Engineers	Adarsh Chemicals & Fertilisers	76.00	100	Nil	Nil			12	Y.P.
1,44,50,000	79,42,309	3,08,89,996	1,16,84,003	82,961	Rayuma Services	Alembic Chemical Works Co.	160.00	100	14.00	14.00	12.00		12	Y.P.
3,30,00,000	1,96,02,778	6,41,50,351	2,05,43,574	1,37,284	Imperial Chemical Industries (India) Private Ltd.		31.50	10	1.20	1.50	1.50		9	PY.
89,97,100	79,09,664	1,64,62,149	50,97,267	15,665	Amrital & Co. Private Ltd.	Alkali and Chem. Corpn. of India	163.75	100	12.00	0.00	9.00		12	Y.P.
89,64,000	47,59,789	1,96,22,550	81,81,640	5,491	Kasturbai Lalbhai & Co.	Amar Dye-Chem. Ltd.	595.00	100	30.00*	30.00*	25.00*		12	Y.P.
2,97,50,025	1,55,18,362	6,58,46,094	1,71,87,475	61,183	Lalbhai Sons & Co.	Atul Products Ltd.	329.50	100	12.00	12.00	12.00		12	Y.T.
50,00,000	....	35,050	910	....	P. N. Balasubramanian, Esq. (Mg. Director)	Barium Chemical Ltd.	64.00	100	....	....	....		6	Y.
1,25,45,900	67,58,823	1,59,19,707	81,89,070	5,728	Dr. B. N. Ghose (Managing Director)	Bengal Chemical and Phar.	98.00	100	7.00	10.00	10.00		3	Y.P.
1,25,00,000	58,15,140	1,47,09,573	34,41,548	38,351	Hyza R. Ruia, Esq. (Chairman)	Colour-Chem Ltd.	107.50	100	Nil	8.00	12.00	12.00	3	Y.
14,86,344	4,84,918	17,40,490	9,02,099	12,818	Nadkarni & Co.	Chemo-Pharma Laboratories Ltd.	27.75	25	2.50	3.00	3.00		12	Y.
31,58,300	50,96,730	1,58,60,333	69,34,176	25,675	Dharamsi Morarji & Co.	Dharamsi Morarji Chemical Co., Ltd.	185.00	50	Nil	8.00	8.00		12	Y.
1,07,50,000	1,07,07,353	5,98,97,167	2,11,05,198	1,75,320	Sahu Bros. (Saurashtra) Private Ltd.	Dhrangadhra Chemicals	119.00	100	Nil	6.00	6.00	8.00	3	Y.
6,95,97,740	61,48,460	10,44,89,497	4,07,36,479	3,85,109	M. K. K. Nayar, Esq. (Mg. Director)	F. A. C. T.	5.70	10	0.60	0.60		Nil	3	Y.
1,86,76,000	71,67,780	2,54,76,973	36,44,827	3,006	Mafatlal Gagalbhai & Sons	Indian Dyestuffs Industries Ltd.	260.50	100	6.00	6.00	7.00	7.00	3	Y.P.
10,00,000	6,54,411	28,94,858	15,01,607	19,974	Jai H. Mehta, Esq. (Chairman)	Kemp & Co.	275.00	200	25.00	25.00	20.00		3	Y.
1,40,00,000	37,48,801	2,43,51,282	1,10,56,661	11,631	Seshasayee Brothers Pvt. Ltd.	Mettur Chemicals	13.10cd	10	1.25'C'	1.25	1.375*	1.25	3	Y.P.T.
24,81,220	13,02,455	56,25,541	47,52,458	3,220	T. Thamanna, Esq. (Chairman)	Mysore Chemicals & Fertilisers	7.00	10	1.00	1.00	1.00	1.00	3	Y.
10,00,000	5,35,915	13,66,245	7,01,774	4,765	S. Ramanathan, Esq. (Mg. Director)	Mysore Chemicals Mfg.	16.70	10	2.00'C'	2.00	2.00	1.50	3	Y.P.
56,00,000	86,00,955	1,03,02,040	30,64,507	9,857	Ramdas Kilachand, Esq. (Chairman)	Polychem Ltd.	127.50	50	5.50	7.50	7.50	7.50	3	Y.P.
40,54,500	....	20,19,203	6,760	49,795	Emcrete & Sons Private Ltd.	Premier Fertilisers Ltd.	6.25	10	Nil	Nil			12	Y.T.
22,50,000	17,63,293	65,52,467	27,96,505	11 012	Bangur Brothers Ltd.	Phosphate Co., Ltd.	191.00	100	25.00	25.00	17.50	15.00	6	Y.
20,00,000	17,67,251	31,86,795	18,60,805	19,167	D. M. Jaffray, Esq. (Chairman)	Smith Stanistreet & Co.	13.50	5	1.25	1.25	1.25	1.125	6	Y.P.
4,98,54,470	24,86,960	3,13,78,704	17,05,817	—9,38,568	Tulsidas Kilachand, Esq. (Chairman)	Synthetics & Chemicals Ltd.	105.00	100	....	Nil	Nil	Nil	3	Y.P.
3,02,33,815	1,09,52,567	9,01,95,274	3,04,03,867	3,923	Tata Industries Private Ltd.	Tata Chemicals	19.16	10	0.60	0.65	0.65	1.00	6	Y.P.T.
25,00,000	5,89,750	29,88,714	12,05,339	6,616	P. Krishnamoorthy, Esq. (Mg. Director)	Travancore Chemical Mfg. Co. Ltd.	18.00xd	10	1.50	2.00	2.25	2.00	3	Y.P.
31,16,000	....	8,03,892	1,493	—6,73,298	Mr. M. J. Valdya (Chairman)	Travancore Electro-Chemical Ind.	95.00N	100	Nil	Nil	Nil		12	Y.
14,99,375	....	25,06,158	7,813	—2,674	Mr. N. S. Iyengar (Chairman)	Ultramarine & Pigments Ltd.	122.50	100	....	[Nil]	Nil		12	Y.

ELECTRIC (BOMBAY)

84,74,895	1,85,12,601	18,97,78,999	5,00,50,102	264	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd.	96.70cd	100	7.00	7.00	8.00	8.00	3	Y.T.
85,83,380	81,13,441	2,90,89,783	78,81,211	10,72,973	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd.	9.60	10	1.00*	0.90	0.90	0.80	3	Y.P.
2,02,77,000	1,28,80,917	12,25,01,084	3,04,61,313	26,164	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co.	1,040.00	1,000	85.00*	80.00*	80.00*	90.00	3	Y.P.T.
1,75,00,000	1,21,07,263	5,11,22,126	1,25,80,588	3,370	Killick Industries Ltd.	Bombay Suburban Electric Supply	104.50	100	8.00	8.50	8.50	9.00	3	Y.
7,07,020	1,03,907	18,07,926	8,70,206	1,336	Rajputana Textiles (Agencies) Ltd.	Broach Electric Supply Development	6.43	10	0.66	0.72	0.60	0.50	3	Y.P.T.
48,89,000	12,05,313	1,57,72,704	61,59,509	3,547	Rajputana Textiles (Agencies) Ltd.	Poona Electric Supply	195.00	100	9.50	8.25	8.25	8.00	3	Y.P.T.
70,00,000	34,04,483	1,81,63,935	61,64,423	2,075	Killick Industries Ltd.	Surat Electricity	100.50	100	7.50	8.00	8.00	8.50	3	Y.P.
1,39,56,861	9,29,64,314	2,23,23,928	57,538	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply	111.25	100	8.50*	8.00*	8.00*	9.00	3	Y.P.T.
5,15,36,000	3,61,11,341	20,88,47,938	4,89,65,810	29,988	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,105.00	1,000	85.00*	80.00*	80.00*	90.00	3	Y.P.

West Bengal and Other Centres

19,99,600	51,20,882	1,62,58,959	47,04,294	52,890	Martin Burn Ltd.	Agra Electric Supply Co., Ltd.	122.00	100	11.00	11.00	11.00		3	Y.T.
8,00,000	15,51,803	55,60,716	26,29,817	25,623	Martin Burn Ltd.	Bareilly Electric Supply	11.87	10	1.10	1.10	1.10		3	Y.T.
17,00,000	52,25,143	1,50,14,219	56,10,889	47,239	Martin Burn Ltd.	Benares Electric Light & Power Co.	11.87	10	1.10	1.10	1.10		3	Y.T.
£4,262,646	£10,816,240	£37,632,951	£15,201,226	£100,524	Sir William Lamond (Chairman)	Calcutta Electric Supply	14.37	10	71¾	71¾	71¾		3	Y.P.T.
5,60,076	7,55,076	37,78,204	11,68,451	42,063	Octavius Steel & Co. Ltd.	Dishergarh Power Supply	10.59	10	0.75	1.00			3	Y.
49,20,000	29,73,446	1,10,72,867	42,62,986	4,27,783	Andrew Yule & Co., Ltd.	Jhansi Electric Supply	86.00	100	10.00	10.00	10.00		3	Y.P.
5,34,640	1,48,267	42,36,379	17,60,526	47,123	Moonna Lall & Sons	Jhansi Electric Supply	5.40N	10	0.70	Nil	0.70		3	Y.T.
22,49,700	29,21,749	1,06,50,125	45,53,834	38,203	Martin Burn Ltd.	Jubbulpore Electric Supply	11.87	10	1.00	1.00	1.00		3	Y.T.
85,07,380	40,44,800	1,41,84,880	56,08,270	75,727	Octavius Steel & Co. Ltd.	Patna Electric Supply	10.00	10	1.00	1.00			3	Y.T.
9,10,000	2,56,304	15,86,883	6,29,467	5,342	Octavius Steel & Co., Ltd.	Shahjalanpur Electric Supply	6.37	10	0.625	0.625			3	Y.T.
16,68,000	16,68,345	72,07,488	48,11,653	3,972	Bird & Co. Private Ltd.	Siliguri Cherrihill Elec. Supply Co.	8.23	10	1.00	0.90	0.90		3	Y.
70,00,000	30,88,132	2,42,78,389	81,28,055	23,380	Seshasayee Bros. Private Ltd.	South Madras Electric Supply Corpn.	11.10	10	0.90'C'	0.90	1.00		3	Y.P.T.
5,00,000	14,09,467	36,90,658	15,13,568	33,674	Martin Burn Ltd.	Upper Jumna Valley Elec. Supply	11.87	10	1.35	1.35	1.35		3	Y.T.
56,00,000	80,58,613	3,67,42,886	1,54,54,562	92,879	Martin Burn Ltd.	U. P. Electric Supply Co.	162.00	100	11.00	11.00	11.00		3	Y.T.
8,00,000	13 88,606	54,12,090	15,22,321	4,16,700	Chandrie & Co. Private Ltd.	Vellore Electric Corporation	15.25	10	1.50	1.429	1.429		3	Y.P.

ENGINEERING (Bombay)

51,88,160	68,99,878	1,18,50,856	63,52,499	26,123	Turner Morrison & Co. Ltd.	Alcock Ashdown & Co., Ltd.	304.00	100	17.00	22.50	19.00		12	Y.
19,99,000	5,79,385	24,92,064	10,90,229	16,853	W. H. Brady & Co., Ltd.	Brady Engineering Co. Ltd.	100.00	80	5.50	9.00*	9.00*		12	Y.
99,40,000	54,17,295	2,14,22,410	86,99,565	153	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	108.50	100	13.00'C'	13.00	7.00	8.00	6	Y.
1,20,00,000	1,51,427	2,65,00,000	1,00,00,000	—12,767	Dharmsinh D. Desai, Esq. (Chairman)	Dharmsinh Desai Industries Co., Ltd.	100.00	100	Nil	Nil	Nil	Nil	3	Y.P.
60,00,000	1,26,28,145	2,72,67,477	1,56,47,699	145	Walchand & Co. Private Ltd.	Indian Hume Pipe Co., Ltd.	155.00	100	13.00'C'	13.00	14.00	14.00	6	Y.P.T.
15,00,000	4,61,618	9,54,586	1,82,481	33,604	T. V. Baddeley, Esq. (Chairman)	Jost's Engineering	56.00	50	4.00	5.00	5.00	3.00	3	Y.
50,00,000	17,41,727	39,00,732	31,13,233	20,765	Adarsh Services	Jyoti Ltd.	142.50	100	12.00	12.00	9.00		12	Y.
44,96,250	12,00,028	81,20,182	38,40,012	4,403	Kamani Bros. Private Ltd.	Kamani Engineering Corporation	14.48	10	0.80	0.00	0.95		9	Y.P.
67,61,445	1,42,50,068	2,19,41,464	58,90,417	19,417	Kirloskar Sons & Co.	Kirloskar Bros. Ltd.	42.50	25	2.50	2.50	2.50	2.50	7	Y.
61,34,940	17,01,985	1,37,20,588	67,59,501	578	Kirloskar Associates	Kirloskar Electric Co., Ltd.	21.42	10	0.90	1.10	1.20	1.00	6	Y.
60,00,000	60 41,904	1 45,28,272	50,50,893	32,516	Kirloskar Sons & Co.	Kirloskar Oil Engines, Ltd.	27.75	10	1.43	1.60	1.60		3	Y.P.
27,58,850	20,54,388	50,71,373	16,74,703	18,511	Kirloskar Industries	Kirloskar Pneumatic Co., Ltd.	103.75	10	Nil	12.50	12.50	10.00	3	Y.P.
5,28,150 }	8,80,730	1,26,63,403	40,82,994	61,080	Prem Kumar Gupta, Esq.(Mg.Director).	Lakshmiratan Eng.	6.60	10	Nil	Nil	Nil		3	Y.
41,00,000 }								10	Nil	Nil	Nil			
1,65,00,000	95,62,270	1,92,60,488	60,02,772	11,978	L. & T. (Management) Private Ltd.	Larsen and Toubro Ltd.	23.00	10	1.40'C'	1.80	1.40	1.40	3	Y.P.
57,29,880	....	25,48,815	4,35,319	—8,20,000	R. L. Kucheria, Esq. (Secretary)	Lynx Machinery	5.00	10	....	Nil	....	Nil	3	Y.
80,19,150	35,37,886	1,84,83,145	82,09,093	2,374	Mahindra & Mahindra Ltd.	Machinery Mfrs. Corpn. Ltd.	22.76	10	Nil	1.25	1.25	1.50	3	Y.P.
1,32,00,000 }	88,80,083	2,01,54,530	73,57,093	80,985	M.	Mahindra & Mahindra Ltd.	16.60	10	1.25	1.50*	1.25		10	Y.P.
33,00,000 }														
30,00,000	1,29,812	53,73,065	33,71,642	46,079	Prithviraj Sons	Man Industrial Corporation Ltd.	115.00	100	Nil	Nil	Nil		3	Y.P.
11,00,000	3,81,876	44,17,690	28,57,240	11,772	P. Jhunjhunwala, Esq. (Mg. Director)	McKenzies	150.00	100	10.00	12.00	14.00		7	Y.P.
1,08,28,919 }	91,29,048	1,99,99,158	76,17,143	....	Jeewan Ltd.	Mukand Iron & Steel	17.36	10	1.20	1.20	1.20	1.20	3	Y.P.
D. 1,24,830 }														
50,00,000 }	58,34,208	1,88,49,872	85,50,104	2,975	Kirloskar Associates	Mysore Kirloskar Ltd.	155.00	100	12.00	12.00	12.00	10.00	3	Y.
7,50,000 }							108.00	50	6.00	6.00	6.00	5.00		
15,55,560	11,96,582	39,61,901	14,35,875	8,127	Sir C. B. Mehta (Chairman)	National Elec. Industries Ltd.	100.00	50	6.00	6.50	6.50		3	Y.P.
56,23,100	19,91,480	1,40,81,705	36,33,522	23,037	J. V. Patel, Esq. (Mg. Director)	New Standard Engineering	140.00	100	12.00	9.00	9.00	9.00	3	Y.P.
88,99,970	1,27,33,660	1,71,66,782	68,03,235	2,84,031	Walchand & Co. Private Ltd.	Premier Construction Co.	170.00	30	13.00	10.00	9.00		12	Y.P.
78,07,725	46,64,730	1,28,89,480	60,80,553	5,683	Bhagat & Sons Private Ltd.	Structural Engineering Works Ltd.	95.00	100	12.00	13.00	8.00	6.00	6	Y.P.
27,55,67,699	88,10,37,802	1,95,88,43,282	92,56,04,257	32,096	Tata Industries Private Ltd.	Tata Iron and Steel	146.00	75 Ord	9.72'C'	10.36*	10.36*	11.00	3	Y.P.T.
7,99,99,300	5,00,29,197	32,50,72,273	15,50,34,260	14,092	Tata Industries Private Ltd.	Tata Locomotive	297.50	100	12.50	14.50	14.50	14.50	3	Y.T.
27,22,280	15,68,192	65,71,363	19,00,582	11,654	T. Maneklal & Co.	T. Maneklal Mfg. Co.	610.00	100	18.50	27.00	27.00	6.00	6	Y.
41,56,980	38,97,021	19,70,675	11,38,441	1,176	M. N. Daial, Esq. (Chairman)	Tractors (India) Ltd.	28.25	10	3.00	3.25	3.25	3.50	6	Y.
2,55,00,000	3,28,57,137	1,79,11,762	48,75,429	....	J. D. Choksi, Esq. (Chairman)	Zenith Steel Pipes Ltd.	271.00	100	13.00	14.00	14.00	14.00	6	Y.
70,00,000	23 27,374	1,12,49,648	5,05,730	29,882	M.	....	17.56	10	....	....	....	0.60	4	Y.

West Bengal and Other Centres

6,00,000	7,28,551	42,61,418	24,92,691	4,14,417	North Bihar Trading Co. (Prt.) Ltd.	Arthur Butler & Co.	21.25	10	Nil	Nil	1.00		12	Y.P.T.
50,00,000	44,13,221	1,12,71,910	76,90,692	5,247	Tantia Brothers Pvt. Ltd.	Bhartia Electric Steel	14.44	10	1.00	1.00	0.75		12	Y.
40,00,000	7,80,864	30,60,644	14,75,470	19,201	G. D. Binani, Esq. (Mg. Director)	Binani Metal Works Ltd.	12.06	10	2.50	1.00	1.00		12	Y.
1,00,00,000	94,55,491	1,64,16,281	31,29,921	2,757	J. V. Jardine Paterson, Esq. (Chairman)	Braithwaite & Co. (India) Ltd.	32.50	10	2.50	2.50	1.40		12	Y.
12,00,000	5,50,43,274	1,34,59,260	72,92,176	....	Balmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd.	49.00 N	10	3.00	3.00	3.00		12	Y.
19,85,770	7,54,297	39,07,352	14,03,653	32,996	Homee Wilson & Co., Ltd.	Britannia Building and Iron	3.00	10	Nil	Nil			3	Y.P.
1,00,00,000	52,95,735	1,98,55,098	75,90,275	5,115	McLeod & Co., Ltd.	Britannia Engineering	10.25	10	1.00	1.00	1.00		12	Y.P.T.
25,00,000	18,18,384	36,02,938	19,71,677	....	Balmer Lawrie & Co., Ltd.	Br. Electric Constructors	10.75	10	4.50	2.00	1.50		12	Y.
84,00,000	2,99,00,000	6,88,27,014	3,77,03,735	65,077	Martin Burn Ltd.	Burn & Co.	306.00	100	28.50	28.50	28.50	25.00	4	Y.T.
1,00,00,000	17,65,495	75,57,104	17,95,224	1,08,761	R. N. Bhotika, Esq. (Secretary)	Calcutta Steel Co., Ltd.	13.50	10	0.50	1.50	1.50	1.25	3	Y.
1,00,00,000	49,19,184	2,42,19,314	82,96,161	32,961	R. L. Makharia, Esq.	Central Engineering Mfg. Co., Ltd.	12.84	10	Nil	Nil	Nil	0.75	3	Y.P.T.
60,00,000	24,00,000	1,39,75,264	38,03,886	1,09,021	J. Dalmia, Esq. (Chairman)	Dalmia Iron & Steel Ltd.	11.69	10	1.00	1.00	1.00		9	Y.
60,98,400	20,22,000	85,76,388	21,56,388	12,311	Birla Brothers Private Ltd.	Elec. Const. & Equipment Co.	13.56	10	1.00	1.00	1.00		10	Y.
82,77,790	55,59,610	1,73,84,005	22,12,429	9,707	Harnarshad & Co. Private Ltd.	Escort Ltd.	15.87	10	1.00	1.50	1.10		12	Y.P.
4,00,00,000	6,98,32,755	9,77,64,014	3,42,98,023	....	N. R. Pillai, Esq. (Chairman)	Guest, Keen, Williams Ltd.	27.12	10	1.50'C'	1.40	1.40		12	Y.P.
12,50,000	6,45,100	62,85,333	43,23,968	5,801	Martin Burn Ltd.	Hooghly Docking	101.00	50	Nil	Nil	6.25		12	Y.P.
12,44,08,990	80,89,05,725	85,16,35,648	23,96,32,691	....	Martin Burn Ltd.	Indian Iron and Steel	25.15	10	1.50	1.60	1.00	1.60	3	Y.P.
77,97,000	37,57,038	1,35,75,384	88,08,803	24,064	Martin Burn Ltd.	Indian Standard Wagon	36.62	10	2.85	2.85	2.85	2.00*	3	Y.P.
95,58,160 }	3,28,88,672	4,56,30,100	1,92,97,757	6,022	Indra Singh & Sons Private Ltd.	Indian Steel and Wire Products	0.10	0.10	0.50	0.50	0.50	1.80	3	Y.
95,580 }							12 37	0.1	0.23	0.24	0.23	0.80		
48 78,580	3,63,887	42 99,689	23 95 610	19,483	C. R. Ramaswamy Esq. (Mg. Director)	Indian Steel Rolling Mills Ltd.	9 80	10	....	1.25	1.00	0.00	3	Y.
51,87,197	1,36,61,953	5,12 70,807	2,30,47 904	4,896	Madan Mohan Lal Shri Ram & Co.Pt.Ltd.	Jay Engineering Works, Ltd.	19 94	10	1.715	1.715	1.00	1.00	3	Y.P.
2,03,97,000	65 79,000	97 98,620	30,88,807	2,169	J. K. Industries Private Ltd.	J. K. Steel Ltd.	15 87	10	2.00	2.00	1.00	1.50	6	Y.P.
2,03,97,000	2,30,16,815	4,72,50,219	1,54,93,699	51,159	A. K. Chanda, Esq. (Chairman)	Jessop & Co.	23 94	10	0.858'C'	0.858	0.858		10	Y.P.
27,64,800	63,04,020	1,06,33,358	50,21,186	3,088	Bird & Co. Private Ltd.	Kumardhuli Engineering Works	19 31	8	0.03	0.35	0.45		12	Y.P.T.
10,50,000	1,09,591	18,65,829	14,91,446	—18,08,413	Marshalls (Direction) Private Ltd.	Marshall Sons & Co. (India) Ltd.	2 25	2	Nil	Nil	Nil		6	Y.
49,95,000	13,58,398	1,54,02,104	92,07,119	—4,42,917	M.	National Iron and Steel Co., Ltd.	6 31	10	Nil	Nil	Nil		6	Y.P.
60,00,000	24,06,043	76,55,140	24,18,313	4,85,183	S. B. Ind. Development Co. Ltd.	Richardson & Cruddas Ltd.	8 19	10	....	....	....		6	Y.P.
6,00,000	20,52,302	32,10,330	22,45,052	15,304	The British India Corpn. Ltd.	Saran Engineering Co.	8 12	4	0.35	0.40	0.50	0.40	3	Y.
61,20,392	5 98,985	71,12,042	12,68,445	9,74,261	Mr. N. Ranganadhan (Mg. Director)	Southern Structurals	11 09	10	Nil	Nil	0.60		12	Y.P.
1,50,00,000	78,66,757	5,39,16,700	2,67,11,803	64,360	Birla Brothers Private Ltd.	Textile Machinery Corporation, Ltd.	27 70	10	1.00	1.00	1.25		12	Y.P.
50 44,225	20,10,956	1,09,67,915	40,30,919	3,132	Balasundaram & Co.	Textool Co. Ltd.	144 00	100	15 00	15 00	15 00	12.00	4	Y.

* Includes bonus. 'C'—On Increased Capital. X.B.—Ex. Right.
N.B.—All dividends paid since 31st March 1950 are shown as taxable. M—Managed by Board of Directors.

MISCELLANEOUS COMPANIES—*Continued*

INSURANCE (X)

13,50,000	75,06,126	2,00,31,419	77,74,823‡§	32,703	N. M. Cole, Esq. (Mg. Director)	Concord of India	9.87	5	1.00	1.00	.00		12	Y.
10,00,000	11,65,196	28,45,030	....	66,390	M.	Devkaran Nanjee Insurance	33.00	50	8.00	8.00			12	Y.
24,00,000	94,82,529	1,86,71,086	82,47,288‡§	20,229	H. V. R. Iengar, Esq. (Chairman)	Hercules Insurance	23.00	10	2.25	2.625	2.625		12	Y.
21,15,300	51,50,727	1,10,12,296	70,42,330‡§	28,755	K. M.

MISCELLANOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
						UNCLASSIFIED (Other Centres)								
23,75,000	2,48,84,621	7,27,48,445	1,37,72,803	11,955	J. K. Industries Private Ltd. ..	*Aluminium Corporation of India Ltd.* ..	12.25	10	1.20	1.20	1.20	0.60	3	Y.P.T.
1,00,00,000	56,97,189	2,15,10,096	95,29,840	47,018	Sahasrayee Bros. (Trav.) Pvt. Ltd. ..	Aluminium Industries Ltd ..	18.87	10	*1.80*	*0.90*	1.80	1.80	3	Y.
7,94,700	1,77,450	10,78,712	90,668	11,898	K. N. Mookerjee, Esq. (Chairman) ..	*American Refrigerator Co., Ltd.* ..	0.05xd	10	..	..	1.00	..	3	Y.
12,76,975							7.25	7.50	..	..	0.56		4	Y.
50,00,000	44,23,923	46,99,374	29,12,654	2,17,061	Turner Morrison & Co., Ltd. ..	Angelo Bros. Ltd.	26.50	10	2.50	2.81	2.80	2.80	8	Y.
4,97,14,990	31,08,000	5,99,72,028	1,61,25,618	53,399	A. E. L. Collins, Esq. (Mg. Director) ..	*Ashok Leyland Ltd.*	0.05xd	10	0.40	0.30	0.40	0.95	9	Y.
80,00,000	58,58,937	47,06,879	26,68,850	12,842	Mr. A. Hydari and Mr. S. *Gothberg* ..	*Assam Match Co., Ltd.*	27.37	10	1.80	2.00*	2.00*		12	Y.
1,15,00,000	68,34,017	1,31,10,094	77,02,231	7,078	H. R. Ferguson, Esq. (Mg. Director) ..	*Associated Battery Makers (E.) Ltd.* A ..	24.12xd	10	2.50	1.50	1.50	1.50	3	Y.
20,00,000	44,17,508	77,63,767	34,43,881	1,66,538	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India ..	10.31	10	*Nil*	1.00	2.00		6	Y.
80,01,400	1,20,07,937	61,05,947	24,08,278	.....	C. G. Montgomery, Esq. (Chairman) ..	Balmer Lawrie & Co., Ltd. ..	257.00	100	25.00	25.00	25.00		12	Y.
12,00,000	29,55,620	38,19,481	24,08,481	.....	Balmer Lawrie & Co., Ltd. ..	Belsund Flour Mills Co., Ltd. ..	33.75	10	4.00	2.50	2.50		12	Y.
20,00,000	9,27,823	67,95,0658‖	.....	2,654	Lovelock & Lewis	Birds Investment Ltd.	10.44	10	0.95	1.00	1.00		9	Y.P.
90,90,530	89,79,900	1,04,80,221	78,25,521	6,099	K. Julius Scott, Esq. (Mg. Director) ..	*Britannia Biscuits*	50.25	10	2.50	3.00*	2.50	2.10	3	Y.P.T.
3,25,00,000	2,19,19,061	3,17,13,024	2,50,39,903	2,53,254	Satish Chandra, Esq. (Chairman) ..	*British India Corporation Ltd.* ..	8.47	5	0.20	0.35	0.45		12	Y.P.
50,00,000	40,58,031	49,29,290	27,40,613	27,856	R. A. Godwin, Esq. (Mg. Director) ..	British Paints (India) Ltd. ..	21.12	10	1.25	1.25	1.00		12	Y.
1,88,80,000	14,77,128	1,77,97,3258‖		2,45,740	Andrew Yule & Co. Ltd.	Clive Row Investment	8.31	10	0.80	0.75	0.75		12	Y.
5,96,650	7,50,000	40,86,867	30,84,660	28,239	K. L. Mital, Esq. (Secretary)	Delhi Flour Mills Co., Ltd. ..	15.00N	10	1.00	1.00	1.00		12	Y.T.
4,60,00,000	4,25,74,162	11,26,80,432	6,17,42,508	26,38,011	M. L. Bazon, Esq. (Mg. Director) ..	Dunlop Rubber Co. (India) Ltd. ..	37.12	10	2.15	2.00	1.80		12	Y.P.T.
60,00,000	1,27,48,000	89,14,812	14,45,824	2,42,095	K. P. Goenka, Esq. (Chairman) ..	Duncan Brothers & Co., Ltd. ..	151.00	100	14.00	14.00	14.00		12	Y.P.
56,72,320	2,23,56,498	2,44,39,402	53,59,071	49,651	N. N. Mohan, Esq. (Mg. Director) ..	*Dyer Meakin Breweries*	31.62	5	1.25	1.25	1.25	0.90	3	Y.
76,80,000	98,36,196	1,65,26,0655‖		1,32,849	Bird & Co. Private Ltd.	Eastern Investment Ltd.	10.75	10	0.80	1.00	1.00		3	Y.P.
96,83,202	1,93,822	28,02,244	8,43,057	4,06,444	K. P. Sen, Esq. (Secretary)	East Anglia Plastics (India) Ltd. ..	17.62	10	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.
48,80,000	6,73,263	1,08,91,608	27,01,940	4,721	S. Sankaran, Esq. (Mg. Director) ..	Enfield India Ltd.	10.25	10	*0.50*	*0.40*	0.40		12	Y.P.
40,12,886	86,34,900	1,15,37,705	59,85,716	2,62,392	Satya Narain Gupta, Esq. (Chairman) ..	Ganesh Flour Mills Co., Ltd. ..	18.50	12.50	1.50	1.50			9	Y.P.
14,00,000	10,92,000	44,75,416	23,86,812	46,128	Macneill & Barry Ltd.	Ganges Rope Co., Ltd.	225.00	100	17.50	20.00	15.00		12	Y.
50,00,000		4,73,255	21,691	—3,50,040	National Rubber Mfrs. Ltd. ..	General Tyres Ltd.	8.75	7.50	..	..	*Nil*	*Nil*	3	Y.
85,00,000	58,42,190	34,60,782	20,82,588	19,471	J. W. Bazon, Esq. (Chairman) ..	*Gillanders Arbuthnot & Co., Ltd.* ..	12.75	10	1.00	1.10	1.10	1.10	3	Y.P.
40,00,000	31,88,500	86,62,918	52,34,329	38,310	D. S. Barron, Esq. (Chairman) ..	*Godfrey Phillips India Ltd.* ..	26.50	10	4.00	4.00	4.00		12	Y.P.
2,00,15,000	1,54,59,783	8,58,93,878	87,75,585	51,86,810	R. E. O. Carey, Esq. (Mg. Director) ..	Goodyear India Ltd.	28.50	10	*Nil*	*Nil*			12	Y.
3,07,66,250	2,31,76,401	10,71,36,196	5,28,35,994	5,73,764	Hindustan Motors	Hindustan Motors	19.00	10	0.90	1.20	1.25	1.15	12	Y.P.
1,80,00,000	52,66,923	1,97,24,190	54,21,748	—5,71,993	Talukdar Law & Co. Private Ltd. ..	Hindusthan Pilkington Glass	16.19	10	1.20	1.20	*Nil*	*Nil*	12	Y.
40,00,000		92,65,821	6,66,780	—11,56,000	H. L. Somany, Esq. (Chairman) ..	Hindustan Tewyfords Ltd.	12.87	10	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.
18,16,00,000	10,67,60,644	12,69,94,528	4,09,70,628	8,29,429	Mr. F. A. Collett (Chairman)	Imperial Tobacco Co. of India Ltd.	9.75	10	0.80	0.90	0.90	0.80	3	Y.P.
4,00,28,880	4,53,05,229	19,12,24,788	5,15,28,582	58,28,466	H. V. R. Iengar, Esq. (Chairman) ..	Indian Aluminium Co., Ltd. ..	31.37	10	1.50	1.50	1.75		12	Y.P.T.
2,48,85,450	3,98,30,490	13,90,48,884	10,01,22,223	74,713	V. P. Paterson, Esq. (Chairman) ..	*Indian Cable Co., Ltd.*	57.31	10	2.25	2.25	2.25	2.25	3	Y.T.
3,64,00,000	1,61,33,886	9,06,12,544	3,91,56,221	35,587	Amiya Kumar Sen, Esq. (Mg. Director) ..	Indian Oxygen Ltd.	27.00	10	1.50	1.50	1.20	1.20	3	Y.P.
29,93,375	1,89,825	60,18,308	28,12,632	68,066	M.	Indian Plastics Ltd.	7.75	10	*Nil*	*Nil*	*Nil*		3	Y.P.
9,57,170	12,47,788	32,18,109	13,35,190	58,791	M.	Indian Rubber Manufacturers ..	20.00	10	2.00	2.00	2.50		3	Y.P.
74,98,900	5,31,500	1,01,04,128	16,16,862	19,207	Duncan Brothers & Co., Ltd. ..	Isaac Holdens (India) Ltd.	13.62	10	*Nil*	*Nil*	*Nil*		12	Y.
2,00,00,000	87,10,720	48,49,489	19,24,182	.....	J. V. J. Paterson, Esq. (Chairman) ..	Jardine Henderson	78.00	100	7.00	7.00	6.00	7.00	3	Y.P.
15,00,000	13,00,000	1,58,872	84,044	6,264	K. Agents Private Ltd.	Madhya Pradesh Industries Ltd. ..	1.00	10	1.00	1.00			3	Y.P.
1,24,92,125	10,98,514	1,84,72,851	5,81,899	2,02,898	Young India Agencies Pvt. Ltd. ..	*Madras Rubber Factory Ltd.* ..	13.90xd	10	..	0.60	0.45		9	Y.
1,47,12,250	1,22,48,546	3,66,11,588	92,31,208	2,44,687	S. Lalla Maritz, Esq. (Chairman) ..	Marlin Burn Ltd.	28.12	10	2.75	2.75	2.50		9	Y.P.
16,00,000	14,99,583	29,93,908	5,30,650	.....	Vittal Mallya, Esq. (Chairman) ..	Mcdowell & Co., Ltd.	22.62	10	2.50	1.25	0.60		12	Y.
47,12,000	90,33,368	34,12,628	16,66,038	2,34,727	M.	McLeod & Co.	206.00	100	15.00	15.00	18.00		12	Y.P.
1,61,00,000	1,65,05,502	4,47,55,502	1,71,01,969	58,785	M. K. Velodi, Esq. (Chairman) ..	Metal Box Co. of India Ltd. ..	31.62xd	10	2.50	2.50	2.50	1.90	3	Y.
34,93,000	28,90,164	82,66,801	11,11,896	5,428	N. G. Ayyangar, Esq. (Mg. Director) ..	Mysore Electric Industries Ltd. ..	168.00	100	24.00	20.00	20.00	15.00	3	Y.
5,56,250	10,53,945	12,55,788	8,55,184	1,217	Mr. M. *Shivaramaiyah (Chairman)* ..	Mysore Lamp Works	80.00	10	2.00	2.50	3.70*	0.80	3	Y.P.
10,00,000	5,01,000	22,77,131	13,52,886	1,401	I. P. Mallappa, Esq. (Chairman) ..	Mysore Tobacco	12.00	10	1.00	*Nil*	1.00	1.00	3	Y.
1,85,00,000	1,27,32,234	1,64,18,002	78,46,576	21,708	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Insulated Cable Co. ..	22.94	10	2.50	2.50	2.50	1.80	3	Y.P.
80,00,000	35,20,462	58,43,856	30,80,892	52,804	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Pipes & Tubes Co., Ltd. ..	29.00	10	2.00	2.00	2.00		9	Y.P.
40,00,000	39,77,485	81,98,570	44,68,409	58,980	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Rolling & Steel Ropes ..	31.50	10	1.50	1.50	1.50		9	Y.P.
60,00,000	16,52,447	1,28,15,320	54,90,501	75,838	K. N. Mookerjee, Esq. (Mg. Director) ..	National Rubber Manufacturers Ltd.	12.75	10	*Nil*	0.65	0.80		12	Y.P.
78,57,000	1,52,49,522	1,71,77,572	98,89,768	5,61,345	N. Khas & Co. Private Ltd.	National Tobacco Co.	11.25	10	1.60	0.70	0.70		12	Y.P.T.
22,32,100	17,27,201	45,55,5158‖		46,060	Bamdutt Ramkissendas	New Jubilee Investment Corpn. Ltd.	45.00	75	6.50	6.50	5.00		12	Y.
20,00,000	10,04,500	18,06,562	10,15,929	2,705	Parry & Co., Ltd.	*Parrys Confectionery Ltd.*	8.22	1	0.80	0.80	0.26	0.16	3	Y.
2,50,00,000	99,35,490	2,95,60,039	40,87,591	41,523	W. A. H. Rosschaert, Esq. (Chairman) ..	Phillips India Ltd.	27.50	10	1.20	1.20	1.80		12	Y.
1,56,16,018	9,87,500	2,22,80,449	1,44,846	—2,25,133	Duncan Brothers & Co., Ltd.	Phillips Carbon	14.37	5	*Nil*	*Nil*	*Nil*		12	Y.
12,25,800	7,44,984	30,08,188	7,95,051	4,309	Iyer & Co. Private Ltd.	Rane (Madras) Ltd.	8.55	5	0.70	0.75	0.75		3	Y.
41,56,400	43,61,154	75,97,454	27,98,350	2,987	T. Shanmana, Esq. (Chairman)	Salila Flour Mills Manufacturing Co., Ltd.	21.00	10	2.50	1.80	1.80	1.80	3	Y.
2,25,00,000	41,45,070	1,66,51,275	62,82,070	5,962	Badridas Goenka, Esq. (Chairman) ..	Ralli's India Ltd.	133.00	100	4.00	8.50	8.50	10.00	3	Y.
5,00,00,000	3,85,90,000	15,86,08,576	7,92,70,738	4,305	Sahu Jain Ltd.	Rohtas Industries	12.10	10	2.00	1.00	0.80	0.90	3	Y.P.T.
70,00,000		1,78,43,489	9,53,25,675	13,526	Sir Biren Mookerji, Esq. (Secretary)	Rohtas Industries Ltd.	10.62	10	*Nil*	*Nil*	0.80		9	Y.P.
71,50,000		1,02,02,408	9,21,257	—14,10,918	Seshasayee Brothers Pvt. Ltd. ..	Seshasayee Industries	6.72	10	*Nil*	*Nil*	*Nil*		12	Y.
75,00,000	55,43,000	2,33,33,514	1,15,95,000	79,764	S. N. Smith, Esq. (Chairman) ..	Shaw Wallace & Co., Ltd.	17.00	10	1.50	1.50	1.75		12	Y.
40,00,000	1,10,03,806	1,55,53,654	89,33,199	4,37,429	C. W. Stephenson, Esq.	Spencer & Co., Ltd.	21.50	10	1.50	1.50	1.50	1.80	6	Y.
47,00,000	32,00,000	2,09,13,405	63,50,721	14,232	Standard Motor Co. (India) Pvt. Ltd. ..	Standard Motor Products	10.93	10	0.90	0.70	0.60		12	Y.P.
2,99,810		18,77,856	9,39,071	498	Ogale Bros. (Private) Ltd.	Travancore Ogale Glass	5.85	10	0.60	0.70	0.75		12	Y.
11,56,800	19,10,941	10,60,697	6,63,837	53,666	E. H. Stanes, Esq. (Mg. Director) ..	T. Stanes & Co., Ltd.	27.00xd	10	2.25*	1.50	2.25		3	Y.
2,50,00,000	2,14,79,630	5,65,64,026	3,69,15,726	50,510	Sir A. Ramaswami) *Mudaliar (Chairman)*	Tube Investments of India Ltd. ..	216.00	100	10.00	10.00	10.00	10.00	7	Y.
80,58,950	1,87,023	77,93,874	56,18,874	1,43,217	The Cotton Agents Private Ltd. ..	Tuensbandra Industries Ltd. ..	9.50	10	*Nil*	*Nil*	*Nil*		9	Y.P.
2,50,00,000	3,16,49,275	7,50,08,122	2,05,08,456	4,44,246	J. R. Galloway, Esq. (Chairman) ..	Union Carbide India Ltd.	33.75xr	10	1.80	1.80	1.25		12	Y.P.
50,00,000	91,58,570	70,39,800	27,47,493	.....	Vittal Mallya, Esq. (Chairman) ..	United Breweries	38.00	10	6.00	6.00	2.50	0.60	3	Y.
5,00,000	6,61,791	6,26,454	4,49,009	4,571	Shaw Wallace & Co., Ltd.	Shaw Wallace & Co., Ltd.	27.00	10	1.50	1.50	1.75		12	Y.
31,46,200	58,44,970	1,13,05,331	62,87,466	9,200	A. K. Kadercutty, Esq. (Mg. Director) ..	Western India Plywoods Ltd. ..	284.00	100	10.00	12.00	14.00	15.00	3	Y.P.
14,49,425	.....	4,88,069	25,340	—8,84,232	E. A. Harper, Esq. (Mg. Director) ..	Wellman Incandescent India Ltd. ..	7.44	5	..	..	..	*Nil*	3	Y.
						TRANSPORT								
20,00,000	27,18,587	53,71,269	23,96,464	11,785	Andrew Yule & Co. Ltd.	Bengal-Assam *Steamship Co.*	128.00	100	7.50	7.50			10	Y.P.
1,00,00,000	31,61,089	4,96,46,350	2,56,64,082	.....	Dinshaw (Private) Ltd.	*Bharat Line*	4.84	10	*Nil*	*Nil*	*Nil*		12	Y.
60,00,000	2,71,84,446	10,34,29,802	3,49,39,642	1,28,987	A. H. Bhiwandiwalla & Co. (Bombay) Private Ltd. ..	Great Eastern Shipping Co.	17.84	10	1.00	0.75	1.00	*Nil*	6	Y.P.
							14.36	10	0.50	0.39	0.50	*Nil*		
2655.580	£1,104,350	£4,512,991	£2,842,183	—£84,554	*Kilburn & Co. Private Ltd.*	India General Navigation & Rly. Co. ..	41.75	£10	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.P.
2,47,50,000	1,57,29,564	23,79,77,974	8,19,14,557	.....	*Lloyd* Edwards (Private) Ltd. ..	India Steamship Co.	6.87	10	1.00	*Nil*	*Nil*	*Nil*	3	Y.P.
11,28,19,293	11,58,24,547	38,88,60,105	12,45,17,005	2,82,649	D. M. Khatau, Esq. (Chairman) ..	Scindia Steam Navigation Co.	*16.04*	20	*0.50*	*0.60*	*0.60*	1.00	6	Y.
8,40,800							3.97	Q. 2	0.30	0.30	0.30			
P.O. 2,10,200	29,75,610	17,52,888	10,48,110	5,407	R. E. Aiyer, Esq. (Manager)	Walford Transport Ltd.	3.94	P.O. 1	0.30	0.30	0.30		12	Y.

COAL COMPANIES

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Director or Secretaries	Company	Latest available Quotation	Paid-up per Share	Dividend per Ordinary Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
25,50,000	69,71,800	1,49,58,049	90,70,765	89,096	Shaw Wallace & Co., Ltd.	*Amalgamated Coalfields*	23.00	10	1.00	1.25	1.50		3	Y.
12,00,000	12,52,902	31,58,992	16,58,221	.....	Jardine Henderson Ltd.	Bengal-Bhatdee	23.12	10	*Nil*	*Nil*	1.50	1.50	3	Y.
4,49,850	1,62,268	11,67,089	6,92,033	5,892	Kalyanji Mavji & Co.	Bengal-Bhatdee	8.00N	10	0.60				3	Y.
1,29,00,000	2,44,30,000	7,89,11,588	5,07,62,884	10,42,244	Andrew Yule & Co. Ltd.	Bengal Coal	254.00	100	25.00	21.00	10.00		12	Y.P.T.
2,25,000	5,45,855	24,88,330	21,80,114	26,129	M.	Bengal-Nagpur	22.00N	10	1.00	2.00			12	Y.
40,00,000	84,950	1,27,37,959	69,90,595	—3,95,581	Sahu Jain Ltd.	*Bharat Collieries*	*5.44*	10	*Nil*	*Nil*	*Nil*		6	Y.P.T.
7,15,000	8,51,772	59,01,884	37,99,488	—6,87,500	M.	Bhubaneswar	*10.00*	10	*Nil*				12	Y.T.
7,50,000	22,77,003	45,77,089	29,53,944	33,547	F. W. Heilgers & Co. (Private) Ltd.	Borrea	21.31	10	1.50	1.50			12	Y.T.
90,92,480	94,52,421	4,74,28,820	2,50,38,877	90,768	Bird & Co. Private Ltd.	Burakur	16.25	10	1.30	1.30	1.30	1.30	6	Y.P.T.
49,47,750	5,66,196	64,62,322	33,58,568	3,58,060	Hindustan Investment Corpn. Ltd.	Central India	9.56	10	0.80	1.00	1.00		3	Y.
8,00,000	12,99,490	54,18,467	35,46,265	—1,25,641	Jain Industries	Central Kurkend	3.44	10	*Nil*				12	Y.
16,00,000		81,90,801	36,92,941	—5,39,034	M.	Dhemo Main	4.50	10	*Nil*	*Nil*			12	Y.
22,40,000	£561,903	£979,027	£428,516	£6,284	Jardine Henderson Ltd.	East Indian	28.62	£1	1.00	2.00	2.75		4	Y.
29,83,760	1,18,76,888	5,05,78,170	3,63,55,116	33,594	Macneill & Barry Ltd.	Equitable	22.75	10	1.50	1.50			12	Y.P.T.
15,00,000		40,00,000	27,42,564	—5,84,264	Bhatter's Agency Ltd.	Ghusick and Musila	11.50	10	*Nil*	*Nil*			3	Y.
12,00,000	2,47,433	45,20,017	30,84,265	.....	Killick Industries Ltd.	Hingir-Rampur	45.00	50	*Nil*	*Nil*	*Nil*		6	Y.P.
5,00,000		26,07,218	20,64,191	—3,65,078	M.	Hurriladih	5.75	10	*Nil*				12	Y.
20,00,000	9,66,018	49,62,919	16,19,022	32,510	Bird & Co. Private Ltd.	Karanpura Collieries	16.00	10	0.75	1.00	1.00		2	Y.P.
14,89,480	16,01,825	31,62,377	12,68,761	1,11,642	Andrew Yule & Co., Ltd.	Katras Jherriah	14.50	10	0.60	4.00	2.50		3	Y.
9,00,000	10,22,762	29,57,644	23,77,712	57,691	H. V. Low & Co. (Private) Ltd. ..	Lakurka	13.00	10	0.40				4	Y.
7,48,240		13,90,484	10,01,223	74,713	Tantia Brothers Private Ltd.	Nasira	8.25	10	0.75	*Nil*	*Nil*		12	Y.
21,97,512	34,47,233	1,59,65,316	1,11,11,820	93,645	Andrew Yule & Co., Ltd.	New Beerbhoom	19.31	10	1.00	1.00			12	Y.
10,00,000	3,80,206	12,37,138	3,80,199	51,230	Octavius Steel & Co., Ltd.	New Manbhoom	15.25	10	0.75	0.90			3	Y.
1,15,000							19.75	10	2.00	2.00				
1,57,000	*4,81,409*	17,65,275	10,59,559	18,045	M.	North West	17.50N	7.50	1.50	1.50			3	Y.
1,50,000	13,22,645	2,92,638	22,85,007(k)	46,060	P. Prashad, Esq. (Chairman) ..	Ondai	18.50	10	0.60	0.75			12	Y.P.
1,50,000	1,62,812	27,66,226	14,166	891	Deepchand Kishenlall	Parasea	14.00	10	0.125	0.125			12	Y.P.T.
15,75,000	24,69,125	87,38,044	54,94,852	54,253	Shaw Wallace & Co., Ltd.	Pench Valley	17.00	10	1.00	1.00	1.00		3	Y.
41,99,120	40,85,000	1,62,75,221	1,12,48,598	35,791	M.	Ramagundam	13.50	10	1.50	1.70	1.70		3	Y.
20,00,000	20,85,190	50,69,728	40,87,591	41,523	Shaw Wallace & Co., Ltd.	Rewa	28.50	10	2.00	2.00			12	Y.
87,50,000	40,22,084	1,15,07,370	41,76,885	43,117	M.	Samla Collieries	8.00	10	1.00	1.00			12	Y.
48,00,000	4,67,010	1,42,49,201	1,12,69,030	7,285	S. D. Sethia & Co. Private Ltd. ..	Selected Saigram Collieries	118.00	100	16.00	14.00			12	Y.
2,80,000	12,23,716	32,20,082	21,46,076	57,384	Andrew Yule & Co., Ltd.	Seelpore	26.75	7	3.00	3.00			12	Y.
12,80,000	4,54,948	35,740	13,04,570(k)	1,540	F. W. Heilgers & Co. (Private) Ltd. ..	Sendra	5.00	10	0.50	0.35			12	Y.
6,00,00,000	1,08,14,377	10,18,84,729	4,16,29,316	47,082	M. P. Pai, Esq. (Chairman)	Singareni	9.75	10	0.70	0.75	....	0.75	3	Y.
17,50,000	11,77,050	57,60,323	25,84,592	3,901	Bird & Co. Private Ltd.	*South Karanpara*	8.06	10	0.25	*Nil*	*Nil*	0.25	6	Y.
8,00,000	15,48,989	1,53,707	20,76,159(k)	38,908	F. W. Heilgers & Co. (Private) Ltd. ..	Standard	10.87	10	*1.50*	*1.00*			12	Y.
3,50,000	5,01,032	23,77,775	17,78,595	36,403	B. M. Varma, Esq. (Mg. Director) ..	Union	10.12	10	*Nil*	*Nil*			12	Y.
49,98,000	6,09,055	1,05,82,162	42,25,012	1,10,162	Hindustan Investment Corpn. Ltd.	Western Bengal	8.81	10	0.60	0.75	0.90		3	Y.
7,00,000	.....	60,62,759	34,56,424	—6,23,711	M.	West Jamuria	3.50	10	*Nil*	*Nil*			12	Y.

H.—Cliva Row Investment—Dividend for 1959 includes additional dividends of 9 nP for the year ended 31st March 1955 and 37 nP for the year ended 31st March 1956. * Includes bonus.

M.—Managed by the Board of Directors. *N.B.*—*Dividends paid since 31st March 1959 are shown as taxable.* (k) Investments. ‖ Investment at cost.

A.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 118 lakhs whereas the interim dividend of 15 per cent was on a paid-up capital of Rs. 50 lakhs only. X.B.—Ex-Bonus.

BANKS

Paid-up Ordinary Capital	Reserve Fund	Carried Forward	Name of Bank	Latest available Quotation	Paid-up per Share	Dividend per Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs. or £	Rs. or £	Rs. or £		Rs. or £	Rs. or £	Rs. nP	Rs. nP	Rs. nP	Rs. nP		
67,50,000	1,23,75,000	6,29,995	Allahabad Bank	250.00	100	18.00‡	18.00‡	15.00		12	Y.P.
1,01,600	28,48,220	3,245	Andhra Bank	94.40	100	8.00	8.00	8.00		6, 12	H.
41,78,800				82.50	85	6.80	6.80	6.80			
2,00,00,000	2,09,33,250	4,16,722	Bank of *Baroda*	92.00	50	8.50	8.50	8.00	4.00‡	12	Y.
3,55,00,000

Notice

THE INDIA SUGARS AND REFINERIES LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE Thirtieth Annual General Meeting of the Company will be held at the Registered Office of the Company at Hospet (Bellary District), on Monday, the 16th March 1964, at 4 p.m., to transact the following business:—

(1) To receive and adopt the Directors' Report and Audited Accounts for the year ended 30th September 1963.

(2) To declare a Dividend on Preference Shares.

(3) To declare a Dividend on Ordinary Shares.

(4) To elect a Director in place of Lt. Col. H.H. Maharaja Manabendra Shah of Tehri Garhwal, M.P., who retires by rotation and is eligible for re-election.

(5) To elect a Director in place of Shri Madanlal Somani who retires by rotation and is eligible for re-election.

(6) To appoint Auditors for the year 1963-64 and fix their remuneration.

(7) To pass the following Resolution with or without modification as Ordinary Resolution:—

RESOLVED that the consent of the Company be and is hereby accorded for the appointment of the Hospet Sugar Syndicate, Hospet, as Sole Selling Agents to the Company for a period of five years from 1st January 1964 on the terms as found in the Agreement subsisting between them and the Company and dated 28th January 1964.

The Register of Members of the Company will be closed from March 10, 1964, to March 16, 1964, both days inclusive.

By Order of the Board,
Per pro THE INDIA SUGAR AGENCIES PRIVATE LTD.,
C. D. CHOUDHARY,
Managing Agents.

BOMBAY,
January 27, 1964.

Notes:—(1) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and, on a poll, to vote instead of himself and such proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the Meeting.

(2) The Dividends, when declared, will be payable on or after April 15, 1964, to those shareholders whose names are on the Register of Members on March 16, 1964, or to their mandatees.

(3) Shareholders are requested to notify the Company of any change in address.

EXPLANATORY STATEMENT

as required under Section 173 of the Companies Act, 1956

Item No. 7: Ordinary Resolution

This Resolution requests your sanction for the appointment of the Hospet Sugar Syndicate, Hospet, as Sole Selling Agents to the Company for a period of five years from 1st January, 1964, as such a Resolution is necessary for appointment under Section 294 of the Companies Act, 1956. You are aware that Amalgamated Commercial Traders Private Limited were our Sole Selling Agents till 31st December 1963 and the Agreement with them terminated on that date. The Board af Directors have decided not to renew the Agreement with them, and have, in their place, appointed the Hospet Sugar Syndicate as Sole Selling Agents. The Agreement, among other things,

(i) Provides for the payment of a Commission of Rs. 1.34 nP per bag of 100 kilos of manufactured Sugar;

(ii) Provides for a deposit of Rs. 1,00,000 with the Company which will carry interest at 7 per cent during the currency of the Agreement;

(iii) Further stipulates that the Sole Selling Agency is only for Sugar, and Sugar alone, and not for any other products of the Company such as Molasses, Spirit, etc.

(iv) Is to subsist for a period of five years in the first instance with a provision of three months' notice on either side for termination for breach of any condition.

None of the Directors of the Company or its Managing Agents are interested in the above Selling Agency Company. The above Agreement is kept open for inspection at the Registered Office of the Company during office hours on working days from now on until the date of the Meeting.

MARKET GOSSIP

(*Concluded from page* 271)

work out to about Rs. 2,400 per tonne capacity in the first stage. The only comparable steel plant is Rourkela which also is designed to make flat products—the line of manufacture for Bokaro. The Rourkela plant cost Rs. 2,340 per tonne capacity.

Banks In U.K. To Close On Saturdays?

It looks as though banks in Britain will be completely closed for business on Saturdays, instead of working upto 1 p.m. as is the case now. A firm decision to this effect is expected to be reached by bankers possibly within the next three months, but certainly before the end of the year (1964). It is possible that they may agree even before the General Elections in order to win the support of bank employees for the Conservative Party. It is significant, in this connection, that the Committee of London Clearing Bankers, which rejected the idea three years ago, has now announced that the question is being urgently considered by it. The Committee has examined the possibility of launching pilot schemes, involving change in banking hours that would include experimental closing on Saturday mornings in some areas, and come to the conclusion that little fresh-information would be gained from such experiments. In its opinion, the time has come, instead, to concentrate on examining from all angles the practicability of a general Saturday closing of banks, combined, as may be appropriate, with other changes in opening hours. There will be further consultations between banks and the representatives of their staff with the object of reaching "an early conclusion." A similar move has been announced by the Committee of Scottish Bank General Managers which has decided to investigate the legal and practical issues involved in Saturday closing, together with an extension of banking hours on other days.

The U.K. banks' move to close on Saturdays has been justified on the score that it is in keeping with the general trend practically the world over. No bank, it is said, works on Saturdays in Austria, Belgium, Luxembourg, France, Germany, Italy, Holland, Canada, Australia, New Zealand, the U.S. (most States), and Sweden (from April to September). And banks in Switzerland have already decided to toe this line at the end of June next. It is, however, not so much the world trend as the intense pressure from employees that seems to have prompted the British bankers' move to go over to a five-day week. Here is what the Chairman of Barclays Bank, Mr. John Thomson, said the other day: "If it is inevitable that our staffs do not come to the Bank on Saturday mornings, or some of them, then it is much better to face up to all the implications now rather than keep putting it off.... people in most countries have learned how to adjust themselves to Saturday bank closing."

The proposed closing of banks on Saturdays has, however, been stoutly opposed by a section of opinion in Britain. To this section belongs the *Financial Times*, London. This contemporary of ours has characterised the move as a retrograde step. Its opposition is on three grounds. One, Saturday morning is the time when a lot of people make most use of their bank; those who bank locally but travel to town to work often have only Saturdays in which to transact their bank business. Two, Saturday is also an extremely busy shopping day and one when there is an active demand for cashing cheques. And, three, if banks are not open then, the case for maintaining money on deposit with a bank becomes considerably weaker. The Post Office Savings Bank, with branches all over the country and staying open until 5.30, becomes one of several alternatives which look more convenient than a commercial bank.

The banks are not unaware of these aspects; only they appear to be rather helpless. Lest the move should have a disquieting impact on the business of banks, the *Financial Times* has suggested either closure on Monday or a six-day week with five-day shifts. The latter alternative will definitely raise staff costs and thus bank charges. Another possibility, according to it, is to keep the present opening hours but to have, on Saturday, a skeleton service merely for the purpose of cashing cheques.

Steel mills in the United Kingdom are reported to be now working at peak production levels, thanks to the end of craftsmen's strike in South Wales. Steelmakers believe that an upward revision of 24.5 million tons for the current calendar year is now possible. Demand, according to them, has not only improved but also spread over a wide range of industry's products so that extra production facilities continue to be created.

TREND OF SHARES

QUIET, BUT STEADY

(From Our Own Correspondent)

BOMBAY, *20th February*

ON the proximity of the budget, trading in equities became featureless this week, with bulls and bears exercising great caution in extending their commitments. Values opened around the last week's improved levels, dropped in the mid-week on some profit-taking, but rallied slightly at close on stray short-covering. The tone at the close was quiet, but steady. There were clearly no signs of any pre-budget liquidation or selling pressure as yet, because the general feeling was that the budget would be favourable to investors. Sellers were restrained by the entry of the Unit Trust of India the operations of which, it was felt, would reduce the scope for short-selling. The political scene also showed signs of some immediate relaxation in that Pakistan failed to nail down India on Kashmir in the Security Council debate. Moreover, there was some speculation over possible direct talks between India and China on the border dispute, in the wake of the joint *communique*, issued in Rangoon day before yesterday at the end of the five-day official visit of the Chinese Premier, Mr. Chou En-lai, to Burma. Finally, the corporate news remained encouraging.

Following a sizable increase in turnover from Rs. 10.50 crores to Rs. 13.89 crores and also in gross profit from Rs. 3.40 crores to Rs. 5.06 crores for the year ended 31st December 1963, the Directors of the Indian Aluminium Company Ltd. have maintained the total dividend for the year at 17.5 per cent (including 10 per cent final announced this week) on the increased capital as raised in November 1962 by the issue of one-for-five right shares at a premium of Rs. 15.50 per share. The net profit of the Company has, however, gone up only moderately from Rs. 126.30 lakhs to Rs. 159.80 lakhs because the year's tax provision (including S.P.T.) has been as much as Rs. 214.50 lakhs, as against Rs. 52.50 lakhs in the previous year. The increase in the volume of sales and profit during 1963 was due largely to the extra output obtained from the production facilities commissioned during 1961 and 1962. The Company is now engaged in the construction work pertaining to the expansion of the smelting capacity at Alupuram to 10,850 tonnes of aluminium ingot per annum and the establishment of an aluminium foil rolling mill at Kalwa (Maharashtra) with a capacity of 2,500 tonnes per annum. These new production facilities are expected to be commissioned by 1965. Moreover, initial steps have been taken for a further expansion of the Alupuram smelter to 15,850 tonnes, as licensed during 1963, and for installing a rod mill for converting this additional output of 5,000 tonnes ingot into electric conductor rods.

The Directors of the Phaltan Sugar Works Ltd. have recommended a higher dividend of 20 per cent for the year ended 30th September 1963 as compared with 14 per cent for the previous year. The increase has followed a substantial improvement in gross profit from Rs. 12.70 lakhs to Rs. 33.65 lakhs, in spite of sale proceeds remaining unchanged at Rs. 1.73 crore. The net profit has increased from Rs. 3.74 lakhs to Rs. 13.92 lakhs. The tax provision has quadrupled from Rs. 4.87 lakhs to Rs. 16.28 lakhs.

* * * * *

The principal, informed and influential operators on Dalal Street continued to hold on to their long positions and lent some support to the market after it had declined in the mid-week on profit-taking. Prices, therefore, rallied to close with minor variations over the week.

Scindia, which gained 96 nP to Rs. 16.20, was in the limelight, due to heavy buying by some operators. Steel shares met with ready support and, while Tata Ordinary finished 75 nP lower at Rs. 146.50, Indian Iron showed a gain of 10 nP at Rs. 25.35. T.E.L.Co. staged a good recovery from the mid-week low of Rs. 291.75 to Rs. 299.25, but eased again to round off the week at Rs. 296.50 as against Rs. 296.25 last week. Century moved both ways to close Rs. 4.50 lower at Rs. 693, but National Rayon were in demand and gained Rs. 3.50 to Rs. 432.50. Hindustan Motors closed weak at Rs. 18.28, as against Rs. 19.16 a week ago.

* * * * *

The two-point spurt in Indian Aluminium to Rs. 31.75 featured trading on the Calcutta Stock Exchange. Among other cleared shares, Dunlop Rubber and Orissa Cement gained 62 nP each to Rs. 37.62 and Rs. 14.31, respectively, and Birla Jute appreciated by 56 nP to Rs. 34.81 and Guest Keen by 50 nP to Rs. 27.37. In the cash section, Elgin, among Textiles, showed an improvement of 44 nP to Rs. 22.19. But Bengal Coal finished one point lower at Rs. 254. Among Jute shares, Fort Gloster declined from Rs. 279 to Rs. 276, but Nuddea closed Re. 1.25 higher at Rs. 62.25. Bengal Chemical shed three points to Rs. 95. Miscellaneous issues followed the general trend, with Indian Oxygen rising by Re. 1.30 to Rs. 27, Rallis by Rs. 2.50 to Rs. 132.50 and Sen-Raleigh by Re. 1.37 to Rs. 15.12.

* * * * *

Selected Miscellaneous and Textile shares recorded some gains in an otherwise dull trading on the Madras Stock Exchange. Dalmia Cement rose from Rs. 12.62 to Rs. 13 and Mettur Chemical from Rs. 12.80 to Rs. 13.25. Madura gained 50 nP to Rs. 36 and Travancore Rayon 40 nP to Rs. 25.65, as against which S.I. Viscose shed Re. 1.50 to Rs. 140.

CEMENTATION CO. GETS BIG CONTRACT

A contract worth Rs. 1.07 crore (nearly £800,000) for developing the Jitpur and Chasnalla collieries in Bihar State has been awarded to the Indian branch of the Cementation Company Ltd. The contract covers the sinking of three 17-foot-diameter concrete-lined shafts to depths of nearly 1,300 ft. at the Chasnalla colliery and the deepening of the existing three shafts at the Jitpur colliery. It is to be carried out for the Indian Iron and Steel Company Ltd., with the International Construction Company Ltd as the consulting engineers.

COMMERCE

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

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Commerce

A WEEKLY REVIEW OF INDIAN FINANCIAL, COMMERCIAL AND INDUSTRIAL PROGRESS

Contents

	PAGE
LEADING ARTICLES—	
Government's Economic Survey	313
Chittaranjan Locomotive Works	314
MARKET GOSSIP	315
THIS WEEK'S SURVEY	318-319
TREND OF SHARES	345
SPECIAL FEATURES—	
Swatantra Party's Economic Policy	316
Multiple Key Currency System	317
London Letter	320
Points of Progress in Latin America	321
Manchester Letter	327
Interest Rates Under Microscope	328-329
The Modern Company and Rule of Law—III	330-331
U.S. Aid to Indian Agriculture—III	332-333
Delhi Letter	348
MONEY AND BANKING	322-323
LABOUR	324, 326
ENGINEERING	334
NEW PRODUCTS AND PROCESSES	335
COMMERCE AND INDUSTRY	336
COMPANY MATTERS	338-339
NEWS IN BRIEF AND PERSONAL	342
TREND OF MARKETS	343-345
MISCELLANEOUS STATISTICAL INFORMATION	346-347
WEEK'S STOCK EXCHANGE TREND	348

Comments on the working of companies are based on such facts and figures as are available in the published reports and accounts of the companies concerned. We do not accept responsibility in respect of conclusions drawn from such sources, if the information supplied should prove to have been inadequate.

No responsibility for the safety of articles, etc., can be accepted, but, if accompanied by stamped and addressed envelopes, every effort will be made to return the unsuitable MSS.

The Editor does not necessarily agree with, or hold himself responsible for, the views expressed by contributors.

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GOVERNMENT'S ECONOMIC SURVEY

A MAN of ideas and action. That is how Mr. T. T. Krishnamachari, Union Minister for Finance, has come to be known in the mercantile world. Not always has this quality of his been an advantage to him or to the economy as a whole. There were occasions in the not distant past when he had acted as a bull in a china shop. Fortunately, he has been working in an exemplary manner since his return to the Cabinet after his self-imposed five-year exile. He has effected many refreshing changes in the Government's policies and programmes, albeit without yielding any substantial and tangible gains to taxpayers. It remains to be seen whether this remark will become obsolete by this week-end, when his budget proposals will be public knowledge. In the meantime, he has provided one more instance of his originality in making available to Parliament and the public the Government's *Economic Survey* (1963-64) a week in advance of the Budget, instead of along with the Budget as has been the case ever since this annual feature was commenced in 1958 as a background paper for the Budget. This is a welcome departure. Members of Parliament and the Press are the greatest beneficiaries of this action, in that they have been given the perspective to the forthcoming Budget sufficiently in advance.

An outstanding impression that one gets of the *Economic Survey* covering the current (1963-64) fiscal year is that it is more factual and less critical as compared with its predecessors. It is cautious in the assessment of the unfavourable aspects of the economy and optimistic about the future. The difficulties confronting the country are only just noted and not stressed, whereas the bright aspects are boldly highlighted. To avoid pessimism and to be cheerful even in adversity are commendable qualities, provided that spirit does not lull one into complacency or encourage underestimation of difficulties. It is to be hoped that the Finance Minister is fully seized of the extremely uncomfortable price situation, the disappointing performance of agriculture, the inadequate industrial growth, the poor supply position of raw materials and stores and spares for a large variety of industries and the mounting volume of unemployment. The Budget is being keenly looked forward to for proof of his awareness of these difficulties.

The problem of accelerating the economic growth was there even at the time of preparing the last Budget. But it was not adequately recognised by the then Finance Minister who allowed himself to be overwhelmed by the needs of the emergency created by Chinese aggression. The error was soon realised and some concessions were given from time to time. They have, however, been inadequate and the results of some of them, as, for instance, simplification of licensing procedures and exemption of some commodities from price control can only be seen in the coming months. Meanwhile, the marked deterioration in the price situation, as well as the steep rise in bank credit and money in circulation since the commencement of the current marketing season has been a source of considerable concern. The price problem is dominating all others and the *Economic Survey*, it must be said to the credit of its authors, has devoted a good many pages to a detailed analysis of production and price trends and to a recital of measures taken to stimulate both agricultural and industrial production. Only, their presentation lacks the perspective, with the result that the seriousness of the situation has not been clearly brought out. This is what we propose to do now. In 1963, the general price level had registered a net rise of 8.4 per cent, as compared with only 2.1 per cent in 1962. In fact, the rise recorded last year was the steepest since the commencement of Five-year Plans. If the position is compared with the last year of the first Plan (1955-56), it is seen that, on an average, prices have risen at the rate of 5.8 per cent per annum. What is disturbing about this price trend is that prices of food articles have risen at a much faster pace, the annual rate of increase since the commencement of the second Plan being 7.2 per cent. In other words, the domestic purchasing power of the rupee has gone down roughly by 45 per cent since the commencement of the second Plan. The fall in the rupee's purchasing power of food articles is even bigger, being no less than 58 per cent. The Finance Minister must reflect on the implications of these cold facts to the common man before deciding on the level of capital outlays and other expenditure for the next fiscal year.

This is by no means the end of the story on price trends. The inflationary pressure is not only widespread but still gathering momentum, with no signs of early abatement. Prices of wheat, which had remained relatively stable until September last, have been jumping up week after week since then. Between 31st August 1963 and 8th February 1964, they have gone up by no less than 30 per cent. It is true that rice prices have gone down by some 6 per cent during these months, but they are still at a prohibitively high level and, what is more, they are tending to look up again. It is now admitted by the Government that the extremely severe cold wave in January-February this year has adversely affected the cash, as well as food, crops and one must be prepared for the current crop year being not as good as one had hoped. At the same time, money supply and bank credit are expanding faster than warranted by either the increase in the supply of goods or the rise in price levels. Since the commencement of the current busy season, money supply has expanded 70 per cent faster than in the corresponding period of the previous busy season. The rise in bank credit so far has been more than twice the increase in the same period of 1962-63 busy season and has already exceeded the increase witnessed in the whole of last busy season. Further, the railway freight rates have been increased; even though the increase is only marginal, it is going to be inflationary in effect. The prices of cement, steel and several other basic commodities subject to price control are due for an upward revision. The story of sugar, *gur* and *khandsari* is well known; suffice it to say that consumers cannot hope to get any relief in the coming months. Notwithstanding the decontrol of prices of sixteen manufactured goods, their supply is unlikely to expand so much as to neutralise the rise that has already taken place in their prices. Prices of foodgrains, non-ferrous metals, and

certain other raw materials which India has to import are also going up in world markets and this in turn will add to the cost of production of many of our industries. So, in the face of all these facts, one fails to see how the price levels in the current year are going to be kept under control. The *Economic Survey* provides no convincing answer to this question which vitally affects the pocket of the common man. All that it has to say is this:

"... there is ... need for continuing vigilance in regard to prices. The current trend of wholesale and consumer prices reflects the growing pressure, to some extent inevitable in a developing economy, on supplies of foodgrains and other essential commodities. Not only is the consumer demand increasing, but, with the rising standard of living, there is a shift in the pattern of consumption from coarse grains to rice and wheat and from coarse and medium cloth to fine and superfine cloth and art silk and rayon fabrics. While the ultimate solution to the price problem lies only in an increase in production, and an undue proliferation of controls of a kind which may impede growth must be avoided, continued action will be needed to avoid excess demand and to strengthen the framework of governmental regulation over the processes of distribution."

As a general statement, the foregoing quotation is unexceptionable. In fact, the qualification made to the application of controls reflects refreshing realism. While some rise in prices is inevitable in a developing economy, the extent of rise that has been taking place in this country is far too much and definitely inimical to economic growth itself. Some drastic measures to reverse the present price trend are urgently called for. Otherwise, the situation will get out of control. It is not understandable as to why the Government has been hesitating to use the stocks of P.L. 480 wheat to bring down the prices of wheat. What are these stocks meant for, if they are not to be used as an insurance against rise in food prices? Similarly, the Bank rate weapon is meant to be wielded vigorously in exactly a situation such as the present one.

There are many observations in the *Economic Survey* with which one will readily agree. To give some instances:

"There has been increasing recognition of the fact that, while a measure of control over basic items in short supply is necessary in a planned economy, it is equally important to ensure that basic industries secure returns adequate to finance expansion and to attract capital which would otherwise go into non-priority industries. Apart from this, controls in actual operation over a long period do not always serve the purposes for which they were set up, so that a continuing examination of the operation of controls is an important task of policy.

"... the accent of monetary policy will also necessarily have to be on realistic interest rates which reflect adequately the real cost of capital to the economy.

"... in the ultimate analysis, a lasting solution to India's major economic problems can be sought only within the framework of a rapidly expanding economy. The need for accelerating the pace of growth has become all the greater in the context of substantially larger defence requirements. At the same time, the acceleration of economic growth must be achieved in an environment of reasonable stability of prices if the levels of living at the most vulnerable points in the society are to be protected and raised and if the economy as a whole is to be freed progressively from dependence on external assistance.

"... that an expanding agricultural economy is essential to progress in other spheres is generally recognised. Without agriculture making its proper contribution, it would be difficult to secure the desired increase in national income, in savings or in exports; nor could costs and prices be held down to let development proceed smoothly. The success of an agricultural programme, however, depends ultimately on what happens at the farm level, on whether or not adequate arrangements exist to provide the individual farmers with the knowledge, the resources and above all the incentives needed for additional production.

"... with the rate of population increase approaching what is a very high level by any standards, the family planning programme has assumed the greatest of urgency and importance.

"The overall picture is one of promise of rising growth rates in the basic fields of industry, though these rates at present are somewhat below the expectations in the Plan. It will be necessary in the months and years to some to strengthen the forces which contribute to higher levels of growth not only in industry but also, and more fundamentally, in agriculture."

The point is that there is nothing new in these observations, some of which sound hollow in the light of experience during the last eight years and the renewed cry for more nationalisation and Statism heard at Jaipur and Bhubaneshwar. Nevertheless, their reiteration is welcome as evidence of the Government's appreciation of the basic issues. But if one is to share its optimism, voiced in the *Economic Survey* under review, one requires more solid evidence in the form of pragmatic action.

CHITTARANJAN LOCOMOTIVE WORKS

THE first of November 1950 was a red-letter day in India's Railway history, for it was on that day that the first W.G. broad-gauge locomotive steamed out of the assembly line of the Chittaranjan Locomotive Works, one of the earliest public enterprises to be established in the post-independence era. Thanks to the sustained efforts since then to diversify production and expand the capacity of that premier locomotive manufacturing plant, the country is heading towards self-sufficiency in broad-gauge steam locomotives. Noteworthy in this context is the fact that the Chittaranjan Works, which produced in all 1,179 W.G. locomotives (meant for hauling goods trains) in the 11-year period from 1950-51 to 1960-61, turned out as many as 431 W.G. locomotives and 53 W.P locomotives (meant for hauling fast mail and express passenger trains on the main lines) in the period from 1961-62 to 1963-64 (up to January 1964). In all, therefore, 484 units have been produced up to the end of last month under the third Plan, as against the aggregate requirement of 840 broad-gauge steam locomotives for the Plan period as a whole. At this rate of progress in production, it may not be surprising if the third Plan target of 840 such locomotives for the Chittaranjan Works comes to be slightly exceeded. This is a matter on which the public can share its profound joy with the Estimates Committee of the Lok Sabha. In its forty-fourth report, released this week, the Committee, incidentally, is glad to note that the outturn of the Chittaranjan Works is in accord with its capacity and the Plan target.

But that is not all, for the Chittaranjan Works has also been manufacturing its own boilers for the locomotives. That it has produced an aggregate of 1,524 boilers (some being spares) since 1962-63 and up to January 1964 is, indeed, heartening, for their indigenous manufacture is an organic part of the drive for self-sufficiency in steam locomotives. What is more, the Chittaranjan Works has also begun to manufacture broad-gauge electric locomotives in the third Plan period. The output of these locomotives up to January 1964 is 22 units (21 D.C. and 1 A.C. and is expected to aggregate 107 units of A.C. type in the Plan period, as against the total requirement of 244 for that period. Although the production of electric locomotives will thus fall short of the Railways' demand during the current Plan period, it should not be overlooked that capacity is being currently developed for the manufacture of 72 electric locomotives per annum at an estimated capital cost of Rs. 2.26 crores, of which Rs. 1.79 crore will have been incurred by the end of 1964-65.

If this scheme for the provision of facilities for the manufacture of electric locomotives can be expedited, it will be very good indeed, for, as the Estimates Committee itself has pointed out, steam locomotives are on the way out all over the world. The Committee, incidentally, has gone so far as to suggest that it would only be appropriate, if, from now onwards, a long-term and well-planned scheme for the conversion of the Chittaranjan Works to the manufacture of electric locomotives (both broad-gauge and metre-gauge) were drawn up and implemented to make India self-sufficient in electric traction. That the Chittaranjan Works (including its locomotive, boiler and steel castings section but excluding the electric locomotive section) will have involved an aggregate capital outlay of more than Rs. 21 crores upto the end of 1964-65 may be noted in this connection. The suggested conversion of the Works to the manufacture of electric locomotives may involve an additional capital outlay. But that is an aspect on which the Estimates Committee has not dilated, presumably because the whole proposition is not only of a long-term character but one involving a major policy decision. Further, the extent to which electric locomotives can and should replace steam locomotives is a highly debatable question. In other parts of the world, steam locomotives have been replaced chiefly by diesel locomotives and only partly by electric engines. India's capacity for expanding production of electric power is limited and the supply of high speed diesel oil is dependent upon imports involving precious foreign exchange. The country, however, has plenty of coal and steam locomotives are thus ideally suited from the point of view of availability of fuel and capital. It can, therefore, do with them for several years to come.

The Committee's other findings and recommendations are immediately more relevant. For instance, the finding has been given that, while the Chittaranjan Works has been able to execute the orders for the manufacture of W.G. locomotives promptly, there has been a time-lag of three years between the placement of order and the commencement of production in the case of W.P., W.T. and W.L. locomotives. The Committee's view, in this connection, is that, as the Chittaranjan Works has now gathered sufficient experience in the manufacture of steam locomotives, every effort should be made to reduce the time-lag between the receipt of order for a new type of locomotive and its execution and delivery. A related recommendation is to the effect that, as W.G. and W.P. locomotives have distinct uses and are not precisely interchangeable, the requisite number of each type should be produced, as originally scheduled, within the overall target of 840 broad-gauge steam locomotives for the third Plan period. The Committee has also given the finding that the Chittaranjan-manufactured locomotives compare favourably, in performance and price alike, with the ones which used to be imported from abroad. The Railways, it has added, "can justifiably be proud of having brought down the unit cost of manufacture from Rs. 7,94,000 in 1952-53 to Rs. 4,31,000 in 1962-63." The average unit cost here excludes proforma dividend. That the reduction in unit cost has been due to fuller capacity production will be clear from the following figures:

(In rupees)

	1952-53	1962-63
No. of locos produced	33	163
Labour cost	25,000	23,000
Cost of materials	302,000	243,000
Overheads	467,000	165,000
Total (excluding proforma dividend)..	794,000	431,000
Proforma dividend	128,000	46,000
Total (including proforma dividend)..	922,000	477,000

The Ministry of Railways, however, is not quite confident that it would be possible any longer "to hold the cost line under the impact of increase due to governmental action and general increase in the prices of raw materials and components." The incentive system of wage payment, which has been in operation in the Chittaranjan Works since 1954-55, seems to have contributed its share to higher productivity for, while the annual locomotive output has been stepped up by 87 per cent and the boiler output by 167 per cent, there has been only a two-third increase in the strength of staff. But higher productivity, which has so far absorbed the various increases in prices, would seem to have reached its optimum limit now. The public, however, may be gratified to know that the present unit cost of the indigenous locomotive is substantially less than the former landed price of Rs. 4,85,000 to Rs. 5,25,000 (excluding customs duty) of an imported locomotive of the same type. But this price comparison is rather misleading, for, with the dwindling output of steam locomotives in the Western countries, their unit costs may have correspondingly increased. As for the cost (Rs. 12 lakhs) of A.C. electric locomotive manufactured by the Chittaranjan Works, it is about the same as that of an imported locomotive. According to expert opinion quoted by the Estimates Committee, the cost should work out to no more than Rs. 10 lakhs—a figure much below the present cost of an imported electric locomotive. It may be expected that the Chittaranjan Works will progressively bring down the cost to that level of Rs. 10 lakhs per unit, for, as the Committee itself has acknowledged handsomely, the management is fully alive to the need for continuously improving the design and manufacturing processes with a view to improving efficiency and reducing cost.

In short, the Estimates Committee has highlighted the commendable production performance of the Chittaranjan Works. But its appraisal would have been more balanced if it had examined the unit's performance from the financial angle too. In the absence of details regarding provision for depreciation, allocation to reserves, net profit, and so on, it is difficult to figure out whether the unit is a paying concern like the Hindustan Machine Tools, for instance, in the public sector. It is, however, known from the C.S.O.'s *Principal Public Sector Undertakings in India* that the Chittaranjan Works had accumulated reserves to the tune of Rs. 5.7 crores by the end of 1960-61 against a total subscribed and paid-up capital of Rs. 21.7 crores by that year. As no separate figure for depreciation has been given, it is not possible to say whether it is included in the figure for reserves and, if so, whether it is adequate. Nor is it possible to conclude whether the return on capital employed is reasonable, for the profit figure is not to be found even in that publication.

MARKET GOSSIP

Khadi Commission Severely Indicted

THE Public Accounts Committee (Chairman: Mr. Mahavir Tyagi) may not have said, in its nineteenth report presented to the Lok Sabha on Monday this week, much about the affairs of the Khadi and Village Industries Commission that is already not known, but the way in which it has indicted the Commission is refreshing. Although severe criticisms have been levelled against the Commission by responsible persons in the Press and on the platform for quite sometime now, they do not seem to have had any effect. And so the Commission goes on functioning in the same old way, completely unmindful of its sins of omission and commission. The blame for this lies as much with those who hold the reins of the Commission as with the Government of India itself which it is that gives to the Commission crores of rupees every year for the specific purpose of encouraging the development of khadi and village industries. Since the Government also has not cared to ensure the satisfactory working of the Commission, the Public Accounts Committee has done well in strongly urging the need for a "fresh look at, and a new approach to, the policy." It is to be hoped that the Committee's call will not be in vain.

Out of over Rs. 49 crores advanced as loans by the Government to the Commission upto the end of March 1962—the amount will be markedly higher if the loans granted in the years 1962-63 and 1963-64 are included—about Rs. 20 crores were due for repayment in October 1962. But not a naya paisa has yet been repaid and, according to the Tyagi Committee, there is no possibility of the huge loans being repaid even in the next thirty or forty years! Worse still is the fact that the Commission has not paid even the interest on loans obtained from the Government and, here again, the Government continues to give annual subsidies to the Commission to enable it to pay interest. The Public Accounts Committee is, therefore, quite right in saying that the term "loan" is a misnomer and that the whole transaction virtually amounts to a grant.

Why has the Commission not been able to repay any portion of the large amounts of loans obtained from the Government? The answer is simple. The Commission has failed to utilise the funds at its disposal in a businesslike manner. The conditions of repayment of loans advanced by the Commission to various bodies have often been relaxed and the period for which funds are committed is grossly underestimated. The Public Accounts Committee has pinpointed these defects and condemned the extravagance indulged in by another body which also receives from the Government crores of rupees every year, namely, the Central Social Welfare Board. Just one instance cited by the Committee will suffice:

The Board had spent upto the end of March 1963 a sum of Rs. 86.26 lakhs on purchase of 588 jeeps (besides 18 station wagons, one car, 219 trailers and other accessories). Of these, 86 jeeps were remaining unutilised. About 248 jeeps were rendered surplus when the projects for which they were intended were closed down and 59 jeeps were transferred to voluntary organisations and three to Government organisations. Local audit revealed that log books were not being maintained properly. In many cases, the purpose of the journey was not indicated and, as such, the picture is one of extravagance.

Such instances are in galore not merely in the Khadi and Village Industries Commission and the Social Welfare Board but in a number of other similar bodies set up with noble objectives in view. The Public Accounts Committee has certainly done a signal service in highlighting the series of defects and irregularities and in urging prompt action to remove them. It has made three specific recommendations. First, the Government of India should closely examine all proposals for loans, including the period of their utilisation, before sanctioning them and to insist that loans should be treated by the loanee as loans and not as grants. Secondly, further loans must not be made available until utilisation certificates for the earlier loans are furnished. Thirdly, a serious view should be taken of the diversion of funds for unauthorised projects.

These are, indeed, very pertinent recommendations which ought to govern the grant of loans and grants made available by the Central Government to the various bodies. When the Government is so merciless about collecting its dues from individuals and private sector institutions, it should similarly be merciless in so far as semi-Governmental bodies are concerned. The public pays taxes by making a sacrifice and one of the rewards for such sacrifice lies in utilising the taxpayers' money for the greatest good of the greatest number, and not frittered away on wasteful and unproductive programmes.

Opposition To Cotton Controls

Cotton growers and traders in Gujarat are up in arms against the Textile Commissioner. They are strongly opposed to the recent ban on the movement of cotton from certain districts of Gujarat and the reintroduction of requisitioning by the Textile Commissioner of certain varieties as a sequel to the sharp spurt in their prices, especially in those of Digvijay. In fact, cotton traders in Broach even appointed an action committee to get the control measures lifted. It was also proposed to challenge the constitutional validity of the Textile Commissioner's action and also not to co-operate with him, directly or indirectly, in requisitioning cotton. What is more, as a protest against the alleged "arbitrary and irrational" action of the Textile Commissioner, ginning factories in Broach closed down and it was only after the State's Minister for Agriculture gave the assurance that a satisfactory solution would be found that the strike by ginners was withdrawn.

The State Government of Gujarat has promised traders and growers to take up the issue with the Government of India. The Chief Minister, Mr. Balwantrai Mehta, is reported to have stated that some of the steps taken by the Textile Commissioner created great discontent among growers and traders of cotton in the State and that it could jeopardise the State's plan for increasing cotton output. The State Government, he said, viewed this development with great concern.

Undaunted by the opposition, the Textile Commissioner is vigorously pursuing the requisition drive. So far over 2,000 bales are reported to have been requisitioned at the request of mills. Meanwhile, representatives of co-operative societies, which seem to be spearheading the current agitation, have directly aproached the Indian Cotton Mills' Federation with a proposal for supplying 50,000 bales of cotton (obviously at prices not above the ceiling) to mills in need of cotton. Presumably, this proposal is aimed at forestalling requisitioning of cotton by the Textile Commissioner. The terms of the proposals such as the price, the mode of delivery, the quality of cotton offered are not known; nor is the Federation's reaction to the proposal, though it is understood that a meeting of the representatives of the Federation and the co-operative societies was held in the City last week.

These developments, coupled with the requisitioning of cotton by the Textile Commissioner, seem to have had a salutary effect on prices which have tended to decline. The fall in prices could be attributed to mills withdrawing from the market partly because they have covered their immediate requirements and partly because the earlier fear of damage to the crop by the cold wave is considered by knowledgeable sources to have been somewhat exaggerated. These sources still think that, in spite of the cold wave, the crop this season would at least be equal to last season's output of 5.7 million bales. The adverse turn in weather and the delay in arranging for import of adequate quantities of cotton in the context of rising mill consumption (mills consumed a record 526,000 metric bales of cotton during December 1963, bringing total consumption during the first four months of the season to 2.02 million bales, as against 1.66 million bales in the same period last season) did alter, to some extent, the supply situation in respect of cotton, but, with a little forethought and imagination, the authorities could have prevented the spurt in cotton prices in Gujarat and obviated the need to reintroduce the irksome control measures which have met with so much opposition. As soon as prices tended to firm up, following the cold wave, the authorities should have restricted mill buying, instead of waiting for prices to pierce the ceiling. The psychological effect of the delay in arranging for imports should also have been foreseen by the authorities. But once prices pierce the ceiling, whatever the reason for it, there is no alternative for the Textile Commissioner but to have recourse to controls, however unpopular and inconvenient they may be. And any opposition to measures taken to enforce the ceiling should be seriously dealt with. One of the arguments put forward by the co-operative societies against requisitioning of Digvijay cotton at the ceiling prices is that the present ceiling price does not reflect the intrinsic worth of cotton. Whether or not the ceiling price of a particular variety is fair in comparison with the price of other varieties is an entirely different issue. Once the ceilings are fixed, the Government is bound to see that prices do not rise above them and it should not brook any interference with enforcing the ceilings. But the psychology of shortage generated by the setback to the crop in some areas and the delay in imports, which are primarily responsible for the rise in cotton prices, could be removed only by speeding up imports and judiciously regulating the marketing of the crop.

India Begins Repaying I.M.F. Credit

More than two and a half years after India obtained a credit of $250 million (Rs. 119.04 crores) from the International Monetary Fund, the Union Government has begun repaying the credit. After we went to press last week (Friday the 21st inst.), the Government announced that it had arranged to refund to the I.M.F. a sum of $25 million (Rs. 11.90 crores) being the first instalment of the amount drawn from the Fund on 1st August 1961. Under the terms of the drawal, it will be recalled, repayment of the entire credit has to be completed by the end of July 1965. Failure to do so will attract penal rate of interest. Some time in the middle of 1961, India approached the I.M.F. with a request for credit facilities because of the compelling circumstances prevailing then. The promised flow of long-term aid from foreign countries had lagged behind its requirements. And, what was worse, its own foreign exchange reserves (excluding gold) had shrunk to the nadir, the total of these assets as of 7th July 1961 standing at the low level of Rs. 109.55 crores. India's request was immediately conceded by the I.M.F. which provided the equivalent of $250 million in six foreign currencies: $110 million (Rs. 52.38 crores) in U.S. dollars, $60 million (Rs. 28.57 crores) in pound sterling, $45 million (Rs. 21.43 crores) in Deutsche marks, $15 million (Rs. 7.14 crores) each in French francs and Italian lira, and $5 million (Rs. 2.38 crores) in Japanese yen.

Even after fully utilising the aforesaid credit, India's foreign exchange reserves continued to decline; the total in the week ended 28th December 1962 was no more than Rs. 96.78 crores. The reserves no doubt recovered subsequently to Rs. 119.47 crores in the week ended 24th May 1963, but fell back again to Rs. 101.52 crores in the week ended 5th July. In view of this decline and following large-scale payments for imports, uncertainty regarding export earnings, lack of definiteness in regard to the exact amount and nature of foreign aid, and anticipated setback to inflow of overseas banking capital, the Government of India approached the I.M.F. for a standby credit of $100 million (Rs. 47.6 crores) which was made available early in July last year; the credit is effective for one year from August 1963. Since then, however, there has been a distinct improvement in the reserves; the total in the week ended 14th February was Rs. 123.35 crores, a rise of Rs. 21.83 crores since 5th July 1963. The improvement has been the cumulative result of a substantial rise in export earnings, some saving in imports and grant of untied loans by the Governments of some friendly countries for financing maintenance imports. Since these factors have considerably reduced the pressure on India's balance of payments, not only has the standby credit of $100 million not been drawn but the Union Government has found it possible to pay the first instalment of the $250-million credit secured from the I.M.F. in 1961.

Another Sizable Untied Loan From U.S.

The U.S. is one country which has granted to India untied loans on a substantial scale. The total of such loans for the first two years of the third Plan was $406 million (Rs. 193.26 crores) out of the U.S. commitment of $980 million for these years. The U.S. commitment in respect of the third year (that is 1963-64), announced in July last, is $455 million, of which the share of untied loan is $225 million (Rs. 107.10 crores). An agreement covering this dollar loan was signed at New Delhi on Monday this week between the Governments of India and the U.S. The loan will help India greatly in financing a wide range of maintenance imports: steel, non-ferrous metals, lubricants, fertilisers, machinery and machine parts, sulphur, rubber, tyre cord, carbon black, caustic soda, D.D.T., chemicals, vehicle parts and other components. The imports of these items will enable a number of existing industries to utilise a part of the capacities which have continued to lie idle for sometime now. The bulk of the commodity imports financed out of this loan (approximately 80 per cent) will be for the needs of private industry. It is expected that over 6,000 individual licences will be issued under the loan. Although the loan is to be utilised for making purchases only in the U.S. market, India will certainly have the "freedom and flexibility" to buy in the U.S. whatever is needed for the development of the economy.

INDIA'S FOREIGN EXCHANGE RESERVES

(In crores of rupees)

End of	Assets*	Gross movements (rise + or fall —)	Drawings from I.M.F. (net)	Net movement excluding drawings (net) from I.M.F.
1950-51	951.4	+ 28.6	..	+ 28.6
1955-56	824.6	+ 10.5	..	+ 10.5
1956-57	681.1	—143.5†	+ 54.7	—198.2†
1957-58	421.2	—259.9	+ 34.5	—294.4
1958-59	378.9	— 42.3	..	— 42.3
1959-60	362.9	— 16.0	— 23.8	+ 7.8
1960-61	303.6	— 59.2	— 10.7	— 48.6
1961-62	297.3	— 6.3	+ 58.4	— 64.7
1962-63	295.1	— 2.3	+ 11.9	— 14.1
1963-64 (Apr.-Dec.)	289.1	— 6.0	— 11.9	+ 5.9

* Include (a) 7.1 million oz. of gold held by the Reserve Bank valued till 5th October 1956 at Rs. 21.24 per tola and at Rs. 62.50 per tola thereafter, (b) foreign assets of the Reserve Bank, and (c) Government balances held abroad.
†, Unadjusted for gold revaluation by Rs. 77.8 crores.

Share Transfer Fees

The number of companies which have so far agreed to abolish share transfer fees has already become quite large. On the Calcutta Stock Exchange alone, which has the largest number of listed companies among all the stock markets in the country, they totalled 189 on the 20th inst., and, since then, their number must have gone up further. Considering that the move to abandon the practice of collecting the fees is fast catching up, the stage of there being no company left which is still charging the fees may soon be reached. The suspension of the practice, it may be noted, is for the benefit of the shareholding community and provides welcome relief to stockbrokers from tiresome and unprofitable work.

The waiving of transfer fees is now being insisted on as a condition precedent to the grant of enlistment on the Calcutta Stock Exchange. The same is the case with the Bombay Stock Exchange. While this has no doubt inflated quickly the number of companies taking no fees, it is interesting to find that the list of such companies on the Cal-

(*Continued on next page*)

SWATANTRA PARTY'S ECONOMIC POLICY

AN ELUCIDATION FROM RAJAJI

IN reply to our comments on the economic policy of the Swatantra Party, published in our issue of 8th February, 1964, Mr. C. Rajagopalachari, the founder-leader of the Swatantra Party, writes as follows :

Enclosing a cutting of his editorial comments on the proceedings of the Swatantra Convention held at Bangalore in the first week of this month, the editor of *Commerce* writes asking me to write up a concrete plan prepared in detail from the Swatantra angle. The favourable view he takes of our programme entitles him to ask for such expanded elucidation, as is possible, for a party in Opposition to give. But it is perhaps unreasonable to ask for a regular budget to be prepared by a new party without the assistance of full data as to resources and requirements from Government secretariats. Reasonable or otherwise the demand may be, it is certainly not possible for me to comply with such a request. What we want is, however, clear enough, as clear as our criticism of what is now going on. We want the aims of socialism, namely, that the living conditions of the poor should be made much better, to be fulfilled in reality and not merely sounded in empty slogans. We want industrialisation to come more effectively and extensively to the rescue of unemployment. We want the production of the basic necessities of life in our country to be increased, so that the problem of scarcity in this respect should no longer remain unsolved. We want more prosperity within the limits of the potentialities of our nation, so that there may be more satisfactory and more even distribution of it at all layers of the social body. We want these things to be done without incitement of class conflict. This would be possible only if production is considerably increased through sustained encouragement of those who have to work in various ways and contribute their savings to this purpose. We want national resources to be computed and national investments planned thereupon, without succumbing to the ruinous temptation of gigantism. The cold war having changed its pattern, we should not depend on foreign aid being available beyond the limits of repayment.

If these principles have to be put in concrete figures and terms, we require all the official data that are available to the Government and the services of its secretariats. In all seriousness, I say that, if we are put in a position of responsibility, we can clear the stables and produce what the editor of *Commerce* demands. Of course, there is bound to be the hangover of things already done or half-done but that cannot be avoided in democracy. That incubus must be allowed for in every case.

Once a licence is obtained for the investment of heavy capital and the organisation of an industrial unit, it is absurd to hamper the task of the organisers and add to the cost of production by putting hurdles in the way of getting all the materials and the machinery necessary, from time to time, for the industry to be started and maintained in efficient condition. But ask any industrialist now enjoying the blessings of the permit-licence-quota *raj* and he will tell you his tale of delay, losses and frustration. All this must stop. Capital and enterprise can be attracted and kept at a high level of efficiency and production, if this suicidal policy of multiplicity of permits and taxes is given up. Let us tax profits as they come and in due measure. Let us not hurt ourselves by delaying and adding to the cost of production by ordering various levies, hurdles and taxes at all the stages of production. There is no need to complicate the tax structure this way. Imports from foreign countries will be taxed—we cannot help it—by the exporting nation. But why should we needlessly add our taxes to imports of material and machinery and increase the cost of the production which we deliberately plan, over and above levying an adequate tax on the end profit. The present policy makes industrial products needlessly too costly for our own internal consumption, and reduces all chances of export.

The burden placed now on the poor and lower middle classes is intolerable and must be removed. There should be no indirect taxation on the necessities of life; every levy which raises the cost of living of these classes should be withdrawn. There should be no " land revenue " levy under *Swaraj* in India. That item of taxation should be put in the limbo of forgotten things. It has no place in independent India struggling to produce foodgrains in adequate measure. Only a fee for registration of proprietorship and transfers should be charged and no tax on farming as such or on farming income, so long as our farming industry has not improved so as to become really taxable. Every little is a great and significant fraction of the miserable *per capita* income of our peasantry. The rupee earned by our poor people must be more effectively protected from falling in real value which a wiser management of our affairs can certainly prevent. This is intimately related to the general lines sketched here regarding national resources, and investments and borrowings.

The policy of raising money on basing the structure of taxation on the shoulders of the numerous poor, on the ground that a comparatively light burden on each head of a vast population will bring in a substantial total, must be completely given up. Our poor are in the position of the camel who awaits only the last straw to break his back. Only those who can be taxed, according to immemorial practice, should be taxed and not others, directly or indirectly.

And these taxpayers, too, should be taxed in such measure only as will leave undamaged the zest for life and work, and for saving and investment; not as now, completely frustrated and drifting without enthusiasm for life or industry, and without a sense of security or certainty. This will of course greatly reduce the till for public expenditure. As against this, what is left over will be living seed for national prosperity and will bring into active operation the urge at the higher levels of our national life for increased industrialisation. In natural sequence, the national till will be augmented so that the State can spend more money on the services required for national life in general, and for equalising the amenities of life for all. This is the healthy way to attain the stated objects of socialism and not the way of torture and the killing of the sense of freedom and the way of national bankruptcy—which is the road we have been taking under the Statist regime. Gigantism must be avoided as an evil, and its disappearance should not be looked upon as a loss resulting from the pruning here advocated. What gigantism we have been already committed to, and on which investments have been heavily made, the giving up of which would cause heavy loss, would have to be suffered as an unavoidable inheritance of folly.

The slogan of " go back to the village " is contradictory of the policy of increasing industrialisation. It is not a slogan which will now receive any response. The rural population is pouring into the big cities where alone there are industries which offer possibilities of employment to the more adventurous sections of rural workers. This has created the too well known slums of our cities and the horribly neglected villages. Instead of the futile, belated and meaningless cry of " go back to the village " where you can give them no employment, what we should aim at is to bring into being many more small industrialised areas spread all over the country. Let us create as many industrial towns as we can in each district of a State, instead of concentrating the industrial workers in the principal cities only. A new pattern of urbanisation on this principle must replace the present drift. Then the slums will gradually disappear of their own accord. We can then look after the working population better than we do now, giving them good drainage and sanitation, and good drinking water and good housing. Work will increase all over each State and absorb a much larger part of the rural population, automatically leading to all-round equalised prosperity and amenities of life. The whole face of the country will be altered. We cannot ever give good housing, good drainage and sanitation, and healthy drinking water to our vast population if we do not have a scheme of medium size urbanisation such as herein sketched.

The concrete pattern emerging out of this will provide us with a proper basis for external borrowing. Borrowing will be easier. Our potential friends would gladly help in that respect if the picture herein drawn is adopted and put in concrete dimensions and terms.

Our foreign policy is not an item that can be placed in a separate chamber. Our defence services should be strong and reliable and well equipped. But we cannot, without firm foreign alliances, be strong enough to deter aggression or remove the fear of aggression from abroad. If this and its favourable financial consequences be fully realised and a correct foreign policy shaped and put in action, our defence budget need not so greatly eat into our tax resources, squeezed out to the detriment of national life. A sensible foreign policy will itself be a national asset of great significance, both in itself and in its potential capacity for deterrence and developing a sense of security.

If the principles advocated here are given a fair chance to be worked out, the poor will immediately feel emancipated and lifted up from distress. The atmosphere will be cleared, the barbed wire entanglement of Statism will go, and people will breathe freedom. All this can be converted into concrete details and figures and a plan can emerge, not a twenty-year-long fable divided into four alluring parts, but a clearly chalked out scheme adhering to the democratic way of annual budgets and established practice of securing yearly legislative sanction.

MARKET GOSSIP

(Concluded from previous page)

cutta Stock Exchange includes numerous old and established units. Fifty-three of the 189 companies are engaged in miscellaneous industries, 47 in the tea industry, 26 in jute and 25 in coal. There are also two banking companies, the United Bank of India and the United Commercial Bank, which do not collect share transfer fees. The Dena Bank in Bombay, it will be recalled, has also just given up the practice.

World Sugar And India

The world sugar market has tended to move up again after a temporary setback for 4-5 weeks. Sugar in London is currently standing at £80 per ton (c.i.f.), as against £77 a fortnight ago. The rising tendency is likely to gather momentum in the coming weeks; it is expected that the sugar price may even exceed the peak of £105 touched early in November last. This expectation seems to be justified, what with the persistent statistical shortage of sugar on a world-wide basis, the improved estimates of the West European beet crop notwithstanding. The aggregate running stocks of sugar are now said to be about nine million tons below those held in 1960-61, whereas there is continued pressure of demand for current production. Soviet Russia, according to a recent report from the Continent, will emerge as a large buyer of sugar in the not-too-distant future. For this country is unlikely to secure enough sugar from Cuba to satisfy its domestic needs, let alone supplying any sugar to Afghanistan and Finland which normally make all their purchases from Russia. These two countries have, therefore, been compelled to buy sugar elsewhere.

Considering the excellent prospects that exist for sugar exports, it is a pity that sugar production in India continues to lag behind demand (for both internal consumption and sales abroad). The total quantity of sugar actually produced in the first three months of the current (1963-64) season was no more than 1.39 million metric tons, as against the 1.20 million tons produced in the corresponding period of 1962-63. Assuming that the same rate of increase, namely, 16 per cent, is maintained in the remaining months of the season, the total output for the season will be around 2.5-2.6 million tons, representing a shortfall of 700,000-800,000 tons as compared with the original production target of 3.3 million tons and the subsequently revised target of 2.9 million tons for the current season. The Government of Uttar Pradesh must, therefore, be warmly complimented on its latest decision to forgo the purchase tax of 19 nP payable by sugar mills in western part of the State on cane bought from cultivators, provided an equal amount is paid by the mills to growers over and above the minimum price of Rs. 2 per maund. Besides forgoing the tax, the U.P. Government has also decided to contribute half the excess price paid by mills to cultivators. These steps will surely help sugar mills secure larger quantities of cane and produce more sugar. If similar steps are taken by Governments in other States, the total sugar production in the whole of the current season will doubtless be somewhat higher than the current trade estimate of 2.6 million tons.

Tin Shoots Up

Never in the past thirteen years had the world price of tin been at such a high level as it is today, the latest available London quotation for cash tin being £1,145½ per ton (the revised ceiling price fixed under the International Tin Agreement is only £1,000); a year ago, it stood at £805½. In just one week, the price has jumped up by £69½. The sudden spurt has occurred, despite the announcement by the U.S. General Services Administration, which administers the tin stockpile releases, that it is lifting the ceiling on the weekly tin sales from the present limit of 600 tons. Actually, the announcement has given a further boost to tin price because it is felt that the stocks held by the Administration are small (2,765 tons) and that these will be bought up by U.S. dealers before the end of next month. This quantity is considered to be too insufficient to cover the estimated wide world gap of about 20,000 tons, since industrial demand for tin the world over continues to rise at a much faster rate than production. It thus looks as though, to quote the *Straits Times* of Malaya, "neither the U.S. General Services Administration nor the International Tin Council has confronted the consequences of the present tin shortage."

MULTIPLE KEY CURRENCY SYSTEM

U.S. TAKES A SIGNIFICANT STEP TOWARDS IT

By A Special Correspondent

SINCE late last year, according to newspaper reports, the U.S. Treasury and the Federal Reserve System have been buying sizable amounts of Italian Lire and adding them to the U.S. foreign exchange reserves. Total purchases to date approximately amount to $100 million and purchases are apparently likely to continue.

Until now, the U.S. authorities have never held foreign currencies as a part of regular official reserves of the country. Their decision to hold the Lire in official reserves at the present time is obviously dictated by the difficulties through which the Italian currency is passing at present. It implies that the U.S. authorities will in due course acquire other important currencies for holding as a part of regular official reserves. This must, therefore, be considered one of the most dramatic developments in the international monetary system during recent years.

Basle Arrangements

In the recent past, there have been two other developments of great importance in the international monetary system. The Basle arrangements have helped to support sterling over two or three very critical situations since 1960. The system of currency swaps, which the U.S. authorities have set up during the last year or two, has been used effectively on more than one occasion, notably after the assassination of President Kennedy.

The Basle arrangements and the system of currency swaps are, however, both reversible arrangements intended to deal with temporary crises. Assistance provided under the Basle arrangements must be repaid within a reasonable period of time. If repayment cannot be made, longer term arrangements become necessary. The U.K., for instance, turned to the International Monetary Fund in 1961, when assistance under the Basle arrangements remained outstanding for too long a period. Any currencies under the currency swaps are also supposed to be returnable within very short periods of time. They can be useful to deal with sudden acute crises which are not expected to last or to give time to make longer term arrangements when exchange market crises arise suddenly. Here also, the implication is that recourse will be had to the International Monetary Fund if currencies drawn under the swap arrangements cannot be returned within an extremely short period, a period which would in general be counted in weeks.

These two types of arrangements have, therefore, added to the depth of the system and provided defences which could be used in emergencies of various time dimensions. They have not added, however, to the width of the system, which is another way of saying that they have not added to its basic strength. These arrangements have not added to the capacity of the international monetary system to finance international payments arising in the course of normal operations. They have not provided a mechanism by which international reserves would increase at a somewhat faster pace than they do at present.

A Fundamental Break

The new development is of greater significance than either of these earlier developments for exactly the reason that it marks a fundamental break with the existing monetary system. As the process initiated by the U.S. acquisition of Italian lire is carried to its logical conclusion, the international monetary system will be transformed. It will change from a *dual* key currency system—with dollars and sterling as the two-key currencies—into a multiple key currency system based on the currencies of the major industrial countries of the world.

In order to appreciate the significance of this change, it is necessary to realise that a key currency country is able, under normal circumstances, to finance a deficit in its external payments not by an outflow of reserves (a reduction in reserve assets), but by an expansion in short-term liabilities. Other countries, however, have to finance their deficits invariably by reducing their reserves. A key currency country can thus conduct its internal policies independently of balance of payments considerations for quite some time, while other countries have to adjust internal policies to the needs of the balance of payments situation at an early stage.

These assymetrical features of the international monetary system obviously produce inequities as between different countries. They do not, however, always operate favourably to the long-term interests of the key currency countries. When a stage is reached at which other countries are no longer willing to acquire additional amounts of the key currency for their reserves, they may insist on payment in gold and in some cases may even demand conversion of existing stocks of the key currency in their reserves into gold. This may happen exactly at the stage at which continuous postponement of measures to rectify the key currency country's balance of payments has made its external payments situation extremely unresponsive to normal policies. It may then be forced to take extreme measures to bring about an improvement in a situation which need never have arisen.

Implications

These features of the system have wider implications to international liquidity. As long as the key currency country continues to have deficits which are financed by an increase in the short-term liabilities of the key currency country, international reserves continue to grow at a faster pace than the growth in the world's monetary stocks. However, as soon as other countries start insisting on payment in gold or the key currency country balances its external payments and perhaps even achieves a surplus, the situation changes radically. International reserves can then grow only by the amount of accretion to monetary gold stocks or may even grow by less than this amount. In extreme circumstances, international reserves may even start contracting.

An increase in the number of key currencies has often been suggested as a solution to this problem. If there are a number of key currencies, world monetary reserves can continue to grow steadily so long as some key currency country has a deficit. It can be assumed that swings in international payments will put different countries into deficit at different times. Provided all the major industrial countries are given the status of key currencies, therefore, there can be complete assurance about a continuous growth in world monetary reserves over and above the annual accretions to world monetary gold stocks. If this does not prove to be true over any given short period, it is so because all the key currency countries are in external balance at the same time. Over such a period, the need for reserves would clearly be much smaller than usual, so that this possibility, remote as it is, need cause no anxiety.

Privileges and Responsibilities

The transition from the dual key currency system to the multiple key currency system would give the new key currencies most of the privileges and some of the responsibilities of the existing key currencies. The countries concerned would be able to finance some part of their deficits by increasing their short-term liabilities. There would be less need than hitherto for them to take immediate action to deal with balance of payments difficulties. As such action generally has the effect of reducing the overall volume of trade, this would mean that the new system would be consistent with greater stability in the volume of trade as well as in its geographical and commodity pattern. It is apparent that this would facilitate a more rapid growth in world trade.

Many of the major industrial countries have now built up strong currencies, capable of taking their place in the ranks of the world's key currencies. Having accepted some time ago, the responsibilities of Article VIII of the International Monetary Fund—the article providing for *de jure* convertibility of a currency for all current transactions—these currencies have the right to be given the status of key currencies. The representatives of these countries have been demanding this status for their currencies during their negotiations with U.S. representatives on measures to assist the dollar in its difficulties.

In an article written two years ago, the U.S. Secretary of the Treasury, Mr. Roosa, had said that the United States would be willing to hold the currencies of other major industrial countries once the U.S.A. had achieved a surplus in its balance of payments. There was some doubt about whether the United States would actually redeem this pledge. Its decision to acquire Italian Lire (plural of Lira) at this stage is, therefore, of special significance. It will reassure the other major industrial powers about the intentions of the United States, particularly since the U.S.A. is far from having achieved a surplus in its balance of payments. Italy is, at present, facing serious difficulties in its balance of payments. The U.S. action will help that country to make smoother progress towards balance than would otherwise have been possible. In the process, the Italian Lira will have taken the first step towards becoming a key currency. Other currencies are bound to follow suit. The process of development of a multiple key currency system can be said to have begun.

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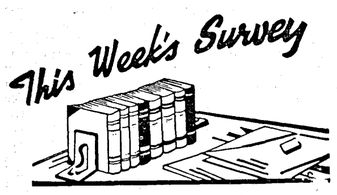
There can be no Real Strength Without Development



THE STRATEGY OF PLANNING

THE business community in India, it is well known, has always been in agreement with the Government on the broad objectives of planning, namely, eradication of poverty through increasing production and provision of fuller employment opportunities. But it does not conceal the fact that it has sometimes differed from the planners on the strategy and methods of planning for economic development. In other words, while the planners and the business community have been agreed on the "ends," they have not always seen eye to eye with each other on the "means." Broadly speaking, the latter has found fault with the former for their doctrinaire or ideological approach to several development issues, claiming, in the same breath, that its is a pragmatic approach. As "pragmatism" comes naturally to businessmen with their hard-headed realism, it is no wonder that Mr. G. D. Somani, President of the Indian Merchants' Chamber, reiterated the other day the need for a pragmatic approach without going into the semantics of the issue of democratic socialism. Mr. Somani, who delivered the presidential address at the Fifty-sixth Annual General Meeting of the Chamber, held at Bombay on the 21st instant, uttered a note of warning in this connection. The warning was that, unless the strategy and tools of development were devised in a realistic and practical manner, they might not only defeat the very objectives of planning but also strike at the values of democracy and the country's constitution. That was indeed a friendly warning to the planners whose mid-term appraisal (of the third Plan) itself has lent urgency to the effort for increasing agricultural and industrial production. As dogmas are generally unrelated to realities, they cannot possibly go well with practical measures to increase production urgently all round.

The I.M.C. President's address is particularly notable for its discussion of the Plan strategy and the elements of a possible constructive economic policy. While on the subject of Plan strategy, Mr. Somani conceded that it was too late in the day to think of changing the heavy-industry-oriented technique. But it would still be possible, in his view, to aim continuously in future at striking some balance between producer goods and consumer goods industries. A degree of consumption orientation, he rightly said, would be necessary to provide some continuous increases in the living standards. But, at the same time, he could not ignore the need for giving greater attention to some basic or strategic industries which were lagging behind. In this context, Mr. Somani welcomed the recommendations of the Swaminathan Committee for speeding up licensing procedures, especially in 22 key industries, in many of which there was need for establishing additional capacity so as to promote self-sustaining growth. On economic policy in general, Mr. Somani had a number of constructive things to say. Removal of vexatious controls on some commodities other than the recently-decontrolled ones, reorientation of the banking system so as to serve industrial development to a greater extent than at present, elimination of the more serious fiscal drags on capital formation and inflow of private foreign capital, and an end to the ideological prejudice against growth of profits in the private sector—these, in short, are the crucial elements of the "constructive economic policy" suggested by him.

It was, indeed, gratifying that Mr. Asoka Mehta, Deputy Chairman of the Planning Commission, who addressed the Chamber's meeting, recognised the wisdom behind Mr. Somani's plea for an end to the ideological prejudice against growth of profits. He did not mince words when he said that the country needed both a high rate of investment and a high enough rate of profit on the investments made. Adequate margins of profits, he continued, would enable us to make larger doses of investment and would also help identify efficient use of the inputs. He was, therefore, of the view that, in the modern sectors of our economy, including those publicly owned and operated, a 10 per cent rate of return would have to be insisted upon. This heartening approach on the part of Mr. Mehta to profits in both the private and public sectors was, however, accompanied by his not-so-heartening statement that the rate of investment would be significant only if the marginal rate of saving was high and that the impact of such a policy would necessarily fall more on the higher income groups. The development process itself, as also redistributive taxation, would, in his view, have to be such as to restrain the growth in the level of living of the upper classes. Particularly relevant, in this connection, were his references to the growing share of the public sector in the gross national product of some advanced countries and to the need for reducing inequalities of consumption. This is what he said:

"There is a natural concern on your part over the rising burden of taxes. Leaving aside the need to meet the sharp increase in our defence requirements, one should recognise the secular tendency towards increase in the share of Government in the gross national products of a country. Even in countries that take pride in their free economy, the share has steadily grown, and is now quite substantial. In the U.S.A., that share went up from 10 per cent in 1929 to 27 per cent in 1960. It is interesting to find that more than half of the new jobs created since 1950 in the U.S.A. are in the public sector. In West Germany, the share accruing to the Government is even higher—in 1960 it was 32 per cent. If the social security contributions and the taxes for equalisation of war damages were included, the public hand in West Germany had taken, in 1960, full 42 per cent of the gross national product. Irrespective of the ideologies of a country and apart from the particular social philosophy of the rulers concerned, the share of national income accruing to the Government keeps rising, because it is an inescapable element of economic development.

"By accelerating the development process, to the extent possible, and through redistributive efforts, to the extent necessary, care will have to be taken to see that the people at the base of the pyramid of income-distribution achieve greater proportionate gains. In order that the poorest segments of the population may have the needed minimum level of consumption, the degree of inequality of consumption will have to be much less than it is at present. The relative differentials between the consumption of the richest one-fifth and the poorest one-fifth will require, in the course of development efforts, to be narrowed down considerably. It is estimated that, while in the next decade the average consumption of the poorest fifth of the population will have to be doubled, that of the top 20 per cent can be allowed to increase only by 30 per cent. To state the same thing differently, the lowest segment must get an increase of about 40 per cent in the level of living per Plan period, while the benefits at the top echelons have to be considerably lower. Only then can the basic consumption be widely shared."

So without using socialist jargon to justify the growth of the public sector or the adoption of egalitarian tax measures, Mr. Asoka Mehta has pleaded precisely for the things that socialists have always canvassed, but with the refreshing difference that he has recognised the need both for an economic return on investment (whether public or private) and for a measure of improvement in the level of living of even the upper classes. His socialist approach seems to be such as to make it less frightening. To what extent it can be leavened by pragmatism is a matter for study by the business community and the Planning Commission alike.

RAILWAY DEBATE IN LOK SABHA

Since the Railway Budget for 1964-65, presented to the Lok Sabha on the 11th instant, had proposed no increase in fares, one might have thought that the third class passenger would not figure prominently in the subsequent debate. Or one might have expected the Lok Sabha members to thank the Railway Minister for his decision not to increase fares. But, actually, when the three-day debate on the budget began last week, that expectation was belied, for a member of the Congress Party pleaded for an immediate reduction of Rs. 5 per 1,000 kilometres in third class fares. That, he said, would demonstrate that the railways did not always think in terms of upward revision only. Some Opposition members, too, later demanded a marginal reduction in fares in view of the "rosy picture" of railway revenues. There was thus nobody to plead for an increase in the relatively low level of fares so as either to secure more revenues or to discourage unnecessary travel as much as possible. Those members who criticised the two per cent general increase in the supplementary charge on goods freight rates and demanded its withdrawal would have been on stronger ground if they had highlighted the uneconomic level of passenger fares and the extent to which the better results of the goods transport section were making up for the poorer results of the passenger services. That the estimated additional revenue of about Rs. 11 crores from the budget proposals could as well be secured from higher operational efficiency and economies in ordinary working expenses was not sufficiently stressed by any speaker. Nor did anybody summon the courage to suggest that a suitable increase in passenger fares would have been preferable to a freight increase which was bound to raise industrial costs to some extent or other.

The debate in the Lok Sabha was thus disappointing insofar as it pertained to fares and freights. But it was somewhat fruitful in another respect. The need for a co-ordinated transport policy covering rail, road and inland water transport was, for instance, appropriately emphasised by several members. To what extent the railways were adopting an obstructionist or non-co-operative attitude in the matter of road-rail co-ordination was, however, not examined by those members who pleaded for such co-ordination. The fact that the railways had been seeking to attract some high-rated goods traffic from road transport in order to compensate their carriage of low-rated goods on an ever-increasing scale was overlooked in this connection. In fact, the present budget itself has introduced some freight adjustments so as to reduce the rates on certain high-rated commodities which probably go by road now. It would thus appear that the railways continue to think more in terms of road-rail competition than in terms of road-rail co-ordination. The familiar bias in favour of new uneconomic lines to open up backward regions, without any thought for the possibilities of more economic transport services, say, by road, was also in evidence in the speeches of some members. This, in a way, contradicted the approach of those who wisely, though not cogently, pleaded for a co-ordinated transport policy which would secure the right combination of transport services at the lowest cost to the economy.

L.I.C.'S FOURTH VALUATION

The critics of L.I.C.'s third valuation report, published two years ago, will be happy to note that their criticism of the ultra-conservative and stringent basis adopted by the Actuaries of the Corporation has not been entirely lost on the Corporation. For the Corporation's Actuaries have liberalised, albeit slightly, the basis of the fourth valuation, covering the fifteen-month period ended 31st March 1963, the results of which have been just published. By doing so, they have indirectly admitted that the basis of the previous valuation was unduly stringent, especially because this liberalisation is not the result of any significant improvement in the yield on the Corporation's investments or expenses. In fact, the Corporation's experience in regard to expenses was adverse, as compared with that in the period covered by the previous valuation.

As a result of the liberalisation, the Corporation has been able to declare on its policies a slightly higher bonus of Rs. 17.50 per thousand sum assured per annum on Whole Life Assurances and Rs. 14 per thousand sum assured per annum on Endowment Assurances, as compared with Rs. 16 and Rs. 12.80, respectively, at the last valuation. As in the previous valuation, proportionate bonuses have been declared for participating policies of the erstwhile private insurers in accordance with the regulation regarding classification of policies for differential bonus. According to this regulation, participating policies of the erstwhile private insurers and the Corporation are classified into 25 groups. Each group is allotted an index number which varies from 49 to *nil*, with the Corporation having a key index of 10.

While the increase in bonus, which works out to 9.37 per cent, is welcome, it could have been more had the Corporation's Actuaries taken a more rational and realistic basis for the valuation. An examination of the basis adopted by the Actuaries for the present valuation will indicate how excessively conservative their assumptions are, notwithstanding the marginal concession made in assuming, for the present valuation, a fractionally higher rate of interest of 3 per cent, as compared with 2.875 per cent for the last valuation. To assume a rate of interest of 3 per cent, in a period of rising interest rates, when even Government securities fetch, on an average, 4 per cent interest, is being needlessly and unduly cautious. It is true that the rate of interest realised by the Corporation during the valuation period was lower at 4.08 per cent, as compared with 4.14 per cent earned during the preceding biennium. But this figure does not truly reflect the yield position, because, as the Actuaries themselves have pointed out in their report, during the last three months of the valuation period (namely, January, February, March 1963), comparatively few declarations of dividends on ordinary and preference shares are made. (Incidentally, the valuation is for a period of 15 months, due to a change in the accounting year of the Corporation from January-December to April-March.) Further, there is no reason to suppose that the Corporation will not fare better in future, considering that the era of high interest rates has come to stay and that there are now more opportunities for the Corporation to switch over its investments to higher interest-bearing securities than before.

The trend of mortality, the second important factor to be taken into account in valuation, has also been favourable. There is nothing to warrant the conclusion that the favourable experience so far witnessed will not continue. In fact, even at the time of the last valuation, investigations had indicated that, as compared with the mortality basis used in L.I.C.'s premium rates and the 1959 valuation, the actual mortality experience during 1961 of major I.H.O. Units and certain selected Divisions was very favourable. Data pertaining to the remaining Divisions, except one, available since then have, it is said, confirmed this favourable experience. Indeed, one of the proud achievements of the Congress Party ever since it assumed office is the sharp fall in the death rate in the country. Even Prime Minister Nehru has advanced this achievement as one of the benefits of planned economic development. In spite of all this, the Corporation's Actuaries have continued to adopt the same mortality table for the present valuation as for the previous one, namely, the Modified Oriental (1925-35) Ultimate Mortality Table. The reason given by them for this decision is as follows:

"While, in our opinion, the 1961 mortality experience of the Corporation represents the current mortality experience of assured lives in India, we would like to wait till the results of the detailed mortality investigation for the period 1961-64, which the Corporation has already taken in hand, become available, before making any change in mortality basis used in the valuation."

The extent to which the Oriental (1925-35) Ultimate Mortality Table is out of date is indicated by the fact that the investigation into the mortality experience during the year 1953-54 showed that the actual deaths during the period were only 45 per cent of those expected on the basis of the Oriental (1925-35) Ultimate Mortality Table. It is true that the Modified Oriental (1925-35) Ultimate Mortality Table, used in the present and previous valuations, is a lighter mortality table, reflecting, to some extent, the improvement in mortality experience. But even then, actual mortality experience at present is bound to be far more favourable than the one assumed in the modified table. In fact, it is this encouraging trend in mortality, coupled with the higher interest realisation indicated, that constitute the main justification for adopting a more liberal basis for valuation than what the L.I.C.'s Actuaries have chosen to do. The only factor which cautions against a too optimistic view is the rising trend of expenses. The renewal expense ratio of 14.13 per cent in the current valuation is higher than the average expense ratio of 13.66 during the previous biennium (1960-61). But by making the valuation basis unduly stringent because of this one factor, the Corporation is giving itself an indirect inducement to be complacent about expenses.

While the Corporation has thus chosen to be unduly conservative about bonuses, it has increased the dividend paid to the Government. Thus, the Government's share in the surplus revealed by the valuation amounts to Rs. 1.32 crore (for the fifteen-month period), as compared with Rs. 1.72 crore, as for the previous vaulation. Thus, the Government's share, expressed as yield per cent per annum on its investment in the L.I.C., works out to 20.57 per cent, as compared with 15.95 per cent during the biennium 1960-61. The increase in dividend works out to nearly 33 per cent, whereas such in bonus is less than 10 per cent. If the Government were serious about its profession to make life insurance both popular and cheap, so that a wider section of the people can enjoy its benefits, it should have allowed the L.I.C. to be a little more liberal to the existing policyholders. An attractive rate of bonus has two distinct merits. First, it will, to some extent, make good the erosion in the real value of the sum assured at maturity. Secondly, it will induce more people to take out life insurance policies and thereby directly contribute to achieving one of the primary objectives of nationalisation of life insurance.

FOUR STATE BUDGETS

Four striking features mark out the budget estimates of the Andhra Pradesh, Bihar, Orissa and West Bengal Governments for the coming (1964-65) financial year. They are buoyancy of revenues, the persistently rising tendency of expenditure, especially development expenditure, larger provision for Plan outlay, and firm proposals designed to give relief to Government employees in the form of higher dearness allowance, more liberal pensions, etc. There is, however, one difference: whereas the budgets of Andhra, Bihar and Orissa contain no fresh measures of taxation, that of West Bengal includes three new measures together yielding an additional annual revenue of Rs. 190 lakhs (Rs. 100 lakhs from land reforms, Rs. 50 lakhs from increase in registration fee, and Rs. 40 lakhs from higher stamp duty on transfer of immovable properties and similar transactions). The Chief Minister of Bihar, who also holds the finance portfolio, has, of course, made it clear that fresh resources have to be tapped through taxation, loans, and more economical operation of commercial and semi-commercial Government schemes. Could he not have spelled out the specific proposals he has in mind in the budget speech itself, instead of deferring the issue to a later date? Perhaps, he is awaiting a clear indication of the assistance from the Centre (loans and grants) in the Union budget that is to be presented to Parliament on Saturday (29th February) evening.

The following table shows at a glance the budgetary position of the four States, as well as the quantum of Plan outlays fixed for 1964-65, as compared with those (budget and revised) for the current (1963-64) year:

(In crores of rupees)

	1964-65 (Budget)	1963-64 (Revised)	1963-64 (Budget)
Andhra Pradesh:			
Revenue	136.00	129.05	118.36
Expenditure	135.85	126.74	118.26
Revenue surplus (+) or deficit (—)	+0.15	+2.31	+0.10
Plan outlay	75.54	55.27	55.27
Bihar:			
Revenue	107.27*	N.A.	87.80
Expenditure	106.76*	N.A.	85.50
Revenue surplus (+) or deficit (—)	+0.51*	N.A.	+2.30
Plan outlay	78.92	N.A.	50.50
Orissa:			
Revenue	74.53	70.41	67.59
Expenditure	78.45	71.01	67.15
Revenue surplus (+) or deficit (—)	—3.92	—0.60	+0.44
Plan outlay	61.70	N.A.	29.50
West Bengal:			
Revenue	135.52	128.64	117.06
Expenditure	129.91	120.83	109.79
Revenue surplus (+) or deficit (—)	+5.61	+7.81	+7.27
Overall budgetary position	—2.58	—2.03	—10.72
Plan Outlay	77.05	70.60	64.53

* The estimates cover the consolidated fund.
N.A.—Not available.

It will be seen from the above figures that buoyancy of revenues is expected to be well maintained during the coming year. The actual increase (as compared with the revised estimate for 1963-64) anticipated is Rs. 7 crores in the Andhra and West Bengal budgets and over Rs. 4 crores in the Orissa budget. Revenue estimates in respect of Bihar are not available. Expenditure, too, shows a persistent tendency to rise, the expected actual rise being Rs. 9 crores in the Andhra and West Bengal budgets and Rs. 7 crores in the Orissa budget.

The revenue surplus is small in the case of Andhra (+Rs. 15 lakhs) but is pretty large in respect of West Bengal (+Rs. 5.61 crores). The Orissa budget shows a big revenue deficit of Rs. 3.92 crores. The overall surplus in the consolidated fund of Bihar is Rs. 51 lakhs. The revenue surplus of Andhra is, however, fictitious, in that it will, it is said, be converted into a deficit of Rs. 1.79 crore as a result of an extra expenditure of Rs. 1.94 crore needed to cover the increase in dearness allowance to low-paid employees drawing a monthly salary of upto Rs. 300 and extension of compensatory allowance to taluk headquarters with effect from 1st April 1964. Adjusting the revenue surplus of Rs. 5.61 crores in the West Bengal budget against the capital deficit of Rs. 8.19 crores, there remains an overall deficit of Rs. 2.58 crores. The major part (Rs. 1.90 crore, to be precise) of this deficit is to be covered by the three fresh tax measures mentioned earlier and another Rs. 11 lakhs will be drawn from the opening cash balance, with the result that there is an uncovered deficit of Rs. 57 lakhs. The Chief Minister of Orissa, Mr. B. N. Mitra, who is also in charge of finance, has stated that, though it had been his earnest endeavour to present a balanced budget, it was not possible to do so, in view of the large commitments and the need for improving the living standards of the people. He has justified his decision not to impose fresh taxation by saying that, since the *per capita* income in the State is very much lower than other States, the capacity of people to bear any further increase in the tax burden is limited.

Large provisions, as already stated, have been made in all the four State budgets for Plan outlay. The amount actually earmarked is Rs. 72.54 crores in Andhra, Rs. 78.92 crores in Bihar, Rs. 61.70 crores in Orissa and Rs. 77.05 crores in West Bengal.

The outlay of Rs. 72.54 crores in the case of Andhra is to be met to the extent of Rs. 43.05 crores from Central assistance, the balance of Rs. 29.49 crores being raised through the usual methods of open market borrowings, better collection of existing taxes and economies in current expenditure. Incidentally, the Government of Andhra has decided to sell its investments in industries located outside the State and make the funds available to the Industrial Development Corporation for the promotion of specific projects. It is also considering the question of disposing of its minority holdings in such undertakings as the Azam Jahi Mills. This is undoubtedly a wise decision and the time for implementing it is opportune. The original object in making these investments was to give an impetus to the economic development of the region. By cashing the investments in well developed industrial units, the State can use the resources for establishing new units.

As against the Plan outlay of Rs. 78.92 crores fixed for the year 1964-65, the Bihar budget provides for only Rs. 75.17 crores. Even this provision, according to the State's Chief Minister, cannot stand, unless additional resources are in sight, because additional non-Plan expenditure may have to be incurred to implement such decisions as the State Government may take on the recommendations of the Pay Revision Committee. "As it is," to quote him, "we shall have to consider ways of augmenting our resources even for the next year to raise finances required for the Plan and non-Plan expenditure and in the following years, which will be the last year of the third Plan."

The Plan outlay of Rs. 61.70 crores shown in the Orissa budget includes a sum of Rs. 4.3 crores to be expended on the schemes of the State Electricity Board. The Deputy Chairman of the Planning Commission recently indicated that accelerated Central assistance would be only to the extent of Rs. 5.2 crores and asked the State Government to reduce the Plan outlay accordingly. Alluding to his suggestion, Orissa's Chief Minister has said that, with considerable difficulty, it has been possible for him to limit this expenditure (of Rs. 61.7 crores). He has accordingly requested the Planning Commission to restore the cut in accelerated assistance.

About half the total Plan outlay of Rs. 77.05 crores in the case of West Bengal is expected to be met by way of Central assistance (Rs. 38.80 crores). The balance of Rs. 35.78 crores is to be financed from out of the State's own resources. The Government proposes to raise a loan of Rs. 7 crores from the market during the year 1964-65 to finance the development schemes. The State Electricity Board will also raise a loan of Rs. 3 crores for expenditure on its schemes. So far this has been the only State Government to state specifically the amounts it proposes to obtain from the capital market. As readers are aware, in the coming fiscal year, the States will have to approach the capital market directly, as the Centre is in no mood to repeat again the experiment (tried last year for the second time) of borrowing for the States together and distributing the amount to them.

The Committee on Transport Policy and Co-ordination, set up on 22nd July 1959, with Mr. K. C. Neogy as Chairman who resigned recently, has been reconstituted with Mr. Tarlok Singh, Member of the Planning Commission, as Chairman. The other members of the Committee are: Mr. R. L. Gupta, Principal, Administrative Staff College of India, Hyderabad, Mr. S. Ranganathan, Secretary of the Union Ministry of Industry, Mr. Kripal Singh, member (transportation) Railway Board, Mr. L. K. Jha, Secretary, Department of Economic Affairs, Ministry of Finance, Mr. G. V. Ayyar, Secretary, Ministry of Transport and Dr. I. G. Patel, Mr. K. L. Luthra, Director, Transport Division, Planning Commission, will be the Secretary. The work of the Committee is expected to be completed in four or five months.

LONDON LETTER

CONFRONTATION

MR. MAUDLING'S DILEMMA

(From Our Own Correspondent)

LONDON, 22nd *February*

ELECTIONEERING has caught hold of every aspect of the national life and, even when the Board of Trade chooses January (what better than the first month of the year?) to bring in its up-to-date method of calculating the trade balance, it is accused of playing politics. The truth is the nation this week was in a highly confused state of what is going on in the economy. Last week-end, rumours were afoot—based on the well-known fears of the Chancellor of the Exchequer about a coming wage-cost inflation—that the balance of payments would be taking a turn for the worse earlier than expected. The B.B.C. tried to arrange for the Chancellor of the Exchequer to meet his shadow opposite number in a television interview in what was termed a "confrontation"—a continental expression now infiltrating the English language in a false meaning, in place of the simple "meeting." But the Chancellor said he was too busy at present. The Prime Minister appeared on television later and said the economy was fine and never doing better—there was nothing to worry about at all.

However, the next day, the Board of Trade published the trade figures for January which showed the worst trade balance for one month of recent years. The Chancellor then said he would have his "confrontation" with his shadow opposite next week. In the meantime this week has ended with that half of the nation which follows economic affairs really worried. The "confrontation" between them and the balance of payments is taking place now.

All the economic indicators except these unfortunate January figures are good. The index of industrial production ended last year with a rise of 10 per cent per annum over the last quarter and a rise also of 10 per cent over the figure twelve months previously. The average rise between 1963 and 1962 was 7 per cent, but the average rise over the past two years was only 3 per cent. This sort of improvement did not look like a temptation of providence.

Unemployment

Unemployment this month has dropped under the half-million level and, though the absolute figure seems high, it is dropping at a time of the year when usually it goes up and the general trend during the winter months has been far better than estimated. The signs here point to a coming overemployment, but no one could say that point had yet been reached.

Retail prices have risen one per cent over the past three months and 2 per cent over the past year—but wage-rates have risen more than twice as much.

Everyone has been looking forward to this as a good year—what then has gone wrong with the trade figures?

Trade Gap

In January, exports and re-exports were £341 million, a drop of £30 million on the fourth quarter 1963 average and worse than any time last year, except the summer months. But imports c.i.f. rose to the astonishing figure of £506 mn.— about £100 mn. worse than last year's average figures. Indeed, the crude trade gap was £165 mn., quite enough justification for alarm and despondency. But this was the occasion chosen by the Board of Trade to catch up with reality and to point out that these crude trade gap figures were all wrong. The visible trade gap should be struck after converting the import figures to an f.o.b. basis. Moreover, because of seasonal factors and the varying number of working days, figures should only be compared on a "seasonally adjusted" basis. Thus, in the published figures, there is no trade gap of £165 mn., but "only" one of £72 mn.—the seasonally adjusted figure of the true visible balance. Of course, the Board's calculations are quite correct and it is admirable that they are at last giving a clearer picture to the layman, but, because of the context of events, the Board is being accused of "cooking" the figures for political reasons. Which shows how jittery everyone is becoming.

However, politics apart, the January visible adverse balance was as big as that for the *whole* of 1962 and half as large again as that for the *whole* of 1963. Reproduced in each of the succeeding months, it would give a trade deficit (after allowing for invisible income) for 1964 of £700 mn. or worse. Of course, such figures are so fantastic that one must suspect special factors governing the January figures (last October had an adverse visible balance of £2 mn., November had £19 mn. and December had £13 mn.—a quarterly average of £12 mn. per month). Thus, the expectation is that the February figures will show a surplus.

But, however much one may discount the January figures, the adverse balance cannot be eliminated. It is far too big. Something is getting out of joint and the suspicion is that the anticipated import boom has come along both more quickly and more strongly than even in Mr. Maudling's nightmares.

This has led to a general disposition to commiserate with the Chancellor for now being landed with a most unenviable task. He has a duty to keep his party as popular as possible till the election and he himself had wanted that to be in March. Now he cannot avoid his other duty to the nation to take steps in his April budget to anticipate a balance of payments crisis. His task is to keep production and employment high, without a heavy adverse trade balance. That means cutting the top off spending to avoid inflationary pressure on prices and wages. He must control the economy without damping it down. He is being urged to put Bank Rate up and to raise indirect taxation as a "regulator." But whatever he does must not look like an emergency "stopping" of the economy or he will doom his party at the election. Will he have the courage and will he be allowed to apply the necessary controls early and gently?

LETTER TO THE EDITOR

LAKDAWALA COMMITTEE REPORT

The Publicity Officer, Millowners' Association, Bombay, writes:

Your editorial of 8th February 1964, entitled "An Unwise Decision," has come as a great surprise to us. Your attack on the employers, and more particularly on this Association, concerning their attitude to the Lakdawala Committee Report and the State Goverment's action on it is evidently based on a perfunctory study of the issues involved, as you yourself admit that you did not have the full text of the Committee's recommendations when you wrote your editorial.

It is unnecessary to remind the Editor of a specialised journal like *Commerce* that the capacity of the industry to pay is a crucial consideration when giving higher wages to the workers. This, indeed, is the practice invariably adopted by the Industrial Court in its awards. At the meeting of the Standing Labour Committee, held on 27th December 1963, the then Union Minister for Labour, Mr. Nanda, urged that the matter relating to dearness allowance should be settled through negotiation between employers and workers. If no agreement could be reached through negotiation, then the parties should seek to arrive at a settlement through arbitration.

This is precisely what the employers, including the millowners, of Bombay suggested to the State Government. They urged that, before sanctioning a higher dearness allowance on the basis of the readjusted consumer price index, as recommended by the Lakdawala Committee, the Government should refer the whole issue to the arbitration of a High Court Judge. But their very valid plea for such action was ignored. If the procedure, recommended by no less a person than Mr. Nanda, had been adopted, it would have given an opportunity to the cotton mill industry of Bombay to prove that any sharp increase in the dearness allowance was clearly beyond its capacity to pay, what with the almost unlimited calls that were being made upon its resources. The industry would also have demonstrated that the system of linking the dearness allowance to the ever-rising index number would inevitably aggravate its financial embarrassment.

One cannot resist the feeling that the Bombay cotton mill industry is being treated as the Cinderella of the country's industrial sector. No burdens are considered too heavy to be imposed on it. By a stroke of the pen, its liabilities have been enhanced by more than Rs. 5 crores a year—a staggering sum indeed. Like the rest of the industry, the Bombay cotton mills are required to make a bigger contribution to the workers' provident fund scheme with effect from December 1963. The other additional liabilities arise from the grant of more leave facilities to the workers by an award of the Industrial Court and the rise in the dearness allowance following the Lakdawala Committee's recommendations.

There is no basis for the assumption that the industry is capable of bearing such burdens. The study of industrial profits, published by the Reserve Bank of India, disproves the belief about the mill industry's abounding prosperity. As the Bank's analysis of company finances for 1961 reveals, the cotton textile industry was able to secure good returns due to "substantially improved offtake." It further discloses that "the larger income of the companies through higher sales was, however, accompanied by a continued rise in their manufacturing expenses."

One of the reasons for the rise in costs was the increase in the wage bill. To quote the Reserve Bank Bulletin again: "Among the other major items of expenditure, salaries and wages (including bonus) of the 1,333 companies rose by Rs. 29 crores or by 7.5 per cent as against an increase of 9.5 per cent, for 1,001 companies in 1960. As in the previous year, the share of the cotton textile industry was the largest, accounting for Rs. 8.5 crores or 29 per cent of the total rise." As the largest textile centre in the country, Bombay had to bear a big part of this burden.

The point for consideration is whether it is prudent to add to cost inflation by continually increasing the burdens on the industry. Your contention that the increased dearness allowance will put up the price of Bombay mill cloth by "*less than two naye paise per metre*" *overlooks* the fact that Indian cloth is already being priced out of the world market. And the Bombay mills account for more than 50 per cent of the country's export trade in textiles. Again, the existence of the voluntary price control scheme prevents the mills from passing on the additional burden to the domestic consumer. This being the position, it is wrong to belittle the complaint of the industry about its growing burdens.

While, on the one hand, the Central Government appoints an expert body to recommend the means for lightening the burdens on the export industries, on the other the State Governments saddle them with additional liabilities. Instead of pleading for a more rational export policy, you have unfortunately chosen to bark up the wrong tree.

The charge against the millowners about the alleged manipulation of cloth prices is ill-informed and baseless. It is well-known that revised prices are approved by the regional committees and require the sanction of the Textile Commissioner before they are introduced.

While apologizing to you for the length of this reply, we cannot conceal our disappointment at the stand taken by you on the vital issue under discussion. Instead of publishing such an ill-considered editorial, you would have worthily upheld the great traditions of your journal for balanced writing if you had presented your views on the question without passion or prejudice.

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[*In the article in question, we made no "attack" on employers, in general, and the Bombay millowners, in particular. We only gave a piece of advice to them, which, in substance, is that they must move with the times. If ability to pay is an important consideration with employers, the ability to exist at least in tolerable living conditions is an equally vital consideration with workers. If our suggestion to Bombay millowners is distasteful to them, it does not necessarily mean that our article is ill-considered. The main issue is whether or not the Lakdawala Committee has been fair in correcting and "modernising" an old and out-of-date basis of compiling the cost of living index. The arguments of the Millowners' Association on this issue are not convincing to us. In the last 18 years, there has not been a single burden pertaining to workers which has not been opposed by the millowners on the ground that it is unbearable. Yet the cotton mill industry is alive and kicking, especially in Bombay.*

This writer, as a consumer, knows to his cost to what extent the so-called gentlemen's agreement on cloth prices has protected consumers. We dare say that the Publicity Officer of the Bombay Millowners' Association, too, must be aware of this, unless he has been clothing himself and the members of his family with gift parcels.—ED.]

POINTS OF PROGRESS IN LATIN AMERICA

By Questor

IT is likely to be some time yet before the six members of the European Community get down to serious discussion about the establishment of a common currency. The fact, therefore, that the economic ministers of that other Common Market—the Central American one comprising Guatemala, Honduras, El Salvador, Nicaragua and Costa Rica—were able to meet in mid-February to discuss the merging of their five national currencies seems all the more striking evidence of the progress being made towards economic integration in a much less sophisticated part of the world.

The very fact that the economies of these countries are relatively undeveloped—they are only now reaching the stage of industrialisation reached in other parts of Latin America several decades ago—has helped them to move forward together. The clearing house for payments within the region is working well, good progress has been made with trade liberalisation, and inter-regional trade in 1963 was about a third higher than in 1962.

That economic integration in Central America should be proceeding successfully after several unsuccessful attempts at political unification is an encouragement to those who are pressing for a similar but much more ambitious operation in Latin America generally. It has been suggested, in fact, that the Central American five (together with any neighbours which may join them) might eventually become a single member of the Latin American Free Trade Area. L.A.F.T.A. (its members are Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru and Uruguay) was established by the Treaty of Montevideo in 1960 and came into operation in mid-1961. The abolition of tariffs on internal trade is proceeding steadily and has created little real difficulty.

But it is also producing as yet relatively little benefit to the area. The scope for expanding traditional trade—mainly foodstuffs and raw materials—is severely limited both by the size of national markets and by national programmes of agricultural development. A major expansion in internal trade, it is generally realised, must depend on manufactured goods. But this raises serious practical problems, since the members are at different stages of development and have different national interests to protect. Argentina, Brazil and Mexico are much more industrialised than the rest; Ecuador and Paraguay are so far behind that they can be allowed special measures of protection. The other four, however, are in a transitional state, and it will not be easy to establish a satisfactory mechanism for dealing with them.

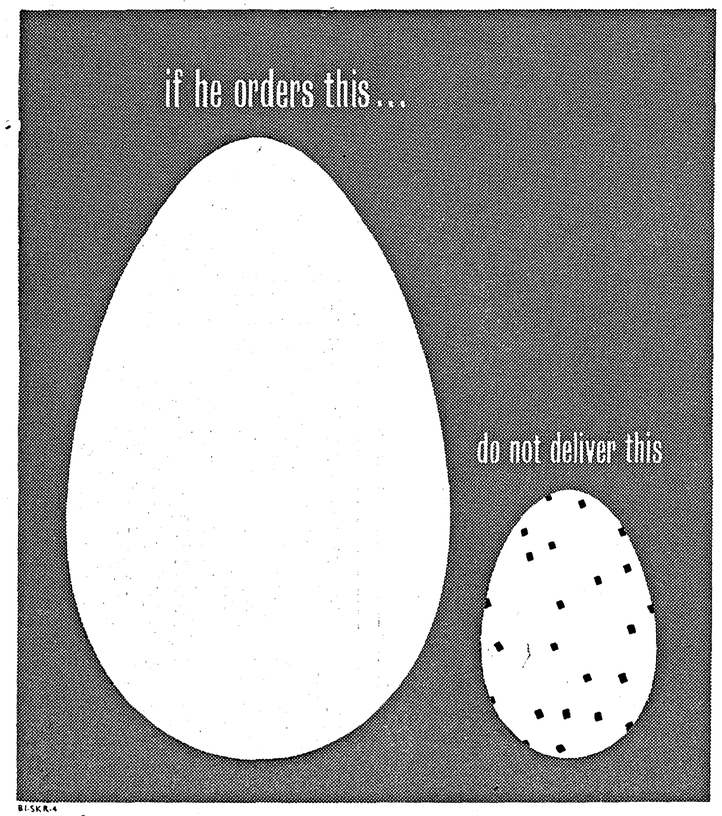
It is becoming accepted, in fact, that L.A.F.T.A. in its present form is not sufficiently ambitious to enable its members to overcome their economic difficulties and that some much closer variety of economic and social unification may be necessary. It is for this reason that more and more attention is being paid to the experience of integration recently acquired by the European Community. For example, a good deal of discussion is still going on about the desirability of establishing a payments union, which would imply credit facilities between central banks and might eventually lead to a common currency. The very useful part played by the European Payments Union after the war is brought forward as an argument in support of this.

This trend is also apparent in the development of financial relations with the rest of the world. Latin American economists—notably Sr. Herrera, the President of the Inter-American Development Bank—have been stressing that the best use will be made of development aid only if it is distributed regionally rather than nationally. They have also suggested that the initial failure of the Alliance for Progress lay in the fact that it was not a regional alliance but a collection of bilateral agreements. The U.S. agreed last autumn that a new co-ordinating committee (headed by a Latin American) should be set up to submit to Washington a regional programme of projects deserving assistance. Since then, however, the attitude of the Congress towards foreign aid of all kinds seems to have become noticeably stiffer.

It is for this reason, perhaps, that Latin America is looking more towards Europe for development capital. The growth of interest is mutual: European businessmen and Governments are taking a growing interest in Latin America. An international investment company is being formed to channel U.S. and European private capital into the area, in consultation with the I.A.D.B., which may serve a valuable role in the future. Several Latin American countries know from hard experience that the financing of industrialisation on short-term credits can aggravate rather than ease their balance of payments problems. The establishment of export industries financed by foreign investments rather than loans is a more fruitful approach, provided that fears of economic domination, on the one side, and expropriation, on the other, can be removed.

Europe can well afford to take over from the U.S. a larger share of the burden of foreign aid. Her new interest in Latin America can be of mutual benefit, particularly if the bulk both of public development and private investment can be channelled through regional bodies like the I.A.D.B. The idea of economic integration, which is catching on more successfully among economists and businessmen than among politicians, will become more popular if regional organisations are seen to be doing a job which national Governments are unable to do. And there is a good chance that European funds will be channelled through such organisations.

Latin America is going to have a good deal to say for itself at the forthcoming U.N. Trade Conference at Geneva. A joint policy statement has already been drafted for submission to the conference which demands special trade concessions for underdeveloped countries. And the conference has been convened, it is worth remembering, by Dr. Prebisch, who for 15 years headed the U.N. Economic Commission for Latin America.



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STATE FINANCIAL CORPORATIONS—II

THEIR WORKING AS DEVELOPMENT BANKS FAVOURED

IN the first instalment of this article last week, we considered some important aspects of the review made and remedies suggested by the Working Group on State Financial Corporations in order to improve the usefulness of the Corporations for facilitating accelerated development of industries. The article largely dealt with the prospects for the S.F.Cs. It is now proposed to review the suggestions for promoting S.F.Cs as regional development banks—a new perspective which gives meaning and significance to the wide variety of recommendations of the Working Group.

The recommendations fall into two broad groups: First are those that are concerned with the task of increasing the resources of the corporations; it has for long been known that lack of adequate resources—both rupee and foreign exchange—have imposed limitations not only upon the quick expansion of the volume and activities of the corporations, but also upon the development of the full range of a wide variety of functions and diversification in their business operations. The second group of recommendations deals not only with the utilisation of these new resources, but also with the changes necessary in the attitudes of the corporations towards prospective borrowers. This task involves technical, as well as organisational, problems and relaxations in the unduly restrictive provisions of the statute governing the working of the corporations, consistent with the safety and profitability of their resources. All pioneering ventures are full of risks and hazards, and the new tasks expected of the corporations—laying firm foundations of sound principles and good procedures—in evolving techniques of industrial financing appropriate in the circumstances and realities of the country, are sure to offer a challenging task.

The Working Group has looked upon the corporations as a unique set of institutions bearing close resemblance to development banks set up in foreign countries, though there are significant differences mainly in the environment in which they have to function—they have to foster industrialisation in the small-scale and medium sized sectors along the general lines of planned economic development. The original idea of a separate industrial corporation for each province goes back to the early thirties, when the Central Banking Enquiry Committee reported—those were the times when Indian enterprise was making a debut on the industrial scene, but the Indian capital was stagnating.

Wide Range of Functions

Development banks the world over offer a variety of patterns in their organisation, ownership and operations, and S.F.Cs are a part of the pattern, though unique in their own way. A very considerable range of their functions is influenced both by the State Governments under the law governing the corporations and by the socio-economic features of the underdeveloped economy. These State-sponsored statutory institutions largely employ the official funds supplied by the State Governments or the Reserve Bank with the additional liability upon the States for a guarantee of the principal, dividend and interest: with so much financial stake, it is hardly surprising that the States have a considerable say not only in matters of policy but also in the management of the corporations, through nomination of directors, managing directors and chairmen, through the issue of directions to auditors of S.F.Cs for special audit, and through the issue of instructions based on the detailed inspections of the corporations by the Reserve Bank. The corporations have special powers for recovery of loans to industries which they have financed, but there are limitations upon their dealings with many industrial activities such as housing, trading, some service industries, plantations, etc. It is as a natural consequence of this set-up that the statutory requirements for an adequate security have been rather strictly interpreted.

The Working Group has rightly pointed out that, in many ways, the S.F.Cs are in their embryonic stage: one of the reasons for their lack of resources is that they have yet to develop organic links with the rest of the capital market in order to ensure a free flow of resources (as also of expertise) between themselves and the latter.

At the end of March 1963, the total resources of S.F.Cs amounted to Rs. 34 crores—Rs. 14 crores owned and Rs. 20 crores borrowed. Having regard to the size of owned resources, the borrowed resources are inadequate. The Working Group points out that the *character* of borrowed funds also left much to be desired: unlike many other development banks both in India and abroad, the corporations had no foreign exchange resources, and did not obtain any long-term loan from the Government at concessional rates. The Working Group has done well to emphasise the importance of these sources of funds for developing the corporations and their activities. The Group has also suggested a relaxation in the borrowing limits of the corporations from 10 times to 15 times the paid-up capital and reserve funds. Stronger capital base and larger internal reserves are essential for absorbing the shocks of likely losses as a result of the new lines of business and types of activities, like underwriting and equity financing that may be developed by the corporations. According to the Working Group, a higher rate of dividend and improved marketability of the corporations' shares would certainly attract more capital from private institutional sources such as the scheduled banks and insurance companies (whose share holding at the end of March 1963 was 33 per cent), and reduce their dependence upon the State. For the purpose of enabling the corporations to build up their reserves, the Group has (1) suggested that the States and the Reserve Bank may forgo their share of dividends, (2) proposed further liberalisation of tax concessions and (3) pleaded for a writing off of the accumulated subvention liability.

Price of Deposits

All these recommendations are good so far as they go; but they do not go far enough. The Working Group, therefore, attaches great importance to the corporations' ability to raise deposits from the public as well as from Local bodies, municipalities, etc. Raising funds by deposits is a more convenient and economical way of avoiding the considerable overhead expenses associated with bond issues. The acceptance of deposits with its steady inflow of funds is advantageous over the raising of funds in bulk by bond issues. Moreover, the deposits have also the advantage of flexibility in the rates of interest. In order to encourage the growth of deposits with the corporations, the Group has made several recommendations for permitting the corporations to receive deposits up to twice their paid-up capital, for making deposit receipts assignable without charging stamp duty and for an all-India centralised publicity campaign. But the most important of them are that the State Governments should guarantee all deposits and that the corporations may be allowed to pay up to 25 nP per cent per annum more interest than that paid by the medium-sized banks under the Inter-Bank Agreement. This recognition of the efficacy of higher interest rates in attracting more deposits by the Working Group is quite refreshing at a time when the bankers are still reluctant to move away from their self-imposed traditions: it is nevertheless odd that, once having recognised the efficacy, they should have regarded the rates of interest offered by the M.I.I.C. "rather high," in spite of its outstanding performance in raising deposits to the tune of Rs. 8 crores. The accompanying Table I shows the rates of interest on deposits fixed under the Inter-Bank Agreement, those paid by M.I.I.C. and those proposed by the Group: they strongly suggest that having broken away from the Agreement rates (although it is described as a "closer relationship" with it), the Working Group should have gone all the way with M.I.I.C. rather than the half-way house of its recommendations.

TABLE I—*Rates of Interest on Deposits*

Period	Rates of interest on deposits per cent.		
	Under Inter-Bank Agreement*	Paid by M.I.I.C.	Proposed by Working Group for Corporations
Up to 1 year	3.75	4.50	4.12
Between 1-2 years ..	4.00	4.75	4.37
2-3 years	4.25	5.00	4.62
3-4 years	4.25	5.25	4.62
4-5 years	4.50	5.50	4.87
Over 5 years	5.00	5.50	5.37

* These are standard rates. Medium banks (deposits between Rs. 25 and Rs. 50 crores) and small banks (deposits between Rs. 10 and Rs. 25 crores) can pay ¼ per cent. and ½ per cent. above the standard rates.

With these additional resources, what are the corporations expected to show? They will naturally increase the volume of their loan assistance to the small-scale and medium-sized industries: but the test of usefulness of a development bank lies only partly in the *volume* of its assistance. A development bank is not meant to provide the entire finance required for development, but to supplement the other sources, by supplying such marginal amounts that would fill the gap and to act as catalysts by providing incentives for mobilisation of larger resources from other sources. Thus, more important than the volume of direct assistance provided by the corporations are the total amount of capital contributed by *other* sources for every rupee supplied by the corporations, and the *number* of enterprises they assist, particularly, the number of new projects and new entrepreneuces they foster.

Thus, as development banks, the corporations will have so take a keener interest in *new* ventures and assist the would-be entrepreneurs in the preparation of suitable projects, especially in relation to their financial and commercial aspects, but also in relation to their technical aspects, so as to launch such prospective industrialists on an industrial career. For this purpose, the corporations will have to associate themselves with official and non-official agencies which undertake research and surveys with a view to uncovering fresh investment opportunities.

Security Requirements

Relaxation of security requirements and criteria by the corporations has been the most important suggestion of the Working Group in order to enable the corporations to undertake greater risks of development banking. The statutory requirements of a *sufficient* security has in the past led the corporations to obtain maximum security and to adopt a rigid attitude, thus reducing the range of flexibility and forcing them to exercise excessive caution. In this connection, a number of practical suggestions made by the Group for freeing liquid assets from mortgage charge, for a more realistic valuation of securities, for removal of difficulties of title to land in certain areas, etc., are bound to be very useful: but much more important than these specific suggestions is its emphasis on the need for a change in the attitude of the corporations towards the borrowers and security. According to the Group, the corporations, in their financing decisions, should lay more stress on the prospective profitability of the project to be financed than on security. If they are convinced that the project is economically viable, technically sound and the borrower is a man of character and integrity, a less rigid attitude regarding the nature and extent of security and margin requirements may be adopted.

Emphasis on security and assets is important and necessary: under the best of the conditions and in spite of the best intentions, judgments *do* go wrong at times, and without an appropriate security, the corporations would have nothing to fall back upon. But the security should be regarded as a safety net in the circus arena: its very presence is enough to the operators: its use hardly becomes necessary. No good bank manager relies solely upon his security, for he knows that the decision to enforce a security is bound to bring distasteful consequences both to the lender and the borrower. Security is the remedy of the last resort: more and more, lending institutions have come to rely upon the prospects—the running and earning capacity. The "going concern" approach which guides the bank managers providing working capital loans, has much greater relevance and usefulness to term-lending operations.

Challenging Task

This change of attitude does not involve a total abandonment of all caution: it only means that calculated risks can and must be taken. Every banker knows that calculated risks, taken at some crucial moments in the past on the basis of sound judgment and discretion, have nurtured some of the accounts which have grown into his best customers today. Risk bearing is a part of the term-lending business: the Working Group has boldy faced this problem and has pointed out that, unless the corporations face the challenging task of promoting rapid industrialisation and meet promptly and adequately the changing needs of a growing economy, their story will be a story of lost opportunities.

The main aim of the corporations should, therefore, be to see that the units they assist grow to become viable in due course. The capital resources of the country are too scarce to be wasted on inefficient units. The corporations should, therefore, equip their staff and management not only for the purpose of appraising term-loan applications with imagination, vision and promptitude, but also for providing post-credit services, particularly, to ensure that the borrower makes use of the latest and most modern productivity techniques and knowledge. In fine, the corporations should not regard themselves as mere suppliers of credit; they should cultivate an integrated approach towards the problems of development.

Finally, the integrated approach must be supplemented by a diversification in the activities of the corporations themselves. Although a major part of their operations will necessarily be in the form of lending, as development banks, the corporations must provide capital in such forms as may be required. Debenture-financing, equity-investment and underwriting are significant fields of activities which involve a much closer form of relationship that require continuous and intimate knowledge of each other as well as of capital market. Greater interest and activities by the corporations in these directions will, in addition to meeting the needs of the particular industries financed, broaden the existing and potentional investor participation in industry and thus help the capital market of the country to develop and grow.

(Concluded)

THE
BRITISH INDIA CORPORATION LTD.
KANPUR

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

BEGG SUTHERLAND DIVISION
Secretaries and Treasurers:
The Elgin Mills Company, Limited
Cawnpore Textiles Limited
Brushware Limited
Cawnpore Sugar Works Limited
Champaran Sugar Company, Limited
Saran Engineering Company, Limited

Secretaries for:
Beta Picker Co. Ltd.

Agents for:
The Oriental Fire & General Insurance Co. Ltd.

NATIONAL AND GRINDLAYS BANK LTD.

The Directors of the National and Grindlays Bank Ltd have recommended a final dividend for the year to 31st December 1963 of 7 per cent, less English income-tax at the rate of 7s. 9d. in the pound, payable on 3rd April next. Together with the interim dividend paid on 4th October 1963, it brings the total for the year to 14 per cent, less tax. The total for 1962 was 16 per cent, as, with the final dividend of 7 per cent, the Directors had also recommended payment of a centenary bonus of 2 per cent, less tax.

STATE BANK OF SAURASHTRA

PROGRESS SATISFACTORY

SATISFACTORY progress has been made by the State Bank of Saurashtra (*General Manager*: Mr. S. C. Nagar, Bhavnagar) during the year ended 31st December 1963. Its gross income has gone up from Rs. 83.48 lakhs to Rs. 102.11 lakhs, and the bulk of the increase has come from interest and discount earned aggregating Rs. 83.70 lakhs, as against Rs. 69.60 lakhs a year before. Expenses, too, have increased considerably, especially staff expenses which have moved up from Rs. 26.50 lakhs to Rs. 34.41 lakhs. In spite of this, however, the declared net profit has improved to Rs. 5.18 lakhs from Rs. 4.74 lakhs to which level it had dropped in the previous year from Rs. 7.16 lakhs the year before.

The transfer to reserve fund, out of the year's profit, has been maintained at Rs. 2.50 lakhs. But the provision for bonus to staff has been raised from Rs. 2.10 lakhs to Rs. 2.65 lakhs and a sum of Rs. 25,000 has been carried to staff welfare fund. These appropriations leave a surplus of Rs. 47,119 which is carried forward, as against Rs. 69,256 brought in.

The following comparative table indicates the progress made by the Bank in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960*
Interest and discount	83.70	69.60	65.84	46.96
Commission, exchange, etc. ..	11.14	8.78	9.03	5.25
Other income	7.27	5.10	3.52	1.54
Interest paid	49.54	42.32	43.10	27.18
Expenses	44.51	34.18	36.20	15.01
Depreciation	2.88	2.24	1.93	1.19
Profit	5.18	4.74	7.16	5.01
To reserves	2.50	2.50	6.00	1.99
Bonus to staff	2.65	2.10	2.00	1.64
Staff welfare fund	0.25	..	..	..
Carry forward	0.47	0.69	0.55	1.39
	As at 31st December			
	1963	1962	1961	1960
Paid-up capital	100.00	100.00	100.00	100.00
Reserves	62.50	60.00	57.50	51.50
Deposits	15,71.12	14,94.01	13,57.11	13,93.93
Borrowings from banks ..	98.37	119.80	82.53	263.96
Advances	700.36	884.59	727.92	793.15
Investments	727.94	701.55	675.08	803.72
Cash	332.11	107.01	137.85	152.66
Balance sheet total	19,26.82	18,44.52	16,58.56	18,66.97
Ratio to deposits of—	%	%	%	%
Advances	44.6	59.2	53.6	56.2
Investments†	46.3	38.9	43.7	40.7
Cash	21.1	7.2	10.1	11.4

* For a period of eight months only.
† Unencumbered portion only.

It will be seen from the table that advances have dropped sharply during the year from Rs. 884.59 lakhs to Rs. 700.36 lakhs and the credit ratio has declined by more than 14 points. This is, however, the year-end position, and the setback, according to the Directors, is due mainly to a corresponding fall in the borrowings of the Land Mortgage Bank. The ratio of average advances to average deposits shows only a minor setback from 49.53 per cent to 48.97 per cent.

Deposits as at the end of the year are substantially higher at Rs. 15.71 crores, as compared with Rs. 14.94 crores a year before. With this expansion, borrowings from other banks have receded from Rs. 119.80 lakhs to Rs. 96.37 lakhs, and this entire amount (as against only Rs. 50.92 lakhs a year before) is by way of unsecured loans. Since advances are said to have fallen only near the close of the year, the total of cash balances has more than trebled from Rs. 107.01 lakhs to Rs. 332.11 lakhs and, as a ratio to deposits, stands at 21.1 per cent, as against only 7.2 per cent a year before. Investments show an increase of some Rs. 26 lakhs to Rs. 727.94 lakhs, but, since their entire total is unencumbered as against a part of it in the previous year, their ratio to deposits has jumped up from 38.9 per cent to 46.3 per cent. The Bank's paid-up capital of Rs. 100 lakhs remains unchanged. With the transfer of Rs. 2.50 lakhs from the year's profit, the reserve fund now stands at Rs. 62.50 lakhs. The ratio of these "own funds" to deposits works out to a satisfactory figure of 10.3 per cent.

During the year, the Bank took over Government work at 12 more branches and established currency chests at 11 more branches, bringing the total to 31 and 30 branches, respectively. It also opened small coin depots at four centres. It will shortly be establishing currency chests and conducting Government work at one more centre, namely, Gondal.

The total number of offices of the Bank at the end of the year stood at 73, as against 67 a year before, and comprised 45 branches and 28 pay offices, as against 37 branches and 30 pay offices in the previous year. Efforts are being made to obtain suitable buildings at Dwarka and Ranavav where new branches are proposed to be opened. The question of upgrading the three pay offices at Mangrol, Vanthali and Vadia is also under consideration. A branch of the Bank is due to be opened shortly at Ahmedabad.

The number of small-scale units assisted by the Bank rose from 66 to 89 and the total limits sanctioned to them went up from Rs. 43.41 lakhs to Rs. 53.71 lakhs. Progress in this field is expected to improve after a field survey, now in progress, is completed. Special facilities in respect of discount and collection of cheques and drafts and remittance of funds continued to be extended during the year on concessional terms to the District Co-operative and Land Mortgage Banks. Further, the Bank also maintained its support to the Land Mortgage Bank by subscribing to its debentures and by granting advances against such debentures. The Bank's holdings of the Land Mortgage Bank debentures increased during the year from Rs. 78.18 lakhs to Rs. 89.18 lakhs. The number of warehouses of the Gujarat State Warehousing Corporation and the Central Warehousing Corporation within the operational jurisdiction of the Bank increased during the year from three to ten and the total credit limits sanctioned against warehouse receipts rose sharply from Rs. 5.58 lakhs to Rs. 18.08 lakhs.

It is reported that rumours are circulating in the Bombay markets to the effect that it is the intention of the Government of India to demonetise notes of the denomination of Rs. 100. These rumours, according to Mr. P. C. Bhattacharyya, Governor of the Reserve Bank of India, are entirely baseless.

National Income of India

Financial year ended March	National Income (Rs. crores)		*Per Capita* Income (Rs.)		Index Numbers of National Income (1948-49=100)		Index Numbers of *Per Capita* Income (1948-49=100)	
	At Current Prices	At 1948-49 Prices	At Current Prices	At 1948-49 Prices	At Current Prices	At 1948-49 Prices	At Current Prices	At 1948-49 Prices
1948-49	8,650	8,650	249.6	249.6	100.0	100.0	100.0	100.0
1949-50	9,010	8,820	256.0	250.6	104.2	102.0	102.6	100.4
1950-51	9,530	8,850	266.5	247.5	110.2	102.3	106.8	99.2
1951-52	9,970	9,100	274.2	250.3	115.3	105.2	109.9	100.3
1952-53	9,820	9,460	265.4	255.7	113.5	109.4	106.3	102.4
1953-54	10,480	10,030	278.1	266.2	121.2	116.0	111.4	106.7
1954-55	9,610	10,280	250.3	267.8	111.1	118.8	100.3	107.3
1955-56	9,980	10,480	255.9	267.8	115.4	121.2	102.2	107.3
1956-57	11,310	11,000	283.3	275.6	130.8	127.2	113.5	110.4
1957-58	11,390	10,890	279.6	267.3	131.7	125.9	112.0	107.1
1958-59	12,009	11,650	303.0	294.1	145.7	134.7	121.4	117.8
1959-60	12,959	11,860	304.8	279.2	149.7	137.1	122.1	111.9
1960-61	14,160	12,760	326.2	293.7	163.7	147.4	130.7	117.7
1961-62*	14,620	13,050†	329.7	293.4†	169.1	150.8	132.1	117.5
1962-63**	N.A.	13,350	N.A.	294.2	N.A.	154.3	N.A.	117.8
	Percentage change							
First Plan	+ 4.7	+ 18.4	— 4.3	+ 8.2	..	..	..	..
Second Plan	+41.9	+21.7†	+27.9	+ 9.7†	..	..	..	..

* Preliminary estimates.
** Quick estimates.
† The estimates of production of foodgrains from 1959-60 and those of sugarcane from 1960-61 are not strictly comparable with those for the earlier years. Adjusted for such statistical changes, the increase in total national income and in *per capita* income during Second Plan period works out to 29.4 per cent and 8.6 per cent, respectively.
‡ The partially revised estimates put the national income at Rs. 13,090 crores and *per capita* income at Rs. 295.0.
Note:—The *per capita* estimates are based on the rate of growth of population by the 1941, 1951 and 1961 census figures.
N.A.—*Not available.*

Net Availability of Foodgrains

(In million tons)

Calendar year ended December	Population (millions)	Cereals					Pulses	*Per capita* net availability (In oz. per day)	
		Production		Net imports	Withdrawals (+) from Government stocks	Net availability	Net availability	Cereals	Pulses
		Gross	Net						
1951	363.4	43.74	38.27	4.73	—0.58	42.42	7.40	11.5	2.0
1952	369.6	44.79	38.86	3.56	—0.61	42.00	7.40	11.2	2.0
1953	376.1	49.47	43.29	2.00	+0.48	45.77	8.02	11.9	2.1
1954	382.9	58.32	51.03	0.82	—0.20	51.65	9.02	13.2	2.3
1955	390.2	56.33	49.33	0.59	+0.73	50.65	9.41	12.7	2.4
1956	397.8	54.94	48.07	1.37	+0.60	50.04	9.50	12.4	2.3
1957	405.8	57.38	50.21	3.57	—0.85	52.93	9.94	12.8	2.4
1958	414.3	53.88	47.15	3.17	+0.27	50.59	8.22	12.0	1.9
1959	423.3	62.98	55.11	3.80	—0.49	58.42	11.32	13.5	2.6
1960	432.7	63.85	55.87	5.05	—1.38	59.44	10.16	13.5	2.3
1961*	442.7	67.24	58.84	3.43	+0.17	62.44	10.88	13.8	2.4
1962*	453.1	68.31	59.77	3.58	+0.95	63.70	10.02	13.8	2.2
1963*	463.0	66.04	57.78	4.48	—0.07	62.19	10.04	13.2	2.1

Notes:—

1. Production figures relate to agricultural year, July-June; 1951 figures correspond to 1950-51, and so on for subsequent years. These estimates upto the year 1955-56 are adjusted with 1956-57 revised production as the base. Figures for 1956-57, 1957-58, 1958-59 and 1959-60 are based on Revised Estimate, for 1960-61 and 1961-62 on Partially Revised Estimate and for 1962-63 on Final Estimate of *production*.
2. Net production has been taken as 87.5 per cent, of the gross production, 12.5 per cent, being provided for seed requirements, wastage and non-food purposes.
3. Population figures relate to mid-year and exclude Sikkim. For the years 1951 to 1962, these are as framed by the office of the Registrar General of India. Figures for 1963 are estimates.

* Provisional.

COLLECTIVE BARGAINING IN INDIA

AN ANALYSIS OF THE CAUSES FOR ITS POOR USE

THE labour policy as laid down in the Five-year Plans envisages only a marginal role for the State in labour-management relations. The accent, at least in theory, is on settlement of all disputes between labour and management by mutual negotiation and collective bargaining. "The workers' right of association, organisation and collective bargaining," the authors of the First Plan emphatically assert, "is to be accepted without reservation as the fundamental basis of the mutual relationship." The State is expected to come into the picture only when the parties fail to establish a basis for a mutually beneficial relationship. Reiterating this principle, the authors of the third Plan say: "When the efforts of the parties fail to secure an amicable settlement of industrial disputes, the Government have assumed powers of intervention." It is thus clear that encouragement of peaceful settlement of industrial disputes through mutual negotiation and collective bargaining is the corner stone of the labour policy. But has Government's policy conformed to this principle? This question could be answered only by assessing the actual role played by collective bargaining in settling industrial disputes.

A recent study of 142 collective agreements reached in various industries carried out by Employers' Federation of India came to the conclusion that, "as a factor in the determination of wages and working conditions of industrial workers, the influence of collective bargaining can be considered marginal." What are the reasons for this poor use of collective bargaining? Has State intervention helped or hindered collective bargaining? How can collective bargaining be encouraged and strengthened? How gaining be encouraged and strengthened? These and other related questions have been ably analysed in a paper on the problems of collective bargaining presented by Mr. P. N. Krishna Pillai, Personnel Manager of the Indian Aluminium Company Ltd., Calcutta, at the fourth annual conference of the Indian Institute of Personnel Management which concluded its three-day session at Jamshedpur this week. Mr. Pillai has been a keen observer of industrial relations and has had practical and intimate knowledge of labour problems. His observations are as perceptive and penetrating as they are objective.

Merits of Collective Bargaining

The author of the paper starts with two posers: (1) Is collective bargaining the best method for achieving industrial peace? (2) What has been the experience of industrial concerns practising collective bargaining? Dealing with the first question, the author lists the merits of collective bargaining as compared with other methods of settling industrial disputes. To quote him:

"First, a mutually negotiating relationship in industry contributes to better understanding and initiative. The parties that negotiate an agreement do so with internal knowledge of industry. Secondly, in the process of collective bargaining, there is the recognition of the status of workers and their organisation which is one of the major psychological factors in motivating the work people. Thirdly, the parties, as already stated, have a sense of participation in decision-making regarding terms and conditions of employment. Fourthly, the process of collective bargaining ushers in an attitude of mind on both employers and workers to understand each other's points of view. Fifthly, industrial administration in a concern with collective bargaining relationship has to be qualitatively superb and this leads to better management practices in all spheres. Above all, the genuine co-operation of workers to achieve higher productivity can be gained only by mutual understanding through a process of collective bargaining"

These are only a few of the superior advantages claimed for collective bargaining. Although collective bargaining implies respect and regard for trade unions and signing of a comprehensive agreement regarding wages, hours of work and conditions of employment, it is much wider in scope. Apart from laying down wages and conditions of service, an agreement usually provides for continuous joint consultation through joint consultative bodies like the Works Committees and Production Committees. The heart of any contract jointly negotiated is a grievance procedure for settlement of day-to-day problems. The recognition of unions and consequent partnership in negotiation and consultation infuse a sense of responsive co-operation in them. The Unions become strong organisationally and financially as a result of the new status achieved through collective bargaining. Joint consultation and joint participation in decision-making in various spheres create an identity of interest. Both employers and employees realise in such a situation that, after all, it is the prosperity of the enterprise that is the source of their security, sustenance and advancement. It will thus be noted that collective bargaining benefits not only workers but also employers.

In other democratic countries, Mr. Krishna Pillai points out, recognition of the status of unions and the achievement of the results through collective bargaining have their origin in the recognition of each others' strength by both employers and trade unions. This realisation is, however, possible only in a situation where the workers have the freedom to strike and employers have the freedom to lock out. This trial of strength has, after some time, instilled in their minds respects for each others point of view and a belief in the policy of co-existence for the good of the organisation as a whole. In such a climate, collective bargaining took deep root in industries. Although Government controls and minimum labour legislation existed in those countries, every effort was made by the State to make mutual negotiation between employers and employees a working reality.

Three Types of State Intervention

In India, however, things have been different. The State believes and rightly too, according to the author of the paper, that it is not advisable to give the employers and trade unions such unfettered rights. Therefore the State decided to step in in the interest of preventing work stoppages which might undermine planned development on which it has embarked. State intervention is in three ways: (1) through conciliation and compulsory adjudication machinery, (2) through labour legislation, and (3) through decisions taken by tripartite bodies. Even in countries where collective bargaining has fully developed, these three types of State intervention do exist. Then why is it that collective bargaining has not strengthened in India, though it is the sheet-anchor of policy? The reason, according to the author of the paper under review, is simple. It is that, while in other countries conciliation, arbitration legislation and formulation of national labour policies, are ever subject to the paramount goal of achieving industrial peace through mutual employer-employee negotiation and internal settlement of differences, in India all these place, in some way or other, obstacles in the way of achieving this goal. In the U.K., for example, even during the war years, when compulsory adjudication was legally obligatory, the stress was on voluntary negotiation and collective bargaining. Compulsory adjudication was only a stand-by. Here, in India, unfortunately, it is the other way round, points out Mr. Pillai. He goes on to point out that the conciliation machinery conceived in this country is itself an instance in point. In countries where voluntary joint negotiations are the pattern of industrial relations, this machinery is pre-eminently intended to help the parties to achieve the objective. No conciliation takes place before the parties exhaust the procedure laid down for joint negotiation or consultation. In India, on the other hand, no uniform pattern has been evolved for the working of the conciliation machinery in the various States. While in some excellent traditions are being built up, in some others the approach is to a great extent legalistic and even authoritarian. This is not conducive to the promotion of collective bargaining. In the U.K., the conciliation services even help the parties in unorganised industries to set up joint industrial councils to facilitate collective bargaining. In the Labour Management Relations Act of the U.S., it is specifically laid down that Federal Mediation and Conciliation Services are constituted only to help collective bargaining. If the conciliation machinery in India is properly guided, it can be a source of strength for the development of collective bargaining rather than a source of weakness as it is at present in many States: A tradition should be built up that conciliation services will not intervene in industrial disputes, unless voluntary negotiation fails. It should also be the duty of conciliation officers to build up the machinery needed for collective bargaining at the industry and plant level.

Adjudication

The same is true of the second type of State intervention namely, compulsory adjudication. As a result of compulsory adjudication, many an industrial practice not considered healthy elsewhere has, avers Mr. Pillai, developed in this country. It has been so, because in adjudication persons not concerned with industry lay down standards of behaviour. There are instances where courts have interfered in industrial relations with their own theories as to how production or incentive bonus should be distributed to the various categories of workers and staff. But, as Mr. Pillai rightly argues, these are matters which vary from industry to industry and require, for a satisfactory solution, deep knowledge of the internal working of the industries concerned. Similarly, in various spheres of industrial activity, outside agencies, having no knowledge of the internal working of enterprises, have imposed principles and practices which are not helpful in fostering good employer-employee relations.

This does not mean that Mr. Pillai argues that industrial Courts and Tribunals do not perform any useful role. What he suggests is that they should be properly guided, so that their decisions would not hamper the growth of free and bona fide collective bargaining. He suggests, for instance, that courts and tribunals should decide issues submitted to them for disposal purely on merits and should not take judicial notice of what transpired at the direct negotiation or conciliation stage. If they do, he maintains, the parties will be averse to placing all the cards on the table at the negotiation or conciliation stage and to making reasonable adjustments by way of give and take, which is the very essence of real negotiation or conciliation.

Labour Legislation

The third method of State intervention is through legislation. Every country is duty-bound to undertake minimum legislation to protect the workers from exploitation. Even in countries where industrial relations are dominated mainly by collective bargaining, there are laws to guarantee the right of association, to lay down minimum working hours, to protect women and children working in factories and to extend certain types of social security. But, in India, there has been a plethora of labour laws—an over dose of legislation which has sapped the strength and initiative of trade unions. Though it is the proclaimed policy of the Government to encourage collective bargaining, the use of this method has been made difficult by the interposition of legislation in almost every sphere which are normally covered by collective bargaining elsewhere. Because of this, says Mr. Pillai, the legal minimum especially in such fields as wages, has tended to become the maximum in some industries. On the other hand, some of the conditions fixed by legislation in respect of non-wage items such as leave, over-time, retrenchment compensation, lay off, etc., are the maximum in vogue even in highly industrialised countries. And employers find it difficult to modify this position in the course of joint negotiation. Moreover, there is, according to Mr. Pillai, a wrong belief in this country that every new labour law is a sign of progress and States, therefore, vie with one another to enact more and more laws. Consequently, the initiative and opportunity for deciding the terms and conditions of employment by mutual negotiation is stifled. It is Mr. Pillai's view that, as a result of this policy, it is the workers who lose more than the employers.

Employers Too at Fault

The Government, the author of the paper hastens to add, is not solely to be blamed for this state of affairs. Employers are also at fault. Indian employers, he points out, have yet to realise that trade unions is an institution to be given equal status with their own organisations and that collective bargaining and joint consultations are the proven methods of achieving industrial peace. When the State steps in to lay down by legislation terms and conditions of service, progressive employers and trade unions get penalised. In justification of this conclusion, Mr. Pillai observes:

"In a few companies practising collective bargaining by which productivity has increased and the workers are benefited, they have agreed, by mutual consent, that bonus should not be linked to profits over which workers have no control but it should be linked to productivity. These agreements have worked satisfactorily for quite a long time. The recent findings of the Bonus Commiss'on are likely to disturb this state of affairs, as far as these organisations are concerned. Even if the regulations in this regard stipulate that such agreements are not to be tampered with, the trade unions concerned will have the inclination to ask for profit-sharing bonus as well. They may claim this over and above the present productivity bonus. Thus, progressive employers, who have shown

STATE BANK OF SAURASHTRA

(Subsidiary of the State Bank of India)

Incorporated in India under special statute. The liability of the Members is limited

BALANCE SHEET AS AT 31st DECEMBER, 1963

As at 31-12-1962	CAPITAL AND LIABILITIES	As at 31st December, 1963 Rs. nP	Rs. nP
Rs.	**1. Capital—**		
	AUTHORISED CAPITAL—(Pursuant to Section 5(1) of the State Bank of Saurashtra Act, 1950, as amended by Part V of the Third Schedule to the State Bank of India (Subsidiary Banks) Act, 1959)—		
2,00,00,000	2,00,000 Shares of Rs. 100 each	2,00,00,000.00	
	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL—(Pursuant to Section 6(1) of the State Bank of Saurashtra Act, 1950, as amended by Part V of the Third Schedule to the State Bank of India (Subsidiary Banks) Act, 1959)—		
1,00,00,000	1,00,000 Shares of Rs. 100 each fully paid		1,00,00,000.00
60,00,000	**2. Reserve Fund**		62,50,000.00
	3. Deposits and Other Accounts—		
7,15,44,162	(i) Fixed Deposits	7,71,32,726.06	
5,07,37,178	(ii) Savings Bank Deposits	5,37,04,049.14	
2,71,19,689	(iii) Current Accounts, Contingency Accounts, etc...	2,62,75,592.46	
14,94,01,029			15,71,12,367.66
	4. Borrowings from Other Banking Companies, Agents, etc.—		
1,19,80,162	(i) In India	96,37,091.48	
....	(ii) Outside India	....	
1,19,80,162			96,37,091.48
	PARTICULARS—		
68,88,385	(i) Secured	....	
50,91,777	(ii) Unsecured	96,37,091.48	
3,64,926	**5. Bills Payable**		6,01,009.40
	6. Bills for Collection being Bills Receivable per contra—		
60,80,682	(i) Payable in India	82,74,930.14	
19,225	(ii) Payable outside India	5,007.55	
61,00,107			82,79,937.69
	7. Other Liabilities—		
....	Branch Adjustments		5,42,952.39
5,36,731	**8. Acceptances, Endorsements and Other Obligations** per contra		4,11,514.23
	9. Profit and Loss—		
55,821	Balance of profit as per last Balance Sheet	69,256.13	
4,73,935	ADD—Profit for the year brought from Profit and Loss Account	5,17,863.16	
5,29,256		5,87,119.29	
	LESS—Appropriations thereof— Rs. nP		
2,50,000	Transfer to Reserve Fund .. 2,50,000.00		
2,10,000	Bonus to Staff .. 2,55,000.00		
....	Staff Welfare Fund .. 35,000.00	5,40,000.00	
69,256			47,119.29
	10. Contingent Liabilities—		
1,63,000	(i) On partly paid shares of joint-stock companies..	3,000.00	
....	(ii) Claims against the Bank not acknowledged as debts	....	
15,40,214	(iii) Money for which the Bank is contingently liable (Guarantees)	13,29,144.96	
....	(iv) Liability on Bills of Exchange re-discounted	....	
....	(v) Liability on account of outstanding Forward Exchange Contracts	....	
	NOTE:—There is a deficiency of Rs. 1,70,095 in the provision for accrued retiring gratuities to staff (Last year Rs. 1,98,445).		
18,44,52,211	Total .. Rs.		19,26,81,992.14

As at 31-12-1962	PROPERTY AND ASSETS	As at 31st December, 1963 Rs nP	Rs. nP
Rs.	**1. Cash—**		
1,06,35,098	In hand and with Reserve Bank and State Bank of India and its subsidiaries		1,38,23,113.02
	2. Balances with Other Banks in Current Accounts—		
23,137	(i) In India	24,312.24	
42,885	(ii) Outside India	63,958.16	
66,022			88,270.40
....	**3. Money at Call and Short Notice**		1,93,00,000.00
	4. Investments at or below Market Value—		
5,64,62,879	(i) Securities of Central and State Governments and other Trustee Securities		5,78,45,691.88
41,44,751	(ii) Shares Fully Paid Rs. nP / Partly Paid Rs. nP		42,76,937.50
	(a) Preference .. 35,10,900.00		
	(b) Ordinary 7,62,137.50 / 3,900.00		
	42,73,037.50 / 3,900.00		
95,47,572	(iii) Debentures or Bonds	1,06,71,572.50	
....	(iv) Other Investments	....	
....	(v) Gold	....	
7,01,55,202			7,27,94,401.88
	5. Advances (Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)—		
	(i) Loans Cash Credits, Overdrafts, etc.—		
7,70,28,806	(a) In India	6,22,09,379.80	
....	(b) Outside India	....	
	(ii) Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments)—		
1,14,29,922	(a) Payable in India	76,45,153.72	
....	(b) Payable outside India	1,81,653.65	
8,84,58,728			7,00,36,187.17
	PARTICULARS OF ADVANCES—		
6,08,92,020	(i) Debts considered good in respect of which the Bank is fully secured	5,89,63,645.06	
28,58,930	(ii) Debts considered good for which the Bank holds no other security than the debtors' personal security	51,35,671.64	
2,47,07,778	(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors .. *(Rs. 22,54,488.26 against guarantee of State Government)	*59,36,870.47	
....	(iv) Debts considered doubtful or bad not provided for	....	
8,84,58,728			7,00,36,187.17
	(v) Debts due by the Directors or Officers of the Bank or any of them either severally or jointly with any other person	396.34	
....	(vi) Debts due by the companies or firms in which the Directors of the Bank are interested as Directors, Partners or Managing Agents or, in case of private companies, as members	75,05,594.97	
78,14,124	(vii) Maximum total amount of advances including temporary advances made at any time during the year to the Directors or Managers or Officers of the Bank or any of them either severally or jointly with any other person	657.50	
1,545	(viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the Directors of the Bank are interested as Directors, Partners or Managing Agents or, in the case of private companies, as members	1,11,04,518.43	
94,94,264	(ix) Due from Banking Companies	12,50,000.00	
3,00,000			
	6. Bills Receivable being Bills for Collection per contra—		
60,80,882	(i) Payable in India	82,74,930.14	
19,225	(ii) Payable outside India	5,007.55	
61,00,107			82,79,937.69
5,36,731	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** per contra		4,11,514.23
	8. Premises at Cost Less Depreciation—		
26,00,606	Cost up to 31st December, 1962	29,90,285.99	
3,89,679	Addition during the year	1,53,706.06	
29,90,285		31,43,992.05	
1,73,655	LESS—Total Depreciation to date	2,44,764.84	
28,17,630			28,99,227.71
	9. Furniture and Fixtures at Cost Less Depreciation—		
11,47,918	Cost up to 31st December, 1962	15,89,040.12	
4,41,122	Addition during the year	3,50,039.06	
15,89,040		19,39,079.18	
3,16,571	LESS—Total Depreciation to date	4,80,378.14	
12,72,469			14,58,701.04
	10. Other Assets—		
8,19,994	Interest accrued on Investments (Gross)	7,54,203.19	
6,76,188	Stationery, Stamps, etc.	9,19,519.96	
19,81,964	Branch Adjustments	....	
2,58,472	Subsidy Receivable	4,81,175.00	
6,75,606	Tax deducted at source	14,35,740.85	
44,10,224			35,90,639.00
....	**11. Non-Banking Assets Acquired in Satisfaction of Claims**		....
18,44,52,211	Total .. Rs.		19,26,81,992.14

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1963

As at 31-12-1962	EXPENDITURE	As at 31-12-1963 Rs. nP
Rs.		
42,31,909	1. Interest paid on Deposits, Borrowings, etc.	49,53,858.27
26,50,017	2. Salaries, Allowances, Provident Fund and Gratuity	*24,40,692.69
7,361	3. Directors' Fees and Allowances	6,805.70
2,00,807	4. Rent, Taxes, Insurance, Lighting, etc.	2,41,219.06
15,237	5. Law Charges	8,338.84
1,92,147	6. Postage, Telegrams and Stamps	2,24,179.47
7,500	7. Auditors' Fees	7,500.00
2,23,554	8. Depreciation on and Repairs to Bank's Property	2,87,981.40
1,68,737	9. Stationery, Printing, Advertisement, etc.	2,27,505.14
....	10. Loss from Sale of or Dealing with Non-Banking Assets	....
1,76,842	11. Other Expenditure	2,94,925.76
4,78,935	12. Balance of Profit	5,17,863.16
	* *Note* :—Includes total remuneration Rs. 20,250 paid to the General Manager as under :— Rs. nP	
	(i) Salaries .. 18,000.00	
	(ii) Monetary value of any other benefits or perquisites.. 2,250.00	
	Rs. 20,250.00	
83,47,596	Total .. Rs.	1,02,10,869.30

As at 31-12-1962	INCOME (Less Provisions made during the year for bad and doubtful debts and other usual and necessary provisions)	As at 31-12-1963 Rs. nP
Rs.		
69,59,513	1. Interest and Discount	83,70,352.54
8,77,596	2. Commission, Exchange and Brokerage	11,13,709.88
62,243	3. Rents	68,055.47
....	4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserve or any particular Fund or Account)	....
....	5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserve or any particular Fund or Account)	....
....	6. Income from Non-Banking Assets and Profit from Sale of or Dealing with such assets	....
4,48,544	7. Other Receipts (this includes Rs. 4,81,175 being subsidy receivable from the State Bank of India in terms of Section 48 of the State Bank of India (Subsidiary Banks) Act, 1959)	6,58,711.50
83,47,896	Total .. Rs.	1,02,10,869.30

M. M. DAVE, *Chief Accountant.*

S. C. NAGAR, *General Manager.*

B. VENKATAPPIAH, *Chairman.*
S. N. SEN GUPTA,
J. S. PARIKH,
G. B. KOTAK,
B. MUKERJI,
A. H. ELIAS,
K. NATARAJAN,
J. K. MODY,
BHOGILAL M. SHAH, } *Directors.*

REPORT OF THE AUDITORS TO THE STATE BANK OF INDIA

We, the undersigned auditors of the State Bank of Saurashtra, appointed under Section 41(1) of the State Bank of India (Subsidiary Banks) Act, 1959, report on the Balance Sheet and Accounts of the Bank as at 31st December, 1963.

We have examined the foregoing Balance Sheet of the State Bank of Saurashtra as at 31st December, 1963, and the Profit and Loss Account of the Bank for the year ended upon that date with the Accounts relating thereto of Head Office and with the Returns submitted and certified by the Branch Managers, which Returns have been incorporated in the foregoing Balance Sheet and Accounts.

We report that :—

(i) in our opinion the Balance Sheet is a full and fair one, containing all the necessary particulars and is properly drawn up so as to exhibit a true and correct view of the affairs of the Bank, according to the best of our information and the explanations given to us and as shown by the Books of the Bank;

(ii) where we have called for any explanation or information such explanation and information have been given to us and have been found satisfactory;

(iii) the transactions of the Bank which have come to our notice have been within the competence of the Bank;

(iv) the Returns received from the Branches of the Bank have been found adequate for the purpose of our audit; and

(v) the Profit and Loss Account shows a true balance of Profit for the year covered by such Account.

N. M. RAIJI & CO., *Chartered Accountants.*

Dated, 3rd February, 1964.

initiative and who have endeavoured to settle matters with the work people consistent with the declared policy of the Government, namely, through collective bargaining, will be penalised by the action of the State in this regard. A company which wants to introduce a pension scheme for the workers hesitates to do so due to present retirement benefits stipulated by legislation and the talk of future legislation on the subject.

Steps to Encourage Collective Bargaining

The solution for this dilemma in labour relations, in Mr. Pillai's opinion, is to go slow on further legislation. Instead, the State should take positive steps to encourage collective bargaining. Specifically, he suggests the establishment of joint negotiating bodies, on the model of the Joint Industrial Councils of the U.K., in such industries as textiles, jute, plantations, and mining where employers and employees are well organised, for industry-wise negotiation. The State should induce both sides of the industry to form such joint-negotiating machinery in all well-organised industries.

The intervention by tripartite bodies to lay down uniform pattern even for matters of detail is also not conducive to strengthening collective bargaining, according to Mr. Pillai. Tripartite bodies such as the Indian Labour Conference should confine themselves and laying down broad national policies in the field of labour relations rather than evolving uniform pattern for all industries.

In addition to the obstacles in the way of strengthening collective bargaining mentioned above, there is another factor which has contributed to the slow growth of collective bargaining. This is the weakness of trade unions. In fact, this is a vicious circle. Weak trade unions weakens collective bargaining and weak collective bargaining weakens trade unions. It is the experience of all democratic countries, and it is valid in India also, that trade unions do not grow into healthy agencies under the shade of too much State intervention or spoon-feeding. Another factor that tends to weaken collective bargaining is inter-union rivalry and the State has not taken any legislative step to resolve this problem. It has not, for various reasons, been willing to adopt the democratic method of determining the majority union by a plebicite and to assign to such unions the status of bargaining agent. However, under the Code of Discipline, criteria for recognition of unions have been evolved, and a procedure for verification of membership laid down, which, if faithfully implemented, would help to minimise some of the problems of multiplicity of unions. But this has not been done. The position obtaining at present is that any union can claim to speak for the workers as a whole and, what is more, even a minority union can raise a dispute and take it up to the Supreme Court. It should therefore be laid down, the author of the Paper suggests, that agreements freely negotiated with recognised unions under the Code of Discipline shall be binding on all workers for a specified period.

In conclusion, Mr. Pillai points out that, since collective bargaining is the only proven method so far evolved for bringing forth willing co-operation and promoting understanding between workers and employers, so essential for ensuring higher productivity and better standards of performance, employers should, in enlightened self-interest, if for no other reason, take the lead in encouraging collective bargaining between themselves and their workers, no matter what the Government does.

NEW LIGHT ON PRICE RISES

A West German correspondent writes as follows:

"Prices" are a number one topic for the consumer of any country. The recent rather dramatic price rises in some important industrialised nations—like France, Italy and the Netherlands—have been watched closely in the Federal Republic of Germany which has its own price problems. How big are they? There is an authoritative answer at hand, based on over a decade of analysis by Germany's central, independent Bundesbank. This is the price story that emerges:

In the 15 years or so since the free part of Germany adopted its present "hard" currency, the cost of living index has risen, according to the Federal Statistical Office, by 22 per cent, or about 1.3 per cent yearly. During that period, significantly, there were price *falls* that helped to counteract the overall rise. These price reductions occurred exclusively among industrially produced goods. Thus, the price index for two important categories of manufactured goods—clothing and household appliances—was lower by an average 11 per cent in 1963 than the comparable average in the second half of 1948. Another important example: Prices for goods and services connected with motorised transportation—the automotive industry—are also below the level of 15 years ago.

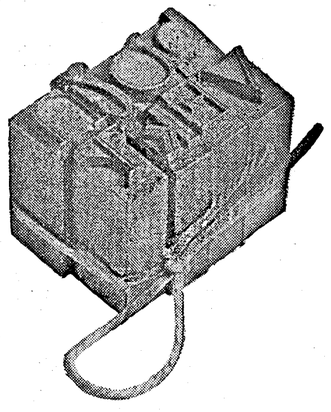
Nor were these and many similar price cuts put through at the expense of the workers. On the contrary, costs of wages and services have steadily risen. Industry has been able to roll back its prices because of technical innovations and increased efficiency.

It is true that many families are spending a bigger part of their budget on industrial goods than previously, but the money is buying higher quality, and a range of goods that most people did not dream of possessing in 1948. The rise in the quality of German-made automobiles is one clear example. Another is the switchover by millions of families from the bicycle of 1948 to the family car (in some cases, cars) of today.

Throughout the past years, German and most West Europeans businessmen were trying to fill a permanent excess demand. That, in turn, led to competitive bidding for labour. This situation, combined with unions' demands for ever-higher wages and shorter hours, still presents the economy with a major problem in operating costs.

What is ahead? On the positive side of the ledger, there is hope that the United States and some other industrially important nations will soon manage to solve their balance of payments problem. In turn, there will then be less external inflationary pressure on nations, among them Germany, which have had a chronic balance of payments surplus, with its resultant effect on prices. On the negative side, however, this "imported inflation" now threatens to be replaced in Germany by what economists have called "internal price-raising impulses."

To counteract these impulses, it is not enough to keep producers' prices steady, as W. German industry up to now has managed to do. Needed too are a wise credit and fiscal policy and a wage and salary policy that permits the whole economy to remain productive, to compete and to grow.



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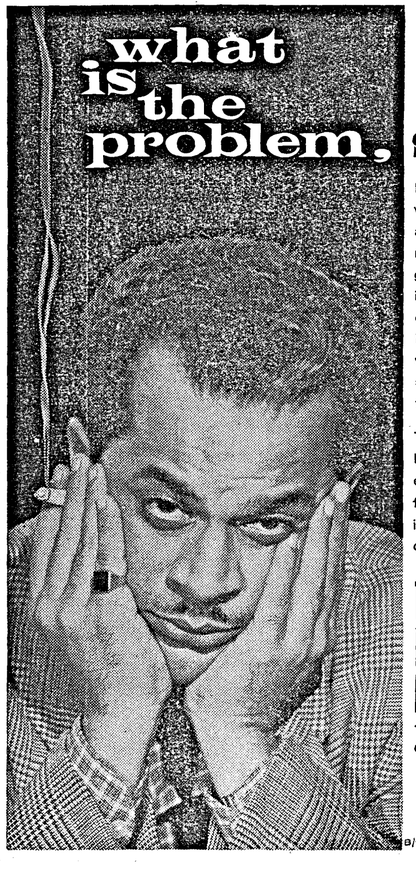

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T. D. KANSARA
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RISING PRODUCTIVITY OF COTTON MILLS

MORE STABILITY IN BOTH PRODUCTION AND MANPOWER LIKELY

From Our Special Correspondent

MANCHESTER, *18th February*

MANCHESTER LETTER

SEASONAL influences generally obscure the picture of activity in Lancashire mills during the final month of each year, as some fall in output and manpower must be expected due to the holidays. The figures for 1963, however, reflect a more satisfactory situation than some of their predecessors in recent years and allow for some guarded optimism about the future. The major point is that total yarn production last year slightly exceeded the aggregate for the previous 12 months—the first time this has happened since 1957.

That a sharp improvement took place in the second half of 1963 is clearly apparent. In the first six months of the year, cloth production was nearly 60 million yards down on 1962, yet the final total showed a reduction of only 38 million yards. Yarn production recovered sufficiently in the second half of the year to wipe out a 7½-million-lb. fall by June and achieved an increase of more than 3½ million lbs. over the full year. Detailed comparisons are as follows:

	Total 1963	Total 1962	1st half 1963	1st half 1962
Cloth (million yds.)				
Cotton	1,014.13	1,047.37	518.20	566.06
Man-made	491.19	492.87	254.06	265.23
Mixtures	69.14	72.37	36.09	39.05
Total ..	1,574.46	1,612.61	809.25	868.29
Yarn (million lbs.)				
Cotton	394.63	392.23	199.51	203.91
Spun rayon	87.85	83.14	44.12	43.42
Mixtures	339.09	36.59	19.12	19.16
Waste	94.06	99.04	47.82	51.56
Total ..	615.63	611.90	310.57	318.05

The fall in cloth production can be attributed almost entirely to the smaller volume of cotton material woven, as output of man-made fibre fabrics and mixtures was only marginally down on the previous 12 months. In the spinning section, however, cotton yarn output was maintained after dropping back slightly early in the year.

These figures must be viewed against the background of the curtailment of the labour force and the obvious improvement in the utilisation of manpower by modernisation of machinery and redeployment. The number of operatives on employers' books at the end of the past four years is shown below:

	Total	Spinning	Waste spinning	Doubling	Weaving
Dec. 1960 ..	184,790	71,580	7,250	16,080	89,880
,, 1961 ..	169,520	63,620	6,910	13,340	85,510
,, 1962 ..	151,270	59,100	6,770	15,790	75,629
,, 1963 ..	142,300	52,900	6,530	12,370	70,599

The Cotton Board understandably attributes the reversal of the recent more favourable employment trend in December to holiday interference. Unfortunately the fall in the labour force wiped out the gains made in the two previous months, but it is reasonable to predict that the current strength of demand and the rate of machine activity will call for additional labour in 1964. More stability in both production and manpower seems likely to follow the widespread use of better methods of working in many mills.

Developments in Bolton

Almost coinciding with the annual output returns for 1963 was a further reiteration of the rise in productivity in the industry, so widely publicised in recent months. Mr. R. W. Greenhalgh, Chairman of the Bolton Master Cotton Spinners' Association, reported an increase in production per spindle of more than 100 per cent as compared with 1951. This shows, he told the annual meeting, that member-firms are not only re-equipping but that they are also utilising their plant more efficiently.

That the industry is becoming more capital-intensive is no revelation after the numerous figures quoted in the past six months to prove that staffing and modernisation is proceeding in accordance with the latest principles. A great deal has been done during the past year, Mr. Greenhalgh asserted.

Spinning capacity in the area consists very largely of modern or modernised ring frames working considerably in excess of the normal week. Developments in ring frame drafting systems have revolutionised processing methods, and similar developments in blowing room and cardroom machinery have made it possible to increase production and to produce high quality yarns.

Costings Probe

On prices—always a sore point with cotton traders—Mr. Greenhalgh referred to the examination of costing techniques now being carried out by a special committee of the Cotton Board. The object of the inquiry, he said, was to emphasise the importance of correct costing and to produce figures which would be of value in any future discussions with the Board of Trade. Although the Restrictive Practices Court outlawed the price regulation system in force in spinning and doubling a number of years ago, it might still be argued, he said, that cotton spinning was a special case which could justify special action. A situation existed where about 25 per cent of domestic consumption was supplied by duty-free goods from Commonwealth countries sold at prices well below those at which a well run modern Lancashire mill could produce an equivalent yarn.

"In effect, Government policy means that on the one hand we are called on to make a major contribution to Commonwealth relations, and on the other we are prevented from dealing in a sensible and reasonable manner with the situation thus created," Mr. Greenhalgh declared.

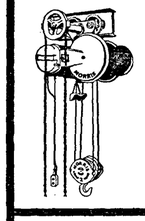
Nearly ten years have elapsed since the Liverpool cotton market was reopened after its wartime closure and the post-war decision of the Government to retain State trading in the raw material. In the meantime, various changes have been introduced in the system of operating the futures contracts with the object of trying to broaden the basis of business. Outside influences, notably the tight control now exercised by Governments in the various producing countries, have interfered with the former free flow of trading in the raw material. Dealings inevitably have diminished to an extent which must be disheartening to operators.

Spot markets are just as much concerned with these developments as futures, although the shipment of raw cotton still remains an important business for merchants and agents. In view of the wider number of growths now being grown and transported, the knowledge required by importers is probably greater than in the past, whether they are employed by spinning firms or as independent raw cotton distributors.

For some time, the spot quotations issued by the Liverpool Cotton Association have included a large number of nominal prices, which have made the lists somewhat unrealistic. Now the Association has revised its table of "official values," and has annotated the prices accordingly. Values, it states in its daily raw cotton report, are determined by the appropriate quotation committee, on spot ex-warehouse terms, based on evidence of sales and/or offers of reasonable quantities of cotton being available ex-warehouse or quay, afloat or for prompt shipment.

The main change in the list concerns a revision in the character of American cotton, which has been transferred from "fair" to "good," resulting in a rise of 50 points in those grades still shown ranging from good middling to low middling. In other growths, the number of quotations has been severely curtailed, so that only one price is now available for Sudan Sakel, two for Peruvian, four for Brazilian, and one for Pakistan.

MORRIS
ELECTRIC HOIST—BLOCKS



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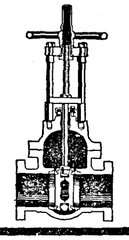

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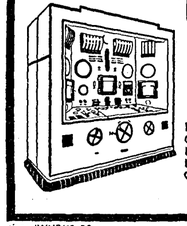

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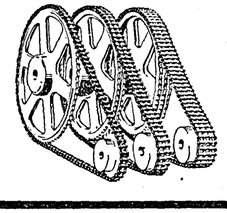

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BUSINESS NEWS FROM EUROPE

INTEREST RATES UNDER MICROSCOPE

WEST GERMANY HEADING FOR A NEW WORLD TITLE

From Our Special Correspondent

A BELGIAN move this month to raise Bank rate one-quarter per cent to 4¼ per cent for four-month public bills is symptomatic of a general rise in European central bank rates outside Britain. With economies booming, few central banks are now holding out against a general movement that has taken rates to at least 4 per cent in the last seven months. At the end of last month, Sweden moved her Bank rate up half a point to 4½ per cent. Earlier, at the start of the month, the Netherlands had also gone up half a point to 4 per cent. And the Belgian move has taken her Bank rate up half per cent since last summer. Canada and France have also joined in the movement, both lifting their rate half a point to 4 per cent. The only country to swim temporarily against the tide has been Austria, which reduced its rate ½ per cent to 4½ per cent before going back to 4½ per cent.

The major exceptions to the general movement have been Denmark, West Germany, Switzerland and Britain. Although Switzerland plans to tighten measures against the inflow of foreign long-term capital and some forms of domestic credit, it has consistently maintained a basic cheap money policy and has not moved its Bank rate from 2 per cent since 1959. West Germany has kept Bank rate at 3 per cent, since her problem has been to get the economy moving again after the 1961 revaluation. Only Denmark has remained markedly above the 4 per cent level at 5½ per cent. There have already been moves in Britain to get the rate raised from its present 4 per cent, in order to exercise a restraining influence on the boom and protect sterling but the British monetary authorities are believed to have been strongly influenced by the American Treasury's desire to avoid a short-term interest-rate war.

Two Schools

Such a move, the British monetary authorities feel, would attract hot money to London and undermine last summer's American measures—so far successful—to cure the serious deficit in her balance of payments. In return, the Americans are believed in London to be willing to continue support for sterling. Whether a British move up would undermine the American policy depends on the role that Bank rate is believed to play. On this, there are now two distinct schools of thought.

The first holds that the primary function of Bank rate is internal, though it admits that there are international ramifications. This view would appear to have gained ground in Europe since most Bank rates are around 4 per cent (the exceptions are Italy and Norway, both at 3½ per cent).

The second school of thought holds that the external impact of interest rates is becoming the important one and that changes in Bank rate should be made only to combat external movements of capital. This would appear to be the reasoning behind the American decision to ask Britain to hold fast. This line of thought is believed by many economists to be nearer the facts than the former. Short-term shifts in rates of interest would then be no longer regarded as an appropriate weapon of short-term economic control. It is felt that, while increases can have a restrictive effect in dampening down economies, albeit arbitrary, reductions do not necessarily get economies moving again.

One of the serious disadvantages of a rise in interest rates is that it will not help to cure any of the serious structural deficiencies that are all too apparent in European capital markets. This the Americans are pointing out to European central banks, especially the German, French and Italian. They feel that all three should reorganise their own houses, so that industry need not go outside the country to raise so much equity capital.

The development of the Euro-dollar market since 1957 should have gone some way towards achieving this aim. But most of the Euro-dollar market appears to be working from London: five of the last major flotations on London in the last two months have been for dollars. These loans—for Copenhagen, Norway, Milan among others—have come to London because there is no way of raising the necessary capital at home.

Within the next year or two, West Germany may supplant the United States as the world's number one exporting nation. As it is only five years ago that she pushed Britain down into third place, this would be a meteoric rise; but it is increasingly thought to be a feasible one. America's share of total world exports has been declining. Then years' ago it was 30 per cent; last year, it was only just over 20 per cent, while Germany commanded just under 20 per cent.

That Germany should now be in such a position is considered to be largely due to her success inside the Common Market. The Six now takes 37 per cent of her exports and, in spite of a fall in exports to the rest of the world, her rate of increase to her five Market partners has been so great that, on aggregate, she has come within striking distance of the United States' performance. Last year, for instance, West Germany's exports rose by more than 10 per cent and her trade surplus nearly doubled from 1962's £315 million (782 million dollars) to £540 million (1,522 million dollars).

Inflation and generally rising prices in France and Italy have helped this development, though the expansion of the British and American economies has also contributed. West Germany's car sales now outstrip those of all other foreign models in the United States, for example. The high level of demand for German goods has restored the D-mark to its former place as the prize European currency, a place it relinquished with the revaluation of 1961. Money is flowing to Germany and, with the Swiss having taken strong action to stop just such an inflow gaining the upper hand there, the German authorities appear to be happy to let the situation run its course. Much of this inflow has been long-term capital attracted by the 6 per cent interest rate. Ineffectual attempts to get the rate down to 5½ per cent (itself thought to be still too high) are not likely to halt the flow.

In itself a high inflow of long-term capital is unlikely to be a disadvantage. But Germany is also running a balance of payments surplus and the combination of the two has led the Organisation for Economic Co-operation and Development, in a report on the Federal Republic, to criticise the management of the economy. In the first 10 months of last year, Germany increased her trade surplus by over £100 million (280 million dollars), as compared with the same period of last year. The O.E.C.D. report showed that such a performance, when set beside the pattern of the economy over the past four years, is not a good thing for world trade. Yet the rate of growth has been steadily declining. From 8.8 per cent in 1960 it went down to 5.4 per cent in 1961, 4.4 per cent in 1962 and an estimated 3 per cent last year.

It is the manufacturing industries—machinery, electrical equipment, iron and steel, shipbuilding, and building and construction—that have slowed down growth. The reason for this is largely that Germany suffered from a severe shortage of labour during the past two or three years, a shortage aggravated by the supply from East Germany drying up when the Berlin Wall was built.

Wait and See

Unlike the Swiss, the German authorities appear to be taking a "wait-and-see" attitude over the growth of long-term capital imports. Since the economy appears to be set for a handsome rate of growth this year, reversing the recent trend, world liquidity is not going to be helped by German inability or unwillingness to tackle the problems presented by the inflow of capital.

If Germany turns out to have the good year predicted, no little part of it will be due to the heavy investments that have taken place in industry over the past two or three years. Gross fixed asset formation in machinery and equipment increased by 11.5 per cent in 1961 and 5.8 per cent in 1962. Although it dropped to 1.5 per cent last year, by then the basis had been laid for this year's surge forward. The increase in economic activity is expected to be about 4 per cent this year. Although this is not dramatically above last year's 3 per cent, most of 1963's improvement was made in the second half of the year and it would appear that the boom got well under way then.

Rumania Wins

A Rumanian shopping spree in Western Europe is thought to mean that Rumania has won a long battle with the Soviet Union over the direction of the economy. The Soviet Union, through COMECON (the East European common market), wanted to see Rumania concentrate on supplying raw materials or semi-manufactures to the more industrialised economies of Czechoslovakia, East Germany and Russia herself.

The Rumanians would have none of this. They wanted to industrialise as fast as possible (they could already point to an economic growth rate of 15.8 per cent, the fastest in Europe), feeling that to concentrate mainly on primary products would hold them back. Their aim was to catch up with the industrialised countries before the turn of the century.

Hints that the Rumanian view had prevailed came at the end of last year, with a trade mission to China to sell oil and agricultural machinery, a £140 million (392 million dollar) agreement with Yugoslavia to build a hydro-electric scheme on the Danube frontier between the two countries and an Italian trade mission to Rumania.

Now several Rumanian missions are moving around Europe. In Britain, there recently have been, or soon will be, five in all. One has come to investigate power-station equipment; another, electric and diesel locomotives and telephone equipment. The rest have been looking for machinery for light industry, metallurgical products and chemical plant. Before moving to Britain, the mission investigating metallurgical products visited Stockholm. And another team has been to Paris looking at French equipment.

The important point is that all these trade missions are looking for capital equipment. It is believed that this can only mean one thing—that Rumania is now set to industrialise as fast as it can and that the more dogmatic COMECON proposals for the conduct of its economy have been overthrown.

Airports Move with the Times

A steady rise in intra-European air traffic and the prospect of supersonic flight are forcing airport authorities to ensure that their facilities are efficient and up to date. This factor is behind a French decision to build a new £70 million (196 million dollar) airport outside Paris to replace Le Bourget. In the second quarter of 1963, intra-European passenger traffic amounted to 2,562 passenger-kilometres, an increase of 8.1 per cent over the corresponding quarter of 1962. This followed an increase of more than 9 per cent in the first quarter.

London airport, the busiest in Europe, handled 15 per cent more passengers in 1963 than in 1962, some 8.18 million in all. As compared with as recent a year as 1959, the traffic passing through the airport has doubled.

The French decision to replace Le Bourget with the new Paris-Nord terminal is only one of the many schemes on hand in Europe. By the time Paris-Nord is ready in 1970, both Frankfurt and Amsterdam will have completed large-scale reconstruction programmes. Already the fastest growing airport in Europe, Frankfurt intends to cater to the increasing traffic with a £22 million (61 million dollar) programme. Amsterdam by 1966 will have spent £25 million (70 million dollars) on a programme that will make the airport four times the area of London's and give it a whole new complex of buildings.

In the past two years, Stockholm and Copenhagen have opened new airport terminals and at all of them new ways of handling passengers, building on American experience, are being tried.

London at the moment lags in this development. A new terminal building is to be added, but there are currently no plans for modernisation comparable with anything going on in Europe.

Morocco's Fresh Start

Although Morocco's first Five-year Plan had to be abandoned at the half-way stage in 1962, she is now making another big effort to raise her industrial capacity. A new Three-year Plan, started this year, gives top priority to industrial projects. Four new factories, including one of the largest chemical complexes in Africa, are planned to be in production before the end of the period.

The chemical combine at Safi represents an investment of £20 million (56 million dollars) and almost all its annual turnover of £7.5 million (21 million dollars) will be exported. Since this is about 5 per cent of total Moroccan exports its contribution to the economy will be significant. The limiting factor in expanding productive capacity is the shortage of capital. The chemical project is being jointly paid for by Moroccan and foreign capital, but already slim Moroccan finances are now seriously strained by an inability to raise more long-term money from abroad.

Morocco looks to France for most of its aid, but the United States has been well in the picture, too. With the help—primarily—of these two, at least eight other industrial projects are scheduled to be started during the Plan.

In order to ensure that the Three-year Plan is more successful than its predecessor, most of the targets have been scaled down. A previous growth plan of 6.2 per cent a year has become a more feasible 3.4 per cent. But the new plan assumes at least £50 million a year in foreign loans. Since only £20 million a year came from this source previously, the new Plan is still considered vulnerable on this score. A World Bank mission to Morocco is being closely watched for results.

Denmark: Steadier Growth Ahead

With the inflation which gripped it in 1961 and 1962 in check, Denmark looks like expanding more steadily this year, according to the Organisation for Economic Co-operation and Development. (O.E.C.D.). The main factors to which the more stable situation is attributed are: direct action on wages, price and profits, and a policy of dearer money.

From an index of 104 at the end of 1960 (July 1957=100), prices shot up to 110 by the end of 1961 and 120 by the end of 1962. By April 1963, the index had reached 123, but since then it has levelled out at around 121.

Although the rise in the rate of production has slowed down to 2 per cent in 1963 and in gross national product also to 2 per cent (as compared with an average of 4.8 per cent in 1960-62), the balance of payments position has improved significantly. After deficits amounting to £50 million (140 million dollars) between 1960 and 1962 inclusive, there was a surplus of £35 million (98 million dollars) in the first half of 1963. This year should see a step forward, according to O.E.C.D., and a growth rate of 4 per cent is envisaged in productivity. The curbs on domestic demand are being relaxed to help achieve this and last year's balance of payments performance indicate a strengthening demand for Denmark's industrial exports.

Incomes in Denmark were some 7 to 8 per cent higher in 1963 than in 1962, but real incomes were a little different because of increased taxation. The price index was stable in the second half of 1963 after an 8 per cent rise the previous year.

Industrial exports have lately done far better than agricultural. Since 1960, there has been a steady growth of between 11 and 14 per cent in industrial exports, but the best year for agricultural exports was 1963, when they rose by 9 per cent. Before that, there had been a 3 per cent rise in 1960, an equal fall in 1961 and a 4 per cent rise in 1962.

Topical Briefs

West Germans now have the shortest working week in Europe—and look like having to work even fewer hours in 1964. Between 1955 and 1963, the number of hours worked in German industry dropped by 9.8 per cent. In metal working and engineering, some 3.5 million workers now enjoy a 41¼-hour week, while the printing industry is down to 42 hours. Two million building workers are to get a 42-hour week in April and in the shoemaking industry the 41-hour week will be introduced in July. The Institute of German Industry, however, sees dangers involved in this trend. The country now has five jobs waiting for every employee, it states, and a further cut in the working week is bound to increase the strain on the labour market. By comparison with Germany's 9.8 per cent cut in hours in eight years, Britain has shortened its average working week by 5.2 per cent, Switzerland by 4.2 per cent and the United States by 0.5 per cent. The opposite trend is at work in France, where the working week increased by 2.5 per cent, in Italy (up 1.8 per cent) and in Japan (up 0.9 per cent).

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Yugoslavia's success as a holiday centre—last year brought in revenue of £24 million (66 million dollars)—is resulting in a speed-up of State investment in tourism. In Croatia, which includes most of Dalmatia on the Adriatic coast and is the main holiday centre, about £12.5 million (35 million dollars) will be invested. This part of the country is to get most of the investment, because it brings in two-thirds of the country's tourist income. The investment will provide for hotels with, in all, 7,000 beds and about 2,000 camp-bed accommodations as well as new restaurants, shops, a chain of motels and better transport facilities. In Opatija an annexe to the main hotel is to be built to provide 280 beds and another, old, hotel renovated; a beach development, to be completed by 1965, will cost £350,000 (1 million dollars). Some 40 per cent more tourists visited Yugoslavia last year than in 1962, almost all from West Germany, Austria, Britain, France and Italy.

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Japanese machine-tool exports to Russia may rise rapidly in the near future. In 1962, the Japanese sold just under £ one million (2.5 million dollars) worth of machine tools to Russia, and even this was a 17-fold increase over 1960, when exports were minimal. But after talks in Moscow between the President of the Japanese Metal-Working Machine Tool Association and the Soviet authorities, an annual figure of £18 million (50 million dollars) has been set for exports in the near future. If the Japanese manage to get such an important footing in the Russian market, exports from Western Europe, particularly German, British and Italian, are likely to be seriously affected. The chances of success are rated highly by Japanese exporters. They have made a study of the market and found it "full of possibilities." In return, the Russians are expected to sell machinery to the Japanese.

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Italy, seriously perturbed about currency smuggling, is to try to plug the loopholes. Much of the smuggling takes the form of passing bank notes into Switzerland which are then repatriated into Italy and held on external account for Italians, but in the name of a Swiss bank. If the economy deteriorates, the money can then easily be "re-exported" to Switzerland. Last year, the rate of smuggling almost certainly doubled over 1962. From £270 million (766 million dollars) it rose to £509 million (1,425 million dollars) in the first 11 months of 1963. It is thought that the outflow has slowed this year, but the political uncertainty over the future of the Centre-Left coalition is thought likely to result in a good deal of money continuing to cross the border. One remedy, to tighten up customs supervision, is not considered easy on an Alpine border as difficult to police as that between Italy and Switzerland.

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France is likely to sell about one million tons of cereals to Poland in the next four years. In order to help Poland over immediate supply difficulties, France is to increase this year cereal shipments from the 200,000 tons agreed under a trade pact signed in 1962 to 600,000 tons. Then, under a new trade agreement, Poland will buy 400,000 tons a year between 1965 and 1967. About 250,000 tons of this will be breadgrain, the remainder feed barley and maize.

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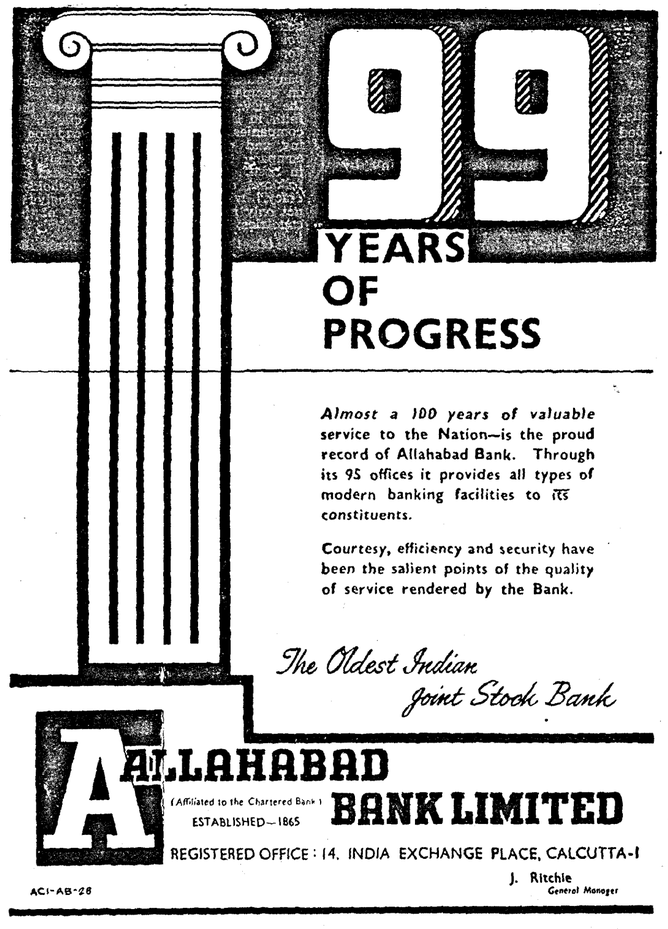
The official rehabilitation of an obscure, though influential, agronomist called Williams may turn out to have more than curiosity value for *Russia's* hard-pressed agriculture. Williams, a Russianised Welshman active early this century, was a passionate advocate of crop rotation—and long made the kind of impact on Russian farming that Coke made on British. But, with Mr. Khrushchev's rise as the guiding light of Soviet agricultural policy, the Williams rotation system was rejected in favour of continuous usage of land for arable or pasture. Khrushchev personally attacked the system as recently as a year ago. At an important agricultural session of the Communist Central Committee this month, however, Farm Minister Mr. Ivan Volovchenko conceded that, in some areas, the rotation of crops with grass leys was not a waste. Many students of Soviet agriculture believe that blanket application of directives against the Williams system, imposed some years ago, may have been responsible for the recent decrease in cattle fodder output.



THE MODERN COMPANY AND RULE OF LAW—III

INDIA CAN CLAIM TO BE A PATH-FINDER

By D. L. Mazumdar, I.C.S.

IF one were to speculate on the course of future developments in the field of corporation laws, one might hazard the guess that the developing law of corporate responsibility must contain, among others, the following basic elements:

(i) It may have to define the principal "little publics" to which corporate management should be held responsible, besides their traditional constituencies, namely, the shareholders and the creditors. These other "little publics" might include the workers, the consumers and the general public as such;

(ii) The law should spell out in general terms, the nature of the new conception of justice, in the dealings between corporate managements and their new "little publics." This exercise may involve the incorporation of some substantive provisions, distantly resembling the Directive Principles of State policy in our Constitution, roughly indicating the nature of the responsibility which corporate management may have to bear in future in dealing with its new "little publics."

(iii) The law may have to lay down with some precision the procedure which must be followed in future by corporate management in their dealings with their "little publics," so that new substantive provisions of the law defining the new conception of justice may be duly enforced; and

(iv) The law may have to provide for the reorganisation and reinforcement of the existing judicial machinery for the administration of the new substantive provisions incorporated in it.

These developments would call for a high legal and administrative engineering skill on the part of all those who may be concerned with the making of laws and their administration in this complex socio-economic field.

The 1956 Act

I now propose to comment briefly on the objects underlying the Indian Companies Act, 1956, as amended by subsequent Acts and its broad structure in the light of the analysis contained in the earlier sections of this series.

The Companies Act of 1956 was assailed at its birth from many different quarters. It was criticised as a long, prolix and needlessly complicated document. Fault was found with it because of the alleged involved procedures prescribed in it, the extensive powers given to shareholders and the Central Government with the object of subjecting decision-making by management in several areas to their approval. In particular, exception was taken to several substantive provisions which not only attempted to regulate the formation and working of companies but also to impose on company management certain 'norms' as regards their conduct and behaviour pattern, specially in areas where their interest might come into conflict with their duties to the corporations and the shareholders. Special objection was taken to the provisions of the Act regulating the remuneration of the top managerial *elite*, and several traditional practices regarding company finance and company investment.

At the instance of the then Finance Minister (Shri T. T. Krishnamachari) these criticisms were referred to an Expert Committee, presided over by Shri Viswanath Sastri, an eminent jurist and lawyer. The report of the Committee showed that many of the structural defects and deficiencies of the Act were exaggerated by people in authority as well as in the market places who were anxious to denigrate the Act, for reasons best known to them. As regards the length and prolixity of the Act of 1956, the Viswanath Sastri Committee which undertook a detailed examination of this complaint observed as follows:

"Though the number of sections in the Indian Act exceeds those of its English counterpart, still it will be found that the volume of printed matter of both the Acts is approximately the same, the English Act having relegated to schedules several provisions found in the body of the Indian Act. It was presumably the intention of the legal draftsman, who drafted the Bill, as well as the then Finance Minister who piloted the Bill in Parliament, that the enactment should be a self-contained, complex and exhaustive exposition of the law governing joint stock companies in India. Whatever might be our view... we have, in deference to the unanimous views of those whom this legislation primarily concerns, not attempted to re-write the Act or upset its arrangement of topics dealt with by it."

Apart from this fact, the complaint was found to be based on inadequate appreciation of the nature and scope of the new Act. It was overlooked that, for the first time in its history, the Companies Act of this country had attempted to relate company management and company practice to some of the accepted basic economic and social values of the community, albeit only marginally, as indeed it was enjoined to do by Parliament and the Government of the day. This could not be achieved merely by the enunciation of a string of provisions, containing a recital of aims and objects but also called for structural and procedural changes in company management which had to be broadly indicated in the Companies Act. Be that as it may, the subsequent administration of the Act dispelled many of the earlier fears and apprehensions, and company managements in this country have already learnt to live with the Act. Nevertheless, after the lapse of nearly a decade or so, it is fair to admit that the Act does now appear to have been, essentially, an amalgam of traditional and modern thinking on corporate matters, which by its very nature, could not be expected to produce a streamlined measure.

Basic Aims

The more important of the basic aims and objects underlying the Act were:

(*a*) first, a desire to deal more effectively with large-scale company malpractices; and, in particular, with the malpractices and irregularities of managing agents, an institution which has coloured popular thinking on companies and the Companies Act in this country more than any other feature of our corporate system;

(*b*) secondly, a desire to ensure to the shareholders of a company a larger and more effective voice on its management. In part, this desire appears to have been prompted by the expectation that increasing shareholders' control over company affairs might provide a more effective check on company offences and malpractices. In part, the view was also a reflection of the popular faith in the democratic functioning of joint-stock companies, not only as a pre-condition of widening and deepening the habit of investment in company stocks and shares but also as a good in itself. This trend of thought was part of the folklore of the so-called "shareholders' democracy," which is still disconcertingly widespread not only in this, but also in many of the Western countries;

(*c*) thirdly, a desire to integrate the working of corporate enterprises with the larger social interests of the community. The Act of 1956 did not attempt to indicate the contents of these larger interests, nor to articulate by any positive direction or guidance, the adjustment of company practice, in significant areas with the requirements of social policy. It is, however, possible to discern from several operative provisions of the Act that these larger social interests centred round the problems of (*a*) reduction in the concentration of economic power; (*b*) reduction of inequalities in incomes; and (*c*) extension of the area of democratic decision-making.

It may be worthwhile to touch on the provisions of the Companies Act of 1956 dealing with these issues. For, it is these provisions which constitute the special features of our new Companies Act, and distinguish it from its predecessors in this country as well as from the traditional pattern of corporation laws in the Western countries. It is in these special provisions that we discover the first faint glimmerings of the awareness that the modern company or corporation is not merely a legal economic device for the production and marketing of goods and services but is a new sociological institution, exercising a volume of significant non-governmental power. If this power is not to be used irresponsibly, but is to be related to the legitimate purposes of the society, in furtherance of its accepted economic and social aims, it is essential that the use of such power should be subject to a measure of regulation, and should conform to a new concept of justice and responsibility in corporate management, providing the judicial foundation for the new Rule of Law in this field to which I have referred earlier.

Concentration of Power

Among the provisions of our Companies Act which deal with the problem of concentration of power, reference need be made to only the more important of them. These are:

Section 89 of the Act which provides for the compulsory termination of disproportional excessive voting rights enjoyed by the management in several companies, by reason of their ownership of certain categories of stocks or shares carrying special voting rights, and prohibits the issue of such stocks and shares in future.

Section 275 of the Act which provides that no person can be a director of more than 20 companies.

Section 293 which imposes several restrictions on the powers of directors.

Section 316 which limits the number of companies of which a person may be appointed managing director to only two.

Section 332 which provides that no person can be managing agent of more than 10 companies in future.

Section 368 which, for the first time, unequivocally places managing agents under the supervision and control of the directors. The powers of the former *vis-a-vis* directors are defined specifically in a schedule attached to the Act.

Further the power of the managing agents to nominate directors on the boards of the managed companies is regulated in Section 377 of the Act.

Several other sections of the Act are designed to control undesirable concentration of economic power at the hands of the management of companies, arising from the inter-company financial transactions carried out either through inter-company loans or inter-company investments. It is not necessary to prolong this list, but the sections to which a reference has been made illustrate the intention of Parliament to reduce concentration of economic power in the hands of the management, and to render the exercise of such power somewhat more responsible in future than it was in the past.

Managerial Remuneration

As regards the provisions of the Act intended to reduce inequalities of income through the regulation of managerial remuneration, all that they seek to do is to prevent the management of companies from helping themselves to excessive remuneration at the cost of shareholders and on a scale which would appear to be clearly out of step with comparable levels of remuneration in other fields of activity. Parliament appears to have been motivated by the fact that, under the conditions obtaining before the enactment of the Act of 1956, management had virtually a free hand in fixing their own remuneration. Several sections of the Act deal with the subject and constitute a body of provisions, which is, perhaps, unique in company legislation of any country. Reference need be made only to more operative provisions on this subject. Section 198 of the Act prescribes an overall maximum managerial remuneration coupled with a minimum managerial remuneration in the absence of profits or in the event of their inadequacy. Sections 309 and 310 of the Act impose limitations on the remuneration of paid directors. Section 348 limits the commission earned by the managing agents to a maximum of 10 per cent of the net profits of a company. Power has been taken in all these sections to deal with cases in which strict enforcement of the prescribed maxima might either cause undue hardship or create avoidable disincentives. In conformity with the thinking underlying these sections, Section 356 regulates the earnings of management from other sources, particularly in cases where the services rendered by them are not commensurate with the rewards claimed by them. Similarly, Section 360 of the Act regulates the contracts for the supply of goods and services by the managing agents to the companies under their management.

All these provisions of our new Companies Act have been the subject of much comment not only in this country but also abroad. They have been attacked on the ground that it is for shareholders to fix the remuneration of the management of companies and that administrative interference with managerial remuneration may be arbitrary, and may adversely affect the incentives to effort and risk-taking. And yet perceptive observers of the corporate scene in this as well as the Western countries have always recognised the fact that this problem of managerial remuneration or compensation, as it is called in some of the latter countries, provides a classic example of the unregulated use of corporate power, in the sphere of decision-making which calls for some effective measures of internal or external control. In a fairly well-publicised and in many ways a standard book on the current methods and practices of corporate management in the U.S.A., called "The American Stockholders," the financial commentator of a well-known Philadelphia journal attempted an analysis of the social consequences of the inevitable erosion of shareholder power over corporate management. "Executives," he commented, "had become an over-privileged class in a democratic society." The gravamen of his charge was that, "with the restraining hand of shareholders atrophied, a tax-sheltered managerial *elite* was inexcusably setting its own extravagant compensation, and that the most serious consequences of this policy was not the diversion of corporate funds to personal use, but the impact which unduly high executive reward had upon the rest of society." In the light of this comment from a well-informed and sober critic of corporate methods and practices in this field, the provisions of our Companies Act of 1956 relating to managerial remuneration may well be said to blaze a new trail in thinking on the problems of corporate management in modern society.

Democratisation of Management

On the subject of democratisation of company management, it is not necessary to say much in the present context. This has been the traditional approach of company reformers in this as well as in the other Western countries of the world. In this, they have been influenced, as, indeed, we were in this country in the years before the enactment of the Companies Act, 1956, by the historical model of the evolution of political democracy. On the assumption that the extension of shareholders' franchise would enlarge their controlling powers over the management, company reformers in many countries have pleaded for greater shareholders' control over decision-making by company management. This was the dominant line taken by the pioneers of the Bombay Shareholders' Association and other comparable organisations which followed the lead of the former in the 'forties and 'fifties. To quote the somewhat trenchant observations of a realistic student of corporate affairs, Prof. Bayliss Manning of the Yale University, "They put their faith in what they called Corporate Democracy —a shimmering conception fusing good old American free enterprise with good old American Jacksonianism. Apostles of this ideology offer a fully developed programme to cure our corporate ills. The nostrums of Corporate Democracy have a vaguely familiar quality; more disclosure: greater mass attendance at shareholders' meetings; more policy issues on the ballot for shareholder vote; cumulative voting; more pre-, during and post-meeting reports, preferably in colour; machinery for submitting shareholder proposals to vote, etc...." "Altogether," Prof. Manning concludes, "the tenets of Corporate Democracy have served us little; and it is predictable that they will serve us less and less as public stock-ownership grows.... 'Peoples' capitalism and Corporate Democracy' are slogans with an inverse relationship. Each expansion of the first undermines the second."

This is not to say that shareholders' democracy does not function or that shareholders have no control whatsoever over company managements. The disclosure requirements of company or corporation laws, and increased powers to shareholders as in our Companies Act, 1956, if wisely exercised, may sometimes produce a healthy effect upon managerial conduct. As has been said, "no prophylaxis is so effective as sunlight, and to the extent that corporate democracy implies disclosure, it deserves credit." But it would be unrealistic not to recognise the fact that shareholders' democracy serves at best a limited purpose. For the disclosure of facts, even at regular intervals, is not the same thing as decision-making by a so-called shareholders' democracy. This is not to suggest that the latter exercise is either desirable or feasible, but it is vital for a proper understanding of company processes and of the role of the modern corporation to appreciate this basic fact. Without such understanding, the real character and significance of the modern company or the corporation as a system of power will be missed, and improvisation, so often erroneously confused with pragmatism, will continue to bedevil legislative, administrative and judicial thinking and attitudes towards the corporate sector. Even from the limited technical point of view of long-term corporate efficiency, and the capacity of the modern company or corporation to attain a *sustainable* high rate of economic growth, the place of these intricate, centralised economic-administrative structures in the social and economic set-up of the community must be fully grasped and appreciated by the professional managers who run them, as well as by the organs of the State.

Commendable Awareness

The special features of our new Companies Act to which I have referred in the foregoing paragraphs, clearly indicate that its framers had a reasonably comprehensive, though somewhat imprecise, awareness of the sociological implications of the larger company or the corporation in the Indian context, and that they were grappling with the difficult problem of building up appropriate institutional structures, within the framework of the traditional company law handed down to them. This effort led them to introduce several administrative and legislative innovations into the body of the old law. I am free to admit that these innovations surprised many practical men in business, in the professions and also in the Administration, and may have caused pain to some of them who could not easily get out of the traditional cast of their thinking on this subject. And yet the fact is being more and more recognised in learned circles in this country and abroad that our new Companies Act was the first to attempt to translate into institutional terms a few of the implications of the modern company as a system of power. The Indian Companies Act may well claim to have been a path-breaker in this still inadequately explored field.

That this is no idle claim will be clear from the fact that, broadly speaking, there are only three ways in which business power in the capitalist societies, whether of the pure or mixed variety, can be regulated and kept controlled as much in its own interest as in the interest of society. First, economic policy and administrative action can help to promote and develop competitive markets. Secondly, voluntary institutions like those in the City of London or official agencies like the S.E.C. in the U.S.A. or the erstwhile Department of Company Law Administration in India, outside the companies or corporations, can do a great deal to regulate and channelise decision-making along directions that would also subserve the public interest. Thirdly, appropriate institutions can be built into the structure of company and corporation laws, so that they may provide the checks and balances needed for the responsible exercise of power. Whereas in the Western countries, traditionally, policy-makers and administrators have relied more on the first alternative, in the very different circumstances of our country, and in view of our urgent and pressing need for integrated balanced growth and development, we have preferred to depend more on external controls and a net-work of institutional checks and balances written into our new Companies Act of 1956.

Any attempt at comparative assessment of the relative merits of these different approaches is hardly likely to be rewarding. But one thing seems to be reasonably clear. In this country as well as in the Western countries all the three alternative possibilities are likely to be increasingly explored in the future, not in isolation from but in close juxtaposition to one another. As an American observer has recently pointed out:

"A combination of the increase of direct regulation of some of the economic choices of powerful firms, with an increase in public criticism, and perhaps even institutionalised public discussion of the choices which are not explicitly controlled, appears probable. Such a programme will, in effect, do, by a formal mechanism and systematically, what is currently being done in a somewhat haphazard way by congressional investigations. On the whole, it is this which has been the active front. The development of mechanisms which will change the internal organisation of the corporation, and define more closely and represent more precisely the interests to which corporate management should respond, and the goals towards which they should strive, is yet to begin, if it is to come at all."

The Indian Companies Act, 1956 has already made such a beginning, and to this extent may justifiably claim to be a piece of pioneering legislation.

This is not to suggest that the Act of 1956 embodies in its corpus all the essential elements of the new concept of the Rule of Law applicable to the corporate field, or that it is a perfectly well-knit and rounded statute. On the contrary, as has been already mentioned there is much "dead wood" of traditional thinking in several provisions of the Act which needs to be cut out, just as several other sections embody the dogmas and pet nostrums of a bygone age. Even so, all in all, the Indian Companies Act, 1956 brings a relatively new outlook and attitude to bear on company management, which is much closer to the reality of the modern company or the corporation as a new sociological institution than any other system of company or corporation law in the Western democracies.

(Concluded)

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U.S. AID TO INDIAN AGRICULTURE—III

SOIL CONSERVATION, IRRIGATION AND FERTILISERS

By Dr. S. Chandrasekhar

DIRECTOR, INDIAN INSTITUTE FOR POPULATION STUDIES, MADRAS

MR. George McGovern, Director of the American Food for Peace Programme, observed, in a recent (February 1962) tour of India: "This is a stirring moment in the long history of friendly relations between India and the United States.... Today India has emerged as a great independent world power.... It has one of the most far-reaching plans for the development of its people and resources. In that plan, I am proud to say that American wheat and rice have played a vital part. Of the $4,000 million in the U.S. aid that has come to India since independence, over one half has been in the form of P.L. 480 Food for Peace commodities."

The total tonnage of foodgrains in the P.L. 480 programme and earlier agreements such as the Wheat Loan of 1951 provide for the supply to India of over 31 million tons. The total amount of these American-supplied agricultural commodities is the equivalent of 160 pounds of foodgrains for every man, woman and child in India.

And now we come to *grants* to agriculture, a double form of aid, since the money is derived from the sales of food greatly needed in India to prevent inflation of food prices. Such projects as the U.P. Agricultural University, Dairy Development, Soil and Water Conservation, and Exploration of Groundwater Resources have all benefited from P.L. 480 grants.

The third Five-year Plan includes the establishment of fifty-five new milk supply projects. The United States has provided equipment for a milk processing plant and three milk collection centres near Amritsar (the Punjab); three rural creameries at Aligarh (U.P.), Barauni (Bihar), Junagadh (Gujarat), pasteurising and bottle plants at Bhopal (Madhya Pradesh) and Trivandrum (Kerala), and for the Greater Calcutta Milk supply schemes at Balgachia (W. Bengal). P.L. 480 funds (Rs. 3.6 crores) have been allocated to 15 milk projects and will cover the entire estimated cost for two years of India's third Five-year Plan. A number of American dairy experts have also been made available for Dairy Development in India by the U.S. Technical Co-operation Mission.

Soil Erosion

Soil erosion is a serious problem confronted by Indian agriculture. Soil conservation has countless benefits. By proper soil conservation, the amount of silt filling up the reservoirs of river valley projects can be reduced and the useful life of reservoirs greatly increased. Through soil conservation, floods can be controlled and moderated and soil erosion prevented; and timber and fuel resources increased. A grant of Rs. 2 crores from P.L. 480 funds will meet the estimated expenditure during the first two years of the third Plan for conservation of 1,140,000 acres in the various catchment areas. It is estimated that 15 million acres of the 37 million acres under the various river valley projects will require soil conservation. American advisors have been assigned to the Central Conservation Board of the Ministry of Food and Agriculture, as well as to seven other research and training centres to advise Indian authorities in these areas.

India today uses about 20 per cent of the annual availability of the underground water supply for irrigation. The Technical Co-operation Mission, has allocated $18,644,842 for the construction of 3,000 tubewells in Uttar Pradesh, Bihar and Punjab States, the dollars being used for technical assistance and specialised equipment needed for the projects. (A tubewell, it may be noted in parenthesis, is about 300 feet deep and 16 inches in diameter, and powered by an electric or diesel pump. It can irrigate about 300 acres a year). Under a second T.C.M. agreement, 287 exploratory wells were sunk in various States with the aid of $4 million worth of United States equipment and with U.S. assistance in the training of a large number of Indian personnel. Furthermore, as of 31st October 1961, a grant of Rs. 80 lakhs (8 million rupees) was made available from P.L. 480 funds to cover the cost of 200 exploratory tubewells in the first two years of the third Five-year Plan.

River Valley Projects

The bulk of P.L. 480 Loans have been made to twelve River Valley Projects which will develop power resources and provide irrigation in the nine States of Andhra Pradesh, Bihar, Bombay, Madras, Mysore, Orissa, Rajasthan and Uttar Pradesh. These projects are expected to provide 1,400,000 kw. of power as well as abundant water for the irrigation of more than 11 million acres. Besides the Rs. 5.9 crores in grants, the projects have been given loans of Rs. 124.1 crores from P.L. 480 funds, raising the total to Rs. 130 crores.

In addition to P.L. 480 rupee loans and grants, the U.S. A.I.D. Mission has supplied $70,000 worth of technical assistance to river valley projects and a grant of $14 million for the purchase of heavy construction equipment. The U.S. Development Loan Fund has also extended a credit of $32.4 million to the river valley projects. A brief examination of a few of these projects is necessary to obtain an idea of the significance of these projects in the overall development of Indian agriculture.

The Kosi is Bihar's "river of sorrow." It causes considerable damage to life and property by continually changing its course. Flowing through one of the most densely populated areas of the country, the river's

U.S. Aid to River Valley Projects

Name of Project	Amount in crores (Rs.)
Chambal (Rajasthan)	27.1
Hirakud (Orissa)	4.6
Damodar Valley (Bihar, West Bengal) ..	7.5
Mahi Right Bank Canal (Bombay) ..	2.0
Kakrapara (Bombay)	3.0
Nagarjunasagar (Andhra)	29.5
Kosi (Bihar)	17.0
Bhadra (Mysore)	7.0
Tungabhadra (Andhra Pradesh) ..	7.1
Mahanadi Delta Irrigation (Orissa) ..	5.2
Kundah (Madras)	7.6
Koyna (Bombay)	11.4
	130.0

wandering torrents destory many lives and devastate the land and crops during virtually every monsoon season.

A project has been designed in three stages to harness the river's unruly floods and channel them to irrigate some one and a half million acres of parched land. First, a barrage, completed in June 1962, was built across the Kosi about three miles above Hanuman-nagar in Nepal. The second unit of construction embankments 150 miles long have been completed, and the Eastern Kosi Canal is now being built to take from the Hanuman-nagar Barrage. When the entire project is completed, Kosi's turbulent waters would not only have been controlled but would contribute to the fertility of the soil.

The Damodar Valley Project has been designed to some extent on the lines of the famous Tennessee Valley Authority (T.V.A.) in the United States. The D.V.A. has drawn freely from the experience of T.V.A. both in construction and design. It consists of (1) three thermal power stations, one at Bokaro (Bihar), another at Durgapur (West Bengal) and a third at Chandrapura (Bihar),—the last two being financed entirely by American loans—four storage dams, an extensive power transmission grid, and an irrigation barrage at Durgapur. The Durgapur barrage will irrigate nearly one million acres. From P.L. 480 funds Rs. 7.5 crores have been loaned to the Damodar Valley Project. The tallest and largest masonry dam in the world is being built at Nagarjunasagar in Andhra Pradesh across the Krishna river with the help of a loan of Rs. 29.5 crores from P.L. 480 funds. The reservoir will have the largest storage capacity of any in India (9.3 million acre feet) and will render the irrigation of some 20.6 million acres possible. It is estimated that, as a result of this irrigation project, the increased food is likely to be around 800,000 tons.

At Hirakud in Orissa State, the world's longest main stream dam has been built across the river Mahanadi. The United States has granted a loan of Rs. 9.8 crores towards the construction of this dam. The reservoir will contain 6.6 million acre feet of water and it will be possible to irrigate some 570,000 acres in the Sambalpur and Bolangir districts in Orissa State.

Fertilisers

A P.L. 480 loan has also been extended to the Government-owned Trombay Fertiliser Factory in Bombay. Rs. 13.4 crores are expected to meet the local costs of the plant, which will begin operating in a year's time. The factory's production of 97,500 tons of urea and 254,000 tons of nitrophosphate fertilisers will save India about Rs. 12 crores of foreign exchange now being spent on imports of fertilisers. The factory has also been credited $30 million from the U.S. Development Loan Fund for the import of equipment. (This is the only direct contribution of the D.L.F. to agriculture. Also to be considered, however, are loans extended to India for the import of steel to be used in the public and private sectors—steel essential to agricultural projects).

Technical Co-operation Mission

Apart from the $4.5 million grant to meet India's food crisis in August 1950 and the Wheat Loan of 1951, the history of U.S. aid to India begins in fiscal year 1951 with activities of the Technical Co-operation Mission. The primary purpose of technical aid is to increase productivity by developing India's human resources. Through joint projects, initiated by the Government of India and approved by the Ministry of Finance and the U.S. Technical Co-operation Mission (now the U.S. A.I.D. programme), Indians acquire technical knowledge and skills and organisational experience in both India and the United States of America.

The Government of India contributes towards rupee costs involved in the projects, such as the cost of local construction, domestic transport, salaries of American personnel in India, or Indians sent abroad (not the international travel expenses) for training. On the request of the Indian Government, the United States contributes American experts in a training, demonstration or advisory capacity for specific technical and economic projects in the Indian development programme. The United States also provides training facilities for Indians either in America or other countries outside of India. And a limited amount of supplies and equipment is provided when necessary for demonstrations and training purposes by American technicians in India.

In the eleven years since the programme began (fiscal years 1952-62), the United States has sent a total of 1,593 technicians and experts to India. Over one-third of these were sent for projects in agriculture and natural resources. In the same period of time, over 3,000 Indians have gone abroad for training, and, of these, 846 have been studying agriculture. Since these numbers can only touch the fringe of India's needs, "training of trainers" has been emphasised in recent years. The Uttar Pradesh Agricultural University, which I have already described, comes under this heading.

The importance of fertilisers for India's agricultural output can hardly be exaggerated. India's overworked, land-kerchief plots of land have a very low yield per acre. Their yield in relation to those of China and Japan is expressed by the ratio 1 : 2 : 3. Much of the best natural fertiliser, cowdung or cattle manure, is used for fuel. In 1951 India's Sindri Fertiliser plant was still nascent, but since then it has made rapid strides. Within the First Five-year Plan the plant was producing 300,000 tons of nitrogenous fertilisers, and production is expected to reach one million tons during the third Plan; production of phosphatic fertilisers is expected to increase from 67,000 tons in 1960 to 400,000 tons by the end of the third Plan (1966). Under the Indo-American aid programme, fertilisers were imported and distributed to farmers; the sales proceeds were credited to a separate fund for the acquisition of certain types of fertilisers for demonstration purposes and for a survey of the Sindri plant in order to expand it. A contract for expansion of the plant has been entered into by the Government of India.

While fertilisers are important, attention must also be paid to the soil to be fertilised and the seeds to be planted. The All-India Soil Testing Service has been sponsored by the Technical Co-operation Mission from the very beginning; twenty-four laboratories are now in operation, and demonstrations are given to agriculture extension workers in various training centres. Two three-month courses were held on the use of atomic energy for agriculture at the Indian Agricultural Research Institute. The American conservation experts assigned to the Central Conservation Board of the Ministry of Food and Agriculture at New Delhi have already been mentioned in connection with soil conservation. The Americans have introduced hybrid seed for maize and sorghum, and the T.C.M. has assisted in the setting up in Coimbatore of a collection of 1,200 varieties of sugarcane available in the world. Thus, all known sugar protoplasm is available to Indian plant breeders. Each year since 1955, T.C.M. has tested American hybrid seeds in the Punjab and other States and has shown through these tests that food production can be increased.

Under the Third T.C.M. project agreement between India and the United States, $556,000 was obligated for plant protection and locust control. Co-ordinated locust control plans are carried out on a regional as well as national scale by the United Nations Food and Agriculture Organisation. While India receives aid from America and the United Nations, India in her turn also aids other countries in fighting the locust with her experts.

India's Central Anti-locust Unit has many skilled entomologists and they attack locusts swarms with many techniques—both ancient and modern. The Indo-American project augmented existing facilities by supplying jeeps, power sprayers and wireless communication sets. Then the project was expanded to cover other forms of plant protection so that in 1954 fumigrants were provided for a demonstration of protecting grain in storage.

India's irrigation programme has received T.C.M. assistance through its participation in tube-well, river valley development and ground water exploration projects. Another project (Water Resources Survey and Minor Irrigation) received $414,000 to purchase equipment outside India for use in surface water studies. In order to collect basic data on rainfall, stream flow, underground water, etc., a survey was made in areas of the States of Hyderabad, Madhya Pradesh and Maharashtra, and the equipment necessary for such a survey was provided; current metres, sounding reels, sump pumps, casing pipe, heavy earthmoving equipment, etc.

A project in Agricultural Information Production and Training was designed mainly to provide equipment for the All-India Agricultural Information Programme, which employs about 15,000 (in 1956) village extension workers in Community Projects. They need reference material and audio-visual production and teaching aids to relay information on the latest findings in agriculture to the villagers. Support was also extended to the Indian Council of Agricultural Research, which is the centre for co-ordinating and supervising the agricultural information programme.

For the improvement of India's cattle, T.C.M. provided assistance to 78 out of 150 artificial insemination centres *extant* in India in 1959. T.C.M. now concentrates on advising for better nutrition and more efficient marketing of cattle in 600 key villages. T.C.M. advised in the laying out of grazing management projects; and an adviser was assigned to the Ministry of Food and Agriculture to help organise village cattle markets and larger market centres. For these $348,000 have been obligated through June 1961. In order to help improve the quality and quantity of swine, two technicians and some equipment have been contributed to the project by T.C.M.

T.C.M. contributions towards poultry improvement include the importation from the United States of 30,000 day-old chicks and 8,640 hatching eggs. These birds now serve as the basic breeding stock on State poultry farms, which in turn supply poultry to the demonstration centres. Equipment has also been furnished to five regional farms and 300 development centres in the State.

(Concluded)

[*Note*: This and the first two instalments of this series on U.S. Aid to Indian Agriculture, published in *Commerce* dated 8th and 15th February 1964, form part of a book entitled *American Aid and Indian Economic Development* which the author will be publishing shortly.—ED.]

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PRODUCTION OF MACHINE TOOLS

INDUSTRY'S PERFORMANCE HEARTENING DESPITE DIFFICULTIES

FOLLOWING the declaration of national emergency in October 1962, the Government of India, it will be recalled, exhorted the machine tool industry (in both public and private sectors) to step up its production by 30 per cent, so as to meet the increased defence demands. The industry rose to the occasion and even surpassed the Government's expectations by producing graded machine tools to the aggregate value of Rs. 15.6 crores in 1963, as compared with Rs. 10.7 crores in 1962 (about 49 per cent of it in the private sector and 51 per cent in the public sector). It is even more remarkable that the industry's output in the last year represented as much as 55 per cent of imports, as compared with 41 per cent in 1962 and 30 per cent in 1961. From the accompanying table, which contains these figures, it will also be seen that, while imports of machine tools increased from Rs. 2.5 crores in 1950 (the year preceding the advent of planning) to Rs. 28.2 crores in 1963, indigenous production, too, rose from a mere Rs. 0.3 crore to Rs. 15.6 crores. Thanks to this rapid growth of the industry, domestic production as a percentage of imports also increased from about 12 in the former year to 55 in the latter. That, in short, is a measure of the industry's progress over the last 13 years.

Remarkable as this achievement is, it is still not adequate in relation to the country's needs. Mr. S. L. Kirloskar, President of the Indian Machine Tool Manufacturers' Association, who addressed the Seventeenth Annual General Meeting of the Association held at Ludhiana on the 22nd instant, highlighted, in this connection, the ever-growing demand for machine tools and the consequent need for accelerating the tempo of development of the industry. But the desired progress, in his view, would depend on the removal of certain difficulties confronting, in particular, the private sector of the industry. The difficulties mentioned by him, as also the suggested solutions, are contained in the following paragraphs.

Continuing Problems

1. The attitude of the Government, particularly that of the Defence Department, seems to point towards a "closed door policy." This is suggestive of an attitude of doubt and distrust towards the private sector. The Defence Department's proposals are not constructive and positive. The industry, therefore, finds it difficult to develop new lines of manufacture to suit the Department's specifications. If there is proper liaison and understanding between the Association and the Department, the former could advise its member-firms to undertake the manufacture of those special types of machine tools the Defence Services require. But the Government should also, at the same time, give the industry all possible incentives and help, including monetary grants.

2. At present the machine tool industry, which demands skill, technical know-how and circumspect entrepreneurs, has to be content with a relatively low margin of profit. All the capital it needs is, therefore, not forthcoming. If the industry's potential is to be stimulated, the Government's taxation policy should provide some incentives for attracting more capital.

3. The Government has recently laid down that new manufacturing units in the industry should commence production with an indigenous content of about 80 per cent. This condition is too difficult to fulfil at the initial stage itself. The Government should not insist on this 80 per cent indigenous content as an irreducible minimum, if it expects the industry to increase production rapidly.

4. Cumbersome formalities and frustrating procedural delays are involved in negotiating and implementing foreign collaboration schemes. Inordinate delays are experienced in securing financial assistance, foreign currency loans from industrial finance corporations and import licences under D.L.F. for c.k.d. components. The restrictions on royalty payment also act as a disincentive to many foreign collaborators, because the yield on investment is unattractive. Foreign collaboration should, therefore, be encouraged in the machine tool industry by liberalising royalty payments. A top limit of 7½ per cent royalty and a duration of ten years, with the option of renewal for another ten years, have been suggested by Mr. Kirloskar in this connection.

5. With its substantial increase in production, the industry requires correspondingly increasing quantities of essential raw materials like alloy steel, foundry grade pig iron, coke and miscellaneous engineering items. However, the supply position of foundry grade pig iron continues to cause anxiety. About 51 per cent of the additional licensed capacity for machine tools has not been covered by foreign exchange allocation. As a result, during the last two years, the industry had to give up as many as 14 new production schemes. The need for giving the industry priority in the allocation of essential raw materials is self-evident.

6. The I.S.I. tests of standards for the various types of machine tools sometimes serve more as a hindrance than as an incentive for the production of more and better types of machine tools. Indian manufacturers who are already working in collaboration with foreign firms have found it very difficult to change over from one standard of performance to another. As the I.S.I. charts are prepared with greater emphasis on theoretical considerations than on practical aspects, manufacturers are unnecessarily saddled with standards which

Graded Machine Tools—Production and Imports
(In crores of rupees)

Year	Imports (value)	Indigenous production (value)	Indigenous production as per cent of imports
1950	2.49	0.29	11.5
1951	2.50	0.47	18.9
1952	2.21	0.44	20.1
1953	3.13	0.44	14.1
1954	3.86	0.47	12.2
1955	5.29	0.68	12.8
1956	8.37	1.08	12.9
1957	14.64	2.35	16.0
1958	14.42	3.41	23.6
1959	16.33	4.16	25.5
1960	20.94	5.86	28.0
1961	24.22	7.33	30.3
1962	26.04	10.74	41.2
1963	28.21*	15.57†	55.2

* Estimated on the basis of 11-month figures.
† Estimated on the basis of 9-month figures.

cannot be conformed to in practice. The Government should, therefore, consult the Association before new I.S.I. standards of tests are enforced.

At least two of the industry's difficulties—one pertaining to pig iron supply and the other pertaining to foreign exchange allocation—may not be as acute in the coming years as in the recent past. It is gratifying to know, in this connection, that the Planning Commission is just surveying the industry's requirements of pig iron by grades for the next two years. There is reasonable hope that the Commission will make a realistic appraisal of the industry's needs, so that its planned production may not be delayed or hampered. As for foreign exchange, the Association itself has noted in its latest annual report (that for 1962-63) that the Government is now giving sympathetic consideration to the industry's requests for foreign exchange, particularly for capital goods, balancing equipment and components. It is expected that the Government will grant, without delay, the minimum foreign exchange required by manufacturers for their development and expansion programmes.

Plans of Some Individual Units

The industry's expansion programmes, incidentally, are and will be based, to a large extent, on the development work which has been under way in several units for manufacturing new and more advanced types of machine tools. The activities of different units in this field last year may be usefully reviewed here, for they reflect the sustained enthusiasm of the industry for designing and manufacturing a wide range of new types of machine tools to cater to the diverse needs of engineering and other industries. *The Investa Machine Tools and Engineering Company Ltd.*, for instance, has completed the designing of its new RD-32 Model radial drilling machine. A prototype of this model is shortly expected to be ready. *Cooper Engineering Ltd.* is to expand its manufacture of shaping machines. It is also planning to manufacture a big batch of heavy duty planing machines. This firm has also commenced the progressive manufacture of slotting machines. *Hindustan Machine Tools Ltd.* in the public sector has developed a new turret lathe of 225 mm. centre height and 63 mm. spindle bore with electro-magnetic pre-selection of feeds and speeds. *G.G. Dandekar Machine Works Ltd.* has just put on the market its 12" swivel type machine vice. *Batala Engineering Company Ltd.* has planned the manufacture of hydraulic open-side planers in three sizes. It has also completed the first prototype of a geared head lathe of its own design. In the *New Standard Engineering Company Ltd.* the range of pneumatic power and drop stamp hammers has now been increased upto 20-cwt. capacity. The Company has also planned the development of nibbling machines, section benders, screw and pipe threading machines. It has successively manufactured (i) electric induction furnaces for melting non-ferrous metals, (ii) ductless type electric induction furnaces for the manufacture of special grey iron and some iron and copper alloys, and (iii) electrically and manually operated overhead travelling cranes.

The *P.S.G. Industrial Institute* has developed a new range of lathes suitable mostly for production and for training purposes. This lathe is compact and easy of operation. All the driving units are mounted inside the pedestal. This machine has got the advantage of obtaining back gear for speed production and feed gear reversing by shifting levers on the head stock front. It replaces the conventional method of engaging the pin in the bull gear, by which accidents are possible. This safety arrangement is provided by keeping all the gears separately in a closed oil chamber. *Heroes Engineering Works Private Ltd.* has now introduced into the market 'Heroes' brand universal milling machines and 'Heroes' brand all-geared lathes in sizes 6 ft. and 6½ ft. *The Hyderabad Allwyn Metal Works Ltd.* has developed a thirty-six-inch throat all-cut metal cutting band saw machine. It has many special features and is constructed to handle large production jobs and, also, small intricate works involving high precision and flexibility. *Kulkarni Foundries Private Ltd.* has recently placed on the market tumbling barrels, blowers and geared laddles, which have unique design features, specially suited to Indian conditions. It has secured an industrial licence for the manufacture of rotary oil-fired furnaces and three-phase direct arc electric furnaces in collaboration with foreign firms. The development work on these items would, shortly, be undertaken.

Textile Machinery Corporation Ltd. has taken up the manufacture of Texmaco-Ward No. 3C Capstan lathe and its component parts in accordance with the phased manufacturing programme approved by the Development Wing. *Steel Plants Private Ltd.* has developed a new type of heat treatment furnace for annealing, carburising and hardening of small components on production basis. This is most suitable for small components like bicycle chains, small rings, balls, small castings, etc. which do not get deformed due to rotation of the retort. *Supercrafts Private Ltd.* has completed the designing of an all-geared high-speed tool room lathe, and the prototype is expected to be ready by the end of 1964, subject to the availability of imported taper roller bearings. A taper turning attachment for its H.S. model heavy duty lathe is in the designing stage and is expected to be manufactured and marketed by the middle of 1964. *C.R. Sonalkar Factory* has under development 4-jaw independent lathe chucks from 18" to 22" diameter, 3-jaw scroll operated concentric chucks from 5" to 12" diameter; 3-jaw rack type concentric chucks and plug gauges. *Ashok Manufacturing Company Private Ltd.* has developed and started production of carbide tool grinding and lapping machines complete with diamond lapping wheel and oscillating tables. *Mediratta Engineering Corporation* has included 42" and 48" diameter 4-jaw independent dog chucks in its present range of production programme. *National Machine Tool Industries* have started manufacturing self-centering true chucks Taylor type, 10" diameter of Grade I specifications, in addition to the regular production of various types and sizes of Grade I chucks.

Mr. Subramaniam's Reply

The Union Minister for Steel, Mines and Heavy Engineering, Mr. C. Subramaniam, who spoke at the Association's meeting, regretted that there was not sufficient new investment in the machine tool industry whose products

(*Continued on page 339*)

NEW PRODUCTS AND PROCESSES

Paints Reinforced with Nylon

PAINTS and varnishes reinforced with nylon produced by Badische Anilin and Soda Fabrik, Ludwigshafen and Henkel and Cie., Dusseldorf, Henkelstrasse 67, West Germany, are now being marketed by a number of German companies. Resistance to cracking is one of the main advantages claimed and they can be applied by brush or spray in a single operation.

Handling Scrap Materials

Combined magnets and grabs have been introduced by the Ohio Electric Manufacturing Company for use in scrap metal yards where mixed ferrous and non-ferrous metals must be handled. A big magnet in the centre of the unit picks up their on scrap while four grab arms close around non-magnetic material. The magnet itself is wound of aluminium strip said to make it lighter than conventional copper-wound magnets. The company is a division of the Howell Electric Motor Company of 409, N. Roosevelt Street, Howell, Michigan.

Hard Coating for Steel

A hard coating for steel which will withstand temperatures in the 500 to 900 degrees Centigrade range is claimed to have been developed by a Japanese chemist, Mr. Takeichi Oshima, 136, Idogaya-Nakamachi, Minami-ku, Yokohama. He says that the coating containing sodium metasilicate and other metal salts is ideal for use on components subjected to high temperatures such as engine exhaust pipes, electric heaters, gas burners and stoves. It is also said to have good stability when in contact with salt water and oil and to react well to bending.

Paper Dissolves in Water

Paper which dissolves in water in a few seconds has been developed by the Gilbreth Company of 3,939, Germantown Avenue, Philadelphia, Pennsylvania. It is made of inter-locking fibres which disengage when dropped into water; the warmer the water, the more quickly the paper dissolves. In addition to its uses for handling secret information which must be destroyed easily, the paper may also find a use as a water-soluble packaging material. Each sheet, costing about 5 cents, can be written on in the usual way.

Portable Refrigerator

Latest of the luxuries for holidaymakers and those who enjoy picnics is a portable electric refrigerator which will operate even while being carried along a country path. It has been introduced by Norcold Inc. of 16,200, Maple Avenue, Gardena, California, and is powered by a battery slug from the shoulder. The cooling unit operates on two volts and can also be plugged into mains power or the cigarette lighter in a car. The battery weighs 18 lbs. and is said to be able to operate the refrigerator for 50 hours without recharging. The 2-cubic foot refrigerator maintains an internal temperature of 70 degrees Fahrenheit below the outside temperature.

Makes More Coke

A way of manufacturing coke using coking coal mixed with non-coking coal briquettes is claimed by Bergwerksverband G.m.b.H., Dortmunder Strasse 151, Essen, Germany. The company states that up to 50 per cent increases in coke production is possible using the same quantity of coking coal. Coal is mixed with 7 per cent (by weight) of pitch and compressed into briquettes. These are then mixed with coking coal and coked at about 1,150 degrees C. to give a coke suitable for use in cupola or blast furnaces.

Synthetic Fibre Blanket

Blankets made of a synthetic fibre, which give more warmth on a weight for weight basis, were shown in London recently at the International Hotel and Catering Exhibition. Made from a fibre known as "ulstron," which has been used previously for making long-life fishing nets, the manufacturers, The Imperial Chemical Industries Ltd., London, claim that a lighter blanket from "ulstron" can give as much warmth as a standard woollen blanket and is much easier to wash.

"Universal" Machine Tool

A 'Universal' machine tool which can be used for a variety of turning, cutting, boring, milling and grinding operations has been developed by A. H. Croucher Ltd. Holybourne, Alton, Hampshire, England. It is designed for use in manufacturing situations where capital is restricted and labour supply short and may have special relevance for new industries in developing countries. For precision and general work, the machine can be quickly set for varying operations.

Process of Nylon

Great interest has been shown by industrial concerns in Russia and Japan in an improved method of making nylon developed by the Weizmann Institute in Israel. The new process is the result of five years' work in the Plastics Research Laboratory, led by Dr. David Vofsi, the Scientific Director of the Institute. Some stages of the production process are claimed to be simpler than with existing varieties, and the nylon appears to have a higher melting point and to be more resistant to radiation. Nylon has, of course, been made for many years in the United States and Europe, mostly from cyclohexane. While it was known that nylon may also be produced by telemerisation, which involved combining carbon tetra-chloride and ethylene, neither the Americans nor the Europeans were much interested, because of the large sums invested in the conventional process. The Japanese, the Russians and the Israelis, on the other hand, had no nylon industries and decided it might be better to make nylon by telemerisation than by the traditional methods. The Weizmann Institute innovations include several important improvements in the telemerisation process, particularly with the initiating mechanism. Initiators which were developed are said to be cheaper, safer and better. They have also improved other steps in the process and cut down erosion.

Water Tap

Ten per cent of household water requirements can be saved by a new kind of water tap, which turns off and on by itself when needed. It took Mr. Alfred Gursky, of Israel an immigrant electronics engineer, three years to perfect. The tap is operated by a new type of proximity-sensitive unit, which the inventor says is easy to build, foolproof, and relatively inexpensive to mass-produce. It turns on the water as soon as a hand or any other object is brought close to it and shuts itself off as soon as the object is removed. It can put an end to running taps during dish-washing, shaving, or even taking a shower and will be particularly useful for operating theatres. The proximity device can be housed in any type of plastic container and used for opening refrigerator doors and similar purposes.

Diesel-powered Platform Truck

All types of platform trucks are increasingly used for rationalising transport operation within and outside the grounds of industrial enterprises. Based upon its considerable experience in manufacturing several special types of such transport equipment, an Austrian enterprise Messrs. Jenbacher-Werke, Jenbach, Tirol, Austria (Europe), has developed a diesel-powered platform truck complying with the most up-to-date requirements. It is designed for hauling loads of 3 to 6 tons within the plant grounds and in public traffic. The simplicity of operation, its high starting acceleration and its high traction power as well as a platform of most adequate dimensions are claimed to be its most characteristic features. The vehicle is powered by a water-cooled four-stroke 43 h.p. Diesel Engine with 3,500 r.p.m. A hydro-dynamic gear secures easiest control. The speed is regulated steplessly, without a hand level, simply by means of a foot lever. Maximum speed is 47 km/h (with a load of 3 tons) for other uses a maximum speed of 20 to 30 km/h is foreseen, even in case of a 6-ton load, according to local conditions. The loading platform measuring 2,330 x 1,500 mm. is calculated for the transport of big-sized cargoes. For the transport of long items, a lateral loading platform measuring 3,650 x 480 mm. has been provided. The series-produced vehicle is equipped with all necessary lighting fixtures. On request, either a stable or a collapsible seat for an assistant may be provided and a driver's cabin added.

Better Pipe Protector

A new flame-retardant pipe insulation jacket suitable for indoor or outdoor service has been developed by the Glas Mesh Co., Westtown, Pa, U.S.A. The jacket is called "Glas Mesh 303H." It is made of "hypalon" synthetic rubber calendared to glass mesh or other backing, the jacketing resisits moisture vapour transmission and ozone. It is easy to handle, install and maintain and retains colour in brightest sunlight. The material is expected to last for ten years or more.

Dial-type Light Dimmer for Lighting Effects

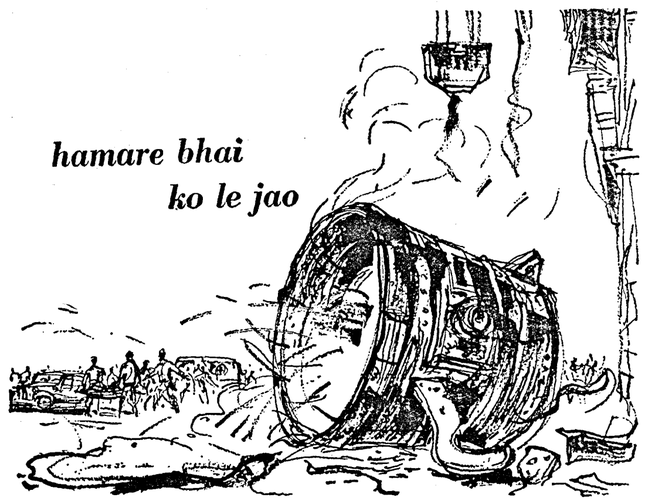
A variety of lighting effects can be achieved with new electronic light dimmer produced by the Hunt Electronics, Dallas, U.S. It is designed to replace most standard type switches, unit is easily installed, records only the degree of lighting dialed on electric meter. Use of "Teflon" TFE-fluorocarbon resins guards against shorting out or insulation failures.

New Vision in Vinyl

Deep Soft Warington, Du Pont's latest expanded vinyl-upholstery pattern, combines warmth and richness with durability and ease of maintenance. Brocade-like pattern is available in eight colour-co-ordinated shades. Among those offering new material are La-Z-Boy Chair, Monroe, Mich, and Sam Moore Furniture Industries, Bedford, Va.

Ball-point Adhesive Applicator

New ball-point adhesive applicator that seals narrow and wide citrus carton flaps intermingled save more than 50 per cent in adhesives costs, says the developer, Sunkist Growers Inc., Ontario, California. Applicator's seal of 'Viton' fluoro-elastomer does not swell in adhesive solvents, allows free operation of ball in close tolerance of chamber, provides positive closing when not in use. Seals are made by Stillman Rubber Division, Electrada Corporation Culver City, California.



It happened some years ago in the steel melting shops at the Jamshedpur works. A large ladle, carrying 75 tons of molten iron, suddenly crashed to the ground with a deafening noise from an overhead crane. The spattering sparks and red-hot metal seriously injured a number of brick-layers working at what seemed to be a safe distance. The air was rent with the frenzied shouts of the men and the hissing of steam.

The first ambulance could remove only five of the injured to the hospital. General Manager Keenan could take only three more in his car. He chose the three who had a better chance of survival than the rest. One of these men, a Hindu worker, however, refused to go. "Do not take me away", he said. Disregarding his own agony, he feebly nodded towards a half-burnt Muslim colleague, and said: "*Hamare bhai ko le jao.*" As Keenan recalls, "The Hindu who was in pain and danger of death remembered, not that the Mohammedan was of a different faith, but that he was his brother."

This feeling of comradeship, born of the common bond of labour, is the spirit that characterises Jamshedpur, where industry is not merely a source of livelihood but a way of life.

JAMSHEDPUR
THE STEEL CITY

The Tata Iron and Steel Company Limited JWTTN 5350R

GLASS, REFRACTORIES AND CERAMICS

PRODUCTION EXPANDS—QUALITY IMPROVES

GLASS, refractories and ceramics play a notable part in the industrial economy of India, as in any other developed country. They are essentially feeder industries catering to the needs of basic industries like iron and steel, chemicals, pharmaceuticals and drugs, automobiles, etc., and also provide materials for construction, sanitation, electric generation and many diverse applications. The combined annual turnover of the three industries now is estimated at as high as Rs. 50 crores, as against only a few crores of rupees some years ago. All the three industries have registered a marked expansion in both capacity and production. Further, a number of articles are now being produced for the first time in this country. There has also been a perceptible improvement in the quality of products manufactured. Thanks to such appreciable expansion and production, the dependence on imports has been reduced to a considerable extent, with the saving of a sizable amount of foreign exchange. And, what is more, attempts have been made to export some of the items. The credit for all this should go in a large measure to the untiring efforts of the industries themselves. Even so, one has to admit that the Development Council for Glass and Ceramics has been actively working and contributing to the solution of the basic problems of the industries concerned. This fact was clearly acknowledged by Mr. Nityanand Kanungo, Union Minister for Industry, in his speech at the inaugural meeting of the reconstituted Council held at New Delhi last week. Mr. Kanungo was gratified that the Council had played a great role already and was looking forward to making a greater contribution to India's industrial progress in the years to come.

Glass and Glassware

The past few years have witnessed, as already mentioned, a notable expansion in the production of glass and glassware, the total quantity actually produced during the calendar year 1963 being 250,000 metric tons, representing a rise of 150 per cent as compared with the 100,000 tons produced in 1953. The expansion is accounted for by all the sub-groups, namely, sheet glass, bottlewares, glass shells, laboratory glassware, thermos flasks, and miscellaneous glassware, as the accompanying table shows. Opthalmic glass and lenses, as readers are aware, are proposed to be manufactured in the public sector at Durgapur in collaboration with the U.S.S.R. Government. Although the agreement covering this project was signed between the Governments of the two countries quite some time ago, the plant, which will have a capacity of 300 tons per annum, is expected to go into production only in the beginning of fourth Five-year Plan. The reasons for the protracted delay in the commissioning of this plant are not known. The failure of Mr. Kanungo to throw some light on the project is rather conspicuous. Be that as it may, the other items which are likely to be produced for the first time in India, according to Mr. Kanungo, are glass fibre, as well as improved types of laboratory glassware, glass insulators and plate glass. Encouragement has been given for the production of small items such as tubes and rods for thermometers, syringes and instruments, and glass chattons "with the sole idea that all types of glass and glassware would be made in India by the close of the third Plan" in order to meet the rising domestic requirements and exports.

It is, indeed, a matter for satisfaction that, in a short span of ten years, the capacity of the refractory industry has trebled, from 300,000 tons to 900,000 tons. And the industry is confident of achieving in time (that is, by 1965-66) the third Plan targets fixed for it, namely, 2.0 million tons capacity and 1.5 million tons production. The products of the industry are mainly fire-clay refractories, silica bricks and sillimanite refractories in diverse shapes and sizes. Small quantities of chrome and insulating bricks are also produced. The principal consumer of refractories is the iron and steel industry. The demand arises from both operational needs and constructional purposes in building up new capacity. The destiny of the refractory industry, is, therefore, vitally linked, as Mr. Kanungo said, with that of the steel industry. Considering the large-scale expansion programme contemplated for the steel industry, the demand for the products of refractory industry is bound to go up markedly in the coming years.

The importance of ceramics industry cannot be stressed too strongly. Mr. Kanungo very aptly remarked that the amazing versatility of this industry enables it to serve not only in the industrial but also in the domestic fields of consumption. The scope for the expansion and development of the industry is pretty vast, what with the rapidly rising trend of demand for high and low tension insulators which are required in connection with the power development and posts and telegraphs programmes. The demand can be met successfully only if production is maintained at the highest level possible. Such production presupposes the availability of basic raw materials like china-clay required for the ceramics industry. The Development Council has done well, therefore, to take up this question in hand. Complementing the Council, Mr. Kanungo observed:

"I am sure that, in the very near future, we would create agencies for supplying basic raw materials of the required type and at reasonable prices. This in itself will be a step forward towards improved quality and standardised production. The role played by I.S.I. in formulating standards for various items of glass and ceramics and their raw materials is praiseworthy. I will urge you all to adopt the standards at an early date."

The glass, refractory and ceramics industries are certainly fortunate in having abundant availability of all the major raw materials required from indigenous sources. Nevertheless, there is a wide gap between installed capacity and actual production. Full capacity utilisation may not be possible, but the existence of idle capacity in many sections calls for close scrutiny; the percentage of capacity lying unutilised is said to be of the order of 40 in table and pressedware, 43 in lampware, 29 in scientific glassware, 74 in thermos flasks, and 71 in miscellaneous items. The three problems facing the industries are shortage of technical manpower of proper and adequate competence, low productivity, and lack of facilities for training within the industry. It was just as well that Mr. Kanungo emphasised that these problems should be examined in more detail by the Council in due course. Pertinent, indeed, is his call to large factories to develop their own nucleus research departments which can work in close collaboration with the Central Glass and Ceramic Research Institute. The Institute, he said, would be happy to render assistance to the industries for the asking. It is to be hoped that the industries would take full advantage of this important national laboratory. While foreign technical collaboration for manufacturing new items is welcome, it is, as Mr. Kanungo rightly pointed out, important that indigenous technical know-how is developed fully, so that the country's dependence on foreign technical know-how is minimised at an early date.

Fourth Plan Targets

Although the production of glass and glassware has risen notably in the past three years, it is felt that there will be serious shortfalls in the fulfilment of targets fixed to be achieved by the end of the third Plan (1965-66). The panel appointed by the Development Council has accordingly pruned the targets to more realistic levels; the revised targets are not known. In view, however, of the continuously rising trend of demand, the panel has suggested liberal targets for the different sections of the industry for the fourth Plan (to be achieved by 1970-71). The target recommended for flat glass (including sheet glass and wired-figured-rolled glass), for instance, is 32.0 million square metres, as against the actual capacity of 13.4 million square metres (in May 1963). The targets for glass shells and vacuum flasks are 300.0 million and 6.8 million, as against the capacity of 68.3 million and 4.1 million, respectively, in May 1963. As compared with the capacity existing in May 1963, the target fixed for laboratory glass is higher by 8,600 tons at 20,400 tons. The other targets are 430,000 tons for bottles, 112,500 tons for table and pressedwares, and 47,000 tons for lampware; the capacity as of May 1963 in regard to these items is not known. The item "miscellaneous glassware" is proposed to be dropped for the purpose of fixing the fourth Plan target. Glass-mineral wool, fibre glass products, heat-resisting glassware, crystal glass, glass insulators, glass carboys, glass block-tiles and fluorescent tubes will continue to be treated as "non-planned" items, the development of which being watched by the Director-General of Technical Development, keeping in view their demand and export potentialities.

Judging by the rapid rate at which the domestic demand for the different products made from glass has been rising, the fourth Plan targets recommended by the Development Council's panel are not at all ambitious. Nor are they difficult of fulfilment. Only the conditions necessary for the successful achievement of targets have to be created by the planners and the powers-that-be. In licensing additional capacity, consideration must be shown for economics that can be achieved through large-scale manufacture and locational advantages. The authorities should not allow ideology to stand in the way of permitting existing units to expand and diversify their manufacture. Considering that the *per capita* production of glass in India is very low (about a lb., as against 90 lbs. in the U.S.), the glass industry has certainly a vast growth potential. Only, care must be taken to ensure that its growth is along sound and modern lines and that the industry's requirements of raw materials, packing and transport are also simultaneously attended to. Planning will lose all meaning if this fundamental condition is not fulfilled.

PROTECTION FOR TITANIUM DIOXIDE

Only one firm in India manufactures titanium dioxide, and that is the Travancore Titanium Products Ltd. of Trivandrum in Kerala. Messrs. Nowrosjee Wadia and Sons of Bombay were given some time in 1961 a licence to put up a factory with a capacity of 4,400 tons. A new company, called Botannium Ltd., was formed to install a plant in suburban Bombay, but, following difficult business conditions and lack of confidence in the investment market engendered by the 1963-64 budget, the Directors decided last year not to proceed with the project. Towards the close of 1963, it was stated that the Company had decided to retain the technical know-how concerning the project for five years. Titanium dioxide industry has been enjoying tariff protection for over ten years and protection is due to expire by the end of December next. The industry has pleaded for extending the period of protection. The plea is now being examined by the Tariff Commission which held a public inquiry at Bombay on Thursday last week. The representatives of the producer, the sole selling agent, consumers and their associations, importers and Government departments were present at the inquiry.

Thanks largely to tariff protection, the Travancore Titanium Products Ltd. has considerably expanded both its capacity and production during the last six years. The annual capacity

(Continued on page 348)

PROGRESS OF GLASS, CERAMICS AND REFRACTORIES AT A GLANCE

(In metric tons unless otherwise stated)

	Third Plan capacity target	Installed capacity (as of May 1963)	1963 (Jan.-June)	1962	1961	1960	1956
Glass and glassware							
Sheet glass (mil. sq. metres)	125,000*	13.44	3.95	8.70	6.80	7.50	4.40
Glass shells (million pieces)	5,000*	68.28	35.38	68.16	62.27	46.08	32.76
Bottlewares	290,000	174,100†	N.A.	119,000	115,500	107,740	62,410
Lampwares	44,000	42,200†	N.A.	18,300	18,900	18,250	19,870
Laboratory glasswares	22,000	11,796	2,138	4,400	3,600	4,870	3,360
Table and pressedwares	90,000	74,500†	N.A.	32,700	32,100	37,430	28,220
Thermos flasks	4,000*	4,141	878	1,510	1,550	1,540	580
Miscellaneous glasswares	35,000*	346,884‡	93,280‡	6,700	10,100	9,360	3,030
Ceramics							
Glazed tiles	N.A.	6,480	2,902	5,268	5,500	9,490§	5,455§
H.T. insulators	20,000	5,172	1,942	4,100	3,400	2,300	62§
L.T. insulators	10,000	8,532	2,190	5,400	5,100	3,900	4,732§
Sanitarywares	N.A.	8,640	4,217	7,600	6,600	6,100	2,800
Stoneware pipes	N.A.	52,200	37,000	68,400	64,800	55,100	39,200
Stoneware (others)	N.A.	9,600	3,900	7,200	6,400	7,900	7,300
Whitewares	N.A.	34,716	11,543	21,200	20,800	21,600	15,400
Refractories	2,000,000	776,400	345,100	650,400	627,000	550,800	322,800

Note :—Installed capacity as of May 1963 is assessed on the basis of one shift working 300 days in a year.

* In tonnes. † As of end- March 1961. § Actual numbers in thousands. N.A.=Not available.

‡ Including bottlewares, lampwares, table and pressedwares, and other glasswares.

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DALMIA IRON'S PROGRESS GOOD

DIVIDEND SAME—RESERVES GET MORE

FAIRLY encouraging progress has been made by Dalmia Iron and Steel Ltd. (Managing Director: Mr. Ghanshyam Kejriwal, Rajgangpur, Orissa) during the year ended 30th September 1963. The results show improvement not only in sales, as was the case in the previous year, but also in gross profit. Total sales realisation which had expanded by Rs. 38 lakhs in the previous year has gone up further by Rs. 35.34 lakhs to Rs. 216.87 lakhs during the year under review. Gross profit which had remained practically unchanged at Rs. 33.65 lakhs in the previous year has risen to Rs. 40.09 lakhs. Since both the essential provisions have been raised a little—the one for depreciation from Rs. 10.71 lakhs to Rs. 13.36 lakhs and the other for taxation from Rs. 7.50 lakhs to Rs. 8.75 lakhs—the net profit shows an increase of only Rs. 2.54 lakhs to Rs. 17.18 lakhs.

The dividend on the 10-rupee ordinary shares has been maintained at one rupee per share, subject to tax. The sum it absorbs, namely, Rs. 8 lakhs, is to be drawn out of the dividend equalisation reserve to which a higher amount of Rs. 10 lakhs has been transferred from the year's profit. This excess credit of Rs. 2 lakhs to the dividend equalisation reserve and appropriation to other reserves bring the total amount conserved in business to Rs. 11 lakhs, as against Rs. 8 lakhs a year before. The surplus carried forward is, however, only Rs. 6,868, as against Rs. 1.09 lakh brought in.

The following comparative table gives a clear idea of the progress made by the Company in the past four years:

(In lakhs of rupees)

	For the year ended 30th September			
	1963	1962	1961	1960
Sale proceeds	216.87	181.53	143.52	129.78
Closing stock	21.99	34.98	40.93	34.19
Other income	0.78	1.14	1.49	0.95
Materials consumed	59.64	57.65	50.40	57.72
Other expenses	104.93	85.41	87.82	64.99
Gross profit	40.09	33.65	33.11	19.87
Provision for—				
Depreciation	13.36	10.71	10.50	8.10
Taxation	8.75	7.50	1.50	
Net profit	17.98	15.44	21.11	11.77
Transfer to reserves	11.00	8.00	8.00	4.00
Dividend	8.00	8.00	8.00	4.00
	(10%)	(10%)	(10%)	(10%)
Carry forward	0.07	1.09	1.65	9.04

Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	11.87	11.81	12.44	11.06	13.44
Low	11.12	10.00	10.50	9.69	10.06

Until February 1963, when the power supply position improved with the installation of an extra feeder by the Calcutta Electric Supply Corporation Ltd. and the revised allocation of power by the West Bengal Government, the No. 2 three-ton arc furnace which had been commissioned in November 1962 continued to run up to only 33 per cent of its rated capacity. In spite of this serious limitation, the production of grinding media increased further from 3,560 tonnes to 4,481 tonnes and so did that of steel castings from 1,006 tonnes to 1,760 tonnes. The production figures would have been higher still but for technical difficulties in importing equipments from France for attaining the rated capacity of steel casting at 3,600 tonnes and of grinding media at 6,000 tonnes per annum. The Company is now trying to import the equipments from the U.S. under D.L.F. and will be placing the orders soon. In the meantime, it has purchased some indigenous equipments and ordered a third arc furnace which is expected to be put into operation by July next, as additional power for it has already been sanctioned by the West Bengal Government.

The output of spun iron pipes dropped sharply to 14,349 tonnes from 18,475 tonnes to which level it had improved in the previous year from 15,207 tonnes the year before. This setback, which occurred in spite of the increase in the plant's capacity to 45,000 tonnes per annum during the year, has been attributed by the Directors to the reduction in the Company's pig iron quota from 20,000 tonnes to 16,000 tonnes per annum. Because of the shortage of pig iron, the plant was closed twice and workers were laid off for a considerable time during the year. Since the Government has given topmost priority to the pig iron industry and is also envisaging import of pig iron, the Directors anticipate that not only the cut in the quota might be restored but the quota itself might be increased in the near future.

The Company entered into an annual rate contract on 31st December 1962 with the Director-General of Supplies and Disposals, Government of India, for the supply of spun iron pipes which constitute the major portion of the pipes it produces. It, therefore, terminated the selling agencies of all the agents from 1st April 1963.

The financial position of the Company is fairly sound. The paid-up capital, unchanged at Rs. 80 lakhs, is backed by reserves and surplus amounting to Rs. 43.07 lakhs. Borrowings have come down from Rs. 75.45 lakhs to Rs. 60.80 lakhs and, along with current liabilities and provisions, bring the total indebtedness to outsiders to Rs. 114.62 lakhs, as against which current assets, book debts and investments aggregate Rs. 112.33 lakhs. The gross block of Rs. 174.25 lakhs (Rs. 139.75 lakhs a year before) has been written down to Rs. 123.17 lakhs and, together with capital expenditure in progress, the net block is shown at Rs. 125.36 lakhs.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 11.87 *cum-div.* and offer a net yield of 6.2 per cent per annum.

COMPANY NEWS FROM EUROPE

A. L. Marshall of Nottingham, a British manufacturer of mechanical material-handling equipment, is to enter the South African market under licence with Technical Construction T.I. of Springs, Transvaal, an associate of Britain's Tube Investments group.

The Le Tourneau-Westinghouse group in Australia has won a £1.2-million ($3.3 million) contract to supply 92 earth-moving machines to the Egyptian General Desert Development Organisation.

A.E.C., the British vehicle builders, showed three new lorry and bus models at the Amsterdam International Commercial Vehicle Exhibition in conjunction with R.S. Stokvis En Zonen and Auto Industrie Verheul.

Mackay Radio, a subsidiary of the giant American International Telephone and Telegraph Corporation, has applied for permission to lay two transatlantic cables from France to the United States.

French aircraft firms have just finished a sales drive in New Zealand. The intention is to seek replacement of the British Canberra bomber in the Royal New Zealand Air Force by the Mirage 3.

Plans are now under discussion for the Netherlands, West Germany, France and Italy jointly to sponsor and build the Dutch Fokker F-28, a twin jet, 60-seater, medium-haul aircraft.

The first French-designed Mirage supersonic fighter assembled in Australia has been handed over to the Royal Australian Air Force.

A Liberian mining company has ordered nine-cylinder diesel engines from the Swiss firm Sulzer for a new thermal power station.

Renault cars are to be assembled in Chile soon.

DISC FILTER FOR COAL WASHERIES

The first disc filter for coal washeries produced by the New Standard Engineering Company Ltd. at its Byculla works was released for despatch by Maharashtra's Minister for Finance, Mr. S. K. Wankhede, on Friday the 21st inst. The disc filter, manufactured according to the technical specification and design of Messrs. Dorr-Oliver (India) Ltd., has been made with 85 per cent. indigenous material. This is considered as a major step forward in conserving valuable foreign exchange for the country, considering that demand for disc filters will rise with the Government's plans for increasing output and improving quality of coal. There are at present seven coal washeries working in the country and, besides their expansion, five more coal washeries are expected to be completed during the remaining period of the third Plan. The Company has orders on hand for completing 12 rotary disc filters which would mean a saving of about Rs. 30 lakhs in foreign exchange. Its first disc filter will be sent to Karhanpur, Bihar.

(*Concluded from next column*)

tion are shown at Rs. 26,595. The paid-up capital of Rs. 37.50 lakhs is supplemented with reserves and surplus amounting to Rs. 46.02 lakhs, after excluding Rs. 7.50 lakhs in general reserve required for meeting the year's dividend liability and Rs. 22.25 lakhs in taxation reserve provided for meeting the year's tax liability. With borrowings at Rs. 10 lakhs and current liabilities and provisions shown at Rs. 51.26 lakhs, the total indebtedness to outsiders works out to Rs. 61.26 lakhs, as against which there are current assets, book debts and investments aggregating no less than Rs. 154.74 lakhs.

The Rs. 12.50 fully paid ordinary shares of the Company are currently quoted at Rs. 29 *cum-div.* and offer a net yield of 6.4 per cent per annum.

CHANGDEO SUGAR FARES PRETTY WELL

DIVIDEND CUT RESTORED

WITH a record quantity of cane crushed at 126,678 tonnes yielding 146,131 bags of sugar in 1962-63 (as against 114,951 tonnes and 134,446 bags in 1961-62) and sale of the entire production within the year at favourable controlled rates, Shree Changdeo Sugar Mills Ltd. (Managing Agents: Messrs. A. H. Bhiwandiwalla and Co. (Bombay) (Private) Ltd.) has fared pretty well during the year ended 30th September 1963. Sale proceeds of sugar and molasses have shot up from Rs. 138.84 lakhs to Rs. 201.43 lakhs. Gross profit has spurted from Rs. 27.11 lakhs to Rs. 40.47 lakhs. Both sales and profit would have been higher still had the average recovery of sugar not dropped from 11.71 per cent to 11.56 per cent. Net profit, after making the essential provisions and taking into account the net capital profit (of Rs. 7.04 lakhs) on sale of fixed assets, has doubled from Rs. 10.71 lakhs to Rs. 20.25 lakhs. In commemoration of the silver jubilee—the Company has just completed 25 years of existence—the Directors have already declared, by way of an interim, a dividend of Rs. 2.50 per share of Rs. 12.50 (fully paid). This is the dividend for the year and it compares favourably with Re. 1.50 per share paid for 1961-62. It may be noted here that the year's dividend, amounting to 20 per cent per annum, is lower as compared with 23-1/5 per cent paid for the year 1958-59.

The dividend for the year under review will absorb Rs. 7.50 lakhs. But no separate provision has been made in the year's accounts to cover this liability, as it is to be met out of general reserve to which is carried a much larger sum of Rs. 20.98 lakhs. In addition to this appropriation to general reserve, a sum of Rs. 3.50 lakhs has been set apart for the rehabilitation reserve. The net addition to reserves, after making allowance for the dividend liability, thus works out to Rs. 16.98 lakhs, as against only Rs. 3.07 lakhs a year before. This is only as it should be in view of the large capital profit made in the year under review. The surplus to be carried forward is Rs. 41,152, as against Rs. 1.39 lakh brought in.

The following comparative table mirrors the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 30th September			
	1963	1962	1961	1960
Sale of sugar and molasses	201.43	138.84	117.55	110.27
Other income	2.12	1.04	1.75	2.12
Closing stocks	23.86	66.64	64.00	33.06
Materials and stores consumed	64.96	62.34	67.00	53.11
Excise duty, cane cess and purchase tax	38.81	38.18	38.70	37.14
Staff expenses	9.50	8.11	8.27	6.46
Other expenses	7.03	7.68	8.80	8.11
Gross profit	40.47	27.11	27.45	24.82
Managing Agents' commission	2.40	1.48	1.58	1.38
Provision for—				
Depreciation	2.61	2.02	2.78	3.43
Taxation	22.25	12.00	9.90	7.35
Profit on sale of fixed assets	7.04			
Net profit	20.25	10.71	13.19	12.06
Tax refund and other adjustments	3.25*	0.29		0.22
Transfer to reserves	16.98	3.07	5.34	6.83
Dividend	7.50	4.50	7.50	7.50
	(20%)	(12%)†	(20%)	(20%)
Carry forward	0.41	1.39	0.96	0.62
Total cane crushed (tonnes)	126,678	114,951	120,988	100,606
Sugar produced (bags)	146,131	134,446	141,145	111,717
Recovery of sugar (%)	11.56	11.70	11.62	11.40

Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	29.50	30.00	27.75	29.50	34.50
Low	27.25	18.00	21.48	23.72	28.25

* Originally proposed by the Directors at 20 per cent. per annum, but reduced to 12 per cent. at the annual general meeting held on 7th March 1963. The excess provision, being Rs. 3 lakhs, adjusted in the next year's accounts.

The Company exported during the year 23,567 bags of sugar (17,149 bags a year before) at a loss of Rs. 5 lakhs (Rs. 3.32 lakhs). Since its factory has a capacity below the accepted economic minimum, the Directors have applied to the Government for extending the capacity.

Following the enactment of the Maharashtra State Land Ceiling Act, the Company handed over to the State Government land declared as surplus and its other agricultural assets. The assets were worth more than the value paid by the Maharashtra State Farming Corporation and a settlement was arrived at 10 per cent below the valuation certificate. But pending finalisation of the issue, such assets are shown separately in the balance sheet at Rs. 2.48 lakhs. Profit arising from the sale has amounted to Rs. 7.04 lakhs (after adjusting the transfer of net capital gain of Rs. 1.08 lakh to capital reserve) and has been credited to the year's profit and loss account. The gross block of the Company is valued in the books at Rs. 76.39 lakhs (Rs. 90.83 lakhs a year before) and is written down to Rs. 17.04 lakhs. Building, machinery, etc., under construc-

(*Continued in previous column*)

SYNOPSES OF COMPANY REPORTS

Eastern Investments Ltd.

(*Secretaries*: Messrs. Bird & Co. (Private) Ltd., Calcutta.)

Annual General Meeting—11th March 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Income—by dividends and interest on investments	14,40	11,94
Gross profit	13,83	11,22
To Secretaries' remuneration	6	6
Transfer to provision for taxation	4,85	3,96
Net profit	8,92	7,20
Net profit on sale of investments	1,14	18
Excess tax provision written back	Nil	1,72
Appropriations:		
Transfer to general reserve	1,14	18
To dividends (taxable) preference	1,04	1,04
" " ordinary	7,69	9,23
	(10%)	(12½)
Carry forward	1,51	1,32

Market value of ordinary shares (in rupees):	1963	1962
High	153.00	147.00
Low	126.00	127.00

Extracts from the Directors' report: Investments.—The Company's portfolio is representative of investments which are quoted on the Calcutta Stock Exchange with the exception of certain shares costing Rs. 1,00,765 for which no quotations are available. The total of the market value of the investments for which quotations are available together with the unquoted investments as valued by the Directors, exceeds the book value at 31st December, 1963, by Rs. 51,73,263.

General Reserve.—Rs. 1,14,505 representing the net profit made on sale of investments during the year has been added to this account.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	1,01,89,000	Investments	1,78,16,453
Reserves and surplus	66,63,053	Current assets†	26
Other liabilities	9,70,359	Cash	5,933
	Rs. 1,78,22,412		Rs. 1,78,22,412

* Paid-up capital consists of 76,890 ordinary shares of Rs. 100 each and 25,000—5 per cent taxable cumulative preference shares of Rs. 100 each.

† Represents interest accrued on investments.

Automobile Products of India Ltd.

(*Managing Agents*: Technical Services (Private) Ltd., Bombay.)

Fourteenth Annual General Meeting—Held on 27th January 1964.

Working Results:

	For the year ended 31st July (In thousand rupees)	
	1963	1962
Sale of vehicles and parts	3,49,73	3,25,96
Sundry sales	6,01	74
Closing stocks	1,57,39	1,58,53
Gross profit (+) or loss (—)	+25,65	—31,48*
To Managing Agents' remuneration	50	50
Transfer to depreciation	15,93	14,76
Net profit (+) or loss (—)	+ 9,22	—34,48
Appropriations:		
To adjustments in respect of previous years	1,06	Nil
To adjustment of loss brought forward	8,16	Nil
Carry forward credit (+) or debit (—)	—41,16	—49,32†

Market value of ordinary shares (in rupees):	1963	1962
High	8.52	12.12 CR
Low	6.00	7.24 XR

* Loss after providing for Managing Agents' remuneration and depreciation.

† Debit balance carried forward after including previous year's loss brought forward and debit adjustments in respect of previous years.

Extracts from the Directors' report: The last and final instalment of Rs. 6 lakhs received from Messrs. Premier Automobiles Ltd., in connection with the cancellation of the Company's licence to manufacture *Meadows Diesel Engines* has been, as in the previous years, taken to the capital reserves.

The Company held a provision for retiring gratuity of Rs. 7,40,845 as on 31st July, 1962, which has been converted into a reserve during the year. After adjusting payments and further amount set aside out of the profits during the year, this reserve stands at Rs. 8,65,640. Thus the capital and Revenue Reserves stand at Rs. 47,68,715.

The year's results have been encouraging and reflect the efforts made to improve the working of the Company.

In the context of defence and development of the country, exports have assumed a more significant role. Messrs. Innocenti, S. G., the Company's Associates in Italy, have been kind enough to grant the Company limited export rights under the U.S. Aid Programme, under which the Company exported in July, 1963, 76 *Scooters* valued at about Rs. 89,904 to Bangkok. A further lot of 40 *Scooters* was exported under the same scheme in November, 1963. The quality and standard of the *Lambretta* exported were reported to stand favourable comparison to the Italian product. The Directors are glad to report that the Company has started receiving enquiries for the export of 3-*Wheelers* as well.

Messrs. Innocenti, S.G., have again been very sympathetic towards the Company in the matter of revision of royalty terms. When the Company made further representations to them and placed before them the Company's difficulties and problems, they very kindly have agreed to further substantially reduce the royalty payable to them by the Company. As recently as in October, 1961, they had granted us a reduction in the rates of royalty payable to them as per the Company's collaboration agreement with them.

Government of India were pleased to grant this Company permission to expand its licensed manufacturing capacity in *Brake Linings* from 180 tonnes to 500 tonnes per annum.

Against the right issue of equity shares for Rs. 25,00,000 in 1961-62, the Company has not made any further allotment in addition to the allotment of 89,720 shares mentioned in the Directors' last report.

Negotiations with Industrial Finance Corporation of India for an additional loan of Rs. 25 lakhs have been concluded and the Corporation has sanctioned a loan of Rs. 5 lakhs in Indian currency, Rs. 10 lakhs in Deutsche Marks and Rs. 10 lakhs in U.S. Dollars. After the formalities are completed, the Company will be able to draw upon the same and import machinery, which will be utilised for augmenting the indigenous content of the Company's products to as nearly 90 per cent as possible.

Out of the existing two mortgage loans aggregating to Rs. 50 lakhs from the Industrial Finance Corporation of India, after deducting the repayments made, a balance of Rs. 36 lakhs is outstanding as on date.

The third instalment payable towards the cost of machinery imported against deferred payments in 1961 from Italy on the guarantee given by the Industrial Finance Corporation of India, was duly paid on 31st March 1963. The last and final instalment of Rs. 7.75 lakhs fell due on 30th November 1963 and was paid. Thus the deferred payment loan remains discharged in full as on date.

The Company purchased in May 1963, 8,629 sq. yds. of vacant land adjoining the Company's premises.

The Bombay Municipal Corporation has offered the Company a compensation of Rs. 20 per sq. yd. for 9,345 sq. yds. of land acquired from the Company for widening the Bombay-Agra Road and Bhandup Station Road. The Company is taking steps to get the said rate revised on a higher and more equitable basis. Meantime it will take steps to obtain an interim compensation without prejudice to its rights for a higher amount.

Accounts in brief as at 31st July 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	79,43,500	Gross block	2,07,25,564
Reserves	47,68,715	—Depreciation	74,23,578
Other liabilities	2,65,13,275		
		Net block	1,33,01,986
		Block in progress	12,172
		Current assets	2,16,94,273
		Investments	2,000
		Cash	98,627
		P.L. a/c deficit	41,16,432
	Rs. 3,92,25,490		Rs. 3,92,25,490

* Paid-up capital consists of 28,000—5 per cent redeemable cumulative preference shares of Rs. 100 each; 5,000—6 per cent (free of tax) redeemable cumulative second preference shares of Rs. 100 each; 4,20,000 equity shares of Rs. 10 each fully called up and 89,720 equity shares of Rs. 10 each—Rs. 5 per share called up. Calls in arrears (equity) amount to Rs. 5,100.

Alliance Jute Mills Co., Ltd.

(*Secretaries and Treasurers*: Messrs. McLeod and Co., Ltd., Calcutta.)

Annual General Meeting—Held on 25th February 1964.

Working Results:

	For the year ended 31st May (In thousand rupees)	
	1963	1962
Sales—manufactured goods	2,46,66	2,71,09
" —goods purchased	87,65	38,35
" —jute	Nil	45
" —loom hours	1,29	Nil
Closing stock	78,63	63,98
Gross profit	25,76	16,54
To Secretaries' and Treasurers' remuneration	62	62
Transfer to depreciation	5,97	4,48
Net profit	18,39	11,44
Excess provisions written back	8	33
Appropriations:		
To adjustment of loss brought forward	Nil	3,86
Transfer to development rebate reserve	2,00	1,98
" contingency reserve	16,00	Nil
Proposed dividends (taxable) preference	*	2,34†
" " ordinary	*	3,00
	(12½%)	(10%)
Carry forward	1,06	58

Market value of ordinary shares (in rupees):	1964	1963	1962
High	135.00	164.00	142.00
Low	135.00	90.00	92.00

* Dividends for 1963 are to be paid out of the contingency reserve

† Preference dividend for two years 1961 and 1962.

Extracts from the Directors' report: With reference to the Auditors note regarding the non-provision of tax in the accounts, the Directors advise that no specific provision has been made, as this will be appropriated from the contingency reserve when the liability is determined.

The Mill operated 620 looms, on an average, 96 hours per week on a double shift basis. The actual number of looms working varied as a result of the recommendations of the Indian Jute Mills Association to reduce the sealed loomage from 9 per cent to 5 per cent on 2nd July 1962, and from 23rd December 1962, the sealing of looms was discontinued. In the interests of production while modernisation continued, loom hours were sold on a profitable basis.

Further modernisation of the Preparing and Spinning Departments has been carried out; 5—2nd *Drawings*, 9 *Finisher Drawings* and 13 *Sliver Spinning Frames* having been installed. 3 *Herackle Sewing Machines* were also added to the complement.

With another year in which raw jute supplies have been plentiful, purchases have been made on Buffer Stock Account in addition to normal purchasing. Quotas issued by the Jute Commissioner have also been taken up.

Labour relations have not been satisfactory and this has had an adverse effect on production. During the period 24th July to 8th August 1962, a strike took place. Loom hours lost were subsequently recovered and put to the credit of the Company by the Indian Jute Mills Association.

With the substantial fall in overseas demand, prices for manufactured goods have been much lower and it is not anticipated that the current year's profits will be so satisfactory, especially with the implementation of the recommendations of the Jute Wage Board.

Accounts in brief as at 31st May 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	45,00,000	Gross block	1,72,09,661
Reserves and surplus	27,10,439	—Depreciation	1,14,76,789
Other liabilities	1,04,47,320		
		Net block	57,32,872
		Block in progress	32,000
		Current assets	1,13,67,020
		Investments	2,11,000
		Cash	3,14,867
	Rs. 1,76,57,759		Rs. 1,76,57,759

* Paid-up capital consists of 15,000—6 per cent. cumulative preference shares of Rs. 100 each and 30,000 ordinary shares of Rs. 100 each. Of the above, 15,000 ordinary shares are allotted as fully paid up by way of bonus shares—issued out of capitalisation of profits.

Nellimarla Jute Mills Co., Ltd.

(*Secretaries and Treasurers*: Messrs. McLeod and Co., Ltd., Calcutta.)

Annual General Meeting—29th February 1964.

Working Results:

	For the year ended 31st July (In thousand rupees)	
	1963	1962
Sales—gunnies	1,50,40	1,90,57
" —jute	1,84	5,36
" —loom hours	73	6
Closing stocks	36,38	42,29
Gross profit	9,26	19,30
To Secretaries' and Treasurers' remuneration	50	1,08
Transfer to depreciation	4,36	4,20
" provision for taxation	2,37*	7,10
Net profit	2,03	6,92
Transfer from general reserve	50	Nil
Appropriations:		
To forfeited dividends paid	1	Nil
Transfer to development rebate reserve	1,03	8
" general reserve	Nil	2,50
Proposed dividends (taxable) preference	39	39
" " ordinary	1,31	3,94
	(5%)	(15%)
Carry forward	35	61

Market value of ordinary shares (in rupees):	1964	1963	1962
High	11.81	13.00	12.94
Low	11.75	10.50	9.31

* This includes Rs. 70,200 for super profits tax in respect of previous year.

Extracts from the Directors' report: In accordance with the working time agreement of the Indian Jute Mills Association the Company's Mill worked to the maximum capacity. The number of looms in operation varied with purchases of loom hours together with utilisation of the Company's own accumulated loom hours during the year under review. The 5 per cent sealed loomage was discontinued on 23rd December 1962 and working hours of the registered complement increased from 48 to 49 per week with effect from 17th June 1963. An average of 230 looms worked in double shift 96 hours per week and, with this loomage, the Mills produced a record tonnage during the year.

Modernisation of machinery in the preparing and spinning departments has continued and resulted in increased efficiency.

Trading conditions were fair throughout the year, but they are not expected to be so satisfactory during the current year as a result of the Company having implemented the recommendations of the Jute Wage Board and with additional competition in the South India market.

Accounts in brief as at 31st July 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	31,25,000	Gross block	80,96,895
6½% debentures	5,00,000	—Depreciation	46,01,106
Reserves and surplus	36,64,402		
Other liabilities	52,31,561	Net block	34,95,789
		Block in progress	20,924
		Current assets	76,02,316
		Investments	8,77,574
		Cash	5,24,361
	Rs. 1,25,20,963		Rs. 1,25,20,963

* Paid-up capital consists of 5,000—6 per cent. cumulative preference shares of Rs. 100 each and 2,62,500 ordinary shares of Rs. 10 each. Of the above shares 1,87,500 ordinary shares are allotted as fully paid up by way of bonus shares by capitalisation of reserves.

ENGINEERING

(*Concluded from page 334*)

had a ready and protected market and were not subjected to price control. Recognising that the capital requirements of the industry were quite large, he advised the manufacturers to submit to the Government schemes which could be executed jointly by both the public and private sectors. As the demand for machine tools is expected to grow rapidly to nearly Rs. 100 crores a year in the fourth Plan period and the lack of fresh investment in the industry is retarding its fuller growth, the Minister's advice seems to be both timely and realistic. It is also in consonance with the current trend of joint-sector projects in the field of petroleum refining. The Association would do well to pursue this idea, study the trends of growth in the industry and submit suitable proposals to the Government. The Minister's understanding approach to the industry's problems—as evidenced by his offer (i) to help manufacturers to establish proper liaison with other ministries, (ii) to hold quarterly meetings between his Ministry and the Association for sorting out the industry's problems, (iii) to consider, on merits, and proposal for the manufacture of more intricate kinds of machine tools in which the indigenous content might have to be lower than 80 per cent in the first instance, and (iv) to examine the feasibility of common raw material dumps—augurs well for the future of the industry.

Notices

THE BANK OF INDIA LIMITED

Registered Office:

70/80, Mahatma Gandhi Road, Bombay-1

NOTICE

THE FIFTY-EIGHTH ANNUAL GENERAL Meeting of the Shareholders of The Bank of India Ltd. will be held at the Registered Office of the Company at 70/80, Mahatma Gandhi Road, Bombay-1, on *Thursday*, the 26th day of March, 1964, at 4 o'clock in the afternoon, to transact the following business:—

(1) To receive the Report of the Directors and the audited Balance-Sheet and Profit and Loss Account for the year ended 31st December, 1963.

(2) To declare a Dividend.

(3) To elect a Director in the place of Mr. Ramniwas Ramnarain, who retires by rotation, is eligible and offers himself for re-election.

(4) To elect a Director in the place of Mr. Bhagvandas C. Mehta, who retires by rotation, is eligible and offers himself for re-election.

(5) To elect a Director in the place of Mr. N. K. Petigara, who retires by rotation, is eligible and offers himself for re-election.

(6) To elect a Director in the place of Mr. Jaisinh Vithaldas, who retires by rotation, is eligible and offers himself for re-election.

(7) To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

To consider and if thought fit to pass, with or without amendment, the following resolutions as Ordinary Resolutions:—

(8) RESOLVED that:

(a) The accounts for the year 1964 of the branches of the Company at Amritsar, Bhopal, Bombay, Dehu Road, Delhi, New Delhi, Gwalior, Hyderabad, Indore, Jabalpur, Jaipur, Jamshedpur, Jullundur, Kalyan, Kanpur, Kota, Ludhiana, Margao, Nagpur, Patna, Poona, Sholapur, Thana, Varanasi and Vasco-da-Gama (including any branches at the said places or any of them which may be opened hereafter) shall be audited by the Company's Auditors, Messrs. A. F. Ferguson & Co. and Messrs. S. B. Billimoria & Co., Chartered Accountants, in such manner as may be arranged between themselves.

(b) The accounts for the year 1964 of the branches of the Company in India at places other than those specifically provided for (including any branches at such places or any of them or at any other place in India which may be opened hereafter) shall be audited either by the Company's Auditors, Messrs. A. F. Ferguson & Co. or Messrs. S. B. Billimoria & Co., or by persons qualified for appointment as auditors of the Company under Section 226 of the Companies Act, 1956, as may be decided upon by the Board of Directors and that the Board of Directors be and they are hereby authorised from time to time to appoint one or more qualified auditors for audit of the accounts of the said branches or any one or more of them as they deem fit, in consultation with the Company's Auditors, and to fix the respective terms and conditions of appointment and the remuneration of such auditors.

(c) For the audit of the branches referred to in the foregoing resolutions Messrs. A. F. Ferguson & Co. and Messrs. S. B. Billimoria & Co. shall be respectively paid such remuneration (over and above the remuneration they may receive as the Company's Auditors) as the Board of Directors may fix.

(d) The accounts for the year 1964 of the branches of the Company in countries outside India (including any branches which may be opened hereafter) shall be audited by persons qualified to act as auditors of the accounts of each such branch in accordance with the respective laws of the country in which such branch is situate and that the Board of Directors be and they are hereby authorised from time to time to appoint one or more qualified persons for audit of the accounts of the said branches outside India or any one or more of them as they deem fit, in consultation with the Company's Auditors, and to fix the respective terms and conditions of appointment and the remuneration of such auditors.

(e) The Board of Directors be and they are hereby authorised to exercise all such powers and to do all such acts, deeds and things as may be deemed necessary by them for the purpose of giving effect to these resolutions.

(9) RESOLVED that the Company's Auditors shall be entitled at such times as may be agreed upon between themselves to visit for any one of them, at least once in every calendar year, every branch in India and all or any of the branches outside India for test inspection and that a report on such test inspection shall be submitted to the General Manager of the Company and that for such work the Auditors shall be paid all out-of-pocket expenses that they may incur for travelling, board and lodging and otherwise and that such payments shall be in addition to the remuneration fixed for the said Auditors.

By Order of the Board of Directors,
T. D. KANSARA,
General Manager,
The Bank of India Ltd.

BOMBAY, *20th February*, 1964.

A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. The instrument appointing a proxy and the power of Attorney, if any, under which it is signed should be deposited at the Registered Office of the Company not less than forty-eight hours before the time for holding the aforesaid Meeting as provided by Article 79 of the Company's Articles of Association.

Note:—(a) The Transfer Books of the Company will be closed from Friday, the 6th March, 1964, to Thursday, the 26th March, 1964, both days inclusive.

(b) The Dividend, when sanctioned, will be payable on and from Tuesday, the 31st March, 1964, to those Shareholders whose names are on the Register of Members on 26th March, 1964.

(c) Dividend Warrants will be posted to Shareholders at their registered addresses. Early intimation should be given to the Company of any change of address.

(d) The explanatory Statement as required under Section 173 of the Companies Act, 1956, has been forwarded to the members of the Company.

WALCHANDNAGAR INDUSTRIES LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Fifty-sixth Annual General Meeting of the Company will be held at the Registered Office at Construction House, Ballard Estate, Fort, Bombay, on Tuesday the 24th March, 1964 at 4-30 p.m. (S.T.), for the purpose of transacting the following business:—

1. To receive and adopt the Directors' Report and the Audited Statement of Accounts for the year ended 30th September, 1963.
2. To declare Dividends on Preference and Equity Shares.
3. To appoint a Director in place of Shri Maneklal Premchand who retires by rotation and who is eligible for re-appointment and to consider and, if thought fit, to pass the following resolution in respect of which a Special Notice as required under Section 281 of the Companies Act, 1956, has been received by the Company:—

"Resolved that pursuant to the provisions of Section 281 and other relevant provisions, if any, of the Companies Act, 1956, Shri Maneklal Premchand who has attained the age of 74 years and who retires by rotation be and is hereby re-appointed a Director of the Company and it is hereby specifically declared that the age limit for Directors prescribed under Section 280 of the said Act shall not apply to him."

4. To appoint a Director in place of Shri Phoolchand R. Gandhi who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Shri V. M. Meswani who retires by rotation and is eligible for re-appointment.
6. To appoint Auditors for the current year and to fix their remuneration.
7. To consider and, if thought fit, to pass the following resolution with or without modifications:—

"Resolved that pursuant to provisions of Section 294 and other relevant provisions, if any, of the Companies Act, 1956, the Company hereby approves of the appointment of Messrs. Indo Berolina Industries Private Limited, Bombay, as sole selling agents for the Republic of India for sale of equipment and machinery for chemical and other allied industries except sugar, cement and paper plants manufactured by the Company on the terms and conditions contained in the Agreement of appointment dated 24th December 1963 valid initially for a period of one year from 1st of January 1964 and thereafter shall remain in force for a further period of four consecutive years unless terminated by either party by three months' notice after the completion of the first year period."

8. To consider and, if thought fit, to pass the following resolution with or without modifications as a Special Resolution:—

"Resolved that pursuant to Section 360 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of and consents to the arrangements and/or contracts being entered into with Messrs. Super Tool Company Private Limited and Messrs. Super Coil Spring Manufacturing Company, who are the Associates of Messrs. Walchand & Company Private Limited, the Managing Agents of the Company for sale, purchase, or supply of any property moveable or immoveable and/or any product provided that the prices or amounts charged to or received by the Company are at rates which are not less favourable to the Company than the market rates or which are otherwise reasonable and provided further that for any property or product supplied or sold the said Associates shall make payments to the Company within one month of supply or sale."

The Transfer Books of the Company will remain closed as from Saturday the 8th February, 1964 to Thursday the 27th February, 1964 (both days inclusive).

By Order of the Board,
S. S. BORKAR,
Secretary.

Registered Office:
CONSTRUCTION HOUSE,
BALLARD ESTATE, FORT,
BOMBAY, *5th February*, 1964.

Notes:—(1) A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a member.

(2) The Dividend, if sanctioned, will be paid at the Bank of India Ltd., Fort, Bombay, on and from Thursday the 2nd April 1964, to those members whose names stand on the Company's Register as on Thursday the 27th February, 1964.

(3) Explanatory Statement as required by Section 173 of the Companies Act, 1956 has been separately sent to all members of the Company.

UNITED BANK OF INDIA LIMITED

Registered Office:

United Bank Buildings

4, CLIVE GHAT STREET, CALCUTTA-1

NOTICE

NOTICE IS HEREBY GIVEN THAT THE next Annual General Meeting of the shareholders of UNITED BANK OF INDIA LIMITED will be held at the hall of the Academy of Fine Arts at Cathedral Road, Calcutta 16, on Monday, the 30th March, 1964, at 11 a.m., to transact the following business:—

1. To receive the Directors' Report and Audited Accounts for the year ended 31st December, 1963;
2. To declare a Dividend;
3. To elect a Director in place of Dr. N. N. Law, who retires but offers himself for re-election and to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"Resolved that Dr. N. N. Law, who has completed 76 years of age be and is hereby elected and appointed a Director of the Company and it is specifically declared that the age limit of Directors prescribed under Section 280 of the Companies Act 1956 shall not apply to him."

Special notice of intention to propose the foregoing resolution has been received by the Company.

4. To elect a Director in place of Dr. S. B. Dutt, who retires but offers himself for re-election and to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"Resolved that Dr. S. B. Dutt who has completed 69 years of age be and is hereby elected and appointed a Director of the Company and it is specifically declared that the age limit of Directors prescribed under Section 280 of the Companies Act 1956 shall not apply to him."

Special notice of intention to propose the foregoing resolution has been received by the Company.

5. To elect a Director in place of Nawab Sir K. G. M. Faroqui who retires but offers himself for re-election and to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"Resolved that Nawab Sir K. G. M. Faroqui, who has completed 67 years of age be and is hereby elected and appointed a Director of the Company and it is specifically declared that the age limit of Directors prescribed under Section 280 of the Companies Act 1956 shall not apply to him."

Special notice of intention to propose the foregoing resolution has been received by the Company.

6. To elect a Director in place of Sri S. N. Ray who retires but offers himself for re-election.
7. To appoint Auditors and fix their remuneration.

AS ORDINARY RESOLUTION

To consider and, if thought fit, to pass the following resolution as Ordinary Resolution:—

8. "By virtue of the discretion vested in the General Meeting by Section 228(3) of the Companies Act, 1956 as amended in 1960, it is hereby resolved that the accounts of the Branch Offices of the Bank in India as well as outside India (including any branch which may be opened hereafter either in India or outside) may be audited otherwise than by the Company's Auditor and it is further resolved that the Directors be and are hereby authorised to appoint from time to time persons qualified for appointment as auditors of the Company for audit of accounts of such branch offices in consultation with the Company's Auditor and pay them such remuneration as the Directors may decide."

AS SPECIAL RESOLUTION

To consider and, if thought fit, to pass the following resolutions as Special Resolutions:—

9. (A) Resolved that with effect from March 30, 1964, each of the Directors shall be entitled to remuneration as hereunder:
   (i) For every meeting of the Board attended, not exceeding Rs. 250.
   (ii) For every meeting of any Committee of Directors attended, (a) Chairman not exceeding Rs. 150, (b) other Directors not exceeding Rs. 100.

   (B) Resolved that Article 111 of the Company's Articles of Association be and is hereby altered by substituting therein for the words "Rupees One hundred" the words "Rupees Two hundred and fifty."

10. Resolved that the consent of the Company pursuant to provisions of Section 314 of the Companies Act as amended in 1960 be and is hereby accorded to the fitting in of the undermentioned Officers who are relatives of Directors of the Company at the salary in the grade and scales of pay mentioned against their names together with the usual allowances, benefits, amenities and facilities applicable to other Officers in the respective grade and scales of pay occupying similar posts.

Name of the employee	*Scale of pay*	*Related to*
1. Sri Dhiros Chandra Dutta Gupta ..	230-15-275-20-515-25-590-620-620-650 Fitted at Rs. 540.	Sri B. K. Datta
2. Sri Kshiti Bhusan Dutt	445-20-545-25-795-825-825-855 Fitted at Rs. 825.	Dr. S. B. Dutt
3. Sri Biswa Ranjan Das Gupta ..	780-30-840-40-880-50-1230-60-1290-1290-1350 Fitted at Rs. 1080.	Sri K. C. Das
4. Sri Pabitra Kumar Sen	2100-200/2-2700 Fitted at Rs. 2100.	Sri B. K. Datta

11. Resolved that in view of the revision of the grades and pay scales of the Clerks as per National Industrial Tribunal (Bank Disputes) Award, consent of the Company pursuant to provision of Section 314 of the Companies Act as amended in 1960 be and is hereby accorded to the fitting in of the undermentioned Clerks who are relatives of Directors of the Company in the following Award grade and scales of pay together with the usual allowances, benefits, amenities and facilities applicable to the members of the staff in the Clerical grade and the Board is hereby permitted to give effect to any revised grades and scales of pay to each of the following employees that might be awarded by any Industrial Tribunal appointed by the Government for fixation of the emoluments of the staff in the clerical grade.

Name of the employee	*Scale of pay*	*Related to*
1. Sri Jagat Surhid Datta	140-6-182-11-281-13-307-15-322-E.B.-15-337-16-369-18-405 Fitted at Rs. 405.	Dr. S. B. Dutt
2. Sri Prasanta Ranjan Mullick ..	Do. Fitted at Rs. 353.	Sri K. C. Das

By Order of the Board,
M. SEN SARMA,
Chief Manager.

Dated, Calcutta, the 21st February, 1964.

Note: (i) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY *TO ATTEND AND VOTE INSTEAD OF HIMSELF* AND THE PROXY NEED NOT BE A MEMBER.

(ii) The Transfer Books of the Company will remain closed from Thursday, the 12th March, 1964 to Monday, the 30th March, 1964 (both days inclusive).

(iii) The dividend, when sanctioned, will be payable on and after the 16th April, 1964 to those shareholders whose names stand on the Register on the 30th March, 1964 and who are entitled to participate in the distribution of dividend in terms of Article 149 of the Company's Articles of Association.

(*iv*) Dividend Warrants will be posted to shareholders at their registered addresses or in accordance with their mandates. Such mandate and intimation of any change of address, if not *already given, should be given to the Bank* early in time.

The explanatory statement required under Section 173 of the Companies Act, 1956 has been forwarded to the members of the Company.

THE STATE BANK OF INDIA

NOTICE

THE NINTH ANNUAL GENERAL MEETING of the Shareholders of the State Bank of India will be held at the Bank's Local Head Office at Apollo Street, Bombay, on Thursday, the 12th March 1964, at 4 p.m. (Standard Time), for the transaction of the following business:—

To receive the Central Board's Report, the Balance Sheet and Profit and Loss Account of the Bank made up to the 31st December 1963 and the Auditors' Report on the Balance Sheet and Accounts.

B. VENKATAPPIAH,
Chairman.

STATE BANK OF INDIA,
CALCUTTA, *the 17th January* 1964.
27th Pausa 1885 (*Saka*).

CALTEX OIL REFINING (INDIA) LIMITED

NOTICE IS HEREBY GIVEN THAT THE Register of the Company's 5¼ per cent Debenture Stocks 1966-70 will be closed for transfers from 18th March 1964 to 31st March 1964, both days inclusive.

R. N. CHETTUR,
Secretary & Treasurer.
State Bank of India,
Agents for Caltex Oil Refining (India) Ltd.,
for the management of the Debenture Stocks.

STATE BANK OF INDIA,
MUNICIPAL LOANS SECTION,
APOLLO STREET, FORT,
BOMBAY, *2nd March* 1964.

MARTIN BURN LIMITED

NOTICE

AT A MEETING OF THE BOARD OF Directors held today the Directors have recommended payment of a gross dividend for the year ended 30th September, 1963, of 25 per cent, or Rs. 2.50 per share, on the Ordinary Share Capital, subject to deduction of tax at the appropriate rates. This dividend awaits sanction by the shareholders at the Annual General Meeting to be held on Monday, the 30th March, 1964.

The Ordinary Share Register and Transfer Books of the Company, will be closed from the 16th March, 1964 to 30th March, 1964, both dates inclusive, and the dividend if sanctioned will be paid on or after the 1st April, 1964, to those shareholders whose names appear on the Register of Members on the 30th March, 1964.

By Order of the Board,
MARTIN BURN LIMITED,
L. K. SEN CHOWDHRY,
Secretary.

Registered Office:
12, MISSION ROW,
CALCUTTA-1.
DATED *21st February*, 1964.

NEWS IN BRIEF

THE Central Government has approved of Rs. 146.7 crores for various programmes in the agriculture sector during the year 1964-65, as against the final approval of Rs. 127.5 crores for 1963-64.

With a view to expediting the work on the second shipyard at Cochin, the Union Ministry of Transport has set up a Committee to examine the technical report prepared by the Mitsubishi group of Japan.

Co-operative marketing societies in the jute producing States have procured 127,000 maunds of jute under the price support scheme, upto 8th February 1964. The maximum amount of purchase has been made in Andhra Pradesh.

The export quota of 21,389 tonnes fixed for Indian coffee for the year 1963 under the International Coffee Agreement has been fulfilled. Actually, an additional quantity has been exported to non-quota countries.

The Government of Uttar Pradesh has offered to forgo the purchase tax of 19 nP payable by sugar mills in Western U.P. on cane brought from cultivators, provided an equal amount is paid by factory owners to growers over and above the minimum price of Rs. 2 per maund.

Exports from the Kandla free trade zone are expected to begin in the latter half of 1965. The physical execution of the development works will start in April next and the types of industries to be set up will be decided after a scrutiny of applications which are now in the process of being invited.

The Gujarat Cotton Control Act, 1963, received the assent of the President. The Act seeks to consolidate and amend the law relating to the regulation and prohibition of the cultivation of any variety of cotton, mixing of the prohibited variety of cotton with other cotton, and possession of use of, or trade in, the prohibited variety of cotton in Gujarat.

Nine new schemes together, accounting for a production capacity of about Rs. 5.9 crores worth of printing machinery per annum have been approved by the Central Government. The schemes are in addition to the existing installed capacity of Rs. 84 lakhs a year. The Government has decided to set up a standing panel for the industry, with representatives of industry, Government and technical experts to foster the rapid development of the industry.

A proposal to manufacture family planning accessories in the public sector is under consideration. Meanwhile, the Union Government has issued licences to private manufacturers for producing 92.55 million rubber contraceptives per annum. Three more schemes have also been approved with a combined annual capacity of 242.98 million pieces, 41.4 million foam tablets, and 460,000 tubes of contraceptive jellies and pastes.

If the tests now being undertaken on a prototype power tiller were to prove successful, large-scale manufacture of these tillers to the extent of 30,000 per annum would be taken up in the public sector. The revised official estimate of the requirements of power tillers and small tractors by 1965-66 is of the order of 40,000 to 50,000, as against the Planning Commission's official estimate of 17,000. Two firms have been licensed to manufacture small tractors/power tillers, the total capacity involved being 27,000 per annum.

In order to avoid wastage in future and to conserve paper in the country, it has been decided to discontinue the free supply of inland money order forms to the public, with effect from 1st March next. These forms will be sold at 3 nP each from that date and will be impressed with the date stamp of the post office, before sale. Further, it has been decided that the price so charged should be refunded by granting a corresponding rebate in the commission charged at the time of booking the money orders. There will thus be no additional charge on the senders of money orders.

The Rs. 2-crore streptomycin plant with an annual capacity of fifteen tons, set up by the Synbiotics Ltd., a Sarabhai Group Concern, was inaugurated at Baroda on Sunday this week. Among the range of bulk drugs manufactured by the Company are isoniazid, saccharin, niacinamide, vitamin B_{12} and diiodohydroxy quinoline. This is the only company in the country manufacturing all the three antibiotics, namely, penicillin, tetracycline and streptomycin. It has also plans to take up the production of other antibiotics like amphotericin and enter the field of corticosterivids manufacture. The total outlay of the plant and equipment is put at Rs. 70 lakhs, including a foreign exchange component of Rs. 40 lakhs.

An irrigation practices seminar for the Near East and South Asia region is scheduled to be held at New Delhi from 2nd to 14th March next. It will be inaugurated by Sardar Swaran Singh, Union Minister for Food and Agriculture. The seminar will discuss farm layout, distribution, drainage and salinity; institutional development, education and on-the-job training, small projects, project planning and research. Participants will present reports showing the progress of agricultural development in their country, particularly since the last irrigation practices seminar held in 1962 and the follow-up action taken on its recommendations. Technical papers will also be read and discussed. India is playing host for the seminar which has been convened by the U.S. Agency for International Development.

A team of three U.S. experts is expected to arrive in India shortly to advise the Central Government on measures to conserve and maximise water resources. The team consists of Mr. Ellis Hatt, an experienced engineer, Mr. Norman Tripp, assistant director of the division of flood prevention and river basin programme of the U.S., and Mr. John Spencer, consultant aid, Washington, Jordan and Brazil. It will review the present policies affecting watershed management, dam construction and management of water distribution and drainage system within a watershed. It will also assess the ability of the various organisations to undertake the planning and implementation of projects within a watershed. The team will visit Andhra Pradesh, Bihar, Himachal Pradesh, Madras, Mysore, the Punjab, Rajasthan, Uttar Pradesh and West Bengal. The projects to be studied and reviewed include Damodar Valley, Machkund, Kundah, Tungabhadra, Chambal, Bhakra-Nangal and the Rajasthan canal. It is expected to submit its report in three months' time.

* * * *

From Abroad

France's gold and foreign exchange reserves rose by $23.9 million to $4,480.8 million during the month of January 1964, the average monthly rise during the whole of 1963 was just $70.5 million.

The Government of Indonesia has no intention of taking over foreign oil companies operating in that country, according to the Department of Basic Industries and Mining.

No more "luxury cars" costing over £800 are to be allowed into Ghana, according to a Ministry of Trade spokesman. The ban will particularly affect American cars and Mercedes Benz.

The Government of Argentina has sold 350,000 tons of wheat to Communist China for £24 15s. f.o.b. per ton. The sale has been rendered possible by the relatively abundant harvest of slightly over seven million tons of wheat during the year 1963.

The World Bank draft of an international convention on settlement of investment disputes is now being discussed by legal experts at Geneva. The draft, which covers conciliation as well as arbitration, will go for final consideration to the fourth experts' meeting to be held at Bangkok in April next.

The U.S. Atomic Energy Commission has recommended the development of nuclear power programmes for American outerspace missions at a cost of over $1,000 million. It has also broadly endorsed the experimental project of the systems for nuclear auxiliary power with an outlay of $100 million annually.

The final estimate of the Pakistan's tea crop for the season 1963-64 places the total yield at 55 million lbs. which represents an increase of 5.8 per cent over last year. The area under tea during 1963-64 is put at 84,000 acres, as against 81,000 acres in 1962-63.

The High Authority of the European Coal and Steel Community has allotted loans aggregating DM 100 million (525 million) to six European steel concerns and two mining companies for helping rationalisation and modernisation. The loans have been secured in West Germany through a group of Land Central Banks.

The F.A.O. Cocoa Study Group's Committee of Statistics, which met at Rome last week, has placed the production of world cocoa during the 1963-64 season at no more than 1.16 million tonnes, as against the revised estimate of 1.17 million tonnes in 1962-63. The grindings are estimated at 1.23 million tonnes, as compared with 1.16 million tonnes.

The Japanese Trade Ministry is contemplating to lift quota restriction on lead and zinc imports with effect from 1st March next instead of 1st April. The move is said to be a sequel to the recent sharp rise in the world prices of these commodities. In order, however, to protect domestic manufacturers against foreign competition, it is proposed to raise tariff on some items.

A U.S. Senate Sub-committee is now investigating the waivers granted by the Maritime Commission to permit foreign flag ships to carry American wheat to Soviet Union. The investigation is indirectly linked to the international Longshoremen's union's boycott of the shipments and their insistence that at least half of the wheat be carried in U.S. bottoms.

The U.S. House has unanimously passed its largest authorisation Bill in history—$16,900 million—for defence procurement, research and development. The Bill includes a provision of $92 million for research on a manned bomber and a manned interceptor plane. This provision aroused a debate in the House because the Secretary of Defence, Mr. McNamara, did not ask for it.

PERSONAL

MR. N. S. Worah and Mr. B. M. Vyas have been elected Chairman and Vice-Chairman, respectively, of the Western India Minerals Association, Bombay, for the current year.

Mr. William J. Drew, a career U.S. Foreign Service Officer, has assumed charge as Commercial Officer at the American Consulate General, Bombay. He succeeds Mr. Raymond Becker.

Mr. J. V. Patel of New Standard Engineering Company and Mr. Bharat G. Doshi of Cooper Engineering Company have been elected President and Vice-President, respectively, of the Indian Machine Tools Manufacturers' Association.

Mr. A. D. Ogilvie of Andrew Yule and Company has been elected President of the Bengal Chamber of Commerce and Industry for the year 1964-65. Mr. H. K. S. Lindsay of the Metal Box Company of India has been elected its Vice-President.

Mr. K. S. G. Haja Shareef, Chairman of the Estimates Committee of the Madras Legislative Assembly and partner of the K. P. V. Shaik Mohamed Rowther and Co., Madras, has joined the Board of Directors of the Syndicate Bank Ltd.

Dr. Abdul Karim Al-Ali, the Iraqi Minister of Planning, arrived in Bombay on 22nd inst. on a 13-day State visit to this country. During his stay in India, he will visit Bangalore, Hyderabad, Calcutta, Bhilai, Bhakra-Nangal, Agra and Delhi. He will go round various industrial establishments in these places and meet industrialists and planners.

New Zealand's wool growers are to pay a levy of 84 pence a pound (23s. 6d. a bale) on the wool they sell in the coming season as their contribution to the International Wool Secretariat's promotion and research programme. A further 54 pence a pound (15s. a bale) from the Wool Commission's interest earnings completes New Zealand's full commitment to the I.W.S. budget.

Under an agreement reached between the U.S. Kaiser Aluminium and Chemical Corporation and Standard Magnesium and Chemical Company, the former will acquire the assets of the latter. Accordingly, the Standard Magnesium will receive between 222,000 and 272,000 shares of Kaiser common stock. The shareholders of the Standard Magnesium will be given seven shares of Kaiser common stocks for each 50 shares of Standard Magnesium held.

The aggregate world tonnage of merchant ships launched during 1963 amounted to 8.54 million G.R.T., as against 8.38 million G.R.T. in 1962, according to the Lloyd's Register of Shipping. Of this total, the share of Japan alone was 2.37 million G.R.T. West Germany accounted for 970,579 G.R.T., Britain for 927,649 G.R.T., Sweden for 887,738 G.R.T., Italy for 492,176 G.R.T. and the U.S. for 294,427 G.R.T.

The Governments of West Germany and Iran have recently signed an agreement to promote and guarantee investment in each other's countries. It will come into force after its ratification by the Parliaments of the two countries. In the meantime, Germans will be entitled immediately to cover new German investments in Iran against political risk such as expropriation. No safeguard is built against nationalisation. But it is laid down that, in case of nationalisation, there must be adequate and transferable compensation.

The new American-Turkish Foreign Trade Bank, a joint venture of the Bank of America with 25 per cent holding and the Turkiye Is Bankasi (Turkey's largest banking institution) with the remaining 75 per cent holding, is expected to function in three or four months' time. The Bank will specialise in export and import financing with its head office at Istanbul and a branch at Izmir. An initial capital of £T10 million will be augmented by the release to the Bank of £T20 million from U.S. aid counterpart (Cooley) funds.

A bill permitting the U.S. cotton textile mills to buy American cotton at a lower price than now available to foreign textile manufacturers has been approved by the U.S. Senate Agricultural Committee. The legislation, if adopted by the Congress, will apply between 1964 and 1967. Under the present two-price system, a subsidy of 8.5 cents per lb. is paid to exporters. Foreign mills will also benefit by this, as the subsidy is deducted from the domestic support price of 32.5 cents per lb.

The Government of Sudan has been authorised by the I.M.F. to draw in pounds sterling equivalent to $5.45 million. The drawing is intended to support the efforts being made by the Sudanese authorities to overcome a balance of payments deficit. New measures include cuts in Government expenditure and increases in taxation. Sudan has made two earlier drawings on the Fund, one for the equivalent of $5 million in September 1958 and another for the equivalent of $1.25 million in November 1959. Since then, both of these drawings have been fully repaid.

TREND OF MARKETS

MONEY SLIGHTLY BETTER

(From Our Own Correspondent)

BOMBAY, 26th February

Conditions in the short-term money market improved slightly during the week under review. The supply of funds available was somewhat better, while the demand for it was comparatively less. Borrowers, therefore, found no difficulty in obtaining their requirements. Only they had to pay high interest charges. The inter-banks call rate for both renewals and fresh money was maintained throughout the week at 6 per cent. Business put through at this rate was quite large. Calcutta, however, reported persistent stringency, with borrowers over at 6 per cent.

The improvement in the tone of the money market is reflected in (a) the sharp fall of Rs. 16.88 crores to Rs. 2,434.31 crores in notes in circulation during the week ended 21st February; (b) drop of Rs. 9.61 crores to Rs. 52.61 crores in borrowings of scheduled banks from the Reserve Bank; and (c) a small rise of Rs. 3 lakhs to Rs. 2.3 crores in the total amount offered against the 91-day Government of India Treasury Bills, tenders for which opened on Tuesday the 25th inst., the amount accepted, of course, equalled the amount invited, namely, Rs. 2 crores. The average rate of accepted tenders was a little higher at Rs. 2.350 per cent per annum, as against Rs. 2.340 per cent. The Intermediate Treasury Bills, however, evoked poor support. The amount of tenders actually sold from the 19th to 22nd inst. was Rs. 20 lakhs, as against Rs. 99.75 lakhs a week before and Rs. 70 lakhs two weeks before.

There was a drop of Rs. 2.54 crores to Rs. 120.81 crores in India's foreign exchange reserves during the week ended 21st February. The whole of this drop was in balances held abroad which amounted to Rs. 18.25 crores. The foreign securities held in the Issue Department of the Reserve Bank were unchanged again at Rs. 102.46 crores. Deposits of scheduled banks declined by Rs. 3.05 crores to Rs. 80.27 crores. Loans and advances obtained by them from the Reserve Bank, as already stated, receded by Rs. 9.61 crores to Rs. 52.61 crores, of which the share of those against usance bills was Rs. 23.24 crores, a fall of Rs. 69 lakhs.

There was a further rise of Rs. 19.91 crores to Rs. 1,732.40 crores in the total credit made available by scheduled banks to their clients during the week ended 14th February. Since, at the same time, their deposits declined by Rs. 3.68 crores to Rs. 2,424.45 crores, the banks had to take recourse to larger borrowings from the Reserve Bank. The total of these borrowings went up by Rs. 16.27 crores to Rs. 63.44 crores, including Rs. 24.72 crores (+Rs. 4.29 crores) against usance bills. Investments, too, declined by Rs. 6.29 crores to Rs. 649.82 crores.

Thanks to poor institutional support, the Gilt-edged market put on a subdued appearance. Turnover was limited, with most of the Central and State loans remaining unchanged at last week's levels.

In the foreign exchange market, the banks' buying rate for U.S. dollars rose by 25 nP to Rs. 475.50 per $100, while their selling rate was unaltered at Rs. 478.75. In New York, the pound sterling weakened again vis-a-vis the dollar. The spot rate eased by 0.100 cent to 279.520-279.550 cents and the three months' forward by 0.090 cent to 279.250-279.280 cents.

* * * *

The total cash contributions brought into the Central account of the National Defence Fund till the close of 14th February amounted to Rs. 58.10 crores. In addition, contributions in gold and silver aggregated 2.281 million grammes and 1.170 million grammes, respectively.

COTTON FUTURES DECLINE

(From Our Own Correspondent)

BOMBAY, 26th February

The cotton futures market, after having ruled fairly steady early in the week, turned easy towards the close. The steadiness was due partly to the downward revision of tendering differences in respect of 216F cotton made by the Special Committee of the East India Cotton Association. This was bullishly interpreted as likely to reduce the volume of tenders against the maturing March contract. The decline in ready prices, following the withdrawal of mills from the spot market, however, imparted weakness to the market which turned easy towards the close. Reports of requisitioning by the Textile Commissioner, in spite of stiff opposition to the control measures, coupled with the news of an upward revision of the crop to 5.9 million bales, unnerved bulls who rushed to liquidate. Consequently, there was a sharp drop in prices on Tuesday, the 25th inst., the fall being as much as Rs. 6.50 in the case of the March contract and Rs. 6.25 in respect of the May contract, in one day. A modest recovery of a technical nature was, however, evident today, but the closing rates were still below last week-end quotations.

The following table indicates the trend of prices of the contract during the week:

(In rupees per three quintals)

	25-2-64	High	Low	19-2-64
Jarilla March ...	771.50	782	771	777.50
Jarilla May ...	751.25	763.50	750.50	760

Trading in spot market at Sewri was dull, despite the tendency of prices to decline. Obviously, mills are not inclined to buy in a falling market. The Textile Commissioner has removed the obligation on the part of mills to buy a minimum quantity of Cambodia 'A' and 'B' cotton. This commission was introduced to ensure larger offtake of this cotton at reasonable prices. But as the prices of these varieties have become steady at or around the ceilings, the Textile Commissioner has decided to remove the compulsion. Following this the prices of Cambodia cotton declined.

Export demand for Bengal Deshi continued to be restricted and prices eased, thanks to the prospects of a good crop of Bengal Deshi during the season. In fact, estimates of Bengal Deshi crop during the season have been revised upwards from 475,000 bales to 550,000 bales. In the import section, prices of Sudan cotton hardened. Shippers are reported to be reluctant to make offers because of the scarcity of higher grade Sudan cotton. Prices of East African cotton, in contrast, tended to decline. Mills are awaiting the announcement of a global import quota for foreign cotton.

The following are the latest available quotations—in rupees per candy of 784 lbs.—from the spot market at Sewri:

Kalyan 965; Amravati 1,235; Buri 1,215; Manavadar Co2 1,518; Sudan (on sample) 1,635; B.P.52 1,300 and Jinja 1,210.

SILVER DOWN AGAIN

(From Our Own Correspondent)

BOMBAY, 26th February

Last week's recovery in silver could not be carried further this week for want of support at higher levels. In fact, the price moved down again by as much as seven points to Rs. 251 on the first day (Thursday) itself. It dropped further to Rs. 250 on Saturday, but steadied up thereafter to finish at Rs. 261. The daily average offtake declined from 15 bars to 10 bars, while arrivals remained unchanged at 12 bars. The offtake shrank, as speculative buying abated after it was known that silver in London had shed the gain of one-eighth of a penny which it had scored last week.

Gold opened slightly lower but improved to close a shade higher over the week. The 14-carat material rallied from Rs. 63 to Rs. 65 on better offtake by jewellers. Pure gold was traded one point higher at Rs. 110, but sovereign was unchanged at Rs. 86.

Silver in New York and London continued firm at last week's closing levels. Ready gold, in London, moved up further from 250s. 10d. to 251s. The international price for gold also improved from $35.07½ to $35.07½.

The following table shows the trend of prices during the week under review:

	26-2-1964 (closing)	High	Low	19-2-1964 (closing)
SILVER				
Ready (996 fine) ..	Rs. 261.00	Rs. 266.50	Rs. 259.00	Rs. 263.00
GOLD				
Ready (14 carat) ..	65.00	65.50	62.25	64.50
Sovereign ..	85.00*	—	—	85.00*
London—				
Gold ..	251s. 0d	251s. 0d.	250s. 8½d.	250s. 10d.
Silver Ready ..	111½d.	—	—	111¼d.
Silver Forward	111½d.	—	—	111¼d.
New York—				
Silver	129.3 cents	—	—	129.3 cents

* As on 24-6-1963.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (35.73 tolas). London and New York quotations are per ounce.

ART SILK YARNS IMPROVE

(From Our Own Correspondent)

BOMBAY, 26th February

Art silk yarns staged a moderate improvement this week on some revival of enquiry from consumers which seemed to have been prompted by fears that the excise duty on yarn might be raised in the next budget. But actual business put through was limited, as, for the same reason, sellers were reluctant to part with the goods. Staple fibre yarns were easier. Cotton yarns continued quiet.

The proposal of withdrawing the concessional rate at which the manufacture-exporters of art silk fabrics are getting art silk yarn supplies from spinners was discussed at a meeting held here yesterday between the representatives of the Union Ministry of Industry and those of the art silk industry and export trade. The meeting did not, however, reach any final decision.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	26-2-1964	19-2-1964
	Rs.	Rs.
Art silk yarn (per kg.)—		
National Rayon 120D	12.17	11.66
Century 75D	18.41	18.28
S. I. Viscose 150D	12.01	12.01
Staple fibre yarn (40 x 2)—		
Koninoor (per kg.)	9.42	9.46
Century	9.24	9.37
Cotton yarn (per bundle of 10 lbs.)—		
10s Navsari	19.37	19.37
20s Podar	24.25	24.25
32s Hiser	35.00	35.00
40s Mahindra	42.00	42.00
60s Finlay	76.25	76.25
80s Gokak	85.00	83.00

OILSEEDS EASY

(From Our Own Correspondent)

BOMBAY, 26th February

The easy trend noted in the oilseeds market towards the closing sessions last week gathered momentum during the week under review. For bull liquidation was persistent, while fresh buying support was lacking. Groundnut futures were subjected to selling pressure on rumours of a possible rise in Bank rate. The usual pre-budget nerveousness also acted as a damper. Absence of any facility for switching over transactions from the near to distant position, too, restrained operators from extending their commitments either way. The spot section ruled easy despite restricted offerings from upcountry centres and firmness of foodgrains in North India. Traders noted reports that Russia had extended its interest beyond castor oil for the first time to Indian groundnut extractions and H.P.S. groundnuts. About 3,000 tonnes of H.P.S. and 10,000 tonnes of extractions were believed to have been bought by Russia in the past three or four days. This news, however, did not have any effect. Castorseeds continued to move down on apprehensions of new imposts in the forthcoming budget, lack of follow-up support, absence of overseas enquiry for oil, and new crop arrivals from Gujarat and Andhra. The outstanding position in the maturing (March 1964) delivery was estimated at 75,000 candies. In sympathy with groundnuts and castorseeds linseeds drifted lower, with the exception of spot linseed which elicited some buying support and ruled firm. Cottonseeds were distinctly subdued.

The groundnut April 1964 contract began the week at Rs. 237.62, as against the previous close of Rs. 233.12 and receded to Rs. 236.87 on Saturday. After recovering to Rs. 237.37 on Monday, the contract declined again to Rs. 237.37 today. The net loss over the week was 75 nP. Nizam bold ready lost 25 nP to Rs. 49.62. Khandesh quality was neglected at Rs. 50.75. Oil ex-mill shed 25 nP to Rs. 19.75. Railway receipts fell by 40 nP to Rs. 19.35. The groundnut oilcake expeller April 1964, however, jumped up from Rs. 395 to Rs. 399 per ton, following news that the Soviet Union had evinced interest in Indian oilcakes.

Castorseed March 1964 contract was well supported on the opening day of the week at Rs. 173.50, as against the previous close of Rs. 172.62. But it lost ground in subsequent session and touched a low of Rs. 171.25 today. June contract sagged by 50 nP to Rs. 172.50. Oil Ready Madras declined by 19 nP to Rs. 34.37 and Kanpur ready by 50 nP to Rs. 33.12. Oil B.S.S. was quoted lower at Rs. 14.85 today, as against Rs. 15.10 last week, while oil commercial put on 40 nP to Rs. 14.85 on special support.

In the linseed section, March 1964 contract shed 50 nP to Rs. 39.75. June 1964 contract eased by 18 nP to Rs. 40.44. Oil ready fell by 25 nP to Rs. 16.10. In contrast to the generally sagging market, Linseed Bold ready strengthened by 38 nP to Rs. 40.25.

The cottonseed April 1964 contract receded from Rs. 106 to Rs. 104.50.

The following table shows the closing prices of oilseeds and oils on Wednesday 26th February as compared with those of two previous weeks:

	26-2-1964	19-2-1964	12-2-1964
	Rs.	Rs.	Rs.
Groundnuts			
April 1964 contract	237 37	238.12	238 12
Nizam bold	49 62	49.87	49.50
Khandesh quality	50 75	50 75	50.62
Oil ex-mill	19.75	20.00	19.75
Oil Rly. Receipts	19.35	19.75	19.55
Castorseed			
March 1964 contract	171.25	172.62	176.00
June 1964 contract	172 50	173.00	177.25
Ready Madras	34 37	34.56	35.00
Ready Kanpur	33 12	33.62	33.87
Oil B.S.S.	14 85	15.10	15.10
Oil commercial	14.85	14.45	14.35
Linseed			
March 1964 contract	39.75	40 25	40.50
June 1964 contract	40.44	40 62	41.00
Bold ready	40.25	39 87	38.50
Linseed oil	16.10	16.35	15.85
Cottonseed			
April 1964 contract	104.50	106.00	105.00

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

BLACK PEPPER FIRM

(Messrs. Parekh and Co.)

BOMBAY, 26th February

Malabar black pepper ruled firm during the week, with prices advancing here as well as at the Coast, in view of the constant purchases by shorts for covering their sales to East European countries and on the Bombay ring. Conflicting reports regarding the shaky ceasefire in North Borneo proved a supporting factor. Heavy purchases done by Gujarat interests in Bombay during the last fortnight were responsible for the shortage of contracts in both Chaitra and Vaisak. Encouraged by their success in bolstering prices, the bull speculators became more aggressive. They continued to buy at every advance. Some of the Gujarat merchants were said to have liquidated their long positions in Chaitra and Vaisak with profit. This is likely to enable them to support the market should it once again go down in the near future. Exporters who sold a sizable quantity to East European countries were continuous buyers, as they had to ship the goods in the steamers lying at the ports.

Ready ungarbled rallied from Rs. 266 to Rs. 283 with sellers reserved. Garbled was in request at Rs. 290, the lowest being Rs. 278. March delivery surged forth from Rs. 290 to Rs. 304. May delivery opened at Rs. 302 and was supported by the bulls at every advance, the highest paid being Rs. 318. At the time of writing, however, May is quoted at Rs. 309. Spot in the U.S.A. seesawed between $0.32 and $0.33½. Malabar black pepper was neglected by New York dealers as they were getting Lampong black direct from Indonesia at about $0.30½. If Indonesia continues to undersell India in the coming months, it is possible that Malabar may go down as soon as the East European countries withdraw as buyers, because

inland prices cannot be maintained, unless supported by fairsised foreign demand.

Singapore remained strong during the week, the highest for black and white being $(M)117½ and $(M)162½, respectively.

The future of Malabar pepper appears uncertain, inasmuch as the prices thereof are outpriced because of the inland high prices bolstered by bull speculators. On the Bombay ring, *Chaitra* improved from Rs. 320 to Rs. 330. *Vaisak* is quoted at the time of writing at Rs. 338, the highest being Rs. 342. Ready Malabar was quoted at Rs. 308 with demand good to fair.

QUALITY TEAS IMPROVE

(Messrs. Forbes, Ewart and Figgis Private Ltd.)

COCHIN, *20th February*

A total of 453,000 kgs. was offered in tea sale No. 7 held on the 18th inst. Quality again showed a further improvement and there was a useful selection of attractive quality teas at all elevations. Good general demand was in evidence and prices were generally firm and dearer with quality. Low medium and medium brokens were keenly competed for and were sold at dearer rates following quality, while similar fannings were barely steady. Good mediums were again well supported and the majority of these were sold at fully firm levels. Best liquoring highgrowns were irregular and generally barely steady, although selective lines were sold well. The lesser sorts, however, encountered keen competition and were sold readily at enhanced rates following quality. Black leaf teas generally maintained their value, while whole leaf grades particularly liquoring flowery pekoes were generally dearer. Teas of unorthodox manufacture were sold at about last rates.

The quotations per kg. were:

	1964	1963
	Rs.	Rs.
Low medium	4.50-5.10	4.30-5.80
Mediums	5.15-5.70	4.80-5.20
Good mediums	5.50-6.80	5.30-6.00
Nilgiri B.O.P.	6.50-10.40	6.00-11.70

The average price realised in sale No. 7 was Rs. 5.36 per kilo, as against Rs. 5.20 a week ago and Rs. 5.20 in the corresponding sale last year.

In dust sale No. 7 held today, 193,000 kgs. were offered. The market met with good general demand. All mediums evoked good enquiry and were sold at firm to dearer rates. Residual kinds were well competed for and were the strongest feature of the sale. A small selection of highgrowns on offer sold well at fully firm rates. There was good enquiry for unorthodox descriptions also which were fully firm.

The average price realised in dust sale No. 7 was Rs. 4.63 per kilo, as against Rs. 4.64 a week ago and Rs. 4.39 in the corresponding sale last year.

Colombo: There was fair general demand. Best and plainest highgrowns were slightly dearer, while others were lower. Lowgrowns came to a firm market.

London: *North Indian and other growths*: There was good but irregular demand. Poorer sorts were fully firm to dearer.

Ceylon and South Indians: Offerings in Tuesday's sale amounted to 25,739 packages. Of this quantity, 8,154 packages were from South India. Better liquoring South Indians were firm while others were irregular and easier. Ceylons elicited good demand.

As we go to press, Messrs. Forbes, Ewart and Figgis Private Ltd. wire as follows:

"Sale No. 8: 472,000 kgs. offered. Useful demand. Low medium and medium brokens 10 to 15 nP easier. Similar fannings neglected. Good mediums 20 nP lower. Highgrowns irregular and lower. Unorthodox steady."

LEGG-CUT TEAS DECLINE

(From Our Own Correspondent)

CALCUTTA, *25th February*

The trend at yesterday's export sale and last week's internal sale remained easy, in spite of good demand. Considering that, despite the lower crop in this part of the country, the average prices realised so far for leaf and dusts have been lower than in the last season, the dividend outlook for tea companies for 1963 is less encouraging. The average price of leaf has been lower at Rs. 5.42 per kg., as against Rs. 5.52 previously, and that for dust has been only Rs. 4.85 as against Rs. 4.92.

The industry believes that it has driven home its unquestionable case for relief in excise duty and is, therefore, eagerly awaiting budget day. It has pleaded, ineffectively so far, for merger of the numerous State levies into Central taxes, which would make not only the task of collection easier but also spare the industry the trouble of submitting numerous returns to different authorities. The industry also expects relief in Super Profits Tax.

The denial by the Union Minister for Industry that Indian tea exports had gone up at the expense of internal consumption has caused surprise. It is common knowledge that North Indian tea output registered a fall in 1963, and although output in South India was higher than in 1962, the difference only partially erased the loss of North India. In 1963, tea exports had gone up visibly, and the Government spokesmen have often referred to this achievement in recent weeks. If, despite lower output, exports have gone up, the only possible inference is that internal consumption has suffered. The trade points out that it is because of the suspension of all internal campaigns internal consumption is gradually going down and this is regrettable especially when the standard of living in the country is improving. This is not to say that the people are taking to soft drinks less and less. Substitutes, such as cool drinks, green coconuts, cocoa, ovaltine, chocolate cream, etc., are slowly eroding the tea market.

Dusts on offer at last week's internal sales totalled 32,065 chests, which met with good general demand. Orthodox teas met with ready demand, while legg-cut teas met with less demand. Medium C.T.Cs eased in an irregular trend, but good C.T.Cs were well supported. The quotations (in rupees) per one kg., inclusive of excise duty, were: Good Assam C.T.C. dust 6.20 to 6.70, medium Assam C.T.C. dust 5.00 to 5.25, legg-cut dust 4.85 to 5.00, medium Assam dust 4.60 to 5.10 and plain orthodox dust 5.40 to 4.70.

Leaf offerings at yesterday's export sale totalled 69,750 packages, which met with only fairly general demand. Prices eased. Although well supported, whole leaf grades eased. The few Darjeelings on offer were sold readily. Legg-cut teas gave way by 40 nP. "Teas for price" and plain brokens and fannings eased up to 20 nP. Other orthodox teas were also sold at lower rates; however, a few of the clean and bright liquoring fannings tended steady. Good demand met the very few best C.T.Cs but the balance eased from 20 to 40 nP. Fannings were subjected to withdrawals. The quotations (in rupees) per one kg., inclusive of excise duty, were: Best Assam C.T.C. fannings and best Assam C.T.C. fannings not quotable, clean plain pekoe 4.90 to 5.30, medium Assam C.T.C. fannings 4.60 to 4.80, medium Assam C.R.C. B.P. 4.80 to 5.00, plain B.P. 4.25 to 4.50 and plain fannings 4.25 to 4.50.

FURTHER SPURT IN JUTE GOODS

(From Our Own Correspondent)

CALCUTTA, *25th February*

Following clear indications that the jute mills would not be able to purchase all the remaining portion of the lower grade crop, dull conditions prevailed in the fibre market during the week under review, whereas the goods market steadied up, with both hessian and heavy goods registering handsome gains. The market for hessian became lively on the news of increased consumption of burlap in the U.S. during the month of January. Although overseas business in sacking was paltry, internal buying, especially on Government account, played up sentiment. The upward movement of prices would, indeed, have been more pronounced but for the continued difficulties which experienced by shippers at the Calcutta port. It is unfortunate that a cut in drafts in the river restricted movement of ships this week, thus accentuating the already disturbed conditions arising from the shortage of shed berths and lighters.

It is noted that, at the present rate of increased consumption—625,000 bales a month—mills would require about 3.75 million bales for six months, that is, up to the time the new crop would be ready for marketing. Stocks with mills at the end of January aggregated 3.32 million bales and those with the Jute Buffer Stock Association amounted to 775,000 bales. It is, therefore, felt that the mills would be able to produce at the current rate of enhanced production, even if they do not buy any more fibre. What is now mostly available for sale is inferior fibre, which mills need not buy. This situation brings to the forefront the need to accelerate the efforts now being made to find an export outlet for India's surplus fibre. During the week under review, sellers were keen for business and discounted quotations for lower grades. It is apprehended that the March quota which the Jute Commissioner would issue to mills would be higher than the February quota, so that there would be no undue selling pressure on holders of lower grades. The higher grades are practically exhausted, but what is still left is believed to be in stronger hands. If the quota for March is increased and mills are forced to buy a greater proportion of the inferior grades, not only would the mills have to block funds but such blocking would also be on fibre of questionable quality. Considering that the superior grades had realised prices higher than the minimum levels, it is felt that the present recession in lower grades should not be given undue importance. Further, it is argued that a small recession in prices of the poorer grades on the eve of the sowing time would make the cultivators cautious and pay more attention to the growth of quality fibre, which is what is needed, if mills should succeed in building up more markets in specialities and hessian.

Earlier indications that Argentina would lift a greater quantity of hessian this year have been strengthened by reports of increased farm output in that country. Purchases by the U.S.S.R. have also shown that increased shipments to that country are also likely. In the midst of this encouraging trend, it is pleasant news to the market that burlap consumption in the U.S. jumped to 81.6 million yards last month from 77 million yards in December 1963. Burlap stocks at the end of January showed a welcome decline of 3.8million yards at 290.2 million yards. Such an encouraging trend gives rise to the hope that consumption in the U.S. this year would be higher than in 1963. Further, the tempo of economic activity in that country has increased. The market has in particular noted reports that the U.S. President was one of the "New Dealers" behind the scene in the Roosevelt Administration. It is, therefore, felt that the ability of Indian mills to export hessian will only be circumscribed by production. This reinforces the need to improve the quality of the next crop, as better quality fibre is required for the production of hessian and specialities. It is, therefore, to be hoped that the authorities would not get perturbed by the dull conditions in the fibre market. For this should pave the way for a better crop. If prices are slightly below the minimum levels, the cultivators do not stand to lose considering that their costs of production have come down as a result of the bumper crop and their indifference to quality. It is to be hoped again that the Central Supervisory Body for Jute, which met here last week and held preliminary discussions on the area to be sown in jute and mesta, devises measures whereby quality of the forthcoming crop would show a distinct improvement.

As stated, prices of lower grade fibre during the week under review were slightly below the minimum levels. Mills were purchasers of selected lots only, and they are believed to have already covered the February quota in full. Hence they showed indifference to offers made by sellers who were anxious to find business in the poorer qualities discounted rates. The fact that a good portion of the outstanding crop of the lower grades is in the hands of weak holders added piquancy to the dull trend.

Although the increase in stocks of goods with mills and the difficulties being experienced by shippers at the Calcutta port caused anxiety, prices improved during the week. For the long-term outlook was considered to be good. The figures in respect of despatches of goods from mills in January released in this week made poor reading. The total of despatches of all descriptions for both export and internal consumption was only 92,400 tonnes at which the fall as compared with December was 13,400 tonnes. Export offtake aggregated only 59,200 tonnes, as against 71,400 tonnes, while local despatches at 33,200 tonnes marked only a small decline of 1,300 tonnes. While hessian and sacking for export fell to 34,200 tonnes and 14,900 tonnes from 43,200 tonnes and 17,900 tonnes, respectively, carpet backing at 7,800 tonnes showed a small increase. Other goods at 2,500 tonnes recorded a slight decline. Despite these figures, the price trend of the week was encouraging. The news of an increase in U.S. consumption raised prices on Wednesday, but selling pressure from bears erroded into gains. Thus, ready hessian 40" 10 oz. closed lower on balance at Rs. 45.60 on that day. B. twills were quietly steady at Rs. 109.75. However, excepting for some business in B. twills with Government, trading was dull. On Thursday, prices gained following local covering on short accounts. Hessian 40" 10 oz. hardened to Rs. 46.05, while B. twills remained unchanged at Rs. 109.75. At this stage, more interest was shown in B. twills by Government and, as a result, B. twills gained to Rs. 110.35 on Friday. In sympathy, hessian 40" 10 oz. rose to Rs. 46.15. Over the week-end, prices were steady at Rs. 110.25 and Rs. 46.20, respectively. Overseas interest was insignificant yesterday. With B. twills quoting at Rs. 109.85 and hessian 40" 10 oz., quotations eased. Mills, however, were sellers for forward positions.

SIZABLE GAINS IN METALS

(From Our Own Correspondent)

CALCUTTA, *25th February*

Under the influence of buoyant advices from foreign markets and against the background of continued shortage in the country, metal prices have recorded sizable gains this week.

Tin here rose from Rs. 3,280 per 100 kgs. to Rs. 3,300. On the London Metal Exchange, spot tin opened at £1,089 per ton and rose steadily to as high a rate as £1,145. The three months' metal rose from £1,079½ to £1,127. Continental demand on London was hectic and sellers were very much restrained. As a result of the hardening price trend, the tres world production this year is expected to rise by about 7,500 tons to 149,000 tons. At the same time, consumption is expected to go up by 5,000 tons to 159,000 tons. Thus, the shortage will be about 10,000 tons. An acute shortage can only be avoided if the U.S. General Services Administration continues to release tin from the strategic stockpile. However, the world shortage being quite pronounced, the possibility that the U.S.A. may curtail releases or abandon them altogether cannot also be ruled out.

Spot zinc, in London, gained from £101 a ton to £103 and the three months' from £94⅝ to £97½. Although world production of zinc is also expected to rise, no surplus is anticipated. The price in Calcutta rose by ten points to Rs. 296 per 100 kgs. The need for India to import zinc from sources other than the United States has been stressed by the industry. Presiding over the annual meeting of the Indian Zinc Oxide Manufacturers' Association held here recently, Mr. D. P. Kajaria stated that at present Indian imports of zinc are mostly confined to the U.S. under D.L.F. licences. The U.S. price of zinc is much higher. Moreover, difficulty has been experienced to locate timely supplies from the U.S. He urged licensing of imports from other countries too, as in that case the country could be enabled to import a higher quantity for the same value of D.L.F. licences. He also pleaded for the introduction of the annual licensing scheme for the zinc oxide industry to enable it to broadbase production plans.

Utensil grade copper scrap was higher at Rs. 680 per kg. Even with the rise, supplies could hardly be located. On the London Metal Exchange, the price continued to rise, and in this week, spot copper wire-bars reached as high as £262 a ton as against the opening quotation of £2463. The three months' rate gained from £248½ to £264. Spot cathodes rose from £240 to £256 and the fire-refined metal from £239 to £252. The opening quotations for the three months' position for these two metals were £242½ and £240 and closing quotations were £260 and £255. With world consumption of copper having increased, producers are expected to raise production this year. But, even after the expected increase in production, the shortage is not expected to be entirely wiped out. Such a reasoning explains why consumers are in a hurry to cover their requirements on London. The London price is, therefore, rising.

Virgin lead, in Calcutta, rose by a few points to Rs. 230 per 100 kgs. In London, the spot quotation gained from £80¾ a ton to £82¼ and the three-months' from £81½ to £83¾. Although the free world output of lead is expected to rise this year by 85,000 tons, the increase in demand for consumption would total 50,000 tons. This means that stocks depleted in 1963 can be replenished only in part. This explains the rise in world market prices.

POOR TRADING IN KIPS

(From Our Own Correspondent)

MADRAS, *24th February*

Arrivals of kips from the tanneries this week were moderate and clearance for export was slow and for inland trade poor. Export demand for ordinary marks was negligible. Top marks in cow hides were in demand at prices which did not interest the tanners, as they had sufficient orders up to the next month. The cowcalf market was better. Export enquiries were for lower selections in lighter averages, good marks. Shipment demand for buffcalf was patchy, with prices ruling weak, as American importers did not evince interest, and tanners, who had expected large trade from the U.S.A. in the new year, seemed slightly perturbed.

Tanned goat skins ruled steady, but the undertone was weak. Importers seemed to be waiting for prices to decline, but tanners were willing to shade their prices for only light weights. Tanned sheep skins—primes and semi-primes—remained quite firm, but turnover was small. There was good call for lower selections in lighter weights of middle class sheep skins, and prices in the local market were put up by the sellers. As the arrivals were not good, shippers were not keen to make large sales. Raw goat skins were easy.

FOODGRAINS FIRM

(From Our Own Correspondent)

HAPUR, *24th February*

Firm trend continued in the prices of all foodgrains and pulses this week. The dwindling stock position and poor *rabi* crop prospects due to the absence of winter rains and heavy frost and cold spell in the end of January were the main influencing factors. The U.P. Government is very anxious to check this rising trend in prices and, besides urging the Centre to supply heavy quantity of wheat immediately, it has imposed control on the prices of wheat flour. The Centre has assured all help to the State.

The farm quality wheat rose by Rs. 2 to Rs. 66.75 to Rs. 68.75 per quintal. Demand was brisk and the stock was nominal. The average was placed between Rs. 62.75 and Rs. 65.75. Wheat crop prospects are not at all encouraging due to the recent adverse weather. A steadier trend was also witnessed in rice. Prices advanced by Re. 1.34 to Rs. 4 per quintal according to quality, as arrivals were poor and stocks, too, were meagre. Week-end prices were:—Rice *basmati* superior Rs. 96.45 to Rs. 99.13, *sela basmati* Rs. 93.77 to Rs. 96.45, *mainpuri* Rs. 68.32, *ramajwayan* Rs. 80.38, *raimunia* Rs. 83.06 and *gadda* Rs. 65.64 a quintal.

Gram also improved sharply up to Rs. 2.67 per quintal on good buying enquiry in the face of dwindling stocks. The Punjab quality was quoted at Rs. 58.94 and the local produce at Rs. 57.60 a quintal. Stocks left with the trade were nominal. *Barley* and *bejhar* also sought higher levels on reports of heavy losses to the crops. *Barley* was quoted at Rs. 42 to Rs. 42.50 and *bejhar* at Rs. 43 to Rs. 43.50 a quintal. Stocks were negligible.

Firm conditions continued in pluses on reports of heavy losses to the standing *peas* and *arhar* crops due to frost. *Peas* improved by Rs. 2 per quintal at Rs. 52 to Rs. 53 for the *dara* quality and Rs. 53 to Rs. 55 for the farm variety. *Arhar* ranged between Rs. 62.96 and Rs. 66.98 per quintal according to quality. *Urd* and *moong* prices registered gains due to the poor supply position and were quoted at Rs. 66.98 to Rs. 72.34 and Rs. 72.34 to Rs. 80.38 per quintal, respectively.

"GUR" STEADIER

(From Our Own Correspondent)

HAPUR, *24th February*

The sugar supply position continued tight this week. The production trend in the current season has slightly improved and production upto the 7th inst. amounted to 15.27 lakh tons, as against 13.23 lakh tons in the corresponding period last year. But, although the Government circles still hope that sugar production might touch 30 lakh tons industry sources expect that it would not be more than 25 to 26 lakh tons. Factories here in West U.P. have restricted their working, and some are likely to close the season by the end of current month. *Gur* and *khandsari* manufacturers were buying cane upto Rs. 6.20 a quintal, as against Rs. 5.36 per quintal paid by sugar factories. The prevailing open market prices of sugar here were between Rs. 158 and Rs. 162, as against the controlled prices of Rs. 125 a quintal.

Demand for *khandsari* was quite good during the early part of the week. Prices therefore ruled steady. But, after the mid-week, demand turned slack, as it was reported that U.P. Government was not likely to permit export of the commodity. Rumours were also current that the Government might impose controls to curb the rise in prices. Prices, therefore, declined upto Rs. 5.50 a quintal. Latest prices were:—*Khandsari desi* inferior Rs. 110 to Rs. 135, superior Rs. 145 to Rs. 150, *crystal* Rs. 145 to Rs. 150 and *boora* Rs. 155 to Rs. 160 a quintal.

Steadier conditions prevailed in the *gur* market on better buying enquiry from the consuming areas of Gujarat, Rajasthan and Bengal. Arrivals during the week were around 3,000 to 3,200 maunds daily and local stocks amounted to 19,000 quintals. Total arrivals during the season so far are estimated around 155,000 quintals, while the corresponding figure last year was 130,000 quintals. *Gur* prices hardened by Re. 1 per 40 kilogram to Rs. 28 to Rs. 28.25 for the superior variety Rs. 27.50 to Rs. 28 for the average quality and Rs. 27 to Rs. 27.25 a quintal for *balti*.

INDUSTRIAL DIAMONDS

The use of diamonds in industry is of relatively recent origin. Miners began to realise the industrial utility of diamonds only from the late 1920s and early 'thirties when, in order to minimise stoppages in long, repetitive machine runs, the harder, longer-lasting tungsten carbide tool was developed and diamond was found to be the ideal material for machining tungsten carbide. Demand for carbide tools rose in the Second World War and along with it rose the demand for industrial diamonds also. The subsequent development of new hard materials brought about an increase in abrasive machining with diamond impregnated wheels. Diamond proved a most efficient lathe tool for many non-ferrous metals and alloys too soft to grind, such as brass, copper and gold, and also for plastics and rubber compounds which, because of their highly abrasive nature, wear out carbide and steel tools. But for diamond the recently developed ultra-hard ceramics, plastics and rare metal alloys could not have been fabricated or formed economically.

Economic diamond fields were first discovered in India in the seventeenth century and in Brazil in the eighteenth, but by the middle of the nineteenth century their yield became negligible. African deposits, now accounting for 90 per cent of the world's production of natural diamonds, were first found in 1869. In 1953, the research engineers of A.S.E.A. in Sweden synthesised the diamond for the first time. It could have been synthesised earlier, for the theory of subjecting carbon to ultra high pressures and temperatures had been known for over 150 years. But here again technological limitations came in the way. Once the synthetic process was evolved, commercial exploitation did not take long. Today, synthetic industrial diamond grit is made even in South Africa and Eire by Ultra High Pressure Units Ltd., a subsidiary of De Beers, and in the U.S., Sweden, Japan and Russia. Synthetics have one advantage over natural diamonds in that new, highly capital-intensive projects dependent on an assured supply of industrial diamond grit can be easily undertaken, as there is no question of relying on output from countries easily susceptible to political uncertainties.

The diamond tool industry itself and the three diamond research laboratories of De Beers are making intensive research for evolving better ways of using diamonds in industry. Meanwhile, industrial consumption, which was some 5 million carats in 1939, is expected to rise this year to more than 30 million carats, or nearly six tons (a carat is 1/142nd of an ounce), valued at over £40 million. Weightwise, industrial consumption of diamonds is about three-quarters of world production.

BROKER—OR DIRECTOR

Stockbrokers in the United States are likely to be disqualified for holding the office of directors of companies the shares of which they deal in. The limitation will apply precisely to those of their fraternity who make a market in a particular stock which is traded over the counter, that is, on forward basis. To put it in the light of conditions prevailing on stock markets in this country, the *restriction* will be on those stockbrokers who act as jobbers in different cleared shares.

This action is being contemplated by members of the House Commerce Sub-committee which is considering legislation dealing with trading in securities. It is obvious that the Sub-committee feels that, being on the Board of the company the shares of which he specialises in, a broker will have inside information which is not available to the general public and will, therefore, be in a position to exploit the situation to that extent. The only way out is that he either remains a broker, or a director, of the same company.

In this country, too, there are many stockbrokers who enjoy the same position their counterparts in the United States hold. Indeed, of late, some of them have emerged also as promoters of companies. It may, perhaps, be argued that an economy which is still underdeveloped and requires many more *entrepreneurs* cannot afford to exclude easily anybody from their ranks. But still the fact remains that in stockbrokers' becoming *entrepreneurs* also, there is the possibility of their enjoying the best of the two worlds—market and industry—to the disadvantage of the general investing public. This is, however, possible even otherwise, as, witness the case of "house brokers," that is, those who are the chief brokers to directors and managing agency houses.

"INDUSTRIAL AND ENGINEERING ANNUAL—1963"

This Annual (Editor: Mr. N. K. Somani, Eves Weekly Private Ltd., Apollo Street, Bombay 1. Price: Rs. 5) contains a number of *interesting articles on a wide range of subjects*, including agriculture and plantations, mining, textiles, engineering, management, oil, chemicals, transport, marketing, advertising, insurance and banking. A special section is devoted to the review of economic developments in certain selected States, namely, Maharashtra, Gujarat, West Bengal, Mysore and Madras. The foreign section highlights the economic aid received by this country from Britain, Soviet Union and Poland. The articles published in the Annual have been contributed by leading economists, administrators, businessmen and experts.

TREND OF SHARES

BUDGET-EVE BOLDNESS

(From Our Own Correspondent)

BOMBAY, *26th February*

THE eve-of-the-budget trading in equities during the week under review was an exercise in boldness. The exercise was, however, made less striking and simpler by the presentation of the current fiscal year's *Economic Survey* by the Finance Minister to the Lok Sabha on Friday the 21st inst., which, with its emphasis on growth in spite of (or rather because of) failings during the year, really brought about a marked change in sentiment. The publication of the *Survey* coincided with another realistic and purposeful statement by the Planning Commission's Deputy Chairman, Mr. Asoka Mehta, at the Indian Merchants' Chamber's 56th annual general meeting in Bombay, stressing the need for a higher rate of economic growth than had been achieved so far and for devising measures to ensure that the gains of development accrued where they were intended. Set against this backdrop, the stock markets were led further to believe that the next budget, with whatever uncertainties that go with it, would possibly be not a bad one from the investor's point of view. They worked themselves up to face the budget boldly, with fairly sizable gains sprinkled all over the list on strong support from influential operators. Rumours today that the Bank Rate might be stepped up by one-to-one-and-a-half per cent were ignored by knowledgeable people on the ground that, in view of the active rate of interest for the private sector being some 3 per cent above the present Bank Rate of 4.5 per cent, the Government would resist any temptation of raising the rate, as it would be the first and only victim of any increase.

It may, however, be noted here that, if the optimism about the budget has been strengthened *by the Economic Survey*, the fears of a higher Bank Rate have also stemmed from the same report. It is clearly stated therein that the accent of monetary policy will necessarily have to be on realistic interest rates which reflect adequately the real cost of capital to the economy. This can well mean that the Bank Rate might be raised suitably. A higher Bank Rate will also be justified as a means to check inflationary pressures which may be aggravated by the heavier capital expenditure envisaged for the next fiscal year. Any sharp increase in the rate, as is feared now, will however, have, a depressing effect on stock markets.

Today's fears of a rise in the Bank Rate did not come true. Consequently, some of the leading counters on Dalal Street were marked up in after-the-close deals. T.E.L.Co., Century and National Rayon were quoted at Rs. 316, Rs. 706 and Rs. 443, as against their official closing levels of Rs. 312.50, Rs. 701 and Rs. 438.50, respectively. Steel shares were slightly higher; Tata Ordinary at Rs. 150.50 and Indian Iron at Rs. 25.00. Hindustan Motors improved by 24 nP to Rs. 20.20. This renewed strength in kerb, after slight easiness during the day's official trading, clearly underlines the market's robust optimism about the next budget.

* * * *

A firm tendency was in evidence on Dalal Street on Saturday itself, when the market was closed because of the settlement on the previous day. On Monday, values firmed up further. But the next two days saw a slight recession in values on scattered profit-taking.

Scripwise, Steels, selected Textiles and Miscellaneous issues made a good show. Tata Ordinary gained Rs. 3.75 to Rs. 150.25 and Indian Iron 50 nP to Rs. 25.85. Century finished eight points higher at Rs. 701. National Rayon six points higher at Rs. 438.50 and Standard 23 points higher at Rs. 805. T.E.L.Co. recorded an impressive rise of 16 points to Rs. 312.50 and Hindustan Motors of Re. 1.68 to Rs. 19.96. Voltas were marked up by Rs. 8.25 to Rs. 282. Digivijay Cement improved by Rs. 5.50 to Rs. 187 and A.C.C. by Rs. 4.50 to Rs. 152.50. Among Dyes and Chemicals, Indian Destuff jumped up from Rs. 332.50 to Rs. 352.50, and Colour Chem, in the cash section, gained Rs. 6.25 to Rs. 386.25.

* * * *

Leading forward shares on the Calcutta Stock Exchange, like Dunlop, Indian Cable, Kesoram and Orient Paper recorded gains exceeding one point. Among others, Birla Jute closed ~~full~~ one point higher at Rs. 35.81 and Texmaco showed an improvement of 85 nP to Rs. 28.50. Indian Aluminium, which had spurted last week by two points, added further 37 nP to Rs. 32.12.

In the cash section, Bharat Commerce, among Textiles, finished Re. 1.50 higher at Rs. 23.50 and Bowreah Re. 1.25 higher at Rs. 24.62. Equitable Coal moved up from Rs. 22.75 to Rs. 23.62. Among Jute shares, Alliance dropped from Rs. 135 to Rs. 130, but India showed a gain of 82 nP to Rs. 15.69. Engineering shares were generally higher, with Burn rising by 20 points to Rs. 326, Alkali Chemical appreciated by three points to Rs. 34.50. Miscellaneous issues recorded a fairly good improvement, with Goodyear, Indian Oxygen and Rallis India conspicuously firm at Rs. 30.75, Rs. 29.87 and Rs. 136, as against Rs. 28.50, Rs. 27 and Rs. 132.50, respectively, last week.

* * * *

Interest broadened on the Madras Stock Exchange during the week and some of the market leaders staged an impressive rise. Thus, among Textiles, Lakshmi improved from Rs. 131 to Rs. 137, Travancore Rayon from Rs. 36 to Rs. 36.75 and S. I. Viscose from Rs. 140 to Rs. 143.50. Likewise, in the Miscellaneous section, Mettur Chemical jumped up by 60 nP to Rs. 13.85 and Dalmia Cement by 50 nP to Rs. 13.50. Among Sugar shares, Cauvery were Re. 1.50 lower at Rs. 103.50, but others closed steady to firm.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 21st Feb., 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long Term Operations) Fund	73,00,00,000
National Agricultural Credit (Stabilisation) Fund	8,00,00,000
Deposits—	
(a) Government—	
(i) Central Government	56,50,06,000
(ii) State Governments	13,93,01,000
(b) Banks—	
(i) Scheduled Banks	80,26,60,000
(ii) State Co-operative Banks	2,07,32,000
(iii) Other Banks	1,28,000
(c) Others	163,18,46,000
Bills Payable	39,46,00,000
Other Liabilities	63,27,37,000
Rupees	684,73,10,000

ASSETS	Rs.
Notes	15,78,57,000
Rupee Coin	3,55,000
Small Coin	3,32,000
National Agricultural Credit (Long Term Operations) Fund—	
(a) Loans and Advances to—	
(i) State Governments	26,49,35,000
(ii) State Co-operative Banks	8,37,02,000
(iii) Central Land Mortgage Banks	....
(b) Investment in Central Land Mortgage Bank Debentures	3,59,36,000
National Agricultural Credit (Stabilisation) Fund	
Loans and Advances to State Co-operative Banks.	....
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	40,50,34,000
Balances Held Abroad*	18,34,63,000
Loans and Advances to Governments**	38,31,39,000
Loans and Advances to—	
(i) Scheduled Banks†	52,60,80,000
(ii) State Co-operative Banks‡	127,54,71,000
(iii) Others	1,30,38,000
Investments	213,55,66,000
Other Assets	29,22,52,000
Rupees	684,73,10,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

† Includes Rs. 23,24,00,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	15,78,57,000	
Notes in circulation	2434,31,24,000	
Total Notes issued		2450,09,81,000
Total Liabilities		2450,09,81,000

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	102,45,69,000	
Total		220,21,79,000
Rupee Coin		110,19,08,000
Government of India Rupee Securities		
Internal Bills of Exchange and other commercial paper		....
Total Assets		2450,09,81,000

State Bank of India

Statement of Affairs for the week ended 21st Feb., 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital :— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each..	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		9,30,00,000
Borrowings from Other Banking Companies, Agents, etc.		600,05,21,000
Bills Payable		6,73,40,000
Bills for Collection being Bills receivable as per contra		4,67,17,000
Acceptances, Endorsements and Other Obligations per contra		8,74,04,000
Other Liabilities (including Inter-Office Adjustments)		17,48,87,000
Total .. Rs.		3,28,24,000
		655,89,43,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		21,03,95,000
Balances with other Banks		2,77,25,000
Money at Call and Short Notice		4,60,00,000
INVESTMENTS :—		
Government and other Trustee Securities Rs. 235,24,15,000		
Other Authorised Investments .. 9,44,21,000		244,68,36,000
ADVANCES :—		
Loans, Cash Credits, Overdrafts, etc. Rs. 318,16,41,000		
Bills Discounted and Purchased.. 21,80,91,000		339,97,32,000
Bills Receivable being Bills for Collection as per contra		8,74,04,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		17,48,87,000
Premises less Depreciation		2,18,14,000
Furniture and Fixtures less Depreciation		1,66,22,000
Other Assets (including Inter-Office Adjustments).		12,75,28,000
Total .. Rs.		655,89,43,000

EXCHANGE RATES

	26th February 1964	19th February 1964
London on New York 8. per Dollar	2.7952-2.7955	2.7962-2.7964
London on Berne .. Sw. Fcs.	12.0950-12.0970	12.1000-12.1020
London on Paris .. Fcs.	13.6980-13.7000	13.7065-13.7085
New York on London Cents per £	279.620-279.650	279.610-279.650
Pound Sterling—		
Sellers T.T. D.D. Spot .. s.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months .. s.	1-5 15/16	1-5 15/16
Buyers T.T. .. .. s.	1-6 1/32	1-6 1/32
Buyers D.D. .. .. s.	1-6 1/16	1-6 1/16
U.S. Dollar—		
Sellers T.T. D.D.. Rs. to $100	478.75	478.75
Buyers T.T. .. Rs. to $100	475.50	475.50
Canadian Dollars—		
Sellers T.T. D.D. .. Rs. to $100	445.75	445.50
Buyers T.T.	437.75	437.75
French Francs—		
Sellers T.T. D.D... per Rs. 100	102.20	102.30
Buyers T.T	103.30	103.30
Swiss Francs—		
Sellers T.T. D.D... ..	90.20	90.30
Buyers T.T.	91.20	91.20
Deutsche Marks—		
Sellers T.T. D.D... ..	82 80	82.80
Buyers T.T.	83.80	83.80
Italian Lire—		
Sellers T.T. D.D... ..	12,960	12,965
Buyers T.T.	13,135	13,140
Swedish Kroner—		
Sellers T.T. D.D... ..	108 10	108.20
Buyers T.T.	109.20	109.30
Belgian Francs—		
Sellers T.T. D.D... ..	1,037	1,037
Buyers T.T.	1,053	1,053
Dutch Guilders—		
Sellers T.T. D.D... ..	75.20	75.20
Buyers T.T.	76.00	76.10
Hongkong Dollars—		
Sellers T.T. D.D... ..	119.60	119.60
Buyers T.T.	120.60	120.60
Norwegian Kroner—		
Sellers T.T. D.D... ..	149.50	149.50
Buyers T.T.	150.90	150.90
Danish Kroner—		
Sellers T.T. D.D... ..	144.30	144.50
Buyers T.T.	145.70	145.80

State Bank of Pakistan

Statement of Affairs for the week ended 7th Feb., 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	6,65,00,000
Rural Credit Fund	3,00,00,000
Deposits :—	
(a) Central Government	18,57,11,000
(b) Provincial Governments	50,20,000
(c) Banks	35,28,20,000
(d) Others	105,38,71,000
Bills Payable	1,23,55,000
Other Liabilities	17,07,12,000
Rupees	190,69,98,000

ASSETS	Rs.
Notes	5,76,24,000
Rupee Coin	23,000
Subsidiary Coin	43,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	2,43,16,000
Balances held outside Pakistan*	34,57,28,000
Loans and Advances to Governments	4,13,00,000
Provincial Governments' Debtor Balances	2,24,62,000
Other Loans and Advances	84,73,93,000
Investments	44,18,58,000
Other Assets	12,62,51,000
Rupees	190,69,98,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	5,76,24,000	
Notes in circulation	456,03,45,000	
Total Notes issued		461,79,69,000
Total Liabilities		461,79,69,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	25,00,44,000	
Silver Bullion		
Foreign Securities	81,31,24,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
B. Rupee Coin	4,52,81,000	149,33,32,000
Government of Pakistan Rupee Securities	302,03,50,000	
Internal bills of exchange and other commercial paper	....	
		306,56,31,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	....	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets		461,79,69,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 33.55 per cent.

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	14-2-64	7-2-64	14-2-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	59,70	60,51	46,79
(ii) From others	1,022,37	1,027,12	826,70
(b) Borrowings from banks	31,64	33,09	21,10
(c) Others	64,45	68,51	54,06
2. Time liabilities—			
(a Time deposits—			
(i) From banks	22,38	22,77	21,54
(ii) From others	1,244,13	1,238,54	1,220,16
(b) Borrowings from banks	12,85	14,15	20,05
(c) Others	11,47	10,68	9,65
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,266,50	2,266,66	2,046,86
4. Borrowings from Reserve Bank	63,44	47,17	37,55
(a) Against usance bills and/or promissory notes	24,72	20,43	25,52
(b) Others	38,72	26,74	12,04
5. Borrowings from State Bank and/or a notified Bank	19,47	19,83	17,10
6. Cash	57,22	57,14	51,46
7. Balances with Reserve Bank	77,61	84,40	76,36
8. Cash and balances with Reserve Bank	134,83	141,55	127,82
9. 8 as per cent of 3	5,66	6,25	5,24
10. Balance with other banks in current account	25,78	26,12	19,12
11. Money at call and short notice	37,78	42,16	38,81
12. Investments in Government securities	649,82	656,11	605,69
13. 12 as per cent of 3	28,67	28,96	29,59
14. Advances—			
(a) Loans cash credits and overdrafts	1,446,04	1,430,02	1,279,59
(b) Due from banks	11,50	11,77	12,81
15. Inland bills purchased and discounted	225,32	220,46	187,93
16. Foreign bills purchased and discounted	61,04	62,01	50,18
17. Total Bank Credit [14(a)+15+16]	1,732,40	1,712,49	1,517,70
18. 17 as per cent. of 3	76,44	75,58	74,15

INDEX NUMBERS OF SECURITY PRICES

[1952-53=100]

Group and Sub-Group	Week ended			
	15th Feb., 1964†	8th Feb., 1964	18th Jan., 1964	16th Feb., 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA‡				
1. Total	99.8	99.9	100.1	99.2
2. Government of India	99.5	99.7	99.8	98.9
3. State Governments	102.1	102.1	102.0	101 7
4. Municipal, Port Trust, etc.	98.9	98.9	98.9	98.0
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98.1	98.1	98.1	98.9
PREFERENCE SHARES—ALL INDIA				
6. Total	81.4	81.2	81.2	80.5
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	170.2	169.0	170.5	166.6
8. *Agriculture and Allied Activities : Total*	148.5	148.2	149.9	148.4
9. Tea Plantations	135.6	135.2	137.2	140.3
10. Coffee Plantations	171.4	172.7	174.8	130.0
11. Rubber Plantations	181.1	180.4	180.9	158.2
12. *Mining and Quarrying: Total*	141.2	139.3	141.5	162.7
13. Coal	102.8	102.8	105.4	115.8
14. Other Mining	167.6	164.3	166.3	178.1
15. *Processing and Manufacturing : Total*	184.9	183.3	185.2	178.4
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*†	187.2	185.4	187.8	184.9
17. Sugar	131.9	130.6	132.9	128.0
18. Cotton Textiles	168.3	168.1	169.6	166.6
19. Jute Textiles	94.1	93.8	94.0	96.3
20. Silk and Woollen	937.5	911.0	926.2	923.8
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total*	197.4	195.4	197.4	179.8
22. Iron and Steel	160.4	158.6	160.6	133.1
23. Transport Equipment	346.9	342.6	346.6	349.1
24. Electrical Machinery	158.6	156.2	158.4	154.4
25. Machinery other than Transport and Electrical	232.1	231.0	232.0	216.4
26. Basic Industrial Chemicals	184.4	182.7	185.2	169.6
27. *Processing and Mfg. (Others) : Total*	155.0	154.2	154.9	155.8
28. Cement	145.3	144.7	145.6	144.4
29. Paper	198.2	197.4	197.8	202.9
30. *Other Industries : Total*	108.5	108.0	108.2	105.9
31. Electricity Generation and Supply	88.2	87.8	87.7	83.9
32. Trading	112.3	113.3	113.3	113.8
33. Shipping and Other Transport	96.6	94.6	94.8	83.8
34. Construction	289.1	287.4	288.6	261.8
35. *Financial : Total*	188.7	188.4	187.2	183.2
36. Banks	208.4	210.7	209.8	216 3
37. Insurance	149.4	149.6	146.4	152.0
38. Investment Trusts	84.1	84.0	84.4	86.9
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	178.6	176.6	177.5	169.8
40. Calcutta	157.1	156.0	158.7	157 0
41. Madras	176.5	175.4	176.5	181.0
42. Delhi	229.2	227.1	230.5	220.4

*Including 'Miscellaneous.' †Including Edible and Vegetable Oils. P=Provisional.

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	25th Jan., 1964	18th Jan., 1964	26th Jan., 1963	November 1963	November 1962	Percentage of increase (+) or decrease (—) in Nov., 1963 as compared with Nov., 1962	Annual Averages 1963P	1962
Food Articles	504	138.6	137.8R	124.4	136.6	129.8	+ 5.4	132.7	124.9
Cereals	192	118.7	118.0R	103.1	118.5	109.4	+ 8.3	111.5	105.7
Pulses	43	123.1	123.0R	103.8	116.2	113.2	+ 2.7	108.7	103.7
Fruits and Vegetables	23	148.4	149.6R	128.8	137.2	131.4	+ 4.4	134.5	125.7
Milk and Ghee	84	128.7	126.8	121.2	124.1	122.3	+ 1.5	126.3	123.1
Edible Oils	47	151.4	149.3R	145.8	149.1	157.5	— 5.3	148.6	154.7
Fish, Eggs and Meat	17	166.6	168.0R	141.5	151.3	146.3	+ 3.4	145.0	145.9
Sugar and Gur	48	181.9	179.8	145.6	187.7	153.0	+22.7	180.7	137.6
Others	50	180.7	180.3*	181.0	177.9	178.2	— 0.2	179.0	168.4
Liquor and Tobacco	21	122.7	122.7	89.4	118.5	100.2	+18.3	115.4	99.5
Tobacco		120.1	120.1	95.8	115.6	96.6	+19.7	112.4	96.0
Fuel, Power, Light and Lubricants	10	139.4	139.4	125.1	139.9	123.0	+13.7	136.3	123.0
Industrial Raw Materials	195	141.3	141.0R	133.6	138.6	137.8	— 0.5	137.3	137.3
Fibres	61	135.3	134.6	127.6	131.9	129.5	+ 1.9	132.0	128.0
Oilseeds	60	153.5	153.7R	144.7	148.5	154.6	— 3.9	150.3	154.0
Minerals	2	91.6*	91.6*	93.4*	91.6	93.5	— 2.0	92.7	93.9
Others	32	133.4	132.7*	126.6	126.0	125.2	+ 0.6	125.5	126.5
Manufactures	190	131.9	131.8R	128.4	128.8	128.9	+ 0.7	130.3	128.1
Intermediate Products	41	140.5	140.3R	135.3	138.2	142.1	— 2.7	138.0	139.8
Finished Products	249	130.5	130.4	127.3	129.6	127.8	+ 0.4	129.0	126.2R
Textiles	147	128.9	128.7	126.2	127.5	126.5	+ 0.8	127.3	125.5R
Cotton		135.9*	135.9*	133.6*	135.7	130.0	+ 4.4	135.7	130.5
Jute		101.7	100.9	104.5	99.7	112.8	—11.6	101.3	113.7
Woollen		160.2*	160.2*	141.3*	160.2	141.3	+13.4	150.1	136.1
Silk and Rayon		143.0*	143.9	131.0	137.8	134.4	+ 2.5	137.6	129.2
Metal Products	12	163.0	163.0	161.0	163.7	161.0	+ 1.7	162.3	157.8
Chemicals	20	118.8*	118.7R	116.0*	117.6	117.2	+ 0.3	117.2	114.4R
Oil Cakes	9	165.0	164.3R	163.0*	164.4	171.1	— 3.9	164.0	158.8
Machinery and Transport Equipment	11	125.4	125.4R	117.4	124.2	117.4	+ 5.8	122.6	117.1R
Others	30	128.0	128.0	125.0	128.6	125.6	+ 2.4	127.7	124.2
All Commodities	1,000	136.8	136.3R	126.5	134.6	130.1	+ 3.5	132.4	127.2

NOTE :—Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index. P=Subject to revision. R=Revised. * Estimated.

YIELDS ON INDUSTRIAL SECURITIES—ALL INDIA

(Per cent. per annum, tax-free)

Average of months/month	1962-63	1961-62	Dec., 1963	Dec., 1962
Central Government Securities :				
(a) 3% conversion loan	3.15	2.91	3.19	3.33
1966 or later†	2.89	2.71	2.86	2.91
(b) Others‡				
Debentures	4.35	4.15	4.09	4.36
Preference Shares	5.87	5.64	5.90	5.92
Variable Dividend	4.85	4.67	4.77	5.00
Industrial Securities				
Agriculture and Allied Activities†	6.27	5.74	5.80	6.38
(a) Tea Plantations	6.45	5.94	6.05	6.59
(b) Coffee Plantations	5.44	4.74	3.64	4.95
(c) Rubber Plantations	7.54	6.56	6.57	7.92
Mining and Quarrying	4.93	5.15	4.23	4.85
(a) Coal	4.01	4.13	4.28	4.11
(b) Other Mining	5.69	5.85	4.20	5.37
Processing and Manufacturing	4.48	4.24	4.33	4.66
Foodstuffs, Textiles, etc.‡ ††	4.33	4.16	4.01	4.41
(a) Sugar	6.18	5.62	4.77	6.26
(b) Cotton Textiles	4.33	3.72	4.00	4.53
(c) Jute Textiles	3.87	5.14	4.67	3.53
(d) Silk and Woollen	3.50	2.92	3.05	3.85
Metals and Chemicals†	4.65	4.22	4.62	4.99
(a) Iron and Steel	5.31	4.69	5.14	5.79
(b) Transport Equipment	4.50	3.77	4.41	4.58
(c) Electrical Machinery	4.32	4.46	4.78	4.59
(d) Other Machinery	3.54	3.46	3.05	3.81
(e) Basic Ind. Chemicals	4.74	3.64	5.16	4.94
Others	4.59	4.52	4.74	4.78
(a) Cement	5.00	4.77	5.15	5.37
(b) Paper	3.87	4.54	4.27	3.62
Other Industries	5.30	5.28	5.62	5.39
(a) Electricity Generation and Supply	5.60	5.42	5.86	5.71
(b) Trading	6.62	6.74	6.85	6.63
(c) Shipping and Other Transport	4.20	4.40	5.00	4.18
(d) Construction	3.83	3.93	3.37	4.25
Financial	5.91	5.84	6.48	5.93
(a) Banks	5.66	5.42	6.24	5.76
(b) Insurance	6.58	7.07	7.39	6.52
(c) Investment Trusts	6.54	6.72	6.88	6.64

† Running yield. § Average of four loans : (i) 3½% 1962, (ii) 3½% 1967, (iii) 3% First Development Loan 1970-75 and (iv) 4% 1979. ‡ Including 'Miscellaneous.' †† Including Edible and Vegetable Oils.

IRON AND STEEL PRODUCTION (In metric tons)

Tata Iron and Steel Co., Ltd.	Pig Iron	Steel Ingots	Saleable Steel
Year ended 31st March, 1960	1,594,000	1,585,000	1,237,000
Do. 31st March, 1959	1,588,000	1,623,000	1,263,000
Do. 31st March, 1962	1,647,000	1,583,000	1,317,700
Do. 31st March, 1963	1,766,000	1,799,300	1,412,700
January 1963	151,700	159,100	126,500
June "	159,000	153,000	120,800
July "	159,700	158,700	127,100
August "	165,000	161,400	127,600
September "	160,000	144,100	119,400
October "	144,800	153,500	125,300
November "	146,300	159,300	126,600
December "	162,600	174,500	136,600
January 1964	164,400	171,300	133,100
Indian Iron and Steel Co., Ltd.			
Year ended 31st March, 1960	1,070,470	840,305	672,707
Do. 31st March, 1961	1,160,676	914,159	752,034
Do. 31st March, 1962	1,157,397	934,498	736,970
Do. 31st March, 1963	1,291,325	1,002,038	795,119
January 1963	120,068	86,248	68,972
June "	112,028	86,413	61,612
July "	113,540	83,553	74,124
August "	115,800	90,128	70,905
September "	102,548	81,947	63,191
October "	81,704	85,840	70,520
November "	76,096	81,595	64,682
December "	83,051	87,519	70,229
January 1964	109,243	87,771	63,185

INDIAN JUTE GOODS STATISTICS

(In thousand metric tons)

	December		Jan. to Dec.	
	1963	1962	1963	1962
Production—Total	107.3	104.2	1,236.2	1,186.8
Of which :				
Hessian	46.5	46.2	528.6	482.7
Sackings	43.7	45.9	507.1	551.8
Others	17.1	12.1	200.5	152.3
Despatches—Total	105.8	111.9	1,199.8	1,151.4
Of which :				
For exports	71.3	81.4	866.8	848.4
Hessian	43.2	47.0	469.6	433.5
Sacking	17.9	20.4	251.8	307.7
Others	10.2	8.0	145.4	107.2
For internal consumption	34.5	30.5	333.0	303.0
Hessian	2.2	4.4	47.0	44.2
Sacking	26.7	23.3	250.7	223.5
Others	3.6	2.8	35.3	35.3
Closing stocks—Total	112.8	82.8	112.8	82.8
Of which—				
Hessian	39.4	22.7	39.4	22.7
Sacking	47.1	46.5	47.1	46.5
Others	26.3	13.6	26.3	13.6

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	27th June, 1963	5	4.5
Belgium	July, 1935	3.50	4
Bolivia	June, 1963	6	6.9
Burma	1963	3.00	4.00
Canada	11th Aug., 1962	3.5	4
Ceylon	13th Aug., 1960	2.50	4
Chile	Jan., 1963	14.62	14.20
Denmark	13th Nov., 1963	6	5.5
Ecuador	1960	5	6
El Salvador	June, 1961	5.5	6
Finland	April, 1962	8	7
France	14th Nov., 1963	3.5	4
Greece	17th Jan., 1963	6	5.50
India	3rd Jan., 1963	4	4.50
Indonesia	1st April, 1946	4	3
Ireland	Aug., 1963	3.95	3.94
Italy	7th June, 1958	4	3.50
Japan	20th April, 1963	6.21	5.84
Malaya	28th July, 1961	6	4
Mexico	4th June, 1942	4	4.50
Netherlands	7th Jan., 1963	4	3.50
New Zealand	24th May, 1961	6	7
Norway	14th Feb., 1955	2.50	3.50
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1959	6.00	9.50
Philippines	9th Jan., 1962	3	4
Portugal	12th Jan., 1944	4	3
South Africa	27th Nov., 1962	4	3.50
Spain	1961	5.75	5
Sweden	31st Jan., 1964	4	4.5
Switzerland	29th Feb., 1959	2.50	2
Thailand	Nov., 1959	7	5
Turkey	May, 1960	9	7.5
United Kingdom	27th June, 1963	4.50	4
U.A.R.	May, 1962	3	5
U.S.S.R.	1st July, 1936	3	2
U.S.A.	10th July, 1963	3	3.50
West Germany	8th May, 1961	3.50	3

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

INDUSTRIAL PRODUCTION

Industries.		1960	1961	1962	January to Aug. (Eight months) 1963	January to Aug. (Eight months) 1962	Aug. 1963	Aug. 1962
Major Industries—								
Coal	million metric tons	52.82	56.10	61.55	44.90	39.78	5.45	4.98
Steel Ingots—crude	thousand metric tons	3,342	4,027	5,090	4,020	3,223	499	417
Yarn	million kgs.	788	802	860	581	574	75	74
Cloth	million metres	4,618	4,694	4,460	2,931	2,999	363	394
Cement	thousand metric tons	7,885	8,245	8,586	6,197	5,548	733	697
Jute	thousand metric tons	1,095	971	1,181	828	784	107	104
Paper and paper boards	thousand quintals	3,475	3,641	3,876	2,968	2,527	405	316
Matches*	million gross boxes	32.6	38.4	28.8	1,740*M	....	....	....
Sugar	thousand metric tons	2,591	2,841	2,786	1,471	2,122	10	5
Engineering and Electrical industries—								
Machine tools†	Value in lakhs of Rs.	602	761	1,074	1,029	682	136	86
Electric lamps	millions	41.39	46.12	58.55	47.80	37.32	6.19	5.20
Dry cells	millions	207.4	213.6	238.8	186.0	158.0	24.3	21.7
Power transformers	thousand K.V.A.	1,116	1,754	2,357	1,721	1,603	192	195
Electric Motors	thousand H.P.	680	897	980	778	643	90	81
Electric fans	Nos.	991,200	1,074,000	1,134,000	838,700	785,900	92,600	99,300
Radio receivers	Nos.	266,700	326,340	348,096	272,600	225,200	36,100	30,500
Storage batteries	Nos.	510,000	520,800	564,000	459,000	383,400	57,000	50,100
Diesel engines—Vehicular	Nos.	5,708	9,814	8,077	5,207	5,207	813	558
Diesel engines—Stationary	Nos.	44,196	44,196	42,672	37,372	27,214	4,806	3,510
Chemical Industries—								
Salt	million metric tons	3.44	3.47	3.90	4.01	3.51	0.16	0.13
Caustic soda	metric tons	99,144	119,844	122,420	96,180	82,003	13,451	12,564
Soda ash	metric tons	145,284	170,639	225,660	174,270	145,785	22,184	18,786
Chlorine liquid	metric tons	31,656	33,912	36,972	27,560	24,813	4,187	3,058
Bleaching powder	metric tons	5,928	7,128	6,816	4,770	4,523	688	653
Bichromates	metric tons	5,472	6,732	7,045	4,439	4,393	622	593
Sulphuric acid	metric tons	359,400	413,520	458,304	358,166	284,783	47,000	40,091
Superphosphate	metric tons	322,464	370,886	445,224	365,115	264,785	48,300	36,132
Non-ferrous Metals—								
Aluminium	metric tons	18,467	18,381	35,404	34,570	18,644	4,123	3,632
Antimony	metric tons	809	418	661	585	395	75	18
Copper (virgin metal)	metric tons	8,992	8,725	9,781	6,213	6,431	705	850
Lead (virgin metal)	metric tons	3,778	3,664	2,849	2,404	1

DELHI LETTER

THIRD BAD YEAR IN FOOD

EMPHASIS ON CONTROLLING TRADERS

From Our Special Correspondent

NEW DELHI, *25th February*

ONLY two months ago, spokesmen of the Food and Agriculture Ministry were trying to paint rosy prospects on the food front this season. The mid-term appraisal by the Planning Commission hoped that, with the prospects envisaged for the current crop, the lag which has been observed for two years might be overcome and a higher level of agricultural output reached. But it is now officially admitted that the food situation will be bad for the third year in succession. The summer and winter setbacks to the food crops were something over which the Government had no control. Mr. Swaran Singh naturally is angry with the foodgrain dealers who have let down the administration through the current food year—first in the eastern zone and more recently in the northern zone where the political repercussions are more close to the seat of central power. Talk of famine in Rajasthan on the scale experienced two decades ago in Bengal is certainly exaggerated because, even allowing for administrative failures the State and the Centre have machinery competent enough to avert any large-scale famine. State legislators have speculated on such fears.

The facts on production of foodgrains are: The final year of the second Plan (1960-61) coincided with the record production of foodgrains, namely, 81 million tonnes, and the first year of the third Plan was not disastrous in that the foodgrain production remained at 81 million tonnes. In 1962-63, the production fell to 78.7 million tonnes as the accompanying table shows. It would be a miracle, according to present reading, if the current season's foodgrain crop were to go back to the record of 81 million tonnes. The climatic factors afflicting food production this season have been the drought in Rajasthan, floods in parts of Uttar Pradesh, cyclone and heavy rain

INDIAN FOOD PRODUCTION

(In million metric tons)

Unit	1960-61*	1961-62*	1962-63†	Percentage change in 1962-63 over 1961-62
Rice	34.2	34.8	32.0	—8
Wheat	11.0	12.0	11.1	—7.5
Other cereals	23.1	22.6	23.9	+6.2
Pulses	12.7	11.6	11.7	+0.2
Foodgrains	81.0	81.0	78.7	—2.8
Sugarcane (gur)	10.6	10.1	9.4	—7.6
Oilseeds	6.6	7.0	6.9	—1.2
Index number of agricultural output (1949-50=100) ..	139.7	141.4	136.8	—3.3

Source: *Economic Survey* 1963-64. The figures relate to the year ending June.

* Partially revised estimates. † Final estimates.

in the South, the long cold spell in North India, and the delay in winter rains. Expectations are that the rice crop will be around the 1960-61 level of a little more than 34 million tonnes and the wheat crop may be around 11 million tonnes, lower than the record of 12 million tonnes in 1961-62. Since March 1961, the population has increased by about 40 million to about 480 million. Even if the food production goes back to what was available in the latter half of 1961 the lag in comparison to population increase will be seven per cent.

According to the Food Minister's statistical calculations, there is no valid ground for the spurt in prices, as the Government has pumped into the market 3.8 million tonnes of wheat from stocks. Since the marketable surplus of home production of wheat is said to be only a third of the total output, the fall in supplies to the market from farmers, according to *Krishi Bhavan*, should be only 50,000 tonnes.

The Food and Agriculture Ministry wants to use the big stick to discipline the foodgrain dealers and the conference of State and Central Ministers last week-end was aimed at evolving short-term measures to bring the dealers in line with what is in the interest of the community. As for long-term measures to increase agricultural production, the *new decisions have to wait for* another day. The Economic Advisory Group of the Planning Commission thinks that, in the long-term, the nationalisation of foodgrains trade alone offers a solution to the problem of rising food prices. Tied to this is the problem of assuring remunerative procurement prices to accelerate production on the farms.

The present attempt is procedural—to deal with the shortages in rice, wheat and sugar. The original claims of attaining a level of 3.3 million tonnes production in sugar, dearly adhered to until a few weeks ago by the Food Ministry, have been abandoned and the Government has come round to the industry's projection of 2.6 million tonnes. The Ministry of International Trade is worried whether the country will be able to fulfil the export commitments already made in sugar. The Centre will pursue a strategy of using imported wheat on a larger scale in selected areas. Delhi is worried that the State Governments are not making sufficient use of powers already available for enforcing discipline on foodgrain dealers. The brief for the State Ministers after last week-end's conference is to do homework on details of tightening licensing of dealers and control of profit margins. Along with the imposition of price control, the State Governments may soon have to begin limiting individual purchases. The spectre of a ration card system is still frightening to the administrators. In the meantime, the States have been asked to formulate schemes to take the food administrative measures nearer to the general perspectives defined in the Bhubaneswar resolutions of the Congress.

Advances in Shipping

The shipping sector is one of the few in which there has been a minor miracle during the third Plan period that has gone by. The Transport Minister, Mr. Raj Bahadur, proudly mentio the fact that, during the third Plan, the rate of progress in acquiring tonnage for the Indian merchant fleet has been three times as fast as during the decade of the first two Plans. Mr. Raj Bahadur hopes that the revised target of 1.5 million g.r.t. for 1966 will now be exceeded. The gross acquisition of tonnage was 546,000 g.r.t. between 1951 and 1961. In the period of the third Plan, 542,800 g.r.t. have been added. Against the original target of 1.1 million g.r.t., Indian shipping already has crossed the 1.3-million g.r.t. mark. Two tankers are expected to be delivered from Japan soon. Six bulk carriers were added in the past year and two more carriers from Japan and one from Germany will be arriving. Recent talks with Yugoslavia are likely to lead to Yugoslavia building more ships for Indian lines. Recent successes in acquiring ships on a shoe-string basis, with loans to cover only down payments, have raised hopes for rapid expansion. Under one plan being studied by the Ministry, a self-financing programme with small initial payments would enable the country to add more than a million g.r.t. of bulk carriers by the end of the fourth Plan.

The negotiations with the Japanese on building the second major Indian shipyard in Cochin have run into new difficulties, including interest charges. Talks are to be resumed in Japan early in April.

A subsidiary problem in the development of shipping is the growing shortage of dry docking facilities within the country. Plans for new dry docks in Bombay, Calcutta and Visakhapatnam have been hanging fire for some years. Three of Calcutta's dry docks are seventy-five years old and are such as to preclude any modernisation to accommodate modern vessels. The Calcutta Port Commissioners have suggested a huge dry dock at the new port of Haldia and another at Kidderpore. Priority is also being urged for dry docks at Visakhapatnam and Cochin. Proposals under study include dry docks in Bombay, Madras and Goa during the fourth Plan.

COMMERCE AND INDUSTRY

(Concluded from page 336)

has gone up from 1,830 metric tonnes (anatase grade only) in 1957 to 6,500 tonnes in the first half of 1963. Production, too, has registered an increase, the total quantity actually produced in the calendar 1963 being 4,000 tonnes, as against 1,700 tonnes in 1957. After producing only anatase grade till 1961, the Company started producing rutile grade in 1962. Its present daily capacity of 18 tonnes is, however, being utilised, according to Mr. K. R. P. Aiyangar, Chairman of the Tariff Commission, to produce only anatase grade and the Company plans to divert a part of its capacity to rutile grade after its new sulphuric acid plant is commissioned in April 1964.

Although the titanium dioxide industry has enjoyed, as already stated, tariff protection for over ten years, the plea for extending the period of protection seems to be justified not only for consolidating the progress achieved so far but also for further expansion and development. There is, as Mr. Aiyangar pointed out, scope for considerable expansion "to attain better economic results and cater to the specific demands of the several consuming industries which are also growing." The industries include paint, rubber, linoleum, leather and leather polish, plastics, soap, printing *ink, paper, rayon, ceramics,* electrodes, textiles, vitreous enamels, cosmetics and other industries. The total estimated requirements of titanium dioxide in 1963 are put at about 8,500 tonnes, whereas actual production was only 4,000 tonnes which was less than the capacity of 6,500 tonnes (in the first half of 1963). In view of the continuously rising trend of consumption, the Government of India has given to the Kerala Company a licence for installing an additional capacity of 18,000 tonnes.

In the present stage of the development of this industry, it is, as Mr. Aiyangar rightly stressed, incumbent on the producer as a protected industry to make careful, planned and sustained efforts to raise efficiency and reduce costs through improvement of production processes and utilisation of by-products, where possible. The industry has also great potential to build up an export market. Mr. Aiyangar did well, therefore, in urging the industry to make full use of its natural advantages and the growing internal demand and take effective steps "for the attainment of sufficient strength to stand on par with its counterparts abroad."

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 26th February 1964:

	Closing quotations 20-2-1964	High	Low	Closing quotations 26-2-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	140.00	140.00	138.50	140.00
Apollo (2)	2.00	2.02	1.98	2.00
Baroda Rayon (100)	96.00	98.00	95.50	96.00
Bombay Dyeing (25)	63.70	64.70	63.60	64.10
Bradbury (50)	151.00	—	—	151.00
Central India (100)	97.00	101.00	97.00	100.00
Century Mills (100)	693.00	709.00	690.00	701.00
Dawn (50)	152.00	155.50	154.00	155.50
Elphinstone (50)	99.00	101.00	98.50	101.00
Finlay (100)	320.00	330.00	320.00	324.00
Gokak (100)	182.50	190.50	185.00	186.50
Gold Mohur (100)	212.50	—	—	212.50
Gwalior Rayon (10)	45.50	46.00	45.50	46.00
Ind. Untd. Defd. (1)	2.54	2.60	2.52	2.56
Ind. Untd. Ord. (10)	21.88	22.00	21.88	21.88
Indian Rayon (100)	81.50	83.00	81.00	81.50
Indore Malwa (100)	205.00	207.00	205.00	205.00
Khatau (100)	203.75	208.75	202.50	207.50
Kohinoor (100)	336.50	344.00	336.50	340.50
Mafatlal (100)	610.00	625.50	610.00	617.50
Modella Woollens (10)	13.68	14.24	13.76	14.00
Morarji (100)	385.00	400.00	384.00	395.00
Mysore (50)	43.50	44.00	43.50	44.00
National Rayon (100)	432.50	448.50	432.00	438.50
New Great (100)	178.00	—	—	178.00
Phoenix (100)	232.50	235.00	232.00	234.00
Podar Mills (10)	13.24	13.36	13.12	13.36
Raymond Woollen (100)	136.00	137.50	136.50	137.50
Sassoon Spg. (10)	40.00	—	—	40.00
Shreenivas (100)	272.00	279.00	270.00	277.00
Simplex (50)	124.00	131.00	126.00	130.00
Standard Unit (100)	782.00	818.00	776.00	805.00
Svadeshi (100)	250.50	255.50	250.00	253.00
Swan (100)	267.50	—	—	267.50
S. I. Viscose (100)	141.00	143.50	141.00	142.00
Tata Mills (25)	57.00	58.50	57.00	58.00
Lakshmi-Vishnu (100)	101.50	—	—	101.50
Western India (250)	847.50	—	—	847.50
BANKS				
Bank of India (50)	105.00	105.25	104.50	104.75
Do. (New) (50)	107.00	108.00	107.00	108.00
Bank of Baroda (50)	91.50	92.00	91.00	92.00
Central (25)	45.50	45.50	44.50	44.75
Central 'A' (25)	45.75	46.00	45.00	45.00
Dena Bank (50)	57.00	57.00	56.00	56.50
Punjab National (10)	19.24	—	—	19.24
Union Bank (5)	6.30	6.28	6.16	6.24
United Com. (50)	72.00	72.00	71.00	71.50
Maharashtra (50)	54.50	—	—	54.50
ELECTRIC COS.				
Ahmedabad (100)	96.70	98.00	96.00	98.00
Amalgamated (10)	9.68	—	—	9.64
Andhra Valley (1,000)	1,040.00	1,045.00	1,040.00	1,042.50
Bom. Sub. El. (100)	104.50	105.00	104.00	105.00
Surat (100)	100.50	101.00	100.50	101.00
Tata Hydro (100)	111.25	111.50	111.00	111.50
Tata Power (1,000)	1,097.00	1,115.00	1,097.50	1,111.25
INSURANCE COS.				
British India (10)	12.64	—	—	12.64
Indian Mercantile (50)	56.20	—	—	56.20
New India (15)	48.00	48.00	46.75	47.00
New India 'A' (15)	49.00	49.00	48.50	48.50
Vulcan (10)	16.00	—	—	16.00
STEEL COS.				
Ind. Iron (10)	25.35	26.05	25.35	25.85
Mukand Iron (10)	17.52	18.28	17.43	18.00
Tata Steel Ord. (75)	146.50	152.00	146.00	150.25
SUGAR COS.				
Belapur (50)	239.00cd	240.50cd	230.00xd	232.50xd
Bhopal (10)	12.88	12.88	12.76	12.76
Changdeo (12.50)	29.00	—	—	29.00
Maharashtra (50)	140.00	143.50	139.00	140.00
Phaltan (50)	115.00	116.00	113.50	114.00
Walchand Ind. (100)	155.00	160.00	153.50	159.25
CEMENT COS.				
Associated Cts. (100)	148.00	153.00	147.00	152.50
Digvijay (100)	181.50	189.00	182.00	187.00
Orissa (10)	14.44	14.80	14.48	14.56
DYES & CHEM.				
Amar-Dye-Chem (100)	161.25	170.00	158.75	165.00
Camphor & Allied (100)	99.00	103.00	99.00	102.00
Citric (100)	82.50	83.50	82.00	82.00
Chemicoat (100)	145.00	150.00	145.00	145.00
Colour-Chem (100)	380.00	392.50	377.50	386.25
Indian Dyestuff (100)	332.50	362.50	332.50	352.50
Polychem (50)	128.75	137.50	129.50	135.00
Synthetics (100)	106.00	110.00	102.00	104.00
Tata Chemicals (10)	19.24	19.72	19.20	19.56
MISCELLANEOUS				
Alcock Ashdown (100)	308.00	315.00	304.00	311.00
Bom. Burmah (25)§	61.20	62.50	60.90	62.30
Do. (New) (20)‡	46.75	47.75	46.75	47.75
Br. B. Petrol (1 sh.)	2.72	2.86	2.66	2.74
Br. I. Corpn. (5)	8.24	9.00	8.24	8.88
Cooper Eng. (100)	108.50	—	—	108.50
Hindustan Lever (10)	39.50	42.00	40.25	40.25
Hindustan Motors (10)	18.28	20.12	19.20	19.96
I. C. & Invest. Corporation (100)	97.00	—	—	97.00
Indian-Copper (2 sh.)	3.72	3.88	3.68	3.72
Killick (100)	86.00	86.00	84.00	84.00
Larsen & Toubro (10)	23.20	24.20	22.16	23.88
Mahindra & Mahindra (10)	16.60	17.24	16.60	17.12
Asian Cables (100)	83.20	85.00	83.20	84.00
Permanent Magnets (100)	147.50	147.50	142.50	147.50
Phillips Carbon (10)	14.96	15.64	14.96	15.48
Pre. Automobiles (100)	102.25	106.50	102.00	104.75
Premier Con. (30)	180.00	186.50	179.50	182.00
Scindia (20)	16.20	16.48	16.00	16.24
G. S. Shipping (10)	18.12scr	18.28scr	14.48xr	14.56xr
N. Standard Eng. (100)	142.00	147.00	142.00	147.00
T. Maneklal (100)	610.00	615.00	600.00	605.00
Shivrajpur (10)	21.48	21.48	20.24	20.78
Sirpur Paper (10)	13.00	13.56	12.50	13.36
Tata Locomotive (100)	296.50	314.50	296.25	312.50
Tata Oil (25)	67.00	70.70	66.50	70.20
Voltas (100)	273.75	283.50	273.00	282.00
W. I. Match (100)	270.00	274.00	260.00	273.00
W. Coast Paper (100)	157.00	160.50	156.50	160.50
Zenith Steel (10)	18.76	18.84	18.24	18.32

GOVERNMENT SECURITIES	20-2-1964 Rs.	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	26-2-1964 Rs.
2½% 1976	83.50	—	4.39	83.50
3% 1964	99.50	—	3.50	99.50
3% 1966-68	97.85	3.83	3.50	97.85
3% 1970-75 1st Dev.	90.30	4.89	4.09	90.30
3% 1986 Con. Loan	63.40	—	4.72*	63.40
3½% 1964 N. P. Loan	99.85	—	3.66	99.85
3½% 1965 N. P. Bonds	99.65	—	3.70	99.70
3½% 1967 N. P. Bonds	99.35	—	3.73	99.30
3½% 1974	96.75	—	4.12	96.75
3½% 1967 N. P. Bonds	99.60	—	3.90	99.50
3½% 1969 Loan	97.00	—	4.15	97.10
3½% 1968	98.10	—	3.93	98.10
3½% 1968 N. P. Bonds	99.45	—	3.88	99.45
4% 1972 Loan	99.20	—	4.12	99.20
4% 1973 Loan	99.15	—	4.10	99.15
4% 1979 Loan	98.25	—	4.15	99.25
3½% 1966 Bonds	99.65	—	3.64	99.70
4% 1980 Loan	98.30	—	4.14	98.30
4% 1981 Loan	98.40	—	4.13	98.40
4½% 1985 Loan	100.10	—	4.49	100.10
6½% 1977 G. Bonds	118.25	—	4.61	118.25
4½% 1972 N. D. Bonds	100.40	—	4.19	100.40

* Current Income. xd—Ex-dividend. x.r.—Ex-Right.
c.r.—Cum-Right. cd—Cum-dividend.
§ B. Burmah—Shares of Rs. 125 have been sub-divided into 5 shares of Rs. 25 each. ‡ Sub-divided into 5 shares of Rs. 20 each after taking into account the Bonus element of Rs. 25.

COMMERCE

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

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TAX PROPOSALS DISHEARTENING

IN presenting the Government of India's Budget for 1964-65, Mr. T. T. Krishnamachari, Finance Minister, has spoken more or less like a leader of the Swatantra Party but acted like a member of the Ginger Group of the Congress Party. His realisation of the need for accelerating the rate of economic growth is only in words and most of his actions on the fiscal and administrative fronts are contradictory to his pronounced objectives of restoration of confidence in the capital market and encouragement to entrepreneurs. It seems that, as a result of his Budget, the growth of doctrinaire socialism will be faster than the growth of the economy as a whole. Inspired by the Bhubaneshwar brand of democratic socialism, he has descended heavily on the rich. The incidence of all the existing redistributive taxes in his armoury (Estate Duty, Gifts Tax, Capital Gains Tax and Wealth Tax) has been sharply enhanced and the much condemned Expenditure Tax has been reintroduced. The levels at which these taxes operate have also been lowered, thereby bringing even persons of modest means within the net of anti-rich taxes. The reliefs given in income-tax and super-tax payable by individuals are illusory, since what is given with one hand is taken away with the other. The net gain to the corporate sector as a result of the complicated and complex changes in the taxes applicable to it is not appreciable and cannot in any case be enjoyed by investors except by paying a penalty to the Exchequer. In effect, therefore, the new taxation proposals have failed to enthuse the stock exchanges.

Mr. Krishnamachari has no doubt worked hard to give meaning and content to the Bhubaneshwar resolution on socialism through his Budget Those of his party-men who say that he has favoured the private sector and retarded the progress of socialism are certainly doing an injustice to him. Indeed, thanks to the bold measures introduced by Mr. Morarji Desai not only last year but also in the previous four years, the revenues are so buoyant and the third Plan target for taxation has been exceeded so perceptibly that there is no case whatever for any additional taxation. On the contrary, there is a strong case for reducing the tax burden, especially as some of the third Plan industrial projects for the public sector and the Defence projects for which funds were raised have not materialised, as will be seen from our summary of the Budget on pages 382 and 383. It is true that expenditure in certain other directions has been higher than expected. Even so, the revised estimates of both revenue and capital expenditure in the current year are well below the budgeted figures. Consequently, instead of the expected revenue deficit of Rs. 16.26 crores, there is a revenue surplus of no less than Rs. 88.34 crores. Similarly, the overall gap has narrowed down from Rs. 181 crores to Rs. 135 crores. There is no reason to assume that this buoyancy will not continue in the coming year. An addition of Rs. 40.27 crores to the tax revenue through new taxes which the Finance Minister has now announced is unnecessary from the financial point of view. It is not suggested that this sum could have been found through deficit financing. The gap could have been narrowed by economising expenditure and by putting off some of the projects that can wait for the fourth Plan. By avoiding most of the new direct taxes, the Finance Minister could have provided a real stimulus to the economy. That would have been a small price, indeed, considering the benefits that would accrue to the economy as a whole. But this is too much to expect from the Finance Minister of a Government which regards a person with Rs. 10 lakhs as a multimillionaire and one with Rs. one lakh as a millionaire and subjects them to a variety of penal taxes.

The philosophy behind the so-called multipurpose fiscal policy of the Government, as enunciated by Mr. Krishnamachari, clearly ignores a universal human character, namely, to work hard, earn more and save more not only for oneself but also for one's heirs. The effect of excessive rate of Estate Duty on savings exceeding Rs. 10 lakhs and the application of high rates of Wealth Tax, combined with prohibitive rates of Gifts Tax, will be to throw cold water on the enthusiasm of entrepreneurs who can and are willing to take big risks and establish big industries. These taxes will either drive out talent from the country or engender a sense of exasperation, neither of which is good for a country that is short of entrepreneurial skill and has a long way to go for attaining the status of a developed economy. Such fiscal measures may give a sense of satisfaction to those who believe in a social philosophy which has no bearing on the realities of the situation or who believe that that is the only way of keeping communism out of the country. But, apart from the fact that they constitute a flagrant attack on the fundamental right to hold property, there is an inherent danger in them, namely, that, by slowing down the rate of economic growth, they may actually enhance the prospects of communism coming to power, for, after all said and done, none can get away from the fact that only through a rapid economic development of the country can the standard of living of the common man be bettered and not through a redistribution of the riches of a few hundred or a few thousand people.

All that was necessary for T.T.K. to do, in the light of his own approach to the Budget as reflected in Part A of his long speech and in the *Economic Survey* published last week, was to abolish the Compulsory Deposit Scheme for all, as well as the Super Profits Tax, and to rationalise the excise duties from the point of view of bringing down the price level which has gone up by over 8 per cent in one year. That, however, would have been a dull exercise for the dynamic mind of T.T.K., whose ambition is to do something grand. He had himself raised hopes of various nature among various types of people. If he had presented a pedestrian budget of the type mentioned above, he would have, while pleasing the investors and entrepreneurs, sorely disappointed the socialists in his camp. The latter he cannot afford to do, as it may cost him his ministership. But at the same time he has had to do something that would keep the private sector going. This explains the contradictions in his budget and the meagre concessions given by him in a roundabout way.

In the sphere of personal taxation, no tangible relief has been given in income-tax and super-tax, except for those with incomes upto Rs. 5,000. For those with incomes over Rs. 15,000, the position has actually been made worse by introducing the Annuity Deposits Scheme discussed at some length on page 351. It would have been much better had he continued the C.D.S. for them, if the Finance Minister had felt he could not afford to give it up for all. By lowering the exemption limit for Wealth Tax from Rs. 2 lakhs to Rs. one lakh, he has brought a large section of middle class within the mischief of this annual capital levy. The exemption of a house or a flat upto a value of Rs. one lakh, provided it is used by the assessee as his residence, is a welcome gesture, but not many will be in a position to avail themselves of this concession. By offering this concession, the Finance Minister has doubtless provided an inducement to people to invest a part of their savings in housing, instead of putting all of them in stocks and shares. Even this advantage, however, is not without a snag, in that the incidence of Capital Gains Tax on real estate has been pushed up sharply and kept at levels higher than those applicable to stocks and shares. Here is an instance to show that what appears to be a gain in the short-term may be neutralised in the long-term. There are many such instances in the latest tax proposals.

A reference has already been made to Estate Duty, Gifts Tax and Expenditure Tax. The increase in the cumulative incidence of all these redistributive taxes, coupled with the revival of Expenditure Tax, will further encourage tax evasion, tax avoidance and corruption at various levels of the economy. The Government is, of course, taking further measures to deal with these evils. This, however, is a case of remedy being worse than the disease, for the administrative machinery itself will get corrupted further. There is already too much corruption in the country and an aggravation of the evil will seriously undermine the basis of democracy. The wide powers sought to be taken by the Finance Minister for search and seizure and for the removal of secrecy provisions in the Income-tax Act themselves provide evidence of this danger. He is only making a vicious circle more vicious and providing a paradise for scandal-mongers and blackmailers.

In the sphere of corporate taxation, the Finance Minister has yielded some ground in favour of investors. The abolition of S.P.T. and the introduction of Surtax have meant a net gain for the vast majority of companies. The extent of gain may vary from company to company, but there is a gain all the same. Nevertheless, there is room for some refinement; if this is carried out, the Surtax will be less intolerable than S.P.T., though, in principle, it, too, is an objectionable tax, as it penalises efficiency and honesty in corporate management. The withdrawal of Super-tax on inter-corporate investment is another welcome concession and so are the series of measures designed to improve the position for foreign private investment, unfortunately nullified to some extent by the revival of Expenditure Tax, a fiscal measure not in vogue in any part of the developed economies in the free world

Contents

	Page
LEADING ARTICLES—	
Tax Proposals Disheartening	349
Finance Minister's Economic Perspective	350
MARKET GOSSIP	351
THIS WEEK'S SURVEY	354-355
TREND OF SHARES	395
SPECIAL FEATURES—	
Delhi Letter	351
Taxation of Non-residents	352
Surtax on Companies	353
London Letter	356
The Elusive Equilibrium	357
Manchester Letter	362
Reverses on Asian Farm Front	364
Experience of Post-war Commodity Agreements	370-372
Science of Manpower Management in a Developing Economy	374-375
Tunnel Under English Channel ...	375
Two Thousand-crore Budget of Central Government	382-383
CHAIRMAN'S SPEECH—	
The Industrial Credit and Investment Corporation of India Limited	384
MONEY AND BANKING	358-359
COTTON	360
ENGINEERING	366
NEW PRODUCTS AND PROCESSES	367
INSURANCE	376
COMMERCE AND INDUSTRY	377
COMPANY MATTERS	378-379
TREND OF MARKETS	386-387
STOCK AND SHARE QUOTATIONS	388-391
WEEK'S STOCK EXCHANGE TREND	395

from which such capital and technical know-how have to be attracted. The special 20 per cent rebate on Super-tax, as well as on Surtax, for companies engaged in the generation and distribution of electricity and in certain specified basic, as well as essential, industries (cement, steel, aluminium, tea and rubber, etc.) is a thoughtful innovation, which is in consonance with the Finance Minister's observations in Part A of his speech. This encouragement to basic industries was long overdue. The reduction in the amount of tax to be deducted at source from 30 to 20 per cent is also a good relief to companies and shareholders alike.

But as against these favourable changes, there are two highly unfavourable ones. One is the tax at 7½ per cent on all equity dividends and the other is the extension of Capital Gains Tax to bonus shares in the hands of shareholders, even though such shares may not be sold and the profit on them realised. Both the taxes are most inequitable and add to the burden of multiple taxation so widely prevalent in the country. Their imposition in particular is sharply in conflict with the Finance Minister's repeated assurance that he would work for the revival of confidence in the capital market. One can understand his desire to discourage payment of excessively large dividends by subjecting that part of the dividend which is excessive to a penal tax of the kind proposed by him. But it is patently unfair to tax all equity dividends, whether they are small, or big, reasonable or unreasonable. Surely, a company must be allowed to distribute at least a minimum of 10 per cent on the paid-up capital and reserves without attracting the dividend tax.

The inclusion of bonus shares on a notional basis for purposes of Capital Gains Tax constitutes a heavy blow to investors, especially as the incidence of Capital Gains Tax itself has been raised. It must be noted here that, when a company issues bonus shares, it pays a tax of 12½ per cent, even though the issue is out of taxed profit. There are many features in this tax that are detrimental to investors. The effect of this expropriatory taxation on investors, especially big investors, will be so terrible that there will hardly be any issue of bonus shares in future. And, if bonus shares cannot be issued, there will be an imbalance between the paid-up capital and block account and there will be no point in ploughing back profits. If higher dividends are paid, instead of issuing bonus shares, the companies will have to pay out large amounts by way of dividend tax year after year. They will also not be able to conserve the profits to the extent they should. Further, high dividends will provoke labour to demand bigger bonuses. Issue of bonus shares also helps broadening of shareownership, for quite a number of the recipients of such shares invariably sell a part or whole of them and use the sale proceeds for diversifying their investments. The supply of equities in the market thus increases and provides opportunities for new investors to enter the scene at a reasonable price. This healthy influence of bonus issues will tend to wane hereafter. In short, there can be no better method of discouraging investments in equities than these two taxes. Surely, T.T.K. is not a person who can be unaware of all these points. Why then has he imposed them? The explanations given by him are not convincing. Is his real aim to provide some indirect support to the newly formed Unit Trust? Whatever be the reason, he should withdraw the unfair method he has adopted for taxing the bonus shares for purposes of capital gains and amend the tax on dividends on the lines mentioned above.

FINANCE MINISTER'S ECONOMIC PERSPECTIVE

WHILE introducing the Central Government's Budget for 1964-65, the Finance Minister, Mr. T. T. Krishnamachari, said that he would confine himself in the first part of his speech to those aspects of the *economic situation and perspective* which were relevant to his proposals. His interpretative analysis of the *economic situation* on this occasion was all too brief for two reasons. The first reason was that the *Economic Survey* had been presented to Parliament a week in advance of the introduction of the Budget. And the second reason was that the Finance Minister had made a fairly comprehensive statement in December last on the economic situation. What little he had to say in this connection now was organically related to the *economic perspective* which he sought to develop at greater length in his speech—a perspective that is significant more from the long-term point of view than from the short-term one. But the short-term is also a part of the long-term, and so the Finance Minister's short-term perspective on at least three inter-related problems, namely, those pertaining to prices, money supply and agricultural growth, also points to the long-term direction of his economic policy with its central goal of "growth with *a reasonable degree of* stability," as distinct from the more conservative goal of "growth with stability."

The idea that a certain amount of price rise is an inevitable accompaniment of accelerated development has led T.T.K. to size up the *economic situation* in the way he has done. In his view, "the increase in wholesale prices of the order of 8 per cent over the first three years of the current Plan period cannot be considered *large* (italics ours) by any standards, and particularly against the background of the sizable step-up in outlays under defence and development." But, in the same breath, he has added that "the fact that the general index of wholesale prices rose by as much as 7.2 per cent between the end of March 1963 and the end of January 1964 is certainly a cause for great concern." T.T.K. almost seems to think that an average annual price rise of about three per cent, which was also the annual rate of increase in the 11-year period from 1953-54 to 1963-64, is not "large" and that a higher rate of increase, say, six or seven per cent in a year is just "unhealthy," but not alarming. It is just possible that the Finance Minister might consider an average annual price rise of, say, five per cent as quite safe and "reasonable" in the circumstances of increasing defence and development spending. But all this annual average increase in price levels over a period of five to ten years has some meaning only if there are prospects of any substantial fall in prices in a year or two. As was shown in our last issue, there are no encouraging indications in this respect. This country is long past the stage of "creeping inflation" and the consequences are going to be pretty serious for every one.

With his nebulous stand on the question of creeping inflation, it is no wonder that T.T.K. has laid greater emphasis on the explanation that the rising trend in prices is *essentially* due to the inadequate rate of agricultural growth in recent years, than on the volume of deficit-financing and the accelerated monetary expansion in the same period. Of course, it is true that agricultural shortfalls have rendered the chronically scarce supplies of food and some raw materials scarcer still and pushed up their prices. But these price increases have not come about in isolation. They have resulted as much from deficit-financing and monetary expansion as from greater scarcity. As far as scarcity and rising prices are concerned, the situation in the next two years may or may not be remedied by the short-term expedients of intensified agricultural effort in selected districts and of regulation of distribution and prices. But it can certainly be remedied, albeit partially, by greater monetary discipline and a sound fiscal policy. Here, unfortunately, T.T.K. has preferred to take a rather half-hearted stand, for he has merely stated that "the preservation of a *reasonable* (italics ours) degree of stability in the months to come will call for a reduction in the volume of deficit financing in the coming year" and that "the overall rate of monetary expansion in the economy will also call for a careful watch." So far as fiscal policy is concerned, he has only made things worse by being parsimonious in providing incentives and by introducing new complications in the pattern of taxation.

To allow prices to rise by stages, whether for good reasons or bad, and then seek to restrain "effective demand" (that is, demand backed by purchasing power) by dealing drastically with incomes does not seem to be as effective an anti-inflationary approach as it is made out to be. From the long-term point of view, the kind of "lessons" that T.T.K. has drawn from the experience of recent years would seem to indicate that, by and large, it is real incomes, and not prices, that are going to be kept under *greater* restraint. The following passage in the Finance Minister's speech is relevant in this context:

"Treating the problem of growth as an isolated factor and promoting growth by stepping up investment from the sources available within and without the country, without a corresponding policy for the incomes generated in the process, would only stimulate inflation. Similarly, a price policy which disregards the dynamics of growth, or the impact on investment decisions, cannot but be self-defeating in the same way as a price policy which is not co-ordinated with a corresponding policy in regard to wages. It is now generally agreed, for example, that trying to keep agricultural prices too low for producers may defeat the objective of raising agricultural production. But if this is the case, one cannot, at the same time, try to keep agricultural prices low for all consumers, or adopt a wage policy in which most wage-earners are compensated for the increase in agricultural prices. Nor can one succeed in raising resources for defence or development by taxation if each such effort leads to price increases which are passed on all along the line. These are, I think, a few lessons which have emerged from our experience in the recent past, which deserve to be borne in mind in framing budgetary and other policies for the period ahead."

In the above passage, there is no indication that *excessive* credit creation (represented by the aggregate indebtedness of the public and private sectors to the banking system) year after year would decline in importance as a means of stepping up investment. This is not surprising, for T.T.K. has subsequently stated that the country cannot afford to postpone making new investments in development or to slow down the completion of schemes which have already been taken up. So "created money" in its broadest sense will continue to be one of the internal sources of financing fresh investment. As a consequence, the built-in inflationary potential of such forced development will continue to be there as a necessary evil. But some redeeming features of the investment policy spelt out by T.T.K. should not be overlooked. The Finance Minister has laid down clearly, in this connection, that (i) sufficient attention should be given to the fullest exploitation of the facilities already created by investments under the Plan, (ii) the choice of specific projects and programmes in the fields of irrigation, fertiliser production, power, transport and basic or heavy industry should be governed hereafter by the criterion of "greatest benefit in relation to cost," (iii) there is need for speedier execution of projects for earning better returns from the investments that are being made and (iv) the private sector should have adequate resources to expand in the fields assigned to it. All these four elements of T.T.K.'s approach to investment and development are indeed commendable from the point of view of securing higher outputs in relation to inputs and of thereby restraining prices to some extent.

The first one should involve, for instance, optimum utilisation of the irrigation potential already created and fuller capacity production in the new industries established in both the public and private sectors. While optimum irrigation utilisation would call for the construction of more field channels in the commanded areas of major and medium projects, fuller capacity production in industries would require an adequate supply of both imported an indigenous raw materials, spares and components. As for the second element, T.T.K. has admitted that the present arrangements for the choice of specific projects and programmes after a detailed examination of the technical and economic aspects of practical alternatives leave much to be desired, adding that it is his intention to strengthen this aspect of the work of his Ministry during the months to come. Although T.T.K. has not given specific examples, it is possible to think of a whole range of practical projects and programmes promising the greatest benefit in relation to the cost they entail. Extensive renovation of silted-up irrigation tanks, construction of big or small, *katcha or masonry, wells, cultivation* of green manure as a catch crop, adoption of anti-erosion and soil conservation measures and rural afforestation, greater emphasis on road transport development, fertiliser production in the private sector with foreign collaboration, expansion of petroleum refineries and establishment of petro-chemical industries in the private sector, further thermal power generation in areas not far away from coalfields, and so on, are some of the practical alternatives that come to one's mind in this connection.

Regarding the third element in the proposed investment policy, T.T.K. has expressed the forthright view that enterprises in the public sector should make profits large enough to yield a good dividend to the Exchequer, besides enabling them to build up reserves for future expansion. In his considered view, the public sector can thus expand without adding unduly to the tax burden. As for the private sector's requirements, the Finance Minister has recognised the need (a need not fully met in the present Budget) for generating more savings in the hands of corporate bodies through appropriate fiscal and pricing policies and also for canalising into priority industries the possible savings from restraints on low-priority industries and speculative transactions in commodities and urban housing and house-sites. What is more, he has emphatically declared that foreign private investment in the shape of equity capital should be more actively welcomed, for such investment not only brings with it technical know-how and managerial skills but has also the special advantage of not adding to the heavy and growing burden of debt repayment.

Even in regard to the political demand for curbing "concentration of economic power and growth of monopolies," T.T.K.'s approach is refreshingly realistic. He has put the whole thing in a new light by distinguishing clearly *ownership* from *control* and control from *management*. The popular belief that the ownership of industries in the private sector is concentrated in a few hands is only partially true, for (a) the L.I.C. is now a significant shareholder of many of the larger industrial and banking units in the country, (b) investment by individuals, many of them of modest means, has been increasing and (c) co-operative ownership and the Unit Trust programme are being promoted to disperse the ownership of industry. In spite of this diffused ownership, control is no doubt concentrated in a relatively few hands. But, then, these few hands themselves have been under the close control of the powers-that-be and even more so since the latest changes in the Banking Companies Act and the Companies Act designed precisely to dilute such concentration. But the day-to-day running of an industrial enterprise is not a matter of control but of management—a professional and technical job in which the Government cannot and should not interfere. This, in short, is what T.T.K. has said about ownership, control and management in the private sector, and there is nothing very disquieting about it at all. The proposed Monopolies Commission need not, therefore, cause any undue apprehension in business circles. Its enquiry relating to ownership and management may all be to the good, for it will authoritatively highlight the relevant data relating to the undoubted diffusion of ownership and the emergence of a large number of entrepreneurs—big, medium and small. But if it also brings to light data on unfair devices and practices detrimental to sound economic growth and public interest, it simply cannot be helped, and the parties indulging in such practices might have to accept reforms and restraints with grace in the interest of political amity

DELHI LETTER

BUDGET OF A TECHNOCRAT

FINANCE MINISTRY IN ASCENDANCY

From Our Special Correspondent

NEW DELHI, *3rd March*

WHEN the Finance Minister, Mr. T. T. Krishnamachari, presented the Union budget to the Lok Sabha on Saturday in his high-pitched voice which sometimes rose to a squeak, the trio of "Kamarajed" stalwarts—Mr. Morarji Desai, Mr. Jagjivan Ram and Mr. S. K. Patil—sat huddled together on a bench in the second row. For the time-consuming routine of the Central budget speech, one would have imagined that Mr. Krishnamachari would make efforts to clear his throat, but, just before he went to Parliament, Mr. Krishnamachari was photographed putting some eye drops to clear his vision! There certainly was an attempt on Mr. Krishnamachari's part to explain what he visualised for the economy; Mr. Krishnamachari did an exercise in economic and administrative theorising in the first part of his speech. If Mr. Morarji Desai felt upset, he did not exhibit any visible reaction to the way in which his successor in the Finance Ministry was picking up and throwing away several Morarjian pebbles which had cluttered up the economic path. Part A of Mr. Krishnamachari's speech appeared to be aimed at presenting a direction of advance for the Government, but Part B was disappointing in comparison. There was no doubt that the juggling Mr. Krishnamachari was able to indulge in, for balancing revenue and growth demands, was possible because of the revenues which had been dug up by his predecessor. Mr. Desai had used the pick-axe with considerable force and it was left to Mr. Krishnamachari to try level the ground for growth.

Last year, Mr. Desai was governed by the solitary motive of as much as possible for defence and it did not matter to him who got hurt in the process of the Government acquisition of funds in a big way. Between the objective of everything for defence he prescribed and the taxation measures he implemented, Mr. Desai was able to present a direct connection. But in Mr. Krishnamachari's budget, the connection between Part A and Part B was not obvious on a first look. Building the superstructures on the foundation and the massive frame laid by Mr. Morarji Desai, Mr. Krishnamachari no doubt could apply himself to the task of embellishment. Mr. Krishnamachari himself confessed that the task of revamping the fiscal structure was beyond any Finance Minister's capacity in a single financial year. Some housecleaning has been done in rearranging the tax furnishings. The revival of the expenditure tax is probably a return to the application of a personal fad. The replacement of the Compulsory Deposit Scheme by an Annuity Deposit is not very much of a refinement. The raising of the floor for compulsory savings to earnings over Rs. 15,000 a year could have been done within the framework of the C.D.S. itself.

Police Powers

The able executive and administrator that he is Mr. Krishnamachari exhibited his mastery of the short-term approach. The buoyancy in revenues created by the Morarjian measures enabled Mr. Krishnamachari to create a record of allotting more than Rs. 2,000 crores under the main heads of income and expenditure in the revenue and capital budgets. The annual allocation for the Plan also approaches the level of Rs. 2,000 crores. It needed some courage to declare that part of the deficit would be made up by better tax collection than ever before. It seems that Mr. Krishnamachari has borrowed a leaf from the police book in his pursuit of tax evaders. Teams of officials under the Board of Revenue are likely to make spot checks all round the country to make visual estimates of incomes of people in industry and business and the professions. They will make a report on persons who ought to pay taxes but who are not yet on the Income-tax lists. Like the traffic policeman with a quota of challans, these officials will be given targets. The abolition of the secrecy clause may help the process of increased tax collection.

Mr. Krishnamachari's views on the problem of income disparities are that he can wait for another day to tackle it. The announcement of the Commission to investigate monopolies was a straightforward submission to the behest of the Finance Minister's patron, Congress President Kamaraj. The Finance Minister is not concerned with the Mahalanobis Committee investigations on concentration of wealth. In the budget speech itself, Mr. Krishnamachari has belittled the concept of concentration of ownership, and, as for concentration of management, the Minister's trend of thinking is to encourage managerial enterprise. The Mahalanobis Committee report is not expected to contain any recommendations in its first part which is ready. Anyway, Mr. Krishnamachari is known to be contemptuous of the whole inquiry by the Mahalanobis Committee.

Mr. Krishnamachari has made it clear that his thesis is one of operating through fiscal controls. Political demands for other forms of control fail to impress Mr. Krishnamachari who said: "Fiscal measures can be used much more effectively than controls which lead to abuses. . . . Reliance on price controls is only appropriate where it is possible to exercise check on distribution and consumption as well, in other words, where there can be some form of rationing."

Mr. Krishnamachari's grant of concessions to firms in fourteen basic industries is an attempt to shift the direction of investment to some extent by promising more returns. In other words, he prefers fiscal inducement for industrialisation on desired lines, rather than purely the dictates of licensing and prescriptions by planners.

Planning Commission

An important development which may take place in the coming months will be a change in the role of the Planning Commission and the recovery of the Finance Ministry under Mr. Krishnamachari as the major administrative force for economic development. The Planning Commission is considered by some to have attained its performance peak in the preparation of the Third Five-year Plan. As Deputy Chairman, the late Mr. V. T. Krishnamachari, because of his background, was interested in handling administrative details. The illness of Mr. Nehru and his withdrawal from the day-to-day affairs is one reason for the ascendance of the Finance Ministry. With Mr. Nehru unable to give as much attention to planning as before, the Planning Commission chairmanship is likely to become mere decorative. In fact, already some of the initiative has gone to the Cabinet Secretary. When Mr. V. T. Krishnamachari was Deputy Chairman, Mr. Nanda, as Planning Minister, was something more than a mere link between Yojana Bhavan and Parliament. For some time, Mr. Nanda combined the functions of Planning Minister and the Commission's Deputy Chairmanship. Mr. Bhagat, as Minister for Planning, has the role of co-ordinator and public relations man for the planners. Mr. Bhagat is also Mr. Krishnamachari's aide in the Finance Ministry. The present Deputy Chairman of the Planning Commission is not much interested in the traditional form of administrative business; Mr. Asoka Mehta, perhaps, wants the Planning Commission to become more of a brains trust. This situation has provided Mr. Krishnamachari the opportunity to give his Ministry a commanding height from which to operate. His predecessor, Mr. Morarji Desai, had been indifferent to many aspects of planning, but Mr. Krishnamachari is in the thick of it.

Mr. Krishnamachari has the reputation of being given to intense personal prejudices in his relations with people in all walks of life, the civil service included. But a handful of top civil servants look up to Mr. Krishnamachari as the king among administrators. To quote a senior diplomat, most Ministers preside over their departments; Mr. Krishnamachari runs his with a will of his own. In his more leisurely days as Coordination Minister, Mr. Krishnamachari has had time to evolve a special sort of relationship with various senior officials. The departure of the renouncers under the Kamaraj Plan gave more opportunities to Mr. Krishnamachari, whose fingers now probe the inner reaches of almost every Ministry.

As the battle for succession is being silently fought in the inner group of politicians, a select set of civil servicemen *plus* T.T.K. are likely to have a field day. The top officials who regard Mr. Krishnamachari highly are also in key positions. Among them are Mr. Ranganathan, Mr. Bhoothalingam, Mr. L. K. Jha and Mr. S. S. Khera. The Cabinet Secretary has also emerged as a theoretician for the public sector.

MARKET GOSSIP

ANNUITY DEPOSITS

THE Annuity Deposits Scheme (A.D.S. for short) that takes the place of the existing Compulsory Deposits Scheme in the Finance Bill 1964, is basically similar in principle, scope and mode of assessment to C.D.S. The Annuity Deposits Scheme, like the C.D.S., is not a tax but a compulsory loan to Government repayable with interest. Another point of similarity is that, like the C.D.S., the Annuity Deposits Scheme is applicable only to persons falling within a specified salary range. But the income level at which the Annuity Deposits Scheme becomes applicable is very much above that of the C.D.S. Thus, while the C.D.S., as it is in force at present, is applicable to all income-tax payers, only persons with annual income of over Rs. 15,000 come under the purview of the Annuity Deposits Scheme. There is also some difference in regard to the mode of repayment. While deposits under the C.D.S. are repayable after five years with interest, deposits under the Annuity Scheme will be repayable in ten annual equated instalments of principal and interest (currently fixed at 4 per cent per annum but can be changed by the Government later, if it wants to) commencing from the year succeeding the year of payment. The annuity deposits will be chargeable to tax as the income of the depositor for the year in which it is due to be paid, though the amount of annuity deposits, which an assessee is liable to make for an assessment year, will be allowed as a deduction in computing his assessable income for that assessment year. In the case of C.D.S., however, the repayments are not added to the income and the tax collected on the total, though it was not allowed to be deducted from the assessable income in respect of the year for which it was made. In effect, the interest on C.D.S., which is 4 per cent per annum compound, same as that now fixed for the Annuity Deposit, is tax-free whereas that on the latter is not.

Against the background of these main points of similarity and differences between the two schemes, the salient features of the Annuity Deposits Scheme may now be examined. Persons liable to pay annuity deposits are individuals who are citizens of India, Hindu undivided families, unregistered firms, associations of persons (other than co-operative societies) and "judicial" persons, excluding corporations established by a Central or State Act. The amount of the annuity deposits will be calculated on the "adjusted total income" of the assessees at the following rate:

Income per annum Rs.	*Percentage of adjusted income*
15,000 ...	*Nil*
15,001—20,000 ...	5
20,001—40,000 ...	7½
40,001—70,000 ...	10
70,000 and above	12½

An assessee whose total income includes any gratuity may, at his option, deposit an additional amount of 50 per cent of such gratuity. Musicians, authors, artists, playwrights may also, at their option, deposit an additional amount of 15 per cent of their income.

The adjusted income of an assessee will be arrived at by deducting from the total income any past arrears of salary, balance in a provident fund account transferred to the credit of an employee participating in a recognised provident fund and any share of income from an unregistered firm or association of persons where such firm or association is liable to make an annuity deposit. For the assessment year 1964-65, for which the Scheme is applicable, any salary income earned during the financial year 1963-64 will also be excluded from the total income for determining the amount of annuity deposits required to be made in respect of that year. This is because salary income earned during the financial year 1963-64 is assessable for the year 1964-65 under the provisions of the Finance Act, 1963 and as such will be subject to C.D.S.

In calculating the advance tax payable under the Income-tax Act, the advance annuity deposit which an assessee is liable to make will be deducted from his income subject to payment of advance tax. Likewise, in calculating the amount of tax required to be deducted at source from salary income, the amount of annuity deposits calculated in respect of that income at the rates prescribed in the Finance Act will be deducted, whether the deposit has actually been made or not. In respect of the income assessable for the assessment year 1964-65, annuity deposits are required to be made at the time when the tax is payable, but not later than 31st March 1965 in any case.

Any arrears of annuity deposits are recoverable like arrears of taxes. If a person fails to make the annuity deposit in due time, he will be liable to pay a stiff penalty which may be as much as 50 per cent of the amount he was liable to deposit.

In spite of the compulsion involved in it, the Annuity Deposits Scheme has not attracted the critical attention that C.D.S. did. This is obviously because the relief felt at the withdrawal of the C.D.S. was so great that some of the none-too-happy features of the Annuity Deposits Scheme has escaped public attention. The fact that the latter is applicable only to those with annual incomes of over Rs. 15,000 (whom the Finance Minister perhaps considers as "affluent") is also one of the reasons why the Scheme has escaped popular attention. A closer look at the Scheme, however, shows that it is not as harmless and readily acceptable as is imagined. In fact, it is likely to impinge more harshly on those who are liable to pay annuity deposits than the compulsory deposits. For the rate of annuity deposits, ranging from 5 to 12½ per cent of adjusted income, is

(*Continued on page* 396)

TAXATION OF NON-RESIDENTS

PROVISIONS OF LATEST FINANCE BILL ANALYSED

By Homi Merwanji Damania, M.Com., F.C.A.

THE success of our third Five-year Plan depends upon the size of the foreign private investment which supplements Indian capital in developing industrial production. Due to our limited capital resources, we have to depend predominantly on foreign capital or foreign aid for the industrialisation of our agrarian economy. The Government of India has been and is extremely anxious to attract and encourage foreign capital and technical know-how. According to the recent finding of the National Council of Applied Economic Research, the total burden of taxation on foreign investors is highest in India and acted as a disincentive to foreign investment. It recommended to the Finance Ministry certain tax reliefs for foreign investors and technicians, so that foreign capital might be ensured a reasonable return which will result in the revival of interest of foreign investors in India.

It is against this background that the Finance Bill, 1964 has given several concessions and exemptions to foreign investors. However, with the reintroduction of expenditure tax, the concessions to foreigners working in India can be regarded only as a token relief.

The Finance Bill, 1964 offers tax reliefs to non-residents by way of proposed amendments to Sections 9, 10(4) and 10(6) of the Income Tax Act, 1961.

(1) *Proposed Amendment to the Explanation to Section* 9(1) *of the Income Tax Act,* 1961

Upto the assessment year 1963-64, no income was deemed to accrue or arise in India to a non-resident through or from operations which were confined to the purchase of goods in India for the purpose of export, provided the following two conditions were satisfied:

(*a*) That the non-resident had no office or agency in India for this purpose; and

(*b*) that the goods were not subjected to any kind of manufacturing process before being exported from India.

It is now proposed by the Finance Bill that a non-resident importer need not satisfy the above two conditions to qualify for the exemption and that the non-resident can now establish an office or an agency in India for buying goods in India for the purpose of export and can even subject such goods to manufacturing process before they are exported from India. This is an important concession given by the Finance Bill which would encourage the promotion of exports from India. Thus, a non-resident henceforth will not be liable to tax on any income derived by him in India from purchasing goods which are exported by him outside India.

(2) *Section* 10(4) *of the Income Tax Act,* 1961

Sub-clause (4) of Section 10 grants exemption from tax to non-residents on interest or on premium on the redemption of any bonds issued by any industrial undertaking or a financial corporation in India under a loan agreement with the International Bank for Reconstruction and Development or the Development Loan Fund of the U.S.A. which is guaranteed by the Central Government. Similarly, exemption from tax is also granted in respect of interest/income or from premium on the redemption of any bonds issued by the Central Government under a loan agreement between the Central Government either with the International Bank for Reconstruction and Development or with the Development Loan Fund of the U.S.A. By this amendment it is now further proposed to make a provision exempting a non-resident from tax on income from securities approved by the Central Government by issuing a notification in this behalf in the official *Gazette*. This would encourage a flow of foreign investments in approved securities notified by the Central Government.

(3) *Section* 10(6) *of the Income Tax Act,* 1961

By the proposed amendment to sub-clause (vii) (*a*) and by inserting sub-clause (ix) after sub-clause (viii) of Section 10(6), the scope of two existing concessions in respect of tax holiday enjoyed by certain categories of foreign technicians is extended. At present, under Section 10(6) (vii) of the Income Tax Act, 1961, certain categories of foreign technicians whose contracts of service were approved by the Central Government before the commencement of their service enjoy exemption from tax on their salary income for a period of three years. In the absence of prior approval, the tax exemption in case of foreign technicians was limited to one year. It is now proposed that the tax exemption will be available to all foreign technicians for three years, provided sanction of the Central Government is obtained either before the commencement of their service or within one year of their arrival in India. This would benefit foreign technicians, since it would be possible now to claim this exemption even when such technicians are brought at short notice without obtaining prior approval of the Central Government to their contract of service.

The period of exemption commences from the date of the arrival in India of the foreign technician for the purpose of the technical assignment for which exemption is claimed. Thus, if he had visited India previously on, say, a private tour, that would not be considered as an "arrival in India." This viewpoint is now clarified by the proposed amendment discussed above and it is submitted that any contrary view will not be correct.

By the introduction of sub-clause (ix) after sub-clause (viii) of Section 10(6) of the Act, it is also proposed to extend the exemption from tax to foreign teachers and professors coming to India on approved programmes for a period of three years from their date of arrival in India for rendering service as professors or teachers in any university or educational institution in India. In case they continue to remain in employment in India after the expiry of three years and the tax on their salaries is paid by the university or other educational institution concerned, the foreign teachers and professors can continue to receive tax-free salaries for a further period of two years. The foreign teacher and professor in either case will have to satisfy the following conditions:

(i) that he was not resident in any of the four financial years immediately preceding the financial year in which he arrived in India; and

(ii) his contract of service is approved by the Central Government—

(*a*) on or before the 1st October 1964 in case his service has commenced before the 1st April 1964;

(*b*) before the commencement of his service or within one year of such commencement in any other case.

This concession would encourage the flow of foreign teachers and professors to Indian universities and other educational institutions which would improve the standard of education in our country.

Other Exemptions and Concessions

I. *Exemption of inter-corporate dividends from super-tax:* It is proposed to provide that companies (whether Indian or foreign) shall not be liable to pay super-tax on any income by way of dividends received by them from an Indian company or a company which has made the prescribed arrangements for the declaration or payment of dividends within India. This is an important concession granted by the Finance Ministry which would benefit foreign companies having share-holding in Indian companies and it is expected that this concession will encourage in future foreign investments in Indian companies. It is felt that this concession was long overdue, since taxation of dividends in the hands of companies in reality amounted to double taxation.

Under the First Schedule—Part I—Paragraph D of the Finance Bill, 1964 the rate of income-tax prescribed is 15 per cent (and not 25 per cent) on dividends received by a foreign company from an Indian company in which the public are not substantially interested and which is wholly or mainly engaged in the business of generation and distribution of electricity or of manufacture or production of any one or more of the articles specified in the list in Part IV of the Schedule. On the other hand, dividends from all other companies received by a foreign company would be taxed at a flat rate of income-tax of 25 per cent instead of a variable figure of tax ranging from 25 to 50 per cent. It is felt that a rebate of income-tax of 10 per cent is proposed to be given on dividends received by a foreign company from Indian private limited companies engaged either in generation or distribution of electricity or in production or manufacture of goods, since it is the policy of the Government to encourage foreign equity participation in the public sector on a minority basis.

II. *Rebate of tax to resident individuals of foreign nationality on amount spent for education of children in a foreign country:* It is proposed to provide a rebate of income-tax and super-tax to resident individuals who are not citizens of India on the amount spent by them out of their assessable income for the full-time education of dependent children below 21 years of age in a university or any other educational institution outside India. The maximum amount qualifying for the rebate would be Rs. 2,000 per annum for each such child upto two children (viz., Rs. 4,000) or 25 per cent of the total income, whichever is less. It may be noted that this exemption would not be available to a non-citizen resident individual, if such child has an independent income, because it would not then be regarded as a dependent child.

It is felt that this concession will give fillip to foreigners, since many of them desire to keep their school-going children in their own country. In the U.K., there is a similar exemption fixed at £150 per child for children's education.

III. *Reduction in the rate of tax on Technical Service Fees:* If these are paid in India, they would be liable to Indian tax where services are rendered by foreign technicians in India. Upto now the rate of tax was 63 per cent, whereas tax on royalty payments to foreign collaborators, on or after 1st April 1961, was 50 per cent. It is now proposed that fees for engineering services would now be taxed at the rate of 50 per cent (the same rate at which royalties were being taxed) instead of 63 per cent. The existing anomaly has been set right by the Finance Bill, 1964, since upto now the concession of 50 per cent was available only in respect of royalties and not in respect of other types of service fees.

IV. *Exemption from Annuity Deposits:* The Annuity Deposits Scheme is as compulsory as the Compulsory Deposits Scheme was in respect of individuals who are citizens of India. However, all individuals who are not citizens of India are exempted from making annuity deposits under the Finance Bill, 1964.

Branch Companies

Upto now a foreign company operating in India through a branch was taxed at the rate of 63 per cent. However, under the Finance Bill, 1964 the Government has proposed to increase the rate of tax from 63 per cent to 65 per cent on branch companies which had head offices abroad to which all profits were remitted. This would now further discourage foreign companies from operating in India through its branches.

Rate of Tax

1. *Tax payable by a Non-resident Individual:* A non-resident individual will now be required to pay on his Indian income excluding interest payable on income-tax-free Central or State Government securities the income-tax and surcharge of 29.37 per cent plus the super-tax at 19 per cent or the actual super-tax payable on the total income, as if he were a resident, whichever is greater. The tax burden would now be 48.37 per cent against 49 per cent for the assessment year 1963-64.

2. *Tax payable by Non-resident Companies:* A non-resident company is one which is not an Indian company and which has not made the prescribed arrangements for the declaration and payment of dividends within India. Under the Finance Bill, 1964, a non-resident company would, subject to what is stated below, have to pay tax on its total Indian income at a flat rate of 65 per cent (i.e. income-tax at 25 per cent and super-tax at 40 per cent) against 63 per cent prescribed by the Finance Act, 1963.

Moreover, a non-resident company under the Finance Bill, 1964 will have to pay tax on the following types of income at the prescribed rates as under:

Particulars of income	*Rate of income-tax* %	*Rate of super-tax* %	*Total taxes* %
(*a*) On dividends received from a private limited company (Section 104 companies) which is wholly or mainly engaged in the business of generation and distribution of electricity or of manufacture or production of any one or more of the articles specified in the lists in Part IV of this Schedule..	15	*Nil*	15
(*b*) On dividends received from any other Indian company or any company which has made the prescribed arrangements for the declaration and payment of dividends within India	25	*Nil*	25
(*c*) On royalties payable by an Indian concern pursuant to an agreement entered with it on or after 1st April 1961 and which has been approved by the Central Government ..	25	25	50
(*d*) On technical services fees received from an Indian company pursuant to an agreement made by it with the Indian concern *after 29th February* 1964 and which has been approved by the Central Government	25	25	50
(*e*) On interest received from income-tax-free securities issued by a State Government or the Central Government	*Nil*	40	40

While concluding, I am tempted to make the following suggestions for creating a favourable climate for foreign investments:

(*a*) Not to increase the proposed super-tax rate from 25 per cent to 35 per cent for companies other than those in which the public is substantially interested.

(*b*) The tax holiday for foreign technicians be extended from five to seven years.

(*c*) The exempted period of six months for foreign technicians who are experts in "industrial or business management techniques" be extended to three years to fall in line within the period of three years which is applicable to other foreign experts, teachers and professors.

(*d*) The restriction by which the tax exemption is denied to a foreign technician, if he has been a resident in any of the four financial years immediately preceding the year in which he arrives in India should be abolished.

(*e*) Actual expenses incurred on medical treatment of an individual who is not a citizen of India, his wife and his dependent children should be allowed to the maximum extent of Rs. 5,000 per annum.

(*f*) Where the income of a non-resident individual is only from dividends and/or interest on securities on which tax is deducted at source at maximum rates, it is suggested that in such cases the filing of income-tax returns should not be compulsory.

(*g*) Pamphlets should be published and circulated amongst the Embassies and Legations abroad clearly specifying the liability of foreigners under the Indian tax law and also containing the various tax concessions to which they would be entitled to.

(*h*) The provisions of Section 92 read with rules 10 and 11 of the Income Tax Rules, 1962 give sweeping powers to the taxing authorities which may affect adversely the interest of foreigners in case such powers are not exercised judiciously. It is suggested that the rules 10 and 11 should be amended forthwith.

(*i*) Individuals who are not citizens of India should not be subjected to the proposed levy of expenditure tax.

I.D.A. IN U.S. CONGRESS

If only 21 more members of the U.S. House of Representatives had joined the 188 members who voted in favour of the Administration's Bill seeking to raise an additional U.S. contribution of $312 million to the International Development Association (I.D.A. for short), instead of supporting the motion to refer it back to the House Banking and Finance Committee, the embarrassment caused to the Administration would have been avoided. The Bill has now been virtually shelved, in that it usually takes a long time for the Committee to consider such bills. So the Executive Directors of the I.D.A. have found it necessary to extend the last date for notification of contributions by member-countries by four months, that is, up to the end of June next; Sunday the 1st inst. was the deadline fixed originally.

The I.D.A. credits are made on terms bearing less heavily on the balance of payments of recipient countries than do conventional loans. They are free of interest—only a service charge of ¾ per cent is levied—and repayable over a long period of fifty years. With the rejection of the U.S. Government's proposal for an extra subscription of $312 million to the I.D.A., the combined pledges of sixteen other member-countries together amounting to $438 million have become ineffective and that when the I.D.A. has no more than $100 million in its till to disburse. Replenishment of I.D.A.'s financial resources is urgent to a degree. But, alas, the U.S. House of Representatives has dealt a severe blow to a key instrument for multilateral aid. The action of the House has been deplored by Mr. Dean Rusk, U.S. Secretary of State, and it is gratifying to learn that the Administration will spare no efforts to get the Bill back to the floor of the House and have it approved.

SURTAX ON COMPANIES

SALIENT FEATURES OUTLINED

By C. C. Dalal, B.Com. (Hons.), F.C.A.

THE Union Finance Minister, while introducing the budget proposals for the year 1964-65, has recommended the Companies (Profits) Surtax Bill, 1964. On going through the various clauses of the Surtax Bill, one finds that it is nothing else but a substitute for Super Profits Tax Act, 1963, with few modifications.

Scheme of the Bill

There is no material difference in the essential features of the Scheme of Surtax Bill and the existing Super Profits Tax Act. This Bill, as well as the Super Profits Tax Act, imposes a special tax on companies (other than which have no share capital) on their excess profits. For the purpose of understanding the computation of profits chargeable to surtax, it is necessary to understand the terms, "chargeable profits," and "capital employed."

Chargeable Profits

The Surtax Bill has defined the chargeable profits in the same manner as the Super Profits Tax Act, 1963, with the following changes:

Under the Super Profits Tax Act, 1963, a deduction of an amount equal to ten per cent of the reduced total income was permitted, provided the prescribed conditions were fulfilled. This deduction has been completely withdrawn from the Companies (Profits) Surtax Bill, 1964.

Under the Super Profits Tax Act, 1963, deduction was permissible of income-tax and super-tax payable by the Company excluding income-tax and super-tax payable on any income chargeable under the head "Capital Gains," the income of Life Insurance Business and Compensation or other payment referred to in clause (ii) of Section 28 of the Income-tax Act, 1961. The Surtax Bill contemplates to give a further deduction of tax on dividends from an Indian company and an amount equal to the amount by which the rebate of super tax admissible to the Company under the provisions of the Annual Finance Act is, under the provisions of the said Act, reduced with reference to an amount of dividend distributed by the company during the previous year relevant to the assessment year.

Since the capital base has been widened so as to include debentures and other items, the amount of any interest payable by the company on its debentures or moneys referred to in the following para shall be added back to the chargeable profits.

Computation of Capital

It must be said to the credit of the Finance Minister that he has tried to take a realistic view of capital employed in a company. For this purpose, he has sought to include in the capital base over and above the paid-up share capital and reserves the following:

(i) Debentures, if any, and

(ii) (*a*) Moneys borrowed from the Industrial Finance Corporation of India or Industrial Credit Investment Corporation of India or any other financial institution notified by the Central Government;

(*b*) moneys borrowed from a banking institution under an agreement providing for the repayment of such moneys during a period of not less than 10 years;

(*c*) moneys borrowed from any person in a country outside India for the creation of any capital asset in India.

As a result of the above classification, deposits taken by companies from individuals and other private bodies, as well as borrowings from banks for working capital, will not be allowed to be included for the purpose of computing the capital base for surtax.

It has now been expressly made clear that any amount standing to the credit of any account in the books of the company as on first day of the previous year relevant to the assessment year which is of the nature of items enumerated hereunder shall not be regarded as a reserve for the purposes of computation of the capital of a company:

(i) Surplus i.e. balance in profit and loss account after providing for proposed allocations, viz., dividend, bonus or reserves;

(ii) proposed additions to reserves; and

(iii) sinking funds.

Where after the first day of the previous year relevant to the assessment year the capital of the Company is increased by any amount during that previous year on account of increase of paid-up share capital or issue of debentures or borrowing of any moneys or is reduced by any amounts on account of reduction of paid-up share capital or redemption of any debentures or repayment of any such moneys, such capital shall be increased or reduced, as the case may be, by sum which bears to that amount the same proportion as the number of days of the previous year during which the increase or reduction remained effective bears to the total number of days in that previous year.

Statutory Deduction

"Standard Deduction" under the Super Profits Tax Act, 1963 has been replaced by "Statutory Deduction" under the Surtax Bill, 1964 with some important and useful changes. The standard deduction admissible under the Super Profits Tax Act, 1963 was 6 per cent of capital base or Rs. 50,000 whichever is greater whereas under the Surtax Bill, statutory deduction is at 10 per cent of the capital base or Rs. 2,00,000 whichever is greater.

To my mind, this is a very justifiable provision. This will keep so many companies out of the purview of surtax. Thus, a private company having a profit of less than Rs. 5,00,000 will not come under the clutches of surtax.

Rates of Surtax

It is very wise on the part of the Finance Minister to levy a uniform rate of surtax on chargeable profits under the Surtax Bill unlike under the Super Profits Tax Act, 1963, where there are two slabs. Moreover, the Finance Minister has also sought to reduce the quantum of surtax to 40 per cent on chargeable profits after deducting statutory deduction. The levy of surtax at a uniform rate will, to a certain extent, make easy the calculation of profits for the purposes of Section 349 of the Companies Act, 1956.

It is gratifying to note that an Indian company or a company which has made the prescribed arrangements for the declaration and payment of dividends within India shall be entitled to a rebate calculated at 20 per cent of that part of the surtax which is attributable to any profits derived by it from the business of the generation and distribution of electricity or of the manufacture or production of any one or more of the articles specified in the list contained in the Third Schedule. It also provides that the Central Government may, by issue of a notification in the official *Gazette*, exclude any articles from or add any item to the said list for the purposes of an assessment for any assessment year subsequent to the assessment year 1964-65.

In view of the above far-reaching modifications, it is hoped that good many companies will fall out of the ambit of surtax, which in turn will lead to the development of corporate sector and revive the capital market.

Deficiency

The Surtax Bill has removed the important provisions relating to deficiency contained in Section 5 of the Super Profits Tax Act, 1963. I think this is really a "deficiency" in the Surtax Bill.

Under the Super Profits Tax Act, 1963 deficiency is allowed to be carried forward and set off against the net chargeable profits of the three assessment years immediately following. The absence of such a provision under the Surtax Bill is likely to cause genuine hardships to some companies.

Appeals and Revision Provisions

The provisions regarding assessment, collection and revision and appeals remain more or less the same as under the Super Profits Tax Act, 1963. However, it would not be out of place to point out a lacuna in clause 17(4)(c) of the Surtax Bill, 1964, which states that the Commissioner shall not revise the order which has been made the subject of an appeal to the Appellate Tribunal. It is possible to visualise a case where the Income-tax Officer has preferred an appeal against the order of the Appellate Assistant Commissioner of Income-tax and the assessee has made a revision petition to the Commissioner of Income-tax. Since the order of Appellate Assistant Commissioner of Income-tax has been made the subject of an appeal to the Appellate Tribunal, the Commissioner of Income-tax will have no power to revise the order. In such circumstances, the assessee will be denied the remedy under the Act.

I am quite sure it was never the intention of the legislature to cause such hardships and as such it is hoped that a suitable proviso may be inserted to clarify the situation.

The exclusion of Section 243 from clause 18 of the Companies (Profits) Surtax Bill, 1964, will unnecessarily delay the granting of refund of surtax paid in excess of provisional assessment or on reduction in appeal.

In clause 9 of the Surtax Bill, the word "deliberately" has been omitted, with the result that the Income-tax Officer will have wide powers for the imposition of penalty.

To my mind, this is not an accidental omission but a deliberate omission with far-reaching repercussions.

In view of the broad capital base for the purpose of surtax, many companies falling under the Super Profits Tax Act, 1963, will be out of the ambit of the Surtax Bill.

Long-term deposits from individuals and other private bodies should be discouraged by companies as the same are not included for the purpose of computing the capital base for surtax.

There are fair chances for the capital market to revive and, with a few modifications in the Surtax Bill, it would be possible to attract foreign investments to a large extent.

Conclusions and Suggestions

For the betterment of the economy and fulfilment of Five-year Plans, I am tempted to make the following suggestions to amend the Surtax Bill, which I am sure will create a healthy capital market suitable both to the investors and entrepreneurs:

1. The provisions relating to deficiency as contained in Section 5 of the Super Profits Tax Act, 1963, should be incorporated in the Surtax Bill.

2. The deposits taken by the Companies from individuals and other private bodies for a period exceeding one year should be allowed to be included in the capital base for surtax.

3. The period for repayment of moneys borrowed from banking institutions to be included in the capital base for surtax to be reduced to five years from the proposed ten years.

4. The debt for deferred payment for the purchase of machinery, etc., should be allowed to be included in the capital base for surtax.

5. A suitable provision be made in the Surtax Bill so as to give companies the right of appeal against a provisional assessment; otherwise, the companies will be left with no remedies.

Notice

BOMBAY POTTERIES & TILES LTD.

NOTICE IS HEREBY GIVEN THAT THE Thirtieth Annual General Meeting of the Company will be held at the Registered Office of the Company, United India Building, Sir Pherozshah Mehta Road, Fort, Bombay-1, on Wednesday the 25th March, 1964, at 4-00 p.m. (S.T.), to receive and adopt the Directors' Report and the Audited Balance Sheet and Profit and Loss Account of the Company for the year ending 30th September 1963, declare Dividends on First and Second Preference Shares and Ordinary Shares, to elect Directors in place of those retiring by rotation, to appoint Auditors and to consider, and, if thought fit, to pass, with or without modification, two Ordinary Resolutions as per Notice dated 4th January 1964 which, together with the Explanatory Statement thereto and Report of the Directors and Auditors and the Audited Accounts, has been circulated to the members individually.

NOTICE is also hereby given that the Register of Members and the Share Transfer Books of the Company will remain closed from 4th March 1964 to 1st April 1964, both days inclusive.

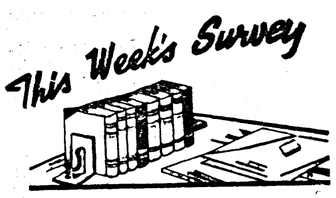
A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Dated at Bombay this 4th day of January 1964.

By Order of the Board,

H. RAMAKRISHNAN,
Secretary.

Registered Office:
UNITED INDIA BLDG.,
SIR P. M. ROAD,
FORT, BOMBAY-1.



STEEL DECONTROL AT LAST

AFTER months of consideration and consultation the Union Government has just decided to abolish, with effect from 1st March 1964, statutory controls over the price and distribution of most categories of steel accounting for about two-thirds of the entire production of iron and steel. The items which will continue to be controlled are pig iron, ingot moulds and bottom plates, billets and tin bars, plates, sheets and wide strip, skelp, tin plates, hoops and their respective defectives. Indents for these controlled categories will have to be backed as hitherto, by quota certificates, and the existing controlled and registered stockists will continue to function for some time in respect of such categories. The Government has also sanctioned, with effect from 1st March 1964, an average increase of Rs. 30 per tonne in the main producers' sale prices of the controlled categories. In this connection, the category-wise revised sale prices, as compared with the previous sale prices, may be noted in the following table:

(Rupees per tonne)

Controlled category	Previous sale price		Revised sale price as on 1-3-1964	
	Untested	Tested	Untested	Tested
Billets	504	537	505	550
Tin bars	473	503	547	592
Skelp	775	819	786	831
Black sheets	813	857	832	877
G.C. sheets	925	925	940	985
Plates	742	789	767	812
H.R. strips	775	819	786	831
C.R. strips	855	899	876	921
C.R. sheets	893	937	916	961
Cotton baling hoops ..	956	..	991	..
Jute baling hoops ..	900	..	915	..
Coir baling hoops ..	1,054	..	1,089	..

As far as the decontrolled categories are concerned, there will be free trade in them, but their ex-works prices will be regulated voluntarily by the main producers. Such self-regulation will, however, be the responsibility of a Joint Plant Committee which has just been set up, with the Iron and Steel Controller as Chairman and representatives of the main producers (in both the public and private sectors) and the railways as members. It is envisaged that this Committee should announce and list the ex-works prices (including base prices and extras) of the decontrolled categories. A fixed element of equalised freight is to be added to these ex-works prices. While the revised prices of decontrolled categories, which will come into effect from 1st April 1964, are yet to be announced by the Joint Plant Committee, a list of adjusted prices—adjusted to cover equalised freight and increases in excise duties—has been announced for the interim period of one month from 1st to 31st March 1964.

As freight equalisation has been entrusted to the Joint Plant Committee and statutory price control over the bulk of steel production has been abolished, the operations of the Steel Equalisation Fund will be discontinued except insofar as they relate to previous transactions. In consequence, there will no longer be any distinction between sale prices and retention prices in the case of both controlled and decontrolled categories. The Joint Plant Committee will also be responsible for the production planning of both controlled and decontrolled categories on the basis of the priorities determined from time to time by the Government with reference to urgent and essential needs. Incidentally, bulk allocations of steel for priority purposes will be made by a steel priority committee, with the Secretary of the Department of Iron and Steel as its chairman. So far as re-rollers are concerned, they will be virtually free from all control as they are mostly engaged in the rolling of non-flat products which have been decontrolled. The price and distribution of billets used by re-rollers will, however, continue to be controlled, in order to enable them to continue in production and compete with the main producers. The sale prices of re-rolled products are to be announced and listed by the Steel Re-rolling Mills' Association itself.

The Government's decisions regarding controlled and decontrolled categories, announced in the Lok Sabha on the 2nd instant by Mr. C. Subramaniam, Union Minister for Steel, Mines and Heavy Engineering, have been taken mainly in the light of the recommendations made by the Raj Committee on Steel Control last year. The Minister has claimed, *inter alia*, the following merits for the Government's measures:

(1) Recognition of the right of all to trade in steel would lead to the infusion of fresh blood into the iron and steel trade which has hitherto been a closed shop, thereby ensuring healthy competition and better service to the consumer.

(2) Abolition of the three-column price structure for categories now decontrolled has the advantage that market conditions will henceforward exercise a healthy influence on the relative prices of the categories and also determine these prices.

(3) The trader would have the satisfaction and advantage that distribution policies would hereafter be determined by men from the industry who know the market and its changing demand-supply conditions better.

(4) The formation of the Joint Plant Committee is calculated to ensure that production problems would be *largely* solved by the producers themselves. The producers can hereafter lay down suitable policies on their own and produce such sections and categories as are wanted by the market.

(5) As the producers can fix their own prices for decontrolled categories, future prices may be expected to reflect truly both demand conditions and production costs.

(6) From the consumer's point of view, the advantage of the new system is that from now on he can directly approach any re-roller in his area and obtain his requirements of decontrolled categories with the minimum of red-tape. Any consumer can now indent for his requirements of decontrolled categories directly on the main producers through the Joint Plant Committee.

The initial reactions of traders, re-rollers and main producers in the private sector may also be noted here. The trade has generally welcomed decontrol as a step in the right direction. The Steel Re-rolling Mills' Association of India, too, has warmly welcomed decontrol. It is also happy over the continuation of statutory price control on billets supplied to re-rollers. But, according to the Association, the advantages of this policy will be nullified if re-rollers are denied a voice in the Joint Plant Committee's announcement and listing of prices of those finished products which are common to both main producers and re-rollers. While the Association has described the uniform price of steel at all railheads as a commendable thing, it has regretted, at the same time, that the freight equalisation principle has not been applied to the re-rolling industry. The grievance of re-rolling industry, in this connection, is that the effect of freight equalisation for the exclusive benefit of main producers would be that the same products will fetch for them a higher conversion charge than in the case of re-rollers.

The reactions of the two private-sector producers (T.I.S.Co. and I.I.S.Co.) are understood to reflect some misgivings. These pertain to (1) the utility of the Joint Plant Committee which will be dominated by the public-sector producers, (2) the present partial decontrol, (3) the onus of upward revision in the prices of decontrolled categories now falling on the Joint Plant Committee, and (4) the presently sanctioned increase in the prices of controlled categories. The private steel producers are reported to be unhappy because their pleas for total decontrol, for an independent iron and steel board in the place of a joint plant committee, for a prior official increase in the prices of decontrolled categories and for an average increase of Rs. 58 per tonne in the prices of controlled categories have not been conceded. But, then, they seem to have no option but to work the new scheme in co-operation with the public-sector producers and give it a fair trial. As there are marked differences between the approach of the Hindustan Steel Limited and that of the two private-sector producers to the question of costing and pricing, it remains to be seen whether they will pull together in the Joint Plant Committee and make this partial decontrol and self-regulation a success. Whether the consumer will benefit or not will be known only after some months.

FOOD SITUATION GRIM

The situation pertaining to food production, marketed supply and prices seems to be going from bad to worse. While the country's population has increased by 30 million over the last three years, gross foodgrains production has declined from 81.0 million tonnes in 1961-62 to 78.8 million tonnes in 1962-63 and further to an estimated 77.5 million tonnes in 1963-64. As 12.5 per cent of gross production is provided for seed requirements, wastage and non-food purposes, net output figures for these three years are 70.9 million tonnes, 68.9 million tonnes and 67.8 million tonnes, respectively. With production having thus declined, it is no wonder that marketed supplies have correspondingly decreased. In the context of the increase in the aggregate number of mouths to be fed and the increase in purchasing power resulting from rising industrial production and public expenditure, this situation has led to an excessive pressure on relatively scarce supplies, thereby pushing up foodgrain prices generally by 15 to 20 per cent in the last one year. Imports, largely of P.L. 480 foodgrains, which have been ranging between 3.5 million tonnes and 4.5 million tonnes per annum in recent years, have made no appreciable difference to the supply-price equation, for aggregate net availability (net output *plus* imports) has declined from about 74.8 million tonnes in 1961-62 to an estimated 73.3 million tonnes in 1963-64. All this adds up to a pretty grim situation on the food front.

It is not as if this situation has overtaken the country suddenly and unexpectedly. If anything, it has been in the making for the last two years. But it is only now that the powers-that-be have woken up to the gravity of the situation. What they are seeking to do by way of accelerated agricultural development programmes have relevance only to the next two crop years. Even if the proposed additional allocations for agriculture lead to the expected result by way of larger foodgrains production, the additional mouths will be there to swallow up the increase in output, with the result that the country's marginal food shortage, which has necessitated imports year after year since 1951, will continue. There will thus be need for continued imports in the next several years, as the Central Agricultural Production Board, which met at New Delhi last week, has itself recognised. More immediately, it is a question of dealing with the agriculturists, who seem to be in no great hurry to market their recently-harvested produce, and with the foodgrain dealers who seem to be contributing their share to the unusual increase in post-harvest prices. As the Government has clearly ruled out State trading in foodgrains involving large-scale compulsory procurement and displacement of normal trade channels, it has necessarily to adopt, instead, a carrot-and-stick approach towards the producer and the dealer alike.

It is in this context that the Government's new strategy, outlined by Mr. Swaran Singh, Union Minister for Food and Agriculture, in the Lok Sabha on the 2nd inst., would seem to be broadly appropriate. The steps to be taken include enforcement of a new stringent licensing order for wholesalers, fixation of maximum wholesale prices at which the State Governments can requisition stocks, prescription of margins for wholesalers and increased procurement prices in keeping with the actual post-harvest prices. These steps are to be taken in pursuance of the decisions of the recent conference of State Food Ministers and the Central Agricultural Production Board. The State Food Ministers' Conference, it will be recalled, proposed fixation of maximum prices for the major foodgrains and more stringent rules to ensure the trade's compliance. The Board, too, while recognising the need for fair minimum prices for the producer, felt that, in the context of rising prices, it was equally necessary to fix reasonable maximum prices for the benefit of the consumer. The Union Government's present decisions to regulate distribution and prices have thus been taken in consultation with the State Governments which are expected to fall in line and implement them. The present supply-price situation is so bad that a drastic remedy has become inevitable. It is up to the trade to play fair and co-operate with the authorities so as to ensure adequate supplies at the prescribed maximum prices.

FIVE MORE STATE BUDGETS

Budget estimates of five more State Governments for the financial year 1964-65 have been presented since we went to Press last week; the States concerned are Mysore, Madras, Gujarat, Madhya Pradesh and Kerala. The estimates reveal revenue surpluses in the case of Mysore (+Rs. 7 lakhs), Gujarat (+Rs. 5.77 crores) and Kerala (+3.58 crores) and deficits in respect of Madras (—Rs. 3.34 crores) and Madhya Pradesh (—Rs. 68 lakhs). The budgets with revenue surplus do not contain any fresh tax measures, while those with deficits have some. But all the five States provide for relief to Government employees in the form of higher dearness allowance, more liberal pensions, etc., as has been done by the other States. The Gujarat budget actually includes two welcome proposals, one envisaging a reduction in the rate of passenger tax in municipal areas from

five to one per cent and the other pertaining to the grant of one-third of the tax on lands and buildings in urban areas collected in a municipal area to the municipalities concerned.

The table below shows at a glance the budgetary position of the five States in 1964-65 as compared with that for the current (1963-64) year:

(In crores of rupees)

	1964-65 (Budget)	1963-64 (Revised)	1963-64 (Budget)
Mysore :			
Revenue	111.06	103.86	99.12
Expenditure	110.99	101.65	98.02
Revenue surplus (+) or deficit (—) ..	+0.07	+2.21	+1.10
Overall budgetary position	—3.75	—2.73	—7.01
Plan outlay	N.A.	N.A.	51.02
Madras :			
Revenue	137.48	130.98	124.45
Expenditure	140.82	134.00	127.10
Revenue surplus (+) or deficit (—) ..	—3.34*	—3.02	—2.74
Overall budgetary position	—16.24*	N.A.	—0.30
Plan outlay	70.53	68.00	59.80
Gujarat :			
Revenue	94.15	89.77	83.47
Expenditure	88.38	83.94	81.26
Revenue surplus (+) or deficit (—) ..	+5.77	+5.83	+2.21
Overall budgetary position	—3.01	N.A.	—10.06
Capital expenditure	29.44	20.33	20.53
Madhya Pradesh :			
Revenue	107.73	103.08	94.70
Expenditure	108.41	96.99	95.19
Revenue surplus (+) or deficit (—) ..	—0.68	+6.09	—0.49
Overall budgetary position	—8.15	N.A.	—1.00
Plan outlay	65.62	N.A.	50.05
Kerala :			
Revenue	79.58	75.16	71.67
Expenditure	76.00	70.00	70.87
Revenue surplus (+) or deficit (—) ..	+3.58	+5.16	+0.80
Overall budgetary position	—10.30	N.A.	—8.00
Plan outlay	50.01	N.A.	35.09

N.A.—Not available.
* Without the effect of budget proposals covering Rs. 1 crore

The revenue deficit of Rs. 3.34 crores in the Madras budget is proposed to be reduced to Rs. 2.34 crores by means of additional tax measures together yielding a crore of rupees. The rate of sales tax is to be raised from one to two per cent on cotton (at the point of last purchase), cotton yarn (at the point of first sale), cotton waste, cotton yarn waste, art silk yarn and staple fibre yarn. The increase in sales tax on cotton and cotton yarn, in particular, will fetch an additional revenue under the Central sales tax also, the incidence of which is borne by dealers in other States. The Finance Minister of Madhya Pradesh has converted the revenue deficit of Rs. 68 lakhs into a surplus of Rs. 77 lakhs through certain tax measures yielding a total additional revenue of Rs. 1.45 crore. The measures include an increase in the general rate of sales tax from five to six per cent, a tax on urban immovable property, withdrawal of sales tax exemptions from some items, and abolition of exemption from payment of entertainment duty on admission fee of 12 nP and below. Simultaneously with efforts to net in more revenue, the State Government, it is highly gratifying to note, has decided to make an all-out bid to effect a five per cent economy in non-Plan expenditure which is expected to yield Rs. 4 crores. If a similar bid were launched in other States, the ways and means position of Governments, over which the Union Finance Minister expressed much concern in his budget speech, would definitely improve to a considerable extent. With a clear warning implied in Mr. Krishnamachari's statement that the major portion of Central assistance to States would be related to capital expenditure on identifiable projects that are economically sound and generate the resources for repayment of their liabilities, it is to be hoped that the State Governments will keep down expenditure on non-Plan and relatively unimportant projects to the minimum.

The budgets of all the aforesaid five States exhibit buoyancy of general revenues. Thus, as compared with the revised estimates for the current (1963-64) year, the total revenue receipts next (1964-65) year are expected to be higher by Rs. 7.20 crores in Mysore, Rs. 6.50 crores in Madras, Rs. 4.68 crores in Madhya Pradesh, Rs. 4.42 crores in Kerala and Rs. 4.38 crores in Gujarat. Alongside rising revenues, expenditure of State Governments, too, is increasing, the actual increase anticipated being Rs. 11.42 crores in Madhya Pradesh, Rs. 9.34 crores in Mysore, Rs. 6.82 crores in Madras, Rs. 6.00 crores in Kerala and Rs. 4.44 crores in Gujarat. The persistent rise in expenditure is, as is only to be expected, accounted for by both Plan and non-Plan schemes, the share of development expenditure being quite sizable.

Thanks to the marked increase in capital expenditure, the five State budgets disclose heavy overall deficits: Madras Rs. 16.24 crores (without the effect of budget proposals covering Rs. 1 crore), Kerala Rs. 10.30 crores, Mysore Rs. 8.75 crores, Madhya Pradesh Rs. 8.15 crores and Gujarat Rs. 3.91 crores. It is not clear from the Press reports as to how far and to what extent the Finance Ministers of the States propose to cover the overall deficits. The Madras and Kerala Governments, however, have taken credit for open market loans amounting to Rs. 13 crores and Rs. 4 crores, respectively.

The State Governments, as already stated, are facing ways and means difficulties of a disturbing nature, following heavy capital outlays and repayment of loans. In the case of Mysore, for instance, the shortfall in resources for financing the third Plan programme of Rs. 250 crores is expected to be of the order of Rs. 60 crores. The State's Finance Minister has stated that, for the next two years, the Government will have to seek special loan assistance from the Centre. The fulfilment of a Plan significantly larger than originally budgeted for has naturally caused considerable strain on the finances of Madras. But the State's Chief Minister, who also holds the finance portfolio, has assured the Legislature that the difficulties are being overcome with the co-operation of the Planning Commission and the Government of India. The Chief Minister of Kerala has said that, in view of the difficulty experienced in balancing the capital budget, alternative sources are being explored to cover the deficit. If this is not possible, he added, the Government would have to restrict expenditure to the resources available. The maxim "cut the coat according to the cloth" is a sound principle which ought to be adhered to as far as possible in framing the budgets of any Government, for, otherwise, the coat itself may become useless, exposing the wearer for whom it was meant to the chill winds of economic chaos.

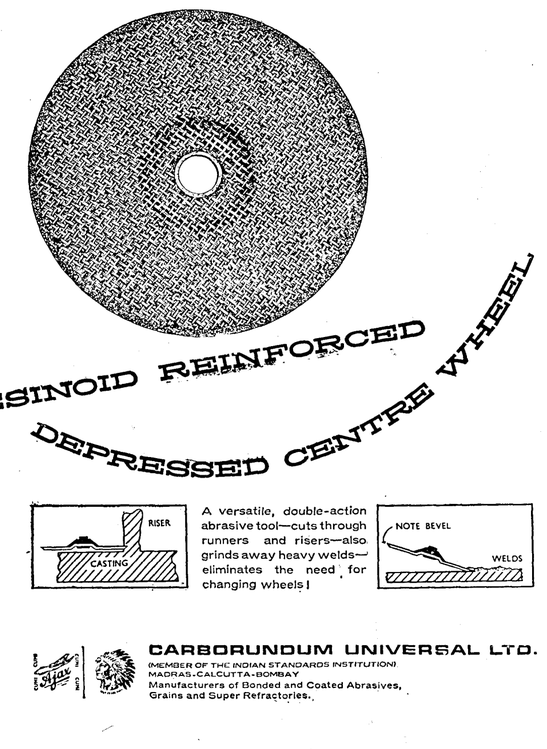
NATIONAL INCOME

The latest available estimates of India's national income in 1962-63 are contained in a White Paper, just released by the Central Statistical Organisation. These estimates, like the "quick estimates" for the same year (released in November last), are only preliminary, for they are based on partial data. But they reflect some upward revision, as compared with the "quick estimates." Likewise the revised estimates for 1962-63 may somewhat differ from the latest preliminary estimates for that year, even as the revised estimates for 1961-62, included in the C.S.O.'s paper, are higher than the year's earlier preliminary estimates. Such differences between preliminary and revised estimates or between preliminary and "quick estimates" may sometimes be quite substantial in absolute terms. For instance, according to preliminary estimates, the national income at constant (that is, 1948-49) prices for 1961-62 was only Rs. 13,020 crores. But, according to the revised estimates now available for that year, the national income was higher at Rs. 13,060 crores. Again, according to the "quick estimates" for 1962-63, the national income in that year was Rs. 13,350 crores, whereas, according to the preliminary estimates just available, it stands higher at Rs. 13,370 crores. While year-to-year comparisons of aggregate national income suffer from such limitations, the variations do not seem to be so significant as to vitiate the comparison of *per capita* incomes in the relevant years. It may, therefore, be taken that the *per capita* real income (that is, at 1948-49 prices) of Rs. 294.3 estimated for 1961-62 and that of Rs. 294.7 now estimated for 1962-63 are as good as final figures.

Year	National income in crores of Rs.		*Per capita* income in Rs.	
	At current prices	At 1948-49 prices	At current prices	At 1948-49 prices
1950-51	9,530	8,850	266.5	247.5
1955-56	9,980	10,480	255.0	267.8
1960-61	14,140	12,730	325.7	293.2
1961-62	14,800	13,060	333.6	294.3
1962-63 (Preliminary)	15,400	13,370	339.4	294.7

The most disquieting trend, in this connection, is that *per capita* real income has shown virtually no improvement since 1960-61 when it was at the level of Rs. 293.2. As far as 1963-64 is concerned, the Government's *Economic Survey* has, of course, indicated that the rise

(*Continued on next page*)



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LONDON LETTER

CONTROLLING THE WAVES

BANK RATE RAISED

From Our Special Correspondent

LONDON, 29*th February*

THERE is an old Anglo-Saxon legend of the king, Canute, who so excelled in statecraft that his flattering court attempted to assure him that he could even control the tides of the sea. He had no such vanity himself and rebuked his courtiers by permitting them to make the experiment, which, of course, failed. But, in the course of years, the figure of Canute came to be replaced by the female Britannia whom the national anthem of the seventeenth century claimed did rule the waves. In the last century, the waves of the sea have gradually been replaced in national importance by the tides of business confidence and the waves of crisis. Neither Britannia nor the Governor of the Bank of England had any pretentions to rule these, though the latter went through various traditional motions which had no more immediate effect than that of King Canute waving his hand at the tides. Both King and Governor got their feet wet and though in due time both the tides which they sought respectively to control did retire, only the Governor fancied that his motions—raising the Bank rate—were responsible.

Now in 1964 we are about to witness a calculated and determined attempt by Britannia, her ample robes concealing the familiar form of Mr. Maudling, the Chancellor of the Exchequer, to control the waves of crisis. For Mr. Maudling did this week have his television "confrontation" with his opposite shadow and, in spite of taunts about stop-go policies (he agreed that they were intolerable), refused to be drawn on what he would do, but declared that he would do whateyer was necessary and when the time came he would tell the House of Commons and not the B.B.C. There was only one answer to that—surely the time had come! And, indeed, two days later (and in the opinion of the City one whole week too late) *the familiar figure of the Governor of the* Bank reappeared on the scene to wave up the Bank rate by a whole one per cent (it is now 5 per cent). Plenty of simple folk saw this as the traditional ineffective act of waving back the incoming tide and they may certainly be forgiven for so thinking. But it is much more than this, and the first difference observable was that no announcement was made by the Bank to explain its action. The Bank rate was raised and that was that. It was in fact the Chancellor's first move in his attempt to ensure that Britain's rising prosperity is not again swallowed up in crisis. He seems to have accepted the "Neddy" gospel that a 4 per cent growth rate is of vital importance and that the incipient imbalance in the country's payments must not threaten this long-term objective. *Thus, to control the balance of payments* by cutting back the growth rate and flattening out production would be to fail.

The Government believes that, if it can show that it has found the way to control the waves of crisis and can successfully maintain a steadily rising rate of growth with a low rate of unemployment, it can win back the confidence of the electorate. It, therefore, now becomes possible that the General Election will be postponed to October, in the hope that, by then, the absence of crisis and the maintenance of prosperity will have proved the Government's point. In short, the Government will stand or fall by the Chancellor's success in controlling the economic waves, the task to which he has openly and very publicly set his hand.

His first problem is a deficiency in the balance of payments. The function of Bank Rate in this is secondary but important. It is to prevent any pressure on sterling from such deficiency being intensified by a withdrawal of foreign funds. The City must pull in funds and not lose them. The higher Bank Rate will also have a slight—and it must be very slight—effect in cutting the top off demand. Particularly, by making stock holding more expensive, it should discourage that restocking of materials which has been largely responsible for swollen imports. Thus, it will also tend to correct the deficiency in the trade balance, but it is quite unlikely, in this expanding phase of production, to eliminate it. What else can the Chancellor do? Let a gold drain take place and worry about it afterwards or make arrangements with the International Monetary Fund to strengthen the reserves? This latter course will be far more effective, as it will show preparedness for a payments deficiency—temporary—and a declaration of how it is to be met.

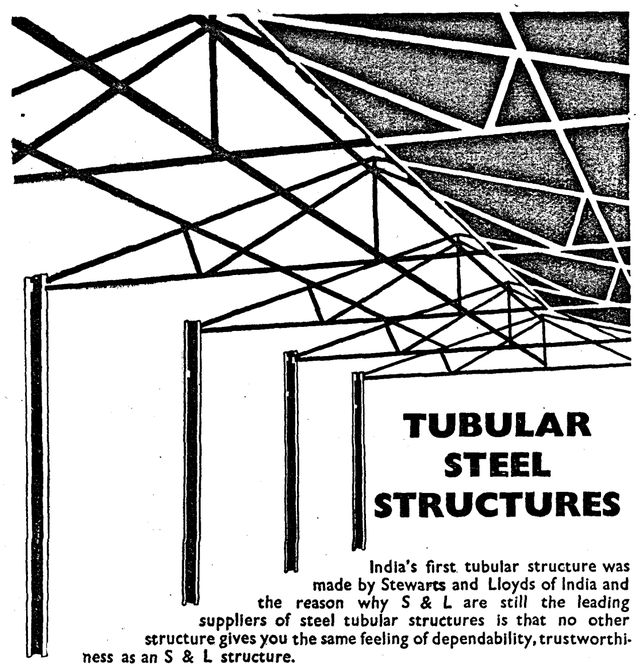
But what the rise in Bank Rate must not do is to interfere with production, apart from stockbuilding. Thus, demand must not be cut back—neither consumer demand nor that for investment goods. Yet these demands will be endangered if prices rise (obvious inflation) or wages rise—leading to price rises. These two dangers require direct action: for the first the most obvious is competition. Already the Government has attacked (in spite of unpopularity from their own supporters) resale price maintenance—the right of manufacturers to fix the retail selling price of their goods—but they have postponed its effect for four months, so that it will not operate on the economy before the Election. They are also due to attack monopolies more seriously—but again this will take time. Yet this enlargement of the fields of competition would be of immense help to the Chancellor at present.

For the second danger there is the much talked of incomes policy. Wages will not be held back unless other incomes can similarly be controlled and there Mr. Maudling is handicapped by the suspicions of trade unions. This present Government may, therefore, fail in its efforts to control the waves not through lack of a policy but through lack of sufficient support from its own ranks to carry through the necessary measures. Then it will fall to its successor to bring the matter to accomplishment. However, the Chancellor is set on his course to control the economic waves and he has some months of grace in which to succeed.

SURVEY

(Concluded from previous page)

in aggregate national income in real terms will be higher than in the first two years of the current Plan. That may be so, for the non-agricultural sectors are likely to contribute, as in 1962-63, relatively more to the increase in national income than agriculture. It may be noted, incidentally, that, according to some latest estimates, grain production in 1963-64 may not reach even the 1962-63 output level of 77.5 million tonnes. If these estimates were to turn out to be true, the aggregate contribution of the agricultural sector to national income in 1963-64 would either decrease, as compared with 1962-63, or, at best, remain at the same level as *in that year. Any increase in the aggregate* contribution of all other sectors, taken together, may not make any appreciable difference to *per capita* income in view of the population in*crease which, in recent years, has been at the* rate of 2.3 per cent per annum or, possibly more, as compared with about 2.0 per cent in the fifties. As the *Economic Survey* itself says, "even a moderate rate of increase in *per capita* incomes can be achieved only if full use is made of the potential for raising agricultural and industrial outputs. In itself, the steady decline in death rates which has been responsible for the higher rate of population growth is a matter for great satisfaction as it signifies an improvement in national well-being which is not fully reflected in—and is indeed obscured by—statistics of *per capita* incomes. Even so, with the rate of population increase approaching what is a very high level by any standards, the family planning programme has assumed the greatest of urgency and importance." The *Economic Survey* has also added significantly that, if agriculture fails to make its proper contribution, it would be difficult to secure the desired increase in national income, in savings or in exports and to hold down costs and prices so as to let development proceed smoothly. In other words, the agricultural development programme and the family planning programme would have to be treated as equally crucial to the national effort for improving real incomes, living standards and general well-being.



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THE ELUSIVE EQUILIBRIUM

By Questor

THE European Commission has for some time past been urging the Six Governments to adopt measures to combat inflation. These range from credit restrictions and the curtailment of public expenditure to voluntary restraint in wage and price increases. Its reason for this prescription lies in the sharp price increases which have been taking place for the past couple of years and the consequent worsening of the Community's balance of payments. Its rationalisation of it is that reserves of unemployed labour, even in Italy, are running out. In Britain, too, where economic expansion is both slower and more recent, it is the rapid drop in unemployment as much as the expected worsening of the trade balance which is causing people to expect official restraint on the growth of demand.

I am not concerned to argue whether or not those who demand restraint are justified: I am only concerned to point out that demands for restraint are spreading and several Governments are soon likely to run into political trouble as a result of their attempts to counter inflation. The centre-left Government in Italy finds itself in a particularly difficult position, because of the antagonism of the business community—that, perhaps, is why the U.S. is taking such pains to bolster up its foreign exchange position. But France, the Netherlands and Britain are all likely before long to run into trouble.

There are two aspects of this situation which I find particularly interesting. The first is the situation inside the European Community. Germany has so far succeeded in cancelling out a large part of the increase in wages with increased productivity, presumably because she is more industrialised than her partners. Her prices at home have risen relatively slowly and her export prices still less: her balance of trade has remained strong, mainly at the expense of other Community members. Her chief anxiety now is about the possibility of restraining inflation in a free-enterprise economy when the partners against whom she has almost no trade barriers are inflating freely.

For the Community as a whole, however, as the Commission realises, the problem is one of restoring balance. If Germany were willing to inflate up to the common level, all would be well: but, quite reasonably, she is reluctant to do so. The others, equally reasonably, are reluctant to restore the balance by depressing growth and holding back prices with the help of sizable unemployment. Currency revaluation is not as readily available as it used to be. Quite apart from the angry haggling between partners likely to precede an agreed change and the disruptive movements of capital and confidence bound to follow a unilateral change, the recent decision to institute a common level of food prices throughout the Community means that revaluation would be largely ineffective. If Germany continues to pile up reserves at the expense of the rest, the only acceptable means of restoring the balance is by encouraging an outflow of German capital.

But this is easier said than done. First, the institutional factors—inadequate accounts, reliance on bank finance, differences of tax law, and so on—which have kept European capital markets small and hindered the international flow of capital will not be removed quickly. Second, the Germans fear inflation and consequently the level of German interest rates is likely to remain relatively high. Third, the German budgetary system is not suited for use as an economic weapon and the obvious methods at the disposal of the Government—export credits, for example—are not really appropriate for use inside the Community. Fourth, it is quite likely that any German attempt to encourage the export of long-term capital will soon be countered by another heavy inflow of speculative funds. In short, the balance of payments inside the European Community is not going to be restored neatly or painlessly. The rapid political progress which has been made while all the members were growing rapidly may soon be put to the test.

The other aspect of this situation is the balance between the U.S. and the rest of the industrialised West. Whatever anxiety the recent troubles of the dollar may have caused the U.S. itself, it has been obvious all along that they were superficial—they could have been cured overnight by drastic cuts in foreign aid, or restrictions on foreign investment, or an increase in the price of gold. The U.S. Administration chose to overcome them more gradually; the result, I think, has shown that the Administration was right and the European bankers wrong. For, although the U.S. deficit is still large, it is no longer the problem it was even a year ago. And the striking fact is that U.S. prices have remained fairly stable during the recent upswing in output: costs per unit of output have been falling for some years while those of Europe have been rising rapidly.

Sooner or later—and probably, I think, sooner, especially if the sense of European unity drives Germany to dabble her toes in inflation—the world will again be suffering from a dollar shortage. This will be of considerable assistance to U.S. diplomacy and of considerable comfort to everyone who believes in the late President Kennedy's grand design for an Atlantic Community. But it also implies a shortage of liquidity and an obligation on the U.S. to accumulate foreign currencies as freely as Mr. Roosa has been promising to do while the dollar was still in trouble.

It would be as well for all of us, I think, while there is still time, to agree on an international unit of account—a reserve currency made up of different national currencies in stated proportions. I did not like the possibility that General de Gaulle might seek to embarrass the U.S. by converting his dollars into gold; I would equally dislike the possibility of the U.S. using an accumulation of francs to embarrass the General.

"The good old days when money went farther" are pretty much a legend, a comparison of German prices then and now indicates. Over a time span 1914-63, in which the average hourly industrial wage rose from DM 0.48 to 3.90—that is, about eightfold—prices for butter rose threefold (from DM 1.20 to 3.75 per pound), for bread by three to five times (from DM 0.20-0.38 per kilogram then to DM 1.02 now), for beef not more than fourfold (from DM 0.68-1.01 per pound then to DM 2.73 in 1963).

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INDIAN INDUSTRIES GUIDE

PRINTED ON ART PAPER

Edited by: **K. S. GUPTA,** Director, Bombay Labour Bureau

Foreword by: **Shri S. G. BARVE,** Minister for Industries, Government of Maharashtra

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CONTENTS

PART I

Salient Features of
- The Arbitration Act, 1940 *by Justice S. D. Singh*
- The Indian Contract Act 1872 *by K. Venkoba Rao*
- The Indian Partnership Act 1932 *by P. V. Ramanayya*
- The Companies Act 1956 *by Dr. M. J. Sethna*
- The Factories Act 1948 *by L. V. Jaadhao*
- The Industrial Disputes Act 1947 *by K. R. Wazkar*
- The Industrial Employment (Standing Orders) Act 1946 with Model Standing Orders *by H. M. Ghosh*
- The Indian Trade Unions Act 1926 *by H. N. Trivedi*
- The Minimum Wages Act 1948 *by Dr. Anand Prakash*
- The Payment of Wages Act 1936 *by Dr. B. S. Bhargava*
- The Payment of Wages Amendment Act 1947
- The Employees' Provident Funds Act 1952 *by Dr. B. K. Bhattacharya*, I.A.S.
- The Employees' State Insurance Act 1948 *by V. N. Rajan*, I.C.S.
- The Workmen's Compensation Act 1923 *by K. L. Gothi*
- The Employers' Liability Act 1938 *by Pran Nath*
- Employer-Employee Relations *by K. S. Gupta*
  - What are Your Responsibilities to Management?
  - What are Your Responsibilities to the Worker?
  - How Can You Maintain Discipline?
  - How Can You Develop Team-Work?
  - How Can You Make Sure Your Workers Get a Square Deal?
  - What Can You Do to Build Morale Among your Workers?
  - How Would You Break in a New Worker?
- Tips for Successful Executives Handling Labour Problems
- On Bonus *by G. B. Pai*
- How to Investigate Complaints, Conduct Departmental Inquiry, and Procedure for Fines, Suspensions, Discharges, Dismissals and Retrenchment *by R. G. Gokhale*
- Glossary of Important Definitions Pertaining to Management and Labour *by G. L. Kothari*

PART II

- Statewise Lists of Industries in India employing 50 or more workers daily:

(*a*) Andhra	(*f*) Kerala	(*k*) Orissa
(*b*) Assam	(*g*) Madhya Pradesh	(*l*) Punjab
(*c*) Bihar	(*h*) Madras	(*m*) Rajasthan
(*d*) Delhi	(*i*) Maharashtra	(*n*) Uttar Pradesh
(*e*) Gujarat	(*j*) Mysore	(*o*) West Bengal

PART III

- Whos Who of leading management executives in Industry and Trade (Illustrated)

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INDUSTRIAL DEVELOPMENT BANK

ADDITIONAL RESPONSIBILITIES FOR OVER-BURDENED RESERVE BANK OF INDIA

THE reasons that prompted the Finance Minister to change his original idea of enlarging the scope and functions of the Industrial Finance Corporation of India and converting it into a development bank for actively promoting development of industry, and to set up, instead, a new Industrial Development Bank of India with far-reaching functions and comprehensive scope will continue to be guessed and debated, until he gives an explanation as he probably may when the relevant Bill comes up for discussion in Parliament. But the need for such a central agency to *co-ordinate* the functions and working of the network of special financial institutions providing term finance, other facilities and assistance, and to provide *leadership* to all these institutions for evolving an integrated picture of the institutional framework for industrial finance, was never in doubt.

These institutions, whether Government-owned or privately owned, statutory corporations or limited companies, were set up, at different times and for different purposes at the initiative, and with varying degrees of financial assistance, of the Governments. While many of them have given a good account of themselves and have set new standards of performance, it is now clear, in retrospect, that, at least in some cases, rather ambitious hopes were entertained about their role. Moreover, from an overall review of their working, operations and potentialities during the last decade or so, it has been apparent that overlapping functions is one of their major handicaps. The Industrial Finance Corporation of India, Industrial Credit and Investment Corporation of India and the National Industrial Development Corporation (which recently ceased to provide any fresh credits), let alone the Refinance Corporation for Industry, have parallel fields of work, in spite of each being unique in its own way: the State Financial Corporations, the National and State Small Industries Corporations and the State Industrial Development Corporations (not to speak of direct State-aid to industries and bank advances) are all operating and competing with each other for assisting small and medium industries which offer a limited scope for their operations. The necessity to establish proper relationships among them all and to provide the necessary conditions for their effective functioning, so that none overlaps another and each has its own specific field to serve, can no longer be avoided.

Pattern of the New Bank

The new Development Bank, however, was never thought of merely as a co-ordinating agency: nor are the role and functions of development bank identical with those of a lending institution or a finance house. Essentially and fundamentally, a development bank initiates development projects and helps in raising the *quality* of industrialisation.

The pattern of the proposed Industrial Development Bank of India is as follows:

On paper, it has all the powers and resources that it may need or wish to have, but the real tests of its usefulness are two. The first element in our assessment of its value is the extent to which it is likely to achieve the aims and purposes for which it is being set up; secondly, in our appraisal of its role, it is difficult to resist the question whether one of the existing agencies, the Industrial Finance Corporation of India, for example, could not have been a better, quicker and surer means of achieving them.

The business of the proposed Industrial Development Bank of India will be fivefold:

(a) To refinance:

(i) Long-term loans repayable between 3 and 25 years, given by specified and notified financial institutions to industrial concerns;

(ii) medium-term loans repayable between 3 and 10 years given by scheduled or State co-operative banks to industrial concerns;

(iii) export loans repayable between 6 months and 10 years given by banks or financial institutions.

(b) To grant:

Direct loans or subscribe to the debentures of any industrial concern, with the proviso (on the lines of the latest amendments to the Companies Act) that such loans, advances or debentures could, at the option of the Development Bank, be converted into equity stocks and shares of that concern, if so desired by the Bank.

(c) To subscribe or purchase:

The issue of stocks, shares or bonds of any industrial concern or financial institution or to underwrite stocks, shares, bonds, debentures, etc., of any of them.

(d) To guarantee:

(i) Deferred payment credits for exports;

(ii) loans floated by industrial concerns in the capital market or raised from banks or financial institutions;

(iii) underwriting obligations of banks or finance institutions. And

(e) To undertake:

Marketing and investment research and surveys, or carry out techno-economic studies; to plan, promote and develop industries to fill up gaps in the industrial structure in India, and to provide technical and administrative assistance for promotion, management or expansion of any industrial concerns, or new enterprises, particularly key industries.

The Development Bank will cater to the requirements of *all* industrial enterprises. These are defined widely enough to cover processing, manufacturing or service industries including hotel, transport or shipping, both in the public and private sectors. It will operate on business principles with due regard to public interest.

A unique feature is that, unlike the existing financial institutions, no restrictive provisions regarding the nature and type of security that may be accepted by the Bank have been written into its statute. The Bank will thus be able to exercise considerable degree of discretion and freedom in these matters; in particular, it will be able to accept, discount or rediscount *bona fide* commercial bills or promissory notes directly from the industrial concerns.

Resources

This bold and discretionary freedom has further been reinforced by liberal provision of resources for the Bank: here also, the absence of any restrictive provision distinguishes it from the several statutory restrictions which impose theoretical or practical limits on the ability of the existing financial institutions. The authorised capital of the Bank is Rs. 50 crores with powers given to the Reserve Bank to raise it to Rs. 100 crores subject to the prior approval of the Central Government. The issued capital will initially be Rs. 10 crores, but again the Reserve Bank can increase it from time to time, upto such amount as it thinks fit. Immediately on its establishment, the Bank will receive an *interest-free* loan of the Rs. 10 crores from the Central Government, repayable in 15 equal annual instalments after a period of 15 years from the date of the loan: these terms could further be relaxed at the request of the Bank, if necessary, and the Central Government may, apart from the initial loan, grant such further loans as may be necessary from time to time on the usual terms and conditions.

The Bank will be able to supplement the above initial resources by borrowing from the market on its own bonds or debentures: and it is left to the Bank's discretion whether such bonds and debentures should be issued with or without the guarantee of the Central Government. It is further empowered to obtain from the Reserve Bank:

(i) Normal banking accommodation up to 90 days against trustee securities;

(ii) medium-term accommodation up to five years against the security of *bona fide* bills of exchange or promissory notes bearing two good signatures;

(iii) long-term accommodation out of the National Industrial Credit (Long-term Operations) Fund which is to be set up on the lines of the National Agricultural Credit (Long-term Operations) Fund, in terms of the recommendations of the Working Group on State Financial Corporations. The Fund will be created out of allocations from the profits of the Reserve Bank and will give assistance not only to the Bank but also to other financial institutions.

In addition, the Development Bank is authorised to borrow money from any other source with the approval of the Government: it can also borrow, with similar approval, foreign currency from any bank or financial institution in any foreign country or in any other manner. *Deposits may be accepted from the public for a* period not less than 12 months on such terms and conditions as may be approved by the Reserve Bank. *Above all, gifts, donations, grants or benefactions would be gratefully accepted by the Bank from any other source.* (Italics ours.)

Development Assistance Fund

Apart from the ordinary resources obtained in the above manner and credited to the General Fund, which may be utilised by the Bank at its own discretion for any of the purposes of the Bank, it shall also establish a special Development Assistance Fund, through which the Bank shall assist those industrial concerns which cannot secure loans from other banks or financial institutions in the ordinary course of their business, because the investment involved may be unusually heavy or the rate of return may be unduly low. Such assistance from the special fund shall require the prior approval of the Government; and the primary consideration with the Government in granting the approval will be the priority in the interest of India's industrial development.

Ownership and Management

The Development Bank will be a wholly-owned subsidiary of the Reserve Bank of India; the general superintendence, direction and management of its affairs and business shall vest in its Board of Directors. On the analogy of the Industrial Development Bank Act of Canada, the Board of Directors of the Industrial Development Bank of India will be the *same* as the Board of Directors of the Reserve Bank of India: and the Governor and a Deputy Governor of the latter will be the Chairman and the Vice-Chairman, respectively, of the former. The net profits of the Bank, after the usual and necessary provisions and such other provisions as are normally made by banks, shall be transferred to the Reserve Bank.

Since one of the primary functions of this new Development Bank will be to provide refinance, the Refinance Corporation for Industry now becomes redundant: in the initial stages the Bank shall maintain close co-ordination with the Corporation, but provision is specifically being made in the statute for enabling the new bank to acquire the entire undertaking of the Refinance Corporation for Industry on such date as may be fixed by the Central Government: the acquisition will be made by taking up, against cash payment, all the shares of the Corporation at their face value, so that the Corporation will assume the status of a wholly-owned subsidiary of the Bank. The Industrial Finance Corporation for India will be reconstituted by transferring, at par, the shares of the Corporation held by the Reserve Bank and Central Government to the Development Bank; the Industrial Finance Corporation of India Act will be amended to enable the Development Bank to acquire further shares in the Corporation so as to increase its total holding up to 50 per cent of the paid-up capital of the Corporation. Although the Corporation will continue as an independent institution, several important changes in its structure, organisation, management and working are being made: more than that, provision is being made for the transfer of the entire I.F.C. to the Bank, at some unspecified future date, if such a course is considered necessary by the Bank.

An Overworked Manager

Such then is the shape and pattern of the Industrial Development Bank of India, according to a Bill introduced in Parliament on 27th February, 1964. With two subsidiaries of its own, it will itself be a wholly-owned subsidiary of the Reserve Bank of India, with an *identical* Board of Directors. It was only recently that the Reserve Bank was asked by the Government to enter new fields and to take over additional responsibilities. These relate to the Unit Trust of India and innumerable non-banking and financial institutions, apart from its being a shareholder of a number of other institutional agencies. Even without them, the Reserve Bank was already weighed down by the growing headaches and responsibilities of living up to its duties for strengthening and developing the commercial and co-operative banking structure. One's doubts on its ability to prove equal to these new tasks are based not merely on the difficulties to find trained and talented staff, nor on the cheer effort involved in handling these voluminous non-banking and promotional tasks, which are so different from banking proper: they are trying problems no doubt, and if too much duties are thrust upon the Reserve Bank, it might affect the quality of its supervision upon banking companies and its leadership of the money market, which it has so patiently built up over the last fifteen years. But more than that, the new task of managing and operating an Industrial Development Bank involves evolving new techniques and cultivating different attitudes: the difference between short-term and long-term lending is not one of mere term only. The Board of Directors of the Reserve Bank of India, though competent, skilled and efficient for its normal banking functions, may not be suitable for the tasks of development banking which require entirely different approach, talents, attitudes and enterprise. This remark is in no way a reflection upon the Reserve Bank's Board; only, it is a recognition of the fact that the same set of people cannot be expected to do full justice to the different tasks at the same time.

It is difficult to understand the reasons why the idea of setting up a new bank, rather than converting the I.F.C. into a development bank, has appealed to the Finance Minister. The Chairman of the I.F.C. was quick to respond to the new and challenging tasks. The I.F.C. has already played a significant role in the achievement of one of the major objectives of planning, namely, the establishment of a sound and progressive industrial economy: with the contributions it has made, experience it has gained, and the reserves it has built up, it is fit enough to assume larger and more positive responsibilities. Starting from modest beginnings, it has in fact been gradually assuming the role and functions of a development bank. Moreover, its evolution, in the face of difficulties inherent in a pioneering role, had already entitled it to the status of a senior partner and leader among all the range of institutions dealing with industrial credit. What could have been more natural and easy than converting it into a full-fledged Industrial Development Bank of India?

That the proposed new Industrial Development Bank will have to start on a clean slate is not its only defect: it will have the further disadvantage of owning, guiding and co-ordinating functions of agencies which are far more experienced than itself.

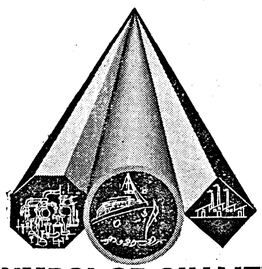
From another aspect, it is difficult to understand the compelling necessity for starting a new bank: the National Industrial Development Corporation, with its ambitious role, had already marked a new phase in the development of industrial banking in the country: one of its main purpose was the formulation of projects for establishing new industries or developing new lines of production: with its emphasis more on the development functions and the I.F.C. with its emphasis on financing functions, the two together would have provided an ideal base for a full-fledged development bank. In fact, more than one Estimates Committee of Parliament had advocated the merger of the two.

Quite apart from the claims of the existing agencies *vis-a-vis* the new Bank, there is another very valid criticism of the new Bank. The existence of a number of different agencies for the provision of industrial finance, each with its own unique role, provided alternatives to the borrowers. The creation of a single centralised agency, with the ultimate intention of acquiring all other agencies, means such a vast concentration of power that it could hardly be conducive to development of industrial banking in the country. Problems of co-ordination are no doubt important, but the demand for industrial finance is growing at a rapid rate, and the existence of several institutions, with incentive of competition, may be a positive aid to their smooth functioning rather than a hindrance. Whatever other advantages the new Industrial Development Bank may bring, it would certainly lack the incentive for adoption of progressive policies and efficient methods, if it were to operate as a vast monolithic corporation, under a management which has too many irons in the fire.

CANARA BANKING CORPORATION LTD.

The declared net profit of the Canara Banking Corporation Ltd. for the year ended 31st December 1963 is slightly higher at Rs. 5 lakhs as compared with Rs. 4.55 lakhs for the previous year. But the ordinary dividend, which is payable on the increased capital of Rs. 25 lakhs as a sequel to the call of Rs. 25 per share having been made during the year on the 25,000 50-rupee new shares issued in 1962, has been reduced from 15 per cent to 12 per cent per annum, subject to tax. With Rs. 15,000 brought in, the total for appropriation is Rs. 5.15 lakhs. Out of this, a sum of Rs. 1.45 lakh (Rs. 1 75 lakh a year before) has been carried to the statutory reserve fund. The dividend on the two types of preference shares absorbs some Rs. 83,000. The ordinary dividend takes away Rs. 2.78 lakhs, as against Rs. 1.97 lakh a year before, leaving some Rs. 9,000 as the surplus to be carried forward. The financial position of the Bank at the end of the year, with the previous year's comparative figures mentioned in brackets, was as follows:

Paid-up capital Rs. 37.43 lakhs (Rs. 30.26 lakhs), reserves Rs. 27 lakhs (Rs. 25.25 lakhs), deposits Rs. 13.27 crores (Rs. 11.61 crores), advances Rs. 6.58 crores (Rs. 5.87 crores) and the total working capital Rs. 16.14 crores (Rs. 14.42 crores).



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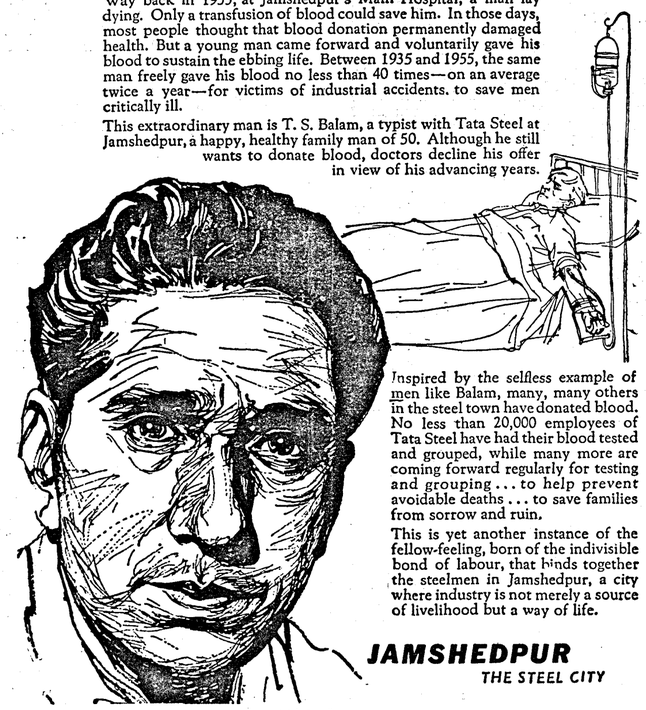
His blood has saved many lives

Way back in 1935, at Jamshedpur's Main Hospital, a man lay dying. Only a transfusion of blood could save him. In those days, most people thought that blood donation permanently damaged health. But a young man came forward and voluntarily gave his blood to sustain the ebbing life. Between 1935 and 1955, the same man freely gave his blood no less than 40 times—on an average twice a year—for victims of industrial accidents, to save men critically ill.

This extraordinary man is T. S. Balam, a typist with Tata Steel at Jamshedpur, a happy, healthy family man of 50. Although he still wants to donate blood, doctors decline his offer in view of his advancing years.



Inspired by the selfless example of men like Balam, many, many others in the steel town have donated blood. No less than 20,000 employees of Tata Steel have had their blood tested and grouped, while many more are coming forward regularly for testing and grouping ... to help prevent avoidable deaths ... to save families from sorrow and ruin.

This is yet another instance of the fellow-feeling, born of the indivisible bond of labour, that binds together the steelmen in Jamshedpur, a city where industry is not merely a source of livelihood but a way of life.

JAMSHEDPUR
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WORLD COTTON CONSUMPTION PICKS UP

LONG-TERM TREND, HOWEVER, NOT FAVOURABLE

AGAINST the background of the declining trend of world cotton consumption during the past three seasons, namely, 1960-61, 1961-62 and 1962-63, the outlook for consumption in the current season (1963-64), which is more than half way through now, having begun on 1st August 1963, shows promise of being more encouraging, allround. This is the conclusion reached by the International Cotton Advisory Committee, Washington, on an assessment of the world cotton consumption prospects in 1963-64 and presented in its latest (January 1964) monthly review. The downward phase of the textile cycle has apparently run its course and, in many countries, there are, according to the Committee, indications of an improvement in the level of cotton textile activity. This is especially true of the U.S., the world's largest consumer and producer of cotton, where cotton intake so far in the current season has been running at a seasonably adjusted rate of about 8.6 million bales (of 478 lbs. each), as compared with 8.4 million bales in the last season. Recent increases in cloth prices, which raised mill margins to the highest levels in three years, and a decline in the ratio of mill stocks of cotton broad-woven goods to unfilled orders, indicate a more favourable situation for increased consumption. There are, however, factors unfavourable to rise in consumption also. The uncertainty surrounding possible changes in the U.S. cotton policy is one such. It may have a dampening effect on cotton consumption in the short-run. Legislation to remove the present price inequity in the purchase of raw cotton by the U.S. mills has been passed by the House of Representatives and it now awaits Senate approval. Competition of man-made fibres is another factor likely to affect cotton consumption adversely. In fact, competition from man-made fibres appears to be the greatest obstacle to expansion of cotton consumption. Any reduction in the domestic prices of raw cotton should, therefore, contribute to a more favourable environment for cotton consumption in the U.S.

According to data published by the *Textile Organon*, production of various categories of man-made fibres during the first three-quarters of 1963 was even more than the relatively high production during the corresponding period of 1962. Thus, production of synthetic fibres was up by 9 per cent, rayon staple by 18 per cent, non-cellulosic staple by 31 per cent, and regular and intermediate tenacity rayon yarn by 2 per cent. Output of acetate filament yarn, however, declined by two per cent during the period.

The increase in man-made fibre production and capacity alike has not reached its peak, either. A recent survey of the producing capacity of the U.S. man-made fibre industry, published in the *Textile Organon*, shows a current total of 2,872 million lbs. annual rate which is expected to increase to 3,454 million pounds in late 1965, an increase of twenty per cent during the next two years.

The trend of *per capita* consumption is even more marked than is shown by the trend of aggregate consumption. Thus, *per capita mill consumption of cotton in 1963 is estimated* at 21.6 pounds, as compared with 25.6 pounds in 1962. Cotton's share of total fibre consumption is estimated to have declined from 59 per cent in 1962 to 57 per cent in 1963. *Per capita* consumption of man-made fibres in 1963, on the other hand, is estimated to have risen to a record high level of 14.2 lbs., which represents a nine per cent increase over 1962.

In W. Europe, the cyclical downswing in cotton textile production during the past two seasons has been aggravated by the continuous increase in production and consumption of man-made fibres. Competition from these fibres has been especially intense in the Federal Republic of Germany but it has also had a decided impact on the textile economics in the U.K., Italy, France, Belgium and the Netherlands. Nevertheless, the long-term trade in cotton consumption in Western Europe is still on the increase. The pronounced upward trend on the Continent has been offset somewhat by the declining trend in the U.K. in the post-Korean period. But the extensive reorganisation and modernisation that has taken place in the recent years, both in the U.K. and on the Continent, has a healthy influence on the textile industry. Taking W. Europe as a whole, prospective increases in cotton consumption in some countries, particularly in the U.K. and France, should more than offset the anticipated small declines in certain other countries, notably the Federal Republic of Germany and Italy and, on balance, in the Committee's opinion, there could be a modest increase for Western Europe as a whole.

In India, it is pointed out, the improved raw cotton supply situation is exerting a favourable influence on consumption. With larger stocks and a continuing high level of production, consumption was running at a record rate during the first three months of the current season and, for the full season, consumption is expected to reach a new peak well in excess of five million bales (of 478 lbs. each). The expansion of cotton textile production in Pakistan has tended to flatten out in recent years and cotton consumption during the present season is expected to stabilise at about the 1962-63 level. The slower rate of growth is apparently associated with difficulties currently being experienced in developing an export market for cotton textiles. The emphasis now seems to have switched over to expanding the world markets for raw cotton.

In Japan, cotton textile production is recovering from the recession of the last two years and consumption during the early months of the season was about 5 per cent above the same period last season. The indicated improvement in the economy is expected to have a favourable effect on domestic demand but, although exports of cotton textiles have shown some improvement recently, Japan continues to face strong competition from other textile exporters, particularly in south East Asia. Cotton is also meeting intense competition from the man-made fibres in that country (the world's second largest producer of these fibres), particularly the non-cellulosics which have continued to expand. Production of non-cellulosic fibres is currently about four times the 1958 rate and is, perhaps, the only sector of the textile industry to expand production during the recent recession.

In the aggregate, the rate of increase in cotton textile production outside the more traditional manufacturing countries which, in earlier years, was important in sustaining the increase in world consumption, has slowed down perceptibly, and, in fact, cotton consumption declined noticeably last season in South America.

All available information, according to the Committee, indicates that cotton consumption is again expanding in the U.S.S.R. and possibly also in Eastern Europe. In the U.S.S.R., the emphasis placed on the production of consumer goods resulted in an increase of over a million bales in the cotton consumption rate between 1955-56 and 1960-61. This high rate was maintained during the past two seasons. The increase in consumption was not matched by an equal increase in raw cotton production and this is perhaps partly responsible for current efforts to expand the production of man-made fibres in that country. If the prospects for a bigger crop were to materialise in Communist China, it would mean a big rise in cotton consumption there. Meanwhile, it is permitting an unusually large volume of cotton imports during the current season, presumably as a safeguard against unforeseen adverse developments in the crop situation.

Considering these global trends, the Committee anticipates that world cotton consumption will probably increase significantly during the current season, thus reversing the declining trend of the past three seasons. On the basis of the present estimates, world consumption, according to the Committee, could increase by more than a million bales. World consumption last season aggregated 45.93 million bales, as compared with 46.69 million bales in 1961-62 and 47.20 million bales in 1960-61. It is, however, unlikely, the Committee maintains, that consumption will increase sufficiently to close the gap between production and consumption and there will almost certainly be a further increment to the already large carryover of raw cotton by the end of the current season. Looking to the longer-term prospects, the Committee concludes that the greatest deterrent to an expansion in world consumption of cotton would be intense competition from man-made fibres. Expenditure on cotton promotion has been small as compared with man-made fibres. However, an increased consciousness of the need for expanded work in this area has led to the organisation of a conference on cotton promotion to be held in Bonn, W. Germany in May next, prior to the plenary meeting of the I.C.A.C. scheduled to be held at the same place. Increased consumer incomes that are resulting from the emphasis on economic development in many countries, the Committee hopes, will have a favourable influence on cotton consumption.

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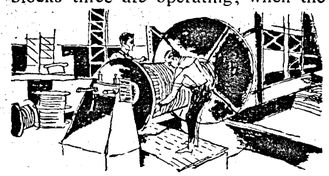

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CHAMBER PRESIDENT URGES MORE MERGERS

From Our Special Correspondent

MANCHESTER, 25*th February*

SURVEYING the current textile situation in his final address to shareholders as chairman of the large Lancashire Cotton Corporation, Mr. Roger M. Lee gave an encouraging account of the group's prospects and the recent improvement in productivity throughout the trade. He told the annual meeting that the higher levels of activity now being achieved by the Corporation had brought substantial savings in costs, the benefit of which should be seen in the current year's accounts. The increased volume of trade, which occurred in the last weeks of the financial year ended in October, had been maintained, he continued, and marked increases in sales, production and yarn deliveries had been noted in the first quarter of this financial year as compared with the same period 12 months ago.

MANCHESTER LETTER

Margins in yarn prices, said Mr. Lee, were still much too low, but the trend was towards more satisfactory margins, so that a more reasonable return for effort might be obtained in future, but this would take time owing to the substantial volume of orders on hand. Re-equipment and modernisation planned under the Government's reorganisation scheme had enabled the Corporation to achieve considerable increases in productivity and lower wage costs. Reference had recently been made to the Royd Mill at Oldham, where productivity per operative had increased by some 50 per cent and wages costs had been reduced by some 14 per cent, although earnings had increased by some 20 per cent. "This is by no means an isolated instance and illustrates the great efforts which have been made throughout the industry," Mr. Lee added.

Imports

Commenting on the high level of duty-free imports of cotton textiles, mainly from Asiatic Commonwealth sources, he said that it was a great pity that arrivals had reached such levels before the Government had imposed measures of restraint. The firmer attitude, however, belated, was welcome, and the problems were being approached as they arose in a more realistic manner. An example was the categorisation of Hong Kong textile exports to the United Kingdom, and a similar arrangement with India was a possibility.

Mr. Lee, who had already announced his intention to retire from the Board during the course of the current financial year, said that he hoped his successor would be able to report improved results for 1963-64.

Marketing by Mergers

By virtue of his position, the President of the Manchester Chamber of Commerce must, in his annual address, cover a wide range of affairs which concern the city and its commercial interests. In a speech running to more than 7,000 words, there is scope for considerable comment, only a small part of which can be adequately reported. Mr. P. R. Gell, Chairman of Ashton Brothers and Co. and the retiring President of the Chamber, had a number of keenly perceptive views to express on the textile trade in his final message to members. Prices obtainable by weavers had showed a very poor return, he declared, a point which has since been underlined by the financial results of more than one substantial manufacturing group for 1963.

"This can only be due to the fact," said Mr. Gell, "that the weaving industry consists of far too many individual units, each incurring overheads which could better be shared by larger groups. Their sales consist largely of grey cloth to markets over which they have little or no control." The amalgamations lately carried out by the major man-made fibre producers had been well received by the City of London and had undoubtedly done something to improve the image of the industry in financial circles, he contended. "I am quite sure that any amalgamation of similar interests, particularly if it is supported by marketing, can be a tremendous stimulus and with goodwill on both sides can lead to savings and improvements in organisation which were not obvious at the start." He urged all those who felt there was a future for them in the trade and had kept their plant in good shape to take the plunge and get together, even though the pattern of their marketing might at first seem a little obscure.

Sheltering Under G.A.T.T.

On imports, Mr. Gell declared: "Whatever Government is in power next year will surely insist on the maintenance of the present ceilings, but I am equally sure that all exporters to this country will try to establish the highest possible quotas this year." Labour's plan for cotton seemed to place too much reliance on the willingness of other developed countries to take an increasing share of Asiatic products.

The results of this policy of the open door were plain for all to see and the textile industries of other countries could hardly be expected to offer themselves on the sacrificial altar of what the French now called "Manchesterisation." America had provided an example of how to conduct their affairs by continuing to invoke the shelter of the long-term G.A.T.T. arrangement whenever any particular type of fabric import threatened home production.

Earlier, Mr. Gell had discussed the failure of the Common Market negotiations and Britain's link with the Commonwealth. Imports into Commonwealth countries between the periods 1955-57 and 1960-62 had increased by £1,000 million, he pointed out, but, in the same period, Britain's share of the increase was only £40 million.

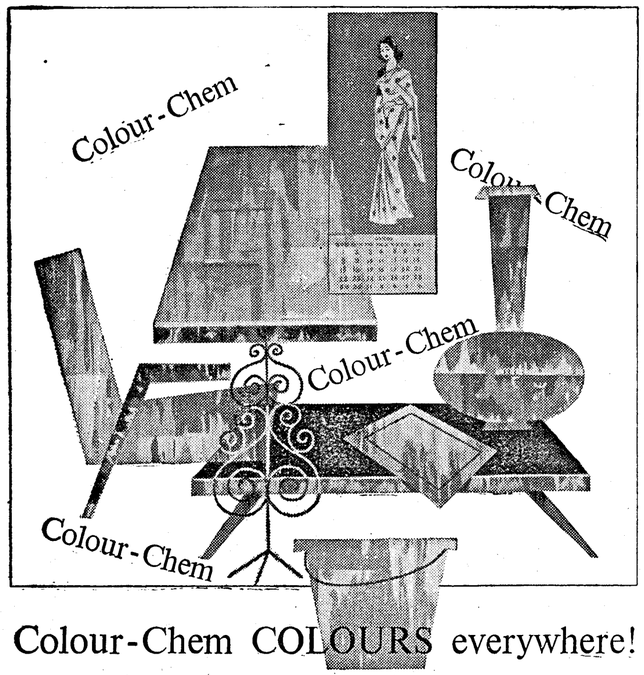
"The recent application by textile manufacturers in Australia to their Tariff Board would, if granted, virtually destroy all cotton textile exports to Australia from this country and so reduce even further our total trade there," he added. "It is to be hoped that the carefully prepared case which the Cotton Board has produced will prevail with the Tariff Board, so that at least something will be left to us in a market which not so long ago held top place in our textile exports."

Citing the dangers facing Lancashire from many different foreign producers, Mr. Gell observed that as one source fulfilled its quota so another source appeared. An example was Macao, the little-known Portuguese possession on the mainland of China not far from Hong Kong. Although exports from Macao to this country only started in the early part of last year, by the end of October a significant quantity of textile goods had arrived, including amongst other things, very nearly half a million men's shirts, at an average price of less than 6s. each.

"The Government has now brought this source of supply under licensing control," Mr. Gell continued, "but a quota on past performance has been established. One cannot help wondering where the next supply will come from. The cloth required to make these shirts would keep approximately 100 looms working three shifts for 12 months, a very useful order for any Lancashire manufacturer."

MOBILE TEXTILE SPINNING LABORATORY

A mobile textile spinning laboratory—a 8½-ton bus set up as a travelling laboratory—has been sent by the SKF Kugellagerfabriken G.m.b.H. of West Germany to its associate in India to demonstrate the possible improvement in quality and production of their own textiles by learning the correct application, operation and maintenance of various SKF specialities for textile machinery. The laboratory is now on a six-to-eight month tour of all the towns and cities of South India where textile mills operate. It will also visit textile institutes and textile research centres *en route*. The textile towns of North and North East India will be covered later. The German expert accompanying the laboratory is expertly guided and assisted by two Indian technicians. With the SKF spintesters and other yarn testing apparatus, which are installed in the bus, spinning tests will be carried out. The spintester is a small electronically controlled test spinning frame where the break draft, total draft, yarn twist and spindle speed can be adjusted steplessly while in operation. The tests carried out on the spintesters will enable the textile industry in India to achieve the very finest results with any raw material at hand.



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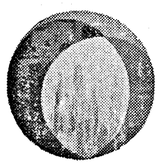

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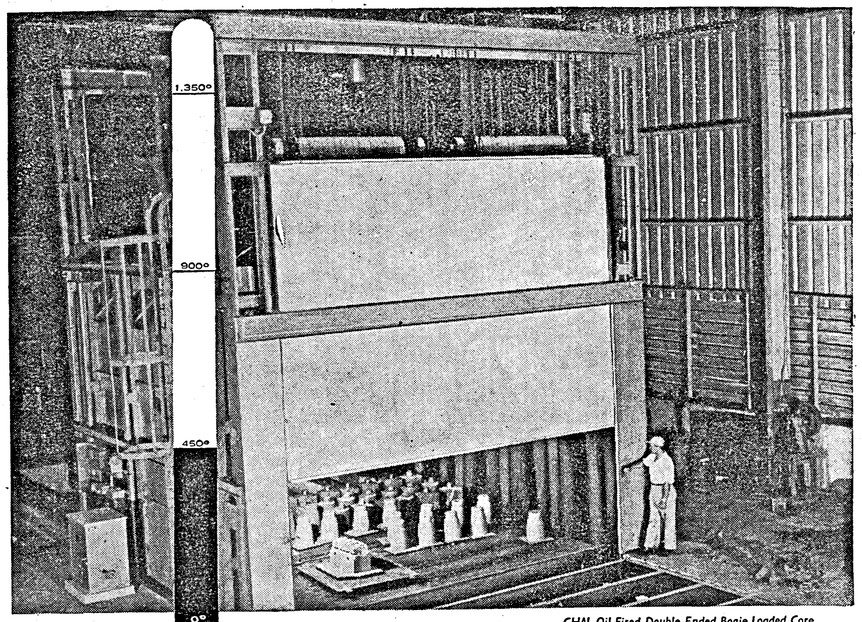

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BRANCHES ALL OVER INDIA

REVERSES ON ASIAN FARM FRONT

E.C.A.F.E. CALLS FOR REDOUBLED EFFORTS

HUNGER is still Asia's problem No. 1 and the outlook is gloomy for the remaining years of the sixties. Every fourth man in Asia suffers from hunger and many more suffer from malnutrition. In the decade of the 'fifties, food production in Asia improved by a third but the levels of consumption returned to just about what had been achieved on the eve of the last world war. This slow rate of progress was due to the increase in population by twenty per cent during the 'fifties. The conditions have become somewhat more tragic in the years of the 'sixties that have gone by. The programme under the much publicised United Nations Development Decade set a target of doubling the rate of increase in agricultural production in the 'sixties. But, in the early years of the 'sixties, the Asian developing countries have been fighting a losing battle.

The food situation in developing Asia receives the pride of place in the *Economic Survey of Asia and the Far East for* 1963, prepared by the Secretariat of the United Nations Economic Commission for Asia and the Far East. The survey is a basic document now being discussed at the annual session of E.C.A.F.E. which began at Teheran, Iran, on 2nd March. As in recent preceding years, the Secretariat has prepared the *Survey* in two parts, the second part dealing with a country-wide analysis and the first dealing with a special subject. The problems of import substitution and export diversification constitute the special subject for this year. The special analysis discusses Asian industrial and export import problems as something of a curtain raiser for the U.N. Conference on World Trade and Development which is to begin soon in Geneva.

Membership

With the admission of Australia and New Zealand within the regional scope of E.C.A.F.E. last year, the organisation now has twenty-three countries and territories represented as regional members and five as non-regional participants. The non-regional participants are the United States, the Soviet Union, Great Britain, France and the Netherlands. The E.C.A.F.E. Secretariat, in its study, has again reclassified the regional members. Twenty countries and territories come under the list of developing countries. The three excluded from this description are Japan, Australia and New Zealand. The E.C.A.F.E. analysis of the conditions of food production are confined to the developing region.

Between 1955 and 1961, the food production in the developing E.C.A.F.E. region rose at an annual average of 3.6 per cent, but, in the last two years, the increase has come down to half of one per cent. In the last two years, the population increase has averaged 2.4 per cent a year. The E.C.A.F.E. Secretariat mentions India, Pakistan and Korea as the countries where the deterioration in agriculture has been the most marked in the last two years. Food production per head in the last two years declined by seven per cent in India, four per cent in Pakistan and two per cent in Indonesia. The countries of Oceanic Asia (Brunei, Taiwan, Hong Kong, Malaysia and the Philippines) barely maintained food production per head at 1953-57 levels. It is only in Continental South-East Asia (Burma, Cambodia, Laos, Thailand and South Vietnam) that the food supply outpaced population growth. In 1962, these countries reported a slight increase in food production; in 1963, they had a substantial increase which brought their output per head to ten per cent above 1953-57 levels.

Recovery in China

As compared with conditions in 1962, there was a partial recovery in food production in Mainland China. (Mainland China is not a member of E.C.A.F.E., but a brief survey of conditions there is included in the Secretariat report.) Mainland China's food grain production in 1963 is estimated at 190 million tons, as against 170 million tons in 1962. In 1958, China had claimed a record output of 250 million tons of grain. In 1962 itself, China, buying 4.7 million tons of grain from abroad, had become a larger importer of grain than India. In 1963, China increased her foreign purchases.

Pakistan's wheat crop rose by more than two per cent to a record 4.2 million tons in 1963, but East Pakistan floods reduced the paddy crop by more than seven per cent. The output of all cereals taken together fell by four per cent in Pakistan. Indonesia was able to improve her food production by eight per cent in 1963, but imports had still to be heavy, because, for one thing, Government procurement prices were too low to persuade farmers to part with grain to Government agencies. Ceylon and Taiwan had record rice crops, the increase in Ceylon being 12 per cent and the increase in Taiwan being five per cent. Taiwan expected to increase rice exports but Ceylon still needed 500,000 tons of rice imports, or a quantity equivalent to half of its crop.

In Continental South-East Asia, there had been a two per cent fall in food production

E.C.A.F.E. Countries: Net foodgrain imports

(In thousands of tons)

Country	Rice		Wheat		Wheat flour	
	1962	1963	1962	1963	1962	1963
India	391	451	3,199	2,918	13	13
Indonesia ..	1,064	1,000	..	..	88	18
Japan	178	200	2,562	2,330	6	17
Pakistan ..	78	128	538	1,035	10	10
Ceylon	411	504	..	..	175	189
China (Taiwan) ..	— 42	— 59	255	300	4	6
China (Mainland)	— 378	— 340	3,678	4,345	..	..
Hong Kong ..	360	368	104	58	30	22
Malaysia ..	531	559	19	19	204	208
Phillippines ..	..	121	322	366	21	7
Burma	—1,723	—1,550	12	12	26	26
Cambodia ..	— 132	— 300	..	..	13	10
Thailand	—1,277	—1,350	..	..	27	26
S. Vietnam ..	— 42	— 300	..	..	75	57
Iran	..	..	182	208	39	51
S. Korea	— 60	111	371	847	24	58
Laos	43	20	..	..	2	2
Nepal	12	..	..	..	..	..

Source: E.C.A.F.E. Secretariat Survey.

in 1962. In 1963 the increased production took the output to five per cent above the level in 1961 in this area. Thailand increased rice output eleven per cent to six million tons, Burma by five per cent to 4.9 million tons, Cambodia by 35 per cent to 1.2 million tons and South Vietnam by 13 per cent to 3.4 million tons.

Aggregate regional exports of rice in 1963 were two per cent higher but aggregate regional imports of rice were four per cent higher than in 1962. The developing region's wheat imports rose by ten per cent, although India reduced her wheat imports. Pakistan's wheat imports doubled and Mainland China increased her wheat imports by twenty per cent.

The Development Decade programme which calls for a five per cent increase in national income cannot be fulfilled without a dynamic drive in the agricultural field. Ninety per cent of the region's agricultural production consists of food products and the contribution of agriculture to the national incomes varies from 34-38 per cent in Taiwan to 48-56 per cent in Indonesia and Pakistan. Against this background, the contribution from industrial expansion, however high the percentage increases in manufacturing, is secondary to agriculture to the improvement of the personal fortunes of the Asian people.

Industrial Strides

In 1958, the E.C.A.F.E. region as a whole contributed 7.3 per cent of the world manufacturing output. Excluding Mainland China, only Japan, Australia and India, had substantial manufacturing industries. One half of the region's manufacturing activities are in Japan, one-sixth in Australia and a little less than one-sixth in India. Australia, whose population is one-fortieth of India's, has an industrial output exceeding India's! Between 1958 and 1962, Japan has doubled its manufacturing output, India has raised it by a third and Australia by a little less than a third. The increases in the smaller countries were 40 per cent in South Korea, 63 per cent in Taiwan, 45 per cent in Pakistan and 26 per cent in the Philippines. In the first half of 1963, there was a deceleration of industrial growth. Compared with nine per cent in 1962 and twenty per cent in 1961, Japan's industrial growth came down to a low two per cent in the first half of 1963. This was the result of deliberate Government restrictions to ease balance of payment difficulties caused by a runaway industrial boom.

It was a good export year for many countries, including India. However, Indonesia's exports, which had fallen by 14 per cent in 1962, experienced a further precipitous fall in 1963. The loss in exports was accentuated in the latter half of the year by the Indonesian policy of confrontation which led to a break in the diplomatic and commercial relations with Malaysia. Burma increased her exports by four per cent and imports by six per cent in the first nine months of 1963. South Korea's exports rose by 85 per cent and imports by 41 per cent in the first nine months. The increase in the comparable period was one-seventh for Australia and New Zealand. Pakistan's exports rose by nine per cent and imports by 12 per cent. India achieved a combination of increase in exports and decrease in imports. For Hong Kong, 1963 was a record year for trade and industry. Re-exports rose by nine per cent in the first ten months and exports of local manufactures by 16 per cent. There was big increase of 42 per cent in Hong Kong's exports to Japan, following Japan's import liberalisation.

In Japan

Japan was able to keep up her recent growth of an annual ten per cent in exports through 1963. Big gains were 42 per cent increase in exports of ships, 32 per cent in iron and steel, 27 per cent in metal products and 20 per cent each in chemicals and machinery. But Japan is continuing to have a balance of payments problem, with the growth in industrial production leading to a twenty per cent increase in import of raw materials and 16 per cent increase in import of mineral fuels. There was no fall in exchange reserves, however, thanks to large capital inflow.

Mainland China persists with her policy of publishing no statistics on foreign trade. The peak exports from Mainland China were claimed in 1959. There was a decline of 8 per cent in 1960, a further fall of 25 per cent in 1961 and another eight per cent fall in 1962. China's exports to the Soviet bloc have been progressively diminishing but there has been a small increase in Chinese exports to West Europe and E.C.A.F.E. countries.

Commodity-wise for the E.C.A.F.E. region as a whole, higher prices were obtained during 1963 for sugar, tin, copra, coconut products, tea, dairy products, meat and wool. Quantitatively, there was an increase in exports of cotton, jute, petroleum and iron ore. There was a steep fall in prices of rubber and restrictions on exports of cotton fabrics to Britain and the United States.

The E.C.A.F.E. Secretariat lists three urgent requisities for the progress of the region: 1. redoubling of efforts in agriculture through improved irrigation, fertiliser use and fishing; 2. easing defence expenditures by reducing political tensions; and 3. improvements in export prospects.

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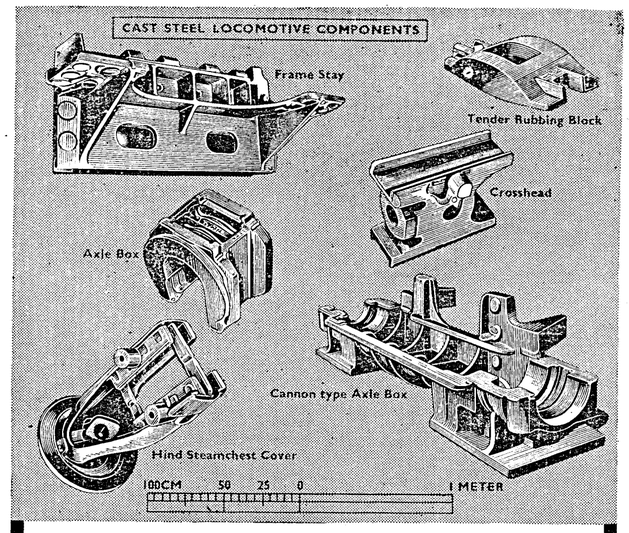

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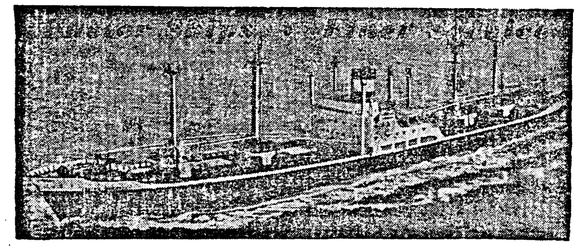

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WORKING OF INTEGRAL COACH FACTORY

ESTIMATES COMMITTEE HIGHLIGHTS ACHIEVEMENTS

IT is a story of success that is unfolded in the Estimates Committee's latest report on the Railway Ministry's Integral Coach Factory located at Perambur in Madras City. This public enterprise, which has the distinction of being the largest manufacturing unit of its kind in Asia, commenced production of railway coaches in October 1955 with Swiss technical collaboration. It has involved, up to the end of 1962-63, an aggregate capital outlay of about Rs. 9.69 crores (Rs. 6.87 crores on the shell factory proper and Rs. 2.71 crores on the furnishing project), including the cost of township. The Estimates Committee has noted, with satisfaction, that, by May 1961, when the agreement with the foreign collaborator ceased to be operative, the coach factory had been able to master the technical "know-how" of integral coaches so as to dispense with the services of the Swiss collaborating firm and save the country valuable foreign exchange. It has further noted that, with its up-to-date machinery and manufacturing techniques, the factory is now geared up to build all types of broad-gauge and metre-gauge coaches according to different specifications. The I.C.F.'s diversified manufacturing programme thus covers coaching stock for all gauges, broad-gauge A.C. electric multiple unit coaches and diesel rail cars meant for carrying short-distance passenger traffic. But it is a pity that the Committee, which has highlighted these production achievements, has failed to appraise the factory's performance in its financial bearings too.

While it is remarkable that the Integral Coach Factory has achieved a production rate of 600 integral coaches per year (as of 1962-63) by introducing partial second shift, it is yet to be allowed to introduce a third shift which, in the opinion of the Estimates Committee, may be required to augment the coaching stock within the country and to effect some exports. Although there are other manufacturers of coaching stock, namely, the Railway Workshops, the Hindustan Aircraft Ltd., Jessop and Braithwaite, the I.C.F. happens to be the chief supplier to the Railways and seems to have the potential for three-shift working. In any case, there is need for stepping up the manufacture of coaches, for the total "anticipated production" of 5,231 broad-gauge, 3,406 metre-gauge and 352 narrow-gauge coaches during the third Plan period is less than the total "planned requirements" (including substantial throw-forward requirements from the second Plan period) of 5,364 broad-gauge 3,858 metre-gauge and 419 narrow-gauge coaches for the period. The "planned requirements" themselves, incidentally, seem to be on the conservative side, for they provide for only a three per cent increase in passenger traffic, whereas, according to the Committee, the experience of both the second Plan period and the first two years of the third Plan indicate that the actual increase in suburban and non-suburban traffic, taken together, is of the order of about five per cent per annum. While the total requirements seem to be higher than what the Railways have planned for, the trend of production in the first three years of the current Plan merely corresponds to the yearly target. That the Railways should thus be able to achieve their limited production target for coaches can be no consolation, for it will still be inadequate in relation to the requirements.

TABLE I.—*Planned Requirements of Coaches*

Type of coach	Broad Gauge		Metre Gauge		Narrow Gauge	
	2nd Plan carry-over	3rd Plan needs *	2nd Plan carry-over	3rd Plan needs *	2nd Plan carry-over	3rd Plan needs *
I class	152	614	2	193	..	..
I and III composite	..	391	43	245	..	..
III class	79	728	138	1,484	..	..
III class sleeper	..	320	107	257	..	..
III luggage & brake van	219	766	55	529	..	..
III and postal van	16	41	2	67	..	..
Total passenger coaches	466	2,860	347	2,775	156	358
Non-passenger coaches	303	1,565	243	981	30	61
Electric multiple unit coaches	19	939	..	102	..	..
Grand total	788	5,364	590	3,858	186	419

*Include thrown-forward requirements of Second Plan.

Another noteworthy finding in the Committee's report is that the average cost of manufacture per coach body shell in the I.C.F. has come down from Rs. 274,000 in 1955-56 to Rs. 71,000 in 1961-62. The cost of furnishing (Rs. 64,000 for III class coach and Rs. 84,000 for I class coach in 1961-62) is also found to be less in the I.C.F., as compared with that in the Railway Workshops. It is, therefore, appropriate that I.C.F.'s present capacity for furnishing 360 shells per annum is being expanded so as to deal with 500 coaches in 1964-65 and 650 in 1965-66. In other words, the furnishing division itself will ultimately handle the entire production of the shell factory. That will mean the release of furnishing capacity in the Railway Workshops for possible other uses.

TABLE II.—*Anticipated Production of Coaches*

Type of coach	I.C.F.	H.A.L.	Railway Workshops	Private Sector	
				Jessop	Braithwaite
Broad Gauge:					
I class	614	..	..	..	..
I and III composite	391	..	..	..	..
III class	79	649	..	..	..
III class sleeper	..	320	..	..	..
III luggage and brake van	563	170	33	..	..
III and postal van	..	25	16	..	..
Non-passenger coaches	53	267	906	119	171
Electric multiple unit coaches	592	..	..	263	..
Total	2,292	1,431	955	382	171
Metre Gauge					
I class	190	..	3	..	..
I and III composite	..	..	43	202	..
III class	513	..	11	600	..
III class sleeper	150	..	107	..	..
III luggage and brake van	..	..	57	472	..
III and postal van	..	..	2	65	..
Non-passenger coaches	68	..	618	203	..
Electric multiple unit coaches	102	..	..	..	..
Total	1,023	..	841	1,542	..
Narrow Gauge: Passenger coaches / Non-passenger coaches	..	..	352	..	..

Some other findings are also quite revealing. The Committee sees, for instance, no reason why the Hindustan Aircraft Ltd., which has been manufacturing III class integral broad-gauge coaches for the last five years at higher unit costs, should not be able to manufacture a coach at a cost comparable to that of the I.C.F. which has ceased to manufacture that particular type of coach since 1959-60. The I.C.F., it may be recalled, produced that type of coach at a unit cost of Rs. 142,000 (including cost of furnishing) in 1959-60, as compared with the present H.A.L. unit cost of Rs. 176,000 for the same type of coach. But the I.C.F., for its part, is now producing III class metre-gauge coaches at a higher unit cost (Rs. 135,000 including cost of furnishing) than those of Jessop (Rs. 122,000) and the Railway Workshops (Rs. 105,000). The Estimates Committee is, however, confident that the I.C.F. will be able to bring down the cost as it gains experience in the manufacture of metre-gauge coaches. While dealing with the cost of electric multiple unit coaches—a line of manufacture just being taken up in I.C.F.—the Committee has drawn pointed attention to the difference in the cost per unit supplied by Jessop (Rs. 15.60 lakhs) and the cost per unit supplied by the Japanese in 1955 (Rs. 12.30 lakhs). As the difference in cost is substantial, the Committee has urged that Jessop should bring down the cost of manufacture. But any reasonable cost comparison would be possible only after I.C.F., too, gets into full stride in this particular field of manufacture. This is an aspect which has escaped the Committee's notice. On the export question, however, the Committee has recognised the need for quotations being tendered, on a collective basis, by a consortium of manufacturers of railway rolling stock in both the public and private sectors. But exports, it would appear, can be seriously thought of only when the production of railway rolling stock becomes surplus to the country's requirements.

BENEFITS OF U.S. SPACE RESEARCH

The U.S. space programme to land astronauts on the moon before 1970 is producing, incidentally, numerous benefits. These cover various technological advances which are also useful in non-space applications, particularly in manufacturing, transportation, communication and medicine.

The U.S. National Aeronautics and Space Administration has also established a special "Office of Technology Utilisation" to speed up industrial application of techniques generated by space research. Its task is to watch for new developments at the Government's space research centres and at the 5,000-and-odd private companies and research organisations involved in the U.S. space effort. Selected innovations will then be distributed to industries which may be able to use them. Some notable examples of non-space applications are given below:

(1) Shock-absorbing aluminium tubes, especially designed to soften lunar landings, have been installed at the bottom of elevator shafts. The tubes are also being tried on helicopters and airplanes to reduce injury and damage in emergency landings.

(2) The little wire sensors through which the physical condition of astronauts is reported to earth are used in some hospitals for constant automatic observation of the physical condition of seriously ill patients.

(3) A non-stick coating, developed during research on solid rocket fuels, is used to advantage by a small hat manufacturing company. The firm previously suffered costly delays and wastage when resin used to stiffen hats frequently stuck to the hatmakers' heating moulds.

(4) A farm-equipment manufacturer has adopted a space industry-developed method of guiding an electric arc welding head along the seam separating two pieces of metal.

(5) An industrial plant, which had been experiencing about 25 per cent breakage of miniature, precision wirewound resistors, eliminated that breakage by substituting ceramic material developed by a government space laboratory.

(6) An adaptation of the pressurised spacesuits worn by astronauts is used in some hospitals to treat stroke victims.

(7) A space scientist has developed a "retrometer" for complete privacy in voice transmission by a beam of light over long distances in space. Investigators are now examining the possibilities of using the system for radio communication on earth free from possible interception by unwanted listeners.

(8) Officials of cities plagued by water and air pollution are closely watching space researchers who are developing systems to provide pure air and water for astronauts on long space voyages to distant planets.

These are only random examples of about 1,000 products and techniques recently culled out from U.S. space research for non-space usage. As the U.S. space effort is an "open programme," all the new knowledge will be available to any country which can benefit from it. Already more than 60 nations are co-operating with the U.S. in what has become the greatest international programme of scientific information exchange in world history.

President Johnson has just revealed that the United States has successfully developed an advanced experimental jet aircraft which has been test flown at speeds exceeding three times the speed of sound. The performance of the plane, designated as the A-11, is claimed to exceed that of any other aircraft in the world today. The aircraft, now undergoing extensive tests at the Edwards Air Force Base in California, has been tested in sustained flight at more than 2,000 miles an hour and at heights in excess of 70,000 feet. Its development has been made possible by major advances in aircraft technology of great significance to both military and commercial application. President Johnson has also expressed the hope that the development of supersonic commercial transport aircraft would be greatly assisted by the lessons learned from this A-11 programme.

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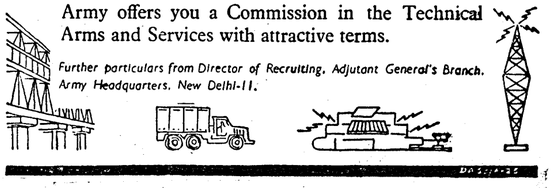


NEW PRODUCTS AND PROCESSES

Stops Fare-dodging

A machine, which can distinguish between a real and false bus or other transport ticket has been introduced by a British firm, Ticket Equipment Ltd., Cironeester, Gloucestershire, England. It has been designed to be used in conjunction with the same firm's ticket-selling machine for off-vehicle sale of tickets at a bus stop, station, in the vehicle itself, or with any other form of pre-sale tickets. It sounds an alarm to alert the bus driver when a false ticket is presented. The transport company using the machines would issue a special ticket, cheap and extremely difficult to forge. The ticket is prepared with a printing ink incorporating a metallic element which affects a magnetic field when the ticket is presented in the slot in the machine. The machine will automatically recognise or reject the ticket, cancel it, and print to nine figures of information (route number, date, time, etc.) plus the machine number for the subsequent information of any inspector who may board the bus. It will accept a multiple ticket for as many as eight journeys, cancelling one section and giving the information for each in turn. This is particularly valuable on transport systems with a multi-zonal fares structure, with or without transfers. The machine can also be adapted to give a control impulse to open a turnstile or barrier.

Filtering Semi-fluids

The problems of filtering viscous slow-moving semi-fluids is claimed to have been solved by a British firm, British Filters Ltd., Maidenhead, Berkshire, England. Filtering these fluids is much more difficult than with free flowing liquids such as water, petrol and chemicals. The Company has overcome this by a new all-stainless steel-jacket laboratory filter, which was on show for the first time at the International Filtration Exhibition, held in London, 11th-14th February. Basically the filter consists of two concentric cylinders, with the annulus sealed at both ends. Two nozzles are provided on the outside to permit introduction of steam or hot water—to make the substance flow freely—at a pressure of 20 lb. per sq. in. maximum. The top of the vessel is closed by a thick plate, carrying a filling funnel, pressure gauge and three-way cock. The funnel is provided with a two-way cock which must be closed to the atmosphere so that the container may be pressurised.

Pressure Switch

A high-sensitivity pressure switch to operate control units or warning devices, where reliable indication of pressure changes is required, is being produced by a British firm, Heron Electrical Devices Ltd., Ardea Works, Benton Square, Newcastle-upon-Tyne, 12, Northumberland. Its applications include marine and general industry, dairy farming, brewing, explosive storage, mining, engineering, traffic monitoring, medical research, fire protection, bank security, hospitals, aircraft safety and water treatment. The standard model is 6 in. x 3 in. x 1¼ in. deep and is capable of either local or remote-control positioning. Pressure from the area to be controlled is fed to one side of a diaphragm in the body of the unit via a small-bore inlet pipe. The switch is fully adjustable over its range, and has built-in damping to ensure positive action with fast response. A hinged dive-plate, sealed by the diaphragm, actuates the plunger of a highly-sensitive microswitch to operate the warning device or control unit, and adjustments are made by a range screw.

Optical Probe

A quicker and more convenient method of examining valves inside gas and water pipes without interruption to the flow has been developed by a British firm, E. Pass & Co. Ltd., Denton, Lancashire, England, using an endoscope equipped with a ¾ in. diameter optical probe and high intensity external lighting. This technique can also be used for the visual examination of the interior of live steam or petrol pipes. The British gas industry is successfully using the technique to inspect old mains, to determine whether valves, for which all records have been lost, are open or closed. The endoscope not only permits visual inspection of the valves but enables photographs to be taken of them to provide an accurate and readily understood record of their state.

Pallet Loader

A fully automatic pallet loader, designed to load boxes, cartons or crates on to a pallet in an interlocking pattern, is being produced by a London firm, Lamsen Engineering Co. Ltd., Hythe Road, London, N.W. 10. It can be adapted to work with any kind of production flow, whether from a single feed line straight from a sealing machine or from a complicated system of multiple conveyors, each handling a different product or package size. Maximum rating is 35 packages per minute on a single feed system and 30 per minute for a multiple feed. In both cases, however, the speed is governed by a combination of factors such as pallet and carton size, pallet pattern, and height of the pallet load.

Bullet-proof Glass

A new type of bullet proof glass, said by the makers to be stronger weight-for-weight, more translucent and splinterproof than previous types of glass, has been developed by a British firm, Leavlite Ltd., Bromley Hayes, Lichfield, Staffordshire, England. When a ¾ in. thick sheet was subjected to a burst of fire from an automatic at point blank range the reverse side of the glass remained free of splinters. At the same time, a newspaper can be read easily through a 2 ft. thickness of the glass. It has been developed for use in bullion vehicles, bank tellers' windows, pay offices, showcases and any department where a protective shield is required. Curved windscreens can be manufactured from the glass. The same firm is also producing a silica/quartz laminate which resists oxy-acetylene cutters by reflecting the heat back onto the cutter. This ruins the cutter and half hour resistance for a sheet only ¾ in. thick is claimed. This material is already being used in Britain between the inner and outer steel shells of safes.

Stainless Steel

A new process for making stainless steel strip recently put into commission in Britain is claimed to be a notable advance in this field. Because of the high surface finish produced by this process, polishing costs can be considerably reduced and this enables fabricating companies to cut production expenses and market finished articles at more competitive prices. It will produce stainless steel strip in varying thicknesses and in widths up to 12 in. at 150 ft. per minute. Previously, the bright annealing of stainless steel was possible only in muffle type furnaces which have the inherent disadvantages of limited life, dependent on working temperature and the risk of marking the highly finished surface of the strip. The new equipment removes these disabilities and has the additional advantages of higher maximum operating temperature and much reduced floor space in relation to output capacity.

Heavy-duty Guillotine Shearing Machine

An engineering works at Heer (Holland) which specialises in the manufacture of hydraulic guillotine shearing machines (some with blade lengths exceeding 3 metres for plate thicknesses up to 25 mm has extended its production range by the addition of shorter, i.e. 800 and 1,000 mm long shearing machines specially designed for cutting plates up to thicknesses of 16 and 20 mm respectively. They can be used in structural steel works, for example for cutting sketch, gusset and sole plates and strip material, and in works where long shearers are already in operation. The short shearing machines were also specially designed to reduce the load on the larger models and thereby make more efficient fabrication possible. The frames of the machines (made entirely of open-hearth steel) consist of two side-housings with the cutting table mounted in between. The pivoting cutter-beam assembly is secured between the side housings by two shafts. With this modern construction, therefore, the conventional blade-alignment devices are not necessary, since the entire cutter assembly moves about a fixed point projected above the bottom blade. This assembly contains a double-edged blade mounted in a special moulding of adjustable construction. A four-edged bottom blade is rigidly fixed in the cutting table. Thanks to the oscillating motion of the cutter beam, wear on the blades is reduced to a minimum as they come into contact only at the point and actual moment of cutting. In the side housings the cylinders are installed that depress the cutter beam to shear the plate. The fact that the clearance between the shearing blades can be adjusted in a matter of seconds guarantees burr-free cutting of the desired plate thickness. Clearance adjustment controls are mounted on the side of the machine, where plate thicknesses can similarly be read off. This makes it simple for plates of varying thicknesses to be sheared in quick succession. The hydraulically operated plate-clamping jacks work independently and, after the shearing stroke, are restored to their initial position by built-in springs. The pressure on the jacks can be regulated. These jacks—five to every metre of cutting length—press down onto the plate and clamp it immovably before the shearing blade starts moving. It is impossible for the plate to shift during cutting owing to the pressure exerted by the cutter beam; nor can it move when a strip only a few millimetres wide has to be sheared off, for instance when simply truing up a plate.

The machine is operated fully hydraulically and all parts are interconnected by oil lines. The pump, complete with control block and safety valve, is housed in the oil tank. This built-in control block is responsible for distributing the oil to the jacks and the two main cylinders. So that the plate can be clamped down, oil is routed to the jacks fractionally before the two main cylinders that actuate the cutter beam. When the foot-pedal, connected to the control block by a system of rods, is depressed, oil flows through the block to the points in question and the cutter assembly descends for the shearing operation. Immediately the foot-pedal is released, the cutter beam returns to its initial position. In some models a system of springs has been incorporated to retract the hydraulically depressed cutter beam to its starting position after cutting. The hydraulic circuit contains a safety valve, thanks to which the shearer can never be overloaded. If the maximum load is reached, the cutter beam is halted automatically. The shearing machine calls for little maintenance.

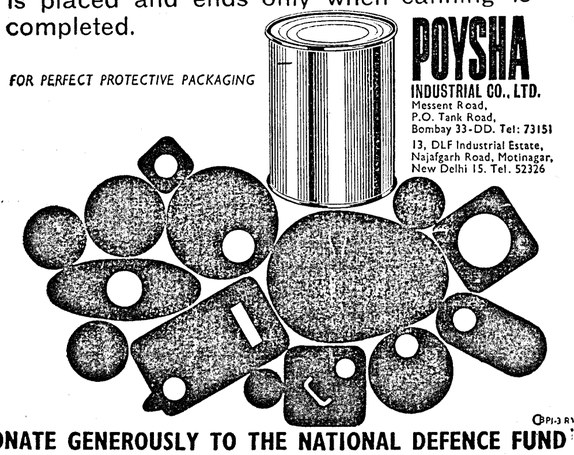
Hard, Protective Varnish

A varnish in which electrical components can be dipped to give them a hard, transparent protective skin that is unaffected by either tropical or sub-zero temperatures, has been patented by Licentia Patent-Verwaltnungs G.m.b.H., of 1, Theordor-Stern-Kai, Frankfurt-on-Main, Germany. It does not have to be heated, and can be washed off with the aid of a solvent. Another type of skin, this time for protecting highly polished wood and plastics, has been reported by the H. Widerhold Company, of 102, Düsseldorf—strasse, Hilden/Rheinland, Germany. It is made from transparent pvc and can be sprayed on and stripped off. Full protection is assured and the appearance of the article is in no way impaired.

CONDENSED MILK TO COSMETICS

Milk products or cosmetics, lubricants or vanaspati, paints or pharmaceuticals, processed food or printing inks, wide is the range of industries served by tin containers manufactured by Poysha. Though young in years, they are already one of the leading tin container manufacturers in the country. Over the last four years their turnover has increased by about 70% annually ■ A great deal has been achieved in such a short time because at Poysha the emphasis is always on quality and service. At every stage of manufacture quality control is exercised by technicians, working with modern equipment. Service begins even before the order is placed and ends only when canning is completed.

FOR PERFECT PROTECTIVE PACKAGING



POYSHA
INDUSTRIAL CO., LTD.
Messent Road,
P.O. Tank Road,
Bombay 33-DD. Tel: 73151
13, DLF Industrial Estate,
Najafgarh Road, Motinagar,
New Delhi 15. Tel. 52326

DONATE GENEROUSLY TO THE NATIONAL DEFENCE FUND

ALLAHABAD BANK, LIMITED

(AFFILIATED TO THE CHARTERED BANK)

DIRECTORS' REPORT

The Directors of the Allahabad Bank, Limited, have pleasure in submitting the Accounts, duly audited showing the position of the Bank's affairs as at the 31st day of December, 1963.

	Rs.	nP	Rs.	nP
The result of the working for twelve months, including the balance of Rs. 6,15,706.71 from former Account, and after making allowance for taxation and depreciation, is a profit of	....		32,57,139	06
Out of this, there has been transferred to Reserve Fund	5,30,000	00		
A Dividend on the Ordinary Shares at the rate of 15 per cent. per annum and Dividend on the Preference Shares at the rate of 7.80 per cent. per annum (both subject to deduction of tax in accordance with the provisions of the Indian Income Tax Act) for the six months ended 30th June, 1963, has also been paid absorbing	5,64,750	00		
			10,94,750	00
Leaving an available balance of	....		21,62,389	06
which your Directors recommend should be disposed of as follows:				
In payment of a Dividend (subject to deduction of tax in accordance with the provisions of the Indian Income Tax Act) on the Preference Shares for the six months ended 31st December, 1963, at the rate of 7.80 per cent. per annum	58,500	00		
In payment of a Dividend (subject to deduction of tax in accordance with the provisions of the Indian Income Tax Act) on the Ordinary Shares for the six months ended 31st December, 1963, at the rate of 15 per cent. per annum	5,06,250	00		
Provision for Bonus to Staff	11,30,000	00		
			16,94,750	00
Carry forward to next Account	....		4,67,639	06

The business of the Bank continues to record steady progress in deposits, advances and working results. The improvement in the working results has been achieved by better utilisation of funds reflected in a higher level of advances. As hitherto, investments are shown in the Balance Sheet at less than the actual market value.

No new branches were opened during the year, but the Muslim University, Aligarh, Cash Office, was upgraded to Branch status. It is hoped to open several new offices in 1964 for which the permission of the Reserve Bank of India has been obtained.

The Bank obtained exemption from the Central Government from the requirement of compulsory audit for 39 branches in respect of their accounts for 1963 and the remaining offices were either audited by the Bank's Statutory Auditors, Messrs. A. F. Ferguson & Co., or by firms of Chartered Accounts appointed in consultation with them.

Mr. I. G. Thomson resigned from the Board on his departure from India. Mr. J. Russell was appointed by the Board as a Director to fill the vacancy caused by Mr. Thomson's resignation.

Mr. M. J. Maclaren resigned from the Board consequent upon his retirement from India. Mr. J. Ritchie, O.B.E., was appointed as a Director to fill the vacancy caused by the resignation of Mr. M. J. Maclaren.

Mr. J. M. Parsons was appointed as a Director to fill the vacancy caused by the resignation of Sir H. Mackay Tallack from the 28th March, 1963.

Mr. I. G. Thomson was Director and Chairman of the Board for a period of more than three years and his services to the Bank in that capacity were outstanding. Mr. M. J. Maclaren held the post of the General Manager of the Bank creditably from April 1958, prior to which he had been associated closely with the Bank for many years. Sir H. Mackay Tallack had been a Director of the Bank since the 23rd June, 1961. The Directors place on record their deep appreciation of the valuable services rendered to the Bank by Mr. I. G. Thomson, Sir H. Mackay Tallack and Mr. M. J. Maclaren.

Mr. S. P. Puri was appointed a Director and subsequently Chairman. Under Article 104 he retires, but offers himself for re-election.

Under Article 115, two of the Directors, Maharajadhiraja Bahadur Sir Uday Chand Mahtab, K.C.I.E., B.A., of Burdwan and Mr. M. R. Das retire from office by rotation, but are eligible for re-election.

Auditors will have to be appointed for the year ending 31st December, 1964.

Mr. J. M. Parsons being absent from Calcutta has not signed the accounts.

By Order of the Board,
S. P. PURI,
Chairman.
J. RITCHIE,
General Manager.

CALCUTTA, *The 20th February*, 1964.

BALANCE SHEET AS AT 31st DECEMBER, 1963

31-12-1962 Rs.	CAPITAL AND LIABILITIES	Rs.	nP	Rs.	nP
	1. Capital—				
	AUTHORISED CAPITAL—				
85,00,000	2,85,000 Ordinary Shares of Rs. 100 each ..	2,85,00,000	00		
15,00,000	15,000 6 per cent. Cumulative Preference Shares of Rs. 100 each	15,00,000	00		
1,00,00,000		3,00,00,000	00		
	ISSUED AND SUBSCRIBED CAPITAL—				
67,50,000	67,500 Ordinary Shares of Rs. 100 each fully paid in cash	67,50,000	00		
15,00,000	15,000 6 per cent. Cumulative Preference Shares of Rs. 100 each fully paid in cash	15,00,000	00		
82,50,000		82,50,000	00		
Nil	LESS—Calls Unpaid	Nil			
Nil	ADD—Forfeited Shares	Nil			
82,50,000				82,50,000	00
	2. Reserve Fund and Other Reserves—				
1,12,50,000	Reserve Fund (includes Rs. 45,50,000 as identifiable as premiums received on issues of shares in past years)	1,22,30,000	00		
11,25,000	Share Premium Account	11,25,000	00		
1,23,75,000				1,33,55,000	00
	3. Deposits and Other Accounts—				
39,96,19,150	Fixed Deposits	42,57,92,797	30		
9,57,07,655	Savings Bank Deposits	11,17,47,177	58		
13,11,44,409	Current Accounts, Contingency Accounts, etc. ..	14,08,54,566	04		
62,64,71,214				67,83,94,540	92
	4. Borrowings from Other Banking Companies, Agents, etc.—				
1,79,760	(i) In India	Nil			
4,89,748	(ii) Outside India	5,44,747	91		
6,69,508				5,44,747	91
	PARTICULARS—				
4,89,748	(i) Secured by Bills negotiated under credit ..	5,44,747	91		
1,79,760	(ii) Unsecured	Nil			
6,69,508		5,44,747	91		
58,52,506	**5. Bills Payable**			77,72,646	08
	6. Bills for Collection Being Bills Receivable as per contra—				
3,49,30,674	(i) Payable in India	4,23,16,073	39		
14,13,873	(ii) Payable outside India	32,89,728	23		
3,63,44,547				4,56,05,801	62
	7. Other Liabilities—				
78,875	Unclaimed Dividends	82,739	03		
5,000	Deposit by Nominee Subsidiary	5,000	00		
83,875				87,739	03
	8. Acceptances, Endorsements and Other Obligations per contra			3,43,83,145	29
	9. Profit and Loss Account—				
24,17,614	Balance as per last Balance Sheet			24,05,994	90
4,50,000	Transferred to Reserve Fund ..	Rs. 4,50,000	nP 00		
9,09,282	Bonus to Staff (General Manager Rs. 5,250. Last year Rs. 8,000) ..	9,44,288	19		
2,74,500	Paid to Shareholders, Dividend at 12 per cent. per annum on Ordinary Shares for six months ended 31st December, 1962 (subject to deduction of tax in accordance with the provisions of the Indian Income Tax Act)	3,37,500	00		
58,500	Dividend on Preference Shares for six months ended 31st December, 1962 (subject to deduction of tax in accordance with the provisions of the Indian Income Tax Act) ..	58,500	00		
1,00,000	Transferred to Trustees Staff Pension Fund	Nil			
17,92,282				17,90,288	10
6,25,332				6,15,706	71
22,44,163	ADD—Profit for the year brought from Profit and Loss Account			26,41,432	35
28,69,495				32,57,139	06
71,70,06,545	Carried over .. Rs.			78,83,93,620	85

31-12-1962 Rs.	PROPERTY AND ASSETS	Rs.	nP	Rs.	nP
	1. Cash—				
4,78,25,537	In hand and with Reserve Bank and State Bank (including Foreign Currency Notes)			5,37,41,821	41
	2. Balances with Other Banks—				
2,22,010	(i) In Current Accounts in India	3,69,857	94		
4,59,757	(ii) In Current Accounts outside India	42,434	64		
6,81,767				4,12,292	58
3,83,00,000	**3. Money at Call and Short Notice**			1,00,00,000	00
	4. Investments, below Market Value—				
	(i) Securities of the Central and State Governments and other Trustee Securities, including Treasury Bills of the Central and State Governments: of which Rs. 7,00,000 (Last year Rs. 7,00,000) has been lodged as security for guarantees given to Government Departments	17,51,79,507	36		
17,64,14,400	(ii) Fully paid Ordinary Shares	2,25,000	00		
2,25,000	(iii) Partly paid Ordinary Shares	8,00,000	00		
7,25,000	(iv) Debentures or Bonds	24,52,000	00		
2,000	(v) Other Investments	Nil			
Nil	(vi) Gold	Nil			
Nil					
17,73,66,400				17,86,56,507	36
	5. Advances—				
	(Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)				
	(i) Loans, Cash Credits, Overdrafts, etc.— Rs. nP				
34,66,15,527	(i) In India 40,31,43,704 13				
Nil	(ii) Outside India .. Nil				
34,66,15,527		40,31,43,704	13		
3,37,14,922	(ii) Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments)—				
33,85,953	(i) Payable in India .. 4,62,04,035 70				
3,71,00,875	(ii) Payable outside India. 97,91,522 46	5,59,95,558	16		
38,37,16,402				45,91,39,262	29
	PARTICULARS OF ADVANCES—				
34,75,71,202	(i) Debts considered good in respect of which the banking company is fully secured ..	32,94,90,633	80		
2,27,31,934	(ii) Debts considered good for which the banking company holds no other security than the debtors' personal security	2,48,84,988	72		
1,34,13,266	(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	3,47,63,639	77		
Nil	(iv) Debts considered doubtful or bad not provided for	Nil			
38,37,16,402		45,91,39,262	29		
Nil	(v) Debts due by directors or officers of the banking company or any of them either severally or jointly with any other persons	Nil			
1,57,51,579	(vi) Debts due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members	2,67,56,620	26		
Nil	(vii) Maximum total amount of advances, including temporary advances made at any time during the year to the directors or managers or officers of the banking company or any of them either severally or jointly with any other persons ..	Nil			
1,97,60,020	(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members	3,14,06,120	00		
5,18,975	(ix) Due from banking companies	12,07,484	73		
3,49,30,674	**6. Bills Receivable Being Bills for Collection** as per contra—				
14,13,873	(i) Payable in India	4,23,16,073	39		
3,63,44,547	(ii) Payable outside India	32,89,728	23		
2,69,59,895	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** per contra			4,56,05,801	62
71,11,94,548	Carried over .. Rs.			3,43,83,145	29
				78,19,38,830	55

ALLAHABAD BANK, LIMITED—*(Contd.)*

Balance Sheet as at 31st December, 1963—(contd.)

31-12-1962 Rs.	CAPITAL AND LIABILITIES—(*contd.*)	Rs.	nP	Rs.	nP
71,70,06,545	Brought forward .. Rs.			78,83,93,620	85
28,69,495	**9. Profit and Loss Account**—(contd.)			32,57,139	06
Nil	Transferred to Reserve Fund ..	Rs. 5,30,000	nP 00		
4,05,000	Interim Dividend on Ordinary Shares at 15 per cent. per annum for six months ended 30th June, 1963 (subject to deduction of tax in accordance with the provisions of the Indian Income Tax Act) ..	5,06,250	00		
58,500	Interim Dividend on Preference Shares for six months ended 30th June, 1963 (subject to deduction of tax in accordance with the provisions of the Indian Income Tax Act)	58,500	00		
4,63,500				10,94,750	00
24,05,995				21,62,389	06
	10. Contingent Liabilities—	Rs.	nP		
1,26,397	Claims against the Bank not acknowledged as debts ..	98,797	99		
	Guarantees and Indemnities—				
1,67,60,113	On behalf of Customers ..	1,93,35,373	36		
Nil	On behalf of Directors and Officers	Nil			
	Liabilities on account of Outstanding Forward Exchange Contracts	3,51,24,843	55		
1,58,30,881					
17,75,000	Uncalled Liability on Ordinary Shares	17,00,000	00		
71,94,12,540	Grand Total .. Rs.			79,05,56,009	91

31-12-1962 Rs.	PROPERTY AND ASSETS—(contd.)	Rs.	nP	Rs.	nP
71,11,94,548	Brought forward .. Rs.			78,19,38,830	55
65,49,198	**8. Premises, Less Depreciation—** Total cost to 31st December, 1962	66,14,706	77		
65,509	ADD—Additions for the year to 31st December, 1963	1,30,560	07		
66,14,707		67,45,266	84		
Nil	LESS—Sales for the year to 31st December, 1963 ..	Nil			
66,14,707		67,45,266	84		
35,70,754	LESS—Total depreciation to 31st December, 1962 ..	36,45,957	86		
30,43,953		30,99,308	98		
75,204	LESS—Depreciation for the year to 31st December, 1963	76,316	84		
29,68,749				30,22,992	14
40,81,553	**9. Furniture and Fixtures Less Depreciation—** Total cost to 31st December, 1962	45,69,595	07		
5,12,611	ADD—Additions for the year to 31st December, 1963	4,70,518	56		
45,94,164		50,40,113	63		
24,569	LESS—Sales for the year to 31st December, 1963 ..	11,723	63		
45,69,595		50,37,390	00		
20,34,776	LESS—Total depreciation to 31st December, 1962 ..	22,29,875	10		
25,34,819		28,07,514	90		
1,95,099	LESS—Depreciation for the year to 31st December, 1963	2,86,773	24		
23,39,720				25,20,741	66
	10. Other Assets including Silver—				
20,28,104	(i) Interest accrued on investments but not collected	21,97,454	77		
8,24,085	(ii) Stationery at cost	8,13,698	44		
27,334	(iii) Stamps	32,292	35		
5,000	(iv) Nominee Company	5,000	00		
28,84,523				30,48,445	56
	The net assets of the Nominee Company amount to Rs. 5,000 represented by deposit with the Bank, per contra.				
25,000	**11. Non-Banking Assets Acquired in Satisfaction of Claims**			25,000	00
71,94,12,540	Grand Total .. Rs.			79,05,56,009	91

NOTE:—The Balance Sheet has been prepared in conformity with Form "A" of the Third Schedule to the Banking Companies Act, 1949.

Profit and Loss Account for the year ended 31st December, 1963

31-12-1962 Rs.	EXPENDITURE	Rs.	nP
1,78,78,068	1. Interest paid on Deposits, Borrowings, etc.	1,92,46,018	04
1,25,96,353	2. Salaries and Allowances and Provident Fund	1,43,25,422	78
10,500	3. Directors' and Local Committee Members' Fees and Allowances ..	10,000	00
25,58,147	4. Rent, Taxes, Insurance, Lighting, etc.	38,00,382	38
72,765	5. Law Charges	1,69,270	38
6,35,040	6. Postage, Telegrams and Stamps	6,92,083	20
45,000	7. Auditors' Fees (includes Rs. 35,000 for Branch Audit Fees to Statutory Auditors. Last year Rs. 30,000)	50,000	00
3,25,730	8. Depreciation on and Repairs to the Banking Company's Property ..	6,58,176	30
5,63,474	9. Stationery, Printing, Advertisement, etc.	5,83,459	67
Nil	10. Loss from Sale of or Dealing with Non-Banking Assets	Nil	
11,13,232	11. Other Expenditure	11,59,711	52
22,44,163	12. Balance of Profit	26,41,432	35
3,80,42,472	Grand Total .. Rs.	4,33,35,956	62

31-12-1962 Rs.	INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Rs.	nP
3,31,65,617	1. Interest and Discount	3,80,81,986	89
46,37,585	2. Commission, Exchange and Brokerage	50,01,084	64
2,14,923	3. Rents	2,20,453	59
Nil	4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	Nil	
Nil	5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	Nil	
Nil	6. Income from Non-Banking Assets, and Profit from Sale of or Dealing with such Assets	Nil	
24,347	7. Other Receipts	32,431	50
Nil	8. Loss (if any)	Nil	
3,80,42,472	Grand Total .. Rs.	4,33,35,956	62

AUDITORS' REPORT TO THE MEMBERS

1. We have audited the foregoing Balance Sheet of the Allahabad Bank, Ltd., as at 31st December, 1963, and also the foregoing Profit and Loss Account of the Bank, for the year ended upon that date, in which are incorporated the returns of all the Branches, of which 26 Branches have been audited by us, 25 Branches by other auditors and 39 Branches marked with asterisks in the attached list of Branches have not been audited, being exempt under Rule (4) (1) (a) of The Companies (Branch Audit Exemption) Rules, 1961.

2. We report that:

(a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;

(b) the transactions of the Bank which have come to our notice have been within the powers of the Bank;

(c) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from all the Branches of the Bank;

(d) the reports on the accounts of Branches audited by other Auditors have been forwarded to us and have been considered in preparing this report;

(e) the Bank's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and returns;

(f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required for banking companies and on such basis the said Balance Sheet gives a true and fair view of the state of the affairs of the Bank as at 31st December, 1963, and the Profit and Loss Account gives a true and fair view of the profit for the year ended upon that date.

CALCUTTA,
Dated 20th February, 1964.

A. F. FERGUSON & CO.,
Chartered Accountants.

Note:—The Profit and Loss Account has been prepared in conformity with Form "B" of the Third Schedule to the Banking Companies Act, 1949.

PARTICULARS OF GENERAL MANAGER'S REMUNERATION—	1963 Rs.	1962 Rs.
1. Salary	48,000	48,000
2. Dearness and other Allowances	20,400	20,400
3. Bonus (included in appropriations)	5,280	8,000
4. Bank's Contributions to Provident Fund	4,000	4,000
5. Perquisites and other Benefits	18,362	12,570
	Rs. 96,042	92,970

A. GHOSH,
Chief Accountant.

S. P. PURI,
U. C. MAHTAB,
M. R. DAS,
J. RUSSELL,
J. RITCHIE,
General Manager,
} *Directors.*

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

The Profit and Loss Account of the Allahabad Bank, Limited, for the year ended 31st December, 1963, does not include any profit or loss of its subsidiary, the Allahabad Bank Nominees Limited, as no profit was made and no loss was sustained by that subsidiary. All expenses incurred were borne and paid by the Allahabad Bank, Limited. The shares of the subsidiary are wholly owned by the Bank.

A. GHOSH,
Chief Accountant.

S. P. PURI,
U. C. MAHTAB,
M. R. DAS,
J. RUSSELL,
J. RITCHIE,
General Manager,
} *Directors.*

CALCUTTA,
The 20th February, 1964.

ALLAHABAD BANK NOMINEES LIMITED

REPORT OF THE DIRECTORS

The Directors submit their Report and Accounts for 1963.

The Company had neither any income nor any expenditure during the year and all out-of-pocket expenses have been borne by Allahabad Bank Limited.

Mr. Malise Julian Maclaren resigned from the Board of Directors with effect from the 17th April, 1963, upon his retirement from India.

Sri. Sri Narain Mehrotra was appointed a Director under Article 51 with effect from the 26th April, 1963.

Under Article 55, Mr. W. Smith, retires from office by rotation but is eligible for re-election.

The Auditors, Messrs. A. F. Ferguson & Co., retire and offer themselves for re-appointment.

J. RITCHIE,
W. SMITH,
SRINARAIN,
LOKNATH,
} *Directors.*

CALCUTTA,
19th February, 1964.

ALLAHABAD BANK NOMINEES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1963

Expenditure	1963 Rs.	1962 Rs.	Income	1963 Rs.	1962 Rs.
.. .. ..	Nil	Nil	.. ..	Nil	Nil

BALANCE SHEET AS AT 31ST DECEMBER, 1963

LIABILITIES	1963 Rs.	1962 Rs.	ASSETS	1963 Rs.	1962 Rs.
SHARE CAPITAL:			CURRENT ASSETS:		
Authorised, issued and subscribed:			Deposited with Allahabad Bank Limited	5,000	5,000
50 Ordinary Shares of Rs. 100 each, fully paid in cash ..	5,000	5,000			
	5,000	5,000		5,000	5,000

J. RITCHIE,
W. SMITH,
SRINARAIN,
LOKNATH,
} *Directors.*

REPORT OF THE AUDITORS TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Allahabad Bank Nominees Limited as at 31st December, 1963, and also the attached Profit and Loss Account of the Company for the year ended on that date, and report that:

(1) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(2) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;

(3) the Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account;

(4) in our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:

(a) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31st December, 1963; and

(b) in the case of the Profit and Loss Account, of the nil profit/loss for the year ended on that date.

CALCUTTA,
20th February, 1964.

A. F. FERGUSON & CO.,
Chartered Accountants.

EXPERIENCE OF POST-WAR COMMODITY AGREEMENTS

SUGGESTIONS FOR MAKING THEM MORE EFFECTIVE

By Prof. Nicholas Kaldor

KING'S COLLEGE, CAMBRIDGE

[At the request of the Economic Commission for Latin America, Prof. Nicholas Kaldor of Cambridge, an economist of international repute, prepared some time last year a special report on stabilising the terms of trade of underdeveloped countries. In that report, published in a recent issue of the Commission's Economic Bulletin for Latin America, *Prof. Kaldor has made a brilliant exposition of the whole problem. He has not only analysed the various causes responsible for the "very limited success of the numerous commodity agreements and negotiations since the war but also indicated the lines on which these agreements and negotiations could be made more effective in achieving an orderly development of international trade. In particular, he has emphasised the need for stable and satisfactory terms of trade of developing countries, removal of restrictions on the size of their markets through heavy revenue duties by the developed countries and free access for the exports of manufactures of developing countries in the developed high-income nations. The views of Prof. Kaldor, though they were published last year, hold good even today. They are being published here, as they provide a useful background to readers in the context of the forthcoming U.N. Conference on Trade and Development due to begin at Geneva on the 23rd of this month and expected to last up to 15th June.—Ed.]*

ONE of the reasons often cited for the very limited success of the numerous commodity negotiations since the war, lies in the limitations under which post-war commodity negotiations have been conducted. The guiding principles for commodity negotiations were laid down by the Havana Charter of 1948—a treaty which was never ratified but whose major provisions in this field have been, and still are, generally observed. The Havana Charter states that one of the main objectives of international commodity agreements is "to prevent or moderate pronounced fluctuations in the price of a primary commodity, with a view to achieving a reasonable degree of stability on the basis of such prices as are fair to consumer and provide a reasonable return to producers, having regard to the desirability of securing long-term equilibrium between the forces of supply and demand." The Charter also specifies that "participating countries which are mainly interested in imports of the commodity concerned shall, in decisions on substantive matters, have together a number of votes equal to that of those mainly interested in obtaining export markets for the commodity."

In other words, the provisions of the Havana Charter prescribed that producers and consumers should have equal weight in conducting the negotiations and in shaping the provisions of any commodity agreement. They also laid it down (in effect) that the main purposes of such agreements are to moderate any pronounced fluctuations in prices; not to interfere with long-term trends that may be necessary for securing "long-term equilibrium" between the forces of supply and demand.

Scope Unduly Limited

These guiding principles have been interpreted (at least by the developed countries) in a manner that has unduly limited the scope of such negotiations. The main interest of the producing countries has been in obtaining both stable prices and satisfactory terms of trade in respect of manufactures—in the same way in which agricultural producers of the developed countries demand, and generally obtain, such terms, either through guaranteed prices (as in the United States or the United Kingdom) or through measures of agricultural protection (as in Contintental Europe). But the Governments of the main importing countries were, not unnaturally, unwilling to extend to the primary producers of foreign countries the same kind of support as regards prices or guaranteed markets which they were ready to grant to their own agriculturists; and they also discouraged attempts by the producing countries to secure these ends by themselves through concerted regulation and control of market supplies. Thus, the pre-war type of commodity agreement—which mainly relied on a restriction of exports by producers—was at first frowned upon as contrary to the liberal principles of the Charter, partly because it was held that, by restricting production and maintaining high prices, such agreements tended in the long run to restrict consumption as well, and partly because they inevitably tended to freeze the pattern of production and trade in a commodity, and thereby prevent the realisation of one of the objectives laid down in the Havana Charter, that of "increasing opportunities for the satisfaction of requirements from sources which can produce in the most effective and economic manner." The only post-war agreement which mainly relied on export restriction for its operation was the International Sugar Agreement of 1953. But sugar has always been recognised as constituting a special case, and the 1953 Agreement was largely a continuation or renewal of a similar Agreement concluded in 1937. In the case of coffee, an analogous agreement—comprising both exporting and importing countries—could not be concluded until 1962.

The authors of the Havana Charter evidently had two kinds of commodity agreement principally in mind which were thought to provide the possibility of "moderating pronounced fluctuations" in prices, but without necessarily interfering with the long-term operation of the free market. One of these was the creation of international buffer stocks for particular commodities and the other a multilateral contract or guarantee, by both exporting and importing countries, to buy or sell at least part of their normal requirements or supplies within a stipulated range of prices, irrespective of the level of prices in the free market. As it turned out, neither of these two types of agreement offered much scope for successful international negotiations.

Buffer stock agreements proved extremely difficult to negotiate, as they would have required financial resources for their successful operation beyond the reach of producers and beyond the willingness of consumers. The only international buffer stock agreement which actually materialised was the International Tin Agreement of 1956 and, as the subsequent history of its operations shows, its success was due not to the buffer stock scheme but to its provisions relating to export control, which were originally intended as subsidiary. The financial resources of the buffer stock authority were exhausted in less than two years after the inception of the scheme, and in the two following years the price was maintained by a heavy restriction of exports by the producers (a reduction of 41 per cent in the first full year of export control and of 36 per cent in the second full year; after that, the world demand supply situation changed, so that it was possible to maintain the price above the support level without restrictions).

Wheat Agreement

The only known instance of a multilateral contract guaranteeing purchases and sales within a range of stipulated prices is the International Wheat Agreement, originally negotiated in 1949. In the four years covered by this Agreement, the world price was consistently above the maximum price stipulated in the Agreement, so that the Agreement was effective in securing supplies to the participating importing countries at lower prices than they would have paid otherwise. However, this Agreement operated entirely in the interest of the importers; and when the exporters insisted on some increase in the maximum price for the second four-year period (from 1.80 to 2.05 dollars per bushel), the largest importer, the United Kingdom, withdrew from the Agreement, and was later followed by other participating importers. The Agreement was re-negotiated for a third time in 1959, but its price-stabilising features were virtually abandoned. The history of the Wheat Agreement thus shows that it is unsafe to rely on the willingness of the high-income importing countries to guarantee to pay higher prices for their imports than they need to pay in the free market.

Sugar Agreement

On the other hand, the International Sugar Agreement of 1953 was successful during most of its period of operation in stabilising world prices around 3.75 cents per lb. This Agreement, whilst it conformed to the formal requirements of the Havana Charter in giving equal voting rights to both exporting and importing countries, was essentially an agreement to restrict exports by means of quotas, on the same lines as its predecessor, the International Sugar Agreement of 1937. Each country was given a "basic quota," the actual quotas being expressed as a percentage of this, fixed in the light of estimated requirements each year. The main novel feature of the 1953 Agreement was that it provided for an *automatic* adjustment of the actual export quotas upwards or downwards, whenever the price of sugar rose above a stated maximum, or fell below a stated minimum, for thirty consecutive days. (Later on, this was amended to allow for both automatic and discretionary adjustments of the quotas at various points within the initial zone of stabilised prices.) The main obligation on importers (in both the 1937 and the 1953 Agreements) was to reserve a certain minimum percentage of their total import requirements for participating exporters. Exporting countries were obliged to take measures to restrict their production whenever their stocks exceeded 20 per cent of their output, but the manner of implementing this obligation was left entirely to the particular Government concerned.

Although the International Sugar Agreement of 1953 covered only one-half of the world's trade (the rest was covered by special arrangements such as the United States preferential import arrangements or the Commonwealth Sugar Agreement), it was successful (except for a brief period after the Suez crisis) in stabilising prices within the stipulated range through the regulation of supplies. However, when after the cessation of United States purchases of Cuban sugar, the pattern of world trade changed suddenly and drastically, the Agreement broke down owing to the inability of exporters to agree on a new distribution of export quotas and its operative provisions are at present suspended.

Coffee Agreement

The new International Coffee Agreement of August 1962 (which succeeds two earlier one-year agreements negotiated among producing countries only) follows, in its general outline, the provisions of the International Sugar Agreement, except that the adjustment of the actual quotas in relation to the "basic quotas" is not tied to the movements of the world price, but is left to the quarterly decision of the Council, the obligations relating to prices being confined to "assuring that the general level of coffee prices does not decline below the general level of such prices in 1962," and "assuring to consumers prices which are equitable and which will not hamper a desirable increase in consumption." The participating importers undertake to limit their imports from non-participants, whenever the exports of participants fall below 95 per cent of the total world exports of calendar year 1961. Exporting countries similarly undertake to limit their production to the amounts needed for domestic consumption, exports and stocks, but the policies and procedures to be adopted in this connection are left entirely to the individual country concerned. There is a provision for a review of the distribution of the basic quotas after three years, and for their revision by the Council subject to a two-thirds majority vote of the exporters and importers; failing that the initial quotas will remain in operation for the remaining two years of the Agreement.

Lessons and Policies for the Future

The above outline of the post-war experience with commodity agreements suggests two main conclusions:

One, of the various types of international commodity arrangements that have been considered, international agreements for the regulation of the export and production of primary commodities provide the most promising instrument for stabilising the terms of trade of underdeveloped countries and assisting them in an orderly adjustment of their production structure. If it is objected that such agreements tend to create monopolistic conditions in the marketing of the commodities concerned, it should also be borne in mind that the underdeveloped countries are themselves confronted by such monopolistic markets in their purchases of manufactured goods—where prices are kept at higher than competitive levels by international private cartels or simply by the absence of price competition among producers, operating in imperfect markets. In fact, the sellers of primary commodities suffer from two important handicaps in comparison with those who sell manufactured goods. The first is that, by and large, the primary producers are "price-takers," whereas industrial producers are "price-makers." A fall in demand for manufactured goods leads directly to a reduction of output; any reduction

in prices occurs only indirectly and incidentally, depending on the extent to which producers are induced to lower profit margins. A fall in demand for primary commodities, on the other hand, leads directly to a fall in prices; it leads to a restriction of output only indirectly, in so far as the decline in prices causes producers to lower their output. The second handicap is that, whereas the benefits of technical progress in manufacturing are largely retained by the producers (in the form of higher real wages and profits), the benefits of technological progress in primary production are largely passed on to the consumers, in the form of lower prices, leaving little benefit to the producers in the form of a higher real income. (This is partly due to the prevalence of imperfect competition in manufacturing, and partly to the fact that organisations of industrial workers are in position—unlike workers in the agricultural sectors of underdeveloped countries—to ensure that industrial wages increase at least as fast as industrial productivity. The exceptions to this are to be found in those cases—such as oil—where the distribution of the commodity is controlled by large international concerns.) The creation of "producers' cartels" for primary commodities would serve to lessen the structural handicaps of underdeveloped countries resulting from differences in market structures and market organisation—a state of affairs which turns the terms of trade against them, and makes them poorer, without any compensating advantage from the point of view of the total wealth produced by the world as a whole. The prices resulting from the operation of unrestricted competition are only commendable from the point of view of the optimum allocation of the world's resources, in a world where *all* markets are equally competitive.

The second lesson to be drawn is that the prejudice, or opposition, of importing countries in respect of export-restriction agreements can be overcome, once it is demonstrated that a sufficient number of the exporting countries are determined to come to such an agreement in any case (this was shown in the negotiations leading up to the International Coffee Agreement). Faced with the alternative of a one-sided cartel agreement of the producers, it is clearly in the interests of the importers to participate, and thereby acquire an influence in shaping the basic provisions as well as the policies of the Council operating the Agreement—quite apart from the wider interest in helping underdeveloped countries on broad humanitarian considerations. (It is also in the interests of the exporters to have the importers included, since they alone can guarantee access to markets, and ensure compliance among the exporters.) Hence the negotiation of export-quota agreements (of the type of the sugar and coffee agreements) for all the principal primary commodities produced by the underdeveloped countries is largely a matter of securing adequate co-operation and co-ordination of policies among the different exporting countries. Once the exporting countries are prepared to form a "trade union" of some kind, the opposition of importing countries will cease to be an effective obstacle.

Reasons for Failure

However, if such export-control agreements are to become the major instrument for regulating and stabilising the terms of trade of underdeveloped countries, not just in times of "emergency" but more or less as a permanent measure, they must provide for more efficacious and flexible techniques for adapting both the structure of production to the requirements of world trade, and the structure and pattern of trade to the changing conditions of production than either past or existing agreements have succeeded in doing. It is well known that export-quota agreements are difficult to negotiate and, if brought into being, are likely to breakdown sooner or later, for one of three reasons or a combination of them:

(a) *Failure to secure full participation by all the producing countries*: The larger the number of exporting countries which accede to an agreement, the greater the temptation for the remaining exporters to stay out, since the restriction of the exports of the others gives them the benefit of better prices, without their being restricted in the development of their own exports. On the other hand, as pre-war experience has shown, countries which are willing to participate in an agreement are not likely to tolerate for long encroachment by outsiders on their markets; if the agreement leads to a gradual reduction in the share of world trade of the participating exporters, it is likely to break down sooner or later.

(b) *Failure to regulate the domestic production of the exporting countries leading to the accumulation of excess stocks which the participating countries are financially unable to carry*: If at the prevailing (domestic) price, the production of any particular country exceeds its requirements for domestic consumption and exports, and the excess is purchased by a government agency which holds it in stock, the incomes generated by the production of the export commodity will exceed the export receipts; and this will be reflected in an adverse balance of payments, or in domestic inflation, or both. The maintenance of the domestic price will also militate against the structural adjustment and diversification of the economy which the agreement was designed to facilitate. The carrying of excessive and growing stocks imposes an increasing strain on the operation of the agreement, and an increasing temptation to evade it or to abrogate it.

(c) *The impossibility of "freezing" the pattern of world production and trade for more than a limited period*: It is inevitable that the initial distribution of export quotas should follow more or less closely the actual distribution of exports in the year (or years) prior to the first negotiation of the agreement. But the pattern of world trade—which in the absence of international regulation would constantly tend to change, as the production and exports of low-cost areas, or areas showing a high rate of productivity growth expand at the expense of other areas—cannot be artificially "frozen" in this way for more than a limited period. The history of most commodities shows dramatic changes over longer periods in the distribution of the sources of supply and the channels of trade. The main centre of rubber production shifted from Brazil to Malaya; of coffee from Arabia to Brazil, and (lately) to Africa; of cocoa from Central America to West Africa; of tea from China to India and Ceylon, etc. The share of African countries in world coffee exports has increased from 3 to 20 per cent in recent years. Unless the agreement provides some mechanism for a steady adjustment in the distribution of the quotas in the directions in which the *pattern* of trade would have changed in the absence of regulation, the agreement is bound to break down at some point—at the point where the "low cost" producers feel that they have more to gain from the expansion in the share of their trade under free competition than they have to fear from the fall in prices that will accompany that process.

How to Overcome Defects

All these defects can be overcome, however, once the nature of the problem is sufficiently understood and the participating exporting countries are fully apprised of both the requirements and the advantages of obtaining a solution. As regards the problems of securing full participation, this is partly a matter of "bringing home" the advantages of a commodity agreement to *all* (actual or potential) exporters, which, of course, partly depends on the provisions made in the agreement itself for securing in the long run a growing share of world trade to the fast-growing, low-cost areas. But it also depends on the extent to which the major importing countries are willing to participate in the scheme, as was pointed out earlier, if the importing countries are willing to limit their imports from non-participants to their existing share of such imports, the major obstacle to securing full paticipation is removed. The willingness of importers to participate and to undertake such obligations will depend, of course, on how far the exporters are ready to regulate the actual quotas so as to stabilise prices at levels which are "fair to consumers" as well as providing a "reasonable return to producers," and as the example of the Sugar Agreement has shown, it is possible to get agreement on the automatic variation of quotas so as to keep prices within the desired zone.

With regard to the prevention of excessive accumulation of stocks, both the sugar and coffee agreements, as we have seen, impose an obligation on exporting countries to regulate their domestic production, so that it does not exceed their requirements, but they leave the manner and method of such regulation entirely to the countries concerned; nor are there any sanctions on countries which fail to implement this obligation effectively. It would not be unreasonable to impose an obligation on exporting countries to the effect that such regulation should be by means of a *variable export duty or export levy*, or at least that such a variable export duty or levy should form at least one of the instruments of production control. Without prescribing what the level of such a duty should be, the participating exporters could be asked to increase this duty in the face of any persistent excess of production over requirements and to decrease the duty whenever there are persistent shortages (and/or the countries concerned are unable to utilise their full quotas) and to continue raising or lowering the duty until the disequilibrium is eliminated. For example, the obligation might be to increase the sum of export duties and levies* by an amount equal to 10 per cent of the f.o.b. price of the commodity whenever domestic stocks increase by more than 10 per cent of output over a period of, say, three years and when total stocks carried exceed, say, 30 per cent of the average annual output of the previous three years; and there should be a similar obligation to decrease the sum of export duties and levies by, say, 5 per cent, of the f.o.b. price whenever the total stocks carried fall below 10 per cent of the average output of the previous three years (any unutilised amount of the export quotas being reckoned as a deduction from stocks).†

Variable Export Duties

These provisions would ensure that market forces were utilised to the maximum possible extent in securing the required adjustments in production. Market forces alone may not, of course, always be sufficient to bring about the degree and the kind of adjustment required in the absence of other complementary instruments of regulation. For example, in the case of commodities with a long gestation period, short-period output may be quite inelastic with respect to price, and excessive price variations in the domestic price of the commodity may set up cobweb-type reactions. In such cases, the export duty should be set so as to reflect the difference between the export price and the long-run domestic cost of production of the commodity, and other instruments should be employed for dealing with short-period maladjustments. To the extent that governments regulate production by methods other than changes in the internal price (acreage-restriction subsidies, for example), the need to vary the internal price through variations in the export duty will be correspondingly lessened, or may be avoided altogether. But a provision on the above lines would ensure that participating countries would be obliged to cut (or raise) the internal price in *the last resort*—i.e. if other methods of regulation failed to be effective.

Variable export duties or levies are already widely employed, mainly as a means of stabilising the internal price in the face of fluctuations of the external price, or simply as a method of collecting revenue. In the scheme envisaged here, their function would be different. The external price would be stabilised by the operation of the export restriction agreement itself, and the purpose of the variable export duty would be to regulate internal supplies so as to keep pace with external requirements, and thus assist in the necessary structural readjustment of the economy. There may be a political objection against this—precisely on the grounds that it fails to maintain the internal purchasing power of the farming population (though this argument loses much of its force when the increase in production is itself the consequence of a rapid growth of productivity). But if high prices lead to excessive production, the desire to secure an adequate income for farmers by buying their crop at a high price and the desire to maintain satisfactory terms of trade in the world market are incompatible—as the recent example of Brazil has shown. If governments wish to maintain the farmers' purchasing power, it would surely be much better to do this by means of subsidies administered in a manner that would promote the necessary re-organisation of agriculture instead of obstructing it—e.g. by subsidies on the acreage devoted to food production for home use, or on the produce of such acreage, or by developing alternative export crops for which there is still an unsatisfied world demand.

It is obvious that a scheme of this kind will only be found acceptable if the agreement also provides for a systematic redistribution of the basic export quotas by small and gradual steps in favour of the most efficient producers. The governments of the relatively efficient low-cost producing countries could hardly be expected to carry out the self-denying ordinance of discouraging their farmers by low prices—and the more efficient their farmers the lower

*The meaning of "export duties and export levies" will need careful definition. Apart from a formal export duty levied at the ports, fees charged for export licences should be treated as an export levy, as should also the profit on the operation of a government-owned marketing or purchasing agency; the losses, on the other hand, should count as a negative levy, or a subsidy, and should be deducted from other duties or levies charged. Allowances would also have to be made for differential exchange rates in cases where the proceeds of exports are converted into local currency at a different rate from that charged on imports.

†This scheme would thus allow for a considerable variation of stocks in relation to output without calling for remedial measures. It would allow for any bumper crop or any crop failure due to weather conditions which is likely to be reversed without any price incentives subsequently. The difference between the minimum increase of duty of 10 per cent and the minimum decrease of duty of 5 per cent is intended to take into account the greater responsiveness of producers (in the short run) to price increases than to price decreases.

these prices must be—unless they can look forward, in the long run, to the prospect of raising their exports by obtaining a growing share of the world market. If such an adjustment in the distribution of quotas is to proceed in a smooth and orderly manner, it must be based on *objective* criteria that are specified in the agreement itself and not left to subsequent *ad hoc* negotiation. Fortunately the scheme of variable export levies provides such a criterion: once each country attains the export duty which keeps its domestic production in balance with its requirements, the level of that duty (in relation to the f.o.b. price of the commodity) gives a clear indication of the domestic cost of production, or supply price, of the commodity, in terms of international currency. Hence the heavier that duty for any particular country in relation to the average, the lower the costs of production of that country in relation to the average costs of all producers.

Annual Redistribution of Quotas

It is suggested, therefore, that, after the lapse of some initial period (say, three or five years) during which the "basic quotas" remain unchanged, there should be an annual redistribution of quotas in favour of countries whose net export levies (reckoned either simply per ton or as a percentage of f.o.b. prices) are greater than the average, and at the expense of those countries whose net export levies are less than the average. The average would need to be calculated as weighted average—the export quotas serving as weights. No country's basic quota should be increased by more than, say, 5 per cent, in any one year, the actual increases among the various countries being distributed according to some logarithmic formula, based on the percentage excess of their export duties over the average. Only countries which have been able to make full use of their existing quotas should be entitled to any increase in quotas. This makes, it impossible for countries to obtain higher quotas by raising their export levies to excessive levels. Similarly, no country should have its basic quota cut by more than, say, 5 per cent in any one year, the actual cuts being distributed in the same way in accordance with the shortfall of the level of export duties below the average, subject to the proviso that the total reductions of all countries whose quotas are cut should represent not less than (say) 2½ per cent of their aggregate basic quota, the sums of the increases in quotas being equated sums of the reductions. (These adjustments in the basic quotas are of course additional to, and independent of, the change in the *actual* quotas, expressed as a percentage of the basic quotas, which are decided quarterly by the Council, and distributed on a *pro rata* basis.)

Strong Incentive

This system would give a strong incentive to each participating exporting country to rely on export duties (or levies) as the main instrument for regulating domestic production, since the higher its export duties are, the greater its chance of obtaining a gradually increasing share of world exports. At the same time, a country would not benefit by making its export duty excessive, since in that case, it would be unable to fulfil its existing quota, and would not be entitled to any increase in its quota.

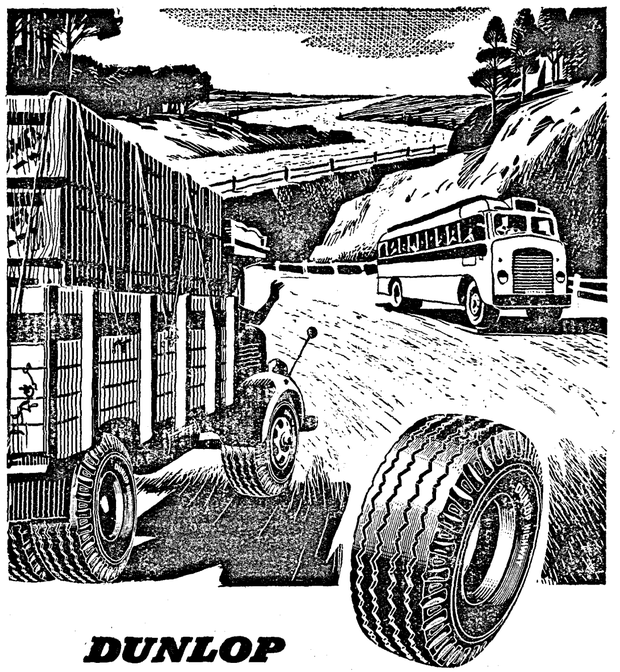
Since the countries whose basic quotas are increased under this scheme would gradually be forced to reduce their export duties (otherwise they would be unable to make full use of their quotas), while the countries whose basic quotas are reduced would be forced to increase them (otherwise they would accumulate excessive stocks) the continued operation of the scheme would lead to a *gradual equalisation of the level of export duties among all participants*—which means that it would tend to bring about the same distribution in the pattern of production and trade as would come about in an ideally functioning competitive market, but without the price fluctuations and uncertainties involved in the latter. It would thus combine the flexibility of a free market system with the maintenance of stable and remunerative world prices.

There is no reason why this system should not be extended to a wide range of commodities—including those (e.g. cotton) where different countries produce widely differing grades and qualities. *It is less promising for those* commodities (e.g. rice or wheat) which are mainly produced for domestic consumption, and where the exports are marginal to domestic requirements. It may, therefore, not be the ideal method for dealing with the problems of temperate-zone foodstuffs. But such commodities are largely produced by the developed, high-income countries; with the exception of rice, the commodity exports of most underdeveloped countries consist of commodities the bulk of which is destined for export, and only a relatively small part for domestic consumption.

Main Difficulty

One of the principal difficulties with international commodity arrangements since the war has been the lack of agreement among countries—particularly as between exporting and importing countries—as to the basic objectives which such arrangements should serve, and as to the techniques of regulation by which the objectives were to be attained. If the coming United Nations Conference on Trade and Development could come to an agreement on principles to be followed in the regulation of commodity trade and production that are both more explicit and more broadly conceived than the provisions of the Havana Charter, the way would be opened for tackling the problem of the terms of trade of the primary producing countries in a more comprehensive manner by arranging for the simultaneous negotiation of a large number of commodity agreements on parallel lines.

It is not suggested, of course, that the attainment of stable and satisfactory terms of trade is the only problem facing underdeveloped countries in the field of international trade. The restriction of the size of their markets through heavy revenue duties (or protective duties) in the importing countries, or as a result of discriminatory arrangements favouring particular group of producers (as, for example, the preference granted by the Common Market or the Commonwealth) represent further problems whose solution will no doubt form one of the principal subjects of discussion at the coming international trade conference. Another equally important problem is to secure relatively free access for the exports of manufactures of underdeveloped countries in the developed, high-income countries, which are bound to play an increasingly important role with the passage of time. These wider problems may require a recasting of the institutional arrangements in the field of international trade that were created after the war.



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SCIENCE OF MANPOWER MANAGEMENT IN A DEVELOPING ECONOMY

EASY TO GRASP, BUT DIFFICULT TO PRACTISE

By Dr. K. S. Chaudhari

Department of Business Administration, Lucknow University

MANAGEMENT is a new science, developed largely in the Western countries, the greatest contribution in this direction being that of the U.S.A., where its different branches have been studied in an intensive manner. As a result of these studies, a delineation of management functions has been achieved, which is recognised almost all the world over.

Broadly speaking, there are four functions of management. They are: Planning, Control, Co-ordination and Motivation. Planning concerns itself with the fixing of certain goals or targets, the assessment of latent and available resources and the methods of achieving the goals. Control means regulation of activities with a view to ensuring the progress of performance leading to the execution and full fruition of the plans drawn up. Co-ordination is to guide, by principles and policies, the various sectors so as to ensure a harmony of action and the unity of purpose. Motivation refers to the creation of a positive attitude towards the work assignments and maintaining the interest of the people to co-operate effectively in carrying out the plan projects.

The theory of management unequivocally emphasises that all these functions of management need to be integrated into a unified function, to be carried out by the manager. Integration is a process, personified by the manager whose personality must radiate the integrative forces. But this radiation, though constant, is not constantly manifest. The very nature of the process is subtle, so that it does lend itself to a readily analytical study. The chief feature of the process is the interweaving of economic and social facets which, in a temporal setting, present or threaten a situation of conflict. It is here that the manager has to show his social skill in thwarting or mitigating this conflict or its chances. The process of integration has several phases; for example, planning requires information, judgment and decision; motivation and co-ordination require consultation, communication and command (persuasion in human relations approach); and control requires record, review (information) which, in the feed-back process, affects judgment and decision.

All these phases have to be accomplished through the active co-operation of the people at various levels and time sequences. The people make judgments, take decisions, command (or, alternatively, persuade), communicate, keep records, review and feed-back the process. Therefore, management of the people, i.e., the manpower, has come to be recognised as the *sine qua non* of good management.

The Meaning

Manpower management in a developing economy is, truly speaking, management of a developing people. The term "developing economy" indicates two facets of a single phenomenon from two different angles. It is a pointer, on the one hand, to the preceding state of underdevelopment, and, on the other, to a positive direction of the process of development, having been initiated or well on its way. This dichotomy invests the situation with certain characteristics of a transition. We, therefore, start with the assumption that basic socio-economic goals have been decided upon by mutual concurrence and a movement has been set afoot in which manpower management has to play an important role.

Before we raise some specific problems concerning manpower management in a developing economy, there is, however, a general observation which has a fundamental importance. Economic development in modern times necessitates external assistance. External assistance is inevitably a combination of financial resources as well as the technical know-how supplied by the industrially advanced countries. The technical know-how brings in the question of technological changes which poses a host of problems having wider social and psychological implications. The most important problem is: how far the policies and practices in the area of manpower management current in the assisting countries can be transplanted in the socio-economic set-up of the assisted country. Obviously, the range is not unlimited. Let us then briefly examine the fundamental problems of manpower management in a developing economy.

Regional Inequalities

Firstly, in an underdeveloped economy, regional inequalities are found to exist, i.e. certain regions are industrially more advanced than others and in those areas there is a concentration of effective manpower. Technical competence is to be sought for in these areas only. Secondly, the pressure of manpower resources in such a country is rather strong due to a high rate of population growth and the saturation point in agricultural occupation reaching earlier. This fact gives a high priority to the question of employment as a matter of public policy. But added employment may only raise the cost of production by increasing labour costs. A developing country stands in need of a growing volume of exports and addition to cost is a great handicap in export promotion. Thirdly, the rate of capital formation in an underdeveloped country is lower; as such the capital costs of development projects *vis-a-vis* public employment policy is a major consideration. In such circumstances, resort is generally taken to external finance but techniques of manpower management cannot be so easily imported because of the sociological, psychological, political and cultural differences between the two countries. Fourthly, the general level of living and knowledge of the workers in an underdeveloped country is comparatively lower with the result that their physical capacities are limited. The combined effect of all these factors is that workers in an underdeveloped country lack that physico-psychological adaptivity which is called for by radical technological changes necessitated by rapid economic development. That being so, manpower management presents a formidable challenge in the attitude of workers as well as their capacities.

Development of Right Attitude

Attitude is a broad, and somewhat a vague term. But its referential character is indisputable. In the present context, we mean the attitude of the management towards the workers and *vice versa*, as well as the attitude of the workers towards their work. In many instances, the attitude of the workers towards their work gets inextricably mixed up with their attitude towards the management and presents a complex pattern which, though a problem of industrial relations, is also a problem of industrial engineering. Many authorities have discussed this problem under the title of "employee motivation," because a right type of attitude is a prerequisite as well as an essential constituent of employee motivation. Yoder writes: "Creation and maintenance of appropriate attitudes are, for this reason, responsibilities in which managements fail. These attitudes involve personal and social reactions and behaviour in which many unknowns still resist investigation and understanding. Motivational problems have been described as the most difficult in the entire field of management." If the problem is so tough in America, where the value of management training and education is undisputed, the condition in a developing country can be well imagined. The first priority has necessarily to be given to the development of right attitude on the part of the management towards the workers—their problems and reactions to these problems. The need for this priority arises from the fact that leadership in business, particularly in a developing economy, comes from the management which has both, the resources and the vision, to initiate new policies.

As to the creation of right attitude among the workers, the monistic theory of motivation assumes human motivation to be essentially economic and the two main props supporting its structure are monetary rewards and penalties. In its evolution, it emphasised the latter earlier and the former later, but researches have established that the highest levels of efficiency cannot be achieved by giving accent either on the one or on the other. To quote Yoder again: "Modern manpower cannot be scared or driven into efficiency and enthusiasm, nor can it always be cajoled into peak performance merely by increasing financial incentives... current motivation theory emphasises the variety of considerations that may influence working behaviour." In an underdeveloped economy, the social set-up is traditional in character, giving a higher weightage to personal relationships—a factor which takes away much of the force of the theory of economic motivation. In highly developed economies, financial incentives are actually stronger and more effective.

Attitudes once created have to be maintained, stabilised and in-built, in order to make them a self-generating force. They have to be canalised into the channels of interest in work. This is, in fact, a socio-technological problem in the sense that modern technology has to be absorbed by an underdeveloped economy and is not to be imposed upon it.

The creation of proper attitude is a means to an end, a purpose which is the goal of the business or industry. In a democratic society, this goal is the service of the community. The attitude of the management and the workers towards each other and towards the industry has to be transformed into action. Assuming again the leadership of the management, the next logical step is to create and augment the capacities of the workers.

Development of Requisite Capacities

In an underdeveloped economy, professional managers as a distinct class is almost non-existent. Requisite capacities, therefore, need be developed first among the managerial personnel, because, unless they are made to understand their job, they cannot provide that effective leadership in business, which alone can procure willing co-operation from the workers. In a democratic society, leadership is not "command-oriented," it is based on the principles of liberty, freedom and human dignity and thus it is "persuasion-oriented." Manpower management today must accept the basic philosophy that employers and top management are effective agents for the members of their work teams; they have to discover and develop their special skills. These and many other similar functions, which a manpower manager is called upon to perform today, cannot be learned by intuition or acquired by hearsay. America has proved that managerial talent can be developed. Business schools in American universities have shown that this can be done by providing suitable theoretical training with material from the actual business situations. This is the basic principle of the famous Case Method at the Harvard Business School. Other methods are: the Conference Method, the Seminar Method, the Business Games Method and the Syndicate Method, developed at other universities, e.g., the M.I.T., Stanford, etc.

Modern manpower management's main endeavour is to restore human dignity which was lost during the long strides made by modern industrialism largely as a result of scientific and technological advancement. The employment relationships in course of time became completely depersonalised, so that a worker's entire human personality got reduced to a ticket number, the employer's personality merged into the noisy, heavy and the dark coloured machinery upon which he worked. In American industry today, greater and greater emphasis is given to human relations in industry.

A Boon And A Bogey

In an underdeveloped economy, the personal factor is at once a boon and a bogey, depending upon the way it is exploited by business executives. If they are properly trained in modern management technique, they can utilise it as an ingredient of healthy industrial relationship and if they follow the traditional "rule of thumb," the same personal factor can create a host of impediments in the form of groups, cliques, organised defiance to authority and change, etc. The importance of managerial education and training is greater in a developing economy, because personnel managers have to create a climate in which workers will develop the correct attitude. This, they cannot do merely by giving a warm handshake or a pat on the back or by shedding tears on the woes of the workers. They have to provide right answers to vital questions like scientific recruitment, job satisfaction, effective motivation, development of efficient work teams, retention of experienced employees, maintaining their morale, and building up loyalty among them. In short, they have to create in them a sense of security (both social and economic) and give them a dignified status.

Requisite capacities among the workers can be created by the twin methods of proper selection and training. After the requirements of each job have been assessed, suitable personnel has to be recruited and given training. A developing economy sometimes needs a rapid technological change and the existing workforce has to adapt itself to this change. This necessitates training by designing in-plant training programmes. Training of workers is an investment and in an underdeveloped economy this kind of investment is necessary if the level of real incomes is to be increased. The importance of such training is enhanced by the fact that there is a scarcity of technically trained personnel. Indicative of this are the wide gaps in wage differentials—so common in underdeveloped economies. Low capital formation co-exists with the phenomenon of low "brain formation." Technical skill has to be developed to meet this deficiency. Whereas capital can be imported from abroad, borrowing technical skill presents certain difficulties. In the first place, the technical skill in highly developed countries is designed to save labour; in an underdeveloped economy, the technique ought to be labour-intensive. Secondly, the developed countries are today themselves short of technicians who can easily find well-paid jobs at home and are reluctant to take up overseas assignment. Thirdly, the developing countries can ill afford to pay the foreign technicians so adequately as to induce them to come over. Lastly, a high wage to the foreign technicians creates a feeling of resentment among the local technicians of comparable merit.

These difficulties make training of industrial workers more of a domestic affair of the developing economy. However, it is well to remember the caution that a mere imitation of the training methods abroad would not do, for the simple reason that they are too expensive and have been designed in the light of the socio-psychological background of the workers of those countries. Their adaptation to local conditions requires both facultative imagination and empirical research.

Research

A developing economy is a planned affair and research is the handmaid of planning. Research itself needs to be planned. The first step is to assess the managerial and administrative talent available in the country and estimate the current as well as future requirements. The next step is to undertake a study of the requirements of jobs, and in that light, to evolve suitable systems of selection and recruitment on the basis of the degree of intelligence displayed by the workers as well as their skill and aptitudes. Then a study of the pattern of behaviour of these workers should enable the manpower managers to determine the extent to which workers' participation is feasible in each case.

It has been found that, in an underdeveloped economy, the real interest in research is not so much purposive but a mere show-window. Some paraphernalia is maintained by the so-called progressive business concerns, which they designate as research section. The utility of research is to be tested by its capacity to provide definite answers to some clearly stated questions. Yoder has quoted Dr. Pendleton Herring on the utility of research, saying that it helps (i) to avoid waste of material and human resources, (ii) to reduce frictions which are caused by lack of knowledge, (iii) to diminish frustration and unjustified expectations, (iv)) to indicate the various alternatives which can be adopted in particular situations, and (v) to present a clear picture of human potentialities.

One should not suppose that the problems of manpower management in a developing economy are unknown in their range or character and that they are entirely different from those in a developed economy. They are more or less identical in their nature but their magnitude is certainly not the same. Research will determine their magnitude and suggest measures which again may be different in their content and emphasis. In fine, manpower management in a developing economy is simple to understand but to undertake it is an uphill task which requires a judicious combination of initiative and drive.

TUNNEL UNDER ENGLISH CHANNEL

POSSIBLE IMPACT ON AIR AND SEA TRANSPORT

By Our Aviation Correspondent

FROM time to time, over the past one hundred years, the peoples and Governments of Britain and France have argued the merits and demerits of a plan to connect their two countries by a tunnel driven under the English Channel. By and large, the idea found little favour in Britain. Whatever the benefits to trade and communications, the nation's security, in the popular view, was best served by keeping Britain an island. That was probably a wise policy. There were times during both the First and Second World Wars—particularly the latter—when a tunnel would have presented a dangerous and vulnerable flank. Had such existed, it would certainly have been destroyed by the British when the Germans advanced on the Channel ports.

Now, whether there should, or should not, be a rail or road connection between Britain and France may seem to be of little or no concern to readers in India. The tunnel-*versus*-bridge controversy, nevertheless, has aroused a great deal of world interest, and, to the student of transport at least, the possible effects of either link on existing patterns of communication present some fascinating problems. To that extent, one is encouraged to proceed.

Since the end of the Second World War, it has increasingly been borne in upon the British people that air transport, to all intents and purposes, has turned the flank of their island fastness. Former opposition to a link with the Continent has, consequently, evaporated. There remain, of course, the diehards who stoutly maintain that 21 miles of sea still constitute a very effective defensive barrier. Time and events may prove them to be right—but that is not an aspect which one proposes to discuss here.

Thus, when the question was reopened after the Second World War, although public opinion was more favourable than at any previous time in history, the "tunnellers" encountered opposition from another quarter. A school of thought had arisen which strongly advocated the idea of a bridge. Both projects have been studied in great detail. The main arguments for the tunnel appear to be that it will impose no obstacle to the safe navigation of the narrow waters of the Straits of Dover, that it presents fewer engineerings problems, and that it will be less costly.

Advantages

Be the pros and cons what they may, the British and French Governments have recently agreed—in principle at least—to proceed with a tunnel. This, it is currently thought, may be completed by the end of the present decade. At first sight, such a link appears to pose a threat of no small magnitude to all existing modes of cross-channel transport—and, particularly, perhaps, to air transport. Let us examine some of the more specific issues involved.

Take the time factor, for example. If passengers can board a train at Victoria station in London and travel direct to the Gare Du Nord in Paris, their total journey time, between the two capitals, should not only be less than that of present air services but the fare, too, should be significantly less. Freight is also an obvious beneficiary. The very fact that no transhipment is involved must lower costs and save time. To that extent at least, air freight would be comparatively more expensive and show a smaller saving of time. In other words, it would be a much less attractive proposition than today.

Car-Ferry Business

And, on the subject of freight, one has to recognise the increasing importance of the car-ferry business—both sea and air. One of the most striking aspects of tourism today is the cult of the motoring holiday. Of recent years, the demand for this class of transportation—the family party with their automobile—has increased by leaps and bounds. At least two independent British airlines, indeed, make the car-ferry their sole operation. A direct rail link, with no transhipment, could not but present a very attractive alternative.

Finally, what of the ordinary, run-of-the-mill, day tourists who flock in their thousands, from one side of the Channel to the other, during the summer months? They will, one has to presume, infinitely prefer a means of transport which will save them those unpleasant paroxysms of *mal de mer* which so many have to endure during the brief sea or air crossings!

But is all this not, perhaps, to take too superficial and too short a view of the possible effects of a tunnel which will provide, after all, a rail link only? In the first place, before such a tunnel could be operative, it is estimated that cross-channel traffic of all kinds will have increased by 50 per cent or more. It is almost inconceivable that a rail link—and that, too, through a tunnel 22 miles in length with all its attendant limitations on the frequency of operation—could carry all, or even a major part of, the traffic which will then be available.

It has also to be remembered that the great bulk of the present cross-channel traffic—passengers, freight, and automobiles—neither originates in, nor is aimed for, the two major cities. A direct link between London and Paris, consequently, may not exercise quite such an influence as one would suppose. Take the car-ferry business, for instance. Whereas those, who simply desire to get their cars across the Channel, use the cheaper sea services, the tendency of the air ferry is to widen the scope of service. Thus, the tourist who lives, say, in Manchester and wants to tour Italy, will be enabled to fly with his car from Manchester to Genoa or Rome. The eventual pattern will be a network of such services connecting the major cities of Britain and the Continent. A rail link between London and Paris will have little effect on such traffic.

Other Factors

There are, of course, other factors which may have come into play by 1970. Space precludes any detailed examination of these possibilities but the introduction of VTOL airliners is certainly one. Such services, operating from small airports reasonably close to city centres, would materially reduce the time of all present short-haul, inter-city air services. This would cancel out the time advantage of a rail link between London and Paris. There is, too, the possibility of large hover-craft operating cross-channel ferry services with attendant advantages in time and cost.

On the whole, one draws the conclusion that while the tunnel will certainly carry a great volume of traffic, and, no doubt, thus justify its construction, its effects on other modes of transport will be far from devastating—and least of all, perhaps, on air transport. One might, perhaps, add a rider to that conclusion: had it been decided to construct, instead of a tunnel, a bridge designed to carry both the railway and an adequate flow of motor traffic, then things might be very different. We have only to observe the flight from rails to roads, which has been in progress all over the world during the past twenty years, to recognise the fact that people—and this includes the shipper of cargo—ultimately adopt the cheapest and the most convenient means of transport.

Notice

THE LANSDOWNE JUTE COMPANY, LIMITED

NOTICE

AT A MEETING OF DIRECTORS HELD ON 29th February, 1964, the following interim dividend was recommended for the year ended 31st March, 1964, subject to deduction of Tax:—

On Cumulative Preference Shares at Rs. 9.10 per cent per annum for the years ended 31st March 1962 and 1963.

The Dividend will be paid on or after 31st March, 1964, to those Shareholders (or their mandatees) whose names appear in the Company's Books on 24th March, 1964.

The Share Transfer Register of the Company will be closed from 14th March, 1964, to 24th March 1964, both days inclusive.

By Order of the Board,
BIRD & CO. (PRIVATE) LIMITED,
Secretaries and Treasurers.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA-1.

29*th February* 1964.

DISTURBING TREND OF EXPENSES IN LIFE INSURANCE

IS PROLIFERATION OF STAFF JUSTIFIED?

THE most disturbing factor in an otherwise encouraging picture of the business of the Life Insurance Corporation of India is the upward trend of expenses. The latest valuation report of the L.I.C.'s actuaries, to which a reference was made in our last issue (*vide* page 318), gives an indication of the effect of higher expenses on bonus. In view of the increase in the expense ratio to 14.13 per cent during the intervaluation period from 12.66 per cent (average) during the previous biennium, the actuaries increased the provision for "profits and expenses." While this increased provision might have been necessary in order to leave an adequate margin which may be relied upon to contribute to stable profits in future, its effect was to reduce the surplus revealed by the current valuation. Thus, against a provision for expenses and profits of 20 per cent of office premium in respect of with-profit policies and 15 per cent of office premium in respect of without profit policies during premium paying period made in the previous two valuations, in the current valuation, provision in respect of participating policies (whole life) has been increased to 22 per cent, and in respect of other participating policies to 20.5 per cent of office premium, though provision in respect of non-participating policies has been kept unchanged at 15 per cent of office premium. The following table illustrates this position at a glance:

Provision for Expenses and Profits

(As percentage of office premium)

	Valuation			
	Fourth	Third	Second	First
During premium-paying period:				
Participating : whole life policies	22.0	20	20	20
Other participating policies	20.5			
Non-participating policies	15.0	15	15	16
After cession of premium: (In rupees per thousand assured)				
Participating policies	7	7	7	7
Non-participating policies	2	2	2	2

The L.I.C. management attributes the increase in expenses to two causes. First, consequent on the agreement reached by the L.I.C. with the two employee associations representing class III and IV employees, there was an increase in expenses on salaries and allowances with effect from 1st January 1962. Secondly, whereas the expenses other than those that are directly dependent upon premiums such as commission were, during the three months January, February and March 1963, practically one-fourth of those for a full year, the renewal premium income during these three months was much less than one-fourth of the renewal premium income for a full year due to concentration of new business towards the end of the year over the past several years. The extent of the individual contribution of each one of these factors to the increase in expenses is not known. But, while the second factor may be expected to be temporary, in that it arose from the change in the accounting year from the calendar year to the fiscal year, the first, namely, higher incidence of salaries will be a permanent feature. The scope for reducing expense on this account is, therefore, limited, but the L.I.C. could, and should, ensure full utilisation of its manpower. This point was especially emphasised by the Estimates Committee of the Lok Sabha in its report three years ago on the working of the Corporation. The Committee had noted that the overall increase in the staff of the L.I.C. during the three-year period 1957-59 was over 21 per cent and the increase in expenditure on account of this was 29 per cent. The increase in the class I officers, according to the Committee, was most marked, having been of the order of 43 per cent in number and over 39 per cent in expenditure. In respect of supervisory and clerical staff the increase during the period was over 25 per cent in number and 26 per cent in expenditure. The Committee comment on this trend in staff proliferation is worth recalling.

"While some additional staff might have been required to look after the increased business of the Corporation, the Committee find it difficult to appreciate the justification for such a large increase in the number of employees within a period of three years. They consider that the real test of economy and efficiency of the Corporation would be to increase the business without a corresponding increase in operational cost. The Committee feel that, once the Corporation has established its network of organisation, it should be possible to exercise more economy in the number of staff employed and the existing organisation should be able to take care of additional business to a large extent. They recommend that the staff position in the various categories of the different zones may be constantly reviewed with reference to the workloads which should be uniform for all zones and efforts made henceforth to secure additional business without a corresponding increase in staff."

The Government's reply to this point of the Estimates Committee is that the L.I.C. depends on manpower for transacting its business. As business grows, it would be necessary to increase the available manpower also. However it has conceded that, as more and more of the Corporation's employees are trained and get experience, it would be possible to manage with less additional staff than the increase in business would call for. The Corporation, the Government has pointed out, has already made efforts in this direction (during the period 1957-60) and, as a result, the staff has increased by only 21 per cent, as compared with an increase of 36 per cent in the business in force.

Figures of the number of staff given in the latest annual report of the Corporation, however, do not bear out the Corporation's contention that it is trying to manage with less and less additional staff. For, between December 1960 and March 1963, that is, in twenty-seven months' time, the number of staff has increased by 19 per cent and their salaries by 42 per cent, whereas business in force (in India) increased by 41 per cent. This compares with the 21 per cent in staff and 36 per cent increase in business in the 36 months ended 1960. There has been a 41 per cent increase in the number of Development Officers but new business brought by them increased by only 50 per cent.

Category-wise, the most striking increase, 41 per cent to be precise, took place in the salaries of the clerical and supervisory staff, though the number of this category of staff increased by only 16 per cent. The increase in the number of class I officers was 35 per cent during the period and their salary increased by an equal percentage. The number and salary of Development Officers increased by 41 per cent each during the period. The subordinate staff also benefited from the increase in salary, the gross salary paid to this category of staff at the end of March 1963 being 46 per cent more, as compared with end of December 1960. The following table indicates the number and gross monthly salary of employees of the Corporation in India in each class as of March 1963 as compared with December 1961 and December 1960:

No. of Employees in India and their Gross Monthly Salary

(In thousands of rupees)

Class	December 1960*		December 1961		March 1963†	
	No.	Gross salary	No.	Gross salary	No.	Gross salary
Class I officers ..	1,852	15,16	2,162	17,77	2,495 (35)	20,48 (35)
Development officers ..	5,808	19,71	7,128	23,92	8,208 (41)	27,85 (41)
Supervisory and clerical staff ..	26,706	54,90	28,625	63,51	30,915 (16)	78,60 (42)
Subordinate staff..	5,878	6,05	5,933	6,94	6,462 (10)	8,81 (46)
Total ..	40,244	95,82	43,848	112,14	48,080 (19)	135,74 (42)

* Salary figures for December 1960, do not include the *ad hoc* increase in D.A. paid for that month in March 1961.

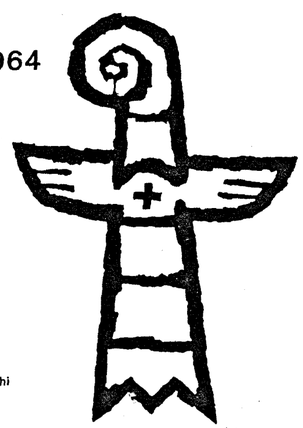
† Salary figures for March 1963 are on the basis of the revised scales of pay in respect of supervisory, clerical and subordinate staff.

Note:—Figures in brackets are the percentage increases in the number of staff and their gross salary over the December 1960 figures.

It is evident from the above table that not only has the number of employees of the Corporation increased considerably, but there has also been a substantial increase in expenditure by way of salary to the staff. A further expansion is under way, as the L.I.C. is currently recruiting staff for its general insurance department formed recently following its decision to take up general insurance business in competition with the private sector. In view of this rapid expansion of staff and the expenditure on them, the Corporation should now take steps to ensure that the increase in staff and enhancement in their salary is accompanied by higher work turnover. So far, in spite of the increase in the number of staff, there have been constant complaints about the service rendered to policyholders. The Corporation would, therefore, be well advised to initiate a programme of job-time evaluation, so that appropriate workloads could be fixed for each employee. Further, the Corporation should expedite the mechanisation of its operations and bring to early fruition its plans for introducing computers. A huge organisation like the L.I.C. should be able to turn the economics of scale and the invention of electronic equipment to its advantage.

Swiss Industries Fair Basle 11th—21st April 1964

When a country has no raw materials of its own, there's only one way to prosperity: import them, process them, re-export the finished products. And in doing so there's only one way to success: perfection. You'll find the proof at the Swiss Industries Fair Basle. You'll find it in tiny watches, in jewelry, in electrical engineering, heavy machinery, machine tools, tools, instruments, textiles... every one of the quality products presented at this trade fair reflects the high standard of Swiss industry, craftsmanship and resourcefulness. Your visit to Basle is an excellent opportunity for establishing useful contacts and initiating new business connections. For detailed information, booklet, catalogue... and good advice on a fast and comfortable flight to Basle simply contact



SWISSAIR Bombay - Calcutta - Madras - New Delhi

INDIA'S FOREIGN TRADE PROBLEMS

S.T.C. TO WIDEN ITS TENTACLES

EXPORTS and imports are the two wheels of the foreign trade machine of a country. The problems of exports cannot be completely divorced from those of imports and *vice versa*. Naturally enough, the smooth functioning of the foreign trade machine presupposes coordinated approach to the problems of both the sectors. It was, therefore, just as well that the Government of India recently reconstituted the Export Promotion Advisory Council and the Import Advisory Council into a single body known as the Export-Import Advisory Council. The functions of the Council, which was inaugurated on the 26th of last month by Mr. Manubhai Shah, Union Minister for International Trade, have been widened in the light of the new trends developing in the field of world trade and also reoriented with a view to forging closer links between exports and imports. Mr. Manubhai Shah has expressed the hope that the Council, along with the Board of Trade, as well as institutions like the Institute of Foreign Trade, Export Credit and Guarantee Corporation, Export Promotion Councils and Commodity Boards, "would provide adequate institutional framework for tackling the many tasks that lie ahead." If, however, this hope is to be fulfilled, it is imperative that the Council's recommendations will receive more serious attention at the hands of the Government than has been the case so far.

The foreign trade picture of India has improved distinctly of late, the adverse trade balance, according to preliminary estimates, having gone down from Rs. 439 crores in 1962 to Rs. 301 crores in 1963. The reduction is due largely to the marked rise of Rs. 104 crores to Rs. 791 crores in export earnings. The rise in exports has been registered in almost all items, namely, traditional items, commodities which are otherwise difficult to move, and new manufactured products. While all this is highly gratifying, there should be no room at all for any sense of complacency, what with the pressing need for financing the continually expanding import requirements for economic development and the mounting burden of external debt services. Indeed, export efforts will have to be intensified considerably in the years to come in the sphere of both primary products and manufactured goods. Making a fervent call to this effect, Mr. Manubhai Shah dwelt at some length on the three most important traditional earners of foreign exchange (jute goods, cotton textiles and tea), as well as on iron ore, manganese ore, oilcakes, vegetable oils and sugar. The problems concerning the exports

Exports: Main Items

(In crores of rupees)

	1963	1962	Rise
Jute manufactures ..	160	150	10
Tea	133	124	9
Cotton textiles	65	57	8
Iron ore	36	29	7
Oilcakes	34	27	7
Sugar	26	15	11
Other items	337	285	52
Total ..	791	687	104

of the first four items as highlighted by him may be summed up here:

Jute goods: Scheme of quality control and pre-shipment inspection of jute goods have been started and would help in promoting the exports of this major foreign exchange earner.

Cotton textiles: Continuous efforts are necessary to achieve higher levels of exports. We should aim at producing not only textiles at lower costs but also to ensure that our textiles cater to the tastes and requirements of the foreign buyer, are competitive in quality and that the exporters ship only good quality goods which conform to specifications and samples.

Tea: Increase in tea production is a precondition to enable us to sell more tea abroad. Production of quality tea can be augmented only by an adequate programme of new cultivation either by extension or by replacement, by improved agricultural methods and by creating conditions and extending suitable encouragement to planters to go in for intensive and extensive cultivation.

Iron ore: The Government is taking integrated steps to reduce the costs of production, transport and shipping. Also pelleting, briquetting, and improvement in grading and blending of ores are being undertaken.

While the rise of Rs. 104 crores in total exports during the year 1963 is spread over all the Continents, India's trade with a few African countries, which constitute the traditional destination for exports, showed a somewhat downward trend which continues to persist. Mr. Manubhai Shah, therefore, urged the Export Promotion Councils and Commodity Boards to focuss greater attention to the development of these markets. He also referred to (*a*) the sustained efforts now being made by the Government to promote exports by entering into bilateral trade agreements with East European countries, (*b*) increased participation in trade fairs and exhibitions held abroad, (*c*) arrangements to participate in a big way in the New York World's Fair as well as the Leipzig Fair, (*d*) larger export risk insurance facilities, (*e*) grant of financial guarantees and supplementary credit to help exporters, and (*f*) working of a revolving fund in foreign exchange to facilitate import of raw materials for the export-oriented industries.

India's export requirements, coupled with its development needs, clearly underline the importance of productivity aspect in Indian industry. If productivity is not increased, it will, as Mr. A. R. Foster, the retiring President of the Bengal Chamber of Commerce, rightly said in his speech at the last annual general meeting of the Chamber held at Calcutta a few days ago, be difficult for India to compete for exports in a world in which there is a remorseless desire for more efficient outturn. Incidentally, Mr. Foster drew pointed attention to the need for increasing the capacity and efficiency of Calcutta Port and the River which serve as the main exit of a major part of the country's exports. He observed:

"The completion of the Farakka barrage in 1970 will, it is hoped, solve the problem of the deterioration of the River and preserve Calcutta's status as one of the world's major ports. In step with this, it is hoped, will go the expansion and modernisation of the docks, in particular the improvement in the outturn and efficiency of the port workers through the early introduction of incentive schemes on the lines of those already operating with great effect in other ports in India. Finally, it is most satisfactory from the point of view of both Calcutta and the Port to note the beginning of work at Haldia. The role of Haldia is vital in relieving pressure on Calcutta's restricted capacity and, even if the development of the harbourage is slow in these early years, there can be no doubt about the great potential contribution it can make to North East India's ocean going trade. In the meantime, the subsidiary anchorage at this site has continued to work well from the shipping point of view and this, with a slightly better draught position in the Hooghly, has until recently produced fairly satisfactory conditions. But it must not be forgotten that the deterioration of the River during the last decade has had serious consequences for the activities of the Port and has involved recurring outlays, partly due to the high level of expenditure on dredging and controlling the river but also because of the cost of the additional shipping required to handle the Port's trade and the expense of waiting for proper draughts and tides. The long-term measures now being planned at Haldia and Farakka will not come a moment too soon."

"... I think, in this connection, I would like to refer to the interesting proposals submitted by the Indian Engineering Association for the creation of a free trade zone at Haldia. I think it is to be regretted that the official reaction so far is to postpone consideration of this project till there has been experience of the experiment at Kandla. Most supporters of the scheme here feel that there is little comparison between the conditions in the two areas. Here we have a background of expertise in industrial production and export, ample cheap raw materials, large supplies of energetic and skilled workers and the traditions of two centuries of industrial pioneering and expansion, and a site located in the Bay of Bengal within a short distance by sea or by air to the most rapidly developing areas of the South East of Asia. Both from the point of view of the development of this area of Eastern India and of the Indian export trade as a whole, I think there is justification for second thoughts on the decision to hold up consideration of this project in the meantime."

To revert to the Export-Import Advisory Council meeting. Practically every one who spoke at the meeting emphasised the urgency of export promotion. Among some of the suggestions made, five stand out prominently. In the first place, railway freight rates and port charges must be revised downwards. Secondly, fiscal burden on exports and the manner in which the ever-rising prices of inputs exerts pressure on costs must be examined. Thirdly, State Government representatives should be associated in future with the Council's deliberations, because the States, according to Mr. Bharat Ram, the F.I.C.C.I. President, are not helping in the furtherance of the export drive. Fourthly, export-oriented industries should be given priority in the utilisation of non-project foreign aid. And, fifthly, export promotion measures must be implemented uninterruptedly and efficiently.

So much about exports. As for imports, Mr. Manubhai Shah made it clear that, while export promotion and defence needs would continue to deserve the Government's foremost attention in the process of formulating the future import policy, further cuts might have to be imposed on items of low priority or where production had expanded. The Committee on Import Substitution and the various groups in several departments and Ministries, he said, were constantly reviewing the possibility of using indigenous raw materials in place of imported ones where practicable. He, however, held out the welcome assurance that the Government would endeavour to meet to the maximum possible extent the essential requirements of the industry and, if possible, slightly liberalise imports of plants, equipment, capital goods, and basic raw materials and components. The other elements of the import policy as enunciated by Mr. Shah are as follows:

"Preference will continue to be given to the industries with an export orientation and also to industries which can, in the very short run, help in considerable saving in foreign exchange by producing indigenously items which had to be imported. The import of capital goods will have to continue to depend upon the availability of external resources either in the form of investment or credits, governmental or private foreign capital, on acceptable terms. The equipment and capital goods required for modernisation and rehabilitation of industries will receive high priority. Fertilisers, pesticides, tractors and all the requirements of agriculture and plantation sectors will continue to be fully met. Our requirements of imports for defence industries and defence goods will also have to be adequately met. Small-scale industries, I cannot forget, because our friends in this sector deserve the nation's special attention."

Imports: Main Categories

(In crores of rupees)

	1963	1962	Rise (+) or fall (—)
Capital goods	186 (17)	169 (15)	+17
Industrial raw materials..	731 (67)	743 (66)	—12
Consumer goods	175 (16)	214 (19)	—39
Total ..	1,092 (100)	1,126 (100)	—34

Note:—Figures in brackets relate to percentage shares in the total.

While the broad framework of the import policy indicated by Mr. Shah is welcome, his plea for expanding State trading in the field of imports (and also exports) is irrational and unjustified. Where is the need for such expansion when there are individuals and special agencies who have long experience in import trade? The decline in the role of established importers, consequent upon the introduction of users' licences, is no excuse for widening the sphere of operations of S.T.C., especially to cover those few highly profitable items that are still left with the established importers. It is unrealistic to assume that trading houses can survive only on exports and domestic distribution business. If they handle imports, too, they will be able to fare better in export promotion also, because of their contacts with foreign markets. Further, no elaborate arguments need be advanced to prove that the actual users and established importers bargain much better than a State agency with overseas interests. The foreign sellers always raise their prices when they come to know about the entry of a State agency. Besides the increase in imported cost, the industries will also have to bear an additional cost, since the State agencies will include its imports and distribution charges to the selling prices. The various complaints about the way in which the State Trading Corporation has been handling the import trade and how it has been making enormous profits at the cost of the community are well known. Mr. Manubhai Shah cannot be unaware of the deficiencies of the State agencies in regard to know-how and experience necessary for engaging themselves more actively in specialised items of imports such as plant and machinery. The State agencies must only supplement the private trade channels and not supplant them.

WALCHANDNAGAR INDUSTRIES FARES WELL

MORE AGREEMENTS WITH FOREIGN FIRMS

THE working results of Walchandnagar Industries Ltd. [Managing Agents: Messrs. Walchand & Co. (Private) Ltd., Bombay] for the year ended 30th September 1963 are in conformity with the performance of the sugar industry as a whole in Maharashtra State. Taking advantage of the sustained internal demand for sugar during the year, the Company has been able to liquidate a large portion of the stock of sugar brought forward from the previous year as is revealed in the decline in the value of closing stocks of finished goods from Rs. 83.73 lakhs to Rs. 35.02 lakhs. Consequently, therefore, even though the production of sugar during the year itself has been short by about 17,000 bags of one quintal each, the realisation from sale of products has expanded from Rs. 538.71 lakhs to Rs. 561.25 lakhs. A fair portion of this rise in sales has, of course, been due to the larger disposal of sugar and spirit, but part of it has been due also to the rise of Rs. 16.45 lakhs to Rs. 229.37 lakhs in the value of machinery sold during the year. Gross profit has jumped up from Rs. 67.11 lakhs to Rs. 82.80 lakhs, the rise being of as much as 23.4 per cent, as against just 4.2 per cent in the turnover.

This substantial increase in gross profit has resulted in an increase of Rs. 1.67 lakh to Rs. 5.46 lakhs in the Managing Agents' commission and in the provision for taxation from Rs. 15.50 lakhs to Rs. 22.50 lakhs. Even though the essential provisions have claimed two-thirds of the gross profit, the net profit has risen from Rs. 18.69 lakhs to Rs. 27.84 lakhs. It will be seen from the comparative table below that the net profit has retrieved most of the ground lost in the previous two years. Out of the year's profit, Rs. 5.96 lakhs (as against Rs. 4.31 lakhs a year before) have been credited to reserves and Rs. 5 lakhs have been set aside for the payment of preference dividend. The ordinary dividend remains the same, namely, 12 per cent per annum, subject to deduction of tax, but claims a slightly bigger amount of Rs. 18.18 lakhs. The carry forward is only Rs. 1,059 as against Rs. 1.14 lakh brought in.

(In lakhs of rupees)

	For the year ended 30th September			
	1963	1962	1961	1960
Sale of products (gross)	561.25	538.71	404.07	391.28
Other income and credits	28.20	22.13	25.69	8.83
Credit balance to Plantation and Dairy Farming Accounts	24.29	19.74	33.85	33.38
Closing stocks of finished products	35.02	83.73	122.19	57.57
Raw materials and stores consumed	298.85	304.35	317.92	284.36
Excise duty and cess, etc.	70.97	78.98	66.70	70.41
Other expenses	112.41	91.68	89.87	48.28
Gross profit	82.80	67.11	53.74	51.75
Managing Agents' commission	5.46	3.79	2.41	3.26
Provision for—				
Depreciation	27.00	29.13	28.49	17.90
Taxation	22.50	15.50	2.50	0.45
Net profit	27.84	18.69	20.34	30.14
Provisions no longer required	0.18	1.43	0.59	0.41
Withdrawals from reserves		7.00	5.00	
To reserves	5.96	4.31	4.00	10.22
Dividend—				
Preference	5.00	5.06	5.00	5.00
Ordinary	18.18 (12%)	18.12 (12%)	17.04 (15%)	15.15 (13%)
Carry forward	0.01	1.14	1.50	1.61
Market price of equity shares (in rupees)	1964	1963	1962	1961	1960
High	160	133	176	267	340
Low	145	133	140	158	249

The duration of the season was reduced from 177 to 156 days and the quantity of cane crushed was also lower at 189,986 tonnes as against 203,239 tonnes while the percentage recovery was also lower at 12.13 per cent, as against 12.25 per cent in the previous year. As a result, the quantity of sugar manufactured declined from 248,015 bags to 230,634 bags of one quintal each. The production of spirit, however, increased fivefold from 762,318 litres to 3,722,108 litres and the worth of goods supplied by the plastic factory was also higher at Rs. 5.61 lakhs, as against Rs. 5.04 lakhs in the previous year.

The Company's surplus land was taken over by the Government of Maharashtra State on 11th July 1963 and the same was placed in the possession of the Maharashtra State Farming Corporation Ltd. An agreement has, however, been entered into with the State Government and the Maharashtra State Farming Corporation Ltd. to allow the Company to harvest the standing crop.

The Company has recently entered into an agreement with Messrs. Prerovske Strojirny, Czechoslovakia, for the manufacture of complete cement plant and parts thereof at Walchandnagar. The Company had approached Messrs. Escher-Wyss A.G., Zurich, Switzerland, for technical collaboration in the manufacture of paper plants and ancillary equipments and they had agreed to collaborate and give all assistance to the Company. The draft of the proposed co-operative agreement with Messrs. Escher-Wyss A.G. has been sent to the Government for approval. Negotiations for technical collaboration are in progress with Messrs. MAAG Gear-Wheel Company Ltd., Zurich, Switzerland, for manufacturing MAAG speed-reduction gears, pinions and their accessories as required in sugar, cement, paper and pulp industries. Proposal to manufacture steam turbines for sugar mills at the Company's factory at Walchandnagar in collaboration with Messrs. G. & J. Weir Ltd. of Glasgow, U.K., is also under consideration. The Company has approached the I.C.I.C.I. for a loan in foreign exchange equivalent of U.S. dollars 525,300 (about Rs. 25 lakhs) for meeting the cost of imported equipment for the cement machinery making projects and the same has been sanctioned.

The Company has completed deliveries of sugar machinery to three co-operative sugar factories referred to in the previous year's report. These factories have been crushing over 1,200 tonnes each per day. A 30" x 60", 18-roller milling plant, with a crushing capacity of 1,750/2,000 tonnes per day, which was manufactured and supplied by the Company went into operation in the Mawana Sugar Works Ltd., District Meerut. The Company also manufactured and supplied the complete centrifugal station of this factory which has a crushing capacity of 3,500 tonnes per day. During the year, the Company secured orders for two complete sugar factories each with the milling plant of 30" x 60" size for crushing 1,000 tonnes of sugarcane per day and capable of being extended to 1,750 tonnes capacity per day by suitable additions and alterations.

There has been no change in the Company's paid-up share capital of Rs. 201.50 lakhs comprising Rs. 50 lakhs in preference shares of Rs. 100 each and the balance in equity shares, also of Rs. 100 each. It is supplemented by Rs. 139.26 lakhs in reserves and surplus. Borrowings from banks against security of tangible movable assets have, however, declined sizably from Rs. 164.55 lakhs to Rs. 96.55 lakhs and, as a result, the total of borrowings, including Rs. 100 lakhs in two series of debenture bonds, has receded by Rs. 68 lakhs to Rs. 196.71 lakhs. Current liabilities are also lower at Rs. 179.92 lakhs as compared with Rs. 183.94 lakhs a year ago. On the assets side the net block is placed at Rs. 274.82 lakhs and has been arrived at by reducing the gross block of Rs. 510.73 lakhs by Rs. 235.91 lakhs, being the depreciation provided so far. Investments are shown at Rs. 9.31 lakhs, of which Rs. 8.16 lakhs are in the Company's own mortgage debentures. Current assets and loans and advances amount to Rs. 430.50 lakhs.

The Rs. 100 fully paid ordinary shares of the Company are currently quoted at Rs. 158.00 *cum-dividend* and offer a net annual return of over 5.6 per cent.

Notice

THE ANDHRA SUGARS LIMITED
Venkatarayapuram,
Post Box No. 2,
TANUKU
Andhra Pradesh

NOTICE IS HEREBY GIVEN THAT THE Sixteenth Annual General Meeting will be held on Monday the 30th March, 1964 at 3.00 p.m., at the Registered Office at Tanuku.

Notice is also hereby given that the Share Registers of the Company will be closed from 20th March 1964 to 2nd April 1964, both days inclusive.

(By Order of the Board)

for THE ANDHRA SUGARS LTD.,
for RANGA RAO & Co.,

(Sd.) M. HARISCHANDRA PRASAD,
Managing Partner,
Managing Agents.

VENKATARAYAPURA-M,
TANUKU,
February 20, 1964.

RALLIS INDIA LIMITED

Forty per cent assets of Rallis India Ltd. are employed in industrial production and half of its income is derived from products of industries which it owns solely or in association with others. But trading in commodities is still an important part of its business. Such trading, with cotton in the lead, accounted for 30 per cent of its income in the year ended 31st August 1963. Giving this insight into the Company's working to shareholders at their fifteenth annual general meeting held at Calcutta on Monday last week, the Chairman, Mr. Badridas Goenka, said that the new mix of industry and trade in business should protect the Company from the vagaries of fortune which it had suffered in the recent past. Progress during the current year, he added, had been satisfactory.

Referring to the need for holding the price line, Mr. Goenka stated that all articles over which the Company was able to exercise an element of price control were maintained at a stable price level. Its pharmaceuticals, fertilisers and pesticides, he pointed out, were found to have been cheaper than what they had cost a few years ago. The three divisions manufacturing these products were also constantly improving their all-India services. But, while maintaining the price line, the Company had been faced with pressure on costs, especially from the rising wage bill without a corresponding increase in labour productivity. The continuous upward surge in dearness allowances, Mr. Goenka observed, raised serious doubts about the validity of trying to keep the price line in an economy based on labour costs which were totally unrelated to productivity. The Bonus Commission's recommendations, setting aside 60 per cent of the available surplus for bonus to labour regardless of any provision for rehabilitation, would, he feared, widen the gap between labour costs and productivity and thus aggravate inflation.

The Company was doing its best, Mr. Goenka said, to save foreign exchange. It had reduced the import content of its engineering products to less than 10 per cent of their sales value and of pharmaceuticals to under 2 per cent. But, in spite of that, it was faced with delay in allocation of foreign exchange which seriously affected its production. In order to overcome that problem, the Company had established the Commercial and Industrial Exports Ltd., which, under the chairmanship of Mr. P. A. Narielwala, occupied the pride of place among the export houses recently formed for promoting exports.

UNILEVER'S SALES AND PROFIT HIGHER

Provisional results of Unilever Ltd. and Unilever N.V. for the year ended 31st December 1963 show an increase of 4 per cent, or £59 million (Rs. 78.7 crores) to £1,535 million (Rs. 2,046.7 crores), as compared with 1962. Profit before taxation amounts to £118.7 million (Rs. 158.3 crores), as against £106.6 million (Rs. 142.1 crores) for 1962. The consolidated net profit has gone up by 7.5 per cent, or £3.9 million (Rs. 5.2 crores) to £55.7 million (Rs. 74.3 crores).

The Directors of Unilever Ltd. have recommended a final dividend of 8.69*d.*, bringing the total dividend for 1963 to 13.5*d.* (as against 11.76*d.* in 1962) per five shilling ordinary share, before deducting income-tax. In the case of Unilever N.V., the final dividend is Fl. 2.43, bringing the total for the year to Fl. 3.78 (as against Fl. 3.3 for 1962) per Fl. 20 paid ordinary share.

TWO COMPANIES TO RAISE RS. 10.60 CRORES

The Controller of Capital Issues has authorised two companies to raise fresh capital amounting to Rs. 10.60 crores. The consent is valid for 12 months in both cases. Following are the details:

Bokaro Steel Ltd., a Central Government undertaking, is to issue capital of Rs. 10 crores divided into 100,000 equity shares of Rs. 1,000 each to be issued privately for cash at par. The capital will be utilised for setting up a new steel project at Bokaro.

Poysha Industrial Company Ltd., Bombay, having a subscribed capital of Rs. 25 lakhs, is to issue capital of Rs. 60 lakhs in equity shares of Rs. 10 each for cash at par. Out of this, shares of the value of Rs. 18 lakhs will be issued to the existing shareholders as rights and the remaining Rs. 42 lakhs to the public by prospectus. The money will be utilised for financing the expansion involved in the manufacture of tin containers.

INDIA SUGARS' NET PROFIT JUST ENOUGH TO COVER DIVIDEND

CRUSHING CAPACITY TO BE EXPANDED

THE shareholders of India Sugars and Refineries Ltd. [Managing Agents: The India Sugar Agencies (Private) Ltd., Bombay] have hardly any reason to be particularly enthused by its favourable results for the year ended 30th September 1963, because, in spite of the improvement, the return on the 10-rupee ordinary shares has only been maintained at 8 per cent per annum, taxable, to which level it was reduced by a further two points in the previous year. But a close look at the year's results shows that the dividend could not have been raised. For, while sale proceeds have improved from Rs. 214.44 lakhs to Rs. 222.01 lakhs and gross profit has recovered smartly from Rs. 13.18 lakhs to Rs. 18.19 lakhs, the net profit at Rs. 6.05 lakhs is just enough to cover the ordinary dividend absorbing Rs. 5.12 lakhs, after allowing Rs. 73,260 to pay the dividend to preference shareholders.

Actually, the net profit shows a considerable improvement over Rs. 3.42 lakhs to which level it had dropped again sharply in the previous year from Rs. 7.64 lakhs earned during 1960-61 and Rs. 12.37 lakhs earned during 1959-60. The improvement would have been greater still but for the rise in the tax provision from Rs. 4.10 lakhs to Rs. 6.50 lakhs following the increase in gross profit. It is, however, not the net profit but the net surplus available for distribution that really counts for dividend purposes. While the net profit in the previous year was lower, the distributable surplus, after adding as much as Rs. 3.17 lakhs brought in from 1960-61, was adequately raised to cover the reduced dividend of 8 per cent. The net profit for the year under review is higher, but the total for distribution shows hardly any change at Rs. 6.74 lakhs, because the amount brought in from the previous year is only Rs. 68,747. It will thus be seen that the dividend for the year under review could only have been maintained at the previous year's level. Out of the available surplus, however, a slightly larger sum of Rs. 19,611, as compared with Rs. 5,069 in the previous year, has been carried to reserves and provisions. After providing for the dividend liability, the balance is Rs. 69,501, which is carried forward.

The following table compares the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 30th September			
	1963	1962	1961	1960
Sale proceeds	222.01	214.44	127.14	204.53
Other income	2.98	2.56	3.72	4.13
Closing stock of finished goods	22.10	48.89	67.71	10.53
Cost of sugarcane	89.45	92.76	101.53	88.95
Excise duty and literage fees	53.27	52.83	20.23	51.87
Other expenses	37.29	39.41	38.19	35.99
Gross profit	18.19	13.18	19.09	22.50
Provision for—				
Depreciation	4.32	4.70	5.54	5.70
Taxation	6.50	4.10	4.70	2.92
Managing Agents' remuneration	1.30	0.87	1.21	1.51
Net profit	6.05	3.42	7.64	12.37
Past expenses	..	..	1.74	..
Provisions written back	..	..	1.46	..
To reserves and provisions	0.20	0.05	0.16	5.42
Dividends—				
Preference	0.73	0.73	0.73	0.73
Ordinary	5.12 (6%)	5.12 (8%)	6.40 (10%)	8.96 (14%)
Carry forward	0.69	0.69	3.17	3.11
Cane crushed (tonnes)	160,479	186,340	206,203	153,133
Sugar produced (tonnes)	16,661	19,186	18,890	16,006
Average recovery (%)	10.31	10.29	9.13	10.42
Equity shares' market value (in rupees):	1963	1962	1961	1960
High	10.25	11.00	14.00	13.65
Low	8.50	9.25	10.80	12.00

The improvement in profit during the year has come from the steady price realised for sugar. The cost of sugarcane crushed during the year declined, as can be seen from the foregoing table, from Rs. 92.76 lakhs to Rs. 89.45 lakhs because the quantity of cane crushed dropped from 186,340 to 160,479 tonnes, as a result of which the quantity of sugar produced came down from 19,186 tonnes to 16,661 tonnes. But production of spirit in the distillery unit increased from 512,500 litres to 789,616 litres.

The expansion scheme for enhancing the distillery's capacity is progressing and the Directors expect that the scheme for producing 3,000 gallons of spirit per day will be completed during the current year. Active steps have also been taken for implementing the expansion scheme providing for a crushing capacity of 1,250 tonnes a day, instead of the present capacity of 1,000 tonnes, and the Directors are hopeful that the expansion can be put into effect from the beginning of the next season.

The net profit of the Salar Jung Sugar Mills Ltd., a subsidiary of the Company, increased considerably from only Rs. 985 to Rs. 3.95 lakhs. It has been utilised to reduce the carry forward deficit to Rs. 3.69 lakhs. The expansion scheme of this subsidiary is also reaching an advanced stage and it is hoped that, in the next season, it will be able to crush 1,000 tonnes of cane a day, thus ensuring a more economic working of its mill. As regards the other subsidiary, namely, Manjula Confectionery Ltd., while attempts were made for increasing sales of confectionery with some partial success, the Directors of the holding company found that for the subsidiary's economic working a further investment of capital and enlargement of its sales organisation were imperative but decided not to put in any further capital at the present juncture. Subsequently, the subsidiary negotiated and sold, with the consent of the holding company's Directors, its plant and machinery, spares, stores and raw materials, etc., to Parry Confectionery Ltd.

The financial position of the Company is good. Its paid-up capital, including Rs. 11 lakhs in 7.5 per cent, taxable, cumulative preference shares, amounts to Rs. 74.98 lakhs and is backed by reserves and surplus standing at Rs. 16.14 lakhs. The total of secured loans has come down from Rs. 49.61 lakhs to Rs. 20.69 lakhs. These loans and current liabilities and provisions bring the total indebtedness to outsiders to Rs. 74.92 lakhs, as against which are available current assets, book debts and investments aggregating Rs. 126.42 lakhs. The gross block has gone up during the year from Rs. 86.23 lakhs to Rs. 87.71 lakhs and has been adequately written down to Rs. 39.63 lakhs.

Currently, the Rs. 10 fully paid ordinary shares of the Company are quoted at their face value, but *cum-div.* and offer a *net* yield of 5.9 per cent per annum.

WORLD'S BIGGEST MERGER OF PHOTOGRAPHIC FIRMS

Agfa AG., Leverkusen, and Gevaert Photo-Producten N.V., Mortsel/Antwerp, have decided to combine their industrial activities into a single economic unit. The formation of this unit, the world's biggest merger of photographic firms, is in keeping with the progressive integration of the European Common Market. It will be accomplished on a 50:50 basis to include on both sides the entire industrial activity in the scientific, technical, commercial and financial field. The co-operation will greatly increase the research potential by co-ordinating the joint scientific efforts and will rationalise production and distribution as well as strengthen the partnership's competitive position.

Since formal mergers across the frontiers are not yet legally possible, the economic unit will be realised through the take-over of all activities by a new Belgian and a new German operating company. Gevaert Photo-Producten N.V. and Agfa AG, will each hold 50 per cent of the shares of both the operating companies. The managing boards will consist of the same directors in both the companies in equal proportion. The operating companies will be formed shortly and will start their activity as from 1st July 1964.

In pursuance of the formation of this unit, Agfa will take over several companies of the German photographic industry, affiliated to its parent company Farbenfabriken Bayer AG., Leverkusen, in particular Leonar-Werke AG., Hamburg; Mimosa GmbH., Kiel; Chemische Fabrik Vaihingen/Enz GmbH., Vaihingen/Enz; and also the 50 per cent Bayer subsidiary, Perutz-Photowerke GmbH., Munich. The other shareholders of Perutz., C.F. Boehringer and Soehne GmbH., Mannheim, will have a proportionate minority interest in the enlarged Agfa AG., and will be represented on the latter's supervisory board. In addition to the branded products of Gevaert and Agfa and notwithstanding the comprehensive rationalisation pursued by this unit, the branded products of Perutz, Leonar and Mimosa will also remain available on the market.

NATIONAL AND GRINDLAYS BANK LIMITED

(Amalgamating National Bank of India Ltd., Grindlays Bank Ltd., and the Eastern Branches of Lloyds Bank Ltd.)

Registered in London under the Companies Act of 1862 on the 23rd March, 1866. The liability of Members is limited.

Bankers to the Government in Aden, Kenya, Uganda and Zanzibar.

Authorised Capital ... ... £ 9,000,000
Issued and Paid-up Capital ... £ 5,703,000
Reserve Fund ... ... £ 5,250,000

Head Office : 26, BISHOPSGATE, LONDON, E.C.2.

London Branches :

54, Parliament Street, S.W.1.
13, St. James's Square, S.W.1.

BRANCHES throughout Aden, Ceylon, India, Kenya, Northern and Southern Rhodesia, Pakistan, Somalia, Tanganyika, Uganda, Zanzibar.

The Bank conducts all classes of Banking and Exchange Business throughout the world.

Bombay Branches :

90, Mahatma Gandhi Road ; 270/272, Dr. Dadabhoy Naoroji Road, (Lloyds Branch) ; Mint Road, (Corner of Mint Road and Sir P. M. Road) ; 21/29, Princess Street, (Lloyds Branch) ; 117-119, Kazi Syed Street, Mandvi ; 65F, Linking Road, Santa Cruz ; 2/571, Gowalia Tank Road, Cumballa Hill ; Shivaji Mandir, N. C. Kelkar Road, Dadar ; 24B, Club Road, Byculla . THANA : Agra Road, Kolbad Road, (Near Castle Mills).

NGB/16A.

Notices

MARTIN BURN LIMITED

NOTICE

THE ANNUAL GENERAL MEETING (BEING the Eighteenth Ordinary General Meeting) of the Company will be held on Monday, the 30th March, 1964, at 11 a.m., at the Registered Office of the Company, 12, Mission Row, Calcutta, to transact the following business:

1. To receive and adopt the Audited Accounts for the year ended 30th September, 1963 and the Directors' and Auditors' Reports thereon.
2. To declare a Dividend on the Ordinary shares in the Company.
3. To appoint a Director in place of the one retiring.
4. To appoint Auditors and to fix their remuneration.
5. Special Business.

   To reappoint Sir Biren Mookerjee as a Director of the Company as he vacates office on having attained the age of 65 years. In this connection notice is hereby given that a special notice as defined in Section 190 of the Companies Act, 1956, has been received by the Company under Section 281 of the Companies Act, 1956, to move the following resolution at the meeting:—

   "That Sir Biren Mookerjee be and is hereby appointed a Director of the Company and that it is hereby declared that the age limit laid down in Section 280 of the Companies Act, 1956, shall not apply to him."

6. Special Business.

   (*a*) To accord consent, pursuant to Section 314 of the Companies Act, 1956, to Mr. R. N. Mookerjee, who is a relative of Sir Biren Mookerjee and Mr. Romendra Nath Mookerjee, Directors of the Company, to hold and continue to hold an office or place of profit under the Company as an Assistant and if thought fit to pass the following resolution as a Special Resolution:

   RESOLVED: That consent be and is hereby accorded to Mr. R. N. Mookerjee, who is a relative of Sir Biren Mookerjee and Mr. Romendra Nath Mookerjee, Directors of the Company, holding and continuing to hold an office or place of profit under the Company as an Assistant on the expiry of his present contract of service for a period of four years as from 1st June, 1964, on the scale of pay Rs. 1,500-100-1,800 together with such usual allowances, benefits, amenities and facilities as are admissible to other assistants of the same rank and grade and that the Directors be and they are hereby authorised at their discretion to accelerate or withhold any increments within the limits of the scale of pay referred to herein.

   (*b*) To accord consent, pursuant to Section 314 of the Companies Act, 1956, to Mr. A. N. Banerjee, who is a relative of Sir Biren Mookerjee and Mr. Romendra Nath Mookerjee, Directors of the Company, to hold and continue to hold an office or place of profit under the Company as an Assistant and if thought fit to pass the following resolution as a Special Resolution:

   RESOLVED: That consent be and is hereby accorded to Mr. A. N. Banerjee, who is a relative of Sir Biren Mookerjee and Mr. Romendra Nath Mookerjee, Directors of the Company, holding and continuing to hold an office or place of profit under the Company as an Assistant on the expiry of his present contract of service for a period of four years as from 1st September 1964 on the scale of pay Rs. 3,000-200-3,600 together with such usual allowances, benefits, amenities and facilities as are admissible to other assistants of the same rank and grade and that the Directors be and they are hereby authorised at their discretion to accelerate or withhold any increments within the limits of the scale of pay referred to herein.

The Ordinary Share Register and Transfer Books of the Company will be closed from 16th March, 1964 to 30th March, 1964, both days inclusive.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

By Order of the Board,
L. K. SEN CHOWDHRY,
Secretary.

CALCUTTA, *2nd March*, 1964.

Note:—The Dividend, if sanctioned, will be paid on or after 1st April, 1964, to those Shareholders so entitled whose names appear in the Company's Register of Members for Ordinary Shares on the 30th March, 1964 or to their mandatees.

An Explanatory Statement annexed to the convening notice as required under the Companies Act, 1956, has been forwarded to the members of the Company.

THE PHALTAN SUGAR WORKS LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Thirty-second Annual General Meeting of The Phaltan Sugar Works Limited will be held on Friday, the 20th day of March, 1964 at 4 p.m. (S.T.) at the Registered Office of the Company, Sangli Bank Building, 296, Bazargate Street, Fort, Bombay-1, to transact the following business:

1. To receive and adopt the Directors' Report and the Audited Balance Sheet and the Profit and Loss Account for the year ended 30th September, 1963.
2. To declare a dividend.
3. To appoint a Director in place of Shri L. V. Apte who retires by rotation, but being eligible offers himself for re-election.
4. To appoint a Director in place of Shri Natverlal Bhikhabhai who retires by rotation, but being eligible, offers himself for re-election.
5. To appoint a Director in place of Shri Himatlal Kantilal who retires by rotation, but being eligible, offers himself for re-election.
6. To consider and if thought fit, to pass the following Resolution as a special Resolution.

   RESOLVED: That subject to the necessary approval of the Central Government the Articles of Association of the Company be altered in the manner following; namely by deleting from Article 143(i) the words "Each Director shall be paid out of the funds of the Company by way of remuneration for his services, a sum not exceeding Rs. 50 for each Meeting of the Board or Committee of the Board, attended by him" and substituting therefor the following:

   "143(i) The remuneration of a Director for his services shall be the sum not exceeding Rupees Two hundred and fifty for each meeting of the Board or Committee of the Board, attended by him."

7. To consider and if thought fit, to pass the following resolution as a Special Resolution.

   RESOLVED: That the Articles of the Company be altered—

   (*a*) by deleting the existing Article 3 and by substituting the same by the following Article 3: "Article 3. The capital of the Company is Rs. 1,00,00,000 (Rupees one crore) divided into 1,80,000 Ordinary shares of Rs. 50/- each and 20,000 Cumulative Producers Participating Preference shares of Rs. 50/- each.".

   (*b*) by adding the following Article 3(A) after the new Article:

   "Article 3(A). The Cumulative Producers' Participating Preference shares shall have attached thereto rights and privileges following, that is to say—

   (1) The holders of such Preference shares shall be entitled to receive out of the profits of the Company resolved to be distributed a fixed cumulative preferential dividend at the rate of 8 per cent per annum without any deduction on account of tax payable by the Company but subject to deduction of shareholders tax in accordance with the provisions of the Income-tax Act and rules made thereunder or under any statutory modifications or amendments thereof, on the capital for the time being paid up on such preference shares respectively.

   (2) In the event of payment of dividend for any period in excess of 18 p.c. on ordinary shares, the holders of such preference shares shall be entitled to participate for dividend in excess of the fixed preferential dividend of 8 p.c. at the rate of an additional 1 p.c. for every increase of 2 p.c. dividend to the ordinary shareholders over the rate of 18 p.c. referred to above, Provided the profits of the year for which such dividend is payable are sufficient to justify such distribution i.e. such preference shareholders will not be entitled to dividend in excess of the fixed preferential dividend whenever dividend is declared out of the profits of the earlier period. Provided further that the maximum dividend payable to the holders of such Preference shares in respect of any financial year shall not exceed 12 per cent per annum.

   (3) In the event of the winding up of the Company or on repayment of capital, the holders of such Preference shares shall be entitled to have the surplus assets applied, firstly in paying off the capital paid up on the preference shares held by them, and secondly in paying off the arrears (if any) of the fixed preferential dividend aforesaid to the commencing of the winding up whether earned or declared or not, and thereafter shall not be entitled to participate in any surplus of profits or assets to which only the ordinary shareholders will be entitled.

   (4) The Preference shares shall not be transferable for a period of 5 years from the date of allotment PROVIDED HOWEVER that the Directors may in their absolute discretion transfer any preference shares before the said period of 5 years expires.

   (c) Existing Article 121 be altered in the manner following:

   (i) The following clause be added as Sub-clause 1.

   (1) Subject to the provisions of the Act and Sub-clause 2 hereof every member of the Company holding any preference share capital shall in respect of such capital have a right to vote only on resolutions placed before the Company which directly affect the rights attached to his preference shares.

   (ii) Existing Sub-clauses 1, 2 and 3 shall be renumbered as 2, 3 and 4.

   (iii) The words "Sub-clause 1" wherever occurring in the Article shall be deleted and the words "Sub-clause 2" shall be substituted therefor.

8. To consider and if thought fit to pass the following Resolution as a Special Resolution.

   RESOLVED: That notwithstanding anything contained in sub-section (1) of Section 81 of the Companies Act 1956, upto 20,000 Cumulative Producers Participating Preference shares of Rs. 50 each now to be issued be offered at par to any persons (whether or not those persons include the persons referred to in Clause (a) of sub-section (1) of Section 81 of the Act) who are cane growers who agree to deliver cane to the Company subject to the special rights and privileges attached to the said Preference shares as specified in the Articles of Association of the Company on such terms and in such manner as the Board of Directors may in their absolute discretion think proper.

9. To appoint Auditors for the current year and fix their remuneration.

Notes: (*a*) The relative explanatory statements pursuant to Section 173 of the Companies Act, 1956 in respect of the special business under items 6, 7 and 8 set out above have been forwarded to the members of the Company at their Registered address.

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

(c) The Transfer Books of the Company are closed from the 25th January 1964 to 22nd February, 1964, both days inclusive.

(*d*) Dividend when declared will be payable through the United Commercial Bank Ltd., Fort, Bombay-1, on and after 23rd March 1964 to those shareholders whose names stand on the Register of Members on the 25th January, 1964 to whom dividend warrants will be posted.

By Order of the Board of Directors,
M. L. APTE,
Director.

Registered Office:
SANGLI BANK BUILDING,
296, BAZARGATE STREET,
BOMBAY-1.
Dated: *18th February*, 1964.

RAZA BULAND SUGAR COMPANY LIMITED

(Registered Office: RAMPUR, U.P.)

THE TWENTY-NINTH ANNUAL GENERAL Meeting of the Shareholders of the Company will be held at the Registered Office of the Company at Raza Buland Office, Rampur, U.P., on Saturday, the 4th April, 1964, at 10.30 a.m. Notices of the meeting setting out the Agenda and Explanatory Statement on the Special Business to be transacted thereat are being sent to the members individually by post.

Notice is hereby given that the Share Transfer and Members' Registers will remain closed from 17th March, 1964 to 4th April, 1964, both days inclusive, for purposes of dividend.

Persons holding shares under blank transfer should send such shares for transfer before closure of transfer books to be entitled to the dividend. Unless Exemption Certificate is received by 16th March, 1964, statutory Income Tax will be deducted from dividends.

By Order of the Board,
For RAZA BULAND SUGAR CO., LTD.,
S. K. KAUL,
Secretary.

RAMPUR, U.P.
Dated 5th March, 1964.

DEVKARAN NANJEE BANKING COMPANY, LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Twenty-seventh Annual General Meeting of Devkaran Nanjee Banking Company, Ltd., will be held on Wednesday, the 25th March 1964, at 4-30 p.m., at the Registered Office of the Company, Devkaran Nanjee Buildings (Meeting Hall, Second Floor), Horniman Circle, Fort, Bombay, to transact the following business:

1. To consider the Audited Accounts, viz. the Balance Sheet and Profit and Loss Account of the Company, for the year ended 31st December 1963, and the Reports of the Board of Directors and the Auditors;
2. To declare a Dividend;
3. To appoint Directors in place of (*a*) Shri Lalitchandra C. D. Nanjee, (*b*) Prince Udaybhan of Porbandar, and (c) Shri Jayantilal R. Trivedi, who retire by rotation, but being eligible offer themselves for re-appointment;
4. To appoint Auditors for the period commencing from the conclusion of the annual general meeting till the conclusion of the next annual general meeting and fix their remuneration, and to consider and, if thought fit, to pass the following resolution *re.* audit of branch offices of the Company:

   "RESOLVED that the Board of Directors be and is hereby authorised to appoint such auditor or auditors for such branches of the Company in consultation with the Company's auditors on such terms and conditions as the Board of Directors may decide upon from time to time; further RESOLVED that the Board of Directors be and is hereby authorised to apply for exemption of all or any of the branches of the Company from the provisions of Section 228 of the Companies Act, 1956, as amended by the Companies Amendment Act of 1960, to the Central Government under Companies (Branch Audit Exemption) Rules, 1961, and to agree to such terms and conditions as the Central Government may prescribe in this behalf."

5. To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

   "RESOLVED that the Article 55 of the Articles of Association of the Company be altered as follows:

   Add at the end of the Article 55 the following words: 'Provided nevertheless the Board of Directors shall be entitled from time to time not to charge any fees for transfer or transmission of shares for such period and on such terms as they may think fit.'"

By Order of the Board,
PRAVINCHANDRA V. GANDHI,
Managing Director.

Registered Office:
DEVKARAN NANJEE BUILDINGS,
HORNIMAN CIRCLE, FORT,
BOMBAY, *19th February* 1964.

N.B.—(i) The Share Transfer Books and the Register of Members of the Company will be closed as from Monday, the 9th March 1964, to Wednesday, the 25th March 1964, both days inclusive.

(ii) The Dividend, when sanctioned, will be made payable on and after Thursday, the 26th March 1964, to those members whose names stand on the Register on Wednesday, the 25th March 1964.

(iii) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING AND SUCH PROXY NEED NOT BE A MEMBER.

(iv) An explanatory statement as required by Section 173 of the Companies Act, 1956, relating to special business is hereto annexed.

ANNEXURE TO THE NOTICE

Explanatory Statement, as required by Section 173 of the Companies Act, 1956, is given below:

Item No. 4: The resolution referred to in item No. 4 above is required to be passed in order to comply with the provisions of Section 228 of the Companies Act, 1956, as amended by the Companies (Amendment) Act 1960, in respect of the audit of the accounts of branch offices of the Company and further by the said resolution the Board of Directors is proposed to be vested with the powers to apply for exemption from the provision for Branch audit under the Companies (Branch Audit Exemption) Rules, 1961.

Item No. 5: The Board of Directors have decided to accept the recommendation of the Government of India conveyed by the Stock Exchange, Bombay, not to charge any fees for transfer or transmission of shares and it is therefore necessary to alter the existing Article 55 of the Articles of Association of the Company and hence Special Resolution altering the said Article as set out in the Notice to which this is an annexure, is placed before the meeting.

SHREE CHANGDEO SUGAR MILLS LIMITED

Mercantile Bank Building, 60, Mahatma Gandhi Road, Bombay-1

NOTICE

THE TWENTY-FOURTH ANNUAL GENERAL Meeting of Shree Changdeo Sugar Mills Ltd., will be held on Friday the 20th March 1964 at 4 p.m., at the Registered Office of the Company, Mercantile Bank Building, 60, Mahatma Gandhi Road, Bombay 1, to transact the business mentioned in the Notice dated 20th February 1964 posted to the shareholders at their registered address along with the Explanatory Statement thereto.

Notice is also hereby given that the Transfer Books of the Company will be closed from 14th March 1964 to 20th March 1964 (both days inclusive).

By Order of the Board of Directors,
GAUTAMLAL A. SHAH,
Secretary.

BOMBAY:
Dated the 22nd February 1964.

THE MYSORE KIRLOSKAR LIMITED

Registered Office:
YANTRAPUR P.O. HARIHAR

NOTICE IS HEREBY GIVEN TO THE shareholders of the Company that the Directors by resolution of the Board of Directors dated the 23rd February 1964 have made the second and final call of Rs. 25 per share on 15,000 Equity shares of the face value of Rs. 100 each bearing distinctive Nos. 50001 to 65000 and payable on or before 31st March 1964. The notice of the said call has been sent individually to the shareholders whose names appeared on the Register of Members of the Company on the 23rd February 1964, at their Registered addresses. The shareholders are therefore requested to pay the call money so as to reach the Registered Office of the Company or the Bankers (whose names are given on the reverse of the call notice sent to the shareholders) on or before 31st March 1964.

Your attention is also invited to the fact that if the money is not paid by 31st March 1964, the interest at the rate of 9 per cent per annum will be charged from the due date to the date of payment.

By Order of the Board,
V. K. BODAS,
Assistant Secretary.

HARIHAR, *25th February* 1964.

THE MAHARASHTRA SUGAR MILLS LIMITED

Registered Office:
Industrial Assurance Building, Fort, Bombay-1

NOTICE

To

THE MEMBERS OF
THE MAHARASHTRA SUGAR MILLS LIMITED

NOTICE IS HEREBY GIVEN THAT THE THIRTIETH ANNUAL GENERAL MEETING OF THE MAHARASHTRA SUGAR MILLS LIMITED will be held on MONDAY the 30th day of MARCH, 1964 at 4-0 p.m., at Walchand Hirachand Hall, Lalji Naranji Memorial Indian Merchants' Chamber Building, 76 Veer Nariman Road, Churchgate, Fort, Bombay. The Notice of the Meeting setting out the ordinary and special business to be transacted thereat and the Explanatory Statement attached thereto, together with the Balance Sheet and Profit and Loss Account for the year ended 30th September 1963 and the Auditors' Report thereon and the Directors' Report are already sent by post to the Members at their Registered addresses.

By Order of the Directors
For THE MAHARASHTRA SUGAR MILLS LIMITED,
M. L. DAHANUKAR & Co., PVT. LTD.,
D. M. DAHANUKAR,
Joint Managing Director,
Managing Agents.

BOMBAY,
4th March 1964.

Notes:—

(*a*) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

(*b*) The Transfer books of the Company will be closed from 14th to 30th March 1964, both days inclusive.

(c) If dividends as recommended by the Directors are sanctioned at the Meeting, the dividend warrants will be posted to those Members whose names stand on the Company's Register as on 30th day of March, 1964. The payments will be made on and after 6th of April 1964.

TWO-THOUSAND-CRORE BUDGET OF CENTRAL GOVERNMENT

REVENUE SURPLUS RS. 54 CRORES—DEFICIT FINANCING RS. 86 CRORES

TO Mr. T. T. Krishnamachari goes the unique distinction of having presented, for the first time in the history of the Government of India, a two-thousand-crore-rupee budget. Actually, the aggregate revenue receipts of the Government in the coming financial year (April 1964-March 1965) are expected to be of the order of Rs. 2,095 crores. They will be higher still at over Rs. 2,135 crores if account is taken of the new taxation proposals covering Rs. 40.27 crores. The anticipated revenue receipts of Rs. 2,095 crores (excluding the effect of new tax proposals) represent a rise of Rs. 182 crores as compared with the revised estimate of Rs. 1,913 crores for the current (1963-64) year which itself is well above the budget estimate of Rs. 1,836 crores, the actual additional increase thus being Rs. 77 crores. The Finance Minister has stated that he has tried to be as liberal as he could in estimating receipts, since the actuals in the past have shown large increases in receipts. Even so, one can expect the rise to be more appreciable, thanks to the broadening of the country's economic activity, with an all-round improvement in production, consumption and earnings of the people. As against the rise of Rs. 182 crores in revenues, the total revenue expenditure is expected to go up (as compared with the revised estimate of Rs. 1,825 crores for 1963-64) by more than Rs. 216 crores to Rs. 2,041

BUDGET AT A GLANCE

(In crores of rupees)

	1964-65 (Budget)	1963-64 (Revised)	1963-64 (Budget)*	1962-63 (Actual)
Revenue Account:				
Receipts	2,095†	1,913	1,836	1,585
Expenditure	2,041	1,825	1,852	1,472
Surplus (+) or deficit (—) ..	+54	+88	—16	+113
Capital Account:				
Receipts	1,685§	1,595	1,600	1,384
Expenditure	1,915‡	1,818	1,774	1,479
Surplus (+) or deficit (—) ..	—230	—223	—165	—95
Overall surplus (+) or deficit (—) ..	—176	—135	—181	+18
Defence Expenditure—Total ..	854	809	868	474
Revenue account	718	693	709	425
Capital account	136	116	159	49
Plan Outlay	1,984	*N.A.*	1,651	1,414‡

* After taking into account the effect of budget proposals. † Without the effect of new tax proposals covering a total of Rs. 40 crores. § Excluding Rs. 50 crores from the proposed Annuity Deposits. ‡ Revised estimate only. N.A.—Not available.

crores. The estimate of expenditure is clearly inflated, the Finance Minister's assurance that he has been as strict as possible in providing funds for expenditure notwithstanding. In the current year, there is actually a saving of Rs. 27 crores, representing the difference between the revised estimate of Rs. 1,825 crores and the budget estimate of Rs. 1,852 crores.

Overall Deficit

Taking revenue receipts at Rs. 2,095 crores and expenditure at Rs. 2,041 crores for the coming year, the surplus on revenue account works out to Rs. 54 crores, the corresponding figure (revised) for 1963-64 being Rs. 88 crores; the budget estimates had anticipated a deficit of Rs. 16 crores. Adjusting this surplus against the deficit of Rs. 230 crores on capital account, the overall budgetary gap comes to Rs. 176 crores at the existing level of taxation. More than half of this gap—to the extent of Rs. 90 crores to be precise—is proposed to be met through (*a*) changes in taxation yielding a net gain of Rs. 40 crores and (*b*) introduction of Annuity Deposit Scheme yielding Rs. 50 crores (on capital account). The balance thus remaining uncovered is Rs. 86 crores which will, perhaps, be met by expansion of Treasury Bills, that is deficit financing. Commenting on the budgetary deficit, the Finance Minister observed:

"Given the present economic situation,... this order of deficit, I think, should serve best the requirements of growth as well as reasonable stability in prices. ... I have given attention to the overall deficit, rather than to the position on the revenue account. With the growing importance of capital expenditure in our budgets, it is no longer sufficient merely to balance the revenue budget. Indeed, the revenue budget must yield an increasing volume of surplus, if the requirements of public investment are to be met without continually growing reliance on private or foreign savings."

Revenue Receipts

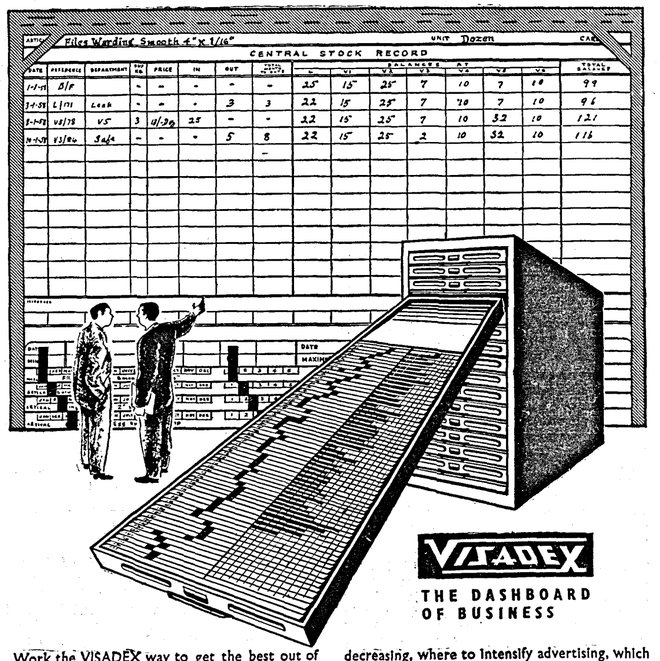
At the existing levels of taxation, the revenue receipts next year, as already noted, would be more by Rs. 182 crores as compared with the revised estimates for the current year. The bulk of the rise is accounted for by the four principal heads of revenue, namely, Union excise duties (+Rs. 47 crores), corporation tax (+Rs. 20 crores), taxes on income (+Rs. 15 crores) and customs (+Rs. 10 crores). Interest receipts are expected to go up by Rs. 32 crores. Following the change in the procedure for the release of assistance under P.L. 480 on an advance basis, the grants for approved projects are now expected to exceed the current year's provision by Rs. 76 crores. But this would be covered by a corresponding transfer to the Special Development Fund for which the expenditure estimates take a debit. These improvements, however, will be partly offset by a drop of Rs. 12 crores under Emergency Risks Insurance receipts and Rs. 4 crores under the surplus profits of the Reserve Bank accruing to Government.

Revenue Expenditure

Almost a third of the total revenue expenditure of Rs. 2,041 crores budgeted for the year 1964-65 will be for Defence Services (Rs. 718 crores), the entire balance of Rs. 1,323 crores representing Civil expenditure. The Defence requirements debitable to revenue next year show an increase of Rs. 25 crores over the revised estimates of Rs. 693 crores for the current year, while Civil expenditure shows an increase of Rs. 191 crores. The growing volume and cost of public borrowings, mainly for development, account for an increase of Rs. 36 crores under debt charges. A lump provision of Rs. 10 crores has been made on account of the increase in dearness allowance sanctioned recently with retrospective effect from 1st July 1963. Miscellaneous social and developmental services in the fourth year of the Plan are expected to cost Rs. 21 crores more, whereas grants to States for both Plan and non-Plan purposes would exceed the current year's revised estimate by Rs. 53 crores. The self-balancing items of grants under P.L. 480 deposits and Emergency Risks Insurance receipts together account for a net increase of Rs. 64 crores. The States' share of Union excise duties would also show an increase of Rs. 5 crores.

Capital Budget

The capital budget of the Central Government for the coming year provides for a total direct capital outlay of Rs. 796 crores, representing an increase of Rs. 34 crores over the current year's revised estimate of Rs. 762 crores; these figures are exclusive of adjustments for transfer of loan assistance from the U.S. which is notionally treated as capital expenditure. Defence capital disbursements are put at Rs. 136 crores (+Rs. 20 crores as compared with the revised estimate for 1963-64). Repayment of both internal and external debt is estimated at Rs. 259 crores (+Rs. 19 crores), loans to parties other than State Governments at Rs. 254 crores (+Rs. 64 crores), and loans to States at Rs. 606 crores (+Rs. 81 crores). Loans to States exclude the States' share of combined market loan, whereas the revised estimate of Rs. 525 crores for 1963-64 includes Rs. 101 crores as their share in the market borrowing which was a combined effort for the States and the Centre. It has since been decided, after consultation with the State Governments, to resume the practice of separate market operations in the next fiscal year. In this connection, the Finance Minister said that the financial position of most of the States was causing him



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a good deal of concern. The relevant extract from his speech is as follows:

"The total amount due to the Centre by the States at the end of the current financial year (March 1964) will be of the order of Rs. 3,000 crores. In addition, the States' liability on account of market loans at present amount to Rs. 656 crores. Both in terms of loans from the Centre and market borrowings, the States have been receiving more than what was originally contemplated in the Plan. Their share of Central taxes and duties has also been increasing. Yet most of them are constantly facing ways and means difficulties of a disturbing nature. The whole position will require careful review in the context of the fourth Five-year Plan. While we should aim at giving the States a good deal of flexibility in allocating their own resources so far as Central assistance is concerned, we must also ensure that a major portion of it is related to the capital expenditure on identifiable projects which are economically sound and can be expected to generate the resources for the repayment of their liabilities. Other devices will also have to be thought of. As a first step, it is proposed to set up the fourth Finance Commission at the beginning of the next financial year, so that its report becomes available before we finalise the shape and size of the fourth Plan."

Direct Capital Outlay

The position of the relatively more important group totals under direct capital outlay of the Centre is shown below, the figures in brackets relating to the revised estimate for 1963-64 and actual for 1962-63, respectively:

(In crores of rupees)

Discharge of permanent debt ..	259 (240; 229)
Railways	253 (237; 216)
Industrial development ..	217 (209; 171)
Public works	66 (70; 42)
Schemes of State trading ..	31 (30; —22)
Grants for development ..	21 (18; 15)
Posts and telegraphs	21 (30; 21)
Delhi capital outlay	14 (12; 7)
Currency and coinage	9 (13; 9)
Kolar Gold Mines	0.56 (3.30; 0.18)

The amount of Rs. 217 crores earmarked for industrial development includes, among others, Rs. 100 crores for Hindustan Steel Ltd., Rs. 10 crores for Bokaro Steel Ltd., Rs. 8 crores for Drugs Corporation, Rs. 7.63 crores for Indian Refineries Ltd., Rs. 33 crores for Oil and Natural Gas Commission, Rs. 12.5 crores for Heavy Electricals Ltd., Rs. 9 crores for National Coal Development Corporation, Rs. 2.35 crores for Heavy Engineering Corporation, Rs. 1.5 crore for Hindustan Machine Tools, Rs. 13.5 crores for nuclear power stations and Rs. 2.75 crores for uranium ore mill.

Provision has been made in the budget next year for a total expenditure of Rs. 1,516 crores for implementing the Plan, of which Rs. 253 crores will be on revenue account and Rs. 1,263 crores as Capital outlay, including loans. In addition, the Railways are expected to provide Rs. 46 crores, Hindustan Steel Rs. 25 crores and other public sector enterprises Rs. 44 crores from their own resources. These estimates include Rs. 559 crores as assistance to the States, of which Rs. 122 crores would be on revenue account and Rs. 437 crores on capital account. The States are expected to find Rs. 353 crores from their own resources. Thus, the total State Plans next year would be of the order of Rs. 912 crores, as compared with the current year's budgeted outlay of Rs. 750 crores. With the Central outlay of Rs. 957 crores, contribution from public sector enterprises of Rs. 115 crores and State Plans of Rs. 912 crores, the total Plan outlay in the fourth year of the Plan would amount to Rs. 1,984 crores, showing a step-up of Rs. 333 crores over the budgeted outlay of Rs. 1,651 crores for the current year. Much of this additional outlay is to strengthen the agricultural sector, as well as to meet the cost of Plan projects which are nearing completion.

Overall Budgetary Position

The overall deficit in the budget for the current year (1963-64), which was originally estimated at Rs. 181 crores, is now placed lower at Rs. 135 crores. The reduction, it is significant, has taken place despite the net increase of Rs. 121 crores in loans and advances (Rs. 94 crores to States and Rs. 27 crores to other parties). For this increase has largely been made good by the rise of (*a*) Rs. 70 crores in revenue from corporation tax and taxes on income (including the States' share of Rs. 21 crores), (*b*) Rs. 35 crores under customs and excise, (*c*) Rs. 42 crores under small savings, and (*d*) Rs. 31 crores under miscellaneous debt heads, though this will be offset by the decline in Emergency Risks Insurance receipts and compulsory deposits.

A part of the improvement in the budgetary position during 1963-64 is also explained, according to Mr. Krishnamachari, by the saving or shortfall of Rs. 27 crores in expenditure under revenue (Defence and Civil heads accounting for Rs. 16 crores and Rs. 7 crores, respectively) and of Rs. 64 crores under capital other than loans and advances. The major shortfalls in capital expenditure are in respect of Defence (Rs. 43 crores), Hindustan Steel (Rs. 19 crores), Atomic Energy (Rs. 11 crores) and food purchases (Rs. 14 crores). The capital expenditure of Railways, however, is expected to show an increase of Rs. 19 crores.

With this analysis, the overall budgetary position of the Central Government in respect of the coming financial year may be assessed now. Direct capital outlay will amount to Rs. 796 crores, loans to States and other parties to Rs. 860 crores, and debt repayments to Rs. 259 crores, or a total disbursement of Rs. 1,915 crores. This amount is expected to be met to the extent of Rs. 54 crores from revenue surplus (before tax proposals), Rs. 40 crores from changes in taxes, Rs. 50 crores from Annuity Deposits, Rs. 997 crores from internal and external borrowings, Rs. 285 crores from repayments of loans, Rs. 125 crores from small savings, and Rs. 278 crores from miscellaneous debt and deposit heads, or a total of Rs. 1,829 crores. The uncovered gap thus comes to Rs. 86 crores which, as has been indicated already, will be covered by means of deficit financing.

UTILISATION OF IRRIGATION POTENTIAL

The Government of India proposes to take certain measures to bridge the gap between the irrigation potential and its utilisation in the States. A number of steps have already been taken by the Government to improve the utilisation. Some of those are: (1) Most of the State Governments have enacted legislation assuming powers to take up the construction of field channels at the cost of beneficiaries in the event of their failing to do so. (2) Concessional water rates in the initial period of development have been allowed to the cultivators by several State Governments. (3) The State Governments have been advised to provide loans from 'Block' funds to the beneficiaries to enable them to construct field channels. In case of default, the 'Block' funds are to be made available to the *Panchayats* for taking up these works. (4) Teams of officers from the Central Water and Power Commission are going round the sites to examine the position of utilisation of the irrigation potential already created. (5) The Ministry of Food and Agriculture and the Ministry of Community Development and *Panchayati Raj* have taken up supporting programmes like grant of loans for levelling of fields, construction of field channels, purchase of bullock, etc., supply of better seeds, evolving suitable crop pattern, setting up of demonstration farms, etc.

SUMMARY OF WAYS AND MEANS POSITION OF CENTRAL GOVERNMENT

(In crores of rupees)

	1964-65 (Budget)	1963-64 (Revised)	1962-63	1961-62	1960-61	1959-60	1958-59	1957-58	1956-57
RECEIPTS:									
Revenue Surplus	53.81	88.34	113.40	124.85	51.25	42.55	..	42.05	89.40
Rupee Loans raised	300.00	451.92	336.56	256.02	246.34	378.97	501.91	136.17	157.74
Special Floating Loans issued	3.45	3.45	3.45	3.45	71.43	..	..	..	..
Net sales from cash balance Investment Accounts	0.56	37.32	..	0.21	0.97	0.97	0.08	0.05	..
Other Loans	696.97	502.55	339.57	314.33	264.71	186.98	197.25	32.47	10.84
Small Savings (Net)	125.00	115.00	74.11	87.83	103.76	82.87	78.21	69.45	59.01
Repayment of Loans by States	238.92	185.73	144.75	133.91	95.48	80.85	61.93	61.40	34.80
Others	46.03	42.56	26.12	66.02	30.50	24.08	20.78	13.28	7.40
Railway Funds									
Depreciation Reserve	85.70	82.61	69.02	67.73	46.64	47.96	48.40	49.38	47.68
Revenue Reserve	2.28	2.15	2.02	1.90	1.87	1.90	1.09	1.70	1.53
Development	32.40	39.11	42.76	25.24	30.07	35.13	19.10	13.64	20.64
Pension Fund	19.59	..	..	..	..	..	..	..	..
Treasury Bills (Net)	176.00	60.00	124.56	68.69	—191.31	72.28	— 69.80	459.43	240.45
Investment of Deposits of U.S. Government Counterparts Funds (Net) ..	..	65.42	48.07	54.13	240.41	..	..	..	..
Other debt heads (Net)	473.26	255.36	273.15	136.05	154.35	83.32	71.83	51.83	65.63
Opening Balance	50.21	67.83	49.40	45.22	69.67	34.87	52.11	50.96	—4.65
Total ..	2,304.18	1,999.35	1,646.94	1,386.48	1,154.16	1,144.16	982.89	981.81	730.36
DISBURSEMENTS:									
Revenue Deficit	..	..	..	..	..	..	5.25	..	..
Capital Expenditure									
Defence	136.10	115.63	48.61	22.95	33.39	36.11	27.88	22.93	19.70
Railways	253.00	237.25	214.89	144.90	89.48	74.69	125.82	151.90	107.38
Others	581.38	477.19	348.67	268.48	282.63	246.71	248.16	256.73	147.43
Loans by Central Government to States	611.09	612.75	511.09	443.47	328.18	275.47	293.90	275.98	198.32
Others	216.74	157.00	128.64	144.74	158.30	217.73	106.27	58.33	50.90
Discharge of Debt	262.68	243.07	228.59	203.23	128.62	129.88	31.96	74.68	83.23
Net purchase in Cash Balance Investment Account	..	..	0.08	..	..	..	..	..	2.89
Drawal from Railway Funds									
Depreciation Reserve	71.00	70.50	75.37	58.24	64.04	68.36	80.72	63.62	43.76
Development	33.00	29.75	23.17	51.07	24.30	25.54	28.06	25.53	19.85
Pension Fund	4.00	..	..	..	..	..	..	..	..
Investment of Deposits of U.S. Government Counterpart Funds (Net) ..	64.84	..	..	..	..	..	..	..	..
Closing Balance	50.35	50.21	67.83	49.40	45.22	69.67	34.87	52.11	50.96
Total ..	2,304.18	1,999.35	1,646.94	1,386.48	1,154.16	1,144.16	982.89	981.81	730.36

DISTRIBUTION OF REVENUE AND EXPENDITURE

(In crores of rupees)

	1964-65 (Budget)	1963-64 (Revised)	1963-64 (Budget)	1962-63	1961-62	1960-61	1955-56	1950-51
REVENUE:								
Gross tax revenue	1,662.51	1,569.55	1,471.86	1,285.04	1,053.75	908.92	485.07	353.61
Less—Cost of collection	25.34	22.87	23.46	21.16	22.43	22.43	12.50	10.25
Less—State's share and transfer to C.R.F. ..	257.80	283.60	242.83	228.16	182.88	182.88	78.10	92.46
Net tax revenue retained	1,379.37	1,282.28	1,205.20	1,033.42	850.21	703.61	394.47	343.36
Contributions from Railways, P. and T. ..	25.91	25.09	25.26	21.14	21.43	6.23	9.25	10.48
Currency and mint (Receipts less expenditure)	36.40	40.61	56.44	32.21	42.75	47.95	19.75	0.71
Interest receipts	252.14	220.46	217.05	153.23	143.81	131.20	55.73	2.13
Extraordinary receipts	143.31	94.60	91.01	73.91	13.96	12.72	0.11	19.70
Other revenue	70.24	70.12	77.99	90.88	78.66	85.40	41.01	25.20
Total net revenue	1,907.37	1,733.16	1,662.94	1,410.79	1,150.82	977.11	520.32	393.46
EXPENDITURE:								
Interest on debt	313.41	277.06	275.24	240.43	209.44	188.48	91.03	32.86
Reduction or avoidance of debt	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Extraordinary items	147.52	84.06	86.19	84.31	13.79	27.43	10.40	7.03
Defence expenditure (net)	717.80	692.55	708.51	425.30	239.54	247.55	172.23	164.13
Other expenditure	669.83	586.15	604.22	562.35	508.00	457.40	201.12	125.00
Net capital outlay of commercial department met from revenue	..	..	..	..	..	..	0.04	0.12
Total expenditure	1,853.56	1,644.82	1,679.16	1,297.39	1,025.87	925.86	479.87	334.24
Surplus (+) or deficit (—)	+53.81	+88.34	—16.22	+113.40	+124.85	+51.25	+40.45	+59.22

ANALYSIS OF TAX REVENUE

(In crores of rupees)

	1964-65 (Budget)	1963-64 (Revised)	1963-64 (Budget)	1962-63	1961-62	1960-61	1955-56	1950-51
Total Net Revenue:	**1,637.17**	**1,545.88**	**1,448.03**	**1,261.58**	**1,032.59**	**886.49**	**472.57**	**345.80**
Of which:								
Customs	325.36	315.85	297.02	241.77	208.68	166.42	102.98	156.15
Union excise duties	741.32	694.70	687.81	590.51	481.86	409.43	142.21	61.63
Taxes on income and corporation tax ..	537.50	503.36	433.52	400.88	315.80	272.17	164.60	123.31
Estate duty	4.30	4.20	3.91	3.93	4.21	3.09	1.51	..
Taxes on wealth	9.73	9.75	9.10	9.54	8.26	8.15	..	..
Expenditure tax	0.05	0.16	0.10	0.20	0.84	0.91	..	..
Taxes on railway passenger fares ..	..	..	..	..	..	15.78	..	..
Gift tax	1.07	1.08	0.92	0.97	1.01	0.89	..	..
Other tax revenue	17.84	16.72	15.65	13.78	11.93	9.65	0.97	4.71
**Transfers to Central Road Fund .. ..

THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA LIMITED

STATEMENT BY CHAIRMAN, MR. G. L. MEHTA

THE Annual General Meeting of the shareholders of the Corporation will be held at the Registered Office of the Corporation, 163 Backbay Reclamation, Bombay 1, on Thursday, 9th April 1964, at 4 p.m. The following is the Statement by the Chairman, Mr. G. L. Mehta, circulated to the shareholders with the Directors' Report and Accounts for the year ended 31st December 1963.

I have great pleasure in welcoming you and placing before you the ninth annual report of the Board of Directors of the Corporation for the year ended 31st December 1963.

The Chinese aggression came towards the end of 1962, and its impact on the economy was felt during most of 1963. First came a budget which, in its call on the nation's resources, was unprecedented. Secondly, and more importantly, during most of the year, the economy seemed to show signs of faltering. I would like to state that this was not a new phenomenon but a confirmation and accentuation of a trend that had set in some time in the middle of 1962.

Cathartic Impact

One consequence of the emergency was a realisation of more careful assessment and husbanding of our resources and of the need to seek their allocation according to priorities which necessarily had to be defence-oriented. This, no doubt, was an operation whose object was to change the trend of the economy, and I shall not concern myself with it. But the Chinese action also seemed to have had a cathartic impact on the economy, inducing a considerable amount of rethinking on what I would like to call the efficiency of the economy and the factors influencing it. This being a matter vital to a development bank like I.C.I.C.I., I shall briefly dwell on it.

Partly as a legacy of the last world war and to some extent in consonance with the philosophy of planning, we have now a vast mechanism of controls and regulation. Of these, those that concern us most are industrial licensing, capital issues control, import (and consequent exchange) control, and price fixation policy. All these policies affect the efficiency of industry and their justification must be sought in a balance between social benefits and economic cost.

Place of Controls

In a planned economy, the channels into which investment flows have necessarily to be determined on *a priori* long-term criteria. Moreover, we are far from an era of vast resources when we can afford to let them be used without regard to objectives. Consequently, we have priorities and a mechanism to ensure that resources are used according to these priorities. While there may be differences on specific points, I believe that, broadly, the priorities we have set before ourselves are appropriate to our conditions and needs.

However, the essence of planning lies not only in laying down the right order of priorities but in setting up a mechanism to ensure the effective utilisation of resources. In the sphere of industry, for example, as regards the utilisation of foreign currency resources made available by international and foreign agencies or of the industrial capacity set up with such help, or in the synchronising of industrial capacity and the infra-structure (power, transport, communications and so on), our administration has admittedly fallen short of the goals largely because of the magnitude, complexity and novelty of the tasks.

I have no doubts about the necessity for the regulatory function of the State in an economy like ours. In an economy where priorities have to be determined, industrial licensing is essential to ensure their observance in regard to industries. In an economy where capital is short, control on resort to the capital market is unavoidable. An economy which derives almost the whole of the foreign currency resources required for capital development from foreign assistance needs to ensure careful and prudent use of such resources not only to satisfy foreign lenders but also for its own benefit. And for all these reasons—development according to priorities, scarcity of indigenous and foreign currency resources—because the normal forces of competition do not operate to ensure a fair deal to the consumer, it may in some cases be necessary to impose limits on the prices an enterprise may charge to the consumer.

Criteria for State Intervention

Granted the need for all these, the areas in which State intervention should take place need to be determined on grounds of social utility of such intervention or, as I said earlier, on a balance of social and economic considerations. While necessarily the demands on the State would be diverse and compelling, the State might be tempted to do too many things all at the same time.

A welcome result of the Chinese incursion and the subsequent stagnation of the economy has been to set off inquiries into the functioning of our economic system. As a first measure, the Government has already announced increased exemption limits for industrial licensing and capital issues control and removed price control on sixteen commodities; a committee headed by Shri T. Swaminathan (Secretary of the Ministry of Heavy Engineering) is examining the impact of controls on industrial production and has already issued an interim report suggesting revised licensing procedures; another committee headed by Dr. V. K. R. V. Rao, member of the Planning Commission, is at present considering import licensing procedures and machinery so as to recommend measures for accelerating the use of foreign currency resources. Measures for decontrol of steel prices are also under active consideration.

Gradually, as the year has passed by, economic conditions have stabilised. Our exports have increased, easing somewhat the strain on foreign exchange resources. Money market conditions have been easy, and in the capital market conditions have to some extent improved; buyers have become selective, and the market for preference shares and debentures has tended to revive.

Unit Trust

The Finance Minister has announced various steps to accelerate the tempo of activity in the economy. Besides relaxation in the Reserve Bank's lending policy, a Unit Trust is being set up to enable the middle classes to participate in investment in industrial securities. There is also a proposal to set up another development bank which would help to strengthen the institutional arrangements for providing industrial finance and particularly in bridging the gap in respect of large issues. The Finance Minister has also under consideration the giving of fiscal incentives for reviving confidence in the capital market.

Maximising Production

This is a beginning well made. But along with a search into procedures and machinery, it is also necessary to take stock of our productive capacity and to ensure the maximum output from it. While more and more factories and plants are being set up and are increasing our manufacturing capacity, we appear to have taken it for granted that, once capacity is set up, it automatically gets fully utilised. In fact, for various reasons such as scarcity of foreign currency resources for maintenance imports, want of power and other ancillary facilities in some places, lack of adequate supervisory and skilled workers and inadequate selling effort, we are not using our resources to the maximum. This is a waste of capital resources which a poor economy like ours can hardly afford. Unglamorous as the task may appear, it is necessary that we make an inventory of our production facilities unit by unit and take steps to obtain the maximum output from them.

Such an inventory will also reveal many gaps in our industrial structure—in the form of lack of complementary production facilities for goods which, at present imported or import-restricted, can be produced internally. To relieve the immediate pressure on our foreign trade account and even to set free foreign currency resources for newer industries and further development, it is necessary to set up a priority programme for setting up these industries. It is time we tried to consolidate our gains in recent years, determine the gaps in our industrial structure and, accordingly, devise priorities for the next phase of economic advance.

The hesitation shown by the economy during 1963 should thus be used to round the economic structure and to lay the basis for further advance on the course set for the economy. Economic development is a continuous task and there is no respite from it. But, in its nature, development is a dynamic process, and men's minds and thinking often fail to keep up with the dynamism of the economy. The year 1963 is important in focussing the need for such adjustment.

Record Assistance to Industry

The role of a development bank such as I.C.I.C.I. in the prevailing conditions needs to be clearly understood. I had stated in my last year's Statement that we considered the long-term prospects of industry in this country to be good and that we would be willing to stand by industry in the immediately difficult situation faced by it in the capital market. As the capital market seemed to dry up, industry increasingly turned to I.C.I.C.I. and other financial institutions for finance to implement projects which had been worked out, some of them even in the pre-emergency period. Often enough, financial plans had to be changed and entrepreneurs who would have issued rights shares turned to financial institutions for loans, and those who, in more normal times, would have approached the market directly turned to us for underwriting their issues to ensure their success. As a measure of our response to this demand, I may mention that, in a year when investment seemed to falter and entrepreneurs tended to postpone undertaking further projects, I.C.I.C.I.'s net assistance, as you will notice from the Directors' report placed before you, has been a record maximum at Rs. 23.05 crores. In 1963, I.C.I.C.I. gave underwriting sanction for Rs. 3.68 crores for 18 operations. Of 11 issues (total I.C.I.C.I. underwriting being Rs. 177.5 lakhs) which came to the market, three operations for Rs. 65 lakhs were oversubscribed; in the case of the other eight operations for Rs. 112.5 lakhs, we had to take up Rs. 83.25 lakhs. Clearly, apprehensions regarding the state of the capital market were not unfounded.

Moreover, a development bank like I.C.I.C.I. has a long-term contribution to make in an economy like ours. While planners must necessarily conceive and project in terms of national strategy and comprehensive policy, their plans have to be worked out in the form of individual projects, and the proper financing, management and economics of the projects ensured. This requires careful scrutiny of the details of individual projects, advice to entrepreneurs on various means of strengthening the viability of the projects by adequate safeguards in collaboration arrangements, and a close watch on the progress of the projects to ensure their timely completion and efficient working. If planning is found necessary at the national level, it is also indispensable at the project level. The role of a development bank is to ensure such planning at the project level.

Encouragement to New Entrepreneurs

The process of industrialisation consists in drawing into the vortex of industry persons from outside it. I.C.I.C.I. has, as a matter of general policy, tried to contribute to this development. Many projects financed by I.C.I.C.I. have been started by entrepreneurs for whom these projects were the first step in the industrial field. I.C.I.C.I's new entrepreneurs have come from a variety of fields—trading, management, engineering and other professions. Promotion and management of industry requires qualities which the new entrepreneurs do not always possess from their earlier background. While to the established entrepreneur, a development bank like I.C.I.C.I. might appear only as a source of funds, I should mention that an institution of this character plays and should play an important part in providing various ancillary services to new entrepreneurs. We advise them on the various formalities to be fulfilled in setting up a manufacturing unit, on a suitable capital structure for the project and the need for (and, if so, the terms of) foreign collaboration arrangements.

I would also like to reiterate two other points which I had made in my last year's Statement: the role of I.C.I.C.I. in the underwriting field and the role of I.C.I.C.I. in financing non-traditional industries. Confidence is a tender plant and those who, carried away by the large oversubscription to new share issues during 1960-62, were inclined to under-rate the role of underwriters, would have been disillusioned by the lack of public response even to good issues in 1962-63. The readiness of institutions like I.C.I.C.I. to come forward with support and assistance has prevented a decline in the level of investment which this public apathy would otherwise have brought about. Moreover, since its inception, I.C.I.C.I. has invested funds in non-traditional industries—particularly metal-based and chemical industries. This has involved taking greater risks; however, in keeping with the planning effort in the country, we have considered it desirable to mould our investment according to the requirements of the economy.

Healthy Investment

In these multifarious ways, I.C.I.C.I. as a development bank seeks to foster investment on healthy lines: in times of sluggishness in the capital market, it provides funds to enable the flow of investment to continue; in normal times, it carries out scrutiny of projects, guides entrepreneurs about their projects. I.C.I.C.I. itself has made special efforts to assist new entrepreneurs, to take up riskier forms of financing like underwriting and to invest in non-traditional industries. To carry out this task, I.C.I.C.I. has developed a cadre of competent professional staff and evolved procedures to ensure sound judgment. In the final analysis, the quality of work depends upon the competence and integrity and co-operative spirit of the staff, and our energies are continuously devoted to build up such staff and ensure the efficient working and development of the Corporation.

The efficiency of an economy depends upon having a machinery for decentralised decision-taking and administration of such decisions. Even as governmental administration and industry become more complex, it is necessary all the time to review the division of functions and the nature of such functions. In such a set-up, an independent development bank acts as a mechanism for ensuring planning at the project level. It is in this spirit that we carry on our work, and, I am sure, given confidence and resources, we shall be able to make this institution increasingly useful to the national economy.

Value of Help Rendered

The net financial assistance sanctioned by the Corporation during 1963 amounted to Rs. 23.05 crores. Of this, the amount sanctioned for new projects was Rs. 18.07 crores (including Rs. 7.36 crores in foreign exchange) in respect of 52 projects. The total cost of these projects (including working capital of Rs. 31.13 crores) would amount to Rs. 123.37 crores of which Rs. 36.91 crores would be required in foreign exchange for fixed assets. The total cost would be financed by share capital of Rs. 36.95 crores (Rs. 34.98 crores ordinary and Rs. 1.97 crore preference), long-term loans of Rs. 52.68 crores and bank borrowings and cash accruals of Rs. 33.74 crores. When in normal production, the total turnover of these projects would be about Rs. 68.10 crores. The net foreign exchange saving as a result of output from these projects would be nearly Rs. 46 crores.

As the operations of the Corporation have increased, it has been found necessary to augment its resources, in respect of both foreign currency and rupee resources. Earlier in 1963, after a visit by a joint mission from the International Bank for Reconstruction and Development (World Bank) and International Finance Corporation (I.F.C.), I went to the United States and had negotiations with the World Bank which resulted in the Bank sanctioning a loan of U.S. $30 million to I.C.I.C.I., the largest single loan obtained by I.C.I.C.I. so far. Subsequent to this, the Government of India have sanctioned to I.C.I.C.I. a rupee loan of Rs. 10 crores out of P.L. 480 funds. Towards the end of 1963, the loan of DM 20 million from Kreditanstalt für Wiederaufbau, referred to by me in my last year's Statement, was made effective. I take this opportunity to express our gratitude to the Government of India, the World Bank and the Kreditanstalt für Wiederaufbau, for their loans and to the Government of India also for the guarantee on the World Bank loan. We value highly the co-operation and confidence of the Government and these institutions.

Financial Results

During 1963, the Corporation's income from interest, dividends and underwriting commission, etc., amounted to Rs. 236.13 lakhs. After allowing for interest on loans taken and for other expenses, profit subject to tax amounted to Rs. 101.54 lakhs against Rs. 78.92 lakhs in 1962. After providing Rs. 41.42 lakhs for taxation and Rs. 2.24 lakhs for doubtful debts, the balance carried to revenue appropriation account is Rs. 57.88 lakhs against Rs. 46.38 lakhs in 1962. Of this, Rs. 14.50 lakhs is transferred to special reserve. The capital gain of Rs. 7.79 lakhs has been transferred to capital reserve not available for dividend. The Directors recommend a dividend of 7 per cent.

We have been able to extend and strengthen our relations with sister development banks outside India. Mr. Mobert Michel Titus of the Agricultural and Industrial Credit Corporation, Liberia, visited I.C.I.C.I. for a period of four weeks under a U.N.T.A.O. programme. Mr. Tat Pang Cheam of the Malayan Industrial Development Finance Ltd., Malaya, and Mr. Chamlong Tohtong of the Industrial Finance Corporation of Thailand, were with I.C.I.C.I. for a period of two weeks each. In addition, Shri R. N. Sahoo, Managing Director of the Orissa State Financial Corporation, Dr. G. Varade Gowda, Assistant Director of Industries, State Government of Mysore and Shri M. R. C. Warrier, Development Commissioner of the Kerala State Industrial Development Corporation, were with us for short periods to study procedures and working. We welcomed the opportunity of making contacts and rendering some service to similar institutions in the country and abroad.

Shri J. S. Raj, our Deputy General Manager, visited Tehran to attend a Conference on Stock Exchanges; later, he also went to Afghanistan on an I.F.C. (Washington) mission to examine the problem of providing industrial finance there. In October 1963, Shri H. T. Parekh, our General Manager, attended the Second Regional Conference of Development Banks in Asia, convened by the Industrial and Mining Development Bank of Iran. I am also glad to state that, at the request of the World Bank and I.F.C. (Washington), we have lent the services of Shri J. S. Raj for a period to head a new development bank being set up in Nigeria. In all these ways, we are co-operating with other institutions to provide a basis for friendly relations.

Finally, I would like to state that the present position of I.C.I.C.I. is due to the competence, devotion and team work of the I.C.I.C.I. staff. I take this opportunity to express my sincere appreciation of their work.

BOMBAY,
13th February 1964.

WORLD FOOD PROGRAMME SIGNS AGREEMENTS WITH TURKEY

The F.A.O. World Food Programme has signed three agreements with Turkey on projects to use food to aid economic development projects. More than 12,230 tons of food and feed worth about $1,221,000 are to be shipped to Turkey during this year and next. One project is to replace the old and dying ones with new and fast-growing trees. Another is to help correct the misuse of land in the upper watershed of the Kirmir river. The third is to move villages from the over-crowded north to pilot villages in the east and south-east.

Under the first project, 5,000 hectares of worn-out forest land are to be replaced with intensively managed plantations of fast-growing trees species. The new plantations will be in five selected locations in north-western Turkey; they would help meet the increasing demand for timber and forest products. Later, similar plantations with quick-growing species are planned to cover 150,000 hectares within a couple of decades and thereby to double the timber output. More than 3,500 tons of wheat, butter oil, cheese, beans and tea are to be used for feeding workers engaged in felling the old trees, levelling and terracing the soil and planting new trees. Food from the World Food Programme would be part of the wages, the rest being paid by the Turkish authorities in cash.

The second project is the Kizilcahamam watershed management scheme, aimed at improving the management of the upper watershed of the Kirmir river, where the main problem was the misuse of land. Initially, food aid would pay for one-third of the wages of workers on state-owned land and total wages on privately-owned land. The plan is to restore forests, plant trees on bare slopes, improve pastures and conserve water in an area of about 6,000 hectares. The Turkish authorities intend to treat the area as a model to show the villagers how to put the land to the best use and preserve it from excessive grazing. In all, nearly 1,500 tons of food and about 2,350 tons of feed is to be supplied for the workers and their livestock.

The third project is to move 900 families (about 4,500 persons) from over-populated northern Turkey to the eastern and south-eastern region, where they would be resettled in nine new pilot villages. Their resettlement involves distributing land, building roads, houses, farms and schools and providing a water supply. Ultimately, the Turkish Government intends to establish 44 pilot villages over a five-year period. Nearly 3,500 tons of food and feed are to be distributed to the settlers to feed them and partly feed their cattle till they grow their own food and fodder.

The three agreements with Turkey have raised to 15 the number of agreements signed by the Programme for projects in Africa, Asia, Latin America and Europe. The total cost to the Programme in terms of food, feed, insurance, transport, etc., is $15,027,253.

Mr. Allan Ræ, a senior partner of the solicitors firm of Crawford Bayley and Co., Bombay, and a Director of CIBA of India Ltd., has joined the management of CIBA Ltd., Basle, the well-known Swiss chemical company. During his 16 years stay in India, Mr. Ræ was a Director of, and legal adviser to, several leading companies.

ALLAHABAD BANK

ADVANCES UP AGAIN

A FURTHER satisfactory improvement is seen in the working of the Allahabad Bank Ltd. (General Manager: Mr. J. Ritchie, Calcutta) during the year ended 31st December 1963. Total income has increased from Rs. 380.42 lakhs to Rs. 433.36 lakhs, which is a new peak level, deposits have expanded by a further Rs. 5.19 crores to Rs. 67.84 crores and advances, which had improved in the previous year after two years' stagnancy by Rs. 6.74 crores, have risen by Rs. 7.54 crores more to Rs. 45.91 crores. Finally, the balance-sheet total has gone up from Rs. 71.94 crores to Rs. 79.06 crores.

According to the Directors, the improvement in the results has been achieved by better utilisation of funds as reflected in the higher level of advances. The increase in income has come under all heads and the bulk of it has naturally flowed from interest and discount earned the total of which has risen from Rs. 331.66 lakhs to Rs. 380.82 lakhs. But, as against the addition of Rs. 52.94 lakhs in the total income, there has been an increase of only about Rs. 4 lakhs to Rs. 26.41 lakhs in net profit after meeting all expenses and allowing for depreciation and taxation. In other words, along with the income, expenses have also gone up, which, as is known, is due to the higher operating expenses of banks as a whole. The outward interest has moved up from Rs. 178.78 lakhs to Rs. 192.46 lakhs, staff expenses have increased further from Rs. 125.96 lakhs to Rs. 143.25 lakhs and other expenses, too, have shot up from Rs. 49.98 lakhs to Rs. 64.66 lakhs. In spite of this all-round increase in expenses, the net profit has reached a new peak of Rs. 26.41 lakhs, thus more than wiping out the slight setback (from Rs. 22.49 lakhs to Rs. 22.44 lakhs) suffered in the previous year. Out of this, Rs. 11.30 lakhs, or some 42 per cent, has gone as bonus to staff.

So far as the shareholders are concerned, the return on the Rs. 100 fully paid ordinary shares has been maintained at 15 per cent per annum, subject to tax. The entire return, half of which was paid earlier as interim, is in the form of dividend, whereas in the previous year it comprised 12 per cent dividend and 3 per cent bonus. Thus, the previous year's bonus now forms part of the dividend. Further, since the dividend is payable for the whole year (as against only for three months in the previous year) on the 22,500 new equity shares of Rs. 100 each issued in the previous year at a premium Rs. 50 per share to the shareholders in the proportion of one new share for every two shares held, it absorbs a larger sum of Rs. 10.12 lakhs as compared with Rs. 7.42 lakhs a year before. The amount carried to reserves is Rs. 5.30 lakhs, as against Rs. 4.50 lakhs last year, but the surplus carried forward is lower at Rs. 4.68 lakhs, as against Rs. 6.30 lakhs brought in.

The following comparative table gives a clear idea of the steady progress made by the Bank in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Gross income	433.36	380.42	334.12	293.84
Of which:				
Interest and discount earned	380.82	331.66	288.23	252.93
Commission and exchange	50.01	46.37	43.78	38.75
Other income	2.53	2.39	2.11	2.16
Interest paid	192.46	178.78	154.30	135.29
Staff expenses	143.25	125.96	108.21	90.46
Other expenses	64.66	49.98	46.24	42.08
Provision for—				
Depreciation	6.58	3.26	2.88	2.66
Taxation	N.D.	N.D.	N.D.	N.D.
Net profit	26.41	22.44	22.49	17.35
To reserves and contingencies	5.30	4.50	4.50	—
„ staff pension fund	—	—	1.00	1.00
„ bonus to staff	11.30	9.30	9.25	8.30
Dividend—				
Preference	1.17	1.17	1.17	1.44
Ordinary	10.12 (D. 15%)	7.42 (D. 12% +B. B.3%)	5.49 (D. 12% +B. B.6%)	5.49 (D. 12% +B. B.6%)
Carry forward	4.68	6.30	6.10	5.04

	As on 31st December			
	1963	1962	1961	1960
Capital (paid-up)	82.50	82.50	47.06	45.50
Reserves	133.55	123.75	108.00	108.00
Deposits	67,83.95	62,64.71	57,40.83	51,95.00
Borrowings from other banks	5.45	8.70	8.50	10.82
Advances	45,01.39	38,37.16	31,62.03	31,03.25
Investments	17,86.57	17,73.66	17,51.55	12,58.61
Cash	641.54	863.07	986.45	909.25
Balance-sheet total	79,05.56	71,94.13	64,60.82	59,84.50
Ratio to deposits of—	%	%	%	%
Advances	67.6	61.3	55.1	61.4
Investments	26.3	28.3	30.5	24.2
Cash	9.4	13.8	17.2	17.5

N.D.=Not disclosed.

The expansion in deposits has been shared by all types, but the bulk of it has been under fixed deposits. Thus, fixed deposits have increased from Rs. 39.96 crores to Rs. 42.58 crores, savings deposits from Rs. 9.57 crores to Rs. 11.17 crores and current and contingency accounts from Rs. 13.11 crores to Rs. 14.09 crores. Borrowings, amounting to Rs. 5.45 lakhs, have been raised outside India and secured by bills negotiated under credit. The bulk of the available funds have been utilised, as noted before, in advances and, as a result, the liquidity ratio has dropped from 42.1 per cent to 35.7 per cent. Even so, the latter figure indicates a fairly comfortable position. The ratio of the Bank's "own funds" to deposits is unchanged at 3.1 per cent.

TREND OF MARKETS

MONEY TIGHT

(From Our Own Correspondent)

BOMBAY, *4th March*

The slight improvement in the tone of the short-term money market noted last week was short-lived, for conditions turned extremely tight again this week. There was persistently high pressure of demand for credit, whereas the volume of funds actually available was smaller. Indeed, borrowers had to look around for accommodation. The inter-bank call rate for both renewals and fresh money stood at the high level of 6 per cent throughout the week. Conditions at Calcutta were no better. Call rate went up by ¼ per cent to 6¼ per cent with borrowers over.

The money market has taken note of the Central Government's borrowing programme as is indicated in the Union budget for 1964-65 presented to Parliament on Saturday, 29th February. The budget takes credit for new rupee loans aggregating Rs. 300 crores to be floated in the coming financial year. The whole of the loan proceeds will be for the Centre, as the combined borrowing operations on behalf of both the Centre and the States have been discontinued. In the current (1963-64) year, it will be recalled, the loans floated fetched a total of about Rs. 452 crores, of which the share of the States was Rs. 101 crores. In other words, the amount utilised by the Centre was Rs. 351 crores. As compared with this, the borrowing contemplated in the Central budget for 1934-65 is lower by Rs. 51 crores. The money market has also noted that the deficit financing to be resorted to through issue of Treasury Bills in the coming year is put at Rs. 86 crores, as against Rs. 60 crores (revised) in the current (1963-64) year and Rs. 124.56 crores in the previous (1962-63) year.

The 91-day Government of India Treasury Bills, tenders for which opened on Tuesday the 3rd inst., evoked limited support. The total amount actually offered was no more than Rs. 2 crores which was just equivalent to that invited and also accepted. The average rate of accepted tenders increased by a further Re. 0.010 per cent to Rs. 2.360 per cent per annum. Inquiries for Intermediate Treasury Bills, however, were better, the amount of Bills sold from 28th to 29th February being Rs. 60 lakhs, as against Rs. 20 lakhs a week before, though it was lower than Rs. 99.75 lakhs fetched two weeks ago.

India's foreign exchange reserves improved by Rs. 2.75 crores to Rs. 123.56 crores during the week ended 28th February. The improvement was entirely in balances held abroad which rose from Rs. 18.35 crores to Rs. 21.10 crores. The foreign securities held in the Issue Department of the Reserve Bank continued unchanged at Rs. 102.46 crores. Loans and advances to scheduled banks went up by Rs. 14.93 crores to Rs. 67.54 crores, of which those against usance bills alone accounted for Rs. 33.24 crores, a rise of Rs. 10 crores. Deposits of scheduled banks with the Reserve Bank also increased by Rs. 5.58 crores to Rs. 85.85 crores. Notes in circulation declined by a further Rs. 11.16 crores to Rs. 2,423.16 crores.

The total credit made available by scheduled banks to their clients spurted again by Rs. 15.23 crores to Rs. 1,747.63 crores during the week ended 21st February. Since, at the same time, deposits also increased by Rs. 13.80 crores to Rs. 2,439.25 crores, borrowings from the Reserve Bank fell by Rs. 11.33 crores to Rs. 52.11 crores, including Rs. 23.23 crores (—1.49 crore) obtained against usance bills. Investments declined by Rs. 3.50 crores to Rs. 646.33 crores.

Activity in the Gilt-edged market continued to be restricted for lack of institutional support. Business put through was small with values moving narrowly.

In the foreign exchange market, the banks' buying rate for U.S. dollars receded by 50 nP to Rs. 475 for $100 and their selling rate by 25 nP to Rs. 478.50. In New York, the pound sterling firmed up *vis-a-vis* the dollar, the spot rate going up by 0.270 cent to 279.790-279.820 cents and the three months' forward by 0.080 cent to 279.330-279.360 cents.

SOVEREIGN MARKED UP

(From Our Own Correspondent)

BOMBAY, *4th March*

Neither gold nor silver but sovereign stole the show this week by recording a two-point rise to Rs. 88 yesterday. Fourteen-carat gold was steady, whereas pure gold and silver were easier.

The improvement in sovereign was attributed by dealers to the flow of "black" money in the market. This did not seem surprising, considering that trading in sovereign itself is illegal. But a corresponding improvement in pure gold could not be registered; in fact, the quotation today was two points lower over the week at Rs. 103, due possibly to the availability of the contraband material. Fourteen-carat gold fluctuated in a narrow range between Rs. 64.75 and Rs. 65.50 and closed the week at the higher level, as against Rs. 65 last week.

Silver sagged after a quiet start in the absence of fresh support. After opening 50 nP lower at Rs. 260.50, it rounded off the week Re. 1.50 lower at Rs. 259.50. The daily average offtake and arrivals figures were unchanged at 10 bars and 12 bars, respectively.

The international price for gold improved further from $35.07½ to $35.08¾, but the ready rate in London eased from 251s. to 250s. 9½d. Silver prices in New York and London continued firm at their last levels.

The following table shows the trend of prices during the week under review:

	4-3-1964 (closing)	High	Low	26-2-1964 (closing)
SILVER				
Ready (996 fine) ..	Rs. 259.50	Rs. 261.00	Rs. 259.50	Rs. 261.00
GOLD				
Ready (24 carat) ..	65.00	65.50	64.75	65.00
Sovereign ..	85.00*	—	—	85.00*
London—				
Gold ..	250s. 0½d.	250s. 11d.	250s. 8d.	251s. 0d.
Silver Ready ..	111½d.	—	—	111½d.
Silver Forward ..	111¾d.	—	—	111¾d.
New York—				
Silver	129.3 cents	—	—	129.3 cents

* As on 24-6-1963.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce

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The Government of India has allowed approved auctioneers, functioning under the Pawn-broker's Acts, to auction unredeemed gold ornaments having gold of a purity exceeding 14 carats pledged with a pawnee. The announcement follows representations requesting that the sale of unredeemed gold ornaments may be permitted in States which have legislation in respect of pawn-broking on the same basis as in other States without similar legislation, so that these ornaments may be sold at a market value based on free competition.

The State legislation governing pawn-broking provides that unredeemed ornaments will be sold only through auctioneers recognised by specified authorities. Under the Gold Control Rules, however, a professional auctioneer is deemed to be a dealer and consequently he is debarred from selling ornaments of over 14 carat purity.

COTTON FUTURES EASY

(From Our Own Correspondent)

BOMBAY, *4th March*

Inspite of the meagre tenders (a mere 50 bales) on the 1st notice day, namely Monday, 2nd inst., which should normally constitute a bullish influence, the cotton futures market depicted an easy trend during the week. The easiness was induced by the announcement, made on 29th February, to the effect that 375,000 bales (of 400 lbs. each) of U.S. upland cotton would be imported into India under an agreement signed between the two countries. Traders expected that this cotton, in so far as it is for shipment before 30th June 1964, would add to the supplies available to mills for consumption during the current season and help stabilise Indian cotton prices. This consideration coupled with the slackness of mill demand for ready cotton and the declining trend of spot prices prompted fairly wide-spread selling which resulted in a decline in prices. The announcement regarding import of U.S. cotton overshadowed the Budget to which the market reacted only timely. In fact, the Budget had little effect on the market. Prior to the Budget, however, futures prices showed a tendency to firm up on rumours of a possible increase in import duty on cotton, which proved wrong, and the market resumed its recessionary trend. The decline was not so much in the maturing Jarilla March contract, which gathered some strength from bullish prospects for tenders, as in the Jarilla May contract which was subjected to heavy selling. This was a reflection of the traders' assessment of the improvement in the supply position consequent on the larger availability of U.S. cotton.

The following table indicates the trend of prices of the contracts during the week:

(In rupees per three quintals)

	4-3-64	*High*	*Low*	26-2-64
Jarilla March ...	769	778	776	771
Jarilla May ...	734.50	751.50	734.50	747.50

Mill demand for spot cotton was extremely limited, partly because spinners were inclined to await the Budget before entering into large commitments and partly because they anticipated a fall in prices. Needy mills, however, picked up moderate quantities of such popular varieties as CO2, 197/3, Digvijay and Kalyan at lower prices. Following the announcement of a large P.L. 480 allocation, prices of comparable Indian cotton declined. Prices of foreign cotton, especially East African and Sudan cotton also tended to look down. Traders are awaiting a notification from the Textile Commissioner getting forth the details of allocation of U.S. cotton. Both mills and traders were glad to note that there was no rise in the import duty on cotton in the Union Budget. Export demand for Bengal *Deshi* was virtually dormant. In the absence of foreign interest, prices of this variety receded.

The following table indicates the trend of tions (in rupees per candy of 784 lbs.) from the spot market at Sewri:—

Wagad 883; Dhulia; CO2 1,700; Viramgaon 950; Khamgaon 1,200; Ganganagar 730.

ART SILK YARNS RISE

(From Our Own Correspondent)

BOMBAY, *4th March*

Art silk yarns recorded notable gains this week. Prices were marked up soon after it was known that the excise duty on rayon yarns had been raised. As the week progressed, there was a further improvement on sellers' withdrawing from the market. Demand was limited and turnover was small. Staple fibre yarns, however, were easy, while cotton yarns were well held at their last levels.

Among art silk yarns, National Rayon 120D advanced from Rs. 12.17 to Rs. 12.65 a kilo and Century 75D jumped up from Rs. 18.41 to Rs. 19.18. Kohinoor 2 x 40 spot staple fibre yarn slipped down from Rs. 9.42 to Rs. 9.37. Among cotton yarns, 80s Gokak gained two points to Rs. 85.

The Association of Man-made Fibre Industries has decided to pass on the entire increase in the excise duty on rayon yarn to consumers. The increase, proposed in the budget, is of the order of 50 per cent in the case of viscose rayon yarn and 100 per cent in the case of synthetic yarn. A notification issued by the Assistant Collector of Customs has created in the meantime a feeling that the special excise duty at the rate of 33⅓ per cent on art silk yarn may not be collected for the current month. But, according to an official interpretation of the provisions of the Finance Bill, 1964, the special excise will continue to be collected this month as before.

The total incidence of excise duty, inclusive of special excise, on yarns of various deniers per kg. will be as follows (with the figures of pre-Budget incidence in brackets):

Staple Fibre: of cellulosic origin Re. 1.15 (Re. 1.33) others Rs. 2.67 (Re. 1.33). On staple fibre yarn, there will be no excise duty.

Viscose Yarn: below 75D—Rs. 8 (Rs. 6); 75D to 100D—Rs. 6 (Rs. 4); above 100D Rs. 4 (Rs. 2.67).

Synthetic Yarn: below 75D—Rs. 12 (Rs. 6); 75D to 100D—Rs. 10 (Rs. 6), and above 100D—Rs. 8 (Rs. 6).

There have been no changes in the rates of customs duty on yarn; but the rates of countervailing duty will undergo changes following the variations in excise duty. The total incidence of customs duty, inclusive of countervailing duty, will now be as under (per kg.):

Staple Fibre: of cellulosic origin—27.5 per cent *ad valorem* plus Re. 1.15; others—27.5 per cent *ad valorem* plus Rs. 2.67; staple fibre yarn—55 per cent *ad valorem* or Rs. 7.50 whichever is higher plus 10 per cent—60.5 per cent or Rs. 8.25 per kg. whichever is higher.

Viscose Rayon Yarn: below 75D Rs. 13.34; 75D to 100D—Rs. 9.80; above 100D—Rs. 7.30.

Synthetic Yarn: below 75D—60.5 per cent *ad valorem* or Rs. 8.25, whichever is higher, plus Rs. 12; 75D to 100D—60.5 per cent *ad valorem* or Rs. 8.25 whichever is higher plus Rs. 100; above 100D—60.5 per cent *ad valorem* or Rs. 8.25 whichever is higher plus Rs. 8.

The decision to pass on the additional excise to consumers has been taken, according to the Association's President, Mr. Rasiklal J. Chinai, after carefully considering the impact of the clamping of the "harsh measure on an industry which has been suffering from 1957 from a series of controls and duties."

The additional duty has been resented by also weavers and dealers. According to the Silk and Artsilk Mills' Association the increase in the duty will net in about Rs. 9 crores in view of the incidental increases in the special excise and also in the countervailing import duties. The industry sells its annual production, estimated at 31 million kg., at an average price of Rs. 10.50 per kg. Twenty per cent of the output consists of 100 and lower deniers, 60 per cent of 120 deniers and the balance of other deniers. On the average, the incidence of the duty (including the special duty) has gone up, it is argued, by a rupee to Rs. 6 per kg.

Urging reconsideration of the additional duty in a telegram to the Finance Minister, the Bombay Yarn Merchants' Association and Exchange Ltd. has pointed out that the increased duty will push up prices of rayon textiles which are used by the middle class. The Exchange has also stated that the heavy duties on cotton yarns, rayon yarns and synthetic yarns are exhorbitant as compared to the reliefs given to the powerloom sector.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	4-3-1964	26-2-1964
Art silk yarn (per kg.)—	Rs.	Rs.
National Rayon 120D	12.65	12.17
Century 75D	19.18	18.41
S. I. Viscose 150D	13.46	12.91
Staple fibre yarn (40 x 2)—		
Kohinoor (per kg.)	9.37	9.42
Century	9.28	9.24
Cotton yarn (per bundle of 10 lbs.)—		
10s Navsari	19.37	19.37
20s Podar	24.25	24.25
32s Hiver	32.00	32.00
40s Mahindra	42.00	42.00
60s Finlay	—	76.25
80s Gokak	85.00	83.00

SPURT IN OILSEEDS

(From Our Own Correspondent)

BOMBAY, *4th March*

The oilseeds market ruled distinctly firm during the week under review including the special budget session on Saturday. Besides excellent upcountry advices, absence of any fresh levy on groundnut oil and castor oil (as had been feared before) in the Central budget for 1964-65 imparted strength to the market. Groundnut futures firmed up on upcountry support and higher spot advices. The bullish fervour was fanned further by the reported decision of the Forward Markets Commission to enhance the ceiling rates for distant contracts in oil at Delhi and in Saurashtra by a rupee. This decision gave rise to hopes among trade circles here that the ceiling rate for the September contract in groundnuts would similarly be raised by at least Rs. 10. Groundnut oil prices also recorded a rise, in sympathy with the rise in prices of copra oil, following the increase in customs duty on copra from 25 per cent to 30 per cent. There was an impressive advance in prices of oilcakes too, thanks to fresh overseas inquiries. Castorseeds, which were hesitant in the early sessions due to budget nervousness, recovered perceptibly after the budget. The recovery followed reports that shippers were covering their position frantically. Linseeds moved up in line with the general trend. Cottonseeds, however, continued to be subdued owing to lack of support at higher levels and easy advices from the cotton market.

In the groundnut section, groundnut April 1964 contract commenced the week at Rs. 237.62, as compared with the previous closing of Rs. 237.37. In the pre-budget session, the contract remained at the opening level, owing to the usual pre-budget apprehensions. In the budget session, the contract touched Rs. 237.75. Thereafter, it swiftly moved up and closed at Rs. 239.25 today, Re. 1.75 lower than the official ceiling of Rs. 241. Nizam bold ready gained 88 nP to Rs. 50.50. Khandesh quality put on 50 nP to Rs. 51.25. Oil ex-mill gathered a like amount to Rs. 20.25. Railway receipt gathered 45 nP to Rs. 19.80. The groundnut oilcake expeller shot up by Rs. 14.50 to Rs. 413.50 (per tonne), following good export enquiry from Poland.

The castorseed March 1964 contract, which had declined from Rs. 172.25 to Rs. 171.75 in the budget session, recovered in the later sessions and touched a high of Rs. 174.50 today. June contract opened the week at Rs. 172.62, as against the previous close of Rs. 172.50. After rising to Rs. 173.00 in the pre-budget session, it eased to Rs. 172.87 in the budget session, but moved up again and touched Rs. 175.37 today. The net gain over the week was Rs. 2.87. Oil ready Madras and Kanpur were strengthened by 38 nP each to Rs. 34.75 and Rs. 33.50, respectively. Oil B.S.S. rose by 20 nP to Rs. 15.05, while oil commercial lost 25 nP to Rs. 14.60.

Linseed March 1964 contracts spurted by 31 nP to Rs. 40.06 and June contract by 43 nP to Rs. 40.87. Linseed bold ready was unchanged at Rs. 40.25, as also linseed oil at Rs. 16.10.

The cottonseed April 1964 contract began the week at Rs. 104 and remained at that level during both pre-budget and budget sessions. It was 50 nP lower at Rs. 103.50 yesterday. Today, however, it was better at Rs. 104.

The following table shows the closing prices of oilseeds and oils on Wednesday 4th March as compared with those of two previous weeks:

	4-3-1964	26-2-1964	19-2-1964
Groundnuts	Rs.	Rs.	Rs.
April 1964 contract	239 25	237 37	238.12
Kham bold	50 50	49 62	49 87
Khandesh quality	51 25	50.75	50 75
Oil ex-mill	20 25	19.75	20.00
Oil Rly. Receipts	19.80	19.35	19.75
Castorseed			
March 1964 contract	174 50	171 25	172.62
June 1964 contract	175 37	172 50	173.00
Ready Madras	34 75	34 37	34 56
Ready Kanpur	33.50	33 12	33.62
Oil B.S.S.	15.05	14.85	15.10
Oil commercial	14.60	14.85	14.45
Linseed			
March 1964 contract	40 06	39.75	40.25
June 1964 contract	40 87	40.44	40.62
Bold ready	40 25	40.25	39.87
Linseed oil	16 10	16.10	16.35
Cottonseed			
April 1964 contract	104.00	104.50	106.00

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

PEPPER ERRATIC

(Messrs Parekh and Co.)

BOMBAY, *4th March*

Malabar pepper ruled erratic during the week, with fluctuations both ways. The highest touched for garbled at Cochin was Rs. 310 and that for ungarbled was Rs. 300. Calicut was comparatively firmer, as there was demand for Tellicherry bold from Italy. There were heavy fluctuations in forward delivery at Cochin, as the speculators had become overbought in the recent rising market. In the ready section, floating stocks are mounting, as most of growers in assembling markets are putting their goods in loan in anticipation of higher prices. Unless there is timely support from New York, the market is likely to go down, for the technical position both in ready and forward has become somewhat weak.

March delivery, after touching Rs. 321, came down to Rs. 310 before improving to Rs. 315. May delivery, after rallying to Rs. 335, came down to Rs. 320 but recovered to Rs. 325.

Spot at New York improved 50.35, as there were scarcity of offers from both Indonesia and India, though grinders were refusing to follow the rise at the origins; they had enough stock in their pipe lines to cater for the coming two months. Last year, import of black pepper into the U.S.A. proved higher than usual.

As there have been no import of pepper into Singapore since October 1963 from Indonesia, the stock there is diminishing and, as a consequence, black and white are higher at $(M)120 and $(M)162½, respectively. Singapore, after the confrontation, is slowly going out of the export trade in world pepper and the present higher quotations obtained there have little impact on Europe and U.S.A., as Indonesia is offering pepper cheaper direct to both Europe and the U.S.A. *Chaitra* and *Vaisakh* delivery in Bombay are having wide fluctuations, as the local market in forward has become overbought. The highest touched for *Chaitra* is Rs. 337 and that for *Vaisakh* is Rs. 350, the lowest in the beginning of the week being Rs. 321 and Rs. 332, respectively.

The future of the market depends upon the selling attitude of Indonesia and the political situation in North Borneo and Sarawak. The second meeting on the Ministerial level among Malaysia, Indonesia and Phillipines is now being held at Bangkok. The outcome thereof is eagerly awaited by the trade. The pepper position in Indonesia looks like Chinese Jig-saw puzzle and it requires really a clever brain to put different pieces in the correct position together, in order to have a real picture of the situation. Uncertainty on the Kashmir border makes speculators more cautious and reactions thereirom at every boosting are most likely.

Ready pepper in Bombay is quoted at Rs. 162 per 50 kilos.

C.T.C. TEAS EASIER

(From Our Own Correspondent)

CALCUTTA, *3rd March*

The absence of any specific concession to the tea industry in the Union budget proposals for 1964-65 has caused disappointment to the tea industry and trade. For it had been thought that the industry had driven home its case for excise duty relief. If the industry is to get a fair share of the increasing world consumption, it is imperative for the gardens to increase production at lower costs. While it is possible to raise production, the indications are that the industry has already reached optimum output. Tax incentives should, therefore, be accorded. In this connection, the fact that last year the industry was able to increase exports only as a result of the withdrawal of the export duty is significant.

There have been reports of the U.S.S.R.'s success in growing tea. This is significant, because Russia has been a significant buyer of Indian tea in recent years. It is reported that the tea acreage in the U.S.S.R. has gone up 20 times in the past 3½ decades. The countries to which Russia exported tea in 1963 are said to include Czechoslovakia, East Germany, Poland and Bulgaria. The fact that at the same time the U.S.S.R. continues to lift more and more quantities of Indian tea should be attributed to increasing consumption in the U.S.S.R. itself.

In the internal sales held last week, dusts on offer totalled 31,921 packages. Demand was good, but the trend was irregular. Medium C.T.Cs eased, but the lots with improving liquor were about firm. Plain orthodox teas were absorbed at lower rates, but "teas for price" were steady. Medium Assams were absorbed at irregular prices, but the brighter lines sold well. Legg-cut teas were in ready demand, although realisations were lower. The quotations (in rupees) per one kg., inclusive of excise duty, were: Good Assam C.T.C. dust 6.20 to 6.70, medium Assam C.T.C. dust 5.00 to 5.25, legg-cut dust 4.75 to 5.00, medium Assam dust 4.60 to 5.00 and plain orthodox dust 4.40 to 4.60.

Leaf on offer at yesterday's export sale, totalled 63,985 packages which met with a fair general demand at lower rates. Legg-cut teas met with ready demand at prices which were 15 to 25 nP lower than last rates. Whole leaf grades were about firm. Darjeelings with flavour met with competition, but others in this category exhibiting an "end-of-season" character eased. C.T.Cs generally eased, with fannings being a weak feature. Bright liquoring orthodox teas were dearer, but the more ordinary teas eased by 15 to 20 nP. "Teas for price" gave way by 10 to 20 nP. The quotations (in rupees) per one kg., inclusive of excise duty, were: Best Assam C.T.C. fannings and best Assam C.T.C. B.P.—not quotable, medium Assam C.T.C. B.P. 4.60 to 4.80 (nominal), medium Assam C.T.C. fannings 4.50 to 4.70 (nom.), clean plain pekoe 4.90 to 5.20, plain fannings 4.10 to 4.30 and plain B.P. 4.10 to 4.30.

METALS STEADY

(From Our Own Correspondent)

CALCUTTA, *3rd March*

Metal prices were fully steady during the week under review, though the downward movement in tin and copper on the London Metal Exchange suggested that the recent boom there had spent its force. The warning by the Union Minister for International Trade, Mr. Manubhai Shah, that further cuts might have to be imposed on imports of items of low priority or where production had expanded, suggested the improbability of an upward revision of quotas in respect of metals. The Minister, who was addressing the first meeting of the Export-Import Advisory Council in New Delhi, stated that although exports in 1963 had improved, the foreign exchange reserves at the end of 1963-64 were expected to be the same (Rs. 172 crores) as at the beginning of the year, because of the repayment of Rs. 25 crores to the International Monetary Fund. In the next two years, the country would be faced with substantial repayment obligations, and the Minister painted a picture of bleak prospects for imports.

The industry had looked forward to the budget in the hope of transformation of the existing 10 per cent *ad valorem* duty on copper and copper alloy pipes and tubes into a specific duty as in the case of sheets, circles, stripes and foils covered by tariff item 26A(ii). It had been pointed out that the levy of *ad valorem* duty calls for many formalities such as: (1) submission by the manufacturer to the excise authorities of a wholesale list of prices, which is subject to variation from time to time, thanks to the fluctuation in the prices of raw materials, (2) in the absence of such a list, true copies of the purchase order as well as the manufacturer's acknowledgment of order should be provided, and these should be verified true copies by the C.E. sector officer along with the originals, and (3) all bills of the manufacturer must be verified by the sector officer. Needless to say, the industry had represented that all these delay production and the flow of supplies to customers. The industry is disappointed that its suggestion has not been accepted by the Union Finance Minister, but it still hopes for a modification of the duty.

On the London Metal Exchange, spot copper wire-bars eased from £267 a ton to £256½. It is significant that while early in the week the 3-months' metal at £269 was higher than the spot by £2, as the week progressed the difference shrunk to 10s., with the quotation at £257. This was indicative of the unlikelihood of a rise in prices. Spot cathodes at £252 a ton lost £14 during the week, with the forward position giving way from £267 to £252. Fire-refined spot and 3-months opened at £262 and £263 respectively and both closed at £246. In Calcutta, utensil copper scrap maintained Rs. 680 per 100 kgs. Spot tin in London closed at £1,145 a ton after opening at £1,158. Demand stood abated. It should be stated that, because of its heavy stocks of tin and other strategic metals, the U.S.A. is in a position to prevent any unhealthy rise in prices. In the U.S. and the U.K., there is this realisation that violent fluctuation in metal prices would hamper the economic progress in the underdeveloped countries of Africa, Asia and South America and that as such the Governments of the metal-exporting countries should initiate measures for stabilising prices at fair levels. The fall in London quotations of the two principal metals in the week is thus significant against the background of this realisation.

In Calcutta, the prices continued steady. The stock position continued as tight as before, despite tin imports in January having totalled 711 tonnes, as against only 331 tonnes in the previous month. Zinc and lead also maintained the recent gains. In London, spot zinc eased from £101¼ a ton to £101, but spot lead hardened from £83¾ to £84¼.

EXPORT DUTY ON RAW JUTE ABOLISHED

(From Our Own Correspondent)

CALCUTTA, *3rd March*

While dull conditions continue to prevail in both raw jute and jute goods markets, the trade have welcomed the withdrawal of the duty on fibre exports (Rs. 4.50 a bale on cuttings and Rs. 15 a bale on others), announced in the 1964-65 budget of the Central Government. This fiscal incentive is particularly welcome, since India has been able to export only very little fibre as a result of keen competition in overseas fibre markets from Pakistan which is able to offer better quality fibre at a lower rate. Most of the remaining 1963-64 crop in India, still in the hands of stockists and cultivators, is inferior fibre not required by mills. Attempts to export the surplus inferior fibre have not so far been accompanied by striking results. At present, mills have in their stock fibre sufficient to see them through up to the time the next crop begins arriving in the market. Mills have already blocked large sums in fibre in an attempt to support the fibre market and also to fulfill the compulsory quota issued month after month by the Jute Commissioner. It would be unfortunate, indeed, if the mills were asked to invest more sums on fibre of questionable quality. In these circumstances, the withdrawal of export duty on fibre, it is to be hoped, will lead to increased exports, thereby easing considerably the surplus problem. Such of the inferior fibre as cannot be exported now should be bought by co-operatives. If, as is expected, the forthcoming crop will be better in quality, the lower grade fibre which is not finding an export outlet now can be held over for export in the next season. Should these measures alone fail to ease the surplus problem, mills would suggest that further buying should be done by the Jute Buffer Stock Association and that the banks should be asked to provide financial accommodation against the holding of raw jute on mills' account.

With mostly poor qualities on offer, and demand for these being low, quiet conditions were again in evidence in the fibre market during the week under review. Having already completed the February quota, mills showed little buying interest. At one time, some business on mills' account was done in *jungli mesta*. Arrivals in agencies averaged about 50,000 maunds a day, but agency prices were out of parity with Calcutta. Sellers, in an attempt to locate buyers, discounted quotations, but failed to draw in much response. Prices per maund were unchanged as follows: Assam bottoms Rs. 30.00; Northern bottoms Rs. 29.00; and daissee bottoms Rs. 33.50. Co-operative marketing societies are showing increased interest, and it was indicated that, up to 8th February, their purchases in Assam, West Bengal, Orissa, Bihar, Uttar Pradesh and Andhra aggregated 127,000 maunds.

Reports coming from overseas countries make no mistake of the argument that, if India desires to retain its markets abroad for jute goods in the face of stiff competition from Pakistan mills, continuing attention to improve quality of production of both goods and fibre is essential. It is creditable that the mills in India have already introduced a system of pre-shipment inspection on a voluntary basis. It was significant that the Jute Commissioner, Mr. G. C. L. Joneja, on his return in January from a six-week tour of the E.C.M. countries and some other parts of Europe, declared that the sophisticated and fastidious markets in European countries were now mainly depending on their own jute industries and imports from other countries, particularly Pakistan. While it is shown that mills are taking every effort to improve quality of their output, it is pointed out that, unless the quality of fibre, is also improved, the industry's efforts will be of no avail. The fall in quality during the last season was attributed to several factors, including lack of adequate water for retting leading to over-growth of plants and the system of minimum prices and price support scheme. It was only because the last previous season's crop had a high proportion of questionable grades of fibre not wanted by mills that marketing problems have resulted. Mills, therefore, urge that the present price differentials for the inferior variety should be broadened in order to make cultivators pay more attention to quality.

That the mills are continuously doing research and adjusting production to suit buyers is borne

(*Continued on page 395*)

STOCK & SHARE QUOTATIONS

Abbreviations :—D.—Deferred shares. P. O.—Preferred Ordinary shares. Y.—Accounts published yearly. H.—Accounts published half-yearly. P.—Company has Preference shares. T.—Company has Debentures. N.—Nominal quotations. x.d.—Ex. Dividend. c.d.—Cum. Dividend. I.—Interim Dividend. Cli.—Cum. Right. XR.—Ex. Right.

Shares :—If a company has different classes of shares—as for example : 'A' shares and 'B' shares—these are indicated by the same letters 'A' and 'B' under the columns 'Paid-up Ordinary Capital' and 'Paid-up' per share.

Accounts :—Figures in the Accounts Closed column represent the months or the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June and December, respectively. Reserves include general and other reserves and all other funds which a company may have excluding depreciation fund, reserves for tax liability and provident fund. Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed less sales, if any, and stands for the gross figures except where otherwise indicated.

Dividends :—Dividends for completed years are shown as amount per share per annum, but where quoted for portion of a year they represent the proportionate dividend for that period. In the case of those companies which close their accounts yearly dividends shown are for their financial year.

TEXTILES

COTTON, RAYON, SILK AND WOOLLEN

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Number Installed: Spindles	Number Installed: Looms	Mill	Latest available Quotation	Paid-up Per Share	Dividend Per Ordinary Shares: 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.					Rs. nP.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
BOMBAY CITY AND ISLAND																
20,00,700	17,73,622	50,45,511	30,68,133	26,452	Maganlal Bhagwandas & Co.	45,180	..	Ambika Silk Mills Co., Ltd. ..	347.50	100	15.00	20.00	20.00		12	Y.
50,00,000	17,53,685	1,84,39,380	83,17,117	1,35,878	Rajputana Text. (Agencies) Pvt. Ltd.	56,468	902	Apollo Mills	1.90	2	*Nil*	*Nil*			12	Y.
2,50,98,000	3,82,70,018	12,80,53,040	6,03,15,505	67,586	Nowrojee Wadia & Sons (Pvt.) Ltd.	2,08,184	3,691	Bombay Dyeing & Mfg. ..	62.30	25	3.50	3.50	3.50		12	Y.P.
10,00,000	43,71,538	98,84,077	66,76,164	41,112	M. Ramanarain Private Ltd. ..	44,784	850	Bombay Silk Mills	151.50	50	6.00	12.50	5.00	15.00	3	Y.P.
5,54,90,900	4,31,32,954	16,13,10,543	6,59,13,337	28,865	Birla Gwalior Private Ltd. ..	1,26,752	2,702	Century Spg. & Mfg. ..	649.50	100	30.00	30.00	30.00		12	Y.
28,00,000	53,60,444	1,42,43,896	96,80,380	5,342	Cowasjee Jehangir & Co. Pvt. Ltd. ..	51,460	672	Coorla Spg. & Wvg. ..	158.00	50	15.00	15.00	15.00	15.00	3	Y.
28,00,000	49,27,043	1,21,38,021	77,41,050	2,140	Dawn Mills	43,960	..	Edward Textiles	305.00	200	18.00	18.00	12.00		12	Y.P.
34,00,000	33,74,168	1,53,70,960	79,34,359	—9,38,834	Puranmal Bubna Sons ..	47,444	928	Elphinstone Spg. & Wvg. ..	102.00	50	9.00	11.00	9.00		12	Y.
30,00,000	48,58,520	2,37,26,533	1,25,05,794	9,344	N. K. Jalan, Esq. (Director-in-charge)	62,988	1,754	Elphinstone Spg. & Wvg. ..	317.00	100	23.00	23.00	23.00		12	Y.
30,00,000	23,66,959	2,39,91,674	1,30,71,560	81,083	James Finlay & Co., Ltd. ..	63,212	780	Finlay Mills	317.00	100	23.00	23.00	23.00		12	Y.
50,00,000	58,05,389	1,42,40,565	83,44,367	29,942	James Finlay & Co., Ltd. ..	60,212	1,020	Gold Mohur Mills Ltd. ..	212.50	100	21.50	21.50	19.50		12	Y.
24,00,000	1,39,45,715	2,87,65,031	1,69,95,809	18,203	K. M. D. Thackersey Esq. (Chairman)	50,620	1,120	Hindoostan Spg. & Wvg. Mills ..	950.00	250	125.00	125.00	64.00	64.00	3	Y.P.
O.S.50,00,000	71,99,100	5,78,94,999	4,29,77,859	3,99,937	M. D. Bhat, Esq. (Chairman) ..	2,43,784	6,357	India United Mills	21.12	01O.	0.80	1.40	1.10		12	Y.
D. 50,00,000									2.44	01D.	0.1325	0.3725	0.2525			
24,00,000	1,09,67,299	2,14,93,720	1,58,08,908	9,350	K. M. D. Thackersey, Esq. (Chairman)	57,672	1,152	Indian Mfg.	875.00xd	250	58.00	62.50	64.00	64.00	3	Y.P.
1,19,70,000	65,33,620	4,58,81,693	3,20,17,168	13,249	Khatau Makanji & Co. (Pvt.) Ltd. ..	1,05,400	1,495	Khatau Makanji Spg. & Wvg. ..	202.50	100	32.00	16.00	16.00	8.00	3	Y.P.
1,00,00,000	1,02,93,168	4,81,01,694	3,33,70,213	29,116	Kilachand Industries Ltd. ..	1,20,504	1,848	Kohinoor Mills	339.50	100	15.00	18.00	18.00		12	Y.
51,49,427	10,20,000	2,46,66,121	7,26,042	2,416	G. C. Desai, Esq. (Chairman) ..			Modella Woollens	14.12	10			0.40	0.60	6	Y.
50,77,400	67,86,945	1,83,21,171	93,24,179	32,182	N. Sirur & Co. Private Ltd. ..	49,200	644	Modern Mills	50.00	50	6.00	6.00	6.00		12	Y.
51,75,000	78,75,911	5,26,40,749	2,82,36,091	..	Piramal Sons Private Ltd. ..	1,24,376	2,752	Morarjee Goculdas Spg. & Wvg. ..	387.00	100	21.50	24.00	24.00	20.00	3	Y.P.
2,41,12,100	2,39,52,150	17,23,50,103	8,15,10,770	9,496	Ghisal & Co. Private Ltd. ..			National Rayon Corporation ..	414.00	100	22.00	22.00	16.00		12	Y.P.T.
24,00,000	12,59,737	91,26,187	48,70,078	2,44,926	H. V. Gandhi, Esq. (Chairman) ..	45,944	455	New City of Bombay Mfg. ..	185.00	100	*Nil*	*Nil*	*Nil*		12	Y.
30,00,000	10,71,538	1,32,71,439	59,39,099	Sahu S. P. Jain, Esq. (Chairman)	43,303	962	New Kaiser Spg. & Wvg. ..	178.00	100	*Nil*	12.00	18.00	12.00	20.00	3	Y.
48,00,000	86,57,346	2,33,62,804	1,48,89,184	34,889	Radakrishna Ramnarain Private Ltd.	69,196	1,220	Phoenix Mills	236.00	100	15.00	20.00	20.00		3	Y.
65,00,000	49,69,448	1,29,25,716	51,27,640	1,12,498	Podar Sons Private Ltd. ..	35,360	930	Podar Mills	13.00	10	1.20*	1.20*	1.20*		12	Y.P.
75,00,000	50,30,000	2,14,62,215	1,04,83,289	51,319	J. K. (Bombay) Private Ltd. ..			Raymond Woollen Mills Ltd. ..	137.00	100	12.00	12.00	12.00		12	Y.P.
10,00,000	3,73,222	39,43,322	24,83,628	44,090	R. A. Podar, Esq. (Chairman) ..			Sassoon & Alliance Silk Mills ..	11.00	100	*Nil*	*Nil*	*Nil*		6	Y.
75,40,000	1,58,87,813	3,51,20,425	1,63,39,240	9,192	M. G. Investment Corpn. Private Ltd.	98,488	2,125	Sassoon Spg. & Wvg. ..	45.37	10	1.50	1.70	1.60	0.90	4	Y.
1,00,00,000	86,36,202	2,75,84,850	1,15,48,700	51,722	Marwar Textiles (Agency) Pvt. Ltd.	84,484	1,592	Shree Nirwa Cotton Mills ..	265.00	100	16.00	20.00	14.00		12	Y.
50,49,000	34,48,480	2,78,94,037	1,43,98,524	24,574	S. R. Damani, Esq. (Chairman) ..	50,056	900	Simplex Mills	50.00	50	7.50	*Nil*	11.00	8.00	12	Y.P.
1,53,65,000	2,77,75,875	5,24,06,187	2,74,45,971	7,338	Mafatlal Gagalbhai & Sons ..	1,13,116	2,700	Standard Mills	730.00	100	30.00	25.00	20.00		12	Y.P.
1,00,00,000	1,42,81,829	4,09,52,312	2,34,50,050	8,176	Tata Industries Private Ltd. ..	78,028	2,000	Svadeshi Mills	249.00	100	17.00	19.00	17.00		12	Y.P
60,00,000	62,47,782	2,87,04,617	1,45,55,211	38,803	James Finlay & Co., Ltd. ..	40,328	850	Swan Mills	96.00	50	21.00	21.00	21.00		12	Y.
66,57,875	1,12,83,538	3,53,92,022	1,48,20,909	1,22,453	Tata Industries Private Ltd. ..	70,840	1,770	Tata Mills	56.70	25	5.00	5.50	5.00		12	Y.P.
22,00,000	64,19,361	1,53,22,928	85,85,501	3,059	Victoria Mills Ltd. ..	59,056	942	Victoria Mills Ltd. ..	290.00	100	25.00	25.00	18.00		12	Y.P.
24,00,000	1,02,88,220	2,25,79,413	1,52,34,226	15,048	M.	54,204	1,352	Western India Spg. & Mfg. ..	847.50	250	116.00	125.00	88.00	64.00	12	Y.P.
AHMEDABAD																
50,00,000	87,66,284	2,34,25,679	1,10,97,122	14,370	Tata Industries Private Ltd. ..	51,976	1,016	Ahmedabad Advance Mills† ..	142.50	100	16.00	12.00	11.00		12	Y.P.
29,33,600	1,24,15,559	1,75,68,659	1,11,69,348	53,759	Hutheesing Sons & Co.	42,768	955	Arvuna Mills	540.00	100	80.00	55.00	24.00		12	Y.P.
1,00,00,000	2,86,76,101	4,81,52,984	2,08,50,340	4,321	Narottam Lalbhai & Co. ..	81,588	1,434	Arvind Mills	885.00	100	45.00	45.00	30.00		12	Y.P.
34,05,900	48,71,342	1,59,05,945	1,03,66,433	25,439	Mangaldas & Brother (Pvt.) Ltd. ..	35,908	1,000	Ayodaya Ginning & Mfg. ..	267.50	200	30.00	30.00	30.00*		3	Y.P.
29,89,500	1,46,27,481	2,73,79,036	1,12,34,580	3,190	Lalbhai Dalpatbhai & Co. ..	40,298	953	Asoka Mills	572.50	100	35.00	35.00	24.00		12	Y.P.
2,12,50,000	2,86,81,459	14,05,31,385	6,34,76,062	38,131	Karamchand Premchand Pvt. Ltd. ..	1,41,888	2,608	Calico	739.00	125	51.00	34.00‡	32.00	32.00	3	P.T.
85,91,000	1,39,39,142	2,46,80,825	1,42,34,903	3,244	Tricumlal Bhoglial & Co., Ltd. ..	68,818	1,539	New Commercial Mills	290.00	250	50.00	50.00		25.00	3	Y.
98,39,375	3,10,55,804	3,24,24,769	1,60,77,790	17,249	Mafatlal Chandulal & Co., Ltd. ..	87,880	1,543	New Shorrock Spg. & Wvg. ..	1,090.00	125	60.00	45.00	45.00		12	Y.P.
24,95,900	78,03,514	1,23,04,032	63,72,371	1,358	Jagabhai Bhoglial Nanavaty & Co. ..	25,956	576	Nutan Mills	350.00	100	50.00	35.00	22.00		12	Y.P.
60,00,000	83,99,647	1,34,57,926	99,28,991	3,826	Lalbhai Dalpatbhai & Co. ..	35,600	656	Rajnur Mfg.	400.00	100	40.00	40.00	24.00		12	Y.P.
57,89,700	37,46,140	1,90,46,849	1,15,39,844	3,458	Vadilal Lallubhai, Esq. (Chairman)	40,456	606	Rohit Mills	131.25	100	10.00	10.00	*Nil*		12	Y.P.
85,01,200	4,22,89,027	3,04,51,582	1,90,17,265	7,543	Harivallabhdas Kalidas & Co. ..	94,128	1,819	Shri Ambica Mills	1,196.00	100	50.00	*Nil*	40.00		12	Y.P.
WEST BENGAL																
15,00,000	7,71,769	54,89,875	29,29,001	—2,59,014	M.	15,444	356	Basanti Cotton Mills	13.37	10	0.80	0.80	*Nil*		12	Y.P.
7,11,280																
1,80,620	6,07,989	1,20,20,050	70,83,955	—12,849	D. N. Bhattacharjee, Esq. (Mg. Director)	25,916	935	Bengal Luxmi Cotton Mill ..	30.00	40	*Nil*	2.00	3.20	*Nil*	3	Y.P.
1,70,000																
50,00,000	49,94,800	1,94,18,565	39,14,348	17,588	H. R. Sugla, Esq. (Mg. Director) ..	15,392	302	Bharat Commerce & Indust. ..	23.37	10	0.50	1.50	1.50		12	Y.P.T.
83,60,000	40,37,060	2,01,26,214	1,01,04,715	1,94,107	Kettlewell Bullen & Co., Ltd. ..	43,136	841	Bowreah Cotton Mills	43.75	10	1.00	3.00	1.50		12	Y.T.
88,00,000	54,80,125	1,83,58,398	1,02,06,506	1,03,713	Kettlewell Bullen & Co., Ltd. ..	45,144	878	Jhanbar Mills	28.75	10	2.00	2.00	1.50		12	Y.T.
74,04,260	35,78,173	1,74,18,973	58,21,973	21,973	Birla Brothers Private Ltd. ..	4,852	206	Jay Shree Textiles & Ind. Ltd. ..	16.00	10	1.00	1.00	1.00		12	Y.T.
2,00,00,000	1,34,03,080	12,20,37,948	3,64,19,100	26,969	Birla Brothers Private Ltd. ..	75,040	1,997	Kesoram Ind. & Cotton Mills ..	27.92	10	0.50	1.20	1.20	1.80	3	Y.P.
O. 19,47,590									18.00	10	*Nil*	*Nil*			6	Y.
5,00,000	78,492	52,17,134	35,61,634	53,853	Hazarecmull Hazalal	23,084	795	Ramporia Cotton Mill	2.00	1D	*Nil*	*Nil*				
SOUTH INDIA AND OTHER CENTRES																
30,00,000	9,71,534	83,14,765	31,46,853	18,126	Kothari & Sons	24,000	..	Adoni Spg. & Wvg. Co., Ltd. ..	9.40	10	0.80	0.80	0.80		12	Y.P.
20,00,000	38,50,000	84,91,721	34,88,743	6,172	Best & Co. (Pondicherry) Pvt. Ltd. ..	44,656	1,055	Anglo-French Textiles Ltd. ..	153.00	100	15.00	15.00	12.00		12	Y.P.
11,98,600	10,68,000	66,93,764	34,73,533	9,862	Setna & Co.	24,800	..	Asher Textiles Ltd.	209.75	100	12.50	10.00	15.00	12.50	6	Y.
72,00,000	31,68,532	2,25,63,268	1,29,94,936	316	N. Jagannadas, Esq. (Chairman) ..	30,136	725	Ashok Jam Mills	67.00	100	4.00	6.00	3.50		9	Y.
1,21,50,000	1,80,16,667	4,39,35,517	3,39,92,938	2,53,356	D. W. Law, Esq. (Chairman) ..	43,044	1,157	Bangalore Woollen	236.00	100	18.00	18.00	18.00		12	Y.P.
4,75,79,300	6,30,215	8,58,01,749	2,49,332	2,02,279	Gaekwad Chimal & Co. Private Ltd. ..			Birla Cotton Mfg. Corporation ..	93.00	*Nil*	*Nil*	*Nil*	*Nil*	*Nil*		
99,90,950	1,66,93,738	1,99,66,322	1,29,99,553	19,265	Birla Brothers Private Ltd. ..	39,896	1,094	Birla Cotton Spg. & Wvg. ..	27.00	10	1.00	2.00	2.00	2.00	3	Y.
1,78,47,800	4,11,85,586	9,77,33,640	5,97,27,978	2,05,182	D. W. Law, Esq. (Chairman) ..	1,19,960	2,752	Buckingham & Carnatic	293.00	100	10.00	18.00	18.00		12	Y.P.T.
20,00,000	5,67,950	55,86,803	33,38,813	8,270	G. W. Sam & Co.	9,150	4	Gandhi Mills	9.50	10	0.90	1.20	0.90		12	Y.P.
29,99,500	7,40,449	70,87,685	40,29,325	33,804	Damodaran & Co.	20,000	..	Cannanore Spg. & Wvg.	100.00	100	17.00	20.00	20.00	8.00	3	Y.
9,36,560	8,37,000	73,40,791	40,66,205	10,143	United Industries (Pudukottai) Private Ltd. ..	31,200	..	Cauvery Spg. & Wvg. Mills Ltd. ..	15.50	10	1.50	1.50	1.50		3	Y.P.
30,00,000	62,22,574	1,00,62,206	67,75,322	49,055	The British India Corporation Ltd. ..	27,624	584	Cawnpore Textiles	7.00	5	0.35	0.50	0.50		6	Y.
46,87,500	10,75,722	4,86,86,221	1,91,18,341	—43,79,051	Tata Industries Private Ltd. ..	1,15,188	2,064	Coimbatore Mills	90.00	100	*Nil*	*Nil*	*Nil*	*Nil*	6	Y.P.
85,00,000	1,30,40,474	1,38,59,221	71,81,825	..	N. Bheema Naidu & Co. ..	54,464	..	Coimbatore Cotton Mills	167.00	100	12.00	16.00	9.00		12	Y.P.
17,65,300	3,75,904	..	53,48,398	35,83,294	.. ..	28,420	100	Coimbatore Murugan Mills ..	108.00	100	12.00	12.00	10.00		12	Y.P.
29,71,100	83,64,982	1,31,25,717	71,45,374	6,316	T. R. V. Nadar & Co. ..	43,346	..	Coimbatore Pioneer Mills ..	99.50	100	10.00	25.00	15.00		12	Y.P.
20,70,900	63,000	1,40,79,425	1,00,67,591	3,810	G. Purushothama Naidu, Esq. (Ch.) ..	78,892	291	Coimbatore Spg. & Wvg. ..	115.50xd	50	*Nil*	5.00	4.50		12	Y.
84,50,945	51,47,423	1,71,30,780	84,97,413	2,467	R. Hanumanthappa & Sons	40,864	472	Davangere Cotton Mills	132.50	100	12.00	12.00	12.00	12.00	3	Y.
4,18,36,563	8,09,66,555	19,38,57,383	10,78,95,481	1,46,548	B. R. Charat Ram Private Ltd. ..	1,17,776	2,405	Delhi Cloth & General Mills ..	47.31	25	3.00	3.25	5.25	3.25	6	Y.P.T
1,00,563										25	0.30	0.325	0.525	0.325		
46,80,000	24,70,832	1,45,02,994	84,02,886	2,447	M. N. Chettiar & Sons	46,808	..	Dhanalakshmi Mills	100.00xd	100	17.50	17.50	17.50		12	Y.
40,00,000	2,20,02,473	2,01,88,091	1,07,77,550	5,435	The British India Corporation Ltd. ..	59,460	2,080	Elgin Mills	21.75	10	1.15	1.75	1.75	1.75	9	Y.P.
40,00,000	89,40,497	1,21,07,670	39,85,590	1,551	J. H. Mehta, Esq. (Chairman) ..	32,160	689	Gaekwar Mills Ltd.	181.25	100	10.00	16.00	16.00		12	Y.
78,21,600	85,91,885	2,37,33,344	1,36,33,668	244	Forbes Forbes Campbell & Co., Ltd. ..	74,286	..	Hukkeri Mills	151.00	100	14.00	14.00*	14.00		12	Y.
2,80,00,000	10,85,77,000	14,75,97,741	5,77,35,042	3,547	Birla Gwalior Private Ltd. ..	..	..	Gwalior Rayon	42.50	10	2.00	2.25	2.50	2.50	3	Y.P.
2,49,56,500	..	4,95,91,597	..	—4,07,724	Veraval Rayon Industries (Private) Limited ..	78.00	100.00	*Nil*	*Nil*	*Nil*	*Nil*				6	Y.P.
50,00,000	26,00,000	2,14,12,169	1,39,39,876	8,880	K. L. Seksaria, Esq. (Chairman) ..	56,736	1,856	Indore Malwa United	207.00	100	6.50	10.00	7.50		12	Y.
15 54,000	15,81,454	94,53,049	47,14,356	—5,95,113	Bhairuratan Damani, Esq. (Managing Director) ..	20,688	511	Jam Shri Ranjitsinghji	1,150.00	1,000	60.00	60.00	*Nil*		6	Y.
8,00,000	9,66,983	36,52,950	25,37,974	..	K. Bhagyalakshmi (Mg. Director) ..	23,784	..	Janardana Mills	60.00	50	4.50	4.50	3.00		12	Y.
16,91,930	14,95,335	58,89,253	50,96,573	23,599	Umaiyambika & Co.	45,052	..	Jawahar Mills Ltd.	9.50	5	0.75	0.75	0.75		12	Y.
4,65,65,300	3,76,99,725	9,05,92,282	1,81,52,309	1,25,699	Birla Gwalior Private Ltd. ..	59,204	1,647	Jaykaycot Cotton	12.52	10	*Nil*	0.30	0.50		3	Y.P.
1,25,00,000	81,34,321	5,80,30,869	2,25,99,442	19,944	Sir Padampat Singhania (Chairman).	40,322	980	J. K. Cotton Spg. & Wvg. ..	12.50	10	1.25	1.25	*Nil*		12	Y.P.
1,25,00,000	2,49,884	1,58,41,676	15,70,028	..	Mr. G. K. Singhania (Chairman) ..			K. K. Synthetics Ltd.	10.00	10		1.00	*Nil*		6	Y.P.
67,20,000	22,53,151	2,08,31,629	90,50,078	12,617	Kothari & Sons	60,028	288	Kothari Textiles	9.35	10	1.00	0.80	0.80		12	Y.P.
71,00,000	95,72,660	4,19,15,313	2,18,44,368	17,087	G. K. Naidu & Co.	1,41,888	300	Lakshmi Mills	137.00	25	10.00	15.00*	12.50	5.00	3	Y.
A. 35,80,000									70.00	25	5.00	7.00*	6.25			
50,00,000	51,88,376	4,55,52,376	3,20,16,019	—10,60,896	Pratapsinh Mathuradas, Esq. (Ch.) ..	1,01,584	2,612	Lakshmi Vishnu Cotton	101.50	100	5.71	6.00	*Nil*		12	Y.P.T.
1,75,02,480	6,09,41,668	9,97,92,571	5,41,37,485	59,354	A. & F. Harvey Ltd.	4,25,183	109	Madura Mills	35.50xd	15	2.25	2.25	2.25	2.625	12	Y.T.
58,00,000	1,90,75,938	2,88,85,608	1,59,56,887	18,095	Navinchandra Purshotamdas & Co. Ltd. ..	52,216	908	Mafatlal Fine Spg. & Mfg. Co., Ltd.	622.50	100	30.00	30.00	30.00		12	Y.P.
60,00,000	29,77,275	69,86,614	54,97,553	45,412	W. A. Beardsell & Co. (Private) Ltd. ..	23,656	603	Mettur Industries Ltd.	286.00	100	20.00	22.50	20.00	20.00	12	Y.P.
39,59,700	15,34,014	1,51,54,041	62,85,530	1,21,461	Mirzapur Co. Private Ltd.	42,248	706	Mirzapur Mills	60.00	100	*Nil*	*Nil*	*Nil*		6	Y.
94,91,850	1,00,000	1,94,61,452	1,48,76,219	30,97,621	Mr. R. T. Desai (Secretary)	52,408	950	Model Mills (Nagpur)	87.50	250	*Nil*	*Nil*	*Nil*		6	Y.
1,15,33,805	64,00,303	4,47,32,910	2,02,33,696	12,095	R. B. G. Mody & Bros. Pvt. Ltd. ..	..	..	Modi Spg. & Wvg. Mills	15.87	10	1.50	1.70	1.60	0.90	4	Y.
28,33,610									7.50	5						
59,48,000	49,67,805	1,88,69,917	83,05,400	38,074	N. Sirur & Co. Private Ltd. ..	50,492	500	Morvi Spg. & Mfg.	44.50	50	7.00	7.00	6.00	*Nil*	3	Y.P.
31,50,000	56,21,083	69,27,841	18,76,000	1,116	J. H. Mehta, Esq. (Chairman) ..	24,060	453	Mafatlal Industries Silk Mills Ltd.	151.25	100	12.00	12.00	8.50		12	Y.P.
68,00,000	..	2,47,39,462	1,39,29,109	—22,17,524	B. Patnaik & Co. Private Ltd. ..	47,728	866	Orissa Textile Mills Ltd. ..	9.00	10	*Nil*	*Nil*	*Nil*		3	Y.P.
37,24,800	7,84,170	1,33,11,439	79,49,908	—13,23,955	H. A. Hasham, Esq. (Secretary ..	37,788	902	Osmanshahi Mills	45.00	100	*Nil*	*Nil*	*Nil*		3	Y.
'A' 4,00,000	20,31,551	89,60,426	49,99,728	3,755	Baghyalakshmi & Co.	47,600	..	Palani Andavar Mills	202.75	50A	25.00	25.00	17.50		12	Y.P
'B' 6,00,000									250.38	75B	37.50	37.50	26.25			
15,00,000	..	43,45,834	25,34,965	—17,90,351	John & Co.	27,980	700	Pandian Mills Ltd.	90.00	100	*Nil*	*Nil*	*Nil*		12	Y.
65,18,120	34,97,023	1,24,48,506	62,42,182	4,908	C. D. Gurusawmy Naidu & Co. ..	50,704	800	Radhakrishna Mills	29.50	25.00	3.00	3.125	2.50		12	Y.
28,21,000	35,61,860	1,55,17,045	80,85,094	609	Mukundlal Banalal & Sons	26,180	550	Raja Bahadur Motilal Mills ..	85.00	100	7.00	6.00	4.00		12	Y.
30,00,000	38,23,643	1,13,52,126	59,70,757	4,998	H. R. Nadin & Sons	49,296	..	Rajalakshmi Mills	93.00	50	6.00	7.50	7.50	16.00	3	Y.
10,14,000	26,89,000	..	10,67,206	..	Rahoo Agencies Co.	36,044	..	Rajapalayam Mills	148.80	100	9.00	16.00	16.00		3	Y.
29,78,400	6,78,434	58,90,510	36,05,488	1,046	Mr. M. Lakshmikantha Reddy (Chairman) ..	21,200	..	Rayalaseema Mills	138.50	100	15.00	15.00	15.00		12	Y.
10,00,000	21,17,736	85,44,410	44,84,116	22,936	S. R. F. Ponnuswamy Chetty & Sons.	25,024	..	Sivanandha Mills Ltd.	25.00	10	2.20	2.50	2.50		12	Y.
94,27,380	..	5,78,58,174	1,06,58,174	85,759	Birla Brothers Pvt. Ltd.	..	..	Sirsilk Ltd.	11.50	10	*Nil*	*Nil*	*Nil*		13	Y.P.
4,90,00,000	7,16,877	8,79,94,291	2,30,91,022	—84,09,301	G. K. Devarajulu, Esq. (Chairman) ..	1,15,776	..	South India Viscose Ltd.	135.50	100	*Nil*	*Nil*	*Nil*		12	Y.P.
13,30,825	12,34,077	52,70,909	22,08,377	..	K. Venkataswamy & Co.	22,372	..	Sri Kannapiran Mills Ltd. ..	11.24	10	1.50	1.20	0.60		12	Y.
36,69,700	17,81,361	1,67,59,400	93,87,896	837	H. N. Pallegar, Esq. (Managing Director)	42,934	388	Sri Krishnarajendra Mills ..	57.50	50	5.50	5.50	5.50	*Nil*	3	Y.
15,36,800	7,60,643	99,01,438	68,02,954	2,327	S. N. Rangaswami Naidu & Sons ..	32,260	..	Sri Ramakrishna (Coimbatore) Ltd. ..	217.80	100	23.00	23.00	23.00	23.00	3	Y.
15,02,500	10,71,452	85,59,850	39,91,136	9,058

NORTH INDIAN TEA ESTATES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Tea	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP	1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	Accounts Closed	Reference
ASSAM															
4,45,700	16,87,403	27,43,433	11,03,330	....	McLeod & Co., Ltd.	368H	Amlickie	17.25	10	*Nil*	1.00	0.75		12	Y.P.
2,75,000	7,77,237	10,81,576	2,19,307	449	M.	466	Ananda (Assam) Tea	27.00	10	2.00	2.00	2.50		12	Y.
7,03,250	8,92,782	20,36,373	7,49,169	3,627	Gillanders Arbuthnot & Co., Ltd.	505H	Ananda Bag	33.25	10	3.00	3.25	2.00		12	Y.
5,50,000	15,34,741	29,19,154	12,97,900	2,026	McLeod & Co., Ltd.	242H	Baghmari	13.12	10	*Nil*	1.50	0.75		12	Y.
7,85,000	10,66,655	28,03,148	9,41,235	46,930	Andrew Yule & Co., Ltd. ..	161H	Basmatia	24.25	10	3.50	2.50	2.50		12	Y.
4,95,500	7,02,005	20,43,695	11,02,052	26,199	National Tea Corporation ..	261H	Bateli	13.38	5	1.50	1.50	1.50		12	Y.
36,40,000	12,25,191	20,62,469	8,49,730	10,436	Gillanders Arbuthnot & Co., Ltd.	619	Beijan	30.37	10	4.00	4.50	3.00		12	Y.
9,00,000	15,10,157	28,25,197	39,20,766	2,00,440	Williamson Magor & Co., Ltd.	1,394H	Bilmanath	17.10	10	1.30	1.30	2.00		12	Y.
6,00,000	5,03,003	16,37,466	4,29,270	6,949	Octavius Steel & Co., Ltd. ..	194H	Bokakhat	13.00	10	*Nil*	1.20	1.30		12	Y.
7,50,000	11,92,375	19,37,576	2,57,329	14,236	McLeod & Co., Ltd.	220H	Borrah Jan Tea	13.00	10	1.50	1.50	1.50		12	Y.P.
35,00,000	15,29,180	1,09,65,127	40,74,483	7,216	J. P. Hannay, Esq. (Chairman)	1,147H	Brooke Bond	11.75	10	1.50	1.00	0.75	0.75	6	Y.
1,20,000	9,31,622	14,69,647	5,39,819	3,613	McLeod & Co., Ltd.	137H	Dejoo Valley	60.00	10	1.50	2.00			12	Y.
8,40,000	9,51,450	35,04,456	22,26,999	....	Jardine Henderson Ltd.	1,112H	Dessai & Parbutia	187.00	100	*Nil*	10.00	15.00		12	Y.
17,53,440	15,56,855	39,98,614	11,99,830	7,859	James Warren & Co., Ltd. ..	728H	Dhelakhat	20.87	10	1.25	1.00	0.80		12	Y.P.
7,00,000	8,35,000	30,37,824	9,91,224	20,499	S. L. Dhanuka, Esq. (Chairman)	559H	Dhunseri	11.87	10	2.00	1.50	1.00		12	Y.P.
4,50,000	16,36,695	23,94,330	6,85,811	22,945	McLeod & Co., Ltd.	295H	Dibrugarh	24.62	10	4.00	4.00	3.00		12	Y.P.
4,73,400	8,52,500	19,75,680	9,36,680	79,777	Williamson Magor & Co., Ltd.	256H	Dimakusi	21.87	10	2.50	2.00	2.50		12	Y.P.
7,00,620	15,63,500	32,80,277	17,92,077	92,668	Williamson Magor & Co., Ltd.	274H	Dufflaghur	25.81	10	2.50	2.50	3.00		12	Y.
10,00,000	11,55,600	35,35,851	15,04,371	70,423	Williamson Magor & Co., Ltd.	481H	East India Tea	15.12	10	*Nil*	*Nil*	1.00		12	Y.
5,03,760	6,32,810	22,05,083	8,04,527	4,482	M.	242H	Gilapukri	27.56	10	2.50	2.00	1.50		12	Y.
5,76,000	7,48,500	24,39,040	11,97,540	48,690	Williamson Magor & Co., Ltd.	228H	Gohpur	14.69	100	*Nil*	0.50	2.00		12	Y.
23,23,985	39,47,798	89,84,977	29,09,374	12,115	Octavius Steel & Co., Ltd. ..	1,142H	Gossaipur Tea	7.10	5	0.50	0.50	0.50		12	Y.
5,00,000	7,55,258	18,14,461	6,48,084	9,246	M.	197H	Hoograjuli	27.62	10	2.00	2.00	1.75		12	Y.
5,70,000	15,02,799	45,04,460	18,52,158	58,569	Andrew Yule & Co., Ltd. ..	542H	Hoolingocree	200.00	100	10.00	7.50	20.00		12	Y.
37,48,000	80,00,126	2,89,47,473	1,09,47,473	45,253	Birla Brothers Private Ltd. ..	2,354H	Jay Shree Tea & Industries	14.50	10	1.10	1.25(*)	1.25		12	Y.P.
9,00,000	11,65,055	26,42,421	7,33,036	2,235	Gillanders Arbuthnot & Co., Ltd.	963	Jutlibari	27.87	10	3.00	3.00	2.00		12	Y.
3,50,000	16,41,000	29,14,472	12,63,393	17,795	M.	1,226	Kingsley-Golaghat (Assam)	125.00	100	35.00	35.00	35.00		12	Y.P.
1,80,000	1,45,000	25,12,263	5,60,356	1,622	Duncan Bros. & Co., Ltd. ..	494H	Kotamullai Tea	8.25	5	*Nil*	*Nil*	*Nil*		12	Y.P.
6,50,000	9,50,234	19,09,511	5,81,483	8,744	Duncan Bros. & Co., Ltd. ..	238H	Ledo	13.76	10	*Nil*	*Nil*	*Nil*		12	Y.
10,00,000	24,70,000	24,00,181	9,28,442	8,441	Octavius Steel & Co., Ltd. ..	292H	Mahaioni	11.00	10	0.50	1.40	2.00		12	Y.
4,80,000	1,09,617	17,53,596	4,81,441	42,837	M.	282H	Mohoema	11.00	10	*Nil*	*Nil*	*Nil*		12	Y.P.
1,50,000	13,65,825	3,35,398	10,660	45,423	Kettlewell Bullen & Co., Ltd.	135	Mothola	507.00	100	30.00	30.00	35.00		12	Y.
1,75,000 } 2,00,000 }	9,31,447	23,74,819	9,06,794	35,314	Andrew Yule & Co., Ltd. ..	160H	Murphulani	26.50	O. 0.50	2.50	2.50	2.50		12	Y.
								29.00	F.O. 10	1.063	2.063	3.063			
5,88,500	4,72,962	31,29,918	7,65,720	67,626	Ind. Supply & Agency Co. Pvt. Ltd.	527H	Namburaadi	12.87	10	1.20	1.20	0.70		12	Y.
5,00,000	3,97,337	12,29,401	5,20,018	12,000	Duncan Bros. & Co., Ltd. ..	299H	New Chumtollah	455.00	100	*Nil*	*Nil*	5.00		12	Y.
6,00,000	7,57,922	21,53,445	7,02,858	38,418	Andrew Yule & Co., Ltd. ..	170H	Rajgarh	19.00	10	4.00	1.85	1.75		12	Y.
18,50,000	4,53,937	43,51,845	17,75,238	7,858	M.	499H	Sapoi	19.00	10	2.25	2.00	1.00		12	Y.
2,40,000	6,55,000	14,27,092	7,91,123	74,945	Williamson Magor & Co., Ltd.	208H	Seajuli	25.12	10	2.25	1.50	3.00		12	Y.
5,98,000	15,24,544	27,22,993	9,36,902	6,325	McLeod & Co., Ltd.	198H	Teloijan	22.12	10	2.50	2.50	2.50		12	Y.
2,90,000	7,41,936	20,03,751	10,25,989	384	Gillanders Arbuthnot & Co., Ltd.	565H	Tingamatee	22.00	10	3.00	2.50	2.25		12	Y.P.T.
19,82,580	22,80,346	53,68,589	22,92,613	20,902	Shaw Wallace & Co., Ltd. ..	949H	Tespore	14.50	10	1.00	1.25	1.25		12	Y.P.
5,20,000	30,30,165	57,65,014	22,54,407	1,024	McLeod & Co. Ltd.	1,050	Tyroon	27.75	10	1.00	1.50	2.50		12	Y.P.
CACHAR															
3,00,000	1,25,000	5,28,651	2,08,457	2,000	M.	66Z	Arcutipore	6.19	10	*Nil*	0.50	0.50		12	Y.
12,60,000	15,76,132	35,30,320	15,82,922	45,496	Octavius Steel & Co., Ltd. ..	943H	Hatilichira	7.75	10	*Nil*	0.80	*Nil*		12	Y.
3,60,000	10,01,402	4,80,178	2,90,927	—1,85,249	P. D. Datta, Esq. (Mg. Director)	680	Kanchumpore	5.50	10	*Nil*	*Nil*	*Nil*		12	Y.
12,60,000	11,42,054	30,23,006	7,99,587	5,556	Assam Trading Co.	2,221	North-Western Cachar ..	175.00	100	30.00	20.00	10.00		12	Y.
2,60,000	2,02,663	14,16,445	5,55,761	—1,69,118	McLeod & Co., Ltd.	255H	Roopacherra	9.94	10	*Nil*	1.00	*Nil*		12	Y.
5,25,000	12,03,500	17,00,332	4,02,755	1,024	Duncan Bros. & Co., Ltd. ..	310H	Rungamattee	50.00	50	5.00	2.50	2.50		12	Y.
4,00,000	2,94,472	9,27,866	1,38,394	30,021	M.	283H	Sonai River	5.06	10	*Nil*	*Nil*			12	Y.P.T.
DARJEELING															
2,70,000	1,56,000	4,93,311	1,20,611	8,294	Williamson Magor & Co., Ltd.	166H	Chamong	9.00	10	*Nil*	1.00	1.20		12	Y.
3,75,900	3,51,900	13,33,833	3,28,728	3,630	Macneill & Barry Ltd.	1,001	Darjeeling Tea & Chinchona	197.00	100	30.00	20.00	30.00		12	Y.
2,00,000	2,00,148	6,75,730	1,94,331	684	M.	488	Dilaram	102.50	100	8.00	4.00			12	Y.
2,00,000	2,58,163	10,29,683	4,46,550	25,234	Davenport & Co., Ltd.	507	Gielle	16.06	10	*Nil*	1.00	1.50	1.50	2	Y.P.
1,59,000	4,14,250	6,53,482	2,79,700	17,198	Andrew Yule & Co., Ltd. ..	187H	Mim	275.00	100	22.50	20.00	27.50		12	Y.
3,00,000	5,54,857	6,05,042	1,08,096	1,47,127	Williamson Magor & Co., Ltd.	279H	Nagari Farm	29.62	10	3.00	2.50	3.50		12	Y.
4,00,000	3,21,500	7,24,126	3,30,287	3,663	M.	205H	Okayti	600.00	100	25.00	25.00	25.00		12	Y.P.
3,00,000	1,25,000	6,50,930	2,66,457	30,518	Duncan Bros. & Co., Ltd. ..	194H	Poobong	7.37	10	*Nil*	*Nil*	0.50		12	Y.
9,00,000	10,12,339	15,00,350	4,25,245	2,449	Goenka & Co.	582	Singtom	3.75	10	0.50				12	Y.P.
4,50,000	5,38,800	9,70,240	4,45,740	58,632	Williamson Magor & Co. Ltd.	224H	Soom	40.00	10	5.00	4.00	4.00		12	Y.
6,25,000	13,02,062	20,57,533	7,07,996	16,503	McLeod & Co., Ltd.	298H	Sungma	14.19	10	1.50	1.50	2.00		12	Y.
3,20,000	3,67,133	10,99,945	7,01,044	1,789	Davenport & Co., Ltd.	718	Testa Valley	14.37	10	*Nil*	1.00	1.00	1.00	2	Y.
DOOARS															
27,00,000	32,62,760	97,71,475	35,97,480	41,581	Andrew Yule & Co., Ltd. ..	1,052H	Banarhat	232.00	100	22.50	21.00	21.00		12	Y.P.
12,00,000	23,27,925	58,66,938	31,39,445		Jardine Henderson Ltd.	435H	Baradighi	23.09	10	3.00	2.50	2.50		12	Y.
2,00,000	20,57,434	34,94,885	15,80,389	4,365	McLeod & Co., Ltd.	1,112	Bhatkawa	17.26	10	1.50	1.50	2.00		12	Y.
9,00,000	22,16,500	37,06,779	12,28,144	13,620	Duncan Bros. & Co., Ltd. ..	597H	Birpara	161.50	100	17.15	12.50	17.50		12	Y.P.
6,00,000	10,72,000	17,84,151	5,85,224	2,090	Duncan Bros. & Co., Ltd. ..	244H	Canada	117.00	50	20.00	5.00	7.50		12	Y.
9,00,000	14,50,683	38,68,724	13,82,983	43,000	Andrew Yule & Co., Ltd. ..	365H	Choonabhutti	211.00	100	32.50	20.00	20.00		12	Y.P.
3,00,000	1,93,500	11,16,805	5,37,999	10,500	Duncan Bros. & Co., Ltd. ..	197H	Ellenbarrie	195.00	100	5.00	5.00	10.00		12	Y.
4,90,000	71,547	13,50,780	4,26,597	13,799	M.	447	Khoiburrie	11.87	10	0.50	0.50	0.75		12	Y.
7,50,000	10,34,583	26,51,579	13,19,149	2,548	Gillanders Arbuthnot & Co., Ltd.	1,048H	Gairkhata	21.50	10	2.50	2.00	1.10		12	Y.
35,00,000	42,81,500	80,95,377	30,60,923	24,266	Duncan Bros. & Co., Ltd. ..	1,034H	Hantapara	107.00	100	15.00	5.00	10.00		12	Y.P.
64,70,000	75,82,749	1,31,39,726	73,05,417	1,59,760	Davenport & Co., Ltd.	2,314H	Hashimara Industries Ltd.	12.12	10	1.70	....	2.25	1.89	3	Y.
16,50,000	17,26,078	43,10,459	17,08,078	72,171	Davenport & Co., Ltd.	1,452	Huldibari	12.25	10	2.25	....	2.25	1.19	3	Y.
7,00,000	8,26,464	14,91,527	5,96,410	—1,86,669	M.	246H	Jaybirpara (Dooars) ..	8.62	10	1.00	*Nil*	*Nil*		12	Y.
2,00,000	21,88,058	29,28,117	10,43,970	15,000	Duncan Bros. & Co., Ltd. ..	375H	Kilcott	15.50	10	2.50	1.50	1.50		12	Y.
2,00,000	5,58,176	19,32,328	4,84,095	8,108	M.	247H	Manabarrie	59.50	10	1.00	0.60	1.00		12	Y.
9,60,000	24,61,500	31,00,491	11,22,592	14,856	Duncan Bros. & Co., Ltd. ..	466H	Nagaisuree	185.00	100	25.00	15.00	15.00		12	Y.
14,72,000	21,71,723	51,46,596	17,45,039	6,049	Andrew Yule & Co., Ltd. ..	471H	New Dooars	231.00	100	35.00	20.00	14.50		12	Y.P.
2,50,000	3,87,500	4,44,083	2,55,631	5,824	Duncan Bros. & Co., Ltd. ..	126H	Phaskowa	125.00	100	*Nil*	*Nil*	*Nil*		12	Y.
6,00,000	11,35,058	18,13,264	5,94,480	4,384	McLeod & Co., Ltd.	286H	Rajabhatkhawa	12.00	10	*Nil*	*Nil*	0.60		12	Y.
7,55,000	17,47,050	35,13,103	17,55,009	2,737	McLeod & Co., Ltd.	654H	Ranicherra	12.75	10	1.50	1.50	0.75		12	Y.
14,92,800	30,35,064	75,95,586	42,81,938	....	Jardine Henderson Ltd.	726H	Rydak	25.75	10	2.50	2.00	2.50		12	Y.
SYLHET															
3,00,000	17,99,706	20,80,164	7,09,494	2,216	Octavius Steel & Co., Ltd. ..	637	Chundeschera	26.00	10	*Nil*	*Nil*	*Nil*		12	Y.
6,00,000	12,20,551	12,68,297	3,57,086	30,452	Duncan Bros. & Co., Ltd. ..	280H	Dauracherra	12.81	10	2.20	2.50	2.00		12	Y.
3,59,930	14,70,000	20,02,426	9,89,542	2,06,618	Shaw Wallace & Co., Ltd. ..	1,065	New Satsangag	138.37	10	3.50	4.00	4.00		12	Y.P.
36,00,000	68,43,644	84,74,192	33,13,491	26,078	Duncan Bros. & Co., Ltd. ..	1,660H	Patrakola P.	135.00	100	32.50	40.00	15.00		12	Y.
9,00,000	22,53,327	26,69,139	7,47,967	29,229	Duncan Bros. & Co., Ltd. ..	488H	Tellapara	92.50	100	22.50	22.50	10.00		12	Y.
TERAI															
4,50,000	1,64,350	24,13,858	8,24,748	4,165	Goenka & Co. Private Ltd. ..	667	Atali	6.34	10	0.50	*Nil*	*Nil*		12	Y.P.T.
5,00,000	6,94,761	6,73,344	3,65,467	20,800	National Tea Corporation ..	228H	Belgachi	20.50	10	2.00	2.00	1.00		12	Y.
13,44,000	27,42,000	34,32,265	4,56,462	10,812	Duncan Bros. & Co., Ltd. ..	446H	Gangaram	131.00	100	20.00	12.50	12.50		12	Y.
1,00,000	13,10,500	17,75,357	7,15,030	18,241	Duncan Bros. & Co., Ltd. ..	214H	Hanuqua	17.50	10	2.00	1.50	1.75		12	Y.
3,00,000	9,72,507	12,09,234	5,13,628	12,392	Davenport & Co. Ltd.	514	New Chumta	20.37	10	1.50	1.50	2.00	2.00	2	Y.
2,20,000	13,68,350	17,44,592	7,97,685	43,939	McLeod & Co., Ltd.	332H	Tirrihannah	73.00	10	6.00	6.00			12	Y.

H—Area in Hectares.

MISCELLANEOUS COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP	1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	Accounts Closed	Reference
CEMENT														
71,03,170	9,97,508	1,81,21,932	99,24,065	2,172	V. Ramakrishna, Esq. (Chairman)	Andhra Cement Co.	10.10	B. 10	1.00	1.00	0.90	0.70	12	Y.P.
59,90,843	17,06,000	2,01,45,189	42,74,306	10,914	A. K. Jain, Esq. (Chairman) ..	Ashoka Cement Ltd.	7.25	10	0.70	0.70	0.70	0.70	3	Y.T.
43,14,900 } D. 4,70,978 }	6,72,053	1,53,17,758	92,01,096	69,036	Eastern Corporation Private Ltd.	Assam Bengal Cement Co., Ltd.	{ 0.50 O. 10 / 0.81 D. 1	*Nil* *Nil*	*Nil* *Nil*	*Nil* *Nil*	*Nil* *Nil*		3	Y.T.
19,06,68,750	10,47,95,775	45,36,88,415	22,99,67,559	58,243	Cement Agencies (Private) Ltd.	Associated Cement Companies ..	151.00	100	12.00	12.00	12.00	12.00	12	Y.
85,85,842	19,34,726	2,61,31,380	75,49,003	—1,06,333	Tulsidas Kilachand, Esq. (Chairman)	Bagaikot Cement Co., Ltd. ..	7.72	10	*Nil*	*Nil*	*Nil*		3	Y.
1,66,00,000 } D. 5,00,000 }	99,52,704	3,14,37,695	1,31,79,444	....	Hari Brothers Private Ltd. ..	Dalmia Cement (Bharat)	{ 13.35 O. 10 / 2.29 D. 1	1.20 0.12	1.20 0.12	1.20 0.12			12	Y.P.T.
4,87,10,400	59,91,225	5,10,11,700	2,10,52,421	1,46,643	Essen Private Ltd.	India Cements Ltd.	5.73	5	0.55	0.60	0.50	0.45	3	Y.P.
2,50,00,000	1,35,92,184	8,88,70,126	3,17,44,808	19,944	Sahu Jain Ltd.	Jaipur Udyog Ltd.	12.06	10	0.60	0.80	0.836	1.00	3	Y.P.T.
1,39,450	....	1,00,22,260	9,88,657	—9,84,155	P. A. O. Ramasamy Raja & Co.	Madras Cements	80.00	100	*Nil*	*Nil*			9	Y.
4,94,950	....	1,46,83,832	....	....	Sterling Enterprises Pvt. Ltd. ..	Mysore Cements Ltd.	9.29	10	*Nil*	*Nil*	*Nil*		6	Y.
2,25,00,000	1,36,03,808	6,29,57,223	2,95,55,805	....	Dalmia Agencies Private Ltd. ..	Orissa Cement Ltd.	14.00	10	1.50	1.50	1.00		12	Y.P.
74,70,000	14,72,278	1,14,02,098	45,58,450	1,340	Panyan Ind. Agencies (Pvt.) Ltd.	Panyan Cements & Mineral Industries..	86.00	100	*Nil*	*Nil*	8.00	*Nil*	3	Y.P.
1,47,02,125	84,26,113	5,75,13,784	2,22,25,319	56,953	Shree Laxmi Agents Private Ltd.	Shree Digvijay Cement	184.00	100	9.00	10.00	10.00		12	Y.P.
75,00,000	32,76,500	2,36,08,875	1,72,55,785	7,167	A. K. Jain, Esq. (Chairman) ..	Sone Valley Portland Cement ..	4.31	5	0.20	0.30	0.40		12	Y.
50,00,000	9,26,542	1,39,23,273	75,68,314	14,085	Essel (Private) Ltd.	Travancore Cements Ltd.	7.30	10	0.60	0.60	0.70		12	Y.

* Includes bonus. M—Managed by the Board of Directors. XB—Ex-Bonus. 'C'—On increased Capital. Xd—Ex-dividend. Cd—Cum-dividend. cn—Cum-Right.

N.R.—Dividends paid since 31st March 1959 are shown as taxable "P"—Patrakola Tea. Dividends for 1959, 1960 and 1961 are payable only when funds are available from Pakistan.

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs	Dividend per Share 1960 Rs. nP	1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	Accounts Closed	Reference
CERAMIC; MINING AND QUARRYING														
36,00,000	12,111	67,05,606	23,63,316	2,915	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	8.00	10	0.60	0.60	0.50		3	Y.
18,50,000	6,35,242	23,23,358	12,41,519	777	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kotah) Ltd	24.00N	10	2.00	3.00	2.00		3	Y.P.
56,25,146	23,41,104	1,90,40,451	48,35,034	3,208	Bharat Ram Bhagat & Co.	Bengal Potteries	5.00	24	0.375	0.30	0.30		12	Y.
40,00,000	28,81,279	1,22,44,032	53,39,187	50,122	Bird & Co. Private Ltd.	Bijora Stone Lime Co.	21.00	10	3.00	3.00	1.00	1.25	3	Y.
4,17,800	20,91,290	51,28,934	19,91,934	3,342	Smt. K. M. Motichand Shah (Chairman).	Bombay Potteries and Tiles Ltd. ..	181.25	100	12.86	15.00	15.00		12	Y.P.
80,00,000	24,68,783	1,36,62,623	46,61,618	1,20,034	Saraf Mor & Co. Private Ltd. ..	Ferro Alloys Corporation Ltd.	113.00	100	8.00	11.00	9.00		12	Y.P.
£2,056,950	£2,324,878	£4,002,119	£2,243,738	£7,810	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	3.68	Sh. 2	0.36	0.36			12	Y.
₹5,00,000 } 15,00,000 }	27,81,955	34,18,630	10,76,454	1,40,029	Bird & Co. Private Ltd.	Karanpura Development	10.00	10	1.50	1.50			12	Y.P.
50,00,000		1,14,21,419	5,73,268	3,63,515	Khandelwal Industries Private Ltd. ..	Khandelwal Ferro Alloys Ltd.	61.00	100	*Nil*	*Nil*	*Nil*		12	Y.P.T.
30,00,000	55,55,899	1,70,20,512	82,30,436	25,499	Bird & Co. Private Ltd.	Kumardhubi Fireclay and Silica Works.	18.45	10	*Nil*	*Nil*	*Nil*		3	Y.P.
1,78,79,255	10,90,896	1,22,39,515	76,13,994	3,25,905	Sir Indra Singh, Kt. (Chairman) ..	Metal Corporation of India Ltd.	8.00	10	*Nil*	*Nil*	*Nil*		3	Y.
6,00,000	7,27,303	17,65,777	9,37,747	100	Mysore Industrial Development Co.	Mysore Stoneware Pipes & Potteries ..	11.57N	10	1.00	1.20	1.50	1.25	3	Y.
20,00,000	67,67,431	80,62,201	34,56,786	38,801	Bird & Co. Private Ltd.	Orissa Minerals	59.00	25	5.36	5.36	5.36	3.75	7	Y.P.
12,18,650	22,84,051	1,05,25,903	57,38,031	43,255	A. V. Chapure, Esq. (Chairman)	Parshuram Pottery Works Co., Ltd. ..	21.00	10	8.00*	*Nil*	*Nil*		11	Y.
20,86,650	54,10,475	1,10,96,407	49,48,144	—7,04,525	Killick Industries Ltd.	Shivrajpur Syndicate	28.12	10	3.00	2.75	3.00		12	Y.
4,85,840 } 4,80,680 }	10,46,690	27,59,491	9,68,263	23,403	S. N. Beri, Esq. (Secretary) ..	Sutna Stone & Lime Co. Ltd.	{ 1.00	5	1.00	1.375	1.50		12	Y.
CHEMICAL														
23,58,176	....	3,79,449	13,076	—26,545	Agri-Chem Engineers	Adarsh Chemicals & Fertilisers ..	78.00	100	*Nil*	*Nil*			12	Y.P.
1,24,50,000	79,42,309	3,08,89,995	1,16,84,003	82,961	Rayuma Services	Alembic Chemical Works Co.	170.00	100	14.00	14.00	12.00	1.50	12	Y.P.
3,10,00,000	2,26,33,273	8,39,01,420	2,46,53,284	5,071	Imperial Chemical Industries (India) Pvt. Ltd.	Alkali and Chem. Corpn. of India ..	33.37	10	1.20	1.50	1.50		9	FY.1
				15,605	Amrital & Co. Private Ltd.	Amar Dye-Chem. Ltd.	162.50	100	12.00	9.00	9.00		12	Y.P.
89,97,100	79,09,664

MISCELLANEOUS COMPANIES—*Continued*

INSURANCE (X)

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP	1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	Accounts Closed	Reference
13,50,000	75,06,126	2,00,31,419	77,74,822‡‡	32,703	N. M. Cole, Esq. (Mg. Director) ..	Concord of India	10.25	5	1.00	1.00	1.00		12	Y.
10,00,000	11,65,196	28,43,030		66,390	M.	Devkaran Nanjee Insurance ..	33.00	50	3.00	3.00			12	Y.
24,00,000	94,82,529	1,56,71,086	82,47,288‡‡	20,229	H. Y. B. Iengar, Esq. (Chairman)	Hercules Insurance	23.00	10	2.25	2.625	2.625		12	Y.
21,15,300	51,50,727	1,10,12,296	70,42,830‡‡	28,755	K. M. D. Thackersey, Esq. (Chairman).	Indian Mercantile Insurance ..	56.20	50	6.00	6.00	7.50		12	Y.
20,00,000	85,41,367	2,37,89,856	90,76,944‡‡	22,823	M. G. Mody, Esq. (General Manager) ..	New Great Insurance	24.76	20	2.50	3.00	3.00		12	Y.
1,06,61,500							46.50	15	5.70	5.70*	5.70*			
A. 35,60,535 }	3,72,48,582	21,92,35,446	11,42,30,735‡‡	8,20,715	B. K. Shah, Esq. (Mg. Director)‡	New India Assurance Co., Ltd. ..	48.00	15 New	5.70	5.70*	5.70*		} 12	Y.
32,00,000	1,51,62,532	3,21,30,570	1,47,54,225‡‡	....	K. P. Modi, Esq. (Gen. Manager)	Ruby General Insurance Co., Ltd.	30.12	8	0.80	1.05*	1.25		12	Y.
5,75,000	77,12,554	1,25,50,446	52,82,868‡‡	....	D. Fordwood, Esq. (Secretary)	Tyrton Insurance	130.00	25	11.25	12.50	12.50		12	Y.
15,32,070	43,79,980	1,13,31,374	52,82,203‡‡	[60,887	V. O. Setalvad, Esq. (Gen. Manager)	Vulcan Insurance Co., Ltd. ..	16.00	10	2.00	2.00	2.00		12	Y.

OIL

£281,250	£191,392	£519,077‡‡		[£3,762	T. Dwarkadas, Esq. (Chairman) ..	British Burma Petroleum Co. ..	2.60	Sh. 1½	8%	10%	8%	Nil	3	Y.
1,00,00,000	1,75,25,933	1,24,09,906	64,80,543	1,19,380	Steel Brothers & Co., Ltd.	Indo-Burma Petroleum Co., Ltd.‡	21.62	10	3.00	2.50	2.25	1.00	12	Y.P.
1,05,05,475	1,25,42,395	4,10,14,799	88,26,480	1,187	Tata Industries Private Ltd. ..	Tata Oil Mills	68.50	25	5.75	5.75	5.75	5.50	3	Y.P.T.
6,00,000	9,89,737	2,90,970	1,70,954	12,113	Andrew Yule & Co., Ltd.	Tide Water Oil Co.(India) Ltd. ..	83.19	10	8.00	8.50	8.		10	Y.

PAPER

47,10,000	27,82,512	1,47,84,122	34,50,652	[4,17,748	Jolly Ind. Agencies Private Ltd.	Anil Hardboard Ltd.	165.00	100	6.00‡	9.00‡	9.00‡		3	Y.P.
1,75,00,000		70,44,536	67,377	—79,559	B. L. Sharma, Esq. (Mg. Director)	Ashok Paper Mills Ltd.	4.62	7.50	Nil	Nil	Nil		12	Y.P.
1,43,22,500	1,01,48,137	3,05,47,410	2,33,73,187	50,922	K. C. Thapar & Bros. Private Ltd.	Ballarpur Paper and Straw Board Mills	17.31	10	1.43	1.45	1.45	1.45	6	Y.P.
58,50,000	63,55,637	3,00,20,406	2,04,10,592	50,816	N. D. Bangur, Esq. (Chairman)	Bengal Paper Mills	27.50	10	3.20	2.75	2.00		12	Y.P.
88,20,000	90,40,934	2,72,25,289	1,58,54,311	28,915	Andrew Yule & Co., Ltd. ..	India Paper Pulp	18.87	10	1.50'G'	1.50	1.20	1.50	3	Y.
25,00,000	....	25,23,761	1,188	—22,715	R. T. Popawala, Esq. (Chairman)	Jaynat Paper Mills Ltd.	80.00	100	....	Nil	Nil		6	Y.
1,42,74,880		4,25,81,763			Bedi & Co. Management Pvt. Ltd.	Mandya National Paper	7.30	10	Nil	Nil	Nil		6	Y.P.
72,24,943	52,30,488	1,74,02,008	1,22,01,169	15,100	M. D. Shivanandappa, Esq. (Chairman).	Mysore Paper Mills	12.40	10	1.25	1.50	1.50	1.50	3	Y.
1,90,87,250	5,73,98,270	11,24,38,800	4,89,00,203	93,457	Birla Brothers Private Ltd. ..	Orient Paper	39.85	10	1.50	2.00	2.25	2.00	3	Y.P.
49,96,625	11,21,780	55,92,155	18,88,132	96	Sardari Lal Talwar, Esq. (Chairman)	Paper Products Ltd.	118.00	100	....	24.00	18.00	10.00	7	Y.P.
3,49,61,075		6,19,02,469	28,391	—4,10,538	Seshasayee, Parsons & Whitemore Pvt. Ltd.									
						Seshasayee Paper & Boards Ltd.	8.00	10	Nil	Nil	Nil		3	Y.
1,2o,31,920	1,76,30,924	6,54,31,501	2,75,03,157	73,294	K. C. Thapar & Bros. Private Ltd.	Shree Gopal Paper Mills ..	25.87	10	1.78	1.78	1.78		12	Y.P.T.
2,73,19,050	94,29,176	7,26,50,709	3,11,59,709	1,08,791	Birla Brothers Private Ltd. ..	Shree Pulp & Paper Mills ..	13.24	10	0.65	0.85	0.85	0.50	3	Y.P.
1,00,00,000 }	8,52,298	5,05,02,118	63,60,638	56,480	Bajoria & Co.	Star Paper Mills	9.12	O. 10	Nil	Nil	Nil		} 9	Y.P.
A. 10,10,000 }							9.12	A. 10	Nil	Nil	Nil			
1,40,00,000	1,34,76,812	7,15,03,777	24,48,800	43,575	J. K. Agents Private Ltd. ..	Straw Products Ltd. $	10.37	10	Nil	Nil	Nil		12	Y.P.
10,00,000	....	2,47,242	5	7,397	Ram Bahadur Thakur & Co. ..	Thakur Paper Mills Ltd. ..	10.00	10	Nil	Nil	Nil		12	Y.
A 1,53,47,500							15,00,000	10	A. 2.50	2.50	1.00	1.00	3	Y.
B. 1,56,04,809 }	3,15,32,295	10,28,52,949	5,60,78,742	15,112	F. W. Heilgers & Co. Private Ltd.	Titaghur Paper Mills Co., Ltd.	16.06	B. 10	2.50	2.00	1.00	1.00	} 3	Y.P.T.
P.O. 4,37,500 }							3.25	P.O. 2½	0.225	0.325	0.325	0.325		
1,49,99,309	1,17,00,000	6,16,63,754	1,28,33,185	2,84,363	Gobindlall Bangur, Esq. (Chairman) ..	West Coast Paper Mills Ltd. ..	100.00	100	6.00	7.50	8.00	11.00	6	Y.P.

SAW MILLS AND TIMBER

19,99,998	19,59,800	34,02,459	15,15,023	—7,10,142	M. D. Jalan, Esq.	Assam Saw Mills	2.59	5	....	....	....		9	Y.
20,00,000	27,98,665	23,80,104	20,72,887	3,26,125	Gillanders Arbuthnot & Co., Ltd.	Indian Wood Products	29.50	10	3.00	3.00	3.00		9	Y.

SUGAR (U.P. and Bihar)

A. 14,00,000	9,32,007	39,94,692	28,99,157	—1,53,868	M.	Balrampur Sugar	1.75	2.50	0.20	0.20	0.10	Nil	6	Y.
B. 12,00,000 }	41,13,018	79,33,436	52,67,821	1,72,000	Narang Bros. & Co., Private Ltd.	Basti Sugar	128.00	A. 100	15.00	15.00	12.00	6.00	} 4	Y.T.
2,00,000 }							11.60 N	B. 10	1.50	1.50	1.20	0.60		
50,53,563	11,43,842	60,80,970	35,52,045	7,767	Bangur Bros. Ltd.	Beland Sugar	7.87	10	0.75	0.90	0.90		6	Y.
15,00,000	19,56,086	28,70,914	18,53,168	9,429	Cotton Agents Private Ltd. ..	Bharat Sugar	16.00	10	1.50	1.50	1.50	1.50	6	Y.P.
32,00,000	55,23,048	1,63,82,127	1,21,38,966	133	Gladstone Lyall & Co., Ltd. ..	Carew & Co.	11.50	10	Nil	Nil	Nil	Nil	6	Y.P.T.
80,00,000	59,84,997	1,91,95,738	1,12,10,151	—25,45,262	Gwynne Sugar Corporation Ltd. ..	Gwynne Sugar	9.12	10	Nil	Nil	Nil		6	Y.P.
18,00,000	47,91,301	93,21,057	63,53,286	—8,50,783	British India Corporation Ltd. ..	Champarun Sugar	12.62	10	1.50	1.20	Nil	Nil	6	Y.
9,58,050	6,04,985	36,14,997	23,08,642	—3,92,754	K. C. Thapar & Bros. Private Ltd.	Deoria Sugar	5.00	10	0.35	Nil			3	Y.P.
35,01,380	31,90,540	74,44,241	49,98,472	1,97,077	M.	Dharbanga Sugar Co., Ltd. ..	9.87	10	0.40	Nil	0.50		3	Y.
2,20,00,000	70,34,807	2,58,05,531	1,61,16,686	....	Bachraj & Co. Private Ltd. ..	Hindusthan Sugar Mills	200.00	100	29.00*	29.00*	14.00*	14.00*	6	Y.P.
20,91,050	5,53,212	1,05,12,162	45,45,779	19,039	Haldeo Kilachand, Esq. (Chairman	New Sugar Mills	100.00	50	9.00	10.00	10.00	10.00	7	Y.P.
7,92,100	23,05,189	61,13,988	40,39,291	10,710	Cotton Agents Private Ltd. ..	New India Sugar Mills	31.00	10	3.65	3.65	3.65	3.65	6	Y.
11,00,000	5,29,830	45,98,002	33,25,506	3,474	K. C. Thapar & Bros. Private Ltd.	New Savan	4.50	10	0.50	0.55	0.27		3	Y.
13,59,877	45,33,228	1,01,58,597	54,40,380	25,899	Cotton Agents Private Ltd. ..	New Swadeshi Sugar Mills ..	340.00	100	20.00	20.00			6	Y.P.
77,52,210	98,41,649	2,93,14,275	1,67,93,792	21,381	Cotton Agents Private Ltd. ..	Oudh Sugar	192.50	100	20.00	20.00	20.00		7	Y.P.
13,00,000	9,09,725	41,08,271	24,63,683	—4,20,930	G. C. Narang, Esq. (Chairman)	Punjab Sugar Mills Co., Ltd. ..	110.00	100	15.00	Nil			10	Y.
9,00,000	23,19,452	60,34,549	37,45,944	1,05,248	M.	Purtabpore Co.	10.81	10	0.60	Nil			6	Y.
20,00,000	4,48,500	29,38,331	17,51,194	419	GovanBros. (Rampur) Private Ltd.	Rampur Distillery & Chemical Co., Ltd.	5.75	10	0.40	0.40	Nil	0.50	3	Y.
85,00,000	26,97,845	56,27,871	46,45,516	10,354	Govan Bros. (Rampur) Private Ltd.	Ram Buland Sugar Co., Ltd. ..	10.37	10	1.25	1.00	1.00		6	Y.
11,92,760	13,00,877	6,66,242	58,59,591	—5,50,181	A. K. Roy, Esq. (Secretary) ..	Samastipur Central Sugar ..	4.10	10	Nil	Nil			6	Y.
10,00,000	28,60,789	1,64,51,453	94,64,048	2,995	Sahu Jain Ltd.	Shree Krishna Gyanoday Sugar	7.50	10	1.50	1.00	Nil		7	Y.P.T.
15,89,000	17,84,477	36,89,501	25,00,708	54,459	M.	Shri Sitaram Sugar	7.12	10	1.00	0.75			3	Y.
10,02,115	66,548	38,57,935	31,19,804	—14,09,845	D. P. Ghosh, Esq. and R. N. Datta, Esq. (Managing Directors)	Sitalpore Sugar	3.69	10	Nil	Nil	Nil	Nil	6	Y.
14,00,070	12,78,314	48,97,688	22,98,956	—3,75,891	M.	Tulpur Sugar	4.12	5	0.42	0.40	Nil	Nil	6	Y.
8,00,000	1,00,27,029	2,28,80,822	1,82,32,629	18,530	Cotton Agents Private Ltd. ..	Upper Ganges Sugar	74.75	10	7.25	7.25	7.25	7.25	6	Y.P.
16,00,000	19,67,866	51,81,797	31,77,745	92,601	M.	United Provinces Sugar	11.06	10	1.50	0.50			9	Y.

Other Centres

39,96,670	39,90,000	2,87,78,338	52,98,125	9,010	Rangarao & Co.	Andhra Sugars Ltd.	15.75cd	10	2.00	1.00	1.50		9	Y.
70,49,650	1,87,78,939	1,79,78,188	1,20,90,519	58,854	W. H. Brady & Co., Ltd. ..	Bajpur Sugar Company	205.00xd	10	20.00	25.00	25.00	25.00	9	Y.
17,50,000	16,79,313	58,78,708	39,50,428	4,363	A. H. Bhiwandiwalla & Co. (Bombay)	Bhopal Sugar Industries Ltd. ..	12.76	10	2.25	1.00	0.30	Nil	9	Y.P.
37,50,000	67,86,871	76,39,076	59,34,597	41,185	Private Ltd.	Shree Changdeo Sugar	29.00	12.50	2.50	2.50	2.50	2.50	9	Y.T.
40,00,000	22,41,924	1,00,92,426	24,01,813	3,114	Parry & Co., Ltd.	Carnatic Sugars & Chemicals Ltd.	13.00	10	1.50	1.50	6.00	6.00	9	Y.P.
39,84,000	54,43,500	1,46,20,072	80,56,802	1,02,809	Parry & Co., Ltd.	Deccan Sugar & Abkari	12.10	5	1.28	1.05	0.90	0.90	9	Y.P.
£1,127,700	£2,181,907	£2,471,124	£1,435,927	£21,999	H. V. R. Iengar, Esq. (Chairman)	E. I. D. Parry Ltd.	37.50cd	£1	£1.3/7%	£1.3/7%	£1.3/7%	£1.3/7%	6	Y.P.T.
15,92,900	13,80,932	51,55,816	35,39,000	44,398	Sir J. P. Srivastava & Sons (M.B.) Ltd.	Gwalior Sugar	160.00	100	12.50	12.50	Nil	Nil	6	Y.P.
63,97,650	15,44,848	87,70,567	48,07,837	69,501	India Sugar Agencies Private Ltd.	India Sugar and Refineries ..	16.00cd	10	1.40	1.00	0.80	0.80	9	Y.P.
32,44,610	30,73,785	1,93,04,583	91,10,456	30,812	S. S. Ind. Corpn. Private Ltd.	Jeypore Sugar	13.25	10	1.25	1.50	1.50	1.50	6	Y.P.
68,61,710	1,67,25,688	5,42,74,189	1,74,25,839	12,750	V. Ramakrishna Sons (Private) Ltd.	K. C. P. Ltd.	22.85xd	10	1.50	1.50	1.50	1.50	6	Y.P.
17,00,000	7,11,728	82,27,983	36,05,973	14,71,589	Kubera Sugar Managers (Pvt.) Ltd.	Kirlampudi Sugar Mills Ltd. ..	85.50	100	Nil	Nil	Nil	Nil	6	Y.P.T.
67,50,000	67,25,948	1,73,15,926	80,40,217	7,67,758	M. L. Dalmiankar & Co.	Maharatna Sugar Mills	133.00	50	21.00	17.50	14.00	14.00	9	Y.P.
21,75,280	1,13,44,932	1,81,60,439	1,28,79,651	4,559	Vennugopal Naydu, Esq. (Mg. Director).	Mysore Sugar	44.65cr	10	3.00	3.00	3.00	3.00	6	Y.
1,10,09,145	1,36,08,085	4,14,19,729	2,14,34,326	3,044	R. Vithal Rao, Esq. (Mg. Director)	Nizam Sugar Factory Ltd. ..	62.25	25	5.75	5.75	4.50		9	Y.
1,00,00,000	49,03,245	1,18,78,548	59,66,732	88,697	Mahilal Ajaba and Kantilal Pvt. Ltd.	Phaltan Sugar	110.25	50	12.50	10.00	7.50		9	Y.
16,59,820	57,86,996	92,71,546	54,36,475	3,047	Anderson Wright Ltd.	Ramnugger, Cane and Sugar ..	29.25	10	3.00	3.50	3.00	1.50	3	Y.P.
29,99,700 }	51,96,272	1,62,19,150	96,89,773	782	Walchand & Co. Private Ltd.	Ravalgaon Sugar Farm	60.00	O. 50	5.00	5.00	5.00	5.00	} 9	Y.P.T.
B. 30,00,000 }							80.00	D. 50	2.50	5.00	5.00	5.00		
30,00,000	19,55,000	77,13,997	41,71,811	2,652	Parry & Co., Ltd.	Travancore Sugars	7.45	10	1.00	0.75	0.50	0.50	7	Y.
1,51,49,750	1,39,24,995	5,10,72,744	2,35,90,879	1,059	Walchand & Co. Private Ltd.	Walchandnagar Industries	158.00	100	15.00	15.00	12.00		9	Y.P.T.

UNCLASSIFIED (Bombay)

50,00,000 }	786	79,48,375	6,60,926	—11,59,014	G. B. Kotak, Esq.‡(Chairman)	Asian Cables Corpn.Ltd.¶	84.00	100	..	Nil	Nil		9	Y.
77,50,007 }														
4,00,00,000	28,000	14,12,599	161,312	—6,84,619	A. D. Shroff, Esq. (Chairman)	Associated Bearing Co., Ltd. ..	109.50	100	Nil	Nil	Nil		12	Y.
11,00,000	3,65,560	35,30,738	15,27,123	5,144	K. M. Premchand, Esq. (Chairman) ..	Associated Rubber Industries Ltd.	82.00	100	10.00	Nil	Nil		12	Y.P.T.
46,45,500	47,65,715	2,07,37,720	74,25,578	—41,16,422	Technical Services (Private) Ltd. ..	Bajaj Electricals	8.24	10	Nil	Nil	Nil	Nil.	7	Y.P.T.
70,00,000	26,15,584	98,89,063	12,65,648	....	Jamnalal Sons Private Ltd.	Bajaj Auto	104.00	100	20.00	45.00	8.00	10.00	} 3	Y.
							10.00		10.00	22.50	6.00	7.00		
47,50,000	18,95,114	30,16,852	10,35,809	....	Jamnalal Sons Private Ltd.	Bajaj Electricals	112.00	100	8.10	9.50	9.00	10.00	3	Y.P.
30,00,000	8,85,270	35,38,585	13,09,207	2,745	Prahlad C. Mehta, Esq. (Chairman)	Bharat Bijlee	143.50	100	Nil	7.50	8.00	8.00	6	Y.
1,83,50,000 }	2,76,00,447	6,67,64,024	2,33,44,952	2,25,985	Wallace & Co.	Bombay-Burmah Trading Corpn.	47.50	Old 22	7.50	6.00	6.00	4.00*	} 5	Y.
84,00,000 }							47.50	New 20	6.00	6.00	6.00			
16,00,000	9,80,916	12,94,714	5,38,844	60,612	Aero-Auto Ltd.	Bombay Cycle & Motor.	22.24	20	2.50	2.50	....		3	Y.
44,42,500	....	58,21,935	....	1,54,772	Birla Chimal & Co. Private Ltd.	Bombay Oxygen Corpn. Ltd. ..	87.50	100	....	Nil	Nil		12	Y.
49,99,500	....	55,07,936	....	—65,256	Dalal & Jhaveri Private Ltd. ..	Camphor & Allied Products Ltd.	102.00	100	Nil	Nil	Nil	Nil	3	Y.P.
2,76,00,000	75,13,723	2,17,43,654	48,20,542	49,621	M. Lalla, Esq. (Mg. Director) ..	Ceat Tyres of India Ltd.	122.00	100	Nil	Nil	Nil		6	Y.
14,88,540	13,75,467	42,17,021	26,74,787	11,378	Choonilal Manilal Private Ltd. ..	Estrela Batteries	69.00	50	4.50	5.00	5.00	5.50*	3	Y.P.
1,15,00,000	1,21,99,620	1,93,46,178	69,88,956	2,00,353	Mr. J. G. Gammon (Chairman) ..	Gammon India Ltd.	13.88	10	3.00	3.50	1.50	1.50	3	Y.
1,55,00,000	1,03,00,478	37,53,635	13,03,512	20,664	N. M. Wagle, Esq. (Mg. Director)	Greaves Cotton & Co., Ltd. ..	165.00	100	11.00	13.00	12.00	12.00	3	Y.P.
1,07,33,000	....	89,32,396	3,04,395	—7,55,898	P. H. Scrine, Esq. (Mg. Director)	Henley Cables India Ltd.	100.00N	100	Nil	Nil	Nil		10	Y.
31,07,000	8,79,300	1,37,25,800	82,57,092	—7,05,538	Birla Brothers Private Ltd. ..	Hind Cycles	85.00	100	Nil	Nil	Nil	Nil	3	Y.P.
6,00,00,000	....	14,59,11,734	14,59,11,734	—1,94,06,339	Birla Gwalior Private Ltd.	Hindustan Aluminium Corpn. Ltd.	18.88	10	Nil	Nil	Nil		6	Y.
3,24,36,000	3,04,45,000	7,52,41,370	2,01,88,274	54,000	P. L. Tandon, Esq. (Chairman) ..	Hindustan Lever	39.00	10	2.50	2.50	1.20		12	Y.
49,88,300	8,03,000	54,73,976	2,47,861	32,526	D. N. Mitra, Esq. (Chairman) ..	Hindustan Wires Ltd.	10.76	10	Nil	Nil	0.40		3	Y.
22,50,000	12,47,875	30,54,306	23,37,186	7,677	Brot. Forbes Campbell & Co. Ltd.	Indian Vegetable Products Ltd.	165.00	100	17.00	17.00	17.00	15.00	6	Y.
5,00,00,000	1,51,64,608	10,47,91,422‡‡	....	6,20,363	G. L. Mehta, Esq. (Chairman) ..	Industrial Credit & Invest. Corpn. of India Ltd.	97.00	100	5.75	6.50	6.50		12	Y.
99,99,250	18,93,706	1,24,06,170‡‡	....	3,254	Maneklal Premchand, Esq. (Chairman).	Industrial Investment Trust ..	76.00	100	6.20	6.50	6.50		3	Y.
(1,70,22,100	1,33,55,948	5,17,75,402‡‡		1,32,478	A. D. Shroff, Esq. (Mg. Director)	Investment Corpn. of India Ltd.	100.00	100	8.50	8.50	9.50*	7.50	6	Y.P.T.
49,94,900	21,53,791	1,16,99,279	34,70,417	6,065	Poonamchand & Brothers Private Ltd.	Jaipur Metals and Electricals Ltd.	102.50	100	10.00	10.00	6.00		12	Y.P.
1,24,95,800	44,70,672	57,22,819	23,78,233	17,584	A. N. Haksar, Esq. (Mg. Director)	Klilick Industries	83.00	100	8.00	Nil	5.00		11	Y.
18,75,500	6,79,245	29,75,031	19,21,822	14,453	Bhoglal H. P. Patel, Esq. (Chairman).	Laxmi Starch Factory Ltd.	122.00	100	13.00	13.00	12.00	10.00	3	Y.
10,73,800 }							121.00	100	10.00	12.00	12.00	9.00	3	Y.P.
B. 5,51,300 }	5,55,000	54,82,911	7,94,077	9,325	K. R. P. Shroff, Esq. (Chairman) ..	New India Fisheries Ltd.	272.50	50	25.00	Nil	Nil	Nil	12	Y.P.
39,98,500	60,32,534	93,16,117	55,33,557	11,366	Dantcorp (Baroda) Private Ltd. ..	New Kaiser Ltd.	144.00	100	Nil	Nil	Nil	Nil	12	Y.
24,85,125	....	34,47,320	3,30,280	—52,932	V. R. Ruia, Esq. (Chairman) ..	Permanent Magnets Ltd.	100.00	10	15.00	17.00	14.00		12	Y.
27,00,000	19,97,341	71,20,721	31,53,867	18,866	Polson Agencies Private Ltd. ..	Polson Ltd.	100.00	100	15.00	17.00	14.00		12	Y.
6,35,29,100	1,82,14,051	[9,22,18,168	4,41,40,070	4,40,402	Auto-Auto Private Ltd.	Premier Automobiles	100.00N	100	9.00	9.00	7.00		6	Y.
4,73,200 }	3,18,446	39,66,404	11,77,218	20,051	Sathe FoodIndustries Private Ltd.	Sathe Biscuit & Chocolate Co., Ltd.	100.00N	100	9.00	9.00	9.00		} 3	Y.P.
7,69,00,000 }							75.00N	75	4.50	4.50	4.50			
1,49,25,750	24,84,627	2,52,18,426	19,48,831	—58,28,283	Indo Orient Agencies Private Ltd.	Premier Tyres Ltd.	92.50	100	Nil	Nil	Nil		12	Y.
45,08,000	28,17,062	89,23,674	47,59,125	12,045	The Industrial Enterprises Private Ltd.	Standard Batteries Ltd.	165.00	100	15.00	15.00	10.00	10.00	6	Y.P.
18,43,200	1,97,040	35,40,856	3,07,438	—8,44,695	N. Sirur & Co. Pvt. Ltd.	Sundatta Foods & Fibres Ltd. ..	87.00	Nil	Nil	Nil	Nil		3	Y.P.
9,32,500	3,42,275	14,85,613	5,31,299	746	Modi & Co.	Supreme Industries Ltd.	89.00	100	13.00	13.00	13.00	6.00	3	Y.P.
45,00,000	2,526	57,62,087	9,402	—18,529	Mr. M. J. Valdya (Chairman) ..	United Wire Ropes Ltd.	122.00	100	....	Nil	....	Nil	3	Y.
2,75,00,000	2,32,60,885	5,14,47,685	2,48,74,956	82,635	Mr. A. Hydari and Mr. S. G. Goitbergr.	Western India Match Co., Ltd. ..	264.00	100	16.00	16.00	16.00		12	Y.
45,00,000	87,13,496	11,56,094	6,40,454	746	Pallonji S. Mistry, Esq. (Chairman) ..	W. H. Brady & Co., Ltd.	367.50	150	50.00	52.50	35.5		12	Y.

M—Managed by Board of Directors. ‡ On old capital. * Includes bonus. † Subject to taxation. § Exempt from tax. ‡‡ Investments at cost.

(X)—For these companies reserves include balances of various funds, under gross block are given the total assets and under depreciation investments.

$.—The reserves of Straw Products Ltd. include a non-distributable amount of Rs. 63,40,654 brought about by revaluation of land, buildings, plant and machinery in the year ended 31st December 1955

MISCELLANEOUS COMPANIES—*Continued*

UNCLASSIFIED (Other Centres)

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
93,75,000	2,48,84,621	7,27,48,445	1,37,72,801	11,995	J. K. Industries Private Ltd. ..	Aluminium Corporation of India Ltd..	12.81	10	1.20	1.20	1.20	0.50	3	Y.P.T.
1,00,00,000	56,97,689	2,15,10,686	95,29,840	47,916	Seshasayee Bros. (Trav.) Pvt. Ltd.	Aluminium Industries Ltd.	15.00	10	1.80	0.

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.	Latest available Quotation. Rs.	Paid-up per Share. Rs.
BANK						
Allahabad Bank T.F.C.	15,00,000	1901	6.00	Mar. Sept.	94.00	100
BREWERIES AND SUGAR						
Bharat Sugar R. C.	5,00,000	1931	5.00	Dec. ..	70.00N	100
Bijnal Sugar T.F.C.	12,50,000	1937	5.00	April ..	60.00	100
Carew & Co. T.F.R.C.	8,00,000	1875	6.50	Mar. Sept.	69.00	100
Cawnpore Sugar Works T.F.C. ..	10,00,000	1905-24	8.00	Feb. Aug.	114.00	100
Deccan Sugar & Abkhar 'A' T.F.C..	7,00,000	1920	7.00	July Apr.	4.28	5
Kasi Indian Distilleries C.	£200,000	1897	9.00	Jan. July	17.33	£1
Gwalior Sugar R.O.	6,75,000	1940	7.00	Dec. ..	60.00	100
Do. (Non-redeem)	5,00,000	1940	7.00	Dec. ..	60.00	100
Puriabpore Co. C.	6,00,000	1922	10.00	Oct. ..	10.50	10
Ramnagar Cane T.F.C.	4,00,000	1933-36	6.00	Aug. ..	85.00	100
Ravalgaon Sugar C.	20,00,000	1943	5.50	Oct. Apr.	60.00	100
South Behar Sugar	5,00,000	1936	7.00	Oct. ..	20.00N	100
Travancore C.T.F.	15,00,000	1946	5.00	Dec. ..	6.04	10
Upper Ganges T.F.C.	12,00,000	1932	5.00	Dec. ..	90.00N	100
Do. C.R.O.	15,00,000	1945	5.00	Dec. ..	70.00N	100
Walchandnagar T.F.C.	3,50,000	....	10.00	April May	121.00	100
COAL						
Borras T.F.C.	14,00,000	1896-97	6.50	Oct. Apr.	85.00	100
Burrakur (1st) T.F.C.	12,99,800	1901-10	7.00	Apr. Oct.	95.00	100
Do. (2nd) C.	4,50,000	1940	6.00	.. ..	5.50	10
Equitable T.F.	4,00,000	1895	8.75	Mar. Sept.	90.00	100
Karanpura Collieries G.	3,99,500	1946	5.50	.. ..	46.00	10
Tiraverore C.T.F.	1,93,000	1931	10.00	Mar. Sept.	8.00N	10
New Beerbhoom T.F.C.	2,00,000	1920	7.00	Jan. July	10.50	10
Ondal T.F.C.	2,00,000	1898-99	6.50	Apr. Oct.	84.00N	100
COTTON						
Ahmedabad Advance T.F.C.	10,00,000	1939	7.14	Apr. Oct.	77.00	100
Bangalore C.T.F.	6,00,000	1884	6.00	Jan. July	95.71	100
Basanti Cotton T.F.	5,00,000	1938	6.25	Nov. ..	7.25	10
Bowreah 'A' T.F.	10,00,000	1900	8.00	Feb. Aug.	111.00	100
Do. 'B' T.F.	6,00,000	1900	7.00	Feb. Aug.	85.00	100
Bradbury T.F.	14,75,000	1919	10.00	June Dec.	60.50	50
Buckingham & Carnatic C.T.F. ..	21,30,200	1880	7.50	Jan. July	105.59	100
Cambodia C.T.F.	1,00,000	1928	7.00	Apr. ..	76.18	100
Central India T.F.	50,00,000	1918	7.14	Apr. Oct.	440.00	500
Century Spg. & Mfg. Co. R.C. ..	1,25,00,000	1958	5.87	Dec. ..	107.00	100
Coimbatore Pioneer C.T.F.	1,00,000	1922	6.50	June ..	66.58	100
Elgin T.F.C.	11,00,000	1912	8.00	May ..	115.00	100
Elgin 'B' T.F.C.	4,20,000	1942	5.00	July ..	6.50	10
Elphinstone C.	25,00,000	1919	7.00	May Nov.	87.50	100
Kesoram T.F.C.	20,00,000	1919	10.00	June Dec.	106.00	100
Khatau Makanji (2nd) T.F.	29,92,500	1947	4.00	Nov. ..	81.50	100
Kothari C.T.F.	18,00,000	1937	6.00	Dec. ..	7.85	10
Kothari 'B' (Pref.) T.F.C.	5,00,000	....	6.00	.. ..	7.85	10
Lakshmi Vlannu Cotton	16,00,000	1896	5.25	.. ..	142.00	250
Morarjee Goculdas Spg. & Wvg. T.F.C.	17,25,000	1947	6.43	Jan. ..	71.00	100
Mysore Spg. C.	7,45,050	1944	4.50	.. ..	99.52	50
National Rayon C.	1,74,44,700	1947	5.55	.. ..	75.00	100
New Great	8,00,000	1913	5.50	Mar. ..	130.00	200
Podar Mills C.	10,00,000	1943	5.75	Feb. ..	64.00	100
Rajalakshmi C.T.F.	5,00,000	1932	8.45	Apr. ..	41.54	50
Shree Niwas Cotton T.F.C.R.	4,80,000	1944	4.00	.. ..	67.00	100
Svadeshi T.F.C.	15,00,000	1935	7.14	Apr. Oct.	86.00	100
Svadeshi (Kapur) C.	35,00,000	1927	8.57	June ..	69.50	100
Travancore Rayon C.T.F.	50,00,000	....	5.00	May ..	7.15	10
Vasanta (1st) C.T.F.	3,00,000	1931	6.50	.. ..	83.13	100
Do. (2nd) C.T.F.	1,50,000	1936	6.00	.. ..	83.03	100
ELECTRICS						
Andhra Valley Power Supply C. ..	49,34,000	1917	7.80	May Nov.	1,000.00	1,000
Amalgamated Electric T.F.C.	24,15,000	....	5.50	.. ..	74.00	100
Calcutta Electric T.F.C.	19,00,000	1909-11	5.00	June Dec.	7.75	10
Poona Electric C.	6,00,000	1935	7.00	June Dec.	99.50	100
South Madras (1st) C.T.F.	22,00,000	1940	5.50	Sept. Dec.	8.00	100
Do. (2nd) C.T.F.	8,00,000	1940	5.50		7.40	10
Surat Electric Co. C.T.F.	5,00,000	1939	6.50	Apr. ..	104.00	100
Tata Hydro Electric Power C. ..	89,28,000	1907	7.00	May Nov.	97.75	100
Tata Power T.C.	88,37,000	1918	7.50	May Nov.	1,010.00	1,000
Vallors C.	1,25,000	1928	6.00	Dec. ..	5.78	10
ENGINEERING						
Arthur Butler (Muzaffarpore) T.F.C.	1,60,000	1919	7.00	Mar. ..	9.00	10
Burn & Co., Ltd. (1st) T.F.C. ..	13,00,000	1895-98	7.00	Feb. Aug.	113.00	100
Do. (2nd) T.F.C. ..	15,00,000	1902	6.00	Feb. Aug.	101.00	101
Indian Iron and Steel Co., Ltd. T.F.C	2,69,95,400	1920	5.00	Dec. ..	83.00	100
Indian Standard Wagon T.F.C. ..	19,66,500	1918	7.00	June ..	112.00	100
Jessop T.F.C.	20,00,000	1941	5.50	May Nov.	74.00	100
Kamani Engineering C.R.	15,00,000	1945	5.50	July ..	55.00	100
†††Kunardhubi Engineering T.F.C. ..	12,00,000	1915	4.00	June Dec.	78.00	100
Larsea and Toubro Ltd. T.F.R. ..	13,00,000	1944-47-51	5.00	.. ..	82.00	100
Mahindra & Mahindra T.F.R.C. ..	25,00,000	1945	6.00	May ..	93.50	100
McKenzies (1st) T.F.C.	5,50,000	1907	7.86	.. ..	83.00	100
Premier Construction (1st)	10,00,000	....	6.25	.. ..	75.00	100
Do. do. (2nd) C. ..	15,00,000	1936	6.25	.. ..	71.00	100
Do. do. (3rd) C. ..	56,25,000	1947	6.50	.. ..	75.00	10
Tata Iron and Steel (1st) C. ..	75,00,000	1908	6.50	Nov. ..	125.00	150
Do. do. (2nd) C. ..	6,92,81,900	1908	7.50	May ..	102.75	10
JUTE						
Agarpara T.F.C.	10,00,000	1927	7.00	Jan. July	93.00	100
Alexandra T.F.C.	9,00,000	1895	7.00	Feb. Aug.	94.00	100
Alliance T.F.C.	15,00,000	1895	6.00	Mar. Sept.	75.00	100
Anglo-India T.F.C.	40,00,000	1917	7.00	May Nov.	98.00	100
Auckland C.	10,00,000	1909	5.50	May Nov.	71.00	100
Do. (2nd) (j) C.	15,00,000	1945	4.50	June Dec.	59.00	100
Bally T.F.C.	20,00,000	1918	10.00	Apr. Oct.	102.00	100
Barnagore C.	£200,000	1898	5.00	May Nov.	45.00	£5
Birla (l)	23,64,200	1919	7.50	June Dec.	79.50	100
Budge-Budge T.F.C.	9,00,000	1894	7.00	May Nov.	95.00	100
Caleuta T.F.C.	6,00,000	1934	6.50	Jan. July	60.00N	100
Caledonian T.F.C.	10,00,000	1915	7.00	June Dec.	92.00	100
Cheviot T.F.C.	10,00,000	1919	7.00	June Dec.	96.00	100
Chitavalan T.F.C.	5,00,000	1928	7.00	Mar. Sept.	93.00	100
Clive (1st Pref.) T.F.C.	8,00,000	1900	6.00	May Nov.	87.00	100
Do. (A) (2nd Pref.) T.F.C.	15,00,000	1905	7.00	May Nov.	94.00	100
Dalhousie T.F.C.	15,00,000	1903-1	7.00	May Nov.	90.00	100
Delta T.F.C.	5,00,000	1897	7.00	June Dec.	74.00	100
Empire T.F.C.	10,00,000	1912	7.00	Feb. Aug.	95.00	100
Fort Gloster T.F.C.	14,00,000	1890-95	7.00	May Nov.	102.00	100
Do. (2nd Pref.) T.F.C.	7,00,000	1948	5.00	.. ..	88.00	100
Fort William T.F.C.	10,00,000	1911	7.00	May Nov.	100.00	100
Ganges T.F.C.	6,00,000	1916	8.00	June Dec.	104.00	100
Gourepore T.F.C.	25,50,000	1895-05	8.75	May Nov.	89.50	100
Hastings T.F.C.	25,00,000	1935	6.00	Mar. Sept.	87.00	100
Hooghly T.F.	11,76,000	1913	10.00	May Nov.	92.12	10
Howrah T.F.C.	8,75,000	1890	7.00	May Nov.	96.00	100
Do. T.F.C. (f)	17,50,000	1903-06	7.00	May Nov.	96.00	100
Hukumchand T.F.C.	40,00,000	1919	7.00	June Dec.	93.00	100
Kamarhatty T.F.C.	16,00,000	1898-04	6.00	Feb. Aug.	78.00	100
Kankinarrah T.F.C.	10,00,000	1900	6.00	Feb. Aug.	78.00	100
JUTE—*Continued*						
Kelvin T.F.C.	10,00,000	1907	7.00	Mar. Sept.	95.00xd	100
Khardah T.F.C.	9,00,000	1895-09	6.00	May Nov.	74.00	100
Kinnison T.F.C.	15,00,000	1905-13	7.00	May Nov.	94.00	100
Lansdowne T.F.C.	15,00,000	1905	7.00	May Nov.	94.50	100
Lawrence (A) T.F.C.	5,00,000	1907	7.00	May Nov.	94.00	100
Do. (B) T.F.C.	10,00,000	..	6.50	Dec. ..	71.00	100
Naihati T.F.C.	7,50,000	1905	7.00	May Nov.	120.00	100
Do. (2nd) (j) T.F.C.E.	10,00,000	1945	4.50	June Dec.	88.00	100
National T.F.C.	5,00,000	1917	7.00	May Nov.	93.50	100
Nellimarla T.F.C.	5,00,000	1939	6.00	Apr. Oct.	75.00	100
New Central T.F.C.R.	23,00,000	1916	7.00	Jan. July	89.00	100
Northbrook T.F.C.	15,00,000	1900	5.50	May Nov.	73.00	100
Reliance T.F.C.	20,00,000	1906-12	7.00	May Nov.	119.00	100
Samnaggur C.	£150,000	1901	6.00	Feb. Aug.	Sh. 21.50N	£1
Soorah T.F.C.	10,00,000	1920	10.00	Feb. Aug.	104.00	100
Shree Ambica T.F.C.	11,70,000	1927	10.71	Mar. Sept.	91.00	100
Titaghur C.	£150,000	1897	6.00	Feb. Aug.	Sh. 21.50N	£1
Union T.F.C.	6,00,000	1901-02	7.00	May Nov.	93.00	100
Victoria C.	£150,000	1898	6.00	Feb. Aug.	Sh. 21.50N	£1
Waverley T.F.C. (f)	7,50,000	1913	10.00	Mar. Sept.	42.00xd	50
RAILWAYS; STEAMSHIP AND TRAMWAYS						
Bengal-Assam Steamship C.	3,00,000	1895	7.00	Nov. ..	57.50	60
Calcutta Tramways C.	£250,000	1906	5.00	Apr. Oct.	7.00	£1
Indian General Nv. & Rly. C. ..	£244,030	1899	6.00	Mar. Nov.	83.00	£10
Indian Steamship (w) T.F.C.R. ..	£5,00,000	1928	7.14	.. ..	59.00	100
TEA						
Amlakie Tea T.F.C.	75,000	1902-03	7.00	May Nov.	25.50	10
†††Banarhat Tea T.F.C.	4,00,000	1903-05	7.34	Jan. July	86.50	100
Bijpara T.F.C.	1,00,000	1900-02	8.97	Jan. ..	86.00	100
Choonabhutti T.F.C.	2,00,000	1914	7.36	Jan. July	86.00	100
Gielle C.	2,00,000	1904	6.69	Sept. ..	60.00	100
Hasimara T.F.C.	3,00,000	1904	7.88	Mar. ..	82.50	100
Kingsley Golaghat T.F.	2,40,000	1897	8.57	Dec. ..	85.00	100
Mohsema T.F.C.	3,30,000	1929	6.00	May Nov.	4.80	10
New Dooars T.F.C.	2,00,000	1907	7.38	Jan. July	86.00	100
New Samenbagh T.F.C.	1,00,000	1908	8.00	Nov. ..	90.00	100
†††Okayil T.F.R.C.	50,000	1888	7.85	Dec. ..	73.50	100
Pussimbing T.F.C.	2,05,000	1916	7.00	Jan. ..	86.50	100
Sonai River T.F.C.	1,00,000	1909	8.00	May ..	88.00	100
***Tarpore C.	2,05,000	1932	8.98	Jan. ..	7.25	10
Tirribannah T.F.C.	1,00,000	1922	11.40	May Nov.	11.69	10
PLANTING						
Be Be Rubber C.	1,43,005	1944	6.25	.. ..	1.56	5
Do. R.C.	2,85,570	1944	6.25	.. ..	4.85	10
Cochin Malabar C.T.F.	1,13,300	1932	7.00	June ..	45.37	100
Consolidated C.T.F.	10,40,000	..	6.00	.. ..	59.50	100
Cconcor Tea C.	1,50,000	1926	6.00	Apr. ..	71.40	100
Cottanad C.T.F.B.	1,00,000	1937	7.50	July ..	7.40	10
Darem Tea C.T.F.	6,00,000	1930	7.50	July ..	71.42	100
Highland Produce C.T.F.	3,00,000	..	6.00	July Jan.	6.53	10
Neelamalai C.T.F.	18,00,000	1943	5.00	July Jan.	5.10	10
Pilgiri Tea C.T.F.	1,50,000	1942	6.00	Mar. ..	6.71	10
Pulangode C.T.F.	6,00,000	..	6.00	Mar. Sept.	6.10	10
Teokoy Rubber C.T.F.	16,00,000	..	6.00	Apr. Dec.	7.86xd	10
Waterfalls R.C.T.F.	5,00,000	1943	6.00	Nov. ..	7.02	10
MISCELLANEOUS						
Alembic Chemicals (int)	5,00,000	..	6.25	June ..	88.50	100
Do. (2nd) T.F.R.	5,00,000	..	6.00	June ..	79.00	100
Alkali & Chemicals T.F.C.	31,00,000	1937	5.00	Apr. ..	89.50	100
Aluminium Corpn. (1st) C.	20,00,000	1938	7.00	.. ..	89.00	100
Andhra Cement C.	2,48,800	1937	8.50	Feb. June	85.00	100
Associated Hotels of India C.	21,67,000	1916	7.00	Mar. Sept.	49.00xd	100
Bengal Chemicals T.F.C.	9,00,000	1925	10.00	Aug. ..	11.00	10
Bengal Paper Mill T.F.C.	2,00,000	1903	7.00	Mar. Sept.	55.00	50
Do. "A" T.F.C.	4,00,000	1928	7.00	Mar. Sept.	100.00	100
Do. "B" T.F.C.	22,00,000	1948	7.00	.. ..	57.00	100
Bengal Timber Trading T.F.C.	3,00,000	1896	8.00	Aug. ..	10.00N	100
Britannia Biscuit T.F.C.	18,450	1921	8.00	Feb. Aug.	11.50	10
British India Corporation T.F.C. ..	31,00,000	1920	8.00	Feb. ..	108.00	100
Dalmia Cement (Bharat) C.	61,56,210	1937	7.80	Sept. ..	8.15	10
Dharngadhra Chemicals T.F.C.R. ..	21,91,900	1956	7.80	.. ..	90.00	100
Shree Digvijay Cement T.F.R.C. ..	79,93,875	1944	5.00	Dec. ..	78.50	100
Dunlop Rubber Co. (1st) C.	20,00,000	1928	8.00	June Dec.	104.00	100
Do. do. (2nd) C.	40,00,000	1938	5.50	Apr. ..	48.50	100
Do. do. (3rd) C.	1,00,000	1946	5.00	Feb. Aug.	48.00	100
Do. do. (2nd)	1,00,000	..	6.00	Feb. Aug.	42.00	100
Gillanders Arbuthnot (f) R.C.	25,00,000	..	5.00	Apr. Oct.	56.50	100
Hindustan Motors R.C.	1,60,67,250	1956	8.57	Mar. ..	160.00N	100
Humayan Properties T.F.C.	12,00,000	1933	6.00	.. ..	7.12	10
India Cement C.	29,35,000	1946	7.50	Oct. ..	79.50	100
Indian Aluminium (g) C.R.	40,00,000	1945	6.25	June ..	67.00	100
Indo-Burma Petroleum C.	50,00,000	1921	5.00	Jan. July	87.00	100
Indian Rubber Mfrs. (n) T.F.C.R. ..	8,25,000	..	5.00	Apr. ..	63.00	100
Jardine Henderson C.	50,00,000	1946	5.00	Dec. ..	58.00	100
Kettlewell and Bullen (1st) C.	20,00,000	..	5.35	May ..	59.00	100
Do. do. (2nd) T.F.C.	10,00,000	..	5.70	May ..	61.50	100
Kumardhubi Fireclay & Silliica C.R. ..	2,80,000	1915	5.50	June Dec.	60.00N	100
Martin Burn (k) T.F.C.R.	38,50,000	1948	5.00	Apr. Oct.	80.00	100
MoLeod and Co. (1st) C.	18,80,000	1930	5.00	July Jan.	43.00xd	100
Do. (2nd) F.C.	40,00,000	1936	5.00	July Jan.	60.00xd	100
Metal Box Co. C.R.	30,00,000	..	6.00	.. ..	75.00	100
Mettur Chemicals (Old) C.T.F.	20,00,000	1903-15	6.00	Feb. Sept.	8.30xd	10
Mysore Chemicals Mfrs. C.T.F.	2,00,000	1930	6.00	June ..	6.78	10
Mysore Lamps R.C.T.F.	2,50,000	..	4.00	Aug. ..	4.50	10
National Tobacco (Old) (p) T.F.C.R. ..	25,00,000	..	5.00	Mar. Sept.	65.00	100
Do. do. (New) (q) T.F.C.R. ..	19,98,000	..	4.50	Mar. Sept.	66.50	100
Orient Paper T.F.C.R.	20,00,000	1956	7.85	Jan. ..	90.50	100
Do. (2nd) (r) C.R.	60,00,000	..	5.50	Apr. Oct.	62.00	100
Rohtas Industries (Old) T.F.C.	29,00,000	1956	7.00-9.00	Apr. ..	103.00	100
Do. do. (New) T.F.C.	85,04,700	..	4.25	Apr. ..	64.75	100
†Smith Stanistreet & Co. T.F.	5,00,000	1920	10.00	Feb. Aug.	72.00	10
Spencer & Co. "A" C.	25,50,000	1898	6.50	Jan. July	8.70	10
Do. "B" C.	36,30,000	1922	8.50	Jan. July	9.00	10
Tata C.	75,00,000	1955	6.00	Jan. Dec.	82.38	100
Star Paper T.F.C.R.	10,00,000	..	5.00	Mar. Sept.	48.00	100
Tata Chemicals C.	59,97,000	..	7.14	June ..	91.50	100
Tata Oil Mills C.	29,88,800	1946	4.50	July Sept.	58.50	100
Titaghur Paper Mills T.F.C.	11,50,000	1899	8.00	Jan. June	110.00	100
Do. do. (2nd) T.F.C.	15,00,000	1934	4.50	Jan. July	64.00	100

All preference shares are taxable unless otherwise stated.

*** These shares carry the right of a preferential dividend at the rate of 8 per cent (of which only 5 per cent cumulative) per annum. In the event of a winding-up these shares have a preferential claim to repayment of capital.

† Only 7 per cent of the 10 per cent dividend is cumulative.

†† In addition to the fixed cumulative dividend of 5 per cent these shares carry the right to receive a non-cumulative dividend of 8 per cent per annum and also to participate in further dividend of 2 per cent per annum rateably with ordinary shares. They have a preferential claim to repayment of capital and arrears of dividend.

††† These shares can be redeemed at Rs. 105 at any time by special resolution.

‡ Capital and dividend unconditionally guaranteed by the Dunlop Rubber Co., Ltd.

C—Cumulative. R—Redeemable. T.F.—Tax-free. R.O.—Redeemable at option.

(f) Participating preference shares. (g) Redeemable at Rs. 105 at any time on 3 months' notice. (h) Redeemable after 30th September 1966 at Rs. 125. (i) Redeemable at par after 9th November 1955 on 6 months' notice. (j) Redeemable after 28th July 1955 on 6 months' notice. (k) Participating upto 9 per cent. (l) Redeemable at par after 31st March 1955 on 6 months' notice. (m) Rank *pari passu* with ordinary shares after ordinary shares receive 6 per cent dividend. (n) Redeemable after 20th December 1954. (o) Redeemable at any time at Rs. 115 on one month's notice. (p) Redeemable at par after 1st January 1954. (q) Redeemable at par after 17th June 1956. (r) Redeemable at par after 1st October 1956 on 3 months' notice. (e) Participating to 9 per cent. (t) Free of income-tax upto 6 nh. in the £. (u) Redeemable at par on 3 months' notice. (v) Issued on various dates. (w) Redeemable at any time 3 years after the date of issue at a premium of Rs. 10 per share on 3 months' notice. (z) Redeemable after ten years at a premium of 5 per cent on 6 months' notice. pp—Partly paid.

TREND OF MARKETS

(*Concluded from page 387*)

out by their success in turning out carpet backing cloth, most of which is exported to the United States.

Although demand for goods failed to improve this week, prices showed a fractional gain. This was due mainly to their relatively low levels. It was expected that overseas demand would soon improve. The feature on Tuesday last was an improvement in prices of heavy goods following Government interest in ready and near delivery B. twills. There was, however, disappointment when actual buying fell short of expectations. Ready B. twills improved from Rs. 109.85 to Rs. 110.35 and hessian 40" 10 oz. to from Rs. 45.70 to Rs. 45.80. The gains would have been more marked had there been no selling pressure. Further, business with overseas buyers was poor. The fall in interest this week on internal consumption accounts should be attributed to budget uncertainties. For goods for internal consumption are subjected to excise duty and, though there was no case for an increase in these duties, forward buying was restricted. On Wednesday last, B. twills eased to Rs. 110.30 and hessian 40" 10 oz. to Rs. 45.75. With poor interest shown by local buyers, the market was inactive on Thursday, when quotations at Rs. 110.50 and Rs. 45.85, respectively, were quiet. On Friday, however, business on account of due date covering was done. Overseas interests also responded. As a result, B. twills improved to Rs. 111.00 and hessian 40" 10 oz. to Rs. 46.15. With B. twills quoting at Rs. 111.10 and hessian 40" 10 oz. at Rs. 46.30, conditions over the week-end were steadier. However, yesterday, B. twills eased to Rs. 110.50 and hessian 40" 10 oz. to Rs. 45.90.

WHOLE LEAF TEA STRONG

[*Messrs. Forbes, Ewart and Figgis (Private) Ltd.*]

COCHIN, *27th February*

Offerings in leaf tea sale No. 8 held here on the 25th inst. amounted to 472,000 kgs. Quality was fully maintained and there was a useful selection of teas on offer. The market met with good demand. Low medium and medium brokens were sold well, though prices were generally lower by 10 to 15 nP. Similar fannings evoked less support and were easier, with a number of withdrawals. Good medium brokens were sold readily, but, here again, prices were lower by up to 20 nP. However, a few best invoices under this category were sold well. Highgrowns were sold at irregular rates and often realised prices lower than last. Clean black leaf descriptions were firm, though fannings were a little easier. Unorthodox descriptions, meeting fair support, were sold at around last rates. Whole leaf grades were strong, particularly good liquoring F.Ps. There was better enquiry for tippy teas which were dearer.

The quotations (per kg.) were:

	1964 Rs.	1963 Rs.
Low mediums	4.40-5.00	4.30-4.80
Mediums	4.90-5.40	4.80-5.30
Good mediums	5.20-6.60	5.30-6.00
Nilgiri B.O.P.	6.50-10.30	6.00-12.00

The average price realised in sale No. 8 was Rs. 5.42 per kilo, as against Rs. 5.36 a week ago and Rs. 5.49 in the corresponding sale last year.

There was strong demand for the small quantity of 193,000 kg. offered in dust sale No. 8 held today. Highgrowns were much in demand and were sold in sellers' favour. All medium descriptions were sold well at dearer rates with competition for Wynaad types. Clean black grainy sorts followed the generally dearer trend of the market.

The average price realised in dust sale No. 8 was Rs. 4.72 per kilo, as against Rs. 4.63 a week ago and Rs. 4.35 in the corresponding sale last year.

Colombo: The market opened to good general demand, but prices generally followed a slightly lower trend, except for selected quality lines.

London: *North Indian and other Growths*: In Monday's auction, there was good general demand for the more useful kinds, but the poorer teas were again easier.

Ceylon and South Indians: In Tuesday's sale, there was good demand and all descriptions came to a firm market with the exception of thin plain types.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd., wire:

"*Sale No. 9*: 388,000 kgs. offered. Good demand. Low mediums and mediums about steady. Good mediums fully firm to dearer. Highgrowns irregular and easier. Unorthodox unchanged."

KIPS FEATURELESS

(*From Our Own Correspondent*)

MADRAS, *2nd March*

Tanned cow hides showed little change this week. Export trading was patchy, with a few importers buying kips probably for later sale. Demand for cowcalf and buffcalf skins was selective and small. Offtake of low grade kips for the inland trade was negligible. The tone of the market was weak all-round.

Importers in the U.S. were still out of the market, both for buffcalf and tanned goat skins, and buyers from the Continent were not keen either, though their demand for middle class sheep skins lower selections was good.

Prices of tanned goat skins were steady and the volume of trading was small, while those of prime and semiprime sheep was firmer and higher prices were established for middle class sheep skins lower ends.

The next German tanned skins auctions were scheduled to take place today when 79,200 goat skins and 39,900 sheep skins were to be on offer. The results are awaited with interest by the trade.

TREND OF SHARES

DISTINCTLY BEARISH

(*From Our Own Correspondent*)

BOMBAY, *5th March*

STOCK markets reacted bearishly this week to the Union budget proposals. Like the Swatantra M.P., Mr. M. R. Masani, they seemed to have liked the first part of the

MARKET GOSSIP

(Concluded from page 351)

very much more than that under the C.D.S. The concession provided by allowing annuity deposits as a deduction has been watered down considerably by making the refund of principal and interest chargeable to tax as the income of the depositor for the year in which it is paid. The C.D.S., in contrast, had two redeeming features: (1) Income-tax payers could get some concession in the additional surcharge levied. Compulsory deposits are deductible from the additional surcharge to the extent of deposits made or 3 per cent of the residual income in the case of persons whose residual income is Rs. 6,000 or less per annum, and in the case of those with income exceeding Rs. 6,000, 3 per cent of the first Rs. 6,000 of such income and 2 per cent of the balance thereof. (2) Interest on C.D.S. is free of income-tax. There is no reason why the latter concession at least should not be given for annuity deposits also, unless, of course, the rate of interest payable on such deposits is made sufficiently attractive to offset this disadvantage. The Annuity Deposits Scheme has also a few more disadvantages. For instance, in the case of young assessees, whose incomes will normally rise in the coming years, the repayments will add to their total income and if, as a result, the slab goes up, the incidence of taxation will be higher. Again, the same result will follow if the rates of taxation in future years go up. And, finally, with the purchasing power of money going down year after year, the value of the deposit refunded may be much less than at the time of collection. Since these deposits are being taken under compulsion, the Government should offer to annuity holders some form of cover against this erosion in the value of money.

Massive Tax Cuts, But In U.S.

Although the economies of India and the U.S. cannot be compared, the problems facing the two countries for some time now are more or less similar: unemployment, idle capacity in industry and balance of payments deficit. The Union Finance Minister has no doubt strongly underlined the urgency of speeding up industrial growth, but the series of proposals he has incorporated in his budget for 1964-65 are hardly conducive to such growth. Indeed, the implementation of the proposals may well slow down the tempo of industrial development. Since this issue has been discussed in detail elsewhere, it is unnecessary to refer to it here. In contrast to the changes in tax structure as proposed by Mr. Krishnamachari stands the new Tax Bill just enacted in the U.S. The Bill provides for a massive cut of $9.2 billion in personal income-taxes and of $2.3 billion in business profits taxes during the current year, or a total cut of $11.5 billion; the total tax liabilities of Americans in 1963 amounted to over $100 billion. The average reduction in the case of personal income-taxes comes to as much as 20 per cent. Corporations will benefit by a cut to 22 per cent from the 30 per cent which they pay at present on their first $25,000 in profits. Surtax is levied on profits exceeding this amount and the combined liability will decline from 52 per cent to 50 per cent in 1964 and 48 per cent next year. A million and a half persons are now eliminated from the tax rolls and some 13.5 million with low incomes enjoy the benefit of reduced taxation. In view of the new minimum standard deduction of $400 for a married couple plus the personal exemption of $600 each, such a couple need not pay any tax till their income exceeds $1,600 per annum. The basic idea underlying the U.S. Government's move to effect large-scale tax cuts is apparently this: higher business activity, stimulated by leaving more money in private hands, will yield higher revenue for the exchequer than what would accrue from an economy stifled by higher income-tax rates. By deciding on a heavy tax reduction programme, the U.S. has followed the example set by Britain, Austria and some other countries.

Deposits With Companies

The relatively low rates of interest offered by banks on term deposits under the inter-bank agreement and the higher rates charged by them on advances have led to a diversion of funds from banks to joint-stock companies. This trend has been frowned upon, unjustifiably according to some, by the Government and the banks alike, though for different reasons. While the former feels that this will upset the cost of its own borrowings, the latter are annoyed because the companies are pinching away some of their deposits, which is their raw material. Both are, of course, viewing the problem from their respective angles and so do the owners of money. Is it unnatural, if they try to earn a little more on their resources, taking advantage of the keen competition for funds? Be that as it may, in the context of the controversy whether there should be a curb on the deposits taken by joint-stock companies—the Reserve Bank recently acquired new powers to control such deposits—an article published in the February issue of the *Reserve Bank of India Bulletin* on deposits from the public with joint-stock companies is of topical interest. The study covers a three-year period from 1960-61 to 1962-63 and is based on the accounts of 1,111 public limited companies which are among the 1,333 companies included in the R.B.I.'s latest series of studies on finances of Indian joint-stock companies and, in terms of paid-up capital, covers nearly four-fifths of the entire non-Government, non-financial public limited joint-stock companies' sector.

Deposits from the public with the selected companies recorded a steady rise of 15 per cent per annum during the period, the aggregate figure going up from Rs. 25 crores at the end of 1960-61 to Rs. 29 crores at the end of 1961-62 and further to Rs. 34 crores at the end of 1962-63. The proportion of companies reporting deposits showed, however, only a marginal increase from 24.8 per cent in 1960-61 to 25 per cent in 1961-62 and 25.3 per cent in the subsequent year. This means that the accretion in deposits was shared by more or less the same companies. Companies with a paid-up capital of more than Rs. one crore each accounted for about 30 per cent of the total deposits at the end of 1962-63 and absorbed about 59 per cent of the increase in that year. There was a substantial addition to their deposits in the previous year also. Companies in the size groups of Rs. 25 to 50 lakhs and Rs. 10 to 25 lakhs also accounted for a large proportion of the total deposits. The proportion of companies accepting deposits was about one-fourth to one-third except in the lowest size group of a paid-up capital of Rs. 5 to 10 lakhs, in which the prevalence of the practice was much less widespread.

Deposits were largely concentrated in sugar, cotton, engineering, chemicals and trading companies, which together accounted for about 75 per cent of the total in 1962-63 and claimed about 54 per cent of the increase in that year. Acceptance of deposits was fairly widespread among cotton textile and sugar companies; in the former industry, they numbered more than half and in the latter two-fifths at the end of the period under review. The proportion of companies reporting deposits at the end of 1962-63 was about 24 per cent in the chemical industry and less than 20 per cent in the engineering and trading groups. The proportion recorded an increase over the period in the case of engineering and chemicals and a decline in the case of sugar and cotton industries. There was an increase from year to year in the total deposits with companies in these industries during the period, but, except in the case of cotton textiles, the rate of growth was lower during 1962-63 as compared with the previous year. The proportion of fixed deposits to the total varied from 65 to 67 per cent in the three years. Fixed deposits rose by 17.7 per cent during 1962-63, while the rate of growth of other deposits was lower at 9.9 per cent. The predominance of fixed deposits is due to the natural anxiety of the public to earn some worthwhile return on their limited savings.

It is interesting to find that deposits constituted only a minor source of finance even for the big companies, their proportion to total borrowings in 1962-63 being only 2.6 per cent for companies with a paid-up capital of more than Rs. 1 crore and 3 per cent for companies having a paid-up capital of Rs. 50 lakhs to Rs. 1 crore. In other groups also, the source was of low importance, though in the smaller size groups it tended to be of relatively greater significance. A regionwise study discloses that deposits were a good source of finance for cotton mills in Coimbatore, amounting to as much as one-third of their total borrowings. Other groups in which they accounted for a fairly large part of the aggregate loan capital were the trading companies of Madras and West Bengal, sugar companies of the Punjab, engineering companies of Gujarat and Delhi and chemical companies of Gujarat.

Cloth To Cost More

Consumers of mill cotton piecegoods will henceforth have to pay more, not to mills, which do deserve an increase in price to make up for at least a part of the substantial rise in production costs, but to the Central Exchequer. This is the *relief accorded by the Union Finance Minister in* the budget for the coming financial year! It is true that the basic excise duty on mill-made grey cloth has been reduced and that handloom cess and additional excise duty have been left unchanged. *But the reduction has been more than neutralised* by the steep increases in yarn compounded duty, processing surcharges and excise on cotton yarn. In the case of grey cloth itself, the total excise duty per square metre has been raised by 0.24 nP to 14.10 nP for lower medium, by 0.24 nP to 17.20 nP for higher medium, by 0.53 nP to 34.70 nP for fine and by 0.23 nP to 47.80 nP for superfine cloth, while that for coarse counts has been lowered by 1.24 nP to 6.70 nP. The rates of yarn compounded duty are so fixed that the composite mills are required to pay yarn duty at rates higher than those fixed for yarn sales. This is unfair. The Finance Minister will do well to concede the millowners' plea for reducing the compounded duty from the revised high levels. In the name of rationalising processing surcharges, the Finance Minister has heaped a further burden on the mills. Processed fabrics of higher medium, fine and superfine varieties now bear an additional surcharge of 5 nP per square metre, the revised surcharge being 10 nP for bleached-dyed-printed cloth, 20 nP for mercerised-water-proofed (including rubberised) cloth and 30 nP for others (including shrink-proofed and organdie processed). Some relief has been given to mills producing shrink-proof and organdie-processed lower medium and coarse piecegoods, as the processing surcharge has been cut by 5 nP to 20 nP, whereas the surcharge on bleached-dyed-printed and mercerised-water-proofed categories continues at the old levels of 5 nP and 10 nP, respectively.

The rates of excise duty on cotton yarn have been substantially enhanced "not only to raise," to quote the Finance Ministry's memorandum explaining the provisions of the Finance Bill 1964, "some additional revenue but also in the process to transfer a larger portion of the total incidence to yarn from the fabric stage." Although yarn (in-hanks) above 26 counts is now made to bear a higher rate of duty as compared with counts above 40s, the difference in effective rates of duty between yarn cleared in other forms and yarn in hanks have been stepped up markedly from the present level of about 10-18 nP to 10-40 nP per kg. apparently to provide differential support to the handloom sector *vis-a-vis* the powerlooms. The revised rates of effective duty per kg. of yarn (unsized) cleared in hanks and other than hank, respectively, according to French count, are:

Less than 6s: Nil-10 nP; 6-14s: Nil-15 nP; 14-22s: Nil-25 nP; 22-29s: 5 nP-35 nP; 29-40s: 10 nP-45 nP; 40-51s: 25nP-60 nP; *51s and above:* 50 nP-90 nP.

Justifying the revision, the Finance Minister said: "Increase in the duty on fine and superfine yarns has become necessary, in view of the high profits that are being made on such yarns which are spun from imported cotton. By levying a surcharge on sized yarn and also by prescribing higher effective rates for yarn other than in hanks, with the duty on yarn in hanks being kept at a comparatively low level, the impact of these duties on handloom cloth will not, it is expected, be felt."

Mr. Krishnamachari's principle of differential support does not end with handlooms; it has been extended to the powerlooms too. The powerloom units with 50-300 looms which would have paid from 1964-65 the same rates as payable by composite mills in respect of the basic and additional duties on grey fabrics will now pay only a four-fifths of these rates. As regards units with 5-49 powerlooms, the rates of compounded duty have been substantially reduced, particularly for units producing only medium and/or coarse fabrics.

The effect of the aforesaid changes will be an additional excise revenue of Rs. 9.81 crores from yarn and a loss of Rs. 2.66 crores from fabrics, or a net addition of Rs. 7.35 crores. Taking into account this effect, the revenue proceeds from Central excise on cotton textiles in the coming year, as compared with the current and previous years, will be as follows:

(In crores of rupees)

	1964-65 (Budget)	1963-64 (Revised)	1963-64 (Budget)	1962-63 (Actual)
Cotton fabrics	54.94	56.50	56.50	58.37
Cotton yarn	20.10	9.80	9.20	8.38
Additional duties (textiles) ..	22.63	22.40	21.33	20.34
Total ..	97.67	88.70	87.03	87.09
Gross excise duties (all sources)..	769.54	703.47	696.34	598.83

It will be seen from the above table that, out of the total Rs. 770 crores expected to be derived by the Government of India from excise duty, consumers of textiles alone will contribute almost Rs. 100 crores, representing about 13 per cent of the total. One wonders whether such an essential item of consumption as cloth should be subjected to a stiff rate of excise duty. The Government does, of course, need a lot of money for defence and development, but it can definitely get much larger revenue even if the rates of excise duty on cloth are reduced, provided it gives all possible encouragement to the more efficient mill sector to produce more and more cloth through speedy expansion, modernisation and rationalisation.

U.S. Cotton To The Rescue

The distinctly firm trend of cotton futures in the past few weeks, which was a sequel to reports of widespread damage to the crop in the Western region on account of the cold wave, was reversed this week and prices showed a definite tendency to decline. This was because of the announcement of a P.L. 480 allocation for the import of 375,000 bales of U.S. cotton. The allocation was not altogether unexpected; in fact, it was long overdue. But what came as a pleasant surprise was that this cotton would be made available to mills for consumption in the next four months. All the 375,000 bales (of 400 lbs. each) are to be shipped before 30th June next. The delay in making the allocation had earlier given rise to the fear that the cotton would not be available for consumption during the current season. This fear has now been belied.

Import of 375,000 bales of U.S. cotton, which represents only just over six per cent of the total annual consumption of Indian mills of 5.7 million bales (both Indian and foreign cotton), does not, of course, alter the supply position so substantially as to induce a reactionary trend in prices. But the announcement, coming as it did at a time when prices of long-staple Indian cotton was showing a firm trend, has checked the rise, at least temporarily. One reason for this is the expectation that a sizable quantity of the 375,000 bales of the U.S. cotton would be of staple length below 1.1/16" which would be used as a substitute for some of the long-staple Indian varieties the supply of which may fall short of demand. The Indian Cotton Mills Federation is said to have already recommended that 100,000 bales out of the present allocation should be of staple length below 1.1/16". It is further reported to have suggested that the balance of 275,000 bales should be in staple length of 1.1/16" and above, with 75,000 bales thereof reserved exclusively for distribution among exporting mills against their retention quota.

The futures market greeted the announcement with a decline in the price of Jarilla March contract by as much as Rs. 8 per three quintals on Monday the 2nd inst., as compared with the previous day's close. The May contract eased by Rs. 7 per three quintals initially, but later reacted more sharply to touch a low of Rs. 735 per three quintals on the 3rd inst., a fall of Rs. 14.50 as compared with the closing quotation on the day prior to the announcement, namely, Saturday, 29th February. Although prices have recovered slightly since then, the present temper of the market is in sharp contrast to that before the announcement which, incidentally, over-shadowed the Central Budget in cotton traders' eyes. This explains the tame reaction of the cotton market to the Budget. Traders were, however, happy that rumours of an enhancement of import duty on cotton proved baseless, as the Budget did not raise the import duty on cotton.

COMMERCE

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

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BHUBANESHWAR AND PRIVATE SECTOR

THE Congress Party's Bhubaneshwar Resolution on "democratic socialism," its significance and consequences to the private sector figured prominently in the several speeches delivered at the thirty-seventh annual session of the Federation of Indian Chambers of Commerce and Industry by the spokesmen of both the Government and industry. Due to poor health, Prime Minister Nehru, who had inaugurated the annual session of the Federation every year since 1947, was unable to do so this year. His place was taken by Home Minister Gulzarilal Nanda who ably played the role. Mr. Nanda was not a wee bit behind his chief in giving a sermon to businessmen. In an otherwise agreeable lecture, he asked them not to belittle the Bhubaneshwar Resolution. Speaking about it in a tone which sounded reverential, Mr. Nanda observed that the Resolution represented "both a synthesis and a consolidation of our thinking and aspirations over many years" and that "one should not talk lightly about it." He was provoked to make this remark by Mr. Bharat Ram who wondered, in his presidential address, whether there was any need for a re-statement of the Congress Party's well-known socialist ideology. The retiring President was perfectly justified in making the point he did on this issue, for, apart from the fact that there has been no lack of ideology and that the phrase "socialist pattern of society" coined at Avadi was no less socialistic than the one ("democratic socialism") adopted at Bhubaneshwar, the post-Bhubaneshwar speeches of certain prominent Congress leaders (including Ministers and ex-Ministers of Centre and States alike) have been anti-private sector.

An attempt is being made to make private enterprise the scapegoat for the Congress Party's failures on the economic front. Mr. Nanda himself has been blaming the trade and industry for the rise in price levels, while the basic cause is the shortfall in agricultural production for the third year in succession. By no stretch of imagination can this setback be attributed to industry and trade in the private sector. They have not been in charge of agriculture. It is the Congress as the ruling party that has been looking after agriculture with results that are highly disappointing. Its excessive land reforms, such as ceiling on land and co-operative farming, and administrative failure in supplying farmers all over India with facilities (irrigation, implements, better seeds, fertilisers, credit and communication) for increasing production and in infusing among them confidence in the future of agriculture that have been responsible for agriculture continuing to be the Achilles' heel of Indian economy. Both talent and capital have been deserting the rural areas and the Government's attempts to provide new leadership, as well as cheap finance, through Community Development Service and Co-operatives, have not been as successful as was expected. The stepmotherly treatment meted out to such essential consumer goods industries as cotton textiles, to food industries (sugar and vegetable oils) and to some basic industries (like steel, coal and cement) right from the day India became independent up to a year or two ago has resulted in supply of goods lagging behind demand. The bullock-cart approach to the population problem, even when its seriousness was apparent in the beginning of the 'fifties, is another cause for the continued economic backwardness of the country. In short, there have been innumerable mistakes in framing economic policies and in executing them and the country is paying the price for them in the form of inflation, mass unemployment and poor rate of economic growth. What is more, the Congress Party has been slow in learning from mistakes.

The Bhubaneshwar Resolution on "democratic socialism" has unleashed unfavourable forces on the private sector. As Mr. Bharat Ram aptly remarked, it has raised "a chorus for nationalisation and establishment of co-operatives in respect of all conceivable economic activities, from banks to rice mills and wholesale to retail trade." It has strengthened "the tendency to ignore the achievements of private enterprise and to chastise, with reckless confidence and without acquaintance with facts, all actions of businessmen." It has led to the growth of a new superstition that "the competence and resources of Governmental organisations are infinite." A new lease of life has been given to the myth of concentration of economic power and economic control in a few hands and a lot of time, resources and energy are going to be wasted in the fruitless search for monopolies. This is implied in the Government's decision to appoint a Monopolies Commission. On top of the existing comprehensive statutes governing joint-stock commercial companies and banking companies, a fresh legislation will be inflicted on the people to facilitate the formation and working of the Monopolies Commission. The Company Law of 1956, which has already undergone two drastic amendments, is also going to be revised again. Such proliferation of laws is due to the mentality of a worker who is given to the bad habit of blaming the tools for his failures. The observations of Mr. Bharat Ram on this subject are quite pertinent and deserve to be recorded here, even though a Monopolies Commission is a *fait accompli* now. "The Industrial Licensing Policy even now takes care of this aspect," observed Mr. Bharat Ram, and quoted the Prime Minister who conceded only a year ago in a statement to Parliament that this policy contained, *inter alia*, "safeguards for avoiding industrial capacity in a few hands." The Finance Minister, too, has said in his budget speech that the biggest industrial plants in the country today belong, in terms of ownership, much more to the people in general than to the original founders with whose names they are popularly associated. So a Monopolies Commission is a superfluous body and the taxpayer has to suffer the cost involved, simply because a section of politicians has been crying wolf.

Mr. Bharat Ram drew attention to a dangerous line of thought voiced by Mr. T. T. Krishnamachari in his budget speech which many seem to have missed. The Minister has made a subtle distinction between ownership and control, and control and management. He does want to encourage managerial talent and good management. This is perfectly all right. But "can efficient management be secured without effective control? Is this not a problem confronting Governmental administration and public sector enterprises?" In posing these questions, Mr. Bharat Ram touched the crux of the issue. Surely, "responsibility and control," as he appropriately added, "go together and can be divorced only at the risk of grievous consequences." This warning is not unnecessary, having regard to what has happened in quite a few public sector corporations supposed to be autonomous and in some of the private sector companies with ownership spread over a large number of shareholders and with boards consisting of directors holding no more than their qualification shares. Grave irregularities, resulting in negligence, inefficiency and demoralisation among the workers, marked the working of these undertakings to the detriment of investors. The companies in the private sector suffered from the additional disadvantage of wranglings among the directors and chief executives for securing effective control.

The harm done by the Bhubaneshwar Resolution is quite clear in the Union Budget as well as in the Budget Debate. It has apparently prevented the Finance Minister from going the whole hog with measures for stimulating the growth of the economy. Even the few concessions given by him to the private sector have drawn the criticism not only from communists but also from some members of the Congress Party itself that he has failed to follow the Party mandate as re-defined at Bhubaneshwar and that he has been unduly soft to the private sector and foreign private capital. This criticism is undoubtedly false, for the confiscatory and redistributive taxes have been increased in terms of both coverage and incidence. The principle of compulsory savings—the term "forced savings" will be more appropriate—has been perpetuated in the form of Annuity Deposits Scheme, thereby forcing the private sector to look to the Government for long-term capital to a greater extent than before the Budget. In substance, therefore, some of the budget proposals "are at cross-purposes" (to borrow the phrase used by Mr. Bharat Ram) with the objective of promoting economic growth. Besides this, the administrative techniques which the Finance Minister proposes to follow to check tax evasion are very authoritarian and expose businessmen to the tender mercies of bureaucrats. Elucidating this point neatly, Mr. Bharat Ram said:

> "As it is, the discretionary power in the hands of the Executive is ominously large. It is to be further widened, especially in computing deductible expenditure for purposes of business. Because the Finance Minister feels that "unduly large amounts are spent" —a moot point—and because, according to him, it is not practicable to spell out all the restrictions in detail in the Act, Government will assume power to make rules in this behalf. In effect, it would mean that the assessees would be required to submit to the prejudices and predilections of individual officers. With the onus of having to prove their *bona fides*, the position of the assessees has become more perilous. The five steps, which the Finance Minister has proposed for checking evasion, will expose the honest assessee also to unprecedented embarrassment and even harassment. I do not see how Government expect that the combined effect of all these will give a fair deal to the honest taxpayer. The proposed removal of the secrecy provision from the Income-tax Act and other similar enactments may well result in character assassination, but without any benefit to the Exchequer."

It will thus be seen how the Congress Party's experiment in socialism is rapidly pulling the country more and more towards bureaucratic authoritarianism and regimentation which ill goes with democracy. Now, more than ever, the private sector in industry is firmly tied to

Contents

	PAGE
LEADING ARTICLES—	
Bhubaneshwar and Private Sector ...	397
Growth Problems of Coal Industry ...	398
Education for Industry	399
MARKET GOSSIP	402-403
THIS WEEK'S SURVEY	
SPECIAL FEATURES—	
American Letter	104
London Letter	405
Test Case for Financial Co-operation ...	405
Manchester Letter	409
Public Debt of Central Government ...	410-412
Business News from Europe	426-427
Trend of World Oil Prices	432
Co-operative Movement in 1961-62 ...	435-436
MONEY AND BANKING	406-408
ENGINEERING	430
NEW PRODUCTS AND PROCESSES	431
INSURANCE	434
COMPANY MATTERS	439
TREND OF MARKETS	440-443
TREND OF SHARES	443
WEEK'S STOCK EXCHANGE TREND	444

the apron strings of the Government. The Bhubaneshwar Resolution, solemnly reaffirmed by Mr. Nanda at the F.I.C.C.I's meeting this week, is designed to strengthen these strings. In the light of this trend, Mr. Nanda's assurance that, "in the pursuit of progress and social justice, the private sector has an honoured place and is not just tolerated," though welcome, sounds hollow. The statements of Government spokesmen when delivered from the forums of the private sector have invariably been friendly, but their actions have rarely been in consonance with them. The private sector has undoubtedly grown under the Congress Party's programme of planned economic development. Despite all the checks and balances imposed on it, private enterprise has brought about a rapid expansion of industries, albeit in fields where it is allowed to operate. During the last decade, the output of private industries has doubled. Over 188 new major products were manufactured for the first time in the last five years and the quality of production has also been steadily improving. All this demonstrates the dynamism of Indian private enterprise in general and justifies the assertion that it would have taken the economy to much higher levels had it been given greater scope and encouragement for displaying its talents. No enlightened businessman is opposed to the social objective of increased welfare of the masses, for he knows that it is an essential prerequisite for his own survival and growth. But those politicians who preach nationalisation and agitate for imposition of all sorts of controls and punitive taxation fail to realise that an economy which curbs individual effort stifles itself. Unfortunately, they are in a majority in this country today.

GROWTH PROBLEMS OF COAL INDUSTRY

FOR some time now the coal industry, especially in the private sector, has been passing through a difficult phase marked by a relative over-production of low-grade coals and the consequent accumulation of pithead stocks. The smaller collieries, it is said, have not been particularly well placed to undertake investment for expanding the production of higher grade coals and have, therefore, concerned themselves with the mining of lower grades to an extent not warranted by the demand therefor. In other words, the relative abundance of unwanted coals has been attributed to the unplanned increase in the output of smaller collieries. But this seems to be only one of the reasons. Another reason for the accumulation of stocks, currently estimated at more than five million tonnes, is last year's easy transport position which enabled industrial consumers to build up substantial buffer stocks.

Whatever be the causes of stock accumulation, the present situation certainly calls for remedy, for it has spelled financial difficulties for the smaller collieries. Three possible solutions have been suggested in this connection. One is that industrial consumers should be persuaded to take more coal. This does not seem to be a feasible proposition, for, in the present comfortable transport position, no industrial consumer would be willing to block more funds in larger-than-necessary buffer stock. The second solution suggested is that producers should popularise the use of soft coke as a domestic fuel in the place of cowdung. But this is a long-term solution involving sustained propaganda and effort, and it has no relevance to the immediate situation. The only other alternative is to curtail the production of lower grade coals, but this, too, seems to be out of question in the absence of suitable official steps, including a possible reward for the exercise of self-restraint in mining. Perhaps larger price differentials between higher grades and lower grades may automatically lead to some reduction in the output of the latter. But, here again, the latest selective price increases sanctioned have not significantly enlarged the price differentials, although the lower-grade coal producers have just complained that the erstwhile gap of Rs. 11 per tonne between the higher and lower grades has been "unfairly" widened further by Re. 0.75 to Re. 1.25 per tonne. Since the Government presumably thinks that the present crisis of over-production is a temporary phase, one cannot hope for any drastic remedy. If the situation corrects itself in due course, well and good. But, if it does not, the Government may then have to institute appropriate measures to bring supply and demand into some sort of equilibrium.

As far as the long-term approach to the relative importance of lower grade coals is concerned, it would be prudent to heed the advice of Mr. Pran Prashad, Chairman of the Indian Mining Association, who spoke at the annual general meeting of the Association held at Calcutta on the 7th instant. In his considered opinion, if the present unplanned increase in the output of lower grade coals is allowed to continue for any length of time, the long-term production programme is bound to suffer a setback. The long-term programme, in which the bigger units of the industry have been participating with their large investments (facilitated by the World Bank loan) in modernisation and expansion, does not unfortunately cover the smaller collieries to the same extent as it covers the larger ones. This is because the smaller collieries are financially incapable of undertaking the long-term preparations needed for expanding the output of higher grade coals. If they are to avail themselves of the loan facilities for modernisation, they would have to be amalgamated with bigger units more rapidly than up till now. This is the only possible inference from the following observations made by Mr. Pran Prashad:

"Advances in current mining technology have left these smaller units untouched and they continue to be run on cottage industry lines.... This Association, representing, in the main, the larger units of the industry, bears the smaller units no ill-will, but I feel the time has come when responsible coal producers must start to consider the total picture. No other country in the world today is obliged to keep 850 and odd coal mines in production to produce merely 68 million tonnes of coal per annum. The production of fuels at the lowest possible cost can, in modern conditions, be achieved only by units capable of ultimately producing upwards of half-a-million tonnes of coal per annum. For the Indian coal industry, which is now well set on the road to expansion, there is a splendid opportunity to leap at once from the age of the pick-axe to the age of full mechanisation, obviating the long and tedious crawl through intervening stages of advance."

Mr. Pran Prashad has called for action on four fronts, so that the industry could be rapidly modernised. It is most important, in the first instance, to ensure the adoption of advanced management techniques by mining engineers. Further training for such engineers has been considered necessary and the industry has, therefore, accepted the British National Coal Board's offer to send out to India a team of specialists to impart training in modern techniques. It is up to the managements of coal companies to take prompt advantage of this opportunity. The second front on which action has been urged by Mr. Pran Prashad is the technical equipment of mines. The expansion of production at the rate needed to sustain the economy's long-term plans, in his view, cannot be achieved except by large-scale installation of mechanical equipment for deep underground mining. But mechanisation on that scale would be feasible only in units of substantial size. The Amalgamation Committee itself, it will be recalled, had proposed that a mine producing 10,000 tonnes per month be considered a minimum economic unit. Even this comparatively low figure has now been reduced to 7,000 tonnes per month. According to Mr. Pran Prashad, if amalgamation is at all to take place, it must be based on a much larger unit-size, so that the higher overheads on modern equipment may be absorbed. The third aspect mentioned by him is related to the possible shrinkage in employment potential as a consequence of the adoption of advanced technology. Since such shrinkage cannot be helped, Mr. Pran Prashad has rightly urged that efforts to increase employment opportunities should be concentrated mainly on secondary industries which are sustained by the supply of basic fuels. As for the fourth aspect namely, productivity, the required improvement therein should be sought largely through mechanisation effected with the willing cooperation of labour unions. In short, Mr. Pran Prashad has advanced a cogent plea for mechanised mining in larger and more economic units. Few can disagree with this view. Its feasibility in existing large-sized collieries is not open to dispute. But its applicability to smaller collieries would involve their amalgamation—a process that is yet to gain momentum, and one does not know when and how it will.

The question of coal prices has a vital bearing not only on plans for modernisation but on the pattern of production according to grades. The present "cost plus" basis is considered unsatisfactory to the industry. No doubt non-price incentives, such as liberalisation of the scheme of assistance to collieries handicapped by difficult mining conditions, reduction of import duty on certain items of mining equipment and enhancement of the development rebate from 20 per cent to 35 per cent for the coal industry, have been given in the last one year or so. The Central Budget for 1964-65 has also included coal in the list of industries made eligible for a rebate of corporation tax equivalent to 10 per cent of the income-tax and super-tax normally payable by them and of 20 per cent of Surtax. But the Government is yet to recognise the need for a depletion allowance in the case of coal industry. As far as price incentives are concerned, it is a welcome development that the Government has just sanctioned an increase of Re. 1.25 per tonne in the case of non-coking coals of selected A and B grades in West Bengal/Bihar and "selected grade" in the outlying fields. In respect of coking coals, too, it has been notified that, with effect from the 3rd instant, in addition to the existing prices, every colliery owner shall be paid the following amounts where, in pursuance of an agreement between him and the consumer, the grade of the coal supplied is determined by sampling and analysis at the destination:

	Per tonne
In the case of any of the grades of coking coal A to E (conforming to old grades, selected A and B) ...	Re. 1.25
In the case of any of the grades of coking coal F, G and H (conforming to old Grade 1)	Re. 0.75

The above price increase in the case of coking coal, it is stated, would be limited to the supplies made available to the steel plants. This does not seem to be a straight increase in price at all but a premium payable for supplies conforming to specifications as determined by an analysis at destination. As the steel plants take 12 million tonnes out of the 17 million tonnes of such coking coal now raised, the balance of five million tonnes supplied to other consumers would not presumably command the aforesaid premium. So, under the present price scheme, it is only non-coking coals that have been given a straight price rise. The Indian Mining Association has, of course, welcomed this price increase on the ground that it largely neutralises the increase in costs of the grades concerned. But it has, at the same time, criticised the exclusion of Raniganj Grade I coal and Grades I and II coals in the outlying fields from the scheme of price increase. The viability of units, which are modernising themselves at considerable expense for expanding the production of these grades of coal, would be seriously affected if their claim for neutralisation of cost increase is not conceded.

But all this does not mean that the industry would be satisfied with small price increases for neutralising increases in cost alone. Its basic claim for raising the notional gross profit of Re. 1.75 per tonne, if conceded, would result in a more economic price. This is particularly necessary at the present time when the investment rate per tonne of coal produced is as high as Rs. 200 per tonne in several cases and the historical depreciation is thus quite inadequate as a source of capital. In order to attract and service capital in expansion programmes, it is of the utmost importance that an economic price for coal, especially in the case of higher grades, be determined without further delay.

EDUCATION FOR INDUSTRY

EDUCATION is in ferment throughout the world. In the U.K., the Robbins report recommended last year massive expansion in higher education, and legislation to give effect to the recommendations is under way. In the U.S., the stimulus to education given by the late President Kennedy is continuing. In France, W. Germany and Soviet Russia, educational needs are constantly being reviewed and educational systems reshaped to suit the changing requirements of the times. This new wave of reform and change in education has been caused by the needs of the fast-developing technological age which renders yesterday's educational systems and institutions obsolete today. Moreover, industry provides the largest market for the products of educational institutions and the two should, therefore, be in constant touch with each other. The modern technological developments are so fast that, even in the Western countries, educational institutions find it difficult to keep pace with industry. But the need for close co-operation and some kind of partnership between the two has never been in question. In fact, much of the recent striking improvements in scientific and technical education in these countries has been due to the close partnership between the educational world and progressive firms in industry and commerce. This partnership has taken several forms such as appointment of university and college staff members as consultants on industrial research and development projects; the provision of purposeful opportunities for these men to return to industry during their vacations; the identification of senior industrial staff with programmes of university or college research in which their firms may have a long-term interest and the attachment of junior staff members for co-operative participation in this work. As technology takes rapid strides forward, this partnership should become stronger and more broad-based. Hence the efforts to reorient the educational systems to subserve the changing needs of the industrial society.

The need for closer liaison between educational institutions and industry is far more urgent in India where the former still live in ivory towers. The educational system introduced by the British to produce clerks and administrators still remains largely intact. The result is a curious situation of large-scale educated unemployment and chronic shortage of technicians, engineers, scientists and industrial managers. The seminar on collaboration between industries and technical institutions held this week at the Indian Institute of Technology, Powai, Bombay, should focus attention on this serious lacuna in the country's educational system. The seminar, the first of its kind in India, was organised by the Institute of Applied Manpower Research, New Delhi.

Inaugurating the seminar in Bombay on the 8th inst., Mr. C. Subramaniam, Union Minister for Steel, Mines and Heavy Engineering, said that education in a modern society was too serious a business to be left solely to the educationist. Its interactions on society had so many ramifications that it would be an act of high irresponsibility to let it grind out its pattern all by itself. Since the wares of education were bought and used more and more by competitive industry and commerce, its customers had to play, Mr. Subramaniam averred, a vital part in fashioning its profile, in shaping its content and in modulating its rigidities. In other words, the Minister went on to add, since industry was the main customer of education, particularly technical education, there was need for closer dialogue between industry and education and better flow of information and personnel. The only way out of the relative isolation of educational institutions, in Mr. Subramaniam's opinion, is to force them into contact with industry.

He commended the practice in Soviet Russia in this respect, where industrial units take particular educational institutions under their patronage and link the planning of their requirement of technical personnel with these institutions. There is also a substantial flow of information between these industrial units and the educational institutions they patronise. Similar free exchange of information and personnel is characteristic of educational institutions and industrial units in the U.S. and the U.K. The Minister wanted similar close relations to be established between educational institutions and industry in India also. Specifically, he suggested that the Indian Institute of Technology, Powai, be linked to the Hindustan Steel Ltd. for a few years, so that the staff of the Institute could learn the technical problems of the steel plants managed by Hindustan Steel, while the steel plant managers in turn could spend some time at the Institute.

Co-operation between educational institutions and industry is also necessary to promote research. As was pointed out by Mr. Subramaniam, research sponsored by industry has to be increasingly undertaken not only by special institutes of research but also by educational institutions. In fact, the great universities of the West have also been leaders in the scientific revolution. The computer, for instance, was invented at the Harvard and Pennsylvania Universities. The practice of sponsoring research on problems of applied science and technology by industry has yet to develop in this country. If teachers in educational institutions are not conversant with the technological problems of industry, students can hardly be expected to imbibe the spirit of innovation and research in Indian conditions.

It will be observed from what has been stated so far that Mr. Subramaniam has devoted considerable thought to this important problem. The course indicated by him is the correct approach to the present situation where education is far removed from the realities and problems of the workaday world. Indeed, education will be a waste if it does not equip the students for worthy and socially useful careers in a modern industrial society. Suitable changes in the content and emphasis of curricula and closer association between industry and educational institutions are, therefore, necessary.

MARKET GOSSIP

Controlled And Dearer Credit

THE liberal credit policy, launched by the Reserve Bank of India exactly four and a half months ago—on 30th October 1963—has given place to a policy of controlled and dearer credit. Thus, under the modified policy, which came into effect from the close of business on Wednesday the 11th inst., the maximum amount that a scheduled bank can borrow from the Reserve Bank has been reduced from 75 to 50 per cent of its total statutory reserves at the Bank rate of 4½ per cent and from 75 to 50 per cent at 6 per cent. Any borrowing beyond this limit (that is, more than 100 per cent of a bank's statutory reserves) will be subjected to a penal interest of 6½ per cent. Hitherto, additional withdrawals over and above the permissible overall quota of 150 per cent of statutory reserves were not liable to any such penal interest; they were charged just 6 per cent. In other words, a third higher-tier of discretionary credit has been added again to the two-tier structure of lending hitherto in force. Besides slashing the automatic accommodation which a bank can seek from the Reserve Bank, the average cost of credit has also been raised. It is calculated that a bank will have to pay not less than 5.25 per cent on borrowings equivalent to its total statutory reserves with the Reserve Bank, as against about 4.87 per cent payable until now. Simultaneously with these modifications, the Reserve Bank has asked the scheduled banks to avoid grant of credit for hoarding of commodities expected to be in short supply and to bring down the level of clean advances given to parties other than industrial borrowers. Actually, in respect of groundnuts, where there is evidence of speculative withholding of stocks with the help of bank credit, the Reserve Bank has enhanced the minimum margin on bank advances against groundnuts from 45 to 50 per cent and reimposed for the period beginning from March-April 1964 ceilings on such advances at 130 per cent of the level maintained in the corresponding period last year. Emphasis is, however, laid, and rightly so, on the need for banks extending all possible assistance for augmenting output of goods for defence, exports and for genuine productive purposes.

Busy Season: From 25th October to end-February Only
(In crores of rupees)

	1963-64	1962-63	1961-62
Deposits*	+66.78	+37.40	+68.00
Deposits with Reserve Bank	—32.65	—1.69	—9.64
Borrowings from Reserve Bank ..	+65.32	+29.30	+25.70
Cash position	—20.22	—1.70	—7.80
Investments	—108.11	—95.00	—38.20
Bank credit	+280.79	+139.00	+131.80
Highest level touched by bank credit ..	1,758.74	1,524.57	1,355.72
Highest credit ratio (%)	77.04	74.58	69.49
Lowest level touched by bank credit ..	1,467.82	1,363.02	1,222.73
Lowest credit ratio (%)	65.45	66.85	64.79

Note :—The above figures relate to Scheduled Banks (including State Bank of India) only.
* Exclusive of P.L. 480 and P.L. 665 deposits.

The announcement of a tighter and dearer credit policy, with the continued reasonably liberal supply of credit for productive purposes, has caused no surprise at all to anyone. Indeed, one had expected the announcement to come much earlier. For the Union Finance Minister, in his budget speech of 29th February, had clearly hinted at the possibility of tighter credit control, as witness his following remarks:

".... The overall rate of monetary expansion in the economy will call for a careful watch.... Government indebtedness to the banking system has been a major factor in monetary expansion in recent years; but bank credit to the private sector has also shown a brisk increase during the current busy season.... A close watch has to be kept on the situation to ensure that credit creation is kept within reasonable limits and does not encourage speculation or hoarding."

Judged against the foregoing remarks of the Finance Minister and in the context of the difficult supply situation of agricultural commodities, it is quite natural that the Reserve Bank has tightened its credit policy to some extent. The total credit made available by scheduled banks has gone up perceptibly since the commencement of the current busy season. The actual increase between 25th October 1963 and 28th February 1964 was as much as Rs. 290 crores—another Rs. 10 crores are believed to have been added in the week ended 6th March—as compared with the increase of just Rs. 139 crores in the corresponding period of the 1962-63 busy season. The increase would of course, not have been considered unprecedented if only it had been accompanied by a significant rise in industrial and agricultural production. But this has not been the case especially in regard to agricultural output. The pace of expansion in bank credit is much more than the rate at which the deposits of scheduled banks have increased, the net accretion to the deposit portfolio during the aforesaid period being no more than Rs. 67 crores. The banks have, therefore, been compelled to rely more heavily on borrowings from the lender of last resort. The total outstanding borrowings from the Reserve Bank, which stood at Rs. 1.88 crore before the current busy season commenced (on 25th October 1963), jumped up to touch the all-time peak of Rs. 107 crores on the 6th of this month. The net expansion thus comes to over Rs. 105 crores, as against the rise of about Rs. 75 crores in the same period during the 1962-63 busy season.

Among the several factors that have been responsible for the marked expansion of bank credit, special mention must needs be made of three important factors. One is the increase in the cost of holding inventories of raw materials, the prices of which have risen quite appreciably of late. The second is the pressure of demand for more bank credit from several industries in Bombay for paying enhanced dearness allowance to workers. The third is the rise in borrowings from some parties in expectation of an upward revision in the prices of steel, paper, coal and certain other items. To these factors one has also to add the increased pressure of demand from some business houses, since a large part of the unaccounted money which was being lent to these houses has been diverted for the purchase of consumer goods and other durables, thanks to the fears of such money being unearthed. Since all these factors have exerted heavy pressure on bank credit, the Reserve Bank has considered it urgent to check a further undue expansion of credit by banks, keeping, at the same time, in mind the need for ensuring adequate credit facilities for genuine purposes.

Interest On Deposits To Go Up?

Alongside its move to control credit, the Reserve Bank has asked the banks to intensify their efforts to mobilise deposits by all possible measures, including a re-examination of the rates of interest offered by them on deposits. These rates, as readers are aware, are pegged at low levels under the Inter-bank Agreement. This journal has for long pleaded for an increase in deposit interest rates and it is happy that its view has now found favour with the Reserve Bank. Unless the banks effect an immediate increase in interest rates on deposits, they will simply not be in a position to meet the rising tempo of financing expansion out of their own resources and, at the same time, to conform to higher liquidity requirements due to come into effect six months from now, that is, on 16th September next.

When the Reserve Bank is fully convinced that the present conditions warrant a tighter and costlier credit policy, coupled with increase in deposit interest rates, one fails to understand as to why it is still hesitant to effect a straight increase in Bank rate. Such an increase is overdue. The earlier it is effected the better.

Not Even Small Mercies

How stubborn the Union Finance Minister, Mr. T. T. Krishnamachari, is! After listening to the six-day Lok Sabha debate on his Budget for 1964-65, he has merely confirmed all the controversial taxation proposals and conceded virtually nothing. The public cannot, therefore, look forward even to small mercies by way of marginal tax concessions in respect of most proposals. Of course, T.T.K. has clarified some points pertaining to personal income-tax, annuity deposits, gifts tax, development rebate, surtax on corporate profits, dividend tax, excise duties, and so on. But his clarifications, though quite welcome in some ways, do not mean much in the absence of immediate concessions. For instance, the clarification regarding personal income-tax (sans compulsory deposit) on incomes below Rs. 15,000 per annum shows that the only persons (married with more than one child) who will be paying substantially less (than in 1963-64) in the form of tax as such are those belonging to the Rs. 4,200 salary bracket, as will be seen from the following figures:

Salary bracket	Total tax minus compulsory deposit in 1963-64	Compulsory deposit in 1963-64	Total tax payable in 1964-65
Rs.	Rs.	Rs.	Rs.
4,200	60.90	125.00	36.00
5,000	93.10	149.00	84.00
6,000	176.50	176.00	184.00
7,500	338.73	205.00	334.00
9,000	510.01	225.00	550.00
10,000	690.00	250.00	709.00
12,500	1,003.00	294.00	1,084.00
15,000	1,571.00	336.00	1,584.00

Thanks to abolition of the compulsory deposit scheme, earners in the above brackets will have bigger "take-home" pay packets. That is some relief to the middle class insofar as more money will be available for current expenditure. But the tax incidence as such will continue to be more or less the same as in 1963-64 at most levels of income below Rs. 15,000.

As for annuity deposits payable by assessees with incomes above Rs. 15,000 per annum, the combined incidence of tax and annuity deposit will be somewhat heavier than that of tax and compulsory deposit in 1963-64. It is a pity that T.T.K. has refused to make the annuity deposit scheme optional except in the case of old persons above the age of seventy. Regarding gifts tax, the Finance Minister has clearly indicated that the exemption limit is Rs. 5,000.

Perhaps the most salutary clarification pertains to the development rebate which, as now envisaged, will cover the period upto 31st March 1967. It is also good that T.T.K. has held out the hope that thereafter a fresh system of development rebates, which might be on a graduated scale weighted in favour of the essential industries with higher capital content, would be introduced. Another salutary assurance given by T.T.K. is to the effect that representations made for keeping the combined impact of estate duty, capital gains tax and other incidental costs in respect of inherited property well below the entire value of such inheritance are under active consideration.

The Finance Minister has confirmed that, in the case of 20 bigger companies, which were paying super profits tax last year, the incidence of the proposed surtax and dividend tax as a percentage of the total income would be less. But

he has also admitted that, in the case of some companies which were not liable to pay S.P.T., the position will be different under the present Budget proposals. The demand for relief in excise duties, such as those on kerosene and cloth, has been rejected on the ground that the scope for any such relief is comparatively limited in a period of shortage. T.T.K. has gone further and said that some excise duties may have to be raised by executive order up to a certain limit in order to reduce middlemen's margins. All in all, therefore, the Finance Minister has dashed all hopes of concessions in most of his immediate tax proposals.

Minimum Cane Price For Next Season

The Union Food and Agriculture Minister has fallen a victim again to the pressure tactics of politicians and vested interests. And so the consumers of sugar will be compelled to pay still higher prices for obtaining their requirements of this sweetening agent in the coming season (November 1964-October 1965). For the production cost of sugar mills will increase quite markedly as a result of the further upward revision in the basic minimum price of cane announced in Parliament on Wednesday last week. The minimum price per maund of cane with 9.4 per cent recovery (delivered at the factory gate) payable by sugar mills in the coming season is fixed at Re. 1.85 which represents a rise of 4 nP per maund, as compared with the price of Re. 1.81 per maund fixed under the price linking formula; there will be a premium as now of 1.5 nP per maund of cane for every additional 0.1 per cent recovery. The revised price of Re. 1.85 will be payable even if the recovery per cent is below 9.4, whereas, in the current season, it will be recalled, a deduction of 1.5 nP for every 0.1 per cent fall in recovery upto the minimum limit of 9 per cent is allowed. For all cane with a recovery of 9 per cent and below, the minimum price is now Re. 1.75 nP per maund; in the next season, it will be Re. 1.85, as the system of deduction for fall in recovery below the specified minimum has been discontinued. In making this change, the Government, the official Press note says, has taken into account the effect of adverse season on recovery. Besides ensuring enhanced cane prices, the Government has also conferred an additional advantage on cane growers. Thus, the permissible limit for deduction from the cane price at receiving centres situated away from factory gates would be 1.5 nP per maund per mile up to a distance of eight miles. Thereafter, upto 24 miles, there will be no further deduction beyond 12 nP per maund and the balance of transport cost, that is, up to 24 nP per maund, will be debited to cost of sugar manufacture. These deductions are at present made in full out of the cane price received by growers.

In raising the cane price further, the Government of India has, of course, been prompted by the anxiety to ensure for mills adequate cane supplies for maintaining sugar production at a high level so as to cater to the expanding domestic requirements and exports. But, since the enhanced basic minimum price will be payable even for cane with a recovery of below 9.4 per cent, the cultivators will be interested only in producing a larger quantity of cane irrespective of quality considerations. Consequently, more and more lands now being devoted to rice and other foodgrains will be diverted to cane cultivation. Such diversion apart, cane price is not the only element that influences the flow of cane supplies from the fields to the factories. For much will depend on the level of *gur* and *khandsari* prices which continues to be ruling pretty high. Unless the Central and State Governments display political courage and take stringent measures to regulate production and prices of *gur-khandsari*, the sugar mills will continue to find it difficult to secure cane supplies adequate enough to maintain optimum crushing operations, the increase in the minimum cane price notwithstanding. The force of this contention is amply borne out by the experience of the past several seasons, including the current season. And it is, indeed, deplorable that the authorities refuse to learn from this experience. The result is that the defects in the official sugar policy are perpetuated, the less vociferous poor consumer continuing to make a heavy sacrifice by paying unconscionably high prices for such an essential item of consumption as sugar.

A Courageous Verdict

One more State legislation relating to land reforms, namely, the Madras Land Reform (fixation of Ceiling on Land) Act, 1961, has been declared *ultra vires* the Constitution by the Supreme Court. The Court held that Section 5(1) of the Act, which fixes ceiling on landholdings, violated the fundamental right enshrined in Article 14 of the Constitution and that Section 50 read with Scheduled III relating to compensation was discriminatory and against Article 14. Since these two sections constituted the pivotal provisions of the Act, their Lordships maintained, the whole Act must be struck down as unconstitutional. The Court gave verdict while disposing of a batch of six writ petitions filed under Article 32 of the Constitution, challenging the constitutionality of the Act on the ground that it violated Articles 14, 19 and 31(2) of the Constitution.

The Act, it may be recalled, was passed by the Madras State Assembly in September 1961 and received the assent of the President in May 1962.

This is the second time the Supreme Court has pronounced null and void one or more sections of a State legislation seeking to give effect to the land policy recommendation of the Second Plan. The previous judgment related to the Kerala Agrarian Relations Act, whereby the Court invalidated the applicability of the legislation to *ryotwari* land. An appeal against the judgment of the Maharashtra High Court invalidating Section 28 of the Maharashtra Agricultural Lands (Ceiling on Holdings) Act 1961 is pending before the Supreme Court.

These successive decisions of the Supreme Court, striking down one or more sections of the State land ceiling legislation, invests special significance on the pending 17th Amendment to the Constitution, which will serve to validate provisions of all land ceiling legislations which would not otherwise stand constitutional scrutiny. The amendment, now under consideration by a Select Committee, is itself a sequel to the Supreme Court's judgment in respect of the Kerala Agrarian Relations Act. As readers are aware, it seeks to bring *ryotwari land within the meaning* of "estate" (as defined in the *zamindari* abolition legislation) and to include as many as 124 State enactments to the Ninth Schedule of the Constitution, thereby placing them all beyond the pale of the Supreme Court. It is, therefore, rightly apprehended that the amendment, if carried out, will undermine the fundamental right to property guaranteed by the Constitution. The insidious implications of the amendment was pointed out by Mr. N. G. Ranga at the National Convention of the Swatantra Party held at Bangalore last month. According to him, if the amendment were approved by Parliament, 80 per cent of peasants and many others would be denied the protection of the Supreme Court in safeguarding their fundamental right to property. It was an after-thought, he said, to claim that such measures were all comprehended in the promised land reforms. Never were land reforms meant, Mr. Ranga asserted, either by positive exposition or implication, to give power to the Government to take away compulsorily on payment of nominal compensation the lands of every type of peasantry and that too by depriving them of the protection of the Court.

The criticisms levelled against the 17th Amendment are too serious to be lightly brushed aside. They raise issues of far-reaching importance to every citizen of this country. No one, of course, questions the right of Parliament to carry out whatever amendments to the Constitution it deems desirable. But it will, indeed, be a bad day for democracy and individual freedom, when Parliament, with the help of the majority party backed by the leftist elements in the Opposition, legislates to deny the citizens the protection of courts of law for holding property which is rightly theirs.

Gold Pool—A Success

Close co-operation between central banking authorities is a distinguishing feature of the monetary scene in free world countries. Many co-operative arrangements have born out of this willingness to act in concert. One such is the international Gold Pool set up about three years ago, at the suggestion of the U.S., with the object of sharing the burden of stabilising the gold market and keeping gold prices within reasonable limits in the event of exceptional and excessive demand for gold. Central banks of Belgium, France, Italy, the Netherlands, Switzerland, West Germany, U.K. and U.S.A. participated in the Pool which was not an official one. Its existence was, however, an open secret, although the size and scale of its operations were not disclosed.

What is said to be the first public recognition of the existence of the Pool has been given by the Bank of England by publishing, in its latest quarterly *Bulletin*, an article tracing the origin, and assessing the operations, of the Pool. The development of the Pool, it is pointed out, has occurred in two stages. In the first stage, the Pool was purely an agreement among central banks to stabilise the price of gold, when demand was excessive, by gold sales from the Pool. Gold was contributed to the Pool by the member-banks. Sales from the Pool on a substantial scale were made when major international monetary crises such as those which followed the Wall Street crash (of May 1962), the speculative flight from the Canadian dollar and the unprecedented demand for gold in London in the wake of the Cuban crisis. Since the end of 1962, according to the article, there was no need for selling gold from the Pool in the open market.

The second stage of development of the Pool began when arrangement was made to buy gold in case a surplus of supplies threatened to depress price. Under it, the participants agreed to coordinate their purchases whenever the London gold price fell below the official U.S. selling price of $35 an ounce. In practice, the Bank of England made the purchase on behalf of all the members, with the purchases being distributed periodically on an agreed basis.

Summing up the results of the Pool's buying and selling operations, the article points out that, from the practical point of view, the net position shows a considerable balance in favour of the participating central banks, that is to say, a considerable addition to monetary reserves. Last year, for instance, the Pool was left with no less than $600 million in gold to be distributed among the member-banks. This amount represents over half the total inflow of gold into London during the year. As compared with this, in 1962, about four-fifths of newly-mined gold were hoarded and only $300 million worth of gold found its way into official reserves. "Whether the accrual of gold to central bank reserves," the article concludes, "would have been smaller without the existence of the Gold Pool it is impossible to prove." "But there is little doubt," it asserts, "that the knowledge that central banks were working together in the gold as well as the exchange market has helped to maintain public confidence in the existing international monetary structure."

A similar endorsement of the merits of the Gold Pool and its continued operation has been made by Mr. Charles A. Coombs, Vice-President of the Federal Reserve Bank of New York, in a report published in the Bank's monthly review for March 1964. Other participating central banks may also be expected to hold identical views on the working of the Pool. Thus the Pool, which started as an informal arrangement and continues to be so, has become an important instrument of international co-operation among central banks.

HABIB BANK FARES WELL

THERE has been a further all-round improvement in the working of the Habib Bank Ltd. (Chairman: Mr. Ahmed Habib, Karachi) during the past calendar year which, as the Directors point out, witnessed a large-scale growth and expansion of banking throughout Pakistan. The total deposits of the Bank have risen by Rs. 28.83 crores to Rs. 124.25 crores, on top of an increase of Rs. 15.10 crores registered in the previous year, the bulk of the rise having gone into advances which have spurted by Rs. 21.82 crores to Rs. 68.30 crores, lifting the credit ratio by over six points to 54.9 per cent. Investments, which had been practically unchanged in 1962, have added as much as Rs. 10.32 crores to Rs. 48.98 crores during the year under review, though, as a ratio to deposits, they stand one point lower at 39.4 per cent. With both advances and investments tending to be markedly higher, the Bank's gross income has shot up from Rs. 475.29 lakhs to Rs. 609.89 lakhs and its balance-sheet total has expanded further from Rs. 154.33 crores to Rs. 196.47 crores.

Following the sharp accretion of deposits, the outward interest has gone up from Rs. 97.13 lakhs to Rs. 130.17 lakhs and other expenses, too, have increased from Rs. 190.87 lakhs to Rs. 242.13 lakhs. Even so, the profit before taxation has recorded a handsome improvement of Rs. 48.81 lakhs to Rs. 230.25 lakhs. However, with taxation claiming Rs. 36 lakhs more at Rs. 134 lakhs, the net profit is up by only Rs. 12.81 lakhs to Rs. 96.25 lakhs. The transfer to the reserve fund has been maintained at Rs. 20 lakhs, bringing the total of reserve fund and other reserves to Rs. 240 lakhs. The dividend on the five-rupee shares, including the interim distribution of 15 per cent, is maintained at the previous year's level of 20 per cent.

The Bank's progress in the past four years is indicated in the following comparative table:

(In lakhs of Pak rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Gross income	609.89	475.29	411.32	315.83*
Interest paid	130.17	97.13	70.28	...
Expenses	242.13	190.87	159.61	134.95
Depreciation	7.34	5.85	6.41	6.65
Profit	230.25	181.44	175.02	174.23
Appropriations—				
To taxation	134.00	98.00	75.00	100.00
„ reserve fund	20.00	20.00	..	..
„ capital account	..	..	..	100.00
Dividend	60.00 (20%)	60.00 (20%)	60.00 (20%)	22.50 (17.5%)
Carry forward	70.60	54.35	50.91	10.89

	As on 31st December			
	1963	1962	1961	1960
Capital (paid-up)	300.00	300.00	300.00	300.00
Reserve fund	240.00	220.00	200.00	200.00
Deposits	12,425.50	9,541.59	8,032.31	7,723.66
Advances and bills discounted and purchased	6,829.77	4,647.76	3,668.06	3,103.55
Investments	4,898.26	3,865.62	3,823.22	4,257.71
Cash	2,319.62	2,247.62	1,656.31	1,354.87
Balance-sheet total	19,647.13	15,432.98	12,988.32	12,864.14
Ratio to deposits of—	%	%	%	%
Advances	54.9	48.7	45.7	40.2
Investments	39.4	40.5	47.6	55.1
Cash	18.6	23.6	20.6	17.5

* After deducting interest paid.

The progress made during the year illustrates the Bank's growing operations through a steady expansion of branches. The number of branches (including one in Bombay), increased from 92 in 1959 to 107 in 1960, to 125 in 1961 and 166 in 1962. During the year under review, the Bank opened 76 branches in both the wings of Pakistan, bringing the total to 242. The Bank actively participated during the year in the schemes sponsored by the State Bank of Pakistan. In order to increase advances to small investors, the Bank has set up a special small loans department at its central office.

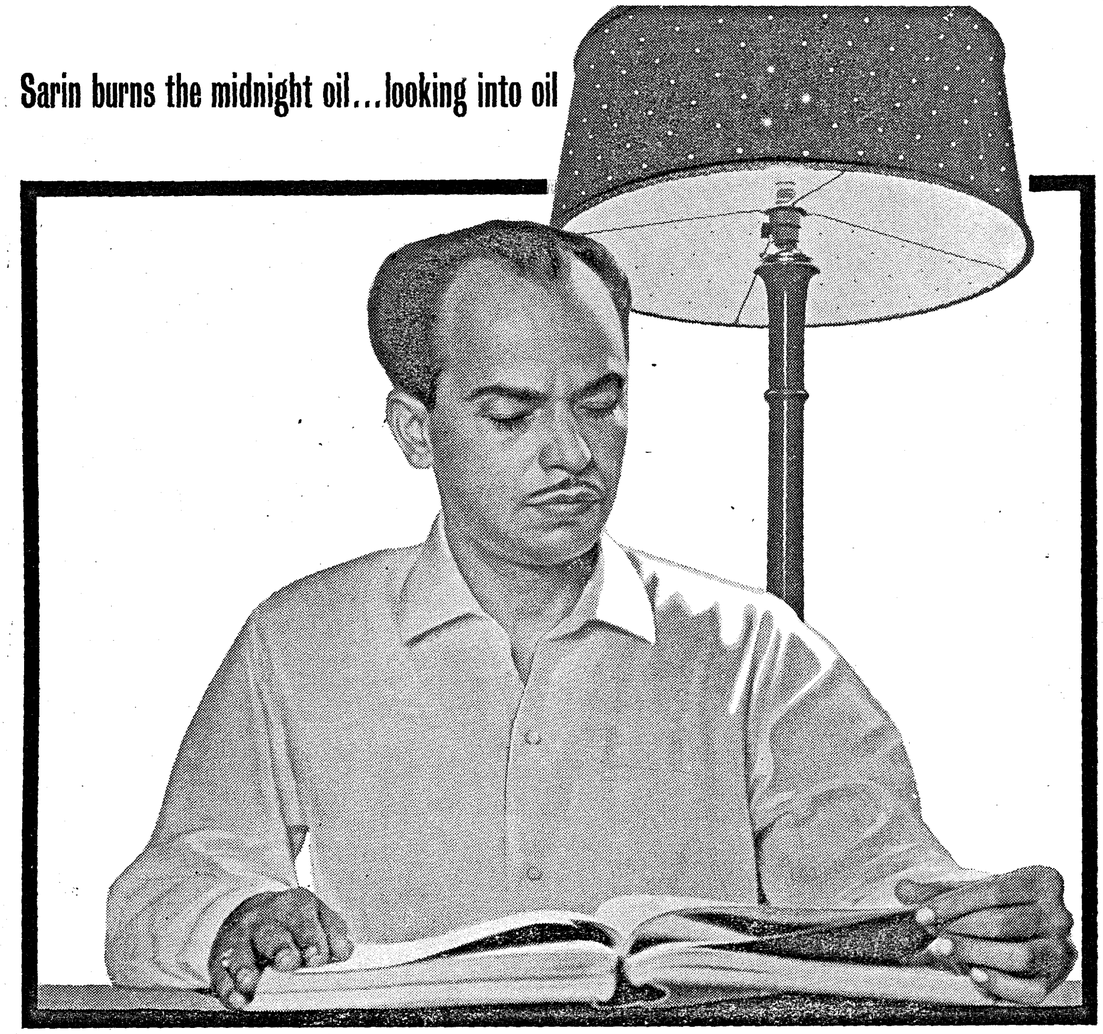
BHASKAR TEXTILE'S PUBLIC ISSUE

Bhaskar Textile Mills Ltd. is offering for public subscription 140,000 equity shares of Rs. 10 each and 7,000 9.5 per cent tax-free, cumulative redeemable preference shares of Rs. 100 each. The entire public issue has been underwritten, among others, by the Orissa State Financial Corporation and the Industrial Finance Corporation of India. The lists for subscription will open on the 23rd inst. and close on 4th April, or earlier, but not before 30th inst. In addition to this offer of shares to the public, the Company has issued equity shares worth Rs. 14 lakhs to its Directors, promoters and their friends, so that the total issued capital comes to Rs. 35 lakhs, as against the authorised capital of Rs. 100 lakhs which is divided equally in equity and preference shares.

Incorporated on 4th August 1962, the Company has been licensed to install 25,000 spindles for manufacturing cotton yarn. It proposes to set up a spinning plant of 15,000 spindles at Jharsuguda in Orissa, where it has been allotted by the State Government land admeasuring 126.05 acres. Adequate supply of power has also been assured. Orders for plant and machinery have already been placed with manufacturers abroad. It is expected that the plant will go into production in the third quarter of this year.

The total cost of the project, including the working capital of Rs. 12.25 lakhs, is estimated at Rs. 109 lakhs, of which Rs. 69.50 lakhs are on account of plant and machinery and Rs. 21 lakhs on account of land and buildings. It is proposed to meet this outlay through the share capital issue of Rs. 35 lakhs, deferred payment facilities of Rs. 29 lakhs and a bank loan of Rs. 45 lakhs.

Sarin burns the midnight oil...looking into oil



The house is quiet. The family asleep. A neighbouring clock chimes midnight. One lone light glows in the room. The man in the chair barely stirs at the stroke of twelve. He is absorbed in a book on oil technology. His name is Jaswantrai Sarin. His job: Sales Engineering Representative with Burmah-Shell, Calcutta. His function: to provide technical service to fuel oil and lubricants customers.

THERE'S A GOOD CASE FOR FUEL OIL

...and Sarin talks about it convincingly. Actively engaged in fuel development work, he has played a part in introducing to India a major technological break-through: the use of fuel oil in blast furnaces—an advance in technique and application. Sarin advises customers on correct lubricants and fuel oil selection; the use of equipment. He investigates fuel and lubrication problems as they arise.

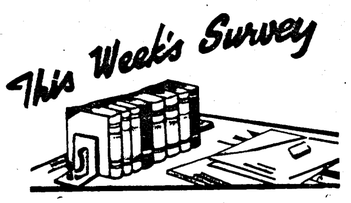
TODAY, AS EVER, PEOPLE LIKE SARIN ARE WORKING FOR YOU

Sarin frankly admits to being absorbed in his job. 'Next to my job,' he says, 'I love driving.' The call of the open road finds Sarin and his family off at weekends to picnic spots around Calcutta.

Sarin and people like him—at all levels of responsibility—are Burmah-Shell. Today, as ever, they are hard at work...working to ensure that vital petroleum products, essential to India's growth and progress, are brought to you at the right place and time, in the right quantities.

BURMAH-SHELL

BURMAH-SHELL are People in the service of the People



CONCENTRATION OF ECONOMIC POWER?

THE available estimates and data relating to incomes would seem to suggest that the degree of inequality in income distribution is not higher in India than in some other developed or underdeveloped countries. There is another element of similarity between India and the other countries in that the distribution of income in the urban sector is more unequal than that in the rural sector. As for the distribution of wealth among different groups in the population, the data available thereon are much less than on the distribution of income. But such fragmentary data as are available in this connection would seem to suggest that wealth distribution in India is more unequal than income distribution as in some other countries. In coming to these broad conclusions, which are as much true of India as of several other developed countries, the Mahalanobis Committee on Income Distribution, according to reports in a section of the daily press, has made no unique or original contribution to the continuing debate on the degree of concentration in economic resources and power in India. The fact of inequality in income and wealth distribution is there for all to see, and so what the Committee has said about it after more than three years of labour (or, is it idling?) does by no means constitute a wonderful discovery. Nor is it quite sensible to say, as the Committee has done in a general manner, that "the wide range of variation one finds between the top and the bottom tenths of the population *clearly* (italics ours) reveals the existence of concentration of economic power in the country *in its most generalised form*" (italics ours).

Any comparison between the top tenth and the bottom tenth of the population can only distort the perspective. The bottom tenth in the United States, for instance, is extremely poor by American standards. But that is a country where the generality of the population is known to enjoy the fruits of equal opportunity in an abundant measure. Perhaps, the disparities in the incomes and levels of living of the different groups in India's population, too, have been reduced to some extent by economic planning over the last one decade and more. As the Mahalanobis Committee itself says, "there is a general feeling, though the Committee could not collect the required data to support it, that an average person, whether in urban or rural areas, is better fed, better clothed and even better housed in the 1960's than in the 1950's and that the working conditions have also improved generally over this period." But it is strange that the Committee, which has not taken pains to collect the required data about the varied beneficial effects of planning, has still permitted itself of the observation that "there is no clear indication of a significant change in income distribution over the Plan decade." That the Committee has not done justice to one of its major assignments is thus clear.

How has the Committee carried out its assignment pertaining to the evaluation of "concentration" in the sector of industry? Since private corporate business has been under fire for its so-called concentration of economic power, what the Committee has said about it would need to be fully narrated. At the outset, it is pointed out that companies having a paid-up capital of Rs. 50 lakhs and more constituted, as of 1960-61, only 1.6 per cent of the total number of companies but claimed 53 per cent of the total paid-up capital. Here, again, the reference to concentration is only "in its most generalised form." This generalisation, by itself, would not have been of much significance, if the Committee had stopped there. Its subsequent inference that this phenomenon of "increasing size of companies" is conducive to greater concentration of control and economic power does not go well with its own observation that "the increasing size of companies is by itself not necessarily an index of growing concentration in ownership of companies, for there is evidence of an increasing dispersal of ownership as such." Has not diffused ownership diluted the "concentration of control and economic power? Even if it has not, the Banking Companies Act and the Companies Act have been there to dilute and/or neutralise such concentration. Moreover, as the Committee itself has noted, the following "countervailing measures" have been in operation:

(1) The public sector in industry has been expanded so much since 1950-51 that, by the end of the third Plan, it would account for a fourth of organised industrial production and over a third of mineral production.

(2) Important industries, which are in private hands, are subject to State regulation through control of production, prices and distribution.

(3) Industrial licensing has sought to regulate the expansion of new capacity and, to the extent possible, encourage the entry of new medium-sized firms in competition with existing large enterprises. The licensing provisions also seek to ensure a degree of regional and other diversification of industry and to prevent the emergence of industrial monopolies, though this objective has to be constantly balanced against the equally imperative need of promoting efficiency and productivity.

(4) Legislation governing the operation of companies attempts to eliminate abuses and malpractices and prevent excessive inter-company investment.

(5) For encouraging the growth of new entrepreneurs and small industry, various credit and service institutions, besides industrial estates, have been developed.

(6) The fiscal instrument has been pressed into service to lessen inequalities in income distribution through a sharply progressive tax system.

Without taking the trouble of assembling fresh data on the effects of these countervailing measures, the Committee has preferred to give, on the basis of available data which are imperfect and inadequate, two sweeping findings. One of these is that there is "the presence of concentration of economic power within the economy in terms of income, property and, especially, control over the non-Governmental corporate sector." And the other is that "concentration of economic power in the private sector is more than what could be justified as necessary on functional grounds, and it exists both in generalised and in specific forms." In our view, these findings, to say the least, are unfortunate, in that they will only provide further grist to the mill of political agitation. They do not seem to have even the saving merit of being based on adequate data. For the rest, one must await the publication of the Committee's full report.

TEA INDUSTRY

The tea industry, along with coffee, rubber and a few other industries, has been given two important concessions in the new scheme of direct taxation proposed by the Union Finance Minister in his budget for the year 1964-65. One is the grant of a rebate of corporation tax equivalent to 10 per cent of income-tax and super-tax which will normally be payable by it. The other is the grant of a similar rebate in respect of surtax on such profits to the extent of 20 per cent of the tax assessed. Welcome though these concessions are, there is no doubt that whatever relief the concessions afford will be neutralised to some extent by the proposed 7½ per cent tax on the dividends distributed by tea companies. The imposition of dividend tax, coupled with the absence of any relief in excise duty, has, therefore, caused much disappointment among tea circles. Indeed, the budget, according to Mr. S. P. Sinha, the retiring President of the Indian Tea Association, who spoke at the eighty-third annual general meeting of the Association held at Calcutta on Friday last week, is unlikely to assist the tea industry to expand its production and exports to the degree expected by planners. Incidentally, it may be noted that the gap between the current rate of output and exports and the targets fixed to be achieved in 1965-66 is quite wide. The following figures speak for themselves:

(In million lbs.)

	Third Plan target	*Actual position*	*Gap*
Production	900	752	148
Exports	610	493	117

The actual shipments of tea (493 million lbs.) in 1963 no doubt represents a rise of 22 million lbs. as compared with 471 million lbs. shipped in 1962 and 454 million lbs. in 1961. But it is considered doubtful whether the upward trend will persist in the current and coming years, what with the renewed competition from Ceylon and East Africa. Tea prices in world markets, Mr. Sinha pointed out, had recently shown a tendency to decline. While the export duty on tea has been abolished since last year, the burden of excise duty has been increased to make up for the loss of revenue and the previous practice of allowing some rebate of excise duty when tea is exported has been stopped. Regretting this, Mr. Sinha said: "From no other commodity has this privilege been withdrawn, nor has the current budget indicated any relief in this direction." Few can disagree with Mr. Sinha's contention that, if India is to step up its export earnings, production of more quality teas is essential. Again, the earning of foreign exchange, as he rightly emphasised, depends both on quality and on price. It is, therefore, essential to encourage the tea industry to expand and replant not on the ground from which bushes have been recently uprooted but on virgin soil with modern methods of propagation and the best stock which the scientists and planters can provide. There is no exaggeration whatever in Mr. Sinha's statement that, since taxation, wage bill and housing costs are so heavy, the industry does not have at its disposal sufficient funds for undertaking such expansion. The plea of the industry for allowing the cost of replanting tea as a revenue charge is certainly unexceptionable. Equally unexceptionable is the oft-repeated plea for rationalisation of taxation. Reiterating the plea, Mr. Sinha observed:

"As the agricultural income-tax is assessed on the basis of the Central Government's assessment of company income, it would be reasonable for agricultural income-tax to be limited to the same rate as that of the Central tax. Duties such as the entry tax on bringing teas into Calcutta for sale could well be abolished and the States, in return, allowed a grant from the Centre in proportion to the excise on the tea grown within their boundaries."

Rationalisation of taxation and relief in excise duty are important from the point of view of building up a healthy domestic market for tea. It is only such a market that acts, as Mr. Sinha very pertinently remarked, as a buffer to overproduction and an insurance against a drop in world demand. This is a simple point which ought to be recognised by the authorities.

Suitable tax incentives alone are not sufficient. The labour policy of the Governments, Central and State, must also be realistic in approach. The need for such a policy is all the greater in the case of tea industry which, as is well known, is a labour-intensive agricultural industry that does not readily lend itself to mechanism in the field. Anyone who has cared to follow the developments in this industry will agree with Mr. Sinha when he says that even a comparatively small rise in individual wages would add significantly to costs of production and that there are limits to what the industry could afford without running at a loss. Mr. Sinha's criticisms of the Bonus Commission's recommendations are also valid. The calculations made to assess the effects of the recommendations on 15 selected representative tea companies, it is said, revealed that the bonus payable by 11 companies under the Bonus Commission's formula would be well above that actually distributed for the years 1959, 1960 and 1961, while six companies, after deducting the suggested returns on capital and reserves, would be left with nothing for distribution to shareholders. There is much to commend the suggestion of Mr. Sinha that the existing tailor-made bonus agreement for plantation workers must be continued, instead of being replaced by the Bonus Commission's formula. After all, the Commission itself has recommended exemption of plantation industries from the purview of its findings on the score that these industries would be able to pay bonus higher than the minimum only if *adequate* (italics ours) profits are made.

THREE MORE STATE BUDGETS

The budget estimates of Punjab, Rajasthan and Assam Governments for the coming (1964-65) financial year disclose revenue deficits. The actual deficit is pretty huge in the case of Assam (Rs. 3.17 crores), but comparatively much smaller in respect of Punjab (Rs. 24 lakhs) and Rajasthan (Rs. 62 lakhs). The Assam and Rajasthan budgets contain fresh tax proposals yielding an additional revenue of about Rs. 86 lakhs and Rs. 58 lakhs, respectively, whereas no such proposals are included in the Punjab budget. All the three budgets, like their counterparts in other States, provide for relief to Government employees. The relief is sought to be accorded primarily in the form of enhanced dearness allowance and employees who have retired from service will get more liberal pensions. Again, the budgeted Plan outlay to be expended in the coming year is quite large in all the three States: Rs. 55.50 crores in the Punjab, Rs. 46.25 crores in Rajasthan and Rs. 34.20 crores in Assam.

Adding to the revenue deficit of Rs. 24 lakhs the deficit of Rs. 1.34 crore on capital account, the overall deficit in the Punjab budget for 1964-65 comes to Rs. 1.58 crore. This will actually be higher by another Rs. 9.42 crores

at Rs. 11.00 crores, as the Government, according to the State's Finance Minister, Dr. Gopi Chand Bhargava, intends to provide more funds for tackling the problem of floods and for granting more liberal advance to agriculture, including reclamation, horticulture and animal husbandry. The Finance Minister has left the entire gap uncovered in the hope of being able to borrow "a substantial amount" from the people, particularly for flood control schemes. Out of the aggregate third Plan outlay of about Rs. 230 crores, the State will have spent by the end of this month about Rs. 119 crores, so that the balance to be invested in the last two years of the third Plan is Rs. 111 crores, of which Rs. 55.5 crores or exactly half will, as already stated, be spent in 1964-65. In his budget speech, the Finance Minister announced the establishment of an Industrial Development Corporation with a share capital of Rs. 10 crores. Alluding to public sector projects, he revealed that an air rifle factory, a steel casting plant, a seamless tube unit and a pig iron plant with an annual capacity of 100,000 tons were in advanced stage of planning.

The budgetary position of the five States in 1964-65 is shown below:

(In crores of rupees)

	Punjab	Rajasthan	Assam
Revenue	112.67	72.19	61.78
Expenditure	112.91	72.81	64.95
Net revenue position	—0.24	—0.62	—3.17
Overall budgetary position ..	—1.58	—2.00	—6.70
Plan outlay	55.50	46.25	34.20

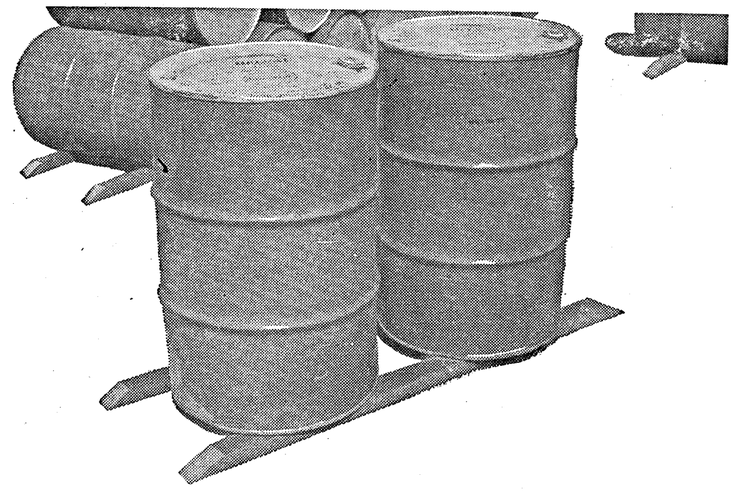
The revenue deficit of Rs. 62 lakhs in the Rajasthan budget has been reduced to Rs. 4 lakhs through five new tax measures: (*a*) levy of a tax on such vacant lands in all towns with a population of 10,000 and above as have been lying vacant for a period of two years and more from the date they first passed into private ownership; (*b*) increase in sales tax on bullion and ornaments from half a per cent to two per cent and on tractor tyres and tubes from two to six per cent (on plastics, the tax is fixed at 7 per cent); (*c*) imposition of an export duty of two per cent on dressed hides and skins; (*d*) levy of a sales tax at two per cent on yarn export; and (*e*) a tax of six per cent on liquor. After taking into account the additional yield of Rs. 58 lakhs from these measures and the contemplated public loan of Rs. five crores, there will still be left an uncovered overall gap of Rs. 85 lakhs. It is, indeed, creditable that the Finance Minister of Rajasthan has assured the House that he would fill this gap by effecting further economy in expenditure and better recoveries from various minor sources of revenue.

The new tax proposals contained in the Assam budget include an increase of just one naya paisa in the rate of general sales tax, a six per cent increase in sales tax on luxury goods, imposition of a sales tax of two naye paise in the rupee on coal, coke and coal gas, levy of an electricity duty of two naye paise per unit, upward revision of excise duty on liquor, and increase in the existing rate of taxation on agricultural incomes to the extent of two naye paise in the rupee on incomes between Rs. 1,00,000 and Rs. 2,00,000 and three naye paise on incomes exceeding Rs. 2,00,000. The additional yield expected from these measures is put at Rs. 85.9 lakhs, the revenue deficit as a consequence being reduced to Rs. 2.31 crores. To this must be added the deficit of Rs. 2.53 crores on capital account and the Rs. 1.00 crore needed to raise the salaries of Government employees as recommended by the Pay Committee, so that the uncovered overall deficit works out to as much as Rs. 5.84 crores. The Finance Minister of Assam says that the deficit "has for the most part been caused by the Planning Commission through the reduced outlay of the State Plan, but hopes that the gap will be filled by more liberal grants and loans from the Centre. Considering the strategic importance of Assam and the vital role it plays as the producer of tea, the need for strengthening the economy of this border State cannot be stressed too strongly. It is to be hoped that the Government of India will concede the just demand of the State for providing the necessary financial means to enable the State Government to take up a programme of the size and magnitude already recognised to be reasonable and legitimate by the Planning Commission.

AVRO 748

The cost of the first aircraft in series II of Avro 748 has been estimated at about Rs. 32 lakhs, with a foreign exchange content of Rs. 20 lakhs, thus showing an indigenous content of 37.5 per cent. The actual cost of the basic aircraft and its indigenous content are still being compiled. This information was given by Mr. K. Raghu Ramiah, Minister of Defence Production, in reply to a question in the Lok Sabha this week.

The first aircraft in the series II of Avro 748 successfully completed its test flight on 28th January this year. The aircraft, which has fully met the latest British and American civil airworthiness requirements, is powered by the Rolls-Royce propeller-turbine power plant. It has the outstanding quality of being able to operate from short landing fields and unprepared surfaces. Designed according to tailsafe principles with low wing design, it has a pressurised passenger cabin. Another feature of the aircraft, which incorporates the automatic pilot with weather warning radar, is simplified ground servicing.



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AMERICAN LETTER

SIGNIFICANCE OF TAX REDUCTION

BRAKES ON THE ECONOMY WILL BE RELEASED

By N. Pattabhi Raman

NEW YORK, *6th March*

THE reduction in individual and corporate income taxes that was enacted into law in the United States in the last week of February was described by President Lyndon B. Johnson as "the single most important step that we have taken to strengthen our economy since World War II."

The President's description of the tax cut in these terms was no exaggeration. The measure is indeed highly significant in many respects.

Firstly, it is the largest tax cut in the fiscal history of the United States. Officially, it is estimated that it will reduce the tax burden by some $11,500 million, with benefit to the tune of about $9,000 million going to individual taxpayers and $2,400 million going to business corporations. Even this estimate could prove to be on the low side, for the level of economic activity has risen, since these projections were made at the time the tax reduction programme was first initiated by the late President Kennedy thirteen months ago. Some current unofficial estimates place the reduction in revenues at around $13,000 million.

Secondly, the tax reduction will be concentrated within a two-year period and not spread over a span of several years, thus heighfening both the psychological and the economic impact. Individuals, who now pay from a low of 20 per cent to a high of 91 per cent, will pay, when the cut becomes fully effective, between 16 per cent in the lowest bracket and 70 per cent in the highest bracket. The rate of taxation applicable to large corporations, now 52 per cent, will drop to 50 per cent on this year's earnings and to 48 per cent on 1965 earnings. The rate on the first $25,000 of a corporation's earnings, now 30 per cent, will become 22 per cent effective this year; this lower rate will particularly benefit smaller corporations that fall in this income category.

Thirdly, the tax cut marks a very important innovation in U.S. fiscal policy, for this is the first time that the U.S. has cut taxes when the federal budget is already in substantial deficit. In advocating the tax cut, the late President Kennedy described it as "an insurance for prosperity and an insurance against recession." He argued that the deficit would persist if the taxes were not reduced and the economy thus stimulated, and stressed the fact that it was the sluggish rate of growth which produced deficit after deficit as revenue receipts failed to rise enough to match expenditures. This was daring talk in a country in which conventional wisdom strongly endorses, in theory at least, the virtue of thrift, but it has finally paid off. Even though the courageous leader is dead, the tax reduction he fought for has now become a reality.

Tool of Economic Expansion

Finally, the tax cut is significant also because it indicates that a deliberate choice was made as between public and private spending as a tool of economic expansion. In the view of the President's Council of Economic Advisers, the economy has been lagging in its growth rate since about 1957 because of inadequate outlays. Aggregate demand could be stimulated either through increased Government spending or through measures that would trigger a higher level of spending in the private sector. The latter course was preferred. It was held that the rates of income taxation, which had been raised high during wartime, were acting as a damper on economic activity. The logical step was to lower the rates and thus release millions of dollars into the private economy.

The proposal to trim taxes encountered serious opposition only among those frequently described as champions of fiscal prudence but who are perhaps better described as believers in balanced budgets. (An individual who regularly spends more than he earns is ultimately overcome by his debts; a nation too cannot escape this consequence—so runs their argument.) Business groups too initially opposed the measure, unless it were to be accompanied by corresponding reductions in Government spending. A variety of factors ultimately led to a broad consensus in favour of the Tax Revision Bill as passed. Administration spokesmen argued at first that to cut Government spending as counterpoise to the tax cut would in effect cancel the expected benefit to the economy, but, finally, President Johnson deliberately focussed attention on the economy axe as a concession to the fiscal conservatives. While doing this, however, he won approval for a provision which will make a larger portion of the tax reduction become available to individual taxpayers this year itself: this was his way of seeking to assure that the cut in taxes will produce the desired expansionary effect. The fact that a good part of the tax cut will benefit business corporations and individual taxpayers in the high income bracket also helped to reduce the opposition.

Another factor that helped to get the tax measure through was the Administration's willingness to drop most of the companion reform proposals designed to reduce inequities, end special privileges and plug loopholes. Pressure groups knocked most of the reform measures down while they were being considered by Senate and House committees, and what passed through their expert fingers amounted to relatively little. In money terms, the tax revision programme as finally approved by Congress contains only $835 million worth of tax reforms, as compared with the $3,300 million worth initially proposed by the Administration.

Impact

What are the prospects of the tax cut giving the right amount of push to the American economy? In the Administration's view, the prospects are, indeed, excellent. Even though the gross national product is at a higher level than it was thirteen months ago when John F. Kennedy sent his tax message to Capitol Hill, the Government's economic advisers argue that there is still a great deal of slack in terms of underemployed machinery and men. Industrial production has been on a plateau for about six months. Capital spending towards modernisation of production facilities and expansion, where necessary, has perked up as a result of liberalised depreciation allowances and also in anticipation of the tax cut, but it should rise much higher in order to quicken the pace of economic activity. Consumer spending has to be stepped up to provide a broad-based fillip to aggregate demand. In the circumstances, the President's economic advisers hold that as substantial a reduction in tax

(*Continued on page 443*)

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LONDON LETTER

THE SHADOW OF POLICY TO COME

MR. BROWN ON RELATIONS WITH INDIA

From Our Special Correspondent

LONDON, *6th March*

ALTHOUGH the present Government is now confidently preaching its own reincarnation, the balance of opinion is still that, in its rebirth, the Premier is likely to wear the body of Mr. Wilson and his deputy that of Mr. Brown. Due to circumstances he cannot explain, Mr. Brown has never been to India, but India captured him in London this week and put him through a gruelling cross-examination on how a Labour administration would conduct itself in its relations with India. Mr. Brown, who is known for very free speaking of his mind, had the advantage that he was able to speak "personally and not for his colleagues" and without the inhibiting thought that the mantles of either Foreign or Commonwealth Secretary would fall upon him, for he is destined to look after Production and Planning. His eminence in the Party, however, is such that full weight must be given to his views and the result of the cross-examination was to reveal Mr. Brown very much a Commonwealth and perhaps even more a "World" man.

This was first revealed in his views about Kashmir which he regards as a domestic problem of the Indian continent. England, he insists, is a sister member of the Commonwealth with India. Nobody wanted her to *adjudicate*, so what was she expected to do? Take sides? But would not that damage the Commonwealth? As he saw it, the danger of disruption to the Commonwealth came from two directions—the emergent, developing countries, impatient of discovering any practical advantage from Commonwealth membership; and the older countries such as Canada, finding themselves out of sympathy with a nascent Commonwealth and finding it more natural to develop both economic and foreign policy links with, say, the U.S.A.

But certainly one of the first acts of a Labour Government would be to convene a Commonwealth Conference which Mr. Brown would prefer to see held in one of the older member-countries—again Canada—because he feared that some of these countries already considered that the U.K. was showing excessive preoccupation with the newer countries. Further, annual conferences should each be held in a different member-country to get away from the idea that the U.K. held a special position in the Commonwealth family of nations.

Mr. Brown, however, had his own doubts as to the mood of India in relation to the development of Commonwealth trade. He was obviously hankering a bit after Europe and wondered whether the interests of all countries did not suggest as a first priority the development of British trade with Western Europe, so that the consequences of such trade might be a much greater development of West European (including the U.K.) trade with India. Which all goes to illustrate that, if Commonwealth trade and economic relations generally are to be developed, then someone (and it is the U.K.'s job) had better get down to the business of seeing what trade can be developed and how best to do it. Otherwise, there will be no special relations of any value created in trade anywhere.

But Mr. Brown was not noticeably enamoured of special relations. He saw a market for Indian iron ore in the U.K. (on special terms?) but India would have to reciprocate by buying British engineering products—but would India make sure that the U.K. got her iron ore?, he asked with the implication that she could not. He did not say anything about the U.K. guaranteeing that India got her engineering products. Which goes to show that mutual trade development may require a greater degree of planning than politicians on either side are yet prepared to concede. A Labour Government is determined to renationalise the iron and steel industry—which means the same degree of planned centralised buying as existed during the war. The U.K. could then place firm contracts for Indian ore, but what about the provision of the reciprocal engineering products?

Indian Textiles

On textiles, Mr. Brown felt very strongly: the U.K. had killed her cheap Lancashire industry for India and it was time that India stopped "exporting poverty"—that was the sentiment of one Trade Union official to a country where trade union officials had a long way further to go!

What about sugar? Mr. Brown was asked. Oh, yes, the sugar agreement must be widened, but for all Commonwealth countries, not just for one. Similarly, the U.K. (Mr. Brown would have it) would be prepared to look at integrating Commonwealth industry—but for all Commonwealth countries and with full reciprocity. Certainly, the Labour Party—and now Mr. Brown was not speaking only for himself—would not enter a European Common Market on terms which excluded the Commonwealth; but what he would like to see was a U.K. entering the Common Market and keeping the field open for India. Open fields can be very draughty places—Mr. Brown will need some time to explain just how the wind is to be tempered. If what he really means is that he wants an integrated Common Market *plus* Commonwealth, then that could be an exciting prospect, but he must expect to hear some howls of protest from across the Atlantic.

Nevertheless, a centre needed to be created to fit together Commonwealth arrangements—a sort of O.E.E.C. for the Commonwealth—but, if such a drawing together of economic ties was to be effective, then some Afro-Asian countries would have to learn to dissociate capitalism from colonialism. The capitalism of which he was speaking was, of course, socialist capitalism, the export of capital and its use in overseas development—such capitalism had much to offer to countries emerging from colonialism if they could forget their suspicions. However, Mr. Brown could not see that, because a country was in the Commonwealth it could get better credit terms than a country outside. Maybe not, but would it not be better to put this thought in terms of better credit where reciprocity in expanding markets was given? Mr. Brown might have made more play with the thought that the Commonwealth gave the *opportunity* (because of the commercial, financial and language links between the members) for valuable reciprocal arrangements fitting into a planning philosophy: the opportunity needed to be worked upon and developed.

LOMBARD BANK PAYS MORE

After consideration of results for the full year 1963, the Directors of Lombard Banking Ltd. (London) have recommended a higher final dividend of 12.5 per cent, as compared with 7.5 per cent paid in the previous year. The interim dividend for the year, already paid earlier, was doubled to 5 per cent. The year's total dividend, at 17.5 per cent, less tax, is thus higher by 7.5 per cent as compared with the previous year and exceeds the rate forecast by 5 per cent.

Profit of the group (including investment income) for 1963, before charging depreciation, interest on debentures and registered loan notes of subsidiaries, Directors' emoluments and auditors' fees, has increased from £1.13 million to £1.79 million. The consolidated net profit, before tax, has more than doubled from £601,000 to £1.30 million. U.K. taxation has claimed £540,000 (£346,000 a year before) and overseas taxation £29,000 (£46,000). This break-up of taxation suggests that the increase in profit has come entirely from the Bank's business in the U.K. The consolidated net profit, after taxation and after allowing for minority interest, has amounted to £637,000 (£184,000 in the previous year). Appropriation for dividends are £84,000 on preference shares and £351,000 (£201,000 in 1962) on ordinary shares.

(*Concluded from next column*)

The time for a precautionary rise in the discount rate had plainly come, and it was raised by 1 per cent, because a rise of only ½ per cent would only have created the expectation of more to follow.

The second reason for welcoming the U.S. statement was that the U.S. authorities have now plainly got their own balance of payments problem back into perspective. They can accept at its face value, as they might not have done a year ago, the statement that Britain is not attempting to bolster up its position by attracting short-term funds from abroad but is merely seeking to prevent an outflow. This more confident attitude may be of considerable use to the world, if, in fact, there is trouble on the exchanges later this year. If other currencies become weak, the dollar will probably be strong. It is comforting to know that the managers of the dollar are likely to behave appropriately.

TEST CASE FOR FINANCIAL CO-OPERATION

By Questor

THE implications of the inflationary situation in Italy are causing increasing concern to her neighbours. It is a result of the fact that wages have, for three years past, been rising much more rapidly than productivity. Prices have soared, exports have fallen off, and imports have grown sharply. The effect on the balance of foreign payments has been magnified by a heavy outflow of domestic capital—some of it subsequently reinvested in Italy under a foreign name.

The Bank of Italy is attempting to meet this situation with restrictions on credit, for the ability of the Centre-Left Government to take more direct or vigorous action is strictly limited by the political situation, though it is now making a particular attack on car imports. The present coalition is probably the only alternative to a Government of extreme right or left, but for all that it is not a strong one.

It is unpopular with the Italian business community and apparently unable to obtain its co-operation in paying the taxes needed to meet the demand for social services. It is equally unable, in these circumstances, to prevent the unions from demanding higher wages. And it is reluctant to introduce deflationary measures, of a kind severe enough to keep wage and price increases in check, because of the danger of alienating its moderate left support and playing into the hands of the Communists, who are entrenched particularly strongly in the industrial north. The outlook is not promising.

It is scarcely surprising, therefore, that the Italian lira, despite informal support operations by the U.S., is at present the sick currency of Europe. Its weakness has been accentuated recently by the fact that a Minister, addressing a trade union audience and emphasising the need for wage restraint, was rash enough to suggest that devaluation would be inevitable if prices continued to rise at the pace of the past two years. The immediate result, predictably enough, was a sudden Italian demand for gold in London.

The weakness of the lira has given the U.S. Treasury an opportunity to put into practice Mr. Roosa's principle—that the U.S., once the payments deficit is no longer a problem, will seek to maintain order in the exchange markets and increase the supply of international liquidity by accumulating foreign currencies in its reserve. But it seems likely that the lira will need much more support, of a kind which few Governments are likely to offer without an exchange guarantee, in the months ahead at a time when other countries, too, may be running into trouble. The effectiveness of the new methods of international financial co-operation may soon be put to a telling test.

They have already been put to the test in one way, however, and survived it without much difficulty. It is only a few weeks since Mr. Dillon told Congress that the chief risk of an increase in U.S. interest rates lay in what happened to German and British rates rather than in domestic inflation, and that the U.S. would use its influence to persuade European Governments to tackle their inflationary problems with fiscal rather than monetary weapons.

It could have been interpreted as a direct rebuff when the Bank of England raised its discount rate, and by a full 1 per cent. But the U.S. Treasury, I was glad to see, took the unusual step of putting out a statement to the effect that the move had been made only after full consultation and that it was necessary to prevent potentially unsetting flows of capital across the exchanges.

This statement was welcome for two reasons. In the first place, the Bank of England had good reasons for raising its discount rate and it is right that the U.S. authorities should appreciate them. Britain is at a stage of the business cycle when a large rise in stockbuilding is bound to take place, and the import content of British stocks is particularly high. The balance of foreign payments is due to run into deficit before long, and the Government made plain many months ago its readiness to draw on the International Monetary Fund to finance this.

But its position is complicated by the fact that Britain has an election due this autumn and that this itself could conceivably be the occasion for a flight of short-term funds. The publication of an unexpectedly bad set of trade figures caused the gold reserve, which has been rising slowly on the surplus of the outer sterling area, to drop suddenly by some $50 million last month.

(*Continued in previous column*)

STATE BANK OF INDIA REPORTS ALL-ROUND PROGRESS

HIGHER TURNOVER, RESOURCES AND UTILISATION

A.D. 1963 was a good and prosperous year for the State Bank of India; not only because it earned more, not because its resources were more intensively utilised over the year, but because its turnover, as reflected by the balance-sheet total, reached a new and record level of more than Rs. 670 crores. It was the higher turnover that enabled the State Bank of India to meet the heavy increase in expenses, largely in staff and interest charges, in addition to higher taxes, and yet show a rise of Rs. 5½ lakhs in net profit (after taxes).

Total gross earnings of the Bank have risen by Rs. 2.79 crores to Rs. 25.37 crores mainly as a result of higher earnings from interest and discount. As against a 9 per cent rise in the total turnover, the earnings show a 12.3 per cent rise, indicating a more intensive utilisation of resources and reflecting higher rates on advances since April 1963. A good part of increase in earnings has been neutralised by higher expenses. Staff expenses alone are higher by Rs. 1.43 crore, or 15 per cent, at Rs. 10.85 crores, as a result of additional staff employed for new as well as existing branches, and rise in their emoluments due to increments and/or higher dearness allowances. Interest paid on deposits is also higher by Rs. 95 lakhs, or 12 per cent, at Rs. 8.86 crores: this was partly due to a ½ per cent increase in time and savings deposit rates of the State Bank of India and a few other marginal changes in terms, conditions and deposit rates with effect from 1st April 1963. All other expenses and the amount of depreciation and repairs to bank property were also slightly higher. The combined result of the rise in expenses is that net profit (after taxes) is higher by only two per cent, a rise of Rs. 5.57 lakhs to Rs. 2.75 crores.

Transfers to reserves have been maintained at Rs. 55 lakhs, but they could not be raised upto the level of Rs. 75 lakhs reached in 1961. This is partly because the year 1963, though good, was not as prosperous as 1961 and partly because the liability for bonus to staff has almost doubled from Rs. 45 lakhs in 1961 to Rs. 82 lakhs in 1963. Transfers to staff welfare and housing funds have been maintained at Rs. 5 lakhs each, while transfers to pension fund are a shade better. Dividend has been maintained at 23 per cent absorbing the same amount of Rs. 1.29 crore as in the previous years. The amount carried forward (Rs. 36 lakhs) is lower by about Rs. 10 lakhs than the amount brought in (Rs. 46 lakhs). The table below shows the Bank's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Gross income	25,37.29	22,58.72	19,74.64	19,53.35
Of which:				
Interest and discount earned	18,48.43	16,19.07	14,12.24	14,86.91
Commission and exchange earned	6,61.87	6,14.82	5,39.61	4,28.68
Interest paid	8,86.29	7,91.45	6,88.72	8,05.04
Staff expenses	10,84.82	9,41.71	7,97.80	7,31.09
All other expenses	2,58.93	2,25.93	1,91.66	1,77.01
Depreciation and repairs	32.42	30.38	25.46	22.03
Profit	2,74.82	2,69.25	2,71.00	2,17.59
To reserve fund	55.00	55.00	75.00	25.00
To pension fund	8.61	7.62	7.42	7.23
To staff welfare fund	5.00	5.00	10.00	5.00
To staff housing fund	5.00	5.00	10.00	10.00
To bonus to staff	82.00	72.00	45.00	42.00
To dividend	1,29.37	1,29.37	1,29.37	1,27.97
	(23%)*	(23%)*	(23%)*	(22.75%)*
Carry forward	35.51	45.63	50.41	56.21

	As on 31st December			
	1963	1962	1961	1960
Capital	5,62.50	5,62.50	5,62.50	5,62.50
Reserves	9,30.00	8,75.00	8,20.00	7,45.00
Integration and development fund	3,56.17	3,11.54	2,55.98	1,97.80
Deposits	594,30.98	567,37.09	531,33,18	576,32.32
Borrowings from other banks	72.40	63.00	2,05.50	9,96.50
Advances	290,15.51	270,48.48	255,31.53	232,24.37
Investments	283,48.57	262,48.81	229,89.26	209,70.75
Cash†	53,61.32	57,25.35	69,31.75	69,65.94
Balance-sheet total	670,57.04	615,35.33	572,10.37	620,53.42
Ratio to deposits of:	%	%	%	%
Advances	48.8	47.7	48.7	40.6
Investments‡	47.7	46.2	42.9	50.3
Cash	9.0	10.1	12.9	11.19

* Subject to deduction of tax.
† Including money at call and short notice.
‡ Only the unencumbered portion.

The balance-sheet as at 31st December 1963 shows that deposits and other accounts rose by Rs. 27 crores to Rs. 594 crores, representing a rise of Rs. 13 crores to Rs. 71 crores in savings deposits, Rs. 10 crores to Rs. 260 crores in current accounts, and Rs. 4 crores to Rs. 264 crores in fixed deposits. Since, however, the balance-sheet includes under the deposit head other accounts and funds belonging to the Bank, these figures do not give a correct picture of the growth of the Bank's deposits. It is, therefore, usual for the State Bank to append a table showing trends in the growth of its deposits at the end of the report of the Central Board of Directors every year. Even this table, however, does not show the real trends, for it does not take into account changes in U.S. P.L. 480 and P.L. 665 deposits. The table below presents a correct picture of trends in the deposits of the State Bank of India after making adjustments on the basis of data P.L. funds:

(In crores of rupees)

	As on			
	30-12-60	29-12-61	28-12-62	27-12-63
Demand deposits	200	209	233	255
Time deposits	124	147	180	227
Total deposits	324	356	413	482

The accounts of the State Bank of India for all the years from 1956 onwards have been considerably distorted by these movements in P.L. 480 and P.L. 665 counterpart funds deposited with the State Bank of India. Not only the deposits but also the figures of investments and balance-sheet totals have all been artificially inflated or depressed by these funds, and, what is more, the extent of distortion has been varying from year to year in both the directions and has not always been disclosed, nor is it possible to estimate movements in all the quantities. It is only now that the State Bank's returns have gradually become free from the shadow of P.L. funds effects, although a few traces still remain. According to the latest available information, such funds totalled Rs. 37 crores at the end of February 1964.

The rise in advances and investments of the Bank over the year was almost of an equal order: the former went up by Rs. 20 crores to Rs. 290 crores pushing up the ratio of advances to deposits by 1 point to 48.8 per cent: the latter rose by Rs. 21 crores to Rs. 283 crores, the ratio (of unencumbered portion of investments) going up from 46.2 to 47.7 per cent in the process. During the last busy season, the Bank's credit portfolio touched a new peak of Rs. 309 crores on 12th April 1963. The composition of advances remained more or less the same, with 75 per cent of advances going to industry and 9.6 per cent to commerce at the end of 1963, as against 72 per cent and 9.5 per cent, respectively, at the end of 1962. The gain in industrial advances was at the cost of personal, professional and financial advances.

During the year, the Bank stepped up its interest rates on advances also: the advance rate was raised from 5 per cent to 6 per cent, and the hundi rate in two stages to 7½ per cent. The whole structure of advances rates was raised on a tapering basis ranging from ¾ per cent to ¼ per cent.

The Bank's investments in Government securities (including Treasury Bills) rose from Rs. 247 crores at the end of 1962 to Rs. 270 crores at the end of 1963. The investments thus rose by Rs. 23 crores as compared with a rise of Rs. 29 crores in the previous year. Cash balances, money at call and short notice were, however, lower by Rs. 4 crores at Rs. 53 crores, their ratio being lower by 1 point at 9 per cent.

The State Bank and its subsidiaries had together 1,644 branches and pay offices at the end of 1963, of which the State Bank alone accounted for 1,076. With 20 new branches opened during 1963, the total of new branches opened between 1st July 1960 and 31st December 1963 comes to 70, as against 145 branches to be opened during 1960-65 under the plan for branch expansion. In addition, the Bank has opened 9 new branches outside this programme in metropolitan towns and big cities. A new programme for opening 319 new branches mainly in rural and semi-urban areas during five years from January 1964, in addition to the balance of 75 new branches to be opened under the existing programme has been framed in consultation with the Reserve Bank of India and the Government.

The Bank's total assistance limits sanctioned to small-scale industries amounted to Rs. 19.6 crores as on 31st December 1963, but the amounts of limits actually utilised out of these sanctions are not disclosed. Out of this amount, the largest amount of assistance was given under the Bank's scheme for providing working capital to small-scale industries. As many as 2,400 units at intensive centres and 1,500 units at other branches had total limits of Rs. 11.95 crores and Rs. 5.64 crores, giving a total of Rs. 17.59 crores: the total amount of outstandings under this head were Rs. 6.03 crores and Rs. 2.52 crores, respectively, the total being Rs. 8.55 crores. Out of the total limits for Rs. 17.59 crores, Rs. 9.3 crores were covered under the Guarantee Scheme of the Government of India. Eighty per cent of the limits sanctioned were for less than Rs. 50,000 each. The intensive centres now total 39. In addition to working capital loans, the Bank sanctioned limits amounting to Rs. 13 lakhs for medium-term finance to small-scale industries through 27 branches. Local Boards were given powers to sanction medium-term loans up to Rs. 5 lakhs; the Bank also decided to continue to assist, for some time, small-scale units which had crossed the capital-asset limit of Rs. 5 lakhs, in order not to dislocate their working.

The scope and amount of financial assistance extended by the State Bank to various types of co-operative institutions, increased further in 1963. The remittance-facilities granted by the Bank to co operative institutions under the Reserve Bank of India Remittance Facilities Scheme as well as under it's own scheme increased from Rs. 224 crores during the year ended 30th June 1962 to Rs. 308 crores during the year ended 30th June 1963. The total credit limits sanctioned by the Bank to all types of co-operative institutions as well as the corresponding outstandings increased from Rs. 33 crores and Rs. 9 crores, respectively, on 30th September 1962 to Rs. 45 crores and Rs. 9 crores, respectively, on 30th September 1963. The sanctioned limits and outstandings in respect of the Bank's advances against warehouse receipts stood at Rs. 4 crores and Rs. 1 crore, respectively, on 30th September 1963, as compared with Rs. 5 crores and Rs. 2 crores, respectively, on 30th September 1962. The decline, we are told, was on account of the inclusion of such advances within the purview of Reserve Bank of India's selective credit controls.

Three further measures were taken by the Bank to assist the co-operative sector: (a) extension of the scope of its term-loan facilities to processing and industrial co-operatives, (b) grant of advances against the guarantee of State Governments to statutory corporations to enable them to finance industrial co-operatives, (c) provision of accommodation against Government guarantee to apex co-operative banks for granting advances through central financial agencies to labour contract and construction co-operatives against the security of bills certified for payment by the Public Works Departments.

STATE BANK OF TRAVANCORE

Unlike 1962, the year ended 31st December 1963 has seen a fairly encouraging improvement in the declared net profit (which is after meeting all expenses and providing for depreciation and taxation) of the State Bank of Travancore (General Manager: Mr. T. R. Krishnaswami, Trivandrum). The profit has increased by Rs. 1.58 lakh to Rs. 10.51 lakhs, as against some Rs. 58,000 to Rs. 8.93 lakhs a year before. It has prompted the Directors of the Bank to enhance the dividend, for the first time since it became a State Bank's subsidiary on 1st January 1960, by a modest one per cent to 6 per cent per annum on the Rs. 100 fully paid shares.

The rise in profit has followed a further expansion in the Bank's business. The balance-sheet total, which had more than doubled in the past two years following the amalgamation of three banks with the Bank, has added a further Rs. 1.12 crore to Rs. 26.37 crores during the year under review. Deposits have once again gone up by about Rs. 2 crores to Rs. 21.25 crores and, while advances show again a slight increase from Rs. 7.36 crores to Rs. 7.81 crores, investments have continued their steady rise and reached Rs. 8.09 crores, as against Rs. 7.25 crores a year before. The cash-deposits ratio is as high as 32.9 per cent, as against 31.8 per cent in 1962, following the increase in the aggregate cash balance from Rs. 6.07 crores to Rs. 6.99 crores.

The improvement in net profit, the Directors say, is not commensurate with the expansion in the Bank's business because of higher establishment charges and cost of deposits. The income has also not kept pace, they explain, with the grant of fresh limits for advances following the realisation of certain sticky advances taken over from the amalgamated banks. Interest on doubtful advances of the amalgamated banks has not been taken into account while computing earnings. It may, however, be pointed out here that there has been, in the past four years, a rather sharp fall of about 13 points to 36.7 per cent in the Bank's credit ratio, the drop over 1962 being some two points in spite of slightly higher advances during 1963. At the same time, the investments deposits ratio has been held under 40 per cent, raising the ratio of liquid assets to over 70 per cent.

The Bank's progress in the past four years is tabulated below:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Interest and discount earned	86.71	87.92	62.55	40.01
Commission and exchange	11.93	12.50	9.32	4.83
Other income	11.58	7.85	2.70	0.61
Interest paid	58.69	54.54	33.91	17.76
Staff expenses	39.36	32.92	23.67	10.52
Other expenses	12.01	10.47	7.82	3.38
Depreciation	1.61	1.41	0.82	0.26
Taxation				6.25
Profit	10.51	8.93	8.35	7.28
To reserves	2.99	2.00	2.32	1.46
Bonus to staff	2.25	1.80	1.92	0.70
Staff welfare fund	0.25			
Dividend	6.00	5.00	5.00	5.00
	(6%)	(5%)	(5%)	(5%)
Carry forward	0.08	0.27	0.14	0.12

	As on 31st December			
	1963	1962	1961	1960
Paid-up capital	100.00	100.00	100.00	100.00
Reserves	37.70	35.50	33.50	31.18
Deposits	21,25.00	19,10.08	17,14.93	833.56
Borrowings from banks		13.68	13.89	0.48
Advances	780.59	735.54	728.32	410.23
Investments (less depreciation)	809.48	724.86	530.91	344.81
Cash	698.90	607.39	507.38	244.60
Balance-sheet total	26,36.02	25,24.64	21,62.12	12,19.08
Ratio to deposits of—	%	%	%	%
Advances	36.7	38.5	42.4	49.5
Investments*	38.0	37.9	30.1	41.3
Cash	32.9	31.8	34.8	29.5

* Unencumbered portion only.

The income for the year under review amounts to Rs. 122.22 lakhs, as against Rs. 108.27 lakhs for the previous year. Expenditure has gone up to Rs. 111.71 lakhs from Rs. 99.34 lakhs, the rise being attributed by the Directors to the heavy incidence of salaries consequent on the readjustment, with effect from 1st July 1963, of the pay and service conditions of the employees of the erstwhile Travancore Forward Bank Ltd., the Kottayam Orient Bank Ltd. and the Bank of New India Ltd. (all of which were amalgamated with the Bank around the middle of 1961), so as to

(Continued on next page)

BANK OF INDIA'S RESULTS IMPRESSIVE

DIVIDEND, HOWEVER, SLIGHTLY LOWER

THE results of the Bank of India Ltd. (General Manager: Mr. T. D. Kansara, Bombay) for the year ended 31st December 1963 are quite impressive, though, on taking the year-end figures, the progress in respect of deposits is not as striking as it was in the previous year and the return to shareholders on their Rs. 50 paid 100-rupee shares has been pruned by two points to 18 per cent per annum, subject to tax. The accretion of deposits, which was pretty sharp at Rs. 32 crores or 25.7 per cent in 1962, has slowed down to Rs. 16.81 crores, or 10.7 per cent, to Rs. 173.97 crores during the year under review. But the important point to be borne in mind is that the growth has been maintained at a substantial pace, despite keen competition for deposits from both banking and non-banking companies. The expansion of deposits in the past three years, it may be further noted, is as much as Rs. 64.53 crores, or 59.6 per cent. The small cut in dividend, all of which has been effected in the final dividend at 10 per cent as against 12 per cent for the previous year, has been necessitated by the fact that a full year's dividend, as against only a part of it a year ago, is due on the new shares of a total paid-up value of Rs. 105 lakhs issued in the previous year. The two other major indicators of progress, namely, gross income and balance-sheet total, show a further improvement. The former has gone up from Rs. 803.04 lakhs to Rs. 996.82 lakhs and the latter from Rs. 191.31 crores to Rs. 213.45 crores.

The further rise in income has flowed from the extension of the Bank's policy of maximising the use of available resources as reflected in a rise of no less than Rs. 191 lakhs in the Bank's income from banking business proper. The credit ratio is lower by 2.8 points from 80.9 per cent to 78.1 per cent. This apparently reflects the Bank's desire to fall in line with the general wish of the central banking authority that banks should not maintain their credit ratio at too high a level. In view of this, the investments-deposits ratio has gained about four points to 20.4 per cent, while the cash ratio has remained more or less unchanged at 8.7 per cent.

The Bank's impressive progress has been due to its policy of expanding its operations through an increase in its activities and opening of more branches. Both of these, it will be admitted, are undoubtedly a costly affair these days, but should yield even better results in the coming years. It is no wonder, therefore, that, along with the improvement in income, the Bank's total expenses, too, have risen sharply from Rs. 681.77 lakhs to Rs. 857.09 lakhs. Nevertheless, its profit, after provision for depreciation, taxation and development rebate, has advanced to Rs. 125 lakhs during the year under review from the sticky level of about Rs. 110 lakhs in the previous two years. Nearly a fourth of this profit, or Rs. 36 lakhs as against Rs. 32.50 lakhs a year before, has been earmarked to cover the bonus to staff. The reserve fund, it is good to find, has received one lakh more at Rs. 25 lakhs. The dividend, though slightly lower, absorbs Rs. 30,000 more at Rs. 72.90 lakhs, out of which Rs. 40.50 lakhs is on account of the final dividend which is to be paid out of a special reserve created out of the year's profit for meeting that liability. The surplus to be carried forward is much lower at Rs. 4.20 lakhs as compared with Rs. 13.10 lakhs brought in.

The following comparative table brings out the Bank's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Interest and discount earned	858.97	682.82	509.86	440.02
Commission, exchange and brokerage†	118.30	103.50	88.99	75.32
Other income	19.55	16.72	10.26	7.87
Interest paid	437.37	354.54	260.50	217.03
Staff expenses	277.21	205.23	161.21	143.36
Other expenses	142.51	122.00	68.47	53.41
Depreciation and repairs	10.73	6.24	6.01	6.04
Profit, after tax	125.00	111.53	110.32	78.37
Bonus to staff	36.00	32.50	19.00	18.00
To reserve fund	25.00	24.00	15.00	..
To development rebate reserve	4.00	3.50	3.00	..
Dividend	72.90	72.60	60.00	60.00
	(18%)*	(20%)*	(20%)*	(20%)*
Carry forward	4.20	13.10	29.16	12.85

	As on 31st December			
	1963	1962	1961	1960
Capital (paid-up)	405.00	405.00	300.00	300.00
Reserves	445.50‡	411.50	328.00	310.00
Deposits	173,97.52	157,16.35	125,02.23	109,43.92
Borrowings from other banks	464.08	477.33		0.42
Advances	135,03.91	127,20.03	98,52.62	83,85.02
Investments	35,42.82	29,97.48	22,24.13	20,37.15
Cash	15,30.02	13,64.48	11,59.49	12,08.51
Balance-sheet total	213,44.91	191,30.59	147,18.19	133,34.30
Ratio to deposits of—	%	%	%	%
Advances	78.1	80.9	77.2	76.6
Investments†	20.4	16.5	17.7	18.6
Cash	8.7	8.0	9.1	11.0

* Subject to deduction of tax.
† Unencumbered portion only.
‡ Excluding Rs. 40.50 lakhs under special reserve meant for meeting the year's final dividend liability.

Before the close of the year, a sum of Rs. 5 lakhs was transferred from the internal reserves to the reserve fund. This fund now stands at Rs. 385 lakhs out of total reserves amounting to Rs. 445.50 lakhs, excluding the special reserve of Rs. 40.50 lakhs meant for meeting the year's final dividend liability. Together with the paid-up capital of Rs. 405 lakhs, the reserves bring the total "own funds" to Rs. 850.50 lakhs which amount to 4.8 per cent of the deposits as at the end of the year under review. The Directors propose to increase the authorised capital of the Bank from Rs. 10 crores to Rs. 11 crores by the creation of 200,000 'A' shares of the face value of Rs. 50 each and to issue therefrom 40,500 shares as fully paid bonus shares in the proportion of one such bonus share for every 20 existing shares by capitalising a sum of Rs. 20.25 lakhs out of a total of Rs. 45 lakhs standing to the credit of share premium account.

The expansion of deposits during the year has been all-round. Thus, fixed deposits have increased from Rs. 79.81 crores to Rs. 86.70 crores, savings deposits from Rs. 28.22 crores to Rs. 35.50 crores and current accounts from Rs. 49.13 crores to Rs. 51.77 crores. But the expansion was not enough to meet fully the demand for accommodation from customers and the Bank had to resort again to borrowings from other banks, the outstanding amount of which is shown at Rs. 464.08 lakhs, as against Rs. 477.33 lakhs a year before. However, as much as Rs. 462.45 lakhs of this outstanding amount, as against only Rs. 77.33 lakhs a year before, has been obtained under the Refinance Corporation Scheme. Over the year, the total of advances has gone up from Rs. 127.20 crores to Rs. 135.94 crores. Investments and cash balances also have gone up, the former from Rs. 29.97 crores to Rs. 35.43 crores and the latter from Rs. 13.64 crores to Rs. 15.30 crores. Of the advances, 62.53 per cent has been to industry, 21.23 per cent to trade and the balance of 16.24 per cent to others.

During the year, the Bank opened 37 branches in the country, bringing their total number to 123. The number of foreign branches remained unchanged at 14 in eight countries. Besides, the Bank has 1,000 correspondents in all the principal countries of the world.

The Bank's shareholders number as many as 12,158, of whom those (7,566 persons) holding one to twenty shares account for 62.23 per cent of the total paid-up capital. Some 2,511 shareholders hold 21 to 50 shares each, their share in the total being 20.65 per cent. In other words, 82.88 per cent of the capital is held by 9,777 persons. These figures show how widely the ownership of the Bank is distributed.

(Concluded from previous page)

bring them on par with those corresponding to the employees of the Bank.

On 1st December 1963, the Bank acquired the business of the Vasudeva Vilasam Bank (Private) Ltd., Perintalmanna. Now it has under consideration the taking over of the business of the Champakulam Catholic Bank Ltd. which has its office at Champakulam. Further, at the instance of the Reserve Bank, the Bank is examining the question of amalgamating with it, under Section 45 of the Banking Companies Act, 1949, the Cochin Nayar Bank Ltd. at Trichur.

During the year under review, the Bank assisted development of small-scale industries by financing 75 units (as against 38 units in the previous year), with an aggregate limit of Rs. 57.71 lakhs (Rs. 33.16 lakhs). The total limit of finances extended to co-operative institutions dropped sharply from Rs. 61.67 lakhs to Rs. 1.02 lakh. Credit facilities against warehouse receipts were extended to only 241 accounts, as against 386 accounts a year before, with the aggregate limit amounting to Rs. 14.62 lakhs, as against Rs. 21.97 lakhs.

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I.C.I.C.I.'S PERFORMANCE CREDITABLE

RISE IN PROFIT—DIVIDEND STEPPED UP

JUDGED against the depressed conditions that prevailed in the capital markets during the major part of the year ended 31st December 1963 and the full impact on the national economy caused by the series of factors arising from the Chinese aggression, the Industrial Credit and Investment Corporation of India Ltd. (Chairman: Mr. G. L. Mehta, Bombay) has certainly given a quite creditable account of itself. The Corporation has expanded the scope and range of its activities. Reflecting such expansion, the gross income from various sources (interest on loans, dividends, underwriting commission and brokerage, etc.) has risen by about 41 per cent from Rs. 167.38 lakhs to Rs. 236.13 lakhs. Alongside the rise in income, interest payments have also no doubt gone up by Rs. 48.83 lakhs to Rs. 118.63 lakhs, established expenses by Rs. 1.28 lakh to Rs. 11.71 lakhs and provision for taxation (including tax deducted at source) by Rs. 8.88 lakhs to Rs. 41.42 lakhs. Even so, the net profit shows a handsome increase of Rs. 11.50 lakhs to Rs. 57.88 lakhs. As a result of the new proposals, the Corporation will, of course, have to pay more tax on account of the dividend distributed, but it can hope to get some relief from the removal of tax on inter-corporate dividends. The additional burden, therefore, is not likely to be more than Rs. 1.50 lakh.

The increase in the net disposable surplus has naturally prompted the Directors to raise the dividend to Rs. 7 per share, subject to deduction of tax, from Rs. 6.50 per share distributed in the previous two years. Since dividend payments absorb Rs. 35.00 lakhs, as against Rs. 32.50 lakhs, the ploughback has naturally increased from Rs. 11.60 lakhs to Rs. 25.50 lakhs. The result is that the equity per share of Rs. 100 has advanced further from Rs. 132 to Rs. 137, against which the market price as at 31st December 1963 is as low as Rs. 94.

The rapid advance made by the Corporation during the past four years is well brought out in the following comparative table:

(In lakhs of rupees)

	1960	1961	1962	1963
Gross income	87.84	155.56	167.38	236.13
Profits before tax	62.61	74.27	78.92	101.55
Profits after tax	37.67	46.52	46.38	57.88
Dividend* per share (%)	5.75	6.50	6.50	7.00
Net worth per Rs. 100 share	115	125	132	137
Market value as on 31st December per Rs. 100 share	71	82	92	94

* Subject to deduction of tax.

The Corporation's activities can be grouped under three main heads, namely, granting of loans and guarantees, underwriting capital issues, and participating in the share capital of companies through direct subscription. The total number of loan operations has increased from 90 in 1962 to 113 in 1963 and the amount sanctioned has risen by approximately 50 per cent from Rs. 14.70 crores to Rs. 20.96 crores. Actual disbursements, however, have increased by only 10 per cent from Rs. 8.03 crores to Rs. 8.85 crores, whereas, in the previous year, they had advanced by over 60 per cent from Rs. 4.46 crores. The slowing down of the rate of increase in the amount disbursed probably reflects the sluggishness of the country's economy. The total amount disbursed as at the end of 1963 aggregates Rs. 27.85 crores, the bulk of it being in foreign currencies.

The underwriting activity, however, has suffered a moderate setback, due, of course, to the poor state of the country's capital markets. Although the number of operations has increased from 14 to 24, the amount sanctioned has come down from Rs. 3.91 crores to Rs. 3.68 crores, while the amount disbursed is marginally lower at Rs. 1.25 crore, as compared with Rs. 1.28 crore a year ago. Underwriting of preference shares and debenture-stocks issue, no doubt, forms the bulk of the operations as before, but underwriting of equity issues has also received greater attention than hitherto. As for direct subscription, though the number of operations is reduced by half to seven from 15 in 1962 and the amount sanctioned is less than a third at Rs. 30 lakhs, as against Rs. 99 lakhs, total disbursements are actually higher at Rs. 66 lakhs, as against Rs. 54 lakhs previously, due possibly to the spill-over from earlier years. As usual, the bulk of investment is in ordinary shares and the balance in debenture-stocks, that in preference shares being conspicuous by its absence. It will be noted from the table at the end of the page that, out of the total business of Rs. 97.01 crores transacted (in terms of amounts sanctioned), nearly 72.4 per cent or Rs. 70.17 crores represent loans and guarantees. This emphasises the Corporation's role as the provider of long-term loans to industries.

Besides its paid-up capital of Rs. 5.0 crores and the amount ploughed back in the form of reserve, the working funds of the Corporation include the advance secured from the Government of India, loans from the World Bank and those received from the Agency for International Development. Out of the advance sanctioned by the Central Government, the Corporation had withdrawn by the end of December 1963 an amount of Rs. 14.50 crores only. During the year, the balance was also utilised and this has raised the amount of the advance to Rs. 17.50 crores. This besides, the Corporation obtained a fifth line of credit amounting to $30 million from the World Bank, making the total World Bank lending to $90 million. Out of the loan of $5.0 million from the A.I.D., only a portion was utilised in 1962, while the balance was availed of during the year under review. The Corporation's working funds, therefore, advanced from Rs. 31.16 crores to Rs. 39 crores and were made of Rs. 5 crores as paid-up share capital, Rs. 1.86 crore as reserves and surplus, Rs. 17.50 crores as advance from the Central Government, and Rs. 14.64 crores as loan from the World Bank and the A.I.D. A loan agreement for DM 20 million (Rs. 2.38 lakhs) was also concluded with the Kreditanstalt fur Wiederaufbau (Reconstruction Loan Corporation) of Federal Republic of Germany, but no amount was drawn against this during the year pending finalisation of a second loan agreement for DM 5.0 million. The whole of the loan of $90 million received from the World Bank was sanctioned by the Corporation as loans to private sector undertakings and so also the loan of $5.0 million received from the A.I.D. Although the Corporation sanctioned DM 21.01 million (Rs. 2.50 lakhs) as loans against the amount received from the Kreditanstalt, no disbursements were actually made. These, however, ccmmenced during the current year. In order to augment the Corporation's rupee finance, the Government of India has sanctioned a further loan of Rs. 10 crores out of the P.L. 480 funds and formalities in respect of this are expected to be completed shortly. Negotiations for the second line of credit of DM 5.0 million are expected to be completed shortly.

Progress of I.C.I.C.I.'s Activities

(In lakhs of rupees)

	Up to 31st December 1961			During year end 1962			During year end 1963			Total		
	No. of operations	Amount sanctioned (gross)	Amount disbursed	No. of operations	Amount sanctioned (gross)	Amount disbursed	No. of operations	Amount sanctioned (gross)	Amount disbursed	No. of operations	Amount sanctioned (gross)	Amount disbursed
Loans and Guarantees:												
Rupees	59	10,50	461*	30	4,93	3,09	29	8,61	2,71	118	24,04	10,41
Foreign exchange	111	24,01	6,36	60	9,77	4,94	84	12,35	6,14	255	46,13	17,44
Total	170	34,51	10,97	90	14,70	8,03	113	20,96	8,85	373	70,17	27,85
Underwriting:												
Ordinary shares	28	5,67	1,73	8	1,16	23	11	1,70	41	47	8,53	2,37
Preference shares	22	4,56	1,54	..	..	3	9	68	9	31	5,24	1,66
Debentures	5	2,90	53	6	2,75	1,02	4	1,30	75	15	6,95	2,30
Total	55	13,13	3,80	14	3,91	1,28	24	3,68	1,25	93	20,72	6,33
Direct Subscriptions:												
Ordinary shares	49	3,02	2,03	14	49	29	7	30	41	70	3,81	2,73
Preference shares	7	81	61	..	..	..	..	..	..	7	81	61
Debentures	1	1,00	1,00*	1	50	25	..	..	25	2	1,50	1,50
Total	57	4,83	3,64	15	99	54	7	30	66	79	6,12	484
Grand Total	282	52,47	18,41	119	19,60	9,85	144	24,94	10,76	545	97,01	39,02

* One operation of Rs. 100 lakhs transferred from Rupee Loan to Direct Subscription.

Industry-wise Assistance by I.C.I.C.I.

Nature of industry	Net amount sanctioned (In lakhs of Rs.)	Percentage of amount sanctioned to total sanctions
Automobiles and cycles	579	7.0
Cement	451	5.4
Chemicals and chemical products	13,28	16.0
Electrical equipment	777	9.3
Electricity, gas and steam	332	4.0
Food products (other than sugar)	08	1.2
Glass, pottery, etc.	408	4.9
Iron and steel	12,58	15.1
Leather products	8	0.1
Metal products, ferrous and non-ferrous	636	7.6
Machinery manufacture (other than electrical)	731	8.8
Oil pipe line	150	1.8
Paper and pulp	551	6.6
Rubber products	124	1.5
Shipping	216	2.6
Sugar	220	2.6
Textile	288	3.5
Wood, cork and hardboard	103	1.2
Miscellaneous	63	0.8
Total	83,21	100.0

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From Our Special Correspondent

MANCHESTER, *3rd March*

MANCHESTER LETTER

ECONOMIC developments, culminating in the rise in the Bank Rate, have been a dominating influence in the market during the past week. Textile traders are bound to be affected, like all other industrialists, by the increased cost of holding stocks, but the current position of well-filled order books and steady demand is not likely to be seriously undermined by the new financial uncertainty.

A far more disturbing element—one which has for long been at the root of Lancashire's troubles—is the rate at which low-cost arrivals of foreign goods have been entering this country. It so happens that the national overseas trade returns for January, showing a substantial balance of payments deficit, were strongly mirrored in the corresponding figures for cotton textiles, exports being sharply curtailed and imports rising dramatically.

While it is true to say that foreign suppliers tend to concentrate their efforts at the beginning of each calendar year when the new quotas start, the fact cannot be disguised that 1964 has opened on an unfortunate note in this particular sphere. Imports of cotton grey cloth were only slightly higher than January last year, at 52,519,000 yards, as against 51,751,000 yards, but the rate of arrivals was much larger than in the second half of 1963. On the other hand, imports of finished cotton fabrics increased from 13,497,000 yards in January last year to 17,596,000 yards. Comparable returns for cotton yarn and thread showed bigger takings from abroad at 4,052,000 lbs. during the month, as against 3,614,000 lbs. in 1963.

Less from Hong Kong

Chief suppliers of grey cloth were again India, with 20,087,000 yards and Pakistan 8,079,000 yards; these figures compare with 19,027,000 yards and 9,437,000 yards, respectively, last year. A marked increase in shipments from Canada took arrivals from 811,000 yards to 2,456,000 yards, while Portugal supplied 3,046,000 yards, as against 1,927,000 yards. Bigger arrivals came from China with 5,267,000 yards, as against 3,518,000 yards and the Irish Republic with 1,460,000 yards, as against 884,000 yards.

Almost the only exception to this rising trend was Hong Kong whose grey cloth shipments to this country in January aggregated 4,808,000 yards, as against 8,130,000 yards. Against this, however, is the fact that finished cotton cloth arrivals from Hong Kong increased from 1,106,000 yards in January 1963 to 2,483,000 yards this year, the cost of these purchases rising from £100,000 to £313,000. India also sent more finished cloth, as did Belgium and Portugal.

Exporters of man-made fibre fabrics have been justifiably praised for their efforts during the past two or three years. It is significant, however, that, in January, imports of man-made fibre cloth increased from 4,824,000 yards to 7,652,000 yards, while arrivals of man-made fibre yarn and thread rose from 945,000 lbs. to 2,572,000 lbs.

Meanwhile, on the export side, shipments of cotton yarn and thread in January at 1,769,772 lbs. were higher than the average during the second half of last year, but cotton cloth sent abroad was only 15,758,000 yards, which is the lowest monthly figure on record. Man-made fibre cloth shipments, however, moved up from 5,658,000 yards to 6,972,000 yards and exports of man-made fibre yarns amounted to 8,024,000 lbs. as against 6,785,000 lbs.

Supply Rate Steady

Theory and practice have frequently been opposing forces when matters of economics come up for consideration, but, in the textile industry in recent years at least, the trade cycle theory based on the stock position has usually been vindicated in practice. On some occasions, the anticipated recovery has been delayed, often by outside influences which have caused buyers to hesitate when they might have been expected to enter the market in force.

The omens were right for such a development 12 months ago and, although a reasonable amount of activity was encountered in the spring and summer months, it was not until the late autumn that any large-scale purchasing took place. At the end of 1962, the broad picture of supplies of cotton and man-made fibre cloth, illustrated by adding output to imports and deducting exports, showed that the balance had reached its lowest level since 1953, and the way was obviously clear for substantial restocking. The table below shows the current position:

(In million yards)

Year	Output	Imports	Total	Exports	Balance for home trade
1937	4,122	75	4,197	2,001	2,196
1949	2,592	400	2,992	1,078	1,914
1950	2,840	342	3,182	1,017	2,165
1951	2,960	476	3,436	1,105	2,331
1952	2,192	210	2,402	871	1,531
1953	2,632	143	2,775	895	1,880
1954	2,775	335	3,110	812	2,298
1955	2,479	365	2,844	688	2,156
1956	2,314	380	2,694	595	2,099
1957	2,287	490	2,777	567	2,210
1958	2,030	454	2,484	468	1,996
1959	1,927	575	2,502	411	2,091
1960	1,911	786	2,697	383	2,314
1961	1,842	801	2,643	336	2,307
1962	1,613	642	2,255	290	1,965
1963	1,574	700	2,274	303	1,971

In the ensuing 12 months, the situation has scarcely altered, the balance showing less change than at any time since the war. Larger imports, chiefly in grey cloth, offset the small reduction in output, while, for the first time since 1953, the fall in exports was halted.

In the knowledge that the remaining mills in the industry are well supplied with business which will keep machinery active at least until the second half of the current year, coupled with the rising trend in productivity, it would not be surprising if 1964 provided an improvement in the volume of output for the first time for a decade. Imports are not likely to be substantially curtailed, while an expansion in shipments abroad may well be only marginal.

Build-up Ahead?

If these predictions are borne out, the available supplies will again move upwards, and much will, therefore, depend on the disposal of textile products through the home market. Political considerations have not yet affected the attitude of distributors who are obviously anticipating a fair movement of goods through retail channels. Industrial activity in many sectors of the economy is still extensive, so that the call for specialist materials of this kind should be at least maintained.

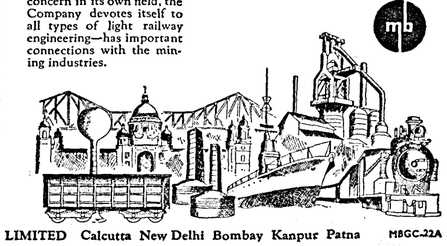
Commenting recently on the recovery in textiles, which has led to vacancies arising in the mills, a local employment official in one of the mill towns ventured the opinion that the cotton trade was showing more stability and now offered better prospects for recruits. This is the type of attitude the industry should cultivate; such unsolicited testimonials are the best advertisement it can get.

MARTIN BURN LOOK BACK TO OVER
180 YEARS OF SERVICE TO INDIA

...to be able to compute this service by decades, not by years alone...to recall that our creed has consistently been the development of our country's resources through engineering and allied enterprises...to take pride in planning that makes the many units in our organization fall into a rational and complementary group and each one a leader in its particular field, a position which some of them, early pioneers in India, held even in the last century. For us looking back is a worthwhile proposition—an incentive to *move forward.*

AMONG THE COMPANIES IN THE MARTIN BURN GROUP ARE:

THE INDIAN IRON & STEEL CO. LTD.: With a million ton integrated steel plant at Burnpur, the largest foundry in the Commonwealth at Kulti and its own collieries and iron ore mines, IISCO has an enviable record in production efficiency.
BURN & CO. LTD., HOWRAH WORKS: Pioneers in foundry practice in India, in structural steelwork fabrication and the manufacture of rolling stock—the origins of the Company go back to the year 1781.
BURN & CO. LTD., REFRACTORY & CERAMIC GROUP: Apart from stoneware pipes and chemical stoneware, the works of this group—eight in number and located in four states—manufacture nearly all types of refractories to meet the requirements of India's steel industry, power undertakings, railways, ordnance factories—in fact, any industry requiring refractory material for the maintenance of furnaces.
THE INDIAN STANDARD WAGON CO. LTD., SANTA: The oldest Indian unit started for the specific purpose of manufacturing railway rolling stock—has been mainly responsible for building up the wagon building industry. Also manufactures springs, forgings, pressings and stampings for heavy industry as well as automotive components.
THE HOOGHLY DOCKING & ENGINEERING CO. LTD.: Established in 1819, the Company has a shipbuilding yard, a dry dock and extensive workshops at Salkia.
ROBERT HUDSON (INDIA) LTD: A premier concern in its own field, the Company devotes itself to all types of light railway engineering—has important connections with the mining industries.
RAILWAY COMPANIES: Some of the first feeder railways in India, with six systems in four states.
ELECTRIC SUPPLY COMPANIES: Pioneers again in the generation and distribution of domestic power in India—serve 45 towns in Uttar Pradesh and Madhya Pradesh.
THE VAUGHAN BURN CRANE COMPANY LTD.: A collaboration with The Vaughan Crane Company Ltd. of Manchester... Hand operated and electric overhead travelling cranes and chain pulley blocks.



MARTIN BURN LIMITED Calcutta New Delhi Bombay Kanpur Patna MBGC-22A

PUBLIC DEBT OF CENTRAL GOVERNMENT

BURDEN OF EXTERNAL DEBT SERVICES GROWING

SOME of the fiscal incentives which the Union Finance Minister has offered to attract foreign private investment are in the right direction, though one wishes that the Finance Ministers had not nullified the effect of these incentives to a considerable extent by the complicated and complex changes in the structure of corporate taxation as a whole. In offering these incentives, the Finance Minister has been prompted by the important consideration that foreign investment in the shape of equity capital, besides bringing with it technical know-how and managerial skills, both of which are in short supply in India, has also the special advantage of not adding to the heavy and growing burden of debt repayment. "India's external debts," the Finance Minister said in his budget speech, "are already at a high level. For the third Plan, we had a repayment liability of approximately Rs. 575 crores, including principal and interest, and the repayment liability for the fourth Plan is already in excess of Rs. 825 crores."

In the coming (1964-65) year alone, the external debt repayment liability is put at as much as Rs. 143.82 crores (including interest at Rs. 76.56 crores), as against Rs. 120.83 crores (including interest amounting to Rs. 59.34 crores) in 1963-64 and Rs. 94.46 crores (including interest payment of Rs. 47.00 crores) in 1962-63. The liability will be heavier still in the coming years as indicated by the Finance Minister. Before the era of planning began in April 1951, there was no such liability at all. The magnitude of the debt repayment liability is indicated below:

Discharge of Permanent Debt

(In crores of rupees)

	1964-65 (B.E.)	1963-64 (R.E.)	1962-63 (Actual)	1950-51 (Actual)
Debt raised in India ..	192.35	178.45	183.25*	47.00*
Debt raised outside India ..	67.26	61.49	47.46*	Nil
Total ..	259.61	239.94	230.71*	47.00*
Total interest payments ..	313.41	277.06	240.43	64.73
Of which :				
On internal debt	154.89	140.01	127.37	45.37
On external debt	76.56	59.34	47.00	Nil
On unfunded debt ..	71.13	68.52	57.07	15.73
On reserve funds, etc. ..	9.01	7.37	6.47	
On other obligations ..	1.82	1.82	1.62	3.63

* Revised estimate only.

It will be noted here that the foregoing figures reflect only the position of the Government obligations. In addition to these, foreign exchange has also to be found for meeting the capital transfers of the private sector, such as dividends, technical fees, savings of foreigners and repatriation of investments. The total of these remittances must now be a tidy sum.

To return to the external liabilities of the Central Government. The large repayment liability must be attributed to the significant expansion in external assistance received in the form of loans. The total debt raised outside India as at the end of the next financial year (31st March 1965) is expected to touch Rs. 2,439 crores, as compared with Rs. 1,809 crores at the end of this month; figure for 1950-51 was no more than Rs. 58 crores. In other words, over a period of fourteen years (from 1950-51 to 1964-65), the total external debt has gone up by over forty-two times. Such an increase in external debt need not, of course, cause any undue concern, inasmuch as it has been utilised to build up assets through the process of economic development. But care has to be taken to see that the debt does not rise to alarming proportions, for such a rise entails a mounting burden of external debt services. It is from this angle that one has to view Mr. Krishnamachari's proposals for giving tax reliefs to foreign investors; a detailed analysis of these proposals and a few suggestions for improvement are contained in the special article published on page 352 of our last issue.

Debt Position of Central Government

(In crores of rupees)

	As on 31st March			
	1965 (B.E.)	1964 (R.E.)	1964 (B.E.)	1951 (R.E.)
Debt raised in India (total) ..	5,069	4,785	5,246	2,031
Of which :				
Current loans	3,222	3,114	3,068	1,438
Treasury bills ..	1,536	1,360	1,869	372*
Special floating loans ..	281	281	281	213
Expired loans	30	30	28	7
Debt raised outside India (total) ..	2,439	1,809	1,790	58
Total ..	7,508	6,594	7,036	2,089
Other liabilities	2,483	2,335	2,349	699
British war loan	—21	—21	—21	—32
Grand total of public debt ..	9,970	8,907	9,364	2,746
Of which :				
Covered debt	9,303	8,224	8,091	2,195
Uncovered debt ..	667	683	1,273	551
Interest-bearing obligations (total)	9,658	8,597	9,056	2,562
Of which :				
In India	7,240	6,809	7,286	2,501
Outside India	2,418	1,788	1,770	61
Interest-yielding assets	8,605	7,589	7,380	1,681
Cash and securities held on Treasury account	52	52	116	142
Balance of total interest-bearing obligations not covered by above assets	1,001	956	1,560	739
Breakdown of interest-bearing obligations in India :				
Public debt	4,758	4,474	4,937	1,812
Unfunded debt	2,218	2,113	2,137	450
Deposits	264	222	212	239

* Including Treasury deposit receipts aggregating Rs. 21 crores.

Alongside the marked increase in external debt, the internal public debt of the Government of India, too, has risen quite significantly, from Rs. 2,031 crores in 1950-51 to Rs. 4,785 crores at present, and there is expected to be an addition of another Rs. 284 crores in the coming year, bringing the total by the end of March 1965 to Rs. 5,069 crores. Consequently, the amount which the Government of India will be paying as interest on this debt in the coming year is estimated at Rs. 154.89 crores representing an increase of Rs. 14.88 crores over 1963-64 and of Rs. 109.52 crores over 1950-51. Including this amount with the interest of Rs. 71.13 crores on unfunded debt, Rs. 9.01 crores on reserve funds, Rs. 1.82 crore on other obligations and Rs. 76.56 crores on debt raised outside India, the total interest payments for the year ending 31st March 1965 come to Rs. 313.41 crores, as against Rs. 277.06 crores for 1963-64 and no more than Rs. 64.73 crores for 1950-51.

Taking together the debt raised in India and that raised outside, the total outstanding public debt of the Central Government is expected to amount to Rs. 6,594 crores at the end of the current year (March 1964) and Rs. 7,508 crores at the end of next year (March 1965), as against less than Rs. 2,090 crores in March 1951. To these must be added other liabilities amounting to Rs. 2,334.51 crores, Rs. 2,482.71 crores and Rs. 689 crores, in respect of the years 1964-65, 1963-64 and 1950-51, respectively. Included in "other liabilities" are investments of deposits of P.L. 480 counterpart funds, balances in the various Provident Funds, Post Office Savings Bank, Post Office Cash, National Savings, National Plan, National Plan Savings, National Defence Treasury Savings Deposit and Defence Deposit Certificates, deposits under Cumulative Time Deposits Scheme and the Compulsory Deposit Scheme, Depreciation and Reserve Funds of Railways, Posts and Telegraphs, etc., and certain other deposits, mainly relating to deposits of Income-tax, Super-tax, etc. Excluding the war contribution, the liability in respect of which remains suspended, the total outstanding debt of the Government of India will be Rs. 8,910 crores at the end of this month and Rs. 9,969.92 crores a year later, as against Rs. 2,746 crores at the end of 1950-51. The table in column one bottom compares the etimated debt position of the Central Government as at the end of next year with that at the close of the current year and 1950-51.

The breakdown of the debt raised in the different countries as of 31st March 1965, the figures in brackets relating to end-March 1964 is given below:

(In crores of Rs.)

U.S.A.: 1,153.18 including 104.54 from the Export-Import Bank (779.20, including 100.23 from the Export-Import Bank); U.K: Government loans 236.31 (220.72), India stocks and railway debenture-stocks 0.08 (0.08), expired loans 0.03 (0.03), war contribution 20.62 (20.62); U.S.S.R.: 236.00 (167.75); Canada: 13.90 (12.16); West Germany: 191.04 (173.08); Japan: 57.53 (37.61); Switzerland: 6.23 (2.23); Czechoslovakia: 5 (1.00); Yugoslavia: 5.20 (1.05); Poland: 3.70 (3.20); Austria: 4.11 (0.45); Netherlands: 3.50 (0.50); France: 1.28 (nil); Denmark: 1.02 (0.10); Belgium: 0.80 (nil); Federation of Rhodesia and Nyasaland: 0.79 (1.06); New Zealand: 0.26 (0.33); Kuwait: 22.51 (25.72); World Bank: 179.11 (181.82); I.D.A.: 98.56 (72.48); Bank of India, Tokyo: 0.04 (0.05); New credits: 192.89 (7.52).

The total outstanding public debt of the Central Government (as on 31st March 1965) analysed with reference to the purposes for which the money has been utilised or the assets by which it is covered is shown below, figures in brackets relate to end-March 1964:

(In crores of Rs.)

Railways: 2,387.06 (2,134.06); Posts and Telegraphs and other commercial departments, including D.V.C.: 306.79 (304.74); Investment in commercial concerns—industrial development: 1,318.61 (1,101.42); loans and advances: 4,584.81 (3,978.66); amounts recoverable from the U.K. and the States on account of purchase of annuities for sterling pensions: 14.23 (17.44); subscription to I.M.F. 282.00 (282.00); purchase of World Bank shares: 37.00 (37.00); subscription to I.D.A. 19.22 (15.52); purchase of U.N. bonds: 0.95 (0.95); debt due from Pakistan: 300.00 (300.00); cash and other investments: 51.90 (52.32).

Allowing for these, the uncovered debt will amount to Rs. 667 crores at the end of the coming financial year (March 1965), as against the pre-war figure of Rs. 188 crores. The whole of this cannot, however, be called unproductive, since the large grants to State Governments for development in recent years which increase

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SHRI AMBICA E.R.W. STEEL TUBES ARE STRONGER:
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ANNOUNCEMENT REGARDING THE PROPOSED ISSUE OF CAPITAL BY

BHASKAR TEXTILE MILLS LIMITED

A COPY OF THE PROSPECTUS TOGETHER WITH THE DOCUMENTS AS REQUIRED BY SECTION 60 OF THE COMPANIES ACT, 1956 HAS BEEN DELIVERED TO THE REGISTRAR OF COMPANIES, WEST BENGAL, FOR REGISTRATION.

INCORPORATED ON: 4TH AUGUST, 1962
REGISTERED OFFICE: 2, BRABOURNE ROAD, CALCUTTA 1.

EXISTING AND PROPOSED ACTIVITIES

The Company was incorporated with the object of carrying on all or any of the businesses namely spinners, yarn merchants, cloth manufacturers, etc. The Government of India have granted a licence bearing No. L/23/1/243/Tex/62 dated 4th April 1962, subsequently amended by letter No. 10/629/62/Tex(B) dated 5th September 1962 for manufacture of cotton yarn for this undertaking with an installed capacity of 25,000 spindles. The present project is to set up a spinning plant of 15,000 spindles. The Company has been allotted approximately 126.05 acres of land by Government of Orissa at Jharsuguda. Adequate supply of power has also been assured. Licences to import major items of machinery from abroad have since been obtained and orders for plant and machinery have already been placed with the manufacturers. It is expected that the plant will go into production by June/September, 1964.

LOCATION OF THE INDUSTRY: Jharsuguda in the State of Orissa.

BOARD OF DIRECTORS

SRI SURAJMAL MOHTA, 2, Brabourne Road, Calcutta.
SRI P. D. HIMATSINGKA, 6, Old Post Office Street, Calcutta.
SRI BAIJNATH TAPURIAH, 9, Brabourne Road, Calcutta.
SRI RASIKLAL MANEKLAL, Vasant Vilas, Babulnath Road, Bombay-7.
SRI BENI PRASAD MAHESHWARI, 9, Brabourne Road, Calcutta.
SRI B. D. KOTHARI, P-10, Debendra Dutt Lane, Calcutta.
SRI M. K. MOHTA, 2, Brabourne Road, Calcutta.

AUDITORS

MESSRS. S. S. KOTHARI & CO., Chartered Accountants, 21, Old Court House Street, Calcutta.
MESSRS. JHUNJHUNWALA & CO., Chartered Accountants, 6, Commercial Buildings, Calcutta.

	No. of Shares	Nominal value of each share	Amount
AUTHORISED CAPITAL :			
Equity Shares	5,00,000	Rs. 10	Rs. 50,00,000
Preference Shares	50,000	Rs. 100	Rs. 50,00,000
			Rs. 1,00,00,000
SUBSCRIBED CAPITAL :			
Equity Shares	1,40,000	Rs. 10	Rs. 14,00,000
PROPOSED ISSUE :			
Equity Shares	1,40,000	Rs. 10	Rs. 14,00,000
Preference Shares	7,000	Rs. 100	Rs. 7,00,000
(9.5% Tax-free Cumulative redeemable Preference Shares).			Rs. 21,00,000

TERMS OF PAYMENT :	Per Equity Share	Per Preference Share
On Application	Rs. 2.50 nP.	Rs. 25
On Allotment	Rs. 2.50 nP.	Nil.

APPLICATIONS FOR SHARES

Applications for Shares must be for 10 or multiples of 10.
Applications for Preference Shares must be for 5 or multiples of 5.
The entire issue of Equity and Preference Shares will be offered to the Public for subscription in cash at par. Subscription of the amount is assured by the reason of the whole issue having been underwritten.

DATE OF OPENING AND CLOSING OF THE SUBSCRIPTION LIST

The subscription list will open at the commencement of Banking hours on 23rd March 1964 and will close at the close of the Banking hours on 4th April 1964 or earlier at the discretion of the Board of Directors but not before the close of the Banking hours on 30th March 1964.
Application forms along with copies of the Prospectus can be had from the Registered Office of the Company or from the Underwriters, Bankers or Brokers, whose names and addresses are given below :—

UNDERWRITERS :

ORISSA STATE FINANCIAL CORPORATION.	Killa Maidan, Cuttack 1.
INDUSTRIAL FINANCE CORPORATION OF INDIA.	Reserve Bank Building, Parliament Street, New Delhi, 1.
G. PADIA & Co.	India Exchange, Calcutta 1.
THE UNITED COMMERCIAL BANK LTD...	2, India Exchange Place, Calcutta 1.

BANKERS :

THE UNITED COMMERCIAL BANK LTD...	2, India Exchange Place, Calcutta 1, or any of their Branches in India.
THE BANK OF BARODA LTD.	India Exchange, Calcutta 1, or any of their Branches in India.
THE AMERICAN EXPRESS CO. INC. ..	21, Old Court House Street, Calcutta, or any of their Branches in India.

BROKERS :

RASIKLAL MANEKLAL & Co.	Stock Exchange Old Building, Bombay.
G. PADIA & Co.	India Exchange, Calcutta 1.
MURARKA BROTHERS	7, Lyons Range, Calcutta.
HARBANS SINGH MEHTA & Co.	33, Regal Building, Parliament Street, New Delhi.
RAJPAL CHADHA & Co.	Delite Cinema Building, Asaf Ali Road, New Delhi.

CAPITAL OUTLAY

The total cost of the present project, including the working capital, will be Rs. 1,09,00,000 estimated as follows :—

	Rs.
Land	1,25,000
Buildings	19,75,000
Machineries	69,50,000
Miscellaneous assets	4,50,000
Preliminary and Miscellaneous expenses of this issue ..	1,75,000
Working Capital	12,25,000
	1,09,00,000

It is proposed to meet the capital outlay as follows :

FINANCIAL RESOURCES

	Rs.
Equity Shares	28,00,000
Preference Shares	7,00,000
Deferred payment facilities	29,00,000
Secured loan from the Bank of Baroda Ltd.	45,00,000
	1,09,00,000

RIGHTS OF PREFERENCE SHARES

The Preference shareholders are entitled to a Cumulative Preferential dividend of 9.5 per cent per annum free of Company's tax. The Shares are redeemable immediately after 12 years from the date of issue on 3 months' notice.

READY REFERENCER & GUIDE TO COMPANIES ACT
1961 EDITION
By JOHN and ROW, Advocates, Madras
Contents: A commentary on the Companies Amendment Act 1960.
Text of the Companies Act 1956 incorporating up-to-date amendments.
Price: Rs. 12.50 (*postage extra*)
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33, BROADWAY, MADRAS-1

the productive capacity of the country as a whole are not entirely unremunerative. Similarly, the large capital outlay on Central property, the value of which is either not shown at all in the Government's accounts or is shown as non-commercial (such as the Delhi capital outlay and defence capital outlay) is not without value. Besides, a considerable portion of the capital outlay has been incurred on schemes of State trading such as foodgrains, fertilisers, iron and steel, of which there are reserve stocks, particularly of foodgrains.

The aggregate interest-bearing obligations of the Government of India as on 31st March 1965 is put at Rs. 9,658.59 crores, as against Rs. 8,596.95 crores at present and Rs. 2,562.00 crores at the end of March 1950-51. Of this total, obligations in India account for Rs. 7,240.45 crores and those outside for Rs. 2,418.14 crores. Of the obligations in India, the share of public debt alone comes to Rs. 4,757.74 crores (loans Rs. 3,222.19 crores and Treasury Bills Rs. 1,535.55 crores), unfunded debt and deposits accounting for Rs. 2,218.35 crores and Rs. 264.36 crores, respectively. The unfunded debt includes: Investment of U.S. counterpart funds Rs. 323.19 crores; Service funds Rs. 24 lakhs; 10-year Treasury Savings Deposit Certificates Rs. 71.24 crores; 10-year Defence Deposit Certificates Rs. 54.25 crores; Post Office Savings Bank Deposits Rs. 538.72 crores; Compulsory Deposits Rs. 25 crores; Cumulative Time Deposits Rs. 32.23 crores; 12-year National Plan Savings Certificates Rs. 318.85 crores; 12-year National Defence Certificates Rs. 255.49 crores; Post Office Cash and Defence Savings Certificates Rs. 47 lakhs; National Savings Certificates Rs. 84.77 crores; 10-year National Plan Certificates Rs. 14.71 crores; State Provident Funds Rs. 474.88 crores; others Rs. 23.81 crores.

The estimated interest-bearing obligations aggregating Rs. 9,658.59 crores (as at the end of March 1965) are covered by (*a*) interest-yielding assets amounting to Rs. 8,605.33 crores and (*b*) cash and securities held on Treasury account amounting to Rs. 51.90 crores, so that the obligations not covered by assets come to Rs. 1,001.36 crores.

The Union Government budget for 1964-65 has taken credit for new rupee loans aggregating Rs. 295 crores to be floated in the coming financial year. The whole of the loan proceeds will be for the Centre, as the system of combined borrowing operations on behalf of both the Centre and the States, reintroduced last year after many years, is proposed to be discontinued. In the current (1963-64) year, it will be recalled, the loans floated fetched a total of about Rs. 452 crores, of which the share of the States was Rs. 101 crores. In other words, the amount utilised by the Centre was Rs. 351 crores. As compared with this sum, the borrowing of Rs. 295 crores contemplated in the Central budget for 1964-65 is lower by Rs. 56 crores. Excluding the repayment of maturing loans amounting to Rs. 192.35 crores (3¾ per cent National Plan Loan 1964: Rs. 157.00 crores; 3.1 per cent 1964: Rs. 30.00 crores; 1¼ per cent Hyderabad Loan 1964: Rs. 3.75 crores; 15-year Annuity Certificates Rs. 35 lakhs and expired loans Rs. 1.25 crore), the net borrowing in 1964-65, it is seen, will be Rs. 101.65 crores. The following table compares the receipts on account of rupee loans (including Annuity Certificates and Prize Bonds) floated and discharged with the figures assumed in the respective budget estimates since 1951-52:

Public Borrowings in India

(In crores of rupees)

Financial year ended March	Floated		Discharged	
	Actuals	Budget	Actuals	Budget
1951-52	50.37	100.00	84.59	87.40
1952-53	-0.07	25.00	0.97	1.45
1953-54	75.30	100.00	112.51	116.70
1954-55	158.65	75.00	46.12	49.76
1955-56	104.13	125.76	69.08	69.85
1956-57	158.16	100.60	80.02	0.68
1957-58	196.82	100.80	67.47	31.85
1958-59	202.56	140.65	21.23	20.15
1959-60	379.62	226.20	116.98	117.67
1960-61	247.03	252.00	109.37	109.00
1961-62	256.52	236.50	137.88	137.60
1962-63	337.04	260.70	182.59	182.85
1963-64	452.32*	400.50	178.45*	180.30
1964-65	..	295.00	..	192.35
Total for the thirteen years from 1951-52 to 1963-64	2,558.59	2,149.71	1,207.29	1,105.16

* Revised estimate only.

Thousands of crores of rupees have been transferred from the Centre to the States in the past few years by way of share in taxes and duties, grants and loans. The total amount actually transferred in the first three years of the third Plan was Rs. 2,959.99 crores, which was more than what was transferred in the whole of the second Plan (Rs. 2,867.92 crores) and first Plan (Rs. 1,412.97 crores). Another Rs. 1,173.57 crores are to be added in the coming year. Details are given below:

Resources Transferred from Centre to States

(In crores of rupees)

Financial year ended March	Share in taxes and duties	Grants	Loans	Grand total
1964-65 (B.E.)	253.69	314.08	605.80	1,173.57
1963-64 (R.E.)	259.50	257.17	626.08	1,142.75
1962-63	224.06	222.19	523.55	969.80
1961-62	178.38	216.84	452.42	847.44
II Five-year Plan	711.13	745.95	1,410.84	2,867.92
I Five-year Plan	326.74	287.70	798.53	1,412.97
Total for the fourteen years from 1951-52 to 1964-65	1,953.50	2,043.73	4,417.22	8,414.45

Besides giving liberal grants and loans to States, the Government of India has also been investing on a significantly large scale in several undertakings. At the end of the coming (1964-65) year, the total investments are expected to be Rs. 2,652.24 crores in the departmentally run commercial undertakings and Rs. 1,184.43 crores in other Government commercial undertakings, or a total of Rs. 3,836.67 crores. The former include Railways Rs. 2,389.40 crores, Posts and Telegraphs Rs. 224.41 crores, Indian Security Press Rs. 3.32 crores, Currency Note Press Rs. 5.81 crores, Government Opium Factory at Neemuch Rs. 1.10 crore, Government Opium and Alkoleid Works Rs. 4.60 crores, Overseas Communications Service Rs. 3.91 crores, lighthouses and light-ships Rs. 6.59 crores, Delhi Milk Scheme Rs. 2.47 crores, Forest Department (Andamans) Rs. 5.67 crores, Electricity Department (Andamans) Rs. 30 lakhs and Kolar Gold Mines Rs. 4.04 crores. Out of the Rs. 1,184.43 crores invested in "other" Government commercial undertakings, those under construction account for Rs. 298.01 crores, promotion and developmental undertakings for Rs. 106.15 crores, and running concerns for Rs. 780.27 crores (including Rs. 548 crores in respect of the Hindustan Steel Ltd.). Details are given below:

Central Government Investments

(In crores of rupees)

	1964-65 (B.E.)	1963-64 (R.E.)	1962-63 (Actuals)	1961-62 (Actuals)
Departmentally run commercial undertakings:				
Capital invested*	2,652.24	2,373.67	2,096.85	N.A.
Net profit	60.22	69.30	65.98	N.A.
Net profit as percentage of capital invested ..	2.3	2.9	3.1	N.A.
Other Government commercial undertakings:				
Capital invested*	1,184.43	978.25	806.47	7638.62
Of which:				
Running concerns* ..	780.27	666.21	563.01	490.20
Dividend profit received by Government from running concerns	2.32	2.16	1.36†	1.35‡

Net profit is arrived at after deducting working expenses, interest on capital and depreciation from gross receipts.

* As at the end of the year.

† There was a total net loss of Rs. 9.14 crores during the year 1962-63.

‡ There was a total net loss of Rs. 11.01 crores during the year 1961-62. N.A.—Not available.

It will be seen from the above figures that the total net profit expected to be earned by the departmentally run commercial undertakings in the coming year works out to a bare 2.3 per cent per annum of the huge capital invested; the rate of return (net) was 3.1 per cent for the year 1962-63. In the case of 'other' running concerns also, the dividend received by the Government is ridiculously low as compared with the huge capital invested. Viewed thus, the Planning Commission's estimate that the surplus from the public sector undertakings by 1965-66 would be of the order of Rs. 300 crores will simply not prove correct. The Finance Minister has candidly admitted this fact. The huge investments in the public sector can be justified only if the undertakings are run efficiently, so that they yield a handsome return to the exchequer and, at the same time, build up reserves to finance their own future expansion. That way alone should the public sector expand, and not by adding unduly to the tax burden on the community.

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Secretaries & Treasurers :-
Duncan Brothers & Co. Ltd., Calcutta-1
Phone : 22-5411 (5 lines)

DUNCANS

Technical Collaborators :-
Phillips Petroleum Co
Bartlesville, U.S.A.

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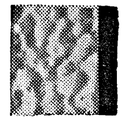

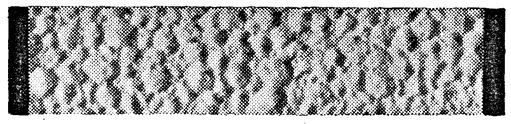

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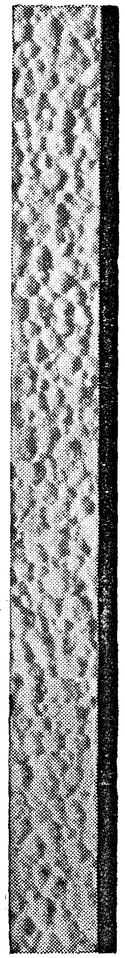

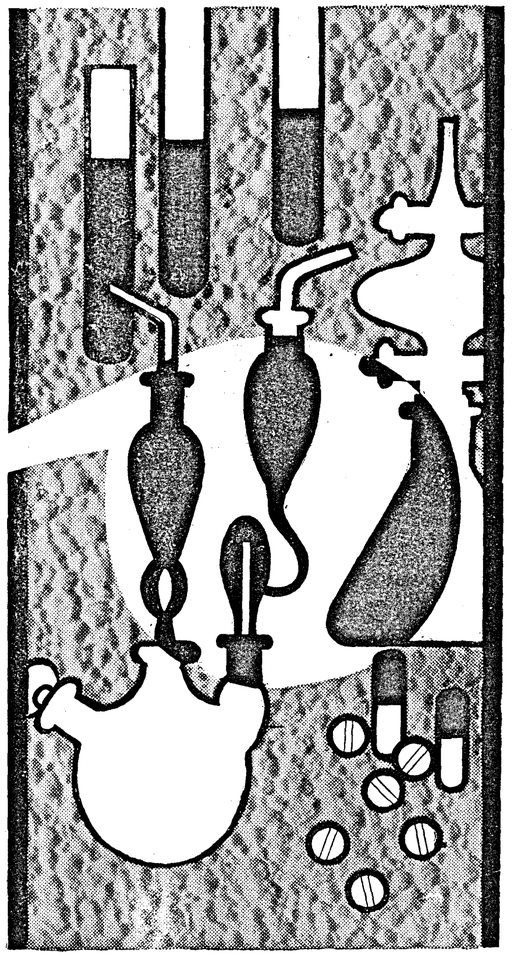

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There are many organisations in India that know and use THERMOCOLE for insulation, and CIBA is one of them. No matter how hot and noisy it is outside, THERMOCOLE keeps it cool, quiet and comfortable inside.

THERMOCOLE is foamed polystyrene—the lightest rigid insulation material in the industry. It has a very low thermal conductivity. It can deaden airborne and vibrational sound and cut out heat, dust and humidity.

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Indoplast Limited

TC.35-496

THE BANK OF INDIA LIMITED

(ESTABLISHED: 7TH SEPTEMBER, 1906.)

REGISTERED OFFICE: 70/80, MAHATMA GANDHI ROAD, BOMBAY-1.

CAPITAL AND RESERVES

CAPITAL AUTHORISED .. .. **Rs. 10,00,00,000** **CAPITAL PAID-UP** .. .. **Rs. 4,05,00,000**
CAPITAL ISSUED AND SUBSCRIBED .. .. **Rs. 7,60,00,000** **RESERVE FUND AND OTHER RESERVES** .. .. **Rs. 4,86,00,000**

BRANCHES IN INDIA :

BOMBAY BRANCHES (26):
Mahatma Gandhi Road (*Main Office*)
Andheri
Bandra
Borivli
Bullion Exchange
Chembur
Churchgate
Cotton Exchange
C. P. Tank
Cusrow Baug
Dadar (West)
Electric House
Fort
Ghatkopar
Kalbadevi
Khar
King's Circle
Mahalaxmi
Malabar Hill
Malad
Mandvi
Santa Cruz
Sion
Tardeo
Walkeshwar
Wodehouse Road

AHMEDABAD BRANCHES (18):
Bhadra (*Main Office*)
Delhi Charla
Ellis Bridge
Gandhi Road

Ahmedabad—*Contd.*
Mandvi Pole
Manek Chowk
Maninagar
Navrangpura
New Cloth Market
Relief Road
Sabarmati
Saraspur
Station

AMRITSAR BRANCHES (2):
Hall Bazar (*Main Office*)
Golden Temple Road

ANAND
BANGALORE
BARODA
BHAVNAGAR
BHOPAL
BHUJ

CALCUTTA BRANCHES (6):
Netaji Subhas Road (*Main Office*)
Bara Bazar
Bhowanipur
Bow Bazar
Chowringhee Square
Vivekananda Road

CALICUT
CHAIBASA
COCHIN BRANCHES (2):
Mattancherry (*Main Office*)
Willingdon Island
COIMBATORE
COONOOR
DEHU ROAD

DELHI BRANCHES (10):
Janpath (*Main Office*)
Ajmere Gate Extension
Bank Street (Karol Bagh)
Chandni Chowk
Connaught Circus
Kamla Nagar
Karol Bagh
Khan Market
Khari Baoli
Patel Nagar

DURGAPUR
ERNAKULAM
GANDHIDHAM
GAUHATI

GOA BRANCHES (2):
Vasco-da-Gama
Margao

GWALIOR
HOSPET
HOWRAH
HYDERABAD
INDORE
JABALPUR
JAIPUR
JAMNAGAR

JAMSHEDPUR BRANCHES (2):
Sakchi Boulevard (*Main Office*)
Telco Town

JULLUNDUR
JUNAGADH
KALOL
KALYAN
KALYANI (W. BENGAL)

KANPUR BRANCHES (2):
Kasturba Gandhi Marg (*Main Office*)
General Gunj

KOTA (RAJASTHAN)
LUDHIANA

MADRAS BRANCHES (5):
Armenian Street (*Main Office*)
Mount Road
Mylapore
Sowcarpet
Thyagarayanagar

MADURAI
NADIAD

NAGPUR BRANCHES (4):
Kingsway (*Main Office*)
Dharampeth
Gandhi Baug
Itwari Bazar

NARODA (DIST. AHMEDABAD)
NAVSARI
PALANPUR
PATNA

POONA BRANCHES (2):
Elphinstone Road (*Main Office*)
Poona City

PORBANDAR
RAJKOT
RANCHI
ROURKELA
SHOLAPUR
SURAT
THANA
TIRUCHIRAPALLI
VARANASI
VERAVAL
VISAKHAPATNAM

COMMITTEES AT BRANCHES

COMMITTEES OF DIRECTORS { AHMEDABAD: Ambalal Sarabhai, Madanmohan Mangaldas } CALCUTTA: Jugmohan Prasad Goenka, Girdharilal Mehta

ADVISORY COMMITTEES

BULLION EXCHANGE: Ramanlal Dalsukhbhai, A. G. Sonawalla, Navnitlal L. Shah, Kantilal K. Sheth, Chandulal Mohanlal

KALBADEVI: Manilal S. Kapadia, Sobhraj Jhamatmal, Chimanlal B. Shah, A. M. Fitzalwalla, Navnitrai B. Oza

MANDVI: Vallabhdas V. Mariwala, Chhaganlal Velji, Hirji Keshavji Kesharwalla, Shantilal M. Sheth, Natvarlal M. Shah, Sheth Khatau Valabhdas

LOCAL COMMITTEES :

AHMEDABAD—
Narottam Lalbhai
AMRITSAR—
Lala Diwan Chand Mehra
Sethi Santlal K. Fodar
BANGALORE—
His Highness Y. R. Ghorpade, Rajasahib of Sandur
P. K. Sarangapany Mudaliar
V. T. Velu
Ravi L. Kirloskar
Chottanbhai Davidoss
Vittal Mallya
BARODA—
Ramanbhai B. Amin
Bhupatrai Maganlal Ghia
Indubhai Chhotalal Patel
BHAVNAGAR—
Jaswantrai F. Mehta
CALCUTTA—
N. B. Elias
CALICUT—
Liladhar N. Mehta
P. S. Nair
CHAIBASA—
Sitaram Rungta
COCHIN—
L. D. Kilikar
B. V. D. Menon
S. S. Koder
Javerilal Anandjee
R. Madhavan Nayar
COIMBATORE—
R. Venkataswamy Naidu
S. R. P. Ponnuswamy Chetty
K. Rajagopal

DELHI—
Sri Narain Andley
Govindram Hassaram Mahbubani
Panna Lal Arora
Lala Bansi Dhar
Sardar Daljit Singh
Rangopal Gadodia
GAUHATI—
Abidanan S. Kuthari
GOA BRANCHES—
V. S. Dempo
V. D. Chowgule
Dr. J. H. E. de Sequeira
Shantilal K. Gosalia
V. M. Salgaocar
HYDERABAD—
Mukundass Mohanlal Malan
Jamshid D. Italia
Premji Lalji
Dr. D. S. Reddy
INDORE—
Lalchand B. Sethi
Chandansinha Brabaktiya
Sohanlal G. Sanghi
JAMNAGAR—
Harjivandas Vithaldas Kotecha
Rao Bahadur Seth Jivatlal Purtapshi
Darbar Saheb Agar Sinhji Shivuji Rathod
Ramesh Prasad Maloo
JAMSHEDPUR—
Sardar Ajaib Singh
Dharamchand Narsheeram Kamani
Rameshwarlal Agarwala
JULLUNDUR—
Dwarka Dass Sehgal
Prem Nath Mayor

JUNAGADH—
Chittaranjan R. Raja
Ishwardas Narottamdas
Harisbai Jivandhai Ghia
KANPUR—
Rahulal Misra
Buddhoo Lal Mehrotra
Ram Singh
Narendrajit Singh
H. K. Srivastava
Hemantpat Singhania
LUDHIANA—
Dina Nath Agarwal
Jadhish Lal Behal
MADRAS—
Dr. Sir A. Lakshmanaswami Mudaliar
H. C. Kothari
A. M. M. Murugappa Chettiar
MADURAI—
Karumuttu Thiagarajan Chettiar
P. T. Rajan
NAGPUR—
Seth Ramanlal Rathi
D. P. R. Cassad
R. V. Kalikar
J. B. Thakre
V. D. Dhanwatay
POONA—
S. H. Rathi
Dr. N. B. Pasulekar
Rustom B. Patell
RAJKOT—
Ratilal N. Talchand Chitalia
Dulabhjee Shamjee Virani
Gulabchand Talakchand Sheth

SHOLAPUR—
Madeppa Bandappa Kadadi
Rao Saheb Shrikrisan N. Jonnayya
SURAT—
Lalitmohan C. Gandhi
Moti S. Vasi
Mansukhlal C. Kapadia
VARANASI—
Radha Raman Prasad
Brijpal Das
VERAVAL—
Ramanlal Prabhudas Shah
Hargovinddas L. Sanghvi
VISAKHAPATNAM—
A. Suryanarayana Rao
P. L. Narsimha Raju
ADEN—
Zainool Hussenally Karachiwala
Gulabchand Gopaldas Shraf
Amin Kassem Mohamed Sultan
Muncherjee Kaiky Muncherjee
KARACHI—
Maromed Suleman Cassum Mitha
Abdul Karim Haji Adam
Eddie Minocher Dinshaw
LONDON—
I. D. Greenwell
B. S. Saraiyavala
W. F. Crichlow-Rank
Sir Owain Trevor Jenkins
H. C. Waters, O.B.E.

FOREIGN BRANCHES :

LONDON—17, Moorgate, London, E.C. 2. ADEN. DAR-ES-SALAAM (East Africa). HONG KONG. JINJA. KAMPALA. KARACHI. LAGOS (Nigeria) (West Africa). MANCHESTER. MOMBASA. NAIROBI. OSAKA. SINGAPORE. TOKYO.

OVER 1,000 CORRESPONDENTS IN ALL THE PRINCIPAL COUNTRIES OF THE WORLD.

To be submitted to the Shareholders at the Fifty-eighth Annual General Meeting to be held at the Registered Office of the Company at 70/80, Mahatma Gandhi Road, Bombay-1, on Thursday, the 26th day of March, 1964, at 4 o'clock in the afternoon.

Directors' Report for the year ended 31st December, 1963

The Directors submit to the Shareholders the Balance Sheet and Profit and Loss Account for the year ended 31st December, 1963. The Auditors' Report is also annexed.

The transactions for the past year after provision for taxation have resulted in a profit of Rs. 1,25,00,000.00. To this has been added the balance of Rs. 13,09,847.75 brought forward from the previous year, making a total sum of .. .. Rs. 1,38,09,847 75

The following appropriations have been made :—

	Rs.	nP
An interim dividend was paid at the rate of 8.00 per cent., subject to deduction of tax at the rates in force, on the Paid-up Capital of Rs. 4,05,00,000 which absorbed	32,40,000	00
Transferred to the Reserve Fund	25,00,000	00
Transferred to Special Reserve	40,50,000	00
Bonus to Staff	36,00,000	00
To carry forward to the next account	4,19,847	75
Rs.	1,38,09,847	75

The Directors recommend to the Shareholders payment of a final dividend at the rate of 10.00 per cent., subject to deduction of tax at the rates in force, making 18 per cent. for the year on the Paid-up Capital of Rs. 4,05,00,000 which will absorb Rs. 40,50,000.00.

The Directors propose, subject to obtaining the necessary consent from the Controller of Capital Issues, Government of India, and other authorities, to increase the Authorised Capital of the Company from Rs. 10,00,00,000 to Rs. 11,00,00,000 by the creation of 2,00,000 "A" shares of the face value of Rs. 50 each and to issue therefrom 40,500 "A" shares as fully paid bonus shares in the proportion of one such bonus share for every twenty existing shares, whether ordinary shares and/or "A" ordinary shares, held by a member on a date to be specified later, by capitalising a sum of Rs. 20,25,000 out of the Share Premium Account. The necessary application has been made to the Controller of Capital Issues in this behalf. After the necessary consent from him and other authorities has been obtained, the Shareholders will be requested to pass the necessary resolutions for this purpose at an Extraordinary General Meeting.

The business of the Company continued to function satisfactorily.

The Bank Rate was increased from 4 per cent. to 4½ per cent. with effect from the 3rd January, 1963.

Before the close of the year, a sum of Rs. 5,00,000.00 was transferred from the internal reserves to the Reserve Fund.

As in 1962, for the information of Shareholders, a statement is furnished on page 27 giving an analysis of sub-head (vi) of Advances being—

Debts due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members.

During the year, 37 Branches of the Bank were opened in India at Borivli, Chembur, Dadar, Khar and King's Circle in Bombay, at New Cloth Market, Relief Road, Sabarmati and Saraspur in Ahmedabad, at Bow Bazar and Vivekananda Road in Calcutta, at Willingdon Island in Cochin, at Kamla Nagar in Delhi, at Telco Town in Jamshedpur, at Mylapore and Thyagaroyanagar in Madras, at Dharampeth and Gandhi Baug in Nagpur and at Anand, Bhopal, Dehu Road, Durgapur, Howrah, Jabalpur, Jaipur, Kalol, Kalyan, Kalyani, Kota, Nadiad, Naroda, Navsari, Patna, Porbandar, Rourkela, Thana and Varanasi.

Under the provisions of Section 256 of the Companies Act, 1956, the following Directors of the Company retire by rotation, but are eligible and offer themselves for re-election :—

Mr. Ramniwas Ramnarain — Mr. N. K. Petigara
Mr. Bhagvandas C. Mehta — Mr. Jaisinh Vithaldas

The Shareholders are requested to appoint Auditors and to fix their remuneration.

A. D. SHROFF, *Chairman*
KRISHNARAJ M. D. THACKERSEY, *Vice-Chairman*
AMBALAL SARABHAI,
RAMNIWAS RAMNARAIN,
BHAGVANDAS C. MEHTA,
MADANMOHAN MANGALDAS,
N. K. PETIGARA,
JUGMOHAN PRASAD GOENKA,
JAISINH VITHALDAS,
GIRDHARILAL MEHTA,
PRATAP BHOGILAL,
S. P. GODREJ, *Directors*

T. D. KANSARA, *General Manager*
S. J. RUSTOMJI, *Deputy General Manager*
H. A. CURRIMBHOY, *Chief Accountant*

BOMBAY, 20th *February*, 1964

BALANCE-SHEET AS AT 31st DECEMBER, 1963

CAPITAL AND LIABILITIES	Rs.	nP	Rs.	nP
1. Capital—				
AUTHORISED CAPITAL :				
(a) 9,50,000 shares of Rs. 100 each	9,50,00,000	00		
(b) 1,00,000 "A" shares of Rs. 50 each	50,00,000	00		
	10,00,00,000	00		
ISSUED AND SUBSCRIBED CAPITAL :				
(a) 7,00,000 shares of Rs. 100 each	7,00,00,000	00		
(b) 10,000 shares of Rs. 100 each with Rs. 50 credited as paid-up in terms of the Scheme of Amalgamation of the Gadodia Bank Ltd. with The Bank of India Ltd.	10,00,000	00		
(c) 1,00,000 "A" shares of Rs. 50 each credited as fully paid bonus shares	50,00,000	00		
	7,60,00,000	00		
AMOUNT CALLED UP on 7,10,000 shares of Rs. 100 each at Rs. 50 per share	3,55,00,000	00		
AMOUNT FULLY PAID UP on 1,00,000 "A" shares of Rs. 50 each	50,00,000	00		
	4,05,00,000	00		
LESS—Calls unpaid	Nil			
	4,05,00,000	00		
ADD—Forfeited shares	Nil			
			4,05,00,000	00
Carried forward ..			4,05,00,000	00

PROPERTY AND ASSETS	Rs.	nP	Rs.	nP
1. Cash:				
In hand and with Reserve Bank of India and State Bank of India (including foreign currency notes)			18,06,39,520	11
2. Balances with Other Banks on Current Account:				
(i) In India	26,10,516	55		
(ii) Outside India	1,97,51,888	19		
			2,23,62,404	74
3. Money at Call and Short Notice			Nil	
4. Investments at below Market Value:				
(i) Securities of the Central and State Governments and other Trustee Securities, including Treasury Bills of the Central and State Governments	31,02,28,085	53		
(ii) Shares:				
(a) Fully paid Preference Shares	61,07,277	00		
(b) Fully paid Ordinary Shares	39,07,353	01		
(c) Partly paid Preference Shares	Nil			
(d) Partly paid Ordinary Shares	9,60,532	50		
(iii) Debentures or Bonds:				
(a) Fully paid	2,29,85,017	50		
(b) Partly paid	Nil			
(iv) Other Investments:				
Foreign Governments and Trustee Securities	50,93,411	66		
(v) Gold	Nil			
			35,42,81,677	20
Carried forward ..			50,72,83,602	05

THE BANK OF INDIA LIMITED— *(Continued)*

Balance-Sheet as at 31st December, 1963—(Continued)

CAPITAL AND LIABILITIES	Rs.	nP	Rs.	nP
Brought forward ..			4,05,00,000	00
2. Reserve Fund and Other Reserves:				
Reserve Fund (Includes Rs. 1,50,00,000 received as premiums on issues of shares prior to 1962)	3,85,00,000	00		
Transfer from Contingencies Account ..	5,00,000	00		
			3,90,00,000	00
SHARE PREMIUM ACCOUNT :				
(a) Amount of premium received in cash on new issue of shares in 1962	40,00,000	00		
(b) Amount of premium on issue of 10,000 shares of Rs. 100 each with Rs. 50 credited as paid-up in terms of the Scheme of Amalgamation of the Gadodia Bank Ltd. with The Bank of India Ltd.	5,00,000	00		
			45,00,000	00
Special Reserve			40,50,000	00
Development Rebate Reserve			10,50,000	00
				4,86,00,000 00
3. Deposits and Other Accounts:				
Fixed Deposits			86,70,15,902	11
Savings Bank Deposits			35,50,43,384	69
Current Accounts, Contingency Accounts, etc.			51,76,92,312	87
			173,97,51,599	67
4. Borrowings from Other Banking Companies, Agents, etc.:				
(i) In India			4,62,44,750	00
(Amount borrowed from the Refinance Corporation of Industry Ltd.)				
(ii) Outside India			1,62,832	63
			4,64,07,582	63
PARTICULARS :				
(i) Secured				
(a) By Bills Discounted	Nil			
(b) By Foreign Bills Purchased ..	1,62,832	63		
(c) Under the Refinance Corporation Scheme by part of advances *per contra*	4,62,44,750	00		
			4,64,07,582	63
(ii) Unsecured			Nil	
5. Bills Payable			90,60,095	27
6. Bills for Collection Being Bills Receivable as per contra:				
(i) Payable in India			3,99,76,002	98
(ii) Payable outside India			2,88,88,487	85
			6,88,64,490	83
7. Other Liabilities:				
(i) Unexpired Discounts			2,61,208	87
(ii) Branch Adjustments			1,85,52,475	65
(iii) Unclaimed Dividends			2,96,574	35
(iv) Amount received under Compulsory Deposit Scheme pending remittance			6,85,277	54
			1,98,95,536	41
8. Acceptances, Endorsements and Other Obligations per contra ..			16,09,91,634	41
9. Profit and Loss:				
Balance as per Balance-Sheet as at 31st December, 1962 ..			61,69,847	75
LESS: Final Dividend at 12.00 per cent., subject to deduction of tax at the rates in force, making 20.00 per cent. of Rs. 4,05,00,000			48,60,000	00
			13,09,847	75
ADD: Profit for the year ended 31st December, 1963, after providing for Taxation			1,25,00,000	00
			1,38,09,847	75
LESS: Transferred to the Reserve Fund ..	25,00,000	00		
Interim Dividend paid at the rate of 8.00 per cent., subject to deduction of tax at the rates in force	*32,40,000*	*00*		
Transferred to Special Reserve ..	40,50,000	00		
Provision for Bonus to Staff for the year	36,00,000	00		
			1,33,90,000	00
			4,19,847	75
10. Contingent Liabilities:				
(i) On partly paid Shares	22,47,750	00		
(ii) Claims against the banking company not acknowledged as debts	1,56,078	61		
(iii) Guarantees given on behalf of customers .. .. (Includes Rs. 18,17,000.00 in respect of guarantees given on behalf of Directors and Rs. 1,30,450.00 on behalf of Officers and Sub-Officers)	26,99,88,224	43		
(iv) Outstanding Forward Exchange Contracts	21,75,51,053	29		
(v) Bills of Exchange Re-discounted : U.S. Dollar Bills Re-discounted $ Nil. Sterling Bills Re-discounted £ Nil.				
NOTE: The Profit and Loss Account includes expenses of The Bank of India (U.K.) Nominees Ltd., a subsidiary company of this Bank.				
Total .. Rs.			213,44,90,786	97

PROPERTY AND ASSETS	Rs.	nP	Rs.	nP
Brought forward ..			50,72,83,602	05
5. Advances:				
(Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)				
(I) Loans, Cash Credits, Overdrafts, etc.:	Rs.	nP		
(i) In India	101,22,11,052	76		
(Includes an amount of Rs. 4,62,44,750.00 relating to medium term advances in respect of which finance has been obtained from the Refinance Corporation for Industry Ltd. as *per contra*)				
(ii) Outside India	10,27,40,829	20		
			111,49,52,781	96
(II) Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments) :				
(i) Payable in India	15,80,38,422	40		
(ii) Payable outside India ..	8,53,99,856	17		
			24,44,38,278	66
			135,93,91,060	62
PARTICULARS OF ADVANCES :				
(i) Debts considered good in respect of which the banking company is fully secured			120,16,65,531	63
(ii) Debts considered good for which the banking company holds no other security than the debtors' personal security			5,68,42,302	30
(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors			10,08,83,226	69
(iv) Debts considered doubtful or bad, not provided for ..			Nil	
			135,93,91,060	62
(v) Debts due by directors or officers of the banking company or any of them either severally or jointly with any other persons			13,96,153	04
(vi) Debts due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members			30,21,25,467	40
(vii) Maximum total amount of advances, including temporary advances, made at any time during the year to directors or managers or officers of the banking company or any of them either severally or jointly with any other persons			17,79,151	13
(viii) Maximum total amount of advances, including temporary advances, granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members ..			32,67,80,315	41
(ix) Due from banking companies			1,99,810	90
6. Bills Receivable Being Bills for Collection as per contra :				
(i) Payable in India			3,99,76,002	98
(ii) Payable outside India			2,88,88,487	85
			6,88,64,490	83
7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra			16,09,91,634	41
8. Premises, Less Depreciation:				
At cost as at 31st December, 1962			1,95,58,418	89
Additions during the year			34,83,174	41
			2,30,41,593	30
LESS: Cost of Property sold during the year			94,400	00
			2,29,47,193	30
LESS: Depreciation written off to date			95,84,301	64
				1,33,62,891 66
9. *Furniture and Fixtures*, Less Depreciation:				
Cost up to 31st December, 1962, completely written off ..			Nil	
Additions at cost during 1963			43,85,539	38
			43,85,539	38
LESS: Depreciation written off during 1963			3,50,000	00
				40,35,539 38
10. Other Assets:				
(i) Shares of The Bank of India (U.K.) Nominees Ltd. at cost			1,335	65
(ii) Advance Payments of Tax			1,64,43,486	98
(iii) Stamps			39,471	96
(iv) Interest accrued on Investments			40,77,273	43
(v) Silver			Nil	
				2,05,61,568 02
11. Non-Banking Assets Acquired in Satisfaction of Claims				Nil
Total .. Rs.			213,44,90,786	97

NOTE:—The Balance-Sheet has been prepared in conformity with Form 'A' of the Third Schedule to the Banking Companies Act, 1949.

STATEMENT giving an analysis of sub-head (vi) of Advances being Debts due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members, referred to in the Directors' Report on Page 14

Debts due by :—	Rs.	nP	As at 31-12-1963 Rs.	nP		Rs.	nP.	Rs.	nP.
I. PUBLIC COMPANIES					Brought forward ..			30,13,11,432	83
In which the Directors of the Banking Company are interested			2,18,34,834	90					
(a) As Directors only (holding no shares)					(c) As Members only				
(b) As Directors and Members					(i) Holding not more than 2 per cent. of the Paid-up Share Capital	Nil			
(i) Holding not more than 2 per cent. of the Paid-up Share Capital	9,30,04,509	65			(ii) Holding more than 2 per cent. of the Paid-up Share Capital	86,727	47		
(ii) Holding more than 2 per cent. of the Paid-up Share Capital	12,71,04,179	69	22,01,08,689	34		Rs.	nP	86,727	47
	Rs.	nP			(d) (i) As Managing Agents personally ..	Nil			
(c) (i) As Managing Agents personally ..	Nil				(ii) As Partners in Managing Agency Firm	Nil			
(ii) As Partners in Managing Agency Firm	1,97,95,193	04			(iii) As Director/Member of Managing Agents	62,12,692	08		
(iii) As Director/Member of Managing Agents	10,42,64,199	38			This is included in Item II (b) (i) ..	62,12,692	08		
This is included in Item 1(b) (i) and (ii) ..	12,40,59,392	42			III. FIRMS				
II. PRIVATE COMPANIES					In which the Directors of the Banking Company are interested as Partners			7,27,307	10
In which the Directors of the Banking Company are interested			28,79,610	29					
(a) As Directors only (holding no shares)									
(b) As Directors and Members									
(i) Holding not more than 2 per cent. of the Paid-up Share Capital	67,56,003	04							
(ii) Holding more than 2 per cent. of the Paid-up Share Capital	4,96,42,295	26	5,63,98,298	30					
Carried forward ..			30,13,11,432	83	Total .. Rs.			30,21,25,467	40

We have checked the above analysis with the records of the Bank and with the certificates furnished by each of the Directors of the Bank regarding their respective percentages of holdings in the paid-up share capital of the borrowing companies and have found it to be correctly made up.

BOMBAY, 20th *February*, 1964.

S. B. BILLIMORIA & CO., *Chartered Accountants*

A. F. FERGUSON & CO., *Chartered Accountants*

THE BANK OF INDIA—*Continued*

Profit and Loss Account for the year ended 31st December 1963

EXPENDITURE	Rs.	nP
1. Interest paid on Deposits, Borrowings, etc.	4,37,36,998	14
2. Salaries and Allowances and Provident Fund	2,77,21,147	54
3. Directors' and Local Committee Members' Fees and Allowances	2,52,251	67
4. Rent, Taxes, Insurance, Lighting, etc.	45,39,698	52
5. Law Charges	1,33,978	67
6. Postage, Telegrams and Stamps	8,47,882	15
7. Auditors' Fees (includes Rs. 50,300 for Branch Audit Fees to Statutory Auditors)	1,15,200	00
8. Depreciation on and Repairs to the Banking Company's Property	10,72,838	71
9. Stationery, Printing, Advertisement, etc.	46,08,373	98
10. Loss from Sale of or Dealing with Non-Banking Assets	Nil	
11. Other Expenditure	37,54,392	87
12. Development Rebate Reserve	4,00,000	00
13. Balance of Profit	1,25,00,000	00
Total .. Rs.	9,96,82,362	25

INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Rs.	nP
1. Interest and Discount	8,58,96,915	42
2. Commission, Exchange and Brokerage	1,18,30,336	85
3. Rents	8,05,130	19
4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	Nil	
5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	Nil	
6. Income from Non-Banking Assets and Profit from Sale of or Dealing with such Assets	Nil	
7. Other Receipts	11,49,979	79
Total .. Rs.	9,96,82,362	25

Note :—Particulars of remuneration paid to the General Manager during 1963 :—

(i) Salaries—Rs. 72,000.00 (Rs. 70,000.00) ; (ii) Allowances—Rs. 2,400.00 (Rs. 2,400.00) ; (iii) Contribution to Provident Fund—Rs. 6,000.00 (Rs. 5,833.32) ; (iv) Monetary value of other benefits or perquisites (including value of the benefit of the use of a house and a car, calculated according to the Income-tax Rules)—Rs. 19,518.04 (Rs. 15,933.22). Total Rs. 99,918.04 (Rs. 94,166.54). (Figures in brackets are for 1962.)

Note :—The Profit and Loss Account has been prepared in conformity with Form 'B' of the Third Schedule to the Banking Companies Act, 1949.

AUDITORS' REPORT TO THE MEMBERS

(1) We have audited the foregoing Balance-Sheet of The Bank of India Ltd. as at 31st December, 1963, and also the foregoing Profit and Loss Account of the Bank for the year ended upon that date, in which are incorporated the audited returns from all the Branches, of which 64 Branches have been audited between us and 72 Branches by other Auditors.

(2) We report that :—

(a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory ;

(b) the transactions of the Bank which have come to our notice have been within the powers of the Bank ;

(c) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from all the Branches of the Bank ;

(d) the reports on the accounts of Branches audited by other Auditors have been forwarded to us and the same have been considered in preparing this report ;

(e) the Bank's Balance-Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and the audited returns ;

(f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required for banking companies and on such basis the said Balance-Sheet gives a true and fair view of the state of the affairs of the Bank as at 31st December, 1963, and the Profit and Loss Account gives a true and fair view of the profit for the year ended upon that date.

S. B. BILLIMORIA & CO., *Chartered Accountants*
A. F. FERGUSON & CO., *Chartered Accountants*

BOMBAY, 20*th February*, 1964

Statement Pursuant to Section 212 of the Companies Act, 1956

The Profit and Loss Account of The Bank of India Ltd. for the year ended 31st December, 1963, does not include any profit or loss of its subsidiary, The Bank of India (U.K.) Nominees Ltd. (a nominee company incorporated and operating in the United Kingdom), as no profit was made and no loss was sustained by that subsidiary. All expenses incurred were borne and paid by The Bank of India Ltd. The shares of the subsidiary are wholly owned by the Bank.

Having regard to the fact that no Profit and Loss Account of the said subsidiary is prepared in the circumstances aforesaid and that its Balance-Sheet and the Reports of its Board of Directors and Auditors are drawn up in accordance with the law in force in the United Kingdom, an application was made to the Central Government under sub-section (8) of Section 212 of the Companies Act, 1956, and, in exercise of the powers conferred by the said sub-section (8) of Section 212 of the Companies Act, 1956, the Central Government, being satisfied that it is necessary so to do, have directed that, in relation to The Bank of India (U.K.) Nominees Ltd., a subsidiary of the Bank, the provisions of Section 212 of the said Act shall apply only to the extent that The Bank of India Ltd. shall be required to attach to its Balance-Sheets copies of the Balance-Sheets and of the Reports of the Board of Directors and of the Auditors of the said subsidiary made out in accordance with the provisions of the English Companies Act for the time being in force in the United Kingdom and that The Bank of India Ltd. is exempted from attaching to its Balance-Sheets a copy of the Profit and Loss Account of the said subsidiary.

THE BANK OF INDIA (U.K.) NOMINEES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31st DECEMBER, 1963

The Directors submit the Balance-Sheet for the year ended 31st December, 1963. The Auditors' Report is also annexed.

No Profit and Loss Account is submitted as none has been prepared. No profit was made and no loss was sustained. The expenses of the Company have been paid by The Bank of India Ltd., of which the Company is a wholly-owned subsidiary.

S. C. KOTHARI
S. L. KOTHARI
S. H. BRADFORD } *Directors*

LONDON, 1*st January*, 1964

THE BANK OF INDIA (U.K.) NOMINEES LIMITED

Balance-Sheet as at 31st December, 1963

Capital Authorised and Fully Paid-up : 100 Ordinary Shares of £1 each	£100.0.0	Cash at Bankers	£100.0.0
	£100.0.0		£100.0.0

Signed on behalf of the Board,

S. C. KOTHARI
S. L. KOTHARI
S. H. BRADFORD } *Directors*

REPORT OF THE AUDITORS

We have obtained all the information and explanations which we have required and which to the best of our knowledge and belief were necessary for the purpose of our audit. In our opinion proper books of account have been kept by the Company. We have examined the above Balance-Sheet which is in agreement with the books of account. In our opinion such Balance-Sheet gives the information required by the Companies Act, 1948, in the manner so required and is properly drawn up so as to exhibit a true, correct and fair view of the state of the Company's affairs at 31st December, 1963, according to the best of our information and the explanations given to us and as shown by the books of the Company.

No Profit and Loss Account has been prepared as the Company has no income and the expenses are paid by the Holding Company.

FERGUSON, ROWLAND & DAVIES, *Chartered Accountants, Auditors*

LONDON, 1*st January*, 1964

A. D. SHROFF — *Chairman*
KRISHNARAJ M. D. THACKERSEY — *Vice-Chairman*

AMBALAL SARABHAI, RAMNIWAS RAMNARAIN, BHAGVANDAS C. MEHTA, MADANMOHAN MANGALDAS, N. K. PETIGARA } *Directors*
JUGMOHAN PRASAD GOENKA, JAISINH VITHALDAS, GIRDHARILAL MEHTA, PRATAP BHOGILAL, S. P. GODREJ } *Directors*

T. D. KANSARA, *General Manager* — S. J. RUSTOMJI, *Deputy General Manager* — H. A. CURRIMBHOY, *Chief Accountant*

BOMBAY, 20*th February*, 1964

But what can I do to help ?

There is so much that every Indian woman can do, *now*, to strengthen and defend the Home Front. Take part in Defence through local women's organisations. There is plenty to be done. Contribute, and *encourage* contribution, to National Defence Fund and buy Defence Certificates. There are, too, the many personal efforts you can make—in discipline, behaviour and attitude :

• Wage war on waste; check thoughtless buying and resist inflated prices. • Do not buy gold. Give your gold for country's cause. • Be resolute in work, whatever it may be, because each task done just that little more efficiently helps the national drive, strengthens India's position. • Rouse yourself from apathy, and Take Action.

BE VIGILANT—*take part in national preparedness*

Habib Bank Limited

Head Office : KARACHI (Pakistan)

BALANCE SHEET AS AT 31st DECEMBER, 1963.

CAPITAL AND LIABILITIES	PAK RUPEES	PAK RUPEES
Authorised Capital—		
1,20,00,000 Shares of Rs. 5 each	6,00,00,000	
Issued, Subscribed and Paid-up Capital—		
60,00,000 Shares of Rs. 5 each		3,00,00,000
Reserve Fund and Other Reserves		2,40,00,000
Deposits and Other Accounts—		
Fixed Deposits	43,06,74,701	
Savings Bank Deposits	25,76,45,440	
Current Accounts, Contingency Accounts, etc.	55,42,30,348	
		124,25,50,489
Borrowings from Other Banks, Agents, etc.—		
(i) In Pakistan	Nil	
(ii) Outside Pakistan	Nil	
		Nil
Bills Payable		12,68,88,404
Bills for Collection Being Bills Receivable as per contra—		
(i) Payable in Pakistan	5,02,46,502	
(ii) Payable outside Pakistan	2,09,21,422	
		7,11,67,924
Other Liabilities		56,33,845
Acceptances, Endorsements and Other Obligations as per contra		45,59,12,343
Profit and Loss—		
As per last Balance Sheet as at 31st December, 1962	54,34,941	
Net profit for the year 1963	96,25,163	
	1,50,60,104	
LESS— PAK RUPEES		
Transfer to Reserve Fund — 20,00,000		
Payment of Interim Dividends — 45,00,000		
	65,00,000	
		85,60,104
Contingent Liabilities—		
(i) Claims against the Bank not acknowledged as debts	5,53,838	
(ii) Money for which the Bank is contingently liable	Nil	
(iii) Arrears of cumulative preference dividends	Nil	
(iv) Liability on Bills of Exchange re-discounted	Nil	
(v) Liability on account of outstanding Forward Exchange Contracts	3,25,07,473	
(vi) On partly paid shares	Nil	
Total .. Pak Rupees		196,47,13,109

PROPERTY AND ASSETS	PAK RUPEES	PAK RUPEES
Cash—		
On hand and with State Bank of Pakistan and National Bank of Pakistan (including Foreign Currency Notes)		14,70,57,120
Balance with Other Banks—		
(i) In Pakistan	11,404	
(ii) Outside Pakistan	2,90,94,038	
		2,91,05,442
Money at Call and Short Notice		5,58,00,000
Investments at Cost—		
(i) Securities of the Central and Provincial Governments and other Trustee Securities	44,50,11,633	
(ii) Three months Central Government Treasury Bills	4,00,00,000	
(iii) Shares Ordinary (fully paid up)	29,21,005	
(iv) Debentures	15,000	
(v) Other Investments— PAK RUPEES		
(a) National Prize Bonds — 49,850		
(b) Units of National Investment (Unit) Trust — 14,00,000		
(c) Gold — 4,28,028		
	18,77,878	
(Market Value of Investments Pak Rs. 49,14,36,246)		48,98,25,516
Advances—		
(Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)		
(i) Loans, Cash Credits, Overdrafts, etc.—		
(a) In Pakistan— PAK RUPEES		
To clients, East Pakistan Government and Jute Board — 59,97,86,878		
(b) Outside Pakistan — 55,42,441		
	60,53,29,319	
(ii) Bills Discounted and Purchased—		
(a) Payable in Pakistan — 5,92,77,631		
(b) Payable outside Pakistan — 1,83,70,086		
	7,76,47,717	
		68,29,77,036
PARTICULARS OF ADVANCES—		
(i) Debts considered good in respect of which the Bank is fully secured	64,90,20,709	
(ii) Debts considered good for which the Bank holds no other security than the Debtors' personal security	2,77,93,809	
(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal securities of the debtors	61,62,518	
(iv) Debts considered doubtful or bad, not provided for	Nil	
	68,29,77,036	
(v) Debts due by the directors or officers of the Bank or any of them either severally or jointly with any other persons	5,43,768	
(vi) Debts due by companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or, in the case of private companies, as members	56,62,823	
(vii) Maximum total amount of advances, including temporary advances, made at any time during the year to directors or managers or officers of the Bank or any of them, either severally or jointly with any other persons	6,67,068	
(viii) Maximum total amount of advances, including temporary advances, granted during the year to the companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or, in the case of private companies, as members	1,42,22,550	
(ix) Due from other banks	Nil	
Bills Receivable Being Bills for Collection as per contra—		
(i) Payable in Pakistan	5,02,46,502	
(ii) Payable outside Pakistan	2,09,21,422	
		7,11,67,924
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations as per contra		45,59,12,343
Premises—		
Balance as per last Balance Sheet	90,19,687	
Additions during the year	8,30,818	
	98,50,505	
LESS—Depreciation written off up to date	3,00,000	
		95,50,505
Furniture and Fixtures—		
Balance as per last Balance Sheet	84,02,623	
Additions less sales during the year	25,05,597	
	1,10,11,220	
LESS—Depreciation written off up to date	42,44,179	
		67,67,041
Other Assets, including Silver—		
(a) Stock of Stationery and Stamps	20,80,183	
(b) Advance Payments, Deposits, Suspense and Pre-Payments	59,27,011	
(c) Interest Accrued on Investments	43,63,919	
(d) Silver	41,79,069	
		1,65,50,182
Non-Banking Assets Acquired in Satisfaction of Claims		Nil
Total .. Pak Rupees		196,47,13,109

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1963.

EXPENDITURE	PAK RUPEES
Interest paid on Deposits, Borrowings, etc.	1,30,16,977
Salaries, Allowances, Bonus and Provident Fund (including Rs. 1,31,680 paid to the Chairman and Managing Directors and Rs. 86,180 to the President of the Bank)	1,33,03,991
Directors' and Local Committee Members' Fees and Allowance	22,500
Rent, Taxes, Insurance, Lighting, etc.	26,31,379
Law Charges	1,33,051
Postage, Telegrams and Stamps	5,37,426
Auditors' Fees	7,500
Depreciation on and Repairs to the Bank's Property	7,33,782
Stationery, Printing, Advertisement, etc.	19,44,796
Loss from Sale of or Dealing with Non-Banking Assets	Nil
Other Expenditure	56,32,575
Provision for Taxation	1,34,00,000
Balance of Profit	96,25,163
Total .. Pak Rupees	6,09,89,440

INCOME (Less provisions made during the year for bad and doubtful debts and other usual or necessary provisions)	PAK RUPEES
Interest and Discount	4,61,24,535
Commission, Exchange and Brokerage	1,05,07,732
Rents	6,78,177
Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	24,23,363
Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	Nil
Income from Non-Banking Assets, and Profits from Sale of or Dealing with such Assets	Nil
Other Receipts	12,50,628
Total .. Pak Rupees	6,09,89,440

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the Balance Sheet of Habib Bank Limited as at 31st December, 1963, and also the Profit and Loss Account of the Bank for the year ended on that date, in which are incorporated the certified returns of all the branches and report that :

(a) We have obtained all the information and the explanations which we have required and found them to be satisfactory.

(b) The transactions of the Bank which have come to our notice have been within the powers of the Bank.

(c) In our opinion, proper books of account as required by law, have been kept by the Bank so far as it appears from the examination of the books and proper returns adequate for the purpose of audit have been received from all the branches of the Bank.

(d) Such Balance Sheet exhibits a true and correct view of the state of the Bank's affairs according to the best of our information and the explanations given to us and as shown by the books and certified returns of the branches of the Bank.

(e) The Profit and Loss Account as shown in the Report shows a true balance of profit and loss for the year ended 31st December, 1963 ; and

(f) In our opinion, the Bank's Balance Sheet and Profit and Loss Account are drawn up in conformity with the law.

AHMED B. KHAN & CO., *Chartered Accountants.*

KARACHI, 1*st February*, 1964.

AHMED HABIB, *Chairman.*
HAMID D. HABIB, *Vice-Chairman.*
RAHIMALI G. CHAGLA, YUSUF QASIM, FIDAHUSEIN I. HAJI, YUSUF A. HABIB, MOHAMED RAFIQ HAJI AMIRUDDIN, HAJI JAN MAHOMED HAJI DAWOOD, } *Directors.*
RAZAK H. MAHOMED, *President.*
SALIM H. MAHOMED, *General Manager.*
HYDER M. HABIB, RASHID D. HABIB, } *Managing Directors.*

Habib Bank Limited—*Continued.*

(Incorporated in Pakistan, Members Liabilities Limited)

BOMBAY BRANCH.

BALANCE SHEET AS ON 31st DECEMBER, 1963.

Previous Year 1962 Rs.	CAPITAL AND LIABILITIES	Rs nP	Rs. nP
Nil	1. **Capital**	Nil	
21,50,000	Amount deposited with Reserve Bank of India in Government Securities	21,35,000	
Nil	2. **Reserve Fund and Other Reserves**		Nil
	3. **Deposits and Other Accounts—**		
26,36,138	Fixed Deposits	27,40,220.12	
8,56,913	Savings Bank Deposits	10,59,088.70	
1,02,21,078	Current Accounts, Contingency Accounts, etc. ..	1,03,30,878.30	
1,37,14,129			1,41,30,187.12
	4. **Borrowings from Other Banking Companies, Agents, etc.—**		
Nil	(i) In India	Nil	
Nil	(ii) Outside India	Nil	
Nil	PARTICULARS—		Nil
Nil	(i) Secured	Nil	
Nil	(ii) Unsecured	Nil	
Nil			Nil
8,73,208	5. **Bills Payable**		7,10,908.75
4,91,064	(i) Payable in India	5,18,857.15	
12,95,629	(ii) Payable outside India	16,38,970.20	
17,86,693			21,57,827.35
	6. **Bills for Collection Being Bills Receivable as per contra—**		
1,53,395	(i) Unexpired Discounts	1,208.73	
1,07,307	(ii) Branch Adjustments	1,39,329.18	
1,09,031			1,40,537.91
46,62,597	8. **Acceptances, Endorsements and Other Obligations** per contra		34,03,210.46
	8. **Profit and Loss Account—**		
1,53,395	Profit as per last Balance Sheet	1,53,395.04	
....	ADD—Profit for the year 1963	1,46,692.61	
1,53,395			3,00,087.65
	10. **Contingent Liabilities—**		
Nil	(i) Claims against the Banking Company not acknowledged as debts	Nil	
Nil	(ii) Money for which the Banking Company is contingently liable	Nil	
Nil	(iii) Liability on Bills of Exchange re-discounted ..	Nil	
12,34,875	(iv) Liability on account of outstanding Forward Exchange Contracts	5,34,260.87	
2,12,99,053	Total .. Rs.		2,08,42,259.24

Previous Year 1962 Rs.	PROPERTY AND ASSETS	Rs. nP	Rs. nP
	1. **Cash—**		
12,41,662	In hand and with Reserve Bank of India and State Bank of India (including Foreign Currency Notes).		14,34,213.81
	2. **Balances with Other Banks on Current Account—**		
99,926	(i) In India	33,494.34	
1,80,910	(ii) Outside India	99,082.65	
2,80,836			1,32,576.99
17,00,000	3. **Money at Call and Short Notice**		8,00,000.00
	4. **Investments at Below Market Value—**		
39,62,750	(i) Securities of the Central and State Governments and other Trustee Securities including Treasury Bills of the Central and State Governments ..	39,62,750.00	
	(ii) Shares—		
Nil	(a) Fully Paid Ordinary Shares	Nil	
Nil	(b) Fully Paid Preference Shares	Nil	
Nil	(iii) Debentures or Bonds	Nil	
Nil	(iv) Other Investments	Nil	
Nil	(v) Gold	Nil	
39,62,750			39,62,750.00
	5. **Advances** (other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)—		
	(i) Loans, Cash Credits, Overdrafts, etc.—	Rs. nP	
45,88,066	(a) In India	55,02,665.83	
11,439	(b) Outside India	39,775.00	
12,01,317			55,42,440.83
	(ii) Bills Discounted and Purchased—		
15,14,619	(a) Payable in India	7,23,086.05	
	(b) Payable outside India ..	22,53,804.06	
73,15,441			29,76,890.11
			85,19,330.94
	PARTICULARS OF ADVANCES—		
58,63,080	(i) Debts considered good in respect of which the banking company is fully secured		72,16,544.53
4,80,175	(ii) Debts considered good for which the banking company holds no other security than the debtor's personal security		3,19,921.05
9,72,186	(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors		9,82,865.36
Nil	(iv) Debts considered doubtful or bad not provided for		Nil
73,15,441			85,19,330.94
Nil	(v) Debts due by directors or officers of the banking company or any of them either severally or jointly with any other persons ..		Nil
Nil	(vi) Debts due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members		Nil
Nil	(vii) Maximum total amount of advances including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either severally or jointly with any other persons ..		Nil
80,770	(viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members.		Nil
Nil	(ix) Due from Banking Companies		Nil
4,91,064	6. **Bills Receivable Being Bills for Collection** as per contra— (i) Payable in India	5,18,857.15	
12,95,629	(ii) Payable outside India	16,38,970.20	
17,86,693			21,57,827.35
46,62,597	7. **Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** per contra		34,03,210.46
Nil	8. **Premises, Less Depreciation**		Nil
	9. ***Furniture and Fixtures*, Less Depreciation—**		
2,99,061	At cost as at 31st December 1962	3,02,209.41	
3,148	Addition during the year 1963	Nil	
3,02,209		3,02,209.41	
Nil	Less—Disposal during the year 1963	102.21	
3,02,209		3,02,107.20	
	Less—Depreciation—	Rs. nP	
	Upto 31st December 1962	2,59,066.69	
	For the year 1963	7,479.58	
2,59,697		2,67,176.27	
42,512			34,930.93
1,36,723	10. **Other Assets—** (i) Advance Payments of Tax	2,14,933.95	
49,729	(ii) Interest accrued on Investments	49,729.13	
Nil	(iii) Silver	Nil	
1,451	(iv) Stamps	1,169.59	
19,871	(v) Stationery on hand	22,167.41	
98,788	(vi) Suspense Account and other sum receivable ..	1,09,918.68	
3,06,562			3,97,918.76
....	11. **Non-Banking Assets Acquired in Satisfaction of Claims.**		....
....	12. **Profit and Loss Account**		....
2,12,99,053	Total .. Rs.		2,08,42,259.24

Habib Bank Limited—*Continued.*

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1963.

Previous year Rs.	EXPENDITURE	Rs. nP
1,46,025	1. Interest paid on deposits, borrowings, etc.	1,71,102.94
2,75,043	2. Salaries, Allowances, Gratuity and Provident Fund, etc.	3,11,078.82
Nil	3. Directors and Local Committee members fees and allowances	Nil
20,126	4. Rent, Taxes, Insurance, Lighting, etc.	20,548.02
Nil	5. Law Charges	2,000.00
22,129	6. Postages, Telegrams and Stamps	20,484.22
2,000	7. Auditors' fees	1,250.00
5,506	8. Depreciation on and repairs to the banking company's property ..	7,479.58
19,588	9. Stationery, Printing, Advertisement, etc.	28,746.28
Nil	10. Loss from sale of or dealing with Non-banking assets	Nil
	11. Depreciation on Investments of Government Securities and shares of Limited Companies	Nil
56,457	12. Other expenditure	86,680.63
2,00,000	13. Provision for taxation	2,25,000.00
1,53,395	14. Balance of Profit	1,46,692.61
9,00,299	Total .. Rs.	10,19,264.00

Previous year Rs.	INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Rs. nP
4,88,429	1. Interest and Discount	6,24,907.89
3,51,496	2. Commission, Exchange and Brokerage	3,48,644.55
Nil	3. Rents	Nil
15,407	4. Net Profit on Sale of investments, gold and silver, land premises and other assets (not credited to Reserve or any particular fund or account)	Nil
Nil	5. Net Profit on revaluation of investments, gold and silver, premises and other assets (not credited to Reserve or any particular fund or account)	Nil
Nil	6. Income from non-banking assets, and profit from sale of or dealing with such assets	Nil
44,967	7. Other Receipts	45,711.56
9,00,299	Total .. Rs.	10,19,264.00

Particulars of Remuneration relating to the Principal Officer:

1962 Rs.	*Particulars of Remuneration relating to the Principal Officer:*	1963 Rs.
30,600	(1) Salaries	31,500
3,000	(2) Allowances	5,970
5,000	(3) Bonus	5,200
2,550	(4) Employer's Contribution to Provident Fund	2,950
41,150	Total .. Rs.	45,620

REPORT OF THE AUDITORS

We have audited the foregoing Balance-sheet of the Habib Bank Limited, Indian Union Branch as at 31st December, 1963 and also the above profit and loss account of the Bank for the year ended upon that date.

In accordance with the provisions of Section 29 of the Banking Companies Act 1949, read with the provisos to sub-sections (1) and (2) of Section 211 and sub-sections (5) of Section 211 and 227 of the Companies Act 1956, the Balance-sheet and Profit and Loss Account are not required to be and are not drawn up in accordance with the sixth schedule to the Companies Act 1956, they are, therefore, drawn up in conformity with Forms A and B of the Third Schedule to the Banking Companies Act 1949.

We report that:

(*a*) we have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;

(*b*) the transactions of the Bank which have come to our notice, have been within the powers of the Bank;

(*c*) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of these books;

(*d*) the Bank's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and the returns;

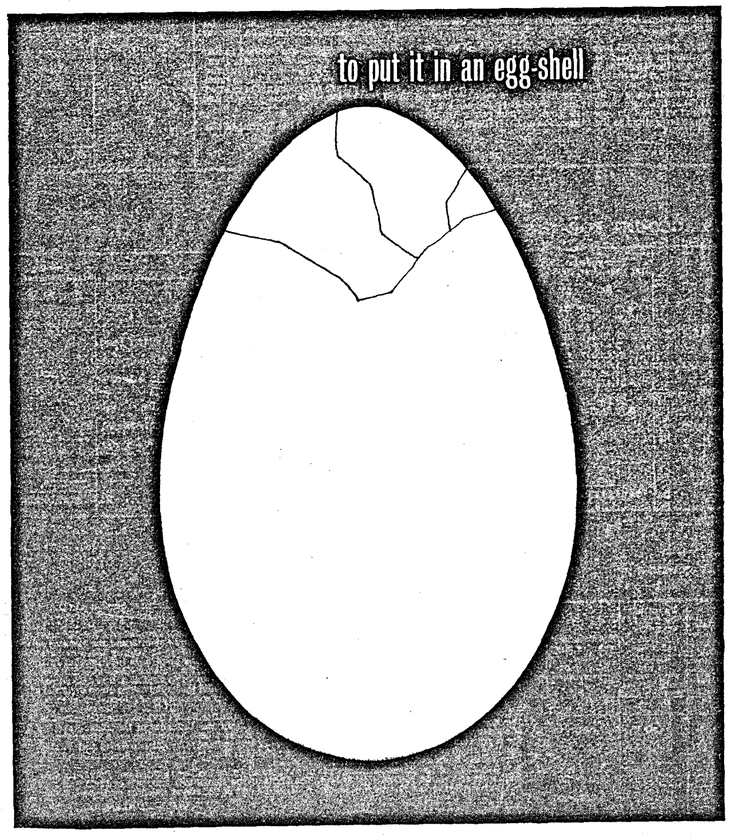
(*e*) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act 1956, in the manner so required for Banking Companies and on such basis the said Balance-sheet gives a true and fair view of the statement of the affairs of the Bank as at 31st December, 1963 and the Profit and Loss Account gives a true and fair view of the profit for the year ended upon that date.

R. S. BHARUCHA & CO.,
Chartered Accountants.

For HABIB BANK LIMITED

S. G. CURRIM, *Agent.* H. S. JAMANI, *Principal Officer*

BOMBAY, 10*th February*, 1964.



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THE STATE BANK

(SUCCESSORS TO THE IMPERIAL

Incorporated in India under the State Bank of India Act, 1955.

BALANCE SHEET OF THE STATE BANK

As at 31st December, 1962 Rs.	nP	Rs.	nP	CAPITAL AND LIABILITIES	As at 31st December, 1963 Rs.	nP	Rs.	nP
				1. Capital—				
		20,00,00,000	00	AUTHORISED CAPITAL— 20,00,000 Shares of Rs. 100 each	20,00,00,000	00		
5,62,50,000	00			ISSUED, SUBSCRIBED AND PAID-UP CAPITAL— (Pursuant to Section 5 (1) of the State Bank of India Act, 1955)— 5,62,500 Shares of Rs. 100 each			5,62,50,000	00
3,75,00,000	00			**2. Reserve Fund and Other Reserves**			9,30,00,000	00
3,11,53,763	41			**2A. ‡ Integration and Development Fund** (maintained under Section 36 of the State Bank of India Act, 1955)			3,56,17,700	41
				3. Deposits and Other Accounts—				
		260,03,26,155	68	Fixed Deposits	264,10,44,188	33		
		57,38,20,461	91	Savings Bank Deposits	70,67,49,948	89		
		249,45,62,071	90	†Current Accounts, Contingency Accounts, etc.	259,62,04,329	51		
567,37,08,689	49						594,39,98,466	64
		48,00,000	00	**4. Borrowings from Other Banking Companies, Agents, etc.—**	72,40,000	00		
		15,00,000	09	§(i) In India (ii) Outside India	....			
63,00,000	00						72,40,000	00
				§ Borrowed from the Refinance Corporation for Industry Ltd. as per contra.				
				PARTICULARS— (i) Secured by the securities assigned for refinance, per contra	72,40,000	00		
		48,00,000	00	(ii) Unsecured	....			
		15,00,000	00					
		63,00,000	00		72,40,000	00		
9,07,99,705	53			**5. Bills Payable**			9,12,07,493	95
				6. Bills for Collection Being Bills Receivable as per contra—				
		2,34,36,538	80	(i) Payable in India	9,39,35,070	82		
2,55,94,263	80	21,57,725	00	(ii) Payable outside India	27,51,045	04	9,66,86,115	86
				7. Other Liabilities—				
		73,12,500	00	*Final Dividend for the year	73,12,500	00		
		33,705	17	Unclaimed Dividends	46,740	97		
		9,48,41,574	18	Inter-Office Adjustments	19,27,98,724	46		
10,21,87,279	35						20,01,57,965	43
7,84,70,356	64			**8. Acceptances, Endorsements and Other Obligations** per contra			17,80,55,871	04
				9. Profit and Loss—				
		50,41,356	99	Balance brought forward from last year	45,67,533	02		
		2,69,25,376	03	Profit for the year	2,74,81,798	03		
		3,19,66,733	02		3,20,49,331	05		
		1,29,37,500	00	Amount set aside for payment of Dividend (made up of Interim Dividend Rs. 56,25,000 and Final Dividend Rs. 73,12,500)	1,29,37,500	00		
		55,00,000	00	Amount transferred to Reserve Fund	55,00,000	00		
		7,61,700	00	Amount transferred to Pension Funds	8,61,000	00		
		72,00,000	00	Bonus to Staff	82,00,000	00		
		5,00,000	00	Amount transferred to Staff Welfare Fund	5,00,000	00		
		5,00,000	00	Amount transferred to Staff Co-operative Housing Fund	5,00,000	00		
45,67,533	02						35,50,831	05
		Rs.	nP	**10. Contingent Liabilities—**	Rs.	nP		
		9,67,915	59	Claims against the Bank not acknowledged as debts	17,24,469	26		
		....		Bills of Exchange re-discounted	....			
		47,89,31,834	87	Outstanding Forward Exchange Contracts	32,92,48,116	86		
		2,19,55,300	00	On partly paid-up shares	2,04,71,450	00		
		1,50,00,000	00	Balance of call to be made on Debentures	....			
		4,13,700	00	Guarantees given on behalf of Directors, Local Board Members or Officers of the Bank	2,26,750	00		
		158,60,29,483	55	Guarantees given on behalf of others	155,37,95,159	40		
615,35,32,596	24	Total		Total .. Rs.			670,57,64,444	38

‡ In addition to the credit of Rs. 40,21,875 pertaining to the final dividend for 1962, a sum of Rs. 30,93,750 was credited to this Fund on account of the interim dividend declared in July 1963. A sum of Rs. 10,31,832 was appropriated from this Fund during the year, under the authority of the Reserve Bank of India, in respect of losses for the year 1962 of the new branches established under Section 16 (5) of the State Bank of India Act, *vide* Item 7 (a) of the Profit and Loss Account. A further sum of Rs. 16,19,331 was appropriated from the Fund, with the approval of the Reserve Bank, in respect of the subsidies granted to the Subsidiary Banks towards losses of their new branches, in terms of Section 36 (2) (*aa*) of the State Bank of India Act read with Section 43 (1) (*b*) of the State Bank of India (Subsidiary Banks) Act.

† Includes Staff Welfare Fund and Staff Co-operative Housing Fund, ownership whereof vests in the Bank.

§ Of which Rs. 40,21,875 is to be credited to the Integration and Development Fund (item 2A above) bringing the amount in the said Fund to Rs. 3,96,39,575.41.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 1963

Year ended 31st December, 1962 Rs.	nP	EXPENDITURE	Year ended 31st December, 1963 Rs.	nP	Year ended 31st December, 1962 Rs.	nP	INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)		Year ended 31st December, 1963 Rs.	nP
7,01,44,547	24	1. Interest paid on Deposits, Borrowings, etc.	8,86,29,339	34	16,19,07,118	11	1. Interest and Discount		18,48,43,451	78
9,41,70,579	35	2. Salaries and Allowances and Provident Fund	10,84,81,846	50	6,14,82,262	76	2. Commission, Exchange and Brokerage		6,61,86,702	81
93,930	00	3. Directors' and Local Board Members' Fees and Allowances	94,430	00	4,72,479	42	3. Rents		4,67,656	15
68,53,976	19	4. Rent, Taxes, Insurance, Lighting, etc.	79,60,451	03			4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets			
5,13,804	55	5. Law Charges	2,68,599	21	....		5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets		....	
39,51,949	88	6. Postage, Telegrams and Stamps	44,03,257	60	....		6. Income from Non-Banking Assets, and Profit from Sale of or Dealing with such Assets		....	
1,00,000	00	7. Auditors' Fees	1,00,000	00	....		7. Other Receipts—			
30,38,138	33	8. Depreciation on and Repairs to the Bank's Property	32,42,175	77	....		(a) Recoveries from the Integration and Development Fund for the year 1962	Rs. nP 10,31,832 00		
46,96,815	50	9. Stationery, Printing, Advertisement, etc.	51,41,855	00			(b) Dividends on Shares in Subsidiaries received during the year 1963	11,99,607 80		
....		10. Loss from Sale of or Dealing with Non-Banking Assets	....							
63,82,660	77	11. Other Expenditure	78,35,407	06	20,09,977	55	8. Loss		22,31,439	80
2,69,25,376	03	12. Balance of Profit	2,74,81,798	03	....				....	
22,58,71,837	84	Total .. Rs.	25,37,29,250	54	22,58,71,837	84	Total .. Rs.		25,37,29,250	54

PARTICULARS OF REMUNERATION RELATING TO THE CHAIRMAN AND MANAGING DIRECTORS

	Salaries	Allowances	Sitting fees	Bonus	Employer's contributions to provident fund, pension fund or any other superannuation fund	Payments by way of gratuities, pensions or otherwise, in excess of the employer's contributions and interest thereon	The monetary value of any other benefits or perquisites
	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
	Rs. nP	Rs. nP	Rs. nP	Rs. nP	Rs. nP	Rs. nP.	Rs. nP
Chairman ..	41,333 28	..	..	..	2,066 64	..	5,166 66
Managing Directors	87,000 00	900 00	..	..	16,608 00	..	5,625 00

REPORT OF THE AUDITORS

TO THE PRESIDENT OF INDIA.

We, the undersigned Auditors of the State Bank of India, appointed under Section 41 (1) of the State Bank of India Act, 1955, do hereby report to the Central Government upon the Balance Sheet and Accounts of the Bank as at the 31st December, 1963.

We have examined the above Balance Sheet and the Profit and Loss Account and the Accounts relating thereto of the Central Office and the Local Head Offices at Bombay and Calcutta and the Returns submitted and certified by the Secretaries and Treasurers of the Local Head Offices at Madras and New Delhi, by the Manager, Pakistan Branches and by Branch Agents, which Returns have been incorporated in the above Balance Sheet and Accounts, and report (i) that, in our opinion, the Balance Sheet is a full and fair one, containing all the necessary particulars and properly drawn up so as to exhibit a true and correct view of the affairs of the Bank, according to the best of our information and the explanations given to us and as shown by the Books of the Bank; (ii) that where we have called for any explanation or information such explanation and information have been given to us and have been satisfactory; (iii) that the transactions of the Bank which have come to our notice have been within the powers of the Bank; (iv) that the Returns received from the Local Head Offices at Madras and New Delhi and from the Branches of the Bank have been found adequate for the purpose of our audit; (v) that the Profit and Loss Account shows a true balance of profit for the period covered by such account; (vi) that, in our opinion, the Balance Sheet and Profit and Loss Account are drawn up in conformity with the law; and (vii) that, in our opinion, Books of Account have been kept by the Bank as required by law.

The audit of the Books and Accounts of the Central Office has been carried out jointly by Messrs. S. B. Billimoria & Co. and Messrs. Ray & Ray. The audit of the Books and Accounts of the Local Head Offices has been carried out at Bombay by Messrs. S. B. Billimoria & Co. and at Calcutta by Messrs. Ray & Ray.

S. B. BILLIMORIA & CO.,
RAY & RAY, } *Auditors.*

12th February, 1964.

OF INDIA

BANK OF INDIA)

The Liability of Members is Limited.

OF INDIA AS AT 31st DECEMBER 1963

As at 31st December, 1962 Rs.	nP	Rs.	nP	PROPERTY AND ASSETS			As at 31st December, 1963 Rs.	nP	Rs.	nP
47,48,83,106	49			**1. Cash—**						
				In hand and with Reserve Bank (including Foreign Currency Notes)					44,17,01,014	70
		....		**2. Balances with Other Banks—**	On Current Account Rs. nP	On Deposit Rs. nP	....			
4,69,84,671	85	4,69,84,671	85	(i) In India (ii) Outside India	3,09,84,500 59	54,46,684 89	3,64,31,185	48		
5,06,66,666	66			**3. Money at Call and Short Notice**					3,64,31,185	48
									5,80,00,000	00
		241,95,65,935	15	**4. @ ‡ Investments** (securities valued in accordance with Regulation 73; shares, debentures or bonds at or below cost)— (i) Securities of the Central and State Governments			260,74,48,554	15		
				(ii) Shares authorised under the State Bank of India Act, 1955—		Rs. nP				
		2,09,85,520	77	Fully paid-up Partly paid-up		1,05,84,942 37 1,27,30,975 00				
		10,03,58,598	33	(iii) Debentures or Bonds			2,33,15,917	37		
262,48,31,020	12	8,39,70,965	87	(iv) Other Investments—Pakistan and other Government Securities, etc.			14,98,48,709	33		
							5,42,43,746	39		
				‡ Of which investments of the face value of Pakistan Rs. 16,00,000 are pledged against borrowings, etc., from other Banking Companies, Agents, etc.					283,48,56,927	24
				5. Advances—						
				§(I) Loans, Cash Credits, Overdrafts, etc.—		Rs. nP				
				(i) In India		268,34,32,370 05				
		254,54,20,935	59	(ii) Outside India		2,82,12,654 07				
				Include term advances amounting to Rs. 5,44,13,140, of which refinance has been obtained from the Refinance Corporation for Industry Ltd. to the extent of Rs. 72,40,000 as per contra.			271,16,45,024	12		
				(II) Bills Discounted and Purchased—						
		15,94,27,120	09	(i) Payable in India		14,52,62,411 92				
270,43,43,055	68			(ii) Payable outside India		4,46,43,997 16				
				PARTICULARS OF ADVANCES: See separate Statement appended.			18,99,06,409	08		
									290,15,51,433	20
		2,34,36,538	80	**6. Bills Receivable Being Bills for Collection** as per contra—						
		21,57,725	00	(i) Payable in India (ii) Payable outside India			9,39,35,070	82		
2,55,94,263	80						27,51,045	04		
7,54,70,356	64			**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** per contra					9,66,86,115	86
									17,80,55,871	04
		2,09,05,968	47	**8. Premises Less Depreciation—**						
		14,64,889	04	Total Cost up to 31st December, 1962 Additions (Rs. 18,66,586.51) less Deductions (Rs. 1,52,874.82) during the year			2,23,70,857	51		
		2,23,70,857	51				17,13,711	69		
		25,29,984	00				2,40,84,569	20		
1,98,40,873	51			Depreciation written off up to the 31st December, 1963, less depreciation previously provided on property which has passed out of the Bank's possession			30,17,688	00		
		2,16,15,934	69	**9. Furniture and Fixtures Less Depreciation—**					2,10,66,881	20
		23,83,924	90	Total Cost up to the 31st December, 1962 Additions (Rs. 21,31,463.82) less Deductions (Rs. 1,18,855.85) during the year			2,39,99,859	59		
		2,39,99,859	59				30,62,607	97		
		86,98,323	73				2,70,62,467	56		
1,53,01,535	86			Depreciation written off up to the 31st December, 1963, less depreciation previously provided on property which has passed out of the Bank's possession			1,06,02,748	73		
		2,97,92,758	93	**10. Other Assets, including Gold and Silver—**					1,64,59,718	83
		1,73,17,180	33	Bullion Adjusting Account of Interest, Commission, etc.			3,18,03,155	00		
		6,79,51,606	37	Stationery, Stamps, Suspense, Tax Recoverable, etc. Shares in Subsidiaries			2,06,99,006	26		
11,50,61,545	63						6,84,53,135	57		
....				**11. Non-Banking Assets Acquired in Satisfaction of Claims**					12,09,55,296	83
....				**12. Profit and Loss**					....	
									....	
615,35,32,596	24	Total		Total .. Rs.					670,57,64,444	38

@ Includes Rs. 1,77,002 of investments, acquired consequent upon the amalgamation of the Bank of Baghelkhand under a scheme sanctioned by the Government of India in terms of Section 35 of the State Bank of India Act, which are still to be transferred to the Bank, pending completion of formalities.

NOTE.—Consequent upon nationalisation of banks in Burma, the assets and liabilities of the Bank's Branch at Rangoon were taken over on 23rd February, 1963, by the Peoples' Bank No. 8. Adjustment has not been made in the accounts in respect of compensation due to the Bank, which matter is still under negotiation with the Burmese authorities.

PARTICULARS OF ADVANCES

As at 31st December, 1962 Rs.	nP		As at 31st December, 1963 Rs.	nP	As at 31st December, 1962 Rs.	nP		As at 31st December, 1963 Rs.	nP
234,96,09,979	37	(i) Debts considered good in respect of which the Bank is fully secured	246,45,93,589	15	25,30,305	26	(v) Debts due by Directors or Local Board Members or Officers of the Bank or any of them either severally or jointly with any other persons	29,84,795	39
4,16,31,439	51	(ii) Debts considered good for which the Bank holds no other security than the debtors' personal security	6,11,72,349	03					
31,36,06,636	80	(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	37,57,85,495	02	72,80,69,984	75	(vi) Debts due by companies or firms in which the Directors or Local Board Members of the Bank are interested as directors, partners or managing agents or, in the case of private companies, as members	70,69,46,680	89
....		(iv) Debts considered doubtful or bad, not provided for	....		27,26,637	86	(vii) Maximum total amount of advances, including temporary advances made at any time during the year to Directors or Local Board Members or Officers of the Bank or any of them either severally or jointly with any other persons	30,00,564	22
					76,20,64,915	08	(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the Directors or Local Board Members of the Bank are interested as directors, partners or managing agents or, in the case of private companies, as members	86,27,21,551	95
270,48,48,055	68		290,15,51,433	20	10,71,00,237	08	(ix) Due from banking companies	9,40,46,011	39

B. VENKATAPPIAH, *Chairman.*

H. M. SEERVAI, *Vice-Chairman.*

B. MUKERJI,
N. A. KRISHNAN, } *Managing Directors.*

RAMNATH A. PODAR,
PURUSHOTTAM KANJI,
PRATAPSINH MATHURADAS,
D. G. KARVE,
D. P. GOENKA,

K. K. BIRLA,
HUGH MACKAY TALLACK,
S. N. SEN,
BHARAT RAM, } *Directors.*

E.I.D.-PARRY LIMITED

CHAIRMAN, MR. H.V.R. IENGAR, ON ENNORE FACTORY'S WORKING

SUGAR INDUSTRY'S PROBLEMS CONTINUE TO MULTIPLY

THE abnormal teething troubles experienced by the Ennore fertiliser factory of E.I.D.-Parry Ltd. are fully explained by Mr. H. V. R. Iengar, Chairman of the Company, in his statement circulated to the shareholders for the year ended 30th September 1963. He says that troubles have arisen because of lapses on the part of the contractors and some of their sub-contractors, which the Directors had no reason to anticipate. He hesitates to make any categorical statement as to when the factory will have a trouble-free run. The cut in the year's dividend from 21-3/7 per cent to 18 per cent per annum has been imposed due essentially to the Directors having found it difficult to make any forthright prognostications about the Ennore factory. Meanwhile, preliminaries in regard to the Visakhapatnam fertiliser project have been finalised and the new company, formed for operating it, will enter the capital market shortly.

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

In the speech which I delivered last year I made some observations on the general subject of British investment in India, of Indo-British co-operation and of the part that could be played by organisations, such as this Company, in promoting such co-operation. I would have greatly wished to have devoted the major part of my speech this year to some other subject of general importance, for I think this practice, which the chairmen of some companies have adopted, of discoursing at some length on a topic of general economic importance is a good practice. Unfortunately, however, I have so much to tell you about the domestic problems of our own Company that it would not be possible for me to travel beyond that without making the speech unduly long.

Ennore Factory

You will remember that in the speech last year I said, referring to the Ennore fertiliser factory, that although there had been delay in its commissioning, I thought that the major problems had been overcome, that the factory was at the time in full production and that it would make a substantial contribution to the earnings of the group during the year 1963. I much regret to have to tell the shareholders that my anticipations have not proved correct and that, although the factory was in production at the time I prepared last year's speech, it was so only for a very brief period and that, since then, we have been dogged by a series of misfortunes for none of which the Company is responsible.

Although we were equipped within our organisation to put up a superphosphate factory and successfully commissioned, by purely departmental effort, the superphosphate factory of our wholly-owned subsidiary, Andhra Fertilisers (Private) Limited, at Tadepalle, we felt that for putting up a complex factory, such as the one that has been attempted at Ennore, it would be desirable to give what is commonly known as a turn-key contract to a firm with an established reputation. We accordingly gave such a contract to Messrs. Simon-Carves Limited of the U.K. in the confident expectation that the factory will be completed and put into commission to our satisfaction in time. The Directors were aware that in a works of the complexity of the Ennore factory, teething troubles are to be expected, but events at Ennore have gone far beyond what can be regarded as normal in this context. I attach a statement to this speech setting out the major incidents that have taken place at Ennore. These indicate that on the part of the contractors and some of their sub-contractors there have been lapses which we had not anticipated and which we had no reason to anticipate. This has been to us a bitter disappointment. The consequence has been that, against a possible total of 56,000 tons, up-to-date only 11,500 tons have been produced. At the date of this speech the works have been restarted, but in view of past performances, I hesitate to make any categorical statement as to when we will have a trouble-free run. In the meanwhile, the works have not yet been taken over by us. Shareholders will naturally want to be assured that everything is being done to get the works functioning on a satisfactory basis as quickly as possible and that their interests in the matter of damages will be adequately protected. On both points, I can give the fullest assurances to the shareholders. No one could be more distressed than your Directors that this project, on which such high hopes had been built, should have been subjected to so many frustrations, and they have been giving the highest priority to ensuring that it is properly put on its feet. Naturally, they are taking the best possible legal advice.

The financial significance of the difficulties that we have encountered at Ennore is that in the year 1962-63, we suffered a very heavy direct loss even without taking into account the dividend that we paid on the additional capital that was raised expressly for the Ennore factory. But it says much for the inherent strength and resilience of the group that it has been able to absorb this serious loss and to show reasonable profits. Apart from demonstrating the inherent vitality of the group, our experience of last year also demonstrates the great advantages of the diversification of the group's activities.

Group Accounts

Before dealing with the accounts, may I recapitulate a point that not all of our shareholders always remember? This meeting is a meeting of the shareholders of E.I.D.-Parry. This Company owns one hundred per cent of the equity in Parry and Co. but none of the preference capital in that Company. E.I.D.-Parry also owns the entire capital of Andhra Fertilisers and Parry, Murray and Co., whilst Parry and Co. owns the entire share capital of the Mofussil Warehouse and Trading Company. The existence of these subsidiaries is due to historical reasons which it is not necessary to elaborate at this stage. The accounts that are presented of E.I.D.-Parry have been prepared in accordance with the requirements of the English Companies Act and are the group accounts, that is to say, they show the profits of E.I.D.-Parry, of Parry and Co. and of the other subsidiaries all put together, and you will notice that the interests of outside shareholders, namely, the preference shareholders of Parry and Co. have been shown separately and deducted from the total Group profits. Apart from statutory requirements, I think there is justification, in common sense, for this arrangement because, in fact, Parry and Co. (with the exception of the interest of the preference shareholders) and the other subsidiaries are the property of the shareholders of E.I.D.-Parry. But you will appreciate that although group profits, as shown in the accounts, pertain in the broad sense to the shareholders of E.I.D.-Parry, a dividend to them can be paid only out of the profits of the main holding company, namely, E.I.D.-Parry.

The group profits after taxation of the year under review together with the group profits in previous years are shown below:

1959	...	...	...	...	£386,058
1960	...	...	...	...	£378,483
1961	...	...	...	...	£351,392
1962	...	...	...	...	£252,287
1963	...	...	...	...	£360,047

You will find that the figures for 1963 are substantially higher than the figures for 1962, in spite of the deplorable performance of Ennore. There are two main reasons for this. The first is that we have done well in our other activities such as sugar, pottery, and sales of fertilisers as well as general sale. In this connection, shareholders may be interested in the following figures. The sales of goods manufactured within the group rose from £6.8 million in 1962 to £8.0 million in 1963. The sales of goods manufactured outside the group and purchased by us outright rose likewise from £6.3 million to £8.2 million. Sales on consignment account rose from £5.0 million to £5.8 million. Shareholders may recall that in my speech at the last annual meeting, I pointed out that while the growing emphasis on manufacturing activities was undoubtedly correct, I attached great importance to the continuance of our trading activities—a view which gains point from our experience of last year. The second reason for the higher profits is that the taxation for 1963 is very much reduced, being only £189,509 against nearly £381,561 in the previous year. The reason for the reduced taxation is, of course, that we have become eligible for a heavy development rebate in respect of the Ennore factory amounting in the year under review to as much as £217,350.

Dividend Reduced

The Directors have given a great deal of attention to the problem of the dividend that should be declared for the year 1963. There are arguments to support the proposition that it would be justifiable to repeat the same dividend as for last year, namely, a total of 21-3/7 per cent. The main argument for this would be that the profits of the group for 1963 after tax are substantially higher than in 1962 and are, indeed, at the same level as the average for the years 1959, 1960 and 1961, and that it is legitimate for the shareholders to claim that the dividend should be based on the group profits after taxation. There are, however, equally weighty arguments which suggest that the dividend should be reduced. In particular, I would mention that if we want to claim development rebate, as indeed we must, we must by law appropriate £165,300 to the development rebate reserve—this, in effect, largely represents the tax "windfall" given to new concerns to strengthen their reserves. After this appropriation, the sum available for dividend from the net profit of E.I.D.-Parry is only £120,192, as compared with £259,650 that we will need for dividends, including the ordinary dividends of 21-3/7 per cent. This sum of £120,192 could, of course, be supplemented by recourse to the reserves. Shareholders will remember that in the year 1959 a dividend equalisation reserve was created amounting to £150,000. If a dividend at the same rate as last year's is to be declared, almost the whole of this reserve would have to be withdrawn leaving only a nominal sum in the reserve. Whether this would be appropriate would depend on whether we are satisfied that we would be able to repeat the same dividend for the year 1964 and subsequent years.

Prospects

That depends to a large extent on Ennore, more particularly during the current year. We are satisfied that our other activities will show a sustained improvement but, unfortunately, we are not in a position at the moment to make any forthright prognostications about Ennore. In any event, it is clear that the year 1964 would also see a loss on Ennore and that the E.I.D.-Parry profits for that year, by themselves, may not justify a dividend of 21-3/7 per cent. To do this, we would have to withdraw from the general reserve.

Here again arguments could be made on both sides. It could be pointed out in justification for maintaining a dividend at last year's level, that, although we may be withdrawing almost the whole of the dividend equalisation reserve of £150,000, we would be putting into other reserves a sum of £262,800. In other words, the use of almost the entire dividend equalisation reserve would not leave the total reserve position any weaker. In fact, the net reserve position would actually be stronger. But it must not be forgotten that the development rebate reserve arises in reality from a tax concession and any prudent company would wish to use such a concession to strengthen the reserve position. After the most careful consideration of the arguments on both sides, the Directors consider that it would be wise to make use of only part of the dividend equalisation reserve in 1963 and leave the other part for use in 1964, if necessary. They have, accordingly, decided to recommend that a sum of £104,000 be taken out of the dividend equalisation reserve for the year 1963 and that a total dividend of 18 per cent be paid to the shareholders.

Sugar Production

Historically, the manufacture of sugar has formed a big part of our activities, though with increasing diversification its place in our total group effort is getting gradually reduced. Nevertheless, it remains important enough for me to refer to it. I am afraid the problems of the sugar industry continue to multiply. In 1963, we saw again an acute shortage of sugar throughout the country, and the reintroduction of control. It is ironical to recall that only a year ago Government restricted production by 10 per cent because they feared a crisis of surplus. Because of this cut in production the area planted with sugarcane was reduced, as farmers had no indication from Government whether they would permit factories to crush all the available cane. At the same time, attractive prices were offered for *gur*, which, in addition to its normal use in the Indian household, is also one of the basic raw materials for illicit distillation, and, consequently, cane for the legitimate sugar manufacturing industry was in short supply, especially in the North, and only 21.5 lakh tonnes were produced throughout the country in 1962-63, against 27.2 lakh tonnes in the previous year. With a rapidly increasing population and a rising demand for sugar, this was a serious setback. In spite of the lower production, Government exported 4½ lakh tonnes, primarily at a loss, although international sugar prices started to rise before all the contracts were completed.

In the South, the fall in production was not more pronounced than in the North, and the States of Madras, Mysore, Andhra, Kerala and Pondicherry produced 4.33 lakh tonnes, against their previous year's production of 4.58 lakh tonnes. At Nellikuppam, 3,17,757 tonnes of cane were crushed, against 3,83,455 tonnes in the previous year, to make 29,542 tonnes of sugar, against 35,395 tonnes in 1962.

It will be recalled that the Government of India, with the declared intention of paying for cane on the basis of quality, instituted a sliding scale for cane payments in 1962-63. In reality, however, the price paid continued to be much higher than the real value of the sugar in the cane, and farmers who grew cane of low quality were compensated almost to the extent of those whose cane was superior.

In order to boost production, Government offered an incentive by way of a rebate in excise duty of 50 per cent on the additional sugar produced over the previous year's figure in the period 1st July to 31st October. It will be observed that, within 18 months, the Government's policy changed from restriction in production to inducement for increased output. At Nellikuppam, for the first time, a special season was introduced in the months of September and October 1963. Although the experiment was not entirely satisfactory, and the recovery of sugar was lower than we expected, we had hoped that the excise duty rebate would, to some extent, compensate for the poor results. Unfortunately, the Government of India ruled that factories, which had not in any previous year produced sugar during the period 1st July to 31st October, would not be eligible for the rebate and Nellikuppam fell under this category. Representations have been made against this decision and it is hoped that they will be successful.

There are more uncertainties for the sugar industry in 1964. The Government have progressively increased the price of cane and the latest increase of 7 nP per maund was without any compensatory rise in the sugar price in South India. We will naturally do our best, but the degree of control exercised by Government and the constant shifts of policy are discouraging. As the years go by, I fear that sugar manufacture will become of less and less importance in the totality of our activities.

Ceramics

Shareholders may remember the announcement made by Mr. Noel-Tod at the annual general meeting two years ago, of our agreement with Messrs. Doulton and Co. Ltd., U.K., in the matter of sanitaryware production. I am happy to say that our relationship with this Company continues to be most satisfactory and, with their assistance, we have completed a substantial expansion of the sanitaryware works at Ranipet, that the third kiln has now been commissioned and, in fact, will be officially inaugurated in the beginning of April. A new range of patterns has been developed and introduced on the market, standards and quality are improving progressively, and we are looking ahead to further interesting developments arising from our fruitful association with Messrs. Doulton and Co. Ltd.

Visakhapatnam Fertiliser Project

In my speech last year, and in those of my predecessors for the previous two years, reference was made to our association with California Chemical Company and International Minerals and Chemical Corporation in the Rs. 33-crore fertiliser factory at Visakhapatnam.

I am glad to inform you that arrangements for the integration of this project are now nearing completion and it is anticipated that an offer of shares will be made to the public in March/April 1964.

Your Company will hold approximately Rs. 55 lakhs of the equity share capital of the new company, which will operate the Visakhapatnam fertiliser project, of which approximately Rs. 49 lakhs will be subscribed for in cash.

Your Company's contribution to the success of this project, is not, however, limited merely to financial participation. We are assisting the new company in the implementation of its seeding programme to familiarise the farming community with the advantages that will accrue from the use of complex fertilisers similar to that which will be produced by the Company and, when the new company's factory at Visakhapatnam goes into production, this Company will, in its capacity as principal selling agents, be mainly responsible for the marketing of the factory's production.

We are proud to be associated with the American collaborators in this venture, which is one of the major projects included in the third Five-year Plan. The fertiliser factory at Visakhapatnam will have an annual production capacity of about 3,65,000 tonnes of ammonium phosphate and 16,500 tonnes of urea which will not only make an important contribution to the much needed increase in food production in the country but will also result in a foreign exchange saving of the order of Rs. 10 crores per annum.

Staff Relations

I am happy to state that our relations with all categories of employees have been satisfactory and I would like to take this opportunity of thanking them for the part they have played in the development of group activities. I would in particular mention our staff at Ennore. They have had an exceedingly difficult and what must often have been a frustrating time but their cheerfulness and willingness to put in hard work have been most praiseworthy.

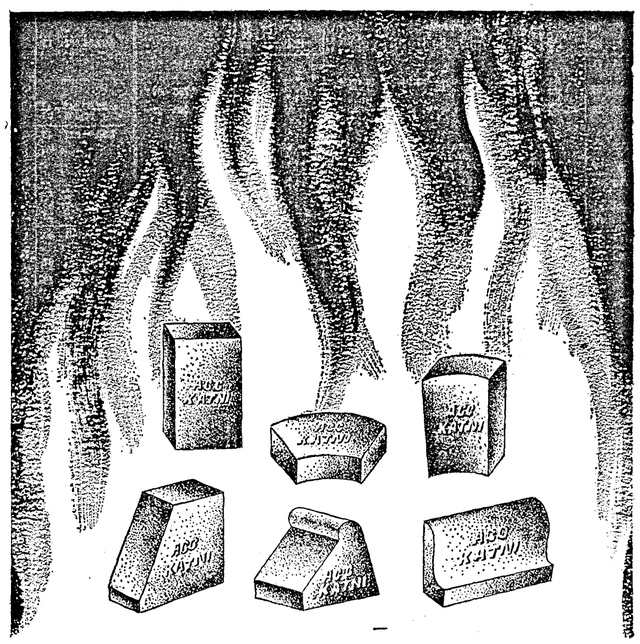
Changes in Management

Mr. M. J. Edwards, the Managing Director, is retiring with effect from the 1st April after 35 years of service. I am sure shareholders will want to convey to him all their good wishes for his future. Mr. John K. John will be Joint Managing Director and Mr. Bowen, Deputy Managing Director from the same date. Having worked with them I can assure you that they will form a strong and coherent team.

Note: The above statement is not a report of the proceedings at the Annual General Meeting, which will be held on 30th March 1964.

SUCCESS OF SWISS DIESEL MARINE ENGINES

The gross tonnage of all ships in the world of over 2,000 tons launched during 1963 totalled 12.25 million. Of these, those fitted with Diesel engines accounted for some 8 million tons, with a total power of 4 million H.P. For the first time, Sulzer Co. Ltd. of Winterthur (Switzerland), headed the 36 firms in different parts of the world which build Diesel engines for ships. 28.28 per cent of the total world output was in fact supplied by this big Swiss firm and the concerns producing for it under licence. Three other big world companies follow with 25.18 per cent, 13.59 per cent and 11.32 per cent; 32 other engineering works share the rest, i.e. less than 22 per cent. In 1963, 121 ships were fitted out with Sulzer Diesel engines representing a total power of some 1,141,500 H.P.



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(SUBSIDIARY OF THE STATE BANK OF INDIA)

Incorporated in India under Special Statute. The Liability of the Members is Limited.

BALANCE SHEET AS AT 31st DECEMBER, 1963

As at 31st Dec., 1962	CAPITAL AND LIABILITIES	As at 31st December 1963	
Rs. nP.		Rs. nP.	Rs. nP.
3,00,00,000 00	1. Capital : Authorised Capital—2,00,000 shares of Rs. 100 each	2,00,00,000 00	
1,00,00,000 00	Issued and subscribed Capital—1,00,000 shares of Rs. 100 each fully paid up		1,00,00,000 00
35,50,000 00	2. Reserve Fund and Other Reserves		37,70,000 00
	3. Deposits and Other Accounts :		
8,83,23,799 23	Fixed Deposits, Thrift Deposits and Cash Certificates	9,57,47,413 54	
6,05,60,987 87	Savings Bank Deposits	6,89,75,700 76	
4,21,22,725 05	Current Accounts, Contingency Accounts, etc.	4,77,77,234 61	
19,10,07,512 15			21,25,00,348 91
	4. Borrowings from other Banking Companies, Agents etc :		
13,68,124 69	(i) In India	Nil	
Nil	(ii) Outside India	Nil	
13,68,124 69			Nil
	PARTICULARS :		
Nil	(i) Secured by part of Investments per contra	Nil	
13,68,124 69	(ii) Unsecured	Nil	
23,20,512 54	5. Bills Payable		16,92,935 43
	6. Bills for Collection being Bills Receivable as per contra :		
1,14,97,531 68	(i) Payable in India	86,06,063 57	
1,62,770 82	(ii) Payable outside India	1,17,325 08	
1,16,60,301 40			87,23,388 65
	7. Other Liabilities :		
63,500 00	Staff Security Deposit	67,500 00	
20,96,533 90	Interest accrued on Deposits	23,18,270 40	
5,00,000 00	Dividend for 1963	6,00,000 00	
45,744 37	Unpaid Dividends	46,567 10	
61,85,599 90	Branch Adjustments	90,29,913 96	
1,94,544 96	Bonus Payable	2,45,084 64	
4,27,550 75	Provision towards gratuity	5,40,584 34	
Nil 64	Staff Welfare Fund	25,000 00	
2,24,842 83	Sundries	12,52,271 84	
97,28,416 71			1,41,25,192 28
1,79,27,890 07	8. Acceptances, Endorsements and other Obligations per contra		95,16,756 50
48,74,507 13	8a. Chitty Liabilities to the extent of assets per contra.		33,56,095 29
	9. Profit and Loss :		
13,722 73	Balance brought forward from previous year	26,766 82	
8,93,044 09	Profit for the year ended 31-12-1963 brought from Profit and Loss Account	10,50,898 99	
9,06,766 82		10,77,665 81	
	LESS: Appropriations to : Rs. nP.		
2,00,000 00	Reserve Fund 2,20,000.00		
1,80,000 00	Bonus to Staff 2,25,000.00		
Nil	Staff Welfare Fund 25,000.00		
5,00,000 00	Dividend at 6% (Subject to tax). 6,00,000.00	10,70,000 00	
26,766 82			7,665 81
	10. Contingent Liabilities:		
4,09,295 44	(a) Claims against the Bank not acknowledged as debts	4,60,640 70	
	(b) Money for which the Bank is contingently liable : Rs. nP.		
Nil	(i) Guarantee given by the Bank on behalf of Directors or Officers Nil		
	Guarantee given on behalf of others 1,78,55,770.94		
2,14,79,855 77	(ii) On account of gratuity to employees Nil		
Nil	(iii) Others :		
	(a) On account of partly paid debentures Nil		
5,00,000 00	(b) On account of partly paid Equity shares. 100.00		
Nil		1,78,55,870 94	
Nil	(c) Arrears of cumulative preference dividends.	Nil	
Nil	(d) Liability on Bills of Exchange re-discounted.	Nil	
34,80,221 23	(e) Liability on account of outstanding Forward Exchange Contracts	13,11,610 48	
2,58,69,372 44		1,96,23,122 12	
	N.B.—Provision for the amount of gratuity payable to Staff according to actuarial valuations has been made, except to the extent of Rs. 4,09,289.05		
25,24,64,031 51	Total .. Rs.		26,36,92,382 87

As at 31st Dec., 1962	PROPERTY AND ASSETS	As at 31st December 1963	
Rs. nP.		Rs. nP.	Rs. nP.
	1. Cash :		
1,94,90,826 22	In hand and with Reserve Bank and State Bank of India (including Foreign Currency Notes—Nil)		2,45,08,464 54
	2. Balances with other Banks :		
	On Current Accounts :		
2,35,756 63	(i) In India	10,58,927 69	
4,43,625 31	(ii) Outside India	3,59,993 74	
6,79,381 94		14,18,921 43	
	On Deposit Accounts :		
	(i) In India :		
69,000 00	Chitty Security Deposit	69,000 00	
3,90,000 00	Others	3,35,00,000 00	
Nil	(ii) Outside India	Nil	
3,97,48,381 94			3,49,87,921 43
15,00,000 00	3. Money at Call and Short Notice		1,04,00,000 00
	4. Investments at or below Market Value :		
7,18,23,255 11	(i) Securities of the Central and State Governments and other Trustee Securities (Treasury Bills of the Central and State Governments—Nil)	7,08,80,686 07	
47,000 00	(ii) Shares Fully Paid up : Redeemable Preference Shares	43,500 00	
16,910 00	Non-Redeemable Preference Shares	14,820 00	
4,021 92	Equity Shares	6,904 75	
Nil	(iii) Shares Partly Paid up : Equity Shares	530 00	
5,94,000 00	(iv) Debentures or Bonds	10,00,000 00	
Nil	(v) Other Investments	Nil	
Nil	(vi) Gold	Nil	
7,24,86,087 03			8,09,46,440 82
	(Securities for the face value of Rs. 14,47,100.00 are encumbered)		
	5. Advances :		
	(Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)		
	I. Loans, Cash Credits, Overdrafts, etc. Rs. nP.		
6,97,34,391 11	(i) In India 7,17,43,847.55		
Nil	(ii) Outside India Nil	7,17,43,847 55	
	II. Bills Discounted and Purchased : (excluding Treasury Bills of the Central and State Governments) Rs. nP.		
37,99,342 42	(i) Payable in India 60,66,696.65		
20,593 95	(ii) Payable outside India 2,48,476.23	63,15,172 88	
7,35,54,327 48			7,80,59,020 43
	Particulars of ADVANCES: See separate Statement appended		
	6. Bills Receivable being Bills for Collection as per contra :		
1,14,97,531 68	(i) Payable in India	86,06,063 57	
1,62,770 82	(ii) Payable Outside India	1,17,325 08	
1,16,60,301 40			87,23,388 65
1,79,27,890 07	7. Constituents' Liabilities for Acceptances, Endorsements and other Obligations per contra		95,16,756 0
48,74,807 13	7a. Chitty Assets to the extent of liabilities per contra.		33,56,096 29
7,11,036 75	8. Premises: At cost as at 31-12-1962	8,55,798 90	
1,44,762 15	Additions during the year	57,654 29	
8,55,798 90		9,13,453 19	
29,511 18	LESS: Depreciation written off to date	51,008 47	
8,26,287 72			8,62,444 72
	9. Furniture and Fixtures Less Depreciation :		
9,98,318 56	At cost as at 31-12-1962	10,76,114 36	
87,721 57	Additions during the year	2,29,249 08	
10,86,040 13		13,05,363 44	
9,925 77	LESS: Sales and adjustments during the year.	6,458 57	
10,76,114 36		12,98,904 87	
4,24,169 06	LESS: Depreciation written off to date	5,32,790 09	
6,51,945 30			7,66,114 78
	10. Other Assets including Silver :		
	Motor cars :		
15,228 69	At cost as at 31-12-1962	15,228 69	
5,859 38	LESS : Depreciation written off to date	9,704 05	
9,369 31		5,524 64	
474 67	Balances with Government Treasuries	14,395 49	
9,01,096 02	Interest accrued on Investments	10,50,448 40	
5,65,130 03	Books, Stationery and Stamps	5,41,848 32	
	Advance Payment of Income-tax (including tax deducted at source)	30,07,632 30	
17,89,291 12	Sundries	9,18,328 10	
6,48,012 20	Chitty Assets over Liabilities	57,68,266 28	
54,77,360 38			
94,80,723 78			1,12,96,583 53
2,62,753 44	11. Non-Banking Assets Acquired in Satisfaction of Claims: At or below cost (Estimated realisable Value Rs. 2,69,352.18)		2,69,352 18
25,24,64,031 51	Total .. Rs.		26,36,92,382 87

PARTICULARS OF ADVANCES

As at 31-12-1962	PARTICULARS OF ADVANCES	As at 31-12-1963
Rs. nP.		Rs. nP.
6,16,79,120 45	(i) Debts considered good in respect of which the Bank is fully secured	6,60,72,745 39
78,23,398 74	(ii) Debts considered good for which the Bank holds no other security than the Debtors' personal security	75,26,627 82
40,55,808 29	(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors.	44,59,647 22
Nil	(iv) Debts considered doubtful or bad, not provided for	Nil
7,35,54,327 48		7,80,59,020 43

As at 31-12-1962	PARTICULARS OF ADVANCES	As at 31-12-1963
Rs. nP.		Rs. nP.
1,55,233 95	(v) Debts due by Directors or Officers of the Bank or any of them either severally or jointly with any other persons	1,48,598 12
76,09,430 81	(vi) Debts due by companies or firms in which the Directors of the Bank are interested as Directors, Partners or Managing Agents or, in the case of private companies as members	94,94,325 74
1,77,921 52	(vii) Maximum total amount of advances including temporary advances made at any time during the year to Directors or Managers or Officers of the Bank or any of them either severally or jointly with any other persons	1,49,439 85
1,79,87,089 88	(viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the Directors of the Bank are interested as Directors, Partners or Managing Agents or in the case of private companies as members	96,63,169 38
5,44,762 13	(ix) Due from Banking Companies	89,779 45

STATE BANK OF TRAVANCORE—*Continued*

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 1963

Year ended 31-12-1962	EXPENDITURE	Year ended 31-12-1963
Rs. nP.		Rs. nP.
54,54,133 09	1. Interest paid on Deposits, Borrowings, etc.	58,68,660 59
32,91,919 13	2. Salaries and Allowances and Provident Fund and Gratuity	39,35,515 09
1,780 00	3. Directors' and Local Committee Members' Fees and Allowances	1,970 00
3,70,775 71	4. Rent, Taxes, Insurance, Lighting, etc.	4,06,458 69
2,452 64	5. Law Charges	8,722 66
2,23,033 33	6. Postages, Telegrams and Stamps	2,48,617 77
6,000 00	7. Auditors' Fees	6,000 00
1,41,227 46	8. Depreciation on and Repairs to the Bank's Property	1,61,292 17
2,13,762 94	9. Stationery, Printing, Advertisements, etc.	2,63,379 52
Nil	10. Loss from Sale of or Dealing with Non-Banking Assets	Nil
2,23,867 23	11. Other Expenditure	2,70,231 03
8,93,044 09	12. Balance of Profit	10,50,898 99
1,08,26,995 67	Total .. Rs.	1,22,21,746 56

Year ended 31-12-1962	INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Year ended 31-12-1963
Rs. nP.		Rs. nP.
87,92,425 82	1. Interest and Discount	98,71,401 02
12,50,303 33	2. Commission, Exchange and Brokerage	11,92,574 71
3,513 00	3. Rents	9,077 00
3,630 69	4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	1,624 52
Nil	5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	Nil
6,398 60	6. Income from Non-Banking Assets and Profit from Sale of or Dealing with such Assets	3,618 98
7,70,724 23	7. Other Receipts (including subsidy from the State Bank of India in terms of Section 48 of the State Bank of India (Subsidiary Banks) Act, 1959—Rs. 6,41,886.00)	11,43,450 33
Nil	8. Loss (if any)	Nil
1,08,26,995 67	Total .. Rs.	1,22,21,746 56

Note :—PARTICULARS OF REMUNERATION RELATING TO THE GENERAL MANAGER FOR THE YEAR 1963.

Salaries	Allowances	Sitting fees	Bonus	Employer's contributions to provident fund, pension fund or any other superannuation fund	Payments by way of gratuities, pensions or otherwise, in excess of the employer's contributions and interest thereon	The monetary value of any other benefits or perquisites	Total of items (i) to (vii)
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)
Rs. 16,320.00	Rs. Nil	Rs. Nil	Rs. Nil-	Rs. Nil	Rs. Nil	Rs. 2,536.23*	Rs. 18,856.23

* Value of rent-free furnished quarters .. .. Rs. 2,040.00
Medical benefits .. .. Rs. 496.23
Rs. 2,536.23

REPORT OF THE AUDITORS

TO THE STATE BANK OF INDIA

We, the undersigned Auditors of the State Bank of Travancore appointed under Section 41 (1) of the State Bank of India (Subsidiary Banks) Act, 1959, do hereby report to the State Bank of India upon the Balance Sheet and Accounts of the Bank as at the 31st December, 1963.

We have examined the above Balance Sheet and the Profit and Loss Account and the Accounts relating thereto of the Head Office and the certified returns from Branches, which Returns have been incorporated in the above Balance Sheet and Accounts and report :

(i) that the chitty liabilities and a part of the chitty assets equal to the amount of such liabilities are shown as contra and the balance of "Chitty assets over liabilities" is shown under "Other Assets including silver" in the Balance Sheet;

(ii) that, in our opinion, the Balance Sheet is a full and fair one, containing all the necessary particulars and is properly drawn up so as to exhibit a true and correct view of the affairs of the Bank, according to the best of our information and the explanations given to us and as shown by the Books of the Bank;

(iii) that where we have called for any explanation or information such explanation and information have been given to us and have been satisfactory;

(iv) that the transactions of the Bank which have come to our notice have been within the competence of the Bank;

(v) that the Returns received from the Branches of the Bank have been found adequate for the purpose of our audit;

(vi) that the Profit and Loss Account shows a true balance of profit for the period covered by such account;

(vii) that, in our opinion, the Balance Sheet and Profit and Loss Account are drawn up in conformity with the law; and

(viii) that, in our opinion, Books of Account have been kept by the Bank as required by law.

VARMA & VARMA,
Chartered Accountants.

TRIVANDRUM, 20th January, 1964.

T. R. KRISHNASWAMI,
General Manager.

B. VENKATAPPIAH — *Chairman.*
B. MUKERJI
A. H. ELIAS
S. BALAKRISHNAN
U. M. BANERJEE
S. VAIDYANATHA AIYAR
T. A. JOSEPH
K. SREENIVASA KARAYALAR
CHAKOLA LONAPPAN PALU — *Directors.*

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Edited by: **K. S. GUPTA,** Director, Bombay Labour Bureau

Foreword by: **Shri S. G. BARVE,** Minister for Industries, Government of Maharashtra

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CONTENTS

PART I

Salient Features of
- The Arbitration Act, 1940 *by Justice S. D. Singh*
- The Indian Contract Act 1872 *by K. Venkoba Rao*
- The Indian Partnership Act 1932 *by P. V. Ramanayya*
- The Companies Act 1956 *by Dr. M. J. Sethna*
- The Factories Act 1948 *by L. V. Jaadhao*
- The Industrial Disputes Act 1947 *by K. R. Wazkar*
- The Industrial Employment (Standing Orders) Act 1946 with Model Standing Orders *by H. M. Ghosh*
- The Indian Trade Unions Act 1926 *by H. N. Trivedi*
- The Minimum Wages Act 1948 *by Dr. Anand Prakash*
- The Payment of Wages Act 1936 *by Dr. B. S. Bhargava*
- The Payment of Wages Amendment Act 1947
- The Employees' Provident Funds Act 1952 *by Dr. B. K. Bhattacharya*, I.A.S.
- The Employees' State Insurance Act 1948 *by V. N. Rajan*, I.C.S.
- The Workmen's Compensation Act 1923 *by K. L. Gothi*
- The Employers' Liability Act 1938 *by Pran Nath*
- Employer-Employee Relations *by K. S. Gupta*
  - What are Your Responsibilities to Management?
  - What are Your Responsibilities to the Worker?
  - How Can You Maintain Discipline?
  - How Can You Develop Team-Work?
  - How Can You Make Sure Your Workers Get a Square Deal?
  - What Can You Do to Build Morale Among your Workers?
  - How Would You Break in a New Worker?
- Tips for Successful Executives Handling Labour Problems
- On Bonus *by G. B. Pai*
- How to Investigate Complaints, Conduct Departmental Inquiry, and Procedure for Fines, Suspensions, Discharges, Dismissals and Retrenchment *by R. G. Gokhale*
- Glossary of Important Definitions Pertaining to Management and Labour *by G. L. Kothari*

PART II
- Statewise Lists of Industries in India employing 50 or more workers daily :
  (a) Andhra (b) Assam (c) Bihar (d) Delhi (e) Gujarat (f) Kerala (g) Madhya Pradesh (h) Madras (i) Maharashtra (j) Mysore (k) Orissa (l) Punjab (m) Rajasthan (n) Uttar Pradesh (o) West Bengal

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- Whos Who of leading management executives in Industry and Trade (Illustrated)

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BUSINESS NEWS FROM EUROPE

UNCERTAIN OUTLOOK FOR TV INDUSTRY

ITALY AND BELGIUM TACKLE INFLATION—POLAND PUSHES DRUG EXPORTS—E. AFRICA KEEN ON C.M.

By Our Special Correspondent

THE European television industry, after a period of steady growth, faces an uncertain future as demand in some countries shows signs of saturation. Stagnating TV set sales, notably in France, in countries that have low *per capita* TV ownership by British standards, raise serious doubts about a surge in sales which, earlier, had been widely anticipated. Though the demand pattern varies widely—sales in the Netherlands for instance have lately been strong—there are now indications that Europeans as a whole (not counting the British) are resistant to the attractions of TV ownership. This resistance has been underlined recently by the failure of the International Radio Consultative Committee to agree on an international standard colour TV system, mainly due to the unwillingness of some countries to commit themselves to expensive developments. It is now felt that only Britain has a sufficiently well developed industry to cope with widespread colour TV broadcasting.

A British colour service is now likely to go into operation soon, following the Government's decision to go ahead with it, despite the lack of an international agreement. In any case, TV set sales in Britain have recently been on the crest of an expansionary wave, up 33 per cent in December 1963 alone, as compared with the same month of the previous year and 21 per cent higher for the whole year.

Elsewhere in Europe, the main concern is to bring more networks into operation to boost TV coverage. Here, again, most countries lag behind Britain which will soon have a third channel and, moreover, looks forward to a second commercial channel, probably by the end of 1965.

In France and Germany

In France a second channel is due this year but even so is not expected to boost set sales which, after increasing by 20 per cent in 1961 and 1962, were stagnant at around 900,000 last year. The French have so far shown little real enthusiasm for TV and the country has only 4 million sets.

West Germany, by contrast, has more than eight million sets. But sales there have also sagged in recent years from the peak in 1960, when over 2.3 million sets were made. Sales are unlikely to pick up this year even with a third channel. Similarly, exports have fallen in recent years to around 300,000 a year.

The fact that only 27 per cent of French and 41 per cent of West German homes have TV sets, as compared with 82 per cent in Britain, indicates the potential for faster sales. Nevertheless, the potential is no guide to the possible level of future sales as has been proved by the relatively disappointing sales of many companies over the past two years.

Going against the general European trend, however, are the Dutch. Sales of TV sets in the Netherlands last year were 27 per cent up on the 1962 level and now over 54 per cent of Dutch homes have a set. Such is the buoyancy of sales there that most analysts agree that market saturation is a long way off. And Dutch sales could be further boosted by the opening of a second channel due this year.

Italy is another country where sales of TV sets have been in the doldrums recently, though the outlook for a sharp jump in demand appears, at least on the surface, to be good. Only about 30 per cent of Italian homes have TV sets installed, marginally fewer than in Belgium.

Among the smaller European nations, the growth of TV ownership has been rapid in recent years. Switzerland, for example now has over 300,000 sets, a figure that earlier Government estimates had expected to be reached no sooner than 1968. Austria has a similar number of sets. The expansion of sales in both countries, though likely to slow somewhat this year, seems set for a steady rise for the next couple of years at least.

Italy's Steps to Recovery

Italy, taking steps to cure the inflation that brought the "economic miracle" to its knees in 1961, is pondering the second phase of a two-part attack to restore the economy's growth. After 15 years, the economy overshot in 1960-61 into serious inflation and the first part of the attack on it by the Centre-Left Government consists of stabilising both prices and the balance of payments. The second part is likely to be aimed at economic stimulation.

In the first phase, petrol tax was increased by 14 per cent, a purchase tax on new cars of between 7 and 15 per cent was introduced, hire purchase was limited to a maximum of 12 months and the initial payment raised to 30 per cent, imports of some essential foods were increased to keep prices down and national service was reduced from 18 to 15 months to make more labour available.

The tax on cars was necessary, because the rapid increase in foreign-made vehicles being sold was becoming an increasing payments drain. In 1963, when 20 per cent of all new cars registered were foreign, the cost to the economy was £120 million (336 million dollars). But sales were expanding at such a rate that the cost would probably have risen as high as £180 million (504 million dollars) this year.

Prices and wages ran into serious difficulties last year. By October, the last month for which figures are available, the level of wholesale prices was 5.6 per cent above October 1962, consumer prices 9 per cent up and the cost of living by more than 9 per cent. By last September, the level of industrial wages had risen 13 per cent in nine months.

Trade Deficit

These increases had a multiplier effect on the rest of the economy. Imports in the first 10 months of the year shot up by 26 per cent, from £1,772 million (4,972 million dollars) to £2,231 million (6,247 million dollars), while exports went up by only 9 per cent to £1,500 million (4,200 million dollars). Had no steps been taken, the visible adverse balance of trade would probably have increased to unmanageable proportions.

The adverse Italian balance of payments has always been butressed by a large invisible balance; remittances from Italians living abroad or working abroad temporarily, and tourist income. But, in 1963, even this dropped away. This left an estimated trade deficit for 1963 double that in 1962.

The second stage in the recovery programme, to cover the longer term, is to be a Five-year Plan, announced in the summer to cover the years 1965 to 1969. The move towards more, and flexible, planning is a direct consequence of the new Government, with its political alignment more to the Left. In order to get the economy back to the "miracle" state of pre-1960, when industrial productivity was growing at the rate of 14 per cent a year, the new plan is expected to advocate four immediate measures and a series of steps to be taken after 1969.

The immediate measures are expected to be a cutting down in public expenditure, a curb on unearned income, holding back the consumption of inessentials and luxury goods, and an attempt to tighten the law, so that tax evasion becomes more difficult. Whether these measures will stabilise the economy and get it moving forward again at a fast rate is uncertain.

It is thought more likely that some of the even-longer-term measures will have to be adopted before this comes about. These are thought to include a reform of the public administration—particularly the civil service—overhaul of the tax structure, more modernisation and investment in agriculture, schools, hospitals, and housing, and a reform of company law, so that shareholders are better informed about their firms.

The fact that production has been expanding steadily, though at a declining rate (6 per cent last year) should make it easier to achieve these long-term aims and stabilise the economy in the short-term. But any progress towards hitting Plan targets could be undermined by the vast amount of capital which is fleeing the country—most of it to Switzerland. From £270 million (766 million dollars) in 1962 it jumped up to £509 million (1,425 million dollars) in the first 11 months of 1963. It is thought that the outflow has slowed down this year, as business, traditionally Right-wing, has become more confident in the new Government. But this traffic needs more than a "slowing down." If the economy is to be built up again, it needs to be brought to a standstill.

Belgium Heads for Trouble

Belgium is running into economic difficulties at the half-way stage of its 1962-65 expansion plan. Industrial productivity has slowed down, prices have leapt up, as have labour costs, and current French and Italian inflation threatens to spread in and hit the economy.

Over the four years, a target had been set for a 22.4 per cent rise in Belgium's Gross National Product. At the same time, a 37.2 per cent rise in exports and a 35.5 per cent rise in gross capital formation was set. Private consumption, with a target rise of 17.8 per cent, was planned to rise the slowest.

These aims are well on target. The real average rise in GNP has been 4.7 per cent in 1962 and 1963, as compared with 3.1 per cent for the period 1953-62. Exports are already well above the 8.5 per cent annual target. In 1961, the index was 130 (1958 equals 100), 135 in 1962 and there was a big leap forward to 175 in September, 1963.

Were it not for the incipient inflation in France and Italy and the strong pull exerted on the Common Market by West Germany's export surplus, Belgium's ability to reach her target would appear to be assured. But there is now a very serious danger that she will be hit by her neighbours' inflation.

Industrial productivity which stood at an index of 116 in 1961 (1958 equals 100) rose to 122 by the end of 1962. But, in the first nine months of 1963, it increased only two points to 124. Prices, too, have suddenly leapt up. They rose by 5 points in 1963, as much as in the previous four and a half years. And total labour costs rose 10 per cent.

The authorities are aware of the danger of inflation on top of full employment. A cut in public expenditure through withholding building credits is forecast. Bank rate has been raised and more foreign labour attracted.

Poland's Bold Bid

Poland is making a big attempt to capture a share of the European drug market. Of the 53 countries to which she exports outside the Communist bloc, the largest customers are now Switzerland, Denmark, Finland, West Germany and Britain. In order to widen export outlets, a three-year agreement was signed last September with the Benelux countries. This envisages a rise in pharmaceutical trade and a big rise in chemical trade above the 1962 two-way trade figure of £12.5 million (35 million dollars).

This drive is seen as Poland's contribution to the plan of the Comecon—the East European common market—for the Communist countries. Although Poland has for some time exported drugs to Western Europe, exports have only been pushed hard since 1958. By 1962, the last year for which figures are available, there had been a 16-fold increase. Exports in 1958 were a mere £375,000 (1.1 million dollars). But, by 1962, they reached £5.82 million (16.3 million dollars). Of these exports, 80 per cent were antibiotics and over 88 per cent went to Europe. The next largest amount, 7 per cent, went to north and south America.

In the same period, imports, presumably for re-export to the rest of the bloc, have been held remarkably steady. From £3.5 million (12.5 million dollars) in 1958 they fell to £2.5 million in 1960, when they started to rise again. But even in 1962, they were only just below £4 million (11.2 million dollars.)

It is likely that Western Europe will be the object of even more competition in the years ahead. Polish production in 1961 of antibiotics was 42.5 tons, over 250 per cent above 1959. But the target for 1963 was 100 tons. Similar target figures were set for sulphonamides, steroid hormones (the next most important exports) and other drugs.

African Links with E.E.C.

A further boost to Common Market trading outlets seems assured as East African States form their own trading areas and seek links with the European Community. Two separate groups appear to be following the lead set by the former French colonies and Nigeria on the west coast. First, there is a Common Market between Kenya, Tanganyika and Uganda. Secondly, many of the 34 countries represented at the February Addis Ababa Conference of the United Nations Economic Commission for Africa also appear to like some form of association.

The East African countries only sell some 8 per cent of their exports—£200 million (560 million dollars) a year—to each other. Eighty per cent—£2,000 million (5,600 million dollars)—goes abroad, mostly to Western Europe. The pattern of imports is the same. At the moment, neither of the two African groups wants full partnership with the Community. Partly this is for political reasons: they fear that to be tied too closely would leave them open to the accusation of "neo-colonialism" and create upheavals, of which the February coup and later French intervention in Gabon is the latest.

Economically, by opting for a free-trade arrangement, the East African States can sell to the Community while at the same time avoiding the danger of having their economies flooded with goods from outside the Six. Usually, like Nigeria (which seeks special terms for cocoa, palm products, groundnut oil and plywood), they want preferential treatment for certain products.

These economies are growing steadily, if fitfully. Total exports from Central African States have grown from £1,121 million (3,140 million dollars) in 1959 to an average of £1.250 million (3,500 million dollars) in 1963. Imports have grown at the same pace. In the three former British East African States, exports have fluctuated more: from an average of £131 million in 1963 and £138 million (386 million dollars) in 1960.

Malta: Unsolved Payments Problem

With Independence Day—May 31—now less than three months away, Malta is still no nearer solving the problem of how to pay her way when the British prop is withdrawn. The problem is simple: imports were running at a level of £29.3 million (84 million dollars) last year; exports brought in £3 million and re-exports another £2.3 million, leaving a trade gap of £24 million.

It will not be easy to reduce that gap. Between 1955 and 1961 imports rose by 35 per cent, partly due to a rising population in a largely Roman Catholic country. But exports rose only marginally.

Most of this gap has been met by Britain through payments for the naval dockyard. Now this has stopped. Invisibles, such as remittances from Maltese working abroad helps to cover part of the deficit—but not nearly enough.

Economising on imports will be difficult. Some 36 per cent comprise food, drink and tobacco, 35 per cent manufactures, and minerals and fuels another 7.5 per cent. In an economy that is completely dependent on imports, there is little room for manœuvre.

The major hope for raising the income of the island lies in an expansion of tourism. After an extensive publicity programme, the number of tourists rose from 12,583 in 1959 to 22,791 in 1961 and 32,300 last year. New hotels are being built and a hotel for the American Hilton group is a possibility.

Unemployment in Malta has now reached crisis proportions. With the closing of the naval dockyard, it shot up from 1961's 4,000 to over 6,600 last October, some 7 per cent of the working population. As a short-term remedy, emigration to Europe and Australia has been explored and Australia has increased her quota from the island. The Governor has said that 30,000 emigrants will be needed in the next four years —10 per cent of the population.

German Farm Productivity Up

West German farmers now produce more than 2½ times as much food per head as they did a decade ago, on about 20 per cent fewer farms, three per cent less land and with 42 per cent fewer workers. Following a break due to poor crops in 1961-62, the Agriculture Minister, Herr Werner Schwarz, expects these trends to continue this year.

But the annual Green Report, which includes the new long-term figures, adds that, in the six years to 1962-63, the German farm-worker's average annual wage rose only 137 per cent to £418, while that of industrial and commercial workers increased by 179 per cent to £586. The Green Report is the West German Agriculture Ministry's annual submission to the Federal Parliament in Bonn. On it the Green Plan, or yearly agricultural review and policy, is based. This year it is proposed to repeat a request for total farm subsidies amounting to £223.2 million.

The Green Report says that the number of farms in West Germany in the agricultural year 1962-63 was 1.54 million, or 400,000 less than in 1949-50. In 1949, 80.2 per cent of all farms were officially listed as "small" holdings—less than 25 acres—long typical of German agriculture. Last year, only 71.3 per cent of holdings belonged to this class and, over the 12-year period reviewed, farms with an arable area of between 25 and 250 acres increased from 19.6 to 28.5 per cent of the total.

National arable acreage itself decreased from 34.9 million acres in 1949 to 33.9 million acres last year. In 1963, only a little over 30 per cent of it was occupied by farms of less than 25 acres; 66.4 per cent by medium-sized holdings from 25 to 250 acres; and some 3.5 per cent by large units of more than 250 acres.

The Report goes on to say that, between 1951 and 1963 alone, 1.6 million or 42 per cent of West Germany's whole farm labour force left the land. At the same time, however, *per capita* productivity of those remaining rose by 152 per cent. Last year, cash sales by the farm sector rose 10 per cent to £2,027 million, while net farm income, after payment of operating costs, increased by 45 per cent to £518 million.

Bulgaria Gets Soviet Farm Loan

Most of a new 300 million rouble Soviet loan to Bulgaria—£96.4 million at the official exchange rate—is expected to go, at Russian suggestion, to agricultural modernisation. The loan, negotiated during a visit by Bulgarian Prime Minister Todor Zhivkov to Moscow last month, is now understood to allow for Russian deliveries to Bulgaria this year and next of large quantities of farm machinery. This, according to a Moscow source, will include some 5,000 tractors and 1,000 combine harvesters.

Bulgaria, however, may not be as keen as appears at first sight to embark on a big Soviet-assisted plan of agricultural improvement. Her farms are said to be the most backward in Eastern Europe, and the planners of the Russian-led COMECON, the Soviet bloc's common market, are anxious to see them improved. This is especially so, now that food is short all over the bloc.

But the Bulgarians, like their neighbours the Rumanians, want to industrialise and to secure the higher standard of living they suppose this process will bring. Unwilling to be struck permanently in the role of grannary to Communist Europe, the two Balkan States have both hinted that in 1964 and 1965 they will channel only a limited amount of their investment effort into farming.

Topical Briefs

Trade between **Austria** and **Poland** appears to be on the increase from recent deals. Most important of these has been a £500,000 (1.4 million dollars) contract for the supply of Austrian transformers and other equipment for the Polish Konin Aluminium plant. But a much bigger order is expected soon, probably worth £11 million (30 million dollars). Following meetings between representatives of heavy industries in the two countries a programme has been worked out which could double trade to £40 million (112 million dollars) within the next few years. For instance, Voest, the leading Austrian steel concern, has just put in a bid to build the largest fertiliser plant, one capable of turning out 500,000 tons of chemical fertilisers a year. This plant is expected to cost some £18 million (50 million dollars) of which Poland will meet about 40 per cent of the cost. At least two other fertiliser plants are projected and, if Austria wins the first contract, she will be in a very favourable position to get the others and beat strong West German, British and Japanese competition.

France, for the first time, now produces synthetic rubber suitable for heavy tyres. Two factories have recently started production, one at Bordeaux, the other near Marseilles. Each is capable of turning out some 20,000 tons a year and the Bordeaux plant is claimed to turn out a brand of Polybutadiene more suitable for heavy tyres than Styrenebutadiene, which has accounted for most of the French synthetic rubber output in the past. Synthetic rubber production has been rising rapidly in France in the past few years. From 17,000 tons in 1960, it more than doubled to 40,000 tons in 1961, and went on to 64,000 tons in 1962. About 100,000 tons is estimated to have been produced last year. Even this, though, is below demand which was 108,000 tons back in 1962 (as compared with 90,000 tons in 1960). While the demand for synthetic rubber has been rising that for natural rubber has been declining slowly. Between 1960 and 1962, it fell away from 127,000 tons to 123,000 tons.

Spain's trade deficit went up over threefold last year, largely because of a big rise in imports, by 23.7 per cent to a total of £684 million (1,914 million dollars) during the year. As exports actually decreased by 0.3 per cent to £262 million (734 million dollars) the trade gap, at £431 million (1,207 million dollars), had widened by £134 million (374 million dollars). A part of the drop in exports arises from a fall in shipments of oranges. The fruit was badly affected by the severe winter of 1962-63 and exports fell 16 per cent. Had it not been for this appreciable fall in one of Spain's main products, export earnings would almost certainly have been higher, as cotton textiles, metallic manufacturers, capital goods and other foodstuffs all increased in value.

West German bourses, despite warnings about inflation, seem to be reacting mainly to a new "miracle" look in the economy. By the last week in February, the Herstatt all-bourses index was holding at its best level for a year, with only marginal fluctuations in some sections. At a fraction either side of 106, the index showed prices more than 20 per cent better than their 1963-64 worst, exactly a year earlier. The immediate causes of strength are Federal income-tax cut proposals, record figures from the motor industry, and frequent reports of improved company profitability. Subscription rights from Kloeckner-Humboldt-Deutz also helped towards the end of February. The bourses themselves are choosing to discount the dangers of tax reduction in a year of excessive demand in the capital market and excessive domestic boom. Consistent with current sentiment, most steels (including Mannesmann among the higher yielders), motors and engineering shares are among the leaders. But others to gain have been Suddeutsch Zuckerraff (mirroring experience of sugar refiners abroad) and Dyckers Zement among construction shares.

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BOMBAY 1
Phones 254244 - 254260

UNITED BANK OF INDIA LIMITED

Registered Office: **UNITED BANK BUILDINGS, 4, CLIVE GHAT STREET, CALCUTTA-1**

ANNUAL REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31st DECEMBER, 1963

To be placed before the shareholders at the Annual General Meeting to be held at the hall of the Academy of Fine Arts at Cathedral Road, Calcutta 16, on Monday the 30th March 1964, at 11 a.m.

The Directors beg to submit to the shareholders the Audited Balance Sheet of the Company as at 31st December, 1963, and Profit and Loss Account for the year ended 31st December, 1963, together with the Auditors' Report thereon.

	Rs. nP
The Profit for the year after making provision for taxation and including the balance of Rs. 3,26,006.24 brought forward from the previous year's account amounts to ..	29,65,814.66
Out of this amount the following appropriations have been made :	
To Reserve Fund under Section 17 of the Banking Companies Act	5,30,000.00
Leaving an available balance of	24,35,814.66
Out of the above, the Directors recommend the payment of a Dividend to the shareholders at 7½ per cent. per annum, subject to deduction of tax at the prescribed rates in accordance with the provisions of the Income Tax Act, absorbing	20,20,000.00
Balance to be carried forward to next year's account	4,15,814.66

The Bank's business during the year made satisfactory progress.

During the year under report, 7 branches were opened of which 4 were in Calcutta and its suburbs, namely—Jadavpur, New Alipur, B.L. College (Sibpur) and Bhatpara, one at Bhubaneswar in the State of Orissa, one additional at Gauhati in the State of Assam and one at Nizamuddin in New Delhi.

The Bank during the year under report, purchased 57 Cottahs of land on Old Court House Street, Calcutta, to build a multi-storied building to house the Head Office of the Bank.

Dr. N. N. Law, Dr. S. B. Dutt, Nawab Sir K. G. M. Faroqui and Sri S. N. Ray retire by rotation and being eligible offer themselves for re-election.

The shareholders are requested to appoint Auditors for the ensuing year and to fix their remuneration.

Sri M. J. Vaidya, being out of India, could not sign the Report and Accounts.

N. N. LAW, *Chairman.*
K. G. M. FAROQUI,
S. N. RAY,
K. C. DAS,
S. GUPTA,
B. N. CHATURVEDI,
T. S. SANTHANAM,
C. B. MEHTA,
J. M. DUTT,
S. B. DUTT, } *Directors.*
B. K. DATTA, *Managing Director.*

CALCUTTA, 21*st February*, 1964.

BALANCE SHEET AS AT 31st DECEMBER, 1963

Previous Year Rs.	CAPITAL AND LIABILITIES	Rs. nP	Rs. nP
	1. Capital—		
	AUTHORISED CAPITAL—		
1,00,00,000	5,00,000 Shares of Rs. 20 each	1,00,00,000.00	
3,00,00,000	30,00,000 Shares of Rs. 10 each	3,00,00,000.00	
4,00,00,000		4,00,00,000.00	
	ISSUED CAPITAL—		
98,97,000	4,94,850 Shares of Rs. 20 each	98,97,000.00	
2,26,03,000	22,60,300 Shares of Rs. 10 each	2,26,03,000.00	
3,25,00,000		3,25,00,000.00	
	SUBSCRIBED CAPITAL—		
98,00,240	4,90,012 Shares of Rs. 20 each	98,00,240.00	
2,19,87,250	21,98,425 Shares of Rs. 10 each	2,19,84,250.00	
3,17,84,490		3,17,84,490.00	
	CALLED AND PAID-UP CAPITAL—		
49,00,120	4,90,012 Shares of Rs. 20 each called at Rs. 10 per share	49,00,120.00	
2,19,84,250	21,98,425 Shares of Rs. 10 each called at Rs. 10 per share	2,19,84,250.00	
2,68,84,370		2,68,84,370.00	
16,900	LESS—Calls unpaid	12,383.00	
2,68,67,461			2,68,71,987.00
95,00,000	(Reserve Liability of Shareholders Rs. 49,00,120)		1,00,30,000.00
	2. Reserve Fund and Other Reserves		
	3. Deposits and Other Accounts—		
19,89,91,740	Fixed Deposits and Cash Certificates	19,84,46,764.81	
9,42,430	Staff Security Deposits	10,15,753.08	
23,31,01,099	Savings Bank Deposits	26,84,55,737.31	
21,39,77,664	Current Accounts, Contingency Accounts, etc. ..	25,80,70,568.22	
64,70,12,933		72,59,97,823.42	
	4. Borrowings from Other Banking Companies, Agents, etc.—	Rs. nP	
1,16,01,539	(i) In India	1,57,15,668.53	
(1,03,00,192)	(Includes an amount of Rs. 1,40,04,665.08 borrowed from the Refinance Corporation for Industry Ltd.)		
55,00,000	(ii) Outside India	5,00,000.00	
1,71,01,539			1,62,15,668.53
	PARTICULARS—	Rs. nP	
	(I) Secured :		
(68,01,347)	(a) By part of the Bank's Investments ..	16,11,003.45	
(1,03,00,192)	(b) Under Refinance Scheme .. .. (*Vide* 5(1)(i) as per contra)	1,46,04,665.08	
(Nil)	(ii) Unsecured	Nil	
95,58,868	**5. Bills Payable**		1,07,93,752.38
	6. Bills for Collection Being Bills Receivable as per contra—		
5,79,86,718	(i) Payable in India	7,82,31,286.62	
1,40,79,713	(ii) Payable outside India	1,54,84,002.68	
7,20,66,431			9,37,15,289.50
	7. Other Liabilities—		
1,19,39,019	Branch Adjustments	93,07,816.95	
6,01,614	Unclaimed and Unpaid Dividends	7,11,695.07	
1,50,000	Staff Gratuity Fund	1,50,000.00	
1,57,725	Capital Redemption Fund	1,15,285.00	
15,65,872	Sundry Liabilities for Expenses and Others ..	13,43,532.24	
1,44,14,230			1,16,28,329.26
3,56,39,763	**8. Acceptances, Endorsements and Other Obligations** per contra		3,29,69,366.53
	9. Profit and Loss—		
	Balance of Profit and Loss Account as per last Balance Sheet	19,34,006.24	
16,07,000	LESS—Appropriation for Dividend	16,08,000.00	
2,39,694			3,26,006.24
	ADD—Profit for the year brought from the Profit and Loss Account after providing for Taxation..		26,39,808.42
21,20,312			
23,60,006			29,65,814.66
	LESS—Appropriations—		
4,26,000	Transfer to Reserve Fund under Section 17 of the Banking Companies Act	5,30,000.00	
19,34,006			24,35,814.66
	10. Contingent Liabilities—	Rs. nP	
	(I) Claims against the Banking Company not acknowledged as debts	7,04,324.73	
(50,91,937)	(II) Money for which the Banking Company is contingently liable—		
	(a) Liability for partly paid-up shares held by the Bank in Investment Account ..	16,25,150.00	
(16,40,150)	(b) Guarantee given on behalf of Directors or Officers	5,550.00	
(5,550)	(c) Guarantee on behalf of others	5,43,29,430.26	
(6,62,15,485)	(III) Liability on Bills of Exchange re-discounted ..	Nil	
(Nil)	(iv) Liability on account of outstanding Forward Exchange Contracts	6,22,09,082.06	
(7,02,61,434)	*Notes:* (I) Provision to the full extent for future gratuity to the staff has not been made—liability for which has not been ascertained.		
	(II) The above Balance Sheet has been drawn up in accordance with the provision of Section 29 of the Banking Companies Act, 1949.		
83,40,95,031		Total .. Rs.	93,06,58,031.28

Previous Year Rs.	PROPERTY AND ASSETS	Rs. nP	Rs. nP
4,03,52,026	**1. Cash—** In hand and with Reserve Bank and State Bank (including Foreign Currency Notes)		6,02,13,706.82
	2. Balances with Other Banks— In Current Accounts—		
2,03,040	(i) In India	2,66,646.95	
66,16,934	(ii) Outside India	51,22,779.81	
68,19,974			53,89,426.76
2,30,00,000	**3. Money at Call and at Short Notice**		4,29,00,000.00
	4. Investments (at or below Market Value)—		
	(i) Securities of the Central and State Governments and other Trustee Securities including Treasury Bills of the Central and State Governments ..	18,67,69,979.30	
16,51,42,908	(ii) (a) Fully paid Preference Shares ..	Rs. nP 19,60,001.37	
19,60,001	(b) Fully paid Ordinary Shares ..	16,16,435.10	
14,33,682	(c) Partly paid Ordinary Shares	3,86,001.00	
3,71,001			
37,64,684			
8,72,367	(iii) Debentures or Bonds	39,62,437.47	
	(iv) Other Investments—	9,56,436.06	
2,15,99,491	(a) Pakistan Central and Provincial Government Securities	1,18,50,501.75	
47,500	(b) Foreign Securities	47,500.00	
1,57,725	(c) Capital Redemption Policy	1,15,285.00	
Nil	(d) Gold	Nil	
19,15,84,675			20,37,02,139.58
	5. Advances (Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)—		
	(I) Loans, Cash Credits, Overdrafts, etc.—	Rs. nP	
37,12,83,407	(i) In India	39,72,13,122.81	
(1,39,85,007)	(Includes an amount of Rs. 1,71,14,001.46 relating to medium term-advances in respect of which finance has been obtained from the Refinance Corporation for Industry Ltd. as per contra)		
1,54,51,290	(ii) Outside India ..	2,07,67,009.20	
38,67,34,697			
	(II) Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments)—		
	(i) Payable in India ..	4,55,63,076.03	
	(ii) Payable outside India.	80,38,289.86	
	(Particulars required by Act X of 1949 as per separate schedule annexed and forming part of this Balance sheet)		
43,90,44,384			
	6. Bills Receivable Being Bills for Collection as per contra—		
5,79,86,718	(i) Payable in India	7,82,31,286.62	
1,40,79,713	(ii) Payable outside India	1,54,84,002.68	
7,20,66,431			
3,29,69,366.53	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** per contra		
	8. Premises, Less Depreciation—		
33,48,252	At cost as per last Balance Sheet	36,96,843.27	
3,54,826	ADD—Additions during the year	41,19,341.62	
37,03,078		78,16,184.79	
6,235	LESS—Sales or deductions made during the year ..	Nil	
36,96,843	Total cost to date	78,16,184.79	
4,85,266	LESS—Depreciation written off to date	7,47,694.18	
32,11,577			
62,30,737	**9. Furniture and Fixtures, Less Depreciation—**		
6,65,878	At cost as per last Balance Sheet	67,76,444.57	
68,96,615	ADD—Additions during the year	6,42,951.62	
1,20,170		74,19,396.39	
67,76,445	LESS—Sales or deduction made during the year ..	2,25,803.00	
31,56,378	Total cost to date	71,93,593.39	
36,20,067	LESS—Depreciation written off to date	35,30,818.42	
21,68,308	**10. Other Assets including Silver—**		
11,12,377	Interest accrued on Investments	22,87,592.95	
7,93,996	Tax deposited and paid in advance or deducted at source less provision	Nil	
2,09,469	Stores, Stationery and Printed Materials	5,82,664.47	
2,68,186	Land and Buildings not used as Bank's Premises less depreciation	2,07,987.60	
47,68,144	(Cost Rs. 2,27,594.07 less depreciation Rs. 19,606.47)		
93,20,480	Premises under Construction	5,99,718.59	
4,34,754	Sundries (Temporary Advances, Suspense, Security Deposits, Outstanding Rents, Stock of Stamps, Adjusting Accounts, Collection Assets, etc.) ..	54,44,490.00	
	11. Non-Banking Assets Acquired in Satisfaction of Claims.. (At Book Value)		
93,06,58,031.28	Total .. Rs.		83,40,95,031

UNITED BANK RAISES DIVIDEND
MARKED GROWTH IN DEPOSITS

THE Directors of the United Bank of India Ltd. (Managing Director: Mr. B. K. Datta, Calcutta) have proposed a higher dividend of 7.5 per cent per annum, subject to tax, for the year ended 31st December 1963 as compared with 6 per cent paid for the previous year. The increase which is the second in the past four years underlines the steady but sure growth in the Bank's operations. The results for the year under review show a further improvement in gross income from Rs. 355.44 lakhs to Rs. 403.51 lakhs, of which Rs. 331.55 lakhs (Rs. 289.90 lakhs a year before) has come by way of interest and discount, Rs. 55.93 lakhs (Rs. 50.48 lakhs) by way of commission, exchange and brokerage, and Rs. 16.03 lakhs (Rs. 15.06 lakhs) in the form of other receipts. At the same time, expenses, too, have gone up—outward interest from Rs. 113.06 lakhs to Rs. 125.44 lakhs, staff expenses from Rs. 158.78 lakhs to Rs. 181.21 lakhs and other expenses from Rs. 44.89 lakhs to Rs. 49.68 lakhs. Nevertheless, profit, after depreciation and taxation but before providing for bonus to staff, has risen by as much as Rs. 6.73 lakhs, or 22 per cent, to Rs. 36.69 lakhs. Nearly 30 per cent of it, that is, Rs. 10.29 lakhs as against Rs. 8.76 lakhs a year before, has been absorbed by bonus to staff. The appropriation to the reserve fund has been stepped up by more than Rs. one lakh to Rs. 5.30 lakhs. After providing Rs. 20.20 lakhs for the year's dividend, the balance carried forward is higher at Rs. 4.16 lakhs, as compared with Rs. 3.26 lakhs brought in.

The accompanying table compares the Bank's progress in the past four years.

A striking feature of the Bank's working during the year under review is the marked growth in deposits from Rs. 64.70 crores to Rs. 72.60 crores. The percentage increase over the year is 12.21, as against the average of 11.7 for all scheduled banks, excluding the State Bank, and of 10.1 for all scheduled banks, including the State Bank. Almost the whole of the accretion to the Bank's deposits has come under two types—current accounts which have grown from Rs. 21.40 crores to Rs. 25.81 crores and savings deposits which have gone up from Rs. 23.31 crores to Rs. 26.85 crores. Staff security deposits have edged up from Rs. 9.42 lakhs to Rs. 10.16 lakhs, but the third important type of deposits, namely, fixed deposits, have actually receded slightly from Rs. 19.90 crores to Rs. 19.84 crores. In spite of the satisfactory growth in deposits, the Bank has closed the year with borrowings amounting to Rs. 162.16 lakhs, though about Rs. 9 lakhs less over the year; the major portion of these borrowings has come under the Refinance Scheme.

Advances have expanded by Rs. 3.26 crores to Rs. 47.16 crores but, as a ratio to deposits, they have come down by nearly three points to 64.9 per cent. Investments, too, have moved up from Rs. 19.16 crores to Rs. 20.37 crores, but their ratio to deposits has slipped back from 28.5 per cent to 27.8 per cent. On the other hand, the cash ratio has risen from 12.2 per cent to 14.9 per cent, as the year has closed with an increase of about Rs. 3 crores to Rs. 10.85 crores in the aggregate cash balances.

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Interest and discount earned ..	331.55	289.90	237.54	215.59
Commission, exchange and brokerage	55.93	50.48	43.19	39.02
Other Income	16.03	15.06	17.04	15.20
Interest paid	125.44	113.06	89.09	79.16
Staff expenses	181.21	158.78	137.74	129.50
Other expenses	49.68	44.89	36.33	32.45
Depreciation	10.49	8.75	8.00	8.31
Profit	36.69	29.96	26.61	20.40
To reserve fund	5.30	4.26	4.11	2.93
Bonus to staff	10.29	8.76	6.11	5.77
Dividend	20.20	16.08	16.07	11.44
	(7.5%)	(6%)	(6%)	(4.3%)
Carry forward	4.16	3.26	2.40	2.07

	As on 31st December			
	1963	1962	1961	1960
Paid-up capital	268.72	268.67	268.61	268.54
Reserves	100.30	95.00	90.74	86.63
Deposits	72,59.98	64,70.13	58,86.99	51,73.68
Borrowings from other banks ..	162.16	171.02	6.79	18.01
Advances	47,15.82	43,90.44	37,61.26	31,62.21
Investments	20,37.02	19,15.85	17,70.54	16,79.24
Cash	10,85.03	791.73	810.25	704.02
Balance-sheet total	93,06.58	83,40.95	75,87.34	67,26.84
Ratio to deposits of—	%	%	%	%
Advances	64.9	67.8	63.8	61.1
Investments*	27.8	28.5	30.0	32.1
Cash	14.9	12.2	13.8	13.6

* Unencumbered portion only.

Borrowings have been kept under control and the Bank has closed the year with a comfortable liquidity position. Cash and balances with other banks and money at call and short notice have gone up from Rs. 10.33 crores to Rs. 10.85 crores, while investments have risen from Rs. 19.16 crores to Rs. 20.37 crores, but their ratio to deposits has slipped back from 28.5 per cent to 27.8 per cent. On the other hand, the cash ratio has risen from 12.2 per cent to 14.9 per cent, as the year has closed with an increase of about Rs. 3 crores to Rs. 10.85 crores in the aggregate cash balances.

The Bank's paid-up capital has shown little variation over years of a continuous expansion in business. At Rs. 268.72 lakhs now, it comprises Rs. 49 lakhs in 20-rupee shares on which Rs. 10 have been called up and Rs. 219.72 lakhs in Rs. 10 fully called shares. Nonetheless, the Bank's "own funds," which amount to Rs. 369.02 lakhs, constitute 5 per cent of total deposits. The Bank's shares are widely distributed amongst its 21,700 shareholders, with holders of small lots of shares (with the paid-up value of a lot not exceeding Rs. 2,500) accounting for 90.4 per cent of the total number.

The Bank opened during the year seven branches, bringing the total number of branches (including 15 in East Pakistan) to 122. It has purchased 57 *cottahs* of land in Calcutta city for housing its head office in an impressive building. The artist's sketch of the proposed new building adorns the cover of the Directors' report and statement of accounts of the Bank for the year under review.

QUARTERLY DIVIDEND OF AMERICAN EXPRESS

The Directors of the American Express Company have declared a dividend of 35 cents per share on its $5 common stock for the first quarter of the current year. The dividend, payable on 1st April next to shareholders on the Company's record on the 6th inst., is the same as was paid in each quarter of 1963 and marks the 95th consecutive year for which the Company is paying dividend.

The Company has taken up a 13,000 sq. feet three-storey pavilion in the forthcoming New York World Trade Fair to make available to its visitors multitude of services and entertainment, including a 'financial emergency' service. Arrangements are being made to enable visitors to cash personal cheques drawn on their banks and to ensure information pertaining to travel facilities for visitors.

UNITED BANK OF INDIA LIMITED—*(Continued)*

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1963

Previous Year Rs.	EXPENDITURE	Rs. nP	Rs. nP
1,13,06,099	1. Interest paid on Deposits, Borrowings, etc.	1,25,44,487.28	
1,67,54,113	2. Salaries and Allowances and Provident Fund	1,91,50,150.64	
(8,76,175)	(of which Bonus paid to Staff Rs. 10,29,233.88)		
47,223	3. Directors' and Local Committee Members' Fees and Allowances	44,460.00	
16,13,268	4. Rent, Taxes, Insurance, Lighting, etc.	17,31,121.86	
93,797	5. Law Charges	1,15,810.14	
6,77,174	6. Postage, Telegrams, Telephones and Stamps	7,19,515.30	
37,350	7. Auditors' Fees	44,630.00	
8,74,634	8. Depreciation on and Repairs to the Banking Company's Property	10,48,666.76	
11,31,991	9. Stationery, Printing, Advertisement, etc.	14,00,515.46	
2,156	10. Loss from Sale of or Dealing with Non-Banking Assets	257.48	
8,85,723	11. Other Expenditure	8,61,741.85	
21,20,312	12. Balance of Profit	26,39,808.42	
	Notes :		
	Previous year Rs. (1) Payment to Managing Director— Rs. nP		
50,500	(i) Salary 54,000.00		
Nil	(ii) Allowances .. .. Nil		
Nil	(iii) Bonus .. .. Nil		
4,208	(iv) Provident Fund 4,500.00		
Nil	(v) Sitting Fees .. .. .. Nil		
	(vi) Perquisites (calculated in accordance with Income Tax Rules) 600.00		
600	(vii) Gratuities, etc. .. .. .. Nil		
Nil		59,100.00	
55,308			
	(2) The above accounts have been drawn up in accordance with the provision of Section 29 of the Banking Companies Act, 1949.		
3,55,43,839	Total .. Rs.		4,03,51,165.19

Previous Year Rs.	INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Rs. nP
2,89,90,305	1. Interest and Discount	3,31,55,449.55
50,48,035	2. Commission, Exchange and Brokerage	55,92,048.81
2,03,710	3. Rents	2,85,488.54
	4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserve or any particular Fund or Account)	69.17
349	5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserve or any particular Fund or Account)	Nil
Nil	6. Income from Non-Banking Assets and Profit from Sale of or Dealing with such Assets	457.39
448	7. Other Receipts	13,16,751.73
12,10,992		
3,55,43,839	Total .. Rs.	4,03,51,165.19

Schedule of particulars required under the Banking Companies Act, 1949 attached to and forming part of the Balance Sheet as at 31st December, 1963

Previous Year Rs.	PARTICULARS OF ADVANCES	Rs. nP
40,62,13,275	(i) Debts considered good in respect of which the Banking Company is fully secured	43,02,51,863.77
2,39,74,031	(ii) Debts considered good for which the Banking Company holds no other security than the debtors' personal security	3,01,40,080.93
88,57,078	(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors ..	1,11,90,153.20
Nil	(iv) Debts considered doubtful or bad not provided for	Nil
43,90,44,384		47,15,82,097.90

Previous Year Rs.	PARTICULARS OF ADVANCES	Rs. nP
2,22,260	(v) Debts due by Directors or Officers of the Banking Company or any of them either severally or jointly with any other persons	2,86,879.73
3,41,34,385	(vi) Debts due by Companies or Firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or, in case of Private Companies, as Members	4,65,38,109.93
2,25,621	(vii) Maximum total amount of advances including temporary advances made at any time during the year to Directors or Managers or Officers of the Banking Company or any of them either severally or jointly with any other persons	2,97,160.93
3,62,82,651	(viii) Maximum total amount of advances including temporary advances granted during the year to the Companies or Firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or, in the case of Private Companies, as Members..	5,28,58,143.40
2,08,994	(ix) Due from Banking Companies	1,62,356.67

AUDITORS' REPORT

We have audited the annexed Balance Sheet of United Bank of India Ltd. as at 31st December, 1963, and also the annexed Profit and Loss Account of the Bank for the year ended upon that date in which are incorporated the Returns from the Branches audited by other Auditors. The reports on the accounts of the branches audited by other Auditors have been dealt with in preparing our report in the manner considered necessary by us.

In accordance with the provisions of section 29 of the Banking Companies Act, 1949, read with the proviso to sub-sections (1) and (2) of section 211 and sub-section (5) of section 211 and section 227 (5) of the Companies Act, 1956, the Balance Sheet and Profit and Loss Account are not required to be and are not drawn up in accordance with the Sixth Schedule to the Companies Act, 1956. The Accounts are therefore drawn up in conformity with Forms A and B of the Third Schedule to the Banking Companies Act, 1949.

We report that :

(*a*) we have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory ;

(*b*) the transactions of the bank which have come to our notice, have been within the powers of the Bank ;

(*c*) in our opinion, proper books of account as required by law, have been kept by the Bank so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches of the bank ;

(*d*) the Bank's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and the returns ;

(*e*) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required for banking companies and on such basis the said Balance Sheet gives a true and fair view of the state of the affairs of the Bank as at 31st December, 1963, and the Profit and Loss Account gives a true and fair view of the Profit for the year ended upon that date.

RAY & RAY,
Chartered Accountants.

CALCUTTA, 21*st February*, 1964.

N. N. LAW, *Chairman.*
B. K. DATTA, *Managing Director.*
R. K. DATTA, *Chief Accountant.*
M. SEN SARMA, *Chief Manager.*

K. G. M. FAROQUI,
S. N. RAY,
K. C. DAS,
S. GUPTA,
B. N. CHATURVEDI,
T. S. SANTHANAM,
C. B. MEHTA,
J. M. DUTT,
S. B. DUTT, } *Directors.*

N.B.—Sri M. J. Vaidya, being out of India, could not sign the Accounts.

FUTURE OF ELECTRIC FURNACES

THEIR IMPORTANCE IN INDUSTRIAL HEATING GROWING

By George P. Tinker

[The author of this article, who retired a few weeks ago as Managing Director of A.E.I.-Birlec Ltd. but continues as one of its Directors, is a world-renowned metallurgist. A.E.I.-Birlec, with which he served for over 38 years, is now the largest electric furnaces organisation in the world.]

ONE of the factors which influences a furnace user in choosing between electrically heated and fuel-fired equipment is, of course, the relative costs of a given amount of useful heat derived from the respective sources. For many years the tendency has been for the prices of fuels to increase faster than the price of electricity and this fact has necessarily influenced the growth of the electric furnace industry. Though the relative rates of price increase may fluctuate in the short term, it would seem that the general future trend must be in the same favourable direction.

The ease with which electric power can be carried to any part of a production plant without the need for providing fuel storage and waste product disposal systems further strengthens the case for electric furnaces in modern integrated plants. The practice of arranging all production operations in a lay-out following the logical sequence of processes makes it highly desirable to locate furnaces in the production flow-lines rather than in a separate building, and electric heating eminently suits such a scheme.

Apart from such generalised advantages, electric furnaces can show special attractions in certain processes—in fact, many production operations today would be scarcely possible by any other means. An example is the smelting of metallic ores and other minerals which are often indigenous to areas where fuel is either unavailable or costly. The reduction of the ore, virtually at the mine head, in electric furnaces greatly improves the economics of the industry by enabling it to ship the essential material in a processed condition occupying much less bulk than the ore and yielding a much higher tonnage price.

Production of Ferro-alloys

This is not to discount the technical advantages of electric smelting which, in general, result in a product of higher and more consistent quality than can be obtained by other methods. The production of ferro-alloys for steel making—for example, ferro-chrome, ferro-manganese, etc., is now essentially an electric furnace process. Calcium carbide production is another example, while the prospect of producing pig iron in electric smelting furnaces, a process which has been practised for many years in Norway, for example, is now receiving keen attention in many parts of the world.

In steel making, electric arc furnaces are established as highly economic where considerable proportions of steel works' scrap are included in the raw material. Steel making direct from pig iron is not yet a regular arc furnace process, due partly to the large volumes of slag generated in the refining stages, but a process is already in use by which the "rough" slag reactions take place in a separate vessel, the hot metal being then transferred to the arc furnace for final refining.

Massive operations, such as those described, are, perhaps, the most spectacular uses of electric furnaces but by far the greatest number of installations are concerned with foundry and heat treatment operations. Electric furnaces continue to gain ground in the iron foundry under the impulse of increasingly tight metallurgical specifications and the competition of forgings and fabrications in fields which were at one time reserved for castings. At the same time, the electric furnace can be instrumental in increasing foundry productivity, as in a case where a pair of cupolas serves as the main source of molten metal, delivering into an electric holding furnace of the induction type from which metal is tapped as required for delivery to the casting floor. The facility provided by this system for pouring back into the electric furnace any molten metal remaining in the ladle—thereby saving the time and cost of casting it into pigs and re-melting it in the cupolas—quickly repays the cost of the electric furnace.

Induction melting furnaces are particularly convenient tools both in the foundry and in the billet casting shops feeding the smaller rolling mills. In the foundry, the strong circulation of the molten metal produced by the electro-magnetic forces generated by the furnace inductor enable machine shop swarf and other finely divided material to be assimilated in the melt so rapidly as to avoid almost completely the oxidation losses which occur in other types of furnace.

Heat Treatment

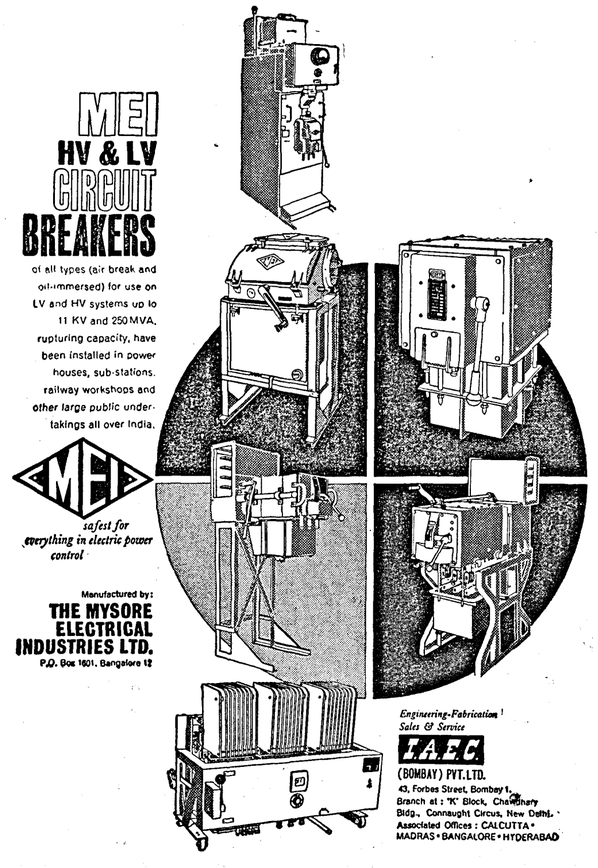
In heat treatment operations it is an inherent advantage of electric furnaces that the siting of the plant and the arrangement of mechanised work handling systems are not restricted by the means of heating, as may be the case with fuel-fired furnaces. Further, the widespread practice of maintaining an artificial gas atmosphere of controlled composition in heat treatment furnaces is simplified when contamination by combustion products is not a consideration.

Controlled atmosphere furnaces with mechanised work handling and conveying systems are built today in very large sizes. Amongst notable installations are those for the continuous annealing and galvanising of steel strip at the rate of eight tons or more per hour, using a hydrogen atmosphere to preserve the metal surface in an oxide-free condition ideal for bonding with the zinc coating. The continuous bright annealing of stainless steel strip in hydrogen atmosphere is another process where electric furnaces are virtually the only practicable equipment and where the high temperatures required—necessitating the use of molybdenum heating elements—demand the sensitive temperature control which electric heating readily provides. Another specialised steel of the high silicon, grain-oriented type for transformer cores relies exclusively on controlled atmosphere electric furnaces for both the decarburising and final annealing processes.

Outside the annealing of rolled and drawn metals, electric furnaces take a prominent part in the heat treatment of many engineering products, particularly in the hardening of machinery parts of all kinds. In such cases the convenience of locating the furnace in the machine line is often of primary importance and the practice of integrating the furnace conveyor system with the general materials-handling plan for the shop is growing, the material passing through a succession of cleaning and heat treatment stages, in some cases, without any manual operations.

Induction heating equipment may be classed with electric furnaces in this context and has the advantage of extremely rapid heat input and, therefore, small floor space for a given heating capacity. It is used increasingly both for heating billets for forging, extrusion etc. and for the surface hardening or other localised treatment of engineering components. It is characteristic of induction heaters that only one piece—or at most very few—is undergoing heating at any instant. This closely matches the normal machining and other metalworking processes employed in industry and the possibilities of combining operations by means of transfer conveyors are thereby enhanced.

It is evident that the wide range of industrial processes in which electric furnaces can show advantages is sufficient to ensure a prosperous future for the industry. Moreover, many of the new developments in metallurgy and engineering—such as the melting and heating of materials in vacuum and the as yet tentative prospect of heating by high energy beams—show clearly that electric power is still the pre-eminent pioneering force in the sphere of industrial heating.



NEW PRODUCTS AND PROCESSES

Milk Container

A NEW disposable bulk container for milk, designed by a London firm, The Bowater Organisation, Bowater House, Knightsbridge, London, S.W.1., for high-speed filling in the dairy, consists of a two-ply polythene bag inside a square, corrugated fibre-board case, which packs flat when empty. The container has a special filling and pouring spout, and is primarily intended for pressure filling by machine. It holds five gallons and the machine can fill it in 20 seconds.

Brighter Coating for Metals

Langbein Pfanhauser Werke A.G., of 1-3, Heerdter Buschstrasse, Neuss am Rhein, Germany, says that it can produce unusually bright, decorative electrodeposits of nickel, copper and gold on metals simply by adding to the plating solution a trace of one or other of several organic compounds that contain the chemical element selenium. The compounds also disperse the electrodeposits throughout the solution to give an even coating and generally help to make the process more efficient.

Building Bricks from Waste

Building bricks can be made from old rags, wood chips, waste paper or cotton fibres according to George Neidl, Uferstr, 6, Berlin N.65, Germany, who has patented a method of treating fibrous materials for this purpose. The waste material is placed in a tank and is continuously circulated with a liquid pumped through the tank by an obliquely mounted pump. During its circulation the liquid gradually thickens as more raw material is added until a thick slurry is formed. A cement binder is then added to make tubes, bricks or blocks for the building industry.

Water-soluble Cores

A mixture which is stated to produce excellent quality water-soluble cores for use in steel and cast iron foundries is reported by Founderie de Precision, 32, Boulevard National, Nanterre (Seine), France. Consisting mainly of sodium metasilicate and sodium disilicate, to which small quantities of crushed glass, graphite or iron oxide may be added, the mixture is melted and then cast into a mould of the required core shape. After stripping, the core is introduced into the mould in which the metal is to be cast. When the casting has been made it is immersed in hot water until the core is dissolved. The cores are claimed to produce high-quality inside surfaces and to be capable of withstanding severe casting conditions.

Grinding and Polishing

A grinding and polishing machine has been developed at Britain's Atomic Energy Authority's research centre at Windscale for preparing metallographic specimens for subsequent chemical etching and microscopic examination. The machine was designed primarily for use in post-irradiation examination facilities but is also suitable for use in conventional applications. This machine is more compact and simpler to operate than those it replaces. It is also more versatile and will require less maintenance. Features of the machine include a variable speed motor to give a complete range of speeds from the rough grinding to the polishing stages and a self-compensating linkage to maintain the load on the specimen perpendicular to the lap face.

Magnetic Alloys

Two magnetic alloys for different purposes have been developed by American electrical concerns. Cobalt and vanadium are alloyed with iron to produce Remendur by Bell Telephone Laboratories, of 463, West Street, New York, N.Y. It is said to have the highest residual magnetism of any magnet material, yet to be so ductile it can be rolled to the thickness of a hair. It can also be produced as foil or ribbon for use in reed switches. The Materials Manufacturing Division of Westinghouse Electric Company, Blairsville, Pennsylvania, makes Hipernom of 79 per cent nickel, 4 per cent molybdenum and 17 per cent iron. It is said to be highly permeable to magnetic flux, even at low magnetising forces. Hysteresis, the loss of power in inducing magnetism, is said to be low. Hipernom is intended for magnetic cores.

Road Marking Post

A new unit which makes it possible to remove or replace a special type of road marking post is being produced by a U.K. firm, Hamilton Ltd., Belfast, Northern Ireland. A few years ago the firm developed a reinforced rubber post, to replace the customary concrete type. If struck by a car, it bent over, returning to its original position without damage to itself or to the vehicle. The post has since been adopted by many road authorities in Britain as well as in more than 30 oversea countries. In the past it has been bedded in concrete along the verges of road, but the firm felt that there should be some method of simple removal so that, in the event of damage from vandalism or other causes, a replacement could easily be fitted. The new unit which can be bought with the post, is a metal socket with a special locking device, which holds the post in position. This socket is set in concrete and the post quickly fitted in position. If it has to be replaced, the post can be released and withdrawn in ten seconds and a new one fitted.

Improving the Reproduction of Photographs

If one holds a colour transparency towards the light and compares it with a print taken from the same negative, one is always surprised to see how much richer and more vivid the colour of the transparency seems. The loss of brilliance and colour in photographs viewed directly is accounted for among other things by the fact that part of the light reflected from the back layer does not reach the observer's retina but is deflected at the surface separating the gelatine from the air. A big Swiss chemical and pharmaceutical products firm has tried to overcome these drawbacks in the reproduction of photographs by concentrating its research in two directions. The "Telcolux" process perfected in its laboratories replaces the baryta layer on the back—with its diffused reflection—by a sheet of aluminium foil. The latter, which is cold rolled and reflective, has the property of reflecting the light only in a given cone. In this way, it is possible to prevent total reflection in the image layer and at the same time to increase the brilliance of the light areas by concentrating the light into a narrow pencil. The photographs obtained with the "Telcolux" process also have a "micro-relief" surface, which considerably reduces the stray light reflected from the surface, resulting in its turn in deeper shadows and stronger contrasts. The principle of the "Telcolux" process can be applied not only to photographic papers, but also to printing processes of all kinds. The positive prints made by means of this process, whether in colour or black and white, have practically the same sparkle and the same vividness of colour as the projected slides.

Tungsten Carbide Tipped Steels

Performance of Carbide Tipped Drill Steels vary very much according to the nature of rock, the condition of drilling equipment and the method in which the steels are handled and ground. Tungsten Carbide Tipped Drill Steels, designed and produced by Avesta Jernverks AB, Sweden, belonging to the Swedish Johnson Group, have been successfully tested at some places and there has been, it is said, a growing interest for these steels in this country. For some of the important Hydro-electric Projects under execution in India, Avesta drill steels will be extensively used. Rock drill steels in general are subjected to high fatigue stresses due to the blows applied to them by the drilling machine piston. Additional stresses are also imposed by rotation and possibly bending of the steel. The combination of these stresses can lead to fatigue failure. As an effective check against these stresses, Avesta drill steels are given a special heat treatment followed by "shotpeening," a process developed for increasing the fatigue resistance of the rod by cold working of the surface. They are also given a rust preventive finish and the water hole is lined with stainless steel to avoid premature rod breakage due to corrosion and cavitation. Avesta tipped drill steels with carbide inserts from their own factory are designed for use with both light self-rotating rock drills equipped with telescopic air feed legs and with special light weight drills that have come into use in recent years. There are already several makes of the latter type on the market. Both air blowing and water flushing can be used but the latter is to be preferred as air blowing is a potential danger to health (silicosis) and also causes greater wear and tear on the insert and steel. During operation rock drill edges were down, assuming a rounded shape which on the average has a radius of 3/4". This cutting edge radius 3/4" is at present considered to be standard for re-grinding. Avesta drills are supplied with a cutting edge radius greater than 3/4". Experience shows that carbide saving resulting from this greater initial radius is equal to carbide consumed in one or two re-grindings.

TREND OF WORLD OIL PRICES

IS THE LOW TIDE ABOUT TO END?

OIL producers, host governments, consumers of petroleum products, investors in oil shares —and oil journalists—would like to know whether the seven-year decline in oil prices is likely to be arrested in the near future. This is a question to which an unequivocal answer cannot be given. Yet the number of people who would be prepared to risk an affirmative reply is certainly greater now than it would have been some months ago. These optimists would not claim that there is as yet any decisive evidence of a turn of the tide. They nevertheless believe that prices may now be at or near the bottom.

So far as crude oil is concerned, the first evidence of an improvement would present itself in the guise of smaller discounts rather than of higher posted prices. At the moment, there is no reason to suppose that discounts are, in general, any less than they were, say, a year ago. Nor is there yet any clear indication that posted export prices for products have begun to harden.

The charts accompanying this article reveal the extent of the decline that has occurred in the Caribbean, Persian Gulf, and Far Eastern markets since 1959, especially in motor gasoline. They show that all products, except fuel oil at Aruba and Abadan, are rather cheaper now than they were at this time last year. And they are a reminder of the pressure that is still being exerted on refiners' margins and therefore on crude oil postings.

The natural inference is that the depressive forces operating during the past few years are still at work. Let it be recalled that the most important single cause of price weakness since Suez has been the entry of so many newcomers—especially American "independents" —into the producing sector. Prevented by U.S. import restrictions from channelling their newly won crude into their home market, yet urgently needing a financial return on their heavy investments, these companies have been forced to seek outlets elsewhere; and the fast-growing markets of Western Europe have offered the most promising prospect. Continental, Marathon, Indiana Standard, Phillips, Cities Service, Murphy, Sinclair—these are perhaps the best known of the many companies that have been seeking to break into new markets in recent years. To do so they have generally had to offer lower prices or other incentives to consumers. In many cases also, the competition of Russian oil has played a decisive part in undermining the price structure.

Unbalanced Demand

The pressure on gasoline prices has been aggravated by the imbalance of European demand—the fact that consumption of middle distillates (and in some cases fuel oil) has been going ahead more rapidly than that of gasoline, which is almost everywhere held back by heavy taxation. The effort to satisfy all demands for jet fuels, heating oils and diesel oils may leave the refiner with a surplus of naphthas which can be disposed of only at bargain prices.

It is, of course, generally possible for consuming countries to solve this problem of imbalance by covering a part of their requirements of middle distillates (or fuel oil) by imports from abroad. But this merely concentrates the problem on the export refineries; and the consequences may be seen in the sagging course of gasoline postings as depicted in the accompanying charts. Unfortunately it seems to be difficult, if not impossible, in this highly competitive industry for refiners and marketers to compensate for lower returns on gasoline by corresponding increases in the price of middle distillates.

While oil consumption in general continues to expand in a healthy manner, partly in consequence of the low level of prices, it remains true to the European market that the problem of imbalance has not yet been solved. Perhaps a solution is being found, however, in the shape of the increasing use of naphthas as feed-stocks for chemical plants and gasworks, and of natural gas in certain applications in place of fuel oil; and substantial increases in natural gas supplies are now in prospect.

Abundant Crude

As regards crude oil supplies, the position is still one of actual and potential surplus. In the Middle East, where oil has been discovered in at least a dozen different places in the last four years, enormous production potential exists. In Saudi Arabia, Aramco is in process of bringing in yet another field. By this summer, the second of Iran's offshore concessions will have started production. Output in the Neutral Zone is scheduled for a further large increase. Farther west, in Libya, the curve of production has been rising steeply and exports will begin from the third terminal at Ras Lanuf by the end of this year. The Algerian Sahara has a large shut-in production which awaits the completion of the disputed third pipeline to the coast. Russian exports to the West will doubtless continue to rise, though probably at a moderate rate.

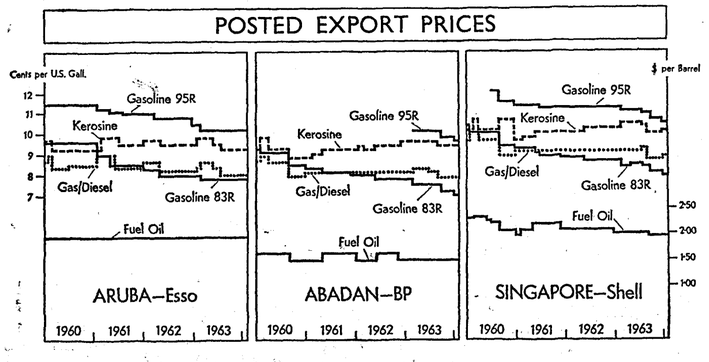
Meanwhile, the multiplicity of competing companies in the field is a virtual guarantee that fresh discoveries will be made. Despite the overall surplus, companies, large and small, are still engaging in exploration ventures to make good a shortage of supplies under their own control, to diversify their sources, to forestall discovery by others or, most importantly, to ensure that future increases in the demand for oil will not go unsatisfied. The international oil companies are ubiquitous in their search and U.S. independents have certainly not lost interest in the possibility of finding cheap crude. French state-owned concerns, now promised a larger share of the home market, are to be found searching for oil outside the French Community. German and Italian companies also continue to go abroad. ENI is as active as ever in its quest for the raw material needed to feed its refining and marketing affiliates.

In this connection, it may be recalled that vast tracts of relinquished territory in the Middle East and elsewhere are, or soon will be, available for fresh exploration. The Saudi Arabian Government is in a position to offer about half a million square miles surrendered by Aramco, not to mention the western part of the country that was never included in the Aramco concession. Kuwait's National Petroleum Co. is inheriting almost half of K.O.C.'s original concession area and the newly constituted Iraq National Oil Company will operate in areas formerly included in IPC's concession. In Libya, a considerable acreage given up last year is now available for redistribution. In Algeria, where development has been retarded by political uncertainties, the new state-owned oil company will almost certainly be given rights over some of the territory that has recently become free. In addition, we are now witnessing an unprecedented burst of prospecting activity under the waters of the North Sea.

The probability that fresh oilfields will be located in the near future must, therefore, be rated high. By the same token, there would seem to be little prospect of an early end to the period of oil surplus, even though continued dynamic growth of demand is taken for granted. It is thus arguable that, if some of the companies who are successful in finding oil are in urgent need of fresh market outlets, they may be constrained to indulge in price-cutting practices in the attempt to elbow their way in.

In reply, the optimists in the industry might legitimately advance the elementary consideration that commercial undertakings cannot go on cutting prices, and therefore unit profits, indefinitely, if they hope to stay in business. In the long run, they must earn enough to cover their full costs, including capital charges, and to make provision for the investment necessary for growth.

As prices have fallen during the past seven years, oil companies have striven to protect their profit margins by a fairly drastic pruning of operating costs. This has been achieved by genuine economies of one kind or another; and their very success in this direction must correspondingly reduce the scope for further economies of the same kind. On the other hand, various concessions have been made to host governments which, from the companies' standpoint, represent an additional charge against earnings. Any concessions which the companies make to Middle East governments on the royalties issue will increase the burden. It is these and other prospective increases in costs that seem likely to provide the strongest deterrent to further shading of prices in the current year.—*By arrangement with Petroleum Press Service.*



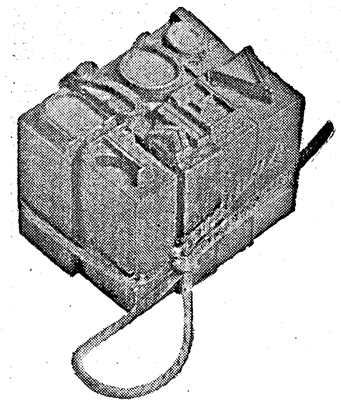
ROURKELA STEELWORKS

A delegation of the Hindustan Steel Limited (H.S.L.), headed by Mr. A. N. Banerji, General Manager of the Rourkela Iron and Steelworks, visited the DEMAG in Duisburg recently. The contracts for the major supplies within the framework of the Rourkela Iron and Steelwork's expansion were signed in the "Designers Centre." Rourkela's present capacity of 1 million tons of crude steel is to be increased to 1.8 million tons. The DEMAG's supplies will include an electric sheet rolling mill with an annual output of 50,000 tons, making Rourkela the first Indian iron and steelworks able to produce transformer and dynamo sheet for the electrical industry. The initial material will be supplied by India's first wide strip mill, now being equipped with a third sub-floor strip coiler —an earlier DEMAG supply. A twin-stand tandem finishing mill will be supplied by the DEMAG to complete the cold rolling mill. Depending on the rolling schedule, this has a monthly output of between 25,000 tons and 30,000 tons. An electrolytic tinning line with an average annual output of 100,000 tons of tin plate, the first of its type on the continent of Asia, is to be supplied. This will be so designed as to permit an output of 175,000 tons in the second expansion stage. In addition orders were placed for the complete top gas cleaning plant for the planned fourth blast furnace, the slab charging facilities for a further pusher-type furnace, a large number of special cars for the iron and steelworks, together with numerous cranes for the steel and rolling mill plant. DINGLER-Werke, the JUNKERATHER MASCHINENFABRIK and KAMPNAGEL, all subsidiaries and affiliates, will also participate in making the supplies in addition to DEMAG.

INCOME-TAX REFUNDS

A reader writes:

Complaints are being made repeatedly in Lok Sabha by political parties and economists that the income-tax collection machinery is slow and should be tightened to avoid cases of evasion and delays. Stringent measures are suggested and taken by Government in pursuance of assurances given in this regard, but no one seems to be worried about hundreds and thousands of cases where large amounts are due to assessees from the Income-tax Department on account of excess taxes collected from dividends and other items of income. There are cases where refund applications have been pending with Income-tax officers in respect of three or four assessment years and all attempts made by assessees to expedite final assessment of their income and obtain refunds within a reasonable time are having no effect and assessees are left helpless. Just as statistics of arrears of income-tax are sought and given in Parliament, if statistics of refund applications pending before the various Income-tax Officers all over India, especially in big cities like Bombay, Calcutta and Madras are called for, it will be found that the machinery of making refunds also should be gingered up. It will be remembered then the Finance Minister, a few years ago, changed the pattern of assessment of dividends in the hands of shareholders an assurance was given that refund applications would be dealt with expeditiously without causing any hardship to the assessees. Strict arrangements should be made to deal with all applications for refunds within three months after submission of returns and I hope the Finance Minister will take such steps as he finds necessary in this regard and help thousands of sufferers who are waiting for their refunds from the Income-tax Department for years in some cases.



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M/S. MULTANI PAPER MART, Sutar Chawl, Bombay-2.
M/S. SHREE KRISHNA COMMERCIAL CORPORATION, 75/79, Old Hanuman Lane, Bombay-2.

HINDUSTHAN MERCANTILE BANK LIMITED

REGISTERED OFFICE:
10, CLIVE ROW, CALCUTTA-1.

Authorised Capital .. Rs. 200,00,000
Subscribed Capital .. Rs. 100,00,000
Paid-up .. Rs. 50,00,000

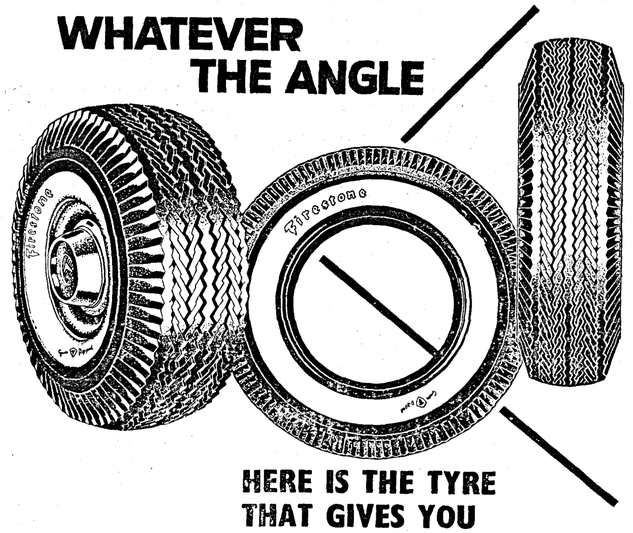
BOARD OF DIRECTORS

Sri Mohan Lal Jalan *(Chairman)*
„ Bhagirath Kanoria
„ Munmull Bhuwalka
„ Kamal Singh Rampuria
„ Promode Ranjan Sarker
„ Hari Lal Mehta
„ Chhotylall Kanoria

B. S. MAZUMDAR,
Manager, Head Office.

There can be no
Real Strength
Without
Development

WHATEVER
THE ANGLE



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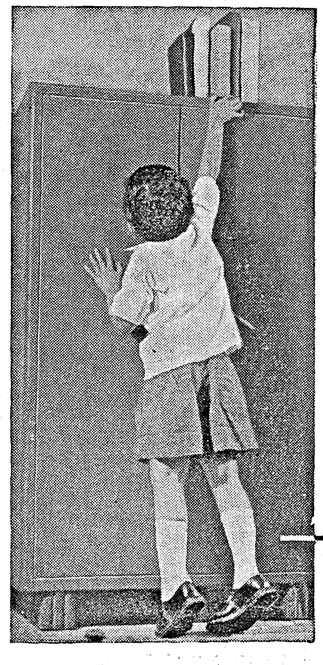

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SISTA'S-SB-76A

PENSION-CUM-LIFE INSURANCE FOR SELF-EMPLOYED

SCHEME FOR CHARTERED ACCOUNTANTS

ALL working people, whether self-employed or working for somebody else, need some kind of a retirement scheme for their old age when they became incapable of working or to provide for their family in the event of their premature death. While those in service do enjoy the benefit of provident fund, pension and other retirement benefits, which are a common feature of the service conditions offered by most factories, firms and commercial establishments, independent, professional people like doctors, architects, lawyers and chartered accountants have to depend on themselves for providing for their old age. In the advanced countries of the West, life insurance companies have come forward to help self-employed people by offering superannuation and pension policies tailor-made to suit the requirements and capacities of these people. And Governments in some countries at least have extended some of the tax concessions applicable to provident fund and pension schemes of regular employees to self-emlpoyed people also.

A plea for making similar concessions to self-employed people has been made by the Institute of Chartered Accountants of India in the course of a memorandum submitted to the Finance Minister prior to the Budget. The memorandum, which dealt mainly with reform of the system of direct taxation in the country with suggestions for reorientation of the structure and rates of direct taxation, urged that the tax concessions available to pension and life insurance schemes for groups of employed persons should be extended to self-employed persons also. Specifically, it recommended a scheme of pension and life insurance for chartered accountants and pleaded for appropriate changes in the Finance Act so as to make the scheme as attractive as the group schemes of employed persons.

Who Needs It?

Chartered accountants, the memorandum points out, could be divided into two groups: (1) the professionals who are not in anybody's employ but are independent practising auditors, income-tax experts, etc., (2) chartered accountants who are employed on fixed remuneration in various firms and business houses. The second group presents no problems, because, as employees, the Income-tax Act confers upon them several concessions if they join the provident fund and Superannuation schemes which their employers may have established.

The memorandum submits that the problems of the former group, that is, the group consisting of practising chartered accountants, can be solved only if the Government is prepared to have a legislation more or less on the lines of the U.K. Finance Act, 1956. For a body of practising professionals, the memorandum further submits, the type of scheme which one can envisage for groups of employed persons is not implementable. This is because the income of every individual member of the profession may vary as also his requirements. The utmost flexibility, permitting variations in contributions from year to year and as between one individual to another, though they belong to the same income group, is necessary. At present, chartered accountants have the option of taking individual policies from the Life Insurance Corporation of India according to his needs. At the most, the Life Insurance Corporation of India can consider whether it can assist this body of professionals by offering some concession in rates. But to build up a satisfactory death and retirement benefits out of individual taxed income, the memorandum points out, is really a difficult task.

The scheme suggested by the authors of the memorandum is based on two assumptions: (1) that it will include only the self-employed chartered accountants, (2) that the necessary tax concessions will be given by the Government to this class of chartered accountants. For the purpose of the scheme, it has been assumed that the normal age of retirement of a chartered accountant is 65, though actually, a chartered accountant will not normally retire from his profession unless he is obliged to do so on grounds of ill-health. Fixing of this normal retirement age does not, however, imply that a member of the scheme must necessarily retire at this age or that he should commence receiving his retirement benefit from that age, regardless of whether he retires or not. There would be provision in the scheme for retirement before the normal retirement age as also for deferment of retirement after the normal retirement age. A member of the scheme may pay every year a varying contribution, subject to such limits as may be prescribed by the Government under the law granting the necessary concessions to self-employed persons. This contribution would be applied by the Corporation as single premium for the purchase of pension at normal retirement age. If the member retires at the normal retirement age the total pension he will receive will be the sum of the total various units of pension which will have been secured for him each year by the annual contribution which he will have paid before his retirement. The Corporation will issue each member an individual certificate stating the total contribution paid by the member and the total pensions that will have been purchased by him by the contributions paid till date. Obviously, such certificates will have to be issued every year, because the total quantum of pension and the contributions will vary from year to year, depending upon the amount of contribution which the member will pay each year and his attained age.

Normal Pension and Options

For the purpose of simplifying the administration of the scheme, a normal pension is also envisaged. This pension will be guaranteed for a minimum period of five years and will continue as long as the member is alive. The member will, however, have the option to exchange this normal pension with any other type of pension. Three types of optional pension in lieu of the normal pension have been indicated. They are the following:

1. *Pension guaranteed for longer periods.* A pension which, instead of being guaranteed for 5 years, can be guaranteed for a longer period of say either 10 or 15 years. If death of the member occurs during this period, the pension will continue to be paid to his dependents without any reduction for the balance of the guaranteed period. If, however, the member survives the guaranteed period, the same pension will continue to be paid to him during the remainder of his life. In this class of pension, therefore, the member has an assurance that regardless of his survival to the end of the guaranteed period, he or his dependents will benefit by the pension over the minimum guaranteed period. On the contrary, if he lives beyond the guaranteed period, he has an assurance of life-long income. There is thus a guarantee of a minimum benefit but no limit to the benefit which he can receive if he lives long enough.

2. A member can purchase separate pension for himself and for his wife, each of which may be guaranteed for an agreed period (e.g. 5, 10 or 15 years) and continue thereafter during the life time of beneficiary until death.

3. If the member does not wish to purchase separate pensions for himself and his wife, he may purchase what are commonly known as "last survivor pensions." This pension envisages that a certain amount of pension would be payable to the member and his wife so long as both are alive. If one of them dies, the pension will continue to be paid to the survivor until his/her death. It is customary to provide in "last survivor pensions" that so long as the member and his wife are alive the quantum of pension should be more than the pension payable to the survivor.

If a member retires before the normal retirement age, obviously, the amount of his pension will have to be adjusted. The member will have paid fewer contributions and he is expected to live longer, because he retires at a younger age. Consequently, the pension payable on earlier retirement age will be of a smaller amount than the normal pension. For the same reason, if a member retires after the normal retirement age, the quantum of his pension will be more than the pension at normal retirement age.

In the event of death of the member before the normal retirement age, his dependents will receive the contribution paid under the scheme and the interest which the Corporation may agree to pay thereon either in the form of an income or lump sum.

The aforesaid scheme is mainly intended to provide retirement benefits to the self-employed members of the chartered accountancy profession. It, however, gives no cover to his dependents in the event of his premature death. The memorandum, therefore, proposes a scheme of life insurance to supplement the scheme. The object is to ensure a regular monthly income of a fixed amount commencing on the death of the member before the age of 65 and payable for a fixed period of, say, 15 years. This cover may be provided under the temporary insurance plan. Under this plan, a member will pay a level annual premium, the amount of which will depend upon the monthly income to be provided for the dependents. For instance, if a member, aged 35, wishes to provide a monthly income of Rs. 1,000 payable to his dependents for 15 years from the date of his death, the sum assured will have to be about Rs. 1,46,000 for which the annual premium payable will be Rs. 2,800. If his death occurs at any time before he reaches 65, a guaranteed income of Rs. 1,000 per month will be paid to his wife, children or any other dependents for a period of 15 years. If the member survives to the age of 65, the insurance cover will cease; it carries neither surrender nor paid up values and consequently on the expiry of this plan no cash benefit will accrue. In other words, the member or his dependents would receive no benefits under this plan except in the event of death prior to attaining the age of 65.

A combination of the pension and temporary insurance plan, the memorandum points out, should provide reasonable security to the member and his family. Under the temporary insurance plan, the income will always cease at the end of the fixed period of fifteen years and, consequently, if the widow of a member survives this period, she will have no income during her old age. The scheme, therefore, envisages a pension plan for the widow by utilising the contributions of the member.

Only the broad outlines of the scheme have been indicated in the preceding paragraphs. Its underlying principle, namely, that self-employed people need some kind of a retirement or pension benefit and that the Government should make available to them the concessions available to those in service is unexceptionable. In fact, in the matter of tax relief for pension or retirement benefits, no distinction need be made between self-employed and service people. This principle has been accepted in countries like U.K. and there seems to be no reason why it should not be followed in this country, too.

Notice

THE IMPERIAL TOBACCO COMPANY OF INDIA LIMITED

NOTICE IS HEREBY GIVEN that a Second Interim Dividend of 2%, subject to tax, has been declared by the Board of Directors as payable on 20th April 1964 to the shareholders whose names appear on the Company's Register on 30th March 1964 or to their mandatees.

The Share Transfer Books of the Company will be closed from 26th to 30th March 1964 and transfers received at the office of the Company's Registrar (Jardine Henderson Limited, 4 Clive Row, Calcutta) before close of business on 25th March 1964 will, if in order, be registered in time for the transferees to receive the dividend.

By Order of the Board

P. J. RICKETTS

Assistant Secretary

VIRGINIA HOUSE
37 CHOWRINGHEE
CALCUTTA.
10th March 1964.

EMPLOYEES' STATE INSURANCE

The twenty-seventh meeting of the Employees' State Insurance Corporation held recently at New Delhi under the chairmanship of Mr. D. Sanjivayya, Union Minister of Labour and Employment, reviewed generally the progress made in the construction of hospitals and dispensaries under the Employees' State Insurance Scheme in the various States and sanctioned necessary funds for the purchase of lands, construction of new buildings, etc. The meeting approved in principle the proposal for the programme of research for study of problems of industrial medicine and hygiene. The research measures will be initiated in the employees' State insurance hospitals and the cost will be met solely by the Corporation. One of the important decisions taken by the Corporation was the grant of extended sickness and medical benefit to insured persons suffering from certain morbid conditions, on the same scale and subject to the same conditions as in case of tuberculosis, leprosy, mental and malignant diseases, etc., for which extended sickness benefit at full sickness benefit rate and medical care are already available to the insured persons. Sufferers from all such prolonged diseases will now be placed on cash benefit at the full sickness benefit rate for a maximum period of 365 days.

CO-OPERATIVE MOVEMENT IN 1961-62

ALL-ROUND PROGRESS MAINTAINED

THE year 1961-62 (1st July 1961 to 30th June 1962) recorded a relatively modest growth in the number of co-operative societies of all types in the country as a whole. At the close of that year the relevant aggregate number was 341,841, as compared with 332,488 at the end of the previous year. In terms of percentage, the increase in the number of societies in 1961-62 was only 2.8 per cent, as compared with 6.1 in 1960-61 and 10.4 in 1959-60, because steps had been taken in that year to weed out weak and dormant societies which were not fit for resuscitation. Thanks to this modest increase, the proportion of population covered by the co-operative movement came to only 42 per cent, as compared with 39 per cent at the end of 1960-61. But the owned funds and working capital (including owned funds) of all societies registered bigger increases in percentage terms during the year under reference. The owned funds, for instance, rose from Rs. 317 crores at the end of 1960-61 to Rs. 369 crores at the end of 1961-62, that is, by 16.4 per cent, while working capital (including owned funds) increased from Rs. 1,312 crores to Rs. 1,535 crores, that is, by 17.0 per cent. Another notable feature of co-operative movement in the year under review was that the loans advanced by all primary societies aggregated Rs. 449 crores, representing an increase of Rs. 70 crores or 18.5 per cent over the previous year. It would appear from these highlights that the financial magnitudes of the co-operative movement in 1961-62 reflected relatively larger increases than in the aggregate number of societies and their membership. An overall picture of the movement, as it stood at the end of that year, is provided by the table on the next page; the table is taken from the *Statistical Statements Relating to the Co-operative Movement in India*, 1961-62, just published by the Reserve Bank of India.

Short-term Credit

How the different sectors of the movement fared during 1961-62, as compared with 1960-61, may now be reviewed here. The credit societies catering predominantly to short-term credit requirements are the State co-operative banks, central co-operative banks, primary agricultural societies, grain banks and primary non-agricultural societies. To take the State co-operative banks, that is, the apex banks, first. Their finances were in better shape during the year under review, thanks to the increase in their working capital. The comparative composition of their working capital in the two years is brought out in the following table:

Working Capital of State Co-operative Banks

Item	1960-61		1961-62	
	Amount (Rs. crores)	Percentage to working capital	Amount (Rs. crores)	Percentage to working capital
Working capital ..	221.7	100.0	256.1	100.0
(1) Owned funds ..	24.0	10.8	28.9	11.3
(2) Deposits ..	72.3	32.6	81.4	31.8
(3) Borrowings from				
(a) Government ..	6.0	2.7	7.2	2.8
(b) Reserve Bank ..	113.8	51.4	131.7	51.4
(c) Other sources ..	5.6	2.5	6.9	2.7

It will be seen from the above table that the borrowings of state co-operative banks from the Reserve Bank formed 51.4 per cent of their working capital in both the years. Their advances during 1961-62 aggregated Rs. 256 crores, while the outstanding loans advanced by them amounted to Rs. 197 crores.

The working capital of central co-operative banks, too, increased from Rs. 304 crores in 1960-61 to Rs. 353 crores in 1961-62. The comparative composition of this working capital shows that owned funds increased from Rs. 51 crores (16.7 per cent) to Rs. 62 crores (17.5 per cent), deposits from Rs. 112 crores (36.8 per cent) to Rs. 124 crores (35.3 per cent) and borrowings from Rs. 141 crores (46.4 per cent) to Rs. 166 crores (47.2 per cent). The total loans advanced by the central banks in 1961-62 amounted to Rs. 384 crores as compared with Rs. 354 crores in the previous year. Short-term loans accounted for Rs. 354 crores and medium-term loans for Rs. 30 crores in the 1961-62 total of Rs. 384 crores. The outstanding loans at the end of 1961-62 amounted to Rs. 259 crores, of which Rs. 255 crores were due from societies and the balance from individuals. As for overdues, they formed 15.7 per cent of the outstandings, as against 12.5 per cent a year before.

Of the primary credit societies numbering 236,748, by far the largest single group is represented by the agricultural credit societies (215,081 in 1961-62, as compared with 212,129 in 1960-61). Out of the total number of the latter societies, as many as 20,095 had been dormant for one year and 20,627 for two years or more. Thus the number of dormant societies constituted no less than 18.9 per cent of the total number of agricultural credit societies. Of the total membership of 19.6 million, roughly 51 per cent actually borrowed during the year under review. The working capital of these societies at the end of 1961-62 amounted to Rs. 325 crores, representing an increase of Rs. 51 crores over the previous year. Included in this working capital are the share capital (Rs. 69 crores), deposits (Rs. 18 crores) and borrowings (Rs. 219 crores). The total loans advanced by the active societies during 1961-62 aggregated Rs. 228 crores, of which Rs. 205 crores were short-term and Rs. 23 crores medium-term. Their recoveries during the year amounted to Rs. 190 crores, while the overdues were pretty large, being of the order of Rs. 63 crores, or 24.5 per cent of the outstandings. The overdues showed a marked increase of Rs. 19 crores during the year and the proportion of overdues to outstandings also increased by 4.2 per cent. This is, indeed, a very disquieting aspect of co-operative credit.

Of the primary credit societies, grain banks increased their working capital from Rs. 5.4 crores in 1960-61 to Rs. 6.1 crores in 1961-62. The loans advanced by them amounted to Rs. 2.0 crores in the former year and to Rs. 2.5 crores in the latter. As for non-agricultural primary credit societies, their working capital of Rs. 165 crores in 1961-62 represented an increase of about Rs. 15 crores over the previous year. Of this working capital, deposits alone accounted for as much as Rs. 103 crores. The significance of this achievement can be appreciated if it is recalled that the deposits collected by all the State co-operative banks in the country amounted to Rs. 81 crores only in the same year and that the deposits collected by all the agricultural credit societies came to no more than Rs. 18 crores. As for the loans advanced by the non-agricultural credit societies, these were of the order of Rs. 162 crores in 1961-62, as compared with Rs. 131 crores in the previous year.

The all-India averages in respect of membership, share capital, deposits, working capital and loans advanced per borrowing member are given in the following table relating to agricultural credit societies:

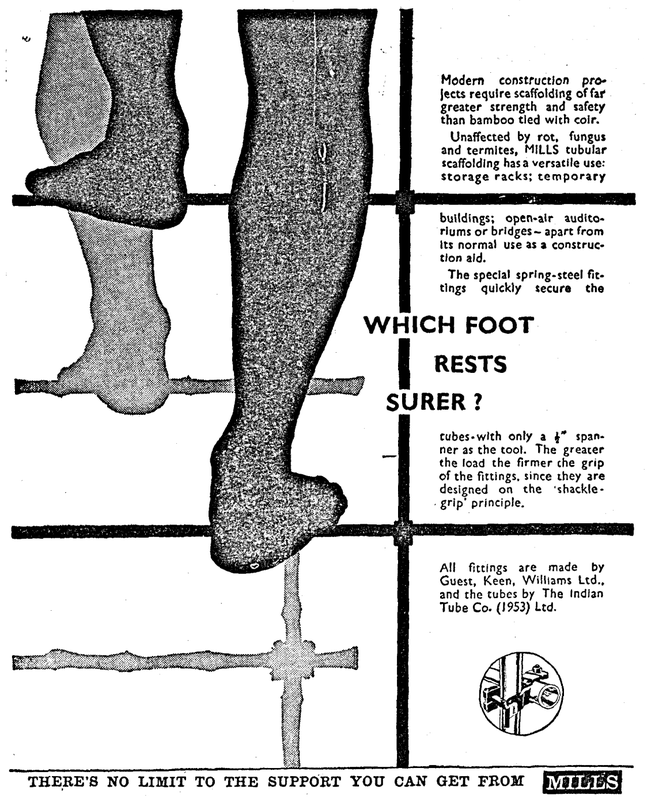
Agricultural Credit Societies

(Amounts in rupees)

Item	All societies		Large-sized societies	Small-sized societies
	1960-61	1961-62	1961-62	1960-61
Membership per society ..	80	91	502	75
Working capital per society ..	12,913	15,126	118,628	11,220
Share capital				
(a) Per society	2,722	3,190	27,455	2,274
(b) Per member	34	35	55	30
Deposits—				
(a) Per society	683	820	7,042	585
(b) Per member	9	9	14	
Loans advanced per borrowing member	226	229	256	220

Long-term Credit

In the co-operative sector, central and primary land mortgage banks cater to long-term credit requirements. During 1961-62, the membership of central land mortgage banks consisted of 500 primary land mortgage banks, 182 other co-operative institutions and 298,701 individuals. Their working capital increased from Rs. 48 crores in 1960-61 to Rs. 62 crores in 1961-62. The long-term loans advanced by them during 1961-62 for land improvement, purchase of machinery, etc. amounted to Rs. 15 crores, as compared with Rs. 12 crores in the previous year. The long-term loans outstanding to them stood at Rs. 48 crores, of which overdues accounted for Rs. 1.6 crore. As for primary land mortgage banks, their working capital increased from Rs. 27 crores in 1960-61 to Rs. 38 crores in 1961-62. The bulk of the increase in their working capital was accounted for by the increase



in borrowings from central land mortgage banks from Rs. 24 crores to Rs. 34 crores. The loans outstanding to these banks in 1961-62 amounted to Rs. 35 crores, as against Rs. 25 crores in the previous year.

Non-credit Societies

The operations of different types of non-credit societies, numbering in all 104,132, during 1961-62 and the relevant financial magnitudes have been exhaustively dealt with in the *Statistical Supplements*. Some of the findings are highlighted below:

(1) The working capital of 21 State marketing societies amounted to Rs. 11 crores. The total value of agricultural produce sold by them, both as owners and agents, was Rs. 12.4 crores, of which paddy accounted for Rs. 5.3 crores and oilseeds for Rs. 2.4 crores. They also sold agricultural requisites of the value of Rs. 16.0 crores, of which Rs. 12.3 crores represented fertilisers.

(2) The sales of agricultural produce by 151 central societies, functioning at the district or regional level, amounted to Rs. 6.5 crores, while the agricultural requisites sold by them were valued at Rs. 14.6 crores and the value of consumers' articles sold by them at Rs. 8.4 crores.

(3) The number of primary marketing societies as on 30th June 1962 was 3,007, with a total membership of 1.65 million and aggregate working capital of Rs. 32 crores. The total value of their purchases was Rs. 61 crores, while their total sales amounted to Rs. 94 crores, of which Rs. 60 crores represented sales by them as agents. Of the total sales, agricultural produce accounted for Rs. 60 crores, and agricultural requisites for Rs. 22 crores (of which fertilisers accounted for Rs. 15 crores). The marketing societies advanced loans to the tune of Rs. 5.3 crores to societies and Rs. 20.6 crores to individuals and others. They owned 1,932 godowns with an estimated aggregate capacity of 3.5 million quintals and also hired 3,630 godowns.

(4) The number of sugarcane supply societies at the end of 1961-62 was 9,194, including one State society, 69 central societies and 9,124 primary societies. The working capital of central societies and primary societies was Rs. 1.0 crore and Rs. 9.0 crores, respectively. The value of sugarcane marketed by the central societies was Rs. 7.7 crores, while, in the case of primary societies, it was Rs. 61.0 crores. The primary societies also supplied agricultural requisites of the value of Rs. 4.2 crores.

(5) Milk supply unions and societies, numbering in all 4,044, purchased milk worth Rs. 11.5 crores and sold milk and milk products of the aggregate value of Rs. 14.3 crores.

(6) The number of co-operative sugar factories at the end of 1961-62 was 67, as compared with 66 at the end of the previous year. Their paid-up capital was Rs. 19.5 crores, of which the Government's contribution was Rs. 7.8 crores. Their borrowings were to the tune of Rs. 48 crores, of which Rs. 20 crores were from co-operative banks, Rs. 5.0 crores from the State Bank of India, Rs. 16 crores from the Industrial Finance Corporation and just under Rs. one crore from the Government. Their total working capital amounted to Rs. 78 crores, as compared with Rs. 65 crores in the previous year. The number of factories in production was 35, as against 32 in the previous year. The value of sugar produced by them was Rs. 45 crores, as compared with Rs. 44 crores in 1960-61, while their sales of sugar amounted to Rs. 44 crores, as against Rs. 29 crores in the previous year. Among the States, Maharashtra had the largest number of sugar co-operatives, namely, 20, of which 14 were in production, contributing Rs. 27 crores to the total value (Rs. 45 crores) of sugar produced by co-operative sugar factories in the country.

(7) The cotton ginning societies sold cotton of the total value of Rs. 13 crores during the year.

(8) The number of joint farming societies was 2,381 at the end of 1961-62 with a total membership of 56,435, as compared with 2,080 at the end of 1960-61, with a total membership of 51,452. The number of members working full time in field operations decreased from 28,021 to 21,015. The area commanded by the societies in 1961-62 was 365,000 acres, of which 273,000 acres were under cultivation. The total value of production was Rs. 1.1 crore, as compared with Rs. 1.05 crore in the previous year.

(9) The collective farming societies increased in number from 1,104 in 1960-61 to 1,196 in 1961-62 and in membership from 36,790 to 40,904. The area commanded in 1961-62 was 197,000 acres and the area under cultivation 112,000 acres. The total value of their production fell from Rs. 0.53 crore to Rs. 0.47 crore.

(10) The number of irrigation societies fell from 1,555 in 1960-61 to 1,469 in 1961-62 and the area commanded by them from 291,000 acres to 273,000 acres. The area actually irrigated by them also fell from 169,000 acres to 152,000 acres, their income declining from Rs. 23 lakhs to Rs. 21 lakhs. The societies had Rs. 1.7 crore worth of irrigation works.

(11) The fisheries societies, numbering 2,538 with a total membership of 268,000, had a catch of the value of Rs. 1.2 crore.

(12) In the field of handloom weaving, there were 19 apex weavers' societies, 120 central societies and 12,222 primary societies. The total working capital of the apex societies was Rs. 7.6 crores and the value of cloth produced by them (including cloth procured from primary weavers' societies) amounted to Rs. 5.6 crores, while their sales were of the order of Rs. 8.9 crores. The central weavers' societies had Rs. 1.4 crore of working capital and the cloth produced by them was valued at about Rs. one crore, while their sales came to Rs. 1.4 crore. The primary weavers' societies had Rs. 22 crores of working capital, produced cloth worth Rs. 39 crores and sold cloth valued at Rs. 43 crores.

(13) Other industrial societies had an aggregate working capital of about Rs. 19 crores. The value of their production was Rs. 16 crores and that of their sales Rs. 20 crores.

(14) The total number of co-operative spinning mills was 25, with an aggregate working capital of Rs. 6.3 crores and with 221,000 spindles. The value of yarn sold by them during the year was Rs. 2.9 crores.

(15) The number of wholesale consumers' stores was 32, while that of primary stores was 7,266. The primary stores had an aggregate working capital of Rs. 9.8 crores. Their purchases and sales were Rs. 34 crores and Rs. 35 crores, respectively, during 1961-62, as compared with Rs. 38 crores and Rs. 44 crores, respectively, in the previous year.

(16) There were six State and 7,877 primary housing societies, with a total working capital of Rs. 72 crores. The amount of loans outstanding to them was Rs. 27 crores, while the value of land and buildings owned by them was Rs. 40 crores. The number of independent houses and tenements constructed by them was 15,613, valued at Rs. 15.1 crores, while the number and value of houses constructed by members were 12,575 and Rs. 9.7 crores, respectively.

Some general findings regarding the state of the co-operative movement in the year under review may also be highlighted. Firstly, Government participation in the share capital of various types of societies increased from Rs. 40.00 crores in 1960-61 to about Rs. 47.50 crores in 1961-62 (Rs. 30.3 crores to credit institutions and Rs. 17.2 crores to non-credit institutions). Secondly, the total liabilities and assets of societies under liquidation during the year were Rs. 13 crores and Rs. 8 crores, respectively. And, finally, the profit-and-loss picture shows that 201,669 societies had an aggregate profit of Rs. 26.3 crores and 83,621 societies had an aggregate loss of Rs. 11.4 crores. The profit-making societies in the previous year, it may be noted here by way of comparison, numbered 201,390, with an aggregate profit of Rs. 24.3 crores, while the losing societies numbered only 75,558, with an aggregate loss of no more than Rs. 6.4 crores.

SECTION 7 OF BANKING COMPANIES ACT

Section 7 of the Banking Companies Act, 1949, as amended with effect from the 1st February 1964, provides that no firm, individual or group of individuals shall, for the purpose of carrying on any business, use as part of its or his name any of the words "bank," "banking," or "banking company."

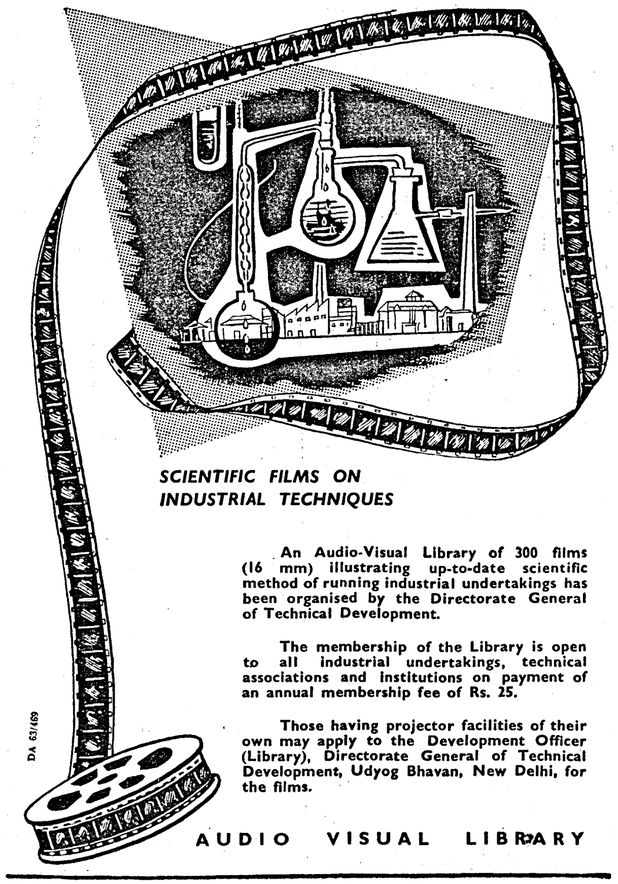
Drawing public's attention to the provisions of this Section, a Reserve Bank's Press note warns that the use, or continuance of the use, of any of the abovementioned words by any firm, individual or group of individuals as part of its or his name, would constitute a contravention of the law and would attract the penalties provided under Section 46(4) of the Banking Companies Act, namely, punishment with fine which may extend to Rs. 2,000 and, where a contravention is a continuing one, with a further fine which may extend to Rs. 100 for every day during which the contravention continues. Action may, therefore, be taken immediately by any firm, individual or group of individuals using any of the prohibited words to desist from doing so, the note adds.

Co-operative Movement in 1961-62

(Amounts in crores of rupees)

Type of society	Number	Membership (in thousands)	Working capital	Loans advanced	Value of goods: Received or produced	Value of goods: Sold
All Societies:	341,841	3,88,94	1,584.8	449.4*	328.7	510.1
Credit Societies:						
(A) Short-term—						
1. State Co-operative Banks	21	30	256.1	287.7	..	..
2. Central Co-operative Banks	887	3,96	352.7	353.8	..	..
3. Primary Credit Societies—						
(a) Agricultural	215,081	1,95,72	325.3	228.3	46.0	49.3
(b) Grain Banks	19,190	12,32	6.1	2.5	..	..
(c) Non-agricultural	12,477	49.79	164.9	161.6	8.2	4.2
(B) Long-term—						
1. Central Land Mortgage Banks	17	2.99	61.7	14.8	..	..
2. Primary Land Mortgage Banks	536	8,52	88.3	12.6	..	..
Non-credit Societies	104,132	1,15,34	329.7	44.4	279.5	456.5

* Data relate to primary societies.



SCIENTIFIC FILMS ON INDUSTRIAL TECHNIQUES

An Audio-Visual Library of 300 films (16 mm) illustrating up-to-date scientific method of running industrial undertakings has been organised by the Directorate General of Technical Development.

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AUDIO VISUAL LIBRARY

DA 53/469

MODERNISATION HELPS MADURA MILLS

DIVIDEND INCREASED—RESERVES GET MORE

THE working results of Madura Mills Company Ltd. (Managing Agents: Messrs. A. & F. Harvey Ltd., Madurai) for the year ended 31st December 1963 are, indeed, heartening and provide sufficient justification for the Directors' decision to raise the dividend by 2½ points to 17.5 per cent per annum, subject to deduction of tax, on the Company's Rs. 15 fully paid ordinary shares. Owing to a variety of factors discussed more fully below, the realisation from sale of products and waste and also from processing charges has risen by a little over 10 per cent from Rs. 16.52 crores to Rs. 18.25 crores and the gross profit has improved by about Rs. 36 lakhs to Rs. 204.34 lakhs.

The higher gross profit has naturally meant a bigger provision for the commission payable to the Managing Agents. Accordingly, Rs. 8.67 lakhs (as against Rs. 7.64 lakhs in the previous year) have been provided to meet this liability. The provision for taxation has, however, decreased from Rs. 65.67 lakhs to Rs. 58.32 lakhs owing to two factors. First, with a higher depreciable block, the provision for depreciation has increased by as much as Rs. 13.65 lakhs to Rs. 57.18 lakhs. And secondly, the development rebate claimed (that is, the provision for development rebate reserve made in the accounts plus one-third thereof) has risen quite sharply to Rs. 36.51 lakhs from Rs. 12.93 lakhs a year ago. Moreover, the previous year's tax provision was inclusive of an amount of Rs. 10.02 lakhs being the additional provision for 1961 due mainly to the changes made by the Finance Act, 1962. Further, the tax liability of Rs. 55.65 lakhs for 1962 included a provision for super profits tax whereas the provision for 1963 makes no allowance for S.P.T. and has been determined before the announcement of the current year's budget carrying the sur-tax and a tax on the dividend amount.

The net profit has, therefore, reached an impressive level of Rs. 80.17 lakhs from Rs. 51.51 lakhs the year before. The whole of this improvement has not, to be sure, flowed to the shareholders, as the Directors have wisely decided to plough back nearly two-thirds of the available surplus for meeting the growing needs of the business. From the amount of Rs. 91.02 lakhs available for disposal including Rs. 10.85 lakhs brought in, the Directors have credited Rs. 27.38 lakhs (as against Rs. 9.70 lakhs in 1962) to the statutory development rebate reserve, Rs. 10 lakhs (same) to the debenture-stock redemption reserve, Rs. 7.50 (same) to the reserve to be utilised for the payment of the loan from the National Industrial Development Corporation and Rs. 14.92 lakhs (as against *nil*) to the general reserve. The dividend absorbs Rs. 30.65 lakhs, leaving a much reduced carry forward of Rs. 59,354, as against Rs. 10.85 lakhs brought in.

The following comparative table gives a comprehensive idea of how the Company has fared in the past four years.

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sales and processing charges	18,24.61	16,52.45	17,69.62	17,86.47
Other income	42.18	47.44	42.30	31.88
Closing stocks	109.68	99.65	75.45	136.52
Raw materials and stores consumed	10,94.06	10,45.58	10,43.01	12,49.44
Staff expenses	395.10	380.57	371.18	356.48
Other expenses	182.42	129.59	138.05	120.76
Gross profit	204.34	168.35	198.61	107.34
Managing Agents' commission	8.67	7.64	8.00	14.61
Provision for—				
Depreciation	57.18	43.53	32.04	25.72
Taxation	58.32	65.67	69.40	71.71
Net profit	80.17	51.51	88.27	85.30
Provisions written back	..	0.34	1.50	..
To reserves	59.80	27.20	58.28	55.88
Dividend	30.63	26.25	26.25	26.25
	(17.5%)	(15%)	(15%)	(15%)
Carry forward	0.59	10.85	12.45	7.21

Market price of equity shares (in rupees):	1964	1963	1962	1961	1960
High	36.75	34.25	43.28	44.40	36.25
Low	33.40	28.50	33.12	34.75	30.50

Note:—All dividends are subject to deduction of tax.

The improvement in the working during 1963 is the combined result of the modernisation scheme and the measure of rationalisation of workloads achieved during the year, despite power for a total of 34 days, including 14 days of no power at all. The small increase in internal yarn prices granted in February 1963 has also contributed to the improved results. Moreover, yarn exports during the year were satisfactory and, in addition, a creditable cloth export performance was achieved during the latter half of the year. Calls for Defence requirements were also met in full.

In their previous year's report, the Directors had stated that the project involving the installation of 450 automatic looms would be implemented in full in 1963. This schedule has been strictly adhered to. Besides, a licence for an additional 500 looms has been received and the essentiality certificate for the import of these looms from Belgium has also been obtained. The construction of the weaving shed at Ambasamudram is making satisfactory progress and is expected to be completed this year. The addition of bleaching, dyeing and finishing plants is also engaging the attention of the Directors and applications have been submitted for the necessary licences to import the most up-to-date machinery.

With a net addition of Rs. 170 lakhs during the year, the gross block has expanded to Rs. 997.93 lakhs. It has been written down to Rs. 456.55 lakhs and, together with work-in-progress, shown at Rs. 513.25 lakhs. Investments, mostly in unquoted shares, are carried in the books at a cost of Rs. 49.70 lakhs while current assets, looms and advances total Rs. 797.97 lakhs. There is no change in the Company's paid-up equity share capital of Rs. 175.03 lakhs. It is supplemented by Rs. 610.01 lakhs in reserves. The "own funds" are thus of the level of Rs. 785.04 lakhs. The outside interest aggregates Rs. 595.87 lakhs comprising Rs. 394.07 lakhs as borrowings (Rs. 114.44 lakhs in debentures, Rs. 49.34 lakhs from the N.I.D.C., Rs. 53.88 lakhs as cost of machinery purchased on deferred payment basis and the balance as loans from banks) and Rs. 181.80 lakhs as current liabilities and provisions.

The Rs. 15 paid shares of the Company are currently quoted at Rs. 35.50 *cum-div.* and fetch a net return of 5.5 per cent per annum.

(*Concluded from next column*)

of the total component parts of single speed lifts are being manufactured locally. The construction work of the Company's factory for house service meters at Hyderabad was completed during the year and initial production of single-phase meters was started in November 1963. It is proposed to manufacture polyphase meters.

Mention was made in last year's report that the Company was contemplating to put up a factory for the manufacture of transformers and switchgear at Sonepat in Punjab. The Directors are pleased to report that the industrial licence for this has been received and that the economics of the project are being further reviewed before a final decision is reached. A contract division, established during the year, has been successful in getting substantial business from the railway electrification for the erection of switching and booster stations in the Eastern zone. The total value of this contract is about Rs. 50 lakhs.

In their last report, the Directors had made mention of a proposed increase in the capital of the Company to finance its continued expansion. Accordingly, 15,500 preference shares of Rs. 100 each were offered to the existing shareholders, out of which only 3,003 shares were taken up by them. This has raised the paid-up share capital of the Company from Rs. 61.10 lakhs to Rs. 64.11 lakhs, made up of Rs. 3 lakhs in preference shares of Rs. 100 each and Rs. 60.94 lakhs in ordinary shares. This is supported by Rs. 28.47 lakhs in reserves, excluding Rs. 6.21 lakhs which are to be paid out as dividend. Besides, application money in respect of the 12,497 preference shares offered to the public is placed at Rs. 12.83 lakhs. Secured loans from banks and the Industrial Finance Corporation have risen from Rs. 94.57 lakhs to Rs. 155.91 lakhs while current liabilities are higher by Rs. 23.09 lakhs at Rs. 133.23 lakhs. New assets worth Rs. 58.06 lakhs were acquired during the year and this has inflated the block account to Rs. 126.10 lakhs. On deducting therefrom Rs. 30.30 lakhs, being the accumulated depreciation, the net block works out to Rs. 95.80 lakhs. Current assets, loans and advances and investments collectively amount to Rs. 298.47 lakhs.

The present market quotation for the Rs. 10 fully paid ordinary shares of the Company is Rs. 14.12 *cum-div.* On an *ex-div.* basis, they fetch a net return of more than 5.2 per cent per annum.

PROGRESS OF ELECTRIC CONSTRUCTION GOOD

DIVIDEND, HOWEVER, SAME

THE year ended 31st October 1963 has been one of steady progress for the Electric Construction and Equipment Company Ltd. [Secretaries and Treasurers: Messrs. Birla Brothers (Pvt.) Ltd., Calcutta], in spite of there having been during the year persistent shortage of raw materials, power, etc. Gross realisation from the sale of products has come within striking distance of the Rs. 3-crore level and the gross profit has reached an all-time high level. The impressive results have quite naturally elated the Directors, as they state in their report to the shareholders that "further expansion programmes have been launched as the Company moves towards new horizons." Aggressive merchandising, with special emphasis on selected markets, has brought about further growth in the highly competitive transformer and electric motor markets, and this appears to be the main reason for the 38 per cent rise in sales realisation from Rs. 206.25 lakhs to Rs. 285.93 lakhs. The larger turnover has helped to raise the gross profit substantially from Rs. 26.54 lakhs to Rs. 40.32 lakhs.

Following this increase in gross profit, the remuneration payable to the Secretaries and Treasurers has risen from Rs. 1.48 lakh to Rs. 1.79 lakh and the provision for taxation has nearly doubled from Rs. 8.80 lakhs to Rs. 15.25 lakhs, even though the provision for depreciation at Rs. 8.97 lakhs is higher by Rs. 3.26 lakhs. The increase in the provision for depreciation is, of course, due to the expansion in the depreciable block during the year itself as well as owing to the fact that a full year's depreciation has had to be provided on the new manufacturing facilities acquired during the preceding year. In spite of these higher essential provisions, the net profit is higher by Rs. 3.56 lakhs at Rs. 14.11 lakhs. Out of this, as much as Rs. 8 lakhs, as against Rs. 5.05 lakhs a year before, has been transferred to reserves. The dividend on the 10-rupee ordinary shares once again remains unchanged at 10 per cent per annum, subject to deduction of tax, and claims Rs. 6.09 lakhs.

The steady progress made by the Company in the past four years is clearly brought out in the following comparative table.

(In lakhs of rupees)

	For the year ended 31st October			
	1963	1962	1961	1960
Sale proceeds (gross)	285.93	206.25	167.94	119.20
Other income	13.53	11.20	5.84	5.22
Raw materials and stores consumed	163.19	126.21	102.24	70.64
Excise duty	1.59	0.25	0.14	0.14
Other expenses	94.36	64.45	51.65	40.46
Gross profit	40.32	26.54	19.75	13.18
Remuneration to Secretaries and Treasurers	1.99	1.48	1.17	..
Provision for—				
Depreciation	8.97	5.71	3.65	2.48
Taxation	15.25	8.80	5.75	4.00
Net profit	14.11	10.55	9.18	6.70
Excess provisions written back	0.12	0.18	..	0.23
Credits relating to prior years	0.11	0.45	0.06	0.16
To reserves	8.00	5.05	3.34	3.99
Dividend—				
Preference	0.12	..	..	..
Ordinary	6.09 (10%)	6.09 (10%)	6.09 (10%)	3.05 (10%)
Carry forward	0.21	0.12	0.08	0.27

Market price of ordinary share (in rupees)	1963	1962	1961	1960
High	14.37	16.31	15.12	16.94
Low	11.75	12.87	11.37	12.12

Transformers accounts, as noted before, for the major portion of the Company's business during the year under report. Their production at both the Cossipore and Visakhapatnam factories increased further and a total of 331,585 kVA were produced, as against 254,035 kVA during the previous year.

The Company's unit at Budge Budge, producing switchgears and lifts, maintained a steady rate of progress during the year under review. A total turnover of approximately Rs. 42.20 lakhs has already been achieved during the year in the new factory. The Government has approved the collaboration agreement which the Company has entered into with Messrs. Ateliers de Constructions Eletriques de DELLE of France for the manufacture of a wide variety of switchgears. The work of manufacturing switchgears under this collaboration is now being pursued vigorously and it is hoped that production would start towards the beginning of 1965. Progressive manufacture of lifts is also continuing satisfactorily and now approximately 95 per cent

(*Continued in previous column*)

Notices

THE UNITED COMMERCIAL BANK LIMITED

Registered Office:
2, India Exchange Place
CALCUTTA-1

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY-FIRST ANNUAL GENERAL MEETING of the Members of THE UNITED COMMERCIAL BANK, LIMITED, will be held at the Registered Office of the Bank at 2, India Exchange Place, Calcutta, on Wednesday, the 8th April, 1964, at 4 p.m., to transact the following business:—

1. To receive and adopt the Report of the Directors and the Audited Balance Sheet as on 31st December, 1963 and Profit and Loss Account for the year ended 31st December, 1963;
2. To declare a Dividend;
3. To appoint a Director in the place of Mr. G. D. Birla who retires under Article 92 of the Articles of Association of the Bank, and to consider and, if thought fit, to pass the following resolution of which special notice as required by Section 281 of the Companies Act, 1956, and in accordance with Section 190 thereof, has been received by the Bank;

   "That Mr. G. D. Birla, who has attained the age of 69 years, be and is hereby re-appointed a Director of the Bank and that the age limit, prescribed under Section 280 of the Companies Act, 1956, shall not apply to him."
4. To appoint two Directors in the place of Mr. I. P. Goenka and Mr. Y. N. Mafatlal who retire under Article 92 of the Articles of Association of the Bank and, being eligible, offer themselves for re-appointment;
5. To appoint a Director in the place of Mr. R. L. Nopany who retires under Article 92 of the Articles of Association of the Bank but does not seek re-appointment and to consider and, if thought fit, to pass the following resolution of which due notice in writing as required by Section 257 of the Companies Act, 1956, has been left at the office of the Bank:

   "That Mr. Mohanlal Nopany be and is hereby appointed a Director of the Bank."
6. To appoint Auditors for the current year and to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modification, the following resolutions as Ordinary or Special Resolutions as indicated against each Resolution:

7. (As an Ordinary Resolution of which due notice in writing as required by Section 257 of the Companies Act, 1956 has been left at the office of the Bank):

   "That Mr. S. T. Sadasivan be and is hereby appointed a Director of the Bank."
8. (As a Special Resolution if the Resolution referred to in item No. 7 is passed): That the consent of the Company be accorded to the holding by Mr. S. T. Sadasivan, on his appointment as a Director, of an office or place of profit under the Company, namely, as an officer on leave preparatory to retirement.
9. (As an Ordinary Resolution: That the payment of Rs. 6,159.12 out of the unappropriated balance of Rs. 25,151.41 at credit of the Profit and Loss Account on 31st December 1962 being the difference in the amount of dividend due at Rs. 0.375 per share, *less* tax, and that authorised by the Twentieth Annual General Meeting to be paid at Rs. 0.250 per share, *less* tax, on 49,273 New Shares (Part of 80,780 New Shares) be and is hereby confirmed.
10. (As a Special Resolution if the Resolution referred to in item No. 7 is passed): That pursuant to the provisions of Section 314 of the Companies Act, 1956, consent be, and is hereby accorded to Mr. P. Nagarajan who is a relative of Mr. S. T. Sadasivan whose name has been proposed for appointment as a Director, holding and continuing to hold an office or place of profit under the Company, namely, an employee of the Company on the terms and conditions as to remuneration specified in the Explanatory Statement annexed hereto and on such other benefits, terms and conditions as may be applicable as per Bank's rules from time to time and the Board of Directors or a Committee thereof be and they are hereby authorised to grant a higher increment, in the scale at their discretion.

Note.—1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

2. (*a*) The Transfer Books of the Bank will be closed from Monday, the 23rd March, 1964 to Wednesday, the 8th April, 1964, both days inclusive;

(*b*) The dividend, if sanctioned, will be payable on and after the 9th April, 1964, to those Members whose names appear on the Company's Register on the 8th April, 1964;

(*c*) Dividend Warrants will be posted to the Members at their registered addresses or in accordance with their mandates. Members are requested to advise change in their addresses, if any;

(*d*) The Explanatory Statement as required under Section 173 of the Companies Act, 1956, has been forwarded to the Members of the Company.

By Order of the Board,
S. T. SADASIVAN,
General Manager.

CALCUTTA, 6*th March*, 1964.

NATIONAL PIPES AND TUBES COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Twentieth Annual General Meeting of the Members of National Pipes and Tubes Co. Ltd., will be held at the Registered Office of the Company, 'NICCO HOUSE,' Hare Street, Calcutta, on Monday the 30th March, 1964, at 3-30 p.m., to transact the following business:

(1) To receive and adopt the Directors' Report and the audited Balance Sheet and Profit and Loss Account for the year ended 30th September, 1963.

(2) To declare Dividends on the Preference and Ordinary Shares.

(3) To appoint a Director in place of Shri M. L. Shah, who retires by rotation and is eligible for re-appointment subject to compliance with the provisions of Section 281 of the Companies Act, 1956 and to consider and, if thought fit, to pass the following Resolution of which a Special Notice as required under Section 281 of the Companies Act, 1956 has been received by the Company:

"RESOLVED that pursuant to the provisions of Section 281 of the Companies Act, 1956, Shri M. L. Shah, who has attained the age of 69 years and who retires by rotation, be and is hereby re-appointed a Director of the Company and it is hereby specifically declared that the age limit for the Directors, prescribed under Section 280 of the said Act, shall not apply to him."

(4) To appoint Auditors and fix their remuneration.

(5) AS SPECIAL BUSINESS, to consider and, if thought fit, to pass the following Resolutions, with or without modification, as Ordinary Resolutions:

(*a*) RESOLVED that Shri Sailendra C. Sen be and is hereby appointed a Director of the Company.

(*b*) RESOLVED that the re-appointment of Messrs. Associated Agents and Merchants, Madras, as Sole Selling Agents of the Company for the sale of the Company's products within the State of Madras for a further period of five years as on and from 1st January, 1964 subject to termination by three calendar months' notice on either side upon the terms and conditions as recorded in the Agreement dated 4th February, 1964 made between the Company of the One Part and the said Sole Selling Agents of the Other Part, be and is hereby approved.

(*c*) RESOLVED that the Books, Registers and other documents of the Company required to be maintained and disclosed under the provisions of the Companies Act, 1956, shall be kept open for inspection by the persons entitled thereto to the extent and in the manner and on payment of the requisite fees, as provided in the said Act at the Registered Office of the Company on any working day between the hours 11 a.m. and 1 p.m. except when the Registers and Books are closed under the provisions of the aforesaid Act, provided, however, that the Register required to be maintained under Section 307 of the Act shall be open for inspection by any Member in the time as aforesaid during the period prescribed under Clause (*a*) of Sub-section (5) of Section 307 of the Act.

The Share Transfer Books of the Company will remain closed from 17th March to 30th March, 1964, both days inclusive.

By Order of the Board,

FOR NATIONAL PIPES & TUBES COMPANY LIMITED,

FOR ASSOCIATED INDUSTRIAL DEVELOPMENT CO. (PRIVATE) LTD.

S. C. ROY,
Director,
Managing Agents.

Registered Office:
NICCO HOUSE,
HARE STREET,
CALCUTTA-1.

The 13th February, 1964.

N.B.—A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and that a Proxy need not be a Member.

The Dividend, if declared, will be paid to those Members whose names appear in the Register of the Company on 30th March, 1964 or their Mandatees and the Dividend Warrants will be posted from 15th April, 1964, onwards.

An Explanatory Statement pursuant to Section, 173 of the Companies Act, 1956, in respect of Item Nos. 3, 5(*a*), 5(*b*) and 5(*c*) has been appended to the Notice of the Meeting and forwarded to the Shareholders.

TO ALL SHAREHOLDERS:

And in particular to:

Shri R. R. Bhandary, H. H. Lt. Genl. Shanker S.S.J.B.R., Rani Saheba Shanker Kumari Devi & Sridhara S.S.J.B.R., Sm. Chandi Devi, Shri Cali Shawakshaw Dinshaw & Sm. Louise Cali Shawakshaw Dinshaw, Maj. Genl. Pritam Singh Chowdhury & Sm. Tripat Chowdhury, Shri Syed Nazir Hussain & Sm. Akhtari Begum Hussain, Shri A. W. Lilley, Mrs. Lilleowong Chen, Lt. Genl. Shanker Shum Shere J.B.R., Rani Jagadamba Kumari Debi and Maj. Genl. Mrigendra Shum Shere J.B.R.

THE PULLANGODE RUBBER AND PRODUCE COMPANY, LIMITED

(*Incorporated in India*)

NOTICE IS HEREBY GIVEN THAT THIS Company will pay on the 31st March, 1964, to the registered holders as at that date dividend due on the Preference Shares at the rate of 6.131 per cent (calculated in accordance with the Preference Shares (Regulation of Dividends) Act, 1960), subject to deduction of tax.

The Preference Share Transfer Books will be closed from 28th March 1964 to 31st March, 1964, both days inclusive.

By Order of the Board,

THE PULLANGODE RUBBER & PRODUCE CO., LTD.,
Per Pro. ASPINWALL & CO., LTD.,
V. P. THOMAS,
Managing Agents.

COCHIN-1,
7th March 1964.

SYNOPSES OF COMPANY REPORTS

Indian Wood Products Co., Ltd.

(*Managing Agents*: Messrs. Gillanders Arbuthnot & Co., Ltd., Calcutta.)

Forty-fourth Annual General Meeting—24th March 1964.

Working Results:

	For the year ended 30th September (In thousand rupees)	
	1963	1962
Sales	64,37	68,89
Gross profit	20,49	24,86
To Managing Agents' remuneration	1,61	2,25
Transfer to depreciation	94	89
,, ,, provision for taxation	8,85	11,81
,, ,, ,, Super Profits tax	5,75*	Nil
Net profit	3,34	9,91
Appropriations:		
Transfer to general reserve	1,15	2,50
,, special reserve	42	Nil
To interim dividend (taxable) ordinary	2,00 (10%)	2,00 (10%)
Proposed final dividend (taxable) ordinary	3,00 (15%)	4,00 (20%)
Carry forward	5	3,26

Market value of ordinary shares (in rupees):	1964	1963	1962
High	29.94	32.00	33.50
Low	28.00	28.50	30.75

* Includes Rs. 2,31,413 for Super Profits Tax for 1962.

Extracts from the Directors' report: As foreseen last year, the increase in the cost of raw materials has affected the profits. This has been further aggravated by the dull market conditions for Katha as a result of which the Company had to reduce the selling price in the middle of the year. The market has now become more stable, but the Company continues to be faced with competition from small-scale factories. In addition the Company still continues to buy Khair trees from the auctions and, now that it has used up its stocks of lower priced timber, there will be a further small increase in the cost of raw material. These factors may affect profits in the current year to some extent.

Accounts in brief as at 30th September 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	20,00,000	Gross block	24,75,890
Reserves and surplus	29,58,721	—Depreciation	21,67,063
Other liabilities	58,04,606	Net block	3,08,827
		Current assets	1,03,09,521
		Investments	2,000
		Cash	1,42,979
	Rs. 1,07,63,327		Rs. 1,07,63,327

* Paid up capital consists of 2,00,000 ordinary shares of Rs. 10 each. Of the above 80,000 shares have been allotted as fully paid up bonus shares, by way of capitalisation of reserves.

Permanent Magnets Ltd.

(*Chairman*: Mr. Madanmohan R. Ruia, Bombay.)

Third Annual General Meeting, Baroda—23rd March 1964.

Extracts from the Directors' report for the year ended 31st December 1963:

The year's accounts show a net loss of Rs. 3,47,314 as against the loss of Rs. 1,80,987 in the previous year. Depreciation as required under the Companies Act 1956 has been written off in full. Development rebate amounting to Rs. 3,72,649 will be provided as and when there is sufficient profit. The net loss of Rs. 5,28,926 which includes Rs. 1,79,647 being the loss brought forward from the last year has been carried forward.

Finance: On 29th October 1963 the Company executed a mortgage in favour of I.C.I.C.I. Limited for a foreign exchange loan equivalent to Rs. 13,07,000 out of which a sum of Rs. 71,190.48 equal to U.S. $14,950 being the first instalment was repaid during the year 1963. On 2nd January 1964 another mortgage for a loan of Rs. 10,00,000 was also executed by the Company in favour of the United Commercial Bank Limited. Up to 31st December 1963 the Company had drawn Rs. 9,27,042.71 out of this loan. The Company has also entered into a tripartite agreement with I.C.I.C.I. Limited and the United Commercial Bank Limited to the effect that both the mortgages referred to above shall rank *pari pasu*.

Progress of the Project: The Company's factory was formally inaugurated by Pujya Shri Ravi Shankar Maharaj, the well-known Sarvodaya Leader on 16th February 1963. Up to 31st December 1963, 75 per cent machinery and spare parts worth Rs. 14,40,000 required to produce at the rate of 180 tons of finished magnets per annum had arrived. Machinery and spare parts worth Rs. 5,00,000 are expected to arrive by 30th March 1964, and should be installed by the end of April 1964.

Raw Materials: The Company has received a licence for import of raw materials for the licensing period—April 1963 to March 1964.

Sales: The turnover of the Company during the year of Rs. 6,50,975 is much lower than expected. This according to the Directors was mainly on account of the fact that the Government of India had issued import licences to actual users of permanent magnets even after this Company had started production. The Company strongly protested to the Government of India about the serious problem it had created for the Company. Thereupon the Company informed that the import of permanent magnets has now been banned. The stocks thus imported in the meantime by some of the prospective customers are expected to last for 9 to 12 months and in the meanwhile the Company has made all out efforts to book the orders in advance, which so far amount to Rs. 20 lakhs approximately. The sales during the current year are expected to move up to Rs. 40 lakhs approximately and it is expected that with the appointment of sole selling agents they may improve still further.

The Directors decided that instead of the Company having its own sales organisation, it should appoint sole selling agents for the products of the Company and accordingly they have appointed Messrs. Shamun Private Limited as the sole selling agents for the Company's products subject to the same being approved by the shareholders in the General Meeting. Messrs. Shamun Private Limited have very good contacts and have agreed to organise all-India network of the sales department at their cost.

The Company will be ready to produce full licensed capacity of 180 tons of permanent magnet per annum, by the end of May 1964 when all the machinery will have arrived and installed; and with the sincere efforts that are now being made it may not be long before the Company is able to operate at its full capacity.

The loss that has been shown is due to the fact that the Company operated much below its installed capacity during the whole of the year 1963 for reasons narrated above. The Directors, however, expect that the year 1964 will see better results.

Expansion: The Company has received a licence for the manufacture of 180 tons of *Hard Ferrite (Ceramic) Magnets* per annum. The proposed project is being studied by the Company's collaborators and ourselves.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	24,98,125	Gross block	34,57,329
Other liabilities	32,92,459	—Depreciation	3,30,289
		Net block	31,27,040
		Machinery-in-transit	2,22,743
		Technical know-how	1,10,000
		Current assets	17,09,068
		Miscellaneous expenditure	91,231
		Cash	1,576
		P.L. a/c Deficit	5,28,926
	Rs. 57,90,584		Rs. 57,90,584

* Paid up capital consists of 25,000 Equity shares of Rs. 100 each. Calls unpaid amount to Rs. 1,875.

Chitavalsah Jute Mills Co., Ltd.

(*Managing Agents*: Messrs. McLeod & Co., Ltd., Calcutta.)

Annual General Meeting—12th March 1964.

Working Results:

	For the year ended 31st July (In thousand rupees)	
	1963	1962
Sales—gunnies and jute	1,87,18	2,25,39
—loom hours	91	11
Closing stocks	40,08	52,16
Gross profit (+) or loss (—)	— 4,81*	+19,78
To Managing Agents' remuneration	45	52
Transfer to depreciation	7,25	6,77
,, ,, provision for taxation	80†	1,40
Net profit (+) or loss (—)	— 4,81	+11,09
Refund of income-tax	Nil	92
,, ,, sales tax	9	Nil
Appropriations:		
Transfer to development rebate reserve	Nil	1,12
To dividends (taxable) preference	Nil	91‡
,, ,, ordinary	Nil	1,51
Carry forward credit (+) or debit (—)	(Nil) — 4,11	(5%) 61

Market value of ordinary shares (in rupees):	1964	1963	1962
High	10.12	11.37	13.06
Low	10.00	9.75	11.12

* Loss after providing for Managing Agents' remuneration, depreciation and provision for taxation.
† In respect of previous years.
‡ For the two years ended 31st July 1961 and 1962.

Extracts from the Directors' report: With plentiful supplies of raw material the Company's Mills continued to work in accordance with the working time agreement of the Indian Jute Mills Association. The number of looms in operation, however, varied with purchases of loom hours or utilisation of the Company's own accumulated loom hours during the year under review. The 5 per cent sealed loomage was discontinued on the 23rd December 1962, and working hours of the registered complement increased from 48 to 49 per week with effect from 17th June 1963. An average of 296 looms worked in double shift 96 hours per week during the year and, at the time of writing this report, 280 looms are working on this basis. Intermittent power cuts led to the loss of 12½ working hours. Modernisation of Mill Machinery is continuing.

Labour relations have not been satisfactory but although there were 10 stoppages during the year, they were for the most part of short duration, the longest being for two days only. Mill efficiency has been well below standard due to the adoption of a "go slow" policy by the workers and subsequent to the close of the year there were strikes from 21st August to 18th September 1963, and from 4th to 10th October 1963. Since then mill efficiency has improved.

Large jute crops have once again made fibre freely available and in addition to normal purchasing, quotas were taken up on Buffer Stock Account as well as those issued periodically by the Jute Commissioner. The Company was thus obliged to hold large stocks of jute resulting in considerable financial strain.

Trading conditions were not comparable with previous years as a result of recent competition in the South Indian market where previously the Company's Mill used to enjoy a monopoly for sacking goods, which is the main manufacture. With the loss of certain conventional foreign sacking markets to Pakistan, the Calcutta Mills have entered the South Indian market and sold their goods at Calcutta quotation rates. This necessitated selling the Mills production at much lower rates than previously and, with higher wages paid to workers compared with their counterparts in West Bengal as a result of Tribunal Wage Awards, together with low efficiency, many sales had to be made at less than cost to meet the competition. A similar situation arose in the twine market with the establishment of two new mills in the same area for the manufacture of this product.

With the strikes that have taken place, increases in workers wages by implementing the recommendations of the Jute Wage Board and further competition in the South Indian market, it is anticipated that prospects for the current year will show little improvement.

Accounts in brief as at 31st July 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	35,15,000	Gross block	1,38,59,292
Debentures†	10,69,000	—Depreciation	87,51,922
Reserves	36,54,850		
Other liabilities	64,48,169	Net block	51,07,370
		Block in progress	1,923
		Current assets	79,45,419
		Investments	10,63,270
		Cash	5,63,037
	Rs. 1,46,87,019		Rs. 1,46,87,019

* Paid-up capital consists of 5,000—7 per cent. cumulative preference shares of Rs. 100 each and 3,01,500 ordinary shares of Rs. 10 each. Of the above 2,01,000 ordinary shares are allotted as fully paid up by way of bonus shares by capitalisation of reserves.
† Reserves are shown after deducting Rs. 4,10,550 being the debit balance in profit and loss account.

McKenzies Ltd.

(*Managing Director and Chairman*: Mr. Purshotamlal Jhunjhunwala, Bombay.)

Fifty-eighth Annual General Meeting—Held on 29th February 1964.

Working Results:

	For the year ended 31st July (In thousand rupees)	
	1963	1962
Sales and contracts completed during the year	1,58,90	1,89,77
Closing stock of finished goods and works-in-progress	50,14	75,80
Gross profit	8,72	8,49
Transfer to development rebate reserve	57	20
,, ,, depreciation	2,21	2,09
,, ,, provision for taxation	2,72†	2,59
Net profit	3,21	3,31
Transfer from reserve for bad and doubtful debts	Nil	1
,, ,, other provisions	6	Nil
Appropriations:		
To Bonus to employees	98	84
Transfer to general reserve	2,41	Nil
To dividends (Taxable) Preference	*	86
,, ,, ,, Ordinary	*	1,54
	(14%)	(14%)
Carry forward	(a)	12

Market value of ordinary shares (in rupees)	1963	1962
High	160.00	155.00
Low	127.50	140.00

† This includes Rs. 25,500 for Super Profits Tax. (*a*) only Rs. 729.
* The dividends for 1963 are to be paid out of the General reserve.

Extracts from the Directors' report: With addition to the plant and machinery, the Company's production of *Railway Wagons* progressively increased during the year.

The hydraulic *Floor Cranes* and *Truck Cranes* which the Company has been manufacturing with technical know-how in foreign collaboration are now a known product in the market. Thanks to the efforts of the engineers and the workmen for this achievement in the new line within such a short time.

The Company has already started marketing of its own *Concrete Vibrators* through M/s. Voltas Limited, Bombay, who have been appointed as the sole distributors for this purpose. The early response to this new item of production is also quite encouraging.

Negotiations have now been concluded for technical collaboration with a European firm for the manufacture of *Fork Lifts* by the Company. The Government of India has already approved the terms of collaboration and it is expected that the Company would soon be in a position to commence the production of this new item for which there is immense scope in this country. The Company intends to raise further capital for its expansion programme by issuing right shares to the existing equity shareholders.

Contentment of labour was always the policy of the management. Apart from the payment of bonus, the Company was always sympathetic to the grievances of the workers and offered to do all the best that could be done. It is a priced hope of the management that the labour co-operation will continue in the same friendly spirit as hitherto.

The Company is for decades in the line of Civil Engineering. In spite of the competition the Company has continued to enjoy the confidence and this fact is quite well testified by the volume of new and new jobs secured by the Company. It needs however, be mentioned here that the profitability in this line is considerably affected by the vagary of conditions, increasing costs and uncomfortable supply position. The progress on the two big jobs which are being carried out by the Company on a joint venture basis is fairly satisfactory.

The directors report that the Company was able to make a good progress regarding opening of a branch office in Nigeria. It would not be out of context to mention it here that at the time of submitting this report the Company is already in possession of a permission from the Nigerian Government for branch office in that country.

Accounts in brief as at 31st July 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	22,00,000	Gross block	49,41,793
		—Depreciation	30,54,773
Reserves and surplus	6,90,176	Net block	18,87,020
Other liabilities	1,55,27,314	Current assets	1,63,69,571
		Investments	93,417
		Cash	67,782
	Rs. 1,84,17,490		Rs. 1,84,17,490

* Paid up capital consists of 11,000 Ordinary shares of Rs. 100 each; 5,500 —7.86 per cent taxable cumulative first preference shares of Rs. 100 each and 5,500 —7.86 per cent. taxable second cumulative preference shares of Rs. 100 each.

TREND OF MARKETS

MONEY TIGHT AGAIN

(From Our Own Correspondent)

BOMBAY, 11*th March*

The short-term money market continued to rule pretty tight during the week under review. Demand for credit was persistently on a high level, whereas the supply of funds actually available was insufficient to meet it. Consequently, borrowers had to look around for accommodation. The call rate among the exchange and larger Indian banks was maintained throughout at the high level of 6 per cent. The rate among the smaller Indian banks also remained unchanged at 6 per cent, with borrowers over. Calcutta, too, reported tight money conditions, the call rate standing at 6¼ per cent, same as last week.

The growing demand of money is reflected in (1) a sharp expansion of Rs. 42.42 crores to Rs. 2,465.57 crores in notes in circulation during the week ended 6th March,

(2) a marked rise of Rs. 39.40 crores to Rs. 106.94 crores in loans and advances made available by the Reserve Bank to scheduled banks in the same week,

(3) decline of Rs. 3.38 crores to Rs. 82.47 crores in the deposits of scheduled banks with the Reserve Bank, and

(4) continued poor support for the 91-day Government of India Treasury Bills, tenders for which opened on Tuesday the 10th inst. The total amount offered was Rs. 2.12 crores, which was just Rs. 12 lakhs more than what was invited and also accepted. The average rate of accepted tenders was unchanged at Rs. 2.360 per cent per annum. The Intermediate Treasury Bills, however, evoked fair-sized support, the amount of Bills actually sold from the 4th to 7th inst. being Rs. 132.75 lakhs, as against Rs. 60 lakhs a week before and Rs. 20 lakhs two weeks before.

There was a further improvement of Rs. 2.07 crores to Rs. 125.63 crores in India's foreign exchange reserves during the week ended 6th March. The improvement occurred despite the appreciable drop of Rs. 7.93 crores to Rs. 13.17 crores in balances held abroad. For this drop was more than made good by the rise of Rs. 10 crores to Rs. 112.46 crores in the foreign securities held in the Issue Department of the Reserve Bank.

The total credit made available by scheduled banks to their clients went up by another Rs. 11.11 crores to Rs. 1,758.74 crores during the week ended 28th February. Since their deposits increased by only Rs. 4.5 crores to Rs. 2,442.76 crores, the banks had to take recourse to larger borrowings from the Reserve Bank. The total of such outstanding borrowings advanced by Rs. 15.08 crores to Rs. 67.20 crores, of which those against usance bills accounted for Rs. 32.51 crores, a rise of Rs. 9.28 crores. Investments were higher by Rs. 4.90 crores at Rs. 651.23 crores.

Thanks to the persistent tight money conditions, the Gilt-edged market ruled dull. Institutional support was poor. Consequently, the business put through was meagre, with values remaining practically unchanged.

In the foreign exchange market, the banks' selling and buying rates for U.S. dollars remained unaltered, the former at Rs. 478.50 per $100 and the latter at Rs. 475. In New York, the pound sterling firmed up a little *vis-a-vis* the dollar, the spot rate rising by 0.020 cent to 279.810-279.840 cents and the three months' forward by 0.030 cent to 279.360-279.390 cents.

* * * *

The total cash contributions brought into the Central account of the National Defence Fund at New Delhi up to the end of February 1964 amounted to Rs. 58.17 crores. Of this amount, Rs. 28 lakhs came from the U.K. and Rs. 63 lakhs from other countries. The total of contributions in gold and gold ornaments was of the order of 2,285,000 grammes (equal to about 196,000 tolas).

COTTON FUTURES STEADY

(From Our Own Correspondent)

BOMBAY, 11*th March*

The cotton futures market ruled generally steady during the week under review. The main influencing factor was the expectation of some relaxation in the control measures imposed on Gujarat cotton as a sequel to the State Government's intervention. The rejection in survey of 100 bales of Punjab 216F cotton tendered against the March contract also imparted some strength to the market. These two developments more than offset the effect on the market of the relatively large tenders issued on the second and third notice days. As compared with a mere 50 bales tendered on the first notice day, 250 bales each were issued on the second and third notice days, bringing the total tenders to 550 bales. The expected global import quota for foreign cotton, which had induced some easiness in cotton futures last week, did not adversely affect sentiment this week and cotton futures consequently ruled steady. The decisions of the Cotton Advisory Board, which met on the 10th inst., had no effect on the market because they pertained to the coming season. The Board is reported to have appointed a special committee to work out realistic ceilings of different varieties of cotton. It is believed to have discussed the price differentials of various types of cotton in the context of the current agitation for an upward revision of the ceiling prices for certain varieties of cotton. The only subject of immediate relevance to cotton trade discussed at the meeting is said to be the premium payable on P.L. 480 cotton.

The Jarilla March 1964 contract opened the week at Rs. 770, Re. 1 higher than the previous close of Rs. 769 and, after firming up to Rs. 778 yesterday, declined to Rs. 776 today. The Jarilla May contract too depicted an identical trend. After opening higher at Rs. 739.50, it steadily improved to Rs. 749 on Monday, the 9th inst., but receded to close lower at Rs. 743.50 today.

The following table indicates the trend of prices of the contracts during the week:—

(In rupees per three quintals)

	11-3-64	*High*	*Low*	4-3-64
Jarilla March ...	774	778	765	769
Jarilla May ...	743.50	749	737.50	737.75

Trading in the spot market at Sewri continued to be on a restricted scale. Prices, especially of varieties like CO2, L147, Digvijay and Laxmi receded, following the announcement of P.L. 480 allocation for American cotton. Spinners adopted a wait-and-watch attitude, pending a further fall in prices. Export demand for Bengal *Deshi* continued to be dull, thanks to absence of enquiries from Japan and the Continent.

In the foreign section good demand was reported for American cotton. The Textile Commissioner is reported to have advised mills to submit their requirements of American cotton of 1" and below, as also of 1.1/16" and above, immediately. After thus assessing the mill requirements, actual allotment letters will be issued to them. It is said that the entire quantity of 375,000 bales will be imported and any balance between the actual mill purchases and the total allocation remaining will be lifted by the Indian Cotton Mills' Federation. It is also reported that a premium of Rs. 35 per bale will be levied on American cotton stapling 1" and below. It may be mentioned that there was no such premium on cotton of this staple length in the past.

The following are the latest available quotation—in rupees per candy of 784 lbs.—from the spot market at Sewri:

Kalyan 965; Hubli Laxmi 1,210; Nagar 930; American 1,265-1,360; Sudan XP3L 1,610.

SILVER EASIER

(From Our Own Correspondent)

BOMBAY, 11*th March*

Silver prices suffered a further setback this week on increase in arrivals and absence of speculative support. Gold, too, closed lower after early steadiness, but sovereign ruled firm.

The daily average inflow of the white metal rose from 12 bars to 15 bars, while the offtake dropped from 10 bars to seven bars. Buyers seemed to have withdrawn from the market on expectations of a further decline in the price. After opening one point higher at Rs. 260.50, the price steadily moved down to close at Rs. 255.50—the week's lowest level.

Until Saturday the 7th inst., 14-carat gold was well held at the last week's closing level of Rs. 65. But, subsequently, the price eased gradually to finish at Rs. 64. Pure gold was unofficially quoted one point lower over the week at Rs. 107. Sovereign was unchanged at Rs. 88.

The international price for gold moved up further from $35.08⅜ to $35.09¼. The ready rate, in London, closed one-half penny higher at 250*s.* 10*d.* Silver prices in New York and London ruled firm at their last levels.

The following table shows the trend of prices during the week under review:

	11-3-1964 (closing)	High	Low	4-3-1964 (closing)
SILVER				
Ready (996 fine) ..	Rs. 255.50	Rs. 260.50	Rs. 255.50	Rs. 259.50
GOLD				
Ready (14 carat) ..	64.00	65.00	64.00	65.00
Sovereign ..	85.00*	—	—	85.00*
London—				
Gold ..	250*s.* 10*d.*	250*s.* 10½*d.*	250*s.* 9½*d.*	250*s.* 9½*d.*
Silver Ready ..	111½*d.*	—	—	111½*d.*
Silver Forward	111⅝*d.*	—	—	111⅝*d.*
New York—				
Silver ..	129.3 cents	—	—	129.3 cents

* As on 24-6-1963.

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce.

ART SILK YARNS FIRM

(From Our Own Correspondent)

BOMBAY, 11*th March*

Art silk yarns maintained a firm tone this week. Prices recorded further moderate gains on selective support and absence of selling pressure. Staple fibre yarns also recorded some improvement. Cotton yarns continued steady.

National Rayon 120D advanced from Rs. 12.65 to Rs. 12.98 a kilo and Century 75D gained as much as 38 nP to Rs. 19.51. Among 2 x 40 spot staple fibre yarns, Kohinoor were marked up from Rs. 9.37 to Rs. 9.54. Cotton yarns were generally unchanged.

The Indian Cotton Mills Federation has requested the Union Government to adjust the rates of yarn compounded duty in respect of the lower medium, higher medium, fine and superfine categories so that the rates would correspond to the actual consumption of yarn. It has said that the notified rates should be reduced to 3.3 nP for lower medium cloth, 4.1 nP for higher medium, 6.1 nP for fine and 4.6 nP for superfine cloth in place of 4.4 nP, 5.5 nP, 7.2 nP and 8.4 nP, respectively. In support its plea for such reduction, the Federation has stated that the purpose in prescribing for the first time separate rates of duty for unsized yarn and sized yarn is to ensure that (*a*) the powerlooms which buy yarn in hanks should be required to bear the appropriate yarn duty at the stage of sizing so that they do not secure undue advantage of the concessional hank yarn rate devised to benefit the handloom industry, and (*b*) the excise disparity between mill cloth and powerloom cloth be reduced from the present excessive levels. If this twin purpose is to be served, the Federation has argued, it seems only reasonable that composite mills which obtain unsized yarn from their spinning section and convert that yarn into cloth (which is subject to a basic excise duty, a handloom cess and an additional excise duty at full rates) should be required to bear the yarn duty at rates applicable to unsized yarn.

Even if it is assumed that, in regard to yarn which is subsequently sized in the composite mills, the yarn duty should be paid at sized yarn rates, since it is only the warp yarn (constituting about 50 per cent of the yarn content of cloth) which is sized, the compounded yarn duty should be the average of the sized and the unsized rates. On this assumption, the Federation has contended, the compounded duty rates should be 3.5 nP for lower medium cloth, 4.3 nP for higher medium, 6.7 nP for fine and 5.1 nP for superfine cloth.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	11-3-1964	4-3-1964
	Rs.	Rs.
Art silk yarn (per kg.)—		
National Rayon 120D	12.98	12.65
Century 75D	19.51	19.18
S. I. Viscose 150D	13.46	13.46
Staple fibre yarn (40 x 2)—		
Kohinoor (per kg.)	9.54	9.37
Century	9.28	9.28
Cotton yarn (per bundle of 10 lbs.)—		
10s Navsari	19.37	19.37
20s Podar	24.25	24.25
32s Hisar	32.00	32.00
40s Mahindra	42.00	42.00
60s Pioneer	65.00	—
80s Gokak	85.00	85.00

HEDGE TRADING IN GROUNDNUTS

(From Our Own Correspondent)

BOMBAY, 11*th March*

After our last report was printed, the Forward Markets Commission announced its decision to permit the Bombay Oilseeds and Oils Exchange Ltd. (Bombay) and the Saurashtra Oil and Oilseeds Association Ltd. (Rajkot) to commence trading in groundnut and groundnut oil for July 1964 delivery from such date as the Boards might fix, subject to certain measures of control, the details of which are given later in the report. The new measures of control and the Commission's directive for shifting the trading ring to the East India Chamber of Commerce at Patwa *chawl* caused considerable disappointment among traders. As a mark of protest, traders refrained from doing any business in futures on Friday, Saturday and Monday. On Friday the 6th inst., the Exchange authorities met the Chairman of the Commission and urged him to raise the ceiling prices for groundnut and groundnut oil to reduce the heavy margins and not to press for the shifting of trading ring. The Chairman, however, pointed out that the Commission would concede the plea for higher ceiling only if the traders agreed to heavy margins. Feeling disappointed at the outcome of the meeting, traders, as already stated, abstained from entering into any fresh transaction in futures for three days. Following, however, the assurance given by the President of the Exchange that he would meet the F.M.C. authorities on Thursday the 12th inst. and urge them to reconsider the decision, futures trading was resumed yesterday (Tuesday).

The measures of control stipulated by the Forward Markets Commission for the commencement of hedge trading in July 1964 groundnuts and groundnut oil at Bombay and in Saurashtra are as follows:

Trading in groundnut July 1964 delivery shall be subject to a maximum price of Rs. 246.00 per 250 kg. at Bombay and Rs. 245.00 per 250 kg. for Saurashtra. In respect of hedge contracts in groundnut oil for July 1964 delivery, the maximum price shall be Rs. 33.50 per tin of 16 kg. at Bombay and Rs. 33.00 per tin of 16 kg. for Saurashtra.

Whenever the closing price of the July 1964 delivery in groundnut and groundnut oil exceeds Rs. 240 per 250 kg. and Rs. 32.60 per tin, respectively, at Bombay and Rs. 239 per 250 kg. and Rs. 32.10 per tin in Saurashtra, a margin deposit shall be payable on the long open position of a member on his own account and of each of his clients as follows:

Groundnut		Groundnut oil	
Open position (In tonnes)	Rate of margin (Per tonne)	Open position (In tins)	Rate of margin (Per tin)
First 250	Nil	First 6,250	Nil
250-1,000	Rs. 200	6,250-25,000	Rs. 6.80
Above 1,000	Rs. 400	Above 25,000	Rs. 13.60

For the purpose of the above margin payment, the long open position of the member on his own account, the long open position of each of his clients and the contracts of clients appropriated by the member shall be taken into account. The margin deposit will not, however, be payable in respect of the long open position acquired by a member or his client as a hedge against his unfulfilled export commitments in H.P.S. Groundnut or groundnut oil to a foreign country, provided the member submits a declaration in the prescribed form to that effect.

Every member, before entering into hedge contracts on behalf of a non-member client, shall obtain a declaration from the non-member client in the prescribed form. The declaration shall be open for inspection by the association and the Commission.

If a client of a member has not paid the required margin deposit, it shall be open to the Board to direct the member to square up the part of the open position of the client in respect of which margin has not been paid, and such squaring up may be either at the market rate or at such rate as may be fixed by the Board.

The existing limits on the weekly rise in prices, namely, Rs. 5.5 per 250 kg. of groundnut and Re. 0.80 nP per tin of groundnut oil will continue to be in force for the July 1964 deliveries. The limit on the net open position of individual members will, however, not be applicable in respect of such deliveries.

Over the week, Groundnuts were steady. The April 1964 contract began the week at Rs. 239.37 as against the previous close of Rs. 239.25, and touched Rs. 239.50, yesterday, before closing at Rs. 239.25 today. Nizam bold ready picked up 37 nP to Rs. 51.37. Khandesh quality spurted by a rupee to Rs. 52.25. Oil ex-mill, however, lost 15 nP to Rs. 20.10. Railway receipt shed 15 nP to Rs. 19.65. The groundnut oilcake expeller moved down from Rs. 413.50 to Rs. 406.50.

Castorseeds ruled irregular. The March 1964 contract put on 75 nP to Rs. 175.25, while June contract sagged by Re. 1.12. Spot ready Madras was marked up by 12 nP to Rs. 34.87. Kanpur bold was dull at Rs. 33.50. Oil B.S.S. lost 5 nP to Rs. 15. Oil Commercial declined by 10 nP to Rs. 14.50.

Linseed March contract strengthened by 19 nP to Rs. 40.25, but June contract was lower by 18 nP to Rs. 40.69. Bold ready was neglected at Rs. 39.75, as against Rs. 40.25. Oil ready eased by 20 nP to Rs. 15.90.

Business put through the cottonseeds was considerably restricted. April contract stood at Rs. 103.50, as against Rs. 104 last week-end.

The following table shows the closing prices of oilseeds and oils on Wednesday 11th March as compared with those of two previous weeks:

	11-3-1964	4-3-1964	26-2-1964
	Rs.	Rs.	Rs.
Groundnuts			
April 1964 contract	239.25	239.25	237.37
Nizam bold	51.37	50.50	49.62
Khandesh quality	52.25	51.25	50.75
Oil ex-mill	20.10	20.25	19.75
Oil Rly. Receipts	19.65	19.80	19.35
Castorseed			
March 1964 contract	175.25	174.50	171.25
June 1964 contract	174.25	175.37	172.50
Ready Madras	34.87	34.75	34.37
Ready Kanpur	33.50	33.50	33.12
Oil B.S.S.	15.00	15.05	14.85
Oil commercial	14.50	14.60	14.85
Linseed			
March 1964 contract	40.25	40.06	39.75
June 1964 contract	40.69	40.87	40.44
Bold ready	39.75	40.25	40.25
Linseed oil	15.90	16.10	16.10
Cottonseed			
April 1964 contract	103.50	104.00	104.50

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

DEMAND FOR TEA IMPROVES

(From Our Own Correspondent)

CALCUTTA, 10*th March*

Good demand marked yesterday's tea export sale. The trend was influenced by reports of unsatisfied demand for leaf in other auction centres, namely, Colombo, Cochin and London. The progressive decline in the U.K. tea stocks to 166 million lbs. in the week ended 28th February from 167½ million lbs. in the previous week—in the week ended 14th February stocks were still higher at 170 million lbs.—was significant. Although this statistical position is encouraging, the growing deterioration in conditions in the Calcutta port as a result of the shortage of lighters and berths is causing anxiety among the trade, because tea exports in recent weeks have fallen more than the arrivals.

While noting the Tea Board Chairman, Mr. A. S. Bam's claim that the significant increase in tea exports in 1963 despite a shortfall in output was due to the rationalisation of the physical structure of exports as well as the abolition of the export duty, the tea trade has regretted that the Government is making good the export-tax revenue loss by increased receipts from excise duties. While the full benefit of the abolition of the export duty has been passed on to the consumer abroad, the burden of increased excise duty is falling on the industry. This factor, in addition to the lower output and lower average realisations in Calcutta auctions, has made the dividend outlook for tea companies in this part of the country for the last accounting period very dismal. The Tea Association of India has expressed concern at the continuance of the heavy excise duty. It has, however, welcomed the concession given to the tea industry in the shape of a rebate of corporation tax equivalent to 10 per cent of the income-tax and super-tax normally payable.

Mr. Bam is reported to have claimed that, in addition to finding new markets for Indian tea abroad, the Board is attempting to increase internal consumption. However, it is generally well known that, in its anxiety to increase exports, the Board has discontinued all internal campaigns for quite sometime. Against this background, the impressive increase in exports last year, despite an admitted shortfall in production, would naturally have stemmed from a shortfall in internal consumption. According to a tea consumption survey undertaken by the Tea Board in certain selected towns in six States, namely, Kerala, Madras, Andhra, Mysore, Maharashtra, and Gujarat, the main reason why people in the majority of towns selected did not take tea is the "lack of habit." This finding is in consonance with the industry's belief that the tea habit in India is not spreading, and this factor gives poor incentives to such gardens as are only capable of producing the inferior teas for which demand overseas is poor. It has often been pointed out that at a time when the standard of living of the people is rising, the lack of propaganda for tea in the newly growing industrial areas is giving an advantage to other soft drinks.

Even in the U.S.A., according to Mr. Geo N. Witt, President of that country's Tea Association, tea competes with cola, fruit and vegetable drinks, coffee, milk, beer, whisky and wine. In India, the industry and trade think that the popularity of soft drinks, squashes, green coconuts, and fruit juices and mixtures is on the increase at the cost of tea. They, therefore, urge the early revival of internal campaigns for tea, so that the tea habit in India may spread and the industry may be enabled to increase production. Speaking at the annual meeting of the Indian Tea Association, Mr. S. P. Sinha, Chairman, declared that an insurance against a drop in world demand was in the Government's recognising importance of the internal market which acted as a cushion to overproduction.

Referring to the tax structure, Mr. Sinha thought that sterling companies at least stood no chance of relief from tax burdens as a result of this year's Union Budget proposals. For, the aggregate of income-tax and super tax for non-resident companies has been increased from 63 per cent to 65 per cent, and they are not entitled to the 20 per cent rebate on surtax. He also thought that the relief accorded to resident companies would be offset by the 7½ per cent tax on dividends distributed.

Dusts on offer at the last week's internal sales totalled 32,180 packages which met with a good general demand. Good C.T.Cs were readily absorbed. Medium C.T.Cs were also about steady, but the plain liquoring types eased. Clean orthodox teas were in good demand at lower rates. Legg-cut teas came to an easier market. "Teas for price" eased visibly. The quotations per one kg., inclusive of excise duty, were: Good Assam C.T.C. dust Rs. 6.20 to Rs. 6.70, medium Assam C.T.C. dust Rs. 4.95 to Rs. 5.25, legg-cut dust Rs. 4.70 to Rs. 4.90, medium Assam dust Rs. 4.60 to Rs. 5.00 and plain orthodox dust Rs. 4.30 to Rs. 4.60.

Leaf on offer at yesterday's export sales totalled 65,181 packages attracted a good general demand at irregular rates. Quotable teas being insufficient, no quotations were given. The bright liquoring and clean orthodox and C.T.C. teas met with good demand, while the plainer liquoring and more fibrous teas eased. Legg-cut teas met with steady demand at lower rates. Whole leaf grades were firm, with buyers showing preference to the cleaner teas. Flavourv Darjeelings were readily absorbed, but the "end-of-season" Darjeelings eased.

METALS BUOYANT

(From Our Own Correspondent)

CALCUTTA, 10*th March*

On good demand, metal prices were in a state of buoyancy during the week under review. On the London Metal Exchange, while zinc and lead reacted, tin and copper rallied after the last week's recession.

The continued shortage of copper supplies is causing anxiety, as production programmes are not proceeding on a planned basis. While it is encouraging news that the U.S.A. and India recently signed an agreement for the grant of a U.S. loan of $225 million to finance imports of steel, non-ferrous metals, and machinery and machinery parts from the U.S.A., it should be pointed out that the inability of the U.S. producers to meet Indian inquiries for copper is causing concern. In view of this, India had to turn to the U.S. commercial sources for prompt supplies in recent months. Needless to say, the price of the latter is higher than that of the producers. Besides, supplies from the U.S. commercial sources also do not meet demand in full. The industry and trade have, therefore, urged New Delhi to take up the matter with Washington in an attempt to arrange regular supplies of copper under the D.L.F. import licences from producers. Utensil copper scrap, in Calcutta, spurted from Rs. 680 per 100 kgs. to Rs. 690. On the London Metal Exchange, spot copper wire-bars at one time declined to £253 a ton from the week's opening of £255, but closed £2 higher on balance at £257. The three-months' quotation rose from £257¼ to £259¼. At £257, spot cathodes added £2 while spot fire-refined was unchanged at £247. It was noted that producers of copper in the U.S.A. looked forward to higher profits this year in view of demand chasing prices up. That demand has gone up is also evident in that in the U.K. alone production of copper and coppy alloy manufactures totalled 813,686 tons last year, as against 775,119 tons in 1962. U.K.'s consumption of copper in all forms in 1963 was also higher at 677,960 tons, as against 649,307 tons in 1962.

Tin was in acute short supply in Calcutta. The price, at Rs. 3,400 per 100 kgs., was higher. In London, spot tin gained from £1,025 a ton to £1,062. At one time, the quotation was even higher at £1,075. The three-months' position closed at £1,052½, after opening at £1,015. The higher trend was stimulated by the unlikelihood of production equalling demand in the near future. This year's deficit is estimated between 25,000 and 30,000 tons, and, if the belief that for a substantial rise in tin production the minimum period that would be necessary would be five years is correct, there is the need for the U.S.A. to slow down stockpile releases rather than stepping them up. The U.S.A. has already announced that its stockpile releases policy would be decided against the background of the need to promote the growth of the mining industry. It follows, therefore, that releases would only take place at or above the market price, and that would mean that the U.S.A. has changed its earlier stand of speeding-up releases. This is, of course, as it should be, as in view of the growing world shortage the U.S.A. should conserve its strategic stocks.

Lead, in Calcutta, rose from Rs. 240 per 100 kgs. to Rs. 240, while zinc eased from Rs. 298 per 100 kgs. to Rs. 295. In London, spot lead and zinc eased from £80⅜ and £100¼ a ton to £78 and £96, respectively, with the three-months' quotation closing lower on balance at £79¼ and £91⅜, respectively.

RISE IN JUTE GOODS STOCKS

(From Our Own Correspondent)

CALCUTTA, 10*th March*

Adequate overseas interest lacking, jute goods moved narrowly during the week under review. A worsening of the situation in the Calcutta port arising from the acute shorage of lighters for loading and continued cut in drafts in the river depressed sentiment. There were, therefore, apprehensions of increase in stocks of goods with mills at the end of last month. Naturally enough, the mills were keen sellers for forward positions, and both the U.S. and Argentina showed interest in ready hessian. Reports from the New York burlap market, however, continued to be dull. Consumers there appeared adequately covered to meet their near-term requirements. Spot 40" 7¼ oz. and 10 oz. hessian remained unchanged at 8.80 cents and 11.55 cents a yard, respectively.

Against the background of the need to find more markets for heavy goods, the trade has welcomed the proposed delegation to Northern and Western Africa. The delegation, which will be headed by Mr. N. L. Kanoria, will spend four weeks and explore the prospects to step-up consumption of jute goods. The trade has urged that one way of overcoming Pakistani competition in overseas markets is a reduction in prices, but feels that, even at existing prices, exports can be increased, if steps are taken to explain to overseas consumers the merits of Indian goods. The trade delegation is, therefore, timely. At present, India exports to these two regions of Africa about 110,000 tonnes jute goods a year valued Rs. 17 crores.

The fibre market was stimulated by the announcement of the issue of a compulsory purchase quota on mills for the five weeks to 4th April. The quota is 430,000 bales, of which mills in the membership of the Indian Jute Mills Association should buy 400,000 bales. The balance should be bought by non-I.J.M.A. mills. Daily arrivals in agencies have now fallen to about 40,000 maunds, and as such it is explained that the above quota, which is lower as compared with the February quota of 540,000 bales, would be sufficient to absorb all arrivals. As and when mills complete the quota now issued, marketing of this season's crop would aggregate 6.69 million bales or 83.62 per cent of fibre availability in this season. In order to complete marketing of the outstanding quantity, that is, 1.31 million bales, quotas would be issued in both April and May. For this season, with adequate stocks of fibre, mills hardly need to buy any more fibre. Mills have also no spare space in their godowns. At the same time, with a fall in overseas demand for goods since the last two months, mainly arising from the bad conditions existing at the port, more godown space is being occupied by goods also. Considering all this, any move to burden the mills with blocking of more funds in fibre of poor quality is hardly fair.

According to the Jute Commissioner, Mr. G. C. L. Joneja, the Government is examining the proposal to import from Pakistan a larger quantity of long jute and cuttings than last year. If about 225,000 bales of long jute and 275,000 bales of cuttings are imported from Pakistan, mills would be enabled to use a greater proportion of quality fibre in the production of standard goods also. Overseas consumers pay much attention to quality, and mills in India have often urged the imperative need for improving the quality of the domestic fibre output. If weather is good this year, it is expected that the third Plan's target of eight million bales would be achieved. Referring to this estimate, the Jute Commissioner said that the target would be achieved without sacrificing any foodgrains acreage to raw jute. He said that the Government was now turning its attention to improve quality and that fourteen districts in West Bengal, Assam, Bihar and Tripura had been chosen for an intensive package programme. Although the Union Minister for International Trade, Mr. Manubhai Shah, dismissed the anxiety arising from stray complaints of poor quality of jute goods exported from India as alarmistic, the need of mills to use a greater proportion of quality fibre in production of standard goods cannot be overlooked. While increased exports of cuttings and long jute from Pakistan would only be a temporary way out, the ultimate answer lies in making cultivators in India pay more attention to improve the quality of fibre.

Following the issue of March purchase quota, mills showed more interest in raw jute. This, to a certain extent, abated the earlier selling pressure, and white jute recorded a slight improvement. Thus, daisee bottoms improved from Rs. 33.50 a maund to Rs. 34.00, with Assam bottoms and northern bottoms being maintained at Rs. 30.50 and Rs. 29.50, respectively. No reaction to the cancellation of the export duty on fibre has been received from foreign markets. This lack of interest in the concession is due to the poor demand for such of the fibre as India is able to export.

The disturbance caused to shipments as a result of a further deterioration in conditions in the

Calcutta port was duly reflected in the number of overseas inquiries falling. Anxiety was caused to shippers with due-date shipments. Both Argentina and the U.S.A. showed interest in ready hessian. Absence of any revision in excise duty on jute goods for internal consumption was a disappointment, but, since the uncertainty has passed, internal buying should again revive. On Tuesday last, ready B. twills firmed up from Rs. 110.50 to Rs. 111.00 following Government interest for March-April goods. In sympathy, hessian 40" 10 oz. gained from Rs. 46.15 to Rs. 46.25. At this stage, there was speculative buying in heavy goods in the futures market, and this enabled ready B. twills to go up to Rs. 111.60 on Wednesday. Hessian 40" 10 oz. remained quiet at Rs. 46.10. With overseas business lacking, these rates could not be maintained on Thursday, when B. twills eased to Rs. 111.50 and hessian 40" 10 oz. to Rs. 46.00. However, on Friday, there was again speculative activity in the futures market which pushed up ready B. twills to Rs. 111.70. Ready hessian 40" 10 oz., however, eased to Rs. 45.95. Sentiment improved over the week-end, with B. twills being priced higher at Rs. 112.25 and hessian 40" 10 oz. at Rs. 46.10. Quotations yesterday were Rs. 112.40 and Rs. 46.00, respectively.

PEPPER WEAK

(Messrs. Parekh and Co.)

BOMBAY, 11*th March*

Malabar black pepper ruled weak during the week under pressure of liquidation by weak bulls at both Cochin and Bombay in forward, owing to proximity of due date for March and *Chaitra* delivery. Ready pepper was affected sympathetically. Ungarbled at Cochin was down to Rs. 293, while garbled was on sale at Rs. 300, though in small quantity. March, after touching to Rs. 314, came down to Rs. 303 and May climbed down to Rs. 317 from Rs. 330.

Singapore was firm due to scarcity of black pepper stocks now estimated at hardly 500 tons. Black pepper was nominally quoted at Str.$122½ and white at Str.$162½.

Spot in New York, after touching $0.36, came down to $0.35. For grinders were sidelining.

Forward ring in Bombay is experiencing heavy fluctuations, as most of the speculators are switching their long position from *Chaitra* delivery to *Vaisak* after paying about Rs. 13 as carry-forward charges.

The future of Malabar pepper appears promising, as nearly half of the production is already marketed and, for the remaining half, India will have to carry on for coming seven months. If the U.S.A. and Europe come in the Indian market, which they will have to do in the very near future, as Singapore is out of the picture, the market of Malabar is likely to advance. But everything depends on how Indonesia market Lampong pepper. Average monthly export from Singapore is estimated to be about 2,000 tons and, as Singapore has now no or little stock, most of the demand from small diversified destinations will sooner or later come to India.

Chaitra delivery, after opening at Rs. 335, came down to Rs. 323. *Vaisak* was pressed down to Rs. 336 from Rs. 348, the highest being Rs. 352.

Ready pepper in the local market is quoted at Rs. 323, with demand comparatively small as is usual in a declining market.

The quality of North Malabar pepper this year is rather poor and hence there is greater loss in refraction when processing the quality to ASTA standard.

"KHANDSARI" DECLINES

(From Our Own Correspondent)

HAPUR, 10*th March*

Sugar continued steady, as the supply position was restricted. Prices in the open market improved further to Rs. 160 to Rs. 165 a quintal. Production of sugar is gradually coming to a close due to the non-availability of cane and, while some of the factories have been forced to close their season. Some other have raised their cane purchasing prices from Rs. 5.36 to Rs. 6.40 a quintal and still found it difficult to obtain enough cane. Sugar production in the current season would be around 26 lakh tons. In the Muzaffarnagar market also, the supply position of sugar continued tight, with prices in the private quoted at Rs. 160 to Rs. 165 a quintal.

Prices of *desi khandsari* registered a fall of about Rs. 5 a quintal during the week, as outside demand was slack due to fears of a price control on the commodity. *Khandsari* manufacturing units continued to attract larger supplies of cane at Rs. 6.75 to Rs 7.40 a quintal. Week-end prices were: Inferior Rs. 110 to Rs. 125; medium Rs. 130 to Rs. 135; superior Rs. 140 to Rs. 145 and *Boora* Rs. 155 to Rs. 160 a quintal.

Ready *gur* ruled quiet during the week in the absence of buying support. Export permits for the current month had not yet been received. Daily arrivals here have run down to an average of 1,500 maunds, but stocks with the trade have mounted to 22,000 quintals. Total arrivals here during the current season are placed around 1.67 lakh quintals, the corresponding figure last year being much lower at 1.35 lakh quintals. Week-end prices (in Rs. per 40 kilogram) were: *Gur pansera* and superior 27, average 26.50 to 26.75 balti 26.75 to 27.

In the Muzaffarnagar market, *gur* prices were subdued. *Chaku* quality was marked down by Rs. 2 to Rs. 27 to Rs. 28.50 per 40 kilogram, *pansera* lost Re. 1.75 at Rs. 25 to Rs. 26 and *laddoo* and *khurpapar* were easy by Re. 1.50 and Re. 1 per 40 kilogram, respectively. *Shakker*, however, attracted support from Punjab, Rajasthan and local areas and prices were at Rs. 32 to Rs. 35.50 per 40 kilogram according to quality. Sowings of cane for the next season was in full swing and an increased acreage was in foresight.

FOODGRAINS EASIER

(From Our Own Correspondent)

HAPUR, 9*th March*

Foodgrains were easier this week on large-scale sales of imported wheat and flour through fair price shops both in the urban and the rural areas and expectations of early arrivals of new *rabi* crops. The Government's proposal to increase wheat imports under P.L. 480 to 500,000 tons a month from the present four to four-and-a-half lakh tons dampened the sentiment. Moreover, crop reports in the country indicated a marked improvement from the losses due to the frost and cold spell in January. Harvesting of *rabi* grains would begin next month.

On heavy sales through fair price shops, wheat prices declined by Re. 1.50 to Rs. 2.50 per quintal to Rs. 63.50 to Rs. 65.50 for the average quality and Rs. 67.50 to Rs. 70 for the farm produce. Stocks with the trade were, however, meagre, as arrivals were poor. Rice continued steadier on poor supply against good demand. Stocks left with trade were also negligible. Week-end prices were:—Rice *basmati* superior Rs. 96.45 to Rs. 99.13, *sela basmati* Rs. 93.77 to Rs. 96.45, *mainpuri* Rs. 68.32, *ramajwayan* Rs. 80.38, *raimunia* Rs. 83.06 and *gadda* Rs. 65.64 per quintal.

Gram prices eased by Re. 1 to Re. 1.50 per quintal on slack demand at higher levels and easy Punjab advices. The Punjab quality was quoted at Rs. 57.60 and the local produce at Rs. 57.22 per quintal. Barley and *bejhar* ruled steady due to the poor supply position, and prices ranged between Rs. 42 and Rs. 42.50 for barley and between Rs. 43 and Rs. 43.50 per quintal for *bejhar*. Maize eased by Rs. 2 to Rs. 3 per quintal on selling pressure induced by expectations of a decline in seasonal demand. The average quality was quoted at Rs. 39.75 to Rs. 40.50 and the superior white at Rs. 41 to Rs. 42.50 per quintal. Stocks were fast running down. *Juwar* and *guwar* prices also drifted lower on arrivals of new *juwar*. Oats and *methi* were unchanged.

A subdued trend was witnessed in pulses. Peas prices moved down by 50 nP per quintal to Rs. 52 to Rs. 52.50 for the *dara* quality and Rs. 53 to Rs. 53.50 for the farm produce. Peas *dal* also eased to Rs. 54.92 per quintal. *Arhar* declined by Rs. 2.50 on slack demand and prices ranged between Rs. 60 and Rs. 64.30 per quintal according to quality. *Urd* and *moong* prices were almost stationary at the previous levels. *Urd* was quoted at Rs. 66.98 to Rs. 72.34 and *moong* at Rs. 72.34 to Rs. 80.38 per quintal. Gram *dal* sought higher levels, while *masoor* and its *dal* ruled steady. Week-end prices were:—*Arhar dal* Rs. 75.02 to Rs. 80.38, *urd dal* Rs. 80.36, *moong dal* Rs. 83.06, *masoor* Rs. 66.98 to Rs. 72.34, *masoor dal* Rs. 83.06 and *gram dal* Rs. 65.64 per quintal.

TEA FANNINGS DEARER

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 5*th March*

A total of 388,000 kgs. was on offer in tea sale No. 9 held here on Tuesday the 3rd inst. Quality was again useful and generally about maintained from all districts. There was good general demand. Low medium and medium brokens elicited more inquiry and were generally sold at slightly dearer rates, while there was considerably more activity for similar fannings which were a strong feature and generally dearer. Good medium brokens were readily absorbed at about last rates, while their fannings were fully firm and generally dearer. Less demand was seen for high grown brokens which were irregular and generally somewhat lower. Fannings grades, however, were keenly competed for at fully firm to dearer prices. Clean black leaf teas and whole leaf grades were sold well at generally enhanced levels. There was fair demand for tippy teas.

The quotations (per kg.) were:

	1964 Rs.	1963 Rs.
Low medium	4.40-5.10	4.45-5.00
Mediums	4.90-5.60	5.00-5.40
Good mediums	5.40-6.70	5.45-6.20
Nilgiri B.O.P.	6.30-9.50	6.20-12.40

The average price realised in sale No. 9 held today was Rs. 5.71 per kilo, as against Rs. 5.42 a week ago and Rs. 5.59 in the corresponding sale last year.

In dust sale No. 9 held today, 171,000 kgs. were offered. The market opened to strong general demand which continued throughout the sale. All mediums continued to receive useful inquiry and were sold at firm to dearer rates. Highgrowns on offer were also sold readily and realised higher prices. Residual kinds came to a strong market and clean black grainy descriptions were well supported. Unorthodox descriptions also shared in the general trend of the market.

The average price realised in dust sale No. 9 was Rs. 4.82 per kilo, as against Rs. 4.72 a week ago and Rs 4.55 in the corresponding sale last year.

Colombo: There was good demand. Best liquoring teas were slightly dearer, while others were about steady. Mediums and uvas were lower by 5 to 10 cents.

London: In Monday's sale, there was fair general demand. Better liquoring Assams were dearer, but poorer sorts came to an easier market.

Ceylon and South Indians: In Tuesday's sale, offerings amounted to 16,260 packages, of which 5,340 packages came from South India. There was good general demand for both Ceylons and South Indians which were firm to dearer.

As we go to press, Messrs. Forbes, Ewart and Figgis Private Ltd., wire:

"*Sale No.* 10: 378,000 kgs. offered. Good general demand. Low mediums about steady. Mediums and good mediums firm. Highgrowns good demand, but prices irregular. Unorthodox steady."

DEMAND FOR KIPS POOR

(From Our Own Correspondent)

MADRAS, 9*th March*

Arrivals of kips from the tanneries to the Madras market this week were moderate and the clearance was slow. Export demand was poor, but there was some offtake for the inland trade. Enquiries from importers for cowhides run and fifths in medium weights, for cowcalf fourths in light weight and for top marks in buff calf skins were patchy. Prices, on the whole, ruled weak.

In the tanned skins section, buyers of goat skins were showing great resistance to Madras prices. Export trading was selective and small, the call being for lower ends. American importers seemed to show small interest in heavy weight goat skins. There was no change in the sheep skins market, and importers were complaining about the poor quality of middle class sheep skins shipped recently.

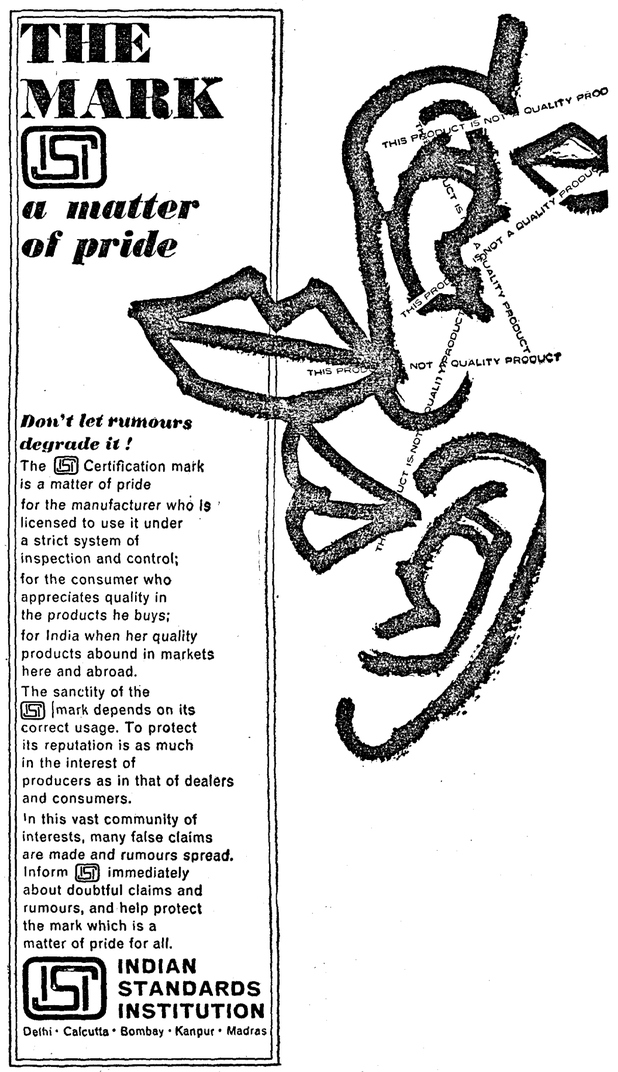
At the German auctions held last week, 35 per cent of the goat skins offered were sold. Upper selections and goat tannages fetched 3d. to 6d. more than the current prices here. In sheep skins, clearance was poor on account of high prices.

Shipments during February were: 1,914 bales tanned cowhides, 221 cowcalf, 9 buffhides, 857 buffcalf, 591 goat and 381 sheep skins to the U.K. ports; 28 cowhides, 13 cowcalf, 28 buffcalf, 989 goat, 420 sheep skins and 992 cases chrome and pickled goat skins to the Continental ports; 10 buffhides, 45 buffcalf, 325 goat skins to the U.S. ports: 3 goat and 85 sheep skins to Japan.

SANDVIK ASIA LIMITED

The Poona factory of Sandvik Asia Limited is now in a position to make quick deliveries of tungsten powder for production of tungsten carbide, tungsten carbide blanks for manufacture of finished tools, rock drill steels, detachable bits and extrusion drill steel equipment, and tungsten carbide cutting tools. This was revealed by Mr. Wilhem Haglund, President of the parent Company, Sandvik Steel Works, Sweden, at a Press conference in Bombay on Tuesday this week. Tugsten carbide is an important complement in the development of the industry, and the Indian Government wished to establish a domestic tungsten carbide manufacturing plant in India, in order to save considerable foreign exchange involved in imports. The rock drill steels produced by the Poona factory are sold by the Atlas Copco (India) Private Limited, the sole distributors, which belongs to the world's foremost experts in the compressed air field, the Swedish Atlas Copco Group, and is in a position to render very efficient service backed by years of rich experience in the field of rock drilling and rock removal.

Besides Sandvik Asia Limited, the Sandvik Steel Works of Sweden has 27 other subsidiaries in different parts of the world, including Europe, North and South America, Africa, Australia and Asia. In addition, there are some 100 agents in various parts of the world where there are no subsidiaries. In 1963, the turnover of the Sandvik group amounted to over Rs. 50 crores, of which 77 per cent was accounted for by sales in export markets. The Sandvik Group produces sperial steels, finished steel products and tungsten carbide products.



TREND OF SHARES

SUPPORT AT LOWER LEVELS

(From Our Own Correspondent)

BOMBAY, 12*th March*

ON small and selective but steady support at lower levels, equities gathered some fresh strength this week, in refreshing contrast to their distinctly bearish behaviour last week owing to persistent bull liquidation and selling pressure following the presentation of budget proposals. Support was forthcoming on account of several considerations. The foremost among them was the belief that after the budget would follow some relief in tax proposals. The proximity of dividend announcements, especially of companies like National Rayon and Kohinoor which are expected to propose higher dividends, was another consideration. Technically, too, and in view of the last week's sharp shake-out, the market seemed favourably placed for attracting some renewed support. Finally, the market being still under the influence of some prominent strong bull operators also explained the support which values met with at setbacks.

In spite of all this, however, trading was unexciting and price movements were narrow, with net changes over the week being small, though not incidental. But the week's trading pattern seemed to suggest a tendency on the part of values to settle down around their post-budget low levels. Should they succeed in holding intact these levels for some more time, as they did this week, that period might well turn out for the market as one of digesting the budget shock before resuming the upward journey. No doubt, the budget has set a limit to this upward journey by having failed to provide no definite incentive to investors. But, at the same time, it promises to be growth-oriented and has created, through tax incentives, scope for accelerating progress of certain selected basic industries. This and some possible tax reliefs can help the market regain its *equi poise*. Its task should be made easier by the principal bull operators who are still very much there in the picture.

Hopes of some relief in tax proposals have so far been belied. The Finance Minister offered no categorical concessions in his reply to the general debate on the budget in the Lok Sabha on Tuesday the 10th inst. But he indicated that the Government was examining the suggestion that the levy of Capital Gains Tax on bonus share issues should be differentiated. The Government was also considering the view, he said, that the total impact of the Estate Duty and Capital Gains Tax and incidental sale costs of inherited property should not be such as to cover the entire value of property. While a reconsideration of the Capital Gains Tax on bonus shares would certainly prove a good incentive for the market, firm expectations are also entertained about a sizable relief in the additional excise duty on rayon yarn, as it is believed that the estimated revenue from the enhanced rate is a gross underestimation and that the actual burden on the industry would be far more heavy than what has been anticipated. It will be remembered here that, because of the increase in the duty on yarn, rayon shares have been the worst hit in the post-budget shake-out. Marketmen also expect the Finance Minister to reduce the proposed tax on the amount of profit distributed as dividend. Meanwhile, they have welcomed the clarification from T.T.K. that development rebate would not altogether be abolished after 1967 but would be replaced by a graded rate of rebate.

The report this week that the Mahalanobis Committee had failed to produce any definite conclusions concerning the changes in income distribution in the country and had made no specific observations about concentration of wealth and economic power was well received by the market. The corporate news about an increase in Martin Burn's sales from Rs. 770.08 lakhs to Rs. 877.25 lakhs and gross profit from Rs. 81.06 lakhs to Rs. 94.44 lakhs and that the National Rubber Manufacturers Ltd. had raised the dividend for 1963 by two points to 10 per cent, following the spurt in pre-tax profit from Rs. 11.41 lakhs to Rs. 22.44 lakhs, proved stimulating for the market. Sentiment was also influenced by reports of purchases of Tata Steel Ordinary and Hindustan Motors by the L.I.C. and the Unit Trust on the Bombay Stock Exchange.

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Except for Scindia which came in for strong support and finished 64 nP higher at Rs. 16.40, trading was featureless on Dalal Street. Among market leaders, Steel shares moved in a narrow range and closed fractionally lower—Tata Ordinary at Rs. 149.50, as against Rs. 149.75 last week, and Indian Iron at Rs. 25.20, as against Rs. 25.35—but Century and National Rayon staged some good recovery from Rs. 641 and Rs. 404.50 to Rs. 656 and Rs. 415, respectively. Other Textiles were also steadier, notably Kohinoor which rose during the week from Rs. 336 to Rs. 342.50 on support based on expectations of a higher dividend for 1963.

The proposal of the Directors of Morarjee Goculdas Spinning and Weaving Company Ltd. to issue additional capital of Rs. 23 lakhs in ordinary shares of Rs. 100 each and offer it at par to the existing shareholders in the proportion of four new shares for every nine shares produced no material change in the market value of the shares at Rs. 388. On the other hand, Dharamsi Morarji's offer of a one-for-three rights issue at par, amounting to an aggregate additional capital of Rs. 13.79 lakhs, did not stem the downward trend in the shares which closed, over the week, 10 points lower at Rs. 135.

T.E.L.Co. and Voltas were quiet at Rs. 306.50 and Rs. 272, respectively, and so were Hindustan Motors at Rs. 19.12 and A.C.C. at Rs. 149.75. The cash section displayed an easy trend, with SLM-Maneklal declining by 13 points to Rs. 187, Permanent Magnets by 10 points to Rs. 122.50 and New Standard Engineering by Rs. 9.50 to Rs. 140.50.

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Forward shares on the Calcutta Stock Exchange made a mixed show, while in the cash section, Jutes were particularly easier. Thus, among the cleared shares, Dunlop were up by 19 nP to Rs. 38.31, Indian Aluminium by 25 nP to Rs. 32.25 and Shree Gopal Paper also by 25 nP to Rs. 26, while Indian Cable eased further by 50 nP to Rs. 37.50, Guest Keen by 56 nP to Rs. 26.44 and Howrah Jute by 75 nP to Rs. 17.81. Among Jute shares, in the cash section, Fort Gloster dropped by six points to Rs. 270 and Alliance by five points to Rs. 125.

Coal shares were quiet, with Bengal reacting from Rs. 255 to Rs. 252. Burn, in the Engineering section, moved down by six points to Rs. 312. Alkali declined further from Rs. 33.37 to Rs. 32. A setback from Rs. 16.19 to Rs. 13.94 in Hindustan Pilkington Glass and from Rs. 34.75 to Rs. 32.62 in Union Carbide featured an otherwise dull trading in Miscellaneous issues.

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Selected Plantings and Miscellaneous evoked support on the Madras Stock Exchange. Nonsuch Tea improved by 87 nP to Rs. 23, Consolidated Coffee by 87 nP to Rs. 20.87 and Vaikundam Rubber by Rs. 2.75 to Rs. 36.50. In the miscellaneous section, Aluminium Industries gained 88 nP to Rs. 20, Travancore Chemical 25 nP to Rs. 18.50 and Madras Rubber 47 nP to Rs. 14.37. Among Textiles, Lakshmi eased by two points to Rs. 135 and S.I. Viscose by Re. 1.50 to Rs. 134.

AMERICAN LETTER

(Concluded from page 404)

burden as has now been approved is just right and will help prevent the economy from slipping into yet another recession towards the end of the year.

A Department of Commerce survey shows that consumer spending for the full year 1963 totalled $373,100 million, an increase of 5 per cent from 1962. With prices up less than 1½ per cent, this means that the physical volume of consumption rose almost 4 per cent. Spending during the fourth quarter of 1963 actually topped the annual rate. The overall increase in consumption expenditures fully matched the advance in disposable personal income from 1962 to 1963, so that personal saving last year held at the previous year's level.

It is estimated that nearly $8,000 million of the $9,200 million tax reduction applicable to individual taxpayers will flow directly into their pay packets this year. This is a potential addition to purchasing power, but all of this may not be used to buy goods or services; a certain proportion will certainly be put away in "the little tin box," whether that be a commercial bank, a savings bank, a savings and loan association or a mutual fund. It is likely also that some part of the additional "income" will be used to pay back consumer loans.

Inflation Ahead?

Some economists believe that, while a shot in the arm is certainly necessary, the dosage is too heavy and that as a result the forces of inflation, which are making their presence felt here and there already, will be strengthened. Some others believe that the tax cut would benefit essentially the "wrong groups," meaning the middle and upper brackets and for this reason it would not give demand the necessary fillip. The President and his advisers are, however, confident that the tax cut "will encourage the growth and prosperity of this land that we love." They expect that the tax cut will trigger an expansion which would gain momentum under the multiplier effect, just as a weighted object thrown in a rather stagnant pool sends a steady ripple outwards in ever-widening circles. The President has even given specific examples of companies that plan to expand their facilities and labour force and cited the prediction of a New York business economist that capital spending in 1964 alone will be 20 per cent higher than last year. Current plans call for an increase in capital spending of some 9 per cent only.

The dominant mood in America is thus one of optimism, that this most significant experiment in the nation's fiscal history would pay off handsomely. Economic forecasters, whether bullish or bearish, have frequently been wrong, but there is no weighty reason to believe that the tax cut will not help to release the brakes on the economy. The results as they emerge may differ in degree from those expected by the official crystal-gazers, but an expansion is definitely in view.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 6th Mar., 1964

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long Term Operations) Fund		73,00,00,000
National Agricultural Credit (Stabilisation) Fund		8,00,00,000
Deposits—		
(a) Government—		
(i) Central Government		106,77,20,000
(ii) State Governments		5,02,62,000
(b) Banks—		
(i) Scheduled Banks		82,47,02,000
(ii) State Co-operative Banks		2,13,89,000
(iii) Other Banks		1,99,000
(c) Others		163,86,72,000
Bills Payable		38,56,43,000
Other Liabilities		62,41,82,000
	Rupees	627,27,60,000

ASSETS	Rs.	Rs.
Notes		16,19,17,000
Rupee Coin		3,17,000
Small Coin		2,44,000
National Agricultural Credit (Long Term Operations) Fund—		
(a) Loans and Advances to—		
(i) State Governments		26,44,41,000
(ii) State Co-operative Banks		8,10,97,000
(iii) Central Land Mortgage Banks		....
(b) Investment in Central Land Mortgage Bank Debentures		3,59,36,000
National Agricultural Credit (Stabilisation) Fund— Loans and Advances to State Co-operative Banks.		....
Bills Purchased and Discounted—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		58,02,29,000
Balances Held Abroad*		13,16,64,000
Loans and Advances to Governments**		45,21,22,000
Loans and Advances to—		
(i) Scheduled Banks†		106,02,45,000
(ii) State Co-operative Banks‡		129,01,74,000
(iii) Others		1,92,62,000
Investments		188,66,04,000
Other Assets		29,93,08,000
	Rupees	627,27,60,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

† Includes Rs. 46,63,65,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	16,19,17,000	
Notes in circulation	2465,57,36,000	
Total Notes issued		2481,76,53,000
Total Liabilities		2481,76,53,000

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India	112,45,69,000	
Total		230,21,79,000
Rupee Coin		106,85,80,000
Government of India Rupee Securities		2144,68,94,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2481,76,53,000

State Bank of India

Statement of Affairs for the week ended 6th Mar., 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital:— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up:— 5,62,500 shares of Rs. 100 each..	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		9,30,00,000
Borrowings from Other Banking Companies, Agents, etc.		597,33,15,000
Bills Payable		19,80,40,000
Bills for Collection being Bills receivable as per contra		4,88,42,000
Acceptances, Endorsements and Other Obligations per contra		8,69,73,000
Other Liabilities (including Inter-Office Adjustments)		17,07,78,000
Total	Rs.	3,31,04,000
		666,03,02,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		18,72,53,000
Balances with other Banks		2,16,28,000
Money at Call and Short Notice		4,03,33,000
INVESTMENTS:—		
Government and other Trustee Securities	Rs. 235,19,00,000	
Other Authorised Investments	9,44,21,000	244,63,21,000
ADVANCES:—		
Loans, Cash Credits, Overdrafts, etc.	Rs. 329,21,69,000	
Bills Discounted and Purchased	21,41,28,000	350,62,07,000
Bills Receivable being Bills for Collection as per contra		8,69,73,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		17,07,78,000
Premises less Depreciation		2,13,23,000
Furniture and Fixtures less Depreciation		1,71,99,000
Other Assets (including Inter-Office Adjustments)		16,21,99,000
Total	Rs.	666,03,02,000

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	21-2-64	14-2-64	22-2-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	58,77	59,70	46,62
(ii) From others	1,030,05	1,022,37	830,59
(b) Borrowings from banks	33,67	31,64	17,49
(c) Others	64,59	64,45	54,92
2. Time liabilities—			
(a Time deposits—			
(i) From banks	21,46	22,33	21,66
(ii) From others	1,250,60	1,244,13	1,217,95
(b) Borrowings from banks	15,14	12,85	19,47
(c) Others	11,88	11,47	9,44
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,281,55	2,266,50	2,048,54
4. Borrowings from Reserve Bank..	52,11	63,44	38,61
(a) Against usance bills and/or promissory notes	23,23	24,72	26,82
(b) Others	28,88	38,72	11,79
5. Borrowings from State Bank and/ or a notified Bank	21,34	19,47	18,76
6. Cash	60,76	57,22	50,62
7. Balances with Reserve Bank	76,74	77,61	72,03
8. Cash and balances with Reserve Bank	137,50	134,83	122,65
9. 8 as per cent of 3	6,03	5,95	5,99
10. Balance with other banks in current account	24,67	25,78	18,37
11. Money at call and short notice	40,85	37,78	36,79
12. Investments in Government securities	646,33	649,82	616,60
13. 12 as per cent of 3	28,33	28,67	30,10
14. Advances—			
(a) Loans cash credits and overdrafts	1,455,24	1,446,04	1,273,63
(b) Due from banks	12,80	11,50	13,15
15. Inland bills purchased and discounted	231,88	225,32	200,69
16. Foreign bills purchased and discounted	60,50	61,04	51,36
17. Total Bank Credit [14(a)+15+16]	1,747,63	1,732,40	1,525,68
18. 17 as per cent. of 3	76,60	76,44	74,48

EXCHANGE RATES

	11th March 1964	4th March 1964
London on New York	5. per Dollar 2.7979-2.7981	2.7981-2.7983
London on Berne	Sw. Fcs. 12.0990-12.1015	12.0890-12.1100
London on Paris	Fcs. 13.7095-13.7115	13.7115-13.7135
New York on London	Cents per £ 279.810-279.840	279.700-279.820
Pound Sterling—		
Sellers T.T. D.D. Spot	s.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months	s.	1-5 15/16	1-5 15/16
Buyers T.T.	s.	1-6 1/32	1-6 1/32
Buyers D.D.	s.	1-6 1/16	1-6 1/16
U.S. Dollar—			
Sellers T.T. D.D...	Rs. to $100	478.50	478.50
Buyers T.T.	Rs. to $100	475.00	475.00
Canadian DoLars—			
Sellers T.T. D.D.	Rs.*to $100	445.00	445.00
Buyers T.T.	"	437.25	437.25
French Francs—			
Sellers T.T. D.D...	per Rs. 100	102.30	102.30
Buyers T.T	"	103.40	103.40
Swiss Francs—			
Sellers T.T. D.D...	"	90.80	90.80
Buyers T.T.	"	91.20	91.30
Deutsche Marks—			
Sellers T.T. D.D...	"	82.90	82.90
Buyers T.T.	"	83.80	83.90
Italian Lire—			
Sellers T.T. D.D...	"	12,975	12,970
Buyers T.T.	"	13,150	13,145
Swedish Kroner—			
Sellers T.T. D.D...	"	107.50	107.60
Buyers T.T.	"	108.50	108.70
Belgian Francs—			
Sellers T.T. D.D...	"	1,037	10,38
Buyers T.T.	"	1,053	10,54
Dutch Guilders—			
Sellers T.T. D.D...	"	75.20	75.20
Buyers T.T.	"	76.10	76.10
Hongkong Dollars—			
Sellers T.T. D.D...	"	119.60	119.60
Buyers T.T.	"	120.60	120.60
Norwegian Kroner—			
Sellers T.T. D.D...	"	149.50	149.50
Buyers T.T.	"	150.90	150.90
Danish Kroner—			
Sellers T.T. D.D...	"	144.20	144.40
Buyers T.T.	"	145.60	145.70

INDEX NUMBERS OF SECURITY PRICES

[1952-53—100]

Group and Sub-Group	Week ended 29th Feb., 1964	22nd Feb., 1964	1st Feb., 1964	2nd Mar., 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99.8	99.8	100.0	99.2
2. Government of India	99.5	99.5	99.8	98.9
3. State Governments	102.1	102.1	102.1	101.7
4. Municipal, Port Trust, etc.	98.9	98.9	98.9	98.0
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98.1	98.1	98.1	98.6
PREFERENCE SHARES—ALL INDIA				
6. Total	81.5	81.6	81.1	80.5
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	174.3	171.7	168.5	169.3
8. *Agriculture and Allied Activities: Total**	149.4	148.6	148.1	148.8
9. Tea Plantations	135.8	135.7	135.3	139.9
10. Coffee Plantations	172.8	171.3	172.3	143.2
11. Rubber Plantations	183 3	181.5	182.2	183.2
12. *Mining and Quarrying: Total**	146.2	144.2	138.1	153.2
13. Coal	103.5	103.0	102.7	110.4
14. Other Mining	175.6	172.5	162.6	†179.0
15. *Processing and Manufacturing : Total*	189.9	186.6	182.6	182.1
16. *Processing and Mfg. (Foodstuffs,Textiles,etc.): Total*†*	192.1	189.1	184.9	188.6
17. Sugar	133.0	133.0	130.1	127.6
18. Cotton Textiles	171.7	169.6	167.5	170.6
19. Jute Textiles	94.6	94.5	93.8	98.9
20. Silk and Woollen	984.0	958.6	903.6	950.9
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	202.4	198.8	194.8	183.9
22. Iron and Steel	165.1	161.3	157.8	155.6
23. Transport Equipment	355.1	349.1	341.1	357.0
24. Electrical Machinery	163.2	160.3	156.3	158.1
25. Machinery other than Transport and Electrical	236.8	233.5	230.4	224.1
26. Basic Industrial Chemicals	191.2	186.3	182.4	171.0
27. *Processing and Mfg. (Others): Total**	160.2	156.5	154.2	158.8
28. Cement	151.7	146.8	145.0	147.4
29. Paper	200.5	199.1	197.0	206.2
30. *Other Industries : Total**	111.0	109.6	107.4	106.6
31. Electricity Generation and Supply	88.7	88.3	87.6	84.3
32. Trading	113.7	112.3	112.6	115.3
33. Shipping and Other Transport	102.8	100.1	93.3	84.4
34. Construction	301.9	295.2	280.8	267.3
35. *Financial: Total*	188.9	187.8	188.1	194.4
36. Banks	211.6	210.0	210.5	217.4
37. Insurance	148.5	149.3	148.7	154.3
38. Investment Trusts	84.6	84.4	84.3	87.0
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	184.3	180.2	175.1	173.8
40. Calcutta	160.1	157.6	157.2	158.5
41. Madras	178.4	177.0	176.4	183.0
42. Delhi	237.9	233.9	227.5	222.7

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 12th March 1964:

	Closing quotations 5-3-1964	High	Low	Closing quotations 12-3-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	142.50	140.00	139.00	140.00
Apollo (2)	1.88	1.90	1.86	1.86
Baroda Rayon (100)	89.50	92.00	89.50	90.00
Bombay Dyeing (25)	62.00	63.00	62.20	62.50
Bradbury (50)	151.00	—	—	151.00
Central India (100)	99.00	99.00	97.00	97.00
Century Mills (100)	641.00	656.00	641.00	656.00
Dawn (50)	156.00	156.50	155.00	155.00
Elphinstone (50)	98.00	98.00	97.50	98.00
Finlay (100)	317.00	—	—	315.00
Gokak (100)	180.00	179.50	178.00	179.00
Gold Mohur (100)	212.50	212.50	211.25	211.25
Gwalior Rayon (10)	42.50	43.00	42.00	42.00
Ind. Untd. Defd. (1)	2.44	2.54	2.46	2.52
Ind. Untd. Ord. (10)	21.12	21.88	21.48	21.60
Indian Rayon (100)	75.00	77.00	75.00	76.00
Indore Malwa (100)	207.00	210.00	205.00	206.00
Khatau (100)	198.75	200.00	197.50	197.50
Kohinoor (50)	336.00	342.50	335.50	339.50
Mafatlal (100)	622.50cR	622.50cR	575.00xr	575.00xr
Modella Woollens (10)	14.12	14.12	13.52	13.52
Morarji (100)	387.50	390.00	387.00	388.00
Mysore (50)	43.00	43.00	41.50	42.00
National Rayon (100)	404.50	419.00	405.00	415.00
New Great (100)	175.00	—	—	178.00
Phoenix (100)	230.00	232.00	228.00	228.00
Podar Mills (10)	13.00	13.00	12.76	12.80
Raymond Woollen (100)	137.00	—	—	135.00
Sassoon Spg. (10)	40.00	—	—	40.00
Shreeniwas (100)	263.00	264.00	259.00	263.00
Simplex (50)	130.00	131.00	130.00	131.00
Standard (100)	711.00	728.00	710.00	713.00
Svadeshi (100)	249.00	250.00	245.00	250.00
Swan (100)	267.50	—	—	267.50
S. I. Viscose (100)	134.50	136.00	133.50	134.00
Tata Mills (25)	56.50	56.50	56.00	56.00
Lakshmi-Vishnu (100)	101.00	—	—	101.00
Western India (250)	847.50	—	—	847.50
BANKS				
Bank of India (50)	105.75	107.00	105.50	105.50
Do. (New) (50)	107.50	108.00	107.50	108.00
Bank of Baroda (50)	92.00	93.00	92.50	92.50
Central (25)	45.00	45.00	44.50	45.00
Central 'A' (25)	45.00	45.00	44.75	45.00
Dena Bank (50)	55.50	56.30	55.50	56.30
Punjab National (10)	19.24	19.32	19.16	19.32
Union Bank (5)	6.24	6.24	6.20	6.24
United Com. (50)	72.50	72.50	72.00	72.20
Maharashtra (50)	54.50	—	—	54.50
ELECTRIC COS.				
Ahmedabad (100)	97.50cd	97.50cd	95.00xd	95.70xd
Amalgamated (10)	9.56	9.64	9.52	9.64
Andhra Valley (1,000)	1,038.75	1,042.50	1,036.25	1,037.50
Bom. Sub. El. (100)	104.00	104.75	104.00	104.75
Surat (100)	101.50	101.50	100.75	101.50
Tata Hydro (100)	111.50	112.00	111.00	112.00
Tata Power (1,000)	1,100.00	1,107.50	1,095.00	1,096.25
INSURANCE COS.				
British India (10)	12.64	—	—	12.64
Indian Mercantile (50)	56.20	—	—	56.20
New India (15)	46.50	46.75	46.00	46.00
New India 'A' (15)	48.25	48.25	47.50	47.75
Vulcan (10)	16.00	—	—	16.00
STEEL COS.				
Ind. Iron (10)	25.35	25.60	25.20	25.20
Mukand Iron (10)	17.80	17.88	17.52	17.88
Tata Steel Ord. (75)	149.75	151.50	148.75	149.50
SUGAR COS.				
Belapur (50)	228.00	232.00	224.50	230.00
Bhopal (10)	12.76	—	—	12.76
Chandeo (12.50)	29.00	—	—	29.00
Maharashtra (50)	137.00	141.50	137.00	140.00
Phaltan (50)	109.50	110.00	108.50	110.00
Walchand Ind. (100)	154.00	156.00	154.00	156.00
CEMENT COS.				
Associated Cts. (100)	150.25	151.00	149.00	149.75
Digvijay (100)	181.50	181.50	179.00	180.00
Orissa (10)	14.16	14.16	14.80	13.84
DYES & CHEM.				
Amar-Dye-Chem (100)	162.50	162.50	157.50	157.50
Camphor & Allied (100)	99.00	99.00	96.00	97.50
Citric (100)	77.50	78.00	76.00	77.00
Chemicoat (100)	149.00	149.00	147.00	148.00
Colour-Chem (100)	360.00	361.25	352.50	355.00
Indian Dyestuff (100)	338.75	350.00	337.50	342.50
Polychem (50)	126.25	130.00	125.00	125.00
Synthetics (100)	102.00	103.00	99.50	100.50
Tata Chemicals (10)	18.76	19.40	18.80	18.96
MISCELLANEOUS				
Alcock Ashdown (100)	305 00	313.00	304.00	308.00
Bom. Burmah (25)§	60.50	61.20	60.00	60.60
Do. (New) (20)‡	46.75	47.00	46.75	47.00
Br. B. Petrol (1½ sh.)	2.54	2.94	2.58	2.80
Br. L. Corpn. (5)	8.60	8.64	8.60	8.64
Cooper Eng. (100)	107.50	105.00	103.00	105.00
Hindustan Lever (10)	39.00	39.00	36.50	36.50
Hindustan Motors (10)	19.20	19.40	19.08	19.12
I. C. & Invest. Corporation (100)	97.00	—	—	97.00
Indian-Copper (2 sh.)	3.62	3.68	3.58	3.60
Killicks (100)	83.50	83.50	82.00	82.50
Larsen & Toubro (10)	23.76	23.88	23.40	23.60
Mahindra & Mahindra (10)	17.00	17.52	16.76	17.24
Asian Cables (100)	83.00	83.00	80.00	81.00
Permanent Magnets (100)	132.50	133.00	122.50	122.50
Phillips Carbon (10)	14.52	15.00	14.48	15.00
Pre. Automobiles (100)	100.00	108.00	104.75	105.00
Premier Con. (30)	189.00	190.00	186.00	188.00
Scindia (20)	15.76	16.56	15.64	16.40
G. E. Shipping (10)	13.88	14.04	13.84	13.84
N. Standard Eng. (100)	151.00	142.00	140.50	140.50
T. Mazagikal (100)	605.00	610.00	580.00	580.00
Shivrajpur (10)	20.48	20.76	20.00	20.48
Sirpur Paper (10)	13.20	13.36	13.08	13.08
Tata Locomotive (100)	309.00	314.50	306.00	306.50
Tata Oil (25)	68.00	68.50	66.00	66.50
Voltas (100)	280.00cd	282.25cd	270.50xd	272.00xd
W. T. Match (100	263.50	268.00	263.50	263.50
W. Coast Paper (100)	158.50	160.00	158.00	159.00
Zenith Steel (10)	17.48	17.52	17.24	17.24

GOVERNMENT SECURITIES	5-3-1964 Rs.	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	12-3-1964 Rs.
2½% 1976	83.50	—	4.39	83.50
3% 1964	99.50	—	3.90	99.50
3% 1966-68	97.85	3.85	3.83	97.85
3% 1970-75 1st Dev.	90.30	4.89	4.09	90.25
3% 1986 Con. Loan	63.25	—	4.72*	63.25
3½% 1964 N. P. Loan.	99.85	—	3.66	99.85
3½% 1965 N. P. Bonds.	99.70	—	3.70	99.70
3½% 1967 N. P. Bonds.	99.20	—	3.72	99.20
3½% 1974	96.75	—	4.12	96.75
3½% 1967 N. P. Bonds.	99.50	—	3.90	99.50
3½% 1969 Loan	97.10	—	4.19	97.10
3½% 1968	98.10	—	3.93	98.10
3½% 1968 N. P. Bonds.	99.45	—	3.88	99.45
4% 1972 Loan	99.20	—	4.12	99.20
4% 1973 Loan	99.15	—	4.10	99.15
4% 1979 Loan	98.25	—	4.14	98.50
3½% 1966 Bonds	99.65	—	3.66	99.65
4% 1980 Loan	98.30	—	4.14	98.30
4% 1981 Loan	98.40	—	4.13	98.40
4½% 1985 Loan	100.10	—	4.49	100.10
6½% 1977 G. Bonds	118.25	—	4.61	118.35
4½% 1972 N. D. Bonds	100.40	—	4.19	100.40

* Current Income. xd—Ex-dividend. x.r.—Ex-Right. c.r.—Cum-Right. cd—Cum-dividend.

§ B. Burmah—Shares of Rs. 125 have been sub-divided into 5 shares of Rs. 25 each. ‡ Sub-divided into 5 shares of Rs. 20 each after taking into account the Bonus element of Rs. 25.

COMMERCE

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

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WORLD TRADE CONFERENCE

ALL eyes are now turned towards Geneva, the venue of the U.N. Conference on Trade and Development, due to begin there on Monday next and expected to last for full twelve weeks, that is, up to 15th June. The idea of convening this Conference, ever since it was mooted over two years ago, has aroused considerable interest throughout the world; it is the largest ever to have been held anywhere, with as many as 122 countries participating in it. Although the deliberations of the Conference and the decisions taken thereat are of particular significance to the large number of developing countries, they are of equally great significance to the developed countries, in both the free and Communist worlds. For the problem to which the Conference is supposed to find a solution concerns as much the latter group of countries as the former. Briefly stated, the problem pertains to the widening imbalance in the world economy, consequent on the highly disproportionate rate of increase in the trade of developing and developed countries. Every developed country has enjoyed the benefit of an increased share in the expanded world trade during the last decade, but the share of many a developing country has not only not improved but has actually declined. The example of India will suffice. Between 1950 and 1962, this country's share in the total world export trade has gone down from 2.0 per cent to 1.1 per cent. The combined overall external payments gap of developing countries by 1970 is now put at as wide as $20,000 million, whereas a United Nations study published two years ago had estimated the deficit for that year to be about half this figure, $11,000 million, to be precise. While the developing countries are greatly worried about the widening payments gap, as that would undoubtedly hamper their efforts to speed up their rate of economic growth, the developed countries are fully conscious of the fact that such a gap would endanger their own economic prosperity, for they know that trade is, after all, a two-way traffic. No wonder, then, that both the groups of countries are eagerly awaiting the outcome of the Geneva Conference.

Before dealing with the question of taking appropriate measures for averting a serious impact on the world economic system caused by the growing trade gap, the Conference will first have to assess correctly the nature of the problem of the trade needs of developing countries. The problem is a two-faced one. On the one side, there is the heavy dependence on imports of machinery, equipment and other essential goods that are strategic to lifting the levels of productive investment for accelerated economic growth. And, on the other, in most developing countries, production for export and trade constitute a preponderant part of their total economic activity. It is necessary to bear in mind here the extremely vulnerable nature of the export trade of these countries. Even a cursory glance through the pages of the world trade history in the past several years will at once show that the traditional exports of primary products of predominantly agricultural origin, which account for nine-tenths of the combined foreign exchange earnings of developing countries, have expanded at slower rates in volume and suffered from sharper declines in prices than nearly all other products. And, what is worse, the adverse price trends for primary products, especially since 1954, have led to a marked deterioration in the terms of trade of these countries. When such is the state of affairs, the developing countries are simply unable to pay for the expanding needs of imported supplies, not to speak of meeting the external debt service charges. If only all the developed countries participating in the Geneva Conference were to recognise this simple but crucial aspect, a lot of precious time, which would otherwise be wasted in long-drawn-out discussions, could be saved and utilised for constructive purposes. The Conference should not be turned into a debating platform; instead, attempts should be made to find a workable solution to the problems of world trade and aid.

Considering that the foreign trade problems of all developing countries are more or less similar, it is just as well that these countries have reached a broad understanding among themselves about the common stand they should take at the Geneva Conference. The credit for this must go in large measure to Mr. Manubhai Shah, Union Minister for International Trade, and his colleagues who it is that have tried hard to persuade the other developing countries to accept the need for a joint united approach. Forming part of this approach are four important pleas that are expected to be put forward at the Conference. One of them covers stable and remunerative prices for primary products,

World Export Trends
(In million $)

	1962	1951
World total	124,400	76,990
Of which :		
Developed countries*	94,542	51,945
Percentage share in the total	76	67
Developing countries	29,858	25,045
Percentage share in the total	24	33

Note : The above figures exclude Communist countries.
*United States, Canada, Western Europe, Oceania and Japan.

raw materials and minerals through a system of compensatory financing for losses in export earnings caused by falls in the prices of their exports and adoption of measures designed to make the commodity agreements more effective. The other three pleas relate to (*a*) abolition of non-tariff barriers imposed by the developed countries; (*b*) removal of all quantitative restrictions and internal duties which impede the free and full flow of manufactured goods, semi-processed items and other commodities of the developing countries to the expanding markets of the developed countries; and (*c*) elimination of differential tariffs that militate against the entry of manufactured goods.

All these pleas are unexceptionable from the point of view of developing countries, but their acceptance *in toto* by the developed countries will require a lot of persuasion and serious negotiation, for some of the existing handicaps are designed to give protection to the workers of developed countries. As we in India who have watched the opposition in some of the developed countries like the U.K. and the U.S. to permit imports of manufactured goods know very well, both workers and employers in all these countries are highly organised and will strongly resist even the slightest chance of inconvenience to them. The battle will undoubtedly be a tough one. The only consolation is that economists, financial journalists and some politicians who have had occasions to study the world problems are appreciative of the need for promoting imports from the developing countries. It is, indeed, commendable that British spokesmen have most forcefully urged the other developed countries to take as helpful and positive an attitude as possible towards the trade problems of developing countries. Here is what Mr. Edward du Cann, Minister of State at the Board of Trade, said at London the other day:

"The United Nations Conference should take as its first priority the task of improving living standards by means of increasing trade. We regard it as essential to improve the potential for developing countries to sell their manufactured goods in the markets of the industrialised countries. To this end, I may fairly claim that Britain has set an example. If the industrialised countries seek markets for their specialised, capital-intensive products, they must in turn provide an access in their own markets to their potential customers. Methods to achieve this must be found. Other countries in Europe and North America must individually do their share. Collectively, the machinery must be provided."

The last sentence in the above extract is important. It is just not enough if the Geneva Conference succeeds in merely enunciating a set of principles to ensure progressive liberalisation of international trade, with a considerably larger access to the semi-processed and manufactured goods of developing countries in the markets of the richer nations. The Conference will also have to evolve a suitable machinery to give effect to the code so enunciated. There seem to be three alternatives: To modify the rules of the G.A.T.T. so as to make it a more effective instrument for expanding world trade on a stable and healthy footing, or to set up a new International Trade Organisation (I.T.O.), or to convert the Geneva Conference itself into a permanent organisation with secretarial assistance from the United Nations.

This is not the first time that the setting up of a new I.T.O. has been proposed. Soviet Russia and its allies have sponsored the proposal time and again but to no purpose, thanks to the marked divergence of opinion between this group and the free world countries, especially the U.S. Where is the need for a new I.T.O. or for converting the Geneva Conference into a permanent body when there is already a ready-made organisation, the G.A.T.T.? May be, the G.A.T.T. has not served as a purposeful instrument of international trade co-operation in the way every one wants. This is not the fault of G.A.T.T., for the world itself has remained divided politically into two separate compartments since 1945, that is, shortly after the U.N. came into existence. The prolonged cold war was not the creation of G.A.T.T. There is some force in the contention that the G.A.T.T. has served mainly as an excellent forum for the industrialised countries to conduct tariff negotiations and that it has not served the interests of developing nations adequately. But no one can deny G.A.T.T. the credit for preventing tariff wars among the countries of the free world in the post-war years, for facilitating them to move in the direction of establishing a multilateral system of trade, and for serving as

Contents

	PAGE
LEADING ARTICLES—	
World Trade Conference	445
Industrial Relations	446
Wealth from Mineral Wastes	446
MARKET GOSSIP	447
TREND OF SHARES	448
THIS WEEK'S SURVEY	450-451
SPECIAL FEATURES—	
Pool of Gold Revealed	452
London Letter	452
Delhi Letter	453
Manchester Letter	457
Monthly Economic Review of U.K.	460
Common Production Programme	462-463
U.P. Letter	470
MONEY AND BANKING	454
TEXTILES	456
PLANTING	458
ENGINEERING	464
NEW PRODUCTS AND PROCESSES	465
LABOUR	472
COMMERCE AND INDUSTRY	473
COMPANY MATTERS	474-476
NEWS IN BRIEF AND PERSONAL	477
TREND OF MARKETS	479-482
MISCELLANEOUS STATISTICAL INFORMATION	483-484
STOCK AND SHARE QUOTATIONS	485-492
WEEK'S STOCK EXCHANGE TREND	492

a forum through which the developing countries in the free world could get their points of view heard by the developed countries and could extract certain concessions. A large measure of credit must also be given to G.A.T.T. Secretariat for highlighting, through its special reports and annual publications, the adverse trade trends suffered by the developing countries since the early 'fifties.

Apart from securing a better deal for the developing countries, the association of Communist countries with G.A.T.T. poses a ticklish and complex problem, because their economic system and training methods differ from those of the free world. Will it be possible to fit them into G.A.T.T. through a mere modification of the rules, without transforming the G.A.T.T. itself into a new body unrecognisable from its old self? Frankly, we do not know the answer. All that one can say at this stage is that much will depend upon the attitude of Russia and its partners in COMECON. But any attempt on their part to break up the G.A.T.T. as part of their grand design to spread international communism will be deplorable and deserve to be cold-shouldered by India and other underdeveloped countries. It would be unfortunate if the Communist countries tried to exploit the Conference as part of their cold war strategy. It is to be hoped that the developing countries will not lend themselves to be used as tools in the hands of communists. While there is room for amending the charter of G.A.T.T. for accommodating the legitimate trade requirements of U.N. members, there is no case for winding it up. The G.A.T.T. has got quite an efficient administrative set-up and possesses rich experience gathered over a number of years, both of which can certainly be made use of for furthering world trade.

It would be appropriate to refer here to some of the modifications in G.A.T.T. rules suggested by India with a view to redressing the balance in favour of developing countries. A gist of India's point of view as presented in a draft submitted to the G.A.T.T. this month is given below:

Measures must be taken to stimulate trade in primary products at remunerative prices. There is need for diversification of exports from developing countries. The industrialised nations should grant special concessions to the developing countries for their exports of finished and semi-finished goods. They must treat both raw materials and semi-finished goods on the same basis; both oilseeds and vegetable oils, for instance, should be allowed duty-free entry. Further, they must grant preferential treatment to imports from developing countries and adopt measures for fostering the expansion of such imports without asking for reciprocity. Again, the industrialised countries must extend both financial aid and help in developing export industries and in the work of export promotion as such.

The measures advocated by India are reasonable and based on those contained in the G.A.T.T. Action Programme evolved in 1962 by 18 developing countries. The adoption of this Programme at the Geneva Conference and the successful "Kennedy Round" for 50 per cent global reduction of tariffs—negotiations on such a reduction will commence thirty-one days after the Geneva Conference begins, that is on 4th May—will, there is no doubt, go a long way towards reducing substantially, if not eliminating altogether, the rigours of a serious imbalance in world economy in the coming years. The best way of silencing the Western critics lies in their spokesmen readily conceding the reasonable demands of the developing countries. By doing so, they will also have set standards to be followed by the Communist countries in their relations not only with the free world but also among themselves. The Western powers still have the whip hand in this respect. It remains to be seen whether they will use it judiciously and with foresight.

INDUSTRIAL RELATIONS

JUDGING from the number of man-days lost due to industrial disputes, which can be taken as a broad indicator of the general climate of industrial relations, 1963 was a year of comparative industrial peace. The total number of man-days lost during the year, according to the annual report of the Ministry of Labour for 1963-64, just published, is provisionally placed at 2.9 million, as compared with 6.1 million in 1962, a decline of over fifty per cent. This is just about half the average number of man-days lost owing to industrial disputes in the last five years from 1958 to 1962.

The improvement in industrial relations was noticeable in both the Central and State spheres. Out of the total number (2.9 million) of man-days lost, 300,000 were accounted for by railways, mines, ports and harbours, etc., which fell within the Central sphere. The situation, according to the report, was generally normal in banks and insurance companies, in that no work stoppages of any significance took place during the year. There were, however, as many as 60 strikes in coal mines last year. But these were mostly of short duration. Consequently, the total time loss was about 41,000 man-days, as compared with the loss of 187,000 man-days in 1962. The labour situation in non-coal mines showed considerable improvement in 1963, the number of man-days lost being just about half of that in the previous year.

Although 1963 was thus a peaceful year as compared with 1962, the annual time loss on account of industrial disputes is still considerable. For the cost of losing nearly three million man-days in terms of wages and production lost is substantial which the country can ill-afford at the present time. Had the Industrial Truce Resolution, solemnly adopted by both employers' and workers' representatives in November 1962, been faithfully observed by both parties, the time loss last year would have been much less. But, after the initial enthusiasm, respect for the Resolution waned and the old attitudes and postures returned. Both employers and workers are guilty of violation of the Truce Resolution. The Government itself failed to keep its promise to hold the price line. This explains why the improvement in industrial relations, witnessed during the first four months (November 1962 to February 1963) after the adoption of the Truce Resolution, did not continue, in spite of the attempt made at the last session of the Indian Labour Conference to restore "that sense of urgency and shining spirit of the earlier days." The situation at present seems to have worsened further. Workers throughout the country are restive and strikes and work stoppages and threats thereof are now becoming more frequent. All this points to one cardinal fact, namely, industrial relations cannot be insulated from the general economic situation and the best way to ensure industrial peace is to create an economic climate favourable for it. To say this is not to condone the actions of employers or workers, who are guilty of violation of the Truce Resolution and who deserve no sympathy, but to underline the fact that, unless certain basic requirements are fulfilled, it is idle to expect any lasting improvement in industrial relations.

The annual report of the Ministry indicates that joint management councils are now functioning in 80 units—25 in the public sector and 55 in the private sector—as compared with 53 in the previous year. To what extent this quantitative increase should be taken as an index of the progress of the scheme is a debatable point. Since the objective of the scheme is to foster better relations between workers and management and to improve productivity, the success of the scheme can be judged only by the extent to which joint management councils have contributed directly to industrial peace and productivity. The Ministry's report says that the scheme has made "slow but steady progress" and modestly concedes that it will take some time before the functioning of joint management councils becomes a normal feature of industrial relations in the country.

The extension and improvement of social security is mentioned as a major achievement of the Ministry of Labour. The Government's decision to start a family pension *cum* survival benefit scheme in favour of the members of statutory provident funds is singled out by the report as "an important development" that deserves to be mentioned. Under this scheme, a fund will be created from the difference between the old rate of provident fund contribution (6¼ per cent of wages) and the enhanced rate of 8 per cent (made applicable to 24 industries so far), out of which a pension will be given to the widow of a member who dies prematurely. The scheme is expected to be introduced in the Fourth Plan period and will cover 25 million contributors and their families, bringing the total number of beneficiaries to 125 million.

The extension of the social security will no doubt be welcomed by the employed, but the unemployed, whose number is increasing, will derive little comfort from the improvement in the lot of those whom they consider to be already lucky. The number of unemployed on the live register of employment exchanges, according to the Ministry's annual report, continued to show a rising trend. This, it explains, is primarily due to additions to the labour force. At the end of December 1963, the number of unemployed on the all-India live register of employment exchanges stood at 2,518,463, as compared with 2,379,500 a year before. It must, however, be remembered in this connection that this number is only a rough indication of the *trend of unemployment in this country, for not* all the unemployed people are registered. Indeed, the number of unemployed on the live registers of employment exchanges represents only a small fraction (approximately one-sixth) of the total unemployed about which no firm figure is available. Incidentally, the non-availability of regular, dependable statistics on total unemployment in the country is doubtless a gross reflection on the labour bureaux of Central and State Governments. When will our authorities be developed enough to provide this vital data?

WEALTH FROM MINERAL WASTES

IT is a misnomer to describe wastes of any kind—be they of human and animal or of agricultural, industrial and mineral origin—as "useless remains," for they can be, as indeed several of them are, utilised economically in the creation of fresh wealth. Examples of such utilisation—of rags and waste paper in the manufacture of paper and paperboard, urban wastes in the making of compost manure, cowdung and agricultural wastes in rural composting, iron scrap in the production of steel, and so on—come readily to one's mind. While this country, like any other, is undoubtedly making some use of its huge annual wastes arising from current consumption and production, it cannot claim to be utilising them *fully and most economically* so as to augment agricultural and industrial output. In fact, India has still a long way to go before it can overcome its poverty of physical resources by, among others, optimum utilisation of its varied wastes in fruitful ways. This is particularly called for in the agricultural sector, where the production potential can yet be impressively increased if only all that has been taken out of land is returned to it in the form of night soil, cowdung and compost manure. No less important is the effort to convert industrial wastes—which are all the time accumulating with the ever-increasing industrial production—into economically useful products, particularly those wastes arising from mineral and metallurgical industries which are basic to development. It is in this context that the international symposium on "Utilisation of Metallurgical Wastes," which concluded its discussions at the National Metallurgical Laboratory at Jamshedpur on the 13th instant, would seem to have served an eminently useful purpose.

Economic utilisation of mineral and metallurgical wastes, incidentally, would call for the development of new technologies. This is a function of applied research—a field in which *scientists in India and abroad have achieved* something and would have to achieve still more. While it is difficult to say from a perusal of the brief press reports covering technical discussions at the Jamshedpur symposium what research achievements are immediately capable of commercial exploitation and what processes under development would be of potential significance, one has at least a broad picture of problems and possibilities in the sphere of utilisation of metallurgical wastes. As far as research work in India is concerned, the realisation that "rich" ores are gradually ceasing to be abundant has led the National Metallurgical Laboratory to undertake both short-term and long-term research projects in six fields. These are: (1) Treatment of mining rejects and mineral discards, such as of ore fines and other low-grade by-products—their beneficiation, processing and optimum utilisation; (2) utilisation of slags and residues—treatment of by-products of metal industries, such as of blast furnace and steel slags, flue dusts and mill-scale coke breeze; (3) utilisation of drosses, swarfs, skimmings, such as of zinc dross from galvanising shops and aluminium dross, reclamation of lead and processing of electro-metallurgical residues and muds; (4) utilisation of metallurgical waste gases, such as during electric smelting of ferro-manganese; (5) miscellaneous utilisation studies, such as of steel scrap reclamation, refractories, raw materials, etc., and (6) scientific research studies, such as those relating to mineralogy and slag phase systems based on hot stage microscopy, X-ray diffraction analyses and other physical methods of examination of metallurgical by-products and wastes. In all these fields, according to Dr. B. R. Nijhawan, Director of the Laboratory, who spoke at the *symposium's* first technical session on the utilisation of raw materials, wastes and by-products, a lot of research work has been done.

The most significant research work under way in the Laboratory pertains to agglomeration of iron ore fine wastes. As mechanised iron ore mining, crushing and screening release 25-40 per cent of ore fines, the accumulated quantity of such fines may amount to about 12 million tonnes by the end of the third Plan. This will represent a loss of Rs. six crores, if the ore fines are not economically utilised. Hence the Laboratory has addressed itself to the work of sintering, pelletising, briquetting and beneficiation of the ore fines for utilisation in iron making. The Laboratory has also developed a suitable technical "know-how" for using natural ore fines for production of iron powder which is necessary for flame-cutting and scarfing, for metallurgical applications such as bearings, for mild steel electrode coating and for catalytic purposes in chemical and textile industries. Suitable beneficiation techniques have been evolved by the Laboratory in respect of (i) utilisation of fine grained raw material by briquetting for ferro-manganese smelting and (ii) recovery of sulphur and gold from tailings from the Kolar Gold Fields. In the field of utilisation of slags, flue dusts, etc., the most notable achievement of the Laboratory is the production of lightweight insulation concrete from foamed blast-furnace slag.

Another noteworthy achievement of the Laboratory is in the field of utilisation of metallic drosses, scarfs, skimmings etc. The feasibility of recovering zinc from the dross (which accounts for about 25 per cent of the metallic value) in metallurgical shops by distillation at atmospheric pressure has been successfully established at the Laboratory for adoption on a commercial scale. Aluminium dross containing about 50 per cent Al has been upgraded to one containing 80 per cent Al by wet grinding in the presence of small quantities of chromic acid. Similarly, brass-dross containing 35 per cent copper has been upgraded by a suitable process to contain 56 per cent copper. The Laboratory has done successful work on the recovery of copper from scrap by fire refining and electrolytic refining. Research on the recovery of lead and zinc from flue dusts has established that recoveries of 80 per cent lead and 75 per cent zinc are possible. The Laboratory has also conducted investigations on the recovery of aluminium, titanium, iron and vanadium oxides from the "red mud" waste of aluminium plants. If substantial recoveries are established, they should greatly improve the economics of aluminium production.

This review of N.M.L's research achievements and continuing investigations is illustrative of the possibilities for economic utilisation of mineral and metallurgical wastes. It need hardly be emphasised that, in the field of non-ferrous metallurgy, where the scarcity of zinc is particularly acute as it has to be mostly imported for the use of galvanising and paint industries, the feasibility of recovering zinc from various wastes and scraps demands urgent consideration.

The Jamshedpur symposium, which provided an excellent opportunity for interchange of technical ideas between Indian and foreign scientists, was based on a number of technical papers by experts. A French expert, for instance, reported on his work on ore fines and also presented pilot plant data connected with pelletising of lorraine iron ore for blast-furnace sinter. Two Indian experts discussed some recovery and utilisation possibilities in the ferro-manganese industry where the slag carries away 14 to 76 per cent manganese and furnace gases carry 68 per cent of carbon monoxide which is wasted at the moment. French, British, Russian and Indian technologists reported on their development work pertaining to the utilisation of waste heat and gas in iron and steel plants. Utilisation of coke breeze (going waste now) to produce pig iron on a small scale was suggested by an Indian researcher. A Russian professor detailed Soviet experience in the recovery of nickel from nickel-copper ores. An American scientist dealt with the recovery of metallics from steel mill wastes. The S.L. direct reduction process developed by a West German firm, according to an Indian scientist working in that firm, would be ideal for developing steel industry in those areas where metallurgical coals were not available. The scope for utilising metallurgical wastes in the railways was described by two Indian experts. If all these expert discussions are not to go waste, the three parties concerned—industry, Government and Laboratory—should co-operate with one another more fully and devotedly than they have done so far in research development and commercial exploitation of processes for utilising metallurgical wastes. That way they can effect annual savings of many crores of rupees, of which foreign exchange would be a significant proportion.

MARKET GOSSIP

Credit Squeeze And After

THE gentle credit squeeze applied by the Reserve Bank is by no means an ideal substitute for a straight, sizable increase in the Bank rate. Obviously, the Government, having opted for no significant change in the fiscal policy for encouraging savings and investment, does not want to dampen the climate for the capital market further by pushing up the Bank rate. But two wrongs do not make a right. There is no certainty that the slight enhancement in the cost of central bank credit and the tightening of selective credit control will have any sustained impact on the inflationary situation. Further, the Government wants to persist in its policy of heads I win, tails you lose, that is, relatively cheaper credit for itself and costlier credit for the private sector. Despite these deficiencies, the Reserve Bank's moves last week deserve to be welcomed in the spirit of "something better than nothing" and "better late than never." Its advice to banks to consider an increase in the rates of interest on deposits is pertinent, though it does not appear to have been palatable to most of the banks. This is evident from the decision of bankers to meet the Governor of the Reserve Bank early next week in order to ascertain what exactly the Bank has in mind.

There is one section of bankers which feels that the inter-bank agreement itself should be scrapped for both political and economic reasons. But it is in a minority and will not be able to give effect to what it feels. There is another section which is in favour of a modest upward revision in the rates of interest on deposits as well as advances. This section too is in a minority. The most influential section of bankers is of the view that nothing needs to be done. It wants the *status quo* to be continued for some months, in the belief that the busy season will soon be over and that everything will be normal again. According to it, advances will start getting repaid and deposits with banks will resume their upward trend. The most striking argument put forward by it is that, without offering any increase in deposit rates last year, the banks were able to gather record deposits, the expansion being the largest to be registered in any one calendar year. And this school maintains that all available indications are in favour of another record growth in deposits in the current year also. To the argument that expansion in bank credit this busy season has also been spectacular, its reply is that there have been special reasons for the unprecedented rise in bank credit and that they may not repeat themselves in the next busy season.

Some idea of the Reserve Bank's reaction to this line of reasoning may be had next week. But knowledgeable circles aver that the Reserve Bank itself is in two minds on this issue. It is, therefore, a moot point whether anything definite will emerge from the bankers' meeting with the Governor next week. Some, however, say that the Reserve Bank authorities will be perfectly satisfied if the banks agree to raise the prevailing rates of interest on term deposits, with a maturity of two years and over, by a half per cent.

Effect Of State Ownership

The season for the annual statements of bank chairmen in India has commenced. Mr. B. Venkatappiah, Chairman of the State Bank of India, released his statement last week. He has confined himself mostly to the affairs of his bank and its subsidiaries. A comprehensive review of his statement appears on page 454 of this issue. He has said nothing about general economic matters. Neither the Budget proposals, nor the state of capital markets has excited him. This is not surprising. Being the chief of a nationalised undertaking, he cannot be expected to cover controversial ground and come to a clash with either the Government or the captains of the private sector. A thing that will surely happen when more and more commercial undertakings come under State ownership or State domination is that the intellectuals who are in charge of the administration of these undertakings will lose the freedom to express their views on the burning issues of the day. More and more intelligentsia will become silent vassals of the State. When this happens, it will adversely affect the prospects for democracy. Suppose, for argument's sake, Mr. Venkatappiah, an able administrator and a clear thinker on economic problems confronting the country, were outside the public sector, one could then count on his guidance and leadership for correcting the mistakes of bureaucracy and politicians in power.

When the public sector expands, there will be more regimentation of thought and action. To give an instance, again. If the Unit Trust were in the private sector, instead of in the public sector as it is today, one could expect its chief to range himself along with the critics of the Budget, instead of remaining a silent spectator. Today, not a bit of the specialised knowledge acquired by him on public finance and economic policies can be used for educating public opinion, unless he chooses to perform the embarrassing task of playing the role of a public relations officer of the Government.

To give one more instance. Consider some of the first class administrators who have left the Government service and are either free-lancers or part of the private sector, as, for example, Mr. H. V. R. Iengar, Mr. N. Dandekar and Mr. H. M. Patel. Their current contributions as critics of Governmental policies and actions are quite forthright, substantial and healthy. In the light of what has been stated here, it will be appreciated that, if banking were nationalised, it would be a serious blow not merely to the private sector but to the democratic way of life itself, especially when there is no strong political Opposition to the ruling party from the right side. One will miss variety and life will become dull and monotonous.

Nationalisation Of Banks

The annual statement of Mr. A. D. Shroff, in his capacity as the Chairman of the Bank of India, is in refreshing contract to that of the State Bank of India's Chairman, Mr. Venkatappiah. After referring to the working of his Bank, Mr. Shroff has chosen the occasion to comment on the Budget and the persisting cry for nationalisation of banking from certain political quarters. Although his criticism of this cry is on well-known lines, there is a freshness about it. Thus, unlike many others who have spoken before him on this subject, he has not forgotten to congratulate the Government of India on its stout resistance to the increasing political pressure for nationalisation of banks. This is an aspect that needs highlighting, because those who are agitating for nationalisation of banks have created an impression that the majority are with them and that only a handful of people are opposed to their demand. The truth of the matter is that the majority in Government and Parliament are opposed to nationalisation of banks.

Briefly stating the case against nationalisation of banks, Mr. Shroff argues:

"I have endeavoured to study as objectively as possible the demand for nationalisation of banks in India and find it incomprehensible how it could serve the best economic interests of the country. In substance, the advocates of nationalisation appear to have been influenced by political ideology rather than by considerations for developing the economic interests of the country. It appears to me to be very naively assumed that all the deposits, which the banks in India, over a period of years, have succeeded in mobilising, can by one stroke of nationalisation be diverted towards the economic development of the country. A close study of the use to which bank deposits have been put will convince any objective student of the subject that the commercial banks in India have consistently been responsible for providing substantial resources, for both working and medium-term capital, to our industries and trade and commerce of the country. Mere nationalisation of banks would not automatically provide additional funds for the development of the country. So long as the private sector is to continue to exist and play its important role in the economic life of the country, an agency has to be provided for the smooth and expanding activities of the private sector, and the most effective agency for that is the operation of commercial banks in the country. In recent years, commercial banks have started playing an increasing part in providing medium-term finance for the capital requirements of a number of our industries. Besides, banks are making no small contribution towards Government, local self-government bodies and public utility services in their borrowing programmes."

Mr. Shroff has tried to dispel the widespread misconception that commercial banks, and in particular the big banks, cater to only big business, by quoting the data pertaining to the Bank of India, one of the big five. These show that, of the total number of about 11,500 borrowers on 31st December 1963, about 4,450 borrowers had sanctioned limits upto Rs. 10,000 and about 4,970 had sanctioned limits between Rs. 10,000 and Rs. 1,00,000. This means that nearly 82 per cent of the total number of borrowers of the Bank had sanctioned limits below Rs. 1,00,000.

After drawing attention to the efforts that are being made by his bank to provide increasing credit facilities for small industries and the large number of small shareholders who hold the vast majority of Bank of India's share capital—which in itself is an index of the popularity of the Bank's shares among the investing public—Mr. Shroff adds confidently:

"I would like to assure the investing public that I have sufficient faith in the good sense and judgment of our ruling authorities to believe that no precipitate action for nationalisation of banks will be taken, as it will certainly do permanent harm to the economic interests of the country. With the extensive powers vested in the Reserve Bank of India for keeping a vigilant watch over maintaining a correct standard of conduct in the management of banks, with the institution of the Deposit Insurance Scheme and with the successful working of banks over a period of years ever widening their services to an increasing number of people in the country, I have no doubt that, ultimately, wiser counsels will prevail and that this political demand for nationalisation will yield to a better appreciation of the vital role played by banks in the developing economy of this country."

Time alone can tell whether even this well-reasoned optimism of Mr. Shroff is justified. For the latest taxation proposals of Mr. T. T. Krishnamachari are proof of the unpredictability of the ruling authorities of the day. Commenting on these proposals, Mr. Shroff remarks that their cumulative effect "has been to aggravate the feeling of frustration, if not also of depression." in the capital markets. Analysing the implications of the direct taxes, Mr. Shroff comes to the following conclusions:

"The replacement of the Super Profits Tax by the new Surtax has undoubtedly, in a number of cases, provided some marginal relief, but that relief has been neutralised by the imposition of a new tax on the dividends distributed by the companies. As a matter of fact, instead of simplifying

(*Continued on page 492*)

U. CO. BANK'S RESULTS IMPRESSIVE

A CONSIDERABLE improvement in gross income and in deposits and a spurt in advances are the highlights of the impressive results of the United Commercial Bank Ltd. (General Manager: Mr. S. T. Sadasivan, Calcutta) for the year ended 31st December 1963. The Bank's balance-sheet total—a fair measure of growth—has shot up from Rs. 159.59 crores to Rs. 176.77 crores, with the increase in the liabilities side being almost entirely on account of the expansion in deposits.

The aggregate income, which had gone up by about Rs. 72 lakhs in the previous year, has increased further by more than Rs. 81 lakhs to Rs. 714.71 lakhs. This entire increase has come from banking business proper, because the income from other sources has actually dropped from Rs. 10.30 lakhs to Rs. 9.93 lakhs. The income by way of interest and discount has improved from Rs. 483.62 lakhs to Rs. 540.57 lakhs and that by way of commission and exchange has risen roughly by Rs. 25 lakhs to Rs. 164.21 lakhs in contrast with the setback of about Rs. 3 lakhs to Rs. 139.27 lakhs suffered in the previous year. Along with the income and in consonance with the general trend, expenses, too, have increased. This, however, is quite understandable in view of the growth of business during the year and the bigger wage bill. The total of outward interest has moved up by Rs. 37 lakhs to Rs. 337.90 lakhs. Staff expenses have also risen from Rs. 183.03 lakhs to Rs. 209.55 lakhs and other expenses have gone up by Rs. 11 lakhs to Rs. 78.72 lakhs. But in spite of this, the net profit, after depreciation and taxation, has added Rs. 3.10 lakhs to Rs. 76.43 lakhs, as against only Rs. 72,000 in the previous year.

Thanks to this improvement in profit, the Directors have been able to maintain the dividend on the Rs. 50 paid 100-rupee shares, which is payable for the full year on the 200,000 right shares issued on 13th August 1962 in the proportion of one for two at a premium of Rs. 25 per share, as against for only four and a half months on the 160,000 of these additional shares applied for and allotted in the previous year. But, as against the increase of Rs. 3.10 lakhs in net profit, the distribution by way of dividend has gone up by Rs. 9.10 lakhs to Rs. 33.60 lakhs. Further, the bonus to staff has also been higher by Rs. 2.50 lakhs at Rs. 19 lakhs. In order to permit this higher distribution of profit as dividend and also as bonus to staff, the Directors have reduced allocation to the published reserves from Rs. 28 lakhs in the previous year to Rs. 17 lakhs during the year under review. The carry forward is slightly higher at Rs. 75,941 as compared with Rs. 18,992 brought in.

The following comparative table mirrors the Bank's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Gross income	7,14.71	6,33.18	5,61.46	5,28.98
Of which:				
Interest and discount earned	5,40.57	4,83.62	4,10.24	3,79.00
Commission and exchange earned	1,64.21	1,39.27	1,42.38	1,41.73
Other income	9.93	10.30	8.84	8.25
Interest paid	3,37.90	3,00.89	2,60.79	2,52.34
Staff expenses	2,09.55	1,83.03	1,56.35	1,40.85
All other expenses	78.72	67.77	56.44	53.23
Depreciation and repairs	12.11	8.16	15.36	15.13
Net profit	76.43	73.33	72.61	67.43
To gratuity trust fund	4.00	4.00	4.00	..
" N.D.F. and other funds	2.26	2.15	..	..
" reserve fund	17.00	28.00	30.00	30.00
" bonus to staff	19.00	16.50	14.00	12.00
Dividend*	33.60	24.50	24.00	24.00
	(12%)	(12%)	(12%)	(12%)
Carry forward	0.76	0.25	2.07	1.47

	As on 31st December			
	1963	1962	1961	1960
Capital	2,79.67	2,23.34	2,00.00	2,00.00
Reserves	3,20.00	3,03.00	2,35.00	2,05.00
Deposits	120,07.91	105,73.89	93,90.40	88,93.87
Borrowings from other banks	4,51.86	4,12.36	2,69.28	9,32.28
Advances	85,91.72	71,07.70	64,20.71	61,38.50
Investments	38,11.41	36,39.87	35,97.22	33,88.29
Cash	11,74.59	11,24.13	8,66.10	9,56.71
Balance-sheet total	176,77.35	159,39.12	145,27.50	149,35.81
Ratio to deposits of—	%	%	%	%
Advances	70.9	67.2	64.0	69.0
Investments†	31.2	34.2	35.8	29.5
Cash	9.7	10.6	8.7	10.7

* Subject to deduction of tax.
† Only the unencumbered portion is taken into account.

It will be seen from the foregoing table that the year-end figure of advances is higher by as much as Rs. 14.87 crores, as compared with less than Rs. 7 crores increase in the previous year and less than Rs. 3 crores increase in 1961. This spurt in advances during the year under review reflects a much greater demand for accommodation from the Bank's customers and its readiness to relax a little its rather conservative lending policy. It is common knowledge in banking circles that the U.Co. Bank's credit ratio always used to be well below the average ratio for the scheduled banks as a whole. Further, the proof that the Bank's policy has been conservative is available in the fact that, after having risen from 58.2 per cent to 69 per cent in 1960, its credit ratio remained around 65 per cent in 1961 and 1962, whereas its liquidity ratio in those two years was approximately at about 44 per cent. The slight shift in th's policy during the year under review has enabled the credit ratio to expand to 70.90 per cent, which is almost the same as the average for all the scheduled banks. Demand for credit from customers would appear to have been pretty high, as on top of a handsome rise of over Rs. 15 crores in deposits to Rs. 120.98 crores, the Bank has closed the year with higher borrowings amounting to Rs. 451.86 lakhs as compared with Rs. 412.36 lakhs a year before. The ratio of investments to deposits has contracted from 34.2 per cent to 31.2 per cent, though the aggregate of investments stands higher at Rs. 38.11 crores as compared with Rs. 36.90 crores in the previous year.

It may be noted here that accretion of Rs. 15 crores in deposits has been the highest for the past few years. The increase has been recorded in all types of deposits. Fixed deposits have expanded from Rs. 57.77 crores to Rs. 68.15 crores, savings deposits from Rs. 12.99 crores to Rs. 14.88 crores and current accounts from Rs. 34.97 crores to Rs. 37.96 crores.

Because of such a large growth in deposits the ratio of the Bank's "own funds" to deposits has remained unchanged at 5 per cent. The Directors have found it desirable to capitalise a sum of Rs. 20 lakhs out of the sum of Rs. 40 lakhs standing to the credit of the share premium account and issue bonus shares in the proportion of one for every four. They have accordingly applied to the Controller of Capital Issues for his consent in this behalf. This is the first bonus issue to be made by the Bank since its inception in 1943.

Fifteen more branches were opened by the Bank during the year in leading cities and important trading centres in the country, bringing the total number of branches to 175.

HIND CYCLES' MERGER WITH GWALIOR RAYON

Discussions carried out for quite some time on amalgamating the Hind Cycles Ltd. with the Gwalior Rayon Silk Manufacturing (Wvg.) Company Ltd. have now resulted in a scheme of merger having been drawn up for the approval of the shareholders of the two companies. After that it will have to receive the sanction of the High Court of Madhya Pradesh which has the jurisdiction. The scheme is to take effect as of 1st April 1964. Before proceeding with the details, it may be pointed out that the scheme seems to be fair and considerate to the shareholders of Hind Cycles, particularly to the preference shareholders whose dividend arrears amounting to Rs. 7.12 lakhs for the three years ending 31st March 1964 are to be paid fully in cash by Gwalior Rayon, notwithstanding the fact that their claim, though a contingent liability, cannot be established unless their Company declares a dividend and, in case of its winding up, there is the requisite surplus of assets available for distribution. Since on the approval and sanction of the merger scheme, the Hind Cycles will be dissolved without a winding up, the Directors of Gwalior Rayon have been fair enough to have decided not to deprive the preference shareholders of that Company of their claim for the dividends in arrears. The payment of such arrears is to be made in cash along with the allotment of shares in Gwalior Rayon.

Besides this advantage allowed to the preference shareholders, both the ordinary and preference shareholders of Hind Cycles will benefit more from the relatively higher market value which their present holdings would command on being converted into shares of Gwalior Rayon. Finally, no fractional certificates for shares are to be issued. All fractions will be consolidated into whole shares which will be sold and the net proceeds of their sale distributed among the members of Hind Cycles in proportion to their respective right to the fractions. To outsiders who may still be wondering why a rayon weaving unit wants to take over a cycle manufacturing company there is nothing to offer for satisfying their curiosity except the explanation by the Directors of Gwalior Rayon that the amalgamation will be in the common interests of the shareholders of both the companies.

Under the scheme, the ordinary shareholders of Hind Cycles will get for their every 100-rupee share two-and-a-half 10-rupee equity shares of Gwalior Rayon, credited as fully paid-up and ranking in all respects *pari passu* with this Company's existing shares. Every member of Hind Cycles holding 5 per cent redeemable cumulative preference shares of Rs. 100 each will be allotted 5 per cent redeemable cumulative preference shares of Rs. 100 each of Gwalior Rayon, to be called series "C," and a cash payment of Rs. 15 per share. The holders of 5.5 per cent redeemable cumulative preference shares of Rs. 100 each will be allotted 5.5 per cent redeemable cumulative preference shares of Rs. 100 each of Gwalior Rayon, to be called series "D," and a cash payment of Rs. 16.50 per share. The holders of 5 per cent redeemable cumulative preference shares of Rs. 25 each will be allotted a similar share of the same value in Gwalior Rayon, to be called series "E," and a cash payment of Rs. 3.75 per share. Those holding 8.57 per cent redeemable cumulative preference shares of Rs. 100 each will be allotted a similar share of the same value under a new series called "F," and a cash payment of Rs. 23.71 per share.

The current market value of Gwalior Rayon ordinary (Rs. 10 paid-up) is Rs. 40, against which the Rs. 100 fully paid Hind Cycles are quoted at Rs. 85. The 8.57 per cent preference shares of Gwalior Rayon are quoted at Rs. 109.75, while the similar shares of Hind Cycles stand at Rs. 84.50. The Rs. 100 paid 5 per cent preference shares of Hind Cycles are placed at Rs. 52 and the 5.5 per cent at Rs. 75. Hind Cycles' 31,070 ordinary shares command an aggregate market value of Rs. 26.41 lakhs, against which the holders thereof will receive 77,675 ordinary shares of Gwalior Rayon quoted at Rs. 32.62 lakhs aggregate. The market value of the Gwalior Rayon's 8.75 per cent preference shares to be allotted to the holders of similar shares in Hind Cycles is higher at Rs. 21.95 lakhs, as compared with Rs. 16.90 lakhs of the latter.

TREND OF SHARES

POST-BUDGET NEW LOW LEVELS

(From Our Own Correspondent)

BOMBAY, 19th March

EQUITIES dropped to new low levels in the current downward trend since the Union Budget. Till Monday the 16th inst., they ruled quietly steady on the extension of small support and absence of selling pressure. But between Tuesday and today, when the lowest levels were struck, there was a sharp setback on persistent tired bull liquidation and considerable bear pressure in a market virtually devoid of fresh support. Closing prices, though slightly above the week's lowest levels on scattered short-covering, were perceptibly lower than those a week ago. Market leaders in Bombay, like Century, Standard, National Rayon and even T.E.L.Co., recorded heavy losses due to both panicky selling on account of a prominent bull operator and some bear hammering.

Standard, in fact, attracted on Tuesday a heavy margin of Rs. 64 per share payable by sellers before the 20th inst. The amount of margin represents the difference between the 16th inst. *hayala* rate of Rs. 720 and the interim margin clearing rate of Rs. 656. The setback in National Rayon was accentuated by the mere maintenance of the 1963 dividend at Rs. 16 per share, as against the market's expectations of a higher dividend of any thing between Rs. 18 and Rs. 22, and the announcement of a one-for-ten rights issue at par, which the market did not expect and which, it believed, would constitute an additional load. The subsequent clarification by a spokesman of the Company that (i) the Board could not have paid a higher dividend without depleting reserves, (ii) a bonus issue would not have been desirable in view of the newly proposed capital gains tax on bonus shares, (iii) the proposed rights issue would leave in the hands of the shareholders about Rs. 46 per share, and (iv) the current year's working so far had been quite encouraging, did cause a swift rally in the shares, but that proved short-lived, as the scrip relapsed further in line with the general trend. The weakness in Century was due to the delay in the publication of the directors' report and statement of accounts for 1963 and rumours that the Directors might come out with a rights issue instead of the proposed bonus issue. T.E.L.Co. suffered more as a result of the report on Tuesday that the loss of revenue to the Company consequent upon the recent strike by the workers had amounted to no less than Rs. 1.10 crore.

While the above factors affected the market leaders, the general sentiment turned weak because of (i) the absence of any expected relief in the tax proposals, (ii) the Reserve Bank's tightening credit control which made money all the more dearer and even led banks to think of revising upward their minimum lending rate by one-half per cent to 7 per cent, though with a corresponding increase in their rates of interest on two-year deposits, and (iii) the fast deteriorating political relations with Pakistan. The Finance Minister's official denials of any reliefs in the tax proposals and his advice to the F.I.C.C.I. to give a fair trial to the proposals seemed to belie expectations of any concessions being in the offing. At the same time, however, there was a feeling that, in the middle of next month, when the Lok Sabha starts debating the Finance Bill proper, some reliefs might be announced. As for the banks revising their lending rates, it was subsequently reported that such a contigency was not likely to occur till the end of the current busy season. As regards the political scene, Prime Minister Nehru's statement yesterday in the Lok Sabha that the cease-fire line in Kashmir would be crossed if necessary created some misgivings in Dalal Street as witness the fall in market leaders in the kerb deals late on Wednesday evening to levels even lower than those which were touched in the official session today. It will be worthwhile to note here that the Premier clearly stated that the cease-fire line would be crossed only as a measure of self-defence and not as a matter of policy. Possibly, his statement served as a convenient excuse to bear operators for pulling down values easily at a time when the market was in a nervous state.

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Dalal Street suffered a sharp setback, the extent of which is clearly indicated in the table, *Week's Stock Exchange Trend*, in the last column of page 492.

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Losses were widespread on the Calcutta Stock Exchange too. Among the cleared shares, Birla Jute dropped by Rs. 2.19 to Rs. 33.06, Kesoram by Re. 1.81 to Rs. 25.81, Indian Aluminium by Re. 1.56 to Rs. 30.69, Orient Paper by Re. 1.55 to Rs. 37.35 and Guest Keen and Indian Cable by one point each to Rs. 25.44 and Rs. 36.50, respectively. In the cash section, Coals were exceptionally steadier with Bengal five points up to Rs. 257, but Jute shares were conspicuously weak, with Delta eight points down to Rs. 146 and Kelvin four points down to Rs. 155. Burn, in the Engineering section, fell by 17 points to Rs. 295. Miscellaneous issues, wherever changed, were lower, with losses extending to a rupee and more in Associated Battery, Goodyear, Indian Oxygen, Isaac Holdens, N.I. Cable and Union Carbide, and to six points in Rallis at Rs. 124. Papers, Sugars and Tea shares were all moderately lower.

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Textiles and Miscellaneous issues were marked down and Plantings fell in line with the general trend on the Madras Stock Exchange. Thus, S.I. Viscose dropped by more than five points to Rs. 128 and Dhanalakshmi by six points to Rs. 210. Western India Plywoods, in the Miscellaneous section, slumped from Rs. 234 to Rs. 210.

BI-BI-1

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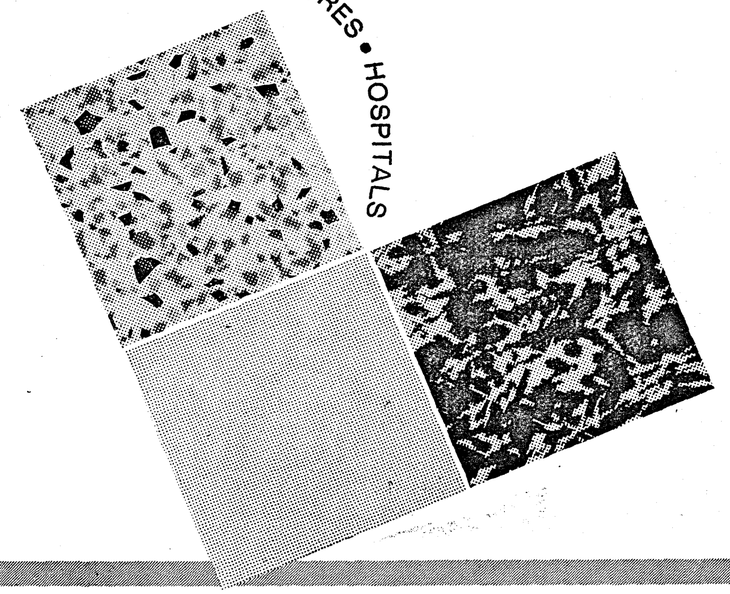

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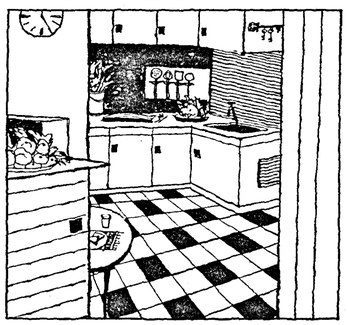

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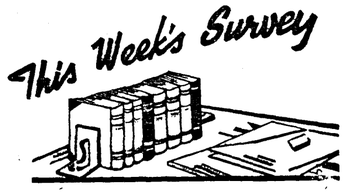


INDO-FRENCH COLLABORATION

INDIA'S economic and commercial relations with France have not been quite so important up till now as those with the United States, the United Kingdom and West Germany. But they have not been wholly insignificant either, as will be evident from the figures pertaining to trade and aid. In the sphere of trade, for instance, India's exports to France were of the value of Rs. 9.0 crores in 1963, as compared with Rs. 8.0 crores in 1962, while its imports from that country amounted to Rs. 13.5 crores in the former year and Rs. 12.2 crores in the latter. As for aid, the French Government authorised its first capital goods credit to India to the tune of Rs. 14.3 crores in 1961-62 and its second capital goods credit of Rs. 9.5 crores, besides Rs. 4.8 crores of credit to I.F.C., in 1962-63. But all this authorised aid has not been utilised by India so far, and the Union Budget for 1964-65, too, has taken credit for only Rs. 1.3 crore by way of receipts from that source. It would appear from these figures relating to trade and aid that there is continuing scope for economic co-operation between the two countries. As much has been recognised in the Indo-French protocol of trade and economic co-operation, signed at New Delhi on the 15th inst.

This protocol opens out a broad vista of opportunities for trade and collaboration between the two countries. In regard to trade, it is noteworthy that France has given an assurance that its import policy for some goods in which India is interested—goods like woollen carpets, Kashmir rugs, basketware and sports goods—will soon be liberalised in order to provide for increases in their quotas. Currently the tour of the French trade delegation to India, according to the protocol, is calculated to expand this country's sales of cotton and jute goods, manganese ore, vegetable oils, tobacco, tea, hides and skins to France. Another significant feature of the protocol is the agreed three-point stand on the U.N. Conference on Trade and Development. The three points are: (i) that stabilisation, at sufficiently remunerative level, of the prices of primary products, should be brought about; (ii) that the "invisible" element in the balance of payments of the developing countries should be improved; and (iii) that steps should be taken to expand the imports into developed countries of manufactured products from the developing countries.

The protocol has also laid the framework for Indo-French collaboration in industrial development and planning. France, according to the protocol, has broadly agreed to collaborate with India in the establishment of petro-chemical, chemical (including fertiliser) and metallurgical industries like pig-iron, steel, special steel and aluminium. Initially, French technical experts, it is envisaged, will visit India to work out arrangements for industrial collaboration in specified fields for the fourth Plan. There is also promise of technical collaboration between French and Indian undertakings for the manufacture of glass, machine tools, measuring and control apparatus, scientific instruments and tractors. As for co-operation between the two countries in the sphere of planning, the protocol has provided for exchange of working documents on the technical and organisational problems arising from the development and execution of plans, particularly regarding perspective planning, physical and financial planning and relations between planning authorities and private enterprises. It need hardly be emphasised that French planners' experience in dealing with private enterprise has quite a few lessons for their confreres in this country.

What the protocol has said in general terms about industrial collaboration may not mean much if, at the same time, certain steps are not taken to facilitate the inflow of French private capital. One such step would be to conclude at the earliest an agreement between the two countries for the avoidance of double taxation. Another step would be to simplify the Indian tax structure which, according to expert French opinion, is much too complex. It would also be necessary to eliminate or reduce substantially the multiplicity of controls which are a despair to foreign enterprises seeking to invest in India. As the French investors, according to M. Jean Wahl, head of the division of commercial policy in the French Ministry of Finance and Economic Affairs, would not be tied down to any dogma but would be ready to collaborate with the public sector and the private sector alike, the Government here would do well to extend to them the minimum facilities they expect. For, after all, such pragmatic investors from a country which has a mixed economy like ours deserve to be actively encouraged for the simple reason that their very entry may improve the general climate for foreign private investment.

PROGRESS OF FERTILISER PROJECTS

In his recent Budget speech, the Union Finance Minister, it will be recalled, referred to the increasing emphasis that was being placed on intensive agricultural production under the "package programme." As fertiliser is one of the most important resources to be made available to agriculturists in a "package," the Finance Minister did well, at the same time, to include it in the list of industries made eligible in his Budget for a rebate of corporation tax equivalent to 10 per cent of the income-tax and super-tax normally payable by them and of 20 per cent of surtax. That this fiscal concession may go some way towards expediting progress in fertiliser production in the private sector may be foreseen, though it may have no immediate relevance to the crash programme to which the Planning Commission and the Finance Ministry have agreed, according to the Union Minister for Petroleum and Chemicals, to give the highest priority in the next two years. Incidentally, the proposed crash programme may be confined almost entirely to the public-sector fertiliser units and it is presumably in this context that the Central Agricultural Board has just requested the State Governments to indicate their additional requirements of fertilisers for 1965-66 and 1966-67, so that arrangements could be made for stepping up their production and, possibly, imports too. This is good insofar as it goes. But it is disquieting to hear from the Minister for Petroleum and Chemicals that, in spite of this crash programme, the third Plan fertiliser target as such would be achieved only in the second year of the fourth Plan.

It would be interesting to know, in this connection, how much progress has so far been made and how much remains to be made under the third Plan. In the case of nitrogenous fertilisers, for instance, the Plan's capacity target is one million tonnes in terms of nitrogen, against which the capacity actually installed up till now is only 368,000 tonnes. The production target is 800,000 tonnes of nitrogen, against which actual production in the public and private sectors together amounted to only about 220,000 tonnes in 1953. As for phosphatic and potassic fertilisers, no clear account of the progress in their production in relation to targets (400,000 tonnes of P_2O_5 and 200,000 tonnes of K_2O) is available. But, considering the fact that all types of fertilisers are in short supply, it is obvious that the various projects in the public sector and the private sector alike have been exceedingly slow in coming up. In the public sector, the ammonia and urea plants of the Rs. 34-crore, American-aided Trombay Fertiliser Project, designed to produce 90,000 tonnes of nitrogen and 45,000 tonnes of nitrophosphate per annum, are expected to be commissioned only by the end of this year. The Rs. 16-crore, British-aided Namrup Fertiliser Project, designed to produce 45,000 tonnes of nitrogen per annum with the aid of natural gas to be obtained from the Assam Gas Company, will be ready for initial production only by the middle of next year. The Gorakhpur Fertiliser Project, estimated to cost Rs. 27 crores and designed to produce 80,000 tonnes of nitrogen per annum, is due to be completed by the Japanese consortium by 1966. But, as not even the initial steps have been taken, its completion may be delayed much further. The Korba Fertiliser Plant of the Fertiliser Corporation of India, estimated to cost Rs. 33 crores and designed to produce about 100,000 tonnes of nitrogen a year, is expected to go into production late in 1967. The Neyveli Fertiliser Project is scheduled to commence production from September next year. The Fertilisers and Chemicals (Travancore) Ltd. is expected to complete by 1965 its expansion scheme for raising the annual capacity to 70,000 tonnes of fixed nitrogen and 33,500 tonnes of phosphates. All in all, therefore, the public-sector projects are not progressing fast enough to relieve appreciably the tight fertiliser situation. But it is just possible that it may be relieved to some extent by the proposed crash programme aimed at increasing production in the existing units.

If the public-sector projects are lagging behind, the units licensed in the private sector seem to be even slower in coming up. Of the six fertiliser units to be established in this sector, one each at Visakhapatnam, Kothagudium, Baroda, Hanumangarh, Tuticorin and Mangalore, only the first three are stated to have made some progress so far. In the case of the Visakhapatnam unit, approval was recently given to American collaboration proposals. The exact state of affairs pertaining to foreign collaboration for the other projects is not known. The Government was said to be seriously considering the question of revoking the licences issued to the promoters of these projects. The latest report, however, is that it is prepared to give some more time for these parties to show evidence of their ability to fulfil their undertaking. It is said that Messrs. Kothari and Sons, Madras, who have the licence for setting up the project at Tuticorin, have sought the permission of the Government to transfer the location to Madras. A similar request has been made by Mr. Jalan, who has the licence for the Hanumangarh project, to shift the site to Kotah and the Government has asked the Fertiliser Corporation to examine the suitability of Kotah for establishing a fertiliser unit. Messrs. Shaw Wallace & Co., who have the licence for the Mangalore project, have been given further time to finalise foreign collaboration arrangements. The factory at Baroda is to be financed out of Japanese and French credits and the licensee has been given permission to place the orders for the necessary plant and machinery. It may be supposed that, in the light of the welcome extended by the Union Finance Minister to foreign capital participation in industries, some energetic steps would be taken at the earliest by the Government and the parties concerned to finalise collaboration arrangements. The special fiscal concessions available for the fertiliser industry may be expected to create a more favourable climate for foreign capital in a field which has been virtually boycotted by it so far, provided satisfactory arrangements are also evolved in regard to pricing policy.

PROBLEMS OF BISCUIT INDUSTRY

For biscuit manufacturers, the going is not so sweet as some of their biscuits are. From the description of the difficulties encountered by the industry given by Mr. A. C. Khanna, President of the Federation of Biscuit Manufacturers of India, in his speech at the Federation's fourteenth annual meeting held at New Delhi this week, it is clear that the industry faces all the problems common to consumer goods industries in the country, with a couple of its own thrown in, to make a formidable list. The main difficulties of the industry are: (1) shortage of raw materials, (2) poor quality of wheat flour, (3) inadequate supply of sugar and milk, (4) high cost of tin containers and other packaging materials, and (5) the usual high rate of taxation. These have effectively curbed expansion of production, which, nonetheless, increased by 16 per cent (over 1962) to 33,268 metric tonnes last year, as against the target of 40,000 tonnes set for the final year of the third Plan. Even this target, it may be noted here, is a modest one. The Cereal Products Panel of the Development Council, which examined the question carefully, has recommended a target of 75,000 tonnes, almost double the third Plan target, for the fourth Plan. In order to achieve this target, the existing production capacity has to be substantially expanded. The present installed capacity for biscuit manufacture, on a single-shift basis, is 28,620 metric tonnes per annum. In order to produce 75,000 tonnes in the fourth Plan, the capacity will have to be raised to at least 50,000 tonnes, according to Mr. Khanna, because two-shift working envisaged by the Panel is not possible in all cases, even assuming that raw materials are available.

One of the main difficulties in the way of expansion of capacity, according to Mr. Khanna, is shortage of foreign exchange for importing the necessary plant and equipment. Since buscuit manufacture is a consumer goods industry, it gets only low priority in the matter of foreign exchange allocation. The industry had asked for a foreign exchange allocation of Rs. 30 lakhs per annum for importing plant and equipment but the Government has been insisting on justifying the demand by showing matching exports. While the policy of relating imports to exports may be desirable in the context of the need to export more, this stipulation has really caught the industry in a vicious circle. The manufacturers maintain that they find it increasingly difficult to compete in foreign markets because the existing plant and machinery of biscuit manufacturers in India are obsolete. Their competitors, who include some of the most advanced countries, enjoys the advantage of the most modern plant and equipment, unlimited and unfettered supply of good quality raw materials and first class packaging materials. This is why Indian biscuits find it hard to compete in foreign markets, even though the export price is 30 to 40 per cent cheaper than domestic prices. Accordingly, the Government's insistence that imports of modern plant and equipment will be allowed only if the industry shows matching exports will make it impossible for the industry to modernise itself and export more. The solution to this problem is not to let the industry carry on with its outmoded machinery but to allow it to import the necessary equipment on the express understanding that it will increase exports to a specified level within a stipulated time. As it is, the industry has been asked to aim at an export target of 5 per cent of its total production. The President of the Federation considers this as an impossible target. Even a target of two per cent of production, according to him, is difficult to achieve, in view of the industry's many handicaps, of which lack of modern equipment is one of the most serious. Mr. Khanna has pointed out, in this connection, that, even in advanced countries like the U.K., where total biscuit production is about 12 times more than in India, exports amount to only 3 per cent of total production. The President of the Federation, however, believes that exports could be increased, if better incentives were given. He has suggested that the present rate of import entitlement of 20 per cent of the f.o.b. value of exports should be raised to 60 per cent. A long-term increase in exports could be achieved only if, as Mr. Khanna conceded, the industry is allowed to modernise itself.

DEFENCE PRODUCTION

The proportion of Defence outlay in the overall Central Government expenditure, which had declined from 27 per cent in 1951-52 to just 16 per cent in 1962-63, has gone up since then, the figure for 1964-65 (Budget estimate) being 22 per cent. Expressed in actual amounts, the Defence budget for 1964-65 provides for an aggregate expenditure of no less than Rs. 854 crores (on both revenue and capital accounts), as against Rs. 474 crores in 1962-63 and Rs. 197 crores in 1951-52. However much one may regret such huge outlays on Defence, they are, as the Union Finance Minister very aptly stated in his budget speech, "a matter of painful necessity for us." How else could the country keep itself free from the serious threats posed by Pakistan and China and go on uninterruptedly with endeavours to raise the low living standards of its teeming millions? The need for sustained effort to strengthen the country's defences cannot, therefore, be stressed too strongly. Forming an essential part of this effort are (a), the immediate creation of an adequate production base and (b) improvement and expansion of the means of communications and transport.

While planning for the Defence build-up has to be done with due regard to (a) the overall economic situation, (b) limitations of finance, particularly of foreign exchange, and (c) availability of technical know-how, many of the Defence projects, such as border roads, could be of civilian use too. The Union Finance Minister has done well, indeed, in instructing the Army authorities not to have any more emergency construction; whatever is done must be of a permanent nature. The validity of this instruction holds good as much in the case of Defence production as in that of communications and transport. Considering the urgent need to expand the production base, the move of the Defence Ministry to separate the responsibilities for current production from those relating to the planning of future requirements must be welcomed. It is, however, necessary to emphasise that every care will have to be taken to avoid duplication of effort and waste of money and to bring about appropriate co-ordination of efforts of the two wings.

In the first phase of the programme for expansion of production base, six new ordnance factories, according to the Defence Ministry's annual report for 1963-64, have been sanctioned and these are already in the process of being established; there are now 22 factories manufacturing armaments and other equipment. It is somewhat unfortunate that uncertainties of foreign aid and foreign exchange difficulties have hampered the Defence Ministry's efforts not only to augment production in the existing ordnance factories but also to go ahead with the setting up of new ordnance factories during the current (1963-64) year. Out of the Rs. 158 crores allocated for capital works, about Rs. 43 crores still remain unutilised. It is, however, gratifying to hear that the position has since improved greatly. Action, we are told, has already been taken in respect of three of the six new ordnance factories sanctioned to acquire land, commence construction of civil works and place orders for machinery. A programme has also been drawn up to establish the remaining three factories as early as possible.

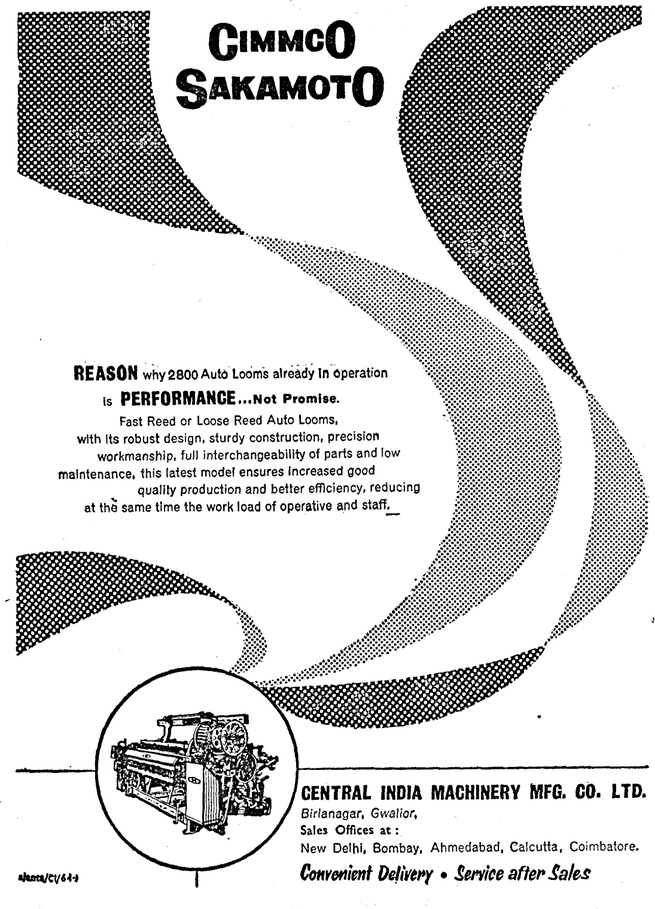
In the context of the immediate urgency of adequate production base, the role played by the Research and Development Organisation under the Ministry of Defence is quite important. Highlighting the useful work that is being done by this organisation, the Ministry's report gives the following particulars:

> The Organisation has 25 research laboratories and technical establishments, two training establishments and three field research stations under it. At present, there are approximately 700 projects and investigations in hand; some research work has also been entrusted to universities and other research organisations. The Organisation has been of assistance in developing a number of new weapons and has also developed the know-how for manufacture in ordnance factories of several types of conventional ammunition which were previously imported. The weapons of imported origin which have been developed for manufacture include a high velocity tank gun, a rocket launcher, rockets and a recoilless anti-tank gun. In the field of communications, too, a number of electronic equipment items have been developed, including several for use in the forward areas. In radar technology, a beginning has been made with the development of a local warning radar for the army and the development of a field artillery radar. A high altitude pre-fabricated portable hut, collapsible assault boat, pontoons, motor boat bridging and a mine prodder have been developed. The Organisation has paid special attention to problems relating to the behaviour of men and weapons under severe conditions of temperature, pressure, wind-velocity, etc., in high altitudes. In the field of food research and food technology, dehydrated foods have been developed for use at high altitudes and these have been accepted by the troops. Production of freeze-dried food items has been developed with the help of technical know-how equipment obtained from abroad. A scheme to set up a five-ton accelerated freeze-dried plant has been sanctioned. The Organisation has assisted commercial firms to develop complex items of defence equipment. These include, among others, a light aluminium alloy bridge, a light floating footbridge, pre-fabricated airfield landing mats and signal specialised vehicles.

Along with the Research and Development Organisation, the Inspection Wing of the Defence Ministry, too, is doing much useful work. This Department has taken a number of steps to replace imported items by encouraging indigenous manufacture. During the year 1963-64, nearly 200 different projects to develop indigenous production of imported stores were initiated. Imported items worth approximately Rs. 10.16 crores were diverted for procurement or production through indigenous sources. In various ways, the Inspection Organisation rendered assistance to the civil sector to produce Defence stores.

On its part, the Defence Institute of Work Study at Mussoorie has qualified 189 officers from Defence organisations and conducted a number of appreciation conferences for over 1,000 officers. Some study cells have been created in the Navy and the Army.

The progress achieved in the sphere of Defence production especially since Chinese aggression in 1962 is no doubt encouraging, but much still remains to be done before one can think of full-fledged defence all along India's frontiers. The Defence effort of the country, as Mr. Krishnamachari has rightly stated, depends largely on building up the production base and the steps taken to strengthen the economy are also those that will strengthen our defences.



LONDON LETTER

U.K.'S EXTERNAL CAPITAL POSITION

ASSETS EXCEED LIABILITIES?

(From Our Own Correspondent)

LONDON, 14*th March*

THE Bank of England has just concluded another excursion into the realms of the uncertainty which clouds this country's external *capital* position and, in spite of the admitted guesswork and underestimating which enters into many of the figures, it is clear that we know a great deal more than in the days when the gold stock and the "sterling balances" represented the sum of knowledge. Perhaps the most surprising fact which emerges is that the U.K. is not, after all, the world's great creditor. There is an apparent surplus of assets over liabilities of £1,600 million, but the Bank itself warns that this figure is "neither coherent nor complete" (far too many components lack certitude)—and goes on to point out that what really matters is the net income derived from the capital and the flows in and out of the country of capital. This is obvious, but, since the point of the Bank's exercise was to take a look at Britain's total of assets and liabilities one must point out that this look reveals that whatever Britain *owns* she also (for the most part) *owes*. How does this come about?

The U.K. has been a great investor overseas—never before has it been estimated to what extent. Now we have a figure for general industrial security investments of £3,000 million (an incomplete estimate) plus assets abroad owned directly of £3,500 million, apart from investments in oil of £1,100 million, in insurance of £350 million (in the U.S.A. only), by U.K. banks (no figure yet available) and in real estate (no figure)—a total of a minimum of £8,000 million. A little less than half this is in the sterling area and rather more than half in the non-sterling area.

But, on the other hand, one often ignores the extent to which foreign capital is invested in the U.K. Security investments and directly owned assets amount to £2,135 million and overseas oil investments in the U.K. total £700 million (two-thirds the U.K.'s own oil investments abroad). No figures are available for investment in the U.K. by foreign banks, insurance companies and real estate investment. However, it is clear that, against the £8,000 million of assets must be set, some £3,000 million of liabilities, leaving a net investment of a minimum of £5,000 million—much less than usually assumed. However, against these net commercial assets must be set the net liability on Government investment account.

The U.K. Government has made loans abroad and acquired (on the outbreak of the last war particularly) non-sterling securities to a total of some £1,070 million; but the Lend-Lease and other loans to the U.K. are £1,930 million, while overseas investors hold some £710 million of Governmental stocks, so that on *official* capital transactions the U.K. (thanks to the world war) is a debtor by some £1,600 million. This brings the U.K.'s long-term investment creditor position to something under £4,000 million. The figure is put as high as this, because it is likely that more U.K. assets have been omitted from the calculations than U.K. liabilities.

On the short-term position, there is less new to be discovered. The picture is as it was at the end of 1962. Then the gold stock just topped £1,000 million *plus* £180 million held with the I.M.F. We now learn that the British banking system had claims in non-sterling currencies in respect of loans abroad in excess of £1,000 million—but this is British overseas banking at work, for these non-sterling currencies were deposited here and form part of the U.K.'s short-term sterling liabilities. These banking assets and liabilities balance.

But the U.K. has also claims in sterling abroad of some £850 million which are an important offset against the well-known item of "sterling balances" in respect of sterling deposits with commercial banks, the latter totalling £1,475 million. Thus this U.K. bank deposit liability is brought down to a net £600 million. But the heaviest "sterling balances" liability is in respect of Treasury Bills and other Government stocks held by overseas banks and commercial institutions and residents, as well as some small deposits kept with the Bank of England and the Crown Agents. The total of these items at the end of 1962 was £2,400 million.

These sterling balances added to the net liability on balances with the commercial banks give a grand total of £3,000 million which is not subject to the margins of error of the long-term figures. Thus to sum up, the U.K., international banker, owns a net £4,000 million (or more probably) abroad in long-term investments, but owes in the form of the short-term "sterling balances" some £3,000 million, and holds a stock of "cash" in the form of the gold reserve plus I.M.F. gold of nearly £1,200 million. Not many commercial bankers would be satisfied with this position! On the other hand, thanks to the I.M.F., the U.K. carries a big hidden reserve in its borrowing rights with the I.M.F. First, it can borrow as much from the I.M.F. again as it holds in gold (i.e. £360 million); next it can borrow £500 million, the equivalent of the amount of sterling the I.M.F. holds. This brings the liquid assets to some £1,860 million—the position is not much changed today—but, against the picture of Britain's international business, it still looks very queer banking!

The Electricity Corporation of Nigeria has been given a loan of $30 million by the World Bank for financing the construction of transmission lines and distribution facilities which will form the basis of a nation-wide power network. Twelve private banks are participating in the loan, without the World Bank's guarantee, for a total of $2.17 million, representing the first four maturities which fall due between September 1966 and March 1968. The total cost of the transmission and distribution project is estimated at $42.3 million, of which $30 million in foreign exchange will be covered by the Bank loan. The loan is for a term of 20 years and bears interest at the rate of 5¼ per cent per annum including the 1 per cent commission which is allocated to the Bank's Special Reserve. Amortisation will begin in September 1966. The loan is guaranteed by the Federal Republic of Nigeria.

Under a new stand-by arrangement with the International Monetary Fund, the Government of the Syrian Arab Republic has been authorised to draw the equivalent of $18.5 million upto the end of December 1964. Since 1960, the Syrian Arab Republic has made several drawings on the Fund, and its outstanding drawing currently total the equivalent of $12.6 million. The Syrian quota in the Fund was recently increased from $15 million to $25 million. The new stand-by arrangement will provide continuing support for the efforts being made by the Syrian authorities to overcome a difficult balance of payments position which has persisted for several years.

The Nahorkatiya and Moran crude conditioning plants of the Wheese Ltd. of Britain have been taken over by the Assam Oil Company on behalf of the Oil India Ltd. The plants, built at a cost of over Rs. 1.65 crore, form part of the Oil India pipeline from Nahorkatiya oilfieds to the public sector refineries at Gauhati and Barauni.

(Concluded from next column)

in a serious crisis : the reference to " exceptional and concentrated " demand suggests that there is plenty of room to quarrel about definitions.

The experience of commodity support schemes suggests that rigid formulæ are likely to prove disastrous, unless every member is prepared to throw everything into the defence of the scheme. Since rigidity is the essence of this particular scheme, and since central banks are not yet prepared to commit themselves to supporting the present monetary structure in any conceivable circumstances, it is probably right to preserve a prudent vagueness about what action would be taken in hypothetical situations. It is probably right, too, to keep the speculators guessing : we all tend, as Tacitus remarked more briefly, to exaggerate the size of the unknown.

But it still seems to me that the object of the gold pool would have been achieved more certainly, if the market had been allowed to know of its existence rather than surmise it and if the success of its operations had been published more promptly. It is convenient to operate in the dark; nowadays, however, when it is the fashion to publish, failure to do so may be taken to imply weakness rather than strength.

POOL OF GOLD REVEALED

By Questor

THE Federal Reserve has made a point, since Mr. Roosa established his system of currency swaps, of setting out in detail from time to time what use has been made of these facilities. No information whatsoever, on the other hand, has been made available about the operations of the gold pool set up in the autumn of 1961; even the existence of the pool has not been publicly admitted. An account of its genesis and its working has now been published for the first time by the Federal Reserve and the Bank of England simultaneously.

The need for such an arrangement first became apparent in the autumn of 1960, when a combination of factors led to a demand for gold which drove the price in the free London market up to $40 an ounce. My impression at the time was that the U.S. authorities were at first disposed to let the speculators burn their fingers. The Bank of England, however, which has long experience of dealing with speculative movements, persuaded them that " this state of affairs threatened the whole structure of exchange relationships in the western world " and obtained their consent to bring the price back to its normal level by means of substantial sales. Conditions in the market remained quiet for almost twelve months afterwards.

By the autumn of 1961, however, demand for gold was building up again. In October, therefore, " the U.S. financial authorities proposed the setting up of an informal kind of arrangement, the object of which would be to share the burden of the cost of intervention on the London gold market to keep the price within reasonable limits in the event of exceptional and concentrated demand." The central banks of the U.S., Britain, Switzerland and the Six then agreed to form a sales consortium, with the U.S. taking a 50 per cent. share in the pool. The Bank of England was to act as operating agent with authority to draw on the pool in case of need.

After a brief period of experiment, however, conditions changed. The market price began to fall, and the same group of central banks—again at the suggestion of the U.S.—agreed to buy gold as a group and in the same proportions through the London market whenever the price fell below the Federal Reserve equivalent. Between the early and late spring of 1962, some $80 million of gold had been acquired for the pool in this way.

Before it could be distributed, however, conditions had again changed because of the break on Wall Street and the flight from the Canadian dollar. By mid-July, the $80 million had disappeared and, by the time of the autumn meeting of the International Monetary Fund, the pool had been forced to throw in another $50 million of its own.

What effect the Cuba crisis had has yet to be disclosed : we are told only of " record demands for gold " and " substantial sales from the pool." But Russia, paradoxically, came to the rescue : by the end of October, when the crisis was easing, the net outlay since July was down to $100 million. By the end of the year, the outlay had been completely recovered.

The selling side of the pool has been in abeyance ever since. During 1963, with speculative positions being unwound and Russia continuing to sell heavily to finance wheat purchases, the pool acquired and shared out among its members rather more than $600 million of gold. Whether the accretion to world monetary reserves would have been any smaller in the absence of a pool, it is admitted, nobody knows. But " there is little doubt," it is claimed, " that the knowledge that central banks were working together in the gold, as well as in the exchange, markets has helped to maintain public confidence in the existing international monetary structure."

The claim is probably just. But I find it difficult to square this remark with the fact that the existence of the pool, now two-and-a-half years old, has only just been officially admitted. Every dealer in the market—every financial journalist, for that matter—has long been aware of the fact that central banks were working together to keep the price of gold within bounds. What they did not know, and still do not know, is the rules of the gentleman's agreement—whether, in particular, there are any limits on the Bank of England's discretion to intervene in the market or on the amount of gold which each member is ready to contribute to the pool

(Continued in previous column)

DELHI LETTER

REMOVING MALAVIYA MALFORMATIONS

RIGHT ABOUT TURN IN FOOD IMPORTS POLICY

From Our Special Correspondent

NEW DELHI, 18*th March*

THE Ministry of Petroleum and Chemicals is seriously going about the task of removing the heap of malformations that have developed in the country's oil industry during the past so many years. The Professor has shown his hand as adroitly in this sphere as he is used to in scholastic persuasions.

The series of announcements Mr. Humayun Kabir made in the Lok Sabha yesterday indicate clearly a totally different approach than that pursued by Mr. Malaviya. They have a coating of pragmatism not often noticed in the State oil sector in the recent past.

Among these are (i) merger of the Indian Oil Company and the Indian Refineries Limited; (ii) a new committee to review the price structure of petroleum products, taking into account the transport factor; (iii) a petro-chemical complex near Haldia after the ones in Bombay and Gujarat (a Cabinet sub-committee is already looking into the problems in order to expedite the setting up of petro-chemical complexes on the basis of the recommendations of the Henny Committee); (iv) a seventh refinery in the public sector in view of the encouraging collaboration offers received for the proposed refineries at Madras and Haldia (the other four in the public sector are Noonmati, already in production, and Barauni, Koyali and Cochin, under construction).

The merger of the two public sector oil organisations was in the air for quite some time now. It will not only rationalise the operations of production and distribution but will also remove some of the anomalies that creep into two separate units doing part jobs. Public sector undertakings are rather slow in shaping into proper business organisations, at least that is the experience in this country. But there is also the experience of the private sector oil companies where refining and distribution of petroleum products under a single management have been successfully carried on with substantially low overhead costs. The Government's desire to be businesslike in purely business organisations is surely a step to be welcomed. And so did the members of Parliament who found quite a few satisfactory answers to their queries.

In the same line is the appointment of a new committee to review the price structure of petroleum products. The Damle Committee's price formula, although remaining effective till the end of the next financial year, has revealed some snags which require a complete overhaul of the price structure. This has become urgent in view of the *fact* that three public sector refineries coming up shortly and that their respective distribution zones do not justify the application of the present formula.

Cochin Refinery

The problem has particularly arisen because of certain clauses in the agreement with the Philips Petroleum for the Cochin refinery. The process margin and the cost of crude allowed to the Philips Petroleum are now realised to be much higher. Under the agreement, the Philips Petroleum is allowed a process margin of Rs. 47 per ton *plus* the cost of crude at Rs. 75 per ton at current prices, a total of Rs. 122 per ton, whereas the products which the Cochin refinery would produce are available in world markets at Rs. 115 per ton. Moreover, if the Government carries out its assurance to the Philips Petroleum of a future expansion of the Cochin refinery's market area, it will inevitably encroach upon the area to be served by the proposed Madras refinery. For almost identical reasons, the products of the Noonmati refinery are now being sold in West Bengal and Bihar and those of the Barauni refinery will have to be pumped to some distant consumption centres. The Madras refinery, it seems, will have to start with a handicap in that case. Government obviously fears similar anomalies in respect of the products of the Koyali refinery as well. Hence its search for a price structure for petroleum products that will take into account the transport factor in particular. The present indications are that the future price formula will show a definite upward trend than that prescribed by the Damle Committee. Additionally, the new review will also have to take into account the shortages in some of the middle distillates and in kerosene, before arriving at a formula satisfactory to both the public and private sector oil undertakings.

The possibility of the Government going in for a seventh refinery in the public sector is rated very high in certain Planning Commission circles. The Commission, by its recent study, has shown up the utter irresponsible calculations of the former Minister of Mines and Fuel in regard to the demand and supply position of the petroleum products in the country. These sources hold that, with the increase in the number of refineries, some of the short-supply-items will be augmented, though that will also automatically increase the production of motor spirit, a surplus product. However, it is conceded that the surplus in motor spirit will be more than compensated if the country is able to meet adequately the rural demand for kerosene and the industrial demand for furnace oil and some other important middle distillates indigenously.

Two Methods

There are two methods open to the country, it is stated, to dispose of the surplus motor spirit, besides export (which, in any case, cannot be of a very substantial nature). First, adjustment of the levies on motor spirit in such a way as to make its price less prohibitive for the consumer. But this may entail a cut in the State revenues. Therefore, the second alternative suggested is the revival of the small car project even if it be in the private sector and handled by one or more firms or a consortium of private firms with State participation in equity capital. Even as it is, rapid dieselisation of road transport has considerably eased the consumption of motor spirit.

Another reason that makes the Government think in terms of a seventh refinery is the low cost of setting it up. The two refineries at Barauni and Koyali are expected to cost Rs. 36 crores and Rs. 28.5 crores, respectively. The Noonmati refinery required an outlay of Rs. 15 crores. The estimated cost of the 2.5 million ton refinery at Cochin will be Rs. 17 crores. As against these, the collaboration offers for the Madras and Haldia refineries (2.5 million tons each), now being examined by the Government, have limited the cost to about Rs. 10 crores each. Considering that the refineries at Madras and Haldia will be much more sophisticated than the one at Cochin, the estimated cost must be very attractive. This should also show that the " great gain " to the public sector with the Cochin refinery type agreement, as was claimed at that time, was nothing very extraordinary. In fact, the Government seems to have come to a decision that the Cochin refinery agreement is not an example worthy of emulation.

Fresh P.L. 480 Agreement

After considerable weighing of the pros and cons of food imports and their possible adverse influence on the country's efforts at *attaining self-sufficiency in food*, the Government has decided to enter into a fresh agreement with the United States for supply of five million tons of foodgrains under P.L. 480. The imports are to be spread over a period of four to five years on a sliding scale, with the last shipment being of the smallest quantity. Mr. Swaran Singh is expected to go to Washington towards the close of or after the current Budget session.

This is almost a right about turn in the Government's attitude towards food imports. When the former Food Minister went to Washington in 1963, he had secured a general agreement of the U.S. Government for further supplies to India under the P.L. 480. But Mr. Patil had to stop probing any further because of the known apathy at home towards such imports.

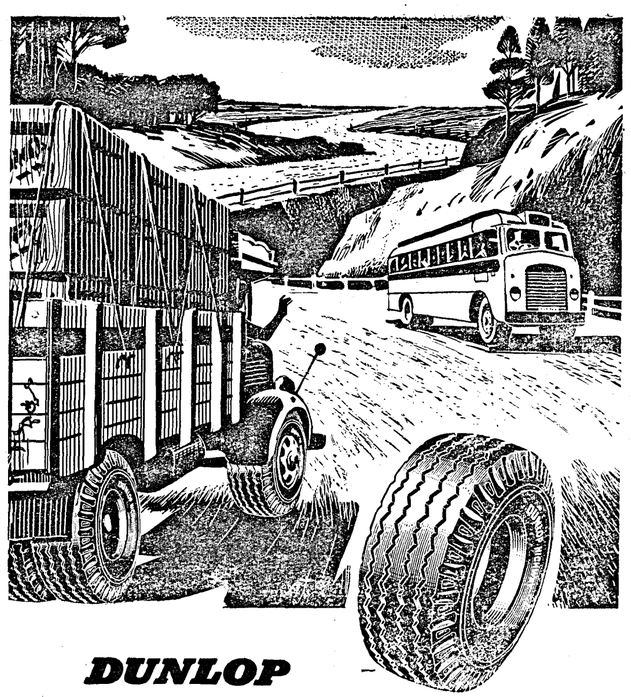
The present decision is obviously due to the realisation that the food targets for the third Plan, even when reduced to the level of 95 million tons, will not be achieved. The recent damage to the *rabi* crop has further created some uncertainty, as is also evident from the soaring prices. In these circumstances, the Government, it seems, does not wish to take any risk.

The grimness of the country's food position has been highlighted by a Ford Foundation expert who holds that food production by the end of the third Plan will be of the order of 85 or 86 million tons only. On the basis of the present trend of foodgrains production, he has calculated that the *per capita* per day net availability will range between 14.6 to 14.7 ozs. in 1965-66, taking also into account the rise in population. That will be the smallest since 1958, as the official figures in the accompanying table show. Even this quantity per head per day will go down if there is one bad monsoon during the last two years of the third Plan. If imports are assumed, and they will have to be, the net availability would be between 15.4 and 15.5 ozs. per head per day.

Net Availability of Cereals and Pulses

Year	Per capita net availability (ozs. per day)		Total
	Cereals	Pulses	
1957	12.8	2.4	15.2
1958	12.0	1.9	13.9
1959	13.5	2.6	16.1
1960	13.5	2.3	15.8
1961	13.8	2.4	16.2
1962	13.8	2.2	16.0

The Ford Foundation expert has, however, suggested, among several remedial measures, intensive cultivation in selected areas. Even with all these, he does not envisage a production figure that will cross 90 million tons under the most favourable circumstances.



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MORE ON STATE BANK'S PROGRESS

MR. VENKATAPPIAH'S STATEMENT REVIEWED

REFLECTING the dual role and functions of maintaining a commercial character in running the business of banking within the framework of public policy and interest prescribed by the charter of the State Bank of India, Mr. B. Venkatappiah, its Chairman, spoke at the ninth annual general meeting of the shareholders held at Bombay last week, of the performance of and the prospects for the State Bank of India both in relation to its normal banking activity and with reference to those spheres of development in which the Bank has always played a special role. He also referred to the progress made by the State Bank of India in its organisation and methods—matters which are pertinent to its growth and efficiency such as recruitment and training, premises and housing, personnel welfare and relations, delegation and decentralisation. In essence, therefore, his speech is the story of the progress of the State Bank of India and its subsidiaries.

The first part of Mr. Venkatappiah's story of progress refers to income and operations of the Bank during 1963. As was pointed out in our last week's review of the working of the Bank, higher earnings were the result of two principal reasons, namely, expansion of business and modification in lending rates. All the assets and liabilities of the State Bank of India were consistently higher in 1963; the busy season peak of the Bank's advances at Rs. 309 crores in 1963 was Rs. 20 crores higher than the peak of the previous season in 1962: the annual turnover as reflected by the 1963 balance-sheet of the Bank was higher by more than Rs. 55 crores at Rs. 671 crores.

The lending rates were raised with effect from the close of business on 5th April 1963 so as to bring them in greater conformity with the prevailing conditions in the money market as well as to meet the Bank's higher operating costs. Reflecting the rise in the Reserve Bank of India's Bank Rate, the State Bank of India's advance rate was raised from 5 per cent to 6 per cent. Increases in the entire structure of the Bank's lending rates were graduated: little or no addition was made to the higher range of lending rates, whereas, among the lower ranges, they were put up by one full point: concessions to small industries and co-operatives were, however, maintained.

Deposit Rates

The higher operating costs were, in the first place, the result of the Bank's policy towards its deposits and deposit rates. Since the terse advertisement of April 1963, announcing the rise in deposit rates offered by the Bank, a clear cut enunciation of Bank's policy in this direction was necessary. Mr. Venkatappiah has provided this missing link. He has pointed out that the Bank's policy is quite simple. While the Bank has no intention of entering into undesirable, unhealthy and harmful competition with other banks, it, nevertheless, proposes to make every effort, along with other banks, to attract savings and to bring them increasingly into the banking system, for building up the deposits of the State Bank. Accordingly, rates on various categories of savings and fixed deposits were raised by ½ per cent in April in order to bring them on par with the rates offered by other banks. The deposit rates of the State Bank had for long remained below those offered by the other banks in the hope that the public sector character of the Bank would offer sufficient incentive to depositors to compensate them for the slightly higher rates of interest offered by the other banks. Moreover, as long as the continuing accrual and substantial balances of counterpart funds distorted and concealed the real trends and movements in the State Bank's deposits, it may have been possible for the State Bank to ignore the discouraging effects of the interest rate differential; but, once it became clear, that, in future, no special accruals or balances were likely to give a buoyant look to its deposits, the State Bank could no longer ignore the real trends in its deposits. Further, it is becoming increasingly evident in recent months that the public sector character of the Bank can no longer be a substitute for higher rates of interest, particularly in the face of the gradually increasing competition among banks for deposits.

At the time when the rates of interest on deposits were raised by the State Bank of India, other banks were apprehensive that a part of their deposits will be diverted to the State Bank: but their fears have turned out to be unfounded, since there is no evidence of any diversion having taken place. The problem is again before all the banks, including the State Bank of India: the Reserve Bank has requested them to re-examine the deposit rates in the context of the need for mobilising greater resources. By the time the State Bank Chairman spoke, the bankers' reactions to the request had hardly time enough to crystallise, but he promised to consider the request in the light of the needs of the State Bank and of what the other banks do. There is no doubt that the parity between the deposit rates of the State Bank and other large banks has come to stay. There is also hardly any doubt that, like the other banks, the State Bank has no wish to enter into any rate war or unhealthy and harmful rate competition. Further, there can hardly be any doubt which way the bankers will respond to the Reserve Bank's wishes, in spite of their hesitations and indecisions of the past months regarding deposits; yet the weeks to come could still provide a real test to the bankers to match their practice with their professions. What will be the attitude of other banks, in case they are still unable to agree in favour of higher deposit rates? What will be the attitude of the State Bank of India, in case the inter-bank agreement on deposit rates is scrapped? How will the State Bank and other banks act if they agree to higher rates in principle, but disagree on the *extent* of rise? The Reserve Bank has a variety of means to enforce its wishes, but the simplest of them all is to set the pace and pattern by acting through the State Bank of India.

Another factor contributing to higher operating costs of the State Bank of India is the higher wage bill. The Bank has a very considerable branch expansion programme ahead apart from the large back-log of recruitment to make up. In addition to the intensive plan for recruitment of additional clerks and supervisors, increase in salary and allowances of non-award staff following higher salary for award staff last year, and higher dearness allowances all round have contributed to a higher wage bill.

Branch Expansion

The State Bank has undertaken a big project of branch expansion for opening about 400 new branches during the next five years: the programme consists of 319 branches to be opened before the end of 1968 and the balance of 75 branches, yet to be opened under the previous programme, before the middle of 1965. It is expected that 30 per cent of the total branches will be in rural and semi-urban centres. This new project is comparable to the one undertaken by the Bank during the first five years of its establishment and executed successfully. The Chairman has, however, sounded a note of caution by drawing attention to the difficulties involved in implementing the new scheme of branch expansion. The deeper the Bank goes into the rural interior, the more and more difficult it becomes to obtain suitable sites or buildings for the branch offices; personnel are to be recruited and trained and, with all the banks expanding their activities and spheres of operations, it is difficult to obtain and retain suitable and eligible hands. With rapidly increasing number of branches and offices, adjustment and reconciliation of inter-branch accounts becomes a very complicated matter. A news item some weeks ago claimed that the State Bank of India was planning to install electronic data processing equipment for this purpose, but its Chairman has chosen to remain silent on the project in his annual statement to the shareholders. Be that as it may, the farther the Bank goes into semi-urban and rural areas the greater is the need to evolve new techniques for mobilisation of deposits adequately, and simpler ways for disbursement of appropriate credit. For tackling these problems with a long-term perspective, the Bank has established new Premises and Planning Organisation and Methods (POM) Divisions; one of their basic aims is to provide improved customer services and better working conditions.

A committee of experts appointed by the Bank has made detailed suggestions regarding staff, premises and accounting problems; these, we are told, are being implemented: the Premises Department is busy finding suitable sites and buildings, constructing new premises and renovating existing branches. A large-scale programme of recruitment is already in operation and the schemes of training for new entrants, as well as for the existing staff at all levels, have been expanded and revised. It is very interesting to hear that the Bank has at present facilities to train over 1,000 clerks and 200 officers every year. Inter-branch accounting procedures have been somewhat simplified and further measures are being planned. As regards mobilisation of rural deposits experimental techniques are being tried at several centres: a committee has already investigated this problem for three of the Bank's subsidiaries. All this reorganisation is conditioned by the desire to improve customer services; suitable forms and media of communication are employed for approaching people. In conducting all these experiments, care has been taken to ensure that costs are commensurate with results.

In all these ways, the State Bank of India has built up a framework and guidelines for future progress; but, with progress comes the problem of increasing size: and it becomes progressively impossible to administer such a large monolithic structure with more than 1,600 branches, their agents, staff and customers from a single Central Office or even from three or four regional Local Head Offices. The authorities of the Bank are seized of the problem, as witness the State Bank of India (Amendment) Bill 1963 currently before the Lok Sabha. This Bill seeks to facilitate further delegation and decentralisation of administrative, organisational and operational powers and procedures by creating a larger number of Local Head Offices, by reconstituting the Local Boards, and by increasing their powers, which may be exercised under the general or specific directions of the Central Board. The amending Bill is designed to introduce changes that will enable the Bank to dispose of its business efficiently and expeditiously. The main elements of the Bill, it will be recalled here, were outlined and their implications discussed on page 42 of *Commerce* dated 11th January 1964.

Subsidiaries

The observations of the Chairman of the State Bank of India on the progress and achievements of its seven subsidiaries give one the impression that he is satisfied with them. He has quoted data showing an all-round improvement in their growth, as will be seen from the following extract from his speech published in full elsewhere in this issue:

> "In their traditional operations no less than in the developmental sphere, the performance of the subsidiary banks has been a noteworthy one. The number of offices of the seven banks together rose from 510 at the end of 1962 to 568 at the end of 1963. Also in the aggregate, their deposits rose by over Rs. 13 crores to Rs. 156 crores and their advances by about Rs. 4 crores to Rs. 75 crores. There was an increase in profits from Rs. 58.50 lakhs in 1962 to Rs. 67.97 lakhs in 1963. The State Bank of Travancore has raised the rate of dividend from 5 per cent for 1962 to 6 per cent for 1963. The State Bank of Patiala, which had not declared any dividend for 1962, has been able to declare a dividend of 5 per cent for the year under review. The State Bank of Saurashtra, while once more not declaring a dividend, has nevertheless taken the opportunity to strengthen its reserves further. The other subsidiaries maintained the same level of dividend as in the previous year."

This picture of the State Bank's subsidiaries is, however, not complete. There is another side to it, which is not so very pleasing. Thus, the working results of the subsidiaries for 1963 point to a gross underutilisation of resources. This is reflected in the abnormally high cash and liquidity ratios and low credit-deposit ratios. Even the absolute levels of deposits and advances of some of the subsidiaries are lower than in the previous year. Moreover, some of them have been losing ground in their development activities too. It is high time, therefore, that the State Bank of India undertook a thorough enquiry into the working of, and the prospects for, the subsidiaries.

With the experience gained during almost a decade of its existence and with the initiatives that have already been taken, the State Bank of India is now poised to assume larger responsibilities for playing a more effective role in the national economy. The other commercial banks may soon find that they will be lagging far behind, unless they take up the challenge thrown by the State Bank of India, for improving their technique of banking, for servicing the customers and the nation better and more efficiently. Planning and reorganisation of our banking system is long overdue. Whatever be its shortcomings, the State Bank of India has given a definite lead in this matter to the other commercial banks: if they take up the challenge, it can truly be said that free and fair competition between the public and private sectors of banking in our country has provided incentives to both and that a system of such "mixed banking" is ideally suited to the country.

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40 years is a responsible age

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MAN-MADE FIBRE INDUSTRY

TAX BURDEN HEAVY—PLEA FOR RELIEF JUSTIFIED

THE man-made fibre industry has once again been chosen for additional taxation. In the Union budget for 1964-65, the Finance Minister, while reducing the special excise duty on staple fibre of cellulosic origin from 33⅓ per cent to 15 per cent with a view to facilitating clearance of stocks lying unsold with factories, announced steep increases in the rates of excise duty: by 50 per cent on filament yarn of cellulosic origin and 100 per cent on other synthetic fibres and yarn of non-cellulosic origin. Accordingly, yarns below 75 deniers are now subjected to a total excise duty (basic plus additional duty) of Rs. 8 per kg., which is Rs. 2.67 more than what was prevailing before, namely, Rs. 5.33. On yarns above 75 deniers but below 100 deniers, the total duty is higher by Rs. 2 at Rs. 6 and, on yarns above 100 deniers, it is higher by Re. 1.33 at Rs. 4. Taking the present increase and the upward revisions effected in the previous years, the total additional tax burden imposed since 1956 comes to as much as 627 per cent in the case of yarns below 75 deniers and above 100 deniers and 641 per cent in respect of yarns from 75 to 100 deniers.

Manufacturers of yarn would, of course, not have minded in the least the steep increase in excise duty if only they had been in a position to pass on the incidence of the extra burden to consumers, that is, the weaving mills. But such a transfer of incidence was not possible until recently because of the control on selling prices. Right since 1956—it was in that year that the industry was first subjected to excise duty—the basic selling prices, according to the Association of Man-made Fibre Industry, have almost remained constant on account of controls, while it is the excise duty that has significantly increased the ultimate price payable by consumers. Even after the abolition of control in November 1963, the spinners, it is stated, have not been able to get higher prices, in view of the resistance of buyers to pay prices higher than the controlled prices. The position is said to have been rendered worse since then, as a result of the recent increase in excise duty. How can the Government, asks the President of the Association, Mr. Rasiklal J. Chinoy, expect the spinners to bear the additional tax burden itself.

An Underestimate

Incidentally, the additional yield that the Finance Minister expects from the steep increases in excise duty on rayon and synthetic fibre and yarn is put at Rs. 4.70 crores. This figure is considered by the industry to be an underestimate. The calculations made by the Association reveal that the additional yield will be not less than Rs. 7.96 crores. The table below shows the budget estimates and actual excise revenue collected form rayon and synthetic fibres and yarn during the last six years:

(In crores of rupees)

Year	Budget estimate	Actual collection	Difference
1957-58	0.90	0.95	0.05
1958-59	0.90	0.86	—0.04
1959-60	1.93	2.02	0.09
1960-61	2.30	2.82	0.52
1961-62	4.39	5.58	1.19
1962-63	7.35	9.71	2.36
1963-64	11.33	12.67*	1.34
1964-65	18.50†	21.76‡	3.26

* Revised estimate only.

† Including the additional Rs. 4.70 crores expected as a result of budget proposals.

‡ Estimate by industry without taking into account the difference between budget estimate proper and actual collection.

In a memorandum submitted to the Union Finance Minister, the Association has impressively brought out the serious impact of the increase in excise duty on the man-made fibre industry and pleaded for the withdrawal of the fresh impost. If, however, the Finance Minister is unable to concede the plea fully, he should at least consider a reduction in the rates of excise duty. That the present incidence of excise duty is pretty heavy is clearly borne out by the following figures:

(In rupees per kg.)

	100 deniers	120 deniers	150 deniers
Basic ex-factory price exclusive of excise duty	8.26	7.64	6.94
Total excise duty including additional excise	6.00	4.00	4.00
Ratio of excise duty to basic ex-factory price (%)	72.6	52.4	57.6

Thanks largely to the heavy excise duty burden, the selling prices of yarn produced by indigenous mills are markedly higher than those of foreign manufacturers as will be seen from the figures quoted below:

(In rupees per kg.)

	150 deniers	120 deniers	100 deniers
India	11.48	12.43	15.50
Britain	8.27	8.98	9.42
U.S.A.	8.79	10.60	12.39
Japan	5.05	5.05	5.66
France	7.76	..	..
Italy	7.80	..	..
Switzerland	9.08	..	..
Sweden	7.80	..	..

It is not the enhanced tax burden alone that has adversely affected the man-made fibre industry, as the production cost itself has risen quite appreciably in recent years. Since 1957-58, the additional incidence per kg. of yarn has gone up by 15.75 nP, 6.82 nP and 1.25 nP on account of higher prices of caustic soda, sulphur and charcoal, respectively. Power charges have risen by 6.52 nP and price of steam coal by 9.76 nP. There is, besides, the additional burden of 46 nP by way of loss on account of lower sales price fixed for yarn to be distributed under the Export Promotion Scheme. Moreover, higher discounts on inferior qualities have added another 4.25 nP. Taking all these factors into account, the average cost of producing one kilogram of yarn is now higher by 191.24 nP as compared with the position obtaining in 1957-58. While, thus, both the tax burden and the incidence of cost increases have become heavier, selling prices have not recorded a corresponding rise; actually, before decontrol in November 1963, the prices had been pegged at the 1957 level, despite repeated requests and representations by the industry.

Saving of Foreign Exchange

The Association of Man-made Fibre Industry regrets the heavy incidence of taxation especially because the industry is endeavouring to maintain production at as high a level as possible, so that considerable amounts of foreign exchange which would otherwise have to be spent on imports of foreign yarn could be saved. Higher production of yarn has also enabled the weaving industry to produce more cloth not only for internal requirements but also for exports. During the year 1963, for instance, India exported 85.67 million metres of rayon and synthetic fabrics, the total foreign exchange earned being Rs. 9.34 crores, a tidy sum indeed. To what extent the expansion of the man-made fibre industry has resulted in the saving of foreign exchange is indicated below:

Year	Production of viscose filament yarn (In million kgs.)	Foreign exchange saved at Rs. 3.3 per kg. (In lakhs of Rs.)	Production of staple fibre (In million kgs.)	Foreign exchange saved at Rs. 1.43 per kg. (In lakhs of Rs.)
1950 ..	0.12	4	..	..
1951 ..	2.45	81	..	..
1952 ..	3.65	1.21	..	..
1953 ..	4.48	1.48	..	..
1954 ..	5.02	1.66	3.09	44
1955 ..	5.83	1.92	5.71	82
1956 ..	7.57	2.50	7.92	1.13
1957 ..	9.71	3.21	8.02	1.15
1958 ..	13.43	4.44	13.96	2.00
1959 ..	15.10	4.98	20.39	2.92
1960 ..	18.98	6.27	21.82	3.12
1961 ..	21.43	7.07	26.00	3.72
1962 ..	26.23	8.66	32.38	4.63
1963 ..	31.17	10.29	32.25	4.61

That the spinning sector of the rayon industry is earning only moderate profits and not huge profits, as is alleged by some, has been well brought out by the Association. Quoting the Reserve Bank's survey of 1,001 leading companies, the Association says that, as against the average profit (as per cent of net worth) of 10.8 per cent, the average earned by the spinning sector is no more than 8.8 per cent on the employed capital of Rs. 36.90 crores. The return on capital is certainly meagre especially considering that this industry is subjected to obsolescence risk much more than any other industry. The Association has impressively highlighted this vital aspect. It observes:

"Unlike other industries which rarely make use of corrosive chemicals in the process of manufacture, the rayon spinning industry has to utilise at every stage of its manufacturing operations chemicals such as sulphuric acid, carbon-di-sulphide and caustic soda which are highly corrosive, thus making the life of machinery and equipment employed for the manufacture of rayon yarn much shorter than the machinery used in other industries. Added to this is the fact that the process of manufacturing rayon yarn, unlike the cotton textile industry, has to be a continuous one; the plant has to work round the clock on all the 365 days of the year, which results in higher wear and tear than what would be the case with other industries working with one or more shifts a day. . . . In the wake of inventions of quite a few synthetic fibres which are put on the market all over the world, manufacture of rayon yarn has to contend with the competing claims of synthetic fibres like Orlon, Dacron, Terylene, Acrylics and other fibres. For instance, the machinery manufacturers in the United States—the largest producers of rayon—report that orders for rayon yarn manufacturing equipment for home consumption have been gradually reduced over the years. This will possibly make it clear how serious is the risk of obsolescence and how, therefore, due consideration needs to be given for accelerating the depreciation of machinery, so that the entire amount invested in machinery is permitted to be realised before the machines go out of date."

Research

Besides the need for more liberal depreciation allowance, sizable reserves will also have to be built up for meeting the increased outlay on research and development. It is only by furthering the study of high molecular science that textiles of beauty, elegance, usefulness and convenience could, as the Association rightly avers, be created for both domestic consumption and export. Moreover, since the man-made fibre industry is capital-intensive in nature, the level of dividends declared must be reasonable so as to attract an adequate flow of additional resources as and when they are required for expansion. There is, then, the need for providing a safeguard against (*a*) rise in production costs over which the industry has no control, and (*b*) statutory increase in costs arising from legal charges or from the recommendations of a Government body or committee.

Judged against the aforesaid background, the plea of the Association of Man-made Fibre Industry for substantial relief from the abnormally high incidence of excise duty is unexceptionable. By conceding the plea, the Union Finance Minister will surely enable the industry to expand and develop on sound lines. After having created the necessary condition for such expansion and development through decontrol, the Finance Minister, it is to be hoped, will not deny the industry the much-needed relief in taxation.

WORLD OUTPUT OF MAN-MADE FIBRES

Man-made fibres, which have already made considerable inroads into the field hitherto held by natural fibres, continue to make rapid advances. Preliminary data relating to world output of man-made fibres last year given in *Textile Organon*, published by the Textile Economics Bureau of New York, indicate that global production reached a new peak of 9,590 million lbs. in 1963, an increase of 10.2 per cent over the 1962 output of 8,704 million lbs. Production of both synthetics and cellulosics (rayon and acetate) set new records last year. The largest percentage increase in production was recorded by synthetics. At 2,860 million lbs. output of synthetic fibres in 1963 was 20 per cent more than the previous year's production of 2,382 million lbs. The largest increase by weight was in the U.S. where output rose by 18 per cent. The increase in production in Japan was as much as 29 per cent. Substantial increases were recorded in the U.K., France, Italy and West Germany. The increase in synthetics output was shared by both filament yarn and staple yarn, the former rising by 13 per cent to 1,655 million lbs. and the latter by 22 per cent to 1,205 million lbs. Total output of synthetic fibres (both filament and staple), as noted above, thus worked out to 2,860 million lbs.

Rayon and acetate production climbed to 6,730 million lbs., an increase of 6.5 per cent over the previous year's figure of 6,322 million lbs. Both filament and staple recorded increases in production, but the rise in the latter was comparatively more marked, being 10.1 per cent., as against 1.5 per cent in the former.

Higher output of rayon and acetate filament is attributed to increases in the U.S.S.R. (18 million lbs.), India (10 million lbs.) and the U.K. (8 million lbs.). These more than offset the decline in the U.S. (17 million lbs.) and Japan (7 million lbs.). The change in emphasis in the U.S. and Japan is reflected in cellulosic staple output, the U.S. producing 93 million lbs. or 17 per cent more and Japan 84 million lbs. or 13 per cent more. There were also substantial gains in cellulosic staple output in W. Germany, France, U.K., U.S.S.R. and Italy.

TEXTILE EXPORTS FROM INDIA

Foreign exchange earnings from textile exports increased by over Rs. 7 crores in 1963 as compared with 1962. The increase would have been more marked but for the decline in the average value per unit both cloth and yarn exported mainly because of fiercer competition in the world markets which, moreover, have been shrinking. The total foreign exchange earnings from textile exports in 1963 amounted to Rs. 63.49 crores, as against Rs. 55.86 crores in 1962. The rise was due entirely to the increase in the volume of yarn and cloth exports. Yarn exports aggregated nearly 30 million lbs. in 1963, as against 23 million lbs. in 1962. The average price realised per lb., however, dropped from Rs. 2.30 in 1962 to Rs. 2.07 in 1963. Exports of mill-made cloth increased from 508 million yards in 1962 to 531 million yards in 1963. Here again, the price realised per yard fell from 79 nP per yard in 1962 to 77 nP per yard in 1963.

Credit for the higher volume of exports goes to the industry as a whole which made, and has been making, all possible efforts to boost the country's foreign exchange earnings.

MORE TEXTILE COMPANY TAKEOVERS

MILLOWNERS TO DECIDE NEXT WEEK ON TRADE UNION'S DEMANDS

From Our Special Correspondent

MANCHESTER, *10th March*

FOR the observer who works from week to week, events in the textile industry are now moving so swiftly that to write about fresh developments in the takeover field is like sitting on a volcano. Even from one day to another it is difficult to keep pace with the situation, although a general pattern has emerged during the last few months which seems likely to continue. Contrary to the expectations of the past, the mergers so far arranged have had little effect on the horizontal section of the trade, but a strengthening of vertical ties has undoubtedly been effected.

MANCHESTER LETTER

While this movement is vitally important from the angle that production and marketing should be far more closely linked, it still leaves a large number of small firms, up and down the manufacturing area particularly, which are outside the orbit of the major groups. Rivalry for business among these modest units can have a weakening effect on the structure of the industry as a whole.

Merchants have lately been progressively disturbed by the curtailment of independent sources of supply as a number of firms with extensive capacity have decided to join the big combines, notably Courtaulds and Viyella. Financing such deals as have been carried out within the past year presents problems, but the trend towards an eventual handful of giant groupings is certainly developing in accordance with forecasts made not long ago.

Lengthy Catalogue

A catalogue of the textile company takeovers which have been initiated or completed even since the beginning of the current year would make a formidable list. It would include, for example, the absorption of Joshua Hoyle and Sons by the Yorkshire-based Illingworth Morris and Co.; Bolton Eagle by Bulmer and Lumb; Elton Cop Dyeing Co. by John Heathcoat and Co.; Fras. Hinde and Sons by Courtaulds; Ferguson Brothers, J. Chadwick and Co. and Clegg and Orr, all by Viyella International.

In addition, several other deals, some of which have not yet been finalised, have been announced or are pending. The acquisition of Lyle and Scott, the Scottish company, by Wolsey seems eventually probable after earlier bids had been made by other interested companies. Stott and Smith is resisting a bid for its capital and the Chairman has indicated that a number of approaches have been made by prospective buyers. Courtaulds is extending its interests in the finishing section by offering to acquire Barracks Fabrics Printing Company.

The three announcements made within the space of ten days by Viyella International provided the highlights of this particular phase, and none more so than the bid for Clegg and Orr, recognised as possessing some of the most up-to-date machinery in Lancashire. Traders were shocked at the trading loss reported of nearly £224,000, after a deficit of over £40,000 in the previous year.

Marketing Link Needed

Mr. J. Angus Orr, the Chairman, has since stated that the Company had not expected to be so short of orders last year. The volume of business obtainable, he said, was far less than that needed to maintain a reasonable level of output. Consequently, the full load of fixed overhead charges fell upon a greatly reduced production. Repeating now the almost well-worn argument about the paradox by which the Government encouraged companies to modernise by subsidy and by exhortation, while permitting the huge tide of imported fabric to grow, Mr. Orr says: "One could reasonably have expected more energetic action to support a market climate in which those companies which have really tried to be up-to-date could flourish."

The need for better marketing facilities is a matter which has exercised the minds of many Boards apart from the Clegg and Orr group. During the year, the certainty grew that the Littleborough firm should either become members of or help in forming a larger group which had established marketing facilities, according to Mr. Orr. Only in such a way did it appear that the long runs needed by modern plant would be obtained and the necessary time given for the technical assessment and the planning of production to meet the real needs of the ultimate user. The bid from Viyella provided an escape from the impasse.

Different Movements

Although the pattern of larger vertical groupings is the dominant influence in the market at present, other movements can be observed. The textile merchanting firm of Cook and Watts has absorbed another company of wholesale warehousemen, while Boardman, Marden has extended its textile interests by acquiring a protective clothing manufacturing unit. Nor can the diversification factor be ignored. Whitecroft Industrial Holdings, which changed its name from the now non-representative title of Bleachers' Association, has moved further away from textiles by acquiring a firm of civil engineering contractors and plasterers.

Armitage and Rigby, after a history of more than 125 years in the spinning and weaving industry, has disposed of its Warrington and Nelson mills to Alliance Brothers, the rapidly expanding textile group which has obtained control of several well-known companies within the past few years.

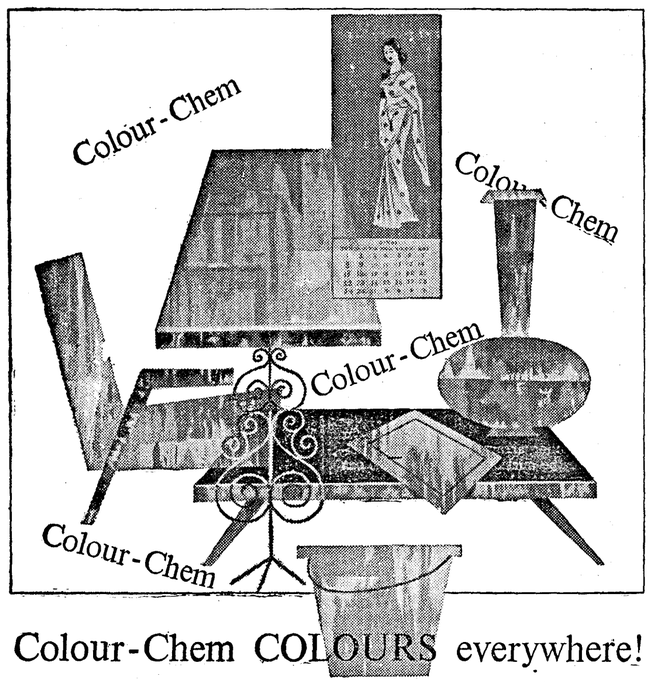
At the end of next week, the employers in the spinning and weaving sections are due to give their reply to the trade union proposal that a new basis for future wage rates and conditions should be established. A system of "programming" a regular movement of earnings, coupled with longer holidays and shorter hours, has been advocated.

It is difficult to see how the millowners can accept such a principle unless they can also claim second sight as to how the industry is likely to progress in the future. Only if both parties to the negotiations are prepared to agree that wage rates and conditions will fluctuate —downwards as well as upwards—according to the state of trade, can there be any prospect of compromise. On the table at the discussions will certainly be the latest official returns issued by the Ministry of Labour showing the average earnings and hours ruling in October last. At that time, the industry was on the upgrade and business had begun to broaden very substantially.

With odd exceptions, the level of earnings during the past two years has shown a distinct improvement, ranging from over £1 per week for men in the main branches of the industry to a few shillings in the case of some of the younger employees. The traditional variations are still apparent in that male labour is paid well below the general average of all industry, while women operatives frequently get more than the national average.

It has often been stated that payment for operatives working in modernised mills is well ahead of other sectors, so that the steady improvement in the earnings of men in relation to women is understandable; it is safe to predict that this trend will continue. At the same time, the national figures for industry reflect a very similar movement, so that the average male payment remains at almost exactly double the wages shown for women workers.

The average number of hours being worked by men in spinning and doubling in October was 46.4, as against 46.7 in April 1963. Women workers in this section were employed for 39.7 hours, the same as six months previously. In the weaving branch, the latest returns show men operating machinery for 44 hours, as against 43.7 in April. In the case of women, the figure was 39.8 hours, as against 39.5. In the textile finishing trade, average hours worked by men were 49.8, as against 48.6 in April 1963.



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PROBLEMS OF FINANCING COFFEE INDUSTRY

FINDINGS OF RESERVE BANK STUDY

THE Indian coffee industry can certainly be relied upon not only to cater to the expanding domestic requirements of coffee but also to earn for the country sizable amounts of foreign exchange through exports. But four things are necessary. They are: reversal of the regressive tax policies, improvement in marketing system, reduction in the impact of heavy labour costs, and suitable incentives for production and export. All these involve, naturally, a rational approach to the problems of the industry by the powers-that-be at both Central and State levels. The need for such an approach, it is gratifying to note, has now been recognised, albeit belatedly. Some evidence of this recognition is found in the reported observations of Mr. Manubhai Shah, Union Minister for International Trade, at a meeting of the informal Consultative Committee for his Ministry, held at New Delhi on Friday the 13th inst. Mr. Shah, it is stated, told the Committee that the Coffee Board was taking steps to readjust its marketing procedures so as to hold the internal price line and to give the grower a fair return and that suitable adjustments would be made in the release of particular grades and varieties of coffee in internal marketing and for exports. The elements of the official coffee policy believed to have been spelt out by Mr. Shah are as follows:

It has been the policy of the Government and the Coffee Board to export surplus out of each season's crop after meeting internal requirements. This policy is based on the need to maintain economic stability by providing a firm internal support for the industry. Consistent with this policy, a substantial internal market has been built up and any attempt to curtail internal consumption would not only raise internal prices but also retard the industry's progress. But, at the same time, it is not desirable, in the long-term interests of the industry, to neglect foreign markets. There is an imperative necessity to earn as much foreign exchange as possible by exporting a larger quantity of coffee as before.

Hitherto, there was no destinational quota and successful bidders at export sales were free to export coffee to any country which offered the best prices. However, as a result of India's membership in the International Coffee Agreement, it has become necessary broadly to classify exports to (a) bilateral quota countries, (b) bilateral non-quota countries, (c) non-bilateral quota countries, and (d) non-bilateral non-quota countries.

With effect from the 1st of next month, sale of coffee for export will be made by open auctions, thus departing again from the system of closed bids or sealed tenders.

Open Auctions

The Coffee Board, it may be recalled here, did switch over from the system of closed tenders for export sales to open auctions with effect from 1st January 1962, but, within a few months, it reverted to the old system under the pretext that the system of open auctions had not been beneficial at all. This was a hasty conclusion, in that the system was not given a fair trial. Anyway, it is good to hear that the system will once again be introduced. When the system of open auctions in tea has worked so well with perfect protection for the producers, brokers and buyers for over a century now, there is no reason why the adoption of a similar system in coffee will also not work likewise. The system will undoubtedly encourage foreign importers to open offices in India or make other arrangements and participate directly in the auctions. Foreign firms can also participate through their agents or representatives in India by registering their names with the Coffee Board as per the terms and conditions laid down by it.

Whatever the system of marketing that is adopted, the need for ensuring conditions that will result in higher productivity of coffee lands, both quantitatively and qualitatively, is urgent to a degree. Since coffee plant is the basic capital stock of the industry, it must be looked after well. Besides, timely replanting operations must be undertaken so that the old stands may be replaced without any loss of production to an estate. If the industry is to be maintained in top condition, it will have to incur, from time to time, heavy expenditure on replanting and expansion of handling, processing, curing, transporting and warehousing facilities. All this, however, requires a lot of funds which cannot be found within the industry, owing to enhanced production costs and heavy tax incidence. The Rural Economics Division of the Reserve Bank of India's Economic Department has done well, therefore, to undertake a study of the question of financing coffee industry. The findings of the study are contained in the February 1964 issue of the *Reserve Bank of India Bulletin*. Although the findings are based on data which, in many cases, are largely out-of-date, they nevertheless help one to understand the problems of finance. The article also carries certain practical suggestions for meeting the financial needs of coffee growers.

Replanting

At the very outset, the Reserve Bank's study draws pointed attention to the existence of a high proportion of uneconomic trees in coffee plantations: as much as 30 per cent of the acreage under coffee in reporting estates (as of 1953) was planted before 1900, nine per cent between 1900 and 1910, 12 per cent between 1910 and 1920 and 49 per cent after 1920. Usually, the yield begins to decline when trees are more than 40 years old. Hence a good estate should always make provision for an average replanting of 2.5 per cent of the acreage per annum. As it takes about six years for a coffee plant to yield, a good estate should always have 15 per cent under immature plants. Coffee plantations in India, according to the study, have not paid attention to this effect. It is estimated that uneconomic trees, that is, trees due for replantation, account for 67 per cent of the total number of trees in Mysore, 53 per cent in Madras and 35 per cent in Coorg. If, therefore, the coffee trees are to be maintained in a state of economic productivity, replanting will have to be done at a reasonable rate. An idea of the magnitude of the problem of replanting can be had from the following findings of the study:

About 190,000 acres of coffee would require replanting on the basis of economic age of trees at 40 years. If it is assumed that one half of this area is in estates cultivated by individual growers and that, at the minimum cost of replanting at Rs. 1,500 per acre, small growers would require long-term finance to the extent of about Rs. 14 crores. An equal amount will have to be raised by big estates for replanting their share of the area. The total long-term requiements would thus come to Rs. 28 crores, besides the short-term finance of about Rs. 12 crores.

Four Disquieting Features

The assessment of the existing sources of finance and the difficulties of coffee growers in meeting their financial requirements as made by the Reserve Bank study pinpoints four disquieting features: (a) inadequacy of short-term credit and difficulty in obtaining long-term loans for a section of big growers; (b) non-availability, by and large, of short-term and long-term credit for small growers holding below 100 acres and covering 55 per cent of the total area under coffee; (c) rigidity and high cost of credit provided by commercial banks, curers and private money-lenders; and (d) control over curing of coffee by curing concerns which has resulted in the concentration of economic power and sizable control of credit in the hands of curers. Dealing with each of these issues in detail, the study has arrived at certain conclusions which may be summarised as follows:

"A proper institutional structure for provision of medium- and long-term credit needs of coffee estates has not yet been developed. The large estates may be able to raise resources for these purposes on the security of their assets by floating debentures. But, in the case of individual growers, this may not be possible. Thus, the difficulties in securing medium- and long-term finance have adverse effects on the maintenance of efficient working of their coffee plantations. In this context, it is important to note that adequate attention has not been paid to maintain the estates in good form.

"The review of the activities of the Coffee Board shows that the growers with less than 5 acres are not covered under the Coffee Development Plan and that the role of the Board in the provision of finance to individual planters is moderate. The group of small growers which is not covered by the Plan consists of about 35,000 estates and constitutes nearly three-fourths of the total number of estates. Although these small growers account for only one-sixth of the coffee area, their numerical strength and the economically disadvantageous position in which they are placed demand larger efforts to improve their economic well-being despite administrative difficulties. The Board is undertaking a good number of promotional activities ranging from assistance for increasing the yield per acre to promoting marketing. Provision of finance becomes only a part of its larger field of activities. The financial requirements of the coffee industry are large and, in order to meet them satisfactorily, the financial system needs to be insititutionalised and strengthened. How the institutional finance can best be

(*Continued on page 478*)

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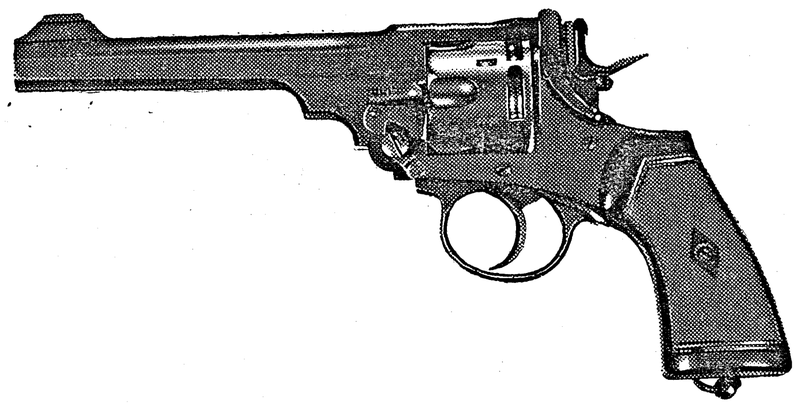

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MONTHLY ECONOMIC REVIEW OF U.K.

RATIONALE BEHIND THE BANK RATE INCREASE

EXPANSION OUTPACING LABOUR SUPPLY

By J. R. H. Pringle

A NEW phase in the current cycle of Britain's economic expansion opened last month when the authorities took a modest step towards checking the pace at which activity had been rising. On 27th February, the Bank Rate was raised from 4 per cent to 5 per cent; it had been at 4 per cent since 3rd January 1963. The step was taken for both external and domestic reasons. On the external side, the aim was to arrest the movement of funds away from London that had developed in the latter part of the month after the publication of the depressing trade figures for January. In February, the gold and convertible currency reserves of the United Kingdom, it was later revealed, fell by £17,000,000 to £938,000,000—and as there were no extraordinary receipts or payments recorded during the month, this was a "true" figure. Sterling had weakened from the level of around $2.79⅞ at which it had been held since mid-August last to $2.79⅛—its lowest level since the summer of 1961. In this respect, the measure was immediately effective, and sterling recovered on 27th February to just above $2.79⅞, a level that was broadly maintained in the following week.

Effect on Capital Movements

The raising of the Bank Rate was not, however, intended to stimulate an inflow of funds from overseas. This negative aim was underlined on the following day, 28th February, when the Treasury Bill Rate—the prime determinant of the movement of short-term funds—rose only 10s. 4.86d. per cent to £4 6s. 1.66d. per cent. Allowing for the cost of forward cover, this rise was not sufficient to swing the arbitrage margin—which had been appreciably to London's disadvantage for some weeks—substantially in London's favour.

Thus, no incentive to oversea investors to switch short-term funds to London was established. International co-operation was, in fact, a notable feature of the whole operation. For, although Mr. Dillon, Secretary of the U.S. Treasury, had fairly recently warned that a rise in interest rates in Europe might threaten interest rate stability in the United States, the U.S. Treasury issued a statement immediately after the raising of the Bank Rate, stressing the "close consultation" that had taken place between the two countries regarding the developments that had prompted the measure, and stating that the consequent increase in short-term rates in Britain "is not expected to disturb the basically balanced international money market that has generally prevailed for some months. Consequently, the factors bearing upon the United States financial policy ... are expected to remain substantially unchanged."

Smooth Transition, the Aim

On the domestic side, the action is officially regarded as forming part of a policy designed to avoid the dislocation associated with "stop-go" measures and to promote a rate of growth that can be sustained. As Mr. Maudling, Chancellor of the Exchequer, said when he announced the step to the House of Commons, "our object this year is to achieve a smooth transition from the present growth rate of 6 per cent, possible while we are taking up slack in the economy, to a long-term growth rate of 4 per cent," and he went on to say that "the increase in Bank Rate will make its contribution to this transition and help to strengthen the prospects for future progress."

Certainly, to judge by the economic indices that came to hand last month, there is every sign that Britain's economy has up to now been expanding at a fast, and, perhaps, excessively fast, rate. The seasonally adjusted index of industrial production for November, which stood at 123, was revised upwards to 124 in the light of later information, and this record level was held in December, when the global figure may, moreover, mask a significant fractional rise.

In the fourth quarter of 1963, the seasonally adjusted index both for manufacturing industries and for all industries showed an increase of about 2 per cent over the previous quarter, and of about 7 per cent over the fourth quarter of 1962. For the year as a whole, the index for all industries averaged 118.6, compared with 115.0 for 1962—an increase of 3 per cent.

Among particular sectors of the economy, all the indicators point to a high and rising level of consumer demand. The Board of Trade's seasonally adjusted index of retail spending rose another point in January, to 112, after its two-point jump in December. Although the increase was due in part to higher food prices, there was also a rise in the volume of sales.

Motor Industry

The most outstanding news, however, comes once again from the motor industry. In a season when there is commonly a setback in production, output in January rose to a new peak. Weekly output of cars, at 37,070, exceeded the previous record set in November of last year by 1,178. Total January output, at 185,349, was also the highest on record. The Iron and Steel Federation's January forecasts of the demand for steel during the year have already been revised upwards—largely, it may be assumed, as a result of higher orders from the motor manufacturers.

Also in line with the motor boom, there was a further increase in the demand for hire-purchase credit. In January, the debt owing to the finance companies rose, in contrast to the normal seasonal pattern, by £4,000,000 to £618,000,000, and to judge by the figures for the number of H.P. contracts completed in February—which shows them, at 141,298, more than 20,000 up on the January total—this demand is continuing to rise strongly. Total hire-purchase debt outstanding in January, however, rose by only £3,000,000 to £957,000,000, because of a reduction in the debt to household goods shops, and the contribution of sales on hire-purchase to the total growth of demand continued to be much smaller than in the last cycle of expansion in 1958-60.

Further evidence that re-expansion has forged ahead since January is provided by the unemployment index. By mid-February the average unemployment rate for Great Britain was down to 2 per cent as compared with 2.2 per cent in January and 3.9 per cent in February 1963. Excluding school-leavers, the number of unemployed fell over the month by almost 20,000, whereas seasonal factors normally give rise to an increase of about 2,100. In the three months from mid-November to mid-February, the number of wholly unemployed adults fell by almost 5,000: the normal seasonal increase for this period is about 42,000. On the other hand, the number of unfilled vacancies rose by almost 36,000 over the three months—a period which usually produces a decrease of about 18,000.

The speed with which the unemployment rate has fallen has been faster than most observers had expected and, unhappily, faster than would seem appropriate had the hoped-for breakthrough in productivity taken place. Already some parts of the country report shortages in certain types of skilled labour. The unemployment figures also reveal the persistence of one of the country's most intractable economic—and social—problems: regional imbalance. Despite the increased efforts made in recent years to draw industry to the underemployed regions, the South, with less than 2 per cent unemployed, has, as in previous cycles of expansion, reached a state bordering on over-full employment before North-East England and Scotland have approached full employment—the unemployment rates in these parts remain above 4 per cent.

Trend of Trade

Another shadow on the economic scene was cast by the trade figures for January. Re-expansion has led to a marked increase in the demand for imports: on a seasonally adjusted basis, they rose in the month by £15,000,000 to £457,000,000 a month as compared with £408,000,000 a month in the previous quarter—a rise of 8 per cent. On the same quarterly comparison, exports were down by 1 per cent—from £347,000,000 to £343,000,000 a month—and recorded a particularly severe fall of £36,000,000 to £326,000,000 in January. The estimated deficit on visible trade widened from £13,000,000 in December to £72,000,000 in January.

A rise in the import bill is, of course, to be expected at this stage of the economic cycle, as manufacturers seek to rebuild their stocks of industrial materials and rising incomes swell the demand for food. Both types of imports rose sharply in the three months to January. More disturbing was a rise in the imports of finished manufacturers—a rise which the Board of Trade expects to continue this year as fixed investment, both public and private, expands.

Hardest Shock

The hardest shock, however, was the fall in exports. The fall was partly due to the disappearance of special factors that had boosted exports such as sugar earlier in 1963 and, of course, one month's figures give little indication of the long-term trend. Moreover, January trade figures always tend to fluctuate abnormally. Yet a quarterly comparison suggests that the rise in several classes of exports has levelled off. In view of the further rise in imports expected as the stockbuilding boom really gets under way, it is essential, for the health of the balance of payments, that the rise in exports achieved in earlier quarters of 1963 be resumed.

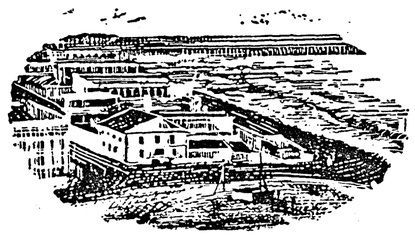
There is mounting evidence to suggest that further claims on the economy will also be made this year by private investment. Both home and export orders for the engineering and electrical goods industries were at record levels at the end of December. Orders on hand for the home market rose by 21 per cent and for export by 8 per cent during 1963, and the rise was especially strong in the latter part of the year. New orders for machine tools also show a sharply rising trend. The survey conducted by the Federation of British Industries early last month showed that the surge of new orders that developed after the exceptionally severe winter of last year continued in the four months to mid-February, and that, even more significantly, orders received for capital equipment have recorded a particularly marked revival.

Government expenditure in the coming financial year—some details of which became available last month—is also expected to rise. Although much less than the record increase announced last February, the estimated rise of £410,000,000 in above-the-line Government expenditure promises to add heavily to the total demands on the economy. In civil expenditure, the estimates show an increase of £266,000,000 (or 6.4 per cent) to £4,423 million. Defence spending, some of which is borne on the civil vote, is expected to rise by £144,000,000 (or 7.3 per cent) to £2,126 million, and this estimate has already been supplemented by further plans announced recently by Mr. Thorneycroft, Minister of Defence.

Rising Tide of Private Investment

Moreover, the actual increase in public-sector investment in the current financial year has fallen far short of the planned rise. Much of the increase budgeted for in 1963, and intended to fill the gap caused by the drop in private capital spending, will therefore take place in the coming year, and be superimposed on an already rising tide of private investment.

In sum, total demand can now be expected to rise considerably over the next year—at a faster pace, indeed, than many observers had previously supposed. The National Institute of Economic and Social Research, for instance, in its latest economic review, has revised upwards its estimates of the growth of demand: "Previously (in November 1963) we had thought that it might be slower during 1964 than during 1963. Now we expect it to be at least as fast." It now estimates that demand will rise at an annual rate of some 5 to 6 per cent up to the middle of 1965. The Institute believes that plant capacity should be adequate to accommodate a rise of demand of this order, but it has doubts about the availability of labour. Towards the end of February, therefore, the evidence suggested that, in the absence of restraining action by the authorities, the pace of expansion might tend to become too great for the economy to maintain in the long run. The decision to raise the Bank Rate was taken in the light of such evidence: so, no doubt, will be the action which Mr. Maudling will propose in the coming Budget.



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COMMON PRODUCTION PROGRAMME

MR. DHEBAR'S VIEWS ON ITS WORKING

[Apropos Dr. J. D. Sundram's article on "Common Production Programme," contributed to Commerce dated 7th and 14th December 1963, Mr. U. N. Dhebar, Chairman, Khadi and Village Industries Commission, has sent a rejoinder which, along with Dr. Sundram's reply to it, is published here.—Ed.]

THE objective behind the Common Production Programme was to take measures to enable small industries to fulfil the targets proposed for them. It is possible to examine the question of fulfilment from the point of view of achievement of targets as well as from the point of view of adequacy of measures adopted for the purpose, or to see whether there was a gap between the measures proposed and the actual conditions obtaining in the field. Some critics have proceeded to criticise the programme of *khadi* and village industries on the assumption that the measures proposed were adequate and there was no gap between the conditions obtaining at the field level and the measures proposed. Their view apparently is that, since the targets have not materialised, the programme itself should be scrapped as one not contributing, or likely to contribute, towards meeting the requirements of the community.

I hope I am clear in the distinction I am drawing. I feel that not only the measures proposed were inadequate but there has also been a gap in our thinking. These are responsible for the consequences which many of us do not like. This gap in our thinking is universal; and on that account, we have not only not been able to reach targets in many fields, but have also tended to blame either the programme itself or seek a scapegoat.

I have dealt with this question in the notes I have submitted to the Planning Commission both about the minimum incomes and the general development of the economy. I may summarise my views as follows:

We are trying to build an economy which cannot be directly accepted by the masses of our country until they, in the first place, reach that stage of awareness which would enable them to assimilate it. Dr. Sundram, while dealing with the role of co-operatives in rural industries, says the same thing. He says: "The role of co-operatives in the rural industrialisation has been repeatedly emphasised as though the problems of personnel or social awareness and sense of social responsibility and community consciousness have all been solved." Unless an awareness is generated both at the personal and the social levels, so that everybody becomes conscious of his role, active co-operation of the masses will be difficult to obtain. The difficulties faced by the co-operative movement in the rural areas arise out of this fundamental limitation. In this field, in my opinion, we can draw upon the teachings of Vinobaji and Gandhiji with considerable advantage.

The more I consider the problem of rural development the more it appears to demand a thorough reviewing. The question is not one of mere economic backwardness; it is one of lopsided growth as well. Unless we tackle the lopsided aspects of this growth, even backwardness will not disappear so easily. It is as if we were attempting to build up a superstructure assuming that the foundation was uniformly solid, when in certain sections there was not even loose sand, much less a rocky bed.

Plight of Harijans

Five crores of Harijans, mostly inhabiting the rural areas, have been deliberately kept out of the rural economy. They do many odd jobs, but the prevailing social and economic ostracism has left indelible marks of inferiority and diffidence in their psychology. Similarly two and a half crores of tribals are living in complete isolation. They do not yet know what is contained in the document called "The Plan." They are at that level of consciousness where they are more concerned with creature comforts than with any thought of their own or group development. There is a vast section of Indian society which lives upon cattle breeding. They are mostly nomads. There are many other social groups equally, or more, backward. What goes by the name "rural community" is a heterogeneous mass with complex internal problems rendered more complex by social "do's and dont's" which operate as injunctions or taboos. To cut across this tangled socio-economic web is the urgent task. It was not so clear or apparent to us before. If, therefore, the handloom or the ambar charkha has suffered the fate it has, it is not due to any inherent fault in the character of the programme. The fundamental mistake is our assumption that Indian society is wholeheartedly ready to accept the scientific and technological aspects of our programmes the moment they are brought to their doors. The real difficulty is that between the Indian masses and their acceptance of a technologically sound programme is a veil of mental reservations, which is as thick as any cement concrete wall can be. The masses in general yet think of their development on those terms and conditions which would permit them to maintain their social fabric as it is.

Most of us speak a language which the masses scarcely understand; but we remain under the complacent belief that, since we are giving them schools and hospitals, they will join our efforts. Indian masses have accepted the facilities we have given them. But these facilities have not succeeded in attracting them to the main current of national developmental effort, because we are not touching the chord which can gravitate them to that current. This gap in our understanding is unfortunately paving the way for many other contradictions. It is not difficult to wind up the programme of *khadi* and handlooms; but it will be difficult to find a substitute therefor to provide gainful occupation to the people in the villages. If I were to write a note upon the functioning of the large-scale industries I would perhaps have attained considerable success in showing to the Western economists the extent of the inefficiency that prevails in that sector and the price that the country is paying to maintain it. This inefficiency applies both to the private-sector and the public-sector undertakings.

We can hardly afford to overlook the reality about the Indian masses. We are dealing with a community which is at various levels and stages of social awareness and growth. We cannot take for granted that this diversity would of itself resolve into unity and would facilitate the carrying out of our projects and plans. On the other hand, it is vitally important to bear in mind that deliberate efforts are needed to adapt these conditions purposefully to the achievement of our goal. If this is accepted, it would not be difficult to relate our programme in a scientific manner to the conditions obtaining at the field level. If the urgent problem of bridging the gap between reality and our understanding is ignored, it would inexorably lead to the rise of a dictatorship. The general belief is that the moment efficient units begin to work, surpluses will be created, and that from those surpluses we will be able to rebuild our economy. There is a great fallacy inherent in this thinking. Between those efficient units of our dream and the reality which obtains at the field level, there is day-dreaming of which we have already had enough. It would be better now to concentrate upon interpreting the programmes in terms of the needs of the masses and telling them that they should also take a definite share of the responsibility for fulfilling them.

The language that the people understand because of the level of their growth is the language of work and bread. But it is work and bread with the level of efficiency that they possess and the consciousness that they have. I have, therefore, come to the conclusion that the best method of reviving the rural economy is to concentrate upon agriculture, animal husbandry and rural industries. Let us not think of a vertical common production programme 7½ feet high above the hands and the heads of the people, but just a programme which their arms and heads can reach.

• • • •

Dr. Sundram's Reply

I have carefully studied Mr. Dhebar's reply to my article. I regret that I find in it nothing that meets any of the points I have made, but several that are not germane to the problem of Common Production Programme, as conceived and implemented in our country.

The objectives of the Common Production Programme, formulated by the Planning Commission and later endorsed by the Karve Committee, were not merely "to enable small industries to fulfil the targets proposed for them"; but the rehabilitation and development of the entire group of decentralised traditional industries. This involved various measures designed specifically for rehabilitation for the development of tools and techniques for progressively larger production of better products and for higher productivity, and for the provision of training in different skills to artisans, financial assistance for working capital, supply of raw materials, and marketing. These could probably be dismissed as "measures" towards increased production, but as the *Third Five-year Plan* puts it (p. 426):

> "The objectives of the programme for these industries ... are to create immediate and permanent employment on a large scale at relatively small cost, meet a substantial part of the increased demand for consumer goods and simple producers' goods, facilitate mobilisation of resources of capital and skill which would otherwise remain inadequately utilised and bring about integration of the development of these industries with the rural economy."

The development of these industries was to ensure "more equitable distribution of the national income and (to avoid) some of the problems that unplanned urbanisation tend to create. With improvements in techniques and organisation, these industries offer possibilities of growing into an efficient and progressive decentralised sector of the economy." (*Ibid.*)

"The gap in our thinking," pointed out by Mr. Dhebar, was a fact prior to the formulation of the second Five-year Plan. The gap between policy and the measures and between the measures and conditions in the field was to be narrowed in planned stages by the administrative authorities concerned. My point was that this task was not undertaken with "a sense of purpose, of direction, or even of earnestness." Mr. Dhebar concedes this point in para 2 of his reply. The failure, therefore, is not merely in production, but in each of the other equally important aspects of the programme.

Structure of Rural Society

It is really unfair to assume, as Mr. Dhebar seems to do, that the Planning Commission and the Karve Committee were unaware of the stratification of rural society. In fact, their programmes aimed at employing for productive purposes the available resources in capital and skill in the prevailing conditions in rural areas; and, over a period, change them through appropriate organisation. The artisan class was to be trained and assisted in a variety of ways to improve their lot. The programmes for this purpose have failed; the attempted patterns of organisation did not and do not have the essential qualities for self-sustenance and, instead, their working has given rise to more objectionable forms of vested interests that resist change. Co-operation presumes equality not of any kind but of competence at some level. This view is endorsed not by theory and theoreticians, but by experience. Hence, my submission that the co-operative method has little chance of success in the context of the prevailing conditions in the rural areas.

The Common Production Programme did not have as an objective the welfare of Harijans, tribals or any other definite section of the population. The general assumption was that, with specific measures of assistance, the artisans already engaged in an industry like the handloom, or *ghanis* or hand pounding of rice, etc. would improve their levels and quality of production, that the assurance of work in any of the industries at the given wages would draw the under-employed and the unemployed, and some definite improvement in their economic condition could be realised. None of the assumptions proved to be valid, because essentially the work and wages offered were not attractive enough. Certain sections of rural society who wanted marginal relief were drawn to some of the jobs, but the bulk of the unemployed preferred not to work in these industries. Even at the levels of wages in these industries, the cost of the products in relation to their quality was and is prohibitive, and marketing continues to be more of a problem than ever before.

The Evaluation Committees that assessed the working of these programmes came to the conclusion that these industries had not come up to expectations, and none of the objectives was nearer attainment at the end of the second Five-year Plan. This is a fact; and the logical inference is that the present programmes, their approach, content and *modus operandi* are, in the light of results, ineffective and need change.

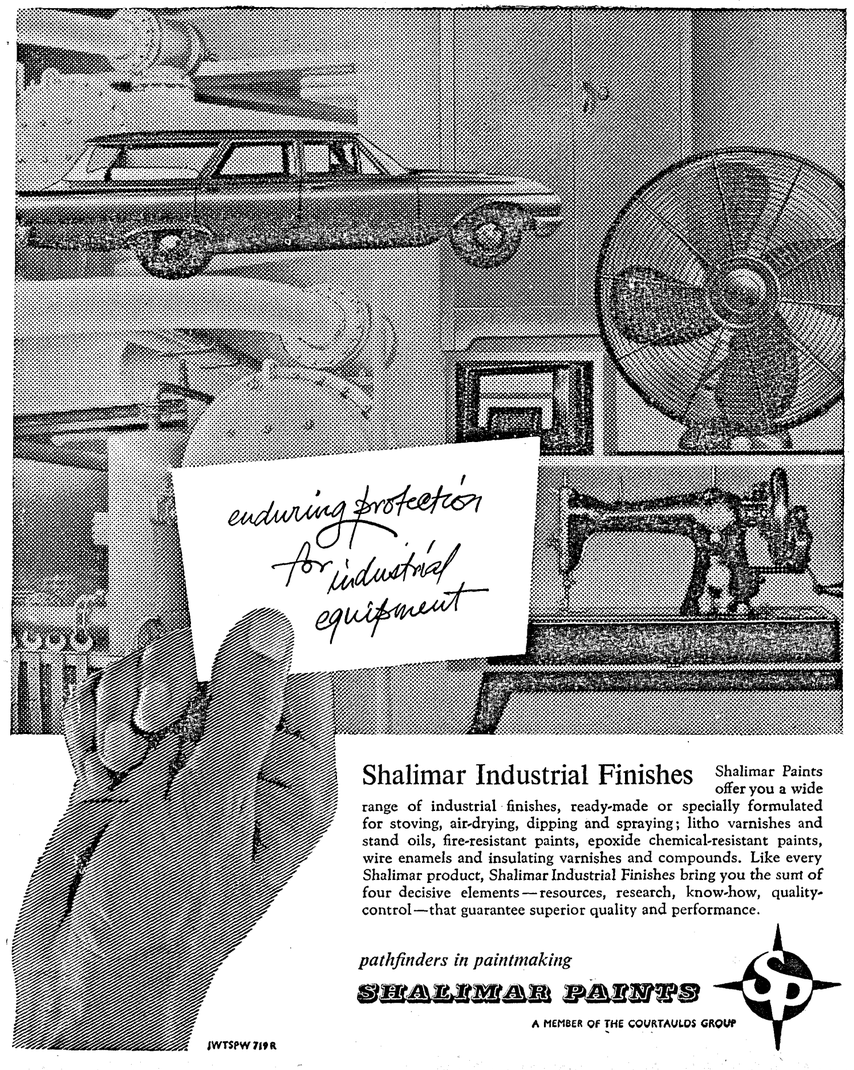
Notwithstanding all social ills, in no industry has Indian labour's capacity or willingness to learn new skills been found wanting. Social conditions in some areas among some groups militate against precipitate social change; but this does not deter them from becoming efficient operators, mechanics, fitters and what-have-you. The approach implicit in Mr. Dhebar's thesis, that is, gradualness—uniform and simultaneous rise among *all* people in rural areas—has proved to be the bane of the country. The gradualness has encouraged "traditional industries," like the handlooms, to develop into organised vested interests and a drag on economic growth and development. The nation's growth cannot be made dependent on the growth of the least efficient. We see the results of this approach on the other sectors of the economy. For instance, rationalisation in the cotton textile industry is opposed merely because it will throw some persons out of employment. It is not realised that increased output through rationalisation, its transport and the thousand and one other jobs prior to its sale will generate additional jobs in the economy, in addition to lowering the prices of the products and thus benefiting the consumers. Narrow, sectarian, group approach condemns the economy to a rate of growth that is nearly swamped by the growth of population. Incentives to grow on their own, to venture out into new fields of endeavour, rather than measures of protection and preservation are what are likely to yield results.

Khadi as cloth may be unacceptable; but *khadi* as that body of principles that enjoins consideration of the welfare of the downtrodden, the unemployed and the handicapped, has not merely been incorporated in the Directive Principles of the Constitution, but has become the basic motivation of our socio-economic policy. Let us not confuse means with ends.

There are other alternatives to traditional industries. As I stated in my article, these are "capable of providing employment on an enduring basis, if not on a comparable scale." My submission is that traditional industries, such as hand spinning and hand weaving, do not provide today "employment" in the accepted, economic sense; and nothing that is being done "to develop" them promises employment or make these industries viable. It is difficult to concede the validity of Mr. Dhebar's contention that large-scale industries are inefficient. Their working inefficiency, in spite of protection, is in many ways the result of a combination of economic policies, most of which cannot be considered as sound or even realistic. Inefficiency conceded—I am not conceding it—the bulk of consumer goods produced by them—and this is *the* basis of judgment—meets the demand of the overwhelming majority of the consumers. From a national point of view, wastage in any form anywhere is to be condemned and eschewed, particularly when resources are scarce in relation to needs. To seek to justify waste in one direction because wastage exists in another cannot be considered an argument at all.

The point is that the Indian masses are capable and willing to learn skills that are marketable and to accept tools that are productive. None of the skills taught under the development programmes for traditional industries or tools distributed met these minimum demands of the people. The time and labour involved in acquiring these skills, judged by the response of the unemployed and underemployed, did not represent addition to their productive and earning capacity. One cannot justifiably or truthfully attribute the poor response of the people to these training schemes in these industries to the resistance of rural people to change.

The entire drift of my argument was to show the need for a change in the approach to the development of the decentralised industrial sector. If the policy and measures to implement the policy have been and continue to be inappropriate (this has not been questioned by Mr. Dhebar), the logical answer, I submit, is to undertake the responsibility for drawing up alternative programmes that will yield results. I find Mr. Dhebar's reply does not answer the points I have raised about the Common Production Programme or the causes for its almost total failure. It would have been more to the purpose if an indication had been given of the changes being contemplated or effected to make the programmes more efficacious instruments of policy than a recapitulation of well-known facts about the structure of rural society or its so-called resistance to change. The motivation to change is need. Protection is perpetuation of waste. Let us end it.



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HINDUSTAN STEEL'S PERFORMANCE

EXPANSION PROJECTS GETTING DELAYED

THANKS to the spur provided by the declaration of national emergency in October 1962, the three steel plants of Hindustan Steel Ltd. in the public sector registered higher levels of capacity utilisation in 1962-63, the latest year for which the annual report has just been published. The aggregate production of the three plants (Rourkela, Bhilai and Durgapur) during the year came to 89 per cent of rated capacity in iron, 83 per cent in ingot steel, 76 per cent in total saleable steel and 96 per cent in plates. The tempo of production accelerated further in the first quarter of 1963-64 when achievement was 97 per cent of capacity in coke, 100 per cent in hot metal (pig-iron), 98 per cent in ingot steel and 87 per cent in saleable steel. Still higher rates of operation were achieved in the months of December 1963 and January and February 1964 when near-capacity production in saleable steel, too, was attained.

A plant-wise picture of progress in production in 1962-63 and in the current year is also available. According to the annual report of Hindustan Steel Ltd., the Bhilai plant's remarkable and consistently good results reported last year were not only maintained but improved upon in the current year. Output of iron, steel, blooms, billets and total saleable steel so far at Bhilai have exceeded the rated capacities. The production of rails has been nearly doubled. One of the notable achievements is the consistent lowering of coke rate. The production of sinter currently is 83 per cent of capacity. Production at Bhilai is now fairly stabilised for optimum output under normal operating conditions. It is, however, stated that full advantage cannot be taken of Bhilai ingot production in excess of capacity until additional soaking pit capacity comes to use in the next few months.

At *Durgapur*, with the commissioning of the third blast furnace, the last open hearth (special casting) furnace and the wheel and axle plant during 1962-63, the million-ton integrated plant was completed. Production of steel ingots averaged 72 per cent of capacity and, by the end of that year, reached 107 per cent of capacity. Average production of saleable steel in 1962-63 was 62 per cent of capacity. The output of structural sections and merchant products also showed increase and several new sections were developed. In the current year, that is, 1963-64, further progress towards capacity production has been registered. In February 1964, production is stated to have been at rated capacity in coke ovens, blast furnaces, steel melting shop, blooming mill, billet mill and section mill. Thanks to recent steps taken to change over from acid to basic roof, further improvement in the production of steel ingots, as also in their quality, is expected. With additional soaking pits already installed, more steel ingots, it is expected, will be rolled into finished steel.

Setbacks at Rourkela

Performance at *Rourkela* was rather uneven during 1962-63. Of course, with the commissioning of the third battery of the coke oven plant in August 1962, all the units in the million-ton plant, excepting the three tinning lines, were in production. There was also a significant improvement in the performance of some of the departments through 1962-63. Steel ingot production, for instance, reached the record of 109 per cent of capacity in March 1963, although the average for the whole of 1962-63 was only 70 per cent of capacity. The average production of the plate mill during the year was 96 per cent of capacity. On the other hand, the average of the plate mill during the year was 96 per cent of capacity. On the other hand, the average of the total saleable steel was only 59 per cent of capacity. Such uneven performance was due to several setbacks during the year. These setbacks were: (1) industrial disputes in the Blast Furnace Department, leading to stoppage of production for a week; (2) shut-down of Blast Furnace No. 1 for major repairs in January-August 1962; (3) breakdown of the generator of the blooming and slabbing mill in January 1963; and (4) breakdown of 1,200-m.m. reversing mill in the cold rolling mills in January-March 1963.

Raw Materials

As for the supply of raw materials, the annual report has reviewed certain developments during 1962-63. The position regarding movement, and quality, of coal to the steel plants, according to the report, was not very satisfactory during the year. Durgapur suffered because the movement of coal in covered wagons entailed considerable manual handling. The problem of poor quality supply, as compared with the price charged for the higher grade has continued to be a serious handicap. The supply of washed coal from Kargali and Dugda has, however, improved consupply, as compared with the price charged for the higher grade, has continued to be a serious handicap. The supply of washed coal from Kargali and Dugda has however, improved considerably and the washed coal requirements of Rourkela and Bhilai are now being met fully. Iron ore and limestone supplies to the three plants seems to have been quite satisfactory. While the supply of empty B.F.Rs, four-wheeler wagons and tank wagons were uneven during 1962-63, the position has improved during the current year, with the result that stocks of raw materials have been maintained at a high level.

On the maintenance side, thanks to the steps taken last year, breakdowns were less in number and major breakdowns were rare exceptions. But it is admitted in the annual report that improvements have still to be made in maintenance facilities where they have been found inadequate, such as in wagon and loco repairs. Although the manufacture of spares in the plant workshops is at full capacity, there is need, it is stated, for developing other sources in the country for undertaking the manufacture of spares in order to reduce dependence on imports.

Manpower Training

The situation pertaining to manpower and training has also been described in the annual report. In the first place, there has been a progressive replacement of foreign technicians by Indian. In Bhilai, the number was reduced from 62 in August 1962 to 40 by June 1963, and this will be further reduced by the end of this year. Durgapur employed only 64 foreign technicians as of June this year. But, in Rourkela, following the recommendations of the Solween delegation, the number of foreign technicians had to be increased to 265. This number will be maintained for a year after which it will be reviewed. The need for deputing personnel for training abroad has, however, been reduced with the stabilisation of H.S.L's own training activities. For instance, during 1962-63, only 39 engineers and nine operatives from the three steel plants were sent for foreign training in certain fields. The facilities at the training institutes at Rourkela and Bhilai are also being strengthened to meet the personnel requirements of the expanded plants. At the beginning of the current year, there was a total of 2,445 trainees on the rolls of the Training Departments of the plants.

Another notable feature of the steel plants' working is that the production bonus scheme, introduced in December 1961, has achieved its object of raising production and stabilising it at a high level. The total payment under the scheme during 1962-63 came to about Rs. 1.1 crore. The revision of pay scales last year has also contributed to the general satisfaction of the employees.

Expansion Projects

As for the expansion projects of the three plants, considerable progress, it is claimed, was made in 1962-63 towards implementing them. But it is also admitted in the report that time-schedules pertaining to the Bhilai expansion project have had to be revised because of delays in the delivery of equipment from the U.S.S.R. and difficulties in the indigenous fabrication of structural steel works. Letters of intent for practically all the major units of the Rourkela expansion project were issued by March 1963. Due to delay in the award of equipment contract the construction time-schedule was, however, finalised only in May 1963. According to this schedule, the maximum tempo of construction will only be in 1965. According to the latest estimates, Rourkela expansion will cost approximately Rs. 132.3 crores, with a foreign exchange component of Rs. 59.8 crores. The Durgapur expansion project, too, has been delayed, with the result that a revised time-schedule has been prepared, taking into account the actual delivery prospects of equipment. Based on the tenders received, the present estimated cost of Durgapur expansion will be Rs. 70.0 crores with a foreign exchange cost of Rs. 25.6 crores. *The Alloy Steels Project*, for which the main equipment is to be supplied by a consortium of five leading Japanese firms with the help of an additional yen credit, also seems to be marking time. Orders for supplies of furnaces for the forge shop, bar mill, sheet mill and heat treatment furnace of this project are yet to be finalised.

An idea of the progress of H.S.L's capital expenditure on the steel plants proper, the expansion projects and other related projects can be had from Table I.

TABLE I—*Capital Expenditure*
(Amounts in crores of rupees)

Projects	Expenditure upto 31st March 1963	
	Total	Foreign exchange component
Rourkela Steel Plant:		
Million-ton plant	224.7	130.3
Expansion	7.9	1.9
Pipe plant	3.3	2.7
Operational equipment of a capital nature	3.3	..
Bhilai Steel Plant:		
Million-ton plant	200.9	98.0
Expansion	22.6	7.2
Operational equipment of a capital nature	2.1	1.9
Durgapur Steel Plant:		
Million-ton plant	193.3	95.1
Expansion	2.9	..
Alloy Steels Project	2.6	0.2
Coal Washeries Project	14.9	5.4
Fertiliser Plant	19.3	4.2
Bokaro Steel Project	1.3	..
Head Office	1.2	0.1
Total	700.3	347.0

Financial Results

During 1962-63, the Government of India subscribed a further sum of Rs. 60 crores to the capital of H.S.L., thereby raising the Company's share capital to Rs. 367 crores at the end of the year. As on 31st March 1962, the Company had drawn from the Government sums totalling Rs. 357 crores as loans. But no loans were drawn thereafter. The interest due on the loans was just under Rs. 18 crores as on 1st April 1963. The Company appealed to the Government for a moratorium of one *more* year for payment of this interest and for a suitable change in the ratio of loan to share capital by conversion of past loans utilised for capital expenditure into equity. The Government did not accept this suggestion and the only concession it allowed was to permit the Company to pay interest in two instalments—one in November 1963 and the other in March 1964.

TABLE II—*Progress At A Glance*
(Amounts in crores of rupees)

	1960-61	1961-62	1962-63
Production ('000 tonnes):			
Pig-iron (hot metal)	1,568	2,234	3,063
Steel ingots	774	1,605	2,490
Semis for sale	508	468	515
Finished steel	58	625	1,188
Despatches ('000 tonnes):			
Pig-iron	800	723	802
Steel ingots	24	47	1
Semis	450	490	547
Finished steel	29	560	1,147
Gross sales	44.2	79.3	130.5
Payment to Steel Equalisation Fund	3.3	8.4	6.2
Freight outward	4.9	6.8	11.0
Excise duty	5.6	6.9	10.4
Wages and salaries	9.3	13.4	19.7
Profit (before providing for depreciation)	2.2	6.7	6.7
Share capital—at year end	300.0	300.0	367.0
Loans:			
Bank—at year end	12.0	11.7	7.1
Government—at year end	306.1	357.1	357.1
Working capital—at year end	28.9	43.6	51.6
Net block—at year end	509.8	541.1	579.5
Depreciation—provided upto year end	10.0	54.8	86.0

The Company made an aggregate profit (before depreciation) of Rs. 6.6 crores in 1962-63, of which the share of Bhilai alone was Rs. 5.5 crores. But, after making a provision of Rs. 30.6 crores on account of depreciation for the year under review, the Company actually incurred an aggregate net loss of Rs. 23.9 crores as detailed below:

(Net loss in crores of rupees)

Rourkela	10.7
Durgapur	8.4
Bhilai	4.5
Coal washeries	0.3
	23.9

The Company's cumulative loss to the end of March 1963 amounted to Rs. 61.6 crores. The

(*Continued on page 478*)

NEW PRODUCTS AND PROCESSES

Thermo-electric Heat Pump

A COMPACT, portable thermo-electric heat pump test instrument provides localised transfer of heat. By using fittings shaped to go around the particular component under study, the pump can be used for heating and cooling individual components (for example, those in an electronic circuit) to determine the effect of temperature variation on performance in the complete system. Developed and tested by the Canadian National Research Council, the device uses two thermo-electric elements which provide a positive or negative temperature difference with respect to the ambient, depending on the polarity of the current. The outer surfaces of these elements are connected to an aluminium heat sink which forms the body of the device while the inner surfaces are in contact with two inserted fittings shaped to enclose the component under test. The pump is being made by Daystrom, Cooksville, Ontario, Canada.

Document Copiers

Two more models have been added to the Verifax range of document copiers made by Kodak, 246, High Holborn, London, W.C.1. The Cavalcade makes copies upto 9¼ by 14 inches and is very simple to operate. The user simply slides the original document and a matrix paper into a slot and from then on copies can be quickly made from the matrix whenever required. Copies are made on Hobart Manufacturing Company, of Hobart Corner, New Southgate, London, N.11, the machine incorporates draw-cut knives which tenderise the meat and, at the same time, knit separate pieces together, distributing the fat evenly and forming a complete steak.

Hydraulic Motor

After several years of research into the requirements of the heavy mechanical plant industry, the hydraulics division of Chamberlain Industries of the U.K. has introduced the Mark 10 Staffa hydraulic motor. It is the first "double-banked" motor the firm has made, and using this method (mounting two sets of five cylinders each radially around a common drive shaft) the motor packs a great deal of power into a comparatively small space. Although it is only some 37½ in. long and weighs 1,080 lbs, dry, the motor delivers 200 h.p. at its customary working pressure of 2,500 p.s.i. It is thought that such units, which develop high torque at low speeds, will be particularly useful for driving rolling mills, winches, coal conveyors, and even some types of ship. It has a speed range in either direction of 0-100 r.p.m., controlled by one lever through a variable-delivery pump which supplies the motor with oil at high pressure.

Self-service Fuelling

Self-service has been applied to fuelling cars and lorries in the Swiss-designed Pro Esa equipment, now to be made in Britain under licence by County Instruments, of Boreham Wood. It is thought that the idea will be attractive to the private fleet owner, who finds it uneconomic to have all his filling stations manned continuously. The equipment is contained in a cabinet and connected electrically to a counter installed in a normal petrol pump. When the driver wants to operate it he inserts his "identity card" into a slot in the cabinet. The machine recognises a printed circuit pattern on the card, starts the pump, records the amount of fuel delivered and automatically registers it against the number of that particular driver. When the driver removes his card the pump stops and the machine resets itself for the next demand. Each machine is set to recognise only one pattern on the identity card, so that the pump will not work if an unauthorised card is inserted. But any number of people can collect fuel from one pump if they all have the same card pattern. It is this facility that suggests an extension of the system to public filling stations and garages, since regular customers could have their own cards and fuel their own vehicles at any time, whether or not the staff were there.

Truck Brake Components of Plastic

Plastic-impregnated bushing and washers have been introduced by Scania-Vabis, the large Swedish commercial vehicle manufacturers, in a bid to make a number of vital points such as brakes, clutch bearings and kingpins in their heavy trucks and buses maintenance-free. The plastic used is Teflon combined with bronze. Before adopting roller-shoe brakes, Scania-Vabis carried out an extensive series of tests. One single bearing in the roller, for example, was tested a million times on brake work without visible signs of wear. On earlier types of brakes, the brake cam—the component that forces the brake shoes apart—worked against a steel plate. Brake dust and high temperatures were liable to destroy the lubricant, resulting in very heavy friction. With the bearing materials previously used, the problem was not solved by merely employing roller shoes instead of the steel plate, since the roller would often seize onto its pin after a time, so that it functioned as a fixed plate. Teflon, with its coefficient of friction of below 0.1—roughly the same that of ice—provided the solution. Since the roller shoes offer a smaller frictional resistance, the efficiency of the brake effort is increased by about 25 per cent. Consequently, the brake cylinders can be made smaller, which in practice means that the brakes will have a faster action.

Money-changing Slot Machine

A company in Amsterdam—Jennen Automaten N.V., Herengracht 286, Amsterdam (Holland)—has started turning out an electric money-changing slot-machine that works very simple and can be used for many types of coins and counters. After the insertion of a coin, and without any further action being required, the desired change is produced fully automatically in a few seconds. A given coin can be changed for various combinations of other coins; in all, ten coin magazines can operate in the slot-machine. The coin slot is shut off as soon as the mechanism has been started up following the insertion of a coin. The same locking device is actuated in the event of electric supply failure or when the machine is empty. The 50-watt motor in the slot-machine starts and switches off automatically. The change-issuing machine can be wired up in such a way that it is possible to tell at a distance whether the stock of change is getting low or running out altogether. A light then comes to indicate that the magazines need replenishing. The dimensions of the machine, which is easy to mount, are: height 50 cm. (1′ 8″), width at top 26 cm. (10″), width at bottom 22 cm. (8.6″), depth at top 26 cm. (10″) and depth at bottom 21 cm. (8.3″).

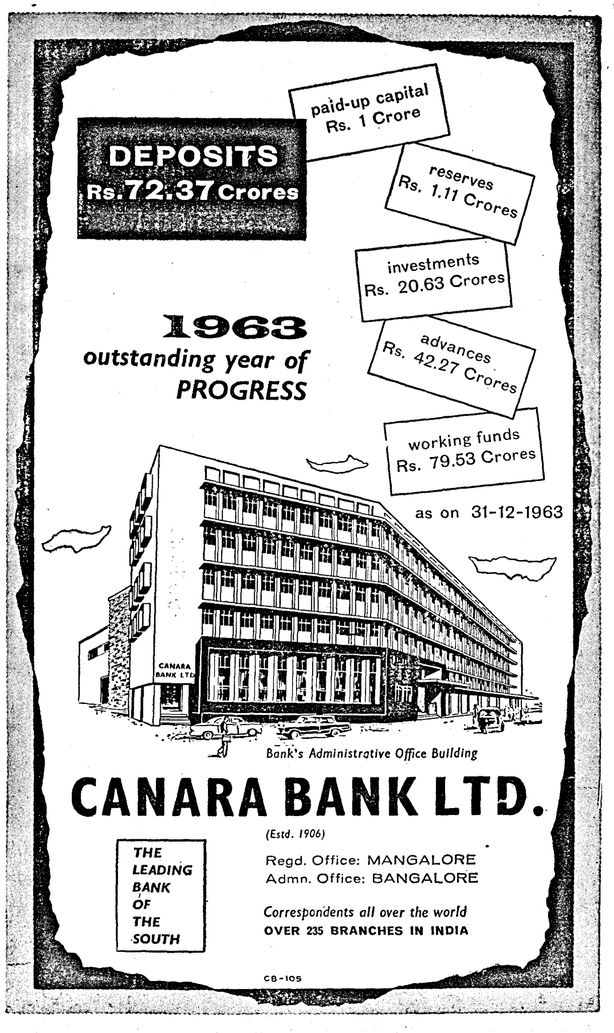
Decalcomanias

Inscribing letters, figures and such like by hand on drawings and designs is extremely time-consuming. To get round this, a Dutch firm has developed special decalcomanias bearing such letters, figures, symbols, etc. These decalcomanias consist of specially prepared translucent polyester sheets, on one side of which characters have been printed in mirror fashion. The sheets, which have a type area of 28 x 22 cm., are protected on the side with the printed characters by a backing sheet that has also been specially treated. The letters, figures, etc. are very simple to transfer. First the protective sheet is removed and the printed sheet laid on the receiving surface so that the characters are legible. The letters, figures and other symbols are then contained between polyester sheet and receiving surface. By rubbing a spatula over the characters the latter can be transferred with great precision from the sheet onto the receiving surface. The letters and other signs used by the manufacturer for his system are the original and internationally accepted varieties marketed by well-known type foundries. There are 36 types of letters, 12 kinds of figures, 18 groups of symbols and 12 varieties of grids; they can be delivered from stock in a large number of colours. Trade marks on these transfer sheets can also be made to order. The signs and symbols can be reproduced and are suitable for making hellographic prints. The transfers are not prone to annoying discolorations. The decalcomanias come in two types, namely, scratch-resistant and non-scratch-resistant (e.g. for drawing paper, etc.). Both types can be transferred onto all kinds of materials. The system has already been introduced into a number of European countries. In the U.S.A. the transfers are to go into production shortly under licence.

Lightning Arresters

Lightning arresters manufactured on a pilot scale at the Indian Institute of Science, Bangalore, are said to conform to all the standard tests for lightning arresters prescribed by the International Electro-technical Commission's specifications. The pilot plant work has proved that the manufacture of arresters can be undertaken on a commercial scale. Composition according to this is eminently suited to the manufacture of lightning arresters with suitable electrical conductivity. These arresters may also be used with advantage for protection of field coils and relay coils, for spark quenching purposes of telephone circuits etc.

Except for silicon carbide (carborundum), all the raw materials required for the manufacture of lightning arresters are available indigenously. Porcelain housing conforming to standard specifications will be available from Indian porcelain factories. The capital cost of a plant capable of producing 24,000 units of 9-12 kV 5,000 ampere is estimated at Rs. 10 lakhs. The cost per unit of lightning arrester is estimated at Rs. 150. Plant and machinery required for the manufacture of lightning arresters consists of mixing and sieving machines, hydraulic press, electric furnace, metalliser and testing equipments. All the machinery is indigenously available except electric mixing machine, hydraulic press, furnace and compression testing machine etc.



THE STATE BANK OF INDIA

SPEECH OF CHAIRMAN, MR. B. VENKATAPPIAH

"A FURTHER AND VERY CONSIDERABLE BRANCH EXPANSION PROGRAMME AHEAD"

THE State Bank of India has taken up on hand the implementation of a further and very considerable branch expansion programme. This was revealed by Mr. B. Venkatappiah, Chairman of the Bank, in his speech at the Ninth Annual General Meeting of shareholders held at Bombay on Thursday, 12th March 1964. The programme, according to Mr. Venkatappiah, envisages the opening of 394 new branches between 1st January 1964 and 31st December 1968 —75 being opened before the middle of 1965 under the previous programme and 319 before the end of 1968 under the new programme. The farther the Bank went into semi-urban and rural areas, he said, the greater would be the need for it to evolve new techniques whether for mobilisation of adequate deposits or for disbursement of appropriate credit. He admitted that the difficulties were real, but he firmly believed that they were not insurmountable, "provided always that, in finding solutions, we are allowed a perspective that is long enough."

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

GENTLEMEN,

I welcome you to this meeting and am glad of the opportunity to tell you of the progress which the State Bank of India and its Subsidiaries have made since we met a year ago. More specifically, we are concerned today with the report of the Central Board of Directors of the State Bank of India for the year 1963, the Bank's profit and loss account for the same period and the balance-sheet as at 31st December 1963. You have already had an opportunity of perusing these documents.

Last year, we met under the shadow of Chinese aggression. The impact of that event on the economy of the country and, of particular relevance from our point of view, the dislocation caused to the normal operation of credit in certain sectors are no doubt still fresh in your mind. As I then told you, we immediately took several measures in collaboration with trade and industry, with the Reserve Bank of India and with Government. This was in order to ensure that credit, both medium-term and short-term, was available in appropriate form and adequate quantity in what were then regarded as the more vulnerable areas; that the distribution of foodgrains, whether by Government, co-operatives or the trade, was suitably and promptly financed; that the manufacturers of goods and equipment for meeting the defence needs of the country were assisted with credit in all the ways open to the Bank and that such assistance was especially directed, for here the need was greatest, to small and medium entrepreneurs engaged in defence industries; that special attention was devoted to export credit with a view to stepping up exports, since, as I said last year, a new dimension of gravity had been imparted by the National Emergency to the problem of foreign exchange; that the Bank and its Subsidiaries, through every single one of their branches and offices——and these together now number 1,644 —participated in the countrywide work connected with the collection of funds, gold and valuables for the defence effort; and, last but not least, that special facilities, also on a country-wide scale, were made available to the members of the Armed Forces in the matter of maintenance of accounts and remittance of moneys to families and dependents.

Efficient Working

I am glad to be able to report to you that, in all these respects, we succeeded in acting promptly, helpfully and in large measure effectively. In what follows I shall tell you of our other and more usual activities, those relevant to us as the biggest commercial banking organisation in the country: one, moreover, which has been enjoined by its charter to keep in mind both its commercial character and the public interest. I shall endeavour to review briefly not only the financial results of the year's working—these are satisfactory in so far as we have more than maintained our profits—but also our total performance, firstly in relation to our normal banking activity and secondly with reference to those spheres of development which have all along claimed our special attention. Further, I shall try, in continuation of what I said last year, to indicate as succinctly as I can the progress we have made in other matters pertinent to our own growth and efficiency such as recruitment and training, premises and housing, personnel welfare and personnel relations, delegation and decentralisation.

In comparison with 1962, we earned substantially more in 1963. Our income went up for two principal reasons. The main one of course was expansion of business. The advances touched a new peak: Rs. 309 crores in 1963, as against Rs. 289 crores in 1962. I may mention in passing that, in the current busy season, that of 1964, advances have already passed the 325-crore level. The other factor which contributed to increased earnings was the modification which we effected in our lending rates from the close of business on 5th April 1963, so as to bring them into greater conformity with prevailing conditions, including the already enhanced Bank Rate, as also of course our own needs. The State Bank of India Advance Rate was accordingly raised from 5 per cent to 6 per cent. But the increases actually effected were graduated. Little or no addition was made to the higher ranges of interest rates charged by the Bank and the full rise of 1 per cent was confined to the lowest range. Moreover, certain types of advances continued to be concessionary in the matter of interest. On loans to small industries, for example, the rates were stepped up only marginally; and on advances to co-operatives, they were retained at broadly the same level as before. We earned more than we did in 1962 not only on interest and discount but also on commission, exchange and brokerage. It will be seen that, after allowing for all usual and necessary provisions from the resultant earnings, our income has increased by Rs. 2.79 crores to Rs. 25.37 crores in 1963.

Lending Rates

I have referred to certain needs which, along with other factors, necessitated a modification of our lending rates. These were two. The first was connected with our deposits and the second with our wage bill. Our policy in regard to deposits is quite simple. We do not want to enter into undesirable competition with other banks, that is to say competition which is either unhealthy in itself or harmful to the economy. At the same time, in the important process of building up our own deposits, we propose to make every effort, along with other banks, to attract savings and bring them increasingly into the banking system. Accordingly, as one such measure, we raised the rate of interest on various categories of fixed deposits and savings deposits by ½ per cent during the course of the year. On the same date as we effected this, viz., 1st April 1963, we reduced the minimum acceptable amounts of call and short-term deposits from Rs. 1 lakh to Rs. 25,000 and introduced for the first time fixed deposits for periods of 24 and 36 months. Our deposits have increased. If demand and time deposits are taken together, there was an increase of Rs. 25 crores from Rs. 496 crores in December 1962 to Rs. 521 crores at the end of 1963. These figures, however, do not take into account the transfer of P.L. 480 funds to the Reserve Bank of India. This transfer was of the order of *Rs. 20 crores in 1962 and Rs. 42 crores in 1963.* If P.L. 480 funds were excluded altogether for 1962 and 1963, the increase in aggregate deposits was Rs. 69 crores in 1963. Of this, time deposits accounted for an increase of as much as Rs. 48.8 crores. The enhancement of our rates of interest on deposits, together with the larger quantum of deposits on which interest has had to be paid, accounts for an increase of about Rs. 95 lakhs in our expenditure. There is another big item of increase. I have referred to recruitment. We have a fairly large back-log to make up. Also we have a further and very considerable branch expansion programme ahead of us. We have assessed our needs and drawn up and started implementing an intensive plan of recruitment at both clerical and supervisory levels. I mentioned last year that, apart from the increases effected in the salaries and allowances of those governed by the award, we had found it necessary to revise the pay scales and otherwise improve the emoluments of various categories of our supervisory personnel. For some of these categories, the full year's cost of such revision is reflected in the expenditure for 1963. On all these counts and others, including the increased dearness allowance payable under the award in relation to the cost of living index, the establishment bill has gone up by Rs. 1.43 crore. In all, as compared with 1962, our expenditure has increased by Rs. 2.73 crores to Rs. 22.62 crores.

Profit

Income being Rs. 25.37 crores and expenditure Rs. 22.62 crores, the net profit for 1963 is Rs. 2.75 crores (as against Rs. 2.69 crores for 1962). Together with the balance of Rs. 0.46 crore brought forward from last year, the sum available for appropriation to various heads, including dividend to shareholders and bonus to staff, is Rs. 3.20 crores. The dividend has been maintained at the same level as in the previous year, *viz.*, Rs. 23 per share, subject to deduction of tax. This accounts for Rs. 1.29 crore. The bonus to staff is broadly on the same basis as last year, *viz.*, two months' salary; the actual amount provided is, however, larger than last year's—Rs. 82 lakhs, as against Rs. 72 lakhs—because of the increase in the number of employees and the increments meanwhile earned by them. To the reserve fund has been added the same amount as in 1962, *viz.*, Rs. 55 lakhs. Lastly, a sum of Rs. 5 lakhs has been transferred to the staff welfare fund and an equivalent amount to the staff co-operative housing fund. These provisions, too, are identical with those made last year.

It will be convenient if I refer at this stage to our Subsidiaries. They have made progress in various directions. An outstanding measure of reorganisation, as you are aware, was the establishment on 1st January 1963, of the State Bank of Bikaner and Jaipur. This institution, which in effect combined the State Bank of Bikaner and the State Bank of Jaipur in one large unit, is now in a position to serve more effectively than before the entire State of Rajasthan. In their traditional operations, no less than in the developmental sphere, the performance of the Subsidiary Banks has been a noteworthy one. The number of offices of the seven Banks together rose from 519 at the end of 1962 to 568 at the end of 1963. Also in the aggregate, their deposits rose by over Rs. 13 crores to Rs. 156 crores and their advances by about Rs. 4 crores to Rs. 75 crores. There was an increase in profits from Rs. 58.50 lakhs in 1962 to Rs. 67.97 lakhs in 1963. The State Bank of Travancore has raised the rate of dividend from 5 per cent for 1962 to 6 per cent for 1963. The State Bank of Patiala, which had not declared any dividend for 1962, has been able to declare a dividend of 5 per cent for the year under review. The State Bank of Saurashtra, while once more not declaring a dividend, has nevertheless taken opportunity to strengthen its reserves further. The other Subsidiaries maintained the same level of dividend as in the previous year.

Branch Expansion

I will now turn to the programme of branch expansion of the State Bank of India and in the same context deal with connected topics such as premises, recruitment and training. As mentioned in the Directors' report, the Bank had 4 local head offices, 733 branches and 332 sub-offices in India at the end of 1963. It had besides an office each in London and Colombo and five offices in Pakistan. In all, therefore, the Bank had 1,076 offices at the close of the year which, together with the 568 offices of the Subsidiaries, make a total of 1,644, a figure I have already mentioned, for the entire organisation. During the course of the year, the State Bank of India increased the number of its branches by 29 (of which 20 were under the Expansion Programme) and of other offices by 37. In consultation with Government and the Reserve Bank of India, the Bank has now entered, as from 1st January 1964, on a new five-year phase of planned expansion, comprising 75 branches (to be opened before the middle of 1965 under the previous programme) and 319 branches (to be opened before the end of 1968 under the new programme), making a total of 394 or nearly 400 for the next five years. This is as big a project of expansion as the State Bank had undertaken on its establishment and successfully executed during 1955-60. It is at the same time more complicated in many ways. Suitable buildings are hard to come by in the smaller towns. Personnel has to be recruited and trained. Inter-branch accounts and their reconciliation, if only because of the number of branches and offices involved, will present further complexities.

The farther the Bank goes into semi-urban and rural areas the greater will be the need for it to evolve new techniques whether for mobilisation of adequate deposits or disbursement of appropriate credit. These difficulties are real, but it is my firm faith that they are not insurmountable, provided always that, in finding solutions, we are allowed a perspective that is long enough. Endeavouring to act on this assumption we have already done some planning and taken certain measures. Premises Divisions have been constituted both in the Central Office and at the local head offices in order to devote special attention to finding suitable sites and buildings, constructing our own premises if needed and, incidentally, renovating existing branches wherever that may be necessary from the point of view of improved customer service or better working conditions. A committee has recently made detailed suggestions in all these respects and the recommendations are being implemented.

Recruitment of Personnel

I have earlier referred to the larger programme of recruitment at different levels which is already in operation. Further, we have revised and expanded our scheme of training. There is now a three-level training programme for the officials and a two-level programme for the clerical staff, with special courses for different categories wherever appropriate. The three-level programme consists of a preliminary and induction course, an intermediate course and a senior course, while the two-level programme consists of an induction course and an intermediate course. We have now, apart from the Staff Training College at Hyderabad, four residential training schools at Patna, Indore, New Delhi and Nagapattinam, in addition to three training schools at local head offices and 10 zonal centres. With these training facilities, as also the training arrangements provided by outside agencies in India and abroad, it has already been possible to train over 1,000 clerks and about 200 officers during the year. We have taken certain steps to simplify the accounting procedures which operate in and between our branches. For devising the further measures of reform that will no doubt be called for in this context, as also for dealing in a planned manner with the long-term problems of the Bank generally, a Planning, Organisation and Methods Division has been recently constituted in the Central Office with appropriate personnel. Lastly, in regard to the mobilisation of deposits in the rural areas and elsewhere, we are experimenting at several centres, keeping always in view the need, firstly, to improve customer service, secondly, to employ suitable forms and media of communication and, thirdly, to ensure that the cost is commensurate with the results. I may mention in passing, though this has specific reference to the Subsidiaries, that a committee has been asked to investigate and report on the subject of mobilisation of rural deposits in relation to the area covered by the State Banks of Mysore, Hyderabad and Travancore. The committee has recently submitted its report.

New Financial Institutions

Against the background of wider economic planning, may I at this stage take the opportunity of welcoming some of the new financial institutions which have been or are about to be established? I refer to the Unit Trust in its bearing on investment, the Export Credit and Guarantee Corporation from the point of view of export trade and the Development Bank in relation to industry. These will fill existing gaps in institutional assistance and I have no doubt that, in more than one context, the State Bank of India will be able to collaborate fruitfully with the new institutions as it does with those already in the field. It is pertinent to mention here that our advances are now increasingly industry-oriented, while, at the same time, there is no decrease in the quantum of the credit we make available for trade and commerce. In relation to the total advances of the Bank, industry accounted for 72.1 per cent in 1962. This percentage has increased to 75.1 in 1963. Further, about 30 per cent of the advances to the industrial sector were utilised by basic industries such as iron and steel, heavy engineering, cement, and fertilisers, and about 18 per cent by export-based industries like jute textiles. We have not of course neglected agriculture and food. Thus the jute buffer stocks financed by us accounted for more than Rs. 7 crores and the advances to State Governments for financing the distribution of foodgrains aggregated Rs. 13.5 crores. In the important sector of small-scale industry, our total credit commitments now aggregate Rs. 17.6 crores, so far as working capital is concerned. I would point out that this figure is exclusive of advances granted to small units of a traditional type such as rice and oil mills. You are aware that the facilities we now offer to small industrialists include medium-term loans and instalment credit. Further relaxations have been made in granting accommodation against supply bills drawn on the Directorate General of Supplies and Disposals. Also, where small units have secured orders from Government, we are arranging to ensure, by entering into a fresh agreement with the National Small Industries Corporation, that the units can obtain further facilities from us by way of advance payment for purchase of raw materials. We are thus continuously examining the scope of increasing our assistance to small entrepreneurs and have implemented a number of measures suggested in this context by the Study Team to which I made a reference last year. Further, in this sphere of our activity even more than elsewhere, we have been laying stress on simplification and improvement of procedures, introducing flexibility in our operations in order to meet the varied requirements of the small entrepreneurs, training our field staff specially for this purpose, and strengthening our staff position, in branches and local head offices, so that the work is attended to with efficiency and promptitude.

Financing Co-operatives

We have made some progress in the financing of co-operatives, and the total credit limits sanctioned by the Bank to all types of co-operative institutions increased from Rs. 33.4 crores on 30th September 1962 to Rs. 45.2 crores on 30th September 1963. In addition to the several types of credit facilities already provided, we started during the year to finance primary co-operative consumers' stores through co-operative financing agencies, in addition to the wholesale consumers' co-operative stores we had already been financing. Other new measures we initiated during the year include the extension of term loan facilities to industrial co-operatives and the financing, on certain conditions, of labour contract and construction co-operatives. Advances against warehouse receipts issued by Central and State Warehousing Corporations declined to some extent in the course of the year. It may be noted in this connection that the advances had been brought within the purview of the Reserve Bank's selective credit controls. It is nevertheless my belief that there is considerable scope for improvement in this business provided the warehouse receipt commands the unqualified confidence of depositors and lenders and thereby wins general acceptance and circulation as an instrument of credit. I have no doubt that the Corporations are cognizant of the steps which have to be taken in order to bring about such confidence. It goes without saying that, in the absence of such steps, the Bank itself is helpless in the matter of promoting the usefulness, much less the popularity, of warehouse receipts.

Last year, I referred to the need as well as scope for building up an enduring and harmonious relationship between the staff and the management. We have since taken several measures to this end. Firstly, in order that the issues might be clarified dispassionately and a programme of further steps drawn up constructively, we held in July-August 1963, with the assistance of experts on the subject, an internal seminar on management-staff relations. This was attended by those in the top management and other officers who were handling staff matters. In pursuance of the discussions in the seminar, we are exploring the possibility of having regular consultative meetings between management and staff at various levels, as also of evolving other relevant procedures. These matters are being discussed with the representatives of the Staff Federation and I hope that suitable arrangements will soon be agreed upon. It is needless for me to say that, important as all such procedures will be, the spirit behind them—a spirit of understanding and co-operation between management and staff—will be much more important. We have already made some headway in the matter of staff welfare following our discussions with the Staff Federation and the evolution of an arrangement for the utilisation of the staff welfare fund. Further, we have decided to encourage the formation of consumer co-operatives at important centres so that all employees might obtain their requirements of foodgrains and consumer goods at reasonable prices. Two such consumer stores have already been started—one at Madras and the other at New Delhi—and a few more are likely to be established shortly. While the Bank will help to establish these co-operatives by providing premises and other necessary equipment and facilities, what is contemplated is assistance of such a nature as would enable the societies to develop into autonomous and truly co-operative organisations within as short a time as possible. I am glad to be able to say that appreciable progress has been made in the matter of staff co-operative housing. In all, 49 co-operative housing societies have been established at 39 centres. Buildings have been completed in three cases and are under construction in about 20 cases. Loans are sanctioned on concessionary terms and in suitable instalments by the Bank. The loans sanctioned amount to Rs. 68 lakhs and those already utilised to Rs. 42 lakhs. Before leaving the subject of personnel, I would compliment all categories of the staff on another year's good work put in by them. I would also thank them for their devotion to the interests of the institution.

State Bank Amendment Bill

I should like, before I conclude, to make a brief reference to the State Bank of India (Amendment) Bill, 1963, which was introduced by the Finance Minister in the Lok Sabha on 21st December 1963. The Bill seeks to facilitate further delegation and decentralisation in the State Bank. It contemplates the creation of a larger number of local head offices as and when the need arises. With this possibility in view it provides for certain changes in the composition not only of Local Boards but also of the Central Board. It seeks to vest certain specific powers in the Local Boards; in addition, the Central Board may delegate other powers, but in either case the exercise of the powers is subject to any general or specific directions which the Central Board may give. As the statement of objects and reasons points out, the business and activities of the State Bank of India have expanded considerably since the Bank was established on 1st July 1955, and the provisions of the Bill are designed to enable the Bank to dispose of its business efficiently and expeditiously.

In conclusion, both on behalf of my colleagues on the Board and myself, I would pay a tribute to the very valuable services rendered to the Bank by Prof. D. G. Karve, first as Vice-Chairman and for the last two years as a Director of the Bank. He leaves us on relinquishing his assignment as a Deputy Governor of the Reserve Bank. I welcome at the same time Shri M. R. Bhide who has taken the place of Prof. Karve both in the Reserve Bank and on the Board. I would also record our high appreciation of the services rendered to the Bank by those who, during the year, ceased to be Directors of the Central Board or Members of the Local Boards.

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THE UNITED COMMERCIAL BANK, LIMITED

Registered Office: **2, INDIA EXCHANGE PLACE, CALCUTTA-1**

To be placed before the Members at the Annual General Meeting to be held at the Registered Office of the Company at 2, India Exchange Place, Calcutta, on Wednesday, the 8th April, 1964.

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their Twenty-first Annual Report together with the Accounts of the Bank for the year ended 31st December, 1963.

	Rs.	nP
The net profit for the year, after providing for taxes and for all known and anticipated charges, and including Rs. 18,992.29 brought forward from the previous account, amounts to	76,61,861	95

The Directors have contributed further Rs. 2,00,000 to the National Defence Fund and Rs. 25,920 to the Sydenham College of Commerce and Economics Golden Jubilee Trust Fund, transferred Rs. 17,00,000 to the Reserve Fund and Rs. 4,00,000 to the Gratuity Trust Fund and provided Rs. 19,00,000 for bonus to the staff. They now recommend the payment of dividend at Rs. 6 per share subject to deduction of tax which will absorb Rs. 33,60,000 leaving an unappropriated balance of Rs. 75,941.95 to be carried forward.

The Directors consider that it is desirable to capitalise a sum of Rs. 20,00,000 out of the sum of Rs. 40,00,000 standing to the credit of the share premium account and they have accordingly applied to the Controller of Capital Issues for his consent in this behalf. The Directors now await the final outcome of this year's budget proposals relating to the taxation of bonus shares before taking further action.

During the year branches of the Bank were opened at Dum Dum and Jadavpur in Calcutta, Santa Cruz and Wardia Road in Bombay, Theagaroyanagar in Madras, Shivaji Nagar in Poona, Chawri Bazar in Delhi and at Anand, Robertsganj, Jammu, Mesra, Jharia, Vasco da Gama, Aurangabad, Cambay, Mavoor, Korba and Pinjore.

The Directors are thankful to the Shareholders and the clients of the Bank for their continued support. They also express their gratitude to the Bank's Advisers and Advisory Committees for their able help and guidance.

Mr. P. D. Himatsingka who has been a Director of the Bank almost since its inception, tendered resignation of his office as a Director in order to devote more time to his duties and work as a Member of Parliament. The Board have reluctantly accepted his resignation and wish to place on record their appreciation of the very valuable guidance and counsel given by Mr. P. D. Himatsingka and his unstinted devotion to the interests and welfare of the Bank.

Under Article 86 of the Bank's Articles of Association Mr. M. P. Birla has been appointed as a Director to fill up the vacancy caused by the resignation of Mr. P. D. Himatsingka.

Mr. G. D. Birla, Mr. I. P. Goenka, Mr. Y. N. Mafatlal and Mr. R. L. Nopany retire by rotation under Article 92 of the Bank's Articles of Association. Mr. G. D. Birla, Mr. I. P. Goenka and Mr. Y. N. Mafatlal offer themselves for re-appointment. Mr. G. D. Birla has attained the age of 69 years and special notice of a resolution for his re-appointment has been given in terms of Sections 190 and 281 of the Companies Act, 1956.

As Mr. R. L. Nopany wishes to retire from all active business he does not seek re-appointment. The Board have accepted his decision with regret and wish to place on record their appreciation of the valuable guidance and counsel given by him during the period of his office. Notice has been received from some members of their intention to propose at the forthcoming Annual General Meeting that Mr. Mohanlal Nopany be appointed as a Director in the vacancy thus caused and the Directors recommend his appointment.

The Directors have also to report to you changes in the general management of the Bank. Mr. S. T. Sadasivan will relinquish his office as General Manager on the 31st March, 1964, and the Directors have, subject to the approval of the Reserve Bank of India, appointed in his place Mr. R. B. Shah, the present Deputy General Manager. The Directors place on record their appreciation of the valuable and meritorious services rendered by Mr. S. T. Sadasivan as General Manager of the Bank and the outstanding contribution made by him to the progress of the Bank during his term of office. A resolution has been proposed to be moved at the next Annual General Meeting to appoint Mr. S. T. Sadasivan as a Director and the Board welcome this resolution so that the Bank may have the benefit of Mr. Sadasivan's vast experience in banking.

The Directors also place on record their appreciation of the services of the Officers and Staff of the Bank during the year.

The Shareholders are requested to appoint Auditors for the current year and to fix their remuneration.

On behalf of the Board,

G. D. BIRLA,
Chairman.

CALCUTTA, *6th March*, 1964.

BALANCE SHEET AS AT 31st DECEMBER, 1963

December 31, 1962 Rs.	December 31, 1962 Rs.	CAPITAL AND LIABILITIES	December 31, 1963 Rs.	nP	December 31, 1963 Rs.	nP
		1. Capital—				
8,00,00,000		AUTHORISED CAPITAL— 8,00,000 shares of Rs. 100 each ..	8,00,00,000	00		
6,00,00,000		ISSUED CAPITAL— 6,00,000 shares of Rs. 100 each ..	6,00,00,000	00		
5,60,00,000		SUBSCRIBED CAPITAL— 5,60,000 shares of Rs. 100 each ..	5,60,00,000	00		
2,80,00,000		AMOUNT CALLED UP— 5,60,000 shares at Rs. 50 per share..	2,80,00,000	00		
56,66,063	2,23,33,937	LESS—calls unpaid in respect of new shares	33,187	50	2,79,66,812	50
		2. Reserve Fund and Other Reserves—				
2,63,00,000		(a) Reserve Fund	2,80,00,000	00		
40,00,000	3,03,00,000	(b) Share Premium Account	40,00,000	00	3,20,00,000	00
		3. Deposits and Other Accounts—				
57,77,33,870		Fixed Deposits	68,14,56,424	88		
12,99,33,298		Savings Bank Deposits	14,87,81,112	78		
		Current Accounts, Contingency Accounts, etc.	37,95,53,608	87		
34,97,16,637	1,05,73,83,805				1,20,97,91,146	53
		4. Borrowings from Other Banking Companies, Agents, etc.—				
3,49,20,000		(i) In India .. .. [Includes borrowing from Refinance Corporation for Industry Ltd., of Rs. 1,75,06,670 (Previous Year—Rs. 1,18,20,000) and borrowings from Reserve Bank of India of Rs. 4,00,000 (Previous year—Nil) under Section 17 (4) (a) and Rs. 2,45,00,000 (Previous year—Rs. 2,20,00,000) under Section 17 (4) (c) of The Reserve Bank of India Act.]	4,48,22,789	77		
68,16,257	4,12,36,257	(ii) Outside India	3,62,783	76	4,51,85,573	53
		PARTICULARS—				
3,88,70,000		(i) Secured by part of Investments and Advances per contra ..	4,45,41,670	00		
23,66,257		(ii) Unsecured	6,43,903	53		
4,12,36,257			4,51,85,573	53		
	2,48,86,211	**5. Bills Payable**			1,83,40,210	13
		6. Bills for Collection Being Bills Receivable as per contra—				
8,19,03,159		(i) Payable in India	9,48,02,668	87		
3,48,94,939	11,67,98,098	(ii) Payable outside India	3,62,82,085	24	13,10,84,754	11
		7. Other Liabilities—				
4,15,22,206		(i) Branch adjustments	4,93,04,443	60		
4,35,248	4,19,57,454	(ii) Unclaimed Dividends, etc. ..	5,43,704	97	4,98,48,148	57
		8. Acceptances, Endorsements and Other Obligations per contra			25,00,82,517	19
		9. Profit and Loss—				
26,07,428		Profit as per last balance-sheet ..	24,75,053	91		
24,00,000		LESS—Dividend*	24,56,061	62		
2,07,428			18,992	29		
73,32,626		ADD—Profit for the year	76,42,869	66		
75,40,054			76,61,861	95	12,30,66,952	
28,00,000		LESS—Appropriations made— Rs. nP				
4,00,000		To Reserve Fund .. 17,00,000 00				
		To Gratuity Trust Fund 4,00,000 00				
		To Donations to National Defence Fund Rs. 2,00,000.00 and Sydenham College of Commerce & Economics Golden Jubilee Trust Fund Rs. 25,920.00 .. 25,920 00			15,56,121	
2,15,000		To Bonus to Staff 19,00,000 00				
16,50,000			42,25,920	00		
50,65,000					12,39,29,822	
	24,75,054				34,35,941	95
		*Includes Rs. 6,159.12 paid subject to confirmation by members.				
					8,19,03,159	
					3,48,94,939	
						11,67,98,098
						25,65,35,808
	1,59,39,11,624	Carried forward ..			1,76,77,35,104	51

December 31, 1962 Rs.	December 31, 1962 Rs.	PROPERTY AND ASSETS	December 31, 1963 Rs.	nP	December 31, 1963 Rs.	nP
	7,65,18,542	**1. Cash—** In hand and with Reserve Bank of India and State Bank of India (including Foreign Currency Notes) ..			7,38,58,837	43
15,18,940		**2. Balances with Other Banks—** On Current Account— Rs. nP				
1,79,30,347	1,94,49,287	(i) In India .. 42,79,226 10 (ii) Outside India .. 1,83,21,305 37			2,26,00,531	47
	1,64,45,000	**3. Money at Call and Short Notice**				9,64,59,368 00
	11,24,12,829					2,10,00,000 00
						11,74,59,368 00
		4. Investments (at below market value)—				
33,66,46,509		(i) Securities of the Central and State Governments and other Trustee Securities, including Treasury Bills of the Central and State Governments			36,00,20,387	77
35,67,963		(ii) Shares— (a) Fully Paid Preference Shares.			35,67,962	50
29,76,237		(b) Fully Paid Ordinary Shares..			36,38,730	17
8,33,041		(c) Partly Paid Ordinary Shares..			8,07,576	00
36,597		(iii) Debentures or Bonds— (a) Fully Paid			10,21,747	50
5,00,000		(b) Partly Paid			....	
		(iv) Other Investments— Securities of Foreign Governments and Foreign Trustee Securities..				
2,44,26,317		(v) Gold			1,20,84,408	12
....					....	
	36,89,86,664					38,11,40,812 06
		5. Advances (other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)—				
		(I) Loans, Cash Credits, Overdrafts, etc.— Rs. nP				
41,74,34,845		(i) In India .. *43,89,52,252 16				
7,52,48,460		(ii) Outside India .. 7,34,01,416 14			56,23,53,668	30
49,26,83,305						
		(II) Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments—				
14,72,67,567		(i) Payable in India ..	†23,15,48,603	53		
7,08,19,157		(ii) Payable outside India ..	6,55,69,721	00	29,71,18,324	53
21,80,86,724						
	71,07,70,029					85,94,71,992 83

[*Includes an amount of Rs.1,75,06,670 (Previous Year—Rs. 1,18,20,000) relating to medium-term advances in respect of which finance has been obtained from Refinance Corporation for Industry Ltd.]

[†Includes an amount of Rs. 6,89,00,000 (Previous Year—Rs. 4,40,00,000) of Usance Promissory Notes lodged with Reserve Bank of India for advances under Section 17(4) (c) of The Reserve Bank of India Act.]

PARTICULARS OF ADVANCES—

(i)	Debts considered good in respect of which the banking company is fully secured	65,03,43,342	26
(ii)	Debts considered good for which the banking company holds no other security than the debtors' personal security	9,27,13,575	37
(iii)	Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors ..	11,64,15,075	20
(iv)	Debts considered doubtful or bad, not provided for	Nil	
		85,94,71,992	83
(v)	Debts due by directors or officers of the banking company or any of them either severally or jointly with any other persons	7,59,336	39
(vi)	Debts due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members	12,80,92,402	28
(vii)	Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either severally or jointly with any other persons ..	11,67,037	00
(viii)	Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members	14,87,98,404	97
(ix)	Due from banking companies ..	1,32,87,027	65
6. Bills Receivable Being Bills for Collection as per contra—			
(i)	Payable in India	9,48,02,668	87
(ii)	Payable outside India	3,62,82,085	24
7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra			13,10,84,754 11
			25,00,82,517 19
	Carried forward ..		1,73,92,39,445 09

THE UNITED COMMERCIAL BANK LIMITED—*Continued.*

December 31, 1962 Rs.	December 31, 1962 Rs.	CAPITAL AND LIABILITIES	December 31, 1963 Rs.	nP	December 31, 1963 Rs.	nP
	1,59,39,11,624	Brought forward ..			1,76,77,35,104	51
		10. Contingent Liabilities—				
99,39,450		(i) On Partly Paid Shares ..	21,01,564	00		
4,98,303		(ii) Claims against the banking company not acknowledged as debts ..	4,38,243	27		
1,04,37,753		(iii) Guarantees given on behalf of Customers and Correspondent Banks	25,06,28,959	97		
19,53,972	84,83,781	(iv) On Foreign Bills Re-discounted all of which have run off by 29-2-1964 ..	62,46,024	76		
1,16,32,035		(v) Forward Exchange Contracts outstanding for the purchase and sale of Bills and Telegraphic Transfers of which upto 29-2-1964 Rs. 9,43,16,139 .02 have been delivered	20,45,30,908	34		
11,45,473		NOTES: (1) There is a liability for outstanding bills, not certified by the architects, in respect of the Bank's buildings.				
1,27,77,508		(2) Provision in full for gratuity accruing on retirement of staff has not been made.				
76,42,134	51,35,374	(3) Consequent upon nationalisation of banks in Burma the Assets and Liabilities of the Bank's branches in that country were taken over on 23rd February 1963 by the Banking Business Nationalisation Committee. The amount of compensation in respect of these Assets and Liabilities has not yet been determined by the Authorities and, therefore, such amount is included in the Accounts on the basis of balances as per the books of those branches on the said date.				
42,32,751						
14,15,859						
56,48,610						
1,43,475						
55,05,135						
31,46,924						
52,52,563						
72,119						
....	1,39,76,741					
	8,12,300					
	....					
	1,59,39,11,624	Total .. Rs.			1,76,77,35,104	51

December 31, 1962 Rs.	December 31, 1962 Rs.	PROPERTY AND ASSETS	December 31, 1963 Rs.	nP	December 31, 1963 Rs.	nP
	1,56,55,03,428	Brought forward ..			1,73,92,39,445	09
		8. Premises Less Depreciation—				
		Cost as per last balance-sheet ..	1,04,37,753	65		
		Additions (Rs. 22,27,142) Less deductions (Rs. 6,78,199.49) during the year	—6,54,928	07		
			97,82,825	58		
		LESS—Depreciation written off to date.	19,63,587	37	78,19,238	21
		9. Furniture and Fixtures Less Depreciation (including vehicles and equipment)—				
		Cost as per last balance-sheet ..	1,27,77,508	72		
		Additions (Rs. 25,04,122.92) Less deductions (Rs. 6,52,143.00) during the year	18,51,970	92		
			1,46,29,488	64		
		LESS—Depreciation written off to date.	78,67,472	50	67,62,016	05
		10. Other Assets, including Silver—				
		(i) Land and Buildings— Rs. nP				
		Cost as per last balance-sheet .. 55,05,134 52				
		Additions (Rs. 19,40,372.90)				
		Less deductions (Rs. 14,000.00) during the year .. 19,26,372 90				
			74,31,507	42		
		LESS—Transfer to Premises account. Nil				
			74,31,507	42		
		(ii) Interest accrued on Investments ..	32,11,553	52		
		(iii) Estimated amount of refund of Income-tax and Advance Payment of Tax .. .. .. (Income-tax assessment for five years 1959 to 1963 not yet completed)	25,47,878	98		
		(iv) Stamps and Stationery	69,665	24		
		(v) Silver	....			
					1,32,60,605	16
		11. Non-Banking Assets Acquired in Satisfaction of Claims)— Land and Buildings (at cost)			6,53,800	00
		12. Profit and Loss			....	
	1,59,39,11,624	Total .. Rs.			1,76,77,35,104	51

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1963.

Year ended Dec. 31, 1962 Rs.	EXPENDITURE	Year ended Dec. 31, 1963 Rs.	nP
3,00,88,683	1. Interest paid on Deposits, Borrowings, etc.	3,37,90,189	04
1,83,02,902	2. Salaries and Allowances and Provident Fund	2,09,55,369	52
	3. Directors' (Rs. 37,900) and Local Committee Members' Fees and Allowances	52,714	00
54,000	4. Rent, Taxes, Insurance, Lighting, etc.	26,81,715	87
24,95,329	5. Law Charges	1,10,352	71
2,54,795	6. Postage, Telegrams and Stamps	12,36,428	68
10,87,147	7. Auditors' Fees for Statutory and Periodical Audits ..	1,57,825	00
1,52,770	8. Depreciation on, and Repairs to, the Banking Company's Property and Rs. 1,50,000 Development Rebate Reserve	12,10,956	39
8,15,600	9. Stationery, Printing, Advertisement, etc.	19,06,859	56
15,29,291	10. Loss from Sale of, or Dealing with, Non-Banking Assets ..	....	
....	11. Other Expenditure	17,25,463	84
12,04,614	12. Balance of Profit	76,42,869	66
78,32,626			
	NOTE:—Particulars of total remuneration Rs. 1,06,309.81 (Tax deducted Rs. 43,514.87) relating to the General Manager (Chief Executive Officer):— (i) Salary Rs. 72,000, (ii) Allowances Rs. 12,000, (iii) Bonus Rs. 12,000, (iv) Contribution to the Provident Fund Rs. 6,000, (v) Expenditure on maintenance of a car for his official duties Rs. 3,621.97 and (vi) Medical expenses Rs. 687.84.		
6,33,17,856	Total .. Rs.	7,14,70,744	27

Year ended Dec. 31, 1962 Rs.	INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Year ended Dec. 31, 1963 Rs.	nP
4,83,61,784	1. Interest and Discount	5,40,56,588	45
1,39,26,733	2. Commission, Exchange and Brokerage	1,64,21,066	51
9,95,049	3. Rents	9,59,732	21
....	4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	....	
....	5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	....	
82,589	6. Income from Non-Banking Assets and Profit from Sale of, or Dealing with, such Assets	32,213	10
1,701	7. Other Receipts	1,144	00
....	8. Loss	....	
6,33,17,856	Total .. Rs.	7,14,70,744	27

The above Accounts have been drawn up in accordance with the provisions of Section 29 of the Banking Companies Act, 1949.

REPORT OF THE AUDITORS TO THE MEMBERS OF THE UNITED COMMERCIAL BANK, LIMITED

We have audited the attached Balance-sheet of The United Commercial Bank, Limited, as at 31st December, 1963, and the Profit and Loss Account of the Bank for the year ended upon that date, annexed thereto, in which are incorporated the Branch returns audited by the Statutory or other Auditors. The reports on the accounts of the Branches audited by other Auditors have been forwarded to us and dealt with in preparing our report in the manner considered necessary by us.

We report that:

(a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;

(b) the transactions of the Bank which have come to our notice have been within the powers of the Bank;

(c) in our opinion, proper books of account, as required by law, have been kept by the Bank so far as appears from our examination of those books, and proper returns adequate for the purpose of our audit have been received from the Branches of the Bank;

(d) the Bank's Balance-sheet and Profit and Loss Account, dealt with by this report, are in agreement with the books of account and the returns;

(e) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner as required for banking companies and, on such basis, the said Balance-sheet gives a true and fair view of the state of the affairs of the Bank as at 31st December, 1963, and the Profit and Loss Account gives a true and fair view of the profit for the year ended upon that date.

G. P. KAPADIA & CO.,
K. N. GUTGUTIA & CO.,
RAY & RAY,
Chartered Accountants.

CALCUTTA, *6th March*, 1964.

S. T. SADASIVAN,
General Manager.

G. D. BIRLA, *Chairman.*
I. P. GOENKA,
M. R. RUIA,
Y. N. MAFATLAL,
R. L. NOPANY,
M. L. TAPURIAH,
M. P. BIRLA,
A. C. LAW,
T. S. RAJAM,
R. N. BANGUR,
G. D. BINANI,
SHRENIK KASTURBHAI,
G. D. KOTHARI,
Directors.

As per our report annexed.

G. P. KAPADIA & CO.,
K. N. GUTGUTIA & CO.,
RAY & RAY,
Chartered Accountants.

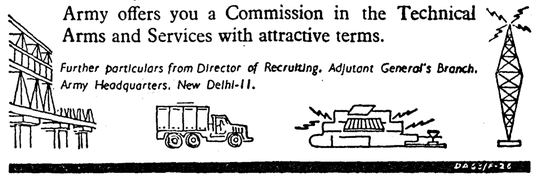
V. R. DESAI,
Chief Accountant.

CALCUTTA, *6th March*, 1964.

ENGINEERS

Here is your chance to serve the nation! The Army offers you a Commission in the Technical Arms and Services with attractive terms.

Further particulars from Director of Recruiting, Adjutant General's Branch, Army Headquarters, New Delhi-11.



DA 63/F-36

Do not take Freedom for granted
Preserve it with all your strength

U. P. LETTER

FALLING FOODGRAINS PRODUCTION

NEED FOR SETTING UP BASIC INDUSTRIES

From Our Special Correspondent

LUCKNOW, 18*th March*

THE continuously rising foodgrain prices in U.P. have focussed public attention on the causes of falling agricultural production in spite of the use of improved implements, greater use of better seeds, fertilisers and irrigation facilities. The falling production of foodgrains in U.P. was considered by the State Board of Agriculture and more recently by the U.P. Legislative Assembly in the course of the budget debate. In an impressive speech, Mr. Charan Singh, U.P.'s Minister for Agriculture, told the Legislative Assembly that the target of 182.4 lakh tons for the third Plan, on which the annual targets are based, is "unrealistic and impossible of achievement." In view of this, it was inevitable that the production of foodgrains should be below target. He pointed out that the productive capacity of land was not proportional to the amount of seed and fertilisers applied to it and the crude arithmetical method adopted in fixing the target had made it unrealistic and impossible of achievement. According to Mr. Charan Singh, no matter what anybody does about it, the production of foodgrains in U.P. could not be increased to the level of the third Plan target. But, even when due allowance is made for the inflated target, the achievement in the realm of foodgrains production in U.P. is highly disappointing. There might be some truth in Mr. Charan Singh's observation that, while the people from the Punjab are imbued with the spirit of self-help and self-improvement, the people of U.P. are not actuated by any such spirit and the urge for material prosperity is lacking. In support of his view, the Agriculture Minister quoted the views of some Ford Foundation expert who studied the package programme in the country and said that the package programme at Aligarh in U.P. had failed to spark the enthusiasm and confidence of the people, which is necessary for achieving higher productivity of land and a better way of life. It is, however, doubtful if the laziness and lack of ambition in the people of Uttar Pradesh, especially the cultivators, is mainly responsible for low agricultural production. While some cultivators in Uttar Pradesh, as in other parts of the country, might be lacking in the spirit of self-help and self-improvement, no such statement could with justification be made about the people of U.P. as a whole.

Lack of Co-ordination

There appears to be more truth in the criticism which some Opposition members of the Legislative Assembly offered that the main cause of low foodgrains production in U.P. is the lack of co-ordination between the different departments of the U.P. Government—agriculture, irrigation, co-operation, power and community development—responsible for increasing agricultural production. It is true that the portfolio might become unmanageable if all these departments were put in charge of one Minister. But there is certainly much scope for the co-ordination of work of officials belonging to all these departments at the village level. The appointment of an Agricultural Commissioner and the dismissal of a hundred or more block development officers is not going to improve matters unless the administrative set-up is thoroughly rationalised and attuned to the task of increasing agricultural production.

In the course of the budget debate in the Legislative Assembly, some very novel methods were suggested for increasing agricultural production. One member suggested that land holdings of less than 6½ acres should be exempted from land revenue. The Agriculture Minister, in reply, pointed out that if this were done the farmers would fragment holdings to escape land revenue and this would make the situation worse. He also rejected the suggestion that the policy of agricultural price support should be adopted to increase agricultural production. He pointed out that such a policy worked quite satisfactorily in a country like the U.S.A. where only eight per cent of the people live on land and the remaining 92 per cent of the people could afford to subsidise their produce, but it is not a practical proposition for a small fraction of the people in U.P. to subsidise the produce of cultivators who are in a vast majority. Mr. Charan Singh also said that the demand for parity between agricultural prices and the prices of goods consumed by the cultivator is a "mere slogan." In the free market which we have in this country no such price parity could possibly be established by the Government.

In the long period, an increase in agricultural production is the only effective method of stabilising the prices of foodgrains. For the immediate future the U.P. Government is making every effort to improve the distribution of available supplies, to tighten the control on the stocks of wholesalers and retailers, and to increase the number of fair-price shops. In the past, U.P. obtained one lakh tons of wheat and 68,000 tons of wheat *atta* from the Central stocks. In view of the present emergency, the Central Government has agreed to allot to U.P. 12 lakh tons of wheat and 7 lakh tons of wheat *atta* per annum. This is expected to ease the situation. But the increase in the price of wheat at the fair-price shops, which will now sell wheat at 2½ seers per rupee instead of 2 seers 10 chattaks per rupee so far, has produced an unfavourable psychological effect and has tended to prevent the price of wheat in the open market from falling.

Panchayat Raj

The panchayat raj experiment in U.P. has not worked satisfactorily. The panchayats suffer from inadequate finances, the panchayati adalats (courts) work in an erratic and irresponsible manner and the new system has failed to inspire a sense of equality and confidence among the rural people who continue to suffer as in the past. The elected village pradhans are mostly the ex-zamindars and there is lack of co-ordination between the elected representatives and the officials. It has been pointed out that there is too much "officialdom" in these panchayats and the elected representatives do not have the qualities and missionary spirit which is necessary to make the panchayat raj successful. In order to remove some of these defects the U.P. Government would shortly introduce a comprehensive Panchayat Raj Bill to fill the lacunæ in the existing Act. It is proposed to reduce the strength of the panchayats from the present level of a minimum of 15 and a maximum of 45 members to a minimum of seven and a maximum of 15 members. This would make the village panchayats more manageable. In the future the members of the nyaya panchayats would not be nominated by the Government but would be elected directly by the gram panchayats. This is calculated to make the panchayati adalats efficient instruments in administering justice. The post of the panchayat secretary and the village level worker would be amalgamated both to effect some economy and to introduce efficiency into the system. It might be a correct decision to give the gram panchayats more powers as they become mature. But, unless the resources available to them are increased, they are not likely to become effective instruments of economic development and social regeneration. In its present mood the U.P. Government does not appear keen at passing some of its sources of revenue to the panchayats or at least to share some of its revenues with the panchayats.

Basic Industries

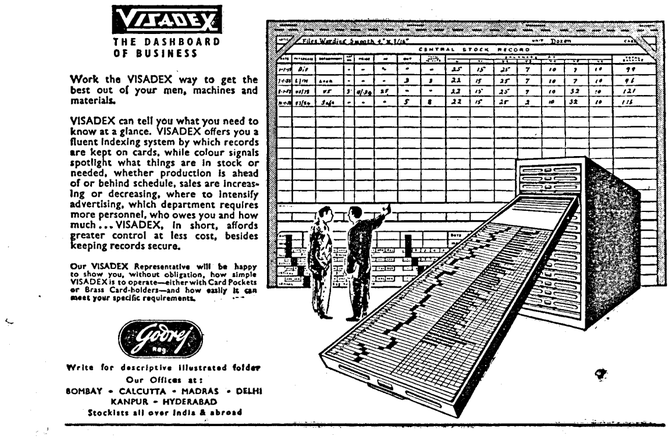
At a special meeting the Eastern U.P. Chamber of Commerce and Industry urged the State Government to persuade the Central Government to locate some basic heavy industries in Uttar Pradesh. It is unfortunately a fact that the Government of India and the Planning Commission have relatively neglected U.P. in the matter of setting up new industrial units in the public sector. If a number of basic heavy industries were to be set up in the public sector in U.P., for which there is much scope, new opportunities of employment would be created and many ancillary industries would be established which would help in the industrialisation of Uttar Pradesh.

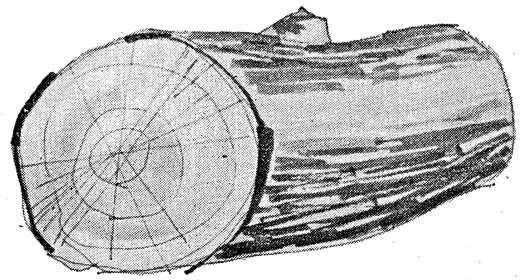
The existing industries in the private sector in U.P. are not doing well because of many handicaps. The Council of the East U.P. Chamber of Commerce has suggested that the electricity rates in U.P. should be reduced to the level of rates current in Andhra Pradesh, Maharashtra, Punjab and the other industrially progressive States in the country and, at the same time more power should be made available to industries. The factory by-laws and labour laws should be liberalised and facilities for the movement of materials for production purposes and for transporting the finished goods should be increased. The procurement of loans through the U.P. Finance Corporation should be made easier and the loans should be advanced in a more liberal manner. The infra-structure of the economy plays a vital role in the industrialisation of any region. The U.P. Government as yet does not seem to have appreciated the need for strengthening the infra-structure of the economy in U.P. The pet argument of Ministers of the U.P. Government is that the development of industries is the responsibility of the Central Government and they are helpless in the matter. But certainly strengthening of the infra-structure of the economy is within the province of the State Government.

Another thing which is directly under the control of the U.P. Government is to reduce the incidence of State taxes like excises, cesses and sales taxes and local taxes like octroi on industrial costs. Although U.P. is an industrially backward region, the incidence of State and local taxes on industrial costs is one of the highest in the country. This creates a vicious circle which has to be broken to give industries in U.P. a fair chance to develop in competition with industries in other parts of the country.

U.N.O. PLACES AN ORDER WITH SWITZERLAND

Within the framework of its technical aid programme, the United Nations Special Fund asked the Swiss firm of consultant engineers Motor-Columbus of Baden, to carry out a survey into the electrification possibilities in Panama. On the basis of the results of this survey, the Swiss firm, which was awarded the contract in the face of very keen international competition, is to submit to the Governments of Panama and the United States a complete technical and economic report on the opportuneness and the economic possibilities of harnessing the energy of the rivers Chico and Chiriqui, with a view to stepping up the industrialisation of the western part of Panama. This survey will also investigate the possibilities of using at the same time the two rivers for the irrigation of the lower regions for the purpose of increasing the agricultural potential.





Out of this log of wood

WESTERN INDIA PLYWOODS
make the widest range of specialised plywoods and hardboards

Today modern industry and architecture demand woods in a variety of specially processed forms: aircrafts demand light yet strong plywoods; engine rooms require fireproof plywoods; radio cabinets need specially processed plywoods for resonance; building construction and coach building demand oil-tempered super hardboards. Western India Plywoods, the largest manufacturers of processed woods in India, make numerous varieties and sizes of plywoods and hardboards to meet such industrial, architectural and defence needs of our country. They are marketed under the trade names 'Westindply' for plywoods, and 'Weston' for hardboards. Other products include 'Wipex' paper laminates for table tops and dining tables, Flushdoors and Block Boards.

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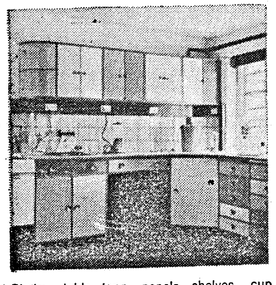
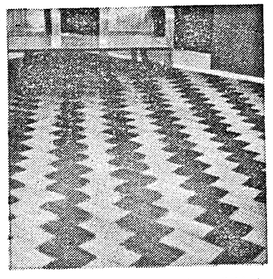
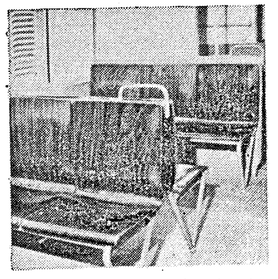


Chairs, table tops, panels, shelves, cup boards, flooring — infinite is the scope of 'Westindply', 'Weston' and 'Wipex'



'Westindply' plywoods are made available in a wide variety of veneers to add charm and colour to the living room



Specially shaped compressed-wood seats—only Western India Plywoods make them in India — for railway coaches, supplied to the Integral Coach Factory, Perambur

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JWI/WIP/2548

BONUS COMMISSION'S RECOMMENDATIONS UNREALISTIC

SOUTHERN INDIA EMPLOYERS ON LABOUR PROBLEMS

ONE of the first articulated reactions of employers to the recommendations of the Bonus Commission (the report of which was placed on the table of the Lok Sabha early this month) to have been published so far comes from the Southern India Employers' Federation, Madras. Speaking at the latest annual meeting of the Federation held at Madras on the 10th inst., Mr. A. D. Galloway, the outgoing Chairman, said that, judging from the summary of the Commission's report that appeared in the Press, the (majority) recommendations of the Commission were "unrealistic to a dangerous degree" in the context of the industrial development of the country. Conservation of profits for the rehabilitation and modernisation of existing industries and suitable inducements to investors, domestic as well as foreign, are as important as contentment among workers. Dilating on this point, Mr. Galloway observed that the formula for the calculation of bonus, evolved by the Commission, suffered from some serious defects. One defect, in Mr. Galloway's opinion, is that, according to the formula, no provision is to be made for rehabilitation allowance as a prior charge, despite the well-known fact that a large part of the machinery and equipment employed by Indian industry is obsolete and replacement costs are steadily rising. Another is the low return on investment provided for. The 7 per cent return on paid-up capital and 4 per cent on reserves (both subject to tax) allowed under the "formula" as prior charges are, according to Mr. Galloway, "too low to act as an incentive to further investment." In this connection, Mr. Galloway drew attention to a statement of Mr. Ashoka Mehta, Deputy Chairman of the Planning Commission, that a return of ten per cent or more on the capital invested in both public and private sector enterprises was necessary to provide the sinews of growth.

Minute of Dissent Justified

The factors that create prosperity in industries, Mr. Galloway went on to point out, appeared to have escaped the notice of the majority of the members of the Commission when they considered ways and means of sharing out the fruits of this prosperity. He pleaded that the value of the minute of dissent by Mr. N. Dandekar, who represented employers on the seven-member Commission, which covered some vital matters, including the return on capital and rehabilitation allowance, should not be assessed on a simple arithmetical basis. Mr. Dandekar, he pointed out, represented employers who, as much as workers, were primarily concerned with the Commission's report and it would, therefore, be wrong to overlook Mr. Dandekar's representative character when considering his note of dissent. The Chairman of the Southern India Employers' Federation expressed the hope that the Government, while taking a decision on the report, would realise that, unless the industry was maintained in a healthy state by rehabilitation and modernisation of plant and equipment at the correct time, for which specific provision should be made in the bonus formula and investors were assured of a sufficient net return on their capital, the aims of the Five-year Plan would not be achieved.

Mr. Galloway did not confine himself to the recommendations of the Bonus Commission alone. He also commented upon some of the important developments in the field of labour. Referring to the proposal to amend the Industrial Disputes Act with a view to enabling individual workmen to take disputes relating to their dismissal or discharge to a Tribunal for adjudication and to empower the Tribunal in such an adjudication to go into the merits of the case, Mr. Galloway said that the proposal had been opposed by employers on two grounds. First, there is no basis for the allegation made by trade unions that Industrial Tribunals have no power under the existing law to go into the merits of individual cases of dismissals and discharge. Secondly, such an amendment is bound to have serious and damaging effect on discipline in industry. Employers have also been maintaining that, under the existing law laid down by the Supreme Court, Tribunals already have wide powers to investigate cases in which it appeared that a serious miscarriage of justice had occurred. There are also many instances in which Tribunals have ordered reinstatement of discharged or dismissed workers. On these grounds Mr. Galloway contended that, under the existing law, Tribunals had power to give relief in deserving cases.

Powers of Tribunals

If the cases in which High Courts and the Supreme Court had interfered were to be examined, it would be found, he added, that such interference had occurred only when the awards of Tribunals were perverse. Reiterating the employers' opposition to the move, Mr. Galloway said:

"The power of Tribunals to go into the merits of individual disputes concerning dismissals and discharges was for the first time defined by the Labour Appellate Tribunal in 1951, and later the decision of the Labour Appellate Tribunal was approved by the Supreme Court. It is important to note that the Labour Appellate Tribunal and the Supreme Court laid down the law on this subject, bearing in mind the need to maintain discipline in industries on the one hand, and on the other, to ensure the security of employment of workmen. The law laid down on such broad considerations and not on account of any restrictions imposed by the Industrial Disputes Act itself, should not be set at nought merely because there has been agitation by trade unions for the law to be amended. Although this agitation has been going on for a long time, the trade unions have not yet been able to point out any instance where a miscarriage of justice has occurred on account of the law laid down by the Supreme Court. Employers are opposed to any endeavour to amend the Industrial Disputes Act which is not based on concrete evidence of injustice resulting from legislation as it exists—especially when the present law has been laid down by the highest judicial authority in the land, having in mind the need to maintain discipline in industry and, at the same time to ensure the security of employment of workmen."

The Chairman of the Federation, however, welcomed the proposal to amend the Industrial Disputes Act so as to make the awards given in arbitration proceedings under Section 10A of the Act binding on employers and workmen in the same way as awards given by Industrial Tribunals or Labour Courts, provided the persons agreeing to arbitration represented the majority of employers and workmen. He also welcomed the proposal to make awards and settlements terminable only by the majority of persons bound by them. But he regretted that the Government had not done anything to find a solution to the problem of minority unions and their damaging effect on industrial relations and production. This problem was discussed at a recent meeting of the State Labour Advisory Board and it was suggested that the Government should consider reviving the Bill it had brought forward some time ago, providing for the recognition of only one majority union in an industry or an individual establishment. Although this Bill had the support of employers and the majority of trade union representatives present at the meeting, the Government has so far not done anything because of the opposition to the Bill by one trade union organisation. "Unless it is the intention of the Government that only unanimous decisions of employers' and workers' organisations at tripartite meetings should be given legislative effect," Mr. Galloway said, "it is difficult to appreciate the Government's reluctance to proceed with the Bill when all the parties, barring a single trade union organisation, are prepared to accept the principle of it."

Provident Funds

The Chairman of the Federation also criticised the Government's action in making the enhanced rate of provident fund contribution applicable to the cotton textile industry. He said that the expert committee, which recommended the increase in provident fund contributions, did not include the cotton textile industry in the scope of its recommendations. But the Government increased the rate of contribution by employers from 6¼ per cent to 8 per cent in the case of cotton mills also. This, Mr. Galloway asserted, was contrary to what the employers were given to understand when they accepted the recommendations of the Wage Board for Cotton Textile Industry. It was thought that the Wage Board had granted an increase in wages which was the maximum that employers would be called upon to meet for a period of five years and that any further increase in labour cost should come out of the gains of rationalisation. In view of this, the Government's decision to make the enhanced rate applicable to the cotton textile industry was, according to Mr. Galloway, "contrary not only to the recommendations of the committee appointed by the Government itself but also contrary to the understanding reached when the recommendations of the Wage Board were implemented."

Fair Price Shops

The Chairman of the Federation was critical of the Government's policy of forcing, by legislation if need be, the industrial undertakings employing 300 or more workers to open consumer stores for their workers. Although employers fully appreciated the need to check rise in prices of essential goods, the business of running fair price shops and the like, Mr. Galloway pointed out, was the primary responsibility of the Government and it was wrong in principle to force employers to take over this responsibility.

Apart from the principle involved, there are also certain practical difficulties which make it unwise to force employers to open fair-price shops or consumer co-operatives. In the case of establishments, the workers of which live far away from their workplace, as is common in big cities, no useful purpose will be served by opening fair-price shops in the factory premises, because the workers, if they want to take advantage of the facility, will have to carry things over long distances. And whatever price advantage they may gain from buying from the fair-price shops will be offset by the expenses involved in carrying them, not to speak of the inconveniences. Moreover, it is not the workers themselves who do the shopping but their womenfolk and it will be practically impossible for them to make daily or weekly trips to their husband's workplace to buy their necessities. This is one of the main reasons why workers themselves are not very enthusiastic about the proposal. Of course, this problem does not exist in the case of establishments having their own workers' colony near the workplace. Even if the colony is situated away from the factory premises, fair-price shops could be opened.

Convenient location of fair-price shops and consumer co-operatives is not the only difficulty. Suitable staff has to be employed for running the shops and when, in future such shops are no longer needed, as might well happen if the price and supply situation improves, the question of retrenchment compensation to the staff of fair-price shops will also arise. These and other practical difficulties considerably detract from the usefulness of the scheme and it appears that the Standing Labour Committee, which recommended that all establishments having 300 or more workers should have their fair-price or consumer stores, has not carefully considered the practical aspects of the scheme. The Government would therefore be well advised not to force the employers to do something which is of doubtful practical utility but to encourage and assist them in establishing fair-price shops only in cases where such a course will really benefit workers.

I.L.O. AND AUTOMATION

With the establishment of an Automation Unit within the Office, the Director-General of the International Labour Office (I.L.O.) has provided a basis for the implementation of the new I.L.O. programme on automation as outlined in his report to the International Labour Conference last June. The new Unit is arranging for a meeting of experts from 12 countries to be held this month to advise on the methods for studying the social consequences of automation. It is expected that the experts will provide guidance on research mehods which can be utilised in different countries and thus permit international comparability of research findings. As another part of programme, the Unit is working with a Preparatory Documentation Unit on a clearing-house of information on automation issues. This is designed to make available to interested parties the information and experience developed in countries around the world on the social and economic issues associated with the introduction of automation.

CENTRAL WAREHOUSING CORPORATION

FACILITIES YET TO BE FULLY UTILISED BY FARMERS

WAREHOUSING in agriculture is a vital link between production and marketing and consolidation of that link is a must among the first steps towards stable agriculture prices. It is, therefore, quite encouraging to find, especially when lags on all sides of our agriculture have been quite glaring, that, during the year ended 31st March 1963, the six-year old Central Warehousing Corporation has surpassed the Plan targets for general warehousing capacity and volume of business. This is the second year in succession to witness such an impressive performance by the Corporation.

The number of Central warehouses increased from 60 to 78, thus exceeding the target for the year by one. Capacity in hand—in standard bags—expanded by 46 per cent, that is, from 1,235,330 to 1,801,730, which is 20 per cent, or 298,190 standard bags, above the target. Volume of business reflected in stocks held—in standard bags—went up by 43 per cent from 863,900 to 1,244,722, an increase of 23 per cent, or 235,257 standard bags over the target. The average annual occupancy of warehouses at 69 per cent was two per cent above the expected 67 per cent, though it was slightly lower, as compared with 70 per cent in the previous year.

The Corporation now has 80 warehouses all over the country, besides two special warehouses set up in Calcutta and Kanpur for storage of jute on behalf of the S.T.C. under the Government's price support scheme. With four more warehouses which will be established before the end of the current financial year, the total capacity will increase further. In addition, there are 525 warehouses run by the State Warehousing Corporations (S.W.Cs.). In all, there are facilities for scientific storage of as many as 85 commodities at 607 centres in the country.

Third Plan Targets

By the end of the third Plan period, the Corporation hopes to achieve the revised target of a total storage capacity of 269,800 tons at 100 centres, of which 168,900 tons at 36 centres will be of its own construction as against 46,600 tons out of a total capacity of 180,173 tons, as of 31st March 1963. Further, the Corporation expects to put up four cold storages by the end of the current Plan, one of which is already under construction. Plans for the remaining three are being finalised. Similarly, the 14 S.W.Cs. propose to have an aggregate capacity of about 800,000 tons at 680 centres, including their own constructed capacity of 367,695 tons at 245 centres, by the end of the current Plan.

The progress will be accelerated considerably during the next Plan period, when 50 more warehouses, each of 4,000 tons capacity, and three more cold storages of about 1,000 tons each are proposed to be built by the Corporation, bringing the total capacity to 413,900 tons at 100 centres, with the proportion of own construction capacity rising to 368,000 tons at 86 centres. Likewise, during the fourth Plan, the 14 S.W.Cs. are expected to construct additional capacity of 244,150 tons at 180 centres, raising the total to 611,845 tons at 425 centres (including four cold storages), out of which 350,000 tons will be in the form of hired accommodation at about 300 centres.

It is not as if the Corporation has been blindly multiplying the number of warehouses. It has rather taken care to create facilities in those places where they are urgently required. To cite an instance, during 1962-63, it agreed to undertake construction of warehouses on a large-scale in Assam in order to help the State Government meet its needs of storage and distribution of civil supplies. It also participated last year in the Government's price support scheme for stabilising jute prices in the country by placing at the disposal of the S.T.C. within five months storage capacity for 400,000 maunds of jute and completing negotiations for additional accommodation for about 800,000 maunds. What is more, it handled large stocks of fertilisers on behalf of the Government at conveniently situated centres so as to facilitate easy distribution to consumers in different States. All agricultural commodities received in warehouses are analysed and graded according to standard specifications. Last year, grade specifications were finalised for *maida*, lemon grass oil, vetiver oil, cardamom (seeds and capsules), mustard oilcakes, coriander and *mahuwa* seed. The outstanding State Bank advances against warehouse receipts at the Central and State warehouses remained almost unchanged over the year at Rs. 9.0 crores, though during the year they had gone up to about Rs. 12.5 crores.

Old Habits Die Hard

However, like the other facilities created for agriculture, such as irrigation, fertilisers and better tools and equipment, the warehousing facilities provided by the Corporation have continued to be inadequately utilised by co-operatives and producers, because, as the Corporation's Chairman who is also the Secretary of the Union Ministry of Food and Agriculture, Mr. V. Shankar, has said, old habits die hard and in a country like ours, with poor literacy, the task of carrying the message of warehousing to agriculturists is an uphill one. But the Corporation is continuing its efforts to do both extensive and intensive publicity of the benefits of the warehousing scheme through all the available media, namely, posters, handbills, film shows, radio talks, press releases and exhibition of cinema slides.

The Corporation's earnings from storage charges during 1962-63 increased by over 43 per cent from Rs. 14.26 lakhs to Rs. 20.48 lakhs, but the year's working resulted in a net loss of Rs. 2.20 lakhs, as against Rs. 2.03 lakhs in the previous year, bringing the total deficit so far to Rs. 14.65 lakhs. Explaining the Corporation's deficit working for all these years, Mr. Shankar says:

"It is very seldom that a warehouse is commercially remunerative right from the beginning. It is our experience that a potentially remunerative centre in a rural area may take even ten years before becoming commercially remunerative, while a warehouse in a rural area with some commercial bias, or a warehouse in an urban area, requires about five to seven years to become commercially remunerative. Taking all the above factors into consideration, the Board has decided to approach the Government to clarify the role of the Corporations as one of implementing a developmental and promotional scheme so that the Government may be able to give the Corporations adequate financial assistance in respect of the promotional side of their operations. We hope that the Government would agree to our request and thus enable the Corporations to meet their revenue losses in the initial periods of development. This will go a long way to improve the financial picture of the Corporations and, at the same time, enable us to fulfil the main objective for which the Corporations have been set up."

Subsidy

While the Corporation has a good case for obtaining Government grants, it may be noted here that a sum of Rs. 10.41 lakhs initially received (as interest-free loan for meeting its working deficit) from the National Co-operative Development and Warehousing Board has been converted into a subsidy by the Board and has gone towards reducing the Corporation's accumulated loss to Rs. 4.24 lakhs. The conversion has followed the enactment of the Warehousing Corporations Act, 1962, under which the Central Government has substituted the Board as a shareholder of the Corporation. The Act has also enlarged the scope and functions of the Corporations. The management of the "warehousing fund" has also been transferred from the Board to the Corporation for advancing loans to the State Governments for purposes of enabling them to subscribe to the share capital of the S.W.Cs., and for advancing loans and granting subsidies to the S.W.Cs. and State Governments for promoting the warehousing and storage of agricultural produce and other notified commodities. This new Act came into force on 18th March 1963 and the Corporation was also formally re-established from that date.

Impressive though the storage facilities created by the Corporation are, they constitute, relatively speaking, a small part of the overall third Plan target for warehousing. It will be recalled, in this connection, that the third Plan provided for increase in storage capacity from 2.5 million tons to 5.0 million tons, of which capacity to the tune of 3.5 million tons was to be owned by Government. The recent Mid-term Appraisal of the Third Plan has recorded that by the end of 1962-63, the total storage capacity was 3.3 million tons, of which storage owned by Government accounted for 1.8 million tons. But the Planning Commission has also drawn attention to the fact that, while the total storage with Central and State Warehousing Corporations has risen from 350,000 tons to a little more than 600,000 tons, the programme for co-operative storage, for which a target of two million tons was set under the third Plan, is still lagging behind. On the whole, however, progress in the creation of warehousing facilities in the first two years of the current Plan has been quite encouraging. Only, the available facilities, it would appear, have not been fully utilised by agriculturists.

World production of paddy in 1963-64 is expected to expand, but the Commonwealth Economic Committee's February rice report, just published in London, again emphasises that much would depend on the recovery in output in India and Pakistan. In its general review, the Committee says that some decline in production has occurred in Japan and Indonesia, and adverse weather conditions may also have affected crops in Burma and Thailand. Cambodia, however, anticipates an exceptionally good harvest, and both the United States and Egypt have harvested record crops.

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MARTIN BURN FARES WELL

TAX BURDEN MUCH HEAVIER

THANKS to the satisfactory working of the engineering group of companies under its management and fairly comfortable trading conditions, Martin Burn Ltd. (Chairman: Mr. T. Leslie Martin, Calcutta) has made good progress during the year ended 30th September 1963, more than recovering the ground lost in the preceding year. Sale proceeds have advanced by as much as Rs. 107.17 lakhs, or more than 14.5 per cent, to Rs. 877.25 lakhs and other income is usefully higher at Rs. 120.05 lakhs, as against Rs. 105.69 lakhs in the previous year, due chiefly to a Rs. 6.58-lakh increase in the commission received as managing agents, or secretaries and treasurers, and a rise of Rs. 6.93 lakhs in miscellaneous receipts. Another heartening feature of the year's working is that, although stocks of finished goods are higher at Rs. 114.41 lakhs as against Rs. 94.94 lakhs, the value of total inventories at close (that is, stocks *plus* work-in-progress) at Rs. 177.68 lakhs is the lowest for the past five years, reflecting the improved trading activity during the year. Gross profit has risen by Rs. 13.38 lakhs to Rs. 94.44 lakhs, in spite of increased staff expenditure and higher other expenses.

The major portion of the gross profit has, however, been mopped up by essential provisions which have risen from Rs. 39.39 lakhs to Rs. 49.84 lakhs. The provision for depreciation has changed a little from Rs. 2.89 lakhs to Rs. 2.84 lakhs, but that for taxation is higher by Rs. 10.50 lakhs at Rs. 47 lakhs due partly to a higher taxable profit and partly to the Super Profits Tax the liability in respect of which is anticipated at Rs. 2.50 lakhs. The resultant net profit at Rs. 44.60 lakhs therefore shows only a small improvement over the previous year's figure of Rs. 41.67 lakhs. To this is to be added Rs. 9.39 lakhs being the previous years' tax provision written back, and Rs. 2.45 lakhs, being the amount brought forward, to get a disposable sum of Rs. 56.44 lakhs. Out of this, Rs. 12 lakhs have been credited to a special reserve under the Super Profits Tax Act to take care of any additional taxation under this head and Rs. 3.75 lakhs (Rs. 1 lakh a year before) have been transferred to the general reserve. After setting aside Rs. 3.90 lakhs for the payment of preference dividend, the Directors have proposed a dividend of 25 per cent per annum, subject to deduction of tax, the same as in the previous year, on the 10-rupee ordinary shares. This claims Rs. 36.78 lakhs, leaving a much reduced carry forward of Rs. 1,289 as against Rs. 2.45 lakhs brought in. It will be seen that, as against the plough-back of Rs. 15.75 lakhs effected during the year, Rs. 11.84 lakhs have been obtained out of the profits earned in the previous years.

A clear picture of how the Company fared during each of the past four years can be had from the following comparative table.

(In lakhs of rupees)

	For the year ended 30th September			
	1963	1962	1961	1960
Sale proceeds	877.25	770.08	857.88	749.31
Other income	120.05	105.69	105.71	113.97
Closing stocks and work-in-progress	177.68	201.49	197.36	197.07
Materials and goods purchased	727.29	657.13	740.90	677.81
Staff expenses	97.08	91.76	90.06	92.13
Other expenses	53.78	49.94	49.15	43.35
Gross profit	94.44	81.06	83.78	87.22
Provision for—				
Depreciation	2.84	2.89	2.76	2.35
Taxation	47.00	36.50	33.50	35.50
Net profit	44.60	41.67	47.52	49.37
Provisions written back	9.39	..	1.09	..
To reserves	15.75	1.00	5.00	5.00
Dividend—				
Preference	3.90	3.90	3.90	3.90
Ordinary	36.78	36.78	40.46	40.41
	(25%)	(25%)	(27.5%)	(27.5%)
Carry forward	0.01	2.45	2.46	2.60
Market price of equity shares (in rupees):	1964	1963	1962	1961	1960
High	28.12	30.75	34.75	30.00	28.87
Low	27.37	22.75	23.00	25.50	25.37

Note:—All dividends are subject to deduction of tax.

The favourable turn of events during the year has eased the Company's financial position. The share capital, of course, stands unchanged at Rs. 207.12 lakhs, of which Rs. 60.00 lakhs only are in preference shares of Rs. 100 each, but reserves have gone up from Rs. 124.93 lakhs to Rs. 138.25 lakhs. As against this increase of Rs. 13.32 lakhs in "own funds," the outside interest has declined by as much as Rs. 133.04 lakhs following the reduction in secured loans from Rs. 121.67 lakhs to Rs. 81.83 lakhs and also in current liabilities and provisions from Rs. 479.44 lakhs to Rs. 386.24 lakhs. On the assets side, current assets have declined modestly from Rs. 456.09 lakhs to Rs. 435.13 lakhs, but, because of the precipitous fall from Rs. 187.03 lakhs to Rs. 79.19 lakhs in the amount paid as advanced income-tax, loans and advances have gone down by Rs. 103.60 lakhs to Rs. 105.64 lakhs. The book value of investments has risen somewhat from Rs. 197.39 lakhs to Rs. 203.37 lakhs. The net block has decreased from Rs. 70.44 lakhs to Rs. 69.29 lakhs, though it compares with a slightly higher gross block of Rs. 94.71 lakhs, as against Rs. 93.25 lakhs a year ago.

The Rs. 10 paid shares of the Company are currently quoted at Rs. 28.00 *cum-div.* and offer a net return of about 6.7 per cent per annum.

TRAVANCORE RAYONS LTD.

Prospects for the Travancore Rayons Ltd. appear encouraging. Its sales in 1963 are said to have increased from Rs. 313 lakhs to Rs. 350 lakhs, in spite of the rayon yarn section having been closed for over three months. The current year is likely to see a more than 40 per cent rise in turnover, provided both the rayon yarn and cellulose film section work without interruption. The rayon yarn section has already got back into full swing and the production has been above the rated capacity of 7½ tons per day. With the expected addition of six more spinning machines within two months, the tonnage will reach about 10 tons a day. Producing its own pulp from cotton linters, the Company will make 3,500 tons of cotton linter pulp per year soon after some balancing equipment is installed. Pulp from cotton linters saves foreign exchange spent on import of wood pulp.

The cellulose film section's capacity has been expanded to about 4,500 tons of film per annum, out of which 2,000 tons can be converted into moisture-proof heat-sealing varieties. In addition to having its own printing section, the Company has set up a plant for laminating cellulose film with aluminium foil, polyethene film and cloth. The laminated products are used in the book binding and packaging industries. The Company has also set up a sulphuric acid plant producing about 40 tons of acid per day. It sells surplus production of acid to industrial units in Kerala and Madras States.

ENGEL INDIA'S ALLOTMENT

The Engel India Machines and Tools Ltd. has despatched allotment letters to the successful applicants for its issue of 250,000 equity shares of Rs. 10 each which it made in the third week of December last. The scheme of allotment was approved earlier by authorities of the Calcutta Stock Exchange. The latter have also granted permission to the Company for listing its shares on the Exchange.

(*Concluded from next column*)

Rs. 129.16 lakhs to Rs. 360.68 lakhs. Besides, current liabilities and provisions have increased from Rs. 23.53 lakhs to Rs. 43.96 lakhs. The gross block has increased from Rs. 184.72 lakhs to Rs. 273.14 lakhs and, on deduction of Rs. 18.68 lakhs as accumulated depreciation, yields a net block of Rs. 254.46 lakhs. Investments, current assets and loans and advances together aggregate Rs. 316.70 lakhs, while miscellaneous expenditure yet to be written off or adjusted is placed at Rs. 3.94 lakhs.

As for the prospects, the Directors have to say as follows:

"Now that teething troubles have been overcome, production is being smoothly and steadily stepped up in numbers and in range. From June to September 1963, the factory produced only a few varieties of truck tyres. From October, it has been extending the types and sizes of tyres and has been making jeep, car, motor cycle and scooter tyres. The factory is also manufacturing nylon tyres. The Company's nylon hot-stretch unit, which was commissioned in November 1963, is one of the latest of its kind in use in the world. Production has now reached 700 tyres per day and it is confidently hoped that full production of installed capacity will be reached this year. It may be mentioned that the total sales for the first quarter of the next accounting year (October-December 1963) have been about Rs. 1¼ crore. Mansfield tyres have reached and maintained a high standard of quality, which is approved by the trade and by the users. It is indeed creditable that our tyres have been accepted for fitment as original equipment by various motor vehicle manufacturers. Mansfield tyres are now fitted as original equipment on Leyland trucks and buses manufactured by Messrs. Ashok Leyland, jeeps manufactured by Messrs. Mahindra and Mahindra, Ambassador cars manufactured by Messrs. Hindustan Motors, Tempos manufactured by Messrs. Bajaj Automobiles and motor cycle and scooters manufactured by Messrs. Enfield. The Company has also secured orders and is supplying tyres and tubes to the Defence Department, to leading consumers and transport operators and to almost all State Transport undertakings. It has also started exporting Mansfield tyres and tubes and active steps are being taken to develop the export market."

At present the Rs. 10 paid shares of the Company are quoted at Rs. 14.16 *cum-div.* and offer a net yield of 1.6 per cent per annum.

GOOD PROGRESS MADE BY MADRAS RUBBER

RESERVES GET MORE

THE results of the Madras Rubber Factory Ltd. [Managing Agents: Young India Agents (Private) Ltd., Madras] for the year ended 30th September 1963 are not, for obvious reasons, directly comparable with those for the nine-month period from 1st January to 30th September 1962, but they certainly indicate further progress made by the Company during the year. Thus, sales realisation, less return, has increased from Rs. 107.29 lakhs to Rs. 207.25 lakhs and the gross profit has advanced from Rs. 16.10 lakhs to Rs. 34.45 lakhs, at which level it is even higher than the Rs. 23.51 lakhs realised in the 13¾-month period ended 30th September 1961. What is still more interesting is that it forms 16.6 per cent of the gross sales, as against 14.3 per cent in 1960-61, despite 100 per cent rise in staff expenses from Rs. 10.44 lakhs to Rs. 21.71 lakhs and also in other expenses from Rs. 26.44 lakhs to Rs. 57.96 lakhs over that period. Managing Agents' commission has claimed Rs. 1.07 lakh, as against Rs. 0.64 lakh a year before, and the provision for depreciation has increased quite substantially from Rs. 2.26 lakhs to Rs. 11.86 lakhs. In view of the heavy development rebate available to the Company as a set-off against the taxable profit, once again no provision for taxation has been found necessary. The resultant net profit for the 12-month period is, therefore, much higher at Rs. 21.52 lakhs, as against Rs. 13.20 lakhs for the previous nine-month period.

Out of this, Rs. 18.40 lakhs have been credited to development rebate reserve, as against Rs. 10.45 lakhs, and, since the balance, inclusive of the amount brought forward from the previous year, is not sufficient to allow the maintenance of the dividend, the return to shareholders on their 10-rupee shares has been reduced for the second time in succession from 4.5 per cent to 3.2 per cent per annum. Further, the dividend is also payable *pro rata* on the 608,745 shares subscribed up to Rs. 2.50 per share, out of the total of 650,000 right shares issued at par during the year. The dividend absorbs Rs. 4.12 lakhs (Rs. 5.63 lakhs in the previous year), leaving a carry forward of Rs. 1.02 lakh, as against Rs. 2.02 lakhs brought in.

The Company's progress since it took over the business of the Madras Rubber Factory on 16th November 1960 is set forth in the following comparative table:

(In lakhs of rupees)

	For the year ended 30th Sept. 1963	For 9 months ended 30th Sept. 1962	For the period from 16th Nov. 1960 to 31st Dec. 1961
Sales less returns	207.25	107.29	164.48
Other income	1.05	1.21	1.23
Closing stocks of finished goods	63.71	13.18	7.11
Excise duty (net)	10.64	2.12	..
Raw materials and stores consumed	134.07	67.40	105.69
Staff expenses	21.71	9.08	10.44
Other expenses	57.96	19.87	26.44
Gross profit	34.45	16.10	23.51
Managing Agents' commission	1.07	0.64	0.63
Provision for—			
Depreciation	11.86	2.26	4.58
Taxation	..	..	9.00
Net profit	21.52	13.20	9.30
Provisions written back	..	0.34	..
To reserves	18.40	10.45	0.14
Dividend	4.12	5.63	4.60
	(3.2%)	(4.5%)	(6%)
Carry forward	1.02	2.02	4.56
Market price of ordinary shares (in rupees):	1964	1963	1962	1961
High	14.37	20.48	25.00	23.37
Low	13.00	13.00 XR	17.70	10.00

When the main plant for the production of tyres and tubes was commissioned on 4th December 1962, it was expected that, after the trial runs, the factory would go into commercial production by April 1963. The target date, however, had to be postponed owing to teething troubles inevitable in such large undertakings. The most serious trouble was the failure of the water chilling system. Commercial production could, therefore, commence only in June and, during the year under review, production for a period of four months only could be obtained. Though output touched 400 tyres and tubes per day, the average daily production was less than 200 tyres. The major contribution to the turnover, therefore, again came from the tread rubber unit which accounted for 75 per cent of the year's sales and also made a valuable contribution to the profits of the Company.

Following the rights issue made during the year, the paid-up capital has increased from Rs. 124.92 lakhs to Rs. 140.21 lakhs. It is supplemented by Rs. 30.25 lakhs in reserves and surplus. Although "own funds" have thus been raised from Rs. 137.78 lakhs to Rs. 170.46 lakhs, there has been a spurt in borrowings from

(*Continued in previous column*)

FERTILISER FACTORY'S TROUBLES AFFECT E.I.D.-PARRY'S RESULTS

DIVIDEND CUT—RESERVES STRENGTHENED

"IF the fertiliser project (at Ennore) fails, for some reason or other, to yield the results expected of it, the profit-margin will be badly affected." In these words were summed up the prospects for the E.I.D.-Parry Ltd. in the review of its working during 1961-62, which was published in *Commerce* dated 16th February 1963. Unfortunately for the Company and its shareholders, the anticipations made near the close of February last year by the Chairman, Mr. H. V. R. Iengar, to the effect that, with the major problems having been overcome and full production working having been reached (at that time), the factory would make a substantial contribution to the group's earnings during the year ended 30th September 1963 have not proved correct. Mr. Iengar's anticipations have failed, because the factory happened to be in full production only for a brief period and since then the Company has been faced with a series of misfortunes for none of which it is responsible.

An account of the difficulties experienced by the Company is provided by Mr. Iengar in his statement to the shareholders for the year under review, published in *Commerce* of last week (*vide* page 422). Briefly, the abnormal teething troubles experienced by the factory have been attributed by him to lapses on the part of the contractors and some of their subcontractors who had been given a turn-key contract. The financial significance of the difficulties, according to him, is that, in the year 1962-63, the Company has suffered a very heavy direct loss even without taking into account the dividend paid on the additional capital raised expressly for the project. But, he adds, it says much for the inherent strength and resilience of the group that it has been able to absorb this serious loss and to show reasonable profits.

A synoptical view of the Company's progress in the past four years is presented in the following comparative table:

(In thousand £s sterling)

	For the year ended 30th September			
	1963	1962	1961	1960
Sale proceeds, less excise	15,307	12,610	12,295	10,529
Other income	853	878	757	721
Excise duty on sugar	870	398	545	639
Expenses	15,303	12,665	12,132	10,354
Gross profit	798	822	830	894
Provision for—				
Depreciation	234	174	140	122
Taxation	189	382	324	381
Net profit	375	266	366	393
Profit of E. I. D. alone	360	252	351	378
Transfer from reserves	104	..	..	..
To reserves	263	88	109	112
Dividends—				
9% taxable preference	18	18	18	18
Ordinary	203	240	236	196
	(18%)	(21-3/7%)	(21-3/7%)	(21-3/7%)
Carry forward	2	22	119	127
Quantity of cane crushed (tonnes)	317,756	383,455	392,151	350,179
Sugar produced (tonnes)	29,542	35,395	34,117	31,269
Average recovery (%)	9.30	9.23	8.70	8.92
Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	39.00	40.60	44.75	45.50	62.00XR
Low	36.75	35.75	35.37	35.90	42.50XR

While net sale proceeds (that is, excluding excise duty paid) have expanded from £12.61 million to a new peak level of £15.31 million, gross profit has declined further from £822,275 to £797,912. But net profit has improved from £266,912 to £374,672, as the provision for taxation is much lower at £189,509 as compared with £381,561 a year before. The reason for the reduced taxation is, of course, that the Company has become eligible for a heavy development rebate in respect of the Ennore factory amounting to as much as £217,350 for the year under review. In order to claim this rebate, the Directors have carried to development rebate reserve the maximum permissible amount of £165,300, as against only £20,700 in the past year. Besides, the transfer to general reserve has also been increased from £67,500 to £82,500 and a sum of £15,000 has been set apart to create a special reserve. Thus, the total amount transferred to reserves is substantially higher at £262,800 as compared with £88,200 a year before. But this has considerably reduced the surplus available for dividend. The total dividend on the £1 fully paid ordinary shares has been reduced from 21-3/7 per cent to 18 per cent per annum, subject to tax, the entire cut having been imposed in the final dividend which is 10-6/7 per cent as against 14-2/7 per cent in the previous year. The dividend absorbs £202,986, as against £239,672 a year before, and for meeting this liability the Directors have withdrawn £104,000 from dividend equalisation reserve of £150,000 created out of the profit for the year 1958-59. Even after allowing for this withdrawal from the dividend reserve, the net amount conserved in business is much larger at £158,800 as compared with £88,200 in the previous year, though the sum carried forward is smaller at £2,260 as against £21,999 brought in.

The difficulties arising at the Ennore factory resulted in an output of only 8,727 tonnes of ammonium phosphate during the year, as against the plant's rated capacity of 56,000 tonnes. In addition to this uneconomic working of this factory, the results obtained out of the special sugar season were not commensurate with the additional overhaul charges involved in starting the sugar factory. Therefore, in future, it is intended to aim at a crop of 400,000 tonnes to be crushed in the main season between November and May. But, as against these uneconomic operations, sales of spirit and carbonic acid gas continued to be satisfactory. Sales of chemicals also generally remained satisfactory, though the sulphate of alumina plants and the chamber sulphuric acid plant had to be closed down, as they were no longer economic to operate. The merchanting business showed an improvement and both sales and profit in the ceramics division increased substantially. Progress during the year in constructing a third kiln and expanding the pottery works correspondingly was satisfactory and full production from the new kiln is anticipated in the latter half of the current year. Sales of fertiliser mixtures and superphosphate rose to a new record level of 129,697 tonnes. Thus, it will be seen that, apart from demonstrating the inherent vitality of the group, the year's results also demonstrate the great advantages of diversification of its activities in recent years.

Discussing the current year's prospects, Mr. Iengar says:

"We are satisfied that our other activities will show a sustained improvement, but, unfortunately, we are not in a position at the moment to make any forthright prognostications about Ennore. In any event, it is clear that the year 1964 would also see a loss on Ennore and that the E.I.D.-Parry profits for that year, by themselves, may not justify a dividend of 21-3/7 per cent. To do this, we would have to withdraw from the general reserve."

Meanwhile, preliminaries in connection with the Rs. 33-crore fertiliser project to be set up at Visakhapatnam in association with Messrs. California Chemical Company and the International Minerals and Chemical Corporation, both of the U.S., have been finalised. The Company will hold approximately Rs. 55 lakhs of the equity share capital of the new company which will operate the project, of which Rs. 49 lakhs will be subscribed for in cash.

Following the fuller utilisation of the loans obtained in connection with the Ennore project, the Company's loan capital has gone up from £1.95 million to £2.41 million, out of which £1.95 million represent debentures of two types, as against £1.50 million a year before. Taking borrowings other than debentures, and current liabilities and provisions, the total indebtedness to outsiders works out to £6.12 million. As against this, current assets total £7.87 million and investments £181,041, out of which £167,416 are quoted at £356,653. The paid-up capital, including £200,000 in preference shares, is unchanged at £1.13 million and is supplemented by reserves and surplus amounting to £2.24 million. The gross block, which has expanded during the year from £2.47 million to £5.56 million, has been written down to £3.91 million and is shown, together with work-in-progress, at £3.95 million.

Currently, the £1 fully paid ordinary shares of the Company are quoted at Rs. 36.87 *cum-div.* (final) and offer a net yield of 4.6 per cent per annum.

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FREE TRANSFERS OF FUNDS by means of Demand Drafts, Mail Transfers or Telegraphic Transfers upto Rs. 10,000/- per day per customer on any branch in India —**the payee need not be a customer;**

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FREE COLLECTION FOR CUSTOMERS OF CHEQUES AND CLEAN DEMAND BILLS of Rs. 5,000/- and over on places in India where we have no branch.

THE BANK OF INDIA LTD.

T. D. KANSARA, General Manager

BI/C/173

SYNOPSES OF COMPANY REPORTS

National Pipes and Tubes Co., Ltd.

(*Managing Agents*: Associated Industrial Development Co. (Private) Ltd., Calcutta.)

Twentieth Annual General Meeting—30th March 1964.

Working Results:

	For the year ended 30th September (In thousand rupees)	
	1963	1962
Sales—finished products	1,19,36	1,07,10
,, —slags and ashes	39	62
Fabrication charges (income)	5.04	66
Closing stock	30,39	23,73
Gross profit	35,87	26,09
To Managing Agents' commission	2,69	2,24
Transfer to depreciation	1,76	1,75
,, ,, development rebate reserve ..	35	16
,, ,, special reserve	33	Nil
,, ,, provision for taxation ..	19,23*	11,07
Net profit	11,56	10,87
Excess tax provision written back ..	19	Nil
Appropriations:		
To income-tax for previous year	63	1,31†
,, provision for super profits tax for the assessment year 1963-64	2,74	Nil
Transfer to general reserve	2,00	6,00
,, ,, dividend equalisation reserve ..	Nil	1,00
Proposed dividends (taxable) preference ..	72	72
,, ordinary ..	6,00	6,00
Carry forward	19	53

Market value of ordinary shares (in rupees):	1964‡	1963	1962
High	29.25	29.75	35.75
Low	27.75	24.69	29.25

* Includes Rs. 4,11,840 for super profits tax.
† Represents further provision for taxation for the year ended 30th September, 1961 (due to increase in tax rates).
‡ Upto 6th March, 1964.

Extracts from the Directors' report: Unlike the two previous years, supply of raw materials improved during the year under review which enabled the Company to increase production. The sale was higher than the previous year's by little over 10 per cent and the fabrication work also increased to a great extent. The gross profit prior to provisions for taxes increased considerably but the major quantum of this increased profit has to be utilised to meet the enhanced taxes. The provisions for taxes made this year is Rs. 21,97,056, as against Rs. 11,26,116 last year. The redeeming feature is that in spite of such heavy tax provisions, the general reserve allocation and the dividend can be maintained.

Although there is strong competition in the market the products of the Company are in good demand. Some modern machinery units had been installed for improvement of efficiency and quality in production.

Reference was made in the last report to the expansion scheme the Company had in view. Considerable progress has been made towards the contemplated expansion for increase in the installed capacity for production of hollows. Necessary import licence for the required plant and machinery has been granted to the Company and steps are being taken for importing the requisite plant and machinery.

Accounts in brief as at 30th September 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital* ..	40,00,000	Gross block ..	56,25,223
Reserves and surplus ..	37,09,784	—Depreciation	32,56,376
Other liabilities ..	45,80,120		
		Net block ..	23,68,847
		Current assets ..	36,48,880
		Investments ..	45,720
		Cash	12,26,457
	Rs. 1,22,89,904		Rs. 1,22,89,904

* Paid-up capital consists of 10,000—5½ per cent (tax-free) cumulative redeemable preference shares of Rs. 100 each and 3,00,000 ordinary shares of Rs. 10 each.

Tungabhadra Industries Ltd.

(*Managing Agents*: The Cotton Agents Private Ltd., Bombay.)

Seventeenth Annual General Meeting—Held on 6th March 1964.

Working Results:

	For the year ended 30th September (In thousand rupees)	
	1963	1962
Sales—finished products	5,73,20	4,56,73
Closing stock	48,09	49,15
Gross profit	19,24	4,05
To Managing Agents' commission	1,35	Nil
Transfer to depreciation	10,07	4,50
Net profit	7,82	45
Income relating to previous year	11	1
Appropriations:		
To expenses relating to previous year ..	26	21
Transfer to development rebate reserve ..	15	15
,, ,, provision for taxation ..	Nil	5
,, ,, general reserve	5,00	Nil
,, ,, dividend reserve	3,00	Nil
Proposed dividend (taxable) ordinary ..	Nil	Nil
Carry forward	(10%)	(Nil)
	89	1,43

Market value of ordinary shares (in rupees):	1964	1963	1962
High	9.60xd	9.44	9.25
Low	9.25	6.75	6.50

* Dividend for 1963 will be paid out of the dividend reserve.

Extracts from the Directors' report: During the year under report, the aggregate production of *vanaspati, refined oil* and *hard oil* was about 19,000 tonnes (including production at the Secunderabad factory leased out to the Company, which commenced production since 7th February 1963) as against about 15,000 tonnes during the previous year.

There has been an increase in production as also in turnover over that of the previous year. The Company exported its products valued at Rs. 85 lakhs approximately.

The working results of the year under review are considered satisfactory. Besides providing depreciation for the year, the total arrears of depreciation for the previous years have been provided and it has been possible for the Directors to recommend dividend to the shareholders.

The excise duty *on raw oil* has been abolished whereas duty at Rs. 110.25 nP per tonne imposed *on refined oil* and duty on *vanaspati* enhanced from Rs. 200 to Rs. 384 per tonne with effect from the 1st March, 1963. This has resulted in further increase in the incidence of excise duty.

In accordance with the Essential Articles (Price Control) Amendment Orders, 1963, the price control on vegetable products and soap has been abolished with effect from the 21st May and 17th December, 1963, respectively.

The factory belonging to Aryan Industries (Private) Ltd., at Secunderabad is being worked by this Company as stated in the report of the previous year. By a further agreement dated 15th February 1963, the period of license for working of the said factory by this Company has been extended to two years with effect from the 1st February, 1963, with option to this Company to renew the license for a further period of three years.

The Company has secured a licence to import *Mazzoni Soap plant* having a rated capacity of about 10 tonnes per day. Necessary orders for the plant have already been placed. Pursuant to a licence granted by the Central Government under the Industries (Development and Regulation) Act, 1951, the Directors have finalised the plans to put up a *Glycerine Recovery Plant* at Kurnool.

Accounts in brief as at 31st September 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	30,58,950	Gross block ..	79,26,373
Reserves and surplus ..	10,97,112	—Depreciation	46,26,373
5½% debentures ..	15,03,000		
Other liabilities ..	86,56,545	Net block ..	33,00,000
		Current assets ..	1,06,62,061
		Investments	13,051
		Cash	3,40,570
	Rs. 1,43,15,607		Rs. 1,43,15,607

* Paid-up capital consists of 3,05,895 ordinary shares of Rs. 10 each.

Kirloskar-Asea Ltd.

(*Managing Agents*: Messrs. Jayant Chandrakant & Co., Bangalore-3.)

Second Annual General Meeting—Held on 22nd February 1964.

Extracts from the Directors' report for the year ended 30th September 1963:—During the year the Company has earned Rs. 44,638 by way of interest and Rs. 16,184 for services rendered. After meeting the expenses, there remained a surplus of Rs. 5,854 which is adjusted to the preliminary expenses.

During the year under report the construction of the factory building was completed and the office is recently shifted to the Company's premises in Hebbal. The erection and installation of some of the machinery is completed and the initial production activities have just commenced in the current year.

The Company has now secured a licence for the import of capital goods and formal orders for machinery to be imported have been placed. The Company has also received an import licence to import certain raw-material and components.

The Company had submitted an application to the Government of India for the manufacture of certain new items and the Directors are glad to inform that the Government of India have granted to the Company a licence to manufacture *Isolators, On Load Tap Changers* and *Lightning Arrestors*. Steps are now being taken to plan the manufacture of these items.

Accounts in brief as at 30th September 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital* ..	25,00,000	Block	†2,62,565
Other liabilities ..	98,913	Block in progress ..	2,93,629
		Current assets ..	2,75,208
		Cash	17,36,799
		Miscellaneous expenditure ..	30,712
	Rs. 25,98,913		Rs. 25,98,913

* Paid-up capital consists of 25,000 equity shares of Rs. 100 each, fully paid up in cash.
† Represents land and furniture.

Thirumbadi Rubber Co., Ltd.

(*Secretaries and Treasurers*: Messrs. Peirce Leslie & Co., Ltd., Calicut.)

Forty-fifth Annual General Meeting—28th March 1964.

Working Results:

	For the year ended 30th September (In thousand rupees)		
	1963	1962	
Sales of rubber	6,12	6,17	
,, ,, Bought rubber, latex and scrap ..	4,58	3,07	
Closing stock of rubber	3,03	92	
Gross profit	3,29	2,46	
To Secretaries and Treasurers' remuneration ..	20	20	
Transfer to depreciation	31	28	
,, ,, provision for taxation	78	95	
Net profit	2,00	1,03	
Transfer from debenture redemption reserve ..	Nil	1,00	
Excess tax provision written back	1	Nil	
Appropriations:			
Transfer to development account	50	Nil	
,, ,, development rebate reserve ..	1	Nil	
,, ,, general reserve	20	75	
,, ,, rehabilitation and development reserve	47	25	
Proposed dividend (taxable) Ordinary ..	92	92	
	(10%)	(10%)	
Carry forward	17	8	

Market value of ordinary shares (in rupees):	1964	1963	1962
High	1.93	2.12	1.80
Low	1.90	1.25	1.47

Extracts from the Directors' report: Crop: A crop of 2,35,780 kg. (1961-62—2,02,316 kg.) was harvested at a cost of Rs. 3.05 per kg. excluding replanting expenses. The average price realised for the year was Rs. 3.20 per kg. as compared with Rs. 3.38 per kg. for 1961-62.

Capital Expenditure: A sum of Rs. 1,57,435 was spent on capital account.

Extracts from the Chairman's statement: Crops and Costs: A comparative statement showing the details of crop, costs and average sale price for rubber for the past three years is given below:—

Year	Crop		Estate cost of production per kg.	All-in cost of production per kg.	Average price realised per kg.
	Thirumbadi	Calicut			
	Kg.	Kg.	Rs.	Rs.	Rs.
1960-61 ..	1,48,951	96,598	2.77	3.21	3.76
1961-62 ..	2,02,316	..	2.83	3.12	3.38
1962-63 ..	2,35,780	..	2.81	3.05	3.20

The crop harvested during the year is very satisfactory. Young rubber areas recently brought into bearing have shown very encouraging results, while extra crop from areas intensively tapped prior to replanting has improved the total yield. But intensive tapping has also resulted in an increased percentage of scrap and this in conjunction with the lower prices for off-grades current during the second half of the season has adversely affected the average sale price.

Future Prospects: The crop for 1963-64 is estimated at 2,35,000 kg. to be produced at an all-in cost of Rs. 2.98 per kg. This is considered to be a satisfactory estimate which we hope to realise, provided of course that weather conditions are favourable.

Accounts in brief as at 30th September 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	9,15,300	Gross block ..	16,61,731
Reserves and surplus ..	10,33,829	—Depreciation ..	2,61,598
Other liabilities ..	3,93,840		
		Net block ..	14,26,833
		Current assets ..	5,41,901
		Investments	2,92,240
		Cash	1,61,945
	Rs. 23,92,969		Rs. 23,92,969

* Paid-up capital consists of 9,15,300 Ordinary Shares of Re. 1.00 each. Of the above 3,05,100 shares are allotted as fully paid-up by way of Bonus shares through the capitalisation of reserves.

Coonoor Tea Estates Co., Ltd.

(*Secretaries and Treasurers*: Messrs. Matheson, Bosanquet & Co., Ltd., Belmont, Coonoor, Nilgiri.)

Thirty-seventh Annual General Meeting—31st March 1964.

Working Results:

	For the year ended 30th September (In thousand rupees)		
	1963	1962	
Tea sales	10,66	10,53	
Closing stock of tea	99	1,12	
Gross profit	2,63	3,15	
To Secretaries' and Treasurers' remuneration ..	16	21	
Transfer to depreciation	37	36	
,, ,, provision for taxation	1,00	1,28	
Net profit	1,10	1,30	
Excess provision for taxation written back ..	10	Nil	
Appropriations:			
Transfer to development rebate reserve ..	3	*	
,, ,, general reserve	57	Nil	
To dividends (taxable) preference ..	8	8	
,, ,, ordinary ..	99	99	
	(17½%)	(17½%)	
Carry forward	Nil	47	

Market value or ordinary shares (in rupees):	1964†	1963	1962
High	18.37	23.00	26.50
Low	18.25	17.83	22.47

* Only Rs. 272. † Upto 10th March, 1964.

Extracts from the Directors' report: The Company had another record year with a crop of 452,382 lbs. (205,189 kgs.) against the crop of 430,748 lbs. (1,95,386 kgs.) obtained last year, receipts however were lower with a fall in world prices for highgrown teas. The cost of production was slightly higher due mainly to the increased labour wages excise duty, etc. As a result the net profit for the year is lower than last year.

A further 3 acres of China jat tea were replanted with clonal material. The 3 acres replanted last season are making excellent growth and should start yielding in 1965.

The estate cost of production per lb. of made tea for the financial year ended 30th September 1963 was Re. 1.54 per lb. (Rs. 3.40 per kg.) against the estimated cost of Re. 1.57 per lb. (Rs. 3.46 per kg.). As in previous years the cost of production includes payment of bonus to labour which was not originally estimated.

The average sale price realised for the season was Rs. 2.25 per lb. (Rs. 4.96 per kg.) compared to Rs. 2.32 per lb. (Rs. 5.11 per kg.) realised last year.

The Directors have approved the budget estimates for the season 1963-64 and these provide for the following: A crop of 420,000 lbs. (190,509 kgs.) of tea to cost Rs. 157.77 per lb. (Rs. 3.48 per kg.). The estimated capital expenditure for 1963-64 is Rs. 58,600.

Accounts in brief as at 30th September 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	7,16,730	Gross block ..	24,87,766
Reserves and surplus ..	13,90,424	—Depreciation ..	3,02,266
Other liabilities ..	3,04,078		
		Net block ..	21,85,500
		Current assets ..	1,94,599
		Cash	31,133
	Rs. 24,11,232		Rs. 24,11,232

* Paid-up capital consists of 1,500—6 per cent. cumulative preference shares of Rs. 100 each and 56,673 ordinary shares of Rs. 10 each. Of the above, 4,836 ordinary shares are allotted as fully paid up by way of bonus shares through the capitalisation of reserves.

NEWS IN BRIEF

AIR-INDIA'S technical and planning experts are examining every aspect of the Anglo-French supersonic aircraft 'Concord,' such as the time lag between the commercial flight of the first 'Concord' and the first American supersonic aircraft for which Air-India has already reserved delivery position.

The National Coal Development Corporation proposes to start nine coal mines with modern extraction methods in different parts of the country in order to meet the shortage of coal. Each of these mines would have a washery attached to it with a view to reducing the ash content to 16 to 17 per cent.

The Bank of Baroda introduced on Monday this week two mobile banks for extending banking facilities to villages around Patan and Nadiad towns in Gujarat State. The vans are fitted to the requirements of a slick banking office such as a counter for the clients, cupboards, safe, fans, a table for the agent and chairs for the customers.

The detailed project report for the Bokaro steel plant is ready and global tenders for the supply of machinery is likely to be invited between June and October next, orders for machinery being placed by the middle of next year, according to Mr. C. Subramaniam, Union Minister for Steels, Mines and Heavy Engineering.

With a view to providing information on, and assisting in the process of, private foreign investment to the country and to guide the Indian entrepreneurs seeking foreign private investment, the Central Government has appointed a special officer in the Ministry of Industry. He is Mr. K. J. George, Deputy Secretary, Union Ministry of Industry.

The Central Government has decided to allow the setting up of pig iron units in the private sector upto a maximum capacity of 300,000 tonnes per annum. Each case will be considered on its merits. But such units will not be allowed at a later stage to produce steel, since no new steel units will be allowed to be set up in the private sector.

Under a basic agreement reached between the Government of India and the Mitsubishi Group of Japan, the latter will construct at Cochin a shipyard for building 30,000-d.w.t class vessels and a dry dock for repairing 15,000-ton vessels. The total capital outlay on the project is estimated at Rs. 8.85 crores, of which the Government of India has agreed to provide Rs. 5.94 crores, the balance of Rs. 2.61 crores being contributed by the Japanese firm (Rs. 66 lakhs in investments proper and Rs. 1.95 crore in shipbuilding equipment). The work on the 50,000-sq. metre shipyard is expected to commence in 1965 and completed within four years.

Most of the recommendations of the Committee on Tourism (Chairman: Mr. L. K. Jha, Secretary, Department of Economic Affairs) have been accepted by the Union Cabinet. The recommendations cover the setting up of a corporation to handle activities of a commercial character, like hotel construction, provision of road transport facilities, production and sale of publicity material, entertainment for tourists, sale of imported articles at reasonable prices and arrangement of tours at all-inclusive rates, simplification of customs and immigration formalities, better facilities at airports, speedy confirmation of I.A.C. reservations and opening more tourist offices.

An excise duty at the rate of Rs. 4 per quintal has been levied on sodium silicate with effect from 1st March 1964. The duty is payable on all quantities of sodium silicate manufactured on or after this date. It is to be paid before the goods are cleared from the factory. Besides paying the duty, the manufacturers have to take out a Central excise licence and observe certain other incidental formalities (for instance, maintenance of accounts and submission of monthly returns) prescribed in the Central excise act and rules. To facilitate compliance with these requirements and also for removing any difficulty or doubts in following the prescribed procedure, all manufacturers who have not yet done so are advised urgently to contact the nearest Superintendent or Assistant Collector of Central Excise who will take necessary steps to explain the procedures and to resolve their difficulties to the extent possible.

Hitherto, exports to Afghanistan were set off against imports made from that country. The Governments of India and Afghanistan have now entered into a fresh trade agreement to cover a period of three years from February 1964. The agreement provides for a modification in the accounting by exporters to the Reserve Bank for the proceeds of their shipments to Afghanistan. A wide range of goods has been selected for exports from India and these have been specified in two schedules to the agreement, namely 'B' and 'C'. Exports of the commodities in Schedule B can be settled in two ways either by setting off against imports of dry fruits from Afghanistan of equivalent value or by receiving payment for such exports in rupees through the non-resident account maintained with the State Bank of India, New Delhi, by Da Afghanistan Bank. Payment for exports of goods specified in Schedule 'C' and of goods not specified either of the schedules B and C should be received only in a convertible currency against a letter of credit.

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From Abroad

The Governments of Kuwait and Saudi Arabia have signed an agreement partitioning the oil-rich neutral zone on their common border. Japanese firms are exploiting the oilfields in this territory.

The Government of Pakistan has decided to levy a development tax on foreign oil company profits, recoverable with effect from January 1964. The rate of tax has not yet been disclosed, but it is said that the levy would yield about Rs. 100 lakhs annually.

President Johnson, in his annual manpower report to the Congress, has called for a broad range of legislation to create more jobs and provide better training for workers in the U.S. He has also urged the need for mobilising and upgrading technical skills in a major effort to wipe out persistent unemployment.

The Government of Yemen is issuing for the first time paper money in replacement of the 200-year-old Austrian silver thalers (worth about a U.S. dollar). In order to enforce the currency note system, the Government has decided to impose jail sentence (running for two years) for those who refuse to exchange silver coins for the new *currency*.

Since the initiation of development aid in the fifties, the volume of aid offered by Communist countries to developing nations works out to about six per cent of that extended by others. This is disclosed in a report of the Organisation for Economic Co-operation and Development. During the period under reference, the O.E.C.D. countries and Japan made available as aid a total of $95,000 million, as against the $5,500 million offered by Communist countries.

Pakistan will get from West German loans aggregating DM 117.5 million for the various development projects of Railways and Post and Telegraphs, as well as for the purchase of ships. An agreement covering the aid was signed recently between the Governments of the two countries. Half of the amount bears an interest of 3 per cent and is repayable in 25 years with a grace period of seven years. The other half will bear an interest at 5½ per cent and is repayable in 20 years with a grace period of 12 years for DM 7.5 million and five years for DM 51.25 million.

The World Bank and its affiliate, the International Finance Corporation, have agreed to join with American investment institutions, as well as investors in Thailand and seven other countries, in making loan and share capital available to the Industrial Finance Corporation of Thailand, a privately owned company which provides financial assistance to private industrial enterprises. The World Bank will lend $2.5 million and the I.F.C. will invest *Baht 4 million ($192,300)* in capital shares of I.F.C.T.

PERSONAL

MR. K. R. F. Khilani, Ambassador of India to *Rumania*, has been appointed concurrently India's Ambassador to Bulgaria.

Dr. Ludwig Erhard, West German Chancellor, has accepted the invitation from Prime Minister Nehru to visit India. The exact date of the visit will be fixed later.

Dr. Mohammad Hassen El-Zlyatt has been appointed U.A.R. Ambassador to India in place of Mr. Ahmed Hassen El-feki who will be U.A.R. Ambassador to Canada.

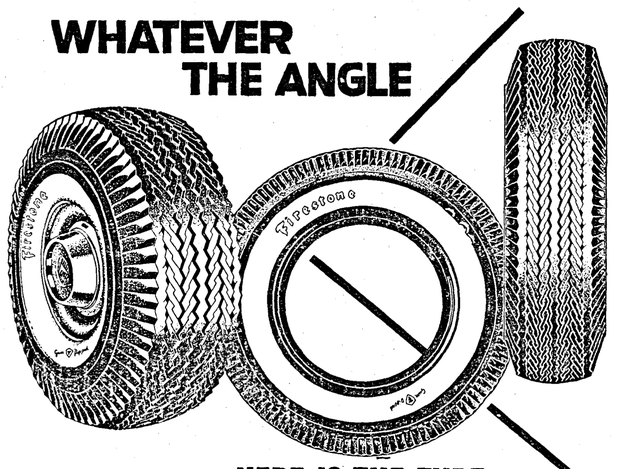
Sir Edwin McCarthy, who recently retired as the Australian Ambassador to the European Economic Community, has been appointed Chairman of the Commonwealth Economic Committee for three years.

Mr. S. T. Sadasivan will retire as General Manager of the United Commercial Bank on 31st March, but offers himself to be elected as a Director by the shareholders at their annual general meeting to be held at Calcutta on 8th April. He will be succeeded by Mr. R. B. Shah, the present Deputy General Manager.

Mr. Manubhai Shah, Union Minister for International Trade, left for London on Wednesday this week, to attend the meeting of the Commonwealth Economic Consultative Council started on the 19th inst. Mr. Shah will later proceed to Geneva to attend the United Nations Conference on trade and development due to begin there on the 23rd inst. He is the leader of the Indian delegation.

Plans for setting up a national refinery in the Korangi Industrial Area of Karachi were discussed recently by Mr. George B. Hergens, Vice-President of the American International Oil Company of New York, and Mr. Abdul Qadir, a former Finance Minister of Pakistan. Technical assistance will be provided by the American Company. The Bank of America has sanctioned a loan of $10 million for the purchase of plant and equipment for the refinery. The proposed national refinery, which will be subscribed and owned entirely by Pakistanis, will produce asphalt, lubricants, and other petroleum products. It will process annually 500,000 tons of crude which will be supplied by the American International Oil Company from the Dairus field in the Persian Gulf area.

WHATEVER THE ANGLE



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Notice

THE MORARJEE GOCULDAS SPINNING AND WEAVING COMPANY LIMITED

DR. AMBEDKAR ROAD, PAREL, BOMBAY 12

NOTICE

NOTICE IS HEREBY GIVEN THAT AN EXTRAORDINARY GENERAL MEETING of the shareholders of the Company will be held at its Registered Office at Dr. Ambedkar Road, Parel, Bombay 12, on Friday, the 17th day of April 1964, at 4.00 p.m. (I.S.T.) to consider and, if thought fit, to pass the following Resolution, with or without modification, as an Ordinary Resolution:

"RESOLVED that 23,000 new Equity shares of the Company of the face value of Rs. 100 each be issued and allotted to the holders of the existing 51,750 Equity shares upon the following terms and conditions viz:—

a) that such new 23,000 Equity shares be offered at par in the first instance to the persons, who, on the date to be hereafter fixed by the Board of Directors, which shall not be later than the 30th day of September 1964, shall be the holders of the existing 51,750 Equity shares of the Company in the proportion, as nearly as circumstances admit, of four such new Equity shares for every nine existing Equity shares then held by such persons respectively;

b) that the new Equity shares shall not confer upon the holders thereof the right to the dividend, if any, declared or to be declared for any financial year of the Company prior to the 1st day of July 1964 but shall entitle such holders to rank for dividend, if any, declared in respect of the Company's financial years subsequent to the financial year ending with 30th June 1964, as from the first day of the month following the respective dates of allotments thereof or such other earlier date or dates after the date of payment in respect thereof, as the Directors may fix, in proportion to the capital for the time being and from time to time paid up thereon and the period during which such capital shall have been paid up on such new Equity shares during the financial year in respect of which the dividend is declared, but for all other purposes, the said new Equity shares shall rank *pari passu* with the existing Equity shares in the capital of the Company, and shall be subject to the Memorandum and Articles of Association of the Company;

c) that the offer aforesaid shall be made by notice specifying the number of the new Equity shares offered and limiting a time not being less than 15 days from the date of the offer, within which the offer, if not accepted shall be deemed to have been declined, with liberty to the Directors from time to time to extend the time for acceptance of the said offer, either generally or in respect of any particular case or cases;

d) that the offer aforesaid shall also include a right exercisable by the shareholder concerned to renounce the shares offered to him in whole or in part in favour of any other person to be approved by the Directors;

e) that the offer aforesaid may be made with option to the eligible shareholders to apply for such additional Equity shares as they may desire, provided that a shareholder who has renounced his right in whole or in part shall not be entitled to an allotment of additional shares. Such allotment of additional shares shall be in the absolute discretion of the Directors;

f) that the amount payable in respect of such new Equity shares shall be payable in full in cash along with acceptance of the offer;

g) that the Board of Directors be and are hereby authorised and empowered to dispose of any of the said new Equity shares not taken up by eligible members or shares remaining undisposed of, to such person or persons, whether shareholders of the Company or not, at such price or prices and on such terms and conditions and in such manner as the Directors may think fit;

h) that the certificates for the new Equity shares shall be completed and kept ready for delivery within 9 months from the respective dates of allotment thereof;

i) that no fractional certificates be issued to members in respect of fractions resulting from the offer of the said new Equity shares but that fractions of such new Equity shares shall be consolidated into whole new Equity shares and allotted as the Directors may deem fit to any person or persons (including any one or more of themselves and/or any one or more of the employees of the Company) for the purpose of being sold at the then prevailing market rate, and the sale proceeds, less expenses of sale and any other expenses, be divided proportionately amongst the members who would otherwise have been entitled to fractions of such new Equity shares; and

j) that for the purpose of giving effect to this Resolution, the Directors be and are hereby authorised to prescribe the forms of Application and Renunciation and other documents in respect of such new Equity shares and to give such other directions as they may in their absolute discretion think fit, including directions for settling any question or difficulty whatsoever that may arise in regard to the issue and allotment of the new Equity shares."

Bombay, dated 7th day of March 1964.

By Order of the Board,
For PIRAMAL SONS PRIVATE LIMITED,
MOHANLAL PIRAMAL,
Director,
Agents.

Registered Office:
DR. AMBEDKAR ROAD,
PAREL,
BOMBAY-12.

AN EXPLANATORY STATEMENT IN RESPECT OF THE ABOVE RESOLUTION HAS BEEN POSTED TO THE SHAREHOLDERS SEPARATELY AT THEIR REGISTERED ADDRESSES.

JAPAN AND I.M.F.

The Government of Japan has notified the International Monetary Fund that it is ready to make its currency, the yen, freely convertible for payments and transfers for current international transactions with effect from 1st April 1964. Japan thereby undertakes to perform the obligation set out in Article VIII of the Fund's Articles of Agreement. Members accepting the provisions of Article VIII undertake to obtain the Fund's agreement before adopting payments restrictions for current international transactions or engaging in multiple exchange rates and discriminatory currency practices. Japan is the 25th Fund member to assume Article VIII status, which now applies to nearly all the major industrial countries in the Fund. The Fund has established a stand-by arrangement which authorise the Government of Japan to draw the equivalent of $305 million over the next twelve months. The arrangement will provide additional resources in support of Japan's reserve position and thus help Japan to defend the convertibility of the yen in the event of temporary balance of payments difficulties.

WORLD BANK LOAN TO NEW ZEALAND

The World Bank has granted a loan of $32.5 million to New Zealand for the construction of an electric power transmission link between the country's North and South Islands. The link will be a 375-mile direct-current line, including submarine cables crossing the 25-mile wide Cook Strait, to carry power from the Benmore power station now under construction on the South Island, to the North Island which contains the greater part of New Zealand's population and economic activity. Twelve banks are participating in the loan, without the World Bank's guarantee, for a total of $3.72 million, representing the first six maturities which fall due between 15th September 1966 and 15th March 1969, portions of the next four maturities to 15th March 1971, and part of the final maturity which falls due on 15th March 1984. The loan is for a term of 20 years and bears interest at the rate of 5¼ per cent per annum including the 1 per cent commission which is allocated to the Bank's Special Reserve. Amortisation will begin in September 1966.

A committee appointed by the Norwegian Government in October last to study the implementation of the proposed four-week mandatory vacation has submitted a split report. The majority recommends that the present three-week vacation, to which nearly all workers are entitled, be extended to four weeks from the summer of 1965. The minority, comprising the two employer representatives, suggests that the extension be carried out in two stages, to become fully effective from the summer of 1966. The committee is in general agreement that 18 days of the four-week vacation should be taken during the summer and that the rest should be given within the vacation year, or in two parts if connected with legal holidays, not including Sundays. On the question of vacation pay, the committee has made four different recommendations, ranging from 8.5 per cent to 9.5 per cent of total wage earnings. Trade union representatives had proposed that the remuneration be fixed at 9.5 per cent from 16th May 1964, so that full vacation pay according to the new rate would be payable from 1st May 1965. The present rate approved in 1962 is 7.5 per cent of earnings.

PLANTING

(*Concluded from page 458*)

provided to the coffee plantations, therefore, needs further examination."

For a reasonably practical solution of the aforesaid problems, the Reserve Bank study has put forward the following five suggestions:

1. Setting up of co-operative societies for credit and marketing, as well as for performing all functions of a pool agent, including curing;

2. reorienting the loan policy of central co-operative banks to which the societies will be affiliated;

3. provision of credit to co-operative societies for purchase of capital equipment for curing and processing;

4. preparation, by States, of schemes for long-term replanting programme; and

5. arrangements for creating a *pari passu* charge for long-term loans of the Coffee Board or for establishing long-term institutions on the security created by equitable mortgage in favour of short-term lenders.

For the long-term needs of growers, a possible solution, it is suggested, can be found through the Agricultural Refinance Corporation. The Reserve Bank study observes:

"The Corporation is expected to provide funds for compact schemes, which are remunerative and businesslike in character involving considerable investment but which require long period of waiting for yielding results. Further, the schemes would have to be such that, because of the quantum of finance required and the terms of repayment stipulated, they cannot be financed by the central land mortgage banks within their existing framework. Schemes for replanting of coffee trees could, therefore, possibly be considered by the Corporation. The factors to be taken into account in determining the quantum of credit would include the cost of replanting and the period within which the amount advanced could be recovered, keeping in view the net return available after the end of the non-bearing period. Such a scheme to be successful would need very close and intensive supervision. It would, therefore, be necessary to evolve an efficient supervisory machinery by the land mortgage banks concerned in close collaboration with the Coffee Board. As the Corporation is primarily a refinancing body, the long-term loans will have to be advanced first by the eligible institutions, in this case, the central land mortgage banks, to be refinanced later by the Corporation. For this purpose, the central land mortgage banks may, perhaps, have to issue special debentures. Such debentures may be mainly subscribed to by the Corporation."

The suggestion that the Coffee Board should take initiative in organising co-operative societies of coffee growers and provide them with assistance, including share capital participation, is no doubt interesting. Every care will, however, have to be taken to ensure that the co-operatives are run on strictly business lines. It is very important that all applications for loans and other measures of assistance to co-operatives are processed carefully. And more important is the need for ensuring that the assistance received by the co-operatives is properly and efficiently utilised for the specific purposes for which it is given. At the same time, adequate arrangements must be made to recover the instalments of loans as and when they fall due. This aspect needs special mention in the light of the severe criticisms levelled by the Public Accounts Committee on the affairs of the Khadi and Village Industries Commission and the high level of overdues in the case of several co-operative credit societies.

ENGINEERING

(*Concluded from page 464*)

state of affairs is probably worse, for undercharges on account of depreciation, according to the Directors, are yet to be adjusted in the light of final capital cost figures which are still not available. The aggregate depreciation provided up to the end of March 1963 has come to only Rs. 86 crores. Whether the promised adjustments in the current year will take the total provision for depreciation to a reasonable level remains to be seen. Of the factors responsible for the slow growth of H.S.L's profit-making capacity, two may be particularly mentioned here. These are (i) the unduly long gestation period of the steel plants, and (ii) the relatively low retention price for steel that has not taken into account the Company's capital block which is larger than that of the private-sector companies. The twin elements of interest payment and depreciation charges would seem to call for financial discipline. As for the accumulated losses, the Company hopes to wipe them off only after the expanded units of the steel plants go into production. But the expansion projects themselves are being delayed in their execution. When the Company will be in a position to yield a handsome net profit (after depreciation, taxation, etc.) for dividend, general reserve, and so on, is, therefore, anybody's guess.

TREND OF MARKETS

MONEY DEARER

(From Our Own Correspondent)

BOMBAY, 18th *March*

Will interest rates on bank advances and deposits be stepped up? And, if so, when? These were the questions which were uppermost in financial circles throughout the week under review. On Wednesday last, it will be recalled—*vide* our reference on page 399 of *Commerce* dated 14th March—the Reserve Bank announced a policy of tighter control and dearer credit, with a special plea to scheduled banks "to intensify their efforts to mobilise deposits by all possible measures, including a re-examination of the rates of interest" offered by them on deposits. The rates, as readers are aware, are fixed under the Inter-Bank Agreement as follows:

(a) *Category I* (banks with deposits above Rs. 50 crores and exchange banks): 3 to 30 days (inclusive) 3 per cent, 31 to 60 days (inclusive) 3½ per cent, 61 to 90 days (inclusive) 3½ per cent, 91 days and over but less than 12 months 3½ per cent, 12 months 4 per cent.

(b) *Category II* (banks with deposits of more that Rs. 25 crores but upto and including Rs. 50 crores): ½ per cent higher than the rates for Category I.

(c) *Category III* (banks with deposits of more than Rs. 10 crores but upto and including Rs. 25 crores): ½ *per cent higher than the rates for* Category I.

The Committee administering the Inter-Bank *Agreement met on Tuesday the* 17th inst. to take stock of the situation in the light of the Reserve Bank's modified credit policy. There was reported to be a divergence of views among the Committee members as to whether the interest rates on deposits should be raised immediately. The majority opinion, it would appear, favoured the postponement of the decision at least till the pressure of busy season demand for funds eases some time in the third week of next month.

Thanks to the tightening of credit control by the Reserve Bank, there was a reduction in the supply of funds available in the short-term money market during the week, while the demand for credit continued to be on a markedly high scale. Much difficulty was experienced by borrowers to obtain their requirements fully. The inter-bank call rate for both renewals and fresh money increased by ¼ per cent to 6¼ per cent. Conditions at Calcutta were also equally stringent, the call rate there standing throughout at 6¼ per cent, same as last week.

The persistent stringency of money is reflected once again in the statement of the Reserve Bank of India for the week ended 13th March. The statement shows (*a*) a further increase of Rs. 6.86 crores to Rs. 2,472.43 crores in notes in circulation, (b) a fall of another Rs. 4.66 crores to Rs. 77.81 crores in deposits of scheduled banks with the Reserve Bank, and (c) the high level (Rs. 95.46 crores) of outstanding loans and advances obtained by them from the Reserve Bank. The total of loans and advances is, of course, lower by Rs. 11.48 crores as compared with the week ended 6th March. But the decline would not have occurred—actually there would have been a further marked spurt—but for the modified credit policy of the Reserve Bank under which not only has the automatic accommodation which a bank can seek from the Reserve Bank been reduced but the additional withdrawals (over and above 100 per cent of a bank's statutory reserves) are also subjected to a penal interest of 6½ per cent.

Also indicative of the stringency of money is the continued poor response to the 91-day Government of India Treasury Bills, tenders for which were opened on Tuesday the 17th inst. The total amount offered was just equivalent to that invited and also accepted, namely, Rs. 2 crores. The average rate of accepted tenders was higher at Rs. 2.500 per cent per annum, as against Rs. 2.360 a week before. The response to the Intermediate Treasury Bills, too, was poor. The amount of bills actually sold from the 11th to 14th inst. was no more than Rs. 21 lakhs, as against Rs. 132.75 lakhs a week before and Rs. 60 lakhs two weeks before. It has been announced that these Bills would be sold from the 18th to 21st inst. at Rs. 99.391 per cent subject to the condition that sales can be stopped at any time without notice if the Government thinks it necessary.

India's foreign exchange reserves improved again by Rs.2.83 crores to Rs. 128.48 crores during the week ended 13th March; the net rise since the beginning of this year comes to Rs. 22.91 crores. The improvement in the week under review was entirely in balances held abroad which aggregated Rs. 16.02 crores, as against Rs. 13.17 crores. *The foreign securities held in the Issue* Department of the Reserve Bank were unchanged at Rs. 112.46 crores to which level they had risen from Rs. 102.46 crores in the previous week.

There was a further sharp spurt of Rs. 24.55 crores to Rs. 1,783.29 crores in the total credit made available by scheduled banks to their clients during the week ended 6th March. At the same time, the deposits receded by Rs. 16.01 crores to Rs. 2,426.75 crores. The banks were, therefore, compelled to take recourse to heavier borrowings from the Reserve Bank. The total of these borrowings went up by Rs. 39.06 crores to over Rs. 106 crores. Of this amount, borrowings against usance bills alone accounted for Rs. 45.71 crores, a rise of Rs. 13.20 crores. The banks had also to sell a portion of their investments in order to meet the increasing demand for credit; the total of these investments stood at Rs. 644.47 crores, as against Rs. 651.23 crores.

With the money market ruling extremely tight, trading in the Gilt-edged market was a dull and drab affair. Fresh institutional support was lacking. Turnover was greatly restricted, with practically all Central and State Government loans quoted at last week's levels.

In the foreign exchange market, there was no change in the banks' selling and buying rates for U.S. dollars: Rs. 478.50 and Rs. 475 per $100, respectively. In New York, the pound sterling ruled irregular *vis-a-vis* the U.S. dollar. Thus, the spot rate eased by 0.020 cent to 279.790-279.820 cents, while the three months' forward gained 0.010 cent to 279.370-279.400 cents.

DIVERGENT TREND IN COTTON

(From Our Own Correspondent)

BOMBAY, 18th *March*

The cotton futures market depicted a divergent trend during the week under review. Thus the maturing Jarilla March contract met with buying support and firmed up while the Jarilla May contract ruled easy. The firmness of the former was influenced by considerations of tenders against the contract. With only 1,000 bales tendered against the March contract so far, the general feeling was that tenders likely to be issued on the remaining notice days would be far from adequate to meet the outstanding position estimated at around 20,000 bales. The easiness of the May contract, on the other hand, reflected traders' assessment of the supply and demand position of cotton. The latest crop estimate indicate that earlier fears of damage to the crop caused by the *recent cold wave was exaggerated* and that the overall crop position is better than was anticipated. The latest estimate put the crop at 5.8 million bales. This coupled with the possibility of fairly large import of foreign cotton points to a comfortable supply. Speculative selling induced by this consideration led to a decline in the quotation for the May contract. The lack of mill demand for ready cotton and the resultant fall in prices imparted further weakness to the contract which ruled well below last week's closing price throughout the week under review.

The trend of prices of the contracts during the week is indicated below:

(In rupees per three quintals)

	18-3-64	*High*	*Low*	11-3-64
Jarilla March	779.50	781.00	771.00	775.00
Jarilla May	738.50	740.50	733.75	743.50

The trading in Jarilla August contract is expected to commence sometime towards the end of this month. The Board of the E.I.C.A. is reported to have *considered* at its meeting on Friday, the 13th inst., the question of having the contract started earlier.

Activity in the spot market at Sewri continued to be restricted. Mill buying was on a very limited scale and spasmodic. Prices progressively found lower levels. The main varieties that attracted mill attention was Co2, Digvijay, L.147, 197/3 and Laxmi. Reports of quality deterioration of Kalyan deterred spinners from going in for this variety whose price consequently declined.

Export demand for *Bengal Deshi* was very slack. Hence local buyers showed little interest and prices consequently receded further. Export of raw cotton during the first six months (September 1963 to February 1964) of the current season is provisionally estimated at 111,000 bales of 180 kgs. each, as against 128,433 bales in the corresponding period of last season.

Mill demand for foreign cotton mainly centred around American cotton. But there was growing anxiety over the delay in issuing the purchase authorisation in respect of the 375,000 bales of P.L. 480 cotton allocated to India as per the announcement made on 29th February. Some mills are said to have booked U.S. cotton for April shipment. It is feared that if the purchase authorisation is delayed the mills would not be able to get the cotton in April. It would seem that the present allocation would be divided into two staple length categories, 1-1/16" and above and 1" and above but below 1-1/16", as recommended by the Indian Cotton Mills' Federation. The Federation is also reported to have agreed to lift the unutilised portion of the allocation, if any.

Cotton price policy for the next season (1964-65) is said to be one of the important issues coming up for consideration at the forthcoming meeting of the Indian Central Cotton Committee. One of the suggestions reported to have been made is that the present gap of Rs. 300 between the floor and ceiling prices of most of the varieties should be narrowed down to Re. 1.50 per candy. Another proposal made on behalf of the co-operative societies is said to be that the ceiling prices of cotton should be altogether removed or, alternately, to raise the ceiling prices substantially.

The following are the latest available quotations—in rupees per candy of 784 lbs.—from the spot market at Sewri:

Wagad 890; L.147 1,170-1,260; Hubli Laxmi 1,180; Buri 1,135; Co2 (Nagar) 1,725; American 1,250; Sudan XP5L 1,440.

SILVER RALLIES

(From Our Own Correspondent)

BOMBAY, 18th *March*

Silver staged a small rally this week following a decline in arrivals and revival of support induced by expectations of good demand on account of the Hindu marriage season which would start within a month. Reports that buying interest had started again in upcountry centres affected sentiment. On silver gathering some fresh strength, gold also recovered a part of the earlier losses.

On the first day of this week itself, that is, on Thursday the 12th inst., silver improved to Rs. 258 after opening unchanged at Rs. 255.50. In the subsequent part of the week, it moved narrowly between Rs. 257.50 and Rs. 258.50, and finally closed at the former level, with a gain of two points. The last week's expansion in the daily

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average inflow from 12 bars to 15 bars disappeared this week, but the average offtake was still limited at eight bars, as against seven bars in the week before.

Fourteen-carat gold opened 50 nP lower at Rs. 63.50, but looked up to Rs. 65 by Monday the 16th inst. Later, it sagged a little to close today at Rs. 64.50. Pure gold was one point higher at Rs. 103 (*unofficial rate*). Sovereign was firmed at Rs. 88.

The international price for gold declined this week from $35.09¼ to $35.07¼. The *ready* rate, in London, was 1¼d. lower at 250s. 8¾d. Silver prices in New York and London were unchanged over the week.

The following table shows the trend of prices during the week under review:

	18-3-1964 (closing)	High	Low	11-3-1964 (closing)
SILVER				
Ready (996 fine) ..	Rs. 257.50	Rs. 258.50	Rs. 255.50	Rs. 255.50
GOLD				
Ready (14 carat) ..	64.50	65.00	63.50	64.00
Sovereign	85.00*	—	—	85.00*
London—				
Gold	250*s.* 8¾*d.*	250*s.* 9¼*d.*	250*s.* 8¼*d.*	250*s.* 10*d.*
Silver Ready ..	111¼*d.*	—	—	111¼*d.*
Silver Forward ..	111¾*d.*	—	—	111¾*d.*
New York—				
Silver	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * As on 24-6-1965.

ART SILK YARNS STEADY

(From Our Own Correspondent)

BOMBAY, 18*th March*

After a further rise early in the week, art silk yarns closed almost unchanged today. The quiet tendency in the latter part of the week was attributed to dealers' hesistancy at higher levels on fears that spinners who had been withholding supplies since the budget would release stocks any time now. Moreover, expectations of some relief in additional levy kept consumers away from the market for the time being. The erosion of early gains in art silk yarns imparted a soft tendency to staple fibre yarns also. Cotton yarns, however, were generally well held around their last levels.

Among art silk yarns, Century eased, as an exception, from Rs. 19.51 to Rs. 19.25 a kilo. Century 2 x 40 spot staple fibre yarn were marked up from Rs. 9.28 to Rs. 9.46, but others were generally quiet. Among cotton yarns, 10*s* Navsari drifted lower from Rs. 19.37 to Rs. 19.12 and 80*s* Ganesh closed 50 nP lower at Rs. 84.

Meanwhile, like weavers, dealers are also watching with interest spinners' efforts to pass on the burden of the heavy increase in excise duty on rayon yarn to consumers. It is feared that full success of their efforts would mean some shrinkage of margin of weavers and dealers. How far such fears are justified time alone will say. But by holding back supplies, spinners have been able to allow prices of 120D and 150D yarns to rise to nearly the full extent of the fresh levy. The price rise in the case of finer deniers, like 55, has also been sharp. While prices may still have to look up a little to induce dealers to go in for fresh commitments, it is pointed out that consumers are reluctant to lift goods against advance sales made by spinners up to the current month-end.

One important factor that explains this reluctance is the expectation that the Finance Minister would grant some relief in the heavy additional levy. The Bharat Artsilk Doubling Mills' Association characterised the fresh impost as being "too heavy" on the ground that, while spinners had insisted on passing on the burden to consumers of yarn, weavers and the doubling and twisting industries would not, in turn, be able to do the same. Pleading for a relief in the duty, the Association points out that it is extremely doubtful whether the art silk fabrics and other allied synthetic fabric industries can bear its high incidence, which is as much as 72 per cent of the ex-factory prices fixed by the rayon spinning units.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	18-3-1964	11-3-1964
Art silk yarn (per kg.)—	Rs.	Rs.
National Rayon 120D	12.08	12.08
Century 75D	19.25	19.51
S. I. Viscose 150D	13.46	13.46
Staple fibre yarn (40 x 2)—		
Kohinoor (per kg.)	9.57	9.54
Century	9.46	9.28
Cotton yarn (per bundle of 10 lbs.)—		
10*s* Navsari	19.12	19.37
20*s* Podar	24.25	24.25
22*s* Hisar	32.50	32.00
40*s* Mahindra	—	42.00
60*s* Pioneer	—	65.00
80*s* Ganesh	84.00	84.50

CURB ON BANK ADVANCES AGAINST GROUNDNUTS

(From Our Own Correspondent)

BOMBAY, 18*th March*

The important event of the week in so far as the oilseeds market is concerned was the commencement of hedge trading in cottonseeds and groundnut oilcake expeller variety for July 1964 delivery. Trading began today in the Jenabai Hall for cottonseeds and in the *Patwachal* ring for groundnut oilcake. The terms of business will be the same as those governing the current contracts. The ceiling for cottonseeds is unchanged at Rs. 113, with a weekly fluctuation limit of Rs. 3.50 either way. There is no ceiling in groundnut oilcake expeller variety, but there is a weekly price range of Rs. 15. The maximum limit for a member is fixed at 7,500 tonnes. As for hedge trading in groundnut and groundnut oil for July 1964 delivery, the Board of the Oilseeds Exchange has still not taken any final decision as it is apparently not inclined to accept the measures of control stipulated by the Forward Markets Commission; details of these measures are given in our last week's report. The Board, at its meeting yesterday (Tuesday the 17th inst.), decided to have further talks with the Commission authorities tomorrow, that is, Thursday the 19th inst. The representatives, of the Saurashtra Oil and Oilseeds Association are expected to join the Board in its talks with the Commission.

The reported refusal of the F.M.C. to relax the measures of control stipulated for the commencement of hedge trading in July 1964 contracts for groundnuts and groundnut oil, together with the Reserve Bank's directive pertaining to the enhancement of the minimum margin on bank advances against groundnuts from 45 to 50 per cent and the reimposition (for the period beginning from March-April 1964) ceiling on such advices at 130 per cent of the level maintained in the corresponding period last year, led to a fall in values of groundnuts and groundnut oil during the week. Tight money conditions, increased arrivals from upcountry centres and reduced offtake also imparted weakness. In sympathy with groundnuts and due to higher arrivals from growing centres, absence of foreign enquiries and heavy unloading by local bulls, castorseeds staged a retreat. Linseeds were easy, though they recovered later in the week following better North Indian advices for mustard seeds. Cottonseeds were listless.

The Reserve Bank of India Press note (issued on Wednesday the 11th inst.) regulating bank advances against the security of groundnuts and "other oilseeds" says:

"In view of the considerable rise in bank advances against the security of groundnuts and in view of the higher level of prices of groundnuts prevailing at present, it has been considered necessary to raise the margin on advances by scheduled banks against the security of groundnuts from 45 to 50 per cent and re-impose the ceiling restriction on such advances which was allowed to lapse in March 1963. Accordingly, under the new directive, scheduled banks are required to maintain, in the two-month period March-April 1964, an average aggregate level of credit which shall not exceed 130 per cent of such credit actually maintained in the corresponding period of 1963. Subsequently, in each two-month period commencing from May-June 1964, the ceiling limits are fixed at 120 per cent of such level of credit actually maintained during the corresponding period of 1963.

"The liberal credit facilities granted to exporters of H.P.S. groundnuts and groundnut oil as well as to the integral oil expeller mills in respect of exports of groundnut cake are continued in the new directive. Besides, the banks have been asked to meet any further credit requirements of exporters on a priority basis, within their general permissible limits of lending against groundnuts.

"The provisions relating to the margin requirements against the security of 'other oilseeds,' as set out in the earlier directive, are continued without any change."

Immediately after the Reserve Bank announced curbs on bank advances against groundnuts, the April 1964 contract was subjected to some selling and fell by Re. 1.38 to Rs. 237.87 on the opening day (Thursday) of the week under review. The contract did not recover from this level at all. Actually today, it was lower still at Rs. 237.50. Nizam bold ready slumped by 87 nP to Rs. 50.50 and Khandesh quality by 68 nP to Rs. 51.37. Oil ex-mill dropped 45 nP to Rs. 19.55. Business in the July 1964 contract is groundnut oilcake expeller, as stated at the outset, commenced today at Rs. 406.50. It commanded a premium of Rs. 8.50 over the April delivery which climbed down from Rs. 406.50 to Rs. 398.

Castorseed June contract was marked down by Rs. 2.25 at Rs. 172, while the March position improved by 75 nP to Rs. 176 on scattered support. Spot ready Madras lost 50 nP to Rs. 34.37 and Kanpur 38 nP to Rs. 33.13. Oil B.S.S. was a shade lower at Rs. 14.70. Oil commercial was unchanged at the last week's level of Rs. 14.50.

Linseed March contract moved down from Rs. 40.25 to Rs. 39.75 on Friday the 13th inst. but recovered subsequently and closed at Rs. 40.50 today. June contract fluctuated between Rs. 40.87 and Rs. 40.25 before finishing at Rs. 40.87. Over the week, bold ready gained 12 nP to Rs. 39.97. Linseed oil ready declined by 50 nP to Rs. 15.45.

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Futures trading in cottonseed for July 1964 delivery began officially today. No transaction, however, was reported. The April contract was listless throughout at Rs. 103.

The following table shows the closing prices of oilseeds and oils on Wednesday 18th March as compared with those of two previous weeks:

	18-3-1964	11-3-1964	4-3-1964
Groundnuts	Rs.	Rs.	Rs.
April 1964 contract	237.50	239.25	239.25
Nizam bold	50.50	51.37	50.50
Khandesh quality	51.37	52.25	51.25
Oil ex-mill	19.65	20.10	20.25
Oil Rly. Receipts	19.35	19.65	19.80
Castorseed			
March 1964 contract	176.00	175.25	174.50
June 1964 contract	172.00	174.25	176.37
Ready Madras	34.37	34.87	34.75
Ready Kanpur	33.12	33.50	33.50
Oil B.S.S.	14.70	15.00	15.05
Oil commercial	14.50	14.50	14.60
Linseed			
March 1964 contract	40.50	40.25	40.06
June 1964 contract	40.87	40.69	40.87
Bold ready	39.87	39.75	40.25
Linseed oil	15.45	15.00	16.10
Cottonseed			
April 1964 contract	103.00	103.50	104.00

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

FAIR ENQUIRY FOR TEAS

[*Messrs. Forbes, Ewart and Figgis (Private) Ltd.*]

COCHIN, 12*th March*

A total of 378,000 kgs. was on offer in tea sale No. 10 held here on the 10th inst. Quality was again generally maintained from all districts. The market met with good general demand. Low medium brokens and fannings elicited fair enquiry and prices for these were about steady. Mediums and good mediums, meeting better support, were sold at firm rates, with buyers concentrating on brighter liquoring good mediums which realised useful prices. There was useful demand for highgrowns, but prices for these were a little irregular and occasional invoices inclined easier. Clean black leaf descriptions and whole leaf grades were sold readily at around last rates. Unorthodox descriptions were also sold well and prices for these may be quoted steady. Tippy teas were taken up at around last rates.

The quotations (per kg.) were:

	1964 Rs.	1963 Rs.
Low mediums	4.40-5.10	4.50-5.10
Mediums	4.90-5.60	5.10-5.50
Good mediums	5.40-6.80	5.50-6.50
Nilgiri B.O.P.	6.30-9.60	6.00-12.90

The average price realised in tea sale No. 10 was Rs. 5.59 per kilo, as against Rs. 5.71 a week ago and Rs. 5.39 in the corresponding sale last year.

There was good general demand for the 164,000 kgs. on offer in dust sale No. 10 held today. The small quantity of highgrowns was sold at irregularly easier rates. All medium descriptions were easier and declined by up to 15 nP. Teas of unorthodox manufacture, although somewhat irregular, were generally firm.

The average price realised in dust sale No. 10 was Rs. 4.67 per kilo, as against Rs. 4.82 a week ago and Rs. 4.73 in the corresponding sale last year.

Colombo: The market opened to strong general demand. Highgrowns were irregularly dearer following quality, while mediums and lowgrowns were sold readily and well at about the same rates ruling last week.

London: *North Indian and other growths*: In Monday's auction, there was fair demand for best Assams and these types ruled firm to dearer. The poorest descriptions, however, were again irregular and easier.

Ceylon and South Indians: A total of 22,467 packages were offered in Tuesday's sale, of which 3,714 packages originated from South India. The market met with good general demand. Both Ceylons and South Indians were fully firm to dearer, with the exception of the plainest kinds.

As we go to press, Messrs. Forbes, Ewart and Figgis Private Ltd. wire:

"*Sale No.* 11: 468,000 kgs. offered. Strong general demand. Low medium and medium brokens were around last prices. Fannings irregular, sometimes a little easier. Highgrowns and good mediums fully firm. Unorthodox steady."

SETBACK IN WHEAT

(From Our Own Correspondent)

HAPUR, 16*th March*

An easy trend was witnessed in foodgrain prices this week. Demand for cereals in the open market slackened, thanks to heavy sales through fair price shops at controlled prices. *Rabi* crop prospects were considered fair, though some early sown crop had suffered on account of cold spell and frost. Harvesting of *peas* has begun and that of coarse grains will begin next week and that of wheat next month. The Government is arranging to import more wheat from the U.S.A. and other countries. Further, the number of fair price shops in the country has also been increased.

Wheat prices declined sharply by Rs. 3.50 to Rs. 5 per quintal according to quality due to increased sales of the commodity through fair price shops. Wheat *dara* was quoted between Rs. 60.50 and Rs. 63.50 and the farm produce between Rs. 65.50 and Rs. 67.50 per quintal in the open market, as against the "controlled" price of Rs. 40.87 a quintal. Stocks with the trade were reported negligible. Rice eased by Re. 1.34 per quintal, as demand was slack and supply through fair price shops was better. Week-end prices here were: Rice *basmati* superior Rs. 96.45 to Rs. 99.13, *sela basmati* Rs. 93.77 to Rs. 96.45, *mainpuri* Rs. 65.64, *ramajwayan* Rs. 80.38, *raimunia* Rs. 83.06 and *gadda* Rs. 64.28 per quintal.

Gram prices also drifted lower by 67 nP to Re. 1.34 per quintal according to quality on the new crop arrivals from Madhya Pradesh. New *gram* was quoted at Rs. 57.60 and the local produce at Rs. 56.26 a quintal. Stocks of old crop were reported to be negligible. After early decline on slack demand, maize prices improved in the week-end due to the declining stocks. Prices ranged between Rs. 40.50 and Rs. 43.50 per quintal according to quality. *Barley* and *bejhar* were lower at Rs. 41 to Rs. 41.50 and Rs. 42 to Rs. 42.50 per quintal, respectively. *Juwar* and *guwar* ruled quiet. New *juwar* reached the market from Madhya Pradesh.

Mixed conditions prevailed in pulses. Peas ruled quiet, as demand was slack. Prices were Rs. 52 to Rs. 52.50 for the *dara* quality and Rs. 53 to Rs. 53.50 per quintal for the farm quality. New peas would reach the market after about a fortnight. *Arhar* and its *dal* were almost stationary. *Urd* and *moong* prices, however, sought higher levels on brisk demand and restricted supplies. *Massoor* prices drifted lower on better arrivals from M.P. Other sections were stationary. Weekend prices were: Peas *dal* Rs. 54.92, *arhar dara* Rs. 60 to Rs. 62.50, superior Rs. 62.96 to Rs. 64.30, *arhar dal* Rs. 72.34 to Rs. 80.38, *urd* Rs. 66.98 to Rs. 73.78, *urd dal* Rs. 80.38, *moong* Rs. 75.02 to Rs. 83.06 *moong dal* Rs. 85.74, *masoor* Rs. 62.96 to Rs. 66.98, *masoor dal* Rs. 83.06 and *gram dal* Rs. 64 per quintal.

SUGAR RULES FIRM

(From Our Own Correspondent)

HAPUR, 16*th March*

Sugar prices in the open market continued to rule firm at Rs. 160 to Rs. 165 per quintal, as against the controlled prices of Rs. 125 a quintal, due to restricted supplies by the fair price shops. Some of the factories in Meerut district were forced to close down due to the non-availability of cane and others were not receiving adequate cane supplies. But, in Muzaffarnagar and Saharanpur districts, factories were getting adequate supplies of cane. Total production of sugar in the country during the current season is now expected around 27 lakh tons, against the target of 33 lakh tons.

Demand for *khandsari* remained small throughout the week due to tight conditions in the money market and fears of Government action to curb the rising tendency in prices. The U.P. Government is discussing with *khandsari* producers the possibility of procuring a limited quantity for distribution to shopkeepers and allowing the rest for export to other States. Some of the *khandsari* units, which were still functioning, were buying cane up to Rs. 7 a quintal, as against Rs. 6.40 to Rs. 6.62 a quintal paid by sugar factories. Prices of *khandsari*, declined sharply during the week and, on Monday, they were: Inferior Rs. 100 to Rs. 115, medium Rs. 120 to Rs. 130, superior Rs. 131 to Rs. 140 and *Boora* Rs. 155 to Rs. 160 per quintal.

Ready *gur* drifted lower, as export permits for the current month were received only for a limited quantity. Daily arrivals of *gur* and *shakker* averaged 1,000 to 1,200 maunds, and the local stock was put around 22,000 quintals. Sowings of cane for the next season is being done with vigour. Week-end prices here (in Rs. per 40 kilogram) were: *Gur* superior 26 to 26.25, *dara* 25.50, *balti* 25.25 to 26.25 and *shakker* 27 to 29.

After early decline, *gur* and *shakker* prices rallied during the week in the Muzaffarnagar market on revival of demand following the receipt of permits for outward despatch during the current month. *Gur Chaku* was in demand from Gujarat, M.P. and Maharashtra and improved to Rs. 27 to Rs. 29.12 per 40 kilogram. *Pansera* was in request from West Bengal, Punjab and M.P. and was quoted at Rs. 26 per 40 kilogram. *Laddoo* quality attracted Rajasthan and Maharashtra support and was quoted at Rs. 27 to Rs. 28, with khurpapar placed at Rs. 26 to Rs. 26.50 per 40 kilogram. Total arrivals during the current season in Muzaffarnagar were 11.54 lakh mds., as against the corresponding figure last year at 13.55 lakh mds.

SHEEP SKINS IN DEMAND

(From Our Own Correspondent)

MADRAS, 16*th March*

There was no appreciable change in the kips market this week. Importers made only selective purchases. Small sales were reported in cowhides fifths selection, and buffcalf top marks. The tone of the market was quiet, with prices a shade easy.

Enquiries for tanned goat skins were patchy and buyers made counter offers for the bids made. The market for tanned sheep skins were steady to firm, with good enquiries all round. Shippers hesitated to enter into heavy commitments, because of the poor quality of recent arrivals of middle class sheep skins. It is hoped that the tanners will produce better stuff for export in this

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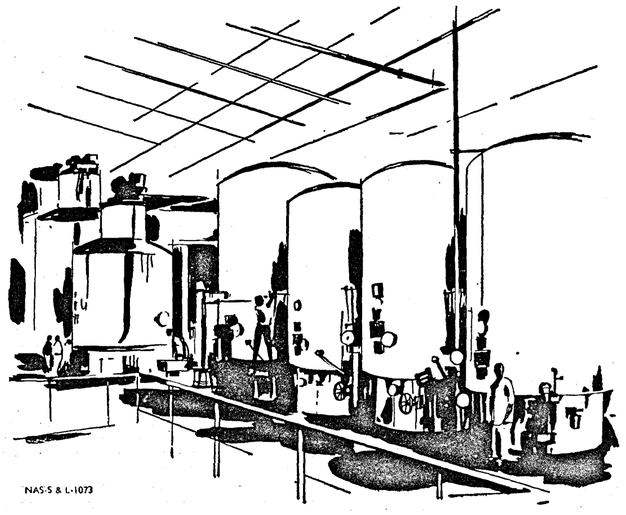

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line. Importers state that skins from Pakistan are offered at cheaper prices and expect the tanners here to offer goods at competitive rates. In the raw centres, prices of goat skins declined by Rs. 25 per hundred skins, though those skins of sheep still ruled firm.

The next tanned skins public sales in the U.K. will take place on the 23rd inst., when 40,000 goat and 20,500 sheep skins will be on offer. The results are awaited with interest.

COPPER PRICES RAISED

(From Our Own Correspondent)

CALCUTTA, *17th March*

With the shortage of base metals becoming more and more acute and with reduced arrivals against the need for increased imports, a steady trend continued to be in evidence in the Calcutta metal market during the week under review. On the London Metal Exchange, the feature was a further rise in copper, while the other three metals, *viz.* tin, lead and zinc, reacted to quote below the recent highs. The announcement of an increase in price by one cent a lb. by copper producers in the United States was also a feature of the week.

The steady rise in world price of copper leaves no doubt that other metals, like tin, have come to be in acute shortage. During the week, the London quotation for spot copper wire-bars opened at £259 a ton and steadily rose to close at £274. This was despite the earlier announcement in Chile that that country's selling policy would remain unchanged. The Rhodesian Selection Trust had also stated in London that the group's sales policy would remain unchanged. According to the group, the present high level of the price in London is unrealistic and reflects only marginal supplies. It was also stated that sufficient metal was available and that the group withdrew from the market at £236 a ton because the price advantage was not being passed on to the industry.

The R.S.T. and the Anglo-American Corporation revised their price during the week. This was soon followed by Kennecotts of the U.S.A. raising the price by one cent per lb. outside the U.S. market for Chilean mined copper. Anacondas also raised their price by one cent to 32 cents a lb. for U.S. consumers. The price of U.S. producers who own mines in Chile and South Africa was raised by one cent in respect of supplies for outside the U.S. market. This revision was attributed to the steady upward trend in the world market price during the recent months.

On the L.M.E., three-months wire-bars closed higher on balance at £274½ a ton, as against the opening of £262½. Spot cathodes opened at £257 and spot fire-refined at £249 to close higher at £269½ and £262 respectively, and their three-months' quotations closed at £270 and £263, as against £257½ and £249 respectively, in the opening. The Calcutta price of copper scrap was maintained firm at Rs. 690 per 100 kgs., although lower consumer interest was reported from upcountry centres. In London, spot tin opened at £1,100 per ton, but closed lower on balance at £1,070. In Calcutta, the rate was fully steady at Rs. 3,400 per 100 kgs.

It is expected that the deficit in tin in 1964 would total 17,000 tons, after allowing for an increase in production by 5,000 tons and for some limited exports from China, Russia and other communist countries. The deficit also takes into account the limited quantity which the Italian Government is expected to export. In other words, the shortage in the free world supplies can be overcome only if the U.S. continues to release its stockpile tin at the present rate, i.e., about 337 tons a week.

Both lead and zinc continued to be firm in Calcutta. On the L.M.E., the quotations eased. Thus, spot lead closed at £79½ a ton, against the week's opening of £80¼, and spot zinc at £96½ a ton, against £99.

DEMAND FOR TEA WEAK

(From Our Own Correspondent)

CALCUTTA, *17th March*

A drop in shipments of tea this week reflected the near exhaustion of the last crop as well as the continued difficulties being experienced in the Calcutta port. The weakness in demand at recent auctions held in Calcutta was to be expected due to the end-of-the-season offerings. The internal sale held last week also saw poor demand, but the auctions held at Mincing Lane attracted fair demand, though buying was selective leading to an irregular trend in the lower plainer Assams. A small increase of 1¼ million lbs. to 166.77 million lbs. was recorded in the U.K. tea stocks in the week ended 6th March.

The weather reports favour the start plucking this season earlier than in the last year. The weather last month was favourable and the rainfall adequate in most gardens in lower, central and upper Assam. Only in two areas, *viz.* Mangaldai and Nazira, the rainfall was deficient. In Cachar (central, south as well as north), the weather was seasonable; however, rain was badly needed in Longai, and red spider and blister blight were prevalent in some gardens in Hailakandi. Terai reported poor progress due to the prevalence of abnormally low temperature in early February. Darjeeling was deficient in rain. More rain was also needed in eastern as well as western Dooars.

The Estimates Committee's report on the working of Tea Board puts the blame squarely on the Tea Board for the lack of progress in the tea industry. Rightly stating that the progress of replantation has been unsatisfactory, the Committee has observed that replanting should be done by the industry with its own resources. However, the systematic increase in taxation year after year has deprived the industry of funds that could have otherwise been ploughed back from profits. Representations for relief in this regard have not borne any fruit. Even the last budget has been a disappointment. While Indian companies, which account for about 45 per cent of the tea output in this region is accorded some relief in the shape of tax rebate, non-resident sterling companies, which account for the remaining 55 per cent, have been actually made to pay more in taxes by virtue of the increase in the corporate tax from 63 per cent to 65 per cent. The industry has been pressing its claim for drawback of excise duty on exports; but unlike other industries, the tea industry has not been considered qualified by the Government for the grant of this privilege. If this is allowed, Indian tea's competitive strength in world markets can be increased, and the industry's hands strengthened for expansion.

The Committee's report does not find enough reason to accept the Tea Board's claim that there has been an improvement in the production of quality tea. The absence of statistics in this regard makes the claim of the Board vague.

The Committee also feels disturbed at the Tea Board's failure to project the image of Indian tea well in the importing countries. This deficiency, it finds, has enabled Ceylon to steal a great march over India. The Committee has also found that the Board's efforts to help boost exports and locate new markes through improved campaigns have not been satisfactory.

At the last week's dusts sale here, offerings totalled 31,357 chests. Demand was weak. Medium C.T.Cs eased up to 30 nP, but good C.T.Cs were steadily absorbed. Bright liquoring Assams of orthodox manufacture eased. All other orthodox teas could be pushed only at a heavy discount. Legg-cut teas were also a weak feature. The quotations per one kg., inclusive of excise duty, were: Good Assam C.T.C. dust Rs. 6.20 to Rs. 6.70, medium Assam C.T.C. dust Rs. 4.85 to Rs. 5.20, legg-cut dust Rs. 4.60 to Rs. 4.85, medium Assam dust Rs. 4.20 to Rs. 5.00, and plain orthodox dust Rs. 4.00 to Rs. 4.20.

RAW JUTE RISES

(From Our Own Correspondent)

CALCUTTA, *17th March*

With more business taking place against the background of enlarged overseas inquiries, jute goods ruled steady during the week under review. Difficulties in the port of Calcutta causing delay to departure of laden ships continued to cause disappointment. Although fibre arrivals in terminal markets showed a small rise, which signified the anxiety of sellers to dispose of the outstanding crop as early as possible, fibre recorded a fractional rise, following the move of mills to cover the compulsory purchase quota in respect of the five weeks ending on 5th April.

The decline in goods stocks with mills at the end of last month, nominal though it was, was welcomed, but the cheer that it drew was only short-lived. For, soon, the details of production for that month were announced, and it was noted that mills' output at 99,200 tonnes showed a fall of 2,400 tonnes, as a result of the reduction in the number of working hours from 216 to 184. While working hours thus fell by 32, the disproportionate fall in production was accounted for by the fact that the January working hours do not take into account hours lost due to disturbances in that month. Output of hessian in February fell from 42,600 tonnes to 41,900 tonnes, sacking from 41,400 tonnes to 38,400 tonnes, and carpet backing cloth from 8,200 tonnes to 7,800 tonnes, while the rise in miscellaneous goods by 1,900 tonnes to 11,300 tonnes reduced the overall deficit to 2,400 tonnes. As regards stock, while at 42,300 and 46,500 tonnes, hessian and sacking goods recorded a decline of 1,300 tonnes and 2,000 tonnes, respectively. Carpet bags and miscellaneous goods, at 18,600 tonnes and 13,800 tonnes, recorded a rise of 1,500 tonnes and 1,700 tonnes respectively, thereby reducing the overall decline to 100 tonnes. These figures give one the impression that there was inadequate demand. But this was not so. For, thanks to the difficulties in the port, shortage of lighters and berths, and reduction in the river drafts, there was an increase of backlog. This realisation was reflected in the steady price trend during the week.

The trade has noted that the stiff competition offered by the Pakistani mills in foreign markets has caught the attention of the Government of India. In a note recently placed before the Parliament's Informal Consultative Committee, the Union Ministry of Industry points out that Pakistan will soon emerge as a serious competitor because of the availability of high-grade fibre at lower rates. The note also refers to the setting up of new mills in Europe. Although mills in India have captured a good portion of the demand for carpet backing cloth in the U.S.—the number of broad-looms at present is 2,600, as against 968 a year ago—it should be noted that the U.S. is engaged in research to find a suitable substitute for carpet backing cloth. This factor brings to the fore the need for the industry in India to strengthen its position abroad. The trade would urge, as it has often repeatedly been urging, that it is time to reduce the minimum prices of fibre to enable mills in turn to reduce their costs of production and pass on such reduction to consumers abroad. However, the recent statement by the Jute Commissioner that the present level of minimum prices would offer sufficient incentives to farmers to grow enough jute is taken as a hint that the Government does not propose revising the minimum prices for the forthcoming season also. These prices were fixed for the first time for the 1962-63 season and were continued for the subsequent season which is nearing the end. The increase in output of fibre is sufficient indication that farmers are making adequate profits and deriving economies of scale.

The note of the Central Industry Ministry referred to above analyses the salient aspects of exports in 1963. In 1963, burlap consumption in the U.S. touched a new high for the past three decades. While hessian exports to the U.K., Hungary, Poland, Yugoslavia, Iran, Turkey, and Egypt fell by a small degree, the countries to which hessian exports rose included Canada, Argentina, Chile, Australia, New Zealand, Belgium, West Germany, Denmark, Italy, the Netherlands, Sweden, the U.S.S.R., Bulgaria, Czechoslovakia, the Philippines, Iraq and the Sudan. Countries which took reduced imports of Indian heavy goods included the U.S.A., Cuba, Peru, Australia, Hungary, Poland, Rumania, Burma, Indonesia, Malaya, Thailand, Iraq, Turkey, Mali, Nigeria, Southern Rhodesia and Tanganyika. Increase in sacking exports took place in respect of Chile, the Dominican Republic, New Zealand, the U.K., Italy, the Netherlands, the U.S.S.R., Cambodia, Syria, and Ghana. Consumption in India increased significantly from 331,800 tonnes in 1961-62 to 371,000 tonnes in 1962-63. It is hoped that, by the end of the third plan, internal consumption would have risen to 400,000 tonnes.

During the week, mills paid more attention to the fibre market and, as a result, Assam bottoms rose from Rs. 30.50 to Rs. 31 per maund and northern bottoms from Rs. 29.50 to Rs. 30. Daisee bottoms, however, remained unchanged at Rs. 34.00. The quantity of white and tossa varieties on offer was extremely limited and, in respect of mesta, sellers were keen for business. Daily arrivals in the agencies were about 50,000 maunds. That the West Bengal Government is paying keen attention to increase in output is indicated by the advancement of a package programme. For its implementation, in the first instance, the Nadia district, where a large number of jute-growing refugee families from East Bengal has been re-settled has been chosen. Improved types of seeds are being supplied from two seed-multiplication farms in the district. Further, steps have been taken to ensure adequate irrigation facilities and supply of pesticides and chemical fertilisers. The State Government is also implementing its plan of sinking tube-wells.

The jute goods market ruled easier on Tuesday last. This followed heavy unloading in the futures market. Ready B. twills fell from Rs. 112.40 to Rs. 111.60 and ready hessian 40" 10 oz. from Rs. 46 to Rs. 45.65. The easing trend was accelerated by the publication of figures in respect of goods in stock held by mills at the end of the last month. These figures highlighted the delays caused to the export trade by shortage of lighters and berths. A fall in river drafts meant that ships could not take a full complement of cargo. While covering business against Government orders for B. twills continued throughout the week, both the U.S. and Argentina showed interest in hessian. Mills were keen to sell for all forward positions. The placing of a further tender by Government for 2,300 bales of B. twills for March-April delivery was a feature on Wednesday. There were also some overseas inquiries for hessian too. These enlightening features, however, failed to cancel the continued weakness in futures trading, and as a result ready B. twills gave way to Rs. 111 and ready hessian 40" 10 oz. to Rs. 45.25. At this stage, speculative activity revived in the futures market and, on Thursday, ready B. twills recovered to Rs. 111.65 and hessian 40" 10 oz. to Rs. 45.60. Scattered short covering and more speculative business in the futures market led to a further recovery on Friday, when ready B. twills moved up to Rs. 111.85 and hessian 40" 10 oz. to Rs. 45.85. Over the week-end, the undertone was steady with prices quoting at Rs. 111.75 and Rs. 45.75, respectively. They were a shade higher today at Rs. 111.85 and Rs. 45.80.

Notice

THE JAIPUR UDYOG LIMITED

Registered Office:

SAWAIMADHOPUR (W. Rly.)

NOTICE

NOTICE IS HEREBY GIVEN TO THE shareholders of The Jaipur Udyog Limited that an Extraordinary General Meeting of the Company will be held at the Registered Office of the Company at Sawaimadhopur on Monday, the 13th day of April, 1964 at 12 noon for considering and if thought fit for passing the following resolution with or without modification as a Special Resolution:—

RESOLVED that Article 44(*a*) of the Company's Articles of Association be deleted and be substituted by the following Article, which may be numbered as 44(*a*):

"44(*a*). A fee not exceeding Re. 1 may be charged for each transfer and shall, if required by the Directors or Managing Agents, be paid before every registration of transfer of shares."

By Order of the Board,

M. L. RATHI,
Secretary.

SAWAIMADHOPUR,
Dated 21st March 1964.

N.B.—A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.

Explanatory Statement as required under Section 173(2) of the Companies Act, 1956, has been posted to each member of the Company.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 13th Mar., 1964

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long Term Operations) Fund		73,00,00,000
National Agricultural Credit (Stabilisation) Fund		8,00,00,000
Deposits—		
(a) Government—		
(i) Central Government	109,35,34,000	
(ii) State Governments	8,42,45,000	
(b) Banks—		
(i) Scheduled Banks	77,81,27,000	
(ii) State Co-operative Banks	2,15,14,000	
(iii) Other Banks	5,02,000	
(c) Others	160,05,97,000	
Bills Payable	35,56,78,000	
Other Liabilities	62,53,14,000	
Rupees	621,95,11,000	

ASSETS	Rs.
Notes	14,25,91,000
Rupee Coin	3,05,000
Small Coin	2,91,000
National Agricultural Credit (Long Term Operations) Fund—	
(a) Loans and Advances to—	
(i) State Governments	26,36,30,000
(ii) State Co-operative Banks	8,15,16,000
(iii) Central Land Mortgage Banks	....
(b) Investment in Central Land Mortgage Bank Debentures	3,59,36,000
National Agricultural Credit (Stabilisation) Fund Loans and Advances to State Co-operative Banks.	....
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	58,13,41,000
Balances Held Abroad*	16,01,71,000
Loans and Advances to Governments**	54,37,75,000
Loans and Advances to—	
(i) Scheduled Banks†	95,46,45,000
(ii) State Co-operative Banks‡	129,04,60,000
(iii) Others	2,28,63,000
Investments	184,13,90,000
Other Assets	30,02,91,000
Rupees	621,95,11,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but Including temporary overdrafts to State Governments.

† Includes Rs. 46,01,65,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	14,25,91,000	
Notes in circulation	2472,43,34,000	
Total Notes issued		2486,69,25,000
Total Liabilities		2486,69,25,000

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	112,45,69,000	
Total		230,21,79,000
Rupee Coin		106,78,82,000
Government of India Rupee Securities		2149,68,64,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2486,69,25,000

State Bank of India

Statement of Affairs for the week ended 13th Mar., 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital:— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up:— 5,62,500 shares of Rs. 100 each..	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		9,38,00,000
Borrowings from Other Banking Companies, Agents, etc.		607,82,82,000
Bills Payable		14,90,40,000
Bills for Collection being Bills receivable as per contra		2,77,55,000
Acceptances, Endorsements and Other Obligations per contra		9,00,94,000
Other Liabilities (including Inter-Office Adjustments)		16,64,38,000
Total .. Rs.		3,53,83,000
		669,62,42,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		18,34,02,000
Balances with other Banks		1,82,93,000
Money at Call and Short Notice		4,36,67,000
INVESTMENTS:—		
Government and other Trustee Securities	232,05,74,000	
Other Authorised Investments	9,41,22,000	
		241,49,96,000
ADVANCES:—		
Loans, Cash Credits, Overdrafts, etc.	336,72,05,000	
Bills Discounted and Purchased	21,47,10,000	
		358,19,15,000
Bills Receivable being Bills for Collection as per contra		9,00,94,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		16,64,38,000
Premises less Depreciation		2,13,49,000
Furniture and Fixtures less Depreciation		1,70,75,000
Other Assets (including Inter-Office Adjustments)		15,90,13,000
Total .. Rs.		669,62,42,000

State Bank of Pakistan

Statement of Affairs for the week ended 6th March, 1964

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		3,00,00,000
Reserve Fund		6,65,00,000
Rural Credit Fund		3,00,00,000
Deposits—		
(a) Central Government	15,89,53,000	
(b) Provincial Governments	6,85,19,000	
(c) Banks	35,98,71,000	
(d) Others	100,37,08,000	
Bills Payable	83,96,000	
Other Liabilities	19,71,87,000	
Rupees	191,96,34,000	

ASSETS	Rs.
Notes	4,54,31,000
Rupee Coin	12,000
Subsidiary Coin	37,000
Bills Purchased and Discounted:—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	1,43,91,000
Balances held outside Pakistan*	32,75,92,000
Loans and Advances to Governments	1,00,00,000
Provincial Governments' Debtor Balances	....
Other Loans and Advances	95,34,19,000
Investments	43,92,69,000
Other Assets	12,91,83,000
Rupees	191,96,34,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	4,54,31,000	
Notes in circulation	461,58,50,000	
Total Notes issued		466,12,81,000
Total Liabilities	....	466,12,81,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	25,00,44,000	
Silver Bullion		
Foreign Securities	85,15,74,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
	3,85,93,000	153,17,82,000
B. Rupee Coin		
Government of Pakistan Securities	303,19,00,000	
Internal bills of exchange and other commercial paper	....	307,04,93,000
II. Held with the Reserve Bank of India pending transfer to Pakistan—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets		466,12,81,000

—Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued: 34.06 per cent.

EXCHANGE RATES

	18th March 1964	11th March 1964
London on New York	S.per Dollar 2.7978-2.7981	2.7979-2.7981
London on Berne	Sw. Fcs 12.1050-12.1070	12.1090-12.1015
London on Paris	Fcs.13.7105-13.7125	13.7095-13.7115
New York on London Cents per £	279.790-279.820	279.810-279.840
Pound Sterling—		
Sellers T.T. D.D. Spot	s.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months	s.	1-5 15/16	1-5 15/16
Buyers T.T.	s.	1-6 1/32	1-6 1/32
Buyers D.D.	s.	1-6 1/16	1-6 1/16
U.S. Dollar—			
Sellers T.T. D.D.	Rs. to $100	478.50	478.50
Buyers T.T.	Rs. to $100	475.00	475.00
Canadian Dollars—			
Sellers T.T. D.D.	Rs. to $100	445.00	445.00
Buyers T.T.	"	437.00	437.25
French Francs—			
Sellers T.T. D.D.	per Rs. 100	102.30	102.30
Buyers T.T	"	103.40	103.40
Swiss Francs—			
Sellers T.T. D.D.	"	90.30	90.30
Buyers T.T.	"	91.30	91.20
Deutsche Marks—			
Sellers T.T. D.D.	"	82.90	82.90
Buyers T.T.	"	83.90	83.80
Italian Lire—			
Sellers T.T. D.D.	"	13,020	12,975
Buyers T.T.	"	13,200	13,150
Swedish Kroner—			
Sellers T.T. D.D.	"	107.30	107.50
Buyers T.T.	"	108.30	108.50
Belgian Francs—			
Sellers T.T. D.D.	"	1,037	1,037
Buyers T.T.	"	1,053	1,053
Dutch Guilders—			
Sellers T.T. D.D.	"	75.30	75.20
Buyers T.T.	"	76.10	76.10
Hongkong Dollars—			
Sellers T.T. D.D.	"	119.60	119.60
Buyers T.T.	"	120.60	120.60
Norwegian Kroner—			
Sellers T.T. D.D.	"	149.50	149.50
Buyers T.T.	"	150.90	150.90
Danish Kroner—			
Sellers T.T. D.D.	"	144.20	144.20
Buyers T.T.	"	145.50	145.60

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	6-3-64	28-2-64	8-3-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	62,27	61,33	49,17
(ii) From others	1,030,79	1,042,01	815,94
(b) Borrowings from banks	27,33	29,28	19,26
(c) Others	65,81	65,83	60,79
2. Time liabilities—			
(a Time deposits—			
(i) From banks	21,40	21,08	19,40
(ii) From others	1,234,78	1,240,87	1,197,42
(b) Borrowings from banks	14,24	14,84	17,03
(c) Others	11,71	11,63	10,47
3. Aggregate deposits [(1) (a) (ii) + 2 (a) (ii)]	2,265,57	2,282,89	2,013,36
4. Borrowings from Reserve Bank	106,25	67,20	83,40
(a) Against usance bills and/or promissory notes	45,71	32,51	58,90
(b) Others	60,54	34,69	24,50
5. Borrowings from State Bank and/or a notified Bank	23,89	22,91	20 53
6. Cash	61,21	60,03	51,40
7. Balances with Reserve Bank	81,87	80,98	70,11
8. Cash and balances with Reserve Bank	143,08	141,01	121,50
9. 8 as per cent of 3	6,32	6,18	6,03
10. Balance with other banks in current account	24,37	24,80	19,64
11. Money at call and short notice	34,92	39,00	32,01
12. Investments in Government securities	644,47	651,23	587,93
13. 12 as per cent of 3	28,45	28,53	29,20
14. Advances—			
(a) Loans cash credits and overdrafts	1,484,48	1,461,65	1,303,29
(b) Due from banks	16,16	12,97	16,75
15. Inland bills purchased and discounted	234,37	234,56	226,31
16. Foreign bills purchased and discounted	64,45	62,53	52,64
17. Total Bank Credit [14(a)+15+16]	1,783,29	1,758,74	1,582,24
18. 17 as per cent. of 3	78,71	77,04	78,59

INDEX NUMBERS OF SECURITY PRICES

[1952-53—100]

Group and Sub-Group	Week ended 7th Mar., 1964P	29th Feb., 1964	8th Feb., 1964	9th Mar., 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99 8	99.8	99.9	99.3
2. Government of India	99 4	99.5	99.7	98.9
3. State Governments	102.1	102.1	102.1	101.7
4. Municipal, Port Trust, etc.	98.9	98.9	98.9	98.2
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	98.1	98.1	98.1	98.6
PREFERENCE SHARES—ALL INDIA				
6. Total	81.5	81.5	81.2	80.5
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	171.7	174.3	169.0	164.6
8. *Agriculture and Allied Activities: Total**	148 7	149.4	148.2	147.7
9. Tea Plantations	135.4	135.8	135.2	139.7
10. Coffee Plantations	172.8	172 8	172 7	143 3
11. Rubber Plantations	184 8	183 3	180 4	158 1
12. *Mining and Quarrying: Total**	143.5	146 2	138 3	149 4
13. Coal	103 0	103 5	102 8	114 8
14. Other Mining	171.3	175.6	164.3	173.1
15. *Processing and Manufacturing: Total*	188 4	189.9	183 3	175 8
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*†*	187 2	192.1	185 4	182 7
17. Sugar	132 4	133 6	130 6	127 3
18. Cotton Textiles	168 7	171 7	168.1	167 9
19. Jute Textiles	94 0	94 6	93 8	95.9
20. Silk and Woollen	916.3	984.0	911.0	860.1
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	199 6	202.4	195 4	175 4
22. Iron and Steel	163 3	165 1	158 6	127 2
23. Transport Equipment	336 4	355 1	329 6	239 5
24. Electrical Machinery	163.7	163.2	156.2	157.9
25. Machinery other than Transport and Electrical	234.3	236 8	231.0	214 5
26. Basic Industrial Chemicals	189.8	191.2	182.7	168.5
27. *Processing and Mfg. (Others): Total**	159.2	160.2	154 2	154 3
28. Cement	150 2	151 7	144.7	145 9
29. Paper	201.2	200 5	197 4	199 0
30. *Other Industries: Total**	110 4	111.0	108 0	105.8
31. Electricity Generation and Supply	88.5	88.7	87 8	84 1
32. Trading	112.4	113.7	113 3	110 0
33. Shipping and Other Transport	101.3	102 8	94 6	84 1
34. Construction	301 9	301 9	287 4	202 2
35. *Financial: Total*	189 1	188 9	188 4	193 4
36. Banks	211 9	211 6	210 7	216 8
37. Insurance	148 0	148 5	149 6	151 5
38. Investment Trusts	84.9	84 6	84 0	86 9
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	170 6	184 3	176 6	167.1
40. Calcutta	159 3	160.1	166.9	155.3
41. Madras	177 6	178 4	175 4	163.4
42. Delhi	233.4	237.9	227.1	212.2

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils. P=Provisional.

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	15th Feb., 1964	8th Feb., 1964	16th Feb., 1963	December 1963	December 1962	Percentage of Increase (+) or Decrease (—) in Dec., 1963 as compared with Dec., 1962	Annual Averages 1963P	Annual Averages 1962
Food Articles	504	140.8	139.8R	124.5	136.1	122.8	+10.8	132 7	124 9
Cereals	192	122 7	121 7	102 2	117 4	101 3	+12.6	111.5	105 7
Pulses	43	129 5	125.7	103.6	121.7	102 6	+18.6	108 7	103 7
Fruits and Vegetables	23	154 4	151 5R	132 7	138 9	127 1	+ 9 3	134 5	125 7
Milk and Ghee	84	128.5	128 5R	122 7	123 5	114 1	+ 8 2	126 3	121 7
Edible Oils	47	154 4	153 2	145.5	147 5	149 9	— 1 6	148.6	154 7
Fish, Eggs and Meat	17	158 6	154 3R	134 4	154 3	141 6	+ 7 5	145 6	143 9
Sugar and Gur	45	177 6	174 6	150 1	185 0	141 4	+30 8	180.7	137 5
Others	50	180.1	181 3	177 7	176.1	173 1	+ 1.7	179 0	168 4
Liquor and Tobacco	21	122.6	122 6	99 3	121 8	99.5	+22 2	115 4	99 5
Tobacco	..	119 9	119 9	93 8	118 8	95 9	+23 9	112 4	96 0
Fuel, Power, Light and Lubricants	30	139 4	139 4	123 4	139 3	124 2	+12 2	136 3	123 0
Industrial Raw Materials	175	143 8	143 1	131 4	138 7	133 9	+ 3 6	137 2	137 3
Fibres	61	135 7	135 8	131 0	133 7	127 4	+ 4 6	133 0	128 0
Oilseeds	60	159 4	157 1	140 8	152 0	146 4	+ 3 8	159 3	154 0
Minerals	2	91 6*	91 6*	93 4	91 5	93 4	— 2 0	92 7	93 9
Others	32	133 1*	134 2*	126 6	127 0	125 6	+ 1 1	125 5	123 0
Manufactures	290	131 9	131 9	129 4	130 9	128 6	+ 1 8	130 3	128 1
Intermediate Products	41	140 8	140 6R	136 8	138 8	137 1	+ 1 2	139 2	139 8
Finished Products	249	130 4	130 5	128 2	129 8	127 2	+ 1 9	129 0	126 2R
Textiles	147	128.5	128 7	127 6	127 5	126 0	+ 1 2	127 3	125 5R
Cotton	..	134 1	135 9*	135 9*	135 9	131 0	+ 3 0	135 1	129 2R
Jute	..	100.7	100 7	98 0	109 4	+10 4	101 3	113 7	
Woollen	..	165 4*	165 4*	141 3*	160.2	141 3	+13 4	150 1	136 1
Silk and Rayon	..	143 6*	143 9*	130 2*	130 2*	127 0	+ 10 2	137 6	129 2
Metal Products	12	163 0	163 0	161 0	165 0	161 0	+ 1 2	162 3	157 8
Chemicals	20	118 8*	110 6*	116 0*	117 9	116 2	+ 1 5	117 2	114.4R
Oil Cakes	9	168.2	166 2R	116 1*	165 4	165 0	+ 0 2	164 0	158 6
Machinery and Transport Equipment	31	125 5	125 5	118 0	124 5	117 4	+ 6 0	122 6	117.1R
Others	30	128 0	128 0	125 7	128.1	125.2	+ 2.3	127.7	124 2
All Commodities	1,000	138 3	137.6R	129 7	134.8	125.8	+ 7.2	132.4	127.2

NOTE:—Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index. P=Subject to revision. R—Revised. * Estimated.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

YIELDS ON INDUSTRIAL SECURITIES—ALL INDIA

(Per cent, per annum, tax-free)

Average of months/month	1962-63	1961-62	Jan., P 1964	Jan., 1963
Central Government Securities:				
(a) 3% conversion loan 1966 or later†	3.15	2.91	3.20	3.33
(b) Others‡	2.89	2.71	2.87	3.09
Debentures	4.35	4.15	4.69	4.38
Preference Shares	5.87	5.64	5.95	5.93
Variable Dividend } *Industrial Securities*	4.85	4.67	4.85	5.01
Agriculture and Allied Activities:	6.27	5.74	5.91	6.38
(a) Tea Plantations	6.45	5.94	6.20	6.61
(b) Coffee Plantations	5.44	4.74	3.79	4.91
(c) Rubber Plantations	7.54	6.66	5.42	5.84
Mining and Quarrying	4.93	5.15	4.25	4.82
(a) Coal	4.01	4.13	4.41	3.99
(b) Other Mining†	5.69	5.85	4.14	5.41
Processing and Manufacturing	4.48	4.24	4.39	4.66
Foodstuffs, Textiles, etc.‡ ††	4.33	4.16	4.11	4.40
(a) Sugar	6.18	5.62	4.02	6.15
(b) Cotton Textiles	4.33	3.72	4.05	4.53
(c) Jute Textiles	5.87	5.14	5.02	3.49
(d) Silk and Woollen	3.50	2.92	2.88	3.93
Metals and Chemicals†	4.65	4.22	4.62	5.00
(a) Iron and Steel	5.31	4.69	5.10	5.83
(b) Transport Equipment	4.56	3.77	3.42	4.46
(c) Electrical Machinery	4.32	4.46	4.95	4.62
(d) Other Machinery	3.54	3.46	3.67	3.77
(e) Basic Ind. Chemicals	4.74	3.64	3.07	4.94
Others	4.59	4.52	4.83	4.79
(a) Cement	5.00	4.77	5.26	5.28
(b) Paper	3.87	4.54	4.37	3.80
Other Industries	5.30	5.28	5.71	5.45
(a) Electricity Generation and Supply	5.60	5.42	5.92	5.71
(b) Trading	6.62	6.74	6.92	7.00
(c) Shipping and Other Transport	4.20	4.40	4.87	4.28
(d) Construction	3.83	3.98	3.39	4.09
Financial	5.91	5.84	6.66	6.05
(a) Banks	5.56	5.42	6.40	5.81
(b) Insurance	6.58	7.07	7.72	6.73
(c) Investment Trusts	6.54	6.72	6.53	6.64

† Running yield. § Average of four loans: (i) 3½% 1962, (ii) 3½% 1967, (iii) 3% First Development Loan 1970-75 and (iv) 4% 1979.
‡ Including 'Miscellaneous.' †† Including Edible and Vegetable Oils.
P=P-ovisional.

IRON AND STEEL PRODUCTION (In metric tons)

Tata Iron and Steel Co., Ltd.	Pig Iron	Steel Ingots	Saleable Steel
Year ended 31st March, 1960	1,594,000	1,555,000	1,237,000
Do. 31st March, 1959	1,688,000	1,623,000	1,263,000
Do. 31st March,'1962	1,947,800	1,843,400	1,317,700
Do. 31st March, 1965	1,706,000	1,799,300	1,412,700
January 1963	151,700	159,100	126,500
February "	136,000	143,500	112,100
August "	155,000	161,400	127,600
September "	147,800	144,100	119,400
October "	144,800	153,500	125,300
November "	146,300	158,300	126,600
December "	162,800	170,400	136,600
January 1964	164,400	171,300	133,100
February "	118,600	139,000	109,100
Indian Iron and Steel Co., Ltd.			
Year ended 31st March, 1960	1,070,470	840,305	672,707
Do. 31st March, 1961	1,160,576	914,159	722,034
Do. 31st March, 1962	1,187,397	934,498	736,970
Do. 31st March, 1963	1,291,825	1,002,038	795,119
January 1963	120,068	86,248	68,972
February "	100,428	79,233	60,145
August "	115,800	90,128	70,905
September "	107,648	81,947	63,191
October "	91,796	86,840	70,520
November "	76,696	81,595	64,682
December "	83,051	87,519	70,229
January 1964	103,243	87,771	63,185
February "	103,411	80,243	66,435

INDIAN JUTE GOODS STATISTICS

(In thousand metric tons)

	December		Jan. to Dec.	
	1963	1962	1963	1962
Production—Total	107.3	104.2	1,236.2	1,186.8
Of which: Hessian	46.5	46.2	528.6	482.7
Sackings	43.7	45.9	507.1	551.8
Others	17.1	12.1	200.5	152.3
	105.8	111.9	1,199.8	1,151.4
Despatches—Total	71.3	81.4	866.8	848.4
Of which: For exports	45.2	47.0	469.6	433.6
Hessian	17.9	26.4	251.8	307.7
Sackings	10.2	8.0	145.4	107.2
Others				
For internal consumption	34.5	30.5	333.0	303.0
Hessian	4.2	4.4	47.0	44.2
Sackings	26.7	23.3	250.7	223.5
Others	3.6	2.8	35.3	35.3
	112.8	82.8	112.8	82.8
Closing stocks—Total	39.4	22.7	39.4	22.7
Of which—Hessian	47.1	46.5	47.1	46.5
Sackings	26.3	13.6	26.3	13.6
Others				

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees) Offered	Applied for	Allotted	Average rate of discount Per cent.	Rate of allotment in full Rs.
1963					
24th December	2.00	2.00	2.00	2.310	99.420
26th to 28th Dec.*	2.10	—	2.10	—	99.436
30th Dec. to 4th Jan.*	0.24	—	0.24	—	99.436
1964					
7th January	2.00	2.00	2.00	2.315	99.420
8th to 11th Jan.*	0.15	—	0.15	—	99.436
14th January	2.00	2.00	2.00	2.315	99.420
15th to 18th Jan.*	0.43	—	0.43	—	99.436
21st January	2.00	2.00	2.00	2.325	99.415
22nd to 25th Jan.*	2.50	—	2.50	—	99.436
28th January	2.00	2.00	2.00	2.325	99.415
29th January	2.00	2.00	2.00	2.325	99.415
5th to 8th Feb.*	0.78	—	0.78	—	99.436
11th February	2.00	2.00	2.00	2.340	99.410
12th to 14th Feb.*	1.00	—	1.00	—	99.431
18th February	2.00	2.02	2.00	2.340	99.415
19th to 22nd Feb.*	0.50	—	0.50	—	99.431
25th February	2.00	2.03	2.00	2.350	99.415
26th to 29th Feb.*	0.60	—	0.60	—	99.431
3rd March	2.00	2.00	2.00	2.360	99.410
4th to 7th Mar.*	1.33	—	1.33	—	99.426
10th March	2.00	2.12	2.00	2.360	99.410
11th to 14th Mar.*	0.21	—	0.21	—	99.426
17th March	2.00	2.00	2.00	2.500	99 375
Total amount outstanding	33.54	—	33.54	—	—

*Intermediate Treasury Bills sold.

INDUSTRIAL PRODUCTION

Industries.		1960	1961	1962	January to Aug. (Eight months) 1963	1962	Aug. 1963	Aug. 1962
Major Industries—								
Coal	million metric tons	52.62	56.10	61.55	44.90	39.78	5.45	4.98
Steel Ingots—crude	thousand metric tons	3,242	4,027	5,090	4,020	3,223	499	417
Yarn	" million kgs.	788	862	860	581	574	75	74
Cloth	" million metres	4,816	4,694	4,480	2,931	2,999	393	394
Cement	thousand metric tons	7,825	8,245	8,586	6,197	5,548	733	697
Jute	thousand metric tons	1,085	971	1,181	823	784	107	104
Paper and paper boards	thousand quintals	3,475	3,641	3,378	2,968	2,527	405	316
Matches*	million gross boxes	32.6	35.4	28.8	1,740*M		10	5
Sugar	thousand metric tons	2,591	2,841	2,786	1,471	2,122	10	5
Engineering and Electrical Industries—								
Machine tools†	Value in lakhs of Rs.	602	761	1,074	1,029	682	136	86
Electric lamps	" millions	41.39	46.12	58.55	47.80	37.32	6.19	5.20
Dry cells	" millions	207.4	213.6	238.8	186.0	158.0	24.3	21.7
Power transformers	thousand K.V.A.	1,116	1,754	2,357	1,721	1,603	192	195
Electric Motors	" thousand H.P.	880	857	980	778	643	90	81
Electric fans	" Nos.	921,200	1,074,000	1,134,000	836,700	785,900	92,600	99,300
Radio receivers	" Nos.	266,700	326,340	348,000	272,600	235,200	36,100	30,500
Storage batteries	" Nos.	510,000	520,800	564,000	459,000	383,400	57,000	50,100
Diesel engines—Vehicular	" Nos.	9,708	9,816	7,620	5,677	5,207	813	558
Diesel engines—Stationary	" Nos.	44,196	44,196	42,672	37,372	27,214	4,806	3,510
Chemical Industries—								
Salt	million metric tons	3.44	3.47	3.90	4.01	3.51	0.16	0.13
Caustic soda	metric tons	99,144	110,844	122,420	96,180	82,603	13,451	12,564
Soda ash	metric tons	145,284	176,639	222,660	174,270	143,785	22,164	18,786
Chlorine liquid	metric tons	31,056	28,934	36,972	27,560	24,813	4,187	3,058
Bleaching powder	metric tons	5,925	7,122	6,816	4,770	4,523	688	653
Bichromates	metric tons	5,475	6,722	7,045	4,438	4,393	622	593
Sulphuric acid	metric tons	359,460	413,580	454,304	353,166	284,783	47,000	40,091
Superphosphate	metric tons	352,494	370,886	445,224	365,115	264,785	48,300	36,132
Non-ferrous Metals—								
Aluminium	metric tons	13,467	18,381	35,404	34,576	18,644	4,123	3,532
Antimony	metric tons	809	818	661	586	395	75	18
Copper (virgin metal)	metric tons	8,992	8,725	9,781	6,313	6,481	750	550
Lead (virgin metal)	metric tons	2,778	2,664	2,949	2,404	2,439	400	240
Gold	kilograms	4,992	4,872	5,076	2,596J	3,010J		403
Miscellaneous (Minor) Industries—								
Sewing Machines	Nos.	297,228	307,404	343,824	249,223	231,030	32,814	30,262
Bicycles	Nos.	1,050,096	1,040,592	1,115,916	771,031	757,093	102,005	78,579
Automobiles	Nos.	51,809	51,312	57,251	37,179	38,894	3,521	4,389
Plywood—Tea chests	thousand sq. metres	9,120	9,108	9,132	6,491	6,099	759	604
Plywood—Commercial	thousand sq. metres	6,021	6,564	7,356	6,382	4,903	816	697
†Woollen manufactures { Worsted Fabrics	thousand metres	15,980	13,200	18,283	13,483	11,728	1,906	1,997
†Woollen manufactures { Worsted Yarn	thousand Kgs.	12,588	14,760	18,012	15,229	11,124	1,892	1,613
Alcohol—Industrial	" million litres	70 57	92 84	110 32	97 01	73 22	10 40	9 88
Alcohol—Power Absolute	" million litres	49 33	53 77	50 22	25 08	35 07	0 38	4 06
Railway Wagons	Nos.	7,476	10,536	13,932	10,568J	7,558J		1,389
General Index—(Base 1956=100 Revised)		129.8	139.3	149.8	159.8§	148.2§	161.8	152.5

* Matches—From January 1963 onwards figures are in thousand boxes of 50 sticks each. § Average of first eight months seasonally adjusted.
‡ Includes figures for Jammu and Kashmir. M—upto May only. J—upto July only. † Excluding portable tools. —Not Available.

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

(1949=100)

	All-India	Bombay*	Ahmedabad†	Sholapur†	Kanpur †	Nagpur	Calcutta †	Madras City	Delhi	Ajmer	Gauhati	Jamshedpur†	Jabalpur	Bangalore†
1960 Average	124	429	108	257	100	136	100	148	120	107	103	100	100	100
1961 "	126	431	102	252	101	131	101	148	127	115	106	101	111	105
1962 "	130	438	104	261	105	133	107	150	130	115	115	102	131	108
December 1962	131	440	105	403	102	136	109	151	128	112	115	105	132	111
January 1963	130	438	103	416	103	135	108	150	130	110	110	104	132	109
Feb. "	129	437	104	401	104	131	107	150	130	110	110	104	132	109
March "	130	438	105	370	105	129	110	149	130	111	111	107	132	109
April "	131	437	106	367	106	130	112	149	132	115	115	109	132	109
May "	132	445	106	368	107	133	112	150	132	117	111	108	132	110
June "	134	446	107	376	109	138	112	150	132	117	110	109	134	112
July "	135	448	108	381	110	143	112	151	133	121	111	109	135	112
August "	136	449	108	374	110	144	113	151	134	124	109	109	141	112
September "	137	454	109	377	112	146	116	152	136	124	109	109	143	113
October "	138	453	109	371	112	146	116	151	136	122	112	109	143	114
November "	138	454	110	378	112	147	116	153	138	124	113	109	143	114
December "	140	483‡		379		147		157	140	125	113		146	

* June 1934=100. § Jan. 1928=100. †Base: 1960=100 ‡: The index is based on the Lakdawala Committee's recommendation which has been accepted by the Government of Maharashtra.

INDEX NUMBERS OF WHOLESALE PRICES—IMPORTANT COMMODITIES

(Base : 1952-53=100)

Average of months Average of weeks ended Saturday	Rice	Wheat	Jowar	Bajra	Gram	Tea	Milk	Sugar	Gur	Tobacco leaves	Raw Cotton	Raw Jute	Oilseeds	Spices and condiments	Coal	Jute manufactures	Cotton manufactures	Iron & Steel products	Steel (Misc.)
1956-57	97	88	122	123	71	165	104	95	109	80	111	126	111	97	116	95	116	121	
1960-61	108	90	122	130	87	206	116	127	126	111	125	210	146	128	141	121	128	147	
1961-62	111	90	130	124	89	175	123	121	152	92	113	147	140	156	161	111	131	146	
1962-63	111	90	130	124	89	175	123	121	152	92	113	147	140	156	161	111	131	146	
January 1963	108	88	128	116	89	180	117	128	150	92	110	148	127	169	153	105	133	161	
February "	107	91	113	131	91	211	140	136	223	111	118	141	146	161	161	98	135	163	
March "	108	90	109	132	90	207	136	136	246	112	119	143	147	161	161	101	135	163	
April "	108	90	109	130	93	198	129	136	267	111	118	147	159	161	161	101	136	163	
May "	111	92	109	130	93	198	129	136	267	111	118	147	159	161	161	101	136	163	
June "	112	94	109	130	93	198	129	136	267	111	118	147	159	161	161	101	136	163	
July "	112	94	109	130	93	198	129	136	267	111	118	147	159	161	161	101	136	163	
August "	112	94	109	130	93	198	129	136	267	111	118	147	159	161	161	101	136	163	
September "	112	94	109	130	93	198	129	136	267	111	118	147	159	161	161	101	136	163	
October "	112	94	109	130	93	198	129	136	267	111	118	147	159	161	161	101	136	163	
November "	130	97	112	133	101	192	127	139	216	111	117	147	136	157	161	100	136	163	
December "	122	105	114	139	110	192	126	141	216	115	118	148	136	154	161	98	136	163	
January 1964	129	112	123	139	113	195	128	143	205	116	120	149	139	158	161	100	136	163	

RAILWAY TRAFFIC—WAGON LOADINGS

(In thousands)

Year/Month	Total No. of Wagons Loaded	Coal and Coke	Grains and Pulses	Oil-seeds	Raw Cotton	Cotton Manufactures	Raw Jute	Jute Manufactures	Sugar	Cement	Pig-iron	Iron and Steel (Others)	Tea	Manganese Ore
1960-61	9,757	1,591	827	132	52	16	116	15	128	401	56	317	25	78
1961-62	9,870	1,705	803	115	40	14	128	12	180	399	51	366	24	76
1962-63	10,607	1,924	792	125	42	14	150	15	143	385	55	438	32	76
Dec., 1962	7,703	1,408	587	87	26	10	106	14	105	281	38	314	30	56
April 1963	919	172	74	15	5	1	8	1	14	34	4	36		5
May "	1,839	345	157	26	10	3	16	2	27	67	9	72	2	10
June "	2,717	509	236	35	13	3	21	3	39	98	14	113	3	14
July "	3,646	687	311	44	15	4	25	4	50	130	19	158	7	20
Aug. "	4,561	866	377	52	16	5	35	5	61	163	24	196	11	24
Sept. "	5,461	1,040	446	59	18	7	50	5	71	195	29	237	16	29
Oct. "	6,406	1,225	516	69	19	8	70	6	78	230	33	280	21	34
Nov. "	7,354	1,401	593	81	21	9	91	7	85	263	38	323	26	39
Dec. "	8,355	1,578	676	97	25	9	101	17	93	304	42	366	28	46

Note.—The figures relate to Government Railways. Figures include Broad and Metre Gauges. The monthly figures are progressive from April and incorporate revision in respect of earlier months. *Source :*—Ministry of Railways.

NET CAPITAL FORMATION OUT OF THE BUDGETARY RESOURCES OF THE CENTRAL GOVERNMENT

(In crores of rupees)

	1963-64†	1962-63*	1961-62	1960-61	1959-60	1958-59	1957-58	1956-57	*Second Plan* 1956-61	*First Plan* 1951-56	1950-51
Net capital formation by the Central Government:											
Fixed assets	437.2	365.6	270.4	203.6	171.5	179.9	186.7*	183.7	925.4	374.7	49.2
Works stores	12.8	13.5	—0.7	—38.4	—34.5	21.0	37.2	23.0	8.3	9.8	9.9
Increase in policy stocks of foodgrains	59.5	30.5	17.8	48.2	—2.4*	16.2*	21.8*	—9.2*	74.6*	25.9*	—9.3
Total	509.5	409.6	287.5	213.4	134.6	217.1	245.7	197.5	1,008.3	410.4	49.8
Financial assistance for net capital formation:											
To State Governments	513.3	451.0	374.4	319.3	303.2	283.1	261.6	206.0	1,373.2	808.9	41.1
„ Non-Departmental Commercial undertakings‡	317.4	262.7	208.6	210.7	233.5	256.0	170.3	60.6	931.1	71.1	5.2
„ Others§	37.4	35.1	36.3	24.6	25.9	31.8	42.9	32.9	93.1	105.9	2.4
Total	868.1	748.8	619.3	554.6	562.6	570.9	474.8	299.5	2,462.4	985.9	48.7
Total net capital formation	1,377.6	1,158.4	906.8	768.0	697.2	788.0	720.5	497.0	3,470.7	1,396.3	98.5

* Revised estimate. † Budget estimate. ‡ Public undertakings operated by autonomous corporations or companies.
§ Includes loans and grants to local authorities for capital formation.

STOCK & SHARE QUOTATIONS

Abbreviations :—D.—Deferred shares. P. O.—Preferred Ordinary shares. Y.—Accounts published yearly. H.—Accounts published half-yearly. P.—Company has Preference shares. T.—Company has Debentures. N.—Nominal quotations. x.d.—Ex. Dividend. c.d.—Cum. Dividend. I.—Interim Dividend. OR.—Cum. Right. XR.—Ex. Right.

Shares :—If a company has different classes of shares—as for example : 'A' shares and 'B' shares—these are indicated by the same letters 'A' and 'B' under the columns 'Paid-up Ordinary Capital' and 'Paid-up' per share

Accounts :—Figures in the Accounts Closed column represent the months or the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June and December, respectively. Reserves include general and other reserves and all other funds which a company may have respectively. Reserves include general and other reserves and all other funds which a company may have respectively. Reserves include general and other reserves and all other funds which a company may have

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
6,00,000	74,50,980	1,77,88,958	77,19,065	8,246	B. N. Elias & Co. Private Ltd.	879	Agarpara	9.62	10	1.00	0.25	0.25	1.20	3	Y.P.T.
6,00,000	$2,01,100	85,29,670	55,50,516	32,706	McLeod & Co., Ltd.	456	Alexandra	275.00	100	44.00	15.00	42.50		12	Y.P.T.
30,00,000	26,04,850	1,72,09,661	1,14,76,789	65,589	McLeod & Co., Ltd.	1,264	Alliance	125.50	100	6.00	*Nil*	10.00	12.50	5	Y.P.
40,50,700	1,04,67,331	3,42,98,398	2,11,97,620	90,773	Duncan Brothers & Co., Ltd. ..	2,561	Anglo-India	180.00	100	20.00	7.50	10.00	12.00	3	Y.P.
40,00,000	52,04,904	1,69,46,077	1,00,38,540	1,752	Jardine Henderson Ltd.	810	Auckland	132.00	100	27.50	12.00	*Nil*	15.00	3	Y.P.T.
30,00,000	40,35,630	1,58,43,088	98,46,188	89,388	Birla Brothers Private Ltd.	959	Bally	248.00	100	25.00	25.00	25.00	25.00	3	Y.P.
£275,000	£975,367	£1,486,277	£1,076,864	£1,841	Jardine Henderson Ltd.	1,889	Baraagore	217.00	25	£1 10sh.	10 sh.	10 sh.	£2	3	Y.P.
45,00,000	27,17,701	76,46,179	45,59,589	1,36,234	Soorajmull Nagarmull	600	Bengal	8.00	10	0.50	0.50	0.50		6	Y.P.T.
1,50,56,210	3,88,65,994	9,06,98,597	4,20,72,427	46,410	Birla Brothers Private Ltd.	1,373	Birla	34.00	10	1.50	1.50	1.50	1.50	3	Y.P.
56,00,000	14,92,140	1,22,61,814	73,96,758	30,813	Andrew Yule & Co., Ltd.	931	Budge-Budge	138.00	100	10.00	*Nil*	12.00		10	Y.P.
7,47,880	83,200	49,78,484	37,09,376	—2,70,302	Dayaram & Sons	502	Calcutta Jute Mfg.	8.12	10	*Nil*	*Nil*			12	Y.P.
25,00,000	21,18,228	97,45,253	58,36,932	9,234	M.	616	Caledonian	175.00	100	12.00	5.00	15.00		11	Y.P.
89,56,200	99,79,201	1,90,52,381	1,06,68,483	22,643	James Finlay & Co., Ltd.	600	Champdany	21.94	10	1.00	0.50	*Nil*	4.00	3	Y.P.
38,38,750	72,45,112	1,37,52,000	70,26,416	1,02,122	Andrew Yule & Co., Ltd.	1,181	Cheviot	22.00	10	*Nil*	0.50	2.50	*Nil*	11	Y.P.
30,15,000	36,54,850	1,38,59,202	87,51,922	—4,10,550	McLeod & Co., Ltd.	500	Chitavalsah	8.87	10	0.50	*Nil*	0.50	*Nil*	7	Y.P.T.
24,00,000	8,04,609	81,44,800	69,78,978	—15,44,221	M.	959	Clive	8.00	10	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.
31,49,200	21,85,995	1,33,24,108	82,26,550	8,316	Bird & Co. Private Ltd.	766	Dalhousie	121.00	100	1.00	1.00	*Nil*	25.00	11	Y.P.T.
56,00,000	68,77,426	1,80,62,884	65,71,786	28,674	Andrew Yule & Co., Ltd.	779	Delta	149.00	100	7.50	*Nil*	12.00		11	Y.P.
15,00,000	42,21,700	1,21,06,967	80,25,776	84,695	McLeod & Co., Ltd.	500	Empire	16.00	10	1.25	0.75	1.25	1.50	7	Y.P.T.
68,00,000	1,23,58,695	4,12,02,867	2,36,01,408	4,532	Kettlewell Bullen & Co., Ltd. ..	1,884	Fort Gloster Industries Ltd. ..	270.00	100 Old	25.00	10.00	12.50	20.00	3	Y.P.T.
31,49,750	$2,01,050	1,42,52,121	65,72,554	6,051	Bangur Bros., Ltd.	1,014	Fort William	23.62	10	2.25	2.25	1.00	2.00	3	Y.P.T.
84,32,100	77,95,303	3,00,05,600	1,51,98,375	16,267	Lakshmipat Singhania, Esq. (Chairman)	1,709	Ganges Manufacturing Co., Ltd.	18.25	10	1.00	1.00	1.50	2.00	3	Y.P.
43,20,000	37,97,205	1,75,30,642	68,41,617	16,522	M.	607	General Ind. Society Ltd.	16.00	10	4.00	1.00	1.50		12	Y.P.
48,00,000	65,59,122	3,27,96,620	2,06,30,061	28,659	Macneill & Barry Ltd.	1,394	Gourepore	22.12	10	3.00	2.50	2.00	2.00	3	Y.P.
40,00,000	1,09,80,042	1,86,44,677	1,01,39,206	4,264	Bangur Bros., Ltd.	1,078	Hastings	128.00	100	6.00	6.00	6.00	6.00	3	Y.P.
15,00,000	44,86,659	99,76,527	57,56,170	4,204	M.	570	Hooghly	110.00	100	15.00	5.00	7.50	10.00	3	Y.P.
65,82,500	46,00,997	2,31,86,629	1,61,63,455	....	Jardine Henderson Ltd.	1,940	Howrah	17.00	10	1.25	1.00	*Nil*	1.00	3	Y.P.T.
52,50,000	1,26,22,000	3,46,75,240	2,10,75,240	5,088	Ramdutt Ramkissendas	2,200	Hukmchand	7.50	7.50	15.15	2.50	2.00	2.00	3	Y.P.
37,80,000	26,63,965	1,56,83,015	1,09,04,160	76,164	M.	700	Indis	16.12	12.50	1.75	1.50			3	Y.P.T.
B' 24,00,000	32,17,016	2,06,72,088	1,54,08,111	14,587	Jardine Henderson Ltd.	1,797	Kamarhatty	181.00	100	5.00	*Nil*	20.00		12	Y.P.T.
B' 24,00,000								'B' 150.00	100	*Nil*	*Nil*	20.00			
60,00,000	18,48,482	1,78,29,416	1,30 92,261	11,179	Jardine Henderson Ltd.	1,527	Kankanarie	126.00	100	*Nil*	*Nil*	15.00		12	Y.P.T.
'B' 24,00,000								'B' 160	*Nil*	*Nil*	*Nil*	15.00			
28,00,000	72,61,800	2,51,06,312	1,23,43,904	94,936	McLeod & Co., Ltd.	703	Kelvin	155.00	100	15.00	15.00	5.00	20.00	5	Y.P.
64,00,000	66,26,810	2,49,19,813	1,56,16,494	3,379	Anderson Wright Ltd.	1,550	Khardah	17.81	10	2.00	0.50	1.25	1.25	3	Y.P.
59,88,200	49,03,577	2,28,97,363	1,50,89 818	12,641	F. W. Heilgers & Co. Private Ltd. ..	1,250	Kinnison	125.00	100	20.00	7.00	*Nil*	10.00	3	Y.P.T.
24,48,000	1,30,000	1,00,10,272	70,67,675	4,667	Bird & Co. Private Ltd.	931	Lansdowne	100.00	100	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.
28,00,000	14,08 147	65,36,767	45,86,702	664	Bird & Co. Private Ltd.	840	Lawrence	98.00	100	15.00	15.00	10.00	10.00	3	Y.P.
61,56,000	44,06 127	2,88,24,196	1,66,72,214	9,805	M.	1,294	Megna	12.44	10	1.50	1.25			3	Y.P.
23,98 900	41,99,963	1,91,56,426	1,15,78,800	21,972	Bhagat Agencies Ltd.	515	Nalhati	104.00	100	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.T.
20,00,000	11,82,460	36,57,072	27,63,449	8,216	Howrah Trading Co. Private Ltd. ..	425	Naskarpara	6.00	10	0.50				10	Y.T.
35,00,000	79,10,449	2,01,18,985	53,47,374	9,807	M.	952	National	21.00	10	0.75	*Nil*	1.00		8	Y.P.
26,25,000	36,29,172	80,06,895	46,01,106	35,230	McLeod & Co., Ltd.	316	Nellimarla Jute	11.62	10	0.30	0.50	1.50	0.50	7	Y.P.T.
2,66,50,000	3,31,09,122	11,08,78,237	2,72,02,888	13,602	Sahu Jain Ltd.	1,765	New Central	12.00	10	1.50	1.50	*Nil*	1.50	3	Y.P.T.
56,70,880	46,86,889	1,43,51,778	89,72,948	1,076	Bird & Co. Private Ltd.	567	Northbrook	28.37	10	3.00	5.00	2.00	8.50	3	Y.P.
66,79,800	68,00,825	1,63,46,564	65,12,293	18,111	Macneill & Barry Ltd.	1,092	Nuddea	62.50	50	4.00	3.00	2.50	5.00	3	Y.
25,00,000	13,85,554	1,08,88,905	84,46,443	17,103	McLeod & Co., Ltd.	400	Prasiderey	4.75	5	0.40	0.30	0.50	0.50	3	Y.
20,00,000	5,27,129	68,13,305	24,70,569	25,600	Hindustan Investment Corpn. Ltd. ..	305	Rameshwara	9.20	10	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.
49,50,000	6,89,145	1,24,02,777	69,15,776	7,27,719	M.	423	Reliance	8.00	10	*Nil*	*Nil*	*Nil*	*Nil*	10	Y.P.T.
£800,000	£857,981	£1,501,858	£738,964	£8,359	Thomas Duff & Co. (India) Pvt. Ltd.	2,018	Samnaggur	9.50N	£1	6% †	*Nil*	10% †		12	Y.P.
$0,00,000	23,52,584	1,57,85,313	1,08,08,079	8,777	Bagaria More & Co., Ltd.	911	Shree Ambica	35.00	10	0.60	0.60	*Nil*	0.00	3	Y.P.
14,00,000	17,16,854	77,48,303	55,72,946	26,426	Hindustan Investment Corpn. Ltd. ..	401	Soorah	22.50	10	2.50	2.50	2.50		12	Y.P.
15,00,000	£666,895	£1,399,914	£725,016	£9,976	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Titaghur	9.50N	£1	6% †	*Nil*	12½ †		12	Y.P.
55,98,600	42,63,667	1,10,95,221	63,98 988	603	Bird & Co. Private Ltd.	1,226	Union	153.00	100	25.00	6.00	*Nil*	20.00	3	Y.P.T.
£400,000	£365,053	£1,338,747	£666,722	£8,651	Thomas Duff & Co. (India) Pvt. Ltd.	1,851	Victoria	9.50N	£1	6% †	*Nil*	10% †		12	Y.P.
2,50,000	9,70,000	81,07,250	46,36,438	57,055	McLeod & Co., Ltd.	447	Waverley	9.00	1	0.30	0.30	0.50	0.30	5	Y.P.

SOUTH INDIAN PLANTING COMPANIES

TEA COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
10,98,900	6,80,824	18,08,962	4,15,754	48,095	Young India Agencies Private Ltd. ..	1,665	Balanoor Tea and Rubber	13.25	10	1.50	1.20	1.20		3	Y.P.
64,50,000	25,17,625	1,40,41,142	25,05,990	54,776	Kilburn & Co. (Agn.) Pvt. Ltd. ..	1,170H	Blue Mountain Estates & Ind. ..	2.42	2	0.25	0.20	0.20	0.20	6	Y.
5,50,000	5,11,080	19,95 967	4,35,544	9,168	K. Anantaraman, Esq. (Mg. Director)	848	Chandramalai Estates Ltd.	2.89	2	0.20	0.20	0.12	*Nil*	6	Y.P.
14,00,100	14,46,380	33,49,058	11,64,122	22,758	Peirce, Leslie & Co., Ltd.	603H	Chembra Peak Estates	4.75	2	0.40	0.40	0.40	0.40	3	Y.
5,50,780	18,30,424	24,87,766	3,02,266	....	Matheson Bosanquet & Co. Pvt. Ltd.	159H	Coonoor Tea	13.37cd	10	1.75	1.50	1.75	1.75	9	Y.P.
4,80,000	5,03,204	16,02,155	3,17,071	17,303	M. L. Goenka, Esq. (Chairman) ..	671	Coorg Tea	4.85	2	0.40	0.40	0.50	0.50	10	Y.P.
8,40,000	2,28,526	13,60,008	4,83,226	8,800	P. G. Krishna Iyer, Esq. (Mg. Director)	171H	Devashola (Nilgiri) Tea	24.08	10	2.00	2.00	1.50	1.25	12	Y.
6,74,650	3,83,870	13,44,758	3,14,293	22,158	Young India Agencies Private Ltd. ..	1,177	Devon Tea	11.96	10	1.50	1.20	1.20	1 00	3	Y.P.
7,50,000	6,10,000	5,94,450	18,465	19,521	K. N. Krishna Iyer (Mg. Director) ..	198	Emerald Valley Estates	6.10	5	*Nil*	0.50	0.30	1.00	3	Y.P.
25,00,000	19,85,470	59,76,179	13,56,881	12,526	Parkina Private Ltd.	1,506	Hallorenie	12.87	10	1.50	1.25	1.10		12	Y.P.
7,50,000	7,52,749	16,03,743	4,93,219	29,726	Peirce, Leslie & Co., Ltd.	199H	Kalaaa Tea	4.10	2	0.40	0.50	0.30	0.30	3	Y.T.
17,17,076	9,90,884	36,03,338	7,67,740	78,949	Peirce, Leslie & Co., Ltd.	556H	Kil Kotagiri Tea	4.90cd	2	0.50	0.50	0.50		10	Y.P.
6,00,000	3,13,000	19,93,084	1,58,424	1,857	Ipe Gootaan & Co. Pvt. Ltd.	936	Kilnerally Plant. Ltd.	5.07	10	*Nil*	0.40	*Nil*	*Nil*	3	Y.P.
5,00,000	1,45,676	10,64,318	1,18,129	36,676	Matheson Bosanquet & Co., Ltd. ..	109H	Lucky Valley	12.09	10	1.00	1.00	1.00		12	Y.
2,50,000	20,000	3,59,379	33,028	4,609	Vasantha & Co. (Trichy) Pvt. Ltd. ..	255	Manar Estates Ltd.	1.93	2	0.20	0.10	0.10	0.10	3	Y.
5,00,000	6,15,117	16,05,178	3,99,561	—5,603	Ramon Thomas, Esq. (Mg. Director) ..	560	Mlamalayar	24 60	25	3.75	3.12	2.00	*Nil*	3	Y.P.
85,00,000	24,19,484	84,10,841	17,28,590	20,278	A. V. Thomas & Co. (India) Ltd. ..	825H	Neelamalai	4.93	5	0.375	0.375	0.375	0.375	6	Y.P.
12,00,000	10,09,000	32,29,949	6,97,916	9,932	A. V. Thomas & Co., Ltd.	786H	Nellampathy	5.80	2	0.36	0.36	0.30	0.30	6	Y.T.
14,06,250	10,15,954	40,42,895	8,24,078	8,184	A. V. George & Co., Ltd.	1,022	Nilgiri Tea	9.12	10	0.80	1.00	1.00	0.50	6	Y.
25,10,000	11,02,621	39,43,336	15,15,045	28,437	Harrison & Crosfield Ltd.	841	Nonauch Tea	23.00	10	2.00	2.00	2.00	2.00	6	Y.
14,85,900	17,22,983	34,54,296	7,51,037	46,177	P. S. M. Mohyeen, Esq. (Chairman) ..	527H	Parkside	20.33	10	2.75	2.25	2.75	2.50	6	Y.
6,00,000	5,84,231	7,06,854	70,187	4,37,181	S. Sivaramakrishna Aiyar, Esq. ..	771	Peninsular Plantations Ltd.	21.25	10	2.00	2.00	2.00	2.00	2	Y.
17,00,000	12,83,809	46,47,926	19,04,123	69,859	Aspinwall & Co. (Travancore) Ltd. ..	634H	Peermade	20.50	10	2.25	2.50	2.00		12	Y.P.
57,94,880	20,58,711	1,25,79,158	46,17,784	88,308	Peirce, Leslie & Co., Ltd.	1,506H	Periakannala	3.41	2	0.27	0.40	0.25	0.30	6	Y.P.
12,50,000	2,96,500	12,02,040	1,74,015	3,959	A. V. Thomas & Co. (India) Ltd. ..	582	Sheveroy Estates Ltd.	2.25	2	0.18	0.15	0.125	0.125	6	Y.P.
9,00,000	15,30,496	31,78,663	10,92,544	17,781	T. Stanes & Co., Ltd.	457H	Stanes Amalgamated	13.75	10	1.70	1.00	1.50	1.20	6	Y.T.
1,25,000	12,500	2,18,832	22,956	2,021	M.	216	Swinton Estates	2.68	2	0.15	0.12	*Nil*	*Nil*	6	Y.P.
12,50,000	12,05,597	34,15,317	5,62,998	22,571	Srinivas Agencies	1,056	Telavar Tea	1.90	2	0.16	0.20	0.20	0.20	3	Y.P.
16,75,000	16,55,500	38,93,735	5,16,817	1,113	Parkina Private Ltd.	1,215	Tevyford	8.55	10	0.50	0.50	0.50		12	Y.
8,50,000	8,97,345	10,81,680	1,41,833	—82,055	Udagamandalam Co. Ltd.	503	Udagamandalam Rubber Co. Ltd. ..	15.50	10	0.10	*Nil*	*Nil*		12	Y.P.
21,93,280	21,26,250	59,80,505	22,94,476	22,127	T. Stanes & Co., Ltd.	726H	United Nilgiri	23.75cd	10	2.10	2.20	2.20	2.25	3	Y.
47,25,000	21 33,765	93,19,418	15,06,787	51,880	Kothari Mehta & Co. Pvt. Ltd. ..	1,127H	Waterfall	2.38	2	0.25	0.20	0.20	0.20	6	Y.

RUBBER AND OTHERS

6,00,000	5,62,485	17,66,245	5,08,082	20,544	Ramani & Co. Pvt. Ltd.	988	Alagewwar Estates Ltd.	2.67	2	0.15	0.30	0.20	0.20	3	Y.
9,75,000	2,85,527	21,05,598	4,40,782	1,693	K. N. Neelakantan, Esq. (Mg. Director)	2,427	Amalgamated Coffee Estates Ltd.	10.01	10	1.00	1.00	1.00	0.50	3	Y.P.T.
2,50,000	5,02,985	14,70,817	2,21,618	46,976	A. V. George & Co., Ltd.	639	Anandam Rubber Co., Ltd.	14.19	10	1.50	1.80	1.50		12	Y.P.
12,07,838	2,28,040	22,69 626	3,45,457	34,775	Associated Planters Private Ltd. ..	1,248	Anaparai Estates Ltd.	3.00	2	0.40	0.30	0.20	0.30	6	Y.P.
4,25,000	4,75,000	12,07,785	1,42,997	1,061	Young India Agencies Pvt. Ltd. ..	1,041	Badia Coffee Estates Ltd.	2.90	2	0.30	0.30	0.15	0.20	6	Y.P.
4,00,000	86 000	7,45,317	1,56,774	2,787	A. V. Thomas & Co. (Mysore)	233H	Bababudin Coffee & Produce	5.30	5	0.40	0.40	0.30	0.30	6	Y.P.
3,00,000	2,05,000	4,78,718	88,297	1,481	Planting Agencies (Private) Ltd. ..	161H	Balmadies Plantations	1.89	2	0.15	0.15	*Nil*	0.10	6	Y.P.
25,21,579	19,60,914	60,03,649	12,47,015	28,851	Peirce, Leslie & Co., Ltd.	6,255	Cochin Malabar	6.38	3	0.525	0.60	0.60	0.56	3	Y.
22,50,000	33,62,169	57,74,920	18,29,353	890	M. A. Sreenivasan, Esq. (Chairman)	2,703	Coffee Lands and Industries	16.62	10	0.60	1.20	0.90	0.90	6	Y.P.
71,65,000	78,42,159	1,75,91,409	54,78,544	1,607	M. A. Sreenivasan, Esq. (Chairman)	5,345	Consolidated Coffee	20.65	10	2.00	2.00	1.50	2.00	6	Y.P.
6,00,000	5,09,725	15,58,047	1,41,758	5,018	Associated Planters Private Ltd. ..	1,410	Cottanad Plantations	9.60	10	1.00	1.00	0.625	1.00	3	Y.P.
4,08,560	2,50,000	4,02,680	1,85,017	40,856	Peirce, Leslie & Co., Ltd.	246H	Cowcoody Estates (Coffee)	4.53	2	0.50	0.50	0.40	0.35	6	Y.
16,00,000	14,50,000	37,07,279	9,80,483	15,045	A. V. Thomas & Co., Ltd.	519H	Highland Produce	12.60	10	1.50	1.50	1.50		12	Y.P.
11,88,700	11,77,705	31,72,827	4,60,277	22,904	A. V. George & Co., Ltd.	1,537	Kallas Rubber Co., Ltd.	5.93	2	0.40	0.50	0.60	0.60	2	Y.
12,00,000	8,19,842	22,75,780	4,65,953	5,164	A. V. Thomas & Co., Ltd.	888H	Kalpetta Estates	11.85	10	1.25	1.25	1.25	1.125	4	Y.
6,00,000	2,40,000	9,93,124	2,60,252	20,065	Peirce, Leslie & Co., Ltd.	272H	Kunnegode Estates Ltd.	4.00cd	2	0.40	0.30	0.30	0.23	10	Y.
13,50,000	6,85,333	23,24,900	5,02,946	2,669	K. T. Thomas Kathanar, Esq.	2,147	Melankara Rubber	16.50	10	1.50	1.50*	1.40	1.40	3	Y.
2,25,000	2,50,000	8,72,787	96,634	3,643	Associated Planters Pvt. Ltd.	906	Meracara Rubbers Ltd.	7.75	5	1.00	1.00	0.75	0.625	6	Y.P.
40,50,000	17,71,083	79,92,921	13,50,147	1,729	A. V. Thomas & Co., Ltd.	1,988H	Midland Rubber	11.50	10	1.25	1.25	1.25	1.00	3	Y.P.
8,25,000	4,12,607	17,54,491	3,54,374	1,18,608	A. V. George & Co., Ltd.	1,331	Nenmeny Rubber	22.55	10	1.50	1.50	1.50		12	Y.P.
2,00,000	4,91,116	10,47,182	60,435	1,02,681	Associated Planters Private Ltd. ..	840	Pillamhur Rubber Co.	12.75	10	1.50	1.50	1.00		12	Y.P.T.
6,00,000	3,96,464	12,59,223	1,39,772	17,987	Peirce, Leslie & Co., Ltd.	293H	Oaacoor Estates Ltd.	2.57	2	0.30	0.30	0.20	0.30	3	Y.
19,45,980	20,84,563	55,69,228	22,56,063	—5,68,491	Peirce, Leslie & Co., Ltd.	1,812H	Onchterony Valley Estates	4.40cd	2	0.26	0.24	0.12	0.10	10	Y.P.T.
16,80,000	9,12,000	29,00,333	4,10,333	6,847	Aspinwall & Co., Ltd.	900H	Pulneode Rubber	2.98	2	0.40	0.40	0.15	0.20	6	Y.P.
12,50,000	13,85,959	58,99,894	5,65,425	20,850	A. V. Thomas & Co., Ltd.	1,216H	Rajagiri Rubber	21.25	10	2.00	2.00	2.00	2.125	6	Y.P.
2,00,000	1,04,958	4,06,853	60,946	47,531	Associated Planters Private Ltd. ..	422	Rajendra Coffee	10.42	5	1.25	1.25	1.00	1.25	3	Y.P.
12,00,000	7,85,097	20,37,240	2,83,390	—1,45,551	Peirce, Leslie & Co., Ltd.	470H	Ramaswamy Coffee Estates	1.70	2	0.12	0.12	*Nil*	*Nil*	3	Y.T.
5,80,170	3,23,000	9,99,950	1,90,807	699	Peirce, Leslie & Co., Ltd.	202H	Savamalai Estates Ltd.	4.45	2	0.28	0.32	0.30		11	Y.
10,20,000	2,03,130	22,80,803	1,88,357	4,534	Kazi India Agencies Private Ltd. ..	1,454	Teekoy Rubber (India) Ltd.	6.60	10	*Nil*				3	Y.P.
8,25,000	4,35,000	14,90,729	65,183	2,695	A. V. George & Co., Ltd.	816	Thamarapally Rubber	16.40	10	3.00	1.80	1.60		12	Y.P.T.
9,15,300	10,75,840	16,61,781	2,34,893	7,989	Peirce, Leslie & Co., Ltd.	1,312	Thirumbadi Rubber Co., Ltd. ..	1.90cd	1	0.07	0.12	0.10	0.10	9	Y.
6,00,000	3,15,616	13,78,050	1,92,991	1,940	Kapen Thomas, Esq. (Mg. Director) ..	1,241	Travancore Rubber	12.00	10	1.20	1.20			12	Y.P.
41,50,000	76,907	60,95,384	18,31,504	32,233	Aspinwall & Co. (Travancore) Ltd. ..	2,109H	Travancore Rubber & Tea	10.40	10	0.90	1.00	1.00		12	Y.P.
30,00,000	1,91,000	33,48,191	9,09,484	223	P. T. Thomas, Esq. (Mg. Director) ..	3,157	Tropical Plantations Co.	21.00	25	2.00				12	Y.
3,80,010	5,47,051	10,34,156	64,782	6,228	S. Padmanabh Aiyar, Esq. (Chairman)	1,118	Velliankal Rubber Co., Ltd.	36.50cd	10	3.00	3.00			12	Y.
6,00,000	5,00,482	19,50,552	1,87,596	6,425	P. I. Joseph, Esq. (Chairman)	1,245	Velimalai Rubber & Co.	5.25	5	0.50	0.50	0.25	0.35	2	Y.P.T.
12,00,000	12,40,262	16,57,152	2,24,133	26,874	Peirce, Leslie & Co., Ltd.	417H	Wartyhully Estates Ltd.	3.00	2	0.30	0.30	0.20	0.24	3	Y.
6,00,000	97,309	13,65,464	1,02,251	23,313	M.	898	Woodland Estates	6.90	10	1.00	1.00			3	Y

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs	Dividend per Share 1960 Rs. nP	1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	Accounts Closed	Reference
CERAMIC; MINING AND QUARRYING														
36,00,00	18,111	67,05,606	23,63,316	2,915	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	7.00	10	0.50	0.60	0.50		3	Y.
18,50,000	6,28,542	25,25,858	12,41,519	777	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kotah) Ltd	24.00N	10	2.00	3.00	2.00		9	Y.P.
55,23,146	28,41,104	1,90,40,451	48,35,034	3,208	Bharat Ram Bhagat & Co.	Bengal Potteries	5.00	2½	0.375	0.30	0.30		12	Y.
40,00,000	26,81,279	1,22,44,032	53,39,187	50,122	Bird & Co. Private Ltd.	Birla Stone Lime Co.	21.00	10	3.00	3.00	1.00	1.25	3	Y.
14,17,500	25,18,589	53,55,181	22,68,904	2,821	Smt. T. M. Motichand Shah (Chairman).	Bombay Potteries and Tiles Ltd.	181.25	100	12.86	15.00	15.00	18.00	9	Y.P.
80,00,000	24,88,788	1,36,52,623	46,61,618	1,20,034	Saraf Mor & Co. Private Ltd. ..	Ferro Alloys Corporation Ltd. ..	113.00	100	8.00	11.00	9.00		12	Y.P.
£2,058,950	£2,324,873	£4,002,119	£2,243,738	£78,810	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	3.40	Sh. 2	0.26	0.26			12	Y.
¥5,00,00,000									1.50	1.50				
6,15,00,000	27,81,955	84,18,636	10,76,454	1,40,029	Bird & Co. Private Ltd.	Karanpura Development	10.00	10	0.50	0.50			12	Y.
50,00,000				5,72,268	Khandelwal Industries Private Ltd.	Khandelwal Ferro Alloys Ltd. ..	62.00	100	NU	NU	NU		12	Y.P.
30,00,000	56,55,899	1,70,20,612	82,30,436	25,499	Bird & Co. Private Ltd.	Kumardhubi Fireclay and Silica Works.	18.45	10	1.80	1.80	1.80		12	Y.P.T.
1,78,79,255	10,20,896	1,22,35,515	76,13,994	3,25,965	Sir Indra Singh, Kt. (Chairman)	Metal Corporation of India Ltd.	7.31	10	NU	NU	NU		3	Y.
5,00,000	7,27,303	17,65,777	9,37,747	190	Mysore Stoneware Pipes & Potteries	Mysore Stoneware Pipes & Potteries	11.75N	10	1.428	1.20	1.50	1.25	3	Y.
20,00,000	67,67,431	80,62,201	34,56,786	38,801	Bird & Co. Private Ltd.	Orissa Minerals	22.12	10	3.60	2.80	2.00		6	Y.
12,18,650	22,34,051	1,05,25,903	57,38,031	43,395	A. Y. Gharpure, Esq. (Chairman)	Parashuram Pottery Works Co., Ltd.	59.00	25	5.36	6.36	5.36	3.75	7	Y.P.
20,86,650	54,10,475	1,10,95,407	49,48,144	—7,04,525	Killick Industries Ltd.	Shivrajpur Syndicate	19.00	10	8.00*	NU			11	Y.
4,85,840	10,46,690	27,59,491	9,68,263	23,403	S. N. Beri, Esq. (Secretary) ..	Sutna Stone & Lime Co. Ltd. ..	28.31	10	2.00	2.75	3.00		12	Y.
4,80,680							..	6	1.00	1.375	1.50			
CHEMICAL														
22,58,176	.....	1,79,449	18,076	—26,645	Agri-Chem Engineers	Adarsh Chemicals & Fertilisers ..	78.50	100	NU	NU			12	Y.P.
1,44,50,000	79,42,309	3,08,89,996	1,16,84,003	82,961	Bayuma Services	Alembic Chemical Works Co.	160.00	100	14.00	14.00	12.00		12	Y.P.
3,10,00,000	2,26,33,273	8,39,01,420	2,46,53,284	5,071	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India ..	31.56	10	1.20	1.50	1.50	1.50	9	PY.
80,97,100	79,09,654	1,64,62,149	50,97,267	15,665	Amritlal & Co. Private Ltd.	Amar Dye-Chem. Ltd.	151.25	100	12.00	9.00	9.00		12	Y.P.
29,34,000	47,59,789	1,96,22,550	81,31,640	5,421	Kasturbai Lalbhai & Co.	Anil Starch Products Ltd.	605.00	100	80.00*	80.00*	25.00*		12	Y.P.
2,97,50,025	1,56,18,332	6,58,46,094	1,71,87,475	61,188	Lalbhai Sons & Co.	Atul Products Ltd.	337.50	100	12.00	12.00	12.00		12	Y.T.
50,00,000	.....	35,050	910	.....	P. N. Balasubramanian, Esq. (Mg. Director)	Barium Chemical Ltd.	62.00	100	.....	.....	NU		6	Y.
1,25,45,900	67,58,823	1,59,19,707	81,89,070	5,728	Dr. B. N. Ghose (Managing Director)	Bengal Chemical and Phar.	96.00	100	7.00	10.00	10.00		3	Y.P.
1,25,00,000	25,16,340	1,47,09,875	34,41,548	3,154	Ramniwas R. Ruia, Esq. (Chairman)	Colour-Chem Ltd.	335.00	100	NU	8.00	12.00	12.00	3	Y.
14,56,344	4,34,912	17,44,660	9,02,099	12,818	Nadkarni & Co.	Chemo-Pharma Laboratories Ltd. ..	28.25	25	2.50	3.00	3.00		12	Y.
31,83,300	50,96,730	1,58,50,333	69,34,176	25,675	Dharamsi Morarji & Co.	Dharamsi Morarji Chemical Co., Ltd.	132.50	50	NU	8.00	8.00		12	Y.
1,07,50,000	1,07,07,353	5,93,07,157	2,11,90,798	1,75,326	Kasturbhai Lalbhai Sons	Dhrangadhra Chemicals	119.50	100	NU	6.00	6.00	8.00	3	Y.P.
6,96,97,740	61,48,460	10,44,89,497	4,07,36,479	3,85,109	M. K. K. Nayar, Esq. (Mg. Director)	F. A. C. T.	5.70	10	0.60	0.60		NU	3	Y.
1,86,76,000	71,67,780	2,54,75,973	36,44,827	3,006	Dhanraj Gagalbhai & Sons	Indian Dyestuffs Industries Ltd. ..	317.50	100	6.00	6.00	7.00	7.00	3	Y.P.
15,00,000	6,54,411	29,84,853	15,61,602	19,974	Jai H. Mehta, Esq. (Chairman) ..	Kemp & Co.	275.00	200	25.00	25.00	20.00		3	Y.
1,40,00,000	37,48,801	2,43,51,282	1,10,50,661	11,631	Seshasayee Brothers Private Ltd. ..	Mettur Chemicals	13.70cd	10	1.25*G	1.25	1.375*	1.25	3	Y.P.T.
24,81,220	13,02,655	58,25,511	47,52,455	8,332	T. Shanmuga, Esq. (Chairman) ..	Mysore Chemical and Fertilisers ..	7.90	10	1.00	1.00	0.50	NU	3	Y.
10,00,000	5,35,015	13,66,245	7,61,774	4,765	S. Ramanathan, Esq. (Mg. Director)	Mysore Chemicals Mfg.	16.70	10	2.00*G	2.00	2.00	1.50	3	Y.P.
56,00,000	85,00,955	1,03,02,040	50,84,507	9,857	Ramdas Kilachand, Esq. (Chairman)	Polychem Ltd.	121.25	50	5.50	7.50	7.50	7.50	3	Y.P.
40,54,500	870	20,19,223	6,760	49,786	Emcete & Sons Private Ltd.	Premier Fertilizers Ltd.	6.25	10	1.00	NU			12	Y.
22,50,000	17,63,293	65,52,467	27,96,505	11,012	Bangur Brothers Ltd.	Phosphate Co., Ltd.	176.00	100	35.00	25.00	17.50	15.00	6	Y.
20,00,000	17,67,251	31,86,795	18,50,805	19,167	D. M. Jaffray, Esq. (Chairman) ..	Smith Stanistreet & Co.	13.50	5	1.25	1.25	1.25	1.125	6	Y.P.
4,96,54,470	24,58,950	8,18,78,704	17,05,817	—9,38,628	Tulsidas Kilachand, Esq. (Chairman)	Synthetics & Chemicals Ltd.	97.00	100	.....	NU		NU	3	Y.
3,02,38,815	1,09,52,567	9,01,95,274	3,04,93,867	3,923	Tata Industries Private Ltd. ..	Tata Chemicals	18.16	10	0.60	0.65	0.65	1.00	6	Y.P.T.
25,00,000	5,89,750	29,36,714	12,05,329	6,516	P. Krishnamoorthy, Esq. (Mg. Director)	Travancore Chemical Mfg. Co. Ltd.	18.50	10	1.50	2.00	2.25	2.00	3	Y.P.
31,16,000	.....	8,93,892	1,493	—6,78,288	Mr. M. J. Vaidya (Chairman) ..	Travancore Electro-Chemical Ind.	102.00	100	NU	NU	NU		12	Y.
14,99,375	.....	25,06,158	7,313	—2,574	Mr. N. S. Iyengar (Chairman) ..	Ultramarine & Pigments Ltd. ..	122.50	100	..■	NU	NU		12	Y.
ELECTRIC (BOMBAY)														
8,74,76,695	1,85,12,801	18,97,73,990	5,00,50,102	864	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd. ..	95.50xd	100	7.00	7.00	8.00	8.00	3	Y.P.
85,85,330	31,13,441	2,90,89,788	78,81,211	10,72,975	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd. ..	9.60	10	1.00*	0.90	0.90	0.90	3	Y.P.
3,02,77,000	1,29,89,917	12,25,61,084	3,04,61,318	86,154	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co. ..	1,037.50	1,000	85.00*	80.00*	80.00*	90.00	3	Y.P.T.
1,75,00,000	1,21,07,263	5,11,25,126	1,25,80,588	3,870	Killick Industries Ltd.	Bombay Suburban Electric Supply ..	105.00	100	8.00	8.50	8.50	9.00	3	Y.
7,07,070	1,05,360	19,97,295	8,70,226	1,539	Rajputana Textiles (Agencies) Ltd. ..	Broach Electric Supply Development ..	6.45	10	0.66	0.72	0.60	0.50	3	Y.T.
48,89,000	12,56,812	1,57,75,704	61,59,509	3,547	Rajaputana Textiles (Agencies) Ltd. ..	Poona Electric Supply	185.00	100	9.50	8.25	8.25	8.00	3	Y.P.T.
70,00,000	34,04,483	1,91,93,935	61,84,423	2,075	Killick Industries Ltd.	Surat Electricity	107.00	100	8.00	8.00	8.00	8.00	3	Y.P.
3,40,00,000	1,39,56,841	9,29,64,314	2,25,23,926	27,536	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply ..	112.00	100	8.50*	8.00*	8.00*	9.00	3	Y.P.
5,15,86,000	3,61,11,841	20,58,47,998	4,89,65,810	29,968	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,096.25	1,000	85.00*	80.00*	80.00*	90.00	3	Y.P.
West Bengal and Other Centres														
19,99,600	51,20,888	1,62,58,959	47,04,294	52,890	Martin Burn Ltd.	Agra Electric Supply Co., Ltd. ..	125.00	100	11.00	11.00	11.00		3	Y.T.
8,00,000	15,51,603	32,26,517	12,26,317	35,023	Martin Burn Ltd.	Barsalpur Electric Supply	12.00	10	1.10	1.10	1.10		3	Y.T.
17,00,000	52,28,411	1,69,14,319	56,10,869	47,299	Martin Burn Ltd.	Benaras Electric Light & Power Co	11.87	10	1.10	1.10	1.10		3	Y.T.
44,222,646	£10,618,240	£37,582,951	£15,201,226	£100,524	Sir William Lamond (Chairman)	Calcutta Electric Supply	14.25	10	7½%	7½%	7½%		3	Y.P.T.
4,96,54,470	7,55,074	31,86,451	17,05,817	42,967	Cutlack Supply Co., Ltd.	Cuttack Electric Supply	10.50	10	0.50	0.50	NU		3	Y.T.
43,20,000	29,78,446	1,10,72,867	42,62,986	4,27,783	Andrew Yule & Co., Ltd.	Dishergarh Power Supply	86.00	100	10.00	10.00	10.00		3	Y.T.
6,34,640	1,48,267	12,36,379	17,60,526	47,123	Motilal Lall & Sons	Jhansi Electric Supply	5.40N	10	0.70	0.70	0.70		3	Y.T.
22,49,700	29,21,769	1,08,59,125	45,93,834	33,803	Martin Burn Ltd.	Jamshedpur Electric Supply	11.87	10	1.00	1.00	1.00		3	Y.
35,07,380	40,44,800	1,41,84,880	56,06,270	75,727	Octavius Steel & Co., Ltd.	Patna Electric Supply	10.00	10	1.00	1.00			3	Y.T.
9,10,000	2,56,383	8,29,467	5,343	1,542	Octavius Steel & Co., Ltd.	Shahabganj Electric Supply	11.87	10	0.625	0.625			3	Y.T.
15,80,000	16,03,885	80,81,327	48,11,630	3,075	Bird & Co. Private Ltd.	Sijuah (Jherriah) Elec. Supply Co.	8.25	10	1.00	0.90	0.90		3	Y.T.
70,00,000	30,88,132	2,42,78,389	81,28,055	23,389	Seshasayee Bros. Private Ltd. ..	South Madras Electric Supply Corpn.	11.12	10	0.90*G	0.90	1.00		3	Y.P.T.
5,00,000	14,09,467	26,00,508	10,13,568	33,674	Martin Burn Ltd.	Upper Valley Elec. Supply	11.87	10	1.00	1.00	1.35		3	Y.T.
56,00,000	80,8.,013	3,67,42,686	1,64,54,562	92,879	Martin Burn Ltd.	U. P. Electric Supply Co.	154.00	100	11.00	11.00	11.00		3	Y.T.
8,00,000	18 88,606	54,12,090	15,22,321	4,16,700	Chandrie & Co. Private Ltd. ..	Vellore Electric Corporation	15.62	10	1.50	1.429	1.429		3	Y.P.

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP	1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	Accounts Closed	Reference
INSURANCE (X)														
13,50,000	75,06,126	2,00,31,419	77,74,823‡‡	32,703	N. M. Cote, Esq. (Mg. Director)	Concord of India	10.25	5	1.00	1.00	1.00		12	Y.
10,00,000	11,65,196	28,43,030		66,390	M.	Devkaran Nanjee Insurance	33.00	50	3.00	3.00			12	Y.
24,00,000	94,82,529	1,86,71,036	82,47,588‡‡	20,229	H. V. R. Iengar, Esq. (Chairman)	Hercules Insurance	23.00	10	2.00	2.025	2.625		12	Y.
21,15,300	51,50,737	1,10,12,266	70,42,330‡‡	28,755	K. M. D. Thackersey, Esq. (Chairman).	Indian Mercantile Insurance ..	56.20	50	6.00	6.00	7.50		12	Y.
24,00,000	85,41,367	2,37,89,854	90,76,944‡‡	22,823	M. G. Mody, Esq. (General Manager) ..	New Great Insurance	24.75	10	2.50	2.50	3.00		12	Y.
1,06,81,500	3,73,48,582	21,92,35,446	11,42,30,735‡‡	8,20,715	B. K. Shah, Esq. (Mg. Director)	New India Assurance Co., Ltd. ..	44.50	15	5.70	5.70*	5.70*		12	Y.
A. 35,60,535							45.25	15 New	5.70	5.70*	5.70*			
B. 35,60,535	1,51,62,532‡	3,21,30,270	1,47,54,225‡‡	.....	K. P. Modi, Esq. (Gen. Manager) ..	Ruby General Insurance Co., Ltd. ..	10.37	5	0.80	1.05*	1.25		12	Y.
5,75,000	77,12,554	1,25,56,446	82,83,808‡‡	.....	D. Fordwood, Esq. (Secretary) ..	Triton Insurance	130.00	25	11.25	12.50	12.50		12	Y.
15,32,070	143,79,980	1,13,31,374	62,82,203‡‡	50,887	V. O. Setalvad, Esq. (Gen. Manager)	Vulcan Insurance Co., Ltd.	16.00	10	2.00	2.00	2.00		12	Y.
OIL														
¥231,250	£191,392	£519,077‡‡		£23,763	T. Dwarkadas, Esq. (Chairman) ..	British Burma Petroleum Co.	2.00	Sh. 1½	8%	10%	8%	NU	3	Y.
1,00,00,000	1,75,25,203	1,24,09,806	764,80,542	1,19,330	Steel Brothers & Co., Ltd.	Indo-Burma Petroleum Co., Ltd. ..	21.25	10	2.00	2.50	2.25	1.00	12	Y.P.
1,05,05,475	1,25,42,386	4,10,14,799	88,28,480	1,187	Tata Industries Private Ltd.	Tata Oil Mills	64.00	25	5.75	5.75	5.75	5.50	3	Y.P.T.
3,60,00,000	9,89,737	2,90,970	1,70,954	42,113	Andrew Yule & Co., Ltd.	Tide Water Oil Co. (India) Ltd. ..	33.19	10	3.00	3.50	3.		10	Y.
PAPER														
47,10,000	97,82,512	1,47,84,122	34,50,652	{6,17,748	Jolly Ind. Agencies Private Ltd. ..	Anil Hardboard Ltd.	170.00	100	6.00‡	9.00‡	9.00‡		3	Y.P.
1,75,00,000		70,44,536	67,377	29,559	B. L. Sharma, Esq. (Mg. Director)	Ashok Paper Mill Ltd.	4.62	7.50	NU	NU	NU		12	Y.P.
1,43,22,856	1,01,48,137	3,05,47,410	2,33,73,167	50,902	K. C. Thapar & Bros. Private Ltd. ..	Ballarpur Paper and Straw Board Mills	17.00	10	1.43	1.45	1.45	1.45	6	Y.P.
58,50,000	63,55,637	3,00,20,406	2,04,10,592	50,316	N. D. Bangur, Esq. (Chairman) ..	Bengal Paper Mills	27.25	10	2.00	2.25	2.00		12	Y.P.
88,20,000	90,40,934	2,72,25,289	1,55,54,311	22,815	Andrew Yule & Co., Ltd.	India Paper Pulp	18.75	10	1.50C'	1.50	1.50	1.50	3	Y.
25,00,000	.....	25,93,751	1,188	—22,715	R. T. Popawala, Esq. (Chairman)	Jayant Paper Mills Ltd.	84.00	100	..	NU	NU	NU	6	Y.
1,43,74,880		4,25,81,703			Bedi & Co. Management Pvt. Ltd.	Manilya National Paper	7.00	10	..	NU	NU		6	Y.P.
72,24,943	52,30,488	1,74,02,036	1,22,01,169	15,100	M. D. Shivananjappa, Esq. (Chairman).	Mysore Paper Mills	12.40	10	1.25	1.50	1.50	1.20	3	Y.
1,90,87,250	5,73,98,270	11,24,38,800	4,80,00,203	93,457	Birla Brothers Private Ltd.	Orient Paper	38.00	10	1.50	2.25	2.25	2.00	3	Y.P.
49,06,625		11,21,760	55,92,153		Sardari Lal Talwar, Esq. (Chairman)	Paper Products Ltd.	117.50	100	..	24.00	18.00	10.00	7	Y.
5,49,61,025			6,19,02,469	28,391	Seshasayee, Parsons & Whittemore Pvt. Ltd.	Seshasayee Paper & Boards Ltd. ..	8.00	10		NU	NU	NU	3	Y.
1,25,31,920	1,76,30,924	6,54,81,501	2,75,03,137	73,294	K. C. Thapar & Bros. Private Ltd. ..	Shree Gopal Paper Mills	25 25	10	1.78	1.78	1.78		12	Y.P.T.
2,73,19,050	94,29,176	7,26,50,709	3,11,59,709	1,03,791	Birla Brothers Private Ltd.	Sirpur Paper Mills	12.52	10	0.65	0.85	0.85	0.50	6	Y.P.
99,00,000							8.87	O. 10	NU	NU	NU	NU	6	Y.
A. 10,00,000	8,52,085	5,19,80,051	1,15,04,687	10,37,344	Bajoria & Co.	Star Paper Mills	8.87	A. 10	NU	NU	NU	NU	9	Y.P.
1,40,00,000	1,34,76,812	7,15,03,777	24,48,800	43,575	J. K. Agenia Private Ltd.	Straw Products Ltd.	10.06	10	NU	NU	NU		12	Y.P.
10,00,000			5	7,397	Hari Balkur Thakur & Co.	Thakur Paper Mills Ltd.	10.00	10	NU	NU	NU		12	Y.P.
A.1,53,47,567							15.94	A. 10	2.50	2.00	1.00	1.00		
B.1,56,04,800							15.94	B. 10	2.50	2.00	1.00	1.00	3	Y.P.T.
P.O. 4,37,500							3.25	P.O. 24	0.295	0.325	0.325	0.325		
1,49,99,300	1,17,00,000	6,16,63,754	1,28,33,185	2,84,363	Gobindlall Bangur, Esq. (Chairman)	West Coast Paper Mills Ltd.	154.00	100	6.00	7.50	8.00	11.00	6	Y.P.
SAW MILLS AND TIMBER														
13,99,998	19,59,800	34,02,439	15,15,023	—7,10,142	M. D. Jalan, Esq.	Assam Saw Mills	2.59	3	..	..	..	..	9	Y.
20,00,000	29,55,665	24,75,890	21,67,063	3,056	Gillanders Arbuthnot & Co., Ltd.	Indian Wood Products	28.62	10	3.00	3.00	3.00	2.50	9	Y.
SUGAR (U.P. and Bihar)														
14,00,000	9,32,007	39,94,692	23,99,157	—1,53,368	M.	Balrampur Sugar	1.85	2.50	0.20	0.20	0.10	NU	6	Y.
A. 12,00,000							128.00	A. 100	15.00	15.00	12.00	6.00		
B. 12,00,000	41,13,018	79,33,436	52,67,821	1,72,000	Narang Bros. & Co. Private Ltd. ..	Basti Sugar	11.60	B. 10	1.50	1.80	1.20	0.60	3	Y.T.
3,00,000							7.87	7½	1.40	0.75	0.50	0.25	9	Y.
29,23,562	10,46,391	62,88,045	36,89,841	2,237	Bangur Bros. Ltd.	Belsund Sugar	18.53	10	1.50	1.50	1.50	1.50	6	Y.
15,00,000	19,59,086	39,70,914	18,53,163	9,429	Cotton Agents Private Ltd.	Bharat Sugar	11.50	10	1.50	1.50	1.50		6	Y.P.T.
25,00,000	55,23,048	1,63,82,127	1,21,38,366	133	Gladstone Lyall & Co.	Carew & Co.	11.50	10	NU	NU	NU		6	Y.P.
30,00,000	59,84,997	1,91,85,738	1,12,10,151	—25,45,362	British India Corporation Ltd. ..	Cawnpore Sugar	9.12	10	NU	NU	NU		10	Y.P.
18,00,000	47,91,301	93,21,057	63,53,286	—8,50,783	British India Corporation Ltd. ..	Champaran Sugar	12.62	10	1.50	1.20	NU	NU	6	Y.
9,58,050	6,04,985	34,14,697	23,08,542	—3,92,754	K. C. Thapar & Bros. Private Ltd.	Deoria Sugar	5.00	10	0.35	NU			3	Y.
38,91,380	31,90,540	74,44,941	40,98,472	1,97,077	M.	Durbhanga Sugar Co., Ltd.	8.75	10	0.40	NU	0.50		3	Y.
1,20,00,000	70,34,807	2,58,06,531	1,61,16,686	.....	Hachraj & Co. Private Ltd.	Hindusthan Sugar Mills	200.00	100	29.00*	29.00*	14.00*	14.00*	6	Y.P.
20,31,250	22,22,109	1,08,51,242	65,45,779	13,039	Tulsidas Kilachand, Esq. (Chairman	Kesar Sugar	31.00	10	3.00	3.00	10.00	10.00	6	Y.P.
7,89,100	38,05,180	61,13,988	40,39,291	10,710	Cotton Agents Private Ltd.	New India Sugar Mills	11.50	10	3.65	3.65	3.65	3.65	6	Y.P.
11,00,000	5,29,830	45,98,002	33,25,506	3,474	K. C. Thapar & Bros. Private Ltd.	New Savan	4.50	10	0.50	0.55	0.27		3	Y.
1,50,00,000	65,33,388	3,03,81,583	1,53,59,775	1,03,643	Cotton Agents Private Ltd.	New Swadeshi Sugar Mills	340.00	100	20.00	20.00	20.00		6	Y.P.
77,52,210	93,41,549	2,93,14,275	1,67,93,792	21,381	Cotton Agents Private Ltd.	Oudh Sugar	192.50	100	20.00	20.00	20.00	7.00	6	Y.P.
12,00,000	9,09,722	41,06,277	24,63,683	—4,20,950	A. C. Narang, Esq. (Chairman)	Punjab Sugar Mills Co., Ltd.	110.00	100	10.00	10.00	10.00	10.00	3	Y.P.
9,00,000	1,05,248	M.		37,46,944		Purtabpore Co.	10.81	10	0.80	NU			10	Y.P.
20,00,000	4,48,506	29,38,331	17,51,194	419	Govan Bros. (Rampur) Private Ltd.	Rampur Distillery & Chemical Co., Ltd.	5.75	10	0.40	0.40	NU	0.50	3	Y.
65,00,000	38,43,845	1,02,22,753	1,03,78,113	10,410	Govan Bros. (Rampur) Private Ltd.	Raza Buland Sugar Co., Ltd.	19.37	10	1.25	1.00	1.00	1.00	3	Y.
11,99,750	13,90,877	64,26,842	28,59,591	—5,59,181	A. K. Roy, Esq. (Secretary) ..	Samastipur Central Sugar	4.50	10	NU	NU			6	Y.
10,00,000	28,80,789	1,04,51,453	94,84,048	2,995	Sahu Jain Ltd.	Shree Krishna Gyanoday Sugar ..	7.25	10	1.00	1.00	NU		7	Y.P.T.
15,80,000	17,84,477	37,93,708	25,00,708	44,459	M.	Shri Sitaram Sugar	7.12	10	0.75	1.00			3	Y.
10,02,115	68,548	38,57,935	21,19,364	—14,09,845	D. P. Ghosh, Esq. and R. N. Datta, Esq. (Managing Directors)	Sitalpore Sugar	3.69	10	NU	NU	NU		6	Y.
14,00,070	12,78,314	48,97,688	22,98,956	—3,75,891	M.	Tul-pur Sugar	4.12	5	0.62	0.40	NU	NU	6	Y.
8,00,000	1,00,27,029	2,28,30,325	1,32,32,629	18,530	Cotton Agents Private Ltd.	Upper Ganges Sugar .. ..

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
UNCLASSIFIED (Other Centres)														
93,75,000	2,48,84,621	7,27,48,445	1,37,72,801	11,965	J. K. Industries Private Ltd.	Aluminium Corporation of India Ltd. ..	12.56	10	1.20	1.20	1.20	0.50	3	Y.P.T.
1,00,00,000	56,97,689	2,15,10,686	98,29,840	47,916	Seshasayee Bros. (Trav.) Pvt. Ltd. ..	Aluminium Industries Ltd.	19.40	10	1.80	0.90	1.80	1.50	3	Y.
7,94,700 } 12,78,975 }	1,77,450	10,78,716	99,668	11,596	K. N. Mookerjee, Esq. (Chairman) ..	American Refrigerator Co., Ltd. ..	{ 15.00 10.00	10	.. ..	.. ..	1.00 1.00	.. ..	} 4	Y.
30,00,000	44,23,923	46,09,374	29,12,654	2,17,061	Turner Morrison & Co., Ltd.	Angelo Bros. Ltd.	7.25 25.25	7.50 10	2.50	2.81	2.80	2.80	8	Y.
4,97,11,000	81,58,000	5,09,72,028	1,61,25,618	65,399	A. E. L. Collins, Esq. (Mg. Director)	Ashick Leyland Ltd.	6.95	5	0.40	0.30	0.40	0.35	9	Y.
80,00,000	33,58,037	47,06,379	26,68,350	12,842	Mr. A. Hydari and Mr. S. Gothberg ..	Assam Match Co., Ltd.	27.75	10	1.60	2.00*	2.00*	..	12	Y.
1,18,00,000	98,34,917	1,31,10,564	77,02,281	7,978	H. R. Gregson, Esq. (Mg. Director) ..	Associated Battery Makers (E.) Ltd. A.	24.50	10	2.50	1.50	1.50	1.50	8	Y.
20,00,000	44,17,208	77,53,757	54,43,881	1,66,533	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India	10.31	10	Nil	1.00	1.00	..	6	Y.P.T.
80,01,400	1,20,07,997	91,05,947	44,08,273	....	C. G. Montgomery, Esq. (Chairman) ..	Balmer Lawrie & Co., Ltd.	257.00	100	25.00	25.00	25.00	..	12	Y.
12,00,000	29,55,620	38,19,481	34,08,481	....	Balmer Lawrie & Co., Ltd.	Bengal Flour Mills Co., Ltd.	33.75	10	4.00	2.50	2.50	..	12	Y.
20,00,000	2,57,823	67,95,058‖	....	2,634	Lovelock & Lewis	Birds Investment Ltd.	10.44	10	0.93	1.00	1.00	..	9	Y.P.
68,95,530	83,70,866	1,04,30,251	78,28,521	6,999	K. Julian Scott, Esq. (Mg. Director)	Britannia Biscuits	50.25	10	2.50	3.00*	2.50	2.10	3	Y.P.T.
$25,00,000	2,19,19,061	3,17,13,024	2,50,39,901	2,53,254	Satish Chandra, Esq. (Chairman) ..	British India Corporation Ltd.	8.47	5	0.20	0.35	0.45	..	12	Y.P.
50,00,000	40,58,031	49,29,290	27,40,613	27,856	R. A. Godwin, Esq. (Mg. Director) ..	British Paints (India) Ltd.	20.75	10	1.25	1.25	1.00	..	12	Y.
1,38,80,000	14,77,426	1,77,97,825‖	....	2,46,740	Andrew Yule & Co., Ltd.	Clive Row Investment	8.84	10	0.80	0.75	0.75	..	12	Y.
5,96,650	7,50,000	40,86,867	30,64,660	22,230	K. L. Mital, Esq. (Secretary)	Delhi Flour Mills Co., Ltd.	15.00N	10	1.00	1.00	0.70	..	10	Y.P.T.
4,50,00,000	4,35,74,162	11,26,80,432	5,17,42,203	26,38,011	M. L. Bezon, Esq. (Mg. Director) ..	Dunlop Rubber Co. (India) Ltd. ..	38.12	10	2.15	2.00	1.50	..	12	Y.P.T.
90,00,000	1,27,15,000	39,14,313	25,45,834	2,42,000	M. Goenka, Esq. (Chairman)	Duncan Brothers & Co., Ltd.	41.00	100	14.00	14.00	14.00	..	6	Y.P.T.
56,72,320	2,23,56,498	2,44,33,402	53,53,071	48,651	N. N. Mohan, Esq. (Mg. Director) ..	Dyer Meakin Breweries	31.25	5	1.25	2.50	0.90	0.90	3	Y.
76,89,000	65,11,801	1,78,18,453‖	....	1,51,252	Bird & Co. Private Ltd.	Eastern Investment Ltd.	117.00	100	14.00	14.00	12.00	10.00	12	Y.P.
96,53,292	1,93,822	20,05,244	8,43,057	4,08,454	D. P. Sen, Esq. (Secretary)	East Anglia Plastics (India) Ltd. ..	7.19	10	..	Nil	Nil	Nil	3	Y.
48,30,000	6,73,263	1,08,91,608	27,61,940	4,791	S. Sankaran, Esq. (Mg. Director) ..	Enfield India Ltd.	10.50	10	0.50	0.40	0.40	..	12	Y.P.
40,12,888	89,64,090	1,15,37,705	59,85,716	2,62,262	Satya Narain Gupta, Esq. (Chairman) ..	Ganesh Flour Mills Co., Ltd.	13.00	12.50	1.60	0.60	..	..	12	Y.P.
14,00,000	10,92,000	44,75,416	23,85,812	46,128	Macneill & Barry Ltd.	Ganges Rope Co., Ltd.	235.00	100	17.50	20.00	15.00	..	12	Y.
80,00,000	....	4,73,255	21,691	−3,80,640	National Rubber Mfrs., Ltd.	General Tyres Ltd.	8.00	7.50	Nil	Nil	Nil	Nil	6	Y.
60,00,000	58,42,190	34,60,723	20,85,583	15,471	J. W. Easson, Esq. (Chairman)	Gillanders Arbuthnot & Co., Ltd. ..	14.12	10	1.00	1.10	1.10	1.10	3	Y.P.
40,00,000	31,88,500	88,62,918	52,34,329	88,310	D. S. Barron, Esq. (Chairman)	Godfrey Phillips India Ltd.	28.12	10	4.00	4.00	3.00	..	12	Y.P.
2,00,15,000	1,54,59,793	3,89,93,878	37,75,535	51,85,010	R. E. O. Carey, Esq. (Mg. Director) ..	Goodyear India Ltd.	29.50	10	..	Nil	..	..	12	Y.
5,07,56,250	2,31,76,491	10,71,36,646	5,28,33,894	3,043	Birla Brothers Private Ltd.	Hindustan Motors	18.75	10	0.50	1.00	1.25	1.15	12	Y.P.
1,80,00,000	52,66,923	1,97,24,190	54,21,748	−5,71,393	Talukdar Law & Co. Private Ltd. ..	Hindusthan Pilkington Glass	13.81	10	1.20	1.20	Nil	..	10	Y.
1,50,00,000	....	5,65,75,373	2,66,76,280	−11,50,254	H. L. Somany, Esq. (Chairman)	Hindustan Ferodo Ltd.	13.10	10	..	Nil	Nil	Nil	3	Y.P.
15,16,00,000	10,67,60,544	12,69,94,528	4,09,70,628	3,29,429	Mr. F. A. Collett (Chairman)	Imperial Tobacco Co. of India Ltd. ..	9.62	10	0.80	0.90	0.90	0.80	12	Y.
4,00,28,880	4,53,66,220	18,12,24,786	5,15,28,582	56,98,466	H. V. Richenger, Esq. (Chairman) ..	Indian Aluminium Co., Ltd.	31.50	10	1.50	1.50	1.75	..	12	Y.P.T.
2,48,65,450	3,38,26,675	3,48,31,931	1,88,64,273	21,521	J. V. J. Paterson, Esq. (Chairman) ..	Indian Cable Co., Ltd.	36.94	10	2.25	2.25	2.25	2.25	3	Y.
8,64,00,000	1,61,33,886	9,06,12,544	3,91,56,221	35,587	Amiya Kumar Sen, Esq. (Mg. Director).	Indian Oxygen Ltd.	27.06	10	1.50	1.50	1.20	1.20	9	Y.
29,93,375	1,89,825	60,18,398	28,15,032	66,068	M.	Indian Plastics Ltd.	7.31	10	Nil	Nil	Nil	Nil	3	Y.P.
6,27,970	12,42,783	22,18,109	13,35,190	58,791	M.	Indian Rubber Manufacturers	20.00	10	2.00	3.00	3.50	..	12	Y.P.
74,98,900	5,31,500	1,01,04,128	15,16,862	19,207	Duncan Brothers & Co., Ltd.	Isaac Holdens (India) Ltd.	13.25	10	Nil	Nil	Nil	..	12	Y.
2,00,00,000	97,10,720	85,46,929	19,24,182	3,392	J. V. J. Paterson, Esq. (Chairman) ..	Jardine Henderson Ltd.	72.00	100	7.00	6.00	7.00	7.00	12	Y.
15,00,000	13,00,000	18,79,359	1,52,872	64,044	J. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd. ..	8.62	10	1.00	1.00	..	..	3	Y.P.
1,40,00,838	29,25,514	2,73,13,972	18,07,683	1,01,033	Young India Agencies Ltd.	Madras Rubber Factory Ltd.	14.37cd	10	..	0.60	0.45	0.32	9	Y.
1,47,12,250	1,38,23,546	94,10,038	25,41,490	1,289	T. Leslie Martin, Esq. (Chairman) ..	Martin Burn Ltd.	28.00	10	2.75	2.75	2.50	2.50	12	Y.
16,00,000	14,99,563	29,92,908	5,30,650	....	Vittal Mallya, Esq. (Chairman)	McDowell & Co., Ltd.	22.82	10	3.00	1.25	0.60	..	12	Y.
47,12,000	90,33,968	54,12,626	25,66,683	2,84,727	M.	McLeod & Co.	204.00	100	15.00	15.00	18.00	..	12	Y.
1,61,00,000	2,38,95,151	4,47,55,502	1,71,01,969	88,785	M. K. Vellodi, Esq. (Chairman)	Metal Box Co. of India Ltd.	31.50	10	2.50	2.50	2.50	1.90	3	Y.P.
84,93,000	22,92,184	39,86,801	11,11,396	3,426	N. G. Ayyangar, Esq. (Mg. Director)	Mysore Electric Industries Ltd. ..	189.00	100	24.00	20.00	20.00	12.00	3	Y.
6,56,250	10,53,965	15,85,708	8,55,184	1,217	Mr. M. Subramanyam (Chairman) ..	Mysore Lamp Works	30.00	10	2.00	2.50	2.70*	0.80	3	Y.
10,00,000	6,01,040	22,77,151	13,28,686	1,401	L. P. Mallappa, Esq. (Chairman) ..	Mysore Tobacco	12.00	10	1.00	Nil	1.00	1.00	3	Y.
1,25,00,000	1,27,32,234	1,84,18,002	73,45,576	21,708	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Insulated Cable Co.	23.75	10	2.50	2.50	2.50	1.80	3	Y.P.
80,00,000	36,90,300	56,25,223	32,56,376	10,484	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Pipes & Tubes Co., Ltd. ..	28.50	10	2.00	2.00	2.00	2.00	9	Y.P.
40,00,000	39,77,485	81,98,266	44,06,902	25,685	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Rolling & Steel Ropes	23.25	10	1.30	1.50	1.50	..	6	Y.
50,00,000	16,52,447	1,23,15,832	64,60,501	75,633	K. N. Mookerjee, Esq. (Mg. Director)	National Rubber Manufacturers Ltd. ..	12.25	10	Nil	0.65	0.60	..	12	Y.
79,97,000	1,29,48,132	1,71,77,572	93,89,768	3,61,145	R. N. Elias & Co. Private Ltd.	National Tobacco Co.	13.50	10	1.60	0.70	0.70	..	12	Y.P.T.
23,35,100	17,27,391	45,55,515‖	....	46,960	Ramdutt Ramkissendass	New India Investment Corpn. Ltd. ..	15.00N	75	0.50	2.50	2.00	..	12	Y.
20,00,000	10,04,500	19,06,562	10,15,029	2,705	Parry & Co. Ltd.	Parrys Confectionery Ltd.	3.31cd	1	0.30	0.30	0.26	0.16	3	Y.
2,50,00,000	89,30,483	2,95,60,999	1,04,71,921	1,39,632	W. A. C. H. Hoschzant, Esq. (Chairman).	Phillips India Ltd.	28.25	10	1.20	1.20	1.80	..	12	Y.
1,66,16,013	9,87,500	2,22,80,449	1,44,846	−3,25,133	Duncan Brothers & Co., Ltd.	Phillips Carbon	15.00	5	Nil	3.00	3.00	..	3	Y.P.
12,25,800	7,44,934	80,08,133	7,95,031	4,309	Iyer & Co. Private Ltd.	Rane (Madras) Ltd.	8.55	5	0.70	0.70	0.75	0.75	3	Y.P.
41,56,400	43,63,124	75,97,564	27,98,850	2,687	T. Shamanna, Esq. (Chairman)	Radio & Electricals Mfg. Co., Ltd. ..	21.12	10	2.30	1.80	1.80	1.80	3	Y.
2,25,00,000	4,45,970	1,66,51,275	62,82,070	5,962	Badridas Goenka, Esq. (Chairman) ..	Ralli India Ltd.	124.00	100	8.00	8.50	8.50	10.00	8	Y.P.
5,00,00,000	3,35,90,000	15,86,08,576	7,92,70,758	4,305	Sahu Jain Ltd.	Rohtas Industries	12.06	10	2.00	1.00	0.80	0.90	3	Y.P.T.
1,35,00,000	86,99,991	3,28,44,422	1,37,12,414	4,301	K. D. Gangull, Esq. (Secretary)	Sen-Raleigh Ltd.	15.12	10	0.80	0.80	0.80	Nil	9	Y.P.
71,00,000	....	1,02,05,408	9,21,237	−14,10,918	Seshasayee Brothers Pvt. Ltd.	Seshasayee Industries	6.70	10	Nil	Nil	Nil	..	12	Y.P.
75,00,000	55,43,000	2,25,33,514	1,15,95,090	76,764	S. M. Smith, Esq. (Chairman)	Shaw Wallace & Co., Ltd.	16.87	10	1.50	1.50	0.75	..	12	Y.P.
40,00,000	1,10,03,808	1,65,53,054	89,38,196	4,37,429	C. W. Stephenson, Esq.	Shaw Wallace & Co., Ltd.	37.25	10	1.80	1.80	1.80	1.80	6	Y.P.
20,00,000	32,00,000	29,13,410	63,50,721	14,232	Standard Motor Co. (India) Pvt. Ltd...	Standard Motor Products	10.33	10	Nil	0.60	0.60	..	12	Y.P.
9,90,310	52,158	18,77,856	9,39,671	498	Ogale Bros. (Private) Ltd.	Travancore Ogale Glass	5.85	10	0.60	0.70	0.65	..	12	Y.P.
11,58,300	19,10,341	30,05,997	8,53,667	53,668	R. H. Stanes, Esq. (Mg. Director) ..	Stanes & Co., Ltd.	27.50cd	10	2.25*	1.60	2.25	2.25	3	Y.P.
2,50,00,000	2,14,79,830	5,65,64,026	1,60,15,726	50,510	Sir A. Ramaswami Mudaliar (Chairman).	Tube Investments of India Ltd.	215.00	100	10.00	10.00	10.00	10.00	7	Y.
30,58,950	7,01,942	79,26,373	46,26,373	89,275	The Cotton Agents Private Ltd.	Tungabhadra Industries Ltd.	10.75	10	Nil	Nil	Nil	1.00	9	Y.T.
2,00,00,000	3,10,49,275	7,50,03,125	2,05,52,459	4,44,245	J. R. Galloway, Esq. (Chairman) ..	Union Jute Co., Ltd.	19.80	10	1.80	1.80	1.25	..	12	Y.P.
50,00,000	91,28,520	70,39,890	27,47,493	....	Vittal Mallya, Esq. (Chairman)	United Breweries	33.00	10	6.00	6.00	2.50	0.60	3	Y.
5,00,000	6,61,000	9,28,654	6,49,099	6,671	Shaw Wallace & Co., Ltd.	United Flour Mills Ltd.	27.81	10	2.50	1.50	0.75	..	11	Y.
81,46,200	36,44,970	1,13,05,331	52,87,456	9,200	A. K. Kaderkutty, Esq. (Mg. Director).	Western India Plywoods Ltd.	210.00	100	10.00	12.00	14.00	15.00	3	Y.P.
TRANSPORT														
20,00,000	27,13,587	53,71,269	23,96,464	11,765	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	128.00	100	7.50	7.50	10.00	..	10	Y.P.
1,60,00,000	31,61,089	4,96,46,330	2,56,84,035	....	Dinshaw (Private) Ltd.	Bharat Line	4.64	10	Nil	Nil	Nil	..	12	Y.
60,00,000 } 30,06,000 }	2,71,64,446	10,34,29,602	3,49,30,642	1,28,987	A. H. Bhiwandiwalla & Co. (Bombay) Private Ltd.	Great Eastern Shipping Co.	{ 13.40 14.36	10 10	1.00 0.50	0.75 0.39	1.00 0.50	Nil Nil	} 6	Y.P.
£555,580	£1,194,360	£4,312,901	£2,342,183	−£84,854	Kilburn & Co. Private Ltd.	India General Navigation & Rly. Co. ..	42.00	£10	Nil	Nil	Nil	Nil	12	Y.P.
2,47,50,000	1,57,29,584	28,79,77,972	8,19,14,557	....	Lionel Edwards (Private) Ltd.	India Steamship Co. Ltd.	7.00	10	1.00	Nil	Nil	Nil	3	Y.P.
11,18,19,293	11,58,24,547	36,88,80,105	12,45,17,005	2,82,649	D. M. Khatau, Esq. (Chairman)	Scindia Steam Navigation Co.	15 58	20	0 60	0 60	0 60	1.00	3	Y.
O. 8,40,800 } P.O. 2,10,200 }	29,75,610	17,52,888	10,48,110	5,407	R. R. Alyer, Esq. (Manager)	Walford Transport Ltd.	{ 3.44 3.04	O. 1 P.O. 1	0.30 0.20	0.30 0.20	0.30 0.20	..	} 12	Y.

COAL COMPANIES

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Director or Secretaries	Company	Latest available Quotation	Paid-up per Share	Dividend per Ordinary Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
25,50,000	69,27,800	1,49,32,049	90,70,765	39,096	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields	23.25	10	1.00	1.25	1.50	..	3	Y.
12,00,000	12,52,902	41,58,902	26,25,221	....	Jardine Henderson Ltd.	Barraree Coke	21.56	10	Nil	Nil	1.50	1.50	3	Y.
4,49,350	1,52,988	11,57,089	6,92,033	8,392	Kalyanji Mavji & Co.	Bengal-Bhaidee	8.25	50N	0.60	..	..	..	12	Y.
1,20,00,000	2,64,87,667	8,61,01,334	5,35,27,381	8,57,427	Andrew Yule & Co., Ltd.	Bengal Coal	257.00	100	25.00	21.00	19.00	6.00	10	Y.P.T.
2,25,000	5,45,835	21,80,114	16,129	−3,95,581	M.	Bengal-Nagpur	22.00N	10	1.00	2.50	..	..	12	Y.
40,00,000	64,950	1,27,37,959	69,90,595	−3,95,581	Sahu Jain Ltd.	Bharat Collieries	3 37	10	Nil	Nil	Nil	..	6	Y.P.T.
7,15,000	8,31,772	59,01,884	37,59,468	−6,87,301	M.	Bhulanbarree	10 00	10	Nil	Nil	..	..	12	Y.P.
7,50,000	22,70,003	45,77,689	29,53,344	33,647	F. W. Heilgers & Co. (Private) Ltd. ..	Borrea	22.25	10	1.50	1.50	..	..	12	Y.P.
90,02,480	94,32,421	4,74,28,820	2,50,88,877	90,768	Bird & Co. Private Ltd.	Burrakur	15.91	10	1.30	1.30	1.30	1.30	6	Y.P.T.
49,97,750	6,85,370	84,62,322	33,58,568	8,56,023	Hindustan Investment Corpn. Ltd. ..	Central India	9 50	10	0.80	1.00	1.00	..	3	Y.
8,00,000	12,69,490	64,16,457	35,48,225	−1,52,641	Jain Industries	Central Kurkend	3 44	10	Nil	Nil	..	..	12	Y.
16,00,000	....	61,00,301	36,92,941	−5,39,034	M.	Dhemo Main	3 00	10	Nil	Nil	..	..	12	Y.
42,40,000	£501,905	£979,972	£218,516	£6,234	Jardine Henderson Ltd.	East Indian	22 25	10	1.00	2.00	2.75	..	4	Y.
29,63,750	1,18,76,888	5,05,78,170	3,62,55,116	33,594	Macneill & Barry Ltd.	Equitable	22.44	10	1.50	1.00	..	..	12	Y.P.T.
15,00,000	40,000	27,42,684	9,88,023	−5,84,265	Bhatter's Agency Ltd.	Ghusick and Mualia	13 25	10	Nil	Nil	Nil	..	3	Y.
12,00,000	2,41,433	49,25,017	30,34,255	796	Killick Industries Ltd.	Hingir Rampur	6 00	10	Nil	Nil	Nil	..	3	Y.P.
6,00,000	....	26,07,213	20,64,191	−3,65,025	M.	Hurriladih	5 75	10	Nil	..	..	..	12	Y.
20,00,000	9,86,018	49,02,919	15,19,022	22,810	Bird & Co. Private Ltd.	Kanyaura Collieries	13 00	10	0.75	1.00	1.00	..	2	Y.P.
14,84,160	16,01,825	61,62,377	42,85,781	1,11,842	Andrew Yule & Co., Ltd.	Katras Jherriah	33 75	10	0.50	4.00	2.50	..	1	Y.
9,00,000	10,22,762	29,57,644	23,77,712	57,591	R. V. Low & Co. (Private) Ltd.	Lakurka	13 00	10	0.40	..	..	..	4	Y.
7,48,240	3,16,490	19,90,484	10,51,223	74,711	Tantia Brothers Private Ltd.	Nadira	6 25	10	0.75	Nil	Nil	..	3	Y.
31,97,210	30,53,021	1,78,50,500	1,16,14,437	28,703	Andrew Yule & Co., Ltd.	New Beerbhoom	11 04	10	1.60	1.00	1.20	..	10	Y.P.
10 00 000	3,90,206	12,37,138	3,80 199	51,230	Octavius Steel & Co., Ltd.	New Manbhoom	13.50	10	0.75	0.90	..	..	3	Y.
1,15,062 } 1,57,000 }	4,31,409	17,65,275	10,59,556	15,045	M.	North West	{ 19.75 17.50N	7.50	1.50 1.50	1.50 1.50	.. ..	.. ..	} 3	Y.
7,50,000	13 22,645	2,92,538	22,85,007(k)	45,060	P. Prashad, Esq. (Chairman)	Ondal	14 50	10	0.125	0.125	..	..	12	Y.P.
9,34,000	1,52,212	37,86,226	14,17,160	589	Deepchand Kishenlall	Parasea	14 00	10	1.00	1.00	1.00	..	3	Y.
16,75,000	24,59,125	87,88,044	54,04,852	54,253	Shaw Wallace & Co., Ltd.	Pench Valley	17 75	10	1.00	1.00	1.00	..	3	Y.
41,99,120	40,85,000	1,69,75,221	1,15,48,508	35,781	M.	Ranegunge	19 25	10	1.50	1.50	1.70	..	3	Y.
12,50,000	20,80,190	65,69,728	40,37,391	41,523	Shaw Wallace & Co., Ltd.	Rewa	28.50	10	2.00	2.00	..	..	12	Y.
37,50,000	40,22,084	1,15,07,370	41,76,885	43,117	M.	Samla Collieries	8 00	10	1.00	1.00	..	..	12	Y.
40,00,000	4,97,010	48,92,001	12,60,093	7,288	S. D. Sethia & Co. Private Ltd.	Selected Satgram Collieries	116 00	100	16.00	14.00	..	..	12	Y.
2,80,000	13,29,516	33,90,332	22,10,361	15,849	Andrew Yule & Co., Ltd.	Seepore	34 75	7	3.00	3.00	2.50	..	12	Y.P.
2,80,000	4,54,648	35 740	13 04,570(k)	1,540	F. W. Heilgers & Co. (Private) Ltd. ..	Sendra	6 00	10	0.50	0.25	..	..	3	Y.
12,80,000	4,54,648	80,08,133	4,10,29,316	47,033	M. P. Pal, Esq. (Chairman)	Singareni	9 75	10	0.70	0.75	....	0.75	3	Y.
$,00,00,000	1,03,14,323	10,18,84,729	4,10,29,316	3,001	Bird & Co. Private Ltd.	South Karanpara	7 62	10	0.25	Nil	Nil	0.25	8	Y.
17,50,000	11,77,056	57,60,323	26,76,159(k)	38,308	F. W. Heilgers & Co. (Private) Ltd. ..	Standard	11 87	10	1.50	1.00	..	..	12	Y.
8,00,000	15,48,969	1,53,707	78,758	36,403	R. M. Varma, Esq. (Mg. Director) ..	Union	10 25	10	Nil	Nil	..	..	12	Y.
14,50,000	5,91,032	23,77,775	17,78,595	36,403	Hindustan Investment Corpn. Ltd. ..	Western Bengal	6 75	10	0 60	0 75	0.90	..	3	Y.
49,98,000	6,09,055	1,05,82,162	42,25,012	1,19,162	M.	West Jamuria	4.00	10	Nil	Nil	..	..	12	Y.
7,00,000	.....	60,62,759	34,56,424	5,23,711										

H.—Clive Row Investment—Dividend for 1959 includes additional dividends of 9 nP for the year ended 31st March 1955 and 37 nP for the year ended 31st March 1956.

M.—Managed by the Board of Directors. *N.B.*—Dividends paid since 31st March 1959 are shown as taxable.

A.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent. approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 118 lakhs whereas the interim dividend of 15 per cent was on a paid-up capital of Rs. 50 lakhs only.

X.B.—Ex-Bonus.

* Includes bonus.

(k) Investments.

‖ Investment at cost.

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.	Latest available Quotation. Rs.	Paid-up per Share. Rs.
BANK			

MARKET GOSSIP

(*Concluded from page 447*)

the taxation structure, the new proposals have added so much complexity that the average taxpayer feels more confused than ever before. The reimposition of the Expenditure Tax which, on past experience, has shown to bring in insignificant revenue and at the same time has caused a lot of harassment to the very limited number of assessees coming within its mischief, is a source of serious resentment. The proposals for levying the Capital Gains Tax on bonus shares in hands of the recipients before they are actually sold and capital gain secured is perhaps amongst the most unjustified of the new taxes and is bound to impede seriously the revival of confidence in the investing public. ... The sharp increase in the rates of Estate Duty is ... so serious as to defeat the main objective of the Finance Minister in reviving confidence in the capital markets. Big efforts and big risks are only taken with the prospects of big rewards and, human nature being what it is, men who undertake such risks are largely motivated by considerations of making adequate provision for their families. Family life in India is a very important and binding interest in our society and I am afraid that the new philosophy enunciated by the Finance Minister that a man who earns has no right to transfer his property to his heirs and successors will prove, in actual practice, to be fatal to the development of our economy."

It is the realisation of these implications of the Budget that impelled this journal to remark a fortnight ago that, "as a result of his (T.T.K.'s) Budget, the growth of doctrinaire socialism will be faster than the growth of the economy as a whole." But all these criticisms do not seem to have moved T.T.K. even an inch. No wonder the stock exchanges are again in the doldrums.

Japan Looking Elsewhere For Iron Ore

Japanese steelmakers are pretty certain that India will be unable to fulfil the 1958 contract to supply two million tons of iron ore from the Kiriburu mines, with deliveries starting from April this year, although the report on the third Plan's mid-term appraisal claimed that the Kiriburu project had gone into trial production, "and will go into full production from the beginning of 1964 when exports to Japan will commence as scheduled." The dismay of the Japanese has been further heightened also by the failure of the Japanese-aided Bailadilla iron ore project to keep to its schedule of development. They have, therefore, already started looking for alternate supply sources of this raw material.

Reports have it that the Japanese have revived their interest in the large iron ore deposits in Australia and expect those deposits to become increasingly important sources of iron ore. In fact, one Australian group has already offered to supply a total of 65 million tons of iron ore over a period of 15 years from 1967. The Japanese steelmakers, on their part, think that the large Australian deposits should enable them to purchase at "competitive prices" and "ensure reliability of supplies." Australian miners, weary of the large capital investment required in developing this trade, are themselves looking for long-term contracts so as to enable them to recover the large capital investment. Thus, the mutual interests point to a successful bargain, and the Australian sources hint at such a possibility in the latter half of 1964.

It is not that the Indian authorities have not been aware that the delay over the Kiriburu and the Bailadilla projects would create difficulties for our future iron ore shipments to Japan. But then, there are several factors involved in all our planning and programming which upset schedules. Had it not been so, the mid-term Plan appraisal would not have been necessary at all. And couldn't this become another example of working towards the loss of good export markets?

What is of great concern to us is that there is no world shortage of iron and it is now very much a buyer's market commodity. The Japanese steelmakers are looking for sources where their iron ore purchases must be so competitive as to enable them to increase their exports of steel and steel products profitably in an extremely competitive market. The availability of new sources for Japan will inevitably depress the per-ton price of iron ore we were able to negotiate last year, which in itself was lower than the price we had received from Japan when the State Trading Corporation had undertaken its first shipments. Malaysia is another source for Japan. But the mine operators there are now finding it difficult to persuade the Japanese to take their full output, probably because the interest of the purchasers is now concentrated in the Australian deposits. We in India should not fail to read the signs.

Inflation in W. Europe

The spectre of inflation is haunting Western Europe again. In Italy, France and the Netherlands, inflation is a very real problem, while, in the U.K., Germany and the U.S., inflation is still a threat only. Prices have been rising in most countries of Western Europe. The biggest increases have occurred in France, Italy and Switzerland; the pressure on prices is growing in W. Germany. The U.K. and U.S.A. have fared better by comparison, the percentage increases in retail prices over those a year earlier having been of the order of only 2 per cent or less. In contrast, the percentage increases in France, Italy and Switzerland have exceeded 7 per cent. Germany and Belgium recorded lower increases—less than four per cent. But the general trend is unmistakably upward and, what is more, it is gathering momentum.

No economy has been hit harder by the present wave of inflation in Western Europe than that of Italy. In fact, inflation had brought the Italian "economic miracle" to its knees in 1961 itself and, in spite of the steps taken to bring it under control, it has now precipitated a major economic crisis in the country which has been aggravated by political factors. Consequently, the economic crisis has deepened into a crisis of confidence in the Government itself. The crisis revealed itself in a deterioration in the position of the lira, the Italian national currency, in the foreign exchange markets of the world and a failure of confidence among Italian industrialists. The lira has been weak in foreign exchange markets for quite some time now, but last week pressure on it was intensified and the discount on forward lira rose sharply to 10 per cent. The immediate provocation for this speculative assault on the lira was the news that Italian imports are still rising while wages are still moving up. It may be noted that wages rose by 15 per cent throughout the economy last year and by considerably more in some sectors.

In a bid to avert a financial crash, the Italian Government turned to the I.M.F. which promptly granted a credit of $225 million. This has now been supplemented by another credit of $1,000 million from the U.S. and W. European countries, possibly the Common Market countries. This new credit is made up of three parts. The U.S. Treasury and the Central banks of some European countries are making available $550 million to the Bank of Italy under a swap arrangement. The U.S. Export-Import Bank is providing a stand-by credit of $200 million and the U.S. Department of Agriculture has authorised the Commodity Credit Corporation to grant Italy *a $250 million credit for three years.*

The prompt and generous help from the U.S. and other countries has inspired hope and optimism that Italy will tide over the crisis soon. Signor Guido Carli, Governor of the Bank of Italy, has stated that Italy has now *sufficient financial support* to enable it to face up to the interval required for the stabilisation measures already initiated to take effect. The stabilisation plan, it may be recalled here, includes, on the one hand, imposition of a purchase tax on cars (the surge in car imports has been one of the principal causes for the deterioration in trade balance), consumer durables and more stringent restriction on hire-purchase and, on the other, curbs on expansion of bank credit. For political reasons, these measures had taken much longer to be introduced than had been hoped and they have not had time to make their effect felt on the economy.

While Italy is thus engaged in fighting inflation, West Germany is taking steps to forestall inflation. Chancellor Erhard has announced that his Government would adopt measures, mostly fiscal, to prevent creeping inflation. There is no thought of devaluating the D-mark, according to the Chancellor, but the measures proposed, he pointed out, would not be popular. He has urged economy in Government spending and moderation on the part of employers and workers. The community of interests and problems of the countries of W. Europe call for co-ordination in national economic policies. Chancellor Erhard has already conceded that there is need for such co-ordination at least among the Common Market countries and his Government has taken the initiative in pressing for it. He is genuinely concerned over West Germany's trade and payment surpluses which, he says, are connected with inflationary developments in other Common Market countries.

Production Of Tobacco

The current year might see a slight fall in the world production of tobacco leaf (excluding Mainland China and the Soviet Union) from its last year's record high of 3.4 million tonnes, which was about 4 per cent more than in 1962. This is estimated in a commodity note appearing in the February issue of the *F.A.O. Monthly Bulletin of Agricultural Economics and Statistics.* The increase in 1963, according to the note, was entirely on account of the combined production of Turkey, Bulgaria, Greece and Yugoslavia—the four major countries growing the oriental leaf type of tobacco —rising from 315,000 tonnes to 407,000 tonnes. Their share, and therefore the world total, would have been higher still, had not Turkey experienced the blue-mould disease and Bulgaria drought. Still, however, their higher output more than offset a decline in other cigarette leaf tobaccos—the burley and especially the flue-cured. The flue-cured leaf tobacco production in the United States declined by 37,000 tonnes and in the Rhodesias and Nyasaland by 13,000 tonnes. Inadequate rains at sowing time explain, the note says, the less than possible, though higher, production of cigarette leaf tobacco in India last year.

Tobacco exports from India have maintained their upward trend. They reached a record figure of Rs. 23.58 crores in 1963 as compared with Rs. 19.39 crores in 1962. The performance in the fiscal year 1963-64 up to December at Rs. 19.39 crores compares favourably with Rs. 14.68 crores in the corresponding period of 1962-63 and the total for the year would easily exceed the previous record of Rs. 18.97 crores attained in 1962-63. Recently, however, there has developed a rift between the growers and traders over the prices to be offered for the current crop of tobacco. This rift is feared to have affected sales of virginia tobacco. The fears have not been baseless, since even Dr. Ram Subhag Singh, Minister of Agriculture, seemed to have confirmed them the other day in the Lok Sabha, when he said that the foreign demand for tobacco continued to be at about the same level as in the past year and, if the growers and traders arrived at a settlement, there would be no reduction in the foreign exchange earnings. According to the Minister, the prices now offered by the traders are somewhat lower than those paid by them last year. There is no minimum support price for tobacco, either operational or statutory, but the Government has fixed minimum export prices for different grades of tobacco. All the same, the differences between the growers and the traders have delayed the arrival of the crop which normally reaches the market in the middle of January. It is necessary that the rift ends soon. Efforts in that direction are already being made by the Andhra Pradesh Government and the Indian Central Tobacco Committee.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 19th March 1964:

	Closing quotations 12-3-1964	High	Low	Closing quotations 19-3-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100) ..	140.00	140.00	139.50	139.50
Apollo (2) ..	1.86	1.86	1.66	1.74
Baroda Rayon (100) ..	90.00	90.00	86.50	87.50
Bombay Dyeing (25) ..	62.50	62.50	60.50	60.90
Bradbury (50) ..	151.00	—	—	151.00
Central India (100) ..	97.00	97.00	90.00	90.00
Century Mills (100) ..	656.00	657.00	626.00	630.00
Dawn (50) ..	155.00	155.00	151.00	152.00
Elphinstone (50) ..	98.00	98.00	95.00	95.00
Finlay (100)	315.00	315.00	303.00	306.00
Gokak (100)	179.00	179.50	176.00	177.00
Gold Mohur (100) ..	211.25	—	—	211.25
Gwalior Rayon (10) ..	42.00	42.00	40.00	40.00
Ind. Untd. Deld. (1) ..	2.52	2.64	2.42	2.52
Ind. Untd. Ord. (10) ..	21.50	21.48	21.12	21.12
Indian Rayon (100) ..	76.00	76.00	71.00	71.00
Indore Malwa (100) ..	206.00	210.00	204.00	210.00
Khatau (100)	197.50	197.50	187.50	188.75
Kohinoor (100)	339.50	341.50	330.00	333.00
Mafatlal (100)	575.00xr	575.00	527.50	527.50
Modella Woollens (10) ..	13.52	—	—	13.52
Morarji (100)	388.00	388.00	371.00	379.00
Mysore (50)	42.00	42.00	39.00	40.00
National Rayon (100) ..	415.00	404.00	377.00	381.00
New Great (100)	178.00	—	—	178.00
Phoenix (100)	228.00	228.00	220.00	222.00
Podar Mills (10)	12.80	12.80	12.40	12.40
Raymond Woollen (100) ..	135.00	135.00	133.50	134.00
Sassoon Spg. (10) ..	40.00	—	—	40.00
Shreeniwas (100)	263.00	261.00	240.00	252.00
Simplex (50)	151.00	—	—	151.00
Standard (100)	713.00	713.00	655.00	673.00
Swadeshi (100)	250.00	248.50	244.00	245.00
Swan (100)	267.50	—	—	267.50
S. J. Viscose (100) ..	134.00	134.00	128.00	128.50
Tata Mills (25)	56.00	56.20	54.00	54.70
Lakshmi-Vishnu (100) ..	101.00	101.00	100.00	100.00
Western India (250) ..	847.50	—	—	847.50
BANKS				
Bank of India (50) ..	105.50	106.00	105.00	105.50
Do. (New) (50) ..	108.00	108.00	107.00	108.00
Bank of Baroda (50) ..	92.50	92.50	92.00	92.00
Central (25)	45.00	44.75	44.25	44.75
Central 'A' (25) ..	45.00	44.75	44.25	44.75
Dena Bank (50)	56.30	56.50	56.00	56.30
Punjab National (10) ..	19.32	—	—	19.32
Union Bank (5)	6.24	6.24	6.08	6.16
United Com. (50)	72.20	72.20	72.00	72.00
Maharashtra (50) ..	54.50	—	—	54.50
ELECTRIC COS.				
Ahmedabad (100) ..	95.70xd	95.80	95.20	95.50
Amalgamated (10) ..	9.64	—	—	9.64
Andhra Valley (1,000) ..	1,037.50	1,037.50	1,035.00	1,037.50
Bom. Sub. El. (100) ..	104.75	105.00	104.75	105.00
Surat (100)	101.50	101.50	101.00	101.50
Tata Hydro (100)	112.00	112.00	111.00	112.00
Tata Power (1,000) ..	1,096.25	1,100.00	1,092.50	1,095.00
INSURANCE COS.				
British India (10) ..	12.64	—	—	12.64
Indian Mercantile (50) ..	56.20	—	—	56.20
New India (15)	46.00	46.00	44.25	44.25
New India 'A' (15) ..	47.75	47.00	45.00	45.50
Vulcan (10)	16.00	—	—	16.00
STEEL COS.				
Ind. Iron (10)	25.20	25.25	24.52	24.64
Mukand Iron (10) ..	17.88	17.68	17.00	17.04
Tata Steel Ord (75) ..	149.50	150.00	145.25	146.25
SUGAR COS.				
Belapur (50)	230.00	228.00	222.00	224.00
Jhupal (10)	12.76	—	—	12.76
Chandpur (12.50) ..	29.00	—	—	29.00
Maharashtra (50) ..	140.00	140.50	135.00	138.00
Phaltan (50)	110.00	109.50	104.50	107.50
Walchand Ind. (100) ..	156.00	154.50	150.00	151.00
CEMENT COS.				
Associated Cts. (100) ..	149.75	150.25	146.50	147.25
Dhrangy (100)	180.00	180.00	172.50	173.50
Orissa (10)	13.84	13.80	13.68	13.80
DYES & CHEM.				
Amar-Dye-Chem (100) ..	157.50	157.50	147.50	147.50
Camphor & Allied (100) ..	97.50	97.50	89.00	93.00
Cliffe (100)	77.00	77.00	73.00	74.50
Chemicrat (100)	148.00	147.00	133.00	138.00
Colour-Chem (100) ..	355.00	352.50	330.00	337.50
Indian Dyestuff (100) ..	342.50	341.25	315.00	322.50
Polychem (50)	125.00	125.00	120.00	121.25
Synthetics (100)	100.50	100.00	95.00	99.50
Tata Chemicals (10) ..	18.96	19.00	18.16	18.28
MISCELLANEOUS				
Alcock Ashdown (100) ..	308.00	309.00	292.00	295.00
Bom. Burmah (25)§ ..	60.60	60.90	59.70	60.90
Do. (New) (20)§ ..	47.00	47.00	46.75	47.00
Br. B. Petrol (1½ sh.) ..	2.80	2.86	2.60	2.66
Br. I. Corpn. (5) ..	8.64	8.88	8.64	8.64
Cooper Eng. (100) ..	105.00	—	—	105.00
Hindustan Lever (10) ..	35.50	35.90	35.00	35.25
Hindustan Motors (10) ..	19.12	19.92	18.24	18.32
I. C. & Invest. Corporation (100) ..	97.00	97.75	97.50	97.50
Indian-Copper (2 sh.) ..	3.60	3.58	3.36	3.44
Killicks (100)	82.50	83.00	82.00	82.00
Larsen & Toubro (10) ..	23.60	23.64	22.36	22.60
Mahindra & Mahindra (10) ..	17.24	17.24	16.76	17.00
Ashn Cables (100) ..	81.00	81.00	79.00	80.00
Permanent Magnets (100) ..	122.50	121.25	110.00	112.50
Phillips Carbon (10) ..	15.00	14.52	14.12	14.52
Pre. Automobiles (100) ..	105.00	106.00	100.00	101.50
Premier Con. (50)	188.00	187.00	179.50	181.50
Scindia (20)	16.40	16.44	15.64	16.03
G. E. Shipping (10) ..	13.84	13.84	13.24	13.32
N. Standard Eng. (100) ..	140.50	139.00	132.00	133.00
T. Manekial (100) ..	580.00	—	—	580.00
Shivaram Pistn (10) ..	20.48	20.00	19.00	19.24
Sirpur Paper (10) ..	13.08	13.08	12.88	12.52
Tata Locomotive (100) ..	306.50	307.50	288.00	290.00
Tata Oil (25)	66.50	67.00	63.00	64.50
Voltas (100)	272.00xd	272.25	260.50	262.50
W. I. Match (100) ..	263.50	263.00	261.00	262.00
W. Coast Paper (100) ..	158.00	158.00	153.00	155.00
Zenith Steel (10) ..	17.24	17.00	16.00	16.00

GOVERNMENT SECURITIES	12-3-1964 Rs.	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	19-3-1964 Rs.
2½% 1975	83.50	—	4.39	83.50
3% 1964	99.50	—	3.90	99.50
3% 1966-68	97.85	3.85	3.90	97.85
3% 1970-75 1st Dev.	90.25	4.89	4.00	90.25
3% 1986 Con. Loan ..	62.25	—	4.72*	63.25
3½% 1964 N. P. Loan ..	99.85	—	3.66	99.85
3½% 1965 N. P. Bonds.	99.70	—	3.77	99.65
3½% 1967 N. P. Bonds	99.70	—	3.74	99.75
3½% 1974	96.75	—	4.12	96.75
3½% 1967 N. P. Bonds.	99.50	—	3.90	99.55
3½% 1969 Loan ..	97.10	—	4.20	96.90
3½% 1968	98.10	—	3.93	98.10
3½% 1968 N. P. Bonds.	99.45	—	3.91	99.40
4% 1972 Loan	99.20	—	4.12	99.20
4% 1973 Loan	99.15	—	4.10	99.15
4% 1979 Loan	98.50	—	4.14	98.50
3½% 1966 Bonds ..	99.65	—	3.66	99.65
4% 1980 Loan	98.30	—	4.14	98.30
4% 1981 Loan	98.40	—	4.14	98.30
4½% 1985 Loan	100.10	—	4.46	100.10
6½% 1977 G. Bonds ..	118.35	—	4.62	118.25
4½% 1972 N. D. Bonds	100.40	—	4.22	100.20

* Current Income. xd—Ex-dividend. x.r.—Ex-Right. c.r.—Cum-Right. cd—Cum-dividend.

§ B. Burmah—Shares of Rs. 125 have been sub-divided into 5 shares of Rs. 25 each. ‡ Sub-divided into 5 shares of Rs. 20 each after taking into account the Bonus element of Rs. 25.

COMMERCE

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

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PROSPECTS FOR U.S. AID

THE United States is no doubt a fabulously rich country, judged either by its natural and capital wealth or by its annual gross national product. But it is also a fact that about a fifth of its population is on or below the poverty line in relation to the vastly higher standards of living of the other four-fifths. The "poverty line" here is represented by an annual per-family income of $3,000 which alone can provide a modest but adequate way of life, by current American criteria. That country's chronically depressed areas with their unemployed are also so many pockets of poverty. While, on the one side, massive Federal spending and tax reduction are calculated to create newer employment opportunities, on the other, advanced automation is seeing to it that the ranks of unemployed are not greatly thinned. It is no wonder, therefore, that the Johnson Administration has accorded a high priority to its "war on poverty"—a war involving the establishment of civilian work camps, a new training scheme for youths, federally-financed part-time work for students, aid for small businessmen and the unemployed, etc. This programme, described as a modest beginning, is estimated to cost as much as a billion dollars even in its first year. As this "war" gathers momentum after a year or two of trial and error, Federal expenditure is bound to go up manifold. At the same time, thanks to acreage restrictions and diversion of land under the feed grain programme, surplus stocks of wheat and coarse grains have begun to fall appreciably in recent years from the peaks of 1960, and this declining trend may be expected to continue in the coming years. These facts pertaining to America's war on its domestic poverty and to the declining trend in the output and stocks of foodgrains would, incidentally, seem to suggest that its capacity and enthusiasm for assisting the war on poverty in other lands may somewhat diminish in future, if not disappear altogether, in spite of President Johnson's laudable assertion that "his economic opportunity programme to lift up lower-income U.S. families is part of the world-wide struggle to develop opportunities." In other words, the aid-giving potential of the United States may not continue to be quite as massive as it has been in recent years.

In fact, the diminishing trend in the quantum of aid from that country has already set in. It may be recalled, in this connection, that last year President Kennedy requested the U.S. Congress to appropriate $4,900 million for foreign aid. Although he reduced it later to $4,500 million, the Congress did not act on his request till after his assassination. Finally, the Johnson Administration got in December 1963 only a $3,000-million appropriation. With the reappropriation of about $400 million of unexpended balances, the total amount available for aid commitments in the current fiscal year (July 1963-June 1964) comes to $3,400 million, or 30.6 per cent less than the amount originally sought by the Administration. For the next fiscal year, the Johnson Administration has just asked for only $3,400 million.

President Johnson's relevant message to the Congress has the following highlights:

1. The United States does not seek to cover the whole world in its aid programme. It seeks instead, through prudent and responsible programmes, to help carefully selected countries whose survival in freedom is essential —and whose collapse would bring new opportunities for Communist expansion.

2. The appropriations recommended for fiscal 1965 total $1,000 million for military assistance and $2,400 million for economic assistance. Included in the total economic assistance are new authorisations of $917 million (comprising $335 million for supporting assistance, $225 million for technical co-operation, $134 million for contributions to international organisations, $150 million for the President's Contingency Fund and $73 million for administrative and miscellaneous expenses).

3. More than 80 per cent of aid funds will be spent in the U.S. and the impact of the programme on the country's balance of payments will be less than ever before.

4. The foreign aid now requested will, among others, ensure continued economic development in India, Pakistan and Turkey under the major international aid-consortia, to which the United States is a party, and provide the U.S. share of voluntary contributions to the U.N. technical co-operation programmes and to such special international programmes as the work of the U.N. Children's Fund and the development of the Indus Basin.

5. In 17 nations, the transition from reliance on aid to self-support has been completed and economic aid has ended. Fourteen countries are approaching the point where soft economic loans and grants will no longer be needed.

6. Under the agreement for replenishing the resources of the International Development Association, which is now before the Congress for approval, other countries will put up more than $1.40 for every dollar the U.S. provides to finance on easy terms development projects certified as sound by the World Bank. The amount asked for, in this connection, is $312 million, over a three-year period, from the U.S., as compared with the aggregate contribution of $438 million pledged by other countries.

7. Economic assistance operations will continue to be centred in the Agency for International Development. A general advisory committee on foreign economic and military assistance problems is being set up to serve as a continuing source of counsel to the President and to examine aid programmes in individual countries.

It is by no means certain that the Congress would not seek to reduce even the relatively modest amount of $3,400 million which represents no more than three to four cents of America's tax dollar. Democratic leaders in the Congress, according to President Johnson, have admitted that "it is going to be more difficult this year than it ever has been before." And so the President himself has just stated that "it is going to be very tough to get a good foreign aid measure through the Congress this year." It would thus appear that the peak of Congressional opposition to foreign aid is yet to be reached.

The prospects for U.S. aid to foreign countries in the coming year are thus not bright. Moreover, thanks to the exigencies of the current election year, the Johnson Administration itself may not be quite determined to get all of what it has asked for. Of course, it has begun to advance strenuous pleas for aid appropriation on the bare minimum scale required. For instance, in his testimony before the House Foreign Affairs Committee, Mr. Dean Rusk, Secretary of State, has presented the case for aid in the most telling manner possible. He has told the Committee that, "as all people grow in freedom and independence, so the security of the U.S. is strengthened; and as others grow in economic strength, so the U.S. will continue to prosper." Two-thirds of all development loans, according to Mr. Rusk, will go to seven countries—India, Pakistan, Turkey, Chile, Colombia, Nigeria and Tunisia. Two-thirds of all military funds will go to eleven countries along the Sino-Soviet periphery and four-fifths of supporting assistance to Korea, Vietnam, Laos and Jordan. Pointing out that U.S. foreign aid can only do a small part of the job, the Secretary of State has urged that "American private enterprise must bear a heavier burden of investment in the underdeveloped world, prospering allies must do more, and—most important—recipient nations must do their share through self-help and re-investment in their own economies." As far as U.S. private investment in the developing countries is concerned, it is heartening to be told that President Johnson will soon send to the Congress a request for a special tax credit to encourage it. In effect, this would mean that the U.S. Treasury would forgo a part of the tax it normally collects from a company when that firm engages in specified types of investment in a developing country. Moreover, as Mr. Rusk has announced, an advisory committee on private enterprise in foreign aid will soon be appointed to make a detailed study of the role of private resources and recommend ways in which this role can be increased and strengthened. And the Agency for International Development, too, will place more and more emphasis on contracts with private firms and organisations in providing technical assistance. All this is no doubt good. But it is just possible that the proposed accent on private investment might have the *unintended* effect of getting the Congress to cut the aid figure on the ground that private investors would make up for it.

Even assuming that the Congress would respond fully to the President's request for

Break-up of Economic Aid Asked For
(In million dollars)

Region	Development Loans	Technical Assistance	Supporting Assistance
Near East and South Asia ..	785	49	38
Latin America	482	88	17
Far East	70	48	262
Africa	105	83	31
Total	1,442	268	348

NOTE: 1. Not included in the above regional breakdown are such items as contributions to international organisations and administrative expenses.

2. Funds for Export-Import Bank loans, the Food-for-Peace programme and the Peace Corps are financed by other appropriations.

Contents

LEADING ARTICLES—	PAGE
Prospects for U.S. Aid	493
Problems of Jute Industry	494
TREND OF SHARES	540
MARKET GOSSIP	495
THIS WEEK'S SURVEY	498-499
SPECIAL FEATURES—	
Delhi Letter	496
London Letter	497
Targets for Geneva Trade Talks	500
Commodity Prices and Reserve Currencies .	501
Manchester Letter	505
High Cost of Big Government	528
CHAIRMEN'S SPEECHES—	
India Sugars and Refineries Ltd.	508
Chartered Bank	518-525
MONEY AND BANKING	502-503
INSURANCE	504
PLANTING	506
ENGINEERING	526
NEW PRODUCTS AND PROCESSES	527
COMPANY MATTERS	530-532
NEWS IN BRIEF AND PERSONAL	533
TREND OF MARKETS	536-538
MISCELLANEOUS STATISTICAL INFORMATION ..	539
WEEK'S STOCK EXCHANGE TREND	539

$2,400 million for economic aid alone, there is still the doubt whether the needs of recipient countries would be adequately met in the coming fiscal year. It is not possible, for instance, to figure out from the regional breakdown, given in the accompanying table, how much U.S. assistance would be available to India for the fourth year (1964-65) of the current Plan. This country has now sought from the Aid-India Club, which has provided a total of $3,417 million for the first three years of the Plan, a sum of $1,150 million for the fourth year. This request for $1,150 million is not very much more than the $1,052 million finally pledged by the Consortium in August 1963 for the third year of the Plan. Considering that the U.S. contribution to last year's Consortium aid was at the same level of $435 million as in 1962-63, it may reasonably be expected that its contribution this year might not fall short of that figure. But, as against this expectation must be set the probability of some disappointment in the light of two facts. The first of these is that the U.S. pledge of $435 million for 1963-64 was made long before President Kennedy's Foreign Aid Bill was mangled and cut down to the size of $3,000 million in December last. If the fate of that Bill had been known in advance, the U.S. pledge for last year would have probably been somewhat less than what it actually is. The other fact is that the total foreign aid requested by the Johnson Administration for 1964-65 is only $3,400 million—a figure very much less than the Kennedy request for 1963-64.

It is not yet clear as to how much the U.S. will set apart for India out of the overall limit of $785 million earmarked for development loans to the Near East and South Asia in President Johnson's Foreign Aid Bill for the fiscal year 1964-65. The reports about the preliminary discussions of the Aid-India Club which met at Paris last week are vaguely optimistic. The Indian Government's hope seems to be that, at its next meeting in May in Washington, the Consortium would pledge the total aid requested for the fourth year. But this seems to be a slender hope. For, apart from the uncertainty on the score of the present U.S. Foreign Aid Bill, there is also a grave doubt whether the combined share of the World Bank and I.D.A. would be pledged at the same level of $245 million as in 1963-64. This doubt has arisen because the U.S. Government's request for Congressional approval for a contribution of $312 million, over a three-year period, to the I.D.A.'s resources has been rejected by the House of Representatives. The relevant Bill, already passed by the Senate, has just been referred back to a House Committee where the anti-aid lobby is reported to be very strong. Since the final success of this particular Bill is still problematical, the additional element of uncertainty on the score of I.D.A. share in the Consortium aid is there. While the Government of this country should hope for the best at the May meeting of the Consortium, it should also be prepared for the worst in advance. One of the ways in which this could be done is to modify the taxation proposals in the latest Budget in such a way as to improve the climate for private investment. It is common knowledge now that the Budget has failed to provide any worthwhile incentive to accelerate the tempo of economic development. Another direction in which the Government's precautionary effort could be concentrated is export trade. Considering that exports to hard-currency areas picked up significantly last year, it should be possible to promote this rising trend further in the current year, provided appropriate steps are taken. That would obviate the need for more non-project credits to finance maintenance imports. From the long-term point of view, too, it would be safer to rely increasingly on trade rather than on aid. It is in this context that India, like any other developing country, should judiciously work for the most favourable outcome of the current U.N. Conference on Trade and Development.

PROBLEMS OF JUTE INDUSTRY

WHATEVER be the scale of external assistance, India will need plenty of foreign exchange year after year for quite some time not only to finance the increasingly large imports (especially of capital goods) for economic development but also to service the foreign loans already obtained and that will be obtained in future. With the expansion and diversification of the industrial economy, the scope for earning foreign exchange may, of course, be much broader in future than at present. Nevertheless, it would be dangerous, indeed, to overlook the vital contribution that is being made by the traditional and well-established export industries. Among these, the pride of place goes to the jute industry, that ace earner of foreign exchange which accounts for well over one-fifth of the aggregate earnings. This industry does have a considerable export potential *vis-a-vis* the younger and newer lines of manufactures, what with its natural advantages and long experience of overseas trade. And there is no reason why this potential should not be exploited to the maximum by taking energetic action here and now. Failure to do so will render the prospects of India securing its due share in the expanding world markets for packaging and carpet materials dim. In fact, some of the existing markets built up through sustained effort may be lost once and for all.

In saying this, we are neither crying 'wolf' nor oblivious of the steps already taken by the Government and the industry to improve the competitive capacity of jute manufactures. Our object is to draw attention to certain external forces which are posing a serious threat to India's export trade in jute goods. This is necessary because the relatively better performance of jute industry in terms of both production and exports seems to have engendered a certain amount of complacency among the authorities concerned. Gone are the days when India almost held a monopolistic position in world markets. On the contrary, it has to face keen competition following the rapid expansion of Pakistan jute industry, alternative packaging materials, and bulk handling methods. How Pakistan has rapidly penetrated India's export markets, especially for sacking, was briefly but impressively pinpointed by Mr. J. V. Jardine Paterson, the retiring Chairman of the Indian Jute Mills Association, in his presidential address at the annual meeting of the Association held at Calcutta on Friday the 20th inst. He said.:

> "Hardly a day passes without some reference in the press to more looms being installed or new mills under construction or additional undertakings being planned. Nor are we entitled to assume that we will be able to compensate our loss of sacking markets by an expansion of our trade in other lines. It is common knowledge, for example, that broad loom units are under erection in Pakistan for the manufacture of jute carpet backing and there have already been some shipments of this fabric by Pakistan to America. Again, with growing experience in jute manufacture and the gradual emergence of a skilled labour force, the Pakistan industry is well placed to switch to hessian production on a larger scale if it should so decide. We in Calcutta are in no position to dictate the course of events—not, at least, under the present conditions of operation, with the Pakistani mills enjoying a cost advantage of anything from Rs. 350 to Rs. 400 a ton, as a result of their access to cheaper and better quality jute and their windfall profits from the bonus voucher scheme. We have been continually on the defensive, and no amount of export orientation, however desirable this may be, can alter the hard fact of our inferior competitive strength."

If the competitive capacity of the Indian jute industry is inferior, the question arises as to what should be done to strengthen it, so that the industry would be able to consolidate its position in existing markets and to venture into new markets. There is, first of all, the need for augmenting the output of quality jute goods. Secondly, the cost of production must be reduced. And, finally, several new uses for jute goods should be developed. There is ample evidence in Mr. Jardine Paterson's speech that the jute industry is fully seized of these problems. The industry, one is told, is now giving more attention to those matters with which an export industry in a highly competitive trade ought to be primarily concerned, namely, cost studies, technological improvements, quality control, product development, market research, sales promotion, public relations—in short, everything that is summed up in the expression "moving with the times." Improvement of quality, Mr. Jardine Paterson declared, is one of the most urgent matters confronting the industry. A quality control and inspection scheme to obviate complaints from buyers has recently been launched, new measures are being devised to settle complaints promptly and work continues on drawing up standard specifications for jute products, taking into account the industry's capacity and the consumers' requirements. The customers of jute industry, or, for that matter, of any other industry, are entitled at all times to receive goods of the specifications contracted for. Highly reassuring, therefore, is the statement of the I.J.M.A. Chairman that the industry is endeavouring its best to ensure that this right of buyers is fully met.

Alluding to promotional work, the Chairman of the I.J.M.A. gave some interesting information. It is clear from what he said that the coming year is likely to witness a broadening of the jute industry's promotional work generally. The industry has been assured of substantial financial assistance from the Government of India for this purpose through the medium of the Marketing Development Fund. Specific proposals for 1964-65 have already been forwarded to the Government. They include market studies, public relations work, advertising, participation in the New York World's Fair, continuation of the industrial research project in the U.S. and a proposed new documentary film on the jute industry. In association with the Jute Commissioner, the I.J.M.A. is planning delegations to North America and possibly Australia. Additionally, and on a longer-term basis, it has drawn up tentative plans for expanding its Research Institute's activities. In their present form, these plans provide for the setting up of a Product Development Section and a Fibre Conversion Unit and the I.J.M.A. has already approached the Government of India to ascertain to what extent it would be prepared to subsidise the scheme. In 1964, the industry will also see a fuller working out of its quality control scheme.

The latest move of the jute industry to undertake market research on an extensive scale must be welcomed, considering that this was an aspect to which the industry had not so far cared to devote adequate attention. The move signifies the industry's awareness of the urgent need to check any erosion of the markets for its products from other competing items. Even in the comparatively new line of manufacture, namely, jute carpet backing cloth, there are signs of growing competition from a hundred per cent man-made carpet backing material from nylon reinforced foam developed by the Mansanto Chemical Corporation of the U.S. This Company, with its world-wide connections, is credited with the intention of launching an intensive campaign against jute in the carpet backing field. Meanwhile, paper backing, too, is becoming more and more popular. In particular, where the tufted carpet produced is in the lower price and quality range, the lighter and cheaper kraft knitted scrim is being favoured. All this competition notwithstanding, the demand for jute backing based on its physical advantages will continue to be strong and preferential; only, the industry must heed the wholesome advice given by Mr. Paterson, namely, to ensure good average quality of jute backing, orderly marketing through established channels (instead of allowing this speciality product to become an ordinary bazar commodity) and relative price stability.

It is in the context of growing competition from the Pakistan jute industry and other alternative packaging materials that the need for reducing production costs in the industry assumes special significance. It is disquieting to hear from Mr. Paterson that the Jute Buffer Stock Association's operations are costing the industry something like Rs. 3 per maund of buffer stock jute per annum in the form of interest, insurance charges, etc. There is, again, the additional annual burden of over Rs. 3.5 crores as a result of the implementation of the Wage Board's recommendations. To add to these, there is the fresh burden imposed by the scheme of guaranteed bonus unrelated to profits. Considering all these handicaps, it is unfortunate that the Union Finance Minister has omitted jute from his list of vital industries qualifying for a tax rebate for development purposes. The industry, it may be noted here, had been denied the special tax concessions introduced in the 1962 Finance Bill as an incentive to exporting companies and companies manufacturing for export.

Since the jute industry is an export industry —almost three-fourths of its production is sold abroad—and since raw jute accounts for well over half of the industry's production costs, it is obvious that the quantity, quality and price of raw jute have a great bearing on India's ability to compete in the world markets for jute goods. The I.J.M.A. Chairman, therefore, made no apology for repeating what has been said time and again on the subject of jute cultivation and the related questions of price and quality. That a fair price for raw jute is as much in the interest of the jute industry as in that of the cultivator must be acknowledged without any mental reservation. The industry itself is fully aware of it, as witness its earnest efforts to maintain fibre prices at the officially determined minimum levels. But the industry, as Mr. Paterson aptly remarked, cannot for ever be expected to pay a price which is uneconomic to it in the context of the prevailing world market conditions. If only the Agricultural Departments of State Governments concerned shake off their lethargy and go all out to help the cultivator to raise the productivity of their lands quantitatively and qualitatively, the monctary yield from raising raw jute will be quite attractive, and there will be no need at all for financing the minimum prices at uneconomically high levels. Again, it is only through agricultural research that India's ability to produce more of high grade jute can be bettered and the sorry predicament of the jute mills having to use large quantities of low-grade raw material be avoided. There is no exaggeration in saying that it is the use of such jute that thwarts all attempts at maintaining maximum production of quality jute goods at competitive costs.

MARKET GOSSIP

Wanted: A Nutritive Treatment

ALTHOUGH Mr. T. T. Krishnamachari has consistently maintained during the past three weeks that he cannot concede any major modifications or concessions in his new taxation proposals and that all that one can expect is some minor refinements, hopes of, and suggestions for, reliefs and reforms are being voiced almost daily by chambers of commerce, stock exchanges, and individuals. The businessmen of this country are a hardy, persevering lot. Evidently, they are full believers in the theory that one must keep on knocking at the doors of persons responsible until their needs are fulfilled. This is undoubtedly a right and healthy attitude. Businessmen, it must not be forgotten, are concerned not only about their own interests but they have also to serve the interests of thousands and thousands of investors and workers. Further, the concern for the welfare of this country is by no means the monopoly of politicians. Businessmen, too, are equally interested, perhaps to a much greater extent than politicians, as they have a vital stake in economic growth and political stability.

As the author of the Budget, the Finance Minister will not be able to see where he has gone wrong. No parent easily concedes the faults in his offspring. So he has to be told again and again where he is right and where wrong. With the Finance Bill yet to be adopted by Parliament, the taxpayer can legitimately offer suggestions for amendments, try to convince the authorities about the equity of their proposals and hope for the best. Viewed thus, the brief but pointed observations of Mr. P. L. Tandon, the incoming President of the Bombay Chamber of Commerce and Industry, on the taxation proposals are well timed. He made them while addressing the annual meeting of the Chamber last Saturday. Being a shrewd leader, Mr. Tandon presented both the good and bad features of these proposals, thereby giving no room to his critics for levelling against him the charge of highlighting only the unfavourable aspects.

Thus, Mr. Tandon welcomed the various intentions in the Finance Minister's speech to stimulate the economy, to promote growth, to offer certain incentives to industry and management, especially to the much-needed investment and specialist personnel from abroad. He also welcomed the abolition of the S.P.T., the reduction in the tax rate applicable to inter-corporate dividends and the tax rebates granted to selected industries. Further, he expressed the hope that the recognition of a 10 per cent rate of return as free of tax, as contained in the new Surtax Bill, would be the criterion when examining the recommendations of such bodies as the Tariff Commission and Bonus Commission. But he posed a series of questions: Would the new measures, in their totality, achieve the accelerated rate of growth that every one is keen on? Are there enough incentives provided to industry, to investors and to the men who manage, to catalyse development in the way that seems to be eluding us of late? Has the confidence the budget proposals sought to infuse in the capital market been reflected by the stock markets? Mr. Tandon's conclusion was that "the quantum of incentive in the Budget needs much improvement, for we are still about the most heavily taxed country in the world, even among those whose need for growth is as great as ours and achievement sometimes better." In this connection, he made the following four specific points:

"First, taxing inter-corporate dividends discourages two of the prime needs of industry, namely, diversification of activities and development of management. Much healthy growth would flow were companies free to operate new activities as separate companies with their own structure of capital and management.

"Second, a tax on unrealised gains under the new tax on bonus shares is not just. While it may get at the speculator, it will be positively inequitable for a genuine investor—and their number is rapidly growing in the country—who may not sell the shares for many years to come, and then at a rate possibly lower than at which he was taxed. Revenue could, however, be protected against tax-free realisation of "old" shares of the same class after a bonus issue by operating a L.I.F.O. (last in first out) method, by which whatever shares are sold will be deemed to have been made out of the latest issue or purchase. The sale of part holding after a bonus issue is then deemed to be sale of bonus shares and is, therefore, a gain fully taxable. The cost basis of such bonus shares would be the cost of purchased shares divided by total purchased and bonus shares.

"Third, even the new surtax is still a tax on efficient utilisation of capital, something that in a capital-scarce country ought on the contrary to be encouraged.

"Fourth, the tax on dividends is a negative approach to encouraging growth through ploughback. Allowing a tax rebate for ploughback is a more positive and constructive way than taxing distribution."

U.P.A.S.I. On Bonus

Employers' reactions to the recommendations of the Bonus Commission (Chairman: Mr. M. R. Meher) are gradually crystallising into definite views. Two employers' associations, namely, the United Planters Association of Southern India, Coonoor, and the Saurashtra Millowners' Association, have already submitted to the Government memoranda setting forth their views on the Commission's findings and recommendations. Both these Associations are highly critical of the concept of compulsory bonus as accepted by the Commission, the formula for bonus computation evolved by it, and the other recommendations regarding applicability, limits of bonus, etc. And it is their considered opinion that, if the recommendations are accepted and implemented without suitable and necessary revision, their repercussions on industry would be serious and far-reaching.

Presenting primarily the plantation industry's point of view, the U.P.A.S.I. memorandum points out that the plantation industry, with its peculiar structure and economy, has not received anything more than the briefest and most cursory attention at the hands of the Commission and that the recommendations framed mainly with the manufacturing industries in view have been applied to plantation industry as well. The Commission's suggestion that plantations in South India may continue their industry-wise agreements has been rendered meaningless, says the U.P.A.S.I., by making the general formula applicable to plantations also. Its contention is that, unless the existing agreement is more attractive, there is no question of workers opting for it in preference to the Commission's formula. The main criticisms of the U.P.A.S.I. on the Bonus Commission's recommendations are summarised below:

1. The Commission has not given due weight to the peculiar feature of plantations. It has, for instance, overlooked the fact that the field assets in plantations are not allowed depreciation under the Central Income-tax Act and under the Agricultural Income-tax Acts of States, except in the case of rubber in Kerala and Madras. To the extent that depreciation is not allowed, the profits tend to be exaggerated both for taxation and for the computation of the surplus under the Commission's bonus formula. Consequently, a planting company making the same gross profit as a manufacturing or trading company would have to pay a much higher tax and bonus than the latter and would be left with less surplus for the growth of its internal resources.

2. Apart from the question whether payment of a minimum bonus recommended by the Commission, irrespective of profit or loss, is consistent with the Commission's own conception of bonus as participation by workers in the prosperity of the concern, the level of minimum bonus payable has itself been fixed without regard to practical consideration. The minimum bonus of 4 per cent of wages or Rs. 40, whichever is higher, fixed by the Commission would involve a payment of 10 per cent or more of wages as bonus in the case of plantations.

3. The "set on" and "set off" provisions, which are designed to enable and ensure continuity of bonus payment, have no merits, because the "set on" becomes operative only when the surplus is greater than the maximum bonus payable.

4. In the plantation industry, the equity capital forms a much smaller proportion of the working capital than in other industries. Hence the discriminatory rates of return on equity and other capital in the form of reserves act more harshly and unfairly against this industry and will thwart the generation of internal resources in future.

5. The agricultural nature of the industry and the extra risks involved have not been taken into account when suggesting a uniform 7 per cent return on equity capital for the plantation industry in common with trading companies and manufacturing industries.

6. The allocation of 60 per cent of the "available surplus" for the distribution of bonus ignores the interest of the consumers, the need for capital conservation for development and takes into account only the partisan claim of labour for larger bonus. This is particularly wrong at a time when the Wage Boards are being set up in almost all industries for the fixation of fair wages.

7. As a labour intensive industry, plantations are capable of offering greater employment opportunities if resources are available for development. If available resources are frittered away by high bonus payments to existing workers, capital cannot expand or provide new job opportunities.

8. The Plantations Labour Act for the welfare of labour requires large capital investment and plantations should be able to retain a larger share of the surplus for the purpose.

9. There is an obvious contradiction in the approach between the Government of India and the Bonus Commission in the matter of fostering capital growth.

The memorandum further submits that the 7 per cent return on equity capital allowed by the Commission is less than the current interest on borrowings. Even as far back as 1950, when the Labour Appellate Tribunal formula was evolved, it was granted that 6 per cent return on capital was justified as a prior charge for the computation of the surplus. Interest rates have greatly increased since then, the value of the rupee has fallen substantially and dividends have become liable to higher rates of taxation. Considering all this erosion in the net return to the investor, to suggest, as the Commission has done, that 7 per cent is adequate return on equity capital is, according to the U.P.A.S.I., an extremely retrograde and irresponsible recommendation. The U.P.A.S.I. submits that, before coming to any definite conclusions on the Commission's recommendations, the Government should take into account the aforesaid factors and provide for a higher return on capital employed. Apart from this, the U.P.A.S.I. has made the following further suggestions:

(a) Depreciation on field assets should be made an admissible item when applying the bonus formula to the plantation industry.

(b) Proceeds from the sale of timber should be excluded from the profits for computing surplus under the formula.

(c) Planting companies should be allowed 10 per cent return on the capital, the term "capital" having the same meaning as "capital base" given under the Budget proposals of the Government of India for 1964-65.

(d) In the interest of saving and re-investment in the business, the allocable surplus to bonus must be reduced from 60 per cent to 40 per cent.

(e) The expenditure incurred on welfare assets under the Plantation Labour Act should be allowed as a deductible charge.

(f) No minimum need be fixed as, in the case of a non-surplus year, there is no prosperity to share. If a minimum payment is made obligatory, it should not be above 2 per cent of average wage, without specifying any minimum amount. The maximum bonus should be fixed at 12½ per cent of average wage.

Turnover Tax In E.E.C.

One barrier to equal conditions of international trade is the variance among the sales tax systems of trading nations. Action is now being taken within the European Economic Community (E.E.C.) to correct this distortion. The Finance Ministers of the E.E.C. member-States, according to a German correspondent, have recommended that "The Six" should aim at a standard European sales or turnover tax. They have recommended further that it be a "net" rather than a "gross" tax—specifically, that it should be calculated on the "added value" accruing to a commodity at each stage of transfer (sale and purchase) until the commodity reaches the ultimate consumer. The average retail prices, it is said, shall not change, though, in practice, some may. Also the overall revenue to the State is to remain unchanged. Nor is the new "net" form of sales tax to grant any new incentive to industry.

The W. German industry has one particular interest in seeing the E.E.C's tax reform become a reality. As things stand, German equalisation-tax rates on imports are on the average less than those of other E.E.C. members. But a general agreement on sales tax reform, along the above lines, could eliminate the disparity by doing away altogether with the various States' export rebates and equalisation taxes on imports. So Germany, like various other E.E.C. members, has welcomed the initiative of the Finance Ministers.

The typical turnover tax, including that in effect in West Germany at present, works cumulatively. It produces a "build-up" or "cascade" effect. Two simplified examples showing the basic differences between the present and the planned sales tax systems—the figures are fictitious and rounded —are given below:

	DM
1. *The present sales tax*:	
(a) Producer sells typewriter for ...	208
Of his bill to wholesaler, he pays 4 per cent sales tax of	8
(b) Wholesaler buys typewriter for ...	208
Sells typewriter for	260
Of his bill to retailer, he pays 4 per cent sales tax of	10
(c) Retailer buys typewriter for ...	260
Sells typewriter for	365
Of his bill to customer, he pays 4 per cent sales tax of	15
2. *The planned "added-value" system*:	
(a) Producer sells typewriter for ...	220
The 10 per cent sales tax specified on bill is	22
(b) Wholesaler buys typewriter for ...	220
Sells typewriter for	260
The 10 per cent sales tax specified on bill is	26
Since producer already paid sales tax of	22
Wholesaler pays only rest of ...	4
(c) Retailer buys typewriter for ...	260
Sells typewriter for	370
The 10 per cent sales tax specified on bill is	37
Since producer and wholesaler already paid sales taxes of DM 22 and DM 4, retailer pays only the balance of	11

In the first example, the total sales tax accruing in three acts of purchase and sale is DM 8 plus DM 10 plus DM 15, or a total of DM 33. This amount would rise sharply in any further act of buying and selling ("cumulative" or "cascade" effect). One handicap of present system: the total amount of sales tax included in final bill is unknown to buyer, exporter, etc., since it is not specified on bills.

In the second example, the total sales tax accruing at a retail price of DM 370 is DM 22 plus DM 4 plus DM 11, or a total of DM 37 (10 per cent), no matter how many acts of purchase and sale are involved. One advantage of this system: the total amount of sales tax included in final bill is exactly known, since it is specified on each bill.

As the foregoing examples show, a commodity can carry a disproportionately low tax at an early

(Continued on page 540)

DELHI LETTER

BACK TO CONTROLS IN FOODGRAINS

TRADE RELATIONS WITH AUSTRALIA AND IRAN

From Our Special Correspondent

NEW DELHI, *24th March*

THE Finance Minister, Mr. T. T. Krishnamachari, is said to be experiencing frustrating difficulties in the way of his work. Nature and Cabinet colleagues have conspired to upset some of his concepts for supplying plenty of vitamins to revive the economy. The Finance Minister's liberalisation of bank credit is now widely considered to have backfired and contributed partly to the increase in the prices of foodgrains. Unfortunately for the Finance Minister, the liberalisation policy announced about the beginning of the current busy season, coincided with a bad agricultural year. Food controls are back again. The Finance Minister has also lost the first round of his running battle with the other Southern stalwart, Steel Minister Subramaniam, in preliminary matters concerning the erection of the Bokaro steel plant. A committee of officials, whose trend of thinking was tuned to T.T.K's broadcasts, had more or less said 'No' to Dastur and Company being the consultants. Mr. Subramaniam is understood to have made it an issue of prestige and has won the day. After all the in-fighting among the forces in Delhi, Dastur and Company will now be given a commanding role in pushing the Bokaro project through.

Wheat Zones

On Monday this week, Mr. Swaran Singh, the Food Minister, announced in the Lok Sabha the formation of nine wheat zones with immediate effect. Later in the day, speaking to the Parliamentary Consultative Committee, the Food Minister indicated that the wheat zones were only an appetiser; more controls were round the corner. While recognising that Nature has played foul, Mr. Swaran Singh has all along been placing equal emphasis on the mischief of grain dealers as being responsible for pushing up food prices. Mr. Swaran Singh also wants to fix ceiling prices for wheat and rice.

Indo-Australian Trade

(In crores of rupees)

Fiscal year	Indian imports	Indian exports	Balance in India's favour
1955-56	13.47	24.82	+11.35
1956-57	12.72	23.43	+10.71
1957-58	15.75	23.06	+ 7.31
1958-59	14.89	21.13	+ 6.24
1959-60	19.64	18.52	— 1.02
1960-61	17.79	22.38	+ 4.59
1961-62	22.73	16.03	— 6.70
1962-63	22.36	18.99	— 3.87

The wheat zones are: (1) The Punjab and the Union territories of Delhi and Himachal Pradesh from where export to Jammu and Kashmir will be permitted; (2) Uttar Pradesh; (3) Rajasthan; (4) Madhya Pradesh; (5) Bihar; (6) Maharashtra from where export to Goa will be permitted; (7) Gujarat; (8) Andhra, Madras, Kerala, Mysore and Pondicherry; (9) West Bengal, Orissa, Assam, Nagaland and the Union territories of Tripura and Manipur.

Permits for inter-zonal movement are not normally to be granted to private business men. This means that inter-zonal transactions will only be through State trading. Mr. Swaran Singh does not think that any procurement price needs to be fixed for wheat as in rice because he does not expect any surplus from the wheat producing areas. A substantial floor price for wheat already exists.

Mr. Swaran Singh hopes that the zonal movement controls will conserve supplies and help the Government to concentrate in areas of scarcity where it could distribute foodgrains from imported stocks. According to the Food Minister, about nine lakh metric tons of wheat have been distributed through fair price shops in January and February. The next task will be to negotiate a new deal with the United States for ample supplies under P. L. 480.

The annual report on the working of the Food and Agriculture Ministry covering the fiscal year 1963-64 says that, in the calendar year 1963, the Government issued 4.92 million metric tons of foodgrains from its stocks. Of this quantity, 3.8 million metric tons were wheat and 1.12 million metric tons rice. In 1962, the Government had issued 4.31 million metric tons from its stocks. Mr. Swaran Singh says that more than 60,000 fair price shops are functioning in the country, that is, one fair price shop for about 1,700 families.

Imports of foodgrains in 1963 were 4.56 million metric tons, valued at Rs. 183.6 crores, as compared with 3.64 million metric tons worth Rs. 141.1 crores in 1962 and 3.5 million metric tons worth Rs. 129.6 crores in 1961. Of the 1963 imports 4.073 million metric tons were wheat and 483,000 metric tons rice. Outside the P. L. 480 agreement of May 1960 which provided 3.898 million metric tons of wheat in 1963, India got 19,000 metric tons of wheat from Canada and 156,000 metric tons from Australia. Three lakh metric tons of rice came from the United States, 173,000 metric tons from Burma and 10,000 metric tons from South Vietnam. Contracts have been made for about 20,000 metric tons of wheat from Canada and about 180,000 metric tons of wheat from Australia.

Talks with Australia

For five days ended last Friday, a delegation from Australia had talks with Indian officials on ways to promote trade between Australia and India. The Australian delegation was headed by Mr. Nevil Stuart from the Department of Trade, Canberra, and included an aide from Canberra and the Australian Trade Commissioners in Bombay and New Delhi. No spectacular results were expected from the talks and the officials of the two countries had detailed discussions on each item in Indo-Australian trade. From Australia's point of view, there has been some concern over the reduced quantities of Indian wool imports.

The three major items of Indian exports to Australia are jute goods, tea, and cotton textiles. And there have been setbacks of a severe nature in the exports of jute goods and tea. Both in wheat transportation and in carrying sugar, the Australians have been switching more to bulk handling, but the big reductions in sales of jute goods to Australia stem from successful competition from Pakistani jute mills. Apart from the Pakistani bonus scheme on which the Indian exporter tends to put all the blame, the Calcutta exporters have been found wanting in control of quality. In the 1957-58 jute season, Australia bought almost all her requirements of 69,500 tons of sacking from India. By 1961-62, Indian sacking exports to Australia had fallen to 36,400 tons and Pakistan was selling 31,400 tons. Ceylon tea is also promoted by aggressive salesmanship in Australia. Indian cotton textile goods suffer from the same disadvantages as exports from Hongkong or Japan in that the Australians are keen to protect their small home industry.

A new item of exports to Australia that may be developed is machine tools. The leader of the Australian trade delegation paid a visit to Hindustan Machine Tools in Bangalore and to a manufacturing establishment at Faridabad, near Delhi. The products of Hindustan Machine Tools can be promoted in Australia, provided there is no contravention of franchise agreements with foreign collaborators. While wheat, wool, non-ferrous metals and milk products account for the major Australian exports to this country, in recent years there have been some attempts for Indo-Australian collaboration in small industrail projects. Among these is a deal between Repco, automotive parts makers, and Indian Pistons Repco Limited of Madras and Bimetals Bearings of Madras to make flywheel starter gears and pistons. Other collaboration agreements include those between Moore Road Machinery and Agrind Fabrications of Calcutta for road rollers, Mindrill Limited and Greaves Cotton to make diamond bits for rock drilling, Sparton Paints and Addison Paints and Chemicals of Madras, Olympic Tyre and Rubber and Indian Rubber Works of Bombay, Taxi-meters Australia Limited and Taxi-meters and Equipment Limited of Delhi. An Indian delegation will visit Australia later this year to pursue the trade promotion

(*Continued on next page*)

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LONDON LETTER

WAS JANUARY TRADE A FREAK?

IMPORTS EXPANDING FASTER THAN EXPORTS

From Our Own Correspondent

LONDON, *22nd March*

ALTHOUGH the Trade figures are now being used as a kicking ball in the British political game, it is a ball with an individuality of its own which refuses to be tamed to serve even a Prime Minister's whim. Sir Alec Douglas-Hume denied the validity of the trade figures in January and applauded them in February. More ordinary men must try to see what is really going on. The short answer appears to be that the January figures were freakish, but not nearly so as the Government (or the Premier at least) had hoped and that the U.K.'s balance of payments is, as a result, really showing the strain resulting from high demand imports.

In January, imports did shoot up to an all-time record (over £500 million on a c.i.f. basis) seemingly because of an inordinate stocking demand. For February, on the same basis, imports dropped back to £431 million. But the more serious factor in January was an astonishing fall in exports, right against the trend of the past year (though, in April 1963, there was also a temporary plunge). Now in February exports have risen to a new high peak! So January's record imports have been matched by February's record exports—and therein lies the moral: for the import growth is steeper than the export growth.

Making the comparison between imports and exports on the same basis (i.e. f.o.b.) in January, the trade gap (which can only be filled by invisibles) was £73 million (compared with some £13 million in December). In February, thanks to the export upsurge and the drop in imports, it fell back to £12 million. To have justified the Prime Minister's buoyancy, there ought to have been a trade *surplus* in February. For the deficit to have gone back to the "normal" recent level (it was £12 million in the three months September-November 1963) still leaves the horrific January figure upstanding. Thus, over the last three months, one must accept that the average trade deficit was as high as £33 million—nearly three times its level for the previous three months. Whatever the causes (it has been explained that restocking was the principal one), the long-term trade deficit is obviously much worse than had been anticipated.

Exports Must Expand Too

Is there a more cheerful side to this? Undoubtedly. In the first place, even though the import trend is up, it is not outrageously so. Over the past three months, imports are some 8 per cent higher than over the preceding three months and about 12 per cent higher than over 1963. In an expanding economy, exports must expand too and the figures for the past three months are 2 per cent up on those for the preceding quarter and 4 per cent up on 1963 as a whole.

These percentages tell the complete story: unless the rate of growth of exports in relation to imports can be improved, then the U.K. is going to pile up an uncomfortably large deficit. No doubt the Commonwealth Economic talks in London and the U.N. Conference on Trade and Development about to open at Geneva will take note of the implications of this. The relevance of the trade gap to politico-economic policy becomes more than ever marked.

There is no doubt that the industrial background to the balance of payments is very firm. The most recent production indices show a steadily rising trend bringing the level of output for the past quarter 2½ per cent over that of the previous quarter, 5 per cent over the period six months ago and no less than 12 per cent over this same time last year. And there are still plenty of businesses with unused capacity or which could use their existing capacity more intensively. In January, productivity was no less than 14 per cent over the level of twelve months earlier and even if this is discounted (since January 1963 was, for weather reasons, exceptionally bad), the figure is not likely to be less than 10-11 per cent on a longer comparison. Unemployment continues to fall, wages creep up, so do retail prices; but retail trade positively bounds ahead. This is all very healthy and the only cloud in this sideline survey is that export prices which have stood still in recent months (though they are 2 per cent up on the year) are lagging behind import prices. Thus, for the first time in many years, the terms of trade are taking a turn for the worse against the U.K. It is unlikely that the country will be able to rely any longer on help from this item in balancing its trading.

However, the U.K. picture must not be seen in isolation. None of the troubles affecting this country is absent from our European neighbours. The Common Market countries, which suffered a heavy overall trade deficit last year, are witnessing no turn in their trade tides; they are facing rising costs, with wage increases outpacing productivity increases by substantial margins (they are therefore in a far more advanced—the wage/cost state—inflation than is the U.K.). Indeed, the best palliative for a British minister sick with finding no solution to his domestic production and balance of payments tangle, is to look at Europe—and maybe to reflect that had the U.K. been in the Common Market she would be further on the way to joining the recession countries.

What does matter in all this is what contribution the U.K. and Europe are to make in the Geneva Development talks. Progress in these talks from the point of view of the developing countries demands an expansionist outlook. The U.K. is scared that her own expansion will outrun her capacity and, therefore, wants to control it; the European Community has lost sight of expansion altogether. Whence will the vision come? Where are the resources to implement it at this time? These are the questions beginning to be asked here, as the preliminary Commonwealth talks conclude.

DELHI LETTER

(*Concluded from previous page*)

efforts further. At the Melbourne Trade Fair last year, the Indian participation was negligible, but at the international trade fair in New Zealand late in August next India has decided to participate in a proper way.

Opportunities in Iran

The current Indian trade exhibition in Kuwait is prestigiously big enough but Kuwait in itself is not an extensive market. Some plans are under study for an organised attempt to promote non-traditional Indian products in West Asia and the Middle East. When Mr. Manubhai Shah was in Teheran earlier this month to attend the session of the Economic Commission for Asia and the Far East, he used the opportunity to sign a trade and economic and technical co-operation agreement with Iran. The agreement had been negotiated earlier by Mr. Srinivasachar, Joint Secretary in the Trade Ministry, when he visited Iran in January. In recent days, Iran has changed its emphasis radically in the matter of imports. After extravagant imports in the later fifties, Iran has placed high tariffs on imports and is keen to encourage a variety of indigenous manufacturing units. Nearly thirty years ago, a group of Parsis from India had invested in a textile mill in Iran. Until some years ago Iran was a substantial importer of cement from India; now Iran has a cement surplus. India used to sell large quantities of *vanaspati* to Iran which now processes vegetable oil using imported oilseeds.

Late last year, Kamanis entered the investment field in Iran by participating in a copper rolling unit in the suburbs of Teheran. Kamanis are now interested in setting up a factory for house meters. Mahindra and Mahindra are said to be evincing interest in collaborating for the establishment of a factory in Iran to make trailers and axles. Birlas are probing prospects for a variety of industries—transformers, jute, sugar, air-conditioning and bicycles. Birlas also wish to open a permanent display centre in Teheran.

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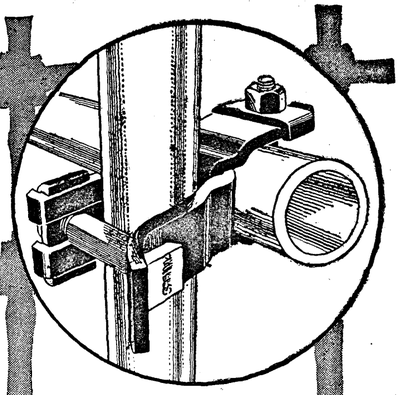

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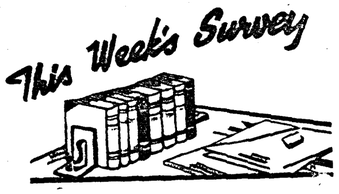

BOMBAY'S CIVIC PROBLEMS

IT is customary for the presidents of national chambers of commerce to deal with problems pertaining to economic policy, taxation, trade, labour, and so on, in their addresses at annual general meetings. This has been the practice of even regional chambers of commerce like the Indian Chamber of Commerce, Calcutta, Bengal Chamber of Commerce and Industry, Calcutta, Indian Merchants' Chamber, Bombay, and Bombay Chamber of Commerce and Industry. But this year there has been a departure from this practice in the presidential address of Mr. Akbar Hydari at the annual general meeting of the last-mentioned Chamber held at Bombay on the 21st instant. Mr. Hydari's address, devoted entirely to some of the pressing problems of Bombay City, was, however, not unrelated to industry and trade. As a port of international repute and a leading centre of trade, commerce and industry, Bombay's civic problems are intertwined with its innumerable industries. Schemes designed to expand the handling capacity of the port, to relieve traffic congestion on the roads and to improve water-supply, sewerage, housing and fire-fighting facilities in a crowded metropolis like Bombay with its four million people are all directly or indirectly related to the industrial situation. If the City's civic problems are not to deteriorate to the point of operating as a drag on industry and its further development; if, in short, Bombay is not to become another Calcutta, timely and simultaneous action would have to be taken on several fronts. It was, therefore, in the fitness of things that Mr. Akbar Hydari sought to focus public attention on the City's problems and the possible solutions therefor.

Speedy dock expansion was rightly accorded the pride of place in Mr. Hydari's address. As nearly 40 per cent of India's imports and exports have to pass through Bombay, the Dock Expansion Scheme, approved in 1962 and aided by the International Development Association, would need to be implemented with expedition. If the progress of this project is not to be held up, the training of technical personnel, who are very much in short supply now, should proceed on the required scale and the World Bank's offer to finance schemes for such training should be promptly availed of by the Port authorities. The volume of dredging should also be increased at the same time.

While port development is certainly necessary for handling the ever-increasing volume of exports and imports, its consequential impact on the already congested transport network of the City would also call for attention. It is in this context that Mr. Hydari's treatment of the City's traffic problem is particularly relevant. At the outset he highlighted two facts, namely, that the City's rail and road systems were designed to serve a population of under two million only and that the vehicle population had more than doubled in the past ten years. There is, therefore, acute traffic congestion all round. But it is heartening to find that several schemes have been under way to ease vehicular traffic, particularly through traffic to and from Poona and Ahmedabad. The recent opening of the Eastern Express Highway and a part of the Western Express Highway is a notable development in this connection. Work is also continuing on other schemes like the construction of bridges across the Thana and Bassein creeks and link roads for the Express Highways. But a lot more will still have to be done to relieve the congestion of truck traffic originating in the docks and of urban and suburban traffic proper.

Another problem, which has a vital bearing on industrial production and the health of the City's population, pertains to protected water-supply and sewerage. The current gap between the daily requirement of water (about 300 million gallons) for domestic and industrial purposes and its average daily supply of 210 million gallons is expected to widen further, unless the proposed schemes are executed according to schedule. The long-term prospect in respect of an estimated demand of 560 million gallons per day for a population of 7.5 million in 1981 would depend on the speed with which five more reservoir schemes, involving an aggregate outlay of Rs. 128 crores, come to be implemented in the next 10 to 15 years. One can readily visualise that any such expansion in water-supply would have a serious impact on the already over-loaded sewerage system, unless, of course, drainage facilities are simultaneously expanded.

The acute shortage of housing accommodation is one more problem to which Mr. Hydari could have devoted some attention, but has not. Perhaps he thinks that the housing situation might be eased if and when the master plan for the City, which is to be submitted to the State Government by the end of July next, is implemented. The expectation here seems to be that the detailed planning contemplated for wards and zones in Greater Bombay might bring about a better balance between residential and industrial areas and mitigate the severity of the housing problem.

COTTON TARGET ELUSIVE

None, except perhaps the born optimist, would have thought when the third Plan target for cotton was fixed about four years ago that the target would be reached. For from 5.4 million bales (of 400 lbs. each) which was the production in the last year of the second Plan, to 7 million bales, the third Plan target, was indeed a far cry. The performance on the production front during the first three years of the third Plan has only confirmed the view that actual output would fall short of the target by a sizable margin. For, even if the current season's crop turns out to be a good one, as in the last season, and aggregates 5.6 million bales as at present anticipated, a 25 per cent increase in production would have to be achieved in the next two seasons for the Plan target to be reached. Past experience does not warrant the conclusion that this could happen. Mr. Swaran Singh, Union Minister for Food and Agriculture, himself has now admitted that the Plan target would not be reached, unless extraordinary and unrelenting efforts were made by all concerned.

Much store was set by the package scheme introduced in different irrigated parts of the country to raise cotton production through improved yield per acre. Even this hope has now been belied. For one has the authoritative statement of Mr. Swaran Singh to that effect. He conceded, in his speech at the eighty-ninth meeting of the Indian Central Cotton Committee, held at Bombay on the 21st instant, that "the scheme is not being executed in the desired manner." Although several facilities such as provision of additional staff and subsidies on seeds and other facilities have been offered for the execution of the scheme, it now appears, according to the Union Minister, that full use thereof is not being made by all States. This is, indeed, a disturbing revelation, though it is not altogether unexpected, because, right from the beginning, the response from the State Governments to the package programme was rather cold. The introduction of the package programme itself was delayed, supposedly due to financial and administrative reasons, as well as to lack of adequate, trained personnel. It is not known what progress has been made in regard to the plan for bringing the expected 600,000 acres under the package programme during the current season. But judging from the comment of Mr. Swaran Singh it looks as though the progress or the lack of it is disappointing. It is, therefore, almost certain that the third Plan target for cotton production would not be achieved. Not that anybody, who knows the ways of the Government, did expect that it would be. But considering the widening gap between demand and indigenous production and the imperative need to curtail imports of foreign cotton to save foreign exchange, one hoped that the Departments of Agriculture of State Governments would bestir themselves into some vigorous action to increase cotton production. But this hope has been in vain. The blame for this should not be laid entirely at the door of the State Governments. The Union Ministry of Agriculture, too, is blameworthy to some extent, because it failed to get its counterparts in the States to act vigorously in the matter.

The tragedy of the situation is that even though India is rich in knowledge (accumulated over the years) on agronomy, soil chemistry, irrigation, etc. which, if put into practice, will surely help to raise yield and increase production, it is lacking in a dynamic administrative organisation to make adequate use of this knowledge. The politicians, who have been in power ever since Independence, have been excellent talkers but poor administrators. Their production in words has been prolific but their performance in terms of deeds does not redound to their credit. How else is one to explain the failure of State Governments to make use of the several facilities made available under the cotton development schemes and the package programmes. And the Centre too is unpardonably indulgent and does nothing about the State Governments' indifference or inefficiency. And as long as this attitude persists, cotton production will remain an unsolved problem and Plan targets will never be hit. So far planning in respect of cotton has largely been an exercise in economic futility, and it will continue to remain so, unless official approaches and attitudes are radically changed. The crux of the situation in regard to cotton is that the disease has been diagnosed long ago and the remedy too has been well known, only it is not being properly applied.

A FINE SUGGESTION BY MR. TATA

A search for talent is on in the country in which the Union Government, State Governments and private agencies are engaged. Promising young people are increasingly encouraged by scholarships and other aid to develop their talents. But all this amounts merely to nurturing talent among the young and giving them "opportunities for the fullest education within the framework of the present system." This is no doubt commendable, but it is just not enough in the opinion of Mr. J. R. D. Tata who delivered the presidential address at the Fourth General Assembly of the Indian Institute of Science, Bangalore, on the 19th instant. His suggestion is that there should be something different for the most talented on the lines of the Grandes Ecoles (Great Schools) of France which train the most gifted to the highest level. While readily conceding that the democratic process will throw up leadership at all levels, Mr. Tata has nevertheless emphasised that "the progress of the country will greatly depend on the creative and constructive abilities of an elite of brilliant administrators, managers, scientists and innovators whose example and leadership will inspire others." But men who can attain such high levels of competence are always very few in number. It would be a great loss to society if these few men are not trained "to the top of their bent." Mr. Tata has developed his idea further by outlining, in this connection, a plan of action involving three steps.

The first of these steps would call for the establishment of a central agency which is to conduct a vigorous search for the best talent in our schools and colleges. Special facilities should next be created for training intensively the most promising, so that they may enter stiff competitive examinations. And, lastly, only the ablest—a number not exceeding five hundred at the outset—who get through such examinations should then be trained in three or four "career" institutions for a period of two or three years. These institutions, as envisaged by Mr. Tata, "should be uninhibited by traditional concepts and courses of study and be free to innovate and experiment." It is for the authorities to act on this fine suggestion advanced by Mr. Tata and for educators and administrators to determine the kinds of training and the degrees of specialisation related to the needs of the country.

The kind of specialisation and advanced training envisaged for talented men would become extremely difficult if the standards of education at higher levels are allowed to deteriorate. For, after all, it is from that reservoir represented by the universities that talented men would have to be selected for intensive training preparatory to stiff competitive examinations under Mr. Tata's plan. It is in this context that the need, among others, for continued reliance on the English language should be evident. Mr. Tata's vigorous criticism of some people who are faltering in their attitude to that language may be usefully quoted here:

"Before closing, may I refer for a moment to a curious contradiction in the thinking of some people? While they are convinced that the standards of education at higher levels must not be allowed to fall, they falter in their attitude to the English language, so that at times they appear ready to turn their backs on the pursuit of the best and most advanced knowledge which is available to us through English, that window on the outside world. While they look forward to closer collaboration among the universities and institutions for advanced work, they seem, at the same time, to view with equanimity their possible isolation from one another which the loss of English and dependence primarily on regional mother tongues might mean. If the history of the struggle over English ever comes to be written, it will reveal a sorry picture of confusion, contradiction, fanaticism and plain good sense, all mingled in State policies, public pronouncements and political propaganda. I have yet to see one clear, coherent, consistent and convincing programme on the subject that will hold in balance the claims of Hindi, regional languages and English. It is much easier to forecast, say, the production of steel under a planned programme in twenty years from now than the position of English, but my own guess is that English will be in a stronger position in this land in 1984 than it is today! Unless a rational solution of this admittedly difficult problem is found soon, we shall meet with continued confusion in the educational life of the country, resulting in a further deterioration in overall standards."

That is indeed a forthright and correct stand on the place of English. If Mr. Tata's guess that English might be in a stronger position in this country in 1984 than it is today comes true by any chance, it would mean the maintenance of highest standards in education. But will politicians and linguistic fanatics oblige the present younger generation, as also posterity, by retreating to sanity before much further harm is done?

PROTECTING CONSUMERS' INTEREST

To the seven Division Councils of the Indian Standards Institution (agriculture and food products, building, chemicals, electro-technical, engineering, structurals and metals, and textiles), one more has now been added, namely, the Consumer Products Division Council which was inaugurated by Mr. Nityanand Kanungo, Union Minister for Industry, at New Delhi on Tuesday last week. The establishment of this Council is, indeed, a welcome move, in that it signifies the importance attached to the need for maintaining uniform quality in the production of goods and protecting the interests of consumers in a fast-developing industrial economy such as India. The three thousand and odd consumer items that are entrusted to the new Council come under fifteen broad categories, including utensils, cutlery, umbrellas, sports goods, pencils, matches, kerosene oil appliances for lighting and heating, medical instruments and equipment, and hospital appliances. All these items, besides being very widely used within the country, have considerable export potential. Last year (1963), India exported Rs. 112 lakhs worth of utensils of various kinds, Rs. 65 lakhs worth of sports goods, and Rs. 31 lakhs worth of umbrellas and components.

In the context of the drive for expansion and diversification of exports, standards on such consumer products, as Mr. Kanungo stated, will have an important role to play. "Exporters," to quote him, "will have to depend largely on the consistency of the quality of our goods and their reliability. Building up a reputation for quality goods is a painfully slow process, but the effort would be well worthwhile." The new Consumer Products Division Council of the I.S.I. can certainly be relied upon to break fresh ground in standardisation and start pioneering work on several vital items. It is gratifying to learn that the Council has already set up fifteen technical committees on which representation has been given to all interests concerned: consumers, manufacturers, Government departments and testing organisations.

The active association of consumer interests in the task of formulating quality standards is only as it should be. It is the consumer—an individual or a factory or a Government—that purchases goods for use or consumption. Even in a controlled economy, consumers ought to have reasonable scope for exercising their right of sovereignty, in order to prompt the producers of goods to maintain as high a level of quality as possible. The experience of the industrially advanced countries in the West which Mr Kanungo narrated in his speech shows that the consumer movement has registered phenomenal growth in recent years. Thoroughly confused by the available information on the products sold in shops and often frustrated by not getting fair value for money, increasing number of consumers have been organising and pooling their resources for setting up consumer-testing facilities and reporting the results. They are democratic institutions, financed by consumers and controlled by consumers. These organisations compare the quality, performance and value for money of the goods and services offered to the consumer and publish frank reports on the results of these comparisons together with the names and brands of the products tested. There are about thirty such consumer bodies and associations in different parts of the world with their activities co-ordinated and reinforced by the International Office of Consumers Unions. Some of them, such as those in the U.K., the U.S.A. and Holland, are dependent entirely on individual members, while others such as those in Denmark, Norway and Sweden are supported to an extent by their Governments. The membership of some of the Associations runs into several hundred thousands. For example, in the U.S., the total membership of the consumer organisations has exceeded 1.5 million. In the U.K., the Consumer Association has a membership of over 333,000 with an annual income of £500,000 (roughly Rs. 70 lakhs) which comes entirely from its members.

As compared with these efforts in other countries, the attempts made in India are feable. Mr. Kanungo recalled the establishment of the Consumers' Association of India in 1959 but regretted that the Association never found its footing, in spite of the active assistance rendered by the Indian Standards Institution and the Planning Commission. It is, however, a matter for satisfaction to hear from Mr. Kanungo that Mr. Justice G. D. Khosla has now assumed the presidentship of the Association. Under his able guidance and with the more active assistance from the I.S.I. and the Government, the Association, one may reasonably hope, will soon be rejuvenated.

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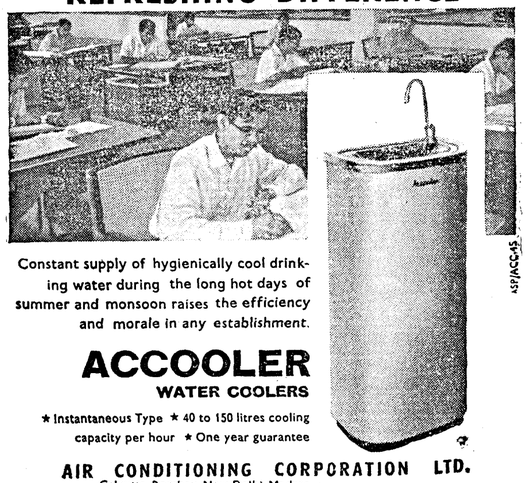

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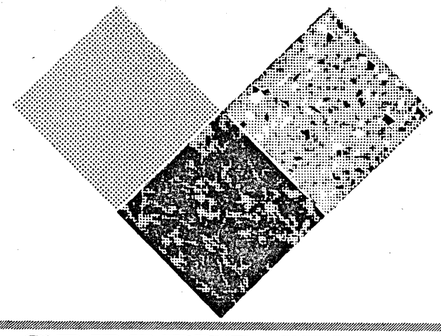

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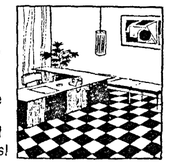

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TARGETS FOR GENEVA TRADE TALKS

AN ASIAN PLATFORM OF PRINCIPLES EMERGES

By K. Krishna Moorthy

ASIAN leaders and officials dealing with trade problems used the occasion of the twentieth session of the United Nations Economic Commission for Asia and the Far East (E.C.A.F.E.) that took place in Teheran from 2nd to 17th March, to expore their area of agreement on a common approach at the Geneva conference on world trade and development. There was unanimity of opinion on various trade problems and that was only to be expected. The impressive advance made at Teheran was that details of the trade problems, which were obscurely expressed at various similar conferences earlier, were discussed with a certain amount of clarity. With the Geneva conference round the corner the problem of dealing with the rich nations dominated the discussions. Japan was not in a position of leading any assault on Western and other developed countries' practices, since she herself is no poor nation; it fell to the lot of India and her Minister for International Trade, Mr. Manubhai Shah, to expound the cause of underprivileged Asia. There was able follow-up by Pakistan, Ceylon and Hong Kong, in particular.

Mr. Manubhai Shah initiated the specific resolution on trade, adopted unanimously by the 28 members of E.C.A.F.E., which spelled out the demands of the poor nations of Asia. As pointed out by some delegates to this correspondent, speaking first while introducing the resolution jointly sponsored by nine countries, Mr. Manubhai Shah covered almost the entire array of Asian developing nations' grievances. After discussing the generally stagnant pattern of exports from developing countries, Mr. Shah outlined three lines of action as necessary to overcome the difficulties.

First, access to world markets would have to be improved greatly. The main obstacles in the way of better access for primary products were agricultural protectionism and consequent quotas and tariff barriers, high internal taxes and other non-tariff barriers. In the case of processed and semi-processed goods, quotas and tariff barriers and anti-dumping laws were the serious obstacles. Mr. Shah suggested that the developed countries push ahead more quickly with the action programme drawn up by the ministerial conference of G.A.T.T. in May last year.

Secondly, the less-developed countries could seek new markets. Mr. Shah pointed to the centrally planned economies (communist countries) as new outlets for exports of less-developed countries. The share of Eastern Europe in the total trade of the E.C.A.F.E. region has gone up from one per cent in 1953-54 to 3.1 per cent in imports and 5.2 per cent in exports in 1961-62. Mr. Shah mentioned that this growing trade with communist countries should be developed on commercial lines so as to avoid some of the disadvantages arising out of bilateral arrangements.

Thirdly, the less-developed countries could trade on a larger scale among themselves. Nevertheless, if there is to be any hope at all for the poor nations to increase their exports, the industrialised nations need to permit free access for products without demanding reciprocity—this was briefly how Mr. Shah defined the basis for the demands to be made at Geneva.

Trade with Communist Bloc

While lauding the bilateral approach of the communist countries which has helped India as well as some other Asian countries to increase export earnings in the past decade, India has normally refrained from publicly criticising the pattern of East European behaviour in commerce. However, at the Teheran conference, making a welcome departure, India served notice that some of the criticism which she makes of Western industrialised countries also applies to Communist bloc nations. It is relevant to quote here the remarks of Mr. Shah dealing with this aspect of the problem. Mr. Shah said:

"Since trade with the socialist countries of Eastern Europe has assumed great significance in the past few years, new principles and rules to regulate and promote such trade will have to be evolved. The centrally planned economies can further reorient their production and trade policies in favour of the economies of the less developed countries.... While trade with these countries has expanded rather rapidly from the low levels which existed some time ago, the centrally planned economies should review their internal tax and pricing policies with a view to increasing their consumption of goods exported by the less-developed countries. As consumer goods enjoy a low priority in these countries, restrictions which these countries tend to place on import of consumer, manufactured and processed goods in a way hinder the exports of developing countries."

The Russians had to refrain from pressing their demand for a new international trade organisation, an idea which had found some favour in some Asian, African and Latin American countries in the beginning. At the Teheran conference, the Russian delegates merely asked for the "sympathy and support" of the Asians in their demand for a new organisation but there was not one Asian speaker to endorse the Soviet plea. Those Asian countries which are not yet members of G.A.T.T. appeared keen on getting into G.A.T.T. Any support for the idea of an international trade organisation would have merely meant political propaganda on behalf of Russia for a project which would be thrown overboard by the U.S. Congress, for example. Reform of G.A.T.T. and addition of new trading arrangements, rather than scrapping of G.A.T.T. and substitution by a new organisation that was the general approach at Teheran.

G.A.T.T. Action Programme

In the Teheran resolution, as originally drafted by India and eight other countries, the G.A.T.T. action programme had been mentioned as a desirable course to be pursued with vigour. But the Russians would have no mention made of G.A.T.T., because the organisation still considers the Soviet Union and its kind as untouchables. The reference to G.A.T.T. in the resolution had to be deleted to accommodate the Soviet Union. While pleading for the extension of G.A.T.T. to include the Soviet Union as well as many new sovereign nations, some delegates privately pointed out that, if a way could be found to bring the Soviet Union into some sort of international trade discipline, that would be a substantial achievement, whether within G.A.T.T. or outside it.

Apart from the episode involving the Russians, another interesting sidelight of the Teheran conference concerned Australia and New Zealand which were attending the meeting for the first time as full regional members of E.C.A.F.E. The E.C.A.F.E. Secretariat, in its annual survey, had treated Japan, Australia and New Zealand as a class apart, not within the definition of "developing nations" in the region. In a way, Australia and New Zealand were caught between the rich and the poor and neither set of nations was willing to accept the two countries into the fold. There were also uncharitable remarks, publicly made, about Australia and New Zealand being European appendages not really within the E.C.A.F.E. community. Both Australia and New Zealand are as keenly interested as any Asian nation in the reform of G.A.T.T. and in international commodity agreements to stabilise prices.

The Teheran charter of demands for the Geneva conference included a suggestion that the U.N. Conference on World Trade be reconvened once every two years. The general idea was that the conference should also have a permanent secretariat and a standing committee. The E.C.A.F.E responded in a way to Latin American and African appeals. The Executive Secretary of the Economic Commission for Latin America, Mr. Jose Antonio Myobre, visited Teheran during the E.C.A.F.E. session, addressed the conference and asked the Asian delegates to join the Latin Americans and Africans in presenting a common platform at Geneva. The Asian delegates were impressed with the dynamism of Mr. Myobre who was formally the Finance Minister of Venezuela and a political exile from his country during the days of the military regimes. The E.C.A.F.E. resolution confined itself to agreeing formally to co-operate with African and Latin American commissions but refrained from making anything like a trade union approach. Both E.C.A.F.E's Executive Secretary, U Nyun, and Mr. Manubhai Shah, congratulated themselves and their E.C.A.F.E. colleagues for "going farther than the Latin Americans and Africans" in their approach to international trade problems. It was not immediately clear how valid these claims were. Both Africa and Latin America have made more progress in substantial ventures of co-operation under their economic commissions than Asian nations have.

Appeal to the Rich

The most important clause in the Teheran resolution was an appeal to the industrialised countries, making the following supplication:

1. Progressive reduction and early elimination of all barriers and restrictions impeding the exports of the developing countries, without reciprocal concessions on their part;

2. refraining from imposing new tariff and non-tariff barriers to such exports;

3. reduction and gradual elimination of differences in the tariffs as between raw materials

(Continued on next page)

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COMMODITY PRICES AND RESERVE CURRENCIES

By Questor

THE consequences of the collapse of commodity prices during the nineteen-fifties have been serious enough amply to justify the attention they have, belatedly, been given. But the steep reaction from the Korea boom masked a more fundamental trend. Recovery from wartime devastation, technical improvements, subsidies and heavy investment all helped to increase the output of raw materials at a time when greater efficiency in their use and the development of synthetic substitutes were tending to keep the growth of their consumption below the growth of the developed economies.

For a decade now, the raw material and agricultural exports of the poorer countries have tended to fall in price, while the manufactured exports of the richer countries have tended to rise. Even if aid were a satisfactory substitute for trade—and foreign loans are directed into a few large channels rather than many small ones—the increase in aid has been cancelled out by this shift in the terms-of-trade. The rate of economic growth in most primary producing countries has slackened rather than accelerated.

In the past two years, however, the behaviour of commodity prices has changed. There have been fluctuations, of course, but the downward trend has given way to a slow upswing. The expansion of U.S. business has lasted for an exceptionally long time, the British economy is beginning to grow fast, and growth is continuing in continental Europe, even if at a slower pace. The primary producers are faring better than for some time past, and it is becoming relevant to wonder whether perhaps a new long-term swing in the terms-of-trade is now beginning. Many economists have recently suggested that the swing against the industrialised world might prove quite sharp. If they are right, a new twist will be given to the continuing debate on liquidity shortage.

It is always rash to talk about primary products and primary producers as a whole, because each is affected by somewhat different considerations. The current demand for sugar and cereals, for instance, is likely to be met by increased production fairly quickly. Coffee is firm largely because of frost and forest fires in Brazil. Cotton and rubber prices seem likely to be held permanently down by the competition of synthetics and there must be a ceiling on the price of wool. There is no immediate shortage of metals, with the important exceptions of tin and silver whose price, held down temporarily by sales from U.S. stocks, must be left eventually to rise if new resources are to be exploited. The industrialised world is certainly a long way off being short of raw materials and foodstuffs.

On the other hand, it is possible, if business activity in the industrialised countries continues to expand, that prices for many raw materials may continue upwards for some time. If drifting prices and the existence of vast surpluses can no longer be taken for granted, firms throughout the Western world may well decide that the level of stocks on which they have recently been in the habit of depending is dangerously small. A rush to rebuild stocks could drive up prices further and could be accelerated, once begun, by news of upheavals in any of the numerous politically unstable countries on which the West depends for its supplies.

The possibility that more money may soon be taken up in financing stocks of raw materials is of interest not only to the primary producers themselves: it may also have repercussions on the position of the reserve currencies—the dollar and the pound. The position of these two as reserve currencies has recently been a serious disadvantage to them. European surplus countries have acquired more dollars and pounds than they feel it prudent to hold, and elaborate machinery has had to be invented to suppress their instincts in the common interest.

But the new movement in commodity prices heralds some relief. Both the U.S. and Britain are centres of currency areas whose members are still content to accumulate reserves in the centre when their foreign payments are in surplus. The fact that the outer sterling area is in surplus—because of foreign aid and investment as well as because of higher commodity prices—has kept the joint gold reserve rising, despite the deterioration in Britain's own trading position. The U.S., similarly, is relying on primary producers in the dollar area to accumulate balances in New York during 1964.

These increases will not last: the poor cannot afford to keep much in the bank. But the average level of their reserves, and the amount of dollars and sterling needed to finance international trade in their products, is likely to move up with commodity prices. The U.S. and Britain have even more to gain than other industrialised countries from an "adverse" movement of the terms-of-trade.

(Concluded from previous page)

and products processed therefrom in the developing countries;

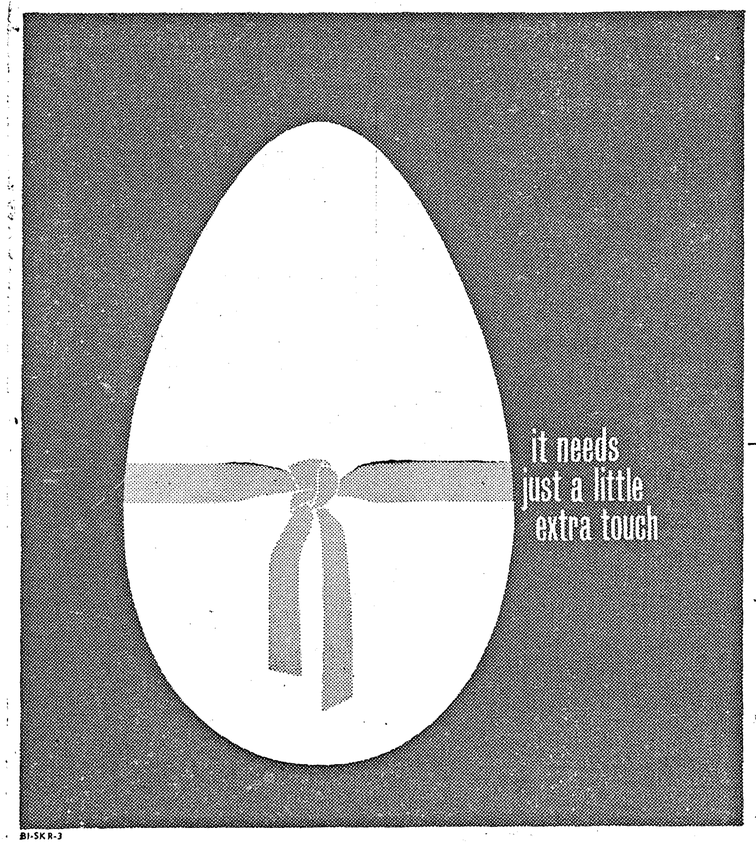
4. help increase in the volume of exports of the developing countries in primary products, both raw and processed, and stabilisation of prices at reasonable and remunerative levels and allow free access to the exports of manufactured and semi-manufactured goods from the developing countries, and initiate an active export promotion drive on an international basis on behalf of all developing countries;

5. extending non-discriminatory preferential treatment to imports of selected products originating in the developing countries as a whole; and

6. providing more adequate financial resources on favourable terms so as to enable the developing countries to increase their imports of the capital goods and industrial raw materials essential for their economic development, and better co-ordination of trade and aid policies.

E.C.A.F.E. also emphasised the need for a rational relationship between the prices of capital goods and the prices of the products of the developing countries.

The world's oldest stock certificate representing share ownership in a company still in operation today will be brought from Sweden to the United States for the New York World's Fair opening in April next. The certificate will be on show in the Swedish pavilion. Dated 16th June 1288, the document is written in mediæval Latin and records that Bishop Peter Elofsson received from his nephew, Nicolaus Christineson, a one-eighth share in Stora Kopparberg, which literally means the Great Copper Mountain. The transaction was validated by Kind Magnus Ladulas and several other dignitaries of the period, who affixed their seals.



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BANK OF BARODA

PROFIT AND BUSINESS EXPAND

THE calendar year 1963 has been a particularly good one for the Bank of Baroda Ltd. (Managing Director: Mr. N. M. Chokshi, Baroda) for its profit, which had receded in the previous year from Rs. 67.73 lakhs to Rs. 63.53 lakhs due to the banks' general experience of an all-round increase in operating costs in that year, has recovered by as much as Rs. 11.58 lakhs to an all-time new peak of Rs. 75.11 lakhs. This improvement in profit which works out to 19.2 per cent has followed a 21.4 per cent expansion in business as represented by the balance-sheet total amounting to Rs. 174.66 crores, as against Rs. 143.86 crores at the end of 1962. The growth in business has been steady over the years, and it is encouraging that profit has kept pace with that growth. In fact, over the past four years, the rate of increase has been higher in profit than in business. Thus, whereas the 1963 balance-sheet total is about 60 per cent more than the Rs. 110 crores touched in 1960, the 1963 profit is nearly 84 per cent higher than Rs. 41 lakhs earned in that year. This proves that banking in India continues, as it should, to be a profitable business and that the experience of banks like the Bank of Baroda of having realised a slightly lower profit in 1962 was due entirely to a combination of three unfavourable factors namely, the implementation of the Desai award, the introduction of deposit insurance scheme and the general increase in the cost of operations.

Reflecting the growth of deposits, especially time and savings, interest paid has gone up by about Rs. 50 lakhs to Rs. 348.77 lakhs, as against about Rs. 52 lakhs to Rs. 296.81 lakhs in the previous year. Staff expenses, which had gone up by about Rs. 34 lakhs in the previous year, have shot up by about Rs. 45 lakhs to Rs. 215.52 lakhs during the year under review. But other expenses, up by Rs. 23 lakhs to Rs. 78.52 lakhs in the previous year, show a rise of only Rs. 17 lakhs to Rs. 95.21 lakhs during the year. Nevertheless, the Bank has been able to realise a higher profit, because of the encouraging improvement of Rs. 125.85 lakhs to Rs. 747.67 lakhs in gross income, as against an addition of Rs. 108 lakhs in the previous year.

The appropriation of the profit has continued to be on conservative lines, as, once again, more than one-fifth of it, (Rs. 15.50 lakhs as against Rs. 12.70 lakhs a year before) has been carried to the reserve fund, besides a sum of Rs. 10.500 (as against Rs. 33.70o last year) credited to the development rebate reserve. Bonus to staff has claimed Rs. 2 lakhs more at Rs. 24 lakhs. The return to shareholders, which had been reduced in the previous year by one point to 16 per cent per annum on their Rs. 50 paid 100-rupee shares, has been raised by two points to 18 per cent per annum, the entire increase having come in the final dividend at the rate of 20 per cent per annum as compared with 16 per cent for the year before. Although the increase is a modest two per cent, the dividend for the year absorbs Rs. 8 lakhs more at Rs. 36 lakhs because it covers the full year's distribution on the 100,000 right shares of Rs. 100 each issued on 22nd May 1962 in the proportion of one-for-three at a premium of Rs. 15 per share. The surplus carried forward is slightly lower at Rs. 2.97 lakhs, as compared with Rs. 3.47 lakhs brought in.

The following table compares the Bank's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Gross income	7,47.67*	6,21.82*	5,13.82*	4,31.14*
Of which:				
Interest and discount earned	6,11.58	5,07.40	4,22.19	3,55.55
Commission and exchange earned	1,30.42	1,10.25	88.45	73.37
Other income	5.67	4.17	3.18	2.22
Interest paid	3,46.77	2,96.81	2,44.54	2,22.24
Staff expenses	2,15.52	1,70.37	1,36.85	1,20.08
Other expenses	95.21	78.52	55.58	42.45
Depreciation	15.06	12.70	9.12	5.55
Profit after taxation	75.11	63.53	67.78	40.85
To reserve fund	15.50	12.75	20.00	...
,, development rebate	0.11	0.34	0.10	0.19
,, bonus to staff	24.00	22.00	20.20	17.10
Dividend	36.00	28.00	25.50	23.49†
	(18%)‡	(16%)‡	(17%)‡	(17%)‡
Carry forward	2.97	3.47	3.03	1.09

	As on 31st December			
	1963	1962	1961	1960
Capital	2,00.00	2,00.00	1,50.00	1,50.00
Reserves	2,44.94	2,09.33	1,81.25	1,61.15
Deposits	140,17.16	113,96.17	95,45.58	84,98.24
Borrowings from other banks	3,64.01	2,49.73	3,55.24	2,71.98
Advances	105,81.06	84,78.72	70,36.82	60,17.78
Investments	30,69.82	26,09.41	24,89.72	23,13.38
Cash	14,78.34	10,78.07	8,19.87	8,16.75
Balance sheet total	174,85.71	143,86.48	122,83.40	109,86.21
Ratio to deposits of—	%	%	%	%
Advances	75.5	74.4	73.7	70.8
Investments	21.8§	22.3§	23.8§	24.6§
Cash	10.5	9.4	8.6	9.6

* After providing for taxation, bad and doubtful debts and other essential provisions. Taxations for 1960 was Rs. 30 lakhs, for subsequent years the amount is not disclosed.
† Includes Rs. 2.24 lakhs for paying final dividend at the rate of 20 per cent. on the new issue of Rs. 50 lakhs.
‡ Subject to deduction of tax. § Unencumbered portion only

The recovery in profit and the further growth in the business of the Bank have been facilitated by the sharp rise in its deposits from Rs. 113.96 crores to Rs. 140.17 crores. The increase, though seen in all types, is predominant in time deposits which have gone up from Rs. 62.19 crores to Rs. 77.70 crores. Savings deposits have improved from Rs. 24.99 crores to Rs. 30.63 crores and the deposits on current accounts from Rs. 26.77 crores to Rs. 31.84 crores. The bulk of the deposits are represented on the assets side by advances which have spurted by Rs. 21 crores to Rs. 105.81 crores and, as a ratio to deposits, the latter stand one point higher at 75.5 per cent. This marked rise in advances, which compares with an increase of Rs. 14 crores in 1962 and of Rs. 10 crores in 1961, has been responsible, to some extent, for the increase in borrowings from other banks from Rs. 249.73 lakhs to Rs. 364.01 lakhs. The ratio of investments to deposits has shrunk from 22.3 per cent to 21.8 per cent, but that of cash balances to deposits has increased from 9.4 per cent to 10.5 per cent. Thus, the aggregate liquidity ratio has edged up from 31.7 per cent to 32.3 per cent. The ratio of "own funds" to deposits, which had gained fractionally from 3.4 per cent to 3.6 per cent in 1962 following the issue of additional capital in that year, has moved down to 3.1 per cent in 1963 as a result of the large growth of deposits.

The Bank opened during the year 33 new branches, including one in Fiji Islands, making a total of 189 branches in India and 15 branches in foreign countries. Its Directors decided to take over the business of the Umbergaon People's Bank (Private) Ltd., Umbergaon. The takeover took effect on 1st January 1964 since when the latter bank's two offices at Umbergaon and Sanjan have commenced functioning as branches of the Bank.

U.S. EX-IMP BANK'S OPERATIONS

The U.S. Export-Import Bank made 46 long-term projects and equipment loans aggregating $458.5 million last year (1963). Included were funds to construct a fertiliser plant in India, to help build a bridge in Venezuela, a highway in Thailand, and electrical generating plants in the Ivory Coast.

The Bank, an independent agency of the U.S. Government, has been in business since 1934, supplementing private capital to improve trade between the U.S. and other nations. The Bank started making long-term loans even before the term "foreign aid" was conceived: The Bank's original purpose was to promote trade by providing credit for U.S. export sales. Very early, however, the Bank thought that it could accomplish its goal most effectively if its loans also contributed to the economic development of other countries. Although most of the Bank's long-term loans amount to foreign aid, they are not included in the foreign aid funds asked by the President and appropriated by Congress each year. In fact, for the past few years, the total Bank operations have appeared as a net gain rather than as an expenditure in the Federal Budget. This is possible because repayments on earlier loans—many of them are post-war loans to Western Europe—are more than enough to finance the Bank's current lending activity.

In addition to long-term project loans, Ex-Imp Bank provides emergency trade loans to nations having temporary balance of payments difficulties. The Bank also engages in other activities to promote U.S. exports. It provides short-term exporter credits, guarantees credits advanced by private banks, and finances medium-term and short-term insurance for export transactions, the insurance covering both credit and political risks.

Lumping all loans, guarantees and insurance, the Export-Import Bank last year assisted in financing $1,452 million worth of U.S. exports through 2,905 transactions. Thus it was—and is—indirectly helping to sustain the economic aid programme of the Agency for International Development and the Defence Department's spending abroad for free world defence.

The countries to which the Bank made available development-type loans during 1963 (some countries received more than one loan) were:

(In thousand $)

United Arab Republic $12,500; Ivory Coast $5,000; Liberia $4,500; Nigeria $9,500; Senegal $300; India $72,500; Iran $4,500; Israel $11,200; Iraq $2,800; Japan $18,200; Thailand $19,000; Austria $600; Iceland $500; Italy $185,000; Spain $28,100; Chile $2,000; Colombia $2,500; Ecuador $800; Mexico $32,600; Nicaragua $1,300; Peru $14,200; Panama $7,300; Trinidad and Tobago $4,000 and Venezuela $18,100.

The Bank made two emergency foreign trade loans during the year: $20 million to Argentina and $15 million to Chile.

(Concluded from next column)

encumbered portion of investments to deposits from 30.10 per cent to 26.00 per cent. This means that the Bank will have to make proportionally greater efforts to comply with the new liquidity requirements scheduled to be in operation from mid-September next.

Besides opening more branches during the year, the Bank also took over during 1963 certain assets and liabilities of the Coimbatore Standard Bank Ltd., Coimbatore, with its R. S. Puram branch and also Nanjinad Bank Ltd., Nagercoil, with its branches at Eraniel and Tittuvilai. Subsequent to the date of the balance-sheet, the Bank has also taken over the selective assets and liabilities of the Coimbatore Vasunthara Bank Ltd., Coimbatore, with branches at Coimbatore, Satyamangalam, Puliampatti and Kaniyur, in addition to opening three more of its branches. Thus, the Bank continues to pay attention to the question of expanding the area of its operations within the country.

INDIAN OVERSEAS BANK

A YEAR OF ALL-ROUND PROGRESS

GOOD progress was made by the Indian Overseas Bank Ltd. (General Manager: Mr. S. R. V. Arasu, Madras) during the year ended 31st December 1963. There was further substantial growth in deposits, accompanied by improvements in advances and earnings. The two-point cut to 12 per cent in dividend made in the previous year in the face of higher capital and apparently lower net profit has been restored and that too on a still bigger capital as a result of the final call of Rs. 25 made during the year on the then partly-paid 24,951 shares issued last year. The issued, subscribed and called up capital of the Bank is now on par with the authorised capital of 100,000 equity shares of Rs. 100 each. Only the paid-up capital is less by Rs. 28,425 on account of calls in arrears.

The published figure of net profit of the Bank shows a continuously declining trend since 1960, the fall being rather sharp from Rs. 26.16 lakhs in 1960 to Rs. 16.23 lakhs in 1963. But two reservations have to be made in comparing these figures. Firstly, the profits for the years 1962 and 1963 are substantially lower than those of the previous years because the undisclosed provision for taxation must be substantially higher as a result of fresh taxes proposed in the last two budgets. Secondly, the profit for 1963 has been arrived at after transferring a large sum of Rs. 9 lakhs to the Trustees of the Indian Overseas Bank Ltd. Staff Gratuity Fund, which appears to have been created this year. This transfer is, however, a book adjustment, partly compensated by a withdrawal of Rs. 8.70 lakhs from the balance held in the Bank's own Pension and Gratuity Fund account. Thus, although the net profit for 1963 is still lower than that for the previous two years, it has improved substantially—by as much as 25 per cent to be precise—over that for 1962.

Higher profit is the result of an all-round increase in turnover, deposits and advances, though a part of the increase has been neutralised by the inevitable rise in expenses. The business turnover as represented by the balance-sheet total has risen during 1963 by 21 per cent to over Rs. 64 crores, total gross earnings by 11 per cent to Rs. 263 lakhs, deposits and advances by 13 per cent each to more than Rs. 42 crores and Rs. 29 crores, respectively. The result is that, in spite of a 13 per cent rise in total expenses to Rs. 236 lakhs, the net profit is markedly better as already noted.

The interest paid on deposits has gone up from Rs. 97.81 lakhs to Rs. 107.29 lakhs: this is because almost four-fifths of the rise in deposits has been in fixed and savings deposits as against only a small rise in current accounts on which no interest is paid. Staff expenses are higher by Rs. 15.53 lakhs at Rs. 95.99 lakhs largely because of the additional staff required for the nine new branches opened during the year (as against eight in 1962) as well as for the expansion in the activities and business of the existing branches. Further, it also reflects the rising burden of increments and dear food and other allowances to the staff.

Transfers to published reserves have been stepped up slightly to Rs. 6.75 lakhs from Rs. 6 lakhs in the previous year. Bonus to staff however is taking up a substantially higher sum of Rs. 6 lakhs, as against Rs. 4 lakhs in the previous year.

The salient features of the Bank's activities and progress in the past four years are summarised in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Interest and discount earned	189.03	168.24	167.11	159.61
Commission and exchange	72.43	67.81	65.82	66.07
Other income	1.23	0.83	1.06	0.95
Interest paid	107.29	97.81	87.73	87.02
Staff expenses	95.99	80.46	70.54	65.29
Other expenses	33.07	31.18	25.73	23.95
Depreciation	10.71	7.43	5.71	5.71
Provision for taxation	N.D.	N.D.	18.50	18.50
Profits after taxation	16.23§	20.00	25.30	26.16
Transfer from pension and gratuity funds account	8.70	...	...	10.00
Transfer to reserves	6.75	6.00	5.00	5.50
Bonus to staff	6.00	4.00	5.50	10.50
Dividend*	13.19	10.20	10.50	10.50
	(14%)‡	(12%)	(14%)	(14%)
Carry forward	1.02	2.03	2.23	1.92

	As at 31st December			
	1963	1962	1961	1960
Capital	99.72	93.61	75.00	70.00
Reserves	93.63	86.86	78.37	69.37
Deposits	42,12.40	37,13.27	31,22.46	29,29.13
Borrowings from other banks	91.76	136.25	123.17	387.42
Advances	27,53.48	24,41.80	19,71.30	19,32.51
Investments	11,20.98	11,23.00	10,06.35	11,54.30
Cash	582.62	448.96	389.35	402.73
Balance sheet total	64,01.35	53,31.66	46,76.30	49,43.14
Ratio to deposits of—	%	%	%	%
Advances	65.3	65.7	63.1	66.0
Investments†	26.0	30.1	34.4	28.6
Cash	13.8	12.1	11.8	13.7

* Subject to deduction of tax. † Unencumbered portion only.
N.D.—Not disclosed. ‡ On the increased capital.
§ After payment of Rs. 9 lakhs to the trustees of I.O.B. Ltd. Staff Gratuity Fund.

Thanks to the higher owned as well as deposit resources, the borrowings from other banks (including the Reserve Bank, have considerably fallen to Rs. 91.76 lakhs from Rs. 136.25 lakhs. Although advances have also risen, the credit-deposit ratio is fractionally lower at 65.3 per cent as against 65.7 per cent last year. Investments are, however, a shade lower by Rs. 2 lakhs. This trend, in the face of a substantial increase in deposits, has resulted in bringing down the ratio of un-

(Continued in previous column)

THE CHARTERED BANK

PROFIT AT HIGH LEVEL AGAIN

DESPITE the difficult and sometimes dangerous political conditions in certain areas of operation, the further increases in salaries and wages, and the rising costs of expansion through new branches, the Chartered Bank, it is gratifying to find, has reported satisfactory working results for the year ended 31st December 1963. The net profit earned by the Bank (after providing for taxation and making allowance for inner reserves) is quite handsome: £1,069,378. The profit, though it is slightly lower than that (£1,076,748) for the year 1962, is well above the £990,238 earned in 1961. The high level of profit is significant, especially in the light of a fall in the rate of expansion of banking business proper, as suggested by the year-end figures. The total advances made by the Bank have gone up by just £6.50 million, as compared with an increase of £26.33 million recorded in 1962; bills of exchange have, of course, improved markedly by £5.09 million, in contrast to a decline of £1.21 million suffered in the previous year. Even so, the net increase over the year in the most remunerative business of a bank has been smaller.

The profit of £1,069,378 earned during 1963, together with the £561,021 brought in from the previous year, gives a total of £1,630,399 available for distribution. Although this amount is much more than what is actually needed (£606,375) to pay the dividend at the previous year's rate of 15 per cent less income-tax paid, the Directors of the Bank have not proposed any increase in dividend. This is apparently due to the Directors' move to make a rights issue to stockholders in the proportion of one £1 share for every £6 of stock held at a premium of £1. The Directors have also preferred to strengthen the reserves by transferring £450,000 to reserve funds, which now aggregate £8.35 million, and to carry forward a larger sum of £574,024 (including the £63,591 retained in subsidiary companies' accounts), as against the £561,021 (£50,945) brought in.

The principal liabilities and assets of the Bank as at the end of the past four years are shown in the following comparative table in order to enable readers to get an overall idea of the Bank's progress in recent years.

(In thousand £ sterling)

	As on 31st December			
	1963	1962	1961	1960
Liabilities (Main)				
Capital	6,600	6,600	6,600	5,500
Reserve fund	7,900	7,325	7,150	5,700
Undistributed surplus	510	510	495	470
Current and other accounts	315,162	297,668	281,501	181,453
Fixed deposits	167,521	156,814	133,123	108,302
Notes in circulation	5,951	5,295	5,107	4,732
Bills payable	2,553	2,380	2,054	2,237
Acceptances (contra item)	5,697	9,510	16,757	7,524
Assets (Main)				
Cash	76,875	77,942	72,794	57,085
Investments—				
Government and other securities	90,595	82,385	63,697	69,431
Securities lodged against note issue	6,518	6,023	5,399	4,706
Advances	188,390	181,897	155,565	144,436
Bills of exchange	34,391	29,301	30,513	23,734
Bank premises	4,006	3,537	3,391	3,210
Holdings in subsidiaries	2,241	3,226	2,898	2,897
Trade investments	417	416	414	416
Balance-sheet total	481,704*	469,553*	353,142	316,203

* The Bank has followed the practice of other British Banks in including with liabilities confirmed credits, guarantees and indemnities.

The balance-sheet total as on 31st December 1963 stands at the impressively high level of £481.70 million, as against £469.55 million a year before. This will be higher still at £579.72 million if the accounts of the Eastern Bank Limited and other wholly-owned subsidiaries other than the Allahabad Bank are included. The Chartered Bank, according to Mr. Vincent Alpe Grantham, Chairman, has followed the practice of other British banks in including with its liabilities confirmed credits, guarantees and indemnities. Even without these additional items, the total of the consolidated balance-sheet would exceed the corresponding figure for 1962 by £33 million, reflecting the continued expansion in the business of the Bank and its wholly-owned subsidiaries.

With a strong financial position, sound management and rich experience gathered over a period of more than a century, The Chartered Bank is now well set for a substantial expansion in its banking activities. The policy of extending the group's organisation to new areas, initiated by the Bank a few years ago, has, as the Chairman says, made the Bank less susceptible to setbacks in individual countries in which it has branches. Further, the new ventures launched in California and Libya are evidence of the Bank's intention to continue taking advantage of suitable opportunities for widening the scale of its business.

UNION BANK OF INDIA

DEPOSITS EXCEED RS. 50 CRORES

ENCOURAGING progress has been reported by the Union Bank of India Ltd. (General Manager: Mr. F. K. F. Nariman, Bombay) for the year ended 31st December 1963. The main features are: (i) a handsome rise of over Rs. 5 lakhs in the declared profit from Rs. 22.07 lakhs to Rs. 27.36 lakhs as compared with an increase of only Rs. 44,860 in the previous year; (ii) a further expansion of roughly Rs. 10 crores to Rs. 52.04 crores in deposits and (iii) a spurt of about Rs. 8 crores to Rs. 31.12 crores in advances on top of an improvement of about Rs. 5 crores in the previous year. The second of these factors assumes particular significance not only because it has influenced the other two but also because it marks the Bank's attainment of (with the deposits having exceeded Rs. 50 crores) the status of a "big bank" under the inter-bank agreement governing the rates of interest on deposits. While gaining this status, the Bank stands to lose the "privilege" allowed only to "medium banks" of paying one-eighth of one per cent more than the "standard rates" of interest for attracting deposits.

The rise in profit has resulted from a further improvement in income from Rs. 223.56 lakhs to Rs. 271.22 lakhs owing to the spurt in advances. Moreover, the Bank has also succeeded in limiting the increases in the costs of operation. According to the published figures, the rupee was spent by the Bank thus: outward interest 35.82 nP. (as against 34.07 nP. a year before), staff expenses 33.68 nP. (36.00 nP.), and other operating expenses 20.40 nP. (20.06 nP.), the balance of 10.10 nP. (9.87 nP.) being the profit.

Nearly a quarter of the profit, or Rs. 6 lakhs to be precise, has been set apart for reserves and contingencies. The provision for bonus to staff has gone up from Rs. 7.66 lakhs to Rs. 9.28 lakhs. The dividend on the 5-rupee ordinary shares has been maintained at 11.4 per cent per annum, subject to tax.

The following comparative table gives a clear idea of the progress made by the Bank in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Interest and discount earned	204.73	164.67	132.83	133.42
Commission, exchange and brokerage	56.64	48.90	42.79	41.03
Other income	9.85	9.99	9.46	8.68
Interest paid	97.09	76.15	58.58	63.19
Staff expenses	91.38	80.49	68.50	59.53
Other expenses	48.36	40.17	33.03	30.38
Depreciation	7.03	4.68	3.26	2.87
Profit, after tax	27.36	22.07	21.62	19.16
To reserves and contingencies	6.00	6.00	7.50	6.50
Premises written off	0.50	0.50	0.50	0.50
Bonus to staff	9.28	7.66	6.25	5.36
Dividend	11.40	7.96	6.84	6.84
	(11.4%)	(11.4%)*	(11.4%)*	(11.4%)*
Carry forward	1.58	1.40	1.45	0.03

	As at 31st December			
	1963	1962	1961	1960
Capital	100.00	100.00	60.00	60.00
Reserves	76.00	70.00	60.00	53.50
Deposits	52,04.47	42,62.24	32,83.02	28,50.19
Borrowings from other banks	16.37	15.12	...	...
Advances	31,12.36	23,22.75	18,50.08	17,31.82
Investments	13,53.75	10,51.08	824.97	747.87
Cash	891.97	10,44.58	701.13	470.70
Balance-sheet total	68,57.24	56,81.76	43,70.22	39,71.82
Ratio to Deposits of—	%	%	%	%
Advances	59.8	54.5	56.3	60.7
Investments	26.0	24.7	25.1	26.2
Cash	17.1	24.5	21.3	16.5

The accretion of about Rs. 8 crores in deposits has been shared mainly by fixed deposits and demand deposits, the former having expanded from Rs. 18.59 crores to Rs. 22.81 crores and the latter from Rs. 19.59 crores to Rs. 23.60 crores. Savings deposits also have improved but only slightly from Rs. 4.14 crores to Rs. 5.64 crores. With this steady growth in deposits, the Bank has been able to limit borrowings from the Refinance Corporation for Industry Ltd. to Rs. 16.37 lakhs, as against Rs. 15.12 lakhs a year before. The spurt in advances from Rs. 23.23 crores to Rs. 31.12 crores has lifted the credit ratio from 54.5 per cent to 59.8 per cent, at which level, however, it is still one point lower than what it was in 1960. Investments, too, have increased from Rs. 10.51 crores to Rs. 13.54 crores, with their ratio to deposits rising from 24.7 per cent to 26 per cent. But the cash ratio has dropped from 24.5 per cent to 17.1 per cent.

The Bank has been steadily increasing the number of its offices. During the year under review, it opened ten new branches in different parts of the country, bringing the total number of branches to 75. Twenty of its branches are equipped with safe deposit vaults.

DENA BANK FARES WELL

STRIKING INCREASE IN TURNOVER

EVERYTHING seems to have gone pretty well with the Devkaran Nanjee Banking Company Ltd. (Managing Director: Mr. Pravinchandra V. Gandhi, Bombay) during the past calendar year, for its progress during the 12-month period is notably striking. Its gross income, up by Rs. 40.04 lakhs at Rs. 264.87 lakhs in 1962, has registered a bigger increase of Rs. 58.18 lakhs to Rs. 323.05 lakhs during 1963. Its profit after depreciation and taxation, which had declined from Rs. 26.15 lakhs to Rs. 24.08 lakhs in the previous year due to the particularly higher cost of deposits for medium banks, deposits insurance scheme and the implementation of the Desai Award, has more than fully recovered to Rs. 26.59 lakhs during the year under review. Its deposits have continued their upward march by adding for the third year in succession a substantial sum of Rs. 8 crores to Rs. 59.09 crores. This accretion of deposits has facilitated the advances to pick up at a faster rate from Rs. 31.74 crores to Rs. 38.81 crores as compared with the restricted increase from Rs. 30.05 crores to Rs. 31.74 crores in the previous year. Finally, the balance-sheet total, indicating the extent of growth in business, has expanded further from Rs. 62.99 crores to Rs. 76.08 crores.

So far as the appropriation of profit is concerned, the Directors have continued to follow a judicious policy. They have set apart Rs. 10 lakhs to reserves, taking the total of published reserves to a level which is 10 per cent more than the paid-up capital of Rs. one crore. The amount transferred this year is, of course, much less than that (Rs. 23 lakhs) transferred last year. But a little more than Rs. 10 lakhs of last year's addition came out of the undistributed surplus of previous years. The rate of dividend has been enhanced by one point to 12 per cent and, as this is on the entire increased capital (from Rs. 50 lakhs to Rs. 100 lakhs) for the whole year, the amount required has nearly doubled. The bonus to staff also costs more, apparently because of the increase in number as well as in emoluments of each member. The surplus carried forward is, however, less at Rs. 1.79 lakh, as compared with Rs. 3.19 lakhs brought in.

The following comparative table gives a clear idea of the Bank's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Interest and discount earned	272.56	217.38	183.08	163.53
Commission and exchange	38.44	36.21	31.44	27.21
Other receipts	12.05	11.27	10.31	9.46
Interest paid	153.65	121.88	98.14	93.65
Staff expenses	88.43	74.90	65.14	55.84
Other expenses	48.84	38.93	31.27	25.22
Depreciation	5.84	5.08	4.13	2.54
Profit	26.59	24.08	26.15	17.20
To reserves	10.00	23.00	15.00	8.00
Bonus to staff	6.00	4.50	...	2.65
Dividend	12.00	6.90	5.50	4.38
	(12%)	(11%)	(11%)	(8.76%)
Carry forward	1.79	3.19	13.51	7.86

	As at 31st December			
	1963	1962	1961	1960
Paid-up capital	100.00	100.00	50.00	50.00
Reserves	110.47	100.26	75.16	60.00
Deposits	59,09.22	51,06.59	43,15.41	35,80.59
Borrowings from other banks	168.75	71.00	218.75	400.00
Advances	38,81.42	31,74.23	30,05.51	24,34.12
Investments	20,10.17	16,01.80	12,74.67	12,30.91
Cash	610.01	671.71	477.69	477.17
Balance sheet total	76,08.10	62,99.04	56,12.93	48,70.97
Ratio to deposits of—	%	%	%	%
Advances	65.6	62.1	69.6	67.9
Investments†	34.1	29.9	24.4	29.7
Cash	10.3	13.1	11.0	13.3

† Unencumbered portion only.

The improvement in income during the year has been due largely to the higher level of advances. Taking the published figures, only the percentage share of interest earned in the total income has gone up from 82.07 to 84.52, whereas that of commission and exchange as well as of other receipts is lower at 11.76 and 3.72 as compared with 13.67 and 4.26, respectively, a year before. Of the total expenditure, outward interest works out to 47.67 per cent, as against 46.01 per cent in the previous year, staff expenses to 27.24 per cent, as against 28.28 per cent, and other expenses to 16.71 per cent, as against 16.62 per cent.

The further rise in expenditure during the year is on account of the continuous expansion of the Bank's operational activities and its branches. Seventeen branches were opened during the year mostly in Western and Northern India, bringing the total number of offices to 129. Since

(Continued on page 540)

EXPORT RISKS INSURANCE

ESTIMATES COMMITTEE EXAMINES THE ROLE AND OPERATIONS OF E.R.I.C.

SEVERAL suggestions for making the Export Risks Insurance Corporation (E.R.I.C.), now transformed into the Export Credit and Guarantee Corporation (E.C.G.C.), a more effective agency for promoting India's exports have been made by the Estimates Committee of the Lok Sabha in its Forty-seventh Report submitted a few days ago. The Committee's views and recommendations, which are based on a critical evaluation of the working of E.R.I.C. since its inception (in 1957), assume special significance in the context of the enlarged functions and more positive role assigned to the new Corporation in stimulating exports. The Committee has examined the basis of providing insurance cover to exporters, the scope for increasing the percentage of exports insured by the Corporation, the reasons for the low coverage in respect of a large number of commodities and the corrective measures required to improve the position, the types of policies issued in the light of the needs of exporters, the level of premium and the rebates offered, the organisational structure of the Corporation and its adequacy, publicity and field work and a host of other operational aspects which have a direct bearing on the working efficiency of the Corporation.

As regards the basis for providing insurance cover, the Committee points out that it would not wholly agree with the view of the Ministry of International Trade that insurance cover to exporters should be provided merely on the basis of the commercial judgment of the Corporation. It feels that cases may arise when it would be desirable to give risk guarantee to exporters on grounds of "national interest" also. The Committee points out that such guarantees are in fact provided by credit insurers in some other countries. Thus, the Export Credit Guarantee Department (E.C.G.D.) the U.K. and the Export Credit Insurance Corporation of Canada give such guarantees and undertake business on Government account in the "national interest." The Committee has, therefore, suggested that the Government should adopt a positive policy in this matter and encourage exports in selected cases on grounds of national interest. Such a step, according to it, is also likely to open new avenues of export also.

Coverage Low

The percentage of exports insured with the Corporation to the total exports of the country has been very low. It was 1.1 in 1960 and 1.7 in 1961. In 1962, however, the percentage rose to 2.7, that is, more than double that in 1960 and to 4 per cent last year. But this figure is still low when compared with other countries. The small percentage of coverage is attributed to the fact that nearly 50 per cent of the country's export trade is in traditional items like jute goods, tea and textiles in which Indian exporters have well-established connections and they therefore do not feel the need for export risks insurance so keenly. Apart from this, a sizable part of India's export trade is done against letters of credit, or between associates. These account for nearly 70 per cent of India's total exports, leaving only 30 per cent as insurable exports. As a percentage of total insurable exports, exports insured with the Corporation work out to 8 per cent in 1962 and 15 per cent in 1963. In absolute figures, out of a total exports of Rs. 665.88 crores in 1962, value of exports insured with the Corporation aggregated Rs. 18.11 crores, as against Rs. 6.96 crores in 1960 out of a total exports of Rs. 621.68 crores. While appreciating this increase, which is not unsubstantial, the Estimates Committee feels that there is still considerable room for improvement in the business of the Corporation. The example of similar organisations in other countries, as, for instance, the E.C.G.D of the U.K., which provided insurance cover to 22 per cent of its export trade in 1962, should, the Committee points out, serve as a guide to E.C.G.C. to step up its activities. The Committee has no doubt that, with the increase in the country's exports and its diversification, the Corporation should be able to insure a very high percentage of exports.

A detailed study of the Corporation's coverage of exports country-wise has given the Committee a picture of *uneven* performance in respect of coverage. It has, therefore, suggested that special efforts should be directed towards the countries where E.R.I.C. has not been able to make much impression and that the performance should be constantly reviewed and the possibilities of providing cover considered from time to time. An analysis of coverage commodity-wise has revealed that, while some commodities like sugar and sugar preparations, mineral fuels and lubricants and raw wool exported from the country have not been insured at all, the coverage in respect of a large number of other commodities has been very low. It would appear, the Committee points out, that the low coverage of the Corporation in insuring certain commodities is due to lack of contacts with exporters. The Committee has, therefore, suggested that the Corporation should review its procedures and practices with a view to ensuring that closest liaison is maintained with exporters and maximum business is secured. At the same time, it is necessary to examine, adds the Committee, the reasons for the low insurance coverage in respect of a large number of commodities and to study analytically the possibilities of export development in respect of each commodity. Earnest efforts are also called for to establish good contacts with exporters of the various commodities as also Export Promotion Councils and Commodity Boards.

Type of Risks

The Lok Sabha Committee has critically examined the types of risks covered and the policies issued by the Corporation. Its suggestions, in this regard, are very pertinent and germane to expansion of the business of the Corporation. One important suggestion refers to coverage of "non-acceptance" risks. Ordinarily, the Corporation does not indemnify the exporter in respect of losses incurred on account of "quality" disputes. In view of the difficulties experienced by Indian exporters, especially the small ones, the Corporation has undertaken to cover "non-acceptance" risks, provided the merchandise covered has been subjected to preshipment inspection. But the machinery for preshipment inspection envisaged under the Export (Quality Control and Inspection) Act, 1963, has not yet started functioning and the Corporation has not therefore issued any policy covering non-acceptance risks so far. The Committee feels that there is great scope for increasing the business of the Corporation through non-acceptance risk policies. The need to give this type of policy wide publicity, so as to make it popular among exporters, cannot be overemphasised in the opinion of the Committee. It has no doubt that the provision of such cover by the Corporation would enhance the possibilities of increasing exports. The Committee also wants the Corporation to examine the question of covering the risk on intermediaries, (that is, those to whom the exporter might have passed on his shipping documents against cash payment) and to evolve a new type of policy to cover such cases.

Commenting on the types of policies issued by the Corporation, the Committee notes that there is a declining trend in the number of specific shipments policies (that is, policies covering shipments under a single specified contract) as also in the maximum liability undertaken and the value of risks covered. It has, therefore, suggested that efforts should be made by the Corporation to secure more business on this type of policy. The slow progress made by the Corporation in issuing manufacturers and exporters credit insurance policies indicates, according to the Committee, that the benefits of these policies have not been adequately publicised by the Corporation or appreciated by the parties concerned. Since these policies offer considerable scope for increasing the business of the Corporation, it is essential, the Lok Sabha Committee points out, to explain the advantages of these policies to exporters. Expressing keen disappointment over the Corporation's failure to secure any business under the market development policy introduced in 1961, the Committee observes that the Corporation waited for the business to come instead of going all out to get it by explaining the benefits of this policy. It has suggested that concerted efforts be made to popularise this policy. It has also urged that the role of the Corporation in offering market development policies may be re-examined in order to ensure that there is no duplication and overlapping of functions because a number of other bodies like the Export Promotion Councils are doing similar work.

The popularity of the packing credit policy, as evidenced by the increase in the number of policies from year to year, is, according to the Committee, a pointer to the desirability of taking further steps to make the policy still more attractive. The Committee concedes that some types of policies are more popular than others, but it is of the opinion that, apart from the intrinsic merits of the policies, the art of selling the policies, the publicity given to them and the persuasion and persistence of the canvassers count a great deal in increasing sales. While suggesting that special steps be taken to increase the sales of all types of policies, it wants the Corporation (1) to examine critically the policies which are not so popular, with a view to remedying their defects, if any, and (2) to keep abreast of the latest type of policies issued by similar organisations in foreign countries. In this connection, the Lok Sabha panel has recommended that the Corporation should examine the feasibility of introducing in India the small exporters' policy issued by the E.C.G.D. of Britain. The fact that about 89 per cent of the policies issued by the Corporation are for sums below Rs. five lakhs indicates that the small exporters are in greater need of insurance facilities provided by the Corporation. The Committee, therefore, wants the Corporation to continue its efforts to provide risk cover to the small exporter.

Finance for Exporters

An important recommendation of the Lok Sabha panel refers to bank finance available to exporters. Bank finance availed of by exporters in respect of post-shipment assignments in 1960, 1961 and 1962 aggregated Rs. 2.37 crores, Rs. 3.20 crores and Rs. 2.51 crores, respectively, whereas the value of risks covered increased from Rs. 6.97 crores in 1960 to Rs. 20.69 crores in 1962. The Committee noted that there is thus very little increase in the post-shipment finance availed of by exporters on the basis of the Corporation's policies in spite of the increase in its business. It has been represented before the Committee that banks are not co-operating in giving credit facilities to exporters on the basis of the Corporation's policies. In view of this position, the Committee has suggested that the Government should take suitable steps to ensure that the Corporation's policies are accepted by banks in giving credit to exporters. The possibility of giving some negotiability to these policies, suggests the Committee, may also be examined.

After studying the level and structure of the premium rates charged by the Corporation, the Estimates Committee has come to the conclusion that the average premium rates of the Corporation are not only comparable with those of foreign credit insurers but are in fact lower in many cases. Thus, the average premium per 100 was 1.23 and 1.99 in the U.K. under sections 1 and 2 respectively, 0.57 in Australia, 1.73 in the Netherlands, 1.10 in Israel, 0.87 in Norway, 0.88 in Sweden, 0.71 in Canada and 1.05 in Belgium, whereas it was only 0.34 in India. In spite of this, Indian exporters complain that the premiums are rather high, probably because even a small addition to an already inflated cost makes Indian goods more uncompetitive. The Corporation had submitted before the Committee that it would be possible to reduce the premium of the volume of business were to increase. Already a system of rebate on premium has been introduced and it is said to have yielded encouraging results. Besides, it is also proposed to introduce a system of no-claim bonus to exporters. The Committee has welcomed these proposals and has expressed the hope that further incentives to exporters to insure their goods with the Corporation would be possible in the future.

Credit reports about buyers in foreign countries form the bedrock of the whole system of export risks insurance. The Committee has, therefore, suggested that the Corporation should carefully collect credit information and should build up a library of records containing up-to-date information. As regards settlement of claims, the Committee has suggested that the question of reducing the period for claims settlement in respect of political risks from 6 to 4 months, as has been done in the U.K., may be examined at an early date. Since keeping claims to the minimum is of paramount importance in export risks insurance, as in any type of insurance, the Committee wants the

(*Continued on page 535*)

MANPOWER SHORTAGE IN TEXTILE INDUSTRY

NEW BID TO RECRUIT TRAINED PERSONNEL

From Our Special Correspondent

MANCHESTER, *17th March*

MANCHESTER LETTER

MUCH has been written and said about the importance of closer links between production and marketing since the present phase of textile mergers and reconstruction began less than 12 months ago. Few people would dispute the necessity of efficient distribution as a corollary of modernised output and the projection of the best technical advice.

No direct reference to textiles was made by Lord Robens, Chairman of the National Coal Board, in the speeches he made in Manchester last week, but his remarks on the relationship between selling and production were just as applicable in the disposal of cloth and clothing as in the instances he mentioned of cars, chocolates and confectionery. If the national output is to be raised by 4 per cent., a figure regarded as attainable by the National Economic Development Council, it will be even more essential to sell the goods when they are made.

This may appear to be oversimplifying the issue, but it strikes a fundamental note clearly reflected in the minds of those who have been instrumental in making the structural changes in the textile industry which have lately taken place; it is undoubtedly a guiding light for them and the rest of the trade in the future. Merely to increase output without the facilities for efficient disposal of goods is to create even more embarrassing bottlenecks than those which have often clogged the wheels of textile distribution in the past.

Working Partnerships

Financial arrangements, including amalgamations and takeovers, are publicly announced when shareholdings are involved, but other developments on these lines are not always made widely known. Particularly when private firms are concerned, agreements between suppliers and customers are by their very nature kept secret, and a good many new links have been forged in the past 12 months. Similar systems of close working partnerships are being evolved, including a number based on the concept of "vertical thinking" which received considerable attention last year.

Moves of this kind behind the scenes confirm the opinion of those who know the industry well that more efficient working arrangements are being adopted from the mill floor through to the ultimate user. Percentage gains cannot be assessed in the same manner as in output, but, without a smooth flow of goods through the many channels concerned, the improvements secured by the installation of new plant and methods can easily be thrown away.

Something from Nothing

Inclusion of Korea in the list of those countries whose exports of cotton textiles to Britain is now the subject of import licensing has been greeted within the trade with mixed feelings. Satisfaction that the Government is continuing to take action of this kind in response to its pledge that the categorisation system is justified and that some protection should be provided against low-cost imports is tempered by regret that another supplier has now established a basic quota after sending only negligible quantities of goods before the middle of last year.

It was not, in fact, until August that cotton grey cloth imports were received from Korea. In that month, arrivals aggregated 115,435 square yards, and no further supplies were received in September. The final quarter of the year, however, saw a marked rise in shipments, the October figure being 230,870 square yards, followed by 348,509 square yards in November and 610,215 square yards in December.

Reference to the stricter licensing control now being exercised by the Government is made by Mr. J. W. Whitworth, Secretary of the Operative Spinners' Amalgamation, in his latest quarterly report. These agreements, particularly within the categorisation issue, he says, will help perhaps more than any other factor to restore confidence in the future of the industry.

Turning to the internal trade position, Mr. Whitworth says that nothing seems so absurd as the changing labour situation. On the one hand, thousands of experienced cotton operatives have been lost to the industry over the years, but now instances are being reported of a shortage of manpower.

Local papers published in the mill towns have for some time past carried advertisements seeking extra staff but only lately has at least one management tried the expedient of using the television medium as a means of attracting labour. A series of flashes offer jobs in both the day and evening shifts of a large mill group at Shaw. Whether this costly form of publicity will be imitated is open to question.

In a modernising industry, however, the labour factor becomes even more vital. Redeployment of manpower often involves a minimum of employment, so that one key man absent can affect the whole production of the mill. This aspect justifies in some measure the suggestions made in certain quarters that courses should be arranged to enable operatives to learn the work of other departments so that they can be interchangeable in an emergency.

More Manpower

Whereas overseas trade in cotton goods was disappointing in January, nearer home the production figures now released by the Cotton Board make a far more satisfactory showing. Not only was the comparative output higher than a year previously, but the labour force established its biggest gain since early 1960. From the low-point of 142,390 at the end of last year, manpower increased to 143,060, and each section shared in the improvement. The gain as compared the December returns was 250 in spinning, 20 in waste spinning, 120 in doubling and 280 in weaving.

According to the Cotton Board, the tone of business continued to be bright in January, and the rate of output of single yarn per working day was nearly 3 per cent up as compared with December and 6 per cent higher than in January 1963. Production of doubled yarn increased by 8 per cent over the year. Cloth output per working day showed a rise of 2 per cent over the previous month and was 4½ per cent better than in January last year. A point worth noting was that cotton and man-made fibres shared almost equally in the growth in cloth production.

Textiles in Europe

During the first half of last year, output in Western European countries continued to fall, but on a relatively smaller scale, according to the latest figures issued by the International Cotton Federation. Many of the trends which has been apparent for some years past were maintained, but with some slowing down in the curtailment of capacity. The maximum number of spindles active in the U.K. in the first half of last year was 6,771,000, as against 8,053,000 in place and 7,894,000 active out of 9,465,000 spindles in place in the same period of 1962. The number of mule spindles in operation took a further sharp dip last year to 1,508,000, a reduction of 600,000 on the 1962 level. Lancashire retained the largest number of spinning spindles active, the nearest rivals being Germany with 5,605,000 and France with 4,328,000.

Automatic looms again provided an increasing percentage of the weaving machinery in place and active during the period. In the first half of last year, they accounted for nearly 58 per cent of the active West European total, as compared with 52½ per cent in 1962 and barely 50 per cent in the previous year. Idle looms represented 8.93 per cent, whereas spindles not at work formed 11.6 per cent of those in place. Increased output in man-made fibre cloths enabled the total production from European mills to show a marginal increase in the second quarter of 1963 against the same period 12 months previously, but a marked decline occurred in the first quarter.

In the case of active spindles and looms, productivity showed a considerable increase over 1961 and 1962. This was in line with modernisation and rationalisation schemes being pursued throughout Western Europe, which are now bearing definite results.

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TEA BOARD SEVERELY INDICTED

ESTIMATES COMMITTEE PINPOINTS DEFECTS

BY Friday next week, the Tea Board will have completed one full decade of its existence. The Board, it will be recalled, was formally inaugurated on 3rd April 1954 when the former Central Tea Board and the Indian Tea Licensing Committee ceased to exist. The principal function of the Board as prescribed in Section 10 of the Tea Act 1953 is to promote the development of tea industry. The specific measures referred to in the Act for this purpose are : (1) regulating the production and extent of tea cultivation ; (2) improving quality ; (3) promoting co-operative efforts among growers and manufacturers ; (4) undertaking, assisting or encouraging scientific, technological and economic research and maintaining or assisting in the maintenance of demonstration farms and manufacturing stations ; (5) assisting in the control of insects and other pests and diseases affecting tea ; (6) regulating the sale and export of tea ; (7) training in tea testing and fixing grade standards ; (8) increasing the consumption in India and elsewhere of tea and carrying on propaganda for that purpose ; (9) registering and licensing of manufacturers, brokers, tea waste dealers and persons engaged in the business of blending tea ; (10) improving the marketing of tea in India and elsewhere ; (11) collecting statistics from growers, manufacturers, dealers and such other persons as may be prescribed on any matter relating to the industry ; (12) securing better working conditions and provisions and improvement of amenities and incentives for workers ; and (13) such other matters as may be prescribed. It is thus evident that the functions assigned to the Tea Board are very compressive and, now that the Board has completed full ten years, it is appropriate to take stock of its achievements as well as its failures. The publication of the report of the Estimates Committee (Chairman: Mr. Arun Chandra Guha, M.P.) on the Tea Board, which was placed on the floor of the Lok Sabha last week is, therefore, quite timely. The Committee has not only severely indicted the Board but also urged a more dynamic action, so that the tea industry would be in a position to cater fully to the expanding requirements for domestic consumption and exports in the years to come.

Raising Acreage

The Tea Board, it is pointed out by the Estimates Committee, has not so far prepared any planned programme for increasing the acreage under tea in consultation with the industry. That this criticism is valid is borne out by the niggardly increase in the total area under tea cultivation, from 320,000 hectares in 1954 to no more than 333,000 hectares in 1963 (as of March), or an addition of just 13,000 hectares. Even this addition must be attributed almost entirely to the efforts of independent estates themselves. In the context of the urgent need for augmenting production and export of tea, the Board should take steps at least now to chalk out a planned programme of extending tea cultivation. An essential prerequisite for such preparation is a comprehensive survey of the existing and potential areas for tea cultivation. The Plantation Inquiry Commission had recommended, as early as in 1956, that such a survey should be undertaken. But neither the Tea Board authorities nor the State Governments have cared to implement this recommendation. The Estimates Committee is rather surprised at the explanation given by the Board that it does not have either the machinery or the resources for conducting such a survey and that the survey should have been undertaken by the State Governments. In its opinion, several areas in the Himalayan foothills, Kashmir, N.E.F.A. and Nagaland are suited to tea cultivation.

A very pertinent point which the Estimates Committee has made concerns the desirability of control over fragmentation of tea estates. Such fragmentation results in uneconomic estates, loss of efficiency and lower yield. The Committee has criticised the Board for not having taken any steps to organise co-operatives of small and uneconomic gardens for the purposes of production, manufacture and marketing. The organisation of co-operatives may, of course, be desirable, but it would appear that, first of all, some stringent control is necessary for preventing fragmentation of tea estates.

Replanting

The Estimates Committee has also criticised the Board severely for the poor progress made in respect of replanting. The Committee regrets to observe that, in spite of the importance attached to replanting by the Plantation Inquiry Commission, no systematic programme therefor has been formulated as yet, with the result that the progress in replanting has been unsatisfactory. Out of the 88,400 hectares requiring replanting (as early as of 1956), the total area actually replanted comes to only 12,513 hectares. Urging immediate action in this regard, the Committee observes :

"It is well known that a constant process of renewal of aged and diseased plants is necessary, if a tea garden is to be kept at a high level of productivity and in a healthy condition. . . . A higher rate of progress in replanting is necessary to prevent the industry gradually running down the vitality and productivity, owing to progressive ageing of plants. . . . Immediate steps should be taken by the Board to collect information about the age-group of tea bushes in the various tea estates and gardens, so as to have a comprehensive idea about the present condition of the tea plantations. At the same time, it is necessary that a detailed assessment of the area requiring replanting is made and a long-term plan to replant the same within a reasonable period is drawn up by the Board in consultation with the tea industry. The Tea Board should also ensure that the programmes of replanting formulated by the various tea estates are implemented properly."

The Estimates Committee has thus stated the problem of replanting clearly and forcefully. But it is difficult to agree with its finding that replanting should be done by the tea industry from out of its own resources. How will this be possible, under the existing fiscal policies of the Centre and the States, both of which take away the major portion of the profits of tea companies made with great difficulty in highly competitive markets ? If only the Estimates Committee had analysed the financial position of tea companies, it would have found that, thanks to heavy incidence of taxation, wage bill and housing costs, the industry does not have at its disposal sufficient funds for undertaking large-scale replantation and new plantations on virgin soil. The industry has for long pleaded for allowing the cost of replanting as a revenue charge, but somehow the authorities have refused to concede the just plea.

Tea Economy At A Glance

	1963	1960	1955	1954
Total area under tea (hectares) ..	333,000	330,545	320,500	320,000
Actual production (mil. kg.) ..	338	321	308	296
Average per-hectare yield (kg.)	1,024	971	961	925
Area replanted (hectares)* ..	1,607	1,781	2,005	845
of which North India ..	1,601	1,769	1,976	819
South India	6	12	30	26
Exports of tea :				
Quantity (mil. kg.) ..	222	195	167	203
Value (Rs. crores) ..	133	121	114	131
Tea cess collected by Government (lakhs of Rs.)†	94.38	85.40	158.76	128.53
Payments to Tea Board (lakhs of Rs.)†	120.00	65.00	45.00	*Nil*
Actual expenditure incurred by Tea Board (lakhs of Rs.)†	135.52	73.08	*N.A.*	88.32§

* Figures relate to the financial years 1961-62, 1960-61, 1955-56 and 1953-54, respectively.
† Figures relate to the financial years 1962-63, 1960-61, 1955-56 and 1954-55, respectively.
§ Relates to 1956-57. N.A.=Not available.

Third Plan Target

It is also difficult to agree with the Committee's contention that the production target of 408 million kg. fixed under the Plan is not realistic. The target, incidentally, represents a rise of 87 million kg. as compared with the 321 million kg. actually produced in 1960. Is it really so difficult to obtain this much additional quantity over a period of five years ? Certainly not. Even now it should be possible for the industry to fulfil the target provided the Governments, Central and State, give the industry suitable incentives, rationalise taxes, help the planters to get their full requirements of fertilisers, pesticides, machinery, stores and spares, and follow a realistic labour policy. As the Committee itself admits, there is considerable scope for raising the per-acre yield of tea. It is disquieting to learn from it that the Board has not made any attempt so far to publicise and popularise clones of high-yielding tea for the use of estates. Recalling the recommendation made by the Plantation Inquiry Commission that necessary augments must be made for the provision of selected tea seeds and other planting materials, the Estimates Committee makes the following remarks :

The Committee regret to observe that Government did not fully accept the recommendation of the Commission in this matter. What is more regrettable is the casual manner in which the Tea Board dealt with the suggestions of Government that it should first assess the requirements of tea seeds and planting material. Instead of doing so, the Board left the arrangements for the supply of tea seeds, etc., to private parties—an arrangement which the Plantation Inquiry Commission earlier had found to be inadequate. The Committee cannot overemphasise the need for making adequate arrangements for provision of selected tea seeds and good planting material to all the tea growers. They, therefore, reiterate the recommendation of Plantation Inquiry Commission that the Tea Board should undertake this responsibility. In this connection, they would point out that another Board, namely, Rubber Board, is maintaining nurseries for the supply of high-yielding materials to the growers. . . . One of the functions of the Tea Board is improving the quality of tea. It is not clear how, in the absence of any statistics, the Board satisfies itself that there has been improvement in the production of quality tea.

Considering that Indian tea is encountering competition in world markets, not merely from the tea exported by other countries but also from other beverages like coffee, cocoa and soft drinks, the need for producing quality teas at cheaper cost cannot be stressed too strongly. The Estimates Committee has done well, therefore, in urging the Tea Board to encourage tea producers to rehabilitate their factories and gardens with modern equipment, to replace worn out bushes, and to plan extensions and replantations.

Other Lapses

The Tea Board has come in for sharp comments from the Estimates Committee on some other grounds too. Briefly stated, they are :

Although the Government of India had asked the Board as early as in July 1957 to set up a unit to study the cost of production as suggested by the Plantation Inquiry Commission, it was not until October 1962 that such a unit was actually established.

No efforts have been made to compile figures of production costs of estates in various regions.

It took two years for the Board and the Government to fill the post of Director of Production Control. Even after the appointment in 1958, the Board took another three years to initiate and activise development schemes.

The Board has not sought to prepare in time estimates of production, internal consumption and exports of tea.

No concrete results have been achieved from the seven research schemes for which the Board has given financial assistance aggregating about Rs. 5 lakhs to universities and technical institutions in the past three years. It is doubtful whether such schemes would prove effective and beneficial to the industry.

The Board, which is charged with the responsibility of undertaking research, has not paid due attention to the importance of carrying out unified research on tea, much less to disseminate widely the results of research already available. Even in regard to the research conducted by the various private research stations, the Board has not ensured that the fruits of such research are available for practical application to all tea growers, particularly the weaker ones.

Concrete action has not been taken by the Board to give effect to the Plantation Inquiry Commission's recommendation for setting up model tea farms for the benefit of producers.

No grade standards of tea have been fixed by the Board. Nor has any systematic research on the specific uses of tea waste been carried out.

There has been an undue delay in the construction of a new tea warehouse at Calcutta. The Board has also not yet assumed any responsibility for the administration of public tea warehouses at Calcutta.

The Tea Board has taken no steps whatever for training persons in tea testing.

No arrangements have been made by the Board to supply spraying equipment to small growers for controlling pests and other diseases.

The Estimates Committee's review of the finances of the Tea Board reveals that the principal source of finance for the Board is the amount it gets from the Government out of the net proceeds of the cess levied on all teas exported outside India; the rate of cess is Rs. 4.40 per 100 kg. The Board also realises licence fees directly for export licence or special export licence issued by it at the rate of Rs. 2.20 per 1,000 kg. or part thereof. Besides, the Board collects fees for licences issued under the Tea (Distribution and Export Control) Order 1957 and the Tea Waste (Control) Order 1959. Over the nine years from 1954-55 to 1962-63, the Tea Board received a total of Rs. 7.02 crores out of the aggregate cess collection of over Rs. 11.25 crores. It is surprising that there has been very wide variation in the budget estimates and the actual expenditure incurred by the Board. Thus, as compared with the budget estimates, the amount actually spent was lower by Rs. 36.83 lakhs at Rs. 135.52 lakhs in 1962-63, by Rs. 79.47 lakhs at Rs. 118.23 lakhs in 1961-62 and by Rs. 71.71 lakhs at Rs. 73.08 lakhs in 1960-61. The Estimates Committee has done well, indeed, in urging the Board to be more careful in preparing budget estimates and in ensuring that the funds are fully utilised in a planned and economic way. Meanwhile, the Committee has suggested that, since the tasks before the Board for the development and production of tea are quite heavy, the desirability of augmenting the resources of the Board suitably may be examined by the Government.

If the Tea Board has not functioned effectively and efficiently, it is not because of inadequate funds but because of the limitations and control of the Government under which it has to work. The Estimates Committee is quite right when it says that a statutory body like the Tea Board must possess a considerable degree of elasticity and autonomy in working if it is to take the initiative in drawing up and implementing appropriate programmes for the development of tea industry quantitatively and qualitatively alike.

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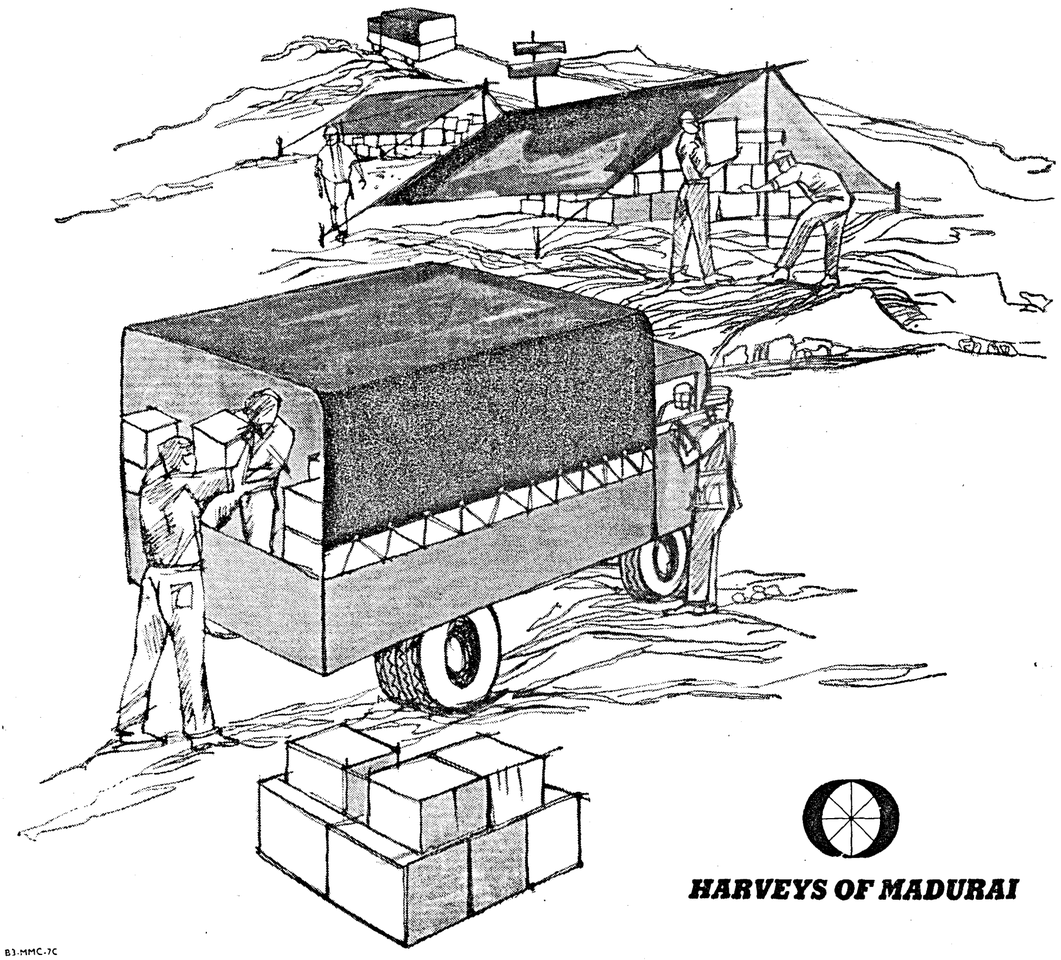

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INDIA SUGARS AND REFINERIES LIMITED

PAMPERING OF CANE GROWERS MUST CEASE

SPEECH OF CHAIRMAN, MR. RAJESHWARA PATEL, M.P.

THE sugar policy of the Government of India was criticised by Mr. Rajeshwara Patel, M.P., Chairman of the India Sugars and Refineries Limited, in his speech at the Thirtieth Annual General Meeting of the Company held at Hospet on Monday, 16th March, 1964. Mr. Rajeshwara Patel regretted that the Government had not given any thought to the repeated representations made by the South Indian Sugar Mills Association about the "grave injustice" done to the factories in the South by fixing "very low prices." He also deplored the unfortunate tendency of cane growers to keep on demanding higher and higher price for cane and urged that the pampering of cane growers by the authorities must cease. Turning to the affairs of his own Company, he alluded to the programme for expanding the crushing capacity to 1,250 tons a day. The programme, he said, would be implemented in the ensuing season and the increased capacity would take care of all the cane grown in the area and bring about economical working and reduce *pro rata* manufacturing costs too.

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

GENTLEMEN,

Let me extend to you all a cordial welcome to this, the thirtieth annual general meeting of this Company. The Directors' report, the audited balance sheet as at, and the profit and loss account for, the year ended 30th September 1963, have been in your hands for sometime and, with your permission, I shall take them as read.

The results of the working for the year ended 30th September 1963 show considerable improvement as compared with the results of the past year. The improvement would have been greater still but for the rise in the taxation provision. The net surplus available for distribution, as you would observe, was just enough to recommend a dividend as per last year and no more.

Controls Hamper Production

In my speech at the last annual general meeting, I had voiced anxiety about the accumulation of sugar, on one hand, and introduction of control, on the other; the immediate reaction to this policy was a fall in prices. I am glad to be able to report that the accumulated stocks had been liquidated and there has not been any further fall in prices. The sugar production economy in the country is often disturbed by imposition and removal of controls. In a poor country like ours, sugar is sometimes termed as an item of luxury. The demand is highly elastic and is related to some extent with the *per capita* earning of the people. The demand increases as the standard of living of people improves. It follows, therefore, that prices of sugar cannot remain too high for too long, because the producers are under constant temptation to increase the production and take advantage of the potential demand which multiplies at lower level of prices. It is my sincere opinion that, if the industry is left alone without Government interference for some reasonable period of time, both production and prices are bound to adjust themselves in the interest of consumers. I would go still further and say that "control" only hampers production. A review of the sugar industry during the last fifteen years would prove that production has tended to decline whenever "controls" are brought in and to rise once controls are withdrawn.

The strange phenomenon of controls imposed last year simply baffles me. Different ex-factory control prices have been fixed for different sugar factory units in the country. It is said that one of the criteria for fixing such diverse prices is that it has got to be related to the price of cane that a unit is made to pay. The price of cane, it was argued, could not be uniformly fixed because of competition from jaggery manufacturers in certain areas. On careful examination of the prices for various factories, it would be observed that it is not so. To quote a few instances, I would mention :

(1) Daurala Sugar Works, Daurala, Dist. Meerut and

(2) Modi Sugar Mills Ltd., Modinagar, Dist. Meerut

where the cane price fixed payable by these factories are Rs. 46.90 and Rs. 48.50 per ton, respectively, and the ex-factory control sugar price which these factories are entitled to is Rs. 116.50 per quintal. Comparing these figures with that of our factory, you will see that the sugarcane price fixed by the Government as payable by us is Rs. 53.30 and the ex-factory control sugar price is fixed at Rs. 115 per quintal. The Government may have had their own reasons for making this disparity, but I am unable to appreciate the real purpose for such discrimination.

Again, in the earlier years, whenever controls were imposed on the price and distribution of sugar, the factories in the South, including our factory, always got slightly higher price than the ex-factory prices prevailing in the North. The reason was the freight advantage. The authorities took into consideration the fact that, if sugar is transported from the North to the South, certain freight would be incurred. Southern States being deficit in sugar production, some sugar is bound to be transported. Therefore, they used to include a portion of the freight which would have been payable, while fixing ex-mill control price of South Indian factories. It may be pertinent to mention here that, when wages were rationalised by the Sugar Wage Board, higher wages were fixed for factories operating in the South in comparison with those of the North and one of the considerations in so fixing higher wages was that factories in the South were getting better realisation of sugar due to freight advantage.

Grave Injustice

I have stated earlier that, on account of control, prices were steady. No doubt this is true, but, as explained above, the prices fixed are not commensurate with the production costs and certainly are discriminatory between prices fixed for the factories in North India and factories in South India. Representations were made to the Government by the South Indian Sugar Mills Association repeatedly about the grave injustice done to the factories in the South by fixing very low prices, but I regret to say that they have not given any thought to these representations, although we have driven home our point with facts and figures of actual working costs and proved that, even if we are given the same treatment as is given to the factories in U.P. and Bihar, the ex-factory price should not be less than Rs. 118 per quintal.

Another important factor that influences the judgment of the Government from time to time is the unfortunate tendency of the cane growers to keep on demanding higher and higher price for cane; in spite of the fact that agriculturists growing sugarcane, compared to others engaged in the production of other crops, are even now very favourably placed. On one hand, the policy of the Government seems to please the sugarcane growers even at the risk of causing unjustifiably high rise in the price of such important a commodity as sugar and, on the other, it refuses to appreciate the steep rise in the manufacturing costs. If this policy of the Government continues, I am afraid the outlook for the industry cannot be considered too bright. Even at the risk of incurring displeasure of many, from both the industrialist and agriculturalist classes, I wish to express my sincere opinion that the pampering of the grower must cease and reasonable margin to the producer be left, if the industry is to progress with enthusiasm and confidence. The policy of punishing the industrial efficiency and quality should also likewise stop.

As you have read in the Directors' report, the expansion scheme for increasing the crushing capacity of our factory to 1,250 tons a day is well under way and it is hoped that it would be implemented during the ensuing season. The increased capacity would take care of all the cane in the area and, I hope, would help in some measure to bring about economical working and bring down the *pro rata* manufacturing costs too.

No Justification

For some time past, the sponsors of a sugar factory in the co-operative sector have been once again trying to get another sugar factory established in the Kamalapur area within about six miles of our factory. After the expansion of our factory and that of our subsidiary, the Salar Jung Sugar Mills Ltd., Munirabad, which has also been licensed to increase its crushing capacity, the total cane available in the entire area would hardly be enough for feeding these two factories. It has been thoroughly examined satisfactorily that, even assuming that per-acre yield is considerably improved due to better manuring and better cultivation methods, the resultant cane production would just be sufficient to meet the enhanced requirements of our two factories. There is, therefore, no justification whatsoever for a third sugar factory in the co-operative or any other sector to be established in Kamalapur. We have made suitable representations to the Government of Mysore and the Government of India and have requested them that the licence for establishing another sugar factory in Kamalapur should not be granted because the unplanned establishment of any industrial undertakings bring all the factories to grief as was the case of several factories in U.P. and Bihar where enough cane is not available for a number of factories only because the initial choice about siting of the factory was not prudently planned.

I am extremely sorry to report the growing tendency of indiscipline among the labour and employees. A very undesirable step taken by the labour in resorting to go-slow strike in the month of December this season brought the production to almost a standstill for few days and resulted in a huge loss. While we certainly do not deny the rights of the labour to have an increasing share in the growing prosperity of the company they serve in the form of better wages, bonus, etc., there are several constitutional methods for resolving any dispute, but such ill-advised desperate action taken by the labour as resorting to go-slow tactics amount only to sabotage of production of an essential commodity. It is obvious that it serves no interest, not even the interest of the labour. I am sure you will agree with me that, in the hour of emergency, nobody would approve of such a deliberate act of gross indiscipline and sabotage.

Bonus

As has been mentioned in the Directors' report, the dispute about the bonus for 1960-61 is pending before the Industrial Tribunal, Bangalore, and for the two subsequent years, that is, 1961-62 and 1962-63, they have been referred to arbitration. The report of the Bonus Commission has now been published. Some of their recommendations, to say the least, besides being highly unreasonable, are extremely detrimental to the proper growth of the industry and fostering healthy relations between the labour and management.

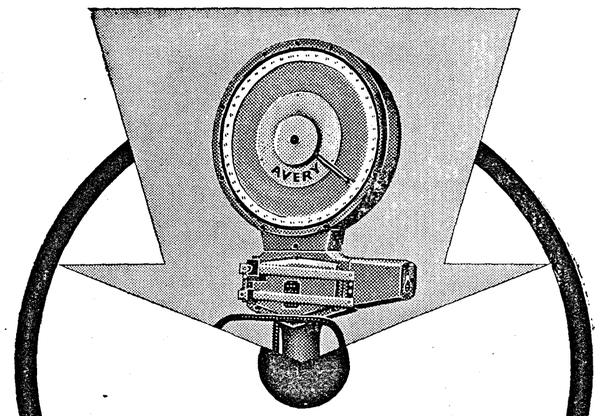
The recommendations of the Bonus Commission, particularly to award bonus even by the industries which are running into loss or are uneconomically working, of a minimum of 4 per cent of their total annual earnings, is, to my mind an unreasonable and unjust infliction on the industry. Bonus, as we all know, normally could only mean a share of the labour in the prosperity of the concern. The scheme followed by the Bonus Commission is opposed to this basic principle. The matter is still under consideration of the Central Government and I hope that the recommendations of the Bonus Commission would not be accepted by the Government in its present form.

Taxation Policy

The taxation policy of the Government of India, as announced by the Finance Minister in his Budget proposals in Parliament on the 29th ultimo, is yet another step of disincentive to the growth of this industry. Wide powers are sought to be given to Government officers. If unrestricted powers to the taxation authorities are given, who, as experience shows, do not always use the discretion judiciously and coupled with the understandable temptation of the people taxed, the natural desire to protect oneself from the blackmailers and the human instinct of saving as much money for one's children, and in view of the ever-increasing tendency of corruption at all levels, a situation would soon come when a very large number of taxpayers and tax collectors may become liable to be prosecuted for breach of law in one form or another.

I very much doubt whether the principles enunciated are capable of achieving the real objective. To quote one instance, I would mention that, if the income returned by the assessee is less than 90 per cent of actually assessed one

(*Continued on page 535*)



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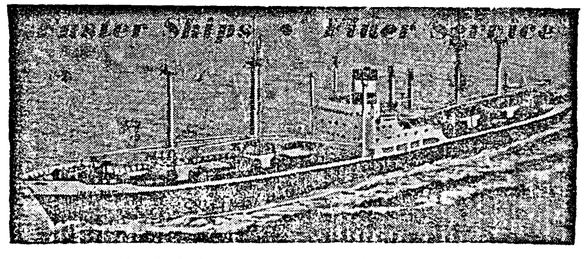

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Registered Office: **151, Mount Road, Madras-2.**

DIRECTORS' REPORT FOR THE YEAR ENDED 31st DECEMBER, 1963

(To be submitted to the shareholders of the Company at the Twenty-seventh Annual General Meeting to be held at the Registered Office of the Company, 151, Mount Road, Madras-2, on Tuesday, the 31st March, 1964 at 2-30 p.m.)

The Directors have pleasure in submitting herewith the Balance Sheet and Profit and Loss Account of the Bank for the year ended 31st December, 1963 together with the Auditors' Report.

PROFITS AND THEIR DISTRIBUTION

1962 Rs.		1963 Rs.
19,99,875.16	Net Profit for the year (after payment of Rs. 9 lakhs to the Trustees of The Indian Overseas Bank Limited Staff Gratuity Fund)	16,23,333.51
...	Transfer from Pension and Gratuity Funds Account	8,69,766.15
2,22,933.24	Brought forward from last year	2,03,043.60
22,22,808.40		26,96,143.26
	Out of this sum the Directors have made the following appropriations:	
4,00,000.00	Transfer to Reserve Fund	6,75,000.00
2,00,000.00	Transfer to Development Rebate Reserve	...
4,00,000.00	Provision for Bonus	6,00,000.00
10,00,000.00		12,75,000.00
	The Directors recommend that the balance be disposed of as under:	
10,19,764.80	Payment of dividend at the rate of 14 per cent per annum subject to tax (against 12 per cent last year)	13,19,293.98
2,03,043.60	Carry forward to next year	1,01,850.18
22,22,808.40		26,96,143.26

2. The Bank's business and profits continue to show satisfactory progress.

3. During the year, nine branches were opened at Thana (Bombay), Aminjikarai-Madras, Puliyangudi, Gudiyattam, Porto Novo, Ranipet, Rajahmundry, Chokkikulam-Madurai and Bangalore-Cantonment. Since the date of the Balance Sheet, branches have been opened at Avadi (Madras), Shyambazar-Calcutta and Ayanavaram-Madras.

4. The Bank also took over during the year under report certain assets and liabilities of the Coimbatore Standard Bank Limited, Coimbatore with its R. S. Puram branch and also Nanjinad Bank, Ltd. Nagercoil with its branches at Eranlel and Thittuvilai. Subsequent to the date of the balance sheet, the Bank has also taken over the selective assets and liabilities of the Coimbatore Vasunthara Bank Ltd., Coimbatore with branches at Coimbatore, Satyamangalam, Pullampatti and Kaniyur.

5. All private banks and branches of foreign banks in Burma were nationalised with effect from 23rd February, 1963. Our claim for compensation in respect of our Rangoon branch lodged with the Banking Business Nationalisation Compensation Committee has not yet been disposed off. The working of Rangoon branch for the period 1st January, 1963, to 23rd February, 1963, is not taken into account.

6. In terms of Section 256 of the Companies Act, 1956, Messrs. M. Ct. Muthiah, A.R. Ramanathan, V. T. Padmanaban and G. K. Devarajalu retire and being eligible offer themselves for re-election. Under Section 260 of the Companies Act, 1956 read with Article 82 of the Bank's Articles of Association Messrs. S. S. Vasan, C. M. Khatau and V. K. Ramaswamy Mudaliar who were co-opted as Directors during the year 1963 offer themselves for re-election.

7. The Shareholders are requested to appoint Auditors for the ensuing year and to fix their remuneration Messrs. Suri & Co., the retiring Auditors are eligible for re-appointment.

By Order of the Board,
M. CT. MUTHIAH,
Chairman.

MADRAS, *2nd March*, 1964.

BALANCE SHEET AS AT 31st DECEMBER, 1963

Corresponding figures for 1962 Rs.	CAPITAL AND LIABILITIES	Rs.	nP	Rs.	nP
	1. Capital—				
1,00,00,000	AUTHORISED CAPITAL—1,00,000 Equity Shares of Rs. 100 each	1,00,00,000.00			
1,00,00,000	ISSUED AND SUBSCRIBED CAPITAL—1,00,000 Equity Shares of Rs. 100 each	1,00,00,000.00			
93,71,325	AMOUNT CALLED-UP—1,00,000 Equity Shares of Rs. 100 each, fully called	1,00,00,000.00			
10,550	LESS—Calls unpaid	23,425.00			
93,60,775				99,71,575.00	
	2. Reserve Fund and Other Reserves—				
	Reserve Fund—	Rs.	nP		
69,25,000	As per last Balance Sheet ..	73,25,000.00			
4,00,000	Transfer from Profit and Loss Account	6,75,000			
73,25,000			80,00,000.00		
	Share Premium Account—	Rs.	nP		
7,86,659	As per last Balance Sheet	10,36,189.50			
2,49,510	Received during the year..	1,365.00			
10,36,169			10,37,534.50		
1,25,000	Development Rebate Reserve— As per last Balance Sheet ..	3,25,000			
2,00,000	Transfer from Profit and Loss Account	Nil			
3,25,000			3,25,000.00		
86,86,169				93,62,534.50	
	3. Deposits and Other Accounts—				
20,69,33,508	Fixed, Time and Staff Security Deposits	24,19,68,580.67			
4,55,12,855	Savings Bank Deposits	5,09,44,204.28			
11,88,80,846	Current Accounts, Contingency Accounts, etc. ..	12,83,26,868.12			
37,13,27,209				42,12,39,653.07	
	4. Borrowings from Other Banking Companies, Agents, etc.—				
2,337	(i) In India	24,54,502.00			
1,36,22,635	(ii) Outside India	67,21,225.42			
1,36,24,972				91,75,727.42	
	PARTICULARS—				
	(i) Secured by part of Investments in Central and State Government Securities and Sterling Securities per contra	25,05,431.31			
2,52,961	(ii) Unsecured	66,70,296.11			
1,33,72,011			91,75,727.42		
1,36,24,972					
42,44,419	**5. Bills Payable**			44,92,913.00	
	6. Bills for Collection Being Bills Receivable as per contra—				
1,15,93,327	(i) Payable in India	1,96,38,712.26			
4,12,73,682	(ii) Payable outside India	7,61,44,555.63			
5,28,67,009			9,57,83,267.89		
	7. Other Liabilities—				
9,63,533	(a) Pension and Gratuity Funds	57,575.00			
91,316	(b) Unclaimed Dividends	89,521.52			
2,32,612	(c) Unexpired Discounts	2,05,310.28			
13,48,389	(d) Sundries	13,89,587.62			
60,49,636	(e) Branch Adjustments	56,61,045.09			
86,85,486			74,03,039.51		
	8. Acceptances, Endorsements and Other Obligations per contra			8,12,84,932.17	
	9. Profit and Loss Account—				
	Profit as per Balance Sheet as at 31st December 1962	12,22,808.40			
12,72,933	LESS—Appropriations— Dividends declared	10,19,764.80			
10,50,000					
2,22,933		2,03,043.60			
	ADD—Profit for the year brought from Profit and Loss Account	16,23,333.51			
19,99,875	Transfer from Pension and Gratuity Funds account	8,69,766.15			
Nil		26,96,143.26			
22,22,808	LESS—Appropriations—	Rs.	nP		
4,00,000	Provision for Bonus to Staff	6,00,000.00			
4,00,000	Transfer to Reserve Fund ..	6,75,000.00			
2,00,000	Transfer to Development Rebate Reserve	Nil			
10,00,000		12,75,000.00		14,21,143.26	
12,22,808					
	10. Contingent Liabilities—				
1,73,395	(i) Claims against the Banking Company not acknowledged as debts	62,125.81			
	(ii) Money for which the Banking Company is contingently liable (Guarantees issued by the Banking Company—includes Rs. 2,250 Guarantees issued on behalf of the Directors and Officers of the Company)	5,98,34,219.17			
3,86,77,280	(iii) Liability on Bills of Exchange Re-discounted ..	Nil			
Nil	(iv) Liability on account of outstanding Forward Exchange Contracts	5,04,31,487.83			
8,24,97,866	(v) Liability on account of Documentary Bills for collection released on Trust Receipts ..	1,27,179.52			
1,27,391	(vi) Liability on account of partly paid shares ..	1,38,000.00			
2,05,384	(vii) Liability to the extent of capital commitments not provided for	8,25,000.00			
10,60,429					
12,27,41,655		11,14,18,912.33		64,01,34,785.82	
53,31,65,619	Carried over .. Rs.			62,28,97,696	

Corresponding figures for 1962 Rs.	PROPERTY AND ASSETS	Rs.	nP	Rs.	nP
	1. Cash—				
1,92,54,567	In hand and with the Reserve Bank of India and State Bank of India (including Foreign Currency Notes			2,73,75,162.57	
	2. Balances with Other Banks—				
	In Deposit Account—	Rs.	nP		
Nil	(i) In India	Nil			
Nil	(ii) Outside India	Nil			
	In Current Account—				
37,85,461	(i) In India	32,34,823.69			
1,32,55,773	(ii) Outside India	1,63,41,855.09			
				1,95,76,678.78	
1,70,41,234					1,95,76,678.78
86,00,000	**3. Money at Call and Short Notice**				1,13,40,000.00
	4. Investments (at or below Cost)—				
8,79,74,514	(i) Securities of the Central and State Governments and other Trustee Securities including Treasury Bills of the Central and State Governments ..	*Face Value* Rs. nP	*Market Value* Rs. nP	8,99,82,239.58	
	Quoted ..	8,16,41,300.00	8,06,94,163.20		
	Unquoted ..	89,46,500.00	....		
32,500	Partly Paid .. .. .. (Paid-up value Rs. 40,000 unquoted)	....	....	40,000.00	
	(ii) (a) Shares fully paid :				
13,24,660	Equity Shares	*Paid up Value* Rs. nP	*Market Value* Rs. nP	15,73,208.00	
	Quoted ..	15,18,340.00	14,09,280.40		
	Unquoted ..	1,74,180.00	....		
	(b) Shares partly paid :				
2,31,564	Equity Shares .. .. (Paid-up value Rs. 1,31,040 unquoted)	1,31,040			
....	Preference Shares .. .. (Paid up value Rs. 41,540 unquoted)	41,540			
6,50,000	(iii) Debentures or bonds			1,72,580.00 Nil	
18,99,137	(iv) Other Investments :				
	(a) Ceylon Government Securities	*Face Value* Rs. nP	*Market Value* Rs. nP	38,98,190.00	
	Quoted ..	19,98,000.00	19,12,100.00		
	Unquoted ..	20,00,000.00	....		
38,42,859	(b) United Kingdom Government Securities ..	*Face Value* Rs. nP	*Market Value* Rs. nP	38,48,088.23	
	Quoted ..	40,66,666.67	38,84,541.67		
90,40,985	(c) Malaysia Govt. Securities	*Face Value* Rs. nP	*Market Value* Rs. nP	1,09,98,000.00	
	Quoted ..	1,06,08,000.00	1,07,11,740.00		
	Unquoted ..	2,90,000.00	....		
57,20,000	(d) Treasury Bills and Postal Savings Certificates of the Government of Burma ..			Nil	
15,84,000	(e) Thailand Government Bonds	*Face Value* Rs. nP		15,84,000.00	
	(Unquoted)	15,84,000.00			
Nil	(v) Gold			Nil	
11,23,06,219					11,20,96,305.81
	5. Advances—				
	(Other than bad and doubtful debts for which provision has been made to the satisfaction of Auditors)				
	I. Loans, Cash Credits, Overdrafts, etc.—	Rs.	nP		
9,68,45,072	(a) In India	11,79,76,783.27			
3,50,75,491	(b) Outside India ..	3,46,50,963.45			
13,09,20,563				15,26,27,746.72	
2,42,48,262	II. Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments)—				
8,90,10,690	(a) Payable in India ..	3,36,71,081.14			
11,32,58,952	(b) Payable outside India.	8,90,49,632.81		12,27,20,713.95	
24,41,79,515					27,53,48,460.67
	(Particulars of Advances as per separate Statement)				
	6. Bills Receivable Being Bills for Collection (as per contra—				
1,15,93,327	(i) Payable in India			1,96,38,712.26	
4,12,73,682	(ii) Payable outside India			7,61,44,555.63	
5,28,67,009					9,57,83,267.89
	7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra				
6,31,46,772					8,12,84,932.17
	8. Premises Less Depreciation—				
	At cost as at 31st December, 1962			59,63,764.32	
39,16,350	Additions during the year			70,133.31	
21,88,701					
61,05,141	LESS—Deductions during the year			60,33,897.63 29,114.46	
1,41,377					
59,63,764	LESS—Depreciation to date			60,04,783.17 5,90,559.49	
4,55,384					
55,08,380					54,14,223.68
11,14,18,912.33				64,01,34,785.82	
53,31,65,619	Carried over .. Rs.			62,28,97,696	

THE INDIAN OVERSEAS BANK LIMITED—*Continued*

BALANCE SHEET AS AT 31st DECEMBER, 1963

Corresponding figures for 1962 Rs.	CAPITAL AND LIABILITIES—Contd.	Rs.	nP	Rs.	nP
53,31,65,619	Brought forward .. Rs.			64,01,34,785.82	
53,31,65,619	Total .. Rs.			64,01,34,785.82	

Corresponding figures for 1962 Rs.	PROPERTY AND ASSETS—Contd.	Rs.	nP	Rs.	nP
52,28,97,696	Brought forward .. Rs.			62,82,19,031.57	
	9. Furniture and Fixtures, Less Depreciation—				
48,44,527	At cost as at 31st December, 1962	69,86,789.56			
21,55,808	Additions during the year	4,53,631.15			
70,00,335		74,40,420.71			
13,546	LESS—Deductions during the year	1,65,094.16			
69,86,789		72,75,326.55			
32,29,307	LESS—Depreciation to date	39,31,784.82			
37,57,482				33,43,541.73	
	10. Other Assets, including Silver—				
19,80,470	(a) Interest, Exchange, etc., Receivable on Investments, Bills and Contracts	21,79,306.70			
9,03,100	(b) Books, Stationery and Stamps	8,57,631.14			
15,15,297	(c) Income-tax Account	19,05,178.68			
3,61,560	(d) Building under Construction	10,65,567.83			
7,41,000	(e) Balances with Accountant General, Singapore..	6,03,000.00			
10,19,014	(f) Sundries	18,51,538.17			
65,10,441				85,72,212.52	
Nil	**11. Non-Banking Assets Acquired in Satisfaction of Claims** ..			Nil	
Nil	**12. Profit and Loss Account**			Nil	
53,31,65,619	Total .. Rs.			64,01,34,785.82	

Particulars of Advances

Corresponding figures for 1962 Rs.	PARTICULARS OF ADVANCES	Rs.	nP
16,05,31,647	(i) Debts considered good in respect of which the Banking Company is fully secured	17,90,88,333.78	
5,25,81,849	(ii) Debts considered good for which the Banking Company holds no security other than the debtors' personal security	5,69,02,170.26	
3,10,66,019	(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	3,03,57,906.63	
Nil	(iv) Debts considered doubtful or bad not provided for	Nil	
24,41,79,515	Total .. Rs.	27,53,48,460.67	

Corresponding figures for 1962 Rs.	PARTICULARS OF ADVANCES	Rs.	nP
13,42,810	(v) Debts due by Directors or Officers of the Banking Company or any of them either severally or jointly with any other persons	14,02,746.89	
1,60,44,792	(vi) Debts due by companies or firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or, in case of private companies, as Members	2,11,88,020.06	
13,42,810	(vii) Maximum total amount of advances including temporary advances made at any time during the year to Directors or Managers or Officers of the Banking Company or any of them either severally or jointly with any other persons	14,20,413.70	
1,60,44,792	(viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or, in the case of private companies, as Members ..	2,29,14,175.35	
3,26,038	(ix) Due from Banking Companies	27,33,918.18	

This statement forms part of the Balance Sheet.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1963

Corresponding figures for 1962 Rs.	EXPENDITURE	Rs.	nP
97,80,723	1. Interest paid on Deposits, Borrowings, etc.	1,07,28,798.92	
80,45,581	2. Salaries and Allowances, Bonus and Provident Fund and Gratuity (Includes payment to the Trustees of Indian Overseas Bank Ltd. Staff Gratuity Fund Rs. 900,000/.)	95,99,348.59	
14,175	3. Directors' and Local Committee Members' Fees and Allowances ..	21,900.00	
11,44,610	4. Rent, Taxes, Insurance, Lighting, etc.	12,70,264.39	
57,149	5. Law Charges	29,900.89	
2,38,283	6. Postage, Telegrams and Stamps	3,01,257.63	
48,427	7. Auditors' Fees and Expenses .. .. (Inclusive of Fees and Expenses to Overseas Auditors)	49,032.42	
7,43,851	8. Depreciation on and Repairs to Banking Company's Properties ..	10,71,379.43	
6,84,864	9. Stationery, Printing, Advertisement, etc.	7,93,964.76	
Nil	10. Loss from Sale of or Dealing with Non-Banking Assets	Nil	
9,30,595	11. Other Expenditure	8,39,928.75	
19,99,875	12. Balance of Profit	16,23,333.51	
2,36,87,633	Total .. Rs.	2,63,29,108.63	

Particulars of remuneration to General Manager

		Rs.	nP
1.	Salaries	30,435.48	
2.	Allowances	7,116.12	
3.	Contribution to Provident Fund	2,536.23	
4.	Car petrol expenses	2,582.19	
5.	Monetary value of furnished quarters ..	3,804.43	
6.	Proportion of Bonus provided	3,804.43	
		50,278.93	

Corresponding figures for 1962 Rs.	INCOME (Less Provision made during the year for Bad and Doubtful Debts and other usual or necessary provisions including provision for taxation)	Rs.	nP
1,63,23,833	1. Interest and Discount	1,89,63,387.48	
67,50,680	2. Commission, Exchange and Brokerage	72,43,164.69	
51,507	3. Rents	64,505.60	
948	4. Net Profit on Sale of Investments, Gold and Silver, Land and Premises and Other Assets (not credited to Reserve or any particular Fund or Account)	25,178.47	
Nil	5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserve or any particular Fund or Account)	Nil	
Nil	6. Income from Non-Banking Assets or Profit from Sale of or Dealing with Non-Banking Assets	Nil	
30,665	7. Other Receipts	32,872.39	
Nil	8. Loss, if any	Nil	
2,36,87,633	Total .. Rs.	2,63,29,108.63	

AUDITORS' REPORT

We have audited the annexed Balance Sheet of The Indian Overseas Bank Limited, Madras, as at 31st December, 1963 and the Profit and Loss Account for the year ended that date in which are incorporated the returns from 52 Branches audited by us and 9 branches audited by other auditors and the unaudited returns from 29 branches (as per list annexed) for which exemption from the provisions of section 228 of the Companies Act, 1956 has been obtained from the Central Government under Rule 4 of the Companies (Branch Audit Exemption) Rules, 1961.

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them to be satisfactory.

(b) The transactions of the Bank, which have come to our notice have been within the powers of the Bank.

(c) In our opinion, proper books of account as required by Law have been kept by the Bank so far as appears from our examination of those books and proper Returns adequate for the purpose of our audit have been received from the branches of the Bank not visited by us.

(d) The working of the Branch at Rangoon upto the date nationalisation, i.e., 23rd February, 1963 is not brought into account, as the effect of the nationalisation of the Banks on this branch is not yet finalised. The reports on the accounts of the other foreign branches of the Bank audited by the respective qualified auditors have been taken into consideration together with such other particulars and information thereon made available at the Central Office.

(e) The Bank's Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of account and returns.

(f) Subject to the observations under clause d, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required for Banking Companies and on such basis the said Balance Sheet gives a true and fair view of the state of the affairs of the Bank, as at 31st December, 1963 and the Profit and Loss Account gives a true and fair view of the profit for the year ended that date.

SURI & CO.,
Chartered Accountants.

MADRAS, *2nd March*, 1964.

List of 29 Branches for which exemption from the provisions of section 228 of the Companies Act, 1956 has been obtained from the Central Government under Rule 4 of the Companies (Branch Audit Exemption) Rules, 1961:—

(1) Masulipatnam, (2) Delhi, (3) Karol Bagh-New Delhi, (4) New Delhi, (5) Ernakulam, (6) Palghat-(7) Tiruvalla, (8) Karaikudi, (9) Kilasavalpatti, (10) Koothanallur, (11) Mayuram-(Including Kuttalam Out, station Office), (12) Madras-Purasawalkam, (14) Madras-Sowcarpet, (15) Madras-Triplicane, (16) Nagapattinam, (17) Pudukottah, (18) Pudupatti, (19) Sirkali, (20) Sivaganga, (21) Tambaram, (22) Tanjore, (23) Mangalore-Hampankatta, (24) Bombay-Matunga, (25) Bombay-Mahim, (26) Karaikal, (27) Pondicherry, (28) Amritsar, (29) Calcutta-Ballygunge.

SURI & CO.,
Chartered Accountants.

MADRAS, *2nd March*, 1964.

S. R. V. ARASU,
General Manager.

G. LAKSHMINARAYANAN,
Joint General Manager.

A. M. KADHIRESAN,
R. ANIRUDHA RAO,
T. KUMARIANDI PILLAI,
Assistant General Managers.

M. CT. MUTHIAH,
Chairman.

O. RM. M. SP. SV. M. MEYYAPPA CHETTIAR,
V. S. NATARAJA MUDALIAR,
AR. RAMANATHAN,
M. CT. PETHACHI,
V. T. PADMANABAN,
G. K. DEVARAJALU,
S. S. VASAN,
C. M. KHATAU,
V. K. RAMASWAMY MUDALIAR.
} *Directors.*

MADRAS, *2nd March*, 1964.

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EXPRESS PUBLISHERS (PRIVATE) LIMITED

33, BROADWAY, MADRAS-1

THE BANK OF BARODA, LIMITED

(ESTABLISHED: 20TH JULY 1908)

(Registered Office: **Mandvi, Baroda)**

FIFTY-FIFTH ANNUAL REPORT OF THE DIRECTORS.

To be presented to the Shareholders at the Annual General Meeting to be held at the Registered Office of the Bank at Mandvi, Baroda, on Saturday, the 4th April 1964, at 11-30 a.m.

The Directors have pleasure in submitting this Fifty-fifth Annual Report together with the audited statement of accounts for the year ended 31st December 1963.

	This Year Rs. nP	Previous Year Rs. nP
The net profit for the year 1963 after providing for taxes, including Rs. 3,46,722.36 brought forward and after taking Rs. 14,70,408.19 nP towards depreciation on buildings and furniture, amounts to	78,46,969.92	66,21,722.36
An ad-interim dividend at the rate of 16 per cent. per annum, subject to deduction of income-tax at the appropriate rates was paid for the half-year ended 30th June 1963 which absorbed	16,00,000.00	12,00,000.00
Amount transferred to Reserve Fund	15,50,000.00	12,75,000.00
Amount transferred to Special Reserve	20,00,000.00	....
Provision for Bonus to Staff	24,00,000.00	22,00,000.00
	75,50,000.00	46,75,000.00
		*16,00,000.00
Balance of profit to be carried forward to next year's account	2,96,969.92	3,46,722.36
	Rs. 78,46,969.92	66,21,722.36

* Final dividend at 16 per cent. per annum.

The Directors recommend to the shareholders payment of a final dividend at the rate of 20 per cent. per annum per equity share (making 18 per cent. per annum for the year) subject to deduction of tax at the appropriate rates for the half-year ended 31st December 1963 to be paid out of the Special Reserve and which will absorb Rs. 20,00,000.

In terms of the Resolution No. 2(b) passed by the shareholders at the Annual General Meeting held on 8th April 1933 your Directors have distributed dividend at the rate of 16 per cent. per annum, subject to deduction of tax at the appropriate rates on the entire new issue of 1,00,000 equity shares for the half-year ended 31st December 1962 which absorbed an additional sum of Rs. 70,000 over the amount recommended in the last report, leaving a balance of profit of Rs. 3,46,722.36 nP to be carried forward to the account of the year under report.

The business of the Bank during the year under review continued to be satisfactory.

The Reserve Bank of India Rate remained unchanged at 4½ per cent. per annum since 3rd January 1963.

The Bank opened during the year 1963 33 new branches as under :—

Gujarat	18
Maharashtra	8
Rajasthan	2
Uttar Pradesh	1
West Bengal	2
Goa	1
Fiji Islands	1

making a total of 189 branches in India and 15 branches in foreign countries.

The Board of Directors decided to take over the banking business of the Umbergaon People's Bank (Private) Ltd., Umbergaon. Accordingly after due examination and valuation, the banking business of the Bank has been taken over from 1st January 1964, and its two offices at Umbergaon and Sanjan have commenced functioning as branches of this Bank from that date.

The Bank had in all 205 offices as at 31st December 1963. It has applied for exemption from audit under Section 228 of the Companies Act, 1956, in respect of 88 branches for the year 1963. Out of the remaining 116 branches (excluding Head Office), 101 branches in India have been either audited by the Bank's statutory auditors or by firms of Chartered Accountants entrusted with the audit in consultation with the statutory auditors. All the Bank's branches outside India numbering 15 have been audited by Chartered Accountants who have been competent to act as Company Auditors under the laws of the respective countries and who have been approved by the Bank's Auditors.

In accordance with Article 145 of the Articles of Association of the Bank, five Directors : (1) Shri R. D. Birla, (2) Shri Chinubhai Chimanbhai, (3) Shri K. P. Goenka, (4) Shri N. D. Bangur and (5) Shri Rasesh Navinchandra Mafatlal—retire by rotation and being eligible, offer themselves for re-election.

The shareholders are requested to appoint auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

For and on behalf of the Board,

TULSIDAS KILACHAND,
Chairman.

BOMBAY, *27th February*, 1964.

BALANCE SHEET AS AT 31st DECEMBER, 1963.

31-12-1962 Rs.	CAPITAL AND LIABILITIES	Rs. nP	Rs. nP
	1. Capital—		
	AUTHORISED CAPITAL—		
8,00,00,000	8,00,000 Equity Shares of Rs. 100 each ..	8,00,00,000.00	
4,00,00,000	ISSUED AND SUBSCRIBED CAPITAL— 4,00,000 Equity Shares of Rs. 100 each ..	4,00,00,000.00	
2,00,00,000	Amount called up at Rs. 50 per Equity Share ..		2,00,00,000.00
	2. Reserve Fund and Other Reserves—		
	Reserve Fund under Section 17 of the Banking		
1,13,50,000	Companies Act, 1949	1,29,00,000.00	
94,63,760	Share Premium Account	94,63,760.00	
Nil	Special Reserve	20,00,000.00	
1,19,500	Development Rebate	1,30,000.00	
2,09,33,260			2,44,93,760.00
	3. Deposits and Other Accounts—		
62,18,96,933	Fixed Deposits	77,69,99,563.32	
	(Including employees' security deposits Rs. 8,39,760.28)		
24,99,64,912	Savings Bank Deposits	30,62,79,395.85	
26,77,54,709	Current Accounts, Contingency Accounts, etc. ..	31,84,37,074.75	
113,96,16,554			140,17,16,033.92
	4. Borrowings from Other Banking Companies, Agents, etc.—		
2,25,89,277	(i) In India .. .. (Includes an amount of Rs. 2,88,90,413.95 borrowed from the Refinance Corporation for Industry Ltd.)	3,63,90,413.95	
23,84,079	(ii) Outside India	10,776.73	
2,49,73,356			3,64,01,190.68
	PARTICULARS— (i) Secured—		
35,75,605	(a) By part of Investments and Bills per contra	75,00,000.00	
1,90,13,672	(b) Under the Refinance Scheme *vide* 5.I. (i) per contra	2,88,90,413.95	
23,84,079	(ii) Unsecured	10,776.73	
1,05,19,716	**5. Bills Payable**		1,49,86,741.45
	6. Bills for Collection Being Bills Receivable as per contra—		
7,31,69,887	(i) Payable in India	7,55,24,435.48	
2,31,21,779	(ii) Payable outside India	2,95,65,360.39	
9,62,91,666			10,50,89,795.87
2,39,10,156	**7. Other Liabilities**		4,03,45,079.93
	Including— Rs. nP		
	(a) Branch Adjustments .. 2,62,39,806.19		
	(b) Net amount realised to date in respect of assets under collection of the former New Citizen Bank of India Ltd.—		
	(i) In India 4,00,456.38		
	(ii) In Pakistan pending repatriation .. 15,000.00		
	8. Acceptances, Endorsements and Other Obligations per contra		10,27,41,468.90
	9. Profit and Loss—		
18,02,553	Profit as per last Balance Sheet	19,46,722.36	
15,00,000	LESS—Appropriations	16,00,000.00	
3,02,553		3,46,722.36	
63,19,169	ADD—Profit for the year brought from the Profit and Loss Account	75,00,247.56	
66,21,722		78,46,969.92	
	LESS— Rs. nP		
	Ad-interim dividend paid at 16 per cent. per annum for the half-year ended 30th June 1963 (subject to tax)	16,00,000.00	
12,00,000	Amount transferred to Reserve Fund	15,50,000.00	
12,75,000	Amount transferred to Special Reserve ..	20,00,000.00	
Nil	Bonus to Staff	24,00,000.00	
22,00,000		75,50,000.00	
19,46,722			2,96,969.92
143,86,47,767	Carried forward .. Rs.		174,65,71,040.67

31-12-1962 Rs.	PROPERTY AND ASSETS	Rs. nP	Rs. nP
	1. Cash—		
7,78,20,791	In hand and with Reserve Bank and State Bank of India (including Foreign Currency Notes) ..		9,92,62,640.79
	2. Balances with Other Banks—		
11,65,825	(i) In India on Current Account	17,53,153.29	
65,05,031	(ii) Outside India on Current Account	69,96,669.52	
76,48,202	(iii) Outside India on Deposit Account ..	84,71,014.62	
1,53,19,058			1,72,20,837.43
1,46,66,667	**3. Money at Call and Short Notice**		3,13,50,220.98
	4. Investments at or below Market Rate—		
21,41,57,244	(i) Securities of the Central and State Governments and other Trustee Securities	24,86,04,769.00	
	(ii) Shares—		
61,03,971	(a) Fully Paid Preference Shares	66,23,803.00	
41,74,898	(b) Fully Paid Ordinary Shares	51,05,227.00	
11,64,353	(c) Partly Paid Ordinary Shares	10,66,950.00	
96,00,481	(iii) Debentures or Bonds	95,13,158.00	
	(iv) Other Investments— Foreign Government Loans and Treasury		
2,57,40,020	Bills and other Trustee Securities ..	3,50,63,476.28	
Nil	(v) Gold	Nil	
26,09,40,967			30,59,82,388.28
	5. Advances—		
	(Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)		
	I. Loans, Cash Credits, Overdrafts, etc.— Rs. nP		
67,38,87,409	(i) In India .. .. 78,17,47,311.29 (Includes an amount of Rs. 2,88,90,413.95 relating to medium term advances in respect of which finance has been obtained from the Refinance Corporation for Industry Ltd., as per contra)		
	(ii) Outside India .. 8,34,42,619.25		
			86,51,89,930.54
	II. Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments)—		
5,10,92,947	(i) Payable in India .. 12,43,13,117.69		
	(ii) Payable outside India. 6,86,01,504.69		
			19,29,14,622.38
84,78,72,226			105,81,04,552.92
	PARTICULARS OF ADVANCES—		
65,96,91,230	(i) Debts considered good in respect of which the banking company is fully secured ..		82,00,44,691.48
	(ii) Debts considered good for which the banking company holds no other security than the debtors' personal security including advances		
11,06,52,133	under joint and several pronotes		13,30,50,797.07
	(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to		
7,75,28,863	the personal security of the debtors		9,60,09,064.37
Nil	(iv) Debts considered doubtful or bad, not provided for		Nil
84,78,72,226			105,81,04,552.92
11,18,988	(v) Debts due by directors or officers of the banking company or any of them either severally or jointly with any other persons ..		13,31,230.04
	(vi) Debts due by companies or firms in which the directors of the banking company are interested as directors, partners or managing		
17,63,89,567	agents or, in the case of private companies, as members		22,53,87,198.23
	(vii) Maximum total amount of advances, including temporary advances made at any time during		
12,34,497	the year to directors or managers or officers of the banking company or any of them either severally or jointly with any other persons ..		13,47,854.35
	(viii) Maximum total amount of advances, including temporary advances granted during the year		
	to the companies or firms in which the		
	directors of the banking company are		
	interested as directors, partners or managing		
17,63,89,567	agents or, in the case of private companies, as members		23,15,62,467.83
32,01,476	(ix) Due from banking companies		35,60,369.20
121,66,19,709	Carried forward .. Rs.		151,19,20,640.40

THE BANK OF BARODA, LIMITED—*(Continued)*

BALANCE SHEET AS AT 31st DECEMBER, 1963—*(Continued)*

31-12-1962 Rs.	CAPITAL AND LIABILITIES—(contd.)	Rs. nP	Rs. nP
143,86,47,767	Brought forward .. Rs.		174,65,71,040.67
	10. Contingent Liabilities— Rs. nP		
21,64,300	(i) On partly paid shares of Joint Stock Companies .. 22,84,215.00		
1,76,246	(ii) Claims against the banking company not acknowledged as debts 1,79,779.02		
18,89,76,583	(iii) Money for which the banking company is contingently liable (including Rs. 4,51,557.58 for guarantees given on behalf of the directors and the officers of the Bank) .. 30,82,75,852.08		
34,69,435	(iv) Liability on Bills of Exchange re-discounted .. 5,20,359.17 (All of which have run off by 26th February 1964)		
6,98,38,541	(v) Liability on account of outstanding Forward Exchange Contracts for purchases and sales .. Rs.	P 4,99,63,893.35	
11,72,83,900		S 10,20,55,157.35	
	NOTE :— (1) Provision to the full extent for future gratuities to the staff has not been made—the liability for which has not been ascertained. (2) The Balance Sheet and Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Companies Act, 1949, and are not required to be and are therefore not drawn up in accordance with Schedule VI of the Companies Act, 1956. (3) Some of the figures of the previous year have been regrouped to make them comparable with those of the current year.		
143,86,47,767	Total .. Rs.		174,65,71,040.67

31-12-1962 Rs.	PROPERTY AND ASSETS—(contd.)	Rs. nP	Rs. nP
	Brought forward .. Rs.		151,19,20,640.40
121,66,19,709	**6. Bills Receivable Being Bills for Collection** as per contra—		
7,31,69,887	(i) Payable in India	7,55,24,435.48	
2,31,21,779	(ii) Payable outside India	2,95,65,360.39	
9,62,91,666			10,50,89,795.87
10,04,56,337	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** per contra		10,27,41,468.90
	8. Premises Less Depreciation—		
1,16,73,300	Premises at cost to 31st December, 1962 ..	1,29,70,827.89	
12,97,528	Additions during the year	6,86,274.40	
1,29,70,828		1,36,57,102.29	
Nil	LESS—Sales during the year	2,150.00	
1,29,70,828		1,36,54,952.29	
19,63,333	LESS—Total depreciation to date	22,47,999.67	
1,10,07,495			1,14,06,952.62
	9. Furniture and Fixtures Less Depreciation—		
81,42,686	Furniture and Fixtures at cost to 31st December, 1962	1,04,90,686.30	
23,63,943	Additions during the year	24,55,636.77	
1,05,26,629		1,29,46,323.07	
35,943	LESS—Sales during the year	44,433.83	
1,04,90,686		1,29,01,889.24	
32,38,767	LESS—Total depreciation to date	44,06,297.96	
72,51,919			84,95,592.28
20,73,240	**10. Other Assets—** (i) Interest accrued on Investments	23,51,489.98	
19,38,315	(ii) Stamps and Stationery	25,67,403.56	
29,09,326	(iii) Advances recoverable in cash or in kind	18,87,937.06	
Nil	(iv) Silver	Nil	
69,10,881			68,06,830.60
1,09,760	**11. Non-Banking Assets Acquired in Satisfaction of Claims at cost**		1,09,760.00
143,86,47,767	Total .. Rs.		174,65,71,040.67

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1963

31-12-1962 Rs.	EXPENDITURE	Rs. nP
2,96,81,326	1. Interest paid on Deposits, Borrowings, etc.	3,46,76,858.27
1,70,37,222	2. Salaries and Allowances and Provident Fund	2,15,51,643.65
81,538	3. Directors' and Local Committee Members' Fees and Allowances ..	1,36,010.09
26,64,247	4. Rent, Taxes, Insurance, Lighting, etc.	34,82,846.51
1,03,822	5. Law Charges	1,48,989.97
8,87,460	6. Postages, Telegrams and Stamps	11,25,701.24
82,189	7. Auditors' Fees	1,04,094.70
12,70,157	8. Depreciation on and Repairs to the Banking Company's Property ..	15,06,231.81
17,45,559	9. Stationery, Printing, Advertisement, etc.	19,25,838.42
....	10. Loss from Sale of or Dealing with Non-Banking Assets	....
22,76,037	11. Other Expenditure	25,97,574.32
33,700	12. Development Rebate	10,500.00
63,19,169	13. Balance of Profit	75,00,247.56
6,21,82,426	Total .. Rs.	7,47,66,626.54

31-12-1962 Rs.	INCOME (Less Provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Rs. nP
5,07,39,055	1. Interest and Discount	6,11,57,782.35
1,10,24,611	2. Commission, Exchange and Brokerage	1,30,41,790.01
4,12,455	3. Rents	5,52,052.15
Nil	4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets	Nil
Nil	5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets	Nil
1,292	6. Income from Non-Banking Assets and Profit from Sale of or Dealing with such Assets	8,815.18
4,413	7. Other Receipts	6,186.85
6,21,82,426	Total .. Rs.	7,47,66,626.54

Note :—Particulars of remuneration relating to the Managing Director paid or provided for during the year :—

	1963 Rs. nP	1962 Rs. nP
1. Salary	60,000.00	60,000.00
2. Allowance (entertainment)	7,500.00	7,500.00
3. Sitting Fees	Nil	Nil
4. Bonus	Nil	Nil
5. Bank's Contribution to Provident Fund	4,999.80	5,000.00
6. Payment by way of Gratuities, Pensions, or otherwise in excess of the Bank's contribution and Interest thereon	Nil	Nil
7. The monetary value of any other benefits or perquisites (calculated in accordance with income-tax rules)	1,500.00	1,500.00
	73,999.80	74,000.00

CERTIFICATE PURSUANT TO RULE 8 (c) OF THE COMPANIES (BRANCH AUDIT EXEMPTION) RULES, 1961.

We hereby certify that no material change has taken place in the arrangements made for the audit of accounts of the Branch Offices exempted from audit under Rule 4 (1) (b) of the Companies (Branch Audit Exemption) Rules, 1961, enabling the Chartered Accountants employed by the Bank for the purpose of audit of the accounts of Branch Offices, to visit the Branch Offices and to have access at all times to the books, accounts and vouchers of the Bank maintained at such Branch Offices audited by them and for furnishing all such further information and explanations required by them and that such auditors have carried out the audit of the Branches assigned to them in accordance with the Internal Audit Programme drawn up by them and approved by the Bank's Statutory Auditors.

FOR THE BANK OF BARODA, LIMITED,
A. H. SHETH, *Director.*
N. M. CHOKSHI, *Managing Director.*

BOMBAY, *27th February*, 1964.

REPORT OF THE AUDITORS TO THE SHAREHOLDERS

We have audited the foregoing Balance Sheet of The Bank of Baroda Ltd., as at 31st December, 1963, and also the foregoing Profit and Loss Account of the Bank for the year ended upon that date, in which are incorporated the returns from 53 Branches audited by us, 63 Branches audited by Branch Auditors and unaudited returns from 88 Branches for which exemption from the provisions of Section 228 of Companies Act, 1956, has been obtained from the Central Government under Rule 4 clauses (a) and (b) of the Companies (Branch Audit Exemption) Rules, 1961.

We report that :

(a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory ;

(b) the transactions of the Bank which have come to our notice have been within the powers of the Bank ;

(c) in our opinion, proper books of account as required by law have been kept by the Bank, so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the Branches of the Bank not visited by us ;

(d) the Bank's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and the returns ;

(e) the reports on the accounts of the Branches audited by Branch Auditors have been forwarded to us and the same have been considered by us in preparing our report ;

(f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts, together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required for banking companies and on such basis the said Balance Sheet gives a true and fair view of the state of the affairs of the Bank as at 31st December, 1963, and the Profit and Loss Account gives a true and fair view of the profit for the year ended upon that date.

K. S. AIYAR & CO.,
N. M. RAIJI & CO.,
Chartered Accountants.

BOMBAY, *27th February*, 1964.

TULSIDAS KILACHAND, *Chairman.*
N. M. CHOKSHI, *Managing Director.*
NAVNITLAL SHODHAN, *Director.*
JANARDAN S. PARIKH, *Ag. Accountant.*
R. D. BIRLA,
KANTILAL NAHALCHAND,
N. H. TATA,
ANANDLAL HIRALAL,
B. K. DAPHTARY,
F. P. GAEKWAD,
RASESH N. MAFATLAL,
Directors.

THE UNION BANK OF INDIA LIMITED

(REGISTERED 11TH NOVEMBER, 1919)

APOLLO STREET, FORT, BOMBAY 1

FORTY-FOURTH REPORT

The Directors have pleasure in submitting to the Shareholders the audited Balance Sheet and Profit and Loss Account for the year ended 31st December 1963.

	Rs.	nP
The net profit for the year, after providing for taxation and including the sum of Rs. 1,39,907.02 nP. brought forward from the last year's account, amounts to ..	28,76,208	59
The following appropriations have been made :—		
Amount transferred to Reserve Fund under Section 17 of the Banking Companies Act, 1949	6,00,000	00
Amount written off Premises Account	50,000	00
Amount provided for Bonus to Staff	9,28,466	00
	15,78,466	00
The Balance of Rs. 12,97,742.59 nP., the Directors propose to dispose of as follows :—		
To pay a dividend of 57 nP. per share or 11-2/5 per cent. per annum, subject to deduction of tax, on 20,00,000 shares	11,40,000	00
To carry forward to next year's account	1,57,742	59
Total .. Rs.	28,76,208	59

The business of the Bank during the year under review continued to show satisfactory progress. The Bank opened ten new branches during the year, at Borivli, Khar and Malad in Bombay, Ellis Bridge and Vadej in Ahmedabad, Sojitra, Vaso (Gujarat), Amritsar (Punjab), Jabalpur City (Madhya Pradesh) and Valparai (Madras).

The deposits of the bank which stood at Rs. 42,62,00,000 at the end of December 1962 rose to Rs. 52,04,00,000 at the end of December 1963. Advances increased from Rs. 23,23,00,000 as at the end of December 1962 to Rs. 31,12,00,000 at the end of December 1963.

With the transfer of Rs. 6,00,000 from the Bank's Profit for the year, the Reserve Fund of the Bank now stands at Rs. 76,00,000.

Pursuant to the Resolution passed at the last Annual General Meeting of the Company, your bank applied to the Central Government for exemption from audit for the year 1963 under Section 228 of the Companies Act, 1956, in respect of 23 branches and the Central Government has by its Order dated 21st June 1963 granted such exemption. The remaining branches have been either audited by the Bank's Statutory Auditors or by firms of Chartered Accountants entrusted with the audit in consultation with the Statutory Auditors. In order to avoid considerable delay and expenses involved in having the accounts of all the Branch Offices of the Bank audited by the Company's Auditors and considering the satisfactory arrangements made by the Bank for audit and surprise inspection of the Branches by the Bank's Statutory Auditors, other well-known firms of Chartered Accountants and by responsible and competent Officers of the Bank, your Directors propose to apply for a similar exemption with regard to the auditing of the accounts of the Branch Offices for the year ending 31st December 1964 to the extent permissible under the Rules framed by the Central Government. Resolutions in this behalf under Item 7 of the accompanying Notice, are commended for approval.

Under the provisions of Section 256 of the Companies Act, 1956, three of the Directors of the Company, Shri Devji Rattansey, Shri Jal H. Mehta and Shri Ratilal Nathalal retire by rotation. Being eligible for re-election, they offer themselves accordingly.

You will be required to appoint Auditors for the ensuing year and fix their remuneration.

By Order of the Board,
DEVJI RATTANSEY
Chairman.

BOMBAY, *2nd March*, 1964.

BALANCE SHEET AS AT 31st DECEMBER, 1963.

31-12-1962 Rs.	CAPITAL AND LIABILITIES	Rs.	nP	Rs.	nP
	1. Capital—				
2,00,00,000	AUTHORISED— 40,00,000 Shares of Rs. 5 each	2,00,00,000	00		
1,00,00,000	ISSUED, SUBSCRIBED AND PAID-UP— 20,00,000 Shares of Rs. 5 each Fully Paid-up ..			1,00,00,000	00
70,00,000	**2. Reserve Fund and Other Reserves** .. .. .. (Includes Rs. 4,00,000 received in cash as premium on new shares issued in 1962)			76,00,000	00
	3. Deposits and Other Accounts—				
18,58,81,340	Short, Fixed, Cumulative Deposits and 3-Year Cash Certificates	22,81,16,634	26		
4,44,15,497	Savings Bank Deposits	5,65,82,573	84		
19,59,27,256	Current Accounts, Contingency Accounts, etc. ..	25,55,07,311	25		
42,62,24,093				52,04,46,619	35
	4. Borrowings from Other Banking Companies Agents, etc.—				
15,12,250	(i) In India—From the Refinance Corporation for Industry Ltd.	16,36,500	00		
Nil	(ii) Outside India	Nil			
15,12,250				16,36,500	00
	PARTICULARS—				
	(i) Secured under the Refinance Scheme *vide* Advances *per contra*	16,36,500	00		
15,12,250 / Nil	(ii) Unsecured	Nil			
15,12,250		16,36,500	00		
25,39,744	**5. Bills Payable**			63,79,753	32
	6. Bills for Collection Being Bills Receivable as *per contra*—				
2,65,88,203	(i) Payable in India	3,34,79,190	71		
1,79,81,218	(ii) Payable outside India	2,14,46,713	35		
4,45,69,421				5,49,25,904	06
38,68,333	**7. Other Liabilities**			11,47,275	77
7,15,26,413	**8. Acceptances, Endorsements and Other Obligations** *per contra*			8,22,89,930	19
	9. Profit and Loss Account—				
8,29,391	Balance as per Balance Sheet as at 31st December, 1962			9,35,907	02
6,84,000	*Less*— Dividend at 57 nP. per share (subject to deduction of tax) for the year ended 31st December, 1962			7,96,000	00
1,45,391	Balance brought forward			1,39,907	02
22,06,947	Profit for the year ended 31st December 1963 brought from the Profit and Loss Account after providing for Taxation			27,36,301	57
23,52,338				28,76,208	59
	Less—	Rs.	nP		
6,00,000	Amount transferred to Reserve Fund	6,00,000	00		
50,000	Amount written off Premises Account	50,000	00		
7,66,431	Amount provided for Bonus to Staff	9,28,466	00		
14,16,431				15,78,466	00
9,35,907				12,97,742	59
	10. Contingent Liabilities—	Rs.	nP		
Nil	(a) On Investments in Shares of Joint Stock Companies..	Nil			
8,000	(b) Claim against the Banking Company not acknowledged as debts ..	Nil			
Nil	(c) Money for which the Banking Company is contingently liable	Nil			
5,87,19,648	(d) Liability on account of outstanding Forward Exchange Contracts	5,88,90,262	23		
$ 1,94,110	(e) Liability on Bills of Exchange re-discounted ..	Nil			
3,34,67,717	(f) Guarantees given on behalf of Customers including Rs. 14,27,835.75 for guarantees in favour of Government and other Public Bodies which expired on 30th September 1963, but not released till the date of the Balance Sheet.	7,56,06,671	24		
	NOTE :—Provision to the full extent for future gratuities to staff has not been made, the liability for which has not been ascertained.				
56,81,76,161	Carried forward .. Rs.			68,57,23,625	28

31-12-1962 Rs.	PROPERTY AND ASSETS	Rs.	nP	Rs.	nP
	1. Cash—				
6,40,06,949	In hand with with Reserve Bank and State Bank of India (including Foreign Currency Notes) ..			7,64,72,675	84
	2. Balances with Other Banks in Current Account—				
44,02,192	(i) In India	35,86,929	87		
56,25,473	(ii) Outside India	65,36,941	94		
1,00,27,665				1,01,23,871	81
3,04,23,767	**3. Money at Call and Short Notice**			26,00,000	00
	4. Investments (at or under Cost)—				
10,10,38,568	(i) Securities of the Central and State Governments and other Trustee Securities	13,18,58,526	36		
13,57,800	(ii) Shares— (a) Preference Shares Fully Paid .. .. Rs. 9,67,000 00				
Nil	Preference Shares Partly Paid .. .. Nil				
13,57,800				9,67,000	00
11,01,753	(b) Ordinary Shares Fully Paid 9,39,757 75				
Nil	Ordinary Shares Partly Paid .. .. Nil				
11,01,753				9,39,757	75
Nil	(c) Deferred Shares Fully Paid			Nil	
16,10,000	(iii) Debentures			16,10,000	00
Nil	(iv) Other Investments			Nil	
Nil	(v) Gold			Nil	
10,51,08,121					
	(Market Value of above Investments Rs. 13,51,45,791) (Part of Investments lodged with other Banks for borrowing and other arrangements)			13,53,75,284	11
	5. Advances—				
	(Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)				
	(I) Loans, Cash Credits, Overdrafts, etc.—	Rs.	nP		
17,30,52,764	(i) In India .. .. .. (Includes Rs. 16,36,500 relating to medium term advances in respect of which finance has been obtained from the Refinance Corporation for Industry Ltd., as per contra)	21,83,28,569	65		
1,60,010	(ii) Outside India ..	3,184	34		
17,32,12,774				21,83,31,753	99
	(II) Bills Discounted and Purchased—				
3,23,98,852	(i) Payable in India ..	4,34,21,587	72		
2,66,63,858	(ii) Payable outside India ..	4,94,82,170	79		
5,90,62,710				9,29,03,758	51
23,22,75,484				31,12,35,512	50
	(Particulars of Advances as per separate Schedule attached)				
	6. Bills Receivable Being Bills for Collection as per contra—				
2,65,88,203	(i) Payable in India	3,34,79,190	71		
1,79,81,218	(ii) Payable outside India	2,14,46,713	35		
4,45,69,421				5,49,25,904	06
7,15,26,413	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** per contra			8,22,89,930	19
	8. Premises Less Depreciation—				
24,77,592	At Cost			24,77,591	73
Nil	Additions during the year			Nil	
24,77,592				24,77,591	73
Nil	Deductions during the year			Nil	
24,77,592				24,77,591	73
4,25,000	Less—Total amount written off for depreciation ..			4,75,000	00
20,52,592					
				20,02,591	73
55,99,90,412	Carried forward .. Rs.			67,50,25,770	24

THE UNION BANK OF INDIA LIMITED—*(Continued)*

31-12-1962 Rs.	CAPITAL AND LIABILITIES—(contd.)	Rs.	nP	Rs.	nP
56,81,76,161	Brought forward .. Rs.			68,57,23,625	28
5 6,81,76,161	Total .. Rs.			68,57,23,625	28

31-12-1962 Rs.	PROPERTY AND ASSETS—(contd.)	Rs.	nP	Rs.	nP
55,99,90,412	Brought forward .. Rs.			67,50,25,770	24
	9. Safe Deposit Vaults, Furniture and Fixtures Less Depreciation—				
		Rs.	nP		
11,66,878	Safe Deposit Vaults	12,49,934	05		
83,056	Additions during the year ..	79,054	55		
12,49,934		13,28,988	60		
Nil	Deductions during the year ..	1,800	00		
12,49,934		13,27,188	60		
4,58,189	LESS—Total amount written off for depreciation ..	5,44,992	98		
7,91,745				7,82,195	62
46,74,867	Office Furniture and Fittings ..	50,70,804	09		
4,19,632	Additions during the year ..	9,19,452	47		
50,94,499		59,90,256	56		
23,695	Deductions during the year ..	15,650	31		
59,70,804		59,74,606	25		
14,36,994	LESS—Total amount written off for depreciation ..	20,46,505	62		
36,33,810				39,28,100	63
44,25,555					
				47,10,296	25
11,36,455	**10. Other Assets—** (i) Interest accrued on Investments ..			18,34,262	88
17,82,523	(ii) Tax deducted at source on Interest/Dividend on Investments			29,04,203	18
95,427	(iii) Advance Payments of Tax			3,61,237	92
7,09,024	(iv) Stock of Printing			8,45,052	53
36,765	(v) Stamps			42,802	28
Nil	(vi) Silver			Nil	
37,60,194					
Nil	**11. Non-Banking Assets Acquired in Satisfaction of Claims..**			59,87,558	79
				Nil	
56,81,76,161	Total .. Rs.			68,57,23,625	28

This Balance Sheet has been prepared in conformity with Form 'A' of the Third Schedule to the Banking Companies Act, 1949.

Schedule of Particulars of Advances required by the Banking Companies Act, 1949 (Act X of 1949) attached to and forming part of the Balance Sheet as at 31st December, 1963.

Total Advances 31-12-1962 Rs.		Loans, Cash Credits, Overdrafts, etc. Rs.	nP	Bills Discounted and Purchased Rs.	nP	Total Advances 31-12-1963 Rs.	nP
18,40,52,257	(i) Debts considered good in respect of which the Banking Company is fully secured	17,99,53,220	21	3,56,65,160	99	21,56,18,381	20
2,29,25,908	(ii) Debts considered good for which the Banking Company holds no other security than the debtors' personal security	3,04,90,990	01	98,56,814	71	4,03,47,804	72
2,52,97,319	(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors ..	78,87,543	77	4,73,81,782	81	5,52,69,326	58
Nil	(iv) Debts considered doubtful or bad, not provided for	Nil		Nil		Nil	
23,22,75,484	Total .. Rs.	21,83,31,753	99	9,29,03,758	51	31,12,35,512	50

Total Advances 31-12-1962 Rs.		Loans, Cash Credits, Overdrafts, etc. Rs.	nP	Bills Discounted and Purchased Rs.	nP	Total Advances 31-12-1963 Rs.	nP
1,85,04,849	(v) Debts due by directors or officers of the Banking Company or any of them either severally or jointly with any other persons ..	1,88,559		1,78,307	96	Nil	1,78,307	96
1,67,54,785	(vi) Debts due by companies or firms in which the directors of the Banking Company are interested as directors, partners or managing agents or, in the case of private companies, as members ..	2,57,97,414	34	6,33,924	94	2,64,31,339	28
2,20,204	(vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the Banking Company or any of them either severally or jointly with any other persons ..	1,79,220	24	Nil		1,79,220	24
54,21,995	(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Banking Company are interested as directors, partners or managing agents or, in the case of private companies, as members	2,94,15,812	47	2,80,917	25	2,96,96,729	72
54,21,995	(ix) Due from Banking Companies ..	98,615	25	2,47,727	61	3,46,342	86

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1963

31-12-1962 Rs.	EXPENDITURE	Rs.	nP
76,15,409	1. Interest paid on Deposits, Borrowings, etc.	97,09,335	32
80,49,204	2. Salaries and Allowances and Provident Fund	91,38,331	06
23,850	3. Directors' and Local Committee Members' Fees and Allowances ..	21,425	00
14,55,438	4. Rent, Taxes, Insurance, Lighting, etc.	17,02,394	99
42,225	5. Law Charges	37,088	27
3,03,480	6. Postage, Telegrams and Stamps	3,49,231	25
	7. Auditors' Fees (includes Rs. 10,350 for Branch Audit Fees to Statutory Auditors)	16,850	00
14,600	8. Depreciation on and Repairs to the Banking Company's Property ..	7,03,276	30
4,68,477	9. Stationery, Printing, Advertisement, etc.	10,05,864	96
8,50,541	10. Loss from Sale of or Dealing with Non-Banking Assets ..	Nil	
Nil	11. Other Expenditure	16,42,184	68
13,25,964	12. Balance of Profit Carried to Balance Sheet	27,36,301	57
22,06,947	Total .. Rs.	2,71,22,283	40
2,23,56,135			

31-12-1962 Rs.	INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Rs.	nP
1,64,66,508	1. Interest and Discount	2,04,72,898	88
48,89,759	2. Commission, Exchange and Brokerage	56,63,702	70
3,02,234	3. Rents on Buildings	2,99,489	65
	4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	Nil	
Nil	5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	Nil	
Nil	6. Income from Non-Banking Assets, and Profit from Sale of or Dealing with such Assets	Nil	
6,97,634	7. Other Receipts	6,86,192	17
2,23,56,135	Total .. Rs.	2,71,22,283	40

This Profit and Loss Account has been prepared in conformity with Form 'B' of the Third Schedule to the Banking Companies Act, 1949.

Note :—Particulars of Remuneration paid to the General Manager during the year :— (i) Salaries Rs. 48,000.00 (Rs. 48,000.00) ; (ii) Bonus Rs. 8,000.00 (Rs. 8,000.00) ; (iii) Contribution to Provident Fund Rs. 4,000.20 (Rs. 4,000.20) ; (iv) Monetary Value of other benefits or perquisites Rs. 6,385.08 (Rs. 5,492.48) ; Total Rs. 66,385.28 (Rs. 65,492.68). (Figures in brackets are for 1962.)

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the foregoing Balance Sheet of the Union Bank of India Ltd. as at 31st December, 1963, and also the foregoing Profit and Loss Account of the Bank for the year ended upon that date in which are incorporated the returns of 19 Branches audited by us, 31 Branches audited by other Auditors and the unaudited returns from 23 other Branches not visited by us, in respect of which the Central Government has made an order granting exemption from the audit pursuant to Section 228 of the Companies Act, 1956.

We report that :—

(a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory ;

(b) the transactions of the Bank which have come to our notice, have been within the powers of the Bank ;

(c) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the Branches of the Bank not visited by us ;

(d) the reports on the accounts of the Branches audited by other Auditors have been forwarded to us and the same have been considered in preparing our report ;

(e) the Bank's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and the returns ;

(f) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts read along with the notes appearing thereon, give the information required by the Companies Act, 1956, in the manner so required for banking companies, and on such basis the said Balance Sheet gives a true and fair view of the state of the affairs of the Bank as at 31st December, 1963, and the Profit and Loss Account gives a true and fair view of the profit for the year ended upon that date.

S. B. BILLIMORIA & CO.,
Chartered Accountants.

BOMBAY, *2nd March*, 1964.

F. K. F. NARIMAN,
General Manager.

L. C. MISTRY,
Chief Accountant.

DEVJI RATTANSEY
BALKRISHNA HARIVALLABHDAS
JAL HORMUSJI MEHTA
RATILAL NATHALAL
PALLONJI SHAPOORJI MISTRY
GOPALDASS TOOLSIDASS
RATANSI MULJI
HAMIR KARSONDAS VISSANJI
} *Directors.*

It pays to advertise

DEVKARAN NANJEE BANKING COMPANY, LIMITED

Registered Office: **Devkaran Nanjee Buildings, 17, Horniman Circle, Fort, BOMBAY**

AUTHORISED CAPITAL .. Rs. 2,00,00,000 **SUBSCRIBED & PAID-UP CAPITAL .. Rs. 1,00,00,000** **RESERVE FUNDS .. Rs. 1,10,00,000**

129 OFFICES AND 40 SAFE DEPOSIT VAULTS

MAHARASHTRA
Bombay : * Horniman Circle—Head Office Andheri, Bhandup, Bhuleshwar, * Borivli, Chembur, * Colaba, * Dadar, * Ghatkopar, Gol Deval, Goregaon, * Jogeshwari, Kalbadevi, Kandivli, Khar, Kharek Bazar, Khodadad Circle, Kurla, Mahim, * Malabar Hill, * Malad (E), * Malad (W), Mandvi, * Matunga, * Mulund, Parel, * Peddar Road, Sandhurst Bridge, * Santa Cruz (E), * Santa Cruz (W), * Share Bazar, Sion, * Tardeo, Thakurdwar, * Vile Parle (E), * Vile Parle (W), * Wadala, Worli, * Zaveri Bazar,
Ahmednagar, Baramati, Kolhapur, * **Malegaon, Manmad, Nandurbar,**
Nasik : Nasik City, Nasik Road,
Poona : Budhwar Peth, * Camp,
* Deccan Gymkhana, * Raviwar Peth,
Sholapur, Walchandnagar

GUJARAT
Ahmedabad : Astodia Chakla,
* Delhi Chakla, * Ellis Bridge,
* Gandhi Road, Maskati Market, Manek Chowk, * Maninagar,
* Relief Road, * Saraspur, **Amreli,**
* **Anand, Bardoli, Baroda :** Jubilee Baug, Sayaji Ganj, * **Bhavnagar, Billimora,**
* **Borsad, Botad, Broach,** * **Bulsar, Cambay, Damnagar, Dhari,**
* **Dharmaj, Dhoraji, Dhrangadhra, Gandevi, Godhra, Gondal, Jamnagar :** Cloth Market, Grain Market, **Junagadh, Kadod, Karamsad, Keshod, Lunavada, Mahuva, Mehmadabad, Mehsana, Morvi, Nadiad,** * **Navsari, Ode, Padra, Palanpur, Patan, Patlad, Porbandar,** * **Rajkot, Savar Kundla, Sidhpur, Sihor, Surat :** Burhanpuri Bhagol, Nanpura, * **Surendranagar, Udhna, Umreth, Unjha, Upleta, Veraval, Viramgam, Visnagar,** * **Wankaner.**

W. BENGAL
Calcutta : * Bhawanipore, Brabourne Road, Burra Bazar.

DELHI
Chandni Chowk, Delhi, Connaught Place, New Delhi, Subzi Mandi, Delhi.

MADHYA PRADESH
Bhopal, Burhanpur.

MADRAS—Madras City

ANDHRA PRADESH—Hyderabad.

MYSORE—Bangalore, Mangalore.

KERALA—Cochin.

* Has Safe Deposit Vault.

DIRECTORS' REPORT FOR THE YEAR ENDED 31st DECEMBER 1963

To

THE MEMBERS OF

DEVKARAN NANJEE BANKING CO., LTD.

1. Your Directors beg to submit herewith the audited Balance Sheet and the Profit and Loss Account of the Company, hereinafter called the Bank, for the year ended 31st December 1963 to which the Auditors' Report is also annexed.

2. The Bank has, during the year, made generally good all-round progress. The Bank's deposits, at the end of the year, have increased to over Rs. 59 crores, the total working funds to over Rs. 65 crores, and the number of accounts to over 3 lakhs. Seventeen branches were opened during the year—at Bhandup, Khodadad Circle, and Parel in Bombay, Kolhapur in Maharashtra, Astodia Chakla in Ahmedabad, Sayaji Ganj in Baroda, Nanpura in Surat, Dhari, Gandevi, Jamnagar Grain Market, Kadod, Karamsad, Mehmedabad and Ode in Gujarat, Subzi Mandi in Delhi, Bhopal in Madhya Pradesh and Hyderabad in Andhra Pradesh—bringing the total number of the Bank's offices to 129 at the end of 1963. Six safe deposit vaults were opened—at Borsad, Dharmaj, Malegaon, Navsari, Saraspur in Ahmedabad and Surendranagar—bringing the total number of Safe Deposit Vaults to 40. Steps were also taken to expand the activities of the present branches. The Reserve Funds of the Bank at the end of the year, viz. Rs. 1,10,00,000 have exceeded the Paid-up Capital of Rs. 1 crore.

3. The Bank has made a net profit, after providing for taxation, of Rs. 26,59,096.14, which, together with the sum of Rs. 3,19,418.26 brought forward from last year's account, amounts to Rs. 29,78,514.40. Out of this the Directors have made the following appropriations :

	Rs.	nP
To Ad-Interim Dividend paid for the half-year ended 30th June 1963 at the rate of Rs. 2 per share	*4,00,000.00*	
To Reserve Fund (Raising the Reserve Funds to Rs. 1,10,00,000)	10,00,000.00	
and propose to appropriate the balance as under :		
To Pay a Final Dividend for the half-year ended 31st December 1963 at the rate of Rs. 4 per share (making in all 12 per cent. per annum, subject to deduction of tax) ..	8,00,000.00	
To Provision for Bonus to Staff	6,00,000.00	
and To Carry Forward	1,78,514.40	
Total .. Rs.	29,78,514.40	

4. Since the end of the financial year to which the annexed Balance Sheet relates, till the date of this report, two more branches were opened in Bombay—at Nagdevi and Juhu-Vile Parle—raising the total number of the Bank's branches to 131.

5. In accordance with Article 109 of the Articles of Association, Shri Lalitchandra C. D. Nanjee, Prince Udaybhan of Porbandar, and Shri Jayantilal R. Trivedi retire from the Board of Directors by rotation, but being eligible offer themselves for re-appointment.

6. You are requested to appoint Auditors for the period commencing from the conclusion of the annual general meeting till the conclusion of the next annual general meeting and fix their remuneration.

Yours faithfully,
For the Board of Directors,
LALITCHANDRA C. D. NANJEE,
Chairman.

BOMBAY, *19th February*, 1964.

BALANCE SHEET AS AT 31st DECEMBER 1963

1962 Rs.	CAPITAL AND LIABILITIES	Rs.	nP	1963 Rs.	nP
1,00,00,000	**1. Capital:** **Authorised:** 4,00,00,000 Ordinary Shares of Rs. 50 each ..	2,00,00,000.00			
1,00,00,000	**Subscribed:** 2,00,00,000 Ordinary Shares of Rs. 50 each fully paid.			1,00,00,000.00	
8,86,328	**2. Reserve Fund and Other Reserves:** (Including Shares Premium Account Rs. 11,00,000 and Development Rebate Reserve Rs. 47,000) ..			1,10,47,000.00	
26,73,869					
35,60,197				1,80,00,000	
24,70,28,349	**3. Deposits and Other Accounts:** Fixed Deposits	27,98,57,715.68			
12,90,75,521	Savings Bank Deposits	16,35,68,013.42			
13,45,55,235	Current Accounts, Contingency Accounts, etc. ..	14,74,96,553.30			
51,06,59,105				59,09,22,282.40	
71,00,000	**4. Borrowings from Other Banking Companies, Agents, etc:** (i) In India	1,68,75,000.00			
Nil	(ii) Outside India	Nil			
71,00,000				1,68,75,000.00	
	Particulars:				
Nil	A. Secured: (i) By part of Investments as per contra ..	2,00,000.00			
Nil	(ii) By Bills Discounted	83,00,000.00			
71,00,000	(iii) Under the Refinance Scheme by part of advances as per contra	83,75,000.00			
Nil	B. Unsecured	Nil			
39,08,367	**5. Bills Payable**			75,51,293.28	
	6. Bills for Collection Being Bills Receivable as per contra:				
2,93,00,079	(i) Payable in India	4,29,21,612.76			
2,93,576	(ii) Payable outside India	35,51,444.34			
2,95,93,655				4,64,73,057.10	
1,09,12,714	**7. Other Liabilities** .. .. (Includes Branch Adjustments Rs. 1,29,85,221) (Previous year Rs. 81,67,683)			2,47,99,841.36	
4,68,94,542	**8. Acceptances, Endorsements and Other Obligations** as per contra			5,21,62,837.19	
	9. Profit and Loss:				
17,01,096	Profit as per last Balance Sheet	8,09,418.26			
3,50,000	*Less*—Appropriations for Dividend	4,90,000.00			
13,51,096		3,19,418.26			
24,03,322	*Add*—Profit for the year as per the Profit and Loss Account	26,59,096.14			
37,54,418		29,78,514.40			
2,00,000	*Less*—Ad-interim dividend paid	4,00,000.00			
35,54,418		25,78,514.40			
4,50,000	*Less*—Bonus to staff	6,00,000.00			
31,04,418		19,78,514.40			
23,00,000	*Less*—Transferred To Reserve Fund under Section 17 ..	10,00,000.00			
8,04,418				9,78,514.40	
	10. Contingent Liabilities :				
3,995	(i) Claims against the Banking Company not acknowledged as debts	1,60,265.80			
11,58,500	(ii) On Investments in shares of Joint Stock Companies and Banks, etc.	8,68,000.00			
	(iii) On Letters of Guarantee on behalf of Constituents (including Rs. Nil5 on behalf of Directors) (Previous year Rs. Nil) ..	5,13,79,302.24			
3,96,73,454	(iv) On account of outstanding Forward Exchange Contracts	34,25,152.50			
1,05,63,660	(v) On Bills of Exchange Rediscounted	Nil			
Nil					
	NOTE :—Provision to the full extent for future gratuities to Staff has not been made, the liability for which has not been ascertained.				
62,99,03,801	Carried forward .. Rs.			76,08,09,825.73	

1962 Rs.	PROPERTY AND ASSETS	Rs.	nP	1963 Rs.	nP
4,56,10,796	**1. Cash:** In hand and with Reserve Bank and State Bank of India and notified Banks (including Foreign Currency Notes)			5,56,95,304.83	
8,86,328	**2. Balances with Other Banks:** (i) In India on Current Accounts	18,65,386.52			
26,73,869	*(ii) Outside India on Current Accounts*	31,90,461.29			
35,60,197				50,55,847.81	
1,80,00,000	**3. Money at Call and Short Notice**			2,50,000.00	
15,18,86,135	**4. Investments:** At or below Market Value (i) Securities of the Central and State Governments, and other Trustee Securities	19,33,11,401.50			
	(ii) Shares: (a) Fully paid Preference Shares	14,29,851.50			
14,17,330	(b) Fully paid Ordinary Shares	16,85,077.00			
14,72,537	(c) Partly paid Preference Shares	Nil			
Nil	(d) Partly paid Ordinary Shares	2,99,400.00			
3,43,500	(iii) Debentures or Bonds	51,91,035.00			
50,60,985	(iv) Other Investments	Nil			
Nil	(v) Gold	Nil			
16,01,80,487				20,19,16,765.00	
	5. Advances: (Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)				
	I. Loans, Cash Credits, Overdrafts, etc.				
25,40,30,632	(i) In India	29,00,96,327.53			
Nil	(ii) Outside India	Nil			
25,40,30,632		29,00,96,327.53			
	II. Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments)				
5,70,11,123	(i) Payable in India	8,99,61,164.61			
63,60,928	(ii) Payable outside India	80,84,516.86			
6,33,92,051		9,80,45,681.47			
31,74,22,683				38,81,42,009.00	
	Particulars of Advances:				
	(i) Debts considered good in respect of which the Banking Company is fully secured	32,48,94,686.47			
	(ii) Debts considered good for which the Banking Company holds no other security than the debtor's personal security (the above includes Rs. 1,24,40,332.24 debts for which more than one person is liable on the pro-note) ..	3,24,22,579.95			
	(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of debtors ..	3,08,24,742.58			
	(iv) Debts considered doubtful or bad, not provided for	Nil			
		38,81,42,009.00			
	(v) Debts due by Directors or officers of the Banking Company or any of them either severally or jointly with any other persons ..	67,197.53			
	(vi) Debts due by the companies or firms in which the Directors of the Banking Company are interested as directors, partners or Managing Agents or, in the case of private companies, as members	1,27,62,075.58			
	(vii) Maximum total amount of advances including temporary advances made at any time during the year to directors, or managers or officers of the Banking Company or any of them either severally or jointly with other persons ..	70,871.87			
	(viii) Maximum total amount of advances including temporary advances granted during the year to the Companies or firms in which the directors of the Banking Company are interested as directors, partners or Managing Agents or, in the case of private companies, as members	1,27,62,075.58			
	(ix) Due from Banking Companies	12,825.82			
44,535	**6. Bills Receivable Being Bills for Collection** as per contra: (i) Payable in India	4,29,21,612.76			
54,44,979	(ii) Payable outside India	35,51,444.34			
44,535				4,64,73,057.10	
2,93,00,079	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** as per contra			5,21,62,837.19	
2,93,576					
2,95,93,655					
4,68,94,542					
62,12,62,360	Carried forward .. Rs.			74,96,95,820.93	

DEVKARAN NANJEE BANKING COMPANY, LIMITED—*Continued*

BALANCE SHEET AS AT 31st DECEMBER 1963

1962 Rs.	CAPITAL AND LIABILITIES—*Contd.*	Rs.	nP	1963 Rs.	nP
62,99,03,801	Brought forward .. Rs.			76,08,09,825.73	
62,99,03,801	Total .. Rs.			76,08,09,825.73	

1962 Rs.	PROPERTY AND ASSETS—*Contd.*	Rs.	nP	1963 Rs.	nP
62,12,62,360	Brought forward .. Rs.			74,96,95,820.93	
35,63,299	**6. Premises:** Less Depreciation— At cost as per last Balance Sheet	36,34,003.96			
70,705	Additions during the year	4,57,447.70			
36,34,004		40,91,451.66			
8,50,000	*Less*—Depreciation to date	10,00,000.00			
27,84,004				30,91,451.66	
38,50,934	**7. Furniture and Fixtures:** Less Depreciation: At cost as per last Balance Sheet	44,11,793.92			
6,37,672	Additions during the year	11,30,869.67			
44,88,606		55,42,663.59			
76,811	*Less*—Sales during the year	38,092.76			
44,11,795		55,04,570.83			
15,53,539	*Less*—Depreciation to date	19,46,230.45			
28,58,256				35,58,340.38	
11,27,844	**10. Other Assets including Silver:** (a) Advance Payment of Tax	16,14,304.15			
12,45,288	(b) Interest accrued on Investments	14,75,854.18			
44,176	(c) Small Silver Bars	26,080.35			
2,15,617	(d) Stamps and Stationery	2,40,148.06			
3,66,257	(e) Sundry Deposits, etc.	11,67,826.02			
29,99,181				41,64,212.76	
Nil	**11. Non-Banking Assets Acquired in Satisfaction of Claims.**			Nil	
62,99,03,801	Total .. Rs.			76,08,09,825.73	

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 1963

1962 Rs.	EXPENDITURE	Rs.	nP	1963 Rs.	nP
1,21,88,361	1. Interest paid on Deposits, Borrowings, etc.	1,53,65,443.16			
74,89,992	2. Salaries, Allowances and Provident Fund	88,42,533.78			
48,790	3. Directors' and Local Committee Members' Fees and Allowances ..	42,885.00			
12,21,112	4. Rent, Taxes, Insurance, Lighting, etc.	16,47,741.84			
38,380	5. Law Charges	48,007.77			
4,86,061	6. Postage, Telegrams and Stamps	5,49,317.32			
29,000	7. Auditors' Fees	35,200.00			
5,07,910	8. Depreciation on and Repairs to Banking Company's Property ..	5,84,100.58			
10,37,097	9. Stationery, Printing, Advertisement, etc.	13,92,073.66			
Nil	10. Loss from Sale of or Dealing with Non-Banking Assets	35,200.00			
8,80,622	11. Other Expenditure	11,38,256.09			
1,50,000	11a. Contribution to National Defence Fund	Nil			
24,03,322	12. Balance of Profit (after providing for Taxation)	26,59,096.14			
2,64,86,517	Total .. Rs.	3,23,04,065.34			

1962 Rs.	INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Rs.	nP	1963 Rs.	nP
2,17,38,307	1. Interest and Discount			2,72,55,756.01	
36,21,094	2. Commission, Exchange and Brokerage			38,44,007.15	
1,14,346	3. Rents			1,28,806.59	
Nil	4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves, or any particular Fund or Account)			Nil	
Nil	5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves, or any particular Fund or Account)			Nil	
Nil	6. Income from Non-Banking Assets and Profit from Sale of or Dealing with such Assets			Nil	
10,12,770	7. Other Receipts			10,76,095.59	
2,64,86,517	Total .. Rs.			3,23,04,065.34	

NOTE :—
(1) Remuneration received by two Directors for their own use from other companies by virtue of nomination by the Bank on the Board of other companies amounted to Rs. 1,640 during the year.
(2) The Balance Sheet has been prepared in conformity with Form 'A' and the Profit and Loss Account in conformity with Form 'B' of the Third Schedule to the Banking Companies Act, 1949.
(3) Particulars of remuneration to the Managing Director :—(i) Salaries Rs. 42,000, (ii) Allowances Rs. 11,400, (iii) Sitting Fees Rs. 4,825, (iv) Bonus Rs. 4,375, (v) Bank's contribution to Provident Fund Rs. 3,500, (vi) The monetary value of free use of Bank's car Rs. 1,500 as per Income-tax Rules. Total Rs. 67,600.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the foregoing Balance Sheet of the DEVKARAN NANJEE BANKING CO., LTD., as at 31st December 1963 and also the foregoing Profit and Loss Account of the Bank for the year ended upon that date, in which are incorporated the returns from 44 Branches audited by us, 34 Branches audited *by other Auditors* and unaudited returns from 50 Branches. Exemption from the provisions of Section 228 of the Companies Act, 1956, has been obtained from the Central Government for all the unaudited Branches.

We report that—

(*a*) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory ;
(*b*) the transactions of the Bank which have come to our notice have been within the powers of the Bank ;
(*c*) in our opinion, proper books of account as required by law have been kept by the Bank, so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the Branches of the Bank ;
(*d*) the Bank's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and the returns ;
(*e*) the reports on the accounts of the Branch offices audited by other Auditors, so far as were received till the date of our audit, have been dealt with in the manner considered necessary by us ; and
(*f*) in our opinion and to the best of our information and according to the explanations given to us, the said accounts, together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required for banking companies and on such basis the said Balance Sheet gives a true and fair view of the state of the affairs of the Bank as at 31st December 1963, and the Profit and Loss Account gives a true and fair view of the profit for the year ended upon that date.

BOMBAY, *19th February*, 1964.

K. S. AIYAR & CO.
DALAL & SHAH } *Chartered Accountants*

LALITCHANDRA C. D. NANJEE *Chairman*
UDAYBHAN
NATVARLAL S. CHOKSEY
JAYANTILAL R. TRIVEDI
LAXMIKANT S. DABHOLKAR } *Directors*
M. A. MASTER
HARSHADRAI B. PAREKH
D. N. MEHTA

HARIDAS K. SWALI
Deputy Manager

CHANDRAKANT K. KOTHARI
Assistant Manager

C. V. SUBRAMANIAM
Chief Accountant

PRAVINCHANDRA V. GANDHI
Managing Director

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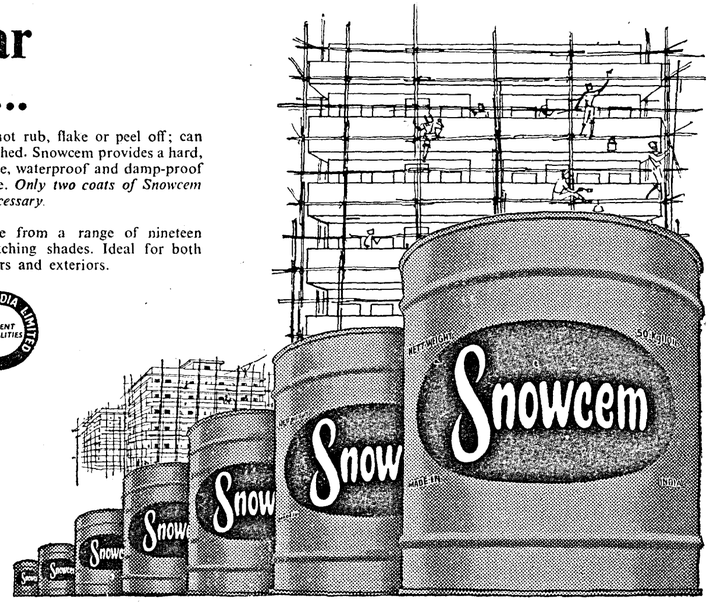


THE CHARTERED BANK

CHAIRMAN, MR. V. A. GRANTHAM'S ANNUAL STATEMENT

NATIONALISATION OF BANKS WILL AFFECT FOREIGN INVESTMENTS

THE annual statement of Mr. Vincent Alpe Grantham, Chairman of The Chartered Bank, to the shareholders for 1963, contains his usual comprehensive "overseas survey," which is a review of the year's economic scene in the countries where the Bank operates. His reference to India covers more of its difficulties than of its achievements. But, while emphasising the bottlenecks owing to various economic factors, Mr. Grantham does not spare the ruling party, for he says that, unfortunately, the Congress is in no mood for economic progress by the best means possible and that there is increasing clamour for a socialistic State with nationalisation and public ownership. In this context, he warns the authorities that the effect of bank nationalisation—a demand heard since 1948 but getting more backing in political circles now—on foreign investors in India would be profound. Such a move, he adds, would be completely contrary to the views held in the World Bank and would not be in keeping with India's dependence on good relations with that institution. Turning again to economic trends in India, he observes that inflationary tendencies are very much in evidence, while the economy requires considerable stimulus to obviate the risk of a recession and the misery it would entail.

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

The East has had more than its share of political upheavals during the past year, but despite this the Bank's business has been more than maintained. Any international organisation must be prepared to meet the challenge of change and uncertainty in the conditions in which it operates and with more than a century's experience of the East we are confident of our ability to move with the times and adapt our methods accordingly. The policy we initiated a few years ago of extending the group's organisation to new areas has made us less susceptible to setbacks in individual countries in which we have branches. The new ventures which we have now initiated in California and Libya are evidence of our intention to continue taking advantage of suitable opportunities for widening the scale of our business. We have also opened a number of new branches in countries in which we are already established and the group now has some 230 offices in 28 countries.

International banking is a highly competitive enterprise, and to maintain and develop the business of The Chartered Bank group we depend as always on the efficiency and devotion to duty of the General Management, the branch managers and the staff at all levels. Their efforts are responsible for the satisfactory outcome of a year in which for political reasons working conditions in certain areas have often been difficult and sometimes dangerous.

The Court of Directors

I have to record with deep sorrow the death early in November last of Sir Stephen Gibson, C.B.E., who joined the Court of Directors in 1958. Sir Stephen, who was Chairman of the Permanent Council of the World Petroleum Congress, brought to our deliberations a profound understanding of the political and economic problems of the oil-bearing countries and particularly those of the Middle East.

Tours

In the early summer of last year I visited the Cyprus organisation of The Chartered Bank and the Beirut branch of The Eastern Bank. This visit gave me a welcome opportunity of meeting members of our staff in Cyprus and Lebanon and of reviewing on the spot the development of the group's business in the Levant.

In April the Chief General Manager paid a short visit to India and Pakistan and during the autumn he travelled to the United States for the meeting of the World Bank and took the opportunity of exchanging views on international financial affairs with his numerous banking friends in New York and San Francisco. Mr. Pullen was able to investigate at first hand the prospects for promoting in California a domestic banking subsidiary of The Chartered Bank, to which project reference is made elsewhere in this statement.

Early in 1963 Mr. Stafford Northcote visited the Bank's branches in the Malaysian zone and Mr. Beath, accompanied by Mr. Goldsmith, General Manager of The Eastern Bank Limited, undertook a tour of the Middle East. Mr. Shewan has recently returned from a tour of the branches in the Far East.

Development

Stockholders will have learned from the newspapers that early in January the State Banking Department of the State of California authorised the Bank to open an agency in San Francisco and granted a licence to The Chartered Bank of London, a newly-formed subsidiary of ours, to undertake business as a domestic banking corporation in California. For technical and administrative reasons the agency and the new bank must have separate identities, but they will of course share premises and staff. We have had business connections with California for many years past and the port of San Francisco has long conducted a large trade with the Asian countries in which our branches are established. In seeking to extend the representation of the Bank in the Western Hemisphere, we were influenced by the continued expansion of the Californian economy and by changes in the direction of world trade which are likely to increase further the prosperity of the Pacific littoral of the U.S.A.

It is proposed to open The Chartered Bank of London for business in San Francisco during the month of June next. The deployment of staff and the adaptation of premises are already well advanced.

The Eastern Bank Limited

It has been remarked in the territorial survey embodied in this statement that the Middle East, the territorial sphere in which The Eastern Bank Limited chiefly operates, continues to be beset with many difficulties for British commercial and industrial enterprise; nevertheless, our subsidiary continues to prosper and to constitute an increasingly important sector of the group organisation.

For some time past The Eastern Bank Limited has sought to extend its representation to Libya whose economy has been powerfully strengthened by the commercial exploitation of newly-discovered oil resources. On 12th November last the Government of the Kingdom of Libya licensed the formation of The Libyan Commercial Bank SAL which has been promoted by influential Libyan citizens in partnership with The Chartered Bank and The Eastern Bank Limited. The capital has been subscribed by Libyan and British interests in the proportions of 51 per cent and 49 per cent respectively and it is expected that the new bank will shortly open for business in Tripoli. Arrangements are being made to open branches in other places of commercial importance in Libya.

Allahabad Bank Limited

We have now succeeded in our objective of obtaining an Indian Chairman for our subsidiary, which is India's oldest-established bank, and we have been very fortunate in securing the services of Mr. S. P. Puri, who is well known in Calcutta and has had a distinguished banking career.

Fortunately Mr. Puri's advent coincides with permission to open new branches and embark on a programme of further expansion. In 1963 total resources increased from £51.2 millions to £55.9 millions, with an increase in net profit.

The Year's Accounts

The consolidated balance-sheet, which includes the figures of The Eastern Bank Limited and our other wholly-owned subsidiaries, now total £580 millions, the highest figure so far achieved.

This year we have followed the practice of other British banks in including with our liabilities confirmed credits, guarantees and indemnities. Even without this additional item, the total of the consolidated balance-sheet would exceed the corresponding figure for last year by £33 millions, reflecting the continued expansion of the business of the Bank and its wholly-owned subsidiaries.

On the liabilities side you will observe that our major sources of funds, current and other accounts and fixed deposits, have increased to £264 millions and £199 millions respectively, a total augmentation for the year of £35 millions.

Advances to customers and other accounts continued to expand and have now reached a total of £213 millions, while holdings of quoted investments total £127 millions.

The increase in fixed assets is due almost entirely to expenditure in connection with further additions to and modernisation of our own and our main subsidiary's properties overseas.

Profits and Dividends

After making the usual provisions, net profit for the year at £1,069,378 shows a small decrease as compared with last year. We have had to meet further increases in salaries and wages as well as the costs of expansion through new branches and this has absorbed in this year the benefits of increased resources.

With the balance of profit brought forward from last year of £561,021, the amount available for distribution is £1,630,399, out of which £450,000 has been transferred to reserve funds which now stand at £8,150,000.

The interim dividend of 7½ per cent less income-tax paid in September 1963 absorbed £303,187 and it is now proposed to pay a final dividend at the same rate, making 15 per cent for the year.

Rights Issue

Stockholders will have received my letter of 4th March notifying them that it is proposed to make a Rights Issue to Stockholders whose names were on the Register at the close of business on 22nd February 1964 in the proportion of One £1 Share for every £6 of Stock held, at a price of 40s. per Share. Provisional Allotment Letters in respect of the shares to which the Stockholders are entitled will be posted on 20th March 1964.

II

OVERSEAS SURVEY

My annual review is normally concerned with the economic situation in the countries in which The Chartered Bank group operates, but last year more than ever political factors all too often dominated trade, industry and investment. The rapid improvement in modern communications, with easy travel throughout the world, has not in general brought a more international outlook to the countries of the Middle and Far East, and unfortunately nationalistic prejudices, far from being on the wane, are almost everywhere becoming more pronounced.

Most of the countries in our sphere of operations have well-thought-out, although sometimes overambitious, development plans to raise the living standards of their peoples, and understandably there is disappointment when increased production is nullified by increased population and economic growth is slowed down by lack of foreign exchange. Although when external reserves are lower help is usually sought from the older-established Governments and international organisations, such as the World Bank, any aid or loan given is usually restricted to schemes for the provision of basic services and industry, such as ports, railways and electricity. The main burden of the secondary development which figures largely in the development plans then falls on the private investor from abroad whose co-operation with local interests not only produces foreign exchange but also supplies technical expertise.

Risk capital is scarce and scared and if foreign investment is to be attracted there must obviously be confidence in the political background. Unfortunately discrimination by certain Governments in the area against foreign-owned enterprises has already raised serious doubts abroad and may well prejudice the efforts of neighbouring States to foster conditions favourable to investment from overseas. At present the foreign investor whose business is nationalised or expropriated without compensation has only world opinion on his side, and the stage has been reached when, for the sake of investors and for the developing countries themselves, a form of acceptable arbitration is necessary in cases of dispute. Countries which discriminate so blatantly and unfairly against existing investment are, however, unlikely to submit their action to neutral judgment and the World Bank and the Organisation for Economic Co-operation and Development (O.E.C.D.) have been giving serious consideration to the vulnerability of existing investment in countries where the normal canons of international behaviour are not observed. No doubt most of these countries do value assistance from and membership of the International Monetary Fund and the World Bank and perhaps pressure could be exerted by these institutions and stronger efforts made to instil a realistic appreciation of the connection between existing investment and the new investment they all want.

Cyprus

Last year in my review of the situation in Cyprus I suggested that the Republic's future depended largely on the two major communities co-operating in the national interest. It seemed then that little progress had been made since independence towards this desirable objective and, unhappily, inter-communal tension over the working of the constitution grew steadily worse and culminated in the tragic outbreak of violence in December which again brought Cyprus into the world's headlines. President Makarios unwittingly applied the spark to this inflammable position by putting forward a series of not unreasonable proposals for modifying the constitution, which shows that perhaps the best that can be hoped for in the coming months is an uneasy state of co-existence on the present basis.

Although inter-communal feelings are quickly roused I believe that the overwhelming majority of Cypriots of both Greek and Turkish descent are desirous of living peacefully in the island, and a prerequisite of any settlement seems to be the banning of arms and possibly the banishing of extremists on both sides. Unfortunately the present internal strife has automatically involved other States concerned with the negotiations leading up to the independence of Cyprus and, as a precautionary measure and to prevent further lawlessness and bloodshed on the island, an international garrison will be necessary until feelings die down.

The recent setback to the economy came at a time when economic processes and development plans were making steady headway. Foreign interest in investment in the island was on the increase and it was reasonable to assume that, given time and political stability, a proportion of the substantial Cypriot funds held abroad would be repatriated and turned to productive account locally. Now it will require a quick return of confidence to prevent further flight of capital and the Governor of the new Central Bank, which commenced operations during the year, must be exercised in his mind how to induce his fellow-countrymen to retain their funds in the local banking system as opposed to the introduction of restrictive measures which would inevitably have damaging effects on the value of the Cyprus pound. Given a continuation of external aid, a quietening of feelings with Cypriots looking upon themselves as Cypriots and not Greeks or Turks, there should be no need of any drastic action.

It is early yet to see the extent to which the recent troubles will affect the tourism which has been such a useful and growing source of exchange earnings. What we do know is that unless there is a return to normal conditions very soon those traders and agriculturists that were so badly hit by last year's slump in the vegetable and fruit markets of Europe will find it increasingly difficult to recoup their losses. The introduction of an improved method of marketing the potato crop should, however, be an insurance against such formidable losses again being incurred in that product.

Apart from earnings from agriculture, on which the country depends so much, exports of minerals have been well maintained and expenditure in connection with the British base is still an important factor in balancing the island's external payments. The introduction of an international force may give a temporary boost to exchange earnings, but to frighten away aid officials at a time when increased development is required seems incomprehensible.

Lebanon

The Lebanon had another quiet year with business activity at a satisfactory level. A minor flight of capital early in the year, due to disturbances in Iraq and Syria, was quickly reversed and in the long run the recent *rapprochement* between Iraq and Kuwait must benefit the Lebanon considerably. In fact the confidence that makes Beirut an international monetary centre and brings to it a thriving entrepot trade can only exist in comparatively peaceful conditions amongst the Lebanon's neighbours and in the Middle East generally.

Experience is beginning to confirm that the country's greatest asset may be its tourist trade. Last season was the best recorded and an expert investigation suggests that earnings from tourism may do far more than manufacturing industries and agriculture to reduce the country's reliance on foreign investment. In fact there are signs that investment in light industry may have been overdone for during the past two years no less than ninety factories have been constructed and quite a number of them have not prospered. The textile industry, which is by far the largest in the country, is in the doldrums and to revive it may be difficult in the face of higher labour costs. Agriculture too was generally disappointing, with the production of wheat and onions below that of 1962. Earnings from citrus fruits and olives increased slightly.

The Money and Credit Legislation, to which I referred in my last statement, was duly passed during the year and the new Central Bank is expected to open next April.

Iraq

The February revolution was followed by a period of suspense and uncertainty during which the Governments of Syria and Iraq were discussing their accession to the United Arab Republic. Further drastic reconstruction of the Government in Iraq in November seems to have restored confidence for the time being and although the international future is still obscure, Iraq is on better terms with all Arab countries and is co-operating with them in all common activities. Of particular importance was the restoration of good relations with Kuwait and, in return for the recognition of that country's sovereignty, Iraq received a loan of I.D. 30 millions repayable in twenty-five years. If the recently announced cease-fire in Kurdistan leads to a settlement of the longstanding dispute with the Kurds it will be a major achievement for the new regime, for not only have the operations against the insurgents been expensive, but the unsettled conditions brought to the north have discouraged agriculture in the area and have adversely affected crops, particularly wheat. This is one of the reasons for substantial imports from America, Australia and Syria and it was unfortunate that adverse climatic conditions should have, in the same year, reduced barley production and export earnings from this cereal.

In these circumstances and although the important date crop sold for good prices it was, as usual, left to the oil industry to bolster the economy. Fortunately the revenue continued to rise with production at a record level of 55.6 millions tons. Developments in oil relations took a slightly more encouraging turn and the way seems paved for further negotiations between the Government and the oil companies on a wider range of issues. Unfortunately the problem of Law No. 80 of 1961 remains the greatest stumbling block to further increased production.

In view of the country's indifferent export performance it was not surprising that the Government found it necessary to restrict imports and to concentrate on capital equipment rather than on consumer goods. Trade remained at a low level and the pace of development was slowed down, but it should be emphasised that few countries in the world have the development potential of Iraq with its combination of oil and agricultural riches. What is wanted probably more than anything else is for the Government to maintain a tolerant attitude towards business generally to stimulate confidence at home and abroad.

The Gulf

Bahrain: A quiet year with hardly any political disturbances made a good background for trading conditions but higher imports were not countered by a corresponding increase in re-export figures. This was, to some extent, due to lessening interest from Saudi Arabia and a tendency for South Persian merchants to switch their orders to Dubai because of visa difficulties. On the other hand, development in Abu Dhabi should indirectly help the local market.

A significant portion of the revenue continues to be expended on public utilities and during the year there were further expansions in the electricity, water-supply and drainage systems as well as additional construction of roads. The latest project initiated by the Government is for a new town to accommodate thirty-five thousand people on the Manama-Awali Road.

Prospects for the future are favourable with an increase of approximately £500,000 per annum in oil revenue and the possibility of a new source of wealth in the sea-bed concession shared by Bahrain with Saudi Arabia. The presence of British service personnel in the Island, and the local purchase policy of the Bahrain Petroleum Company, are important to the economy as between them they expend in Bahrain £3¼ to £4 millions per annum, much of it to the benefit of the local bazaar.

Qatar: During April and May there was a general strike accompanied by disturbances apparently intended to reinforce demands for certain administrative and political reforms and after the strikers had returned to work the Government of Qatar issued decrees reducing the rates charged for electricity and water and establishing a Municipal Council and Social Affairs Department.

Local market activity was throughout the year at a disappointingly low level but the general pessimism that has prevailed amongst the bazaar merchants should give way to tempered optimism in the light of increased oil revenues coming to the State. It is unlikely however that the shopkeepers will repeat their former mistake of overstocking and giving extended credit in anticipation of benefits from the State's additional wealth.

Although last year's revenue of roughly £20 millions failed to create buoyant conditions there was considerable expenditure on schemes which should finally help all. The first stage of the port scheme with the dredging of a new entrance channel is making good progress and the customs jetty and airport buildings have been improved. In fact when the new airport is completed it will be possibly the finest in the Middle East. Other undertakings for the benefit of the people were the drilling of artesian wells and additional water reservoirs, so generally prospects for Doha should improve.

Sharjah: The future of Sharjah must depend almost entirely on the success or otherwise of the drilling for oil which is about to begin.

Some development work is already in progress and a scheme for the public supply of electricity is being considered. A very encouraging development has been the finding of water in good quantity close to the town and this might make life easier for the inhabitants.

Abu Dhabi: This sheikhdom has featured regularly in the world press during the last few months as its oil has started flowing and there is a growing awareness of the increasing and future wealth that will accrue to the Ruler and his people.

The Ruler, Sheikh Shakhbut, is rightly being cautious in entering into large development commitments at this early stage but contracts are being negotiated for, amongst other things, a piped water supply from Buraimi. A post office has been opened and a temporary jetty completed which, with other building schemes for the Ruler and for commercial enterprises, will soon begin to give the town of Abu Dhabi a new look.

The Eastern Bank are sharing in this development by building new premises for their branch at Abu Dhabi, which it is hoped will be completed next year.

Hadhramaut

Mukalla: No massive development is possible in the Quaiti State unless the search for oil, which continued throughout the year, is successful. Trade is at present concerned almost entirely with the import of necessities such as grain and sugar and there are practically no exports. There seems, however, to be a real hope of establishing a fishing industry with an export potential, if certain technical and marketing difficulties can be overcome, and there is scope in the interior for minor development, such as small-scale irrigation, poultry farming etcetera. The Quaiti Government is once more considering a scheme for the supply of fresh water to Mukalla. The new premises of The Eastern Bank are nearing completion and it is hoped to occupy them during the first half of 1964.

Seiyun: The Kathiri State, like the Quaiti State, is deeply interested in the search for oil. Without some considerable accession of wealth large-scale development is out of the question. A new hospital is under construction at Seiyun and is nearing completion and a new Wadi road is expected to be completed by 1965.

It is perhaps not appreciated here in London that the Hadhramis of both States have for centuries been great traders not only in Aden but overseas—in the Far East, in Zanzibar and in East Africa. They take a very lively interest in events which affect the safety of Arabs and of Arab property in these areas and some of them may soon be seeking new fields for investment.

Aden

A crucial stage has now been reached in the political evolution of Aden Colony and the bomb attack at Aden airport on 10th December, which caused the postponement of the constitutional discussions to be held in London, was almost certainly sponsored by foreign interests anxious to create tension within the colony itself and to strengthen opposition to Aden's membership of the Federation of South Arabia. The recent efforts too from over the Yemeni border to spread disaffection amongst the tribes and to incite general subversion in the Federation of South Arabia had the same objective, but they have been effectively countered by the Federation's armed forces despite the difficulties imposed on military operations by the mountainous terrain. Notwithstanding all these subversive moves and outside interference there is every determination to press forward with the federal constitution, for with it there is a hope of economic and political survival which is perhaps more than can be said for the colony and the States without each other. There is still some apprehension amongst Aden businessmen at the thought of a legislature predominantly in the hands of members from the States, but even greater is their fear of the political intentions and actions of the Yemeni immigrants who collectively form one-third of the population and who, since the republican revolution in the Yemen, appear to favour Aden's integration with that country.

It is not surprising, therefore, that the immediate constitutional problem is whether the present restricted franchise is to be extended before the elections, due to be held in Aden not later than October. If such an extension were to be anything but limited it could still prejudice the position of the present Government, which has shown courage and skill in resisting trade union pressure aimed at weakening authority. Trade union action could also adversely affect the entrepot trade, from which Aden's prosperity is substantially derived. This trade is already suffering fierce competition from Djibouti and other ports, and the recent political happenings in East Africa are hardly likely to help. Fortunately, however, in spite of a sharp reduction in business with the Yemen, Aden's trade has stood up very well during the recent political uncertainty and the increasing number of ships calling at the port have brought revenue from bunkering and from tourism. In the long run Aden's economy will be more and more dependent on trade with the hinterland and for this reason it is important to accelerate development in the States in the interior which already grow cotton for export and where irrigation facilities are being expanded. The essential prerequisite however to the successful opening up of the interior is the construction of more roads and this must necessarily be largely dependent on generous aid from the British Government.

During the year The Eastern Bank Limited extended their organisation in the colony by opening a new branch at Ma'alla and another is to be opened at Sheikh Othman.

Iran

Considerable progress has been made in implementing the far-reaching social, economic and political reforms to which Iran is committed under the leadership of H.I.M. the Shah, with Mr. Alam as his Premier. This was perhaps to be expected after an election which has given the Majlis a completely pro-reform dominated membership, but it is possible that a stronger and more virile opposition party would have made for greater political steadiness and reduce the chance of further discontent and rioting.

The country's strong balance of payments position and its resources could sustain a comparatively rapid rate of economic growth but instead there is a persistent recession with business activity at a low ebb. An important factor in this situation is that confidence has never returned after the harsh stabilisation programme which had to be introduced in 1961 to check over-expansion and one of the prerequisites of renewed expansion in the economy is a successful outcome of the change to a co-operative system in agriculture. In industry more trained personnel and administrators are badly needed and in particular existing accounting methods are such as to deter local investment in industrial projects and the creation of a capital market. The Central Bank is well aware of these deficiencies and under its able Governor, Mr. Samii, is endeavouring to inject new life into the economy by a series of measures designed to expand credit. Government too, rather belatedly, is embarking on a more dynamic role to overcome the recession and is increasing its development spending.

This year's allocation from the oil revenues is forty per cent instead of sixty per cent to the Treasury and the increased balance to the Plan Organisation and, with the promise that foreign aid will also be forthcoming, the Organisation should be able to implement its ambitious third plan in which, although emphasis is shifted to rural and small-scale developments, there are large schemes covering fertiliser plants, steel mills, petro-chemical plants and additional sugar mills.

Foreign trade has, to some extent, been circumscribed by a desire to protect domestic products and to preserve foreign exchange, and the Government is worried by the continued downward trend in Iran's non-oil exports. To improve the situation incentive schemes are being introduced, and efforts made to bring down the lending rates of the commercial banks. The prospects in Iran should be good; all that is seemingly wanted is a return of confidence.

India

It has been an uneasy year for India. Despite efforts to mediate there has been no formal settlement of the situation on the northern borders and, although the possibility of a resumption of hostilities has receded, it has been necessary for India to maintain a state of military preparedness which has inevitably imposed further burdens on the country's already strained economy. Communal troubles in Pakistan and West Bengal coupled with the perennial problem of Kashmir have caused a further deterioration in relations with Pakistan. Continuing difficulties abroad against the background of high prices, heavy taxation and slow progress with the third Five-year Plan have led, within the ranks of the Congress Party, to widespread criticism of Government, which has not been significantly allayed by the ministerial changes made during the year in accordance with what became known as the Kamaraj plan.

The main economic difficulty is that the fruits of development are more than absorbed by the rapid increase in population, which has already reached over 450 millions and is growing at the annual rate of nearly 2½ per cent. This necessitates enormous food imports because of the inability to expand India's own agricultural production sufficiently to keep pace with the mounting demand, for results in the agricultural sector, despite heavy Government investment, have been disappointing. Following the encouraging progress made under the first two Five-year Plans production has been more or less stationary and last year the output of foodgrains even showed a reduction. Many reasons are given for this; slow progress with land reform, uneconomic use of land, inadequate agricultural credit facilities and shortage of fertilisers. It is clear however that, if the population rise is to continue unchecked, the success or otherwise of India's development programme will depend on a sustained effort to boost agricultural output.

In the industrial sector the situation is rather more encouraging as production has continued to expand, although the rate of increase has been lower than envisaged in the development programme. Some industries have made useful progress but the same can hardly be said of coal and power which have been slow to expand. Inflationary pressure on costs and inadequate supplies of raw materials through shortage of foreign exchange have handicapped growth in the private sector and, notwithstanding the recent commendable efforts of the Finance Minister to stimulate economic expansion, the unreasonably high taxation and its incidence constitutes a severe disincentive to extra effort, savings and investment. Perhaps in an effort to bridge the difference between the lot of the mass of the people who live near subsistence level and the ranks of the well-off industrialists and others, the Government has increased personal taxation to an unrealistic degree. The maximum revenue is, of course, required, but a start in reversing the present policy could be offset by a reduction in Government expenditure. This, in fact, spotlights the Government's problem: whether to eschew State trading and all those incursions of the bureaucracy into the private sector at much cost and little gain or to give that measure of freedom to initiative and industry that can, and usually does, contribute so much to national wealth and prosperity. Such a policy would too increase Governmental efficiency which now suffers from the impossible load imposed upon those all too few capable and efficient senior administrative officers whose burden is made heavier by deployment and secondment from their ranks into fields unnecessary in a reasonably balanced public-private State. Unfortunately Congress is in no mood for progress by the best means possible and there is increasing clamour for a socialistic State with nationalisation and public ownership.

Amongst the steps advocated by Congress members of the Lok Sabha is the nationalisation of banks in order, it is alleged, to eliminate the malpractices resulting from the concentration of economic wealth and power in the hands of those whose interlocking directorships cover banking, commerce and industry. This is no new demand for we have heard it since 1948 but it does seem to be getting more backing in political circles. I doubt, however, if Government will make concessions to the radical wing when the country is so dependent upon assistance from abroad. The effect of bank nationalisation on foreign investors in India would be profound, particularly in the United Kingdom whose investment it is understood is already about £350 millions, or seventy per cent of the total. Such a move too would be completely contrary to the views held in the World Bank, which would not help India's dependence on good relations with that institution.

Admittedly the report of the Vivian Bose Commission clearly indicated that some amendments to the Company Law were necessary, but businessmen generally are very apprehensive about the wide powers that Government has now taken by passing the Banking Laws (Miscellaneous Provisions) Act and the Companies (Amendment) Act 1963. The powers under these Acts, if exercised to the full, would allow the Government to take over the control and administration of companies, including the Indian banks, but I feel the Government will approach these problems in a sensible manner and would only contemplate using its extreme powers in an emergency. It is gratifying too that the Government officials who are directly connected with finance are agreed that the foreign banks play an important role in India's economy, particularly in the international field where the extensive credit which they provide abroad without the deposit of exchange balances is extremely useful.

In pointing out India's difficulties I may to some extent have given too little space to its achievements, for any visitor to the country cannot help being impressed by the progress and change taking place all around and although the country's affairs are, at the moment, confused, it is hoped that the coming budget session will clarify matters both for the Indian entrepreneur and for the foreign investor, on whom India places such reliance. Inflationary tendencies are very much in evidence but the economy requires considerable stimulus to obviate the risk of a recession and the misery it would entail.

I mentioned last year that we have received permission from the Reserve Bank to extend our branch organisation to Vasco da Gama in Goa. Our new office there opened for business in April but progress is slow and more and more it seems that the economic regeneration which New Delhi desires can only be achieved if Goa is made part of a larger entity.

Pakistan

Few people without a very close connection with Pakistan realise the intensity of the feeling in the country over the question of arms to India. This bitterness, in accentuating the hostility that was already felt over the failure to find any satisfactory settlement of the Kashmir dispute, led to strained relations with the West and possibly, as a symbol of political independence, resulted in more cordial relations with China. Encouragingly, and notwithstanding Hindu-Muslim trouble on India's eastern border, a trade pact was signed between the two countries covering the supply of coal and stone from India in return for Pakistan jute and raw cotton.

Internal politics, as opposed to external relations, again revolved round the political factions that had cost Pakistan so much in the past, and as usual East Pakistan-West Pakistan

relations. When President Ayub Khan introduced the constitution in 1962 it was with the object of keeping the party system out of politics and preventing politicians retarding the country's progress. When this proved impracticable, the alternative was to enter the party political arena himself and his decision to lend his immense prestige to the Conventionist Muslim League and to become its leader was well received in the country. This is evidenced by the subsequent success which his party enjoyed in recent by-elections in both provinces. The opposition has reacted to the Government's willingness to compromise on controversial issues by showing a more constructive attitude without in any way abandoning its principles, and thus once more the President has succeeded in preserving the internal stability which has been the outstanding benefit conferred on Pakistan by his regime.

The other problem of balancing the claims of the two wings is difficult to resolve without duplication of effort and waste of resources. The Eastern wing, in the knowledge of its good exchange earnings, has continued with forceful demands for parity with the Western wing in all spheres and this is certain to remain a major political issue for a long time to come. Industrial development in East Pakistan has been slower to get under way; one of the difficulties is that much of the development required in that area is unattractive in terms of profit to the private investor and to offset this East Pakistan will probably receive a major share of Government investment under the third five-year plan (1965-70) which is now in preparation.

Turning to the state of the economy, there are signs that the steady progress in agricultural and industrial sectors is being maintained, and in this context it is particularly fortunate that political developments have not yet resulted in a cessation of aid; in fact the World Bank is playing a leading part in schemes for irrigation and waterlogging and salinity. The pump operations in the Rechna Doab area show continued success and the water-table has been lowered by about five feet. A start is being made on the Chaj Doab project which covers an area of over two million acres and work is proceeding rapidly on the Mangla Dam. The Government is pressing all these projects with determination and additionally on its own it has carried out preliminary work on the Tarbela Dam project at a cost to date of Rs. 6 crores. Much more needs to be done to stimulate agricultural production for Pakistan's inability to feed its rapidly expanding population from its own soil has been costly in terms of foreign exchange, despite substantial foreign aid. More and more of the home production of raw cotton and raw jute is being absorbed in the country's own mills but these crops are still the major sources of exchange earnings and the rise in the cost of cotton from the United States has enabled Pakistan to regain its position in markets such as Hong Kong and thereby increase earnings.

One effect of the vast public works in progress has been a rise in the money supply and by a generous import policy this increase has only caused a slight upward movement in the general level of prices. Bank deposits however rose to the extent that they now represent forty per cent of the total money supply and there has been a corresponding fall in the percentage of money in circulation. In recent years the authorities have shown great skill in sustaining the momentum of economic development and at the same time checking any inflationary tendency. In present circumstances some curb on credit expansion was to be expected and the increase announced in July in the statutory reserves which the scheduled banks are required to keep with the State Bank and the restrictions introduced on commercial bank borrowing against Government securities and under the bill discounting scheme represented a timely note of warning.

Pakistan's immediate prospects appear reasonably promising, provided that agricultural and industrial development are kept in a reasonable relationship and that the labour unrest which led to strikes in various centres of industry last year is not allowed to develop to the extent that collective irresponsibility causes widespread interference with trade and industry.

Ceylon

For the first nine months of the year there was hope that notwithstanding the general inertia brought on by ever-widening socialistic measures Ceylon's economy was at last taking a turn for the better. The rigorous import controls imposed by Government began to be felt and with exports being maintained fairly well the trade figures were encouraging. Even during that period, however, there were ominous signs that stocks in the country were being run down too far and that the cost of replacement would be higher still, particularly in the case of sugar and wheat. The real setback came from the now all too familiar ill of disruption in the port. Once again labour troubles caused long delays in the turnround of shipping and the surcharge imposed in February 1962 on freight shipped to Colombo from British and Western European ports was doubled in December. Apart from the extra cost this imposes upon imports Ceylon's trade will also suffer from the increasing tendency of shipping to by-pass the port. The Government has now made concessions to the labour unions but it is too early to see whether any fundamental improvement in the working of the port will be achieved.

The import policy and the resultant reduction in the volume of goods available to the public was one of the factors responsible for the steep rise in prices and in the cost of living index, which at the end of the year reached an all-time record. The reduction in imports also led to a fall in the yield from customs duties, and this at a time of growing Government expenditure has meant further increases in taxes and yet again a budgetary deficit: all the ingredients in fact for further inflation.

Valuable revenue is absorbed by the ambitious State-sponsored industrial and development projects, few of which appear to be completed on time or within the stipulated financial limits and many of which after commencing operations incur substantial working losses. Nevertheless, it remains the present Government's policy to divert an increasingly large share of trade and industry to the public sector of the economy. Nationalisation, and particularly the acquisition of the business of foreign-owned companies, is considered an appropriate remedy for the country's economic difficulties.

The termination of United States aid early in the year because no compensation had been paid for the assets of the American oil companies which had previously been taken over was treated as an opportunity for further action in this direction and from January 1964 the marketing of petroleum products in Ceylon was taken over by a State-owned corporation. Moreover, the State monopoly of life insurance business established three years ago has now been extended to cover general insurance. Satisfactory arrangements for compensation have still to be formulated and if it turns out that the Government's intention is in effect to confiscate valuable foreign-owned assets there will be little prospect of obtaining the further investment from abroad which the authorities claim will be welcome in connection with the country's development programme.

Ceylon has resources which, efficiently managed, should be sufficient to assure the rapidly increasing population of steadily improving living standards and if a realistic economic policy were to be introduced there could be an early recovery from the present situation.

Burma

General Ne Win and the members of his Revolutionary Council are undoubtedly dedicated men determined to turn the country into a non-aligned State with its own brand of socialism but in setting this course they are probably going against the wish and the inclination of the bulk of the people. To date the Council has succeeded in alienating the informed and educated middle-classes, firstly in the political field by its refusal to countenance any form of democratic opposition and secondly by building up monopolistic State organisations in the economic sphere. Most of the top political leaders have been taken into custody and the search for a *rapprochement* with the various groups of insurgents, both communist and national, has failed. In fact, the Revolutionary Government have given notice of the end of the period of amnesty and are preparing an all-out offensive against the States. With administrative difficulties increasing all the time with the burden of nationalisation and the lack of trained administrators and technicians, the fear is that as these difficulties increase the regime will turn more and more to repression and regimentation and that they will seek assistance from and subjugate themselves to their nearest socialist mentor—China.

Symptomatic of the administrative deterioration in Burma today is the position of the banks. These were nationalised a year ago in a secretly planned surprise move, and as far as the foreign banks are concerned there has been, as yet, no attempt to pay compensation for their assets and business. We have left our manager in Rangoon to assist in arriving at a fair figure, but quite clearly having taken over our business there is either no desire to pay the compensation which it was understood would be forthcoming ninety days after nationalisation or there are differences of opinion amongst the officials concerned on what fair compensation for a good business means.

The Government would find no difficulty in making the payment or in allowing remittances for those companies and individuals who have had their assets turned into kyats, for the country's foreign reserves are in a very healthy state. It is a matter of prestige to the Revolutionary Council to maintain these reserves and in this they are aided by rice exports of over 1½ million tons annually, whilst imports are restricted as considered necessary. Imports and exports are now entirely in the hands of Government bodies and internally further steps under the Enterprises Nationalisation law of October 1963, which enables the Government to take over any enterprise, has left very little trade in private hands. What is left is now subject to new income-tax and labour laws which make it impossible for any organisation to retain more than 35,000 kyats out of any quantum of profit.

Malaysia

The recent history of federations in the Commonwealth has hardly been encouraging to further experiments in this type of political organisation, but there is good reason for optimism regarding the new federation of Malaysia whose inauguration in September was enthusiastically celebrated in the constituent States, Malaya, Singapore, Sabah and Sarawak. External opposition to the merger seemingly had the effect of consolidating support in Malaysia itself and, once agreement had been reached on the terms of Singapore's entry, there was no longer any major domestic impediment to the new federation coming into being. For the present at least Brunei has decided not to join but it remains to be seen whether this decision proves to be irrevocable.

As now constituted, Malaysia starts with substantial advantages. Internal political stability appears assured and federation has automatically created a larger and more diversified economy. Realistic programmes for raising living standards are already well under way in Malaya and Singapore and the resources and experience of these territories will now be available to speed development in Sabah and Sarawak. Of particular significance to the investor from abroad and to the future development of trade and industry is the inheritance of a free exchange system and of a sound currency, which has long circulated throughout Malaysia at the same fixed parity with sterling.

It had originally been intended that Bank Negara Malaysia, which since commencing operations in Kuala Lumpur five years ago has established close and cordial relations with the commercial banks, should become the central bank and the note issuing authority for all five States adhering to the present currency agreement. As Brunei has not joined Malaysia, however, negotiations have been initiated with the Brunei Government to facilitate the taking over by Bank Negara Malaysia of the assets and liabilities of the Currency Board. The necessary legal arrangements are to be made to extend the authority of the central bank throughout Malaysia and to entrust to it the duty of supervising the banking business of the whole country. Meanwhile an office has been established in Singapore to handle Federal Government accounts and during the course of the year its activities and scope will be extended.

The problems of inter-State trading and financial arrangements within Malaysia were examined early in the year by the World Bank Mission led by M. Jacques Rueff and the recommendations contained in the mission's admirable report eventually formed the basis of the terms agreed between the Federation of Malaysia and Singapore for the latter's entry into Malaysia. The main difficulty lay in reconciling the dependence of Singapore, Penang and Labuan on entrepot trade with the tariff protection required for the new manufacturing industries whose development was recommended by the Rueff mission. A common market is now to be established throughout Malaysia and

a Tariff Advisory Board is to be appointed to advise the Federal Government regarding the setting up of a common external tariff, but in any case the various provisions of the Agreement safeguard the maintenance of the free port status of Singapore for a period of time sufficient to enable its economy to be less dependent upon the existing entrepot trade. Thus the way is smoothed for the future development of trade and industry in Malaysia on an integrated basis.

The prudent budgetary policy followed in the past by all the constituent States starts the Federal Government's finances off on a firm footing. Foreign exchange reserves are substantial and the success of the loan floated in London in July by the Government of the Federation of Malaya, the first foreign loan to be raised by that Government, was a reassuring indication of overseas confidence. Living standards in Malaysia are amongst the highest in Asia but rising development expenditure is necessary to maintain and improve these standards and it is unfortunate that Government funds, which could assist development, have to be diverted to finance increased spending on defence.

States of Malaya

The weakness of world rubber prices during the year is the main reason for the increased deficit on the combined overseas trade of Malaya and Singapore and it is only the higher earnings for tin that have kept the figure small enough for Singapore's invisible earnings and the inflow of capital from abroad to restore the payments surplus. There is reason too to think that tin will continue to fill this vital role in the economy, for anxiety regarding the effects of sales from the surplus stockpile of the United States has, to a great extent, been allayed and with total world production falling prices should be favourable to the producer for some time to come. With this stimulus Malayan output is increasing, particularly in the gravel pump section and exports are increasing despite the Indonesian decision to send their tin ore to Arnhem instead of to Penang for smelting.

Even the lower world price of rubber is not quite so depressing as it might seem, for the Malayan industry, because of its replanting programme and low-cost production, is in a better position than natural rubber producers elsewhere and the high tonnage of shipments should be maintained. Further help to the export figures will come from the iron-ore, palm-oil, timber and pineapple industries and the completion at the end of the year of the North Klang Straits project should greatly assist the flow of overseas trade by obviating congestion at Port Swettenham.

Industrialisation is progressing at a favourable rate and the increased consumption of electricity is attributed to this factor. Fortunately the first phase of the Cameron Highlands hydro-electric scheme will be completed in June and the World Bank has made a substantial loan to assist in the further expansion of electric power. The official policy of encouraging conditions favourable to business enterprise has been amply rewarded by the interest shown by overseas investors. The reorganisation of Malayan Industrial Development Finance Limited, in which this Bank is a shareholder, has too come at the right time for further expansion. The funds available to the Company have been substantially increased through the participation of the International Finance Corporation in the equity and by credits provided by the Government and the World Bank.

We have further expanded our branch organisation in the Kuala Lumpur area by opening a new office during the year. We expect our new main office building there to be completed by the end of the year as planned.

Singapore

The overwhelming victory gained by the Government in the September elections was a tribute to the resourcefulness and energy of the Prime Minister and also a demonstration by the Singapore electors of their political maturity. The election result and the political stability it promises, coupled with the decision to establish a Malaysian common market, have given a welcome stimulus to industrialisation in Singapore. Rapid development of manufacturing industry will go a long way to assure future living standards in the island by providing employment for the large numbers of young people who will be coming on to the labour market and by rendering the economy less dependent on the entrepot trade. The progress made with the Jurong industrial project owes much to the drive and efficiency of the Government-sponsored Economic Development Board, which administers the project in addition to providing a wide range of services including finance and research in connection with the setting up of industries in Singapore.

Together with Penang, Singapore has taken the main brunt of the Indonesian Government's decision to ban trade with Malaysia following the new country's inauguration. This ban was particularly unfortunate coming as it did at a time when business circles in Singapore and Malaysia generally were confident about the future and its effect was to deny to Singapore almost overnight substantial imports of rubber, copra, coffee and other commodities. Surprisingly the ban has continued to be most effective and those sections of Singapore's trading community which were closely connected with Indonesia have suffered severely. The Government acted with commendable speed to assist those losing their employment and wide powers have been taken under emergency legislation to deal with any further unfavourable developments. Although a large part of the entrepot trade with Indonesia has only come to Singapore since 1957, when for political reasons the pattern of Indonesia's overseas trade was fundamentally changed, it is doubtful whether Indonesia will again use Singapore to any extent, even with a return of political friendship. What the effect of a permanent ban will be is difficult to judge as the entrepot trade has not been amenable to precise statistical analysis but clearly there will be a significant loss of earnings and increased unemployment. Singapore however has a resilient economy and perhaps, in the long run, may even gain from the diversion of funds that have been absorbed in this particular branch of trade to the financing of industrial development.

An encouraging feature for the future is the growing interest shown in Singapore and Malaysia by Australian business houses. In April this Bank joined with Australian Guarantee Corporation Limited, Australia's oldest finance company in which the Bank of New South Wales has a substantial interest, in the formation of a new finance company named Credit Corporation (Malaysia) Limited. Provision has been made for local participation in the equity of the new company and offices are being opened in Kuala Lumpur and Singapore.

In my last report I indicated that further expansion of our organisation in Singapore was envisaged and during the year we have opened four new branches on the island.

Sabah

On 31st August the colony of North Borneo achieved independence and now as the State of Sabah is a member of Malaysia. The July elections, in which more than eighty-five per cent of the electors cast their votes and the Alliance Party gained all the seats, showed that the people were overwhelmingly in favour of joining Malaysia. That Sabah has made a promising start with the new ministerial form of government is largely due to the Chief Minister who commands the respect and confidence of all communities.

Under the constitutional arrangements of the new Federation, Sabah will retain a measure of control over most Government departments for some years to come and this includes a degree of autonomy in financial matters, although finance is technically a federal subject. Thus financial responsibility for a number of services, such as education, police and security, will be borne by the Federal Government but Sabah will have a large share of responsibility for its own development plans and will contribute an appreciable part of the finance required for these plans. The balance will come either direct from federal revenues or be channelled through the Federal Government from outside sources, such as the British Government's grant of £10 millions for development in Sabah and Sarawak and the Singapore Government loan of $150 millions for the same purpose.

Fortunately trade and the economy continue to expand steadily and rising Government expenditure was offset to some extent by increased revenue from import duties. Exports showed a satisfactory increase over the previous year thanks to greater timber shipments. Rubber earnings were slightly down because of lower world prices and copra showed a reduction mainly because barter supplies from the Philippines ceased as traders there found a more profitable outlet for their produce.

The prospects for Sabah are promising and increasing attention is being directed by overseas interests to its development potential. The main difficulty has long been shortage of labour and the Government's decision early in the year to suspend the entry of Indonesian workers caused considerable concern to employers. In December official approval was announced for a pilot scheme involving the recruitment of some three thousand workers from other Malaysian States and this welcome development should help to meet the acute labour shortage.

Sabah's economy has been affected only to a small extent by Indonesia's trade ban and supplies of barter copra from Indonesian sources have not diminished appreciably. However, the possibility of subversion in the border areas and the raids which actually have taken place there provide cause for some anxiety.

Sarawak

The entry into Malaysia in September was the culmination of much political movement and upheaval and with it the Sarawak scene changed considerably. The last British Governor departed and many of the experienced administrators who had been responsible for guiding the country along its path of development have been replaced by as yet untried ministers and advisers. The division between State and Federal administration will gradually become clear but the first important effect of Federal Government has been to stop the further rise in taxation necessary if public services were to be maintained and improved. For the time being taxation remains at its present level and any increase necessary to equalise rates throughout Malaysia will be introduced gradually. Moreover, the extra burden of defence and security spending now necessary will be charged to the federal revenue and will thus bear less heavily on Sarawak, while the greater part of the heavier expenditure on development envisaged in the new Five-year Plan (1964-68) will also have to come from the Malaysian Government.

Notwithstanding damage caused by severe floods in the early part of the year exports, and particularly those of rubber and sago, were well maintained. Timber shipments too showed substantial expansion and with foreign support the industry is likely to develop further. Bauxite shipments have been on a reduced scale and transport difficulties appear to have arisen in connection with the coal deposits which I mentioned last year Japanese interests were developing in the interior. It is generally accepted that there is oil to be exploited off the Sarawak coast near Bintulu, but the size of the oilfield and its commercial potentialities have yet to be established.

In present circumstances the security situation is inevitably unsettled and there have been a number of border incidents. Further development in the State continues steadily; this takes the form principally of road construction and the building of residential and shophouse accommodation. We have extended our own organisation in Sarawak by opening a new branch at Bintulu.

Brunei

Although His Highness the Sultan had indicated his agreement in principle to Brunei's joining Malaysia, it was evident that there was strong opposition in Brunei to the merger, particularly if it involved handing over the valuable oil revenues to Malaysia. Eventually it proved impossible to find acceptable terms of entry before the inauguration of the new federation and, for the present, Brunei remains outside Malaysia without apparent prospect of any early change in the situation. There has been no public statement of the Brunei Government's intentions regarding the currency but it is to be expected that Brunei will decide to use the Malaysian dollar and that Malaysia will agree to this, thereby preserving the existing currency area which is working so well. Military operations in connection with the armed revolt of December 1962 were successfully concluded in May, but the 1959 constitution has not been restored and Government continues through nominated executive and legislative councils. Certain political parties are recognised but it is unlikely that elections will be held again for some time.

Trading conditions in the early part of the year were unfavourable because of the security situation after the December revolt and of serious floods which interfered with the timber industry in particular. Progress with development schemes has been slow and has mainly taken the form of road construction and housing projects. Plans for a deep water harbour at Muara have now been approved by the Government and Japanese concerns are showing interest in sharing in the construction of the new port. A new agreement announced in October will assure the Government of a larger share of the oil revenues and it is possible that the search now taking place off the coast for new sources of oil will compensate for the progressive reduction of existing supplies.

Indonesia

Indonesia has year after year astounded its critics by surmounting economic difficulties that at times threatened the very existence of the republic and there is no reason to believe that it will not continue to survive in its present form. The possibility of an early return to a stable economy and national prosperity looks, however, more remote than it did a year ago at the time of the West Irian settlement, when many of Indonesia's friends in the West, particularly the United States, were showing signs that they were prepared to be generous in an effort to help rehabilitate the export industries. Since Irian Barat, as it is now called, came under Indonesia's control, instead of the favourable trend expected from the economic measures announced by President Soekarno the country has had to suffer the effects of the policy of confronting Malaysia.

This has meant that exchange earnings have been reduced as alternate markets to Singapore were sought and the enhanced value brought about by the processing of Indonesia's rubber and copra there was lost. The ban on small ships out of Singapore trading in Indonesian waters has meant to a piling up of produce in many of the small ports of the outer islands and even the decision to send tin to Arnhem for smelting instead of to Malaya means additional freight payments for the longer haul. It also means that the looked-for reduction in the heavy expenditure on the armed forces is unlikely to take place, and on the contrary Russia is likely to press heavily for the settlement of its bill.

Internally, probably because Indonesia like the Philippines wants to be recognised as the dominating power in a confederation of the Malay races, the target of the confrontation policy was switched to the British and a campaign of well organised violence against British property alienated world opinion and discouraged capital investment: so too did the attempts of the labour unions to take over British business. The Government has declared such attempts illegal but the position of firms, and their capital investment, is still uncertain. It is against a background of political high tension and the localised struggle between Russian and Chinese ideologies that the hard-worked civil servants and advisers are trying to retain, against the demands of the forces, enough foreign exchange to meet the country's most pressing needs. Rice for the people must be bought and paid for and this is a formidable expense as local production figures are still disappointing and the population continues to increase rapidly. Other import necessities if a reasonable standard of living is to be maintained are such items as medical supplies and spare parts to keep the factories going. Even so the trade figures are not discouraging although the useful surplus achieved in the first half of 1963 is likely to be reduced when the figures for the more troubled months up to December are published.

What is required in Indonesia at the present time is a breathing space of some years, during which all efforts are directed towards increasing production, especially in foodstuffs, boosting exports, checking inflation and stabilising prices. Although they are all connected it is the chronic inflation and rapidly rising cost of living that are the root cause of the country's economic difficulties and need immediate attention, for the stage has now been reached when the cost of living in Djakarta can double in a matter of months in terms of the value of the rupiah.

Thailand

By the death of Field Marshal Sarit Thanarat in December Thailand suffered the loss of an able administrator and an outstanding personality and it is a measure of the success of his rule that his country has been spared the political upheavals which have afflicted other Asian States. By assuring political stability his regime created conditions favourable to continued prosperity and economic progress and, as his successor as Prime Minister, General Thanom Kittikachorn, who brings considerable experience to his new appointment, has made no major changes in the membership of the Government, it is evidently intended to maintain the policies of the previous regime.

It would be incorrect to assume, however, that the Government is resistant to change and content to keep things as they are. The authorities are well aware, for instance, of the problems posed by the rapid increase in the population and are meeting the situation by encouraging higher agricultural output and the production of a wider range of commodities. Official development plans lay emphasis on major irrigation projects and the improvement of road communications and a determined effort is being made to finance as much of this development expenditure as possible from current revenue. The development of secondary industries is also encouraged, but is wisely treated as a subsidiary objective as the country's proven mineral resources are slender except for tin and, to a lesser extent, iron-ore. Local demand is not enough to support large-scale industrial production and the only project of any size being undertaken at the moment is the Thai Oil Refinery, which is expected to come on stream later this year.

The stability of the currency, which is backed by gold and foreign exchange to the extent of over eighty per cent, is an indication of the Government's orthodox and realistic policy and the declaration, by arrangement with the International Monetary Fund, of a par exchange value for the tical, and all it implies, is a recognition of the success the financial authorities have had in keeping exchange rates steady. The foreign exchange reserves have continued, and are continuing, to rise as foreign aid and earnings from tourism more than offset the adverse trade balance. This is despite a progressive increase in imports during the last few years and it is perhaps surprising that Thailand's expanding market for a wide range of goods does not receive more attention from British manufacturers.

Rice and rubber continued to be the main sources of export earnings, but not to the same predominating extent as a few years ago, and shipments of maize, tapioca, jute and kenaf continue to increase. Tin has again made its valuable contribution and new exchange earners are appearing in the form of groundnuts, kapok, eggs, hides and skins and livestock. The variety of these exports helps to offset the danger to the economy of a primary producing country by fluctuations in world commodity prices. Inasmuch as Thailand has increased its exports by fifty per cent in total value during the past few years it has every reason to be proud of its progress.

Statistics can only tell part of the story however, and the real criterion by which a country's economy must be judged is the living standards of its people. Obviously in some parts of Thailand living conditions are less favourable than in others, but the general standard is rising and prices of staple commodities remain steady. Food is plentiful and there is sufficient purchasing power to stimulate demand for a wide variety of imported goods, which again serves to emphasise the opportunities for trade with Thailand. It is still a good field too for the foreign investor, for the liberal policies of the Government should assure continued economic progress and the only qualification one could make to this is the increasing political uncertainty in the area, particularly in respect of the ominous trends in Burma and Cambodia, its neighbours. Thailand, however, remains a firm supporter of SEATO and conversely gains strength from that association.

Vietnam

The military coup of 1st November which overthrew the Government of President Ngo Dinh Diem was not unexpected, but nevertheless most people were surprised by its timing and the efficiency of its planning. For some months the political situation in the country had been deteriorating and in particular the religious discrimination against the Buddhists was unpopular at home and abroad. A series of tragic and unpleasant incidents culminated in August in the imposition of martial law and the arrest by special security forces of large numbers of Buddhist monks. Subsequently, until the Diem regime was finally overthrown, repression continued and discontent spread rapidly. Thus in a country which is probably best suited to a benevolent dictatorship the reaction to autocratic and dictatorial methods was such that the coup was well received and normal conditions were restored within a few days.

The new Government, a revolutionary military council headed by General Duong Van Minh, inherited tremendous problems but had the advantage of strong American support and the restoration of the economic and military aid that was cut when the late President was in disfavour. The new regime had, however, hardly settled in when there came a break with France over that country's recognition of the People's Government of China followed quickly by a bloodless revolution led by General Kanh, one of the leaders concerned with the earlier *coup d'etat*. It is too early yet to see what form the new regime will finally take but it must make great efforts to win the confidence of the people at a time when the Viet Cong are doing their utmost to achieve some form of decisive success before a settled Government has an opportunity of putting its policies into operation. Fighting of one kind or another had been going on in Vietnam for over twenty years and the present struggle against the Viet Cong has continued since 1954. It is not surprising, therefore, that war-weariness tends to be prevalent and little is done to stop the infiltration of men and materials from neighbouring States to assist the rebels. Thus, in conditions which are ideal for guerilla operations, the successful outcome of the struggle against the Viet Cong must depend on the Government's ability to attract and keep the support of the population. The economy of the country must necessarily continue to suffer during the state of war and as terrorist activity increases so does trade diminish. Increased Viet Cong pressure means increased difficulty in communications and in the transport of goods, and while it is encouraging that the change of Government and the resumption of American aid stimulated trade the country is now faced with yet another change of Government. If Vietnam is to gain full value in exports from its rich agricultural potential, the new Government must take early and aggressive action against the rebels. Only by clearing areas and providing protection on the roads and waterways will the surplus from the increasing rice crop be transported to Saigon and other coastal cities for shipment. It is these rice exports, which last year were 300,000 tons, and the continuing shipments of rubber which have mainly been responsible for Vietnam maintaining its foreign exchange reserves at around £60 millions. The other important factor in this not unsatisfactory position is the extent to which aid from the United States finances Vietnam's imports and, although there is a gradual move for the country to be made more self-supporting economically, and it now finances two-thirds of its requirements, it will be many years before it can dispense with outside assistance.

One of the urgent problems at the moment is to curb the inflationary trend generated by a budgetary deficit and reflected in the increase in the money supply and the new Governor of the National Bank of Vietnam has already taken steps to this end, including the introduction of a better tax collection system and a more stringent fiscal policy. If these are successful and the plans for increased agricultural production are not sabotaged by rebel activity the future should be reasonably bright, but once again all seems dependent upon further and continued successes against the Viet Cong.

Cambodia

The last two months of 1963 showed violent changes of policy in both the political and economic spheres which could have the most far-reaching effects on the future of Cambodia, and in fact this area of South East Asia. For some time there had clearly been friction in Cambodia's diplomatic relations with the United States and Great Britain, but that Prince Sihanouk should follow his accusation that the United States was directly involved in radio broadcasts from South Vietnam and Thailand by rebel groups by severing diplomatic relations with the United States and renouncing aid, was a surprise to all. It was equally surprising that he should follow this by a bitter attack upon the British and the closing of the Cambodian Embassy in London.

Cambodia is a small country and, possibly because of this, the Prince has often made dramatic announcements and threats with the intention of catching the immediate and earnest attention of the major powers. He has, too, often openly expressed his disapproval of communism and not hesitated to suppress local communists when necessary, and apparently his sole desire has been to secure Cambodia as a neutral kingdom. It was possibly because of the Prince's unpredictable reaction to political events that Western diplomats on this occasion failed to gauge to the full his extreme sensitiveness, and for the time being at least there

is a complete break with the Western world. Whether this does, in fact, mean alignment with China is by no means certain and this may be dependent upon the trend in military action in South Vietnam, relations on the Thailand border and the extent to which France is prepared to fill the vacuum. Even now a guarantee of Cambodia's neutrality by the Western powers could change the situation.

In the economic sphere drastic changes quickly followed the threat to renounce American aid and Prince Sihanouk announced plans for the take-over of the import-export sector from 1st January 1964 and of the banking sector from 1st July 1964. French interests are the most heavily affected and, contrary to first impressions in their community, it now seems certain that these measures for State control of financial and economic affairs will be carried through to the end. Concurrently with the winding up of existing businesses the Government, to attract capital for new industries, has announced its preparedness to give guarantees of non-nationalisation for periods of up to fifteen years and also various tax exemptions.

Prince Sihanouk remains extremely popular in the country and the progress that has been made during the past few years has to a great extent been due to his encouragement and leadership. It will be a tragedy if, by the imposition of an economy on the communist pattern, all these achievements are nullified.

The Philippines

A further year under the leadership of President Macapagal should have confirmed the Philippines' position as an outstanding example of political and economic stability in a troubled area. That performance has not fully justified expectations is due partly to the President's inability to secure the success in the senatorial elections necessary for the implementation of his socio-economic programme and to the swing away from the West in foreign policy. Filipino statesmen have, by perhaps somewhat devious methods, endeavoured to identify themselves as Asians and as leaders in Malay countries by the formation of Maphilindo. This concept collapsed on the country's non-recognition of Malaysia and instead the cultural and trade alliance with Indonesia creates, perhaps wrongly, an impression of an anti-communist Philippines being allied with a communist Indonesia against an anti-communist Malaysia. In the meantime there is an indication that the Filipino First advocates are once again becoming vociferous at a time when the Government is making efforts to persuade the United States to revise the Laurel-Langley agreement where it hurts the Philippines and at a time when New York bankers are being asked to back a U.S. dollar loan.

Any disappointment in or criticism of the economic trends can only be directed at the high Government spending and the serious inflation, for the country's overseas trade has been satisfactory and external reserves are higher than they were a year ago. The budgetary deficit may have been swollen by costly measures in an election year and by reduced revenue through the five months' dock strike, but even so at three hundred million pesos it is very high and may mean new taxation and an upward revision of the basic wage, or even food subsidies. The rise in the cost of living will not be helped by the proposed Retail Trade Act which, ostensibly designed to oust the Chinese from their prominent position as shopkeepers, has now been found to have such wide application that it might even increase appreciably the cost of distribution of oils and fuels and of the bunkering of ships.

The Central Bank of the Philippines is endeavouring to counter the twenty-six per cent increase in the money supply over the year by tightening reserve requirements from banks and by the curtailing of rediscount facilities. Where this is not effective Government funds are withdrawn from the local commercial banks in an attempt to stop, amongst other things, unproductive enterprises such as the erection of luxury buildings. Another counter-inflationary measure is the ending of local banks obtaining finance from abroad by means of stand-by letters of credit. In any case, rumours of devaluation affected the rate for forward dollars and made the business too expensive. There seemed little point to these rumours for the external trade position is healthy and, if the country could only achieve the increased rice production which is within its power, the international balances should rise steadily. I am glad to finish on this encouraging note for much has been achieved in the Philippines during the last year and 1964 should see further economic advance, particularly if there is a trade boom in the United States.

Our own operations were a little more encouraging last year but conditions are not easy. Four new banks opened up during the year, bringing the total of local banks to thirty-five, and excessive competition between them must impair their prospects and the Central Bank may later on be forced to insist on amalgamations.

Hong Kong

A year with no political developments of any significance but one in which an acute water shortage could have affected health and industry might have produced very mixed results for the Colony's trade and economy. As it was, an rather unexpectedly, Hong Kong's external trade reached record levels and increased revenue under nearly all heads turned a budgeted deficit into a useful surplus.

It was the traditional markets in the United Kingdom and the United States that in the main absorbed the increased exports and the significance of this, and possible danger, is not lost on Hong Kong manufacturers who are strenuously trying to develop new overseas markets. It is realised that although the United Kingdom's failure to enter the European Economic Community (E.E.C.) has postponed the possible elimination of Commonwealth preference, by 1967 a number of Hong Kong's European competitors will have duty-free access to the British market through the European Free Trade Association (E.F.T.A.). In the United States too the stresses of internal pressure by interested groups are always unpredictable. In looking farther afield for new markets the diversification of local industry that has taken place may assist, but the rising cost of Hong Kong's labour is eroding much of the former competitive price advantage. The Government too has shown that it has this problem of finding new markets well in mind by encouraging trade missions to Europe and elsewhere, and there is now talk of a system of credit insurance that would give greater incentive to the exploitation of the more difficult and less creditworthy markets.

Fortunately for Hong Kong the textile industry, which accounts for more than half of the Colony's exports, took full advantage of the absence of international interference to increase production and shipments. This fine performance, which is a credit to the leaders of the industry, was helped to a great extent by the consolidation and lower production costs achieved during the highly competitive and difficult situation that arose in 1962 and, with the quota system operating reasonably well in the all-important British and American markets, it was possible to plan production well ahead and to concentrate on meeting the demand for goods of higher quality and price. As a result there is no longer any excess spinning capacity and this section of the industry has initiated plans for some expansion. The textile testing service introduced by the Federation of Hong Kong Industries in collaboration with the British Retail Trading Standards Association should be of great assistance in improving the quality of Hong Kong goods and in facilitating their marketing overseas. Probably the greatest increase as such during the year was achieved by the plastics industry which has steadily developed its range of products and now employs about ten per cent of the Colony's labour force. Unlike the textile industry whose markets are subject to constant pressure from restrictions imposed by the importing countries, Hong Kong's exports of plastic goods are shipped to a wide range of markets and, as they have a high labour content, the industry is relatively less susceptible either to political pressure or commercial competition. Japanese interests are pressing forward with plans for expanding production of transistor radios in the Colony, while the local steel rolling industry has enjoyed a better demand for its products than for some considerable time.

In my opening paragraph I mentioned the water shortage but although it has been necessary to restrict supplies for industrial purposes so far production has not been seriously affected. The tourist trade may have suffered to some degree but the number of tourists visiting Hong Kong has continued to increase and the hotel accommodation has doubled during the year. The bulk of the population at present is supplied with water for four hours only every four days and the Colony is now increasingly dependent on water carried by tankers from the Pearl River; a very expensive business. The Government is pushing forward with plans to enclose Plover Cove which will double the storage capacity, but as so far there has been insufficient water to fill the Shek Pik reservoir which was opened this year the immediate need is not so much increased capacity as more rainfall.

For another year private investment in the building of offices and residential accommodation has continued undiminished although it is becoming difficult to dispose of luxury flats and the emphasis is now more on providing low-cost accommodation. Prices of industrial land continue to rise except in outlying areas, indicating that there is still a large demand for factory sites despite the extensive areas of Government land which have been made available.

When, fortunately, economics rather than politics make the news it is easy to give an impression of drabness, but nothing could be further from the bustling Hong Kong scene in which the industry of its people, in an atmosphere of orderly control, gives an impression of underlying confidence and progress.

China

In China 1963 was a year of consolidation with signs that the policy of agricultural expansion was succeeding. The elements were a little kinder than in the three or four preceding years, but even so less flood, drought and other difficulties did not entirely account for the more plentiful food supplies in the large cities and the lower prices on the free market.

Quite clearly China's leaders are now gearing industrial development to agricultural production and with something like a proper balance between these two there is every reason to believe that there will be an increase in the range of manufactured items and in the general quality. The outcome, given reasonable conditions for the crops, should be a higher export target and some lightening of pressure on the people and an improvement in their living standard.

Once again China paid its commitments on the early Soviet loans and when, in 1965, this indebtedness is cleared the country should have increased ability to buy abroad. Present indications are that purchases will be diversified and placed in the cheapest markets and may include technical know-how as well as specialised machinery.

Our Shanghai office continues to do useful business in connection with the financing of China's overseas trade.

Japan

Questions in regard to Japan are nearly always in relation to its economy and seldom in respect of its politics, which suggests that the world at large takes its political stability for granted and it is no doubt right in so doing. By comparison with other countries Japan has few external problems and its policy must necessarily be to remain on good terms with all in order to keep selling and to increase its selling in overseas markets. In this context its most difficult task at the moment seems to be to avoid strained relations with Generalissimo Chiang Kai-Shek whilst recognising the People's Government of China and at the same time not offend its most important customer, the United States, by this trade-inspired switch. Notwithstanding these policies of expediency Japan still stands firmly alongside the Western world and endeavours to exert a steadying influence in South East Asia, although the less-than-lukewarm reception of Mr. Ikeda's goodwill mission in Asian centres shows that there is still a lingering distrust of Japan's intentions.

At home Mr. Ikeda, after sharp criticism from outside and within his own party of his economic policy and the spiralling prices of consumer goods, went to the country and was re-elected in November with an overwhelming majority. This enabled him to take a stronger line for co-operation and unity within the party and the Liberal Democrats can now concentrate on his programme for doubling the national income between 1960 and 1970.

This policy is still based on economic growth by heavy investment in industry and the successful modernisation of the Japanese economy has been one of the most notable features of the past decade. This has now made it possible for Japan to approach the final stages of freeing the external trade and payments system to bring it into line with other leading industrial countries operating a free economy. Most of the restrictions regulating imports have already been removed and the invitation which Japan has accepted to become a member of the Organisation for Economic Co-operation and Development (O.E.C.D.) carries with it an obligation to continue moving towards freedom of trade and external payments. The culmination of this process of removing the protective cover which has partially shielded the Japanese economy from the full blast of international competition will come in April, when the yen is to be made fully convertible in current transactions in terms of Article 8 of the International Monetary Fund Agreement. This important decision shows that the Japanese authorities are now satisfied that when trade deficits cause loss of external reserves the balance of payments can be restored by monetary measures alone, without resort to exchange controls. Full convertibility of the yen may, however, mean greater restraint in extending credit, which may in its turn mean a less spectacular rate of economic growth.

All these economic changes could only be undertaken by a country with strong exchange reserves and a favourable trading account, and although in 1963 increased consumer spending and a need to use the excess productive capacity created during the previous investment boom boosted the import bill by almost twenty per cent, record exports plus an inflow of foreign funds produced a favourable balance for the year. Some slight doubts must, however, exist regarding the future trend as Japan cannot look with certainty on the receipt of foreign funds, whilst the volatility of Euro-dollar deposits is always a danger and the effects of the U.S. interest equalisation tax on purchases by American citizens of foreign stocks have yet to be felt. Policy in respect of United States military spending abroad is likely further to reduce Japan's exchange earnings from this source.

However, Japan is entitled to expect the elemination of discriminatory restrictions against its goods in foreign markets and, with the probability of successful negotiations to this end, the prospects of the country would seem to depend more upon containing the demands for higher industrial wages and preventing further rises in price levels. Perhaps the overlending by commercial banks and the tight-money policy already followed give too little manœuvrability in this respect if the expansion goal is to be achieved.

New York

Economic pointers in the United States are more widely studied than those of any other country for the nations of the free world are all dependent to a greater or lesser extent on the state of the United States' economy. Fortunately the increased tempo, which began about the time when the late President Kennedy took office three years ago, shows little sign of slackening and still has enough momentum for one to see 1964 as a year of expansion; particularly as the effects of tax reductions and the present high liquidity and strength of the leading industrial companies should begin to be felt. These companies too have further expansion and inventory building capacity in their credit lines with the banks and additional borrowing would present little difficulty. What is more of a problem of the banks is the shrinkage of their profit margins which is brought about mainly by the fierce competition between themselves and unfortunately the fears of legislation against monopolistic practices prevent the obvious remedial action being applied.

The main difficulty confronting those responsible for economic policy is still to reconcile internal expansion with the reduction and elimination of the deficit in the country's external payments. The outflow of gold was markedly reduced during the second half of 1963 and in any case the authorities seem to produce their figures in a manner which puts the worst light on the situation and it is difficult to see, for example, that the Euro-dollar market is the complete liability that it is made out to be. Even so, it is only American investment abroad and the generous aid given to developing countries that turns a healthy trading position with increased exports into an adverse balance. One can only admire the strength of an economy which can stand up year after year to such tremendous national defence and international expenditure and can still afford to make gifts of, or sell for unremittable currency, about one-tenth of its exports.

The challenge of New York to be the world's leading capital market received a setback, perhaps temporarily, from the interest equalisation tax announced in July, but it has such a vast reservoir of funds that it must always be, with London, the centre of world finance.

Hamburg

The retirement of Dr. Adenauer was the end of an era and with Professor Erhard as the new Chancellor a change of mood in political matters is apparent and even in the most conservative circles there is greater hope of relaxation in the stresses with Eastern Germany and of the easing of conditions in Berlin. In economics too there is more optimism although it is still tempered with caution. A year ago costs were rising, industrial production was stagnant and pressure for high wages and conditions of full employment were steadily whittling down the competitive advantage which German industry had held in overseas markets. This, and the effects of the revaluation of the D. Mark in 1961, had brought the country's external payments into deficit, but last year the situation was reversed and, apart from January, the exchange reserves rose month by month. Amongst the causes that contributed to this somewhat unexpected change round was the inflow of foreign capital attracted by favourable interest rates and the strength of foreign demand for German goods, indicating that although German production costs were rising, inflationary pressures abroad, particularly in France and Italy, had forced costs there higher still. As this inflationary pattern in the European Economic Community (E.E.C.) seems likely to continue, the rising German exchange reserves may again threaten the stability of the international payments structure.

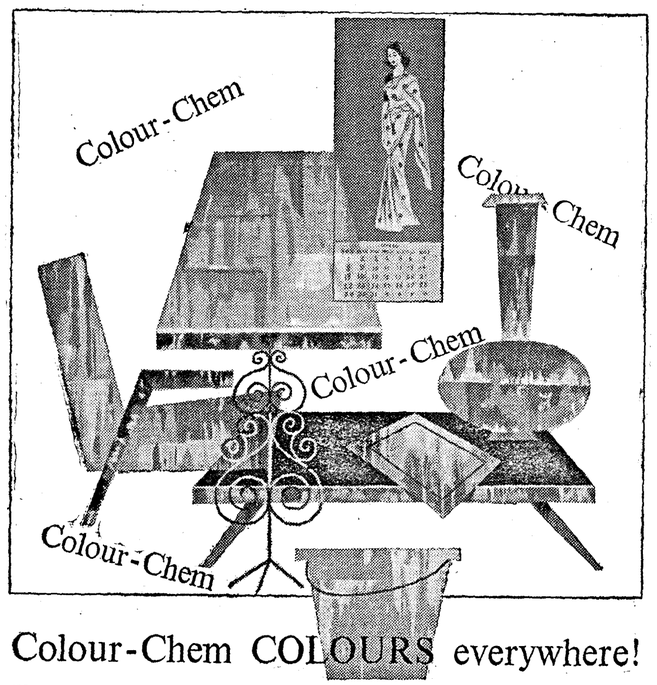
Professor Erhard strongly favours the maximum freedom in economic matters and the removal of barriers to international trade and there are encouraging developments with Eastern Europe and the Soviet bloc generally. German industry is also paying increasing attention to the markets of the East and our Hamburg branch is playing a useful part in the development of this business.

Conclusion

It will be apparent from this review that most Asian countries, notwithstanding generous grants of aid, still lack adequate foreign exchange for their development programmes and that reasonable progress can only be achieved if export earnings are improved. At first sight this might not appear too difficult, for international trade continues to grow, but significantly the trend is for the major part of that growth to be between the industrial countries, notably those in Western Europe. Nevertheless, in theory at least, primary producers in the developing countries should benefit from the steadily expanding demands of industry for raw materials, and the tendency for commodity prices to rise. This tendency is, however, by no means uniform for whereas tin and sugar have found better markets the price of rubber, for example, has steadily declined, and rubber is a very important exchange earner for many South East Asian countries. The lower price of the commodity has not only had an adverse effect on export earnings but has adversely affected the Government revenue needed for the local expenditure on development schemes.

There are thus grounds for anxiety that the industrial countries will continue only to expand trade amongst themselves and even to discriminate against low-cost Asian manufactures, which would leave the developing countries further and further behind in the movement towards higher living standards. If the industrial countries allow this to happen they may not only encourage political unrest but may lose markets with enormous potential from rising living standards in these populous areas.

This problem will undoubtedly face the forthcoming United Nations Conference at Geneva on trade and development and if trade barriers are to be removed much will depend upon the attitude of the European Economic Community (E.E.C.) to such important matters as the preferences at present enjoyed by the former French dependencies in Africa in their trade with the Community. Help may also come from a general lowering of tariffs through what is known as the Kennedy round, but finally whether the living standards in developing countries are raised will depend upon the willingness of the industrial countries to open their markets to these new nations of the East.



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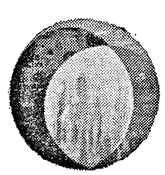

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PROGRESS OF TRANSPORT SCHEMES

UNION MINISTRY'S REPORT FOR 1963-64

THE Union Ministry of Transport is responsible for the administration of several related subjects—namely, road transport, major and minor ports, shipping and shipyards, lighthouses and lightships, inland water transport, road development including National Highways, tourism, civil aviation, air corporations, the Meteorological Department, Railway Inspectorate and Co-ordination of different means of transport, including railways. For the sake of administrative convenience, the Ministry functions as the Transport Wing, the Roads Wing and the Department of Tourism. Its latest annual report, that for 1963-64, contains an authoritative review of progress and developments in the sector of "transport and communications." Some of the more important data given in the report are highlighted in this article, so that a fairly up-to-date view of the country's progress in one of its basic sectors may be obtained by the reader.

To take road development and road transport first. According to the Planning Commission's mid-plan appraisal published during the year under review, the total length of surfaced roads in the country is expected to increase from about 147,000 miles on 1st April 1961 to 172,000 miles by the end of March 1966. During the first two years of the Plan, about 11,000 miles of surfaced roads are estimated to have been added to the road network of the country. No estimate of the addition in the third year, that is, 1963-64, to the surfaced road milage is, however, available in the Ministry's report.

Thanks to the approval of additional road development programmes, the aggregate outlay on roads in the third Plan now stands at about Rs. 416 crores, as against Rs. 324 crores envisaged at the commencement of the Plan. Of this revised provision, the outlay on road schemes included in the Central sector comprising National Highways, Centrally-aided State roads and certain roads other than National Highways in Sikkim works out to Rs. 175 crores, as against Rs. 106 crores provided originally. The Ministry's report has provided an account of developments in this Central sector only.

National Highways

The National Highways Programme of the Central sector seeks to concentrate attention mainly on developing the existing N.H. system by constructing missing road links, bridging unbridged river crossings and improving the existing low-grade sections. The programme provides for the construction of about 300 miles of missing road links, 85 major bridges and the improvement of nearly 3,000 miles of low-grade sections. Including the work done during 1963-64, the achievement so far under the Programme comprises the construction of nearly 120 major bridges and the improvement of nearly 1,200 miles of low-grade sections. The estimated expenditure on original N.H. works in the year under review is Rs. 34.4 crores, as compared with Rs. 17.4 crores in 1962-63 and Rs. 9.8 crores in 1961-62. The increased expenditure in 1963-64 has been rendered possible largely by the International Development Association's credit (Rs. 29 crores) intended for the financing of certain specified N.H. works in the States of West Bengal, Orissa, Maharashtra and Bihar, as well as the Eastern Express Highway in Bombay. Incidentally, all the works covered by the I.D.A. credit are scheduled to be completed by September this year. As for roads other than National Highways in the Union Territories, including Nagaland and Sikkim but excluding Goa, Daman and Diu and Pondicherry, actual expenditure on original works in 1963-64 is estimated at Rs. 2.2 crores, as compared with Rs. 4.1 crores and Rs. 48 crores respectively, in 1961-62 and 1962-63. Centrally-aided roads of inter-State or economic importance have accounted for an expenditure of Rs. 3.7 crores in 1963-64, as compared with Rs. 3.5 crores and Rs. 4.1 crores, respectively, in 1961-62 and 1962-63.

In the field of road transport, some noteworthy developments have taken place in the year under review. Firstly, a study group has been set up to examine the procedure for the assessment and collection of motor vehicles tax, goods tax and passenger tax in respect of vehicles operating on inter-State routes in the different States and recommend a simple and uniform procedure in order to eliminate inconvenience and delay to inter-State transport, without affecting the revenue of the different States concerned. The group will also recommend a reasonable basis or formula for the division of the proceeds of the taxes from inter-State transport among the various States concerned. Secondly, the Motor Vehicles Insurance Committee, set up by the Government of India last year, has submitted its report. The Committee has recommended the creation of a Central Fund for compensating victims of accidents in certain circumstances and compulsory insurance against damage to third party property to a limited extent (Rs. 2,000). The Fund, which will be administered by the proposed National Road Safety Council, will compensate innocent victims of accidents involving uninsured or ineffectively insured vehicles. Thirdly, steps have been taken to convert a suitable number of temporary permits, under which public carriers are operating on long-distance routes, into regular permits. The Inter-State Transport Commission has determined the number of regular permits required for certain routes and has issued directions to the State Transport authorities concerned for the issue of the permits. The Commission has also laid down the criteria for the selection of operators for the grant of regular permits for long-distance routes. It has further recommended to the State Governments that inter-State permits might be granted freely to tankers lorries carrying petrol, oil and lubricants, subject to the condition that the operation of the vehicles is from point to point and is restricted to a distance of 300 miles or less.

Ports and Shipping

In the related fields of ports, shipping, shipyards and lighthouses, progress during 1963-64 was generally satisfactory. As for ports, statistics of the total traffic handled by the major ones among them are available only for 1962-63. The relevant figures are given below:

Name of major port	In million tonnes		
	Imports	Exports	Total
Calcutta	5.48	4.72	10.20
Bombay	11.08	4.86	15.94
Madras	2.59	1.20	3.79
Mormugao	0.11	5.35	5.46
Visakhapatnam	1.72	1.50	3.22
Cochin	1.06	0.40	2.36
Kandla	1.41	0.33	1.74
Total ..	24.35	18.36	42.71

The total traffic handled rose sharply from 33.9 million tonnes in 1961-62 to as much as 42.7 million tonnes in 1962-63 and must have easily exceeded 45.0 million tonnes in 1963-64.

The capital expenditure incurred on the development and modernisation of major ports in the first three years of the current Plan is presented in the following table:

(1 lakh=100,000) (Rs. in lakhs)

Name of major port	Capital expenditure in the first two years of the third Plan	Estimated capital expenditure in 1963-64	Total
Calcutta	998.3	739.6	1,739.9
Bombay	551.7	355.0	906.7
Madras	468.8	239.0	707.8
Mormugao	16.4	32.0	48.4
Visakhapatnam	264.2	362.0	626.2
Cochin	94.5	25.0	119.5
Kandla	160.8	87.0	247.8
Mangalore	2.5	76.0	78.5
Tuticorin	2.0	73.8	75.8
Total ..	25,59.3	19,89.4	45,48.7

The third Plan programme for the development of minor ports, involving an outlay of Rs. 11.5 crores in the Central sector, does not seem to have been progressing too well. Under this programme, loans are being given by the Centre to the State Governments to execute particular schemes. In the first three years of the Plan, only Rs. 1.1 crore has been advanced to the State Governments.

Shipping and Shipbuilding

In the sphere of shipping, the year under review witnessed satisfactory progress. Notwithstanding the foreign exchange difficulty, the Indian-owned tonnage continued to grow. At the end of November 1963, it stood at 1,213,000 G.R.T. This meant that the target of 1.1 million G.R.T. originally envisaged for the third Plan had been achieved 2½ years in advance. Credit for this largely goes to the Government which courageously went ahead with its decision to permit the entry of a new company, called the Jayanti Shipping Company, against the solid opposition of a section of Parliament and some of the existing shipping companies. Of the total tonnage at the end of November 1963, coastal shipping accounted for 429,000 G.R.T., while the tonnage employed in overseas trades was 784,000 G.R.T. Nine loans were sanctioned by the Shipping Development Fund Committee to the Indian shipping companies in the first eleven months of 1963. These totalled Rs. 11.4 crores for helping the purchase of 20 ships in all. Incidentally, with a further loan of Rs. 4.0 crores in 1963-64 given by the Government to the Shipping Development Fund Committee, the total resources of the Committee have aggregated Rs. 27 crores. Another notable thing about 1963 is that, out of a total quantity of 861,000 tonnes of cargo for which the Shipping Co-ordination and the Chartering Organisations were asked to arrange shipping space, the cargoes allocated to Indian ships aggregated 396,000 tonnes, representing 46 per cent of the total. It is claimed in the Ministry's report, in this connection, that no cargoes were allotted to foreign vessels unless they had first been offered to Indian vessels.

The report has recorded that the performance of the Hindustan Shipyard, Visakhapatnam, touched a fresh peak in 1963-64 in terms of value of output. But no estimate of the aggregate value of output during the year under review is to be found in the report. It is claimed that the cost of construction of successive series of ships has shown a welcome and progressive decline and that the subsidy part of the cost of a ship has come down to 19 per cent, as against the previous figure of 26 per cent. The third Plan programme for the development of the Yard, involving an outlay of Rs. 2.4 crores, has been under implementation since last year when a part of the programme, costing about a crore of rupees, was approved. The net profit of the Yard in 1962-63 was only Rs. 36,752, after providing a sum of Rs. 23 lakhs for depreciation. As for the second shipyard at Cochin, work on its construction is yet to begin, for even land acquisition for the site is not wholly completed. The third Plan programme for lighthouses and lightships, involving an estimated outlay of Rs. 6.0 crores, has been satisfactorily under way.

Inland Navigation

In the field of inland water transport, the Ganga-Brahmaputra Water Transport Board was asked to handle coal transport. But only 1,538 tons of coal were handled in four round trips during the year under review. The movement of coal by river was later suspended as it proved uneconomical. So Mr. K. D. Malaviya's boast, made with a lot of fan-fare, that he could move quite a few million tons of coal by river transport has proved an empty one.

Tourist trade in 1963 had slightly improved in 1963 when a total of 140,821 foreign tourists visited India, as compared with 134,360 in 1962. The increase of 4.8 per cent in tourist arrivals was too small. It reflected little or no success in attracting foreign tourists. This is not surprising, for the third Plan schemes for the development of tourism do not seem to have progressed well enough. That a total of only Rs. 86 lakhs, out of the third Plan allocation of Rs. 3.5 crores in the Central sector for such schemes, has been spent during the first three years, tells its own story.

TIN RESEARCH IN 1963

The report of the work of the Tin Research Institute (Greenford, Middlesex, England) during 1963 has something useful to say about all the main applications of tin. The chemical aspects of tin are rapidly becoming more and more important both on the theoretical side and in industry. Researches on the chemistry of tin, especially organotins, are being pursued now in dozens of universities throughout the world and also by the Institute's own team of workers at Utrecht where much of the modern interest in the chemistry of tin may be said to have originated. Industrial research laboratories are eagerly following up the applications in plastics, fungicides, and hospital disinfectants, and all the work should call for increasing tonnages of tin in the near future.

Wider practical experience has fully endorsed the value of tin in cast iron as a means of improving mechanical properties and wear resistance, and the report gives a long list of cast iron products in which tin is now regularly incorporated. Encouraged by this success, the Institute is now seeking to find out under what conditions tin may be beneficial in certain steels.

The Tin Research Institute and its seven offices in other countries maintained its free advisory services to industrial users of tin and distributed its publications widely. The Institute's quarterly journal *Tin and Its Uses* is available not only in French and German editions, but also in Spanish.

Mitsubishi Shipbuilding and Engineering Company Ltd. of Japan, recently began shipping to the Soviet Union machinery for a pulp plant. The complete plant costs approximately $20 million. The machinery for the plant will weigh about 10,000 tons. The machinery contained in the first shipment weighed approximately 1,500 tons.

NEW PRODUCTS AND PROCESSES

Mould Temperature Control

BOE-Therm and Cool-O-Matic are two new names in the field of mould temperature control. They are manufactured by Messrs. Elof Hansson A/S. of Denmark. Boe-Therm is constructed to be used in connection with moulding of plastics that require a high mould temperature in order to obtain dimensional stability and satisfactory finish. When moulding a great many of the new plastics such additional supply of heat is an obsolute prerequisite for a satisfactory finish to most parts, and when moulding ordinary plastics a supply of heat will diminish the number of scrap-shots considerably. As the two mould halves will demand unequal supply of heat due to unequal loss of heat (e.g. influenced by the cylinder), a valve has been built in to throttle the supply of oil to the mould half wanted. For cooling of the oil and thus of the mould a heat exchanger has been built in, the cooling water supply to which is controlled by the thermostat by a solenoid valve. Boe-Therm can be delivered as type 150 with a temperature control from 20 to 150° C and as type 250 with a range from 40 to 250° C. Cool-O-Matic is a transportable unit, developed to meet the requirements for effective, automatic and accurate control of the temperature in dies, moulds, rolls etc. in a greater range than at present. Cool-O-Matic is divided into two zones, zone I with a cooling effect of 4,200 kcal/h and zone II with a heating effect of 4.5 kW. Zone I regulates the water temperature from −5 to +40° C, and zone II from 0 to 90° C. Two mould halves may have the same or different temperatures. By use of Cool-O-Matic it is possible to reduce the moulding cycle considerably and so obtain higher production rates. Tests have shown a decrease of 20-40 per cent. For some plastics more transparent parts have been obtained, and it is possible to ensure that the moulded part remains on the correct side.

Automatic Silk Screen Printing

A Danish firm, Messrs. ERIK MEYER, has produced a range of semi-automatic and fully automatic silk screen printing machines for the plastics industry. The MEYER M 3 machine is intended for printing of round, conical and oval bottles which can be operated manually or semi-automatically. It offers perfect printing in an exceptionally steady procedure. The MEYER M 5 machine has been developed specially for manual and semi-automatic printing of rectangular bottles. It is a non-expensive machine which is being used by many Scandinavian bottle producers with great success, especially for limited numbers and for difficult jobs which could not be solved satisfactorily with other machines. The MEYER M 10 is the latest model. It is fully automatic, and it has been designed specially for rectangular bottles of polyethylene. The capacity is 2,000, 2,500 and 3,000 prints per hour, and the length of the drying belt is 2,300 mm. The bottles may have a width of 45-105 mm., a length of 140-270 mm. and a thickness of 25-80 mm. It is equipped with a flame treatment arrangement and with a drying device for quick-drying inks. The machine works mechanically, and it has been constructed for rapid changes from one bottle size to another. It is equipped with a specially adjustable squeegee head which ensures sharp impressions even on difficult items. A number of M 10 may be placed in line for the printing of several colours in one procedure. Messrs. Erik Meyer also manufacture machines to customer's specifications, e.g. silk screen printing of ball-point pens, odd-shaped items, etc.

Anhydrous Milk Fat

An Australian process for the production of anhydrous milk fat could possibly be applied in many countries where reconstituted milk and milk products are extensively used. The new process, now in commercial operation at the Deloraine, Tasmania, factory of The North Western Corporation Dairy Company Limited, makes possible, for the first time in Australian dairying history, production of anhydrous milk fat direct from choice grade cream. The scientific nature of the process enables the highest quality and control standards to be maintained and has the additional advantages of being much more economical. The new product gives an outstanding purity of 99.8 per cent milk fat with a moisture content as low as 0.05 per cent. Because of these factors, it has exceeded all expectations and created trade interests in many countries. Substantial export orders have already been obtained. The plant, first established at Deloraine in October, 1962 is now working to full capacity to supply the orders of reconstituters of milk and milk products. Principal advantages arising from the new process are a substantial saving in costs and minimising of butterfat loss during processing. An advantage in many markets is that because of its low water content, low temperature refrigeration is not necessary. Its storage life of at least six months has also won acclaim in areas where supply difficulties prevail. The new anhydrous milk fat process resulted from the foresight of Mr. G. H. Lavery, Managing Director of David Lavery & Son of Melbourne, a large exporter of dairy products. Development of the process was the work of the Division of Dairy Research, Commonwealth Scientific and Industrial Research Organisation. David Lavery and Son is keen to enter into joint ventures with milk and milk product reconstituters in any part of the world, even to the extent of financing plant erection, supply of machinery, technical information, or export supplies of anhydrous milk fat.

New Oxygen Steel Process

Hoesch, the German steel concern, is adding a new variation to the oxygen steel-making processes, the best known of which is the L-D process. Essentially it consists of wedding the L-D technique, which dispenses with the use of scrap, to the open-hearth technique in which scrap is essential. The latter can cope with iron made of ores containing phosphorous whereas the former cannot. By marrying the two, it is claimed, ores containing phosphorous can be used. Hoesch propose to build at a cost of about £2.2 million two L-D convertors of 60 tons capacity each to work in conjunction with four existing 200-ton open-hearth furnaces at its works in Dortmund. The open-hearth furnaces will be fed molten metal from the convertors, topped up with scrap. The proportion of scrap used can be varied, making it possible to take account of the market price of this material prevailing at any given time. It is claimed that the monthly capacity of the works can be increased from the present 66,000 tons per month to 100,000 tons by the new process because the time each charge needs in the open-hearth furnaces will be reduced.

Work Efficiency Analyser

Provisionally patented low-cost equipment specially developed for checking order desk efficiency, work loading of central dictating systems, internal and external telephone line loading, production line loading and the work norm of large servicing organisations is to be marketed by Lede, of Northway, Bracknell, Berks. It is also expected to find many uses in Organisation and Methods offices as a cycle and event counter. The analyser indicates automatically the loading of the communication system and will indicate where efficiency can be improved and where economies can be effected. It will also indicate the "free time" of a group of telephone lines over a selected time period and thus check that the exchange is not rejecting calls. The unit is portable, completely self-contained and fully automatic and does not require highly skilled operators.

New Method to Dispose of Chemical Residue

The search for a way to dispose of the chemical residues from the production of materials such as plastics, insecticides, and refrigerants has been one of the chemical industry's longest and costliest projects. The simple answer may well lie in a combustion and absorption system being marketed by Union Carbide Corporation under an exclusive licence from Hooker Chemical Corporation, it was revealed at the Chemical industries Exposition held recently in New York City. Chlorinated and fluorinated hydrocarbons are the worst of the bad actors. Not only are many of them hazardous, but their organic structure cannot be broken down by bacterial action—they are non-biodegradable, as the chemists say—and lead to pollution of the streams into which they find their way. Two methods of getting rid of hydrocarbons, both chlorinated and fluorinated, have traditionally been used; (1) they have been fed into settling ponds, or (2) they have been buried in steel drums. The first technique requires a considerable investment in land, and still runs the risk of stream pollution and ground water contamination. The second method entails obvious expense, and if the drums eventually rust away, ground water contamination could again result. Conventional burning of many of these residues is not possible because they will not support combustion at ordinary temperatures. Now, after four years of successful operation of development-and production-scale facilities, a feasible residue disposal system on which a number of United States patents are pending, has been developed for processing residues with a chlorine content as high as 90 per cent. The two-part system includes a high-temperature combustion chamber and an absorption system than can be designed to recover commercial strength halogen acids. Drawing on its years of design and production experience in chemical process systems, Union Carbide will manufacture and install complete residue disposal systems as a "turnkey" basis. The reaction chamber is actually a giant heat interchanger consisting of an inner downdraft chimney and a covered outer shell, the combustion reaction taking place near the top of the inner chimney. Because the combustion of chlorinated hydrocarbons in the Hooker reactor takes place at from 1,650 to 2,370 degrees F., (898.9° to 1,298.8° C.) auxiliary fuel is used for start-up. Once the inner wall reaches operating temperature, no further fuel is required. Residues enter the hot reaction zone and liberate large quantities of heat upon burning, maintaining the temperature of the chimney. Thermal equilibrium is attained by using this heat to preheat combustion air flowing upward in the annulus between the shell and internal chimney, down through which the hot gases are being discharged. It is this interchange of heat eliminating the need for auxiliary fuel, that makes the process so economical. Special refractories, carefully selected for the application, are used to line the combustion chamber and to form the inner tube or chimney. When the residues burn, the only by-products formed are water, nitrogen, oxygen, carbon dioxide, and gaseous HCl. No chlorine, carbon monoxide, or hydrogen are discharged from the reactor.

The gases leave the rseidue reactor at approximately 1,600 degrees F., (871.1° C.) and are cooled adiabatically in a carbon tower spray chamber. They are then scrubbed in a packed carbon tower. Nitrogen, Carbon dioxide, and oxygen are vented to the air and the extremely dilute acid—usually approximately 1 per cent—can be discharged. Depending on the residue being disposed of, and the economics of the process, the absorber can be designed for the recovery of commercial halogen acids.

Emulsion-type Wood Preservative

Impressive tests of the penetrating power of Woodtreat, a wood preservative whose active ingredients are the fungicide pentachlorophenol and the insecticide dieldrin, were recently completed by two Government-sponsored laboratories—one in Berlin and the other in the Netherlands. The German tests proved that the penetration of Woodtreat into both wet and dry wood continues for several weeks after application. The Dutch laboratory compared Woodtreat with a standard 5 per cent pentachlorophenol solution. Wooden test blocks, exposed to severe fungal attack, were protected to a depth of only 0.08 inches (a mm.) from the treated surface by the pentachlorophenol, whereas Woodtreat penetrated the full 0.6 inches (15 mm.) thickness of the blocks and gave them complete protection.

The novelty of Woodtreat, which is made by *Preservation Developments Ltd.* of London, lies in its consistency: it is a thick, paste-like oil-in-water emulsion which sustains itself on the surface of timber for several days or weeks and acts as a reservoir from which the active ingredients find their way into the wood over an extended period. A single application of Woodtreat has been shown to give deeper and more uniform penetration and retention than 20 brushed or sprayed coats of an ordinary organic-solvent preservative containing the same pesticides.

The paste can be spread over the surface of timber with brushes or wooden paddles at a uniform thickness of 1/32-1/16 inch (0.8-1.6 mm.). However, because of its exceptional penetrating power it is possible, and usually more convenient, to apply it in bands or ribbons at intervals of 5 or 6 inches (13-15 cm.) using a caulking gun or compressed-air greasing gun. All cracks and drilled holes should be filled and end-grain, which is particularly vulnerable, should be covered all over with ⅛-inch (7 mm.) of the paste.

In addition to its use as a preventive treatment for new timber, Woodtreat has particular advantages in the maintenance of old buildings. For example, it can often be applied to exposed parts of timbers in order to protect other parts inaccessible behind decorative plasterwork. Likewise it can be packed into the space round the ends of joists or beams in walls without completely opening up the surrounding masonry.

Lift for Car Servicing

A four-post platform lift for vehicle servicing at two levels, with the wheels free and the maximum amount of underbody accessibility, is being produced by a British company, Kismet Ltd., Fenlake Works, Bedford, England. The platform is raised on four trunnion-mounted phospher-bronze nuts, engaged with a steel screw in each lift post. This gives a positive drive and ensures perfect levelling. The screws are chain driven, each pair being operated by a 3 h.p. motor complete with gear unit. The motor units are controlled by a "dead man" push button switch to ensure the presence of the operator whenever the lift is moving. Conventional lifts do not have this positive drive. In most cases the platform is suspended on cables which are winched and can stretch in time. The frame's contact post assembly is also unusual, the firm claim, as the swing arms which support the vehicle are completely adjustable and independent, unlike other lifts in which either cross members and jacks have to be used to give wheel-free facilities or special support frameworks have to be inserted beneath the vehicle. The arms, which can be altered in length without moving the vehicles, can also be tilted upwards freely in their guide blocks—this prevents toe tripping between the arms and platform.

Dictating Machine

A small dictating machine, produced by Dictaphone Co. Ltd., 17, Stratford Place, London, W.1., has been approved by B.O.A.C. for use aboard their airliners. It has been through tests which ensure that privately owned electrical equipment does not interfere with the safety of the aircraft in the air, especially with the aircraft's navigational aids. The machine, weighing 5 lb. and measuring 8¾ in. x 6 in. x 2 in. is battery-powered and gives four hours continual recording time. It is re-charged by plugging in to an a.c. mains of 110 to 240 volts. The manufacturers say that to achieve airline approval the machine had to pass stringent tests as laid down in a British Standard. It has already been approved by British European Airways and some other international airlines.

Automatic Spraying Machine

A spraying machine for the automatic decoration of metal or plastic bezels, such as are used on car facia panels, car accessories, electrical instruments, toys and clocks, is being manufactured by a British firm, Automatic Equipment Ltd., Daleside Road, Nottingham, England. The machine is easy to operate and requires only one unskilled operator. Spraying is performed upwards through a spray mask. Each article is placed face downwards in the mask and held in position by a clamp to ensure maximum contact with the mask. On pressing a foot pedal the spray gun follows the contour of the bezel applying a smooth even thickness of material. On completion of the spray cycle, the component is removed and the process repeated. Results, it is claimed, are consistently better than those obtained by highly skilled operators using conventional methods.

Pitch Fibre Pipes

Pitch fibre pipes, cheaper than cast iron, steel and glazed stoneware for land drainage, sewage, irrigation and electrical conduiting, will be produced in a new British factory which goes into operation later this year. Use of pitch fibre pipes results in other savings, say the firm, Pitch Fibre Pipes Ltd., 16 Grosvenor Crescent, London S.W.1. Because of the smoothness of the bore the gradient can be lower, resulting in less excavation work, and additionally they can be laid in any weather conditions because no cementing is involved. The joints are "dry driven"—made by driving the pipes together in a colon. The trench could be even full of water. This technique of joining the pipes also means that the trench can be narrower than it would if any cementing work had to be undertaken. Advantages claimed for the pipes include flexibility and resistance to chemical action, exceptional wearing properties, and comparatively lower laying costs.

HIGH COST OF BIG GOVERNMENT

By A Special Correspondent

THE need for enforcing strict economy in administration has been stressed in the budget speech by every Finance Minister of the Government of India since independence. But actually the costs of administration, far from going down, are steadily increasing. Especially after the commencement of planning, the administrative machinery has become vastly bigger and costlier.

In 1953-54, the administrative services of the Government of India absorbed Rs. 26.74 crores and the estimate for 1964-65 is Rs. 81.84 crores. The main heads under "Administrative services" are General administration, Parliament, External affairs, and Audit. Out of Rs. 81.84 crores estimated for 1964-65, the outlay on general administration is Rs. 19.51 crores, external affairs Rs. 16.48 crores, Parliament Rs. 2.42 crores and audit Rs. 10.59 crores. The expenditure on justice, police, etc., is relatively small.

The rising trend in expenditure on administrative services of the Government of India is shown in the following table:

	Rs. crores
1953-54	26.74
1954-55	30.62
1955-56	33.57
1956-57	38.06
1957-58	42.00
1958-59	48.10
1959-60	52.04
1960-61	58.68
1961-62	59.17
1962-63	75.18
1963-64 (Revised)	80.45
1964-65 (Budget)	81.84

A detailed analysis shows that the expenditure on general administration has jumped up from Rs. 8.62 crores in 1953-54 to Rs. 19.51 crores in 1964-65 (budget), audit from Rs. 4.81 crores to Rs. 10.59 crores and external affairs from Rs. 4.56 crores to Rs. 16.48 crores.

It is true that Government expenditure in the present day cannot be confined, as in the past, to functions like collection of revenue and maintenance of law and order. The Government nowadays has not only to look to the security of the country but also to promote actively the health and happiness of its citizens. All this will necessitate a big Government. But even allowing for this factor, it cannot be said that the people of India are getting the best out of their administration. Few will grudge the large outlay on Government, provided the administration is carried on efficiently and every effort is made to avoid waste and put public money to the most productive uses. This, however, is not being done in India.

Year after year, the reports of the Estimates Committee, Public Accounts Committee, the Auditor-General and other official and non-official bodies draw attention to instances of colossal waste and extravagance indulged in by Government departments but these "irregularities" are not taken seriously by Government. The Public Accounts Committee's 20th report, presented to Parliament on the 3rd March 1964, also reveals grave and glaring instances of misuse of public funds on the part of the Ministry of External Affairs, the Ministries of Food and Agriculture, Health, Home Affairs, Information and Broadcasting, Labour and Law. Of particular significance is the Committee's disclosure that the scheme of State trading in foodgrains has, since its commencement in 1943-44, resulted in a loss of Rs. 98.24 crores of which Rs. 46 crores have so far been charged to revenue. These revelations, however, are, as in the past, unlikely to have any impact on the administration.

But the time has come when public opinion in India must express itself strongly and persistently against administrative waste and inefficiency. The victims of inefficiency are not only trade and industry but the common people who have to look up to Government for almost everything they need. The failure of the Government to bring about a continuous increase in food production is also largely due to administrative ineptitude. This was made clear by no less a person than Dr. S. Radhakrishnan, the President of India. In his convocation address to the U.P. Agricultural University on the 17th November 1963, Dr. Radhakrishnan said that the deterioration in Indian agriculture was due to the "lack of true and wise leadership and administrative efficiency."

If the Government of India is really serious about enforcing economy and efficiency in administration, it must, in the first place, refrain from adopting a policy of reckless nationalisation merely on ideological grounds. The proposal made at Bhubaneswar, urging State Governments to take over rice mills, is typical of the confused official thinking on this subject. State trading in food, as mentioned earlier, has resulted in huge losses and the working of most of the other public enterprises also has been unsatisfactory from the financial point of view. In the circumstances, to resort to further nationalisation of either banks or other industries will only create more complications, without adding to the wealth or welfare of the people. It is wrong to suppose that people's welfare can be achieved only by an ever-expanding public sector. Most of the advanced nations of the world have been able to ensure high living standards for their people without crippling private initiative. It was Mr. G. D. Birla who once described the United States as the greatest Welfare State in the world.

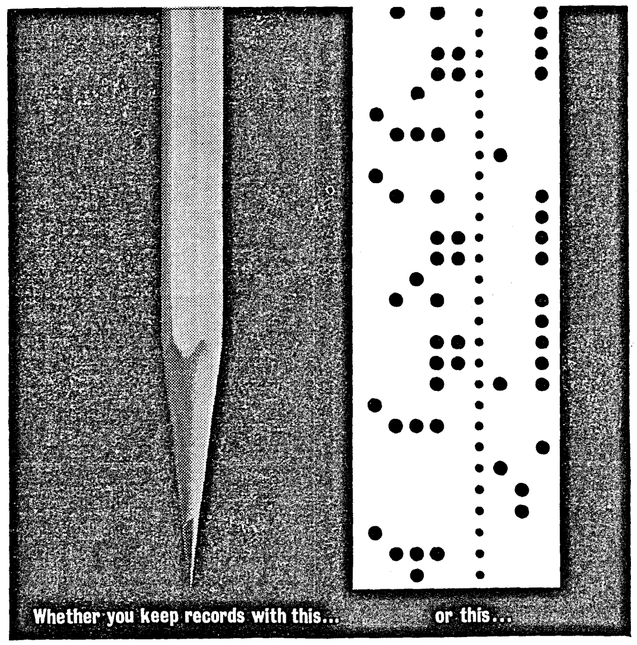
The mid-term appraisal of the Third Five-year Plan has vividly brought out the alarmingly slow rate of our economic growth. No longer, therefore, can we afford to remain indifferent to the problem of ensuring a clean and efficient administration which will be able to cope with the big tasks confronting the nation's economy. As Mr. Morarji Desai said in his budget speech last year, ".... Essentially, the task of achieving the utmost economy in public expenditure is not merely a question of cutting or reducing some items of expenditure or of laying down this or that procedure. What we need is more performance with less expenditure of resources in every sphere of public activity; and what such economy through efficiency requires is an attitude of mind—a spirit of vigilance and responsibility—on the part of all those who are entrusted with the expenditure of the people's money, be they engineers, army officers, contractors, workers, civil servants or, indeed, Ministers." Mr. T. T. Krishnamachari in his budget speech has said: "Economy in administration is fully compatible with efficiency; and it shall be my constant endeavour to ensure that the administrative machinery of the Government is reorganised so that it is fully responsive to this need." Similar sentiments have been expressed by his predecessors but their efforts have not been conspicuously successful. Whether Mr. Krishnamachari will be able to produce any significant results in this direction remains to be seen.

BRITISH INDUSTRIAL PRODUCTION SHOWS RISING TREND

The level of industrial production in Britain continued in January the strongly rising trend which had been a feature of the second half of 1963. This fact is brought out in the latest estimates issued by the Treasury last week in the form of index of industrial production for January.

Taking the three months November 1963-January 1964, which bring out the trend, the seasonally adjusted index shows the level of output as 2½ per cent higher than in the previous three months. Most of the major industrial groups in the index contributed to this increase, in particular iron and steel, coke ovens, and oil refineries. Clothing and footwear, and timber and furniture also showed more than the average increase.

Information which has become available in the early part of March suggests that this strongly rising trend has continued into February. This is particularly supported by the steel production figures for February, issued a week ago by the Iron and Steel Board, which indicated that steel output had reached a record level in February. And the provisional oversea trade figures released by the Board of Trade show that exports had reached a new peak, which is also indicative of a high level of industrial output.



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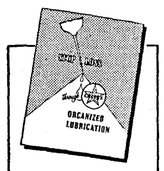

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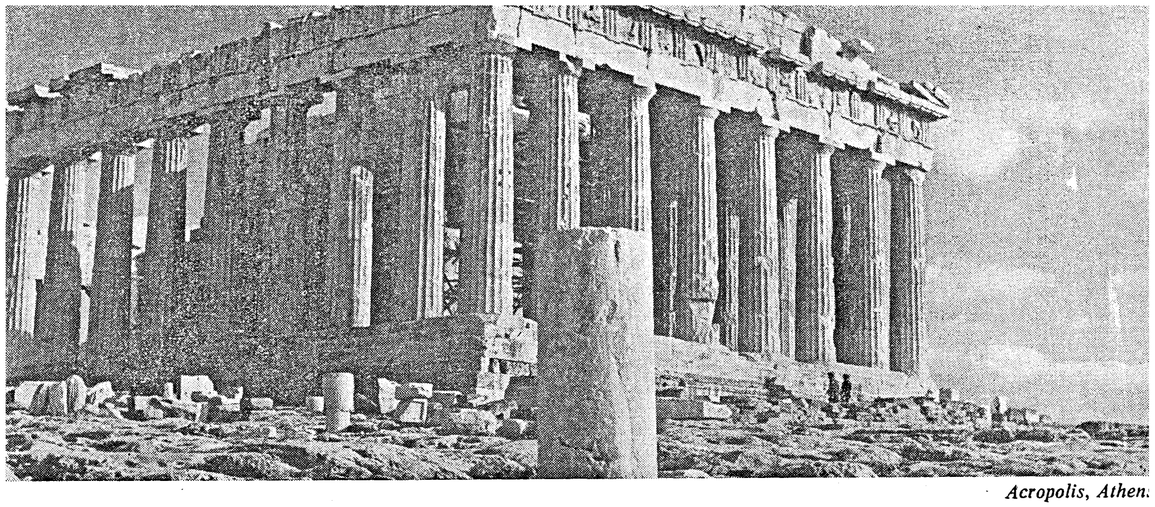

Acropolis, Athens

Here's how on your next trip to Europe or North America, you can avail of reliable KLM's jet services and see Athens on your way, at no extra fare!

Athens, one of the 44 key cities covered by KLM's network of air routes in Europe, is now served direct by both the KLM's flights from India. A nice opportunity to visit this increasingly popular city for a while, before continuing your journey. Read on for more interesting KLM facts...

1. A KLM DC-8 jet leaves for Europe on Saturdays from Calcutta, on Tuesdays from Delhi and on Mondays, Tuesdays, Thursdays, Fridays, and Saturdays from Karachi.

2. KLM's flight from Calcutta leaves on Saturday at 20.30 hrs., arriving Athens on Sunday 05.30 hrs.

3. From Athens, this flight goes to **Zurich** on its way to Amsterdam, providing you with yet another attractive possibility! Arrival: Zurich Sunday at 08.00 hrs. Arrival: Amsterdam Sunday 09.55 hrs.

4. KLM's flight from Delhi to Amsterdam leaves on Tuesday at 21.55 hrs., arriving Athens on Wednesday at 05.55 hrs. Arrival: Amsterdam (via Frankfurt) Wednesday at 10.05 hrs.

5. Both these KLM flights from India can easily be connected at Karachi by passengers from Bombay and also from Delhi and Calcutta.

6. In Amsterdam, these services link up with daily non-stop KLM flights to New York and with frequent flights to Houston, Montreal and Mexico city.

7. On the Amsterdam-New York route, KLM will have 24 DC-8 jet flights a week during the peak season—17 non-stop, 5 via Glasgow and 2 via Shannon.

8. Between Amsterdam and Montreal, KLM operates five/six DC-8 jet flights a week, with three of them continuing to Houston and Mexico City.

Attractive KLM facilities

9. KLM has its own air-conditioned resthouse at Karachi airport, called "Midway House". It has spacious, comfortable rooms with shower baths and provides many facilities such as a supervised nursery, a barber shop, a souvenir and carpet shop and a floodlit tennis court. The service there matches the standards of a good European hotel.

10. KLM offers many interesting side-trip possibilities. For example, on the normal round-trip fare from Calcutta, Delhi or Bombay to London, you can enjoy a side-trip to Copenhagen or Paris.

Note : All timings effective April 1964

ATHENS— KLM's new gateway to Europe

Things to do in Athens : See the Acropolis by moonlight (a thrilling experience!); the Benaki Museum by daylight; go to a "taverna" (small typically Greek restaurant), try "Cocoretsi" (Greek speciality) or crisp "Kalamarakia" (fried squid), drink 'ouzo' (aniseed flavoured Greek apertif); take a stroll during a cool summer evening throughout the picturesque winding streets of the old Plaka quarter and if you happen to be there during August/September, in time for the Festival of Athens, attend the remarkable performances of ancient drama, concerts and ballets.

11. Make your choice of a number of attractive organised tours, planned to provide visitors to Greece with comfortable and easy means of access to every point of interest in the country. Contact KLM for full particulars regarding the number of days involved and the routing.

12. From Athens, many important cities in Europe and North America are served direct. For example, London, Madrid. Paris, Rome, Vienna, Zurich, Frankfurt, Brussels, Geneva, Copenhagen, Milan, Munich, Amsterdam, New York, Detroit, Chicago etc.

13. KLM's multi-stopover plan lets you make more than one stop en route your final destination at no extra fare. For instance, if you are flying from Delhi to New York, you can visit Rome, Frankfurt, Dusseldorf, Brussels, Paris, London, Amsterdam — all for the price of your ticket to New York. Ask KLM for details of other stopover possibilities.

14. When flying via Amsterdam, you can do a lot of interesting things at the airport. Shop for luxury bargains at the Tax-Free Shopping Centre. Buy a tax-free car at ShipSide Showroom. Take a Minitour of Amsterdam. Visit the airport's fascinating aeronautical museum.

15. All KLM flights to Europe from Calcutta, Delhi and Karachi arrive in Amsterdam next morning, offering immediate connections to London, Paris, Brussels, Geneva, Hamburg, and many other cities in Europe and also to New York.

16. Your Travel Agent will tell you more about the advantages of flying KLM. Get in touch with him or contact the nearest KLM Office. Calcutta—7, Chowringhee Road; Delhi—9A, Connaught Place; Bombay—Taj Mahal Hotel.

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RAZA BULAND'S PROFIT DECLINES

DIVIDEND MAINTAINED AT TEN PER CENT

THE working results of the Raza Buland Sugar Company Ltd. [Managing Agents: Messrs. Govan Brothers (Rampur) (Pvt.) Ltd., New Delhi] for the year ended 31st October 1963 bear the impact of what may be called the adverse psychological conditions created by the Sugar (Regulation of Production) Act, 1961, which regulated the production of sugar in the country during the 1961-62 season. The restriction placed by the Act on the output of sugar during that season naturally led to an all-round fall in the area under sugar cane cultivation, with a consequent decline in the output. The situation was made worse by unfavourable weather conditions which lowered the cane yields quite materially. Further, there was a large-scale diversion of the limited cane supply to *gur* and *khandsari* manufacture and the organised sugar industry was starved of its normal raw material supplies. As a result, the total production of sugar in the country during the 1962-63 season fell to 2.16 million tonnes from 2.73 million tonnes and in west Uttar Pradesh alone it came down from 8.10 lakh tonnes to 6.05 lakh tonnes. So far as the Company is concerned, the total cane crushed at both of its mills was as low as 28.24 lakh quintals, as against 41.13 lakh quintals, and the production of sugar fell from 3.74 lakh quintals in 1961-62 to no more than 2.75 lakh quintals.

Sales realisation, however, has declined only by 13.2 per cent, from Rs. 423.15 lakhs to Rs. 367.13 lakhs to be precise. But this modest fall is due to the cushion provided by the large stocks brought forward from the previous year. The liquidation of these stocks during the year under review is reflected in the sharp fall in closing stocks from Rs. 59.32 lakhs to Rs. 4.57 lakhs. The same explanation holds good for the steadiness of gross profit at Rs. 25.33 lakhs, as against Rs. 25.07 lakhs for the previous year. An additional factor is the better recovery of sugar at 9.74 per cent, as against 9.11 per cent in 1961-62. There has also been a welcome reduction of Rs. 18.44 lakhs to Rs. 94.63 lakhs in staff and other expenses.

Since there is hardly any change in the gross profit and the provision for depreciation has moved up marginally from Rs. 3.61 lakhs to Rs. 4.21 lakhs, the provision for the managing agents commission has risen by only Rs. 0.13 lakh to Rs. 2.21 lakhs. That for taxation, on the other hand, has advanced from Rs. 9.60 lakhs to Rs. 12.60 lakhs, the higher provision being due entirely to the liability of Rs. 2.76 lakhs under the S.P.T. for 1962-63 and Rs. 1.19 lakh for the previous year. As a result of this rise in essential provisions, the net profit has declined from Rs. 9.78 lakhs to Rs. 6.31 lakhs. After fortifying this with Rs. 2.07 lakhs withdrawn from past provisions, the Directors have credited Rs. 1.88 lakh to reserves and, from the balance, have proposed the payment of an ordinary dividend of 10 per cent, same as that for the preceding two years.

The Company's performance during the past four years is presented synoptically in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st October			
	1963	1962	1961	1960
Sale proceeds	367.13	423.15	333.53	348.75
Other income	6.39	7.28	12.11	7.35
Closing stocks	4.57	59.32	91.26	69.43
Cost of cane	212.22	268.09	180.24	177.54
Excise duty	86.39	92.07	86.79	92.45
Staff expenses	30.15	33.95	29.50	28.76
Other expenses	64.68	80.22	82.17	77.00
Gross profit	25.33	25.07	8.68	36.79
Managing Agents' commission	2.21	2.08	0.53	3.09
Provision for—				
Depreciation	4.21	3.61	3.27	2.75
Taxation	12.60	9.60	2.10	18.92
Net profit	6.31	9.78	2.78	12.03
Withdrawals from reserves and provisions	2.07	5.54	14.38	..
To reserves	1.88	9.00	10.97	6.05
Dividend	6.50	6.50	6.50	8.13
	(10%)	(10%)	(10%)	(12.5%)
Carry forward	0.10	0.10	0.35	0.65
Market price of ordinary shares (in rupees): ..	1964	1963	1962	1961	1960
High	10.56	10.25	10.87	10.76	14.37
Low	9.87	9.87	6.00	10.64	12.19

All dividends are subject to deduction of tax.

The disposal of heavy stocks has led to a perceptible improvement in the financial position of the Company. The share capital (all in ordinary shares of Rs. 10 each), of course, remains unchanged at Rs. 65 lakhs, while the reserves are only nominally higher at Rs. 38.52 lakhs as against Rs. 37.08 lakhs a year ago. But the whole of the secured loan of Rs. 52.98 lakhs has been liquidated. As a result outside finance made up of loans and current liabilities and provisions has declined from Rs. 112.88 lakhs to Rs. 67.19 lakhs which is entirely made up of current liabilities and provisions. On the assets side, the net block inclusive of the cost of construction work-in-progress has increased from Rs. 51.91 lakhs to Rs. 57.80 lakhs. This figure has been arrived at by reducing the gross block of Rs. 107.58 lakhs (also inclusive of the cost of construction work-in-progress) by Rs. 49.78 lakhs being the amount of depreciation provided for. Because of the reduction in stocks, current assets, loans and advances have declined from Rs. 150.92 lakhs to Rs. 101.22 lakhs. Investments, too, are down from Rs. 12.13 lakhs to Rs. 11.69 lakhs.

The cane development activities of the Company for providing irrigation facilities and better variety of seeds to cane growers in collaboration with the Cane Development Department of the Government of Uttar Pradesh continued during the year. An aerial spray of insecticides over an area of 2,500 acres under sugarcane in the Company's reserved area to control pests was arranged and was found effective. Another scheme for the control of different types of borers through chemical and mechanical means is in operation in an area of 5,000 acres.

Under the intensive cane development scheme started by the Government of Uttar Pradesh in accordance with the recommendation of the High Power Committee for the sugar industry appointed by the State Government, two blocks of 4,000 acres each have been established in the Company's cane area. The expenses on this scheme are being shared by the Company, cane growers and the Government of Uttar Pradesh.

Confirmed orders for the delivery of machinery and equipment required for expanding the crushing capacity of both the sugar factories to 1,500 tons each per day have already been placed. On the basis of anticipated deliveries the expansion of the Raza Sugar Factory is likely to be completed by November 1964 while the expansion of the Buland Sugar Factory is likely to be delayed till November 1965. As for the prospects for the current year, the Directors report that, from the estimates so far available, the Company is expected to get 33 lakh quintals (88 lakh maunds) of cane for crush during the season 1963-64, as against 28.24 lakh quintals of cane received in 1962-63.

The present market quotation for the Rs. 10 fully paid ordinary shares of the Company is Rs. 10.37 *cum-div.* On the basis of the *ex-div.* price, the net yield works out to a little over 8 per cent per annum.

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troubles. The plant and machinery for the caustic soda-chlorine plant, including that for its expansion, are expected to be erected shortly and production will start this year. All the necessary approvals for the fertilisers project at Kothagudem have been obtained and a new company is to be registered shortly for operating it in association with a leading U.S. firm. The plant is expected to go into production during 1966.

The progress of the sugar factory during the year under review is indicated in the table given above. As for the rest, production of superphosphate in the factory at Kovvur amounted to 23,004 tonnes, as against 23,450 tonnes in the previous year, and sales to 22,654 tonnes, as against 25,886 tonnes. The slight fall in sales was due to the failure of paddy crop in the Company's marketing area. Sales during the first four months of the current year have, however, been better.

The Company's paid-up capital, including Rs. 30 lakhs in preference shares, now stands at Rs. 79.95 lakhs and is supplemented by Rs. 41.14 lakhs in reserves and surplus. Short-term loans amount to Rs. 126.81 lakhs and current liabilities and provisions to Rs. 40.01 lakhs, bringing the total indebtedness to outsiders to Rs. 166.82 lakhs. This indebtedness exceeds the total of current assets, book debts and investments by Rs. 61.51 lakhs. The gross block, which expanded during the year from Rs. 237.78 lakhs to Rs. 259.44 lakhs, has been written down to Rs. 192.09 lakhs.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 14.75 *cum-div.* and offer a net return of nearly 7 per cent per annum.

LOWER PROFIT FOR ANDHRA SUGARS

DIVIDEND REDUCED ON HIGHER CAPITAL

UNLIKE 1961-62, the year ended 30th September 1963 has proved unfavourable for the Andhra Sugars Ltd. (Managing Agents: Messrs. Ranga Rao and Company, Tanuku). For sale proceeds, which had soared from Rs. 164.68 lakhs to Rs. 232.67 lakhs in the previous year, have edged up only a little further to Rs. 235.03 lakhs during the year under review. The gross profit has actually dropped to Rs. 29.75 lakhs from Rs. 39.15 lakhs to which level it had jumped up in 1961-62 from Rs. 25.58 lakhs for the year before. The profit has declined because of two reasons. One is that a large quantity of sugar released for sale by the Government could not be delivered to customers by the year-end for lack of adequate supply of wagons. The other is—and this follows from the first—that sales effected during the year included those of sugar purchased at controlled rates from other factories, the margin of profit on which was very little. Besides, the Company had to make export of sugar at unremunerative rates.

Net profit, after the essential provisions, has declined from Rs. 18.11 lakhs to Rs. 7.57 lakhs. Although it is supplemented by the write-back of excess provisions and refunds amounting to Rs. 2.19 lakhs, the surplus available, after taking Rs. 1.15 lakh to development rebate reserve and setting apart Rs. 2.79 lakhs for the preference dividend, is insufficient for maintaining the ordinary dividend at 16 per cent on the increased paid-up capital of Rs. 49.95 lakhs following the issue of 100,000 equity shares of Rs. 10 each at par to the shareholders on 26th October 1962 in the proportion of one right share for every four shares held. The Directors have, therefore, pruned the dividend to 12 per cent per annum, subject to tax. The surplus carried forward is Rs. 9,337, as against Rs. 9,010 brought in.

The following table compares the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 30th September			
	1963	1962	1961	1960
Sale proceeds	235.03	232.67	164.68	117.84
Closing stocks	33.30	47.26	52.24	52.93
Other income	0.81	0.85	0.46	0.43
Materials and stores consumed	98.27	115.21	105.14	52.93
Purchase of sugar	10.94	..	..	..
Excise duty and gallonage fee ..	38.28	36.31	32.13	29.63
Staff expenses	11.02	8.94	7.86	5.36
Other expenses	33.60	28.43	20.68	19.64
Gross profit	29.75	39.15	25.58	19.24
Managing Agents' remuneration	1.59	2.87	1.69	1.45
Provision for—				
Depreciation	14.45	10.67	8.94	4.97
Taxation	6.10	7.50	5.70	5.50
Net profit	7.57	18.11	9.25	7.32
Excess provisions written back and refunds	2.19	0.20	0.47	0.20
Transfer from reserves	..	3.90	1.90	..
To reserves	1.15	12.50	3.35	1.50
To gratuity	0.10	0.05	..	..
Dividends—				
Preference	2.79	2.79	2.50	..
Ordinary	5.71	5.95	4.80	6.00
	(12%)	(16%)	(16%)	(20%)
Carry forward	0.09	0.09	0.07	0.25
Cane crushed (tonnes)	133,408	165,978	169,717	108,524*
Sugar produced (tonnes)	132,090	164,902	173,430	111,620*
Average recovery	9.92	9.94	10.19	10.29
Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	15.75	18.20	22.90	28.25	29.00
Low	14.75	17.36	18.20	22.00	23.10

* In tons.

The increase of Rs. 10 lakhs to Rs. 50 lakhs in the issued equity capital during the year has followed a similar increase made in October 1961 in the form of a one-for-three right issue at par. In addition, the Company allotted on 1st October 1960 Rs. 30 lakhs worth of 9.3 per cent, taxable (originally, 6.5 per cent, tax-free) cumulative redeemable preference shares. Recently, it made a public issue of 100,000 equity shares of Rs. 10 each at a premium of Rs. 3 per share, which has been heavily oversubscribed. It now proposes to make a further rights issue of 100,000 equity shares in the course of the current year. This additional capital and a loan of Rs. 140 lakhs, as well as a guarantee of Rs. 28 lakhs for deferred payments (both of which have been negotiated with the I.F.C.I.), are required for financing the Company's Rs. 2.2-crore caustic soda-chlorine plant and other diversification plans. The progress of these plans, as indicated by the Directors in their report for the year under review, is summarised below:

The working of the acetic acid and industrial alcohol plants during the year proved satisfactory in spite of the earlier teething

(Continued in previous column)

NIZAM SUGAR'S RESULTS ENCOURAGING

FINANCES STRENGTHENED

THE Nizam Sugar Factory Ltd. (Chairman: Mr. V. K. Rao, I.C.S., Hyderabad) has reported highly encouraging results for the year ended 30th September 1963. Aided by the sustained internal demand for sugar during the year and the attractive price fetched by the Commodity, total sales realisation amounts to Rs. 675.01 lakhs for the year, as against Rs. 682.39 lakhs for the previous period of 15 months while carry forward stocks have declined by almost 85 per cent from Rs. 303.85 lakhs to Rs. 45.04 lakhs. As a result, the gross manufacturing profit for the year has advanced to Rs. 52.16 lakhs from Rs. 37.17 lakhs for the preceding period. Agricultural operations during the year too appear to have been highly successful since the profit earned on these is Rs. 25.13 lakhs, as against Rs. 15.19 lakhs for the previous accounting period, while the loss sustained by the confectionery department has been reduced by half from Rs. 2.47 lakhs to Rs. 1.06 lakh by effecting a larger turnover of confectionery products.

The total gross profit for the year, therefore, shows a handsome improvement of Rs. 26.34 lakhs to Rs. 76.23 lakhs over the previous period. Nearly a half of this, however, has been syphoned off by the essential provisions for depreciation and taxation, the former claiming Rs. 13.41 lakhs as against Rs. 12.15 lakhs and the latter as much as Rs. 25.00 lakhs as against Rs. 10.44 lakhs, so that the resultant net profit at Rs. 37.82 lakhs is up by only Rs. 10.52 lakhs, as compared with Rs. 27.30 lakhs earned in 1961-62. The Directors have utilised the major portion of this improvement in net profit for strengthening the reserves of the Company and only a small part of it for enhancing the dividend to shareholders. Thus, the reserves have received Rs. 14.26 lakhs, as against Rs. 8.22 lakhs set apart last year, and the dividend on ordinary shares absorbs Rs. 22.02 lakhs, as against Rs. 19.87 lakhs; the rate of ordinary dividend has been modestly raised from 18 per cent to 20 per cent. Even so, it is smaller than the 23 per cent paid for 1960-61.

The working results of the Company for each of the past four years are set forth in the following comparative table:

(In lakhs of rupees)

	For the year ended 30th September	For 15 months ended 30th September	For the year ended 30th June	
	1963	1962	1961	1960
Sale of sugar (gross)	875.01	682.39	596.29	597.69
Other income	27.12	23.85	21.81	19.11
Closing stock	45.04	303.85	362.11	224.08
Cost of cane	269.70	262.82	301.35	263.53
Cess and purchase tax on cane ..	17.04	23.23	21.93	24.59
Excise duty	136.32	155.48	166.90	146.60
Octrol on sugar	2.23	2.91	2.94	2.78
Manufacturing expenses ..	160.87	177.37	135.61	114.43
Manufacturing profit	52.16	37.17	67.40	79.31
Profit on agricultural account ..	25.13	15.19	14.59	32.94
Loss on confectionery account ..	1.06	2.47	1.65	1.35
Total gross profit	76.23	49.89	80.34	110.90
Managing Agents' commission ..	..	..	0.90	10.52
Provision for—				
Depreciation	13.41	12.15	7.45	6.51
Taxation	25.00	10.44	27.62	30.25
Net profit	37.82	27.30	44.37	63.62
Withdrawals from reserves and provisions	2.87	3.24	..	..
Miscellaneous write offs and adjustments	3.42	..	..	0.25
To reserves	14.26	8.22	16.98	26.86
Dividends—				
4% cumulative preference ..	1.20	1.55	1.30	1.15
6% cumulative preference ..	0.75	0.97	0.74	0.79
Ordinary	22.02	19.87	25.39	25.39
	(20%)	(18%)	(23%)	(23%)
Carry forward	0.07	0.03	0.10	0.04

During the year, the Company crushed a smaller quantity of sugarcane, 575,420 tonnes to be precise, but the quantity of sugar produced was greater at 59,901 tonnes, because the quality of cane was better, the average recovery being higher by more than one point at 10.40 per cent. During the preceding period, it may be noted, 600,267 tonnes of cane was crushed, yielding 57,566 tonnes of sugar, with an average recovery of 9.59 per cent. The production of confectionery goods at 501.75 tonnes was higher by more than 100 per cent as against 247.27 tonnes for the previous accounting period of 15 months. As a result, the sale proceeds of products more than doubled from Rs. 6.10 lakhs to Rs. 12.73 lakhs, leading to a substantial reduction in the loss as said earlier. The Directors report that sale of confectionery products has registered a further substantial increase during the current year.

There has been no change in the paid-up share capital of the Company which stands at Rs. 145.89 lakhs made up of Rs. 12.00 lakhs in 5 per cent tax-free cumulative preference shares of Rs. 25 each, Rs. 23.84 lakhs in 4 per cent tax-free cumulative preference shares of Rs. 25 each, and the balance, namely Rs. 110.09 lakhs, in ordinary shares of Rs. 25 each. The reserves, on the other hand, have increased from Rs. 136.11 lakhs to Rs. 150.52 lakhs, thanks to the favourable trading during the year under review. Reflecting the better movement of sugar stocks and improved profits, the liabilities of the Company have gone down appreciably. Thus, secured loans have fallen from Rs. 232.58 lakhs to Rs. 123.76 lakhs and so have current liabilities and provisions from Rs. 390.37 lakhs to Rs. 227.84 lakhs. On the assets side, current assets, loans and advances have come down from Rs. 700.97 lakhs to Rs. 446.21 lakhs. The gross block, inclusive of the amount standing to the credit of the land purchases account, shows a rise of Rs. 14.00 lakhs at Rs. 429.86 lakhs, but since the amount of depreciation provided has also advanced from Rs. 214.34 lakhs to Rs. 230.67 lakhs, the total net assets are now worth Rs. 199.19 lakhs as against Rs. 201.51 lakhs a year ago. Investments are carried in the books at a cost of Rs. 2.62 lakhs as before.

The Rs. 25 fully paid ordinary shares of the Company are currently quoted at Rs. 58 cum-div. The net annual return on fresh investment at the ex-div. price works out to 7.4 per cent.

ALLOTMENT OF G.K.W.'S DEBENTURES

The recent public issue of 7 per cent debentures of the value of Rs. 75 lakhs by Guest, Keen, Williams, Ltd. was oversubscribed. The Company received 348 applications for a total of Rs. 77.74 lakhs. It has now fixed the allotment against the applications received. With the prior approval of the Calcutta Stock Exchange, applications for amounts up to Rs. 1 lakh of stock have been allotted in full and those for amounts over Rs. 1 lakh of stock have been allotted approximately 95 per cent of the amount applied for. Cheques for the amounts refundable are being issued immediately, while stock certificates for the amounts allotted will be posted by about the end of the current month. The public issue, it will be recalled, formed part of the total issue of Rs. 150 lakhs, the balance amount of Rs. 75 lakhs having been subscribed for by the underwriters and their friends.

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forecast with any measure of accuracy exactly how effectively the increase in production or any other measures taken by the Company to effect economies would be reflected in future working results." The near-term outlook thus continues to be uncertain, though Mr. Sen adds that every effort to control the costs of production has to be made, even if its effect is no more than just a step in the right direction.

Progress in regard to the house service meter scheme of the Company has been limited to sending out the first batch of trainees to the Associated Electrical Industries Ltd., Manchester, and completing the import application for the plant. It is, however, expected that, with the first batch of trainees now actively associated with the planning of the Indian production in the U.K., this scheme will gather necessary momentum in the coming year.

The Company's exports of bicycles rose appreciably during the year under review. Orders are now flowing in steadily for the Balaka bicycle which was introduced to the African and Middle East markets during the year under review.

Following the issue of 650,000 new ordinary shares at a premium of Rs. 4 per share in November 1962 (of which 334,000 shares have been taken up by Raleigh Industries Ltd., U.K.), the Company's paid-up capital, including Rs. 30 lakhs in 5 per cent preference shares of Rs. 100 each, has gone up from Rs. 100 lakhs to Rs. 165 lakhs. It is supplemented by reserves and surplus amounting to Rs. 87.04 lakhs. Secured loans are shown at Rs. 245.04 lakhs and current liabilities and provisions at Rs. 115.04 lakhs, as against which current assets, book debts and investments aggregate Rs. 370.41 lakhs. The gross block of Rs. 328.44 lakhs (Rs. 303.26 lakhs a year before) has been written down to Rs. 191.32 lakhs and shown, together with work-in-progress and plant and machinery under erection, at Rs. 241.72 lakhs.

SEN-RALEIGH'S PROFIT DROPS SHARPLY

OUTLOOK STILL UNCERTAIN

THE fears expressed around this time last year by Mr. Abhijit Sen, Chairman of Sen-Raleigh Ltd., about the Company's near-term working have more than come true during the year ended 30th September 1963. Mr. Sen had painted a discouraging picture for the Company for reasons such as the changed order of priorities following the emergency and further cuts in imports as well as divergence of the limited quantity of indigenous steel to defence production. Further, raw material imports from the U.S. had been delayed, he had stated, because of the dock strikes there. These factors caused chronic shortages of raw materials during the year under review, which in turn affected production to the extent of necessitating lay-offs in the factory for periods extending up to two-three months at a time. The net result of all this is the very disappointing financial results for the year.

Whereas the net sale proceeds (that is, after excluding excise duty paid) show only a small setback from Rs. 479.33 lakhs to Rs. 461.21 lakhs, the gross profit has dropped sharply from Rs. 45.23 lakhs to Rs. 32.65 lakhs because of the uneconomic rate of production. The net profit has fallen even more markedly from Rs. 11.51 lakhs to Rs. 4.11 lakhs, at which level it is only one-sixth of Rs. 24.04 lakhs earned in 1959-60. The profit has been arrived at after allowing Rs. 21.03 lakhs for depreciation and Rs. 7.51 lakhs for taxation, of which Rs. 32,914 has been for S.P.T. for the year 1961-62. The profit would have been lower still but for the fact that as much as Rs. 1.12 lakh (as against Rs. 57,757 a year before) has been credited to development rebate reserve, because of which the tax liability for the year has been all the more reduced. After setting apart Rs. 3.75 lakhs to the reserve for repayment of loans and Rs. 1.95 lakh for the preference dividend, the balance of net profit has been insufficient to pay any dividend on ordinary shares. This is the first year of no return to ordinary shareholders since the Company started paying it in its sixth year ended 30th September 1955. The Directors have not considered it advisable to declare a dividend in view of the low profits and the need for conserving the Company's resources for implementing its vital expansion programme. Even a small return would have absorbed quite a large sum, since, in November 1962, the Company had raised its capital by Rs. 65 lakhs.

The following table compares the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 30th September			
	1963	1962	1961	1960
Sale proceeds, less excise paid	461.21	479.33	392.22	356.61
Closing stocks	72.15	88.92	86.84	66.19
Other income	6.46	4.50	6.16	1.47
Raw materials consumed ..	240.22	262.61	226.10	203.14
Tools, stores and spares consumed	18.44	21.55	18.01	17.57
Staff expenses	65.60	65.15	55.90	49.13
Excise duty paid	6.46	6.74	4.48	1.77
Other expenses	94.04	91.41	75.39	66.50
Gross profit	32.65	45.23	44.16	44.90
Depreciation	21.03	21.86	22.60	20.01
Taxation	7.51	11.86	10.08	0.45*
Net profit	4.11	11.51	11.48	24.04
Tax refunds, write-backs and transfer from reserves ..	2.61	0.43	..	..
To development rebate reserve ..	1.12	0.58	1.28	1.18
To other reserves	3.75	3.75	3.75	15.75
Dividends—				
5 per cent preference ..	1.95	1.95	1.95	1.95
Ordinary	..	5.60	5.60	5.60
		(8%)	(8%)	(8%)
Carry forward	0.04	0.34	0.69	1.17
Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	15.19	18.87	22.56	26.50	27.25
Low	13.75	13.00	18.87	22.00	19.50

* On account of 30 per cent of the preference dividend payable as prescribed by the Preference Shares (Regulation of Dividends) Act, 1960, for the year 1958-59.

The vital expansion programme refers to bicycle production. It must have been in full operation by now. The flow of material for its successful working is said to have been fully assured. The Company is also concentrating on plans for raising the production of components. Since the demand for bicycles and some of its components has started looking up after three years of near stagnation, the Company will be able to reap immediately fruits of its expansion programme. However, while noting these favourable trends, the Company's Chairman strikes a note of caution by saying that, "operating as we do in a spiral of increasing prices for raw materials and services, and with a voluntary ceiling on the selling price of our own product, I would not venture to

(Continued in previous column)

SYNOPSES OF COMPANY REPORTS

Bombay Potteries and Tiles Ltd.

(*Chairman*: Smt. Kusumbai Motichand Shaha, Bombay.)

Thirtieth Annual General Meeting—25th March 1964.

Working Results:

	For the year ended 30th September (In thousand rupees)	
	1963	1962
Sales of sanitarywares, tiles, etc.	55,05	42,37
Closing stock	85	2,10
Gross profit	22,90	15,09
Transfer to provision for doubtful debts ..	42	Nil
" " " " depreciation	3,04	2,71
" " " " development rebate reserve ..	12	1,42
" " " " taxation	10,70	6,85
Net profit	8,62	5,01
Excess provisions and claims	98	..
Appropriations:		
To short provision of taxation in previous year	Nil	14
" provision for super profits tax for 1961-62	1,55	Nil
" short provision of bonus for 1961-62 ..	72	85
Transfer to general reserve	3,40	30
" " dividend equalisation reserve ..	Nil	50
" " plant rehabilitation reserve ..	25	50
" " gratuity reserve	50	Nil
" " dividend reserve	3,19	Nil
To dividends (taxable) 6.5% preference ..	*	0.07
" " " 6.5% preference ..	*	0.56
" " " Ordinary	*	2.13
	(18%)	(15%)
Carry forward	3	3
Market value of ordinary shares (in rupees): 1964†	1963	1962
High 181.25	184.00	217.50
Low 181.25	179.00	179.00

* The dividends for 1963 will be paid out of the dividend reserve.
† Upto 18th March 1964.

Extracts from the Directors' report: The accounts for the year under review reflects the further progress achieved by the Company in production keeping the costs comparatively low as a result of the continued and persistent technical improvements effected from time to time as also the efforts of the management and staff fully co-operating with each other to bring up the expanded plant to its full output and efficiency.

Expansion: In the last report the shareholders were apprised about the uncertainty of the Government of India granting Import Licence for import of capital goods, the needed foreign exchange therefore being provided for by the I.C.I.C.I. against the loan granted by them. The import licence bearing No. 978161/I.C.I.C.I./62/HQ/C.G.-IV dated 4th July, 1963, as asked for has been granted and orders for part of the equipments have alrady been placed. The loan agreement has since been executed with the I.C.I.C.I. for Rs. 3,60,000 repayable in twelve instalments. This loan is obtained against the hypothecation of 4½ per cent National Defence Bonds 1972 of the face value of rupees four lakhs, which the Company purchased during the year under review.

The equipments ordered are meant only for improving the quality of existing production and for providing increased amenities to workers as directed by the Factory Inspectors from time to time.

Efforts are still being continued to acquire the low lying land adjacent to the exising unit at Kurla at Government level. If the Company is fortunate enough to succeed in these efforts, it is the intention of the Directors to expand further the production of *Sanitarywares* as the present production is falling short of licensed capacity. Along with this, plans are under way for increasing the production of *Insulators* and for starting the manufacture of *Steatite Porcelain*.

Accounts in brief as at 30th September 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	24,55,650	Gross block	53,55,181
Reserves and surplus	28,40,048	—Depreciation ..	22,68,904
Current liabilities ..	24,74,863	Net block	30,86,277
		Dyes and blocks ..	14,015
		Current assets ..	15,40,320
		Investments	5,42,353
		Cash	25,85,596
	Rs. 77,68,561		Rs. 77,68,561

* Paid-up capital consists of 1,132—6½ per cent taxable first cumulative preference shares of Rs. 100 each; 8,627—6½ per cent taxable second cumulative preference shares of Rs. 100 each and 14,178 ordinary shares of Rs. 100 each. Amount on shares forfeited is Rs. 59,950.

Belsund Sugar Co., Ltd.

(*Managing Agents*: Messrs. Bangur Brothers Ltd., Calcutta.)

Annual General Meeting—31st March 1964.

Working Results:

	For the year ended 30th September (In thousand rupees)	
	1963	1962
Sales	1,36,35	1,61,52
Closing stock of sugar and molasses	10,05	85,75
Closing stock of standing crop at Farm	18	20
Gross profit (+) or loss (—)	—31*	+8,60
To Managing Agents' remuneration	40	47
Transfer to depreciation	1,50	3,04
" " provision for taxation	Nil	3,04
Net profit (+) loss (—)	—81	+2,05
Unclaimed dividend forfeited	6	Nil
Excess tax provision written back	19	Nil
Transfer from general reserve	1,05	Nil
Appropriations:		
To adjustment of loss for the year	31	Nil
Transfer to dividend reserve	1,05	Nil
" " development rebate reserve	..	7
To dividends (taxable) ordinary	..	1,95
	(3-1/3%)	(6-2/3%)
Carry forward	2	8
Market value of Ordinary shares (in rupees): 1964†	1963	1962
High 8.25	9.62	11.19
Low 7.75	7.81	9.50

* Loss after providing for Managing Agents' remuneration and depreciation.
§ Dividends for 1963 will be paid out of the dividend reserve.
† Upto 13th March 1964.

Extracts from the Directors' report: The factory commenced crushing on the 14th December 1962 and concluded on the 2nd March, 1963 with a crush of 6,43,184 quintals of cane as compared to 17,73,447 quintals in the previous year. The average recovery was 9.65 per cent as against 9.11 per cent during the previous year.

The area under cane plantation was reduced and the cane crop was damaged by floods. Thus on the one hand, the quantity available to the Company's factory for crushing was short while on the other hand the cane was diverted to *Gur* manufacturing as the prices of the *Gur* were prevailing very high.

The all India production of the sugar showed a considerable decrease and the Government of India imposed the Control on 17th April 1963 for regulating the consumption of sugar in the internal market and to fulfil the export commitments. The price for the Company's factory was fixed at Rs. 108.50 nP per quintal, which was much below the cost of production. An appeal was made by the Industry to increase the prices and the Government revised it on 19th July 1963 to Rs. 111.20 nP per quintal, on the remaining stock on that date which too could not cover the total cost production.

The Company manufactured raw sugar and supplied it to Export Agency Division of the Indian Sugar Mills Association for export. The Company's share in the export loss amounting to Rs. 3,54,469 has also been adjusted in the accounts of the year.

The minimum cane price was maintained at Rs. 4.26 nP per quintal at the Factory Gate and Rs. 3.94 nP per quintal for the outstations.

Season 1963-64: The tendency of growers to divert the cane into *Gur* could not be fully checked up as the *Gur* prices were ruling very high. Though the Company had doubled the volume of advances to the growers and the Government has placed the restriction on *Gur* movement, the Company is expecting some betterment in the cane supply position to the factory this year. The Government of India fixed the cane price payable for this season by us at Rs. 4.78 nP per quintal a the Factory-Gate and Rs. 4.46 nP per quintal at the outstations on previous year's recovery basis which was increased to Rs. 5.56 nP per quintal at Factory-Gate and Rs. 5.04 nP at outstations because of the large competition with *Gur* industry in the Company's area.

The prices of our sugar has been fixed at Rs. 118 per quintal which is not in conformity with the increase in cane prices.

Subsidiary Company: Hindustan Wire Products Ltd.: The directors are glad to inform that an industrial licence for expanding its capacity by 500 tons per annum has been received from the Government after the publication of the accounts of the subsidiary company.

Accounts in brief as at 30th September 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	29,23,562	Gross block	62,88,045
Reserves and surplus	11,46,079	—Depreciation	36,89,841
Other liabilities ..	45,60,674	Net block	25,98,204
		Block in progress	1,35,451
		Current assets ..	50,24,789
		Investments	6,93,487
		Cash	1,78,384
	Rs. .. 86,30,315		Rs. 86,30,315

* Paid-up capital consists of 3,89,805 Ordinary shares of Rs. 7.50 each fully called up. Amount paid-up on shares forfeited is Rs. 25.

Rajasthan Spinning and Weaving Mills Ltd.

(*Managing Director*: Mr. L. N. Jhunjhunwala, Calcutta.)

Mills—Bhilwara, Western Rly. (Rajasthan.)

Third Annual General Meeting—31st March 1964.

Extracts from the Directors' report for the year ended 30th September 1963: The profits before providing for depreciation and interest on loans from I.F.C., R.F.C. and deferred payments of machinery amounted to Rs. 2,62,840. This amount when adjusted against Rs. 2,77,140 being interest due for payment will leave a deficit of Rs. 14,300. With the loss brought forward of Rs. 9,038 and income-tax of Rs. 342 for the assessment year 1962-63 there is a total debit balance of Rs. 23,730 which is carried forward.

Finance: During the year under review fixed assets over Rs. 25 lakhs were acquired. The major portion of this acquisition was financed by borrowing Rs. 8 lakhs from Rajasthan Financial Corporation and Rs. 5 lakhs from Industrial Finance Corporation. Thus the Company's loans from I.F.C. and R.F.C. have increased from Rs. 30 lakhs to Rs. 43 lakhs. Since the Mill went under production it was necessary to secure additional working capital and the Company therefore financed the same through short-term loan of Rs. 8.21 lakhs raised during the year from the firms in which Directors are interested. The paid-up share capital of the Company also increased during the year from Rs. 29.24 lakhs to Rs. 29.88 lakhs as a result of the collection of the arrear calls. The arrears of call now stand at Rs. 11,150 only in respect of 1,520 Equity shares.

Production: The year under review marks the first phase of production. The Mill went into production initially in December 1962 and number of spindles in operation gradually increased. Since October 1963 the entire spindleage have been working and production has been achieved to the extent of entire installed capacity from January 1964. The actual performance could have been still better but for the difficulties encountered in the six indigenous *Simplex* frames both regarding availability and performance of these machines. The Directors are pleased to report that the Company has now imported two English *Speed Frames* which have been installed in January 1964. Another cheerful report is that the Company has been granted an import licence to import three American *Speed frames* and orders for those have already been placed. An idea of the steady growth of the Company's output will be available from the following figures:—

	Value of Produces Rs.
October 1963	6,22,745
November 1963	6,81,157
December 1963	7,45,263
January 1964	9,00,000

Production and Despatches: During the year under review the Company produced the following quantities yarn.

20's Reels	20's Cones	32's Reels	32's Cones	Total
Kgs. 2,76,678	Kgs. 2,66,230	Kgs. 13,970	Kgs. 1,67,857	Kgs. 7,24,635

The Order-Book of the Company was full. The entire production was despatch to the customers. The Directors are pleased to state that the quality of the Company's yarn is good and that it was well received.

Expansion: The Directors are glad to report that the Government has granted additional 7,000 and 1,350 spindles over and above the original Industrial licence for 18,000 spindles to the Company. The Company, therefore, proposes to stall 13,150 spindles making the total spindleage to 26,350. This is indeed the most welcome feature. The detailed estimates of finances for the expansion are under preparation and active steps are expected to be taken within this year.

Accounts in brief as at 30th September 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	29,88,850	Block†	73,00,356
Other liabilities ..	60,50,977	Current assets ..	16,08,067
		Investments	2,420
		Cash	33,169
		Miscellaneous expenditure	72,085
		P/L. Account Deficit ..	23,730
	Rs. 90,39,827		Rs. 90,39,827

* Paid-up capital consists of 2,40,000 Equity shares of Rs. 10 each and 6,000—9 per cent cumulative redeemable preference shares of Rs. 100 each. Calls in arrears on equity shares amount to Rs. 11,150.
† Subject to depreciation.

Star Paper Mills Ltd.

(*Managing Agents*: Messrs. Bajoria & Co., Calcutta.)

Twenty-seventh Annual General Meeting—31st March 1964.

Working Results:

	For the year ended 30th September (In thousand rupees)	
	1963	1962
Sales of paper (net)	4,41,92	2,96,50
Closing stock of finished products	20,57	19,10
" " paper-in-process	1,19	2,53
Gross profit	60,84*	14,29
To Managing Agents' remuneration	50	50
Transfer to depreciation	25,38	Nil
Net profit	34,96	13,79
Unclaimed dividends written back	Nil	3
Appropriations:		
To depreciation for 1961-62	25,15	14,97
To dividends—Preference	Nil	Nil
—Ordinary	Nil	Nil
Carry forward	10,37	56
Market value of Ordinary† shares (in rupees): 1964†	1963	1962
High 9.50	10.56	11.12
Low 8.25	7.50	9.25

* Profit after writing off Rs. 4,50,563 being share issue expenses.
† Upto 13th March 1964.

Extracts from the Directors' report: The Directors desire that the holders of preference shares should get net tax-free dividends at the stipulated rates and so separate meetings of the holders of each class of preference shares as well as of equity shares will be called shortly to consider the question of varying the rates of dividends payable on preference shares. After the decisions of the shareholders the Directors intend to declare interim dividends on preference shares for the year 1959-60.

While the cost of production has been steadily rising, the Government have not so far taken any decision on the several representations made by the Joint Committee of the Paper Industry for upward revision of selling prices of paper. It is, however, hoped that the Government will not further delay their decision on this vital question effecting the Paper Industry.

The Directors are considering a scheme of renovation of the old plant which will also result in increase of production. A new *Brown Stock Washing plant* for the old machine has been ordered the installation of which is likely to be completed during the current year. It will cause considerable saving of chemicals used in cooking of raw materials. Certain additions to the new plant are also contemplated to increase production. Negotiations with the U.P. Government for allotment of additional raw materials have not yet been finalised.

Accounts in brief as at 30th September 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	2,19,98,550	Gross block	5,19,80,051
Reserves and surplus	18,89,429	—Depreciation	1,16,04,687
Other liabilities ..	3,49,57,297	Net block	4,04,75,364
		Live stock	2,604
		Current assets ..	1,80,68,963
		Investments	1,68,066
		Cash	1,30,279
	Rs. 5,88,45,276		Rs. 5,88,45,276

* Paid-up capital consists of 10,000—5 per cent cumulative tax-free redeemable preference shares of Rs. 100 each; 30,000—6½ per cent tax-free redeemable second preference shares of Rs. 100 each; 40,000—7 per cent cumulative tax-free redeemable 3rd preference shares of Rs. 100 each; 29,991—7 per cent cumulative tax-free redeemable preference shares of Rs. 100 each; 9,99,890 Equity shares of Rs. 10 each and 1,00,000 'A' Equity shares of Rs. 100 each. Amount paid-up on shares forfeited is Rs. 550.

NEWS IN BRIEF

THE Union Government has decided to restrict exports of molasses and alcohol because considerable shortage of alcohol for industrial purposes is being experienced. The deficit in supply this year is estimated at about 20 per cent.

A power development survey team from Japan is arriving in India shortly to study the hydro-electric power potential of Assam State and to explore the possibilities of setting up industries based on natural gas.

The Rs. 30-lakh malt and malt-extract plant, installed by the Jagjit Distilling and Allied Industries Ltd., was inaugurated by the Chief Minister of Punjab at Hamira on Sunday last week-end. The plant will manufacture products worth Rs. 75 lakhs per annum.

The National Coal Development Corporation is opening shortly a pilot mine at Nandira for experimenting with the long wall mining method. If the experiment were to prove a success, a mine with a capacity of 500,000 tonnes per annum would be developed during the fourth Plan period.

The State Trading Corporation has concluded negotiations with Soviet Union for the sale of 160,000 pairs of shoes, poplin shirts valued at Rs. 39 lakhs, socks worth Rs. 8 lakhs and handicrafts worth Rs. 15 lakhs during the current year (1964). Negotiations for exporting knitted wear of the value of Rs. 15 lakhs are in progress.

India has produced its first electro-logging unit in the geophysical workshops of the Oil and Natural Gas Commission at Dehra Dun with Soviet assistance. This complicated piece of equipment, hitherto entirely imported, costs Rs. 2.5 lakhs in foreign exchange. All but 30 per cent of the components of the unit have been made by Indian technicians.

The Central Government has decided to go ahead with the heavy structural plant at Wardha. A project report for the plant, it will be recalled, was prepared by a British firm sometime ago, but, the implementation of the project had been shelved due to non-availability of adequate credit from the U.K. The Government is reported to be negotiating with an Austrian firm for necessary assistance.

Mica scrap and mica waste are now permitted to be exported from India, subject, however, to the condition that the f.o.b. price should be not less than Rs. 200 per metric ton; licences for exports will be issued by the authorities at ports. A complete ban on exports, it will be recalled, had been imposed with effect from 1st February last.

A bilateral agreement for the establishment of a shipping service between India and the United Arab Republic was signed at New Delhi on the 20th inst. The agreement provides for transportation of cargoes between the two countries by vessels belonging to India and the U.A.R. on the basis of parity. A new Indo-U.A.R. shipping service is expected to be inaugurated as soon as preliminary arrangements are completed.

The Namrup thermal station on the Southern bank of the Buridihing river at Dibrugarh in upper Assam is expected to be commissioned in August next. The station will generate 70,000 kw. of electricity from natural gas. The U.S. has supplied the main gas turbines and machinery for the project. The immediate beneficiaries of the project will be the fertiliser plant, factories producing plywood tea chests and other small industries.

The Indian Industries Exhibition in Kuwait was opened by the Crown Prince of Kuwait on the 20th inst. The exhibition is expected to last 15 days and will be India's first trade promotion exhibition to be held in the Persian Gulf area. India has the advantage of being one of the nearest sources of supply of goods required for the Kuwait markets. This exhibition will, therefore, afford a good opportunity to the manufacturers and exporters in India to maintain and develop their trade with Kuwait and other adjoining territories.

The Indo-Greek trade agreement has been extended for another year in accordance with the letters of intent exchanged between the representatives of the two Governments at New Delhi on the 20th inst. The agreement has been extended every year since it was signed in February 1958. The main items of exports from India to Greece are jute manufactures and coir, spices, cotton fabrics, shellac, mica and cine films. Imports from Greece into India, include abrasives, garnet, flint, gum resins, long-staple cotton and paper insulated cables.

The working group on plantations labour housing set up by the Union Labour Ministry has recommended that a provision of assistance in the form of subsidy to the plantation industry as in the case of other industries. The plantation labour housing scheme, it has said, may be modified to provide for the grant of subsidy to the extent of 25 per cent of the cost and the grant of loan to the extent of 50 per cent of the cost, on the lines of the subsidised industrial housing scheme. The group has also recommended that financial relief be given to the plantation industry allowing them higher rates of depreciation allowance than are admissible at present, in respect of expenditure incurred on provision of houses constructed according to approved standards for labour.

The value of fish and fish preparations exported during 1962-63 aggregated Rs. 408 lakhs, as against Rs. 388 lakhs in 1961-62. This favourable trend in exports has continued during 1963-64 also, the total exports during April to September 1963 amounting to Rs. 251 lakhs, as against Rs. 144 lakhs in the same period last year. Fish production in 1962 aggregated 975,000 tonnes, as against 961,000 tonnes in 1961. About 2,750 mechanised boats are now operating in the country. Of them about 250 were mechanised during 1963. Orders have been placed for importing 390 marine diesel engines from Yugoslavia. Indigenous manufacture of marine diesel engines has just started and it is expected that 100 marine diesel engines will be manufactured duirng the year. Scarcity of foreign exchange has been the main factor retarding progress in the mechanisation programme.

The Indian Telephone Industries, Bangalore, has now taken up the manufacture of a number of new items of telephone equipment, according to the annual report of the Department of Posts and Telegraphs for 1963-64, just published. The report states that, for the first time, co-axial line equipment was manufactured in the country without any foreign assistance. This equipment has been tested and has been passed for installations. Another item taken up for manufacture for the first time at the factory is the Supervisory Remote Control for Railways. In a number of other cases, such as ampliphone and telephone with visual indicator, bulk production has been started. On the side of electronic measuring instruments, 700 different instruments have already been manufactured in the factory. Another 1,000 instruments are expected to be completed by the end of 1963-64. The sales from I.T.I. during the year 1962-63 aggregated Rs. 7.73 crores. For 1963-64, the value of sales is expected to be of the order of Rs. 9 crores. Exports of telephone equipment during 1963-64 are estimated at about Rs. 9 lakhs, the importing countries being Nepal, Ceylon, Sudan, Egypt, Uganda and Kuwait.

Production at Jharia coalfield in Bihar will be stepped up as a result of the order worth over £1.3 million just placed with the General Electric Company of India (Private) Ltd. in conjunction with G.E.C. (Engineering) Ltd. of U.K. Half the order, for three comprehensive winding installations, will be executed locally to the designs of G.E.C. and its sub-contractors, the remainder being made in England. The installations comprise five electric winding engines and all the necessary equipment for handling coal, materials and men—including feeders, conveyors, skip plant, ropes, tipplers, headgears, gantries and storage bunkers fitted with discharge gates. The order, which covers the associated civil engineering work, was placed by the Indian Iron and Steel Company Ltd., Calcutta, which is embarking on a large-scale expansion scheme for increasing the output of coal in the Jharia area from 240,000 tons a year to 1.6 million tons. The coal is to be used in the company's steelworks at Burnpur.

Top-ranking executives of about 30 prominent American Corporations will visit India at the invitation of the Indian Investment Centre from 13th to 21st April next. The companies which have been invited are principally those that manufacture items on the priority list of the Government of India under the third Plan. These include producers of tool and alloy steel; industrial equipment; machinery and equipment for heavy industries; and possibly, representatives of major hotel and motel chains. Of the companies invited some have previously expressed interest in investing in India and several of them are familiar with India's economy. Some of them already are participants in Indian joint ventures. The main object of the visit is to study economic conditions in this country and consider the investment climate and pinpoint specific investment opportunities under the third and fourth Plan targets in the industries mentioned above. While these representatives of U.S. industries are here, they will take the opportunity to discuss specific industrial projects with the officials of the Government of India and with Indian industrialists. The group will be accompanied by U.S. Under Secretary of Commerce, Franklin D. Roosevelt, Jr., and Assistant Secretary of Commerce, Jack N. Behrmann.

* * * *

From Abroad

The Burmese Government has nationalised all privately-owned shops, warehouses and brokers' establishments within Rangoon with effect from the 19th inst.

West Germany has become the world's largest supplier of oil-burning stoves, although production of oil-burning heaters began only a decade ago. Last year 46 manufacturers delivered 1.14 million units, nearly 300,000 of them for export.

West German investments in Italian industry rank third, following the U.S. and Switzerland, on the basis of investments from 1956 to the end of last year. In that period, West German investments in Italy came to 19,600 million lire (125 million DM).

The labour-management controversy brought on by a strike of West German Metalworkers last spring helped to make 1963 a record year for working hours lost through industrial disputes. Over 1,846,000 working days were lost in this way, more than in any year since 1950.

Rumania and Bulgaria are contemplating to develop a joint hydro-electric project on the river Danube near Somovit. The project covers the construction of a dam 20-25 metres high and about 1,500 metres long, with two lock-gates for navigation, and a power station with a capacity to generate 850 M.w. per annum.

"Q" is for "quality"—and most branches of industry in the Communist-controlled part of Germany are having a hard time earning the coveted stamp for their goods. This fact was announced recently by the chief of the Soviet Zone office in charge of testing raw materials and finished goods. At present, he said, only 8.6 per cent of all industrial products manufactured in the Zone merit a "Q".

Of the six members of the Common Market, West Germany was the most successful during the year 1963 in holding the price line, according to a report by the E.E.C. Commission. In that year, consumer prices recorded a rise of just 3.5 per cent as against a rise of 6.9 per cent in Italy, 6 per cent in France, 4 per cent in Belgium, 3.7 per cent in Luxemburg and 3.6 per cent in Netherlands.

A trade agreement has been entered into between the Governments of Cyprus and Czechoslovakia. Under the agreement which covers the years 1964 and 1965, Cyprus will buy from Czechoslovakia motor vehicles, tractors, motor cycles, building ceramics, footwear, paper, glass, musical instruments and beer in exchange for citrus fruit, tobacco, wine, hides, pynites and other materials.

Over one-fourth of the anticipated West German budget this year will go for social services. Of an overall budgeted sum of DM 60,300 million, social services account for DM 15,200 million. German defence commitments under N.A.T.O., including support of Allied troops on German soil, come to DM 20,600, million.

The Japanese Finance Ministry has issued a directive to exchange banks to restrict the amount of loans in foreign exchange granted to overseas branch offices of Japanese trade firms, as well as the guarantees for debts in foreign exchange which the branch offices of Japanese firms incur overseas. The loans and guarantees, it is stipulated, should not exceed outstanding balances at the end of January, which stood at about $490 million and $150 million respectively.

Under a decree promulgated by the Italian Ministry of Industry, the Shell Italiana, will construct a new four-million-ton oil refinery at Taranto in Italy at a total cost £15 million. Work is likely to commence in the "very near future." The proposed refinery will bring the Shell's refining capacity in Italy to 12 million tons. The Company's two existing four-million-ton refineries are at La Spezia and at Rho on the outskirts of Milan.

A Commission of inquiry appointed in October last year by the Ghanian President to probe alleged irregularities and malpractices in the grant of import licences in Ghana has suggested a wholesale transfer of the staff of the Ministry of Trade's Licensing Department and a thorough reorganisation of the department itself. The commission has cited cases of import licences being fraudulently amended both to increase the quantity and to change in some cases, the country of origin from Eastern Europe to Western Europe.

World-wide demand for Rolls-Royce aero-engines is such that it will keep the company's factories working flat out for at least two years, according to Sir Denning Pearson, Chief Executive and Deputy Chairman of Rolls-Royce. The main reasons for the boom are the continuing sales of British and foreign aircraft with Rolls-Royce power plants, the decision to put new aircraft into production, and the British Government's decision to re-engine the Royal Navy's American Phantom fighter with the Spey by-pass jet.

A search for oil and natural gas under the North Sea is proposed to be conducted jointly by the Burmah Oil Company, the Imperial Chemical Industries of Britain and the Murphy Corporation of the U.S. In the joint venture, the Burmah Oil Company and the I.C.I. are holding 45 per cent of the share each, whereas the share of Murphy Corporation is only 10 per cent. The Burmah Exploration Company has been entrusted with the task of conducting the search. Seismic work is expected to begin next month. This is the first time that the I.C.I. of Britain has participated in a search for oil and natural gas.

PERSONAL

MR. B. R. R. Rao, Controller of Training, Heavy Electricals, Bhopal, has been appointed Adviser on Intra-regional Training to the Colombo Plan Council.

Mr. R. H. Morrisson and Mr. R. N. Bangur have been elected Chairman and Deputy Chairman, respectively, of the Indian Jute Mills Association for the year 1964.

Mr. P. K. Sahgal and Mr. A. H. West have been elected President and Vice-President, respectively, of the Upper India Chamber of Commerce, Kanpur, for the year 1964-65.

Mr. R. C. Shah and Mr. B. M. Choksi have been elected President and Vice-President, respectively, of the All-India Importers' Association for the year 1964.

Dr. Abdel Moneim El-Kaissouni of the United Arab Republic has been elected President of the United Nations Conference on Trade and Development which began its twelve-week session at Geneva on Monday this week.

Mr. G. S. Sial, Divisional Manager (Administration) of the Mineral and Metals Trading Corporation, has assumed charge as Executive Director of the State Trading Corporation. He will be in charge of chemicals, cement, consumer goods and exhibitions.

Mrs. Sumati Morarjee, Executive Director of the Scindia Steam Navigation Co. Ltd., has been elected President of the Indian National Steamship Owners' Association for 1964-65. Mr. Pratapsinh S. Vallabhdass has been elected the Vice-President.

Notices

THE DUNLOP RUBBER COMPANY (INDIA) LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 38th Annual General Meeting of the Company will be held at the Registered Office, "Dunlop House," 57B, Free School Street, Calcutta, on Wednesday, the 22nd day of April, 1964, at 11 a.m., for the following purposes :

1. To consider the Profit and Loss Account for the year ended 31st December, 1963, the Balance Sheet as at that date and the Reports of the Directors and Auditors of the Company.
2. To declare dividends.
3. To appoint Directors in the place of those who retire by rotation.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

To consider and if thought fit to pass, with or without modification, the following resolutions of which numbers 5, 6, 7, 8 and 9 will be proposed as ordinary resolutions and numbers 10 and 11 as special resolutions :—

5. (As an ordinary resolution): "That subject to the approval of the Central Government under Section 269 of the Companies Act, 1956, Mr. James Alexander Moore, Deputy Managing Director (Finance) of the Company, whose term of office expires on 22nd April, 1964 in accordance with Section 317 of the above Act and the Central Government's approval dated 25th September, 1959, be and is hereby reappointed with effect from 23rd April, 1964 as Deputy Managing Director (Finance) of the Company upon the same terms and conditions of service as presently govern his employment and the same remuneration as presently payable to him."
6. (As an ordinary resolution): "That Mr. Alan Grant McKay be and is hereby appointed a Director of the Company."

   Notice of the intention to propose Mr. Alan Grant McKay as a candidate for the position of a Director of the Company has been received from a member in conformity with Section 257 of the Companies Act, 1956.
7. (As an ordinary resolution): "That with effect from 1st August, 1963 the terms and conditions of employment of and the remuneration payable to Mr. Alan Grant McKay, Deputy Managing Director (Works) of the Company, as evidenced in a letter dated 22nd April, 1963 addressed to him by the Company, be and is hereby approved, and that as such Deputy Managing Director (Works) of the Company he will continue to be governed by the said terms and conditions of employment and be entitled to the said remuneration which have been approved by the Central Government from the date abovementioned."
8. (As an ordinary resolution): "That Mr. Krishna Padmanabhan be and is hereby appointed a Director of the Company."

   Notice of the intention to propose Mr. Krishna Padmanabhan as a candidate for the position of a Director of the Company has been received from a member in conformity with Section 257 of the Companies Act, 1956.
9. (As an ordinary resolution): "That subject to the approval of the Central Government under Section 269 of the Companies Act, 1956, Mr. Krishna Padmanabhan be and is hereby appointed Deputy Managing Director (Sales) of the Company upon the same remuneration and upon the same terms and conditions of service as governed his employment as an Executive Officer in the whole-time employment of the Company immediately prior to this appointment as evidenced in a letter dated 24th December, 1963 addressed to him by the Company."
10. (As a special resolution) : "That the authorised capital of the Company be and is hereby increased from Rs. 7,50,00,000 to Rs. 12,50,00,000 by the creation of 50,00,000 Shares of Rs. 10 each."
11. (As a special resolution): "That the Articles of Association of the Company be and is hereby amended in the manner following, that is to say :

    By deleting from Article 4 the first sentence and substituting therefor the following new sentence, namely :

    At the date of adoption of these Articles the share capital of the Company consists of Rs. 12,50,00,000 divided into 68,00,000 Ordinary Shares of Rs. 10 each, 30,000 Cumulative Preference Shares of Rs. 100 *each, 40,000 Second Cumulative* Preference Shares of Rs. 100 each and 50,00,000 Unclassified Shares of Rs. 10 each, which may be issued as Ordinary Shares or *with such* rights as may be thought fit."

    A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

    The Registers of Members in respect of the Ordinary and Second Preference Shares of the Company will be closed from 9th April to 30th April, 1964, both days inclusive. Any dividends that may be declared will be paid, on or after 9th May, 1964, only to those members whose names appear on the above Registers on 8th April, 1964.

By Order of the Board
S. K. ROY
Secretary.

DUNLOP HOUSE
57-B, FREE SCHOOL STREET
CALCUTTA
26th March, 1964.

Note :—An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 has been annexed to the notice issued to the members of the Company.

COMMERCE (1935) LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Twenty-ninth Annual General Meeting of the Shareholders of the above Company will be held at the Registered Office of the Company, "Brady House," Veer Nariman Road, Fort, Bombay, on Wednesday, the 22nd April 1964, at 11 a.m. (S.T.), to transact the following business:—

1. To receive and adopt the Directors' Report and Audited Balance Sheet and Profit and Loss Account for the year ended 31st December 1963.
2. To sanction the payment of Dividend.
3. To elect a Director in place of Mr. J. M. Mehta who retires by rotation in accordance with Article 157(1) (2) of the Articles of Association of the Company, but being eligible offers himself for re-election.
4. To elect a Director in place of Mr. V. Mathalone who retires by rotation in accordance with Article 157(1) (2) of the Articles of Association of the Company, but being eligible offers himself for re-election.
5. To appoint a Director in place of Mr. J. Charanjiva who was appointed a Director of the Company by the Board of Directors and who holds office only up to the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 but who is eligible for re-appointment and in respect of whom the Company has received a notice in writing from some members signifying their intention to propose him for the office of Director of the Company.
6. To appoint Auditors for the current year and to fix their remuneration.
7. To consider and if thought fit to pass the following Resolution as a Special Resolution:—

   "RESOLVED that subject to the consent of the Central Government being obtained the Article 141(*a*) of the Articles of Association of the Company providing for remuneration of Directors be amended by deleting the said Article 141(*a*) and substituting for the said Article 141(*a*) the *following Article* 141(*a*):—

   141(*a*) Each Director shall be paid out of the funds of the Company by way of remuneration for his services such sum not exceeding Rs. 150 as the Directors may from time to time fix, for each Meeting of the Board or Committee of the Board attended by him."
8. To consider and if thought fit to pass the following Resolution as a Special Resolution:—

   "RESOLVED that the existing Article 50 of the Articles of Association of the Company which provides for a fee on transfer or transmission of shares be and is hereby deleted."

The Register of Members and the Transfer Books of the Company will be closed from Friday the 3rd April 1964 to Friday the 24th April 1964, both days inclusive.

By Order of the Board,
COMMERCE (1935) LIMITED,
E. M. ALVARES,
Officiating Secretary.

BRADY HOUSE,
12/14, VEER NARIMAN ROAD,
FORT,
BOMBAY, *12th March,* 1964.

Notes:

1. The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the business under items 5, 7 and 8 set out above are annexed to the Notice forwarded to the individual members of the Company.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER.
3. The Dividend, when declared, will be made payable at the Registered Office of the Company, on and after 6th May 1964. The Dividend Warrants will be posted to those Shareholders whose names stand on the Register on the 24th April 1964.

INDIAN ALUMINIUM COMPANY LIMITED

31 Chowringhee Road, CALCUTTA-16

NOTICE IS HEREBY GIVEN THAT THE twenty-sixth Annual General Meeting of Indian Aluminium Company, Limited, will be held at its registered office, 31 Chowringhee Road, Calcutta-16, on Monday, April 27th 1964, at 11.30 a.m., for the following purposes:

1. To receive and adopt the Balance Sheet as at December 31st, 1963 and the Profit and Loss Account for the year ended December 31st, 1963, together with the Reports of the Auditors and Directors.
2. To declare dividends.
3. To appoint Directors in place of those retiring.
4. To appoint Auditors and to fix their remuneration.
5. As special business, to consider and if thought fit to pass with or without modification the following resolution of which special notice has been received:

   "That Dr. C. L. Katial, who retires at this meeting and who has attained the age of sixty-five years, be and is hereby re-appointed a Director of the Company, and that the age limit prescribed under Section 280 of the Companies Act 1956 shall not apply to him."

The register of members and the share transfer registers of the Company will be closed from April 7th to April 27th, 1964, both days inclusive.

Payment of any dividend declared will be made only to those members whose names are registered in the books of the Company on April 27th, 1964, or to their mandataries. No application for warrants will be necessary. Claims on behalf of holders of shares held on blank transfer will not be entertained.

Any member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.

By Order of the Board,
T. D. SINHA,
Secretary.

February 17th, 1964.

Explanatory Statement and Statement of Interest as Required by Section 173 of the Companies Act 1956

Item No. 5

Dr. C. L. Katial, who has been a Director of the Company since 1958, has attained the age of sixty-five years on July 15th, 1963. The proposed resolution seeks to obtain your approval of Dr. Katial's appointment and your declaration that the age limit specified in Section 280 of the Companies Act 1956 shall not apply to him. Your Directors feel that it is in the interest of the Company that the Board should continue to receive the benefit of Dr. Katial's experience and able guidance.

The Company has received Special Notices from two members notifying their intention to move the resolution set out in the Notice. Apart from Dr. Katial, no other Director of the Company is interested in this resolution.

G. CLARIDGE & COMPANY, LTD.

NOTICE is hereby given that the Forty-fourth Annual General Meeting of the Shareholders of G. Claridge & Company Limited, will be held at the Company's Registered Office, Brady House, 12-14, Veer Nariman Road, Fort, Bombay, on Wednesday, the 22nd day of April, 1964, at 11-30 a.m., to transact the following business :—

1. To adopt the Directors' Report and Audited Balance Sheet and Profit and Loss Account for the year ended 31st December, 1963.
2. To sanction payment of Dividend.
3. To appoint a Director in place of Mr. Kishore M. Premchand who retires by rotation in accordance with Article 158 of the Articles of Association of the Company and being eligible, offers himself for re-election, and to consider, and if thought fit, to pass the following Resolution as a Special Resolution in respect of which a Special Notice as required by Sections 190 and 261 of the Companies Act, 1956, has been received by the Company :—

   "RESOLVED that pursuant to Section 261 of the Companies Act, 1956, Mr. Kishore M. Premchand, who is an associate of Messrs. W. H. Brady & Company Limited, the Managing Agents of the Company (which Managing Agents are authorised by the Articles of Association and the Managing Agency Agreement to appoint two Directors to the Board) be and he is hereby re-appointed a Director of the Company liable to retire by rotation."
4. To elect a Director in place of Mr. Kishore D. Khatau, who retires by rotation and being eligible, offers himself for re-election.
5. To appoint Auditors for the current year and to fix their remuneration.
6. To consider and if thought fit to pass the following Resolution as a Special Resolution:—

   "RESOLVED that the existing Article 50 of the Articles of Association of the Company be amended by deleting the said Article and substituting for the said Article the following Article :

   "50. The transfer or transmission of any shares in the Company shall be made without making any charge in respect of such transfer or transmission."

To consider and if thought fit to pass the following Resolution as a Special Resolution :—

"RESOLVED that pursuant to the provisions of Section 360 of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 1960 and subject to the consent of the Central Government being obtained when necessary, the Company hereby accords its approval to a contract being entered into between the Company and the United Motors (India) Limited, who are an associate of Messrs. W. H. Brady & Company Limited, the Managing Agents of the Company, for the sale and supply by the Company to United Motors (India) Limited and for the purchase by the Company from United Motors (India) Limited of all movable properties, goods and materials, owned, stocked, dealt-in or manufactured by the Company and United Motors (India) Limited respectively and for rendering services by the Company to the United Motors (India) Limited and by the United Motors (India) Limited to the Company for the purpose of their respective business in terms of the draft placed before the Meeting and for the sake of identification initialled by the Chairman to be operative from the date of its execution and to remain in force until it is determined by either of the parties thereto by one month's previous notice in writing to the other of them, subject to the condition that all payments to be made to the Company by United Motors (India) Limited for any such properties, goods and materials sold and supplied or services rendered by the Company to United Motors (India) Limited shall be made within one month from the date of the sale or supply and that the prices or amounts to be charged to the Company by United Motors (India) Limited in respect of the movable properties, goods and materials, sold and supplied and/or services rendered by United Motors (India) Limited to the Company shall be such as are not less favourable to the Company than the market rates or which are otherwise reasonable."

By Order of the Board of Directors,
For W. H. BRADY & COMPANY, LIMITED,
A. S. NARIMAN,
Secretary,
Managing Agents.

Registered Office :
" BRADY HOUSE,"
12-14, Veer Nariman Road, Fort,
BOMBAY, *9th March,* 1964.

Notes :-

(1) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Special business under items 3, 6 and 7 are annexed to the Notice posted to the individual Shareholder.

(2) A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.

(3) The Register of Members and the Transfer Books of the Company will be closed from Friday the 3rd day of April 1964 to Friday the 24th day of April 1964, both days inclusive.

(4) The Dividend when declared will be made payable at the Registered Office of the Company on and after Wednesday the 6th day of May 1964. The Dividend Warrant will be posted to those Shareholders whose names stand on the Company's Register on the 24th day of April 1964.

ESSO STANDARD REFINING COMPANY OF INDIA LTD.

NOTICE

To THE DEBENTURE-HOLDERS
ESSO STANDARD REFINING COMPANY OF INDIA LTD.

NOTICE IS HEREBY GIVEN THAT PURsuant to Clause 2 of the conditions referred to in the First Schedule of the Debenture Trust Deed dated July 29, 1953, for securing Rs. 4 crore 5¼ per cent Debentures due 1964-68, one-fifth of these debentures are now scheduled for redemption. Rupees eighty lakhs of the 5¼ per cent debentures will be redeemed at par on April 30, 1964. Although the Debenture Trust Deed specifies that this amount is due for redemption on May 1, 1964, the Directors have decided to redeem the debentures one day earlier, since the first of May is a public holiday. Interest will, however, be paid upto—and including April 30, 1964, as usual.

The Company will notify the holders whose debentures have been drawn for redemption. Such holders will be required to surrender their debentures, duly discharged, for payment and cancellation. INTEREST ON THE DEBENTURES DRAWN FOR REDEMPTION WILL CEASE TO RUN FROM MAY 1, 1964.

The Register of Company's 5¼ per cent Debentures due 1964-68 will be closed for transfers for the above purpose and for payment of interest from April 11, 1964 to April 30, 1964, both days inclusive.

By Order of the Board of Directors
H. J. MEHTA,
Secretary.

March 19, 1964,
Registered Office:
ADMINISTRATION BUILDING,
MAHUL, BOMBAY, 74-AS.

INSURANCE

(*Concluded from page* 504)

Corporation to build up and analyse the case histories of the claims paid for future guidance.

The administrative structure and functioning of the Corporation have a direct bearing on its business. On examining this aspect, the Committee obtained the impression that the present working of the Corporation, where expenses were more than income, was rather unsatisfactory. Administrative expenses, in its opinion, are on the high side in relation to premium income and it should be possible for the Corporation to increase its business and present a better financial picture. It is surprising that the Committee should have made this remark after listing numerous things which yet remain to be done by the Corporation but cannot be done, unless the Corporation is allowed to spend more. The Committee itself has noted that the performance of the Calcutta and Madras branches of the Corporation is poor, due mainly to inadequate staff, weak field organisation and insufficient publicity. Further, it considers that, as it is undesirable to depend totally on brokers for securing business in an important and growing port like Cochin, a separate branch office should be opened at Cochin. Moreover, it has recommended that suitable incentives be given to the field staff to encourage them to canvass more business and to attract the best talent to this job. But all this will cost money and the Estimates Committee ought to have recommended a bigger budget for the Corporation.

INDIA SUGARS AND REFINERIES LTD.

(*Concluded from page 508*)

by the Income-tax Officer, the assessee would be deemed to have concealed his income deliberately and would be punished with rigorous imprisonment up to two years. Experience shows that, uptil now, the difference between the returned income and assessed income of business houses, industrial units and individuals doing business vary more than 50 per cent in majority of the cases and it is also a fact that the mistake of the Income-tax Department has been in the past far in excess of the mistakes of the assessees. The Budget proposals seem to presume that the Income-tax Officers are invariably infallible men. The Finance Minister is certainly welcome to this opinion about his officers. But would that justify condemning every mistake on the part of the assessees to be only *mala fide* and criminal in its intent? The age-long dictum that "everybody is innocent unless otherwise proved" is sought to be given a go-bye and, hereafter, the opposite of it seems to be propounded, namely, that you would be considered guilty unless you prove your innocence.

Another Objectionable Feature

Another very objectionable feature is the removal of secrecy clauses from the taxation statute. I say that this step would completely demoralise the character of the people and will be a most welcome and potent weapon in the hands of blackmailers and society pirates. The proposal to increase 10 per cent in super-tax on companies falling under Section 104 of the Income-tax Act, under which category come most of the sugar mills, is indeed a very hard measure. Therefore, although the Finance Minister in his speech has suggested that he has given relief to the corporate sector and encouragement to the growth of industry, I say that his proposals would on the whole hit most of the companies and majority of them would be liable to pay larger taxes than they were paying in the previous year and thereby they would be discouraged in putting up new industries.

This is not the time nor the forum to express my views on the Budget proposals and, therefore, I would content myself by mentioning that it is my sincere hope that the Finance Minister would give second thoughts on the points mentioned above.

As indicated in my last year's speech, the plant and machinery of Manjula Confectionery Ltd. have been sold to Messrs. Parry's Confectionery Ltd. We feel the price at which the machinery has been sold is reasonable. The Directors of Manjula Confectionery Ltd. are now taking steps to continue the manufacture of confectionery by indigenous machinery and manual operation. Besides, it would continue to operate its business of petrol pump and allied activities.

Now gentlemen, with your permission, I shall proceed with other business of the meeting of the day.

Note : *This does not purport to be the proceedings at the Annual General Meeting.*

TREND OF MARKETS

CALL RATE 6½ PER CENT

(From Our Own Correspondent)

BOMBAY, 25*th March*

The short-term money market continued to experience stringent conditions. There was persistent pressure of demand for credit, whereas the supply of funds actually available was too insufficient to meet it. Borrowers, therefore, found it difficult to obtain their requirements. The inter-bank call rate for both renewals and fresh money rose by a further ½ per cent to 6½ per cent. Even at this level, funds could not be secured, owing to paucity of offerings. Turnover, as a consequence, was restricted. Conditions at Calcutta were no better, the call rate standing at the high level of 6½ per cent, as against 6¼ per cent a week before.

The market has taken note of the Reserve Bank's directive (issued on Saturday the 21st inst.) amending the provisions relating to ceilings in respect of scheduled banks' advances against foodgrains other than wheat and rice. Under this directive, every scheduled bank is required to maintain, in each two-month period commencing from March-April 1964, an average aggregate level of credit against the security of foodgrains (excluding wheat and rice) which shall not exceed such levels of credit actually maintained in the corresponding period of 1962. The other provisions relating to margin requirements, etc., as set out in the directive of 8th February 1964 will, however, continue without any change.

Apparently in view of the persistent stringency of money, there were no sales of 91-day Intermediate Treasury Bills during the period from the 18th to 21st inst. But tenders for the Government of India Treasury Bills were opened as scheduled on Tuesday the 24th inst. The Bills, of course, met with poor response, the total amount actually offered being just Rs. 2 crores; this was also the amount invited and accepted. The average rate of accepted tenders jumped up to Rs. 2.750 per cent per annum, as against Rs. 2.500 per cent.

There was a handsome rise of Rs. 6.16 crores to Rs. 134.64 in India's foreign exchange reserves during the week ended 20th March 1964. The bulk of the rise was accounted for by the foreign securities held in the Issue Department of the Reserve Bank; the total of these securities went up by Rs. 5.00 crores to Rs. 117.46 crores. Balances held abroad also improved by Rs. 1.16 crores to Rs. 17.18 crores. Loans and advances to scheduled banks increased by Rs. 3.44 crores to Rs. 98.91 crores, including Rs. 46.24 crores (a rise of Rs. 22 lakhs) granted against usance bills. At the same time, their deposits with the Reserve Bank rose by Rs. 3.75 crores to Rs. 81.57 crores. Notes in circulation declined by Rs. 16.18 crores to Rs. 2,456.25 crores.

The total credit made available by scheduled banks to their clients increased by a further Rs. 12.94 crores to Rs. 1,796.23 crores during the week ended 13th March. Deposits, too, increased but by only Rs. 4.52 crores to Rs. 2,431.27 crores. Nevertheless, there was a fall of Rs. 10.59 crores to Rs. 95.66 crores in borrowings from the Reserve Bank. The fall was entirely in borrowings other than those against usance bills which actually rose by Rs. 1.21 crore to Rs. 46.92 crores.

The Gilt-edged market ruled dull as usual. Fresh buying support was lacking. Business actually put through was, therefore, small with limited fluctuations in values.

The Reserve Bank of India announced today the suspension of open market sales of two Central Government loans, namely, 4 per cent 1969 and 4½ per cent 1986. At the time of suspension, the former was quoted at Rs. 99.50 and the latter at par. This move is obviously to groom the market for the Government's ensuing borrowing programme.

In the foreign exchange market, the banks' selling rate for U.S. dollars eased by 25 nP to Rs. 478.25 for $100, while their buying rate continued unaltered at Rs. 475. In New York, the pound sterling ruled irregular again *vis-a-vis* the dollar. While the spot rate gained 0.010 cent to 279.800-279.830 cents, the three months' forward declined by 0.050 cent to 279.320-279.350 cents.

COTTON FUTURES FIRM

(From Our Own Correspondent)

BOMBAY, 25*th March*

A distinctly firm trend prevailed in the cotton futures market during the week under review. The firmness was more marked in the case of the maturing Jarilla March contract which ruled virtually buoyant, with the quotation rising by Rs. 10 over the last week-end closing to Rs. 792, only Rs. 6 less than the official ceiling price of Rs. 798. The main reason for the spurt in price was the failure of the volume of tenders issued on Monday, the 23rd inst., to come up to market expectations. As against an expected 2,000 bales, actual tenders issued on that day aggregated only 950 bales. These comprised 100 bales of 216F, 400 bales of Cambodia "C", 50 bales of Laxmi A, 200 bales of Laxmi "B", 150 bales of Gaorani, and 50 bales of Buri. Total tenders against the contract thus aggregated 2,600 bales. Sentiment was also favourably influenced by the firm trend of Kalyan prices in Ahmedabad. The strength of the May contract was largely derived from the buoyancy of March but it was also due partly to the apprehension that shipments of U.S. cotton against the recent P.L. 480 allocation might be delayed so that it would not be available for consumption in the current season. Buying support induced by these considerations led to a rise in price and the May contract nearly touched a high of Rs. 750 during the week, as compared with last week's closing rate of Rs. 741.75, although the finish was a shade lower. The following table indicates the trend of prices of the contract during the week:

(In rupees per three quintals)

	25-3-64	*High*	*Low*	18-3-64
Jarilla March	792	792	782	782
Jarilla May ...	747.50	749.50	740.25	741.25

The deliberations of the Indian Central Cotton Committee, which concluded its eighty-ninth meeting at Bombay during the week, had little direct effect on futures prices. Operators, however, noted the statement of Sardar Swaran Singh, Union Minister for Food and Agriculture, on cotton price policy made at the meeting. The relevant portion of his speech relating to price policy are as follows:

"To those who advocate a further increase in the ceiling prices of cotton, I would point out the existing disparity between the world prices of cotton and those of Indian cotton. Apart from cotton cloth being one of the prime necessities of life in the country itself, we look to our textile mills to earn an increasing amount of foreign exchange for our growing economy and we cannot sell our cloth in foreign markets if our costs, both of raw material and of manufacture, keep on spiralling upwards.

"It has, however, been suggested that, even on the basis of the existing basic maxima and minima, adequate incentive to the grower can be provided if the floor and ceiling prices of various qualities of cotton are determined with reference to the technical considerations, such as spinning capacity and other quality factor rather than on mere staple length or the so-called trade practices. I am informed that a schedule including such adjustments has already been presented to the Textile Commissioner. I have no doubt that it would receive due consideration from all concerned and any changes in price structure, which may thus be justified, would be enforced with effect from the cotton season of 1964-65. Such an approach, it would be agreed, would not only lend a scientific basis to price determination, but will also place every cotton in its rightful position on the merit of its intrinsic quality, thereby meeting fully the present criticism about the inappropriate classification of different varieties. It will also obviate all troubles of the type we witnessed in case of Deviraj cotton of Maharashtra last year and in Digvijay cotton of Gujarat this year."

The Cotton Committee also did not favour an upward revision of ceilings. It noted that the present ceiling prices of Indian cotton were above world parity and was therefore of the view that any increase in the ceiling prices would create difficulties in making available cloth at a reasonable price. The Committee was also against raising the floor prices because the problem, in its opinion, was one of preventing cotton prices from piercing the ceiling.

In the spot market at Sewri, activity was limited during the first half of the week but demand revived towards the second. Spinners showed interest in Digvijay, Kalyan, L.147, Wagad, etc. Export interest continued to be subdued, thanks to absence of inquiries from Japan and the Continent for Bengal *Deshi*. In the import section, American cotton was the centre of attraction and sizable business was put through. Importers are getting impatient at the inordinate delay in the issue of the purchase authorisation for the P.L. 480 cotton. American shippers are said to be reluctant to make offers in the absence of details of the purchase authorisation.

The following are the latest available quotations—in rupees per candy of 784 lbs.—from the spot market at Sewri:

Gangenagar 790; Nagar Co2 1,590; L.147 1,170-1,210; Hubli Laxmi 1,200; California (on sample) 1,345; American (below 1-1/16") 1,250; Elpaso 1,560-1,580; B.P. 52 (old) 1,278.

GOLD WEAK

(From Our Own Correspondent)

BOMBAY, 25*th March*

Gold displayed further weakness this week due partly to an irregularly lower trend in silver and partly to limited offtake by jewellers. Both the 14-carat variety and the pure material, which is quoted unofficially, showed moderate losses. The weakness in gold did not, however, spread to sovereign which was unchanged at Rs. 88.

Fourteen-carat gold opened at the last week's closing level of Rs. 64.50 but steadily lost ground to finish Re. 1.25 lower at Rs. 63.25. Pure gold suffered a setback of three points to Rs. 105.

Silver which had rallied last week was lower again this week. It opened with a loss of 50 nP at Rs. 257 and, after remaining steady at that rate till Saturday, dropped to round off the week at Rs. 254.50. The renewed setback was due entirely to the failing support at higher levels, while the figures of the daily average arrivals and offtake remained unchanged at 12 bars and eight bars, respectively.

The international price for gold eased further from $35.07⅞ to $35.06½, with the ready rate in London closing 1½*d.* lower at 250*s.* 7½*d.* Silver prices in New York and London remained firm at their last levels.

The Government of India has amended the Gold Control Rules to the extent of allowing goldsmiths to make use of specialised workers having equipment for wire-drawing or die-casting, or those who specialise in stone-setting, enamelling or polishing, provided such workers are also certified goldsmiths. The amendment is a sequel to the representations made by goldsmiths and their associations.

The following table shows the trend of prices during the week under review:

	25-3-1964 (closing)	High	Low	18-3-1964 (closing)
SILVER				
Ready (999 fine) ..	Rs. 254.60	Rs. 257.00	Rs. 254.50	Rs. 257.50
GOLD				
Ready (14 carat) ..	63.25	64.50	63.25	64.50
Sovereign	85.00*	—	—	85.00*
London—				
Gold	250*s.* 7½*d.*	250*s.* 7½*d.*	250*s.* 6½*d.*	250*s.* 8¾*d.*
Silver Ready ..	111½*d.*	—	—	111½*d.*
Silver Forward ..	111½*d.*	—	—	111½*d.*
New York—				
Silver	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * As on 24-6-1963.

ART SILK YARNS EASY

(From Our Own Correspondent)

BOMBAY, 25*th March*

On improved supplies and absence of support, art silk yarns turned easy this week. Staple fibre yarns, however, were steady, while cotton yarns showed small changes.

Among art silk yarns, National Rayon 120D moved down from Rs. 12.98 to Rs. 12.85 a kilo and Century 75D recorded a big decline from Rs. 19.25 to Rs. 18.83. In the staple fibre yarn section, spot 2 x 40 Century and Kohinoor were well held at Rs. 9.46 and Rs. 9.57, respectively. Among cotton yarns, 10s Navsari gained 25 nP to Rs. 19.12, but 80s Ganesh slipped back from Rs. 84 to Rs. 83.50 and 32s Hisar showed a loss of one point to Rs. 31.50.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	25-3-1964	18-3-1964
	Rs.	Rs.
Art silk yarn (per kg.)—		
National Rayon 120D	12.85	12.98
Century 75D	18.83	19.25
S. I. Viscose 150D	13.75	13.46
Staple fibre yarn (40 ×2)—		
Kohinoor (per kg.)	9.57	9.57
Century	9.46	9.46
Cotton yarn (per bundle of 10lbs.)—		
10s Navsari	19.37	19.12
20s Podar	24.25	24.25
32s Hisar	31.50	32.50
40s Vasanta	38.75	—
60s Kothari	61.00	60.50
80s Ganesh	83.50	84.00

TRADING IN GROUNDNUT JULY BEGINS

(From Our Own Correspondent)

BOMBAY, 25*th March*

Hedge trading in groundnut and groundnut oil for July 1964 delivery commenced at last on Monday this week. It had been delayed so far, in view of the difference of opinion between the Exchange authorities and the Forward Markets Commission over the measures of control announced by the latter three weeks ago. On Thursday this week, the Presidents of the Bombay and Saurashtra Oilseeds Exchanges met the F.M.C. authorities and renewed their plea for relaxing the measures of control. After discussing proposals and counter-proposals put forward by the Exchange Presidents and the F.M.C. authorities, it was agreed that trading in the July contract should be governed by the same terms and conditions applicable to the maturing (April) contract. Accordingly, a ceiling of Rs. 241 (Rs. 240 in Saurashtra) per 250 kg. has been fixed for the July contract, the limit on weekly ranges either way being Rs. 5.50 as before. There will be no obligation on the part of members to make any declaration about their speculative positions. Operators are rather disappointed over the low level of ceiling. Some feel that the volume of business will be considerably small. As for the venue of trading, the F.M.C. has permitted the trading to take place in the Jeenabhai Building, but it has made it clear that business in September contract will be allowed only if the place of trading is shifted elsewhere.

Over the week, groundnuts depicted a firm trend, following heavy short-covering, good spot demand, strong upcountry advices and acute paucity of ready supplies. Castorseeds, after early firmness in the first three sessions, eased to close quietly steady during the week. Linseeds were firm throughout, owing to tight supply position. The inflow of new crop from producing areas was small in contrast to the usual large arrivals at this time of the season. Higher mustard seeds advices in North Indian markets also imparted strength. Cottonseeds were maintained at last week's levels.

The groundnut April 1964 contract jumped up by Rs. 2.12 to Rs. 239.62. The July contract began on Monday at Rs. 235.87 and advanced to Rs. 236.37 today. Nizam bold strengthened by a rupee to Rs. 51.50 and Khandesh quality by Re. 1.13 to Rs. 52.50. Oil ex-mill gained 35 nP to Rs. 20. Railway receipts put on 40 nP to Rs. 19.75. Groundnut oilcake expeller April contract was marked up by Rs. 12 to Rs. 416.50, and July contract by Rs. 16.50 to Rs. 423, following the reported sale of 5,000 tons of groundnut extraction to East European countries.

Castorseed March contract moved up to Rs. 178.12 on Monday on special support, as against the close of Rs. 176 last week-end, before closing at Rs. 176.37 today. June contract lost 13 nP to Rs. 171.87. Spot ready Madras, Kanpur and oil B.S.S. were unchanged at Rs. 34.37, Rs. 33.12 and Rs. 14.70, respectively. Oil commercial shed 5 nP to Rs. 14.05.

Linseed March contract strengthened by 50 nP to Rs. 41. June position improved by 63 nP to Rs. 41.50. Bold ready firmed up from Rs. 39.87 to Rs. 40.25, today. Oil ready spurted by 65 nP to Rs. 16.10.

Cottonseed April contract was dull at Rs. 102.50 throughout the week. Some transactions were reported in July 1964 contract at Rs. 105.50 on Monday this week. No trading however was reported yesterday and today.

The following table shows the closing prices of oilseeds and oils on Wednesday 25th March as compared with those of two previous weeks:

	25-3-1964	18-3-1964	11-3-1964
	Rs.	Rs.	Rs.
Groundnuts			
April 1964 contract	239.62	237.50	239.25
July 1964 contract	236.37	—	—
Nizam bold	51.50	50.50	51.37
Khandesh quality	52.50	51.37	52.25
Oil ex-mill	20.00	19.65	20.10
Oil Rly. Receipts	19.75	19.35	19.65
Castorseed			
March 1964 contract	176.37	176.00	175.25
June 1964 contract	171.87	172.00	174.25
Ready Madras	34.37	34.37	34.87
Ready Kanpur	33.12	33.12	33.50
Oil B.S.S.	14.70	14.70	15.00
Oil commercial	14.05	14.50	14.50
Linseed			
March 1964 contract	41.00	40.50	40.25
June 1964 contract	41.50	40.87	40.69
Bold ready	40.25	39.87	39.75
Linseed oil	16.10	15.45	15.90
Cottonseed			
April 1964 contract	102.50	103.00	103.50
June 1964 contract	105.50	—	—

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

PEPPER MOVES UP

(Messrs. Parekh and Co.)

BOMBAY, 24*th March*

Malabar black pepper ruled firm during the week with tendency upward in sympathy with Cochin where speculators are reported to be active and are pushing up prices in both ready and forward. The spread between *Chaitra* and *Vaisakh* delivery in Bombay increased from Rs. 13 to Rs. 17. Premium of about Rs. 20 is easily obtainable between ready garbled and May delivery on the Cochin ring. As such, most of the ready and nearby delivery Malabar pepper are and will be going into storage, thus creating an artificial scarcity. March delivery went off the board at Rs. 311. Off and on, enquiries for sizable quantity from one or other Soviet bloc countries are supporting factors to the market which otherwise would have gone down, in view of the absence of noticeable buying from New York. However, during the week, some purchases by New York were reported done at prices ranging from $0.34½ and $0.36½. Thanks to the recent buying by East European countries, Malabar pepper is now in fine fettle.

Singapore is now out of the picture, there being very small stock left. The little arrivals that are coming in are from Sarawak only. Singapore market is likely to be neglected until the arrival of Sarawak new crop.

New York, which was until recently haggling for a lower price, is now reported to be showing interest in Malabar black, there being scarcity of offers from Indonesia. Spot in New York has gone up to $0.36½ with sellers reserved, as they cannot easily replace their sales to grinders. It seems that New York has missed the bus.

Ready ungarbled is now quoted at Rs. 310 and garbled at Rs. 320. Movements in May and July delivery are erratic and there is scarcity of contracts as sellers are reserved. They are unwilling to sell unless they can lay their hands on ready either at Calicut or Alleppey or Cochin.

Tentative export figures from November to March are in the vicinity of 9,000 tons. As such, if New York where unhedged stocks are reported to be smaller comes in the market, the prices are likely to improve still further particularly because, in rising market, growers in India usually sell sparingly, making the exporters more anxious to cover up their short position, as pepper is generally considered by them as a treacherous commodity. The statistical position of Malabar pepper is healthy and may become more so with the passing of time provided India does not keep its pepper outpriced in the world market because of unbridled speculation. *Chaitra* is now quoted at Rs. 340, the lowest being Rs. 312 and *Vaisakh* is listed at Rs. 358, the lowest being Rs. 321.

The future of pepper depends on the selling policy of Indonesia and the buying policy of Soviet bloc and the U.S.A. and Europe. The buying should develop before the advent of monsoon, as otherwise, there may be some reactionary downward trend, for the holders then may become tired longs and consequently anxious to liquidate some of the holdings.

Ready pepper in Bombay market is quoted at Rs. 165 to Rs. 168 per 50 kilos.

LEGG-CUT TEAS FIRM

(From Our Own Correspondent)

CALCUTTA, 24*th March*

Dusts on offer at last week's sale for internal consumption met with strong demand, and prices gained. Tea bookings recorded a further decline during the week due to lack of offerings. Until the new crop begins arriving, tea shipments will continue insignificant. Despite the increase in the U.K.'s tea stocks to 170 million lbs. in the week ended 13th March from 167 million lbs. in the previous week, good demand met offerings of North Indian teas at the Mincing Lane auctions held last week, with the brighter liquoring C.T.C. Assams being a strong feature.

Dusts on offer at last week's internal sales totalled 31,560 packages which met with strong demand. Medium C.T.Cs were fully steady, and prices for the bright liquoring teas gained. Fibrous teas, which had been a weak feature in recent weeks, met with a good market. Bright liquoring Assam orthodox teas were firm at about last rates; the exportable types in this category were the strongest feature of the sale. Legg-cut teas were unchanged but firm. The quotations (in rupees) per one kg., inclusive of excise duty were: Good Assam C.T.C. dust 6.20 to 6.80, medium Assam C.T.C. dust 4.95 to 5.25, legg-cut dust 4.60 to 4.90, plain orthodox dust 4.20 to 4.60 and medium Assam dust 4.60 to 5.00.

At yesterday's export sale leaf on offer amounting to 15,010 packages met with strong demand. Prices gained. Quotations were not issued due to the absence of sufficient quotable teas.

* * * *

Many U.S. imports of tea from India and other supply areas are now making the trip via Rotterdam instead of direct to the U.S.A. because the freight rate is lower when tea is transhipped from Rotterdam, which recently surpassed New York as the world's largest port in terms of tonnage handled. Tea sources in New York have been critical of the mounting steamship conference rates. For the past nine months, they have been paying higher rates on shipments from East Africa, with the rate raised by 10 per cent in last August, and from Calcutta and Ceylon, where rates were raised by the same amount in October and February. Another 10 per cent rise is to be effective from 14th April next on shipments on conference vessels from Cochin.

The Tea Association of the U.S.A. which represents about 80 per cent of American tea companies, said it currently costs $38.75 per cubic foot to ship tea directly from East Africa to New York as compared with $36.23 via Rotterdam. The cost from Calcutta is $40.49 direct compared with $34.40 via Rotterdam, and $38.62 from Cochin to New York compared with $34.84 via Rotterdam.

TIPPY TEAS STRONG

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 19*th March*

Offerings in tea sale No. 11 held here on Tuesday the 17th inst. amounted to approximately 468,000 kgs. Quality from all districts continued to be useful, but it was only maintained when compared with previous weeks. There was strong general demand. Nilgiri brokens elicited selective enquiry and were irregular, with the lesser kinds often registering a decline in price. Fannings, however, were sold readily and well at fully firm rates. Good mediums descriptions were again a strong feature of the market and were generally sold at dearer levels. Medium and low medium brokens were irregular; those teas maintaining their quality were generally firm, but others tended easier. Fannings grades met a little more enquiry and were sold at fully firm rates. Plainest teas, and black leaf descriptions were sold well, while whole leaf grades, particularly liquoring sorts, were again actively supported at generally dearer rates. Unorthodox teas were keenly competed for and often registered an advance in price. Tippy teas were in strong demand and prices were dearer.

The quotations (per kg.) were:

	1964	1963
	Rs.	Rs.
Low mediums	4.45-5.10	4.40-5.00
Mediums	5.00-5.60	5.10-5.50
Good mediums	5.60-6.80	5.50-6.50
Nilgiri B.O.P.	6.30-10.70	6.00-10.30

The average price realised in sale No. 11 was Rs. 5.60 per kilo, as against Rs. 5.59 a week ago and Rs. 5.44 in the corresponding sale last year.

A total quantity of 217,000 kgs. was offered in dust sale No. 11 held today. The market met with good general demand. Coloury mediums encountered useful support and were sold at fully firm rates, while other medium categories inclined a little easier. Highgrowns were sold readily, but these were irregularly lower. Clean black grainy descriptions were sold at around last rates. Unorthodox teas were fully firm, while their types were slightly lower.

The average price realised in dust sale No. 11 was Rs. 4.61 per kilo as against Rs. 4.67 a week ago and Rs. 4.76 in the corresponding sale last year.

As we go to press, Messrs. Forbes, Ewart and Figgis Private Ltd. wire us as follows:

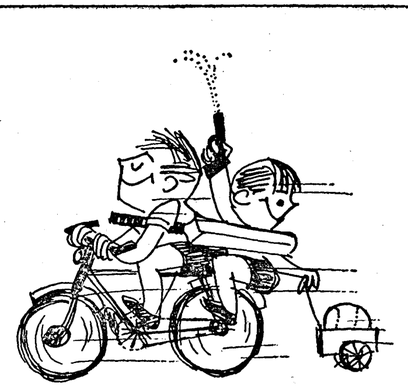
"*Sale No.* 12: 485,000 kgs. offered. Good general demand. All medium brokens tending easier. Fannings weakest feature. Highgrowns firm to dearer. Unorthodox lower."

JUTE GOODS STEADY

(From Our Own Correspondent)

CALCUTTA, 24*th March*

Fairly steady conditions were in evidence in both jute goods and raw jute during the week under review. Despite continued troubles in the



My boy won't face facts

Kids live in a magic world of their own. Toys, bats, tricycles, picnics—and they always want more. But how far will the money go? Taxes, bills, deductions at source and life insurance premiums. So I've often to say 'no' to the boy's pleas.

He doesn't know it of course, but he is the one who's going to benefit from those premiums—not his saint of a father. There is no knowing what may happen. One may pop off like a pesky balloon or stagger around with a stick at 80!

Either way, the boy will get the education he needs to give him a fighting chance when the time comes.

It's hard to say 'no'!—Wish I was a kid again.

ASP/LIC·E·35

Calcutta port *delaying shipments of gunnies, encouragement was derived from the satisfactory* statistical position. Ready goods were featured in short-covering as well as in shipper business, and mills were keen to sell for forward positions.

Encouraged by the *country's success* in gaining new markets, the Pakistan Jute Mills Association has announced its intention to sponsor a *five-man* trade delegation to the African countries to explore markets there. Demand for packaging materials in Africa is steadily growing side by side with the advancing farms and industrial output in the African countries, and Pakistan is confident of raising its exports because of the lower cost of production as compared with Indian mills. The Pakistan delegation will visit Egypt, the Sudan, Uganda, Kenya, Southern Rhodesia, Nigeria, Ghana, Liberia, Senegal, *Morocco*, the Congo, and Sierra Leone, and *will also examine the possibility of Pakistani entrepreneurs starting jute mills in these countries.*

The notable fall in arrivals of white jute led to firmer conditions in the fibre market during the week. Prices were steady as follows: Assam bottoms Rs. 31.50 a maund, Northern bottoms Rs. 30.50, and daisee bottoms Rs. 34.00. Mesta was on offer freely, but mills were less interested in this grade. Sellers, in their anxiety to dispose of their holdings, discounted quotations.

Several shipper inquiries led to steadiness in jute goods. The U.S.A. continued to place business in small quantities. Interest was also shown by the U.S.S.R. The trade was glad to note that in the seven months to January last, exports of hessian increased to 344,200 tons from 317,600 tons in the corresponding previous period. While exports to the U.S.A., Australia, New Zealand, and the U.S.S.R. rose, those to the U.K., East Europe, and West Europe declined. The Far East increased its offtake. On Tuesday last, there was no trading in view of the general *hartal* and the dislocation to transport. On *Wednesday*, the feature was business on Government account in repect of 3,000 bales of B. twills. Shippers received several inquiries for hessian. Ready B. twills were firm at Rs. 111.50 and hessian 40" 10 oz. at Rs. 45.50. *Further business in* B. twills on *Government account took place on* Thursday, and in hessian there was scattered business with overseas buyers. However, since the volume of business was insufficient, B. twills lost to Rs. 111.40 and hessian 40" 10 oz. to Rs. 45.30. With B. twills at Rs. 111.60 and hessian 40" 10 oz. at Rs. 45.40 there was some recovery on Friday. Over the week-end, these levels were maintained. With B. twills at Rs. 111.70 and hessian 40" 10 oz. at Rs. 45.50, prices were fractionally better during yesterday.

NEW POLICY FOR U.S. STOCKPILE TIN RELEASE

(From Our Own Correspondent)

CALCUTTA, *24th March*

The metal market was fully firm during the week under review. On the London Metal Exchange, copper and zinc staged a further rise, while tin and lead were firm at about the previous rates.

Spot tin in London closed at £1,872½ a ton, as against the week's opening quotation of 1,095. The lower trend, despite good Continental demand and consumer interest, followed the announcement in Washington of the stockpile release policy for the next *12 months*. The U.S.A. proposes, it has been stated, to release 20,000 tons in that period, and considers *that this would* bridge the gap between demand and supply. The U.S.A.'s surplus stockpile of tin, which is 127,000 tons, it has been estimated, will be disposed of in six to eight years' time. That the release policy would not normally influence *the market trend is indicated* in the U.S. Government's assurance that purchase offers would be accepted only if the prices were reasonably in line with market prices and that sales would be limited or interrupted when prices weakened. It has also been stated that, before making any major changes in the long-term programme in the releases policy, the affected countries would be consulted. The new release policy is reasonable in that the deficit between world production and consumption has been placed at 20,000 tons, which *will be equal* to the U.S. releases in the *next 12 months. Prior to the* announcement of the new *policy, the General Services* Administration of *the U.S.A. had begun* offering an additional quantity of *5,000 tons in view* of the continued heavy demand. Bolivia was reported unhappy over that increase and demanded prior consultation before making any *change* with regard to the release policy.

The *continued uptrend in the price* of lead in India *is causing anxiety. The present price* is as high as Rs. 265 per 100 kgs. Speaking at the annual meeting of the Indian Battery Manufacturers' Association, its President, Mr. S. P. Saha, urged the Government to liberalise lead imports. Unless supply of lead is increased, it is difficult for the storage battery industry to reach the targeted figure of one million batteries by the end of the third Plan. Spot lead in London opened at £81 ton and closed higher at £81¾. Spot zinc, at £102, added £2 to the opening quotation. Spot copper wire-bars in London staged a further rise to £279 a ton. According to overseas reports, the continuance of strong demand for copper in the U.S.A. and Europe is foreseen. This would naturally stir producers to raise their output, and it is thought that output and demand would reach equilibrium this year.

ZONAL SYSTEM FOR WHEAT

(From Our Own Correspondent)

HAPUR, *23rd March*

Wheat, rice and maize declined sharply during the week under review due to slack demand, thanks to increased sales through fair-price shops at controlled prices which were much lower than *those prevailing in the open market. Harvesting of rabi coarse grains has commenced and the new* grain would reach the market shortly. Crop prospects were fair and harvesting of wheat would commence in mid-April.

Wheat prices declined sharply by Rs. 3.50 to Rs. 6 per quintal, according to quality, in the open market on poor buying inquiry. The supply position at fair-price shops was satisfactory. Arrivals *from rural areas* were also reported to be slightly better. *Wheat* average was quoted between *Rs. 57.50* and *Rs. 60* and farm between *Rs. 63.50* and Rs. 66.50 per quintal, while at the fair-price shops the commodity was available at Rs. 42.25. Rice eased by Rs. 1.34 to Rs. 2.67 per quintal on increased arrivals and larger sales through fair price shops. Stockists were anxious sellers. Week-end prices (in rupees) were:—Rice *basmati* superior 93.77 to 96.45, *sela basmati* 91.09 to 93.77, *mainpuri* 62.96 to 65.64, *ramajwayan* 77.70, *raimunia* 80.38 and *gadda* 64.30 a quintal.

Gram was, however, steady, as arrivals of the new produce from M.P. were still small. New gram was quoted at Rs. 57.60 and the local produce at Rs. 56.26 a quintal. Stocks were negligible. Barley and *bejhar* ruled quiet at Rs. 41 to Rs. 41.50 and Rs. 42 to Rs. 42.50, respectively, per quintal due to poor demand. Maize was subdued, as the seasonal demand was poor, and prices were between Rs. 41 and Rs. 42.87 per quintal.

* * * *

The zonal system for movement of wheat *has been reintroduced* by the Union Government. *It divides the country into nine zones, export* of wheat and wheat products from, and imports into, which *have been prohibited except* under permits to be issued by the State Governments with the concurrence of the Centre. The private trade is to be kept out of the inter-zone movement which is to be restricted to Government or State-sponsored accounts.

Announcing this decision of the Government in the Lok Sabha on Monday the 23rd inst., the Minister for Food and Agriculture, Mr. Swaran Singh, explained that the system had been revived for conserving supplies of wheat in important consuming areas and for concentrating on deficit areas in which the Government would distribute supplies of imported wheat from Central stocks.

The nine zones which have been formed with immediate effect are (1) Punjab, Delhi and Himachal Pradesh from which exports to Jammu and Kashmir are to be permitted; (2) U.P.; (3) Rajasthan; (4) M.P.; (5) Bihar; (6) Maharashtra from which exports to Goa are to be permitted; (7) Gujarat; (8) the Southern States of Andhra, Madras, Mysore, Kerala and Pondicherry; and (9) the residual zone of the States of West Bengal, Orissa, Assam, Nagaland, Tripura and Manipur.

The Minister said in the Lok Sabha that supplies of imported wheat to roller mills in *all States* would be *maintained* and, if necessary, increased.

Addressing later the members of the Informal Consultative Committee attached to the Ministry, the Minister is understood to have said that the formation of the wheat zones was only the first step in the Government's efforts for controlling the rise in prices. Another measure intended was the enforcement of the ceiling prices for wheat and rice as *soon as circumstances required*. With the introduction of control on movement of wheat from producing areas, he expected, he said, the price level to go down.

However, contrary to the Minister's expectations, wheat prices in Bombay shot up by about Rs. 8 per quintal on the very next day of the announcement that the zonal system for wheat had been revived. The upswing also reversed the gradually declining trend noticed for four days before the announcement, when prices had eased by Rs. 6 to Rs. 8 per quintal on expectations of increased arrivals from Rajasthan and Punjab. The trade's reaction was that, with the zonal system having stopped free flow of wheat from Rajasthan and Punjab, prices were unlikely to come down unless the Government *succeeded in forcing them down by taking some other steps.*

ENQUIRY FOR KIPS SMALL

(From Our Own Correspondent)

MADRAS, *23rd March*

Trading in kips and calf skins this week continued dull and difficult, with importers highly selective in their requirements. Only lower ends were in demand. In cowcalf once again only "fourths" of certain weights were required, while "run" parcels were neglected. Buffs continued *unchanged. In buffcalf, only top tannages were solicited*, while middle classes remained unsaleable except for small quantities of inferiors. Tanned goat skin arrivals were moderate, but the clearance by shippers was also limited and, as a result, prices were a shade weaker, though shippers attempted to maintain firmer levels. Tanned sheep skins, all selections and tannages, more particularly lining classes, were keenly sought after at *prices slightly* better than those last *week.*

The raw goat skin markets were nearly steady, but the undertone in the Southern districts *was clearly weak.* Raw sheep skins continued firm.

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MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 20th Mar., 1964

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long Term Operations) Fund		73,00,00,000
National Agricultural Credit (Stabilisation) Fund		8,00,00,000
Deposits—		
(a) Government—		
(i) Central Government		91,21,27,000
(ii) State Governments		26,24,95,000
(b) Banks—		
(i) Scheduled Banks		81,56,74,000
(ii) State Co-operative Banks		2,07,00,000
(iii) Other Banks		5,28,000
(c) Others		160,34,28,000
Bills Payable		36,44,75,000
Other Liabilities		66,14,90,000
	Rupees	630,10,17,000

ASSETS	Rs.	Rs.
Notes		16,80,83,000
Rupee Coin		2,65,000
Small Coin		3,55,000
National Agricultural Credit (Long Term Operations) Fund—		
(a) Loans and Advances to—		
(i) State Governments		26,57,85,000
(ii) State Co-operative Banks		8,70,23,000
(iii) Central Land Mortgage Banks		....
(b) Investment in Central Land Mortgage Bank Debentures		3,59,36,000
National Agricultural Credit (Stabilisation) Fund		
Loans and Advances to State Co-operative Banks		....
Bills Purchased and Discounted—		
(a) Internal		....
(b) External		51,49,53,000
(c) Government Treasury Bills		17,17,51,000
Balances Held Abroad*		44,49,05,000
Loans and Advances to Governments**		
Loans and Advances to—		
(i) Scheduled Banks†		93,90,70,000
(ii) State Co-operative Banks‡		120,01,60,000
(iii) Others		2,60,65,000
Investments		203,44,05,000
Other Assets		30,13,71,000
	Rupees	630,10,17,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

† Includes Rs. 46,23,65,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	16,80,83,000	
Notes in circulation	2456,25,73,000	
Total Notes issued		2473,06,56,000
Total Liabilities		2473,06,56,000

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India	117,45,59,000	
Foreign Securities		
Total		235,21,79,000
Rupee Coin		108,16,81,000
Government of India Rupee Securities		2129,67,96,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2473,06,56,000

INDEX NUMBERS OF SECURITY PRICES

[1952-53=100]

Group and Sub-Group	Week ended 14th Mar., 1964	7th Mar., 1964	15th Feb., 1964	16th Mar., 1963P
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99.8	99.8	99.8	99.3
2. Government of India	99.4	99.4	99.5	99.0
3. State Governments	102.1	102.1	102.1	101.7
4. Municipal, Port Trust, etc.	98.9	98.9	98.9	98.2
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	97.9	98.1	98.1	98.2
PREFERENCE SHARES—ALL INDIA.				
6. Total	81.6	81.5	81.4	80.2
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	171.0	171.7	170.2	184.9
8. *Agriculture and Allied Activities: Total**	148.8	148.7	148.5	146.9
9. Tea Plantations	135.3	135.4	135.6	137.9
10. Coffee Plantations	174.3	172.8	171.4	143.3
11. Rubber Plantations	184.9	184.8	181.1	157.7
12. *Mining and Quarrying: Total**	143.2	143.5	141.8	149.0
13. Coal	102.1	103.0	105.3	112.1
14. Other Mining	171.4	171.3	168.1	173.7
15. *Processing and Manufacturing: Total*	185.3	186.4	184.9	179.5
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*†*	186.3	187.2	187.3	183.3
17. Sugar	131.7	132.4	131.9	126.7
18. Cotton Textiles	167.8	168.7	168.8	168.2
19. Jute Textiles	93.1	94.0	94.1	93.9
20. Silk and Woollen	913.4	916.3	937.5	880.4
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	198.8	199.6	197.4	176.5
22. Iron and Steel	162.6	163.3	160.4	128.1
23. Transport Equipment	335.1	336.4	346.9	339.4
24. Electrical Machinery	162.1	163.7	158.6	157.9
25. Machinery other than Transport and Electrical	283.6	284.3	282.1	216.7
26. Basic Industrial Chemicals	187.5	189.8	184.4	170.2
27. *Processing and Mfg. (Others): Total**	157.2	159.2	155.9	155.8
28. Cement	147.3	150.2	145.3	145.9
29. Paper	199.4	201.2	198.2	193.6
30. *Other Industries: Total**	110.2	110.4	108.5	109.1
31. Electricity Generation and Supply	88.2	88.5	88.2	83.6
32. Trading	109.6	112.4	112.3	110.4
33. Shipping and Other Transport	101.4	101.3	96.6	85.3
34. Construction	305.5	301.9	289.1	267.3
35. *Financial: Total*	189.1	189.1	188.7	181.8
36. Banks	212.1	211.9	208.4	214.3
37. Insurance	147.3	148.0	149.4	151.0
38. Investment Trusts	85.0	84.9	84.1	87.0
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	179.0	179.6	178.6	168.5
40. Calcutta	158.4	159.3	157.1	154.4
41. Madras	178.0	177.6	176.5	162.8
42. Delhi	231.7	233.3	229.7	213.4

*Including 'Miscellaneous.' †Including Edible and Vegetable Oils. P=Provisional.

State Bank of India

Statement of Affairs for the week ended 13th Mar., 1964

CAPITAL AND LIABILITIES

	Rs.	Rs.
CAPITAL—		
Authorised Capital:—		
20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up:—		
5,62,500 shares of Rs. 100 each.	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		9,30,00,000
Deposits and Other Accounts		607,82,82,000
Borrowings from Other Banking Companies, Agents, etc.		14,90,40,000
Bills Payable		2,77,55,000
Bills for Collection being Bills receivable as per contra		9,00,94,000
Acceptances, Endorsements and Other Obligations per contra		16,64,33,000
Other Liabilities (including Inter-Office Adjustments)		3,53,83,000
Total	Rs.	669,62,42,000

PROPERTY AND ASSETS

	Rs.	Rs.
Cash in hand and with Reserve Bank		18,34,02,000
Balances with other Banks		1,82,93,000
Money at Call and Short Notice		4,36,67,000
INVESTMENTS:—		
Government and other Trustee Securities	232,05,74,000	
Other Authorised Investments	9,44,22,000	
		241,49,96,000
ADVANCES:—		
Loans, Cash Credits, Overdrafts, etc.	336,72,35,000	
Bills Discounted and Purchased	21,47,10,000	
		358,19,15,000
Bills Receivable being Bills for Collection as per contra		9,00,94,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		16,64,33,000
Premises less Depreciation		2,13,49,000
Furniture and Fixtures less Depreciation		1,70,75,000
Other Assets (including Inter-Office Adjustments)		15,90,13,000
Total	Rs.	669,62,42,000

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday) 13-3-64	6-3-64	15-3-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	59.14	62.27	51.77
(ii) From others	1,041.78	1,030.79	829.37
(b) Borrowings from banks	26.04	27.33	22.36
(c) Others	62.12	65.91	57.23
2. Time liabilities—			
(a Time deposits—			
(i) From banks	21.11	21.40	19.50
(ii) From others	1,232.40	1,234.78	1,194.03
(b) Borrowings from banks	13.51	14.24	19.21
(c) Others	11.73	11.71	10.06
3. Aggregate deposits [1(i) (a) (ii)+2 (a) (ii)]	2,277.18	2,265.57	2,023.40
4. Borrowings from Reserve Bank	95.66	106.25	76.67
(a) Against usance bills and/or promissory notes	46.92	45.71	58.55
(b) Others	48.74	60.54	20.12
5. Borrowings from State Bank and/or a notified Bank	23.77	23.89	18.93
6. Cash	59.58	61.21	62.63
7. Balances with Reserve Bank	76.76	81.57	71.01
8. Cash and balances with Reserve Bank	136.34	143.08	123.65
9. S as per cent of 3	5.99	6.32	6.11
10. Balance with other banks in current account	21.63	24.37	18.62
11. Money at call and short notice	33.13	34.92	36.57
12. Investments in Government securities	633.06	644.47	587.55
13. 12 as per cent of 3	28.02	28.45	29.04
14. Advances—			
(a) Loans cash credits and overdrafts	1,503.75	1,484.48	1,303.45
(b) Due from banks	16.37	16.16	15.25
15. Inland bills purchased and discounted	227.13	234.37	220.55
16. Foreign bills purchased and discounted	55.35	54.45	53.63
17. Total Bank Credit [14(a)+15+16]	1,786.23	1,783.29	1,577.25
18. 17 as per cent. of 3	78.88	78.71	77.97

EXCHANGE RATES

		25th March 1964	18th March 1964
London on New York	per Dollar	2.7982-2.7984	2.7978-2.7981
London on Berne	Sw. Fcs.	12.1040-12.1060	12.1050-12.1070
London on Paris	Fcs.	13.7100-13.7120	13.7105-13.7125
New York on London	Cents per £	279.800-279.830	279.790-279.820
Pound Sterling—			
Sellers T.T. D.D. Spot	£.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months	£.	1-5 15/16	1-5 15/16
Buyers T.T.	£.	1-6 1/32	1-6 1/32
Buyers D.D.	£.	1-6 1/16	1-6 1/16
U.S. Dollar—			
Sellers T.T. D.D...	Re. to $100	478.25	478.50
Buyers T.T.	Re. to $100	475.00	475.00
Canadian Dollar—			
Sellers T.T. D.D.	Re. to $100	445.00	445.00
Buyers T.T.	"	437.00	437.00
French Franc—			
Sellers T.T. D.D...	per Rs. 100	102.30	102.30
Buyers T.T.	"	103.40	103.40
Swiss Franc—			
Sellers T.T. D.D...	"	90.30	90.30
Buyers T.T.	"	91.30	91.30
Deutsche Mark—			
Sellers T.T. D.D...	"	83.00	82.90
Buyers T.T.	"	83.90	83.90
Italian Lire—			
Sellers T.T. D.D...	"	13,025	13,020
Buyers T.T.	"	13,205	13,200
Swedish Krone—			
Sellers T.T. D.D...	"	107.50	107.30
Buyers T.T.	"	108.60	108.30
Belgian Franc—			
Sellers T.T. D.D...	"	1,037	1,037
Buyers T.T.	"	1,053	1,053
Dutch Guilders—			
Sellers T.T. D.D...	"	75.20	75.30
Buyers T.T.	"	76.10	76.10
Hongkong Dollar—			
Sellers T.T. D.D...	"	119.60	119.60
Buyers T.T.	"	120.60	120.60
Norwegian Krone—			
Sellers T.T. D.D...	"	140.40	140.60
Buyers T.T.	"	150.80	150.90
Danish Krone—			
Sellers T.T. D.D...	"	144.10	144.20
Buyers T.T.	"	146.40	146.50

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 25th March 1964:

	Closing quotations 19-3-1964	High	Low	Closing quotations 25-3-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	139.50	—	—	139.50
Apollo (2)	1.74	1.82	1.66	1.72
Baroda Rayon (100)	87.50	88.50	80.00	83.00
Bombay Dyeing (25)	60.90	61.50	60.20	61.00
Bradbury (50)	151.00	—	—	151.00
Central India (100)	90.00	95.00	89.00	95.00
Century Mills (100)	630.00	629.00	610.00	621.50
Dawn (50)	152.00	156.00	152.00	154.00
Elphinstone (50)	95.00	97.00	95.00	96.00
Finlay (100)	306.00	306.00	305.00	306.00
Gokak (100)	177.00	180.50	175.00	180.00
Gold Mohur (100)	211.25	—	—	211.25
Gwalior Rayon (10)	40.00	41.00	40.00	41.00
Ind. Untd. Deld. (1)	2.52	2.64	2.50	2.64
Ind. Untd. Ord. (10)	21.12	21.80	21.00	21.24
Indian Rayon (100)	71.00	72.50	70.50	72.50
Indore Mills (100)	210.00	210.00	205.00	210.00
Khatau (100)	188.75	192.50	187.50	190.00
Kohinoor (100)	333.00	341.50	329.00	339.50
Mafatlal (100)	227.50	—	—	227.50
Modella Woollens (10)	13.52	—	—	13.24
Morarji (100)	379.00	—	—	379.00
Mysore (50)	40.00	41.00	40.00	41.00
National Rayon (100)	381.00	386.50	371.00	380.00
New Great (100)	178.00	—	—	178.00
Phoenix (100)	222.00	226.00	221.00	223.00
Podar Mills (10)	12.40	12.52	12.40	12.40
Raymond Woollen (100)	134.00	136.00	134.00	136.00
Sassoon Spg. (10)	40.00	—	—	40.00
Shreeniwas (100)	252.00	252.00	245.00	250.00
Simplex (50)	131.00	—	—	131.00
Standard (100)	673.00	679.00	644.00	667.00
Svadeshi (100)	245.00	249.00	238.00	243.00
Swan (100)	267.50	267.00	265.00	267.00
S. I. Viscose (100)	128.50	135.00	128.50	131.00
Tata Mills (25)	54.70	57.20	54.50	56.70
Lakshmi-Vishnu (100)	100.00	—	—	100.00
Western India (250)	847.50	—	—	847.50
BANKS				
Bank of India (50)	105.50	105.50	104.50	105.50
Do. New (50)	108.00	107.00	106.50	107.00
Bank of Baroda (50)	92.00	93.00	92.00	93.00
Central (25)	44.75	45.00	44.50	45.00
Central 'A' (25)	44.75	45.00	44.50	45.00
Dena Bank (50)	56.30	56.50	56.00	56.50
Punjab National (10)	19.32	—	—	19.32
Union Bank (5)	6.16	6.24	6.12	6.20
United Com. (50)	72.00	72.30	71.70	72.30
Maharashtra (50)	54.50	—	—	54.50
ELECTRIC COS.				
Ahmedabad (100)	95.50	95.80	94.80	95.80
Amalgamated (10)	9.64	—	—	9.64
Andhra Valley (1,000)	1,037.50	1,040.00	1,035.00	1,040.00
Bom. Suburb. El. (100)	105.00	105.00	102.50	102.75
Surat (100)	101.50	101.50	100.50	100.50
Tata Hydro (100)	112.00	112.00	111.75	111.75
Tata Power (1,000)	1,095.00	1,106.25	1,087.50	1,106.25
INSURANCE COS.				
British India (10)	12.64	12.64	12.00	12.24
Indian Mercantile (50)	56.20	—	—	56.20
New India (15)	44.25	46.00	44.00	46.00
New India 'A' (15)	45.50	46.75	45.00	46.75
Vulcan (10)	16.00	—	—	16.00
[STEEL COS.				
Ind. Iron (10)	24.64	24.72	24.32	24.64
Mukand (10)	17.04	17.36	16.76	17.36
Tata Steel Ord. (75)	146.25	147.75	143.75	146.75
SUGAR COS.				
Belapur (50)	224.00	225.50	221.00	222.50
Dhopal (10)	12.72	—	—	12.76
Champdon (12.50)	29.00	—	—	29.00
Maharashtra (50)	138.00	139.50	136.00	139.00
Phaltan (50)	107.50cd	107.00cd	101.00xd	102.50xd
Walchand Ind. (100)	151.00	153.00	149.00	153.00
CEMENT COS.				
Associated Cts. (100)	147.25	148.50	146.00	148.50
Digvijay (100)	173.50	175.00	172.00	173.50
Orissa (10)	13.80	14.00	13.64	13.76
DYES & CHEM.				
Amar-Dye-Chem (100)	147.50	153.75	147.50	153.75
Camphor & Allied (100)	93.00	94.00	90.00	94.00
Citric (100)	74.50	73.00	72.00	73.00
Chemicard (100)	135.00	134.00	132.00	134.00
Colour-Chem (100)	337.50	346.25	323.75	346.25
Indian Dyestuff (100)	322.50	326.25	308.75	320.00
Polychem (50)	121.25	125.50	118.75	121.25
Synthetics (100)	99.50	99.00	96.00	98.00
Tata Chemicals (10)	18.28	18.84	18.20	18.48
MISCELLANEOUS				
Alcock Ashdown (100)	295.00	304.00	291.00	301.00
Bom. Burmah (25)	60.90	60.70	59.50	60.30
Do. (New) (50)	47.00	46.50	46.00	46.50
Br. B. Petrol (1½ sh.)	2.66	2.74	2.48	2.66
Br. I. Corpn. (5)	8.64	—	—	8.64
Cooper Eng. (100)	105.00	—	—	105.00
Hindustan Lever (10)	35.25	36.00	35.25	35.60
Hindustan Motors (10)	18.32	18.52	18.00	18.40
I. C. & Invest. Corporation (100)	97.50	—	—	97.50
Indian-Copper (2 sh.)	3.44	3.56	3.38	3.50
Killicks (100)	82.00	90.00	81.50	90.00
Larsen & Toubro (10)	22.60	23.12	22.12	22.96
Mahindra & Mahindra (10)	17.00	17.00	16.76	17.00
Asian Cables (100)	80.00	—	—	80.00
Permanent Magnets (100)	112.50	118.00	110.00	117.50
Phillips Carbon (10)	14.52	14.60	14.16	14.36
Pre. *Automobiles* (100)	101.50	103.00	99.25	101.75
Premier Con. (30)	181.50	184.00	179.00	181.50
Scindia (20)	16.08	16.08	15.44	15.48
G. E. Shipping (10)	13.32	13.32	13.12	13.20
N. Standard Eng. (100)	133.00	134.00	133.00	134.00
T. Maneklal (100)	680.00	—	—	680.00
Shivrajpur (10)	19.28	19.52	18.48	18.76
Sirpur Paper (10)	12.52	12.48	12.28	12.32
Tata Locomotive (100)	290.00	305.00	284.50	301.50
Tata Oil (25)	64.50	66.20	64.00	64.50
Voltas (100)	262.50	267.00	260.00	265.25
W. I. Match (100	2n2.00	264.50	261.50	263.00
W. Coast Paper (100)	155.00	157.00	153.00	155.50
Zenith Steel (10)	16.00	16.36	16.00	16.32

GOVERNMENT SECURITIES	19-3-1964 Rs.	Gross Yield Earlier Redemption	Gross Yield Later Redemption	25-3-1964 Rs.
2½% 1976	83.50	—	4.39	83.50
3 % 1964	99.50	—	3.56	99.50
3 % 1966-68	97.85	3.83	3.50	97.90
3 % 1970-75 1st Dev.	90.25	4.89	4.09	90.25
3 % 1988 Con. Loan	63.25	—	4.76*	63.20
3½% 1964 N. F. Loan.	99.85	—	3.66	99.90
3½% 1965 N. F. Bonds.	99.65	—	3.77	99.65
3½% 1967 N. F. Bonds.	99.25	—	3.77	99.15
3½% 1974	98.75	—	4.12	98.75
3½% 1987 N. F. Bonds.	99.55	—	3.90	99.55
3½% 1969 Loan	99.00	—	4.20	99.00
3½% 1968	98.10	—	3.93	98.10
3½% 1968 N. E. Bonds.	99.40	—	3.91	99.40
4 % 1972 Loan	99.20	—	4.12	99.20
4 % 1973 Loan	99.15	—	4.10	99.15
4 % 1979 Loan	98.50	—	4.14	98.50
3½% 1966 Bonds	99.05	—	3.96	99.05
4 % 1980 Loan	98.30	—	4.14	98.30
4 % 1981 Loan	98.30	—	4.14	98.30
4½% 1985 Loan	100.10	—	4.50	100.05
6½% 1977 G. Bonds

TREND OF SHARES

A CORRECTIVE RALLY

(From Our Own Correspondent)

BOMBAY, 25th March

THE downward trend in equities, which had been progressing since the Budget, admitted a corrective rally this week on bear covering and scattered fresh professional support. The perpendicular decline in the markets for the past three weeks had brought down values to levels which seemed sufficiently attractive for sellers to book profit. Moreover, the trend of *badli* charges at the turn of the settlement on the Bombay Stock Exchange last week suggested a slightly oversold position in certain vulnerable counters. While the technical factors thus favoured a recovery, sentiment was influenced by reports of excellent support for blue chips from the L.I.C. and of the start of operations on a big scale by the Unit Trust as well as by the flow of some encouraging corporate news during the week, like the announcement of a higher dividend by Kohinoor Mills and Hindustan Lever. In spite of all this, however, the week closed on a none-too-promising note, as improved levels induced quick profit-taking and even attracted some mild selling pressure induced by unfavourable political reports.

The week under review saw the Unit Trust's Chairman, Mr. R. S. Bhatt, tell members of the Calcutta Stock Exchange that the Trust would invest in equities, preference shares and debentures of running companies with a good dividend record or growth prospects. The Trust would also invest in Government securities, he said. But it would not invest in the issues of entirely new undertakings because investments in such undertakings would not yield a return for a period of time. The Trust would operate on the lines similar to those followed by the L.I.C. It would receive offers from brokers for sale or purchase of securities, but it would not itself make any such offer. The Trust, which has its headquarters in Bombay, would soon open an office in Calcutta.

The Directors of the Kohinoor Mills Company Ltd. announced on Monday a higher final dividend of 14 per cent (making a total of 21 per cent) for 1963 as compared with 11 per cent (making a total of 18 per cent) for 1962. This three-point raised in the dividend must have come as a pleasant surprise to the market, as witness the swift recovery by the scrip to Rs. 341.50 on the day of the announcement from Rs. 330 on Friday the 20th inst. The higher dividend signified an improvement in the Company's financial results for the past year. The dividend will claim Rs. 3 lakhs more at Rs. 21 lakhs.

Killick Industries Ltd. also announced on Monday a 2.5 points increase to 7.5 per cent in its dividend for the year ended 30th November 1963. This news produced a gain of eight points to Rs. 90 in the Rs. 100 fully paid shares of the Company.

Another company to announce a higher dividend this week was the Hindustan Lever Ltd. The Directors of the Company have declared a 20 nP increase to 80 nP in the final dividend for 1963, making a total of Re. 1.40, as against Re. 1.20 in 1962. The shares of the Company rose from Rs. 35.25 to Rs. 36. The Company's turnover has gone up by 10.6 per cent from Rs. 54.02 crores to Rs. 59.55 crores, which is a new high level, with its exports rising sharply from Rs. 2.01 crores to Rs. 5.12 crores. But its pre-tax profit has declined by 9.8 per cent from Rs. 4.77 crores to Rs. 4.31 crores due to higher cost of raw materials and the continuance of price control on washing soap (freed from control only in December last) and *vanaspati*. Profit before sur-tax and dividend tax is higher by Rs. 9 lakhs at Rs. 204 lakhs, as the normal tax liability has declined from Rs. 242 lakhs to Rs. 227 lakhs. The exact liability in respect of sur-tax and dividend tax will be known only after the Finance Bill becomes law, but the Directors have set apart Rs. 56.5 lakhs towards these taxes. The net profit available for distribution amounts to Rs. 147.50 lakhs. The dividend absorbs Rs. 115.40 lakhs, as against Rs. 98.90 lakhs a year before.

As noted at the outset, favourable corporate news, coupled with institutional buying, brought about a change for the better in sentiment this week. But, considering that the week's trading still remained unexciting, it is clear that the market badly needs the real stimulant in the shape of some relief in the heavy additional excise duties, like the one proposed on rayon yarn, and the controversial direct tax measures, like the one for taxing equity dividends and capital gains on bonus shares. No inclination has so far been shown by the Finance Minister in favour of any relief. He ruled out the possibility of any major modifications in his budget proposals yesterday when some Congress M.P.s from Madras met him for pleading on behalf of the handloom industry for a relief in the proposed duty on fine and superfine cotton yarns. However, notwithstanding these categorical denials of the Finance Minister, the stock market is still optimistic that some relief will be forthcoming about the middle of next month.

Meanwhile, the capital gains tax on bonus shares has affected the issue of one more company, which is Century Mills. This Company which obtained this week the sanction of the Controller of Capital Issues for its proposed one-for-five bonus issue has decided to defer the proposal, pending the final outcome of this new tax. Unlike Elgin Mills and T. Maneklal, the Directors of which announced last week that they had decided to go back on their decision to make a bonus issue, this Company has only postponed the issue. But in case it decides to drop the issue, it is expected that its Directors would compensate the shareholders by proposing a final dividend for 1963, which they earlier decided to pass over in view of the proposed bonus issue. The Company is also expected to make a rights issue for financing its expansion programme. The whole matter is likely to be decided by the Directors at their meeting scheduled for tomorrow.

* * * *

Dalal Street staged a moderate rally, but failed today to maintain the best levels recorded yesterday on renewed selling by the recent buyers and professional sellers. Closing prices, therefore, showed only minor changes.

Among the market leaders, Steels were notably steady on persistent support from the L.I.C. Thus, Tata Ordinary, though 50 nP higher over the week, was Rs. 2.75 above the last *havala* rate of Rs. 144. Likewise, Indian Iron, though unchanged over the week at Rs. 24.64, showed an improvement of 28 nP over the last *havala* of Rs. 24.36. Similarly, Century and National Rayon, the worst sufferers in the post-budget debacle, were higher at Rs. 621.50 and Rs. 380 as compared with their last *havala* of Rs. 610 and Rs. 372, respectively, though they were still below their last week's closing prices. In the same way, Standard was 17 points higher at Rs. 667, though six points lower over the week. While these markedly depressed shares only staged a mild recovery, Kohinoor stole the show by closing Rs. 6.50 higher at Rs. 339.50 following the news of an increase in the final dividend. Additionally, this scrip too were said to have been absorbed by the L.I.C. T.E.L.Co. was yet another counter to have enjoyed institutional support and to record, as a result, a gain of Rs. 11.50 to Rs. 301.50. Voltas staged a sympathetic rise from Rs. 262.50 to Rs. 265.25. But, on liquidation touched off by rumours of nationalisation of shipping industry, Scindia reacted today from Rs. 15.80 to Rs. 15.48 at which level they showed a loss of 60 nP over the week.

* * * *

The improvement on the Calcutta Stock Exchange was confined mainly to selected cleared shares, whereas cash scrips showed a further setback. Thus, Texmaco recovered by Re. 1.05 to Rs. 27.90, Kesoram by 69 nP to Rs. 26.50, J.K. Cotton by 44 nP to Rs. 12 and Indian Aluminium by 31 nP to Rs. 31. But, in the cash section, Cawnpore, among Textiles, closed 56 nP lower at Rs. 6.44 and Bengal Coal declined further from Rs. 257 to Rs. 250. Jute shares continued weak, with Burnagore five points down at Rs. 212 and Kelvin nine points down at Rs. 146.

MARKET GOSSIP

(Concluded from page 495)

stage of its trading and incur a disproportionately high tax burden as the commodity nears the final purchaser. By contrast, a major effect of the proposed new "net" or "added value" turnover tax is to even out these stages. In Germany, the specific proposal to achieve this result (aside from special cases of lower tax and tax exemption) would work like this: The present 4 per cent "gross" or "cumulative" turnover tax would be replaced by a new 10 per cent tax on "added value," to be levied at each point that an item of commerce changes hands. In particular, the proposed new form of sales tax should streamline export and import procedures. At present, the "equalisation tax" on imports is determined by calculating the overall or cumulative turnover tax burden on a similar item in German domestic trade. This overall tax burden can only be roughly estimated. At present, too, there is the rather cumbersome procedure of granting an export rebate and an "export merchant's rebate" on goods going abroad. The proposed new system, however, would simply levy a single "added value" tax on imports and exempt exports from turnover tax. The basic idea is for Germany to eliminate a cause of distortion in multilateral trade.

Factory Farms For Cotton

One of the significant suggestions put forward at the eighty-ninth meeting of the Indian Central Cotton Committee held at Bombay on the 21st inst. was that cotton textile industry's active participation should be secured in the efforts to increase the yield per acre of cotton. Mr. Hansraj M. Patil, Maharashtra cotton growers' representative on the Committee, who made the suggestion, also indicated some of the ways in which the industry could help to bring about a tangible increase in production. These are (1) setting up of demonstration farms by the industry in selected areas and (2) distribution of cash awards to the best farmer in each taluka. Whether or not these are the best ways in which the mill industry can contribute to increasing cotton production is a debatable point, but there is no doubt that active participation by the industry in raising cotton production is not only desirable but urgently called for, if the chronic shortage of cotton and the uncertainty about supplies every year, which makes forward planning of cloth production difficult, is to be ended.

Of course, Mr. Patil's suggestion is not entirely new. Mr. Madanmohan Ruia, President of the East India Cotton Association, had advocated, in his speech at the forty-second annual meeting of the Association, among others, the setting up of demonstration farms in each taluka with the assistance of the industry. This journal itself had suggested, while commenting on Mr. Ruia's speech at the twenty-fourth annual meeting of the Cotton Buyers' Association held in December 1961 (*vide* page 14 of *Commerce* dated 6th January 1962), that, in view of the failure of official attempts made for so long to achieve the desired objective, it was high time some unofficial efforts were made to increase cotton production. It was specifically suggested by this journal then that the Indian Cotton Mills Federation and the East India Cotton Association should jointly draw up a programme for growing cotton in selected areas and demonstrating how production could be raised through improved yield. Now that this suggestion seems to have caught the fancy of men who matter in cotton (as, for instance, Mr. Ruia), it would be appropriate to elucidate it in greater detail.

The mill industry's association with cotton production should not be confined merely to the setting up of "demonstration farms" or the institution of cash awards for farmers. These have no doubt their own value, but they by themselves would not be adequate to bring about a substantial improvement in production. It is not always easy for individual farmers to transplant in his own field the improved techniques and methods of cultivation and manuring successfully adopted in the demonstration farms. There are, as readers are aware, demonstration farms in different parts of the country organised and run by agricultural research stations and State Departments of Agriculture, but their effect on production has at best been only marginal. If, therefore, any perceptible impression is to be made on production, it is necessary for the industry or individual units thereof to undertake the establishment of something more than demonstration farms. Those cotton mills that are in a position to do so should be permitted to establish large farms for growing cotton on a scientific basis. This calls for investment in land, implements, seeds, manures and other necessary accessories for cultivation, funds for which can be found only if the State is willing to exempt such enteprises from doctrinaire land reforms. The cotton mills could either buy land outright for the purpose if available or get farmers in specified areas to pool their land and form a joint-stock company in association with mills for large-scale cotton cultivation on modern lines. An arrangement which associates farmers closely with cotton cultivation and provides them a stake in it by way of part ownership, is preferable to the former approach for social and economic reasons. The object in suggesting the association of mills with farmers is to provide leadership, efficient administration and, above all, resources, all of which are now sadly lacking in rural areas.

In making this suggestion, we are not unmindful of the fact that it runs counter to the trend currently in fashion, that is, dismantling of factory farms under the land ceiling legislation—a trend which is bound to affect agricultural production and productivity. But, if the Government for once sheds its ideological predilections in favour of increasing cotton production through practical means, it should not be difficult to find a solution to the problem.

BANKING

(Concluded from page 503)

the close of the year, two more branches were opened in Bombay. Six safe deposit vaults were opened during the past year, bringing the total number of safe deposit vaults to 40. Steps were also taken to expand the activities of the existing branches.

The Bank's deposits, as at the end of the year, have increased to over Rs. 59 crores, its total working funds to over Rs. 65 crores, and the number of its accounts to over three lakhs. The accretion of Rs. 8 crores in deposits during the year, although the same as in the previous year, assumes particular significance inasmuch as, having crossed the Rs. 50-crore mark in deposits near the close of 1962 itself, the Bank has acquired the status of a "big bank" under the inter-bank agreement governing the rates of interest on deposits and ceased to enjoy, as of 1st May 1963, the "privilege" of paying one-eighth of one per cent more than the "standard rates" of interest for attracting deposits. Moreover, the growth has been in all types of deposits: in fixed deposits from Rs. 24.70 crores to Rs. 27.99 crores, in savings deposits from Rs. 12.91 crores to Rs. 16.36 crores and in current accounts from Rs. 13.46 crores to Rs. 14.75 crores.

The bulk of the deposits, as can be seen from the table, is represented by advances on the assets side. Of the total advances, 53.06 per cent has been to industry, 30.55 per cent to commerce and 16.39 per cent to all other lines of credit.

The number of the Bank's shareholders, which had gradually increased from 472 in 1959 to 719 in 1961, shot up to 2,220 in 1962 and rose further to 2,281 last year. The number of its staff has nearly doubled from 1,663 to 3,020 in the last five years, with the total of salaries paid rising by more than 100 per cent from Rs. 41.32 lakhs to Rs. 88.12 lakhs.

Notice

THE MYSORE KIRLOSKAR LTD.

Registered Office:

YANTRAPUR P.O. HARIHAR

NOTICE

NOTICE IS HEREBY GIVEN THAT AN Extraordinary General Meeting of the Company will be held on Saturday the 18th day of April 1964 at 4-00 p.m. (I.S.T.), at the Registered Office of the Company at Harihar, to transact the business, the details of which have been made known to the Shareholders separately by notice sent to them individually.

The Share Transfer Books and Membership Register shall remain closed from the 11th April 1964 to 18th April 1964 (both days inclusive).

For THE MYSORE KIRLOSKAR LTD.,

V. K. BODAS,
Assistant Secretary.

Date: 24th March 1964.

COMMERCE

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

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A DISAPPOINTING DEBATE

THE Lok Sabha debate on the Food and Agriculture Ministry's demands for grants, to which Sardar Swaran Singh replied on Monday last, did not effectively turn the spotlight on the Ministry's mistakes flowing from ineffective policies and unwarranted optimism. As the debate was aimless, discursive and insufficiently critical, the Ministry got away with it all, claiming, at the same time, more credit for the Government than was strictly due. The Parliamentary Secretary to the Minister for Food and Agriculture, for instance, boasted that "the greatest achievement of this Ministry is the establishment of a very powerful sugar industry in the co-operative sector." This he did without, at the same time, enlightening the members of the Lok Sabha on the state of health of that co-operative sector. The Minister of State for Agriculture, Dr. Ram Subhag Singh, claimed—rightly or wrongly—that agricultural production in the country now (in 1963-64) was higher than it had ever been before. He failed to clarify whether that level of production was all that could have been achieved with the enormous Plan outlays on irrigation, agriculture and community development or whether the rate of agricultural growth was reasonably adequate to meet the country's expanding food and raw material requirements.

For his part, Mr. A. M. Thomas, Minister of State for Food, asserted that "the achievement of the Government on the food front, with such a heavy loss in production (in 1962-63), is something which can only be belittled by a disregard of truth and objectivity." But the Minister's own objectivity was such that it overlooked the fact that practically throughout 1963-64 foodgrain prices were maintaining a steady uptrend (undoubtedly because of relative scarcity) even after allowing for their seasonal fall. That the food articles index (1952-53=100) as a whole rose by 2.9 points from 138.6 in the week ended 26th October 1963 to 141.5 in the week ended 14th March 1964, in striking contrast to a fall of 6.3 points over the corresponding period of 1962-63, was quietly ignored by him in his index comparisons. It was left to the Minister for Food and Agriculture, Sardar Swaran Singh, to make a claim of dubious scientific validity. The claim was that the linear increase of about four per cent per annum in agricultural production over the period 1949-50 to 1961-62, as against the population increase of about two per cent per annum over the same period, pointed to the direction in which the gap between the availability of food and raw materials and the overall demand for them would be narrowed, if not closed altogether. In making this forecast for the future, the Minister conveniently ignored five factors, namely, (i) income elasticity of demand for food and agriculture-based manufactures, (ii) increasing consumer preference for finer foodgrains, (iii) current and prospective population growth at the rate of not less than 2.5 per cent per annum, (iv) continuing need for maintaining or, possibly, increasing exports and (v) a disquieting fall, since 1961-62, in the production of foodgrains.

Ministerial replies to the debate were thus full of such claims of partial or doubtful validity. But they also contained factual interpretations and predictions pertaining to particular aspects of the broad subject of "food and agriculture." These interpretations and estimates were, of course, intended to paint a rather rosy picture of the overall food and agricultural situation. But how realistic that picture was is the question. To take the food situation first. The official estimate, in this connection, would seem, by and large, to be optimistic. It has been estimated, for instance, that the 1963-64 rice crop would be of the order of 36.4 million tonnes, as compared with about 32.0 million tonnes in 1962-63 and 34.8 million tonnes in 1961-62. While Mr. Thomas thought that, with the bigger rice crop in the current crop year (that is, 1963-64), "it would be possible to keep the situation under control," Sardar Swaran Singh had "a feeling that our position this year is not likely to be very difficult." But it was only about less than a month ago, official spokesmen at New Delhi were saying that the food situation this year would be a grim one. Has anything spectacular happened since then to take an optimistic view now?

One wonders whether this optimism is quite justified, for, if a shortfall of 2.8 million tonnes in rice production in 1962-63, as compared with 1961-62, could aggravate scarcity and cause prices to go up, there is no reason to believe that an increase of 1.6 million tonnes in production in 1963-64, as compared with 1961-62, would make any appreciable difference to the situation. The fact that population has increased by about 2.4 per cent a year since 1961-62 should be remembered here. What is more, as Sardar Swaran Singh himself estimated, the 1963-64 jowar crop has not been good. That would mean greater pressure on rice supplies in rural areas where the consumer preference for a finer cereal like rice is even otherwise increasingly in evidence. It would be puerile to think that nationalisation of bigger rice mills and co-operativisation of smaller ones would either increase rice supplies or bring down their prices. Such moves, if they were to materialise, would only lead to greater waste, inefficiency and scarcity and to bureaucratic harassment of innumerable rice producers. The only way in which rice scarcity can be overcome in the coming years is to implement the package programme more vigorously in areas which are already irrigated or can be irrigated with comparative ease. The pattern in these areas should also be increasingly one of double cropping.

As for wheat, the estimated production this year would be less than the 11 million tonnes in 1962-63, thanks to the unusual cold wave and the failure of winter showers. The shortfall in the jowar crop may be expected to increase the pressure on wheat supplies too. If the Government had to distribute 3.8 million tonnes of P.L. 480 wheat in the whole of 1963, it might have to find five to six million tonnes in 1964. In fact, the Government has already distributed as much as 1.6 million tonnes in the first three months of the current year. Thanks to assured P.L. 480 imports for one more year, it may be possible to continue the ship-to-mouth existence. But what will happen after one year? Will there be another P.L. 480 Agreement? It is difficult to believe that the situation can be remedied by the recent formation of wheat zones, for the marketable surplus of this cereal even in a normal year is only three to four million tonnes. That the surplus this year would be less is clear. The present downtrend in wheat prices in the producing States is a post-harvest phenomenon. It is not likely to last for more than a couple of months. There is, therefore, no warrant for drawing a comforting inference from the present "declining trend" in wheat prices, as Mr. Thomas sought to do.

In regard to sugar which, as a food product, has been dealt with by the Food and Agriculture Ministry, the current and prospective situation is no less depressing. Thanks to the Ministry's ambivalent attitude towards *gur* and *khandsari*, factory sugar production continues to be subject to wide vicissitudes. The latest estimate of sugar production in the 1963-64 season, according to Sardar Swaran Singh, is only 2.6 million to 2.7 million tonnes, which is less than the record production of about three million tonnes in the 1960-61 season. With the small carry-over from the 1962-63 season, the total availability in the current year is now estimated at only 2.8 million tonnes—a quantity that would not be adequate for both domestic consumption and export. Already the export prospects are becoming slender, not because the foreign markets are dwindling but because the country's export surplus is decreasing. Sardar Swaran Singh himself has admitted that only 250,000 tonnes, out of the contracted 300,000 tonnes, would be exported this year. Whether even that much export would materialise fully is doubtful, for, even according to Sardar Swaran Singh's conservative estimates, the domestic requirements (including a comparatively small and absolutely inadequate carry-over of 100,000 tonnes to next year) would amount to 2,570,000 tonnes in the current year. The position would not have been as bad as it is now, had the Food Ministry listened to the advice of sugar millowners in the last week of January and enabled the mills to compete effectively with *gur* and *khandsari* producers for the available supply of cane. Even then it was quite clear that sugar production would be well under 2.6 million tonnes, but the Ministry went on assuring the public that production would be not less than 2.8 million tonnes. As a result of its complacency, India has to go back on its export commitments. Nothing can be more disgraceful to the country than this. And yet no Member of Parliament took the Food Ministers to task on this point.

If sugar production is to increase substantially in the coming years and if exports are to be stepped up to earn the much-needed foreign exchange, some bold and realistic steps would seem to be necessary. Regulation of *gur* and *khandsari* production is one such step. Sardar Swaran Singh has no doubt recognised the need for "some sort of regulation, direct and indirect, of cane supply" to *gur* and *khandsari* units and for "some adjustment between the needs of the sugar industry and those of *gur* and *khandsari* manufacturers." His promised solution to this problem before the onset of the next season may not, however, be quite bold and far-reaching, for he has already qualified his remark by saying that "it has many aspects and touches so many vital interests." Secondly, it would be better to assist the expansion of existing units in the private sector, especially

Contents

	PAGE
LEADING ARTICLES—	
A Disappointing Debate	541
Steel for Engineering	542
Professional Management	542
MARKET GOSSIP	543
TREND OF SHARES	544
THIS WEEK'S SURVEY	546-547
SPECIAL FEATURES—	
London Letter	548
Delhi Letter	549
Manchester Letter	553
New Company Formation	555
American Letter	558
Economic Trends in Pakistan	566-567
New Horizons for World Trade	567
I.A.C. Steadily Moving Towards a Prosperous Future	568
CHAIRMEN'S SPEECHES—	
Kirloskar Cummins Ltd.	556-557
Madura Mills Co. Ltd.	559
Sen Raleigh Ltd.	561
Asiatic Oxygen Ltd.	569
United Bank of India Ltd.	570-571
MONEY AND BANKING	550-552
LABOUR	554
NEW PRODUCTS AND PROCESSES	559
COMMERCE AND INDUSTRY	572
COMPANY MATTERS	573-575
NEWS IN BRIEF AND PERSONAL	579
TREND OF MARKETS	580-582
MISCELLANEOUS STATISTICAL INFORMATION	583-584
STOCK AND SHARE QUOTATIONS	585-591
WEEK'S STOCK EXCHANGE TREND	592

the uneconomic ones among them in areas best suited for growing sugarcane. But this is not in the picture, for the Ministry has decided to recommend expansion of capacity only in the co-operative sector and also set up a committee to consider whether uneconomic private units could be taken over by the Government. Another bold step would be to advise such of those State Governments as have chosen not to exempt sugarcane farms from land ceilings to do so in the interest of higher productivity and efficient management. Further, as sugarcane crop and sugar production are subject to some fluctuations from year to year, it would be prudent to insulate the export sector from them by regulating domestic consumption through a system of flexible and informal rationing.

While on the subject of sugar, it would be interesting to examine how well the co-operative sugar factories have fared so far. The Parliamentary Secretary to the Minister for Food and Agriculture waxed eloquent on the performance of 41 such factories which worked in the 1962-63 season and produced 440,000 tonnes, representing 22 per cent of that season's total production of 2,160,000 tonnes. But he said nothing about the financial performance of those factories. From the latest available figures, those for 1961-62, published by the Reserve Bank of India, the co-operative sector in sugar industry had a net profit of only Rs. 41 lakhs (Rs. 128 lakhs of aggregate profit made by profit-making societies *minus* Rs. 87 lakhs of aggregate loss incurred by losing societies) in that year. It is true that there were only 35 working factories out of the licensed 55 factories, as of that year. But, even after allowing for this fact, it would appear that the aforesaid net profit of Rs. 41 lakhs is pitifully low in relation to the aggregate working capital of about Rs. 78 crores. The working capital, incidentally, includes about Rs. 8 crores by way of Government contribution to share capital and Rs. 48 crores of loans from Government, Central financing agencies, State Bank of India, I.F.C. and others. But for Government subsidies to the tune of about Rs. 36 lakhs, even the meagre profit of Rs. 41 lakhs would not have materialised. So, in spite of so much Government spoon-feeding by way of contribution to share capital, loans and subsidies, co-operative processing of sugarcane to produce sugar is patently unprofitable either for the members of the societies concerned, or for the community as a whole. Is there any reason to suppose that possible co-operative processing of paddy to produce rice would be a roaring success?

STEEL FOR ENGINEERING

FINISHED steel is one of the vital raw materials for engineering industry and its recent decontrol is of great significance to the latter. For the first time in 25 years, the industry is faced with a free market in that raw material. Whether decontrol will definitely benefit the industry cannot be confidently predicted at this stage. While welcoming this step in principle, the industry seems nevertheless to have some reservations about it. Mr. J. R. Armstrong, Chairman, Indian Engineering Association (Western Region), for instance, has just stated that it is only when the steel plants are able to meet the demand for all the required sections and steel prices are made stable that the effects of decontrol could be properly assessed. Mr. C. E. Cargin, Chairman, Indian Engineering Association, has just extended a qualified welcome to decontrol in his address at the fifty-third annual general meeting of the Association held at Calcutta this week. He has attached three conditions in this connection. One is that the joint committee of steel producers should take due account of the need for price stability. This will, indeed, be too difficult a condition to be fulfilled, for both the public-sector and private-sector steel plants have been none too happy over the erstwhile level of retention prices. The second condition is that the joint plant committee should exercise a measure of control over distributors, so as to ensure that the smaller quantities of steel are available at standard prices. How this control on distribution is to be exercised by the steel industry itself is by no means clear. And the third condition is that there should be no scope for the dangerous and unscrupulous practice of mixing tested with untested steel. This, again, will call for a measure of control on distribution. It would appear that, unless these difficult conditions are fulfilled, steel decontrol, by itself, may not be beneficial to engineering industry. This is the inference that one would be justified in drawing from Mr. Cargin's reactions to decontrol.

As of now, the industry, as is evident from his address, definitely looks forward to only two benefits from decontrol. One of these is that the usual delays in the planning of orders amongst the steel producers would be mostly eliminated. And the other is that the pattern of production would henceforward be more closely related to the pattern of demand, though the aggregate volume of steel production, which continues to fall short of aggregate demand by more than a million tonnes per annum, cannot be expected to increase as a consequence of decontrol alone.

The engineering industry, it is well known, has been working very much below capacity because of the overall shortage of pig iron, mild steel and special steels. The foundry section of the industry, for instance, has been working at less than a third of its capacity thanks to the low level (about a million tonnes) of production of saleable pig iron in the integrated steel plants. The structural fabrication section of the industry has had to restrict its working to 50 per cent of its installed capacity in 1963 for lack of matching steel sections. The structural fabricators can look forward to substantial relief only after steel production and engineering designs are adapted to the rationalised (standardised) list of matching steel sections. For the engineering industry as a whole, the short-term prospect is one of continued steel shortage in the final two years of the third Plan. If, however, the proposed fourth Plan target of 13 million tonnes of finished steel can be achieved, it will certainly bring relief to engineering industry. But that is a big 'if,' for, according to Mr. Cargin, it might not be possible to achieve more than 75 per cent of that target. The rate at which the steel processing industries might seek to expand would, in his view, be influenced by the confidence in the attainment of the fourth Plan steel target. If a serious shortfall in the achievement of that target is foreseen, it would be prudent to avoid a repetition of the current situation where idle fabricating capacity, for instance, can be avoided only by large-scale imports, if possible. Similar considerations apply to the target of one million tonnes proposed for special steel under the fourth Plan. If, as against the third Plan target of 200,000 tonnes of special steels, the most likely achievement is going to be only about 50,000 tonnes, is there any reason to suppose that the proposed fourth Plan goal of one million tonnes might be fully achieved? Any section of engineering industry, which seeks to expand its capacity merely 'in the light of proposed Plan targets, would do well to think twice before doing so, for laying down a target does not necessarily mean that it would be hit in time.

PROFESSIONAL MANAGEMENT

ONE of the most distinguishing features of the industrial scene in this country is the gradual transformation of the character and pattern of industrial management. The traditional, fraternal and autocratic pattern of top management, in which family ties and group interests are predominant, is yielding place to professional management. In fact, a new class of professional managers, who have little financial or vested interest in the concerns they serve, except their emoluments and career, is fast emerging and filling up senior management positions. This divorce of ownership from management is a welcome development and it is in keeping with the trend in industrial management in foreign countries. But the role and importance of industrial managers have yet to be fully appreciated by the society as a whole. It is not generally realised that one of the most crucial factors that will make or mar the industrial future of this country is the quality of its managers. Scarcity of competent managers is as much a problem of the private sector as of the public sector and even of the Government, because they all have to draw from a common limited pool of managerial talent. If the industrial development plans are to be successfully implemented, it is essential that facilities should be created for training managers in adequate number. There is plenty of talent in this country. A good percentage of the large number of young men coming out of schools and colleges is excellent executive timber which could be fashioned into first class managerial talent, provided proper facilities for management development are created.

The realisation of the urgent need to develop managerial talent has led to the initiation of a programme to train managers which has, of late, gathered some momentum. The All-India Management Association and the regional associations affiliated to it, the management institutes set up at Calcutta and Ahmedabad (the former with the assistance of the Massachusetts Institute of Technology and the latter with the help of Harvard University), the National Productivity Council, the Administrative Staff Training College at Hyderabad, have all been doing significant work in this direction. The assistance of international agencies like the I.L.O. has also been enlisted. But much more remains to be done not only for training more managers but also to make professional management a vocation that commands the respect and confidence of the society. Professional management in this country is still suspect in the eyes of the public, may be because of its identification with businessmen and industrialists who are constantly being looked upon critically. It is, therefore, essential that professional managers should strive to win the confidence of the public and to establish precedents and traditions that will redound to the credit of management as a profession.

This point was strongly stressed by Mr. R. L. Tuli, President of the Delhi Management Association, in his speech at the eighth annual meeting of the Association held at New Delhi last week. Mr. Tuli paused to examine whether management was a profession in the strict sense of the term and to enquire by what standards the general public judged an occupation as a profession. Management, in his opinion, is as much a profession as medicine or law, requiring some specialised knowledge and skill which could be acquired through a combination of formal education and practical training. The lofty concept of service, integrity of conduct and high sense of responsibility are the standards by which the public will judge any profession, including management. And public confidence in any profession is based upon the adherence by the practitioners to a rigid code of ethics and conduct, together with the prompt disciplining of those who transgress it. This is as much true of management as of any other profession. In India, there are at present no specific, agreed standards of conduct for business and industrial managers. Accordingly, the legal minimum tends to become the ethical minimum.

There is, of course, as Mr. Tuli conceded, a large number of business executives who have a high sense of ethics which govern their business conduct, but these are personal standards arising out of their own background and upbringing. They cannot be considered as group standards shared by the managers as a class. The need to evolve a code of conduct and ethics and to adhere to it is, therefore, more urgent now than at any time in the past. For, as Mr. P. L. Tandon, Chairman of Hindustan Lever Ltd. told the Bombay Management Association this week, business enterprises and their conduct are now being put under public searchlight as never before. Consequently, professional managers have to be extra careful about their conduct. They should refrain from associating themselves with any irregular and unethical practices that may be followed by their employers. One, of course, realises the practical difficulties involved in following this simple ethical advice. But one has to remember that the misdeeds of a few will reflect on the reputation of the whole class of professional managers in this country, who, judged by any standards, are second to none in competence, integrity and sense of social responsibility.

MARKET GOSSIP

Monopolies Commission

THE Government of India is actively proceeding with the task of implementing the Finance Minister's promise to Parliament that he will soon establish a Monopolies Commission for finding out the extent of concentration of economic power in a few hands in this country and framing a draft legislation for dealing with monopolies and restrictive practices. An initial team of officials has already started preparing the ground for the Commission. The members of the Commission are yet to be chosen, and there is no truth in the report that Mr. P. V. Rajamannar, a former Chief Justice of Madras, is likely to be the chairman. The Government seems to have in view one of the judges of the Supreme Court for this post. It is a logical inference that the Department of Company Law, now under the wing of the Finance Ministry, will be called upon to assist the Commission in the preparation and collection of data, for it has almost all the information about the corporate sector in the country. The Finance Minister, it is said, considers the work done by the Mahalanobis Committee in this regard inadequate and finds its observations and recommendations conflicting and disjointed. He wants to see to it that the work of the proposed Commission is carried out expeditiously and in a businesslike manner, without any conflicts among the members of the Commission.

The terms of reference to the Commission are being prepared. The Government has certainly no intention to oblige the business community by bringing the public sector undertakings also within the scope of the Commission. So the L.I.C., the S.T.C. and the like are not regarded by the Government as monopolies or as instances of concentration of economic power in a few hands.

The Finance Minister has already assured the public that the Commission will perform its tasks without in any way disturbing the working of industrial and commercial concerns. The Commission which will be appointed under the Public Enquiry Act, will only be a fact finding body. What may affect the business community will be its findings and the consequential legislation. Since these will take quite some time to materialise, there is no need for the business community to get excited about the appointment of the Commission. On the contrary, businessmen should welcome the move and co-operate with the Commission, with a view to disproving some of the popular misconceptions. If the facts are in their favour, as is claimed by them, why should they fight shy of the Commission? If they oppose this enquiry, their critics may use it as an argument to support their contention that businessmen have something to hide.

It is not clear whether the terms of reference to the Commission will be so framed as to cover the effects of economic controls introduced in the name of planning, on a competitive market economy. The idea of Monopolies Commission is being taken from countries, where the freedom for private enterprise is not so circumscribed as they are in this country, and applied to a strictly controlled economy. This itself has led to a certain amount of monopolistic conditions in certain sectors of the economy. There are, in this country, many gentlemen's agreements in trade, industry and finance which in other parts of the free world will be treated as objectionable restrictive practices. It is for the business community to consider whether, in the prevailing political climate of socialism, the continuance of these agreements will be in their best interest or whether they should be suitably modified.

Pattern Of Interest Rates

The pattern of interest rates is in a state of flux, with underlying pressures tending to push up the rates. We advisedly say "in a state of flux," because the majority of bankers are still unable to recognise the upward pull on interest rates, notwithstanding the cue given by the Reserve Bank on 11th March. But the terms of two conversion loans announced by the Government of India this week constitute fresh evidence that it is not prepared to hold down interest rates by artificial means. On the contrary, they clearly show that it is willing to recognise the irrefutable fact that the demand for capital is running ahead of supply and that the terms of its borrowing programme must accordingly be adjusted in favour of lenders. Thus, the Government has stepped up its rate of interest to 4.75 per cent for a long-dated loan and 4.19 per cent for a short-dated loan, from 4.50 and 4.09 per cent, respectively, last year. It is true that the long-dated loan is a little longer than the one issued a year ago, that is, 25 years, as against 23 years. But the straight increase of ¼ per cent in the rate of interest is highly significant of the direction in which the wind is blowing. Equally significant is the fact that, although the six-year period of short-dated loan is the same as that issued in 1963, the Government is offering 0.10 per cent more.

Even more significant is the fact that the terms of the new loans are slightly more favourable than the yields on comparable existing loans prevailing on the eve of the loan announcement. Thus, 4 per cent 1969 and 4 per cent 1972 were giving a redemption yield of 4.13 per cent and 4.11 per cent. The yield on 4¼ per cent 1972 was 4.19 per cent. As against these, 4 per cent 1970 new loan will fetch a yield of 4.19 per cent at the issue price of Rs. 99 per Rs. 100. Again, in the case of the new 25 year loan, the yield is perceptibly higher than that (4.50 per cent) on the existing 4½ per cent 1986 loan. This loan was actually standing at a premium of 5 nP. Again, while making a comparison of yields, it must also be remembered that, whereas one has to pay brokerage on purchases made from the Gilt-edged market, no such expense is involved while applying for the new loan. Thus, if the Government really wanted not to pay more on its borrowings, it could have done so, though it would have had to take the risk of poor response from investors. Evidently, it did not want to swim against a strong current.

The following table showing the progressively better terms offered by the Central Government on its borrowings will be noted with interest:

Year of Issue	Return Offered on New Loans		
	Short-dated %	Medium-dated %	Long-dated %
1960	3.55	—	4.01
1961	3.69	3.73	4.11
1962	3.90	4.10	4.50
1963	4.09	4.25	4.50
1964	4.19	—	4.75

The trend has thus been definitely upward, though only gradually.

The Finance Minister has already announced that this year the State Governments would have to raise their loan requirements separately and that the Centre would not borrow on their behalf as it did last year. The yields on existing 10-11 year State loans last year were so high (ranging from 4.61 per cent for Maharashtra to 4.94 for Assam and Kerala) that they would not have been able to borrow except by offering 5 to 5¼ per cent for 12-year loans. The Centre's intervention on their behalf helped them to get their needs at considerably cheaper cost, 4.25 per cent to be precise. This year, however, the State Governments will have to pay anything between 4.75 per cent to 5 per cent per annum. At present, 4½ per cent State loans having a ten-year maturity are yielding 4.60 per cent, as against 4.14 per cent available on a Central loan of identical maturity. For a twelve-year maturity, the yield will have to be higher. It is, however, too early to talk of the exact terms for State loans. Much will depend upon the terms the Centre offers when it approaches the capital market in the slack season with cash loans for completing the remaining part of its borrowing programme for the 1964-65 fiscal year. The present offer, as readers are aware, is only intended to facilitate the conversion of the two loans maturing this year, with an aggregate outstanding amount of Rs. 188.51 crores.

The new loans have not so far had any perceptible effect on the Gilt-edged market. Really speaking, they should have caused a fall in values. But, actually, it is difficult to put through any sizable buying order, let alone small lots. This is due to the technical position of the market. The Reserve Bank has withdrawn from the market as a seller. At the same time, there has been a short position in some of the securities thanks to selling by some dealers in anticipation of favourable terms on new loans. These shorts have been trying to cover their position without much success. If the technical position of the market gets corrected in the next few days, gilt-edged values may go down to some extent. The chances of any pronounced fall are, however, remote, for, as soon as the busy season comes to an end and bank advances get repaid, the banks will be substantial buyers, as quite a number of them will have to build up their investment portfolios, in order to maintain their liquidity ratio at well above the enhanced statutory limit that will come ino force in September next.

Those bankers who are opposed to an increase in the interest rates on deposits are surely swimming against the current. Their tenacity may be admirable, but it is going to be of no avail, as they will ultimately lose the battle in some way or other. At worst, they will continue to be subjected to severe credit controls, for, with a higher liquidity ratio to be maintained in the next busy season, they will have to go to the lender of last resort more frequently and borrow perhaps at higher penal rates. When the Reserve Bank itself has hinted that the time has come to raise the rates of interest on deposits and the Government too has followed it by giving more favourable terms to lenders, the contention of the Indian Banks' Association that it would raise the deposit rates only if (a) the lending rates also were enhanced and (b) the State Bank of India, too, followed suit simultaneously, is only an excuse for deferring action, for the State Bank is unlikely to disregard the official pointers. Anyway, at least one of the member-banks, namely, the Syndicate Bank, has mustered enough courage to disregard the Inter-bank Agreement on deposit rates and started quoting higher rates at its upcountry branches. It is only a question of time before some of the other banks, especially those in the South, also follow suit, unless the big banks agree to an upward revision in good time. The inter-bank agreement is thus once again in the melting pot. May be, appointment of the Monopolies Commission, when it materialises, will prove to be the last straw on the camel's back.

L.I.C. In General Insurance

The Life Insurance Corporation of India, which was so far concerned only with life insurance business, has commenced transacting general insurance business also with effect from the beginning of this month. This is in pursuance of a decision taken by the Corporation a few months ago to enter the general insurance field so as to offer complete insurance service to the public. The Corporation will transact all classes of general insurance business, namely, fire, marine and miscellaneous business. The last-mentioned class of business includes motor insurance, personal accident, aviation insurance, burglary, fidelity guarantee, credit guarantee, contract guarantee, contractors' all-risks insurance, workmen's compensation and engineering insurance (machinery erection, breakdown, boilers and pressure vessel explosion, loss of profit, etc.). The Corporation will operate as a non-tariff insurer. It will not, therefore, be bound to charge for its clients the tariff rates in force at present. To start with, however, the Corporation will charge the tariff rates, but, in due course, the Corporation says, it will evolve its own rating structure and schedule on sound and scientific lines in the light of its underwriting experience.

The L.I.C.'s entry into general insurance is sure to have far-reaching effects on the trend and character of the general insurance market in the country. With its 570 branches and sub-offices scattered all over the country and with vast resources at its command, the Corporation is in a position to dominate the general insurance field, as no private insurer, however big, can hope to do so. Even the biggest Indian company in the private sector, namely, the New India, is in size a pigmy as compared with the giant L.I.C. In addition, L.I.C. has its wholly-owned subsidiary companies doing both direct-writing (Oriental) and reinsurance business (Indian Guarantee). The L.I.C., together with its subsidiaries, is no less than a colossus in general insurance and, since it is not a tariff insurer, it can turn and twist the market the way it wants. Those, if any, who like to pretend that nothing has happened and that nothing ever will happen in general insurance because of L.I.C.'s entry are in for a rude shock. For competition in general insurance, which is already keen, has acquired a new and sharper edge.

Whether or not this will benefit general insurance will depend on how the L.I.C. conducts its business and how the private companies rise up to the challenge of meeting L.I.C.'s competition. As it is, the dice is heavily loaded against the private companies. L.I.C. can certainly use its position as the sole agency for doing life insurance business to attract general insurance business. The fact that the same agents of the L.I.C. who at present canvass life insurance business will also be canvassing general insurance business for the Corporation makes this more than a probability. In other words, there is likelihood of diversion of business from private companies to the L.I.C. If this is going to be the only, or even the main, outcome of L.I.C.'s entry into general insurance, the Corporation would have achieved nothing. If, on the other hand, the L.I.C. ventures into new fields hitherto not tapped by private companies or develops further the existing lines of business in a more efficient manner than the insurers in the private sector, it will be making a valuable contribution to the national economy. The total volume of business done in this country in the years to come will provide the answer. If there is a spectacular jump in the turnover of general insurance business without detriment to the progress of fair-sized insurers in the private sector, the L.I.C.'s entry will have been justified. In fine, it is too early to offer a pragmatic verdict on this momentous development in the field of general insurance. One has to wait and see.

Millionaires In Britain

Millionaires are not a vanishing tribe even in Britain where the concepts of Welfare State and progressive taxation, both of which militate against concentration of wealth, have taken firm roots. In fact, their number is increasing, though those who could be bracketed in the millionaire group, that is, persons with an annual income of over £100,000 (about Rs. 1,330,000) are less than a hundred. Thus, the number of Britishers having an income of over £100,000 in 1962-63 was 92, as against 87 in the previous year and only 63 in 1960-61. Another 92 persons were runners-up for the millionaire badge, their annual income ranging from £75,000 to £100,000, as against 83 persons in this income group in the previous year. These figures are taken from the latest annual report of the Commissioners of Inland Revenue of Britain just published. The report contains a formidable volume of tax and income statistics which present a comprehensive picture of income and wealth distribution in Britain.

There are, according to the Commissioners' report, 20.25 million taxpayers in Britain out of a total population of 53 million (in 1962) who paid £3,004 million in income-tax and surtax, an average of £148 each in 1962-63, as against £102 in 1961-62. Incomes of some two million persons were relieved entirely from tax by allowances. Tax revenues in 1962-63 reached a new record and the amounts collected from income-tax and estate duty were higher than in any previous year. Gross receipts from all direct taxes and duties rose to £4,201 million in 1962-63 from £4,061 million in the previous year. The cost of collecting this revenue was only £58 million, which was equivalent to 3.31d. per pound sterling, or 1.38 per cent, as compared with £55.5 million equivalent to 3.28d. per pound or 1.37 per cent in the previous year. The number of staff engaged on this duty showed a net increase of 1,017 to 58,270 during the year.

Net receipts on account of surtax aggregating £183 million was about £40 million less than in the previous year, because of the reliefs on earned income announced in the 1961 budget. The number of surtax-payers also declined from 442,123 in 1961-62 to 249,281 and so also their aggregate income from £1,949 million to £1,407 million. Surtax-payers with incomes exceeding £100,000 a year, that is, the so-called millionaires, were, as already noted, 92, as compared with 87 in the previous year. Among other major taxes, estate duty yielding £270 million during 1962-63, £9 million more than in the previous year, and profits tax £381 million, as against £334 million.

The total net wealth of individuals in Britain is estimated by the Commissioners of Inland

Revenue at £58,196 million, shared by 18,760,000 individuals. In the over £200,000 bracket there are an estimated 7,000 people, their total wealth amounting to £3,888 million. At the other end of the scale, those with not more than £1,000 each, numbered 9,416,000, their total wealth aggregating £4,301 million. There were 15.09 million individuals whose wealth did not exceed £3,000 each. Above this range, the most numerous bracket was £5,000-£10,000, comprising 1,120,000 persons, with an aggregate wealth of £8,003 million.

An analysis of the ratio of profits to turnover during the year 1959-60, based on a sample of British companies and presented in the report under review, indicates that 30,226 companies had a turnover of over £24,955 million; their gross trading profit amounted to £2,350 million and net trading profit to £1,739 million. The most common ratio of net profit to turnover was in the bracket 2½ to 5 per cent. In the highest bracket, with a ratio of profit to turnover of over 40 per cent, there were 826 companies. Their turnover was £216 million, gross trading profit £113 million and net trading profit £103 million. The lowest group, which had a negative ratio, comprised 980 companies with a turnover of £881 million, gross trading profit of £50 million and net trading profit of *minus* £15 million. This means that only a little over 3.3 per cent of companies in Britain had suffered a net loss in the past fiscal year.

Mr. Jalan On Fiscal Policy

The Union Finance Minister, Mr. T. T. Krishnamachari, has sought to give a new look to the Government's fiscal policy. This is how Mr. B. L. Jalan, Chairman of Asiatic Oxygen Ltd., described T.T.K.'s latest budgetary effort in the first part of his speech at the annual general meeting of the Company held at Calcutta on 30th March 1964. But what a new look! Mr. Jalan himself had this to say in the latter part of his speech:

"While we have to thank the Finance Minister for several reliefs proposed for industries, including selective corporation tax relief, one wonders whether the budget proposals will, on the whole, achieve these objectives. Great doubts have been expressed, which are reinforced by the prevailing investment climate on the stock markets. The treatment of bonus shares as capital gains and the imposition of a fresh dividend tax are measures which are bound to deter investors while the gains to the national exchequer may be negligible.

"What, however, is really disturbing is the fact that our basic fiscal policy undergoes structural changes almost every year. The re-introduction of expenditure tax, the raising of Estate Duty rates to 85 per cent and the uncertainty introduced about the development rebate, are matters which have obviously deterrent effects on the will to save and invest. While it is gratifying to learn that the Finance Minister has promised that he does not propose to make any basic changes in the coming years, there cannot be any doubt that the changes which have been already brought about in our fiscal structure from year to year have been so substantial that one's confidence in our stable fiscal policies is bound to be shaken."

Mr. Jalan has rightly pleaded for a *stable* fiscal policy, for it is only such a policy that will induce a higher level of investment and attract more foreign capital. But this does not mean that, in the name of stability, a judicious reduction in the incidence of taxation on both corporations and individuals should be denied. What is required is not only a lowering of the tax burden but also a simplification of the present multiplicity of taxes, made more cumbersome than ever before by the latest Budget.

FISH FLOUR

Scientists of the Fisheries Research Board of Canada's technological station at Halifax in Nova Scotia are opening a new chapter in Project Fish Flour. Until now, their experiments in the development of this high protein product has involved the use of commercial salt water fish. Now they are utilising "waste" or non-commercial fish of any type that is normally discarded by fishermen. The experiments on commercial fish have been highly successful. The highest quality flour was produced from haddock and cod fillets. The fillet produced the highest protein rating at its flour was whiter than that produced from other raw materials. In all cases the protein rating was excellent. Development of fish flour was a project sponsored by the Food and Agriculture Organisation of the U.N. and was undertaken by many of the world's leading fisheries research laboratories. The programme was prompted by a desire to supply underprivileged nations with a cheap supply of animal protein. Dietetic studies also showed that in Canada and the United States there was need for additional proteins in some diet formulations, especially for people engaged in heavy manual work, post-operative patients and elderly people. One of the simplest uses of the product has been as additive to bread and cereals.

BRITAIN'S FIRST WOMAN STOCKBROKER

Miss Muriel Melvin of Aberdeen, Scotland, will most likely become Britain's first woman stockbroker within the next three weeks. Her application for membership has already been approved by the Council of the Scottish Stock Exchange which started functioning at the beginning of this year. But it is open to objections that may be raised within 14 days and its final acceptance will be by a two-thirds majority of the Exchange members. It is not known whether the United States, or France, or West Germany has a woman stockbroker, but India has none so far.

TREND OF SHARES

EQUITIES STILL WEAK

(From Our Own Correspondent)

BOMBAY, *2nd April*

LAST week's rally in equities proved, as was indicated here, a corrective one to the downward trend since the budget, for after fluctuating both ways, the market relapsed again this week to close on a weak note. The price trend during the week under review indicated a narrow market confined largely to professional activity. Whatever small outside support that was noticed during the week was purely in the nature of bargain-hunting. Nothing more, however, could be expected, in view of the growing diffidence of marketmen about the ability of stock markets to record any sustained improvement in the absence of suitable reliefs in the tax proposals. While the expected tax reliefs were still far from being in sight, the adverse effect of the tax proposals as demonstrated in the postponement of a number of bonus issues and the delay in the announcement of working results and dividends by leading company managements, like Birlas and Mafatlals, continued to dampen sentiment. Reports that the Finance Ministry had written to stock exchanges asking them to explain the present weakness in the markets were given no particular importance. It was rather argued in this context that the Finance Ministry should know only too well what had caused the present weakness. A further extension of support by the L.I.C. and Unit Trust to blue chips, like T.E.L.Co., Hindustan Motors, Steel shares, A.C.C., Kohinoor and Bombay Burmah, failed again to leave any significant mark on sentiment. Finally, since the majority of professional operators continued to be bearish, even the slightly oversold technical position of the markets did not embolden buyers. On bargain hunting by the smaller fry and quick operations by the professionals for small gains, equities faltered at higher levels and closed with modest losses over the week.

While the delay in the announcement of the expected tax reliefs kept markets subdued, the general factors, too, worked against any recovery in values. Political factors, like the question of finding a successor to Prime Minister Nehru, Pakistan's growing intransigence and the serious problem of mounting influx of the minorities of that country into this country, and the proposed release of Sheikh Abdullah, weighed heavily with buyers against making any sizable purchases. The deteriorating labour situation in the industrial belt of India, more particularly in Madhya Pradesh, where the Central Government-owned Heavy Electricals factory was closed indefinitely from the night of 29th March, was a distinctly bearish factor for the markets. Finally, the import policy for 1964-65 announced on 31st March evening did not appear particularly favourable for accelerating the economic tempo, though it did carry some liberalisation for small and defence-biased industries.

The corporate news, particularly about the expansion plans of the Hindustan Lever Ltd. and the Indian Aluminium Company Ltd., made encouraging reading. But, with the confidence in T.T.K's ability to gear up the economy rather shaken after the budget and in the light of political disquiet and other discouraging factors, it did not enthuse marketmen to take a bullish view about even the shares of these two companies. The renewed weakness this week, after last week's rally, clearly underlined the markets' inability to stage any worthwhile come-back in the absence of definite stimulants.

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Fluctuations on Dalal Street were two-sided but narrow. While shares, like Steels, T.E.L.Co., Voltas and Hindustan Motors, resisted fresh bear pressure at lower levels, the more speculative counters such as Century, National Rayon and Standard succumbed further to selling. The Century's announcement yesterday of book closure in May produced more sellers than buyers in this scrip, as it did not say whether the books would be closed for the expected final dividend for last year or for a likely rights issue. The prospects of a higher book closure *badli* charge also kept buyers away from these shares. National Rayon's satisfactory outlook for the current year did not particularly restrain sellers in the shares of the Company, in spite of the fact that they appeared, to speculative buyers, rather low priced. However, a part of the setback in these shares seemed to be in sympathy with Century and also because of the transfer book closure *badli* tomorrow. Standard continued to remain weak because of uncertainty about last year's dividend pending a clearer picture about the proposed tax on the profit distributed as dividend.

Tata Ordinary closed the week with a loss of 50 nP at Rs. 146.25, Indian Iron of 4 nP at Rs. 24.60, T.E.L.Co. of Rs. 2.25 at Rs. 299.25, Voltas of Rs. 5.25 at Rs. 260 and Hindustan Motors of 12 nP at Rs. 18.28, Century were down by Rs. 11.50 to Rs. 611, Standard by Rs. 13 to Rs. 654 and National Rayon by Rs. 4.50 to Rs. 357.50. Indian Dyestuff slumped by Rs. 23.75 to Rs. 296.25. Among others, Bombay Dyeing declined from Rs. 61 to Rs. 60, Kohinoor from Rs. 339.50 to Rs. 336.50, A.C.C. from Rs. 148.50 to Rs. 148.25, Belapur from Rs. 222.50 to Rs. 220, Bombay Burmah from Rs. 60.30 to Rs. 60 and Scindia from Rs. 15.48 to Rs. 15.28. Cash scrips were lower in the absence of investment support. Hindustan Electric recorded a big fall of Rs. 12.50 to Rs. 117.50. Colour-Chem were five points lower at Rs. 341.25 and Synthetic Rs. 4.50 lower at Rs. 93.50.

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Excepting Dunlop Rubber which met with support and closed 81 nP higher at Rs. 36.37, forward shares on the Calcutta Stock Exchange ruled quiet and finished with small variations either way. Thus, Burakkur showed a gain of 32 nP at Rs. 16.19 and Indian Aluminium of 50 nP at Rs. 31.50, but Kesoram declined by 44 nP to Rs. 26.06, Howrah by 37 nP to Rs. 16.75 and Shree Gopal by 25 nP to Rs. 25. Cash scrips sagged further. Bharat Commerce, among Textiles, were marked down from Rs. 23.12 to Rs. 21.25 and Anglo-India, among Jutes, fell by Rs. 9 to Rs. 171, Bally by Rs. 6 to Rs. 242 and Kelvin by Re. 1.50 to Rs. 144.50. Burn Engineering lost further six points to Rs. 286. Alkali Chemical dropped by Re. 1.19 to Rs. 30.37 and Balmer Lawrie, among the Miscellaneous shares, were weak at Rs. 260 as compared with Rs. 265 last week, and so were Rallis India at Rs. 119.50 as compared with Rs. 124.

* * * *

Textiles, Miscellaneous issues and Plantings weakened further in Madras. Thus, Buckingham dropped by seven points to Rs. 265, S.I. Viscose by Rs. 5.50 to Rs. 128.50 and Bangalore Woollen by five points to Rs. 270. While Aluminium Industries gained 35 nP to Rs. 19.80, F.A.C.Ts declined by 30 nP to Rs. 5.40, Orissa Cement by 11 nP to Rs. 13.70 and Mettur Chemicals by 10 nP to Rs. 13.65. Among Plantings, Vaikundam Rubber were marked down from Rs. 36.50 to Rs. 35.10, with Balanoor Coffee closing 88 nP lower at Rs. 12.37 and United Nilgiri Tea 53 nP lower at Rs. 23.22.

BHARAT ELECTRONICS LTD.

The Bharat Electronics Ltd. (B.E.L.), Bangalore, has set itself a target of Rs. 9 crores worth of production of electronic equipment for its current financial year ending 31st March 1965. Last year (1963-64), it had exceeded the target of Rs. 4.20 crores by December 1963.

Since it commenced production in January 1956, the B.E.L. has manufactured equipment of a total value of Rs. 9.25 crores up to the end of December 1963, with the output rising progressively from Rs. 62,000 in 1955-56 to Rs. 302.74 lakhs in 1962-63. The saving in foreign exchange from the production in 1962-63 was of the order of Rs. 88 lakhs.

The B.E.L. today produces transmitters of different powers with facilities for various modes of operation, several types of receivers, transreceivers for static and mobile roles, multichannel equipment and single and independent side-band equipments. The electronic requirements of the Services are now being increasingly met from its production. While single and multichannel trans-receivers and medium and high-power transmitters are already being supplied to the Services, more and more specialised items of equipment are now being taken up for production.

PREMIER CABLE COMPANY LTD.

Premier Cable Company Ltd. proposes to enter the capital market some time in the middle of the current month. Its authorised capital is Rs. 1 crore, but it is issuing Rs. 70 lakhs out of this, comprising Rs. 22 lakhs in 9.3 per cent cumulative redeemable preference shares of Rs. 100 each and Rs. 48 lakhs in equity shares of Rs. 10 each.

The Company has been formed for manufacturing P.V.C. insulated power cables in technical collaboration with Messrs. VEB Kabelwerk Oberspree of the German Democratic Republic, who are one of the leading manufacturers in Europe of aluminium conductor cables using P.V.C. for insulation. The German firm belongs to the original A.E.G. group and has acquired its present name since the division of Germany. It has been in existence for last 65 years. The factory of the Company is to be located at Karukutty in Kerala State. The site has been chosen because of the availability of cheap power, educated and efficient labour and its proximity to the centres of raw material supply. Fifty-five acres of land has been purchased for the factory near the railway station.

KERALA SPINNERS LTD.

Kerala Spinners Ltd. is a new company registered at Ernakulam for setting up a spinning mill with a capacity of 25,000 spindles. Land for the mill has been acquired at Kamalapuram which is three miles from Alleppey, with the co-operation of the Kerala State Industrial Development Corporation Ltd. The foundation stone of the factory building has been laid and indigenous machinery worth Rs. 23 lakhs has been ordered.

The Company proposes to issue capital of Rs. 40 lakhs, of which Rs. 10 lakhs will be in preference shares and the rest in equity shares. The Kerala State Industrial Development Corporation Ltd. will subscribe for shares worth Rs. 10 lakhs. The promoters and their friends will take up shares of the value of Rs. 10 lakhs. The balance of Rs. 20 lakhs will be offered to the public in next June.

TAX DEDUCTION FROM DIVIDEND

The authorities of the Bombay Stock Exchange have notified its members that, when transactions for shares are put through on *cum*-dividend basis after the transfer books of the concerned companies have been closed, or when there is not enough time for transferring the shares to the purchaser's name, the buyer is entitled to a net dividend arrived at after deducting 20 per cent tax from the gross dividend declared and not 30 per cent as before. This change has been necessitated following the alteration contained in the current year's budget. In the case of individual resident shareholders, if a company deducts tax at source at less than 20 per cent, an adjustment will have to be made to that extent. As for Government securities and debentures, the present practice of deducting tax at the rate of 30 per cent continues. A notification on these lines has also been issued by the Council of Management of the Madras Stock Exchange.

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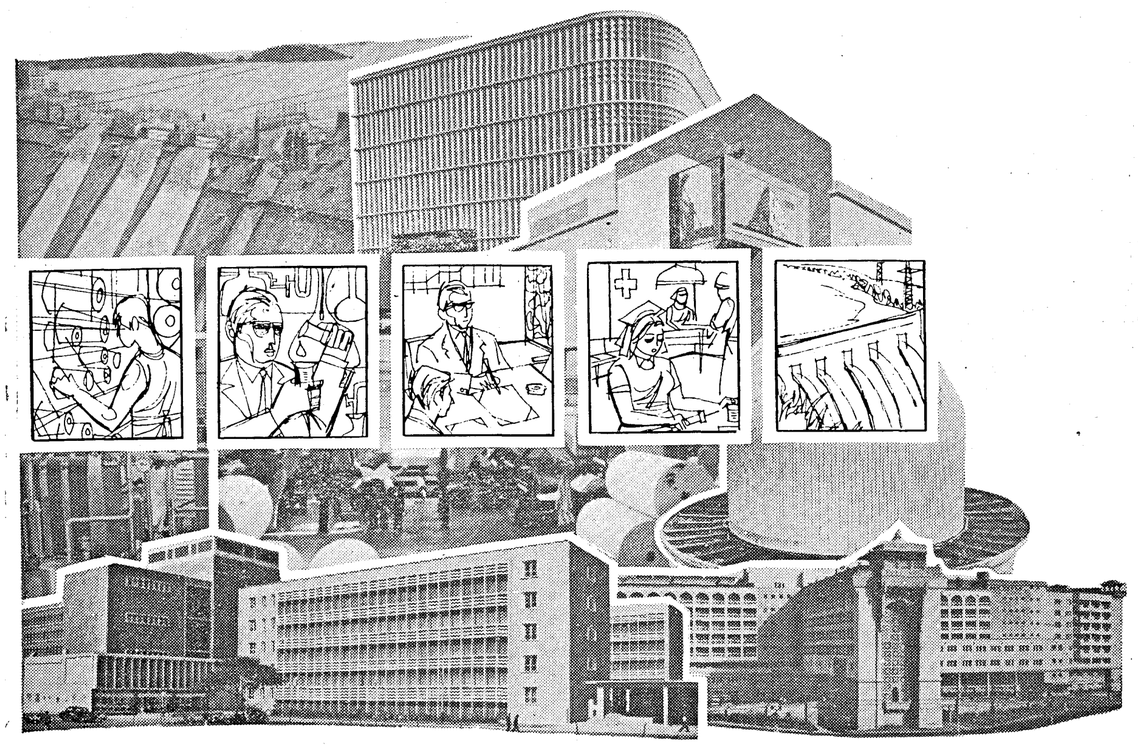

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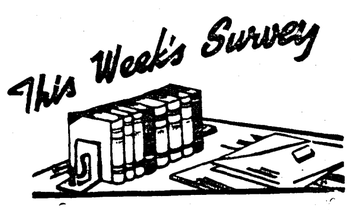

IMPORT POLICY

SINCE no one had feared any drastic import cuts and everybody had expected some liberalisation, the new import policy for the current financial year (April 1964-March 1965), announced on the last day of the last financial year (31st March 1964), has caused no surprise at all. There has been a notable improvement of Rs. 10 crores to over Rs. 126 crores in foreign exchange reserves over the year 1963-64, despite the payment of the first instalment (Rs. 11.90 crores) of the Rs. 119.04-crore I.M.F. credit obtained in August 1961. Further, the U.S. and U.K. Governments have made available sizable untied (general purpose) loans amounting to Rs. 107.10 crores and Rs. 6.7 crores, respectively. There is also the hope in Government circles that the Aid-India Consortium, at its meeting at Washington next month, would pledge the total aid of about Rs. 547.40 crores requested for the fourth year of the third Plan. Taking into account all these factors and with a view to improving the growth of industrial production which has been sluggish for some months now, the Government of India must have considered the present time to be quite opportune for liberalising imports. The move is in the right direction, considering that the continued restrictive nature of the import licensing policy for the year 1963-64 has resulted in a pronounced scarcity of, and high prices for, essential raw materials and components used by a wide range of industries. And the reduction in quotas for low priority items is only as it should be.

It is, indeed, gratifying that the Government has given due recognition to the maintenance needs of actual users, especially in the small-scale industry sector, as witness the increased quotas for imports of essential industrial raw materials and components. The increased quotas will certainly enable a number of industries to utilise a large part of their capacities now lying idle. The import quotas for 17 essential items have been enhanced and fourteen new items have been added to the import list of actual users, without, of course, any additional foreign exchange allocations. As for established importers, however, the overall quotas have been maintained at the previous year's level, thus ignoring their plea for a larger share. Even the scope given to these importers has not been extended to include those items for which quotas are granted to actual users.

Four striking features mark out the new import policy from the previous ones. In the first place, export incentive schemes have been brought within the orbit of the import policy. Accordingly, imports made under the incentive schemes are now governed by the overall policy, although entitlements will continue to be proportionate to the f.o.b. value of exports. This is a welcome move, intended mainly to rationalise procedures. Secondly, the policy for licensing individual items has been streamlined; a separate index is included for this purpose in the new Red Book. Thirdly, the scheme for licensing specific goods to consumer co-operative societies, which was in force up to the end of March 1964, has been replaced by a new scheme under which imports of a few selected consumer goods will be allowed during the current year within a limited ceiling, through wholesale central stores recognised by the Ministry of Community Development for distribution to consumers' co-operatives. And, finally, the scope of annual licensing has been widened to cover all imports, excepting eight items which include capital goods, raw jute, cashewnuts, raw wool, raw cotton, jute machinery and textile machinery.

If the import policy has not been more liberal than is actually the case, it is because of the Government of India's anxiety to avoid any undue pressure on its foreign exchange resources. The anxiety is clearly understandable, because the foreign exchange position is by no means comfortable having regard to the still large import surplus and the maturing obligations to foreign countries. There is, of course, the I.M.F. from which the country can secure a standby credit in times of compelling circumstances, but this is no solution. The basic problem of finding the required foreign exchange for the increasingly large imports lies in (*a*) more vigorous export promotion (the willingness of the industrially advanced countries to buy more from India is assumed here), (*b*) greater untied loans from the friendly countries abroad, and (*c*) larger inflow of private foreign capital.

AMALGAMATION OF SMALL COLLIERIES

The coal industry, which is represented by three organisations, namely the Indian Mining Association, the Indian Mining Federation and the Indian Colliery Owners' Association, does not speak with one voice at least on some matters. For instance, at the moment, the industry's approach to the related questions of amalgamation of smaller collieries and mechanisation of mining operations reflects sharp differences among the principal organisations. It was only the other day that Mr. Pran Prashad, Chairman of the Indian Mining Association, pleaded strongly for bigger units, capable of producing upwards of half-a-million tonnes of coal each per annum and for rapid and full-fledged mechanisation. But the Chairman of the Indian Mining Federation, Mr. S. N. Mookherjee, while addressing the fifty-first annual general meeting of the Federation last week, strongly criticised the Indian Mining Association's approach. Referring to what he called "the attempts which are unfortunately being made in some quarters to belittle the importance of small collieries in the developing economy of the country," he advanced the following counter-arguments:

"Perhaps it is not known to many that even in the U.S.A., the largest coal producing country, there is a much larger number of small mines with an output of below 25,000 tons a year than in India. But no attempt has been made by the U.S. Government to amalgamate them. Similarly, in the U.K., there are many small collieries scattered all over the country, each producing less than 10,000 tons annually, which were not taken over even by the National Coal Board when the coal industry was nationalised. ... As a matter of fact, these small collieries serve the country in their own way. ... Moreover, in view of the recommendation of the Committee on Amalgamation of Collieries that an economic colliery is one having a production of 10,000 tons a month, a figure which was later reduced to 7,000 tons, it is beyond my comprehension how one speaking in the same forum, a representative of which was a party to the above report, could express an altogether different view and consider an economic unit as one having a much higher monthly production. It has further been indicated that only collieries with a potential production of over half-a-million tons per annum can produce coal at the lowest possible cost and that marginal units... should close down and leave it to those stronger and more responsible units of the industry to meet the demands of the future. In that case, only a small number of collieries in India should be there to deliver all the coal needed during the fourth and subsequent Plan periods. This suggestion, which on the face of it is preposterous, is to me clear evidence of an attempt to establish a case for the concentration of the entire coal industry in the hands of a few business houses in the coal industry which, of course, is quite contrary to the national objective of democratic socialism for which the country has been striving so hard for the last several years. It must not be forgotten that in a socialistic pattern of society the existence of small and medium-sized collieries has rather helped to diversify and strengthen the economy of the country by thwarting attempts to create such monopolies."

So, in the name of socialism, Mr. Mookherjee has opposed the plea for larger units with their undoubted economies of scale, forgetting that both capitalist industrialisation and socialist industrialisation have the same objective, namely, organisation of production on large-scale lines. If the Indian brand of socialism is thought of in terms of wasteful and inefficient methods of production, it is difficult to see how the country can be industrialised rapidly. Mr. Mookherjee's criticism of the plea for full mechanisation of collieries in India is also of a piece with his stand against large-scale units. His argument, in this connection, is that, in the context of the availability of enormous manpower and the continuing possibilities for open cast shallow mining, it would not be necessary to go in for complete mechanisation. An identical argument has also been advanced by Mr. N. L. Jalan, President of the Indian Colliery Owners' Association, in his address at the annual general meeting of the Association held at Dhanbad on 30th March 1964. In his view, it would be unrealistic to prescribe wholesale mechanisation of mining at the present levels of economic development, demand for coal and employment. It may be noted here that the Indian Colliery Owners' Association, too, represents small collieries, besides big and medium ones.

All these arguments against fuller mechanisation are in a way calculated to scotch any move towards compulsory amalgamation of small and uneconomic collieries, for one of the compelling arguments in favour of amalgamation has all along been that a larger amalgamated unit could be more easily mechanised. Incidentally, amalgamation through persuasion has so far been completed only in 32 cases, and the Amalgamation Committee's proposals for transforming 450 uneconomic collieries in West Bengal and Bihar into 115 economic units have not been accepted by the colliery owners concerned. The Government, therefore, seems to be already thinking in terms of compulsory amalgamation through suitable legislation. It is probably because of this likelihood of statutory compulsion that the Indian Mining Federation, in particular, has vehemently criticised the Indian Mining Association's stand on the question. There is no doubt that there is a lot of acrimony in this controversy between two sections of the industry, and this is unfortunate. As far as this journal is concerned, its view has all along been that the twin processes of amalgamation and mechanisation should be expedited in the interest of more efficient production.

LABOUR PROBLEMS

As a critical evaluation of the labour situation in the country, the speech of Mr. D. C. Kothari, President of the All-India Organisation of Industrial Employers, at the thirty-first annual session of the Organisation held at New Delhi on the 2nd inst., is a notable one. In the light of his intimate knowledge of the dynamics of industrial relations in this country, Mr. Kothari examined the causes of labour unrest which has of late been much in evidence in spite of the Emergency and the various steps taken to ensure industrial peace, and suggested certain attitudes and approaches required to tackle the problem effectively. Labour policy has to consider, Mr. Kothari conceded, the overall economic conditions and needs, but it also has to serve, in his opinion, a limited purpose of promoting better labour-management relations. This, according to him, is essentially a problem of evolving acceptable procedures and rightly interpreting labour laws, so as to arrive at practical solutions to issues which disturb industrial peace. This requires an understanding of the operation of the economic mechanism, respect for national values and a spirit of tolerance and accommodation. Mr. Kothari regretted that some elements in the labour ranks were acting in a way contrary to this spirit and, taking advantage of the democratic political set-up in the country, were trying to whip up strikes on one pretext or another. Industrial unrest was in evidence, the President pointed out, even in establishments engaged in defence production, inter-union rivalry continued and very little was being observed of the self-imposed discipline embodied in the Code of Discipline. In other words, the deterioration in the labour situation stems from political factors and wider economic issues over which employers, either individually or collectively, have no control. The rise in prices is made an excuse to organise hunger strikes, demonstrations and *hartals* all of which, as Mr. Kothari aptly averred, will only bring down production and raise prices further.

The President of the Organisation then went on to examine the causes of the rise in prices and the methods for holding the price line. Since the pressure on prices has its origin in inadequate agricultural production, the problem, in Mr. Kothari's opinion, is how to increase agricultural production. He suggested, in this connection, that the Government should encourage industrial employers to associate themselves with agricultural production, so that the requisite fillip may be given to it. He, however, did not indicate how this could be done. Nor did he refer to the fact that the current trend is in the opposite direction, thanks to the land ceiling legislation. Instead of concentrating on increasing agricultural production, the Government, he added, seemed to be shifting the emphasis on to distribution. The normal agencies of distribution, which have served the community so faithfully for so long, are castigated and untried alternative methods are commended as ideal solutions. The reference here is, obviously, to the move, among other things, to force industrial establishments to start fair price shops for workers.

"There is enough evidence with the Government to prove," said Mr. Kothari, that employers have responded to the call to establish fair-price shops to the best of their ability and, if the desired progress has not been made, it is because of certain practical difficulties which can be overcome only with the help of the Government. The mere opening of fair-price shops or consumer co-operative stores, the President added, "is not a permanent solution and, very likely, it may not offer even temporary relief, if sufficient supplies are not made available to the shops."

An important aspect of industrial relations, which calls for immediate regulation, according to Mr. Kothari, is the demand of workers for additional leave provision which is even now over-generous. There are different kinds of holidays in this country, like national and festival holidays, their number varying from four to thirty, in addition to paid privilege leave for fourteen days under the Factories Act, sick leave for fifty-six days under the Employees' State Insurance Act, accident leave permissible under the Workmen's Compensation Act, etc. All these together enable an industrial worker to absent himself, on an average, from 120 to 150 days in a year. Social security provisions in labour legislation are sought to be interpreted as the minimum, with the result that industrial courts and tribunals have taken a very liberal view of the demands of workers. There is also a growing tendency to put pressure on management to close factories on special occasions. Mr. Kothari pleaded for putting an end to this anomalous situation or at least check any further fall in the number of working days. He suggested that every demand for holidays additional to those provided should not be a subject matter either of dispute or adjudication.

Referring to the criticism levelled against employers that they have failed to honour their commitment to popularise arbitration as a means for settling their disputes with workers, Mr. Kothari said that employers stood by their undertaking but reiterated the stand taken by them that voluntary arbitration would not succeed, unless the necessary climate and mutual trust in the parties were created. He, however, warned that, in the enthusiasm to try voluntary arbitration, it was unwise to lose sight of some basic managerial functions like maintenance of discipline, industrial operations, etc. Apart from these considerations, there are also certain other limitations. The success of voluntary arbitration depends, to a large extent, on the knowledge, integrity and social status of the arbitrators. Good arbitrators are not easily available in this country, though it may not be too difficult to find them. In any case, Mr. Kothari said, provision should be made for some remedy against perverse awards and awards that went far beyond the terms of reference until such time as enough experience in voluntary arbitration accumulated.

The President of the Organisation expressed disappointment at the recommendations of the Bonus Commission. It was expected, he said, that the Commission would be more discriminating in its approach to the bonus question and would consider its broader economic aspects and suggest a set of alternatives which would be applicable to different industries with different problems. This hope has been belied. On the bonus formula recommended by the Commission, Mr. Kothari made the following comments:

"If the funds available for the improvement of the technique of production, for obsolescence, for repayment of medium and long-term indebtedness, reserves for contingencies, etc., were dissipated by way of bonus to workers, surely the progress of industry cannot be expected to reach the targets indicated in the third Plan. Optional but necessary obligations like rehabilitation allowance (including wasting allowance for mining industry and re-plantation allowance for plantations industry), provision for depreciation to cover the gap between historical cost and replacement cost, etc., which give force and substance to industrial development, should be allowed as a charge before calculating the distributable profits for bonus. These issues are of wide application, and the damage they may perpetuate will be both severe as well as continuing. I trust the authorities will give consideration to these larger implications."

The problem of increasing industrial production simultaneously raises the issue of trained manpower. Mr. Kothari suggested in this regard that the future requirements of scientific and engineering personnel should be estimated well in advance, so that necessary measures can be taken to augment supply. It may be recalled here that the compulsory apprenticeship scheme under the Apprentices Act obliges industry to train a specified percentage of skilled workers in 23 designated trades. Large industrial establishments employing 500 or more workmen are required to set up training workshops for apprentices at their own expense and the Government is to give financial assistance for setting up such workshops and provide facilities for the import of machinery, etc. The Government has also undertaken the obligation to set up training workshops at a central place for the training of apprentices on the rolls of small establishments. The success of any such scheme, Mr. Kothari emphasised, would depend on the extent to which the Government fulfilled its obligations. A good suggestion made by him in this connection is that the State Apprenticeship Advisers should visit schools and tell the outgoing students about the existence and merits of the apprenticeship schemes.

CANADIAN INVESTMENTS IN INDIA

Although the financial assistance of Rs. 43.57 crores committed by Canada under the Aid-India Consortium for the first three years of the third Plan is almost thrice the amount (Rs. 15.71 crores) actually made available for the second Plan, its share in the aggregate aid commitments is rather small, being less than 2.7 per cent. The flow of private Canadian investments into India has, in fact, been negligible; out of the aggregate outstanding private investments amounting to about Rs. 760 crores (as of 31st December 1961), Canada accounts for only a few crores. Canadian Government contribution and private investments are insignificant, especially considering that Canada, which has a population (19 million) which is just one-twenty-fifth of India's, has a gross national product (Rs. 18,500 crores) which is one-fifth more than that of India.

Viewed against this background, the statement by Mr. William M. Anderson, leader of the Vancouver Board of Trade Mission to India, that Canada would continue to provide assistance for India's economic development and that private investments would increase in the years to come is, indeed, heartening. Mr. Anderson was speaking at a meeting between the mission and representatives of the Central Government and the Indian Investment Centre held at New Delhi on Saturday last. Through its aid programme Canada, he said, was collaborating in power development projects in India and, from there, other schemes could be carried on. He mentioned, among others, the paper and pulp industries in which Canada could take part. He was, however, somewhat guarded in his assessment of the climate for foreign capital obtaining in India.

Mr. Anderson's speech followed the policy explanation by Mr. C. Subramaniam, Union Minister for Steel, Mines and Heavy Engineering, and other officials. It was Mr. B. N. Adarkar (Additional Secretary, Department of Economic Affairs) that impressively dealt with the main points of Government's policy towards private foreign investments. As he justifiably claimed, foreign investors have been assured of fair and equitable treatment. No extra restrictions are placed on them and reasonable facilities are always afforded for remittance of profits. They have also the freedom to repatriate their capital. It has, of course, been laid down as part of the Industrial Policy Resolution that effective control should be in Indian hands, but, here too, the condition is being relaxed in suitable cases where large foreign exchange resources and a high degree of technical skill are involved. More recently, in the 1964-65 budget, some special additional tax concessions have been offered.

Favourable though these facilities are, there is still no denying the fact that the total burden of taxation on foreign investors continues to be heavy. It is, however, not so much this burden as the official red-tape and cumbersome licensing procedures, which result in irritating delays in the fruition of projects, that act as the real handicap to a freer and larger inflow of private foreign investments into India. Lately, both the planners and the powers-that-be are no

(*Continued on next page*)

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LONDON LETTER

NOR TRADE, NOR AID

U.K.'S ROLE IN WORLD CONFERENCE

From Our London Correspondent

LONDON, *30th March*

THE failure of the G.A.T.T. system to promote expansion in the trade of the underdeveloped countries sufficient to raise their growth rate steadily and help them close the gap with the developed nations, is the main reason behind the U.N. conference at Geneva on Trade and Development. The post-war rise in commodity prices at first encouraged the view that the trade of the poorer countries would expand automatically, but, after the Korean war, prices fell. Thus, the unit value of export prices of these poorer countries dropped from about 104 in 1954 to 92 in 1962—a fall of some 11 per cent. Over the same period, the unit value of exports of the developed areas rose slightly. Thus, if we take the middle year of the period (1958) as the norm, whereas four years previously there was an 8 per cent differential in favour of the poorer countries, four years later there was an 8 per cent differential *against* them. Britain's balance of payments surplus in past years has flowed almost entirely from this differential.

In these comparisons, the less-developed countries are taken as those outside Europe, North America, Australia, New Zealand, South Africa and Japan. These countries have one feature in common—a shortage of foreign exchange for development. To them it is an irony to suggest increase of productivity: between 1954 and 1962 the *volume* of their exports increased 50 per cent (nearly as fast as the increase in volume of the developed countries) but their export earnings increased only 30 per cent. The export earnings of the developed countries increased 70 per cent. What greater condemnation of *laissez faire* than these figures could be found?

These poorer countries, now dominating the U.N. in numbers, have therefore pressed for this conference, though there is no coherent plan for resolving their problem. As primary producers (with perhaps 80-90 per cent of their earnings from primary products) they cannot easily regulate their production to the market. And in the past decade the enormous increase in synthetic products has worked against them. It is, perhaps, natural that the main thoughts that have so far been publicised are that commodity restriction schemes should be introduced and that the richer countries should be urged to buy more. The first is difficult, though organised marketing—such as Australia and New Zealand practice for their staples—can help. The second falls on the problems of the richer countries themselves who suffer from cyclical fluctuations and consequent balance of payments troubles. Inevitably, these last attack the importing countries before even their own resources are fully employed; they then take the obvious measures of cutting off the exports of the poorer countries through the simple processes of trade restriction.

Of course, in the post-war world, massive aid has been given. It has, however, done nothing to solve the basic imbalance—though it has naturally provided the means to import capital goods—and the sources of this have diminished.

The U.K. is inclined to take the view at this conference that she stands whiter than most (both the Tory and Labour parties think this) as one of the freest markets in the world. Last year, the U.K. imported about a third of her total imports from these countries—not only is she a major market for their primary products, but also for their manufactures and semis. Duties and preferences are very low (on all imports protective duties amount to only 3 per cent of total value). Thus, the U.K. claims to take a larger share of her imports from the less-developed countries than does any other country: while *vis-a-vis* India and Pakistan she claims that while these countries no longer import British textiles, she herself is the only quota and tariff free market for their textiles in the world—though there has been voluntary limitation instead of quota (and there is the yarn quota now for India and Pakistan).

All this is poor enough comfort to the poorer countries who remain the poorer countries. But it has one advantage—it is making the U.K. take a strong lead to bring about a general reduction in trade restrictions maintained by the developed countries. The U.K. also favours modification of G.A.T.T. to enable the developed countries to grant preferences to the underdeveloped—without being obliged to extend these to developed countries. Similarly, the less developed ought to be able to grant preferences only to each other. And, of course, the U.K. has a traditional vested interest in the general expansion of world trade.

This programme is clearly not imaginative enough. Britain's conservatism does not lead her to advocating more regional planning and the reorganisation of international aid on such a regionally planned basis—yet the advocacy of such proposals must come from the aiders rather than from the aided. And to make such plans worthwhile, they must dispose of sufficient funds. Hence the richer countries should adopt the post-war U.N.R.R.A. principle—of allocating a proportion of national income for such aid. It has been done before and effectively. Then, the imbalance of payments must be countered and this is something beyond the powers of any one country. Too slowly perhaps a climate of opinion is being formed that would see an expansion of international credit. Only such an expansion can knock free the shackles that at present hamper a mutual expansion of trade between poorer and richer nations.

SURVEY

(*Concluded from previous page*)

doubt aware of this aspect and some steps have been taken. But energetic action is still lacking.

Considering the wide gap between the resources available and those actually needed for accelerating the tempo of economic development of India and the heavy repayment obligations involved in aid received by way of loans, the need for a larger inflow of foreign private investments into the country cannot be stressed too strongly. Surely, Canada, with its surplus of technical know-how and capacity to generate, as well as to raise, capital can, as Mr. C. S. Jha, Commonwealth Secretary, aptly said, play an important role in the economic growth of India. At the same time, the increasingly large-scale Canadian investments in India would be a good proposition to the mutual advantage of both the countries. Mr. C. Subramaniam did well in inviting the attention of the Canadian businessmen to this simple fact.

Besides larger inflow of Canadian private investments into India, there is the need for expanding exports from India to Canada which at present are rather low, the annual rate of actual exports being of the order of Rs. 23 crores. This rate may be expected to decline to some extent as a result of the imposition of a stiff rate of import duty on Indian textiles. It is strange, indeed, to learn from Press reports that no official of the Central Government sought to impress on the visiting Canadian businessmen the urgency of their country buying more and more of Indian goods in the coming years.

The terms of reference of the Committee set up by the Central Government to formulate social security measures have been finalised. To begin with, six subjects have been specified for consideration; they include pensions and allowed benefits for the family, educational facilities for children of Government employees, medical facilities, housing facilities financial security in terms of purchasing power and old age pensions. The recommendations made by the Committee will cover the Central and State Governments' employees as well as all other employed persons.

An eleven member team of the National Productivity Council, which recently toured Britain, United States and Japan for studying the printing industries in these countries, has recommended that printing machinery be manufactured in India with foreign collaboration either in the public or in the private sector.

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DELHI LETTER

DELAYS IN DEFENCE BUILD-UP

AIRCRAFT MANUFACTURE BEING REORGANISED

From Our Special Correspondent

NEW DELHI, *31st March*

A TEAM of Soviet engineers has just arrived in India to proceed further with the plans to manufacture M.I.G. supersonic fighter planes in the country. At the same time, the Defence Ministry is engaged in a reappraisal of the organisational set-up which has partly contributed to delays in ordnance production. One of the decisions taken by the Defence Ministry is understood to be the integration of the three organisations concerned with aircraft manufacture—the Hindustan Aircraft Limited, the oldest of the aircraft manufacturing units, the Kanpur Aircraft Manufacturing Depot making the Avro 748 and Aeronautics Limited which is to undertake the manufacture of M.I.G. planes in the Nasik and Orissa factories. The Hindustan Aircraft is also engaged in fields of production other than aircraft.

The Indian Air Force is troubled by the existence of a diverse variety of aircraft it has to service and maintain. The best bet in the long-term reorganisation and re-equipment of the Indian Air Force is now considered to be the HF-24, the plane designed at the Hindustan Aircraft Limited. The advanced version of this supersonic plane is expected to be ready for extensive testing soon. The experts at H.A.L. have had to give up hopes for revamping a Soviet engine to power the Mark II version of HF-24. A Russian engine, which was at one time sought to be tried out for the HF-24 plane, was too heavy and its use would have meant modifications in the engine to make it lighter or radical changes in the design of the air frame of HF-24. The Russians were unable to spare sufficient number of experts to modify their engine in India. With Soviet expertise being lent for the M.I.G. project, the Russians could not at the same time undertake the engine redesign job for H.A.L. Some Russian engines were imported. The problem of finding engine for the HF-24 was the result of the British Bristol abandoning its project to improve its Orpheus engines. With some modifications the Bristol engine is being used on the advanced version of HF-24 but it is doubtful whether these improvements can contribute enough power to enable the HF-24 to reach speeds originally envisaged for the Mark II version. Anyway, the Air Force is said to have ordered the HF-24 in squadron strength.

Along with the manufacture of aircraft another associated problem confronting the Defence Ministry is the provision of a modern weapons system for the Air Force. For the M.I.Gs, the Russians are expected to help set up a third factory, in Hyderabad, to make the missiles. This factory will make air-to-air missiles which may also be used on the HF-24. The Air Force also needs ground-to-air missiles.

Provision of missiles to strengthen Indian defences has been a bone of contention between the Indian Government and the Western aiders. Even before the Chinese attack late in 1962, India had sought missiles from Western sources. The acquisition of missiles became more important strategically after the Chinese onslaught. Original negotiations for missiles fell through because of stiff terms in supplying the armaments to countries which are not tied to Western powers in firm defence alliances. Delhi's hopes that the Western attitude would change following the Chinese attack have been belied. A few days ago, the Defence Minister, Mr. Chavan, gave public expression to the measure of Indian frustration over obtaining military assistance from the West. While explaining to Parliament the shortfall of Rs. 58 crores in defence expenditure, Mr. Chavan said that Rs. 44 crores of the budget allocation had to be surrendered, because foreign aid could not be found for five of the six ordnance factories envisaged. Three hundred thousand men and ten thousand officers had been recruited under the Army expansion programme and work was proceeding on the formation of six new mountain divisions. Each of the mountain divisions needed Rs. 25 crores of outlay on equipment. Six divisions would thus need Rs. 150 crores of equipment. Ammunition and other things for a three-month period would cost another Rs. 7.5 crores each, so that the total needs would be Rs. 200 crores. As against this, the Western assistance in the first year after the Chinese attack was only about Rs. 30 crores.

The West, it would appear, remains to be convinced of the technical capacity of Indians to mount a modern missile defence system. In the circumstances, in the take-off to the missile age, India now expects more help from the Soviet Union. Some of the equipment needed can be fabricated in India but a variety of vital components will have to be imported.

Talks with Japan

According to Transport Minister Raj Bahadur, the long-delayed agreement with the Japanese for collaboration in building the Cochin shipyard will be signed in a few days. Japan lost an ambitious bid to enter the telecommunications field in India through a contract for a cross-bar switching system, but a new big project with which the Japanese are to be associated is the fertiliser factory in Gujarat. About Rs. 12 crores of foreign aid for this project is expected to come from Japan. Japanese firms are understood to have outbid the French for this project. This will be the second big fertiliser factory with which the Japanese will be associated. The Japanese have also pledged foreign aid and collaboration for the Gorakhpur project. The third prestige project on which the Japanese are at work is the Durgapur alloy steel plant.

Labour Unrest

Communal riots in Jamshedpur and Rourkela and communist disruption in the Bhopal Heavy Electricals factory have led to a decision to form an industrial security force which will be under the control of the Centre. The decision was taken at a conference of Chief Ministers of West Bengal, Orissa, Madhya Pradesh and Bihar called by the Union Home Minister. Another reported decision is to amend trade union rules so as to forbid workers of big and essential industrial units from having anything to do with unions other than their own associations. This decision appears to have been taken at the spur of the moment, in view of the crisis in the big industrial plants, and partly on the premise that communist politicians are to blame for the mischief. The patronage extended to I.N.T.U.C. subsidiaries by State administrations and public sector managers has been an issue of conflict in many public sector undertakings, including the Bhopal factory and the Rourkela steel mills. The delays in recognising one union in Rourkela have led to repeated attempts by rival unions to compete for the title of militancy. By the magic of changing a law, the Union Government cannot alter the basic fact of trade union life in the country—close tie-up of trade unions with politics of the Left and the Congress.

The rioting in Rourkela and the curfew which followed resulted in production coming to a standstill in many sections of the steel mills. Blast furnace output fell to 350 tons a day from the normal level of 1,000 tons a day. As long as the army and police precautions continue, Rourkela production may be only thirty per cent of capacity. The German operation team in Rourkela now numbers about 240 and the number of foreigners in Rourkela, including women and children, are around six hundred. The Germans have requested the Government to station troops permanently at Rourkela to ensure the security of the Germans and to guarantee supply of water, electricity and food. Even before the recent communal riots, Rourkela had become a place abounding in scare stories. Some time ago, the area of the water works, on the top of a hill which was a popular park, was placed under rigorous security guard—because of the scare that militant workers may poison the water supply! During the riots, about 40 Americans, who were operating the widestrip mill, were evacuated; but the Germans have stayed on.

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PROGRESS OF REFINANCE CORPORATION

QUANTUM OF ASSISTANCE TO INDUSTRY MARKEDLY HIGHER

WITH increasing diversification in the field of its operations, in the range of its activities and in the structure of its advances portfolio, and with the substantial increase in its business, as reflected in the markedly higher sanctions, disbursements as well as outstandings, the hopes and predictions expressed by the Chairman of the Refinance Corporation for Industry Ltd. at the annual general meeting of the Corporation last year have largely come true. Looking back upon the performance of the Corporation during 1963, it is easy to realise that the Chairman was perfectly justified in describing it as the "pivot for extension of facilities for term finance for industry," which has "enabled the commercial banks to meet more and more boldly the financial demands" for a phase of rapid industrialisation.

The progress which the Corporation made during 1961 and 1962 was continued at a greatly accelerated pace during 1963, with the result that the Corporation has at last outrun its available resources. During the year (as the table shows), the Corporation received a record number of 221 applications for refinance from 30 financial institutions for a total sum of Rs. 29.96 crores, as against 88 applications from 20 institutions for Rs. 13.77 crores in the previous year. The refinance was actually sanctioned to 27 financial institutions on 171 applications for a total amount of Rs. 24.09 crores, as against 19 institutions, 73 applications and Rs. 10.63 crores in the previous year.

During the six years of its existence, the Corporation has received in all 423 applications from 37 institutions for a total amount of Rs. 63.81 crores, out of which 336 applications for Rs. 51.21 crores were sanctioned to 32 institutions. Allowing for those sanctions which have been treated as lapsed and those which will not be utilised by the borrowing institutions, the total amount of net effective sanctions at the end of 1963 were Rs. 45.23 crores. In addition, at the end of 1963, there were under consideration 51 applications totalling Rs. 6.36 crores.

Disbursements have also increased substantially during the year: the total amount of refinance disbursed in 1963 was Rs. 13.25 crores, as against Rs. 7.96 crores disbursed in 1962; the total amount disbursed by the Corporation since its inception amounted to Rs. 28.17 crores; since, however, some of the amounts borrowed from Corporations in its earlier years are being repaid by the borrowing institutions, the total amount of loans and advances actually outstanding at the end of 1963 were slightly lower at Rs. 24.71 crores.

It will be observed that 1963 has brought about a record progress in all the branches of the Corporation's activities. The sustained demand on the resources of banks for financing development, the relatively stringent conditions in the money market and difficult conditions in the capital market have resulted in considerable demand for refinance. A comparison of the position of the Corporation at the end of 1962 and 1963 shows that during 1963, the Corporation progressed almost to the same extent as it had done during the first five years of its existence. At the end of 1963, almost all the magnitudes were nearly double those a year earlier.

It is only to be expected that, with such a rapid pace of expansion in its business, the Corporation has run out of its resources. The increased demand for funds from the Corporation necessitated a further drawal of Rs. 11.50 crores from the Government of India, as against the initial allotment of Rs. 26 crores from P.L. 480 funds. This brought the total borrowings of the Corporation under this head to Rs. 22.50 crores, leaving an undrawn balance of Rs. 3.50 crores. The project agreement between the United States Agency for International Development and the Government of India allocating the above resources to the Refinance Corporation was due to expire on 31st October 1963; it was, however, extended for one more year, thus allowing the Corporation to draw the balance of the unutilised funds upto 31st October 1964.

As the Corporation has already drawn the major portion of the allocated amount (leaving a balance of Rs. 3.50 crores only), and since it is already having large outstanding commitments, the Government of India have been requested to arrange for allocation of further P.L. 480 funds. In order to meet its current commitments, the Corporation requires a further sum of Rs. 13.50 crores. The Government of India, we are told, has already assured the Corporation that, in appreciation of the indirect assistance provided by it for the development of industry, the necessary funds will be found for the Corporation. A news item actually announced a couple of months ago that a further allocation of Rs. 25 crores had already been made to the Refinance Corporation out of P.L. 480 funds, but the annual report of the Corporation is silent on this point: perhaps, the necessary formalities are yet to be gone through.

A measure of the usefulness of the Refinance Corporation is very inadequately provided by the total sanctions, disbursements or outstandings. A better idea is provided by the fact that the total aggregate cost of the projects to which the Corporation has sanctioned assistance comes to about Rs. 140 crores. The Corporation's share in implementing these projects, therefore, works out to about 32 per cent.

The lending rate of the Corporation which was 5 per cent from its inception was raised to 5½ per cent from the 14th March 1963, except in the case of medium-term credit for exports (discussed further in a later paragraph). Moreover, having regard to the rise in income and business of the Corporation, the rate of interest payable by the Corporation on its P.L. 480 funds has also been raised from 3 per cent to 4 per cent.

During the year, the gross income of the Corporation almost doubled from Rs. 49.09 lakhs in 1962 to Rs. 96.95 lakhs. The largest element in the income was interest received on loans to financial institutions, banks etc., which rose from Rs. 46.94 lakhs in 1962 to Rs. 95.21 lakhs in 1963. However, there was a steep increase in interest expenses, particularly as a result of larger borrowings from the Government of India at a higher rate. Interest expenses rose from Rs. 22.34 lakhs to Rs. 65.38 lakhs. After meeting all expenses, the net profits were higher at Rs. 29.50 lakhs, as against Rs. 25.57 lakhs in the previous year.

Operations of Refinance Corporation
(Amount in crores of rupees)

	During 1962		During 1963		As at the end of 1963	
	No.	Amount	No.	Amount	No.	Amount
Applications received	88	13.77	221	29.96	423	63.81
Applications sanctioned	73	10.63	171	24.09	336	51.21
Net effective sanctions	—	—	—	—	—	45.23
Refinance disbursed	—	7.96	—	13.25	—	28.17
Refinance outstanding	—	—	—	—	—	24.71
Resources	—	—	—	—	—	31.73
No. of Institutions which applied for refinances	20	—	30	—	37	—
No. of Institutions which were sanctioned refinance.	19	—	27	—	32	—

The allocation of profits shows that the amount provided for taxation has gone up from Rs. 14.28 lakhs to Rs. 17.50 lakhs. Transfers to reserves are lower at Rs. 2 lakhs against Rs. 2.68 lakhs in the previous year. Dividend has been maintained at 4 per cent, absorbing the same amount of Rs. 10,00,000 as in the previous year.

Next, we may consider a diversification in the range of the Corporation's activities in two new fields. Although the scheme for refinancing medium-term export credits came into force on the 1st January 1963, the Corporation has not yet made any significant impact in this regard. Only one application for a total amount of Rs. 10.83 lakhs was received and sanctioned, and the amount disbursed and outstanding was even less at Rs. 7.55 lakhs; the balance of Rs. 3.28 lakhs was yet to be availed of by the borrowing institution.

The scheme covers credit for periods exceeding six months but not exceeding five years. Under the scheme, the refinancing facility will ordinarily be extended to certain specified categories of engineering goods; the list has recently been extended to include X-ray electro-medical equipment and hospital equipment also. An up-to-date list of eligible items shows that the facility is available in respect of 10 items of capital goods, 32 items of producer goods and 6 items of consumer goods.

In accordance with the recommendations of the Study Group on Export Finance, the Corporation refinances such export credits at a concessional rate of 4½ per cent, provided that the banks pass on the benefit of the concessional rate to exporters and do not charge them interest at more than 6 per cent per annum.

With a view to extending the benefits of the scheme to small exporters who may ship goods in instalments against a particular contract, the Corporation has decided to refinance export credits for even less than Rs. 1 lakh (as against the previous minimum of Rs. 1 lakh), provided the relative export contract was for at least Rs. 1 lakh.

The Corporation hopes that further progress will be made in the scheme as soon as banks and exporters become thoroughly acquainted with the benefits available: the Corporation, we are told, is always willing to simplify the scheme and make it more attractive and useful.

Another development which has increased the range of its functions is the effective association of the Corporation with the scheme of the Government of India to guarantee rupee advances made by the banks to private sector collieries in order to help them utilise the World Bank foreign exchange loan of $35 million for importing equipment to raise output. By granting a measure of protection to lending institutions against possible losses, the scheme is intended to enlarge the supply of institutional credit to the collieries. As the "Guarantee Organisation" under the scheme, the Corporation will share losses to the extent of 65 per cent: the Corporation levies an annual charge at the rate of three-quarters of one per cent on the amount of advances sanctioned for providing the guarantee cover.

The scheme started functioning in April 1963 and, during the year under review, 27 applications for Rs. 2.85 crores were received from seven credit institutions. Of these, 22 guarantees for Rs. 2.03 crores were issued. During the year Rs. 2.07 lakhs was received by the Corporation as guarantee fees.

In addition to this diversification in the range of its activities, the Corporation has also diversified its advances portfolio by laying greater emphasis on non-traditional industries like chemicals and chemical products, rubber and paper products, machinery, equipment and metallic industries, though the traditional food and textile industries continued to command the Corporation's attention.

In spite of this increase in business and diversification in range of functions and direction of assistance, the Corporation is at present under a shadow of doubt and uncertainty regarding its own future. The newly proposed Industrial Development Bank is, in due course, likely to take over the entire business of the Refinance Corporation of India. Whether the changeover will largely be procedural or substantial, only the future can tell, but, as the Reserve Bank of India is the boss for both the institutions, it can be justifiably hoped that the efforts and achievements of the Refinance Corporation, which has by now achieved a high degree of maturity, will not receive a setback as a result of the changeover.

MONETARY POLICY IN U.S.

The question as to the appropriate role of monetary policy in the U.S. promises to draw increasing attention in the months ahead, according to the Economic Research Department of the Chase Manhattan Bank. If, as seems possible, the economy enters a period of inflationary pressures later in the year, some changes in monetary policies might become necessary. In fact, some observers believe that the monetary authorities should begin moving gradually in the direction of restraint. At this juncture, it is too early to assess accurately the forces which may be operating later this year. The hope is that the sharp stimulus provided by the tax cut will lead to a moderate but sustained response on the part of consumers, labour unions and business. If so, reasonably small changes in monetary policies could contribute to continued economic growth without inflation through this year and into 1965.

The World Bank has extended the date for utilising the Rs. 16.17-crore loan advanced to Indian private collieries for modernising and expanding production up to the end of September 1965.

BANKS IN INDIA SERVE THE NATION

A PERSPECTIVE ON THEIR ROLE AND ACHIEVEMENTS

IN an imaginatively designed and attractively produced series of pamphlets released last week, the Indian Banks' Association has made an excellent move to project a true image and present a correct picture of the role played by the banks in the national economic progress. The pamphlets outline the progress made by the banks in opening new offices in new and established areas and show how the banks assist the country's economic growth by mobilising deposits and financing defence and development. But more than anything else, the pamphlets provide a proper perspective on the controversial problems of bank finance for small-scale industries and agriculture and disentangle the technical problems of bank ownership and management from the confusion created by recent political discussions. The pamphlets are important not only because they provide the well-known facts regarding banks' performance, but also because they interpret them and, incidentally, explain their significance for the successful working of banking in the private sector. The salient points contained in these phamphlets are outlined in this article.

The Development Decade 1952-62

More than 2,200 new offices were opened by commercial banks in India during the development decade, 1952-62. During the period of brisk progress from 1954, they opened new offices at the average rate of 225 every year. This rapid pace of branch expansion was continued in 1963 also and 255 new offices were opened during the first nine months of the year. The new offices opened during the entire year were as many as 368.

New branches cost a lot of money: money for the building, for the furniture, for the safes and vaults, and for the payment of salaries to the staff and interest to the depositors. Banks spend all this money on new branches for at least five years only after which the branches usually begin to pay their way. Yet, the banks open new branches not only in the metropolitan centres, but also in far-away places in a spirit of service to the nation and in the hope of making reasonable profits in the future.

Mobilisation of Deposits

Both the deposits and the rate of their growth accelerated from a meagre Rs. 130 crores or 3 per cent per annum during the first Plan to Rs. 660 crores or 13 per cent per annum during the first three years of the third Plan. At this rate, the total increase during the entire third Plan may exceed Rs. 1,200 crores.

The spectacular rise of Rs. 1,420 crores (179 per cent) in aggregate deposits of scheduled banks between 1952-63 is the combined result of higher savings out of rising incomes under the planned development and the spread of banking habit: banks have gone into *new areas* and have intensified their efforts to bring *newer classes* of people within the banking fold.

An analysis of the ownership of deposits shows that the largest portion of bank deposits consists of the deposits owned by individuals: it is the personal savings of the common people which provide the largest resources.

Advances

Bank advances increased by about Rs. 1,200 crores during the thirteen years of planning. They have financed the needs of defence and development alike and have grown along with the growth and needs of planning. They have, in fact, served as an instrument of planning. Industrial advances have risen from about one-third in 1951 to about three-fifths in 1963: a detailed analysis of industrial advances shows that, with the growing diversification of our industrial structure, bank credit is also changing its character.

Banks have largely changed over from financing seasonal trade and stock and bullion dealers to financing manufacturing and processing industries: their growing stake in industrial development is reflected in the fact that money advanced every busy season rarely comes back to the same extent in the following slack season. From less than Rs. 430 crores in 1951, bank advances have grown more than four times and have crossed the Rs. 1,800-crore mark according to the latest returns.

Investments

An analysis of banks' investments in Government securities shows that they constitute almost one-third of their total deposit resources and account for 18 per cent of total rupee loans and Treasury Bills of the Government of India. The complaint is often made that banks do not take into account social needs and purposes, or schemes of social development in granting their advances. But, in view of the fact that banks hold depositors' funds in trust and are accountable to them, they cannot make any use of these funds which is inconsistent with their safety. The banks do, however, help the Government liberally by subscribing to its short-term as well as medium-term loans and it is these loans which provide a substantial part of the funds which enable the Government to achieve the social objectives.

Banks help the Government also by means of the taxes that they pay. During the decade 1953-62, the taxes on profits and other taxes and dues to municipalities, local boards, etc., increased from Rs. 3 crores to Rs. 15.61 crores. As a percentage of net profits, they increased from 31 per cent to 54 per cent.

Finance for Small Industries and Agriculture

Scheduled bank advances to small-scale industries have increased by 85 per cent between 1960-62, as against a 10 per cent increase in their total advances. Building up of bank credit depends upon mutual connections and relationships between the banks and their customers. Banks need to satisfy themselves regarding the technical knowledge and capacity for hard and sustained work on the part of borrowers and the quality and marketability of the goods produced by them. It takes time to do this, but since the banks are doing their best to speed up this process, there is no doubt that they will provide increasing finance to small-scale industries from year to year. In fact, a number of banks have announced establishment of separate departments to deal with finance for small-scale industries.

There is one very important aspect of this problem which the Indian Banks Association has failed to bring out in its pamphlets. Since the capacity of small-scale industries to absorb finance is bound to be small, the *amount* of advances granted by banks to them can never be impressive in relation to the advances granted to large and medium industries. But a better idea could be conveyed to the public by giving the *number* of industries assisted under each head, and the liberalisations made in the *technique* of assisting small-scale industries. In order to disprove the criticisms levelled against them, the banks will have to talk more about their work and achievements in this field by giving significant details, as is being done, to some extent, by the State Bank of India.

As regards agriculture, the banks finance adequately a substantial proportion of the movement and marketing of agricultural produce, and plantations. But the problem of financing agricultural production by individuals is a very complex one. Agriculture in India is yet far from assuming a commercial character in spite of fifteen years of the efforts of the Government through planning and concessional finance, and continues to be at the subsistence level on account of the *uncertain* character of agricultural operations, the small size of the farms, dependence on the uncertain monsoon and great shortage of fertilizers. In these circumstances, unusually large risks are involved in financing individual agriculturists. Economic strength of agriculturists consists of two elements, both of which are absent at present in India: firstly, a farmer must have the *ability* to repay the advance which he has obtained from a bank. He may be *willing* to work hard and to repay the loan, but, as long as his production has to depend upon uncertain weather, a bank cannot be sure of his ability to repay a loan. A system of crop and cattle insurance may do much to make him creditworthy. Secondly, the agriculturist often lacks a marketable title to the land which he cultivates.

Further, the resources of joint-stock banks consist largely of the money deposited by a large number of individuals of small means. This money is held by the banks in trust. In the case of the funds of policyholders held in trust by the Life Insurance Corporation of India, the need to utilise them with the utmost care and circumspection has been recognised universally by all, including the Government and Parliament. The same considerations apply to the money of depositors held in trust by banks. Neither the L.I.C. nor the commercial banks can be asked or allowed to evade their basic responsibility of investing the funds entrusted to them only in such fields and on such terms as would fully satisfy proper standards of security and fair yield. Deterioration in the quality and standards of credit granted by joint-stock banks will only defeat the purpose of credit by inflicting heavy losses upon the depositors of banks on account of bad debts, without improving the economic condition of the borrowers.

The foregoing analysis does not mean that agricultural production should go without credit: it only suggests that, until the direct efforts of Government and of the co-operative and other specialised machinery established by it, succeed in improving the economic conditions of the agriculturists, commercial banks, which do not enjoy the special facilities and concessions made available to the co-operative and other machinery, and which are responsible for the safety of the money of the depositors, must be very cautious in lending money to agriculturists for their farming operations.

Readers will recall here that the clear understanding required of the problem of bank lending to agriculturists and small industrialists was discussed at some length on page 82 of *Commerce* dated 18th January 1964.

Ownership and Management

Much confusion has been created in the public mind on the question of ownership and management of banks and the Indian Banks Association has done well to put matters straight. Banks are different from mere moneylenders, on the one hand, who advance mostly their *own* funds at rates of interest of their choice and keep their earnings and from trading companies, on the other, which employ shareholders' equity for creating fixed capital assets.

The banks need the equity capital and retained reserves for bearing all the risks and creating confidence among depositors, so as to be able to attract deposits. Banks perform the essential function of mobilising the resources of the nation, and it is a tribute to the ability and integrity of their managements that, with the paid-up equity capital and reserves of Rs. 83 crores at the end of 1962, they were able to mobilise resources amounting to more than Rs. 1,900 crores.

A large number of shareholders own the joint-stock banks, but the stake and importance of depositors in the banking system *vis-a-vis* the shareholders are quite clear. During 1962, the depositors of the Indian scheduled banks were paid more than Rs. 44 crores out of the gross earnings of Rs. 120 crores, whereas the residual amount available for distribution to their shareholders, after meeting administrative expenses, wages and bonus to staff, and taxes and after making transfers to reserves, etc., was hardly Rs. 4.90 crores. This meant that the return to shareholders on their paid-up capital and retained reserves worked out to less than 6 per cent, subject to tax. The return to the owners of deposits, including current deposits, on which no interest is paid in any country as they are repayable on demand, was 2.3 per cent, but they obtained, in addition, facilities for payments by cheques and other benefits that holders of bank accounts enjoy. Further, while the funds of depositors are liquid, the equity capital held by shareholders is locked up and has to meet the risks of enterprise.

The interests of depositors are paramount in the minds of the bankers; and the entire banking system, including the practices, procedures and policies of banks, the Reserve Bank of India and the Deposit Insurance Corporation are oil geared for the purpose of protecting the interests of the depositors. Hence, the question who owns the banks is outdated and irrelevant. The modern and relevant one is whose interests do they regard as paramount? And there is no doubt about the answer.

The management of a bank is circumscribed in various ways by the regulatory powers, supervisory functions and directive authority of the Reserve Bank of India. It is within the framework of control and regulation that bank managements have to carry out their responsibilities for the successful and profitable functioning and development of banks.

In the face of such extensive regulations (details of which are given in the pamphlet) over the functioning of banks, it is wrong to say that the power and authority for managing the banks are concentrated in the hands of the directors of banks. The directors consist of men of eminence who have made their mark in various fields like industry, business, and professions and their varied experience, mature judgment and insight into the working of different kinds of trade and industry are available to the banks

in the formulation of their policies and in the conduct of their business. The criticism that bank directors are interested in industrial and trading companies as their directors or otherwise, ignores the fundamental point that but for these connections the quality of the bank directors and their usefulness to their banks would be very poor indeed.

The series of brochures under the title "Indian Banking Serves the Nation" follows two earlier publications of the Indian Banks' Association: "Should Banking Be a State Monopoly in India" and "Banks in India—Their Achievements and Burdens." The image of bankers and their deliberations behind tightly closed doors is slowly giving way to active public relations. The Indian Banks' Association deserves to be complimented for having picked up the courage to educate public opinion on the role the banks are playing in the economic development of the country.

PROGRESS OF STATE BANK OF MYSORE ENCOURAGING

Encouraging progress has been made by the State Bank of Mysore (General Manager: Mr. R. P. Nanda, Bangalore) during the year ended 31st December 1963. Its gross income has gone up by over Rs. 21 lakhs to Rs. 166.46 lakhs, with Rs. 19 lakhs of the increase coming out of banking business proper. At the same time, expenses, too, have been higher by as much as Rs. 20 lakhs. Interest paid has gone up by Rs. 9 lakhs, staff expenses by Rs. 8 lakhs to Rs. 51.60 lakhs and other expenses by Rs. 3 lakhs to Rs. 13.32 lakhs, consequently, the Bank has earned only a slightly higher profit of Rs. 18.85 lakhs as compared with Rs. 18.41 lakhs in 1962. The appropriation to the reserve fund remains unchanged at Rs. 4.50 lakhs. But bonus to staff has claimed Rs. 20,000 more at Rs. 4.30 lakhs. Further, a sum of Rs. 25,000 (as against nothing in the previous years) has been set apart for staff welfare fund. The return on the 100-rupee shares has been maintained at 10 per cent per annum, subject to tax. The surplus carried forward is Rs. 23,968, as against Rs. 43,681 brought in.

The Bank's progress in the past four years is compared in the following table:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Interest and discount earned	140.89	123.61	104.56	86.81
Commission, exchange and brokerage ..	20.50	18.51	18.51	17.22
Other income ..	5.06	3.18	2.70	2.07
Interest paid ..	79.81	70.53	60.85	46.41
Staff expenses ..	51.60	43.15	31.46	24.16
Other expenses ..	13.32	10.35	10.14	5.52
Depreciation ..	3.08	2.86	2.65	1.96
Profit after tax ..	18.85	18.41	20.67	15.55
To reserves	4.50	4.50	6.60	3.40
To bonus to staff ..	4.30	4.10	4.25	3.85
To staff welfare fund.	0.25	..	..	..
Dividend	10.00 (10%)†	10.00 (10%)†	10.00 (10%)†	7.50 (9%)†
Carry forward ..	0.24	0.44	0.62	0.80

	As on 31st December			
	1963	1962	1961	1960
Capital	100.00	100.00	100.00	100.00
Reserves	69.00	64.50	60.00	53.40
Deposits	27,17.40	25,90.62	22,99.05	19,94.31
Borrowings from banks ..	0.34	..	6.50	44.75
Advances	14,93.38	12,97.54	13,14.73	12,43.54
Investments	10,54.15	10,37.74	909.03	862.88
Cash	388.10	396.77	274.37	138.71
Balance sheet total ..	32,79.45	31,32.10	27,71.82	26,72.50
	%	%	%	%
Ratio to deposits of— Advances	54.9	50.1	57.2	62.3
Investments‡ ..	38.7	41.9	39.2	41.0
Cash	14.2	15.4	11.9	6.9

† Subject to deduction of tax.
‡ Unencumbered portion only.
Note:—Accounts for 1960 are for 10 months from March to December.

The Bank's working during the year shows a further improvement. The year-end figure of deposits is higher at Rs. 27.17 crores as compared with Rs. 25.91 crores at the end of 1962, though the increase is less as compared with the growth of roughly Rs. 3 crores recorded in that year. Advances, which had receded from Rs. 13.15 crores to Rs. 12.98 crores in the previous year, have improved substantially to Rs. 14.93 crores. The credit ratio at 54.9 per cent, though higher by 4.8 per cent over the year, is still lower than 57.2 per cent in 1961 and 62.3 per cent in 1960. Investments have dropped from Rs. 10.88 crores to Rs. 10.54 crores and, as a ratio to deposits, stand at 38.7 per cent, as against 41.9 per cent a year before. Cash balances, lower by Rs. 10 lakhs at Rs. 388.10 lakhs, are more than one point down at 14.2 per cent in terms of ratio to deposits. The balance-sheet total, which had jumped up from Rs. 27.72 crores in 1961 to Rs. 31.32 crores in the previous year, has moved up further to Rs. 32.79 crores during the year under review.

The Bank extended its agency business to four additional centres, bringing the total number of branches doing Government business to 42. The number of branches increased by seven to 69. In addition, under the Scheme of Amalgamation, the Ramdurg Bank Ltd., having one office at Ramdurg, was taken over by the Bank with effect from 16th November 1963. The State Bank's subsidy for reimbursing losses incurred during the year at the branches opened under the expansion programme is Rs. 4.16 lakhs (Rs. 2.24 lakhs a year before), which has been taken into account in the year's profit.

The Bank's advances to small-scale industries recorded a small increase during the year. Assistance was afforded to 151 units, accounting for a total limit of Rs. 84.46 lakhs, as against 136 units with a total limit of Rs. 84.15 lakhs as at the end of 1962. The outstandings amounted to Rs. 35.65 lakhs, as against Rs. 47.58 lakhs. Advances against warehouse receipts dropped sharply from Rs. 28.69 lakhs to Rs. 15.12 lakhs due to seasonal fluctuations. The total of credit limits granted to co-operative institutions declined slightly from Rs. 88.84 lakhs to Rs. 81.88 lakhs, but the outstandings fell sharply from Rs. 54.05 lakhs to Rs. 7.87 lakhs because of non-utilisation of the sanctioned limits to a fuller extent.

A SIGNIFICANT YEAR FOR SYNDICATE BANK

The year 1963 has been a very significant and eventful one for the newly named Syndicate Bank Ltd., formerly the Canara Industrial and Banking Syndicate Ltd., according to its Chairman, Dr. T. M. A. Pai. He says in his annual statement to shareholders that, during the year, the Bank has been able not only to reach new heights under deposits, advances and gross and net income, but also to extend its activities to other important fields. One of the "momentous" events was the Bank's entry into foreign exchange business from the end of April after obtaining a licence from the Reserve Bank during that month. The experiment made in 1962 of opening an all-women's branch proved successful enough to encourage the Bank to open three more of such branches during 1963. Finally, in pursuance of the Reserve Bank's policy of merging small uneconomic units with the economic ones in order to strengthen the banking structure in the country, the Bank has taken over three more banks, namely the Citizens Bank Ltd., the Pollachi Town Bank Ltd. and the Coimbatore Sri Kannikaparameshwari Bank Ltd.

While the foregoing accounts speaks of the continuing enterprise of the Bank, its progress during the year under review has also remained enviable. Its gross income has recorded a sharp rise from Rs. 198.79 lakhs to Rs. 261.76 lakhs and its profit, after meeting all expenses and providing for depreciation, has jumped up from Rs. 30.33 lakhs to Rs. 39.92 lakhs. The higher profit has meant an increase in the tax provision from Rs. 12 lakhs to Rs. 14.78 lakhs. But still the net profit at Rs. 25.14 lakhs shows a substantial improvement over Rs. 18.33 lakhs a year before. Out of this profit, Rs. 9.08 lakhs (as against Rs. 6.50 lakhs in the previous year) have been carried to reserves. The bonus to staff has claimed Rs. 2 lakhs more at Rs. 5 lakhs. But, in spite of these higher appropriations, the Directors have been able to maintain the dividend on the increased capital following the issue of 500,000 "B" class shares in 1962 at a premium of one rupee per share. The amount of profit distributed as dividend has, therefore, increased from Rs. 6.60 lakhs to Rs. 9.83 lakhs.

The following comparative table brings out the progress made by the Bank in the past four years:

(In lakhs of rupees)

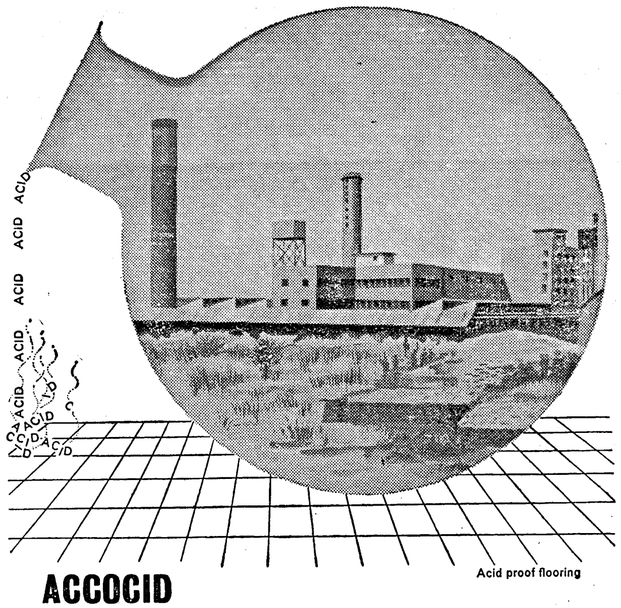
	For the year ended 31st December			
	1963	1962	1961	1960
Interest and discount earned	237.51	180.40	142.37	121.40
Commission and exchange.	14.20	10.58	8.65	7.46
Other income	10.04	7.81	6.15	4.09
Interest paid	107.14	82.91	60.78	52.38
Staff expenses	82.43	61.09	46.84	39.93
Other expenses	27.13	20.76	14.68	14.13
Depreciation	5.14	3.77	2.77	2.18
Profit	39.92	30.33	32.10	25.23
Provision for taxation	14.78	12.00	12.25	9.63
To reserves	9.08	6.50	11.00	7.60
To bonus to staff ..	5.00	3.00	2.25	1.75
Dividends— Preference	1.84	1.80	1.73	1.56
Ordinary	9.83 (20%)	6.60 (D. 10%) +B.10%)	4.80 (D. 10% +B.10%)	4.80 (D. 10% +B.10%)
Carry forward	0.17	0.78	0.25	0.23

	As at 31st December			
	1963	1962	1961	1960
Paid-up capital	74.56	73.36	48.07	47.21
Reserves	75.25	66.00	53.50	42.50
Deposits	45,49.17	32,65.37	24,63.20	18,86.89
Borrowings from other banks	191.08	89.32	25.64	..
Advances	27,32.93	18,27.42	15,45.32	12,23.61
Investments	10,47.07	12,03.53	894.18	616.94
Cash	495.58	439.57	196.45	171.94
Balance Sheet total ..	67,32.29	38,97.34	30,03.11	22,96.89
Ratio to deposits of—	%	%	%	%
Advances	61.1	55.6	62.7	64.8
Investments† ..	34.7	36.7	35.6	32.7
Cash	10.9	13.5	7.9	9.1

† Unencumbered portion only.

(*Continued on page 582*)

ACC. 1095 EVEREST



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NEW INTEGRATION MOVES IN TEXTILES

MODIFICATION OF OTTAWA AGREEMENT URGED

From Our Special Correspondent

MANCHESTER, *24th March*

MANCHESTER LETTER

HINTS of new moves to integrate not only the individual firms within the Lancashire cotton textile trade but whole sectors of textiles, quite apart from cotton, are contained in the annual report of the British Spinners' and Doublers' Association. This organisation, which has for long acted as a spearhead of opinion on cotton trade affairs, came out forcibly last year in calling for the abandonment of the Cotton Board in its present form. Although the current report uses a less belligerent tone, it is clear that important developments are ahead.

The need for a central body of the type represented by the Cotton Board, able to speak with authority on behalf of the whole cotton industry, is now widely accepted, says the report. But as the time for the next quinquennial review of the Board, scheduled to take place in 1965, draws nearer, "the question of the revision of its constitution requires the most earnest study." Pointing out that the views expressed by the Association last year were focussed entirely on the Board as representing the cotton industry, the report adds that the position is now more complicated. "The cotton, man-made fibres and silk industries have come much closer together in their central organisations and a still more widely based body for the whole textile industry has also been suggested. This long-term possibility should not be left out of account."

Commonwealth Trade Provisions

Few annual surveys presented by trade associations provide so much detail as that drawn up by the British Spinners' and Doublers' Association. The report not only covers the many facets of industrial influences but also records the events of the year and the actions taken by organisations which have a bearing on the trade position.

As a result, the document sometimes contains news which has not previously been released, such as the various activities of the Cotton Board in relation to the vexed issue of Commonwealth preference. It is scarcely surprising to learn that the official representatives of the industry are pressing the Government to initiate talks to modify the Ottawa Agreement or that amendments are being sought to the Commonwealth content system to restrict the quantity of duty-free cotton goods entering British ports, but most traders will welcome the intimation that representations of this kind are being made.

The source of origin of textile goods is another controversial aspect of imports; in this connection, efforts are being made to curtail quota evasion by the use of such methods as third countries providing points of transhipment or the processing of yarn and cloth in such a way as to hide their true identity. At the moment, certificates of origin are only required where duty-free or preferential treatment is involved, but the Cotton Board is keen to see all imported textiles so designated.

Closer Government Link

The more sympathetic attitude adopted by the British Government towards Lancashire cotton is also the subject of comment in the report. The industry has established an understanding that its representatives should meet the President of the Board of Trade at regular intervals, while detailed cases are discussed from time to time with specific departments of the Board of Trade.

The part played by the Government in the negotiations with India and Hong Kong on categorisation, in securing a limitation arrangement with Portugal, and in dealing promptly with the threat of imports from Macao and Korea are instances which support the view that those in office are now more attuned to the problems of textiles. On the Hong Kong agreement, which provides the basis for subsequent arrangements with other countries, the Association says that a valuable principle has been established which should go a long way towards preventing a concentration of imports on one category, causing undue damage to an individual sector of the United Kingdom textile industry.

A year ago, the report mentioned the introduction of a system of productivity comparison in which firms in the industry were being invited to participate. The fourth quarterly results have lately been collated, containing information supplied by about 52 mills. From the returns received, it is apparent that a number of mills have improved their productivity throughout the past year, it is stated. Participation in an international productivity comparison has been suggested, but, in order to join in such an exercise, 60 per cent of the spindles installed must be represented. Consideration, says the report, is currently being given to this matter.

Cost of Re-equipment

In a little over three months, the reorganisation scheme which was launched in 1959 will be finally completed. At the beginning of July, all new plant to qualify for the Government grant has to be installed; not until then will it be possible to gauge the full extent of the re-equipment carried out under the State-aided arrangement which was set in motion nearly five years ago.

Reasonable estimates, however, can now be made as to the expenditure likely to be incurred by the trade and by the Government in modernising Lancashire's mills. The latest figure puts the total spending under the Cotton Industry Act at about £57 million. On this basis, the Government liability would be some £14¼ million. The sum of £7,245,994 had actually been paid out in re-equipment grants at the end of last month. Within this total distribution by the Government, the spinning section had received £3,512,342, doublers £145,390, weaving section £3,049,277, and finishers £538,983.

Only a few outstanding payments have yet to be made on account of the scrapping programme which was carried out towards the end of 1959 and early in 1960. Most firms have received due compensation, but legal arguments are still proceeding in isolated cases which makes it impossible to give a final figure. According to the Board of Trade, the best available estimate of the cost to Treasury funds is £11,700,000. Of this, the spinning section has received approximately £6 million, the doubling section £239,000, weaving £4,280,000 and finishing £1,140,000.

More Cotton Supplies

Another record output was achieved in the countries administered by the British Cotton Growing Association in the 1962-63 season. Despite a fall of more than 300,000 bales from the peak long-staple production in the Sudan in the previous season, increases in the growth of American types in nearly all the other countries resulted in a net overall gain of some 85,000 bales.

In Uganda, an increase of 177,000 bales was recorded, but this represented no more than a recovery from the poor crop harvested in 1961-62 following unprecedented rainfall. The rise of 122,000 bales in the Nigerian crop, however, came close to breaking the record production achieved two years previously. Another country to maintain its impressive record was Tanganyika where cotton growing has been rapidly expanding recently.

In spite of the very encouraging picture thus presented, the report insists that there is still tremendous scope for improving yields through better methods of cultivation and the wider use of insecticides. These, it points out, would enable the farmer to maintain and increase his income, while expanding overall cotton production so necessary to the developing countries.

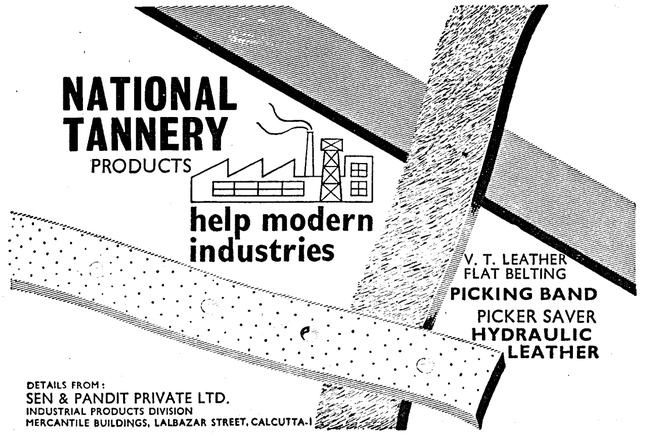
Pressure on Prices

Prices during 1963 were generally depressed, partly through the lower rates ruling for raw cotton, but mainly because of the substantial arrivals of low-cost imports from abroad. At all events, the comparative figures indicate a fresh fall in basic values and only in 1959 were quotations at as low a level. The official analysis of prices published by the Board of Trade bears out these statements. Based on the index figure of 100 calculated on the levels ruling in 1954, the comparative returns are as follows:

	Raw cotton	Cotton yarn	Spun rayon yarn	Cotton cloth	Rayon fabric
1955 ..	95.9	98.5	95.1	98.2	97.1
1956 ..	95.1	101.1	95.3	96.8	97.1
1957 ..	90.7	100.6	99.6	98.1	100.2
1958 ..	77.6	93.8	98.3	95.2	100.6
1959 ..	68.6	85.8	94.0	90.0	*104.9
1960 ..	75.0	99.5	99.5	103.7	112.0
1961 ..	74.8	98.8	99.1	106.6	114.8
1962 ..	73.2	90.4	91.8	*98.8	112.8
1963 ..	71.4	89.3	94.6	95.3	111.1

* Revised series.

The one section where an increase took place last year was spun rayon yarn, as, in this direction, the mills were able to secure more favourable terms. Apart from adjustments made in the basis in other directions, a further lowering of quotations took place in both raw cotton and cotton yarn, while cloth values declined by approximately 1½ per cent covering both cotton and man-made fibres.



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FAIR PRICE SHOPS FOR WORKERS

EMPLOYERS OPPOSED TO COMPULSION

THE time-limit fixed for the implementation of the decision taken at the last meeting of the Standing Labour Committee, held on 27th December 1963, that consumer stores/fair price shops should be set up by employers in at least 95 per cent of the undertakings employing 300 or more workers within a period of two months, that is, by 29th February 1964, has already expired. The latest available data show that the number of establishments having consumer stores and fair price shops is not likely to exceed, say, 60 per cent of the total, as against the target of 95 per cent. According to information furnished at the aforesaid meeting of the Standing Labour Committee, out of 2,600 establishments employing 300 workers or more in the country, 1,213 had already established co-operative stores and 349 fair price shops, bringing the total number of establishments having co-operative stores and fair price shops to 1,562, or about 55 per cent of the total. Assuming that 5 or 10 per cent more had set up co-operative stores/fair price shops since then, the total would still be below the target of 95 per cent. Employers are, therefore, apprehensive that the Government would carry out its threat to resort to legislation to make opening of fair price shops/consumer stores obligatory on them. Notwithstanding this threat, some employers have clearly expressed their inability to comply with the recommendation of the Standing Labour Committee not because they are not in sympathy with the Government's idea but because of certain real and practical difficulties. The Employers' Federation of India has now submitted a memorandum to the Union Ministry of Labour enumerating the difficulties in the way and emphasising that legislation would not be of any help in achieving the objective. The memorandum submits that, from the long-term point of view, the establishment of consumer co-operative stores, in which workers will have a direct interest and stake, is preferable to the establishment of fair price shops and that employers are willing to render every assistance for the purpose, provided the workers concerned evinced interest.

Original Concept

Tracing the origin of the idea of consumer co-operative stores for industrial establishments, the memorandum recalls that it was agreed at the twentieth session of the Indian Labour Conference, held in August 1962, that consumer co-operative stores for workers should be established in industrial undertakings with financial assistance from employers and their participation in the management of such stores. The object of the scheme was to enable workers to purchase all articles of consumption, domestic requirements and the necessaries of life at reasonable prices. The Industrial Truce Resolution adopted in the wake of the declaration of the Emergency also laid down that, whenever necessary, steps should be taken to organise consumers' co-operatives in industrial undertakings. This proposal assumed new urgency in the context of rising prices and the Government's failure to hold the price line. The Standing Labour Committee, therefore, fixed a target for the establishment of fair price shops and a time limit for achieving the target. The Government had also indicated that, if this was not done, legislation would be enacted to make the setting up of consumer stores a statutory obligation as in the case of canteens under the Factories Act. Recalling these developments, the Employers' Federation points out that, while the original idea was that workers should be encouraged to set up co-operative stores (of course, with the assistance of employers) to help themselves, the concept has undergone a complete transformation within a period of about one and a half years. Employers are now asked to set up fair price shops or face legislation. The reason for this change in attitude on the part of the Government, the Federation presumes, is the rising trend of prices and the Government's belief that it could be checked only if fair price shops were set up by industrial units. While not questioning the validity of this belief, the Federation has pointed out the extent to which the tripartite decision has already been implemented and the reasons why it has not been fully implemented.

The Employers' Federation, according to the memorandum, believes that the provision of amenities to workers, whether medical, educational or any other, should be undertaken voluntarily by those employers who can afford it and not by compulsion from the Government. Many employers, it is pointed out, who had the necessary resources, have already provided various facilities including cheap grain shops and stores even before the Government thought of it. For example, the Bombay cotton mill industry has grain shops in 59 member mills and it has had them for the last twenty-five years. Likewise, in the cement industry, units affiliated to the Associated Cement Companies have co-operative stores set up for the benefit of workers. Industries which have developed in separate townships like Jamshedpur, Modinagar, etc., have also opened shops where workers can buy their necessaries at reasonable rates. And, since the declaration of the Emergency and the decision of the Standing Labour Committee, many more industrial undertakings have either set up fair price shops or consumer stores. For example, almost all the jute mills which are members of the Indian Jute Mills' Association have decided to set up consumers' stores or fair price shops. The progress made so far is thus not unsatisfactory. If it is not better than what it is, it is because of certain genuine problems and difficulties. The more important of them are the following:

Practical Difficulties

Workers' Co-operation: If a fair price shop is to be run on a sound basis, it is necessary that a fairly large proportion of the workers should register their names and buy their requirements from the shop. Past experience has clearly shown that, in quite a number of factories, there is a lack of adequate response from workers who are unwilling to purchase at the fair price shops. To give but one recent example, in a large unit employing 2,800 workers, only 13 have registered at the fair price shop. Similar instances can be multiplied from the record of units which have already set up fair price shops. It may be mentioned that workers' unions have seldom come forward to organise consumers' co-operative stores.

The reasons for workers' unwillingness to make their purchases are not far to seek. Some of them are already registered with outside shops. Others may find it inconvenient to purchase their requirements from the mills/factories shops and carry them to their residence which may be far away. In the case of big urban centres, the workers stay far from their places of work, and they would be required to incur additional expense on account of transporting the material to their home. In fact, in one factory, the management was asked by the workers to make home delivery of the goods purchased by them. In another factory, the union itself has written to the management that they give up their 'demand' for a fair price shop, as the workers are staying in faraway places. In such undertakings, workers prefer to get their supplies from shops located near their homes.

Credit Facilities: One of the benefits attributed to fair price shops/consumers stores set up by factories is the credit facility offered by them, as against cash payment in outside shops. The position is just the reverse. In fact, workers do enjoy greater credit facilities from most of the outside shops with whom they have regular dealings and from whom they purchase many items of consumption. Whereas the credit in the case of factory shops is limited to the next pay-day, workers can stretch it to any length of time with private shops. If it became necessary, they may well shift from one shop to another, which is a common practice in our country.

As regards Government fair price shops, workers purchase only a selected few controlled commodities which are not available outside, and the amount of cash needed for such items is not large. On the other hand, in factories, a large number of statutory deductions are made from the wages on account of P.F. and E.S.I. contributions and other benefits or amenities. If grain shop payments are also deducted the size of the take-home pay will be considerably reduced, and the workers will feel that they are not earning enough in spite of their efforts. This, undoubtedly, would have adverse psychological reactions and might possibly invite labour trouble. Most of the industrial units affiliated to the Federation do however provide credit facilities.

Lack of Supplies: Another practical difficulty in the matter of setting up fair price shops is that there is no definite assurances of supplies of essential foodgrains. For example, in West Bengal, employers are not allowed to make bulk purchases of rationed commodities in the open market. In such circumstances, it would be better to augment supplies to existing fair price shops, rather than open new shops in industrial undertakings. If, in spite of the existing uncertainty of supplies, mills or factories are forced to open fair price shops and workers are ordered to transfer their cards from outside shops to the mills' shops, there is every likelihood of hardship to the workers and an uncalled for disturbance of the prevailing pattern of distribution. Such conditions may well be exploited by some trade union leaders to whip up agitation, resulting in disturbance of industrial peace. The logical argument that employers cannot be held responsible for the quality and quantity of foodgrains supplied by Government would not satisfy those bent on agitation.

Apart from these difficulties, which are common to all employers, there are certain special problems faced by comparatively small employers. Some of the undertakings may not be making any profits or may actually be running at a loss. In such cases, it would be unfair and wrong to ask such undertakings to subsidise consumer co-operative stores. Some undertakings may have other problems such as lack of suitable accommodation.

State Governments' Stand

These are not the only difficulties. Fair price shops and consumer stores cannot be set up, unless the State Governments lend a helping hand, and some of the State Governments at least, the Employers' Federation avers, have not been very enthusiastic about it. And they have some good reasons for it too. Thus, it is pointed out, the Kerala Government does not want employers to open fair price shops, because the Government has over 6,200 shops of its own all over the State. A similar stand is said to have been taken by the Madhya Pradesh Government. The West Bengal Government also does not seem to attach much importance to the opening of fair price shops by employers as it considers the influx of refugees and the problem of feeding, clothing and rehabilitating them more urgent.

In view of all these difficulties and problems, the employers' Federation is of the opinion that it would be unwise to force employers by law to open consumer stores/fair price shops. While the Federation concedes that holding the price line is of the utmost importance, it feels that a more effective way of doing so would be to control the prices of essential commodities at source. Control of prices at the retail end, without introducing strict rationing, it points out, would not be effective and is likely to produce serious repercussions.

It is evident from the foregoing account that the Federation is not against the scheme as such but only wants that no unit, which is not in a position to open consumer stores/fair price shops, should be compelled to do so. Obviously, having been a party to the tripartite decision taken at the Standing Labour Committee, it cannot, and probably does not want to, oppose the scheme in principle. It only wants the Government to appreciate the very real difficulties faced by some units and not to force them to establish fair price shops, unless, of course, the Government is prepared to help them overcome the difficulties. From the difficulties cited by the Federation it is evident that the Standing Labour Committee did not carefully consider all the practical aspects of the question of establishing fair price shops. It is to be hoped that the Government would examine the issue afresh from the practical standpoint before proceeding with the matter further.

Within the framework of the general social security, the social services that are part of business concerns' arrangements are of great importance in the Federal Republic of Germany. Industrial firms have complemented or prepared the way for official social policy by a variety of measures and services. It has been estimated that every year more than DM 1,500 million or 2 per cent of the total paid out in wages and salaries, is spent by firms by way of voluntary social services. These comprise health services through works doctors and convalescent homes, the construction of houses, meals at work, staff rooms, sports facilities, holiday bonuses, kindergartens, etc.

NEW COMPANY FORMATIONS

ANALYSIS OF TRENDS IN 1962-63

THE latest annual report on the working and administration of the Companies Act 1956 is for the year ended 31st March 1963. It retains its usual authoritative character in the presentation and analysis of data pertaining to company registrations, inter-company investments, trends in corporate management, companies at work and so on. The data relating to new registrations are particularly comprehensive, providing a comparative picture—State-wise, region-wise, industry-wise, size-wise, etc.—for three successive years, namely, 1960-61, 1961-62 and 1962-63. It may be noted at the outset that the rising trend in the formation of new companies, which was in evidence from 1957-58 to 1960-61, was reversed in 1961-62 when the aggregate number of new registrations was 1,614, as compared with 1,683 in 1960-61. The latest year under review witnessed a further decline in the registration of new companies, the relevant aggregate number being no more than 1,497. But a redeeming feature is that the decline was confined solely to the number of private companies registered. In fact, the decline conceals an increase in the number of public companies registered during 1961-62 (199) and 1962-63 (227). It is, incidentally, noteworthy that the number of public companies registered during 1962-63 was higher than the number registered in any year since the Companies Act 1956, came into force. The relevant aggregates are noted in the following table:

TABLE I

(Capital in crores of rupees)

Year	Public		Private		Total	
	No.	Authorised capital	No.	Authorised capital	No.	Authorised capital
1960-61 ..	153	157.5	1,530	129.6	1,683	287.1
1961-62 ..	199	179.2	1,415	145.7	1,614	324.9
1962-63 ..	227	175.4	1,270	82.2	1,497	257.6

The State-wise distribution of new registrations reveals the continuing trend of new companies being formed mostly in four States, namely, West Bengal, Maharashtra, Madras and Delhi. Table II gives the break-up figures in this connection:

TABLE II

(Capital in crores of rupees)

State	1960-61		1961-62		1962-63	
	No.	Authorised capital	No.	Authorised capital	No.	Authorised capital
West Bengal	431	59.6	392	53.9	327	45.4
Maharashtra	335	88.0	318	72.2	293	72.7
Madras ..	343	57.2	284	21.3	252	32.4
Delhi ..	197	25.2	254	33.5	228	26.0
Other States	377	57.1	366	144.0	387	81.0
Total ..	1,683	287.1	1,614	324.9	1,497	257.5

The region-wise trends, however, reveal a more balanced distribution of new companies. The Eastern region (comprising West Bengal, Bihar, Orissa, Assam, etc.) accounted for 388 new registrations in 1962-63, as compared with 428 in 1961-62. The corresponding figures for the Western region (comprising Gujarat, Maharashtra, Madhya Pradesh) are 371 and 414, for the Southern region (comprising Madras, Andhra Pradesh, Mysore and Kerala) 395 and 391 and for the Northern region (comprising Delhi, Punjab, Himachal Pradesh, Rajasthan and Uttar Pradesh) 343 and 381, respectively. As for the industrial pattern of new registrations, it is seen from the report that, as in previous years, the largest number of companies was registered in 1962-63 for purposes of processing and manufacturing foodstuffs, textiles, leather, metals, chemicals and other goods. The aggregate authorised capital of the new companies in this group amounted to Rs. 191.8 crores or about 74 per cent of the total authorised capital of all new registrations in 1962-63. Figures in respect of all the industrial groups are given below:

TABLE III

(Capital in crores of rupees)

Industrial groups	No. of new companies	Authorised capital
Agriculture and allied activities	26	20.5
Processing and manufacture—foodstuffs, textiles, leather	145	43.3
Processing and manufacture—metals and chemicals	399	101.2
Processing and manufacture—not elsewhere classified	171	47.3
Construction and utilities	30	3.9
Commerce (trade and finance)	419	15.5
Transport, communication and storage ..	171	3.1
Community and business services ..	52	4.6
Personal and other services	53	3.9
Total* ..	1,497	257.6

* The total includes certain categories of companies not shown in the above industrial groups.

The management pattern of new companies reveals a marked preference for the "Board of Directors" form of management. As many as 1,072 new companies registered in 1962-63 proposed to adopt the "Board of Directors" form of management, as compared with 1,063 in 1961-62 and 1,062 in 1960-61. Managing Directors were proposed to be had by 388 new companies in 1962-63, as compared with 515 in 1961-62 and 596 in 1960-61.

The size pattern of new companies in 1962-63 continued to be more or less the same as in previous years. It will be seen from the following table that, in that year, only 87 new companies out of a total of 1,497 had authorised capital of Rs. one crore and above. These 87 included seven Government companies with an aggregate authorised capital of Rs. 19.5 crores:

TABLE IV

Size-group according to authorised capital	1960-61	1961-62	1962-63
Below Rs. 1 lakh	370	402	348
Rs. 1 lakh-Rs. 5 lakhs	566	564	475
Rs. 5 lakhs-Rs. 10 lakhs ..	381	275	292
Rs. 10 lakhs-Rs. 25 lakhs ..	177	194	170
Rs. 25 lakhs-Rs. 50 lakhs ..	47	48	56
Rs. 50 lakhs-Rs. 1 crore ..	53	57	80
Rs. 1 crore and above	89	74	87
Total ..	1,683	1,614	1,497

In the year under review eight Government companies in all were registered with a total authorised capital of Rs. 20.5 crores. Only one of these companies was floated by the Central Government, while the remaining seven companies were floated by the State Governments of Orissa, Maharashtra, Kerala and Rajasthan.

Government and Non-Government Companies

The total number of companies at work in the Indian Union as on 31st March 1963 is placed at 25,524 with an aggregate paid-up capital of about Rs. 2,185 crores. The growth in the number of companies at work and their aggregate paid-up capital are tabulated below:

TABLE V

(Paid-up capital in crores of rupees)

Year	Companies with share capital						No. of companies limited by guarantee and associations not for profit
	Public		Private		Total		
	No.	Paid-up capital	No.	Paid-up capital	No.	Paid-up capital	
1960-61 ..	6,702	945.7	19,447	870.3	26,149	1,816.0	1,169
1961-62 ..	5,971	1,005.3	18,881	968.6	24,852	1,973.9	1,143
1962-63 ..	5,994	1,086.9	19,530	1,098.3	25,524	2,185.2	1,153

The above table provides aggregate figures for all companies—both Government and non-Government. Available break-up figures show that Government companies (that is, companies in the public sector) numbered 160, as on 31st March 1963, with an aggregate paid-up capital of Rs. 786 crores, of which Rs. 735 crores was held by the Central Government, Rs. 46 crores by the State Governments and Rs. 5 crores by private interests. The respective shares of public-sector companies and private-sector companies in the aggregate paid-up capital, as at the end of 1962-63, came to 38 per cent and 62 per cent. Incidentally, it may also be noted that, while the aggregate paid-up capital of all companies (both Government and non-Government) has increased from about Rs. 1,619 crores, as at the end of 1959-60, to Rs. 2,185 crores as at the end of 1962-63, the paid-up capital of Government companies alone has increased from about Rs. 468 crores to Rs. 786 crores during the same period. In other words, of the increase of Rs. 566 crores in the aggregate paid-up capital of all companies during the period, public-sector companies accounted for Rs. 318 crores and private-sector companies only for Rs. 248 crores. It will thus be seen that the public sector has been growing at a faster pace than the private sector.

New Issue Market

The report has also given the findings of an inquiry conducted by the Company Law Administration into the trends in the new issue market during 1962-63. The study related to the method of promotion of public companies, project costs, cost of raising capital, etc. The scope of the analysis was extended to include the details regarding foreign financial participation, institutional financing by way of either loan or subscription to capital, as well as the current trends noticed in underwriting. The number of prospectuses studied during the year was 55 (excluding debenture prospectuses) involving a total issued capital of Rs. 21.7 crores. Of this, nearly 92 per cent (Rs. 19.9 crores) was in equity shares and the remaining eight per cent (Rs. 1.8 crores) in preference shares. The analysis further disclosed that 51.3 per cent of the capital had been issued to the public. The subscription of foreign collaborators amounted to 23 per cent and the amount subscribed by promoters, directors, etc. to 25.7 per cent. The principal institutional contributors during the year were the Life Insurance Corporation of India and the Bihar State Industrial Development Corporation Ltd. The aggregate project cost of the 55 companies covered by the survey amounted to Rs. 45.3 crores. The share capital formed the main source of financing this cost. In fact, 53 per cent of this amount was met by share capital, and a further 30 per cent by loans from banks and financial institutions. The total expenditure incurred by the companies covered by the survey for raising funds from the capital market was about Rs. 87 lakhs which worked out to 4 per cent of the capital issued and 1.9 per cent of the project cost. A substantial amount (Rs. 38 lakhs) was incurred in the form of expenses of issue (excluding underwriting commission and brokerage). Underwriting commission and brokerage payable by the companies was estimated at Rs. 28 lakhs, which is 32 per cent of the total expenses.

Inter-company Loans

One of the chapters in the report deals with inter-company loans and investments. It is seen that, under Section 295 of the Companies Act—which provides that a public company must obtain the approval of the Central Government before it makes loans or gives guarantees for loans to its directors, the relatives of directors, and firms/bodies corporate in which the directors may be interested—the applications approved in 1962-63 were 20, involving an aggregate amount of about Rs. 1.7 crore only, as compared with 17 applications and Rs. 3.1 crores, respectively, in the previous year. As the number of applications received under Section 295 during the last five years has come to only 30 per annum, the report has drawn the reasonable inference that Section 295 has achieved the objective of restraining public companies from diverting their funds for the benefit of their directors or their relatives. Section 370, which enables the shareholders to exercise some measure of control on the utilisation of the corporate funds as it requires the passing of a special resolution before a company (whether public or private) makes any loan to or gives any guarantee on behalf of another company under the same management as the lending company, has also exercised some restraint on the utilisation of corporate funds for inter-company lending.

But the scope of both Sections—295 and 375—is limited and the provisions of these sections, it is said, could be circumvented by manipulation of shareholdings or by the appointment of nominee directors. On a scrutiny of the balance-sheets of certain groups of companies, the report continues, it has been noticed that the method of "circular loans," which has been adversely commented upon by the Commission of Inquiry into the affairs of Dalmia-Jain group of companies, was also adopted by one or two other business groups. The practice adopted by these groups was that companies in affluent circumstances resorted to substantial borrowings to enable them to advance funds to companies which were neither associates of their managing agents nor companies under the same management as defined in the Act. Such non-associate companies, in their turn, advanced loans to other companies in which the managing agents of the companies with good financial position were interested. The last-named borrowing companies again advanced loans to the weaker units of the group, which could not normally expect to obtain financial accommodation from banks and other financial institutions without attracting the provisions of either Section 295 or 370. As the practice of granting such "circular loans" is neither desirable nor in consonance with sound company practice, the question of appropriate remedial measures is at present engaging the attention of the Department.

Inter-company investments are covered by Section 372 which seeks to regulate the investments by a public company or a private com-

(Continued on page 582)

KIRLOSKAR CUMMINS LIMITED

SPEECH OF CHAIRMAN, MR. S. L. KIRLOSKAR

DEVELOPMENT REBATE MUST BE CONTINUED

A FERVENT plea to the Union Finance Minister to reconsider his decision to withdraw development rebate allowed on new investments in plant and machinery after 1st April 1966 was put forward by Mr. S. L. Kirloskar, Chairman of Kirloskar Cummins Limited, in his speech at the Second Annual General Meeting of the Company held on Friday, 27th March 1964. The development rebate, Mr. Kirloskar said, was the only attraction under the tax laws to promote new investments in capital equipment. He warned that abolition of this rebate would result in a reduction in initial investment, besides affecting expansion programme, inasmuch as new investments in capital equipment would not be attractive any more. He criticised the powers assumed by the Government for reviewing the judgment of managements of companies in respect of certain matters such as transfers of shares. Nowhere in the industrially advanced countries, he pointed out, had Government the power to sit in judgment over the decisions of managements. Since such interference would rapidly scare away the much needed foreign investment and participation, he urged the Government to maintain a policy of non-interference unless the decision of a Board was *ex facie mala fide*.

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

LADIES AND GENTLEMEN,

It is my pleasure to welcome you all to the second annual general meeting of the Company. The Directors' report and the audited statement of accounts for the year ended 30th September 1963 have been in your hands for some time and, now with your permission, I shall take them as read.

Accounts

You will have noticed from the Directors' report that your Company has, during the year under report, incurred a net loss of Rs. 4,39,515.78 after transferring Rs. 7,40,228.73 to unallocated capital expenditure and providing Rs. 40,500.00 for tax. This was expected. It is an unavoidable feature in case of all new enterprises, but, as this is only your Company's second operating year, I do not think there is any reason to be alarmed about this year's loss.

Company's Progress

You will be very happy to note and see for yourselves the completion of the main factory building of which the opening ceremony is to take place tomorrow at the hands of the Hon'ble Shri Y. B. Chavan, the Union Defence Minister, at a function to which you all have been invited.

Some of the machine tools received in the initial stages were installed in the Multipurpose Hall and we had started doing the job work and training our workmen with the aid of these machines. They have now been installed in their proper places in the main factory building. We have received about 75 per cent of the total number of machine tools required, most of which have been installed and have also started operating.

In addition to the main factory building, the annealing shed, cycle stand, H.T. metering rooms and work of water mains is virtually completed. Electrical installation work has also progressed well and the factory is being served with energy from the Maharashtra State Electricity Board. However, the inadequate power supply, due to lack of equipment with the Board, has compelled us to make our own arrangements and purchase a diesel generating set to supplement about 200 kVA. to the power requirements of the factory. Efforts are being made for further power augmentation.

Production

Your Company has received the first import licence for the import of components required for the phased manufacturing programme. The first consignment of a few engines in C.K.D. condition has arrived. As a matter of fact, about six engines, assembled with the utilisation of these parts, are now ready, completely tested and will be shipped in a day or two. It is our main object to achieve maximum indigenous content in the least possible time and we are endeavouring to locate indigenous component suppliers. All necessary help, including technical advice and guidance, is being extended to them for improving their quality and supply of products at lower costs. A supplier visiting programme by our technical staff is being organised to assist the suppliers in maintaining the quality of the sub-assemblies and parts, including pre-supply testing to ensure lowering of rejection percentage. This is a long and continuous process involving considerable efforts, but is the only sure way to develop the Indian sources for the parts required by us.

Our training scheme for technical staff and service personnel has been progressing well. There is, however, a dearth of skilled workers in Poona which only recently became an industrial town, and to overcome this difficulty, your Company has started its own workers' training programme to ensure a steady work force of trained skilled workmen. Also, in order to assist our customers and users of Cummins Engines, schemes are under way to organise service training schools at various centres. This, I am sure, will go a long way in ensuring the proper operation and maintenance of our products.

Industrial Relations

The management have arrived at a settlement with the workers, in the matter of categorisation, wages and dearness allowance. The agreement is for a period of three years and it is hoped from the spirit in which it was reached that cordial industrial relations will be happily maintained during the years to come.

Finances

I refer you to my speech at the last annual general meeting and am happy to inform you that the loan from the Agency for International Development, U.S., has been sanctioned and disbursements have started. Arrangements have also been made with the Company's bankers to ensure funds for working capital when the Company goes in full-scale production.

Sales Prospects

As you are aware, we have been recently licensed to manufacture 60-150 h.p. engines. This, together with our original licensed range, now brings our capacity in the range of 60-800 h.p. and will enable us to probe into a wider range of markets. Our licensed range covers many important fields of application. Negotiations are afoot for our engines for railway, and marine and heavy tractor uses. The field in mining machinery and mechanised irrigation, dredging, power generation, etc., is unlimited. You will agree with me that sales of quality Cummins Engines should present no difficulty.

Share Transfer Fees

A few comments on the proposal of the Government to require limited companies to waive share transfer fees, splitting fees and consolidation fees, would not be out of place here. We have recently received a circular from the Stock Exchange, Bombay, conveying to us the desire of the Government to follow the suit of English companies and abolish the transfer charges by companies on the registration of share transfer. It is, no doubt, desirable that the capital of a company should be spread over as wide a number of shareholders as possible, in preference to concentration of power in a few hands. Reduction or dispensing with transfer fee is aimed at achieving this. As you all know, no company makes any profits in these fees, which are far too small as compared to the clerical work and Board's responsibility involved. Even so, the companies may do away with fees. I may be permitted to point out here that the stamp fee Government is charging for share transfers is very much heavier than the nominal transfer fee charged by companies and, therefore, it would be in the fitness of things for Government themselves to remove the necessity of stamp duty on transfer. This, together with free-of-charge transfers by companies, will really have the desired effect.

Union Budget Proposals

While putting up the budget proposals for the year 1964-65, our Finance Minister focussed on the problems of prices, growth and balance of payments. He also revealed that the most disturbing feature on the economic scene was the rise in the price level. The wholesale price index rose by as much as 7.2 per cent between the end of March 1963 and the end of January 1964, as against 8 per cent for the first three years of the current Plan period. This is, certainly, a grave situation. Though the fact has been attributed to the inadequate rate of growth in agriculture, I feel that this sector alone cannot be blamed for the general rise in prices. It is recognised that the broad pattern of investment is necessary, not only in irrigation works, agriculture, fertiliser plant, power and transport programme, but is also essential in the fields of private industry in order to meet the general rise in demand in our scarcity economy and to meet the rise in prices.

Controls will not give us the desired result. Further investments and increased production in all these fields will alone give us these results. This means stepping up of investment activity as a whole, and a climate has to be created for infusing confidence in the minds of businessmen and the public to invest their funds in the industrial development of the country. No doubt, the Hon'ble Finance Minister has offered a measure of relief to the industries as a whole and has also recognised the need for full use of private capital sources in the world outside to augment the external aid.

The abolition of the Super Tax on all intercorporate dividends is the first step in this direction. The Finance Minister has also suggested amendments to the part of the Income-tax Act relating to foreign technicians, and a change of the basic policy to allow more and more of foreign capital to participate in the industrial development of the country. I feel this would certainly go some way to help more capital participation of foreign companies and thus bring in the much needed foreign exchange and capital investments.

Development Rebate

Welcome as these proposals are, the Finance Minister has, at the same time, created conditions of uncertainty by his pronouncements on the development rebate allowed on new investments in plant and machinery. He has stated that he would like to discontinue the present general availability of development rebate and to confine it to a few selected industries. He has further advised that the continuance of the development rebate in its present form beyond the 1st April 1966 should not be assumed. Government have also proposed to assume power to direct, if they consider it necessary or expedient, that the deduction allowable on account of development rebate shall not be allowed in respect of ships acquired or machinery or plant installed after such date as may be specified in their *Gazette* notification. The development rebate is the only attraction under our tax laws to promote new investments in capital equipment. If it is not continued, it will result in a reduction in the initial investment, besides affecting our expansion programmes inasmuch as new investments in capital equipment would not be attractive any more. I do not think, and many of you will agree with me, that the Indian industry has yet reached a stage where it requires no more encouragement or assistance from Government. I would suggest that this matter be reconsidered on its merits and that the rebate be continued in order to infuse confidence in the minds of the businessmen who are planning to invest in new plant and machinery, either by way of new undertakings or under expansion programmes.

Unnecessary Interference

I would like to offer a few comments on certain powers exercised by Government under the Companies Act, in reviewing the judgment of the management in respect of certain matters. One of these concerns registration of transfer of shares. Under Section 111 of the Companies Act, 1956, Government has the power to review the judgment of the Board of Directors when the latter refuse to register transfer of shares. The Company Law and almost all the Articles of Association of companies contain provisions recognising the right of the Board of Directors, without assigning any reasons, to refuse to transfer any shares. The Stock Exchange also recognises the need for such power; so that whatever agreement we execute with the Stock Exchange provides merely that the Board of Directors may take into confidence the President of the Stock Exchange when such cases arise. Beyond this, nothing more is expected. Normally, almost all transfers of shares are freely allowed and no undue restrictions are placed. However, when the Board is faced with the problem of the best interests of the company *vis-a-vis* the admission of a person who is a known mischief-maker, and apprehends that the admission of such a person as a member, might create difficulties in the proper and smooth running of the company, it is constrained, taking the wider interests of the company, to refuse to accept such a person as a member. In such cases, the person has been given a right under the Company Law to approach the Central Government who, in their turn, sit in judgment on the Board's decision.

The Company Law itself, in my opinion, provides adequate safeguards to the public as well as the company's shareholders. The Board of Directors are the best judges to decide what is harmful and what is in the best interests of the company and, in such cases, unless the refusal to register a share transfer has arisen purely out of personal spite or animus proved beyond doubt, Government should make it a policy to avoid, as far as possible, any interference with the judgment of the Board of Directors in refusing such a person as a shareholder. This would create confidence in the mind of the management. Also, a large number of foreign firms are working in collaboration with industries in India. Many of them have invested large amounts in the industrial sector. Nowhere in the industrially advanced countries have Government the power to sit in judgment upon the management's decision in this behalf. Hence, should it unfortunately be the policy of our Government to look at each such case suspiciously, it would rapidly scare away the much needed foreign investment and participation in our industrial development. Government should, therefore, maintain a policy of non-interference unless the decision of the Board is *ex facie mala fide*.

Indigenous Manufactures and Government Departments

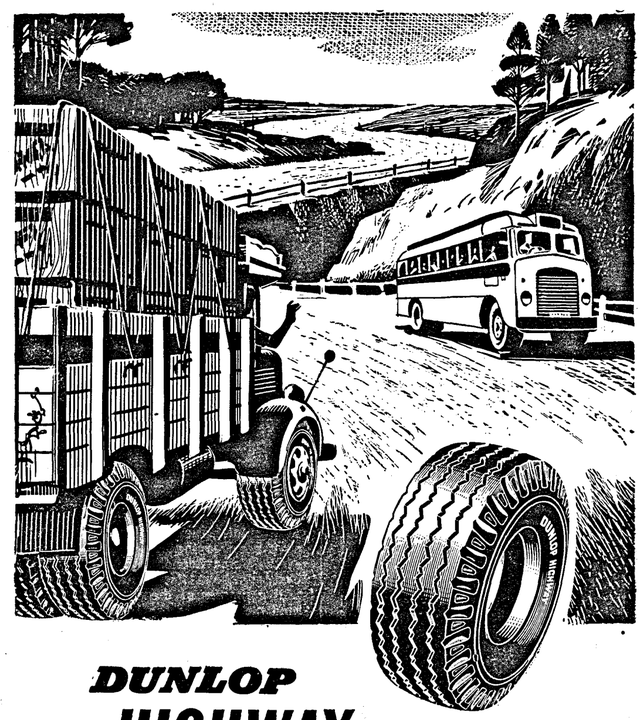
Over the last three Plans, we have been tutored on the need for planning based on priorities and allocation of scarce resources. Government have given priorities to specific industries and have refused their consent to other industries on account of non-availability or scarcity of resources required. Sometimes, even the expansion plans are stalled with a view to conserving existing resources. One of the basic factors behind this policy is the availability of foreign exchange. Government have repeatedly avowed that, while licensing a new industry, they have to take into consideration the existing capacities in the country and the desirability of allowing few new entrants into the same field in order to save foreign exchange. This is well and good as far as it goes. But it has been our experience that many Government departments, without taking into consideration the capacity available in the country or the suitability of the products made in India, go on specifying foreign products for their use. Instances exist where the product has been made in India or was under development and Government departments have plainly recommended the imported item. By this they are merely spending a considerable amount of foreign exchange which, we all know, is very scarce. We not only spend it at the initial stages of import of such items, but continue to do so on import of spares for maintenance, thus incurring a recurring expenditure which cannot be avoided once the initial imports are allowed. This policy has severely affected many industrial units I know of.

Government should urgently look into this matter and should not only encourage our industries by granting adequate protection by means of assistance, tariff rates, etc., but should also formulate a policy of utilising to the maximum extent Indian-made products and not find ways and excuses for importing such products. This applies not only to the immediate requirements but also to the future plans.

Ladies and gentlemen, I have done. I would like to thank first our collaborators and the staff for putting in untiring effort towards the progress of the Company and an early start of production, and, secondly, you, for having attended this meeting.

Thank you.

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



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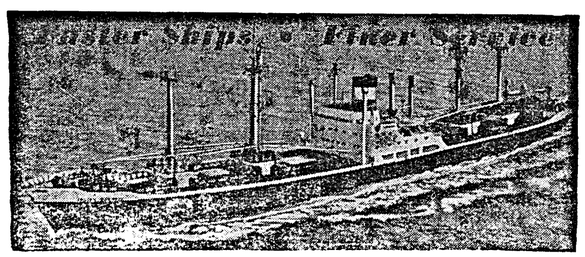

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AMERICAN LETTER

HOW REAL IS POVERTY IN THE U.S.

MISGIVINGS ABOUT CREEPING SOCIALISM

By N. Pattabhi Raman

NEW YORK, 28th *March*

REPORTS that there is poverty in America are not nasty rumours; nor is the "War Against Poverty" that President Lyndon B. Johnson proclaimed this month a phony, rhetorical war launched in an election year.

The problem of poverty is, indeed, a real one for affluent America. It is evident as one travels through the nation's major urban centres, its small towns or its rural areas. It is seen in the faces of the unemployed and the underemployed; in the sad countenances of the aged who have inadequate social security and far from satisfactory health care; in the angry, hopeless looks of the youth from poor or broken families; in the homes in rural areas that are deteriorating because the small farmer is being squeezed out and cannot afford the costs of maintenance.

Even as poverty is a social reality, the Administration's crusade for "total victory" against indigence is a sincere one, regardless of whether it is adequate in its premises or content. It reflects a genuine concern for the hapless position of some 30 million Americans who live outside the mainstream of American society, getting only the crumbs. "We want a Government . . . that is compassionate, that meets the need of the people for health and for education, and for physical and mental and spiritual strength," President Johnson has said, explaining his Administration's approach to the crusade.

Post-war Image

The image of post-war America has been one of affluence, an image that received subliminal support from John Kenneth Galbraith's *The Affluent Society*. (The Professor's purpose in the book was not merely to emphasise America's affluence, but to pinpoint the unmet needs in education, housing, health, etc.). The reports of poverty could, therefore, come as a shock or might suggest that islands of poverty have just come to surface in a sea of affluence. But such is not the case. Rather what is seen today is a left-over of the wider poverty of the 1930's.

During the height of the Great Depression, President Franklin D. Roosevelt loosely estimated that about one-third of the nation was afflicted with poverty, lacking the income needed to maintain a minimum standard of living. During the Second World War and the Post-war years, the economy expanded impressively and, in spite of periodic recessions and in spite of the sluggish rate of growth since 1957, it is today more prosperous than ever before. Yet the growth in national prosperity—in incomes, in jobs, in the production of a variety of goods and services—has by-passed a segment of the growing population. Thus, while the expansion of the economy during the last 25 years helped to reduce poverty from the level of the Depression years, it has not wiped it out. In the estimation of the Kennedy-Johnson Administration, a fifth of the nation's families still live in want.

According to the President's Council of Economic Advisers, this fifth is constituted by the nine million families (out of a total of 47 million families in the U.S.) which have an annual cash income of less than $3,000. "This is not enough money to maintain a decent standard of living for the family," Walter Lippmann observed recently, discussing the issue. He added: "Though $3,000 a year would be affluence in a village in India, it is harsh poverty in the United States."

Nature of Poverty

The nature of this poverty was explained by President Johnson in a special message to Congress which has to approve his "war" proposals. "It means a daily struggle to secure the necessities for even a meagre existence. It means that the abundance, the comforts, the opportunities they (the poor) see all around them are beyond their grasp. Worst of all, it means hopelessness for the young. The young man or woman who grows up without a decent education, in a broken home, in a hostile and squalid environment, in ill health or in the face of racial injustice—that young man or woman is often trapped in a life of poverty. He does not have the skills demanded by a complex society. He does not know how to acquire those skills. He faces a mounting sense of despair which drains initiative, ambition and energy."

It is against the backdrop of this picture of an affluent society with a significant extent of poverty, of a prosperous economy with underemployed manpower and material resources, that President Johnson declared in his Economic Report to Congress:

> That "new records" in output and employment are not enough;
>
> That 4 million unemployed and 13 per cent idle factory capacity are intolerable;
>
> That the acid test of economic policy is whether we can make full use of our growing labour force and our rising productivity—our full potential.
>
> We have not yet met this test. New high ground is not the summit.

Not all agree that poverty is as extensive as Administration spokesmen and the liberals have been saying it is. Republican members of the Joint Economic Committee of the U.S. Congress have flatly observed, for example: "All estimates of the extent of poverty of the kind presented in the 1964 Economic Report of the President have a systematic upward bias which paints conditions worse than they are."

Critics' Viewpoint

The critics argue that the official yardstick of cash annual income ignores income in kind and liquid assets. (Even if the measure is weighted for these factors, the proportion of poor families is still about the same, according to Leon H. Keyserling, Economic Adviser to President Truman.) They cite surveys to point out that 45 per cent of the families with incomes between $2,000 and $3,000 own their own homes, two-thirds of them mortgage-free; that 40 per cent of the families with incomes less than $3,000 owned cars in 1960; and that 14 per cent actually bought new cars in that year. They also cite a study by a Census Bureau official who reported that, in the severely depressed area of a county in the State of Kentucky, 88 per cent of the homes have washing machines, 67 per cent have television sets, 45 per cent have telephones, and 59 per cent have cars.

On the basis of these findings, the Republican minority in the Joint Economic Committee concluded: "No objective definition of poverty exists. In America, as our standard of living rises, so does our idea of what is substandard. Although too many Americans remain poor, they are better off than the poor of the earlier years and far better off than the poor in other countries around the world."

All this quibbling about a proper definition is, in the final analysis, irrelevant. It does not help the poor Americans of today to be told that they are better off than their forbears (moreover, it is not entirely correct to say so); nor does it help them to know that poor people in other countries have to live in greater wretchedness. That this kind of argument does not satisfy the underprivileged is being made crystal clear today by the Negro Revolution which is shaking the American society to its foundations.

The statistics about home and car ownership are, indeed, misleading. Millions of homes owned by the poor are substandard shacks, and countless homes are falling apart, because their owners cannot afford to keep them up. The distinction between home ownership and rental housing is not, as Keyserling pointed out recently, the distinction between decent housing and indecent housing. According to the 1960 census, about one family in every six which lived in their own "homes" lived nonetheless in unsound housing. And the fact that only one family in every seven with incomes under $3,000 bought a new car indicates that the average age of the cars owned by this income group was very high. A jalopy does not usually indicate affluence, unless it is in the hands of a man who collects vintage cars. Moreover, the car might be a necessity to get to work rather than expendable. Homes and cars notwithstanding, the vast majority of the families with incomes less than $3,000 cannot afford the cost of decent housing, and adequate medical care, and a great many are malnutritioned and suffer from other basic unmet needs.

There are quite a few people in America who, like Senator Barry Goldwater, believe that most of the poor are so because they are lazy or dumb. This is Social Darwinism stated in its most callous form. Apart from lacking in compassion, it ignores the fact that the poor are, in most cases, caught in a vicious circle with no apparent exits.

The Administration recognises this fact. Its goal is not to sweep the poor and the unemployed under the welfare rug, but to break through the vicious cycle of low living standards, low education, low productivity, and impoverishment that causes poverty to persist from generation to generation. It calls for long-term investment in education, health, housing, urban rehabilitation and area redevelopment. It calls also for measures to end the many discriminations that fence in the poor, keeping them in their poverty.

President's Approach

President Johnson explained the Administration's approach in a special message to Congress. The proposed anti-poverty programme "strikes at the causes and not just the consequences of poverty," he said. "The war on poverty," he added, "is not a struggle simply to support the (poor) people, to make them dependent on the generosity of the others. It is a struggle to give people a chance. It is an effort to allow them to develop and use their capacities . . . so that they can share . . . in the promise of this nation. We do this first of all because it is right that we do this. . . . We do it also because helping some will increase the prosperity of all. Our fight against poverty will be an investment in the most valuable of our resources—the skills and strength of our people. And in the future, as in the past, this investment will return its cost manyfold to our entire economy."

This "investment" that the President mentioned is expected to total some $970 million in terms of dollar expenditures. It represents one per cent of the national budget or about two per cent of the defence outlay, and will not require additional revenues since it will be met out of savings in public expenditures instituted by Mr. Johnson.

The anti-poverty programme is expected to be co-ordinated by an Office of Economic Opportunity under the leadership of Robert Sargent Shriver, Jr., who has been an outstanding success as Director of the Peace Corps. It includes many measures that were developed during the days of President Kennedy but which have been languishing in Congressional committees. It will emphasise education and job training and concentrate on young people; it will also support, with experienced men and federal money, economic and social programmes developed by local communities in accordance with local needs. It will seek to mount an integrated, concerted attack, though its administration will be in the hands of several different agencies of the Government.

Is "total victory" in sight? President Johnson himself has stated that the "war" will be a long and arduous one, that it is impossible to do too much too fast, since poverty is deep-rooted and its causes are many and different. For these same reasons, however, there are those who believe that the proposed programme is not massive enough. And then there are those who are opposed to welfarism and Federal Government action; they are suspicious of "creeping socialism" and opposed to many of the proposals in the Administration's anti-poverty programme. All these forces may be expected to surface when Congress debates the issue and its answers.

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NEW PRODUCTS AND PROCESSES

Automatic Control of Crossing Barriers

A NEW system of track-circuiting, which can be used to give automatic control of highway crossing installations, has been introduced by Westinghouse Brake and Signal Company Ltd. of Britain. It uses audio-frequency current in the range 1.6 to 3.5 Kc/sec., which is produced by a transistorised transmitter at the beginning of the track section and is picked up by a transistorised receiver unit at the end of the section. When a train enters the section, the output of the receiver releases a D.C. relay which flashes warning lights and lowers the highway barriers. As soon as the train leaves the section, the barriers are automatically raised. On single-track line the use of overlapping track circuits and interlocking relays enables approaching trains to be distinguished from receding trains. No insulated block joints are needed to define the track section, and audio-frequency track-circuiting can be superimposed upon existing track circuits using D.C. or commercial-frequency A.C. current. When two or more audio-frequency track circuits overlap or are adjacent, a distinctive frequency is allocated to each. Up to four frequencies are available. In steam or diesel traction areas simple audio-frequency current is used; in electric traction territory the transmitter and receiver units provide modulation and de-modulation respectively of the audio-frequency signalling currents, the modulated frequency being 21 c/s. This prevents false operation of the relay caused by interference from the traction current.

Recording Wagon Movements

A system for automatically reading and recording the identification numbers of railway wagons moving at speeds up to 100 m.p.h., and for transmitting this information to a distant control room, has been developed by Salford Electrical Instruments Ltd. of Britain. In tests on a busy main line in Britain, during which the equipment operated unattended for several months, wagon movements were recorded 50 miles away with an accuracy of more than 99 per cent, and no incorrect information was recorded. The equipment operates satisfactorily in rain, snow and fog and at temperatures from —20° C to +40° C. A nation-wide system, in which information from many recording points would be correlated by an electronic computer, is being considered by British Railways. Several overseas railways have also shown interest in the system. The equipment consists of a photo-electric scanning device mounted beside the track a nearby cubicle containing storage and transmission equipment; and plates on the side of each wagon with a pattern of bars representing the number of the wagon in code form. As a train approaches the scanning device, a special track circuit lifts a shutter and exposes a beam of modulated light. This light is scattered by the code plates on the wagons, and some of it is picked up by photo-electric cells and converted to electrical impulses representing the wagon number. These are passed to the line-side cubicle, where they are stored until the whole train has passed. They are then transmitted to the central control room together with details of time, location of the unit and direction of motion of the train.

Cryogenic Storage System

A new method of storing compressed helium, required for pressurising propellant tanks in cryogenically fuelled space vehicles, has been devised by engineers of Union Carbide. Utilising the SI vacuum super insulation to provide maximum thermal protection of ultra-cold compressed helium gas, the new system assures optimum system reliability and at the same time reduces the complexity of space launching operations. At present, pressurisation of cryogenic propellant tanks is accomplished by charging the system immediately prior to launching. Helium gas, precooled to about —200° F. (—129° C.) by liquid nitrogen, is charged to a plastic-jacketed titanium sphere at about 3,000 psi. (210 atmosphere). The space between the plastic jacket and the metal sphere is filled with liquid nitrogen to keep the compressed helium gas cool. Union Carbide's new storage system similarly consists of a spherical titanium inner container cooled by liquid nitrogen. However, the nitrogen space is further protected by a super-insulated outer jacket which minimises nitrogen boil-off, thereby preventing pressure build-up caused by heating of the high-pressure helium. A single charge of liquid nitrogen can hold helium temperature at —320° F. (—194.5° C.) for as long as eight days without topping—or as long as may be required if liquid nitrogen losses are replaced.

New Oven for Baking Bread and Confectionery

A Dutch firm has brought out a new oven for baking bread and confectionery. The oven can be loaded from the front and unloaded from both the front and the rear. In the latter case, front loading and rear unloading can be carried out simultaneously, by which means ideal occupancy of the oven is obtained. A second feature of the oven is that it has three tracks, one above the other, so that a variety of products can be baked at the same time. These tracks, which can run both forwards and in reverse, are 4 metres long and one metre wide and can be set at different speeds. The time taken by a loaf to travel from one end of the oven to the other may vary from 55 seconds to 2 minutes. There is an oil burner mounted in the furnace section with a maximum output of 300,000 calories per hour. The oven can also be supplied in a version for solid-fuel firing. The oven is heated by hot-water pipes that run through the furnace section. In these pipes, which have a wall thickness of 5½ m.m. superheated steam is created with a pressure of 40 to 50 atmospheres.

MADURA MILLS COMPANY LIMITED

SPEECH OF CHAIRMAN, DR. RAJAH M. A. MUTHIAH CHETTIAR

WEAVING PROJECT PROGRESSING WELL

THE weaving project of the Madura Mills Company Ltd. has been progressing well. The installation of 450 looms last year, production on which has been satisfactory, has marked the completion of the first phase of the project. The target for the present is 950 looms of which 850 will eventually be erected at Ambasamudram where an up-to-date modern weaving shed is under construction. The additional 500 looms have also been ordered from Picanols of Belgium. The Company has also taken up plans for adding bleaching, dyeing and finishing plants to the mills.

The above information in regard to the expansion plans was given by the Company's Chairman, Dr. Rajah M. A. Muthiah Chettiar, at its Annual General Meeting held at Madurai on Wednesday, 25th March. The following is the full text of Dr. Chettiar's speech:

GENTLEMEN,

The report of the Directors and the audited accounts of the Company for the year ended 31st December 1963 having been circulated in the prescribed manner, I propose with your permission to take them as read.

The country is still in the grip of the Chinese cold war and, although there is at the moment no fighting at the border, the state of emergency cannot be said to have abated. Your Company and its associates continue to play their full part in meeting the defence requirements of the country.

Cotton Supply

The small carry-over of 13.90 lakh bales of cotton which the country had at the beginning of the season 1962-63 caused a certain amount of anxiety and the mills resorted to buying heavily as the crop started moving in. Prices had a tendency to pierce the ceilings. But the system of quality surveys and the supervisory scheme introduced by the Textile Commissioner helped to bring down prices somewhat and I am pleased to be able to say that the purchases made by your Company were at reasonable levels.

Because of import restrictions due to the country's limited foreign exchange resources, there was acute shortage of foreign cottons during the year. However, our production programme of fine counts and of our industrial lines was not impaired to any great extent.

Yarn Prices

There was very good demand for our yarns in inland markets throughout the year. Sales were maintained at a steady level as in the previous year and the revision in the yarn prices which came into force from 7th February 1963 enabled the Company to maintain a satisfactory turnover notwithstanding power cuts for a number of days on a voluntary basis and an enforced 100 per cent cut for a fortnight during June-July. Market prices for all counts of yarn continued to show an upward trend and the Government continued with their scheme of compulsory allocation of a certain percentage of the production to handloom weavers.

The export performance during the year, although satisfactory, shows a slight fall over the previous year. This is mainly due to increasing competition in all overseas markets and the new licensing procedure which came into force during December 1962 for all yarn exports to the U.K. However, there is an encouraging trend in recent months and it is expected that our performance during 1964 will be better than in the year under review.

Looms Project

You will have noticed from the Directors' report that the 450 looms project has been implemented. The year 1963 has thus seen the establishment of the first phase of our weaving project, although only in temporary accommodation at present. Our target for the present is 950 looms, of which 850 will eventually be erected at Ambasamudram where an up-to-date modern weaving shed is under construction. Once again we are placing order with Picanols, Belgium, for the additional 500 looms, out of the Belgian credit negotiated by the Government of India.

So far as the production on the existing 450 looms is concerned, I am pleased to report that in spite of many difficulties a most satisfactory start has been made, both in the export markets, where we have more than met our obligations, and in the inland market, together with considerable defence orders, and it is anticipated that this progress will be maintained during 1964.

The addition of bleaching, dyeing and finishing plants has also been taken up and our application having been recommended by the Textile Commissioner is under consideration by the Government of India. We are hopeful that we shall receive their approval before long.

Results Satisfactory

As for the accounts, you will have noted a change in the presentation of the figures in the Directors' report showing profit of Rs. 80,17,083. You will no doubt agree that the net profit of Rs. 42,79,091 is a marked improvement on last year's figure of Rs. 31,81,355 bearing in mind the increase in the depreciation charge and development rebate reserve. The modernisation scheme and rationalisation of workloads are beginning to show their beneficial results. The Company, with its large capital base, will not be adversely affected by the levy of surtax which has been introduced in the place of Super Profits Tax but the imposition of the dividend tax is indeed an additional burden.

I should like to invite the attention of the shareholders to the net fixed assets position compared with the paid-up capital. In view of the very satisfactory reserve position the disparity could no doubt be righted somewhat by bringing the paid-up capital position rather more into line with capital actually employed, but the penal tax provisions contained in the recent budget act as a deterrent.

Before concluding, I wish to express my appreciation of the efforts of the staff and other employees who have contributed a great deal to these satisfactory results, and with their continued support we can look forward to increasing prosperity.

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

THE
BRITISH INDIA CORPORATION LTD.
KANPUR

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

BEGG SUTHERLAND DIVISION
Secretaries and Treasurers:
The Elgin Mills Company, Limited
Cawnpore Textiles Limited
Brushware Limited
Cawnpore Sugar Works Limited
Champaran Sugar Company, Limited
Saran Engineering Company, Limited

Secretaries for:
Beta Picker Co. Ltd.

Agents for:
The Oriental Fire & General Insurance Co. Ltd.

FIRST NATIONAL CITY BANK

(INCORPORATED WITH LIMITED LIABILITY IN THE U.S.A.)

BALANCE SHEET OF INDIAN BRANCHES AS AT CLOSE OF BUSINESS, DECEMBER 30, 1963

Previous Year Rs. nP	CAPITAL AND LIABILITIES	Rs. nP	Rs. nP
	1. Capital—		
	3½% 1965 Government of India Bonds, face value Rs. 25,50,000—market value of which as of date is Rs. 25,41,075.00	25,41,075.00	
20,13,862.50			
Nil	**2. Reserve Fund and Other Reserves**		Nil
	3. Deposits and Other Accounts—		
20,29,11,111.39	Fixed Deposits	24,22,53,764.76	
3,20,415.51	Savings Bank Deposits	27,95,431.46	
5,27,79,611.24	Current Accounts, Contingency Accounts, etc..	9,28,26,223.69	
25,91,11,137.94			33,83,75,419.91
	4. Borrowings from Other Banking Companies, Agents, etc.—		
92,702.15	(I) In India	38,984.25	
Nil	(II) Outside India	Nil	
92,702.15			38,984.25
	PARTICULARS—		
Nil	(i) Secured	Nil	
92,702.15	(ii) Unsecured	38,984.25	
8,61,605.23	**5. Bills Payable**		13,03,135.70
	6. Bills for Collection Being Bills Receivable as per contra—		
90,34,422.38	(I) Payable in India	93,82,072.52	
43,09,164.00	(II) Payable outside India	38,86,173.45	
1,33,43,586.38			1,32,18,245.97
	7. Other Liabilities—		
46,005.00	(I) Development Rebate Reserve	46,005.00	
Nil	(II) Unexpired Discounts	9,530.15	
4,76,494.12	(III) Reserve for Interest Payable	7,55,954.88	
33,41,727.80	(IV) Reserve for Taxes	16,81,739.38	
56,348.36	(V) Reserve for Expenses	1,43,283.68	
7,07,480.03	(VI) Sundry Accounts	14,01,490.27	
46,27,965.31			40,38,003.86
	8. Acceptances, Endorsements and Other Obligations per contra		Nil
	9. Profit and Loss—		
	Profit for the year ended December 23, 1963, brought from the Profit and Loss Account (includes Rs. 13,145.78 profit for the period December 24, 1962 to December 29, 1962, shown in the last Balance Sheet) ..	27,58,892.39	
24,94,150.21			
	Less—Amount remitted to Head Office	27,58,892.39	
Nil			
	ADD—Profit for the period from December 24, 1963 to December 30, 1963	37,602.68	
13,145.78			
13,145.78			37,602.68
	10. Contingent Liabilities—		
4,07,92,839.00	(I) Outstanding Credits Unused	7,00,54,101.60	
3,41,34,968.34	(II) Outstanding Forward Exchange Contracts	2,40,27,125.02	
4,02,009.92	(III) Bills of Exchange Re-discounted	5,76,593.29	
	(IV) Collection Documents released on our responsibility	Nil	
Nil	(V) Claims against the Bank not acknowledged as debts	29,800.00	
29,800.00			
Nil	(VI) Loan Commitments Unused	2,35,45,157.71	
27,80,50,142.79	Total .. Rs.		35,75,11,391.87

Previous Year Rs. nP	PROPERTY AND ASSETS	Rs. nP	Rs. nP
	1. Cash—		
	In hand and with Reserve Bank and State Bank (including Foreign Currency Notes)		1,22,62,585.14
94,83,197.84			
	2. Balances with Other Banks (in Current Account)—		
18,52,305.28	(I) In India	11,06,046.26	
4,66,619.51	(II) Outside India	2,83,749.69	
23,18,924.79			13,89,795.95
1,93,00,000.00	**3. Money at Call and Short Notice**		6,40,00,000.00
	4. Investments at book value—		
	(I) Securities of the Central and State Governments and other Trustee Securities, including Treasury Bills of the Central and State Governments	7,09,78,500.10	
4,48,33,861.00	(II) Shares	Nil	
Nil	(III) Debentures or Bonds	Nil	
Nil	(IV) Other Investments	Nil	
Nil	(V) Gold	Nil	
4,48,33,861.00			7,09,78,500.10
	5. Advances (other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)—		
	(I) Loans, Cash Credits, Overdrafts, etc.—	Rs. nP	
	(i) In India	18,56,97,058.10	
	(ii) Outside India ..	Nil	
	(II) Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments)—		
	(i) Payable in India..	31,07,669.43	
	(ii) Payable outside India	17,26,563.79	
17,79,81,682.85			18,56,97,058.10
4,779.46			
17,79,86,461.81			48,34,233.22
11,84,747.44			
18,87,175.92			
30,71,923.36			
18,10,58,385.17			19,05,31,291.32
	PARTICULARS OF ADVANCES—		
6,41,76,144.62	(i) Debts considered good in respect of which the banking company is fully secured ..		6,74,45,359.16
5,82,17,411.86	(ii) Debts considered good for which the banking company holds no other security than the debtor's personal security ..		7,21,43,513.24
5,84,95,221.77	(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors		5,07,75,661.90
1,69,606.92	(iv) Debts considered doubtful or bad, not provided for		1,66,756.92
18,10,58,385.17			19,05,31,291.32
	(v) Debts due by directors or officers of the banking company or any of them either severally or jointly with any other persons	Nil	
Nil	(vi) Debts due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members	Nil	
Nil	(vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either severally or jointly with any other persons ..	Nil	
Nil	(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members ..	Nil	
Nil	(ix) Due from banking companies	Nil	
	6. Bills Receivable Being Bills for Collection as per contra—		
90,34,422.33	(I) Payable in India	93,82,072.52	
43,09,164.00	(II) Payable outside India	38,86,173.45	
1,33,43,586.38			1,32,18,245.97
Nil	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** per contra ..		Nil
Nil	**8. Premises Less Depreciation**		Nil
	9. Furniture and Fixtures—	Rs. nP	
8,08,216.87	At Cost as of December 29, 1962	11,46,171.78	
3,48,730.44	Additions during the year ..	3,57,514.72	
11,56,947.31		15,03,686.50	
10,775.53	LESS—Deductions during the year	1,43,316.51	
11,46,171.78			13,60,369.99
5,16,425.63	LESS—Depreciation written off upto December 29, 1963		4,93,295.80
6,29,746.15			8,67,074.19
	10. Other Assets—		
24,871.16	(I) Accounts Receivable	22,356.28	
6,94,404.33	(II) Interest Earned Not Collected	11,82,689.12	
993.50	(III) Clearings and Cash Items	884.55	
2,994.24	(IV) Revenue Stamps	6,322.14	
1,30,128.19	(V) Prepaid Expenses	2,70,125.85	
62,29,050.04	(VI) Due from H. O. and Branches	27,75,521.26	
70,82,441.46			42,63,899.20
Nil	**11. Non-Banking Assets Acquired in Satisfaction of Claims**		Nil
Nil	**12. Profit and Loss**		Nil
27,80,50,142.79	Total .. Rs.		35,75,11,391.87

I, Henry E. Sihler, having been appointed by the Comptroller of the Currency, and, therefore, being qualified under the Federal Reserve Act of the United States of America to examine and audit National Banks and their foreign branches, hereby certify that I have verified the attached statements to my satisfaction.

(Sd.) HENRY E. SIHLER,
National Bank Examiner.

February 25, 1964.

K. S. KARANT,
Accountant

S. R. TARE,
Assistant Manager.

SEN-RALEIGH LIMITED

CHAIRMAN, MR. ABHIJIT SEN, SAYS DEMAND FOR BICYCLES IMPROVING

EFFICACY OF VOLUNTARY PRICE CONTROL QUESTIONED

IN his statement circulated with the Company's accounts for the year ended 30th September 1963 and presented to the Fourteenth Annual General Meeting held at Calcutta on Tuesday, 31st March 1964, Mr. Abhijit Sen, Chairman of Sen-Raleigh Ltd., appreciated the recent improvement in the demand for bicycles and some of its components after three years of near stagnation but feared that, whilst it might be possible to effect a control on manufacturers' prices voluntarily, there was little possibility of maintaining a voluntary ceiling on dealers' prices in a market where demand far outstripped supply. It may be recalled here that the Tariff Commission had recommended, after withdrawing protection, that prices should be voluntarily controlled at the level of both manufacturers and dealers. Referring to the Company's operations, Mr. Sen said that the expansion of bicycle production, which was now under way, was one of a number of steps necessary for bringing back reasonable profits. On the progress of the scheme for the manufacture of house service meter undertaken by the Company, he said that it had been rather limited.

The following are excerpts from Mr. Sen's statement:

As anticipated in my last statement to you, the year under review turned out to be one of our more difficult ones. In spite of a continuing demand for our products, sales were appreciably lower than in the preceding period as it was not possible to maintain production at desired levels owing to chronic shortages of raw materials, when sections of the factory had to be laid-off for periods extending up to 2-3 months at a time. As a consequence the financial results of the Company for the year have been extremely disappointing. For the first time in some years, your Directors have been unable to recommend payment of a dividend on the ordinary share capital of the Company.

I am sure you would agree with me that in view of the heavy financial commitments ahead of the Company for implementing its expansion schemes about which reference was made in my last report to you, the wisest course for the Company to follow would be to conserve its resources to the fullest extent for the present.

Expansion Programme

Towards the end of the year under review your Company was ready to put into effect this vital scheme for expansion of bicycle production but it was not till the end of 1963 that it was entirely satisfied that the material flow required for such expanded production would be forthcoming. The expansion of bicycle production which is now under way, is one of a number of steps that the Company needs to take to bring back reasonable profits in its operation.

After three years of near stagnation, the demand in general for bicycles and some of its components has once again started looking up. Your Company intends to reap the full benefit of this rise in demand. In some components where the demand has grown to the degree that it is embarrassing for the Company to have to refuse orders even for supplies to other cycle manufacturers, the matter of expanding production is now actively engaging the attention of your Directors.

Progress in the house service meter scheme of the Company has been limited to sending over the first batch of trainees to Associated Electrical Industries Ltd., Manchester, and completing the import application for the plant. It is expected that with the first batch of trainees now actively associated with the planning of the Indian production in the U.K., this scheme will gather necessary momentum.

Tariff Protection

The protection granted to the bicycle industry fell due for review in 1963 and a tariff inquiry was held on the subject in July of that year. After the inquiry, the Tariff Commission recommended that protection be withdrawn in the case of the bicycle industry and this recommendation was accepted by the Government of India. However, to protect the interests of the consumer, the Tariff Commission further recommended that the manufacturers' prices of bicycles be brought under a system of voluntary control, and as this recommendation was also accepted by Government, today bicycle manufacturers cannot increase their prices without reference to Government. A further recommendation sought to establish a ceiling on retail prices of the bicycle. Both these latter recommendations appear inconsistent with the conditions prevailing at the moment. Whilst it may be possible to effect a control on manufacturers' prices voluntarily, there is little possibility of maintaining a voluntary ceiling on dealers' prices in a market where demand far outstrips supply.

After many years of consistent effort on the part of manufacturers, the export performance of the bicycle industry as a whole is showing a satisfactory trend. In common with other manufacturers your Company's exports rose appreciably in the period under review. Orders are now flowing in steadily for the *Balaka* bicycle which was introduced to African and Middle Eastern markets during the year.

A disquieting feature of exports—particularly from the port of Calcutta—is the pilferage that appears to take place at the docks here. Few of the consignments sent out over the last year from Calcutta seem to have escaped pilferage and importers in other countries are now chary of placing orders on Indian manufacturers as a result of this evil. No dealer in a competitive market can be expected to risk losses by ordering on India when he is assured of certain supplies by ordering on other countries. This matter deserves the serious attention of the Ministry of International Trade, as, a remedy to this problem is only possible at Government level and does not lie in the hands of the exporter.

Agreement with Labour

A fresh five-year agreement in replacement of the expiring one has been negotiated with the employees' union and is now in the final stage of drafting. It is hoped that the new agreement would bring in improved operations on the part of the Company and even better relations with its workers.

It was with deep sadness and a sense of personal loss that the news of the sudden demise of Mr. G. H. B. Wilson, in an unfortunate car accident, was received in December. Many of you who also knew him must have felt the loss acutely. Mr. Wilson was a man of rare vision whose interest in the cause of spreading cycling gained for him the soubriquet of "Mr. Bicycle" in his own country—and for India its thriving bicycle industry.

I would extend a welcome to Mr. D. P. Harris, the Works Director of Raleigh Industries Limited, who now joins our Board. The experience Mr. Harris brings to this Board would be of great value to the Company in its efforts to tide over its present difficulties.

We were very pleased to receive a visit from Mr. R. D. Young, the Chairman of Raleigh Industries Ltd. Although fleeting, the visit was extremely helpful, and it is hoped it would be the precursor of many more in future.

Note: *This does not purport to be a record of the proceedings at the Annual General Meeting.*

MITSUBISHI TURBO-GENERATING PLANT

The first unit of a turbo-generating plant utilising exhaust gas from the main diesel engine of a ship has been completed by the Hiroshima Works of Mitsubishi Shipbuilding and Engineering Company Ltd. (Japan). The plant has been developed by Mitsubishi with a view to contributing to economy in ship's operation using diesel engine for main propulsion machinery.

An outstanding feature of the Mitsubishi turbo-generating plant is that it can be simultaneously used with diesel-generators abroad a ship and the changeover from single to simultaneous operation with the diesel-generator can be made automatically. In other words, when a vessel needs electricity over a generating capacity of the turbo-generator, the additional electricity required can be generated by diesel-generators. The first unit is scheduled to be installed on board a 35,000-ton D/W tanker being constructed at the Hiroshima Works for V/O Sudoimport of U.S.S.R.

FIRST NATIONAL CITY BANK—*(Contd.)*

PROFIT AND LOSS ACCOUNT OF THE INDIAN BRANCHES FOR THE YEAR ENDED DECEMBER 23, 1963

Previous Year Rs. nP	EXPENDITURE	Rs. nP	Previous Year Rs. nP	INCOME (Less Provision made during the year for Bad and Doubtful Debts and other Usual or Necessary Provisions)	Rs. nP
51,62,207.44	1. Interest paid on Deposits, Borrowings, etc.	64,39,519.15	1,39,42,730.73	1. Interest and Discount	1,09,29,127.91
23,29,671.93	2. Salaries and Allowances and Provident Fund	27,70,224.69	19,83,565.19	2. Commission, Exchange and Brokerage	19,93,514.44
Nil	3. Directors' and Local Committee Members' Fees and Allowances ..	Nil	Nil	3. Rents	Nil
46,23,101.21	4. Rent, Taxes, Insurance, Lighting, etc.	51,55,535.33		4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	648.00
40,039.36	5. Law Charges	19,252.60			
1,04,847.12	6. Postage, Telegrams and Stamps	1,18,192.00	173.00		
Nil	7. Auditors' Fees	Nil		5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	Nil
1,69,612.39	8. Depreciation on and Repairs to the Banking Company's Property ..	2,29,579.46			
1,81,527.38	9. Stationery, Printing, Advertisement, etc.	2,02,867.42	Nil	6. Income from Non-Banking Assets, and Profit from Sale of or Dealing with such Assets	Nil
Nil	10. Loss from Sale of or Dealing with Non-Banking Assets ..	Nil			
11,46,018.02	11. Other Expenditure	12,72,808.63	Nil	7. Other Receipts	38,581.32
24,94,150.21	12. Balance of Profit	27,58,892.39	3,24,706.14	8. Loss (if any)	Nil
			Nil		
1,62,51,175.06	Total .. Rs.	1,89,66,871.67	1,62,51,175.06	Total .. Rs.	1,89,66,871.67

Foot Note: Particulars of remuneration relating to Chief Executive Officer in India during the year:—

	Rs.	nP
(i) Salaries	1,00,052	00
(ii) Allowances	960	00
(iii) Sitting Fees	Nil	
(iv) Bonus	Nil	
(v) Employer's contribution to Provident Fund, Pension Fund or any other superannuation fund	Nil	
(vi) Payments by way of gratuities, pensions or otherwise, in excess of the employer's contributions and interest thereon	Nil	
(vii) The monetary value of any other benefits or perquisites	11,016	00
(Previous year Rs. 1,02,101.04)		
Total .. Rs.	1,12,028	00

SYNDICATE BANK LIMITED

Registered Office: MANIPAL (South Kanara-Mysore State)

BOARD OF DIRECTORS

DR. T. M. A. PAI, M.B., B.S., *Chairman*
A. LAKSHMINARAYANA RAO, ESQ., B.A., B.L.
M. N. PRABHU SHIROORKAR, ESQ.
V. V. SHANBHAG, ESQ.
L. H. PRABHU, ESQ., B.A., LL. B.
B. PADMANABHA PAI, ESQ.

K. GURURAJA RAO, ESQ., B.A., B.L.
DR. K. MOHANDAS PAI, B.SC., M.B., B.S.
DR. K. L. AITHALA, M.D., B.S.
M. D. NARAYAN, ESQ., B.SC., M.S. (COLO.)
DR. B. S. JIGJI, M.R.C.S. (ENG.), M.R.C.P. (LOND.)
YADALAM N. GANGADHARA SETTY, ESQ.

K. VELAYUDHAN NAIR, ESQ., B.A., B.L.
K. S. G. HAJA SHAREEFF, ESQ., M.L.A.
T. A. PAI, ESQ., B.COM. (HON.), A.I.I.B. *Managing Director*

AUDITOR
A. UMANATH RAO, ESQ., B.A., F.C.A. *Chartered Accountant*

EXECUTIVES

Managing Director
T. A. PAI, ESQ., B.COM. (HON.), A.I.I.B.

Deputy Chief Officer
K. K. PAI, ESQ., B.COM.

Chief Accountant
H. N. PAI, ESQ., CERT. A.I.I.B.

Secretary
K. V. SHENOY, ESQ.

Divisional Managers
H. V. KAMATH, ESQ., B.SC.
H. N. RAO, ESQ., B.COM., LL.B., CERT. A.I.I.B.
A. KRISHNA RAO, ESQ., M.A., M.L.
H. V. PAI, ESQ., LL.B.
G. S. NAGARKAR, ESQ., B.A., B.L.
K. K. HALDIPURKAR, B.SC., LL.B.

Recovery Officer
M. S. BHANDARY, ESQ.

Principal, Staff Training College
H. K. PAI, ESQ., CERT. A.I.I.B.

Manager, Foreign Exchange Dept., Bombay
S. R. SASHITAL, ESQ.

Staff Controller
P. L. RAO, ESQ., B.COM., CERT. A.I.I.B.

Officer, Law and Agency Dept.
K. MANMOHAN SHENOI, ESQ., LL.B.

BRANCHES

ANDHRA
Adoni
Anantapur
Banganapalli
Cuddapah
Guntakal
Guntur
Hindupur
Hyderabad
" *Nizamshahi Road*
" *Chikkadapalli*
" *Fatherpally*
Jammalmadugu
Kakinada
Kurnool
Nandyal
Nellore
Proddatur
Rajamundry
Rayachoti
Secunderabad
Tadpatri
Uravakonda
Vijayawada
GUJARAT
Baroda
GOA
Curchorem
Sanquilim
KERALA
Alleppey
Badagara
Badiadka
Cannanore
Changanacherry
Cochin
Ernakulam
Kanhangad
Kasaragod
Kayamkulam
Kottayam
Kozhikode
Kumbla
Nileshwar
Palghat
Pandalam
Payyanur
Ponkunnam
Punalur
Quilon
Taliparamba
Tellicherry

Thodapuzha
Trichur
Trivandrum
Trivandrum Local
MADRAS
Coimbatore
" *Oppanakara St.*
" *Avanashi Road*
Devakottai
Dindigul
" *West Car-Street*
" *Nagal Nagar*
Erode
Karur
Madras
" *Broadway*
" *Mount Road*
" *Perambur*
" *Tyagarajanagar*
Pollachi
Salem
" *Sherapet*
" *Ammapet*
Tiruchirapalli
Tirupattur
Udumalpet
Vellore
MAHARASHTRA
Bombay
" *Fort*
" *Mandvi*
" *Matunga*
" *Mulund*
Karad
Kolhapur
Malvan
Ratnagiri
Sangli
Sholapur
Vengurla
MYSORE
Ankola
Arsikere
Badami
Bagalkot
Bailur
Bajpe
Bangalore
" *Cantonment*
" *Chickpet*
" *Gandhinagar*
" *Chamarajpet*

Bangalore
" *Sheshadripuram*
" *Fraser Town*
" *Jayanagar*
" *Rajajinagar*
Bantwal
Barkur
Basrur
Belgaum
" *Camp*
" *Ganapathigalli*
" *Shahpur*
Bellary
Belthangadi
Bhadravathi
Bhatkal
Bijapur
Brahmavar
Byadgi
Byndoor
Chamarajanagar
Chickmagalur
Chitaldrug
Coondapoor
Dandeli
Davangere
Dharwar
" *Bank Road*
" *University Campus*
Gadag
Gangavathi
Gangolli
Gokarn
Gulbarga
Guledgud
Gundlupe
Gurpur
Hebri
Honavar
Hospet
Hubli
Hungund
Ilkal
Jamkhandi
Javali
Kadekar
Kallianpur
Karkala
Karwar
Kaup
Kemmannu
Kinnigoli

Kopbal
Koppa
Kumta
Malpe
Mangalore
" *Bunder*
" *Car Street*
" *Hampankatta*
" *Kadri*
" *Kankanadi*
" *Kulshekar*
" *Maidan Road*
Manipal
Moodabidri
Mulki
Mundkur
Mysore
Nagar
Nipani
Nitte
Padubidri
Pallimar
Panemangalore
Perdoor
Puttur
Rabkavi
Raichur
Ramdurg
Robertsonpet
Sadalga
Sagar
Saligram
Shankernarayana
Shimoga
Shirlakoppa
Shirva
Siddapur
Sirsi
Sorab
Sringeri
Sullia
Suratkal
Thirthahalli
Tiptur
Tumkur
Udipi
" *Car Street*
" *Catholic Centre*
" *Local Office*
Uppinangadi
Vita
Yadgiri

38th ANNUAL REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

The Directors have pleasure to submit to the Shareholders the 38th Annual Report for the year ending 31st December, 1963. According to the audited Balance Sheet annexed hereto, the net profit of the Bank for the year 1963 was Rs. 39,91,729.85 which, with the balance of profit of Rs. 77,782.15 of the previous year brought forward, comes to Rs. 40,69,512.00.

After providing Rs. 9,00,000 to the Statutory Reserve Fund and Rs. 7,931.60 to Contingent Reserve, a sum of Rs. 31,61,580.40 is available for appropriations. The Directors recommend the following appropriations :—

	Rs.	nP.
To pay a dividend at 20% per annum on 'A,' 'B' and 'C' Class Equity Shares, subject to deduction of tax	9,82,648	56
To pay a dividend at 8.57 per cent per annum on Cumulative Preference Shares of Rs. 100 each and 17.15 per cent per annum on Cumulative Preference Shares of Rs. 10 each, subject to deduction of tax in both cases	1,83,696	99
To provision for taxation	14,78,193	98
To provision for Bonus to Staff	5,00,000	00
To carry forward to next year's account	17,040	57

The Directors have pleasure to state that the total Reserve Fund and other Reserves stand at Rs. 75,25,000 as against Rs. 66,00,000 (inclusive of share premium) last year. The total Paid-up Capital and Reserves (including share premium and advance calls) now stand at Rs. 1,55,83,467.50 against Rs. 1,42,64,986 at the end of last year.

122 Branches of the Bank have been audited by the Statutory Auditor and other Branch Auditors appointed under the provisions of Section 228 of the Companies Act, and besides, regular inspections have been carried out by the Bank's Inspection staff in respect of all Branches including the aforesaid 122 Branches.

Our Director, Sri P. Padmanabha Rao, passed away on the 17th January, 1964. He was one of our most beloved, known for his integrity and wisdom and the Directors place on record his extremely valuable services rendered to the Bank all these 19 years.

The vacancy in the Board of Directors caused by the sad demise of Sri P. Padmanabha Rao has been filled by Sri K. S. G. Haja Shareeff, M.L.A., Madras. The Directors feel that his rich and varied experience will be of immense benefit to the further development of the Bank.

During the year, 3 Banks were taken over by the Bank under schemes of transfer of assets and liabilities. They are : (1) The Citizens Bank Ltd., Robertsonpet, (2) The Pollachi Town Bank Ltd., Pollachi, and (3) The Coimbatore Sri Kannikaparameshwari Bank Ltd., Coimbatore. These have added three Branches to the Bank in the respective places. 13 other Branches were opened during the year 1963 and one in 1964, while 2 Branches were merged with other Branches.

During the year, the Bank was licensed to deal in Foreign Exchange and the business in the first year has been quite satisfactory. This has also helped us to diversify the credit in line with the growth of the Bank and the policy of the Government that is directed at checking the extension of conventional credit.

The change of name decided upon by the Shareholders on 21st September, 1963 has become effective on and from 1st January, 1964 and the Registered Office has been shifted to the Bank's new building at Manipal on that date. The Administrative Office now functioning at Udipi will also be shifted to Manipal ere long.

We have 190 branches as on today. Proposals for further expansion by opening more branches have been made to the Reserve Bank and as and when licences are issued, we will be able to expand further.

The solid and unstinted support of the Staff under their able and energetic Managing Director, the increasing goodwill and co-operation of the Shareholders and the rapidly growing clientele of the Bank, we, trust, will enable us to reach yet another landmark with still greater progress during the current year.

(By authority of the Directors)

UDIPI, (Sd.) T. M. A. PAI,
22nd February 1964. *Chairman.*

BALANCE SHEET AS AT 31st DECEMBER, 1963

Corresponding Figures for 1962 Rs.	nP.	Rs.	nP.	CAPITAL AND LIABILITIES	Rs.	nP.	Rs.	nP.
				1. Capital—				
				AUTHORISED :				
		6,00,000.00		6,000 "A" Class Ordinary Shares of Rs. 100 each	6,00,000.00			
		1,66,00,000.00		16,60,000 "B" Class Ordinary Shares of Rs. 10 each	1,66,00,000.00			
		2,00,000.00		2,00,000 "C" Class Ordinary Shares of Re. 1 each	2,00,000.00			
		4,00,000.00		4,000 Cumulative Preference Shares of Rs. 100 each	4,00,000.00			
2,00,00,000.00		22,00,000.00		2,20,000 Cumulative Preference Shares of Rs. 10 each	22,00,000.00		2,00,00,000.00	
				ISSUED AND SUBSCRIBED :				
		6,00,000.00		6,000 "A" Class Ordinary Shares of Rs. 100 each	6,00,000.00			
		66,21,510.00		66,555 "B" Class Ordinary Shares of Rs. 10 each	66,45,550.00			
		2,00,000.00		2,000 "C" Class Ordinary Shares of Re. 1 each	2,00,000.00			
		4,00,000.00		4,000 Cumulative Preference Shares of Rs. 100 each	4,00,000.00			
1,00,21,510.00		22,00,000.00		2,20,000 Cumulative Preference Shares of Rs. 10 each	22,00,000.00		1,00,45,550.00	
				PAID-UP :				
		6,00,000.00		6,000 "A" Class Ordinary Shares called at Rs. 100 each	6,00,000.00			
		130.00		LESS—Calls in arrears	120.00			
		5,99,870.00			5,99,880.00			
				1,64,555 "B" Class Ordinary Shares of Rs. 10 each fully paid	16,45,550			
				5,00,000 "B" Class Ordinary Shares of Rs. 10 each Rs. 5 called per share	25,00,000			
					41,45,550			
		40,57,995.00		LESS : Calls in arrears	3,430		41,42,120.00	
		2,00,000.00		2,000 "C" Class Ordinary Shares of Re. 1 each fully paid	2,00,000.00			
		4,00,000.00		4,000 Cumulative Preference Shares of Rs. 100 each fully paid	4,00,000.00			
				2,20,000 Cumulative Preference Shares of Rs. 10 each out of which 6,734 Shares called at Re. 1 each, 1,070 at Rs. 2 each, 550 at Rs. 3 each, 1,105 at Rs. 4 each, 98 at Rs. 5 each, 1,018 at Rs. 6 each, 430 at Rs. 7 each, 100 at Rs. 8 each, 390 at Rs. 9 each and 208,496 at Rs. 10 each	21,13,840.00			
73,36,471.00		20,78,606.00					74,55,840.00	
3,28,515.00				Advance Call Deposits			6,02,627.50	
76,64,986.00				Total carried forward...			80,58,467.50	

Corresponding Figures for 1962 Rs.	nP.	Rs.	nP.	PROPERTY AND ASSETS	Rs.	nP.	Rs.	nP.
				1. Cash—				
2,90,17,415.37				In hand and with Reserve Bank and State Bank of India			3,55,93,768.82	
				2. Balances with other Banks—				
		50,36,447.55		(a) IN CURRENT ACCOUNTS :				
		Nil		(i) In India	54,68,992.66			
				(ii) Outside India	15,95,018.37			
		3,03,500.00		(b) IN DEPOSIT ACCOUNTS (Includes Rs. 3,00,000 Staff Security Deposit)				
53,39,947.55		Nil		(i) In India	54,00,500.00			
				(ii) Outside India	Nil		1,24,64,511.03	
[96,00,000.00				**3. Money at Call and Short Notice**			15,00,000.00	
				4. Investments at Cost—				
				(i) Securities of Central and State Governments and other Trustee Securities. (This includes shares of Central Warehousing Corporation of the face value of Rs. 50,000 and paid up value of Rs. 40,000).				
				Total Face Value	17,87,87,447.83			
		11,85,18,657.72		Approximate Market Value	16,38,85,871.42		16,17,08,350.73	
				(ii) Shares of other Corporations and Companies at cost :				
					Face Value	Market Value		
					Rs. nP.	Rs. nP.		
		50,000.00		(a) Shares of Madras Industrial Investment Corporation Ltd.	50,000.00	50,000.00	50,000.00	
				(b) Shares of other Companies and Banks :				
				Equity fully paid	9,93,008.00	9,21,759.40		
				Equity partly paid	11,75,010.00	8,72,094.75		
				Preference fully paid	95,100.00	81,200.60		
				Deferred fully paid	3,172.00	3,172.00		
		8,08,673.29			22,66,380.00	18,78,916.75	19,10,987.65	
				(iii) Debentures and bonds fully paid	10,40,000.00	10,18,225.00	10,28,359.00	
		8,85,859.00		(iv) Other investments			Nil	
12,03,53,190.01		Nil		(v) Gold			Nil	16,47,06,697.38
				NOTE :—Securities of the face value of Rs. 10,16,000 are held with Government and Court for specific contracts.				
16,43,10,552.03				Total carried forward				21,42,64,977.22

SYNDICATE BANK LIMITED—*(Continued)*

BALANCE SHEET AS AT 31st DECEMBER, 1963—contd.

Corresponding Figures for 1962 Rs.	nP.	Rs.	nP.	CAPITAL AND LIABILITIES (Contd.)	Rs.	nP.	Rs.	nP.
76,64,986.00				Brought forward			80,58,467.50	
		59,85,009.75		**2. Reserve Fund and Other Reserves**		68,92,941.35		
66,00,000.00		6,14,990.25		Share Premium Account		6,32,058.65	75,25,000.00	
		22,70,58,400.50		**3. Deposits and Other Accounts—**				
		5,33,42,410.91		Fixed Deposits		30,52,48,997.68		
		4,61,35,894.69		Savings Bank Deposits		7,83,26,350.31		
32,65,36,706.10				Current Accounts Contingency Accounts, etc.		7,13,41,842.80	45,49,17,100.85	
		31,31,901.51		**4. Borrowings from Other Banking Companies, Agents Etc.—**				
		Nil		(i) In India (Includes an amount of Rs. 39,00,000 borrowed from the Refinance Corporation for Industry Ltd.)		1,91,08,057.65		
39,31,901.51				(ii) Outside India		Nil	1,91,08,057.65	
		4,31,901.51		PARTICULARS— (a) (i) Secured against Central and State Government Securities	Rs. nP. 67,90,169.19			
		35,00,000.00		(ii) Under the Refinance scheme vide 5 (1) (a) per contra	39,00,000.00			
		Nil		(b) Unsecured	84,17,888.46			
29,33,051.90				**5. Bills Payable**			39,54,312.68	
		2,06,27,449.39		**6. Bills for Collection being Bills Receivable as per Contra—**				
		32,076.54		(i) Payable in India		3,32,41,558.21		
2,06,59,525.93				(ii) Payable outside India		5,20,767.58	3,37,62,325.79	
		1,23,19,113.36		**7. Other Liabilities—**				
		92,700.74		(i) Branch Adjustments		1,91,86,156.48		
		29,365.73		(ii) Rebate		1,66,159.04		
		97,199.44		(iii) Unclaimed Dividends		34,919.77		
		2,57,788.34		(iv) Outstanding Charges		46,827.20		
		2,61,901.11		(v) E.P. Adjustments		1,03,552.24		
		10,20,333.84		(vi) Security Deposits		67,218.27		
1,40,78,400.56				(vii) Amalgamated Banks' Liabilities for collection against Assets		7,63,434.00	2,04,58,267.00	
49,11,787.28				**8. Acceptances, Endorsements and Other Obligations as per Contra**			2,22,83,953.74	
		21,37,540.53		**9. Profit and Loss—**				
				Profit as per last Balance Sheet		24,17,985.36		
				LESS—Appropriations : *Last Year:* Rs. nP.	Rs. nP.			
				2,25,000.00 Bonus to Staff	3,00,000.00			
				12,25,000.00 Provision for taxation	12,00,000.00			
		21,02,789.97		6,52,789.97 Dividends	8,40,203.21	23,40,203.21		
		34,750.56		Balance Brought Forward		77,782.15		
		30,33,234.80		ADD—Profit for the year		39,91,729.85		
		30,67,985.36				40,69,512.00		
		50,000.00		LESS—Transferred to Statutory Reserve Fund	9,00,000.00			
		Nil		Contingent Reserve	7,931.60			
24,17,985.36						9,07,931.60	31,61,580.40	
				10. Contingent Liabilities— *Last Year:* Rs. nP.				
				(i) Claims against the Syndicate not acknowledged as debts				
		60,593.87		(ii) On Investments in partly paid shares of : Central Warehousing Corporation and Other Joint Stock Companies		53,304.55		
		7,05,862.50		(iii) Liabilities on account of outstanding Forward Exchange Contracts		4,73,055.00		
		Nil				27,54,817.34		
38,97,34,344.64				Total		Rs.	57,32,29,065.61	

Corresponding Figures for 1962 Rs.	nP.	Rs.	nP.	PROPERTY AND ASSETS (Contd.)	Rs.	nP.	Rs.	nP.
16,43,10,552.93				Brought forward			21,42,64,977.22	
				5. Advances— (Other than Bad and Doubtful Debts for which provision has been made to the satisfaction of the Auditor)				
		15,55,66,645.36		(I) Loans, Cash Credits, Overdrafts, etc.: (a) In India (includes an amount of Rs. 39,00,000 advances in respect of which finance has been obtained from Refinance Corporation for Industry Limited as per contra)		22,92,05,814.40		
		Nil		(b) Outside India		Nil		
		2,71,55,861.15		(II) Bills Discounted and Purchased : (a) Payable in India		4,72,58,336.83		
18,27,42,234.51		10,728.00		(b) Payable outside India		18,28,911.38	27,82,93,062.61	
		2,06,27,449.39		**6. Bills Receivable—** Being bills for collection as per contra : (a) Payable in India		3,32,41,558.21		
2,06,59,525.93		32,076.54		(b) Payable outside India		5,20,767.58	3,37,62,325.79	
49,11,787.28				**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations as per contra**			2,22,83,953.74	
		27,64,316.75		**8. Premises at Cost**			36,56,756.97	
		8,92,440.22		Additions during the year			6,45,123.87	
		36,56,756.97			Rs. nP.		43,01,880.84	
		Nil		LESS—Sales during the year	34,936.12			
		36,56,756.97		and Depreciation to date	6,75,944.72		7,10,880.84	
31,24,000.00		5,32,756.97						35,91,000.00
		15,70,752.20		**9. Furniture, Fittings Etc.—** At cost as per last Balance Sheet			20,25,708.95	
		4,81,501.99		Additions during the year			7,22,000.94	
		20,52,254.19					27,47,709.89	
		26,545.24		LESS—Sales during the year	18,436.37			
		20,25,708.95		and Depreciation to date	8,24,273.52		8,42,709.89	
13,80,000.00		6,45,708.95						19,05,000.00
		37,87,247.68		**10. Other Assets—** (i) Interest accrued on Investments and Advances			45,16,334.48	
		6,13,001.96		(ii) Stock, Stationery and Library (Less Depreciation) and Paper and Stamps			8,70,538.48	
		96,492.56		(iii) Insurance Policies at cost			1,01,688.60	
		39,82,995.43		(iv) Branch D. Ds., T. Ts. paid, Bills realised in transit pending adjustment			90,62,708.70	
		19,79,770.84		(v) Income-tax deducted at source			16,02,764.97	
		6,38,401.74		(vi) Building constructions			9,03,746.40	
		2,82,231.75		(vii) Sundries including prepaid expenses			10,38,553.88	
		1,01,000.00		(viii) Motor Vehicles (Less Depreciation)			1,35,000.00	
		9,68,181.09		(ix) Assets of amalgamated Banks for collection			7,39,510.78	
1,24,49,423.05								1,89,79,746.24
		1,02,991.06		**11. Non-Banking Assets :** Acquired in satisfaction of claims at book value : Landed property as per last Balance Sheet			1,56,820.94	
		2,05,460.45		Additions during the year			10,464.51	
		3,08,451.51					1,67,285.45	
		1,51,630.57		LESS—Depreciation, Sales and transferred to Premises during the year			18,285.45	
1,56,820.94				Approximate Market Value of the properties is Rs. 1,65,000				1,49,000.00
				NOTE :—One item of property is subject to a charge of Rs. 4,000 and interest due thereon.				
38,97,34,344.64				Total		Rs.	57,32,29,065.61	

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1963

Corresponding Figures for 1962 Rs.	nP.		EXPENDITURE	Rs.	nP.
82,90,601	10	To 1.	Interest paid on Deposits, Borrowings, etc.	1,07,13,508	98
61,02,378	38	,, 2.	Salaries and allowances and Provident Fund	82,43,032	20
21,270	70	,, 3.	Directors' and Local Committee Members' fees and allowances	26,017	73
5,99,823	12	,, 4.	Rents, Taxes, Lighting and Insurance, etc.	7,02,372	21
23,695	60	,, 5.	Law Charges	15,052	00
4,90,234	71	,, 6.	Postage, Telegrams and Stamps	6,19,152	42
12,400	00	,, 7.*	Auditors' Fees	18,000	00
3,76,952	13	,, 8.	Depreciation on and Repairs to the Banking Company's Property	5,14,022	56
5,10,028	01	,, 9.	Stationery, Printing and Advertisement, etc.	7,42,659	89
Nil		,, 10.	Loss from sale of or dealing with Non-Banking Assets	Nil	
5,03,553	03	,, 11.†	Other Expenditure	5,89,979	29
30,33,234	80	,, 12.	Balance of Profit	39,91,729	85

NOTE :— *Includes Rs. 6,000 paid to Branch Auditors
†Includes Provision for Travelling Expenses of Statutory and Branch Auditors : Rs. 11,000.

Particulars of remuneration relating to Managing Director :—

Last Year Rs.	nP.		This Year Rs.	nP.
36,000	00	(i) Salaries	39,000	00
Nil		(ii) Allowances	Nil	
Nil		(iii) Sitting Fees	Nil	
Nil		(iv) Bonus	3,000	00
Nil		(v) Employer's contributions to Provident Fund, pension fund or any other superannuation fund	Nil	
Nil		(vi) Payments by way of gratuities, pensions, or otherwise, in excess of the employer's contributions and interest thereon	Nil	
720	00	(vii) Monetary value of any other benefits or perquisites	720	00
1,98,79,168	58		Total .. Rs.	2,61,75,527 13

Corresponding Figures for 1962 Rs.	nP.		INCOME	Rs.	nP.
			(Less provisions made during the Year for Bad and Doubtful Debts and other usual or necessary provisions)		
1,80,39,549	72	By 1.	Interest and Discount	2,27,50,980	27
10,57,636	78	,, 2.	Commission, Exchange and Brokerage	14,20,296	55
1,73,387	86	,, 3.	Rents	2,62,513	15
		,, 4.	Net Profit on sale of Investments, Gold and Silver, Land, Premises and other assets (not credited to Reserve or any particular fund or account)		
Nil				Nil	
		,, 5.	Profit on re-valuation of Investments, Gold and Silver, Land, Premises and other assets (not credited to Reserve or any particular fund or account)		
Nil				Nil	
3,380	63	,, 6.	Income from non-banking Assets and Profit from sale of or dealing with such assets	4,107	01
6,05,213	59	,, 7.	Other Receipts	7,37,630	15
1,98,79,113	58		Total .. Rs.	2,61,75,527	13

(Sd.) H. N. PAI, *Chief Accountant*
(Sd.) K. V. SHENOY, *Secretary*
(Sd.) A. LAKSHMINARAYANA RAO
(Sd.) B. PADMANABHA PAI
(Sd.) K. L. AITHALA *Directors*
(Sd.) K. MOHANDAS PAI
(Sd.) K. GURURAJA RAO
(Sd.) V. V. SHANBHAG *Directors*
(Sd.) K. K. PAI, *Deputy Chief Officer*
(Sd.) T. ANANT PAI, *Managing Director*
(Sd.) T. M. A. PAI *Chairman*
(Sd.) A. UMANATH RAO, *Auditor*

UDIPI
22nd February, 1964

Schedule of Particulars required by the Banking Companies Act, 1949 (Act X of 1949) attached to and forming part of the Balance Sheet as at 31st December, 1963

Corresponding Figures for 1962 Rs.	nP.	Rs.	nP.	PARTICULARS OF ADVANCES	Rs.	nP	Rs.	nP
		15,36,05,014.70		(i) Debts considered good in respect of which the Banking Company is fully secured		21,19,11,063.45		
				(ii) Debts considered good for which the Banking Company holds no other security than the debtor's personal security (inclusive of advances on joint and several promotes)		3,90,72,167.52		
		1,57,61,203.07		(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors		2,73,08,931.64		
		1,33,76,016.74		(iv) Debts considered doubtful or bad not provided for		Nil		
		Nil		(v) Debts due by Directors or Officers of the Banking Company or any of them either severally or jointly with any other persons			6,03,220.49	
10,02,590.41				(vi) Debts due by the Companies or firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or in the case of private companies as Members			12,25,821.65	
5,16,482.29				(vii) Maximum total amount of advances including temporary advances made at any time during the year to Directors or Managers of Officers of the Banking Company or any of them either severally or jointly with any other persons			9,88,330.86	
10,41,172.78				(viii) Maximum total amount of advances including temporary advances granted during the year to the Companies or firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or in the case of Private Companies as members			14,89,375.65	
8,47,382.73				(ix) Due from Banking Companies			2,06,906.11	
88,230.75								
		18,27,42,234.51				27,82,93,062.61		

AUDITOR'S REPORT TO THE SHAREHOLDERS

I have audited the foregoing Balance Sheet of The Canara Industrial and Banking Syndicate Limited, now named Syndicate Bank Limited as at 31st December, 1963, and the Profit and Loss Account of the Bank for the year ended upon that date, in which are incorporated the returns from 62 branches audited by me and 60 branches audited by other auditors and 67 branches exempted from audit, under Exemption granted under Rule 4 of the Companies (Branch Audit Exemption) Rules 1961, Order No. 1(21)-CLVI-63 of Government of India, Ministry of Commerce and Industry, Department of Company Law Administration, dated 7th September, 1963.

The reports on the accounts of the branches audited by other Auditors have been dealt with in preparing my report in the manner considered necessary by me. I report that :—

(a) I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of audit and have found them to be satisfactory;

(b) The transactions of the Bank which have come to my notice have been within the powers of the Bank;

(c) In my opinion, proper books of account, as required by law, have been kept by the Bank so far as appears from my examination of these books, and proper returns adequate for the purpose of audit have been received from the branches of the Bank;

(d) The foregoing Balance Sheet and Profit and Loss Account, dealt with by this report, are in agreement with the books of account and the returns;

(e) In my opinion, and to the best of my information and according to the explanations given to me, the said accounts give the information required by the Companies Act, 1956, in the manner so required for Banking Companies and, on such basis, the said Balance Sheet gives a true and fair view of the state of affairs of the Bank as at 31st December, 1963 and the Profit and Loss Account gives a true and fair view of the profit for the year ended upon that date.

Camp : UDIPI (Sd.) A. UMANATH RAO, B.A., F.C.A.,
22nd February, 1964. Chartered Accountant. } *Auditor*

STATE BANK OF MYSORE

Subsidiary of the State Bank of India under the State Bank of India (Subsidiary Banks) Act, 1959

THE LIABILITY OF THE MEMBERS IS LIMITED

Head Office: **AVENUE ROAD, BANGALORE-9**

LIST OF BRANCHES AND PAY OFFICES AS ON 31st DECEMBER 1963.

ANDHRA PRADESH
1. HINDUPUR
*2. KUPPAM
3. MADANAPALLE
*4. PUNGANURU

KERALA
1. COCHIN

MADRAS
1. COIMBATORE
2. HOSUR
3. MADRAS

MAHARASHTRA
1. BOMBAY

MYSORE
*1. ARSIKERE
†2. BANGALORE BRANCH
*3. BANGARPET
4. BASAVANGUDI, BANGALORE
5. BAZAAR SUB-BRANCH, SHIMOGA
*6. BELLARY
*7. BHADRAVATI
*8. BYADGI
*9. CHALLAKERE
*10. CHAMARAJANAGAR
11. CHAMARAJPET, BANGALORE
*12. CHANNAPATNA
*13. CHANNARAYAPATNA
*14. CHICKBALLAPUR
*15. CHICKMAGALUR
16. CHICKPET, BANGALORE
17. CHINTAMANI
*18. CHITRADURGA
19. CITY, BANGALORE
*20. COONDAPUR
*21. DANDELI
*22. DAVANGERE
*23. DODDABALLAPUR
24. FORT, BANGALORE
*25. HASSAN
*26. HAVERI
27. HOLE-ALUR
*28. HOLENARSIPUR
*29. HOSPET
*30. HUNSUR
31. KADUR
*32. KOLAR
*33. KOLLEGAL
*34. KRISHNARAJANAGAR
*35. KUNIGAL
36. LADY CURZON ROAD, BANGALORE
37. LINGANAMAKKI (Pay Office)
*38. MADHUGIRI
39. MALLESWARAM, BANGALORE
*40. MALUR
*41. MANDYA
42. MANGALORE
43. MARKET, MYSORE
*44. MYSORE
*45. NANJANGUD
46. NEW SANTHEPET, MYSORE
*47. OORGAUM
*48. PUTTUR
49. RAMDURG
*50. SAGAR
51. SAKLASPUR
*52. SHIKARIPUR
*53. SHIMOGA
*54. SIRA
*55. SOMWARPET
56. SOUTH PARADE, BANGALORE
*57. TARIKERE
*58. TIPTUR
*59. TUMKUR
60. TURUVEKERE
61. VANIVILAS MARKET, MYSORE

*Branches maintaining Currency Chest of the Issue Department of the Reserve Bank of India and conducting Government Business.
†Maintains Currency Chest of the Issue Department of the Reserve Bank of India.

DIRECTORS OF THE BANK AS ON 31st DECEMBER, 1963

1. SHRI B. VENKATAPPIAH, Chairman, State Bank of India, "Dunedin," 5, Harkness Road, Bombay-6. — Director Ex-officio under clause (a) of Sub-Section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959.
2. THE DEPUTY CHIEF OFFICER, Reserve Bank of India, Department of Banking Operations, 16-A, Jayachamarajendra Road, Bangalore-2. — Director appointed by the Reserve Bank of India under clause (b) of Sub-Section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959.
3. SHRI B. MUKERJI, Managing Director, State Bank of India, Bombay.
4. SHRI S. M. RAMAKRISHNA RAO, "Lakshmi Nivas," Krishnarajendra Road, Fort, Bangalore-2. — Directors appointed under clause (c) of Sub-Section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959
5. SHRI V. H. CHANNABASAVIAH, Cottonpet, Kolar.
6. SHRI V. KRISHNA MOORTHY, Sankey Road, High Grounds, Bangalore.
7. SHRI A. H. ELIAS, Chief Officer, Subsidiary Banks Section, State Bank of India, Central Office, Bombay-1. — Directors appointed under clause (c) of Sub-Section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959.
8. SHRI S. RAMANATHAN, 28, Krishnarajendra Road, Basavangudi, Bangalore-4.
9. SHRI D. M. SHANKARAPPA, Merchant, Tiptur. — Directors elected under clause (d) of Sub-Section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959.

Report of the Board of Directors to the State Bank of India and the Reserve Bank of India in terms of Section 43 (1) of the State Bank of India (Subsidiary Banks) Act, 1959.

PERIOD COVERED BY THE REPORT: 1st JANUARY 1963 TO 31st DECEMBER 1963

GENERAL

In terms of a Scheme sanctioned by the Central Government under Section 38 of the State Bank of India (Subsidiary Banks) Act, 1959, the business of the Ramdurg Bank Ltd., Ramdurg, was acquired by the Bank with effect from the 16th November, 1963. The consideration payable to the Ramdurg Bank Ltd., in this respect is the surplus of the assets taken over absolutely over the outside liabilities. The other assets, which are not readily realisable, are taken over on a collection basis and further instalments of compensation will be payable as and when these assets are realised. The Bank will be able to meet these commitments from out of its own resources and no additional capital is required.

CHANGES IN THE BOARD OF DIRECTORS

Under Clause (c) of Sub-Section (1) of Section 25 of the State Bank of India (Subsidiary Banks) Act, 1959, the State Bank of India, on 1st March, 1963, nominated Shri V. T. Krishna Moorthy as a Director in place of *Shri Rajendra Prakash Goyal. Also in terms of Sub-Section (2) of Section 26* of the State Bank of India (Subsidiary Banks) Act, 1959, Shri S. M. Ramakrishna Rao and Shri V. H. Channabasaviah, Directors of the Bank appointed under clause (c) of Sub-Section (1) of Section 25 of the Act (ibid) were due to retire on 28th February, 1963 ; they were reappointed as Directors of the Bank under the same Section by the State Bank of India, in consultation with the Reserve Bank of India, with effect from the date of their retirement.

The names of the Directors on the Board of the Bank as on 31st December, 1963, are listed in Annexure-I.

ACCOUNTS

The Balance Sheet and Profit and Loss Account for the year ended 31st December, 1963, as approved by the Board of Directors are annexed—(Annexure-II).

The working of the Bank showed a net profit of Rs. 18,85,287.54 and with the addition of Rs. 43,681.12 brought forward from the previous year, the total amount available for appropriation is Rs. 19,28,968.66 which the Board of Directors has appropriated as under :

	Rs.
Transfer to Reserve Fund	4,50,000.00
Bonus to Staff	4,30,000.00
Staff Welfare Fund	25,000.00
Dividend at 10% (subject to tax)	10,00,000.00
Carried Forward	23,968.66
Rs.	19,28,968.66

The Accounts of the Bank have been audited by Messrs. Fraser and Ross, Chartered Accountants, who were reappointed as Auditors by the State Bank of India in exercise of the powers conferred by Sub-Section (1) of Section 41 of the State Bank of India (Subsidiary Banks) Act, 1959, with the approval of the Reserve Bank of India.

CAPITAL AND RESERVE

The Authorised Capital of the Bank at Rs. 2 Crores and the Issued and Paid-up Capital at Rs. 1 Crore remain unchanged. With the transfer of Rs. 4,50,000.00 from the profits of the year under review, the Reserve Fund of the Bank now stands at Rs. 69,00,000.00.

DEPOSITS AND OTHER ACCOUNTS

The Deposits and other Accounts of the Bank stood at Rs. 27.17 Crores at the end of the year, as against Rs. 25.01 Crores as on 31st December, 1962, and are higher by Rs. 1.26 Crores.

CASH BALANCES AND MONEY AT CALL AND SHORT NOTICE

The Bank's Cash Balance (including Balances with the Reserve Bank of India, State Bank of India and its Subsidiaries) at the end of the year 1963, stood at Rs. 1.93 Crores, as against Rs. 1.83 Crores at the end of 1962. The Balances with other Banks aggregated Rs. 0.09 Crores as against Rs. 0.07 Crores at the end of 1962. The ratio of Cash and Bank Balances to Demand Liabilities was 19.75%. The Money at Call and Short Notice as on 31st December, 1963, stood at Rs. 1.86 Crores as against Rs. 2.09 Crores at the end of 1962.

INVESTMENTS

The Bank's Investments recorded a decrease of Rs. 33.58 Lakhs during the year under review, and as at the end of the year, the Investments at or below the market value stood at Rs. 10.54 Crores, which was 38.80% of Deposits.

ADVANCES

Advances outstanding as on 31st December, 1963, amounted to Rs. 14.93 Crores as against Rs. 12.98 crores at the end of the year 1962 ; the ratio of Advances to Deposits being 54.95% on 31st December, 1963, as against 50.09% at the end of the year 1962.

PROFIT AND LOSS

The income of the Bank for the year amounted to Rs. 1,66,46,057.80 as against Rs. 1,45,29,733.32 for the year 1962. After making the usual and necessary provisions and providing for taxation, the net profit of the Bank amounted to Rs. 18,85,287.54 for the year as against Rs. 18,41,214.96 during 1962. Despite increased earnings there is only a small increase in net profits due to a further rise in establishment charges.

GOVERNMENT AND AGENCY BUSINESS

In terms of the agreement entered into with the State Bank of India and in pursuance of Section 30 of the State Bank of India (Subsidiary Banks) Act, 1959, the Bank has extended its Agency business to four additional centres thus bringing the total number of branches of the Bank conducting Government Business to 42.

BOARD AND EXECUTIVE COMMITTEE MEETINGS

During the year, 7meetings of the Board, and 21 meetings of the Executive Committee were held.

OFFICES OF THE BANK

The Bank had in all 62 offices (59 branches, 3 pay offices) as on 31st December, 1962, including Bangalore Branch. To these, seven branches were added during the current year, excluding upgradation of two pay offices into branches. In addition, under the Scheme of Amalgamation, the Ramdurg Bank Ltd., with one office at Ramdurg, was taken over by the Bank with effect from 16th November, 1963, and a branch of the Bank has started functioning at that centre thereafter. A list of the offices of the Bank as at 31st December, 1963, is given in Annexure-III.

DEVELOPMENTAL ACTIVITIES

(a) Expansion Programme

Seven branches have been opened during the year under report, besides upgradation of 2 pay offices into branches and opening a branch at Ramdurg consequent on the taking over of Ramdurg Bank Ltd. Licences have been obtained from the Reserve Bank of India to open 8 more branches.

In terms of Section 48 of the State Bank of India (Subsidiary Banks) Act, 1959, the subsidy expected to be received from the State Bank of India to reimburse losses incurred during the year by the Bank at the branches opened under the Expansion Programme will be Rs. 4,15,634.00, which has been taken into account in the Profit and Loss Account for the year.

(b) Small-Scale Industries

The Bank's advances to Small-Scale Industries recorded a small increase during the year under review. Assistance was afforded to 151 units, accounting for a total limit of Rs. 84.46 Lakhs as against 136 units with a total limit of Rs. 84.15 Lakhs as at the end of 1962. The outstandings under sanctioned limits as at the end of 1963 were Rs. 35.65 Lakhs as against Rs. 47.58 Lakhs in the previous year.

(c) Warehouses

Advances against Warehouse receipts showed a recession due to seasonal fluctuations. It is expected the the position will improve with the commencement of the busy season. The total outstandings against Warehouse receipts were Rs. 15.12 Lakhs as on 31st December, 1963, as against Rs. 28.69 Lakhs over the same date of the previous year.

(d) Co-operative Institutions

The total of advance limits granted to Co-operative Institutions as at the end of 1963 was Rs. 81.88 Lakhs as against Rs. 88.84 Lakhs as on 31st December, 1962, and the outstandings stood at Rs. 7.37 Lakhs as against Rs. 54.05 Lakhs as at the end of 1962. The decrease represents non-utilisation of the sanctioned limits to a fuller extent.

STAFF

With the opening of new branches and increase in the business of the Bank, the strength of the Staff rose from 1,535 as on 31st December, 1962, to 1,755 as at close of the year under review.

The relationship of the Staff with the management was cordial and co-operative, and the Board of Directors wishes to place on record its appreciation of the services rendered by all categories of the Staff during the year.

By Order of the Board,
R. P. NANDA,
General Manager (Offg.)

Dated 8th January, 1964.
18th Paus, 1885.

STATE BANK OF MYSORE—*(Continued)*

BALANCE SHEET AS AT 31st DECEMBER, 1963.

As at 31-12-1962 Rs.	CAPITAL AND LIABILITIES	Rs.	nP	Rs.	nP	As at 31-12-1962 Rs.	PROPERTY AND ASSETS	Rs.	nP	Rs.	nP
2,00,00,000	**1. CAPITAL—** AUTHORISED— 2,00,000 Shares of Rs. 100 each	2,00,00,000	00			1,82,98,471	**1. Cash—** In hand and with the Reserve Bank of India, and the State Bank of India and its Subsidiaries (including foreign currency notes)			1,92,55,247	13
1,00,00,000	ISSUED, SUBSCRIBED AND PAID-UP [Pursuant to Section 7(1) of the State Bank of India (Subsidiary Banks) Act, 1959]— 1,00,00,000 Shares of Rs. 100 each			1,00,00,000	00	2,81,394 3,97,636	**2. Balances in Current Accounts with Other Banks—** (i) In India (ii) Outside India	2,67,538 6,57,946	28 52	9,25,484	80
60,00,000 4,50,000	**2. Reserve Fund and Other Reserves—** Reserve Fund as per last Balance Sheet ADD—Transferred from the Profit and Loss Account	64,50,000 4,50,000	00 00	69,00,000	00	2,09,00,000	**3. Money at Call and Short Notice**			1,86,30,000	00
13,83,28,000 3,74,54,516 8,32,79,580	**3. Deposits and Other Accounts—** Fixed Deposits Thrift and Savings Bank Deposits Current Accounts, Contingency Accounts, etc.	13,88,01,324 4,33,22,345 8,94,16,531	40 17 95	27,17,40,201	52	8,93,00,440 1,94,73,332	**4. Investments (at or below market value)—** *(i) The Central and State Government Securities (ii) Other Trustee Securities	8,18,05,764 2,36,09,431	96 50	10,54,15,196	46
....	**4. Borrowings from Other Banking Companies, Agents, etc.—** (i) In India (ii) Outside India	34,403	92	34,403	92		(Of the above, Securities of the Face Value of Rs. 2,20,00,000·00 are pledged for borrowing facilities) *NOTE : Include Investments of the value of Rs. 48,214-25 acquired consequent upon the amalgamation of the Ramdurg Bank Ltd. under a scheme sanctioned by the Government of India in terms of Section 38 of the State Bank of India (Subsidiary Banks) Act, 1959, which are still to be transferred to the Bank, pending completion of formalities.				
	PARTICULARS— Rs. nP (i) Secured by Government Securities per contra (ii) Unsecured	34,403	92				**5. Advances—** (Other than Bad and Doubtful Debts for which provision has been made to the satisfaction of the Auditors) I. Loans, Cash Credits, Overdrafts, etc.— Rs. nP (i) In India 13,77,81,375 07 (ii) Outside India .... II. Bills Discounted and Purchased— (i) Payable in India 1,10,48,472 50 (ii) Payable Outside India 5,07,991 42	13,77,81,375 1,15,56,463	07 92	14,93,37,838	99
27,47,770	**5. Bills Payable**			29,87,528	11	11,75,27,440					
1,74,36,153 2,00,084	**6. Bills for Collection Being Bills Receivable** per contra— (i) Payable in India (ii) Payable Outside India	1,66,52,998 2,44,653	61 52	1,68,97,652	13	1,18,12,412 4,13,084	PARTICULARS OF ADVANCES—See separate Statement appended. **6. Bills Receivable Being Bills for Collection** per contra— (i) Payable in India (ii) Payable Outside India	1,66,52,998 2,44,653	61 52	1,68,97,652	13
14,62,818 1,09,272 4,87,754 35,534 62,26,613 5,00,000	**7. Other Liabilities—** Staff Gratuity Fund Unclaimed Dividends Sundries Payable Rebate on Bills Discounted Branch Adjustments Final Dividend for the Year	15,49,571 1,09,438 7,56,545 5,576 78,16,050 5,50,000	93 01 47 14 19 00	1,07,87,181	74	1,74,36,153 2,00,084	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** per contra			85,73,884	31
84,04,380	**8. Acceptances, Endorsements and Other Obligations** per contra			85,73,884	31	84,04,380	**8. Premises Less Depreciation—** At cost as at 31-12-1962 Additions during the year	33,16,121 3,36,202	92 79		
62,466 18,41,215	**9. Profit and Loss—** Balance brought forward from last year Profit for the year	43,681 18,85,287	12 54			33,14,790 1,332	LESS—Depreciation to date	36,52,324 13,80,321	71 66	22,72,003	05
		19,28,968	66			—12,90,562					
—4,10,000 —4,50,000 —10,00,000	LESS—Appropriated as follows— Rs. nP Bonus to Staff 4,30,000 00 Reserve Fund 4,50,000 00 Dividend (including Interim Dividend of Rs.4,50,000·00) 10,00,000 00 Staff Welfare Fund 25,000 00	19,05,000	00			15,24,725 1,58,371 —15,288 —9,21,431	**9. Furniture and Fixtures Less Depreciation—** At cost as at 31-12-1962 Additions during the year LESS—Deductions during the year LESS—Depreciation to date	16,07,808 2,06,191 18,74,000 6,063 18,67,936 11,07,202	20 99 10 50 60 34	7,60,734	26
	10. Contingent Liabilities— Claims against the Bank not acknowledged as debts (1962: Rs. 3,18,475·00) Rs. 3,43,516 nP 10 Guarantees given on behalf of Directors or Officers of the Bank .... Guarantees given on behalf of others (1962: Rs. 1,34,77,899). 2,09,92,903 91 On Bills of Exchange rediscounted .... On Outstanding forward exchange contracts			23,968	66	1,47,342 1,85,232 .... 8,639 32,78,755 13,20,083 10,02,741	**10. Other Assets—** Other Properties— Rs. nP At cost as at 31-12-1962 3,32,574 76 Additions during the year 1,70,361 43 LESS—Deductions during the year 3,35,702 79 Balances with Mysore Government Treasuries Advance Payment of Income-Tax (including Tax deducted at source) Interest accrued on Investments, Commission accrued, Etc. Stationery, Stamps, Suspense Accounts, etc.	5,02,936 1,67,233 12,019 31,46,724 13,91,877 11,08,923	19 40 93 65 56 72	58,26,779	26
						50,000	**11. Non-Banking Assets Acquired In Satisfaction of Claims** At Cost			50,000	00
31,32,10,155	Total .. Rs.			32,79,44,820	39	31,32,10,155	Total .. Rs.			32,79,44,820	39

As at 31-12-1962 Rs.	PARTICULARS OF ADVANCES	Rs.	nP	As at 31-12-1962 Rs.	PARTICULARS OF ADVANCES	Rs.	nP
10,23,28,153	(i) Debts considered good in respect of which the Bank is fully secured	11,94,28,654	91	14,06,178	(v) Debts due by Directors or Officers of the Bank or any of them either severally or jointly with any other persons	10,72,187	79
2,08,65,075	(ii) Debts considered good for which the Bank holds no other security than the Debtors' personal security	2,79,11,186	53	62,75,740	(vi) Debts due by Companies or firms in which the Directors of the Bank are interested as Directors, Partners or Managing Agents or in the case of Private Companies, as members	2,58,44,825	02
65,60,308	(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the Debtors	19,97,997	55	14,51,650	(vii) Maximum total amount of advances, including temporary advances made at any time during the year to Directors or Officers of the Bank or any of them either severally or jointly with any other persons	14,33,996	25
....	(iv) Debts considered doubtful or bad, not provided for	....		64,05,934	(viii) Maximum total amount of advances, including temporary advances, granted during the year to the Companies or firms in which the Directors of the Bank are interested as Directors, Partners or Managing Agents or in the case of Private Companies, as members	2,60,76,757	67
12,97,53,536	Total .. Rs.	14,93,37,838	99	1,74,773	(ix) Due from Banking Companies	1,76,280	68

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1963

Year ended 31st Dec., 1962 Rs.	EXPENDITURE	Rs.	nP	Year ended 31st Dec., 1962 Rs.	INCOME (Less provision made during the year for Bad and Doubtful Debts and other usual or necessary provisions).	Rs.	nP
70,52,760	1. Interest paid on Deposits, Borrowings, etc.	79,61,281	70	1,23,60,599	1. Interest and Discount	1,40,39,401	11
	2. Salaries and allowances, Provident Fund and Gratuity Fund Contributions	51,59,527	08	18,51,212	2. Commission, Exchange and Brokerage	20,50,201	55
43,15,456	3. Directors' Fees and Allowances	18,673	31	91,247	3. Rents	88,462	52
13,260	4. Rent, Taxes, Insurance, Lighting, etc.	4,26,111	14	856	4. Net profit on Sale of Investments, Gold and Silver, Land, Premises and other assets (not credited to Reserves or any particular Fund or Account).	556	50
3,72,140	5. Law Charges	20,886	44		5. Net Profit on revaluation of Investments, Gold and Silver, Land, Premises and other Assets (not credited to Reserves or any particular Fund or Account)	....	
13,405	6. Postages, Telegrams and Stamps	1,82,255	01	....	6. Income from Non-Banking Assets and Profit from sale of or dealing with such Assets	1,200	00
1,58,801	7. Auditors' Fees	7,500	00		7. Other Receipts (including Subsidy from the State Bank of India Rs. 4,15,634)	4,16,236	12
7,500	8. Depreciation on and Repairs to the Bank's property	3,07,564	12				
2,86,126	9. Stationery, Printing, Advertisement, etc.	3,20,885	69	....			
2,82,986	10. Loss from sale of Investments or dealing with Non-Banking Assets	54,623	77				
....	11. Other Expenditure	3,04,862	00	2,25,819			
1,86,094	12. Balance of Profit	18,85,287	54				
18,41,215							
1,45,29,733	Total .. Rs.	1,66,46,057	80	1,45,29,733	Total .. Rs.	1,66,46,057	80

PARTICULARS OF REMUNERATION RELATING TO THE GENERAL MANAGER

Salaries	Allowances	Sitting fees	Bonus	Employer's Contributions to provident fund, pension fund or any other superannuation fund	Payments by way of gratuities, pension or otherwise, in excess of the employer's contributions and interest thereon	Monetary value of any other benefits or perquisites	Total of items (i) to (vii)
(i) Rs.	(ii) Rs.	(iii) Rs.	(iv) Rs.	(v) Rs.	(vi) Rs.	(vii) Rs.	(viii) Rs.
30,000·00	....	....	....	2,499·96	....	3,750·00	36,249·96

REPORT OF THE AUDITORS

We, the undersigned Auditors of the State Bank of Mysore, appointed under Section 41(1) of the State Bank of India (Subsidiary Banks) Act, 1959, do hereby report to the State Bank of India upon the Balance Sheet and Accounts of the Bank as at 31st December, 1963.

We have examined the above Balance Sheet and the Profit and Loss Account and the Accounts relating thereto of the Head Office and the Returns submitted by the Branch Managers, which returns have been incorporated in the above Balance Sheet and Accounts, and report (i) that, in our opinion, the Balance Sheet is a full and fair Balance Sheet containing all the necessary particulars and properly drawn up so as to exhibit a true and correct view of the affairs of the Bank, according to the best of our information and the explanations given to us and as shown by the Books of the Bank ; (ii) that where we have called for any explanation or information such explanation and information have been given to us and have been satisfactory ; (iii) that the transactions of the Bank which have come to our notice have been within the competence of the Bank ; (iv) that the Returns received from the Branches of the Bank have been found adequate for the purpose of our audit ; (v) that the Profit and Loss Account shows a true balance of Profit for the period covered by such account ; (vi) that, in our opinion, the Balance Sheet and Profit and Loss Account are drawn up in conformity with Law and (vii) that in our opinion, Books of Account have been kept by the Bank as required by Law.

FRASER & ROSS,
Chartered Accountants.

BANGALORE, 29th *January*, 1964.

B. VENKATAPPIAH,
S. RAMANATHAN,
B. MUKERJI,
S. M. RAMAKRISHNA RAO,
D. M. SHANKARAPPA,
A. H. ELIAS,
G. S. ANNASWAMI,
V. T. KRISHNA MOORTHY
V. H. CHANNABASAVIAH,
Directors.

R. P. NANDA,
General Manager (Offg.)

BANGALORE, 8th *January*, 1964.
18th *Paus*, 1885.

ECONOMIC TRENDS IN PAKISTAN

PRIVATE ENTERPRISE AND MIDDLE CLASS BEING FOSTERED

By Dr. Anwar Iqbal Qureshi

ECONOMIC ADVISER TO THE GOVERNMENT OF PAKISTAN

WHEN Field Marshal Mohammad Ayub Khan came to the helm of affairs in October 1958, Pakistan's economy was in a very critical condition. The foreign exchange reserves had reached the lowest ebb, prices were constantly rising, exports were declining and financial discipline had nearly disappeared. This sad story has often been repeated and need not be further dwelt upon here.

Pakistan has made considerable progress in the economic field during the last five and a half years and it would be helpful if a brief account of these developments were given.

The present Government of Pakistan has no illusion that its task of economic and social development is an easy one. It is, indeed, extraordinarily difficult. The two halves of Pakistan are separated by over a thousand miles of Indian territory. The one half is an arid land, habitable only because the great Indus river system supplies an irrigation network that is without doubt the most extensive in the world. The other occupies the delta of the Ganges and the Brahmaputra, which carry off the monsoon rains of all North India and the melting snows of the Himalayas.

Our farmlands—and Pakistan is overwhelmingly an agricultural country—are threatened by increasing salinity in the west and by severe cyclones, floods and tidal waves in the east. The country also faces the problem of very rapid growth of its population.

Rate of Progress

The Ayub regime, however, has brought a new hope to the people. The country started from a low economic, technological and educational level, but we are definitely moving upward. Since 1959-60, industrial production has risen by about 35 per cent, agricultural output by about 10 per cent, and the gross national product by about 14 per cent. Government revenues (which include revenue of the Centre as well as of the Provinces) amounted to Rs. 245 crores in 1957-58. These rose to Rs. 405 crores in the fiscal year 1962-63. The estimates for 1963-64 are Rs. 438 crores.

Pakistan's foreign exchange reserves increased from the equivalent of Rs. 72.62 crores in September 1958 to over Rs. 144 crores on 30th June 1963. Increased public confidence is also reflected in the rise of bank deposits, which rose from Rs. 253.10 crores in June 1958 to Rs. 520.64 crores in January 1964. During the same period, bank credit increased from Rs. 122.55 crores to Rs. 447.83 crores.

Money supply which stood at Rs. 536.19 crores in June 1958 increased to Rs. 764.52 crores in January 1964 and prices were stabilised so that the former strict price controls have been almost wholly abolished. For a developing economy, Pakistan has shown a remarkably stable price level during the last several years. The cost of living index for workers in Karachi which stood at 123 in 1957-58 increased only to 131 in January 1964, showing an increase of only eight points in 5½ years.

The Two Plans

The first Plan of the country merely helped the establishment of a sound infrastructure for future industrialisation. There was no sizable addition to the production level, especially in agriculture. The second Plan, started in July 1960, provides for investments of nearly Rs. 2,300 crores and an increase of 24 per cent in national output.

The major reason for the success of the second Plan is the efforts of private enterprise and the Ayub regime has full confidence in it. Private enterprise has been given a good share in the planned development of the country and, out of the total outlay of Rs. 2,300 crores, the share of private enterprise in investments is supposed to be Rs. 838 crores.

Foreign Aid

This rapid progress has been achieved partly with our own efforts and partly with generous and effective help from our friends abroad. Most of our capital goods imports, a part of the raw materials, spare parts and fuel needed by our industries and of the fertilisers and insecticides for our agriculture, and a portion of our food supply are obtained through foreign aid of one sort or another. The consortium of friendly countries organised under the sponsorship of the World Bank has pledged a total of Rs. 762 crores for the first four years of the second Five-year Plan in addition to large quantities of surplus agricultural products, and, of this aid, the United States is contributing more than half.

But the country cannot depend on friends for a long time. If we are to survive and advance as a nation, we must become economically self-sustaining. We must increasingly meet our investment needs from our own savings, our import requirements out of our export proceeds and our growing need for technical skills and management by expanding our own resources of trained manpower; this is what our development plans are designed to accomplish.

A much bigger and comprehensive third Plan is under active finalisation. According to preliminary estimates, the third Plan envisages a total expenditure of Rs. 4,950 crores.

It is also envisaged that the proportionate dependence on foreign aid in the third Plan will be less than the second Plan.

Foreign Trade

An important instrument of economic growth and increasing the production level is the expansion of our foreign trade.

In the past three years, we have followed an increasingly liberal import policy, with a view to allowing our industry and agriculture to work efficiently and develop naturally in response to normal market forces and incentives. It is, however, evident that this policy can be maintained in future only if our exports expand to balance the increase in imports.

The main focus of Pakistan's economic policy at present, therefore, is increasing and diversifying the country's export trade.

Some success has been achieved. Our overall export earnings increased by more than one-third from 1958 to 1963.

Several measures have been adopted to push up exports. The principal ones are the Export Credits Guarantee System and the Export Bonus Scheme. The former is a simple arrangement for insuring Pakistani exporters against risks of loss, not normally covered by conventional insurances, that they might suffer as a result of the foreign importers defaulting on his obligation. Such losses are covered to the extent of 75 per cent for commercial risks and 85 per cent for political risks, the remainder of the loss being borne by the exporter.

The Export Bonus Scheme is too well known by now to require any further comments. It provides incentives to our exporters to compete in the world market. Pakistan's exports increased from Rs. 142.17 crores in 1957-58 to Rs. 203.06 crores in 1962-63.

The imports also increased from Rs. 205 crores to Rs. 381.76 crores. This large increase in imports is due to Government's desire to increase the supply of capital goods and raw materials and also essential consumers' goods.

Competition in international trade at present is very tough. But Pakistani producers in all except a few traditional fields—mostly primary materials like raw cotton, jute, carpet wool, skins and tea—have an especially difficult task. Apart from these traditional exports, whose growth potential is relatively limited, our products are not well known in the world. They have to break into an already highly competitive market and make their way against established suppliers.

Even in sports goods, which have been a speciality of Pakistani craftsmen for many decades, our trade was disrupted after partition because the export contracts were largely in the hands of merchants who went over to India. These contracts have been restored and, in 1962-63, our exports in this category were three times those of 1952-53. For entirely new items, in which there is no tradition of supplies from Pakistan, it is harder to gain a foothold.

But it must be done, and is being done. Jute manufactures, for example, accounted for Rs. 31.3 crores of exports in 1962, over 18 times the 1954 value. Jute is now being used not only as a cheap, sturdy bagging material but also to make handsome household drapes and carpets, and even for dresses and sports jackets.

Pakistan's exports of cotton yarn and piecegoods, which were virtually nil in 1954, amounted to Rs. 19 crores in 1960 and, while their export value fell in 1961 as the Government encouraged a greater supply to the internal market, the trend in 1962 was again upward and foreign exchange to the tune of Rs. 5.10 crores was earned. This increased to Rs. 9 crores in 1963.

Until 1958, practically all the exports of Pakistan were raw materials. As a result of the efforts made by the present regime to promote industrial development of the country, now about Rs. 50 crores, or about 25 per cent, of exports consist of manufactured goods.

Pakistan should intensify her efforts also to promote and improve the traditional products of Pakistani artisans—original rugs, tennis rackets, cutlery, handloom textiles, jewellery and handicrafts of leather, cane, etc., carpet backing jute goods, rice, fish products and copper. But, if she is to achieve a satisfactory balance of trade, an increasing share of our exports must be modern factory-made goods. And major concern must be, first, to produce such goods efficiently and upto high quality standards, and, secondly, to develop wider markets for them.

Regional Groupings

Recent modern economic groupings in several regions present a harmful trend for foreign trade of Pakistan and particularly to growth of exports of manufactured goods.

The European Common Market, if it adopts a consistently liberal import policy, would be a useful instrument of international trade. It is recognised that, in such circumstances, Pakistan's economic progress will gain from progress elsewhere in the world, through the beneficial influence of expanding trade.

If, however, the expansionist purposes of the Common Market are limited to its membercountries and if its principal result for the underdeveloped countries is to narrow down the market for them, it can bring nothing but trouble for Pakistan too.

An inevitable corollary of economic progress is a change in the pattern of production, a shift from less to more complex processes, requiring higher skills and more intensive use of capital. This is true no less of advanced industrial nations than of countries like Pakistan in the early stages of their development.

So it is natural, as the United States, Western Europe and, more recently, Japan continue to advance, that they should gradually give up producing the simpler, more labour-intensive types of manufactures, just as they previously gave up hand-weaving and the village smithy. And it is equally natural that the developing countries should produce more and more simpler industrial goods, not only for their own consumption but increasingly for export, exchanging them for the products of the more advanced countries.

Far-off From Take-off Stage

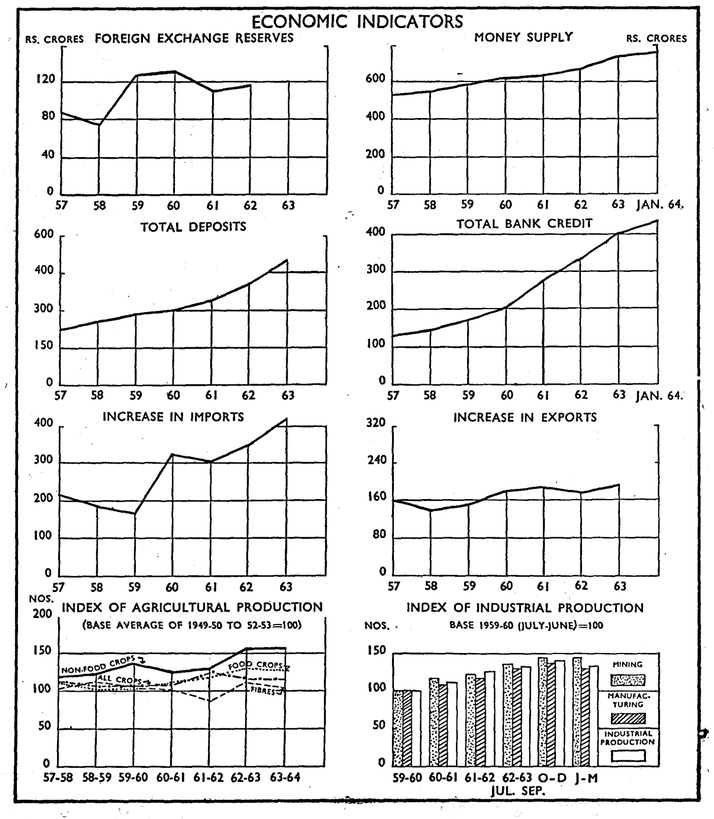
It appears that Pakistan has embarked upon development with stability and has made considerable progress during the last five years. No doubt this is a matter for great satisfaction but we are still far off from the take-off stage. Even when we reach that stage, it would be the first step towards the ultimate goal of providing decent essentials of life to our teeming millions and to build up a self-sustained economy. We have to catch up and we are determined to do it as quickly as we can.

One of the greatest achievements of the Ayub regime is that it has created a healthy climate for investment and has safeguarded the interests of the middle classes by curbing the inflationary tendencies which constitute the worst enemy of the middle classes.

During the last three years, the Government has not only been living within its means, but, in order to increase our own share in the development efforts and to lessen our dependence on foreign aid, we are also now contributing from own revenues to the development budget. Deficit financing has been stopped, inflationary tendencies have been curbed, and, during the last three years, there has been a remarkable stability in the price level.

The Government is also trying its best to foster a healthy middle class and curb the tendencies towards concentration of wealth.

Note: *The views expressed in this article are of the author and not of the Government.*



NEW HORIZONS FOR WORLD TRADE

(By A West German Correspondent)

"THERE are new impulses astir in our world. They are impulses, all of us hope, that will defend our freedoms while enlarging the peace."

The words are those of Mr. Fritz Berg, President of the Federation of German Industries (B.D.I.). He is just now on a tour through the United States of America, meeting Government officials and discussing with businessmen in various cities.

Here is how Mr. Berg defines some "impending changes in the international economic outlook":

The established industrial nations must lead the world away from the economic barriers that have stifled peaceful commerce.

The developing countries expect help in their drive "to forge ahead, to win a bigger share of world markets."

The so-called Communist bloc is no longer, if it ever was, a bloc; various of its membernations, in particular the U.S.S.R. and mainland China, are putting out their own individual economic "feelers" towards the non-Communist nations.

Regarding the economic future of the established industrial nations, the B.D.I. President says the tariff cuts that have been proposed for negotiation this spring in Geneva are predicted on the expectation of "an immense new impulse for business." Concerning Germany's and Western Europe's contribution to this liberalisation, he recommends:

Finding ways to "synchronise the agrarian interests of Europe with the interests of manufacturers," a task similar to that which confronts farm interests and industrial interests in many non-European countries.

Bringing closer together the six nations of the Common Market (E.E.C.) and the seven members of the European Free Trade Association (E.F.T.A.), with "the closest trade relations between the two blocs" and if possible "ultimately a merger."

Regarding the aspirations of the developing nations, Mr. Fritz Berg mentions two specific problems "in this confrontation of the older economies with the world's newest economies":

The question of support for raw material prices;

The question of granting new countries "tariff advantages so they can establish at least basic processing industries of their own."

As for possible new patterns in East-West economic contact, the West German industrial spokesman suggests it is well not to "look at trade with the East through rose-coloured glasses."

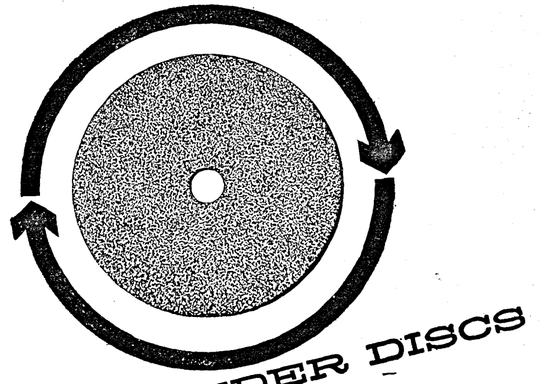
Although "geography has made us Germans neighbours of the Eastern countries of Europe," he continues, "we have learned from experience that there are narrow limits on trade with the East" under present Communist bloc commercial practice and economic status. These limits explain why "the share of our West German trade with the East Bloc has been running at only 3.6 per cent."

On the other hand, Mr. Berg notes, the fact that "my country is divided and the world is divided" raises the question: "Can we hope to partly close the division through world trade?" His own answer: At least, as our Governments have suggested, we can hope—and hold the door open."

• • • •

The growth rate of W. German industrial production last year was the lowest among the members of the European Economic Community (E.E.C.). According to preliminary E.E.C. Commission statistics, W. German industrial growth was 3.7 per cent, compared with 5.8 per cent for Italy and 6.5 per cent for France Belgium (based on 1963's first ten months) achieved a 6.2 per cent increase and the Netherlands (first nine months) a 4.1 per cent rise.

W. Germany is sending more mining and chemical products to Germany's Soviet Zone, less iron and steel, machines and agricultural products. Last year turnover in the inter-zonal (Federal Republic-with-Soviet Zone) trade increased 7.6 per cent. This is due to a 14.4 per cent rise of the Soviet Zone's sales in the Federal republic, while W. Germany's sales grew only 0.6 per cent.



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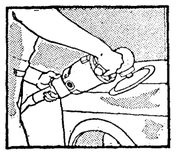

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I.A.C. STEADILY MOVING TOWARDS A PROSPEROUS FUTURE

RISE IN COSTS, HOWEVER, MUST BE CHECKED

By Our Aviation Correspondent

THE Indian Airlines Corporation, now in its eleventh year of operation, seems to be progressing, if slowly, yet steadily towards a more prosperous future. It was, after all, only some five years ago that the Corporation, after years of heavy losses, began to turn the financial corner. According to the annual report for 1962-63, the balance of operating revenue over expenditure amounted to Rs. 20.91 lakhs. A balance, in fact, which, if still marginal, was nevertheless, three times greater than that of the previous year.

This, perhaps, is the salient feature of the year in question. Other relevant figures show that traffic rose by an overall 12.3 per cent—almost solely attributable to passenger rather than other forms of traffic. Operating revenues rose from Rs. 14.87 crores to Rs. 16.97 crores. Operating expenditure, on the other hand, also rose by the not unsubstantial sum of Rs. 1.19 crore. Thus, while revenue increased by 14 per cent, costs rose by 15.2 per cent—which throws, perhaps, a rather less favourable light on the year's working.

One cannot help but observe, in that regard, a sharp increase in the total number of employees. From 9,562 in 1961-62, the figure rose to 10,075 in 1962-63. A rise of this order would be understandable, of course, had the Corporation, to any significant extent, increased the scope of its operations. This, however, does not appear to be the case. Were this process to continue, any progress towards greater prosperity would soon be halted. The newly appointed general manager seems to corroborate that view. He has been credited with saying that the Corporation's anticipated surplus for 1963-64—estimated at Rs. 35 lakhs—will be almost totally absorbed by salary and wage increases.

The new general manager is also reported to favour the opening up of a number of new rural services run on austerity lines. This, apparently, would mean no free transport to and from airfields, no hostesses, and no catering. There is, no doubt, much to be said for such a plan. On the face of it, this is the obvious way to open up new territory and to bring air transport facilities to districts where a demand exists. Nevertheless, even at fares 33 per cent below present levels—as the general manager hopes—for a very long time to come, these services would be far from self-supporting.

It is indisputable that, at present, the Corporation derives most of its surplus revenue from the trunk routes. It is on these routes that, for the past several years, the demand for air travel has exceeded the capacity provided. Last February, the Corporation introduced jet aircraft with seating capacity double that of the Viscounts. Moreover, in view of the greater productivity of the much faster Caravelle, the capacity now offered on the trunk routes could very easily be further augmented. It is pertinent to observe, in that connection, that, already, on most of the trunk routes, the Caravelles are operating almost up to capacity load factors.

While for some little time yet, the surplus revenue from these routes will have to support secondary routes—and particularly those still operated by Dakotas—that should not be a permanent feature of I.A.C.'s economy. With ten Fokker Friendships already in service, and with Viscounts becoming available for the more important secondary routes, the whole route network should soon become a more or less profitable operation. In other words, the modernisation of the Corporation's fleet combined with the very high overall load factor which the Corporation enjoys, should soon begin to pay dividends. Something more than a purely nominal surplus is now within reach.

It is in this light, possibly, that the general manager is considering widening the scope of the Corporation's activities. Such a course, no doubt, would find considerable support. There is, and there has always been, a popular belief in the scope for so-called feeder services. There are those, too, who feel that such services could profitably be run were present standards in respect of airfields and aids to be relaxed. Frankly, one does not subscribe to either school of thought. One has yet to be persuaded that any real demand for feeder services exists—assuming, of course, that these are run at anything approaching economic fares and freights.

One is inclined to the view, too, that the operation of air transport with sub-standard airfields, aids, and communications, is a dangerous pursuit. The creation of the necessary airfields and aids would be a comparatively expensive undertaking—justifiable only if a reasonable measure of demand is known to exist. Such airfields have got to be located in the right place. To run rural feeder services to this or that locality, simply because an old airfield of sorts exists, is to serve no useful purpose whatsoever. That is the path of least resistance and it leads only to failure.

As an alternative, one suggests, the operation of more popularly priced services on existing routes might well be a profitable undertaking. It has to be recognised that some proportion of present surpluses is derived from successive and substantial fare increases—the last less than two years ago. The Corporation enjoys a complete monopoly. Had it been subjected to competition, fares would be considerably lower than they are today. To that extent, the Corporation has a duty to share any increased prosperity with the public.

Present fares may be within the means of business houses and their representatives, foreign tourists, Government officials, and others travelling on duty. There is, undoubtedly, wide scope for additional traffic at lower fares—and one sees no objection whatsoever to cutting out some of the 'frills' of travel. One notes, in that regard, the present intention to close the night mail service to passengers. These have long afforded a means of air travel to the less affluent. It seems a pity that this should be done. It would be shortsighted on the part of the Corporation were no alternative to be provided.

One has, perhaps, too readily assumed that the Corporation is approaching a period of greater prosperity. That will certainly not be the case, unless very close attention is paid to the rising costs of operation. This is not only a province with which the new general manager is thoroughly familiar, but in which he is an acknowledged expert. If he can only control costs, he might have his cake and eat it too. In other words, if he can sensibly improve the Corporation's productivity rate per employee—now at a low ebb—he might not only be enabled to reduce fares but to open up new territory as well.

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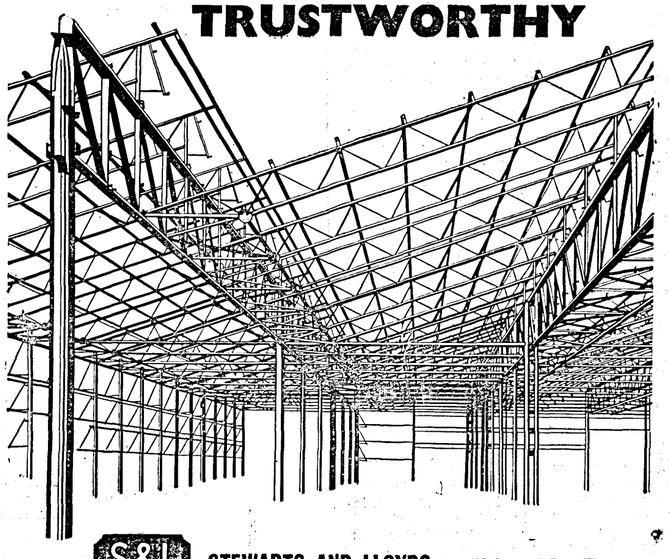

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ASIATIC OXYGEN LIMITED

CHAIRMAN, MR. B. L. JALAN'S ADDRESS AT ANNUAL MEETING

ECONOMIC OPERATION OF PUBLIC ENTERPRISES SUGGESTED

IF the Super Profits Tax levied last year had its disincentive effects, it is not going to be any different this year with some of T.T.K's proposals. The treatment of bonus shares as capital gains and the imposition of a fresh dividend tax, for instance, are measures which are bound to deter investors. It is a disturbing fact that the country's basic fiscal policy undergoes structural changes almost every year. And the changes, too, are making the multiple-tax system more cumbersome than perhaps anywhere else in the world. In drawing pointed attention to these disquieting trends, Mr. B. L. Jalan, Chairman, Asiatic Oxygen Limited, also dealt with several other related aspects of economic policy in his address at the Annual General Meeting of the Company held at Calcutta on 30th March, 1964. He pleaded, *inter alia*, for economic operation of public enterprises, for elimination of delays in licensing procedures and for reorientation of fiscal policy with a view to inducing higher investment and attracting more foreign capital. Mr. Jalan was particularly critical of the proposal to set up a Monopolies Commission.

The following are extracts from the aforesaid address of Mr. Jalan :

GENTLEMEN,

You would have noticed that the Directors have stated in their report dated the 29th February that our Durgapur factory was commissioned to production in December last. They expected that the Bombay factory, which was undergoing test operations, would commence production by the time the report was in your hands. I am happy to say that the Bombay factory is now in production. The foundation-stones of Madras and Hyderabad factories were laid by the then Chief Ministers of Madras, Shri Kamaraj, and of Andhra Pradesh, Shri Sanjiva Reddy, in August 1963. The Directors reported to you in the annual report that the Madras factory was in an advanced stage of construction and is expected to be in production next month. I am very happy to say that the acetylene plant of the Madras factory has already gone into production.

Most of the technical and administrative personnel have been recruited. Some of the engineers who went abroad for training have returned and others are expected to return by the end of next month after completing their training. Arrangements are being made for another batch of trainees to go abroad. To fulfil the long-felt need of the welding industry, we have started a training scheme for welders and welding supervisors.

Effects of 1963 Budget

While the taxes in the 1963 Budget of the Government of India brought higher burdens on the finances of our subsidiary company, it produced similar effects on the financial results of almost all companies which have, after strenuous efforts, put up a record of efficient and profitable operations. Some basic and important industries which had earlier suffered from teething troubles and now begun to yield fair returns have been hit hard. The Super Profits Tax was, as it were, a tax on efficiency. Our present Finance Minister must be congratulated on the new look which he has sought to give to our fiscal policy. He has so clearly enunciated the basic criteria which should govern our economic philosophy. It is a matter of special significance that these criteria have received approbation from almost all quarters. This demonstrates once again that the economic interests of all the sections of the country are the same and that the economic policy has to be essentially an integrated national policy. It cannot be a sectoral policy.

Public Undertakings

The Finance Minister has very rightly pointed to the urgent need for speedier execution of, and higher return in, the public enterprises. It is very appropriate, in this context, however, to look at the performance of public undertakings. The Government of India has invested in operating public undertakings other than railways about Rs. 1,038 crores. The total sales of these undertakings were Rs. 388 crores. The total gross profit of these concerns, excluding Hindustan Steel, was Rs. 24 crores and net profit Rs. 15.4 crores. The net profit, therefore, was about one-and-a-half per cent. When adjustment is made for the loss of Hindustan Steel, there is an overall loss. This cannot, by any means, be termed as a creditable performance. This does not merely involve the failure to achieve the targets of the Third Five-year Plan but indicates a sizable loss of national wealth. If the increase in national wealth and prosperity is the objective, these figures do point to a moral.

Procedural Delays

The problem of speedier implementation of industrial programmes is inextricably interwoven with governmental procedures and decision-making. It takes a long time from "dream to stream," that is from the day the project is conceived by the entrepreneurs to the day the plant is put on production. The Government's decision-making and licensing procedures contribute a lot to the delays involved. I am glad that this is now being realised by all concerned. And to go into the matter the Government appointed the Swaminathan Committee. The Committee made interim recommendations which are of far-reaching importance and which have been accepted by the Government. These will go a long way in expediting our industrial programmes. The problem, however, is not merely of industrial licensing under the Industries (Development and Regulation) Act. One is confronted with similar difficulties in acquisition and registration of landed properties, obtaining raw materials, fixation of transportation rates and commodity prices, securing approvals for foreign exchange expenditure, capital issues, concluding borrowing arrangements and the like. It needs an overhaul of governmental procedures and not merely a few changes in certain areas only. It may be safely suggested, for example, that issue of exchange permits for travel abroad has to be a lot more expeditious. I realise that some unscrupulous persons do travel abroad for not very legitimate reasons and there must be proper safeguards against this. But there must be no undue restrictions on travel facilities related to development programmes. If prompt and proper sanction for foreign travel is denied to negotiators and project planners, it does a lot of harm to our financial and foreign exchange interests. When the applications are submitted with documentary evidence, I see no reason why the issue of permits should take a long period. When we consider it necessary to streamline procedures and effect economies, we in the field of private industries take assistance from specialised management consultants and experts. To borrow or hire specialised knowledge does not reflect on anybody's dignity or efficiency and should be resorted to with an open mind and frequently. Incentives, monetary and otherwise, should be provided where targets of efficient management are accomplished.

Private Sector's Contribution

In the realm of contributions of private enterprise to the industrial growth, I have recently come across several reports which would appear to suggest that private industry has failed to keep pace with the programmes in the fertiliser industry. If the problems of the project with which I am associated are representative of the industry, I can say without any hesitation that not a day has been lost in putting the project on a sound, economic and practical footing. It would perhaps be interesting to investigate the progress of a large sample of important cases both in the public and private sectors of industry and identify the delays which occur and the precise reasons for such delays. This would lead to more rational economic policy decisions. I do not believe that it serves any purpose to shift responsibility. We all have the same mission.

National Income

The estimates of national income reveal a very interesting picture in this area only. The proportional share of mining, manufacturing and small enterprises was almost constant between 1948-49 and 1962-63 in spite of all the emphasis on industrial programmes. The share of commerce, transport and communications increased by just over one per cent. The decline in the share of the agricultural sector by over five per cent was set off almost wholly by the share of "other services." Government administration constitutes a major part of "other services." The increased share of unproductive services within the industrial and commercial sectors is concealed in the respective shares. In other words, speaking comparatively, the services which do not directly contribute to our productive effort are the only sector which has made progress. These components of our national income demonstrate the need to divert our national effort in alternative directions to achieve a higher input-output ratio which is the key to our real economic progress.

T.T.K's Budget Proposals

The other two worthy objectives of our economic policy which were defined by our Finance Minister and earlier by our Home Minister Shri Gulzari Lal Nanda, related to incentives for industrial growth and inflow of foreign capital. While we have to thank the Finance Minister for several reliefs proposed for the industries, including selective corporation tax relief, one wonders whether the budget proposals will, on the whole achieve these objectives. Great doubts have been expressed, which are reinforced by the prevailing investment climate on the stock markets. The treatment of bonus shares as capital gains and the imposition of a fresh dividend tax are measures which are bound to deter investors while the gains to the national exchequer may be negligible.

What, however, is really disturbing is the fact that our basic fiscal policy undergoes structural changes almost every year. The reintroduction of expenditure tax, the raising of Estate Duty rates to 85 per cent and the uncertainty introduced about the development rebate, are matters which have obviously deterrent effects on the will to save and invest. While it was gratifying to learn that the Finance Minister had promised that he did not propose to make any basic changes in the coming years, there cannot be any doubt that the changes which have been already brought about in our fiscal structure from year to year have been so substantial that one's confidence in our stable fiscal policies is bound to be shaken. Important decisions for large investments cannot be properly made when projected results are completely upset even before the decisions are finally taken and implemented. How is the foreign investor, who has opportunities for profitable investments throughout the world, going to reconcile himself to this kind of insecure financial conditions? It is my firm belief that a stable fiscal policy will be a great contribution in inducing higher investments and attracting a large volume of foreign capital.

Multiple-tax System

In the context of the basic principles of taxation, I hope the question of multiplicity of taxes will soon be examined more thoroughly. The multiple-tax system has a limit, and if it is stretched beyond that limit, decreasing returns are bound to operate. Actuated by the desire to simplify our tax system, the Income-tax Act was overhauled in 1961. And yet, our tax system today is more cumbersome than perhaps anywhere else in the world. In the context of our planned effort, there cannot be any valid argument against controls and taxation, but we must ensure that such controls and taxation do not impinge upon or jeopardise our efforts for balanced and speedier growth. A lot of governmental effort, as well as of the people in private industry, is being wasted in conforming to a complex controlled system. A large army of very brilliant Government officers and industrial planners and managers are engaged today in what might be called "unproductive project development work." We are not too plentifully supplied with such management skill and if we can put this national pool of managerial talent to productive works, the pace of planned effort would be accelerated and the process would become less expensive.

Monopolies Commission

To achieve our well-defined economic objectives, it is, indeed, very difficult to appreciate the proposal for the setting up of a Monopolies Commission. What is a monopoly? A monopoly is a state of market in which one or a couple of sellers control the market and dictate the price. Leaving alone public utilities which are inevitable

(*Continued on page 582*)

UNITED BANK OF INDIA LIMITED

DR. N. N. LAW, CHAIRMAN, NOT IN FAVOUR OF RAISING INTEREST RATES

CLAMOUR FOR NATIONALISATION OF BANKS MEANINGLESS

THE following are excerpts from the speech delivered by Dr. N. N. Law, Chairman, United Bank of India Limited, at the Annual General Meeting of the shareholders of the Bank held at Calcutta on 30th March 1964:

The past year has been a period of significant advance by your Bank. The profit has increased by Rs. 5.19 lakhs or 24.5 per cent. The dividend has been raised to 7½ per cent. This is the third rise in dividend since the amalgamation. Deposits have increased by Rs. 7.9 crores, i.e., 12.2 per cent (as against 10.1 per cent rise in the deposits of all scheduled banks). Seven new branches were opened during 1963 and so far this year two new branches have been opened. The emoluments of the employees have also been further improved.

Another important and significant event that has taken place during the year is the acquisition of a site measuring 57 cottahs—nearly an acre—on Old Court House Street. On this site is proposed to be constructed a new home for the head office of your Bank. The detailed plans for the building are being drawn up by the architects, and it is hoped that construction work will commence during the year.

I do not wish to give you the impression that the results achieved so far should lead to complacence. On the contrary, in view of the mounting operating costs, referred to later in this statement, a greater responsibility has devolved on all of us, the Directors as also the workers, in various spheres and levels in this Bank. A number of steps have been initiated early this year to achieve a wider decentralisation of functions and, as the year progresses, efforts will be made to implement the programme in a phased manner. Our aim should be the attainment of a deposit level of Rs. 100 crores within the next two years, if we are to cater to the increasing credit requirements of the developing economy. I do hope that with the concerted efforts of the workers, shareholders and present and prospective customers, the target may be achieved even earlier than contemplated.

Interest Rates

The biggest task before the Bank today is, therefore, to accelerate the rate of growth, and to meet the growing burden of interest on deposits. We shall try to achieve this by intensifying our efforts, opening more branches and by diversifying our services.

As I speak to you, banks are considering whether a further rise in the rates of interest on deposits is necessary, their attention to this matter having been recently drawn by the Reserve Bank. It seems likely that a further rise will be effected, and such a step will add to the already high operating cost and will consequently tend to step up the lending rates. My view on the lending rates is well known to be against such rise.

To my mind, it should be the aim of the larger banks in the country to be able so to rationalise, at an early date, their lending rates as will bear a reasonable relation with the line and pattern of the largest bank in the country. It should, at the same time, be their aim to remain free from anxiety concerning liquidity. An important method for achieving these ends would be to make concentrated efforts to increase deposit resources through means other than that of raising the interest rates. At the same time, an expedient utilisation of resources has also to be ensured.

In this context, I would like also to refer to the conditions obtaining in the stock exchanges. Ultimate safety and liquidity of bank advances in a growing economy, incapable, due to various reasons, of planning for extinguishment of debts, depend considerably on the ability of borrowers to shift the credit facilities in due course by obtaining equity and long-term finance through the stock exchanges. Apart from the inhibiting taxation, high rate of interest on bank advances stands in the way of the development and expansion of stock exchange services. On this ground also, it would be against the interest not only of the banks themselves, but also of industrial expansion, to encourage a rising structure of interest rates.

However, the present mood seems to be to ignore these implications and to depend on an upward revision of the rates. In that case, since we cannot swim against the current, we shall also have to fall in line, much as I would have wished that the trend were checked.

If the rates have to go up, it would be better to confine the rise to that portion of bank deposits which could be marginally sensitive to interest rates, namely, term deposits for periods over twelve months, and not to cover the whole range of deposits. The incidence of the cost of term deposits can then be somewhat neutralised by reducing the cost of demand deposits, including savings accounts which have virtually become current accounts. One of the ways to do so would be to introduce two types of savings accounts and to reduce the rate on those with very small balances, limiting the frequency of withdrawals in such uneconomic accounts. Adjustments of other service charges may also have to be undertaken.

Small Industries

I am happy to report that further headway has been made by the Bank in the matter of providing finance to the small-scale industries. As you will recall, a separate section was started about two years ago, with a view to processing with special care, such proposals from smaller industrial units as could not straightaway be considered, in the normal course, by our advances department. After the initial experimenting and probing, some tangible progress has now been made and a number of small-scale industrial units have been financed and are being given special service. Steps are now being taken further to expand the activities of this section in the matter of financing small-scale industrial units.

It has been our experience that more than the question of bank finance, the small entrepreneurs are faced with other problems, those relating, for example, to risk capital, marketing, raw materials, power, land, technical know-how, etc. The difficulty that we mostly face in financing these units is the deficiency in financial management. There have been cases where after proper assessment and discussion it was discovered that a good portion of the required development finance could be found from resources within and that only a small advance from the Bank could satisfy their requirements. In some other cases, it was also possible for the Bank to suggest ways and means by which the concerned units could raise finance from other more appropriate agencies or improve their profitability. Our approach, therefore, has been to provide the best possible financial guidance and advice along with the required finance. This is much appreciated by the concerned borrowers.

The most significant issue that developed in the past year relates to the nationalisation of banks. I do not understand the wisdom of this clamour for nationalisation. Take the case of this Bank. The ownership is widely distributed, the management is conducted by people who have risen from the bottom of the ladder, the employees are drawn from the middle class families and number around 4,000. It serves the common man with sincerity and warm friendliness. Could nationalisation make any difference for the better? The only difference it could make, to my mind, it that the profit would then go to the State Exchequer instead of being paid to you as dividend.

The charges levelled by the protagonists of nationalisation are mainly those of concentration of power, of diversion of resources to big industries and of failure to spread in the rural areas. With the recent amendment of the Banking Companies Act, the already existing wide powers of the Reserve Bank of India have been further expanded. It can now remove any director, chief executive or any other employee of a bank and also appoint persons of its choice in place of those removed. It has also been provided that no shareholder can have a voting right in excess of 1 per cent of the total voting rights of all the shareholders of the banking company. With these powers vested in the central banking authority, the talk of concentration of power is not tenable.

In the matter of making advances also, the Reserve Bank has extensive powers to issue directives to all the banks generally, and to an individual bank particularly, in various matters regarding advances, including the maximum amount of advance that may be made to an individual borrower.

If the banks are financing big industrial projects, it is only in accordance with the industrial policy of the nation. In the situation of control in this regard, installation and expansion of big units can only be in accordance with the industrial policy and with the permission of the Government. If, therefore, such projects are vital to economic development, it is only proper that the commercial banks should assist these to the best of their ability. What is really to be regretted is that on account of inadequate growth of deposits, the banks are not always able fully to cater to the requirements of these projects.

As for the question of expansion to the rural areas, it must be remembered that this could not be undertaken indiscriminately. It is a well-known fact that branches in rural or semi-rural areas incur losses for a number of years. The rate of expansion in this sphere, therefore, must be determined by the ability to bear losses. For any economical unit, whether in the public sector or the private, a balance must be struck between that part of its operation which is already economic and that which is, or is for some time likely to remain, uneconomic. Yet, the banks have already been expanding in these areas and during the past few years the coverage that has been extended must, in the circumstances, be considered satisfactory.

While it augurs well that views advocating nationalisation are held by a very small group and that the Government has not endorsed these views, it is imperative that a thorough reappraisal and self-analysis be made by the industry itself with a view to devising ways and means to alter the image of its services to the community. The bankers are conscious of this need. An important step in this regard would be, besides an enlightened collective public relations programme, to develop, with a positive purpose, a wide range of promotional activities with adequate "social content," particularly in assisting growth of self-employment through small-scale industries.

These efforts would no doubt need a lot of pioneering in finance, but that need not deter nor delay any such programme. Further, such activities would attract much more resources to the banking system than what higher rates on deposits are likely to fetch. On the other hand, such dissipation of bank earnings through higher rewards to depositors, by charging more to the people who undertake productive economic activity, increases consumption and adds to the factors distorting the efforts to hold the price line. Bank earnings devoted to the promotion of self-employment will accelerate economic development and go a long way in resisting inflationary pressures.

Development Banks

In this connection, the role that is being played by the development banks in the country comes to my mind. These institutions, while performing very useful services, are dependent, to a very high degree, on the Government for their resources. The resources made available to the Industrial Finance Corporation are interest-bearing, while to State Financial Corporations such funds are not at all made available. Their own attempts to raise resources from the community in the form of increased equity or bonds have not been successful to the extent required. It is true that the conditions prevailing in the country are not yet conducive to the success of attempts by the development banks to raise their own resources. This is, because, in their case the prospects of profits are not only low, but long-term as well.

It would, therefore, be advisable that adequate funds be made available to these institutions in the form of junior capital. At the same time, the commercial banks, which are not in a position to play an unrestricted direct role in providing development finance to industry on a substantial scale, though they are doing their best to provide medium-term loans and working capital might orientate their operations and provide more resources to these specialised institutions. This would be a worthwhile contribution for the commercial banks to make and would help them as to liquidity. Similar contribution could be thought of in the field of agriculture also. It will still be necessary for the development banks, however, to create their own cells for initiating efforts to place their commitments in capital subscriptions and issue of bonds, direct with the public. This again makes the need for activising stock exchanges more urgent.

For assisting the small and medium-scale industrial sector, a number of institutions are now functioning: the State Financial Corporations, the National Small Industries Corporation, the Small Industries Service Institute, the agencies functioning under State Aid to Industries Act, and the Guarantee Scheme operated by the Reserve Bank through the scheduled banks. Perhaps, it may serve the purpose better, if, instead of multiplication of agencies dealing with small and medium-scale industries, a separate single agency is set up for each region, with a combination of all the varieties of functions now performed by these multifarious agencies. Such an institution at the State level would be better equipped to render not only financial assistance, but also services in the form of marketing information, technical and managerial assistance, etc., which these industries so badly need. Through its provision, even if partially, of risk capital to the small entrepreneurs, such an institution would act as a catalytic agent in the capital market, on the lines of the functions performed by the Industrial Credit and Investment Corporation of India at the national level.

General Economy

Coming to the overall economic development in the country, it is being increasingly realised that in recent years the rate of growth has not been up to the desired level and that vigorous steps should be taken to accelerate the tempo of development. A number of steps in this regard have been taken recently in the form of relaxation of capital control, price control, streamlining of licensing procedures, increased resources of the development banks, establishment of the Unit Trust and the Industrial Development Bank. The Finance Minister has also repeatedly emphasised the need for achieving faster growth and for this purpose he is contemplating further measures, over and above the fiscal incentives which in a limited way have been provided for certain industries in the budget.

At the same time, it is equally necessary to establish a measure of continuity of these policies. An illustration of the lack of continuity in policies, which we have so often experienced, is provided by the recent budget proposals concerning the annuity deposit, the expenditure tax and the increases in the rates of wealth tax and estate duty. The essence of a sound fiscal policy in the context of the situation prevailing in the country, is its ability to stimulate investments. An essential ingredient of investment decisions is constituted by reasonable expectations regarding the future course of events. Lack of continuity of policies does weaken such expectations, and set at nought all forecasts and planning so very vital in any industrial operation.

There is another facet of this aspect of expectation or forward projection, and that is psychological. But it plays a very significant part in any human activity. To my mind, what seems to be happening is that, while it is a declared objective to encourage investments and thereby to achieve a higher growth rate, there is not yet the full realisation of the significance of the psychological factor of expectations regarding the future. In the absence of reasonable optimism on this score, no amount of institutional props and persuasion will be adequate to generate the desired degree of economic growth.

What the country needs is an all-pervading atmosphere of development and a climate of self-employment through small and ancillary industries spread all over the country. While fiscal policy, in so far as it had been inhibitive, has undergone certain adjustments, this by itself will hardly be enough. Every region in the country should make a determined and positive bid to generate a real movement for stimulating industrial growth at all levels. An essential step in this respect would be to provide against a degree of risk which is inherent in any pioneering effort. When it is ensured that the community will back up the venture, much will be achieved in orientating the common man to the idea of self-employment through industries. No movement can achieve results without the readiness to pay the price for it.

At the State levels, adequate funds should be found to take care of the financial risks which may develop through such a movement. Bearing the risks at the State level, in this manner, would actually be an investment in the future and will prepare the basic background for self-employment through industrialisation. If, from this point of view, it becomes desirable—which possibly it is—to pool the resources of the development banks operating in a particular region, that also should be done. The budgets of the States should be carefully examined and the impact of each item of expenditure should be analysed to see what proportion of the budget is directly aimed at encouraging self-employment. Provision of adequate funds, as mentioned earlier, would constitute a very small percentage of the total State resources but would go a long way towards fulfilling the goals of economic development.

Note:—*This does not purport to be a record of the proceedings at the Annual General Meeting.*

GOVERNMENT OF INDIA

4 PER CENT. LOAN 1970

ISSUE PRICE Rs. 99.00 PER Rs. 100 (NOMINAL)—REPAYABLE ON 15TH APRIL 1970

4¾ PER CENT. LOAN 1989

ISSUE PRICE Rs. 100 PER Rs. 100 (NOMINAL)—REPAYABLE ON 15TH APRIL 1989

The holders of 3½ per cent. National Plan Loan 1964 and 3 per cent. Loan 1964 have been given the facility of converting their holdings into 4 per cent. Loan 1970 to be issued at Rs. 99.00 per Rs. 100 (Nominal) and repayable at par on 15th April 1970 or 4¾ per cent. Loan 1989 to be issued at Rs. 100 per Rs. 100 (Nominal) and repayable at par on 15th April 1989.

2. The securities of 3½ per cent. National Plan Loan 1964 and 3 per cent. Loan 1964 will be accepted for conversion at par and interest thereon will be paid at the rate of 3½ per cent. and 3 per cent. per annum upto and inclusive of 18th April 1964 and 14th April 1964, respectively.

3. The new securities to be issued by way of conversion will bear interest from 15th April 1964. The interest, which will be paid half-yearly on 15th October and 15th April, will be liable to tax under the Income-tax Act 1961.

4. Applications for conversion will be received during the period 15th April 1964 to 22nd April 1964 (both days inclusive) at :—

(*a*) Offices of the Reserve Bank of India at Bangalore, Bombay (Fort and Byculla), Calcutta, Madras, Nagpur and New Delhi;

(*b*) Branches of the subsidiary banks of the State Bank of India conducting Government Treasury work; and

(*c*) Branches of the State Bank of India at other places in India.

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ESTIMATES COMMITTEE ON TRADE

EXPORT PROMOTION WORK MUST BE MORE VIGOROUS THAN NOW

AFTER watching the export trends for full ten years (from 1951-52 to 1960-61), the Planning Commission frankly admitted, in its third Plan report, that the measures for expanding exports, when considered in relation to the underlying factors inhibiting exports, could not be said to have been adequate. Since one of the main drawbacks was that the programme for exports had not been regarded as an integral part of the country's development effort and the Five-year Plans, the Commission had emphasised then that, if a substantial increase in exports was to be achieved, action had to be taken along several directions. In particular, stress was laid on a fourfold approach: (*a*) domestic consumption must be held within reasonable limits with a view to creating surpluses for exports; (*b*) in view of the increasing profits which can be earned in the domestic market once an economy begins to develop, steps to increase the comparative profitability of exports are essential; (*c*) in their cost structure and productivity, the principal industries, especially the export industries, must become competitive as early as possible and a systematic programme to this end has to be pursued within each industry; this is an essential condition for diversifying and for steadily increasing the share of new manufactures and minerals in export trade; industrial licensing policies should also be oriented towards export promotion; (*d*) steps must be taken to mobilise public opinion in favour of exports and acceptance of the burdens involved, to enlist the cooperation of industry and trade in this national effort, to improve Government's own organisation for market research and intelligence, as well as commercial representation abroad, and to enlarge facilities for credit, insurance, etc.

In accordance with the aforesaid fourfold programme of action, several steps have no doubt been taken by the Government of India to stimulate exports. But the measures have met with only limited success. The aggregate exports during the entire third Plan period, according to the mid-term appraisal, will be no more than Rs. 3,610 crores (excluding Goa's share of about Rs. 90 crores), or a shortfall of Rs. 90 crores as compared with the Plan target of Rs. 3,700 crores. The average annual level of exports (including Goa) comes to about Rs. 740 crores, which, it is felt, will have to be stepped up to at least Rs. 1,300-1,400 crores during the fourth Plan period (April 1966-March 1971), if India is to meet its repayment obligations abroad, as well as to finance the increasingly large-scale maintenance and development imports. The additional annual exports thus come to about Rs. 560-660 crores. On the face of it, it may appear extremely doubtful whether an increase of this magnitude can, in fact, be realised. While the doubt is reasonable, the rate of exports can definitely be much higher than at present, provided (*a*) the industrially advanced countries of the West open their gates for Indian goods a little more widely than is the case now—happily there are encouraging signs in this respect—and (*b*) an all-out export drive is launched by the country. The elements of such a drive have been clearly spelt out by the Estimates Committee of Parliament in its forty-eighth report on the Union Ministry of International Trade placed on the table of the Lok Sabha a few days ago.

Cost Reduction

The issue of quality apart, it is the price of a commodity that ultimately determines its competitive capacity in world markets *vis-a-vis* goods exported from other countries. Almost every item of export (barring a few commodities such as sugar and tin) is now having a buyers' market, which means that the need for making export commodities competitive in price is imperative. The Estimates Committee has done well, therefore, in urging Government to give most careful and urgent attention to the problem of cost reduction in various industries and devise a competent machinery to tackle it in a comprehensive manner. There is, however, nothing new this plea in that it has been made off and on for quite some time now. Only two months ago—on 1st February 1964—the Board of Trade, at its meeting held at New Delhi, had called for the immediate establishment of a cost reduction cell in the Planning Commission to undertake commodity-wise and industry-wise cost studies and to suggest measures to bring them down. The appointment of this cell is one thing and the implementation of its recommendations is another. We say this, because, in many cases, the Government has simply pigeon-holed the findings of special committees the deliberations of which have cost the taxpayer not inconsiderable amounts. Take, for instance, the report of the Expert Committee on Cost Reduction Studies (Chairman: Dr. S. K. Muranian) on Cotton Textile Industry. Although this report was submitted nearly seven months ago, no positive action has been taken on it.

Other Facilities

Cost reduction, however important it may be, can be achieved only over a period of time. Meanwhile, the exporting interests, be they manufacturers or actual exporters, need some fiscal relief, transport facilities and freight concessions. The specific measures which the Estimates Committee has made in respect of these are as follows:

Accelerated depreciation must be allowed on fixed assets used in exporting industries.

The recommendations of the Saraiya Committee, which was set up in June last year by the Board of Trade to study the question of incidence of sales taxes on commodities exported from India and to suggest measures for grant of appropriate relief in the interests of export trade, should be processed quickly and suitable action taken to ensure that the exports are not unnecessarily burdened with levies.

(The Mudaliar Committee, too, it may be noted, had clearly urged remission of sales tax entering into export costs and grant of a uniform rebate of, say, 2 per cent. It is a pity that the Estimates Committee has not given its full support to this plea.)

The difficulties experienced by industries and exporters in obtaining drawback of duties on exports must be looked into by the Departmental Committee and they must be resolved in consultation with the representatives of the industries concerned and exporters without any avoidable delay. Every effort should be made to fix the rate of drawback clearly for as many products as possible to facilitate payment.

Decision on the Mudaliar Committee's suggestion for giving drawback of import duties, excise and sales tax at one central point most convenient to exporters must be taken without any avoidable delay.

Vigorous and prompt efforts may be made to complete the comparative studies undertaken by the Freight Investigation Bureau as quickly as possible and necessary steps taken to seek reduction in freight rates, particularly for sensitive commodities.

Urgent measures need to be taken to modernise the cargo handling facilities at the principal ports, so that detention of ships, which has a direct bearing on freight rates, is reduced.

Tramps may be encouraged, so that they can act as a corrective and a check to the Conference system. The Government should also continue to pursue the question of reducing the freight rates with the Conference Lines wherever necessary.

Every one of these suggestions has been repeatedly put forward time and again, but to no purpose. For the Government has not cared to give effect to them. Now that the Estimates Committee, too, has drawn pointed attention to them, it is to be hoped that the authorities will act expeditiously. The record increase of a little less than Rs. 100 crores in exports last year should not engender the feeling that export promotion through fiscal and other incentives is not necessary. It must be remembered that a part of the improvement in exports last year is attributable to the high level of economic activity in the developed countries. In short, it was in keeping with the world trend in general.

Four Interesting Suggestions

The four other interesting suggestions made by the Estimates Committee also merit due attention. First, efforts should be intensified to extend quality control to exports, particularly for engineering goods; a compre-

Foreign Trade Under Five-year Plans
(In crores of rupees)

Financial year ended March	Exports (f.o.b.)	Imports (c.i.f.)	Balance of Trade
First Plan:			
1951-52	733	979	— 246
1952-53	577	670	— 93
1953-54	531	572	— 41
1954-55	594	656	— 62
1955-56	609	774	— 165
Total for five years	3,044	3,651	— 607
Average annual figures	609	730	— 121
Second Plan:			
1956-57	620	903	— 283
1957-58	635	1,036	— 401
1958-59	573	904	— 331
1959-60	640	961	— 321
1960-61	642	1,122	— 480
Total for five years	3,110	4,926	—1,816
Average annual figures	622	985	— 363
Third Plan:			
1961-62	661	1,092	— 431
1962-63	694	1,079	— 385
1963-64 (April-December)*	581	849	— 268
Third plan target for five years (1961-62 to 1965-66)†	3,700	5,750§	—2,050
Average annual figures†	740	1,150	— 410

* Including Goa, Diu and Daman.
† Excluding Goa, Diu and Daman.
§ Excluding P.L. 480 imports amounting to Rs. 600 crores.

hensive legislation on compulsory quality control and pre-shipment inspection has already been passed. Secondly, speedier action should be taken to establish the Free Trade Zone at Kandla, so that it can make an effective contribution in increasing exports of manufactured goods and products during the current Plan period and act as a model for the establishment of similar zones in Haldia and other promising areas. Thirdly, there is need for continuous vigilance to ensure that the export promotion schemes do not result in abuse. Finally, incentives should be given only to such commodities as would not find an export market on their own and where there is reasonable ground for belief that the exports would, after a time, become self-sustaining.

Since the traditional items of exports continue to be the primary earners of foreign exchange, it is just as well that the Estimates Committee has urged that every effort be made to augment the exports of these items particularly to new markets. It has made a number of useful suggestions covering the exports of important commodities such as oil and oilcakes, jute, mica, engineering goods, handicrafts, hides and skins, leather goods, chemical and allied products, medicinal herbs, forest products, seedlac, tobacco and synthetic stones.

Trade with E. Europe

The Estimates Committee is somewhat concerned to note that India has been facing an unfavourable trade balance with the East European countries for the last two years. The actual adverse balance was to the extent of Rs. 12.95 crores in 1962-63 and Rs. 23.81 crores in 1961-62. Considering that the bilateral agreements with the East European countries are supposed to ensure automatic balancing of India's exports to and imports from each of the countries concerned, the following observations by the Committee are worth recording:

"The Committee suggest that suitable measures may be devised to discourage re-export, if there is any, of Indian goods by East European countries and their sale in other countries at a discount. The Committee would stress the vital importance of collecting and comparing the price data of goods imported from rupee payment countries as well as other centres of supply so as to ensure that no unfair prices are charged for imports by these countries. They suggest that the scope for research studies by the Market Research Cell may be extended so as to cover a larger number of representative imported items. They would also suggest that the result of such studies should be suitably publicised for the information and guidance of all concerned. The Committee suggest that Government may consider the advisability of allowing imports of a limited number of items which are normally imported from East European countries under rupee payment agreements from general currency areas in order to enable the industry and trade to have a fair idea of their comparative price and performance.

"The Committee are glad to note that, in the recent agreements, concluded with Hungary and Czechoslovakia, specific provision has been made about the export of manufactured and semi-manufactured goods. The Committee would suggest that specific provision for export of manufactured and semi-manufactured goods may be made in trade agreements, particularly with rupee payment countries. The Committee would also stress that suitable steps should be taken to show and publicise the Indian manufactured goods in the countries with whom we have bilateral trade agreements so that larger orders for export of manufactured goods can be obtained. While it may not be possible for the Government to associate the representatives of trade and industry in the negotiation of trade agreements, the Committee feel that it might be possible for Government to invite suggestions from important chambers of commerce and industry so that all the cogent suggestions are duly considered and necessary provisions are made in trade agreement."

Commercial Representatives Abroad

Some useful suggestions have been made covering India's export trade with Ceylon, Burma and Nepal, African countries Fiji, Trinidad, etc., and West European countries. Also included are suggestions designed to improve commercial publicity and exhibitions. There is an interesting reference to the set-up of Commercial Representatives abroad which reads thus:

"Out of the total of 44 Commercial Representatives posted abroad, only 13 of them know the language of the country to which they are accredited. Out of these 13 Commercial Representatives, only three are working in non-English speaking countries. It would be a distinct advantage if the Indian Commercial Representative knows the language of the country in which he has to function. The Committee suggest that necessary steps may be taken in this direction without delay. The Committee would stress that, as export and import trade are of basic importance to the country, care should be taken to see that officers who show special aptitude for the work and have adequate knowledge and background are only posted as Commercial Representatives. The Committee would stress that orientation and refresher courses in international trade should be given to the I.F.S. officers so that they are well equipped to discharge fully their responsibilities. The importance and utility of up-to-date and comprehensive market surveys in the promotion of international trade needs no stress. The Committee feel that a survey to be purposeful should contain not only up-to-date and reliable information but bring out pointedly the prospects for Indian exports. They would stress that the staff of the Commercial Sections of the Indian Embassies abroad should be well versed in the technicalities of market research, so that they can produce reports which would be of practical value to Indian industry and trade."

In the task of export promotion, Commercial Representatives ought to play a more dynamic role and the Estimates Committee has done well, indeed, in highlighting this very important aspect.

Imports

While the need for augmenting exports is imperative, it is also important to ensure that imports are confined only to the absolute minimum necessary for economic development. The Estimates Committee has done well, therefore, in devoting quite a bit of its attention to the problems pertaining to imports. But neither its findings nor its conclusions are impressive. Most of them are commonplace. The analysis of the structure of import trade in recent years as made by the Committee reveals that the proportion of capital goods and consumer goods (other than foodgrains) to the total imports has gone up from 13.91 per cent and 7.89 per cent in 1960-61 to 16.18 per cent and 8.46 per cent respectively, in 1962-63, whereas the percentage share of industrial goods has declined from 66.13 (1961-62) to 64.87 and foodgrains from 15.95 (1960-61) to 10.54. It is the considered opinion of the Committee that unless the reduction in the percentage of industrial goods imported into the country is due to substitution of import by indigenous goods, there may be imbalance, resulting in idling of capacity in existing units. Actually, the Committee should have tried to find out the extent to which deficiencies in the import policy of the Government have tended to arrest the pace of economic growth. The increase in the percentage of consumer goods imports is only small, but even this has been dubbed by the Committee as something very undesirable, ignoring the elementary consideration that, in a developing economy of the kind in India, a certain amount of increase in the import of consumer goods is essential for keeping under check artificial increase in prices and for meeting the requirements of growing number of foreign residents in the country. Imports of some consumer goods are also essential for attracting foreign tourists to the country.

Be that as it may, two important suggestions for toning up the import trade mechanism have been put forward by the Committee. They are: 1. Import policy must be announced simultaneously for all commodities, so that the scope for speculation is eliminated. 2. The working of the Chief Controller of Imports and Exports Organisation must be improved considerably with a view to ensuring timely and expeditious disposal of import applications. Besides, the Committee has emphatically urged the Government to check such undesirable and anti-national practices as over-invoicing and under-invoicing of goods as well as to streamline the licensing procedures so that the external grants and credits arranged after hard efforts may be put to effective use.

A seven-member trade delegation (leader: Dr. R. M. Thakkar, General Manager, Industrial and Allied Chemicals), sponsored by the Basic Chemicals, Pharmaceuticals and Soaps Export Promotion Council, Bombay, left India on 30th March 1964 for a tour of some of the African and West Asian countries. The delegation will discuss with trade associations, importers and Government institutions there the possibilities of establishing trade in these products. The countries included in the visit are Kuwait, Iraq, U.A.R., Sudan, Ethiopia, Kenya, Tanganyika, Uganda and Aden. The delegation will also study the possibility of establishing pharmaceutical and chemical industries in the countries with the aid of local capital and labour and the co-ordinated efforts of Indian technicians and industrialists.

DUNLOP EARNS LESS, BUT PAYS MORE

BUDGET PROPOSALS CUT TAX BY Rs. 11 LAKHS

WHEREAS the year 1962 had proved to be an eventful one for the Dunlop Rubber Company (India) Ltd. [Managing Director: Mr. M. L. Bexon, Calcutta], the past calendar year has not been that rewarding in that its gross profit has declined, albeit slightly, for the first time in the past eight years, from Rs. 391.18 lakhs to Rs. 387.52 lakhs, in spite of an improvement in the net turnover (that is, excluding excise duty paid) of about Rs. 2 crores to Rs. 31.28 crores, which is a new all-time peak. In the previous year, the turnover had gone up by Rs. 2.52 crores and the profit by Rs. 42.42 lakhs. The Directors have no particular comment to offer on the year's results. But at the close of last year, the management had noted: "The need for rapidly improving the transport system, particularly road transport, both for development and defence purposes, has received wider appreciation. Meanwhile, the Dunlop have been meeting with the utmost promptness the additional demands suddenly imposed by the emergency."

Some inferences about the Company's working during 1963 can be drawn from these observations of the management. It can be surmised that sales have improved because of the greater demand. On the sales made directly for defence purposes, it may have received lower prices. Besides, higher costs and regulated prices of the Company's principal products also seem to have been responsible for the drop in profit.

The following comparative table gives a clear idea of the progress made by the Company in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sale proceeds, less excise	31,28.22	29,34.50	26,82.32	25,18.96
Work-in-progress	47.02	41.37	38.05	35.15
Other income	6.38	7.01	7.32	5.88
Materials, finished goods, stores and spares consumed	19,99.87	18,73.12	17,20.02	17,14.33
Staff expenses	414.43	383.16	346.40	307.06
Excise duty paid	945.65	778.33	603.20	527.60
Interest payable	30.60	23.22	24.43	26.89
Other expenses	307.84	274.19	252.93	226.83
Gross profit	387.52	391.18	348.76	264.64
Provision for—				
Depreciation	59.83	60.80	61.39	58.71
Taxation	158.82	234.79	122.62*	81.37
Net profit	168.87	95.59	164.75	124.56
Development rebate reserve	10.25	3.00	7.50	17.00
General reserve	106.15	20.00	62.50	37.50
Dividends—				
Preference 8% guaranteed	2.40	2.40	2.36	2.34
5.5% second	2.20	2.20	2.14	2.13
Ordinary	78.75	67.50	99.00	64.50
	(17.5%)	(15%)	(20%)	(21.5%)
Carry forward	..	25.88	25.39	25.13

Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	39.06	39.50	45.00	60.12	49.50
Low	35.56	29.37	32.50	37.87	35.50

Note: (1) The company issued in 1961, 15 lakh equity shares of Rs. 10 each as fully paid bonus shares which ranked for the dividend from that year. (2) From 1959, all dividends have been subject to deduction of tax.
* Does not include Rs. 18.75 lakhs, being the tax on the bonus shares. It is charged to general reserve.

The cost of materials, finished goods, stores and spares consumed has gone up from Rs. 18.73 crores to Rs. 20 crores. Staff expenses have moved up further from Rs. 383.16 lakhs to Rs. 414.43 lakhs. The amount of interest paid has risen from Rs. 23.22 lakhs to Rs. 30.60 lakhs because of larger borrowings on account of increased operations during the year. Other expenses, too, have been higher at Rs. 307.84 lakhs as compared with Rs. 274.19 lakhs in the previous year.

The percentage disposal of the revenue (according to the published figures), with the previous year's comparative figures mentioned in brackets, is shown as: Goods and services 47.50 (49.49); excise, customs duties, taxation, etc., 36.70 (36.58); salaries and wages 8.05 (8.15); bonus and employee benefits 2.15 (2.15); depreciation 1.50 (1.64); dividends to shareholders 2.03 (1.34); and retained earnings 2.07 (0.65).

While the expenses have been higher and the gross profit has declined, the net profit, which had dropped in the previous year from Rs. 164.75 lakhs to Rs. 95.59 lakhs, has recovered more than fully to Rs. 168.87 lakhs due almost entirely to a saving of Rs. 75.97 lakhs in the tax provision amounting to Rs. 158.82 lakhs as compared with Rs. 234.79 lakhs a year before. This reduction has been made possible due to the overprovision of Rs. 24 lakhs in respect of S.P.T. for 1962 (the amount provided being Rs. 63 lakhs), higher development rebate allowances for 1963 (the amount transferred to the reserve being Rs. 10.25 lakhs, as against Rs. 3 lakhs a year before), and a net cut in the burden of taxation of approximately Rs. 11 lakhs as a result of the latest budget proposals. Thanks to the much larger distributable surplus available for the year, the dividend on the Rs. 10 fully paid ordinary shares, which had been cut by five points to 15 per cent in the previous year, on top of reduction by 1½ points in 1961, has been modestly raised to 17.5 per cent per annum, subject to tax. At the same time, the amount carried to general reserve is substantially higher at Rs. 106.15 lakhs as compared with only Rs. 20 lakhs in the previous year. This allocation to the reserve out of the year's profit includes all the available surplus after providing for the year's dividend, whereas in the previous year there was a balance of Rs. 25.88 lakhs as the carry forward.

The Directors are of the view that the authorised capital of the Company should be increased from Rs. 7.50 crores to Rs. 12.50 crores by the creation of 5,000,000 shares of Rs. 10 each for meeting the possible future financial requirements in the light of the expanding nature of its business. In order to retain flexibility in the capital structure of the Company, the new shares have been left unclassified for the present. A resolution giving effect to this proposed increase in capital will come up for shareholders' consideration at their annual general meeting to be held at Calcutta on the 22nd inst.

Out of the present authorised capital of Rs. 750 lakhs, Rs. 520 lakhs have been issued and made fully paid up, comprising Rs. 450 lakhs in equity shares (against Rs. 680 lakhs authorised), Rs. 30 lakhs in 8 per cent guaranteed cumulative preference shares and Rs. 40 lakhs in 5.5 per cent second cumulative preference shares. The capital is backed by Rs. 623.01 lakhs in reserves and surplus. In addition to these "own funds" amounting to Rs. 11.43 crores, the Company has an outstanding debenture liability of Rs. 197.60 lakhs, as against which, on the assets side, there is a debenture stock redemption fund of Rs. 45.44 lakhs. Current assets, book debts and investments total Rs. 14.90 crores and adequately cover current liabilities and provisions shown at Rs. 6.43 crores. The gross block, which expanded during the year from Rs. 11.27 crores to Rs. 12.21 crores, has been written down to Rs. 6.46 crores.

Currently quoted at Rs. 36.50 *cum-div.*, the Rs. 10 fully paid ordinary shares of the Company offer a net yield of 4 per cent per annum.

£600,000 LOAN FOR MUKAND IRON

A secured sterling loan of £600,000 has been sanctioned by the Commonwealth Development Finance Company Ltd. (C.D.F.C.) to the Mukand Iron and Steel Works Ltd. for meeting a part of the foreign exchange requirement of its expansion scheme at Kalwe, Bombay. The Company, which is the largest independent steel re-rolling unit in the country, proposes to set up a new plant for melting steel for producing about 70,000 tons of wire rods annually and to install a continuous casting unit, among the first of its kind in India, for making billets from liquid steel.

(*Concluded from next column*)

ence shares and the balance in ordinary shares. It is backed by reserves and surplus amounting to Rs. 22.14 lakhs. Borrowings, including Rs. 31 lakhs from the I.F.C.I., are shown at Rs. 92.83 lakhs, as against Rs. 95.56 lakhs a year before. Taking the short-term borrowings and current liabilities and provisions alone, the total indebtedness to outsiders works out to Rs. 149.92 lakhs, as against which current assets, book debts and investments aggregate Rs. 193.40 lakhs. The gross block of Rs. 130.15 lakhs (Rs. 123.15 lakhs a year before) has been written down to Rs. 68.14 lakhs.

The General Tyres Ltd., of which the Company is the Managing Agent, commenced trial production in July last and has since gone into production and also commenced marketing automobile tyres and tubes. Both the test results and the initial market reaction have been quite satisfactory. The managed company is presently engaged in stepping up its production by expanding the existing capacity of tyres and tubes from 180,000 units of each to 300,000 units each and of Camel Back to 600,000 kgs.

Currently, the Rs. 10 fully paid ordinary shares of the Company are quoted at Rs. 12.56 *cum-div.* and offer a net yield of 6.8 per cent per annum.

NATIONAL RUBBER MAKES FURTHER HEADWAY

MORE FUNDS FOR EXPANSION

WITH a more than full utilisation of the installed capacity for most of its products and a continued rise in the demand for them, the National Rubber Manufacturers Ltd. (Managing Director: Mr. K. N. Mookerjee, Calcutta) has made further headway during the year ended 31st December 1963. The immediate effect of higher production and improved demand has been felt in gross sales which have exceeded Rs. 457 lakhs, as against the original estimate of Rs. 300 lakhs only as stated in the prospectus at the time of the last issue of share capital in 1957. Further, as a result of the better demand, stocks of finished goods and work-in-progress have shrunk from Rs. 52.57 lakhs to Rs. 42.42 lakhs. The actual turnover during the year marks a new high level representing an increase of 30 per cent over Rs. 352 lakhs in 1962 and of 979 per cent over Rs. 46.62 lakhs in 1951. Net sale proceeds (that is, excluding excise duty paid) have been higher by more than Rs. 91 lakhs at Rs. 429.40 lakhs.

Expenses have no doubt gone up because of the increased operations during the year. The cost of materials and stores consumed has moved up from Rs. 177.21 lakhs to Rs. 261.36 lakhs, staff expenses have expanded by over Rs. 16 lakhs to Rs. 58.49 lakhs and other expenses have risen from Rs. 54.41 lakhs to Rs. 73.14 lakhs. In spite of these increases, however, the profit has recorded an encouraging improvement from Rs. 18.99 lakhs to Rs. 30.36 lakhs. More than one-third of this profit (Rs. 11.80 lakhs, to be precise, as against Rs. 5 lakhs a year before) has gone as tax. Net profit, consequently, shows only a modest rise of Rs. 4.23 lakhs at Rs. 10.64 lakhs. About 50 per cent of the net profit, as against roughly 16 per cent a year before, has been carried to reserves, the aggregate figure being Rs. 5.03 lakhs, as against Rs. 1.46 lakh. At the same time, the dividend on the Rs. 10 fully paid shares has been raised again, this time by two points as against one-and-a-half points a year before, to 10 per cent per annum, subject to deduction of tax. The carry forward is Rs. 58,629, as against Rs. 75,633 brought in.

The Company's progress in the past four years is brought out in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sales, less excise paid	429.40	338.18	256.40	230.99
Other income	4.10	2.35	1.88	1.19
Stocks of finished goods and work-in-progress	42.42	52.57	100.17	58.44
Materials and stores consumed	261.36	177.21	180.84	159.23
Staff expenses	58.49	42.32	40.66	36.41
Excise duty paid	27.69	13.60	13.79	12.02
Other expenses	73.14	54.41	55.71	42.48
Gross profit	30.36	18.99	13.80	8.53
Depreciation	7.92	7.58	6.93	5.91
Taxation	11.80	5.00	..	..
Net profit	10.64	6.41	6.87	2.62
Excess provisions written back	..	..	0.01	1.60
To reserves	5.03	1.46	2.72	3.12
Dividends—				
Preference	0.78	0.78	0.78	0.78
Ordinary	5.00	4.00	3.25	..
	(10%)	(8%)	(6.5%)	..
Carry forward	0.59	0.76	0.58	0.47

Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	13.25	13.87	15.06	16.36	18.62
Low	12.25	10.25	11.12	11.50	12.56

A further expansion of the Company's operations has been found necessary for maintaining the past few years' satisfactory record of progress. The Company has accordingly obtained fresh industrial licences for manufacturing 1.6 million numbers of cycle tyres, 600,000 industrial V-belts and fan belts and 1,200 tons of reclaimed rubber. Licences for the first two items involve a substantial expansion of the existing capacity while the licence for the third item covers manufacture of a new article. Additionally, the Company has been permitted to manufacture P.V.C. conveyor belting within the capacity already licensed and established for transmission and conveyor belting. This expansion will require more funds and the Company has already obtained the necessary sanction for making at par a one-for-one rights issue of the aggregate value of Rs. 50 lakhs in 500,000 ordinary shares. As a first prerequisite to the proposed rights issue, the authorised share capital has already been raised to Rs. 250 lakhs comprising Rs. 200 lakhs in equity shares and Rs. 50 lakhs in preference shares.

The paid-up capital at present stands at Rs. 60 lakhs of which Rs. 10 lakhs are in prefer-

(*Continued in previous column*)

NATIONAL RAYON SELLS MORE, BUT EARNS LESS

EXCISE BURDEN TOO HEAVY

THE performance of the National Rayon Corporation Ltd. (Managing Agents: Messrs. Chinai and Company Pvt. Ltd., Bombay) in the year ended 31st December 1963 is, in many ways, in refreshing contrast with that in the immediately preceding year. Thus, whereas during the previous year, gross sale proceeds had merely crawled up from Rs. 810.42 lakhs to Rs. 827.45 lakhs, those during the year under review have spurted by well over 40 per cent to reach what appears to be an all-time high level of Rs. 11,64.33 lakhs. This total is made up of Rs. 10,52.57 lakhs (as against Rs. 738.25 lakhs) by way of sale of yarn and waste and Rs. 111.76 lakhs (as against Rs. 89.20 lakhs) by that of chemicals and miscellaneous items. In spite of this rise in turnover, the value of closing stocks has remained at the high level of Rs. 155.96 lakhs, as against Rs. 157.98 lakhs a year before (during the previous year closing stocks had advanced fourfold from Rs. 43.02 lakhs). This indicates a sustained activity on the production side matched by a corresponding rise in sales.

Under the impact of these favourable factors, the gross profit of the Company has expanded by Rs. 36.76 lakhs to Rs. 261.78 lakhs but, unfortunately, the profit-margin (ratio of gross profit to sale proceeds) has declined to 22.5 per cent from 27.2 per cent for 1961-62 which itself was lower by about three points than the 1960-61 level of over 30 per cent. There are two reasons why this has been so. First, owing to labour trouble, there was stoppage of work and a consequential loss of production for a protracted period. This must have resulted in raising the unit cost of production, though the situation was mitigated, to certain extent, by the working of the 12 additional spinning frames commissioned in the last quarter of the previous year and by a better average selling price. Second, there has been a disproportionate increase in the excise duty paid, from Rs. 187.59 lakhs to Rs. 289.94 lakhs, and in other expenses from Rs. 310.37 lakhs to Rs. 388.05 lakhs due mostly to a rise in staff expenses and interest charge.

Owing to the improved level of gross profit, the provision for the Managing Agents' commission has naturally advanced from Rs. 6.46 lakhs to Rs. 7.80 lakhs. The transfer to depreciation account has also been stepped up from Rs. 128.40 lakhs to Rs. 132.52 lakhs. It is, however, the provision for taxation that shows the largest percentage rise from Rs. 17.65 lakhs to Rs. 64.10 lakhs, firstly, because of the higher taxable profit, secondly, because of the drop from Rs. 26.10 lakhs to just Rs. 1.90 lakh in the amount withdrawn from the deferred taxation reserve, thirdly, because of the sharp decline in the development rebate claimed for tax purposes and, finally, because of the inclusion of Rs. 2.89 lakhs as the liability under the newly introduced dividend tax of 7.5 per cent. As a result of these heavier prior charges on the gross profit, the net profit has declined for the second successive year to Rs. 57.36 lakhs from Rs. 72.51 lakhs for the year before. Out of this Rs. 9.10 lakhs, as against Rs. 25.10 lakhs last year, have been transferred to the statutory development rebate reserve while preference dividend claims Rs. 9.67 lakhs. The dividend on ordinary shares could, therefore, be only maintained at Rs. 16 per share (subject to deduction of tax) to which level it was lowered last year from Rs. 22 per share. The Directors have, however, decided to issue as rights shares one ordinary share at par for every ten ordinary shares already held. Since the total amount of this issue does not exceed Rs. 25 lakhs, no sanction for it from the Controller of Capital Issues is considered necessary.

The Company's share capital remains unchanged at Rs. 415.81 lakhs, comprising Rs. 174.25 lakhs in preference shares of Rs. 100 each and the balance in equity shares of a like par value, but the reserve complement has risen to Rs. 246.83 lakhs, raising the total of own funds to Rs. 662.64 lakhs from Rs. 655.42 lakhs a year ago. Borrowings, however, have increased by Rs. 60.04 lakhs to Rs. 688.71 lakhs, of which Rs. three crores represent two series of debenture bonds. Current liabilities and provision, on the other hand, are lower at Rs. 182.84 lakhs, as against Rs. 204.16 lakhs a year before, but, even so, outside finance stands improved by Rs. 44.73 lakhs at Rs. 871.55 lakhs.

During the year new assets—including assets under construction—worth Rs. 306.90 lakhs were acquired and this has raised the block account to Rs. 20,31.22 lakhs. On deducting therefrom the depreciation provided so far amounting to Rs. 947.32 lakhs, a net block of Rs. 10,83.90 lakhs is obtained. Investments, current assets and loans and advances aggregate Rs. 444.36 lakhs. Debenture issue expenses yet to be written off stand at Rs. 5.93 lakhs. It will thus be seen that the Company's financial position is pretty tight.

The vicissitudes in the fortunes of the Company during the past four years are clearly brought out in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sale proceeds (gross)	11,64.33	827.45	810.42	717.31
Other income	9.87	5.47	3.18	8.52
Closing stocks	155.96	157.98	43.02	25.13
Raw materials and stores consumed	232.41	224.80	195.14	171.96
Excise duty	289.94	187.59	124.32	68.59
Other expenses	388.05	310.37	268.40	230.31
Gross profit	261.78	225.02	243.63	258.89
Managing Agents' commission	7.80	6.46	8.96	9.80
Provision for—				
Depreciation	132.52	128.40	85.18	79.17
Taxation	64.10*	17.65*	41.00*	86.50
Net profit	57.36	72.51	108.49	83.12
To reserves	9.15	25.10	49.25	17.65
Dividends—				
Preference	9.67	9.67	9.67	9.67
Ordinary	35.59	38.58	53.05	53.05
	(16%)	(16%)	(22%)	(22%)
Carry forward	0.06	0.09	0.93	4.41

Market price of ordinary shares (in rupees):	1964	1963	1962	1961	1960
High	449	426	584	594	617
Low	371	295	410	461	347

* After allowing Rs. 1.90 lakh in 1963, Rs. 26.10 lakhs in 1962 and Rs. 12 lakhs in 1961 as withdrawals from deferred taxation reserve. All dividends are subject to deduction of tax.

It will be recalled that, in their report to the shareholders for the year 1961-62, the Directors had stated that, owing to the tremendous increase in the cost of raw materials, wages and other factors of production, it was becoming exceedingly difficult for the industry to continue to abide by the "gentleman's agreement" arrived at in 1957 between the Government and itself, in relation to the basic prices of yarn and, therefore, the Association of Man-made Fibre Industry had approached the Government to permit an increase in basic prices. As a result of this representation, the question was referred to the Tariff Commission in the middle of the year under review. After a considerable amount of work had been done by the Tariff Commission, the inquiry was withdrawn on account of the decontrol on distribution and prices of rayon filament yarn in December 1963. Although the industry has naturally welcomed the decontrol of prices, it is obvious that the extent to which it would be successful in obtaining a fair selling price and margin of profit would be determined by the effects of the further excise duty leviable under the Finance Bill 1964. Under the Bill, the excise duty already payable is being enhanced by 50 per cent thereby augmenting the burden of indirect taxation to which the industry was first subjected in 1956. The considerable increase in this burden since it was introduced can be well seen from the fact that, whereas the duty from 1956 to 1958 on 120 and 150 deniers was 55 nP per kg., successive increases had raised it to Rs. 2.67 per kg. by 1963 and now the addition of 50 per cent would make it Rs. 4.00 per kg.

Commenting on this 627 per cent rise since 1956 in excise duty, the Chairman of the Company, Mr. Kasturbhai Lalbhai, observes, in his statement to the shareholders:

"We are always anxious to make a contribution to the economic development of the country, but are naturally sensitive to the fact that our industry in particular is being subjected to such an unreasonable burden of excise duty. In the past, we have been given to understand that we ought to cheerfully bear more than others as our industry is considered to be capable of bearing more and more levies without the risk of a drop in the demand for its products. If this concept is true, it would follow that the 'demand is inelastic' and that the industry is producing a staple commodity for the basic essential requirements of the community. But, for other purposes, and particularly so when it comes to imposing levies and providing facilities and services for our own requirements, we have often been told that ours is a luxury industry and therefore it is only fair that it be required to bear a greater share of burden and that its requirements be met out of what might be left over after the needs of the basic essential industries have been satisfied. Apart from the very substantial increase in the excise duty, the imposition of the new 7½ per cent tax on dividend will make it increasingly difficult for the Company to assure a reasonable return on the capital employed in the industry."

As regards the Company's various expansion schemes, the tyre cord plant, it will be recalled, went into commercial production by October 1962 after overcoming the initial teething troubles. The quality of the yarn is reported to be acceptable to the tyre manufacturers and the Company is experiencing a gradual increase in demand for the product. In order to encourage the indigenous tyre yarn producing industry, the Government has, since September 1963, curtailed the import of yarn by a third of what was being hitherto permitted and now, for the forthcoming period, the curtailment is likely to be of the order of 50 per cent.

The expanded caustic soda/chlorine plant commenced production towards the end of February and is expected to attain full production soon. As for the pulp project, it was mentioned in the previous year's report that the Agency for International Development had conveyed to the Company its willingness to extend a loan of Rs. six crores and that all other formalities to implement the scheme had been complied with. The Directors now report that, despite the undertaking given by the Government of Mysore that they would be able to supply the Company's requirements of raw materials, the Company's own survey has, however, disclosed that, owing to gregarious flowering of bamboo, the raw materials available would not be sufficient to run the plant at an economic level of activity. It is, therefore, been decided not to proceed with the project for the present.

Currently, the Rs. 100 fully paid ordinary shares of the Company are quoted at Rs. 375 *cum-div.* and fetch, on an *ex-div.* basis, a net return of a little over 3.5 per cent per annum on fresh investment.

ELECON'S SIX PER CENT MAIDEN DIVIDEND

It is encouraging to find that the Elecon Engineering Company Ltd. will be paying a maiden dividend for the year ended 31st December 1963, which is two years after it was converted into a public limited company in November 1961. The rate of dividend on the Rs. 100 fully paid shares is 6 per cent per annum, of which 4.50 per cent is tax-free. The Company, which already had a paid-up capital of Rs. 10 lakhs, issued 50,000 additional shares in April 1962, the last call of Rs. 25 on which was made as late as in May 1963 bringing the paid-up capital to Rs. 60 lakhs.

The maiden dividend marks the encouraging progress made by the Company during 1963, when sales exceeded Rs. 103 lakhs and resulted in a gross profit of as much as Rs. 16.27 lakhs, as against a loss of Rs. 2.27 lakhs made in the previous year. Depreciation has claimed Rs. 4.55 lakhs and taxation Rs. 63,000. A sum of Rs. 4.59 lakhs has been carried to the development rebate reserve. The surplus available after making these appropriations has been utilised to write off fully the previous year's loss and meet the dividend liability which amounts to Rs. 3.60 lakhs, leaving Rs. 62,863 as the balance to be carried forward.

As many as 118 applications covering a total capital issue of Rs. 86.30 crores were received during the last quarter of 1963, as against 125 applications covering Rs. 139.73 crores in the same quarter in 1962. The number of consents actually granted was 95, fourteen for Government companies covering a total of Rs. 36.08 crores and 81 for non-government companies involving Rs. 51.25 crores. Among non-Government companies, consents for equity capital worked out to Rs. 28.69 crores, preference to Rs. 2.97 crores, debentures to Rs. 4.42 crores, bonus to Rs. 3.82 crores and loans, etc., to Rs. 11.35 crores. In the whole of the calendar year 1963, 475 applications were received for Rs. 634.88 crores, as against 506 involving Rs. 429.08 crores in 1962. Of these, consents were given for 410 amounting to Rs. 544.31 crores, as compared with 447 consents for Rs. 381.49 crores.

The new factory of Kirloskar Cummins Ltd., set up by the Kirloskar Oil Engines Ltd. in collaboration with the Cummins Engine Inc., of the U.S., was declared open on Saturday last by Mr. Y. B. Chavan, Union Minister for Defence. The new factory is licensed to manufacture high powered diesel engines in the range of 60 to 800 h.p., which are used for the manufacture of excavators, air compressors, bulldozers, road graders, scrapers, industrial and mining equipment.

The year 1963 was a record year for the British European Airways, for, in that year the Airways carried 5.6 million passengers and made a profit of £3 million. The B.E.A. has a fleet of 13 comets, 20 vanguards, 39 viscounts, 3 heralds, and 3 argosys. It has also taken delivery of the first of 24 new 610 m.p.h. Trident jet airliners. The airline operates on a route network of 36,000 miles, as compared with 11,800 miles in 1949, and serves 76 centres in 29 countries.

The Government of India proposes to permit the Tata Iron and Steel Company and the Indian Iron and Steel Company to expand their capacities during the fourth Plan period, by a million tonnes each to three million tonnes and two million tonnes, respectively, according to Mr. C. Subramaniam, Union Minister for Steel, Mines and Heavy Engineering.

SYNOPSES OF COMPANY REPORTS

Kumergode Estates Ltd.

(*Managing Agents*: Messrs. Peirce Leslie & Co., Ltd., Bunder, Mangalore.)

Thirteenth Annual General Meeting—7th April 1964.

Working Results:

	For the year ended 31st October (In thousand rupees)	
	1963	1962
Income from coffee crop—1962-63 season	6,36	4,46
minor produce—1962-63 season	9	9
Stock-in-trade	1,42	1,17
Gross profit	3,09	1,56
To Managing Agents' remuneration	20	9
Transfer to depreciation	29	32
" provision for taxation	1,23	39
Net profit	1,37	77
Appropriations:		
To taxation for previous year	Nil	18
Transfer to general reserve	40	10
Proposed dividend (Taxable) Ordinary	84*	60†
	(14%)	(15%)
Carry forward	26	13

Market value of ordinary shares (in rupees):	1964‡	1963	1962
High	4.00	4.16	4.60
Low	2.47	2.47	4.00

* On the increased ordinary capital of Rs. 6 lakhs.
† On a paid-up ordinary capital of Rs. 4 lakhs.
‡ Upto 20th March 1964.

Extracts from the Directors' report: *Reserves*: A sum of Rs. 2,00,000 was capitalised from the general reserve for the issue of bonus shares during the year and including Rs. 40,000 transferred from profit and loss account, this year, the General Reserve now stands at Rs. 2,40,000.

Crop and Costs: A total crop of 198.168 metric tonnes was harvested during the year and delivered to the Coffee Board. This has been valued at Rs. 2.25 per point or Rs. 3,209 per metric tonne. A comparative statement of production and costs for the previous 2 years is given below:

Year	Crop (Metric tonnes)	Estate Expenditure per hectare	All-in-cost per hectare
		Rs.	Rs.
1960-61	182.301	1,336	1,652
1961-62	129.778	1,303	1,510
1962-63	198.168	1,470	1,756

The 1961-62 season's crop has been revalued at Rs. 2.26 per point being the final figure declared by the Coffee Board for that season and this is equivalent to Rs. 3,767 per metric tonne including the bonus points awarded for this season on the basis of 10 points on *Arabica Parchment* and 6 on *Arabica Cherry*, when compared with the valuation of Rs. 2.30 per point or Rs. 3,440 per metric tonne adopted last year.

The 1963-64 crop has been estimated at 140 metric tonnes and the all-in-cost of production at Rs. 2,935 per metric tonne.

Capital Expenditure: Rs. 15,620 was spent on capital account during the year. Capital expenditure for the year 1963-64 is estimated at Rs. 17,690.

Accounts in brief as at 31st October 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	6,00,000	Gross block	9,93,124
Reserves and surplus	2,66,055	—Depreciation	2,60,252
Other liabilities	3,22,194		
		Net block	7,32,872
		Current assets	1,85,906
		Investments	21,415
		Cash	2,48,056
	Rs. 11,88,249		Rs. 11,88,249

* Paid-up capital consists of 3,00,000 ordinary shares of Rs. 2 each. Of the above 2,00,000 shares have been issued as fully paid-up by way of Bonus shares through the capitalisation of reserves (including 1,00,000 Bonus shares allotted in 1963).

Kil Kotagiri Tea and Coffee Estates Co., Ltd.

(*Managing Agents*: Messrs. Peirce Leslie & Co., Ltd., Coimbatore.)

Sixteenth Annual General Meeting—18th April 1964.

Working Results:

	For the year ended 31st October (In thousand rupees)	
	1963	1962
Sale proceeds of tea	23,13	24,24
Income from coffee	2,21	3,58
Closing stock of tea	2,53	3,34
Gross profit	9,53	12,34
To Managing Agents' remuneration	61	82
Transfer to depreciation	1,12	1,07
" provision for taxation	3,58	4,85
Net profit	4,22	5,60
Appropriations:		
To provision for Super Profits Tax for 1962	44	Nil
Transfer to development rebate reserve	2	*
" general reserve	60	50
Proposed dividends (taxable) C. Preference	18	18
" " " Ordinary	3,43	4,29
	(20%)	(25%)
Carry forward	29	74

Market value of ordinary shares (in rupees):	1964†	1963	1962
High	5.05	5.88	5.25
Low	4.90	4.75	4.62

*Only Rs. 138. †Upto 27th March 1964.

Extracts from the Directors' report: *Tea*: A crop of 4,62,975 kgs. (1961-62: 5,15,350 kgs.) was harvested at a cost of Rs. 3.89 per kg. The average net price realised for the year was Rs. 5.54 per kg. as compared with Rs. 5.35 per kg. for 1961-62.

Coffee: The crop harvested amounted to 91.156 tonnes (1961-62: 121.819 tonnes).

Extracts from the Chairman's statement: *Future Prospects*: The Company's estates are in good order and the Directors have estimated for the current year a tea crop of 5,00,000 kgs. At the end of February 1964 the Company had harvested 1,17,919 kgs. tea which, though a record crop, is 7,081 kgs. below the estimate for the period due to unfavourable weather conditions. The state is at present experiencing extreme drought conditions and unless the Estates get a reasonable rainfall very soon, it may not be possible to make up the shortfall in the crop.

As regards Coffee the Directors originally estimated the 1963-64 crop at 56 tonnes. *Arabica* stripping is nearing completion. *Robusta* is ripening fast and it now seems probable that the Coffee crop for the year will be in the region of 95 tonnes, made up of 45 tonnes *Arabica* and 50 tonnes *Robusta*. Conditions are favourable for a good crop next year.

The 1964-65 estimate of coffee crop at 105 tonnes are judged on the present cropping wood.

Accounts in brief as at 31st October 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	19,67,076	Gross block	37,05,125
Reserves and surplus	13,70,827	—Depreciation	8,78,832
Other liabilities	8,26,658		
		Net block	28,29,293
		Block in progress	19,232
		Current assets	5,88,253
		Investments	1,03,053
		Cash	6,24,730
	Rs. 41,64,561		Rs. 41,64,561

*Paid-up capital consists of 25,000—7 per cent cumulative preference shares of Rs. 10 each and 8,58,538 ordinary shares of Rs. 2 each. Of the above 6,29,269 ordinary shares have been allotted as fully paid-up by way of Bonus shares through the capitalisation of reserves and share premium account.

Birds Investments Ltd.

(*Secretaries*: Messrs. Lovelock & Lewis, Calcutta.)

Twenty-seventh Annual General Meeting—Held on 19th March 1964.

Working Results:

	For the year ended 30th September (In thousand rupees)	
	1963	1962
Divnds earned (income)	5,44	3,77
Other Income	2	6
Gross profit	4,43	2,99
To Secretaries' fees	12	12
To taxation	1,88	94
Net profit	2,43	1,93
Profit on sale of investments	60	Nil
Transfer from reserve account	25	Nil
Refund of taxes and provision for taxes no longer required	Nil	69
Appropriations:		
Transfer to capital reserve	60	1
Proposed dividends (taxable) Preference	1,10	1,10
" " " Ordinary	1,60	2,00
	(8%)	(10%)
Carry forward	1	3

Extracts from the Directors' report: The profit for the year shows an increase of Rs. 50,289 as compared with the results of the previous year. Whilst the dividends from Jute Mills showed a substantial increase, the receipts from the other sections remained more or less constant.

Investments: The Company's portfolio is representative of investments which are quoted on the Calcutta and Colombo Stock Exchanges with the exception of certain shares costing Rs. 7,00,513. The total of the market value of the investments for which quotations are available together with the unquoted investments as valued by Directors exceeds the book value at 30th September 1963 by Rs. 11,02,825.

Accounts in brief as at 30th September 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	44,00,000	Investments	67,82,724
Reserves and surplus	9,64,036	Current assets	98,010
Other liabilities	15,84,772	Cash	68,065
	Rs. 69,48,808		Rs. 69,48,808

*Paid-up capital consists of 24,000—5½ per cent cumulative preference shares of Rs. 100 each and 2,00,000 ordinary shares of Rs. 10 each—out of which Rs. 7.50 per share called up in cash and Rs. 2.50 per share paid-up as capital Bonus by capitalisation of reserves.

Phaltan Sugar Works Ltd.

(*Managing Agents*: Messrs. Mafatlal, Apte and Kantilal Ltd., Bombay.)

Thirty-second Annual General Meeting—Held on 20th March 1964.

Working Results:

	For the year ended 30th September (In thousand rupees)	
	1963	1962
Sale of sugar	1,73,41	1,73,72
Closing stock	Nil	51,22
Gross profit	41,08	12,70
To Managing Agents' commission	3,05	85
Transfer to depreciation	3,45	4,09
" " statutory development rebate reserve	61	26
" " development rebate reserve	20	9
" " provision for taxation	16,28*	4,87
Net profit	17,49	2,54
Transferred from dividend equalisation reserve	Nil	2,50
Transferred from general reserve	Nil	4,00
Appropriations:		
Transfer to general reserve	4,88	Nil
" " dividend equalisation reserve	2,50	Nil
" " taxation (in respect of previous year	Nil	1,56
Proposed dividend (taxable) ordinary	10,00	7,00
	(20%)	(14%)
Carry forward	94	84

Market value of ordinary shares (in rupees):	1964	1963	1962
High	116.00	117.50	133.00
Low	101.00	71.00	82.00

*Includes Rs. 47,000 for agricultural income-tax and Rs. 1,89,000 for Super Profits tax.

Extracts from the Directors' report: The factory commenced sugarcane crushing on 19th October 1962. The sugarcane crushed during the season was 1,23,307 metric tons and manufactured 1,60,949 bags of raw sugar for export with a recovery of 12.97 per cent. The corresponding figures for the previous season were 1,25,378 metric tons cane crushing, 1,50,225 bags production with a recovery of 11.94 per cent. The production has been more by 10,724 bags, despite lesser crushing, mainly due to increase in recovery by 1.03 per cent. This has contributed to the higher profits.

Expansion: The proposed expansion programme could not be completed for 1963-64 season due to the late delivery of some imported machinery, but it is expected to be in time for 1964-65 crushing season.

Acquisition of Assets by the State Government: Pursuant to Maharashtra Agricultural Lands (Ceiling on Holdings) Act, 1961, surplus lands and buildings situated thereon were handed over to the State Government. Provision has been made in the accounts in respect of the value of such lands on the basis as provided in the above Act. This has resulted in loss as shown in the accounts. The value to be received from the Government in respect of buildings taken over has not yet been determined. The payment in respect of lands and buildings is receivable in transferable bonds to be issued by the Government specially for the purpose. Tractors, implements, trailers, furniture, motor vehicles, seeds, fodder, stores and chemicals, live-stock, etc. required for agriculture were also transferred to the Maharashtra State Farming Corporation Ltd. The Company has submitted various bills to the corporation valued at Rs. 24,27,675. Of the above, bills amounting to Rs. 12,38,905 have been more or less settled. Bills for the balance amount namely Rs. 11,88,770 have not been settled. Under the above circumstances the book value of buildings, live-stock, fodder, seeds, stores and chemicals, etc. have been carried forward subject to settlement of the sale price with the Government and the Maharashtra State Farming Corporation Ltd. The profit or loss, if any, resulting therefrom will be adjusted in due course and the quantum of managing agency commission will also be adjusted in accordance therewith.

Season 1963-64: The factory commenced crushing earlier to take advantage of excess production in October 1963 and expects to get rebate of about Rs. 85,000 in excise duty on excess production.

Estate: As per the agreement with the State Government, the Company would appropriate the crop standing on 1981 acres which is being harvested for 1963-64 crushing season.

Accounts in brief as at 30th September 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	50,00,000	Gross block	91,69,008
Reserves and surplus	61,04,675	—Depreciation	45,13,133
Other liabilities	56,59,804		
		Net block	43,55,875
		Block in progress	12,59,658
		Current assets	96,40,940
		Investments	50,037
		Cash	14,48,060
	Rs. 1,67,64,479		Rs. 1,67,64,479

* Paid-up capital consists of 1,00,000 ordinary shares of Rs. 50 each. Of the above 80,000 shares have been allotted as fully paid-up by way of bonus shares.

Sri Ranga Vilas Ginning, Spinning and Weaving Mills Ltd.

(*Managing Agents*: P. S. Govindaswamy Naidu & Sons, Coimbatore.)

Forty-second Annual General Meeting—15th April 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales of yarn	1,13,18	85,25
" " waste	1,52	94
Closing stock	17,53	18,54
Gross profit	8,05	4,01
To Managing Agents' remuneration	25	25
Transfer to provision for depreciation	5,45	3,76
" development rebate reserve	26	Nil
Net profit	2,09	Nil
Transfer from Mortgage Loan Redemption reserve	Nil	1,50
Appropriations:		
To shift depreciation for 1961	Nil	90
To balance for provision for depreciation for 1962	Nil	61
Transfer to development rebate reserve for previous years	1,13	Nil
To proposed dividend tax	7	Nil
To write-off I.F.C. loan expenses	5	Nil
Proposed dividend (taxable) Equity	90	Nil
	(6%)	(Nil)
Carry forward	2	9

Market value of ordinary shares (in rupees):	1964†	1963	1962
High	43.50	44.00	53.75
Low	43.50	40.50	44.00

† Upto 24th March 1964.

Extracts from the Directors' report: During the year under report, the ceiling prices of higher counts yarn were reduced, and the prices of Indian cotton were steadily on the increase. There was practically no parity between the prices of cotton and the selling prices of yarn. There was an overall increase in all expenses. There was a loss of production due to power cut during the months of June and July 1963. Considering all these factors, the Directors consider that the profit earned during the year is satisfactory.

During the year mill worked for 292 days in three shifts with an installed capacity of 37,312 spindles and with an average of 32,959 spindles.

The scheme of rehabilitation, for which the Company obtained the loan of Rs. 20 lakhs from the Industrial Finance Corporation of India has been almost completed. All the new equipments except one set of drawing frames which has been just received, covered by that scheme had already gone into production. The Company is now seized of another partial scheme of modernisation which involves the replacement of the old *Blow-room, Fly frames, Drawing frames, carding engines*, by new ones and replacement of the out-moded drafting arrangements in 32 *Ring*

(*Continued on page* 578)

Notices

THE BRADY ENGINEERING COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Eighteenth Annual General Meeting of the Shareholders of The Brady Engineering Company, Limited, will be held at the Company's Registered Office, "Brady House," 12-14, Veer Nariman Road, Fort, Bombay, on Tuesday the 28th day of April, 1964, at 11-00 a.m. (S.T.), to transact the following business :

1. To adopt the Directors' Report and Audited Balance Sheet and Profit and Loss Account for the year ended 31st December, 1963.
2. To sanction the declaration of a Dividend.
3. To appoint a Director in place of Mr. Kantilal Nahalchand who retires by rotation and is eligible for re-appointment and to consider and, if thought fit, to pass the following Resolution as a Special Resolution in respect of which a Special Notice, as required by Sections 190 and 261 of the Companies Act, 1956, has been received by the Company :

   "RESOLVED that pursuant to the provisions of Section 261 and other applicable provisions (if any) of the Companies Act, 1956, Mr. Kantilal Nahalchand who retires by rotation and who is an Associate of Messrs. W. H. Brady & Company, Limited, the Managing Agents of the Company (which Managing Agents are authorised by the Articles of Association and the Managing Agency Agreement to appoint two Directors to the Board) be and is hereby re-appointed a Director of the Company, liable to retire by rotation."
4. To appoint a Director in place of Mr. Nanabhoy B. Jeejeebhoy who retires by rotation and is eligible for re-appointment and to consider and, if thought fit, to pass the following Resolution as a Special Resolution in respect of which a Special Notice, as required by Sections 190 and 261 of the Companies Act, 1956, has been received by the Company :

   "RESOLVED that pursuant to the provisions of Section 261 and other applicable provisions (if any) of the Companies Act, 1956, Mr. Nanabhoy B. Jeejeebhoy who retires by rotation and who is an Associate of Messrs. W. H. Brady & Company, Limited, the Managing Agents of the Company (which Managing Agents are authorised by the Articles of Association and the Managing Agency Agreement to appoint two Directors to the Board) be and is hereby re-appointed a Director of the Company, liable to retire by rotation."
5. To appoint Auditors for the current year and fix their remuneration.
6. To consider and if thought fit, to pass the following Resolution as a Special Resolution :

   "RESOLVED that the Articles of Association of the Company be amended as under :

   (i) The existing Article 50 be delected and the following Article be substituted for the same as Article 50:

   "50. The transfer or transmission of any shares in the Company shall be made without making any charge in respect of such transfer or transmission."

   (ii) Subject to the consent of the Central Government being obtained the sub-clause (*a*) of the existing Article 142 be deleted and the following sub-clause (*a*) be substituted for the same :

   (*a*) Each Director shall be paid out of the funds of the Company by way of remuneration for his services for attending the meetings of the Board or a Committee of the Board such sum not exceeding Rs. 300 as the Directors may fix, for each meeting of the Board or Committee of the Board attended by him.
7. To consider and if thought fit, to pass the following Resolution as a Special Resolution :

   "RESOLVED that pursuant to the provisions of Section 360 of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 1960 and subject to the consent of the Central Government being obtained when necessary, the Company hereby accords its approval to a contract being entered into between the Company and United Motors (India) Limited, who are an Associate of Messrs. W. H. Brady & Company, Limited, the Managing Agents of the Company, for the sale and supply by the Company to United Motors (India) Limited and for the purchase by the Company from United Motors (India) Limited of all movable properties, goods and materials, owned, stocked, dealt-in or manufactured by the Company and United Motors (India) Limited respectively and for rendering services by the Company to United Motors (India) Limited and by United Motors (India) Limited to the Company for the purpose of their respective business in terms of the draft placed before the Meeting and for the sake of identification initialled by the Chairman to be operative from the date of its execution and to remain in force until it is determined by either of the parties thereto by one month's previous notice in writing to the other of them, subject to the condition that all payments to be made to the Company by United Motors (India) Limited for any such properties, goods and materials sold and supplied or services rendered by the Company to United Motors (India) Limited shall be made within one month from the date of the sale or supply and that the prices or amounts to be charged to the Company by United Motors (India) Limited in respect of the movable properties, goods and materials, sold and supplied and/or services rendered by United Motors (India) Limited to the Company shall be such as are not less favourable to the Company than the market rates or which are otherwise reasonable."
8. To consider and if thought fit, to pass the following Resolution as a Special Resolution :

   "RESOLVED that the Company doth hereby accord its consent to the Company purchasing from Byramjee Jeejeebhoy Private Limited who are associates of the Managing Agents of the Company about 20 acres of their freehold land in Borivli at/or for the price of about Rs. 5.25 per square yard on the terms and conditions *inter alia* that the Vendors should make out a marketable title to the said land and that all costs of the Vendors and the Purchasers of and incidental to the sale be borne and paid by the Vendors and the Purchasers in equal shares and that the Directors of the Company do negotiate with Byramjee Jeejeebhoy Private Limited for the purchase of the said land *inter alia* on the said terms with power to the Directors of the Company to increase or decrease the area of the land proposed to be purchased as also to increase or decrease the price for the said land to such extent as they may deem necessary but in no case the area of the said land should exceed 25 Acres and the price thereof Rs. 6 per square yard."

By Order of the Board of Directors,

For W. H. BRADY & COMPANY, LIMITED,
A. S. NARIMAN,
Secretary,
Managing Agents.

Registered Office :
"BRADY HOUSE,"
12-14, VEER NARIMAN ROAD, FORT,
BOMBAY, *9th March, 1964.*

Notes :

(1) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the special business under items 3, 4, 6, 7 and 8 is annexed to the Notice posted to the individual shareholder.

(2) Draft Contract referred to in item 7 has been kept open for inspection by the Shareholders at the Registered Office of the Company between the hours of 2-30 p.m. and 4-30 p.m. on any working day and on Saturdays between the hours of 11 a.m. and 1 p.m.

(3) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

(4) The Register of Members and the Transfer Books of the Company will be closed from Friday, the 10th April, 1964 to Friday, the 1st May, 1964, both days inclusive.

(5) If Dividend on shares as recommended by the Directors is passed at the Meeting, payment of such Dividend will be made through the Bank of India Limited, Bombay, on and after 11th May, 1964, to those Members whose names are on the Company's Register on the 1st day of May, 1964.

W. H. BRADY AND COMPANY LIMITED

NOTICE

To

THE SHAREHOLDERS OF
W. H. BRADY & COMPANY, LIMITED

NOTICE IS HEREBY GIVEN THAT THE Fifty-first Annual General Meeting of the Company will be held on Tuesday, the 28th day of April, 1964, at 12-00 noon, at the Registered Office of the Company, "Brady House," 12-14, Veer Nariman Road, Bombay-1, to transact the following business :

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account and Balance Sheet for the year ended 31st December, 1963.
2. To sanction the payment of Dividend.
3. To appoint a Director in place of Mr. Vasant S. Velinker who retires by rotation and who is eligible for re-appointment.
4. To appoint a Director in place of Mr. Shapoorji Pallonji Mistry who retires by rotation and who has attained the age of 76 years, and to consider and, if thought fit, to pass the following Resolution of which a Special Notice, as required by Section 281 of the Companies Act, 1956 has been received by the Company.

   "RESOLVED that pursuant to the provisions of Section 281 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Shapoorji Pallonji Mistry, who retires by rotation and who has attained the age of 76 years be and is hereby re-appointed a Director of the Company and it is hereby specifically declared that the age limit for a Director prescribed under Section 280 of the said Act shall not apply to him."
5. To appoint Auditors for the current year and fix their remuneration.
6. To consider and, if thought fit, to pass the following Resolution as a Special Resolution :

   "RESOLVED that the Articles of Association of the Company be amended as under :

   The existing Article 50 be deleted and the following Article be substituted for the same as Article 50 :

   "50. The transfer or transmission of any shares in the Company shall be made without making any charge in respect of such transfer or transmission."

By Order of the Board of Directors,

A. S. NARIMAN,
Secretary.

Registered Office :
"BRADY HOUSE,"
12-14, VEER NARIMAN ROAD,
BOMBAY 1, *19th March, 1964.*

Notes :

(1) The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the special business under items 4 and 6 are annexed to the notice sent to individual Shareholders.

(2) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES, TO ATTEND AND VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER.

(3) The Register of Members and the Transfer Books of the Company will be closed from Friday, the 10th April 1964, to Friday, the 1st May 1964, both days inclusive.

(4) The Dividend when declared will be made payable on and after the 11th May 1964, through the Bank of India Ltd., Bombay. The dividend Warrants will be posted to those shareholders whose names stand on the Register of Members on the 1st May 1964.

HENLEY CABLES INDIA LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE FOURTH ANNUAL GENERAL MEETING of the Company will be held at the Auditorium, Bombay House, 24 Bruce Street, Fort, Bombay, on Wednesday the 29th April, 1964, at 4-30 p.m., to transact the following business :

1. To receive and consider the Balance Sheet and Profit and Loss Account of the Company and the Report of the Board of Directors and Auditors for the year ended 31st October, 1963.
2. To appoint a Director in place of Mr. A. D. Shroff, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. N. K. Petigara, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors for the current year and to fix their remuneration.

AS SPECIAL BUSINESS

5. To consider, and if thought fit, to pass with or without modification as may be permissible, the following resolution, which will be proposed as an Ordinary Resolution, namely :—

   "RESOLVED that, pursuant to clause (*d*) of Sub-section (1) of Section 293 of the Companies Act, 1956, as amended and all other enabling provisions, if any, the consent of the Company be and is hereby granted to the Board of Directors of the Company for borrowing monies for the purposes of the Company, from time to time, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company, (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate paid-up capital of the Company and its free reserves, if any, that is to say, reserves not set apart for any specific purpose but so that the total amount upto which monies may be borrowed by the Board of Directors shall not at any time exceed Rs. 1,50,00,000."
6. To consider, and if thought fit, to pass with or without modification as may be permissible, the following resolution, which will be proposed as a Special Resolution, namely :—

   "RESOLVED that pursuant to the provisions of Sections 294 and 314 of the Companies Act, 1956, as amended, and other enabling provisions, if any, the Company gives its consent to the appointment of Associated Electrical Industries (India) Private Limited, Calcutta, (in which Mr. A. E. C. Gibson, a Director of the Company, is the Managing Director) as Sole Selling Agents for the Company's products carrying the "AEI" mark within the territories of the Republic of India and the Kingdom of Nepal on the terms and conditions, contained in an agreement expressed to be made between the Company of the one part and Associated Electrical Industries (India) Private Limited of the other part, a draft whereof is placed before the meeting and initialled by the Chairman by way of identification with authority to the Directors (*a*) to cause to be executed the stamped engrossments thereof in duplicate and (*b*) to amend or alter any terms and conditions therein from time to time as may be deemed fit by them."

The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, the 15th April to Wednesday, the 29th April, 1964, both days inclusive.

Notes :—(*a*) The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, as amended in respect of special business under items 5 and 6 set out above is annexed to the Notice forwarded to the members of the Company.

(*b*) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT OF PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.

(*c*) MEMBERS ARE REQUESTED TO KINDLY NOTIFY ANY CHANGE OF ADDRESS.

By Order of the Board,

F. R. GINWALLA,
Secretary.

Registered Office :
HENLEY HOUSE,
BALLARD ESTATE,
BOMBAY-1.
Dated, 11th March, 1964.

THE CENTRAL BANK OF INDIA LIMITED

Registered Office :
Mahatma Gandhi Road, Fort, Bombay-1

NOTICE

AT THE REQUEST OF SEVERAL SHAREholders the Board of Directors of the Bank have been pleased to extend the last date for payment for Right Shares to 30th April 1964.

Consequently, the time for splitting of forms for right shares has been extended to 23rd April 1964.

By Order of the Board,

F. C. COOPER,
General Manager.

BOMBAY, *27th March,* 1964.
7th Chaitra, 1886 (S.E.).

HINDUSTAN LEVER LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING of the Company will be held at HINDUSTAN LEVER HOUSE, 165/166, Backbay Reclamation, Bombay-1, on Tuesday, 28th April 1964, at 4 p.m., to transact the following business :—

1. To receive and consider the Accounts and Balance Sheet, and the Reports of the Directors and Auditors.
2. To declare a dividend.
3. To elect Directors.
4. To appoint Auditors and fix their remuneration for the year ending 31st December 1964.

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a member.

The Transfer Books of the Company will be closed from 21st April to 28th April 1964 (both days inclusive).

By Order of the Board,

S. H. GURSAHANI,
Secretary.

HINDUSTAN LEVER HOUSE,
165/166, BACKBAY RECLAMATION,
BOMBAY-1.
24th March 1964.

JESSOP AND COMPANY, LIMITED

NOTICE IS HEREBY GIVEN THAT THE THIRTY-SECOND ANNUAL GENERAL MEETING of the Members of Jessop & Co., Ltd., will be held in the Committee Room No. 2 of the Bengal Chamber of Commerce and Industry at 6, Netaji Subhas Road, Calcutta-1, on Wednesday the 29th April 1964, at 11 a.m., for the transaction of the following business :—

1. To receive and consider the Accounts, together with the Reports of the Board of Management and Auditors for the year ended 31st October, 1963.
2. To declare a Dividend.
3. To appoint Auditors and fix their remuneration.
4. To transact any other business of an Ordinary General Meeting.

The Ordinary Share Transfer Registers of the Company will be closed from 17th April to 29th April 1964, both days inclusive.

By Order of the Board,

K. S. BASU,
Secretary.

63, NETAJI SUBHAS ROAD,
CALCUTTA, 26*th March,* 1964.

Note :—A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a member of the Company.

ASHOK LEYLAND LIMITED
ENNORE, MADRAS-57

NOTICE

NOTICE IS HEREBY GIVEN THAT AN Extraordinary General Meeting of the Company will be held at the Registered Office of the Company at Ennore, Madras-57, on Monday the 27th April 1964, at 11-00 a.m., to transact the business, particulars of which have been given in the Notice along with the explanatory statement, posted individually to the Shareholders of the Company.

By Order of the Board,

For ASHOK LEYLAND LIMITED,

A. E. L. COLLINS,
Managing Director.

ENNORE, MADRAS-57.
14th March, 1964.

Note :—A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member.

THE PUNJAB NATIONAL BANK LIMITED

Registered Office:
PARLIAMENT STREET, NEW DELHI

NOTICE

The Transfer Books and Register of Members of THE PUNJAB NATIONAL BANK LTD., will be closed from 14th April to 28th April, 1964, both days inclusive, for the purposes of payment of Final Dividend for 1963 to be declared at the next Annual General Meeting of the Bank. The dividend when declared will be made payable at the Registered Office of the Bank on or after the day succeeding the Annual General Meeting to those shareholders whose names appear on the Register of Members as on 28th April, 1964.

By Order of the Board of Directors,
R. L. TULI
General Manager.

Dated, 27th March, 1964.

THE CENTRAL BANK OF INDIA, LIMITED

Registered Office:

Central Bank Building,
Mahatma Gandhi Road, Fort, Bombay-1

NOTICE

NOTICE IS HEREBY GIVEN THAT THE FIFTY-THIRD ANNUAL GENERAL MEETING of the Shareholders of THE CENTRAL BANK OF INDIA, LIMITED, will be held at the Walchand Hirachand Hall, 4th Floor, Lalji Naranji Memorial Indian Merchants' Chamber Building, 76, Vir Nariman Road, Churchgate, Bombay-1, on Tuesday, the 28th day of April, 1964, at 4-00 p.m. (S.T.), to transact the following business:—

1. To receive, consider and adopt the Report of the Directors and the Audited Accounts for the period ended 31st December, 1963.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Jaykrishna Harivallabhdas, who retires by rotation under Article 92 of the Company's Articles of Association read with Section 256 of the Companies Act, 1956, and who is eligible and offers himself for re-appointment.
4. To appoint a Director in place of Mr. N. M. Wagle, who retires by rotation under Article 92 of the Company's Articles of Association read with Section 256 of the Companies Act, 1956, and who is eligible and offers himself for re-appointment.
5. To appoint a Director in place of Nawab Prince Mukarram Jah Bahadur, who retires by rotation under Article 92 of the Company's Articles of Association read with Section 256 of the Companies Act, 1956, and who is eligible and offers himself for re-appointment.
6. To appoint a Director in place of Mr. Nariman Kaikhushru Karanjia, who retires by rotation under Article 92 of the Company's Articles of Association read with Section 256 of the Companies Act, 1956, and who is eligible and offers himself for re-appointment and, for that purpose, to consider and, if thought fit, to pass the following resolution, of which special notice as required by Section 281 of the Companies Act, 1956, has been received by the Company and the relative Explanatory Statement concerning which is annexed hereto, as required by Section 173 of the said Act:—

   "RESOLVED that Mr. Nariman Kaikhushru Karanjia who has attained the age of 66 years and who retires by rotation, be and is hereby re-appointed a Director of the Company and it is hereby specifically declared that the age limit for Directors prescribed under Section 280 of the Companies Act, 1956, shall not apply to him."

7. To appoint a Director in place of Mr. Akbar Hydari, who was appointed a Director of the Company by the Board of Directors and who ceases to hold office according to the provisions of Article 84 of the Company's Articles of Association and Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director.
8. (*a*) To appoint Auditors to audit the accounts of the Company and such of the Branch Offices of the Company as the Meeting may determine and to fix their remuneration.

   (*b*) To consider and, if thought fit, to pass the following Resolution with or without modification as a Special Resolution:—

   SPECIAL RESOLUTION

   "RESOLVED that pursuant to Section 314 of the Companies Act, 1956, consent of the Company be and is hereby accorded to the appointment of M/s. A. F. Ferguson & Co., a Partnership Firm, one of whose Partners, viz., Mr. Naval Rustomji Mody, is a relative of Sir Homi Mody, a Director and Chairman of the Company, as Auditors of the Company and as such holding an office or place of profit under the Company for the period commencing from the conclusion of this Annual General Meeting held in 1964 to the conclusion of the next Annual General Meeting and for attending to such other work as may be entrusted to the said firm of M/s. A. F. Ferguson & Co. during the period of their appointment by the Board of Directors of the Company."

9. (*a*) To consider and decide which Branch Offices of the Company in and outside India, including any Branch Offices which may be opened hereafter other than those resolved to be audited by the Company's Auditors, shall be audited by persons qualified to act as Auditors and in that connection to authorise the Board of Directors to appoint from time to time in consultation with the Company's Auditors such persons as are qualified for appointment as Auditors of the Company under Section 226 of the Companies Act, 1956, on such terms and conditions and remuneration as the Board may deem fit to audit the accounts of such Branch Offices of the Company.

   (*b*) To consider and, if thought fit, to pass with or without modification, the following resolution for applying for exemption from audit of the accounts of the Company's Branch Offices other than those resolved to be audited respectively by the Company's Auditors and by persons qualified to act as Auditors.

   "RESOLVED that the Board of Directors be and is hereby authorised to apply to the Central Government under the Companies (Branch Audit Exemption) Rules, 1961, for exemption from audit of the accounts for the year ending 31st December, 1964, of all Branch Offices now existing and which may be opened hereafter during the said year ending 31st December, 1964, other than those resolved to be audited respectively by the Company's Auditors and by other persons qualified to act as Auditors in terms of the provisions of Section 228 of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 1960, and to agree to such terms and conditions as the Central Government may prescribe in this behalf, and in the event of such exemption being not granted in respect of any of such Branch Offices, then and in such event the Board of Directors be and is hereby authorised to have the accounts of all or some of such Branch Offices audited by the Company's Auditors and in respect of the remaining Offices if any for which exemption is not granted appoint such persons as are qualified to act as Auditors of the Company, in consultation with the Company's Auditors and on such terms and conditions as the Board of Directors may decide upon from time to time for audit of the accounts of such last mentioned Branch Offices."

10. To consider and, if thought fit, to pass the following Resolution with or without modification as a Special Resolution:—

    SPECIAL RESOLUTION

    "RESOLVED that the sum of Rs. 25 per share remaining uncalled in respect of each of the Ordinary Shares issued or to be issued to the former Shareholders of the Jodhpur Commercial Bank, Ltd., by virtue of the Amalgamation of the said Bank with the Company, shall not be capable of being called up except in the event and for the purpose of winding up of the Company on the same basis as already resolved in respect of the Ordinary Shares of the Company."

11. To consider and, if thought fit, to pass the following Resolution with or without modification as an Ordinary Resolution:—

    "RESOLVED that dividends at the rates declared for each of the respective half-years, be paid on all previous and future allotments of the Bank's Shares in respect of the first distribution of Capital to Shareholders of the Jodhpur Commercial Bank, Ltd., in terms of the Scheme of Amalgamation of the two Banks with effect from 5th September, 1962 (being the date of expiry of the notice already issued in respect of the first Distribution of Return of Capital).

By Order of the Board,

F. C. COOPER,
General Manager.

BOMBAY, 23*rd March*, 1964.

Note:—

A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

(*a*) The Transfer Books of the Company will be closed from Thrusday, the 9th day of April, 1964 to Tuesday, the 28th day of April, 1964 (both days inclusive).

(*b*) Dividend Warrants for the half-year ended 31st December, 1963, will be posted to the Shareholders at their Registered Address on and after the 14th day of May, 1964. Shareholders are requested to intimate to the Company their change of address, if any, immediately.

(*c*) The Explanatory Statement required under Section 173 of the Companies Act, 1956, has been forwarded to the members of the Company.

MARTIN BURN LIMITED

NOTICE IS HEREBY GIVEN THAT THE Register of Members and Share Transfer Books for Preference Shares in the Company will remain closed from the 9th April to 15th April 1964, both days inclusive, for the purpose of payment of Preference Dividend for the half-year ending 31st March, 1964, on or after the 15th April 1964, to those Preference Shareholders whose names appear on the Company's Register of Members on the 15th April, 1964, or to their mandatees.

By Order of the Board,

L. K. SEN CHOWDHRY,
Secretary.

Registered Office:
12, MISSION ROW,
CALCUTTA-1.
31*st March*, 1964.

COMPANY MATTERS

(*Concluded from page 575*)

Frames by modern drafting system. Orders have already been placed for the *blow room, cards* and drafting materials. The said drafting materials are expected to be received from March 1964 onwards. The cards are due for delivery in 1965. The *Blow Room* ordered on deferred payment system is due for delivery by February/March 1965. The Company has obtained import licences for 4 Nos. high-speed drawing and 9 Nos. can fed interframes on deferred payment system and orders are to be finalised.

Apart from the above, the Board of Directors have resolved to increase the spindleage of the mills by 3,731 spindles as permitted by the Textile Commissioner. Orders for the required machinery have been placed with the manufacturers.

The commitment of the Company in respect of these is about Rs. 17 lakhs. The delivery of the ordered machineries will be only in subsequent years 1965-66. In view of the deferred payments facilities available and cost of the machines having to be incurred from now to 1966, the Company is hopeful of meeting the commitments from its own present resources and future earnings.

Accounts in brief as at 31st December 1963 are as under:—

LIABILITIES	Rs.	ASSETS	Rs.
Capital ..	15,02,500	Gross block ..	87,81,050
Reserves and surplus	12,19,661	—Depreciation ..	45,36,375
Other liabilities ..	43,84,248		
		Net block ..	42,44,675
		Current assets ..	25,65,636
		Investments ..	1,13,800
		Cash	1,22,298
		Miscellaneous expenditure ..	60,000
	Rs. 71,06,409		Rs. 71,06,409

* Paid-up capital consists of 30,050 Equity shares of Rs. 50 each. Of the above 15,025 shares are allotted as fully paid-up by way of Bonus shares by capitalisation of reserves.

NEWS IN BRIEF

THE State Trading Corporation has secured an order for the sale of 2,000 tons of low-grade tobacco to the Soviet Union. The actual sale price of the tobacco is, however, yet to be finalised.

The coal washery capacity of the Durgapur Steel plant will soon be expanded to supply larger quantities of washed coal. The Associated Electrical Industries has undertaken to supply a part of the equipment for the proposed expansion.

The Central Government has constituted a working group for tobacco, consisting of the State and Union Government representatives, to examine the different aspects relating to long-term production and recommend measures for stabilisation of prices.

The Life Insurance Corporation has extended its "own your Home" scheme to 30 more cities and towns with effect from the 1st inst. in addition to the 20 already covered the scheme. The terms and conditions for the grant of loans remain unchanged.

Work on the industrial instruments manufacturing plant has already begun at Palghat in Kerala. The plant, being built with Soviet assistance, is India's largest instrument making centre. It will manufacture mechanical, hydraulic and pneumatic industrial instruments.

The Government of Maharashtra has appointed a committee to evolve norms of service conditions for Secretaries and other employees engaged in co-operative supervising unions and other co-operative institutions. The Committee has been asked to submit its report within six months.

The thirty-first annual general meeting of the Indian Sugar Mills Association will be held at New Delhi on the 27th inst. Mr. G. M. Modi, President of the Association, will preside over the meeting. The Meeting will be inaugurated by Sardar Swaran Singh, Union Minister for Food and Agriculture.

The Union Government has suspended until further notice the export promotion scheme for woollen textiles and woollen goods (excluding carpets, rugs and druggets) with effect from the 1st inst. No import entitlements will, therefore, be issued against exports of these goods effected on or after the 1st inst.

The twenty-fourth annual conference of the All-India Manufacturers' Organisation will be held at New Delhi on the 24th and 25th inst. Mr. Prabhu V. Mehta, Chairman of the Organisation, will preside over the conference which will be inaugurated by Mr. Lal Bahadur Shastri, Union Minister without portfolio.

A high-power committee headed by Mr. S. S. Khera, Union Cabinet Secretary, is expected to pay a visit to Madras sometime this month to select the site for the proposed oil refinery. The State Government has proposed three sites to the north of the city. The selection of the site is expected to be completed in about a month's time.

The number of commercial vehicles, jeeps and cars produced in India during the calendar year 1963 was 27,521, 8,184 and 15,711, respectively, as against 25,971, 7,597 and 23,326 in the previous year. Production of motor-cycles, scooters, three-wheelers and mopeds aggregated 26,572 as compared with 25,002 units, and the number of diesel engines produced was 55,000 as against 42,645.

Five new mines mechanisation training institutes are expected to be established by the end of the current Plan period at a total cost of Rs. 1.43 crore. The institutes will be located at Bhurkunda, Kurasia, Bhuli, Sitarampur and Bellam Palli. Each institute will impart training to some 320 trainees in mines electrification, mines mechanism, diesel mechanism, mines operators, etc.

The U.S. Department of Agriculture has predicted a 30 per cent rise in agricultural production in India during the period 1963-68. This rate of increase forecast is almost double that actually maintained in the years 1953-62. The Department has stressed the importance of more irrigation and fertilisers facilities, marked improvement in farming methods, and larger credit and marketing facilities.

Twenty million tons of iron ore were produced in India during the year 1963, a record figure which exceeded the actual output of the previous year by more than a million tonnes. Orissa, as usual, was the largest producer, the output amounting to about 6 million tonnes, followed by Bihar with 3.5 million tonnes, Mysore with 2.4 million tonnes and Madhya Pradesh with 2.3 million tonnes.

The cotton textile mills' production in the month of February this year is provisionally placed at 72 million kilograms of cotton yarn and 348 million metres of cotton cloth, as compared with 67 million of kilograms of cotton yarn and 337 million metres of cloth in the same month last year. At the end of February, the composite mills of the cotton textile industry held an estimated cloth stock of 85,000 metric bales as unsold and 170,000 metric bales as sold, but unlifted.

The Fertiliser Corporation of India has decided to open a chain of fair price shops in all its units and divisions at Sindri (Bihar), Nangal (the Punjab), Rourkela (Orissa), Trombay (Maharashtra), Namrup (Assam), Gorakhpur (U.P.) and Korba (M.P.). As many as 16,000 employees of the Corporation will enjoy the benefit of the scheme. The Corporation has invested a sum of Rs. 25,000 towards the working capital of each fair price shop which will be run departmentally on no-profit-no-loss basis.

The States of Maharashtra, Gujarat and Madhya Pradesh have agreed to constitute the Western Regional Electricity Board, with headquarters at Bombay, for planning, generation and distribution of power. Four other such Boards have already been set up for the Southern, Northern, Eastern and north-eastern regions. The Board will chalk out a programme for ensuring integrated operation of power systems in the different States, co-ordinate, overhaul and maintenance, determine periodical generation schedule, and discuss pricing policy.

The permanent Indus Commission, set up under the Indus Waters Treaty, 1960, and comprising a Commissioner each from Pakistan and India, held a six-day meeting at New Delhi from 25th March 1964. This was the thirteenth regular meeting of the Commission. At this meeting, the Commission has drafted its fourth annual report for the year ending 31st March 1964, which will be submitted to the two Governments before 1st June this year. The next meeting of this Commission will be held in Pakistan in May next. Mr. M. A. Hamid, Pakistan Commissioner for Indus Waters, and Mr. H. C. Kalra, Commissioner for Indus Waters, Government of India, lead the respective delegations.

The Santhanam Committee on Prevention of Corruption submitted its report on Tuesday this week to Mr. G. L. Nanda, Union Home Minister. The Committee has suggested that government servants should submit periodical statements stating particulars about their immovable and movable properties other than articles of daily use, such as clothes, utensils, crockery and books, but must cover items like jewellery. It has also recommended that a code of conduct be evolved for ministers in regard to acquisition of property, acceptance of gifts and disclosure of assets and liabilities. It has further proposed that the President should constitute a national panel for investigating complaints of corruption against ministers whenever an allegation is made against a Minister by any 10 members of Parliament or State legislature.

* * * *

From Abroad

The Japanese Keimei Koeki Company has bought 100 tons of Soviet lead. This is third such deal with Keimei during the past six months. The Company has purchased from the Soviet Union 500 tons of zinc and 10 tons of antimony.

The Government of West Germany has increased its credit to Indonesia by DM 30 million to DM 85 million for modernising its railway system. The additional DM 30 million are being given in the form of 35 diesel hydraulic locomotives.

The Board of Governors of the New York Commodity Exchange has voted to reactivate the tin futures contract, in which trading ceased during 1959 due to inactivity. Trading is likely to commence from the 8th of this month. There will be a daily trading limit of eight cents above or below the previous close.

Japanese firms spent as much as £298 million on advertising during 1963, representing an increase of 22.5 per cent over the previous year, according to the Dentsu Advertising Company, Japan's biggest advertising firm. Media-wise, the press remained the most popular, accounting for £112 million of all advertising expenditure, followed by Television (£89 million) and electrical appliances, cameras and office equipment (21 per cent of the total).

The Chiyoda Chamical Company of Tokyo and the Fluor Corporation of Los Angeles (U.S.A.) will jointly design and build an 18,000 barrel-per-day oil refinery in Singapore for the Mobil Refining Company of Malaysia. The cost of the refinery is estimated at $13 million. Most of the specialised equipment and materials to be used in the refinery will be bought in Japan. Construction of the refinery is expected to begin late this year and will be completed before the end of 1965.

Revised estimates for the U.S. balance of payments for the final quarter of 1963 show a deficit of $2,100 million (annual rate). The preliminary estimate was only $1,500 million. The total deficit for the whole of 1963 comes to $3,300 million as against the earlier estimate of about $3,000 million. The wider deficit is attributed to smaller exports of military equipment and larger deposits by foreigners in U.S. bank accounts.

Sweden's industrial output in January was 8 per cent larger than in the same month of last year. The production index touched 337 points, as against 311 in January 1963. The seasonally adjusted index for January was 317, which compares well with 315 recorded for December 1963. Within the overall 8 per cent increase the output of capital goods was up 6 per cent and consumer goods 9 per cent. Iron ore mining and output at the steelwork registered an increase of 12 per cent on January 1963, while timber output was up 14 per cent. Employment in the engineering industry, on the other hand, was 1 per cent lower. All consumer goods branches report higher figures than a year ago. Output in the food industry was up 8 per cent, pulp and paper production 21 per cent and leather and footwear output 2 per cent. Preliminary figures for the textile and clothing industry indicate an increase of 3 per cent.

PERSONAL

MR. J. R. Henshaw, President of the United Planters' Association of Southern India, has been unanimously elected Vice-Chairman of the Tea Board for the year 1964-65.

Mr. Subodh Chandra Mukherjee, a grower-member of the Indian Central Jute Committee, assumed charge on Wednesday this week as Vice-President of the Committee for the year 1964-65.

Mr. Nagendra Singh, at present Additional Secretary to the Union Ministry of Transport, has been appointed Special Secretary to the Ministry of Information and Broadcasting.

Mr. M. C. George, Pro-Manager, First National City Bank, Bombay, has received an international travel award from the National City Foundation of the Bank to visit the U.S. for a period of two months. He will also visit some of the Bank's branches in Asia and Europe.

Mr. Roy I. Jackson of the U.S., the Executive Director of the International North Pacific Fisheries Commission based at Vancouver, has been appointed Director of the Fisheries Division of the Food and Agriculture Organisation. He is expected to assume charge from 1st May next.

Mr. P. A. Narielwala, Director, Tata Industries Private Ltd. and Vice-Chairman of Voltas Ltd., has become the Chairman of Voltas Ltd., with effect from 1st March 1964, in place of Mr. J. D. Choksi, who has relinquished the post from that date. Mr. Choksi will, however, continue as a Director on the Board of the Company.

Mr. C. A. Pitts, Managing Director of Imperial Chemical Industries (India) Private Limited, has been appointed Chairman of the Company, in place of Mr. A. R. Foster who has retired after thirty-one years of service. Mr. A. L. Mudaliar, until recently the Manager of I.C.I. (India)'s Calcutta office, has now been appointed to the Board of the Company.

Dr. W. J. J. Curry, Director and General Manager, Telephone Cables Division of the British Insulated Callender's Cables Ltd., U.K., has been appointed Managing Director of the Indian Cable Company Limited, a B.I.C.C. associated company. Mr. R. E. Beal, Director and Commercial Manager, Telephone Cables Division, has been appointed Acting General Manager of the U.K. Division; he has already taken up these duties.

The U.N.-F.A.O. World Food Programme will help the Government of Formosa in its efforts to reclaim tidal land along the west coast of Taiwan. Some 100,000 hectares of land are to be reclaimed, and used for growing food expected to be enough for 5,000 persons every year. An agreement on food aid was signed with the Government of Taipei recently under which the World Food Programme will supply wheat and butter oil worth $360,000, to be distributed directly to workers as part of their wages. The project involved construction of dykes, irrigation and drainage channels, roads and wind breaks, needing approximately 1.2 million man-days of work. The total cost of the project to the programme would be half a million dollars, including transport, insurance and supervision. Already an expert has been provided by the U.N. Technical Assistance Board and has worked on the project since January last year to plan it.

The 18th German Industrial Fair at Hanover from 26th April to 5th May is expected to put up a record performance, judging from the number of visitors and the volume of industrial goods intended for display. A spokesman of the management of the Hanover Fair has stated that until now as many as 4,412 German and 1,285 foreign firms and 29 different countries have consented to participate. Some more firms are expected to make last-minute decisions, and it is expected that this year's figure will exceed last year's figure of 5,707 participants. The management also expects to attract nearly 2 million interested visitors and buyers to the forthcoming Fair, where one can see products ranging from precision watches to heavy machinery weighing several tonnes and from industrial glass to the finest porcelainware. For the fifth time in succession Hanover will also be the venue of an exhibition, "German Aviation Show," which is to be held in conjunction with the German Industrial Fair from 24th inst. to 3rd May and in which foreign firms are also expected to participate.

The developing countries have increased their exchange of trade with the Soviet Union more than tenfold during the decade 1953-63. The Soviet Union has trade and payments agreement with 35 countries of Asia, Africa and Latin America. Trade with the Socialist States permits the developing countries to receive first-rate equipment and manufactured goods in exchange for their exports. In 1955 these countries purchased 2 per cent of the Soviet exports of machinery equipment, and in 1960 the figure rose to 13 per cent. Among the remarkable changes that have occurred in the foreign trade relations of developing countries, the increased role of the State-owned sector in many young African States, a sector which appears in foreign markets more and more often as a big buyer and seller. Another factor contributing to the progressive elimination of colonial vestiges in economy is the policy of industrialisation which increasingly tells on the pattern of foreign trade of developing nations. Beginning with 1958 their exports of manufactured goods have increased approximately 50 per cent although this has not changed so far the basic agrarian-raw material pattern of their exports.

TREND OF MARKETS

TWO CONVERSION LOANS

(From Our Own Correspondent)

BOMBAY, 1st *April*

The announcement of the first instalment of the Centre's borrowing programme for the current financial year is the outstanding event of the week insofar as the money market is concerned. The programme envisages the offer of two conversion loans against the 3½ per cent National Plan Loan 1964 and 3 per cent Loan 1964, due to mature on 19th April and 15th June, respectively. Of the two loans, one is a short-dated loan running for six years (repayable at par on 15th April 1970) and carries interest at 4 per cent per annum; it will be issued at a discount of Re. 1, that is, at Rs. 99. The other is a long-dated loan running for twenty-five years (repayable at par on 15th April 1989) and carrying interest at 4½ per cent; it will be issued at par, that is, Rs. 100. Subscriptions will be received from the 15th to 22nd of this month, both days inclusive.

The securities of 3½ per cent National Plan Loan 1964 and 3 per cent Loan 1964 will be accepted for conversion at par and interest thereon will be paid at the rate of 3½ per cent and 3 per cent per annum upto and inclusive of 18th April 1964 and 14th April 1964, respectively. The new securities to be issued by way of conversion will bear interest from 15th April 1964. The interest, which will be paid half-yearly on 15th October and 15th April, will be liable to tax under the Income-tax Act, 1961. Applications for new loans will be received at the Offices of the Reserve Bank of India at Bangalore, Bombay (Fort & Byculla), Calcutta, Madras, Nagpur and New Delhi; branches of the subsidiary banks of the State Bank of India conducting Government treasury work; and branches of the State Bank of India at other places in India.

The outstanding amount of the two maturing loans is Rs. 185.51 crores, the 3½ per cent National Plan accounting for Rs. 158.18 crores and the 3 per cent Loan for Rs. 30.33 crores. Assuming that the whole of this outstanding will be converted into new loans, there will remain a balance of Rs. 106.49 crores which will have to be raised, obviously in the form of a cash loan or loans, to reach the Rs. 295-crore target set in the 1964-65 budget of the Central Government. The second instalment of the borrowing programme is likely to be announced sometime in June or July, depending upon the state of the money market.

Market circles have welcomed the higher yield pattern of the new loans. Some ask: could this be taken as an indication of a possible rise in the Bank rate eventually? And some others ask: Will the interest rates on deposits, which are governed by the Inter-bank Agreement, be raised suitably in accordance with the wish expressed by the Reserve Bank? This question was discussed in the City at a meeting of the representative committee of Indian and foreign banks on Saturday, 28th March. Since there was wide divergence of opinion among the members, a decision on the question was deferred to the next monthly meeting of the Indian Banks Association due towards the end of this month.

Meanwhile, the short-term money market continues to present stringent conditions. With a restricted supply of funds and persistent pressure of demand for the same, the inter-bank call rate stayed put at the high level of 6½ per cent throughout. Borrowers are finding it difficult to obtain their requirements. At Calcutta, too, conditions are tight, the call rate standing unaltered nominally at 6½ per cent.

With the prevailing stringency of money, it is not surprising that the 91-day Government of India Treasury Bills continue to elicit poor support. The total amount offered against Bills, tenders for which opened on Tuesday, 31st March, was just equivalent to that invited (and also accepted), namely, Rs. 2 crores. The average rate of accepted tenders moved up again, to 3.000 per cent per annum from 2.750 per cent last week, to which level it had gone up from 2.50p in the preceding week. The Intermediate Treasury Bills sold from 25th to 28th March fetched no more than Rs. 10 lakhs.

India's foreign exchange reserves declined by Rs. 8.36 crores to Rs. 126.28 crores during the week ended 27th March. The decline was shared by both balances held abroad and foreign securities held in the Issue Department of the Reserve Bank, the former receding by Rs. 3.35 crores to Rs. 13.82 crores and the latter by Rs. 5.00 crores to Rs. 112.46 crores. Deposits of scheduled banks decreased by Rs. 4.90 crores to Rs. 76.66 crores, and loans and advances secured by them from the Reserve Bank also decreased by Rs. 14.74 crores to Rs. 84.16 crores. Notes in circulation were lower by Rs. 2.26 crores at Rs. 2,454 crores.

There was a further rise of Rs. 6.32 crores to Rs. 1,802.55 crores in the total credit made available by scheduled banks to their clients during the week ended 20th March 1964. Deposits also rose but by only Rs. 1.02 crore to Rs. 2,432.29 crores. Borrowings from the Reserve Bank went up by Rs. 3.16 crores to Rs. 98.82 crores, including Rs. 46.33 crores (a fall of Rs. 59 lakhs) against usance bills. Investments showed a drop of Rs. 1.32 crore to Rs. 636.74 crores.

The announcement of the issue of conversion loans did not have any perceptible effect on the Gilt-edged market which continued to rule dull, with restricted turnover. 4 per cent 1972 and 1973 loans lost 20 nP and 15 nP, respectively; both were done at Rs. 99. The two maturing loans, against which conversion facilities have been offered (3½ per cent National Plan 1964 and 3 per cent Loan 1964), were quoted at Rs. 99.90 and Rs. 99.60, respectively.

In the foreign exchange market, the banks' selling rate for U.S. dollars improved by 25 nP to Rs. 478.50, while their buying rate continued unchanged at Rs. 475. In New York, the pound sterling was a shade better *vis-a-vis* the dollar, the spot rate gaining 0.020 cent to 279.820-279.840 cents and the three months' forward by 0.10 cent to 279.330-279.350 cents.

SILVER RALLIES

(From Our Own Correspondent)

BOMBAY, 1st *April*

Silver staged a smart rally this week on renewed buying enquiry from Madras and local support. Gold ruled, however, quiet, while sovereign continued to be firm.

Fresh support for silver was attributed to prospects of better demand from the next month onwards when the Hindu marriage season starts. Higher upcountry advices also influenced sentiment. The limited local stock of about 400 bars was yet another factor favouring a rise in prices. The combined effect of all this was felt in the improved daily average offtake of 15 bars against arrivals amounting to 10 bars, as a result of which the price improved from Rs. 254.50 to Rs. 260 and closed today five points higher over the week at Rs. 259.50.

Gold (14-carat), sagged further early in the week from Rs. 63.25 to Rs. 62.50, but later recovered to finish 50 nP higher at Rs. 63.75. Since business was limited, the later recovery seemed to be in sympathy with the trend in silver. Pure gold was unchanged at Rs. 105 and so was sovereign at Rs. 88.

A consignment of 8½ tons of gold bullion arrived in Paris on Friday 27th March from Moscow and was taken to the Bank of France. But in spite of this news the price of gold in London recovered this week from 250s. 7½d. to 250s. 9*d*. to close at 250s. 8½*d*. due partly to Continental buying and partly to the Bank of England restricting supplies of newly mined South African gold at the relatively low levels touched recently. The international price for gold also recovered from $35.00½ to $35.08. Silver prices in New York and London remained firm at their last levels.

The following table shows the trend of prices during the week under review:

	1-4-1964 (closing)	High	Low	25-3-1964 (closing)
SILVER				
Ready (999 fine) ..	Rs. 259.50	Rs. 260.00	Rs. 254.50	Rs. 254.50
GOLD				
Ready (14 carat) ..	63.75	63.75	62.50	63.25
Sovereign	85.00*	—	—	85.00*
London—				
Gold ..	250s. 8½d.	250s. 9*d*.	250s. 8½*d*.	250s. 7½*d*.
Silver Ready ..	111½*d*.	—	—	111½*d*.
Silver Forward ..	111½*d*.	—	—	111½*d*.
New York—				
Silver	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold 1 per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * As on 24-6-1963.

COTTON FUTURES FIRM AT CLOSE

(From Our Own Correspondent)

BOMBAY, 1st *April*

With the expiry of the Jarilla March contract on the 25th March at the ceiling rate of Rs. 798, traders' attention shifted to the remaining contract, namely Jarilla May 1964. The large volume of tenders, aggregating 4,500 bales, issued against the March contract on the last day, and the favourable survey result of the cotton tendered against it induced some easiness in the May contract. There were of course some bullish factors such as the report that cloth stocks with mills at the end of February, the latest month for which figures are available, were at a record low level and the hardening of the ready prices of certain popular varieties following the removal of the restrictions on the movement of Digvijay cotton. The continued delay in issuing the purchase authorisation in respect of the 375,000 bales of U..S. P.L. 480 cotton recently allocated gave rise to the apprehension that this cotton might not be available for consumption during the current season as was earlier expected. The tendering differences in respect of the May contract fixed on 31st March exerted no perceptible influence on prices as it is considered fair to both bulls and bears. The prospect of tenders against the contract would depend on the trend of spot and futures prices and the extent to which the gap between the two is narrowed down by the time the delivery period starts.

Influenced by the aforesaid factors pulling in opposite directions the Jarilla May contract ruled generally steady during most part of the week under review, but finished firm, thanks to short covering and fresh support forthcoming towards the close of the week. The contract, after declining from last week's closing price of Rs. 743 to Rs. 737.50, firmed up Rs. 752.75, before finishing lower at Rs. 750.50.

Traders are anxiously awaiting official permission for trading in the next settlement, namely Jarilla August, to commence. Trading in this contract is expected to begin in the second week of this month, by which time the proposed changes in by-laws will be finalised. The main changes envisaged are the following:

(*a*) Moglai Jarilla, Kaylan, Digvijay (B), 320F, 216F Laxmi (B) and Buri American be made tenderable up to 2/32″ 'off' instead of up to 1/32″ 'off' as at present.

(*b*) Dholleras be made tenderable up to 1/32″ 'off' (there is no tolerance for Dholleras at present.);

(*c*) Cambodia (A) (basic staple 1.1/32″) and Cambodia (B) (basic staple 1″) be made tenderable up to 1.2/32″;

(*d*) Tendering differences for the additional 'off' and 'on' staples permitted for August 1964 delivery be fixed by the Special Committee latest within 14 days from the date of permitting trading in August 1964 delivery on the same basis as adopted for fixing other staple difference for May 1964 delivery, i.e., on the basis of the differences for staples as prevailing on the date of the fixation of tendering differences for May 1964 delivery as per provisions of by-law 55 (*v*)(*b*).

The spot market at Sewri reported better activity. Spinner demand was noted for such popular cottons as L.147, Co2, 197/3, Kalyan and Digvijay. Following the removal of the restrictions on the movement of Digvijay cotton, its price firmed up by Rs. 10 to Rs. 1,235 per candy. If this variety is sold at more than Rs. 1,270 per candy, or at a price exceeding the corresponding spot price in upcountry centres, it is liable to a compulsory survey by the Appeal Committee of the Textile Commissioner.

Export interest in Bengal *Deshi* was conspicuous by its absence. Mill interest in foreign cotton was sustained by the hope that the purchase authorisation in respect of U.S. cotton would be issued soon and that a global quota for import of a substantial quantity of foreign cotton was also likely. But offers from U.S. shippers are few and far between. Limited mill buying was noticed in Sudan and Pima. Mills have also been attracted to East African cotton, thanks to its relative cheapness.

The following are the latest available quotations—in rupees per candy of 784 lbs.—from the spot market at Sewri:

Co2 1,480, Jaydhar 1,015, L.147 1,165. Kalyan 964, Laxmi (Gadag) 1,170.

American 1,245, B.P.52 1,275, Elpaso 1,500.

Crop progress so far indicates that the expectation of a good crop this season would materialise. The current estimate of the crop is around 5.8 million bales, as compared with 5.76 million bales during last season. A prominent firm of cotton traders, Messrs. Patels and Volkarts, Bombay, sums the crop position, as at the end of February last, as follows:

"By the end of February, about 80 per cent of this season's crop had been harvested and the weather factor had ceased to play a major role almost everywhere, except in the South. A reassessment of the crop in the North revealed that the production there had been considerably underestimated. In the Punjab, arrivals during February continued on an unexpectedly large scale, so that crop estimates had to be revised upwards by some 150,000 bales. Some further increases were registered in the central belt. Production estimates on the West Coast have now been reduced to some 75 per cent of last season's final output. The crop movement has so far been abnormally slow. There are still considerable doubts as to the yield and it appears that later pickings will show unmistakable traces of the cold wave that hit this area in January. Down in the South, crop prospects continue to be rather gloomy. The quality of this season's crop in the Westerns and Comptahs (Laxmi/Jaydhar/Farm) is far below normal standards, and a lot of utterly inferior stuff is now coming into the markets. Further South, the absence of seasonal rains is causing some anxiety. The following are present crop estimates, as compared with the final estimates of the previous two seasons:

(In '000 bales of 400 lbs./180 kgs.)

Areas	1963-64	1962-63	1961/62
North	1,425	1,032	1,042
Central belt	2,050	1,963	1,488
West coast	1,460	1,871	1,388
South	853	887	766
Elsewhere	12	12	16
Total ..	5,800	5,765	4,700

Arrivals per end of February, as compared with those at the same time during the previous two seasons, are estimated as under:

(In '000 bales of 400 lbs./180 kgs.)

Area	1963-64	1962-63	1961-62
North	1,366	954	922
Central belt	1,932	1,651	1,187
West coast	400	905	493
South	133	103	95
Elsewhere	6	2	2
Total ..	3,836	3,615	2,699

OILSEEDS DULL

(From Our Own Correspondent)

BOMBAY, 1st *April*

Dull conditions prevailed in the oilseeds market during the week under review. Arrivals from upcountry centres were no doubt small, but they failed to impart strength. For fresh buying support was absent and consequently, both seeds and oils tended to look down, with the exception of groundnut futures which recorded moderate gains on short covering and firm Rajkot advices. Castorseeds encountered selling, following the reported release of castor oil from U.S. stockpiles. Linseeds were easy in the absence of any encouraging news. Cottonseeds moved in sympathy with the general easytone of the market and suffered losses though the losses were minor. The castorseeds March contract went off the board yesterday at Rs. 174 plus a penalty of Rs. 5 for non-deliveries. Including the tenders for 100 metric tons issued on the last notice day (yesterday), the total of tenders issued so far amounted to 725 metric tons. The Linseed March contract was off the board on the same day at Rs. 40.75, with a penalty of Re. 1. Tenders for 50 metric tons were issued yesterday, making a total of 350 metric tons. The Forward Markets Commission, has asked the associations

trading in different oilseeds and cakes immediately to fix maximum price for their current contract at levels not exceeding (the highest price) touched by them so far. This step has been taken to arrest the steep rise in prices of oilcake, *methi*, coriandersseed, mira cake, sesamum cake, *arhar chuni* and *mung chuni* brought about by excessive speculation.

In the groundnut section, the spot Nizam bold, and khandesh quality receded by a rupee each to Rs. 50.50 and Rs. 51.50, respectively. The Groundnut April contract, however, picked up 25 nP to Rs. 239.87. July contract put on 13 nP to Rs. 236.50. Oil ex-mill lost 20 nP to Rs. 19.80. Railway receipt fell by 45 nP to Rs. 19.30. Groundnut oil cake expeller April contract was a shade lower at Rs. 416, while the July contract strengthened by Rs. 2 to Rs. 425 on special support.

The castorseeds June contract lost 87 nP to Rs. 171. Spot Madras began the week at Rs. 34.37 after rising to Rs. 34.50 on Monday, but drifted downward thereafter and closed at Rs. 34 today. Kanpur bold shed 12 nP to Rs. 33. Oil B.S.S. was dull at Rs. 14.60. Oil commercial eased by 10 nP to Rs. 13.95.

Linseed June 1964 contract dropped 44 nP to Rs. 41.06. Bold ready was neglected at Rs. 40.25. Oil ready, however, gained 5 nP to Rs. 16.15 on stray support.

Cottonseed April contract climbed down from Rs. 102.50 to Rs. 97.50. June contract declined by Re. 1.50 to Rs. 104.

The following table shows the closing prices of oilseeds and oils on Wednesday 1st April as compared with those of two previous weeks:

	1-4-1964	25-3-1964	18-3-1964
Groundnuts	Rs.	Rs.	Rs.
April 1964 contract	239.87	239.62	237.50
July 1964 contract	236.50	236.37	—
Nizam bold	50.50	51.50	50.50
Khandesh quality	51.50	52.50	51.37
Oil ex-mill	19.80	20.00	19.65
Oil Rly. Receipts	19.30	19.75	19.35
Castorseed			
March 1964 contract	174.75	176.37	176.00
June 1964 contract	171.00	171.87	172.00
Ready Madras	34.00	34.37	34.37
Ready Kanpur	33.00	33.12	33.12
Oil B.S.S.	14.60	14.70	14.70
Oil commercial	13.95	14.05	14.50
Linseed			
March 1964 contract	41.00	41.00	40.50
June 1964 contract	41.06	41.50	40.87
Bold ready	40.25	40.25	39.87
Linseed oil	16.15	16.10	15.45
Cottonseed			
April 1964 contract	97.50	102.50	103.00
June 1964 contract	104.00	105.50	—

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

YARNS DECLINE

(From Our Own Correspondent)

BOMBAY, 1st *April*

On sufficient supplies and absence of any important buying support, yarns suffered an all-round setback in values during the week under review. The trend was distinctly weak in art silk yarns which closed with further moderate losses. Staple fibre yarns also declined, while, among cotton yarns, certain varieties finished fractionally lower.

In the art silk yarn section, National Rayon 120D sagged from Rs. 12.85 to Rs. 12.78 and Century 75D came down from Rs. 18.83 to Rs. 18.63. Kohinoor, among 2×40 spot staple fibre yarns, suffered a loss of 9 nP at Rs. 9.48. Among cotton yarns, 10s Navsari were lower by 12 nP at Rs. 19.25 and 40s Vasanta by 25 nP at Rs. 38.50.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	1-4-1964	25-3-1964
Art silk yarn (per kg.)—	Rs.	Rs.
National Rayon 120D	12.78	12.85
Century 75D	18.63	18.83
S. I. Viscose 150D	13.88	13.75
Staple fibre yarn (40×2)—		
Kohinoor (per kg.)	9.48	9.57
Century	9.48	9.46
Cotton yarn (per bundle of 10 lbs.)—		
10s Navsari	19.25	19.37
20s Podar	24.25	24.25
32s Hisar	31.50	31.50
40s Vasanta	38.50	38.75
60s Kothari	60.50	61.00
80s Ganesh	83.50	83.50

GOOD C.T.C. TEAS FIRM

(From Our Own Correspondent)

CALCUTTA, 31st *March*

Dusts offerings amounting to 30,207 packages at last week's sales here met with a good general demand, and good C.T.Cs were a strong feature. Medium C.T.Cs were irregular, but the bright teas sold well. Prices of plain orthodox teas eased, while the medium Assams possessing bright liquors were fully firm. Legg-cut teas were also fully firm. The quotations per one kg., inclusive of excise duty, were: Good Assam C.T.C. dust Rs. 6.70 to Rs. 6.80, medium Assam C.T.C. dust Rs. 5.00 to Rs. 5.25, medium Assam dust Rs. 4.60 to Rs. 5.00, legg-cut dust Rs. 4.60 to Rs. 4.90, and plain orthodox dust Rs. 4.20 to Rs. 4.50.

It was noted here that the growing importance of Cochin as a tea auction centre was highlighted in the speech of Mr. B. Irens, Chairman of the Cochin Tea Trade Association, at the Association's annual meeting held recently at Cochin. South Indian tea production in 1963 at 84.8 million kgs. was higher by 4.67 million kgs. over 1962, and represented an increase of 30 million kgs. in the last decade. Tea offered at the Cochin auctions in 1963 showed an increase of 230 per cent in the last decade. Exports through Cochin last year totalled 44 million kgs., an increase of 3 million kgs. over 1962. Mr. Irens said that, although the U.S.S.R. imported 7 million kgs. in 1963 (an increase of 75 per cent over the previous year) most of these consisted of medium and low medium teas. He also expressed concern at the decline in exports to a number of South India's traditional markets, and referred to the need for direct shipping facilities to New Zealand which, he said, was to Ceylon's advantage.

WHOLE LEAF TEAS FIRM

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 25th *March*

Offerings in leaf tea sale No. 12 held here on 24th inst. amounted to 485,000 kgs. Quality in general showed a slight falling away, but the overall selection of teas on offer was quite useful. The market met with good demand, though prices were generally lower. Low medium and medium brokens elicited useful enquiry, but prices for these inclined easier. Similar fannings received less support and were easier, these being the weakest feature of the sale. Good mediums, particularly useful liquoring teas, were sold well. Highgrowns continued in demand and were sold at firm to dearer rates, with brokens attracting better support than their equivalent fannings. Clean black leaf descriptions were sold at around last rates. Unorthodox teas came to a lower market, particularly C.T.C. and legg-cut types. Whole leaf grades were firm with liquoring F.P's selling at dearer rates. Tippy teas were sold readily at fully firm rates.

The quotations (per kg.) were:

	1964	1963
	Rs.	Rs.
Low mediums	4.40-4.90	4.40-4.90
Mediums	4.95-5.50	5.00-5.70
Good mediums	5.60-6.80	5.70-6.60
Nilgiri B.O.P.	6.30-9.00	6.00-9.40

The average price realised in dust sale No. 12 was Rs. 5.52 per kilo, as against Rs. 5.60 a week ago and Rs. 5.46 in the corresponding sale last year.

A total of 175,000 kgs. was offered in dust sale No. 12 held today. The market encountered good general demand. Highgrowns were sold well and fetched last rates seen. All medium descriptions came to a slightly easier market. Unorthodox types were sold well at around last prices.

The average price realised in dust sale No. 12 was Rs. 4.59 per kilo, as against Rs. 4.61 a week ago and Rs. 4.58 in the corresponding sale last year.

Colombo: The market opened to strong and active demand and highgrowns were firm following quality as were best medium B.O.Ps. Low medium brokens advanced by 5 to 15 cents and lowgrowns were 5 to 10 cents dearer. Medium fannings were irregularly dearer, while lowgrown sorts were firm.

London: North Indian and other growths: In Monday's auction, there was good general demand and prices were generally firm at last levels.

Ceylon and South Indians: 25,364 packages were on offer in Tuesday's sale, of which 5,552 packages were from South India. There was good general demand. Ceylons were strong and dearer at the opening of the sale but came to an irregular market at the close. South Indians were firm with improved quality teas being dearer.

METALS EASIER

(From Our Own Correspondent).

CALCUTTA, 31st *March*

The Easter holidays as well as the reluctance of consumers to follow the upward trend led to easier conditions in the Calcutta metal market during the week under review. On the London Metal Exchange, prices recorded a further rise. Fresh arrivals led zinc to ease from Rs. 286 per 100 kgs. to Rs. 280 in Calcutta, but on the L.M.E. spot zinc gained £2½ to £102½, with the 3 months position moving up from £96½ to £96¾. There were reports relating to the question of release zinc from the U.S. stockpile, but the rising trend in London showed that the market was indifferent to the issue. At the same time, there was the report that zinc output in the U.S.A. this year was likely to go up by 9 per cent to 1.035 million tons and that U.S. consumption of slab zinc would increase by 3.6 per cent to 1.14 million tons. U.K.'s consumption of zinc in all forms in January 1964 rose to 33,453 tons, from 28,620 tons in the previous month, while the output there fell slightly to 8,800 tons from 8,317 tons. Imports into the U.K. of slab zinc, however, rose to 18,802 tons from 14,071 tons in December 1963.

Fresh arrivals, in addition to a drop in demand, were also a factor for the recession in the local quotation of tin, which closed at Rs. 3,300 per 100 kgs., as against Rs. 3,350 earlier. In London, spot tin was firm at £1,062 a ton, while the 3 months metal rose from £1,055½ to £1,057. Earlier estimates of the gap of 20,000 tons between consumption and production in 1963 have been confirmed by final figures. Total world output in 1963 was the same as in 1962, i.e. 141,500 tonnes. The output in Indonesia recorded a fall of 4,210 tonnes at 13,100 tonnes, but this was made good by small increases in the Congo, Bolivia, Malaysia, Nigeria, Thailand, and other countries. Total world consumption was 160,800 tonnes, as against 158,900 tonnes in 1962. U.S. consumption at 55,500 tonnes was higher by about 900 tonnes. Japanese consumption rose strikingly from 13,813 tonnes to 15,665 tonnes. At 20,636 tonnes, and 11,100 tonnes, the U.K. and France respectively, recorded small falls. The deficit of 20,000 tonnes was met by releases of stocks by the U.S.A., Italy, and Canada, and also by the exhaustion of the International Tin Council's buffer stocks in London.

Spot copper wire-bars on the L.M.E. rose from £277½ to £284 a ton and 3 months from £275 to £281. Spot cathodes and fire-refined closed at £274 and £267, after opening at £270 and £262, respectively. Spot lead advanced from £80¾ to £82 a ton. After the steady increase in quotations in recent weeks, both lead and copper scrap in Calcutta closed a shade lower than the week's opening rates.

JUTE GOODS SPURT

(From Our Own Correspondent)

CALCUTTA, 31st *March*

Speculative activity in heavy goods futures was the feature of trading in the jute markets during the week under review. As a result, ready heavy goods scored handsome gains, with hessian being only fractionally better. For, although there were shipper inquiries, interest was mostly in non-standard constructions. Reports received from the New York burlap market continued to be dull; here, hessian 40″ 7½ oz. and 10 oz. remained unchanged at 8.75 cents and 11.45 cents per yard, respectively. Figures relating to U.S. burlap consumption for February caused disappointment. Buyers, on behalf of the U.S., showed limited only interest, but, the U.S.S.R. and Argentina accorded greater support than recently. All the same, the volume of business was not as significant as to reflect on prices. Gunny shipments in the week as a whole was poor, and the possibility of further reductions in drafts on the Hooghly river in view of the gradual fall in the water-level, a problem that will be further accentuated in the coming two to three months, caused anxiety.

During the week, figures in respect of gunny despatches from mills last month were available, and these were noted with satisfaction, as, despite the various difficulties in the Calcutta port, exports had risen impressively. Despatches against internal consumption showed a small decline. At 99,100 tonnes, the total of all constructions despatched both for export abroad and for local purposes was higher by 6,700 tonnes, as compared with January 1964 but lower by 3,000 tonnes as compared with February 1963. While carpet backing cloth for export declined by 1,200 tonnes to 5,400 tonnes, sacking and hessian at 18,300 and 37,400 tonnes, respectively, recorded increases of 3,400 tonnes and 3,200 tonnes respectively. Other goods also rose, from 2,500 tonnes to 4,600 tonnes. The net result was that despatches of all goods for export rose significantly by 7,500 tonnes to 66,700 tonnes. However, with hessian at 5,500 tonnes, as against 4,500 tonnes in January, sacking at 22,500 tonnes, as against 24,900 tonnes, and other goods at 4,400 tonnes, as against 3,800 tonnes, the total despatches against local purposes declined by 800 tonnes to 32,400 tonnes.

Another news that also caused satisfaction was the report of increased imports of jute goods into West Germany last year. Of the total imports, it was stated that more than 50 per cent. came from India and Pakistan. As a result, sales of the West German mills the West German Jute Industry Association reported, significantly fell by 40 per cent. Some mills had to curtail production, while others could maintain output only by adding to inventories. Following the liberal import policy, imports of jute goods into West Germany amounted to nearly 70 per cent. of the country's own output, it was stated. When India and Pakistan, with a developing economy can fully meet the need of Europe with cheaper jute goods, it is suggested that Europe should not attempt either to set up more jute mills or increase output of existing mills.

Fibre remained steady during the week. In an attempt to prevent depression, member-mills were asked by the Indian Jute Mills Association to step up purchases of mesta. More interest was, therefore, shown by mills and turnover was moderate. Daily arrivals in terminal markets aggregated 40,000 maunds, as against 50,000 maunds a week ago. The quotations were unchanged as follows: Assam bottoms Rs. 31.50 per maund; northern bottoms Rs. 30.50; and daissee bottoms Rs. 34.00. Conditions in Pakistan markets remained unchanged. It was stated that continued congestion and hold-up in Chittagong and Chalna ports have affected fibre exports from Pakistan this season. Up to the end of February, shipments amounted to only 27.25 lakh bales and, if the existing stalemate continued, it is doubtful whether the figure of last season, namely, 44.38 lakh bales, would be realised. Moreover, purchases by India have fallen much below the last season's level. Up to the end of February, Indian purchases were only 64,000 bales, whereas, during the last season as a whole, exports to India stood at 245,000 bales. However, as a result of the need for Indian mills to improve quality of standard goods and New Delhi's decision to liberalise fibre imports, Pakistan may hope for increased interest being shown by mills in India.

Heavy goods were more active than hessian during the week under review. The trade here would urge measures to counter the effects on India's exports, as a result of the forthcoming trade delegation to Africa being sent by the Pakistan Jute Mills Association. Indian mills have considerable interest in the African markets, and it is to be hoped that the Government of India sees the forceness of the plea of mills to make conditions favourable for a reduction in costs. Pakistan's markets abroad for jute goods at present include the U.K., the U.S.A., Canada, Chile, Argentina, Australia, New Zealand, Germany, the Netherlands, Eire, New Guiana, Bri. Guiana, Costa Rica, Belgium, Singapore, Cyprus, Sudan, East Africa, West Africa, South Africa, Indonesia, Turkey, Burma, Nicaragua, Peru, West Indies, and Uruguay. With plan for stepping up production, it is natural that Pakistan should attempt to increase exports to the markets she has already built up as well as to new ones.

There were occasional inquiries for hessian from the U.S. this week. Argentina also showed interest. The decline in U.S. stocks of burlap at the end of February 1964 by 8 million yards to 283 million yards, despite the

fall in February consumption by 8.6 million yards to 73 million yards, indicated that U.S. purchases in February had been markedly lower. The average consumption for the first two months of this year is thus lower at 77.3 million yards, as against 78.95 million yards in 1963 and 83 million yards in 1962. On Tuesday last, ready B. twills eased from Rs. 111.70 to Rs. 111.65 and ready hessian 40" 10 oz. from Rs. 45.50 to Rs. 45.35. However, on Wednesday, speculation in heavy goods revived in the futures market and, as a result, ready B. twills hardened to Rs. 112.10. In sympathy, ready hessian 40" 10 oz. was firm at Rs. 45.40. On Thursday, with prices at Rs. 112.50 and Rs. 45.50, respectively, steadier conditions were in evidence. The market remained closed since Friday on account of holidays, and the feature after re-opening yesterday was the steadiness in hessian following keen Russian interest. Ready 40" 10 oz. hessian closed better at Rs. 45.65. However, in the absence of adequate interest, B. twills were quiet at Rs. 112.15.

SHEEP SKINS FIRM

(From our Own Correspondent)

MADRAS, *30th March*

Arrivals of stocks from the tanneries to the Madras market were of moderate volume and the clearance was fair at unchanged prices. Export trading was restricted and there was good call for fifths selection in medium weight cow hides and top marks in buff calf. Importers were apathetic to Madras offers of other types of hides and calf. Demand from East European countries was non-existant.

The tanned skins market was firm. There were good enquiries for light weight goat lower selections and all grades in 8/9 lbs. average, in superior marks and some orders were placed for shipment. Demand from American buyers was patchy. As regards sheep skins, primes and semi-primes were held firm, and so were middle class tannages on steady Continental demand. Prices in the raw centres for goat and sheep skins ruled firm due to the competitive buying of the E.I. Tanners.

In the London public sales held on 23rd March, attendance of buyers was poor and only a small quantity of goat and sheep skins was sold at prices on par with the current Madras quotations.

The following are the quotations for all round lots in the local market, per lb.:

Tanned cowhides, 8/8½ lbs. average Rs. 2.20 to 2.25, buff hides 12/13 lbs., average Rs. 2.00 to 2.06, and buff calf 1½/2 lbs., average Rs. 3.50 to 3.55.

FOODGRAINS STEADY

(From Our Own Correspondent)

HAPUR, *30th March*

After ruling quiet during the major part of the week, foodgrains turned steadier in the week-end. Harvesting of *rabi* grains is in full swing and new grains will reach markets after a few days. The latest reports indicate that rice crop this time would be a bumper one. It is expected to be of the order of 36 million tons, nearly two million tons more than the record crop so far of 34 million tons in 1961-62. Wheat output is expected to be 11 million tons.

After an early decline, wheat prices improved by Rs. 1 to 1.50 per quintal according to quality due to the meagre stock position. Arrivals from rural areas were also small. Wheat average quality was quoted at Rs. 58.25 to Rs. 60.50 and farm at Rs. 64.50 to Rs. 67.75 a quintal. At the fair prices shops, imported wheat was being sold around Rs. 43 per quintal. Rice prices, however, were subdued because of slack demand coupled with better sales through fair price shops. Local stocks were poor. Week-end prices were :—Rice basmati superior Rs. 93.77 to Rs. 96.45, sela basmati Rs. 91.09 to Rs. 93.77, mainpuri Rs. 62.96 to Rs. 66.31, ramajwayan Rs. 72.34, raimunia Rs. 77.70 and gadda Rs. 64.39 a quintal.

Gram prices hardened in the week-end on better buying enquiry. New gram reached the market from Madhya Pradesh and was quoted at Rs. 58.94 while local produce was quoted at Rs. 57.60 a quintal. Old stocks were reported negligible. Barley and bejhar prices sought lower levels at Rs. 40 to Rs. 40.50 and Rs. 41 to Rs. 41.50, respectively, per quintal. Maize prices advanced in the week by Rs. 1.50 per quintal due to the poor supply position in the face of good demand and ranged between Rs. 41 and Rs. 44.50 per quintal according to quality. Arrivals of juwar commenced during the week from Madhya Pradesh and were quoted a little lower at Rs. 39.75 to Rs. 41.25 a quintal while guwar was unchanged at Rs. 54.92 to Rs. 56.26 a quintal. Bajra and other coarse grains were listless.

A depressed trend was witnessed in the pulses market, barring peas. Arrivals of new crop peas mounted to 1,000 maunds, but prices improved fractionally, as dara was in demand from mills and the farm variety received outside inquiries. Prices were Rs. 45 to Rs. 45.75 for dara and Rs. 46.75 to Rs. 47.75 per quintal for the farm quality. Arhar prices ruled unchanged at Rs. 60 to Rs. 64.30 a quintal according to quality. Urd and moong eased slightly due to poor buying support. Urd was quoted at Rs. 66.98 to Rs. 72.34 and moong between Rs. 73.68 and Rs. 81.78 a quintal. Masoor prices also drifted lower due to arrivals from M.P. Other dals also tended to ease. Week-end prices were :—Peasdal Rs. 51.50, arhardal Rs. 72.34 to Rs. 77.70, urddal Rs. 80.38, moongdal Rs. 85.74, masoor Rs. 62.96 to Rs. 64.30, masoordal Rs. 80.38 and gramdal Rs. 64.30 a quintal.

"KHANDSARI" SUBDUED

(From Our Own Correspondent)

HAPUR, *30th March*

Sugar prices were steady during the week, as the supply position continued restricted. Most of the factories in Meerut area have closed their production season, while those in Muzaffarnagar and Rampur districts, where the supply of cane has improved with the closure of all *khandsari* units under the State Government's orders of 24th March, are not likely to continue their crushing operations for long. As against the controlled prices of Rs. 125 per quintal, sugar was quoted in the open market at Rs. 160 to Rs. 165 a quintal.

Khandsari prices were subdued during the earlier part of the week on reports that the export announcement regarding the commodity might be delayed, as the U.P. Government and the trade had not been able to come to some agreement. But later, east U.P. support resulted in prices making up earlier losses. Stocks of *khandsari* were reported sufficiently high and, at Muzaffarnager stocks were around 2.8 lakh maunds. *Khandsari* production has closed from 24th March, but the production is still being continued from *rab*. Week-end prices were :—*Khandsari* inferior Rs. 100 to Rs. 120, medium Rs. 122.50 to Rs. 132.50, superior Rs. 135 to Rs. 140. The prices of *Khandsari* during the corresponding period last year were Rs. 88.41 to Rs. 107.17 a quintal according to quality.

Gur turned steadier during the week-end thanks to good buying support in the face of poor arrivals which averaged about 750 mds. daily. Local *gur* stock was around 24,000 quintals. Export permits for the current month were reported for a smaller quantity and stockists were anxious, as with the change of season, quality of *gur* in stocks would deteriorate. Sowings of cane is still being done and the land vacated from *rabi* grains is being used for such sowings. Week-end prices here (in Rs. per 40 kilogram) were: Pansera superior 26.50, average 26 balti 27 and shakker 27 to 29.

In the Muzaffarnagar market *gur* prices, which had recorded heavy losses last week, turned steady, as bulk permits were received for export to consuming States of Rajasthan, Gujarat, Punjab, M.P. and Maharashtra. Arrivals averaged 5,000 mds. daily and the total during the current season was around 12.30 lakh mds., the corresponding figure last year being 14.38 lakh maunds. Latest prices (in Rs. per 40 kilogram) were : chaku 27 to 29, pansera 24.50 to 25.62, laddoo 27.50 to 28.

PEPPER SPURTS

(Messrs. Parekh and Co.)

BOMBAY, 1*st April*

Last week's improvement in Malabar black pepper was extended this week. Prices shot up to a new high on heavy short-covering and in view of the pyramiding by successful bulls. Ungarbled at the origins spurted from Rs. 310 to Rs. 345. Garbled improved from Rs. 320 to Rs. 360. May delivery touched a new level of Rs. 390 from Rs. 340. Ready, in Bombay, was lifted to Rs. 190 per 50 kgs. within three days. *Chaitra* went off the board at Rs. 350 while *Vaisakh* was boosted to Rs. 410, with sellers scarce as outsiders took up several contracts at higher prices. Business in forward was stopped within an hour after the opening of the market, as the maximum advance per day allowed by the Forward Market Commission was reached. In the advancing market, the growers at the origin are getting reserved sellers, while shorts are scrambling for supply. Business of more than 500 tons was reported with New York at advancing prices from $0.37 to $0.40.

The future outlook depends on the trading policy of Indonesia and with the movement of shipments of Lampong from Sumatra. The size of the new crop of Sarawak will also have its say in the future trend of world prices. After Easter holidays, Singapore opened firm, black pepper having reached a new high level of $ (M) 132½. Though stocks in Singapore are reported to be small, the shippers there are offering to New York at about the parity of $0.38/39. Spot in New York, spurted to $0.40, as there was shortage of unhedged stock to be delivered against the forward sales to the grinders. Confrontation policy by Indonesia against Singapore seems to have proved a blessing in disguise to Indonesia, as shipment and offers from that country are improving and becoming more business-like to meet overseas requirements. Stock position of Lampong in Indonesia is a mystery but, as smuggling and export to Singapore is totally stopped since October last, some quarters have opined that the stock of Lampong may be sufficient to meet the requirements of the world before the advance of the new crop of Lampong and Muntok.

BANKING

(Concluded from page 552)

The total deposits of the Bank have expanded from Rs. 32.65 crores to Rs. 45.49 crores, a rise of Rs. 12.84 crores as compared with Rs. 8.02 crores in the previous year. The increase includes Rs. 61 lakhs in 1963 and Rs. 12 lakhs in 1962, being the deposits of the banks taken over in the two years. Advances, including bills discounted, have improved by over Rs. 9 crores from Rs. 18.27 crores to Rs. 27.83 crores. Investments and cash balances put together aggregate Rs. 21.43 crores, as against Rs. 16.43 crores at the end of 1962. The Bank's paid-up capital (including advance calls) stands at Rs. 80.58 lakhs and its reserves at Rs. 75.25 lakhs. However, with another call of Rs. 2.50 per share on the 500,000 "B" class shares issued in 1962 having fallen due on 31st March 1964, the paid-up capital will have increased by Rs. 12.50 lakhs this year. The final call on these shares will fall due in March next, when the paid-up capital will exceed Rs. 1 crore. It is the policy of the Bank's Directors to build up steadily the reserves also, so that the percentage of capital and reserves to deposits can be maintained. At the end of the year under review, this ratio stood at about 3.3 per cent.

The Bank has, in tune with its resources, endeavoured to help every deserving industry by providing short-term and medium-term credit. It has felt the need for creating a separate industrial finance department for giving special attention to the financing of industries. A number of industrial concerns in the co-operative sector in several States have also been financed by the Bank. During the year, the Bank opened 16 new branches out of which two are in Goa. Together with the three banks merged during the year, it has so far taken over 15 big and small banks.

ASIATIC OXYGEN LIMITED

(Concluded from page 569)

monopolies and the operations of which are severely controlled, are there any monopolies in India in the correct sense of the term? The basic fact is that, owing to limited markets and the extreme dearth of managerial skill, there was in many industries not enough scope for a very large number of competing units. When markets expanded, more units came into existence. A careful and comprehensive survey of our industrial development would fully corroborate the fact that, depending on the raw material availabilities and dimensions of the market, the number of units in each industry has been growing. Such growth has taken place in spite of the size of units continuing to be uneconomic. There is no monopoly in India outside the field of public utilities unless we include public-sector monopolies, such as the monolithic Life Insurance Corporation, Fertiliser Corporation of India and the like. Now, if there are no monopolies, there is no scope for a Monopolies Commission. This proposal is understandable when one has to consider the necessity to satisfy the more vocal sections of the public which is concerned with very superficial consideration of ideological catch phrases. Nevertheless, such attempts do detract from the laudable objectives which our Finance Minister has defined in his budget speech.

Note :—*This does not purport to be the proceedings of the Annual General Meeting.*

NEW COMPANY FORMATIONS

(Concluded from page 555)

pany which is the subsidiary of a public company in the shares or debentures of other bodies corporate. In the year under review, 60 applications, involving an aggregate amount of Rs. 7.3 crores by way of inter-corporate investments, were approved by the Government. As in the previous year, the majority of approved applications related to investments by existing companies in new companies formed for setting up industrial undertakings licensed by the Government. In a few cases, where companies had sought *ex-post facto* approval to investments already made, the applications were rejected and the companies advised to dispose of the investments within a specified period.

The report has finally given some instances of unsound company practices observed during the year under review. For instance, there were some cases where the management took undue advantage of its position and authority. In one case, two directors of a private company bought in their own names residential plots, while the purchases had in fact been financed by the Company. Another company secured a loan of several lakhs of rupees from a firm in which all of its five directors were interested, and the rate of interest charged on the loan was as high as 12 per cent per annum. Allotment of shares before the minimum subscription had been raised, withholding of the sale proceeds of company's assets, refund of share capital by way of loans and special resolutions under Section 314 with retrospective effect were other unsound practices detected in the case of some companies during the year.

EMPLOYEES' PROVIDENT FUND

The question of continuing the grant of assistance to members of the Employees' Provident Fund or their nominees/heirs from the special reserve fund, which was created in September 1960, in cases where the employers fail to deposit provident fund contributions will be reviewed at the twenty-fourth meeting of the Central Board of Trustees to be held at Chandigarh on 4th April, 1964 under the chairmanship of Mr. N. N. Chatterjee, Joint Secretary of the Union Labour and Employment Ministry. Till 31st December, 1963, a sum of Rs. 29.83 lakhs had been advanced from the special reserve fund to the members or their nominees/heirs. The Board will also review the working of the Employes' Provident Funds Scheme since its last meeting, as also the progress in constructing office buildings and staff quarters for various regional offices. It will also review the working of the Act and the Scheme in public sector undertakings.

Till the end of December 1963, over 24,800 establishment were covered under the Employees' Provident Funds Act, 1952, and the benefits of contributory provident fund were being enjoyed by about 38.80 lakh workers. Over Rs. 487 crores had been collected by way of provident fund contributions of which about Rs. 142 crores were paid back to the subscribers by way of final settlements of claims, advances for house building purposes, financing of insurance policies, etc. The balance of about Rs. 345 crores was invested in Government securities.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 27th Mar., 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long Term Operations) Fund	73,00,00,000
National Agricultural Credit (Stabilisation) Fund	8,00,00,000
Deposits—	
(a) Government—	
(i) Central Government	84,14,96,000
(ii) State Governments	15,97,20,000
(b) Banks—	
(i) Scheduled Banks	76,66,26,000
(ii) State Co-operative Banks	2,34,04,000
(iii) Other Banks	4,38,000
(c) Others	161,71,02,000
Bills Payable	48,84,91,000
Other Liabilities	67,91,12,000
Rupees	623,63,89,000

ASSETS	Rs.
Notes	19,80,08,000
Rupee Coin	3,51,000
Small Coin	3,81,000
National Agricultural Credit (Long Term Operations) Fund—	
(a) Loans and Advances to—	
(i) State Governments	27,24,27,000
(ii) State Co-operative Banks	8,78,37,000
(iii) Central Land Mortgage Banks	....
(b) Investment in Central Land Mortgage Bank Debentures	3,59,36,000
National Agricultural Credit (Stabilisation) Fund	....
*Loans and Advances to State Co-operative Banks.	
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	64,59,75,000
Balances Held Abroad†	13,82,31,000
Loans and Advances to Governments**	43,37,81,000
Loans and Advances to—	
(i) Scheduled Banks†	84,16,40,000
(ii) State Co-operative Banks†	125,19,59,000
(iii) Others	2,81,65,000
Investments	200,03,87,000
Other Assets	30,13,11,000
Rupees	623,63,89,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

† Includes Rs. 47,58,65,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	19,80,83,000	
Notes in circulation	2453,99,86,000	
Total Notes issued		2473,79,94,000
Total Liabilities		2473,79,64,000

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India	....	
Foreign Securities	112,45,69,000	
Total		230,21,79,000
Rupee Coin		109,11,19,000
Government of India Rupee Securities		2134,46,96,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2473,79,94,000

State Bank of India

Statement of Affairs for the week ended 27th Mar., 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital :— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		9,30,00,000
Deposits and Other Accounts		619,92,68,000
Borrowings from Other Banking Companies, Agents, etc.		94,40,000
Bills Payable		5,60,44,000
Bills for Collection being Bills receivable as per contra		8,77,20,000
Acceptances, Endorsements and Other Obligations per contra		16,32,05,000
Other Liabilities (including Inter-Office Adjustments)		14,62,75,000
Total .. Rs.		681,12,02,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		15,81,23,000
Balances with other Banks		1,83,60,000
Money at Call and Short Notice		3,80,00,000
INVESTMENTS :—		
Government and other Trustee Securities .. .. Rs. 241,16,91,000		
Other Authorised Investments ..	9,44,22,000	250 61,13,000
ADVANCES :—		
Loans, Cash Credits, Overdrafts, etc. .. .. Rs. 343,99,89,000		
Bills Discounted and Purchased ..	20,50,27,000	364,50,16,000
Bills Receivable being Bills for Collection as per contra		8,77,20,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		16,32,05,000
Premises less Depreciation		2,20,78,000
Furniture and Fixtures less Depreciation		1,75,13,000
Other Assets (including Inter-Office Adjustments)		15,50,74,000
Total .. Rs.		681,12,02,000

State Bank of Pakistan

Statement of Affairs for the week ended 13th March, 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	6,65,00,000
Rural Credit Fund	3,00,00,000
Deposits :—	
(a) Central Government	14,97,00,000
(b) Provincial Governments	8,58,22,000
(c) Banks	34,52,41,000
(d) Others	104,27,55,000
Bills Payable	67,95,000
Other Liabilities	18,51,01,000
Rupees	194,19,14,000

ASSETS	Rs.
Notes	10,07,96,000
Rupee Coin	16,000
Subsidiary Coin	37,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	1,43,91,000
Balances held outside Pakistan*	84,15,52,000
Loans and Advances to Governments	1,00,00,000
Provincial Governments' Debtor Balances	83,94,000
Other Loans and Advances	95,55,46,000
Investments	38,16,65,000
Other Assets	12,95,17,000
Rupees	194,19,14,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	10,07,96,000	
Notes in circulation	461,15,26,000	
Total Notes issued		471,23,22,000
Total Liabilities	....	471,23,22,000

ASSETS	Rs.	Rs.
I. Gold, Gold Coin and Bullion	25,00,44,000	
Silver Bullion	....	
Foreign Securities	85,15,74,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
		153,17,82,000
B. Rupee Coin	3,96,34,000	
Government of Pakistan Securities	308,19,00,000	
Internal bills of exchange and other commercial paper	....	
		312,15,34,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets		471,23,22,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 33.70 per cent.

EXCHANGE RATES

		1st April 1964	25th March 1964
London on New York	$ per Dollar	2.7981–2.7984	2.7982–2.7984
London on Berne ..	Sw. Fcs.	12.1130–12.1150	12.1040–12.1060
London on Paris	Fcs.	13.7130–13.7150	13.7100–13.7120
New York on London Cents per £		279.820–279.840	279.800–279.830
Pound Sterling—			
Sellers T.T. D.D. Spot	s.	1–5 31/32	1–5 31/32
Sellers T.T. D.D. upto six months	s.	1–5 15/16	1–5 15/16
Buyers T.T.	s.	1–6 1/32	1–6 1/32
Buyers D.D.	s.	1–6 1/16	1–6 1/16
U.S. Dollar—			
Sellers T.T. D.D.	Rs. to $100	478.50	478.25
Buyers T.T.	Rs. to $100	475.00	475.00
Canadian Dollar—			
Sellers T.T. D.D.	Rs. to $100	444.75	445.00
Buyers T.T.	"	436.75	437.00
French Francs—			
Sellers T.T. D.D.	per Rs. 100	102.30	102.30
Buyers T.T.	"	103.40	103.40
Swiss Francs—			
Sellers T.T. D.D.	"	90.40	90.30
Buyers T.T.	"	91.30	91.30
Deutsche Marks—			
Sellers T.T. D.D.	"	83.00	83.00
Buyers T.T.	"	83.90	83.90
Italian Lire—			
Sellers T.T. D.D.	"	13,025	13,025
Buyers T.T.	"	13,205	13,205
Swedish Kroner—			
Sellers T.T. D.D.	"	107.40	107.50
Buyers T.T.	"	108.50	108.60
Belgian Francs—			
Sellers T.T. D.D.	"	1,037	1,037
Buyers T.T.	"	1,054	1,053
Dutch Guilders—			
Sellers T.T. D.D.	"	75.20	75.20
Buyers T.T.	"	76.10	76.10
Hongkong Dollars—			
Sellers T.T. D.D.	"	119.60	119.60
Buyers T.T.	"	120.60	120.60
Norwegian Kroner—			
Sellers T.T. D.D.	"	149.40	149.40
Buyers T.T.	"	150.80	150.80
Danish Kroner—			
Sellers T.T. D.D.	"	144.10	144.10
Buyers T.T.	"	145.60	145.40

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	20-3-64	13-3-64	22-3-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	61,56	59,14	51,95
(ii) From others	1,049,63	1,044,78	848,31
(b) Borrowings from banks	28,52	20,04	21,71
(c) Others	65,36	62,12	60,39
2. Time liabilities—			
(a Time deposits—			
(i) From banks	20,52	21,11	20,44
(ii) From others	1,223,84	1,232,40	1,181,84
(b) Borrowings from banks	12,82	13,51	16,73
(c) Others	11,33	11,73	10,66
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,273,47	2,277,18	2,030,15
4. Borrowings from Reserve Bank	98,82	95,66	69,38
(a) Against usance bills and/or promissory notes	46,33	46,92	54,31
(b) Others	52,49	48,74	15,07
5. Borrowings from State Bank and/or a notified Bank	27,60	23,77	19,95
6. Cash	50,48	59,58	51,46
7. Balances with Reserve Bank	80,32	76,76	69,93
8. Cash and balances with Reserve Bank	139,81	136,34	121,40
9. 8 as per cent of 3	6,15	5,99	5,98
10. Balance with other banks in current account	22,37	21,63	20,20
11. Money at call and short notice	35,31	33,13	37,95
12. Investments in Government securities	636,74	638,06	597,12
13. 12 as per cent of 3	78,01	78,02	70,41
14. Advances—			
(a) Loans cash credits and overdrafts	1,507,78	1,503,75	1,305,49
(b) Due from banks	18,44	16,37	14,08
15. Inland bills purchased and discounted	229,58	227,13	217,60
16. Foreign bills purchased and discounted	65,19	65,35	56,17
17. Total Bank Credit [14(a)+15+16]	1,802,55	1,796,23	1,579,25
18. 17 as per cent. of 3	79,29	78,88	77,79

INDEX NUMBERS OF SECURITY PRICES

[1952-53—100]

Group and Sub-Group	Week ended			
	21st Mar., 1964P	14th Mar., 1964	22nd Feb., 1964	23rd Mar., 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99.7	99.8	99.8	99.2
2. Government of India	99.4	99.4	99.5	98.9
3. State Governments	102.1	102.1	102.1	101.5
4. Municipal, Port Trust, etc.	98.9	98.9	98.9	98.2
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	97.9	97.9	98.1	98.0
PREFERENCE SHARES—ALL INDIA.				
6. Total	82.0	81.6	81.6	80.2
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	168.1	171.0	171.7	162.8
8. *Agriculture and Allied Activities : Total**	148.6	148.8	148.6	145.1
9. Tea Plantations	135.5	135.3	135.7	136.0
10. Coffee Plantations	173.6	174.3	171.3	143.4
11. Rubber Plantations	184.7	184.9	181.5	157.9
12. *Mining and Quarrying: Total**	139 5	143 2	144 2	142.2
13. Coal	101.1	102.1	103.0	108.7
14. Other Mining	165.8	171.4	172.5	165.1
15. *Processing and Manufacturing : Total*	181.6	185.3	186.8	174.7
16. *Processing and Mfg. (Foodstuffs,Textiles,etc.): Total*†*	182 8	186 3	189.1	181.4
17. Sugar	130.7	131 7	133.0	125.7
18. Cotton Textiles	165.4	167.8	169.6	167.0
19. Jute Textiles	91 8	93.1	94 5	91.9
20. Silk and Woollen	870.1	913.4	958.6	858.8
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	194 5	198.9	198 8	174 8
22. Iron and Steel	158.6	162 6	161 3	126.6
23. Transport Equipment	326.9	335.1	340 1	336.0
24. Electrical Machinery	158.4	162.1	160.3	157.0
25. Machinery other than Transport and Electrical	227.8	233 6	232.5	215 0
26. Basic Industrial Chemicals	184.8	187.5	182.3	168.4
27. *Processing and Mfg. (Others) : Total**	154 3	157 2	156 5	154.1
28. Cement	144.7	147.8	146 8	144.4
29. Paper	196.4	199.4	199.1	197.9
30. *Other Industries : Total**	109 3	110.2	109.6	105.1
31. Electricity Generation and Supply	88.2	88 2	88 3	83.7
32. Trading	107.7	109.6	112 3	109 4
33. Shipping and Other Transport	99 4	101 4	100 1	83 6
34. Construction	300 1	305 5	295 2	263 6
35. *Financial : Total*	188 6	189 1	187 8	188 0
36. Banks	211 8	212 1	210 4	208.4
37. Insurance	146 1	147 3	149 3	148 0
38. Investment Trusts	85 0	84 6	84 4	85 9
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	174 3	179 0	180 2	165.5
40. Calcutta	157 1	159 4	157 6	152 4
41. Madras	177.3	178 0	177 0	182.8
42. Delhi	227.2	231.7	233 9	212.2

*Including 'Miscellaneous.' †Including Edible and Vegetable Oils. P=Provisional.

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	29th Feb., 1964	22nd Feb., 1964	2nd Mar., 1963	January 1964	January 1963	Percentage of Increase (+) or Decrease (—) in Jan., 1964 as compared with Jan., 1963	Annual Averages 1963P	Annual Averages 1962
Food Articles	504	141.7	141 5R	123.0	137 8	123.4	+11.7	132.7	124.9
Cereals	123 5	123 4	123 4	101 4	116.4	102.8	+15.2	111.5	105.7
Pulses	43	133 4	133 0R	101.2	12 0	103.9	+15.3	108.7	103.3
Fruits and Vegetables	23	164 2	158 2R	133 3	147 6	127.1	+16.1	134.5	126.7
Milk and Ghee	130.2	129 6	129 4R	120 6	126.6	118.7	+ 6 7	126 3	123.1
Edible Oils	47	157.1	156 8R	145.7	149 8	140 8	+ 6.0	148.6	154.7
Fish, Eggs and Meat	17	151 6	153 3R	135 0	155 8	142 2	+ 9 6	145 6	143 9
Sugar and Gur	48	175.5	177 1	148 8	182.1	141 9	+28 3	180.7	137.5
Others	50	177 4	179 1	173 4	178 1	178 8	— 0 4	179 0	168.4
Liquor and Tobacco	21	121 7	122 1	102 8	122.7	99.3	+23 6	115 4	99 5
Tobacco	18 9	119 4	90 5	120	95 7	95.7	+25 5	112 4	96 0
Fuel, Power, Light and Lubricants	30	139 6	139 6	128 4	139.4	125 2	+11.3	138.3	123 0
Industrial Raw Materials	155	144 3	144 1R	135 3	141.1	133.7	+ 5 5	137 2	137 3
Fibres	135.7	135 0	135 0R	132 5	134.7	127 7	+ 5.5	132 0	128 0
Oilseeds	60	161.2	160 8	144 3	153.6	145 5	+ 5 6	150 3	154 0
Minerals	2	91.5*	91 5*	93 4	91.6	93 4	— 1.9	92 7	93 9
Others	32	132 2	132 0R	133 7	133 7	125.7	+ 6 0	175 5	126.5
Manufactures	290	132 1	131 8R	129.5	131.7	128 5	+ 2 5	130 3	128 1
Intermediate Products	41	142 8	141 9R	136 6	140 2	136.2	+ 2 9	138 2	139 8
Finished Products	249	130 4	130	128 4	130 4	127 3	+ 2.4	129 0	126 2R
Textiles	147	128.2	128 0	127 0	128 5	126.2	+ 1 8	127.3	125 5R
Cotton	..	135 0*	135 0*	134.2*	135.9	133 4	+ 1 9	135.1	129 2R
Jute	..	99 0	98 2	103 0	100 4	105.3	— 4 7	101.3	113 7
Woollen	..	162 4*	162 4*	142 4*	162.4	141 3	+14 9	150.1	126.1
Silk and Rayon	..	143 6*	143 6*	138 0	143 5	129.5	+10.8	137.6	129.2
Metal Products	12	163 0	163 0	161 0	163 0	161.0	+ 1.2	162 3	157.8
Chemicals	20	119 1*	110 1*	116 7*	118.7	116 0	+ 2 3	117.2	114.4R
Oil Cakes	9	172.4*	168 2	160 6*	165 1	164 3	+ 0 5	164.0	158 8
Machinery and Transport Equipment	31	125 5	125 5	121 5	125.5	117.4	+ 6 9	122 6	117.1R
Others	30	127.6	127.6	126 9	128.0	125.1	+ 2.3	127.7	124.2
All Commodities	1,000	138.8	138.6	126 5	136.3	126.0	+ 8.2	132.4	127.2

NOTE :—Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index. P=Subject to revision. R—Revised

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	Nine months ended Dec.		April to March* (Twelve months)	
	1963-64	1962-63	1962-63	1961-62
Exports	578,418	503,87	686,35	655,17
Re-exports	2,51	5,62	7,34	5,17
Total Exports	580,92	509,49	693,69	660,34
Imports	849,011	849,26	1,077,09	1,090,06
Overall Balance of Trade	—268,09	—339,77	—383,40	—429,72
Exports—items:				
Tea	101,97	98,61	129,19	122,26
Coffee	6,94	6,77	7,61	9,02
Sugar	21,95	13,03	18,04	15,34
Jute yarns and manufactures	120,84	117,10	156,17	144,78
Cotton yarns and manufactures	40,73	37,46	52,13	53,31
Cotton, raw and waste	12,06	11,63	17,07	20,35
Petroleum products	4,49	2,37	4,13	3,48
Vegetable oils	12,17	7,74	13,17	5,32
Fruits and vegetables	22,50	19,36	26,90	25,36
Tobacco—Raw	13,85	14,10	18,87	14,97
Mica	6,53	8,03	10,36	9,66
Wool and other animal hair	4,83	5,70	6,64	9,19
Gums, resins and lac	5,00	5,26	7,28	6,64
Spices	10,68	9,88	13,87	7,51
Leather & leather manufactures	19,61	17,00	22,75	25,45
Hides and skins, raw	7,80	7,47	11,01	8,79
Cashew kernels	16,47	14,06	19,36	18,17
Pepper (black)	3,77	4,54	5,57	5,85
Manganese ore	6,15	5,86	7,88	10,42
Iron and steel scrap	3,85	1,25	1,99	6,25
Iron ore and concentrates	26,98	14,05	19,82	17,41
Sewing machines	22	28	48	44
Electric fans	45	53	93	67
Groundnut oil	7,03	3,87	7,83	1,03
Castor oil	4,09	3,06	4,29	4,00
Defatted groundnut meal	19,98	17,85	26,52	13,96
Country-wise Exports—				
Australia	13,52	14,50	18,82	15,85
Burma	2,91	3,59	3,13	5,24
Canada	16,80	17,36	22,42	17,58
Ceylon	14,21	10,68	13,47	16,93
Czechoslovakia	10,89	9,08	11,27	8,05
France	6,36	6,06	8,54	7,96
East Germany	7,27	6,37	8,50	4,55
West Germany	13,59	10,66	15,29	19,51
Italy	8,68	6,82	9,52	9,06
Indonesia	1,52	3,20	4,05	6,80
Japan	42,54	22,28	33,99	40,42
Kuwait	2,68	2,77	3,95	3,02
Federation of Malaya	11,21	4,75	6,73	6,78
New Zealand	5,74	5,52	6,59	7,39
Netherlands	7,48	6,22	8,95	7,99
Nigeria	2,79	5,18	6,17	7,05
Pakistan	5,24	7,39	9,40	9,44
Singapore	15,24	6,31	9,48	8,25
Sudan	7,55	7,51	9,01	10,30
U.A.R.	8,14	9,48	13,06	12,85
United Kingdom	128,53	119,80	162,75	159,73
U.S.A.	88,71	83,71	116,59	113,03
U.S.S.R.	39,32	29,22	38,28	32,03
Imports—items †				
Machinery‡	266,51	237,15	309,29	302,90
Iron and Steel	63,33	65,47	86,65	107,81
Copper	15,88	18,72	25,14	23,45
Aluminium	4,55	8,37	10,50	7,93
Zinc	7,62	7,16	9,02	7,35
Tin	4,66	4,29	5,10	5,78
Lead	2,46	2,13	2,69	2,58
Nickel	1,08	1,04	1,44	1,56
Chemicals, drugs and medicines	68,34	77,49	100,41	89,76
Electrical goods and apparatus	62,08	46,25	62,16	65,91
Vehicles (excluding aircraft, ships and boats)	32,58	43,66	46,84	49,76
Aircraft	9,50	10,37	12,47	12,07
Ships and boats	2,85	1,24	1,78	1,89
Cotton, raw and waste	31,47	45,46	56,91	62,66
Fruits and vegetables	12,21	10,70	13,21	14,60
Paper, pasteboard, etc.	8,45	9,41	13,34	15,95
Dyes and colours	6,28	9,03	12,15	14,46
Spices	56	1,44	1,77	1,67
Rice	16,95	20,36	21,26	18,73
Wheat and spelt	82,25	87,08	91,86	98,97
Country-wise Imports—				
Australia	13,40	20,02	22,86	24,17
Burma	8,26	8,15	8,71	11,14
Canada	19,54	10,31	14,70	18,55
Ceylon	3,66	6,24	8,18	4,50
Czechoslovakia	12,09	15,38	19,72	15,02
France	9,18	8,03	12,99	16,78
East Germany	6,55	5,53	7,94	5,64
West Germany	65,10	74,18	99,48	122,86
Italy	11,66	16,64	21,89	26,33
Japan	45,79	47,06	62,75	59,45
Iran	35,04	31,40	45,68	47,35
Federation of Malaya	9,89	8,12	10,71	12,92
New Zealand	1,14	1,13	1,88	1,22
Netherlands	8,37	11,17	13,54	15,15
Norway	75	1,44	1,76	2,32
Pakistan	6,83	12,19	16,07	13,86
Singapore	4,08	6,68	8,11	9,00
Sudan	6,53	14,41	17,11	10,56
Sweden	8,34	6,13	8,40	14,34
Switzerland	10,48	7,31	10,25	10,76
U.A.R.	9,79	5,80	9,78	12,04
United Kingdom	128,17	138,52	178,31	200,15
U.S.A.	291,56	266,38	315,26	255,54
U.S.S.R.	47,14	44,90	55,50	39,94

* Excludes figures for Goa, Daman and Diu.

† Including electric goods.

‡ Excludes imports by land from Nepal valued at Rs. 3.79 crores.

§ Excludes overland exports to Nepal valued at Rs. 823.44 lakhs ad postal exports of pearls, precious stones, etc. valued at Rs. 11.12 ores.

INDUSTRIAL PRODUCTION

Industries.		1960	1961	1962	January to Aug. (Eight months) 1963	1962	Aug. 1963	Aug. 1962
Major Industries—								
Coal	million metric tons	52.62	56.19	61.55	44.90	39.78	5.45	4.98
Steel Ingots—crude	thousand metric tons	3,242	4,027	5,090	4,020	3,223	499	417
Yarn	million kgs.	788	862	860	581	574	75	74
Cloth	million metres	4,618	4,694	4,480	2,931	2,999	363	394
Cement	thousand metric tons	7,385	8,245	8,586	6,197	5,548	733	697
Jute	thousand metric tons	1,085	871	1,181	828	784	107	104
Paper and paper boards	thousand quintals	3,475	3,541	3,876	2,968	2,527	405	316
Matches*	million gross boxes	32.6	38.4	28.8	1,740*M			
Sugar	thousand metric tons	2,591	2,841	2,786	1,471	2,122	10	5
Engineering and Electrical Industries—								
Machine tools†	Value in lakhs of Rs.	602	761	1,074	1,029	682	136	86
Electric lamps	millions	41.39	46.13	58.55	47.80	37.32	6.19	5.20
Dry cells	millions	207.4	215.6	238.8	186.0	158.0	24.3	21.7
Power transformers	thousand K.V.A.	1,116	1,754	2,357	1,721	1,603	192	195
Electric Motors	thousand H.P.	680	827	980	778	643	90	81
Electric fans	Nos.	991,200	1,074,000	1,134,000	836,700	785,000	92,000	99,300
Radio receivers	Nos.	266,700	326,340	348,096	272,600	225,200	36,100	30,500
Storage batteries	Nos.	510,000	520,800	564,000	459,000	383,400	57,900	50,100
Diesel engines—Vehicular	Nos.	3,708	9,814	7,920	5,677	5,297	813	558
Diesel engines—Stationary	Nos.	44,196	44,196	42,672	37,372	27,214	4,806	3,510
Chemical Industries—								
Salt	million metric tons	3.44	3.47	3.90	4.01	3.51	0.16	0.13
Caustic soda	metric tons	99,144	119,844	125,420	96,180	82,603	13,451	12,564
Soda ash	metric tons	145,284	176,859	222,660	174,276	143,785	22,164	18,756
Chlorine liquid	metric tons	31,656	33,912	36,972	27,560	24,813	4,187	3,058
Bleaching powder	metric tons	5,928	7,128	6,816	4,770	4,523	688	653
Bichromates	metric tons	5,472	6,735	7,045	4,438	4,393	692	593
Sulphuric acid	metric tons	359,400	413,520	458,304	358,166	284,783	47,000	40,091
Superphosphate	metric tons	322,464	370,936	445,224	365,115	264,785	48,300	36,132
Non-ferrous Metals—								
Aluminium	metric tons	18,467	18,381	35,404	34,576	18,644	4,123	3,632
Antimony	metric tons	809	618	661	585	395	75	18
Copper (virgin metal)	metric tons	8,992	8,758	9,731	6,215	6,481	705	850
Lead (virgin metal)	metric tons	3,778	3,664	2,849	2,404	1,739	400	240
Gold	kilograms	4,992	4,872	5,076	2,596J	3,010J	—	403
Miscellaneous (Minor) Industries—								
Sewing Machines	Nos.	297,288	307,404	343,824	249,223	231,030	33,814	30,262
Bicycles	Nos.	1,050,096	1,040,592	1,115,916	771,031	757,993	102,005	78,579
Automobiles	Nos.	51,860	54,313	57,810	32,479	38,894	3,521	4,539
Plywood—Tea chests	thousand sq. metres	9,120	9,108	9,132	6,491	6,099	759	694
Plywood—Commercial	thousand sq. metres	6,024	6,564	7,356	6,382	4,903	816	597
‡Woollen manufactures { Worsted Fabrics	thousand metres	15,980	13,200	18,288	13,483	11,758	1,900	1,997
‡Woollen manufactures { Worsted Yarn	thousand Kgs.	12,588	14,760	18,012	15,229	11,124	1,892	1,613
Alcohol—Industrial	million litres	70.57	92.84	110.82	97.01	73.22	10.40	9.88
Alcohol—Power Absolute	million litres	49.33	53.77	50.22	25.08	33.07	0.38	4.06
Railway Wagons	Nos.	7,476	10,536	13,932	10,568J	7,553J	—	1,389
General Index—(Base 1956=100 Revised)		129.8	139.3	149.8	159.8§	148.2§	161.8	152.5

* Matches—From January 1963 onwards figures are in thousand boxes of 50 sticks each. § Average of first eight months seasonally adjusted.
‡ Includes figures for Jammu and Kashmir. M—upto May only. J—upto July only. † Excluding portable tools. —Not Available.

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

[1949=100]

	All-India	Bombay*	Ahmedabad†	Sholapur§	Kanpur †	Nagpur	Calcutta †	Madras City	Delhi	Ajmer	Gauhati	Jamshedpur†	Jabalpur	Bangalore †
1960 Average	124	429	108	857	100	128	100	148	120	107	108	100	100	100
1961 "	128	421	102	882	101	131	101	146	127	115	106	101	111	105
1962 "	130	444	104	885	103	133	107	150	130	115	115	105	131	109
December 1962	131	440	105	408	102	136	109	151	128	112	115	105	132	111
January 1963	130	438	103	416	103	135	108	150	130	111	110	103	122	109
Feb. "	129	437	104	401	104	131	107	150	130	110	110	104	122	109
March "	130	438	105	370	105	129	110	149	130	111	111	107	123	109
April "	131	437	106	367	106	132	112	149	132	115	112	109	128	109
May "	132	440	106	368	107	133	115	150	132	117	111	108	125	110
June "	134	446	107	376	109	138	112	150	132	117	110	109	124	112
July "	135	448	108	381	110	143	112	151	133	121	111	110	135	112
August "	136	449	108	374	110	144	113	151	134	124	109	109	141	112
September "	137	454	109	377	112	146	116	152	136	124	109	109	143	113
October "	138	453	109	371	112	146	119	151	136	122	109	109	143	114
November "	138	454	110	378	112	147	116	153	138	122	112	109	143	114
December "	140	483‡		379		147		157	140	125	113		145	

* June 1954=100. § Jan. 1928=100. †Base: 1960=100 ‡ The index is based on the Lakdawala Committee's recommendation which has been accepted by the Government of Maharashtra.

INDEX NUMBERS OF WHOLESALE PRICES—IMPORTANT COMMODITIES

(Base: 1952-53=100)

Average of months Average of weeks ended Saturday	Rice	Wheat	Jowar	Bajra	Gram	Tea	Milk	Sugar	Gur	Tobacco Raw	Raw Cotton	Raw Jute	Groundnut	Sesamum (gingelly seed)	Coal	Jute manufactures	Cotton manufactures	Iron & Steel Manufactures
1956-57	97	88	122	122	71	166	104	95	109	90	111	126	111	97	116	95	116	131
1960-61	108	90	122	130	87	206	116	127	136	111	112	210	146	126	141	121	125	147
1961-62	116	91	112	122	82	191	115	115	96	108	118	158	153	143	142	116	118	148
1962-63	111	90	130	124	89	175	123	131	153	93	113	147	140	156	161	111	121	149
January 1963	108	88	128	116	89	180	117	128	150	92	110	148	127	169	153	105	133	161
July "	127	93	113	131	91	191	140	136	248	111	118	141	149	147	161	98	135	163
August "	128	90	109	132	90	207	136	136	246	112	119	143	147	161	161	101	135	163
September "	131	92	109	130	93	198	129	136	267	111	118	147	159	161	161	101	136	163
October "	132	94	110	129	96	195	135	136	252	112	118	144	149	147	157	101	136	163
November "	130	97	112	133	101	192	127	139	216	111	117	147	136	157	161	100	136	163
December "	122	106	114	139	110	192	126	143	210	115	118	148	136	154	161	98	136	163
January 1964 "	120	112	123	139	113	195	128	143	205	116	120	149	139	156	161	100	136	163

RAILWAY TRAFFIC—WAGON LOADINGS

(In thousands)

Year/Month	Total No. of Wagons Loaded	Coal and Coke	Grains and Pulses	Oil-seeds	Raw Cotton	Cotton Manufactures	Raw Jute	Jute Manufactures	Sugar	Cement	Pig-iron	Iron and Steel (Others)	Tea	Manganese Ore
1960-61	9,757	1,591	827	132	52	16	116	15	128	401	56	317	23	70
1961-62	9,870	1,706	803	115	40	14	128	12	130	399	51	366	24	75
1962-63	10,607	1,924	792	125	43	14	150	15	142	335	55	428	22	75
Dec., 1962	7,703	1,408	587	87	26	10	106	14	105	281	38	314	30	56
April 1963	919	172	74	15	5	1	8	1	14	34	4	36	—	5
May "	1,839	345	157	26	10	3	16	2	27	67	9	75	2	10
June "	2,717	509	236	35	13	3	21	3	39	98	14	113	3	14
July "	3,646	687	311	44	16	4	25	4	50	130	19	156	7	20
Aug. "	4,561	866	377	52	19	5	31	5	61	163	24	196	11	24
Sept. "	5,461	1,040	446	59	18	7	50	5	71	195	29	237	16	31
Oct. "	6,406	1,225	516	69	19	8	70	6	78	230	33	280	21	34
Nov. "	7,354	1,401	593	81	21	7	85	7	85	265	38	323	28	39
Dec. "	8,355	1,578	676	97	25	9	101	17	93	304	42	366	28	40

Note.—The figures relate to Government Railways. Figures include Broad and Metre Gauges. The monthly figures are progressive from April and incorporate revision in respect of earlier months. *Source*:—Ministry of Railways.

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A	7-Year B	12-Year B	12-Year National Plan Savings Certificates C		Post Office Savings Bank Deposits		10-Year National Plan Certificates D		Post Office Cash Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E	Cumulative Time Deposits 5-Year J	10-Year J	15-Year Treasury Savings Deposit Certificates 3½% F	4% G		15-Year Annuity Certificates G		Total
	Outstandings	Outstandings	Outstandings	Receipts	Outstandings	Receipts	Outstandings	Outstandings		Outstandings	Outstandings	Outstandings	Outstandings	Receipts	Outstandings	Receipts	Outstandings	Receipts	Outstandings H
1959-60	1,54	3,17	99,14	83,25	221,68	209,59	268,11	19,79	—41,35	50	31	41,68	10,64	21,76	66	2,91	304,90	680,50
1960-61	1,24	2,46	81,40	82,51	286,74	236,88	313,17	18,84	—41,99	1,70	93	38,80	10,14	37,34	69	3,38	338,07	785,00
1961-62	86	1,89	65,52	79,81	347,96	241,05	347,90	17,91	—42,43	3,96	1,91	27,50	16,79	53,35	49	3,63	341,48	872,29
1962-63	59	1,23	48,28	42,08	366,16	242,01	351,71	15,31	—42,82	7,55	3,66	18,20	7,32	59,79	50	3,83	364,55	947,88
Jan. 1963	64	1,49	51,36	—4	373,22	17,03	338,42	16,47	—42,50	6,70	3,21	21,40	—	60,32	3	3,80	20,46	910,17
June	54	1,27	43,37	—	361,25	18,84	349,78	16,01	—42,66	8,84	4,06	18,93	—	60,57	2	3,82	29,07	960,21
July	53	1,23	42,32	8	359,14	21,37	353,74	15,91	—42,68	9,31	4,50	18,20	—	60,59	2	3,81	34,27	972,38
Aug.	51	1,16	41,00	—	357,23	18,33	356,47	15,81	—42,69	9,76	4,50	17,64	—	60,44	4	3,83	28,79	981,40
Sept.	50	1,12	39,60	—	355,44	18,21	359,15	15,55	—42,68	10,20	4,74	17,13	—	60,43	3	3,83	29,19	991,39
Oct.	47	1,07	38,21	—2	353,31	19,84	361,52	15,46	—42,71	10,54	4,96	16,17	—	60,39	4	3,84	30,33	999,58
Nov.	44	1,04	36,86	—1	351,75	18,73	362,92	15,37	—42,71	11,05	5,23	16,23	—	60,31	5	3,86	29,88	1,008,72
Dec.	43	1,01	35,52	—	349,97	19,61	364,98	15,37	—42,70	11,50	5,47	15,89	—	60,27	3	3,86	29,80	1,017,41
Jan. 1964	..	..	..	..	..	..	..	..	..	..	..	15,50	—	60,22	4	3,87	..	..

Note:—Outstandings relate to end of period and do not include Indian Union's share of pre-partition liabilities: repayments, however, include those from the pre-partition holdings of Indian investors. A—Discontinued from July 1, 1953. B—Discontinued from June 1, 1957. C—Issued from June 1, 1957. D—Issued from May 10, 1954 to May 30, 1957. E—Including Defence Savings Banks Deposits upto 1954-55. F—No sales from June 1, 1957. G—1st series issued from July 1954 to 1957 and 2nd series issued from January 1958. H—Outstandings in respect of items in column 9 marked 'E' are not included. J—Commenced from 2nd January 1959. N.B.—Five-year prize bonds were issued from 1st April 1960 and the total outstandings amount to Rs. 20.22 crores. Fifteen-year Cumulative Time Deposits commenced from June 1962—the outstandings at the end of Dec., 1963 amount to Rs. 48 lakhs. Twelve-year National Defence Savings Certificates commenced from 15th November 1962 and the outstandings at the end of Dec., 1963 amount to Rs. 128.43 crores. Ten-year Defence Deposit Certificates were issued from 10th November 1962—the outstandings at the end of June, 1964 amount to Rs. 25.82 crores. Five-year Premium Prize Bonds were issued from 1st January 1963 and outstandings at the end of Dec., 1963 amount to Rs. 5.13 crores.

INDIAN JUTE GOODS STATISTICS

(In thousand metric tons)

	February		Jan. to Feb.	
	1964	1963	1964	1963
Production—Total	99.2	94.4	200.8	197.5
Of which:				
Hessian	41.9	40.7	84.5	85.8
Sackings	38.4	39.8	79.8	84.5
Carpet backing	7.6	5.3	15.8	10.7
Others	11.3	8.6	20.7	16.5
Despatches—Total	99.1	102.1	191.5	197.0
Of which:				
For exports	66.7	61.1	125.9	124.8
Hessian	37.4	31.8	71.6	72.7
Sacking	18.3	15.3	33.2	33.6
Carpet backing	6.4	5.5	14.0	10.6
Others	4.6	9.0	7.1	8.5
For internal consumption	32.4	41.0	65.6	72.2
Hessian	5.5	7.0	10.0	12.0
Sacking	22.5	30.1	47.4	52.8
Others	4.4	3.9	8.2	7.4
Closing stocks—Total	121.2	82.2	121.2	82.2
Of which—				
Hessian	42.3	24.4	42.3	24.4
Sacking	46.5	44.0	46.5	44.0
Carpet backing	18.6	3.3	18.6	3.3
Others	13.8	10.5	13.8	10.5

STOCK & SHARE QUOTATIONS

Abbreviations :—D.—Deferred shares. P. O.—Preferred Ordinary shares. Y.—Accounts published yearly. H.—Accounts published half-yearly. P.—Company has Preference shares. T.—Company has Debentures. N.—Nominal quotations. x.d.—Ex. Dividend. c.d.—Cum. Dividend. I—Interim Dividend. CR.—Cum. Right. XR.—Ex. Right.

Shares :—If a company has different classes of shares—as for example : 'A' shares and 'B' shares—these are indicated by the same letters 'A' and 'B' under the columns 'Paid-up Ordinary Capital' and 'Paid-up' per share.

Accounts :—Figures in the Accounts Closed column represent the months or the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June and December, respectively. Reserves include general and other reserves and all other funds which a company may have excluding depreciation fund, reserves for tax liability and provident fund. Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed less sales, if any, and stands for the gross figures except where otherwise indicated.

Dividends :—Dividends for completed years are shown as amount per share per annum, but where quoted for portion of a year they represent the proportionate dividend for that period. In the case of those companies which close their accounts yearly dividends shown are for their financial year.

TEXTILES

COTTON, RAYON, SILK AND WOOLLEN

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Number Installed: Spindles	Number Installed: Looms	Mill	Latest available Quotation	Paid-up Per Share	Dividend Per Ordinary Shares 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.					Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
BOMBAY CITY AND ISLAND																
20,00,700	17,78,622	50,45,511	30,68,133	26,452	Maganlal Bhagwandas & Co.	45,180	..	Ambika Silk Mills Co., Ltd.	347.50	100	15.00	20.00	20.00		12	Y.
50,00,000	17,53,685	1,64,39,380	83,17,117	1,35,378	Rajputana Textl. (Agencies) Pvt. Ltd.	50,468	902	Apollo Mills	1.72	2	*Nil*	*Nil*	*Nil*		12	Y.
2,50,98,000	3,82,76,018	12,80,53,040	6,93,15,505	67,586	Nowrosjee Wadia & Sons (Pvt.) Ltd.	2,08,184	3,591	Bombay Dyeing & Mfg.	60.00	25	3.50	3.50	3.50		12	Y.
10,00,000	18,71,338	98,54,077	45,76,196	21,112	M. Ramachandra Private Ltd.	44,784	859	Bradbury Mills	151.00	50	5.00	12.50	5.00	15.00	3	Y.P.
5,54,90,900	4,31,32,954	16,13,10,543	6,59,13,337	28,865	Birla Gwallior Private Ltd.	1,26,752	2,702	Century Spg. & Mfg.	610 00	100	30.00	30.00	30.00		12	Y.P.
28,00,000	53,80,444	1,42,43,896	90,80,350	5,342	Cowasjee Jehangir & Co. Pvt. Ltd.	31,460	672	Coorla Spg. & Wvg.	160.25	100	11.00	11.00	11.00	11.00	3	Y.
28,00,000	49,27,043	1,21,36,021	77,41,058	4,438	Kula Industries Ltd.	43,960	..	Dawn Mills	154.00	50	15.00	15.00	15.00	15.00	3	Y.
34,00,000	33,74,168	1,53,70,060	79,34,359	—9,38,834	Puranmal Bubna Sons	47,444	928	Edward Textiles	260.00	200	18.00	18.00	18.00	12.00	12	Y.P.
30,00,000	48,56,520	2,37,36,533	1,05,05,794	5,844	N. K. Jalan, Esq. (Director-in-charge)	52,938	1,756	*Elphinstone* Spg. & Wvg.	95.50	50	9.00	11.00	9.00		12	Y.
50,00,000	83,66,959	2,30,91,674	1,39,71,569	31,083	James Finlay & Co., Ltd.	63,212	780	Finlay Mills	211.00	100	23.00	23.00	23.00		12	Y.
50,00,000	66,03,389	1,42,40,565	83,44,367	29,942	James Finlay & Co., Ltd.	60,212	1,020	Gold Mohur Mills Ltd.	211.25	100	21.50	21.50	19.50		12	Y.
24,00,099	1,39,65,715	2,87,65,011	1,69,95,809	15,203	K. M. D. Thackersey Esd. (Chairman)	50,620	1,129	Hindoostan Spg. & Wvg. Mills	950.00	250	125.00	125.00	64.00	64.00	3	Y.P.
0.2,00,00,000	71,99,109	5,78,94,999	4,29,77,339	3,99,937	M. D. Bhat, Esq. (Chairman)	2,43,784	6,357	India United Mills	21.36	0100	0.80	1.40	1.10		12	Y.
D. 50,00,000									2.54	01D.	0.1325	0.3725	0.2525			
24,00,000	1,16,57,209	2,14,93,729	1,58,08,908	9,350	K. M. D. Thackersey, Esq. (Chairman)	57,672	1,152	Indian Mfg.	875.00xd	250	58.00	62.50	64.00	64.00	3	Y.P.
1,19,70,000	65,33,620	1,58,81,693	3,20,17,163	13,249	Khatau Makanji & Co. (Pvt.) Ltd.	1,05,400	1,495	Khatau Makanji Spg. & Wvg.	182.75	100	32.00	16.00	16.00	8.00	6	Y.P.
1,00,00,000	1,02,06,168	4,81,91,694	3,33,20,212	29,116	Killick Industries Ltd.	1,20,504	1,848	Kohinoor Mills	337.50	100	15.00	15.00	18.00		12	Y.P.
51,49,437	10,20,000	88,86,121	7,26,945	2,116	G. C. Desai, Esq. (Chairman)	..	..	Modella Woollens	13.24	10	..	..	0.40	0.60	6	Y.
50,77,400	67,86,945	1,63,21,171	93,24,179	32,182	N. Sirur & Co. Private

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
6,00,000	74,80,980	1,77,88,358	77,19,665	8,246	B. N. Elias & Co. Private Ltd. ..	879	Agarpara	9.62	10	1.00	0.25	0.25	1.20	3	Y.P.T.
6,00,000	21,01,100	85,62,670	55,90,516	32,706	McLeod & Co., Ltd.	456	Alexandra	300.00	100	44.00	15.00	42.50	....	12	Y.P.T.
80,00,000	26,04,850	1,72,09,661	1,14,75,789	1,05,889	McLeod & Co., Ltd.	1,264	Alliance	122.50	100	6.00	Nil	10.00	12.50	5	Y.P.
49,20,700	1,54,67,331	3,42,99,398	2,11,97,620	90,773	Duncan Brothers & Co., Ltd. ..	2,561	Anglo-India	169.00	100	20.00	7.50	10.00	12.00	3	Y.P.
40,00,000	22,04,894	1,09,46,077	1,00,08,540	1,752	Bird & Co. Private Ltd.	810	Auckland	129.00	100	27.00	12.00	Nil	15.00	3	Y.P.T.
80,00,000	40,35,910	1,58,43,088	99,46,188	39,398	Birla Brothers Private Ltd. ..	959	Bally	242.00	100	25.00	25.00	25.00	25.00	3	Y.P.
£375,000	£915,367	£1,485,277	£1,075,854	£1,341	Jardine Henderson Ltd.	1,889	Barnagore	212.00	£5	£1 10sh.	10 sh.	10 sh.	£2	3	Y.P.
45,00,000	27,17,701	76,40,179	45,59,589	1,36,234	Soorajmull Nagarmull	600	Bengal	8.00	10	0.50	0.50	0.50	....	6	Y.P.T.
1,50,62,510	9,66,66,004	9,66,96,597	4,50,72,427	46,410	Birla Brothers Private Ltd. ..	1,373	Birla	32.62	10	1.50	1.50	1.50	1.50	3	Y.P.
80,00,000	14,32,140	1,22,61,814	79,06,788	30,618	Andrew Yule & Co., Ltd.	991	Budge-Budge	134.50	100	10.00	Nil	12.00	....	10	Y.P.
7,47,880	88,200	49,78,434	37,08,876	−2,70,302	Dayaram & Sons	502	Calcutta Jute Mfg.	8.87	10	Nil	Nil	....	....	12	Y.P.
15,00,000	81,18,228	97,45,253	58,35,982	9,234	M.	616	Caledonian	175.00	100	12.00	5.00	15.00	....	11	Y.P.
19,58,200	99,79,201	1,00,62,861	1,06,68,488	26,727	James Finlay & Co., Ltd.	600	Champdany	21.62	10	1.00	0.50	Nil	4.00	3	Y.
38,58,760	72,45,112	1,87,32,000	70,26,410	1,02,122	Andrew Yule & Co., Ltd.	1,131	Cheviot	20.25	10	Nil	0.50	2.50	....	11	Y.P.
30,15,000	36,54,850	1,35,59,292	87,51,922	−4,10,550	McLeod & Co., Ltd.	600	Chhavalsah	8.00	10	0.50	Nil	0.50	Nil	7	Y.P.T.
24,00,000	8,04,609	81,44,899	69,78,876	−15,44,521	M.	969	Clive	8.00	10	Nil	Nil	Nil	....	3	Y.P.
31,40,200	21,85,995	1,33,24,108	82,26,550	3,316	Bird & Co. Private Ltd.	766	Dalhousie	121.00	100	1.00	1.00	Nil	25.00	3	Y.P.T.
45,00,000	68,77,452	1,80,62,884	65,71,786	28,074	Andrew Yule & Co., Ltd.	779	Delta	146.00	100	7.50	5.00	12.00	....	11	Y.P.
15,00,000	42,21,700	1,21,66,987	86,26,776	84,695	McLeod & Co., Ltd.	500	Empire	17.75	10	1.25	0.75	1.25	1.50	7	Y.P.T.
69,00,000	1,23,58,595	4,12,02,887	2,35,01,408	4,632	Kettlewell Bullen & Co., Ltd. ..	1,884	Fort Gloster Industries Ltd. ..	251.00	100 Old	25.00	10.00	12.50	50.00	3	Y.P.T.
51,40,224	82,94,990	1,42,22,521	78,72,524	6,051	Bangur Bros., Ltd.	1,014	Fort William	28.37	10	2.25	2.25	1.00	2.00	3	Y.P.T.
84,82,100	77,96,803	3,00,05,500	1,61,98,876	16,267	Ganges Manufacturing Co. Ltd. (Chairman)	1,709	.. .. ..	18.25	10	1.00	1.00	1.50	2.00	3	Y.P.
43,20,000	37,97,205	1,75,30,642	68,41,617	16,522	M.	607	General Ind. Society Ltd. ..	16.00	10	4.00	1.00	1.80	....	12	Y.T.
48,00,000	65,59,122	3,27,96,620	2,08,30,061	28,659	Macneill & Barry Ltd.	1,394	Gourepore	22.94	10	3.00	2.50	2.00	2.00	3	Y.P.
40,00,000	1,09,95,150	1,88,44,677	1,01,30,202	4,054	Bangur Bros., Ltd.	1,078	Hastings	128.00	100	15.00	7.50	6.00	6.00	3	Y.P.
19,80,000	44,86,059	49,76,527	47,56,170	4,294	M.	720	Hooghly	16.00	10	1.00	2.00	0.75	1.00	3	Y.P.
65,82,500	46,00,997	2,81,86,629	1,61,63,455	....	Jardine Henderson Ltd.	1,040	Howrah	16.75	10	1.25	1.00	1.00	1.00	3	Y.P.
52,50,000	1,26,22,500	3,46,75,340	2,10,75,240	5,088	Ramdutt Ramkissendas	2,272	Hukumchand	19.85	7.50	2.15	2.15	2.00	2.00	3	Y.P.T.
87,80,000	26,63,965	1,86,83,015	1,09,04,160	76,164	M.	790	India	15.12	12.50	1.75	1.50	....	....	3	Y.
24,00,000	82,17,016	2,06,72,088	1,54,08,111	14,167	Jardine Henderson Ltd.	1,797	Kamarhatty	179.00	100	5.00	Nil	20.00	....	12	Y.P.T.
'B' 19,20,000								136.00	100	Nil	Nil	15.00	....		
80,00,000	18,48,482	1,76,29,416	1,30,92,261	11,179	Jardine Henderson Ltd.	1,527	Kankanarah	136.00	100	Nil	Nil	15.00	....	12	Y.P.T.
'B' 24,00,000								136.00	'B' 100	Nil	Nil	15.00	....		
28,00,000	72,61,800	2,51,06,312	1,23,43,904	94,936	McLeod & Co., Ltd.	703	Kelvin	144.50	100	15.00	10.00	10.00	20.00	6	Y.P.
64,00,000	66,26,810	2,49,19,513	1,56,16,494	3,879	Anderson Wright Ltd.	1,580	Khardah	17.81	10	2.00	0.60	1.25	1.25	3	Y.P.
50,88,200	49,08,577	2,28,97,863	1,50,89,818	12,641	F. W. Heilgers & Co. Private Ltd.	1,250	Kinnison	121.00	100	20.00	7.00	Nil	10.00	3	Y.P.T.
24,48,000	1,80,000	1,09,09,972	70,07,972	4,687	Bird & Co. Private Ltd.	921	Lansdowne	96.00	100	Nil	Nil	Nil	Nil	3	Y.P.
28,00,000	14,08,147	65,36,767	45,86,702	664	Bird & Co. Private Ltd.	840	Lawrence	99.50	100	15.00	15.00	10.00	10.00	3	Y.P.
61,65,200	44,95,037	2,88,24,108	1,66,72,814	84,805	M.	1,244	Magma	19.44	10	1.20	1.25	Nil	Nil	3	Y.
29,98,900	41,99,081	1,01,20,305	1,15,75,504	21,972	Bhagat Agencies Ltd.	315	Nalhati	80.00	100	Nil	Nil	Nil	....	3	Y.P.T.
20,00,000	11,82,460	36,57,072	27,63,440	8,216	Howrah Trading Co. Private Ltd.	426	Naskarpara	6.00	10	0.60	....	....	....	10	Y.T.
35,00,000	78,10,450	2,01,15,988	53,47,374	9,807	M.	852	National	20.50	10	0.75	Nil	1.00	....	3	Y.P.T.
26,25,000	26,29,172	59,06,895	46,01,106	35,230	McLeod & Co., Ltd.	316	Nellimarla Jute	11.62	10	0.30	0.60	1.50	0.50	7	Y.P.T.
2,86,50,000	3,31,09,122	11,08,78,237	2,72,02,888	13,602	Sahu Jain Ltd.	1,765	New Central	11.87	10	1.50	1.50	Nil	1.50	3	Y.P.T.
16,72,880	56,56,689	1,43,51,779	89,72,945	1,078	Bird & Co. Private Ltd.	567	Northbrook	75.75	10	3.00	3.00	2.50	3.50	3	Y.P.T.
66,79,800	58,00,825	1,63,46,564	85,12,293	13,111	Macneill & Barry Ltd.	1,092	Nuddea	60.00	50	4.00	3.00	2.50	5.00	3	Y.
25,00,000	13,85,554	1,08,88,905	84,40,448	17,103	McLeod & Co., Ltd.	400	Presidency	4.44	5	0.40	0.30	0.50	0.50	7	Y.
20,00,000	5,37,122	68,13,803	54,70,569	25,660	Hindustan Investment Corpn. Ltd.	305	Rameshwara	9.25	10	Nil	Nil	Nil	Nil	3	Y.P.T.
49,50,000	6,89,145	1,24,02,777	69,15,776	7,27,719	M.	423	Reliance	7.50	10	Nil	Nil	Nil	Nil	10	Y.P.T.
£600,000	£867,481	£1,501,838	£738,964	£8,388	Thomas Duff & Co. (India) Pvt. Ltd.	2,018	Samnagpur	9.50N	£1	6%†	Nil	10%†	....	12	Y.P.
30,00,000	23,52,884	1,57,85,313	1,08,08,079	8,777	Bagaria More & Co., Ltd.	911	Shree Ambica	24.50	10	0.90	0.60	Nil	0.90	3	Y.P.T.
14,00,000	17,16,854	77,42,303	55,72,946	26,425	Hindustan Investment Corpn. Ltd.	401	Soorah	22.50	10	2.50	2.50	2.50	....	12	Y.P.
£800,000	£666,895	£1,390,914	£783,019	£9,976	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Titaghur	9.50N	£1	6%†	Nil	12½†	....	12	Y.P.
£5,985,500	£2,653,667	1,10,05,221	63,98,968	623	Bird & Co. Private Ltd.	3,157	Tropical	9.50N	£1	6%†	Nil	Nil	20.00	3	Y.P.T.
£400,000	£865,958	£1,338,747	£666,723	£8,551	Thomas Duff & Co. (India) Pvt. Ltd.	1,681	Victoria	9.00xd	£1	6%†	Nil	10%†	....	12	Y.P.
2,50,000	9,70,000	81,07,250	46,38,438	57,655	McLeod & Co., Ltd.	447	Waverley	9.00xd	1	0.30	0.30	0.60	0.30	5	Y.P.

SOUTH INDIAN PLANTING COMPANIES

TEA COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
10,08,990	5,60,824	18,08,952	4,15,754	46,095	Young India Agencies Private Ltd...	1,665	Balacoor Tea and Rubber ..	12.37	10	1.50	1.20	1.20	....	3	Y.P.
64,00,000	25,11,426	1,49,41,142	25,95,990	54,776	Kothari & Sons (Ags.) Pvt. Ltd.	1,370H	Blue Mountain Estates & Ind..	2.47	2	0.25	0.20	0.20	0.20	6	Y.
5,50,000	5,11,100	13,10,967	4,35,544	9,185	K. Anandraman Esqs. (Mg. Director).	846	Chandramalai Estates Ltd. ..	6.00	2	0.50	0.50	0.50	0.50	3	Y.
14,00,100	14,46,880	33,40,058	11,64,122	22,758	Peirce, Leslie & Co., Ltd. ..	693H	Chembra Peak Estates	4.65	2	0.40	0.40	0.40	0.40	3	Y.
5,66,780	18,00,424	24,87,766	3,02,266	....	Matheson Bosanquet & Co. Pvt. Ltd..	150H	Coonoor Tea	18.37xd	10	1.75	1.50	1.75	1.75	9	Y.P.
4,80,000	5,08,204	16,62,155	3,17,071	17,303	M. L. Goenka, Esq. (Chairman) ..	671	Corog Tea	4.85	2	0.40	0.40	0.80	0.80	10	Y.P.
8,40,000	2,28,526	13,60,903	4,83,226	3,800	P. G. Krishna Iyer, Esq. (Mg. Director)	171H	Devashola (Nilgiri) Tea ..	24.08	10	2.00	2.00	1.50	1.50	12	Y.
6,74,650	8,83,749	13,44,768	3,14,293	23,168	Young India Agencies Private Ltd. .	1,177	Devon Tea	11.96	10	1.50	1.50	1.50	1.00	3	Y.P.
7,50,000	6,15,000	9,94,450	13,466	19,221	K. N. Krishna Iyer (Mg. Director) ..	193	Emerald Valley Estates ..	6.10	5	....	Nil	0.80	1.00	3	Y.P.
25,00,000	19,85,470	59,76,170	18,56,831	12,526	Parkins Private Ltd.	1,506	Halleyburia	12.90	10	1.50	1.25	1.10	1.25	12	Y.P.
9,00,000	7,23,749	16,93,743	4,93,218	29,726	Peirce, Leslie & Co., Ltd.	190H	Kalasa Tea	4.10	2	0.40	0.40	0.30	0.30	3	Y.
17,17,076	13,42,010	37,03,155	8,78,383	28,817	Peirce, Leslie & Co., Ltd.	556H	Kil Kotagiri Tea	4.80cd	2	0.50	0.50	0.50	0.40	10	Y.P.
6,90,000	3,13,000	18,93,084	1,58,424	1,857	Ipe Oommen & Co. Pvt. Ltd. ..	936	Kurchermala Plant. Ltd. ..	5.07	10	Nil	0.40	Nil	Nil	3	Y.P.
5,00,000	1,45,676	10,64,318	1,18,129	26,576	Matheson Bosanquet & Co., Ltd. ..	109H	Lucky Valley	12.50	10	1.00	1.00	1.00	1.00	12	Y.
3,50,000	2,50,000	9,59,379	38,028	4,009	Vasuha & Co. (Trichy) Pvt. Ltd. ..	255	Manar Estates Ltd.	1.93	2	0.20	0.10	0.10	0.10	3	Y.
3,00,000	6,13,117	15,08,173	3,99,591	−3,608	Rapen Thomas, Esq. (Mg. Director)..	560	Miamallay	Sz 60	25	3.75	3.50	2.00	Nil	3	Y.P.
66,00,000	24,19,484	84,10,841	17,28,590	20,273	A. V. Thomas & Co. (India) Ltd. ..	3536H	Nellampathy	4.93	5	0.375	0.375	0.375	0.375	6	Y.
12,60,000	10,00,000	35,20,940	6,97,916	6,922	A. V. Thomas & Co., Ltd.	738H	Nellampathy	3.82	2	0.26	0.30	0.30	0.30	6	Y.P.T.
14,06,250	10,15,954	40,42,365	8,24,073	8,184	A. V. George & Co., Ltd.	1,622	Nilgiri Tea	9.12	10	0.80	1.00	1.00	0.50	3	Y.P.
23,10,000	11,02,651	39,42,356	15,15,045	28,457	Harrison & Crosfield Ltd.	841	Nonsuch Tea	23.00	10	2.50	2.50	2.00	2.50	3	Y.
14,68,960	17,22,988	84,64,296	7,51,987	46,177	P. S. M. Molyneux, Esq. (Chairman).	227H	Parkside	26.33	10	2.75	2.25	2.75	2.50	6	Y.
6,00,000	6,84,231	7,96,354	70,137	4,27,181	S. Sivaramakrishna Aiyar, Esq. ..	771	Peninsular Plantations Ltd. ..	21.25	10	2.00	2.00	2.00	2.00	2	Y.
17,00,000	12,58,000	46,47,092	19,04,128	29,859	Aspinwall & Co. (Travancore) Ltd.	634H	Peermade	20.62	10	2.25	2.50	2.00	....	12	Y.P.
57,94,880	20,88,711	1,29,70,168	46,17,784	58,808	Peirce, Leslie & Co., Ltd.	1,506H	Periakaramalai	3.44	2	0.27	0.40	0.25	0.80	3	Y.P.
18,50,000	2,96,500	12,02,040	1,74,015	8,959	A. V. Thomas & Co. (India) Ltd. ..	882	Sheverov Estates Ltd.	2.25	2	0.18	0.15	0.125	0.125	6	Y.
9,00,000	15,35,000	31,72,683	10,92,544	17,761	T. Stanes & Co. Ltd.	457H	Stanes Amalgamated	13.75	10	1.70	1.00	1.50	1.50	6	Y.T.
1,25,000	12,500	2,18,032	22,950	2,921	M.	216	Swinton Estates	2.68	2	0.25	0.12	Nil	3	3	Y.P.
12,50,000	12,05,697	84,15,817	5,52,996	22,671	Srinivas Agencies	1,056	Talayar Tea	1.90	2	0.16	0.20	0.20	0.20	3	Y.P.
12,75,000	10,05,000	33,93,735	5,10,317	1,113	Parkins Private Ltd.	1,215	Teyfford	6.55	10	1.00	0.50	0.50	....	12	Y.
2,50,000	3,07,345	10,81,680	1,41,882	−82,255	A. V. George & Co., Ltd.	503	Udayagiri Rubber Co., Ltd. ..	15.50	10	0.10	Nil	Nil	....	12	Y.P.
21,93,280	21,26,250	59,80,505	22,94,476	22,127	T. Stanes & Co., Ltd.	726H	United Nilgiri	23.22xd	10	2.10	2.20	2.20	2.25	3	Y.
47,25,000	21,88,765	93,19,416	15,06,787	31,880	Kothari Mehta & Co. Pvt. Ltd. ..	1,127H	Waterfall	2.36	2	0.25	0.30	0.20	0.30	6	Y.P.

RUBBER AND OTHERS

6,00,000	5,82,485	17,66,245	5,03,082	20,644	Ramani & Co. Pvt. Ltd.	999	Alagewar Estates Ltd.	2.67	2	0.15	0.30	0.20	0.20	3	Y.
6,75,000	2,85,527	21,05,698	4,40,782	1,693	K. N. Neelakantan, Esq. (Mg. Director)	2,417	Amalgamated Coffee Estates Ltd.	10.01	10	1.00	1.00	1.00	0.50	3	Y.P.T.
2,50,000	5,92,985	14,70,817	2,21,618	40,975	A. V. George & Co., Ltd.	639	Anandam Rubber Co., Ltd. ..	14.19	10	1.50	1.50	1.50	....	12	Y.P.
12,07,938	2,28,040	22,59,626	3,45,437	34,775	Associated Planters Private Ltd. ..	1,343	Anaparai Estates Ltd.	3.00	2	0.40	0.30	0.20	0.30	6	Y.T.
4,75,000	4,77,000	12,07,752	1,42,997	1,061	Young India Agencies Pvt. Ltd. ..	1,041	Badra Coffee Estates Ltd. ..	2.90	2	0.30	0.30	0.15	0.25	3	Y.P.
4,00,000	86,000	7,45,317	1,56,774	2,787	A. V. Thomas & Co. (Mysore) ..	232H	Babasbudin Coffee & Produce..	5.30	5	0.40	0.40	0.30	0.30	6	Y.P.
3,00,000	2,05,000	4,78,718	88,207	1,481	Planting Agencies (Private) Ltd. ..	151H	Balmadies Plantations	1.80	2	0.15	0.10	Nil	0.10	6	Y.P.
12,91,278	19,60,914	60,03,540	12,47,012	28,261	Peirce, Leslie & Co., Ltd.	6,255	Cochin Malabar	6.40	5	0.525	0.60	0.60	0.35	3	Y.P.
12,50,000	28,62,169	57,74,920	16,29,365	890	M. A. Sreenivasan, Esq. (Chairman).	2,793	Coffee Lands and Industries ..	16.62	10	0.60	1.20	0.90	0.90	6	Y.P.
11,55,000	78,42,169	1,75,91,409	54,78,544	1,607	M. A. Sreenivasan, Esq. (Chairman).	5,845	Consolidated Coffee	20.85	10	2.00	2.00	1.50	2.00	6	Y.P.
5,00,000	5,09,735	15,53,047	1,41,758	5,318	Associated Planters Private Ltd. ..	1,410	Cottanad Plantations	9.60	10	1.00	1.00	0.625	1.00	3	Y.P.
4,08,580	2,50,000	4,05,680	1,35,017	40,856	Peirce, Leslie & Co., Ltd.	240H	Cowcoody Estates (Coffee) ..	4.53	2	0.50	0.50	0.40	0.35	6	Y.
18,00,000	14,20,000	37,07,279	8,89,483	15,646	A. V. Thomas & Co., Ltd.	519H	Highland Produce	15.60	10	1.50	1.50	1.50	....	6	Y.P.
11,58,700	11,77,700	31,72,832	4,60,272	22,004	A. V. George & Co., Ltd.	1,537	Kallas Rubber Co., Ltd.	5.95	2	0.40	0.50	0.60	0.60	2	Y.
12,00,000	8,19,842	22,75,750	4,65,958	5,164	A. V. Thomas & Co., Ltd.	886H	Kalpetta Estates	11.85	10	1.25	1.25	1.25	1.125	4	Y.
6,00,000	2,40,000	9,93,124	2,60,252	26,055	Peirce, Leslie & Co., Ltd.	272H	Kanneygode Estates Ltd. ..	4.00cd	2	0.40	0.35	0.30	0.25	10	Y.
13,50,000	6,88,333	23,24,000	5,02,946	8,669	K. T. Thomas Kathanar, Esq. ..	2,147	Malankara Rubber	16.50	10	1.50	1.50*	1.40	1.40	3	Y.
8,25,000	2,60,000	8,72,787	96,534	3,643	Associated Planters Pvt. Ltd. ..	905	Mercara Rubbers Ltd.	7.55	5	1.00	1.00	0.75	0.625	6	Y.P.
40,50,000	17,71,088	70,92,921	13,59,147	1,929	A. V. Thomas & Co., Ltd.	1,886H	Midland Rubber	11.40	10	1.25	1.25	1.25	1.00	12	Y.P.
8,25,000	4,12,807	17,54,491	3,54,374	1,18,508	A. V. George & Co., Ltd.	1,331	Nenmeny Rubber	22.55	10	1.50	1.50	1.50	1.50	12	Y.P.
2,00,000	4,91,116	10,47,182	60,435	1,632	Associated Planters Private Ltd. ..	840	Nilambur Rubber Co.	12.75	10	1.50	1.50	1.50	1.50	12	Y.P.T.
6,90,000	5,91,000	12,89,230	1,30,772	12,287	Peirce, Leslie & Co., Ltd.	293H	Oaseoad Estates Ltd.	2.50	2	0.30	0.00	0.20	0.30	10	Y.
19,46,980	20,84,563	56,69,225	22,56,023	−3,56,491	Peirce, Leslie & Co., Ltd.	1,812H	Onchterlony Valley Estates ..	4.40cd	2	0.28	0.24	0.12	....	10	Y.P.T.
16,50,000	8,12,431	24,69,527	4,19,333	6,344	Aspinwall & Co., Ltd.	900H	Pullangode Rubber	2.98	2	0.10	0.12	0.15	0.20	3	Y.P.
13,50,000	12,53,259	53,99,304	5,55,452	20,350	A. V. Thomas & Co., Ltd.	1,216H	Rajagiri Rubber	11.25	10	2.00	2.00	2.00	2.125	3	Y.P.
3,00,000	1,04,963	4,06,853	60,946	47,531	Associated Planters Private Ltd. ..	422	Rajendra Coffe Ltd.	10.42	5	1.25	1.25	1.00	1.25	3	Y.P.
13,00,000	78,907	+20,87,248	2,38,330	−1,48,843	Paico Agencies	470H	Sangameshwar Coffee Estates..	1.70	2	0.12	0.12	Nil	Nil	3	Y.P.T.
8,80,170	3,25,000	9,98,966	1,90,807	893	Peirce, Leslie & Co., Ltd.	207H	Satagiri Rubber	4.45	2	0.28	0.32	0.30	....	11	Y.
10,00,000	2,03,130	22,50,803	1,88,357	4,584	Rasi India Agencies Private Ltd. ..	1,454	Teckoy Rubber (India) Ltd.. ..	6.60	10	Nil	....	....	....	3	Y.P.T.
6,25,000	2,74,153	14,90,789	65,188	7,695	A. V. George & Co., Ltd.	816	Thamarapally Rubber	16.40	10	3.00	1.80	1.50	....	12	Y.P.T.
9,15,000	10,75,840	16,61,731	2,34,898	7,989	Peirce, Leslie & Co., Ltd.	1,312	Thirumbadi Rubber Co., Ltd..	1.90cd	1	0.07	0.12	0.10	0.10	9	Y.
6,00,000	6,15,616	13,78,050	1,92,991	1,840	Rapen Thomas, Esq. (Mg. Director)..	1,341	Travancore Rubber	12.00	10	1.30	1.20	....	....	12	Y.
41,00,000	12,63,684	90,98,305	18,31,504	32,223	Aspinwall & Co. (Travancore) Ltd. ..	2,109H	Travancore Rubber & Tea ..	10.20	10	0.90	1.00	1.00	....	12	Y.
20,00,000	1,91,000	13,48,194	9,09,484	223	P. T. Thomas, Esq. (Mg. Director) ..	3,157	Tropical Plantations Co.	21.00	25	2.00	2.00	....	....	12	Y.
8,50,016	5,47,051	10,34,166	54,782	9,228	S. Padmanabh Aiyasr, Esq. (Chairman)	1,118	Valkundam Rubber Co., Ltd.. ..	36.10xd	10	3.00	3.00	....	....	12	Y.
6,00,000	6,69,482	19,50,052	1,87,596	6,425	P. I. Joseph, Esq. (Chairman) ..	1,245	Vellimalai Rubber & Co.	5.25	5	0.50	0.50	0.25	0.35	2	Y.P.T.
12,00,000	12,40,982	16,57,152	2,24,133	26,574	Peirce, Leslie & Co., Ltd.	417H	Wartyhully Estates Ltd.	3.00	2	0.30	0.30	0.20	0.24	3	Y.
6,95 000	97,309	13,65,464	1,02,251	23,313	M.	893	Woodland Estates	6.90	10	1.00	1.00	....	....	3	Y.P.T.

V—Includes 50 nP. for 30-6-1954. * Includes bonus. H—Area in Hectares M—Managed by Board of Directors. † Less Income-tax.
N.B.—All dividends paid since 31st March 1959 are shown as taxable.

NORTH INDIAN TEA ESTATES

ASSAM

| Paid-up Ordinary Capital Rs. | Reserves Rs. | Gross Block

MISCELLANEOUS COMPANIES—*Continued*

CERAMIC; MINING AND QUARRYING

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs	Rs. nP	Rs. nP	Rs. nP	Rs. nP		
36,00,00	12,111	67,05,606	23,63,316	2,915	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	6.62	10	0.60	0.60	0.60		3	Y.
18,50,000	6,38,242	23,23,858	12,41,519	777	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kotah) Ltd	24.00N	10	2.00	3.00	2.00		9	Y.P.
55,23,146	23,41,104	1,90,40,451	48,35,034	3,268	Bharat Ram Bhagat & Co.	Bengal Potteries	5.00	2½	0.375	0.30	0.30		12	Y.
40,00,000	28,81,279	1,22,44,032	52,39,187	50,122	Bird & Co. Private Ltd.	Bisra Stone Lime Co.	19.75	10	3.00	3.00	1.00	1.25	3	Y.
14,17,800	25,18,589	53,55,181	22,68,904	2,821	Smt. K. M. Motichand Shah (Chairman).	Bombay Potteries and Tiles Ltd.	181.25	100	12.86	15.00	15.00	18.00	9	Y.P.
80,00,000	24,85,788	1,36,52,823	46,61,418	1,20,034	Saraf Mor & Co. Private Ltd. ..	Ferro Alloys Corporation Ltd. ..	113.00	100	8.00	11.00	9.00		12	Y.P.
23,56,950	£2,324,873	£4,002,119	£2,243,738	£79,310	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	3.44	Sh. 2	0.36	0.36			12	Y.
F.5,00,000 } (N.15,00,000 }	27,81,955	34,18,636	10,76,454	1,40,029	Bird & Co. Private Ltd...	Karanpura Development	10.31	10	0.50	0.50			12	Y.
50,00,000	....	1,14,21,419	5,73,268	3,63,515	Khandelwal Industries Private Ltd.	Khandelwal Ferro Alloys Ltd. ..	60.00	100	*Nil*	*Nil*			3	Y.
30,00,000	56,55,899	1,70,20,512	82,30,436	25,499	Bird & Co. Private Ltd...	Kumardhubi Fireclay and Sillica Works	18.45	10	1.80	1.80	1.80		12	Y.P.T.
1,79,79,255	10,00,896	1,22,29,515	76,13,094	8,25,965	Sir Indra Singh, Kt. (Chairman)	Metal Corporation of India Ltd.	7.44	10	*Nil*	*Nil*	*Nil*		3	Y.P.
5,00,000	7,27,303	17,66,777	9,57,747	190	Sir Indra Singh, Kt. (Chairman)	Mysore Stoneware Pipes & Potteries	11.57N	10	1.428	1.20	1.50	1.25	3	Y.
20,00,000	67,67,431	80,62,201	34,56,786	38,801	Bird & Co. Private Ltd...	Orissa Minerals	22.12	10	3.60	2.80	2.00		6	Y.
12,18,650	22,84,051	1,05,25,903	57,38,031	43,393	A. V. Gharpure, Esq. (Chairman)	Parshuram Pottery Works Co., Ltd.	59.00	25	5.36	5.36	5.36	5.75	7	Y.P.
20,86,650	54,10,475	1,10,96,407	49,48,144	—7,04,525	Killick Industries Ltd.	Shivrajpur Syndicate	15.76	10	8.00*	*Nil*			11	Y.
4,85,840 } 4,80,880 }	10,46,690	27,59,491	9,68,263	22,408	S. N. Beri, Esq. (Secretary)	Sutna Stone & Lime Co. Ltd.	28.31	5	1.00	1.375	1.50		12	Y.

CHEMICAL

23,58,175	....	1,79,449	13,076	—26,545	Agri-Chem Engineers	Adarsh Chemicals & Fertilisers	78.50	100	*Nil*	*Nil*			12	Y.P.
1,44,50,000	79,42,309	3,08,89,996	1,16,84,003	82,961	Rajputana Services	Alembic Chemical Works Co. ..	160.00	100	14.00	14.00	12.00		12	Y.P.T.
3,10,00,000	2,26,35,273	3,39,01,420	2,46,53,284	5,671	Imperial Chemical Industries (India) Private Ltd.		30.37	10	1.20	1.50	1.50	1.50	9	P.V.F.
89,97,100	*79,09,664*	*1,64,62,140*	*50,07,267*	*15,665*	*Amrital & Co. Private Ltd.*	Alkali and Chem. Corpn. of India	138.75	100	12.00	9.00	9.00		12	Y.P.
29,84,000	47,59,789	1,06,22,550	51,81,640	5,491	Kasturbai Lalbhai & Co.	Amar Dye-Chem. Ltd.	80.00*	30.00*	30.00*	25.00*			12	Y.P.
2,97,50,025	1,55,18,952	5,68,46,094	1,71,87,475	61,188	Lalbhai Sons & Co.	Anil Products Ltd.	306.50	100	12.00	12.00	12.00		12	Y.
50,00,000	....	35,050	910	....	P. N. Balasubramanian, Esq. (Mg. Director)									Y.P.
1,25,45,900	67,58,823	1,59,19,707	31,89,070	5,723	Dr. B. N. Ghose (Managing Director)	Barjum Chemical Ltd.	54.50	100	..	..	*Nil*		6	
1,25,00,000	65,16,340	1,47,09,873	34,41,548	1,134	Ramniwas R. Ruia, Esq. (Chairman)	Bengal Chemical and Phar. ..	99.00	100	7.00	10.00	10.00		3	Y.P.
14,85,344	4,34,618	17,47,000	7,47,009	12,621	Nadkarni & Co.	Colour-Chem Ltd.	342.50	100	*Nil*	8.00	12.00	12.00	3	
21,88,500	50,06,730	1,55,60,333	69,34,176	25,675	Dharamsi Morarji & Co.	Chemical Industrial & Pharmaceutical Laboratories Ltd.	25.00	25	2.50	3.00	3.00		12	Y.P.
1,07,50,000	97,07,353	5,93,07,157	2,11,95,198	1,75,320	Sahu Bros. (Saurashtra) Private Ltd.	Dharamsi Morarji Chemical Co. Ltd.	133.75	50	*Nil*	8.00	8.00		3	Y.P.
6,05,57,740	61,43,460	10,45,97,407	4,07,36,479	5,85,109	M. K. K. Nayar, Esq. (Mg. Director)	Dhrangadhra Chemicals	115.50	100	*Nil*	6.00	6.00	8.00	3	Y.P.
1,86,76,000	71,67,780	2,84,75,973	30,44,827	3,006	Mafatlal Gagalbhai & Sons	F. A. C. T.	5.40	10	0.60	0.60	0.60	*Nil*	3	Y.P.
12,00,000	6,54,411	28,94,858	15,61,602	19,974	Jai H. Mehta, Esq. (Chairman)	Indian Dyestuffs Industries Ltd.	305.00	100	6.00	6.00	7.00	7.00	3	Y.P.
1,40,00,000	57,43,491	2,43,51,282	1,10,06,661	1,03,000	Sahasayee Brothers Private Ltd.	Kemp & Co.	250.00	200	25.00	25.00	26.00		3	Y.
24,81,220	13,02,685	56,25,511	47,52,455	3,322	T. Shamanna, Esq. (Chairman)	Meitur Chemicals	13.65cd	10	1.25*C	1.25	1.375*	1.25	3	Y.P.
10,00,000	5,35,915	13,66,245	7,01,774	4,765	S. Ramanathan, Esq. (Mg. Director)	Mysore Chemicals and Fertilizers	7.60	10	1.00	1.00	0.50		3	Y.T.
56,00,000	86,00,955	1,03,25,040	30,64,507	9,857	Ramdas Kilachand, Esq. (Chairman)	Polychem Ltd.	122.50	50	5.50	7.50	7.50	7.50	7	Y.P.
40,54,500	870	20,19,203	6,760	49,736	Emcete & Sons Private Ltd. ..	Premier Fertilisers Ltd.	6.25	10	*Nil*	*Nil*		1.50	3	Y.P.
22,50,000	17,63,293	65,52,467	27,98,505	11,012	Bangur Brothers Ltd.	Phosphate Co., Ltd.	191.00	100	25.00	25.00	17.50	17.50	3	Y.P.
20,00,000	17,67,231	31,86,795	15,65,805	19,167	D. M. Jadhav, Esq. (Chairman)	Smith Stanistreet & Co.	13.50	5	1.25	1.25	1.25		3	Y.
4,98,54,470	24,38,960	3,13,78,704	17,05,817	—9,38,858	Tulsidas Kilachand, Esq. (Chairman)	Synthetics & Chemicals Ltd. ..	95.00	100	*Nil*	*Nil*	*Nil*	0.50	7	Y.
3,02,33,315	1,09,52,567	9,01,95,274	3,04,95,897	3,023	Tata Industries Private Ltd.	Tata Chemicals	13.32	10	0.60	0.65	0.65	*Nil*	3	Y.P.
25,00,000	5,80,760	29,88,714	12,05,339	5,516	T. Krishnamoorthy, Esq. (Mg. Director)	Travancore Chemical Mfg. Co. Ltd.	18 50	10	1.50	2.00	2.25	*Nil*	10	Y.P.
31,16,000	....	8,93,892	1,493	—6,72,288	Mr. M. J. Vaidya (Chairman) ..	Travancore Electro-Chemical Ind.	102.00	100	*Nil*	*Nil*	*Nil*		12	Y.P.
14,99,375	....	25,06,158	7,313	—2,574	Mr. N. S. Iyengar (Chairman) ..	Ultramarine & Pigments Ltd. ..	110.00	100	..	*Nil*	*Nil*	0.90	3	Y.P.
													12	Y.P.
											Nil		12	Y.P.
											Nil	20.00	12	Y.P.
											10%†		12	Y.P.
8,74,78,895	1,85,12,601	18,97,73,999	5,00,50,102	264	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd.	95.80	100	7.00	7.00	8.00	9.00	3	Y.P.
85,83,330	51,13,440	2,90,89,788	76,81,251	10,72,973	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd.	9.60	10	1.00*	0.90	0.90		3	Y.
3,02,77,000	1,23,89,917	12,25,61,084	3,04,61,313	35,154	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co.	1,042.50	1,000	85.00*	80.00*	80.00		3	Y.P.T.
1,75,00,000	1,21,07,263	5,11,22,126	1,25,80,588	3,370	Killick Industries Ltd.	Bombay Suburban Electric Supply	104.00	100	8.00	8.50	8.50		3	Y.
7,07,020	1,03,208	1,91,97,295	8,37,506	1,656	Rajaputana Textiles (Agencies) Ltd.	Broach Electric Supply Development	6.48	10	0.66	0.72	0.60	0		Y.T.
48,39,000	12,56,813	1,57,72,704	61,59,509	3,647	Rajaputana Textiles (Agencies) Ltd.	Poona Electric Supply	185.00	100	9.50	8.25	8.25	8.		Y.T.
70,00,000	34,04,483	1,81,93,935	61,24,423	2,675	Killick Industries Ltd.	Surat Electricity	100.50	100	7.75	8.00	8.00	8.50	3	Y.P.
2,40,00,000	1,39,56,610	9,25,34,314	2,23,25,026	27,536	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply	112.00	100	8.50*	8.00*	8.00*	9.00	3	Y.P.
5,15,36,000	3,61,11,341	20,88,47,938	4,89,65,810	29,988	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,107.50	1,000	85.00*	80.00*	80.00*	90.00	3	Y.P.

West Bengal and Other Centres

19,99,600	51,20,883	1,62,58,959	47,04,294	52,890	Martin Burn Ltd.	Agra Electric Supply Co., Ltd.	125.00	100	11.00	11.00	11.00		3	Y.T.
8,00,000	18,51,803	55,60,716	26,26,817	25,023	Martin Burn Ltd.	Bareilly Electric Supply	12.00	10	1.10	1.10	1.10		3	Y.T.
17,00,000	52,26,411	1,59,14,319	56,10,869	47,299	Martin Burn Ltd.	Benaras Electric Light & Power Co.	12.25	10	1.10	1.10	1.10		3	Y.T.
£4,262,240	£10,911,536	£37,587,953	£15,207,236	£109,654	Sir William Lamond (Chairman)	Calcutta Electric Supply	14.06	10	73⅞	73⅞	73⅞		3	Y.P.T.
5,60,090	7,55,075	37,78,204	11,86,451	42,963	Octavius Steel & Co., Ltd.	Cuttack Electric Supply	10.44	10	0.75	1.00			3	Y.
48,20,000	29,78,446	1,10,72,867	42,62,986	4,27,783	Andrew Yule & Co., Ltd.	Dishergarh Power Supply	60.00	100	10.00	10.00	10.00		3	Y.T.
5,34,640	1,48,267	42,30,379	17,60,556	47,133	Moonna Lall & Sons	Jhansi Electric Supply	5.40N	10	0.70	*Nil*	0.70		3	Y.T.
22,49,700	29,21,749	1,08,59,125	45,68,834	33,308	Martin Burn Ltd.	Jubbulpore Electric Supply ..	11.87	10	1.00	1.00	1.00		3	Y.
85,07,380	40,44,808	1,41,84,980	56,06,370	75,727	Octavius Steel & Co., Ltd.	Patna Electric Supply	10.12	10	1.00	1.00			3	Y.
9,10,000	2,56,304	15,86,833	6,29,467	5,342	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply ..	6.87	10	0.625	0.625			3	Y.
16,80,000	16,03,685	80,81,327	48,11,630	3,975	Bird & Co. Private Ltd...	Sijuah (Dhenrikh) Elec. Supply Co.	8.25	10	1.00	0.80	0.90		3	Y.
70,00,000	30,88,176	2,42,78,389	91,39,055	83,239	Sahasaya Bros. Private Ltd. ..	South Bihar Electric Supply Corpn.	11.12	10	0.90*C	0.90	1.00		3	Y.
5,00,000	14,01,467	36,90,508	15,18,568	33,674	Martin Burn Ltd.	Upper Jumna Valley Elec. Supply	21.19	10	1.35	1.35	1.35		3	Y.
55,00,000	60,84,613	3,67,42,686	1,84,54,562	92,879	Martin Burn Ltd.	U. P. Electric Supply Co.	156.00	100	11.00	11.00	11.00		3	Y.
3,00,000	13 88,606	54,12,090	15,22,521	4,16,700	Chandrie & Co. Private Ltd. ..	Vellore Electric Corporation ..	15.62	10	1.50	1.429	1.429		3	Y.P.

ENGINEERING (Bombay)

51,98,100	63,99,578	1,13,50,858	63,52,499	26,123	Turner Morrison & Co. Ltd. ..	Alcock Ashdown & Co., Ltd. ..	298.00	100	17.00	22.50	19.00		12	Y.
19,99,960	5,79,306	24,92,064	10,90,229	16,858	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd. ..	100.00	80	5.50	9.00*	9.00*		12	Y.
90,40,000	54,17,299	2,14,23,410	86,00,565	163	Walchand & Co. Private Ltd. ..	Cooper Engineering Ltd.	104.00	100	15.00*C	15.00	15.00	8.00	4	Y.
1,20,00,000	1,51,427	97,23,681	28,47,228	—12,767	Dharamsinh D. Desai, Esq. (Chairman)	Hindustan Electric Co.	120.00	100	*Nil*	4.00	*Nil*	*Nil*	4	Y.P.
60,00,000	1,28,73,164	2,72,67,477	1,56,47,699	145	Walchand & Co. Private Ltd. ..	Indian Hume Pipe Co., Ltd. ..	156.25	100	13.00*C	13.00	14.00	14.00	6	Y.P.T.
15,00,000	4,61,618	9,54,586	1,82,481	83,604	T. V. Baddeley, Esq. (Chairman)	Joot's Engineering	47.00	50	4.00	5.00	5.00	3.00	3	Y.
50,00,000	17,41,765	95,00,765	31,13,288	20,765	Adhem Services	Jyoti Ltd.	141.25	100	12.00	12.00	9.00		12	Y.
44,96,250	12,00,028	81,20,182	38,40,012	4,403	Kamani Bros. Private Ltd. ..	Kamani Engineering Corporation	14.24	10	0.90	0.90	0.95		9	Y.P.
67,61,445	1,42,50,009	2,19,41,464	88,90,417	19,417	Kirloskar Sons & Co.	Kirloskar Electric Co., Ltd. ..	38.25	25	2.50	2.50	2.50	2.50	7	Y.
61,34,940	71,09,895	1,57,20,070	67,59,501	578	Kirloskar Associates	Kirloskar Electric Co. Ltd. ..	18.40	10	0.90	1.10	1.20	1.00	6	Y.
60,00,000	79,27,836	1,76,05,965	63,99,529	28,996	Kirloskar Sons & Co.	Kirloskar Oil Engines, Ltd. ..	27.75	10	1.45	1.60	1.50	1.80	3	
27,58,950	20,54,888	50,71,373	16,74,703	18,151	Kirloskar Sons & Co.	Kirloskar Pneumatic Co., Ltd. ..	193.75	100	*Nil*	12.50	12.50	10.00	3	Y.P.
8,28,120 } 41,00,000 }	3,80,780	1,26,68,493	40,82,994	61,080	Prem Kumar Gupta, Esq.(Mg. Director).	Lakshmiratan Eng.	5.68	10	*Nil*	*Nil*	*Nil*		9	Y.
1,65,00,000	95,52,279	1,92,80,488	60,22,772	11,978	L. & T. (Management) Private Ltd. ..	Larsen and Toubro Ltd.	22.88	10	1.80*C	1.80	1.40	1.40	3	Y.P.
87,29,880	....	25,48,515	4,85,319	—8,20,078	B. L. Kucheria, Esq. (Secretary)	Lynx Machinery	4.88	10	..	*Nil*	..	*Nil*	3	Y.
20,12,160	85,87,886	1,84,88,145	82,09,093	2,874	Mahindra & Mahindra Ltd.	Machinery Mfrs. Corpn. Ltd. ..	22.76	10	*Nil*	*Nil*	1.25	1.50	3	Y.P.
1,82,00,000	68,80,083	2,01,54,530	78,57,093	80,085	Keshub Mahindra, Esq. (Chairman)	Mahindra & Mahindra Ltd.	17.12	10	1.25	1.50*	1.25		10	Y.P.
33,00,000	1,29,812	53,73,065	33,71,642	46,079	Prithviraj Sons	Man Industrial Corporation Ltd.	115.00	100	*Nil*	*Nil*	*Nil*		3	Y.P.
80,00,000	4,48,987	49,41,793	30,54,773	729	P. Jhunjhunwala, Esq. (Mg. Director).	McKenzies	130.00	100	10.00	12.00	14.00	14.00	7	Y.P.
1,08,28,019 } D. 1,24,880 }	91,29,048	1,99,99,158	76,17,145	....	Jeswan Ltd.	Mukand Iron & Steel	17.48	10	1.20	1.20	1.20	1.20	3	Y.P.
50,00,000	58,34,208	1,88,49,872	85,50,104	2,975	Kirloskar Associates	Mysore Kirloskar Ltd.	155.00	100	12.00	12.00	12.00	10.00	3	Y.
7,50,000							166.00	50	6.00	6.00	6.00	5.00		
15,55,400	11,96,582	39,61,901	14,85,875	8,127	*Sir* C. B. Mehta (Chairman) ..	National Elec. Industries Ltd. ..	100.00	*50*	*6.00*	*6.50*	*6.50*		3	Y.
56,23,100	19,01,480	1,40,81,705	56,33,522	23,037	J. V. Patel, Esq. (Mg. Director)	New Standard Engineering	134.50	100	12.00	9.00	9.00	9.00	12	Y.P.
88,99,975	1,27,33,760	2,15,63,013	2,84,331	65,934	Walchand & Co. Private Ltd. ..	Premier Construction	181.00	20	13.00	10.00	9.00		12	Y.P.
78,67,725	49,64,730	1,28,89,480	60,80,553	5,683	Bhagat & Sons Private Ltd. ..	Structural Engineering Works Ltd.	99.00	100	12.00	18.00	8.00	6.00	6	Y.P.
27,55,67,699	38,10,37,802	1,95,88,43,262	92,56,04,257	22,093	Tata Industries Private Ltd. ..	Tata Iron and Steel	148.50	75 Old	9.75*C	10.38*	10.38*	11.00	3	Y.P.T.
7,99,99,300	5,00,29,017	32,80,72,779	16,50,54,261	14,952	Tata Industries Private Ltd. ..	Tata Locomotive	298.50	100	12.50	14.50	14.50	14.50	3	Y.P.T.
27,22,280	15,68,192	65,71,363	19,00,582	11,554	T. Maneklal & Co.	T. Manekial Mfg. Co.	620.00	100	18.50	27.00	27.00	6.00	5	Y.
41,66,980	33,97,021	19,70,675	11,38,441	1,176	M. N. Dalal, Esq. (Chairman) ..	Tractors (India) Ltd.	31.00	10	3.00	3.25	3.25	2.25	6	Y.
2,55,00,000	3,28,51,737	1,79,11,762	48,75,403	....	J. D. Chokai, Esq. (Chairman) ..	Voltas Ltd.	261.50	100	13.00	14.00	14.00	14.00	3	Y.
70,00,000	23 27,374	1,12,49,648	5,05,730	29,882	M.	Zenith Steel Pipes Ltd.	16.36	10	..	*Nil*	*Nil*	0.60	4	Y.

West Bengal and Other Centres

5,00,000	7,28,551	42,61,418	24,92,691	4,14,417	North Bihar Trading Co. (Pvt.) Ltd.	Arthur Butler & Co.	21.25	10	*Nil*	*Nil*	1.00		12	Y.P.T.
50,00,000	44,13,221	1,12,71,910	76,90,992	5,247	Tantia Brothers Pvt. Ltd.	Bharita Electric Steel	14.75	10	1.00	1.00	1.25	0.75	12	Y.
40,00,000	7,80,884	39,60,844	14,75,479	10,201	G. D. Binani, Esq. (Mg. Director)	Binani Metal Works Ltd.	12.37	10	2.50	2.50	1.00	1.00	12	Y.
1,00,00,000	94,55,491	1,64,16,231	31,29,921	2,757	J. V. Jardine Paterson, Esq. (Chairman)	Braithwaite & Co. (India) Ltd. ..	33.62	10	2.50	2.50	1.40	1.25	3	Y.
12,00,000	50,43,274	1,34,59,269	72,92,176	....	Balmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd.	49.00 N	10	3.00	3.00	3.00		3	Y.P.
19,88,670	7,04,341	29,07,332	14,53,635	22,998	Homes Wilson & Co., Ltd.	Britannia Building and Iron ..	3.60	10	*Nil*	*Nil*			3	Y.P.
1,00,00,000	52,95,098	1,98,65,098	75,90,276	5,116	McLeod & Co., Ltd.	Britannia Engineering	9.87	10	1.00	1.00	1.00		12	Y.P.T.
25,00,000	18,18,384	36,02,938	19,71,671	....	Balmer Lawrie & Co., Ltd.	Dr. I. Electric Construction ..	4.60	10	1.00	1.00	1.00		4	Y.T.
84,00,000	2,99,02,509	6,88,27,014	3,77,03,735	65,077	Martin Burn Ltd.	Burn & Co.	292.00	100	28.50	28.50	28.50	25.00	3	Y.T.
1,00,00,000	17,65,450	75,57,194	17,95,224	1,08,751	R. N. Bhotika, Esq. (Secretary)	Calcutta Steel Co., Ltd.	13.87	10	0.50	1.50	1.50	1.25	3	Y.
1,00,00,000	42,09,184	2,42,19,314	59,12,202	32,961	R. L. Bhotika, Esq.	Central India Machinery Mfg. Co., Ltd.	13.20	10	1.00	1.00	0.75	0.75	3	Y.P.T.
80,00,000	35,00,000	1,74,24,651	51,07,264	6,883	J. Dalmia, Esq. (Chairman)	Dalmia Iron & Steel Ltd.	11.75	10	1.00	1.00	1.00	1.00	9	Y.
60,38,400	28,26,003	1,26,09,918	30,29,918	21,399	Birla Brothers Private Ltd. ..	Elec. Const. & Equipment Co. ..	12.62	10	1.00	1.00	1.00	1.00	10	Y.
83,77,790	55 59,619	1,73,84,005	22,62,420	9,707	Harsarahad & Co. Private Ltd. ..	Escon Ltd.	15.87	10	1.50	1.50	1.50		12	Y.P.
4,00,00,000	6,98,32,755	9,77,64,014	3,42,90,023	....	N. R. Pillai, Esq. (Chairman) ..	Guest, Keen, Williams Ltd.	25.06	10	1.60*C	1.40	1.40		12	Y.T.
12,50,000	6,45,100	62,85,333	43,23,968	5,801	Martin Burn Ltd.	Hooghly Docking	99.00	50	*Nil*	6.25	6.25	1.00	12	Y.P.
12,44,08,990	30,89,05,725	85,16,35,548	23,96,39,601	....	Martin Burn Ltd.	Indian Iron and Steel	24.72	10	1.50	1.50	1.00	1.60	3	Y.P.
77,97,000	87,57,088	1,85,75,384	88,06,803	24,064	Martin Burn Ltd.	Indian Standard Wagon	36.25	10	2.85	2.85	2.85	2.00*	3	Y.P.
96,53,160 } 26,580 }	3,23,88,672	4,66,30,100	1,92,97,757	6,022	*Indra Singh & Sons Private Ltd.*	*Indian Steel and Wire Products*	32.75	0.10	2.30	2.40	2.30	1.80	3	Y.
48 78,580	3,53,887	42,99,089	23,95,610	19,483	C. R. Ramaswamy, Esq. (Mg. Director)	Indian Steel Rolling Mills Ltd.	9.05	10	..	1.25	1.00	0.90	3	Y.P.
1,51,87,197	1,36,51,953	5,12,70,807	2,30,47,904	4,896	Madan Mohan Lal Shri Ram & Co.Pt.Ltd.	Jay Engineering Works, Ltd. ..	19.62	10	1.71	1.715	1.50	1.00	3	Y.P.T.
40,00,000	85,79,000	97,98,620	30,88,807	2,160	J. K. Industries Private Ltd. ..	J. K. Steel Ltd.	16.37	10	2.00	2.00	1.50	1.50	10	Y.P.
2,03,97,000	2,30,16,815	4,72,50,219	1,54,35,699	61,159	A. K. Chanda, Esq. (Chairman) ..	Jessop & Co.	23.12	10	0.858*C	0.858	0.858		10	Y.P.
27,64,800	53,04,920	1,06,33,358	50,21,186	3,088	Bird & Co. Private Ltd...	Kumardhubi Engineering Works	5 20	3	0.03	0.35	0.45		11	Y.P.T.
10,50,000	1,09,591	18,65,829	14,91,446	—18,08,418	Marshalls (Direction) Private Ltd.	Marshall Sons & Co. (India) Ltd.	2 34	2	*Nil*	*Nil*	*Nil*		3	Y.
49,96,000	13,58,398	1,54,02,104	92,07,119	—4,42,917	M.	National Iron and Steel Co., Ltd.	5.87	10	*Nil*	*Nil*	*Nil*		3	Y.P.T.
6 00,000	20,52,302	32,10,330	22,45,052	13,304	The British India Corpn. Ltd. ..	Saran Engineering Co.	8.12	4	0.35	0.40	0.50	0.40	3	Y.
61,20,392	5,93,985	77,12,945	12,68,445	9,74,281	Mr. N. Ranganadhan (Mg. Director)	Southern Structurals	11.09	10	*Nil*	*Nil*	0.50		12	Y.
1,50,00,000	78,56,757	5,39,16,700	2,67,11,803	64,360	Birla Brothers Private Ltd. ..	Textile Machinery Corporation, Ltd.	28.00	10	1.00	1.00	1.25		12	P.T.
59,44,225	20,10,956	1,09,67,915	40,30,919	3,132	Balasundaram & Co.	Textool Co. Ltd.	145.50	100	15.00	15.00	15.00	12.00	3

MISCELLANEOUS COMPANIES—*Continued*

UNCLASSIFIED (Other Centres)

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
98,75,000	2,48,84,621	7,27,48,445	1,37,72,801	11,965	J. K. Industries Private Ltd. ..	Aluminium Corporation of India Ltd. ..	12.37	10	1.20	1.20	1.20	0.50	3	Y.P.T.
1,00,00,000	56,97,689	2,16,10,686	95,29,840	47,916	Seshasayee Bros. (Trav.) Pvt. Ltd.	Aluminium Industries Ltd. ..	19.80cd	10	1.80	0.90	1.80	1.50	3	Y.
7,94,700	2,72,000	16,65,492	2,19,926	1,442	K. N. Mookerjee, Esq. (Chairman)	American Refrigerator Co., Ltd.	15.00	10	..	..	1.00	0.50	4	Y.
12,65,178							7.25	7.50	..	..	0.50	0.375		
30,00,000	44,23,923	46,09,374	29,12,654	2,17,061	Turner Morrison & Co., Ltd. ..	Angelo Bros. Ltd.‡	23.44	10	2.50	2.81	2.80	2.80	3	Y.
4,07,14,990	51,08,000	5,99,72,026	1,61,25,618	53,339	A. E. Jo Collins, Esq. (Mg. Director)	Ashok Leyland Ltd.	6.95	5	0.40	0.30	0.40	0.35	3	Y.
80,00,000	32,58,287	47,06,879	26,68,350	12,842	Mr. A. Hydari and Mr. S. Gothberg	Assam Match Co., Ltd.	26.50	10	1.80	2.00*	2.00*		12	Y.
1,13,00,000	98,34,917	1,31,10,644	77,02,291	7,972	H. N. Gregson, Esq. (Mg. Director)	Associated Battery Makers (E.) Ltd. A..	23.30	10	2.50	1.50	1.50	1.50	3	
20,00,000	44,17,208	77,53,767	34,43,881	1,66,533	Oberoi Hotels (India) Private Ltd.	Associated Hotels of India	10.31	10	Nil	1.00	1.00		12	Y.P.T.
80,01,400	1,20,07,997	91,05,947	44,08,273	....	C. G. Montgomery, Esq. (Chairman)	Balmer Lawrie & Co., Ltd.	260.00	100	25.00	25.00	25.00		12	Y.
12,00,000	29,55,620	38,19,483	34,08,481	....	Balmer Lawrie & Co., Ltd. ..	Bengal Flour Mills Co., Ltd. ..	32.00N	10	4.00	2.50	2.50		12	Y.
20,00,000	9,27,823	67,95,058‡‡	....	1,51,252	Lovelock & Lewis	Birds Investment Ltd.	10.25	10	0.95	1.00	1.00		9	Y.P.
68,95,580	88,79,668	1,94,30,221	78,26,521	2,999	K. Julian Scott, Esq. (Mg. Director)	Britannia Biscuits	59.25	10	2.80	3.00*	2.50	2.10	3	Y.P.T.
2,25,00,000	2,19,19,091	3,17,13,024	2,50,39,661	2,53,224	Satish Chandra, Esq. (Chairman)	British India Corporation Ltd. ..	9.03	5	0.20	0.25	0.45		12	Y.P.
50,00,000	40,58,031	49,29,290	27,40,618	27,856	B. A. Godwin, Esq. (Mg. Director)	British Paints (India) Ltd.	20.75	10	1.25	1.25	1.00		12	Y.
1,88,80,000	14,77,426	1,77,97,826‡‡	....	2,46,740	Andrew Yule & Co., Ltd. ..	Clive Row Investment	8.84	10	0.80	0.75	0.75		12	Y.
5,66,650	7,50,662	40,86,867	30,84,080	29,289	M. L. Mital, Esq. (Secretary) ..	Delhi Flour Mills Co., Ltd. ..	16.00N	100	1.00	1.00	0.70		10	Y.P.T.
4,50,00,000	6,23,00,650	12,21,08,895	5,75,17,151	....	M. L. Bexon, Esq. (Mg. Director)	Dunlop Rubber Co. (India) Ltd. ..	36.50cd	10	2.15	2.00	1.50	1.75	12	Y.P.T.
90,00,000	1,27,48,000	89,14,813	14,45,884	2,42,095	K. P. Goenka, Esq. (Secretary) ..	Duncan Brothers & Co., Ltd. ..	141.00	100	14.00	14.00	14.00		12	Y.
56,72,820	2,25,10,408	2,44,53,971	43,53,071	43,515	N. N. Mohan, Esq. (Mg. Director)	Dyer Meakin Breweries	21.25	5	2.25	1.50	0.90	0.90	3	Y.P.
76,89,000	65,11,801	1,78,10,455‡‡	....	1,51,252	Bird & Co. Private Ltd.	Eastern Investment Ltd.	117.00	100	14.00	14.00	12.00	10.00	12	Y.P.
98,53,202	1,93,823	3,97,07,244	3,48,057	—4,08,449	D. R. Sen, Esq. (Secretary) ..	East Anglia Plastics (India) Ltd. ..	9.19	10	Nil	Nil	Nil	Nil	3	Y.
48,80,000	6,72,252	1,08,01,668	27,61,940	4,791	S. Sankaran, Esq. (Mg. Director)	Enfield India Ltd.	10.62	10	0.50	0.40	0.40		12	Y.P.
40,12,888	89,64,090	1,15,87,705	59,85,716	2,62,802	Satya Narain Gupta, Esq. (Chairman)	Ganesh Flour Mills Co., Ltd. ..	13.50	12.50	1.50	1.50			9	Y.P.
14,00,000	10,92,000	44,75,418	28,85,812	46,126	Macneill & Barry Ltd.	Ganges Rope Co., Ltd.	235.00	100	17.50	20.00	15.00		12	Y.
80,00,000	....	4,73,265	21,691	—3,80,640	National Rubber Mfrs. Ltd. ..	General Tyres Ltd.	8.25	7.50	Nil	Nil	Nil		6	Y.T.
65,00,000	65,42,190	84,60,722	20,68,686	16,471	J. W. Esson, Esq. (Chairman)	Gillanders Arbuthnot & Co., Ltd.	14.06	10	1.00	1.10	1.10	1.10	3	Y.P.
40,00,000	61,88,550	66,02,918	52,54,339	38,510	D. S. Barton, Esq. (Chairman)	Godfrey Phillips India Ltd. ..	20.25	10	4.00	5.00	5.00		12	Y.P.
2,00,15,000	1,54,59,788	8,68,98,878	87,76,585	51,86,810	R. E. O. Carey, Esq. (Mg. Director)	Goodyear India Ltd.	27.37	10	Nil	Nil	Nil		12	Y.
3,07,66,250	2,81,76,491	10,71,36,646	5,26,38,894	3,048	Birla Brothers Private Ltd. ..	Hindustan Motors	18.37	10	0.90	1.20	1.25	1.15	3	Y.P.
1,50,00,000	52,66,028	1,97,24,190	64,21,748	—5,71,926	Talakdar Law & Co. Private Ltd.	Hindustan Pilkington Glass	13.85	10	1.20	1.20	Nil		10	Y.
40,00,000	....	92,65,321	6,66,780	—11,50,824	H. L. Somany, Esq. (Chairman)	Hindustan Twyfords Ltd.	12.37	10	Nil	Nil	Nil		3	Y.P.
16,16,00,000	10,67,60,544	12,69,94,528	4,09,70,628	8,29,429	Mr. F. A. Collett (Chairman) ..	Imperial Tobacco Co. of India Ltd.	9.75	10	0.80	0.90	0.90	0.80	3	Y.
4,00,28,850	4,68,06,227	5,18,28,583	2,15,26,582	56,98,266	Sir B. P. Singar, Esq. (Chairman)	Indian Aluminium Co., Ltd. ..	21.62	10	1.50	1.50	1.75		12	Y.T.
2,46,56,450	3,86,26,675	8,48,31,981	1,88,64,278	21,621	J. V. J. Paterson, Esq. (Chairman)	Indian Cable Co., Ltd.	36.19	10	2.25	2.25	2.25	2.25	3	Y.T.
3,64,00,000	1,61,33,886	9,06,12,564	3,91,56,225	35,587	Amiya Kumar Sen, Esq. (Mg. Director).	Indian Oxygen Ltd.	26.50	10	1.50	1.50	1.20	1.20	9	Y.T.
29,92,375	1,50,825	60,18,268	26,12,681	66,066	K. N.	Indian Plastics Ltd.	7.75	10	Nil	Nil	Nil	Nil	3	Y.P.
8,27,970	12,42,783	22,18,109	13,85,190	58,791	M.	Indian Rubber Manufacturers ..	2.00	5.00	3.00	3.50	3		3	Y.P.
74,96,900	5,81,800	1,01,04,128	15,16,852	19,207	Duncan Brothers & Co., Ltd. ..	Isaac Holdane (India) Ltd. ..	19.12	Nil	Nil	Nil			12	Y.
2,00,00,000	87,10,720	55,40,429	19,24,182	....	J. V. J. Paterson, Esq. (Chairman)	Jardine Henderson	76.50	00	7.00	7.00	6.00	7.00	3	Y.P.
15,00,000	13,00,000	18,79,859	1,62,872	64,044	J. K. Agents Private Ltd. ..	Madhya Pradesh Industries Ltd. ..	8.62	10	1.00	1.00			3	Y.P.
1,40,20,338	29,22,514	2,73,13,972	18,97,683	1,03,639	Young India Agencies Pvt. Ltd.	Madras Rubber Factory Ltd. ..	14.37cd	10	..	0.60	0.45	0.32	3	Y.P.
1,47,12,250	1,38,23,546	94,70,688	25,41,490	1,289	T. Leslie Martin, Esq. (Chairman)	Martin Burn Ltd.	27.87	10	2.75	2.75	2.50	2.50	9	Y.P.
15,00,000	14,99,553	29,92,908	5,80,650	....	Vittal Mallya, Esq. (Chairman)	McDowell & Co., Ltd.	22.82	10	3.00	1.25	0.50		12	Y.
47,12,000	90,39,268	84,12,928	15,66,083	2,84,727	M.	McLeod & Co.	206.00	100	15.00	15.00	15.00		12	Y.
1,61,00,000	2,38,95,151	4,47,55,502	1,71,01,969	88,785	M. K. Vellodi, Esq. (Chairman)	Metal Box Co. of India Ltd. ..	30.62	10	2.50	2.50	2.50	1.90	3	Y.P.
84,93,000	1,02,20,164	92,86,801	11,11,396	3,426	N. G. Ayyangar, Esq. (Mg. Director)	Mysore Electric Industries Ltd. ..	168.00	100	24.00	20.00	20.00	12.00	3	Y.
6,56,250	10,53,406	16,65,798	8,55,104	1,217	Mr. M. Subramanyam (Chairman)	Mysore Lamp Works	86.00	10	2.00	2.50	2.70*	0.80	3	Y.P.
10,00,000	6,01,040	22,77,161	13,28,686	1,401	I. P. Mallappa, Esq. (Chairman)	Mysore Tobacco	12.00	10	1.00	Nil	1.00	1.00	3	Y.
1,35,00,000	1,27,82,284	1,64,18,002	78,46,576	21,708	Associated Ind. Dev. Co. (Pvt.) Ltd.	National Insulated Cable Co. ..	22.44	10	2.50	2.50	2.50	1.80	3	Y.P.
80,00,000	36,00,360	93,56,276	19,49,454	54,232	Associated Ind. Dev. Co. (Pvt.) Ltd.	National Pipes & Tubes Co., Ltd.	29.12	10	2.00	2.00	2.00	2.00	3	Y.P.
40,00,000	39,77,485	81,98,286	44,68,902	35,985	Associated Ind. Dev. Co. (Pvt.) Ltd.	National Rolling & Steel Ropes ..	19.03	10	1.50	1.50	1.50		6	Y.P.
50,00,000	21,55,715	1,30,14,520	62,00,885	58,629	E. N. Mookerjee, Esq. (Mg. Director)	National Rubber Manufacturers Ltd.	12.62	10	Nil	0.85	0.80	1.00	12	Y.P.
79,97,000	1,25,45,182	1,71,77,572	93,89,768	3,61,143	S. N. Elias & Co. Private Ltd.	National Tobacco Co.	13.50	10	1.50	0.70	0.70		12	Y.T.
23,32,100	17,27,291	46,55,515‡‡	....	46,960	Ramdutt Ramkissendas	New India Investment Corpn. Ltd.	55.00N	75	6.50	6.50	5.00		12	Y.
20,00,000	10,04,520	19,06,502	10,15,929	2,705	Parry & Co., Ltd.	Parrys Confectionery Ltd.	3.31cd	1	0.30	0.30	0.25	0.16	3	Y.
2,20,00,000	89,30,488	2,95,60,999	1,04,71,921	1,39,682	W. A. C. Bosschaart, Esq. (Chairman).	Philips India Ltd.	26.65	10	1.20	1.20	1.80		3	Y.
1,56,16,018	9,87,500	2,22,80,449	1,44,846	—8,25,193	Duncan Brothers & Co., Ltd. ..	Phillips Carbon	14.03	5	Nil	Nil	Nil		3	Y.
12,25,800	7,44,000	18,08,133	7,95,031	4,309	Parr & Co. Private Ltd.	Rane (Madras) Ltd.	8.55	10	0.70	0.75	0.75	0.75	3	Y.P.
41,56,400	43,63,124	75,97,564	27,98,850	2,987	T. Shamanna, Esq. (Chairman) ..	Radio & Electricals Mfg. Co., Ltd.	21.12	10	2.30	1.80	1.80	1.80	3	Y.P.
2,25,00,000	41,45,070	1,66,51,275	62,82,070	5,962	Badridas Goenka, Esq. (Chairman)	Ralli India Ltd.	119.50	100	4.00	8.50	8.50	10.00	3	Y.P.
5,00,00,000	3,85,30,000	11,56,08,576	7,92,70,758	4,305	Tulsi Jain Ltd.	Rallis India Ltd.	11.94	10	2.00	1.00	0.90	0.90	3	Y.T.
1,85,00,000	86,99,991	3,28,44,422	1,37,12,414	4,301	K. D. Gangull, Esq. (Secretary) ..	Sen-Raleigh Ltd.	15.12	10	0.80	0.80	0.80	Nil	9	Y.P.
71,50,000	....	1,02,02,408	9,21,257	—14,10,918	Seshasayee Brothers Pvt. Ltd. ..	Seshasayee Industries	6.65	10	Nil	Nil	Nil		12	Y.P.
75,00,000	55,48,000	2,25,33,514	1,15,95,093	79,764	H. N. Smith, Esq. (Chairman) ..	Shaw Wallace & Co., Ltd.	4.25	10	1.50	1.50	0.75		12	Y.
40,00,000	1,10,08,806	1,65,53,054	89,88,199	4,87,429	C. W. Stephenson, Esq.	Spencer & Co., Ltd.	22.37	10	1.80	1.80	1.80	1.80	6	Y.P.
47,00,000	82,00,000	2,09,13,405	63,50,721	14,252	Standard Motor Co. (India) Pvt. Ltd...	Standard Motor Products	10.10	10	0.90	0.70	0.60		12	Y.P.
9,99,310	52,13	18,77,556	9,39,071	498	Ogale Bros. (Private) Ltd.	Tata Chemicals Ltd.	8.85cd	10	0.60	0.70	0.65		12	Y.
11,56,300	19,10,341	16,95,997	8,53,687	58,666	R. H. Stanes, Esq. (Mg. Director)	T. Stanes & Co., Ltd.	26.70xd	10	3.25*	1.50	3.25	3.25	3	
2,50,00,000	2,14,79,650	5,65,64,026	1,69,15,726	50,510	Sir A. Ramaswami Mudaliar (Chairman).	Tata Investments of India Ltd. ..	214.00	100	10.00	10.00	10.00	10.00	7	
80,58,950	7,01,542	79,26,373	46,26,373	80,275	The Cotton Agents Private Ltd. ..	Tungabhadra Industries Ltd. ..	10.25	10	Nil	Nil	Nil	1.00	9	Y.T.
2,80,00,000	3,16,49,275	7,50,08,122	2,05,08,459	4,44,246	J. R. Galloway, Esq. (Chairman)	Union Carbide India Ltd.	29.87	10	1.80	1.80	1.25		12	Y.T.
50,00,000	2,59,00,000	70,39,999	27,47,918	....	Vittal Mallya, Esq. (Chairman)	United Breweries	33.00	10	0.90	0.90	0.50	0.60	3	Y.
5,00,000	6,61,791	9,26,454	6,49,099	5,571	Shaw Wallace & Co., Ltd.	United Flour Mills Ltd.	26.25xd	10	3.50	1.00	0.75		11	Y.
21,46,200	86,44,970	1,18,05,831	52,87,455	9,200	A. K. Kaderkutty, Esq. (Mg. Director).	Western India Plywoods Ltd.	202.00	100	10.00	12.00	14.00	15.00	3	Y.P.

TRANSPORT

80,00,000	27,13,587	53,71,269	23,96,464	11,765	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	128.00	100	7.50	7.50	10.00		10	Y.P.
1,00,00,000	31,61,089	4,96,46,830	2,56,84,032	....	Dinshaw (Private) Ltd.	Bharat Line	4.64	10	Nil	Nil	Nil		12	Y.
60,00,000	2,71,64,446	10,84,29,602	3,49,39,642	1,28,987	A. H. Bhiwandiwalla & Co. (Bombay) Private Ltd.	Great Eastern Shipping Co.	12.84	10	1.00	0.75	1.00	Nil	6	Y.P.
							14.36	10	0.50	0.30	0.50	Nil		
£555,580	£1,194,360	£4,312,991	£2,342,183	—£34,854	Kilburn & Co. Private Ltd.	India General Navigation & Rly. Co. ..	41.00	£10	Nil	Nil	Nil		12	Y.P.
2,47,50,000	1,57,29,564	2,79,77,074	8,19,14,557	....	Lionel Edwards (Private) Ltd. ..	India Steamship Co.	6.97	10	1.00	Nil	Nil	Nil	3	Y.P.
11,28,19,293	11,58,24,547	36,88,60,105	12,45,17,005	2,82,649	D. M. Khatau, Esq. (Chairman)	Scindia Steam Navigation Co.	15.36	20	0.60	0.60	0.60	1.00	6	Y.
O. 8,40,800	29,75,610	17,52,888	10,48,110	5,407	R. R. Aiyer, Esq. (Manager)	Walford Transport Ltd.	3.94	O. 1	0.30	0.30	0.30		12	Y.
P.O. 2,10,200							3.40	P.O. 1	0.20	0.20	0.20			

COAL COMPANIES

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carr...	Managing Agents, Managing Director or Secretaries	Company	Latest available Quotation	Paid-up per Share	Dividend per Ordinary Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
25,50,000	69,27,800	1,49,32,049	90,70,765	39,096	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields	22.25	10	1.00	1.25	1.50		3	Y.
12,00,000	12,52,882	26,55,221	41,57,992	....	Andrew Henderson Ltd.	Bararee Coke	21.56	Nil	Nil	Nil	1.50	1.50	3	Y.
4,49,350	1,52,388	11,67,089	6,92,038	5,392	Kalyanji Mavji & Co.	Bengal-Bhatdeee	3.00N	10	0.50	Nil	Nil		3	Y.
1,20,00,000	2,64,87,667	5,61,01,334	5,35,27,381	8,57,427	Andrew Yule & Co., Ltd.	Bengal Coal	250.00	100	25.00	21.00	19.00	6.00	10	Y.P.T.
3,25,000	5,45,335	24,56,330	21,80,114	16,129	M.	Bengal-Nagpur	22.00N	10	1.00	2.50			12	Y.
40,00,000	64,950	1,27,37,959	69,90,595	—8,95,581	Sahu Jain Ltd.	Bharat Collieries	3.44	10	Nil	Nil	Nil		6	Y.P.T.
7,15,000	8 31,772	59,01,884	37,69,468	—6,87,801	M.	Bhulanbararee‡	10.00	10	Nil	Nil			12	Y.T.
7,60,000	22,77,089	45,77,089	29,53,244	48,647	F. W. Heilgers & Co. (Private) Ltd.	Borree	20.25	10	1.50	1.50			12	Y.P.
90,92,480	94,32,421	4,74,28,220	2,50,88,877	90,768	Bird & Co. Private Ltd.	Burrakur	16.19	10	1.30	1.30	1.30	1.30	6	Y.P.T.
49,97,750	6,85,870	64,52,222	33,58,568	8,58,023	Hindustan Investment Corpn. Ltd.	Central India	9.19	10	0.80	1.00	1.00		3	Y.
5,00,000	12,90,490	54,18,457	35,46,225	—1,25,454	Jain Industries	Central Kurkend	3.44	10	Nil	Nil			12	Y.
16,00,000	....	61,90,601	36,92,941	—5,89,084	M.	Dhemo Main	4.25	10	Nil	Nil			12	Y.
42,40,000	£561 05	£979,072	£318,116	£6,234	Jardine Henderson Ltd.	East Indian	29.00	£1	1.00	2.00	2.75		3	Y.
29,63,760	1,18,76,888	5,05,78,170	3,63,56,116	38,594	Macneill & Barry Ltd.	Equitable	22.44	10	1.50	1.00			12	Y.T.
15,00,000	40,000	27,42,664	9,88,628	—5,84,295	Bhatter's Agency Ltd.	Ghusick and Muslia	18.25	10	Nil	Nil			3	Y.
12,00,000	2,41,488	45,20,017	30,84,255	796	Kilitick Industries Ltd.	Hurriladih	41.00	50	Nil	Nil	Nil		6	Y.P.
3,00,000	....	26,07,213	20,64,191	—3,65,025	M.	Jamadoba	5.75	10	Nil	Nil			12	Y.
20,00,000	9,86,018	49,02,919	16,19,022	22,810	Bird & Co. Private Ltd.	Karanpura Collieries	13.50	10	0.75	1.00	1.00		2	Y.P.
14,00,460	18,07,006	46,56,354	44,38,337	20,670	Andrew Yule & Co., Ltd.	Katras Jherriah	32.00	10	0.50	4.00	2.50	3.00	3	Y.
9,00,000	10,22,762	29,57,644	23,77,712	57,591	H. V. Low & Co. (Private) Ltd.	Lakurka	13.00	10	0.40				4	Y.
7,48,240	56,490	13,90,486	10,51,223	74,711	Tantia Brothers Private Ltd. ..	Nazira	6.25	10	0.75	Nil	Nil		12	Y.
31,97,210	39,73,283	1,78,50,072	1,10,14,437	28,793	Andrew Yule & Co., Ltd.	Octavius Steel & Co., Ltd.	11.94	10	1.00	1.00	1.20		12	A.Y.P.
10,00,000	3,90,206	12,37,138	3,80,199	51,220		New Manbhoom	11.94	10	0.75	0.90			3	Y.
1,15,000	4,81,409	17,65,275	10,59,556	15,045	M.	North West	19.75	10	2.00	2.00			3	Y.
1,57,000							7.50	7.50	1.50	1.50				
7,40,000	13,22,645	2,92,538	22,85,007(k)	45,060	P. Prashad, Esq. (Chairman) ..	Ondal	18.50	10	0.60	0.75			12	Y.P.
3,84,000	1,52,212	37,86,226	14,17,160	589	Deepchand Kishenlall	Parasea	14.00	10	0.125	0.125			12	Y.P.T.
18,75,000	24,59,276	87,85,044	64,94,852	54,232	Shaw Wallace & Co., Ltd.	Pench Valley	17.00	10	1.00	1.00	1.00	1.00	3	Y.
41,99,120	40,85,000	1,62,76,221	1,12,48,598	35,781	M.	Ranegunge	13.62	10	1.50	1.70	1.70	1.70	3	Y.
12,50,000	20,80,190	65,69,728	40,37,891	41,523	Shaw Wallace & Co., Ltd.	Rewa	25.50	10	2.00	2.00			12	Y.
37,50,000	40,22,084	1,16,07,370	41,76,585	48,117	M.	Samla Collieries	8.00	10	1.00	1.00			12	Y.
40,00,000	4,97,010	48,82,001	12,69,030	7,238	S. D. Sethia & Co. Private Ltd.	Selected Satgram Collieries	118.00	100	16.00	14.00			12	Y.
2,80,000	13,29,316	33,99,332	22,10,361	15,849	Andrew Yule & Co., Ltd.	Seebpore	34.75	7	3.00	3.00	2.50		12	Y.P.
12,80,000	4,54,646	35,740	13,04,570(k)	1,540	F. W. Heilgers & Co. (Private) Ltd.	Sendra	8.00	10	0.50	0.35			12	Y.
2,00,00,000	1,03,14,323	10,13,84,729	4,10,29,316	47,033	M. P. Pai, Esq. (Chairman) ..	Singareni	9.75	10	0.70	0.75		0.75	3	Y.
17,50,000	11,77,056	2,25,33,514	1,15,95,093	79,764	H. N. Smith, Esq. (Chairman) ..	South Karanpura	7.62	10	0.25	Nil	Nil	0.25	8	Y.
8,00,000	15,48,989	1,53,707	26,76,159(k)	38,908	F. W. Heilgers & Co. (Private) Ltd.	Standard	10.44	10	1.50	1.00			12	Y.
3,50,000	3,01,082	23,77,775	17,78,595	36,403	B. M. Varma, Esq. (Mg. Director)	Union	10.25	10	Nil	Nil			12	Y.
40,28,000	6,09,055	1,05,87,162	42,25,012	1,19,162	Hindustan Investment Corpn. Ltd.	Western Bengal	8.62	10	0.60	0.75		0.90	3	Y.
7,00,000	....	60,62,759	34,56,424	—6,23,711	M.	West Jamuria	3.50	10	Nil	Nil			10	Y.

H.—Clive Row Investment—Dividend for 1959 includes additional dividends of 9 nP for the year ended 31st March 1955 and 37 nP for the year ended 31st March 1956.
M.—Managed by the Board of Directors. *N.B.*—Dividends paid since 31st March 1959 are shown as taxable.
A.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 11b lakhs whereas the interim dividend of 15 per cent was on a paid-up capital of Rs. 60 lakhs only.
• Includes bonus. (k) Investments. ‡‡Investment at cost. X.B.—Ex-Bonus.

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.	Latest available Quotation. Rs.	Paid-up per Share. Rs.
BANK						
Allahabad Bank T.F.C.	15,00,000	1901	6.00	Mar Sept.	94.00	100
BREWERIES AND SUGAR						
Bharat Sugar R. C.	5,00,000	1931	5.00	Dec. ..	70.00N	100
Bhopal Sugar T.F.C.	12,50,000	1937	5.00	April ..	60.00	100
Garew & Co. T.F.R.C.	8,00,000	1875	6.50	Mar. Sept.	73.50	100
Cawnpore Sugar Works T.F.C. ..	10,00,000	1905-24	8.00	Feb. Aug.	114.00	100
Deccan Sugar & Abkhar 'A' T.F.C...	7,00,000	1920	7.00	July Apr.	4.28	5
Mast India Distilleries C.	£200,000	1897	9.00	Jan. July	17.83	£1
Gwalior Sugar R.O.	6,75,000	1940	7.00	Dec. ..	60.00	100
Do. (Non-redeem)	5,00,000	1949	7.00	Dec. ..	60.00	100
Puriabpore Co. C.	6,00,000	1922	10.00	Oct. ..	10.50	10
Ramnugger Cane T.F.C.	4,00,000	1933-35	6.00	Aug. ..	86.00	100
Ravalgaon Sugar C. ..

BANKS

Paid-up Ordinary Capital	Reserve Fund	Carried Forward	Name of Bank	Latest available Quotation	Paid-up per Share	Dividend per Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs. or £	Rs. or £	Rs. or £		Rs. or £	Rs. or £	Rs. nP	Rs. nP	Rs. nP	Rs. nP		
67,50,000	1,23,75,0	6,29,995	*Allahabad Bank*	*250.00*	*100*	18.00‡	18.00‡	15.00		12	Y.P.
1,01,600	28,48,220	3,245	Andhra Bank	94.40cd	100	8.00	8.00	8.00		6,12	H.
40,72,300				82.50cd	85	6.80	6.80	6.80			
2,00,00,000	2,44,93,760	2,96,970	Bank of Baroda	94.00	50	8.50	8.50	8.00	9.00	12	Y.
3,55,00,000	4,86,00,000	4,19,848	Bank of India	102.50xd	50	10.00	10.00	10.00	9.00	6,12	R.L.Y.
50,00,000				103.50xd	50'A'	1.00	10.00	10.00	0.00		
49,74,870	26,80,000	46,362	Bank of Maharashtra	*54.00*	50	5.50‡	4.50	4.50		12	Y.
61,00,000	76,00,000	53,369	Canara Bank Ltd.	76.25xd	50	7.50	7.50	7.50		12	Y.P.
17,75,715	25,25,000	15,445	Canara Banking Corporation Ltd. ..	68.50xd	50	7.50	7.50	7.50		12	Y.P.
5,99,880				143.50xd	100'A'	20.00‡	20.00‡	20.00‡	20.00		
41,42,120	75,20,000	17,041	Syndicate Bank Ltd.	17.10cd	10'B'	2.00	2.00‡	2.00	2.00	12	Y.P.
2,00,000				1.57xd	1'C'	0.20	0.20‡	0.20	0.20		
2,02,86,350	5,10,84,369	93,250	Central Bank of India Ltd. ..	45.00	25	5.10‡	5.00	5.00	2.40‡	12	R.L.Y.
52,50,000				45.00	25	5.10‡	5.00	5.00	2.40‡		
1,00,00,000	1,10,47,000	1,78,514	Devkaran Nanjee Banking Co. ..	56.00	50	4.38	5.50	5.50	6.00	12	Y.
3,00,00,000	2,40,00,000	70,60,104	Habib Bank Ltd. P.	20.95N	5	17.5%	20%	20%	20%	12	Y.
1,25,00,000	10,00,000	17,401	Hindustan Commercial Bank ..	13.50	50	*Nil*	*Nil*	*Nil*		12	Y.
50,00,000	3,10,000	52,289	Hindustan Mercantile Bank ..	10.75	50	*Nil*	*Nil*	*Nil*		12	Y.
88,39,795	99,01,884	1,43,787	Indian Bank	157.00cd	100	15.00‡	15.00	14.00‡	7.00‡	12	R.L.Y.
99,71,575	93,62,535	1,01,850	Indian Overseas Bank Ltd. ..	146.50cd	100	14.00	14.00	12.00	14.00	12	Y.
15,00,000	15,38,000	21,284	Pandyan Bank Ltd	*37.00*	25	2.50	18.75			12	Y.
1,99,64,000	2,36,56,000	15,21,000	Punjab National Bank	19.15	10	2.00	2.00	2.00	1.00‡	12	Y.
5,62,50,000	9,30,00,000	35,50,831	State Bank of India	396.00	100	22.75	23.00	23.00	23.00	12	Y.
1,00,00,000	76,00,000	1,57,743	Union Bank of India	6.20	5	0.57	0.57	0.57	0.57	12	Y.
2,79,66,812	3,20,00,000	75,942	United Commercial Bank	72.00	50	6.00	6.00	6.00	6.00	12	Y.
2,65,71,387	1,00,30,000	4,15,315	United Bank of India	8.25	10	0.43	0.60	0.60	0.75	12	R.L.Y.
PRINCIPAL EXCHANGE BANKS (Dividend per cent.)											
£6,600,000	£7,525,000	£510,433	Chartered Bank	£2-8-0	£1	15‡†	15†	15†	15†	12	Y.
I.K.$79,046,125	£15,000,000	£146,283	Hongkong and Shanghai Banking Corporation	£20‡	H.K. $25	$3.15*	sh. 15*	sh. 16*	sh. 5*‡	12	Y.
£5,708,000	£5,250,000	£316,941	National and Grindlays Bank Ltd. ..	£1-10-6	sh. 15	13‡†	14‡‡	16‡‡	7‡‡	12	H.Y.

Includes bonus. P—Figures in Pak rupees. † Less tax. xr—Ex-Right.
sh. per Share free of tax. C—On increased Capital.
N.B.—All dividends declared since 31st March 1959 are taxable.

DEBENTURES

Amount Rs. or £	Rate of Interest per cent	Interest Payable on	Company	Date of Issue	Latest available Quotations (per hundred) Rs. or £	Principal Repayable
BREWERIES AND SUGAR						
7,50,000	7	1st December and 1st June ..	Carew & Co.	1938	98.00N	1st June 1970
2,46,000	6½	1st March and 13th September..	Carew & Co. (2nd mortgage) ..	1941	95.00N	28th February .. 1970
26,00,000	4½	1st May and 1st November ..	Walchandnagar Industries ..	1944	99.50	1st November .. 1959-64
75,00,000	6	1st July and 1st January ..	Walchandnagar Industries ..	1960	98.50	21st June 1972
COAL						
30,00,000	6	30th April and 31st October ..	Bharat Collieries	1944	90.00N	31st October .. 1964
60,00,000	6½	1st May and 1st November ..	Bengal Coal Co., Ltd.	1961	98.00	31st October .. 1975
20,00,000	4½	30th June and 31st December ..	Burrakur Coal Co.	1947	86.00	30th June .. 1967 (a)
46,86,000	5½	1st July and 1st January ..	Equitable Coal Co.	1953	98 00N	14th December .. 1968 (a)‡
COTTON						
80,00,000	5½	1st January and 1st July ..	Ahmedabad Advance	1956	95.00	13th December .. 1966-71
4,00,000	6	10th May and 10th November ..	Bengal-Nagpur	1897	85.00N	15th November .. 1966 (a)
63,33,000	6	1st April and 1st October ..	Buckingham and Carnatic	1952	100.00	1st March .. 1972 (a)
40,02,331	6½	1st April and 1st October ..	Gokak Mills	1957	93.00	1st April 1967-72
18,00,000	6½	2nd January and 2nd July ..	Minerva Mills	1959		1st July 1967-76
34,22,000	6½	1st January and 1st July ..	Shree Nivas	1958	99.50	31st December .. 1970
39,51,000	6½	1st April and 1st October ..	Simplex	1959	97.00	15th October .. 1969-74
30,00,000	5½	1st April and 1st October ..	Lakshmi-Vishnu	1955	94.50	1st June 1966-70
30,00,000	5½	1st June	Tata Mills	1961	88.50	1st June 1966-71
ELECTRICS						
10,00,000	4½	31st March and 30th September..	Agra Electric Supply Co., Ltd. ..	1950	89.00	31st March .. 1965 (a)
3,00,00,000	5½	15th June and 15th December ..	Ahmedabad Electric Co., Ltd. ..	1960	98.00	15th June .. 1965-70
98,28,000	5½	1st April and 1st October ..	Andhra Valley Power Supply Co. ..	1940	94.00	1st April 1970-75
12,00,000	4½	30th June and 31st December ..	Cossipore Electric Light and Power Co., Ltd.	1949	93.00	31st December .. 1964 (a)
£8,787,574	5	1st January and 1st July ..	Calcutta Electric Supply Corporation Ltd.	1950	90.50	1st January .. 1970 (a)
10,80,000	5	1st January and 1st July ..	Sirsa (Sherikh) Electric Supply Co., Ltd.	1951	91.00	30th June .. 1970 (a)
1,00,000	5T	3rd April and 3rd October ..	South Madras Electric Supply ..	1940	93.50	30th September .. 1953-68
47,73,000	5	1st March and 1st September ..	Tata Power	1940	93.00	1st July 1970
2,50,00,000	4½	1st January and 1st July ..	Tata Power	1949	84.00	1st July 1965-70
ENGINEERING						
5,00,000	5½	30th June and 31st December ..	Britannia Engineering	1945	94.00	31st December .. 1969
1,50,00,000	6½	1st January and 1st July ..	Guest, Keen, Williams Ltd.	1958	100.00	1st January .. 1971
29,18,000	7	15th September and 15th March.	Indian Hume Pipe (Bearer)	1962	100.00	15th September .. 1977 (a)
10,00,000	4	31st May and 30th November ..	Kumardhubi Engineering Works Ltd. ..	1946	90.00	31st May 1971
3,00,00,000	5	1st April and 1st October ..	Tata Locomotive	1950	96.50	30th September .. 1960-65
JUTE						
12,00,000	5½	1st October and 1st April ..	Agarpara	1939	91.00	31st March .. 1969
6,00,000	6½	30th June and 31st December ..	Alexandra	1939	93.00	30th June .. 1969
15,00,000	4	31st December and 30th June ..	Auckland Jute Co., Ltd.	1945	90.00	31st December .. 1964
10,60,000	6	30th June and 31st December ..	Bhatpara Jute Mills	1951	90.00	30th June .. 1966
13,73,000	5½	31st March and 30th September.	Dalhousie Jute Co.	1954	90.00	31st March .. 1969 (a)
6,86,000	5	15th January and 15th July ..	Empire	1951	90.00	15th July .. .. 1966 (a)
25,00,000	5½	31st March and 30th September.	Fort Gloster Industries Ltd. ..	1952	98.00	30th September .. 1966
20,40,000	6½	31st March and 30th September.	Howrah Mills Co., Ltd.	1955	92.50	31st March .. 1970
25,00,000	5	30th June and 31st December ..	Kinnison Jute Mills Co., Ltd. ..	1949	90.00	31st December .. 1964 (a)
25,00,000	5½	30th June and 31st December ..	Naihati	1952	90.00	31st March .. 1967 (a)
5,00,000	6½	14th November and 14th May ..	Nellimarla Jute Mills Co., Ltd. ..	1939	92.00	14th May 1969
20,00,000	4	30th June and 31st December ..	Northbrook Jute Co., Ltd.	1948	85.00	31st December .. 1964
25,00,000	5	31st March and 30th September..	Reliance Jute Mills Co., Ltd. ..	1950	81.00	5th September .. 1965 (a)
12,00,000	5½	30th June and 31st December ..	Union	1937	95.50N	31st March .. 1967
RAILWAYS; STEAMSHIP AND TRAMWAYS						
£321,697	4½	1st January and 1st July ..	Calcutta Tramways	1900	£66.00N	At 105% at any time on 6 months' notice or at par or every seventh year thereafter
£139,051	5	1st April and 1st October ..		1933	£74.00N	1st October .. 1974
6,50,000	6	30th June and 31st December ..	Katakhal-Lalabazar Railway ..	1945	85.00	31st December .. 1974
£200,000	4½	30th June and 31st December ..	Shahdara-Delhi-Saharanpur Railway ..	1905	£64N	Any time on six months' notice (a)
PLANTING						
4,54,000	7T	1st April and 1st October ..	Sangameshwar Coffee	..	100.00	1st April 1960-61
MISCELLANEOUS						
45,00,000	5	2nd January and 2nd July ..	Aluminium Industries	1961	100.25	2nd July 1966-71
9,96,000	5	1st January and 1st July ..	Aluminium Corporation of India Ltd. ..	1948	92.00	31st December .. 1965
8,00,00,000	5½	1st March and 1st September ..	Burmah-Shell	1954	93.75	1st September .. 1965-69(a)§
2,00,00,000	5½	1st April and 1st October ..	Caltex Oil Refining (India) Ltd. ..	1955	93.25	1st October .. 1970
1,00,00,000	4½	31st March and 30th September.	Dalmia Cement (Bharat) Ltd. ..	1946	88.00	30th September .. 1970
2,04,55,000	6½	1st January and 1st July ..	Dunlop Rubber Co. (India) Ltd. ..	1950	99.50	1st January .. 1973 (a)†
97,80,000	5½	1st January and 1st July ..	Indian Cable Co., Ltd.	1954	100.50	30th June .. 1969 (a)‡
8,00,00,000	6½	1st January and 1st July ..	Indian Aluminium Co., Ltd. ..	1959	100.50	1st January .. 1978
27,75,000	5T	2nd January and 2nd July ..	Mettur Chemical Industries ..	1949	84.00	30th September .. 1964
39,70,000	4	30th June and 31st December ..	McLeod & Co., Ltd. (Convertible Notes)..	1947	410.00 (per note)	31st December .. 1972 (a) 30th September .. 1964
74,75,000	5	1st April and 1st October ..	Macneill and Barry Ltd.	1951	85.00N	1st April 1971
55,91,000	6	30th June and 31st December ..	National Rayon	1955	99.00	30th June .. 1965-70
30,00,00,000	6‡T	15th May and 15th November..	Oil India		98.25	15th November .. 1968-77
20	6½	1st January and 1st July ..	Premier Automobiles	1958	125.50	31st March .. 1968-73
1,00,00,000	6	30th June and 31st December..	Rohtas Industries Ltd.	1946	96.00	31st December .. 1969
10,00,000	5½	January and July	Shree Gopal Paper Mills Ltd. ..	1944	95.00	15th July 1966
80,00,000	6½	1st May and 1st November ..	Esso	1953	94.00	1st April .. .. 1964-68 (a)‡‡
5,31,000	5	31st January and 31st July ..	Tata Chemicals Ltd.	1945	95.00	31st July 1970-75
50,00,000	6	1st April and 1st October ..	Tata Oil Mills Co. Ltd.	1959	96.00	30th September .. 1969-74

(a) These debentures are registered and are transferable by transfer deeds. (b) Option to repay on 3 months' notice at any time at 3 per cent premium.
‡ With option to redeem at Rs. 101 per cent after 10 years or at Rs. 100-8 per cent after 13 years. § Any debenture outstanding on 1-6-1969 will be redeemed on that date with option to redeem all debentures at 101 per cent on 1-6-1964. ‡‡ Rs. 80 lakhs will be redeemed annually by drawings from 1st May 1964 onwards. The Company has option to redeem debentures at 101 per cent on 1st May 1963 on six months' notice. † Option to repay at par on six months' notice. T.—Taxable. T.F.—Tax-free.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 2nd April 1964:

	Closing quotations 25-3-1964	High	Low	Closing quotations 2-4-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100) ..	139.50	—	—	139.50
Apollo (2)	1.72	1.74	1.70	1.74
Baroda Rayon (100)..	88.00	88.50	84.00	84.00
Bombay Dyeing (25)..	61.00	61.40	59.80	60.00
Bradbury (50) ..	151.00	—	—	151.00
Central India (100) ..	95.00	94.00	90.50	90.50
Century Mills (100) ..	621.50	624.50	609.50	611.00
Dawn (50)	154.00	154.00	152.00	152.50
Elphinstone (50) ..	96.00	97.00	95.50	95.50
Finlay (100)	306.00	311.00	306.00	311.00
Gokak (100)	180.00	182.00	179.00	181.00
Gold Mohur (100) ..	211.25	—	—	211.25
Gwalior Rayon (10) ..	41.00	41.50	40.00	41.50
Ind. Untd. Defd. (1)..	2.64	2.62	2.48	2.50
Ind. Untd. Ord. (10)..	21.36	21.52	21.24	21.36
Indian Rayon (100) ..	73.50	72.00	69.00	70.00
Indore Malwa (100) ..	210.00	210.00	207.00	210.00
Khatau (100)	190.00	190.00	182.50	182.50
Kohinoor (100)	339.50	340.50	336.50	336.50
Mafatlal (100)	527.50	525.00	510.00	510.00
Modella Woollens (10).	13.24	—	—	13.24
Morarji (100)	379.00	379.00	370.00	370.00
Mysore (50)	41.00	—	—	41.00
National Rayon (100).	380.00	384.50	371.00	375.50
New Great (100) ..	178.00	—	—	178.00
Phoenix (100)	223.00	224.00	221.25	225.50
Podar Mills (10) ..	12.40	12.52	12.00	12.00
Raymond Woollen (100) ..	136.00	—	—	136.00
Sassoon Spg. (10) ..	40.00	40.00	39.25	39.25
Shree Ram (100) ..	252.00	252.00	245.00	245.00
Simplex (50)	131.00	130.00	125.00	126.00
Standard (100) ..	667.00	670.00	651.00	654.00
Swadeshi (100) ..	243.00	249.00	240.00	242.00
Swan (100)	267.00	267.00	265.00	267.00
S. I. Viscose (100) ..	131.00	131.10	125.00	125.00
Tata Mills (25) ..	57.50	57.50	55.50	56.70
Lakshmi-Vishnu (100).	100.00	—	—	100.00
Western India (250) ..	847.50	850.00	847.50	850.00
BANKS				
Bank of India (50) ..	105.50xd	105.50cd	102.00xd	102.00xd
Do. (New) (50) ..	107.00cd	107.00cd	102.00xd	102.00x
Bank of Baroda (50)..	93.00	94.00	92.00	94.00
Central (25)	45.00	45.00	44.75	45.00
Central 'A' (25) ..	45.00	45.00	44.75	45.00
Dena Bank (50) ..	56.50cd	56.50cd	56.00xd	56.00xd
Punjab National (10)..	19.32	—	—	19.32
Union Bank (5) ..	6.20	6.24	6.12	6.24
United Com. (50) ..	72.30	72.30	71.50	72.00
Maharashtra (50) ..	54.50	54.50	54.00	54.00
ELECTRIC COS.				
Ahmedabad (100) ..	95.80	95.80	95.20	95.50
Amalgamated (10) ..	9.64	—	—	9.64
Andhra Valley (1,000).	1,040.00	1,046.25	1,035.00	1,046.25
Bom. Sub. El. (100)..	102.75	104.50	102.50	104.50
Surat (100)	100.50	—	—	100.50
Tata Hydro (100) ..	111.75	112.00	111.50	112.00
Tata Power (1,000) ..	1,106.25	1,107.50	1,100.00	1,107.00
INSURANCE COS.				
British India (10) ..	12.24	12.32	12.24	12.24
Indian Mercantile (50).	56.20	57.25	55.00	57.25
New India (15) ..	46.00	46.50	45.25	46.50
New India 'A' (15) ..	46.75	46.75	46.25	46.50
Vulcan (10)	16.00	—	—	16.00
STEEL COS.				
Ind. Iron (1 0) ..	24.64	24.72	24.48	24.60
Mukand Iron (10) ..	17.36	17.60	17.28	17.56
Tata Steel Ord .(75) ..	146.75	147.75	145.75	146.25
SUGAR COS.				
Belapn (50)	222.50	225.00	220.00	220.00
Bhopal (10)	12.76	—	—	12.76
Chaugdeo (12.50) ..	29.00	—	—	29.00
Maharashtra (50) ..	139.00	138.50	135.50	135.50
Phaltan (50)	102.50xd	103.50	101.00	101.00
Walchand Ind. (100) .	153.00	152.00	151.00	152.00
CEMENT COS.				
Associated Cts. (100) .	148.50	149.25	147.75	148.25
Digvijay (100)	173.50	175.00	173.00	173.50
Orissa (10)	13.76	13.92	13.60	13.64
DYES & CHEM.				
Amar-Dye-Chem (100).	153.75	148.75	138.75	140.00
Camphor & Allied (100)	94.00	94.00	90.00	92.00
Citric (100)	73.00	73.00	71.50	73.00
Chemicoat (100) ..	134.00	134.00	132.00	133.00
Colour-Chem (100) ..	345.00	349.00	340.00	341.25
Indian Dyestuff (100).	320.00	317.50	296.25	296.25
Polychem (50)	121.25	123.75	117.50	117.50
Synthetics (100) ..	98.00	98.00	93.00	93.50
Tata Chemicals (10)..	18.48	18.68	18.24	18.28
MISCELLANEOUS				
Alcock Ashdown (100).	301.00	302.00	297.00	298.00
Bom. Burmah (25)§ ..	60.30	60.50	59.90	60.00
Do. (New) (20)§ ..	46.50	47.00	46.50	47.00
Br. B. Petrol (1¼ sh.)..	2.66	2.68	2.58	2.60
Br. I. Corpn. (5) ..	8.64	8.84	8.64	8.84
Cooper Eng. (100) ..	105.00	105.00	104.00	104.00
Hindustan Lever (10).	36.00	36.00	35.00	35.00
Hindustan Motors (10).	18.40	18.48	18.20	18.28
I. C. & Invest. Corporation (100) ..	97.50	—	—	97.50
Indian-Copper (2 sh.) .	3.50	3.50	3.44	3.46
Killicks (100)	90.00	90.00	88.00	90.00
Larsen & Toubro (10).	22.96	23.04	22.76	22.76
Mahindra & Mahindra (10) ..	17.00	17.48	16.88	17.12
Asian Cables (100) ..	80.00	80.00	78.00	80.00
Permanent Magnets (100) ..	117.50	121.25	115.00	117.00
Phillips Carbon (10) ..	14.36	14.52	13.76	13.76
Pre. Automobiles (100)	102.75	102.50	100.25	101.00
Premier Cos. (30) ..	181.50	183.50	179.25	180.00
Scindia (20)	15.48	15.76	15.20	15.28
G. E. Shipping (10) ..	13.24	13.24	12.60	12.92
N. Standard Eng. (100)	134.00	135.00	134.00	135.00
T. Maneklal (100) ..	580.00	580.00	510.00	510.00
Shivrajpur (10)	15.76	15.76	15.48	15.76
Sirpur Paper (10) ..	12.32	12.32	12.04	12.04
Tata Locomotive (100)	301.50	302.50	296.00	299.25
Tata Oil (25)	64.50	64.00	60.50	61.70
Voltas (100)	265.25	265.50	259.50	260.00
W. I. Match (100) ..	263.00	263.00	260.00	262.00
W. Coast Paper (100).	155.50	156.75	155.50	156.50
Zenith Steel (10) ..	16.32	16.40	16.24	16.36

GOVERNMENT SECURITIES	25-3-1964 Rs.	Gross Yield Earlier Redemption	Gross Yield Later Redemption	2-3-1964 Rs.
2½% 1976	83.50	—	4.80	81.50
3 % 1964	99.60	—	3.56	99.60
3 % 1966-68	97.50	3.83	3.60	97.90
3 % 1970-75 1st Dev.	90.25	4.89	4.05	90.25
3 % 1986 Con. Loan ..	63.00	—	4.76*	63.05
3½% 1964 N. P. Loan..	99.00	—	3.66	99.00
3½% 1965 N. P. Bonds.	99.65	—	3.77	99.65
3½% 1967 N. P. Bonds.	99.15	—	3.78	99.15
3½% 1974	99.75	—	4.15	99.75
3½% 1967 N. P. Bonds.	99.55	—	3.90	99.55
3½% 1969 Loan	98.90	—	4.20	98.90
3½% 1969	98.10	—	3.93	98.10
3½% 1968 N. P. Bonds.	99.40	—	3.91	99.40
4 % 1972 Loan	99.30	—	4.12	99.30
4 % 1973 Loan	99.15	—	4.10	99.15
4 % 1979 Loan	98.50	—	4.14	98.50
4½% 1966 Bonds	99.65	—	3.66	99.65
4 % 1980 Loan	98.30	—	4.14	98.30
4 % 1981 Loan	98.30	—	4.14	98.30
4½% 1985 Loan	99.95	—	4.49	100.25
6½% 1977 G. Bonds..	118.25	—	4.65	118.30
4½% 1972 N. D. Bonds	100.20	—	4.22	100.20

* Current Income. xd—Ex-dividend. xr.—Ex-Right.
c.r.—Cum-Right. cd—Cum-dividend.
§ B. Burmah—Shares of Rs. 125 have been sub-divided into 5 shares of Rs. 25 each. † Sub-divided into 5 shares of Rs. 20 each after taking into account the Bonus element of Rs. 25.

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COMMERCE

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

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Commerce
A WEEKLY REVIEW OF INDIAN FINANCIAL, COMMERCIAL AND INDUSTRIAL PROGRESS

Contents

	Page
LEADING ARTICLES—	
Nationalisation of Banking	593
National Maritime Day	594
MARKET GOSSIP	595
TREND OF SHARES	596
THIS WEEK'S SURVEY	598-599
SPECIAL FEATURES—	
American Letter	600
Geneva—Platform for Liquidity Reformers	601
Manchester Letter	606
Photographic Industry: Mergers to Meet Competition	616-617
Change in Russian Oil Exports ...	618
CHAIRMEN'S SPEECHES—	
The Bank of Maharashtra	619
Nizam Sugar Factory Ltd.	620
Canara Bank Ltd.	621
MONEY AND BANKING	602-603
TEXTILES	604-605
LABOUR	608
ENGINEERING	622-623
NEW PRODUCTS AND PROCESSES	624
COMPANY MATTERS	625-627, 631
COMMERCE AND INDUSTRY	630
NEWS IN BRIEF AND PERSONAL	632
TREND OF MARKETS	633-635
MISCELLANEOUS STATISTICAL INFORMATION	636
WEEK'S STOCK EXCHANGE TREND	636

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NATIONALISATION OF BANKING

THE socialism preached by Prime Minister Nehru has encouraged all and sundry to advocate from time to time nationalisation of some business or other. Several professional politicians in the Congress Party have sought to improve their prospects by a vigorous advocacy of extension of State ownership. The latest victim of this political opportunism is banking. Originally, the demand for nationalisation of banks was confined to communists and some of the socialists. Later, a few backbenchers in the Congress Party began to support this demand. In the past two years, some of the more influential members of the Congress Party also joined this crowd and gave a big boost to the campaign for nationalisation of banks. In the latter half of last year and early this year, the demand was pressed hard and strongly voiced in and outside Parliament by a substantial number of Congressmen, despite the Government's firm and unequivocal decision against it. The campaign is still being kept up, though on a slightly lower key. Knowledgeable circles are of the view that the danger of nationalisation of banks has by no means passed. A significant point to be noted here is that the Government of India has not categorically stated that it is against nationalisation of banking in principle and for all time to come. It has only observed that the present time is not opportune for this step. By implication this means that it is not opposed to nationalisation in principle and may do so when it suits it.

There is the rub, for, so long as the Congress Party is not opposed to nationalisation of banks in principle, it is bound to be subjected to pressure tactics by leaders who are out to capture power for themselves. Unfortunately, nationalisation seems to be popular with the general public and employees of banks, thanks to the consistently anti-capitalist and anti-rich propaganda carried on by the Congress Party, too. The absence of unity among businessmen and their failure to win the support of even middle-class employees in the middle and lower echelons have lent a considerable measure of strength to this propaganda. Consequently, those leaders who are urging early nationalisation of banking are in a more favourable position than their confreres who are opposed to it. For the same reason, the task of successfully educating public opinion against nationalisation is a hard one. Nevertheless, it must be performed by the bankers as best as possible with the zeal, zest and tenacity of a missionary. At the same time, every endeavour must be made to get the communists and fellow travellers out of the unions of bank employees. This may prove to be more difficult than educating public opinion but that is no reason for not attempting it. There is n

banks, over which the State has enormous influence. The Postal Savings Bank is also there, trying to capture the deposits of small savers in every nook and corner of the country. In the sphere of term lending, the State has the dominant share, with all the development banks either owned and/or controlled by it. The entire life insurance and a good part of general insurance, both of which are a part of the capital market, are in the hands of the Government. Even the I.C.I.C.I. cannot be said to be completely free from Government domination. The latest intrusion by the State into the sphere of capital market is the Unit Trust. Thus, the State is there everywhere in India, in commercial banking, in deposit banking, in term-lending, in export finance and in investment banking. On top of it, the State drains away the bulk of the incomes and savings of individuals, as well as of corporations, through high rates of taxation and compulsory deposits. The State's hold on the financial front and over the money and capital markets in India is, in short, virtually complete, perhaps more complete than in France or in Italy where, too, a part of the banking sector is State-owned. It must also be borne in mind, in this connection, that controls over commercial banks in this country are all-pervading and more sweeping than in any other country in the free world. This journal is giving away no secret when it says that commercial banks in this country are quite subservient to the Reserve Bank. None of them dares to disregard the latter's wishes, let alone directives. No central banking institution in the free world can find a more docile crowd of banks than those in India.

The contention that domination of the State over French banking has not prevented the growth of private enterprise in France or restrained the inflow of foreign private capital into that country is true to a great extent. But the State domination there is of a different type than that proposed in this country. What is demanded here is wholesale nationalisation of banks, with no scope whatever for the private sector banks, whether national or foreign. In addition, there is no hostility towards private enterprise in France as there is among the advocates of nationalisation in this country. Nor are there such cries as those that rend the air here almost daily alleging monopoly capitalism, concentration of economic power, etc., and advocating ceiling on agricultural land, urban incomes and wealth, etc. Nor is taxation in France so heavy as it is in this country. The French are a highly mature people and their socialism is of a practical variety, instead of the paper variety that is in vogue in this country. This is true also of their planning, the success of which has been phenomenal. So if India is to copy France in regard to banking, let it do so in regard to all other aspects of economy, including planning, as well.

It would be incorrect to say, as some critics maintain, that democracy in France has not suffered as a result of socialisation of banking. Till 1958, when General de Gaulle took over, France was the sick man of Europe, with Governments coming and going in quick succession. That political instability in France in the post-war era had reached dangerous levels and that it was on the verge of civil war on more than one occasion are well-known facts. Equally well known is the fact that before General de Gaulle took charge of the Government of his country, he got the French Constitution drastically changed, vesting in the President of France dictatorial powers. It is an irrefutable fact that France today is under a dictatorship, albeit a constitutional and benevolent one. The type of dictatorship that may conceivably follow wholesale nationalisation of banking in India will not necessarily be of the current French type. It could very well be of the East European or Chinese variety. If the advocates of nationalisation of entire banking in this country think that banking "reforms" in France provide them an argument in their favour, they are sadly mistaken. Surely, one cannot put forward a more effective argument against it.

NATIONAL MARITIME DAY

IT was on the fifth of April 1919, when Mahatma Gandhi launched his *satyagraha* movement against the Rowlatt Act, that India's epic struggle for freedom commenced in all its solemnity. That very day, India's first passenger vessel, s.s. *Loyalty*—which, incidentally, was also Scindia's first ship—sailed from Bombay to U.K. ports, as if to signify the nascent shipping industry's loyalty to the national cause. The event also signified, by implication, disloyalty to the British *raj*, for it was with the connivance of that *Raj* that powerful foreign shipping interests had virtually killed the shipping companies organised by such pioneers as Mr. J. N. Tata, Mr. V. O. Chidambaram Pillai and others in different parts of the country between 1860 and 1914. But their pioneering spirit was not so easily stifled, for it was bequeathed to newer stalwarts like Mr. Narottam Morarjee and Mr. Walchand Hirachand who incorporated the Scindia Steam Navigation Company on 27th March 1919. It thus came about that the glorious revival in modern conditions of a traditional industry marked the beginning of a new era in India's maritime history. In a sense, an even more glorious era might be said to have begun a couple of years ago, when the country's shipping crossed the coveted million-ton mark. It is true that this growth was far short of what had been optimistically envisaged in the initial years of independence. Nor was it adequate for meeting the country's requirements. Nevertheless, considering the various handicaps (including an excessive spirit of nationalism among some stalwarts) from which the country was suffering, this was by no means an insignificant achievement. What is, however, more significant is the fact that the growth in national tonnage is continuing, bringing to the fore new entrepreneurs with a new dynamism of their own. It is in this context that the celebration, on the 5th instant, of the first National Maritime Day under the auspices of the Indian National Steamship Owners' Association has been invested with more than ordinary significance.

This week, which may well be called National Maritime Week, has seen some stock-taking in respect of the shipping industry. From the Government side, this stocktaking has been briefly done by Mr. Raj Bahadur, Union Minister for Transport. In his estimate, the country's mercantile marine has now gone well beyond the 1.5-million-ton mark, if the firm orders already placed for construction or acquisition of more vessels is taken into account. The growth of tonnage so far has been so encouraging that the Government has begun to think in terms of a possible 2.5-million-ton target for the end of the current Plan. This target, it is said, will include orders already placed for new constructions or acquisitions. It is not only the present and prospective growth of tonnage as such but also its balanced character that is important. That the national fleet is, and will continue to be, more balanced than ever before is clear from the fact that bulk carriers of the latest type, large-size super-tankers and modern fast liner ships, have been, and are being, increasingly acquired.

Thanks to such expansion, Indian shipping today carries about 18 per cent of foreign trade in terms of cargo handled, as compared with only nine per cent three years ago. The saving in foreign exchange is considerably more than 18 per cent of the country's total freight bill. That is not all, for new opportunities for young men have opened up and employment prospects for seamen have vastly increased in the merchant navy. The working conditions of all seafarers, officers and workers, are also being substantially improved not only because they deserve to be treated well but because they render essential services in a merchant navy which is the country's second line of defence. A related aspect of the growth of Indian shipping is the steadily increasing accent on national shipbuilding. The Government's decisions to set up a second shipyard at Cochin and to double the production at the existing Hindustan Shipyard at Visakhapatnam are noteworthy in this connection. With the implementation of these decisions in the years to come, a further forward step will have been taken in the direction of self-reliance in shipbuilding so as to meet indigenously the growing tonnage requirements of Indian shipping.

The Chairman of the National Shipping Board, Mr. C. H. Bhabha, has also appraised the situation in his own inimitable way. According to him, "India's merchant fleet happens, at present, to be at a crucial, though not critical, period of its career." "One can almost say," he continues, "that the 'take-off' stage is very nearly in sight." Paying a tribute to all those who have rallied round the Government "in this great adventure of building up a good merchant fleet under the Indian Flag," Mr. Bhabha has, at the same time, expressed the hope that the Government would readily indent on all sincere private efforts, evaluate them in an impartial and fair manner and give due recognition, as well as assistance, to them. Considering the fact that there is a sizable public sector represented by the Shipping Corporation of India Ltd. which is planning to expand its fleet from the present level of 221,000 g.r.t. to 500,000 g.r.t. in the next few years, one might readily recognise the relevance of Mr. Bhabha's gentle advice to the Government.

It has been given to Sumati Morarjee, President of I.N.S.O.A., to trace, in dignified tones, the history of India's modern shipping which owes its present position to the collective efforts of innumerable persons during the last 40 years. Although she is a leading representative of the private sector in shipping, it is characteristic of her that she has welcomed the emergence of a public sector in that field as "a symbol of happy and harmonious association of the national economic forces." It is her fervent desire that this national sector (covering both Government and private shipping companies) should build and buy in due course the additional tonnage to carry at least 50 per cent of the country's total overseas trade. But she has not chosen to dwell on the financial and other requirements of the shipping industry in the context of her ardent desire. Even Mr. M. A. Master, whose tireless and dedicated service in the cause of national shipping has been appropriately recognised and praised during this National Maritime Week, has skipped over this aspect. It is, however, possible to figure out, from what little he has said on the financial cost of expansion so far, that the objective of building up a merchant navy of the size required to carry 50 per cent of India's progressively expanding overseas trade is not an unattainable ambition in the foreseeable future, given certain prerequisites. The relevant passage in Mr. Master's speech at Bombay on the 5th instant is as follows:

> "The country . . . feels obliged to the Government for implementing the policy, recognised all over the maritime world, of making finance available, at a comparatively low rate of interest, for the acquisition of additional tonnage. From such data as are available, I find that from the beginning of planned economy till the end of last year, the total sum sanctioned, including the sum of a little over Rs. 20 crores allotted to the Jayanti Shipping Company, would come to nearly Rs. 81 crores. The tonnage acquired would be 96 ships of a little over 700,000 g.r.t. Indian shipowners have risen equal to the occasion and shown the necessary initiative, courage and faith for developing Indian tonnage, as they themselves have acquired, at considerable sacrifice, 46 vessels of nearly 245,000 g.r.t., at a cost of a little over Rs. 22 crores under the deferred payment system. *Shipping can thus take satisfactory strides in its onward march, when there is intelligent understanding and willing co-operation between the people and the Government.*" (Italics ours.)

Mr. Master's optimism is, however, rather restrained. While he has rightly implied the need for continued Government assistance, he seems to have recognised only partially the capacity of the private sector in shipping to display resourcefulness and enterprise in acquiring new ships, provided it does not allow itself to be swayed by the outmoded cult of *Swadeshism*. The fact that a new entrant like the Jayanti Shipping Company has built up a total tonnage exceeding 400,000 d.w.t. in the course of just three years is an eloquent proof of the adage: "Where there is a will there is a way." Surely, this Company's achievement is not wholly due to Government's financial assistance, substantial though such assistance has been. One hopes that the other new entrant, Ratnakar Shipping Company Ltd. (Managing Agents: Birla Gwalior Pvt. Ltd.), might display similar enterprise and augment the country's fleet in quick time. For their part, the established companies can ill afford to sit back, dazed by the spectacular growth of newer entrants. They should summon to their aid the pioneering spirit of their founders and canalise it in a new dynamism appropriate to the spirit of the times. That way they can not only add significantly to the national tonnage but also enhance their financial potentialities in terms of freights and profits. There must be an early end to the situation where 17 Indian shipping companies (Jayanti excluded), representing 88 per cent of the country's tonnage, make a meagre net profit of just under Rs. three crores in relation to their fleet cost of about Rs. 120 crores. The first National Maritime Day, which they have just celebrated, would have been in vain if it had not made them aware of their continuing responsibility for the growth of Indian shipping by adopting realistic attitudes.

MARKET GOSSIP

Problem Of Reviving Capital Market

FULL forty days have passed since T.T.K.'s taxation proposals were announced. This is a long enough period for assessing their impact with a high degree of certainty. They have failed to revive the capital market. On the contrary, they have effectively killed whatever improvement that had taken place in the last quarter of 1963 and in the first two months of 1964 in the hope that T.T.K. would give some tangible concessions in the heavy burden of both direct and indirect taxes. The hope has been belied. Sweet words and harsh action have characterised his budget this year, confirming, once again, that T.T.K. is an unpredictable person. It would be a good thing, indeed, if he could confirm this impression further by substantially amending his proposals in favour of taxpayers when the Finance Bill and the Bills allied to it come up for discussion in the Lok Sabha next week.

The following are the minimum concessions necessary for reviving the capital market:

1. The dividend tax should be made applicable only to excess dividends. If this is found too complicated, he should give a rebate to the companies on the amount transferred to reserves and retained in business.

2. Taxation of bonus shares at the hands of shareholders by treating them as capital gains on a notional basis should be abolished and the *status quo* should be continued.

3. The rate of Annuity Deposits should be halved and their return should be exempted from taxation. The best thing to do will be to abandon the entire scheme, as it involves compulsion which is repugnant to the principles enshrined in the Constitution.

4. The incidence of Estate Duty must be made reasonable and human.

5. The exemption limit for wealth tax should be kept unchanged at Rs. two lakhs.

6. Small companies with a paid-up capital of Rs. 10 lakhs or a turnover of Rs. 20 lakhs whichever is higher should be exempted from the mischief of Section 104 (old Section 23A) of the Income-tax Act.

7. As a matter of principle, all changes in taxation should be made applicable to the current year and not to the previous year. The present system in India is most inequitable and unscientific. It makes it difficult for businessmen to plan their profit-margin in advance and upsets all their calculations.

The foregoing suggestions do not constitute any extravagant demand on the Exchequer. If implemented, they will surely stimulate the pace of economic growth, generate more employment opportunities and ultimately bring larger revenues to the Government. It requires a lot of political courage for the Finance Minister of a Government dominated by doctrinaire socialists to act on these lines. It is to be hoped that T.T.K. has it in abundant measure. He knows as much as this writer does that it is only through more production can genuine socialism be introduced into this country and that, in a mixed economy of the type chosen for India, increase in production at the desired rate can be achieved only through adequate incentives to investors and entrepreneurs.

Foreign Private Capital

What are the conditions that will be conducive to attract foreign private capital to underdeveloped countries and stay there? Answering this question, Sir Duncan Oppenheim, Chairman of the British-American Tobacco Company Ltd., which is operating in India through the Imperial Tobacco Company, says in his statement to the shareholders of the Company:

> "We appreciate the difficulties that the developing countries have to face in financing development programmes which are essential if they are to improve their standards of living. It is all too easy, however, for Governments to treat taxation of company profits as a ready source of income capable of unlimited expansion and to lose sight of the fact that unreasonably high rates of company and personal taxation, while providing much needed finance in the short-term, must inevitably discourage the overseas capital which these countries need to attract if they are to attain their objectives. The growing practice of imposing additional taxes on dividends either upon the shareholder or upon the company itself is to be deprecated, particularly when, as in some recent instances, these taxes have been imposed at specially high rates on dividends paid to non-resident shareholders. This is a form of discrimination which is immediately discouraging to the flow of risk capital and the consequences of such a policy do not take long to show themselves.
>
> "The increasing deficit in the balance of payments of developing countries, taking into account inter-governmental aid, exports and all other available measures, can only ultimately be met by substantial investment of private capital, the demand for which is higher now than it has ever been. The chances of attracting it depend very much on the commercial, fiscal, monetary and administrative policies of the country requiring it, for—being a scarce commodity—it will flow to the places which show the best promise of net profitability as a reward of efficiency and enterprise. The availability of pioneer and other concessions to new investors will not in itself be effective in attracting overseas capital, if the prospect is that taxation will be too onerous when the pioneer period expires. Thus, the maintenance of a reasonable level of taxation on existing investments is as essential for a country wishing to attract foreign capital as is the assurance of political stability, fair and non-discriminatory treatment and freedom to remit dividends and to repatriate capital eventually. Indeed, I regard excessive taxation, whether in the form of excise duties or in the form of profits taxation as a greater threat to the Group's expansion in the developing countries than the political risks that have attracted so much attention in recent months."

Growing Strength Of Synthetic Fibres

There are two trends in man-made fibres which signify greater progress for the industry and more intense competition with natural fibres. These are the rising trend of production and declining trend of prices. Both these trends are reflected in the output and trend of prices of terylene, the polyester fibre produced by Imperial Chemical Industries Ltd., London. Terylene belongs to that group of organic polymeric materials (plastics fibres and films) which constitute the most important area of growth of I.C.I., as also the largest single field of research and development activity of the Company.

Far more than the concentration of research and development activity, it is the successive cuts in prices that give synthetics a shot in the arm in its competition with natural fibres. Since the beginning of this year, I.C.I. has cut the prices of its fibres thrice, the latest cut, ranging from 5 per cent to 27 per cent in prices of high tenacity terylene industrial yarns, having been made on the 2nd inst. It was hardly a month ago that the company had reduced the price of its polypropylene fibre, making it one of the cheapest synthetic fibres available in the U.K. Before that, that is, in January last, the company had cut the prices of terylene staple fibre, bringing them below the published domestic prices of any other major polyester fibre manufactured in the world at that time.

The I.C.I. has indicated, even while announcing the earlier two cuts, "its intention to support the textile trade by making high quality yarns available at the lowest possible price." The Company had also explained that the price reduction was possible because of economies in production. While this may be largely true, it cannot explain the three successive reductions in fibre prices in the short period of three months. The price reduction is an indication of the increasing competition in synthetic fibres market. But, whatever be the reason, the declining trend of prices of man-made fibres, coupled with more intensive research and development effort—the I.C.I. alone is spending on these a good part of the proposed £100 million for capital projects this year—constitute a challenge and danger to natural fibres, including cellulosic fibres.

Refinance Corporation

A remarkable feature of the working of the Refinance Corporation for Industry brought out by Mr. P. C. Bhattacharyya, Chairman of the Corporation, in his speech at the sixth annual general meeting held at Bombay this week, is that refinance sanctioned and disbursed by the Corporation last year (that is, calendar year 1963) was nearly equal to the cumulative total of the amounts sanctioned and disbursed since the Corporation's inception till the end of 1962. Thus, the Corporation sanctioned refinance of over Rs. 24 crores last year, as against the cumulative sanctions of Rs. 27 crores till the end of 1962 and disbursed refinance of well over Rs. 13 crores, as against the cumulative total of Rs. 15 crores during the previous four years from 1959-62. As Mr. Bhattacharyya pointed out, the stringency in the capital market may have contributed, to some extent, to this development but the spurt in sanctions and disbursements indicates that the Corporation has now got into stride.

Apart from refinance sanctioned and disbursed, there are other indications that a wider sector of institutions and industries is now being benefited by the operations of the Corporation. Last year, 27 financial institutions were sanctioned refinance, as against 19 in 1962. As many as eight out of the fifteen State Financial Corporations, including the Madras Industrial Investment Corporation, received assistance from the Corporation, especially at a time when these institutions found it difficult to approach the investing public for funds with their bonds and debentures.

Along with the extension in the coverage of financial institutions, there has also been a welcome diversification in the range of industries, loans to which have been refinanced by the Corporation. A large part of the Rs. 24 crores refinance sanctioned by the Corporation last year related to industries which had claimed the major share of the assistance from the Corporation in the previous years. Even so, there have been a number of new entrants in the field such as coal, which accounted for 5 per cent of the sanctions last year and chemical products, which accounted for 7 per cent of the total. Manufacture of paper and paper products accounted for 6·4 per cent of the sanctions in 1963, as against an insignificant amount in the previous years. Another industry added to the list last year was transport equipment which accounted for 5.3 per cent of the refinance sanctioned in that year. Textiles, however, continued to be the predominant industry group and its share of the refinance sanctioned rose from 17 per cent of the total up to end of 1962 to 29 per cent of the total in 1963.

An important point to be noted is that, in 1962, one half of the refinance sanctioned by the Corporation related to the refinancing of loans given by financial institutions to set up new manufacturing units, the other half being for modernisation, expansion and renovation of existing industrial units. As compared with this, upto the end of 1961, only 28 per cent of the aggregate amount sanctioned had represented refinancing of loans for setting up of new industrial units. Although the momentum of the shift in the direction of assisting new enterprises witnessed in 1962 could not be maintained in 1963, nearly 45 per cent of the refinance sanctioned was in respect of establishing new industrial units. This slow-down is, perhaps, a reflection of the change in the state of the capital market which has prompted existing industrial ventures to go in more for term finance from banks and other financial institutions, instead of raising fresh share capital (preference and equity alike) from the market.

The tendency of industry to rely increasingly on institutional finance is revealed by certain other indicators as well. The projects for which the Corporation sanctioned finance last year involve a capital outlay of Rs. 71 crores. Of this, owned funds, including share capital and reserves, are estimated to provide about Rs. 33 crores and term-advances from banks and other financial institutions Rs. 32 crores, the balance of Rs. 6 crores being loans from miscellaneous sources. Thus, almost one half of the outlay on the projects refinanced last year is being met by term advances from institutions, three-quarters of which has been provided by the Refinance Corporation.

The Corporation has also done considerable spade-work for handling a new type of business, namely, the refinancing of medium-term export credit. In fact, a small beginning has already been made. The Corporation has decided to charge a concessional rate of 4½ per cent for refinance of medium-term export credit. It is also ready to consider application for comparatively small amounts, in order to help the growing class of small exporters to secure accommodation from banks. There is plenty of scope for expansion of this business, because banks themselves are certain to increase their business in view of the encouraging trend of exports.

While the performance of the Corporation last year has thus been commendable, its future prospects would depend on the trend of investments and the growth of the economy. There is no doubt that, if the various targets laid down in the third Plan were to be reached, investments would have to be stepped up considerably in the next two years. In view of the continuing sluggishness of capital markets due to a variety of reasons, this would mean vastly increased demand on the resources of the entire range of financial institutions. The proposed Industrial Development Bank, in particular, will have a crucial role to play in expanding and co-ordinating the assistance extended by financing institutions, including banks, in the field of industrial finance. A Bill to set up the Bank has already been introduced in Parliament. One of the provisions of the Bill is that the Government may at a future date authorise the Bank to take over the Refinance Corporation. The *rationale* of this clause, according to Mr. Bhattacharyya, is that both the Bank and the Corporation will be engaged in broadly identical type of business. Considering the operations of the Corporation, what the Development Bank will be taking over is, as Mr. Bhattacharyya put it, "not an infant institution which would still need to be nursed by the Government but one that has attained an enviable stature within a few years of its coming into existence, and has set up vital lines of communications with financial institutions which would be valuable to the new Bank."

Tourism

It is a reflection of the wide gap between tall talk and actual performance that foreign exchange earnings from tourism have hardly shown any perceptible improvement in the past few years. While countries like Italy and Australia have wiped out their entire trade deficit and built up large reserves of foreign exchange through tourism, India, which ought to earn more than most countries of the world from tourism, is just scraping up a meagre Rs. 20 crores a year. The third Plan allocated Rs. 8 crores (Rs. 3.50 crores in the Central sector and Rs. 4.50 crores in the States sector) for development of tourism. Of the Centre's share of Rs. 3.50 crores, actual expenditure during the first three years of the Plan (1961-62 to 1963-64) amounts to only Rs. 86.14 lakhs or 25 per cent of the allocation. And, in terms of physical targets, actual achievement is less than 20 per cent of the target. It is unlikely that the record of the State Governments is any better. This trend in the utilisation of funds for development of tourism is meaningful in the context of the statement made by Mr. Raj Bahadur, Union Minister for Transport, that the fourth Plan allocation for tourism will depend upon the performance in the field during the current Plan period. Mr. Raj Bahadur, who was inaugurating the Western Zonal Tourist Advisory Committee at Bombay on the 6th inst., said that there was great scope for developing tourism and increasing foreign exchange earnings from the present level of Rs. 20 crores per annum to, say, Rs. 50 crores. There is, of course, scope for developing tourism, but only if the authorities concerned become fully alive to the need for it and start doing things efficiently and expeditiously. And considering the trend of utilisation of funds and actual achievements, it looks as though a good percentage of the Plan allocation would remain unutilised, unless, of course, something remarkable is achieved during the remaining two years of the Plan.

The disturbing thing about tourism in India is that there has been a decline in the flow of tourist traffic to this country as also tourist earnings. The Government itself felt constrained to

(*Continued on page 635*)

TREND OF SHARES

RECOVERY AT CLOSE

(From Our Own Correspondent)

BOMBAY, *9th April*

AFTER some initial weakness, equities staged a promising recovery from yesterday, with Dalal Street providing the lead on short-covering by some principal operators. Sentiment took a turn for the better on renewed speculation over some likely relief in the tax proposals. Market circles here believed that the Finance Minister would find it inevitable to concede some relief if the investment climate were to be improved and expected him to announce the concessions on the 17th inst. which would be after the start of the Lok Sabha debate on the Finance Bill. In fact, in a memorandum sent to the Union Finance Minister, a large number of members of the Bombay Stock Exchange made a renewed plea for a reassessment of the budget proposals, especially on the capital gains tax on bonus shares, the dividend tax and the estate duty, because these drastic tax measures in particular had created a gloomy atmosphere in share markets by driving away investors and even forcing disinvestment. The members also pointed out that, should the present situation continue for some time more, their staff and jobbers would run the risk of being unemployed.

The aforesaid optimism about some tangible relief in tax proposals might be nothing more than wishful thinking. But the fact is that some of the principal sellers have thought it prudent to cover a part of their sales while the going is good. But activity has been confined only to speculative counters and has been largely on account of the professional operators. Fresh support continues to be poor. Moreover, the recovery, though promising has by no means been a decisive one, as market leaders have rallied by only a few points above the post-budget low levels. Finally, the slightly improved sentiment has been discernible only on the Bombay Stock Exchange, whereas the Calcutta and Madras Stock Exchanges seem to be marking time.

While the expectations of tax reliefs changed sentiment, the recent sizable institutional support for "blue chips" also began to show its favourable impact. An additional factor was some further encouraging corporate news during the week. Particularly welcome was the decision of the Directors of the Century Spinning and Manufacturing Company Ltd. to recommend a final dividend of 18 per cent for 1963 and to make a rights issue of preference shares, rather than equity shares as anticipated, of a small value of Rs. 25 lakhs and offer it to the existing preference shareholders in the proportion of one share for every five shares held. The Company's results for 1963 showed a smart rise in gross profit from Rs. 366.87 lakhs to Rs. 477.61 lakhs and in sales from Rs. 17.10 crores to Rs. 22.25 crores. Kohinoor Mills reported for 1963 a record profit of Rs. 96.40 lakhs, that is, Rs. 15.29 lakhs more than in 1962, following an increase in sales from Rs. 7.61 crores to Rs. 9.55 crores. Sales of Jessop and Company during the year ended 31st October 1963 reached a record figure of Rs. 14.72 crores, representing an increase of Rs. 1.90 crore over the previous year, but its gross profit increased by only Rs. 11.96 lakhs to Rs. 198.48 lakhs. The dividend on the 10-rupee ordinary shares has been raised, as is already known, from 8.58 per cent to 10 per cent per annum.

Political factors continued to exercise the minds of operators. However, there was a change in their assessment of the impact of the release of Sheikh Abdullah on the political scene. Unlike last week when they entertained extreme fears, marketmen were reconciled to the view that the Kashmir leader's release would encourage communal harmony and result in a favourable settlement of the Kashmir issue. This change, based also on the expected restraint and mature attitude to be shown by the Sheikh after his release, explained to some extent the improvement in market sentiment this week. But the Indo-Pakistan Home Ministers' talks did not particularly enthuse marketmen, especially after it was known today that they had run into rough weather because of Pakistan's stubbornness on the eviction issue.

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Steel shares on Dalal Street found ready buyers on the publication of higher production figures of T.I.S.Co. and I.I.S.Co. for the last month, which made the total for the year 1963-64 look quite impressive. T.I.S.Co.'s production of pig iron in March amounted to 131,600 tonnes, of steel ingots to 152,900 tonnes, and of saleable steel to 128,400 tonnes, as against 118,600 tonnes, 139,000 tonnes and 109,100 tonnes in the previous month, bringing the totals for the year to 1,811,200 tonnes, 1,891,700 tonnes and 1,506,400 tonnes, as against 1,766,000 tonnes, 1,799,300 tonnes and 1,412,700 tonnes, respectively, in 1962-63. I.I.S.Co.'s production of pig iron in March amounted to 113,069 tonnes, of steel ingots to 89,766 tonnes, and of saleable steel to 78,624 tonnes, as against 103,411 tonnes, 80,243 tonnes and 66,435 tonnes in the previous month, bringing the total for the year to 1,237,000 tonnes, 1,027,000 tonnes and 810,000 tonnes, as against 1,291,825 tonnes, 1,002,038 tonnes and 795,119 tonnes, respectively, in 1962-63. Both Tata Steel Ordinary and Indian Iron recorded good gains, the former of Rs. 2.25 to Rs. 148.50 and the latter of 28 nP to Rs. 24.88.

Among others, Century improved by as much as Rs. 19.50 to Rs. 630.50 and National Rayon closed higher at Rs. 367 ex-right as compared with Rs. 375.50 cum-right last week. Standard made a good recovery from Rs. 654 to Rs. 669 and so did Indian Dyestuff from Rs. 296.25 to Rs. 306.25. T.E.L.Co. were well supported up to Rs. 364, as against Rs. 299.25 last week and Hindustan Motors gained 24 nP to Rs. 18.52. But cash scrips still failed to evoke support and finished with minor changes, though the speculative T. Maneklal jumped up by Rs. 55 to Rs. 565.

* * * *

Forward shares on the Calcutta Stock Exchange presented a mixed show. Thus, Indian Aluminium recovered 44 nP to Rs. 31.94 and Texmaco 20 nP to Rs. 28, but Birla Jute slipped back by Re. 1.25 to Rs. 30.87. Dunlop showed a loss of 25 nP at Rs. 36.12. In the cash section, Textiles and Coals were quiet, but Jutes were lower, especially Alliance and Burnagore at Rs. 120 and Rs. 213, as against Rs. 122.50 and Rs. 214, respectively, last week. Engineering issues were dull and, in the Miscellaneous section, Balmer Lawrie declined from Rs. 260 to Rs. 259, Goodyear from Rs. 27.37 to Rs. 25.87 and Rallis from Rs. 119.50 to Rs. 118.

* * * *

The trend was still weak on the Madras Stock Exchange, though a couple of cleared shares, like Consolidated Coffee and Aluminium Industries, recorded moderate gains. Thus, Ouchterlony Valley were 40 nP lower at Rs. 4, S.I. Viscose shed three points to Rs. 125.50, Mettur Chemical moved down by 27 nP to Rs. 13.38 and Tube Investments lost four points to Rs. 210.

SCOTTISH INDIAN MACHINE TOOLS LTD.

Voltas Ltd. and Scottish Machine Tool Corporation Ltd. of Glasgow have joined hands to promote a new venture, called Scottish Indian Machine Tools Ltd., for manufacturing machine tools in this country. This new Company, incorporated in February last, will manufacture guillotine shears, punches, plate bending rolls and other items of plate and bar working machinery. The plant, to be located at Thana near Bombay, is expected to go into production by the middle of next year. Although the plant's capacity cannot be estimated precisely in view of a variety of machine tools to be manufactured, the production, in terms of values, is expected to be about Rs. 60-70 lakhs in the first stage. Voltas Ltd., which has been the sole distributor in India for *Scottish* machine tools since May 1959, will function in the same capacity for the new Company.

The authorised capital of the Company is Rs. 1 crore, all in equity shares of Rs. 100 each. Out of this, it will issue a capital of Rs. 64 lakhs, of which 40 per cent (Rs. 25.60 lakhs) will be subscribed for by the Glasgow firm for financing the import of plant and machinery, 30 per cent (Rs. 19.20 lakhs) will be subscribed by Voltas Ltd. and its associates, and the balance of 30 per cent will be offered for public subscription sometime later this year.

Scottish Machine Tool Corporation Ltd. is a combine of five Scottish firms of high standing which amalgamated in 1937. The five firms have between them specialised over many years in various types of machine tools as well a heavy duty machinery for shipyards and structural shops. The combine has been annually exporting 40 per cent of its output and found India as one of its principal customers. It concluded in 1958 an agreement with Cooper Engineering Ltd. for manufacturing *Loudon* planers under licence. Certain types of machine tools to be manufactured by the new company are already being made in India. But they are mechanically operated tools, whereas those to be made by the Company will be hydraulically operated.

The Rs. 5-crore project of the Rajasthan Vinyl and Chemical Industries, an associate company of the D.C.M. Group, situated at Kota in Rajasthan was declared open on Sunday last by Mr. Humayun Kabir, Union Minister for Petroleum and Chemicals. The plant, set up in collaboration with two Japanese firms, will have a daily production capacity of 50 tons of caustic soda, 40 tons of calcium carbide and 20 tons of P.V.C. and series of P.V.C. compounds.

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Synthetic Methanol of minimum 99.85 per cent purity will be produced in India for the first time at the Trombay Division of the Fertilizer Corporation of India Limited in the year 1965. The sale price of Methanol ex-factory at Trombay would be comparable to the landed price of imported Methanol of the same standard. The overall demand of Methanol in the country is expected to be much more than the facilities now set up. The Fertilizer Corporation of India Limited's Trombay Division is now prepared to enter into firm contracts with prospective customers for sale of Methanol beginning from September 1965. **The prospective customers are requested to register their firm demands for the last four months of 1965 and for the calendar year 1966 with the Senior Purchase Officer at the above address.** Request for registration should state the firm demands and express willingness of the party concerned to enter into firm commitment within a period of two months. Subject to the overall needs of the country, request for export of limited quantities of Methanol in 1965-66 from recognized exporters also will be considered.

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Punjab's first, Punjab's latest...

Punjab's first major power project lies high in the Himalayan foothills at Jogindernagar. The Shanan Power House was commissioned in 1932 and was a pioneering feat (among other things, a 14,000 foot tunnel was bored through the base of a mountain to get water to the power house!). Four AEI generators at Shanan produce 48,000 kW of power; they have been generating for more than thirty years and engineers reckon they are good for more than another ten. Original life expectancy: 25 years. AEI also features prominently in India's premier irrigation and power project at Bhakra. Here, a straight

gravity dam (the world's tallest) has tamed the river Sutlej. India's largest generators—AEI made—are located in the Left Bank Power House. Each has a capacity of 90,000 kW. They produce power for cities, industries and far-flung villages in the Punjab, Rajasthan and Delhi.

The first Dossa to be cooked by electricity in Madras owes a lot to AEI

In Madras State, AEI generating equipment is being used by most of the power stations on the state grid. The Basin Bridge Power Station—the first thermal unit in Madras—has AEI turbo-alternators of a total capacity of 27,500 kW. More than 25 years old, they are still giving yeoman service. At Singara Power House high in the Nilgiris, seven AEI generators produce 70,000 kW of power. This was the first hydro-electric station in Madras and most of the ancillary

equipment—high and low tension switch gear and transformers—was supplied by AEI. At Mettur, on the Cauvery river, four AEI generators, switchgear and transformers produce and control a power potential of 40,000 kW.

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AEI's activities in India date back about forty years and include contributions to the steel works at Durgapur, the 720 mile oil pipeline in Assam and the heavy electrical project at Bhopal. AEI has been manufacturing electrical equipment in India for over twenty years and a wide range of products is now serving the needs of industry and the home.

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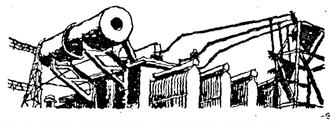

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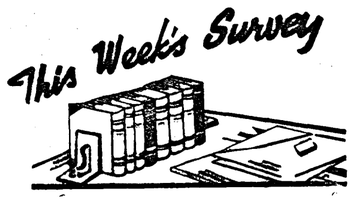

HOW TO ERADICATE CORRUPTION

IN pursuance of a recommendation made by the Committee on Prevention of Corruption (Chairman: Mr. K. Santhanam, M.P.) in its interim report, the Union Government, it will be recalled, decided in December last to set up a Central Vigilance Commission with the aim of preventing corruption among public servants. The State Governments, it was then stated, were also expected to follow suit by constituting similar vigilance commissions for dealing with their employees. That independent commissions of the kind might tackle the problem of corruption at the administrative level more effectively than departmental vigilance divisions and units seemed to be the Government's expectation. That the proposed vigilance set-up, by itself, would not produce the desired results in the absence of simultaneous steps to deal with corrupt politicians and bribe-givers was, however, clear to non-official observers then. These observers may now be gratified to find that, in its final report tabled in the Lok Sabha last week, the Santhanam Committee has proposed remedies for the disease of corruption at every level. Their gratification may be all the greater because many of the remedies suggested by the Committee are realistic, though somewhat drastic.

There is no doubt that the Committee has provided a fairly accurate diagnosis of the disease of corruption in all branches of economic, social and political activity. The basic causes of corruption, according to the Committee, can be traced to the loss of business integrity following war-time controls and scarcities, the post-war craze for money, the inflationary spiral in the wake of planned modernisation and the multiplicity of administrative processes entrusted to an unequal corps of public servants and a fall in their standards of integrity. It is not known whether the Committee has examined the effects of punitive rates of taxation on the integrity of both taxpayers and tax collectors. But it is a well-known fact that excessive taxation has gravely undermined public morality. The Committee hits the nail on the head when it says that the cumbersome controls, procedures and practices have encouraged dishonest operations, such as the system of "speed money." The scope for corruption, it continues, is greater and the incentives to corrupt stronger at those points where substantive decisions are taken in matters like assessment and collection of taxes, determination of eligibility for licensing, grant of licences and permits, ensuring utilisation of licences, giving of contracts, approval of works and acceptance of supplies. In matters of control, licensing and permits, the discretionary powers exercised by Government servants leave scope for harassment, malpractices and corruption. In other words, the "licence-quota-permit *raj*," as Rajaji would describe it, has been responsible for the growth of corruption. But, then, what is the remedy for a situation in which economic planning *necessarily* involves controls, licences, quotas and permits? To do away with planning altogether would be to throw out the baby with the bath water and that would be a remedy worse than the disease. As a developing economy requires some kind of planning or direction, the most that can be done is to minimise the need for personal discretion on the part of administrators and ministers in matters involving control and regulation.

The Santhanam Committee has, therefore, done well to recommend that the Government should devise a system of administration of controls and regulations in which the need for personal discretion would be reduced to the minimum even at the risk of losing perfection. This should not be too difficult, for other countries, according to the Committee, have devised suitable methods of control over the exercise of discretion. These could be studied and an appropriate system evolved in relation to the basic principles in India's constitution and jurisprudence. At the same time, possible association of recognised trade organisations in licensing and allocations may have the effect of discouraging such malpractices and corruption as would otherwise flow from the evaluation and discretion of individual officers and ministers. Here, again, the Committee has done well to recommend that ways and means of enlisting the co-operation of trade associations in the matter of granting licences and allocating scarce goods should be explored. The Committee's further suggestions, in this connection, are that membership of a recognised trade organisation should be a necessary condition of eligibility for obtaining a licence or a permit and that the association concerned should screen the capacity of the applicants and their past performance and make recommendations to the licensing authority accordingly. These are, indeed, practical suggestions. But they will be worthwhile only if (1) detailed controls are reduced to the barest minimum, and (2) the trade associations concerned play fair, eschewing such corrupt practices as favouritism and nepotism.

There is a widespread impression that some sections of the business community act in collusion with ministers or legislators and wrest illegitimate advantages from the administration. If this impression gains further ground, it will undermine popular faith in the efficacy and fairness of democratic institutions. What is more, the honest public servant, the honest minister, the honest legislator, the honest businessman, the honest trader and the honest citizen in every walk of life would all feel frustrated and become increasingly cynical if the devious ways of dishonest men are not countered at every turn. Unless the honest men, who are invariably penalised, know that the Government is absolutely *determined* to eliminate corruption and that deterrent punishment would be meted out to the dishonest, they would not take the trouble of exposing the guilty and proving their guilt. At the same time, there would be need for protecting the innocent against wild or unsubstantiated allegations calculated to defame them. In view of these considerations, it would be eminently desirable to bring certain economic offences, involving corruption, within the purview of the Indian Penal Code. If the offender is to be punished for his guilt, the accuser must have the fullest opportunity to substantiate his allegation. If, on the other hand, an innocent man is unfairly accused of an offence, he must have the fullest opportunity to establish his innocence. The overhauling of the Indian Penal Code, suggested by the Santhanam Committee, should be done in such a way as to provide for fair and full trials in all cases involving trafficking in licences and permits, profiteering, black marketing and hoarding.

As far as specific corruption charges against Union or State Ministers are concerned, the Committee has laid down a procedure for investigating them promptly and thoroughly. The machinery to be constituted for the purpose would be an *ad hoc* committee of three (one of them with a high judicial status), selected by the President out of a national panel constituted by him on the advice of the Prime Minister. The Prime Minister or the Chief Minister, as the case may be, it is envisaged, should refer any formal allegation made by any ten legislators against a minister to the *ad hoc* committee as a matter of convention. If the committee advises that a regular case be registered against a minister or that a commission of inquiry be appointed, the minister concerned should resign and remain out of office till the completion of the proceedings. The Committee has further recommended that he should be dismissed and also rendered ineligible for holding a similar or any elective office, if found guilty of corruption. The suggested procedure for punishing a corrupt minister seems to be healthy and necessary, for there has been no uniformity in the erstwhile methods of inquiry adopted by the Prime Minister. Likewise, the Committee s suggestion that the ministers against whom allegations are made through the press or otherwise should, as a rule, institute legal proceedings for criminal defamation, is perfectly sound. The idea here is that, if the minister concerned were innocent, he would be duly cleared of the charges. That, incidentally, would restrain the tendency of a section of the press to air wild and irresponsible allegations. If, however, the minister concerned is unwilling to take legal action for defamation, it may have to be presumed, in the absence of irrefutable proof of his integrity, that he is not above suspicion. In that case, according to the Committee, the minister concerned would have to go out of office. This is, indeed, a salutary principle.

To deal effectively with offences involving corruption, after they have been committed would, of course, go some way towards minimising the future incidence of such offences. But it would be much better to *prevent* the commission of offences as much as possible. It is in this context that some of the recommendations of the Santhanam Committee would seem to be even more significant. The preventive methods proposed by the Committee cover administrative reform and adherence to code of conduct. Administrative reform here would involve the avoidance of cumbersome procedures in dealing with matters of public importance in economic ministries where the temptations to stray away from integrity are greater. The codes of conduct proposed for public servants and ministers would contain, among others, provisions regarding acquisition of property, acceptance of gifts and disclosure of assets and liabilities. The code of conduct proposed for legislators would have to be approved by Parliament or the State Legislatures concerned and treated as a matter of privilege. If a breach is established in their case, suitable action, including termination of membership, should follow. As for the conduct of political parties which can participate in increasingly expensive elections only by raising the required funds on a large scale, the remedy suggested by the Committee would involve a total ban on all donations to them by incorporated bodies. This is, indeed, a controversial recommendation. There is nothing new about it. Nevertheless, in view of the fact that the experience in the last two general elections has not been happy, the suggestion deserves to be carefully considered before being rejected. Equally important is the Committee's recommendation that political parties should maintain regular accounts of their receipts and expenditure and publish them after due auditing by outside professional auditors and that failure on their part to do so would be a disqualification for contesting elections. Only care must be taken to ensure that this condition does not place the independent candidates at a special advantage over organised political parties.

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LABOUR POLICY

A vigorous defence of the Government of India's labour policy was made by Mr. D. Sanjivayya, Union Minister for Labour and Employment, in his inaugural address to the thirty-first annual session of the All-India Organisation of Industrial Employers held at New Delhi on the 2nd inst. Mr. Sanjivayya sought to answer point by point the criticisms made by Mr. D. C. Kothari in his presidential speech, reviewed in these columns last week. Labour policy, the Minister pointed out, had to aim at achieving not merely the limited purpose of better relations between management and workers but had also to conform to the broader national objective of securing social justice consistent with the needs of national development. None can take objection to this view and Mr. Kothari certainly did not contradict it when he said that labour policy had *also* to serve the limited purpose of promoting better relations between management and labour. In fact, acceptance of the need for labour policy to serve a wider national purpose was clearly implied in Mr. Kothari's statement. What he emphasised was that, in the pursuit of the national objective, the immediate and limited, but no less important, objective should not be lost sight of.

Mr. Sanjivayya did not share Mr. Kothari's despondency over the prevailing climate of industrial relations. He quoted statistics of the number of man-days lost in 1963 to prove that the situation was better than in 1962. Thus, according to him, the number of man-days lost in 1963 was less than half of that for 1962. This, in his opinion, was a measure of the extent to which voluntary agreements like the Code of Discipline and the willingness of all concerned by and large to abide by them have been successful, in spite of severe strains. This conclusion of Mr. Sanjivayya, though supported by the statistics of man-days lost, is not entirely correct. It is true that, judged by the fall in the number of man-days lost, there has been a perceptible improvement in industrial relations since the Emergency was declared in November 1962. But what Mr. Kothari pointed out and expressed concern about is the deterioration in the position after the first four months since the declaration of the Emergency and this has been conceded even by Mr. G. L. Nanda, Mr. Sanjivayya's distinguished predecessor. In fact, the entire session of the last Indian Labour Conference was devoted to an examination of this question. That the situation has not improved much is evident from the growing industrial unrest even in establishments engaged in defence production. The strike in such a vital undertaking in the public sector as the Heavy Electricals Ltd., Bhopal, and the shut-down of the plant that followed as a sequel to it, is a clear indication that things are not as happy as Mr. Sanjivayya makes them out to be. It is noteworthy that the shut-down was ordered by the management, because it apprehended danger to the plant at the hands of the Communist-controlled Heavy Electrical Servants Trade Union. And this is not an isolated instance. There have been strikes and threats of strikes in other undertakings in both the public and private sectors which only goes to confirm the fact that respect for the Industrial Truce Resolution has decidedly waned now. It is this disturbing trend to which Mr. Kothari rightly drew attention and Mr. Sanjivayya would be taking a grave risk, if he were to be complacent about it.

Commenting on the attitude of employers towards arbitration, Mr. Sanjivayya said that they should try to overcome their mental hesitations and take a risk, as they do in their business, by resorting to arbitration. What the Minister seems to have forgotten is that the mental hesitations of employers are not just subjective fears but certain genuine apprehensions born of an objective assessment of the conditions prevailing in the country with reference to their suitability for the adoption of voluntary arbitration. It would indeed be foolhardy to switch on to voluntary arbitration without making sure that the conditions for its successful working are fulfilled at least to some extent. There is a lot that the Government itself can do to encourage voluntary arbitration, as distinct from compulsory adjudication.

On the question of wages, Mr. Kothari had made the significant point that, if wages were not related to productivity, economic growth would ultimately be adversely affected. His observations in this regard are worth recalling:

> "If the wage rate exceeds the reasonable limit and is not related to productivity, it will inflate prices, restrict the savings capacity of the corporate sector, slow down production and induce unemployment or at least limit the generation of employment opportunities. Therefore our approach to the wage problem has to fall in with the requirements of economic growth which has to be based on long-term considerations, however disheartening this may appear, rather than be influenced by fanciful concepts."

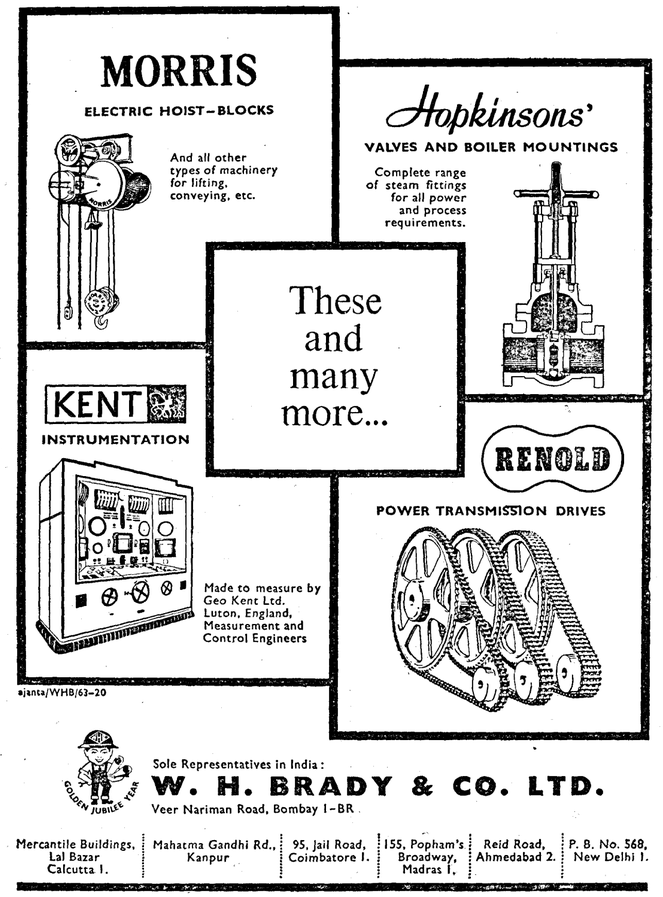
This is a sound economic principle which it would be dangerous to ignore. Mr. Sanjivayya seems to think that the wage policy followed in this country embodies this principle but he may not find many who share his view. His contention that the question whether high wages have led to high prices is arguable does not answer the more pertinent question whether or not labour has had a fair share in the functional distribution of the national income.

AN IDEAL RURAL CO-OP. STORE

Down South, in the district of Tanjore, a rural co-operative consumer store, which was organised nineteen years ago, has been functioning so well that it bids fair to be an equal of the Triplicane Urban Co-operative Stores functioning in Madras City and its suburbs. Known as the Chandrasekarapuram Co-operative Stores Ltd., this venture in consumer co-operation handles a variety of essential commodities like groceries, handloom and mill cloth, kerosene, chemical fertilisers, bicycles, cement, iron and steel. Its membership has increased to 3,600 now from a mere 101 in 1945 and its turnover to about Rs. 60 lakhs from just Rs. 15,000 in its first year. This is, indeed, remarkable progress for a co-operative store which is mainly rural, having six branches in villages and only one in the town of Kumbakonam. But that is not all, for the store, with its share capital of about Rs. 75,000, has been increasingly prosperous in terms of its profit-making capacity, dividend distribution and reserve creation. For instance, its gross profit and net profit were Rs. 3,07,459 and Rs. 82,837 respectively, in 1962-63, as compared with Rs. 907 and Rs. 691 respectively, in 1944-45. It had accumulated in its reserve and other funds as much as Rs. 2,85,106 by 1962-63. And it had also declared dividends at the rate of four per cent every year from 1944-45 to 1949-50 and at 6¼ per cent per annum consistently thereafter.

A healthy feature of the activities of this store is that it is not wedded to the profit-making goal to the exclusion of all other considerations. In fact, it has been pursuing a uniform price policy in consonance with the principle of chain stores and seeking to hold the prices of essential commodities at a reasonable level by buying in bulk and at the most favourable time. If still its profits are steadily going up, it is because of the progressively larger turnover. With a dedicated board of management which lays down the broad policies and a competent and contented staff of 130 employees, the store, it is no wonder, is growing from strength to strength. If co-operative societies of this kind spring up and function at a high level of integrity in the rural areas, there will be no difficulty in entrusting the distribution of scarce but essential commodities to them. But that is a long way off and currently the retail trader, with his fair and unfair practices, reigns supreme over the length and breadth of the country.

The Planning Commission's working group on power price policy, which submitted its report recently, has recommended that power rates should be fixed on an *ad valorem* basis, according to which the rates of power payable by industries will have to be higher. It has also suggested, among other things, a ceiling for the electricity duties levied in States, and a duty which should not exceed two per cent of the total capital employed by an electricity board. The Government is not, however, likely to take any decision till the end of the current year, by which time the report of the Committee of Ministers, appointed at the State Ministers' conference in January this year, will have submitted its report.



AMERICAN LETTER

BACKGROUND TO INDUSTRIALISTS' VISIT NEXT WEEK

ADMINISTRATION KEEN ON PROMOTING PRIVATE INVESTMENTS

By N. Pattabhi Raman

NEW YORK, 4th April

NEXT week, that is, the one beginning from 12th April, a delegation of American industrialists will be in New Delhi to explore at first hand the opportunities for, and the problems and procedures of, making profitable investments in India. The fact that such a power-packed delegation is making a visit is, in part, a reflection of the keen interest of the U.S. Government in enlarging the participation of American private enterprise in India's industrial development.

It was President Eisenhower's State visit to India five years ago that first helped to focus serious attention on India as a serious site for U.S. business investments, even though two oil companies had come in quickly after our independence. Impressed by the potential of India's economy and the earnestness of its leaders and people, the General declared in New Delhi on 13th December 1959: "One thing I assure you. From now on I shall be quick to speak out on every possible occasion that India is becoming one of the great investment opportunities of our time—an investment in the strengthening of freedom, in the prosperity of the world."

This was followed early in 1960 by a 2½-day conference on "Investing and Operating in India"; it was sponsored by the American Management Association and very well attended. Those were the days when Mr. G. D. Birla was trying desperately to get some action from the Export-Import Bank of the U.S. on his proposal to set up an integrated aluminium factory at Rihand, U.P., in collaboration with the Kaiser Aluminium and Chemical Corporation of California. He was apparently nettled by the red-tape involved. So, when he heard several Americans at the A.M.A. conference complain about New Delhi's frustrating red-tapism, he quipped: "If our Government moves like an ox cart, your Government moves like a drowsy camel!"

Private Enterprise Division

The ascension of John Fitzgerald Kennedy to the presidential *gadi* in January 1961 raised the U.S. Government's interest in India's economic development by several degrees. Mr. Kennedy had a better appreciation of India's strategic importance to the freedom of Asia than the foreign policy advisers of the predecessor Government. Moreover, he was keenly interested in promoting the flow of U.S. business capital and know-how into the less-developed countries. During his short regime, tax measures to divert the flow of American private long-term capital from the mature to the less-developed economies were devised. Too, the activities of the Private Enterprise Division of the U.S. Agency for International Development (A.I.D.) were stepped up in their scope and vigour.

Within the last three years, the Private Enterprise Division has successfully developed an Investment Survey Programme under which the A.I.D. agrees to finance upto half the cost of investment surveys or feasibility studies undertaken by prospective investors. If the study results in an actual investment project, the investor pays its full cost. In 1963, A.I.D. participated in the financing of 60 surveys by companies wishing to explore new investment opportunities in less-developed countries—a significant rise from the five surveys authorised in 1962. The Private Enterprise Division has also established recently a Businessmen's Information Centre within A.I.D. to publicise investment opportunities abroad and to provide information on assistance available to private investors from A.I.D. Most important of all, it has expanded its programme of specific risk guarantees covering convertibility, expropriation or war risk. From the inception of the programme through December 1963, 778 guarantee contracts valued at $1,400 million had been written for specific political risks.

Under President Lyndon Johnson, the Administration is pursuing with equal determination the policy of promoting U.S. private investments in the less-developed lands. In fact, President Johnson appears to be placing greater reliance on this policy, as he indicated in his foreign aid message a few weeks ago. Picking up a Kennedy proposal, he has asked Congress to approve what is called the Less-Developed Country Investment Act. The proposed Act would allow a U.S. investor to receive a tax credit against his total tax liability equal to 30 per cent of his investment in the developing countries. It would also permit a credit on reinvested earnings in excess of 50 per cent of the total earnings if they remain at work in the developing countries concerned. The President has also asked for additional funds for the Investment Survey Programme and the Risk Guarantee Programme. He has, moreover, proposed an Executive Service Corps to mobilise the technical and managerial skills of American business for assisting economic development overseas. The suggested Executive Service Corps would operate outside the Government, as a private programme, working with local groups in the less-developed countries, but it would be assisted by A.I.D. as appropriate.

Against this background, it was no surprise that the visit of the high level delegation of U.S. businessmen to India received full blessings from the White House. The visit was vigorously sponsored by Ambassador Chester Bowles; and, in Washington, Under-Secretary of State Franklin Delano Roosevelt, Jr., spent hours on the telephone persuading executives of leading business corporations as to why they ought to take a closer look at India *now*. Between Bowles and Roosevelt, the "drowsy camel" apparently got the heave-ho, for, in spite of private bets against the possibility of the trip coming off now, they managed, in a short time, to get the busy, higher echelon executives of some 28 corporations to land in New Delhi in hot, dusty April for serious talks. This was public enterprise at its private best.

B.C.I.U. Inc.

The Business Council for International Understanding, Inc., the organisation through which invitations were formally issued to the visiting executives to come-see what India has to offer, has for several years now been seeking to secure a larger role for private enterprise in America's foreign aid programme. It is quite appropriate, therefore, that the present delegation should carry its banner. For a factor that has put the U.S. Government behind the delegation's visit—and generally the efforts to enlarge the flow of private capital to the developing countries—is the serious trouble facing foreign aid in the United States Congress. (Conversely, this factor has been responsible also for the recent efforts of the Indian Government to improve the climate for foreign investment.) Also, the U.S. Government realises the contribution that the private sector can make in the transfer of advanced technical knowledge and managerial know-how to the new nations. Moreover, American participation in the industrial development of the poorer lands will, it is expected, assist U.S. industry in competing successfully in their present and potential markets. Thus, Senator Hubert Humphrey, the majority whip in the upper chamber, strongly endorsed the proposed tax credit for investment in the under-developed countries by saying: "We need a tax credit for investment in less-developed countries if we are to compete successfully in world markets with other countries, as well as promote new investment which can augment U.S. Government funds in helping developing countries to become self-supporting." He prefaced his remark by noting that some European countries—particularly West Germany—already allow tax credit on investments in the less-developed areas of the world.

Reactions To T.T.K.'s Budget

The delegation's visit has been adroitly timed to focus attention on the recent efforts of the Indian Government to stimulate the rate of growth of the economy and widen the scope for foreign business participation. This should help. For, even though several new joint venture agreements have been concluded by U.S. and Indian companies over the past two years, the Chinese attack and the subsequent budget with its Super Profits Tax did cause misgivings in the minds of many prospective investors. Finance Minister T. T. Krishnamachari's statements intended to reassure the private sector on its role, his definition of socialism, his efforts to streamline investment procedures and his recent budget proposals designed to enhance the attractiveness of India as a site for foreign investments have, taken together, caused some excitement and aroused the interest of many who had receded to the sidelines. As some bankers tell me, several companies which had put off consideration of investment in India are again making a close probe of the situation. Indeed, many companies have sent off their executives to India for making on-the-spot appraisals. In these circumstances, the visit of the high level delegation should help to dramatise the renewal of serious interest. It might conceivably also lead to new large investments and reinvestments in industries of critical importance to India. The only industry that seems unlikely to benefit from the delegation's visit is the tourist industry, for, even though the distinguished visitors will likely spend valuable dollars in the country and bolster the Asoka Hotel's business, there is none among them that is interested in building new hotels in India.

Investment Centre

It is appropriate too that the delegation's host in India is the Indian Investment Centre. The activities of the Centre's New York office, under the inspired direction of Mr. M. Gopala Menon (who was formerly a very popular Consul General here), have indeed helped to minimise the many misunderstandings of Indian policies and to create a better awareness of the opportunities for profitable American investment offered by India. Through a "key city" programme, and through other effective techniques of disseminating information, Mr. Menon and his associates have reached potential investors in Cleveland, Pittsburgh, Boston, Chicago, San Francisco, Los Angeles, Seattle and other centres which have industries needed by India. In New York, the Centre worked closely with the American Management Association in organising a 2½-day seminar on "Investing and Operating in India" last year; a repeat performance is scheduled for this June.

The Centre has achieved modest results so far, but, ultimately, it can succeed only to the extent the policies of the Indian Government and the developments in the Indian economy permit. The visit of the B.C.I.U. delegation should, therefore, help in assessing the effectiveness of the Government's strengthened measures to attract foreign capital. The echoes of the Delhi dialogue will be heard for a long time to come.

BIGGER SHIPS CARRY MORE OIL THROUGH SUEZ

The main flow of oil shipments through the Suez Canal, from south to north, continues to swell steadily. In 1963, a total of 133 million tons went through, an increase of 6.7 per cent over 1962; it included nearly 120 million tons of crude oil, now forming 90 per cent, as compared with 89 per cent, of oil shipments in this direction. More than half total shipments came from Kuwait, which sent over 60 million tons; the next largest source was Iran, with more than 31 million tons, nearly 15 per cent more than in 1962. The U.K. remained the leading destination, but took less than the 31 million tons taken in 1961 and 1962, while more went to Italy, 24 million tons; France, 16.5 million; and Belgium, 7.9 million (more than double the 1961 and 1962 shipments mainly as a result of a sharp increase in the share of Iran and Kuwait in Belgium's crude oil imports).

Southbound shipments fell again, by nearly 10 per cent, owing to the further diminution in shipments of Russian oil to Egypt. The U.S.S.R., however, continued to furnish about 80 per cent of total shipments from north to south. Japan remained by far and away the most important recipient, taking over half of the total southbound shipments, almost exactly the same quantity as in 1962. Also, India, China and Ceylon all took more than in the previous year.

The average size of tankers continues to rise; while the total number transiting rose by 2.6 per cent to 9,676 last year, their net tonnage rose by 7 per cent to 152,366,000 tons. Since the end of February 1964, vessels with a maximum draught of 38 ft. may go through from south to north. Although other dimensions may affect transit possibilities, this means that, in general, tankers up to 55,000 dwt. should be able to go through fully loaded. The limit for ships going southwards is 37 ft.

Transit toll receipts for the first six months of 1963, according to the National Bank of Egypt, were equivalent to $81.2 million, some 8 per cent above those for January-June 1962. Nearly two-thirds were paid in sterling and a little under one-quarter in U.S. dollars; the currencies next in importance were Italian lire and Deutschemarks.

GENEVA—PLATFORM FOR LIQUIDITY REFORMERS

By Questor

FROM the point of view of the underdeveloped countries, the U.N. conference on trade and development in Geneva is an opportunity to form a common front and demand from industrialised countries the assistance they need if the gap in living standards is ever to be narrowed. The industrialised countries, however, too concerned with their own differences to regard themselves as a single group, may well be tempted to assume that a conference of 1,500 delegates dealing with themes which are no longer fresh is bound to be unfruitful.

There is a risk that their proposals will be designed to serve their individual propaganda purposes rather than to solve the real problems at issue. The conference may seem, when it breaks up, only to have hardened the division between the rich north of the world and the poor south.

Western Governments will inevitably have different national reactions to the various proposals which will be put forward by underdeveloped countries and which have already been summarised by the secretary-general of the conference, Dr. Prebisch. Those which produce a surplus of raw materials and foodstuffs will be strongly in favour of international schemes to force up their prices. They will also probably be in favour of the suggestion that primary producers should be compensated internationally for a worsening of their terms of trade—claiming, however, that those who import their products and benefit from lower prices should provide most of the compensation.

Western Governments will be much less inclined to support the more far-reaching proposal that rich countries should cease protecting their producers against the simpler manufactures and semi-manufactures which are the first stage in industrialisation and the poor countries' only chance of increasing their export incomes significantly. When it comes to talk of increased aid, however, all will be at one: the amount they can afford to supply untied, they will argue, is a function not of their relative wealth but of their balance-of-payments position.

Looked at from the point of view of the underdeveloped countries, who naturally tend to regard the rich as a single group, this argument is no more than a feeble excuse for selfishness. The plain fact, from their point of view, is that the rich can well afford to provide more to help them. Some of this help may have to be provided at the expense of consumption, but some can come from institutional changes which would enable the economic machine to work continuously at full capacity. The balance-of-payments argument, they contend, is a demonstration that the West is not willing to make even the minor sacrifice to feed the hungry involved in an improvement of the present financial system.

There is, I think, some force in this contention. Some Western Governments, though ready in principle to devote a larger share of their national product to some form of aid, feel that the risk of upsetting the foreign balance prevents them from doing so. Others, with a strong payments position, feel that they should not spend more on aid than their neighbours. The result is that the total provided is smaller than it need be and that a large part of this is wastefully tied to national exports rather than made available through international institutions skilled in getting 100 cents of value out of every dollar.

The alternative, obvious to all but those trained to think only in terms of short-range national advantage, is to increase greatly the resources at the disposal of international lending bodies—and primarily, since the World Bank's lending conditions are becoming too stiff for most borrowers to meet, those at the disposal of the International Development Association. But there seems to be little hope at the moment of achieving a rapid increase in I.D.A.'s funds—the U.S. Congress, for example, is grumbling about the small increase negotiated last year—by means of voluntary contributions. If anything ambitious is to be done, it will have to be by means of a change in habits and institutions.

A good many plans have been suggested from time to time for improving the liquidity of the international system. Any of these, to the extent that they enabled industrialised countries to operate closer to full capacity without fear of running into payments trouble, could encourage the flow of aid. But one plan in particular, that proposed by Mr. Maxwell Stamp, would do this directly: the International Monetary Fund, he has suggested, should be allowed to print international money and hand it over to I.D.A. for long-term lending to those who seemed able to make best use of it.

It is obvious that some sort of limit would have to be imposed on the credit-creating discretion of the Fund. It is obvious, too, that countries whose productive resources were already fully occupied would have to be allowed freedom to refuse Fund certificates—though few countries would probably be anxious in practice to fight inflation by rejecting export orders. But the sacrifice of sovereignty which each country would have to make, given these limitations, would be extremely small. The poorer countries, who count for little at the meetings of the Fund itself, have a chance at Geneva to ask why it is not being made.

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LESSONS FROM A COUP

There is usually an economic explanation to be found for a *coup d'etat*, and the Brazilian revolt is no exception. The immediate cause of the uprising against President Goulart appears to have been his stated intention to press through, despite the reluctance of Congress, a programme which included not only the widening of the franchise and the legislation of banned left-wing parties but land redistribution and the nationalisation of land whose value was enhanced by the construction of roads and railways. In the background, however, lay the difficulty of pulling up the country into industrialisation by its own bootstraps without exacting greater sacrifices from the wealthier members of the community than they were ready to make.

The striking feature of the Brazilian economy to the outsider is the persistence of rapid inflation. This has always been a problem, but, in the three years since President Goulart took office, it has been particularly acute: the cost of living rose by 42 per cent in 1961, 55 per cent in 1962, and 81 per cent in 1963—so far this year it looks like rising by 100 per cent.

This inflation is a direct result of heavy deficit financing aimed at pushing through industrialisation, made heavier even than it need be by the prevalence of tax evasion. The Brazilians themselves find this degree of inflation more tolerable than the outsider would at first suppose and have evolved a means of living with it—though the wealthy, who prefer to invest in property than to wait for the relatively slow fruits of investment in industry, seem to find it easier to live with than do urban workers.

But the official justification for inflation is that it is an inevitable consequence of the rapid dash for industrialisation, faster growth, and economic independence. During the Kubitschek period, the argument gained some plausibility: even the enormous resources devoted to the creation of Brasilia seemed an arguably sensible investment in the country's will to work for the great future which always seems to be just round the corner.

During the last two years, however, despite the accelerated rise in prices, Brazil's national product has risen by only 3.7 per cent and 2.0 per cent—not enough even to keep up with the rise in population. Radical reformers (and President Goulart was under considerable pressure from the left as well as from the right) claimed that the policy of rapid industrialisation could succeed only with the help of social reforms designed to produce a mass market for industrial products.

Even if such reforms had been acceptable, however, I doubt whether Brazil could have managed to go it alone much longer. President Kubitschek left the country with a huge legacy of short-term foreign debt, the refinancing of which has become more difficult as Brazil's economic position has worsened. President Goulart, indeed, had made some progress—though not so much as he claimed—towards solving the problem of the $1,300 million of debt due in the remaining two years of his presidency, and his chance of success had been somewhat improved by the hardening of coffee and sugar prices. He had approached the Organisation for Economic Co-operation and Development rather than the U.S., Brazil's chief creditor, and means of spreading the burden are currently under discussion by the "Hague Club" of countries concerned.

But even if a means of refinancing can be agreed, repayment will inevitably place a considerable strain on Brazil's foreign balance in the years ahead. The real problem lies in the fact that foreign countries are no longer investing on any scale. The net inflow of foreign capital during the first half of last year amounted to no more than $5 million, and Brazil has not yet drawn up the plan of social change which would entitle it to sizable U.S. aid under the Alliance for Progress.

This new shyness to invest in Brazil is not due merely to loss of faith in the country's future or to the difficulty for a foreigner, of living profitably with inflation. It is also due to a Profit Remittance law, the regulations of which were published at the beginning of 1964. This new law lays it down that no more than 10 per cent of the foreign capital invested in a Brazilian firm may be repatriated in any year without the excess being deducted from registered investment. Reinvested profits, moreover, cease to be counted as foreign capital and become ineligible for remittance abroad.

These restrictive positions are the result of left-wing agitation (there has been simultaneous agitation against foreign ownership of firms in particular sectors of the economy) which President Goulart has found it easier to meet than the demands for land reform. It is understandable—the same thing happens in every developing country, particularly when development runs into trouble—but it is destroying Brazil's chance of living up to its national expectations. The relatively rapid growth of output during 1956-61 was largely a result of an unprecedented surge of foreign investment, which has now all but come to a stop.

I believe that the Hague Club might reasonably ask for changes in this law as a condition of the suggestions it will soon be making for refinancing Brazil's short-term foreign debts. It might also reasonably insist that the political consequences of such changes might be offset by the introduction, whatever the colour of the Government, of social reforms which would qualify Brazil for aid under the Alliance for Progress.

GUIDE TO RIVER THAMES

London, the capital of the United Kingdom and a world market for almost all commodities, owes its commercial look to that perennial river, "The Thames," which majestically flows through it. It is said that the Thames is the "Gateway to the Seven Seas" and that ships of every size and tonnage, with the exception of the *Queen* class, can be safely and speedily accommodated in its port. Over 57 million tons of merchandise in imports and exports are carried on the river Thames annually and between 900 and 1,000 ships enter or leave the Port of London every week. To acquaint one with the busy life of the river port, a *Commercial Guide to the River Thames* has been brought out recently. (Publishers: Pyramid Press Ltd., 41, Streatham Hill, London, S.W. 2, Pages: 232. Price not mentioned.) The directory has been compiled with the co-operation of the Port of London Authority.

The purpose of this publication is to give guidance to all those who use the river for commerce and recreation and to give tidal information on the reaches between the Nore and Teddington. The book has been divided into four parts. The first part traces vividly the history of the river. The second contains articles on the organisation, local authorities such as the Baltic Mercantile and Shipping Exchange, Customs and Excise Department, Lloyd's of London, Lloyd's Register of Shipping, National Dock Labour Board, Port of London Authority, the London Provision Exchange, etc. The details and plans of the docks of the Port of London and an itinerary of the river Thames from the Nore to Teddington form the third part of the directory. The itinerary, in turn, gives details of riverside features, principal buildings on the waterfront, factories, jetties, docks, wharfs and other installations with their ownership. The last section is a useful commercial directory which provides, in alphabetical order, addresses of commercial houses and associations.

GERMAN BANKING AND ECONOMY

ABUNDANT LIQUIDITY—ABSENCE OF CONTROL

THE *miracle years* and the unprecedented growth of German economy and, as a consequence of German banking are things of the past: now they face harder times and testing circumstances. The difficult business conditions have ended the era of easy and automatic growth and has led to stiffer competition both in the country and in the various branches of banking operations. The provisional annual figures of National Accounts for 1963 promptly published by the Federal Statistical Office and competently supplemented by the calculations of the Bundesbank* show that economic growth continued in the Federal German Republic during 1963 at a somewhat slower rate. The real gross national product rose by 3.2 per cent during the year, as against 4.2 and 5.4 per cent in 1962 and 1961, respectively. The slowing down of growth rate took place largely in the first half of 1963, primarily due to weather-induced shortfalls in output, but also due to cyclical factors which led to hesitations in many sectors of the economy. The rate of growth, however, quickened during the second half of 1963 and the rise in productivity was somewhat faster, probably due, above all, to fuller employment of capacities in those industries which showed unutilised capacities in the previous half-year.

Reckoned at current prices, the gross national product amounted to DM377 billion in 1963, as against DM355 billion in 1962 which corresponds to a rise of 6.2 per cent in 1963 as against 8.8 per cent in 1962.

Simultaneously with the general slowing down of economic growth, the rise in prices also slowed down during 1963. The 'price index' for the national product, which reflects the total increase in the price of domestic productive activity rose in the year under review by 2.9 per cent, as compared with 4.4 and 4.3 per cent in 1962 and 1961, respectively. The slower rate of increase in prices was the result not only of a smaller rise in costs, but also of the fall in demand. Wage cost per unit of national product increased less than before, the rise in productivity outpacing the rise in wages and salaries. On the demand side, investments in fixed assets showed the smallest increase: the rise in equipment investments was slower than that in building investments. Private consumption exceeded the previous year's amount by 5.4 per cent, as against 9.1 per cent growth in 1962. The total wealth formation in 1963 was higher at DM62 billion, as against DM59 billion in 1962, but the 4 per cent growth in the rate of wealth formation was smaller than that of gross national product at current prices.

The outlook has, however, been changing and the upward tendencies are again predominating- the scene somewhat more than they did in the period up till autumn of 1963. The revival has proceeded from the increase in domestic enterprises' investment and a rise in foreign demand, which quickened in the last months of 1963, particularly as a result of smaller degree of inflation in Germany than in the neighbouring countries. The economic situation at the beginning of 1964 thus presents some parallels with that in 1959, when the previous cyclical upswing had begun, though, in some sectors, the upward tendencies may be less marked. This revival has resulted in a rapid—though by no means strong as yet—reaction in the price trend; prices which were largely stable uptill the middle of last year have again been generally upward since autumn.

The main factor in this revival is the persistent rise in foreign demand, though domestic economic activity has increased only partially. The sharp increase in foreign demand has brought to the fore the danger of again overstraining the available factors of production. The measures taken by the Bundesbank in March 1964 to stem the inflow of foreign exchange and offset the rising German surplus will be outlined towards the end of this article.

The domestic credit expansion, which always exerts the strongest expansive influence upon the "volume of money," was once again greater in 1963 than in the preceding years. Excluding the special credits granted by the Bundesbank to the Federal Government for fulfilling its obligations towards I.M.F. and other international agencies (credits, which do not affect the internal money circulation, but merely lead to opposite foreign exchange movement at the Bundesbank), the credit expansion by reporting credit institutions to non-bank customers amounted to about DM26 billion in 1963, as compared with about DM23 billion each in 1962 and 1961. In this expansion, short-term lending was a relatively large element: but the expansion was not in the short-term credits to private enterprises. The quicker growth was mainly due to the fact that, towards the end of 1963, the Federal Government made greater use of cash advances from the Bundesbank. At DM1.1 billion, the Bundesbank's share in short-term credit expansion was almost twice as large as in the previous year.

As in the previous years, however, most of the credit expansion was in the banks' medium term and long lending to domestic non-bank non-Government customers. Such lending, namely bank credit to the private sector, increased by DM19 billion in 1963, as against DM18 billion in 1962 and DM16 billion in 1961.

The process of domestic credit expansion was however accompanied by a still higher and considerable increase in monetary capital formation at the banks from domestic sources. Inclusive of the shorter term time deposits, the capital formation amounted to DM21 billion, as compared with DM20 billion in 1962 and DM19 billion in 1961. An increasing share in the capital formation has been taken by the growth in the savings bank deposits and the transfer of bank-held Government bonds to non-bank private customers.

Since the increase in bank credit to the private sector during 1963 was more than offset by domestic monetary capital formation, banks' contribution to domestic "net money creation" was appreciably smaller than in the preceding years—being only DM2 billion as against DM4 billion in each of the previous two years. This slower rate was, of course, a reflection of the slower growth of the economy and the national income, but it also reflected the reappearance of balance of payments surplus. The expansive influences exerted by external payments situation on domestic money supply were considerably stronger in 1963 than in the two previous years and, as it now appears, have been considerably intensified since the beginning of this year.

With the balance of payment surpluses mounting and considerable expansion in money supply and bank resources, the tendencies to relaxation were already in evidence since the summer of last year. The money market was relatively liquid even in December 1963. The free liquidity reserves of banks have continued to increase in recent months. Among the various factors that caused the liquidity reserves of banks to rise during recent months, the foreign exchange accruals have been of particular importance. The central authorities' cash disbursements also put additional funds into the banking system during the fourth quarter of 1963, though they no longer did so in January 1964. Movements in notes and coins in circulation, however, produced contrary effects: they reduced bank liquidity in the last quarter of 1963 but increased it in January 1964. On the whole, therefore, the relaxing influence has predominated and eased the liquidity. As a result, banks' drawings on their liquidity reserves held in the form of "mobilisation paper" were relatively small, and their rediscount quotas at Bundesbank were little used.

Throughout the major portion of 1962 and 1963, German bankers enjoyed considerable freedom of action: they faced many problems no doubt, but none of them as a result of any intervention in their activities by the authorities. Throughout 1962 and till late in 1963, the discount rate, money market rates and minimum reserve ratios remained unaltered.

But things are changing now. Germany is considerably worried about the inflationary effects of the continuously rising external surplus and has recently taken measures to curb the influx of unwanted dollars and foreign exchange. The growing and continued strength of the Deutschmark since the revaluation has made it a problem currency of Europe, since its very "strength acts as a magnet on any temporarily weak currency," and leads to external surpluses. The recent measures taken by the Bundesbank, therefore, have a twofold aim—first, to increase the attraction of the German capital market for foreign borrowers and secondly to diminish the attractiveness of German bonds to foreign investors. As far as the short-term funds are concerned, the Bundesbank has banned the payment of interest on time deposits of foreign nationals and has increased the minimum reserve ratios to the highest permissible levels for bank deposits belonging to foreigners. Additional incentive has also been provided to the banks to invest abroad, by exempting them from the increased reserve requirements to the extent they invest abroad.

Before concluding, we may note two sources of uneasy discontentment for the German banking institutions, now fiercely competing with each other: the first is the demand of the public savings banks to be allowed to raise their deposit rates; this is opposed by the private commercial banks for fear of stiffer competition and by the Bundesbank for fear of upsetting the entire interest rates structure and aggravating external payments position by increasing the surpluses. The second is the demand by several banks and credit institutions, which are excluded from the Federal Loan Syndicate consisting of 81 banks under the leadership of the Bundesbank, for being allowed to participate in the lucrative business of negotiating and placing the Federal loans on the market. The member-banks of the Syndicate, however, have little desire of relinquishing their monopoly and Bundesbank is unlikely to favour the formation of a rival syndicate. Fierce competition, therefore, continues to govern the relationship between German credit institutions.

* The information and statistics are largely based on January and February 1964 issues of the *Monthly Report of the Deutsche Bundesbank*.

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ANOTHER YEAR OF GROWTH FOR CENTRAL BANK

NUMBER OF SHAREHOLDERS NEAR 25,000

THE past year has been quite a profitable one for the Central Bank of India Ltd. (General Manager: F. C. Cooper, Bombay), the biggest among the joint-stock commercial banks in the private sector. Notwithstanding the sharp rise in expenses, the profit margin registered a perceptible improvement, thanks to the expansion in business and higher rates of interest on advances. The larger turnover was facilitated by an impressive growth in deposits. The disclosed profit at Rs. 180.26 lakhs for the year ended 31st December 1963 is better by Rs. 9.30 lakhs over that for 1962 and exceeds the previous record high attained in 1961 by a comfortable margin of about Rs. 7 lakhs. The largest slice of the profit—as much as Rs. 85 lakhs—has gone to the staff, Rs. 75 lakhs by way of bonus and Rs. 10 lakhs by way of transfer to gratuity fund. The shareholders' share remains unchanged, with the rate of dividend being maintained at 20 per cent per annum. A sum of Rs. 40 lakhs has been added to the Reserve Fund, bringing up the total reserves to Rs. 520.42 lakhs, a level which is Rs. 204.32 lakhs above the paid-up capital of Rs. 316.10 lakhs.

The Bank's growth in the past four years is depicted in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Interest and discount earned	12,47.72	11,34.57	10,16.45	840.27
Commission, exchange and brokerage	253.52	230.05	196.00	167.78
Other income	12.20	11.99	10.76	9.74
Interest paid	666.53	599.47	526.35	433.98
Staff expenses	518.55	459.04	403.17	365.89
Other expenses	121.12	127.62	103.45	78.64
Depreciation	18.48	10.43	7.49	6.24
Profit, after tax	189.26	179.96	182.75	133.04
Transfer to reserve fund	40.00	38.71	45.00	..
Transfer to contingency fund	..	..	..	8.00
Transfer to special reserve	1.00	25.23	..	..
Bonus to staff	75.00	65.00	60.00	51.00
Staff gratuity fund	10.00	10.44	10.00	10.00
Dividend	63.28 (20%)*	63.01 (20%)*	63.00 (20%)*	64.26 (D.18.4% +B.2%)*
Carry forward	0.91	0.93	23.37	18.61

	As at 31st December			
	1963	1962	1961	1960
Capital	316.10	315.37	315.00	315.00
Reserves	520.42	477.57	413.09	368.09
Deposits	250,78.91	236,06.09	220,19.47	199,52.09
Borrowings from other banks	847.02	886.14	615.34	15,76.50
Advances	187,71.68	175,44.62	160,99.54	150,78.22
Investments	66,17.29	65,86.21	58,79.94	56,60.06
Cash	24,89.35	20,38.26	23,91.09	22,69.68
Balance-sheet total	317,61.15	296,99.63	272,58.53	267,84.57
Ratio to deposits of—	%	%	%	%
Advances	74.8	74.3	73.1	75.5
Investment†	26.3	25.1	25.4	21.4
Cash	9.9	8.6	10.9	11.3

* Subject to deduction of tax. † Unencumbered portion only.

The first feature that attracts one's attention is the continuing growth in deposits, though the rate of expansion is somewhat lower than in the preceding two years. Thus, in 1961, they had gone up by approximately Rs. 21 crores and in 1962 by Rs. 16 crores, but in 1963 it was only about Rs. 14¼ crores. It is common knowledge that the pace of growth in deposits of scheduled banks as a whole in 1963 was, in terms of amount, substantially larger than in the previous year (Rs. 279 crores, as against Rs. 233 crores). The Bank has not shared this general trend. This is not surprising because of the acute competition for deposits not only from other banks but also from corporate bodies. Nevertheless, it is significant that the Bank's total deposits have exceeded the Rs. 250-crore mark. In another respect, too, the experience of the Central Bank has been at variance with the general trend. The increase in demand deposits of all scheduled banks was greater in 1963 than in 1962 and 1961. In the case of the Central, however, of the Rs. 14¼ crores (approximate) increase in total deposits, the bulk was in fixed and savings deposits, the share of current deposits being only about Rs. 1.50 crore, from Rs. 70.26 crores to Rs. 71.88 crores. Fixed deposits grew from Rs. 122.02 crores to Rs. 127.03 crores (that is + Rs. 5 crores) and savings from Rs. 43.78 crores to Rs. 51.88 crores (that is + Rs. 8 crores).

As at the end of the year under review, about 75 per cent of deposits remained advanced to trade, industry and others, their respective shares being 39.34 per cent, 42.23 per cent and 18.43 per cent, respectively. A little over 26 per cent was in investments in gilt-edged securities and a little less than 10 per cent in cash. On the whole, the ratio of liquid assets to deposits was higher than a year before. Readers can get an idea of the exact amount of these three principal portfolios of assets from the table. It will be noted that, as in the case of deposits, the rate of increase in advances in 1963 was a little slower than in 1962, though substantially greater than in 1961. In this respect, too, the Bank's experience differs from that of scheduled banks as a whole; bank credit in 1963 rose by a larger sum of Rs. 153 crores, as against Rs. 146 crores in the previous year.

Considering that investments in gilt-edged securities also represent contribution to the expansion of the country's economic activity, albeit through the public sector, the Central Bank has been fully living upto the conception of banking as "a productive force." Defining this conception, an apt quotation on the inside front cover page of the Bank's latest annual report says:

"The judicious operations of banking enable the community to convert its dead stock of idle money into active and productive stock—into materials to work upon, into tools to work with, and into provisions and subsistence to work for—into stock which produces something for the members of the community as well as for the country."

As part of its attempts to perform the functions of a banker in a modern economy, the Central opened a few more branches during the year under review, the total number of branches at the end of 1963 being 366, as compared with 359 a year before and 343 in 1961.

The number of shareholders of the Bank is pretty large, being as many as 24,828 (as at 31st December 1963), of which 24,729 are individuals and 99 corporate bodies. The former account for 79.41 per cent of the total number of shares, of which 39.52 per cent are in the hands of 22,981 investors holding one to 100 shares and 12.35 per cent in the hands of those (1,047) possessing 101 to 200 shares. Among the corporate bodies, the L.I.C. must be holding a sizable block of shares. These points about the ownership of the Bank are of special importance at present, consequent on the consistent propaganda by some influential politicians and trade union leaders in favour of nationalisation of banks in the private sector. Another significant point to be noted in this connection is that, of the total income of the Bank, emoluments to staff take away 39 per cent, interest paid to depositors 44 per cent and net profit only 8 per cent. What is more, a good part of the proportion constituting net profit is ploughed back through additions to reserves.

INDIAN BANK FARES WELL

The progress made by the Indian Bank Ltd. (Secretary: Mr. G. S. Sundaram, Madras) during the year ended 31st December 1963 has been satisfactory in terms of income earned, profit made and also business put through. The balance-sheet total, indicating the growth of business, has expanded, again, by about Rs. 8 crores from Rs. 59.06 crores to Rs. 67.87 crores. Gross income has gone up from Rs. 284.21 lakhs to Rs. 320.57 lakhs. The entire increase has been in income realised from the banking business proper, because receipts from other sources have actually dropped from Rs. 5.05 lakhs to Rs. 4.48 lakhs. On the expenses side, the amount of outward interest has increased from Rs. 123.01 lakhs to Rs. 141.49 lakhs, staff expenses from Rs. 105.31 lakhs to Rs. 116.67 lakhs and other expenses from Rs. 37.83 lakhs to Rs. 42.34 lakhs. Notwithstanding these increases, the profit, after depreciation and taxation, has improved to Rs. 17 lakhs from Rs. 15.25 lakhs to which level it had receded in the previous year from Rs. 22.12 lakhs in 1961.

This improvement has enabled the Directors to restore the one per cent cut imposed in the previous year in the return to shareholders, bringing it up to 15 per cent per annum, subject to tax, including the interim dividend of 5 per cent and the bonus of 2 per cent paid earlier. The amount of profit distributed as dividend and bonus to shareholders has, therefore, increased by Rs. 1.12 lakh to Rs. 13.32 lakhs. The appropriation to reserves has also been raised from Rs. 3.10 lakhs to Rs. 3.50 lakhs. The carry forward at Rs. 1.62 lakh is slightly higher as compared with the previous year's surplus of Rs. 1.44 lakh brought in.

The following table compares the Bank's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Interest and discount earned	261.88*	225.94*	232.97	229.67
Commission and exchange	54.22	53.21	49.27	51.02
Other income	4.48	5.05	5.19	4.98
Interest paid	141.49	123.01	112.74	114.87
Staff expenses	116.67	105.31	94.57	91.83
Other expenses	42.34	37.83	37.18	35.51
Depreciation	3.07	2.81	2.57	3.14
Provision for taxation	*N.D.*	*N.D.*	18.25	23.00
Profit	17.00	15.25	22.12	17.32
To reserves	3.50	3.10	9.25	4.00
" other appropriations	..	..	0.30	0.31
Dividend	13.32 (D. 10%) +B.5%)†	12.20 (D.10%+B.4%)†	12.45 (D.10%+B.5%)†	12.45 (D.10%+B.5%)†
Carry forward	1.62	1.44	1.49	1.36

	As at 31st December			
	1963	1962	1961	1960
Capital	88.46	88.40	83.00	83.00
Reserves	92.92	90.02	83.02	83.02
Deposits	49,88.29	44,03.95	40,05.11	39,87.18
Borrowings from other banks	292.12	353.57	98.07	447.18
Advances	34,70.13	30,38.38	25,71.10	27,26.67
Investments	14,40.42	14,61.08	13,07.88	15,01.81
Cash	678.99	652.23	518.74	498.90
Balance-sheet total	67,87.33	59,06.16	51,37.75	54,37.89
Ratio to deposits of—	%	%	%	%
Advances	69.9	68.9	64.1	68.3
Investments§	24.5	26.5	31.5	28.4
Cash	13.6	12.5	12.9	12.5

* After providing for taxation. § Unencumbered portion only.
† Subject to deduction of tax. *N.D.*—Not disclosed.

An outstanding feature of the balance-sheet under review is that deposits at Rs. 49.88 crores (as against Rs. 44.04 crores a year before) closely approximate Rs. 50 crores. This is quite significant, since, on reaching the mark of Rs. 50 crores of deposits, the Bank will acquire the status of a "big bank" under the Inter-bank Agreement governing the rates of interest on deposits, which will deprive it of the "privilege" allowed only to "medium banks" of paying one-eighth of one per cent more than the "standard rates" of interest for attracting deposits. The expansion of deposits during the year has been all round: from Rs. 16.09 crores to Rs. 18.31 crores in fixed deposits, from Rs. 4.99 crores to Rs. 6.89 crores in short-term deposits, from Rs. 8.32 crores to Rs. 8.92 crores in savings deposits and from Rs. 14.63 crores to Rs. 15.75 crores in current accounts.

In spite of this satisfactory accretion of deposits, the Bank has been unable to meet the demand for credit from its clients without a recourse to borrowings, the outstanding amount of which at the end of the year is, however, lower at Rs. 292.12 lakhs as compared with Rs. 353.57 lakhs at the end of 1962. The bulk of the available funds during the year is represented on the assets side in advances the total of which has risen from Rs. 30.38 crores to Rs. 34.79 crores and stands, as a ratio to deposits, one point higher at 69.9 per cent. Investments have come down slightly from Rs. 14.61 crores to Rs. 14.40 crores and their ratio to deposits has dropped by two points to 24.5 per cent. But, as against this, the cash-deposits ratio has improved from 12.5 per cent to 13.6 per cent because of the larger cash of Rs. 678.99 lakhs at the end of the year as compared with Rs. 552.23 lakhs at the end of 1962. The aggregate liquidity ratio has thus moved down by only about a point to 38 per cent. The ratio of "own funds" to deposits works out to 3.6 per cent, as against 4 per cent a year before.

JUMP IN DEPOSITS OF CANARA BANK

A notable feature of the working of the Canara Bank Ltd. (General Manager: Mr. P. S. Nayak, Mangalore) during the past calendar year is the jump in its deposits from Rs. 50.88 crores to Rs. 72.37 crores. This accretion of roughly Rs. 22 crores, or over 44 per cent, in deposits far exceeds the increase of a little more than Rs. 13 crores recorded in the previous year. However, apart from the continued support of the public, it is due very much to the takeover of four banks during the year, as against the merger of none in the previous year, which only goes to illustrate the soundness of the practice of allowing small banks to merge with big ones in order that banking structure may be strengthened. The four banks absorbed during the year are Sree Poornathrayeesa Vilasom Bank Ltd., Tripunithura, the Aarmad Bank Ltd., Tiruchirapalli, the Cochin Commercial Bank Ltd., Cochin, and the Pandyan Bank Ltd., Tirumangalam.

This rather sudden growth in deposits has been accompanied with a sharp rise in advances from Rs. 26.92 crores to Rs. 42.27 crores as compared with from Rs. 20.39 crores to Rs. 26.92 crores in the previous year resulting in a more than five-point rise in the credit ratio from 52.9 per cent to 58.4 per cent, as against a contraction of over one point in the previous year. The average credit ratio has also gone up from 59.1 per cent to 59.8 per cent during the year. Investments—the other source of income—have also increased from Rs. 17.79 crores to Rs. 20.63 crores, though, as a ratio to deposits, they stand much lower at 28.5 per cent (because of the larger growth in deposits during the year) as compared with 34.9 per cent a year before. Cash balances are better by about Rs. 4 crores at Rs. 12.48 crores, their ratio to deposits moving up from 16.8 per cent to 17.2 per cent. Finally, the balance sheet total has jumped up from Rs. 66.16 crores to Rs. 96.17 crores.

The end result of this very satisfactory working during the year is a handsome rise of Rs. 81 lakhs to Rs. 345.87 lakhs in the gross income; of this rise, about Rs. 78 lakhs have come from banking business proper and Rs. 3 lakhs by way of earnings from other sources. The amount of outward interest has increased from Rs. 116.32 lakhs to Rs. 148.88 lakhs, of staff expenses from Rs. 86.60 lakhs to Rs. 112.51 lakhs, and of other expenses from Rs. 35.95 lakhs to Rs. 51.71 lakhs. The provision for depreciation has also been raised substantially from Rs. 5.42 lakhs to Rs. 8.29 lakhs. Nevertheless the profit after tax shows an improvement of Rs. 3.90 lakhs to Rs. 24.48 lakhs in contrast to the slight setback of some Rs. 66,000 suffered in the previous year. Reserves, including development rebate reserve, have got Rs. 9.03 lakhs, that is, Rs. 3.53 lakhs more than in the previous year. Bonus to staff has claimed Rs. 1.11 lakh more at Rs. 6.25 lakhs. The dividend on the Rs. 50 fully paid ordinary shares has been maintained at 15 per cent per annum. But since it is payable on a higher equity capital of Rs. 86 lakhs following the issue of 50,000 shares at a premium of Rs. 15 per share in October last, it absorbs a slightly larger sum of Rs. 9.15 lakhs as compared with Rs. 8.29 lakhs a year before.

In the following comparative table is summarised the Bank's progress since 1960:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Interest and discount earned	270.41	204.61	148.48	129.60
Commission and exchange	55.88	43.83	36.23	32.78
Other income	10.58	10.42	12.54	10.01
Interest paid	148.88	116.32	85.49	78.52
Staff expenses	112.51	86.60	60.74	50.22
Other expenses	51.71	35.95	26.85	21.02
Depreciation	8.29	5.42	2.93	2.42
Profit after tax	24.48	20.58	21.24	5.00
To contingencies	..	1.00	4.50	..
To development rebate reserve	0.36	..	..	4.50†
To reserves	8.67	5.50	6.70	3.10
To bonus to staff	6.25	5.14	4.00	..
Dividends—				
5% C. Preference	0.59	0.59	0.62	0.62
Ordinary	9.15	8.29	5.40	5.40
	(15%)*	(15%)*	(15%)*	(15%)*
Carry forward	..	0.53	0.47	0.45

	As on 31st December			
	1963	1962	1961	1960
Capital	100.00	75.00	50.00	50.00
Reserves	100.78	76.00	63.00	56.30
Deposits	72,37.06	50,88.17	37,55.68	30,81.98
Advances	42,27.37	26,92.50	20,38.08	17,62.85
Investments	20,63.12	17,79.54	14,37.84	10,22.44
Cash	12,48.50	857.97	513.64	541.41
Balance-sheet total	96,16.72	66,16.13	49,69.99	40,34.20
Ratio to deposits of—	%	%	%	%
Advances	58.4	52.9	54.2	53.9
Investments	28.5	34.9	33.2	33.1
Cash	17.2	16.8	13.6	17.5

† To inner reserves. * Subject to deduction of tax.

The growth in deposits has been all round. Thus, fixed deposits have increased from Rs. 23.96 crores to Rs. 32.68 crores, savings deposits from Rs. 10.20 crores to Rs. 15 crores and current accounts from Rs. 16.72 crores to Rs. 24.69 crores. Thanks to this satisfactory improvement in deposits, the Bank has once again avoided borrowing from other banks. During the year, the Bank opened branches at 15 places. One more manager of the Bank was deputed for training with the Deutsche Bank in Germany.

RATIONALISATION IN KANPUR TEXTILE MILLS

PROBLEM STILL HANGING FIRE

By Dr. J. L. Rastogi

ONE of the important reasons for the tense industrial relations in Kanpur has been the introduction of rationalisation in cotton textile mills. Since the problem is not of recent origin, one may recall here the post-war developments so that readers may set the right perspective. Immediately after the war, the U.P. Labour Enquiry Committee, 1946 conducted a detailed enquiry and emphasised the need for standardisation of work-load and musters. The question of rationalisation was to be discussed in its final report which could not be submitted due to the sad death of Mr. Nimbkar, the Chairman of the Committee. In 1950, individual schemes of rationalisation prepared with the aid of the Technical Sub-Committee of the Employers' Association of Northern India were submitted to the Government of U.P. by the textile mills of Kanpur. The Government wanted these schemes to be examined by industrial experts. Therefore, Messrs. Ibcon Ltd. were entrusted with the task of scrutinising these schemes. The State Government also appointed Dr. Bansi Dhar, its own specially trained rationalisation expert, to study and improve upon the schemes submitted by Messrs. Ibcon Ltd. According to his report, the number of workmen rendered surplus due to rationalisation was to be much smaller than according to the estimates of Messrs. Ibcon Ltd. The proposals were circulated among the interested parties which, however, could not be accepted. Dr. Bansi Dhar's proposals were again considered at a Tripartite Conference held at Naini Tal in June 1954 in which an assurance was given by the employers that there would be no unemployment among permanent, temporary and substitute workers. A seven-man committee was set up to supervise the work of introducing rationalisation in textile mills of Kanpur, consisting of three representatives of labour, three of employers and the Labour Commissioner as the Chairman. However, the employers failed to supply the requisite data regarding the working of different cotton mills and workers' representatives began to resign as a protest. Therefore, the Committee had to be dissolved.

The task of introducing rationalisation was left to mutual agreements between different units and their employees. The Labour Commissioner was only to look after the reasonableness of wages paid to workers and the working conditions in different mills. Some of the mills started with rationalisation which was opposed by workers/unions. A dispute arose between Kanpur Textiles Ltd. and its employees on the question of reorganising ring-frames and work-load of doffers. A notice of strike was served on 11 textile mills of Kanpur by Suti Mill Mazdoor Sabha on 8th April, 1955 and, consequently, a strike broke out from 2nd May 1955, involving a large number of workmen. It was one of the biggest strikes in any of the cotton mills in India and continued for 80 days. It was, however, withdrawn on 20th July 1955 followed by the appointment of the Kanpur Textile Mills Rationalisation Enquiry Committee under the chairmanship of the retired Justice Bind Basni Prasad to reconsider the entire matter, work out details of the broad set-up of the decisions taken at Naini Tal Tripartite Conference and to formulate schemes of rationalisation for the following seven textile mills of Kanpur:

1. The Elgin Mills Co. Ltd.
2. The Kanpur Textiles Ltd.
3. The Kanpur Cotton Mills Ltd.
4. The Swadeshi Cotton Mills Co. Ltd.
5. The Muir Mills Co., Ltd.
6. The Atherton West Co., Ltd.
7. The J. K. Cotton Spinning and Weaving Mills Co. Ltd.

The Kanpur Textile Mills Rationalisation Enquiry Committee analysed the viewpoints of both the parties in detail and tried to arrive at an agreeable solution. It came to the conclusion that rationalisation was in the public interest and fears of labour on this count were not always true. Rationalisation proposals under enquiry were restricted only to weavers, ring piecers and ring doffers. But it was also agreed that the employers would be free to introduce it in other categories too by modernisation, mechanisation or elimination of processes after acquiring the approval of the State Government or other authorised agency for the purpose, provided that such a scheme did not involve any unemployment and increase in work-load. For efficient performance, the Committee emphasised and recommended proper regulation of physical, operational and mechanical working conditions and standardisation of duties and work-loads for the above three categories. It also recommended a fair share to labour from the increased productivity specially where the living wage standard was still to be achieved or workers' contribution was important in enhancing the earning capacity of the concern. Linking of workers' remuneration to actual performance was preferred and standard rates were prescribed for the above three categories of employees. Improvement in wages and dearness allowance was also recommended. Moreover, the Committee tried to estimate the number of workers to be rendered surplus by any such scheme and considered ways and means of absorbing them. The cases of clerks, and temporary and casual workers were separately dealt with. Besides, it recommended a two-tier machinery to keep a continuous watch so that such of the recommendations of the Committee as were accepted by the Government were observed by employers and employees alike.

Similarly, a one-man committee, headed by Mr. Bind Basni Prasad, was appointed to make recommendations on schemes of rationalisation in the remaining three cotton textile mills of Kanpur i.e. J. K. Cotton Manufacturers Ltd., Lakshmiratan Cotton Mills Co., Ltd., and New Victoria Mills Co. Ltd. Implementation of the recommendations of these Committees was held up due to the appointment of the Central Wage Board for Cotton Textile Industry. However, the dispute on the question of rationalisation continued. Employers decided to go ahead with their schemes while workers/unions opposed them. Ultimately, the representatives of employers and employees of 10 Kanpur cotton mills agreed to refer the question to the arbitration of Dr. Sampurnanand, the then Chief Minister of Uttar Pradesh in August 1961. Besides the categories of weavers, ring piecers and ring doffers, individual mills submitted their schemes for rationalisation of 10 more categories:

1. Finisher scutchers
2. Cards: Card-boys/tenters
3. Draw frame tenters
4. Slubbing tenters
5. Simplex tenters
6. Inter tenters
7. Roving tenters
8. Doffers (speed frames)
9. Winders
10. Doublers.

Sampurnanand Award

Dr. Sampurnanand went into various aspects of the problem and gave his own Award in August 1962. The Award laid down the basic wages of weavers, ring piecers and ring doffers, and also of card tenters, draw frame tenters, slubbing tenters, simplex tenters, roving tenters, speed frame doffers and high speed winders according to the work performed by each. But for want of adequate data, it failed to give its findings relating to grey and colour winders, inter tenters, doublers and finisher scutchers. Under the Award, the fall-back wages of the categories covered were to be the average of the preceding three months' basic wages which would also include the increase granted on the recommendation of the Central Wage Board for Cotton Textile Industry and 'personal wage,' if any. The Sampurnanand Award also prescribed the dates from which various parts of this recommendation were to be operative. However, it did not allow adjustment of personal wage against the wages fixed for rationalised working and the wage increase recommended by the Central Wage Board. According to the Award, the merger of 75 per cent of the dear food allowance and of the wage increase were also not to be taken into account in fixing piece-rates in textile mills of Kanpur.

The Sampurnanand Award laid down in detail the standards of physical, operational and mechanical working conditions for weavers, ring piecers and ring doffers working on rationalised basis, but, in the absence of detailed information about the existing conditions in the mills and due to difference in conditions from one mill to another, it failed to lay down any exact standards of these relating to the other categories. The task was left to the Supervisory Committee.

The Award accepted the fulfilment of the standards of physical, operational and mechanical working conditions as an essential pre-condition and recommended that "no extension of rationalisation would be permissible until the standards of physical working conditions have first been satisfied and the operational working conditions, excepting with regard to 6" lift pirns for which the time limit of three and a half years from the date of application of this Award has been allowed, have been met." So far as the portions of departments already rationalised were concerned, the Award prescribed one year from the date of its commencement for satisfaction of standards of physical conditions, three months for the satisfaction of standards of operational conditions and six months for the satisfaction of standards of mechanical working conditions. It also provided that, "if any mill does not fulfil those conditions within the time-limit prescribed in this Award and as might have been extended by the Supervisory Committee, the Committee shall have the power to direct the mill concerned to derationalise such portion or portions of the department wherein the working conditions so laid down have not been fulfilled."

With regard to the filling of posts in permanent musters, the learned Arbitrator recommended that, after job requirements had been stabilised following satisfaction of standards of physical, operational and mechanical working conditions, the number of vacancies should be ascertained, and "after setting off the number of posts held by permanent hands, the remaining vacancies, according to the job requirements, will be filled in by substitutes in order of seniority with due regard to efficiency." However, if the standards of physical, operational and mechanical working conditions were not attained within the prescribed time, the vacancies would not be allowed to remain unfilled indefinitely and, on the expiry of such period, these would be filled in from the substitutes of class I in order of seniority with due regard to efficiency. For absorbing the surplus labour as a result of rationalisation, the Award recommended the following modes:

"(1) Vacancies caused by natural wastage in rationalised categories should not be filled in but would be set off against the labour rendered surplus by rationalisation and there should be no fresh recruitment till the completion of rationalisation in the category.

(2) Third-shift working.

(3) Transfer to similar jobs in the same factory.

(4) Transfer to the same job from one factory to another.

(5) Expansion of the existing units so as to make them balanced.

(6) Training within industry and appointing the workman to the job for which he has been trained.

(7) Seven-day working where it becomes necessary to absorb surplus labour on account of rationalisation effected amongst the categories covered in this Award subject to the conditions laid down."

In order to avoid confusion, the Sampurnanand Award recommended that the percentage of substitutes to permanent strength of weavers on rationalised working should be 20, and that of other categories covered by the Award, 17-25. Besides, it permitted Sunday working for certain purposes and under certain conditions, and fixed the number of paid and unpaid holidays. It also fixed the age of superannuation of industrial workers at 60 years.

The Sampurnanand Award also suggested a gratuity scheme for Kanpur cotton mill workers. Under the scheme, gratuity would be payable to every workman or to his nominees in the event of his death before payment or to his legatee if no nomination had been made, at the rate of one month's consolidated wages for each year of continuous service, reduced by the total of the employers' contribution to the Employees' Provident Fund Scheme, subject to a maximum of eight months' consolidated wages or Rs. 1,000 whichever is higher. However, if a workman was dismissed for serious and wilful misconduct, the amount of gratuity otherwise admissible to him might be reduced by a sum not exceeding two months' consolidated wages, subject to the payment of a minimum amount of gratuity equivalent to one month's consolidated wages.

The Sampurnanand Award also recommended the setting up of a two-tier machinery to supervise the enforcement of the Award and for dealing with the matters arising therefrom. The machinery at the industry level, the Award recommended, should comprise representatives of employers and employees with an independent person as chairman, and at the mill level should be bipartite, comprising the representatives of the employers and the employees of the mills concerned, nominated occupation-wise.

Implementation Unsatisfactory

Since the publication of the Sampurnanand Award in August 1962, efforts are being made to implement it. However, the progress in this regard has not been satisfactory. Although a Supervisory Committee has been constituted consisting of three employers' and three employees' representatives and the Labour Commissioner has been opted as its Chairman, it has failed to safeguard the interests of labour properly. Such an undesirable state of affairs has arisen because the Supervisory Committee has not been properly constituted. According to the Sampurnanand Award, an independent person, unanimously agreed upon by the representatives of employers and employees, was to be the Chairman of the Committee. Election of the Labour Commissioner as the Chairman has frustrated the very spirit of the Award, as he has failed to take an impartial view of affairs. Again, labour has not been properly represented on the Supervisory Committee. The two employees' representatives have been nominated by the I.N.T.U.C. and Rashtriya Textile Mazdoor Union respectively. However, due to internal rift in leadership, Suti Mill Mazdoor Sabha failed to name its representative on the Committee. Therefore, its representative had to be nominated by the Labour Commissioner. The representation of I.N.T.U.C. on the Supervisory Committee cannot be justified as it has no affiliate in Kanpur textile industry. The second one is represented by a Housing and Welfare Adviser to the Labour Commissioner. Even the Suti Mill Mazdoor Sabha does not have the same representative character since the withdrawal of non-communist members from it.

According to the Sampurnanand Award, Mill Committees are to be an important adjunct of the machinery for supervision of introduction of rationalisation in textile mills of Kanpur. Although Mill Committees were to be formed by the end of January 1964, these have not been appointed so far. However, steps are being taken for the formation of Mill Committees under the Award. For this purpose Rashtriya Textile Mazdoor Union has been recognised for all the mills, while Suti Mill Mazdoor Sabha for all the mills except Swadeshi Cotton Spinning and Weaving Mills, for which the Industrial Employees Union has been recognised for nominating workers' representatives on respective Mill Committees.

The net result of the absence of Mill Committees and the representative Supervisory Committee has been that rationalisation has been introduced at the discretion of the employers/managements and not in consultation with workers' representatives/unions. The former have read and interpreted various recommendations of the Award to suit their own conveniences and requirements, perpetuating exploitation and dissatisfaction.

Recommendations of the Sampurnanand Award relating to wages have not been fully and properly implemented. According to the Award, ring piecers are to be paid on piece-rate basis.

As has been accepted even by the Employers' Association of Northern India, Kanpur, in its reply to the memorandum of Suti Mill Mazdoor Sabha of 29th October 1963, only five out of ten cotton textile mills of Kanpur have been paying them on piece-rate basis. However, even in these the rates have been so fixed that they get much less than prescribed by the Award. Again, these wages are paid only to those minding two sides, and the workers who are working more than 200 spindles but on one side have been denied the benefits of the Award wages. "In case of weavers as well the basic wage rates given in the schedule have not been applied in case of two-loom weavers, although the Award makes it clear that upto two looms the workmen will be paid the Standard Rates and on 'three-loom system five-sixths of the Standard Rates' and on 'four-loom system three-fourths of the Standard Rates.'"[1] So far as ring doffers are concerned, the employers have tried to deflate the number of spindles doffed by taking additional work from them, e.g. as bobbin carriers, bobbin cleaners, wastemen, sweepers etc. While calculating the average number of spindles doffed, doffers performing ancillary work are also included, thus reducing the number of spindles doffed per doffer. No doubt the duties of ring doffers given in the Award are not exhaustive and they have been performing the above duties even before the Award was given. But the method of calculation cannot be justified as the total number of spindles doffed should be divided by the number of workmen doing actual doffing and others should be paid at the average rate. Implementation of wage rates in additional seven categories is also unsatisfactory.

So far as standards of physical, operational and mechanical working conditions are concerned, while there has been a slight improvement in physical conditions, nothing has been done either to enforce the standards recommended for weavers, ring piecers and ring doffers, or to fix these standards for the remaining categories. The net result has been that workers are doing rationalised tasks without any substantial improvement in working conditions.

The payment of gratuity under the Award has also been unsatisfactory. 597 cases have been brought to the notice of the Department of Labour in which managements in various cotton mills of Kanpur have not paid gratuity to the workers within 90 days as required under the Award. Even the method of calculation of gratuity adopted by the employers has been the most unscientific and illogical, particularly for daily rated workmen. The total wages earned by such workmen irrespective of the number of days worked in the previous 12 months have been taken to be their annual earnings for the purposes of calculating gratuity. Thus, even the days on which they were absent or on authorised leave have been included for this purpose though they did not earn even a single nP on these days.

In spite of the clear recommendation of the Award relating to the filling of posts in permanent musters, so far nothing has been done to implement this part of the Award. Still a large number of substitutes and temporary workers are working against permanent posts. Thus, they are being denied benefits of permanency, security of service, leave with wages, lay-off compensation, provident fund facilities etc.

The net result of unsatisfactory implementation of the Sampurnanand Award has been that, instead of reducing tension it has increased so much that an emergency had to be declared to prevent any flare up in this period of national emergency.

Measures Suggested

The problem of rationalisation in textile mills of Kanpur now concentrates round the implementation of the Sampurnanand Award. In order to gain full co-operation of the employers and workers/unions in the task, the Supervisory Committee should be reconstituted. It should be truly representative and its chairman should be some impartial man who is interested neither in employers/managements nor in workers/unions. Labour representation should be given to more representative unions to gain the confidence of workers in functioning of the Supervisory Committee. The Chairman should conduct the proceedings of the Committee without exercising any pressure on either group. Besides, Mill Committees, as recommended by the Sampurnanand Award, should immediately be constituted to supervise implementation of the Award at the unit level and receive complaints regarding its non-implementation.

The employers and trade unions should give up their hostile attitude towards each other and the recommendations of the Award should be considered in their true perspective. Efforts should be made to get its implementation without loss of time. The wages of weavers, ring piecers, ring doffers, card tenters, draw frame tenters, slubbing tenters, simplex tenters, roving tenters, speed frame doffers and high speed winders whose jobs have been rationalised, should immediately be changed over to piece-rate basis as recommended by the Sampurnanand Award where they are still paid according to time rates. The Supervisory Committee should also fix wages of the remaining rationalised categories on the basis of work performed by each without loss of time. Even workers who are performing more than the standard task should be paid at a higher rate, if not on rationalised rates.

The standards of physical, operational and mechanical working conditions should have been attained according to the time allowed by the Award, but, as these have not so far been fulfilled, the Supervisory Committee should, according to the recommendation of the Award, order derationalisation of such sections/departments in which these are still lagging behind. However, the entire question should be reconsidered and the Supervisory Committee should allow a little more time for attaining the standards of physical, operational and mechanical working conditions with regard to weavers, ring piecers, ring doffers, etc. The task of supervision of their provision in specified time should be left to the individual Mill Committees. The Supervisory Committee should also lay down in clear words the necessary physical, operational and mechanical working conditions relating to the other categories and provide for suitable phasing for fulfilment of these.

The vacancies lying unfilled should no longer remain so and the employers should immediately be required to fill these from among the substitute workers of class I in order of seniority with due regard to efficiency without loss of time, as they have failed to fulfil their obligations with regard to the attainment of requisite standards of working conditions. In absorbing surplus personnel, the modes recommended by the Sampurnanand Award should be strictly adhered to.

So far as gratuity is concerned, it should be properly calculated and immediately paid to all those who have not so far been paid. However, even full implementation of the Sampurnanand Award would not make the task of rationalisation of cotton mills in Kanpur complete. Besides modernisation and work-load reorganisation, steps should be taken to streamline production, management, transport and marketing.

What is needed for the success of rationalisation is proper and adequate publicity of the concept, need and benefits of rationalisation, particularly among the rank and file of workers to remove their misconceptions relating to it. In this regard, trade unions can play a constructive role. They should not oppose rationalisation so long as suitable conditions are provided for its introduction. Generally, the problem of unemployment is connected with rationalisation, particularly when it involves certain amount of modernisation. But it is only of a temporary nature and ultimately such conditions would crop up automatically as would compensate more than the waste by offering greater employment in varied fields. Even during the temporary phase, the problem of surplus labour is not insurmountable and much of the difficulty can easily be redeemed by taking remedial measures as recommended by the Sampurnanand Award.

Sometimes it is said that rationalisation and modernisation lead to an increase in work-load. But it is not necessarily so. Work-load does not depend on the number of machines an operative handles but on the number of operations performed. So far as the number of operations remains the same, in spite of the increased number of machines to look after, the work-load cannot be said to have increased. Thus, in order to reduce much of workers' opposition to rationalisation, work-load should be expressed in terms of number of operations to be performed in each job and employees should be made operation-conscious rather than machine-conscious. In order to shed workers' fear of exploitation, work-loads and musters should be scientifically determined with the help of time and motion studies in association with workers' representatives.

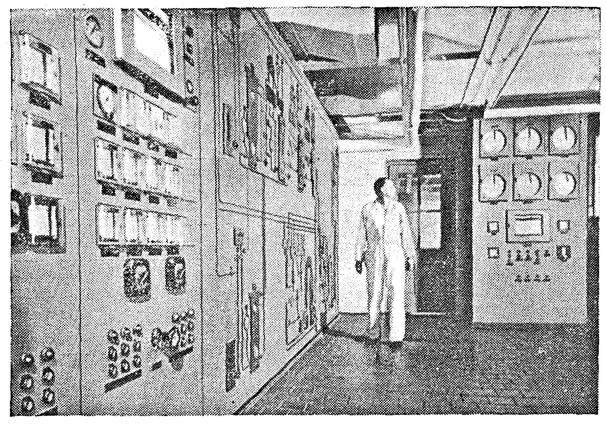
Again, in order to enlist the full co-operation of employees in the task of rationalisation, they should be given, besides standardised wages, a share from savings due to it. No doubt, rationalisation involves a certain amount of extra cost in providing suitable conditions, but such expenditure is more than proportionately offset by the savings in labour costs due to reorganisation of work-loads. From the resulting gain a share can easily be afforded to workers, in order to induce them to accept the new order and to raise their living standards and efficiency.

[1] Suti Mill Mazdoor Sabha, Memorandum submitted to the Minister for Labour, Government of U.P., October 29, 1963.

TREATING WOOL

A dry chlorination plant for the non-shrink treatment of wool, developed by a British firm, Power Installations Ltd., Bradgate Street, Leicester, England, has a capacity of 65 c.ft. and can handle between 150 and 450 lb. of woollens per one-and-a-half hour cycle. The plant, by operating under vacuum conditions, treats the inside parts of the most tightly packed forms of wool as satisfactorily as the outside. The dried wool is unswollen and it is not possible for the chlorine molecule to penetrate to the centre of the fibre so that the reaction is restricted to the surface. The plant, which is suitable for treating scoured wool, tops, yarn, knitted fabrics, garments, piece goods and half hose, is said to have the following advantages: the strength and other properties of the fibres are unimpaired, dry chlorinated tops give a yarn of equal strength with 25 per cent less twist, a high degree of non-feltability is obtained, there is no loss of weight during treatment, and the control of the process does not require a trained chemist.

A new permanent finish for all-wool cloth has been developed by a century old firm of cloth-workers in London, F. Farr and Co. Ltd., Golden Square, London, W. 1. It is claimed that the "finish"—named Everlast—will endure through the natural life of the cloth and is unaffected by tailoring, steaming, pressing or dry cleaning. First used on cloth made from Scottish lambswool for the manufacture of casual wear, the process has resulted in better shape retention and has eliminated the pilling action (balling up of fibres) common to such cloth.



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PSBS-H 16/63

EXTENDING CONTROL OF COTTON BOARD

IMPORTS FROM CHINA LARGER

From Our Special Correspondent

MANCHESTER, 31st *March*

MANCHESTER LETTER

PROPOSALS aiming to bring users of man-made fibres in the Lancashire cotton trade into full membership of the Cotton Board have been laid before Parliament under a draft order. Announcing this, the Board of Trade said the steps—which also extend into the silk trade—had been taken after consultation and in agreement with the appropriate representative organisations and trade unions.

"No changes are planned at the moment in the constitution or functions of the Cotton Board or its name," said a spokesman.

The Cotton Board Order 1948—which set up the Cotton Board as a Development Council—has already been amended four times. Under the last amending Order in 1961, the man-made fibre users agreed to pay a levy to the Cotton Board for the first time. This was fixed at 11 per cent of the total levy raised, and the amount—about £45,000—is used to finance, in part, the Shirley Institute, for the industry's research centre.

Changes in Industry's Structure

The move reflects changes which have been taking place in the structure of the industry for some years. Increasingly, the "traditional cotton" industry has used man-made fibre in its spinning, weaving and finishing. The first practical signs were the amalgamation of the separate trade associations.

This has made it increasingly difficult for the Cotton Board to draw a clear line, and the levy arrangements have been extremely complex, inflexible and difficult to implement. Most firms now process man-made fibres in some form.

Under the proposals, the functions of the Cotton Board will cover the whole of the industry, and all firms in the trade will be assessed for levy charges on the same basis, whichever fibre is used. This includes spinning, doubling, weaving, finishing and converting. It excludes made-up goods and the throwing of silk.

Subject to approval by Parliament, the Order will come into operation during May and the first levies calculated on the new basis will be charged in October.

Export-Import Trading

No important change in the pattern of exports and imports is yet apparent during 1964, apart from the rising trend of arrivals of man-made fibre goods. Figures issued by the Board of Trade for the two months ended February show a further reduction in exports of cotton cloth, a slight fall in trade in cotton yarn and thread, but further gains in overseas operations in both man-made fibre yarns and cloth.

Combined shipments of cotton and man-made fibre piecegoods are a little lower than in 1963, as cotton fabrics have slipped back from 37,494,000 yards to 32,345,000 yards, while the improvement in man-made fibre goods has been from 11,449,000 yards to 14,010,000 yards. At the same time, it is worth noting that shipments of man-made fibre cloth so far this year are nearly twice as large as in 1962 and undoubtedly the future performance by this section must be closely observed.

On the other hand, the disposal of man-made fibre yarns abroad has for a long time been far in excess of the comparable trade in cotton yarn and thread. In the first two months of 1964 shipments were 14,797,000 lbs., while the exports of equivalent cotton yarn were only 3,356,000 lbs. Cotton spinners are virtually maintaining their position, while producers of man-made fibre yarns are steadily forcing the pace.

On the imports side, the inroads made by foreign competitors are still intensive. Only in the case of cotton yarn and thread have smaller arrivals been reaching British ports so far this year, the figure being 6,739,000 lbs. against 6,939,000 lbs. in 1963.

Cotton grey cloth imports show little change at 93,604,000 yards against 92,027,000 yards, but purchases of finished cotton fabrics have risen from 27,551,000 yards to 32,074,000 yards. Marked increases, however, have taken place in arrivals of man-made fibre goods, yarn and thread imports rising from 1,911,000 lbs. to 4,131,000 lbs. and cloth from 9,814,000 yards to 14,625,000 yards.

Among the suppliers of cotton grey cloth, an interesting point is that India, Pakistan and Hong Kong have all provided smaller quantities than in the first two months last year. China has, however, sent a fractionally larger volume than Hong Kong.

In the two months, arrivals from India were 35,909,000 yards against 36,961,000 yards; from Pakistan 11,065,000 yards against 14,380,000 yards; from Hong Kong 10,304,000 yards against 13,674,000 yards; and from China 10,389,000 yards against 6,254,000 yards. It should be pointed out, however, that according to the existing quota arrangements, most of the Chinese cloth now being purchased is for the improvement trade, as there are strict limitations against imports for retention in the home market.

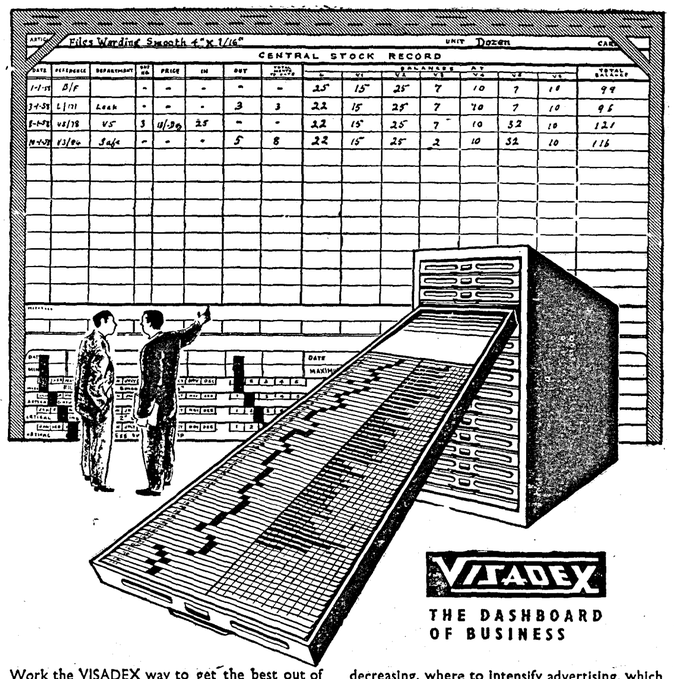
Promotion for cotton goods is a subject on which a great deal of time has been spent in recent years. The outcome, however, has by no means satisfied those who support the project in principle nor those who are dubious about the advantages of spending large sums of money on what they regard as a waste of effort.

During the trial period while the Cotton Board was involved in organising general trade promotion, members of the producing sections of the industry felt that much of the money was, in fact, being expended on encouraging the sale of imported fabrics, in the absence of suitable labelling to show which goods were actually being spun, woven, and finished in this country. Arguments as to how the numerous complications in this issue could be overcome have never reached a satisfactory conclusion.

The annual report of the British Spinners' and Doublers' Association expresses the fear that the lack of general promotion of cotton goods may have adverse repercussions, particularly on account of the large sums being spent by industries producing and consuming other fibres. In view of the possibility of constitutional changes within the Cotton Board, however, the whole subject may have to be looked at from a new angle. The Association points out that the Board will be unlikely to continue its activities in this sphere other than by the continuation of its Colour, Design and Style Centre.

Several organisations are deeply concerned with this problem, including the International Cotton Advisory Committee and the International Federation of Cotton and Allied Textile Industries. At the same time, such bodies have varying interests. Some merely wish to stimulate the sale of raw cotton as opposed to other fibres, while spinners, weavers, finishers and merchants recognise the more comprehensive nature of textiles in the modern world, aided by the extensive blending which is now regularly carried out in practically all mills.

Even among the protagonists of raw cotton, there are those who wish to limit the propaganda to the promotion of their own particular varieties. It has been suggested that, as an interim measure, consuming countries should each raise a fund, to be collected by spinners, to be used within their own territories, based on a percentage of the invoice value of each bale used. The British Spinners' and Doublers' Association, says the report, is not inclined to favour this system, but will continue to be represented at international discussions on the subject.



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TRAINING INDUSTRIAL ENGINEERS

COLLABORATION BETWEEN INDUSTRY AND ACADEMIC INSTITUTIONS URGED

THANKS to the unceasing efforts of the National Productivity Council, the I.L.O. Productivity Mission, the Productivity Centre and other bodies, there is at present greater awareness of the need for achieving higher levels of productivity in Indian industries. Higher productivity is not merely a function of greater effort by workers, though this is important, but also of better organisation of work. For the output of a worker depends largely on how the work situations have been organised for him, that is, whether: (1) he has been given the correct instructions about his work, (2) the materials and equipments are properly arranged for him, (3) the methods specified are effective and safe, (4) the environmental conditions are peaceful and conducive to the work, (5) his service conditions and procedure for recognition of merit are scientifically devised and protected from prejudice and nepotism and a host of other things which are necessary to get the best out of the men, machines and materials employed in the production process. In other words, productivity depends on the management of the work and worker. This is the task of industrial engineering, a term which could be more precisely defined as "the application of basic scientific and engineering knowledge and certain analytical techniques to the methods of operating an organisation in industry and other appropriate fields." It requires investigation into the economic advantages of one policy against another and implementation of the most suitable procedure for raising productive efficiency. In order to achieve this end, performance and costs need to be checked constantly. Industrial engineering is then a staff activity of management and is concerned with decisions on what to produce, the design of the product, standardisation, the influence of cost analysis on methods of production, the investigation of these methods, planning and control of production, calculation of what is the most efficient machinery for the job on hand, layout of plant and handling of materials, time study, motion study, incentives, methods of calculation of wages, suggestion schemes and industrial relations. Industrial engineering is thus as wide in scope as it is crucial in raising productivity.

Broad-based Scheme Necessary

In view of the importance of industrial engineering, the Institute of Industrial Engineers (India) did well in selecting industrial engineering education and training as the subject matter for discussion at the Institute's Annual Convention held at Bombay this week. In order to achieve a perceptible improvement in productivity, a much more broad-based training scheme in the principles of industrial engineering than is available at present is called for and the Convention served to focus attention on this important aspect of the productivity movement. The Institute, it may be noted, is a professional body of industrial engineers. Its objects are, *inter alia*, (1) to promote better understanding and appreciation of the techniques of industrial engineering practice, (2) to provide facilities for inter-change of ideas in the field of industrial engineering, and (3) to foster and assist education and research in industrial engineering.

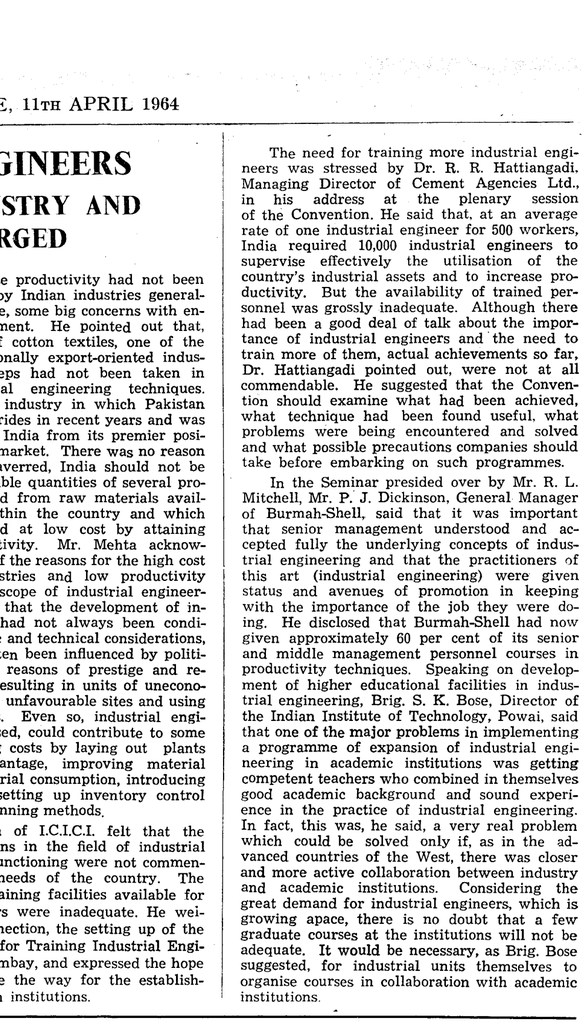
The Convention was inaugurated by Mr. G. L. Mehta, Chairman of the Industrial Credit and Investment Corporation of India. A notable feature of the Convention was the holding of seminars on six selected subjects pertaining to industrial engineering, in which some of the country's topmost industrial engineering experts participated. The Seminar was presided over by Mr. R. L. Mitchell, Chief of the I.L.O. Management Development and Productivity Mission in India.

Inaugurating the Convention, Mr. G. L. Mehta put the problem of productivity in the proper perspective when he said that productivity was not merely a measure of progress but a condition of survival. He urged industrialists to realise the necessity of employing industrial engineering for cutting costs and raising productivity. Industrial engineering, he pointed out, could help in developing a systematic and co-ordinated attitude to planning not only in small units but also in big ones. It could also help in creating awareness that all planning has to be directed towards the optimum utilisation of resources. Mr. Mehta regretted that the urgency to increase productivity had not been fully appreciated by Indian industries generally, except, of course, some big concerns with enlightened management. He pointed out that, even in respect of cotton textiles, one of the oldest and traditionally export-oriented industries, adequate steps had not been taken in applying industrial engineering techniques. Jute was another industry in which Pakistan had made rapid strides in recent years and was trying to dislodge India from its premier position in the export market. There was no reason why, Mr. Mehta averred, India should not be able to export sizable quantities of several products manufactured from raw materials available in plenty within the country and which could be processed at low cost by attaining maximum productivity. Mr. Mehta acknowledged that some of the reasons for the high cost structure of industries and low productivity were beyond the scope of industrial engineering. He conceded that the development of industries in India had not always been conditioned by economic and technical considerations, and that it had often been influenced by political considerations, reasons of prestige and regional pressures, resulting in units of uneconomic size, located at unfavourable sites and using wasteful processes. Even so, industrial engineers, he emphasised, could contribute to some extent in reducing costs by laying out plants to the best advantage, improving material handling and material consumption, introducing wage incentives, setting up inventory control and production planning methods.

The Chairman of I.C.I.C.I. felt that the several organisations in the field of industrial engineering now functioning were not commensurate with the needs of the country. The educational and training facilities available for industrial engineers were inadequate. He welcomed, in this connection, the setting up of the National Institute for Training Industrial Engineers at Powai, Bombay, and expressed the hope that it would pave the way for the establishment of more such institutions.

The need for training more industrial engineers was stressed by Dr. R. R. Hattiangadi, Managing Director of Cement Agencies Ltd., in his address at the plenary session of the Convention. He said that, at an average rate of one industrial engineer for 500 workers, India required 10,000 industrial engineers to supervise effectively the utilisation of the country's industrial assets and to increase productivity. But the availability of trained personnel was grossly inadequate. Although there had been a good deal of talk about the importance of industrial engineers and the need to train more of them, actual achievements so far, Dr. Hattiangadi pointed out, were not at all commendable. He suggested that the Convention should examine what had been achieved, what technique had been found useful, what problems were being encountered and solved and what possible precautions companies should take before embarking on such programmes.

In the Seminar presided over by Mr. R. L. Mitchell, Mr. P. J. Dickinson, General Manager of Burmah-Shell, said that it was important that senior management understood and accepted fully the underlying concepts of industrial engineering and that the practitioners of this art (industrial engineering) were given status and avenues of promotion in keeping with the importance of the job they were doing. He disclosed that Burmah-Shell had now given approximately 60 per cent of its senior and middle management personnel courses in productivity techniques. Speaking on development of higher educational facilities in industrial engineering, Brig. S. K. Bose, Director of the Indian Institute of Technology, Powai, said that one of the major problems in implementing a programme of expansion of industrial engineering in academic institutions was getting competent teachers who combined in themselves good academic background and sound experience in the practice of industrial engineering. In fact, this was, he said, a very real problem which could be solved only if, as in the advanced countries of the West, there was closer and more active collaboration between industry and academic institutions. Considering the great demand for industrial engineers, which is growing apace, there is no doubt that a few graduate courses at the institutions will not be adequate. It would be necessary, as Brig. Bose suggested, for industrial units themselves to organise courses in collaboration with academic institutions.



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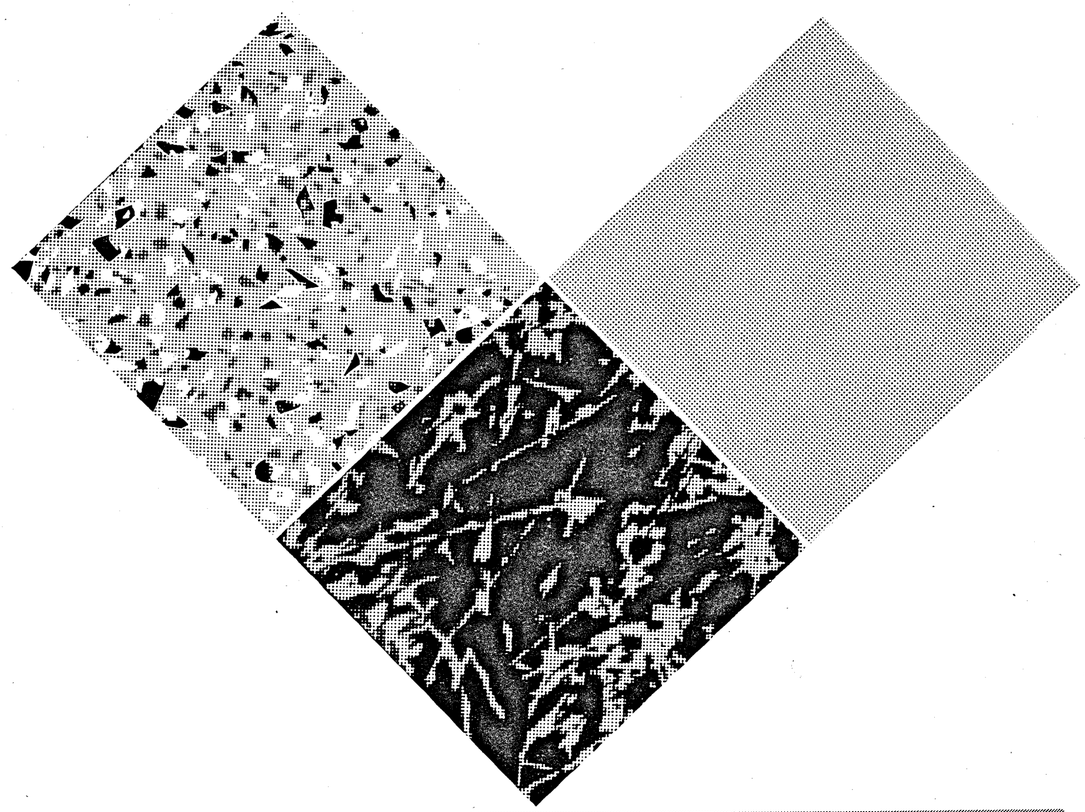

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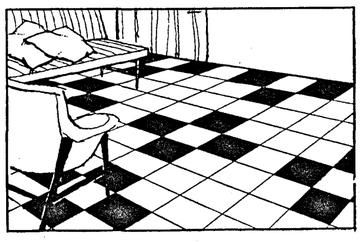

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DIRECTORS' REPORT

(To be submitted to the Shareholders of the Bank at the Fifty-seventh Annual General Meeting of the Bank to be held at the Registered Office of the Bank at Indian Chamber Buildings, Madras-1, on Friday, the 17th April, 1964, at 4 p.m.)

The Directors have the pleasure to submit the Balance Sheet and the Profit and Loss account of the Bank for the year ended 31st December 1963. The Auditors' Report is also annexed.

2. The Net Profit of the Bank for the year, after providing for taxes, amounts to Rs. 17,00,155.06 and together with the sum of Rs. 1,43,787.37 carried from the previous year's account makes a tottal of Rs. 18,43,942.43.

3. Out of this sum, the Directors have made the following interim appropriations :—

	Rs. nP
An interim dividend at the rate of 5 per cent and a bonus of 2 per cent *(subject to deduction of tax)* was paid which absorbed	6,22,000.00
Transferred to Reserve Fund under Section 17 of the Banking Companies Act, 1949	1,50,000.00
The Directors now recommend that the following further appropriations may be made :—	
To pay a final dividend of 5 per cent and a bonus of 3 per cent (subject to deduction of tax) thereby making the dividend and bonus for the year amount to 15 per cent.	7,10,000.00
To transfer to Reserve Fund under Section 17 of the Banking Companies Act, 1949	1,70,000.00
To carry forward	1,61,942.43
TOTAL	18,43,942.43

4. The Directors are glad to state that the business of the Bank during the year under report continues to show satisfactory progress.

5. The Bank Rate was raised from 4 to 4½ per cent with effect from 2nd January 1963.

6. Offices of the Bank were opened at Guindy (Madras), Poonamallee (Chingleput Dt.), Tirunagar (Madurai), and King's Circle (Bombay) during the year.

7. By Order of the Central Government under Section 45 of the Banking Companies Act, 1949, the Bank of Alagapuri Ltd., P. Alagapuri, was amalgamated with the Bank from the 14th August 1963. From that date, the offices of the Bank of Alagapuri Limited at P. Alagapuri and Kulitalai are functioning as offices of the Bank.

8. Sri R. K. Venkatachalam resigned his seat on the Board on 1st August 1963. In his place Sri T. Chengalvaroyan was co-opted as a Director.

9. In accordance with Articles 92 and 93 of the Articles of Association of the Bank read with Section 256 of the Companies Act, 1956, Directors, Rao Bahadur T. S. Kachapikesa Mudaliyar, Kumararajah M. A. M. Muthiah Chettiar of Chettinad, Dr. P. V. Rajamannar and Sri T. Chengalvaroyan retire this year by rotation and they, being eligible, offer themselves for re-election.

BALANCE SHEET AS AT 31st DECEMBER, 1963

Corresponding Figures 31st December 1962 Rs. nP	Rs. nP	CAPITAL AND LIABILITIES	Rs. nP	Rs. nP
	1,00,00,000.00	**1. Capital—** AUTHORISED CAPITAL— 1,00,000 Shares of Rs. 100 each	1,00,00,000.00	
	72,00,000.00	ISSUED AND SUBSCRIBED CAPITAL— (a) 72,000 Shares of Rs. 100 each for payment in cash	72,00,000.00	
	16,60,000.00	(b) 16,600 Shares of Rs. 100 each issued as fully paid bonus shares	16,60,000.00	
	88,60,000.00		88,60,000.00	
	72,00,000.00	AMOUNT CALLED UP— On 72,000 Shares of Rs. 100 each	72,00,000.00	
	20,205.00	LESS—Calls unpaid	13,785.00	
	71,79,795.00		71,86,215.00	
	16,60,000.00	16,600 Shares of Rs. 100 each issued as fully paid bonus shares	16,60,000.00	
	88,39,795.00		88,46,215.00	
88,39,795.00	Nil	ADD—Forfeited shares	Nil	84,46,215.00
	75,44,583.78	**2. Reserve Fund and Other Reserves—** Reserve Fund under Section 17 of the Banking Companies Act, 1949	76,34,583.78	
90,01,883.78	14,57,300.00	SHARE PREMIUM ACCOUNT	14,57,300.00	92,01,883.78
	16,08,80,677.09	**3. Deposits and Other Accounts—** Fixed Deposits	18,31,31,073.36	
	4,99,62,953.76	Short-term Deposits	6,89,46,578.72	
	8,32,40,454.55	Savings Bank Deposits	8,92,23,458.01	
	14,63,10,493.22	Current Accounts, Contingency Accounts, etc.	15,75,25,161.95	
44,03,94,578.62				49,88,26,272.04
	3,53,50,000.00	**4. Borrowings from Other Banking Companies, Agents, etc.—** (i) In India	2,92,12,000.00	
3,53,56,998.77	6,998.77	(ii) Outside India	Nil	2,92,12,000.00

Corresponding Figures 31st December 1962 Rs. nP — PARTICULARS—

2,93,00,000.00	(i) Secured— (a) By part of Investments in Central and State Governments Securities	Rs. nP	2,15,00,000.00
"	per contra		36,12,000.00
60,50,000.00	(b) Under the Refinance Scheme *Vide* 5.1 (i) per contra		41,00,000.00
6,998.77	(ii) Unsecured		

1,17,34,974.52		**5. Bills Payable**	1,33,08,772.92
	2,23,27,039.26	**6. Bills for Collection Being Bills Receivable** per contra— (i) Payable in India	3,07,28,221.11
	93,88,143.18	(ii) Payable outside India	2,99,29,262.26
3,17,15,182.44			6,06,57,483.37
	21,802.78	**7. Other Liabilities—** (i) Rebate on Bills	1,19,768.54
	1,57,702.16	(ii) Unclaimed Dividends	1,70,381.66
	3,89,329.16	(iii) T. Ts. Payable	9,77,861.56
	12,42,337.43	(iv) Sundries Payable	13,67,254.63
	58,89,042.32	(v) Provision for Taxes	82,54,671.01
	44,58,361.60	(vi) Branch Adjustment	38,09,453.88
	1,02,375.15	(vii) Interest Realisable	1,99,662.41
	85,027.79	(viii) Other Liabilities	4,12,662.02
	3,00,000.00	(ix) Sinking Fund	3,00,000.00
1,26,47,378.39			1,56,21,716.31
4,00,95,526.68		**8. Acceptances, Endorsements and Other Obligations** per contra	4,19,25,677.42
	14,26,136.25	**9. Profit and Loss—** Profit as per Balance Sheet as at 31st December 1962	8,29,787.37
		LESS—Appropriations— (i) Final dividend of 5 per cent. and a Bonus of 1½ per cent. (both subject to tax)	Rs. nP 5,76,000.00
	12,77,500.00	(ii) Transfer to the Reserve Fund under Section 17 of the B.C. Act, 1949	1,10,000.00 6,86,000.00
	1,48,636.25	ADD—Profit for the year brought from the Profit and Loss Account	1,43,787.37
	15,25,151.12		17,00,155.06
	16,73,787.37		18,43,942.43
8,29,787.37	8,44,000.00	LESS—Interim Appropriations— Rs. nP 6,44,000.00 Interim dividend at the rate of 5 per cent. and a bonus of 2 per cent. (both subject to tax) 6,22,000.00; 2,00,000.00 Reserve Fund under Section 17 of the B.C Act, 1949 1,80,000.00	8,02,000.00
		10. Contingent Liabilities—	10,41,942.43

Corresponding figures 31st December 1962 Rs. nP

16,48,175.00	(1)	On partly paid-up shares of Banks and other Companies	17,15,855.00
3,52,629.20	(2)	Claims against the Bank not acknowledged as debts	3,05,887.63
	(3)	On guarantees given on behalf of—	
3,82,84,047.55		(a) Constituents	6,62,53,088.85
6,39,046.85		(b) Directors and Officers	82,228.37
3,78,17,225.12	(4)	On Forward Exchange Contracts	3,76,78,582.79

Note:—Owing to regrouping of the accounts, previous year's figures have been recast.

59,06,16,105.57		Total .. Rs.	67,87,32,963.27

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1963

Corresponding Figures 31st December 1962 Rs. nP	EXPENDITURE	Rs. nP	Corresponding Figures 31st December 1962 Rs. nP	INCOME (Less provisions made during the year for Bad and Doubtful Debts and other usual or necessary provisions)	Rs. nP
1,23,01,183.18	1. Interest paid on Deposits, Borrowings, etc.	1,41,48,545.08	2,25,94,117.47	1. Interest and Discount	2,61,87,554.42
1,05,31,065.79	2. Salaries and Allowances, Provident Fund, Bonus, etc.	1,16,67,372.83	53,21,748.77	2. Commission, Exchange and Brokerage	54,21,822.97
1,24,888.18	3. Directors' and Local Committee Members' Fees and Allowances	1,38,648.99	79,966.28	3. Rents	72,508.87
11,25,972.91	4. Rent, Taxes, Insurance, Lighting, etc.	11,68,678.13		4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets. (Not credited to Reserves or any particular fund or account)	Nil
43,159.04	5. Law Charges	37,299.87	28,103.74		
6,49,566.19	6. Postage, Telegrams and Stamps	6,69,065.77		5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets. (Not credited to Reserves or any particular fund or account)	Nil
32,392.37	7. Auditors' Fees	38,280.93	Nil		
2,80,757.27	8. Depreciation on and Repairs to the Banking Company's Property	3,06,796.10	9,603.36	6. Income from Non-Banking Assets, and Profit from Sale of or Dealing with such Assets	10,024.56
6,71,875.52	9. Stationery, Printing, Advertisement, etc.	7,99,291.52	3,87,258.21	7. Other Receipts	3,65,433.84
Nil	10a. Loss from Sale of or Dealing with Non-Banking Assets	Nil			
Nil	10b. Net Loss on Sale, Conversion or Redemption of Investments	2,58,016.19			
11,34,725.36	11. Other Expenditure	11,25,194.19			
15,25,151.12	12. Balance of Profit	17,00,155.06			

NOTE :—Particulars of remuneration relating to the Secretary (Salary Rs. 36,000; Bonus Rs. 4,500) other allowances, etc., and perquisites—Nil.

2,84,20,737.83	Total .. Rs.	3,20,57,344.66	2,84,20,737.83	Total .. Rs.	3,20,57,344.66

BALANCE SHEET AS AT 31st DECEMBER, 1963

Corresponding Figures 31st December 1962 Rs. nP	Rs. nP	PROPERTY AND ASSETS	Rs. nP	Rs. nP
4,58,89,981.47		**1. Cash—** In hand and with Reserve Bank and State Bank of India (including foreign currency notes)		4,61,91,765.64
	10,43,464.34	**2. Balances with Other Banks—** On Deposit In Current Account (i) In India Rs. Nil Rs. 24,17,902.28	24,17,902.28	
	48,67,640.24	(ii) Outside India " Nil " 64,71,417.13	64,71,417.13	88,89,319.41
59,11,104.58				1,28,18,493.15
34,22,369.86		**3. Money at Call and Short Notice**		
	14,04,55,311.35	**4. Investments** (at cost or book value)— (i) Securities of the Central and State Governments		13,48,17,375.61
		Face Value Market Value		
		Quoted Rs. nP 13,45,14,600 Rs. nP 13,24,33,310.05		
		Unquoted 10,12,135 10,09,135.00 (Book Value)		
		(ii) Shares— Rs. nP		
		(a) Preference (other than Banking companies)— Fully paid (Quoted) 96,924.00		
		Partly paid (Quoted) 73,280.00		
		(b) Ordinary (Banking and other companies)— Fully paid— Rs. nP		
		Quoted 26,540.00		
		Unquoted 3,00,000.00 3,26,540.00		
		Partly paid—		
		Quoted 1,20,679.50		
		Unquoted 4,00,000.00 5,20,679.50		
	9,11,321.50			10,16,523.50
		(Quoted shares Market Value Rs. 2,28,573.95)		
		(Unquoted shares paid-up value Rs. 7,00,000.00)		
	2,04,000.00	(iii) Debentures : Face Value (Unquoted) Rs. 2,04,000.00		2,04,000.00
	33,49,211.49	(iv) Other Investments : (Quoted)— Malayan and F.M.S. Terminable Loans Face Value St. $2,458,000 (Market Value Rs. 33,04,056.62)		33,15,711.49
	1,62,035.51	British 3% 1960-70 Loan Face Value £14,724-12-3 (Market Value Rs. 1,75,037.60)		1,62,035.51
	10,01,000.00	Ceylon Government Terminable Loan Face Value Rs. 10,01,000 00 (Market Value Rs. 9,98,500.00)		10,01,000.00
	Nil	Ceylon Government Treasury Bills (unquoted) Face Value Rs. 30,00,000.00		30,00,000.00
	25,000.00	Ceylon Development Finance Corporation Shares Paid-up Value Rs. 50,000.00 (Market Value Rs. 31,250.00)		25,000.00
	Nil	(v) Gold		Nil
14,61,07,879.85				14,40,41,646.11
		5. Advances— (Other than bad and doubtful debts for which provision has been made to the satisfaction of Auditors)	Rs. nP	
	21,99,49,034.56	(1) Loans, Cash Credits, Overdrafts, etc.— (i) In India	25,75,78,932.68*	
	1,32,95,695.70	(ii) Outside India	1,34,58,785.34	27,10,37,718.02
		* Includes medium term advances in respect of which finance has been obtained from the Refinance Corporation for Industry Ltd, per contra.		
		(2) Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments)—	Rs. nP	
		(i) Payable in India	6,27,25,839.84	
	4,67,98,631.76	(ii) Payable outside India	1,41,49,238.99	7,68,75,078.83
	2,46,94,614.06	For Particulars of Advances : See below.		34,79,12,796.85
30,38,38,026.08				
		6. Bills Receivable Being Bills for Collection per contra—		
	2,23,27,039.26	(i) Payable in India		3,07,28,221.11
	93,88,143.18	(ii) Payable outside India		2,99,29,262.26
3,17,15,182.44				6,06,57,483.37
4,00,95,526.68		**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** per contra		4,19,25,677.42
		8. Premises—	Rs. nP	
	20,22,352.19	At cost as at 31st December, 1962	24,58,614.64	
	4,36,262.45	Additions during the year	1,37,592.36	
	24,58,614.64		25,96,207.00	
	Nil	LESS—Deductions during the year	Nil	
	24,58,614.64		25,96,207.00	
	6,11,995 65	LESS—Depreciation written off to date		25,96,207.00
18,46,618.99				6,99,373.29
	25,19,222.71			18,96,833.71
	2,34,376 23	**9. Safes, Furniture, Fixtures, etc.—** At cost as at 31st December, 1962	Rs. nP 26,99,253.00	
		Additions during the year	3,36,306.17	
	27,53,598 94			30,35,559.17
	54,345.94	LESS—Deductions during the year		36,747.05
	26,99,253 00			29,98,812.12
	13,49,760.32	LESS—Depreciation written off to date		15,26,952.06
13,49,492.68				14,71,860.06
	8,98,026.98	**10. Other Assets, including Silver—** Books and Stationery		9,09,089.50
	73,28,901.55	Sundries Receivable (including advance Income-tax amounting to Rs. 80,50,996.91)		97,20,194.97
	18,70,282.02	Interest Accrued on Investments		18,07,456.41
	1,82,432.10	Stamps and *Tradis*		3,34,908.14
	Nil	Silver		Nil
1,02,79,642.65				1,27,71,649.02
1,60,280.29		**11. Non-Banking Assets Acquired in Satisfaction of Claims** (At cost or Book Value)		1,54,438.53
59,06,16,105.57		Total .. Rs.		67,87,32,963.27

PARTICULARS OF ADVANCES referred to on the Assets side of the Balance Sheet as at 31st December, 1963.

Corresponding Figures 31st December 1962 Rs. nP	PARTICULARS	Amount Rs. nP	Corresponding Figures 31st December 1962 Rs. nP	PARTICULARS	Amount Rs. nP
26,77,72,151.72	(i) Debts considered good in respect of which the Banking Company is fully secured	27,54,47,434.19	2,30,896.88	(v) Debts due by Directors or officers of the Banking Company or any of them either severally or jointly with any other persons	2,73,625.05
3,60,36,321.93	(ii) Debts considered good for which the Banking Company holds no other security than the debtor's personal security	6,25,86,114.63	2,07,43,405.40	(vi) Debts due by companies or firms in which the Directors of the Banking Company are interested as directors, partners or managing agents or, in the case of private companies, as Members	2,30,98,490.14
29,552.43	(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	98,79,248.03	2,59,732.91	(vii) Maximum total amount of advances, including temporary advances, made at any time during the year to Directors or Managers or officers of the Banking Company or any of them either severally or jointly with any other persons	2,94,399.88
Nil	(iv) Debts considered doubtful or bad not provided for	Nil		(viii) Maximum total amount of advances, including temporary advances granted during the year to companies or firms in which the Directors of the Banking Company are interested as directors, partners or Managing Agents or, in the case of private companies, as members	2,63,48,823.67
30,38,38,026.08	Total .. Rs.	34,79,12,796.85	2,07,43,405.40	(ix) Due from Banking Companies	2,92,958.83
			6,14,926.28		

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the foregoing Balance Sheet of The Indian Bank Limited as at 31st December 1963 and also the above Profit and Loss Account of the Bank for the year ended on that date with the books of accounts of the Head Office and Branches other than those in Malaysia, the accounts of which were audited by auditors qualified under the laws of that country.

The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Companies Act, 1949 read with Section 211 of the Companies Act, 1956.

We report that :—

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and they have been found to be satisfactory.

(b) The reports on the accounts of the branches in Malaysia audited by the other Auditors have been taken into consideration in making this report.

(c) The returns received from the branch offices of the Bank have been found adequate for the purposes of our audit.

(d) The transactions of the Bank as have come to our notice have been, in our opinion, within the powers of the Bank.

(e) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required for Banking Companies.

(f) In our opinion,
(i) the Balance Sheet gives a true and fair view of the state of the Bank's affairs as at 31st December 1963,
(ii) the Profit and Loss Account gives a true and fair view of the Profit and Loss for the year ended that date and shows a true balance of Profit for the period covered by the audit ; and
(iii) Proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books ; and

(g) The Bank's Balance Sheet and the Profit and Loss Account dealt with by the Report are in agreement with the books of accounts and returns.

BRAHMAYYA & CO.
KARNA DAKSHINAMURTHY
B. PURUSHOTTAM & CO.
V. SOUNDARARAJAN & CO.
SUNDARAM & SRINIVASAN
Chartered Accountants. } *Auditors.*

MADRAS, *Dated 20th March*, 1964.

M. A. M. MUTHIAH CHETTIAR
P. V. RAJAMANNAR
T. CHENGALVAROYAN
T. S. KACHAPIKESA MUDALIYAR
M. A. MUTHIAH CHETTIAR
O. M. SP. L. M. MEYYAPPA CHETTIAR
Directors.

RAMDOSS PURUSHOTHAMDOSS
D. C. KOTHARI
K. BALASUBRAMANIA IYER
L. ALAGUSUNDARAM CHETTIAR
P. V. RM. KULANDAYAN CHETTIAR
A. NAGAPPA CHETTIAR

S. MUTHUSWAMI, *Chief Accountant.*

T. RAMAKRISHNA RAO, *Deputy Secretary.*

G. S. SUNDARAM, *Secretary.*

CANARA BANK LIMITED

(*Regd. Office:* LIGHTHOUSE HILL, MANGALORE-1)

BOARD OF DIRECTORS:

C. SHRINIVASA RAO, S. PUNDLIK NAYAK, K. BHUJANGA RAO, JEENABHAI DAVIDOSS, P. V. MACKAY, P. C. M. GANAPATHY, H. LAXMINARAYANA KAMATH, U. SRINIVASA MALLIAH, HIS HIGHNESS SAHDEVJI NARAHARDEVJI

MANAGING DIRECTOR: A. DAMODAR PAI

CHAIRMAN: K. P. J. PRABHU

GENERAL MANAGER: P. SARVOTHUM NAYAK

AUDITORS: FORD, RHODES, PARKS & CO. *Chartered Accountants.*

DIRECTORS' FIFTY-EIGHTH ANNUAL REPORT

TO THE MEMBERS,

The Directors hereby present their 58th Annual Report and Audited Statement of Accounts for the year ended 31st December, 1963.

After making the usual and necessary provisions including provision for taxation, the balance is Rs. 24,65,552.54 (inclusive of last year's carry forward of Rs. 53,368.72) which the Directors have determined to dispose of as follows :—

	Rs.	nP.
(i) To Statutory Reserve Fund	8,25,000	00
(ii) To Outstanding Charges and Sundries for payment of Bonus to Staff	6,25,000	00
(iii) To Special Reserve	10,15,552	54
Rs.	24,65,552	54

The Directors recommend that payment of dividend at 5.56% (less Companies Tax) on 5% Cumulative Preference Shares amounting to Rs. 58,520 and dividend at 15% (less dividend tax) on Equity Shares amounting to Rs. 9,15,000 be made out of the sum allocated to Special Reserve.

The Advance/Deposit ratio of your Bank continued to be favourable being on the average 59.8%, the corresponding figure for scheduled Banks as a whole being 71.1%.

During the year new branches were opened at New Delhi; Panjim, Vasco-da-Gama (Goa); Triplicane, Guindy, Villivakkam (Madras); Fraser Town, Jayanagar, Town-Hall, Rajajinagar, Annigeri, Gajendragad and Bhadravati (Mysore State); Guntur (Andhra) and Colaba, Bombay (Maharashtra).

Also during the year the assets and liabilities of the following Banks were taken over :—

(1) Sree Poornathrayeesa Vilasom Bank Limited, Tripunithura.

(2) The Aarnad Bank Limited, Tiruchirapalli.

(3) The Cochin Commercial Bank Limited, Cochin.

(4) Pandyan Bank Limited, Tirumangalam.

One more Manager was deputed for training in Germany, and we are thankful to the Deutsche Bank for the training facilities provided which they have been generously doing over the past several years.

The Administrative Office building at Bangalore was completed in June 1963 and was inaugurated by the State Governor, His Highness Sri Jayachamarajendra Wadiyar, to whom the Directors are deeply grateful.

Your Directors are glad to report of the very successful Equity Share Issue in 1963 which was heavily oversubscribed, and thank the Members for their ready response.

The Directors thank all Shareholders, Customers and Staff for their co-operation during the year.

(By Order of the Board)

ADMINISTRATIVE OFFICE,
BANGALORE-2
February 13, 1964
Magha 24, 1885

K. P. J. PRABHU,
Chairman.

BALANCE SHEET AS AT 31st DECEMBER, 1963

1962 Rs. nP.	CAPITAL AND LIABILITIES	Rs. nP.	Rs. nP.
	1. Capital—		
86,00,000 00	AUTHORISED CAPITAL : 1,72,000 Equity Shares of Rs. 50/- each	86,00,000 00	
14,00,000 00	28,000 5% Cumulative Preference Shares of Rs. 50/- each	14,00,000 00	
1,00,00,000 00			1,00,00,000 00
	ISSUED CAPITAL :		
61,00,000 00	1,72,000 (Last year 1,22,000) Equity Shares of Rs. 50/- each	86,00,000 00	
14,00,000 00	28,000 5% Cumulative Preference Shares of Rs. 50/- each	14,00,000 00	
75,00,000 00			1,00,00,000 00
	SUBSCRIBED AND PAID-UP-CAPITAL :		
61,00,000 00	1,72,000 (Last Year 1,22,000) Equity Shares of Rs. 50/- each fully paid	86,00,000 00	
14,00,000 00	28,000 5% Cumulative Preference Shares of Rs. 50/- each fully paid	14,00,000 00	
75,00,000 00			1,00,00,000 00
	2. Reserve Fund and Other Reserves—		
	(a) RESERVE FUND (including Share Premium of Rs. 21,30,000; last year Rs. 13,80,000)	83,50,000 00	
70,50,050 00	Add : Transfer from Contingency Account	8,25,000 00	
Nil	" " Current year's Profits		
5,49,950 00		8,25,000 00	
		1,00,00,000 00	
Nil	(b) Development Rebate Reserve	36,000 00	
Nil	(c) Special Reserve	10,15,552 54	
76,00,000 00			1,10,51,552 54
	3. Deposits and Other Accounts—		
	Fixed, Short Term, Cash Certificates, Cumulative and Recurring Deposits	32,67,94,701 69	
23,95,69,052 04	Savings Bank Deposits	15,00,06,338 18	
10,20,07,116 22	Current Accounts, Contingency Accounts, etc.	24,69,04,944 65	
16,72,40,494 72			
50,88,16,662 98			72,37,06,484 52
Nil	**4. Borrowings from Other Banking Companies, Agents, etc.**		Nil
47,63,520 22	**5. Bills Payable**		97,89,096 75
	6. Bills for Collection being Bills Receivable as per Contra—		
5,46,50,313 21	(i) Payable in India	7,97,68,657 00	
25,69,163 82	(ii) Payable outside India	1,89,86,673 54	
5,72,19,477 03			9,87,55,330 54
	7. Other Liabilities—		
32,677 03	(i) Rebate on Bills	35,569 95	
34,645 63	(ii) Unclaimed Dividends	35,399 14	
2,01,62,209 18	(iii) Branch Adjustments	3,03,18,681 25	
20,84,743 69	(iv) Provision for Taxes	27,64,733 75	
3,70,461 49	(v) Outstanding charges and Sundries	14,66,750 99	
	(vi) Liability on account of assets taken for collection, chitty liabilities, overdue advances and assets of taken-over Banks as per contra	62,00,698 77	
49,20,996 54			
2,76,05,733 56			4,08,21,882 85
4,65,52,278 47	**8. Acceptances, Endorsements and Other Obligations** as per contra		6,75,47,322 62
	9. Profit and Loss :		
14,99,539 52	Profit as per last Balance Sheet	15,54,988 72	
	LESS—Appropriations— Rs. nP.		
4,00,000 00	To Bonus to Staff 5,14,000 00		
6,02,300 00	To Dividends 8,87,620 00		
4,50,000 00	To Contingencies 1,00,000 00	15,01,620 00	
47,239 52		53,368 72	
	ADD—Profit for the year brought from Profit and Loss Account	24,12,183 82	
20,57,699 20			
21,04,938 72		24,65,552 54	
	LESS—Transfers to Reserve Fund Rs. 8,25,000 nP. 00		
5,49,950 00	" " Special		
Nil	Reserve 10,15,552 54		
Nil	Transfers to Bonus to Staff 6,25,000 00	24,65,552 54	
15,54,988 72			Nil
	10. Contingent Liabilities :		
3,18,70,356 24	(i) Liability on account of letters of Guarantee given on behalf of constituents	6,46,29,885 81	
3,31,14,784 09	(ii) Liability on account of outstanding Forward Exchange Contracts	4,31,85,206 22	
4,62,203 16	(iii) Claims against the Bank not acknowledged as debts	5,82,608 67	
6,000 00	(iv) Liability on account of guarantees given on behalf of Directors	4,000 00	
22,000 00	(v) Liability on account of a charge on the premises taken over from Seasia Midland Bank Ltd.	12,000 00	
	(vi) Liability for partly paid-up Shares and Debentures on account of investments of the Bank	2,63,332 50	
2,30,075 00	(vii) Liability for partly paid-up Shares and Debentures of customers registered in the name of the Bank	6,250 00	
2,35,000 00	(viii) Liability on account of Bills of Exchange rediscounted by Pandyan Bank taken over	28,849 74	
Nil	(ix) Liability on account of underwriting share issue of Companies	26,00,000 00	
Nil	(x) Liability on account of contracts on Capital Assets Account	17,500 00	
Nil			
	NOTE :—The Directors have recommended a transfer of a sum of Rs. 10,15,552.54 to a Special Reserve out of which Dividends if approved by Shareholders at the Annual General Meeting to be held on 20th March 1964 will be paid.		
66,16,12,660 98	Total		96,16,71,669 82

1962 Rs. nP.	PROPERTY AND ASSETS	Rs. nP.	Rs. nP.
4,81,69,722 75	**1. Cash—** In hand and with Reserve Bank and State Bank of India (including Foreign Currency Notes)		7,02,41,488 17
	2. Balances with other Banks—		
	(a) In Current Account :		
29,55,546 26	(i) In India	38,00,714 77	
16,57,818 41	(ii) Outside India	16,96,410 56	
	(b) In Deposit Account : Deposits with Banks in India (including Rs. 1,00,60,000/- falling due not later than 29-1-1964)	1,01,11,500 00	
2,30,14,000 00			
2,76,27,364 67			1,56,08,625 33
	3. Money at Call and Short Notice—		
1,00,00,000 00	(1) In India	3,30,00,000 00	
Nil	(2) Outside India	Nil	
1,00,00,000 00			3,30,00,000 00
	4. Investments—		
	(i) Securities of the Central and State Governments and other Trustee Securities of the Face Value of Rs. 20,62,04,370/- at cost (approximate Market Value as on 31-12-1963 Rs. 20,34,45,707.46)	20,38,09,481 28	
17,47,44,828 83	(ii) Municipal Debentures (Face Value Rs. 1,00,000/-) and other Debentures (Face Value Rs. 11,54,000/-) at cost (approximate total Market Value as on 31-12-1963 Rs. 12,31,154.92)	12,24,432 73	
27,21,974 56	(iii) Shares : Rs. nP.		
	(a) Fully paid Equity Shares 9,69,511 43		
	(b) Partly paid Equity Shares 2,44,549 19		
	(c) Fully paid Preference Shares 54,090 00		
	(d) Partly paid Preference Shares 9,478 49		
	(Approximate total Market Value as on 31-12-1963 Rs. 12,12,015.74)	12,77,629 11	
Nil	(iv) Gold	Nil	
17,79,54,315 69			20,63,11,543 12
	5. Advances : (Other than Bad and Doubtful Debts for which provision has been made to the satisfaction of the Auditors)		
	(i) Loans, Cash Credits, Overdrafts, etc. Rs. nP.		
	(1) In India 30,69,99,676 59		
	(2) Outside India Nil		
	(ii) Bills Discounted and Purchased :— Rs. nP.		
	(1) Payable in India 9,90,46,863 55		
	(2) Payable outside India 1,66,84,808 73		
19,73,57,064 89		30,69,99,676 59	
Nil			
19,73,57,064 89			30,69,99,676 59
5,64,28,329 98			
1,54,64,746 98			
7,18,93,076 96			11,57,31,672 28
26,92,50,141 85			42,27,31,348 87
	6. Bills Receivable being Bills for Collection as per contra:		
5,46,50,313 21	(i) Payable in India	7,97,68,657 00	
25,69,163 82	(ii) Payable outside India	1,89,86,673 54	
5,72,19,477 03			9,87,55,330 54
4,65,52,278 47	**7. Constituents' Liabilities for Acceptances, Endorsements and other Obligations** as per contra		6,75,47,322 62
	8. Premises at Cost	26,80,312 37	
21,70,060 12	ADD—Additions during the year	40,70,101 89	
5,10,252 25			
26,80,312 37		67,50,414 26	
Nil	LESS—Value of Building demolished	57,505 50	
26,80,312 37		66,92,908 76	
2,00,195 12	LESS—Depreciation to date	3,04,153 61	
24,80,117 25			63,88,755 15
	9. Furniture and Fixtures at Cost	37,01,800 42	
29,46,491 58	ADD—Additions during the year	28,97,053 76	
8,56,952 98			
38,03,444 56		65,98,854 18	
1,01,644 14	LESS—Cost of articles sold or fully written off	20,178 61	
37,01,800 42		65,78,675 57	
11,69,464 59	LESS—Depreciation to date	16,63,197 69	
25,32,335 83			49,25,477 88
	10. Other Assets—		
21,27,724 09	(i) Interest accrued on Investments	22,38,040 77	
	(ii) Stock, Stationery, Library, Stamps, and Prize Bonds	16,89,905 06	
12,76,372 63	(iii) Branch Demand Drafts Paid, Bills Realised by Agent Banks pending adjustment, cheques pending collection and Clearing Vouchers received	1,47,82,986 49	
55,34,825 50	(iv) Application Money for Municipal Debentures pending delivery of Securities	Nil	
10,00,000 00	(v) Prepaid Expenses and Sundries	18,23,547 78	
28,37,532 55	(vi) Taxes paid in advance and Income-tax deducted at source	30,77,682 53	
18,44,191 98	(vii) Investment in Chitties of taken over Banks	3,46,348 42	
2,81,695 78	(viii) Assets taken for collection, chitty assets, overdue advances and assets of taken over Banks	62,00,698 77	
49,20,996 54			
1,98,23,339 07			3,01,58,209 77
	11. Non-Banking Assets Acquired in Satisfaction of Claims— Share in Land and Buildings acquired from Seasia Midland Bank Ltd. at cost		3,568 37
3,568 37			
66,16,12,660 98	Total		96,16,71,669 82

CANARA BANK LIMITED—*(Contd.)*

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1963

1962 Rs. nP.	EXPENDITURE	Rs. nP.	1962 Rs. nP.	INCOME (Less provision made during the year for Bad and Doubtful Debts, Taxation and other usual or necessary provisions)	Rs. nP.
1,16,32,078 04	1. Interest paid on deposits, borrowings, etc.	1,48,88,441 99			
86,59,585 19	2. Salaries and Allowances and Provident Fund	1,12,51,076 55			
66,074 03	3. Directors' and Local Committee Members' Fees and Allowances	80,033 12			
10,89,910 71	4. Rent, Taxes, Insurance, Lighting, etc.	15,89,806 11	2,04,61,209 81	1. Interest and Discount	2,70,41,292 20
27,192 16	5. Law charges	33,985 37			
6,27,726 27	6. Postage, Telegrams and Stamps	8,51,144 01	43,83,279 12	2. Commission, Exchange and Brokerage	55,87,658 62
12,500 00	7. Audit Fees and Travelling Expenses	32,500 00			
5,41,562 71	8. Depreciation on and Repairs to Banking Company's Property	8,28,882 37	62,440 06	3. Rents	1,05,488 21
9,67,811 54	9. Stationery, Printing, Advertisements, etc.	13,75,088 42			
Nil	10. Loss from sale of, or dealing with Non-Banking Assets	Nil		4. Net Profits on sale of investments, gold and silver, land, premises, and other assets (not credited to Reserves or any particular Fund or Account)	
8,04,719 32	11. Other Expenditure	12,06,816 21	Nil		Nil
Nil	12. Development Rebate Reserve	36,000 00			
20,57,699 20	13. Balance of Profit	24,12,183 82		5. Net Profits on revaluation of investments, gold and silver, land, premises, and other assets (not credited to Reserves or any particular Fund or Account)	
	NOTE :—Particulars of remuneration relating to Managing Director :— Rs. nP.	Rs. nP.	Nil		Nil
30,000 00	(i) Salaries	37,064 52			
Nil	(ii) Allowances	Nil		6. Income from Non-Banking Assets and Profit from sale of or dealing with such assets	
Nil	(iii) Sitting fees	Nil	Nil		Nil
Nil	(iv) Bonus	Nil			
2,499 96	(v) Employer's contribution to provident fund, pension fund or any other fund	3,088 71	15,79,630 18	7. Other Receipts	18,52,118 94
Nil	(vi) Payments by way of gratuities, pensions or otherwise in excess of the employer's contribution and interest thereon	Nil			
Nil	(vii) Estimated monetary value of perquisites :				
2,544 84*	(a) Furnished quarters free of rent	4,633 07			
— †	(b) Free use of Bank's car	720 00			
2,64,86,559 17	Total	3,45,86,557 97	2,64,86,559 17	Total	3,45,86,557 97

(*) Provided with Bank's furnished Quarters free of rent since 3-12-1962.

(†) Free use of Bank's car.

ADMINISTRATIVE OFFICE
BANGALORE-2.
Dated : February 13, 1964.
Magha 24, 1885

Directors:
C. SHRINIVASA RAO, S. PUNDLIK NAYAK, K. BHUJANGA RAO, JEENABHAI DAVIDOSS, P. V. MACKAY, P. C. M. GANAPATHY, A. DAMODAR PAI *Managing Director.*, K. P. J. PRABHU *Chairman.*, P. SARVOTHUM NAYAK *General Manager.*

FORD, RHODES, PARKS & CO., *Chartered Accountants, Auditors.*

AUDITORS' REPORT

We have audited the foregoing Balance Sheet of the Canara Bank Limited, as at 31st December, 1963 and Profit and Loss Account of the Bank for the year ended on that date, in which are incorporated the Returns from forty branches audited by us, one hundred and fourteen branches audited by other Auditors and eighty six branches exempted from audit, audited by persons otherwise qualified for appointment as Branch Auditors, who are employees of the Bank, under exemption granted under Rule 4 of the Companies (Branch Audit Exemption) Rules, 1961, Order No. 1 (13)-Cl., VI/63 Government of India, Ministry of Commerce and Industry, Department of Company Law Administration, dated 22nd June 1963 as amended By Order No. 1 (13)-Cl., VI/63 Government of India, Ministry of Finance, Department of Revenue (Company Law Division), dated 21st December, 1963.

The reports on the accounts of the branches audited by other Auditors have been dealt with in preparing our report in the manner considered necessary by us.

We report that :

(a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of audit and have found them to be satisfactory;

(b) The transactions of the Bank which have come to our notice have been within the powers of the Bank;

(c) In our opinion, proper books of account, as required by Law, have been kept by the Bank so far as appears from our examination of those books, and proper returns adequate for the purpose of audit have been received from the branches of the Bank;

(d) The foregoing Balance Sheet and Profit and Loss Account, dealt with, by this report, are in agreement with the books of account and the returns;

(e) In our opinion, and to the best of our information and according to the explanations given to us the said accounts give the information required by the Companies Act, 1956, in the manner so required for Banking Companies and, on such basis, the said Balance Sheet gives a true, and fair view of the state of affairs of the Bank as at 31st December, 1963 and the Profit and Loss Account gives a true and fair view of the Profit for the year ended on that date.

BANGALORE-2.
Dated 13th February, 1964.

FORD, RHODES, PARKS & CO.,
Chartered Accountants, Auditors.

Schedule of Particulars required by the Banking Companies Act, 1949 (Act X of 1949) attached to and forming part of the Balance Sheet as at 31st December, 1963.

1962 Rs. nP.	PARTICULARS OF ADVANCES	1963 Rs. nP.	Rs. nP.	1962 Rs. nP.	PARTICULARS OF ADVANCES	Rs. nP.
21,54,06,664 57	(i) Debts considered good in respect of which the Banking Company is fully secured	33,19,68,574 13		37,972 25	(v) Debts due by Directors or Officers of the Banking Company or any of them either severally or jointly with any other persons	61,343 56
2,73,88,973 94	(ii) Debts considered good for which the Banking Company holds no other security than the debtors' personal security (inclusive of advances on Joint and several pronotes)	4,45,12,497 70		81,95,413 31	(vi) Debts due by Companies or firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents, or, in the case of private companies, as members	1,20,96,476 80
2,54,54,503 34	(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	4,62,50,277 04		81,268 57	(vii) Maximum total amount of advances including temporary advances made at any time during the year to Directors or Managers or Officers of the Banking Company or any of them either severally or jointly with any other persons	75,240 68
Nil	(iv) Debts considered doubtful or bad not provided for	Nil		1,08,15,360 65	(viii) Maximum total amount of advances including temporary advances granted during the year to the Companies or firms in which the Directors of the Banking Company are interested as Directors, Partners, or Managing Agents, or in the case of private Companies, as members	1,32,64,266 21
				7,71,886 42	(ix) Due from Banking Companies (includes Rs. 42,60,233.34 due from Banks taken over functioning as residuary companies—fully secured)	54,57,872 85
26,92,50,141 85	Total	42,27,31,348 87				

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THE CENTRAL BANK OF INDIA, LIMITED

Registered Office: CENTRAL BANK BUILDING, MAHATMA GANDHI ROAD, BOMBAY 1.

(ESTABLISHED 1911)

SIXTY-NINTH REPORT OF THE BOARD OF DIRECTORS

GENTLEMEN,

The Directors beg to place before the Shareholders the Balance Sheet and Profit and Loss Account for the year ended 31st December, 1963.

The Net Profit for the year amounts to Rs. 1,89,26,426.88 (previous year Rs. 1,79,95,826.83), which, together with the sum of Rs. 93,249.88 (previous year Rs. 23,36,733.88) brought forward from the previous year's account, amounts to .. .. Rs. 1,90,19,676 76

The following appropriations have been made :—

An ad-interim dividend was paid for the half-year ended 30th June 1963 at the rate of Rs. 2.40 per share, subject to tax on 12,61,736 shares	Rs.	30,28,166 40
Amount transferred to Reserve Fund	,,	40,00,000 00
Amount transferred to Special Reserve	,,	34,00,000 00
Amount transferred to Staff Gratuity Fund	,,	10,00,000 00
Amount provided for Bonus to Staff	,,	75,00,000 00
	,,	1,89,28,166 40
To carry forward to next year's account	,,	91,510 36
	,,	1,90,19,676 76

The Directors recommend to the Shareholders payment of a final dividend as follows :—

To pay the balance of final dividend for 1962 and interim dividend for 1963 to the former shareholders of the Jodhpur Commercial Bank, Ltd., to whom the shares of the Central Bank of India Ltd. have been or remain to be allotted	Rs.	12,641 37
To pay a final dividend for the half-year ended 31st December 1963 at the rate of Rs. 2.60 per share, subject to tax on 12,64,385 shares (making in all 20% gross for the whole year)	,,	32,87,401 00
	,,	33,00,042 37

The Bank's business during the year showed satisfactory progress. One Branch, 8 Sub-Branches and 3 Pay Offices were opened during the year at various centres, and 2 Branches and 3 Pay Offices were closed down as they were found to be unremunerative.

As Shareholders were informed in the Directors' Report of the previous year, with the nationalisation of Banks in Burma, the business of our Rangoon Office was taken over by the Government of Burma on 23rd February, 1963. Since then, the major portion of the assets and liabilities of our Branch there has been taken over by the Banking Business Nationalisation Committee, People's Bank No. 1, and only a few outstanding items remain to be settled, such as fixation of the compensation relating to some properties taken over by the Burmese Authorities, settlement of the Provident Fund liabilities of the staff of our erstwhile Rangoon Office and outstanding tax matters.

In the previous year's Report, the attention of the Shareholders had been drawn to the increase in the Capital structure of the Company which had taken place on account of the implementation of the Scheme prepared by the Reserve Bank of India and sanctioned by the Central Government for the amalgamation of the Jodhpur Commercial Bank, Ltd., with our Bank. Accordingly, 618 Ordinary Shares of our Bank were allotted during the year under review to such Shareholders of the Jodhpur Commercial Bank, Ltd., as had opted for the Company's Shares.

BALANCE SHEET AS AT 31st DECEMBER, 1963

CAPITAL AND LIABILITIES	Rs.	nP	Rs.	nP
1. CAPITAL :—				
AUTHORISED CAPITAL—				
(a) 17,90,000 Ordinary Shares of Rs. 50 each			*8,95,00,000*	*00*
(b) 4,20,000 Ordinary 'A' Shares of Rs. 25 each			1,05,00,000	00
			10,00,00,000	*00*
ISSUED AND SUBSCRIBED CAPITAL—	Rs.	nP		
(a) (i) 4,72,523 Ordinary Shares* of Rs. 50 each	2,36,26,400	00		
Issued as paid up to the extent of Rs. 25 without payment in cash in exchange for 9,45,056 shares of the Tata Industrial Bank Ltd.	2,89,77,200	00	1,18,13,200	00
(ii) 5,79,544 Ordinary Shares of Rs. 50 each			1,44,88,600	00
Issued for payment in cash Rs. 25 per share paid up				
	5,26,03,600	*00*		
10,52,072 Ordinary Shares of Rs. 50 each, Rs. 25 per share paid up			2,63,01,800	00
(b) 2,10,000 Ordinary 'A' Shares* of Rs. 25 each fully paid up issued as bonus shares for consideration other than cash	52,50,000	00	52,50,000	00
	5,78,53,600	00	3,15,51,800	00
* The above include 338 Ordinary Shares and 774 Ordinary 'A' Shares which were allotted pursuant to the Resolution passed at the ANNUAL General Meeting held on 30th March, 1959, at premium received in cash.				
AMOUNT RECEIVED on 31 Shares Forfeited			530	00
			3,15,52,330	00
CAPITAL SUSPENSE—				
Amount due on first distribution to the Shareholders of the Jodhpur Commercial Bank, Ltd., in terms of the Amalgamation Scheme dated 12th September, 1961 to be utilised against Share Capital remaining to be allotted			57,825	00
RESERVE LIABILITY OF SHAREHOLDERS—	Rs.	nP		
Rs. 25 per Share on 10,51,454 Shares	2,62,86,350	00		
				3,16,10,155 00
2. RESERVE FUND AND OTHER RESERVES :—				
Reserve Fund			4,40,00,000	00
Contingency Fund			50,00,000	00
Special Reserve (after payment of final dividend for the half-year ended 31-12-1962 Rs. 32,77,046.72)			59,22,953	28
Development Rebate Reserve			1,50,000	00
Share Premium Account			1,82,420	25
Share Premium Suspense (on account of amounts kept in capital suspense)			86,274	90
				5,53,41,648 43
3. DEPOSITS AND OTHER ACCOUNTS :—				
Fixed Deposits and Cash Certificates			1,27,03,18,647	97
Savings Bank Deposits			51,87,81,008	88
Current Accounts, Call Deposits, Contingency Accounts, etc.			71,87,91,039	60
				2,50,78,90,696 45
4. BORROWINGS FROM OTHER BANKING COMPANIES, AGENTS, ETC. :—	*In India* Rs.	nP	*Outside India* Rs.	nP
(1) Secured—				
(a) By part of Investments per contra	15,00,000	00	75,16,656	63
(b) In respect of borrowings from the Refinance Corporation for Industry Ltd. by part of advances per contra	43,00,000	00		
(2) Unsecured	5,12,56,091	41	2,01,29,455	55
	5,70,56,091	41	2,76,46,112	18
				8,47,02,203 59
5. BILLS PAYABLE				3,47,91,656 85
6. BILLS FOR COLLECTION BEING BILLS RECEIVABLE as per Contra :—				
(i) Payable in India			19,02,64,444	61
(ii) Payable outside India			1,62,02,002	07
				21,55,56,446 68
7. OTHER LIABILITIES :—				
Branch Adjustments			9,18,33,667	82
Amounts owing to Subsidiary Company			49,22,314	50
Unclaimed Dividends			12,65,909	34
Rebate on Bills Discounted and on Treasury Bills			3,31,906	19
				9,83,53,797 85
8. ACCEPTANCES, ENDORSEMENTS AND OTHER OBLIGATIONS as per Contra				14,77,76,970 28
9. PROFIT AND LOSS ACCOUNT :—				
Balance as per last Balance Sheet			93,249	88
Less—Final Dividend at the rate of Rs. 2.60 per Share subject to tax paid for the half-year ended 31st December 1961			....	
			93,249	88
Profit for the year ended 31st December 1963			1,89,26,426	88
			1,90,19,676	76
Less—	Rs.	nP		
Ad-interim Dividend paid for the half-year ended 30th June 1963 at the rate of Rs. 2.40 per Share, subject to tax	30,28,166	40		
Amount transferred to Reserve Fund	40,00,000	00		
Amount transferred to Special Reserve	34,00,000	00		
Amount transferred to Staff Gratuity Fund	10,00,000	00		
Amount provided for Bonus to Staff	*75,00,000*	*00*		
	1,89,28,166	40		
				91,510 36
10. CONTINGENT LIABILITIES :—	Rs.	nP		
(i) Claims against the Banking Company not acknowledged as debts	73,44,587	34		
(ii) On Investments in shares and debentures of Joint Stock Companies and Banks	41,00,842	50		
(iii) On Letters of Guarantee on behalf of Constituents (including Rs. 1,15,000.00 on behalf of Directors or Officers)	34,70,14,246	03		
(iv) Liability on account of outstanding Forward Exchange Contracts	6,56,78,806	58		
(v) Liability on Bills of Exchange Re-discounted—				
(i) On Inland Bills of Exchange				
(ii) On Foreign Bills of Exchange	£ 10,722-13-10			
Notes :—				
(1) The actual amount of the liability arising from future gratuities payable to staff has not been ascertained but is greater than the amount provided.				
(2) In accordance with the provisions of Section 29 of the Banking Companies Act, 1949, read with the proviso to sub-sections (1) and (2) of Section 211 and sub-section (5) of Section 211 and Section 227 (5) of the Companies Act, 1956, the Balance Sheet and Profit and Loss Account are not required to be and are not drawn up in accordance with the Sixth Schedule of the Companies Act, 1956. The accounts are therefore drawn up in conformity with Forms A and B of the Third Schedule to the Banking Companies Act, 1949.				
Total .. Rs.				3,17,61,15,085 49

PROPERTY AND ASSETS	Rs.	nP	Rs.	nP
1. CASH :—				
In hand and with Reserve Bank and State Bank (including Foreign Currency Notes)				20,83,74,913 49
2. BALANCES WITH OTHER BANKS :—				
On Current Accounts—				
(i) In India			41,23,260	56
(ii) Outside India			1,02,69,590	94
				1,43,92,851 50
3. MONEY AT CALL AND SHORT NOTICE				2,61,67,043 38
4. INVESTMENTS (at Book Value) :—				
(i) Securities of the Central and State Governments and other Trustee Securities			57,06,46,723	30
Face Value Rs. 59,06,70,979 00				
Market Value ,, 57,81,22,481 00				
Treasury Bills of the Central and State Governments			....	
(ii) Shares—	Fully Paid Rs. nP	Partly Paid Rs. nP		
(a) Preference	1,72,21,638 88	3,47,428 00		
(b) Ordinary	2,71,30,038 07	29,04,975 39		
(c) Other Classes	67,798 75	....		
	4,44,20,375 70	32,52,403 39	4,76,72,779	09
Market Value	Rs. 4,81,38,073 00			
(iii) Debentures or Bonds			1,80,15,352	50
Face Value Rs. 1,87,66,550 00				
Market Value ,, 1,80,44,765 00				
(iv) Other Investments—		Rs. nP		
(a) Pakistan Loans		2,40,10,234 76		
(b) Foreign Securities including Treasury Bills		8,85,230 23		
(c) Other Municipal Debentures		4,98,690 00		
			2,53,94,254	99
Face Value Rs. 2,56,04,958 00				
Market Value ,, 2,54,37,220 00				
(v) Gold			....	
				66,17,29,109 88
5. ADVANCES :—				
(Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)				
(I) Loans, Cash Credits, Overdrafts, etc.—		Rs. nP		
(i) In India		1,48,60,95,471 85		
(Includes an amount of Rs. 43,00,000.00 relating to medium term advances in respect of which finance has been obtained from the Refinance Corporation for Industry Ltd. as per contra)				
(ii) Outside India		5,69,36,730 57		
			1,54,30,32,202	42
(II) Bills Discounted and Purchased—				
(i) Payable in India		30,10,84,253 06		
(ii) Payable outside India		3,30,51,887 36		
			33,41,36,140	42
				1,87,71,68,342 84
PARTICULARS OF ADVANCES—				
(i) Debts considered good in respect of which the banking company is fully secured			1,56,58,31,098	35
(ii) Debts considered good for which the banking company holds no other security than the debtors' personal security			12,00,82,832	31
(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors			18,22,54,412	18
(iv) Debts considered doubtful or bad, not provided for			....	
Total .. Rs			1,87,71,68,342	84
(v) Debts due by directors or officers of the banking company or any of them either severally or jointly with any other persons			20,80,064	55
(vi) Debts due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members			12,69,91,715	02
(vii) Maximum total amount of advances, including temporary advances, made at any time during the year to directors or managers or officers of the banking company or any of them either severally or jointly with any other persons			21,95,699	47
(viii) Maximum total amount of advances, including temporary advances, granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members			13,72,77,981	77
(ix) Due from banking companies			81,29,015	23
6. BILLS RECEIVABLE BEING BILLS FOR COLLECTION as per Contra :—				
(i) Payable in India			19,02,64,444	61
(ii) Payable outside India			1,62,02,002	07
				21,55,56,446 68
7. CONSTITUENTS' LIABILITIES FOR ACCEPTANCES, ENDORSEMENTS AND OTHER OBLIGATIONS per Contra				14,77,76,970 28

8. LANDS AND BUILDINGS :—	Bank Premises Rs. nP	Investment in Properties Rs. nP	Non-Banking Assets acquired in satisfaction of claims Rs. nP		
Cost as per last Balance Sheet	91,07,001 80	38,75,392 19	8,91,753 88		
Less—Cost of Properties sold during the year	....	....	1,64,000 00		
	91,07,001 80	38,75,392 19	7,27,753 88		
Add—Cost of Additions made during the year	12,47,581 83	....	483 25		
	1,03,54,583 63	38,75,392 19	7,28,237 13		
Less—Depreciation written off	52,37,284 78	27,02,060 00	2,08,624 98		
	**51,17,298* 85	†11,73,332 19	‡5,19,612 15		68,10,243 19
The above includes properties, with a book value of Rs. 1,70,811.75 which are carried forward pending settlement of the consideration to be received on sale or acquisition.					
9. FURNITURE AND FIXTURES :—					
As per last Balance Sheet				1,49,21,349	26
Add—Additions less Sales made during the year				22,77,780	21
				1,71,99,129	47
Less—Amount written off to date for depreciation				86,23,407	71
					85,75,721 76
10. OTHER ASSETS :—					
Shares of the Central Bank Executor and Trustee Co., Ltd., at Cost				10,00,000	00
Interest accrued on Investments				48,00,298	22
Silver					
Stamps, Stationery, Stock of Home Savings Safes and Safe Deposit Boxes				37,63,144	27
Total .. Rs.					95,63,442 49
					3,17,61,15,085 49

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1963

EXPENDITURE	Rs.	nP	Rs.	nP
1. Interest paid on Deposits, Borrowings, etc.			6,66,52,871	87
2. Salaries and Allowances at Head Office and Local Branches	1,05,24,039	34		
Salaries and Allowances at Upcountry Branches	3,87,70,513	01		
Contributions to Provident Fund	25,10,072	47		
			5,18,04,624	82
3. Directors' Fees and Allowances	88,731	37		
Committee Members' Fees and Allowances	10,700	00		
			99,431	37
4. Rent, Taxes, Insurance, Lighting, etc.			66,43,883	14
5. Law Charges			1,07,261	45
6. Postage, Telegrams and Stamps			17,05,641	35
7. Auditors' Fees (including Branch Audit fees paid to Statutory Auditors)			2,19,100	00
8. Depreciation on Banking Company's Property	1,94,881	61		
Repairs to Banking Company's Property	1,70,505	52		
Other charges on Banking Company's Property	4,04,471	29		
Depreciation on Furniture, etc.	10,03,655	81		
Amount transferred to Development Rebate Reserve	75,000	00		
			18,48,214	14
9. Stationery, Printing and Advertisements, etc.			29,29,037	25
10. Loss from sale of or dealing with non-Banking Assets			4,07,320	46
11. Other Expenditure			1,89,26,426	88
12. Balance being Net Profit subject to Provision for Bonus				
Total .. Rs.			15,13,43,812	73

INCOME (Less Provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Rs.	nP	Rs.	nP
1. Interest and Discount			12,47,72,439	33
2. Commission, Exchange and Brokerage			2,53,51,557	32
3. Rent on Bank's Premises (excluding Rent on Premises used by the Bank)			9,13,650	30
4. *Net Profit on Sale of Investments, Gold and Silver, Land, Premises* and Other Assets (not credited to Reserves or any particular Fund or Account)			....	
5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)			....	
6. Income from Non-Banking Assets, and Profit from Sale of or Dealing with such Assets			2,98,523	82
7. Transfer Fees			7,641	96
Total .. Rs.			15,13,43,812	73

Note :—Particulars of remuneration paid to Managing Director (1-1-63 to 29-10-63) and General Manager (30-10-63 to 31-12-63):

	Salaries	Allowances	Cont. to Prov. Fund	Bonus
*Managing Director	Rs. 71,500	Rs. 4,550	Rs. 5,958	Rs. 15,183
	(68,000)	(4,200)	(5,500)	(16,500)

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the foregoing Balance Sheet of The Central Bank of India, Ltd., as at 31st December 1963, and also the foregoing Profit and Loss Account of the Bank for the year ended on that date in which are incorporated the returns of the 171 branches audited by us 47 branches audited by other auditors and the unaudited returns, from 148 other branches not visited by us, in respect of which the Central Government has made an order granting exemption from audit pursuant to section 228 of the Companies Act, 1956.

We report that :—

(a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory ;

(b) The transactions of the Bank which have come to our notice, have been within the powers of the Bank;

(c) In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of these books and proper returns adequate for the purpose of our audit have been received from the branches of the Bank not visited by us ;

(d) The Bank's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and the returns ;

(e) The reports on the accounts of the branches audited by other auditors have been forwarded to us and the same have been considered in preparing our report ;

(f) In our opinion, and to the best of our information and, according to the explanations given to us, the said accounts read along with the notes appearing thereon give the information required by the Companies Act, 1956, in the manner so required for banking companies, and on such basis the said Balance Sheet gives a true and fair view of the state of the affairs of the Bank as at 31st December, 1963 and the Profit and Loss Account gives a true and fair view of the Profit, for the year ended upon that date.

A. F. FERGUSON & CO., *Chartered Accountants.*
S. B. BILLIMORIA & CO., *Chartered Accountants.*

BOMBAY, 23rd *March*, 1964.

H. P. MODY, *Chairman.*
F. C. COOPER, *General Manager.*
C. H. BHABHA, *Vice-Chairman.*
V. C. PATEL, *Dy. General Manager.*
D. M. KHATAU, CHIMANLAL B. PARIKH, JAMSETJEE JEJEEBHOY, S. KHAMBATA, N. M. WAGLE, MUKARRAM JAH, N. K. KARANJIA, *Directors.*
B. R. PATEL, *Chief Accountant.*

BOARD OF DIRECTORS

A further allotment of Shares of our Company will have to be made to the Shareholders of the Jodhpur Commercial Bank, Ltd., who have not exercised the option to receive cash and have accordingly become entitled to shares of equivalent value of our Company.

As you are aware, an Extra-Ordinary General Meeting of the Shareholders of our Company was held on 16th December, 1963, and their sanction was obtained to a further issue of Share Capital on certain terms and conditions. Pursuant to the Resolutions passed at the said Extra-Ordinary General Meeting, Letters of Offer for the new Shares have been issued to the Shareholders and the Directors trust that the Shareholders will subscribe to the new Shares within the prescribed period.

Mr. Akbar Hydari was invited to join the Board as an additional Director. Under Article 84 of the Articles of Association, and section 260 of the Companies Act, 1956, he holds office only upto the date of this Annual General Meeting, but *is eligible and offers himself for re-appointment.*

Mr. Nariman K. Karanjia resigned his office as Managing Director of the Company on 29th October, 1963. The Board have placed on record their deep appreciation of the ability, devotion and industry with which he served the Bank for as long a period as 45 years, and particularly during the time he worked as General Manager and later as Managing Director of the Company. He has left behind him a record of outstanding achievement and progress and it is a matter of satisfaction that his advice and guidance will still be available as a Director of the Bank.

On the retirement of Mr. N. K. Karanjia as Managing Director of the Company, the Board appointed Mr. F. C. Cooper, who was working as Deputy Manager for a long time, as General Manager of the Company.

During the year, one of your Directors, Mr. Nani Ardeshir Palkhivala, resigned his seat on the Board on 27th November, 1963, on his joining the Central Board of the Reserve Bank of India. The Board place on record their appreciation of the valuable services rendered by Mr. Palkhivala during the time he was associated with the Company.

Four of your Directors, Mr. Jaykrishna Harivallabhdas, Mr. Nityanand Mangesh Wagle, Nawab Prince Mukarram Jah Bahadur and Mr. N. K. Karanjia, retire under Article 92 of the Articles of Association read with Section 256 of the Companies Act, 1956, and are eligible and offer themselves for re-appointment.

Shareholders are requested to appoint Auditors for the ensuing year and to fix their remuneration.

The attention of the Shareholders is again drawn to the Directors' Report of the previous year regarding the dissolution of the Bank's Subsidiary, the Depositors' Benefit Insurance Co., Ltd. The necessary Certificate from the Ministry of Finance, Government of India, allowing the dissolution of the Subsidiary Company has not yet been received.

H. P. MODY, *Chairman.*

BOMBAY, 23rd *March*, 1964.

Statement Pursuant to Section 212 of the Companies Act, 1956

(a) The Bank's interest in its Subsidiary, The Central Bank Executor & Trustee Company, Limited, as at 31st December, 1963, comprised 2,000 shares of the face value of Rs. 1,000 on each of which Rs. 500 per share has been paid-up.

(b) The undistributed balance of profit of the Subsidiary Company as at 31st December, 1963, after a transfer of Rs. 30,000 to General Reserve, amounted to Rs. 533.88 which has been carried forward in the accounts of the Subsidiary.

(c) The net aggregate amount of Rs. 11,76,822.50 received as dividends from the Subsidiary Company for its previous financial years, since its inception as a Subsidiary Company, have been dealt with in the Profit and Loss Account of the Bank in the relevant years.

H. P. MODY, *Chairman.* C. H. BHABHA, *Vice-Chairman.*
D. M. KHATAU, CHIMANLAL B. PARIKH, JAMSETJEE JEJEEBHOY, } *Directors.* S. KHAMBATA, N. M. WAGLE, MUKARRAM JAH, N. K. KARANJIA.

BOMBAY, 23rd *March*, 1964.

F. C. COOPER, *General Manager.*

BUSINESS NEWS FROM EUROPE

PHOTOGRAPHIC INDUSTRY: MERGERS TO MEET COMPETITION

ITALY—E.F.T.A.—ISRAEL—LABOUR

By Our Special Correspondent

FIERCER competition in the European photographic goods markets, aggravated by increased penetration of Japanese products, is causing a wave of company mergers and technical tie-ups. One of the chief factors behind the mergers seems to be the need of the big photographic companies to have the closest possible working relationships with chemical manufacturers. This need is considered largely to account for the effective merger of Agfa of West Germany (a subsidiary of the giant Bayer Chemical concern) and Gevaert of Belgium. These two companies—whose get-together through a twin parent and operating company arrangement is to be effective from mid-summer—will have around 12 per cent of the total Western world photo market, as compared with the American-controlled international Kodak group's 40 to 50 per cent. On the face of it, Europe seems set for a period of even fiercer competition in the photographic markets, particularly as the largest British concern, Ilford (with the backing of the huge I.C.I. chemical group) is now launching a major sales drive there.

Through a tie-up with the Swiss chemical company, CIBA, Ilford will build a factory at Lyons in France and be in a better position to develop widespread European sales outlets. This is also the aim of Japanese camera companies now taking a close look at the European market with a view to setting up subsidiaries there. The Japanese interest—from Olympus Optical, Minolta Camera and Mamiya Optical—may herald a big move by photographic companies into Europe where the market is considered all set for a period of further steady sales growth.

Japanese companies are not alone in seeking a slice of the European market: at least one big American concern is shopping round for a major European tie-up. Recent strong rumours have suggested that Minnesota Mining and Manufacturing (3-M), the giant United States company with widespread interests in photocopying machines and other office aids, is seeking an agreement with Ferrania, the Italian photographic concern. Ferrania is now virtually the only European photographic major not having a close alliance with a chemical group. Any move by other European companies to buy the Italian firm, however, might provoke a closer alliance of Ferrania with one of Italy's large chemical concerns. There now appears to be little chance, however, of a 3-M bid for the moment. As a result 3-M is faced with either expensive development of a European photo subsidiary or an agreement with another European photographic concern, unlikely since only Ferrania is now unattached.

Now that most of the European photographic market is in the hands of a small number of large companies, many analysts think that the way is open for a prolonged bout of fierce competition. Kodak, for instance, is unlikely to ignore the bid of Agfa-Gevaert for a bigger share of the market. What form the competition will take is difficult to foresee, but a certain amount of price-cutting seems inevitable, particularly in the fastest-growing sectors, such as colour film.

Due to their widespread interests, Agfa-Gevaert, British and German Kodak, Ferrania and Ilford export a high percentage of their output, mostly to Europe itself, since photo markets in other parts of the world are only at an early stage of development. Ilford, for example, exports more than half of its total output and expects the proportion to increase. For all these companies export opportunities outside Europe appear bright, notably in Africa where camera use is likely to increase rapidly during the next five years. In Asia, the going for European companies is becoming increasingly tough, because of Japanese competition in the photo-materials and equipment market. In the camera market, European and North American companies are now considered unable to compete with Japanese products either in price or, in an increasing number of cases, in technical refinement.

A further factor behind the merger drive is likely to be that of complementary production. While major firms like Kodak and Ilford are already, broadly speaking, integrated, with a large output of both filmstock and equipment, some European concerns have tended to be specifically angled towards either film or camera output. In the new Agfa-Gevaert link-up, for instance, Agfa, though linked to Bayer, has on the whole been known for its camera side, while Gevaert features largely as a producer of stock.

E.E.C.: Too Little Financial Co-operation?

Italy's current balance of payments crisis highlights what many outsiders regard as a singular lack of financial co-operation between Common Market countries. Even now, when Italy is in real need of financial help, Common Market countries are estimated to be contributing only about one-third of the 1,000-million-dollar international credits designed to halt the runaway Italian inflation. Almost half the money is being provided by the United States through the Export-Import Bank and the Agricultural Credit Corporation.

Many European economists are puzzled about why West Germany and France—respectively with the world's second and third largest gold and dollar reserves—did not take earlier action to help Italy. The arguments in favour of some form of concerted European action are based on three main factors:

1. Both France and West Germany have benefited greatly from the surge in Italian imports which has itself brought on the balance of payments crisis.

2. Similarly, these two countries, and in fact other Common Market members as well, have gained large amounts of Italian capital that have fled the country in recent months.

3. Raising money to help Italy would have been a useful means of building a stronger Common Market capital market structure.

The last opportunity seems to have been lost. The moment of real crisis for Italy may be receding. In a recent speech Dr. Guido Carli, Governor of the Bank of Italy, said that none of the international credits had been drawn so far and a new inflow of foreign exchange had already taken place. Reserves still stand at 2,750 million dollars, excluding the international credits.

But the Common Market's failure to help Italy over her troubles is by no means the only indication of a go-it-alone attitude among the Six on financial matters, as illustrated by Euro-dollar issues arranged on the London market in recent months by Belgium and Italy. These operations might conceivably have been handled by Common Market capital markets or even at official level by Governments. The difficulties in E.E.C. capital markets are considered partly to be an indictment of the European Investment Bank which was set up by the Common Market to promote mutual aid in the financial field. Though the Bank has made a certain amount of capital available for supporting new development in backward areas, it is evident that its funds are much too small to deal with any sizable crisis such as Italy has experienced.

Yet another somewhat puzzling aspect of the credits given to Italy is the absence of participation by the International Monetary Fund. Normally, the I.M.F. would be the source of two-to-five-year credits, in order to meet situations which the Italians now find themselves in. Italy has in any case automatic access at the I.M.F. to 225 million dollars which comprise its existing net creditor position *plus* a gold tranche. This ignoring of Fund credits is thought in some quarters to show that the I.M.F. funds, already under strain due to drawing of United States dollars and pressure on Japanese yen and Dutch guilders, may not have sufficient finance available to help Italy.

At their current monthly meeting, the Common Market Finance Ministers may make moves to strengthen E.E.C. co-operation in the financial field. At the meeting, M. Rene Marjolin, E.E.C. Commission Vice-President, is likely to propose a whole range of measures to deal with the current inflationary problem. M. Marjolin is generally expected to seek greater power for the Commission in co-ordinating economic and financial policies. But he may meet opposition from Italy to proposals to deal with inflation in other E.E.C. countries, which might bring even more troubles to Italy. The Italian agrument could well be that priority should for the moment be given to the most seriously pressed country, namely, Italy itself.

Heart-searching in E.F.T.A.

The European Free Trade Association, well ahead in its internal tariff-cutting programme and a success in other ways, is nonetheless the object of a good deal of heart-searching ahead of this year's Kennedy Round.

The questions at issue in the seven E.F.T.A. capitals concern the Association's very existence. They turn on these factors:

(1) E.F.T.A., which has deliberately eschewed an external common tariff—so as to leave an opening to the Common Market for its members—now faces the possible imposition of large Kennedy Round tariff cuts on top of its own recently accelerated programme of dismantling.

(2) Britain which, statistically, at least, bears about half the burden of E.F.T.A. development, is preoccupied with both domestic economics and politics and with her future world role—factors which may knock the cornerstone out of the Association.

(3) A major hazard for the Association remains: all eyes are still on Brussels and there is a feeling, now reviving in Austria, Switzerland and some Danish circles, that E.F.T.A. is a poor substitute for the Common Market. This feeling would obviously be heightened by a new British application to join E.E.C.

Against this background, there is a growing feeling within the Association that it should aim for wider markets and like the "Six" extend its field of action to common economic and social policies. For the future, new fields are already being investigated. An E.F.T.A. Economc Development Committee has been set up to aid development generally, though Britain as the major partner—having over half the population and almost half the total trade—is again likely to have to shoulder the larger part of the burden of this committee.

In the continental member-countries it is increasingly felt that E.F.T.A.'s future would be made easier by certain knowledge that Britain was putting her whole soul into it. In the present state of party politics in Britain, this is probably too much to ask this year. The feeling that Britain is interested in E.F.T.A. only until she can make another application to join the Six will not be dispelled—or confirmed—until after the general election.

The European Free Trade Association is now two years ahead of schedule in its task of reducing tariffs. Industrial tariffs among members will now be abolished by the end of 1966. Tariff levels were reduced at the end of last December to 40 per cent of the November 1959 level and by the end of this year they will be reduced a further 10 per cent to 30 per cent. In addition, progress has also been made in the non-industrial field through special trade agreements. In particular, Denmark has made a number of them, especially with Britain, to cover her agricultural produce. At the time of the founding of E.F.T.A., agricultural products were not included in the provisions to cut tariffs.

As tariffs have been progressively cut, trade among E.F.T.A. members has increased. In 1960, trade among the seven members (Finland only became associated the next year) grew by 15 per cent. For the next two years, it tended to level off, but, by the first half of 1963, it had resumed its upward trend again and put on another 7.5 per cent. On top of this, the percentage of E.F.T.A. countries' exports going to member-countries has been steadily rising. From 17.9 per cent in 1959, it went up to 19.9 per cent in 1962 and 21 per cent last year.

British exports have contributed greatly to this trend. The value of exports of manufactures to E.F.T.A. was 39 per cent greater in 1962 than in 1959 and imports were up by 43 per cent. Engineering products accounted for nearly half the value of these exports. British exports to E.F.T.A. have, in fact, been growing (with the exception of those to Denmark) faster than to the rest of the world as a whole.

Israel and the Six

The Common Market, which has lately favoured special trade agreements rather than associateship for outside countries, has decided to offer such an agreement to Israel. Negotiations with Israel, which had earlier debated Common Market associateship, began late in 1962 but broke down last June over terms which the Israelis considered derisory. Since then, the special trade pact procedure has gained a precedent in an agreement between the Six and Iran; and now Lebanon is to be offered most-favoured-nation arrangements. But the establishment of the procedure is thought unlikely to preclude further hard bargaining between the Europeans and Israel.

Last year, the Six put forward highly limited proposals for tariff and quota concessions on imports of Israeli grapefruit, certain fertilisers and bathing suits. This was turned down by the Israelis, who wanted comprehensive market access for farm products—notably their leading export, citrus; concessions on other items made only in Israel; and duty-free entry for goods processed in Israel from materials of Common Market origin. Although even M. Jean Rey, European Foreign Relations Commissioner, admitted that what had so far been offered to Israel was "not particularly far-reaching," the Six remain in a politically difficult position because of Israeli competition with products from Italy and from Common Market associates in North Africa.

The Common Market Council of Ministers has now agreed to widen the offer to Israel, although the basically selective nature of the tariff concessions does not seem to have been altered. The Six will now add to the original list eggs—intermittently important to Israel exports—tyres, a wider range of clothing and certain metal goods, all of which will receive a 20 per cent preference for three years. Israel is expected to bargain over the tariff list clause by clause—and seems in a stronger position than a year ago to do so, because of expanding exports outside Europe.

East Europe's Common Market

The administrators of COMECON—Eastern Europe's common market, now planning another stage of integration—appear to be reaching a compromise with those countries which have lately disputed their role in it. The dispute turned on specialisation which, as originally planned seven or eight years ago, would have meant that Rumania, Bulgaria and Hungary would have been the Soviet bloc's main agricultural suppliers, Russia, East Germany and Czechoslovakia the industrial sources, particularly of capital goods, and Poland, a mixed economy of agriculture, consumer industries and mining. A particular difficulty, however, was that the smaller southern countries, notably Rumania, objected to being cast in a permanent agricultural role. Rumania in particular has lately, like Italy after the war, been rapidly developing industry from a very small beginning.

What is now being discussed in COMECON is, basically, the original plan, but, judging by reports of the talks, Rumania and Bulgaria will now in fact get some "official" COMECON industry. This would largely be consumer industry transferred from Czechoslovakia and East Germany, which between them are likely to need between 50,000 and 60,000 extra workers for big steel projects in the next year or so. Apart from Russia itself, these two countries are to form the bloc's main, heavy engineering base. Most of Czechoslovakia's mass-production footwear industry—based on the old pre-Communist Bata complex—will go to Poland, where it will provide needed employment in some areas. Poland, on the other hand, will leave the making of cars to Czechoslovakia, Russia and East Germany, and it is likely that the marginal amount of vehicle building and assembly in other European communist countries will also cease.

The Unemployed Millions

At least 10 million people in the world, who can normally expect a regular wage, will be out of work for significant periods this year through no fault of their own—despite a distinct tendency, at least in the industrialised West, for unemployment to decline. Even this figure, the only reasonably documented estimate, almost certainly grossly understates the problem of the jobless. It is based on conditions in only 35 of the more important nations and, in a country such as India, which on this basis admits to unemployment of only 2.66 million of its 440 million population, the situation in the vast, shifting community of subsistence and other non-monetary labour is left out of account. Less secure estimates put total world unemployed—among those normally capable of producing and supporting themselves—at nearer 30 million; 50 or even 100 million has also been hazarded by some economists.

Of the figure of 10 million unemployed, over half are in the 13 most important Western countries—5.3 million; and of this figure just over five million are unemployed in the United States, Britain, Canada and Italy. The key feature here is the concentration of unemployment in three of the world's most industrialised countries. Italy can be set aside, since she has been exceptionally successful in bringing her level of unemployment down over the last ten years. In 1956, it was 1.84 million; by last November it had fallen to just over 400,000. The last time it was over a million was in 1959. That the other three have been unable to cure a level of unemployment ranging from Britain's two per cent to America's 5.5 per cent could have serious consequences for all other countries trying to industrialise. Some economists say this implies that once a certain level of industrialisation had been reached—and this is the trend in the world—basic labour absorption tends to slow almost to a standstill and, with automation, more unemployment can be expected. The one experience that stands out against this trend is the way West Germany has managed to overcome the problem. Broadly, as industrialised as Britain and the United States, it has still managed to absorb millions of immigrants from East Germany and keep unemployment down to 0.5 per cent.

Position in Communist Countries

From the figure of world unemployment is, of course, excluded the entire Communist bloc. China is thought to have countless millions effectively unemployed; there must also be some (though probably a lot less) unemployment in Russia, Czechoslovakia and the others, if only to maintain the mobility of labour. But Communist economics refuses to accept the premise of unemployment and, consequently, says that it does not exist there. The true position of the level of employment in a communist society may be mirrored by Yugoslavia, an economy similar in many respects to those behind the Iron Curtain. And yet Yugoslavia currently admits to having one of the highest levels of unemployment in Europe—7 per cent average in the first eight months of last year (though declining to 4.8 per cent in August).

Apart from Britain, most other European countries have a marked shortage of labour. The latest figures available show that France has 0.3 per cent of her working force unemployed, Germany 0.5, Norway 0.7 and Sweden 0.8. Even Belgium, where a "freedom-of-the-labour-market" policy might be expected to have produced a relatively high rate of unemployment, has managed to contain it to 1.6 per cent. Switzerland has managed to achieve as near full employment as is compatible with an advanced country: last November, only 263 people were registered as being unemployed.

In the more advanced countries the most urgent coming problem concerns labour substitution. Automation, technical advances and the concentration of the working population increasingly on a small number of large urban conurbations are providing their own problems. Apart from the question of resettling men displaced by machines, whole areas are being left in an industrial vacuum. At the same time, the rise of technology is seriously affecting industrial craftsmanship. It is creating a surplus of unskilled and semi-skilled men; it is bypassing the need for craftsmanship, so that, in future, there are likely to be fewer craftsmen and more semi-skilled men—who will in turn later find their jobs affected by growing technology.

How Many Days Off?

World discussion of a fixed Easter and a British experiment in setting the August Monday holiday at a more propitious time—four weeks later than usual—look like raising important issues in Europe about statutory days off for industrial and commercial workers. Behind the discussion are such major developments as the economic integration of Europe, growing road congestion because of booming car ownership and the disturbance of industry and commerce by massive national shut-downs.

The lowering of frontiers to trade and investment is expected to mean that European

(*Continued on page 620*)

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CHANGES IN RUSSIAN OIL EXPORTS

PRESENT RESPITE MAY ONLY BE TEMPORARY

THE Russians are clearly finding it difficult to pursue an energetic oil export drive in the Western world, and at the same time meet all their own requirements and those of countries in Eastern Europe. *Soyuznefteexport*—the Soviet Union's oil export agency—has lately been less aggressive in its selling tactics than in the past, and it is now confirmed that, last year, as in 1962, oil shipments from the Soviet bloc to the free world as a whole again rose at the comparatively modest rate of nine per cent. They thus reached around 32 million metric tons.

As is shown in the accompanying table, Soviet bloc exports to the free world have nearly trebled since 1958, but, whereas the annual increases in 1958-61 averaged five million tons, they have since gone down to about half that figure, and the decline is even more marked if expressed in terms of annual percentage increases. Also, in the past two years, the expansion of the Soviet bloc's deliveries has only just kept pace with the expansion of the free world's oil supply outside North America, while the share of these exports in Communist countries' own production remained virtually stable at around 14-15 per cent. slightly over half of last year's oil exports from the Soviet bloc consisted of products—mainly black oils—but crude oils accounted for most of the year's increase. About nine-tenths of the exports are from the U.S.S.R. itself, and most of the remainder from Rumania.

Western Europe

The main purpose of these oil shipments, from the point of view of the Soviet bloc, is to pay—directly or indirectly—for imports of industrial products, and Western Europe is, logically, the main target of this trade. Indeed, last year's over-all increase in Soviet bloc shipments was exclusively absorbed by West European countries. In all, they took some 12 million tons of crude from Russia, and some 13 million tons of products from Russia, Rumania, and other East European countries. These Russian deliveries accounted for nearly five per cent of Western Europe's crude oil imports, and for over a quarter of the supplementary imports of products from outside the area.

Italy, followed by Western Germany, has been for several years the largest importer of Soviet bloc oil, and the recent Russo-Italian trade agreement foreshadows further gradual increases over the next few years. Soviet bloc oil accounted last year for 16 per cent of all Italian imports, while the proportion in Western Germany was about eight per cent; the E.E.C. Commission considers 10 per cent to be the maximum consistent with the maintenance of national security. Two smaller countries—Finland and Iceland—depend on Communist sources for the great bulk of their supplies; Sweden depends on such sources for nearly one-fifth of her imports, and Greece for nearly 30 per cent. Austria and Yugoslavia are mainly supplied from their indigenous oilfields, but their supplementary imports come largely from the Soviet bloc, though Austria will change to Western sources after the completion of the projected pipeline from the Adriatic Sea.

The share of Soviet bloc oil in the supply of the other West European countries is relatively small, but there are only two countries in the area—the Netherlands and Ireland—where there have lately been no, or virtually no, imports from the bloc. In contrast, Soviet bloc deliveries to France and to Denmark increased sharply during 1963, and the Governments of both countries seem to favour some further increase. In Belgium, an independent group has recently come out with a project for a new 2,000,000-ton refinery, half of whose crude oil is to be purchased from the U.S.S.R.

Japan

Outside Europe, Japan is now the free world's largest importer of Soviet bloc oil, though deliveries in 1963 fell below the level of 3,000,000 tons established in 1961, and maintained in 1962. The current trade agreement foresaw deliveries of 3,500,000 tons for last year, to be followed by rather higher deliveries this year, but Russian price offers have apparently not been sufficiently tempting for Japanese importers to take up the envisaged quantities.

Soviet bloc deliveries of crude and products to developing countries (excluding Cuba) showed last year a modest increase to 3,560,000 tons, but they remained somewhat below the peak of 1958-59. The two main purchasers five years ago have since reached a high degree of self-sufficiency; one of them—Argentina—ceased buying Russian oil as long ago as 1960, while the other—Egypt—has gradually reduced its purchases. Deliveries to Egypt in 1963 were some 500,000 tons lower than previously anticipated.

The gap left by these two countries has been largely filled by higher deliveries to Brazil, India and Ceylon. The current trade agreement of the U.S.S.R. with Brazil foresees further substantial increases in oil deliveries—to 1.5 million tons this year, and between two and three million in 1965. The future course of the Russo-Indian oil trade, however, is now in doubt as *Soyuznefteexport* apparently insists on substantial price increases in any future supply contracts. In Ceylon, the internal requirements of about 600,000 tons a year are now to be primarily supplied from Communist sources, though officials of the State-owned Petroleum Corporation have recently blamed the U.S.S.R. and Rumania for not fulfilling their contractual obligations on time, and thus causing serious local supply difficulties. A somewhat unusual agreement has recently been concluded with the Syrian State Oil Agency, under which *Soyuznefteexport* will supply 280,000 tons of diesel fuel, partly in exchange for 70,000 tons of gasoline.

Prospects

What are the prospects for the future? The Russians will no doubt increase their own output of petroleum products year by year, but the advances in 1964 and 1965 are likely to be rather slower than in the past. At the same time, there is now a growing pressure of demand inside the bloc, in connection with the partial completion of the COMECON pipeline, the build-up of petro-chemical plants, and the general efforts to raise standards of living. But—while it may become increasingly difficult for the Russians to spare rising quantities of crude and products for the export trade—oil certainly continues to be a highly convenient lever in their international trading and, with the Soviet bloc's growing import requirements, the export trade with the Western world must continue to have a high priority even when the allocation of scarce resources is involved. Significantly, the Russians are now reported to have warned the other COMECON countries that they may be unable to honour in full their undertakings for crude oil deliveries through the new pipeline, in view of the need to maintain a substantial export trade with the free world.

It is always difficult to interpret the intentions of the Russian authorities, but it would seem, on balance, that this year, and perhaps in 1965, the oil deliveries from the Soviet bloc will expand at a similar rate as in 1962 and 1963, with the share of Russian oil in the supply of the free world remaining, once again, more or less unchanged. It is possible, however, that, after 1965, with a further growth in their own crude oil production, the Russians will aim at a more rapid expansion of their trade, and that they may then resume the aggressive trading tactics which until recently had such an unsettling effect on international oil markets. The present respite from this aggressiveness is welcome, but it would be wrong to regard it as permanent.

Meanwhile, the unexpected slow-down in the delivery schedules to the COMECON countries seems to have caused disappointment in some of the capitals of Eastern Europe, where the promised Russian oil deliveries have been an integral part of recent economic planning. It has often been pointed out in these columns that arrangements for oil imports from the U.S.S.R., for all their superficial attractions, always contain an element of risk, because they can be easily curtailed for reasons of political and economic expediency. The stoppage of all Russian oil deliveries to Israel during the Suez crisis is one example of this dangerous trading habit, but the recent experience of China shows that the risks are just as real for Communist as for non-Communist trading partners of the U.S.S.R. It now looks as though the same lesson, in a less drastic form, is also being demonstrated in Communist Eastern Europe.—*By arrangement with Petroleum Press Service.*

ESTIMATED SOVIET BLOC EXPORTS TO REST OF WORLD

(Thousand metric tons)

	1958	1959	1960	1961	1962	1963	% change 1962/63
Italy	1,180	3,150	4,840	6,425	7,165	8,000	+ 11.6
West Germany	1,100	2,160	2,900	3,895	4,300	4,600	+ 7.0
Finland	1,360	2,070	2,300	2,300	3,000	3,200	+ 6.6
Sweden	930	1,510	2,030	2,590	2,860	2,975	+ 4.0
France	1,020	1,190	1,160	935	1,120	1,660	+ 39.3
Austria	380	900	1,100	1,035	1,155	1,455	+ 26.0
Greece	430	490	1,040	1,135	835	800	— 4.2
Yugoslavia	470	510	520	155	460	550	+ 19.6
Denmark	50	110	160	260	235	390	+ 65.7
Belgium	90	390	290	300	430	370	— 13.7
Iceland	330	370	340	330	310	300	— 3.3
Norway	200	410	350	270	215	300	+ 39.5
U.K.	40	110	240	160	185	230	+ 24.3
Switzerland	30	80	70	80	140	165	+ 17.8
Spain	—	—	—	—	45	85	+ 88.8
Portugal	50	20	50	—	40	80	+100.0
Turkey	—	—	10	50	40	30	— 25.0
Netherlands	100	70	50	20	50	neg.	—
Total Europe	7,760	13,540	17,450	19,940	22,585	25,190	+ 11.6
Japan	10	130	1,400	3,040	2,980	2,850	— 4.5
Egypt	2,290	2,180	1,520	2,195	1,610	980	— 45.6
Brazil	—	60	160	500	275	810	+294.0
India	—	30	20	175	450	735	+ 63.4
Ceylon	—	—	—	—	180	280	+ 55.6
Morocco	30	60	40	120	195	205	+ 5.1
Syria	270	490	270	190	230	145	— 37.0
Guinea/Mali	—	—	30	90	135	85	— 37.0
Afghanistan	40	50	50	70	95	70	— 26.3
Tunisia	20	10	10	45	55	50	— 9.1
Burma	—	—	—	20	55	35	— 37.4
Yemen	—	—	—	—	15	25	+ 66.7
Uruguay	220	500	70	25	—	—	—
Argentina	1,040	500	10	—	—	—	—
Other and unspecified	40	95	150	155	135	140	+ 3.7
Total other free world	3,960	4,105	3,730	6,625	6,410	6,410	—
Total free world	11,720	17,645	21,180	26,565	28,995	31,600	+ 9.0
Percentage increases over preceding year	*48.0*	*50.5*	*20.0*	*25.5*	*9.1*	*9.0*	
Cuba	—	—	2,160	4,030	4,300	3,900	— 9.3

THE BANK OF MAHARASHTRA LIMITED

COMMISSION TO SPELL OUT BANKING POLICY WANTED

CHAIRMAN, MR. V. P. VARDE'S SUGGESTION AT ANNUAL GENERAL MEETING

A SUGGESTION that a commission consisting of eminent economists and bankers should be appointed to decide the policy and pattern of banking most suited to the country was made by Mr. V. P. Varde, Chairman of the Bank of Maharashtra, in his speech at the Annual General Meeting of the Bank held at Poona on the 2nd inst. Mr. Varde made this suggestion while commenting on the absence of what he called a "well-defined policy and pattern of banking in India." While on the one hand Mr. Varde commented, small banks were given to understand that they had an important role to play in the economy, they were being discouraged, on the other. A commission was, therefore, needed to define the role of small banks. The following are some extracts from Mr. Varde's speech:

GENTLEMEN,

Banking in 1963 maintained its progress as before and the total deposits with scheduled banks have grown to the extent of Rs. 2,250 crores against Rs. 2,000 crores in 1962. This is about 12½ per cent as against 12 per cent for the last year. Demand for bank credit was also on the high side and the advances of the scheduled banks went upto Rs. 1,700 crores by the end of the year.

Unhealthy Competition

Like last year, the increase in deposits was mainly due to the increased supply of currency which is at present around Rs. 2,480 crores. This was inevitable because of last year's programme for defence and development. But the increase would have been still more if all the budgetary resources that were sanctioned could have been spent by the Government. Nevertheless, it is becoming increasingly clear that the demands for funds are growing faster than the rise in the aggregate resources of the money market. The pace of industrial growth in India, in spite of various difficulties encountered by entrepreneurs, is so fast, that banks are unable to supply even reasonable bank credit for productive purposes. Because of the rigid tax structure with its bias for social justice, the uncertainty regarding restrictions that may be placed by the Government on acquisition and accumulation of wealth and the mounting cost of living, deposits are not increasing as fast as they should have been. Some banks are, therefore, becoming more and more aggressive to attract deposits by unhealthy competition and offering unremunerative services. In the wake of rising costs, this type of competition will not, I am afraid, lead to healthy results as far as the Indian banking system as an industry is concerned, though it may help a few banks at the cost of others. Any step, such as an increase in deposit rates or any free-of-cost facility will have, therefore, to be judged by all the banks jointly from the point of its impact on Indian banking, especially in view of the cry for "Nationalisation of Banks." This implies that the banking units, whatever might be their individual size and strength, must not only think collectively but also act jointly and lend support to each other.

Nationalisation of Banks

I am sure you would expect me to say a few words on the "Nationalisation of Banks." This Bank was started with some social objectives and not merely as a banking company for the economic, industrial, and social development of Maharashtra which was and is still economically and industrially backward. It was not started by industrialists for the benefit of their industries. The ownership and control was not and is not even today vested in a few hands. If the objectives for which the Bank was established can be better served by nationalisation, I for one and my Board will not only not object to it, but, on the other hand, welcome it. But my experience and the experience of small and promising young men who desire to enter the industrial and business field is that centralised, State-owned or State-sponsored, monopoly institutions do not serve their purpose and the red-tape and long-drawn procedures defeat the very objective for which the Government starts new corporations. I am, therefore, firmly against the nationalisation of banks.

I am not convinced by the arguments advanced for the nationalisation. The main ones are: there has been concentration of economic power in a few hands; the managements are utilising the funds at their disposal for granting loans to their concerns for big industries; small-scale and medium-sized industries are not getting the attention and advantage of banks; the banks do not help the social objectives of the Five-year Plans of the country; and the banks are not lending for agricultural production.

As regards the concentration of economic power, it would not be correct to charge the banks for it since the voting power of a person in a banking company was restricted to maximum 5 per cent of the total voting strength until recent times and now it has been further reduced to 1 per cent. The real danger, if banks are nationalised, will be of the economic and political power being concentrated in the hands of the ruling political party to the disadvantage of the common man for whose interest the clamour for nationalisation of banks is apparently made.

Financing Agriculture

The country requires both big industries as well as small, and even if the banks are nationalised the big industries will require to be financed in a big way. If big banks neglect the small man the way is to take steps to satisfy his needs by creating organisations to suit his requirements. If the grievance is that the banks are utilising the funds not for legitimate production or for the objects of the Plan, then the Reserve Bank, as a central banking authority, has ample powers to pull them up. It is hard to believe that the central banking authority cannot take action. In fact the Reserve Bank, in its various reports, has stated that the Indian banks, by and large, have worked on very sound lines. For a few erring banks, the remedy, suggested is worse than the disease. Regarding financing of agricultural production, the commercial banks in the first instance have not adequate funds to meet the demands of commercial and industrial sector and, secondly, it is not possible for them to grant crop loans as our agriculturists are scattered in villages. On that account, after a careful study by the Agricultural Credit Survey Committee appointed by the Reserve Bank, a well integrated scheme has been evolved on the co-operative basis for crop loans. I do not think commercial banks should encroach and hamper the growth of the co-operative movement, which is in the best interest of peasants. In fact, a similar integrated structure requires to be planned and built up for commercial and industrial sector in the country for rapid economic and industrial development. What is required is cool thinking and a sound economic decision and not a political one.

Small Banks Need to be Encouraged

I have expressed more than once that neither the Planning Commission, the Government or the Reserve Bank has placed before the country a well-defined policy and pattern of banking in India. While statements are made at high levels that small banks have an important role to play, no concrete step has been taken to implement these suggestions. On the other hand, small banks are not given any significance or advice for their development on sound lines; instead, they are discouraged. If large and small-scale industries must grow side by side, I am of the opinion that there should be small banks also working side by side with big banks and the latter, not in competition with the smaller, which should work as the feeder or subsidiary banks in an integrated structure for the benefit of the country. Therefore, a co-related structure has got to be evolved. The current philosophy seems to be "every one for himself and devil take the hindmost."

My suggestion therefore is that this subject should be fully and carefully studied by a Commission consisting of eminent economists and experienced persons of international repute in banking and industry. It should decide the banking policy and the pattern which is best suited for this country. After this study, if the Government comes to the conclusion that nationalisation is the only way, no one will have any objection. In that case, I shall, however, suggest that, instead of having one centralised bank for the whole country with its numerous branches all over, the banking pattern should be State-wise. Every State should have its own bank with the State Bank of India, functioning as its apex only, with no branches except at State capitals, to help and guide the respective State banks. If that is done Maharashtra can expect to get a proper deal in economic expansion; otherwise, new-comers in the industrial field in Maharashtra will have every reason to fear that their interests will be adversely affected if a centralised unit is established on an all-India basis.

All-round Progress

Coming to our own affairs, I am sure, you have carefully gone through the balance-sheet and the profit and loss account. The Bank has been able to maintain its all-round progress as usual. The Board decided to issue in July last fresh shares of the face value of Rs. 50 lakhs. This was the largest single issue of capital made by the Bank since its inception and it was offered to the present shareholders. I am happy to say that the issue was oversubscribed. To facilitate the members to take up the shares to which they were entitled, the amount was made payable in small instalments.

As per our declared policy of strengthening our reserves as much as possible, we have added this year more than 40 per cent of the net profits, i.e. Rs. 4 lakhs to the general reserve. Our total reserves, exclusive of the newly created dividend reserve, will stand at Rs. 30.90 lakhs. Our own funds now are Rs. 91.20 lakhs as against Rs. 76.55 lakhs last year. Deposits which were around Rs. 19 crores two years ago, are now in the vicinity of Rs. 30 crores as against Rs. 24.71 crores in 1962. The rise in our deposits during the year was 20 per cent as against 12½ per cent in the deposits of all scheduled banks. I am grateful to the shareholders and the general public for their confidence in this institution.

You will have also noticed on the liabilities side that we have started utilising the services of the Refinance Corporation for Industry Ltd. With the resources thus augmented, we shall be in a position to give more and more help for medium-term loans needed by industries newly established or planning expansion. You are already aware that our bank is helping the small and medium-scale industries for their genuine needs for working capital or medium-term finance for many years. We are appointed by the Maharashtra State Government to loan to small-scale industries even upto a period of ten years and I am pleased to announce that recently the limit for such loans under State-Aid to Industries Rules has been raised by the Government from Rs. 10,000 to Rs. one lakh.

Looking to the other side of the balance-sheet, you will note that we have maintained high liquidity as usual. Our investments in Central and State loans stand at Rs. 11.81 crores, as against Rs. 8.24 crores last year, showing an increase of 43 per cent. We have also subscribed to the debentures of Municipalities, Electricity Boards, and shares of Financial Corporations, thus taking our due share of responsibilities in assisting the citizens and the common man (private sector) through the organised activities of the public sector. The ratio of our investments to deposits is 45.10 per cent and out of this again the ratio of Government and Trustee securities, as mentioned above, to total investments is 94.40 per cent.

Underwriting

We have also started underwriting, directly and indirectly to a limited extent, shares of various industrial concerns, more particularly the enterprises in the underdeveloped parts of Maharashtra. Our total investment in industrial concerns by way of shares and debentures is 5.6 per cent of our total investments. This is a field of activity which is very vital to the economic growth but at the same time no bank can afford to have an unbalanced investment portfolio. Your Bank has pursued the middle course and is confident that this branch of its activity will broaden as its resources continue to broaden.

In the matter of advances, we have been continuously giving priority to the small and

(*Continued on page 629*)

NIZAM SUGAR FACTORY LIMITED

CHAIRMAN, MR. V. K. RAO, REVIEWS INDUSTRY'S PROBLEMS

INCENTIVE FOR MORE PRODUCTION EXPLOITED FULLY

IN the course of his speech at the Twenty-sixth Annual General Meeting of the Nizam Sugar Factory Ltd., held at Hyderabad on 30th March 1964, Mr. V. K. Rao, Chairman of the Company, reviewed the problems of sugar industry in the country. Stating that the problems had continued to multiply, he explained how, within eighteen months, the Government's policy had changed from restriction in production to inducement for increased output. He said, however, that the incentive allowed at the commencement of the current season, by way of a rebate in excise duty to the extent of 50 per cent on the additional sugar production over the previous year, had been taken full advantage of by the Company and had resulted in a rebate of Rs. 3.96 lakhs. Mr. Rao said that the rehabilitation and modernisation of the Company's plants had become inescapable for more efficient working and referred, in this context, to the creation of a rehabilitation reserve of Rs. 9 lakhs.

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

I have great pleasure in welcoming you to the twenty-sixth annual general meeting of the shareholders of the Nizam Sugar Factory Limited. The Directors' report and the audited accounts for the year ending 30th September 1963 have been in your hands for some time. The comments of the Comptroller and Auditor-General of India thereon under Section 619(4) of the Companies Act, 1956 could not be posted to you along with the audited accounts, as they had not been received by then from the Comptroller and Auditor-General of India. The comments were posted to you subsequently and must have reached you some time back. With your permission, I shall consider the Directors' report, audited accounts and the comments as read.

Industry's Problems Multiply

I shall now briefly review the important developments that have taken place in the sugar industry since the last annual general meeting. The problems of the sugar industry continue to multiply. As a result of the record production of nearly 30 lakh tonnes in the year 1960-61 and the consequent crisis of surplus and the fall in sugar price, the Government of India by an ordinance curtailed the production of sugar in the year 1961-62 by 10 per cent of the previous year's production. This resulted in a lower production in the year 1961-62 to the tune of 27.2 lakh tonnes. In the year 1962-63, the production further decreased to 21.5 lakh tonnes, the main reason being less area brought under cane cultivation as a result of the ordinance promulgated in the year 1961 and also due to large-scale diversion of cane for *gur* and *khandsari* manufacture. The increase in the internal demand and the export commitments further contributed to the general shortage of sugar in the country. Thus, in 1963, we saw again an acute shortage of sugar throughout the country and the reintroduction of controls by the Government.

In order to boost production, the Government of India, at the commencement of the current season, offered an incentive by way of rebate in excise duty to the extent of 50 per cent on the additional sugar production over the previous year's figures for the period 1st July to 31st October 1963. Thus, within 18 months, the Government's policy changed from restriction in production to inducement for increased output.

In am glad to say that your Company has taken full advantage of this inducement and has earned a rebate of Rs. 3.96 lakhs.

Price of Cane

The price of sugarcane has been fixed on the basis of quality this year also. As mentioned in the Chairman's speech last year, since the recovery of the optimum period was taken as the basis, it has resulted in the fixation of a higher price than the real value of sugar content in the cane. There was again an upward revision in the minimum price for cane in the year 1962-63 to Rs. 46.60 and further increase in the year 1963-64 to Rs. 53.70 per tonne. The Government of India have also announced a still further increase in the price of cane for the 1964-65 season. However, no corresponding increase in the ex-factory price of sugar has been fixed by the Government of India.

I shall now proceed to review the working of your factory. During the year under review, 575,420 tonnes of cane was crushed producing 59,901 tonnes of sugar with a recovery of 10.4 per cent, as against 600,267 tonnes of cane crushed producing 57,566.5 tonnes of sugar with a recovery of 9.59 per cent of the previous year. The factory commenced crushing operations on 19th October 1962 and the season came to a close on 24th April 1963. The duration of the season was 188 days, which was shorter by 34 days than the previous season. This was due to crushing of 24,847 tonnes of cane less than in the previous year. Nevertheless, on account of the slightly higher recovery, there was an increase in the output of sugar from 57,566.5 tonnes to 59,901 tonnes. The factory farms produced and supplied 237,917 tonnes of cane as against 239,282 tonnes in the previous year. Your Company made a gross profit of Rs. 78,65,747, as against Rs. 52,26,136 in the previous period of 15 months ending 30th September 1962. The increase in gross profit this year as compared to the previous period is mainly due to better recovery per cent of 10.4, as against 9.59 obtained in the previous period and saving of additional three months' expenditure, which was incurred in the previous period. Deducting Rs. 19,26,147 towards depreciation (including development rebate of Rs. 52,500) and Rs. 25,00,000 for taxation, the net profit is Rs. 34,39,600 which exceeds the net profit of the previous period by Rs. 14,67,252.

Results Satisfactory

I am glad to say that the results of the year under review are satisfactory. Sugar sales during the year were 857,941 bags as against the previous period's sale of 645,342 bags. Your Company has incurred a loss of Rs. 17.9 lakhs on the export quota of 122,710 bags allotted to it.

Your Directors have recommended payment of dividend on preference shares in terms of Preference Shares (Regulation of Dividends) Act, 1960. In the case of ordinary shares, your Directors have recommended a slightly higher dividend of Rs. 5 per share of Rs. 25 fully paid, subject to deduction of tax, as against Rs. 4.50 recommended last year.

The rehabilitation and modernisation of both the plants have become inescapable for more efficient functioning. For the first time, therefore, your Directors propose to create a rehabilitation reserve for which a sum of Rs. 9 lakhs has been transferred as a nucleus to be built up to a substantial reserve in the years to come.

Agricultural Operation

The agricultural operation account this year shows a profit of Rs. 25,12,626, as against Rs. 15,18,600 in the previous period. The increase in profit to the tune of about Rs. 10 lakhs is mainly due to the enhanced cane price of Rs. 46.60 per tonne this year, as against Rs. 43.40 per tonne of the previous year and the overall savings of about Rs. 3 lakhs in the cost of cultivation. The cost of cultivation per acre for the year under review is Rs. 1,430, as against Rs. 1,523 in the previous year, and the cost per tonne works out to Rs. 36.21, as against Rs. 37.36 in the previous year. The yields have been maintained almost at the same level as that of the last year. The working results of the plantation department are no doubt satisfactory but there is considerable scope to improve both the quality of cane and the yields. This needs mechanisation of all the operations to the maximum extent possible. But due to lack of adequate number of tractors, so far we have not been able to cover the entire acreage by machines. I am glad to say that the Company has ten more medium horse-power tractors and has also secured an import licence for two 100 h.p. tractors. With the addition of ten more 100 h.p. tractors, we shall be able to mechanise all the operations of our entire estate. Our present fleet consists mostly of tractors purchased from Disposals. We hope to reduce operation costs considerably with the replacement of these old tractors by new ones.

The working results of the confectionery plant show a loss of Rs. 1,05,661, as against Rs. 2,47,477 in the previous period. The production of confectionery goods was 501.75 tonnes during the year, as against 247.27 tonnes during the previous period. There has been a substantial increase in the sale of confectionery goods this year, reducing the loss to Rs. 1,05,661. Sale of confectionery this year reached a figure of 499 tonnes valued at Rs. 12.73 lakhs, as against the figure of 246.76 tonnes valued at Rs. 6.09 lakhs of the previous period, and during the year 1963-64, for the period of five months, the sales have touched a figure of 302.5 tonnes valued at Rs. 7.16 lakhs. I am glad to inform you that, in spite of keen competition, this line is now picking up and we can reasonably hope for further improvement during the years to come.

Silver Jubilee

I have pleasure in informing you that the silver jubilee celebrations of the Company were held on 25th February 1964, when Dr. N. Sanjeeva Reddy graced the occasion. The management took advantage of these celebrations to acknowledge the loyal and valuable services rendered to the Company by the officers and workers and the cordial relations between the workers and the management; also the role played by the local cane growers in building up the prosperity of the Company.

The management-labour relations during the period were satisfactory. Construction of 260 two-room tenements has been completed. These tenements have been occupied by the workers. The Company is taking up construction of another 200 two-room tenements under the subsidised industrial housing scheme.

I regret to inform the shareholders about the sad demise of Mr. I. Ramchandra Rao, I.A.S., one of the Directors on the Board of the Nizam Sugar Factory Limited.

Before I conclude, I would like to express my thanks to my colleagues on the Board of Directors for their abiding interest in the affairs of the Company and to the officers, staff and workers of all ranks for their continued co-operation, loyalty and efficient service.

Note: *This does not purport to be a record of the proceedings at the Annual General Meeting.*

BUSINESS NEWS FROM EUROPE

(*Concluded from page 617*)

businessmen will be increasingly irked by the absence of foreign colleagues due to statutory holidays. But the settling of, say, universal Common Market one-day holidays would again raise the issue of industrial disruption—as well as that of religious feeling between the Protestant and Roman Catholic areas of the Continent.

At present, practices vary widely. The average British worker's five to six public holidays a year compare unfavourably with continental Europe. Germany has an average of 10 to 13, Belgium 10, Italy 16 to 17, Luxembourg 10, Holland six to seven and France five (though the real number is nearer 16. France does not recognise certain holidays as statutory).

Europe as a whole compares unfavourably with the Spanish-speaking countries, such as Spain itself (25 holidays), Argentina (30 plus Holy Week), the Dominican Republic and Peru (22 each).

The average annual holiday in France is three weeks (a week more than in Britain) which is not exceptional by European standards. Some Italians get 32 days' paid holidays a year and some Germans 31. The average in these countries, though, is nearer three weeks.

CANARA BANK LIMITED

MERGERS HAVE STRENGTHENED BANKING IN THE SOUTH

CHAIRMAN, MR. K. P. J. PRABHU, ON NEW RESPONSIBILITIES

ADDRESSING the shareholders of the Canara Bank Limited at the Annual General Meeting held at Mangalore on 20th March 1964, the Chairman, Mr. K. P. J. Prabhu, dwelt at length on the issue of merger of small banks with the Bank during 1963. Mr. Prabhu said that, apart from enabling the Canara Bank to expand the sphere and range of its activities, the mergers had also helped to strengthen significantly the banking system of the South. Referring to the additional responsibilities arising out of the mergers, he promised the shareholders that the Bank would discharge them to the best of its ability. The Bank had already been paying more attention, he said, to the development of the newly taken over branches by grouping them for facilitating supervision and development work.

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

The year 1963 was yet another year of continued progress for the Bank. There was all-round improvement in deposits, advances, investments and profits, despite the stresses and strains which the banking system had to face during the year.

Our deposits registered an impressive rise of 42.3 per cent and stood at Rs. 72.37 crores at the end of the year. This compares favourably with the increase of 10 per cent registered by the entire banking system during the year. The increase in the deposits of our Bank was made possible by the efforts of our old as well as new branches, as also of the branches of the banks taken over by us during the year. We have now a network of 239 branches spread all over South India as well as in some of the important cities of the North.

During the year, we took over the selective assets and the outside liabilities of the S.P.V. Bank, the Cochin Commercial Bank, the Aarnad Bank and the Pandyan Bank. The merger of Pandyan Bank with us has been hailed as the biggest merger in recent years. Apart from enabling our Bank to expand the sphere and range of activities, these mergers have also helped to significantly strengthen the banking system of the South.

Additional Responsibilities

The management is aware that this increase in the activities of the Bank and in prestige have cast additional responsibilities on them. Many of the taken over branches are situated in relatively small places where banking habits have yet to develop fully. We have reason to be happy that the task of developing these areas has fallen on us, and we shall endeavour to fulfil this task to the best of our ability.

We intend concentrating more attention on the development of the newly taken over branches. To begin with, we have grouped these branches so as to facilitate supervision and development work. The branches in each group have been placed under a senior and experienced officer who is designated District Supervisor. Besides guiding the branch managers generally, he would survey the area, assess the potential and take steps to develop business in accordance with the local conditions obtaining. Our efforts along these lines will be intensified during the current year. You will be glad to know that, in this task, we will have the benefit of the experience of two of the erstwhile directors of the Pandyan Bank, Mr. P. V. Mackay and Mr. P. C. M. Ganapathy, who have joined our Board on our invitation.

Additional Capital

As you are aware, additional equity capital of Rs. 25 lakhs was issued during the year to existing shareholders and staff. The response was encouraging and the issue was oversubscribed. With this issue, the entire authorised capital of the Bank, amounting to Rs. 1 crore, stands paid up. In view of the need to strengthen the capital structure further, a proposal to increase the authorised capital to Rs. 2 crores is being placed before you for consideration.

Ownership of Shares

You will be interested to know that the pattern of ownership of the shares of our Bank has not only become broadbased but has also changed significantly in favour of smaller shareholders. Thus, between 1952 and 1963, the total number of shareholders increased by 3,955. Against this, the number of shareholders owning 50 shares and below increased by 3,327. At the end of 1963, the shareholders owning not over 50 shares each accounted for 87 per cent of the total number of shareholders.

Reserves

I would like to invite the attention of the shareholders to the fact that the Bank has strengthened the reserves further during the year, and the reserve fund now stands at Rs. 1 crore, that is, at a level equal to the paid up capital.

Advances

The increasing role played by the Bank in the industrial development of the country is reflected in the marked rise in advances to Rs. 42.27 crores at the end of 1963 (against Rs. 26.93 crores at the end of 1962). The composition of advances has changed from a predominantly commercial type to industrial-*cum*-commercial type, with increased participation in term advances to industries. Another notable feature of our advances has been that we are catering more and more to the small-scale and medium-sized industries thus fulfilling a national need by helping a vital sector of the economy. Contrary to the view expressed in certain quarters that banks have a preference for the bigger parties, I would like to assure you that our Bank has, within the framework of safety and liquidity, always tried to give all manner of assistance to the smaller entrepreneurs.

Foreign Exchange Business

There has been a substantial increase in our turnover of foreign exchange business and the Bank has been steadily improving its share in the financing of the country's foreign trade.

Working Results

The increase in business turnover, following the taking over of four smaller banks this year, is reflected in a sharp rise of earnings to Rs. 345.87 lakhs (Rs. 264.87 lakhs last year). However, there was also a marked rise in operating costs with the result that the net profits witnessed only a moderate improvement to Rs. 24.12 lakhs (Rs. 20.58 lakhs for the previous year). The main factor behind the higher level of expenses is the addition to the number of branches and staff consequent upon the taking over of four banking units, not to mention the fifteen new branches opened by the Bank during the year. I am sure that as the potential of these branches is further realised, these branches will make a significant contribution to the Bank's earnings.

New Administrative Office Building

An important event during the year was the inauguration of our new Administrative Office building at Bangalore. The magnificent structure, which embodies latest architectural and functional innovations, has been designed to meet the growing needs of our Bank.

Expansion of Training Facilities

In view of the substantial expansion of our activities resulting from the take-over of four more banks during 1963, we have need for a larger number of trained officers. We have therefore taken steps to provide facilities for a senior training course at the Administrative Office, Bangalore. The first training course has already commenced and a large number of officers from the erstwhile Pandyan unit partake the course with some officers from our older branches. The training facilities for the junior course have also been expanded. A special training programme has been arranged at Madurai, after the take-over of the Pandyan Bank, for the newly taken over employees. I hope these facilities will enable our newer staff members to equip themselves better for shouldering greater responsibilities, besides giving them a good knowledge of our system of accounting.

Staff

I am glad to report that the employee-management relations witnessed a distinct change for the better. The representatives of the management and the union were able to reach an agreement on the promotion policy to the satisfaction of both parties. I trust this will mark the beginning of a new era in employee-management relations.

Before I conclude, I would like to make a passing reference to the prevailing controversy about nationalising banks. The Government being committed to a mixed economy in the achievement of democratic socialism, the inevitability arises of allowing the private banking sector to play its parts in the financing of the private sector in production and distribution. In the welter of political pressures, an under-current of this thought is discernible from responsible quarters. Even as it obtains now, the banking industry is in practice a regulated industry. Already one-third of the banking industry is in the public sector. A complete State monopoly of banking would eliminate the healthy competition now obtaining not only between the State banks and the banks in the private sector, but also between the banks in the private sector, and thus remove the only source of incentive for higher efficiency and better service.

Note: *This does not purport to be a record of the proceedings at the Annual General Meeting.*

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MACHINERY MANUFACTURING INDUSTRIES

PROGRESS DURING 1963 REVIEWED

THE Department of Heavy Engineering in the Union Ministry of Steel, Mines and Heavy Engineering has now under its control the development and regulation of several engineering industries. These are: (i) Heavy engineering equipment for all industries such as automobiles, boilers, internal combustion engines and steam and water turbines, electrical generators, transformers, switchgear and motors, (ii) all industrial machinery for jute, sugar, cement, chemical and other manufacturing plants, (iii) machine tools, and (iv) agricultural and earth-moving machinery. The Department is also responsible for the control of some public sector projects, namely, Heavy Electricals (India) Ltd., Heavy Engineering Corporation Ltd., Hindustan Machine Tools Ltd. and processing of the Heavy Structurals Project, the Pumps and Compressors Project and the Ball and Roller Bearings Project. In its latest annual report, that for 1963-64, the Department has provided a comprehensive review of production trends and other developments in the industries under its charge. A table accompanying this article gives figures of production in different engineering industries in 1962 and 1963.

Industrial Machinery

The level of output of sugar machinery during 1963 was about the same as in 1962, that is, Rs. 6.5 crores worth. According to the Department, capacity established in this industry will be adequate for some time to come. The present installed capacity, it is said, can take care of 14 new standard plants of 1,000/1,200 tons size and the equivalent of nine plants by way of expansion and replacements. As many as 15 complete plants manufactured indigenously have gone into production and five more are under completion. It is claimed that the foreign exchange content of a plant of 1,000/1,200 tons capacity, valued at Rs. 84 lakhs, has been brought down to Rs. 14 lakhs in 1963.

In the textile machinery manufacturing industry, capacity established is not adequate to meet the requirements of the textile industry, as the Department itself has admitted. These requirements have been estimated at Rs. 310 crores for the third Plan period. It is far from satisfactory that even from the capacity already established, which is of the order of Rs. 44 crores a year, production during 1963 was only Rs. 18 crores. It is expected that production may go up to Rs. 26/27 crores by 1965-66. One of the reasons for the present low level of production is stated to be shortage of foreign exchange for the import of components. Incidentally, imports of textile machinery are at present of the order of Rs. 20 crores per year.

There are now 72 firms licensed for the manufacture of chemical and pharmaceutical machinery and the total licensed capacity is about Rs. 24 crores worth of machinery per annum. Sufficient progress seems to have been made in the manufacture of complete plants for producing sulphuric acid, superphosphates, caustic soda and equipment for water treatment. In addition, items like pressure vessels, distillation stills, crystallisers and evaporators required by the chemical industry are being increasingly supplied by indigenous manufacturers. The output of chemical and pharmaceutical machinery in 1963 was to the tune of Rs. 5.4 crores, as compared with Rs. 4.6 crores in the previous year.

As for tea processing machinery, it is gratifying to know that the entire range of such machinery is now being produced in the country. The industry continues to make good progress and production during 1963 was about the same as in 1962, that is, Rs. 1.7 crore.

In the cement machinery manufacturing industry, the capacity existing and in sight, is considered to be adequate for the foreseeable future. Seven manufacturers, it is said, are capable of producing complete cement plants. They would be able to manufacture and supply eight to ten plants of 600 tons capacity per day by 1965-66. In 1963, however, the industry's output was of the value of only Rs. 70 lakhs.

Four units have been licensed for the manufacture and installation of complete coal washery plants, for which the estimated demand is about Rs. 5 crores a year. It is expected that the four firms would be able to meet the demand at the rate of four or five complete washeries per annum. As for coal mining machinery, there are eight units in the private sector, capable of manufacturing such items as haulages, coal cutters, conveyors and winders. In addition to the coal mining machinery plant established at Dugapur in the public sector, the Government has proposed to set up a second unit, this time with Polish collaboration.

Production of dairy equipment during 1963 was only about Rs. 41 lakhs, though the aggregate annual licensed capacity of four units in production is about Rs. 2.5 crores.

The production target for paper machinery is Rs. 6.5/7.0 crores worth of machinery per annum to be reached by 1965-66. As against this, the capacity already licensed amounts to an aggregate of Rs. 24 crores. But the industry produced equipment worth Rs. 1.2 crore only in 1963. The output of printing machinery is still meagre, being only Rs. 5 lakhs in 1963, although the demand therefor is estimated at Rs. 7.3 crores per annum for the current Plan period. Only one firm is manufacturing printing machinery now. Ten more firms have been licensed and the total approved capacity at present is Rs. 5.6 crores.

The boiler manufacturing industry for which the third Plan capacity target is Rs. 29 crores, has at present 10 units. These have been licensed for the manufacture of different types of boilers ranging from small package type to high pressure, high temperature thermal power station boilers. Of these 10 units, six are in production now. In addition to these, there are six firms which have been licensed for the manufacture of boiler mountings. Out of these six, four are at present in production. The total output of boiler and boiler mountings in 1963 came to Rs. 2.9 crores. In the public sector the factory under construction at Trichy is for the manufacture of thermal power station boilers. The Department expects that this public sector plant, designed for an annual capacity of Rs. 18 crores, will go into production next year.

Conveyors of different types are being manufactured by 22 firms with an aggregate licensed capacity of Rs. 6.7 crores per annum. They produced conveyors worth Rs. 1.5 crore in 1963. As for reduction gears, their output in 1963 was of the order of Rs. 85 lakhs, as compared with Rs. 32 lakhs in the previous year.

In the building and constructional machinery field, substantial capacity is claimed to have been created for the manufacture of stone crushers, concrete mixers, asphalt mixers and tar boilers. During 1963, the production of these items was Rs. 2.0 crores, as compared with Rs. 1.7 crore in 1962.

Machine Tools and Small Tools

It is recorded in the Department's report that the total number of units manufacturing machine tools was 65, with an aggregate installed capacity of about Rs. 19 crores, by the end of 1963. Most of these units have been working to full capacity and several of them on three-shift basis. Production of machine tools and accessories in the public sector and private sector units together rose substantially from Rs. 11.8 crores in 1962 to Rs. 16.9 crores in 1963. In the year under review, the output of small tools, hand tools, grinding wheels and other allied items also increased considerably, as will be seen from the table. It is expected that during the current year production of jigs and fixtures and other tooling equipment would commence and that this would facilitate larger production from the machine tools already installed.

Automobiles and Ancillaries

The output of commercial vehicles, jeeps and cars in 1963 as compared with 1962, was as follows:

Type of Vehicle	1962 Nos.	1963 Nos.
Trucks	25,971	27,521
Jeeps	7,597	8,104
Cars	23,326	15,711
Total ...	56,894	51,336

It will be seen from the above figures that, while there was a decline in the production of cars, there was some increase in the output of commercial vehicles and jeeps. The reason for the steep decline in the production of cars was the cut in the allotment of foreign exchange for importing components, parts and raw materials. The accent has continued to be on the expansion of capacity for manufacturing commercial vehicles. During the year, for instance, expansion of capacity of the Hindustan Motors and the Premier Automobiles for the manufacture of commercial vehicles was sanctioned. The Standard Motor Products of India Ltd. was permitted to manufacture one-ton trucks, while Bajaj-Tempo Ltd. was permitted to increase their capacity for three-wheelers and also take up the manufacture of four-wheeler Tempo vehicles. Ashok Leyland's scheme for the manufacture of 10 ton capacity chassis was also agreed to during 1963. Efforts, it is said, are being made to achieve 90 per cent indigenous content in the manufacture of motor vehicles by the end of this year.

In the "automobile ancillaries" sector, production in 1963 was of the order of Rs. 25 crores, as compared with Rs. 16 crores in 1962. It is claimed that capacity has been established for almost all the ancillary items. The ancillary industry is gearing up to meet the automobile industry's requirement of original equipment, thereby enabling it to achieve 90 per cent indigenous content. Besides, production in the ancillary industry is expected to meet the replacement demand for spare parts to a greater extent than at present.

The total production of motor cycles, scooters, three-wheelers and mopeds during 1963 was of the order of 26,572 as compared with 25,002 in 1962. It is claimed in the report that satisfactory progress has been made by this sector of the automobile industry. Production is likely to increase in the current year, as two manufacturers licensed for mopeds will commence production shortly.

Some noteworthy official statements pertaining to other industries in the group of "automobile and other allied industries" are highlighted below:

1. The diesel engines industry, which used to concentrate on single-cylinder small horse-power engines to cater to the needs of agriculturists for fitment on pumps, has begun to produce of late multi-cylinder diesel engines too. These latter engines are suitable for fitment on agricultural tractors, air compressors, fork lift trucks and large-capacity pumps. The project licensed for the manufacture of Cummins diesel engines for application on earth-moving machinery is being implemented. It is expected that, by 1965-66, the entire requirements of diesel engines for all applications will be met by the indigenous industry.

2. Practically all the demand for pumps is now met out of indigenous production, excepting for special type of pumps for handling acids, chemicals corrosive liquids, etc. The indigenous industry is also now building large pumps required for urban water supplies and sewage disposals.

3. Production of tractors during 1964 will be nearly trebled, as most of the capital goods required for the licensed units will have been received before the end of the year. To meet the growing demand for tractors, it has been decided to licence one or two more units in this field.

Electrical and Other Engineering Industries

In the field of electrical engineering industries, the Department deals only with such items as transformers, switchgear, electric motors and generators. There was an overall increase in the output of these items, as will be seen from the table. Items relating to heavy mechanical engineering industries like steel structurals and railway wagons and the ones relating to metallurgical industries such as steel castings and forgings also showed an overall increase in production during 1963.

In steel structurals, the present licensed capacity is about seven lakh tons per annum. While there is enough capacity for general structural items, larger capacity, it is said, is needed for heavy structurals like bridge-girders, power house structurals, etc. Efforts are being made to sponsor further capacity to fill this gap. In steel pipes and tubes, the target capacity of nine lakh tons per annum under the third Plan is already fully covered. Further licensing of capacity in this field is, therefore, being carefully regulated. In steel castings, the present aggregate installed capacity is 58,840 tonnes per annum, while production is about 48,000 tonnes. It has been planned to have a total capacity of about 300,000 tonnes by 1965-66. To what extent this will materialise is not clear. As of now, 12 new units are being established, and these will come into production in 1964-65. But total production, it is estimated, may not exceed 65,000 tonnes per annum in that year. In the steel forgings industry, there are now 39 units with an aggregate capacity of 56,000 tonnes per annum. Their present output is 54,000 tonnes per annum. A total capacity of 216,000 tonnes, including the existing capacity, is being sponsored for licensing. In cast iron pipes, the aggregate installed capacity is of the order of 269,000 tonnes per annum. Their output in 1963 was 202,000 tonnes. The total capacity planned for licensing in this field is 941,000 tonnes during the Plan period. An additional capacity of only 30,000 tonnes would, however, be in production this year. In the field of wagon building, 15 units are now in production. As against the estimated annual requirement of 33,500 railway wagons for the third Plan period, the units in the private sector produced 20,000 wagons and the railway workshops about 6,400 in 1963. Production could have been more but for the shortage of matching steel, castings and electrodes. The position is, however, expected to improve in 1964.

Heavy Engineering Corporation

The Heavy Engineering Corporation Ltd., Ranchi, is responsible for four projects, namely, (i) Heavy Machine Building Plant, Ranchi, (ii) Foundry Forge Plant, Ranchi, (iii) Heavy Machine Tool Project, Ranchi, and (iv) Coal Mining Machinery Project, Durgapur. Of these, the first is being built, with Soviet aid, for the manufacture of 80,000 tonnes of machinery per annum. Three shops in this Plant—block for auxiliary department, block for building maintenance and box making department and block for storing rough forgings and castings—were completed during 1963 and handed over for operational use. In addition, the erection of equipment in the diesel locomotive department, oil and chemical stores, weighbridge, coke ovens, by-product equipment department and medium and small machinery departments has been in progress. Materials and operating equipment, valued at Rs. 18.7 crores, for the Plant have been ordered from the U.S.S.R. Against this, the value of materials and equipment received so far is Rs. 11.10 crores. Pilot production has commenced in certain departments in recent months. The production programme for 1964-65 will cover relatively simpler items, such as structurals and cranes, required for the Heavy Electricals at Hardwar and the Heavy Machine Tool Plant at Ranchi.

The Foundry Forge Plant, which is being established with Czechoslovak aid, is also gradually coming up after a delayed start. According to the Department's report, fabrication of structurals is in progress and structural erection work has commenced in the grey iron foundry. The erection of equipment in the grey iron foundry, woodworking shop, gas producer plant, boiler house and oxygen plant is in progress. A part of the woodworking shop has been in operation since July 1963. Pilot production of non-ferrous casting is likely to commence shortly.

In the Soviet-aided Coal Mining Machinery Project, the installation of equipment seems to be progressing fairly well now. The production programme for 1964-65 covers some items like pumps, conveyors and booster fans. The National Coal Development Corporation has already sent a firm order for the supply of 10 conveyors.

Work on the Czech-aided Heavy Machine Tools Project commenced only during 1963. At present it is only the work relating to levelling and grading of the site that is nearing completion. Civil work is yet to commence. Plant and equipment, too, are yet to be received from Czechoslovakia.

Heavy Electricals

The British-aided Bhopal Heavy Electricals Plant, which has recently been shut down because of labour trouble, might not have achieved fully its 1963-64 production target of Rs. 7 crores worth of electrical equipment. It will be recalled that the Plant produced equipment valued at Rs. 3.1 crores only in 1962-63. It is doubtful whether even the 1964-65 target of Rs. 10.2 crores would be achieved. The only good news about the Bhopal Plant is that its expansion project for the manufacture of steam turbines at an estimated cost of Rs. 11.5 crores has been under way.

The Czech-aided Heavy Power Equipment Project, Ramachandrapuram (Andhra Pradesh), is still marking time, for civil work is yet to commence in right earnest. In these circumstances, it is not clear how the plant can go into production next year. The Czech-aided High Pressure Boiler Plant, Tiruchirapalli, is also in its initial stage of construction. But the official expectation here, too, is that it would commence production next year. The Soviet-aided Heavy Electrical Equipment Project at Hardwar is yet to progress beyond the stage of site levelling.

Hindustan Machine Tools

The Hindustan Machine Tools Ltd. at Bangalore produced 1,483 machines, valued at over Rs. 6 crores, in the period April-December 1963, as compared with 1,120 machines, valued at Rs. 4 crores, in the corresponding period of 1962. In 1962-63 as a whole, the Company manufactured 1,615 machines valued at Rs. 6.7 crores, earned a profit (before taxes) of about Rs. 2.2 crores and declared a dividend of 10 per cent. Production figures for the whole of 1963-64 are not yet available.

H.M.T.'s Pinjore factory in the Punjab commenced production in October 1963. This factory is designed to produce 1,000 machine tools, valued at Rs. 5 crores, per annum by 1966-67. Two machine tool factories are being set up by H.M.T. as part of its expansion programme. One of these is at Kalamassery in Kerala and the other at Hyderabad. It is expected that the Kerala factory might go into production by the end of this year and the Hyderabad factory by the end of next year.

The H.M.T. Watch Factory produced 80,000 watches in the April-December 1963 period, as against the 1963-64 target of 130,000 watches (nearly half of them with a 54 per cent indigenous content).

The Company's Industrial Estate at Bangalore has at present 28 working units. Many of these, however, are only in the initial stages of production.

Proposed Projects

The Heavy Structurals Project and the Heavy Plate and Vessels Project, which were to have been taken up as a single integrated project with British aid, have been rephased because of non-availability of British credit. The Government now proposes to take up implementation of the heavy structural works in the first instance. But the necessary foreign exchange resources are yet to be located. The Pumps and Compressors Project, which is to be set up with Soviet aid, has not yet progressed beyond the stage of project reporting in which the Russians are still engaged. The Ball and Roller Bearings Project, which is also to be set up with Soviet aid, is in a very preliminary stage, for the Russians are yet to prepare a techno-economic feasibility report thereon.

MERGER PUT OFF

The move to merge the Indian Oil Company with the Indian Refineries Ltd., both belonging to the public sector, in the light of the recommendations of the Estimates Committee, will be delayed by several months. Actually, the merger was to have taken place during this month. But several impediments have now cropped up, and these will have to be successfully cleared. It is felt that the new organisation cannot be evolved without taking into account the likely risk of temporary breakdowns in marketing and contractual obligations which at present are inter-dependent. Besides, the Central Government will have to make sure that the proposed merger will not result in an undue diminution in the revenue of the State Governments concerned.

However, the merger, an E.N.I. prototype in India, if effected, is expected to result in, inter alia, economies in marketing, a saving on overheads and simplification of sales tax problems for the venture. The benefits of such a merger will also be reflected in the cost structure in the long run. The integrated organisation will be known as the Indian Oil Corporation, with a single board of management.

Indian Oil Blending Ltd., a partnership Company of the Indian Oil Company with the Mobil Petroleum Company Inc., which is putting up two blending plants (one in Calcutta and the other in Bombay) will continue as such, for Indian Oil will be the sole distributors for the blended lubricants.

OUTPUT OF SELECTED ENGINEERING INDUSTRIES

(1 lakh=100,000)

Industry	Accounting unit	1962 No. of units	1962 Production	1963 No. of units	1963 Production*
I. Industrial Machinery:					
Sugar mill machinery	Rs. lakhs	15	643	16	650
Industrial boilers	"	6	262	8	280
Tea processing machinery	"	7	165	10	172
Chemical and pharmaceutical machinery and solvent extraction plants	"	48	458	52	535
Cement mill machinery	"	5	71	6	70
Coal mining machinery and coal washery	"	6	36	7	38
Dairy machinery	"	3	33	4	41
Paper and pulp machinery	"	13	85	14	120
Conveyors	"	22	85	22	150
Reduction gears	"	2	32	3	85
Rice, dal and flour mill machinery	"	22	34	22	35
Oil mill machinery	"	24	..	22	32
Drilling equipment	"	3	52	3	74
Printing, ceramic and metallurgical machinery	"	—	24	—	22
Machinery unclassified	"	23	50	16	58
Textile machinery	"	—	—	—	1,800
II. Electrical and other Engineering Industries:					
Boats and crafts	Rs. lakhs	21	389	21	340
Rolling stock	Nos.	15	18,085	15	18,808
Wire ropes	Tonnes	3	3,678	6	7,123
Steel structurals	"	121	177,582	121	233,290
Steel pipes and tubes	"	8	155,475	13	209,274
Lifts	Nos.	4	283	3	294
Bright bars	Tonnes	9	11,015	5	17,937
Steel castings	"	17	45,525	17	49,377
Steel forgings	Tons	38	55,000	39	54,100
Gas cylinders	Rs. lakhs	2	33	2	34
Electric motors	H.P.	27	986,359	27	1,141,000
Power transformers	K.V.A.	19	2,306,569	19	2,600,000
Motor starters	Nos.	12	137,083	15	168,409
III. Machine Tools and Small Tools:					
Machine tools and accessories	Rs. lakhs	33	1,182	49	1,687
Grinding wheels	Kgs.	7	2,269,218	7	2,790,491
Coated Abrasives	Reams	5	186,097	5	181,589
Twist drills	Nos.	4	3,784,826	6	4,695,488
Steel files	Tons	6	601,272	6	657,902
Reamers	Nos.	8	97,289	9	100,458
Threading tools	Nos.	7	923,728	8	1,257,004
Milling cutters	Nos.	9	146,047	11	191,714
Bandsaw blades	R. Meters	3	202,804	4	488,634
Hacksaw blades	Bdls. (100s)	4	174,930	4	201,837
Tungsten carbide	Kgs.	3	7,384	4	19,523
Lathe tools	Tons	6	51,284	8	53,717
Diamond drill bits	Nos.	3	12,698	4	16,076
IV. Automobiles and Ancillaries:					
Automobiles	Nos.	7	57,724	7	52,286
Scooters, motor cycles, three-wheelers and mopeds	Nos.	9	25,002	9	26,572
Tractors	Nos.	3	1,627	3	1,399
Diesel engines (vehicular)	Nos.	2	7,615	2	9,034
Diesel engines (stationary)	Nos.	26	42,645	26	54,946
Petrol/kerosene engines	Nos.	1	736	1	1,986
Power-driven pumps	Nos.	58	130,114	58	149,459
Petrol dispensing pumps	Nos.	3	1,548	—	2,043
Gliders	Nos.	2	69	2	27
Road rollers	Nos.	3	636	3	839
Fans and blowers	Nos.	7	2,177	7	2,705
Trailers	Nos.	12	2,030	12	3,389
Fuel injection equipment	Nos.	15	2,417,226	15	2,832,433
Thin walled bearings	Nos.	2	640,923	3	1,543,794
Radiators	Nos.	5	58,734	6	51,398
Dynamos	Nos.	2	17,774	3	30,340
Electric horns	Nos.	6	125,947	6	105,564
Gaskets	Million Nos	1	11.5	3	16.7
Valves	Nos.	3	806,879	3	1,101,906
Wheels	Nos.	3	203,682	3	360,914
Piston rings	Million Nos	2	8.6	2	9.5
Pistons	Nos.	3	682,188	3	792,883
Shock absorbers	Nos.	5	267,117	5	275,321
Brake linings	Tonnes	2	704	3	846
Clutch facings	Nos.	1	196,906	2	395,561
Clutch assembly	Nos.	1	56,727	1	81,969
Brake assembly	Nos.	1	126,189	1	248,297
Spark plugs	Nos.	2	1,080,890	2	1,736,665
Starter motors	Nos.	2	12,471	2	51,208
Gudgeon pins	Nos.	1	421,129	1	483,722
Cylinder liners	Nos.	2	139,805	4	157,264
Tractor-driven agricultural implements	Nos.	3	4,247	3	6,400
Sheep-foot rollers	Nos.	3	126	3	128
Fire fighting equipment	Nos.	6	77,827	6	95,562
Earthmoving equipment	Nos.	7	48	7	98
Mobile cranes	Nos.	1	23	1	33
Industrial trucks	Nos.	1	82	1	107

* Actual production in January-September 1963 plus estimated production for October to December 1963.

NEW PRODUCTS AND PROCESSES

Soot Remover

A MATERIAL has been developed recently by Nitroglyserin A.B. in Sweden. It is called Forfol and is used to facilitate the easy removal of soot and other combustion products from boilers and furnaces. The material is put into the furnace and releases a brownish vapour. This passes through the combustion chamber and loosens products that might stick hard to surfaces and decrease efficiency. When cleaning is necessary the products fall away. Supplied in packets, all that is necessary is to throw the required number into the furnace, provided this is already hot enough, that is, at a minimum of 110° Centigrade.

Natural Insecticides

Agricultural research scientists at the University of Wisconsin in the U.S. continue to discover insecticidal chemicals in natural food crops. Last year they found one in turnip roots, then in cabbage and other brassica-type plants. A new one is found in the edible parts of parsnips. It is called myristicin. The discovery of these chemicals may point the way to natural insecticides that cannot be toxic to animals. Practical success will depend on many factors such as cost and availability. If the chemicals can be synthesised, this will be a tremendous step forward.

Thermoelectric Metal

A novel compound with exceptional properties for the economic conversion of heat into electricity has been developed by the Plessey Group at its Allen Clark Research Centre, Caswell, Northamptonshire. Its basis is iron disilicide, a compound of iron and silicon. The conversion efficiency is somewhat less than that of inter-metallic compounds developed elsewhere, but doped iron disilicide is comparatively cheap, can be constructed into thermoelectric piles simply and is remarkably robust. A direct gas flame can be used on it without noticeable corrosion or loss of efficiency. The iron disilicide heavily doped with cobalt makes an n-type semiconductor and with aluminium a p-type semiconductor. These form the two components of a thermojunction. As they are basically the same compound there is no difficulty of unequal thermal expansion, and the material is highly resistant to oxidation. It is stable over a working range of 150 degrees C. to 650 degrees C. The elements are fabricated together by powder-metallurgy techniques, with thin layers of ceramic material between as insulator except where the metallic contact is required. There is no need therefore for metallic straps or brazing. Junctions have been tested up to 1,000 hours. The power-to-weight ratio is about 3 watts per pound. Devices of practical use include a fan driven by the element in a gas fire to ensure much more convector circulation of air. Possibilities are seen for electricity generation in satellites.

Glass Fibres from Pumice Stone

Russian scientists at the Armenian Academy of Sciences have developed a range of glasses from which high-grade glass fibres have been drawn and made into fabrics for the manufacture of laminated plastics, using volcanic tuff and pumice stone as the raw materials. The simplified method eliminates the use of large quantities of costly materials like potash and boric acid normally used in glass melting. Fibres 5-7 and 15-30 microns in diameter were drawn from ceramic or platinum crucibles in which the glasses were melted. Since the raw pumice has already been melted in the volcanic activity associated with its formation, the raw material of the new technique is already semi-fabricated into glass. Thus melting is simplified and fuel consumption reduced. Microelements present in the pumice and tuff are also claimed to enhance the properties of the product. Fibre strengths were high and fully satisfied the demands of glass-plastics technology. Four components are needed to make staple and continuous fibres from the cheap volcanic waste products: pumice stone, dolomite, siliceous material and soda ash.

Hydraulic Pump

Claimed to be more compact and lower in cost than units of comparable performance, a new variable-delivery hydraulic pump is being produced by a British firm, Mobax Ltd., Wigmore Street, London, W. 1. It is unusual in conception in that the inlet and outlet ports are radially rather than axially disposed to the axis of rotation. No thrust occurs between the rotating piston block and the port areas, eliminating a source of friction which would otherwise impair efficiency and cause undue wear. A practical advantage of this arrangement is stated to be that little effort is required to vary output by adjusting the camplate, and response to control actuation is immediate and precise. The pump has a maximum capacity of 26 gallons per minute.

Glue Process

A glue process, which eliminates wire stitching, has been developed by a British firm, Cox and Sharland (Engineering Division) Ltd., 193, Portswood Road, Southampton, England, for leaflet and pamphlet production. Benefits claimed for the new system include: the elimination of a production operation; an operating speed of up to 15,000 sheets per hour; less bulk in the spines of leaflets, permitting the trimming of larger quantities at a time, and enabling heads and feet to be trimmed by slitters on folding machines, eliminating guillotine trimming. The system consists primarily of a small pressure vessel in which is placed a capsule or collapsible bag of glue, so arranged that glue, at a controlled pressure and completely isolated from the air, is supplied to an applicator. The applicator is mounted with its nozzle in light contact with the sheets of paper. It draws a thin line of glue during the folding operation. Accuracy is determined by the detector heads of the control box. The control box is fully transistorised and works on a 24-volt supply from a built-in transformer. When the leading edge of the paper to be glued passes under the sensing head of the detector, an impulse to the applicator permits the release of a stream of glue which is cut off when the trailing edge passes under the detector.

Convertible Passenger-seat

A new design of passenger seat is to be introduced by British European Airways in its new 610 m.p.h. Trident jet service. It is convertible, in a matter of two or three minutes, from first to tourist class accommodation standards. B. E. A. say "the ability to alter the proportion of seats available—almost from flight to flight—according to the changing pattern of traffic offering could have the effect of substantially increasing airline passenger load-factors."

Automatic Lubrication

A high speed lubrication system for dies in forging presses is being produced by a British firm, JACO Engineering Co. Ltd., Export Division, Hammond House, High Street, Upnor, Rochester, Kent. It is an automatic system which sprays the die with every stroke of the press and, as it can replace hand spraying or moving arm sprays, it allows faster output. The part of the equipment mounted on the machine is a simple mixing block for the lubricant and spraying air, one block for each half of the die. For intricate set-ups, the lubricant can be piped through the tool bed and brought out at any point that suits the die shape. For die changing, quick release couplings are fitted which allow disconnection of the spray units in a few seconds.

Hoists on Monorail

A British company, Herbert Morris Ltd., Loughborough, Leicestershire, England (Agents in India: W.H. Brady & Co. Ltd., Brady House, Veer Nariman Road, Bombay-1) which specialises in the manufacture of cranes and overhead lifting equipment has adapted the monorail principle to cabin-manned overhead travelling hoists. Three electric hoists have already been installed by the company in the pulp unloading bay of a large paper mill. The hoists are 1½ tons capacity and can travel along their rolled steel runways at a speed of 440 ft. per minute. They are fitted with two motors, one for lifting and one for traction, and power is supplied by conductor bars attached to the runways through sliding shoes fitted to the hoists. The operator in his cabin has an unobstructed view of the work he is performing, and, since he moves with the load, can operate efficiently in complete safety. These hoists, which can run on curved tracks, can also be "switched" on to different rails, thus permitting great flexibility of operation.

Automatic Gasoline Vending Machine

The Shibuya Industry Company (head office in Nagoya) recently placed on sale the Auto Printer Gasoline Meter. The meter automatically issues a printed sheet with the date, number and gasoline volume supplied. At the same time, it is provided with a device that makes duplicates. Furthermore, it can record the sales amount in addition to issuing recorded sheets. It also records the sales in cash and those conducted on a credit basis. The meter's register works in close agreement with the total meter, the sales volume and the volume of gasoline in the underground tank is easily registered, considerably economising personnel expenses. At present, the company intends to turn out 50 to 60 machines per month.

MAHINDRA AND MAHINDRA ACTIVE

10,000 JEEPS BY YEAR-END

SET against the backdrop of national emergency, the production performance of Mahindra and Mahindra Ltd. (Chairman: Mr. Keshub Mahindra, Bombay) in the year ended 31st October 1963 has been commendable. The Directors say, in their report for the year, that not only was the Company able to increase production but it was also able to complete deliveries for Defence ahead of schedule. Further, within the span of one year, the Company has reached a stage of producing 50 per cent more than it was geared to produce in November 1962. Now it has a capacity to produce 10,000 jeeps by the end of 1964 (originally, this capacity was expected to be reached roughly two years hence), the only proviso being availability of adequate foreign exchange. The indigenous content of the vehicle has also been approximately raised to 80 per cent and it is hoped that, with a matching performance by the ancillary producers, the goal of 90 per cent will be achieved in the near future. Production of utility vans and trucks was curtailed during the year, because of limited availability of foreign exchange.

Sales, under Government control for urgent and emergency requirements, showed a slight increase from 8,053 units to 8,150 units. But their pattern changed significantly. While jeep sales increased from 6,549 to 7,448, station wagon and truck sales recorded a considerable drop. No supplies were made to the Company's network of distributors—the position has changed slightly since January last, when the Government allowed a certain portion of production to be marketed through the dealer organisation. Sales of spare parts recorded an appreciable rise and it is anticipated that this trend would continue. The machine tool sales division showed an increase in turnover. The steel division booked orders for 201,700 tonnes, including despatches of indigenous steel made from the controlled stock yard in Calcutta and Bombay.

The following table gives a clear idea of the progress made by the Company in the past four years:

(In lakhs of rupees)

	For the year ended 31st October			
	1963	1962	1961	1960
Sale proceeds*	15,02.78	13,88.95	15,42.28	13,64.16
Other income and credits	45.22	44.28	45.45	42.01
Stock of finished products and work-in-progress	186.41	188.03	184.47	185.20
Materials, stores and tools consumed	12,18.24	10,81.13	12,58.81	11,38.63
Staff expenses	164.29	139.20	126.78	107.15
Other expenses	133.31	113.26	106.10	92.97
Gross profit	129.54	44.44	93.22	58.07
Directors' commission	1.80	1.80	1.80	1.27
Provision for—				
Depreciation	17.18	15.79	15.38	13.06
Taxation	50.18	44.39	36.80	19.60
Net profit	51.38	42.46	41.34	24.14
Excess provisions written back	..	1.39	..	..
Development rebate reserve	3.36	3.87	0.60	1.58
Transfer to other reserves	21.84	14.76	10.50	..
Provision for gratuity	..	4.26	4.51	2.72
Additional preference dividends	..	..	..	0.31
Dividends—				
Preference	4.49	4.49	4.49	4.49
Ordinary	22.34 (12.5%)	18.22 (12.5%) + B.2.5%)	19.80 (12.5%)	16.50 (12.5%)
Carry forward	0.16	0.81	2.58	1.11
Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	17.52	19.00	22.24cm	23.52	27.75
Law	15.76	15.60	16.48xR	18.24	19.48

* Includes cost of vehicles capitalised Rs. 2.58 lakhs (1962), Rs. 2.88 lakhs (1961) and Rs. 1.73 lakh (1960).

Total sale proceeds have jumped up from Rs. 13.89 crores to Rs. 15.93 crores, surpassing the previous record of Rs. 15.42 crores made in 1960-61. Gross profit, which had improved by about Rs. 9 lakhs to Rs. 104.44 lakhs in the previous year has expanded by a bigger sum of more than Rs. 16 lakhs to Rs. 120.54 lakhs during the year under review. This growth in profit is particularly encouraging, in view of the fact that no jeep was sold for civilian use. In this context, the Directors' comments on the results are worth noting. They say:

> "The financial results show that profit before depreciation, taxation, bonus and development rebate has recorded an increase of approximately 21 per cent against which the turnover has gone up by 15 per cent. It has been possible to achieve these results through rigid management and technical controls over the operations of the Company. The policy of training skilled technical and managerial personnel within the Company has made available technicians who respond readily to improved methods for achieving greater productivity."

The net profit which had been higher by only a little more than Rs. 1 lakh at Rs. 42.46 lakhs in the previous year, has increased quite substantially to Rs. 51.38 lakhs during the year under review. Out of this, Rs. 3.36 lakhs (Rs. 3.87 lakhs a year before) have been carried to development rebate reserve, Rs. 14 lakhs (Rs. 3.50 lakhs) have been credited to general reserve and Rs. 7.84 lakhs have been set apart for creating a reserve for surtax and dividend tax, as against Rs. 11.26 lakhs set apart in the previous year for creating a reserve for S.P.T. The ordinary dividend has been maintained at Re. 1.25 per share, but since there is a higher *pro rata* dividend of 88 nP, as against 26 nP in the previous year, on the 660,000 right shares issued in 1962 in the proportion of one-for-two at a premium of Rs. 2.50 per share, the total amount required for dividend distribution has gone up from Rs. 18.22 lakhs to Rs. 22.34 lakhs. In recommending this dividend, the Directors have taken into account the pressing need for liquid funds for meeting the Company's expansion programme at Kandivli, where it is proposed to consolidate and integrate all the plants presently engaged in producing jeeps components. The construction work in this regard has already commenced and it is anticipated that the new facilities will be in operation early next year.

A brief review of the working of the associated companies may now be given.

Steady progress has been maintained by Mahindra Ugine Steel Company Ltd. which has been established for producing alloy steels. Negotiations for a long-term loans in foreign currency and rupees have been finalised with the different institutions. The Company made a public issue in early January this year and the response was not unsatisfactory. The plant at Khopoli is expected to be in production by the end of 1966.

The International Tractor Company of India Ltd., formed for manufacturing tractors, will enter the capital market this year. The factory, under construction at Kandivli, will commence production by the end of 1964.

Machinery Manufacturers Corporation Ltd. continues to show steady progress and has achieved a higher level of production of carding and diesel engines.

Turnover of Mahindra Owen Ltd. has increased from Rs. 79.37 lakhs to Rs. 93.12 lakhs in 1962-63, resulting in more profitable operations. The first phase of its expansion programme has been carried out and the second phase, entailing the installation of plant and machinery, will be completed by next September.

Recording a substantial increase in sales and production in the second operational year, Mahindra Sintered Products has declared an initial dividend. Its current working has been better. It has been licensed to manufacture structural parts which will considerably enhance the scope and range of production.

Mahindra Engineering Company Ltd. continues to make steady progress. An expansion programme has been submitted to the Government.

Otis Elevator Company (India) Ltd. continues to show improvement in turnover and profit. Its expansion programme, which will enable it to manufacture higher quality and medium speed equipment, will be completed sometime next year.

Turner Hoare and Company Ltd. has acquired indigenous agencies in order to offset lack of imports. Besides, it has obtained Government's approval for manufacturing clutches. Production is expected to start in the current year.

Dr. Beck and Company (India) Ltd. has been well established with the electrical industry. Its production and sales have been higher. It has also launched successfully the programme for manufacturing resins.

The current year's prospects for the Company appear to be encouraging. Sales of vehicles during the four months of the current year have been higher than those for the corresponding period of last year. Steel bookings have progressed satisfactorily. However, the present trend of increases in raw material prices, salaries and wages and the costs of components bought from ancillary producers are sources of constant worry to the Directors, particularly because the end-price of the vehicle is controlled by the Government.

The Company's paid-up capital, including Rs. 55 lakhs in two types of preference shares, has increased from Rs. 220 lakhs to Rs. 252.98 lakhs following a second call of Rs. 5 per share made during the year under review on the 660,000 shares issued in 1962. The capital is backed by reserves and surplus amounting to Rs. 114.16 lakhs. During the year, the Company issued 6.5 per cent debentures redeemable between 1965 and 1975 of the value of Rs. 50 lakhs to the L.I.C. and Rs. 30 lakhs to the I.C.I.C.I. Ltd. against the loans received from them for the jeep expansion programme. It also secured a foreign exchange loan of Rs. 3.22 lakhs from the I.C.I.C.I. These and larger bank borrowings have raised the total of secured loans and advances from Rs. 318.05 lakhs to Rs. 568.97 lakhs. Taking only bank borrowings and advances and current liabilities and provisions shown at Rs. 448.37 lakhs, the total short-term indebtedness to outsiders works out to Rs. 934.12 lakhs, as against which current assets, book debts and investments aggregate Rs. 12.04 crores. The gross block of Rs. 229.65 lakhs (Rs. 201.55 lakhs a year before) has been written down to Rs. 139.68 lakhs. Capital expenditure in progress has been shown separately at Rs. 13.88 lakhs, machinery and equipment on hand and in transit at Rs. 16.39 lakhs and construction material on hand at Rs. 10.25 lakhs.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 16.76 *cum-div.* and offer a net yield of 6.3 per cent per annum.

BRADY ENGINEERING MAINTAINS DIVIDEND

Notwithstanding certain difficulties encountered in procuring some essential imported raw materials, the Brady Engineering Company Ltd. (Managing Agents: Messrs. W. H. Brady and Co. Ltd., Bombay) has made further progress during the year ended 31st December 1963. Sale proceeds which have been on a continuous upward move for the past few years and had improved during 1962 by 7.2 per cent from Rs. 27.90 lakhs to Rs. 29.92 lakhs have jumped up by as much as 30 per cent to Rs. 38.95 lakhs during the year under review. The gross profit, too, is correspondingly higher at Rs. 11.26 lakhs, as against Rs. 9.80 lakhs, but the rate of increase over the previous year works out to only 14.9 per cent or, approximately, a half of that of the turnover. The reason for the slower rate of increase is to be found in other expenses which have expanded by no less than 55.7 per cent, from Rs. 9.16 lakhs to Rs. 14.26 lakhs during the course of the year.

In consonance with the rise in gross profit, the provision for Managing Agents' commission has moved up from Rs. 0.84 lakh to Rs. 0.93 lakh though that for depreciation is fractionally lower at Rs. 1.29 lakh as against Rs. 1.31 lakh a year ago. It is, however, the provision for taxation that has increased by leaps and bonds from Rs. 3.90 lakhs for 1962 to Rs. 6.37 lakhs for the year under review (including Rs. 46.983 for the sur-tax) and has consequently been instrumental in depressing the net profit from Rs. 3.75 lakhs to Rs. 2.67 lakhs. Adding to this Rs. 0.17 lakh brought forward and Rs. 1.28 lakh withdrawn from taxation reserve, the Directors have utilised Rs. 0.87 lakh in providing for taxation in respect of past years and have credited a further Rs. 1.01 lakh to reserve. They have also maintained the dividend at Rs. 9 per share or 11.25 per cent subject to deduction of tax. This claims Rs. 2.25 lakhs as before but leaves a negligible carry forward of Rs. 641, as against Rs. 16,853 brought in.

The following comparative table reveals the steady progress made by the Company during the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Proceeds of engineering works	38.95	29.92	27.90	16.25
Stock of finished goods	2.64	3.02	..	..
Materials and stores consumed	16.07	13.98	11.05	6.50
Other expenses	14.26	9.16	7.15	5.41
Gross profit	11.26	9.80	9.70	4.34
Managing Agents' commission	0.93	0.84	0.84	0.34
Provision for—				
Depreciation	1.29	1.31	1.19	0.94
Taxation	6.37	3.90	3.70	1.32
Net profit	2.67	3.75	3.97	1.74
Transfer from reserves and provisions	1.28	..	0.10	0.10
Items relating to past years	0.86	0.39	0.35	..
To reserves	1.01	1.44	1.25	0.28
Dividend	2.25 (11½%)	2.25 (D.8½% + B.2½%)	2.25 (D.8½% + B.2½%)	1.37 (6½%)
Carry forward	0.06	0.17	0.49	0.19
Market price of ordinary shares (in rupees:	1964	1963	1962	1961	1960
High	..	100.50	120.00	96.00	97.00
Low	..	90.50	94.00	70.00	70.00

It will be remembered that the main manufacturing activity of the Company centres around the production of pulley blocks and lifting equipments. Since an appreciable proportion of parts of these are made from imported carbon steel the Company's capacity to manufacture the output of these at the highest possible level naturally depends on adequate allocation of foreign exchange for the import of raw materials. During 1962, the production of pulley blocks and lifting equipments had increased considerable over that in the preceding year. But in the year under review the production had to be curtailed owing to a sizable cut in the import licences of load chains for the pulley block. However, the Company successfully completed the second automatic bread plant and also a part of biscuit oven. With the experience gained, it is now in a position to undertake the fabrication of complete biscuit ovens. It is also negotiating with Byramjee Jeejeebhoy Pvt. Ltd., who are associates of its Managing Agents, for the purchase of land admeasuring 20 acres at Borivli near Bombay for its expansion programme.

There has been no material change during the year under review in the Company's financial position which continues to be satisfactory. The share capital, all in equity shares of Rs. 100 each, on which Rs. 80 per share have so far been called up, stands unchanged at Rs. 19.99 lakhs, though reserves, excluding the amount of Rs. 2.25 lakhs earmarked for the payment of dividend, have gone down to Rs. 5.53 lakhs from Rs. 5.96 lakhs a year ago. Current liabilities and provisions, on the other hand, have risen by Rs. 4.07 lakhs to Rs. 17.83 lakhs. These, however, are fully covered by current assets, loans and advances standing at Rs. 30.01 lakhs. The net block is lower at Rs. 13.35 lakhs as against Rs. 14.02 lakhs and has been arrived at by reducing the gross block of Rs. 25.49 lakhs by Rs. 12.14 lakhs which is the amount of depreciation provided so far.

The Rs. 80 paid ordinary shares of the Company are currently quoted at Rs. 100 *cum-div.* The net return on a fresh investment at the *ex-div.* price works out to 7.8 per cent.

METAL SCRAP TRADE CORPORATION

A corporation, known as the Metal Scrap Trade Corporation, with an authorised capital of Rs. 2 crores and a subscried capital of Rs. 30 lakhs, is to be set up by the Government of India soon. The new trading body will work independently of the State Trading Corporation. The Corporation will have its registered office at Calcutta and regional offices at Bombay and Madras, with a resident director at each of these centres. The main objects of the Corporation are to protect, purchase, process, convert, market, import and export ferrous and non-ferrous metal scrap. It will also support, protect, maintain or increase the export trade in scrap by undertaking market studies, sending out trade missions overseas and conducting local and foreign publicity. A unique feature of the Corporation is that there will be scope for equal participation in it by scrap traders as well as furnace owners. The subscribed capital will be shared equally by the Government through the Minerals and Metals Trading Corporation and by members of the Steel Furnace Association and the Iron and Steel Scrap Association of India.

GRATIFYING EXPORT PERFORMANCE OF HINDUSTAN LEVER

EXPANSION SCHEMES BEING PURSUED

THE most striking feature of the financial results of the Hindustan Lever Ltd. (Chairman: Mr. P. L. Tandon, Bombay) for the year ended 31st December 1963 is a further rise of Rs. 3.96 crores to a new peak of Rs. 54.26 crores in its net sales turnover (that is, excluding the excise duty paid). That this improvement exceeds the increase of Rs. 3.68 crores recorded in the previous year is in itself a satisfying thing. But what is more significant about this improvement is the fact that the bulk of it (Rs. 3.11 crores, to be precise) is on account of export sales amounting to Rs. 5.12 crores as compared with Rs. 2.01 crores in 1962 and only Rs. 74 lakhs in 1961. This significant increase in sales abroad is said to have helped the Company earn the necessary incentive licences for importing essential raw materials, without which the rate and quality of its production would not have possibly been maintained.

Two factors—the relatively low prices of groundnut oil during the 1962-63 season and the expeditious administering of the incentive schemes—are said to have worked in favour of the much higher export sales during the year. Total soaps sales have also recorded a satisfactory rise, with *the non-soapy* detergent *Surf* making good progress. Toilet preparations have met with greater demand. But the year under review has proved a difficult one for *vanaspati* owing to the price control imposed since the last (1963-64) budget and the Government's order to stop small size packs on the grounds of a tin-plate shortage. With the pea crop again suffering from frost, dehydrated vegetables sales have been affected. Cattle and poultry feeds sales have, however, been extended to other areas of Maharashtra and Gujarat.

The table below compares the performance of the various products during the year with that in the previous three years:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Soaps, detergents and toilet preparations ..	2,830.73	2,484.82	2,374.52	2,092.76
Vanaspati, margarine and other foods ..	2,587.40	2,469.62	2,306.43	2,234.88
Glycerine and other by-products, animal fooding stuffs and oils ..	536.61	430.98	310.87	284.22

In spite of the encouraging growth in sales, gross profit has suffered a setback from Rs. 520.87 lakhs to Rs. 496.24 lakhs. The Directors have made a pointed reference to a reduction in profit on *vanaspati* sales because of difficulties in production and divergence of part of the capacity for the *Lotus* brand for meeting the demand for exports and for hardening oils for soap making. They have also referred to imports of copra and palm oils through incentive licences from exports but at substantially higher costs because of the high losses incurred on the export of refined and raw groundnut oil. This means that the very factor, namely, improved export performance, which has largely boosted the turnover has, however, been responsible for the setback in profit, though for this not the Company but the producers and distributors of the raw materials are to blame.

The net profit has, however, increased from Rs. 200.55 lakhs to Rs. 225.18 lakhs because the tax provision has been lower at Rs. 225.92 lakhs as compared with Rs. 282.35 lakhs a year before, which is exclusive of surtax or S.P.T. liability. With the expansion plans in hand, the amount carried to development rebate reserve has been raised from Rs. 4.10 lakhs to Rs. 6.50 lakhs. As is already known, the Directors have stepped up the dividend on the 10-rupee shares from 12 per cent to 14 per cent per annum, the entire increase having come in the final dividend of 80 nP as against 60 nP a year before. The increase has, however, been modest, considering that, in the previous year, there had been a sharp cut of 14 points. The balance left after providing for the dividend is Rs. 89.18 lakhs as against Rs. 96 lakhs in the previous year. Out of this balance, a reserve has been created of Rs. 56.50 lakhs for meeting surtax liability estimated at Rs. 49 lakhs and dividend tax liability estimated at Rs. 7.50 lakhs, and the surplus of Rs. 33.22 lakhs (including Rs. 54,000 brought in from the previous year) has been taken to general reserve. Out of the previous year's balance, Rs. 70 lakhs had been set apart for creating a reserve for S.P.T. and from the surplus of Rs. 43.72 lakhs (including Rs. 17.72 lakhs brought in) Rs. 43.18 lakhs had been carried to general reserve. Since the actual S.P.T. liability in respect of the previous year is known to have been Rs. 50 lakhs, the excess amount of Rs. 20 lakhs under the specific reserve has now been added to general reserve. The new surtax, coupled with the new dividends tax, is hardly an improvement for the Company over the old S.P.T., since the net saving, as the finance Bills stand at present, is under Rs. 10 lakhs. The incidence of surtax, the Directors state, still falls heavily on an efficient use of capital.

The much better export performance during the year, has led the Company to form a wholly-owned subsidiary, Indexport Ltd., which has been recognised by the Government as an export house. This new company will concentrate its energies upon a world-wide export of products manufactured by the Hindustan Lever. At the same time, wherever it is advantageous and there is potential, it will place its marketing and export skills and know-how at the disposal of third parties.

It will be recalled that last year, because of the uncertain profitability and the disturbed condition of the capital market after the budget, the Directors had decided to put off the *rights* issue of 285,725 shares at a premium of Rs. 25 per share. The time limit for making this issue has since been extended by the Controller of Capital Issues to February 1965. In the meanwhile, the Company has obtained a further foreign exchange loan of Rs. 60 lakhs from Unilever Ltd. in addition to the Rs. 20 lakhs loan announced in the Company's last report for enabling it to proceed with the expansion projects. The progress on these projects is summarised below:

The Etah dairy, with its associated milk collecting centres spread over the neighbouring countryside, will come into operation by the middle of this year. By that time a bigger dehydrated vegetable plant will also have been installed in the Ghaziabad factory for use outside the pea season for a variety of new products. A new unit for making cattle feeds is also to be installed in this factory. Extensions to the Shamnagar factory, consequent on the purchase of a plant, are under way. A part of the additional capacity for hardening oils will be commissioned in the next few months. A plant for the manufacture of nickle catalyst is proposed to be installed in the Bombay factory, while a licence for installing a non-soapy detergent plant for manufacturing *Surf* and similar products in the Garden Reach factory has been obtained. The modernisation of the Bombay and Garden Reach soaperies by the installation of new plant is expected to be completed next year.

The following comparative table gives a clear idea of the progress made by the Company in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sale proceeds, less excise..	5,425.58	5,029.90	4,662.38	4,305.14
Other income ..	19.09	26.42	20.38	19.72
Cost of raw materials consumed	3,863.12	3,549.06	3,273.84	3,004.52
Other expenses	1,014.47	1,341.31	1,267.80	1,124.64
Including:				
Staff expenses	401.81	382.69	358.24	296.41
Excise duty	545.61	355.52	329.44	306.72
Gross profit	496.24	520.87	470.55	502.07
Provision for—				
Depreciation	45.14	40.73	39.40	35.33
Taxation	225.92	282.35	192.76	208.00
Net profit	225.18	200.55	238.39	258.74
Provisions written back ..	..	4.50	..	..
Development rebate reserve	6.50	4.10	5.30	5.00
Provision for gratuity ..	5.87	3.27	7.58	4.22
Provision for contingencies	8.22	..	..	..
Dividend	115.41 (14%)	98.92 (12%)	144.82 (20%)	144.82 (20%)
Retained in business ..	89.18	96.00	80.69	104.70
Equity shares' market value (In rupees):	1964	1963	1962	1961	1960
High	42.00	47.50	74.00	59.70	46.00
Low	35.00	33.50	41.50XR	41.50	35.98

Largely due to the financing of exports at the year-end, the Company has closed the year under review with a net overdraft of Rs. 118 lakhs as against Rs. 36 lakhs at the beginning of the year. The foreign exchange loan of Rs. 25 lakhs granted for the Etah dairy project by the I.C.I.C.I. Ltd. will be drawn fully by the end of June next. The Company has already started to draw against the Unilever foreign exchange loans. The total short-term indebtedness amounts to Rs. 666.30 lakhs (as against Rs. 535.73 lakhs a year before) and is well covered by current assets aggregating Rs. 13.86 crores. Long-term borrowings have gone up from Rs. 2.97 lakhs to Rs. 18.74 lakhs, because the loan from the I.C.I.C.I. Ltd. has increased from Rs. 2.97 lakhs to Rs. 15.35 lakhs and a sum of Rs. 3.38 lakhs has come from the Unilever Ltd. The paid-up capital, unchanged at Rs. 824.36 lakhs, is backed by a capital reserve of Rs. 62.62 lakhs and revenue reserves and surplus amounting to Rs. 420.22 lakhs. The gross block, which expanded from Rs. 752.41 lakhs to Rs. 930.46 lakhs in the year under review, has been written down to Rs. 598.65 lakhs. Trademarks and goodwill are valued separately at Rs. 6.23 lakhs. Investments in subsidiary companies have increased from only Rs. 3,000 to Rs. 1.03 lakh.

Currently quoted at Rs. 35.10 *cum-div.* (final), the Rs. 10 fully paid shares of the Company offer a net yield of 3.2 per cent per annum.

KAMANI ENGINEERING REPORTS ENCOURAGING RESULTS

Notwithstanding certain difficulties encountered in procuring essential raw materials which obviously curtailed the output of factory products, the Kamani Engineering Corporation Ltd. (Managing Agents: Messrs. Kamani Brothers Pvt. Ltd., Bombay) has been able to report quite encouraging working results for the year ended 30th September 1963. Total sale proceeds, including those of manufactured products and agency goods, and the receipts from erection work undertaken, have advanced by over 10 per cent from Rs. 465.46 lakhs to Rs. 513.25 lakhs while the gross profit has risen, though somewhat modestly, from Rs. 39.11 lakhs to Rs. 41.83 lakhs. Impressive as these results are, there is, however, actually a decline in the profit margin, that is, the ratio of gross profit to sale proceeds from 8.4 per cent to 8.1 per cent, even though other income has increased by Rs. 3.77 lakhs to Rs. 15.10 lakhs. The chief factor responsible for this decrease appears to be the sharp rise in staff and other expenses from an aggregate of Rs. 143.77 lakhs to Rs. 163.31 lakhs but an equally important factor—and one which is discussed more fully below—is the decline in the output of factory products.

With the increase in the level of gross profit and the decline of Rs. 1.46 lakh to Rs. 6.55 lakhs in the provision for depreciation, the Managing Agents' commission has increased from Rs. 2.66 lakhs to Rs. 3.04 lakhs. The provisions for taxation has risen quite sharply from Rs. 15.00 lakhs to Rs. 21.50 lakhs, claiming nearly two-thirds of the pre-tax profit as against a little over 53 per cent previously. With the essential provisions generally higher, the net profit has gone down by Rs. 2.70 lakhs to Rs. 10.74 lakhs. From this, Rs. 5.52 lakhs as against Rs. 6.02 lakhs last year, have been credited to reserves and a further amount of Rs. 0.69 lakh has been set aside to meet the preference dividend liability in respect of the year. It will be recalled that, though in their report for the year ended 30th September 1962 the Directors had recommended an ordinary dividend of 9.5 per cent subject to deduction of tax, an additional dividend of 2.5 per cent, also subject to deduction of tax, was subsequently distributed out of the Super Profits Tax reserve created during the year. The total dividend for that year had thus actually amounted to 12 per cent subject to deduction of tax. The same dividend is recommended now and, if sanctioned, will absorb Rs. 5.40 lakhs as previously.

The steady progress made by the Company during the past four years is well mirrored in the following comparative table:

(In lakhs of rupees)

	For the year ended 30th September			
	1963	1962	1961	1960
Sale proceeds.. ..	513.25	465.46	268.68	236.90
Other income ..	15.10	11.33	8.66	5.20
Closing stocks ..	20.61	32.26	29.66	27.09
Materials and stores consumed	204.21	218.54	125.44	74.41
Goods purchased ..	107.35	77.97	27.44	46.35
Staff expenses ..	87.43	80.97	55.12	42.71
Other expenses ..	75.88	62.80	47.11	38.82
Gross profit	41.83	39.11	24.81	20.89
Managing Agents' commission.. ..	3.04	2.66	1.60	1.62
Provision for—				
Depreciation	6.55	8.01	5.85	4.89
Taxation	21.50	15.00	7.50	6.70
Net profit	10.74	13.44	9.86	7.68
Provisions written back ..	1.10	..	..	0.74
Miscellaneous write offs	0.24	1.34	3.56	3.78
To reserves	5.52	6.02	1.50	0.23
Dividends—				
Preference	0.69	0.69	0.73	0.80
Ordinary	5.40 (12%)	5.40 (12%)	4.05 (9%)	3.60 (8%)
Carry forward ..	0.04	0.04	0.05	0.03
Market price of ordinary shares (in rupees):	1964	1963	1962	1961	1960
High	15.00	14.76	17.52	20.52	20.56
Low	14.00	11.52	13.76	13.76	10.76

Note:—All dividends are subject to deduction of tax.

There is very little change in the financial position of the Company as reflected in its balance-sheet as at 30th September 1963. The share capital remains unchanged at Rs. 59.98 lakhs—made up of Rs. 13.00 lakhs in preference shares of Rs. 100 each and the balance in equity shares of Rs. 10 each—while reserves are slightly higher at Rs. 14.22 lakhs as against Rs. 12.04 lakhs. Secured loans have declined by Rs. 25.86 lakhs to Rs. 76.31 lakhs but current liabilities and provisions have risen from Rs. 134.43 lakhs to Rs. 195.54 lakhs. On balance, therefore, outside interest has advanced from Rs. 236.60 lakhs to Rs. 271.85 lakhs. However, this is fully covered on the assets side by the total of investments, current assets and loans and advances which aggregates Rs. 304.57 lakhs as against Rs. 265.82 lakhs a year before. Net assets are a shade lower at Rs. 41.48 lakhs; this figure has been arrived at by reducing the gross block of Rs. 85.37 lakhs by the accumulated amount of depreciation of Rs. 43.89 lakhs. Additions to the block account during the year amounted to Rs. 6.40 lakhs, as against Rs. 20.10 lakhs in 1961-62.

The production of galvanised and painted steel structures during the year under review was at a little lower level than last year; the tonnage being 18,940 as compared with 20,363. The slight fall in production was mainly due to difficulties encountered in obtaining the necessary steel and zinc, owing to emergency conditions existing during the year.

The position regarding orders was satisfactory. Orders on hand for towers and structures at the end of the year were 46,156 tonnes, as against 34,810 tonnes a year before and for erection of transmission line, the pending orders were 2,000 km. During the year under review, the Company continued its vigorous and extensive efforts to maintain its export targets. All the pending orders for export were successfully completed. Another order for the supply of 132 kV. transmission line towers for the Nigerian Government is currently under execution. Since the close of the year, the Company has been successful in obtaining two larger orders, aggregating 3,460 tonnes from the National Power Corporation of Philippines. These orders were secured in the face of very severe international competition. The working of the agency department remained satisfactory. Very large orders for supply of H.T. insulators were executed during the year and the turnover of business again increased by more than 25 per cent over last year's figures.

The Research and Development Department continued their valuable work in the field of development of improved tower designs. The Research and Testing Departments have successfully carried out tests on several new tower designs and further tests are being carried out according to programme. It is expected that the results of these tests would make valuable contribution in the economy of the weights of towers, structures and production costs.

During the preceding year, the Company was granted a licence for substantial expansion of its existing capacity from 1,500 to 2,000 tons per month for transmission line towers and another for the fabrication of heavy structurals to the extent of 500 tons per month and high tensile units of both to the extent of 500 tons per month. The Directors now report that planning has reached an advanced stage for implementing this expansion programme in Rajasthan.

The current market quotation for the Rs. 10 fully paid ordinary shares of the Company is Rs. 14.24 *cum-div.* On an *ex-div.* basis, the net yield per annum works out to 7.2 per cent.

BOMBAY DYEING DOES WELL, DESPITE HEAVY ODDS

PROFIT BETTER—DIVIDEND UNCHANGED

IN spite of the continuance of the voluntary price control adopted by the cotton textile mills at the suggestion of the Government in 1961, and sluggish trading conditions in the internal cloth market, the Bombay Dyeing and Manufacturing Company Ltd. (Managing Agents: Messrs. Nowrosjee Wadia and Sons [Private] Ltd., Bombay) has been able to report encouraging results for the year ended 31st December, 1963. Thus, the realisation from the sale of cloth, yarn, waste, dyes, and chemicals has advanced by over 11.3 per cent from Rs. 15.16 crores to what seems to be an all-time high of Rs. 16.88 crores while the gross profit is higher at Rs. 179.48 lakhs, as against Rs. 147.79 lakhs for the year before. This improvement is certainly cheerful, since it has enabled the Company to more than fully recoup the ground lost during the preceding year but what makes it more heartening is that the ratio of gross profit to sale proceeds has risen from 9.8 per cent to 10.7 per cent. The main factors behind this betterment is obviously the increase in production as reflected in the higher turnover as also in the rise of about Rs. 40 lakhs to Rs. 293.70 lakhs in the value of closing stocks of finished goods.

The increase in gross profit has naturally been accompanied by an increase in the provision for the Managing Agents' commission from Rs. 4.79 lakhs to Rs. 7.57 lakhs and in that for taxation by as much as Rs. 14.60 lakhs to Rs. 38.40 lakhs. Of this latter figure, Rs. 2.84 lakhs represent the liability under the new tax of 7.5 per cent leviable on the amount distributed as dividend during the year. The provision for depreciation is likewise larger, but only moderately so, at Rs. 81.61 lakhs as against Rs. 80.43 lakhs for the previous year. Notwithstanding these higher prior charges, the net profit has risen by Rs. 13.13 lakhs to Rs. 51.90 lakhs. Out of this, a sum of Rs. 16.80 lakhs has been transferred to the statutory development rebate reserve, while a small sum of Rs. 15,000 has been credited to the general reserve. The amount credited to reserves this year is admittedly lower than that during any of the three preceding years, but then it has also to be noted that there has been no withdrawal from the reserves this year, as against Rs. 25.10 lakhs in 1962 and Rs. 14.45 lakhs in 1960. The dividend, however, has once again been maintained at 14 per cent, subject to deduction of tax, and is made up of an interim distribution at the rate of 4 per cent and a final dividend of 10 per cent, both subject to deduction of tax. This claims, as before, Rs. 35.14 lakhs, leaving Rs. 48,236 as carry forward as against Rs. 67,586 brought in.

A clearer idea of how the Company has fared during each of the past four years can be had from the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sale proceeds (gross)	16,88.30	15,16.16	13,59.18	11,27.58
Other income ..	23.79	23.79	23.01	26.26
Closing stocks of finished goods.	293.70	254.23	205.54	201.08
Excise duty	103.83	88.96	68.04	35.40
Raw materials and stores consumed	926.80	827.40	694.48	641.01
Staff expenses	358.29	375.06	325.50	310.32
Other expenses	183.16	149.43	186.16	109.78
Gross profit	179.48	147.79	158.37	124.49
Managing Agents' commission..	7.57	4.79	5.05	6.27
Provision for—				
Depreciation	81.61	80.43	80.52	63.25
Taxation	38.40	23.80	14.50	4.50
Net profit	51.90	38.77	58.00	50.47
Withdrawal from reserves ..	..	25.10	2.00	14.45
To reserves	16.95	25.10	54.83	29.50
Dividend.. ..	35.14 (14%)	35.14 (14%)	35.14 (14%)	35.14 (14%)
Carry forward	0.48	0.68	0.70	0.66
Market price of ordinary shares (in rupees):	1964	1963	1962	1961	1960
High	65.30	64.50	72.20	71.90	72.70
Low	60.00	56.00	58.80	58.50	60.40

During the year under review, the Company continued to concentrate more on the production of bleached, dyed, printed, and finished goods, with a view to improving its earning capacity. It introduced special finishing process such as mercerising, sanforizing, "Tebelizing" and "Hecowa," the last named having been introduced for the first time in India. The introduction of these processes is expected to enable the Company to be in a better position *viz-a-viz* its competitors both in India and abroad. In fact, it appears to have paid fairly good dividends during the year under review itself. For, notwithstanding the difficult trading conditions in the home market and the restricted offtake of cloth and yarn, the Company's designs gained further in popularity and the retail trade through its shops increased by 40 per cent over the previous year. It will be recalled that, during 1962, the improvement was of the order of 30 per cent over 1961. Export markets showed some revival of demand, particularly during the latter half of the year, though competition from Japan, Hong Kong, China, Portugal and Siam continued to be felt. While the exports by the Company, measured in linear yards, dropped by five million, the bulk of them was in wide width sheetings and, consequently, earnings were slightly better than in 1962, being Rs. 4.95 crores or an average of Rs. 1.32 per linear yard, that is, 20 nP per yard higher. The Company thus continued to maintain its position as the largest exporter from India in 1963, its share in value being 12.1 per cent of the total exports of cloth from this country.

In 1963, a sum of Rs. 3.71 lakhs was spent on the construction and extension of buildings of the Spring and Textile Mills and New Bleach Works and new machinery worth Rs. 105.53 lakhs was installed. The main loom shed of the Spring Mills is now complete with 2,048 automatic looms under one roof. In the card rooms, all the Within drawframes and the majority of the Rieters speed frames are working and the rest will be installed before the current year is out. More combers have been ordered out for delivery in October to meet the demand for finer fabrics. Unluckily, the bottleneck in the supply of ring frames from the National Machinery Manufacturers Ltd. persists, because of that company's long order position and consequently the Company is unable to get these machines fast enough to complete its renovation programme. For the Textile Mills 26 automatic looms have been ordered and the "Lantor" blanket plant. The jaquard towels manufactured by the Company are reported to have been very popular and, with the new blanket made from synthetics, it should be possible for the housewife to buy all her requirements from the Company. Additional finishing capacity has been installed in the New Bleach Works and the Company proposes to launch its new Terylene-cotton suitings upon the market in an ever-increasing volume. An additional heat setting and dyeing range has been ordered for this purpose. The number of installed spindles at the Company's Spring and Textile Mills has thus increased to 196,796 and that of looms to 3,736, of which 2,166 are automatic.

Financially, the Company is in good shape. The share capital exclusively in ordinary shares of Rs. 25.00 each continues to stand at Rs. 250.98 lakhs but reserves—excluding the amount likely to be withdrawn for dividend payment—have advanced from Rs. 383.43 lakhs to Rs. 400.19 lakhs. Borrowings however have increased by Rs. 84.90 lakhs to Rs. 592.03 lakhs while current liabilities and provisions are higher at Rs. 261.02 lakhs as against Rs. 245.30 lakhs a year ago. Inclusive of the additions of Rs. 112.90 lakhs, the gross block stands at Rs. 13,87.18 lakhs, but, on deduction therefrom of Rs. 768.55 lakhs being the depreciation provided to date, a net block of Rs. 618.63 lakhs emerges. Investments, mostly unquoted, are carried in the books at a cost of Rs. 44.51 lakhs. Current assets and loans and advances amount to Rs. 841.08 lakhs in the aggregate.

As regards the outlook for the current year, Mr. Neville N. Wadia, Chairman, says:

"1964 is bound to be one of strains and stresses. Costs, particularly cotton which cost us almost Rs. 100 per candy more in 1963, are still rising at an alarming rate, but, as far as our Company is concerned, I can only say that we are well equipped in every sense, as any of our competitors, to face whatever is in store."

Currently, the Rs. 25 fully paid ordinary shares of the Company are quoted at Rs. 60.50 *cum-div.* On an *ex-div.* basis, the net yield works out to 4.8 per cent per annum.

PREMIER CONSTRUCTION PAYS MORE

Heartening, indeed, is the performance of the Premier Construction Company Ltd. (Managing Agents: Messrs. Walchand and Company Pvt. Ltd., Bombay) during the year ended 31st December 1963, being essentially a holding company, its fortunes depend upon the working of its associates. The Company, as is common knowledge, is the majority shareholder in three Walchand group enterprises, namely, the Hindustan Construction Company Ltd., the Indian Hume Pipe Company Ltd., and the Acme Manufacturing Company Ltd., besides having a substantial stake in two other companies in the same group, that is the Walchandnagar Industries Ltd. and Cooper Engineering Ltd. In addition, it holds no fewer than 3.24 lakh ordinary shares of the Scindia Steam Navigation Company Ltd. which are carried in its book at a cost of Rs. 72.92 lakhs. As a result of the considerable improvement in the working of all these companies and the dividend receipts from them, the net dividend income of the Company has advanced by no less than 32.3 per cent from Rs. 18.98 lakhs to Rs. 25.12 lakhs, while other income from works bills share in agency commission of Walchandnagar Industries Ltd. and other sources is correspondingly higher at Rs. 10.99 lakhs as against Rs. 7.89 lakhs in the year before. Consequently, the total income has risen from Rs. 26.87 lakhs to Rs. 36.11 lakhs and has been responsible for lifting the gross profit by as much as Rs. 7.23 lakhs to Rs. 23.84 lakhs. A notable feature of the year's working is that, since expenses are higher by less than 15 per cent from Rs. 10.82 lakhs to Rs. 12.30 lakhs, the profit-margin (ratio of gross profit to total income) is larger by 4.4 points at 66 per cent.

In spite of the rise in gross profit, the provision for the Managing Agents' commission has been stepped down from Rs. 0.25 lakh to Rs. 0.21 lakh because of adjustments relating to prior years while that for depreciation is lower at Rs. 0.63 lakh as against Rs. 0.67 lakh a year ago. The net profit has, therefore, jumped up from Rs. 15.69 lakhs to Rs. 23 lakhs. With a larger sum thus available, the ordinary dividend has been substantially raised from 30 per cent to 46⅔ per cent both subject to deduction of tax.

The following comparative table synoptically presents the results of working of the Company during each of the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Gross income	36.11	26.87	22.77	23.14
Work-in-progress at close ..	1.08	1.05	0.49	0.93
Expenses	12.30	10.82	7.16	4.16
Gross profit	23.84	16.61	15.77	18.59
Managing Agents' remuneration	0.21	0.25	0.25	0.06
Provision for—				
Depreciation	0.63	0.67	0.41	0.36
Taxation	..	..	1.90	1.79
Net profit	23.00	15.69	13.21	16.38
Withdrawal from reserves ..	..	..	3.13	..
To reserves	1.38	0.11	..	1.67
Dividends—				
Preference	4.09	4.09	4.09	4.54
Ordinary	18.20 (46⅔%)	11.70 (30%)	11.40 (33⅓%)	10.13 (45%)
Carry forward	..	0.67	0.89	0.13
Market price of ordinary shares (in rupees):	1964	1963	1962	1961	1960
High	196	172	202	285	384
Low	157	118	105	179	285

The singlemost important item on the assets side of the Company's balance-sheet is, of course, the investment portfolio. During the year, under review, there was no change in the cost of this portfolio which therefore continues to stand unchanged at Rs. 272.04 lakhs, made up of Rs. 42.61 lakhs in unquoted investments, such as equity shares of the Hindustan Construction Company Ltd. and equity and preference shares of the Acme Manufacturing Company Ltd., and the balance of Rs. 229.43 lakhs in quoted investments with a market value as at 31st December 1963 of Rs. 251.09 lakhs (as against Rs. 260.04 lakhs a year ago). Current assets and loans and advances amount to Rs. 46.98 lakhs (Rs. 41.46 lakhs), while the net block is worth Rs. 8.21 lakhs (Rs. 8.83 lakhs). Since no new assets were acquired during the year there has been no change in the gross block account shown at Rs. 11.69 lakhs. The share capital also stands unchanged at Rs. 120.25 lakhs comprising Rs. 81.25 lakhs in preference shares and Rs. 39 lakhs in equity shares of Rs. 30 each. Reserves have edged up from Rs. 128.01 lakhs to Rs. 128.40 lakhs. Although borrowings have declined from Rs. 49.02 lakhs to Rs. 46.39 lakhs, current liabilities and provisions (including that for dividend) have risen by Rs. 7.13 lakhs, due obviously to the higher dividend, so that the aggregate of outside funds works out to Rs. 78.58 lakhs as against Rs. 74.08 lakhs a year before.

The Rs. 30 fully paid ordinary shares of the Company are currently quoted at Rs. 180 *cum-div.* and fetch, on the *ex-div.* price a net return of 6.6 per cent per annum on fresh investment.

UNDERSTAND
the problem
Development and Defence go together.
The more you produce in farms and factories the more you add to the strength of the country.
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D65/F 17

Notices

THE BOMBAY DYEING AND MANUFACTURING COMPANY LIMITED

NOTICE

THE EIGHTY-FIFTH ANNUAL GENERAL Meeting of The Bombay Dyeing and Manufacturing Company, Ltd. will be held at the Registered Office of the Company, Neville House, Ballard Estate, Bombay-1, on Wednesday, the 29th April 1964, at 4-30 p.m., to transact the following business:—

1. To adopt the Directors' Report and the audited Balance Sheet and Profit and Loss Account for the year ended 31st December 1963.

2. To sanction the declaration of a Dividend.

3. To appoint a Director in the place of Mr. Maneklal Premchand who retires by rotation, and being eligible, offers himself for re-appointment; and to consider and, if thought fit, to pass the following Resolution, of which a Special Notice as required by Section 281 of the Companies Act, 1956, has been received by the Company from some Members, and is hereby given to the Members:—

"RESOLVED that, pursuant to the provisions of Section 281 and other applicable provisions (if any) of the Companies Act, 1956, Mr. Maneklal Premchand, who has attained the age of 74 years and who retires by rotation and is eligible for re-appointment, be and he is hereby re-elected a Director of the Company, and it is hereby specifically declared that the age limit for Directors prescribed under Section 280 of the said Act shall not apply to him."

[The relative Explanatory Statement under Section 173 of the Companies Act, 1956, is annexed to this Notice.]

4. To appoint a Director in the place of Sir Jamsetjee Jejeebhoy, Bart., who retires by rotation, and being eligible, offers himself for re-appointment; and to consider and, if thought fit, to pass the following Resolution as a Special Resolution in respect of which Special Notice, as required by Section 261 of the Companies Act, 1956, has been received by the Company from some Members, and is hereby given to the Members:—

"RESOLVED that, pursuant to the provisions of Section 261 and other applicable provisions (if any) of the Companies Act, 1956, Sir Jamsetjee Jejeebhoy, Bart., who retires by rotation and is eligible for re-appointment, and who is an Executive and Officer of Messrs. Nowrosjee Wadia and Sons (Private) Ltd., the Managing Agents of the Company, be and is hereby re-appointed a Director of the Company."

[The reasons which make the above Resolution necessary have been set out in the Explanatory Statement under Section 173 of the Companies Act, 1956, annexed to this Notice.]

5. To appoint a Director in the place of Mr. N. K. Petigara who retires by rotation, and being eligible, offers himself for re-appointment.

6. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting, and to fix their remuneration.

SPECIAL BUSINESS

7. AND for the purpose of considering, and if thought fit, to pass (with or without amendment as may be permissible), the following Resolutions as Special Resolutions and/or Ordinary Resolutions as specified below:—

(a) ORDINARY RESOLUTION

"RESOLVED that, pursuant to the provisions of Section 310 of the Companies Act, 1956, and subject to the approval of the Government of India being obtained, the remuneration payable to a Director of the Company be and is hereby increased from Rs. 100 to Rs. 250 for each meeting of the Board or of a Committee of the Board attended by him."

(b) SPECIAL RESOLUTION No. I

"RESOLVED that, pursuant to the provisions of Section 360 of the Companies Act, 1956, and subject to the approval of the Government of India being obtained, the approval of the Company be and it is hereby accorded to a contract being entered into in terms of the draft placed before the Meeting, and for the sake of identification initialled by the Chairman, purporting to be between the Company and Messrs. Bombay Ring Travellers Co. Ltd., Bombay, (who are or may be deemed to be 'associates' of the Managing Agents of the Company)—subject to any amendments as may be suggested by the Government of India and accepted by the Board of Directors of the Company and by Messrs. Bombay Ring Travellers Co. Ltd.—to be operative for a period of five years as from the date of this Meeting, unless determined previously by three months' notice given by either side to the other, in respect of the supply or rendering to the Company by Messrs. Bombay Ring Travellers Co. Ltd., of services by way of undertaking repair work and precision jobs of grinding, milling, etc. of castings and machinery parts in their Tool Room, and services of an ancillary or auxiliary nature as also in respect of services to be rendered to them by the Company such as hiring to them trucks belonging to the Company: subject to the conditions that the prices or rates to be paid by the Company shall be reasonable and/or approved of by the Directors of the Company, and that all payments to be made to the Company by Messrs. Bombay Ring Travellers Co. Ltd. shall be made within one month from the date of the supply or *rendering* of any service by the Company to Messrs. Bombay Ring Travellers Co. Ltd."

(c) SPECIAL RESOLUTION No. II

"RESOLVED that, pursuant to the provisions of Section 360 of the Companies Act, 1956, the approval of the Company be and it is hereby accorded to a contract being entered into in terms of the draft placed before the Meeting and for the sake of identification initialled by the Chairman, purporting to be between the Company and Messrs. Bombay Ring Travellers Co. Ltd., Bombay, (who are or may be deemed to be 'associates' of the Managing Agents of the Company) to be operative for a period of five years as from the date of this Meeting unless determined previously by three months' notice given by either side to the other, in respect of the purchases from Messrs. Bombay Ring Travellers Co. Ltd. of wire healds, rings and ring travellers, and other machinery, articles and things required by or useful for the textile industry which are manufactured and/or dealt in by them, and in respect of the sale or supply to them of any property or any article produced, dealt in or owned by the Company; subject to the conditions that the prices of such products shall be reasonable and/or approved of by the Directors of the Company, and that all payments to be made to the Company by Messrs. Bombay Ring Travellers Co. Ltd. shall be made within one month from the date of the sale or supply of any property or any article by the Company to Messrs. Bombay Ring Travellers Co. Ltd."

(d) SPECIAL RESOLUTION No. III

"RESOLVED that, pursuant to the provisions of Section 360 of the Companies Act, 1956, and subject to the approval of the Government of India being obtained, the approval of the Company be and it is hereby accorded to a contract being entered into in terms of the draft placed before the Meeting, and for the sake of identification initialled by the Chairman, purporting to be between the Company and Messrs. N. S. Guzder & Co. Private Ltd., Bombay, (who are or may be deemed to be 'associates' of the Managing Agents of the Company)—subject to any amendments as may be suggested by the Government of India and accepted by the Board of Directors of the Company and by Messrs. N. S. Guzder & Co. Private Ltd.—to be operative for a period of five years as from the date of this Meeting unless determined previously by three months' notice given by either side to the other, in respect of the purchases from Messrs. N. S. Guzder & Co. Private Ltd., of kapas, cotton and cotton seeds, and such other goods required for the textile industry in which they trade or do business or may trade or do business, as well as in respect of the sale or supply to them of any property or any article produced, dealt in or owned by the Company: subject to the conditions that the prices of such kapas, cotton and cotton seeds, and such other goods as aforesaid shall be such as are reasonable and/or approved of by the Directors of the Company and that all payments to be made to the Company by Messrs. N. S. Guzder & Co. Private Ltd. shall be made within one month from the date of the sale or supply of any property or any article by the Company to Messrs. N. S. Guzder & Co. Private Ltd."

(e) SPECIAL RESOLUTION No. IV

"RESOLVED that, pursuant to the provisions of Section 360 of the Companies Act, 1956, the approval of the Company be and it is hereby accorded to a contract being entered into in terms of the draft placed before the Meeting, and for the sake of identification initialled by the Chairman, purporting to be between the Company and Messrs. N. S. Guzder & Co. Private Ltd., Bombay, (who are or may be deemed to be 'associates' of the Managing Agents of the Company), to be operative for a period of five years as from the date of this Meeting unless determined previously by three months' notice given by either side to the other, in respect of purchases from Messrs. N. S. Guzder & Co. Private Ltd., of kapas, cotton and cotton seeds, and such other goods required for the textile industry in which they trade or do business or may trade or do business, as well as in respect of the sale or supply to them of any property or any article produced, dealt in or owned by the Company: subject to the conditions that the prices of such kapas, cotton and cotton seeds, and such other goods as aforesaid shall be such as are reasonable and/or approved of by the Directors of the Company and that all payments to be made to the Company by Messrs. N. S. Guzder & Co. Private Ltd. shall be made within one month from the date of the sale or supply of any property or any article by the Company to Messrs. N. S. Guzder & Co. Private Ltd."

(f) SPECIAL RESOLUTION No. V

"RESOLVED that, pursuant to the provisions of Section 360 of the Companies Act, 1956, and subject to the approval of the Government of India being obtained, the approval of the Company be and it is hereby accorded to a contract being entered into in terms of the draft placed before the Meeting and for the sake of identification initialled by the Chairman, purporting to be between the Company and Messrs. G. Claridge & Co. Ltd., Bombay, (who are or may be deemed to be 'associates' of the Managing Agents of the Company)—subject to any amendments as may be suggested by the Government of India and accepted by the Board of Directors of the Company and by Messrs. G. Claridge & Co. Ltd.—to be operative for a period of five years as from the date of this Meeting unless determined previously by three months' notice given by either side to the other, in respect of Messrs. G. Claridge & Co. Ltd. rendering services by way of any work of or in relation to printing, embossing, engraving, etc., of, and supplying, stationery, labels, forms, certificates, coupons, folders, books, cartons, calendars, and other ancillary jobs, subject to the conditions that the prices or rates to be paid by the Company shall be reasonable and/or approved of by the Directors of the Company."

(g) SPECIAL RESOLUTION No. VI

"RESOLVED that the Articles of Association of the Company be and are hereby altered in the manner following:—

(a) In Article 15, for the words "or (upon paying Re. 1 in respect of each certificate) to several certificates", the words "or to several certificates either without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Re. 1 for each certificate) as the Directors shall prescribe", shall be substituted.

(b) The existing Article 54 shall be substituted by the following Article:—

'54. *Fee on Transfer or Transmission.*—

(1) The Directors shall have discretion (which they may exercise from time to time and for any period of time) not to charge any fee in respect of the transfer or transmission of a share.

(2) Subject as above, a fee not exceeding 25 naye paise per share may be charged in respect of the transfer or transmission to the same party of any number of shares of any class, subject to such maximum on any one transfer or transmission as may from time to time be fixed by the Directors. Such maximum may be a single fee payable on any one transfer or one transmission of any number of shares of one class, or may be on a graduated scale varying with the number of shares comprised in one transfer or transmission, or may be fixed in any other manner as the Directors in their discretion may determine, generally or in any individual case.'"

The Explanatory Statement under Section 173 is annexed in respect of the above Resolutions.

The drafts of the contracts referred to in Special Resolutions Nos. I, II, III, IV and V are open for inspection by any Member at the Registered Office of the Company on all working days from 10.30 a.m. to 1.00 p.m.

By Order of the Board,
NOWROSJEE WADIA & SONS (PRIVATE) LTD.,
NEVILLE N. WADIA,
Director,
Managing Agents.

BOMBAY, 12*th March* 1964.

Notes:—

(a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

(b) Proxy forms to be effective must be duly stamped with a 15 nP Revenue Stamp, and must reach the Company not less than 48 hours before the time appointed for holding the meeting.

(c) The Share Transfer Books of the Company will remain closed from Saturday, the 14th March 1964, to Thursday, the 2nd April 1964, both days inclusive.

(d) The dividend when declared will be made payable at the National & Grindlays Bank Ltd., Bombay, and at any of the branches in India on or after the 30th April 1964, to those Members whose names stand on the Register of the Company on the 2nd April 1964.

(e) The Members are requested to notify immediately any change of address to the Company.

(f) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business set out above is annexed to the Notice of the Annual General Meeting posted to the Members.

Registered Office:
'NEVILLE HOUSE',
BALLARD ESTATE,
BOMBAY, 1.

THE GWALIOR RAYON SILK MANUFACTURING (WEAVING) COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE Board of Directors of the Company at their Meeting held on 27th March 1964 have declared the dividend on Redeemable Cumulative Preference Shares Series 'A' and 'B' for the year ended 31st March 1964 at Rs. 8.57 per share subject to deduction of tax under Section 194 of the Income Tax Act, 1961.

The Dividends will be paid from 4th May, 1964 to those shareholders whose names appear on the Register of Redeemable Cumulative Preference Shares, Series 'A' and 'B', on the 2nd May, 1964.

Register of Members and Share Transfer Books of the Redeemable Cumulative Preference Shares Series 'A' and 'B' of the Company will be closed for this purpose from 18th April, 1964 to 2nd May, 1964, both days inclusive.

By Order of the Board,
B. N. PURANMALKA,
Secretary.

Registered Office:
BIRLAGRAM NAGDA,
30*th March*, 1964.

THE MILLOWNERS' ASSOCIATION BOMBAY

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING of the MEMBERS of the MILLOWNERS' ASSOCIATION, BOMBAY, will be held in the rooms of the Association (Second Floor, Elphinstone Building, Veer Nariman Road, Fort, Bombay) at 11.30 a.m. on Thursday, the 23rd April 1964, to transact the following business:—

1. To receive and adopt the Committee's Report and Statement of Accounts for the year 1963;
2. To appoint Auditors of the Association's Accounts for the current year and to fix their remuneration;

AND any other business that may be brought forward.

By Order of the Committee,
R. L. N. VIJAYANAGAR,
Secretary.

BOMBAY, 13*th April* 1964.

THE INDIAN IRON AND STEEL COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE Register of Members and Share Transfer Books for Preference Shares in the Company will remain closed from the 16th to 22nd April, 1964, both days inclusive, for the purpose of payment of Preference Dividend for the half-year ended 31st March, 1964, on or after the 1st May, 1964, to those Preference Shareholders whose names appear on the Company's Register of Members on the 22nd April, 1964, or to their mandatees.

By Order of the Board,
MARTIN BURN LTD.,
S. GUPTA,
Managing Director,
Managing Agents.

Registered Office:
12, MISSION ROW,
CALCUTTA-1.
3*rd April*, 1964.

BANK OF MAHARASHTRA

(*Concluded from page* 619)

medium-scale industries. In doing so, we mainly take into consideration the technical ability, integrity of the borrower and the soundness of the scheme and not so much the physical assets. This has resulted in many small industrialists coming to us. During the last 28 years, we have always tried to assist a person who can make creditworthy use of funds lent to him and increase the country's production. Our experience is encouraging. On 31st December 1963, the total number of borrowers was 8,690. Out of them borrowers who were lent upto Rs. 5,000 were 6,190, i.e. 71.1 per cent and borrowers from Rs. 5,000 to Rs. 10,000 accounted for 10 per cent, their number being 865.

You will be glad to note that our bank has a pronounced tendency to take care of small promising entrepreneurs. This is because of the social objectives accepted by the bank since its inception. This Bank was established for the economic, industrial and social development of the country, more particularly of Maharashtra, with due regard to the safety of its depositors. As I told you last year, we are striking a balance between our activities in the different regions of the State, namely, Marathawada, Konkan, Vidarbha and Western Maharashtra.

Branch Expansion

In 1963, we have opened nine new branches out of which two are in industrial estates at Poona and Thana, two in Goa, two in Bombay and three at other centres. We have also received permission to open branches at Mazagon, Virar and Mulund in and around Bombay. To enable us to man the various new offices with trained staff, we have now started a full-time training scheme for new entrants, junior officers and senior officers. The senior officers are also deputed from time to time to sister institutions for training.

During the year under report, Mr. D. K. Sathe, one of the founder members, resigned on grounds of health and Mr. M. B. Jambhekar resigned on account of pressure of work of Kirloskar Foundation.

The Board co-opted Mr. M. L. Apte and Mr. V. S. Vaidya on the Board. Both are young, energetic and experienced businessmen.

During the year under report, our relations with the staff continued to be cordial. I thank them all for their continued co-operation, but for which the progress of the institution would not have been so satisfactory.

Thanking you.

Note: *This does not purport to be a record of the proceedings at the Annual General Meeting.*

There's nothing formidable about our Agent. Any little problem you bring up, has his most careful personal attention. What's it you'd be wanting? To open a current or savings bank account? Purchase or sell securities? Periodical remittances? Safe custody of investments? Your wish is his command.

And you don't have to have an appointment either. Just walk in and see him. Who knows, he might offer you a cigar!

Union Bank Helps People

OTHER SERVICES OFFERED: Cumulative Deposit Accounts; Fixed Deposits and Three-year Cash Certificates; Inland Bills; Demand Drafts and Telegraphic Transfers, Letters of Credit and Guarantees, Foreign Bills and Remittances; Credit Reports and Trade Information.

THE UNION BANK OF INDIA LIMITED
66/80 Apollo Street, Fort, Bombay
Branches all over India
Telex contact with countries all over the world

ASP/UBI/17

PRIVATE IMPORTS FALL, GOVERNMENT IMPORTS RISE

RECENT TRENDS ANALYSED

A RISE in Government imports and a fall in imports on private account are among the significant trends in India's import trade in recent years. According to provisional official statistics, Government imports rose from Rs. 363.3 crores in 1961-62 to Rs. 463.5 crores in 1962-63 but private imports fell from Rs. 638.3 crores to Rs. 625.9 crores in the same period. In the first half of 1963-64, Government imports accounted for Rs. 284.5 crores, as against Rs. 214.3 crores in the corresponding period of the preceding year while private imports stood at Rs. 310.3 crores as compared with Rs. 322.5 crores.

Government imports consist mainly of food, capital equipment, iron and steel, railway stores, communication stores and other items like non-ferrous metals, fertilisers and mineral oils. Food obviously has been the major item, absorbing Rs. 98 crores in the first half of 1963-64, as against Rs. 79.6 crores in the similar period of 1962-63. The trend in food imports in recent years is shown below:

	Rs. crores
1957-58	165.3
1958-59	150.7
1959-60	150.1
1960-61	213.2
1961-62	117.0
1962-63	166.4
1963-64 (first half)	98.0

The sharp increase in food imports in 1962-63 and 1963-64 is due to the decline in domestic production of cereals. Official sources attribute the fall in output to unfavourable weather conditions such as excessive rains, prolonged droughts, cold wave, inadequate winter rains, etc., but those who are closely acquainted with the facts know that agricultural production need not have suffered so severely if the problem had been tackled properly in a co-ordinated manner. Ever since the attainment of independence, India has continued to depend heavily on imported foodgrains and the time has come to reduce drastically these imports by increasing indigenous production as rapidly as possible.

Capital equipment for Government projects absorbed Rs. 133 crores in 1962-63, as against Rs. 102.3 crores in 1961-62. In 1958-59, imports in this category were valued at Rs. 144.2 crores. The high level of imports is, of course, inevitable in a developing economy but at the same time, efforts have to be made continuously to increase the production of capital goods. In the case of railway stores and communication stores, for example, there has been a fall in imports on account of higher indigenous production. The value of railway stores imported fell from Rs. 7.4 crores in the first quarter of 1963-64 to Rs. 5.1 crores in the second quarter. Their total import in 1962-63 was Rs. 27.9 crores, as against Rs. 50.3 crores in 1957-58 and Rs. 51.8 crores in 1958-59. The import of communication stores rose from Rs. 3.4 crores in the first quarter of 1963-64 to Rs. 4.1 crores in the second quarter, but, in the full year 1962-63, the imports were much lower at Rs. 14 crores, as against Rs. 30.3 crores in 1957-58.

TABLE I: **Trend of Imports on Government Account**
(Value: In crores of rupees)

Item	1957-58	1962-63	1963-64* (April-Sept.)
Food	165.3	166.4	98.0
Capital equipment for Government projects	104.7	133.0	98.1
Iron and steel	49.7	24.7	9.6
Railway stores	50.3	27.9	12.5
Communication stores	30.3	14.0	7.5
Others (including non-ferrous metals, fertilisers, metals, mineral oils, etc.)	137.2	97.5	58.8

* Preliminary

TABLE II: **Trend of Imports on Private Account**
(Value: In crores of rupees)

Item	1957-58	1962-63	1963-64* (April-Sept.)
Food, drink and tobacco	27.9	25.6	9.8
Drugs and medicines	15.6	6.5	2.4
Paper, paperboard and newsprint	12.1	7.6	3.4
Electrical goods	24.8	19.7	10.8
Mineral oils etc.	79.9	80.4	44.7
Cotton—raw and waste	19.2	55.9	24.5
Jute—raw and waste	6.4	2.7	1.3
Chemicals	21.8	43.0	18.1
Dyes and colours	14.4	10.3	4.1
Iron and steel	82.7	52.3	25.4
Other metals	33.5	38.7	18.5
Textile yarns (including textile fabrics)	26.7	12.5	5.0
Machines	166.2	137.7	70.5
Vehicles including locomotives	35.7	33.7	15.2
Ships, aircrafts and parts	4.7	3.1	0.9

* Preliminary

As regards private imports, there has been a continuous decline from Rs. 638.3 crores in 1961-62 to Rs. 625.9 crores in 1962-63, and from Rs. 322.5 crores in the first six months of 1962-63 to Rs. 310.3 crores in the corresponding period of 1963-64. The large items among private imports are machinery, mineral oils, raw cotton, iron and steel, chemicals and metals other than steel.

In recent years, there has been a significant reduction in imports of drugs and medicines from Rs. 15.6 crores in 1957-58 to Rs. 6.5 crores in 1962-63, paper and paper board from Rs. 12.1 crores to Rs. 7.6 crores and textile yarns from Rs. 26.7 crores to Rs. 12.5 crores.

Among items the import of which has substantially increased are cotton—raw and waste from Rs. 19.2 crores in 1957-58 to Rs. 55.9 crores in 1962-63 and chemicals from Rs. 21.8 crores to Rs. 43.0 crores. The import of commodities like mineral oils has remained more or less unchanged at around Rs. 80 crores per year.

The import statistics of India do not seem to receive careful and detailed scrutiny, because, firstly, for the past many years, stringent import control has been imposed and, secondly, it is believed that, in a country engaged in intensive industrialisation, a continuous increase in imports is essential and inevitable. While the latter statement is no doubt true, it is also important to ensure that the foreign exchange is spent in the most efficient and economical way, so that the indigenous industries can function to full capacity and production can be stepped up steadily. A detailed scrutiny of import statistics, both on Government and private accounts, may still reveal scope for economy and saving of foreign exchange. A few years ago, it was reported that the Federation of Indian Chambers of Commerce and Industry had undertaken such a detailed study but it is not known how far it has progressed.

TWENTY-FIRST SESSION OF G.A.T.T.

The twenty-first session of the Contracting Parties to the General Agreement on Tariffs and Trade was held at Geneva from 24th February to 20th March 1964, under the chairmanship of Mr. J. H. Warren, Assistant Deputy Minister, Department of Trade and Commerce of Canada. Much of the work of the session was concentrated upon the trade problems of the less-developed countries. At their meeting in May 1963, it will be recalled, the Ministers had recognised that there was need for the General Agreement to be expanded in order to reflect more accurately the activities and responsibilities of the G.A.T.T. in relation to the trade and economic development problems of the less-developed countries. For this purpose, the Committee on the Legal and Institutional Framework of G.A.T.T. in relation to the Less-Developed Countries was set up. This Committee presented to this session its report which includes the draft of a proposed additional chapter to the G.A.T.T., to cover trade and development. A large number of Contracting Parties took part in the discussion of this report and all stressed the importance, significance, and encouraging character of the results so far achieved in relation to the future work of the Contracting Parties in connection with the problems of the trade and economic development of the less-developed countries. In summing up the discussion, the Chairman stated that the Contracting Parties had noted:

1. That there is agreement that it is appropriate and timely to incorporate in the General Agreement, provisions which would (a) adequately reflect the activities already undertaken by the Contracting Parties with respect to trade problems related to the economic development of the less-developed countries; (b) provide the necessary legal and institutional basis for the future functioning of the Contracting Parties with respect to these matters.

2. That there is also agreement that such provisions should be incorporated in a separate chapter on trade and development.

3. That on a number of provisions to be incorporated in the chapter there is agreement, in some, the outstanding issues appear to be largely a question of more precise drafting, whilst on others more substantial issues remain.

4. That the United Nations Conference on Trade and Development will shortly be considering the relevant or related matters.

The Chairman also noted the agreement of the Contracting Parties to pursue, through the Legal and Institutional Committee, discussions on the proposed draft chapter with a view to resolving outstanding issues.

The Committee should prepare the text of a protocol for amendment of the General Agreement and consider the possibility of providing for a declaration for the provisional application of the chapter pending entry into force of the amendment protocol. The Committee should present a report to the Council not later than 30th September 1964.

The Council, in the light of the report submitted to it by the Committee, will submit appropriate recommendations to the session of the Contracting Parties to be held not later than mid-November 1964 with the intention that Governments of Contracting Parties should be prepared to reach final agreement.

The Ministers at their meeting in May 1963 had suggested that one of the measures that should be studied to further the trade and development of less-developed countries was the accordance of preferential treatment to the semi-manufactured and manufactured goods exported by the less-developed countries. They had further agreed that a working group should be established to study the following proposals: "(a) the granting of preferences on selected products by industrialised countries to less-developed countries; and (b) the granting of preferences on selected products by less-developed countries to all other less-developed countries."

The discussion on this working group's report showed a general appreciation of the fact that the various proposals which had been submitted to the group involved complex and difficult questions which required careful consideration. In summing up the discussion the Chairman stated that the Contracting Parties had formally taken note of the report of the working group. On the basis of this report, it appeared that there was a broad measure of agreement that, following the preliminary examination, in accordance with the ministerial directive of May 1963, of the question of the granting of preferences by industrialised countries for the manufactured and semi-manufactured products of developing countries, and the exchange of preferences by developing countries with each other, "there are sufficient possibilities in such arrangements to warrant a more detailed study of the terms and conditions on which such preferences might be envisaged". In this connection, the Contracting Parties have noted that there are considerable divergencies of opinion between Contracting Parties as to the terms, conditions and procedures which would be appropriate to govern any such preferential arrangements, and accordingly, in view of the importance of these matters, invite Governments to give them early consideration.

The Chairman also noted that there was agreement to instruct the Council to reconvene the Working Party on Preferences at the earliest date that the Council deems, in the light of further examination by Governments, that its work can be usefully resumed. In this connection the Council should bear in mind the desirability of so arranging these further discussions that a further report from the Working Party on Preferences might be submitted to the Council in time to enable the Council to make a submission to the session of the Contracting Parties to be held not later than mid-November 1964.

The Contracting Parties reviewed the progress which had been made under the Action Programme which had been adopted by Ministers at their meeting in May 1963 and in connection with the other activities which had been initiated in the G.A.T.T. as a result of directives received from Ministers. Apart from the question of preferences and the Legal and Institutional Framework of the G.A.T.T., to which reference has already been made above, much work has been done in the G.A.T.T., particularly by Committee III, in connection with the proposed study of development plans of less-developed countries and the fostering of their export potential, the establishment of trade information and promotion services, and arrangements for closer co-operation with international agencies, particularly lending agencies in connection with the development of this export potential.

In addition to these activities, the Action Committee itself, which is initiating and co-ordinating further positive measures to help developing economies to strengthen their production potential and export capacity, submitted a report to the session. The Committee has met on three occasions since its inception in September 1963. Although, during the discussion, the progress that had been made in the elimination of barriers to the exports of the less-developed countries was welcomed, there was still a number of hard-core restrictions on products which are of great importance for the economic development of certain less-developed countries. The Action Committee noted that, with one or two exceptions, all industrialised countries were now granting duty-free entry to tea and tropical timber. Furthermore, in certain important markets, duties on a number of other products had been suspended at the beginning of 1964. In the course of discussion in the session, a strong appeal was made to Contracting Parties to exercise the necessary political will and to give the additional impetus and directives required for the implementation of the Action Programme. The Contracting Parties also discussed problems concerning trade in tropical products. It was agreed that these problems could be usefully considered during the Kennedy round and that it would be appropriate to seek mutually advantageous solutions to problems in this important sector of the trade of less-developed countries in the course of these negotiations.

The Contracting Parties heard a report by the Executive Secretary in his position as Chairman of the Trade Negotiations Committee on the preparations for the Kennedy round of trade negotiations, during the course of which he emphasised that the preparations had been taken to the point where the opening of the negotiating stage proper could be expected with confidence on 4th May 1964 as scheduled. The major industrialised countries emphasised that they considered that one of the major objectives of the negotiations should be the attainment of a significant contribution to the trade of less-developed countries and it was agreed that full consideration would be given to the problems involved at an early date by the special sub-committee set up for this purpose. There is a strong expectation that the negotiations will make an important contribution towards meeting the trade problems of the less-developed countries.

WORLD DAIRY OUTPUT

The upward trend in world milk production was checked during 1963, and total output in the main dairying countries is estimated at slightly less than in 1962. Butter production also fell in most countries, as a reduction in milk output is normally accompanied by a more than proportionate decline in the quantity used for butter. European production of milk was adversely affected by the bad weather last winter and by a 2 per cent decline in herds. Milk production is estimated to have declined by nearly 1 per cent in 1963 in the United States, and there has also been a fall due to feed shortages in the U.S.S.R. and Eastern Europe. In contrast, production records were established in both Australia and New Zealand during the 1962-63 season. The overall drop in European butter output caused some increase in average prices. On the London Provision Exchange, both New Zealand butter and Australian butter are 20s ($2.80) a cwt. higher than they were a year ago and Danish butter is nearly 40s. a cwt. higher. These developments have stimulated international trade, and total butter exports are estimated to have risen in 1963 by 30,000 tons, to 525,000 tons.

SYNOPSES OF COMPANY REPORTS

Killick Industries Ltd.

(*Managing Director*: Mr. A. N. Haksar, Bombay.)

Sixteenth Annual General Meeting—29th April 1964.

Working Results:

	For the year ended 30th November (In thousand rupees), 1963	1962
Gross profit	19,08	27,07
Transfer to depreciation	2,60	2,72
" " development rebate reserve	15	15
" " provision for taxation	6,32	10,60
Net profit	10,01	13,59
Appropriations:		
Transfer to general reserve	75	7,50
Proposed dividend (taxable) equity	9,37 (71%)	6,25 (5%)
Carry forward	0	18
Market value of equity shares (in rupees):	1964	1963 1962
High	90.00	95.00 96.00
Low	81.50	75.00 83.50

Extracts from the Directors' report: *Investments*: During the year, the Company acquired 2,000 equity shares in Filtrona India Limited for which a sum of Rs. 2,00,000 has been paid. The Company was also allotted 10 bonus shares in Khatau Makanji Spinning and Weaving Company Limited.

John Baker and Sons: During the year sales amounted to Rs. 67.16 lakhs against Rs. 50.09 lakhs in the previous year. With its turnover going up by approximately thirty per cent the improvement in the working results of this Division both from *Steel Files* and *Glacial Acetic Acid* has continued. Despite an increase in costs which were beyond the control of the management, e.g., higher import duty on certain steel sections, emergency risk insurance and higher interest rates, the Division's results were better than in the previous year. A small quantity of files continued to be exported. Protection to the steel files industry was withdrawn from 1st January 1964.

Managed Companies: *The Ahmedabad Electricity Co., Ltd.* (31-3-1963): The C-3 Project was completed according to schedule. Of the two 200,000 lbs./hour Boilers one was commissioned in January 1963 and the second one in February, 1963. The 30 M.W. *Turbo-Alternator* Set itself was commissioned in May, 1963.

Filtrona India Limited (30-9-1963): with effect from 10th May, 1963, this Company became a public Company pursuant to the provisions of Section 43A of the Companies Act, 1956. The construction of the factory at Chandivali is virtually completed, plant has been installed and production of *Filter Rods* has commenced.

The Company has been appointed Managing Agents of The Thana Electric Supply Company Private Limited for a period of five years with effect from 1st April, 1964, by a Resolution passed at an Extraordinary General Meeting of that Company held on 27th November, 1963. The Central Government has accorded its approval to this appointment.

Subsidiary Companies: *Killick, Nixon & Co., Ltd.* (31-7-1963): The improvement in this subsidiary company's affairs continued during the year and substantial progress was made in its trading activities as well as in the development of its Engineering Works, which has resulted in a satisfactory profit. The current year's working to date is equally encouraging and it is expected that the entire loss brought forward from earlier years will shortly be wiped off.

Killick Caribonum Ltd. (30-6-1963): Despite strenuous efforts to improve the working of this company, which resulted in an increase in turnover, the year ended on an unsatisfactory note largely as a result of increased costs.

A. R. Haseler Ltd. (30-9-1963): As anticipated last year, the results of this subsidiary for the year ended 30th September, 1963, were most encouraging and the entire carried forward loss has been cleared. This progress is expected to continue.

Killick Slotted Angles Ltd. (*Period from* 30-8-1962 to 31-8-1963): The results of this subsidiary for its first year of working show a loss. However, production and sales which commenced towards the middle of the year are continuously improving and hold forth good promise. Import of additional plant is being undertaken.

Snowcem India Limited (31-1-1963): The results of this company continued to be encouraging and there was a further increase in turnover. Increased excise duty and sales tax and the introduction of the Super Profits Tax, however, adversely affected the surplus available for appropriation. The proposal to replace the Super Profits Tax by a Sur-tax on profits is expected to give some small relief.

Accounts in brief as at 30th November 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	1,24,95,600	Gross block	58,96,593
Reserves and surplus	50,66,342	—Depreciation	26,33,822
Other liabilities	1,49,91,824	Net block	32,62,771
		Block-in-progress	6,24,715
		Current assets	1,18,27,823
		Investments	1,63,14,245
		Cash	24,212
	Rs. 3,25,53,766		Rs. 3,25,53,766

* Paid-up capital consists of 1,24,954 equity shares of Rs. 100 each. Amount paid-up on shares forfeited is Rs. 200.

G. Claridge and Co., Ltd.

(*Managing Agents*: Messrs. W. H. Brady & Co., Ltd., Bombay.)

Forty-fourth Annual General Meeting—22nd April 1964.

Working Results:

	For the year ended 31st December (In thousand rupees), 1963	1962
Gross income	58,64	52,75
Income from printing, binding, etc.	56,73	51,31
Closing work-in-process	5,35	4,49
Gross profit	9,33	9,34
To Managing Agents' remuneration	85	80
Transfer to depreciation	2,22	1,46
" " development rebate reserve	44	63
" " provision for doubtful debts	20	Nil
" " provision for taxation	3,34	3,20
Net profit	1,78	3,25
Transfer from reserve for taxation	1,10	Nil
" " other reserves	10	3,04
Other credit adjustments	91	19
Appropriations:		
Transfer to provision for taxation in respect of previous years	42	34
Transfer to reserve for taxation	Nil	1,10
" general reserve	3,47	3,60
Proposed dividend (taxable) equity	*	1,93
	(15%)	(15%)
Carry forward	(a)	(b)
Market value of equity shares (in rupees):	1964†	1963 1962
High	225.00	200.00 375.00
Low	198.75	180.00 216.25

* The dividends for 1963 will be paid out of the general reserve and will absorb Rs. 2,40,000.
(a) Only a sum of Rs. 356.30.
(b) Only Rs. 840.32.
† Upto 2nd April 1964.

Extracts from the Directors report: If the proposals of the New Finance Bill are accepted this year, this Company, being a Company in which the public are not substantially interested, will have unfortunately to pay 10 per cent more of the taxable income for super-tax, also the dividend paid last year will attract a tax of 7½ per cent. The provision for taxation has been made taking into consideration the above factors.

New machinery to the value of Rs. 3,03,051 was installed during the year.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	16,00,000	Gross block	37,31,620
Reserves and surplus	21,98,829	—Depreciation	22,28,948
Other liabilities	13,90,897	Net block	15,02,672
		Current assets	33,77,442
		Investments	500
		Cash	3,09,112
	Rs. 51,89,726		Rs. 51,89,726

* Paid-up capital consists of 16,000 Equity shares of Rs. 100 each. Of the above shares —9,558 shares held by the holding company—Messrs. W. H. Brady & Co., Ltd

Henley Cables India Ltd.

(*Chairman*: Mr. A. D. Shroff. *Managing Director*: Mr. P. H. Scrine.)

Registered Office: Henley House, Ballard Estate, Bombay-1.

Works: Hadapsar Industrial Estate, Poona-1.

Fourth Annual General Meeting—29th April 1964.

Extracts from the Directors' report for the year ended 31st October 1963: Without providing depreciation the loss for the year was Rs. 3,46,300 (loss of Rs. 7,86,922 in 1962 after providing Rs. 2,49,261 for depreciation). Sales of the Company's products during the year were to a value of approximately Rs 62.34 lakhs. Consumption during the year did not reach earlier expectations and consequently the value of stocks at the end of the year was substantial. Profitability was affected by the Government's arrangements in regard to the changeover from copper to aluminium conductors, and by the necessity to use indigenous, instead of imported, P.V.C. Compound.

The cash credit facility of Rs. 20 lakhs afforded by the Company's Bankers and secured by the hypothecation of the Company's moveable assets in the year 1961-62 was increased during the year to Rs. 25 lakhs. This facility has, since the end of the year, been increased by a further Rs. 7 lakhs. The limit of the loan of Rs. 45 lakhs against equitable mortgage of the Company's fixed assets was also increased during the year to Rs. 50 lakhs.

During the year the Company received an import licence for additional plant to a value of approximately Rs. 7 lakhs. This plant, the majority of which will be shipped during March 1964 will enable the Company to increase its range of cables.

An import licence is awaited for plant to a value of approximately Rs. 23.70 lakhs for the manufacture of *Winding Wires* and *Covered Copper Strips*. Construction of the factory building for this expansion scheme commenced towards the end of 1963. The Directors have under consideration the question of the provision of the balance of sterling funds required for this expansion. In regard particularly to rupee requirements the Directors are considering a rights issue of 1 for 4 existing shares held and an application is accordingly being submitted to the Controller of Capital Issues.

Both sterling and rupee capital requirements for this scheme will necessitate an increase in borrowing and the Directors are taking the opportunity at the forthcoming annual general meeting of obtaining the shareholders' sanction to an increase in borrowing powers to cover the possibility of loans exceeding the paid-up capital of the Company.

In 1962-63 the Directors, with the shareholders' approval, appointed Voltas Limited as sole selling agents for the products carrying the '*HENLEY*' and/or '*ARGOSY*' marks. The intention to appoint Associated Electrical Industries (India) Private Ltd. as sole selling agents for the products carrying the "*AEI*" mark was mentioned in the Company's third annual report.

Accounts in brief as at 31st October 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	1,07,33,000	Gross block	1,12,60,709
Other liabilities	1,08,02,166	—Depreciation	3,04,395
		Net block	1,09,56,314
		Block in progress	4,07,158
		Current assets	66,75,988
		Investments	22,46,470
		Cash	96,432
		Miscellaneous expenditure	45,805
		P.L. % Deficit	11,06,990
	Rs. 2,15,35,166		Rs. 2,15,35,166

* Paid-up capital consists of 1,07,330 equity shares of Rs. 100 each.

Shivrajpur Syndicate Ltd.

(*Managing Agents*: Messrs. Killick Industries Ltd., Bombay.)

Sixtieth Annual General Meeting—22nd April 1964.

Working Results:

	For the year ended 30th November, (In thousand rupees) 1963	1962
Sales	37,18	52,71
Closing stock	23,39	29,50
Gross) loss	—3,40*	—13,10*
Transfer to provision for depreciation	4,45	5,23
" " " for retiring gratuities	64	1,68
Appropriations to dividend, etc.	Nil	Nil
Total loss carried forward	—23,64†	—20,24‡
Market value of equity shares (in rupees):	1964(a)	1963 1962
High	21.48	27.00 47.50
Low	15.48	15.52 21.52

* Loss after providing for depreciation and retiring gratuities.
† Includes loss brought forward.
‡ Includes Rs. 8,590 on account of New Share Capital issue expenses and loss brought forward of Rs. 7,04,525.
(a) Upto 3rd April 1964.

Extracts from the Directors' report: The sharp fall in the output during the year under review resulted from a further reduction in the scale of mining operations in the opencast workings. It was unfortunately necessary to retrench 325 staff and labour in June 1963.

Shipments and deliveries also registered a fall, compared to last year, the difference being over 19,000 tonnes, with the result that the sales realisation amounts to Rs. 37,18,257 compared to Rs. 52,70,707 for the previous year. The slight improvement in the average realisation price was due to the delivery of a larger quantity of *High Grade Ore*.

Output and Shipments:

	1961-62	1962-63
Output : Tonnes	46,186	25,826
Shipments : "	55,406	36,267

Export Control of Manganese Dioxide: Quota restrictions for export of *Manganese Dioxide* were removed with effect from 22nd April 1963. There is no quota restriction for export of *Manganese Ore*.

Relinquishment of Mining Leases: In view of the poor demand for the Company's *Ore*, steps have been taken to surrender two of the mining leases, namely, the Shivrajpur 'North' Lease and the Banankua Lease with effect from 1st November, 1964.

Railway Freight Rates: The revised railway freight rates which came into force with effect from the 1st April, 1963, as reported in the previous year, have resulted in an increase of about Rs. 3.20 per tonne in the freight rate for the Company's ores.

Trading Conditions and Future Prospects: As *Manganese Ore* is a surplus commodity at present, and as better grade ores are available at competitive prices in countries much closer to the important consuming centres, foreign buyers did not show any interest in buying the Company's ores during the year under review. However, local demand for the ore improved towards the latter part of the year and sales involving fairly substantial quantities were effected, thereby enabling the Company to dispose of a large portion of the accumulated stock although the price factor was most disappointing.

Although many barters involving export of *Manganese Ore* have been recently concluded, the demand for the Company's ore for servicing such barters has so far been disappointing and there seems to be little hope of any appreciable improvement in the position in the foreseeable future.

Accounts in brief as at 30th November 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	21,00,000	Gross block	99,40,647
Reserves †	37,61,142	—Depreciation	51,84,720
Other liabilities	43,00,732	Net block	47,55,927
		Current assets	50,78,650
		Investments	3,03,200
		Cash	13,907
	Rs. 1,01,51,874		Rs. 1,01,51,874

* Paid-up capital consists of 2,10,000 equity shares of Rs. 10 each. Of the above shares 1,05,000 shares are allotted as fully paid-up by way of bonus shares by capitalising a part of the general reserve.
† After deducting Rs. 23,63,858 being the debit balance in the profit and loss account.

NEWS IN BRIEF

COAL worth Rs. one crore has accumulated in Madhya Pradesh because production has outstripped demand.

The number of individual and Hindu undivided families in the country having a 'net wealth' of over Rs. 20 lakhs is placed at 597. Of these, 125 persons have a 'net wealth' of over Rs. 50 lakhs.

The Provisional figure of effective arrears of income-tax, as on 31st December 1963, amount to Rs. 192.99 crores. All possible steps provided for in the Income Tax Act are being taken to recover the arrears.

India exported textile goods worth Rs. 67.50 crores during the calendar year 1963, as against Rs. 59.80 crores in the previous year. Exports were stepped up despite the fact that India faced competition from South-East Asia, Africa and China.

The Indian Oil Company will take over the management of the Koyali refinery in Gujarat after the completion of the procedural formalities now under way, according to Mr. P. A. Gopala Krishnan, Chairman of the Company.

The Life Insurance Corporation has agreed to earmark Rs. 12 crores for financing the establishment of assisted industrial estates during the third Plan period. Six industrial estates have been offered loans totalling Rs. 25,35,487 of which Rs. 1,14,000 has been disbursed.

The claim of the dye-stuffs industry for continuance of protection beyond 31st December 1964, has been taken up for investigation by the Tariff Commission. A questionnaire, in this connection, has been prepared by the Commission for producers, importers and consumers.

The Government of Bihar is keen on having a Rs. 30-crore fertiliser plant at Barauni when the Indian Oil refinery there goes into production. The Government is also reported to be exploring the possibilities of a petro-chemical complex in the neighbourhood of the refinery.

The Government of India is considering a proposal to grant the Refinance Corporation for Industry a second and supplementary line of credit upto Rs. 25 crores. Till the end of 1963, the corporation received application for loans of Rs. 63.81 crores and sanctioned Rs. 51.21 crores. Its resources had been supplemented by loans,

India's iron ore exports reached a peak of 4.18 million tonnes during the year 1963-64, as against 3.74 million tonnes in the previous year. Japan was the biggest importer with an impressive figure of 23.73 lakh tonnes, followed by Czechoslovakia with 7.06 lakh tonnes and Rumania with 4.98 lakh tonnes.

Over five million acres of land were distributed by the Union Government till November 1962 among landless labourers, and the cost of distribution came to Rs. 3 crores. Rajasthan led all the other States; having distributed 1.29 million acres, followed by Andhra Pradesh (1.06 million acres). Kerala made the lowest distribution of 17,000 acres.

A pilot project in spray irrigation is to be launched by the Union Government in water scarcity areas. This method of irrigation, it is claimed, will result in the saving of at least a third of the irrigation water for the country. An officer of the Central Water and Power Commission is expected to leave on a study tour of the countries where spray irrigation is in use.

The Emergency Risks (Goods) Insurance Scheme and the Emergency Risks (Factories) Insurance Scheme have been modified to provide for an automatic extension, by three months from 1st April 1964, of the policies issued under these two schemes. No premiums will be charged and no fresh applications will be necessary for the renewal of these policies.

The Central Government is making efforts to commence early production of alloy and special steels in two public sector projects at Durgapur and Bhadrawati. In addition, the Bhilai steel plant is planning to produce about one lakh tonnes of special steel. The possibility of setting up a cogging mill to cog any special or allow steel ingots, which might be possible to make in the existing electric furnaces in the country, is also being considered.

A project report on the mining scheme for the annual production of 2.4 lakh tons of pyrites ore from Amjhore mines has been prepared by the Indian Bureau of Mines and is being considered by a committee of experts appointed for the purpose. The Pyrites and Chemicals Company has initiated preliminary action for implementing the mining scheme on the basis of this planned target for production. Tenders have been invited for the purchase of essential machinery for the production of 400 tons of ore per day to begin with.

The Tea Board has sanctioned adequate financial assistance for six tea producing co-operatives to be started soon in Nilgiris district, according to Mr. R. Venkataraman, Madras Minister for Industries. The co-operatives will benefit small tea growers. Each factory is expected to cost about Rs. 6 to 8 lakhs. Under this scheme, the small tea growers, instead of selling all the plucked tea leaves to big estate owners as is the current practice for want of factory facility, can cure it in their own co-operative factories and market the product.

The U.S. A.I.D. authorities, it is reported, are against mingling any of their aid projects with the projects of Russian and East European countries in India. In this connection, the A.I.D. mission has reportedly claimed a refund of Rs. 2 lakhs in respect of Barauni thermal power project as they argue that the constructions raised by the rupee loans are used as facilities for the Polish generator stationed there. The Union Government is investigating the claim and taking steps to avoid such difficulties in future. The U.S. A.I.D. authorities also aver that no product produced in any of the projects financed by them should directly feed projects financed by the Communist countries.

The fourth coke oven battery of the Bhilai steel plant, built at a cost of Rs. 3 crores, will be inaugurated on the 13th inst. by Mr. C. Subramaniam, Union Minister for Steel, Mines and Heavy Engineering. This is the first such battery to be built under the Bhilai Steel Plant expansion scheme. Under this scheme, the annual production capacity is being raised from one million tonnes to 2.5 million tonnes of ingots. The battery comprises 65 ovens and its output will be about four lakh tonnes of coke per annum. It is also expected that another coke oven battery, one blast furnace, two open hearth furnaces, one turbo-generator and a slag granulation plant will all be commissioned before the end of the current year.

The Government of India has decided to allow Indian nationals returning from East African countries for permanent settlement in this country to import their motor vehicles free of duty on two conditions. One, the motor vehicle so imported must have been in the possession of the repatriate for over three years and (2) he will have to execute a no sale bond for five years after importing the car into the country. However, those vehicles which are not coming under the purview of this concession will have to pay duty and customs clearance permits would be granted for not more than one such vehicle per family. Where the repatriate is not in a position to pay duty there will be no objection to his handing over the vehicle to the S.T.C. on the usual terms.

The Pyrites and Chemicals Development Co. Ltd. has under examination a project for the production of elemental sulphur from pyrites ore. A process has been located in Finland is at present under study and discussion. A delegation headed by Mr. N. N. Kashyap, Joint Secretary, Ministry of Petroleum and Chemicals, which had gone to Finland, has returned recently. Members of the delegation discussed with Messrs. Outokumpu Oy., the newly developed technical process with reference to its suitability for the production of elemental sulphur from Amjhore pyrites ore. The company has also under examination the global tenders for setting up a sulphuric acid plant at Sindri. The production of sulphuric acid from Amjhore pyrites ore is a distinctly separate project and the proposed 400-ton plant will meet the partial requirements of the Sindri fertiliser factory and the Bihar State superphosphate factory. The sites for the sulphuric acid factory and the colony at Sindri have been selected. According to the present estimates, the plant is likely to be commissioned in early 1966.

PERSONAL

MR. G. A. Sharma, I.A.S., took over as the General Manager of the B.E.S.T. Undertaking *vice* Dr. B. G. Ghate, I.A.S., who relinquished his office on the 2nd inst.

Mr. Chinubhai Chimanbhai and Mr. Harshavadan Mangaldas have been elected President and Vice-President, respectively, of the Ahmedabad Millowners' Association for the year 1964-65.

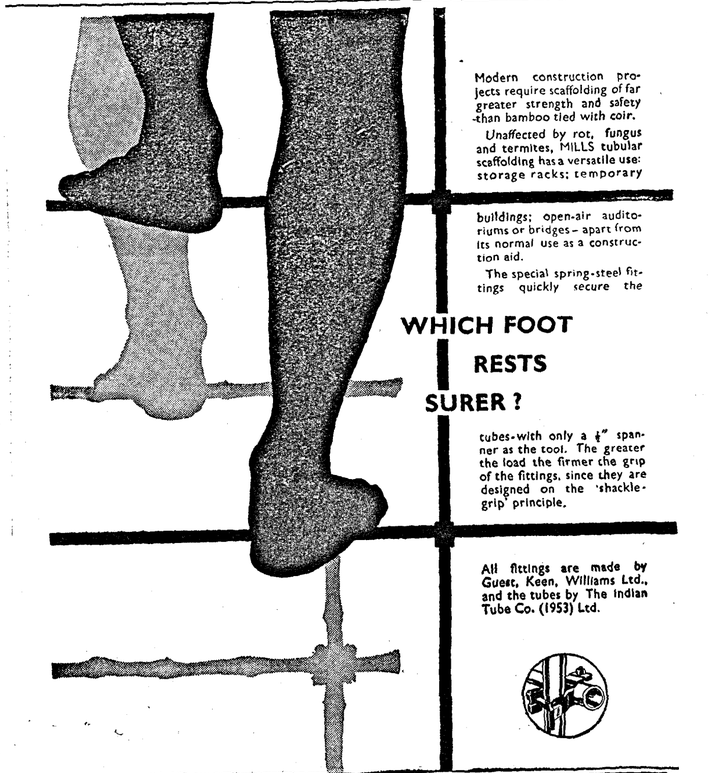
Mr. Tulsidas Kilachand, Chairman, Bank of Baroda and Mr. B. K. Dutt, Managing Director of the United Bank of India, have been elected Chairman and Deputy Chairman, respectively, of the Indian Banks' Association for the year 1964.

Mr. J. R. Armstrong of Richardson and Cruddas Ltd. has been elected Chairman of the Indian Engineering Association (Western Region) for the year 1964-65. Mr. F. A. Jasdanwalla of the Indian Standard Metal Company Ltd., has been elected Deputy Chairman.

Mr. F. Edwards, a Technical Adviser to Messrs. W. H. Brady and Company Ltd. and in charge of Belapur Company Ltd., has retired from the service of the House of Bradys, with effect from 31st March 1964, after being with them for forty years. Mr. Edwards, who was Chairman of the Deccan Sugar Factories Association for a number of years and a member of the Committee of the Bombay Millowners' Association, will be sailing for England on 17th April 1964.

From Abroad

The British Overseas Airways Corporation, which has been carrying its own insurance risk on its big jet fleet for the past year and the risk on its non-jet fleet for a longer period, has, from the 1st inst. started placing 50 per cent of the flight and normal ground risks for its V.C. 10 and Boeing 707 jet airliners with Lloyd's and company underwriters. This outside insurance, however, excludes B.O.A.C.'s Comet fleet and its remaining Britannia and DC7 non-jet aircraft. The Company first began to consider carrying its own insurance on aircraft hulls in 1961 after underwriters increased premiums on jet aircraft, following a larger number of jet crashes. Now, it is a fact that the insurance market's premiums on jets have been falling over the past year and this also attracted the Company's attention.



TREND OF MARKETS

NO CHANGE IN MONEY

(From Our Own Correspondent)

BOMBAY, 8th April

There are as yet no signs of abatement of the seasonal pressure of demand for credit. Banks are still experiencing difficulty in meeting the requirements of trade and industry. In the Inter-bank section, there are more borrowers than lenders. The rate for day-to-day money remains unchanged at the peak level of 6¼ per cent. Some borrowers are even prepared to pay a ¼ per cent more if sizable funds are available on understanding that it can be kept for more than a day. Competition for term deposits continues to be keen at the maximum rates prescribed under the Inter-bank Agreement. There have been no new developments in regard to the future of this agreement. With the Chairman and the Vice-Chairman of the Indian Banks' Association having left for Teheran to attend a conference of Asian bankers, no fresh move is likely in this direction until they return which may be some time in the fourth week of this month.

The Treasury Bill results for the week under review are colourless. The amount of tenders invited for 91-day Bills was as usual Rs. 2 crores. The amount offered, as also the amount accepted, was the same. The average rate of accepted tenders, too, remain unchanged at 3 per cent per annum. Sales of 91-day Intermediate Treasury Bills from 1st to 4th April fetched a meagre sum of Rs. 75,000, as compared with Rs. 10 lakhs in the previous week and nil a fortnight before. Sales of both the types of Bills are being continued.

The Reserve Bank's statement for the week ended 3rd April 1964, as compared with that for the preceding week, discloses a sharp rise of Rs. 48.96 crores in notes in circulation. This is not surprising, considering that, in the first week of every month, there is always a large increase in money supply consequent upon payment of bills, salaries and wages. A perceptible fall of Rs. 9.22 crores is seen under loans and advances to scheduled banks, bringing their total down to Rs. 74.94 crores, of which a little less than half—Rs. 42.76 crores, to be precise—is against usance bills. Foreign assets held by the Reserve Bank at Rs. 125.58 crores show a fractional fall of Rs. 70 lakhs.

The scheduled banks' statement for the week ended 27th March 1964 reveals a rise of Rs. 12.02 crores in bank credit pushing up the total of this portfolio to a record high of Rs. 1,814.57 crores. Deposits have gone up by Rs. 1.46 crores, the total being Rs. 2,443.75 crores. Investments are better by Rs. 3.02 crores at Rs. 639.76 crores and so also the cash balances by Rs. 7.73 crores at Rs. 147.53 crores.

The Gilt-edged market is listless, with hardly any turnover worth mentioning. Although some 10 days have elapsed since the terms of the two new conversion loans were announced by the Centre, there has been no downward adjustment in the prices of the existing Central loans or State loans. The only exceptions are 3 per cent 1966-68 4 per cent 1969, both of which have lost 5 nP to stand at Rs. 90.25 and Rs. 90.35 respectively. There has actually been a gain of 5 nP in 3 per cent 1986 Conversion Loan which is being sustained by support from the Reserve Bank.

In the foreign exchange markets of the world, the £ sterling ruled fully steady *vis-a-vis* the U.S. dollar, with a fractional improvement of 0.020 cent in the spot section, the latest rate being 279.840-279.860 cents per £. Three months' forward, however, was a little quiet, the latest rate at 279.320-279.340 cents being 0.010 cent lower than that a week ago. In the local market, the banks' selling rate for U.S. dollars improved by 25 nP to Rs. 478.50, while the buying rate continued to remain unchanged at Rs. 475 per 100 dollars.

SILVER IRREGULAR

(From Our Own Correspondent)

BOMBAY, 8th April

Silver displayed an irregular trend this week and lost a part of the gains scored in last week's rally. Gold ruled steadier, in contrast, and closed with moderate gains. Sovereign remained firm.

The start itself in silver was quiet and prices dropped in the mid-week but edged up again towards the close. This two-sided movement was due to support drying up at higher levels but reappearing at setbacks. The strong statistical position (with the local stock estimated at only 400 bars) and prospects of better demand from the next month also arrested any big fall in values. The metal opened unchanged at Rs. 259.50 and sagged to Rs. 255.50 by Monday the 6th inst. From Tuesday, it tended to recover and today it finished at Rs. 257.50, that is, two points lower over the week.

Fourteen-carat gold opened 25 nP lower at Rs. 63.50, but it closed today higher at Rs. 64.25 as compared with Rs. 63.75 last week. Pure gold gained Re. 1.50 to Rs. 106.50. Sovereign was unchanged at Rs. 88.

The price of gold in London moved within a penny and finished one-half penny lower at 250s. 8d. The international price for gold also eased from $35.08 to $35.07¼.

The sterling area's reserves of gold and convertible currencies rose by £12 million to £950 million last month. This is the best single monthly increase since last June. But, despite the rise in Bank Rate and the improved February trade figures, the reserves have failed to make up all the £17 million lost when sterling was under pressure in February.

On a re-examination of the existing position, the Government has decided that manufacturers of rolled gold, gold, gold plated or gold covered ornaments should be treated on par with manufacturers of gold ornaments. Accordingly, they will be licensed as "dealers," says a Press note issued on the 2nd inst., and this will enable them to make use of gold obtained by the melting of ornaments or primary gold purchased from persons who had given the necessary declaration under the Gold Control Rules.

With such availability of gold for them, manufacturers of rolled gold, gold plated or gold covered ornaments will no longer be treated as "industrial users" and no permit will be issued to them to purchase gold sold by the Hatti Gold Mines. Parties manufacturing such ornaments are directed to apply to the Superintendent of Central Excise concerned for a dealer's licence if they are not already in possession of such a licence.

The Regional Office of the Gold Control Administrator, Laxmi Building, Pherozshah Mehta Road, Fort, Bombay-1 will issue permits for April-June 1964 quarter for the purchase of gold by industrial users falling in the approved categories on the same basis as for the December 1963 to March 1964 period. Gold will be sold to permitholders through the local head offices of the State Bank of India at Bombay, New Delhi, Madras and Calcutta, and the offices of the State Bank of India at Varanasi, Hyderabad, Agra, Surat, Masulipatnam and Amritsar. Applications for permits should be sent so as to reach the Regional Office not later than 31st May 1964. For the quarter April-June 1964, the price of gold has been fixed by the Hatti Gold Mines Co. Ltd. at Rs. 110 per 10 grammes.

The following table shows the trend of prices during the week under review:

	8-4-1964 (closing)	High	Low	1-4-1964 (closing)
SILVER				
Ready (999 fine) ..	Rs. 257.50	Rs. 259.50	Rs. 255.50	Rs. 259.50
GOLD				
Ready (14 carat) ..	64.25	64.25	63.50	63.75
Sovereign	85.00*	—	—	85.00*
London—				
Gold	250s. 8d.	250s. 8½d.	250s. 7½d.	250s. 8½d.
Silver Ready ..	111½d.	—	—	111½d.
Silver Forward ..	111½d.	111½d.	111½d.	111½d.
New York—				
Silver	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (35.73 tolas). London and New York quotations are per ounce. * As on 24-6-1963.

COTTON FUTURES REACT

(From Our Own Correspondent)

BOMBAY, 8th April

The firmness witnessed towards the close of last week gathered further momentum during the first part of the week under review. Towards the close, however, a reaction set in, thanks to profit-taking and bull liquidation which wiped out the earlier gains. The earlier firmness was influenced by the fear that, in view of the firmness of spot prices, tenders against the maturing May 1964 contract would be lower than the 7,100 bales tendered against the March contract. The apprehension that, in view of the delay in issuing the purchase authorisation for P.L. 480 cotton, mills would find it increasingly difficult to meet their demand for long-staple cotton imparted strength to the market. Although the crop is expected to be a good one there is at present a shortage of better quality cotton. The position would only be aggravated if import of U.S. cotton is delayed further. These considerations induced heavy buying which resulted in a spurt in prices. The Jantila May contract rallied from the week's opening rate of Rs. 755.75 (per three quintals) to Rs. 761.25, the highest level touched by the contract so far, on Monday the 6th inst. This high level, however, attracted profit-taking and some long liquidation and the contract reacted to Rs. 750 at close, showing a net loss of Rs. 5.75 over the week.

In the spot market at Sewri, mill demand for ready cotton was largely confined to better quality cotton like Co2, L.147, and Digvijay which are said to be short supply, in spite of a good crop. Prices were well maintained.

Export demand for Bengal Deshi from Japan and the Continent has yet to revive. Enquiries from shippers were few and far between. The Deshi crop this season is estimated at 575,000 bales. Together with the carryover stocks of the order of 37,000 bales, total supply of this variety during the season aggregates 612,000 bales. Mill consumption of Deshi cotton during the current season is expected to be higher but notwithstanding this and after taking into account the quantity already allowed for export, no less than 100,000 bales are expected to be available for export. However, the Government of India is reported to be considering a proposal to stop export of raw cotton and to use it instead for the manufacture of finished goods which could then be exported later to earn more foreign exchange.

Mill buying in foreign cotton continues to be confined largely to American cotton. With the arrival in the City this week of the Chairman of the Uganda Lint Marketing Board, prospects for successfully concluding the negotiations for imports of 30,000-40,000 bales of Uganda cotton have improved. Importers are keenly awaiting the outcome of the talks that are now in progress. The following are the latest available quotations—in rupees per candy of 784 lbs.—from the spot market at Sewri:

Ganganagar 780, L. 147 1,250; Co2 1,550; Gadag Laxmi 1,280; American 1245 1,360; B.P. 52 1,340; Sudan (on sample) 1,475.

Traders are awaiting the cotton price policy for the next season (1964-65) which is expected to be announced in a fortnight. Although the possibility of a revision in the floor and ceiling prices of cotton is generally ruled out, the consensus of opinion is that the Government would make some adjustment in the price schedule with a view to giving farmers sufficient incentives for growing better quality cotton even with the existing maximum and minimum prices.

BLACK PEPPER DECLINES

(Messrs. Parekh and Co.)

BOMBAY, 7th April

During the earlier part of the week under review the bullish fervour in Malabar black pepper continued unabated and prices both in ready and forward sections firmed up. Ready ungarbled rose to Rs. 378, while garbled was in demand at Rs. 390, but the growers were reserved sellers. May delivery at Cochin touched a new high at Rs. 416 while Vaisakh delivery in Bombay rose to Rs. 432.

New York is reported to have bought some afloat parcels at $0.42 while nearly shipment was under bid from New York importers at $0.41 without result, Malabar parity being round about $0.42. With advancing market, grinders demand is broadening in U.S.A., but sellers there were tight as they could not replace with a margin from the origins. What little stock New York dealers had was already hedged in forward sales to grinders. In the later part of the week, however, there was a corrective reaction. As a result, the prices in forward in Vaisakh delivery at Bombay climbed down to Rs. 315. May delivery at Cochin also reacted to Rs. 398/400, though ready both in ungarbled and garbled was fairly steady as the growers were holding for higher prices in view of the prospective fair-sized enquiries from the East European countries.

As Indian Government have included black pepper in their list of commodities to be purchased by the East European countries under the fresh trade agreements with them, there is a possibility of a larger export of Malabar pepper to these countries this year. But it would be noted that larger sales to rupee payment countries is not likely to improve the country's balance of payment position as sales of Malabar pepper to hard currency areas do.

Singapore was firm, black pepper having reached a new high of $(M)1374. Spot in New York improved from $0.40 to $0.43 under pressure of buying by grinders who usually buy in rising market. The future trend of the market depends upon the prospect of new crop of Sarawak, Lampong and Muntong and the future selling policy of Indonesia which is now reported to be reorganising its policy of direct sales without help of third parties who were until recently pocketing a major part of the profit. As under-cutting by Singapore and Indonesia has now stopped, there are chances of Malabar black pepper firming up with the development of fresh buying by U.S.A.

Ready pepper in Bombay was quoted at Rs. 200 for 50 kilos.

ART SILK YARNS RECOVER

(From Our Own Correspondent)

BOMBAY, 8th April

A small recovery in art silk yarns on revival of buying enquiry at lower levels featured trading this week in the yarn market, where other sections were dull and generally unchanged. Turnover was small, as buyers were disinclined to extend commitments in view of the general expectations of a relief in the additional excise duty on yarns.

In the art silk yarn section, National Rayon 120D improved from Rs. 12.78 to Rs. 12.94 and S.I. Viscose 150D gained by 29 nP to Rs. 14.17, but Century 75D sagged further from Rs. 18.63 to Rs. 18.41. Spot 2×40 staple fibre yarns were practically unchanged in quiet trading. Cotton yarns also were steady, though 80s Ganesh slipped back from Rs. 83.50 to Rs. 83.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	8-4-1964	1-4-1964
	Rs.	Rs.
Art silk yarn (per kg.)—		
National Rayon 120D	12.94	12.78
Century 75D	18.41	18.63
S. I. Viscose 150D	14.17	13.88
Staple fibre yarn (40×2)—		
Kohinoor (per kg.)	9.48	9.48
Century	9.46	9.48
Cotton yarn (per bundle of 10 lbs.)—		
10s Navsari	19.25	19.25
20s Vodar	24.25	24.25
32s Hisar	31.50	31.50
40s Vasanta	38.50	38.50
60s Kothari	60.50	60.50
80s Ganesh	83.00	83.50

CASTOR IN LIMELIGHT

(From Our Own Correspondent)

BOMBAY, 8th April

In refreshing contrast to the last week's dull conditions, the oilseeds market turned firm and active during the week under review. Castor futures, neglected for quite sometime, were in the limelight, as prices rose sharply on strong shipper support. Cottonseeds were an exception to the general trend and continued to rule weak.

On reports of increased inflow of the new crop, castor seeds were easy on Friday, but subsequently, the prices made a swift recovery. The main reasons for the bullish inspiration were: (1) the recent encouraging reports from the export front, (2) the sudden change in the political situation in Brazil (which is the main castor producing country in the world) and the consequent rise in

the world price of castor oil and (3) consequent shipper support and short-covering. Shippers were optimistic that, in view of the uncertain political situation in Brazil, the U.S. and the communist countries will turn to this country for their requirements of castor oil. In fact, about 600 tons of oil were stated to have been sold to Russia at around Rs. 1,450 per ton f.o.b.

Groundnuts were firm on renewed support from upcountry centres and higher spot advices. It was rumoured that the S.T.C. had sold about 1,500 tons of groundnut oil to Burma against import of rice and this led to covering in groundnuts. The maturing contract hovered between Rs. 239.50 (Rs. 240.50), as against the official ceiling of Rs. 241. Linseeds, were also firm in sympathy with castor seeds and groundnuts and on higher mustard seeds advices from North India.

Castor June began the week at Rs. 171.87, as against the previous close of Rs. 171 and advanced gradually to Rs. 174 by yesterday. It closed today at Rs. 173.75, that is Re. 1.75 higher over the week. Spot Madras gained 50 nP to Rs. 34.50 and the Kanpur ready rose by 37 nP to Rs. 33.37. After early easiness, Oil B.S.S. rose to finish higher at Rs. 14.80, as against Rs. 14.60 last week. Oil commercial also moved up by 15 nP to Rs. 14.10.

In the groundnut section, the April 1964 contract gained 63 nP to Rs. 240.50. The July contract also closed higher at Rs. 237.87, as against last week's close of Rs. 236.50. Spot prices, too, improved further with Nizam bold and Khandesh quality picking up a rupee each to Rs. 51.50 and Rs. 52.50 respectively. Oil ex-mill rose by 30 nP to Rs. 20.10 and railway receipt by 55 nP to Rs. 19.85. Groundnut oilcake expeller April contract was up by Rs. 2 to Rs. 418 and the July contract edged up by 25 nP to Rs. 425.25 on the news of purchase of groundnut extractions by Poland and East Germany.

Linseed June jumped up by 63 nP to Rs. 41.69. Bold ready hardened by 50 nP to Rs. 40.75. Oil ready put on 10 nP to Rs. 16.25.

Cottonseeds April contract declined by 50 nP to Rs. 97 and the June contract lost a rupee at Rs. 103.

The following table shows the closing prices of oilseeds and oils on Wednesday 8th April as compared with those of two previous weeks:

	8-4-1964	1-4-1964	25-3-1964
Groundnuts	Rs.	Rs.	Rs.
April 1964 contract	240.50	239.87	239.62
July 1964 contract	237.87	236.50	236.37
Nizam bold	51.50	50.50	51.50
Khandesh quality	52.50	51.50	52.50
Oil ex-mill	20.10	19.80	20.00
Oil Rly. Receipts	19.85	19.30	19.75
Castorseed			
March 1964 contract	—	174.75	176.37
June 1964 contract	173.75	171.00	171.87
Ready Madras	34.50	34.00	34.37
Ready Kanpur	33.37	33.00	33.12
Oil B.S.S.	14.80	14.60	14.70
Oil commercial	14.10	13.95	14.05
Linseed			
March 1964 contract	—	41.00	41.00
June 1964 contract	41.69	41.06	41.50
Bold ready	40.75	40.25	40.25
Linseed oil	16.25	16.15	16.10
Cottonseed			
April 1964 contract	97.00	97.50	102.50
June 1964 contract	103.00	104.00	105.50

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

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The free licensing for export of linseed and coconut oilcakes by all shippers, without any restriction on maximum shipment by an individual shipper, has been continued with effect from the 1st inst. Export of these items will be allowed to all permissible destinations. The unutilised balance of the quotas for the period 1963-64, has been treated as having lapsed.

ORTHODOX TEAS EASY

(From Our Own Correspondent)

CALCUTTA, *7th April*

With exports for the season having been completed and stockists having nothing to offer, tea did not figure in this week's loadings on liners. However, forward enquiries for space are becoming keener and the first arrivals of new tea from upcountry centres are expected some time in the next month. The news that New Zealand has abolished customs duty on bulk tea and that both New Zealand and Australia have freed tea imports has been received with satisfaction. Tea can now compete with other soft drinks in these countries on an equal footing.

While new planting in India has not been progressing satisfactorily as a result of various difficulties, it is noted that in this respect also, as in propaganda in foreign countries, Ceylon has stolen a march over India. Gardens in Ceylon have already completed planting in some 6,000 acres, and the Government subsidy to gardens has been a considerable encouragement. It is reported that most of the new plantings have been done by strains of high yields. It is expected that, when plucking commences in about five years' time, the yield may work out to about 5,500 lbs. per acre per year. This would mean a fair reduction in costs of production, thus raising the competitive strength of Ceylonese tea in foreign markets.

In West Bengal, progress towards expansion has been delayed following the enactment of the West Bengal Estates Acquisition Act, which by implication places some restrictions in regard to renewal of licences. The West Bengal Government desired to settle the question of surplus land before leases were renewed. The Tea Board was against "resumption" of vacant land suitable for tea. In view of this stalemate, much delay was caused before tea gardens in West Bengal could benefit from the Tea Board's plantation finance scheme of 1962. As a result of the Tea Board's intervention, gardens in West Bengal, getting financial assistance from the Tea Board, are now permitted to expand.

At the internal sales held in the last week, dusts on offer totalled 30,397 packages. There was a good and general demand. Legg-cut teas were a strong feature and met with useful support, but orthodox kinds eased. Medium C.T.Cs were absorbed well, but occasionally their prices were lower by 10 nP to 20 nP. Good C.T.Cs were in good demand. The quotations per one kg., inclusive of excise duty, were: Good Assam C.T.C. dust Rs. 6.20 to Rs. 6.80, medium Assam C.T.C. dust Rs. 5.00 to Rs. 5.25, legg-cut dust Rs. 4.60 to Rs. 5.00, medium Assam dust Rs. 4.50 to Rs. 5.00 and plain orthodox dust Rs. 4.10 to Rs. 4.50.

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[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, *2nd April*

In the dusts tea sale No. 13 held here today 158,000 kgs. were offered. There was strong general demand. All mediums encountered good support and were sold at firm rates. Highgrowns were also well supported and were sold readily at around last rates. Unorthodox descriptions shared in the general trend of the market.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire:

"Sale No. 14: 494,000 kgs. offered. Good general demand. Low mediums and mediums about steady. Good mediums easier, particularly brokens. Highgrowns lower. Unorthodox unchanged."

JUTE GOODS STEADY

(From Our Own Correspondent)

CALCUTTA, *7th April*

Jute goods and raw jute were steadier during the week under review on increased support. Firmer advices form New York burlap market also assisted sentiment. There, the 40" 7½ oz. spot hessian improved from 8.75 cents a yard to 8.85 cents, while the 10 oz. hessian, after being higher at 11.50 cents, returned to the opening rate of 11.45 cents. Although port difficulties continued to restrict offtake, some shipments held over from February last took place in the last month. Moreover, shipments in March were also considered satisfactory for the month as a whole. Accordingly, the trade anticipated a fall in goods in stock with mills as at the end of March. Fair enquiries continued to be received from the U.S.S.R. The U.S. and Argentina also showed interest. In heavy goods, interest from Australia and the Continent has revived.

The need for further relaxation of control as well as measures to expand raw jute exports was emphasised by Mr. J. R. Modi, when he addressed the annual meeting of the Calcutta Hydraulic Press Association held here recently. While he welcomed the abolition of the raw jute export duty and the Government of India's acceptance of raw jute exports as part of official policy, he said that at present business was confined to the rupee-payment countries. He regretted that even in the case of these countries, supplies had been denied on occasions. If only the Government accorded timely and necessary assistance, the trade was hopeful that fibre exports could be increased. In fact, the trade thinks that fibre imports from Pakistan can be entirely financed from earnings on fibre exports. In view of the shortage of the superior grades, Mr. Modi was all out for continuing the quality restrictions on export. Until recently fibre exports used to be licensed on the basis of a fixed overall quota, but the Government has rightly abolished this in favour of licensing on an *ad hoc* basis. In addition to rupee-payment countries, other countries are also eager to import raw jute from India. However, the trade has pointed out that Pakistan is able to offer superior fibre at a lower rate. This explains why fibre exports from India are at present confined to the rupee-payment countries. If the Government revises the minimum prices having regard to quality and cost to the cultivator, the trade is hopeful of finding export outlets for all the surplus fibre. Unless fibre exports are increased, it is feared that the problem of surplus will become more and more stupendous in the coming years. Mills in India do not need as much inferior fibre as they are forced to buy now under the compulsory purchase quota issued by the Jute Commissioner month after month.

Mr. William A. Nugent, vice-President of the U.S. Burlap Council, and the I.J.M.A.'s representative in the U.S.A., who was in Calcutta recently, expressed optimism in regard to burlap consumption in the U.S.A. The trade here has noted with satisfaction that production of carpets alone in the U.S.A. has increased by 10 per cent, although it is a fact that mills in India have increased production of the carpet-backing cloth much faster than U.S. demand. Mr. Nugent said that quality of output should not be sacrified for quantity. For, he said that there was ever present the threat from substitutes in markets, like the U.S.A., which are fastidious and sophisticated. Mr. Nugent also spoke about the importance of competitive prices. Referring to the difficulty being experienced by buyers in the U.S.A. in regard to settlement of arbitration proceedings, he said that, as a result of his discussions, the Calcutta Jute Fabrics Shippers Association had now agreed to recognise mutually acceptable surveyors. The arbitration committee in Calcutta would accordingly consider the findings of such surveyors in the United States.

During the week; fibre prices were firm. Mills completed the purchase quota of 430,000 bales issued for the five-weeks ended 4th April. Arrivals in the week declined to 30,000 maunds a day as against 40,000 maunds a day in the last week. The continuance of the dry weather and absence of early rains are preventing cultivators from preparation of land for sowing. The sowing is likely to be delayed. Mills were interested to buy the superior grades, and not all offers of the poorer varieties could meet with response. The quotations were as follows: Assam bottoms Rs. 32.00, daisee bottoms Rs. 34.50, and northern bottoms Rs. 31.00.

Conditions in the fibre markets in Pakistan continued unchanged. Although conditions in the Chalna port improved, interest shown by shippers was at a low ebb. In the season as a whole, small shippers have been able to do good business because of the facility accorded to them to sell £2 below the E.P.C. minima. The overseas buyers are naturally buying from the small shippers, and as a result the big shippers would soon become small shippers, and *vice-versa*! Some rains were reported in certain districts of Pakistan, where work in connection with preparation of land for sowing has, therefore, commenced. E.P.C. registrations in the first half of the last month showed that India bought a quantity of 4,098 bales after a long period of absence. Other countries that bought fibre from Pakistan in the period included the U.K., the U.S.A., West Germany, Japan, France, Portugal, Poland and Egypt.

In the goods market, there were more inquiries this week. However, actual business that took place was confined to small quantities. Nevertheless, quotations were firm. The likelihood of a further increase in the U.S. consumption of burlap this year was noted with satisfaction. The emphasis given by the Government of India to increased agricultural output has also been noted with encouragement. In all likelihood, internal consumption of heavy goods would increase strikingly. The trade also looks forward for more export of goods in this year. Mills are also encouraged in as much as conditions are such as to enable them to continue the current enhanced rate of production, unhindered. However, it may be pointed out that if only the Government of India follows a more realistic policy with regard to fibre prices, exports of goods can be pushed up to such a satisfactory level that there would be no longer a problem of surplus fibre as at present.

On Tuesday last, keen activity in the futures market led ready B. twills and ready hessian 40" 10 oz. to rise up to Rs. 112.65 and Rs. 45.75 from Rs. 112.15 and Rs. 45.65 respectively. On the following day, the prices gained further to Rs. 112.95 and Rs. 46.00. Sentiment was assisted by a good number of overseas inquiries, although business that took place was limited. At this stage, selling pressure set in in the futures market, and this was followed by ready B. twills declining to Rs. 112.20 and hessian 40" 10 oz. to Rs. 45.65, on Thursday. Government bought about 1,500 bales of B. twills and at lower rates overseas buyers showed interest in both hessian and heavy goods constructions. Soon liveliness returned to the market, and on Friday business was done with Government involving 4,400 bales of B. twills against April delivery. B. twills improved to Rs. 112.50 and in sympathy hessian 40" 10 oz. hardened to Rs. 45.85. Over the week-end, scattered business with overseas buyers took place. Also there was more activity in the futures market. As a result, ready B. twills improved to Rs. 112.95 and hessian 40" 10 oz. to Rs. 46.00. During yesterday quietness returned and prices eased to Rs. 112.35 and Rs. 45.75 respectively.

METALS FIRM

(From Our Own Correspondent)

CALCUTTA, *7th April*

Although consumer interest was at a low ebb, metal prices here remained firm during the week under review. The announcement of the import policy for 1964-65, which is practically a continuation of the previous policy and does not aim at easing the acute shortage of non-ferrous metals, influenced sentiment. Established importers had hoped that the Government would increase their quota of copper scrap, copper unwrought and zinc spelter or unwrought, but these quotas have been maintained at 66⅔ per cent and 30 per cent, respectively. The withdrawal of the 10 per cent quota granted last year to established importers in respect of zinc scrap, zinc dross, zinc ashes, zinc granulation, zinc dust, zinc wrought, including wire rods, sections and sheets has contributed to hardening of the price in respect of zinc scrap. The extrusion industry has learnt with satisfaction that licences for the import of brass rods and tubes to actual users will only be granted, provided it is shown on production of that indigenous manufacturers are unable to meet demand. Another change in the import policy is the withdrawal of the restriction on the use of licences for the import of non-ferrous semis and alloys for the import of rod, wire strip and foil of copper and silver alloys.

On the London Metal Exchange, the steady rise in spot copper wire-bars from £296¼ a ton to £303 was a feature of the week. There was also the news of possible Chilean attempts to nationalise the U.S.-owned mining facilities in Chile. The 3-months' wire-bars on the L.M.E. closed £7½ higher on balance at £299. Spot cathodes and the fire-refined metal closed at £290 and £284, as against £283 and £275, respectively, in the opening. Demand on London was heavy, and it was thought that not all the current buying was against current consumption. The possibility of a steady uptrend forced consumers to increase their stocks. Earlier, several producing firms announced an increase in prices. The Noranda Sales Corporation Ltd. of Canada increased its domestic price from 31.50 cents a lb. to 32.75 cents. A similar rise was also announced by the International Nickel Company of Canada Ltd. which at the same time raised its export price from 29¼ cents to 30¼ cents. Union Minieres fixed the new price at 33,450 Belgian francs a ton, representing an increase of 1,100 francs.

As a result of recent arrivals, the stock position of tin in India has recorded an improvement. This is noted in the easing of the price from Rs. 3,250 per 100 kgs. to Rs. 3,100. In London, spot tin eased from £1,041 a ton to £1,033. The decline was attributed to the realisation that the price had advanced to an unreal level, and, with increased output as well as the new release policy of the U.S.A., it was apparent that the time had come for a break in the price. It was significant that referring to the U.S. decision to release 12,000 tonnes of tin in the twelve months to March next, Mr. H. W. Allen, Chairman of the International Tin Council, told the Council's fourteenth meeting held at London last month that the U.S.A. had accepted the two principles put forward by the Council, viz. that disposals should be aimed to bridge the gap between production and demand, and that releases should be so regulated as to lead to the adequate development and growth of a healthy tin mining industry.

Lead in Calcutta was firm at Rs. 270 per 100 kgs. The firmness reflected the depleted stocks in the face of good demand. Spot lead in London closed at £81, after opening at £81½ a ton. The decline followed a fall in demand. A similar decline was recorded in spot zinc on the L.M.E. closing at £102. In the beginning of the week, the backwardation was £5¾, but the gap gradually thinned to £3¼ a ton. Zinc in Calcutta ruled firm at Rs. 272 per 100 kgs. Utensil copper scrap rallied from Rs. 660 per 100 kgs. to Rs. 680 on good offtake on account of upcountry consumers after the recent holidays.

"KHANDSARI" RALLIES

(From Our Own Correspondent)

HAPUR, *6th April*

Sugar continued steady, as the supply position tightened but following the 5 per cent cut in the monthly quota of the State. In the open market, it was quoted at Rs. 160 to Rs. 165 a quintal. Most of the factories here in Meerut and Muzaffarnagar region have stopped their crushing operations and others would close by the third week of this month. The I.S.M.A. has again suggested to the Union Government to fix a higher minimum cane price for the 1964-65 season and, in order to ensure increased cane plantings, to announce immediately the revised cane prices.

After early quiet conditions, *khandsari* prices hardened with the superior quality advancing by Rs. 5 a quintal. Other qualities also improved in sympathy. The U.P. Government has still not finalised its scheme regarding the export of the commodity. Production in some areas in the Muzaffarnagar region was still being continued from *rabi*. Week-end prices of (in Rs. per quintal) were:—Inferior 100 to 120, medium 122.25 to 132.50, superior 135 to 145 and *boora* 155 to 160. The corresponding prices last year were Rs. 88.41 to Rs. 108.51 per quintal.

Ready *gur* turned steadier on the receipt of import permits from Gujarat and other consuming States. *Shakker* also improved by Re. 1.50 per 40 kilogram on better buying support. Daily arrivals of *gur* were poor at 400 to 500 mds. and stocks declined at the week-end to 22,000 quintals. The land recently vacated from *rabi* crops is now being used for cane sowings. Week-end quotations (in Rs. per 40 kilogram) were:—Pansera superior 27 to 27.25, average 26.50 to 26.75, *dara* 26, *balti* 26.50 to 26.75 and *shakker* 27.50 to 28.50.

After an early slight fall as export permits for the month of March had been exhausted, *gur* and *shakker* prices rallied in the Muzaffarnagar market in the week-end on revival of buying enquiries at lower levels. Arrivals during the week totalled around 30,000 mds. bringing the total so far during the current season to 12.61 lakh maunds. Stocks with the trade were now put at 5.50 lakh maunds. Week-end prices (in rupees per 40 kilogram) were:— Chaku 26.50 to 28.25, ladoo 27 to 28, pansera 25 to 26, khurpapar 26 to 26.50, rusket 15 to 17.25, *shakker* 28 to 33, *gur* masala 26.50 to 27.75 and dana minja 35 to 38.

FOODGRAINS DRIFT LOWER

(From Our Own Correspondent)

HAPUR, *6th April*

Excepting wheat, which was steadier in the open market on meagre stocks left with the trade because of the present being the fag-end of the season, foodgrains sought lower levels thanks to a better supply position. Harvesting of *rabi* grains, including wheat, is in full swing and arrivals of the new produce would soon increase. The Government is selling a big quantity of wheat, flour and rice through the network of fair price shops and this has helped to check the rising trend in prices.

Wheat prices rose by Rs. 2 to Rs. 3 per quintal according to quality because of the shortage of superior quality wheat in the open market. The average quality was quoted at Rs. 58.50 to Rs. 62.50 and the farm produce at Rs. 64.50 to Rs. 67.50 a quintal, as against the controlled price of Rs. 43. Old stocks were reported negligible. Rice eased by Re. 1.34 to Rs. 2.67 per quintal, as stockists turned sellers because of slack demand. Arrivals were better and the supply position at the fair price shops was satisfactory. Week-end prices were:—Rice *basmati* superior Rs. 93.77 to Rs. 96.45, *sela basmati* Rs. 91.09 to Rs. 93.77, *ramajwayan* Rs. 77.70, *raimunia* Rs. 78.38 and *gadda* Rs. 64.30 a quintal.

Gram prices also tended to ease in the week-end as arrivals were heavy from Punjab and M.P. Prices declind by Rs. 2.50 to Rs. 4 per quintal. New gram was quoted at Rs. 53.58 and the local produce at Rs. 52.92 a quintal. Barley and *bejhar* drifted lower to Rs. 37.50 to Rs. 38 and Rs. 38 to Rs. 38.50, respectively, per quintal on increase arrivals of the new crop in the open market. Maize was unchanged at Rs. 41 to Rs. 43.75 per quintal. *Juwar* was quiet due to arrivals from M.P., while *guwar* was stationary in limited trading. *Juwar* was quoted between Rs. 39.25 and Rs. 40.25 and *guwar* between Rs. 53.58 and Rs. 54.92 a quintal. Other coarse grains were listless.

In the pulses section, the trend was mixed. Peas were steady, but others registered a downward trend. Peas were in demand from both local and outside dealers and hardened by Re. 1 to Re. 1.50 per quintal, with *dara* quoted at Rs. 43.75 to Rs. 45 and farm at Rs. 46.25 to Rs. 47.50 a quintal. Arrivals were around 1,000 a day. *Arhar* was quiet at Rs. 61 to Rs. 65.64 a quintal according to quality. *Masoor* eased sharply by Rs. 4 a quintal to Rs. 56.87 to Rs. 64 on increased arrivals. *Urd* and *moong* also sought lower levels in slack demand and prices ranged between Rs. 64.30 and Rs. 71.62 and between Rs. 72.34 and Rs. 80.38, respectively, per quintal. Other sections were listless. Week-end prices were: Peas *dal* Rs. 48.75, *arhar dal* Rs. 72.34 to Rs. 77.70, *urd dal* Rs. 80.38, *moong dal* Rs. 85.74, *masoor dal* Rs. 80.38 and gram *dal* Rs. 61.62 a quintal.

POOR TRADING IN KIPS

(From Our Own Correspondent)

MADRAS, *6th April*

Export trading in kips this week was dull, as importers offered strong resistance to the prices offered from origin. Despite price reductions offered in cow hides, cow calf and buff calf, buyers did not show interest. Trading was selective with emphasis on low selections in medium weight cow hides and lights in cow hides and calf. Arrivals of stocks from the tanning centres were on the usual scale and clearance was restricted.

Sales for shipment were patchy in the skins section also, on account of the stiff prices quoted by the tanners. Tanners, on the other hand, were not able to buy raw skins at economic prices, the raw skins markets ruled firm.

Shipments (in bales) during the last month were: 1,500 tanned cow hides, 242 cow calf, 929 buff calf, 432 goat, and 391 sheep skins to the U.K. ports; 33 cow calf, 18 buff calf, 735 goat, and 438 sheep skins, besides 1,180 cases pickled and chrome goat, to the Continental ports; one cow calf, 5 buffs, 76 buff calf, 435 goat, 20 sheep skins and 12 cases pickled and chrome goat to the U.S.A. ports; and 24 goat and 429 sheep skins to Japan.

BANKS' CONTRIBUTIONS TO CAPITAL OF UNIT TRUST

The response received by the Unit Trust of India from scheduled banks and certain classes of financial institutions in respect of contribution to its initial capital has been quite generous. The contributions, the last date for which was 31st March 1964, came from as many as 32 institutions and ranged from Rs. 50,000 to Rs. 25 lakhs per institution. The contributing institutions happen to be both large and small, and Indian and foreign. Since the total amount received exceeded Rs. 1 crore reserved under the Act for such institutions, the Board of Trustees of the Unit Trust, at their meeting held at Bombay on Monday the 6th inst., decided to accept contributions up to Rs. 3 lakhs per institution in full and refund the excess amount.

ESSO DEBENTURES

The Esso Standard Refining Company of India Ltd. will redeem at part today (Saturday) a portion of its ten-year 5¼ per cent Rs. 400 lakhs debentures by a draw of lots to be carried out by Mr. G. L. Mehta, Chairman of I.C.I.C.I. Ltd. This redemption of debentures represents the first return to Indian investors of long-term funds lent to the Company for the construction of the refinery. It may be noted here that the debentures in question are repayable in five annual instalments of Rs. 80 lakhs each.

The British Insulated Callender's Construction Company Ltd. has received an order valued at nearly £300,000 from the International Industries Ltd., Karachi, for the installation of an overhead line and two sub-stations for the Karachi Electric Supply Corporation Ltd. in West Pakistan. This double circuit 132-kV. line will run from the Korangi thermal power station to the Queen's Road sub-station, Karachi, a route distance of 32 miles.

Notice

DALMIA CEMENT (BHARAT) LIMITED
DALMIAPURAM

NOTICE IS HEREBY GIVEN THAT THE Registers of Members and Share Transfers will remain closed from the 1st May to 21st May, 1964, both days inclusive, except for recording the share transfers received before the closure of the Registers. The dividend for the year 1963, when declared, will be payable to those shareholders whose names would appear in the Register of Members as on 21st May, 1964.

By Order of the Board,

S. C. AGGARWAL,
Secretary.

Dated: 30*th March*, 1964.

MARKET GOSSIP

(Concluded from page 595)

appoint a high-powered *ad hoc* committee to inquire into the causes for the drop in tourism and to suggest measures for increasing tourist traffic by at least 20 per cent per annum during the next three years as compared with the 4.8 per cent increase over the 1962 figure registered last year. The Committee, which was headed by Mr. L. K. Jha, Secretary to the Department of Economic Affairs, made an exhaustive study of tourism and made more than a hundred recommendations for ensuring better facilities for tourists by way of better and more hotel accommodation, transportation, publicity material, entertainment, relaxation of prohibition, speedy confirmation of air reservations and opening of more tourist offices overseas. A major recommendation of the Committee was that one or more autonomous bodies should be set up in the public sector to handle activities of a commercial character connected with tourism. The Government has accepted this recommendation in principle and many other recommendations of the Committee. Almost all the measures recommended by the Committee for simplification of immigration, and customs regulations applicable to tourists has been accepted and implemented by the Government and the possibility of further simplification of certain customs procedures is also under consideration. It has also been decided to constitute an Air Customs Pool of officers specially trained to handle the present-day fast-moving traffic and in particular foreign visitors. The question of creating a central cadre of immigration staff is also being considered. Special arrangements are being made to ensure that tourists are able to obtain without any difficulty liquor permits with all-India validity from Indian embassies abroad or immediately on arrival in India. Among other measures being taken are: (1) a special fund will be created in order to give subventions to the Indian Airlines Corporation for operating air services to out-of-the-way tourist centres which would not normally be undertaken on purely commercial considerations; (2) a larger number of I.A.C. stations would be linked with teleprinter lines with a view to providing speedier confirmation of bookings; (3) improvements will be carried out on terminal buildings at the principal airports and new buildings will be put up wherever necessary; (4) a master plan will be prepared for the development of tourist areas; (5) two more tourist offices, one in Tokyo and the other in Chicago, will be opened in the next financial year; and (6) a standing committee of the main departments concerned with tourism will be set up to review inadequacies in facilities and arrangements and to examine the complaints brought to the notice of the Department of Tourism. All these proposals are sound and should help India to attract more tourists, provided they are implemented vigorously. Action is what is badly required and not paper plans.

The proposed Tourist Corporation would be a useful and effective body if it were to concentrate its activities in those fields where private efforts have so far been inadequate. Hotel construction is one such field where there is plenty of scope for the Corporation to make substantial contribution by putting up new hotels on its own or in collaboration with reputed foreign hoteliers. An important point that needs to be borne in mind in this connection is the great deficiency in medium-sized hotels which provide the tourist clean lodging and healthy food at reasonable rates. It is wrong to think that all foreign tourists are millionaires out on a spending spree. People belonging to the middle class with modest means account for a large and growing share of the world tourist traffic and their requirements should be kept in view when creating facilities for tourists. The Tourist Corporation should give proper lead and direction in such matters. Care should, however, be taken to ensure that the Corporation's activities do not result in unnecessary duplication of work or lead to wasteful competition with existing agencies.

Stainless Steel Razor Blades

It is like the Biblical legend of the puny David humbling the mighty Goliath with his sling and arrow. When stainless steel safety-razor blades were introduced in the U.S. two years ago by Wilkinson Sword, nobody would have seriously thought that the mighty Gillette Company, which controlled about 70 per cent of the North American market for blades, would be seriously affected. But stainless steel blades have cut into the market traditionally dominated by pure steel so sharply and has in fact revolutionised the market to such an extent that even Gillette has now had to start assessing the damages to its traditional steel blades. Mr. Boone Gross, Chairman of the Gillette Company, has already conceded that the Company's sales have been adversely affected by "a significant increase in competitive capacity in the razor blade business", particularly in the stainless steel field," and has also indicated that profits would be significantly lower this year. Gillette no doubt saw the revolutionary potential of the stainless steel blade, which is said to remain serviceable for six months, and brought out its own stainless steel blade last year. But it was months behind its principal competitors, namely, Eversharp and American Safety Razor Company, which had closely trailed Wilkinson. The latter two companies have been able to increase substantially their share of the blade market and report higher sales turnover and profit. Gillette, not to be outsmarted, is now making a determined bid to capture its lost market, but, if and when it succeeds, it would have been achieved, not with pure steel blades but with stainless steel blades.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 3rd April 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long Term Operations) Fund	73,00,00,000
National Agricultural Credit (Stabilisation) Fund	8,00,00,000
Deposits—	
(a) Government—	
(i) Central Government	52,18,26,000
(ii) State Governments	15,96,00,000
(b) Banks—	
(i) Scheduled Banks	76,88,46,000
(ii) State Co-operative Banks	2,77,18,000
(iii) Other Banks	1,55,000
(c) Others	290,70,87,000
Bills Payable	45,78,43,000
Other Liabilities	67,39,44,000
Rupees	717,70,19,000

ASSETS	Rs.
Notes	18,39,75,000
Rupee Coin	3,52,000
Small Coin	4,30,000
National Agricultural Credit (Long Term Operations) Fund—	
(a) Loans and Advances to—	
(i) State Governments	28,31,66,000
(ii) State Co-operative Banks	8,72,33,000
(iii) Central Land Mortgage Banks	....
(b) Investment in Central Land Mortgage Bank Debentures	3,59,36,000
National Agricultural Credit (Stabilisation) Fund	
Loans and Advances to State Co-operative Banks.	....
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	103,99,84,000
Balances Held Abroad*	13,16,51,000
Loans and Advances to Governments**	64,47,46,000
Loans and Advances to—	
(i) Scheduled Banks†	74,94,15,000
(ii) State Co-operative Banks†	122,19,77,000
(iii) Others	1,52,65,000
Investments	247,50,26,000
Other Assets	30,78,63,000
Rupees	717,70,19,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

† Includes Rs. 42,76,65,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	18,39,75,000	
Notes in circulation	2502,95,46,000	
Total Notes issued		2521,35,21,000
Total Liabilities		2521,35,21,000

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	112,45,69,000	
Total		230,21,79,000
Rupee Coin		106,76,66,000
Government of India Rupee Securities		2184,36,76,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2521,35,21,000

State Bank of India

Statement of Affairs for the week ended 3rd April 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital :— 20,00,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		9,30,00,000
Borrowings from Other Banking Companies, Agents, etc.		629,75,57,000
Bills Payable		94,40,000
Bills for Collection being Bills receivable as per contra		2,04,73,000
Acceptances, Endorsements and Other Obligations per contra		9,05,78,000
Other Liabilities (including Inter-Office Adjustments)		16,10,09,000
Total		17,10,96,000
	Rs.	689,94,03,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		16,46,88,000
Balances with other Banks		2,87,42,000
Money at Call and Short Notice		3,60,00,000
INVESTMENTS :—		
Government and other Trustee Securities	238,21,76,000	
Other Authorised Investments	9,44,19,000	
		247,65,95,000
ADVANCES :—	Rs.	
Loans, Cash Credits, Overdrafts, etc.	352,83,38,000	
Bills Discounted and Purchased	21,44,33,000	
		374,27,71,000
Bills Receivable being Bills for Collection as per contra		9,05,78,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		16,10,09,000
Premises less Depreciation		2,21,38,000
Furniture and Fixtures less Depreciation		1,75,48,000
Other Assets (including Inter-Office Adjustments)		15,93,34,000
Total	Rs.	689,94,03,000

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	17-3-64	20-3-64	29-3-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	63,71	61,56	56 24
(ii) From others	1,005,04	1,019,63	867,11
(b) Borrowings from banks	31,00	28,52	22,18
(c) Others	66,55	65,36	57,07
2. Time liabilities—			
(a Time deposits—			
(i) From banks	20,95	20,52	20,77
(ii) From others	1,216,15	1,223,84	1,175,14
(b) Borrowings from banks	12,26	12,82	15,76
(c) Others	11,34	11,38	10,51
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,281,19	2,273,47	2,042,26
4. Borrowings from Reserve Bank	82,58	98,82	71,28
(a) Against usance bills and/or promissory notes	48,37	46,33	53,30
(b) Others	34,22	52,49	17,98
5. Borrowings from State Bank and/or a notified Bank	26,54	27,60	22,47
6. Cash	58,23	59,48	51,73
7. Balances with Reserve Bank	89,31	80,32	73,97
8. Cash and balances with Reserve Bank	147,54	139,81	125,71
9. S as per cent of S	6.47	6.15	6.16
10. Balance with other banks in current account	23,56	22,37	21,86
11. Money at call and short notice	36,98	35,31	38,78
12. Investments in Government securities	639,76	636,74	592,76
13. 12 as per cent of 3	28.05	28.01	29.02
14. Advances—			
(a) Loans cash credits and overdrafts	1,518,70	1,507,73	1,309,28
(b) Due from banks	17,23	18,44	14,28
15. Inland bills purchased and discounted	231,09	229,58	222,56
16. Foreign bills purchased and discounted	64,78	65,19	56,17
17. Total Bank Credit [14(a)+13+16]	1,814,57	1,802,55	1,588,01
18. 17 as per cent. of S	79.54	79.29	77.76

INDEX NUMBERS OF SECURITY PRICES

[1952-53=100]

Group and Sub-Group	Week ended			
	28th Mar., 1964	21st Mar., 1964	29th Feb., 1964	30th Mar., 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99.7	99.7	99.8	99.0
2. Government of India	99.4	99.4	99.5	98.7
3. State Governments	102.0	102.1	102.1	101.5
4. Municipal, Port Trust, etc.	98.9	98.9	98.9	98.2
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	97.9	97.9	98.1	98.2
PREFERENCE SHARES—ALL INDIA.				
6. Total	81.5	81.5	81.5	80.2
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	167 6	168 1	174.7	160 3
8. *Agriculture and Allied Activities : Total**	148.7	148 6	149 6	144.9
9. Tea Plantations	135.4	136.5	135.7	135.5
10. Coffee Plantations	173.6	173.6	172 3	143.8
11. Rubber Plantations	184 6	184.7	183 5	158.7
12. *Mining and Quarrying: Total**	139 0	139 5	146 2	124.4
13. Coal	100.4	101.1	103 0	104.0
14. Other Mining	165.5	165.8	175.5	155.3
15. *Processing and Manufacturing : Total*	181.1	181.6	189.9	172.2
16. *Processing and Mfg. (Foodstuffs,Textiles,etc.): Total*†*	182.1	182 8	192.1	179.7
17. Sugar	129.0	130.7	133.6	123 8
18. Cotton Textiles	165.2	165.4	171.7	165.4
19. Jute Textiles	90.6	91.8	94.0	90.5
20. Silk and Woollen	862.1	870.1	954.0	859.6
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	194.3	194.5	202.5	171.7
22. Iron and Steel	158.6	158.6	165.3	125.8
23. Transport Equipment	325.2	326.9	355.1	322.3
24. Electrical Machinery	154.8	158.4	163.5	153.3
25. Machinery other than Transport and Electrical	228.0	227.8	236.9	211.2
26. Basic Industrial Chemicals	184.5	184.8	191.2	164.7
27. *Processing and Mfg. (Others) : Total**	153.5	154.3	160.2	150.6
28. Cement	144.5	144.7	151.7	140.9
29. Paper	195.9	196.4	200.6	192.2
30. *Other Industries : Total**	108.8	109 3	111 0	193.
31. Electricity Generation and Supply	87 8	88.2	88.7	88.8
32. Trading	107.1	107.7	113.7	107.4
33. Shipping and Other Transport	97.8	99.4	102.8	83 6
34. Construction	300.1	300.1	301.9	264.3
35. *Financial: Total*	187.9	188 6	188 9	184.6
36. Banks	210.9	211.8	211.7	206.7
37. Insurance	146.4	146.4	148.5	145.2
38. Investment Trusts	83.7	85.0	84.6	84.1
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	174.0	174.3	184 3	161.5
40. Calcutta	156.3	157.1	160.1	150.2
41. Madras	177.1	177.3	178.4	182.7
42. Delhi	220.4	227.2	237.9	211.7

*Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

EXCHANGE RATES

	8th April 1964	1st April 1964
London on New York	S. per Dollar 2.7934-2.7936	2.7931-2.7934
London on Berne	Sw. Fcs. 12.0990-12.1010	12.1130-12.1150
London on Paris	Fcs. 13.7115-13.7135	13.7130-13.7150
New York on London	Cents per £ 279.840-279.860	279.820-279.840
Pound Sterling—		
Sellers T.T. D.D. Spot	£.	1-5 31/32
Sellers T.T. D.D. upto six months	£.	1-5 15/16
Buyers T.T.	£.	1-6 1/32
Buyers D.D.	£.	1-6 1/16
U.S. Dollar—		
Sellers T.T. D.D... Rs. to $100	478.25	478.50
Buyers T.T. ... Rs. to $100	475.00	475.00
Canadian Dollars—		
Sellers T.T. D.D. ..Rs. to $100	445.00	444.75
Buyers T.T. .. "	437.00	436.75
French Francs—		
Sellers T.T. D.D... per Rs. 100	102.30	102.30
Buyers T.T. .. "	103.40	103.40
Swiss Francs—		
Sellers T.T. D.D... "	90.30	90.40
Buyers T.T. .. "	91.20	91.30
Deutsche Marks—		
Sellers T.T. D.D... "	83.00	83.00
Buyers T.T. .. "	83.90	83.90
Italian Lire—		
Sellers T.T. D.D... "	13,030	13,025
Buyers T.T. .. "	13,205	13,200
Swedish Kroner—		
Sellers T.T. D.D... "	107.40	107.40
Buyers T.T. .. "	108.50	108.50
Belgian Francs—		
Sellers T.T. D.D... "	1.037	1.037
Buyers T.T. .. "	1,052	1,054
Dutch Guilders—		
Sellers T.T. D.D... "	75.30	75.20
Buyers T.T. .. "	76.10	76.10
Hongkong Dollars—		
Sellers T.T. D.D... "	119.60	119.60
Buyers T.T. .. "	120.60	120.60
Norwegian Kroner—		
Sellers T.T. D.D... "	149.30	149.40
Buyers T.T. .. "	150.70	150.80
Danish Kroner—		
Sellers T.T. D.D... "	144.20	144.10
Buyers T.T. .. "	145.50	145.50

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 9th April 1964:

	Closing quotations 2-4-1964	High	Low	Closing quotations 9-4-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	139.50	140.00	139.50	140.00
Apollo (2)	1.74	1.82	1.70	1.82
Baroda Rayon (100)	84.00	87.00	84.50	86.00
Bombay Dyeing (25)	60.00	61.20	60.00	61.00
Bradbury (50)	151.00	—	—	151.00
Central India (100)	90.50	91.50	90.50	90.50
Century Mills (100)	611.00	631.00	608.50	630.50
Dawn (50)	152.50	154.00	152.00	154.00
Elphinstone (50)	95.50	97.00	95.00	97.00
Finlay (100)	311.00	310.00	309.00	310.00
Gokak (100)	181.00	182 00	180.75	181.50
Gold Mohur (100)	211.25	—	—	211.25
Gwalior Rayon (10)	41.50	41.50	40.50	40.75
Ind. Untd. Defd. (1)	2.50	2.60	2.48	2.60
Ind. Untd. Ord. (10)	21.36	21.80	21.24	21.24
Indian Rayon (100)	70.00	72.00	70.00	70.00
Indore Malwa (100)	210.00	210.00	207.50	207.50
Khatau (100)	182.50	187.50	181.25	187.50
Kohinoor (100)	336.50	340.00	334.00	337.50
Mafatlal (10)	510.00	511.25	510.00	510.00
Modella Woollens (10)	13.24	13.24	13.00	13.00
Morarji (100)	370.00	390.00	372.00	383.00
Mysore (50)	41.00	—	—	42.00
National Rayon (100)	375.50cx	380.00cx	357.00xr	367.00xr
New Great (100)	178.00	—	—	178.00
Phoenix (100)	222.50	224.00	222.00	222.50
Podar Mills (10)	12.00	12.12	11.76	12.00
Raymond Woollen (100)	136.00	136.00	135.50	136.00
Sassoon Spg. (10)	39.25	39.25	38.50	38.50
Shreenivas (100)	245.00	258.00	246.00	256.00
Simplex (50)	121.50	125.00	120.00	120.75
Standard (100)	654.00	670.00	650.00	669.00
Svadeshi (100)	246.00	249.00	245.00	245.00
Swan (100)	267.00	267.00	266.00	266.00
S. I. Viscose (100)	125.00	128.00	120.00	128.00
Tata Mills (25)	56.70	57.50	51.50	52.00
Lakshmi-Vishnu (100)	100.00	—	—	100.00
Western India (250)	850.00	—	—	850.00
BANKS				
Bank of India (50)	102.00xd	102.50	102 00	102.50
Do. (New) (50)	102.00xd	103.00	102.00	103.00
Bank of Baroda (50)	94.00cd	94.00cd	91.00xd	91.00xd
Central (25)	45 00	45.00	44.75	45.00
Central 'A' (25)	45.00	45.00	44.75	45.00
Dena Bank (50)	56.00xd	56.00	55.00	55.50
Punjab National (10)	19.32	19.32	19.20	19.20
Union Bank (5)	6.24	6.24	6.16	6.20
United Com. (50)	72.00	72.00	70.00	72.00
Maharashtra (50)	54.00	—	—	54.00
ELECTRIC COS.				
Ahmedabad (100)	95.50	95.50	94.80	95.00
Amalgamated (10)	9.64	9.64	9.48	9.48
Andhra Valley (1,000)	1,046.25	1,051.25	1,043.75	1,050.00
Bom. Sub. El. (100)	104.50	104.50	103.25	104.00
Surat (100)	100.50	—	—	100.50
Tata Hydro (100)	112.00	112.00	111.50	112.00
Tata Power (1,000)	1,107.00	1,112.50	1,105.00	1,112.50
INSURANCE COS.				
British India (10)	12.24	12.48	12.24	12.48
Indian Mercantile (50)	57.25	—	—	57.50
New India (15)	45.75	45.75	45.00	45.75
New India 'A' (15)	46.50	46.50	46.00	46.50
Vulcan (10)	16.00	—	—	16.00
STEEL COS.				
Ind. Iron (10)	24.60	24.88	24.64	24.88
Mukand Iron (10)	17.56	17.76	17.48	17.64
Tata Steel Ord (75)	146.25	148.75	146.25	148.50
SUGAR COS.				
Belapur (50)	220.00	222.50	220.00	221.50
Bhopal (10)	12.76	—	—	12.76
Chandgeo (12.50)	29.00	—	—	29.00
Maharashtra (50)	138.50cd	139.00cd	128.00xd	129.50xd
Phaltan (50)	101.00	101.00	100.00	100.75
Walchand Ind. (100)	152.00cd	155.00cd	143.00xd	144.50xd
CEMENT COS.				
Associated Cts. (100)	148.25	149.50	147.75	149.50
Digvijay (100)	173.50	176.50	174.00	176.00
Orissa (10)	13.64	13.72	13.60	13.60
DYES & CHEM.				
Amar-Dye-Chem (100)	140.00	140.00	136.25	140.00
Camphor & Allied (100)	92.00	92.00	90.00	92.00
Citric (100)	73.00	74.00	71.00	74.00
Chemicast (100)	133.00	—	—	133.00
Colour-Chem (100)	341.25	340 00	335.00	340.00
Indian Dyestuff (100)	296.25	307.50	295.00	305.25
Polychem (50)	117.50	121.25	117.50	121.25
Synthetics (100)	93.50	96.00	91.00	94.00
Tata Chemicals (10)	18.28	18.52	18.24	18.48
MISCELLANEOUS				
Alcock Ashdown (100)	298.00	310.00	297.00	310.00
Bom. Burmah (25)§	60.00	60.70	59.00	60.40
Do. (New) (20)‡	47.00	46.50	45.50	46.50
Br. B. Petrol (1½ sh.)	2.60	2.64	2.54	2.60
Br. I. Corpn. (5)	8.84	9.16	8.84	9.16
Cooper Eng. (100)	104.00	102.00	100.00	100.00
Hindustan Lever (10)	35.00	35.50	35.10	35.50
Hindustan Motors (10)	18.28	18.52	18.20	18.52
I. C. & Invest. Corporation (100)	97.50	—	—	97.50
Indian Copper (2 sh.)	3.48	3.48	3.40	3.48
Killicks (100)	90.00	90.00	88.00	88.00
Larsen & Toubro (10)	22.76	22.92	22.72	22.80
Mahindra & Mahindra (10)	17.12	17.24	16.76	17.24
Aslan Cables (100)	80.00	80.00	77.50	78.00
Permanent Magnets (100)	117.00	120.00	117.00	117.50
Phillips Carbon (10)	13.76	13.76	13.36	13.36
Pre. Automobiles (100)	101.00	102.50	100.50	102.00
Premier Con. (20)	180.00	182.00	179.00	180.75
Scindia (20)	15.28	15.52	15.16	15.32
G. E. Shipping (10)	12.92	13.24	12.72	13.20
N. Standard Eng. (100)	135.00	135.00	133.00	134.00
T. Maneklal (100)	510.00	565.00	515.00	565.00
Shivrajpur (10)	15.76	16.24	15.52	15.75
Sirpur Paper (10)	12.04	12.12	11.76	12.08
Tata Locomotive (100)	299.25	304.50	299.50	304.00
Tata Oil (25)	61.70	64.00	62.00	63.00
Voltas (100)	260.00	281.50	260.00	264.00
W. I. Match (100)	262.00	262.00	260.00	261.00
W. Coast Paper (100)	156.50	156.50	154.50	155.50
Zenith Steel (10)	16.36	16.76	16.36	16.76

GOVERNMENT SECURITIES	2-4-1964 Rs.	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	9-4-1964 Rs.
2½% 1976	81.50	—	4.80	81.50
3% 1964	99.60	—	3.58	99.60
3% 1966-68	97.00	3.90	3.50	97.00
3% 1970-75 1st Dev.	90.25	4.89	4.05	90.25
3% 1986 Con. Loan	63.05	—	4.76	63.05
3½% 1964 N. P. Loan	99.60	—	3.66	99.60
3½% 1965 N. P. Bonds	99.65	—	3.77	99.65
3½% 1967 N. P. Bonds	99.15	—	3.78	99.15
3½% 1974	96.75	—	4.12	96.75
3½% 1967 N. P. Bonds	99.55	—	3.90	99.55
3½% 1969 Loan	96.90	—	4.20	96.90
3½% 1968	98.10	—	3.93	98.10
3½% 1968 N. P. Bonds	99.40	—	3.91	99.40
4% 1972 Loan	99.20	—	4.12	99.20
4% 1973 Loan	99.15	—	4.10	99.15
4% 1979 Loan	98.50	—	4.14	98.50
3½% 1966 Bonds	99.65	—	3.68	99.65
4% 1980 Loan	98.30	—	4.14	98.30
4% 1981 Loan	98.30	—	4.14	98.30
4½% 1985 Loan	100.25	—	4.49	100.25
6½% 1977 G. Bonds	118.30	—	4.62	118.30
4½% 1972 N. D. Bonds	100.20	—	4.25	100.00

* Current Income. xd—Ex-dividend. xr.—Ex-Right. cr.—Cum-Right. cd—Cum-dividend.

§ B. Burmah—Shares of Rs. 125 have been sub-divided into 5 shares of Rs. 25 each. ‡ Sub-divided into 5 shares of Rs. 20 each after taking into account the Bonus element of Rs. 25.

COMMERCE

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

William Blake.

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AN ACT OF GOD IN LOK SABHA

IT is encouraging to find that the callous manner in which the Congress Party, under the leadership of Mr. Jawaharlal Nehru, has been amending the Constitution, as if it were a piece of ordinary law, has met with successful opposition this week, forcing the Government to restrain its hands. Most of the amendments to the Constitution have been made to nullify the decisions of the Supreme Court and High Courts holding several laws passed by Parliament and State legislatures *ultra vires* the Constitution. This has given rise to the impression that the Government has been subverting the highest tribunal in the country and treating the sacred Constitution as a mere scrap of paper. The seventeenth and eighteenth amendments to the Constitution mooted at an interval of less than a year are the latest actions of the Government that have brought, deservingly, of course, much discredit to it. Both have now been thrown out, though in different ways. Both represented a slap, as it were, to the judiciary and contempt for the Constitution. The seventeenth amendment, introduced in May last year, sought to legalise scores of expropriatory land laws enacted by State legislatures, laws that had failed to stand the test at High Courts and the Supreme Court when challenged by the aggrieved owners of land.

Even as this amendment was on the anvil, the Government brought in the eighteenth amendment late last week (on 24th April), with the object of obtaining immunity for itself against any claims for damages for detentions under the Defence of India Rules. Following a recent decision of the Supreme Court in regard to the fundamental rights conferred by Part III of the Constitution, the Government found that it might be confronted with a large number of claims for wrongful detention, etc., once the emergency came to an end. The Government wanted to cover its position by amending Article 359 (which empowers the President to make an order suspending the right to move any court for the enforcement of rights conferred by Part III when a proclamation of emergency is in operation) with retrospective effect. The Government's contention is that, "when remedies are barred during an emergency, the rights for the exercise of which the remedies are barred must also be deemed to be suspended." This amendment is, in fact, less dangerous than its predecessor, for the worst sufferers of the proposed abridgement of the freedoms conferred by Part III will be the Communists and the extreme leftists. Yet all Opposition parties joined hands and severely protested against it, and staged a walk out when the Bill was introduced in the Lok Sabha, with the help of the votes of the majority party. But some of the top Congress leaders themselves were opposed to this move and, when there was a serious threat of opposition from the members of the ruling party itself, better counsel prevailed with the Government and a decision was taken to withdraw the amendment Bill. Apparently even Congressmen thought that the removal of protection in question (given by Part III of the Constitution) might one day recoil on themselves. But what is significant about this episode is that it is a reflection, though a faint one, of the growing aversion to any further watering down of the rights guaranteed to individuals in the Constitution. The people are undoubtedly getting tired of the Congress Party's frequent attempts to tamper with the Constitution and circumvent the inconvenient decisions of the Supreme Court.

While the eighteenth amendment was withdrawn after deliberation and in recognition of the old adage that "discretion is the better part of valour," the seventeenth amendment failed just before its adoption through an accident. But this accident looks like an act of God, for an accident of this nature seldom happens. Incidentally, a similar one had occurred nine long years ago when the seventh amendment to the Constitution pertaining to reorganisation of States (on linguistic lines) was under consideration. Every one who had reasoned against the seventeenth amendment had given up hope, as it was certain that the Congress Party, with its large majority and the support of Communists and extreme Socialists, would get the Bill through. The time for voting, however, came when the attendance in the House was thin, with a large number of Congressmen otherwise busy in the lobbies. The electric bell, intended to alert the members on voting, failed to ring. The automatic device for recording of votes also failed to function and had to be abandoned in favour of voting by ballot. The result was that 206 votes were for and 19 against the amendment, but the majority was insufficient by 50 votes to fulfil the first condition for amending the Constitution—namely, a simple majority of the total (510) membership of the House—though it was sufficient to satisfy the second condition, namely, a majority of two-thirds of the members of the House present and voting. Accordingly, the Speaker declared that the motion was not carried. Why did the bell and the mechanical contrivance refuse to function? It is, of course, purely sentimental to say that Providence willed it that way. But it is quite a popular sentiment in this country.

The technical, and purely accidental, defeat is, however, unlikely to deter the Government from reintroducing the Bill after a time. Although quite a few members of the Congress Party itself are critical of the measure, they do not have that courage of conviction to vote against their party. The Communists and Socialists are all for it. Only the Swatantra Party and a few independents are opposed to the amendment, but inside the House they are in a small minority. Nevertheless, the loss of face suffered by the Congress on the ill-thought-out eighteenth amendment and the interval between now and the revival of the seventeenth amendment provide a chance for rousing public opinion against this outrageous assault on the freedom of farmers to own land. The main amendment made by the Select Committee to the effect that no land below the ceiling for personal cultivation (as distinguished from ceiling on ownership) can be requisitioned by a State Government except by paying market value both for the land and structures thereon, if any, is not a significant concession, for it ignores many practical difficulties. Besides, there is nothing to prevent a State Government from lowering the level of ceiling itself. If the amendment is revived and put through, the *ryotwari* landowners, big and small, will be completely at the mercy of political demagogues, growth of agricultural production and productivity will suffer a serious setback, and the country will be made safer still for Communism to flourish.

THE SAME OLD PROBLEM

IT is, indeed, the misfortune of sugar industry, rather of the vast numbers of sugar consumers, that something or other goes wrong with its economy time and again. The industry itself cannot, of course, disown completely any blame for its ills, but it is the bungling of the Governments (Central and States) that is largely responsible for the sorry plight of the industry today. How else is one to explain the lack of consistent, rational policies governing the prices of cane and sugar, regulation of cane supplies, production of sugar, *gur* and *khandsari*, and their distribution? Things would certainly have been very much different had only Mr. Rafi Ahmed Kidwai been alive and been in charge of sugar industry. Mr. Kidwai's approach to the problems of the industry was dynamic and realistic, but, before he could give a concrete shape to his ideas and implement them, destiny took him away. His successors, Mr. Ajit Prasad Jain and Mr. S. K. Patil, failed to summon political courage to carry out the policies initiated by Mr. Kidwai. The result is that the consumer continues to pay unconscionably high prices for sugar and, even at such high prices, he is not able to obtain his requirements fully and easily.

Judged against this background, it is certainly refreshing to find that Mr. Swaran Singh, the present Union Minister for Food and Agriculture, has lately brought to bear upon his task (in relation to sugar industry) a freshness of mind and approach. Mr. Swaran Singh, while inaugurating the annual meeting of the Indian Sugar Mills Association at New Delhi on Monday this week, expressed his determination to secure an equitable adjustment of cane supplies among the three users, namely, sugar mills, *gur* producers and *khandsari* industry. Considering that the quantity of sugarcane actually harvested year after year is considerably more than is needed to enable the sugar mills to utilise their crushing capacity to the maximum extent possible, this should not be difficult. But the total production of sugarcane is, more often than not, inadequate to cover the country's growing requirement of all types of sugar. Accordingly, in the absence of any control on the production and prices of *gur* and *khandsari*, large-scale diversion of cane supplies away from sugar mills is almost a regular phenomenon. Unless such diversion is checked, there is no hope of attaining optimum sugar (white) production. There is ample evidence in Mr. Swaran Singh's speech that he too is fully seized of this problem and that something more effective than has been the case so far would be done in the ensuing season (commencing on

Contents

	Page
LEADING ARTICLES—	
An Act of God in Lok Sabha	733
The Same Old Problem	733
Another P.L. 480 Deal?	734
MARKET GOSSIP	735
TREND OF SHARES	736
THIS WEEK'S SURVEY	738-739
SPECIAL FEATURES—	
Delhi Letter	740
London Letter	740
Reassessment of Russian Gold	741
Manchester Letter	745
Progress of Air Cushion Vehicles Encouraging	746
French Lesson for Indian Planning—II	752
Concentration of Economic Power	763
CHAIRMEN'S SPEECHES—	
Kamani Engineering Corpn. Ltd.	754
Jessop and Company Ltd.	755
Mahindra and Mahindra Ltd.	756
Bangalore Woollen, Cotton and Silk Mills Co., Ltd.	757
Hindustan Lever Ltd.	758-759
Indian Aluminium Co., Ltd.	760-761
Commerce (1935) Ltd.	761
G. Claridge & Co., Ltd.	761
Buckingham & Carnatic Co., Ltd.	762
Central Bank of India Ltd.	764-765
Union Bank of India Ltd.	771
BANKING	742
TEXTILES	744
LABOUR	748
ENGINEERING	750
NEW PRODUCTS AND PROCESSES	751
COMMERCE AND INDUSTRY	766
COMPANY MATTERS	767-768
NEWS IN BRIEF AND PERSONAL	769
TREND OF MARKETS	772-774
MISCELLANEOUS STATISTICAL INFORMATION	775-776
STOCK AND SHARE QUOTATIONS	777-783
WEEK'S STOCK EXCHANGE TREND	784

1st November 1964) to ensure adequate supplies of cane for the sugar mills. Here is a relevant quotation from his speech:

"I have no doubt whatsoever that rigid control of one of the users of cane (that is, the sugar mills) and the comparative immunity from control and regulation of others (that is the *gur* and *khandsari* producers) are not going to solve the problem. We have to make a more realistic and comprehensive approach to the entire problem of cane utilisation and, in that process, it is quite clear to me that we can do so *only at the sacrifice of some of our cherished sentiments and prized emotions.* (Italics ours.) This is a problem to which I and my officers are devoting attention and I hope that, in the near future and perhaps well before the next season, we shall have made an attempt to present the problem in its true perspective and to seek its solution."

Implied in the italicised words above is an appeal to the politicians not to launch any agitation on behalf of the *gur* and *khandsari* producers against the move to regulate cane supplies. Such regulation is necessary as much to step up sugar production in mills to the desired level as to reduce the overall loss of sugar in *gur-khandsari* making. This aspect was impressively highlighted by Mr. G. M. Modi, the retiring President of the Association.

It is just not enough if the sugar mills are assured of adequate cane supplies. Of vital importance is the need for a realistic price policy. The prices fixed for sugar, as Mr. Modi rightly pointed out, should be such as would provide fully for the cost of production and leave sufficient funds with mills to pay reasonable dividends and to set apart adequate funds for rehabilitation and modernisation. There may be room for contesting the statement of Mr. Modi that the uneconomic price structure generally allowed to the sugar industry has undermined its financial stability, since it may not hold good with equal force in respect of all factories and all regions. But one cannot dispute the fact that the profitability of the industry in the North, in particular, is lower than that of its counterpart in other areas. The I.S.M.A.'s study of the financial results of the Northern sugar companies for the year 1962-63, which Mr. Modi quoted, shows that, out of the 52 companies owning 60 mills chosen for the study, more than 38 per cent incurred losses, 10 per cent made nominal profits below Rs. 1 lakh and 8 per cent made profits between Rs. 1 lakh and Rs. 2 lakhs. The average profit per factory was just Rs. 85,000. The gross profit as a proportion of capital employed worked out to only 6.9 per cent and the net profit as proportion to sales was a miserably low figure of 0.5 per cent.

In view of the poor profitability, the sugar industry is finding it exceedingly difficult to finance its expansion and modernisation programmes either from out of its own resources or through outside capital. It is, therefore, gratifying to hear from Mr. Swaran Singh that there is no intention on the part of anyone to deny the industry its legitimate costs according to the existing formula or any other more equitable system that may be devised in future as a result of enquiries relating to costs that have been or may be undertaken. And reassuring is his further statement that he would try to secure some tax concessions for the sugar industry, though he did not commit himself in any way. Thus, alluding to the I.S.M.A. President's plea for including the sugar industry in the list of industries which are allowed a rebate in corporate tax and sur tax on profits, Mr. Swaran Singh said: "I can assure you that I shall have this matter examined and will try to secure a reconsideration of the issue, if it is warranted." The claim of the sugar industry to this concession is justified especially because the development of this industry has a direct impact on the agricultural economy and because it produces a commodity which, besides meeting the requirements of the domestic market, has a vast potentiality to earn much-needed foreign exchange through exports.

Mr. Swaran Singh was not, however, convincing when he defended the Government's decision to set up a Sugar Marketing Board. How untenable are the arguments he adduced in support of the decision will be evident from a perusal of the following extract of his speech:

"... though these eight years (since the Gopalkrishnan delegation submitted its report) may have been full of periodic fluctuating fortunes, they have been years in which, under the impact of our Plans, economic conditions have acquired a certain degree of stability. So far as the sugar industry is concerned, the consumption of sugar appears to have settled down to a set pattern. The exports have become a necessary feature of the industry and, so far as the policies of the Government are concerned, in regard to cane development and the extent of sugar production to be achieved, along with the need for utilisation of by-products, there is neither any element of uncertainty nor any confusion of ideas. In fact, Government considers that the distribution system of the industry has at times been such an uncertain factor in the economics of the country, particularly with its very divergent costs of production, and its impact on the consumer that only a suitable organisation like a Sugar Marketing Board can introduce a lasting factor of orderliness and discipline.

"Instead of apprehending any harmful consequence to flow from the operation of such a body, an assembly of seasoned industrialists like yours should be able to see in it a guarantee of your receiving an adequate price for your production without having to do anything about its distribution. Moreover, it should be easy to see that the system of distribution through this body would be a better instrument for the adjustment of interests between the industry and the consumer than the periodic system of controls to which the industry has had to accustom itself from time to time and about which the industry has expressed its disfavour in no uncertain terms. I would, therefore, like the industry to reconcile itself to the coming into being of this organisation and to see in it an instrument of its well-being rather than an agency of harm or injury."

That Mr. Swaran Singh should have taken this stand on the Marketing Board after hearing the pertinent observations of the I.S.M.A. President is regrettable. It is unnecessary to go into this issue again, since it was discussed in detail only last week (*vide* page 695 of *Commerce*). We would, however, repeat that, in the present circumstances, there is no justification whatever for creating a special State monopoly for marketing sugar. If, however, it is the intention of the Government to prevent artificial scarcity and rigging up of prices due to malpractices on the part of industry and trade, the objective can be fulfilled in other ways. Mention, for instance, may be made of the building up of a buffer stock in sugar by the Government. Such a buffer stock, together with the creation of conditions necessary for ensuring steady expansion of sugar production, will obviate the need for establishing a Marketing Board, the result of which would be a further rise in sugar prices. It is a pity that Mr. Swaran Singh and his colleagues have ignored the age-old maxim, "First thing first." In the case of sugar industry, the "first thing" is more production at a lower price. If such production is achieved, distribution of sugar will take care of itself.

ANOTHER P.L. 480 DEAL?

IT was in April 1958 that Mr. Ajit Prasad Jain, the then captain of the Union Ministry of Food and Agriculture—that graveyard of ministerial reputations—told the Lok Sabha that, "in a developing economy, self-sufficiency in food becomes an ever-receding ideal." That the Minister's utterance was something in the nature of a prophecy was not quite apparent at the time. And so the New Delhi Correspondent of this paper, commenting on Mr. Jain's speech, wrote bitterly then: "This is a strange theory. It is all the more strange because it passes one's comprehension how an expanding economy, if it is really expanding, cannot involve an adequate expansion in food production." Six years have since passed—a period during which the economy has generally developed further, irrigation and power facilities have expanded, fertiliser production has advanced and aids for agriculture have increased. But the tragedy of it is that the food problem, like the country's poor, continues to be with us and the goal of self-sufficiency remains as elusive as ever, bearing out, of course, the truth of Mr. Jain's prophecy but without, at the same time, invalidating the Correspondent's query. It is this tragedy that has just been brought out in full relief by the report from New Delhi that the U.S. Secretary of State, Mr. Orville Freeman, who had a round of discussions last week with ministers and officials on the food situation, has assured the Indian Government of a continuous flow of P.L. 480 foodgrains at the rate of about four to five million tons per annum over the next three years.

Mr. Freeman's reported assurance is, of course, welcome in the context of virtual stagnation in the field of agricultural production for the third year in succession, as also in the context of the need for keeping a large buffer stock and for restraining, if not reversing, the uptrend in prices. That this country should also feel grateful to the United States for its timely offer to supply foodgrains under a new P.L. 480 agreement need hardly be over-emphasised. But, having said this, one must ask whether this kind of *ship-to-mouth existence has not* already undermined, to some extent, the nation's economic morale and bred supine complacency on the agricultural front. It must also be noted here that India continues to rely on P.L. 480 cotton to clothe its growing population. What a shame this country should continue to depend upon American charity for food and clothing! And for how long is this humiliating state of affairs going to be tolerated? Surely, somewhere a line must be drawn and the Union Government should tell the States firmly and bluntly that the proposed P.L. 480 agreement will be the last in the series of such agreements and that they should promptly avail themselves of the grace period of three years (1965-68) for reactivating their agricultural programmes so as to achieve self-sufficiency by the middle of the fourth Plan. It is not meant to suggest here that there should be self-sufficiency in the narrow sense of producing all the food required, even if it involves diversion of lands suitable for non-food (commercial) crops to food crops. What is relevant here is that, in a situation of agricultural self-sufficiency in the broad sense, it may be possible to produce and export more agricultural raw materials to finance some food imports, if and when necessary.

A firm and final deadline for achieving self-sufficiency, unlike the one "fixed" by Prime Minister Nehru to correspond to the end of the second Plan and the one "fixed" bravely by Mr. S. K. Patil, Union Minister for Food and Agriculture, in 1960 to correspond to the end of the third Plan—is absolutely necessary to impart a sense of urgency and dynamism to the nation's agricultural effort over the next three years. There must be no further occasion for critics to say, as they did in 1960 when Mr. Patil negotiated a P.L. 480 deal covering 17 million tons of foodgrain imports over a period of four years, that the element of certainty in food imports for three or four years at a stretch has bred complacency at the administrative and public levels and militated against the requisite effort on the production front. That success in this direction would depend not only on the scale of water, fertiliser, seed and other physical supplies but on more efficient administration and purposeful co-ordination of agricultural programmes needs to be emphasised again and again. It is also necessary to emphasise here that land reforms of an expropriatory nature should be abandoned forthwith and positive encouragement provided to individual initiative and talent. The present brain drain on rural areas must be checked by making it attractive for educated, intelligent farmers to play an active part in raising agricultural production instead of migrating to towns and cities in search of assured employment.

There is, of course, another side to the question of possible continuance or discontinuance of P.L. 480 imports. This is the moral aspect. Any loan, whatever be its legal conditions, does involve the moral obligation to repay. Where the loan covers food, the moral obligation involved is still greater for the simple reason that the food so lent (or virtually given away?) has assuaged the hunger of millions of people. But it may not be always easy for the nation to discharge this moral debt to the United States in the fluid conditions of world politics. That the United States does not seek to take undue advantage of our dependence on it even for food is, of course, true. But that is beside the point. As a benefactor, the United States may not consciously expect any gratitude in return. It is, however, our own national self-respect that is involved. Besides, if political circumstances should ever dictate an attitude that differs in vital respects from that of the United States, it would lead to angry reactions in that country—reactions which would be more natural in the case of food loans (including grants) than in the case of other development loans. The vital difference between these two types of loans is that, while the latter will be repaid over a period of time in dollars, the former (even to the extent of loaned rupee counterpart funds realised from the sale proceeds of P.L. 480 commodities) may have to be ultimately written off unless, of course, there is a metamorphosis in the status of the rupee from a weak and soft currency into a strong hard currency like the dollar or the sterling, or the D-mark. For all practical purposes, therefore, P.L. 480 imports are overwhelmingly in the nature of a moral commitment rather than a material or legal commitment. It need hardly be added that an indefinite prolongation of such a situation would distort national attitudes in both India and the United States and interfere with the healthy development of relations between them. The only way in which this situation can be ended is to achieve agricultural self-sufficiency at least by the middle of the fourth Plan. If the proposed next P.L. 480 deal can be turned to good account by using the imported food directly or indirectly in the production of more domestic food, all would be well for this country and its agriculture.

MARKET GOSSIP

"Grapes Are Sour"

THE adverse reactions of Mr. T. T. Krishnamachari to the failure of stock exchanges to respond to his taxation proposals designed to promote economic growth with socialism are understandable. Ever since his return to the Finance Ministry last year, he has been emphasising the importance of capital market and the need for reviving the confidence of investors. He has also taken quite a few steps in that direction. The stock exchanges reacted to them favourably, as and when they were announced. But he has let down the markets by presenting a set of tax proposals which are inconsistent with the expectations caused by his pre-budget statements on incentives, profit-motives, etc., and part A of his budget speech. They have naturally to readjust themselves to the realities of the situation.

Now that share markets have not welcomed his budget by staging a boom, he is disappointed with them and says in effect that he can get on with the task of economic development of the country without them. This attitude of his is not dissimilar to that of the fox in Æsop's well-known fable which tried in vain to get at some grapes that were beyond its reach.

Mr. Krishnamachari is indulging in a lot of bravado when he says that, if investors do not come forward to support the capital issues of the private sector adequately, the Government can help them through its institutions; that, if the private sector is unable or unwilling to take up the projects allotted to them, the public sector will step in and do the job; that plenty of foreign capital will be forthcoming, as he has offered them attractive incentives; and that the L.I.C. and Unit Trust are there to act as the countervailing instruments against the money power in the private sector. Every one realises that he is squeezing a lot of money out of the public through taxes and compulsory savings, that he has the power to create money and that he has a firm hold over the private sector. But money and power alone cannot produce goods. Brains also is needed. That is exactly what is in short-supply in India, in general, and in the public sector, in particular. This will (*a*) slow down the pace of economic growth, instead of accelerating it, (*b*) lead to an unbalanced financial structure in the corporate sector, and (*c*) increase the country's dependence on foreign capital and foreign brains to a greater extent than is good for the future health of this country. Ministers of Mr. Nehru's Government have often indulged in such bravado as the one displayed by T.T.K. this week. And the result is that the country is weak both politically and economically.

No impartial observer, however, can attribute the debacle in share markets exclusively to the budget. It is also due, to a substantial extent, to the failure of several private sector projects to come up to expectations. It would be a half-truth to say that their failure is due to defects in Government's policies, because grave mistakes have been made by the promoters (domestic and foreign alike) not in one stage but in many stages. Synthetic rubber, rayon and synthetic fibres, fertilisers, paper, ceramics, tyres, glass, cables, chemicals, metals, industrial gas and plastics, to mention only some, are the industries in which the private sector has not lived up to the promises held out at the time of issuing prospectuses. The depreciation in the value of investments made in these industries is so high that it has dampened the enthusiasm of investors for new issues. It would also be wrong to jump to the conclusion that, as a result of the latest budget, the share markets would remain depressed for ever, for economic expansion is continuing, employment and savings are increasing, though not at the rate planned for and necessary. As a result of larger turnover, there is bound to be a steady, though not spectacular, growth in corporate profits, a part of which will be passed on to shareholders sooner or later. All these things will gradually push up the equities in value. At the ruling prices, many first class equities (as, for instance, Union Carbide, G.K.W., Indian Oxygen, Indian Aluminium, Alkali Chemical, Dunlop Rubber and Voltas) appear to be reasonably attractive. It may pay investors with stout hearts and surplus funds to pick them up.

Management Development

An enterprise, an industry or even the economy of a country, for that matter, can only be as efficient as the managers who run them. In fact, one of the most decisive factors determining industrial growth is the level of management expertise obtaining in a country, the degree of awareness, on the part of managers, of technology and modern management methods. Managers, unlike poets, painters or musicians, are not born; they are made, rather trained. How Hindustan Lever Ltd., one of the largest and best-managed concerns in India, trains and develops its managers is the theme of Mr. P. L. Tandon's stimulating address (published in full on pages 758-59) to the shareholders of the Company at the annual general meeting held at Bombay this week. This year's speech of Mr. Tandon is, in fact, complementary to that of last year, wherein he had described how the Company was being managed. Both these speeches taken together not only provide the shareholders an insight into the dynamics of management of the Company but also constitute a remarkable public relations effort, in so far as they project the image of Hindustan Lever as a progressive, efficient and expanding enterprise, which selects and trains its managers with scrupulous regard for professional skill, efficiency and integrity.

In recent years, much attention has been devoted to training managers in the country. Consequently, management development has been rapid, according to Mr. Tandon. Even so, only the fringe of the problem has been touched. How big is the problem is indicated by Mr. Tandon by a simple calculation. Some two million jobs have to be created in each year of the third Plan. Even assuming that 2 per cent of these would be managerial jobs, no less than 40,000 new managers would be required every year. This is no small task, the more so when it is remembered that a manager must not only possess a basic discipline such as engineering, accountancy or marketing, but should be given training in how to be a manager, to develop the skills and attitudes of management.

It would be redundant to describe here the complex process of management development in Hindustan Lever so lucidly explained by Mr. Tandon. But it is necessary to draw attention to the importance the Company attaches to training managers, the purposes of its management development programme, and the principles and policies followed in respect of selection, training and promotion of managers, for they provide a model for other companies. Management development is for Hindustan Lever, according to Mr. Tandon, a complex of activities the purpose of which is to ensure three things. First, to anticipate the Company's requirements of managers over the next five years. Secondly, to select, recruit and train men and women to fill these requirements. Thirdly, to develop attitudes and values in individuals that prepare them to meet their responsibilities.

Management development in Hindustan Lever has many outstanding features. But four are specially noteworthy. First, management development, like other vital matters such as capital expenditure, budgeting, annual estimates, and operational plans, is the responsibility of the Board. This indicates how much value and importance the Company attaches to building up a team of efficient managers. They are, as Mr. Tandon himself puts it, the Company's "most valued investment." Secondly, contrary to what some people imagine, selection of candidates to be trained as managers is based entirely on merit and not on the social background of the candidate or other factors. "We like poise and ease," admits Mr. Tandon, "but we put no premium on background as a veneer." Thirdly, the Company does not regard age as a determining or particularly important factor in entrusting managers with high responsibilities; in fact, age seldom enters its calculations. "We would be disappointed," says Mr. Tandon, "if, with the opportunities that are constantly opening up in a growing and decentralised concern like ours, he (the manager) were not able to receive his first shot of a senior independent charge in his early 'thirties." The fourth outstanding feature is that promotion in the managerial cadre is always and invariably based on merit, irrespective of age or length of service. Defending this practice, Mr. Tandon says: "We frankly believe in the logic of the best man for the job, because only then will the job be done best." But evaluating merit is not an easy job, admits Mr. Tandon. With Hindustan Lever merit evaluation is a constant process consisting of progress reports, thorough training, personal contacts by the seniors, job evaluation, etc., all of which help ensure an unbiased and objective judgment.

It will thus be seen that much thought and care have gone into the evolution and implementation of the management development programme in Hindustan Lever. The principles on which it is based are sound and well-tried ones and, judging from the high degree of success attained by the Company in its operations, they seem to have yielded the desired results. It is to be hoped that Hindustan Lever's endeavour in management development will be a source of inspiration and guidance for other enterprises in the country.

Cess On Coffee Exports?

All coffee that is exported from India will have to bear a special levy (cess, as we call it in this country) of about 71 nP (15 cents) per bag (of 60 kilograms), if the International Coffee Organisation's proposal is finally accepted by the 58-nation Coffee Council which is now in session at London. The proposed levy will be made available to the Executive Board of the Organisation for financing its over 7-million-dollar-a-year campaign to promote coffee drinking throughout the world. Since a similar levy will be imposed by the other coffee producing and exporting countries as well, it will not have any impact on the competitive position of Indian coffee in world markets. On the other hand, the coffee promotion campaign of the I.C.O. will greatly benefit India by widening the demand for coffee the world over. Much will, however, depend on the trend of coffee production in this country. The current season's coffee output is estimated at 64,000 tonnes, against which domestic consumption is running at about 40,000 tonnes. The available surplus for export after providing for reasonable running stocks in pipelines is, therefore, not very much more than the quota allotted to India under the International Coffee Agreement. This factor underlines the urgency of giving suitable encouragement to coffee growers to augment output, reduce cost and improve quality.

The decision to launch a world-wide campaign to boost coffee consumption was taken by the I.O.C. Executive Board at its meeting held at London last week-end. Two other decisions were also taken. One was the extension of the time limit, from 1st June to 1st October next, for fulfilling the condition that importing countries should insist on all coffee shipments being accompanied by certificates of origin. The other was postponement, from 30th June to 31st December, of the date-limit for the ratification of the World Coffee Agreement by countries which have not yet done so. No decision was, however, taken on the question of fresh quota increase, as the consumer-countries were unable to agree on the working or the scope of such an increase. The only consolation was that the discussions were held in a more relaxed climate than at the previous meeting held early in March. At that meeting, the Executive Board raised the aggregate basic export quotas of member-countries for 1963-64 to 48.12 million bags; the effective increase after allowing for shortfalls is estimated at 2.3 million bags. A substantial part of this increase has been in favour of Ethiopia; India, too, has received a small increase in its quota, though not as much as it had asked for. The Board also appealed to countries to adjust the production of coffee to the level needed for domestic consumption, exports and stock purposes, as specified in Articles 51 and 52 of the Agreement. Such adjustment was considered necessary to avoid further need for recourse to Article 60 in regard to export quotas. Since the increase in basic export quotas was announced, world coffee prices have drifted downward. Uganda Robusta grade coffee (July delivery) in the London market is currently standing at £15-8-10 per cwt., as against the high of £16-16-0 before the increase in quotas was announced.

Sales Tax On Export Goods

The Saraiya Committee's recommendations for relief in sales tax on export goods clearly uphold the exporters' contention that, like other indirect taxes, sales tax, too, has inflated selling prices and affected export drive. The incidence of sales tax, the Committee notes, works as a built-in handicap to the development of exports, as the smallest price difference at the time of finalising a foreign contract determines its award in the highly competitive international markets where the trend has clearly set in favour of buyers. While conceding the obvious, the Committee has gone a stage further than the Mudaliar Committee, which it followed in June last year, in suggesting the adoption of a rational basis for granting relief in tax, as against the latter's *ad hoc* recommendation to allow a uniform rebate of 2 per cent. It has also approached the subject methodically by treating separately the two tax laws: the local sales tax laws enacted by different States in respect of local, or what are called 'intra,' sales, and the Central Sales Tax Act of 1956 applicable to inter-State sales.

With regard to the first, the Committee has urged the adoption of the Bombay system (as prevalent in the States of Maharashtra and Gujarat) which exempts from payment of tax two sales prior to the "sale in the course of export." Acceptance of this basis, the Committee feels, would obviate the need for widening the definition of "sales in the course of export" as contained in Section 5(1) of the Central Sales Tax Act. Exporters have found the existing definition much narrower than that adopted, for instance, by the Supreme Court of the United States in a number of cases. If any non-maritime State finds it administratively difficult to introduce this basis, it should adopt, as an alternative, a system of set-off or rebate on commodities actually exported. In either case, however, relief should be accorded in respect of at least two sales prior to the "sale in the course of export." As for Central sales tax, the Committee has recommended that the vendors in the State of origin should be granted a rebate of sales tax on sales resulting in exports by the State of origin. Instead of being called upon to pay the tax initially and claim the rebate later, the dealers, it is suggested, should be allowed to make an adjustment in their returns and to produce proof of actual export in support of the rebate during assessment, the concession by way of exemption or rebate being restricted to exporters having an annual turnover of Rs. one lakh who should be enlisted by the Central Government under a statutory regulation. In the case of sales by exporters who are not on the registered list, refund of tax actually paid may be allowed on proof of export, if exemption or rebate is not given.

The Committee has also considered the question of relief in sales tax on raw materials, components, etc., entering the process of manufacturing goods for export. It no doubt favours the grant of refund or rebate on a readily ascertainable basis in the same proportion as the value of goods produced to that of goods exported. Since, however, the implementation of this suggestion is somewhat unworkable in respect of Central sales tax, the Committee wants *ad hoc* relief to be given at the rate of one per cent of the f.o.b. value of manufactured and processed goods. For "unexpected and incalculable" elements entering into the prices of other goods, an *ad hoc* relief at half per cent of the f.o.b. value of goods exported has been recommended.

An important suggestion made by the Committee pertains to goods where 80 per cent or more of the indigenous production is exported. In its opinion, the complicated administrative processes for levy, collection refund, set-off, etc., can be avoided, if all sales of such commodities are exempted from sales tax, provided the loss of revenue is comparatively insignificant. This

concession, it is said, should be extended even to two sales prior to consignments abroad which eventually result in sales in a foreign country.

The effect of its recommendations on State revenues has not been ignored by the Saraiya Committee. It has urged the Centre to give adequate compensation to ensure that the commitments of States for development are not adversely affected. This will mean an additional burden on the Centre, but foreign trade is the Centre's, and not strictly the States', responsibility. It has rejected the pleas for enacting a uniform sales tax law for all States and for replacing States' sales tax by a Central excise. For, according to it, the experience of States with such replacement already carried out in respect of cotton textiles, tobacco and sugar has not been uniformly happy in the absence of a satisfactory formula for distributing the receipts of this nature among the more populous States with backward economy and those where the *per capita* consumption of goods so taxed is much larger.

Within its terms of reference, the Saraiya Committee has done a good job and its report, which will be studied by the Board of Trade at its meeting in New Delhi on Tuesday next week, merits serious consideration. The Government of India will do well to bear in mind the statement of the Committee that its recommendations, since they have been formulated as mutually related parts of a consistent scheme, should be considered together in their entirety.

World Sugar And India

The world sugar markets, after experiencing a downward trend for sometime, have picked up strength again of late. Raw sugar in London is currently quoted at £67½ per ton, as against £62 per ton five weeks before, though this rate is well below the high of £91½ touched in mid-January last. The recent recovery in prices may not be appreciable, but all available indications point to the possibility of the recovery gathering further momentum in the next few weeks. Italy and France (several operators in France are said to have sold sugar forward without covering themselves completely) are expected to enter the markets soon with offers to buy sizable quantities of sugar. The other important large-scale buyers of sugar are likely to be Burma, Ceylon and Portugal. On the supply side, Brazil and the Dominican Republic, where sugar has recently been produced, are rather sitting tight without pressing sales. And the U.S., it is said, may offer them favourable prices for political as well as commercial reasons.

It is, however, not so much these factors as the latest assessment of the trends in world sugar economy made by the F.A.O. that justifies the hope of firmer prices. The aggregate world sugar production in the current season (September 1963-August 1964) is no doubt estimated higher by 2.5-3.0 million tons at about 53 million tons, as compared with the previous season. But a reduction of four million tons in stocks during 1962-63 means less sugar for the third successive season. While consumption of sugar is beginning to level off—the total actual consumption in the free world during 1963 is put at 41.5 million tons (raw value), two per cent higher than in 1962—stocks will be reduced further before the 1964-65 beet sugar arrives in the market. The F.A.O., therefore, expects the average prices of sugar to remain "very high" during the year 1964, though, in the second half, a decline may occur in view of increased production in the coming season. Increased plantings for the 1964-65 sugar beet harvest are expected in Europe this spring, encouraged by higher prices to growers in several countries, though, in all cases, weather will play a major role in the final output. As for cane sugar, the outlook for coming years, according to the F.A.O., is one of increased production in a number of countries, including Australia, India, Mexico, South Africa and Southern Rhodesia.

There may be a temporary decline in sugar prices now and then, but one can reasonably expect the prices to rule fairly high for sometime to come. India can certainly maintain and improve its position as an exporter of sugar at a handsome profit provided it is in a position to supply sugar in the form in which it is wanted abroad and at competitive prices. Countries like Japan, Canada and the U.S. prefer raw sugar. During the last season (1962-63), it will be recalled, about forty factories in India produced nearly 260,000 tonnes of raw sugar and the rate of output is said to have slackened in the current season. Now that sugar export has become a normal feature of the Indian sugar economy, the mills will do well to ponder the statement of Mr. Swaran Singh at the I.S.M.A. annual meeting this week that export of raw sugar is in the industry's own interest and that the industry "will see the wisdom of making sacrifice of profit during the initial period of build-up of export."

The Supersonic Race

President Johnson's announcement last week that it will not be possible to meet the 1st May deadline which had been set for the selection of contractors to build supersonic jets is generally regarded as portending a major setback in the U.S. supersonic programme. The reason for this, according to the President, is that none of the three companies which submitted airframe designs, namely, Boeing, Lockheed Aircraft and North American Aviation, has met the complete specifications for supersonic jets laid down by the Federal Aviation Agency, the body responsible for co-ordinating the supersonic transport programme. One of the criterions not fulfilled is that the aircraft must be capable of economic operation. The designs submitted also do not meet the Agency's minimum range-payload requirement for a supersonic jet capable of carrying a 30,000-lb. load for a distance of 4,000 miles.

The present hitch, namely, the absence of an acceptable design for the supersonic jet, clearly threatens to put the U.S. still further behind Britain and France in the supersonic race. Already the Concord project, which is a joint Anglo-French venture, is 18 months ahead of the American supersonic programme in design and any further delay in the latter would result in the Concord jets being introduced on world air routes at least two years before the American aircraft. This lead has far-reaching commercial implications. For those airline companies, which were reluctant to place advance orders for Concord aircraft, pending a more precise idea of what the American programme was to be, and how much time it would take to manufacture an American supersonic jet, would now be inclined to turn to Concord. A rush of further orders for Concord is now expected. But the queue for Concord is already pretty long, with those who hesitated to go in for it at first standing far behind. Air-India is one of them. Its first choice was the American supersonic jets. In fact, it has already made a firm booking for three such aircraft. The requisite deposits for the aircraft have been placed with the Federal Aviation Agency. It is now reported to be considering the advisability of securing delivery positions for Concord, presumably because of the delay in the U.S. project. It is pertinent to remember, in this connection, that the U.S. project calls for the solution of technical problems far more intractable than that of the Anglo-French project. This is because the U.S. has gone in for a much larger and faster machine with a spread of 1,650-2,000 miles per hour, as compared with the Concord's 1,450 miles per hour. Consequently, it has taken on a much bigger and more complex technical problem than that being tackled by France and Britain.

COROMANDEL FERTILISERS LTD.

Coromandel Fertilisers Ltd., a joint venture of California Chemical Company, U.S., International Minerals and Chemical Corporation of Illinois, U.S., and E.I.D.-Parry Ltd., will enter the capital market on the 11th inst. with a public issue of Rs. 3.95 crores in equity shares of Rs. 10 each. The subscription list will close on the 22nd inst., or earlier, but not before the 14th inst. The Company, with an authorised equity capital of Rs. 8.50 crores, is issuing shares worth Rs. 8.48 crores, in addition to those of the value of Rs. 1 lakh already subscribed and paid up. Out of the present issue of Rs. 8.48 crores, shares worth Rs. 1.16 crores have already been allotted to the promoters for consideration other than cash who have also agreed to subscribe for additional shares worth Rs. 3.37 crores, while the balance amount of Rs. 3.95 crores is sought to be offered to the public. The entire public issue has been underwritten.

The Company has been licensed to set up at Visakhapatnam a new industrial undertaking for the production of complex fertilisers and urea, with a capacity for producing ammonium sulphate of various grades equivalent to 365,000 tonnes a year in terms of 20-20-0 and 16,500 tonnes per year of prilled urea. The plant is expected to go into production in the last quarter of 1966.

The capital outlay on the project is estimated at Rs. 32.47 crores, which will be met by the share capital issue of Rs. 8.49 crores, loans from the Ex-im. Bank and the A.I.D. of Rs. 21.24 crores, and bank borrowings of Rs. 2.74 crores. Mr. H. V. R. Iengar is the Chairman of the Company. The Board comprises Mr. Bharat Ram, Mr. John Quincy Cope, Mr. Charles Stuart Dennison, Mr. John K. John and Mr. Luther Leo Powell, who is the Managing Director.

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TREND OF SHARES

A SMART RALLY

(From Our Own Correspondent)

BOMBAY, *29th April*

EQUITIES staged a smart rally this week recovering almost all the ground lost after the announcement of tax reliefs on 17th April. The change for the better started from Dalal Street, where the entangled principal bull operator was said to have offered to the L.I.C. about 35,000 Tata Steel Ordinary shares at last week's lowest rate of Rs. 143 and succeeded thereafter, together with a leading industrialist-operator, in pulling the market out of the rut in the course of the three holidays which came after the settlement on 22nd April. Although a complete surprise, this manœuvre from the bull camp was clearly planned for the post-settlement holidays and had the desired effect in a market which had been well liquidated and rather excessively oversold before the settlement. When it opened for the new account on Monday (27th April), the market had already recovered most of the lost ground on the principal buyer's rigging up the prices and forcing the main bear operators to cover their sales which they had made last week.

Sentiment during the holidays was also influenced by the highly encouraging statement of the Chairman of the National Rayon Corporation Ltd., Mr. Kasturbhai Lalbhai, about the Company's current working and future outlook, at its annual general meeting held at Bombay on Thursday, 23rd April. Mr. Lalbhai's statement was well received by the market, particularly because National Rayon had been among the worst sufferers in last week's shake-out. He said that the average monthly output of tyre cord, which had been 95 tonnes during 1963, had risen to 164 tonnes in the first three months of 1964 and would improve further to 225 tonnes after next July. The production of caustic soda would rise to 20,000 tonnes from 11,802 tonnes last year, after the expansion programme was completed. The cost of production of the Company's rayon yarn was the lowest at Rs. 8.81 per kg., as compared with Rs. 9.26 to Rs. 11.59 in the case of other companies. The Company had been able, for the time being, to pass on the additional burden of excise duty to its customers.

Another piece of encouraging corporate news was Century Mills' 1963 report which was released to the Press yesterday. A significant point from the report is that the Company's shareholders will be offered a portion of the share capital of a new company to be formed for implementing a Rs. 4-crore nylon project. The bonus issue has been deferred, in view of the provisions contained in the Finance Bill 1964. The Company's caustic soda plant is expected to go into production within a couple of months. Import licence for additional 18 spinning machines for the rayon unit has been received and the machinery would go into production in the first quarter of 1965. The Company has made a representation to the Government for restricting further import of tyre cord yarn because, with the tyre manufacturers still allowed to import half of their requirements, the industry finds it difficult to sell all its production of tyre cord.

Replying to the Rajya Sabha debate on the Finance Bill on Monday (27th April), the Finance Minister adversely commented on the stock markets for having created an unfavourable climate for economic expansion. "The Government does not care," he warned, "if the stock markets are damped down by operators who do not take kindly to the budget, nor does it mind if groups of people with money power react adversely to the present economic policies. The Government is fully confident of seeking alternative means to get the resources and push the economy forward." Ordinarily, a statement of this nature would have shaken the markets. But this has been ignored, for there is no substance in it.

* * * *

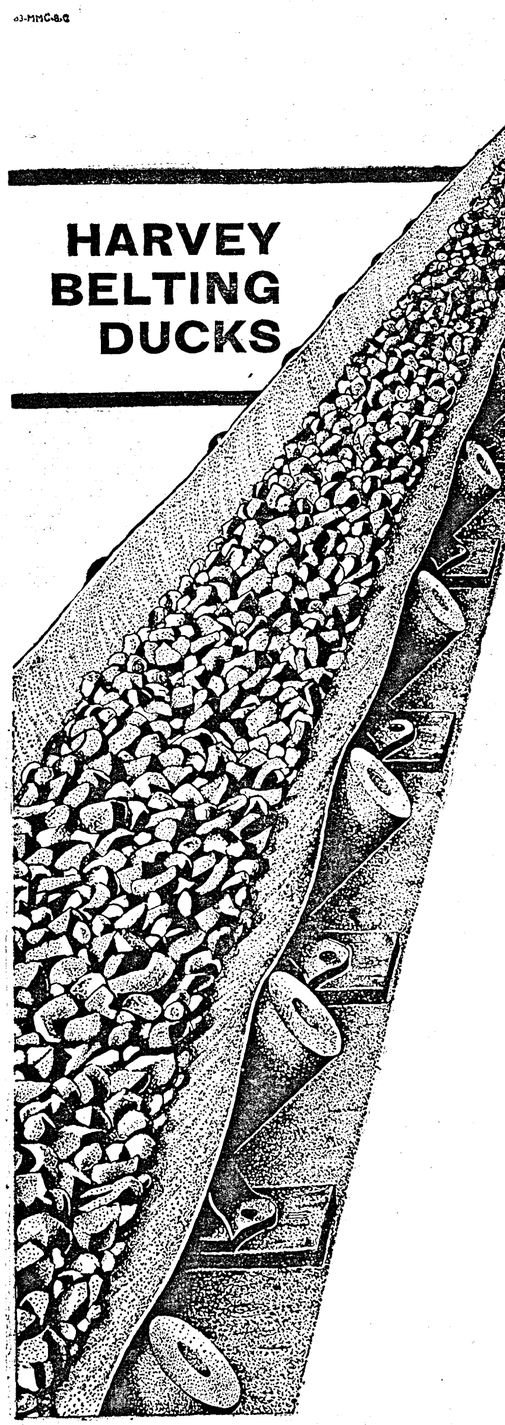
During the three working days from Monday this week, Dalal Street consolidated the sharp gains scored in the preceding week and even added some more in leading counters. Steel shares were in the limelight, with Tata Ordinary closing Rs. 6.25 higher at Rs. 149.50 and Indian Iron 88 nP higher at Rs. 24.80. Century spurted by Rs. 34.50 to Rs. 612 and National Rayon by Rs. 40.30 to Rs. 366.50 *ex-div.* Miscellaneous and Engineering issues also recorded sizable gains. Thus, Bombay Burmah rose by Re. 1.40 to Rs. 59 and Scindia by Re. 1.24 to Rs. 14.96. T.E.L.Co. recovered by as many as 16 points to Rs. 300 and Voltas showed a gain of Rs. 5.50 at Rs. 257.50. The much depressed Indian Dyestuffs rallied from Rs. 261.25 to Rs. 277.50. Cash scrips were quiet, though SLM-Maneklal appreciated by 15 points to Rs. 167.

* * * *

Forward shares registered a considerable improvement on the Calcutta Stock Exchange. Birla Jute rose from Rs. 30 to Rs. 31.75, Dunlop from Rs. 35.62 to Rs. 37.06, Indian Aluminium from Rs. 30.81 to Rs. 32.44, Kesoram from Rs. 25 to Rs. 26.50 and Texmaco from Rs. 27.05 to Rs. 28.35. Cash shares failed to follow the trend in cleared section, and, in fact, jute shares weakened further, with Bally and Budge Budge shedding four points each to Rs. 238 and Rs. 137, respectively. Bengal Coal receded from Rs. 245 to Rs. 239. Miscellaneous shares, however, made a small recovery, particularly American Refrigerator which gained Re. 1.37 to Rs. 6.37 and Rallis India which gained Rs. 4 to Rs. 122.

* * * *

Selected Plantings and Textiles recovered on the Madras Stock Exchange, while others closed quiet to steady. Thus, Consolidated Coffee closed 35 nP higher at Rs. 21.65 and Coffee Lands 13 nP higher at Rs. 17.25. S.I. Viscose were Rs. 3.50 higher at Rs. 123.50 and Madura 40 nP higher at Rs. 33.60. Aluminium Industries rallied from Rs. 20.65 to Rs. 20.90.



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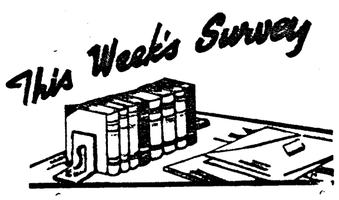


BUNGLING IN COKING COAL

IT was originally estimated in the third Plan that the steel plants and merchant cokeries would require about 27 million tons of metallurgical (coking) coal per annum by the end of the Plan. In this connection, the Plan provided for an annual output of 23 million tons of strongly coking coal and four million tons of weakly coking coal, as against their actual production of 13 million tons and two million tons, respectively, in 1960-61. The targets were laid down on the basis that a part of the requirements of metallurgical industries would be met by blendable coal (that is, weakly coking or semi-coking coal). The idea here was to reduce the consumption of strongly coking coal by blending it with some weakly coking coal and thereby conserve the limited reserves of the former. What is, however, important to note is that the production target for metallurgical coal as such, be it strongly coking or weakly coking, was originally fixed at 27 million tons, involving an additional output of 12 million tons in all per annum by the end of the Plan and that too mostly in the private sector.

The collieries in Raniganj and Jharia have presumably been carrying out their costly expansion plans—costly because deep-mining of coking coal, especially of superior grades, involves stowing, mechanisation, etc. in the belief that the target for additional production was a firm one. Although the output of coking coal in 1962-63 was only about 17 million tons, as compared with 15 million tons in 1960-61, it has presently reached the level of about 18 million tons and may be *normally* expected to go up further in accordance with the expansion schedules of collieries. But the *normal* trend is just sought to be reversed by the authorities on the ground that the requirements of steel plants and merchant cokeries are only about 12.5 million tons per annum at present. The Coal Controller's reported order, banning the release of coking coal to non-essential consumers, is stated to be in pursuance of the policy for conservation of coking coal. This justification, however, seems to be a cover for the Government's inability to get the steel expansion projects (including the proposed Bokaro plant) under way according to schedule.

The collieries concerned are understandably worried, for the sudden production cut imposed by the order would have serious repercussions on the level of employment and on company finances. As many as 50,000 men, it is feared, may have to be laid off in the Jharia field alone. The expansion assumptions on which the large borrowings of collieries in the last two or three years have been based would also be upset. The collieries, which have been encouraged by the Government itself to implement expansion plans, should not obviously be penalised now because the estimated demand for coking coal from the expanded steel plants and the proposed Bokaro plant in the public sector would not materialise as per schedule. Of course, the case for restricting the output of coking coal may be as good as that for possibly slowing down the production of inferior non-coking coals, too, at a time such as this when the coal supply situation in general is distinctly easy. But, in our view, this is only a passing phase, for the pace of demand for coal is bound to accelerate later this year or early next year when industrial production, in general, and steel production and thermal power generation, in particular, will be at a higher level.

So much so, it would be more prudent not to interfere with coal production for the purpose of having some short-term relief from an excess of supply in relation to demand. In the case of coking coal, the production of which used to be pegged until 1960, the re-imposition of ceiling limits would militate against long-term expansion plans for producing as much as 40 to 45 million tons of such coal by 1970-71 to meet the then likely demand. If the railways are instructed to consume coking coal to the extent that its production is surplus to the requirements of essential consumers and if inferior non-coking coals are used to a greater extent in power generation and in sugar factories (which now burn bagasse as fuel, thereby denying it for possible paper pulp manufacture), there would be no need for restricting the production of either coking coal or, for that matter, even non-coking coal. The railways, it will be recalled, absorbed the surplus in coking coal during the second Plan period. They can do so at the present juncture, too, for dieselisation and electrification have not advanced greatly so far. Likewise, expansion of thermal power output and use of bagasse in paper manufacture, though not quite relevant from the immediate point of view, would lead to larger consumption of inferior coals in due course. Another solution would be exports; rather than allow stocks to accumulate, the Government should encourage producers to explore export markets. This would be a welcome opportunity to earn more foreign exchange. Instead of thinking on these and other positive lines, it is strange that the Government is resorting to shortsighted and negative expedients like restriction on production and downward revision of targets merely for getting over temporary difficulties.

IMPORT TRADE

About one-twelfth of the aggregate foreign trade of India (imports and exports together) is currently being handled by the State Trading Corporation. If the "indirect trade" undertaken by private traders is excluded, the Corporation's share in the total trade comes to about five per cent. Although this share can by no means be considered significant, one cannot dispute the fact the share of State trading through S.T.C. and its associates is steadily expanding and that too much emphasis is being placed by the powers-that-be on the Corporation's activities and its capacity to serve the country. Such emphasis is clearly wrong, for the Corporation does not, as Mr. J. H. Forman, the retiring Chairman of the Calcutta Import Trade Association, stated in his speech at the annual meeting held at Calcutta on Friday last week, provide specialists in specialised lines, nor does it know individual industrial requirements and it cannot appreciate the technical demands of individual industries. It would, therefore, be better to acknowledge these limitations and utilise the services of the Corporation purely for negotiating international barter deals, especially with countries where trade is in Government hands. Actually the Corporation was established just for this purpose, but it has expanded its tentacles so much that it has, instead of supplementing private trade channels, begun supplanting them in many spheres. And, what is worse, in several cases, the Corporation merely acts as a middleman and collects its commission without providing any service. Quite candidly, Mr. Forman observed: "Ready-made organisations which can cope with the special requirements of industry are already available in this country. To ignore the facilities which exist would be grossly wasteful."

Whether it is the S.T.C. or the private trade, Mr. Forman did well to denounce anyone who takes advantage of market conditions without contributing to industry and the development of the country. The activities of such persons must be curbed effectively, as, otherwise, the community suffers the impact of artificial shortages and rigging up of prices. But there are several genuine established importers who acknowledge their duty not only to their overseas principals but also to their customers in the country. These importers, according to Mr. Forman, should be given the fullest support and encouragement. The importance of established importers has been well recognised by no less a body than the Estimates Committee of the Lok Sabha. In its latest report on foreign trade, the Committee said that the established importers continued to play a useful part in the import trade, particularly for items for which after-sales service was required and where goods were needed to be imported in small quantities by diverse consumers.

Mr. Forman was critical of some of the terms and conditions attached to Government tenders. In many instances, these conditions, he said, operated unfairly against importers. He did appreciate the need for exercising extreme caution when dealing with public funds, but emphasised that conditions imposed should be in accordance with normal trade practice. In particular, he regretted the tendency among Government departments to decide tenders strictly on price basis. Mr. Forman's plea that price and quality should both be taken into account in deciding tenders and that the Government must take a more charitable view of problems which adversely affect the trade is relevant. Equally relevant is his plea to the customs authorities to interpret rules more in accordance with the spirit and intention than is done at present. And there is considerable force in his contention that, if a sense of urgency is lost in a plethora of procedural formalities, the eventual waste of public funds is considerably more than anything which might have been achieved by way of increased revenue through an ambiguous interpretation.

BAGASSE FOR PAPER

The private sector, it is said, has not found it possible so far to pursue approved schemes, such as the ones licensed in Assam, for the manufacture of long-fibred pulp for use in paper production. This is the reported finding of a working group of the Planning Commission. The main reason adduced for the private sector's inability to develop large-scale pulp production is that, with its low margin of profit, the industry has not attracted enough capital. Another equally important reason is the fact that the estimated resources of bamboo became non-available owing to the unexpected flowering of bamboo over vast areas in Assam and Mysore. The working group has, therefore, recommended that one or two large-scale pulp mills, with a capacity of 300 tons per day each, be established in the public sector for catering to the pulp requirements of particularly the small-scale sector of the paper industry. Whether the public sector would be in a position to take on itself the responsibility for producing pulp for ordinary paper is the question. Considering that, in several industries, the public sector's performance has been marred by delays in execution, inefficient technical management slow progress of production, labour unrest, and so on, it would be well for the country and the exchequer if that sector could operate the established enterprises efficiently before taking on itself more responsibilities.

Pulp manufacture for the paper industry could thus be conveniently left to the private sector. But an important condition here is that raw material supplies should be guaranteed on the required scale. As bamboo and other fibrous wood for pulp making are relatively scarce in the country, something must be done to utilise most of the bagasse from sugar factories in the manufacture of pulp. No doubt a start has been made in the use of this excellent raw material for the manufacture of paper and paper-board in some parts of the country, especially in Mysore and Madras. But, by and large, most of the bagasse is now burnt away as fuel in the sugar factories. It is stated that there is considerable difficulty in arranging an adequate quantity of bagasse for the paper industry on account of the reported reluctance of sugar industry to switch over completely to the use of coal. If sugar factories can be assured of adequate and timely supplies of coal and also assisted to effect suitable modifications in their boiler equipment for burning that fuel, diversion of bagasse from its present less valuable use as fuel to the more valuable purpose of pulp making should not be difficult.

Only, in this connection, a fair price must be determined for this bagasse, so that the sugar industry may be in a position to finance its requirements of coal from the sale proceeds of bagasse. As inferior non-coking coals would be suitable for burning in boilers and as these are available in relative abundance now, and the railways, too, have the capacity for transporting them, the case for making most of the bagasse available for pulp making is unassailable. The working group's recommendation that urgent attention be given to the problems attendant on the switchover to an alternative fuel in sugar factories is thus unexceptionable. But, in our opinion, the problems should be tackled in such a way that (i) the sugar industry would find it easy to switchover completely to coal or furnace oil and profitable to sell the bagasse, (ii) the coal industry and the railways could ensure timely and adequate supplies of coal to sugar factories, and (iii) the private sector would be encouraged to establish pulp manufacture on the basis of assured supplies of bagasse at a reasonable price. The Government should lose no time in doing this, for the biggest single problem facing the paper industry is the raw material shortage.

PRODUCTIVITY AND LABOUR IN INDALCO

A pertinent point raised by Mr. H. V. R. Iengar, Chairman of the Indian Aluminium Company Ltd. (Indalco), Calcutta, in his speech at the twenty-sixth annual meeting of the shareholders of the Company held this week, relates to productivity. Low productivity, Mr. Iengar averred, is an important factor preventing a reduction in cost of production so necessary for maintaining the competitive capacity of Indian goods and holding the price line. A study made by Indalco revealed a very unfavourable comparison between its own plants and plants of similar size abroad. Mr. Iengar did not suggest that the comparison necessarily reflected adversely on the efforts of workers. Productivity or production per employee, he conceded, is influenced by a large number of factors other than the efforts of workers alone, such as the degree of mechanisation, size of the productivity unit, adequacy of raw material supplies and transport production planning, management and scientific knowledge and so on. Each of these aspects, he submitted, should receive close attention and scrutiny if productivity were to be improved.

An important influence on productivity is the human factor involved in labour-management relations. Referring to this, Mr. Iengar said that it was imperative to secure the co-operation of unions and workers to achieve higher standards of productivity. Indian Aluminium Company's experience, according to Mr. Iengar, in this respect has been very encouraging. There has been significant increases in productivity, following the understanding reached between the management and the workers' union. The latter has also recognised the necessity for increasing productivity further and rationalising work standards. Particularly noteworthy is the fact that the union has agreed to make every effort to man the proposed new smelter, having a capacity of 30,000 tonnes, with the existing staff. This is, as Mr. Iengar proudly put it, "a significant step, demonstrating an enlightened trade union attitude." Both the management and union deserve to be congratulated on setting an example of responsible management and constructive unionism worthy of emulation by others. Indalco has already a creditable record of maintaining good labour relations. It is one of the very few companies in the country where collective bargaining has been developed into an effective instrument to settle industrial disputes and which has an enviable record of cordial labour-management relations. It is noteworthy that the Company's plant at Belur has an exceptional record of non-participation in "general" strikes over the past ten years, inspite of nearby Calcutta's propensity for such strikes.

Mr. Iengar's comments on industrial relations, in general, and the attitudes and postures of management and labour in India are worth careful study by workers, management and the Government. In a democratic society, he pointed out, industrial disputes were bound to occur and such disputes were invariably resolved in the course of time. The most enduring way of solving these disputes, however, was through collective bargaining and mutual consent and yet these processes, he added, were becoming increasingly ineffective and slow in this country. Such delay or procrastination did a great deal of damage to the industry as well as workers and, in the majority of cases, the delay hardly improved the bargaining position of either of the parties but only contributed to wastage of national effort. Mr. Iengar wanted both workers and employers to train themselves to negotiate in good faith. Exaggerated demands in the hope that an understanding would be reached somewhere at the half-way point should be eschewed. There should be sufficient appreciation of the fact that a correlationship existed between wages, production and costs. The methods which the parties pursued, Mr. Iengar emphasised, should be based on goodwill, scientific approach and regard for public interest. The Indalco Chairman was confident that, if these considerations were kept in view, a tradition of healthy mutual negotiations would be established in the country and would prove beneficial to both industry and the workmen.

Views on the problem of human relations as affecting productivity in industry, Mr. Iengar went on to add, seemed to be stratified. The Government, trade unions of different political persuasions and different employers' organisations had taken up somewhat rigid attitudes and positions. While Mr. Iengar was not sure of what could possibly be a solution to the problem, he felt that it called for a fresh study by a body like the National Productivity Council because of its tradition of joint approach to problems of productivity. Mr. Iengar disclosed that the management of Indalco had discussed the problem—not as one affecting the Company but as concerning Indian industry generally—with the N.P.C. and had also offered to finance upto Rs. one lakh a research project on the subject. Indalco's attitude and approach to the problem of productivity and labour relations are, as is evident from the foregoing observations of its Chairman, enlightened and constructive. They are really a model for others to follow.

Notice

BRITISH PAINTS (INDIA) LIMITED

32, Chowringhee Road, Calcutta

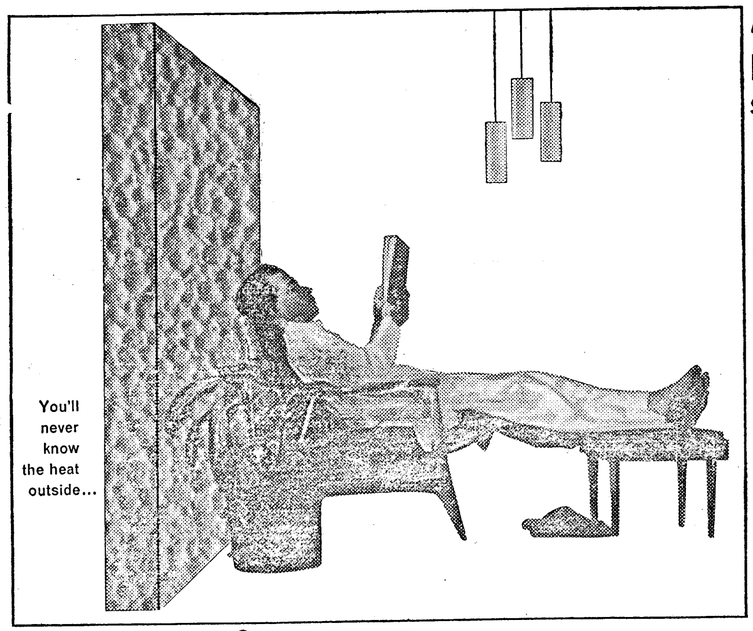
THIS IS TO NOTIFY THAT THE BOARD of Directors of this Company has recommended the payment of a Final Dividend of 7½ per cent subject to deduction of Income Tax on the Equity Share Capital of the Company held by Members as on date of the next Annual General Meeting.

The proposed Final Dividend of 7½ per cent together with the Interim Dividend of 7½ per cent paid on 2nd December, 1963 makes a total of 15 per cent payable out of the profits for the year ended 31st December, 1963.

By Order of the Board,

S. R. ROY,
Director Secretary.

Dated at Calcutta,
24th April, 1964.



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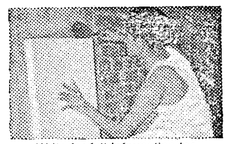

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DELHI LETTER

CHAVAN'S SEARCH FOR DEFENCE AID

BRITISH AND U.S. VIEWS AT VARIANCE

From Our Special Correspondent

NEW DELHI, 28*th April*

AS the snows melt in the Himalayas, the Indian Defence Ministry sees a massing of troops across the borders on a scale heavier than in the days preceding the big Chinese attack on the north-east frontier region in October 1962. The concentration, according to official sources, is also heavy in the Chumbi Valley which borders the kingdoms of Sikkim and Bhutan. In Bhutan early this month, plotters having close ties with Chinese agents, had nearly succeeded in a coup which may have taken Bhutan away from the course of keeping close to Delhi, a policy established by the assassinated Prime Minister, Mr. Jigme Dorji. Quick action by the young Maharaja appears to have checked the Chinese-abetted plot from running its full course. Now the Maharaja of Bhutan is understood to be discussing with Indian officials ways to streamline the defence and security set-up in the Himalayan kingdom.

The British are reported to be scoffing at the Indian Defence Ministry's assessment of Chinese massing and threats. They seem to try to "assure" the Indian Government that China is in no position to launch any attack, because of difficulties in oil supplies, spare parts for military aircraft and arms factories and all that—arguments which are somewhat parallel to those put forward by many people in Britain before the war as to why Hitler would be unable to launch big campaign. Defence Minister Chavan's aim, in his mission to the United States and Britain in the latter half of May 1964 will be to try to convince the Western friends of the correctness of the Indian assessment of the Chinese threat. The British continue to be reluctant to commit themselves to a policy of assistance which would help in the long-term defence build-up in India. They favour year-to-year doles of aid. The Americans, on the other hand, are somewhat convinced of the long-term defence needs. In discussions with officials in Washington, Mr. Chavan and his aides will suggest the various lines in which the Americans can help India's five-year defence plan. The United States has already agreed to help in the erection of an ordnance factory. Chances of British aid for arms factories are considered remote.

The Defence Ministry recently confirmed that the Hindustan Fighter-24 (HF-24) designed and built at the Hindustan Aircraft factory in Bangalore will soon be on operational duty with the air force. (See also Delhi Letter in *Commerce* dated 4th April 1964, on page 549.) The HF-24 will be more versatile than the MIG-21 which is to be manufactured with Soviet assistance. The HF-24 is faster than the MIG-21 which has a speed of Match 1.7 and it will have a longer range than the MIG's 450 nautical miles. The negotiations with Russia for the manufacture of an advanced version of MIG's are still hanging fire.

Atomic Programme

As in jet aeroplane manufacture, India has joined the select 'plutonium' set also, with the inauguration of the plant in Bombay a few days ago. But the Indian Atomic Energy Commission's ambitions to do more in the field on its own have received a minor setback as a result of conditions imposed during negotiations with the Americans for the erection of the first atomic power plant in the country at Tarapore. After studying international tenders, the Indian authorities gave a letter of intent to the American General Electrical Company towards the end of 1962. But not all the difficult details of negotiations which the American Government have been got over yet. First there was the problem of safeguards under the International Atomic Energy Agency which India at one time considered to be an infringement on sovereign rights of underdeveloped nations. Delhi had to make a compromise on this issue. After many months of negotiations over the $80 million credit offered by the American Government, the Agency for International Development (A.I.D.) has imposed conditions which ensure that all purchases outside India for the project will be made in the United States and there will an American consultant firm to supervise the project. The head of the Indian Atomic Energy Commission, Dr. Homi Bhabha, was not particular in having a foreign consultant at all. The 380 Megawatt nuclear station is now expected to be ready some time in 1968. It is also understood that the Atomic Energy Commission has agreed with Rajasthan Government's proposals that the second Indian nuclear power station, to be sited at Rana Pratapsagar, should have a capacity of 400 mW., or double the capacity originally suggested. The Canadians are aiding this project.

Relief in Food Prices

Foodgrain prices have been crashing in North India, following the restrictions on interzonal movement of wheat imposed by the Ministry of Food and Agriculture a few days ago. Early this year, customers in Delhi had to pay up to Rs. 30 a maund of wheat, the highest since independence. In the main foodgrain market in Delhi, farm wheat is now selling at Rs. 50 a quintal, as compared with more than Rs. 85 early this year. The Punjab farmers had been sending their new crop mostly to areas outside Delhi and the Punjab, but the ban on movement has forced them to send the grain from the new harvest into markets in Delhi and the Punjab. The best quality wheat is now available in the retail market in Delhi at Rs. 20 a maund and inferior variety wheat at a little over Rs. 16 a maund. This means a fall of more than Rs. 10 per maund from prices early this year.

* * * *

BOKARO PLANT

The programme for the Bokaro plant is taking more confusing turns. Some days ago, Steel Minister Subramaniam announced that he was confident of Soviet assistance for the Bokaro plant. It had also been announced that international tenders for equipment for the plant would be called in a few months and that firms in the United States, France, Japan and Germany were planning to form consortiums to submit the tenders.

If the Soviet willingness to come in with aid for building the Bokaro plant is to be pursued, the strategy to be followed will be to ask Dastur and Company to divide the equipment needs into two categories, those to be supplied without tender by the Soviet Union and those to be bought on the basis of international tenders. The Russians are also understood to have proposed rapid expansion of the Ranchi heavy engineering plant to increase the indigenous capacity to manufacture steel mills equipment.

In talks with Indian Ministers and officials, Mr. Orville Freeman, U.S. Secretary of Agriculture, emphasised the role of fertilisers in increasing foodgrains production. The Indian Food Minister's talks with the American official made it clear that the Indian Government and the Planning Commission have abandoned the hopes for foodgrain self-sufficiency slated for the end of the third Plan period. For some years to come, Delhi wants American gift supplies at the rate of between four and five million tons a year. This in effect means acceptance of the views held by Mr. S. K. Patil before he left the Food Ministry—views which led to his clash with the Planning Commission.

Twenty-five Congress Members of Parliament have also appealed to the Food Ministry to continue the emphasis laid by Mr. S. K. Patil on remunerative returns for the farmers. These M.Ps want prices fixed for all varieties of grain over a five-year period, 1965 to 1970. The M.Ps also ask for a high-level committee to fix the prices. The minimum prices sought by the farm lobby, however, are high—Rs. 25 per maund for high-quality wheat, Rs. 28 for rice, Rs. 18 for *bajra* and Rs. 15 for *jowar*.

One of the important collaboration deals finalised during the visit to Delhi of the team of American businessmen was for a fertiliser factory at Visakhapatnam. It is understood that the Indian Government will approach the A.I.D. for increased funds for the erection of several fertiliser factories.

A TIN WORM FOR THE AUTOBAHN

Motorists have named this strange structure the "tin worm," as its strange accordeon shape actually does resemble a crawling worm. The tin construction is being tested on the green strip of the Autobahn (express highway) near Hagen (West Germany). It is planned to offer protection from headlights of approaching cars. Unlike the previous anti-dazzle screen that was continually uprooted by strong side-winds, this new construction has been built to withstand even the strongest winds. The motorist is protected from the bright lights of approaching cars without losing sight of the entire stretch of road. This system is unsuited for long stretches of road, however, as the continual view of the not overly attractive "tin worm" tends to make most drivers nervous.

LONDON LETTER

GRASPING THE COMMONWEALTH NETTLES

(From Our Own Correspondent)

LONDON, 25*th April*

THE Prime Minister announced this week that he has convened a Conference of Commonwealth Prime Ministers for the second week in July. He has allocated two days for "economic matters" and only one day for the "world situation" and only "time" (so far) for discussions on thorny problems such as Southern Rhodesia. South Africa is part of the "world situation" and a somewhat firmer agenda will have to emerge by the time the Conference opens if Sir Alec Douglas-Home's hopes for it are to be realised.

For the British Prime Minister is determined to eradicate the impression given in a highly controversial series of articles which appeared recently in the London *Times* by "A Conservative"—generally supposed to have been one of the Ministers who refused to serve under Sir Alec. These articles put forward extreme right-wing viewpoints (declaring, indeed, that defeat at the coming election would give time for the Tory Party to refresh itself at the springs of its traditional faith) among which the Commonwealth was written off. Sir Alec instead wants to accept the challenge of what the Commonwealth means today and to discover agreement on specific co-operative action. He has seen the danger in the viewpoint of "A Conservative" and is going to demand fundamental reappraisal by his party in the hope that some clear orientation will ensue.

Bridging the Gap

In an electioneering speech made at the end of this week, the Prime Minister proclaimed that the modern Commonwealth (19 States in all in every continent) is to become "a going concern and an influence in the modern world." It is to bridge the gap between races and colours, between wealth and poverty. How? By marshalling Commonwealth resources for technical assistance and education, thus showing the practical advantages—political and economic—of this modern Commonwealth.

Then, in later years (this is to be inferred both from his electioneering speech and from conference interview) the Prime Ministers might tackle the political problems within the Commonwealth which, on Sir Alec's own admission, exist and must be resolved in the interests of world progress. Small wonder that this allocation of priorities—technical and educational aid first and political problems "later on"—has caused many eyebrows to lift here. Does he really think, it is asked, that most of the 19 members (especially the newer) will be prepared to chat happily about economic co-operation, while the great issues that concern international politics are left to one side?

Obviously the Commonwealth can do enormous good to its members, if the better off seriously divert resources to the development of the less well off. But co-operation is effective only so long as the spirit is there and surely the conference will do more harm than good to the future of such co-operation if the tough issues are avoided. The balance of opinion is that, if Sir Alec tries to make headway primarily on an economic task and ignores the reefs of southern Africa in particular, he will come to grief. The Prime Ministers' Conference does present opportunities; the Commonwealth has great potentialities for mutual assistance, but the problems which obsess its members must *all* be faced—not ignored because they are very difficult.

Economic Sanctions Against South Africa

The report of the international conference recently held in London to consider the feasibility of applying economic sanctions against South Africa, has had a mixed reception—even among that great majority who believe that the Commonwealth should bridge the racial gap. It is accepted that effective sanctions (that is supported by the Common Market countries, North America and Japan) could hurt South Africa. Between one-quarter and one-fifth of that country's total income is derived from foreign trade and sanctions on capital equipment, oil and gold would be devastating. The gold suggestion is particularly interesting, but a blockade would be difficult to impose and the startling thought has emerged that, if gold could be demonetised, then could South Africa's market collapse. It would be extraordinary if international currency reform were indeed to be hastened by a

(*Continued on page* 774)

REASSESSMENT OF RUSSIAN GOLD

By Questor

WE all tend to exaggerate the size and importance of the unknown, and the fact that the Russians prefer not to disclose the size of their gold reserve has led in the past to some interesting exaggerations. I have heard it suggested, for example, that Russia is accumulating vast reserves of gold in the hope of being able, when circumstances are suitable, to disrupt overnight the delicate machinery of the West's financial system.

The Central Intelligence Agency, in a report made public at the beginning of this year, went to the opposite extreme. It estimated that Russia's reserve of gold amounted to less than $2 billion and that its annual production amounted to only $130 million, considerably less than the average level of its sales to the West over the past eight years.

These estimates were dismissed promptly by dealers in the London gold market, who suspected that the main object of the C.I.A. was to suggest that Russia would be seriously weakened if the allies refused to trade with her on long-term credit. They pointed out that Russia had always been extremely conservative in financial matters—apart from the U.S., for example, she is the only major country which still insists on gold backing for the note issue—and that a large and successful prospecting programme had been taking place in Siberia. Whatever the actual size of her reserve, they claimed, it was unreasonable to suppose both that it was extremely small and that she was selling to the West, year in year out, a good deal more than her newly-mined output.

This scepticism was only confirmed by the size of the grain purchase programme set off by the failure of last year's harvest. Russian gold sales have tended in the past to average some $200 million a year. Last year, however, they jumped—according to Mr. Dillon, as well as to the London gold market—to over $500 million. This increase came in very handy for the pool of central banks which now exists to keep the London gold price within reasonable limits. Over 1963 as a whole, the pool managed to accumulate no less than $600 million of gold; and the U.S., which received half of this surplus, was able to keep its gold loss to the lowest figure recorded since 1957.

A fact which has received rather less notice so far is that Russian gold sales are likely to be at least as large this year as they were last. Sizable selling took place in mid-March, and sporadic sales have taken place since in various European centres: the total to date is estimated to be well over $100 million and perhaps nearer $200 million.

The market, moreover, has been uneasy recently because of rumours that another bout of heavy selling is imminent. These rumours are entirely reasonable. It is true that the Russians, annoyed by the condition that 50 per cent of U.S. wheat sales should be carried in high-cost U.S. shipping, have contracted to buy a good deal less of it than was originally proposed and may now prefer to watch the progress of their own harvest before ordering more.

But they have, in fact, ordered $130 million of U.S. wheat, which has still to be delivered and paid for. Something like half of their Canadian and Australian purchases (worth rather more than $500 million and $100 million respectively) is to be delivered and paid for in the first half of 1964. And they have, on top of the cost of the grain, to meet sizable freight charges. It is not inconceivable, therefore, that their gold sales to meet the grain bill will, without any additional orders in the U.S., have to be even larger this year than they were last year.

Even in the short term, this is a welcome prospect. There is a risk that the exchanges will come under some pressure this autumn and that the central bankers will have a more difficult time of it than they had last year. Any addition that Russia makes to the exiguous pool of international liquidity will be extremely useful. But there is at least a possibility, it seems to me, that she may continue to make a more useful contribution than in the past even when she succeeds in getting her agriculture into better shape and obviating the need for massive imports of grain.

The fact is that the Western financial system is still based on gold and looks like remaining that way, whatever gradual improvements are made, for some time to come. But the supply of gold is unlikely to expand more rapidly than at present while the price is fixed and only the richest ores are profitable to work. A very high proportion of current output, moreover, comes from South Africa and may at some time become vulnerable to sabotage. A new source of supplies would be a blessing.

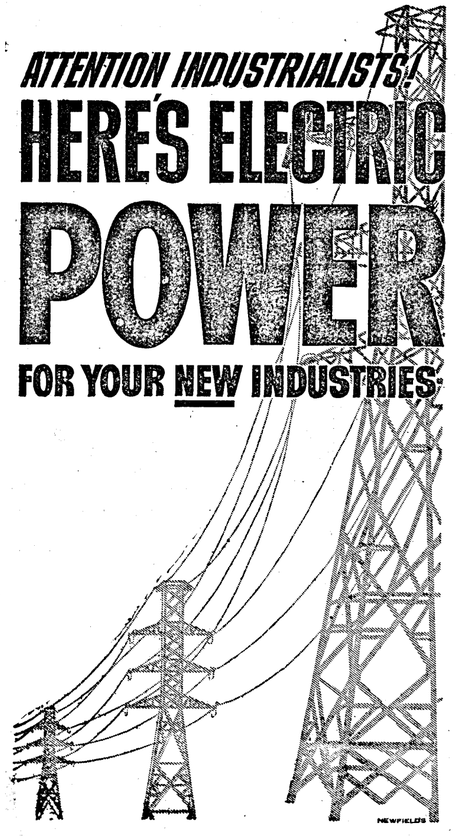
According to one suggestion I have seen, however, Russia made important gold discoveries in Eastern Siberia as far back as 1956. These were left unexploited so long as there seemed to be better uses for capital and labour. But now, it is said, they are being opened up and Russian gold production in 1964-65 is scheduled to amount to $1,000 million, more than twice the output rate estimated by the C.I.A.

It may be that production costs are extremely high and that this is an emergency measure to be dropped when the need for foreign exchange is no longer urgent. But the Russians, with their artificial exchange rate and their new worry about pricing principles, cannot be too precise about costing. If, as seems likely, they now want to trade more extensively with the West, they may also decide to produce more gold and to use it more freely for settling their international transactions. It is conceivable, in fact, that—far from cunningly subverting the Western financial system—they may now contribute a larger share towards propping it up.

STABLE U.S. LABOUR COSTS

Labour costs per unit of output rose barely at all in the U.S. between 1957 and 1962, as compared with a rise of 14 per cent in Japan, 17 per cent in the U.K. and 26 per cent in Germany, according to a Labour Department study contained in the April *Monthly Labour Review*. The 1957-62 increase in the U.S. unit labour costs covering all manufacturing employees was 1 per cent or 3 per cent depending on whether output is measured on the basis of physical production estimates prepared by the Federal Reserve Board or estimates of Gross National Product originating in manufacturing prepared by the Bureau of Labour Statistics and the Commerce Department's office of business economics.

Despite over-full employment and steadily increasing wages, West Germany experienced only a moderate cost of living rise in the past year as compared with other industrial economies. The cost of living rose from January 1963-64; in Italy by 6.5 per cent, France by 4.8 per cent, West Germany by 2.6 per cent, U.K. by 1.9 per cent and the U.S. by 1.6 per cent.



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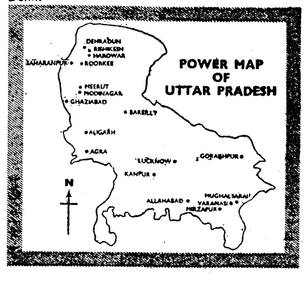

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FEDERAL RESERVE SYSTEM IN U.S.

ENQUIRIES INTO THE STRUCTURE AND PROCEDURES

THE fiftieth anniversary of the Federal Reserve System, the unique federal central banking authority of the United States which was established in 1914 " to furnish an elastic currency, to afford means of rediscounting commercial paper and to establish a more effective supervision of banking," has provided yet another occasion and a timely opportunity for a comprehensive review of the aims and achievements of the System. Such studies and reviews are not a novelty in American banking, for enquiries are conducted every year by various committees of the Congress, in the belief that any gain made in the knowledge of the banking system will be beneficial. But this year's broad research activities of the Housing Banking and Currency Committee under the chairmanship of Mr. Wright Patman in the field of finance are something special, because the current enquiries cover a wide range, from commercial banking to the Federal Reserve and also include Government's lending and credit-insuring activities. Moreover, in addition to holding hearings, the Committee's staff has organised several special studies, and a large group of Government and University economists has been retained to undertake some major research assignments.

The original mandate under which several powers (financial and monetary) were delegated by the Congress to the newly established Federal Reserve System was modified in a major way by the Banking Acts of 1933 and 1935 and the Employment Act of 1946 and by the more recent international arrangements. These changes reflect social and political changes, but in addition, there have been major modifications in the powers and structure of the System, in the scope and complexity of credit and financial markets, in the institutional arrangements that transmit Federal Reserve policy, and in the mechanisms and weapons through which it operates. Studying these changes and answering the question how far the Federal Reserve has fulfilled its purpose, two university economists, Mr. Karl Brunner and Mr. Allan H. Meltzer,* have raised two basic questions: (1) What are the Federal Reserve's conceptions and ideas of the monetary mechanism and how do they affect the objectives and the manner of operating the available policy instruments? (2) Are these concepts relevant to the actual financial conditions and the real nature of the monetary process?

No Critical Examination

The authors come to the conclusion that most of the concepts of the Federal Reserve that guide policy are based on judgment, personal experience, or direct observation, but few, if any, have been critically examined, fully articulated or compared with alternative conceptions. This has led to *inappropriate* policy decisions, *incorrect* evaluation of the events of money and financial markets, and choice of *inadequate* instruments or targets for policy actions. These failures of the Federal Reserve System have rendered monetary policy less successful and meaningful in carrying out the Congressional mandate that would otherwise be.

According to the authors of this study, *tone, feel, credit* and *liquidity*, the four concepts that play a dominant role in the Federal Reserve thinking and discussions of the monetary mechanism, are vague and elusive concepts, which are inadequately defined and have varying meanings in different contexts. As a result, the Federal Reserve is able to give a very inadequate explanation of the response of the money supply to changes in rediscount rates, reserve requirements and open market operations. In fact, the authors find that the Federal Reserve's view of the factors influencing the money supply has very little relation to the annual changes in the stock of money and that the Federal Reserve is hardly able to exercise any decisive influenced on the money supply and much less over bank credit.

Another criticism of the Federal Reserve relates to its attitude: it is organised and operated in a way that gives undue importance to week-to-week, day-to-day, even hour-to-hour changes in the money and security markets and it often looks at its problems from the point of view of an individual banker, rather than that of a regulating authority for the monetary and economic system. In effect, this means that the perspective of the Federal Reserve is so restricted that it misses the wood for the trees.

The authors further trace the evolution of the important and dominant role played by movements of free reserves in the thinking of Federal Reserve, and to the inadequacy of this concept as the tool of monetary analysis. Movements of free reserves often precede rather than follow the decisions of the Federal Open Market Committee (F.O.M.C.). The result is that F.O.M.C. is reduced to a body that ratifies changes in policy, rather than one that initiates such changes. Moreover, the members of F.O.M.C. are heavily dependent on the manager of the System Open Market Account for interpretations of the market trends and events and are unable to assess adequately his operations or appraise their meaning.

The authors of this critical review of the Federal Reserve have pointed out that they have drawn up an outline of an alternative conception of the monetary process which includes or modifies several important features of the monetary mechanisms that are excluded from or incorrectly incorporated in the prevailing Federal Reserve views, and have suggested administrative changes for making policy and conducting operations. But these changes and suggestions have not been released so far. The authors make it clear that they are in favour of retaining many of the excellent features of the present Federal Reserve operations, particularly their ability to judge turning points, but they want these judgements to be backed up by appropriate action, and for this purpose they have suggested changes in policy-making procedures and reorganisation of the F.O.M.C. and the Federal Reserve System itself.

The authors recognise that it is easy to be wise after the event and have not therefore levelled their criticism against any particular action. They have not, for instance, asked the question : " Was the monetary policy adequate?", for which there may be an easy answer now. But they have gone to the roots of the matter, and tried to assess the deficiencies and achievements of policy-making arrangements by asking the more important questions like " Are the policy-making procedures adequate ?" or " Does the Federal Reserve have adequate and timely information to enable it act promptly ?" or " Does the F.O.M.C. or the Board of Governors of the Federal Reserve have adequate understanding of the mechanism of monetary policy?". The main answer which the authors give to these questions on the basis of the evidence they have collected is that, even after 50 years, the Federal Reserve has not yet provided a rational foundation for policy-making.

Reaction of Governors

The Governors of the Federal Reserve have welcomed these enquiries and have an open mind on them ; yet they have a different viewpoint regarding the merits of the structural arrangements of the existing System. While conceding that it has made mistakes, they feel that, in its half century of existence, covering boom, crash and depression within a generation of two world wars, the system has experienced failures as well as successes, and has learnt from its experience. Mr. William McChesney Martin, Jr., Chairman of the Board of Governors of the Federal Reserve System, testifying before a House Sub-committee, said three months ago that " we can find considerable satisfaction in the extent to which the Federal Reserve System has accomplished its objectives."

The System has achieved the goal uppermost in the mind of its creators by providing an elastic currency: moreover, the structure of the System has clearly demonstrated its adaptability to changing conditions—it is " a structure that places trusteeship over the creation of money in a body that is insulated from shortsighted pressures for the abuse of that power ; one that combines the advantages of regional units with central supervision and co-ordination." The regional system has enabled a close touch to be maintained with developments throughout the country and has made for flexibility.

The most important example of the process of evolution is provided by the development of open market operations as a method of supplying or absorbing bank reserves, the base on which bank credit vests in the U.S. The original purpose of allowing the Federal Reserve Banks to make investments was to make them financially self-supporting : but the combined operations of the 12 regional banks through a single board have evolved gradually into a major tool of monetary policy. Even at present, the Federal Reserve System is breaking new ground in establishing a network of currency interchange arrangements with European Central banks as a means of protecting the dollar and strengthening the balance of payments.

That the Federal Reserve itself has given considerable thought to the aims and achievements of the System is apparent from the fact that the Chairman of the Board of Governors of the Federal Reserve has himself suggested a change in the " real bills " doctrine of the existing legislation, according to which it is assumed that the supply of money and credit would automatically respond to changing needs of the economy, if the Federal Reserve Bank credit was based on short-term, self-liquidating, " real bills," drawn to finance production or distribution of goods. Experience has, however, shown, that this reliance on agriculture, industrial or commerical paper arising out of actual transactions—" eligible paper," as it has been described—could blow up the currency and credit disproportionately during inflationary times and constrict them unduly in depression times. Moreover, modern industry and trade have need for new and more flexible forms of credit.

Scope for Widening Eligibility

Today, the member-banks can borrow from the Federal Reserve against the collateral of U.S. Government obligations or eligible paper; but the Federal Reserve is of the opinion that current eligibility requirements exclude a large volume of perfectly sound paper which could serve as a basis for Federal Reserve credit. If the member-banks are forced to borrow against these technically 'ineligible' paper but satisfactory to the Federal Reserve, they must pay a penalty rate of interest, ½ of 1 per cent higher than the normal rate of borrowing. The Board of Governors and the Federal Reserve Banks believe that a revision of law is desirable to eliminate existing restrictions on the eligible paper, in order that the Reserve Banks may be in a position to perform promptly and efficiently one of their principal responsibilities—the extension of appropriate credit assistance to member-banks, and thereby enable the latter to meet the legitimate credit needs of the economy.

The suggestions of the Patman Committee for the abolition of the Board of Governors and F.O.M.C. and to make the Secretary of the Treasury the Chairman of the new Board were analysed by " Questor " in *Commerce* dated 18th April 1964, *Vide* page 645). The Federal Reserve feels that monetary policy should be directed towards gearing money supply and credit to the needs of the economy as a whole and not to the needs of the Treasury and, while cordial and close relations are essential between the Treasury and Board, the proposed changes would be regarded by many as a step toward nationalisation.

As regards the abolition of F.O.M.C. the Federal Reserve's stand is that the present arrangements promote System-wide understanding of complex credit problems of different regions, and closer relations between Presidents of the Federal Reserve Banks and the Board in the determination of the System's policies. The present arrangements have also produced a body of capable and qualified men. The Federal Reserve Banks are therefore strongly against any reorganisation of the System that will make " the monetary authority of the U.S. virtually a bureau of the Treasury and a vassal of the President," to quote a congress representative.

The debate on the Federal Reserve thus continues, but only a beginning has been made. Although Mr. Pitman has made a bold bid to change the Federal Reserve System, knowledgeable observers believe that he is unlikely to succeed in a big way. Proposals and counter-proposals, studies and conclusions will continue to be debated for a long time to come, and, in the ultimate analysis, they will provide considerable enlightenment on the structure and operations of the Federal Reserve. It may not be possible to agree with the provoking view that, even after 50 years, the Federal Reserve has failed to provide a rational foundation for policy-making, but bold enquiries and challenging conclusions now being aired are bound to add to one's knowledge of the Federal Reserve System, what it is and how it works. They may also result in certain amendments to the Federal Reserve Act.

* Mr. Brunner is from the staff of University of California at Los Angeles and Mr. Meltzer is from Carnegie Institute of Technology. The conclusions of their research are produced in *Banking*, the journal of American Bankers' Association, March 1964.

This announcement is not a Prospectus. Persons interested in full details are requested to obtain copies of the Prospectus, which are available from the Company's Registered Office and from the offices of the Company's Bankers, Brokers, Underwriters and Registrars and Transfer Agents hereinafter mentioned.

COROMANDEL FERTILISERS LIMITED

coromandel gromor

(Incorporated in India under the Companies Act, 1956, on 16th October 1961 as a company limited by shares).

Registered Office : 66, Rashtrapathi Road, Secunderabad, Andhra Pradesh.

EXISTING AND PROPOSED ACTIVITIES OF THE COMPANY

The Company was incorporated with the objects set out in its Memorandum of Association, the main objects being the manufacture, refinement and preparation at or in the vicinity of Vishakhapatnam, Andhra Pradesh, of all classes and kinds of fertilisers and of chemicals and industrial and other preparations arising from, or required in the manufacture of, any kind of fertiliser and the purchase, sale and distribution throughout India and elsewhere of all such classes and kinds of fertilisers, chemicals, industrial and other preparations.

The Company was incorporated as a private company on 16th October 1961 and by virtue of the provisions of Section 43A of the Companies Act, 1956, it became a public company on 10th April 1964. Thereafter the Articles of Association of the Company have been so revised as to comply with all requirements of a public company and those of The Stock Exchange, Bombay.

The promoters of the Company are

(1) California Chemical Company of 200 Bush Street, San Francisco, California, U.S.A.;

(2) International Minerals & Chemical Corporation of 5401 Old Orchard Road, Skokie, Illinois, U.S.A.; and

(3) E.I.D.-Parry Limited of Airwork House, Piccadilly, London, W.1., England. Head Office: Dare House, Madras.

An Industrial Licence No. L/18(1)4/61 Ferts. dated 6th March 1961 as amended by letters dated 12th June 1961 and 23rd March 1964 has been issued to the Company by the Central Government for the establishment at Vishakhapatnam of a new industrial undertaking for the production of complex fertilisers and urea with a capacity of producing ammonium phosphate of various grades equivalent to 365,000 metric tonnes per year in terms of 20-20-0 and 16,500 metric tonnes per year of prilled urea.

LOCATION OF THE INDUSTRY

The Company's fertiliser plant will be located in the Vishakhapatnam Port Area, Andhra Pradesh.

A Lease of a suitable area of land in the Vishakhapatnam Port Area for the Company's plant admeasuring approximately 500 acres (including the strip from the existing harbour) has been negotiated with the Vishakhapatnam Port Trust for a period of 50 years commencing on 1st July 1964, renewable by mutual consent for a further period of 49 years.

An Agreement with the Vishakhapatnam Port Trust has also been negotiated regarding a wharf to be constructed in the Vishakhapatnam Harbour for use by the Company.

BOARD OF DIRECTORS

1. Haravu Varada Raj Iengar (Chairman) Bens Garden, Adyar, Madras 28, India.	**Industrialist** **Chairman and Managing Director of :** E.I.D.-Parry Ltd. (Incorporated in England). **Chairman of :** Indian Aluminium Co. Ltd. Travancore Sugars & Chemicals Ltd. Parrys Confectionery Ltd. Hercules Insurance Co. Ltd. The Deccan Sugar and Abkhari Co Ltd. **Director of :** Mahindra Ugine Steel Co. Ltd Mahindra & Mahindra Ltd.
2. Bharat Ram 14, Sardar Patel Road, New Delhi, India.	**Industrialist** **Director of :** Madan Mohanlal Shri Ram & Co. Ltd. Delhi Cloth & General Mills Co. Ltd. Baroda Rayon Corporation Ltd. Usha Refrigeration Industries Limited and other companies.
3. John Quincy Cope 1300 Devonshire Drive, El Cerito, California, U.S.A.	**Industrialist** **Vice-President and Director of :** California Chemical Company.
4. Charles Stuart Dennison 1352 Estate Lane, Lake Forest, Illinois, U.S.A.	**Industrialist** **Vice-President of :** International Minerals & Chemical Corporation. **President and Director of :** International Minerals & Chemical S.A. (Panama) **Vice-President and Director of :** International Minerals & Chemical (Bahamas) Ltd. **Director of :** Compagnie Senegalaise de Phosphates de Taiba International Minerals & Chemical Ltd. (England).
5. John Kunnenkeril John Zareen, 1-A, Spur Tank Road, Egmore, Madras 8, India.	**Industrialist** **Joint Managing Director of :** E.I.D.-Parry Ltd. (Incorporated in England) **Director of :** The Deccan Sugar & Abkhari Co. Ltd. Travancore Sugar & Chemicals Ltd. Indian Potash Supply Agency Ltd. Fertiliser Association of India and other companies.
6. Luther Leo Powell (Managing Director) Blue Gables, Rajbhavan Road, Begumpet, Secunderabad, India.	**Engineer.**

MANAGING DIRECTOR

Mr. Luther Leo Powell
Blue Gables,
Rajbhavan Road,
Begumpet,
Secunderabad,
India.

SHARE CAPITAL

AUTHORISED	
95,00,000 Equity Shares of Rs. 10 each.	**Rs. 8,50,00,000**
A ISSUED, SUBSCRIBED AND PAID-UP 10,000 Equity Shares of Rs. 10 each.	**Rs. 1,00,000**
PRESENT ISSUE 84,84,690 Equity Shares of Rs. 10 each.	**Rs. 8,48,46,900**
OUT OF THE PRESENT ISSUE	
(a) California Chemical Company will be allotted 5,81,770 Equity Shares of Rs. 10 each credited as fully paid-up for consideration other than cash.	**Rs. 58,17,700**
(b) International Minerals & Chemical Corporation will be allotted 5,15,910 Equity Shares of Rs. 10 each credited as fully paid-up for consideration other than cash.	**Rs. 51,59,100**
(c) E.I.D.-Parry Limited will be allotted 63,540 Equity Shares of Rs. 10 each credited as fully paid-up for consideration other than cash.	**Rs. 6,35,400**
Total Equity Share Capital to be allotted for consideration other than cash.	**Rs. 1,16,12,200**
AGREED TO BE SUBSCRIBED	
(d) California Chemical Company has agreed to subscribe for 15,29,640 Equity Shares of Rs. 10 each for cash at par.	**Rs. 1,52,96,400**
(e) International Minerals & Chemical Corporation has agreed to subscribe for 13,56,480 Equity Shares of Rs. 10 each for cash at par.	**Rs. 1,35,64,800**
(f) E.I.D.-Parry Limited has agreed to subscribe for 4,87,310 Equity Shares of Rs. 10 each for cash at par.	**P 48,73,100**
B PROPOSED ISSUE TO THE PUBLIC AT PAR 39,50,040 Equity Shares of Rs. 10 each (on which Rs. 2.50 per share will be payable on application).	**Rs. 3,95,00,400**

DATE OF THE OPENING AND CLOSING OF THE SUBSCRIPTION LIST

The subscription list will open at the commencement of banking hours on 11th May 1964 and will close at the close of banking hours on 22nd May 1964 or earlier at the discretion of the Directors, but not before the close of banking hours on 14th May 1964.

COPIES OF THE APPLICATION FORMS AND PROSPECTUS CAN BE OBTAINED FROM THE COMPANY'S REGISTERED OFFICE AND FROM THE OFFICES OF ANY OF THE UNDERMENTIONED BANKERS, BROKERS, UNDERWRITERS AND REGISTRARS AND TRANSFER AGENTS.

BANKERS

State Bank of India, Apollo Street, Bombay. **The Punjab National Bank Limited,** Parliament Street, New Delhi-1. **First National City Bank,** 293, Dadabhai Naoroji Road, Bombay-1 or any of their branches, or where there is more than one branch, with the main branch in the cities mentioned below

STATE BANK OF INDIA : **Madras,** Aurangabad, **Bangalore,** Hubli, **Hyderabad** (Deccan), **Secunderabad,** Tiruchirapalli, Tirupati, Trivandrum, Tuticorin, Vellore, Vijayawada, **Vishakhapatnam,** Cochin, Coimbatore, Coonoor, Cuddalore, **Bombay, Calcutta, New Delhi, Ahmedabad,** Ajmer, Akola, Allahabad, Ambala, Amritsar, Bareilly, Baroda, Belgaum, Bijapur, Calicut, Chandigarh, Cuttack, Dehra Dun, Firozpur, Jammu, Jalgaon, Jaipur, Itarsi, Indore, Kanpur, Khandwa, Lucknow, Ludhiana, Madurai, Miraj, Nadiad, Nagpur, Nasik, Patna, Poona, Quilon, Rajkot, Salem, Ratlam, Sangli, Shillong, Sholapur, Simla and Srinagar.

THE PUNJAB NATIONAL BANK LIMITED : **Hyderabad** (Deccan), **Secunderabad,** Vijayawada, **Vishakhapatnam,** Warrangal, Cochin, **Madras,** Salem, Tanjore, Madurai, Coimbatore, **Bangalore, Bombay,** Poona, Nagpur, **New Delhi, Ahmedabad,** Mandvi (Kutch), Surat, Gauhati, Patna, Srinagar, Bhopal, Indore, Ratlam, Ujjain, Nasik, Cuttack, Ambala, Chandigarh, Amritsar, Jullundur, Patiala, Ajmer, Jaipur, Udaipur, Dehra Dun, Jhansi, Kanpur, Lucknow, Meerut and **Calcutta.**

FIRST NATIONAL CITY BANK : **Madras, Bombay, New Delhi and Calcutta.**

BROKERS

BOMBAY
R. R. Nabar & Co.,
31, Dalal Street, Fort, Bombay-1.
Lewis & Jones.
Bank of Baroda Building, Apollo Street, Fort, Bombay-1.
Batliwala & Karani.
Union Bank Building, Dalal Street, Bombay-1.
Merwanjee Bomanjee Dalal,
Allahabad Bank Building, Apollo Street, Fort, Bombay-1.
Harkisondas Lukhmidass,
Stock Exchange Building, Apollo Street, Bombay-1.
NEW DELHI
Harbans Singh Mehta & Co.,
33, Regal Building, Parliament Street, New Delhi-1,
Raj Paul Chadha & Co.,
Delite Cinema Building, New Delhi.
M. R. Dhawan & Co.,
4/8, Asaf Ali Road, New Delhi.
MADRAS
Peterson & Co.,
32/33, Linghi Chetty Street, Madras-1.
Chitra & Co.,
322-323, Linghi Chetty Street, Madras-1.
Kothari & Sons,
Oriental Buildings, Armenian Street, Madras-1.
HYDERABAD
P. B. Afzulpurkar,
Sultan Bazar, Hyderabad.
CALCUTTA
Place Siddons & Gough (Private) Ltd.,
6, Lyons Range, Calcutta-1.
G. M. Pyne,
14, India Exchange Place, Calcutta-1.
AHMEDABAD
Chimanlal Lalbhai,
2286, Manekchowk, Ahmedabad.
BANGALORE
M. Nanjappaiah Jahgirdar,
181, Cavalry Road, Bangalore-1.

UNDERWRITERS

(1) **Andhra Pradesh Industrial Development Corporation Limited,** Post Box No. 13, Hyderabad-4.
(2) **The Industrial Credit & Investment Corporation of India Ltd.,** 163, Backbay Reclamation, Bombay-1.
(3) **Industrial Finance Corporation of India,** Reserve Bank Building, 6, Parliament Street, New Delhi-1.
(4) **The Punjab National Bank Ltd.,** Parliament Street, New Delhi-1.
(5) **Life Insurance Corporation of India,** Jeevan Kendra, Jamshedji Tata Road, Bombay-1.
(6) **E.I.D.-Parry Limited,** Dare House, Madras-1.
(7) **Hercules Insurance Co. Ltd.,** 362, Netaji Subhas Chandra Bose Road, Madras.
(8) **The New India Assurance Co. Ltd.,** 87, Mahatma Gandhi Road, Fort, Bombay-1.
(9) **The Northern Assurance Co. Ltd.,** 7, Hare Street, Calcutta-1.
(10) **The South India Insurance Co. Ltd.,** Moti Mahal, Jamshedji Tata Road, Bombay-1.
(11) **R. R. Nabar & Co.,** 31, Dalal Street, Fort, Bombay-1.

REGISTRARS AND TRANSFER AGENTS

Industrial Investment Trust Ltd.,
61, Apollo Street, Bombay-1.

PROBLEMS OF COTTON MILL INDUSTRY

RATIONAL PRICE POLICY AND SPEEDY MODERNISATION URGENT

THE persistently rising trend of population, the improvement in purchasing power in the hands of the people and the need for earning foreign exchange through exports continue to exert an upward pressure on the demand for cotton textiles, which constitute an essential item of consumption. Unless earnest efforts are made from now alone to meet this pressure, the time may come when India will be faced with a serious shortage of cloth, leading to inflation of price and setback in exports. Such a development would be tragic indeed. It can surely be avoided if only the planners and the powers-that-be care to ponder the observations of the Presidents of four regional Millowners' Associations, namely, Bombay, Saurashtra, South India and West Bengal, at their annual meetings held recently, as well as of Mr. Krishnaraj M. D. Thackersey, a doyen among millowners, who inaugurated the meeting of the Saurashtra Millowners' Association. All of them have highlighted the series of disquieting factors confronting the cotton mill industry and offered constructive solutions for the same. In particular, stress was laid on the urgent need for a rational price policy and speedy modernisation.

While there has been an expansion in the cotton mills' weaving capacity—the number of looms actually in place went up by 3½ per cent in 1963—the production of cloth has tended to decline and that when stocks with mills have been greatly depleted. The total of these stocks (both sold and unsold) at the end of February last was just 345 million yards, as against 451 million yards a year before. The actual output is said to be currently running at an annual rate of no more than 4,800 million yards, as against the 4,837 million yards produced in 1963 and the all-time peak output of 5,317 million yards in 1957. The decline in cloth production is attributed to four main factors (*a*) marginal supply conditions relating to cotton, especially long-staple cotton; (*b*) underutilisation of spindle capacity and substantially bigger underutilisation of loomage in the third shift; (*c*) slow progress in the matter of utilising the spindles already licensed, owing to difficulties in raising internal capital resources, delay by indigenous textile machinery manufacturers in supplying card engines and ring frames, and foreign exchange shortage for import of textile machinery; and (*d*) the tendency on the part of some composite mills to sell large quantities of sized yarn in beams to powerlooms due to relative profitability.

Two Major Handicaps

All these handicaps notwithstanding, the mill industry would have been able to maintain a markedly higher output but for the two handicaps to which Mr. Radhakrishnan R. Ruia, Chairman of the Millowners' Association, Bombay, drew attention. In the first place, as a result of the virtual freezing of the mill cloth prices since January 1961, the return on many types of cloth has proved to be unremunerative. Secondly, the reservation of a good percentage of *dhotis* and *saris* for production in the decentralised sector has militated against any expansion of mill activity. If mill production is to increase, the obvious course to follow, as Mr. Ruia rightly pointed out, is to release the industry from needless restraints and controls, so that it may be free to turn out as much cloth as is demanded by the consumer and in all the varieties he wants. "Removal of price control," to quote him, "will stimulate higher production, which, *ipso facto*, will bring down the prices of many sorts except, perhaps, of those whose prices are at present artificially kept at a low level. Plentiful production and easy availability at reasonable prices is a goal that will win universal approbation. In the opinion of Mr. D. C. Kothari, Chairman of the Southern India Millowners' Association, there is hardly any need for continuing the voluntary scheme of price control.

It is, indeed, deplorable that the Government of India should compel the mill industry to continue its voluntary price regulation scheme which, as Mr. T. P. Chakravarti, President of the Bengal Millowners' Association, stated, is practically unworkable today. The prices fixed under the scheme bear no relation whatever to the production costs of mills. Since the scheme was introduced in September 1960, there has been an increase in the prices of cotton, chemicals, stores and other accessories, rise in coal freight and electricity charges, enhanced provident fund contributions and heavier wage bill on account of the Wage Board's recommendations and higher dearness allowance necessitated by increase in consumer price index numbers. What is worse, the 1964-65 budget proposals, it is said, have saddled the textile industry with an additional tax burden of Rs. 6.95 crores annually. All these factors, according to Mr. Chandulal Vardhan Shah, President of the Saurashtra Millowners' Association, justify an upward revision of cloth and yarn prices by about 16 to 20 per cent.

An Alternative Suggested

The Government, however, is opposed to any move to raise the prices of textiles further on the ground that such a move will burden the common man with a further increase in his cost of living. The anxiety of the Government is understandable, but it cannot be stretched too far to ignore the realities of the situation. Has the Government not allowed some industries—sugar, paper, coal and steel, for instance—to put up the prices of their products in order to compensate to some extent at least for the increase in production costs? Why should the cotton mill industry alone be made an exception? If, however, the Government is still not inclined to concede the plea of millowners, it can at least accept the latter's suggestion for earmarking a certain percentage of the total cloth production for standard varieties widely used by the common man, the prices of which should be fixed, and permitting the industry to sell the finer varieties of cloth at higher prices. This suggestion, it may be noted here, was put forward by the representatives of mill industry at their meeting with the Deputy Chairman of the Planning Commission at New Delhi last week-end. The millowners, of course, took care to add that the Government should undertake to lift the production of standard cloth, as they did not want to take the risk of being loaded with unwanted stocks.

Other Measures

A rational price policy apart, the cotton mill industry's spokesmen have urged the adoption of several other measures to improve the conditions in the industry. Here are a few of these which Mr. C. V. Shah suggested:

1. So far as expansion of spindleage is concerned, permission has been extended to all units to expand them to 25,000 spindles. Regarding the expansion of the weaving shed, such a general permission is absolutely necessary. Expansion in loomage should be permitted to 500 looms at least.

2. Automisation, as far as possible, should be permitted without laying down any conditions for compulsory export, etc. Impossible conditions sometimes retard automisation which is necessary for both quality production and reduction in the cost structure.

3. There are certain labour legislations which also impede speedy automisation. Under the Bombay Industrial Relations Act, the consent of the labour unions is necessary even for replacement of plain looms by automatic looms. Such pieces of legislation should suitably be amended.

4. Rationalisation, in proper cases, should be allowed, especially when new and automatic machinery is installed, and the surplus workers may be allowed to be retrenched after paying the retrenchment compensation and other dues. Too much emphasis and importance should not be given to the recommendations of the 15th Indian Labour Conference in such matters.

5. Consumer price index number should be worked out, by the State Government, for all big centres, where textile mills and other industries are located so as to bring to an end the unnatural and unscientific linking of dearness allowance with a nearer bigger industrial centre.

6. In all fairness, in calculating the wage to a worker, the entire wage packet that he receives should be taken into consideration and the different elements that constitute his wage packet should depend upon the capacity of the industry to pay.

7. Various imposts on the industry such as handloom cess must go now. Handloom cess should not be continued for all times to come. The system of collecting excise duty on cotton textiles should be simplified and as far as possible, the duty should be levied at one stage only. Adequate relief in excise duty is the need of the day and, if the Government, in the present circumstances, cannot go further, it must at least withdraw the duty on yarn proposed in the Central budget this year.

8. In the realm of bonus, the old Full Bench formula of the Labour Appellate Tribunal may be continued with the clarifications made by the Supreme Court rather than creating a confusion by adopting the impracticable recommendations of the Bonus Commission.

9. The industry should be given a rebate in corporation tax and surtax as has been announced in the case of other basic important industries.

There is, of course, nothing new in these suggestions, inasmuch as they have been made time and again by the millowners. And, generally speaking, the suggestions are unexceptionable. But it is difficult to agree with the plea of Mr. Shah that the wage structure at all points should be frozen at the present level for some years to come till the country's economy gets strengthened by higher production at reduced cost. For the plea is unrealistic. Any move to freeze wages when inflationary forces continue to be at work throughout the economy is fraught with dangerous consequences. Is Mr. Shah prepared for a similar freeze in the prices of the goods he produces as a millowner?

Expansion and Modernisation

Be that as it may, the need for allowing the mills to expand their capacity was stressed by all the millowners. Mr. Krishnaraj Thackersey urged that the restrictions on the expansion of loomage must be relaxed further, so that most of the mills could become composite units and attain the required balance between spindles and looms. It was conceded, he said, that, in order to become an economic unit, a mill needed 500 looms (non-automatic) and 25,000 spindles. This spindle-loom balance, he added, would enable the mills not only to produce more but to produce it economically and efficiently. Even more important, according to Mr. Krishnaraj, was the need for modernisation. He observed:

"Between 1952 and 1960, as many as four independent studies were made of the textile industry and they all emphasised the need for modernisation. Unfortunately, foreign exchange and other difficulties have slowed down the pace of modernisation and, by and large, the industry continues to work with old machinery. The few mills which have succeeded in modernising themselves, wholly or partly, have shown how the result has been beneficient in all directions—the workers get higher wages and are not displaced and the quality of the product becomes superior. In a highly competitive export market, the textile industry cannot hope to make headway or even hold its own unless it uses machines which its competitors use. As in the case of cotton, so also in the case of machinery, it would be a pity, if the process of modernisation were not speeded up to enable the industry to assume the leadership that is waiting for it."

Barring a few exceptions, the vast majority of cotton mills continue to work with machinery and equipment installed many years ago. These have outlived their utility, resulting in sub-standard production and high costs. Unless there is speedy rehabilitation, modernisation and rationalisation, there is no hope of the industry being in a position to weather the growing competition in the world textile markets. Automatic looms, high speed spindles and improved processing machinery are the order of the day in the rest of the world.

The mill industry, Mr. Ruia declared, should be encouraged to import such modern and up-to-date machinery as are not produced within the country or are produced only on a limited scale. Only thus will the industry be able to install the additional spindles and looms sanctioned under the third Plan for raising its output. Urging the drawing up of a regular programme of machinery imports, he said: "Such a programme should include imports for purposes of renovating and modernising the textile machinery. This is a costly undertaking, but there can be no escape from it, if we are to attain efficiency and economy in production, so indispensable for promoting exports."

There are some mills which are too old and uneconomic. These have to be weeded out, for it would be a wrong economic policy to perpetuate their existence through offer of subsidies either directly or indirectly. Mr. Krishnaraj was quite right when he said:

"Full utilisation of current investment implies, among other things, the weeding out of uneconomic units. There are various industries in which uneconomic units sponsored and promoted from a wrong ideological approach have created almost insurmountable problems in regard to efficient and economic production and competitiveness in the export makets. We must realise that, if the economy is to expand and to work efficiently and economically, there can be no getting away from the economies of scale. Wherever possible, therefore, uneconomic units should be amalgamated into viable units."

Cotton

Whatever be the pace of progress in the sphere of rehabilitation, modernisation and rationalisation, cotton is, and will continue to be, the major problem of the textile industry. The current rate of cotton production (5.7 million bales in 1963-64) is well below what is

(*Continued on page 765*)

TEXTILE STOCKBUILDING ALREADY?

MACHINE ACTIVITY AT A HIGH LEVEL

From Our Special Correspondent

MANCHESTER 21*st April*

MANCHESTER LETTER

INDEPENDENT observers of the textile industry's progress who base their ideas on theoretical and statistical information are very conscious of the swings of fortune which have followed a regular pattern through the years—changes which have been strongly marked in the last two decades. In consequence, it is scarcely surprising that, in the midst of the current apparent activity and prosperity, warning voices have already been raised. The latest statistical review published by the Cotton Board is, perhaps, the prelude to further comments about what the future holds.

The volume of orders received by converters in the final quarter of 1963 was well in excess of any likely level of offtake, the review states. This, coupled with the fact that converters have substantially increased their own commitments—their purchases of imported cloth were particularly heavy in the fourth quarter of 1963—suggests that the industry may soon be in a stockbuilding phase, if it is not so already.

While stockbuilding in itself is by no means to be condemned, an accumulation of supplies can present substantial problems to firms which are put in the position of holding goods in anticipation of their customers requiring their products at some unspecified future date. While it is essential that distributors should be given the choice of the type of goods they can obtain, too great a dependence on offering a wide selection has created stock-loss selling in the past and has been a fundamental reason for financial difficulties arising.

Longer Order-books

At the same time, the Cotton Board document which assesses conditions in 1963 is by no means pessimistic in tone. Order-books have lengthened still further in the early months of this year, it reports, and stocks of finished products held by the mills have been further reduced. Stocks of cloth held by weavers, converters and grey cloth importers are estimated to have fallen by about 90 million square yards in the 18 months to the end of last year.

Retail sales of clothing have shown a marked improvement since August last, a factor which has had a particular bearing on the recovery in activity. By volume, these were about 6 per cent greater than in the second half of 1962 and the improvement has been maintained this year. Prices have advanced slightly, says the report, but margins are still "very slim."

The February production figures sustained recent patterns in that yarn output per working day was nearly 2 per cent higher than in the previous month, in spite of a fall of 400 in the number of workers employed. Over the last 12 months, production of spun man-made fibre yarn has made a 20 per cent gain, with a particularly large increase in carpet yarns. In the cloth section, output per working day went up by 4 per cent as compared with January.

High Machine Activity

Taking 1963 as a whole, the weekly average of spindles in place was 6,680,000 ring equivalent, a decrease of nearly 1,300,000. Of these, 5,810,000 ring equivalents were running, an average of 87 per cent of machine activity. During the year, the rate increased steadily from 84.7 per cent in the first quarter to 91 per cent in the final three months.

The number of spindles working two shifts remained almost static throughout the year at around 1,450,000, despite the decline in the actual plant working. Three-shift operation continued to increase, from 280,000 spindles in the first quarter to 430,000 spindles in the final months. Evening shifts were also introduced on a larger scale, until 1,430,000 spindles were so engaged at the end of the year.

Machine activity in the weaving section was not quite as intensive as in spinning, but, by the final quarter, the rate had reached 87.8 per cent. In the Lancashire area, the number of looms running was 106,800 out of 121,700 in place. The average rate of activity during the year was 86 per cent and the number of fully automatic looms was 42,500 out of 125,900 in place.

Bad farming was losing countries millions of pounds' worth of raw cotton, said Lord Derby, President of the Empire Cotton Growing Corporation at the annual meeting in Manchester. He said that efforts were now being made to prevent this loss. Progress had often been slow in the past, and the losses involved made it necessary to stress at every level the gap between yields obtainable experimentally and the crop which the individual farmer actually produced.

Most of the countries in which the Corporation's staff were working were now independent, continued Lord Derby. "We can feel gratified that it has been possible to move smoothly to a position of partnership." With independence comes an enhanced sense of the urgency of developing natural resources, amongst which agriculture is in most cases predominant," he added.

The Corporation offered a pattern of technical assistance of the "greatest value" to developing countries. Stressing the importance of a flexible policy to meet changing conditions, Lord Derby said that it was realised that, in the long run, the overseas countries must provide their own scientists, but the supply was still short. The Corporation staff, while continuing their research work, were likely to be called increasingly to give the benefit of their experience to those who would follow them.

Cotton Union's Loss

A little Lancashire textile trade union which decided to become a "Good Samaritan" has revealed that digging deeper into its purse has helped to run it into a loss of nearly £21,000 in a year. Mr. James Whitworth, General Secretary of the 5,000-strong Operative Spinners' Amalgamation—once known as the "mill aristocrats' union" because its mule-spinner members were the top-paid men of Lancashire—stated at his Manchester headquarters: "We are assuming a responsibility which ought to be the employers."

Because of the many mill closures and the "scant consideration" shown by employers towards redundant workers, the union decided to double its compensation cash for sacked workers from £10 to £20. "This was one of the main reasons for the loss," said Mr. Whitworth. "Most of our members were getting no compensation at all."

A spokesman for the British Spinners and Doublers Association observed at Manchester recently: "It is true that the industry has no central agreement on redundancy payments, but the fact remains that mills do make compensation payments when they can afford to do so. But some mills going out of business just haven't got the money."

PROGRESS OF AIR CUSHION VEHICLES ENCOURAGING

SOMETHING FOR INDIA TO THINK ABOUT

By Our Aviation Correspondent

QUITE recently, a certain London newspaper, renowned for the sobriety of its news presentation and the weight of its views, published an advertisement featuring an air cushion vehicle—a Westland Hovercraft. Any commercial firm, of course, can advertise its wares in any section of the press. The fact that this advertisement appeared in this particular newspaper, therefore, does not, necessarily, prove anything. Nevertheless, it does seem, however illogically, to provide the air cushion vehicles (A.C.V.) with a mantle of sober reality and the promise of a serious commercial future.

When this correspondent last wrote on the subject of air cushion vehicles (*Commerce* 30th March 1963), the article concluded with this paragraph: "Whilst interest—even a great deal of interest—is undoubtedly being shown, what the British industry now requires are some concrete orders. ... So far, some £2 million have gone into hovercraft development. In comparison with the development cost of even a single small airliner, that is not, of course, a large sum of money. The time must be approaching, however, when there will be hesitation to incur further development charges, unless and until something more concrete than interest is forthcoming. ... This, then, must be a crucial period for hovercraft projects. Will the sales 'break-through' come in time?"

One can hardly designate present events as a "sales break-through." Yet the existing situation is far more favourable than it was. For instance, Vickers Armstrong, one of the principal manufacturers of hovercraft, have negotiated an important agreement with the Republic Aerospace Corporation of the U.S.A. whereby the VA-3 has been shipped on loan to Republic for certain evaluation trials. Westlands, as the result of a specific order placed by the Ministry of Aviation, have completed the SR-N3. This is a military version of the SR-N2 and is now undergoing trials with the British Joint Services Trial Unit. Military interest runs high and it seems reasonably certain that orders will result. Westlands have also completed a smaller commercial hovercraft, SR-N5, and a production line of ten has been laid down.

Public Company To Be Formed

Perhaps, the most interesting development of all, however, is the formation of a public company to operate hovercraft. Initially, this company proposes to run a car-*cum*-passenger ferry service across the Solent—presumably between Southampton and Cowes—and, thereafter, to undertake similar ferry services "over any waterway where such operations would be profitable." Negotiations have already been opened with both Westlands and Vickers for a hovercraft of about 150 tons to be completed by the spring of 1967. Both firms have signified their ability to fulfil such an order.

Westlands, as it happens, have already designed a hovercraft of this description—the SR-N4. The specific motive of that design was to interest the British Government in a hovercraft service, or services, across the English Channel as an alternative to the proposed cross-Channel tunnel. The SR-N4 brochure which Westlands have produced is, consequently, slanted towards that particular objective. Since this hovercraft may now be the one selected by the new company, its characteristics and leading particulars may be of interest.

The SR-N4 has a designed weight of 150/160 tons and a disposable load of from 60 to 75 tons. It is to be powered by four Bristol Siddeley Marine Proteus engines, each rated at 3,400 s.h.p. The interior layout is designed to accommodate both passengers and motor vehicles. If passengers alone are carried, there will be accommodation for a maximum of 660. A typical combined load would be 228 passengers, 15-18 private cars, and three motor coaches. Each SR-N4 is estimated to cost £1.5 million and, assuming utilisation of the order of 900 hours per annum, the combined total of direct and indirect costs of operation are estimated at £500 per hour.

How do the economics of such a hovercraft compare with those of existing means of air and surface transport? That—since, technically, the building of such a hovercraft now presents no difficulty—is the crucial question. Nor is it particularly easy to answer. Westlands have included in their estimate the cost of building, maintaining, and manning 'hoverports' for a specific cross-Channel service. They do indicate, however, that those and other indirect costs amount to about 55 per cent of the total. On the assumption, then, that the direct cost of operation is about £230 per hour, and assuming a normal speed of 70 knots, the direct operating cost appears to be in the neighbourhood of £2 8*s*. per hovercraft/mile or nine pence per ton/mile. Assuming passengers only, the rate per passenger/mile is a shade in excess of one penny. If these estimates are anywhere near the truth, they indicate a most attractive commercial proposition.

Weather Worthiness

In addition to its economics, however, the sea-going, cross-Channel hovercraft must be able to operate in most conditions of wind and weather. Judged by their experience with the SR-N2, and wind-tunnel experiments with a model of the SR-N4, Westlands estimate that the latter will be capable of 70 knots in seas of 4-5 feet—typical conditions for the English Channel during 90 per cent of the year. In more adverse conditions with seas running to 6-8 feet, the estimated speed is 45-50 knots. In the most adverse conditions—and these prevail, on average, during two to three days per year—with winds of 45 knots and seas up to 13 feet, the hovercraft will still be able to operate but at a much reduced speed of 15-20 knots. If these predictions are fulfilled, the SR-N4 will compare very favourably with present cross-Channel ferry steamers.

Besides its apparently attractive economics, and its satisfactory sea-going qualities, the great advantage of the hovercraft is its ability to make transition from sea to land. Independent of tide conditions, it is thus able to operate from bases located outside the normally congested areas of existing ports. It is claimed, in fact, that a hoverport, with all attendant facilities, can be sited almost anywhere along coast-lines or rivers above high-water mark. To all appearances then, the truly commercial hovercraft has now almost materialised—and, what is more to the point, perhaps, is about to sell. If at present unpredictable, the influence it will have on future transportation is hardly likely to be unimportant.

One has always thought, in that context, that the air cushion vehicles could have many applications in India. With a coastline of great length and not over-liberally supplied with natural harbours, and with vast river systems where bridges and made-roads are few and far between, the A.C.V. could, surely, fulfil very many useful purposes. Nor, one reminds oneself, is there any reason why A.C.Vs should not be designed and produced indigenously. It may not be out of place to quote, once again, from an article which one wrote in August 1962 and which concluded with these words: "The development of the A.C.V. may not be so spectacular as space exploration, or the manufacture of supersonic aircraft, but, so far as the masses are concerned, it is likely to prove infinitely more beneficial and rewarding. What an opportunity for such undertakings as H.A.L. or the Hindustan Shipyard, jointly or severally ... to build up what is certain to become a large-scale and important industry."

An agreement has been signed between Air-India, Aden Airways and East African Airways concerning the operation of a combined pattern of services, on a pool basis, covering routes between East Africa and India. The agreement is subject to the approval of the respective Governments.

After a careful study of the route and the potential market, it was decided that closer co-operation was needed between the three airlines, both in the interests of the travelling public as well as the airlines participating, by pooling each others resources, to offer the travelling public the most frequent and convenient spread of services.

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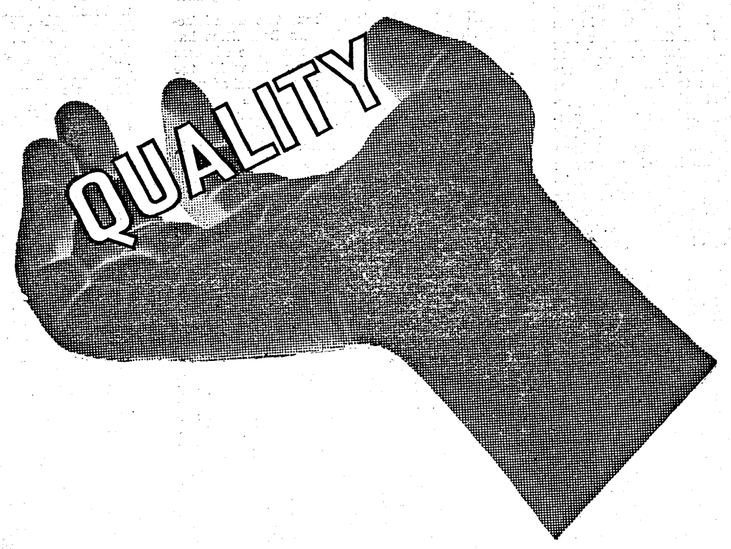

The Indian Automobile Industry is still in its infancy. During its short period of development, it has achieved a high percentage of indigenous content. In the case of a car such as the Hindusthan Ambassador, this indigenous content has now reached approximately 80%, comprising a large number of components produced not only by Hindustan Motors but also by numerous newly created Indian ancillary industries.

The creation and development of these new industries have been, and continue to be, a difficult and costly process. These infant industries are confronted with considerable problems, such as the paucity of experienced technicians and skilled labour, high costs of production because of low volume, high prices and inadequate supplies of raw materials as and when required, foreign exchange limitations for imports of modern and multipurpose equipment, etc. Despite these handicaps, their achievement to-date is noteworthy. Obviously, however, these young industries cannot be expected to attain, in such a short time, a standard of quality comparable to that reached by the older and more highly developed foreign industries.

It is reasonable to anticipate that with rising production volume, modernized methods and greater experience, in addition to the manufacturers' and ancillary suppliers' earnest endeavour to strive for better quality and rigid inspection, the standard of the Indian-made motor vehicles will soon compare favourably with that of foreign manufacture. The responsibility for improving quality must be shared by both the vehicle manufacturers and the ancillary suppliers.

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EMPLOYMENT IN RURAL AREAS
PROGRESS OF PLAN PROJECTS POOR

INDIA'S surplus manpower problem has been a source of persistent anxiety to planners in the context of certain statistical magnitudes. With the second Plan's back-log of nine million wholly unemployed and 15 to 18 million underemployed persons and the estimated addition of 17 million to the labour force over the third Plan period, the problem has no doubt been very much in their minds. They have accordingly provided for the generation of additional employment opportunities under the third Plan. But these opportunities, even if they *fully* materialise, would take care of only 14 million unemployed and underemployed persons. If even these limited opportunities are not *fully* created according to plan, the problem may be expected to assume alarming proportions in the fourth Plan period. It is in this context that some of the third Plan programmes designed for massive employment creation would have to be appraised from time to time. The idea here must be to find out whether these programmes are progressing well enough to provide the employment opportunities expected of them. That such an appraisal has just been done by the Estimates Committee in respect of the "rural works programme" which, as envisaged in the third Plan, should "provide work for an average of, say, 100 days in the year for about 2.5 million persons and, if possible, more" in the last year of the Plan, is indeed gratifying.

But one's gratification is only over the exercise of appraisal as such and not over its findings which are anything but flattering to the administrators of this important programme. The Committee's central finding is that this programme, with its twin objectives of additional employment-creation and utilisation of rural manpower resources "for the rapid economic development of the country," has lagged far behind its target. It is, indeed, surprising to learn that, out of the provision of Rs. 6.5 crores made for the first three years of the programme, only Rs. 1.8 crore had been spent by 30th June 1963. So much so, the total employment generated by the programme from its inception to 30th June 1963 amounted to no more than 10 million man-days (about 100,000 persons). This achievement may be compared with the Plan's target of finding employment for about 100,000 persons for 100 days in the first year, 400,000 to 500,000 persons in the second year and about a million in the third year. It may be that, with the estimated increase in cumulative expenditure to Rs. 5.5 crores by the end of 1963-64 in about 800 projects, the employment potential would increase appreciably. But, even then, the total number of men benefiting by these projects would be just under 280,000 only in a year on the basis of 350 men per project. This is patently too small a number to make an impact on the rural employment situation. Nor is the impact of the programme on the rural economy quite significant in terms of creation of remunerative community assets like link roads, wells and other minor irrigation and soil conservation works. The main reason for this limited progress so far is the *ad hoc* manner of implementation, with its uncertainties of scope and criteria for grants.

What is to be done about this unsatisfactory situation? The Estimates Committee has made some sensible suggestions. One of them is that integrated block plans, in which the rural works programme can be dovetailed with the programmes undertaken by the Community Development agency and other departments, should be evolved. Such integration or co-ordination is very necessary, for there is already the trend of overlapping and, in certain cases, even of counteracting in the prevailing pattern of related programmes like the rural works programme, local development scheme, rural industries projects, public co-operation scheme, village volunteer force and labour bank. The Committee has specifically recommended that a working group be set up to suggest ways and means of co-ordinating these schemes and of implementing efficiently such an integrated programme. Among the other recommendations made by the Committee are the following:

(1) As the present pattern of Central financial assistance in the form of 50 per cent loan and 50 per cent grant would make the rural works projects available mostly to the richer areas and not to the depressed or poorer areas with their high incidence of unemployment, it would need to be re-examined with a view to evolving a more workable pattern. (2) Employment surveys should be carried out not only before selecting the areas for rural works projects but also at regular intervals thereafter. (3) The normal limits for allotment of funds should be Rs. 50,000 per scheme and Rs. 2,00,000 per project (block). (4) The possibility of entrusting, as an experimental measure, the execution of rural works schemes to voluntary agencies, or of enlisting their collaboration, should be examined. (5) As the piece-rate system of wages ensures better output and reduces the need for supervisory staff, every effort should be made to extend it to as many rural works projects as possible. (6) The Planning Commission should be relieved of the responsibility for programme implementation in so far as the rural works projects are concerned. These should be handled directly by some suitable administrative ministry.

All these recommendations are calculated to improve the programme and its implementation. Some of them could be examined by the proposed working group, while some others could be accepted straightway for action.

The Estimates Committee has done well to re-emphasise the employment generation and asset-creation objectives of the rural works and other related programmes and to suggest some practical measures for making these objectives more easily attainable. These are good in so far as they go. But they may not be quite adequate for the ends in view. It is in this context that the Government would do well to examine the feasibility of the idea, recently canvassed by the U.S. Ambassador (Mr. Chester Bowles), of intensive village development with possible American assistance. Incidentally, the proffered assistance can conceivably take two forms, namely, (*a*) provision of technical aid and some dollar assistance for meeting marginal foreign exchange requirements, and (*b*) provision of assistance in kind for labour-intensive projects under Title II of P.L. 480. As both Indians and Americans have by now acquired a fund of experience in rural development in this country, further collaboration between them on the ideational and technical planes should be easier. If the different programmes of rural development are properly co-ordinated and American assistance in the form of foodgrains is made available for paying wages partly in kind, there can be no doubt that a more massive impact on the rural employment situation, as well as on the rural economy, in general, and agricultural production, in particular, will be made. The fourth Plan, one hopes, will make up for all the time and opportunity lost in the wide field of rural manpower utilisation.

JAPAN EXPORTS KNOW-HOW TO AUSTRALIA

The Nissan Chemical Industries, Ltd. has concluded talks on the export of Nissan techniques for manufacturing liquid phosphoric acid to I.C.I. Australia-New Zealand Company, a sister chemical company of the British I.C.I. The liquid phosphoric acid is made from iron ore and sulphuric acid is to be used in highly efficient chemical fertilisers. The export of this kind of technical know-how is the first of its kind in Japan. With the adoption of the Nissan method by I.C.I., one of the foremost chemical manufacturers in the world, the Japanese company has been encouraged to export its technology even to highly developed countries.

With the conclusion of talks on the import of technology from Nissan, the I.C.I. Australia-New Zealand Company intends to set up a new chemical fertilisers manufacturing plant in Melbourne. The manufacturing equipment produces liquid phosphoric acid based on the Nissan method capable of turning out 200 tons daily.

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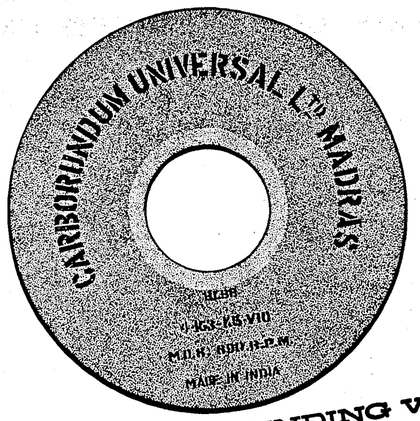

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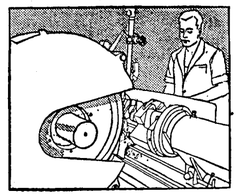

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JAPAN'S IRON AND STEEL INDUSTRY

RAW MATERIAL IMPORTS WHOLLY FINANCED BY STEEL EXPORTS

THE rapid progress of Japan's iron and steel industry, which is based predominantly on imported iron ore and coking coal, in the post-war era is a subject of absorbing interest. It has proved that, if a country has the know-how and capacity in other respects, it can produce all the steel it wants at competitive cost, even if it is greatly deficient in basic raw materials. In 1962, for instance, the pig iron output of 18.0 million tonnes was the highest ever registered in that country; it was 13.6 per cent higher than the previous year's record of 15.8 million tonnes. But crude steel output in that year at 27.5 million tonnes was lower, as compared with 28.3 million tonnes in 1961. It may, however, be noted that way back in 1953 crude steel production was of the order of only 7.7 million tonnes. Even as recently as in 1958, the production was no more than 12.1 million tonnes. It is noteworthy that only 48 per cent of the steel output was contributed by open hearth furnaces in 1962, as compared with 60 per cent in the previous year. The fact that L.D. converters were responsible for 31 per cent and electric furnaces for 21 per cent of steel output in the year under review is something remarkable. As for rolled (finished) steel production, hot-rolled ordinary steel accounted for 20.0 million tonnes and hot-rolled special steel for 1.5 million tonnes in 1962, as compared with 19.6 million tonnes and 1.5 million tonnes, respectively, in 1961. The investment requirements in the industry in the period April 1962-March 1963 totalled as much as 220 billion yen ($611 million), of which nearly 89 per cent was spent on installations under construction and about five per cent on the newly started installations.

Iron Ore Supplies

The aforesaid facts have been gleaned from *Japan's Iron and Steel Industry* 1963 (Publishers: Tokyo Foreign Service, Central Post Office Box 1157, Tokyo. Price U.S. $5.00 by ordinary post and $8.00 by air mail for Asia. This publication is notable for its comprehensive coverage of all aspects of the Japanese steel industry. Of particular interest to India, which is exporting iron ore to Japan, is the section devoted to raw materials and fuels. It is seen from this section that the industry's iron ore consumption in 1962 amounted to 23.0 million tonnes, of which indigenous ores accounted for only 1.3 million tonnes and imported ores for as much as 21.7 million tonnes. Japan's imports of iron ore from different sources may be noted from the following table wherein the figures for 1963 have been taken from *Yawata News* of March 1964:

TABLE I

Japan's Imports of Iron Ore

(In million tonnes)

Country	1963		1962		1961	
	Quantity	Per cent of total	Quantity	Per cent of total	Quantity	Per cent of total
Malaya	6.7	25.8	5.9	28.1	6.1	30.3
Peru and Chile	6.0	23.2	5.0	23.7	4.4	2.7
Brazil	0.5	1.9	0.4	2.1	0.4	1.9
India : Goa	3.0	11.5	2.4	11.4	3.2	16.1
Rest of India ..	2.8	10.8	1.7	7.9	1.4	7.1
Philippines	1.4	5.5	1.3	6.3	1.2	5.8
Canada	1.9	7.3	1.3	6.3	1.0	5.0
U.S.A.	1.8	7.0	0.8	3.9	0.9	4.3
S. Africa	0.6	2.3	0.7	3.2	0.5	2.4
South Korea	0.6	2.3	0.4	1.8	0.4	2.2
Other sources	0.7	2.4	1.2	5.3	0.6	3.2
Total ..	26.0	100.0	21.1	100.0	20.1	100.0

It will be seen from the above figures that Japan's iron ore imports from India (including Goa) together amounted to 23.2 per cent of its total ore imports in 1961. But the percentage came down to 19.3 in 1962 and 22.3 in 1963. That this declining trend may be due to Japan's effort in recent years to diversify its sources of ore supply will be seen, *inter alia*, from the following review of major ore transactions in 1962 in *Japan's Iron and Steel Industry* 1963:

Brazilian ore: Japanese steel circles initiated a contract with the Rio Doce company in Brazil for a 15-year long-term iron ore import. The contract covered 50 million tons of Rio Doce iron ore to be shipped during the 15-year period from 1st April 1966 to 31st March 1981. The Fe assay is 66.67 per cent and the size of ore is 1/2 inch. *This contract is considered significant in that it broke the extreme gravitation to Indian ore in the Japanese steel industry.* (Italics ours.)

Indian ore: Japanese steel circles initiated a contract with India, covering the import of 11,350,000 tons of iron ore during the five-year period beginning in fiscal 1964. Japanese steel circles are now participating in the development of two new iron mines in India, Rourkela and Bailadila. The Rourkela mine is scheduled to start shipment in 1965, and the Bailadila mine is now under study.

Chinese ore: A Japan trade mission visited Communist China in October 1962. Taking advantage of this occasion, the steel circles talked with Chinese officials on steel transactions with Japan, but no effective agreements resulted. However, an agreement was made to negotiate later on the import of iron ore by Japan in exchange for the export of steel products from Japan after 1966.

Australian ore: According to the report by the first iron mine investigation team despatched to Australia in June 1962, there are promising mines of high grade ore for Japan and satisfactory port facilities are available for employing large type ore carriers.

Coking Coal and Steel Scrap

The Japanese iron and steel industry is heavily, if not predominantly, dependent on imports of coking coal and steel scrap. The relevant figures are given below:

TABLE II

Supplies of Coking Coal and Scrap

(In million tonnes)

	1963		1962		1961	
	Imports	Indigenous	Imports	Indigenous	Imports	Indigenous
Coking coal.	9.4	Not available	9.3	6.4	8.2	6.5
Iron and steel scrap	4.6	,,	3.6	10.7	7.0	11.4

A break-up of the sources from which Japan imports steel scrap shows that the United States is the leading supplier. That country accounted for 2.7 million tonnes (74.1 per cent) and India for just 147,000 tonnes (4.0 per cent) out of the total of 3.6 million tonnes of steel scrap imported by Japan in 1962. Of Japan's scrap imports of 4.6 million tonnes in 1963, the United States accounted for 73.2 per cent and India for 6.6 per cent. Japan also imports a substantial quantity of pig iron from other countries. In 1963, for instance, pig iron imports amounted to 1.6 million tonnes, representing an increase of 8 per cent over 1962. According to *Yawata News*, the increase in pig iron imports was due largely to arrangements with such countries as the Soviet Union, under which pig iron was received in exchange for Japanese steel products. Pig iron imports from the Soviet Union alone totalled 640,000 tonnes in 1963, accounting for 41 per cent of total imports of this commodity.

Export Earnings

All in all, it is remarkable that Japan's iron and steel industry, which depends so much on imported iron ore, coking coal, steel scrap and pig iron, is growing from strength to strength. Although these raw material imports, as of 1963, have a combined value of $770 million, actual foreign exchange payments are stated to be less, since the figure given includes freightage on domestic carriers. Japan's imports of raw materials, it is noteworthy, are more than fully covered by its steel exports which, as of 1963, have been estimated at about $1,000 million. A fourth of the total steel exports of about 4.5 million tonnes goes to the United States, while the balance goes to several other countries, including U.S.S.R., Thailand, India, Indonesia, Philippines Malaya, Formosa, South Korea and Hongkong. According to *Yawata News*, the steel industry's foreign exchange balance is sizably in the black even after taking into account the industry's raw materials other than the aforesaid four items. It is stated that, with Japan's imports of iron ore increasing from year to year, it will seek to increase its steel exports to nations supplying the ore. This does not seem to be an unreasonable expectation, considering that Japan has extended, and continues to extend, economic assistance in various forms to foreign countries for the development of ore mines. Incidentally, among the mine development projects in foreign countries receiving large-scale Japanese assistance are those for the Rourkela and Bailadila mines in India and for the expansion of port facilities in the Goa region.

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EUROPEAN STEEL INDUSTRY

The Organisation for Economic Co-operation and Development (O.E.C.D.) has recently published a comprehensive review of the state of the iron and steel industry, particularly in its member-countries during the years 1962 and 1963. Besides its customary review, the publication provides a thorough analysis of demand, production and factors affecting production—in particular, capacity, raw material supplies, prices, transport and labour costs—and of investment, international trade and prices.

The part which deals with the situation of the European iron and steel industry says that the progress during the years under review was slow, as compared with the vigorous growth noticed in 1960. However, the member-countries witnessed continued expansion in their economies. There was also an improvement in the pace of expansion, the report continues, but it was less evident in the case of major steel-consuming industries, including the capital goods industries.

Turning to steel output, the report points out that apart from a few exceptions, steel output declined in member-countries in 1962, and there were few signs of any recovery in the first half of 1963. The demand for steel, on the whole, remained steady. Industry-wise, while the demand for steel from the automobile and building industries remained buoyant, it fell considerably in the capital goods industries.

On the investment side, the average level of investment declined quite markedly, following the uncertainty of the current economic trend, the sluggishness of demand, the existence for most products of temporarily unused capacity and the persistent weakness of prices.

There was a sharp increase in competition on both home and export fronts, during the two years under review. In 1962, for instance, though the international trade in terms of volume increased, the European countries were losing ground as suppliers of steel on the world market, with the result that there was quite a considerable fall in export prices and internal prices. In 1963, the problem turned out to be so acute that actually some countries began to consider measures to protect their markets. As for the supply of raw materials, there was no problem at all during these years but, in the field of manpower, the industry had to face such problems as training and regarding owing to the increasingly rapid pace of technological change.

AUTOMOBILE AND MODERN TRANSPORT

The automobile industry in India is a comparatively young and growing industry. It provides jobs for thousands and has given birth to and encouraged many ancillary industries. The industry's fortunes are intimately linked up with the growth and development of roads and road transport. The problems that beset this industry, its role in the national economy, and the many technical developments that take place in the world of automobile industry in India and abroad are sought to be recorded in a new pictorial monthly magazine, the *Automobile and Modern Transport* (Editor: T. K. G. Nair. Published by Puran Singh Sahni, 12, Sukh Sagar, Hughes Road, Bombay-2. Single copy Re. 1.25), now published. In the inaugural number under notice, there are a number of articles discussing rail, road, sea and air transport problems. In an interesting article on transport and economic development, Dr. P. A. Nair, traces the growth of transport in general, and of Indian railways in particular. Most of the statistical data presented by him are, however, out-of-date. The problems of highway financing are discussed by Dr. P. S. Lokanathan, Director-General of the National Council of Applied Economic Research. The number also contains, *inter alia*, a buyers' guide, a legal section explaining points of interest to motorists, facts and figures of the transport industry and a personality page featuring, in the current issue, Mrs. Sumati Morarjee, President of the Indian Shipowners' Association.

MILLER DYNAMO LIGHTING SETS

The world-famous Miller dynamo lighting sets for cycles are now being produced in India. Recently the T. I. Miller Ltd., a subsidiary of Tube Investments of India Ltd., in collaboration with Messrs. H. Miller and Company Ltd., Birmingham, U.K., commenced production of cycle dynamos at its Ambattur factory near Madras. The British Manufacturers claim to be the oldest manufacturers of this type of dynamo lighting set. The special features of "Miller" lighting set are the eight pole dynamo, full bright nickel and chromium finish, and vacuum and metallised reflector. A distinct advantage of this type of lighting set for slower moving vehicles is that it provides even and brilliant lighting which will help in reducing the number of accidents during nights. Another notable feature of its manufacture is that all the parts, excepting the magnet and a special washer, are produced indigenously. At a later stage, the manufacturers intend to produce different types of lamps for mopeds, scooters and motor cycles.

NEW PRODUCTS AND PROCESSES

Jute Sticks for House-roofing

ONE of the products that the versatile jute fibre and fabric can make is the asphalted roofing felt, well-known to the building industry in India and abroad. Scientists working on chemical technology in the Indian Central Jute Committee's Technological Research Laboratories (T.R.L.) have shown that a roof lining (ceiling) or the roof itself can be built from a far less expensive and easily available material, the jute stick. Originally, asbestos or organic fibres were used in the manufacture of roofing felts. Now cellulosic fibres obtained from wood or other fibrous materials are being largely substituted for the purpose. In India, asphalted roofing is generally made from fibre boards, mostly imported. The T.R.L. has indicated that the pulp obtained from jute sticks can be used up to 54 per cent in the composition of the finished board. The other ingredients are waste paper and hosiery cuttings. The pulping process employed is the digestion of jute sticks in 5 per cent lime solution, followed by refining in a disc refiner. The boards obtained from the pulp are first to be saturated with soft bitumen, then coated with a hard asphalt and finally surfaced with usual powdered mineral matters. The roofing boards containing jute stick pulp as the major component have, on test, compared favourably with the imported boards. The asphalted roofing board extends the utility range of jute sticks, for long treated as waste material. The other industrial uses of the jute sticks already commercially established by the T.R.L. are in the manufacture of newsprint, printing and writing paper, box boards, card boards, and hard boards.

Radioactive Gases for Brain Study

A method of using radioactive gases for measuring the circulation of blood through the human brain has been developed by the Swedish scientist Dr. David Ingvar, of the Neurological Clinic of Lund, in co-operation with Dr. Niels Lassen of Copenhagen. The gases are injected through the carotid artery and their movements in the brain are registered by five radiation counters. By studying the speed with which the gases move in the blood, the scientists can ascertain whether the circulation is normal or subnormal and localise defects. The new method, which was first tried out on animals, is said to be practically painless to the patient. It is expected to provide valuable information about a large number of illnesses pertaining to the vessels of the brain and make it possible to measure the size and location of abnormal processes and thus be a guide for brain surgery and post-operative treatment.

Radiational Vulcanisation of Rubber

A general-purpose canyon—an installation for studying radiation-chemical processes—has been put up in Obninsk, U.S.S.R., claimed to be the city of the world's first atomic power station. A new method of radiational vulcanisation of rubber was tested there. The experiments have shown that the durability of automobile tyres is enhanced by 20 per cent after irradiation. The canyon, a special chamber together with a storage where isotope sources may be kept, is housed in a building with thick concrete walls which offer excellent protection. Reactor-used heat-radiating elements and cobalt are now used as such sources. They are lifted from the storage to the chamber on distant command with the help of a special carrier. The irradiator of the required form, thus brought to the place, envelopes tyres or any other object of irradiation.

The experiments with tyres are said to have demonstrated the advantages of this highly promising method of radiational vulcanisation.

According to Mr. Vladimir Karpov, one of the designers of the installation, by using nuclear radiation useful chemical processes which will require no heat or catalysers could be initiated.

There is every ground to believe that some of these processes may serve as a basis for a new progressive chemical technology, the scientist said. A deeper study of these processes requires bigger installations.

Cored-wire Welder

A completely new-self-contained welding system, specially designed for high-speed, high-quality welding with flux-cored wires, is now available from Union Carbide Corporation of New York. It features a new heavy-duty power supply, positive-action wire-feeding unit, and a special 500-amp capacity, air-cooled torch. The cored-wire welder comes mounted on a free-wheeling cart which is designed to carry two gas cylinders and all other necessary accessory equipment. For maximum operating convenience, the control unit provides a single, oversize vernier-type dial for selecting speed of wire from 90 to 425 inches (22.86 to 108 m.) per minute. A heavy-duty mechanical governor accurately maintains speed to within 3 per cent, independent of variations in load or line voltage. All operator adjustments are accessible through a single door on the control unit; all circuitry may be reached through a second access door. The entire unit is of rugged construction for long-life use.

Positive, non-slip wire feeding is guaranteed by spring-loaded pressure rolls supplied in either a two-roll or a four-roll system. A series-wound motor, driving through two stages of gear reduction, is dynamically braked to a dead stop to prevent wire overrun.

Standard equipment with the new welder is a completely new power supply—the VI-500A—designed to the requirements of cored-wire welding. Operating on 440-volt, 3-phase, A.C., it is rated to deliver 500 amps on 100 per cent duty, and up to 675 amps on 60 per cent duty. Operating voltage can be adjusted while the power is on by pushing a " dead-set " button which de-energises the output terminals.

Electrode for Electrical Discharge Machining

An inexpensive graphite electrode material for electrical discharge machining has been developed by Union Carbide Corporation. A high-density, easily machinable material, the new grade EM-3 electrode sells for only about one-third the price of other comparable materials, and yet provides higher metal removal rates, lower wear rates, and less tapering than other materials. Grade EM-3 electrodes are produced in cylinders up to 0.492 inches (1.25 mm.) in diameter and 12 inches (30.5 cm.) long. The largest graphite electrode material available to the electrical discharge machining industry is the new grade EM-4 developed by Union Carbide. It is produced in various sizes up to blocks 9 by 20 by 24 inches (22.86 by 50.80 by 60.96 cm.), and preliminary tests show it to have characteristics closely approximating those of grade EM-3.

Analogue Computer

How does a jet aircraft, which exists only on the drawing board, react to pressure on the control column during a blind landing ? This complicated and apparently insoluble problem can be solved exactly with the aid of one of the most astonishing developments of the electronics industry, the analogue computer. At the same time, expensive tests are obviated. Experts believe that analogue computers will soon belong to the indispensable aids found in engineering offices. The basis for the operation of this electronic robot is given by differential equations which can be utilised to describe dynamic processes mathematically. The computers incorporate a large number of separate computing elements, each of which is fitted with a complicated electronic circuit. Now these circuits permit building up a structural picture of the technical problem to be investigated. The variable quantities are now represented by voltages, which can be measured by display units. The behaviour of these voltages provides the solution to the questions.

Robot Lumberman

Canadian lumbering companies are convinced that two amazing machines now under development will work a revolution in the north woods. It is another case of automation foreshadowing the end of that colourful figure, the lumberman and his axe. One of the machines, called the "feller-skidder," moves into the woods on bulldozer tracks, shears off trees with its 40-foot circle and pulls them to the roadside. There the second machine, track-mounted, will take the trees, remove branches and bark, cut the trunks into eight-foot lengths and stack them neatly on trucks. Each machine is operated by one man, and the saving in labour costs is considerable.

Vaccine for Trachoma

An international research team reports development of an experimental vaccine that prevents a major strain of trachoma, the leading cause of blindness in the world. The World Health Organisation estimates 500 million persons, one-sixth of the world's people, are afflicted with the disease. The high potency vaccine culminates five years of work at the U.S. Naval Medical Research Unit on Formosa and at the University of Washington at Seattle by three American researchers and a Chinese investigator, Dr. San-Pin Wang. The report of their work was made public by the American Medical Association at its headquarters in Chicago. " With the demonstration that vaccine can prevent infection, there is hope for the eradication of this disease, " says Dr. J. Thomas Grayston, University of Washington doctor who headed the team. The search for an effective vaccine against trachoma began after F.F. Tang of Peiping first isolated the virus that causes the disease in 1957. Since then the virus has been readily isolated in a number of world laboratories. Dr. Grayston's group experimented with a number of vaccines before developing a highly purified vaccine that produces immunity. The vaccine produced resistance to the disease, first in laboratory animals and later in human volunteers, as evidenced by a buildup of antibodies in the test subjects. Anti-body response is the standard doctors use to determine the efficacy of a vaccine.

Revolutionary Telescope

A revolutionary Canadian telescope is fixing the stars with greater accuracy than ever before. Designed and built at the Dominion Observatory in Ottawa, Ontario, the Mirror Transit Telescope is a complex of servo-mechanisms, electronics and special recording cameras. Its twin north-and-south pointing telescopes are rigidly aligned along the meridian on massive concrete foundations. Into these telescopes the light from stars being observed is reflected by an 11-inch diameter fused quartz mirror which is flat to within one-tenth of the wavelength of visible light. Operated by remote control so that the body heat of an attendant astronomer will not interfere with its extraordinary precision, the mirror transit telescope is photographically recording data of vital importance in the fields of astrophysics, celestial navigation, missile guidance, space travel and the determination of time to an incredible exactness.

The Spare Tyre in the Tyre

Automobile and truck drivers need no longer fear flat tyres. A West German firm has now developed a tyre with built-in emergency qualities. An elastic and resistant foam rubber support resembling a second inner tyre has been inserted inside the tubeless, air-filled tyre. This supporting tyre prevents the outer tyres collapsing or being squashed if the air suddenly escapes. Even if one of the front tyres goes flat, the vehicle is not brought out of balance. The driver of a heavy truck is able to continue at the wheel for a considerable distance without doing further damage to the outer tyre. The flat tyre can then be changed when the driver finds a suitable place to park his truck without hindering traffic and where the necessary implements for changing a tyre are available.

Electric Painting Machine

The Asahi Chemical Industry Co., Ltd., one of the largest chemical makers in Japan, has placed on sale the "Handy Plasterer," a portable electric "painting" machine. It is a device used to blow sub-atomic particles of crushed stones and fibres onto a binding-agent-coated cloth by making use of 60,000 volts. This machine was developed for painting the surface of "silikalsüs," light-weight concrete material. Technical know-how was imported from the Soviet Union and industrial production is to start in the near future. It will be available for plastering buildings, block processing and sandpaper manufacturing. The company intends to turn out 100 machines by next March for sale.

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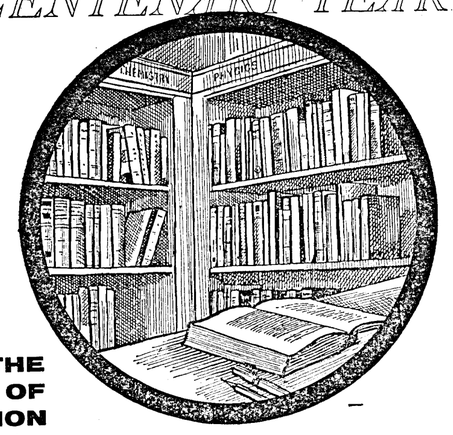

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FRENCH LESSON FOR INDIAN PLANNING—II

By "Bharani"

ALTHOUGH regional development received some attention in the preceding plans, it was made a major principle of French planning only during the fourth Plan. The Moselle region was chosen during the first Plan for special action, but this remained an isolated experiment. As far back as 1951-52, the green books had dealt with this question and, by 1961, the social and economic condition of the neglected regions of France was brought to public notice by a series of well written studies. In 1962, the *Plan for Regional Development*, dealing with problems and methods, was published and it is being increasingly recognised in France that progress, in real and human terms, in people's lives could come only through a regional approach in planning.

Regional Planning

The new importance given to regional planning since the fourth Plan may be seen in the following activities of the Government:

(1) *Administrative Organisation*: Since 1962, the regional organisations and the administrations concerned have been collaborating with the Planning Authority and the Inter-Ministerial Committee for Regional Action in the execution of Regional Programmes. The Regional Committees of Economic Development will participate in the work of the Plan through the Inter-Departmental Conference which will present the order of priorities for regional action to the Planning Authority. There is also the National Commission for Regional Development attached to the Planning Authority.

(2) *Regionalisation of Accounts*: The directives of the Government to the planners and the various ministries to "regionalise" their account and the series of measures envisaged to enforce the programme of regional development, are something new in economic planning. The Manpower Commission and various other organisations have made exhaustive studies of the disequilibrium of employment, growth and income as between different regions.

French National Accounts will be more and more regionalised and from now on, sectoral decisions will be examined with reference to their regional consequences. The experience of the fourth Plan in this field is bound to pave the way for more effective action in the future plans.

(3) *Programme of Study*: An impressive programme of regional studies is being organised with the collaboration of universities, regional and professional organisations and Government departments. This is expected to go a long way towards the development of the science of regional economics still in its beginnings and the establishment of a body of relevant information in view of centralised action.

(4) *Public Investments*: The first line of action of the Government is to develop communications, higher education, vocational training, scientific research centres and urban equipment in the most underdeveloped regions of France. Many laws were passed in the beginning of 1963 to implement Government programmes of regional development. Between 1962 and 1965, a dozen major State establishments, including military and research centres, will have been shifted to selected regions in France.

(5) *Financial and Other Incentives*: The French State has announced a scheme of financial assistance to 15 selected regions. Thus the regions of Britanny, South West and the Pyrennees will receive a more than normal share of public investments in the coming years. The French State also has experimented with a system of "special contracts" with industrial enterprises. Under this scheme, the State provides housing and recreational arrangements for the personnel, vocational training, industrial and commercial facilities and road connections before the actual installation of the factory.

(6) *Active Intervention*: Experience of the last ten years has shown that many of the incentives—low interest loans, subsidies, fiscal advantages—designed to encourage location of industries in neglected regions did not bring the expected results. Often the entrepreneurs did not find these incentives sufficiently attractive.

The new policy of the French State is to enforce regional development through a law which compels all new industrial locations to obtain sanction from a newly constituted organisation charged with the execution of the Plan's intentions regarding regional development. Thus, the State, armed with powers of direct intervention in industrial location, is now in a position to practise a policy of incentives *plus* coercion for industrial participation in regional development.

French Criticisms of the Plan

Although the plan as such has not been mixed up in political polemics, certain criticisms have been levelled against its working: that it was submitted too late to Parliament, that the members of the modernisation commissions did not have sufficient authority, that the Government is more concerned with the annual budget than with the implementation of the Plan, that agriculture has been neglected (3 per cent of the wheat producers deliver 35 per cent of the harvest, and 25 per cent of farms account for 70 per cent of the gross product value of French agriculture). The leftists are not happy with the fact that the Plan is not an instrument for total change to their liking, and the extreme right dislikes State involvement in investment under any circumstance.

Professor Fançois Perroux, in his book on the fourth Plan, points out that the Plan's power is effectively reduced by the freedom allowed to the monopolies of France. He pretends that a real redistribution of the fruits of progress may be attained only through the speedy correction of traditional inequalities—the power of money, on the one hand, and the small people, on the other.

It is interesting to note that the preface to this book was written by Pierre Masse, Chief of the Planning Authority, who holds that the Plan in a democratic country can only envisage a line of action in harmony with the political choice of the people in the elections. In other words, the technicians of planning are obliged to respect the evolutionist-reformist will of the people, as seen in their political preferences. If the people want more revolutionary planning, let them send to Parliament, deputies of a different kind and in numbers large enough to occupy seats of power.

It is important to realise that Professeur Perroux, the critic of the French Plan, is himself a member of the Economic and Social Council, and that, as professeur of the university, he is not obliged to be silent on what he thinks about the Plan. In spite of his criticisms, he is forced to admit: "It would be too much to pretend today that the Plan is an institution for social dialogue and collective creation. But it would be depriving it of its energies and its great possibilities to say that it cannot become so in future."

Reforms in Indian Planning

So far as India is concerned, a wider representation, as in France, to the various economic interests of the country in a renovated Planning Commission will be more in line with the democratic way of life, and will add to the efficiency of Indian planning. The problems of a mixed economy in the democratic set-up call for a very alert administration for efficient working. This surely is lacking in India; our Government is in need of criticism, and much more than that provided by the Public Accounts Committee. As it is, policy action lags far behind the fast moving realities of production and trade, because the administration is immoderately addicted to fixed ideas. An exchange of ideas in all freedom within a renovated Planning Commission will help the Government to get a better idea of the basis for sound policy action. For the success of a plan is in the rapidity with which difficult problems are solved and, to this end, democratisation of the Planning Commission could play a useful role. The commerce of ideas will surely tone down the violence of many criticisms, and governmental, industrial, agricultural and trade union interests will have a better idea of the limits and possibilities of our economic resources. In fact, many settled ideas will get corrected at least at the higher levels.

Many recent developments indicate that the Government has lost illusions on many counts. The ministers for finance, steel, international trade, and education have recently given evidence of realism by doing away with many useless administrative routines. Ours is one of the very few Governments in the world that has openly admitted the existence of corruption and, what is more, wants to do something about it. The importance of this should not be minimised; it must be counted among the many victories of democracy in a difficult climate.

One of the significant things that happened to the Planning Commission was the entry of Ashoka Mehta who has seen fit to end his long wandering in the political wilderness. Indian planning has gained by opening its doors to a man who considers planning as a non-party job. The creation of broadbased commissions or study groups on the French model is not outside the possibilities of the Government. In India, where a single majority party is holding power—as wanted by the electorate in all freedom—it will not be easy to effect changes on the French model; but even a small beginning in this direction will go a long way towards putting Indian planning on a business footing. The French say that all "the living forces of the nation" find a voice in their planning machinery—in the sub-commissions and study groups. India, too, is full of complaining people, and every group has many reasons for discontent.

Regional discontents too call for solutions at the right time if they are not to lead to difficult situations later. At present, regional needs have not been codified in view of centralised action. The time has come for taking this subject away from the agitators by giving them membership in a Regional Studies Commission which could go into this question in all serenity. The National Council of Applied Economic Research has made exhaustive techno-economic surveys of different States, but the Planning Commission is far from having evolved any criteria or the right machinery for action on this front.

In India the three plans were purely Government effort; the fourth Plan will gain more coherence by wider consultations. The Ashoka Mehta example deserves to be extended, and the Government will be the first to gain by admitting new talent and welcoming voices conformist and dissident alike. The place of Prof. Shenoy and Mr. Masani should be in the Planning Commission and not outside it, and their quarrel should be with Professors V. K. R. V. Rao and Mahalanobis rather than with the Government. The idea of the Plan as a national effort will become a living reality only through a wider representation to the different articulate, educated and interested opinions in the country in the deliberations of our Planning Commission.

(Concluded)

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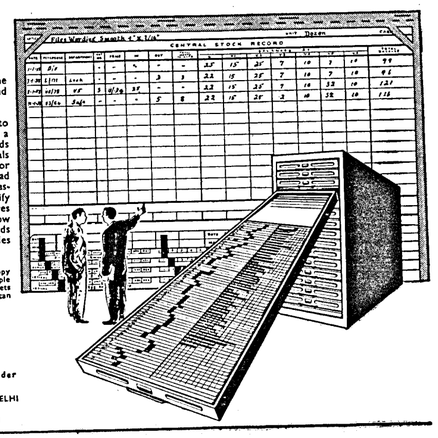

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"COMPANY HAS ATTAINED A STATE OF SUSTAINED GROWTH"

CHAIRMAN, MR. R. H. KAMANI, OPTIMISTIC ABOUT FUTURE

A NOTE of optimism about the prospects for the Kamani Engineering Corporation Ltd. was struck by its Chairman, Mr. R. H. Kamani, in his speech at the Eighteenth Annual General Meeting of the Company held at Bombay on Thursday, 23rd April 1964. The Company, Mr. Kamani claimed, had already attained a state of sustained growth and it looked forward to continuing enjoyment of the fruits of investment and faith of shareholders in the Company. He made special mention of the increasing demand for transmission towers and disclosed that the Company had launched in Rajasthan an expansion scheme which, when completed within two years, would greatly assist in meeting the demands of northern regions, besides helping it to increase exports. He alluded to the various difficulties experienced in the execution of export orders and urged the grant of high priority to steel for export orders and concessional prices.

The following is a summary of Mr. R. H. Kamani's speech:

Welcoming the shareholders, Mr. Kamani presented the Directors' report, audited profit and loss account and the balance-sheet and proposed them to be adopted.

It was a matter of great satisfaction for Mr. Kamani and the Directors that the Company had attained a state of sustaining growth and it could look forward to continuing enjoyment of the fruits of the investment and faith of the shareholders in the Company. He found that the new tax proposals were to a certain extent favourable to the basic industry, as in case of this Company to whom a tax relief of 10 per cent in income-tax and super-tax and of 20 per cent in surtax was available under these proposals. The latest concessions granted by the Finance Minister allowed an additional depreciation of 50 per cent on the major portion of the plant and equipment which were normally working on three shifts.

Company's Working

Mr. Kamani, deviating from the usual practice of specifically pointing out details of the accounts already included in the Directors' report, the balance-sheet and the profit and loss account, highlighted all round improvement in matters of profits and sales which were the *highest* in the Company's history. The profits before providing for the depreciation and the Managing Agents' remuneration had increased from Rs. 36.38 lakhs to Rs. 41.84 lakhs which recorded a rise of nearly 14 per cent. The profits had risen in previous two years from Rs. 24.80 lakhs by more than 68 per cent, which has enabled the Directors not only to increase the dividend from 9 per cent to 12 per cent in 1962-63 and to maintain 12 per cent but also to add to the reserve fund a further amount of Rs. 9 lakhs, in spite of their considerably increased burden of taxation during the same period.

Raw Materials

Referring to the raw materials position, the Chairman stated that, as a result of emergency, a very large portion of indigenous steel was being diverted towards high priority defence requirements which made the supply position more difficult than ever. Certain categories of steel had been decontrolled recently on the recommendation of the Raj Committee in the hope that it would help ease the supply position. It had, however, inevitably resulted in some confusion and difficulties in supply as also in steep rise in prices. The Joint Plant Committee appointed on the Raj Committees' recommendation had twice increased the prices and at present the Indian steel prices were the highest in the world. Mr. Kamani could not overemphasise the need for stabilising these prices at a reasonable level, as they had a very great effect on the economy of the country.

Mr. Kamani further pointed to the difficulties regarding timely delivery of matching sections which were being felt for the last two decades and he earnestly hoped that the Joint Plant Committee and the main producers would adjust the production programme to the demands of the industry. He also hoped that the export-oriented industry like this, would get steel at concessional prices as was the case in every exporting country in the world. Further, the Raj Committee had recommended import of certain quality of steel, particularly some special sections, to ensure timely availability of matching sections keeping the prices at a reasonable level. Mr. Kamani hoped that this recommendation would be implemented. He further suggested that the industry should be given regular quotas to import such matching sections on the basis of individual fabricating capacity and that the Government should permit exchange of controlled categories of steel amongst factories in order to ease to a certain extent the difficulties of getting timely supply of urgently needed steel sections. He also felt that the ultimate effect of the implementation of the Raj Committee report will be in the interest of the country and of advantage to this Company.

Transmission Line Towers and Structures

Mr. Kamani expected the demand for transmission line towers and structures to increase in direct proportion to the rapid increase in generating capacity of electric power, which was expected to be raised from 5.7 million kw. in 1961 to 23 million kw. in 1971. He, however, cautioned that the installed capacity, including the newly licensed capacity, was more than the prospective demand in 1971, and any addition to the existing capacity would be detrimental to the economy of the industry.

'Tractamount' Road Roller

In view of the increased demand, the factory had undertaken a programme of increased production of the improved model of 'Tractamount' rollers and it was proposed to add some new items of implements to this line of manufacture.

Erection

The Chairman was happy to report to the shareholders that the Company had completed five major transmission lines totalling to about 600 miles in five States, namely, Gujarat, Orissa, West Bengal, Andhra Pradesh and Mysore, and that it was a matter of considerable achievement that 240 miles of 132 kV trunk lines for Dhuvaram power station in Gujarat and 100 miles of 132 kV lines in Orissa passing through extremely difficult terrain were completed in record time. Construction works were going on in full swing all over the country—in Andhra, Assam, Bihar, Gujarat, Maharashtra, West Bengal, etc.

Mr. Kamani informed that three power generating sets for Trisuli hydro-electric project in Nepal were supplied and a transmission line was being constructed for the project. This was a gift to the Government of Nepal from the Government of India.

Yet another notable achievement, as mentioned by Mr. Kamani, was the contract for the installation of a ropeway with a big haulage capacity of 450 tons per hour, secured from Indian Iron and Steel Company, Ltd., in collaboration with the leading German firm of Pohlig. It would be one of the largest ropeways in the world and would be operating over a distance of 40 miles. The civil engineering work on this project had already started and the project was expected to be completed by end 1966. The orders on hand for supply of towers and erection were at present about 30 per cent more than during the previous year.

Expansion

In order to meet the increasing demand for towers, as also to retain the foothold in export market, our expansion scheme had been launched in Rajasthan which is expected to be completed within the coming two years, when the capacity would increase by 30,000 tons per annum, and would greatly assist in meeting the demands of the northern regions like Rajasthan, the Punjab, Uttar Pradesh, Madhya Pradesh and adjoining territories, besides helping increase in exports. The Government had already given clearance to the Company's application for import of necessary machinery and plants of the value of Rs. 45 lakhs. It was rather early to indicate the profitability of the scheme, but Mr. Kamani assured the shareholders that the expansion programme would involve no reduction in the amount to be distributed as dividend and would be to the best advantage of the Company. Once the production started, the profits would proportionly increase.

Railway Electrification

The first contract for railway electrification in the Eastern Zone having been completed, the Company had participated in tenders for similar work in other zones and there were good hopes for securing further substantial business, Mr. Kamani reported.

Exports

In the country today, Kamanis were the only exporters of transmission line towers and other structures and, in spite of numerous difficulties, all the pending orders were successfully completed. The order from the Nigerian Government for 132 kV transmission line towers was under execution. Mr. Kamani was sure that the shareholders would be happy to learn that two large orders valued at over Rs. 28 lakhs had been secured from National Power Corporation, Manila (Philippines), in spite of keen competition from well-known international firms, including the Italian and the Japanese. These orders, when completed during the current year, would bring the total export efforts of the Company to approximately Rs. 88 lakhs.

Referring to the various difficulties felt by the Company in execution of export orders, the Chairman commented that it was a difficult and unattractive proposition, as timely delivery of matching sections, shipping space at reasonable rates, facilities of pre-financing, etc., were not available. In order that quick delivery and longer credits demanded by foreign indentors be met, he suggested that higher priority should be given to steel for export orders and concessional prices should be charged, as was being done all over the world. He earnestly hoped that the Government would seriously consider these suggestions in order that not only the export level is maintained but also be substantially raised during the coming years.

Research

Various types of structural designs to effect economy in weights had been evolved, as a result of which Kamanis were the first in India to design, supply and erect 450 ft. high masts for All India Radio.

Agency Business

The Agency business has shown good results with an increase of about 25 per cent over last year's, mainly due to very large orders for insulators. Recently the Company was awarded an order for three power generating sets for hydro-electric power station for Kuttiadi project in Kerala.

Lahore Assets

Mr. Kamani referred to the Directors' report and stated that necessary legal proceedings had been instituted for the recovery of the Company's property in Lahore, as the same had been released from the Custodian of Evacuee Property, Pakistan, and he was hopeful of getting it back.

The Chairman attributed the progress achieved by the Company to the sincere efforts and willing co-operation of the workers and the members of the staff as also encouragement received from time to time from the Central and State Governments and the backing of the shareholders and thanked them for the same.

Note: *This does not purport to be a report of the proceedings of the Annual General Meeting.*

JESSOP AND COMPANY LIMITED

WAGON WORKS BEING REBUILT WITHOUT DISLOCATION

CHAIRMAN, MR. A. K. CHANDA, ON FURTHER MODERNISATION

THE need for modernising and expanding the existing works of Jessop and Company Ltd., so that it could meet the growing demand for its manufactures, was stressed by the Chairman, Mr. A. K. Chanda, in his annual statement to shareholders presented at their Thirty-second Annual General Meeting held at Calcutta on 29th April 1964. Mr. Chanda referred, in this context, to the rebuilding of the wagon works, which had been in progress, without affecting current progress and which would, on completion, add to the existing facilities for fabricating steelwork. He disclosed that steps were being taken to purchase a suitable site and complete other arrangements for initiating the expansion programme within the current year. But he added that the phasing of the programme would have to be planned after carefully considering the Company's financial position, the impact of taxation on its earnings and the possibility of securing both financial and technical foreign collaboration.

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

The Board of Management's report and accounts for the year ended 31st October 1963 are being circulated with this statement. Your Board feels that the practice introduced last year of incorporating the Chairman's statement in the report should be continued, as it gives the shareholders a comprehensive up-to-date picture of the Company's affairs.

The conditions in which an emergency had to be declared have not improved greatly and the need for strengthening our defence and developing our defence production remains as insistent as ever. The resources of your Company have been mobilised to increase its output generally with an accent on production of defence stores.

Your Company has had this year the unique distinction of having completed 175 years of engineering activity conducted from its premises at 63, Netaji Subhas Road, which now houses the head office. To mark the occasion, it is proposed to hold a simple function at the Dum Dum works, on a suitable date, in the near future.

Record Sales

Sales reached, in the year under review, a new record of Rs. 1,472.00 lakhs, against Rs. 1,282.00 lakhs in the previous year, an increase of 14.82 per cent. This was reached in spite of yet another crisis in the supply of electric power which restricted output for over two months. Credit for this achievement goes to the staff and workmen. I am sure you would join me in expressing our appreciation to them and our continued faith in them for maintaining the pace of progress.

Profit, Taxation and Dividend

The detailed working results and provisions for taxation are given in the report of the Board of Management. It will be seen that, after providing for all taxation, and depreciation, the profit will be Rs. 76.83 lakhs as compared with Rs. 65.42 lakhs for the previous year.

Despite increased earnings and larger profits, the ways and means position of the Company continues to be difficult. We had to ask the State Bank for additional accommodation to the extent of Rs. 1 crore only thus increasing our cash credit account No. 1 to Rs. 3.75 crores. In this situation, it would be imprudent to make a large distribution of profits. Nevertheless, your Board considers that some improvement in the rate of dividend should be made, and accordingly recommends that the rate of dividend should be increased to ten per cent. We expect to maintain this return in the coming years.

Production Increased

With the commissioning of the new road roller works at the end of February 1963, a determined effort was made to increase production from the previous years' output of 250 to 350. We succeeded in reaching a production of 320. Had not powercut, shortage of steel, etc., impeded our effort, we would have undoubtedly succeeded in reaching the target. Conditions remaining reasonably normal, we expect to reach a figure of 450 in the current year. It is gratifying to note that the indigenous content of our rollers has now reached the percentage of 97.

Production of electric multiple unit coaches for Bombay and fully furnished metre-gauge coaches were maintained at the levels programmed. Plans for re-equipping the works for all-welded production of coaches have also been finalised, but we do not expect that, due to the difficulties in obtaining delivery of specialised plant and equipment, we will be able to effect the changeover until April 1966. Additional orders for the riveted types of coaches have, however, been assured to us for the interim period.

The output of "BOX," "TPR," "O" and "CR" type wagons has improved and it is planned to concentrate the production of "BOX" wagons in the rebuilt wagon works from May 1964. This will free capacity in the structural works which is badly needed for our other activities.

Steps are in hand further to raise the output of electric overhead travelling cranes, wharf cranes and sluice gates.

The fabrication and erection of the vertical wheel gates for the Kosi barrage has been largely completed, except for the wiring of the gates for remote control. This work cannot be taken in hand until the special building to house the equipment has been completed by the project authorities.

The output of fabricated structural steelwork showed little improvement due to the continued shortage of matching steel; but I am happy to tell you that there has been a marked improvement in the supply position over the last four months. If this improvement is maintained, there will be a corresponding increase in production from April 1964.

A start has been made in the present mechanical works to produce high speed cold sawing machines, and saw sharpeners, and we expect to market these by June 1964. We also hope to have a 6'-0" arm structural radial drilling machine in production by October 1964. These machines, I am proud to say, have been completely designed by us.

Future Demand

With the rising tempo of industrial activity, there is a growing demand for the manufactures of your Company which we cannot meet fully within our existing production facilities. This reassures us, however, of continuing demands which will fill our order books for many years to come. We do not, however, contemplate this situation with satisfaction. We have to gear ourselves to greater effort and larger production to play our role in the national economic growth. With this purpose in view, we have already undertaken the modernisation and expansion of our existing works.

Modernisation and Expansion of Dum Dum Works

The rebuilding of the wagon works is now in its final phase, and as I mentioned earlier, we should be able to concentrate manufacture of "BOX" wagons in this works with effect from May 1964. I should add that this rebuilding programme has been planned and executed without interruption to current production for which credit is due to the co-operative spirit of our workers at Dum Dum.

One of the two 80'-0" assembly bays in the structural works has been completed and commissioned while the second bay is expected to be completed by April 1964. These bays will greatly add to the existing facilities for fabricating steelwork. The larger availability of matching steel should make it possible to utilise fully the capacity created.

Further Expansion

I regret to say that negotiations for the purchase of a suitable site for the expansion of our production, both in range and volume, have not progressed as we expected. But we are hopeful that we would be able to get possession within the current year and also complete other arrangements for initiating the expansion programme. I should, however, sound a note of warning. Our financial position, the impact of taxation on our earnings, the possibility of securing foreign collaboration, both financially and technically, are factors which require careful study and analysis and would naturally determine the phasing of our planned programme.

Labour Relations

I regret to say that we experienced continuous labour trouble throughout 1963. We were obliged to take action on illegal strikes in the mechanical, coach and road roller works, when the managers and staff were detained. The situation was handled with firmness and determination. As a result, there has been an improvement in production since December 1963.

Labour unrest has unfortunately been widespread throughout the engineering industry in West Bengal and we have not remained unaffected by this disaffection. It is disturbing that, in spite of generous production and profit-sharing bonus schemes which this Company has introduced and which enable the lowest paid employee of the Company, the *mazdoor*, to earn Rs. 120.00 a month, there is agitation, engineered no doubt by a small number of militant workers, which affects both production and their earnings by intermittent stoppage of work.

We continue to pursue a progressive employment policy and we trust our labour will realise and appreciate that increased productivity means increased earnings and amenities for them. We hope that the change of wind noticeable in December will hold to bring prosperity to us all.

Absenteeism

The high rate of absenteeism continues to be a major problem. The average at Dum Dum is 16 per cent; but after the *Puja* holidays, this reaches 30 per cent for a period of six weeks seriously disrupting all production programmes. This malady of absenteeism, together with the generous leave and holidays granted, compels the management to increase the labour force unnecessarily, adding to the cost of manufacture, reducing the profitability of the Company and therefore the earnings of workers themselves.

Electric Power Shortage

The general power shortage prevalent in the Calcutta area developed into a serious crisis in the beginning of May 1963, when one of the 50 MW. generators at the C.E.S.C's Cossipore power station broke down. This crisis lasted till end-May 1963, during which period extensive load-shedding and occasional total interruption of supply were enforced. The supply position once again deteriorated in early August 1963, when the C.E.S.C. had to reintroduce load-shedding, this time on account of shortage of water in the Rihand dam.

This sustained spell of acute scarcity of power has affected our production in no small extent.

It was not until the commissioning of the new 50 MW generator at New Cossipore in November 1963, that some improvement in the supply position became noticeable. Arising from this, and also from the prospect of a 75 MW generator at Durgapur being commissioned in the first quarter of 1964, we may perhaps now look forward to a period of assured and uninterrupted power supply.

The maximum demand recently sanctioned to us is just sufficient for our present needs, but we will undoubtedly require further increase to cope with the expansions in hand.

Matching Steel

The shortage of matching steel continues to be the greatest single obstacle to increased production, and a disproportionate amount of time is spent by senior staff in progressing supplies, and arranging substitutions. There has been a welcome change in the last few months as a large tonnage of steel has been received, both indigenous and imported, to match the accumulations of the last two years. It is difficult to say whether this pattern of improved supplies can be maintained in view

(*Continued on page* 765)

MAHINDRA AND MAHINDRA LIMITED

SIGHTS FIXED ON MORE AMBITIOUS TARGETS

CHAIRMAN, MR. KESHUB MAHINDRA, ON NEW PROJECTS UNDER WAY

THE varied manufacturing activities of the enterprises promoted by Mahindra and Mahindra Limited were succinctly reviewed by its Chairman, Mr. Keshub Mahindra, at the Eighteenth Annual General Meeting of the Company held at Bombay on 23rd April 1964. He also referred to the new projects under way for the manufacture of alloy steels and tractors. The assured loyalty of the Company's labour force, the steady accumulation of reserves and the continuing process of expansion—all these figured in the Chairman's review.

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

LADIES AND GENTLEMEN,

It is a proud privilege for me to be addressing you for the first time and to be able to extend to you a warm welcome to the eighteenth annual meeting. In their report to you, your Directors have expressed their deep feelings at the sad and sudden death of our Founder-Chairman, the late Mr. K. C. Mahindra. Many of you in this room, who knew him intimately over the years, will agree with me that his greatness lay in his sensitivity towards people —which produced in all of us a deep sense of affection for him. He looked forward to meetings such as these, for they provided him an opportunity to share his thoughts with you on many issues. His speeches were the products of a mind which had a unique appreciation of knowledge and a remarkable gift of language and judgment. His appraisals invariably germinated food for thought.

Company's Growth

Today I can think of no better way of paying adequate tribute to his memory and to the memory of the late Mr. J. C. Mahindra than to narrate to you the story of the growth of your Company. It was in 1945 that our late Chairman, together with his brother, laid the foundations of your Company. The first ten years were spent in formulating long-term objectives, procuring talent, laying down sound management controls and training technical and managerial personnel. This was the time spent in exploring and choosing. Financial resources were being harnessed for the period of growth. These were the foundations laid for establishing manufacturing industries basic to the country's economic development. The record of the last eighteen years bear testimony to their zeal, devotion and tireless efforts.

Machinery Manufacturers Corporation was the first venture with public participation. This Company was formed with the object of manufacturing carding engines for the textile industry. The history of this Company may be known to many of you. In the years that followed, serious setbacks had to be faced and met. The lack of a well-defined protective policy, as well as initial resistance to an indigenously manufactured product, aggravated the situation. It is, therefore, of considerable satisfaction that, after years of struggle for survival, today the Company continues to be the largest producer of carding engines in the country. After fifteen years of operation, the maiden dividend was declared two years ago. It was perhaps this experience which made the founders hesitate initially in inviting public participation in our new ventures.

Capacity for Jeep Production

Over the years a wide range of products were chosen for manufacture. The Automobile Division, which forms the principal activity of the Company, now has an installed capacity to manufacture 10,000 jeeps per year. This has been possible through an association with a large group in the U.S.A. and we have the privilege of having their President on our Board of Directors. The dependence on imports for components is fast diminishing and, with continuing progress in the field of ancillary production, it is anticipated that an indigenous content of 90 per cent will soon be achieved. The division is fully staffed with skilled technicians, and through its intensive training programmes for operators and engineers, it is to a great extent self-generating in its requirements of personnel. New factories are under construction at Kandivli, and it is envisaged that well integrated units will be ready for occupation by early next year.

New Projects

Recognising the advantages of linking substantial investment with the procurement of technical "know-how" from abroad, your Company promoted a number of other units which today serve our economy. In partnership with organisations in the U.K., various companies were formed to manufacture a range of products such as trailers, sintered products, air-cooled diesel engines, water meters and instruments. In collaboration with a German firm, a company was formed to produce synthetic resins, enamels and varnishes, while in association with an American company a unit has been set up to produce elevators.

Steel has always played an important role in the affairs of your Company, and while the import of steel sustained the Company during its formative years, a need was felt to establish a manufacturing unit in the country. To this end, in collaboration with a leading French firm, a company has been floated for the manufacture of alloy steels. This, as you are all aware, is a large project involving considerable capital outlay. A second large project is the manufacture of tractors in collaboration with one of the largest corporations in the U.S.A. This Company has been formed and shares will be offered to the public in the course of this year.

Looking back, it was in 1955 that shares were offered to the public for subscription. At that time the Company was privately owned by the family. Before the public issue, an offer was made to all employees of the Company, who had five years' service or more, to participate in the share capital. It is gratifying to remember that nearly all employees took advantage of the offer.

The first public issue was made with an offer of about Rs. 47 lakhs of capital. The response from the investing public was overwhelming. Over the years, there have been two further rights issues, incidentally both were oversubscribed, bringing the capital of the Company to the present level of Rs. 253 lakhs. And the number of shareholders has increased from 1,860 to over 5,500 today.

Loyalty of Labour

While the role of capital is not to be underestimated, it is labour which gives it a meaning in industry. I think of labour in its integrated sense, embracing all members of an industrial enterprise, whatever their functions. Without the effort of labour to plan and to execute, capital remains stagnant. Corresponding with the increase of capital, our own labour strength in the parent Company has increased from 1,200 in 1955 to nearly 5,000 today. Labour in the Company looks to the future for increased earnings, for opportunities to better their way of living and for chances of promotion. Over the last four years, over 800 vacancies have been filled through promotions from within—sufficient assurance that ample opportunities exist in your Company for advancement. Better pay, good service conditions and a share in the prosperity of the Company have been the benefits accrued to labour. In response, the Company has their assured loyalty and a desire and enthusiasm to meet the ever-growing need for better skill and more productivity.

In all our varied manufacturing activities, we have always laid emphasis on quality control and I can say that the quality of our products has ensured consumer satisfaction. Nor does our responsibility end with the sale of the product—the importance we have given to after-sales service has instilled a sense of confidence in the consumers, which must reap rich dividends in the future.

Growing Reserves

It is your faith and confidence that has made possible this growth. Great care has been exercised by your Directors to ensure fair and reasonable dividends. Keeping in mind the need for liquid funds for expansion and diversification, your Directors have favoured a stable policy of dividends. The operations of the Company over the years have fully justified expectations, reflected in the profits earned from year to year. The shareholders enjoy an added sense of security that the reserves of the Company have increased to Rs. 80 lakhs while the investment portfolio stands at Rs. 63 lakhs. In conformity with the views expressed by many of you, a modest beginning was made in offering you shares in the new steel company. I hope that, with continuing growth, there will be further opportunities for you to invest in new companies or in the expansion of the existing units—so that you may share in the prosperity of your Company—a share which rightly belongs to you.

Plans for the Future

The economy has reached a difficult stage in its development. The country through the Five-year Plans is in the process of reappraising the methods by which desired social objectives can be achieved. You may well ask whether this transitional period will have any effect on our industrial philosophy. I can only answer you by affirming that practically every unit in the group is in the process of expansion and that we have our sights fixed on more ambitious targets in the future. We would be failing in our duty if we did not continue to contribute to the growth of the community to which we belong. In these endeavours we do not doubt that there will be vast difficulties. The large commitments we have already undertaken are a measure of the confidence we have in the future.

In reminiscising over the past, I may have taxed your patience. The encouraging and guiding hand of the late Chairman is no longer with us. I am, however, fortunate in having the wise counsel of my colleagues on the Board which will make my task less burdensome. I have the loyalty of our employees and I hope your confidence. I am sure that you would like to join me in welcoming our two new Directors, Mr. Iengar and Mr. Hydari—they need no introduction from me.

You will be glad to know that for the five months of the current financial year, that is, to the end of March 1964, our operations in all divisions of our Company have been satisfactory. Production of jeep vehicles averaged 900 vehicles per month and deliveries have kept pace with this production. The Steel Division has maintained its rate of booking and the Machine Tool Division anticipates a considerable volume of business during the year. I would not like to conclude before thanking all the staff for their loyalty and devotion to work during the year.

I thank you.

Note: *This does not purport to be the record of the proceedings of the Eighteenth Annual General Meeting of the Company.*

Notice

INDIA GENERAL NAVIGATION AND RAILWAY COMPANY, LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE dividend for the two years ended 31st December, 1961 will be paid on 6 per cent Cumulative Preference Stock of the Company less U.K. taxes at 7*s.* 9*d.* in the £.

The dividend will be paid on 23rd May, 1964, to the Registered Stockholders as at 15th May, 1964 or in accordance with their instructions. The Preference Stock Transfer Register will remain closed from 16th to 22nd May, 1964, both days inclusive.

KILBURN AND COMPANY, LIMITED,

A. N. MITRA,
Secretary,
Agents.

2, FAIRLIE PLACE,
CALCUTTA-1, 22*nd April*, 1964.

BANGALORE WOOLLEN, COTTON AND SILK MILLS CO. LTD.

INCREASED GOVERNMENT DEMAND PROMPTLY MET

SANCTION FOR MORE CAPACITY TO BE UTILISED, SAYS CHAIRMAN

THE past calendar year was an exceptional one for the Bangalore Woollen, Cotton and Silk Mills Company Ltd., due to the very considerable demands from the Government, said Mr. D. W. Law, Chairman of the Company, at the Eighty-first Annual General Meeting held at Bangalore on 27th April 1964. But the Company met the Government's requirements within the specified time by working substantial portions of its machinery on three shifts. This, Mr. Law said, resulted, however, in a reduction of output of *Cotswol* and some cotton cloth to the disappointment of many of the Company's faithful customers. Referring to the Government's permission granted to mills in the latter part of 1963 to increase their loom capacity by 10 per cent and their spindleage by 7.5 per cent, Mr. Law said that the Company intended to take full advantage of that sanction and had under consideration a comprehensive expansion and modernisation programme.

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

GENTLEMEN,

I have pleasure in welcoming you to the eighty-first annual general meeting of the Bangalore Woollen, Cotton and Silk Mills Company Ltd. The Directors' report and the accounts for the year 1963 having been in your hands for the prescribed period, I shall, with our permission, take them as read.

Trading Conditions and the Home Market

The year under review was exceptional due to the very considerable demand for your Company's products by the Government and, since the cloth concerned, *Angola*, is an expensive one, the Government's demand had the effect of increasing the gross value of sales of all qualities to over Rs. 8.5 crores. Substantial portions of the mill machinery worked on three shifts in order to complete the Government's requirements within the specified time. As a result of this preoccupation, the output of *Cotswol* and cotton qualities was reduced and we had perforce to disappoint many of our faithful customers.

In the cotton section, selling prices continue to be controlled and thus the only method of maintaining margins is to increase efficiency and effect economies wherever possible, in spite of the rising cost of spare parts and vital stores.

Last year, I mentioned that *Varsity*, a "Terylene"-woollen suiting, which was introduced towards the end of 1962, had made satisfactory progress, and I am glad to confirm that the future envisaged for this cloth twelve months ago has materialised, and as soon as raw materials and manufacturing capacity permit, production will be further increased.

The silk section, although small, continues to play its part and make its contribution to the prosperity of the Company. As usual, difficulties were experienced in procuring raw materials and it is to be hoped that the silk supply position will be better this year.

Exports

Active steps are being taken to improve exports both of union and cotton fabrics but, unfortunately, Ceylon, which until 1961 had been one of the best of overseas markets, has been forced to curtail imports, thus affecting your Company's exports of cotton piecegoods to that island.

Trading conditions in Malaya have also not been encouraging, but exports of *Cotswol* and *Angola* to various markets, including the U.S.A., Canada and the U.S.S.R., were not inconsiderable and I hope, in 1964, business with these countries will still further develop. The United Kingdom is also showing an interest in these two cloths and recent reports from our sales staff indicate there are prospects for both cotton piecegoods and union fabrics in certain European countries and in West Africa. The necessity to export and to earn foreign exchange has our constant attention.

Cotton

The 1962-63 Indian cotton crop was most encouraging and the carryover at the end of the season improved to 19½ lakh bales, which was better by 5 lakh bales than in the previous year. The Government, in September 1963, suspended the compulsory survey scheme introduced in the previous season because the current season commenced with a larger carryover and crop progress was encouraging. It is estimated that the 1963-64 commercial crop will approximate to 58 lakh bales, which is satisfactory, but with mill consumption increasing, quite apart from the installation of additional spindles and looms, the supply position is not without its difficulties. The long-term solution to the country's ever-increasing demand for cotton is to improve the yield per acre. Both Central and State Governments are aware of this necessity and efforts are being made in this direction by further utilisation of fertilisers and the scientific development and distribution of seed cotton.

Improvements

The 34 additional looms, expected during 1963, duly arrived and have been installed, thus completing the union establishment. Conversion materials ordered to modernise parts of the carding and spinning departments have arrived and by the end of the year, negotiations with the labour association in connection with our modernisation plans in these departments were well advanced.

Several new machines for improving the efficiency of the dyehouse were installed, thus enabling this important section of the mill to keep up-to-date and to operate in an economical manner.

The changeover from coal to oil-firing was finally completed on 28th May 1963. The difference in the appearance of the mill now that coal is no longer used is most marked. The cleanliness resulting from oil-firing has already had its effect both on morale and on the quality of your Company's products. The cost of oil-firing the boiler is only fractionally higher than when coal was used.

General

Included in the profit and loss account under the heading "provision made in previous years no longer required" is a sum of Rs. 6,75,184. This figure represents the excess provision for the cost of electrical energy between 1955 and March 1963, when the rate at which your company was charged by the Mysore State Electricity Board and its predecessors was in dispute. This excess provision is, therefore, shown as income in the 1963 accounts. I am glad to report that a fresh electrical energy agreement with the Mysore State Electricity Board, which is valid for five years, was signed on the 30th September 1963.

Financial Position

The Company's financial position continues to be excellent, which is as well because the cost of our expansion and modernisation plans, which will be implemented during the next few years, is considerable.

Shareholders will notice that the accounts, with the permission of the Government, have been drawn up this year in a more modern form which is designed to present at a glance the salient features regarding the Company's financial position. Details have been relegated to notes and schedules.

Dividend

A final dividend of Rs. 18 per share has been recommended, bringing the total ordinary dividend for the year to 24 per cent gross, which is 6 per cent more than for 1962. Your Board considers that, on the year's results, this increased dividend is justified, but would draw shareholders' attention to the need to conserve funds for expansion and modernisation.

Future Prospects

It is to be hoped that this year there will be some relaxation in the price control of cotton piecegoods enabling mills to recoup some of the increasing costs of raw materials and stores, for, as you know, mills' selling prices have been pegged since the end of 1960. During the latter part of 1963, it was announced that mills would be allowed to increase their loom capacity by 10 per cent and their spindleage by 7½ per cent. Your Company intends to take advantage of this announcement and a comprehensive expansion and modernisation programme is under active consideration. World techniques in textile machinery manufacture have recently advanced so rapidly that there is a danger of new equipment becoming outdated soon after it is installed. The choice of which machine to purchase, provided the necessary foreign exchange is available, is thus a most important factor which is receiving the most careful consideration for, apart from the assistance the indigenous textile machinery manufacturing industry can give, it will be necessary to purchase the latest and most up-to-date equipment from overseas in order that your Company, and the cotton textile industry as a whole, can compete effectively in export markets.

Labour

It gives me pleasure to report that the cordial relations which have existed between the management and labour in these mills in the past, continued throughout the year, but once again excessive absenteeism has been a factor affecting production and this serious social problem is retarding the country's advance due to the many man-hours lost.

Acknowledgment

Once again I am confident you will wish to join me in expressing a tribute to all the officers, staff and employees without whose efforts the satisfactory results achieved would not have been possible.

During the year, your Company suffered by the deaths of Mr. Bennett and Mr. Nagesha Rao, both officers of considerable experience, whose services we had enjoyed for many years.

At the end of March this year, my colleague, Mr. R. E. McLellan, who was the Director in immediate charge of your Company since 1958, retired after over 30 years' service with the Binny Group. I would like to place on record our appreciation of his contribution to this Company over this long period during which your Company has progressed from strength to strength. Mr. McLellan has fully earned his retirement and I wish him and his wife all happiness in the future.

In conclusion I would like to express my gratitude to my colleagues on the Board for their loyal support and co-operation throughout the year.

Note: *This document does not purport to be a report of the proceedings of the General Meeting.*

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MANAGEMENT DEVELOPMENT IN HINDUSTAN LEVER

MR. P. L. TANDON, CHAIRMAN, EXPLAINS THE COMPANY'S SYSTEM

SELECTION, TRAINING, PROMOTION, ALL SCIENTIFICALLY DONE

THE Annual General Meeting of Hindustan Lever Ltd. was held at Bombay on Tuesday, 28th April 1964. In his address to the shareholders on this occasion, Mr. P. L. Tandon, Chairman, explained at great length the scientific manner in which the Company estimates its requirments of managers well in advance, selects the necessary personnel, trains them and promotes them, so that the best men may be found to perform the executives' jobs in the best possible manner. The following is the full text of Mr. Tandon's speech:

Even more than capital and raw materials has a rapidly developing economy to think of its resources of management. For ultimately how well the economy grows will depend upon the calibre of its managers and their attitudes. We, in India, have been fortunate in this respect. Growth of trained management has been rapid and much attention has been paid to this need, and how big is the problem may well be judged from a simple calculation. Out of two million jobs estimated to be created in each year of the third Plan, even at a ratio of 2 per cent of them being managers we shall need to train 40,000 new managers every year. This is, indeed, no small task, more so when it is considered that a manager not only must possess a basic discipline such as engineering, accountancy or marketing but to be really effective also receive training in how to be a manager: we have to develop in him besides his function the skills and attitudes of management.

We have always been conscious of this task, and how we view it and what we do about it is the subject of my speech today, as I feel you may be interested in knowing something about this most important aspect of our Company.

A Strong Tradition

Although founded by the genius of one man, our parent company has always been professionally managed. This has been a strong tradition with us and one we have valued in Hindustan Lever. We have always bestowed a lot of care on the proper selection, training, development and promotion of men and women; we have looked ahead at our needs, foreseeable and unforeseeable, and tried to provide for them before they arise. Nearly twenty years ago, as an instance, we appreciated the need for Indianising our management, and the process was handled with care but with boldness till it ceased to need any further impetus some years ago. Over twenty years ago, we began our Management Trainee selection scheme, which over the years has with attention and assimilation of new techniques improved until today it stands high by international standards. Opportunity for men from the general staff to rise to management has been another of our conscious efforts.

We have today 341 managers, of whom 178 or 52 per cent have risen from the ranks; a total of 11 or 3.2 per cent are expatriates; our selection and training department in 1963 recruited 26 managers and put through training courses 25 managers as well as 17 non-management staff; 5 from the staff were promoted to management. Our management strength forms 5.2 per cent of our total employees. Although essentially a manufacturing and marketing company, we have 27 women managers, who interestingly possess a diversity of specialised skills like psychology, operational statistics, scientific research, accountancy and home economics.

Management development with us is a complex of activities whose purpose, simply stated, is to ensure three things. First, to anticipate our requirements over the next five to ten years; second, to select, recruit and train men and women to fill those requirements; third, to develop attitudes and values in individuals that prepare them to meet their responsibilities at the standards we consider desirable. All this, ultimately, like capital expenditure, budgetting, annual estimates and operational plans, is the responsibility of the Board, assisted by the active participation of all our managers and operated by the Personnel Department, which has a member on the Board.

Management Forecasting

It takes time to make managers, especially to befit them for higher responsibilities; but we do not believe in age as a determining or even a particularly important factor, in fact it seldom enters our calculations. It is our experience that it takes about ten years to prepare a young manager to take over senior responsibility. If he has the ability and responds to development, with the opportunities that are constantly opening up in a growing and decentralised concern like ours, we would in fact be disappointed were he not able to receive his first shot of a senior independent charge in his early thirties. For all this much forward planning is necessary, especially where the future winners are concerned, for they have to be picked, groomed and trained for twenty years or more. And we may lose some in the process.

The instrument of forecasting is the Management Review which is prepared every year for the next five years. It is much like the Cash Forecast. It evaluates in terms of managers the needs of our business which will arise out of expansion, new projects, new products and organisational changes. This need is then equated with our internal resources, what will be generated by way of promotions from the staff to management, the losses that are likely to occur through retirements and losses through anticipated and unexpected separations. The exercise ultimately throws up our net requirement, which in a growing country and an expanding business must happily be always on the plus side.

The advantages of this exercise are three. In analysing our needs we make sure that they are genuine and not Parkinsonian; and in quantifying them we know when they are likely to arise and how we will meet them. Otherwise, it can easily become a case of people retiring or new vacancies arising without their having been provided for well in advance. We begin thinking of the replacement of retiring men some years ahead of the event. Men are nominated and tried, more so for senior positions. Planned transfers and cross-postings are also a part of development, often into functions different from their original skill or training. The third and important advantage is that the promotion potential within the firm gets carefully looked at. As it is the first priority to promote from within, each department, in stating its needs, will carefully consider how it can meet them from its own resources.

The Management Review is normally brought up to date every year, but sometimes circumstances may need an *ad hoc* study. Its preparation and follow-up, like the Cash Flow, keep our management resources under constant study.

Selection and Recruitment

The Five-year Plan is reduced to an annual operating plant of recruitment and the Board is kept in touch with its progress. Every quarter a statement of the total strength of the Company is prepared showing staff in each category, retirements, separations, promotions and recruitment, and this is examined by each department, its director and finally by the Board.

From where do we get our managers? First, always, we look within. Who is ready to be made a manager and who is ready to move up? The process of following initial selection of staff with a good original record, observation, training and grooming should ensure a regular flow from within and a ladder for the men and women with the right qualities to climb to the higher levels.

Secondly, we recruit young trainees, fresh from the universities with good degrees in humanities or sciences for the general side, in engineering and technology for production, qualified accountants for finance and audit. Experience may help, but we primarily look for a good mind and a likely ability to possess and develop the set of attitudes that we consider important for our business. These may be called "management-like qualities"; not easy to define but meaningful when they are there, and the cause of management failure when they are missing.

We resort to direct recruitment when it is necessary. In actual practice, this is mostly confined to specialists as in our agricultural operations, animal feeding-stuffs, research, economics, statistics, engineering, medical and legal fields where we do not have specialist resources within the Company. But sometimes even in non-specialist jobs if we have not got a suitable qualified person, rather than lower the standard we will go outside.

Despite all the care we take in selecting, 20 per cent of our trainees do not make the grade. This may sound a high proportion and is costly, but one we would not like to see reduced through a sacrifice in our standards or through over-caution. These are young men who are basically able and well qualified but have either not taken to business or have not developed the attitudes we need. The answer perhaps lies in a keener follow-up on our part; to carefully isolate these attitudes; to try and build them into our training and of course to ensure that those training the trainees are themselves conscious of them. This is a task that we are now attending to. Were I to attempt defining them I would say that they are, positively and negatively, a dedication to our business, keenness for achievement without a desire for power for its own sake, a deep social sense, and ability to get on with the job without wasting time on the frills. In short, we prefer solid ability to just virtuosity. I am, of course, taking for granted the usual qualities of intelligence, industry, integrity, self-confidence, etc. We like poise and ease but put no premium on background as a veneer. We have also managed to be respected by those who recommend candidates to us, for we will carefully look at everyone who knocks on our door because we are anxious to take in talent, but we make no concessions to influence.

Some Interesting Features

Some interesting features of our selection procedure may be worth mentioning. All applications—and we receive nearly 1,000 for every person selected—are screened for conforming to basic requirements of age and qualifications. Those who meet the requirements are sent a printed application form which, apart from details of the school and university career and any jobs held, asks for some data that would throw up academic and extra-curricular interests and hobbies, ideas about this career and any leadership experience at school and college. These are again screened by experienced persons, and the promising candidates are invited for a preliminary interview at the head office or one of our branches. Those who show promise are then invited to our head office at Bombay for final selections, which are held in two parts.

In the first part of final selections, a group of six to eight candidates is brought together to a conference table and given a choice of subjects and a case study which they discuss in the presence of four senior managers, who however only act as observers. The group is "leaderless" and has to organise its own discussion and provide opportunity to each member to display his qualities of mind as well as leadership and being led. Our consulting psychologist, who knows us and our requirements well, is also present at these group discussions, which he follows up with an interview at which each candidate is put through some psychological tests.

In the second part of final selections, the most promising candidates are put up before a senior board of at least two directors, the Personnel Director and some senior managers. From this group we finally select and offer appointments to as many as reach our standards, though we are always willing to take some risk with otherwise promising material. This must account for some of our losses. I should like to add that we try to make our selection procedure as objective and impartial as possible, particularly so that it leaves those who are not selected with a feeling that the process was fair. Secondly, the psychologist has not a decision-making function; his role is confined to the use of technical methods of assessing such aspects of personality requirements as are relevant to the job. The information that is gained through his tests is considered along with other impressions formed of the candidate. The psychologist's opinions are helpful to the selection Board but not decisive. All opinions of the psychologist are treated as confidential.

We find from experience that the group method of selection has several advantages. It provides for greater scope for studying the different aspects of a candidate's personality. A group can be given certain tasks which cannot be given to an individual. The men are seen together and are therefore easier to compare. Rejection is also less painful in a group method, and although the unsuccessful may not always agree with the decisions of the selectors, group inter-action will usually make it abundantly clear as to who stands out. In fact the candidates, when questioned individually, will usually pick the right ones themselves. Lastly, the procedure is economical.

Training

Whatever the methods and techniques followed in the selection procedure, personal interviews, group discussions, psychological tests, etc., selection is only the first stage in the total process of acquiring and developing managers. After selection begins our real task.

Training is given individually and on the job. We have found from experience that young intelligent trainees do not like to spend months in circulating around the various departments of the Company watching how others do their job; instead they like to get down to a job themselves and so our training programme is now job-oriented. Also, this is the best way of judging their performance and potential at an early stage. After a very quick familiarisation programme lasting only about four weeks in a Division, they are put to work in it. Let us take the marketing side, which absorbs the largest number of trainees. The young man will go into the field and work under a salesman for a month, after which he will work independently as a salesman for three to four months. He then works under a sales supervisor for a month and then independently as a supervisor for another three months or so. By now he has been "blooded" and can hold his own in the field. The men who work under him later should recognise that behind what he expects them to do lies experience and ability to do it himself, and well. After this spell of about nine months in the field he works in a junior management capacity in branch administration where he learns to deal with the field work from the office end. After some months of this he is seconded to a sales manager and helps him run an area. At the end of one and half years of all this training he is given his first managerial responsibility and appointed an Area Sales Manager. From then on he will go as far as he deserves.

All through the training his seniors devote a good deal of their time and attention to his progress, and the Board constantly receives reports on his progress. His Director will meet him regularly, and the Chairman occasionally. The progress reports are discussed in detail in a committee of the Vice-Chairman, his own Director and the Personnel Director. His training finished, a recommendation will be put up for confirming him in the covenanted grade of management; and the Chairman will usually personally hand him the covenant. He is from now on the Company's most valued investment, and we are deeply disappointed at our occasional failures, though they have to be faced in the interests of the Company as much as for his own sake.

Training never really stops. We have designed our own courses, principally to give the managers a broader picture of our operations and its environments and to sharpen their managerial skills. These courses are always residential and there they meet men and women from other sides of our business. The courses can be general or functional, as in marketing, finance, O. & M. To many of them we invite as participants men from our associate Unilever companies in Africa and Asia. We also send our managers to courses, seminars and conferences held outside the Company to provide the stimulus of meeting people from other organisations and particularly from Government and its undertakings. We send them to the Administrative Staff College at Hyderabad, the new Institutes of Management of Calcutta and Ahmedabad, the regional and the All India Management Associations, the National Productivity Council and to other more strictly functional courses.

Unilever's training facilities in the United Kingdom and its specialist courses in Australia and America are also open to us. We have also sent men to Henley and Havard. Lastly, we send a few men every year to the United Kingdom for specialised training with Unilever companies in that country and on the Continent.

We find all this training, carefully planned for both its content and timing, an integral part of the growth of a manager. It has to be judiciously controlled though, to stop it from becoming a fad. Each name for outside training is examined carefully by the Board and each manager is made to realise that he can get out of a course only in proportion to what he himself puts in.

A very useful aspect of training is the encouragement we give to our managers to accept various extra-mural responsibilities. In a developing economy, it is natural that demands should be made on our managers by Government and other organisations and it is only right that we should make our contributions in the fields in which we have special knowledge or experience. We are, therefore, always prepared to help as long as the demands made on us are consistent with the priorities and requirements of our own business. We believe that this kind of assistance is to mutual advantage and, in the ultimate analysis, we gain as much from such efforts as we give, because it adds to the knowledge and experience of our managers.

Promotion

Promotion is always and invariably on merit, irrespective of age or length of service. We frankly believe in the logic of the best man for the job, because only then will the job be done best. But evaluating merit is not an easy task. We, therefore, do not leave such evaluation entirely to the time when the need for promotion arises but make it a continual process, so that, when the time comes, it is quite obvious who the man is; in fact, normally, he has already been groomed for it. Evaluation with us is a constant process, consisting of progress reports, thorough training, personal contacts by the seniors and by annual personnel reports, discussions at the monthly Board meetings, job evaluations, short lists of promising men: all this helps to ensure unbiassed and objective judgment.

How do our managers respond to this system which takes away the crutch of "automatic" promotion? They accept it implicitly when they join us and, in fact, they often tell us that they regard this as one of the best reasons for joining us. The system, which they themselves will have the responsibility to operate, assures a fair assessment, and cases of unfair promotions are almost unknown. There may be two views on a quick or unexpected promotion but nearly always the sense behind the decision soon becomes obvious. The capable rise rapidly, so that they don't lose the fine cutting edge; some are inevitably left behind—arithmetic must work inexorably, for after all the shape of a management structure must be pyramidical. Those left are well looked after and have a very useful function in which their interest is kept alive through training and sometimes a change of job. In fact it is not that many are left behind but that some must get further and faster. To use an American phrase: There cannot be all "Chiefs and no Indians" (the American kind).

You may have noticed that I have frequently mentioned the Board in connection with selection, training and promotions of managers. This indicates not the control the Board exercises over these processes but the interest it takes in what I have already referred to as our most valuable asset. Management Development, as I have tried to describe it, is an integrated operation which has a quality of wholeness like marketing or manufacturing; and not merely the application of a series of isolated techniques. How well we grow, how sucessfully we meet the challenges will depend in the end on how well we select and prepare each man for his job and inculcate the right attitudes. I have tried to present to you the thinking and practice on this subject, but let me be clear. We are, of course, aware that what we are trying to do can be improved upon. To effect such an improvement is our constant endeavour.

Note: *This des not purport to be a report of the proceedings of the Annual General Meeting.*

Notices

THE CENTURY SPINNING AND MANUFACTURING COMPANY LIMITED

Registered Office:
Industry House, Churchgate Reclamation Bombay

NOTICE IS HEREBY GIVEN THAT THE Sixty-seventh Annual General Meeting of the Shareholders of the Company will be held on Wednesday, the 27th May 1964, at 4.30 p.m., at Industry House, Churchgate Reclamation, Bombay, to transact the Ordinary and Special Business mentioned in the Notice which is being posted to the shareholders along with the Explanatory Statement required under Section 173 of the Companies Act 1956, the Balance Sheet, Profit and Loss Account and the Directors' Report for the year ended 31st December 1963.

N.B.—A Member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member.

NOTICE is also given that the Register of Members and Transfer Books of Equity Shares of the Company will be closed from Saturday the 2nd May 1964 to Friday the 22nd May 1964, both days inclusive.

The Directors have recommended payment of a final Dividend of Rs. 18 per equity share (subject to deduction of tax under the Income Tax Act) for the year 1963, to be paid out of the Dividend Equalisation Reserve.

The Dividend when sanctioned will be made payable at the United Commercial Bank Ltd., Churchgate Reclamation Branch, Bombay, from 3rd June 1964, to those shareholders whose names stand on the Register on 22nd May 1964, to whom dividend warrants will be posted.

By Order of the Board,

R. S. VENKITESWARAN,
Secretary.

BOMBAY, 21*st April* 1964.

THE BENGAL FLOUR MILLS COMPANY LIMITED

NOTICE IS HEREBY GIVEN TO THE members of the above-named Company that the Annual General Meeting (being the one hundred and thirtieth Ordinary General Meeting of the Company) will be held at the Registered Office of the Company, 21, Netaji Subhas Road, Calcutta, on TUESDAY, 19TH MAY, 1964, at 3.30 p.m., to consider the Accounts of the Company for the year ended 31st December, 1963, and to transact other ordinary business.

NOTICE is also hereby given that the Transfer Books and Register of Members of the Company will be closed from 2ND MAY, 1964 to 19TH MAY, 1964, both days inclusive.

By Order of the Board,

BALMER LAWRIE & Co. LTD.,

D. MANSON,
Managing Director,
Managing Agents.

21, NETAJI SUBHAS ROAD,
CALCUTTA, 13*th April*, 1964.

Note:—A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. Such proxy need not be a member of the Company.

THE INDIAN ALUMINIUM COMPANY LIMITED

COST OF ELECTRIC POWER MUST BE KEPT STEADY

CHAIRMAN, MR. H. V. R. IENGAR, DRAWS ATTENTION TO A DEPLORABLE TREND

PRESIDING over the Twenty-sixth Annual General Meeting of the shareholders of the Indian Aluminium Company Ltd., held at Calcutta on 27th April 1964, Mr. H. V. R. Iengar, Chairman, drew attention to an important element of cost which had a direct bearing on the price of the Company's products and over which the management had no control, namely, the supply and cost of power. Since electricity was a major raw material for the aluminium industry, Mr. Iengar pointed out, producers sought to enter into long-term contracts with suppliers of electricity (State Governments, in the case of Indaluco) to ensure continued supply of power at reasonable rates. It was, therefore, obvious, Mr. Iengar emphasised, that the sanctity of such contracts should be preserved not only as an act of faith but also for sound economic reasons. But there was a tendency on the part of State Governments to levy duty on electricity consumption which had the effect of increasing the contracted price for electricity. Deploring this tendency, Mr. Iengar said that legislative powers, where they seek to vary or abrogate contractual relations, should be used, if at all, with great discretion and in the real interest of the community at large and never as an expedient to raise some additional revenue.

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

I have pleasure in welcoming you to the Twenty-sixth annual general meeting of the Company.

I think it will be in accordance with both the pattern set by tradition for Chairmen's speeches and with my own conception of what such speeches should contain if I adopted as a general theme today the responsibility of an organisation such as Indaluco in the developing economy of our country. But I would like first to deal with our performance in 1963.

New Levels of Sales and Earnings

As industrialisation of the country proceeds, the market for our products continues to grow, and large areas of demand remain unsatisfied or undeveloped. In these continually favourable conditions, and benefiting from the completion of increases in capacity undertaken in previous years, the Company achieved new levels of sales and earnings in 1963. The total value of sales at Rs. 138.9 million was 32 per cent higher than in 1962; gross profit improved to Rs. 38.2 million from Rs. 24.0 million, and net profits were also markedly higher at Rs. 16.0 million, compared with Rs. 12.6 million for 1962. The latter increase was achieved despite the higher tax charges in 1963 which reflected a reduction in development rebate, the impact of Super Profits Tax, and the company tax incurred in respect of the bonus issue. Taken together, all these figures are evidence of our sustained growth and amply justify our past investments in new productive units.

Whilst primary aluminium production rose by 10 per cent to over 25,000 tonnes, despite a prolonged power cut in Alupuram which reduced this smelter's output, and to which I will refer again later, there was a sharper increase in production of semi-fabricated products which rose to over 19,000 tonnes, from under 13,000 tonnes in the previous year. This increase in semi-fabricated output was made possible by the expansion at Belur completed in 1962 and by overcoming teething trouble encountered when the new equipment was first put into production. Output from our other plants continues to be very satisfactory.

Capital Issues

To meet part of the capital requirements for the current expansion of the Alupuram smelter, and for the foil mill under construction at Kalwa, the first benefits of which are not expected until 1965, a number of security issues were made during the year. The authorised capital of the Company was increased to Rs. 100 million by the creation of an additional four million ordinary shares, and the issued capital of the Company increased by rights issue of 801,276 new ordinary shares of Rs. 10 each at a premium of Rs. 15.50 per share, part of which is still to be called.

Additionally, a public issue of 7 per cent debenture-stock for Rs. 10 million was made on 11th January 1963, and the Commonwealth Development Finance Company Limited were issued £100,000 sterling debenture-stock on 30th March, completing an issue of £500,000 sterling debenture-stock agreed to in 1962.

Finally, on 30th December, there was a bonus issue of 1,200,889 fully-paid ordinary shares of Rs. 10 each in the proportion of one for four. Whilst this issue did not increase the amount of shareholders' funds employed in the Company, it brought the issued capital more into line with the true shareholders' investment.

On the basis of the results for 1963, and in view of the satisfactory level of activity experienced at the beginning of this year, your Directors felt justified in recommending a total dividend for 1963 of 17½ per cent on the augmented ordinary share capital. Simultaneously, the allocation to general reserve has raised it from Rs. 19.5 million to Rs. 31.5 million.

Effect of the Budget

You will wish to know the immediate effect of the budget proposals on the Company. Allowing for uncertainty of interpretation, the estimated net effect of the proposed changes will reduce the provision for company taxation in respect of 1963 by about Rs. 2 million, which will appear as a credit in the 1964 accounts.

The Company will benefit from the rebates to be allowed against income and super-tax and also against the new sur-tax. The Finance Minister's general policy of encouraging the development of particular industries includes the aluminium industry, and will facilitate future expansions.

We welcome the Finance Minister's intention to continue the development rebate for key industries beyond 1st April 1967. It is important to an industry such as ours in which new productive units require large amounts of capital and relatively long construction periods, to be assured of some stability in the fiscal climate. The Minister's assurance in regard to continuation of development rebate will be helpful from this point of view. Nevertheless, the proposed tax on bonus share issues and the 7½ per cent tax on distributed profits both seem certain to have an adverse effect on the capital market and to make the task of those who find it necessary to raise fresh capital considerably more difficult.

Future Plans

Looking into the future, our Company will continue to make progressive efforts towards supplying metal and fabricated products at reasonable prices, permitting us to pay good wages to our workers and to earn and distribute satisfactory profits. Beyond the pursuit of these interests, however, we feel a further responsibility to make such contribution as we can towards the expansion of aluminium production so badly required in India.

When the emergency arose as a result of the Chinese invasion, Indaluco offered immediately (*a*) to step up the production of aluminium in Alupuram by an extra 5,000 tonnes although, from certain points of view, this was not an ideal location for increased smelter capacity; (*b*) to make special alloys required by the Defence Services; and (*c*) to loan to Government, without any obligation, some highly qualified technical members of the staff, to enable Government to decide on the planning of the industry in the light of the rapidly changed Defence situation. All this was intended to be a measure of short-term assistance. On the long-term, the Company assessed what its place in the economy should be against the background of the requirements of metal in the country in future.

Expansion

On the best assessment we can make the country will require, by the end of the fourth Plan, very much larger quantities of metal than have been planned for at present. Your Directors realised that, if the Company should take its appropriate place in the context of metal required in the future, it should make an earnest effort to expand its operations. Naturally, they hoped that while the siting of new operations would be based, primarily, on the sources of power and of bauxite, it could be so adjusted as to lead to rationalisation of the Company's own transport structure, which, at present, due to historical reasons, is not entirely rational. All the arguments suggested that the Company should concentrate on getting permission from Government to expand on the West Coast.

I am glad to inform shareholders that we have had satisfactory discussions with the Ministry concerned, viz. the Ministry of Steel, Mines and Heavy Engineering, who have now asked us to submit an application for an industrial licence. We are submitting an application shortly. The intention is that, initially, we should put up a smelter with a capacity of 30,000 tonnes, but this will form a nucleus of a much larger scheme of integrated aluminium production on the West Coast.

Two Elements of Cost

Despite the strong demand we foresee, it is obviously desirable that production costs should be brought down, and it is the policy of Indaluco to make every endeavour in this direction. I wish to draw your attention to two elements of cost over one of which the Company has no control and over the other only limited control. The former is a matter of power supply and power costs; the latter of the productivity of labour.

Throughout the first half of 1963, we suffered long spells of power cuts at our Alupuram smelter, which resulted in a loss of 950 tonnes of metal production. In 1961 and 1962, similar power cuts had resulted in a loss of 150 and 400 tonnes respectively. There had been intermittent power cuts at Alupuram even before this period but we had reasons to believe that with the augmentation of power-generating facilities in the State there would be no recurrence of such power cuts. But the situation appears to be worsening. The extent of the 1963 power cut was more severe than any in the previous years and in the current year also a 25 per cent power cut has been enforced from February which has further been increased to over 40 per cent from March. These interruptions in power supply not only seriously affect production but cause technical dislocations which take considerable time and expense to remedy. Consequently, costs go up. However, we have an assurance from the Kerala Government that every effort is being made to increase generating capacity further and it is expected that, by the end of 1965, the necessity to impose power cuts will be obviated to a great extent.

There is also the tendency on the part of State Governments to levy duty on electricity consumption, which has the effect of increasing the contracted price for power. As electricity is a major raw material for the aluminium industry, aluminium producers seek to enter into long-term contracts with suppliers of electricity (State Governments, in our case) to ensure continued supply of power at rates which may sustain the industry on a long-term basis. It is, therefore, obvious that the sanctity of such contracts should be preserved not only as an act of faith but for sound economic reasons. Without belittling the omnipotence of the legislature, it seems necessary to point out that legislative powers, where they seek to vary or abrogate contractual relations, should be used, if at all, with great discretion and in the real interest of the community at large; never as an expedient to raise some additional financial resource.

Productivity Low

Apart from power cuts, an important factor which is preventing a reduction in costs is low productivity in India. A study which I had had made some time ago showed very unfavourable comparisons between our own plants and similar-sized plants overseas. I am not suggesting that the comparisons necessarily reflect adversely on the efforts of workers. Production per employee is influenced by a large number of factors other than the efforts of workers. Such other factors would include mechanisation, size of the productivity unit, adequacy of raw material supplies and transport, production planning, management and scientific knowledge and so on. My submission is that each of these aspects should receive close attention and scrutiny, for thus only can we achieve internationally competitive standards of productivity and maximum economies of production.

An important influence on productivity is the human factor involved in management-labour relations. Last year, in my address to you, I had mentioned that it was imperative that we secure the co-operation of trade unions and industrial workers in order to achieve a standard of productivity which is comparable to those outside India. Your management has been unsparing in its efforts to develop such standards of productivity. I have pleasure in informing you that, following the understanding we have reached with the Union in Hirakud, there has been significant improvement in production and efficiency. I am also happy to inform you that our Alupuram Union has recognised the necessity for further increasing productivity and rationalising work standards and has agreed with the management to make every effort to man the new smelter with the existing personnel, as far as possible. I consider this a significant step demonstrating an enlightened trade union attitude.

"Negotiate in Good Faith"

In a democratic society, industrial disputes are bound to occur and it is common knowledge that such disputes are invariably resolved in course of time. It is also obvious that the most enduring way of resolving these disputes is through collective bargaining and mutual consent. And yet I find these processes becoming increasingly ineffective and slow. Sometimes a great deal of damage is done both to the industry and the workers by such procrastination. In the majority of cases, the delay hardly improves the bargaining position of either of the parties and only contributes to a national wastage of effort. It seems that both sides must train themselves to negotiate in "good faith." Exaggerated demands in the hope that an understanding would be reached somewhere at the "half-way point" should be eschewed. There should be sufficient appreciation of the fact that a co-relationship exists between wages, production, and costs. Collective agreements are, no doubt, the results of give-and-take but the methods which the parties pursue should be based on goodwill, a scientific approach, and must demonstrate a regard for the public interest. I feel that if these considerations are kept in view, a tradition of healthy, mutual negotiations will be established in the country and will prove beneficial both to industry and the workmen.

Rigid Postures

On this problem of human relations as affecting productivity in industry views appear to have become stratified. The different parties concerned, viz. the Governments, both the State and the Union Governments, the trade unions of different persuasions, and different employer organisations have taken up positions involving some rigidity of posture. It may be that a solution has to be many-sided; it may involve re-thinking on the part of all three parties. It seems necessary that a fresh look should be given to see where a break-through is possible. A solution may arise out of a fresh study of the problem by a body such as the National Productivity Council which, happily, has a tradition of a joint approach to problems of productivity by trade unions, employers and Government, with the assistance perhaps of outside experts. Your management has discussed the problem—not as a problem affecting Indaluco but as affecting Indian industry generally—with the National Productivity Council and has also offered to finance a research project up to a lakh of rupees. I hope something useful will emerge out of our discussions with the N.P.C.

Tribute to Former Chairman

Before I conclude, I have to make reference to a sad fact, of which I am sure all of you are aware. Mr. K. C. Mahindra, who was at the helm of the Company's affairs for over twelve years, died on 31st October 1963. As an industrialist, a philanthropist, and an elder statesman, Mr. Mahindra was well known throughout India and many obituaries have been written mentioning these traits. Your Company's relations with him were, however, more intimate. He guided the policies of your Company and set the pace for its continued growth and for its high standards of efficiency. In many of his addresses before you, he pledged the Company's resources to the development of the aluminium industry in India. In his last address to you, he made a prophetic observation. Referring to the expectation that India would reach the stage of a self-sustaining economy by the end of the Fourth Plan, i.e. 1971, he said: "In our own sphere of industrial operations, I make bold to state that the Indian Aluminium Company would reach this stage five years ahead; I mean that expectations are that your Company would by 1966-67 achieve sufficient strength to stand on its own and generate enough technique, enough management, and enough resources to follow through further expansions." Probably, his hopes have already been realised, but let us, in mourning his loss, resolve to fulfil all his expectations through dedicated service to the Company, the industry, and the country.

Finally, I wish to thank on your behalf the management and all the employees of the Company—the staff and the workers—for their efforts and co-operation which contributed to the satisfactory results of 1963.

Note: *This does not purport to be a record of the proceedings of the Annual General Meeting.*

COMMERCE (1935) LTD.

SPEECH OF CHAIRMAN, MR. J. M. MEHTA

THE Twenty-ninth Annual General Meeting of Commerce (1935) Limited was held at Bombay on Wednesday, 22nd April 1964. Addressing the meeting, Mr. J. M. Mehta, Chairman of the Company, held out the hope that the year 1964 would be a more favourable one. He disclosed that the Company had undertaken the publication of two well-known diaries which were hitherto being published in England.

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

GENTLEMEN,

I have great pleasure in welcoming you to the twenty-ninth annual general meeting. The Directors' report and the audited accounts of the Company for the year ended 31st December 1963 have been in your hands for some time and, with your permission, I will consider them as read. I shall, however, briefly review the working results.

Judged against the background of growing competition, a sustained improvement in the gross earnings of the Company is, you will agree, a matter for satisfaction. Revenue from subscription has registered a slight decline, but this has been compensated by a notable increase in income from advertisements. There has been a rise in establishment (staff) expenses, and the tax liability, too, has become heavier, as, under the Finance Bill 1964, the Company has to pay 10 per cent (or an additional Rs. 10,400) more than in the previous year. In spite of this, I am happy to report that the distributable profit is adequate to maintain dividend at the previous year's level, as well as to transfer a small amount to general reserves.

Prospects

As for prospects, I expect that the year 1964 would be more favourable for the Company. New subscribers are being enrolled and revenue from advertisements is likely to maintain its upward trend. I must particularly mention, in this connection, the move of the management to undertake the publication of two well-known diaries, namely, *Textile and Engineering Diary of India and Pakistan* and *India and Pakistan Wool, Hosiery and Fabrics*, which were hitherto published by Messrs. John Worrall Ltd., Oldham, England. The contract for acquiring the publishing rights by your Company in respect of the diaries has recently been finalised with the British firm and the Reserve Bank's sanction to remit part consideration obtained. The 1965 editions of the diaries will be published early next year. The publication of the diaries by us will, I hope, augment the earnings of the Company and also result in a saving for the country of much needed foreign exchange.

Simultaneously with the aforesaid proposal, the management is making renewed efforts to increase the circulation of the journal and to gather larger advertisement revenue by making the journal more popular.

Before concluding, I wish to express my appreciation of the good work done by the staff headed by the Editor, Mr. Rayan, during the year and, with their continued support, we can look forward to increasing prosperity.

G. CLARIDGE & CO. LTD.

MODERN MACHINES BEING INSTALLED

CHAIRMAN, MR. P. S. MISTRY'S STATEMENT

THE management of Messrs. G. Claridge and Company Limited is trying to do its utmost to modernise the press by installing modern machines from time to time. This assurance was given by Mr. P. S. Mistry, Chairman, in the course of his speech at the Forty-fourth Annual General Meeting of the Company, held at Bombay on Wednesday, 22nd April 1964. It was the installation of new machines, he said, that had enabled the Company to increase the turnover, in the face of keen competition.

The following is the full text of Mr. P. S. Mistry's speech:

GENTLEMEN,

I am very glad to welcome you to our forty-fourth annual general meeting.

The annual report is in your hands for some time now and you must have noticed that, during the year, the management has once again installed new machinery to modernise the press. Amongst the new machines that have been installed are:

Roland Favorit Offset Press,
Polygraph Casing-in Machine,
Book Sewing Machine, and
Polygraph Wire Feeder Stitcher Machine.

Thus you will observe that the management is trying to do their utmost to modernise the press by installing modern machines from time to time, although you will agree with me that it is extremely difficult to get import licences due to foreign exchange shortage.

It is the installation of new machines which has made us stand against all the market competition and increase our yearly turnover without which, in view of heavy wage bill and rising cost of paper and materials, the results would not have been as satisfactory as outlined in the report.

We have definitely maintained quality of our work and could class ourselves as one of the leading presses in this country, and this has been once again proved by winning State Awards as follows:

Two—First class prizes

Two—Second class prizes

A certificate of merit for the exhibit of greeting cards from the Bengal Printers Association.

These are in addition to the number of prizes that we have to our credit in the past.

Last year in my speech, I touched on the problem of accommodation which had become very acute at that time and—I said that the management were examining alternative site for further expansion. In this direction, I may inform you that we have temporarily shifted one portion of our press at a vacant room within the Empire Dyeing and Manufacturing Company Limited premises, but ultimately we shall have to give due consideration for a suitable site to accommodate our press, if further expansion is contemplated.

You must have already noticed from the Directors' report you have in your hands that, since the new Finance Bill has now been accepted, your Company, being a company in which public are not substantially interested, will have to pay unfortunately 10 per cent more of the taxable income for supertax besides the dividend paid last year will attract a tax of 7½ per cent. Provision for taxation has been made taking into consideration all these factors.

Lastly, I hope that this year will eventually turn out to be better as compared with 1963.

BUCKINGHAM AND CARNATIC COMPANY LIMITED

CHAIRMAN, MR. D. W. LAW, EXPLAINS FALL IN EXPORTS

PLANT AND EQUIPMENT TO BE MODERNISED FURTHER

RESTRICTED import policies adopted by Ceylon, disappointing demand from Malaya and Burma, establishment of their own textile industries by the erstwhile satisfactory export markets and popularity of mixed fabrics, especially Terylene/cotton blend, were cited as the reasons for the fall in foreign exchange earnings from Rs. 1.64 crore to Rs. 1.17 crore of the Buckingham and Carnatic Company Ltd., during 1963 by Mr. D. W. Law, Chairman of the Company, in the course of his speech at the Forty-third Annual General Meeting held at Madras on Tuesday, the 28th inst. Mr. Law, however, added that, in an endeavour to find new outlets, the members of the Company's sale staff had made extensive tours of overseas markets. The Chairman also referred to plans for a progressive modernisation and expansion of the Company's plants, which were under the Directors' active consideration. He referred, in particular, to the intention to install modern, high speed machinery for increasing productivity and reducing costs as part of the plan to step up the export business.

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

GENTLEMEN,

It is my pleasure to welcome you to the forty-third annual general meeting of the Buckingham and Carnatic Company Ltd. Since you have had an opportunity to study the Directors' report and the accounts for the year ended 31st December 1963, I shall, with your permission, take them as read.

Trading Conditions and the Home Market

Gross sales once more exceeded those of the previous year emphasising the continued demand for your Company's products and indicating that output was maintained at a satisfactory level. Sales would have been still higher if the mills had not lost the equivalent of 10 days' production in June due to a stay-in strike. The additional turnover has not resulted in a higher margin of profit, as costs have risen and selling prices for the home market are still controlled. The effect of increasing costs cannot, therefore, be offset by greater margins and the present margins can only be maintained by greater efficiency in plant operation and economy in the use of stores.

Exports

Foreign exchange earnings unfortunately show a marked fall when compared with 1962. Export sales total Rs. 1.17 crores, as against Rs. 1.64 crores in the previous year. The Ceylon market, once the major market for your Company's products, again did not come up to expectations due to restrictive import policies and the acute shortage of foreign exchange. As in the previous year, demand from Malaya and Burma was also disappointing and at the moment there are no prospects of the Burma market improving. Efforts are being made to obtain a greater share of the Malayan trade where for so many years your Company's cloths have been in constant demand.

Other erstwhile satisfactory export markets are commencing to establish their own textile industries, thus affecting Indian mills. In an endeavour to find new outlets, members of the Company's sales staff have made lengthy journeys overseas and it remains to be seen whether their efforts will bear fruit. Initial reactions are encouraging.

There is no doubt that cotton/mixture fabrics (especially teryfene/cotton blends) which are easier to wash and require little or no ironing, have made their mark in the more sophisticated export markets, thus reducing the demand, to an extent, for conventional cotton piecegoods. Your Company is making progress with such mixture fabrics, but whether export business will result is problematical.

Indian mills can only continue as major exporters if they can lower their costs, improve their quality and cater for changing fashion demands more quickly.

Cotton

The 1962-63 Indian cotton crop was very good and the carryover at the end of August 1963 improved to 19½ lakh bales as compared with 14¼ lakh bales at the end of August 1962. In September 1963, the Government suspended the compulsory survey scheme introduced at the beginning of the previous season, because the current season started with a larger carryover and the progress of the crop was encouraging.

We now know that the 1963-64 cotton crop is a good one, and at present it is estimated at around 58 lakh bales. Quantitywise, the crop is up to expectations, but with the all-India mill consumption figures proving to be very much higher than expected, the supply position is by no means easy, particularly as additional spindles and looms are being installed in various parts of the country. As a result, raw cotton prices are high.

To make good the shortage of this essential raw material, it is most important that urgent measures are taken to improve the overall yield of cotton per acre, which continues to be well below that of other major cotton growing countries, and the stage has now come when intensive and scientific farming must be undertaken. The Central and State Governments are alive to this problem, and it is hoped that before the end of the Third Five-year Plan a substantial improvement in the quality and quantity of cotton grown in India will have been achieved.

Financial Information

The financial position of your Company continues to be strong, though owing to unusually heavy deliveries of cotton during the last two months of the year, the Bank overdraft was substantially higher than at the close of 1962. Your Board are now actively considering ways and means of financing the substantial programme of modernization and expansion to which I shall refer later in my speech. It may be necessary for outside aid to be obtained, the extent of the financial burden possibly being beyond the Company's internal resources.

The usual amount of Rs. 5 lakhs has been allotted to the debenture redemption fund bringing the total amount now set aside to Rs. 60.44 lakhs.

Shareholders will notice that the accounts, with the permission of the Government, have been drawn up this year in a more modern form which is designed to present at a glance the salient features regarding the Company's financial position. Details have been relegated to notes and schedules.

Labour

Last year, I made a reference to the settlement reached with representatives of labour on the rationalisation of the spinning departments and to the negotiations for rationalisation in other departments which were then in progress.

In May 1963, after the settlement on rationalisation in the spinning departments had been in operation for over two months, a settlement was reached before the Labour Commissioner on the reorganisation of the engineering department and the revision of wages of the workers therein. This settlement was based on the award of the Industrial Tribunal, Madras, in respect of textile mills in Coimbatore and Madurai and was in some ways more favourable to our workers than the award of the Industrial Tribunal. However, implementation was obstructed by an unrecognised union which incited the workers of the engineering department, who had gained substantial benefits from the settlement, to stage an illegal stay-in strike. Despite this obstruction, the productive departments of the mills were kept working for over two weeks. When this unrecognised union failed in its attempt to bring the mills to a standstill, other minor unions stepped in and brought about an illegal stay-in strike in the spinning departments, and the Company was obliged to close the mills. With the Government's help, however, and the co-operation of the vast majority of the workers, who were anxious to work, the mills resumed operations some days later.

The regrettable state of affairs that results from inter-union rivalry was also seen in many textile mills in Coimbatore immediately after the bonus dispute had been settled through the good offices of the Chief Minister of Madras—and I hope that steps will soon be taken by the Government to eliminate the threat to industrial peace presented by the uncurbed activities of minority unions.

Barring the unfortunate closure of the mills in June last year, I am glad to report that industrial relations have been generally satisfactory. Absenteeism, however, showed no significant improvement.

During the year, an agreement was reached with labour whereby an enhanced retirement gratuity becomes payable. The total estimated liability not provided for amounts to Rs. 1.20 crores. Provision will be made out of profits for liabilities accruing in future which are estimated at about Rs. 5 lakhs per annum while the question of meeting out of reserves payments in respect of past services, is now receiving consideration.

The report of the Bonus Commission has recently been released and I can only say that the majority report is unrealistic and unsympathetic to the needs of industries in a developing economy. If this country's Five-year Plans are to prosper, the need to rehabilitate and modernise existing plant and machinery and to ensure a return on capital sufficient to attract the investing public, both at home and from overseas, cannot be disregarded. The majority report of the Bonus Commission makes no provision for rehabilitation or modernisation as a prior charge when arriving at the distributable surplus before granting bonus—and even the rate of return on capital, which was considered to be fair and reasonable by the Labour Appellate Tribunal in 1950 has, in effect, been reduced. The representative on the Commission of the employers in the private sector has submitted a minute of dissent with regard to these particular issues, and I hope that Government will give due weight to it before taking action on the Commission's report.

Development

In common with many textile mills in India, much of our machinery is old and your Directors have under active consideration plans for the progressive modernisation and expansion of the plant. Particular attention is being given to the modernisation of certain dyehouse processes and to the provision of increased capacity for generating process steam.

In order to increase the Company's export business it is intended to install modern, high speed machinery, so as to increase productivity and reduce costs. Imported textile machinery is necessary for this purpose and it is hoped that the Government will assist the Company to obtain such machinery by releasing the foreign exchange required.

Dividend

Your Directors have again recommended a final dividend of Rs. 12 per share bringing the total ordinary dividend for the year to 18 per cent gross. The increased dividend paid for 1961 and 1962 has thus been maintained, but I would again remind shareholders of the need to conserve funds and would point out that in paying a total dividend of 18 per cent for the year, the transfer to general reserve has been reduced from Rs. 8 lakhs in 1962 to Rs. 2.50 lakhs this year.

Future Prospects

In 1964, costs again are expected to rise but as against this, the Emergency Insurance Fund levy is unlikely to be the burden it was in 1962 when it cost your Company over Rs. 8 lakhs.

The Tariff Commission appointed to investigate the industry's selling prices has not so far issued its report. As each day passes there is a stronger case for permitting mills to raise their selling prices and it is to be hoped that the representations made to Government by the textile industry will be listened to with sympathy.

Acknowledgment

The results achieved, in spite of the loss of production in June, are due to the continuing loyalty and endeavours of the officers and staff of your Company who, as I said last year, in spite of fresh problems and complications have continued to serve with that efficiency and steadfastness which we have come to expect. You will no doubt wish to join me in thanking them for their services during 1963.

In conclusion, I would like to record my thanks to my colleagues on the Board for their loyal support and co-operation.

Note: This document does not purport to be a report of the proceedings of the General Meeting.

CONCENTRATION OF ECONOMIC POWER

SOME COMMENTS ON DR. RAO'S NOTE

By R. L. Varshney
LUCKNOW UNIVERSITY

IN his recent note, Dr. V. K. R. V. Rao has given top priority to limiting the size of individual enterprises in the private sector with a view to establishing an egalitarian society. Dr. Rao overlooks the fact that industrial units should be sufficiently large to ensure economies of scale and, in many cases, the requirements of modern technology are such that there is no alternative to bigness. The Chairman of the Premier Automobiles stated some time back that the prices of automobiles manufactured in his unit could be reduced by Rs. 1,000 per car, if the unit was allowed to increase its capacity from 10,000 cars to 20,000 cars per year. Moreover, the Government of India already gives a positive preference to new enterprises and, as far as possible, licences are diverted away from larger business houses. This policy of the Government of India has been strongly criticised by the World Bank Team which has pointed out that the policy of encouraging the establishment of small- and medium-sized units in the private sector in preference to large ones has been an important factor aggravating industrial costs in India. The Ministry of International Trade is also reported to have urged the licensing of sufficiently big units in export industries, in order to ensure economical production and lower costs.

Dr. Rao has emphasised in his note, that the existence of a large private sector promotes concentration of economic power and influence, and the primary object of his recommendation for limiting the size of individual enterprises seems to be to prevent such concentration. The facts are different. The Government has already got enormous powers to control every form of activity in the private sector, whether it be trade or industry, production or distribution, finance or management. The Government is in a position, if it likes, to prevent not only any abuse of economic power but also to direct production and distribution of goods according to desired ends. If there is concentration of economic power, it only proves that the Government is not properly enforcing the powers that it already enjoys over the private sector.

Another method to avoid the possibilities of concentration of economic power is to promote what is called Corporate Democracy by jealously safeguarding the interests of shareholders. The Government should see that ownership of shares is widely diffused. There is already a trend towards this direction which has to be encouraged. A survey of ownership of shares, published in the Reserve Bank of India Bulletin, May 1962, showed that 70 large-sized companies, having a paid-up capital of Rs. 1 crore or more, had 207,000 shareholders. The Companies Act may also be suitably amended to provide that at least two-fifths of the directors would be elected by the shareholders themselves from outside the controlling group by means of a single transferable vote to ensure proportional representation to the minority interests. This would have a salutary effect, inasmuch as the directors would be put on their guard and would not be in a position to do anything against the interests of the company very easily. There is also evidence to show that the shareholders are not a docile lot as they are supposed to be. At the recent annual general meetings of the Premier Automobiles and the Automobile Products of India, the directors did not have an easy go and a poll was demanded on a number of issues.

While Dr. Rao talks of concentration of economic power, he overlooks the evils of concentration of economic power in the hands of the State. An industrialist who wants to start some project has to get the approval of some Government authority or other at every stage right from the commencement of the project. As a result, economic power is being gradually concentrated in the Government and the Government is in a position to determine the nature and direction of economic activity. And concentration of economic power along with political power in the hands of a small group of politicians and bureaucrats is worse than the concentration of economic power in the hands of a few businessmen who could be controlled by the State. The former is infinitely more dangerous to the working of democracy than the latter.

Mere regulation of consumption of essential commodities will not ensure their availability to all sections of the society. In fact, there is a limit beyond which the consumption of essential commodities does not increase with every increase in income. It is the consumption of articles of luxury that increases proportionately with an increase in incomes. And to control their consumption, excise duties may be levied on articles of luxury, or ostentatious expenditure can be checked by the imposition of an expenditure tax. In order to ensure availability of essential commodities to all sections of society, what is required is an all out effort to increase production of food and cloth—not of superfine cloth but of a few varieties of standardised cloth for mass consumption. The problem is not one of distribution but of production.

Dr. Rao has not made clear the special steps he wants to be taken for the benefit of the weaker sections of the community. The weaker sections are interested in an assured supply of food and cloth at reasonable prices. In a sense, our planning is a dismal failure, inasmuch as we have not been able to achieve any sustained growth in our food production. Instead of having large dams for irrigation, we should have a crash programme of minor irrigation works so that our agriculture may become independent of vagaries of nature. To ensure availability of cheap cloth to the masses, the Government should ask the textile mills to produce standardised varieties of shirting, longcloth, dhotis and saris for mass consumption on a large-scale. In order to provide equal opportunities to the weaker sections, a programme of compulsory free education should be introduced at least upto the high school standard. Education is an area where there is an urgent need of nationalisation.

Dr. Rao has rightly emphasised that regulatory measures suggested for private enterprise should not hamper either production or efficiency or the free flow of foreign capital and technical assistance. It may be noted that Socialism is not an end in itself but only a means to an end—improvement of the standard of living of the masses. And this requires that State should do only what people are not willing or competent to do.

Dr. Rao has emphasised the difficulties in getting personnel of the requisite quality and competence for the public sector as also the difficulty of retaining them for long when it does get it. This itself speaks of the high efficiency of the private sector and its capacity to pay high wages to its personnel. Why not make service conditions in the public sector more attractive? If the private sector can pay better, why cannot the public sector do so? It is common knowledge that service conditions in the public sector are not as ideal as they should be.

Dr. Rao refers to the enormous patronage which the existence of a large private sector gives to the few hundred top leaders of business and industry in appointment, purchases, sales and advertisement. Do the Ministers not take advantage of this patronage? It is common knowledge that many a Minister has been able to get his kith and kin employed in the private sector on fat salaries. The basic question is that the nation lacks in such essential qualities as honesty and integrity. There is no guarantee that the people who are asked to make appointments or take decisions in the matters of sale, purchase and advertisements in the public sector would be more honest than those in the private sector. Nay, in the public sector, profit-motive that ensures efficiency would also be absent. Public money is nobody's money. Naturally, the decisions would be more reckless. Moreover, the power to bestow favours in the hands of a few Ministers and bureaucrats is more dangerous than that in the hands of thousands of businessmen.

THE NATION'S BUDGET — covers all activities concerning the welfare and security of the citizens. It reflects the pre-planned economy which is the nation's target. The responsibility of expenditure and income coming true — balancing the budget — is shouldered by Government. In our democracy, this responsibility is shared by us all.

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CENTRAL BANK OF INDIA LIMITED

MR. HOMI MODY DEFENDS AGREEMENT ON DEPOSITS

CRY FOR NATIONALISATION OF BANKS DEPLORED

THE Inter-Bank Agreement on maximum rates of interest on deposits was defended by Mr. Homi Mody, Chairman of the Central Bank of India Limited, in his speech at the Fifty-third Annual General Meeting of the Bank held at Bombay on Tuesday, 28th April 1963. The Agreement, Mr. Mody, declared, had been working satisfactorily and had helped in keeping down the general cost of deposits for the banking industry as a whole and in preventing unhealthy competition. He described as unfortunate the move of some banks to opt out of the Agreement and urged every effort to check it. He also deplored the cry raised in ill-informed quarters for the nationalisation of banks and hoped that "the ghost would soon be laid at rest." There was no substance in the contention, he said, that bank shares were concentrated in the hands of only a few persons, giving them undue power. Citing the instance of his own Bank, he revealed that nearly 93 per cent of the total shareholding ranged from one share to one hundred shares.

The following is a summary of Mr. Homi Mody's speech:

"On the whole, it would be correct to describe the year under review as one of economic stagnation," observed Mr. Homi Mody. There was a decline of a little over 3 per cent in the total agricultural production, the setback in the main cereals like rice and wheat being as much as 7.5 per cent, which, viewed against the background of a relentless growth in the population, was a matter for much concern. Mr. Mody said that this could not be allowed to be explained away by casual references to natural phenomena. The fault really lay in the doctrinaire land policies forced on the country, mainly for ideological reasons. Some hundreds of crores of rupees had been spent in the last ten years on community development and extension projects. That they should have yielded next to no results indicated the failure of both planning and execution.

Although industrial production had recorded an improvement of about 8.5 per cent, it was less than the rate of increase envisaged in the third Plan. The growth of national income was feeble and halting and there was an upward pressure on the general price level. The mid-term appraisal of the third Plan had come as a rude reminder of the basic defects of Government's planning policies. Undue concentration on heavy industry, Mr. Mody remarked, had become an obsession with the architects of our Plans and had imposed on the common man a heavy burden of privations, which he was required to put up with in the present, in the fond hope that some day his progeny would enjoy the fruits of his sacrifices.

Fresh Tax Burdens

Turning to the budget of the Central Government, Mr. Mody recalled how at the last annual general meeting he had emphasised that any scheme of fresh taxation based on the grossly inaccurate estimates, which were being presented annually to Parliament, could not but be unfair and oppressive. Last year's figures, he said, told the same old tale, an estimated deficit of Rs. 16 crores having been converted into a surplus of Rs. 88 crores! Yet, every budget ignored this trend and proceeded to levy fresh burdens on the helpless taxpayers. Meanwhile, Government's administrative expenditure, not all of which could be considered productive, mounted, and inflation and the resultant fall in the real value of the rupee continued to inflict greater and greater hardship on the common man.

When the present Finance Minister assumed office, much was expected of him and it was believed that he would make a realistic approach to the whole scheme of taxation and give substantial reliefs. Instead, the present budget proposals merely rectified some anomalies, put the income-tax rate structure on a somewhat more scientific basis, leaving the totality of the burden alone and actually increasing it by Rs. 40 crores, of which the share of the corporate sector was estimated to be Rs. 11 crores. It is impossible to understand how the economy of the country could recover and how the capital market which had dried up could ever come to life in these conditions. "When one comes to the specific proposals for taxation," observed Mr. Mody, "one does not need to be an economist to appreciate the dire consequences of some of the burdens the Finance Minister is seeking to impose. The grand design is becoming clear—the further crippling of the private sector and the elimination, by rapid stages, of whatever remains of the much-abused capitalist class, to which India owes so much of her economic development. He would, indeed, be a very foolish person who will not see in these drastic socialist moves a grave threat to the stability and progress of the country."

Banking Trends

Dealing with the monetary and banking spheres, Mr. Mody referred to the impressive increase of Rs. 430 crores in the volume of money supply with the public. Scheduled banks' deposits had also increased by Rs. 210 crores to touch Rs. 2,252 crores at the end of the year, the major portion of such increase being accounted for by demand deposits. Similarly, scheduled bank credit, which stood at Rs. 1,422 crores in December 1962, expanded by as much as Rs. 158 crores during the year under review. To enable the banking system to meet the ever-increasing demand for credit from all sectors of the economy, the Reserve Bank found it necessary, at the commencement of the current busy season, to liberalise the borrowing quotas allowed to scheduled banks. Unfortunately, this facility turned out to be short-lived. The pace at which scheduled banks' advances have moved upwards has been so rapid that the Reserve Bank has now thought it necessary to apply the axe somewhat ruthlessly. Not only have the basic borrowing quotas been reduced, but the rate of interest has been so stepped up on each successive slab that the effective cost of the total borrowings from the Reserve Bank has risen substantially. Coming as it has done, when the busy season has reached the highest peak, this action has placed the banks in a difficult position.

The suggestion made by the Reserve Bank that, in their efforts to mobilise deposits, banks should re-examine the pattern of interest rates had created a controversy in banking circles. The Inter-Bank Agreement on maximum rates of interest on deposits and been working satisfactorily and had helped to keep down the general cost of deposits for the banking industry as a whole and in preventing unhealthy competition. In such a context, the present suggestion of the Reserve Bank, though well-meant, had already given rise to a move on the part of some banks to opt out of the Agreement. This was an unfortunate development, observed Mr. Mody, and it was necessary that every effort should be made to check it. The Indian Banks' Association would shortly be meeting at the highest level to thresh out the differences of opinion that had arisen.

Nationalisation Cry

Mr. Mody then referred to the cry raised in ill-informed quarters in this country for the nationalisation of banks. It was satisfactory to note, Mr. Mody said, that the spokesmen of Government have expressed their opposition to this move for nationalisation which had found little public support, and he hoped that the ghost would soon be laid at rest. He recalled how a similar threat of nationalisation which banks in Great Britain faced in 1934 was successfully met by the united opposition of the chairmen of all the major joint-stock banks. Mr. Mody warned that, if any move was initiated in this country to nationalise banks, it would have, among other things, a profoundly disturbing effect upon foreign aid and foreign participation in our various industrial projects, whether in the public or the private sector. Indian banking was already under the rigid control of the Reserve Bank, and the recent amendment of the Banking Companies Act had only added to its many fetters. Incidentally, it seemed to be extraordinary that legislation of such a far-reaching character should have been rushed through Parliament by Government with the help of its cast-iron majority, without any worthwhile consultation with the interests primarily concerned.

Referring to a note published recently on the interlocking of directorships of banks and other companies, Mr. Mody felt that no right-thinking person could agree with the inference drawn by the author that it had the effect of consolidating corporate power as against the State and society. The safeguards that existed at present against concentration of economic power in the hands of a few were more than adequate, and there was no justification for forging fresh weapons so far as banks were concerned. If there was anything that the note had brought out, it was the unpalatable fact that we had in this country only a limited number of persons possessing all-round business experience and financial standing. It would be foolish to prevent banks from utilising this available talent. There was also no substance in the contention that bank shares were concentrated in the hands of only a few persons, giving them undue power. So far as the Central Bank was concerned, out of a total of 24,828 shareholders, the individual holding of as many as 23,030, that is, nearly 93 per cent, ranged from one share to one hundred shares only.

Mr. Mody denied the sweeping charge levelled against commercial banks that they were not responsive to the financial requirements of small-scale industries and pointed out how the Central Bank, for instance, had been increasingly engaged in financing small-scale industries and had every intention of supporting this sector of the economy.

Financing Agriculture

Referring to the complaint that commercial banks had neglected to provide direct term-credit to agriculturists, Mr. Mody explained that this allegation failed to take account of the basic facts concerning the role of commercial banking and the inherent deficiencies in the general set-up of our rural economy. In India, agriculture had been looked upon more as a means of subsistence than as an economic or commercial proposition. Some of the factors which stood in the way of Indian commercial banks venturing into the field of farm credit were the diversity of inheritance laws and land tenures in various regions, the fragmentation and uneconomic size of individual holdings, the incapacity or unwillingness of the vast majority of agriculturists to keep regular and separate accounts and the absence of a scheme of crop insurance. Where agricultural activities like plantations had been organised on business lines, the larger Indian banks did not hesitate to finance them. He also pointed out that commercial banks had been providing finance on a substantial scale to agriculturists for marketing their produce, which was quite an important economic function. Commercial banks were likely to evince greater interest in medium-term agricultural credit, now that the Agricultural Refinance Corporation had been formed, if they had the backing of crop insurance and provided the State Governments helped them actively in the follow-up and recovery of such advances, as in the case of co-operative institutions.

Bank's Working

Referring to the balance-sheet and the audited statement of accounts of the Bank, Mr. Mody pointed out that, although the total deposits had crossed the Rs. 250-crore mark, the rate of increase was lower than in the previous year, due partly, to the closure of the Bank's Rangoon branch following nationalisation of banking in Burma. The Central Bank's share in relation to the total deposits of all scheduled banks, however, continued to remain at over 11 per cent.

The closing figure of the Bank's advances at Rs. 187 crores represented an increase of over Rs. 12 crores, compared to the previous year. The Bank's share in the total volume of scheduled banks credit was nearly 12 per cent. The demand for bank finance remained relatively subdued till almost the end of December, but, thereafter, it came with a rush, placing the banking system under a heavy strain.

Mr. Mody invited the attention of the shareholders to the fact that the previous year's gap of Rs. 27 lakhs between the market and book value of the Bank's holdings of Government securities which had operated against the Bank had now been converted into a difference of Rs. 75 lakhs in the Bank's favour at the end of the year.

The improvement of Rs. 1.36 crore in the Bank's gross earnings over the previous year had been more or less neutralised by the increase of Rs. 68 lakhs in payment of interest and of Rs. 59 lakhs in staff emoluments, exclusive of bonus. Mr. Mody observed that the rate of increase in salaries and allowances of the staff had been disturbingly high, and expenditure under these heads continued to absorb a large share of the Bank's total earnings, the proportion being as high as 34 per cent in 1963.

Overtime Allowances

Mr. Mody also voiced his concern at the rate at which overtime allowances paid to the Bank's staff were going up in spite of additions to the staff. In Western countries, banks had achieved a considerable measure of advance by modern methods and machinery. In India, apart from the difficulty of importing accounting machines and their components in sufficient quantities, there was a stiff resistance on the part of large sections of bank employees to any attempts at mechanisation. The fear that machines would displace men and result in the retrenchment of staff arose from a short-sighted view. Banking business in India is constantly expanding and acquiring new dimensions and, even if mechanisation was introduced on a substantial scale, there would still be a growing demand for more and more men. Mr. Mody hoped that the staff would give dispassionate consideration to this aspect of the matter and co-operate with the management in introducing new methods so essential for the streamlining of the Bank's manifold operations.

Besides the interim dividend of Rs. 2.40 per share already paid out, it was recommended that a final dividend of Rs. 2.60 per share, subject to tax, be paid out of the special reserve, as was done last year.

Mr. Mody paid a glowing tribute to the services rendered by Mr. N. K. Karanjia who had retired after a long and distinguished career of 45 years. He welcomed Mr. F. C. Cooper who was appointed General Manager on Mr. Karanjia's retirement and wished him a successful term of office. Mr. Mody also expressed his warm appreciation of the very valuable services rendered by the Vice-Chairman, Mr. C. H. Bhabha, in looking after the affairs of the Bank and in developing its business. Mr. Mody ended by observing that "the contribution which a Bank of our size and status can make to the economic growth of the country is immense and, if we continue to enjoy the confidence of the business community and if all of us give of our best to the service of the institution, we have every hope that the Central Bank will long continue to occupy the proud position it holds in the banking system of the country."

Note: *This does not purport to be a record of the proceedings at the Annual General Meeting.*

JESSOP AND COMPANY LIMITED

(*Concluded from page 755*)

of our foreign exchange difficulties. It is only when the output of our steel mills overtakes the demand that we would be assured of balanced supplies and the harassing problem of scarcity which impedes production will disappear.

Priorities for Fabricated Structural Steel Work

The demands for fabricated steelwork for the expansion of the existing steel plants in both the public and private sectors, the building of the Bokaro steel plant, railway bridges, heavy electrical and hydro-electrical projects are so great that unless these projects are properly phased, it will not be possible for the existing medium and heavy structural units to design, prepare working drawings and fabricate in accordance with their programmes of requirements. It is, in my opinion, most essential that an order of priority should now be established and steel supplies arranged to suit the fabrication programme of projects with higher priority to avoid all-round confusion.

Decontrol of Steel

As you are aware, except for flat products, which will continue to be in short supply for some years to come, steel has been decontrolled with effect from March 1964, both with regard to price and distribution. This has immediately resulted in an increase in prices of decontrolled sections but we hope that the prices will gradually stabilise at lower levels without affecting the economics of our production.

Board of Management

The Government has been pleased to appoint Mr. E. W. Isaacs as a member of the Board of Management, with effect from the 16th December 1963. Mr. Isaacs was previously member, Engineering, Railway Board, and we are very fortunate to have obtained his services. I know you will all join me in welcoming him to the Board.

Apprentice Training School

The apprentice training school is functioning satisfactorily. Encouraged by this, we have embarked on an expansion of the basic training workshop already established.

I trust you will find this recountal of our plans, programmes and prospects encouraging and agree with the management that we should look to the future with faith and confidence.

Note: *This does not purport to be a record of the proceedings of the Annual General Meeting.*

TEXTILES

(*Concluded from page 744*)

actually needed to meet the industry's requirements fully. In order to ease the cotton supply position, the Government of India is considering a proposal that about five per cent of the raw material required by the mills should consist of staple fibre. Alluding to this move, the Chairman of the Bombay Millowners' Association earnestly pleaded that the proposal be given the most earnest consideration and adopted only after a full trial was given to it. In this connection, he emphasised that the cloth so produced should be acceptable to the consumer from the point of view of its service, life and quality. Mr. Ruia also wanted the Government to examine the question whether staple fibre could be produced in sufficient quantities to meet the combined needs of the art silk and cotton mill industries. Incidentally, he referred to the growing popularity of polynosic fibre. This fibre, according to him, has gained a good deal of popularity in the U.K., the U.S. and Japan and is being used in an increasing volume as a blend with cotton. The cloth produced from blended yarn is claimed to be durable and of soft texture.

While the scope for utilising the polynosic fibre to supplement cotton may be explored, there is no getting away from the urgent need for taking all possible measures to boost cotton production. Mr. Krishnaraj was quite forthright in his remarks on this subject. He said:

"It would be most disappointing, if we were pessimistically to throw up our hands and say that India would never be able to produce all the cotton that she needs and that, therefore, she should seek an alternative in man-made fibres. Is it really conceivable that, with the rising population and the increasing standard of living which is naturally our objective, we will be able to clothe the population adequately by freezing the cotton harvest at its present level and hoping to make up the progressively increasing deficit by man-made fibres? Does it stand to reason that we should fail to exploit to the full the natural advantages which we have in the case of cotton and run after man-made fibres in which we shall always remain behind the advanced countries in respect of both quality and costs, because of their leadership in scientific and technological advance? To do so would be to run away from challenging opportunities into escapist by-paths, and I have yet to know of an instance where escapism has led to the solution of a problem. The purposeful boldness of which I have spoken has no place for such escapism. On the other hand, it signals a call to the authorities to go all out in increasing the production of cotton, thereby enabling the country to reap a rich harvest of foreign exchange."

India possesses all the conditions for growing more cotton. The per-acre yield in India is very poor as compared with what is obtained in other countries. The all-India average yield is less than 100 lbs., as against about 450 lbs. in the U.S. and 550 lbs. in Egypt. The actual yield can definitely be stepped up from this low level through a more systematic and extensive use of fertilisers and irrigation facilities. Excellent results, we are told, have been secured on demonstration plots set up at the research centres at Sirsa in the Punjab and Coimbatore in Madras where the average yields obtained are as high as 670 lbs. and 588 lbs. There is no reason in theory why the achievements in experimental farms should not be feasible on a commercial scale. If the agricultural departments of Central and State Governments will have to shake off their lethargy and play a vigorous part and if fertilisers, water, and credit are made available promptly and adequately, a substantial increase in cotton production should be feasible. But every one who has anything to do with cotton has known these answers for several years past. And yet production of cotton has not been going up at the pace at which it ought to, having regard to the country's requirements of textile fibres. Accordingly, one must be judicious enough to recognise what is feasible in the conditions prevailing in this country and not in theory. By all means, let no effort be spared for increasing the production of cotton. But, at the same time, there is no point in shutting one's eyes to realities and taking an ostrich-like attitude. Moreover, one has to concede that, all over the world, including the U.S., the largest cotton producing country in the world, the use of man-made fibres is growing apace. India cannot hope to escape this universal trend. There may be differences of opinion as to the types of man-made fibres that will appeal to consumers. But that is entirely a different question.

COTTON TEXTILE EXPORTS

It is now obvious that the Government of India's export goal under the third Plan will fall far short of attaining the 800 million yards desired by 1965. Moreover, Indian mill men, in order merely to hold their own on the export market, have found it necessary to cut prices to compete with more daring fabric producers in many other countries. Indian fabric exports last year aggregated just 531,150,000 yards, a bare 4.5 per cent higher than 1962—but well below the 582,440,000 yards exported in 1961. Pricewise, the situation was even more bleak. The 1963 exports were worth a total of Rs. 41.2 crores, only 3.3 per cent greater than in 1962. Looked at another way, the price per yard of these cotton fabric exports has been going down—and down: from 80 nP in 1961 to 79 nP in 1962 and to 77 nP in 1963.

Viewed thus, the Planning Commission's support for rehabilitating and modernising the textile mills and the Central Government's various efforts to stimulate exports through tax incentives and other means seem destined to fail—unless mill men quickly accept the twin challenge that is facing them. The first challenge lies in the undisputed trend in today's world textile markets toward the finer, higher quality varieties. Last year, for instance, fine and superfine cotton exports represented 10.4 per cent of the export total, as compared with 8.6 per cent in 1962 and 6.9 per cent in 1961. The second challenge is the growing potentiality of foreign markets to absorb—and to demand—quality cotton apparel. Exports of apparel rose impressively last year to Rs. 2.538 crores from only Rs. 16.5 lakhs in 1962. Obviously, the more Indian finishing and labour that Indian mills put into a textile before it is exported, the higher the export price will be, and the more the Government will earn in much-needed foreign exchange. It also means, of course, more jobs. And it means higher profits, since mills will have a higher selling price on which to base their quotations to foreign buyers.

One of the reasons why the Indian Government values the assistance the 'Sanforized' trademark offers in stimulating exports—and the way in which fabrics labelled 'Sanforized' are helping the mills to meet the twin challenge that faces them—have become apparent from statistics that have just been made public. Thus, although total exports of Indian cottons have been on an irregular decline, shipments of 'Sanforized'-labelled fabrics to a wide number of foreign countries have enjoyed a steady rise. Indian mills last year exported a total of 10,324,609 yards of 'Sanforized'-labelled fabric. This was 31.2 per cent higher than 1962, and the 1962 figures were 41.07 per cent greater than 1961. Of great importance to the Indian economy is the fact that exports of 'Sanforized'-labelled fabric were worth, on a per yard basis, nearly twice as much as the export price of all cotton fabrics. Last year, the value of 'Sanforized'-labelled fabric exports averaged Re. 1.33 per yard. This compares with the 77 nP per yard general figure mentioned previously.

Contacts which the Sanforized Company has in 49 countries on all five continents have helped Indian exporters to register this enviable record, as most licensees of the 'Sanforized' trademark and most garment manufacturers recognise. In recent months, for example, garment manufacturers were notified of overseas buyers interested in securing garments made of 'Sanforized'-label fabric in Aden, Zanzibar, Dohu, Jeddah, Mauritius, Kuwait, Kampala, Suva, Karachi, Tripoli, London, Adelaide, Nicosia, Valletta, Trinidad, Nargeisa, Dire Dawa and Gothenburg. The Sanforized Company's world-wide experience in textiles has led it to suggest a number of ways for Indian textile exporters to meet the export challenge and improve their own and their country's foreign currency earnings. Among the important rules to promote exports that Indian mill men might adopt are these:

Wherever necessary, establish an office abroad for a permanent representative who should know the local market and can report on its needs to his home office.

Wherever practicable, mills or groups of mills join to export or to share an export agent for particularly hard-to-crack foreign markets. If for competitive reasons, such a union is impracticable, a number of mills could unite to acquire an individual contract. (Over a million yards of 'Sanforized' fabric were recently exported by several Indian mills against a single East German commission).

Wherever pertinent, executives with high salesmanship qualifications should be placed at a senior level to help in guiding the sales activities of the company. Mill managers, financial directors, and other key personnel are rarely skilled in effective salesmanship as well which is a specialised full-time task in itself.

HIGHER PRODUCTION THROUGH BETTER PLANT UTILISATION

T.C.M. EXPERT INDICATES SCOPE

IT is common knowledge that the critical shortage of foreign exchange is one of the most important limiting factors in regard to raising industrial output in India. In this context, maximisation of production per plant assumes special importance. To the extent that a given plant is made to yield greater output, the country will be able to show a larger industrial production for the same outlay. It has been estimated that many Indian plants can increase their output substantially by a little or no increase in investment in fixed assets by better utilisation of the existing plant capacity. This will not only increase production and employment but will also make for higher profit for the individual enterprises concerned. The experience of Western countries can offer little guidance in the matter of plant utilisation, because of the radical difference in the structure of costs and socio-economic factors obtaining in India and the advanced countries of the West. An attempt to find out patterns of plan utilisation in India that are strikingly different from those obtaining in foreign countries has been made by Mr. Morris J. Solomon, a T.C.M. expert, till recently, attached to the Indian Statistical Institute, Calcutta. His findings and recommendations have been now published in book form* under the auspices of the Institute. In this book the author not only discusses the problem of achieving better plant utilisation from the point of view of individual plants and indicates the role the Government should play but he has also drawn up a blueprint for action. The idea presented in this book were set out in a paper on "Patterns of optimum plant utilisation in India," published by the Institute in its series of "Studies Relating to Planning for National Development." According to the author, there are a number of plants in the country now working along the lines suggested by him.

Ample Opportunities

The author starts from an examination of the economics of plant utilisation. The economics of cost and revenue of industrial units in the country, according to him, make an intensive use of plant especially favourable. He takes a typical Indian manufacturing enterprise as one which has a relatively large overhead and is making some profit. When a firm, which can sell its entire production, as almost all Indian firms are in a position to do, at the existing prices, and whose variable costs remain strictly proportional, increases its output through better plant utilisation, its profit increases disproportionately. For example, if the overhead costs are 30 per cent of the total sales (which is not unusual for Indian plants) and variable costs are 60 per cent of the total sales, a 50 per cent increase in output and sales will bring a 200 per cent increase in profit if the variable cost is proportional to output and the price remains unchanged. Many industries in India, especially the newer industries, can sell all they can make at the existing price. There are, therefore, ample opportunities for increasing output with proportional or less than proportional increase in variable cost.

One of the fundamental conditions in India, according to Mr. Solomon, is the scarcity of capital as compared with people. This reflects itself in machinery having a high value relative to the remuneration of the worker. If the value of machinery is expressed at a monthly rental value and the ratio of this monthly value to the monthly remuneration of the operator is computed, one gets a measure of the relative importance of machinery. This ratio is startlingly different in India, as compared with the U.S., as will be seen from the following table:

Monthly costs of a specific machine in India and the U.S.

	Monthly rental value	*Monthly remuneration of operator*	*Ratio of rental value to operator's remuneration*
India	Rs. 2,200	Rs. 150	14.7
U.S.A.	$ 465	$ 300	1.6

It will be seen from the above table that the ratio of monthly rental value to monthly compensation of operation is radically different in India, as compared with the U.S., reflecting a relatively low wage in India. Obviously, with such differences in cost, widely different patterns of staffing and plant utilisation would be warranted in the two countries.

As many as eight approaches to increased plant utilisation are suggested by the author. They are: (1) multi-shift operation, (2) reduction of machine waiting, (3) staggered lunch periods and use of relief men, (4) speed-up of pace of labour through use of incentives with provision for rest periods, (5) preventing idle time due to absenteeism, (6) speed-up of pace of machines, (7) more intensive use of machines through sub-contracting, (8) removal of structural bottlenecks through process or plant modification.

The most straightforward method for increasing production with a fixed plant is the use of more than one shift. Where capital investment is heavy, even if there is no restriction on additional investment by financial limitations or Government policy, multiple-shift operation, according to Mr. Solomon, would be extremely profitable. Contrary to popular belief, he is of the view that the efficiency of the third shift can be fully as good as the first shift, provided shift supervision is in competent hands. Even if the productivity per man or machine is lower, the gain can be substantial, according to the author. A remedy could be found for almost all the difficulties that arise when a plant works third shift. For example, if there is difficulty about quality, one can have tighter inspection, better supervision, special incentives, better lighting with the additional cost of these generally being far less than the value of the increased production. Another measure that can increase production is seven-day operation. Of course, it may require the staggering of days off which may be opposed by workers. It may also require somewhat greater flexibility in management. Multiple-shift operation and seven-day operation do impose greater burdens on management. They, therefore, require excellent co-ordination.

Reduction of Machine-waiting

Explaining the second approach, namely, reduction of machine waiting, the author points out that machine waiting is expensive, particularly if machines are costly and if capacity is not limited by demand or raw material shortage. A reduction in the idling time of machines is likely to be the most productive kind of improvement, especially if it requires merely organisational changes. Examining the causes for excessive idle machine time and suggesting remedies, the author gives many instances. For example, the time the operator is away from the machine for personal reasons is, strictly speaking, the time the machine is waiting for the operator. In order to overcome this loss of productive power, the management should think of measures that involve social relations of the operators as well as technical aspects. The most promising approaches to reducing time that the machine waits for the operator are: staggered lunch periods, use of relief men and speed up of pace of labour through incentives with provision for rest periods. It was found from a study of the distribution of time of five critical hand-fed machines in a Calcutta plant that has a reputation for excellent management, that machines were waiting for operators about 25 per cent of the time. In this particular case an increase in output of these five machines would permit a corresponding increase in output in the whole complex production line without any increase in fixed investment. It is usually practicable and profitable under Indian conditions to convert the time in which the machine waits for the operator into productive time. It is often economical to eliminate such waiting by resorting to more intensive staffing. Instead of one man per machine, it is desirable to have, say, three men assigned to two machines. Such staffing permits the uninterrupted operation of each machine during the lunch period, which itself may be staggered and spread over, say, two hours, with liberal rest periods for each man.

Speed-up of the pace of work is equally important in securing better utilisation of machines. An effective method for speeding up of the pace of work is to introduce a sound incentive payment system. Most Indian firms, which have introduced incentive payments, have been able to obtain a 30 per cent increase in output almost immediately. Where incentive payments have failed to obtain an increase in production, there has generally been a doubt about the good faith of the employer. A combination of suitable incentives and more intensive staffing could especially be effective in increasing plant utilisation.

Speed-up the pace of machines is, it may be noted in passing, a complementary measure. Engineers who have observed Indian industries at close quarters have noted that the pace of machines is often far slower than it need be. This is due largely to deficiency in technical know-how caused by inadequate training. Another reason is the difficulty of obtaining tools and spare parts, especially those that have to be imported.

Prevention of idle time due to absenteeism is equally important. The average rate of absenteeism in plants is as high as 13 per cent in some plants, while the loss of production due to absenteeism is no less than ten per cent. Where total production depends on the uninterrupted flow of all segments, absenteeism is very disruptive. An important measure that can be effective for year-round absenteeism, suggests the T.C.M. expert, is the maintenance of a pool of operators in sufficient number who are capable of filling many different places in the plant to eliminate the loss from such absenteeism.

The foregoing suggestions assume that the fixed plant is unchanged. In many situations, it is possible to increase output by a change in the process of manufacture or by a modification in plant. The most frequent phenomenon is a chain of processes in which total production can be increased substantially if one or a few links are strengthened. By a suitable study of the existing process, the weak links can be identified and the cost of remedial action estimated. Continuous process industries such as chemicals, oil refining and steel production are particularly suitable for this type of analysis and action. The analytical methods of such operation research have been used with great success in these industries in the more developed countries.

Role of Government

Squeezing more production out of existing capacity, which is what more effective utilisation of plant capacity involves, can yield high profits to Indian business. The community as a whole will also benefit immensely. Certainly, this is a development where the needs of society and the interest of the individual fully coincide. Granting that there is good scope in individual enterprises for this kind of activity, the fact remains that, in certain areas of industry, full utilisation is dependent on, or is conditioned by, Government action. For example, many industries in India have installed capacity which is considerably in excess of raw material supply and/or demand. This is a failure of the licensing process. An exception to this is where the indivisibilities and economies of scale are such as to make it more economical to immediately install a larger capacity and operate at less than full capacity for same period rather than do without or employ a decidedly inferior technology. But even such a case implies a failure to arrange for export of the product that could be produced at a very marginal cost.

The implication for practical policy of this is, according to the author, that the licensing authority must frankly recognise that, quite frequently, existing producers can expand production at a fraction of the foreign exchange cost that it would take a new producer to do. Indeed, in many cases, the existing producers need little or no foreign exchange for fixed plant to increase their production while a new producer needs an entirely new plant. In making this suggestion, the author does not mean to suggest that the problem of monopoly should be ignored. But surely, as he points out, there are effective methods for dealing with it other than using foreign exchange when it can be avoided. This is, indeed, a very pertinent suggestion, but one that is being ignored by the Government of India for political and ideological reasons. Consequently, a lot of capital is being wasted in this country.

*Better Plant Utilisation in India—A blueprint for action. By Mr. Morris J. Solomon. Asia Publishing House, Calicut Street, Bombay-1. Pages: 59. Price: Rs. 10.

UNION CARBIDE REPORTS IMPRESSIVE RESULTS

FINANCES AND PROSPECTS ENCOURAGING

A SMART rise in sale proceeds and the gross profit to what can surely be called all-time high levels, and a 2¼ point increase in the dividend are the outstanding features of the results of Union Carbide India Ltd. (Chairman: Mr. J. R. Galloway, Calcutta) for the year ended 25th December 1963. The improved results have been attributed by the Directors to the growing demand for the Company's plastics and chemicals and the increased sales of batteries and zinc products. The turnover, after allowing for excise duty, has expanded by almost 14 per cent from Rs. 10.94 crores to Rs. 12.63 crores, while the gross profit has risen by as much as Rs. 81.60 lakhs to Rs. 332.04 lakhs. The profit-margin (ratio of gross profit to sales) has thus improved from about 20 to 23 per cent even though other expenses, in the main unrelated to the actual level of output or sales, have continued to be on an upward move. Fortunately, the same level of improvement has been maintained in the net profit too, which has risen from Rs. 64.86 lakhs to Rs. 103.47 lakhs, notwithstanding the substantially enlarged prior charges. The provision for depreciation, for example, shows but a marginal increase from Rs. 56.39 lakhs to Rs. 58.82 lakhs but that for taxation is bigger by about 50 per cent at Rs. 169.75 lakhs, as against Rs. 129.19 lakhs for the year before. Of this, normal corporate tax claims only Rs. 139.35 lakhs, while the newly created sur tax has subjected the taxable profits to a further burden of Rs. 30.40 lakhs. From the resulting net profit and the amount brought forward from the previous year, as much as Rs. 74.55 lakhs (as against Rs. 67.80 lakhs last year) have been ploughed back in the form of reserves, leaving an amount of Rs. 33.43 lakhs for payment of ordinary dividends in respect of the year. With a view to facilitating the payment of a somewhat bigger dividend and also to leaving a larger "net" amount in the hands of the shareholders, the Directors have withdrawn Rs. 10.50 lakhs from the tax-exempt reserve. An interim dividend of 75 nP per share subject to deduction of tax was already paid during 1963. The Directors have now proposed a final dividend of 75 nP per share, only half of which will be subject to deduction of tax. The total dividend distributed will, therefore, amount to Rs. 42.00 lakhs as against Rs. 35.00 lakhs last year, leaving Rs. 1.93 lakh as carry forward as against Rs. 4.44 lakhs brought in.

The rapid progress made by the Company during the past four years is well reflected in the following comparative figures:

(In lakhs of rupees)

	For the year ended 25th December			
	1963	1962	1961	1960
Sales (gross)	14,33.08	12,26.10	950.12	822.67
Other income	5.27	6.52	4.46	8.07
Closing stocks of finished goods	112.79	103.81	101.10	78.79
Excise duty	170.31	132.59	95.63	71.10
Raw materials and stores consumed	538.67	461.22	385.61	324.10
Goods for resale	10.87	28.88	45.64	30.69
Other expenses	499.25	467.30	342.15	312.85
Gross profit	332.04	250.44	183.65	168.82
Provision for—				
Depreciation	58.82	56.39	34.94	21.03
Taxation	169.75	129.19	21.78	61.38
Net profit ..	103.47	64.86	126.93	86.47
Unclaimed dividends written back	0.13	0.13	0.19	0.13
Withdrawal from reserves.	10.50	..	..	..
Miscellaneous write-offs ..	0.06	0.10	0.03	0.84
To reserves	74.55	67.80	81.04	32.30
Dividend	42.00	35.00	50.40	50.34
	(15%)	(12.5%)	(18%)	(18%)
Carry forward	1.93	4.44	42.36	46.71
Market price of ordinary shares (in rupees): 1964	1963	1962	1961	1960
High	42.81	44.62	57.00	57.75	59.00
Low	29.87	29.00	43.00	44.12	37.94

In spite of raw material shortages and restriction on the use of electricity and gas, the two battery plants situated at Calcutta and Madras managed to operate on a multiple-shift basis and record levels of production were achieved at each location. Operations at the Eveready Flashlight Company's plant at Lucknow were normal and output was in line with sales demand. The range of products manufactured at the plant was, however, broadened to include several new models of flashlights and industrial components for outside customers. The Metals and Ores Company operated multiple shifts throughout the year and attained the highest annual production of processed zinc since its installation. The production of organic chemicals and polyethylene at the Company's plant at Trombay was satisfactory throughout the year, despite difficulties with respect to the supply of industrial alcohol, which is the primary raw material for the manufacture of these products. Higher operational efficiencies were obtained through process and equipment improvements developed and put into effect during the year under review.

With improved production and higher demand, it is but natural that the sales effected by the Company's various divisions should have increased. The sales, for example, of the consumer products division which is primarily responsible for the marketing of dry batteries and flashlights, were again at an all-time high, though the pattern of growth was somewhat uneven. The division introduced for sale during the year 'C' size batteries of the popular red top construction along with two new types of flashlight cases. The Industrial Products division which handles the sale of polyethylene and chemicals manufactured at Trombay, achieved record turnover for these products during 1963, thanks to the continued heavy demand for polyethylene resins as well as for wide polyethylene film. A substantial quantity of special film was also manufactured and supplied for defence requirements. Demand for the various chemicals manufactured by the Company in most cases exceeded the available supply. Sales of zinc products to customers also showed an increase. During the year polished photo-engraver plate of an improved quality was introduced and received wide acceptance by the trade. Efforts to develop overseas markets were aggressively pursued and, as a result, export-sales increased by approximately 24 per cent over 1962. Various finished products and processed materials were sold to customers in North and South America, the Middle East, South East Asia and Africa.

During the year, a sum of Rs. 27.80 lakhs, as against Rs. 33.80 lakhs, was spent as capital expenditure for new plant and equipment and the replacement of existing facilities. The major expenditures incurred were Rs. 12.30 lakhs on improvements in manufacturing facilities at the existing battery plants, Rs. 8.10 lakhs on further expansion of facilities at the Metals and Ores Company's plant, and Rs. 3.32 lakhs on the new carbon and midget electrode plant presently under construction at Calcutta.

Considerable preparatory work on the last mentioned project has been completed and construction work has now commenced. It is anticipated that the unit will commence production during the latter part of 1964 with full capacity output being realised during 1965. Engineering and design work on the major expansion of polyethylene and chemicals manufacturing facilities at Trombay was also carried on. Field construction will start during the first half of the current year and the expanded plant may be in production in 1966.

Capital expenditure in connection with this expansion and other new manufacturing facilities will, in the aggregate, exceed Rs. 9.00 crores over the next two years. This will be partly met from internal resources, partly through the rights issue of 840,000 shares already made to existing shareholders at a premium of Rs. 4.00 per share in the ratio of three shares for every ten shares held, and partly by long-term borrowings. Two major loans have already been finalised—a dollar loan of Rs. 3.65 crores from the Export-Import Bank of Washington and a loan of Rs. 2.16 crores from the Agency for International Development. Both these loans are repayable over a ten-year period commencing in 1966.

The Company's financial position is quite healthy. The share capital, unchanged at Rs. 280.00 lakhs, all in equity shares of Rs. 10 each, is supported by as much as Rs. 383.47 lakhs in reserves and surplus. As against this position, outside interest aggregates Rs. 560.67 lakhs comprising Rs. 142.06 lakhs in secured loans—of this Rs. 50.00 lakhs are in the form of 6.5 per cent debentures—Rs. 135.52 lakhs in unsecured loans mainly from the Union Carbide group of U.S.A. and Rs. 283.09 lakhs in current liabilities and provision. The loans and liabilities, however, are fully covered on the assets side by the total of current assets, investments and loans and advances standing at Rs. 679.23 lakhs. During the year under review, new assets worth Rs. 28.30 lakhs were acquired, excluding plant and buildings awaiting completion. As a result the block account has increased to Rs. 744.38 lakhs. This has been written down to Rs. 481.13 lakhs which together with Rs. 32.78 lakhs under capital work-in-progress gives a total net block of Rs. 515.91 lakhs.

The present market quotation for the Rs. 10 fully paid ordinary shares of the Company is Rs. 30.62 *cum-div.* On these, the net yield at the *ex-div.* price works out to 4.3 per cent per annum.

Reynolds Metals Company, U.S., has reported current year's first quarter earnings at $7.59 million, showing a 50 per cent increase over $5.05 million in the comparable 1963 quarter. Sales have totalled $145.05 million, a gain of 13 per cent over $127.86 million recorded in the first quarter of 1963. Net income has equalled 39 cents a share (against 24 cents in the first quarter of 1963) on the 16,518,369 shares outstanding.

SHREENIWAS COTTON'S PROFIT SPURTS

DIVIDEND RAISED SLIGHTLY

WITH a barely 9 per cent increase in gross sales from Rs. 472.42 lakhs to Rs. 513.67 lakhs, the Shreeniwas Cotton Mills Ltd. (Managing Agents: The Marwar Textiles [Agency] Ltd., Bombay) has been able to show a big improvement of over 38 per cent in its gross profit from Rs. 62.44 lakhs to Rs. 86.51 lakhs during the year ended 31st December 1963. The spurt in profit contrasts with a decline of more than Rs. 20 lakhs recorded in the previous year even though the turnover had expanded further by Rs. 24.55 lakhs. Whereas the previous year's setback in profit had been attributed by the Directors partly to the payment of an additional Rs. 11 lakhs by way of gratuity and retrenchment compensation to introduce rationalisation in the various departments of the mills, the recovery during the year under review, in spite of a continuous and steep increase in costs, is said to have been due primarily to the improved efficiency brought about by the planned programme of modernisation and renovation carried out over some years past. Another reason for the recovery is the big drop in closing stocks from Rs. 77.91 lakhs to Rs. 53.69 lakhs (the lowest in the past five years or so). Significantly, again, if the excise element were to be excluded from sales turnover—it was Rs. 125 lakhs as against Rs. 73.72 lakhs in the year before—the net sale proceeds show a slight setback from Rs. 398.70 lakhs to Rs. 388.67 lakhs. The Directors, however, state that the year's turnover and profit have been the highest since the Company's inception in 1934 and that the results compare quite favourably with those of any progressive unit in the textile industry.

The improved results, attained chiefly through modernisation and renovation, have benefited the workers, too, inasmuch as the average earnings per operative have increased further from Rs. 2,967 to Rs. 3,010 during the year. At the same time, the total of staff expenses, which in the previous year had got inflated on account of the payment of Rs. 11 lakhs by way of gratuity and retrenchment compensation, has come down from Rs. 157.53 lakhs to Rs. 145.90 lakhs. With the essential provisions being higher, especially the one for taxation which has gone up by Rs. 10.10 lakhs to Rs. 23.50 lakhs, the net profit shows an increase of only Rs. 8.84 lakhs to Rs. 30.94 lakhs. Nonetheless this increase has enabled the Directors to restore a part—one-third, to be precise—of the six-point cut to 14 per cent in the ordinary dividend, which had been imposed in the past year following a setback in profit and an increase in the paid-up capital to Rs. 100 lakhs by the issue of 10,000 new shares of Rs. 100 each at par in May 1962. At 16 per cent, the dividend for the year under review is thus higher by two points. At the same time, against a depletion of Rs. 1.63 lakh in the reserves position made in the previous year, they have been able to plough back as much as Rs. 8.50 lakhs during the year under review. The surplus carried forward is Rs. 48,276, as against Rs. 51,723 brought in.

The following table compares the Company's progress since 1960:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sale proceeds of cloth, yarn and waste	513.67	472.42	447.87	447.30
Stocks at close	53.69	77.91	84.87	61.75
Other income	32.22	25.39	18.19	10.39
Materials, stores, dyes and chemicals consumed ..	226.09	216.52	209.59	195.74
Staff expenses	145.90	157.53	147.23	148.36
Other expenses	63.17	54.35	49.73	44.36
Gross profit	86.51	62.44	82.63	69.67
Managing Agents' remuneration	5.35	3.16	6.04	4.90
Provision for—				
Depreciation	26.72	23.78	15.09	14.14
Taxation	23.50	13.40	21.75	19.36
Net profit	30.94	22.10	39.75	31.27
Transfer from reserves ..	..	6.38	..	..
Provisions for previous years' liabilities	..	2.40	..	..
Transfer to reserves ..	8.50	3.75	21.00	12.00
Bonus to staff	6.23	7.62	..	..
Dividends—				
Preference	0.25	0.25	0.25	0.25
Ordinary	16.00	14.00	18.00	14.40
	(16%)	(14%)	(20%)	(18%)
Carry forward	0.48	0.52	1.06	0.56
Equity shares' market value (in rupees): 1964	1963	1962	1961	1960
High	279.00	294.00	321.00cr	302.00	286.00cr
Low	238.00	215.00	231.00xr	225.00	220.00xr

Machinery worth Rs. 37 lakhs (Rs. 34 lakhs in 1962) was installed during 1963. This included 35 ring frames, comprising 11,760 spindles, one hot air stentering machine and one blow room line. The Sanforizing machine has been in operation from last February. Fifteen thousand spindles out of the 20,000 sanctioned have so far been

(*Continued on next page*)

SYNOPSES OF COMPANY REPORTS

Murphulani (Assam) Tea Co., Ltd.

(*Secretaries & Treasurers :* Messrs. Andrew Yule & Co., Ltd., Calcutta.)

Annual General Meeting—13th May 1964.

Working Results :

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sale proceeds of tea	10,10	17,11
Closing stock of tea	2,87	1,31
Gross profit	2,95	6,31
To Secretaries and Treasurers' commission	15	41
Transfer to depreciation	85	90
To depreciation underprovided on block assets sold	5	Nil
Transfer to provision for taxation	1,02	3,06
Net profit	83	1,94
Excess tax provision written back	25	Nil
Appropriations :		
Transfer to general reserve	35	80
,, ,, development rebate reserve	1	2
Proposed dividends (taxable) Preferred	46 (23.33%)	61 (30.63%)
ordinary	31 (17½%)	44 (25%)
Carry forward	35	36

Extracts from the Directors' report : The taxation provision is calculated in accordance with the provisions of the 1964 Finance Bill.

The preferred ordinary dividend of Rs. 2.313 per share, which it is recommended should be paid, includes the additional dividend to which these shares are entitled under the provisions of the Preference Shares (Regulation of Dividends) Act, 1960.

Rainfall for the year of 199 cms. compared with an average of 204 cms. for the previous 10 years but extremely dry conditions obtained during the first part of the year. Mainly for climatic reasons, a crop of only 1,695 quintals was secured as against 1,714 quintals in 1962.

A high standard of manufacture was maintained throughout the season, and, although the crop sold at Rs. 6.82 per kg. as compared with Rs. 8.41 per kg. the previous year, the reduction represents much less favourable market conditions, and not a decline in the quality of teas produced.

Capital expenditure during the year totalled Rs. 2,04,373, of which the construction of a new fermenting room, staff and labour housing and expenditure on the extension of the tea area each represent approximately one-third of the total. Planting conditions towards the end of 1963 were more favourable than last year, and an extension of 4.85 hactares was put out.

Estimates for the current season have been framed for a crop of 1,800 quintals. In the light of crops actually secured in the past, this figure is considered more realistic than the estimate of 2,000 quintals for 1963. Given reasonable climatic conditions, it is hoped that the current year's estimate will be exceeded.

Accounts in brief as at 31st December 1963 are as under :—

Liabilities	Rs.	Assets	Rs.
Capital*	3,75,000	Gross block	23,57,605
Reserves and surplus	10,02,404	—Depreciation	9,95,523
Other liabilities	8,60,460	Net block	15,71,032
		Current assets	5,97,274
		Investments	2,993
		Cash	66,515
Rs.	22,37,864	Rs.	22,37,864

* Paid up capital consists of 20,000 Preferred Ordinary shares of Rs. 10 each and 17,500 Ordinary Shares of Rs. 10 each. Of the above 12,500 ordinary shares of Rs. 10 each are allotted as fully paid up Bonus shares through capitalisation of general reserve.

Raipur Manufacturing Co., Ltd.

(*Managing Agents :* Messrs. Lalbhai Dalpatbhai & Co., Ahmedabad.)

Fifty-ninth Annual General Meeting—1st May 1964.

Working Results :

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales	1,98,44	2,01,90
Closing stock	28,22	27,23
Gross profit	43,00	39,28
To Managing Agents' remuneration	3,09	3,03
Transfer to depreciation	11,96	8,77
Transfer to statutory development rebate reserve	5,45	3,10
Transfer to provision for taxation	10,50	12,85
Net profit	12,00	11,53
Transfer from general reserve	1,85	2,10
Appropriations :		
To short provision for taxation of previous year	1,44	1,62
To dividends (taxable) Preference	45	45
,, ,, ,, Ordinary	12,00 (24%)	12,00 (24%)
Carry forward	*	4

* Only a sum of Rs. 211.

Extracts from the Directors' report : The rate of contribution to the Provident fund for employees, has been raised from 6¼ per cent to 8 per cent with effect from 1st December 1963. The dearness allowance has been raised owing to its linking with a revised cost of living index. The Bonus Commission appointed by the Central Government has made several recommendations for determining bonus, one of which is for accepting the total wage paid to the employees as a base for determining bonus. This is a departure from the base of basic wages hitherto adopted. This will increase the quantum of bonus. All these factors will increase the manufacturing cost in the coming years.

The Budget proposals for the year 1964-65 have raised the excise duty on yarn used in the production of cloth and also imposed a dividend tax related to the total amount of dividend paid. This will be an additional burden.

During the year, a sum of Rs. 38,46,722 has been spent on buildings and installations of machinery and equipments on Mill's reorganisation and renovation programme. The main items covered by this expenditure are the additions and alterations to the buildings and 33 *Ring Frames*, 48 *NMM-Ruti Automatic Looms*, 1 *High Speed Yarn Singeing machine*, *High Draft Conversion materials* for 5 *Ring Frames* and materials for the *Humidification* and *Ventilation Plants*. In the modernisation programme, the installation of 30 *Ring Frames* and 48 *NMM-Ruti* automatic looms was completed and 2 shifts working of all these *Ring Frames* and looms started in the last quarter of the year under review.

The installed capacity of the Mill is 36,612 *Ring Spindles*, 1,708 *Doubling Spindles*, 592 *Ordinary Looms* and 96 *Automatic Looms* with complete *Dyeing* and *Bleaching Plants*.

Accounts in brief as at 31st December 1963 are as under :—

Liabilities	Rs.	Assets	Rs.
Capital*	60,00,000	Gross block	2,20,37,606
Reserves and surplus	91,09,788	—Depreciation	1,03,95,212
Other liabilities	74,45,461	Net block	1,11,42,394
		Current assets	91,99,358
		Investments	20,51,008
		Cash	1,62,489
Rs.	2,25,55,249	Rs.	2,25,55,249

* Paid up capital consists of 5,000—4½ per cent. cumulative preference shares of Rs. 100 each; 5,000—4½ per cent 'B' class redeemable cumulative preference shares of Rs. 100 each and 50,000 ordinary shares of Rs. 100 each. Of the above shares, all 10,000 preference shares and 45,000 ordinary shares have been allotted by way of fully paid up Bonus shares by way of capitalisation of reserves.

Jawahar Mills Ltd.

(*Managing Agents :* Messrs. Umaiyambika & Co., Salem.

Twenty-seventh Annual General Meeting—14th May 1964.

Working Results :

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales	1,21,93	99,51
Closing stock	21,00	38,71
Gross profit	12,43	15,22
To Managing Agents' remuneration	65	87
Transfer to depreciation	3,99	3,66
,, ,, provision for taxation	3,00	5,47
Net profit	4,79	5,22
Appropriations :		
To payment of Bonus for prior years	1,47	2,38
,, donations and charity	2	15
,, electricity charges for prior years	4	Nil
,, income tax for prior years	63	Nil
Transfer to development rebate reserve	79	11
Proposed dividends (taxable) equity	2,03 (12%)	2,03 (12%)
Carry forward	4	24
Market value of equity shares (in rupees):	1963†	1962
High	12.63	13.25
Low	9.58	12.63

† Upto 24th April 1964.

Extracts from the Directors' report : On 31st December 1962, there was a stock of finished goods to the extent of Rs. 21,70,987. As the finished goods are valued at market rate, the profit on sale effected in the year of account has been taken credit for in 1962 itself. Therefore, in the year of account though the turnover has increased from Rs. 98,30,327 to Rs. 1,20,69,658, no profit accrued to the Company in respect of Rs. 21,70,987 during the year of account. As on 31st December 1963, the stock of finished goods was only Rs. 5,92,005. The fall in the profit is mainly due to the aforesaid reason. Further, foreign cotton had to be purchased at a very high rate from other mills, owing to the insufficiency of the import quota granted to the Company.

Accounts in brief as at 31st December 1963 are as under :—

Liabilities	Rs.	Assets	Rs.
Capital*	16,91,930	Gross block	92,35,702
Reserves and surplus	15,77,031	—Depreciation	54,03,783
Other liabilities	57,34,805	Net block	38,31,919
		Current assets	47,29,793
		Investments	39,300
		Cash	4,53,654
Rs.	90,54,666	Rs.	90,54,666

* Paid up capital consists of 3,38,386 equity shares of Rs. 5 each. Of the above 2,44,386 equity shares are allotted as fully paid up Bonus shares by capitalisation of reserves.

Bombay Oxygen Corporation Ltd.

(*Managing Agents :* Messrs. Ruia Chinai & Co. Private Ltd., Bombay.)

Third Annual General Meeting—11th May 1964.

Extracts from the Directors' report for the year ended 31st December 1963 : Inauguration : Smt. Vijayalakshmi Pandit, Governor of Maharashtra formally inaugurated the oxygen plants on 6th June, 1963.

Progress : Oxygen and Acetylene Cylinders have been received from abroad. The trial runs of the Acetylene Plant commenced on 10th March 1964. The commissioning of this plant was delayed due to non-availability of cement and A.C. Sheets in time and other unavoidable circumstances. As the Government approval for the engagement of the German Technicians was delayed for a long time, the erection of the acetylene plant was taken up by the Company's own technicians. The German Technicians have come only for checking the erection work done by the Company's technicians and putting the plant for trial production and for handing it over. They have been thoroughly satisfied with the way the erection work has been carried out and to that extent the technical staff deserve praise. The output of the oxygen gas was 1,60,439 cubic meters during the year. The Oxygen Plants could not be run at full capacity because the acetylene plant was not ready. All these teething troubles are being overcome and the Directors are confident that the working for the current year will be far better.

The Industrial Licence for the manufacture of Welding Electrode is expected to be received shortly. The Company has been appointed as one of the distributors of Burmah-Shell for marketing *Liquid Petroleum Gas* which is used with oxygen gas for light cutting, flame and other similar uses.

Accounts : During the year a sum of Rs. 1,79,066 has been transferred to "Expenses During Construction Account," making the total of such expenditure to Rs. 8,31,437. As the factory went into production during the year under report this entire expenditure has now been capitalised and allocated to various heads of accounts. Depreciation amounting to Rs. 3,14,124, (inclusive of Rs. 28,480 for the previous years) has been provided in accordance with the provisions of Section 205(2) (*b*) of the Companies Act, 1956. A sum of Rs. 1,54,272 has been brought forward to which Rs. 597 being the excess provision for taxation in respect of previous years has been added. Against this the adjustments shown above have been made leaving a loss of Rs. 2,03,863 which is being carried over to next year's accounts.

The development rebate amounts to Rs. 11,60,730 which has not been provided for in the accounts due to the loss.

Accounts in brief as at 31st December 1963 are as under :—

Liabilities	Rs.	Assets	Rs.
Capital*	1,48,74,750	Gross block	97,77,580
Other liabilities	6,87,283	—Depreciation	3,14,124
		Net block	94,63,456
		Block in progress	11,04,239
		Current assets	10,73,007
		Cash	35,05,564
		Miscellaneous expenditure	2,10,904
		P.L. % Deficit	2,03,863
Rs.	1,55,62,033	Rs.	1,55,62,033

* Paid up capital consists of 1,50,000 equity shares of Rs. 100 each. Calls in arrears amount to Rs. 1,25,250.

Savamalai Estates Ltd.

(*Secretaries & Treasurers :* Messrs. Peirce Leslie & Co., Ltd., Coimbatore.)

Thirty-fourth Annual General Meeting—16th May 1964.

Working Results :

	For the year ended 30th November (In thousand rupees)	
	1963	1962
Income from coffee crop	9,35	5,21
Closing stock	80	1,05
Gross profit	2,38	1,62
To Secretaries and Treasurers' remuneration	16	11
Transfer to depreciation	28	27
,, ,, provision for taxation	91	62
Net profit	1,03	62
Transfer from general reserve	Nil	2
Appropriations :		
Proposed dividend (taxable) equity	96 (17½%)	83 (15%)
Carry forward	7	8
Market value of equity shares (in rupees):	1964†	1963	1962
High	4.50	4.55	4.00
Low	4.45	3.50	3.66

* Only Rs. 699. † Upto 24th April 1964.

Extracts from the Directors' report : Crop : The coffee crop harvested was 243.314 tonnes (1961-62—206.926 tonnes) and this has been valued at Rs. 2.25 per point.

Future Prospects : The Directors originally estimated the 1963-64 crop at 245 tonnes, of which 65 tonnes was *Arabica* and 180 tonnes *Robusta*. Present indications are that the Company may harvest over 300 tonnes made up of about 86 tonnes *Arabica* and about 214 tonnes *Robusta*. It is estimated that this crop will be harvested at an estate cost of Rs. 1,603 per tonne and an all-in cost of Rs. 1,794 per tonne.

Accounts in brief as at 30th November 1963 are as under :—

Liabilities	Rs.	Assets	Rs.
Capital*	5,50,170	Gross block	9,98,960
Reserves and surplus	3,29,033	—Depreciation	2,15,317
Other liabilities	2,78,300	Net block	7,96,086
		Current assets	1,59,558
		Investments	1,001
		Cash	2,01,758
Rs.	11,58,403	Rs.	11,58,403

* Paid up capital consists of 2,75,085 equity shares of Rs. 2 each. Of the above shares, 1,33,390 shares were allotted as fully paid up by way of Bonus shares through capitalisation of reserves.

COMPANY AFFAIRS

(*Concluded from previous page*)

erected and the remaining 5,000 will be installed before the end of the current year. The Government has allowed the Company another 6,700 spindles which have been ordered and will be put up during the next year. It is also proposed to raise the combing capacity by erecting three Whittin's combing machines. Plans are also under consideration to install more automatic looms. The total addition to machinery during the current year is expected to be about Rs. 48 lakhs.

Following a steady switch-over to finer counts over the past few years, the pattern of cotton consumption of the Company has changed substantially and foreign cotton now constitutes about 80 per cent of its total consumption. The Directors state that the Company is fully covered in respect of foreign cotton for the current year. They believe, however, that, with a threefold increase in the excise duty on finer counts of yarn in the current year's budget and a further rise in the cost of production of textile mills in Bombay owing to the burden of higher dear food allowance, privilege leave and casual leave to workers, the industry's earnings would be affected if the selling prices of cloth were to be pegged at the present levels.

The Company's paid-up capital, including Rs. 4.80 lakhs in 4 per cent, tax-free, redeemable cumulative preference shares of Rs. 100 each, is unchanged at Rs. 104.80 lakhs. It is supplemented by Rs. 95.34 lakhs in reserves and surplus. The loan capital, comprising Rs. 39.72 lakhs in 6.5 per cent (1970) debentures and the rest in bank loans, has receded slightly from Rs. 161.99 lakhs to Rs. 160.25 lakhs. Taking only the banks and current liabilities and provisions, the total short-term, indebtedness to outsiders amounts to Rs. 251.30 lakhs, as against which current assets, loans and advances aggregate Rs. 220.05 lakhs and investments, including Rs. 9.38 lakhs in immovable property, stand at Rs. 91.22 lakhs, out of which Rs. 67.94 lakhs are in quoted shares and securities which command a market value of Rs. 95.89 lakhs. The gross block, which has expanded during the year from Rs. 275.65 lakhs to Rs. 319.35 lakhs, has been written down to a net value of Rs. 179.15 lakhs.

Currently, the Rs. 100 fully paid ordinary shares of the Company are quoted at Rs. 242 *cum-div.* and offer a net yield of 4.1 per cent per annum.

NEWS IN BRIEF

INDIA imported last year (1963) 4.56 million tonnes of foodgrains worth about Rs. 183.60 crores.

The report of the German technical team on measures to run the Rourkela steel plant more efficiently has just been received by the Government of India.

The Central Government has decided not to extend the Employees Provident Funds Act 1952 at this stage to smaller establishments employing less than 20 persons.

Following mumerous representations, the Union Government has extended the last date for payment of compulsory deposits up to the end of June next.

The State Trading Corporation is importing textile spinning, weaving preparation, weaving and finishing textile machinery worth about Rs. 10 crores from the United Kingdom.

The Union Government has decided to set up a single integrated Corporation to manage the various aircraft production projects under the Union Defence Ministry.

The Indian Bureau of Mines has estimated the reserves of iron-ore and manganese-ore deposits in Goa at 525 million tonnes and six million tonnes, respectively. The reserves of ferro-*genous manganese* are placed at ten million tonnes.

The State-owned Heavy Electricals plant at Bhopal has been authorised to issue further capital amounting to Rs. 3 crores for financing its civil engineering works, purchase of transport vehicles, machinery and equipment, training of engineers, etc.

It is proposed to install a coal gasification pilot plant at the Regional Research Laboratory at Hyderabad. The data furnished by this plant may help later in establishment of large commercial plants for utilising low grade coal by gasification.

Work on the Koyali Oil refinery is progressing according to schedule. The first phase of production would begin by the end of this year. The capacity of the refinery is one million tons which is expected to be doubled by the middle of 1965.

The Union Minister for Labour and Employment, Mr. D. Sanjivayya, has requested the Chief Ministers of States to revise as expediously as possible the minimum rate of wages wherever they are less than a rupee per day at least a rupee.

The question of continuing the managing agency system will come up before the Union Government within next three months and also before the Monopolies Commission, according to Mr. R. C. Dutt, Chairman of the Company Law Board.

The Madras Government has constituted a technical committee to draw up a list of medium and small-scale industries which could be based on the by-products of Neyveli lignite. A laboratory to carry out research in this regard has already been opened by the Neyveli Lignite Corporation.

The Ford Foundation has made a grant of $954,800 to the Union Ministry of Home Affairs for improving the means of collecting and analysing population statistics. The new grant is proposed to be used for establishing a Central Unit for research and training in improved means of collecting population statistics. Pilot population research units will be set up in seven States.

The Government of India is thinking of putting up at Dehra Dun a pilot plant for producing sugar from sugar beet. The experiments conducted so far indicates that sugar content in beet is about 15 per cent. There are, however, practical difficultics in the processing of sugar. Moreover, sugar beet is not grown as a commercial crop anywhere in India.

A three-year *trade agreement* has been concluded for the first time between the Governments of India and South Vietnam. Under the agreement, India will export engineering goods, machinery—particularly paper, sugar, oil mill and tea processing machinery—chemicals and pharmaceuticals, and jute products in exchange for commodities such as rubber and timber.

The Union Ministry of Petroleum and Chemicals is believed to have tentatively decided to set up three medium sized refineries at Tuticorin, Kandla and Marmagoa by the end of the fourth Plan. The three refineries are likely to be commissioned only during the fifth Plan period, though construction work will start in the third year of the fourth Plan.

Thanks to the studies on coal petrography and coal constitution conducted at the coal Fuel Research Institute of Jealgora, it has now been found possible to feed steel plants in the mixed coal. This practice will ensure economy in the use of coking coal for blast furnaces. The Durgapur steel plant, it is learnt, will shortly take up mixed charging of coal by altering the existing crushing practice.

The voluntary *amalgamation* of small colliery units with larger units has made little headway owing to the poor enthusiasm shown by small colliery owners. Stating this, Mr. C. Subramaniam, Union Minister for Steel, Mines and Heavy Engineering, disclosed in the Lok Sabha recently that this Government was considering the question of bringing about compulsory amalgamation of small mines.

Several recommendations have been made by the Union Ministry of Petroleum and Chemicals bearing on development prospects of petro-chemicals industry. These include, *inter alia*, constitution of a special Cabinet sub-committee to keep under review the entire field of petroleum and petro-chemical development, setting up of a high-level permanent technical working group to advise the Government on this sector of the economy, and inter-corporate structure for the industry likely to be most suited to a proper organisation of the industry.

An official delegation, led by Mr. Y. T. Shah, Joint Secretary, Union Finance Ministry, left this week for Prague to discuss with the Government of Czechoslovakia the items and conditions of the second line of credit recently offered by it. The credit is for financing a number of projects in the heavy engineering field, including further expansion of factories for heavy power equipment and for boilers at Hyderabad and Tiruchi. These projects, together with the foundry forge and the heavy machine tools project at Ranchi, are already being implemented by utilising the first credit of Rs. 23.1 crores.

A high power inter-ministerial board with a full-time Chairman, *is proposed to set up to co-ordinate* various activities for achieving the target of 25 to 30 million tons of iron ore export by 1972 and for meeting the internal demand of iron ore, according to Mr. Manubhai Shah, Union Minister for International Trade. The board will consist of secretaries or other senior officials of the Ministries of Mines, Railways and Transport for co-ordinating all relevant development activities such as mining, highways, railways, loading and other facilities at the ports. The Chairman of the board will have the status of a Secretary or Additional Secretary to the Government. The board will report periodically to the Cabinet, the Planning Commission and the Ministries concerned.

With the development of the drugs and pharmaceuticals industry in India, imports have been declining steadily. The total value of drugs and pharmaceuticals actually imported in the financial year 1963-64 was no more than Rs. 5.22 crores, as against Rs. 9.24 crores in 1962-63 and Rs. 11.30 crores in 1961-62. The total production (in terms of value) of pharmaceuticals has increased from Rs. 11 crores in 1948 and Rs. 85 crores in 1958 to Rs. 100 crores in 1962. With the commissioning of the three public sector plants of the Indian Drugs and Pharmaceuticals Ltd. and a few more in the private sector, the industry is bound to achieve the third Plan target of Rs. 175 crores. Establishment of adequate capacities to meet the Plant targets has already been approved.

Imports of stainless steel cuttings of defectives are not allowed against import licence or licences for "*prime stainless steel sheets*" issued by the Controller from his licensing offices in Calcutta, Bombay, Madras and New Delhi. The facilities allowed in the Controller's public notice of 6th December 1963, for imports of tool and alloy steel are not applicable to the import licence for "prime quality stainless steel sheets plates strips circles." However, as the standards of stainless steel sheets have not yet been fixed up in the country and standard dimensions differ from country to country, import of prime quality steel sheets shall be according to the standards of the country from which the import would be made.

* * * *

From Abroad

China maintained its position as the chief buyer of Pakistan cotton in 1963-64, the quantity actually purchased being 302,815 bales as compared with 76,382 bales in the previous year.

Two leading Japanese construction firms, Kashima and Taisei, have signed a $14 million contract for an office building in Djakarta. This building will be the tallest one in Indonesia.

The maximum rate of interest on trading bank overdrafts has been raised by ½ per cent to 7 per cent in Australia, as a further measure to check the fast rate of economic expansion. The next stage in the Government's programme is expected to be a rise in the long-term bond rate on new Federal loan.

A 32-member Dutch Economic Misson (Leader: Mr. Sidney J. Van den Bergh, Chairman of Holland's Central Chamber of Trade Promotion) is now on its way to Communist China, to explore the possibilities of increasing trade between China and Holland. The Mission has been invited by the China Council for the Promotion of International Trade.

Industrial output in Russia during the first quarter of 1964 was higher by about 8 per cent over the same quarter last year. The percentage increase was 20 in fertiliser production (5.5 million tons) 50 in herbicides and insecticides, 26 in synthetic resins and plastics (171,000 tons), 14 in artificial and synthetic fibres (86,300 tons), 10 in tyres, 8 in agricultural machinery, 12 in chemical equipment and electric power, and 7 in coal and steel.

Under a decree published recently, importers in Italy will be required to pay for goods imported within 30 days of their arrival in the country. Previously, payment had to be effected within 360 days. The Government has introduced restrictions on payments for imports of durable consumer goods, including cars. Other imports affected by the decree are refrigerators, washing machines, other domestic electric household appliances, radio and television sets, motor cycles, cine cameras, etc.

Jamaica and the F.A.O. World Food Programme have agreed on food aid worth nearly $1 million for a watershed management project on the island. Jamaica had asked for aid to protect the catchment areas of its rivers from losses caused by successive periods of droughts and floods coupled with improper use of land. It plans to grow trees on non-agricultural land, build minor engineering works on rivers and streams, and to start planned farming on land suited to agriculture. Initially, work would begin in two areas. One is the Cane river watershed of about 2,600 hectares and the other is the Upper Rio Minho watershed of about 8,800 hectares. Food aid—more than 2,000 tons of wheat and maize flour, dried and canned fish and meat, cheese, skimmed-milk powder, butter oil and pulses—supplemented by local food, would provide rations for 14,100 persons for two years. It would compensate for the temporary loss of output resulting from the change in land-use methods and held to improve family health and working efficiency. The cost of food to the World Food Programme is $868,000 shipment, insurance and supervision raise the total cost to $957,000.

A loan equivalent to $3.1 million has been made by World Bank to Peru for the construction of a new port at Paita. The Bank of America, New York, Fidelity-Philadelphia Trust Company, Grace National Bank of New York, and the Royal Bank of Canada Trust Company, New York office are participating in the loan, without the World Bank's guarantee, for a total of $160,000 representing the first four maturities which fall due between April 1968 and September 1969. The loan is for a term of 25 years and bears interest at the rate of 5¼ per cent per annum, including the 1 per cent commission which is allocated to the Bank's special reserve. Amortisation will begin in March 1968.

The Government of Pakistan has floated the National Shipping Corporation with an authorised capital of Rs. 25 crores and an issued capital of Rs. 1.60 crore. Of the issued capital, the Government has subscribed Rs. 40 lakhs, leaving Rs. 1.20 crore for public subscription in both East and West Pakistan. The Corporation will operate initially a fleet of 10 cargo vessels, but all fresh acquisitions of ships needed for expansion of mercantile fleet will accrue to the Corporation except those already committed to existing companies for replacement. The Corporation has already commenced operations on the U.K. continent route with three vessels; it will expand to other international routes subsequently.

Production of special steels for a number of key industries in Britain including those manufacturing automobiles, aircraft and machine tools, has been adversely affected by a world-wide shortage of molybdenum. In an effort to ease the situation, the Board of Trade has asked the Treasury to sanction a temporary suspension of all import duties on the material. Meanwhile, attempts are being made to persuade the U.S. Government to release some supply from its stockpiles. Imports of molybdenum from Commonwealth countries are duty free, whereas those from E.F.T.A. countries are charged at 13½ per cent. Small quantities are available in Finland, Norway, Mexico, Chile and Canada, as a by-product of copper production in some cases. The British Steel companies are also said to be trying to secure supplies from these countries as well as from Russia.

World consumption of oil rose by 8 per cent to 1.215 million as compared with a rise in production of 7 per cent to 1.248 million tons during 1963, according to the Statistical Review of the World Oil Industry. These figures are in contrast to the average figures for the last five years which show that comsumption and production have been rising at the same time. The bulk of the rise in output has come from the Middle East which contributed over 30 million tons more than in 1962. Shipments from Libya was more than doubled to 21 million tons and the U.S. produced 14 million tons more. The fastest rise in consumption took place in Japan where demand for oil showed a 28 per cent gain to 61 million tons. E.E.C. countries took 24 million more tons, over 15 per cent more than last year.

PERSONAL

MR. G. D. Birla, a leading industrialist, has left for Europe and the U.S. on a business tour.

Mr. S. K. Handoo, a Director of Voltas Ltd., has been appointed Chairman of the Scotish Indian Machine Tools Ltd., a subsidiary of Voltas Ltd., Bombay.

Dr. N. V. Rajkumar, at present Ambassador of India in Senegal, has been appointed India's Ambassador to Poland. He is expected to assume charge in July next.

Mr. K. Padmanabhan, General Sales Manager, The Dunlop Rubber Co. (India) Ltd., has been appointed Sales Director of the Company.

Mr. Nawab Sigh, a former Secretary to the Union Ministry of Information and Broadcasting, has been appointed Chairman of the Punjab State Electricity Board.

Mr. Chandrakant T. Shanghvi and Mr. Jhamandas Thakurdas Talreja have been elected President and Vice-President, respectively, of the Bombay Sugar Merchants' Association Ltd., for the current year.

Mr. P. V. Mackay of Madura Mills has been elected Chairman of the Southern India Millowners' Association for the year 1964. Mr. S. R. P. Ponnuswamy Chettiar and Mr. G. R. Govindarajulu have been re-elected Vice-Presidents.

Mr. Ramdas Kilachand has been elected President of the Bombay Oilseeds and Oils Exchange Ltd., for the current year. Mr. Chandulal Kasturchand and Mr. Gokulchand J. Agrawal have been elected senior Vice-President and Vice-President, respectively.

Mr. A. L. Mudaliar of Imperial Chemical Industries (India) Private Ltd. and Mr. A. Fernie, of the Indian Cable Company Ltd. have been elected Chairman and Vice-Chairman respectively, of the Calcutta Import Trade Association for the year 1964.

Mr. Russell De Young, President, Goodyear Tyre and Rubber Company (U.S.), has been appointed Chairman and Chief Executive Officer of the Company *vice* Mr. E. J. Thomas who relinquished the post recently after 48 years' service. Mr. Thomas will, however, continue to be a Director and Chairman of the Executive and Finance Committee of the Board of Directors. Mr. Victor Holt, Executive Vice-President, will succeed Mr. De Young as the new President of the Company.

UNION BANK OF INDIA LIMITED

CHAIRMAN, MR. DEVJI RATTANSEY, ON CREDIT CURBS

EXPANSION THIS YEAR MAY EXCEED Rs. 350 CRORES

THE reversal of the Reserve Bank's credit policy from one of liberalisation to one of stringency within four months from the start of the current busy season was appreciated by Mr. Devji Rattansey, Chairman of the Union Bank of India Ltd., in the course of his speech at the Forty-fifth Annual General Meeting of the Bank, held at Bombay on 20th April 1964. Indeed, Mr. Rattansey said that, while the later revision might have caused embarrassment to banks because it came at the peak of the busy season, the early relaxation came to many as a surprise. He welcomed the revival of credit curbs and promised that his Bank would fully abide by them in view of the pretty sharp rise in bank credit during the current busy season. If the present trend which already showed an increase of Rs. 330 crores to a little over Rs. 1,800 crores continued, he stated, the total credit expansion during 1964 might well exceed Rs. 350 crores, or even Rs. 375 crores.

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

GENTLEMEN,

I have great pleasure in welcoming you to this forty-fifth annual general meeting of the shareholders of the Bank. The Directors' report for the year ended 31st December 1963, together with the audited balance-sheet and profit and loss account as at that date, have been in your hands for some time and with your permission, I take them as read.

The business of the Bank, as the balance-sheet and profit and loss account disclose, showed satisfactory progress.

The deposits of the Bank which stood at Rs. 42.62 crores at the end of the year 1962 increased to Rs. 52.00 crores at the end of the year under review—an increase of approximately 22 per cent.

Cash on hand and balances with banks together with our investments in Government and other trustee securities, in all aggregating Rs. 22.10 crores, bear a liquidity ratio of 42.50 per cent to the total deposits. The Bank's investments in Central and State Governments and other trustee securities stood at Rs. 13.18 crores, as against Rs. 10.10 crores in the previous year. Of these 84 per cent of the securities mature within five years and 93 per cent within ten years.

R.B.I.'s Credit Policy

The Reserve Bank of India rate, which was increased from 4 to 4½ per cent on 2nd January 1963, remained unchanged during the year. However, during the period under review, the Reserve Bank of India thrice changed its policy of credit controls.

Following the Chinese aggression in October 1962, amongst the various steps taken by our monetary authorities to ensure stable economic conditions both for the development and defence of the country, was the imposition of a ceiling on the accommodation given by the Reserve Bank of India to commercial banks, at 100 per cent of their statutory reserves, that is, just 3 per cent of a bank's total deposits. The borrowings in the first two slabs of 25 per cent each was at 4 per cent and 5 per cent respectively and the balance at 6 per cent. In January 1963, the Bank Rate was increased by ½ per cent and a two-tier system of borrowing was introduced whereunder the borrowing in the fist slab of 50 per cent was at the Bank Rate and in the second slab at 6 per cent. Accommodation over this limit was permitted only with the previous approval of the Reserve Bank and that too at a penal rate. At the beginning of the current busy season, the monetary authorities liberalised the policy of credit controls and raised the ceiling on accommodation to commerial banks to 150 per cent of their statutory reserves.

At a time when the price situation in the country was disturbing, industrial production was more or less stagnant and progress of agricultural production was far from satisfactory, this liberalisation in the credit policy came to many as a surprise. Indeed, within a short period of four months, the monetary authorities had to revise their liberal credit policy and to reduce the quota of borrowings by commercial banks from the Reserve Bank from 150 per cent to 100 per cent of their statutory reserves. Banks have now also been advised to reduce their clean advances to sectors other than industrial units, to re-examine their advances portfolio, and to give all necessary financial assistance to the industrial sectors in order to boost the production of essential commodities and goods, as also for the defence and exports. This revision of policy at the peak of the busy season is likely to cause embarrassment to banks as they may be compelled to reduce the commitments already made by them on the basis of the previous policy.

Present Trend Inflationary

During the current busy season, scheduled banks' credit expanded by about Rs. 330 crores and stands today a little over Rs. 1,800 crores. If the present trend continues, the total credit expansion during 1964 may exceed Rs. 350 crores, or even Rs. 375 crores. We have assured the Reserve Bank of India that we will follow their advice and implement their suggestions both in letter and spirit, for we appreciate and fully share the apprehensions of our monetary authorities that, under the existing conditions, any further increase in bank credit and particularly in clean advances is likely to be utilised for the purpose of hoarding and speculation in commodities which, in turn, will exert a strong inflationary pressure on the price line.

Your Bank's advances at the end of the year 1963 stood at Rs. 31 crores. Out of these, finance to industries actually accounted for nearly 50 per cent and of foreign trade 20 per cent. In certain quarters, attempts have been made to create an impression on the general public that advances by big and medium-size banks are made only to big parties having influence and pull with the Directors of the bank. This is far from correct. In the case of your Bank, the total advances of Rs. 31 crores was spread among nearly 5,000 borrowers. Of these, borrowers under Rs. 10,000 constituted 44 per cent and under Rs. 25,000, 65 per cent.

Your gross income increased by Rs. 48 lakhs from Rs. 2.23 crores to Rs. 2.71 crores this year. This increase was, however, offset to a large extent by increase under various heads of expenditure.

Expansion

During the year, your Bank opened ten new branches. In pursuance of our policy of widening our representation, we have, since the year 1954, opened 65 branches and our deposits during this period have increased from Rs. 5.88 crores to the present figure of Rs. 52 crores and the advances from Rs. 3.83 crores to Rs. 31 crores. I am happy to report that we continue to receive encouraging response from the public, both at the old and new branches. This manifestation of public confidence in our institution is as much due to its old standing and inherent strength as it is to the efficient and prompt service rendered by us. In furtherance of their programme of planned expansion, your Directors have decided to open during the next two years 30 more branches of which ten will be in areas not yet served by any bank.

The main difficulty encountered in our expansion programme has been the lack of availability of trained personnel. To overcome this difficulty, we have, as stated at the last annual general meeting, started our own staff training college in Bombay and have appointed as its principal, Mr. R. S. Khambatta, who had then just retired as the principal of the Bankers' Training College of the Reserve Bank of India. I am happy to inform you that this college, which has on its staff besides Mr. Khambatta, three trained and experienced full-time tutors, has been doing excellent work. Senior officers from head office and upcountry branches are also invited by the Principal to talk to the trainees and thus give them the benefit of their knowledge and experience. The benefit of training is imparted both to the local and upcountry members of our staff and so far four senior courses and two intermediate courses have been successfully completed. About 113 members of our staff have so far attended these courses, each of eight to ten weeks' duration. At the intermediate course, promising clerks and supervisors are also given the benefit of training. Residential accommodatoin for upcountry trainees is provided by the Bank and much care is taken to ensure that the trainees devote their time and attention to studies.

Demand for Nationalisation

During the last few months, the demand for nationalisation of banks, a pet slogan of the Communists, has received vociferous support from several leaders of the Congress Party. No logical reasons, however, have been put forth by these advocates of bank nationalisation, as to why they consider the functioning of banks in the private sector to be against the larger interests of the country's economy and likely to retard its economic growth. We congratulate our capable and practical Finance Minister, Mr. T. T. Krishnamachari, on the very convincing manner in which he argued against the case for nationalisation of banks. He rightly pointed out that merely diverting the resources from private sector to public sector will not be a solution to our problems. What is required to meet the claims of defence and development was the enlargement of the pool of available resources.

The Congress Party, which has been in power since the advent of independence, has adopted a pattern of mixed economy for the economic development of our country and both public and private sectors have been assigned important roles in our Five-year Plans. In both the first and second Five-year Plans the private sector exceeded the various targets fixed for it, and I have no doubt that, despite several difficulties, it will fulfil its obligations in the third Five-year Plan also. In this "success" story of the private sector, banks have played a very significant role.

Bank Deposits

The total deposits of the scheduled banks which were under Rs. 800 crores at the end of 1952 were slightly over Rs. 2,200 crores at the end of 1963, i.e. an increase of over Rs. 1,400 crores, within a period of 11 years. During this period, bank advances went up from Rs. 430 crores to nearly Rs. 1,700 crores by the end of January this year and the share of advances to industries also increased from 36 per cent to more than 57 per cent. In a ten-year period, 1952-62, whereas the national income increased by 47 per cent, money in supply by 65 per cent and currency in circulation by 71 per cent, the overall bank deposits increased by over 150 per cent. At the same time, more than 2,200 branches were opened by commercial banks during the period 1952-62 and the number of towns lacking in banking facilitise was reduced from 1,830 to 990.

If the private sector is expected to play an increasingly important role in the development plans of this country, it is very necessary to allow financing institutions like banks to function in that sector. The Indian banks have also played a significant role in financing the foreign trade of this country. The banking structure in this country is held in high esteem by the advanced countries of the West and to a very large extent, the credit for the healthy trend in the Indian banking system, goes to the Reserve Bank of India for the important role it plays as inspector, guide and friend of banks in this country. For effective supervision and control, the Reserve Bank of India has been given very wide powers under the recently enacted, the Banking Laws (Miscellaneous Provisions) Act, 1963. These act as a salutary safeguard and check against any abuse of authority by those in control of banks in the private sector.

Tax Proposals

A lot has already been said about the various tax proposals in the budget for 1964-65, as presented to Parliament, and I do not intend to discourse at any length on them except on the Sur-Tax on profit which has replaced Super Profits Tax. Sur-Tax on profit on the whole is fairer and less harsh, but it is as bad in theory and equally worse in practice as the Super Profits Tax. In the last year's debate on the budget proposals, Mr. Morarji Desai in his final summing up, had assured the House that if, as some critics had suggested, the effect of the Super Profits Tax was to retard the development and the growth of the corporate sector,

(*Continued on next page*)

Notice

THE WESTERN INDIA MATCH COMPANY, LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Forty-first Annual General Meeting of the Shareholders of the abovenamed Company will be held at the Registered Office of the Company at Indian Mercantile Chambers, Nicol Road, Ballard Estate, Bombay, at 4 p.m. on Tuesday the 2nd day of June 1964, to transact the following business:—

1. To receive and adopt the Directors' Report and the Audited Accounts for the year ended 31st December 1963.
2. To declare a dividend.
3. To appoint a Director in the place of Mr. Dharamsey M. Khatau, who retires by rotation and is eligible for re-appointment and offers himself accordingly.
4. To appoint a Director in the place of Mr. Tulsidas Kilachand, and associate of the Managing Agents of the Company, who retires by rotation and is eligible for re-appointment and to consider and if thought fit to pass the following resolution as a Special Resolution, of which special notice as required by Section 261 of the Companies Act 1956 has been received by the Company:—

   "RESOLVED that Mr. Tulsidas Kilachand, who is an associate of the Managing Agents of the Company, be and is hereby re-appointed a Director of the Company."

   The reason why the above resolution is necessary is that Mr. Tulsidas Kilachand is an associate of your Managing Agents, the Swedish Match Company, being a Director of the Assam Match Co. Ltd., which is a subsidiary company of your Managing Agents and since your Managing Agents are authorised to appoint a Director or Directors on the Board of your Company Mr. Kilachand's appointment requires a special resolution under Section 261 of the Act.
5. To appoint the Company's Auditors and also Auditors for the Branches and to fix their remuneration.
6. To consider and, if thought fit, to pass, with or without amendment as may be permissible, the following resolution as a Special Resolution:—

   "RESOLVED that, pursuant to the provisions of Section 360 and other applicable provisions, if any, of the Companies Act 1956 the Company hereby approves of a contract or arrangement, upon the terms and conditions of the draft Agreement initialled by the Chairman for the purpose of identification and placed before this meeting, being entered into with the Swedish Match Company, the Managing Agents of the Company, for the hire of supply and sale to the Company, as the case may be, of certain machinery required for the manufacture of wax matches.

   PROVIDED that so far as the said draft Agreement relates to the supply or rendering of any service other than that of a managing agent this Resolution shall be subject for its effectiveness to the approval of the said Agreement by the Central Government, with full and complete liberty and power to the Board of Directors of the Company to agree to such modifications, alterations and amendments in the form, language or terms of the said Agreement as may be necessary to meet any requirements of the Central Government in that behalf.

   The material terms of the contract proposed to be entered into relating to the hire or supply and sale of the said machinery by the Swedish Match Company to the Western India Match Company Limited (hereinafter referred to as "the Company") are as follows:—

   A. The Swedish Match Company agrees to supply to the Company taper Drawing Machine, Frame Filling Machine, type MAV, Outer Box Machine, type Vulcan, Veneer Scoring Machine, type Vulcan, Box Filling Machine, type ROV, and accessories and spare parts suitable for wax match manufacture. The total price (which shall be subject to abatement by the amount of the rent paid by the Company to the Swedish Match Company as aftermentioned) shall be Swedish Crowns 1,94,650 (approximately equivalent to Rs. 1,79,732 at the current rate of exchange) f.o.b. Gothenburg, Sweden.

   B. The machinery will be shipped from Gothenburg to Bombay and the freight, marine and transportation insurance will be paid by the Company in rupee currency. The Company shall also bear and pay the cost of insurance against all usual risks (including war risks) so long as the machinery remains the property of the Swedish Match Company and is in the possession or under the control of the Company.

   C. The machinery will be rented or hired to the Company by the Swedish Match Company for a period of five years from the date of the proposed Agreement at an annual rent of Swedish Crowns 19,465 (approximately equivalent to Rs. 17,973 at the current rate of exchange) being at the rate of 10 per cent of the f.o.b. Gothenburg, Sweden, price of the said machinery, namely, Swedish Crowns 1,94,650 (approximately equivalent to Rs. 1,79,732 at the current rate of exchange).

   D. After the expiry of the said period of five years if the Company desires to continue the manufacture of wax matches, the Company will pay to the Swedish Match Company the said f.o.b. Gothenburg, Sweden, price of the machinery, namely, Swedish Crowns, 1,94,650 (approximately equivalent to Rs. 1,79,732 at the current rate of exchange) after deduction of the rent, if any, which may already have been paid by the Company to the Swedish Match Company.

   E. According to Government directions, as stated in the Ministry of Commerce and Industry's letter No. 37(3)/63 Chem IV dated 20th June 1963, the rent and/or price of the said machinery shall only be payable out of foreign exchange earned by the Company by the export out of India of wax matches. If the rent and/or purchase price of the machinery cannot be paid wholly by the Company either on account of foreign exchange not having been earned by the export of wax matches as aforesaid or on account of any other exchange restrictions the Company will be bound to return the machinery to the Swedish Match Company at the expense of the Company on a c.i.f. Gothenburg, Sweden, basis as soon as possible after the expiry of the said period of five years. If the Company decides to discontinue the manufacture of wax matches at any date prior to the expiry of the said period of five years the Company shall be entitled at the cost of the Company to return the machinery at such earlier date to the Swedish Match Company."
7. To consider and, if thought fit, to pass, with or without amendment as may be permissible, the following resolution as a Special Resolution:

   "RESOLVED that the following words be and are hereby deleted from Article 16 of the Company's Articles of Association:—

   "If any member shall require additional certificates, he shall pay for each such additional certificate such sum not exceeding Rupee one as the Directors shall determine."

   "FURTHER RESOLVED that Article 18 be and is hereby deleted."

   "FURTHER RESOLVED that sub-para (*a*) of Article 41 reading as follows be and is hereby deleted:—

   "a fee not exceeding four annas per share is paid to the Company in respect thereof."

   "FURTHER RESOLVED that the letter (*b*) of sub-para (*b*) of Article 41 be deleted."

The Transfer Books of the Company will be closed from the 18th day of May 1964 to the 5th day of June 1964 both days inclusive.

By Order of the Board,
SVEN GOTHBERG,
Executive Director.

15th April 1964.
INDIAN MERCANTILE CHAMBERS,
NICOL ROAD, BALLARD ESTATE,
BOMBAY.

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.

The dividend when sanctioned will be payable at par at all Indian offices of the Central Bank of India Ltd. on and after the 8th day of June 1964 to those shareholders whose names stand on the Register on the 2nd day of June 1964 and warrants will be posted in due course to each shareholder at his registered address. Shareholders are kindly requested to notify immediately any change of address.

A copy of the Explanatory Statement issued under Section 173 of the Companies Act 1956 relative to the items of special business set out in the aforesaid Notice has been forwarded to the members of the Company along with the Notice.

UNION BANK OF INDIA LIMITED

(*Concluded from previous page*)

which was a surer source of revenue than an increase in the rate of taxation on it, then this measure would not be justified and that he would be the first person to ask the House to repeal it. The effect of the Super Profits Tax on the capital market are too well known to need any further comments. In a democratic set-up, the fiscal policy is the collective responsibility of the Cabinet and so long as the same party remains in power, a successor in office is expected and morally bound to honour the assurances given to the House by his predecessor. Our worthy Finance Minister, Mr. T. T. Krishnamachari, since his return to office, has on several occasions stressed the need for stimulating the economic growth and reviving capital market. The object of the budget proposals, as officially stated, is to infuse confidence in the capital market, provide a stimulus for developments of basic industries and promote building up of corporation reserves and growth of personal savings. However, as a result of the new tax proposals, the corporate sector will have to bear an additional burden of over Rs. 25 crores. The cumulative effect of Sur-Tax on corporate profits, dividend tax, capital gains tax on bonus shares, exorbitant increase in the rates of capital gains tax, gift tax, estate duty and annuity deposit scheme at all levels of income over Rs. 15,000 is to reduce the pool of savings and runs contrary to the disclosed objectives. The conditions prevailing in stock exchanges all over the country clearly indicate that the new tax proposals have adversely affected the morals of the capital market.

With a view to encouraging broader and wider dissemination of share ownership and promoting public savings into joint stock enterprises, the Government of India made several suggestions to the joint stock companies at the beginning of the year. Your Directors have already implemented these suggestions and, as a result, have decided not to charge any registration fees on the Company's shares lodged for transfer or transmission or splitting or consolidation fees for sub-division or consolidation of shares in denominations of the market unit of trading.

I have to report with deep regret the sad death, on 25th September 1963, of Mr. M. S. Captain, a Director of the Bank since its very inception. Mr. Captain rendered very meritorious services extending over a period of 37 years, to the Bank. He was a Founder-Director and Chairman of the Board since 1939 to 1956 when he resigned on account of his old age and indifferent health. Your Directors have recorded their appreciation of the valuable services rendered by Mr. Captain in directing the destinies of the Bank during his long tenure of office.

You are requested to re-elect three of the Directors, Mr. Jal H. Mehta, Mr. Devji Rattansey and Mr. Ratilal Nathalal, who under the provisions of the Companies Act 1956, retire by rotation and being eligible offer themselves for re-election.

You are also required to appoint auditors for the ensuing year.

Before I conclude, I should like, on behalf of the Board of Directors and on your behalf, to record our appreciation of the valuable services rendered by our Local Advisory Committees at Calcutta, Ahmedabad, Coimbatore and Gauhati and to thank our General Manager, Mr. F. K. F. Nariman, for his very able stewardship of the Bank and the conscientious discharge of his heavy responsibility during the year. Our thanks are also due to the senior executives and other officers and members of the Bank's staff at the head office and branches for their good work throughout the year.

Note: *This does not purport to be a report of the proceedings at the Annual General Meeting.*

TREND OF MARKETS

MONEY COMFORTABLE

(From Our Own Correspondent)

BOMBAY, *28th April*

This week's review of the short-term money market covers only four working sessions, as Friday the 24th inst. was a holiday (*Mahavir Jayanthi*) and as we are going to press a day earlier in view of Maharashtra Day on the 1st May. During this brief period, the market presented a steady trend. The supply of, and the demand for, funds were well balanced and borrowers could easily obtain their requirements. The inter-banks call rate for both renewals and fresh money remained unchanged at 5½ per cent throughout. Similar conditions prevailed at Calcutta, the call rate there being 5½ per cent.

The money market is eagerly awaiting the outcome of the meeting of leading bankers which will be held later in the week to consider whether or not the interest rates on deposits should be revised upward in the light of the views expressed by the Reserve Bank. These rates, as readers are aware, are fixed under the Inter-Bank Agreement as follows:

(*a*) *Category I* (banks with deposits above Rs. 50 crores and exchange banks): 3 to 30 days (inclusive) 3 per cent, 31 to 60 days (inclusive) 3½ per cent, 61 to 90 days (inclusive) 3½ per cent, 91 days and over but less than 12 months 3½ per cent, 12 months 4 per cent.

(*b*) *Category II* (banks with deposits of more than Rs. 25 crores but upto and including Rs. 50 crores): ¼ per cent higher than the rates for Category I.

(*c*) *Category III* (banks with deposits of more than Rs. 10 crores but upto and including Rs. 25 crores): ¼ per cent higher than the rates for Category I.

The view, expressed so often by this journal, that the present structure of interest rates in the country is not realistic and that it must be revised suitably seems to have been borne out in a way by the response to the two conversion loans, 4 per cent 1970 and 4½ per cent 1989. Although the conversion facilities offered were attractive, subscription lists had to be kept open till the close of business on the last day fixed, that is, the 22nd April, and, even then, the total amount subscribed at Rs. 141.52 crores was well below the actual aggregate outstandings of Rs. 188.51 crores in respect of the 3 per cent loan 1964 and 3½ per cent National Plan loan 1964. Of the amount converted, a little over half, Rs. 71.78 crores to be precise, was in 4 per cent 1970 and the balance, Rs. 69.74 crores, in 4½ per cent 1989. The bulk of the subscription must have been from the Reserve Bank which held a sizable portion of the holdings of these loans.

The two new loans were nominally quoted at the prices at which they were issued: 4 per cent 1970 at Rs. 99 and 4½ per cent 1989 at Rs. 100. Business put through in other Central and State loans was limited, with values generally maintained at their last week's levels. 3½ per cent 1967, however, attracted support and spurted by 45 nP to Rs. 100. 3 per cent 1964 also eliicted some enquiries and gathered 20 nP to Rs. 63.35.

There was a further small rise of Rs. 3.91 crores to Rs. 1,843.27 crores in the total credit made available by scheduled banks to their clients during the week ended 17th April 1964. There was also at the same time an increase of Rs. 2.68 crores to Rs. 2,480.59 crores in deposits. Borrowings from the Reserve Bank, as a consequence, declined by Rs. 3.63 crores to Rs. 65.15 crores, of which those against usance bills accounted for Rs. 26.87 crores, a drop of Rs. 2.96 crores. Investments were higher by Rs. 1.09 crore at Rs. 624.75 crores, while cash balances showed a fall of Rs. 2.15 crores, the total being Rs. 142.29 crores.

In the foreign exchange market, the banks' buying and selling rates for U.S. dollars were unaltered at Rs. 475 and Rs. 478.25 per $100, respectively. In New York, the pound sterling firmed up further *vis-a-vis* the dollar, the spot rate rising by 0.110 cent to 279.980-280.020 cents and the three months' forward by 0.060 cent to 279.440-279.480 cents.

FURTHER RISE IN GOLD

(From Our Own Correspondent)

BOMBAY, *28th April*

A further rise in gold featured the trading in the bullion market this week. Sovereign, too, edged forward. But silver came in for a narrow market and managed to close steady.

Fourteen-carat gold struck a new high of Rs. 67.75 in the current upward trend on Saturday, 25th April, after it had opened unchanged at Rs. 66.50 two days before. Later in the week, it moved narrowly to close a shade lower than the week's best level at Rs. 67.25. These further gains were attributed to a better buying enquiry from jewellers. Pure gold, which had shed a part of the recent gains last week by reacting from Rs. 116 to Rs. 112, steadily rose to Rs. 118 by today. Sovereign was 50 nP higher at Rs. 90.

Silver commenced one point lower at Rs. 260 and, after reaching Rs. 261 yesterday, finished at Rs. 260.50 today, 50 nP lower over the week. The daily average arrivals were unchanged at 10 bars, as against which the offtake averaged 12 bars.

The international price for gold recovered smartly from $35.06½ to $35.08¼ on a substantial demand from Zurich and due to the policy of the Bank of England to restrict supplies of the newly-mined South African gold at the lower levels in the last two weeks on reports of Russian sales. Russian selling in the past month or so is believed to total at least $100 million. The bulk of earlier sales, in March, is believed to have found its way into the International Gold Pool. The spot rate in London experienced a reversal of the downward trend to close one-quarter of a penny higher over the week at 250s. 7½d. Silver prices in New York and London ruled firm at last week's levels.

An American company, the Texas Gulf Sulphur, has struck in Timmins (Ontario, Canada) one of the largest and richest ore bodies ever discovered in North America. The precise size of the newly-found ore bodies has not been yet established, but they are believed to contain at least 25 million tons of copper, zinc and silver, worth many hundreds of millions of pound sterling.

The following table shows the trend of prices during the week under review:

	28-4-1964 (closing)	High	Low	22-4-1964 (closing)
SILVER				
Ready (999 fine) ..	Rs. 260.50	Rs. 261.00	Rs. 260.00	Rs. 261.00
GOLD				
Ready (14 carat) ..	67.25	67.75	66.50	66.50
Sovereign	85.00*	—	—	85.00*
London—				
Gold	250s. 7½d.	250s. 7½d.	250s. 7d.	250s. 7d.
Silver/Ready ..	111½d.	—	—	111¾d.
Silver Forward ..	111½d.	—	—	113¾d.
New York—				
Silver	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * As on 24-6-1963.

COTTON FUTURES EASY

(From Our Own Correspondent)

BOMBAY, *28th April*

The cotton futures market ruled distinctly easy during the short week (of only four trading days) under review. The easiness was particularly pronounced in the Jarilla May contract which was subjected to heavy selling pressure, resulting in a sharp break in prices. Liquidation of "long" positions in May induced by the reported unwillingness of some to weigh over cotton, which might be tendered against the contract from 1st May onwards, was responsible for the easiness. The switchover of purchases from the May to the August contract also imparted weakness to the former. Local and upcountry operators appeared as sellers while buyers were reserved. Consequently, both the contracts suffered a sharp setback. The fall in prices would have been more marked but for the support, forthcoming at lower levels, which was induced by the relative steadiness of spot prices and the apprehension that the continued delay in issuing the purchase authorisation for P.L. 480 cotton might result in scarcity of cotton in the coming months.

The Jarilla May contract, which opened the week at Rs. 751 per three quintals, after rising to Rs. 753.50 on Saturday, the 25th inst., reacted sharply to Rs. 740 yesterday. The contract declined further to Rs. 734.25 today but recovered to close at Rs. 738.50. The August contract depicted more or less the same pattern. After commencing the week at Rs. 736 the contract reacted, declining to Rs. 729.50 yesterday and further to Rs. 728 today. The finish was, however, a shade higher at Rs. 730.50.

Activity in the spot market at Sewri was subdued. Stray mill buying was reported in such varieties as L.147 197/3, Digvijay, Hubli Laxmi, Co2, and Wagad. Demand for foreign cotton centred on American and East African varieties. Egyptian cotton also attracted the attention of some mills in anticipation of a global import quota announcement. Importers are also eagerly awaiting the issue of the purchase authorisation for American cotton. Export interest in Bengal *Deshi* was dormant.

The announcement of the cotton policy for the next (1964-65) season is considered imminent. It is expected in some quarters that the ceiling prices for some varieties at least would be raised.

The Committee of the Indian Cotton Mills' Federation, which met at Bombay this week, felt that the question of increasing cotton production in the country must be tackled with particular urgency. It, therefore, appointed a sub-committee to consider the part the Federation can play in educating the farmer into the ways of increasing the per acre yield of cotton. The sub-committee will also prepare a representation for submission to the Government setting out the need to prepare and implement a special plan to make the country self-sufficient in cotton in the quickest possible time.

The following are the latest available quotation—in rupees per candy of 784 lbs.—from the spot market at Sewri:

Ganganagar 810; Wagad 900; Hubli Laxmi 1,180; Nagar Co2 1,150; American 1,250; Busoga 1,370; Elpaso 1,635.

MARGINS IN GROUNDNUT OILCAKE RAISED

(From Our Own Correspondent)

BOMBAY, *28th April*

The highlight of the week in so far as the oilseeds market is concerned was the announcement of the Forward Markets Commission's decision to stiffen the special margins in groundnut oilcake, in view of the continued rise in prices. On Thursday the 23rd inst., the Commission directed the recognised associations at Bombay, Saurashtra, Adoni and Hyderabad to collect special margins at a higher rate of Rs. 100 per tonne (as against Rs. 50 previously), whenever the futures prices of groundnut oilcake (expeller) for April and July deliveries exceeded Rs. 450 per tonne at Bombay, Rs. 6.55 per 15 kg. in Saurashtra and at parity levels at Adoni and Hyderabad. The margins, it was said, should be paid on the long open position of every member and each of his clients taken separately. The free limit of 300 tonnes granted to every member and the exemption from special margins granted to exporters was, however, left unaltered.

The special margins in forward groundnut oilcake, it will be recalled, were first announced on Saturday the 18th inst. Despite the margins, prices shot up, the July 1964 delivery touching the ceiling rate of Rs. 450 on Wednesday last week. Even after the doubling of margin rate on Thursday, the contract continued its upward march and touched as high as Rs. 455.50 today.

But for the above development, the oilseeds market ruled dull. The firmness noted in the past three weeks abated, as there was lack of follow-up support. Groundnuts were easy due to slightly improved arrivals from growing centres. Castorseeds moved both ways on conflicting rumours regarding imposition of margins, the trend towards the close being easy following bearish advices from the castor oil market in London. Linseeds were also easy, thanks to larger arrivals and decline in mustardseeds prices. Cottonseeds were dull.

In the groundnut section, the April contract moved up from the last week's closing of Rs. 240.75 to Rs. 240.87, just 13 nP below the official ceiling of Rs. 241. The July contract shed 32 nP to Rs. 239.37. Nizam bold ready was steady throughout at the opening level of Rs. 54, but closed higher by 25 nP to Rs. 54. Khandesh Quality gained 25 nP to Rs. 54.75. Oil ex-mill, however, declined by 20 nP to Rs. 21. Railway receipts lost 25 nP to Rs. 20.70.

Castorseeds June opened the week hesitant at Rs. 176.37, as against the previous close of Rs. 176.62, but improved to Rs. 177.12 on Saturday. Thereafter, it moved down and closed at Rs. 175 today. Spot Madras was neglected at Rs. 34.50. Kanpur bold, however, eased by 13 nP to Rs. 33.37. Oil B.S.S. and Oil Commercial lost 10 nP each to Rs. 14.80 and Rs. 14.10, respectively.

Linseeds June slipped by 12 nP to Rs. 42.50. Bold ready picked up a rupee to Rs. 44.25 on special support. Oil ready gathered 25 nP to Rs. 18.

Business put through in cottonseeds was limited. The June contract was nominally quoted at Rs. 105.

The following table shows the closing prices of oilseeds and oils on 22nd April as compared with those of two previous weeks:

	28-4-1964	22-4-1964	13-4-1964
	Rs.	Rs.	Rs.
Groundnuts			
April 1964 contract	240.87	240.75	240.62
July 1964 contract	230.37	239.62	238.75
Nizam bold	54.00	53.75	52.25
Khandesh quality	54.75	54.50	53.00
Oil ex-mill	21.00	21.20	20.35
Oil/Rly. Receipts	20.70	20.95	20.05
Castorseed			
June 1964 contract	175.00	176.62	175.12
Ready Madras	34.50	34.50	34.37
Ready Kanpur	33.37	33.50	33.25
Oil B.S.S.	14.80	14.90	14.80
Oil commercial	14.10	14.20	14.10
Linseed			
June 1964 contract	42.50	42.62	42.19
Bold ready	44.25	43.25	41.25
Linseed oil	18.00	17.75	16.75
Cottonseed			
April 1964 contract	—	99.00	98.50
June 1964 contract	105.00	104.50	104.00

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

YARNS FEATURELESS

(From Our Own Correspondent)

BOMBAY, *28th April*

Trading in the yarn market this week was featureless in the absence of any important demand against comfortable supplies. The tone of the market was steady.

Excepting Century 75D which recorded sizable gains from Rs. 18.41 to Rs. 18.83 a kilo, art silk yarns were quiet, with National Rayon 120D finishing 7 nP higher at Rs. 12.98 and S.I. Viscose 150D closing unchanged at Rs. 14.30. Among 2 x 40 spot staple fibre yarns, Kohinoor retraced all the ground lost last week by rallying from Rs. 8.93 to Rs. 9.50, but Century turned a shade easy from Rs. 9.42 to Rs. 9.39. Cotton yarns were steady at last levels.

The following table gives the prices of rayon staple fibre and cotton yarns, today, as compared with those prevailing a week ago:

	28-4-1964	22-4-1964
	Rs.	Rs.
Art silk yarn (per kg.)—		
National Rayon 120D	12.98	12.91
Century 75D	18.83	18.41
S. I. Viscose 150D	14.30	14.30
Staple fibre yarn (40 x 2)—		
Kohinoor (per kg.)	9.50	8.93
Century	9.39	9.42
Cotton yarn (per bundle of 10 lbs.)—		
10s Navsari	19.12	19.12
20s Parkash	26.00	26.00
40s Vasanta	38.50	38.50
60s Kothari	68.00	68.00
80s Ganesh	83.00	83.00

DULL TRADING IN KIPS

(From Our Own Correspondent)

MADRAS, *27th April*

Trading in the local kips market this week was dull as most of the tanners had left for their homes in the upcountry to celebrate the *Id*.

Inquiries for export were patchy in both the kips and skins sections. Arrivals of kips were moderate and prices were unchanged. Offtake by shippers and for local consumption was small. The tone of the market was bearish.

As regards skins, there was no appreciable change in demand and prices. Tanned goat skins ruled quiet and sheep skins steady to firm.

In the raw skins market, prices of goat skins remained steady and of sheep skins firm. Enquiries for the export of raw and pickled goat skins from East European countries were negligible. Sellers, too, did not readily come forward to make offers, as they felt that the standard expected by the buyers could be supplied for the price offered at present.

Nominal prices quoted in the market for all round lots per lb. were:—Tanned cow hides 8/8½ lbs. average Rs. 2.20 to Rs. 2.25, buff hides 12/13 lbs. average Rs. 2.00 to Rs. 2.06, and buffcalf 1½/2 lbs. average Rs. 3.40 to Rs. 3.50.

TEAS ADVANCE

[*Messrs. Forbes, Ewart and Figgis (Private) Ltd.*]

COCHIN, *24th April*

A much smaller quantity amounting to only 370,000 kgs. was offered in tea sale No. 16 held here on Tuesday the 21st inst. Quality continued to be good but was often barely maintained. Good general demand prevailed throughout the sale, with better support for fannings grades. A few selected highgrown brokens were sold at firm to dearer rates, though, generally, these again came to a lower market. Similar fannings evoked useful support at only slightly lower levels. Good medium descriptions were sold readily, but their prices were lower with quality. Medium and low medium brokens were fully firm; where quality had declined, prices ruled easier. Fannings in these categories realised better prices. Black leaf descriptions, plainest sorts and tippy teas registered advances in price, while competition for whole leaf grades was again strong. Unorthodox kinds were irregular with their fannings inclined dearer.

The quotations (per kg.) were:

	1964	1963
	Rs.	Rs.
Low mediums	4.40-4.90	4.40-4.70
Mediums	4.90-5.40	4.70-5.30
Good mediums	5.40-6.20	5.35-6.00
Nilgiri B.O.P.	5.80-9.80	5.60-7.80

The average price realised in sale No. 16 was Rs. 5.37 per kilo, as against Rs. 5.30 a week ago and Rs. 5.16 in the corresponding sale last year.

A total of 159,000 kgs. was offered in dust sale No. 16 held today. There was very strong and active demand. Highgrowns came to a irregular market. All medium descriptions elicited strong enquiry and were dearer. Black leaf types followed the dearer trend of the market. Unorthodox varieties were sold at fully firm rates.

The average price realised in dust sale No. 16 was Rs. 4.82 per kilo, as against Rs. 4.78 a week ago and Rs. 4.63 in the corresponding sale last year.

Colombo: The market strengthened after a quiet opening and light liquoring highgrowns were considerably easier while others were firm. Mediums were a little dearer, but lowgrowns were easier.

London: *North Indian and other growths*: In Monday's sale, there was strong demand with brighter Assams dearer, but the plainer ones were barely steady. All other varieties were firm.

Ceylon and South Indians: In Tuesday's auction, there was again good demand at firm to dearer rates.

As we go to press Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire:

"*Sale No.* 17: 408,000 kgs. offered. Good demand. Low medium and medium brokens fully firm, occasionally dearer. Fannings inclined easier. Good mediums barely steady. Highgrowns again lower. Unorthodox steady."

GOOD DEMAND FOR TEA

(From Our Own Correspondent)

CALCUTTA, *28th April*

Good demand featured last week's internal sale of dust tea, when offerings totalled 29,654 chests. All clean C.T.C. teas were steady, and the smaller and brighter teas were buyers' favourites. Prices of fibrous teas, however, gave way. Plain orthodox teas were shown less attention, but the brighter teas were in good demand. Leggcut teas met with steady support. Quotations (in rupees) per one kg., inclusive of excise duty, were: Good Assam C.T.C. dust 6.30 to 6.80, medium Assam C.T.C. dust 5.00 to 5.30, legg-cut dust 4.60 to 5.00, medium Assam dust 4.50 to 5.10 and plain orthodox dust 4.10 to 4.30.

A special supplemental sale for leaf was also held last week, when offerings amounting to 3,213 chests met with good demand.

The new season's tea has already started reaching here. Arrivals have so far been from the Darjeeling area. Advance booking of shipping space is gathering momentum. The first export sale of the new season has been fixed for 18th May. Meanwhile, dusts sale of the 1963-64 season will continue up to the end of May. An increase in the crop for North East India has been forecast; but, as the new season is approaching, the earlier optimism in regard to marketing prospects is yielding place to caution. This is so, because crop prospects in most producing countries are believed to have improved, while, in view of the inroad from other beverages and soft drinks, world consumption of tea has been improving at a rate slower than expected. This emphasises the need to increase the proportion of quality output to the total and at the same time to build up a steady expanding internal market for dusts.

Excluding China and the U.S.S.R., the world output of tea in 1963 totalled 667 million kgs., as against 667.7 million kgs. in 1962. While the largest increase of 8 million kgs. was recorded in Ceylon, the largest decline of 7.7 million kgs. was recorded in Indonesia. Pakistan's crop rose by 1.5 million kgs. and the South Indian by 2.6 million kgs. East Africa showed an increase of 0.8 million kgs., while Portuguese East Africa showed a loss of 0.8 million kgs. At 255.12 million kgs. the North Indian crop fell by 6.32 million kgs. Despite the fall in crop, prices realised here for leaf and dusts were lower. Several gardens were affected by the red spider blight, and shortage of fertilisers and inadequate transport facilities.

JUTE QUIETLY STEADY

(From Our Own Correspondent)

CALCUTTA, *28th April*

Quietly steady conditions were in evidence in both jute goods and raw jute during the week under review. Although advices from the New York burlap market continued to lack liveliness—the spot 7½ oz. hessian easing from 8.70 cents a yard to 8.65 cents and the 10 oz. hessian from 11.50 cents a yard to 11.45 cents—the fact that U.S. burlap stocks at 272.6 million yards towards the close of last month showed a substantial fall of 10.9 million yards led to the expectation that U.S. buyers would soon enter the market for replenishment. It was also noted that U.S. burlap consumption at 74.4 million yards in March showed a small rise of 1.4 million yards, though it was well below the 84.7 million yards consumed in March last year. The average monthly consumption in the first three months of this year was only 76.4 million yards, as against 80.56 million yards a year before and 80.3 million yards two years before.

These figures have caused some concern, but, since U.S. industrial activity is on the increase, it is to be hoped that the shortfall in consumption would be made good in the coming months. At the same time, purchases by the U.S.S.R. and Argentina have so far been satisfactory. The rapid fall in U.S. stocks of burlap becomes significant considering that the stocks at the end of March of last year aggregated 304.0 million yards (160.4 million yards spot and 143.6 million yards afloat). The U.S. buyers believe that, since mills in India continue to operate at the present enhanced rate of production having regard to the heavy stocks of fibre with them as well as to prospects of a bumper crop having become brighter as a result of good showers in recent weeks, they would be able to cover their requirements at any time they desire.

In heavy goods during the week, Government continued to be a prominent buyer. Shipping was satisfactory, and jute goods derived benefit from lack of competition by tea for ready shipping space. However, new crop tea had already started arriving in and, as such, tea shipments were expected to be resumed earlier than usual. At one time during the week, the existing shipping difficulties stood the danger of becoming aggravated further as a result of the threatened strike by a section of the lighterage personnel; however, the strike was postponed to allow time and an opportunity for the Government to make an inquiry.

Against the background of shipping difficulties, the figures relating to gunny despatches for exports and internal consumption in the month of March 1964 pleased the market. At 79,900 tonnes, total exports rose substantially by 13,200 tonnes as compared with the previous month. Hessian advanced by 4,400 tonnes to 41,800 tonnes, sacking by 4,100 tonnes to 22,400 tonnes, carpet backing cloth by 1,300 tonnes to 7,700 tonnes, and miscellaneous constructions by 3,400 tonnes to 8,000 tonnes. The despatches against internal consumption at 27,700 tonnes showed a fall of 4,700 tonnes. Hessian fell by 400 tonnes, sackig by 3,300 tonnes, and miscellaneous goods by 1,000 tonnes. This fall was more than made good by the rise in exports, so that the total offtake at 107,600 tonnes was higher by 8,500 tonnes, the highest since December 1962, exports the highest since August 1963. The decline in offtake for internal consumption last month is not considered to be of any consequence, since a drop is usual at this time of the year. It should be noted that, in the twelve months ended March 1964, internal consumption aggregated 328,000 tonnes, showing a marginal rise of 15,100 tonnes. Although hessian at 46,000 tonnes fell by 2,400 tonnes, the fall was more than made good by the rise in the offtake of sacking and miscellaneous goods amounting to 245,900 tonnes and 36,900 tonnes, respectively. It is expected that, in the current year, internal consumption would be of the order of 400,000 tonnes. The optimism is born of the official emphasis and the measures taken to increase output of foodgrains and commercial crops. Industrial activity would also rise.

During the week under review, fibre prices were unchanged as follows: Assam bottoms Rs. 31.50; northern bottoms Rs. 30.50; and daissee bottoms Rs. 33.50. Arrivals in the agencies averaged 40,000 maunds a day, most of which was mesta and other inferior varieties. Sellers were keen for business, but mills were inclined to pick up only the better grades. Sellers of off-grades were inclined to lower their quotations to secure business. However, business in mesta was hard to find. The weakness is likely to accentuate in view of recent good rains having improved crop prospects. In all likelihood, the new crop will be earlier than last year. In the first week of this month, jute co-operatives purchased 160,700 maunds of jute from jute districts where prices had tended to fall. The Statewise purchases were: Andhra 50,000 maunds, Orissa 30,000 maunds, West Bengal 25,500 maunds, Assam 24,000 maunds, Bihar 20,000 maunds, U.P. 6,200 maunds and Tripura 5,000 maunds.

Although only routine business took place in jute goods during the week, prices improved fractionally as a result of expectations of increased offtake. Ready B. twills improved from Rs. 113.50 to Rs. 113.80 and ready hessian 40" 10 oz. from Rs. 45.55 to Rs. 45.60. The market remained closed on 23rd and 24th April. A quiet trend pervaded yesterday, and some business in B. twills for ready delivery on Government account was the only feature. B. twills returned to Rs. 113.50 and, in sympathy, ready hessian 40" 10 oz. receded to Rs. 45.45.

Notice

THE PUNJAB NATIONAL BANK LIMITED

NEW DELHI

NOTICE IS HEREBY GIVEN THAT THE NEXT Annual General Meeting of the Shareholders of the Punjab National Bank Limited, New Delhi, will be held at the Registered Office of the Bank, Parliament Street, New Delhi, on Monday, the 18th May, 1964, at 4.00 p.m. Notice of the Meeting setting out the ordinary and special business to be transacted thereat and the Explanatory Statement attached therewith will be sent by post to the Shareholders at their registered adddresses.

By Order of the
Board of Directors,
R. L. TULI,
General Manager.

N.B.

1. The Transfer Books and the Register of Members of the Company will remain closed from 14th April to 28th April, 1964 (both days inclusive).

2. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Such proxies on the form should reach the Registered Office of the Company at least 48 hours before the time fixed for the Meeting.

3. The dividend when declared will be made payable, subject to the provisions of the Articles of Association of the Company, at the Registered Office of the Company on or after 29th May, 1964, to those shareholders whose names stand on the Register of Members as on 18th April, 1964, and in respect of the shares tanding in their names as on that date.

4. Shareholders are requested to intimate the change of address, if any.

5. The date of the Annual General Meeting is 18th May, 1964, and not 11th May, 1964, as published earlier.

FURTHER GAINS IN METALS

(From Our Own Correspondent)

CALCUTTA, *28th April*

On active demand lead, zinc and copper scrap advanced during the week under review, but, as a result of a further improvement in the stock position, tin eased further. The trend on the London Metal Exchange and in the U.S. markets, was firm.

Utensil copper scrap rose from Rs. 680 per 100 kgs. to Rs. 690. On short supplies and upcountry consumers' eagerness to cover their requirements. On the London Metal Exchange, spot copper wirebars opened at £316 a ton, and after rising to £317½, closed lower on balance at £313. Demand from outside was reported heavy, but sellers were reluctant to enter into commitments. There were conflicting reports about the question of nationalisation of the U.S.-owned mines in Chile. According to one source, the Chilean Government did not favour any idea of taking over foreign-owned copper mines, but the Presidential candidate, Senator Salvador Allende, was said to favour nationalisation and payment of compensation in accordance with international agreements which had been accepted by the Chilean Congress. Meanwhile, there was the encouraging news of the Australian Copper Producers' Association having cut the price of copper by £(A)20 a ton to £(A)320 in accordance with the overseas producer price. The cut was made on the plea that there was the need for a competitive and stable price and that not much copper changed hands at the L.M.E. price equivalent to £A400. On the L.M.E., spot cathodes and the fire-refined metal opened at £302 and £296 and eased to £291 and £290, respectively.

Virgin lead in Calcutta shot up from Rs. 295 per 100 kgs. to Rs. 300 on good demand. Spot lead in London closed higher at £83¼ a ton, after having been initially lower at £82¼. Spot zinc touched as high a rate as £114¼ a ton, after opening at £108. Backwardation was almost static at £3¼, as against £3¼ earlier. The local price spurted from Rs. 287 to Rs. 292 per 100 kgs. Spot tin closed higher on balance at £1,052 a ton, as against the opening of £1,044. The rise was attributed to a possible limitation of sales of grade 'A' from U.S. stockpiles. A rising trend was reported from Singapore. In view of the good stock posi-

tion here, however, the difference between the local and international prices was narrowed slightly.

WHEAT RALLIES

(From Our Own Correspondent)

HAPUR, 27*th April*

After a further decline early this week, wheat prices rallied near the close following a decline in the new crop arrivals. However, contrary to earlier predictions, wheat crop has been fairly satisfactory though producers are still unwilling to rush supplies to the market. Wheat prices in Delhi and other centres continued lower due to the zonal restrictions on the movement of wheat. Coarse grains here were steady due to poor arrivals.

Wheat prices fell by Rs. 2 to Rs. 5 per quintal in the early part of the week but recovered by Rs. 2 a quintal in the week-end on consumer demand. Arrivals averaged 1,000 maunds daily. The average quality was quoted between Rs. 51.50 and Rs. 53.50 and the farm produce at Rs. 57.50 to Rs. 62.50 per quintal. At fair price shops wheat was sold at Rs. 43 a quintal. Rice prices hardened by Re. 1.34 to Rs. 3.50 per quintal according to quality on poor supply and meagre stock with the trade. Week-end prices were: Rice *basmati* superior Rs. 93.77 to Rs. 96.45, *sela basmati* Rs. 91.09 to Rs. 93.77, *manipuri* Rs. 68.32, *ramajwayan* Rs. 77.70, *raimunia* Rs. 80.38 and *gadda* Rs. 68.32 per quintal.

Gram improved Re. 1.50 to Rs. 2.50 per quintal on rumours of a likely ban on export from Punjab, Rajasthan and M.P. The local produce was quoted at *Rs. 54.92* and the *Punjab quality* at Rs. 53.50 per quintal. Barley and *bejhar* gained on a better outside buying enquiry. Barley was quoted at Rs. 40 to Rs. 41.76 and *bejhar* at Rs. 40 to Rs. 41.25 per quintal. Maize was quiet at Rs. 41 to Rs. 43 per quintal in slack trading. *Guwar* held steady, but *juwar* sought higher levels in sympathy with other grains.

A firm trend was witnessed in pulses. Peas prices advanced by Rs. 4.50 a quintal to Rs. 48.75 to Rs. 51.75 for the *dara* quality and Rs. 52.75 to Rs. 55 per quintal for the farm variety on brisk buying support from Madras, Bengal, Bombay and Bihar coupled with local millers' buying. Daily arrivals averaged about 2,500 maunds. *Peas dal* also improved to Rs. 55 a quintal. Small arrivals of new *arhar* were lifted at higher prices of Rs. 69.66 to Rs. 72.50 a quintal for conversion into *dali Urd* and *moong* registered further gains at Rs. 67.50 to Rs. 73.78 and Rs. 77.70 to Rs. 89.75, respectively, per quintal. *Masoor* also hardened to Rs. 67.50 to Rs. 72.50 per quintal due to small arrivals. Other sections ruled firm: *Arhar dal* Rs. 75.02 to Rs. 80.38, *moong dal* at Rs. 91.09, *urd dal* at Rs. 80.38, *masoor dal* at Rs. 82.50 and *gram dal* at Rs. 61.62 per quintal.

SUGAR FIRM

(From Our Own Correspondent)

HAPUR, 27*th April*

On persistent shortage and steady demand crystal sugar prices firmed up to Rs. 160/165 a quintal in the open market. In the Muzaffarnagar market, too, the prices were higher as the supply position did not improve.

After remaining steady in the earlier part of the week, *desi khandsari* recorded handsome gains on brisk buying support from east U.P. and stockists from Rajasthan who entered the market in anticipation of issue import permits in that State. Moreover, the U.P. Government was said to have asked the Centre to allow export of 25,000 tons of *khandsari* to other States. As a result, prices improved by Rs. 7.50 a quintal. Week-end prices (in rupees per quintal) were: *Desi khandsari* inferior 117.50 to 130, medium 135 to 140 and superior 147.50 to 155.

Ready *gur* was firm on good buying enquiry from Gujarat and Rajasthan against import permits. The week's offtake was heavy at 20 wagon-loads, while daily average arrivals were restricted to 250 maunds and the local stock dwindled to 15,000 quintals. *Shakker*, too, was much in request and, with the stock being poor, prices improved. Week-end prices (in rupees per 40 kilogram) were: *Pansera* 29.25, average 28.75, *balti* 28.50, *kotha* dry-wet 27.50 and *shakker* 31 to 33.

PEPPER RECOVERS

(Messrs. Parekh and Co.)

BOMBAY, 29*th April*

After ruling weak owing to liquidation by weak bulls, Malabar black pepper remained steady during the latter part of the week, in view of unwillingness to press sales at lower levels on the part of growers and holders. Ready garbled, after touching the lowest at Rs. 330, improved to Rs. 345. Ungarbled rallied from Rs. 320 to Rs. 330. May delivery at Cochin ring improved to Rs. 354, after touching the lowest at Rs. 338.

Local market also improved due to short coverings. *Vaisakh* delivery, after touching the lowest of Rs. 363, improved to Rs. 385 and *Jeth* delivery to Rs. 397.

Singapore remains steady at $(M)130 for black and $(M)155 for white.

New York remains quiet at $0.38 under pressure from Indonesia. Though demand from grinders is reported to be slack, dealers in general are expecting buying by grinders during some time in May.

Ready in Bombay is now quoted at Rs. 180 per 50 kilos, the lowest being Rs. 175.

LONDON LETTER

(Concluded from page 740)

desire of the great economic powers to discipline the producer of three-quarters of the world's gold output!

South Africa is a market for less than 2 *per cent of British exports* and, though it is a vast repository of British overseas investment, the freezing of this for a time could be accepted. But would it be "for a time"? The Government do not wish to apply economic sanctions; the Opposition have declared against them. And could they be effective even if the requisite number of nations joined in? The Afrikaners' main virtue is stubbornness! But there are other measures short of full economic sanctions which could be applied and which would amply demonstrate the U.K.'s identity of outlook with the African and Asian countries. First is the imposition of a full arms embargo: on this, the Prime Minister and Mr. Wilson clashed in Parliament this week, for the Prime Minister insists on shipping arms which "are not for internal use"—he sees no incongruity between this attitude and his expectation of fruitful Commonwealth co-development. Second, the U.K. could speak out much less equivocally than it has done in condemnation of apartheid and at the same time give all necessary assistance to the protectorates. And, of course, the British Government should use its influence in every possible way to resolve the racial problem—in short, give a lead to the other members of the U.N., instead of appearing to drag its feet.

On the matter of Southern Rhodesia, again, the British Government could take care to move with the opinion of the other members of the Commonwealth. For this coming Conference is expected to demonstrate the proposition that, sometimes, economic progress must follow and not precede political progress.

INDIA "A GOOD BET FOR THE FOREIGN INVESTOR"

Western firms and others interested in investment in India can gain an up-to-date view of the prospects, difficulties and advantages of taking part in India's development as the result of a detailed report just completed in London by an *Indian economist*, Mrs. Anila Graham. Calcutta-born Mrs. Graham, who lives in Britain, prepared her report following an extensive tour of India during which she interviewed Ministers and officials of the Government of India, leading Indian industrialists, officials of chambers of commerce, and independent economic consultants. Her conclusions take into account the provisions of the recent Indian budget.

Mrs. Graham, who has established her own market research organisation in London, believes that the investor who goes into India will find rich rewards. But he must be forearmed against a number of possible pitfalls. "Although the foreign private investor in India has a number of difficulties and frustrations to face—and it would be foolish to overlook or minimise them—investing in India," she declares, "is a calculated risk worth taking." "There is no doubt at all," she adds, "that, with the appointment of the new Finance Minister, there has been a distinct improvement in the climate for private investment in India. *The Government* is willing to open its doors wider to foreign capital—not only in the private sector but also in the public sector—as long vate sector but also in the public sector—as long as this investment fits into the framework of India's Five-year Plans and places no undue burden on the precarious balance-of-payments situation. ...

"In the latest Budget, a number of new concessions have been introduced which will benefit *the foreign investor* and provide concrete proof that, as far as the Government of India is concerned, there is definitely a place for foreign private investment. ... There appears to be little doubt that India, with her growing, protected market of over 450 million people, is certainly a good bet for the foreign investor. ..."

Mrs. Graham, who is a grand-daughter of W. C. Bonnerji, first President of the Indian National Congress, is married to an Englishman. She is an economics graduate of Calcutta and London Universities, a Fellow of the Royal Statistical Society, and a member of the British Market Research Society.

London observers note with interest that many of the arguments advanced by Mrs. Graham in favour of private investment in India link-up with reflections on the same theme by the British Chancellor of the Exchequer, Mr. *Reginald* Maudling, a few months ago. At a dinner held in London on the occasion of Republic Day, he drew attention to the potential of India's economy, which he described as "quite staggering." The Chancellor went on to say that he believed there would be "a *tremendous development*" in the coming decades in trade between India and Britain, and that by the end of this century India could become the most important market for British products. He expressed the hope that, before then, a volume of Indian investment would also be building up in Britain as a counterpart of British investment in India. This remark, London observers feel, contains in it the seeds of a fruitful suggestion, namely that private investment *involving two countries, even if at very different* stages of development, could well be ultimately a valuable two-way traffic.

Notices

THE INDO-BURMA PETROLEUM COMPANY LIMITED

Registered Office:

Gillander House, Netaji Subhas Road, Calcutta 1

NOTICE IS HEREBY GIVEN THAT THE Fifty-sixth Annual General Meeting of the Members will be held at the Registered Office of the Company on Tuesday the 26th May, 1964, at 11.00 a.m., to transact the following business:—

1. To receive and adopt the Directors' Report and the audited Balance Sheet and Profit and Loss Account for the year ended 31st December, 1963.
2. To sanction the declaration of a dividend.
3. To appoint a Director in place of Mr. P. Sen Gupta who retires by rotation and, being eligible, offers himself for reappointment.
4. To consider and, if thought fit, to pass the following Resolution for which a Notice as required by Section 257(1) of the Companies Act, 1956, has been received by the Company:—

   As an Ordinary Resolution

   "Resolved that Mr. D. Manson be and is hereby appointed a Director of the Company."
5. To consider and, if thought fit, to pass the following Resolution for which Special Notice as required by Section 261(2) of the Companies Act, 1956, has been received by the Company:—

   As a Special Resolution

   "Resolved that Mr. A. K. Gupta who is an employee of Messrs. Steel Brothers and Company Limited the Managing Agents of the Company be and is hereby appointed a Director of the Company."
6. To appoint Auditors including Branch Auditors and to fix their remuneration.

Notice is hereby given that the Ordinary Register of Members of the Company will be closed from the 7th May, 1964 to 26th May, 1964, both days inclusive.

By Order of the Board,
STEEL BROTHERS AND COMPANY LIMITED,
Managing Agents.

24th April, 1964.

Notes: (1) A member entitled to attend and vote at this Meeting is entitled to appoint a Proxy to attend and, on a poll, to vote in his stead. Such proxy need not be a member.

(2) An Explanatory Statement concerning items 4 and 5 as required by Section 173(2) of the Companies Act, 1956, has been posted to Members.

MADURA MILLS COMPANY LIMITED

Registered Office:

New Jail Road, MADURAI

NOTICE IS HEREBY GIVEN THAT IN connection with payment of interest to Debenture Stockholders, the Debenture Stock Transfer Register of the Company will be closed from 16th to 30th May, 1964, both days inclusive. It is recommended that:

1. All persons holding debenture stock on blank transfers should immediately arrange to have the stock registered in their own names, as the Company will pay interest only to the person(s) in whose name the stock stands on the date of payment of interest.
2. Stockholders desiring interests to be paid to Banks or other Mandatees should register the mandates with the Company before 16th May, 1964.
3. Intimation of any change of address should be given to the Company immediately.

A. & F. HARVEY LTD.,
Managing Agents.

MADURAI, 23*rd April*, 1964.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 24th April 1964

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long Term Operations) Fund		73,00,00,000
National Agricultural Credit (Stabilisation) Fund		8,00,00,000
Deposits—		
(a) Government—		
(i) Central Government	52,71,93,000	
(ii) State Governments	13,52,89,000	
(b) Banks—		
(i) Scheduled Banks	83,42,97,000	
(ii) State Co-operative Banks	2,43,97,000	
(iii) Other Banks	1,50,000	
(c) Others	159,94,02,000	
Bills Payable	33,48,60,000	
Other Liabilities	73,63,03,000	
Rupees		585,18,91,000

ASSETS	Rs.	Rs.
Notes		18,26,82,000
Rupee Coin		3,30,000
Small Coin		4,80,000
National Agricultural Credit (Long Term Operations) Fund—		
(a) Loans and Advances to—		
(i) State Governments	28,30,76,000	
(ii) State Co-operative Banks	8,43,31,000	
(iii) Central Land Mortgage Banks	....	
(b) Investments in Central Land Mortgage Bank Debentures	3,59,36,000	
National Agricultural Credit (Stabilisation) Fund Loans and Advances to State Co-operative Banks	....	
Bills Purchased and Discounted—		
(a) Internal	....	
(b) External	....	
(c) Government Treasury Bills	87,90,69,000	
Balances Held Abroad*	7,97,01,000	
Loans and Advances to Governments**	83,07,62,000	
Loans and Advances to—		
(i) Scheduled Banks†	45,01,90,000	
(ii) State Co-operative Banks‡	115,26,46,000	
(iii) Others	2,31,25,000	
Investments	154,11,66,000	
Other Assets	30,83,37,000	
Rupees	585,18,91,000	

* Includes Cash and Short-term Securities.
** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.
† Includes Rs. 20,36,65,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.
‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	18,26,82,000	
Notes in circulation	2536,27,17,000	
Total Notes issued		2554,53,99,000
Total Liabilities		2554,53,99,000

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India	108,45,69,000	
Foreign Securities		
Total		226,21,79,000
Rupee Coin		105,85,13,000
Government of India Rupee Securities		2222,47,07,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2554,53,99,000

State Bank of India

Statement of Affairs for the week ended 17th April 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
Capital—		
Authorised Capital:— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up:— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		9,30,00,000
Borrowings from Other Banking Companies, Agents, etc.		620,02,79,000
Bills Payable		20,77,40,000
Bills for Collection being Bills receivable as per contra		9,39,09,000
Acceptances, Endorsements and Other Obligations per contra		8,54,41,000
Other Liabilities (including Inter-Office Adjustments)		15,73,34,000
Total	Rs.	6,04,55,000
		695,44,08,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		19,48,53,000
Balances with other Banks		4,41,79,000
Money at Call and Short Notice		2,46,66,000
INVESTMENTS:—		
Government and other Trustee Securities	232,60,04,000	
Other Authorised Investments	9,44,20,000	242,04,24,000
ADVANCES:—		
Loans, Cash Credits, Overdrafts, etc.	358,84,51,000	
Bills Discounted and Purchased	21,59,51,000	380,44,02,000
Bills Receivable being Bills for Collection as per contra		8,54,41,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		15,73,34,000
Premises less Depreciation		2,21,76,000
Furniture and Fixtures less Depreciation		1,75,79,000
Other Assets (including Inter-Office Adjustments)		18,33,57,000
Total	Rs.	695,44,08,000

State Bank of Pakistan

Statement of Affairs for the week ended 10th April, 1964

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		3,00,00,000
Reserve Fund		6,65,00,000
Rural Credit Fund		3,00,00,000
Deposits:—		
(a) Central Government	22,41,97,000	
(b) Provincial Governments	1,49,63,000	
(c) Banks	34,33,06,000	
(d) Others	102,32,74,000	
Bills Payable	61,63,000	
Other Liabilities	19,32,96,000	
Rupees		193,16,99,000

ASSETS	Rs.	Rs.
Notes		8,28,28,000
Rupee Coin		16,000
Subsidiary Coin		40,000
Bills Purchased and Discounted:—		
(a) Internal	....	
(b) External	....	
(c) Government Treasury Bills	1,43,91,000	
Balances held outside Pakistan*	33,05,03,000	
Loans and Advances to Governments	1,00,00,000	
Provincial Governments' Debtor Balances	....	
Other Loans and Advances	93,19,34,000	
Investments	37,89,48,000	
Other Assets	13,30,39,000	
Rupees	193,16,99,000	

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	8,28,28,000	
Notes in circulation	463,19,41,000	
Total Notes issued		471,47,69,000
Total Liabilities	....	471,47,69,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	25,00,44,000	
Silver Bullion		
Foreign Securities	85,16,28,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
B. Rupee Coin	4,20,81,000	153,18,36,000
Government of Pakistan Securities	308,18,46,000	
Internal Bills of exchange and other commercial paper	....	312,39,27,000
II. Held with the Reserve Bank of India pending transfer to Pakistan:—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,00,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets		471,47,69,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 33.68 per cent.

EXCHANGE RATES

	28th April 1964	22nd April 1964
London on New York	Sellers	2.7990-2.8001	2.7988-2.7990
London on Berne	Sw. Fcs.	12.0806-12.0830	12.0850-12.0870
London on Paris	Fcs.	13.7190-13.7210	13.7140-13.7160
New York on London Cents per £		279.980-280.020	279.000-279.930
Pound Sterling—			
Sellers T.T. D.D. Spot	£.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months	£.	1-5 15/16	1-5 15/16
Buyers T.T.	£.	1-6 1/32	1-6 1/32
Buyers D.D.	£.	1-6 1/16	1-6 1/16
U.S. Dollar—			
Sellers T.T. D.D.	Rs. to $100	478.00	478.25
Buyers T.T.	Rs. to $100	474.75	475.00
Canadian Dollars—			
Sellers T.T. D.D.	Rs. to $100	444.25	444.75
Buyers T.T.	"	436.50	436.75
French Francs—			
Sellers T.T. D.D.	per Rs. 100	102.40	102.30
Buyers T.T.	"	103.40	103.40
Swiss Francs—			
Sellers T.T. D.D.	"	90.10	90.20
Buyers T.T.	"	91.10	91.10
Deutsche Marks—			
Sellers T.T. D.D.	"	83.00	83.00
Buyers T.T.	"	83.90	83.90
Italian Lire—			
Sellers T.T. D.D.	"	13,035	13,030
Buyers T.T.	"	13,210	13,205
Swedish Kroner—			
Sellers T.T. D.D.	"	107.30	107.30
Buyers T.T.	"	108.40	108.40
Belgian Francs—			
Sellers T.T. D.D.	"	1,037	1,037
Buyers T.T.	"	1,053	1,053
Dutch Guilders—			
Sellers T.T. D.D.	"	75.40	75.30
Buyers T.T.	"	76.30	76.20
Hongkong Dollars—			
Sellers T.T. D.D.	"	119.60	119.60
Buyers T.T.	"	120.60	120.60
Norwegian Kroner—			
Sellers T.T. D.D.	"	149.40	149.40
Buyers T.T.	"	150.80	150.70
Danish Kroner—			
Sellers T.T. D.D.	"	144.20	144.20
Buyers T.T.	"	145.60	145.50

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	17-4-64	10-4-64	19-4-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	65,86	68,94	53,60
(ii) From others	1,074,18	1,074,56	892,86
(b) Borrowings from banks	33,11	31,57	32,39
(c) Others	69,25	68,92	62,76
2. Time liabilities—			
(a Time deposits—			
(i) From banks	28,02	27,39	27,74
(ii) From others	1,232,27	1,226,69	1,192,77
(b) Borrowings from banks	12,82	12,38	13,02
(c) Others	11,00	11,40	10,14
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,306,46	2,301,25	2,085,63
4. Borrowings from Reserve Bank	56,28	68,78	30,23
(a) Against usance bills and/or promissory notes	28,11	29,83	27,76
(b) Others	34,17	38,95	2,48
5 Borrowings from State Bank and/or a notified Bank	27,98	27,56	17,49
6. Cash	60,16	59,60	53,85
7. Balances with Reserve Bank	82,13	84,84	74,86
8. Cash and balances with Reserve Bank	142,29	144,44	128,70
9. S as per cent of 3	6.17	6.28	6.17
10. Balance with other banks in current account	21,24	23,36	21,35
11. Money at call and short notice	39,66	35,76	48,29
12. Investments in Government securities	624,75	623,65	609,07
13. 12 as per cent of 3	27.09	27.10	29.20
14. Advances—			
(a) Loans cash credits and overdrafts	1,545,81	1,542,22	1,324,06
(b) Due from banks	16,82	17,55	6,21
15. Inland bills purchased and discounted	230,67	229,12	217,97
16. Foreign bills purchased and discounted	67,79	68,02	55,05
17. Total Bank Credit [14(a)+15+16]	1,843,27	1,839,36	1,597,08
18. 17 as per cent. of 3	79.92	79.93	76.58

INDEX NUMBERS OF SECURITY PRICES

[1952-53—100]

Group and Sub-Group	Week ended			
	18th April 1964	11th April 1964	21st Mar., 1964	20th April 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99.6	99.5	99.7	98.8
2. Government of India	99.2	99.2	99.4	98.5
3. State Governments	102.0	102.0	102.1	101.3
4. Municipal, Port Trust, etc.	98.9	98.9	98.9	98.3
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	97.7	97.8	97.9	98.9
PREFERENCE SHARES—ALL INDIA.				
6. Total	81.5	81.5	81.5	80.5
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	165.8	166.8	168.1	163.
8. *Agriculture and Allied Activities: Total**	146.7	147.7	148.6	144.4
9. Tea Plantations	133.3	134.4	135.5	133.3
10. Coffee Plantations	172.1	172.1	173.0	141.5
11. Rubber Plantations	163.3	163.4	164.7	157.1
12. *Mining and Quarrying: Total*	135.5	135.8	139.5	137.8
13. Coal	98.1	98.9	101.1	106.8
14. Other Mining	161.2	161.1	165.8	157.8
15. *Processing and Manufacturing: Total*	179.5	180.4	181.8	175.5
16. *Processing and Mfg. (Food-stuffs, Textiles, etc.): Total*†	179.1	180.5	182.8	180.4
17. Sugar	125.4	127.9	130.7	123.2
18. Cotton Textiles	162.3	163.3	165.4	165.4
19. Jute Textiles	89.2	89.6	91.8	91.4
20. Silk and Woollen	868.4	870.7	870.1	870.9
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	194.4	195.1	194.5	179.2
22. Iron and Steel	168.6	169.4	168.6	138.9
23. Transport Equipment	323.7	325.2	326.9	327.8
24. Electrical Machinery	154.1	154.0	158.4	152.8
25. Machinery other than Transport and Electrical	228.2	228.7	227.8	215.6
26. Basic Industrial Chemicals	181.2	181.7	184.8	167.8
27. *Processing and Mfg. (Others): Total**	153.0	152.9	154.3	153.5
28. Cement	140.1	144.9	144.7	142.8
29. Paper	193.1	193.5	196.4	197.7
30. *Other Industries: Total**	108.5	108.7	109.3	104.5
31. Electricity Generation and Supply	87.7	87.7	88.2	83.0
32. Trading	109.1	109.0	107.7	111.0
33. Shipping and Other Transport	98.7	97.0	99.4	84.4
34. Construction	294.6	298.8	300.1	265.0
35. *Financial: Total*	182.2	185.6	188.6	189.7
36. Banks	203.0	207.4	211.3	207.6
37. Insurance	146.8	146.9	146.1	149.8
38. Investment Trusts	83.3	83.3	85.6	85.3
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	173.4	173.8	174.3	168.0
40. Calcutta	162.4	164.6	167.1	162.4
41. Madras	176.3	176.7	177.3	174.7
42. Delhi	224.9	225.1	227.2	216.8

*Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	28th Mar., 1964	21st Mar., 1964	30th Mar., 1963	February 1964	February 1963	Percentage of Increase (+) or Decrease (—) in Feb., 1964 as compared with Feb., 1963	Financial Year Averages 1963-64	Financial Year Averages 1962-63
Food Articles	504	141.4	142.1R	123.5	140.5	124.2	+13.1	136.8	126.1
Cereals	192	122.5	123.6	102.8	122.1	102.4	+19.2	116.3	105.6
Pulses	43	133.2	133.5	90.4	129.1	103.2	+25.1	115.4	95.2
Fruits and Vegetables	23	166.0	166.4	133.4	156.6	133.2	+17.6	140.6	135.6
Milk and Ghee	84	131.6	133.3	129.1	128.4	121.9	+ 5.3	128.2	124.4R
Edible Oils	47	163.4	159.3	139.7	154.7	146.2	+ 5.8	151.1	142.3
Fish, Eggs and Meat	17	151.6	149.5	138.3	153.7	134.7	+14.1	149.8	148.6R
Sugar and Gur	48	168.2	172.7	148.3	178.3	147.8	+20.6	188.8	145.0
Others	50	175.8*	175.8*R	169.8*	179.7	178.2	+ 0.8	179.3	171.8
Liquor and Tobacco	21	119.4	119.4	117.0	122.3	99.3	+23.2	119.6	100.9R
Others	..	116.5	116.5	114.6	119.6	95.7	+25.0	116.8	97.4R
Fuel, Power, Light and Lubricants	30	141.7	141.7R	137.6	139.5	123.4	+13.0	139.6	124.4R
Industrial Raw Materials	155	146.1	144.9R	135.5	143.4	133.7	+ 7.3	139.5	136.5
Fibres	61	135.5	135.8	133.6	135.6	130.7	+ 4.1	133.2	128.8
Oilseeds	60	166.3	162.8	143.5	158.9	142.1	+11.8	154.1	151.4
Minerals	2	104.6*	104.6*R	91.5	93.4	95.4	— 2.0	92.8	93.6
Others	32	131.2*	131.3*	127.9	132.7	126.7	+ 4.7	127.3	125.8
Manufacture	290	133.0	132.7R	122.7R	129.2	121.9	+ 6.0	128.1	123.8R
Intermediate Products	41	145.3	144.4R	136.2	141.3	136.3	+ 3.7	139.6	139.5
Finished Products	249	131.0	130.8	118.4	130.4	128.0	+ 1.9	129.1	127.1
Textiles	147	128.5	128.5	127.0	123.4	127.3	— 0.9	127.7	126.1
Cotton	..	130.6*	136.8*	134.9*	135.9	134.2	+ 1.3	135.6	130.7
Jute	..	98.7	98.8	98.4	100.1	99.9	+ 0.2	100.2	110.9
Woollen	..	162.4*	162.4*	140.0*	145.4*	105.4*	—5.2	155.3	140.1
Silk and Rayon	..	143.0*	143.3*	140.0*	145.7	135.8	+ 5.8	139.8	131.8
Metal Products	12	166.1	166.1	161.0	163.0	161.0	+ 1.2	163.1	160.1
Chemicals	20	120.4*	120.0*R	117.5*	119.2	115.9	+ 2.8	117.9	115.5
Oil Cakes	9	173.7	171.9*	155.5*	167.8	162.5	+ 3.3	165.7	160.9
Machinery and Transport Equipment	31	125.8	125.5	122.7	125.5	118.0	+ 6.4	124.2	117.9R
Others	30	128.0	127.9R	127.3	127.8	125.4	+ 1.9	128.2	125.3
All Commodities	1,000	139.2	139.3	127.4	138.0	126.6	+ 9.0	135.3	127.9

NOTE:—Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-groups to arrive at that

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	Nine months ended Dec.		April to March* (Twelve months)	
	1963-64	1962-63	1962-63	1961-62
Exports	578,41§	503,87	686,35	655,17
Re-exports	2,51	5,62	7,34	5,17
Total Exports	580,92	509,49	693,69	660,34
Imports	849,011	849,26	1,077,09	1,090,05
Overall Balance of Trade	—268,09	—339,77	—383,40	—429,72
Exports—Items:				
Tea	101,97	98,61	129,19	122,26
Coffee	6,94	6,77	7,61	9,02
Sugar	21,95	13,03	18,04	15,34
Jute yarns and manufactures	120,84	117,10	156,17	144,78
Cotton yarns and manufactures	40,73	37,46	52,13	53,31
Cotton, raw and waste	12,06	11,63	17,07	20,35
Petroleum products	4,49	2,87	4,13	3,48
Vegetable oils	12,17	7,74	13,17	5,82
Fruits and vegetables	22,50	19,36	28,80	25,38
Tobacco—Raw	13,85	14,10	18,37	14,97
Mica	6,53	8,03	10,36	9,06
Wool and other animal hair	4,83	5,70	6,64	9,19
Gums, resins and lac	5,90	5,26	7,28	6,64
Spices	10,68	9,88	13,37	7,51
Leather & leather manufactures	19,61	17,00	22,75	25,45
Hides and skins, raw	7,80	7,47	11,01	8,79
Cashew kernels	16,47	14,06	19,36	18,17
Pepper (black)	5,77	4,54	6,57	8,05
Manganese ore	6,15	5,86	7,85	10,42
Iron and steel scrap	3,85	1,25	1,99	6,25
Iron ore and concentrates	26,28	14,05	19,82	17,41
Sewing machines	22	28	45	44
Electric fans	45	53	93	61
Groundnut oil	7,03	3,87	7,33	1,02
Castor oil	4,09	3,06	4,29	4,00
efatted groundnut meal	19,98	17,85	26,52	13,96
Country-wise Exports—				
Australia	13,52	14,50	18,82	15,85
Burma	2,91	3,59	5,13	5,34
Canada	16,80	17,36	22,42	17,58
Ceylon	14,21	10,68	13,47	16,98
Czechoslovakia	10,89	8,08	11,27	8,05
France	6,36	6,06	8,54	7,96
East Germany	7,37	6,87	8,50	4,55
West Germany	13,59	10,66	15,29	19,81
Italy	8,68	6,82	9,52	9,06
Indonesia	1,52	3,20	4,05	6,80
Japan	42,54	22,28	33,99	40,42
Kuwait	2,68	2,77	3,95	2,95
Federation of Malaya	11,21	4,75	6,73	6,76
New Zealand	5,74	5,52	6,59	7,39
Netherlands	7,43	6,22	8,95	7,99
Nigeria	2,79	5,18	6,17	7,05
Pakistan	5,24	7,39	9,40	9,44
Singapore	15,24	6,31	9,43	8,25
Sudan	6,21	7,55	9,01	10,30
U.A.R.	8,14	9,48	13,06	12,15
United Kingdom	123,53	119,89	162,75	159,73
U.S.A.	94,68	83,71	116,59	115,05
U.S.S.R.	39,32	29,22	38,28	32,03
Imports—Items:				
Machinery†	266,51	237,15	309,29	302,90
Iron and Steel	63,33	65,47	86,65	107,81
Copper	19,88	18,72	23,34	23,45
Aluminium	5,55	8,37	10,50	7,92
Zinc	7,62	7,16	9,02	7,35
Tin	4,66	4,29	5,10	5,78
Lead	2,46	2,13	2,69	2,59
Nickel	1,08	1,04	1,44	1,56
Chemicals, drugs and medicines	63,34	77,49	100,41	89,76
Electrical goods and apparatus	62,08	46,25	62,16	65,91
Vehicles (excluding aircraft, ships and boats)	32,58	43,66	48,84	49,76
Aircraft	9,50	10,27	12,47	12,97
Ships and boats	2,85	1,24	1,78	1,89
Cotton, raw and waste	31,47	45,46	46,91	62,56
Fruits and vegetables	12,21	10,70	13,21	14,80
Paper, pasteboard, etc.	8,48	9,41	12,34	10,46
Dyes and colours	6,28	9,03	12,15	14,46
Spices	56	1,44	1,77	1,87
Rice	16,05	20,36	21,26	15,78
Wheat and spelt	82,25	87,08	91,86	98,87
Country-wise Imports—				
Australia	13,40	20,02	22,86	24,17
Burma	8,26	8,15	8,71	11,34
Canada	10,14	10,31	14,70	14,66
Ceylon	3,66	6,24	5,18	4,50
Czechoslovakia	12,00	15,38	19,71	16,02
France	9,18	9,93	13,99	14,78
East Germany	6,55	5,53	7,94	5,64
West Germany	66,10	74,18	96,48	122,35
Italy	11,66	16,64	21,89	24,35
Japan	45,79	47,06	62,75	59,45
Iran	35,94	31,40	45,58	47,15
Federation of Malaya	9,89	8,12	10,71	12,92
New Zealand	1,14	1,13	1,58	1,22
Netherlands	8,37	11,17	13,34	14,25
Norway	75	1,44	1,76	2,32
Pakistan	6,83	12,19	16,67	13,36
Singapore	4,08	6,68	8,11	9,00
Sweden	6,53	14,41	17,11	10,56
Switzerland	8,34	6,13	8,40	14,84
United Kingdom	9,48	7,81	10,23	10,75
U.A.R.	9,79	5,80	9,78	12,04
United Kingdom	128,17	138,52	178,31	205,15
U.S.A.	201,56	266,36	315,58	255,54
U.S.S.R.	47,14	44,90	55,50	59,94

* Excludes figures for Goa, Daman and Diu.

† Including electric goods.

‡ Excludes imports by land from Nepal valued at Rs. 3.79 crores.

§ Excludes overland exports to Nepal valued at Rs. 823.44 lakhs and postal exports of pearls, precious stones, etc. valued at Rs. 11.12 crores.

IRON AND STEEL PRODUCTION (In metric tons)

Tata Iron and Steel Co., Ltd.	Pig Iron	Steel Ingots	Saleable Steel
Year ended 31st March, 1960	1,594,000	1,565,000	1,237,000
Do. 31st March, 1961	1,686,000	1,622,000	1,293,000
Do. 31st March, 1962	1,647,800	1,645,400	1,317,700
Do. 31st March, 1963	1,766,000	1,799,300	1,412,700
Do. 31st March, 1964	1,920,200	1,891,700	1,508,400
January 1963	151,700	159,100	126,500
February ,, ,,	136,000	143,500	115,100
March ,, ,,	154,400	164,800	133,100
November ,, ,,	146,200	158,300	126,600
December ,, ,,	162,600	174,600	136,600
January 1964	164,400	171,300	133,100
February ,, ,,	118,600	130,000	109,100
March ,, ,,	131,600	152,000	128,400
Indian Iron and Steel Co., Ltd.			
Year ended 31st March, 1960	1,070,470	840,305	672,707
Do. 31st March, 1961	1,160,576	914,158	722,034
Do. 31st March, 1962	1,187,397	934,498	736,970
Do. 31st March, 1963	1,291,825	1,002,038	795,119
Do. 31st March, 1964	1,237,000	1,027,000	810,000
January 1963	120,068	86,248	68,972
February ,, ,,	106,428	79,233	69,816
March ,, ,,	116,303	93,288	87,400
November ,, ,,	76,696	81,595	64,682
December ,, ,,	85,051	87,519	70,229
January 1964	109,243	87,771	63,185
February ,, ,,	103,411	80,243	66,435
March ,, ,,	113,069	89,766	78,624

INDUSTRIAL PRODUCTION

Industries.		1960	1961	1962	November 1963	November 1962	Dec. 1963	Dec. 1962
Major Industries—								
Coal	million metric tons	52.62	56.10	61.55	66.91	5.50	5.67	5.83
Steel Ingots—crude	thousand metric tons	3,342	4,027	5,090	5,966	483	509	505
Yarn	million kgs.	788	862	860	893	78	82	74
Cloth	million metres	4,416	4,694	4,480	4,423	375	392	377
Cement	thousand metric tons	7,885	8,245	8,587	9,355	782	877	869
Jute	thousand metric tons	1,085	971	1,181	1,236	104	107	104
Paper and paper boards	thousand quintals	3,475	3,641	3,876	4,026	409	418	369
Matches*	million gross boxes	32.6	35.4	28.8	26.2J	2.2	—	2.4
Sugar	thousand metric tons	2,591	2,841	2,786	2,314	257	—	452
Engineering and Electrical Industries—								
Machine tools	Value in lakhs of Rs.	602	761	1,074	1,706	162	159	112
Electric lamps	millions	41.39	46.00	53.55	64.29J	5.75	—	5.57
Dry cells	millions	207.4	213.6	240.0	260.6J	21.2	—	23.6
Power transformers	thousand K.V.A.	1,116	1,754	2,357	2,386J	212	—	217
Electric Motors	thousand H.P.	680	827	983	1,071J	103	—	103
Electric fans	Nos.	991,300	1,074,000	1,134,000	1,057,400J	75,100	—	108,200
Radio receivers	Nos.	266,700	326,340	348,000	372,800J	32,900	—	36,300
Storage batteries	Nos.	510,000	520,800	564,000	59,500J	50,500	—	55,500
Diesel engines—Vehicular	Nos.	9,708	9,814	7,620	8,837	799	876	722
Diesel engines—Stationary	Nos.	44,196	44,196	42,672	50,129	..	4,277	4,539
Chemical Industries—								
Salt	million metric tons	3.43	3.48	3.86	4.54	0.16	0.12	0.13
Caustic soda	metric tons	99,144	110,844	127,420	153,283	13,714	15,829	11,996
Soda ash	metric tons	145,381	176,639	222,660	266,961	22,847	25,515	22,014
Chlorine liquid	metric tons	31,656	32,912	36,972	44,234	4,416	4,539	3,401
Bleaching powder	metric tons	5,025	7,125	8,328	6,999	566	588	576
Dichromates	metric tons	5,472	6,722	7,045	6,923	529	660	696
Sulphuric acid	metric tons	359,400	413,520	468,300	563,236	52,000	51,050	45,718
Superphosphate	metric tons	382,464	370,886	445,224	573,903	56,782	51,537	44,703
Non-ferrous Metals—								
Aluminium	metric tons	18,467	18,381	35,404	48,936J	4,708	—	4,688
Antimony	metric tons	809	818	661	909	80	82	75
Copper (virgin metal)	metric tons	8,992	8,725	9,731	9,593	895	895	865
Lead (virgin metal)	metric tons	3,778	3,664	3,840	3,537	374	323	360
Gold	kilograms	4,992	4,672	5,076	4,900	317	346	396
Miscellaneous (Minor) Industries—								
Sewing Machines	Nos.	297,288	307,404	343,824	333,550J	31,325	—	29,252
Bicycles	Nos.	1,050,096	1,040,592	1,115,916	873,315J	10,345	—	83,661
Automobiles	Nos.	51,690	54,312	57,816	52,197	5,407	6,265	4,792
Plywood—Tea chests	thousand sq. metres	9,120	9,108	9,132	8,945J	831	—	788
Plywood—Commercial	thousand sq. metres	6,024	6,564	7,356	8,596J	796	—	666
‡Woollen manufactures { Worsted Fabrics	thousand metres	13,950	13,200	18,288	20,412	1,764	1,483	1,453
‡Woollen manufactures { Worsted Yarn	thousand Kgs.	12,584	14,760	18,012	22,773	1,842	1,607	1,891
Alcohol—Industrial	million litres	70.57	92.84	110.82	122.60J	8.87	—	12.00
Alcohol—Power Absolute	million litres	49.33	53.77	59.22	25.17J	0.69	—	4.39
Railway Wagons	Nos.	7,475	10,536	13,932	17,007J	1,439	—	1,550
General Index—(Base 1956=100 Revised)		129.8	139.3	149.8	162.4§	169.4§	—	162.1

* Matches—Boxes of 60 sticks each upto February, 1961 and of 50 sticks thereafter. § Average of first eleven months.

‡ Includes figures for Jammu and Kashmir. J—Upto November only. —Not Available.

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

(1949=100)

	All-India	Bombay*	Ahmedabad†	Sholapur§	Kanpur ‡	Nagpur	Calcutta †	Madras City	Delhi	Ajmer	Gauhati	Jamshedpur	Jabalpur	Bangalore †
1960 Average	124	129	108	357	100	126	100	146	120	107	108	100	100	100
1961 ,,	126	131	102	382	101	131	101	145	117	115	108	101	111	105
1962 ,,	130	144	104	381	105	133	107	150	130	115	112	103	131	108
January 1963	120	125	103	416	103	125	106	150	120	111	110	103	122	109
Feb. ,,	120	127	104	401	104	121	107	150	120	110	110	104	122	109
March ,,	120	125	105	370	105	129	110	149	120	111	111	107	122	109
April ,,	121	127	106	367	105	132	112	149	122	116	112	109	122	109
May ,,	122	130	105	368	107	133	112	150	122	117	112	108	122	110
June ,,	124	134	107	376	109	135	112	150	122	117	110	109	124	112
July ,,	125	135	108	381	110	142	112	151	123	121	111	110	125	112
August ,,	126	137	109	374	110	144	113	151	124	124	109	109	141	112
September ,,	127	137	109	377	112	145	116	152	126	124	109	109	143	113
October ,,	128	138	109	371	112	146	119	151	126	122	112	109	143	114
November ,,	128	138	109	373	112	147	116	153	128	124	112	109	143	114
December ,,	130	140	111	379	115	147	116	157	140	125	115	110	145	115
January 1964 ,,	140	148	..	..	..	150	..	157	140	125	115	..	152	..
February ,,	142	149	..	..	..	..	..	..	..	126	113	..	158	..

* June 1934=100. §Jan. 1928=100. †Base: 1960=100. ‡ The index is based on the Lakdawala Committee's recommendation which has been accepted by the Government of Maharashtra.

INDEX NUMBERS OF WHOLESALE PRICES—IMPORTANT COMMODITIES

(Base: 1952-53=100)

Average of months Average of weeks ended Saturday	Rice	Wheat	Jowar	Bajra	Gram	Tea	Milk	Sugar	Gur	Tobacco Raw	Raw Cotton	Raw Jute	Oilseeds	Spices and condiments	Coal	Jute manufactures	Cotton manufactures	Iron&Steel Manufactures
1956-57	97	85	122	122	71	168	104	95	109	80	111	113	210	146	128	141	121	128
1960-61	103	90	122	130	87	206	118	137	136	111	112	210	146	128	141	121	128	147
1961-62	105	91	113	122	82	192	117	125	116	96	109	178	135	148	143	119	126	148
1962-63	111	90	130	124	89	175	117	116	96	113	113	148	127	140	161	161	126	148
January 1963	108	88	128	116	89	180	117	123	150	92	110	148	127	169	153	165	133	161
February ,,	109	89	118	112	89	183	122	135	156	92	112	150	128	155	153	165	134	161
September ,,	131	93	109	130	93	193	129	126	267	117	118	147	159	161	161	161	126	163
October ,,	132	94	110	129	96	195	135	126	261	112	114	149	147	157	161	161	126	163
November ,,	130	97	112	133	101	192	137	126	231	117	117	147	136	157	161	161	126	163
December ,,	130	102	116	134	113	193	142	126	210	115	118	148	126	154	161	161	98	163
January 1964 ,,	120	112	123	139	113	195	128	143	205	116	120	149	139	156	161	161	100	163
February ,,	121	121	130	144	120	193	130	143	198	116	121	150	147	160	161	161	100	163

RAILWAY TRAFFIC—WAGON LOADINGS

(In thousands)

Year/Month	Total No. of Wagons Loaded	Coal and Coke	Grains and Pulses	Oil-seeds	Raw Cotton	Cotton Manufactures	Raw Jute	Jute Manufactures	Sugar	Cement	Pig-iron	Iron and Steel (Others)	Tea	Manganese Ore
1960-61	9,757	1,551	837	132	52	16	116	15	128	491	56	317	33	79
1961-62	9,870	1,706	808	115	40	14	128	12	130	599	51	366	34	78
1962-63	10,607	1,924	792	125	43	14	150	15	143	355	55	435	32	75
Jan., 1963	8,700	1,580	657	99	30	11	127	11	115	317	43	352	32	62
April ,,	919	172	74	15	5	1	8	1	14	34	4	26	..	5
May ,,	1,839	346	157	26	10	3	18	2	27	67	9	75	2	10
June ,,	2,717	509	236	35	13	3	21	3	39	98	14	113	3	14
July ,,	3,646	687	311	44	15	4	25	4	50	139	19	158	7	20
Aug., ,,	4,361	866	377	52	15	5	36	5	61	143	24	196	11	24
Sept., ,,	5,461	1,040	446	59	18	7	55	7	71	195	29	237	18	29
Oct., ,,	6,406	1,225	516	69	19	8	70	6	78	230	33	280	21	34
Nov., ,,	7,354	1,401	592	81	21	9	91	7	85	265	38	323	24	39
Dec., ,,	8,355	1,578	676	97	25	9	101	9	93	304	42	366	28	46
Jan., 1964	9,366	1,747	754	110	31	10	123	10	103	338	48	409	29	51

Note.—The figures relate to Government Railways. Figures include Broad and Metre Gauge. The monthly figures are progressive from April and incorporate revision in respect of earlier months. *Source:*—Ministry of Railways.

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A Out-standings	7-Year B Out-standings	12-Year C Out-standings	12-Year National Defence Certificates Out-standings	Post Office Savings Bank Deposits Receipts	Post Office Savings Bank Deposits Out-standings	10-Year National Plan Certificates D Out-standings	Post Office Certificates, Defence Savings Certificates and Defence Deposits Savings Bank Deposits Outstandings E	Cumulative Time Deposits 5-Year J Out-standings	Cumulative Time Deposits 10-Year J Out-standings	10-Year Treasury Savings Deposit Certificates 3½% F Out-standings	10-Year Treasury Savings Deposit Certificates 3½% F Receipts	10-Year Treasury Savings Deposit Certificates 4% G Out-standings	15-Year Annuity Certificates G Receipts	15-Year Annuity Certificates G Out-standings	Total Receipts	Total Out-standings H
1959-60	1,57	3,14	98,95	221,68	209,59	268,10	19,79	—41,36	50	31	41,68	10,64	21,76	66	2,91	304,83	680,39
1960-61	1,26	2,46	81,35	286,74	236,84	313,16	18,84	—42,01	1,70	93	38,80	16,14	37,34	69	3,38	338,02	785,06
1961-62	89	1,88	65,47	347,25	250,61	348,85	17,91	—42,45	3,90	1,91	27,00	16,79	53,35	49	3,63	351,08	873,31
1962-63	62	1,39	48,16	367,55	244,86	355,50	16,91	—42,65	7,57	3,50	20,38	7,32	60,70	50	3,83	364,22	948,42
Feb. 1963	64	1,44	49,92	370,55	17,07	337,90	16,96	—42,66	7,07	3,30	20,89	..	60,76	3	3,80	28,89	916,99
June ,,	57	1,29	43,80	360,64	18,84	350,41	16,61	—42,69	8,84	4,00	18,93	..	60,57	2	3,82	29,06	900,84
July ,,	56	1,22	42,25	358,53	21,37	354,40	16,51	—42,71	9,31	4,22	18,20	..	60,50	2	3,81	34,27	972,91
Aug. ,,	54	1,15	40,93	356,62	18,33	357,13	16,41	—42,72	9,76	4,45	17,64	..	60,44	3	3,83	28,79	981,93
Sept. ,,	53	1,11	39,62	354,83	18,21	359,81	16,15	—42,71	10,20	4,69	17,13	..	60,43	3	3,83	29,19	991,92
Oct. ,,	50	1,06	38,14	352,70	19,84	361,99	16,06	—42,74	10,64	4,93	16,67	..	60,39	4	3,84	30,33	1,000,12
Nov. ,,	47	1,03	36,79	351,14	18,73	363,59	15,97	—42,74	11,05	5,18	16,23	..	60,31	5	3,86	29,38	1,009,26
Dec. ,,	46	1,00	35,45	349,36	19,01	365,85	16,09	—42,75	11,50	5,42	15,89	..	60,27	3	3,86	29,80	1,017,95
Jan. 1964	46	1,00	35,44	349,24	20,36	367,21	16,08	—42,75	11,85	5,64	15,50	..	60,22	4	3,87	31,99	1,030,18
Feb. ,,	..	..	..	..	..	..	..	..	..	..	14,87	..	60,14	4	3,88	..	..

Note.—Outstandings relate to end of period and do not include Indian Union's share of pre-partition liabilities; repayments, however, include those from the pre-partition holdings of Indian investors. A—Discontinued from July 1, 1953. B—Discontinued from June 1, 1957. C—Issued from June 1, 1957. D—Issued from May 10, 1954 to May 30, 1957. E—Including Defence Savings Banks Deposits upto 1954-55. F—No sales from June 1, 1957. G—Old series issued from July 1954 to 1957 and 2nd series issued from January 1958. H—Outstandings in respect of items in column 9 marked 'E' are not included. J—Commenced from 2nd January 1959. N.B.—Five-year prize bonds were issued from 1st April 1960 and the total outstandings amount to Rs. 20.22 crores. Fifteen-year Cumulative Time Deposits commenced from June 1962—the outstandings at the end of Jan., 1964 amount to Rs. 51 lakhs. Twelve-year National Defence Savings Certificates commenced from 16th November 1962 and the outstandings at the end of Jan., 1964 amount to Rs. 137.34 crores. Ten-year Defence Deposit Certificates were issued from 10th November 1962 — the outstandings at the end of Feb., 1964 amount to Rs. 27.40 crores. Five-year Premium Prize Bonds were issued from 1st January 1963 and outstandings at the end of Dec., 1963 amount to Rs. 5.49 crores.

A new series of premium prize bonds, 1964 was issued since January 1st 1964. The outstandings at the end of Jan., 1964 was Rs. 17 lakhs.

* Progressive net repayments at the end of period since 15th Aug., 1947.

STOCK & SHARE QUOTATIONS

Abbreviations :—D.—Deferred shares. P. O.—Preferred Ordinary shares. Y.—Accounts published yearly. H.—Accounts published half-yearly. P.—Company has Preference shares. T.—Company has Debentures. N.—Nominal quotations. x.d.—Ex. Dividend. c.d.—Cum. Dividend. I.—Interim Dividend. CR.—Cum. Right. XR.—Ex. Right.

Shares :—If a company has different classes of shares—as for example : 'A' shares and 'B' shares—these are indicated by the same letters 'A' and 'B' under the columns 'Paid-up Ordinary Capital' and 'Paid-up' per share.

Accounts :—Figures in the Accounts Closed column represent the months or the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June and December, respectively. Reserves include general and other reserves and all other funds which a company may have excluding depreciation fund, reserves for tax liability and provident fund. Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed less sales, if any, and stands for the gross figures except where otherwise indicated.

Dividends :—Dividends for completed years are shown as amount per share per annum, but where quoted for portion of a year they represent the proportionate dividend for that period. In the case of those companies which close their accounts yearly dividends shown are for their financial year.

TEXTILES

COTTON, RAYON, SILK AND WOOLLEN

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Number Installed Spindles	Number Installed Looms	Mill	Latest available Quotation	Paid-up Per Share	Dividend Per Ordinary Shares 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.					Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
BOMBAY CITY AND ISLAND																
20,00,700	17,73,622	50,45,511	30,68,133	26,452	Maganlal Bhagwandas & Co.	..	45,180	Ambika Silk Mills Co., Ltd.	300.00	100	15.00	20.00	20.00	..	12	Y.
50,00,000	17,53,685	1,84,39,380	83,17,117	1,35,378	Sriputana Trust (Agencies) Pvt. Ltd.	56,118	902	Apollo Mills	76.75	2	*Nil*	*Nil*	..	..	12	Y.
2,50,98,000	4,24,31,018	13,87,15,614	7,65,55,693	45,236	Nowrosjee Wadia & Sons (Pvt.) Ltd.	1,96,796	3,736	Bombay Dyeing & Mfg.	61.00	25	3.50	3.50	3.50	3.50	12	Y.
10,00,000	45,71,358	98,64,077	66,76,196	21,112	M. Ramnarain Private Ltd.	44,784	859	Bradbury Mills	151.00	50	5.00	12.50	5.00	15.00	3	Y.P.
5,54,90,900	44,32,726	16,15,10,543	6,59,15,811	2,83,865	Birla Gwalior Private Ltd.	1,26,752	2,702	Century Spg. & Mfg.	300.00	100	30.00	30.00	30.00	..	12	Y.P.
25,00,000	53,80,444	1,42,43,898	96,80,380	5,342	Cowasjee Jehangir & Co. Pvt. Ltd.	51,460	672	Cooria Spg. & Wvg.	162.50	100	11.00	11.00	11.00	11.00	3	Y.
26,00,000	49,27,043	1,21,38,021	77,41,059	2,149	Ruia Industries Ltd.	45,960	..	Dawn Mills	150.00	50	15.00	15.00	15.00	15.00	3	Y.
24,00,000	23,74,168	1,53,70,060	79,34,359	—9,93,334	Puranmal Bubna Sons	47,444	928	Edward Textiles	260.00	200	18.00	18.00	15.00	..	12	Y.P.
50,00,000	48,56,520	2,37,36,533	1,05,05,794	5,844	N. K. Jalan, Esq. (Director-in-charge)	52,988	1,756	Elphinstone Spg. & Wvg.	97.00	50	9.00	11.00	9.00	..	12	Y.
50,00,000	85,66,959	2,39,91,574	1,39,71,560	81,068	James Finlay & Co., Ltd.	63,212	780	Finlay Mills	305.00	100	25.00	28.00	28.00	28.00	12	Y.
50,00,000	66,03,389	1,42,40,565	83,44,357	29,942	James Finlay & Co., Ltd.	60,212	1,020	Gold Mohur Mills Ltd.	215.00	100	21.50	21.50	19.50	19.50	12	Y.
24,00,000	1,39,65,715	2,87,85,011	1,69,95,809	15,203	K. M. D. Thackersey. Hsd. (Chairman)	50,620	1,129	Hindoostan Spg. & Wvg. Mills	950.00	250	125.00	125.00	64.00	64.00	3	Y.P.
9,8,00,00,000	71,99,100	5,78,94,999	4,29,77,839	3,99,937	M. D. Bhat, Esq. (Chairman)	2,43,784	6,357	India United Mills	21.18	0100.	0.80	1.40	3.10	..	12	Y.
D. 50,00,000									2.58	01D.	0.1325	0.2725	0.3525			
24,00,000	1,09,67,299	2,14,93,720	1,58,08,908	9,350	K. M. D. Thackersey, Esq. (Chair

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
6,00,000	74,80,980	1,77,68,858	77,19,665	8,246	B. N. Elias & Co. Private Ltd.	879	Agarpara	0.25	10	1.00	0.25	0.25	1.20	3	Y.P.
6,00,000	21,01,100	85,62,670	55,90,516	32,706	McLeod & Co., Ltd.	456	Alexandra	300.00	100	44.00	15.00	45.50		12	Y.P.
20,00,000	26,04,850	1,72,09,661	1,14,76,780	1,05,589	McLeod & Co., Ltd.	1,264	Alliance	131.00	100	6.00	*Nil*	10.00	12.50	5	Y.P.
40,80,700	1,84,67,331	5,42,96,998	2,11,97,650	90,773	Duncan Brothers & Co., Ltd.	2,561	Anglo-India	171.00	100	20.00	7.50	10.00	12.50	3	Y.P.
60,00,000	23,04,894	1,59,46,077	1,00,08,540	1,752	Bird & Co. Private Ltd.	810	Auckland	128.00	100	27.00	12.00	*Nil*	15.00	3	Y.P.
80,00,000	60,86,630	1,68,43,088	98,46,188	29,388	Birla Brothers Private Ltd.	989	Bally	238.00	100	25.00	25.00	25.00	25.00	3	Y.P.
4,75,000	69,75,367	81,46,577	51,07,864	51,341	Jardine Henderson Ltd.	1,280	Barnagore	214.00	25	£1 10sh.	10 sh.	10 sh.	£2	3	Y.P.
40,00,000	27,17,701	70,46,179	45,59,589	1,36,234	Soorajmull Nagarmull	600	Bengal	6.00	10	0.50	0.50	0.50		6	Y.P.'
1,60,56,210	3,88,65,994	9,96,98,597	4,20,72,457	46,410	Birla Brothers Private Ltd.	1,373	Birla	30.87	10	1.50	1.50	1.50	1.50	3	Y.P.
30,00,000	20,48,440	1,25,09,723	79,60,997	35,907	Andrew Yule & Co., Ltd.	991	Bridge-Budge	141.00	100	10.00	*Nil*	12.00	20.00	10	Y.P.
7,47,880	88,200	49,78,484	37,08,876	—2,70,302	Dayaram & Sons	502	Calcutta Jute Mfg.	8.87	10	*Nil*	*Nil*			10	Y.P.
15,00,000	31,18,224	97,46,258	58,36,982	9,234	M.	616	Caledonian	175.00	100	12.00	5.00	15.00		11	Y.P.
29,66,200	99,72,201	1,90,52,661	1,06,53,483	22,648	James Finlay & Co., Ltd.	600	Champdany	20.94	10	1.00	0.50	*Nil*	4.00	3	Y.
39,59,750	72,45,118	1,87,82,000	70,26,410	1,02,122	Andrew Yule & Co., Ltd.	1,131	Chevlot	20.00	10	*Nil*	0.50	2.50		3	Y.P.
30,15,000	36,54,350	1,38,50,292	87,51,923	—4,10,550	McLeod & Co., Ltd.	600	Chhitavalah	8.75	10	0.50	*Nil*	0.50	*Nil*	7	Y.P.'
24,00,000	8,04,909	81,44,990	69,78,978	—19,44,921	M.	905	Clive	7.25	10	*Nil*	*Nil*	*Nil*		3	Y.P.
31,46,200	31,25,995	1,33,24,108	82,26,550	3,316	Bird & Co. Private Ltd.	766	Dalhousie	119.00	100	1.00	1.00	*Nil*	25.00	3	Y.P.'
30,00,000	59,77,425	1,50,52,884	65,71,795	28,574	Andrew Yule & Co., Ltd.	779	Delta	144.00	100	7.50	*Nil*	12.00		1	Y.P.
15,00,000	42,21,700	1,21,66,987	80,25,776	84,695	McLeod & Co., Ltd.	500	Empire	18.44	10	1.25	0.75	1.25	1.50	7	Y.P.'
60,00,000	1,23,58,695	4,12,02,867	2,35,01,408	4,532	Kettlewell Bullen & Co., Ltd.	1,884	Fort Gloster Industries Ltd.	251.00	100 Gld	25.00	10.00	12.50	20.00	3	Y.P.'
21,48,625	82,04,990	1,42,27,521	93,72,524	9,051	Bangur Bros., Ltd.	1,014	Fort William	22.50	10	2.25	2.25	1.00	2.00	3	Y.P.'
34,32,100	77,98,303	3,00,05,500	1,61,98,875	16,267	Ganges Manufacturing Co. (Chairman)	1,709	Ganges Manufacturing Co. Ltd.	13.25	10	1.00	1.00	1.50	2.00	3	Y.P.
48,80,000	37,97,205	1,75,30,642	68,41,617	16,622	M.	1,394	General Ind. Society Ltd.	18.00	10	4.00	1.00	1.50		3	Y.P.
48,00,000	85,59,122	3,27,06,620	2,06,30,061	28,669	Macneill & Barry Ltd.	1,078	Gourepore	22.75	10	3.00	2.50	2.00	2.00	3	Y.T.
40,00,000	1,09,80,042	1,86,44,677	1,01,39,208	4,084	Bangur Bros., Ltd.	1,078	Hastings	128.00	100	6.00	6.00	6.00	6.00	3	Y.P.
30,00,000	44,55,659	99,76,527	67,56,170	4,594	M.	720	Hooghly	16.00	10	1.00	2.00	0.75	1.00	3	Y.P.
65,62,500	46,00,997	2,81,38,629	1,61,63,455	1,040	Jardine Henderson Ltd.	1,940	Howrah	15.50	10	1.25	1.00	*Nil*	1.00	3	Y.P.'
52,50,000	1,26,22,000	3,46,76,240	2,10,75,240	5,088	Ramdutt Ramkissendas	2,272	Hukumchand	19.56	7.50	2.15	2.15	2.00	2.00	3	Y.P.
37,50,000	35,83,965	1,85,83,015	1,09,04,100	76,164	M.	790	India	14.50	12.50	1.75	1.00			3	Y.
24,00,000 } 'B' 12,00,000 }	82,17,016	2,06,72,088	1,54,08,111	14,157	Jardine Henderson Ltd.	1,797	Kamarhatty	172.00	100	5.00	*Nil*	20.00		12	Y.P.'
30,00,000 } 'B' 24,00,000 }	13,48,482	1,76,29,416	1,30,92,261	11,179	Jardine Henderson Ltd.	1,527	Kankenarah	172.00	100	5.00	*Nil*	20.00		12	Y.P.'
								136.00	'B' 100	*Nil*	*Nil*	15.00			
36,00,000	72,51,800	2,51,06,312	1,23,43,904	94,936	McLeod & Co., Ltd.	703	Kelvin	144.00	100	15.00	15.00	5.00	20.00	5	Y.P.
84,00,000	68,29,810	2,49,19,518	1,56,18,494	3,379	Anderson Wright Ltd.	1,580	Khardah	17.50	10	2.00	0.50	1.50	1.25	3	Y.P.
59,85,300	49,03,577	2,28,97,363	1,50,89,918	12,641	F. W. Heilgers & Co. Private Ltd.	1,250	Kinnison	116.00	100	20.00	7.00	*Nil*	10.00	3	Y.P.
24,45,000	1,80,000	1,00,10,875	70,07,975	4,087	Bird & Co. Private Ltd.	931	Lansdowne	17.00	100	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.
28,00,000	14,08,147	65,35,767	45,86,702	664	Bird & Co. Private Ltd.	840	Lawrence	99.50	100	15.00	15.00	10.00	10.00	3	Y.P.
31,95,200	44,95,087	2,88,24,106	1,66,72,214	84,805	M.	1,294	Magna	11.75	10	1.20	1.25			3	Y.
29,99,200	61,99,958	1,91,56,695	1,15,78,800	21,272	Bhagat Agencies Ltd.	816	Mahalati	21.00	100	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.'
20,00,000	11,32,460	36,57,072	27,63,440	8,215	Howrah Trading Co. Private Ltd.	425	Naskarpara	6.00	10	0.60				3	Y.P.'
35,00,000	2,91,116	10,47,182	60,436	1,832	Associated Planters Private Ltd.	840	Nilambur Rubber Co.	12.75	10	1.50	1.50	1.00		12	Y.P.T.
6,50,000	3,06,464	12,80,223	1,39,772	17,087	Peirce, Leslie & Co., Ltd.	293H	Omcore Estates Ltd.	2.68	2	0.30	0.30	0.30	0.30	3	Y.
19,45,080	34,54,133	69,04,648	24,42,425	2,616	Peirce, Leslie & Co., Ltd.	1,812H	Ouchterlony Valley Estates	4.08cd	2	0.28	0.24	0.12	0.25	10	Y.P.T.
[illegible]	8,12,431	24,69,527	4,10,233	6,844	Aspinwall & Co. (Ind.)	300H	Pallangode River	3.05	2	0.10	0.12	0.15	0.20	3	Y.P.
18,00,000	18,58,959	53,99,894	5,65,425	20,850	A. V. Thomas & Co., Ltd.	1,216H	Rajagiri Rubber	21.40	10	2.50	2.50	2.50	2.125	3	Y.P.
2,00,000	1,84,063	4,00,222	60,946	47,531	Associated Planters Private Ltd.	422	Rajendra Coffe Ltd.	10.42	5	1.25	1.25	1.00	1.25	3	Y.P.
12,00,000	78,907	20,87,248	2,85,330	—1,45,845	Patco Agencies	470H	Sangameshwar Coffee Estates	1.65	2	0.12	0.12	*Nil*	*Nil*	3	Y.P.T.
5,80,170	23,00,000	10,11,402	2,15,017	6,933	Peirce, Leslie & Co., Ltd.	202H	Savannalai Estates Ltd.	4.48cd	2	0.28	0.32	0.20	0.35	11	Y.
10,50,000	2,03,120	22,50,803	1,85,357	4,584	East India Agencies Private Ltd.	1,454	Teekoy Rubber (India) Ltd.	6.60	10	*Nil*				3	Y.P.T.
6,25,000	3,74,183	14,90,789	85,133	7,695	A. V. George & Co., Ltd.	816	Thannarpally Rubber	16.40	10	3.00	1.80	1.50		12	Y.P.T.
9,15,250	10,75,340	10,61,761	2,84,898	7,089	Peirce, Leslie & Co., Ltd.	1,312	Thirumbadi Rubber Co., Ltd.	1.82	1	0.07	0.12	0.10	0.10	12	Y.
2,00,000	6,15,616	13,78,050	1,02,991	1,840	Espen Thomas, Esq. (Mg. Director)	1,341	Travancore Rubber	12.00	10	1.30	1.20			12	Y.
41,00,000	12,63,584	90,95,308	18,31,504	32,233	Aspinwall & Co. (Travancore) Ltd.	2,109H	Travancore Rubber & Tea	0.90	10	0.20	1.00	1.00		12	Y.P.
50,00,000	1,91,039	3,48,191	9,09,484	223	P. T. Thomas, Esq. (Mg. Director)	3,157	Tropical Plantations Co.	21.00	25	2.00				12	Y.
3,80,018	5,47,051	10,34,166	54,782	9,228	S. Padmanabh Aiyaar, Esq. (Chairman)	1,118	Vaikundan Rubber Co., Ltd.	35.10	10	3.00	3.00			12	Y.
6,00,000	6,69,482	19,50,932	1,87,596	9,425	P. T. Joseph, Esq. (Chairman)	1,545	Vellanad Rubber & Co.	5.25	5	0.60	0.50	0.25	0.35	2	Y.P.T.
13,00,000	12,40,962	15,57,152	2,54,133	36,874	Peirce, Leslie & Co., Ltd.	417H	Wartyhully Estates Ltd.	3.00	2	0.30	0.30	0.20	0.24	3	Y.
6,95,000	97,809	13,05,464	1,02,251	23,318	M.	898	Woodland Estates	6.90	10	1.00	1.00			3	Y.P.T.

SOUTH INDIAN PLANTING COMPANIES

TEA COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
10,08,990	6,60,824	18,08,952	4,15,764	46,096	Young India Agencies Private Ltd.	1,665	Balanoor Tea and Rubber	12.37	10	1.50	1.20	1.20		3	Y.P.
64,00,000	25,11,425	1,49,41,142	25,95,990	54,776	Kothari & Sons (Ags.) Pvt. Ltd.	1,370H	Blue Mountain Estates & Ind.	2.43	2	0.25	0.20	0.20	0.20	6	Y.
5,00,000	3,11,000	19,19,997	4,85,544	9,168	K. Anantaman, Esq. (Mg. Director)	846	Chandanmalai Estates Ltd.	2.80	2	0.20	0.20	0.12	0.20	6	Y.P.
14,00,100	14,46,380	33,49,058	11,64,122	22,758	Peirce, Leslie & Co., Ltd.	698H	Chembra Peak Estates	4.65	2	0.40	0.40	0.40	0.40	3	Y.P.
5,66,780	19,00,451	34,37,766	3,02,086	—	Matheson Rosanquet & Co. Pvt. Ltd.	350H	Coonoor Tea	17.57xd	10	1.75	1.50	1.75	1.75	9	Y.P.
4,80,000	5,03,204	16,62,165	3,17,071	17,303	M. L. Goenka, Esq. (Chairman)	671	Coorg Tea	4.85	2	0.40	0.40	0.30	0.30	10	Y.P.
8,40,000	2,28,526	13,60,903	4,83,226	3,800	F. G. Krishna Iyer, Esq. (Mg. Director)	171H	Devashola (Nilgiri) Tea	24.08	10	2.00	2.00	1.50		12	Y.
9,74,650	8,83,746	13,44,758	3,14,228	22,158	Young India Agencies Private Ltd.	1,177	Devon Tea	11.96	10	1.50	1.20	1.20	1.00	3	Y.P.
7,50,000	6,10,000	5,04,450	18,465	19,521	K. N. Krishna Iyer (Mg. Director)	198	Emerald Valley Estates	9.10	5	—	*Nil*	0.50	1.00	3	Y.
25,00,000	19,85,470	59,76,170	12,56,851	12,526	Parkins Private Ltd.	1,505	Halleybuna	12.90	10	1.50	1.25	1.10		12	Y.P.
9,00,000	7,25,749	19,93,743	4,93,218	20,726	Peirce, Leslie & Co., Ltd.	1,010	Hulsan Tea	4.10	2	0.40	0.50	0.30	0.30	3	Y.T.
17,17,076	13,42,010	37,08,125	8,78,832	28,817	Peirce, Leslie & Co., Ltd.	556H	Kil Kotagiri Tea	4.47cd	2	0.40	0.50	0.50	0.40	10	Y.P.
6,90,000	9,18,000	13,93,084	1,68,424	1,857	Ipe Oommen & Co. Pvt. Ltd.	936	Kurchermala Plant. Ltd.	5.07	10	*Nil*	0.40	*Nil*	*Nil*	3	Y.P.
1,40,000	1,45,078	10,04,318	1,13,129	10,576	Matheso Rosanquet & Co. Ltd.	190H	Lockey Valley	12.50	10	1.00	1.00	1.00		12	Y.
3,50,000	20,000	3,59,379	38,028	4,009	Vasantha & Co. (Trichy) Pvt. Ltd.	255	Manar Estates Ltd.	1.93	2	0.20	0.10	0.10	0.10	3	Y.
3,00,000	6,18,117	15,08,173	3,99,591	—8,503	Espen Thomas, Esq. (Mg. Director)	560	Miamalley	34.60	25	3.75	3.50	2.00	*Nil*	3	Y.P.
24,19,434	24,19,434	54,10,943	17,28,599	20,273	A. V. Thomas & Co. (India) Ltd.	825H	Neelamalai	4.93	2	0.50	0.375	0.375	0.375	6	Y.P.
12,00,000	10,09,000	32,29,949	6,97,916	9,982	A. V. Thomas & Co., Ltd.	738H	Neliampathy	3.88	2	0.26	0.30	0.30	0.30	6	Y.T.
14,06,250	10,15,954	40,42,365	8,24,078	8,184	A. V. George & Co., Ltd.	1,622	Nilgiri Tea	9.12	10	0.80	1.00	1.00	0.50	3	Y.P.
33,10,000	11,02,521	39,48,336	15,15,045	29,457	Harrison & Crosfield Ltd.	841	Nonsuch Tea	23.00xd	10	2.00	2.00	2.00	2.00	3	Y.
14,88,960	17,22,983	84,54,296	7,51,987	46,177	P. S. M. Molyneux, Esq. (Chairman)	227H	Parkside	26.33cd	10	2.75	2.25	2.75	2.50	6	Y.
6,00,000	6,84,231	7,06,364	79,187	4,87,181	S. Sivaramakrishna Aiyar, Esq.	771	Peninsular Plantations Ltd.	21.25	10	2.00	2.00	2.00	2.00	3	Y.
17,00,000	12,83,809	40,47,926	19,04,123	69,839	Aspinwall & Co. (Travancore) Ltd.	634H	Periakaramalai	29.12xd	10	2.50	2.50	2.00		12	Y.P.
57,94,880	20,69,711	1,28,79,158	46,17,784	58,808	Peirce, Leslie & Co., Ltd.	1,806H	Periakaramalai	3.43	2	0.27	0.40	0.25	0.30	3	Y.P.
12,50,000	2,90,500	12,02,040	1,74,015	3,999	A. V. Thomas & Co. (India) Ltd.	562	Sheveroy Estates Ltd.	2.23	2	0.18	0.15	0.15	0.125	6	Y.
15,00,000	15,30,496	31,73,663	10,92,544	17,781	T. Stanes & Co., Ltd.	457H	Stanes Amalgamated	13.75	10	1.00	1.00	1.50	1.20	3	Y.T.
1,25,000	12,500	2,18,632	22,950	2,021	M.	216	Swinton Estates	2.68	2	0.25	0.12	*Nil*	*Nil*	3	Y.P.
12,50,000	12,05,597	34,15,317	5,57,996	22,571	Srinivas Agencies	1,056	Talayar Tea	1.57	2	0.16	0.20	0.20	0.20	3	Y.P.
15,75,000	16,56,500	33,93,785	5,16,817	1,113	Parkins Private Ltd.	1,218	Twyford	8.55	10	1.00	0.50	0.50		12	Y.
2,30,000	3,37,345	10,81,680	1,41,332	—82,255	A. V. George & Co., Ltd.	508	Udayagiri Rubber Co., Ltd.	15.80	10	0.10	*Nil*	*Nil*		12	Y.P.
31,92,280	21,22,250	59,80,503	22,94,475	22,127	T. Stanes & Co., Ltd.	1,728H	United Nilgiri	23.22	10	2.10	2.20	2.20	2.25	3	Y.
47,25,000	21,33,765	93,19,418	15,06,787	81,380	Kothari Mehta & Co. Pvt. Ltd.	1,127H	Waterfall	2.35	2	0.25	0.40	0.20	0.20	6	Y.P.

RUBBER AND OTHERS

6,00,000	5,85,485	17,66,245	5,03,082	20,844	Ramani & Co. Pvt. Ltd.	999	Alagewaar Estates Ltd.	2.67	2	0.25	0.30	0.20	0.20	3	V.
6,75,000	2,85,537	21,05,698	4,40,752	1,693	K. N. Neelakantan, Esq. (Mg. Director)	2,417	Amalgamated Coffee Estates Ltd.	10.01	10	1.00	1.00	1.00	0.50	3	V.P.T.
2,50,000	5,02,935	14,70,817	2,21,018	46,078	A. V. George & Co., Ltd.	539	Anandam Rubber Co., Ltd.	14.50	10	1.50	1.50	1.50		12	Y.P.
12,07,833	2,23,040	22,99,026	3,45,437	34,775	Associated Planters Private Ltd.	1,843	Badra Coffee Estates Ltd.	2.00	2	0.40	0.30	0.20	0.30	6	Y.T.
4,25,000	4,75,000	12,07,785	1,42,997	1,061	Young India Agencies Pvt. Ltd.	1,041	Badra Coffee Estates Ltd.	2.90	2	0.30	0.30	0.20	0.20	6	Y.T.
4,00,000	86,000	7,45,317	1,56,774	2,787	A. V. Thomas & Co. (Mysore)	238H	Bababudin Coffee & Produce	5.30	5	0.40	0.40	0.30	0.30	6	Y.P.
1,00,000	2,05,000	4,78,718	88,227	1,481	Planting Agencies (Private) Ltd.	151H	Bandipore Plantations	1.80	2	0.15	0.10	*Nil*	0.10	6	Y.P.
26,91,279	19,80,914	60,63,649	12,47,912	28,851	Peirce, Leslie & Co., Ltd.	6,255	Cochin Malabar	6.48	5	0.225	0.60	0.60	0.56	6	Y.P.
82,50,000	33,62,169	57,74,920	18,29,368	890	M. A. Sreenivasan, Esq. (Chairman)	2,793	Coffee Lands and Industries	17.25	10	0.60	1.20	0.90	0.90	6	Y.P.
71,55,000	78,43,159	1,75,01,409	54,78,544	1,007	M. A. Sreenivasan, Esq. (Chairman)	5,846	Consolidated Coffee	21.50	10	2.00	2.00	1.50	2.00	3	Y.P.
6,00,000	5,09,735	15,58,047	1,41,758	5,918	Associated Planters Private Ltd.	1,410	Cotland Plantations	0.60	10	1.00	1.00	0.625	1.00	3	Y.P.
4,03,560	2,50,000	4,02,680	1,85,017	40,856	Peirce, Leslie & Co., Ltd.	246H	Cowcoody Estates (Coffee)	4.60	2	0.50	0.50	0.40	0.35	6	Y.
16,00,000	14,20,000	37,07,279	8,69,483	16,546	Highland Produce	510H	Highland Produce	16.00xd	10	2.50	2.50	1.50		12	Y.P.
11,58,700	11,77,705	31,72,827	4,60,277	22,904	A. V. George & Co., Ltd.	1,537	Kallas Rubber Co., Ltd.	5.97	2	0.40	0.50	0.60	0.60	3	Y.
12,00,000	8,19,942	22,75,780	4,05,553	5,345	A. V. Thomas & Co., Ltd.	383H	Kalpetta Estates	12.12	10	1.25	1.25	1.25	1.125	4	Y.
6,00,000	2,40,000	9,90,154	2,60,252	26,055	Peirce, Leslie & Co., Ltd.	278H	Kumergode Estates Ltd.	7.18	5	0.50	0.50	0.30	0.25	10	Y.
13,50,000	6,58,338	28,24,000	5,02,946	3,669	K. T. Thomas Rathanar, Esq.	2,147	Malankara Rubber	16.37	10	1.50	1.60*	1.40	1.40	3	Y.
3,15,000	2,50,000	8,72,737	98,634	3,643	Associated Planters Pvt. Ltd.	906	Mercara Rubbers Ltd.	7.45	5	1.00	1.00	0.75	0.625	6	Y.P.
40,80,000	17,71,033	79,02,921	13,59,147	3,220	A. V. Thomas & Co., Ltd.	1,888H	Midland Rubber	11.25	10	1.25	1.25	1.25	1.00	3	Y.P.
2,35,000	4,12,607	17,54,491	3,54,374	1,18,608	A. V. George & Co., Ltd.	1,331	Nenmeny Rubber	22.55	10	1.50	1.50	1.50		12	Y.P.
2,00,000	2,91,116	10,47,182	60,436	1,832	Associated Planters Private Ltd.	840	Nilambur Rubber Co.	12.75	10	1.50	1.50	1.00		12	Y.P.T.
6,50,000	3,06,464	12,80,223	1,39,772	17,087	Peirce, Leslie & Co., Ltd.	293H	Omcore Estates Ltd.	2.68	2	0.30	0.30	0.30	0.30	3	Y.
19,45,080	34,54,133	69,04,648	24,42,425	2,616	Peirce, Leslie & Co., Ltd.	1,812H	Ouchterlony Valley Estates	4.08cd	2	0.28	0.24	0.12	0.25	10	Y.P.T.
[illegible]	8,12,431	24,69,527	4,10,233	6,844	Aspinwall & Co. (Ind.)	300H	Pallangode River	3.05	2	0.10	0.12	0.15	0.20	3	Y.P.
18,00,000	18,58,959	53,99,894	5,65,425	20,850	A. V. Thomas & Co., Ltd.	1,216H	Rajagiri Rubber	21.40	10	2.50	2.50	2.50	2.125	3	Y.P.
2,00,000	1,84,063	4,00,222	60,946	47,531	Associated Planters Private Ltd.	422	Rajendra Coffe Ltd.	10.42	5	1.25	1.25	1.00	1.25	3	Y.P.
12,00,000	78,907	20,87,248	2,85,330	—1,45,845	Patco Agencies	470H	Sangameshwar Coffee Estates	1.65	2	0.12	0.12	*Nil*	*Nil*	3	Y.P.T.
5,80,170	23,00,000	10,11,402	2,15,017	6,933	Peirce, Leslie & Co., Ltd.	202H	Savannalai Estates Ltd.	4.48cd	2	0.28	0.32	0.20	0.35	11	Y.
10,50,000	2,03,120	22,50,803	1,85,357	4,584	East India Agencies Private Ltd.	1,454	Teekoy Rubber (India) Ltd.	6.60	10	*Nil*				3	Y.P.T.
6,25,000	3,74,183	14,90,789	85,133	7,695	A. V. George & Co., Ltd.	816	Thannarpally Rubber	16.40	10	3.00	1.80	1.50		12	Y.P.T.
9,15,250	10,75,340	10,61,761	2,84,898	7,089	Peirce, Leslie & Co., Ltd.	1,312	Thirumbadi Rubber Co., Ltd.	1.82	1	0.07	0.12	0.10	0.10	12	Y.
2,00,000	6,15,616	13,78,050	1,02,991	1,840	Espen Thomas, Esq. (Mg. Director)	1,341	Travancore Rubber	12.00	10	1.30	1.20			12	Y.
41,00,000	12,63,584	90,95,308	18,31,504	32,233	Aspinwall & Co. (Travancore) Ltd.	2,109H	Travancore Rubber & Tea	0.90	10	0.20	1.00	1.00		12	Y.P.
50,00,000	1,91,039	3,48,191	9,09,484	223	P. T. Thomas, Esq. (Mg. Director)	3,157	Tropical Plantations Co.	21.00	25	2.00				12	Y.
3,80,018	5,47,051	10,34,166	54,782	9,228	S. Padmanabh Aiyaar, Esq. (Chairman)	1,118	Vaikundan Rubber Co., Ltd.	35.10	10	3.00	3.00			12	Y.
6,00,000	6,69,482	19,50,932	1,87,596	9,425	P. T. Joseph, Esq. (Chairman)	1,545	Vellanad Rubber & Co.	5.25	5	0.60	0.50	0.25	0.35	2	Y.P.T.
13,00,000	12,40,962	15,57,152	2,54,133	36,874	Peirce, Leslie & Co., Ltd.	417H	Wartyhully Estates Ltd.	3.00	2	0.30	0.30	0.20	0.24	3	Y.
6,95,000	97,809	13,05,464	1,02,251	23,318	M.	898	Woodland Estates	6.90	10	1.00	1.00			3	Y.P.T.

V—Includes 60 nP. for 30-6-1954. * Includes bonus. H—Area in Hectares M—Managed by Board of Directors. † Less Income-tax.

N.B.—All dividends paid since 31st March 1959 are shown as taxable.

NORTH INDIAN TEA ESTATES

ASSAM

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Tea	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP	1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	Accounts Closed	Reference
4,45,700	16,87,403	27,45,433	11,03,330	....	McLeod & Co., Ltd.	368H	Amluckie	18.00	10	*Nil*	1.00	0.75		12	Y.P.
2,78,000	17,237	16,81,576	7,19,307	442	M.	456	Ananda (Assam) Tea	27.00	10	3.00	3.00	2.50		12	Y.
7,05,350	8,92,782	20,36,373	7,49,189	3,227	Gillanders Arbuthnot & Co., Ltd.	506H	Ananda Rag	33.25	10	3.00	3.25	2.00		12	Y.
5,50,000	15,34,741	19,19,154	12,97,900	2,925	McLeod & Co., Ltd.	242H	Baghmari	13.62	10	*Nil*	1.50	0.75		12	Y.
7,05,000	10,56,055	28,03,148	9,41,235	46,930	Andrew Yule & Co., Ltd.	161H	Bazmatia

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP	1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	Accounts Closed	Reference
CERAMIC; MINING AND QUARRYING														
36,00,000	19,111	67,05,606	23,63,816	2,915	United Provinces Commercial Cor. Ltd..	Assam Sillimanite Ltd.	6.50	10	0.60	0.60	0.60		3	Y.
12,50,000	6,58,342	23,23,658	12,41,519	777	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kotah) Ltd	24.00N	10	2.00	2.00	2.00		9	Y.P.
55,23,145	23,41,104	1,90,40,451	48,35,034	3,208	Bharat Ram Bhagat & Co.	Bengal Potteries	5.00	2½	0.375	0.30	0.30		12	Y.
40,00,000	25,81,279	1,22,44,032	53,89,187	50,122	Bird & Co. Private Ltd.	Biara Stone Lime Co.	17.00	10	3.00	2.00	1.00	1.25	3	Y.
14,17,800	25,18,589	53,55,181	22,68,904	2,821	Smt. K. M. Motichand Shah (Chairman).	Bombay Potteries and Tiles Ltd.	181.25	100	12.86	15.00	15.00	18.00	9	Y.P.
90,00,000	24,05,788	1,36,52,623	46,61,618	1,20,084	Saraf Mor & Co. Private Ltd. ..	Ferro Alloys Corporation Ltd. ..	111.00	100	8.00	11.00	9.00		12	Y.P.
£2,088,950	£2,334,878	£4,002,119	£2,243,733	£77,310	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	3.42	Sh. 2	0.36	0.36			12	Y.
F.5,00,000	27,81,955	84,18,686	10,76,454	1,40,029	Bird & Co. Private Ltd.	Karanpura Development	10.19	10	1.50	1.50			12	Y.
G.15,00,000									0.50	0.50				
50,00,000	....	1,14,21,419	5,73,268	3,63,515	Khandelwal Industries Private Ltd.	Khandelwal Ferro Alloys Ltd. ..	55.00	100	Nil				12	Y.P.
20,00,000	56,55,899	1,70,20,612	82,30,436	25,499	Bird & Co. Private Ltd.	Kumardhubi Fireclay and Silica Works.	18.45	10	1.80	1.80	1.80		12	Y.P.T.
1,78,79,255	10,90,896	1,22,59,515	76,13,994	3,25,965	Sir Indra Singh, Kt. (Chairman) ..	Metal Corporation of India Ltd. ..	10.00	10	Nil	Nil	Nil		3	Y.P.
6,00,000	7,27,203	17,65,777	9,87,747	190	Mysore Industrial Development Co. ..	Mysore Stoneware Pipes & Potteries ..	11.87N	10	1.42S	1.20	1.50	1.25	3	Y.
20,00,000	67,67,431	80,02,201	34,56,786	88,801	Bird & Co. Private Ltd.	Orissa Minerals	22.12	10	3.60	2.80	2.00		6	Y.
12,18,650	22,84,051	1,05,35,908	57,38,031	43,295	A. V. Gharpure, Esq. (Chairman) ..	Parshuram Pottery Works Co., Ltd. ..	59.00	25	5.36	5.36	5.36	3.75	7	Y.P.
21,00,000	37,51,142	99,40,647	51,84,720	—23,63,858	Killick Industries Ltd.	Shivrajpur Syndicate	16.52	10	8.00*	Nil	Nil	Nil	11	Y.
4,88,540	12,75,390	34,34,281	11,78,647	21,096	S. N. Beri, Esq. (Secretary) ..	Sutna Stone & Lime Co. Ltd.	28.12	10	2.00	2.75	3.50		12	Y.
4,80,680							..	5	1.00	1.375	1.75			
CHEMICAL														
22,50,175	....	1,79,449	18,076	—26,545	Agri-Chem Engineers]	Adarsh Chemicals & Fertilisers ..	77.00	100	Nil	Nil			12	Y.P.
1,44,50,000	76,62,809	3,05,89,995	1,16,84,008	82,961	Rayuma Services	Alembic Chemical Works Co.	162.00	100	14.00	14.00	12.00		12	Y.P.
3,10,00,000	2,26,33,273	3,39,01,420	2,46,53,284	5,071	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India ..	29.00	10	1.20	1.50	1.50	1.50	9	P.Y.
89,97,100	79,09,664	1,64,82,149	50,97,267	15,666	Amrit Lal & Co. Private Ltd.	Amar Dye-Chem. Ltd.	140.00	100	12.00	9.00	9.00		12	Y.P.
89,84,000	47,67,886	2,21,76,216	99,62,362	....	Kasturbai Lalbhai & Co.	Anil Starch Products Ltd.	545.00	100	30.00*	30.00*	25.00*	25.00*	12	Y.P.
2,97,50,000	1,55,18,363	6,53,45,294	1,71,87,405	61,188	Lalbhai Sons & Co.	Atul Products Ltd.	297.50	100	12.00	12.00	12.00		12	Y.P.
50,00,000	....	85,050	910	....	P. N. Balasubramanian, Esq. (Managing Director)	Barium Chemical Ltd.	60.70	100	....	....	Nil		6	Y.
1,25,45,900	67,88,823	1,59,19,707	81,89,070	5,725	Dr. B. N. Ghose (Managing Director) ..	Bengal Chemical and Phar.	95.00	100	7.00	10.00	10.00		6	Y.P.
1,25,00,000	95,16,340	1,47,09,878	34,41,548	1,134	Ramniwas B. Rula, Esq. (Chairman) ..	Colour-Chem Ltd.	340.00	100	Nil	8.00	12.00	12.00	3	Y.
14,86,544	4,84,918	17,40,490	9,02,099	12,818	Nadkarni & Co.	Chemo-Pharma Laboratories Ltd. ..	32.50	25	2.50	3.00	3.00		12	Y.
21,88,800	50,95,783	1,55,60,953	60,34,176	25,675	Dharamsi Morarji Chemical Co. ..	Dharamsi Morarji Chemical Co., Ltd.	131.50	50	5.00	8.00	8.00		12	Y.
1,07,50,000	97,07,355	5,98,07,157	2,11,95,198	1,76,320	Sahu Bros. (Saurashtra) Private Ltd. ..	Dhrangadhra Chemicals	112.00	100	Nil	6.00	6.00	8.00	3	Y.P.
6,98,97,740	61,48,460	10,44,89,407	4,07,36,479	2,85,109	M. K. K. Nayar, Esq. (Mg. Director) ..	F. A. C. T.	5.25	10	0.60	0.60	Nil		3	Y.
1,86,75,000	71,57,780	2,54,75,973	86,44,527	3,009	Mafatlal Gagalbhai & Sons	Indian Dyestuffs Industries Ltd. ..	227.00	100	6.00	6.00	7.00	7.00	3	Y.P.
12,00,000	9,54,411	28,94,858	15,51,602	19,974	Jal H. Mehta, Esq. (Chairman) ..	Kemp & Co.	260.00	200	25.00	25.00	20.00		3	Y.
1,40,00,000	37,48,801	2,43,51,282	1,10,56,661	11,631	Seshasayee Brothers Private Ltd. ..	Mettur Chemicals	13.00	10	1.25^C	1.50	1.50^	1.25	3	Y.P.T.
24,81,220	18,05,885	56,25,511	47,52,455	3,823	T. Shamanna, Esq. (Chairman) ..	Mysore Chemical and Fertilisers ..	7.90	10	1.00	1.00	0.50	Nil	3	Y.
10,00,000	5,85,916	13,66,245	7,61,774	4,765	S. Ramanathan, Esq. (Mg. Director) ..	Mysore Chemicals Mfg.	16.70	10	2.00^C	2.00	2.00	1.50	3	Y.P.
56,00,000	86,00,956	1,08,02,040	30,54,507	9,857	Ramdas Kilachand, Esq. (Chairman) ..	Pidilite Industries Ltd.	123.75	50	5.50	7.50	7.50	7.50	3	Y.
50,00,000	8,470	59,77,481	40,438	56,804	Emcele & Sons Private Ltd.	Premier Fertilisers Ltd.	6.25	10	Nil	Nil	Nil		12	Y.
22,50,000	17,62,293	65,52,467	27,96,505	11,012	Bangur Brothers Ltd.	Phosphate Co., Ltd.	191.00	100	35.00	25.00	17.50	15.00	6	Y.
30,00,000	17,67,251	81,86,795	15,50,805	19,167	D. M. Jaffray, Esq. (Chairman) ..	Smith Stanistreet & Co.	13.25	5	1.25	1.25	1.25	1.125	6	Y.P.
4,98,54,470	24,85,060	2,18,78,704	17,05,817	—9,88,858	Tulsidas Kilachand, Esq. (Chairman) ..	Synthetics & Chemicals Ltd.	90.50	100	Nil	Nil	Nil	Nil	3	Y.
3,02,83,815	1,09,52,567	9,01,95,274	3,04,23,807	3,023	Tata Industries Private Ltd.	Tata Chemicals	18.24	10	0.60	0.65	0.65	1.00	6	Y.P.T.
35,00,000	5,89,759	29,88,714	12,05,339	6,516	P. Krishnamoorthy, Esq. (Mg. Director)	Travancore Chemical Mfg. Co. Ltd. ..	18.62	10	1.50	2.00	2.25	2.00	3	Y.P.
31,16,000	....	8,93,892	1,493	—6,72,388	Mr. M. J. Vaidya (Chairman)	Travancore Electro-Chemical Ind. ..	95.00N	100	Nil	Nil	Nil		12	Y.
14,99,375	....	25,06,158	7,813	—2,574	Mr. N. S. Iyengar (Chairman)	Ultramarine & Pigments Ltd.	105.00	100	..	Nil	Nil		12	Y.
ELECTRIC (BOMBAY)														
9,74,76,892	1,85,12,601	19,97,75,999	5,90,50,103	364	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd. ..	95.00	100	7.00	7.00	8.00	8.00	3	Y.T.
88,33,330	31,15,441	2,80,39,788	78,81,211	19,72,973	N. C. Jevert & Co.	Amalgamated Electricity Co., Ltd.§§	9.00	10	1.00	0.90	0.90	0.90	3	Y.P.
3,02,77,000	1,23,89,917	12,25,61,084	3,04,61,318	88,154	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co. ..	1,025.00	1,000	85.00*	80.00*	80.00*	90.00	3	Y.P.T.
1,75,00,000	1,21,07,268	5,11,22,126	1,25,80,588	3,870	Killick Industries Ltd.	Bombay Suburban Electric Supply ..	104.25	100	8.00	8.50	8.50	9.00	3	Y.
7,07,092	1,03,367	16,97,255	5,70,208	1,516	Rajputana Textiles (Agencies) Ltd. ..	Broach Electric Supply Development	6.48	10	0.75	0.72	0.60	0.50	3	Y.P.T.
48,89,000	12,66,813	1,67,72,704	61,59,509	3,547	Rajputana Textiles (Agencies) Ltd. ..	Poona Electric Supply	185.00	100	9.50	8.25	8.25	8.00	3	Y.P.T.
70,00,000	34,04,483	1,81,93,935	61,64,423	2,075	Killick Industries Ltd.	Surat Electricity	100.00	100	7.50	8.00	8.00	8.50	3	Y.P.
2,40,00,000	1,39,56,841	9,29,64,214	2,25,23,926	87,586	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply ..	1,115.55	1,000	85.00*	80.00*	80.00*	90.00	3	Y.P.
5,15,36,000	2,61,11,841	29,88,47,988	4,99,65,810	29,988	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,112.50	1,000	85.00*	80.00*	80.00*	90.00	3	Y.P.
West Bengal and Other Centres														
19,99,600	51,52,883	1,70,15,387	51,84,541	13,612	Martin Burn Ltd.	Agra Electric Supply Co., Ltd. ..	124.00	100	11.00	11.00	11.00	11.00	3	Y.T.
10,00,000	16,30,575	62,04,833	23,40,512	1,852	Martin Burn Ltd.	Bareilly Electric Supply	11.37	10	1.10	1.10	1.10	1.10	3	Y.T.
17,00,000	54,27,230	1,66,67,025	60,88,138	5,523	Martin Burn Ltd.	Benares Electric Light & Power Co. ..	14.19	10	1.10	1.10	1.10	1.10	3	Y.T.
44,262,646	£10,815,240	£87,582,951	£15,201,226	£100,524	Sir William Lamond (Chairman) ..	Calcutta Electric Supply	14.19	10	7½%	7½%	7½%		3	Y.P.T.
3,60,090	7,55,076	37,78,204	11,86,451	48,968	Octavius Steel & Co., Ltd.	Cuttack Electric Supply	12.75	10	0.75	0.90	0.90		3	Y.
43,20,000	35,90,199	1,15,09,094	45,52,365	48,905	Andrew Yule & Co., Ltd.	Dhalkebar Power Supply	86.00	100	10.00	10.00	10.00	10.00	3	Y.
5,34,640	1,48,267	42,36,379	17,60,526	47,188	Moonna Lall & Sons	Jhansi Electric Supply	5.40N	10	0.70	Nil	0.70		3	Y.T.
22,49,700	29,85,246	1,16,29,612	45,58,377	3,288	Martin Burn Ltd.	Jubbulpore Electric Supply	12.00	10	1.00	1.00	1.00	1.10	3	Y.
85,07,880	40,44,800	1,41,84,880	56,06,270	76,727	Octavius Steel & Co., Ltd.	Patna Electric Supply	10.12	10	1.00	1.00	1.00		3	Y.T.
9,10,000	2,56,304	15,86,888	6,29,467	5,342	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply	6.75	10	0.625	0.625			3	Y.
16,80,000	16,03,856	60,81,597	48,11,630	3,075	Bird & Co. Private Ltd.	Siliguri Electric Supply Co.	8.00	10	0.80	0.80	0.90		3	Y.T.
70,00,000	30,88,132	2,42,78,899	81,28,055	23,389	Seshasayee Bros. Private Ltd.	South Madras Electric Supply Corpn..	11.12	10	0.90^C	0.90	1.00		3	Y.P.T.
5,00,000	12,25,998	35,93,657	15,13,985	1,095	Martin Burn Ltd.	Upper Jununa Valley Elec. Supply ..	21.19	10	1.35	1.35	1.35	1.35	3	Y.
56,00,000	80,19,213	3,76,23,916	1,75,54,564	9,312	Martin Burn Ltd.	U. P. Electric Supply Co.	154.00	100	11.00	11.00	11.00	11.00	3	Y.
2,00,000	18 88,606	54,12,090	15,22,321	4,16,700	Chandrie & Co. Private Ltd.	Vellore Electric Corporation	15.62	10	1.50	1.429	1.429		3	Y.P.
ENGINEERING (Bombay)														
51,98,100	68,99,678	1,18,50,858	63,52,499	20,128	Turner Morrison & Co. Ltd.	Alcock Ashdown & Co., Ltd.	297.00	100	17.00	22.50	19.00	5	12	Y.
19,99,050	7,77,223	25,48,735	12,13,956	641	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	100.00	50	9.00	9.00	9.00*	10.00	6	Y.
90,40,000	54,17,795	2,12,27,410	36,99,568	153	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	103.00	100	18.00^C	18.00	7.00	8.00	6	Y.P.
1,20,00,000	1,51,427	97,23,681	28,47,228	—12,767	Dharamsinh D. Desai, Esq. (Chairman)	Dharamsinh D. Desai Ltd.	114.00	100	Nil	4.00	Nil		6	Y.P.
60,00,000	1,28,78,164	2,72,67,877	1,56,47,799	148	Walchand & Co. Private Ltd.	Indian Lime Pipe Co., Ltd.	154.00	100	18.00^C	18.00	14.00	14.00	12	Y.P.T.
15,00,000	4,61,618	9,64,582	1,82,461	23,604	T. V. Sadasivy, Esq. (Chairman) ..	Jost's Engineering	47.00	50	4.00	5.00	5.00	8.00	3	Y.
50,00,000	17,41,760	95,00,765	31,13,238	20,765	Adnem Services	Jyoti Ltd.	141.25	100	12.00	12.00	9.00		12	Y.P.
44,96,250	24,17,502	85,37,084	43,89,307	4,531	Kamani Bros. Private Ltd.	Kamani Engineering Corporation ..	14.12	10	2.00	2.00	0.90	1.20	9	Y.P.
67,61,445	1,42,50,009	2,12,45,564	58,90,417	19,417	Kirloskar Bros. Ltd.	Kirloskar Bros. Ltd.	38.50	25	2.50	2.50	2.50	2.50	7	Y.
61,84,940	71,09,895	1,57,20,070	67,59,601	578	Kirloskar Associates	Kirloskar Electric Co., Ltd.	18.40	10	0.90	1.10	1.20	1.00	6	Y.
60,00,000	29,57,838	1,76,05,995	63,99,529	28,998	Kirloskar Sons & Co.	Kirloskar Oil Engines, Ltd.	22.00	25	2.50	2.50	2.50	2.50	7	Y.
57,53,350	20,54,888	50,71,873	16,74,703	18,511	Kirloskar Industries	Kirloskar Pneumatic Co., Ltd. ..	103.75	100	Nil	12.50	12.50	10.00	3	Y.P.
5,28,120	3,80,730	1,26,63,498	40,82,994	61,080	Prem Kumar Gupta, Esq.(Mg.Director).	Lakshmiratan Eng.	6.00	10	Nil	Nil	Nil		9	Y.
61,00,000							6.00	10	Nil	Nil	Nil			
1,65,00,000	95,62,279	1,92,60,488	60,22,772	11,978	L. & T. (Management) Private Ltd. ..	Larsen and Toubro Ltd.	22.80	10	1.80^C	1.80	1.40	1.40	3	Y.P.
57,29,880	....	25,48,815	4,35,819	—8,20,078	B. L. Kucheria, Esq. (Secretary) ..	Lynx Machinery	4.88	10	..	Nil	..	Nil	3	Y.
30,12,160	35,37,886	1,84,88,145	82,09,092	2,874	Mahindra & Mahindra Ltd.	Machinery Mfrs. Corpn. Ltd.	22.76	10	Nil	Nil	1.25	1.50	10	Y.P.
1,97,98,145	1,14,00,083	2,29,64,781	89,96,801	15,767	Keshub Mahindra, Esq. (Chairman) ..	Mahindra & Mahindra Ltd.	17.36	10	1.25	1.50*	1.25	1.25	10	Y.P.
80,00,000	1,29,812	53,78,065	23,71,642	46,079	Prithviraj Sons	Man Industrial Corporation Ltd. ..	115.00	100	Nil	Nil	Nil		3	Y.P.
11,00,000	4,48,987	49,41,703	30,54,773	729	P. Jhunjhunwala, Esq. (Mg. Director) ..	McKenzies	135.00	100	10.00	12.00	14.00	14.00	7	Y.P.
1,08,28,019														
D. 1,24,839	91,29,048	1,99,99,158	76,17,148	....	Jeewan Ltd.	Mukand Iron & Steel	17.72	10	1.20	1.50	1.20	1.20	3	Y.P.
50,00,000	58,84,208	1,88,49,872	85,50,104	2,975	Kirloskar Associates	Mysore Kirloskar Ltd.	165.00	100	12.00	12.00	12.00	10.00	3	Y.
7,50,000							106.00	50	6.00	6.00	6.00	5.00		
15,55,400	11,96,582	39,61,901	14,35,875	8,127	Sir C. B. Mehta (Chairman)	National Elec. Industries Ltd.	100.00	50	6.00	6.50	6.50		3	Y.
56,23,100	19,91,480	1,40,81,705	86,88,525	23,087	J. V. Patel, Esq. (Mg. Director) ..	New Standard Engineering	130.00	100	12.00	9.00	9.00	9.00	6	Y.P.
88,99,970	1,35,39,545	11,68,076	3,47,855	455	Walchand & Co. Private Ltd.	Premier Constructions	181.50	50	13.00	10.00	9.00	14.00	12	Y.P.
78,67,725	46,64,730	1,28,89,480	60,80,553	5,683	Bhagat & Sons Private Ltd.	Structural Engineering Works Ltd.	86.00	100	12.00	13.00	8.00	6.00	6	Y.P.
21,55,67,699	88,10,87,805	1,05,88,46,262	62,56,04,257	52,094	Tata Industries Private Ltd.	Tata Iron and Steel	159.00	75 Old	9.72^C	10.00*	10.25*	11.00	3	Y.P.
7,00,00,800	3,09,58,017	25,80,72,779	15,50,34,261	14,052	Tata Industries Private Ltd.	Tata Locomotive	298.50	100	12.50	14.50	14.50	14.50	3	Y.P.T.
27,22,280	15,68,192	65,71,363	19,00,582	11,654	T. Manekial & Co.	T. Manekial Mfg. Co.	560.00	100	18.50	27.00	27.00	6.00	6	Y.
41,66,980	38,57,107	19,70,572	11,59,441	1,176	T. N. Dalal, Esq. (Chairman)	Triveni (India) Ltd.	28.50	10	5.00	3.00	3.25	3.25	6	Y.
2,55,00,000	3,28,57,137	1,79,11,762	48,75,403	1,176	J. D. Chokai, Esq. (Chairman)	Voltas Ltd.	258.00	100	18.00	14.00	16.00	14.00	3	Y.
70,00,000	23 27,374	1,12,49,648	5,05,780	29,882	M.	Zenith Steel Pipes Ltd.	16.64	10	..	Nil	Nil	0.60	4	Y.
West Bengal and Other Centres														
6,00,000	7,25,551	42,51,418	24,92,601	4,14,417	North Bihar Trading Co. (Pvt.) Ltd. ..	Arthur Butler & Co.	21.25	10	Nil	Nil	1.00		12	Y.P.T.
50,00,000	44,13,221	1,12,71,910	76,90,692	5,247	Tantia Brothers Pvt. Ltd.	Bharata Electric Steel	14.06	10	1.00	1.00	1.00	1.25	12	Y.
40,00,000	7,80,800	89,00,544	14,75,479	19,201	G. D. Lasani, Esq. (Mg. Director) ..	Bimal Steel Works Ltd.	12.19	10	2.50	1.00	1.00		12	Y.
1,00,00,000	94,55,491	1,64,16,231	31,20,921	2,757	J. V. Jardine Paterson, Esq. (Chairman)	Braithwaite & Co. (India) Ltd.	32.25	10	2.50	2.50	1.40		12	Y.
12,00,000	50,48,274	1,84,59,269	72,92,176	....	Balmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd.	45.00N	10	5.00	5.00	5.00		12	Y.
19,88,570	7,04,341	39,07,539	14,03,685	32,996	Hommi Lasani, Esq. (Chairman) ..	Britannia Building and Iron	2.87	10	Nil	Nil			3	Y.P.
1,00,00,000	62,95,735	1,35,08,795	75,90,275	5,115	McLeod & Co., Ltd.	Britannia Engineering	10.00	10	1.00	1.00	1.00		12	Y.P.T.
25,00,000	18,18,384	36,02,238	19,71,671	....	Balmer Lawrie & Co., Ltd.	Br. J. Electric Construction	28.75	10	2.50	2.50	2.50		3	Y.
84,00,000	2,99,02,054	6,86,27,014	3,07,02,785	65,077	Martin Burn Ltd.	Burn & Co.	280.00	100	28.50	28.50	28.50	25.00	4	Y.T.
1,00,00,000	17,65,495	76,57,194	17,95,224	1,08,751	R. N. Bhotika, Esq. (Secretary) ..	Calcutta Steel Co. Ltd.	14.56	10	0.80	1.50	1.50	1.25	3	Y.
1,00,00,000	45,09,184	2,42,19,814	84,12,209	32,981	L. L. Kacharia, Esq.	Central India Industrial Mfg. Co., Ltd.	13.88	10	Nil	Nil	Nil	0.75	3	Y.P.
80,00,000	35,00,000	1,74,24,651	51,07,264	6,868	J. Dalmia, Esq. (Chairman)	Dalmia Iron & Steel Ltd.	10 87	10	1.00	1.00	1.00		9	Y.
60,93,400	28,26,003	1,26,09,918	30,29,918	21,399	Birla Brothers Private Ltd.	Elec. Const. & Equipment Co.	12.62	10	1.00	1.00	1.00	1.00	12	Y.
83,77,799	35,59,919	1,78,40,659	28,52,409	9,707	Harrisons & Co. Private Ltd.	Escorp Ltd.	15.50	10	1.00	1.00	1.10		12	Y.T.
4,00,00,000	6,98,32,755	9,77,54,014	3,42,96,023	....	N. E. Pillai, Esq. (Chairman)	Guest, Keen, Williams Ltd.	24.12	10	1.00^C	1.40	1.40		12	Y.T.
12,50,000	6,45,100	62,85,888	48,28,968	5,801	Martin Burn Ltd.	Hindustan Dock Ltd.	94.00	50	Nil	Nil	6.25		12	Y.P.
12,44,08,990	30,89,75,725	85,16,35,888	22,96,91,461	—18,08,413	Martin Burn Ltd.	Indian Hotels & Steel Ltd.	24.75	10	1.80	1.80	1.00	1.60	3	Y.P.
77,97,000	87,67,038	1,35,75,384	68,08,808	24,064	Martin Burn Ltd.	Indian Standard Wagon	34.75	10	2.85	2.85	2.85	2.00*	3	Y.P.
96,53,160	3,28,38,672	4,56,30,100	1,92,97,757	6,022	Indra Singh & Sons Private Ltd. ..	Indian Steel and Wire Products ..	32.75	0.10	2.30	2.40	2.30	1.80	3	Y.
28,580							13.37	0.1	0.50	0.45	0.25	0.20		
48,75,550	3,63,887	42,99,689	23,95,610	19,483	C. R. Ramaswamy, Esq. (Mg. Director)	Indian Steel Rolling Mills Ltd. ..	9.95	10	..	1.25	1.00	0.90	3	Y.P.
1,51,87,197	1,26,51,953	5,12,70,807	2,30,47,904	4,896	Madan Mohan Lal Shri Ram & Co.Pvt.Ltd.	Jay Engineering Works, Ltd.	19.75	10	1.715	1.715	1.50	1.00	3	Y.P.T.
40,00,000	55,79,910	97,98,620	30,88,837	2,109	J. K. Industries Private Ltd.	J. K. Steel Ltd.	22.00	10	2.00	2.00	1.00	1.00	6	Y.P.T.
2,08,99,000	3,30,16,258	5,57,97,464	1,90,97,854	64,915	A. K. Chanda, Esq. (Chairman)	Jessop & Co.	22.56	10	0.858^C	0.858	0.858	1.00	10	Y.P.
27,64,800	53,04,920	1,06,38,358	50,21,186	3,088	Bird & Co. Private Ltd.	Kumardhubi Engineering Works ..	5.50	2	0.03	0.35	0.45		3	Y.P.
10,50,000	1,09,551	19,65,829	14,91,445	—18,08,413	Marshall (Direction) Private Ltd. ..	Marshall Sons & Co. (India) Ltd. ..	2.72	2	Nil	Nil	Nil		3	Y.
49,96,000	18,58,398	1,54,02,104	92,07,119	—4,42,917	M.	National Iron and Steel Co., Ltd. ..	5.75	10	Nil	Nil	Nil		3	Y.P.T.
6,00,000	20,52,302	82,10,330	22,45,052	18,304	The British India Corpn. Ltd.	Saran Engineering Co.	7.12	4	0.35	0.40	0.50	0.40	3	Y.
66,05,790	9,55,000	70,57,465	14,63,210	58,514	Mr.

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
UNCLASSIFIED (Other Centres)														
85,75,000	2,48,84,621	7,27,46,445	1,87,72,801	11,965	J. K. Industries Private Ltd.	*Aluminium Corporation of India Ltd.* ..	11.25	10	1.20	1.20	1.20	0.60	8	Y.P.T.
1,90,00,000	56,97,689	2,16,10,686	95,29,840	47,916	Seshasayee Bros. (Trav.) Pvt. Ltd. ..	Aluminium Industries Ltd.	20.65cd	10	1.80	0.90	1.80	1.80	3	Y.
7,84,700	2,72,000	16,65,492	2,19,026	1,442	K. N. Mookerjee, Esq. (Chairman)	American Refrigerator Co., Ltd. ..	15.00	10	..	..	1.00	0.60	4	Y.
							6.25	7.50	..	..	0.60	0.375		
30,00,000	44,23,928	48,09,374	29,12,654	2,17,061	Turner Morrison & Co., Ltd.	Angelo Bros. Ltd.	23.56	10	2.50	2.81	2.80	2.80	6	Y.
4,97,14,990	91,08,000	5,99,75,026	1,61,25,518	53,290	A. E. L. Collins, Esq. (Mg. Director)	Ashok Leyland Ltd.	7.00	5	0.40	0.50	0.40	0.35	9	Y.
80,00,000	33,58,937	47,06,879	26,58,350	12,842	Mr. A. Hydari and Mr. S. Goitbeny	Assam Match Co., Ltd.	26.37	10	1.80	2.00*	2.00*	..	12	Y.
1,18,00,000	98,84,917	1,81,10,564	77,02,281	7,978	H. R. Gregson, Esq. (Mg. Director)	Associated Battery Makers (E.) Ltd. ..	23.00	10	2.50	1.50	1.50	1.50	8	Y.
20,00,000	44,17,208	77,73,757	34,42,881	1,66,283	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India	10.32	10	Nil	1.00	1.00	..	6	Y.P.T.
80,01,400	1,20,07,997	91,05,947	44,08,278	.....	C. G. Montgomery, Esq. (Chairman)	Balmer Lawrie & Co., Ltd.	253.00	100	25.00	25.00	21.00	12.00	12	Y.
12,00,000	29,55,620	38,19,481	34,08,481	.....	Balmer Lawrie & Co., Ltd.	Bengal Flour Mills Co., Ltd.	33.75	10	4.00	2.50	2.50	..	12	Y.
20,00,000	9,62,172	67,82,774‡‡	..	1,064	Lovelock & Lewis	Birla Investment Ltd.	10.45	10	0.95	1.00	1.00	0.80	9	Y.P.
68,95,680	88,79,866	1,94,80,251	78,28,521	6,999	K. Julian Scott, Esq. (Mg. Director)	Britannia Biscuits	50.25	10	2.50	2.00*	2.50	2.10	9	Y.P.T.
2,56,00,000	2,19,19,081	5,17,18,024	2,50,39,901	2,53,284	Satish Chandra, Esq. (Chairman)	British India Corporation Ltd. ..	9.31	5	0.20	0.25	0.45	..	12	Y.P.
60,00,000	40,68,081	49,59,295	27,40,818	27,956	B. A. Godwin, Esq. (Mg. Director)	British Paints (India) Ltd.	20.00	10	1.25	1.25	1.00	..	12	Y.
1,88,80,000	14,77,428	1,77,97,8225‡‡	..	2,46,740	Andrew Yule & Co., Ltd.	Clive Row Investment	8.44	10	0.80	0.75	0.75	..	12	Y.
5,96,850	7,50,000	40,86,867	30,84,660	28,289	K. L. Mitai, Esq. (Secretary)	Delhi Flour Mills Co., Ltd.	15.00N	10	1.00	1.00	0.70	..	10	Y.P.T.
4,50,00,000	6,23,00,250	12,21,08,535	5,75,17,171	..	M. L. Bazoo, Esq. (Mg. Director)	Dunlop Rubber Co. (India) Ltd. ..	36.62	10	2.15	2.00	2.00	1.75	12	Y.P.T.
90,00,000	1,27,48,000	89,14,313	14,45,854	2,42,025	K. P. Goenka, Esq. (Chairman)	Duncan Brothers & Co., Ltd.	136.00	100	14.00	14.00	14.00	12	Y.P.
56,72,850	2,25,56,456	2,44,33,402	53,53,071	48,951	N. W. Mohan, Esq. (Mg. Director)	Dyer Meakin Breweries	26.00	5	1.25	1.50	0.90	0.90	3	Y.
76,89,000	65,11,801	1,75,16,4633‡‡	..	1,61,252	Bird & Co. Private Ltd.	Eastern Investment Ltd.	10.00	10	14.00	14.00	12.00	10.00	12	Y.P.
98,58,202	1,98,822	26,02,244	8,49,057	—4,08,444	D. P. Sen, Esq. (Secretary)	East Anglia Plastics (India) Ltd. ..	6.25	10	Nil	Nil	Nil	..	3	Y.
49,50,000	6,76,555	1,06,98,526	27,21,940	6,791	S. Sankaran, Esq. (Mg. Director)	Enfield India Ltd.	10.75	10	0.40	0.40	0.40	..	12	Y.P.
40,12,888	89,64,090	1,15,37,705	59,85,716	2,62,302	Satya Narain Gupta, Esq. (Chairman)	Ganesh Flour Mills Co., Ltd.	13.50	12.50	1.50	1.50	..	..	9	Y.P.
14,00,000	10,92,000	44,75,416	29,85,812	46,128	Macneill & Barry Ltd.	Ganges Rope Co., Ltd.	235.00	100	17.50	20.00	15.00	12	Y.	
80,00,000	.....	4,78,2255	21,691	—3,30,540	National Rubber Mfrs. Ltd.	General Tyres Ltd.	8.00	7.50	Nil	Nil	Nil	..	6	
65,00,000	53,42,190	84,60,723	20,88,588	15,471	J. W. Esson, Esq. (Chairman)	Gillanders Arbuthnot & Co., Ltd. ..	14.50	10	1.00	1.10	1.10	1.10	8	Y.P.
40,00,000	81,58,500	66,62,918	52,84,329	58,310	D. S. Barron, Esq. (Chairman)	Godfrey Phillips India Ltd.	28.12	10	4.00	4.00	3.00	..	12	Y.P.
2,00,15,000	1,54,58,728	3,56,93,378	87,76,585	51,58,313	R. B. O. Carey, Esq. (Mg. Director)	Hoogly Mills Ltd.	22.62	10	Nil	Nil	..	..	12	Y.
2,07,66,250	2,81,78,491	10,71,86,646	5,28,38,894	3,048	Birla Brothers Private Ltd.	Hindustan Motors	18.12	10	0.80	1.20	1.25	1.15	8	Y.P.
1,80,00,000	57,26,612	3,18,45,042	72,54,008	—12,90,311	Talukdar Law & Co. Private Ltd. ..	Hindusthan Pilkington Glass	12.87	10	1.20	1.20	Nil	Nil	10	Y.
40,00,000	.....	93,55,321	6,66,780	—11,50,854	H. L. Sharma, Esq. (Chairman)	Hindustan Teleprinters Ltd.	12.00	10	..	1.00	Nil	Nil	8	Y.P.
18,15,00,000	10,67,60,544	15,69,94,528	4,09,70,028	3,29,429	Mr. F. A. Collett (Chairman)	Imperial Tobacco Co. of India Ltd. ..	9.87	10	0.80	0.90	0.90	0.80	12	Y.
6,00,44,490	5,02,72,274	18,67,08,063	6,31,36,292	4,12,610	H. V. Iyengar, Esq. (Chairman)	Indian Aluminium Co., Ltd.	32.06	10	1.50	1.50	1.75	1.75	12	Y.P.T.
2,46,65,460	6,82,23,671	8,84,54,278	81,61,911	1,88,542	J. Y. Chevreux, Esq. (Chairman)	Indian Cable Co., Ltd.	25.50	10	2.50	2.50	2.25	2.25	9	Y.P.
2,64,00,000	1,61,38,886	9,06,12,644	3,91,56,221	35,587	Amiya Kumar Sen, Esq. (Mg. Director)	Indian Oxygen Ltd.	25.00	10	1.50	1.50	1.20	1.20	9	Y.T.
20,09,375	1,89,825	60,18,968	28,12,638	66,065	M.	Indian Plastics Ltd.	7.75	10	Nil	Nil	Nil	..	8	Y.P.
5,27,970	12,42,783	23,15,109	15,86,180	68,791	M.	Indian Rubber Manufacturers	21.13	10	2.00	2.00	1.60	..	12	Y.
74,98,900	5,81,500	1,01,04,122	15,16,802	19,207	Duncan Brothers & Co., Ltd.	Isaac Holdens (India) Ltd.	13.00	10	Nil	Nil	Nil	..	12	Y.
2,00,00,000	87,10,729	3,40,40,429	19,24,182	..	T. V. J. Peterson, Esq. (Chairman)	Jardine Henderson	73.00	50	7.00	7.00	6.00	7.00	3	Y.P.
15,00,000	18,00,000	18,79,859	1,52,572	64,044	J. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd. ..	8.62	10	1.00	1.00	..	..	9	Y.P.
1,40,20,838	29,23,514	2,73,13,972	18,67,693	1,01,639	Young India Agencies Pvt. Ltd. ..	Madras Rubber Factory Ltd.	13.25cd	10	..	0.60	0.45	0.32	9	Y.
1,47,12,250	1,38,23,546	94,70,088	25,41,460	1,289	T. Lewis Martin, Esq. (Chairman) ..	Martin Burn Ltd.	26.69	10	2.75	2.75	2.50	2.50	9	Y.P.
16,00,000	14,99,568	29,98,908	5,80,650	..	Vittal Mallya, Esq. (Chairman)	McDowell & Co., Ltd.	25.88	10	5.00	1.25	0.60	..	12	Y.
47,13,000	90,33,858	84,12,628	18,56,028	2,84,787	M.	McLeod & Co.	218.00	100	15.00	15.00	15.00	..	12	Y.P.
1,61,00,000	2,38,05,151	4,47,55,502	1,71,01,999	58,785	M. K. Vellodi, Esq. (Chairman)	Metal Box Co. of India Ltd.	28.50	10	2.50	2.50	2.50	1.90	8	Y.P.
84,98,000	22,90,164	82,86,801	11,11,896	9,428	N. G. Ayyangar, Esq. (Mg. Director)	Mysore Electric Industries Ltd. ..	168.00	100	24.00	20.00	20.00	12.00	8	Y.
6,56,250	10,53,985	15,66,798	8,55,184	1,217	Mr. M. Subramanyam (Chairman) ..	Mysore Lamp Works	30.00	10	2.00	2.50	3.70*	0.80	3	Y.P.
10,00,000	8,01,040	22,77,151	13,28,686	1,401	I. P. Mallappa, Esq. (Chairman) ..	Mysore Tobacco	12.00	10	1.50	1.50	1.00	1.00	3	Y.P.
1,55,00,000	1,27,82,284	1,64,18,002	78,46,576	21,708	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Insulated Cable Co.	22.50	10	2.50	2.50	2.50	2.50	9	Y.P.
80,00,000	36,90,300	56,25,223	32,56,376	19,484	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Pipes & Tubes Co., Ltd. ..	28.12	10	2.00	2.00	2.00	2.00	9	Y.P.
40,00,000	29,77,485	81,91,566	44,68,902	85,085	Associated Ind. Dev. Co. (Pvt.) Ltd. ..	National Rolling & Steel Ropes	18.75	10	1.50	1.50	1.50	..	9	Y.P.
50,00,000	21,55,713	1,30,14,550	62,00,885	58,629	K. N. Mookerjee, Esq. (Mg. Director)	National Rubber Manufacturers Ltd. ..	12.56	10	Nil	0.63	0.80	1.00	12	Y.P.
79,97,000	1,29,48,182	1,71,77,572	93,89,768	8,61,148	B. N. Elias & Co. Private Ltd.	National Tobacco Co.	15.06	10	1.50	0.70	0.70	..	12	Y.T.
23,92,100	17,27,391	40,55,51[illegible]	..	40,990	Ramjidi Ramkissendas	New India Investment Corpn. Ltd. ..	55.00	25	5.00	5.00	5.00	..	12	Y.P.
20,00,000	10,04,500	19,06,562	10,15,920	2,705	Parry & Co., Ltd.	Parrys Confectionery Ltd.	3.14xd	1	0.80	0.80	0.26	0.16	3	Y.
2,50,00,000	89,80,488	2,95,60,999	1,04,71,921	1,39,682	W. A. C. H. Roaschaert, Esq. (Chairman)	Phillips India Ltd.	27.00	10	1.20	1.20	1.80	..	12	Y.
1,56,16,018	1,97,509	2,22,50,440	1,44,840	—3,23,134	Duncan Brothers & Co., Ltd.	Phillips Carbon	12.25	5	Nil	Nil	Nil	..	9	Y.
12,25,800	7,44,984	30,08,182	7,95,031	4,599	Iyer & Co. Private Ltd.	Rane (Madras) Ltd.	8.65	5	0.70	0.70	0.75	0.75	8	Y.P.
41,55,400	43,03,713	75,97,664	27,98,853	2,697	T. Shanmanna, Esq. (Chairman)	Radio & Electricals Mfg. Co., Ltd. ..	21.12	10	2.50	1.80	1.80	1.80	8	Y.P.
2,25,00,000	1,66,51,070	61,45,070	62,85,070	5,062	Radhica Goenka, Esq. (Chairman) ..	Rallis India Ltd.	122.00	100	4.00	8.50	8.50	10.00	8	Y.P.
5,00,00,000	3,35,90,000	15,86,08,576	7,92,70,758	4,805	Sahu Jain Ltd.	Rohtas Industries Ltd.	11.37	10	2.00	1.00	0.80	0.90	8	Y.P.T.
1,95,00,000	66,99,991	3,28,44,852	1,37,19,414	4,305	K. D. Gangull, Esq. (Chairman)	Sen-Raleigh Ltd.	14.69	10	0.80	0.80	0.80	Nil	9	Y.P.
71,50,000	.....	1,02,02,408	3,21,287	—14,10,918	Seshasayee Brothers Pvt. Ltd.	Seshasayee Industries	6.50	10	Nil	Nil	Nil	..	8	Y.P.
75,00,000	53,48,000	3,25,33,514	1,15,95,000	76,784	S. M. Smith, Esq. (Chairman)	Shaw Wallace & Co., Ltd.	13.50	10	1.50	1.50	0.75	..	12	Y.P.
40,00,000	1,10,03,809	1,55,05,054	89,85,199	4,57,429	C. W. Stephenson, Esq.	Spencer & Co. Ltd.	18.50	10	1.80	1.80	1.80	1.80	3	Y.P.
47,00,000	32,00,000	2,09,13,405	63,50,721	14,282	Standard Motor Co. (India) Pvt. Ltd. ..	Standard Motor Products	10.12	5	0.80	0.70	0.60	..	12	Y.
9,99,810	52,158	18,77,856	9,39,671	493	Ogale Bros. (Private) Ltd.	Travancore Ogale Glass	5.85xd	10	0.60	0.70	0.65	..	12	Y.
11,56,800	19,10,241	18,05,997	8,53,537	58,686	E. H. Stones, Esq. (Mg. Director)	T. Stones & Co., Ltd.	26.70xd	10	2.50	1.50	2.25	2.25	9	Y.
2,50,00,000	2,14,79,630	5,65,64,026	1,69,15,726	50,510	Sir A. Ramaswami Mudaliar (Chairman)	Tube Investments of India Ltd.	210.00	100	10.00	10.00	10.00	10.00	9	Y.
80,58,950	7,01,942	79,26,373	46,26,373	89,275	The Cotton Agents Private Ltd.	Tungabhadra Industries Ltd.	9.25	10	Nil	Nil	Nil	1.00	9	Y.P.
2,80,00,000	3464,24,278	7,77,15,899	2,62,26,251	1,93,005	T. N. Holeway, Esq. (Chairman)	Union Carbide India Ltd.	1.80	1	1.80	1.80	1.25	1.25	12	Y.T.
50,00,000	91,28,520	70,39,890	27,47,492	..	Vittal Mallya, Esq. (Chairman)	United Breweries	33.00	10	6.00	6.00	2.50	0.80	3	Y.
5,00,000	6,61,791	9,26,454	6,49,099	6,571	Shaw Wallace & Co., Ltd.	United Flour Mills[illegible]	27.81	10	3.50	1.00	0.75	..	11	Y.
81,46,200	86,44,970	1,18,05,331	52,37,455	9,200	A. K. Kaderkutty, Esq. (Mg. Director) ..	Western India Plywoods Ltd.	202.00	100	10.00	12.00	14.00	15.00	3	Y.P.
TRANSPORT														
20,00,000	33,73,558	70,97,782	30,60,733	54,568	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	135.00	100	7.50	7.50	10.00	10.00	10	Y.P.
1,00,00,000	81,61,089	4,96,46,880	2,56,64,082	.....	Dinshaw (Private) Ltd.	Bharat Line	4.64	10	Nil	Nil	Nil	..	12	Y.
50,00,000					A. H. Bhiwandiwalla & Co. (Bombay)									
80,06,000	2,71,64,446	10,84,29,602	3,49,39,642	1,28,987	Private Ltd.	Great Eastern Shipping Co.	13.36	10	1.00	0.75	1.00	Nil	6	Y.P.
							14.36	10	0.50	0.80	0.50	Nil		
£655,580	£1,194,880	£4,812,991	£2,342,183	—£84,864	Kilburn & Co. Private Ltd.	India General Navigation & Rly. Co. ..	42.00	£10	Nil	Nil	Nil	..	12	Y.P.
2,47,50,000	1,57,29,564	23,79,77,074	8,19,14,557	..	Lionel Edwards (Private) Ltd.	India Steamship Co.	6.81	10	1.00	Nil	Nil	Nil	3	Y.P.
11,28,19,298	11,58,24,547	36,68,60,105	12,45,17,005	2,52,649	D. M. Khatau, Esq. (Chairman)	Scindia Steam Navigation Co.	15.00	20	0.60	0.60	0.60	1.00	6	Y.
O. 5,40,800							2.56	O. 1	0.30	0.30	0.30			
P.O. 2,10,200	29,75,610	17,52,888	10,48,110	5,407	R. R. Aiyer, Esq. (Manager)	Wanford Transport Ltd.	3.25	P.O. 1	0.20	0.20	0.20		12	Y.

COAL COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Director or Secretaries	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Ordinary Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
25,50,000	59,27,880	1,49,52,049	90,70,765	39,096	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields	22.25	10	1.00	1.25	1.50	..	3	Y.
12,00,000	12,52,902	41,58,992	26,25,221	..	Jardine Henderson Ltd.	Bararee Coke	20.06	10	Nil	Nil	1.50	1.50	3	Y.
4,49,350	1,52,388	11,57,089	6,92,038	5,992	Kalyanji Mavji & Co.	Bengal-Bhatdee	3.48	10	0.80	Nil	Nil	..	12	Y.
1,20,00,000	2,88,23,172	9,41,00,762	5,68,34,133	1,03,469	Andrew Yule & Co., Ltd.	Bengal Coal	230.00	100	25.00	21.00	19.00	16.00	10	Y.P.T.
2,25,000	8,58,235	24,95,330	21,80,114	16,129	M.	Bengal-Nagpur	22.00N	10	1.00	2.50	..	..	12	Y.
40,00,000	54,950	1,27,37,959	69,90,595	—3,95,581	Bharat Collieries	Bharat Coalfields	3.25	10	Nil	Nil	Nil	..	6	Y.P.T.
7,15,000	6,51,172	69,01,864	37,09,468	—6,87,301	M.	Bhuanbarare	10.00	10	Nil	Nil	..	..	12	Y.T.
7,50,000	22,77,023	45,77,689	20,53,244	23,647	F. W. Heilgers & Co. (Private) Ltd.	Bird & Co.	20.25	10	1.50	1.50	..	..	12	Y.P.
90,92,480	14,32,421	4,74,28,820	90,768	2,50,88,877	Bird & Co. Private Ltd.	Burrakur	15.75	10	1.80	1.80	1.80	1.80	6	Y.P.T.
49,97,750	6,98,870	84,32,323	38,58,563	2,58,023	Hindustan Investment Corpn. Ltd. ..	Central India	8.69	10	0.80	1.00	1.00	..	3	Y.
5,00,000	12,78,470	54,18,457	35,46,265	—1,25,641	Jain Industries	Central Kurkend	3.95	10	Nil	..	..	..	12	Y.
18,00,000	.....	61,90,801	36,92,941	—5,39,084	M.	Dhemo Main	3.95	10	Nil	Nil	..	..	12	Y.
27,40,000	4561 08	4979 072	2818 816	48,234	Jardine Henderson Ltd.	East Indian	29.25	21	1.00	2.00	2.75	..	4	Y.
29,68,760	1,19,76,888	5,05,78,170	3,63,55,116	33,594	Macneill & Barry Ltd.	Equitable	22.25	10	1.50	1.00	..	..	12	Y.P.T.
10,00,000	40,000	27,42,564	9,88,628	—3,84,265	Bhatter's Agency Ltd.	Ghusick and Musila	13.25	10	Nil	Nil	..	..	3	Y.
12,00,000	2,47,433	45,80,017	30,84,265	796	Killick Industries Ltd.	Hingir-Rampur	41.00	50	Nil	Nil	Nil	..	6	Y.P.
2,00,000	.....	26,07,213	20,64,191	—3,66,025	M.	Horrea	5.44	10	Nil	..	..	..	12	Y.
20,00,000	9,86,018	49,02,919	15,19,022	82,610	Bird & Co. Private Ltd.	Karanpura Collieries	12.44	10	0.75	1.00	1.00	..	2	Y.P.
14,00,460	18,07,972	66,56,854	44,58,564	20,673	Andrew Yule & Co., Ltd.	Katras Jheriah	31.00	10	9.50	4.00	2.50	3.00	1	Y.
9,00,000	10,52,762	26,57,544	22,77,712	57,691	H. V. Lee & Co. (Private) Ltd. ..	Lakuria	13.00	10	0.40	..	..	..	4	Y.
1,48,340	56,490	13,90,484	10,61,223	74,711	Tantia Brothers Private Ltd.	Nasira	6.25	10	0.75	Nil	Nil	..	12	Y.
21,07,210	46,16,190	2,10,51,103	1,23,85,062	15,709	Andrew Yule & Co., Ltd.	New Beerbhoom	11.87	10	1.60	1.50	1.20	1.00	10	Y.P.
10,00,000	5,80,226	12,37,138	5,80,199	51,230	Octavius Steel & Co. Ltd.	New Manbhoom	11.94	10	0.75	0.90	..	..	3	Y.
1,15,000	4,81,409	17,65,278	10,59,556	15,045	M.	North West	19.75	10	2.00	2.00	..	..	3	Y.
1,87,000							17.50cN	7.50	1.50	2.00	..	..		
7,80,000	13,22,645	2,92,538	22,85,007(k)	45,080	P. Prashad, Esq. (Chairman)	Ondal	13.50	10	0.60	0.75	..	..	12	Y.P.
2,34,000	1,52,212	37,86,226	14,17,160	589	Begbie and Eichenlaub	Parasea	14.00	10	0.125	0.125	..	..	12	Y.P.T.
15,75,000	24,59,125	87,88,044	54,94,852	54,253	Shaw Wallace & Co., Ltd.	Pench Valley	17.31	6	1.00	1.00	1.00	..	3	Y.
41,99,120	40,85,000	1,52,75,221	1,12,48,598	35,781	M.	Raneegunge	13.75	10	1.50	1.70	1.70	..	12	Y.
18,50,000	20,80,190	65,69,726	40,37,891	41,622	Shaw Wallace & Co., Ltd.	Rewa	25.50	10	2.00	2.00	..	..	12	Y.
37,50,000	40,22,284	1,15,07,370	61,76,885	43,117	Sahu Jain Ltd.	Samla Collieries	9.00	10	1.00	1.00	..	..	12	Y.
40,00,000	4,97,010	45,82,001	12,69,030	7,238	S. D. Sethia & Co. Private Ltd. ..	Selected Satgram Collieries	118.00	100	16.00	14.00	..	..	12	Y.
2,80,000	13,29,316	33,99,332	22,10,361	15,849	Andrew Yule & Co., Ltd.	Seebpore	34.75	7	3.00	3.00	2.50	..	12	Y.P.
12,80,000	4,84,648	..	35,740	13,04,570(k)	F. W. Heilgers & Co. (Private) Ltd.	Sendra	1.40	10	0.60	0.60	..	..	12	Y.P.
3,00,00,000	1,03,14,323	10,13,84,729	4,10,29,316	47,033	M. P. Pai, Esq. (Chairman)	Singareni	9.75	10	0.70	0.75	..	0.75	3	Y.
17,50,000	11,77,056	57,60,323	26,84,592	3,001	Bird & Co. Private Ltd.	South Karanpura	7.62	10	0.25	Nil	Nil	0.25	8	Y.
6,00,000	14,16,969	1,53,707	26,76,150(k)	88,000	F. W. Heilgers & Co. (Private) Ltd.	Standard	10.44	10	1.50	1.00	..	..	12	Y.
2,50,000	5,01,082	25,77,775	17,76,595	36,403	B. M. Varma, Esq. (Mg. Director)	Union	10.25	10	Nil	Nil	..	..	12	Y.
49,98,000	6,09,055	1,05,82,162	42,25,012	1,19,162	Hindustan Investment Corpn. Ltd. ..	Western Bengal	8.69	10	0.60	0.75	0.90	..	3	Y.
7,00,000	.....	60,62,759	54,56,424	—6,23,711	M.	West Jamuria	3.60	10	Nil	Nil	..	..	12	Y.

H.—Clive Row Investment—Dividend for 1959 includes additional dividends of 9 nP for the year ended 31st March 1955 and 37 nP for the year ended 31st March 1956. * Includes bonus.
M.—Managed by the Board of Directors. *N.B.*—Dividends paid since 31st March 1959 are shown as taxable. (k) Investments. ‡‡ Investment at cost.
A.—Associated Battery Makers (Eastern) Ltd. *The effective dividend for the year 1960 would work out to 16.36 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 116 lakhs* whereas the interim dividend of 16 per cent was on a paid-up capital of Rs. 80 lakhs only. X.B.—Ex-Bonus.

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.	Latest available Quotation. Rs.	Paid-up per Share. Rs.
BANK						
Allahabad Bank T.F.C.	15,00,000	1901	6.00	Mar. Sept.	94.50	100
BREWERIES AND SUGAR						
Bharat Sugar R. C.	5,00,000	1931	5.00	Dec. ..	70.00N

BANKS

Paid-up Ordinary Capital	Reserve Fund	Carried Forward	Name of Bank	Latest available Quotation	Paid-up per Share	Dividend per Share 1960	1961	1962	1963	Accounts Allowed	Reference
Rs. or £	Rs. or £	Rs. or £		Rs. or £	Rs. or £	Rs. nP	Rs. nP	Rs. nP	Rs. nP		
67,50,000	1,33,55,000	4,07,639	Allahabad Bank	250.00	00	.50‡	18.00‡	15.00	15 00	12	Y.P.
1,01,500	28,48,220	3,245	Andhra Bank	94.50cd	100	8.00	8.00	8.00		6, 12	R.
40,78,800				82.50cd	85	6.80	6.80	6.80			
2,00,00,000	2,44,93,760	2,96,970	Bank of Baroda	91.50xd	50	8.50	8.50	8.00	9.00	12	Y.
3,55,00,000	4,86,00,000	4,19,848	Bank of India	102.50	50	10.00	10.00	10.00	9.00	6, 12	R.L.Y.
A. 60,00,000				103.00	50'A'	1.00	10.00	10.00	9.00		
60,30,030	35,90,200	47,625	Bank of Maharashtra	54.00	50	5.50‡	4.50	4.50	4.50	12	Y.
86,00,000	1,00,73,033		Canara Bank Ltd.	76 25xd	50	7.50	7.50	7.50	7.50	12	Y.P.
17,75,715	25,25,000	15,445	Canara Banking Corporation Ltd.	68.50xd	50	7.50	7.50	7.50		12	Y.P.
'A' 5,99,880	75,20,000	17,041	Syndicate Bank Ltd.	143.50	100'A'	20.00‡	20.00‡	20.00	20.00	12	Y.P.
'B' 41,42,120				17.10	10'B'	2.00	2.00‡	2.00	2.00		
'C' 2,00,000				1.57	1'C'	0.20	0.20‡	0.20	0.20		
2,63,01,800	5,20,41,606	91,510	Central Bank of India Ltd. ..	45.25	25	5.10‡	5.00	5.00	5.00	12	R.L.Y.
'A' 52,50,000				45.50	25	5.10‡	5.00	5.00	5.00		
1,00,00,000	1,10,47,000	1,78,514	Devkaran Nanjee Banking Co.	55.50	50	4.38	5.50	5.50	6.00	12	Y.
3,00,00,000	2,40,00,000	70,80,104	Habib Bank Ltd. P.	20.95N	5	17.5%	20%	20%	20%	12	Y.
1,25,00,000	10,00,000	17,401	Hindustan Commercial Bank ..	12.00	50	Nil	Nil	Nil	Nil	12	Y.
50,00,000	3,50,000	18,103	Hindustan Mercantile Bank ..	10.75	50	Nil	Nil	Nil	Nil	12	Y.
88,46,215	92,91,884	1,81,942	Indian Bank	158.00cd	100	15.00‡	15.00	14.00‡	15.00‡	12	R.L.Y.
99,71,575	93,62,535	1,01,860	Indian Overseas Bank Ltd. ..	137.50	100	14.00	14.00	12.00	14.00	12	Y.
15,00,000	15,38,000	21,284	Pandyan Bank Ltd	37.00	25	2.50	18.75			12	Y.
1,99,84,000	2,36,56,000	15,21,000	Punjab National Bank	398.00	10	2.00	2.00	2.00	1.00‡	12	Y.
5,62,50,000	9,50,00,000	35,50,231	State Bank of India	398.00	100	22.75	23.00	23.00	23.00	12	Y.
1,00,00,000	76,00,000	1,57,743	Union Bank of India	6.24	5	0.57	0.57	0.57	0.57	12	Y.
2,79,66,812	3,20,00,000	75,942	United Commercial Bank	67.00xd	50	6.00	6.00	6.00	6.00	12	Y.
2,85,71,037	1,00,50,000	4,15,815	United Bank of India	7.69	10	0.48	0.60	0.60	0.75	12	R.L.Y.

PRINCIPAL EXCHANGE BANKS (Dividend per cent.)

£6,600,000	£7,525,000	£510,433	Chartered Bank	£2-9-1‡	£1	15‡†	15†	18†	15†	12	Y.
H.K.$70,040,125	£15,000,000	£146,283	Hongkong and Shanghai Banking Corporation	£22‡	H.K. $25	£2.15*	sh. 15*	sh. 16*	sh. 6*‡	12	Y.
£5,708,000	£5,250,000	£316,041	National and Grindlays Bank Ltd. ..	£1-10-7‡	sh. 15	13‡†	14†‡	16†‡	7†‡	12	H.Y.

‡ Includes bonus. P—Figures in Pak rupees. † Less tax. xr—Ex-Right.
* sh. per Share free of tax. C—On increased Capital.
N.B.—All dividends declared since 31st March 1959 are taxable.

DEBENTURES

Amount Rs. or £	Rate of Interest per cent	Interest Payable on	Company	Date of Issue	Latest available Quotations (per hundred) Rs. or £	Principal Repayable
BREWERIES AND SUGAR						
7,50,000	7	1st December and 1st June ..	Carew & Co.	1938	98.00N	1st June .. 1970
2,45,000	6‡	1st March and 13th September..	Carew & Co. (2nd mortgage)	1941	95.00N	28th February .. 1970
26,00,000	4‡	1st May and 1st November ..	Walchandnagar Industries	1944	99.50	1st November .. 1959-64
75,00 000	6	1st July and 1st January ..	Walchandnagar Industries	1960	98.50	21st June 1972
COAL						
80,00,000	6	30th April and 31st October ..	Bharat Collieries	1944	90.00N	31st October .. 1964
60,00,000	6‡	1st May and 1st November ..	Bengal Coal Co., Ltd.	1961	98.00	31st October .. 1975
20,00,000	4‡	30th June and 31st December ..	Burrakur Coal Co.	1947	85.00	30th June .. 1967 (a)
20,00,000	5‡	1st July and 1st January§ ..	Equitable Coal Co.	1953	97.00	14th December .. 1968 (a)‡
46,86,000						
COTTON						
80,00,000	5‡	1st January and 1st July ..	Ahmedabad Advance	1956	95.00	15th December .. 1966-71
4,00,000	6	10th May and 10th November ..	Bengal-Nagpur	1897	80.00N	15th November .. 1966 (a)
68,93,000	5‡	1st April and 1st October ..	Buckingham and Carnatic	1952	100.00	1st March .. 1975 (a)
40,02,333	6‡	1st April and 1st October ..	Gokak Mills	1957	93.00	1st April 1967-72
18,00,000	6‡	2nd January and 2nd July ..	Minerva Mills	1959		1st April 1967-76
34,22,000	6‡	1st January and 1st July ..	Shree Nivas	1958	90.00	31st December .. 1970
39,51,000	6‡	1st April and 1st October ..	Simplex	1959	97.00	15th October .. 1969-74
30,00,000	5‡	1st April and 1st October ..	Lakshmi-Vishnu	1955	94.50	1st June 1968-70
80,00,000	5‡	1st June	Tata Mills	1961	88.50	1st June 1966-71
ELECTRICS						
10,00,000	4‡	31st March and 30th September..	Agra Electric Supply Co., Ltd. ..	1960	93.00	31st March‡ .. 1965 (a)
3,00,00,000	5‡	15th June and 15th December ..	Ahmedabad Electric Co., Ltd. ..	1960	93.00	15th June 1965-70
93,28,000	5‡	1st April and 1st October ..	Andhra Valley Power Supply Co.	1940	94.00	1st April 1970-76
12,00,000	4‡	30th June and 31st December ..	Benares Electric Light and Power Co., Ltd.	1949	93.00	31st December .. 1964 (a)
12,287,575	5	1st January and 1st July ..	Calcutta Electric Supply Corporation Ltd.	1950	90.50	1st January .. .. 1970 (a)
10,80,000	5	1st January and 1st July ..	Sijua (Dhanbad) Electric Supply Co.,Ltd..	1951	91.00	30th June .. .. 1976 (a)
1,00,000	5‡	3rd April and 3rd October ..	South Madras Electric Supply ..	1949	93.50	30th September .. 1963-68
47,72,000	5	1st March and 1st September ..	Tata Power	1940	93.00	1st July 1970
2,50,00,000	4‡	1st January and 1st July ..	Tata Power	1949	83.50	1st July 1965-70
ENGINEERING						
5,00,000	5‡	30th June and 31st December ..	Britannia Engineering‡	1945	94.00	31st December .. 1969
1,50,00,000	6	1st January and 1st July ..	Guest, Keen, Williams Ltd. ..	1958	98.50	1st January 1971
29,18,000	7	15th September and 15th March.	Indian Hume Pipe (Bearer) ..	1962	100.00	15th September .. 1977 (a)
10,00,000	4	31st May and 30th November ..	Kumardhubi Engineering Works Ltd‡	1946	60.00	31st May 1971
3,00,00,000	5	1st April and 1st October ..	Tata Locomotive	1950	96.50	30th September .. 1960-65
JUTE						
12,00,000		1st October and 1st April ..	Agarpara	1939	91.00	31st March .. 1969
6,00,000		30th June and 31st December ..	Alexandra	1939	93.00	30th June .. 1969
15,00,000		31st December and 30th June ..	Auckland Jute Co., Ltd.	1945	90.00	31st December .. 1964
10,89,000	5	30th June and 31st December ..	Chitavalsah Jute Mills	1951	90.00	30th June 1966
18,78,000	5‡	31st March and 30th September.	Dalhousie Jute Co.	1954	95.00	31st March .. 1969 (a)
8,86,000	5	15th January and 15th July ..	Empire	1951	90.00	15th July .. .. 1966 (a)
25,00,000	5‡	31st March and 30th September..	Fort Gloster Industries Ltd. ..	1952	98.00	30th September .. 1966
20,40,000	5‡	31st March and 30th September.	Howrah Mills Co., Ltd.	1955	92.50	31st March .. 1970
25,00,000	5	30th June and 31st December ..	Khinjlee Jute Mills Co., Ltd. ..	1949	93.00	31st December .. 1964 (a)
25,00,000	5	30th June and 31st December ..	Naihati	1952	86.00	31st March .. 1967 (a)
25,00,000	5‡	30th June and 31st December ..	Nuddea Jute Mills Co., Ltd. ..	1939	92.00	14th May 1964
5,00,000	6‡	14th November and 14th May ..	Northbrook Jute Co., Ltd. ..	1945	85.00	31st December .. 1964
20,00,000	4	30th June and 31st December ..	Reliance Jute Mills Co., Ltd. ..	1950	90.00	5th September .. 1965 (a)
25,00,000	5	31st March and 30th September..	Union	1937	95.50N	31st March‡ .. 1967
12,00,000	5‡	30th June and 31st December ..				
RAILWAYS; STEAMSHIP AND TRAMWAYS						
£321,697	4‡	1st January and 1st July ..	Calcutta Tramways	1900	£66.00N	At 105% at any time on 6 months' notice or at par or every seventh year thereafter
£139,051	5	1st April and 1st October ..		1933	£74.00N	1st October .. 1974
6,50,000	6	30th June and 31st December ..	Katakhal-Lalabazar Railway ..	1905	85.00	31st December .. 1974
£200,000	4‡	30th June and 31st December ..	Shahdara-Delhi-Saharanpur Railway	1905	£64N	Any time on six months' notice (a)
PLANTING						
4,54 000	7T	1st April and 1st October ..	Sangameshwar Coffee	..	100.00	1st April 1960-61
MISCELLANEOUS						
45,00,000	5	2nd January and 2nd July ..	Aluminium Industries	1961	100.25	2nd July 1966-71
9,98,000	5	1st January and 1st July ..	Aluminium Corporation of India Ltd.	1948	92.00	31st December .. 1965
8,00 00,000	5‡	1st April and 1st September ..	Burmah-Shell	1954	93.25	1st September .. 1965-69(a)‡
2,00,00,000	5‡	1st April and 1st October ..	Calico Oil Refining (India) Ltd. ..	1955	93.50	1st October .. 1970
1,00,00,000	6‡	31st March and 30th September.	Dalmia Cement (Bharat) Ltd. ..	1946	98.00	30th September .. 1976
2,04,55,000	6‡	1st January and 1st July ..	Dunlop Rubber Co. (India) Ltd. ..	1950	98.75	1st January .. .. 1973 (a)†
67,80,000	6	1st January and 1st July ..	Indian Cable Co., Ltd.	1954	94.50	30th June .. .. 1969 (a)‡
2,00,00,000	6‡	1st January and 1st July ..	Indian Aluminium Co., Ltd. ..	1959	95.50	1st January 1975
27 75,000	5T	2nd January and 2nd July ..	Metur Chemical Industries ..	1949	84.00	30th September .. 1964
39,70,000	4	30th June and 31st December ..	McLeod & Co., Ltd. (Convertible Notes).	1947	410.00 (per note)	31st December .. 1972 (a)
74,75,000	5	1st April and 1st October ..	Macneill and Barry Ltd.	1951	87.00N	1st April 1971
55,91,000	5‡	30th June and 31st December ..	National Rayon	1955	98.00	30th June 1965-70
30,00,00,000	6‡T	15th May and 15th November..	Oil India	1958	98.25	15th November .. 1968-77
20	6‡	1st January and 1st July ..	Premier Automobiles	1948	125.50	31st March .. 1968-73
1,00,00,000	6	30th June and 31st December..	Rohtas Industries Ltd.	1946	95.00	31st December .. 1969
10,00,000	5‡	January and July ..	Shree Gopal Paper Mills Ltd. ..	1944	95.00	15th July 1966
80,00,000	5‡	1st May and 1st November ..	Esso	1953	94.00	1st April .. .. 1964-68 (a)‡‡
5,31,000	5	31st January and 31st July ..	Tata Chemicals Ltd.	1945	95.00	31st July 1970-75
50,00,000	6	1st April and 1st October ..	Tata Oil Mills Co. Ltd.	1959	98.00	30th September .. 1969-74

(a) These debentures are registered and are transferable by transfer deeds. (b) Option to repay on 3 months' notice at any time at 3 per cent premium.
‡ With option to redeem at Rs. 101 per cent after 10 years or at Rs. 100-8 per cent after 13 years. § Any debenture outstanding on 1-6-1960 will be redeemed on that date with option to redeem all debentures at 101 per cent on 1-6-1964. ‡‡ Rs. 80 lakhs will be redeemed annually by drawings from 1st May 1964 onwards. The Company has option to redeem debentures at 101 per cent on 1st May 1963 on six months' notice. † Option to repay at par on six months' notice on or after 1st January 1961. T.—Taxable. T.F.—Tax-free.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 29th April 1964:

	Closing quotations 22-4-1964	High	Low	Closing quotations 29-4-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	140.00	—	—	140.00
Apollo (2)	1.78	1.82	1.70	1.70
Baroda Rayon (100)	88.00	87.00	85.00	85.00
Bombay Dyeing (25)	59.80	61.00	60.70	60.80
Bradbury (50)	151.00	—	—	151.00
Central India (100)	87.00	90.00	88.00	88.00
Century Mills (100)	577.50	614.00	604.00	612.00
Dawn (50)	150.00	—	—	150.00
Elphinstone (50)	95.00	—	—	97.00
Finlay (100)	305.00	312.00	305.00	312.00
Gokak (100)	178.00	181.00	177.50	181.00
Gold Mohur (100)	215.00	—	—	215.00
Gwalior Rayon (10)	36.00	38.75	36.00	36.50
Ind. Untd. Defd. (1)	2.50	2.60	2.56	2.56
Ind. Untd. Ord. (10)	21.80	21.80	21.48	21.48
Indian Rayon (100)	69.00	72.50	69.00	70.00
Indore Malwa (100)	210.00	210.00	206.25	206.25
Khatau (100)	180.00	187.50	183.75	185.00
Kohinoor (100)	335.50	353.50	331.00	333.00
Mafatlal (100)	502.50	517.50	512.50	512.50
Modella Woollens (10).	12.76	—	—	13.00
Morarji (100)	372.00xr	372.00xr	287.50xr	288.00xr
Mysore (50)	41.00	—	—	41.00
National Rayon (100).	359.00cd	366.50xd	356.00xd	366.50xd
New Great (100)	178.00	—	—	178.00
Phoenix (100)	220.00	224.50	222.00	223.00
Podar Mills (10)	12.00	12.24	12.00	12.24
Raymond Woollen (100)	186.50	187.00	184.50	186.00
Sassoon Spg. (10)	35.50	36.00	35.75	36.00
Shree Ram (100)	242.00	251.00	242.00	251.00
Simplex (50)	121.00	125.00	120.00	121.50
Standard (100)	630.00	660.00	630.00	642.00
Svadeshi (100)	235.00	245.00	240.00	245.00
Swan (100)	270.00	275.00	270 00	275.00
T. I. Nagpur (100)	119.50	125.00	121.00	122.00
Tata Mills (25)	51.50	54.00	53.00	53.20
Lakshmi-Vishnu (100).	100.00	—	—	100.00
Western India (250)	850.00	—	—	850.00
BANKS				
Bank of India (50)	102.50	102.50	101.50	102 50
Do. (New) (50)	103.00	—	—	103.00
Bank of Baroda (50).	91.00	92.00	91.00	92.00
Central (25)	45.00	45.50	44.75	45.25
Central 'A' (25)	45.00	45.50	45.00	45.50
Dena Bank (50)	55.25	—	—	55.50
Punjab National (10)	19.20	19.40	19.20	19.40
Union Bank (5)	6.12	6.28	6.20	6.24
United Com. (50)	67.00	68.00	67.00	67.00
Maharashtra (50)	54.00	—	—	54.00
ELECTRIC COS.				
Ahmedabad (100)	95.30	95.00	94.70	95.20
Amalgamated (10)	9.48	9.48	9.00	9.00
Andhra Valley (1,000).	1,047.50	1,052.50	1,045.00	1,052.50
Dom. Sub. El. (100).	104.25	104.50	104.25	104.50
Surat (100)	100.75	101.00	100.00	100.50
Tata Hydro (100)	112.00	111.50	121.25	111.50
Tata Power (1,000)	1,093.75	1,115.00	1,105.00	1,115.00
INSURANCE COS.				
British India (10)	12.48	—	—	12.48
Indian Mercantile (50).	57.50	—	—	57.50
New India (15)	44.50	46.00	45.25	45.25
New India 'A' (15)	45.00	45.50	45.75	46.00
Vulcan (10)	16.00	16.00	15.48	15.48
STEEL COS.				
Ind. Iron (10)	23.92	24.84	24.60	24.80
Mukand Iron (10)	17.38	17.76	17.52	17.72
Tata Steel Ord (75)	143.25	150.50	148.75	149.50
SUGAR COS.				
Belapur (50)	215.00	219.00	215.00	218.50
Bhopal (10)	12.76	—	—	12.76
Changdeo (12.50)	24.00	—	—	24.00
Mahalaxmi (50)	126.00	129.50	127.50	129.00
Phaltan (50)	97.00	99.50	98.50	99.00
Walchand Ind. (100)	143.50	145.50	145.00	145.00
CEMENT COS.				
Associated Cts. (100)	148.75	152.25	151.00	151.75
Dhrolay (100)	175.50	188.00	177.00	185.00
Orissa (10)	13.24	13.76	13.64	13.76
DYES & CHEMS.				
Amar-Dye-Chem (100).	130.00	140.00	133.00	135.00
Camphor & Allied (100)	90.50	92.00	90.00	90.50
Citric (100)	74.00	76.00	73.00	73.00
Chemicoat (100)	127.00	—	—	127.00
Colour-Chem (100)	320.00	340.00	335.00	335.00
Indian Dyestuff (100).	281.75	280.00	272.50	277.50
Polychem (50)	112.50	126.25	117.50	125.00
Synthetics (100)	88.50	93.50	88.00	90.00
Tata Chemicals (10).	17.52	18.40	18.00	18.12
MISCELLANEOUS				
Alcock Ashdown (100).	285.00	298.00	295.00	296.00
Bom. Burmah (25)	57.60	59.50	58.70	59.00
Do. (New) (25)	46.25	46.25	45.50	45.50
Bt. B. Cereal (1) wh.	2.88	2.50	2.63	2.42
Br. I. Corpn. (5)	9.24	9.80	9.24	9.80
Cooper Eng. (100)	103.00	—	—	103.00
Hindustan Lever (10).	34.75cd	35.00cd	34.00xd	34.55xd
Hindustan Motors (10).	17.56	18.40	18.04	18.28
I. C. & Invest. Corporation (100)	97.50	—	—	97.50
Indian Copper (2 sh.)	3.26	3.44	3.36	3.40
Kilnicks (100)	88.00	88.00	88.00	88.00
Larsen & Toubro (10).	22.28	23.08	22.68	22.92
Mahindra & Mahindra (10)	17.00	17.36	17.00	17.36
Permanent Magnets (100)	75.00	75.50	75.00	75.00
Phillips Carbon (10)	113.00	120.00	112.50	115.00
Pre. Automobiles (100)	12.88	13.00	12.88	13.00
Premier Con. (30)	96.00	101.50	98.50	99.50
Scindia (50)	171.00	181.50	170.00	181.00
G. E. Shipping (10)	13.72	15.08	14.36	14.96
N. Standard Eng. (100)	12.68	13.36	13.08	13.32
T. Mazeika (100)	129.50	—	—	130.00
Shivrajpur (10)	560.00	—	—	560.00
Sirpur Paper (10)	15.52	16.52	15.52	16.52
Tata Locomotive (100)	11.40	11.92	11.72	11.80
W. I. Match (100	284.00	301.00	296.00	300.00
W. Coast Paper (100).	163.00	164.00	157.00	161.00
Zenith Steel (10)	16.24	17.00	16.56	16.62

GOVERNMENT SECURITIES	22-4-1964 Rs.	Gross Yield Earlier Redemption	Gross Yield Later Redemption	29-4-1964 Rs.
2½% 1976	82.00	—	4.73	82.00
3% 1964	99.75	—	4.45	99.75
3% 1966-68	97.00	3.90	4.50	97.00
3% 1972-75 1st Dev.	90.30	4.88	4.94	90.30
3% 1986 Con. Loan	63.35	—	4.73*	63.35
3½% 1965 N. P. Bonds.	99.75	—	3.73	99.75
3½% 1967 N. P. Bonds.	99.25	—	3.77	99.25
3½% 1974	96.75	—	4.12	96.75
3½% 1997 N. P. Bonds.	100.00	—	3.75	100.00
3½% 1999 Loan	97.00	—	4.17	97.00
3½% 1968	98.10	—	3.93	98.25
3½% 1968 N. P. Bonds.	99.50	—	3.89	99.50
4% 1972 Loan	99.00	—	4.18	98.80
4% 1973 Loan	99.45	—	4.21	98.45
4% 1979 Loan	98.50	—	4.14	98.50
4½% 1966 Bonds	99.70	—	3.66	99.70
4% 1980 Loan	98.30	—	4.14	98.30
4% 1981 Loan	98.30	—	4.14	98.30
4½% 1985 Loan	100.15	—	4.49	100 15
6½% 1977 G. Bonds.	118.30	—	4.62	118.30
4½% 1972 N. D. Bonds	100.25	—	4.21	100.25

* Current Income. xd—Ex-dividend. xr.—Ex-Right.
C.R.—Cum-Right. cd—Cum-dividend.
§ B. Burmah—Shares of Rs. 125 have been sub-divided into 5 shares of Rs. 25 each. ‡ Sub-divided into 5 shares of Rs. 20 each after taking into account the Bonus element of Rs. 25.

COMMERCE

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

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SOVIET AID FOR BOKARO

THE long uncertainty that had surrounded the Bokaro Steel project ever since it was known that the eagerly sought U.S. aid would not be forthcoming, has at last ended. The Government of U.S.S.R. has agreed to comply with the Indian Government's request for help for implementing this major project. The Russian Government's decision was briefly announced in the Lok Sabha by the Union Steel Minister, Mr. C. Subramaniam, significantly enough on May Day, a day that commemorates the victory of proletariats' revolution. The announcement was greeted by the House with acclamation and has since been widely welcomed in the country. Apparently, the Government of India has been negotiating with its Russian counterpart for quite sometime, even while exploring the possibilities of fulfilling the project with the help of an Indian consultant and supplies of machinery and equipment obtained from various countries through global tenders. Experience in the construction of three public sector plants had shown that the latter approach was fraught with many difficulties and that the best course would be to entrust the responsibility to one single authority, as in the case of Bhilai and Durgapur plants. It was this realisation that induced the Government to seek U.S. help for Bokaro. The Government was even prepared to give a large measure of freedom to the U.S. agency during the period of construction and the initial operation of the plant, so that the difficulties encountered at Rourkela could be avoided and the smooth working of the Bokaro plant ensured. If it was found extremely difficult to co-ordinate the activities of a score of German firms supplying the equipment for Rourkela, one could easily imagine how much more difficult it would be to co-ordinate the work of suppliers from a large number of countries, such as the U.S., the U.K., Germany, Japan and Czechoslovakia. It would take several years for the project to be completed on this basis. The cost, too, would be very much higher than on the basis of a turn-key job. The Government of India, therefore, did well in seeking Russian aid and deserves to be congratulated on the success of its endeavour.

The temptation to attribute Russia's willingness to help India implement the Bokaro project to cold war politics is understandable. But this appears to be a facile assumption. It must be remembered, in this connection, that Russian consent has been given only long (7½ months) after India had withdrawn its specific request to the U.S. Government. If Russia wanted to score over the U.S. in the cold war in this theatre, it could have offered its aid to India with a flourish immediately after it became clear that American aid would not be forthcoming. The fact that Russia did not do so and that an interval of nearly eight months had to elapse before its consent could be had suggests that the Soviet authorities must have carefully examined the feasibility of the project and satisfied themselves about its economic viability. Another point to be borne in mind is that they have agreed to assist India in Bokaro only upto the first stage (1.5 million tonnes ingot) of the project, as against its attempt to get U.S. help for the whole project providing for a capacity of four million tonnes ingot. So at the moment one can be sure of only partial fulfilment of the Bokaro Plan. It remains to be seen how the balance (as much as 62.5 per cent) of this plan will be completed. Since there is plenty to be done now even in regard to the first stage, it is unnecessary to indulge in the exasperating task of finding aid for the remaining stages now. There is time enough for doing that exercise.

Product-wise, Bokaro is a more complicated project than Bhilai, where Russian help has been a tremendous success much to the discomfort of German, British and the U.S. firms that have participated in the other steel projects. The Germans, in particular, used to contend that Rourkela was a more modern, sophisticated plant than the Russian plant at Bhilai and that, whereas Rourkela was producing more expensive steel, Bhilai was turning out only simple products (for details vide our Delhi Letter in this issue.) Now, in undertaking to construct the plant at Bokaro which will be producing more or less the same products as Rourkela, the Russians have secured an opportunity to demonstrate to the world that they could outshine the free world in successfully implementing a complicated project as well. Nowadays, no one doubts the Russian skill for fabricating, erecting and operating the most modern type steel plants, though such doubts prevailed in the early 'fifties. It is true that the other Russian-aided industrial projects have not been as successful as the Bhilai, but one does not know to what extent the Russians can be blamed for this. Anyhow, the experience at Bhilai is a more pertinent factor in this context than that elsewhere.

A feature of Soviet aid to India is that it is confined only to projects in the public sector and that the great majority of them belongs to the category of heavy industries. An advantage which the Soviet Union has over the democratic countries in rendering such aid is that it can easily assemble the experts needed to execute the projects undertaken by it and direct them there. The democratic countries, however, cannot do so. The Governments of these countries cannot conscript technicians and experts. The foreign companies that are collaborating in the projects have to compete for the necessary manpower in the open market. As there is full employment in almost all the countries, a heavy price has to be paid to get men of the right type and quality. One must bear in mind this fundamental difference when the cost and progress of Soviet-aided projects are compared with those of projects coming up with the help of democratic countries.

The failure of U.S. aid to materialise was not due to any lack of support from the U.S. Administration. It is a well-known fact that, while the late Mr. Kennedy and Prof. Galbraith did their best, the majority of U.S. Congressmen were strongly opposed to their efforts. It was the doctrinarism of U.S. Congress, namely, U.S. taxpayers' money shall not be used to further socialism and State-ownership of industries in the free world, that proved an irremovable stumbling-block. The events during the past eight months have produced nothing that calls for a change in our view that, in blocking U.S. aid to Bokaro, the U.S. Congressmen were extremely shortsighted. They have only helped the cause of international communism and played into the hands of Mr. Khrushchev who believes in peaceful penetration. They have provided enormous strength to the communists and fellow-travellers in this country.

There is no doubt that, in seeking and accepting Soviet help for Bokaro, the Government of India has taken a big political risk. The larger the quantum of Soviet aid, the greater the chances for communism to grow. It must be said to the credit of the Russians that they have loyally stood by the Nehru Government. But it is also true that the Communist Party has grown in strength and controls a large section of workers in rural and urban areas alike. The first political objective of Soviet aid is to ensure that the recipient countries remain non-aligned, free from the influence of Western powers. The second objective is to see that they follow socialist policies, progressively reducing the scope for the private sector in the mixed economy followed by them. It would not be wrong to infer that T.T.K.'s anti-rich budget for 1964-65 may have gone a long way in inducing the Soviet authorities to render aid to Bokaro. And the third objective is to see that the domestic politicians who are in sympathy with its goals enjoy adequate freedom for utilising the instruments of democracy (such as Parliament, the Press, the fundamental right to preach, to do business, and to own property, etc.) for furthering the cause of communism. None of these objectives of the present Soviet regime has been experiencing any impediments in this country. In giving free scope for them, the Goverment of India is playing with fire, not unconsciously but deliberately, in the confident hope that the people's attachment to democracy is strong enough to reject communism as a way of life. Whether its hope is justified or not time alone can tell.

One may ask: Why take the risk? Why walk on a razor's edge? The answer is that there is not much choice. If vigorous efforts are not made to expedite the pace of economic growth, the galloping population itself will engender a favourable climate for the spread of communism. The Government of India did its best to obtain help for Bokaro from the U.S. but failed for no fault of its own. It c

THE MAHALANOBIS REPORT

TWO related issues, it will be recalled, figured prominently in the Lok Sabha debate on the Draft Outline of the third Plan in September 1960—the issues pertaining to the distribution of additional incomes generated under the first two Plans and the improvement, if any, in the levels of living. Although the Draft Outline itself seemed to imply, in describing the real benefits and opportunities that had materialised under conditions of planning, that a wider and more equitable distribution of income had probably taken place, it did not seek to appraise the changes in money incomes, as well as in real incomes and levels of living, in detailed statistical terms. The need was thus felt for a systematic and dependable appraisal of the diffusion of Plan benefits and additional incomes. It was in recognition of this need that the Prime Minister then announced the constitution of a committee under the chairmanship of Prof. Mahalanobis of the Indian Statistical Institute.

This Committee, which was called the "Distribution of Income and Levels of Living Committee," was charged by the Planning Commission with the task of (i) ascertaining the extent to which the operation of the economic system had resulted in concentration of wealth and means of production, (ii) reviewing changes in levels of living during the first and second Plan periods, and (iii) studying recent trends in the distribution of income and wealth. The Committee was also expected to identify the gaps in statistical and economic data which were germane to a penetrating study of this kind. For its part, this journal had then expressed the hope that the Committee might not reach any sweeping conclusions on the basis of "imperfect and incomplete" data and that it might be possible to establish statistically that the continued existence of the few rich did not militate against the betterment of the poor. But these hopes and expectations remain largely unfulfilled to-date, for the Committee, after more than three years of labour, has submitted only the first part of its report dealing with the trends in distribution of income and wealth and concentration of economic power. As the second part, dealing with the question of changes in levels of living, as also the question of gaps in available statistics and economic data, is yet to be drawn up, it may be premature to judge the worth of the Committee's contribution to the continuing debate on economic disparities and Plan benefits. But, judging from some vague, indefinite or contradictory findings in the first part of the report, one may be justified in wondering whether the Committee has been, or will ever be, in a position to do full justice to its assignment.

The Committee's findings regarding income distribution, for instance, are by no means definite and positive. According to it, the available estimates, presumably those contained in a Reserve Bank study (*vide* article entitled "Pattern of Income Distribution in India: 1953-54 to 1956-57" in the *Reserve Bank of India Bulletin* of September 1963), seems to suggest that the degree of inequality in income distribution is not higher in India than in some other developed or underdeveloped countries. The relevant finding of the Reserve Bank study is that "the pattern of income distribution in India is more or less similar to that in some of the developed countries and is more even than that in some of the underdeveloped countries and the pre-1930 pattern in some of the developed countries." Particularly revealing are the following percentage shares of the bottom 20 per cent and the top 20 per cent in personal income in India and in some advanced countries:

	Bottom 20%	Top 20%
India	8.0	42.0
United Kingdom	5.4	44.5
West Germany	4.6	48.0
The Netherlands	4.2	49.0
Denmark	3.4	47.0
Sweden	3.2	46.6
United States	4.8	45.7

Thanks to the adoption of several additional measures of egalitarian or redistributive taxation and the enforcement of liberal wage awards, tenurial and tenancy reforms involving redistribution of agricultural income, etc., since the beginning of the second Plan, the pattern of income distribution in India must now be more even than that in some of the advanced countries with their redistributive taxes and social security measures. And yet the Mahalanobis Committee, presumably basing its finding on inadequate data, has reached the vague conclusion that "there does not seem to have been any significant change in the overall distribution of incomes, though there has been a slight probable increase in inequality in the urban sector and some reduction in inequality in the rural sector." When, as the Committee itself says, "the growth in income of employees has generally kept pace with the growth in average income per employed person for the country as a whole," and the taxation on urban incomes has also risen steeply over the same period, the inference must be that income disparities in the urban sector have decreased to some extent.

In fact, a recent study by the Tax Research Unit of the Union Finance Ministry has shown that the lower and middle income groups have increased their share of total income and that the gap in incomes has been reduced to some extent between 1953-54 and 1961-62. It is particularly significant that public expenditure and income-tax together have brought about a 30 per cent reduction in the coefficient of income concentration. An unofficial comparative estimate prior to the Union Budget for 1964-65 was to the effect that the incidence of income-tax on earned incomes above Rs. 25,000 was much greater in India than in several advanced countries like Canada, Britain, West Germany, France, Japan and the United States. It would thus appear that such heavy taxation on personal incomes has probably reduced inequality in the urban sector over the last decade.

The Committee, while seeking to make out that the continued inequality in income distribution is due largely to the concentration of wealth, has again reached some conclusions on the basis of imperfect data. As it has itself admitted, available data in regard to wealth distribution are fragmentary. Still, in the light of such inadequate data, it has chosen to give the finding that the degree of inequality in wealth distribution is greater than that in income distribution. Whatever be the pattern of distribution of personal wealth, there is no definite indication in the Committee's report whether the pattern has changed for the better or for the worse over the period under study. Thanks to the operation of fiscal measures on personal wealth and inherited estates and of land reform measures, there must have been a substantial reduction in the concentration of wealth. But this the Committee has not acknowledged, for, according to it, the available data merely reveal "the existence, at the end of ten years of planning, of a considerable degree of inequality in the distribution of economic assets and consequent concentration of economic power in the hands of a numerically small section of the population" (italics ours). In the light of the Committee's own analysis of the sectoral distribution of the country's reproducible wealth, the italicised words represent a finding of dubious validity, besides being misleading. This is how the Committee has analysed the relevant data:

"According to estimates, the total value of reproducible wealth at the end of March 1950 and at the end of March 1961 was of the order of Rs. 17,086 crores and Rs. 32,164 crores, respectively.... A rough grouping of the data... indicates that the household (personal) sector accounted for 71 per cent of tangible wealth in 1950, while the shares of the organised private sector and the Government sector were 12 per cent and 17 per cent, respectively. In 1961, the respective shares were: households—60 per cent, organised private business—15 per cent and Government sector—25 per cent."

Where thus the share of the Government sector in the country's reproducible wealth had increased relatively at the expense of both household and private business sectors and absolutely from Rs. 2,905 crores in 1950 to Rs. 8,041 crores in 1961, it would be valid to infer that the concentration of economic power (represented by the ownership of economic assets) in the hands of the State has increased, while that "in the hands of a numerically small section of the population" has correspondingly decreased. As these trends have been more actively promoted since the beginning of the third Plan, it will not be surprising if the Government sector comes to account for anything upto 45-50 per cent of the country's aggregate reproducible wealth by the end of the fourth Plan. Already, according to the latest available data, namely, those for 1963, the aggregate paid-up capital of Government companies, numbering 160, represents about 56 per cent (Rs. 786 crores) of the aggregate paid-up capital (Rs. 1,399 crores) of 25,364 companies in the private sector. These figures do not, of course, reflect all the tangible assets of companies in either sector. But they are nevertheless indicative of the broad trends of increasing concentration of reproducible wealth in the hands of the State and decreasing concentration of such wealth in the hands of organised private business. If, in spite of the "important role" assigned to the private sector in planned economic development and the Committee's own recognition that the logic of industrialisation demands economies of scale and full utilisation of scarce resources, the rate of growth of organised private business is getting slower year after year, why raise the bogey of concentration of economic power in the private sector?

Any such talk of concentration of economic power and control in a generalised form does not seem to be quite relevant in the context of the commanding or strategic heights from which the State is increasingly exercising control over the economy, in general, and the private corporate sector, in particular. The Government has, therefore, done well recently to set up a commission for inquiring into the extent and effect of concentration of economic power in private hands and the prevalence of monopolistic and restrictive practices in important sectors of activity other than agriculture. It is to be hoped that this Monopolies Commission will examine thoroughly the following findings of the Mahalanobis Committee and establish their validity or otherwise more scientifically and objectively:

1. Though the increasing size of companies by itself is not necessarily an index of growing concentration in ownership of companies, the phenomenon is conducive to greater concentration of control and economic power. However, there is some evidence of an increasing dispersal of ownership as such.

2. The working of the planned economy has contributed to the growth of big companies.

3. The main beneficiaries from bank credit have been the big and medium enterprises.

4. The banking sector itself presents a high degree of concentration.

5. Economy of scale works in favour of big business on purely economic grounds. At the same time, there is no doubt that localised concentration of industry, even if unavoidable on economic grounds, must necessarily result in the accrual and possible exercise of monopolistic power.

6. In the Indian context, it is the concentration of control in the industrial sector as a whole rather than in any one or other particular industry that presents the more menacing aspect of concentration of economic power.

7. In spite of the various countervailing measures taken by the Government so far, there is greater concentration of economic power in the private sector than what could be justified as necessary on functional grounds.

The Committee's findings regarding the corporate sector are based on slender data. For instance, if 20 selected groups had increased their share of all corporate private capital from 29.2 per cent to 32.4 per cent during the eight years ending with 1958, can that be described as a menacing increase in concentration? Again, if in 1960-61, the companies having a paid-up capital of Rs. 50 lakhs and above constituted only 1.6 per cent of the total number of companies but claimed 53 per cent of the total paid-up capital, what is so very alarming in this factual situation? After all, thousands of companies are too small and uneconomic to be of any consequence in organised production. Again, companies with a paid-up capital of Rs. 50 lakhs or even Rs. 100 lakhs cannot be regarded as big in a modern economy. In other parts of the world, they would be described as small and medium-size enterprises. Somehow the Committee seems to share with socialist politicians two undesirable mental fixations, namely, that large size by itself is conducive to monopoly or concentration of economic power and that, if a large-sized industrial enterprise happens to be in the public sector, it cannot be construed as having any monopolistic characteristics. It must, however, be added that the Committee has refrained from stating its categorical conclusions on these issues. It has only posed three questions for further study. These are: (1) How far has the growth of big business been an inevitable part of the process of development? (2) How far can it be justified by economies of scale? and (3) how far is it in conflict with the declared objectives of the Constitution? Surely, the eminent economists who constituted this Committee ought to have been able to find the answers to these straightforward and simple questions. They had sufficient time at their disposal for this purpose. It now remains to be seen whether the Monopolies Commission would care to answer these questions in a systematic manner. There can be no doubt that the answers will show that development has been greatly accelerated by large-scale enterprises in every industry and that greater production, creation of additional employment opportunities and generation of secondary activities have fulfilled some of the more important Directive Principles of State Policy.

MARKET GOSSIP

Finance Commission

THE Government of India has just announced the setting up of the fourth Finance Commission to recommend a scheme of financial devolution between the Centre and the States, covering the five years of the fourth Plan (1966-67 to 1970-71). The Commission will be presided over by Dr. P. V. Rajamannar, a retired Chief Justice of Madras High Court, and consist of four other members: Mr. Mohan Lal Gautam (a former Minister of Uttar Pradesh), Mr. D. G. Karve (a retired Deputy Governor, Reserve Bank of India and authority on Co-operation), Prof. Bhabatosh Datta (Director of Public Instruction, Government of West Bengal), and Mr. P. C. Mathew (Special Secretary, Union Ministry of Finance) who will be the Member-Secretary. The terms of reference of the Commission include, besides the two on which recommendations will have to be made under Article 280(3) of the Constitution, namely, (a) distribution between the Union and the States of the net proceeds of taxes and (b) the principles which should govern the grants-in-aid from the Centre to the States, five additional subjects. They are: (1) The assistance that may be required by way of grant-in-aid under Article 275 to such States as are in need of assistance; (2) changes, if any, to be made in principles governing distribution among States, under Article 269, of the net proceeds in any financial year of estate duty in respect of property other than agricultural land; (3) changes, if any, to be made in principles governing distribution of grants to be made available to States in lieu of taxes on railway fares; (4) changes, if any, to be made in principles governing distribution of the net proceeds of additional excise duties levied in replacement of States sales tax on textiles, sugar and tobacco; and (5) the effect of the combined incidence of States sales tax and Union excise duties on the production, consumption, or export of commodities or products, the duties on which are shareable with the States and the adjustments, if any, to be made in the States' share of Union excise duties as a result of the increase in the States sales tax on such commodities or products over a limit to be specified by the Commission. The Commission is expected to make its report well in time for the preparation of the budget for the year 1966-67.

The terms of reference of the Commission are thus not only comprehensive in coverage but also quite complex in nature, so that the task awaiting the Commission is most unenviable. It is all the more so, because of the competing claims for larger devolution of funds from the Centre that will be put forward by the different State Governments. The Commission, as is only to be expected, will have to make a very careful and detailed assessment of the States' revenue resources during the fourth Plan period other than those to be raised by way of additional taxation. It will also have to examine very carefully the position in respect of the expenditure on the maintenance and upkeep of Plan schemes completed during the third Plan, the moneys required for servicing debt obligations (including the debt to be incurred in the fourth Plan), the specified limits over which the proceeds of estate duty on non-agricultural property can be appropriated by the Centre as adjustment against the repayment of States' debt, and the scope for economy consistent with efficiency to be effected by the States.

There is, of course, no doubt that the Rajamanner Commission will bring to bear upon its task a realistic and competent approach. The question, however, is whether, in spite of its award, Central assistance to States will be on a rational basis and serve the purpose for which it is obviously intended, namely, to bring about a measure of uniformity in the administration and resources of all the States. This question is particularly relevant in the absence of a comprehensive assessment of the tax potential of each State, its tax structure and the levels at which the rates under different heads of levies in the State list should be fixed. The previous Finance Commission (Chairman: Mr. A. K. Chanda), in its report submitted in December 1961, had urged the Government to entrust such an assessment to an independent commission which would naturally take note of the widening gap between resources and functions of the States brought about mainly by the planning process and consider what adjustments, if any, should be made in Union-State financial relations so as to add strength to both the Union and the States. But the Government has simply not cared to give effect to this recommendation. This is, indeed, regrettable.

How important is the Chanda Commission's recommendation will be evident from the financial irresponsibility exhibited by the Governments of practically all States. It will be worthwhile quoting here what the Commission said then:

"Secure in the knowledge that the annual budgetary gap would be fully covered by devolution of Union resources and grants-in-aid, the States are tending to develop, as we have noticed, an allergy to tap resources in the rural sector on many considerations and also a disinclination to make up the leeway in others. They do not also attach the same importance to a proper and adequate control on expenditure in the matter of services and supplies as before. Cadres expand, pay scales get revised upwards, negligence develops in the procurement of supplies and execution of projects in the absence of proper cost control. While there is a close scrutiny of, and consultation on, the contents of the Plan, there is hardly any on the contents of the annual estimates; there is no counterpart at the national level in regard to non-Plan expenditure which is progressively increasing as a result of planning itself."

There is no exaggeration whatever in these observations. How else is one to explain the persistently disquieting position of States' finances, notwithstanding the colossal amounts transferred from the Centre year after year? The Central Government budget for 1964-65 provides for a total transfer to the States of as much as Rs. 1,174 crores (by way of share in taxes and duties, grants and loans), as against Rs. 742 crores in 1960-61, Rs. 424 crores in 1955-56 and Rs. 160 crores in 1951-52. Despite such large-scale transfers, the combined overall deficit of State Governments continues to be quite heavy, the total for the year 1964-65 being about Rs. 42 crores (B.E.). Many States have run down their cash balances in order to cover the deficits. The aggregate closing cash balance of all States at the end 1963-64 was minus over Rs. 70 crores, whereas it was plus Rs. 51 crores in 1951-52. And some States have also taken recourse to heavy unauthorised overdrafts from the Reserve Bank on several occasions. All this despite a huge increase in their debt position. As at the end of March this year, the States owed the Centre as much as Rs. 3,000 crores, in addition to Rs. 656 crores to the public. No wonder Mr. T. T. Krishnamachari exclaimed in his Budget speech: "The financial position of most of the States has been causing me a good deal of concern." The position will continue to be disquieting until and unless the States subject themselves to a high degree of financial discipline, raise additional resources and keep their expenditure within their means.

Depositors In Non-Banking Companies

Competition for public deposits is not confined to banks alone. Many non-banking companies have also joined the run for more deposits from the public. However, not being bound by any agreement limiting the rate of interest payable on deposits, these companies, unlike banks, can and do offer interest rates very much above those given by banks. Some companies in the North and South of this country are said to be offering as much as 9 to 12 per cent on deposits from the public. Deposits from the public with non-banking companies aggregated Rs. 34 crores at the end of 1962-63. The comparatively higher interest rates offered since then must have swelled this total substantially. The Reserve Bank of India recently assumed powers under the Banking Laws (Miscellaneous provisions) Act, 1963, to control and regulate such operations of non-banking companies as are similar to deposit banking. What concrete measures the Reserve Bank proposes to adopt for this purpose are yet not known.

The practice of non-banking companies accepting deposits is not confined to this country. In fact, in many countries of the free world, this has become an established practice and laws have also been enacted to protect the interest of deposits. For instance, in Britain, hire-purchase finance companies depend, to a large extent, on public deposits for funds and hire-purchase finances is big business in that and many others. The Protection of Depositors Act in Britain is specifically aimed at ensuring the safety of deposits made by the public with such companies. In spite of this law, however, some depositors come to grief, as did those of G. and C. Finance Corporation, one of the medium-sized hire-purchase finance houses in Britain, which collapsed recently. It could, of course, be argued that the Act did not come into force until October last and that it could not, therefore, have stemmed the tide of destruction that might well have started in G. and C. Finance Corporation long before, but, even so, it must be borne in mind that the information required to be published under the Act did not contain even a hint of the impending crash. According to London financial commentators, there is little prospect of those who have placed £1.47 million (Rs. 1.96 crore) with the Company on deposits getting a penny of their money back. An official Receiver has now been appointed and, according to him, the Company not only left the depositors' funds more exposed than it should have been but put them in complete jeopardy. Commenting on the "G. and C. Affair," as this event has been called, "Lombard," the well-known columnist of the Financial Times, says: "The important thing from the point of view of those depositing money outside the traditional banking field or planning to do so is that an outlet that looked reasonably safe has proved to be anything but safe."

While calling for the exercise of greater discipline on hire-purchase finance houses by their professional association, namely, Industrial Bankers' Association, "Lombard" has offered the following advice to the Government and the public:

"One would hope that the authorities will now see that it is advisable to extend legislative control over deposit-takers to ensure that all the information that the depositor must have if he is to be able to take proper precautions is brought to light. Otherwise, the protection afforded by the new legislation may also prove to be an illusion. In the meantime, the depositor placing money outside the traditionally safe fields would do well to proceed with greater caution than ever. He should not only follow with the closest attention all the activities of the companies he is leaving his money with. He should also take the precaution of seeing that his monetary eggs are distributed over a number of baskets."

We have a specific purpose in drawing attention to the aforesaid episode in Britain. It is to caution those who are placing their savings in term deposits with non-banking companies, attracted by the high rates of interest quoted by them. They must remember that their status is that of unsecured creditors and the recent amendment to the Banking Companies Act provides them with no protection whatever, should anything go wrong with the companies to which they have entrusted their funds.

"Fools learn from their experience," so goes the saying, "while wise men learn from the experience of others." It is to be hoped that the Government and the public in this country do not want to learn from their own experience.

Both Imports And Exports Up

With the publication of provisional figures pertaining to India's imports and exports for the month of March, data are available for studying the trend of India's foreign trade in the first quarter of the current calendar year (1964). These show that exports have continued to sustain the upward trend witnessed last year. The aggregate exports during the first quarter of the year amounted to Rs. 193 crores, as against Rs. 186 crores in the corresponding quarter of 1963. The extra foreign exchange of Rs. 7 crores earned thus, however, enabled the country to finance only a part of the additional imports aggregating Rs. 28 crores, so that the adverse balance of trade in the first quarter of 1964 was higher at Rs. 73 crores, as against Rs. 52 crores a year before. Be that as it may, the persistent improvement in exports, it would appear, has been spread over practically all the commodities and all destinations excepting Africa. And what is more encouraging is that the improvement has been due primarily to the increase in the volume of goods exported, rather than any fortuitous rise in export prices.

All this should not, however, lull the authorities or industry and trade into complacency. In this connection, readers' attention is invited to the small table on this page. It will be noted therefrom that imports, which had appreciably contracted in the first quarter of 1963 as compared with those in the same quarter of 1962, have shot up again, thereby stressing the need for larger exports. Another point that requires to be noted is that the increase in exports in the quarter under review is only Rs. 7 crores, as compared with Rs. 25 crores in the same quarter of last year. This suggests that the pace of growth is slowing down. Renewed efforts are, therefore, imperative not merely to maintain the present level of exports but also to achieve much better results. Besides the increasingly large imports, India has also to service mounting external debt and to meet the maturing foreign obligations. A further sustained improvement in export trade, however,

India's Foreign Trade
(In crores of Rs.)

	January-March			
	1964	1963	1962	1961
Imports ..	266	238	270	241
Exports ..	193	186	161	162
Balance of trade	—73	—52	—109	—79

presupposes increased production in the industrial, agricultural, plantation and mineral sectors, as well as continuing efforts on export promotion and sales. Both these aspects were impressively highlighted by the Board of Trade when it met at New Delhi on Tuesday the 5th inst. In this connection, the Board made the following useful suggestions:

The recommendations made by the Saraiya Committee on sales tax on export goods must be implemented; a reference to these recommendations was made in our last issue (*vide* page 735).

The recommendations of the Committee on Commercial Arbitration (separately outlined in these columns this week) must be circulated among the various representative organisations of trade and industry for their opinion.

A committee, consisting of a Secretary of the Union Government, representatives of the State Bank of India, tea associations, scheduled banks and others, should be set up to go into the question of finance for the tea industry. The special stress laid on this industry is only as it should be, considering that tea is the country's second largest earner of foreign exchange.

Export programmes for marine products should be prepared in concrete terms by the Ministries concerned.

Businessmen should be given more opportunities to visit and participate in trade fairs and exhibitions abroad, so that they can acquaint themselves with the modern trends in export products; the Reserve Bank should liberalise its foreign exchange policy for such visits and participation.

The Board of Trade did not confine itself merely to the problems lying immediately ahead. It also ventured to take a look at the long-term prospects for exports. The Board noted the Planning Commission's tentative export target of Rs. 1,200 crores for the fourth Plan, with the share of agricultural and agricultural-based commodities shown at Rs. 500 crores, of new manufactures (comprising mostly light engineering goods) at Rs. 150 crores and of all other items at Rs. 550 crores. It did not, however, express any definite opinion on the Commission's estimates. In the course of discussions, several members sought to emphasise that the correct plan strategy for exports would be to have targets which are more realistic than ambitious, since it would be wiser to exceed targets than to have frustrating shortfalls. Emerging from the discussions was a suggestion that a committee be appointed to evolve a strategy for trade with Latin American, African and Asian countries on the basis of reciprocity and mutual benefit, the strategy covering available

(Continued on page 828)

DELHI LETTER

RUSSIAN HELP FOR BOKARO WELCOME

A CASE STUDY IN DEVELOPMENT AMBITIONS

By Our Special Correspondent

NEW DELHI, *5th May*

THERE will be few, if any, in this country who will have reservations in welcoming the Soviet decision to step in to fill the breach in Indian development plans caused by the reluctance of the U.S. Congress to underwrite the late President Kennedy's recommendation that the United States help India fulfil a part of her grand steel ambitions. The story of the new steel plant, which is to be located at Bokaro in Bihar, is a case study of the problems that crop up while an underdeveloped country like India tries to force the pace of establishing sophisticated modern and massive industries. Mr. Kennedy's recommendation foundered on the rock of U.S. Congressmen's opposition to projects with a socialistic flavour.

When the Kennedy recommendation on aid to build the Indian steel mills was under hot discussion in the United States in June last year, Mr. C. Subramaniam had said in an interview: "The Bokaro plant will be built *with or without American aid*. We have waited patiently for two years for the Americans to decide on assistance for Bokaro. If any further delay is caused, it will be unfortunate. Expectations all over the country have been aroused about American assistance and if, unfortunately, it is denied, the present climate of good relations between the two countries will be strained. Bokaro has become the symbol or test for American co-operation in Indian development."

In the wake of the Clay report, which firmly opposed the use of American public funds to encourage the growth of socialism or State-run industries in underdeveloped countries, the late Mr. Kennedy said a year ago that it would be "a great mistake" not to help the Bokaro plant provided it were an efficient one; he drew a distinction between a foreign Government expropriating an existing private plant and building a new one and stressed India's need for more steel.

The then U.S. Ambassador to India, Mr. Galbraith, echoing Mr. Kennedy's sentiments, said at that time: "We want to see the tests of efficiency and results rigidly applied. Beyond this it is not our policy to insist dogmatically on any particular design for development. In the past, we have respected India's preference for power development in the public sector. President Kennedy's comment on Bokaro reflects the same attitude regards steel production..." Mr. Galbraith's successor, Mr. Chester Bowles, argued that the Bokaro steel plant would in fact stimulate the private sector and quoted the views of Mr. J. R. D. Tata to substantiate his stand.

All this and more said in support of the Bokaro plant fell on the deaf ears of the majority of American Congressmen who rejected the idea of endorsing funds for a Government steel mill in India. As soon as the U.S. Congress overruled the use of American Government funds to support a steel project in Bokaro—the vote was taken in August last—the Indian Government made haste to withdraw the request for American aid. The withdrawal of the request was motivated by a desire to avoid embarrassing the late Mr. Kennedy who might otherwise have had to make a formal refusal. In the process of the detailed discussions on the Bokaro project, American survey teams visited India and confusion was worse confounded by new questions on the feasibility of the project and the differences between American and Indian experts on costs and other factors.

Tall Talk

The withdrawal of the request for American aid was followed by some bravado on the part of the Indian Steel Ministry which naturally was distressed over the delays which had already taken place. For more than a decade, Bokaro has been talked of as a possible site for a steel plant; it was to provide one-million-ton ingot capacity by the end of the third Plan. As it is, the delay in starting work has grown to at least three years, because of the upset in expectations of American aid. Mr. Subramaniam's immediate reaction after the U.S. Congress decision was to announce that "we should go it alone" as far as possible. The strategy adopted was to try and make use of as much indigenous fabricated materials as possible and order the other equipment through competitive international tenders. There had been rumours all along that the Soviet Union might undertake the task, but, during the past eight months, the endeavour was to try and explore ways of parcelling out the project among various firms who would approach their Governments for credit facilities to enter the tendering for supply of equipment. Early in April, it was reported that firms in the United States, Japan and France were planning to form consortiums to bid for items in the Bokaro contract. The schedule was to make the call for tenders between July and October.

In the process of discussions on handling the Bokaro project, controversies also arose within the Union Government. A powerful group in the Steel Ministry, inspired by Minister Subramaniam, was in favour of Dastur and Company being put in charge of the grand design for Bokaro. The Finance Minister was known to be opposed to taking this plunge. On 13th April last, when attending the heating up of the coke oven plant in the expansion programme of the Bhilai project, Mr. Subramaniam threw the hint for the first time that he was confident that the Russians would help in the construction of Bokaro. Then it was interpreted to mean that the Russians would help with some sections of Bokaro construction and the remaining sections would be up for international tender. Then, on May Day, the Steel Minister made the dramatic announcement that the Russians would underwrite the Bokaro plant and adopt the Bhilai style.

The Soviet offer has been compared to the Russian intervention to help with Egypt's Aswan project when the West withdrew, but the Indian Government is on a more stable political keel than Nasser's administration was at that time. The Soviet plunge into the Bokaro project has solved numerous intricate problems for the Indian Government. The inter-ministerial controversy over the merits in having an Indian consultant is brought to a close and the two southern stalwarts in the Union Cabinet. have that much less reason to get on each other's nerves. Secondly, despite all the tall talk, the going had been hard on Bokaro in trying to go it alone. The task of co-ordinating construction, with equipment to be ordered from numerous firms all over the world, would have been immense. The experience in Rourkela has been bitter enough; there the Indian administrators had failed to co-ordinate effectively the work of several German firms. There has yet been no thorough collation of the possibilities of indigenous fabrication of materials needed for a steel plant. Such an assessment itself, it has been claimed by experts, would take two years. Now the Indian Steel Ministry will have breathing time to study these aspects in planning the fifth mill—in Goa, Salem or Visakhapatnam. Perhaps, the Government will be able to make use of various Western firms in the later steel projects which may be less ambitious in conception than Bokaro to begin with.

Turn-key Basis

The Bhilai style for Bokaro means that the Russians will tackle the one and a half million tonne stage on a turn-key basis. To list the achievements at Bhilai: the plant achieved its target of one million tons first stage production five days ahead of schedule in 1962; in 1963, the plant worked at nearly 110 per cent of capacity; the expansion programme has been going ahead fairly according to schedule; the expansion to 2.5 million tonnes of ingot is now expected to be completed by the end of the current Plan. At Durgapur and Rourkela, the expansion work is a year or more behind schedule and not all the running-in troubles of the first stage have been ironed out.

When lauding the excellent performance of the Bhilai plant, one reservation which has been made by experts is that Bhilai was designed to make simple products—rails and structurals, railway sleepers, rounds and foundry pig iron. In contrast, the Rourkela steel mills, built with West German aid, has a complicated product mix—wide and heavy plates hot rolled sheets, light plates and strips, cold rolled sheets, hot dipped tinplates, etc. Non-Indian experts, including Americans, have complimented the Russians on their training programme which would enable the Bhilai plant to be run soon exclusively by Indian engineers. The German argument has been that, in relation to the sophisticated products and the advanced techniques at Rourkela, which is claimed to have some of the most modern units in Asia, training is a more difficult process. In the construction of the Bokaro plant, the Russians will be in peaceful competition with the Western firms on whether they can deliver the goods and undertake the training of Indians in a better way than the Germans have.

The Russians are expected to send a team of experts either towards the end of this month or early June to discuss preliminary technical details of the Bokaro project. Both the American estimates and Dastur and Company's assessments of the costs may now be safely kept aside.

The Bhilai plant's first stage of one million tons ingot, including the township, cost around Rs. 200 crores, of which about Rs. 65 crores was in rouble expenditure repayable in rupees. The expansion of the Bhilai plant to 2.5 million tonnes ingot is estimated at present to cost Rs. 138 crores, of which about Rs. 55 crores are to be rouble credit. Or, in other words, the total cost of the 2.5 million tonnes (ingots) Bhilai plant may be around Rs. 340 crores, with Rs. 120 crores as the equivalent of the rouble credit. In Rourkela, the cost of the first stage (million tons ingot) was Rs. 234 crores and credits for the construction *plus* refinancing for repayments add up to around DM 1,200 million or more than Rs. 140 crores. The present estimates of the total cost of the Rourkela expansion are Rs. 110 crores and the credits given by the Germans for the expansion so far add up to DM 540 million or around Rs. 65 crores. Accepting these, estimates, the total cost of the 1.8 million tonne ingot capacity at Rourkela may be up to Rs. 350 crores with more than Rs. 200 crores as the foreign aid expenditure. The Bokaro plant 1.5-million-tonne stage will certainly cost more per tonne capacity than the Bhilai plant in view of the fact that Bokaro also will be designed to produce flats as in Rourkela. At one time, a tentative decision seemed to have been taken by the Steel Ministry that all future steel mills would have the L.D. process to make steel. Until now the L.D. process is in use in India only in the Rourkela plant. It is too early to say whether the Russians will make use of the L.D. process at Bokaro. The Russians certainly will be agreeable to making use of more indigenously fabricated equipment, particularly since the largest supplier of such equipment will be the heavy engineering plant established with Soviet technical and financial assistance.

Other Soviet Projects

Talks are also to begin within the next few weeks on Soviet allocations of assistance for the fourth Five-year Plan. Soviet-aided projects other than Bhilai do not have as good a record as the steel mills. The Barauni refinery commissioning has been repeatedly postponed and its cost estimates have also increased. The Koyali refinery project has had a slow start, but, for the Indian Government, the most significant aspect of the Soviet-aided refineries is the fact that the Soviet entry broke some of the resistance on the part of Western oil companies to negotiate "reasonably" with Delhi. The new refineries to come up with Western firms' collaboration in Cochin, Madras and Haldra will be cheaper than the Soviet-assisted refinery projects.

There was some delay with Soviet deliveries of equipment for power plants, but the first stage of the Neyveli power project is now complete. Soviet electrical generating equipment is being used also at Bhakra, Patratu and Korba. The phytochemical project planned to be erected in Kerala had to be abandoned, partly because of faulty calculations in regard to the economics of the project.

One of the more difficult aspects in the use of Soviet aid is the slow rate of utilisation. To some extent, the gap between commitment and use is exaggerated, because the Soviet Union announced her promises of aid for the third Plan towards the end of the second Plan itself. Of the sum of Rs. 383.81 crores of assistance promised by the Soviet Union for projects included in the second and third Plans, no less than Rs. 232.56 crores remained unutilised as of 1st October, 1963. A breakdown of this total shows that, of the Rs. 145.70 crores allocated for second Plan projects and the Bhilai plant alone more than Rs. 33 crores remained unused on 1st October last and of the Rs. 238.11 crores allocated for third Plan projects, Rs. 199.08 crores remained unused.

In the project for the manufacture of MIG 21-supersonic fighter planes, the Indo-Soviet

(*Continued on page* 825)

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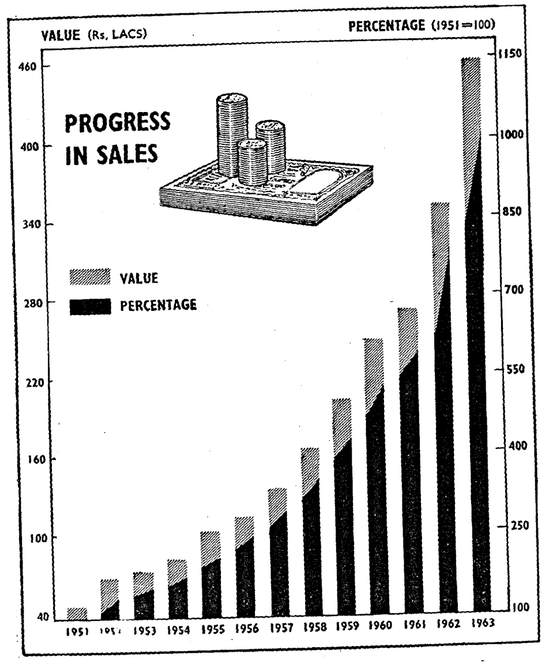

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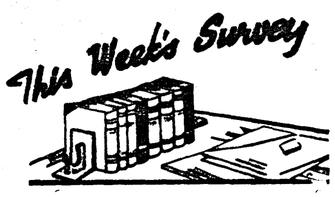

"KENNEDY ROUND"

THE much-talked-of "Kennedy Round" tariff negotiations were formally launched at Geneva on Monday this week under the auspices of the G.A.T.T. The negotiations are called "Kennedy Round," because the U.S. Trade Expansion Act of 1962, proposed by the late President Kennedy, made this round of discussions possible by authorising the President to negotiate tariff reductions by 50 per cent on a linear reciprocal basis. Participating at the negotiations are the official representatives of the 62 G.A.T.T. member-countries, which together account for four-fifths of the aggregate free world trade now running at an annual rate of some $150,000 million. The Kennedy Round is the sixth of a series of G.A.T.T. trade negotiations since the war and by far the most comprehensive. The previous (fifth) session—the Dillon Round—it will be recalled, was held from May 1961 to July 1962 when 4,400 tariff cuts on trade worth $1,900 million—or an average cut of about 20 per cent—were achieved. The Kennedy Round, which has begun after hard pre-negotiations and bargaining for over a year, will review what has been done already and assess the problems ahead in achieving free world trade liberalisation.

Since there are quite a number of difficult obstacles which will have to be overcome before the G.A.T.T. nations can cut tariffs and dismantle other trade barriers, actual progress will take many months; the Geneva talks are expected to spread over at least eighteen months. It is, however, gratifying to hear about the broad agreement already reached on four important guidelines for negotiations. In the first place, the working hypothesis for talks will be a 50 per cent across-the-board cut in tariffs. Secondly, special treatment will be given to items on which the inequality in tariff rates may give a significant trade advantage after an equal and linear cut from a higher tariff rate, although full agreement on an automatic disparity rule has not been reached. Thirdly, the disparity cases calling for special treatment will be held to a strict minimum. And, finally, trade in farm products will form an integral part of the negotiations, though the specific rules for liberalising such trade will have to be worked out.

The broad agreement on the aforesaid guidelines is no doubt a happy augury, but the Kennedy Round will succeed ultimately only if the approval of the different negotiators is not based purely on narrow national interest. The 'if' here is a big one. Provided the G.A.T.T. Contracting Parties act together with dedication and purpose, as President Johnson has aptly put it in his message sent to the opening meeting of the Geneva talks, all can gain and none need lose. Echoing these words, Mr. Christian A. Herter, the chief U.S. negotiator, appealed to the other delegates thus: "Let us use this meeting to dedicate ourselves and our Governments to prompt, effective efforts to settle the issues *quickly* (italics ours). The word "quickly" is significant, for time is pressing and, unless speedy action is launched to ensure a better international division of labour and higher living standards all round, there will be a veritable crisis in world trade in the not-too-distant future.

Although 62 countries are participating in the Kennedy Round negotiations, the success of negotiations will hinge largely on the question whether the U.S. (backed by the U.K. and other E.F.T.A. countries) and the European Economic Community (E.E.C.) will reach agreement on two vital issues pertaining to (a) disparities in industrial tariffs, and (b) trade in agricultural products, besides the question concerning non-tariff barriers. On the first issue, the E.E.C. has categorically rejected the G.A.T.T. Trade Negotiations Committee's proposal that the 50 per cent cut in tariffs should be an offer by all the negotiating parties. It has, however, accepted a counter-proposal drafted by its experts, the details of which are not known at the time of writing (Wednesday the 6th inst.). As for trade in agricultural products, the U.S. continues to insist on securing increased outlets for its agricultural exports, while the E.E.C. is reluctant either to give any guarantees of market access or to lower its protection. Alluding to this difference, the May 1964 issue of the First National City Bank's *Monthly Economic Letter* makes the following interesting observations:

"The grain price issue is pivotal, because the levels within the Common Market will go far toward shaping the future of world commercial trade in basic foodstuffs. Since the E.E.C.'s system of variable import levies means that imports will be permitted only when domestic output falls short of demand, a relatively high price would not only encourage stepped-up output within the E.E.C. but it would cut down purchases of low-priced wheat and feedgrains from the United States and Canada, thus adding to world surpluses. While the United States has been pressing for low grain-price targets as the best way to assure continuing access for its exports to the E.E.C., the Common Market Ministers have so far refused to include grain prices in the G.A.T.T. bargaining. As in this country (the U.S.), political pressures for high farm prices in the E.E.C. make the problem difficult to settle on a rational basis.

"It is, however, believed that commitments about support levels may become part of a world grains arrangement that is being discussed in the G.A.T.T. Cereals Group, a special body assigned to thrash out the complex issues of the grain trade. Since the major participants are already committed to special trade arrangements for grains, a loose type of 'commodity agreement' may emerge as part of any overall deal. While U.S. officials are opposing any arrangement that does not include guarantees of market access, a better solution would be one based on lower prices permitting market forces to work."

Besides the above two issues, conflict between the U.S. and the E.E.C. is also expected when non-tariff barriers come under scrutiny. These barriers cover such things as quotas, customs fees, taxes, import monopolies, valuation procedures, labelling and packaging laws, food and drug regulations, and documentation requirements. The E.E.C. and other exporting countries will urge the U.S. to do away with its "American selling price" method of customs valuation and other regulations and procedures that act as import barriers. India and other developing countries have all along been pressing for the elimination of these barriers, as well as for the abolition of transaction or turnover taxes on imports levied by several countries in Continental Europe.

The plea for an early dismantling of all non-tariff barriers was most emphatically put forward by Mr. K. B. Lall, leader of the Indian delegation to the Geneva talks. He said:

"My country is particularly interested in dismantling the barriers to trade in agricultural products, of which we are substantial producers and which are not so important to domestic producers in advanced economies. It is to be hoped it will be possible to pursue liberal commercial policies in this limited field. Multiplicity of non-tariff barriers has created insoluble difficulties for our exports."

No less forceful was Mr. Lall's plea to industrialised countries to refrain from invoking procedures for exceptions and disparities in respect of manufactured products of interest to developing countries. He made it clear that India could consent to the sacrifice (a substantial reduction in Commonwealth preferences as a consequence of the system of linear cuts) only if it was offered substantially larger trading opportunities in other industrialised countries.

The outcome of the Kennedy Round and the deliberations of the U.N. Trade and Development Conference, it is to be hoped, will pave the way for an orderly expansion of world trade, the benefits of which should be increasingly shared by the vast multitude of developing countries, including India. What these countries really and urgently need are expanded trade opportunities. For it is only through such opportunities that they can accelerate the tempo of economic development with reduced dependence on foreign loans which, as is well known, entail heavy repayment obligations.

GENERAL INSURANCE

A modest rise in net premium income and a further decline in the number of insurers transacting general insurance business in India are disclosed by the latest issue of the *Indian Insurance Year Book*, 1963, just published by the Controller of Insurance. All the data contained in the *Year Book*, however, pertain to the year ended 31st December 1962, though the number of insurers, as at the end of 1963, is also mentioned. There were, as on 31st December 1962, 148 insurers transacting general insurance business, of which 78 were Indian and 70 non-Indian companies. The number declined to 142 as on 31st December 1963, of which 76 were Indian and 66 were non-Indian companies. Thus, two Indian companies and four non-Indian companies ceased to do general insurance business in 1963. Five years ago, at the end of December 1958, there were 184 insurers doing general insurance business in India, of which 91 were Indian and 93 non-Indian. Thus, as many as 42 general insurers disappeared from the general insurance field during the five-year period 1958-63.

While the number of insurers has thus been steadily declining, general insurance business has expanded markedly as is evident from the trend of premium. Thus net premium income in India of Indian and foreign insurers almost doubled from Rs. 18.12 crores in 1957 to Rs. 35.60 crores in 1962. The rise in premium income during the year 1962 alone was of the order of Rs. 3.66 crores. Reflecting this, the index number of general insurance business (base: 1956=100) recorded a rise of 11.2 points in 1962, though it was a little less than the increase of 15.3 points recorded in 1961.

A striking point brought out by the foregoing survey is that, by 1962, the volume of general insurance business was nearly twice as much as that transacted in 1957 and this business was shared by three-fourths of the total number of insurers existing at that time. The average net premium per insurer in 1962 was, therefore, about 2½ times that five years before. But, even so, the average net premium per insurer was too small, being less than Rs. 25 lakhs per insurer, on the basis of a net premium income of Rs. 35 crores of the 148 insurers in the country. This, by any standards, is too low and not conducive to the economic working of the companies nor to taking advantage of the economies of scale which play a large part in reducing the cost of insurance. For instance, a small company, with a premium income of less than Rs. 25 lakhs, cannot hope to undertake big risks, which is necessary in view of the growing number of large and medium-sized industrial undertakings. If the smaller companies were to amalgamate themselves into, say, ten companies, with an average net premium income of at least Rs. 350 lakhs each, there will be ample scope for more economic working, healthier competition and for a reduction in the cost of insurance to the insuring public. With the entry of the L.I.C. into the general insurance market, the need for such amalgamation has become greater, nay, imperative. But to achieve this goal a clearer vision and a bolder approach than have hitherto been displayed by the leaders of general insurance in the private sector are called for. It is high time they realised that the Government would no longer be interested in giving a lead in this direction. Why should it bother itself about these matters, when it has decided to rely on its own concerns for improving and expanding the services rendered by general insurers?

FOOD AND NUTRITION

The Government of India has just constituted a Food and Nutrition Board at the Centre. This is a welcome, though belated step. It is welcome because, in a country like India, better nutrition, which the Board seeks to achieve, holds the key to improving the health of the people. It is belated because the formation of a Nutrition Board to initiate and secure the expeditious and effective implementation of the programme of development and popularisation of subsidiary and protective foods should have been accorded as high a priority as was given to increased food production. Precedence for programmes for improving standards of nutrition would not only have been in accordance with the overall Plan objective of improving the standard of living but it would also have contributed to easing the food supply situation by reducing the demand for cereals, large quantities of which have yet to be imported. In spite of the urgency of the problem no concerted efforts were made during the First and Second Plan periods to improve nutrition, change the food habits of the people, with its excessive preference for cereals, or to create awareness of the problem among the people. It was only in the Third Plan that a modest beginning was made by including in it some schemes for better nutrition. And it is only now, in the fourth year of the third Plan, that the Food and Nutrition Board, which is supposed to co-ordinate and implement the programmes outlined in the Plan, has been set up.

Better late than never. It is in this spirit that the formation of the Board should be welcomed. The Food Secretary to the Government of India is the ex-officio Chairman of the Board. Among the members are the Agricultural Commissioner of the Government of India, the Directors of the Central Food Technological Research Institute, Mysore, the Nutrition Research Laboratory, Hyderabad, the Director-General of the Council of Scientific and Industrial Research and one representative each of the Union Ministries of Community Development and Co-operation and Health. It will thus be seen that the Board consists of the right people. Only it is to be hoped that it will make up for the egregious delay by being dynamic and realistic in performing its functions.

The nature and dimension of the problem of nutrition are too well known to need elaboration. Briefly stated, the problem mainly is that the average Indian diet is poor in protein content and deficient in several vitamins and minerals. Protective foods such as milk, fruits and vegetables, eggs, fish, meat and processed proteins, are invaluable for diversifying the pattern of food consumption and promoting balanced nutrition. Food surveys conducted in the past have shown that the average Indian meal is singularly lacking in these protective and body-building foods. In fact, vitamin deficiency bears particularly harsh on growing children among the poorer sections of the population. The average intake of cereals is between 16.62 ozs. and 16.59 ozs. per adult per day. The average for rural areas is even more at about 17.5 ozs. In a number of instances, the daily intake has been as high as 25 to 30 ozs. per adult. If this dependence on cereals could be reduced by a small percentage, the need for imports of cereals could be proportionately reduced.

In view of the special character of the problem, a programme for improving nutrition should fall under two heads. First, education of the masses in nutrition and, secondly, adoption of measures for meeting the nutritional requirements of vulnerable groups within the community. Information and guidance about nutrition, and the ways and means of preserving the nutritive elements in food and avoiding wrong uses and wastage should be disseminated through as wide a medium as possible but preferably through demonstrations and the efforts of voluntary social service organisations. Special short-term training in nutrition should also be given to such persons as doctors, nurses, health visitors and school teachers who constantly come in contact with the masses. To carry out such programmes not only is there need to equip better the public health nutrition services at the Centre and the States but there must also be the closest co-ordination between the programmes at the State and Central levels. Efforts must also be made to secure a rapid increase in the production of protective foods in the country.

PAPER INDUSTRY

Under the third Plan, the paper and paperboard industry has been assigned a target of 820,000 tons for capacity, as against 410,000 tons in the last year of the second Plan. It is heartening to know from Mr. M. L. Zutshi, Chairman of the Indian Paper Makers' Association, that the industry is well on the way to achieving its capacity target. According to his estimate, the aggregate installed capacity of about 550,000 tons in 1963-64 will go up to 695,000 tons in 1964-65 and further to 765,000 tons in 1965-66. If the approved expansion of some of the existing mills through installation of balancing equipment also materialises, the industry will have an aggregate capacity of as much as 885,000 tons—something in excess of the target —by the end of the current Plan. But the growth of production so far would seem to suggest that the third Plan target of 700,000 tons therefor may not be achieved. In fact, the Planning Commission's mid-term appraisal itself has recently forecast a likely production achievement of no more than 580,000 tons in 1965-66. It may also be recalled, in this connection, that actual production in 1963 (broadly corresponding to the third year of the Plan) was only 465,000 tons. As for newsprint, which has separate targets for capacity (150,000 tons) and production (120,000 tons), the position will be much worse. Unless the three newsprint schemes licensed in the private sector come to fruition, the target capacity will not be achieved. The prospects are that none of them will fructify before the target date. Actually one of the two schemes based on bagasse is stated to have been abandoned. There are only two schemes in the field now—one based on bagasse and the other on Himalayan fir and spruce. As both these schemes are yet to be given practical shape, newsprint production in the last two years of the Plan may only continue at the present level of just under 30,000 tons per annum. As a matter of fact, the mid-term appraisal itself has estimated the likely output in 1965-66 at just 28,000 tons. All in all, therefore, there will be huge shortfalls in the Plan's production targets for paper (including paper board) and newsprint.

Two principal factors are responsible for these shortfalls. One of these pertains to raw materials and the other to selling prices. As for raw materials, there is to date no improvement in the difficult situation faced by the industry. Mr. Zutshi's presidential speech at the latest annual general meeting of the Indian Paper Makers' Association is noteworthy, in this connection, for its exhaustive treatment of this problem. The continuing difficulties mentioned by him are: (i) the refusal of some States to lease forests to paper mills not situated within their geographical boundaries; (ii) the reluctance of some State Governments to grant long-term leases of forest areas to paper mills; (iii) the frequent tendency of State Governments to put their forests to public auction and force the mills to compete with sundry contractors; (iv) lack of reliable information about the exact availability of forest produce suitable for being used as raw material for paper making; and (v) lack of a uniform basis for charging royalty which presently ranges from Re. 1.25 per ton to Rs. 30.00 per ton of bamboo. Mr. Zutshi's plea is that, in view of these difficulties which arise largely from the lack of uniformity in State Governments' policies, a central authority should be established for laying down the principles and basis of supply of forest produce to paper mills. This is no doubt a reasonable plea and the Central Government should persuade the States to follow a uniform policy. Only some special concessions will have to be shown to relatively underdeveloped States wanting to attract industries.

The raw material problem has its short-term and long-term aspects. As the conventional raw materials like bamboo and grasses are not quite sufficient to meet the requirements of the paper industry in the immediate future, something must be done as a matter of priority to make available to the industry at least half of the three million tons of bagasse which is now burnt away as fuel in the sugar factories every year. How this can be done has been indicated by this journal in its issue of 2nd May 1964 (*vide* note entitled "Bagasse for Paper" on page 738). If 1.5 million tons of bagasse can thus be released for the paper industry and, if at the same time, one million tons of grass, straws, jute stalks, waste paper and rags can be systematically collected, the aggregate annual supplies of fibrous raw materials, including the estimated two million tons of bamboo, would come to about 4.5 million tons. The availability of that much raw material every year would mean an annual output of about 1.5 million tons of paper, paper board and newsprint on the basis of an average requirement of three tons of raw material for one ton of paper. But all these estimates have relevance only to the next six or seven years. If the estimated raw material requirement of 10 million tons for ensuring a *per capita* paper consumption of 7 kg. by 1980 is to be met, a long-term policy for conserving forests and for planting bamboo, as well as short and long-fibred trees, should be evolved without delay and brought into force. Incidentally, Mr. Zutshi is critical of the present tendency to base the manufacture of rayon grade pulp or dissolving pulp on bamboo as it is, in his view, a waste of resources to use bamboo for the production of such pulps. His contention is that bamboo is not an ideal raw material for this purpose. This is a technical issue which is best resolved by appropriate research scientists. But Mr. Zutshi's plea that the long-term development of forest resources *vis-a-vis* the requirements of the paper industry should be taken up as a whole is unexceptionable.

The other factor which is slowing down the rate of expansion in paper production is price control. Although the Government has recently abolished price control on paper boards, it has chosen to keep intact the control on the selling prices of paper. The industry's case for a higher return on employed capital, as well as for full neutralisation of cost increases from time to time, has been cogently and impressively reiterated by Mr. Zutshi in his speech, *vide* page 806 of this issue. But is this the right solution to the problem? An alternative would

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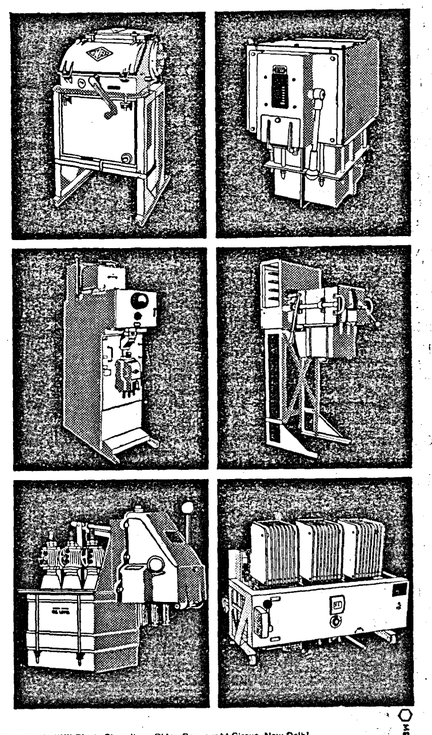


be to reduce the taxes and levies that have been heaped on paper, as though it were a luxury. The Finance Minister will, however, turn round and say that any such relief will benefit only middlemen, for, in the sellers' market prevailing in paper, there is no certainty that there would be a fall in the prices paid by consumers. The logic behind this argument is convincing. The best solution, in our opinion, would be to decontrol writing and printing paper as well, without any special protection for the Government, too, as a privileged consumer. Such protection, it may be noted in passing, has only led to a tremendous waste of paper in Government departments. The present control on paper prices offers no protection to non-Government consumers, as there is no machinery to enforce it at the consumer end. Besides, it has led to a fall in the quality of paper and is placing a premium in the hands of dishonest producers, while penalising the honest ones. To let the prices find their own level would be to enable the industry to cover the cost increases fully and earn more reasonable profits so that the much-needed ploughback for the expansion of existing units can take place. The Exchequer, too, could get a larger revenue, if its tax collectors were vigilant enough to discover cases of under-invoicing. After all, a large part of the profits that should legitimately go into the books of producers is now swelling the quantum of unaccounted money. What is more, the expectation that new units would mainly account for the planned expansion in paper production has been largely belied. It is, therefore, obvious that the older established units, with their proved capacity for expanding production even within the limits imposed by price control and raw material availability, should be encouraged to go forward with their expansion plans. One of the most effective ways of providing such encouragement would be to abolish the existing price control on paper. The risk of a possible immediate increase in open market prices can well be taken in the hope that they will find their fair level in due course in the wake of increased production, improvement in quality and competition among producers.

CONTROL ON FOODGRAIN DEALERS

At the sixth convention of foodgrain dealers, organised by the Federation of All-India Foodgrain Dealers' Associations at New Delhi on the 3rd instant, Mr. Hasham Premji, President, took the stand that the price-line could be held only if more was produced from year to year and that the foodgrains trade should not be made a scapegoat for the failure of State Governments in implementing the grow-more-food programme. Mr. Premji's emphasis on greater production, though quite appropriate in itself, nevertheless struck one as a cover for the trade's failure to restrain the unconscionably steep increase in rice and wheat prices at the end of last year and in January this year. Surely the trade made no attempt then to subject itself to voluntary restraints in the same way as it had done in the closing months of 1962, following the declaration of emergency. In a way, therefore, the absence of self-regulation by the trade was an invitation to the Government to impose control on dealers. The recent promulgation of the "Foodgrain dealers licensing order" was thus an inevitable, albeit unfortunate, development.

It goes to the credit of the Government that, in response to the trade's representations, it has sought to liberalise some of the more stringent provisions of the licensing order. Thanks to such liberalisation, the trade, too, seems to be veering round to co-operation with the Government in implementing the regulatory measures. As much has been acknowledged by the Union Minister for Food and Agriculture in the Lok Sabha this week. But the trade continues to be unhappy over the requirement that quarterly returns of prices, sales, stocks and profits should be submitted to the authorities. While the trade no doubt appreciates the Government's anxiety to keep a close watch on the stock position in the difficult months ahead, it holds the view that profit-margins could be more easily worked out from the dealers' sales tax and income-tax returns. The requirement regarding separate quarterly returns, it is contended, would compel the traders to spend as much as seven crores of rupees every year on an elaborate accounting system. Considering the fact that there are 600,000 foodgrain dealers, having an aggregate turnover of about Rs. 2,000 crores, it would be patently cumbersome and unwieldy to get quarterly returns from all of them. Even if wholesalers alone are ultimately required to submit these returns, it will still be a burdensome operation to analyse them and obtain a reliable picture of earnings with their fluctuations from quarter to quarter. Apart from that, how is the Government going to ensure the genuineness of the figures given in the returns? If a dealer indulges in profiteering, he would not be so gullible as to disclose it in his statement, quarterly or otherwise. This country will have to be a police State to unearth the black-marketeers' undisclosed wealth.

If the Government is particular about keeping a close watch on the movement of foodgrains and stock position, it can as well call for simple stock returns from dealers every quarter or even every month. As profit-margins and maximum prices for foodgrains, according to the Government's present thinking, are going to be fixed in due course in consultation with the associations of dealers, the idea of quarterly returns of purchases, sales and profits can be conveniently abandoned. The Government's stubborn stand is that, unless these returns are submitted, it would not be in a position to know at what prices foodgrains are being sold and what profits are being made. This is a very unrealistic stand for reasons just mentioned.

INDIA'S AID TO NEPAL

Indian assistance committed for the development of Nepal now comes to about Rs. 40 crores. Aid under the formal agreements adds up to Rs. 27 crores. India offered Rs. 4.3 crores to Nepal even before Nepal launched her first Development Plan in 1956. The total Indian commitments for Nepal's first Five-year Plan were Rs. 10 crores, but, during this period, Nepal suffered from foreign aid indigestion and about Rs. 4 crores of Indian aid remained unspent. Indian contributions to the second Plan are an initial Rs. 10 crores plus Rs. 3 crores for the Sonauli-Pokhara road which was promised by Mr. Nehru after his talks with King Mahendra in Delhi in August last year. Not included in the formal aid agreements are Rs. 4 crores being spent on the Chatra canal, which forms part of the Kosi project, Rs. 3 crores spent on Tribhuvan Rajpath and the amounts which will be spent for Nepal's benefit in the Gandak and Kosi projects.

The Gandak project, which has now got moving with the laying of the foundation-stone for the barrage by King Mahendra, was originally suggested by the late Dr. Rajendra Prasad as early as in 1947 when he was Food Minister. Negotiations over the Kosi and Gandak projects gave rise to numerous controversies, with the communists in Nepal being among the louder critics. According to the Nepalese critics, the agreements on the Kosi and Gandak projects would mean surrender of sovereignty to some extent by Nepal to please India. The initial negotiations for the Gandak agreement were started when Mr. Tanka Prasad Acharya was the Prime Minister of Nepal. He appeared to be helpful, but, once he was removed from office, he started India-baiting, the favourite hobby of all politicians out of power in Nepal. Mr. Acharya later became an acid critic of the Gandak project. During his three-month premiership, Dr. K. I. Singh, too, began by being enthusiastic over the Gandak project, but no sooner he went out of office than he joined the opposition to the scheme.

With King Mahendra's blessing, the Rs. 52-crore project is now off to a good start, after Delhi made some changes in the agreement, to soothe critics who talked of infringement of Nepal's sovereignty. The barrage across the Gandak will also provide a road link between the eastern and western wings of Nepal, ensuring all-weather communications. The project will irrigate about 27 lakh acres in Bihar State, seven lakh acres in Uttar Pradesh and one and a half lakh acres in Nepal. According to the initial calculations, India will provide Rs. 230 lakhs worth of irrigation facilities for Nepal and another Rs. 350 lakhs worth of benefits to Nepal through the powerhouse and transmission lines. The irrigation benefits alone will lead to an increase in Nepal's crops to the extent of Rs. one crore per year.

After numerous initial difficulties, the Rs. three-crore Trisuli hydel project is also progressing. Troubles over availability of labour are reported to have been overcome. After the disappointments over Chinese-aided projects (except the road to Tibet), King Mahendra has been anxious for speedy execution of Indian-aided schemes. Nepal has also opened her doors to foreign private investors and several concessions are available for Indian businessmen for the mere asking.

LONDON LETTER

THE PATTERN OF TRADE

EXPORTS PICK UP

(From Our Own Correspondent)

LONDON, *2nd May*

AFTER all the surprises that the ups and downs of British trade have given ever since those chilling January figures, we are now able to piece together the totals for the first three months only to find nothing dramatic but some encouraging and a few cautioning signs. The first encouraging sign is that exports moved ahead fairly strongly in the first quarter after their hesitation in the last quarter of 1963. Allowing for seasonality, they rose 2 per cent over the previous quarter (and were 9 per cent more than a year before). Moreover, each month did better than the preceding one, with March showing a record £373 million. These figures are especially encouraging, because one might have expected domestic demand to have diverted goods from exports; but even manufactures (the most vulnerable item) were £3 million a month or one per cent more than in the previous quarter. Engineering goods continued to expand and exports of cars were 18 per cent up on the year. Semi-manufactures, which had been declining in the previous quarter, have since held firm.

The cautioning sign is that the markets for development of exports are narrowing. Exports to the Common Market, for instance, seem to have been flat since the middle of last year, though the pattern between the various countries is by no means identical, France and Italy showing some recent decline, Germany showing stability and the Benelux countries some improvement. Overall, however, it seems obvious that the tariff protection of the Common Market is having its influence.

Nevertheless, exports to Western Europe as a whole are £5 million a month up on the previous quarter and this reflects the growth of British exports to the E.F.T.A. countries. This is, indeed, the brightest feature of the export picture, but there are obvious limitations to how far trade between this group of countries can expand. Meanwhile, E.F.T.A. has certainly justified the Government's hopes that it would counterbalance the deleterious effects of being excluded from the European Economic Community.

The other encouraging market has been the Commonwealth, which, after a small fall in the last quarter of 1963, showed a £4 million per month improvement this year. Australia and New Zealand accounted for most of this growth. On the other hand, exports to North America, the bright star of 1963, turned down sharply. Elsewhere, too, the trend of exports was weak, with the gains of 1963 being held at best.

Imports have risen more strongly than exports. The upturn since the turn of the year has been the most notable feature, this being 7 per cent up on the previous quarter and no less than 21 per cent up on the year. The recent increases are a result of stockpiling and to that extent should tail off. Partly also they reflect higher prices and these may also be halted. The average monthly figure for the quarter was some £450 million against the £356 million per month of exports—both figures on the traditional basis of exports f.o.b. and imports c.i.f. This crude balance of nearly £100 million per month is reduced to £35 million per month, if both figures are put on the same basis—but even so, there is a running deficit on visible trade at the annual rate of £400 million—two or three times as wide a gap as there should be, if the U.K. is to continue making her capital investment contribution to the developing countries.

The reason for the steep rise in this first quarter is to be found largely in industrial materials and finished manufactures—a term which covers two large tankers, items not likely to be frequently repeated. Industrial materials have risen £12 million per month as compared with the previous quarter (7 per cent), yet this rise was no more than shown by each of the two preceding quarters over their predecessors. Basic materials and semi-manufactures which showed special increases were timber and chemicals. Oil imports also moved up. Imports of finished manufactures rose even more steeply, being 20 per cent up on the previous quarter, but the increase was mostly in capital goods and so reflects the rising volume of industrial investment. One-third of the increase was in the aforementioned tankers, the rest was mainly machinery, though consumer goods also showed a strong rise.

One may expect that, in the present second quarter of the year, the trade gap will narrow somewhat, unless exports receive some setback. The most cautionary feature of all the figures is, however, that no dramatic improvement can be looked for while the general tempo of business is upwards, unless some opening for very much increased exports can be found. That the physical market is there in the under-developed countries cannot be doubted and we are driven back to the conclusion that the most important issue facing this country and the developing countries is an expansion of world credit to release the productive energies of the manufacturing nations. Yet there is no sign yet that the international monetary authorities have other than pedestrian proposals for ending the credit stringency.

WHEN A BANK IS NOT A BANK

By Questor

WHAT is a bank ? At the moment the question is one for the bankers as much as for students of banking. The growth of a multitude of financial institutions round the edge of "*banks proper*"—or old style banks—has convinced many a practitioner that the time for re-definition has come. It is not a question of *word-chopping* but profits and just now Canada illustrates the problem neatly.

Canada has only eight chartered banks and the Canadian Parliament has had to consider only two applications for a charter in the past fifty years. Now, however, it is faced with no less than four—one of them from a company headed by a recent Governor of the Bank of Canada, Mr. James Coyne—and more may well be on the way. A structural change in the financial *system is plainly taking* place.

What is happening, in fact, is that trust companies—'*near-banks*,' as they are often called—are beginning to realise that the present structure is obsolete. They have always attracted savings deposits from the general public by offering a rate of interest slightly higher than that offered by the banks proper, but they have usually, until recently, been small concerns with only a few branches. The company in which Mr. Coyne is interested, however, first broke ground by opening more than a dozen branch offices in Toronto during its first year of operations and then *discovered*—so blazing a trail for others to follow—that there was nothing in the law of Canada to prevent it from applying for a charter and developing into a full-blown bank.

It is unlikely that this particular trust company will gain much advantage from being first in the queue or that the Canadian Parliament will take any decision quickly. A Royal Commission, headed by Chief Justice Dana Porter, has been looking into the whole operation of the Canadian banking system for two years past and its recommendations have only just been published. It seems unlikely that the Government will have made up its mind about them in time for the decennial revision of the Bank Act which is due to be completed by end-June—some kind of temporary extension of existing charters seems likely.

The object of the Commission was to decide whether the chartered banks were justified in claiming exemption from the various restrictions imposed on their freedom of action over the years and whether the ability of the Bank of Canada to regulate credit was being restricted by the growth of competing institutions, acting in practice very much like banks but free from orthodox bank controls. The scope of its inquiry was broad enough to include not only banks but loan, trust and hire-purchase companies.

It has now come out with sweeping recommendations designed to remove arbitrary distinctions and to create a wider and more competitive Canadian banking system. The chartered banks, it suggests, should have the traditional interest-ceiling on their deposit rate removed and be free to lend on mortgages and other types of collateral.

On the other hand, the Minister of Finance should have power to ban the common fixing of deposit and lending rates by banks and to encourage competition by regulating interlocking directorates, mergers, share acquisitions, and so forth (which might affect First National's holding of Canadian Mercantile which became its subsidiary in October last); inner reserves, moreover, should be disclosed fully. At the same time—and here's the nub—the newer banking institutions should be free to engage in all the lending operations open to the chartered banks. Competition between new and old is to be free: and the prestige advantage of a charter may not seem, if the Porter recommendations are carried through, worth the legal trouble it involves.

These recommendations are going to interest bankers in most developed countries. Financial patterns are constantly changing with circumstances; one type of institution suddenly begins to attract deposits more successfully than another or to engage in a non-traditional form of leading business. Old habits and conventions suddenly become uncomfortable and the taste for competition spreads. Official regulations then begin to seem inequitable and become unpopular.

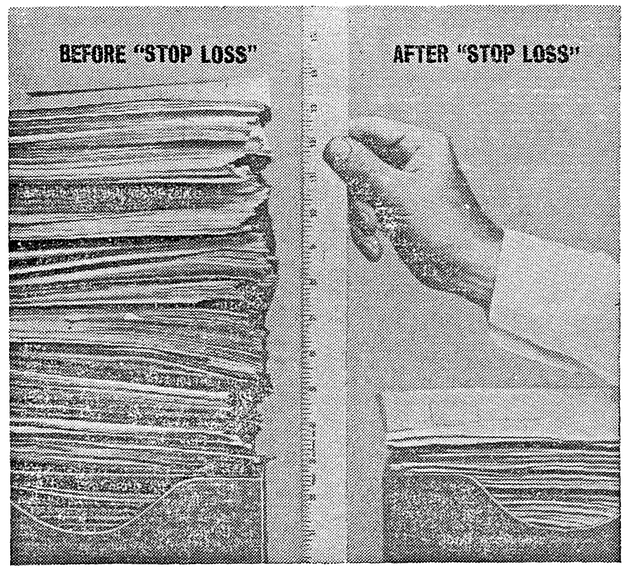
But two sorts of official regulation affecting banks and other financial institutions need to be distinguished. The first is older and more widespread: it includes rules imposed to ensure that banks do not run too many risks, or combine too closely, or charge too high a rate of interest. When new types of institution gradually emerge which are *not subject to these rules*, the old banks have every reason to complain. If financial operations have to be regulated in the public interest, the law should be kept up to date with circumstances.

The second sort of regulation is a product of the growth of central banks, in the modern sense of the term, with a responsibility to control the degree of liquidity of the economy. This includes not only open-market policy but (sometimes, and in some countries) open directives on lending policy; it is usually aimed, for reasons of practical necessity, primarily at the established banks.

This sort of regulation, which affects not only the use but the actual *availability* of funds, is even more unfairly discriminatory than the first and has led, in several cases, to the rapid growth of new financial institutions at the expense of the established banks. But it is not only unfair, it is in one sense inefficient: with the growth of these new financial institutions the effectiveness of orthodox *monetary policy* has steadily decreased.

The only answer, so far as I can see, is to impose liquidity requirements on all financial institutions, according to their kind, of the sort which are common in the case of banks. But, in the nature of the case, these requirements will be based on the needs of monetary policy rather than on conventional notions of financial prudence and may have to be constantly revised. Once a central bank is forced to interfere at all drastically with the free working of the economy, it is bound to get more and more deeply involved.

Under a commercial agreement concluded between the Government of Israel and the European Economic Community, the rates of import duty on 25 Israel products have been reduced. The reduction actually effected is 40 per cent for grape fruit, 33⅓ per cent for avocado, and 20 per cent for glass, various textile products and aluminium pipes.



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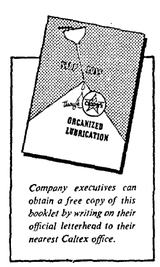

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DEPOSIT INSURANCE IN INDIA

A MODEST EXPERIMENT THAT NEEDS GREATER ATTENTION

TWO years of working of the Deposit Insurance Corporation have confirmed the impression that the Corporation operates on a modest scale. The total number of deposit accounts with the functioning banks covered under the scheme of deposit insurance has increased from 7,058,000 at the end of December 1961 to 8,587,000 at the end of September 1963—the latest date for which data are available—but the number of such accounts with balances not exceeding Rs. 1,500 for which insurance cover is provided, were only 5,542,000 and 6,652,000, respectively, at the two dates. The ratio of these accounts to the total number of accounts has, however, progressively fallen from 78.5 per cent to 77.5 per cent over the two years. Further, although the total deposits assessable to premium have gone up from Rs. 1,694 crores to Rs. 2,107 crores during the period, the total of the amounts of first Rs. 1,500 or less in each of the accounts has gone up from Rs. 392 crores to Rs. 500 crores only, the ratio of the latter to the former rising only fractionally from 23.1 per cent to 23.7 per cent. Thus, while more than three-fourths of the total *number* of accounts are covered by deposit insurance under the present scheme, the coverage in terms of *amounts is less than* one-fourth of the total deposits. There is thus a clear case for increasing the total amount payable by the Corporation to any one depositor in respect of his deposit in a functioning bank in the same capacity and in the same right from the present maximum of Rs. 1,500 to at least Rs. 3,000, in the first instance, and to the entire balance eventually.

When the Corporation commenced its working, 287 banks were registered as insured banks, but during the first two years of its existence, a number of registrations were cancelled and, at the end of 1963, there were only 250 banks registered as insured banks. The main reason for the fall in the number of insured banks is the voluntary or compulsory amalgamation of banks and transfers of assets and liabilities of banks. Even with these 250 banks, the Corporation seems to find it difficult to collect and process information, so that the analysis of the coverage of insurance and all other particulars are given only up to September of each year, although the financial year of the Corporation coincides with the calendar year. It is possible that part of the delay is because of the dependence of the Corporation upon the Reserve Bank of India for its sources of information, but even the Reserve Bank of India, with all its statutory powers finds it difficult to collect prompt and accurate information, particularly from the large number of non-scheduled banks. One further finds that, for the year 1963, even the September-end information is not yet released to the public, though the Annual Report on the working of the Corporation has already been supplied to the members of Parliament more than two weeks ago. Our request to the Corporation for a copy of its latest annual report has met with negative response so far. Our comments and analysis have therefore, perforce, to depend upon the version reported in the daily Press. The Deposit Insurance Corporation could do a lot better by improving its public relations and by providing up-to-date information on its activities.

Metropolitan Bank

The leisurely pace with which the Deposit Insurance Corporation works is illustrated further by its handling of the claims of the depositors of the former Metropolitan Bank Ltd., which has since been amalgamated with the United Industrial Bank Ltd. A moratorium was imposed on the Metropolitan Bank early in October 1963. Later, it was reported, several legal difficulties arose in the way of amalgamating it with the United Industrial Bank, and a proposal was being seriously considered to amalgamate the Metropolitan, a scheduled bank, with three or four other non-scheduled banks. When public opinion in West Bengal took strong objection against the *principle* of imposing a moratorium on a *scheduled* bank and amalgamating it with *non-scheduled* banks, the scheme of amalgamation with United Industrial was somehow pushed through; however, the United Industrial Bank gave credits to the depositors of the former Metropolitan Bank to the extent of only 70 per cent of the deposits to each depositor having a deposit up to Rs. 1,500 and advised them that the balance of 30 per cent of the deposits would be payable on receipt of the insured amount from the Deposit Insurance Corporation. Although the amalgamation was effective from February 1964 and although all deposits up to Rs. 1,500 are fully insured, the insured amount or such portion of the insured amount for which the Corporation is liable has not been paid till the end of March 1964, and one is not aware whether it has since been paid. It may be, that the Deposit Insurance Corporation has its own administrative difficulties or procedural problems, or that it has to wait for the list of depositors to be received, but such delays defeat the very purpose of deposit insurance and cause avoidable hardships to depositors, especially the smaller ones.

During the two years, registration of 37 banks were cancelled by the Deposit Insurance Corporation in accordance with Section 13 of the Deposit Insurance Corporation Act, 1961. The liability for payment of insured amount, however, arose only in three cases—two in 1962 and one in 1963. As disclosed by the First Annual Report of the Corporation, the Unity Bank Ltd. was amalgamated with the State Bank of India with effect from 20th August 1962, and the licence of the Bank of China for carrying on banking business was cancelled with effect from the 2nd November 1962, but it has not been possible in either case to make payment of the insured amounts before the due dates, that is, within five months, because the transferee bank in the former case and the liquidator in the latter case had failed to submit an up-to-date and duly certified list of depositors within three months of the effective date as required by the Act. Since the full text of the Second Annual Report is not available to us till the time of going to press, it has not been possible for us to ascertain whether the lists have since been received and payments have been made. No information is similarly available in respect of the third bank—the Bank of Algapuri Ltd.

Funds

The moneys of the Deposit Insurance Corporation are to be held in two separate funds, the Deposit Insurance Fund to which all premium income and interest accrued on the investments of the Fund are to be credited and the General Fund to which capital and reserves and interest on investments are to be credited: the former Fund is to be utilised for meeting claims and the latter for meeting current expenses and for making advances to Deposit Insurance Fund, if need be.

The net accretion to the Deposit Insurance Fund by way of premia and interest income, after making provision for estimated insurance losses during the year ended December 1963, was a little larger at Rs. 109.86 lakhs as compared with Rs. 92.84 lakhs in the previous year. The fund stood at Rs. 202.70 lakhs at the close of the year as against Rs. 108.84 lakhs at the end of the previous year. The ratio of the Fund to the total deposits assessable to premium at the end of September 1963 rose to 0.10 per cent from 0.05 per cent a year ago. Similarly, the ratio of the Fund to the total insured deposits rose to 0.40 per cent from 0.20 per cent a year ago. If the Deposit Insurance Corporation is to depend only upon its premium and investment income for building up the Fund to impressive proportions, it will obviously take a long time and the Corporation is unlikely to adopt an enterprising attitude, so long as it does not feel fortified by a strong resources position. It is worth examining how far a sizable, long-term, interest-free loan to the Deposit Insurance Fund can affect its outlook and attitude favourably.

After meeting all the expenses, the General Fund earned a net interest income of Rs. 2.31 lakhs during 1963, as against Rs. 2.84 lakhs in 1962; the details of the gross income, and expenses for 1963 are not yet available, but it can be safely presumed that the expenses must have gone up substantially. After appropriating a sum of Rs. 0.30 lakh to the investment reserve (Rs. 0.60 lakh previous year), the balance of Rs. 2.01 lakhs was transferred to general reserve to take it up to Rs. 4.25 lakhs.

MITSUI BANK MAKES FURTHER PROGRESS

During the year ended 30th September 1963, the Mitsui Bank Limited (Chairman: Mr. Kiichiro Satoh) achieved satisfactory business results which are reflected in the all round and substantial increase in the balance-sheet turnover, operating earnings and net profits of the Bank. The balance-sheet total rose by 21 per cent from (Yen=Y) Y908,141 million to a record Y1,099,274 million. This rise in turnover is largely the result of a 34 per cent increase in deposit liabilities of the Bank from Y502,717 million to Y673,704 million and a 33 per cent rise in loans from Y312,841 million to Y410,330 million on the assets side.

This one-third increase in the business turnover is very inadequately reflected in the 7 per cent rise in operating earnings from Y33,038 million for the half-year ended 30th September 1962 to Y35,367 million for the half-year ended 30th September, 1963. Almost half of the increase in earnings was the result of higher income from interest earned on loans and discounts, which has gone up from Y21,782 million to Y22,758 million. Investment income has also increased from Y3,652 million to Y4,177 million. Most of the increase in interest income under both the heads took place in the first half of the year, because as a result of two successive lowerings of money rates in March and April 1963, and sizable sales of securities to the Bank of Japan in response to the open market operations, only small gains could be made in the second half of the year.

Almost half of the increase in expenses namely, Y1,152 million, was on account of interest paid on deposits, during the half-year ended 30th September, 1963, reflecting the rapidly increasing savings bank deposits. With the low money rate policy of the Government, however, the cost of borrowing was steeply lower at Y7,466 million, as against Y10,267 million in the corresponding half-year of the previous year. Salaries and allowances were higher by Y441 million at Y2,771 million—as a result of the increase in employees on its pay roll. With the expansion of business scale and increase in branch offices, the Bank is constantly in need of larger personnel. As the Chairman of the Bank has pointed out in his report, the new recreation and training centres for the staff are certain to contribute greatly to the physical and mental training of the Bank's staff and to the eventual elevation of the managerial efficiency.

As compared with a meagre increase of Y107 million in the net profit for the half-year ended 30th September 1962, the net profit for the latest half-year have risen substantially from Y1,509 million to Y2,110 million, in spite of a steep increase in taxes from Y199 million to Y1,245 million. Other business expenses were also higher because of the increased volume of business and expansion of branch network.

In spite of higher net profit, the dividend was maintained at 9 per cent per annum. The largest part of the increase in profit was absorbed by the transfers to legal, special and taxation reserves, total allocations to which were 57 per cent higher than in the corresponding half-year of the previous year.

The combined results for the two half-years ended 30th September, 1963, as compared with the corresponding half-years of 1962 are shown below, so that readers may have an idea as to how the Bank fared during the full two years:

In millions of yen

	1962-63	1961-62
Total income	62,260	55,575
of which:		
Interest on bank credit	45,502	41,269
Return on investments	8,159	6,982
Fees and commissions	2,901	2,417
Other earnings	4,232	3,735
Interest paid	37,675	36,537
Salaries and allowances	5,140	4,450
Other operating expenses	8,713	7,356
Net profit	3,869	3,009

Although the growth in the Bank's deposits was satisfactory, particularly in response to the "Mitsui Housing Deposit Scheme" started by the Bank since the autumn of 1962, the loan operations were largely uneventful because the revival in production activity in the Industrial sector was comparatively gradual, reflecting the slow tempo of business recovery and the absence of investment enthusiasm. Nevertheless, as a result of a long spell of tight money, there was an acute shortage of cash on hand in many corporate enterprises who had a strong desire to restore their liquidity. Moreover, the demand for credit by small businesses in their effort to improve their competitive power was equally brisk. In these circumstances, the loans extended by the Bank during the year increased, as already shown, substantially.

An agreement between the Government of India and the Export Credits Insurance Corporation of Canada for a loan to India of $37 million to cover foreign exchange portion of a $74-million Atomic Power Plant to be erected at Ranapratap Sagar Project in Rajasthan was signed at Ottawa last week-end. Operations are expected to commence in 1970. It will help India meet power requirements of rapidly developing areas in Rajasthan. Foreign exchange portion of the project is being financed under special credits allocated by Canadian Government to India under World Bank and Aid India Consortium. Repayment terms are on overall credit period of 20 years including five years' grace. The rate of interest is fixed at six per cent per annum. The Department of Atomic Energy will act as prime contractors and will be responsible for erection of the station. Engineering and Consulting services will be provided by the Atomic Energy of Canada Limited. Montreal Engineering Company Ltd. has been appointed by the Indian Department of Atomic Energy as Canadian Engineers for the project and will also act as procurement agent for purchases made in Canada. Capital equipment to be supplied by Canadian manufacturers includes major nuclear components, turbo-generators, switch-gear and sub-station equipment. Half of initial uranium fuel charge will also be supplied from Canada.

The International Finance Corporation has agreed to provide loan and share capital amounting to $350,000 to a company in Honduras for financing a new integrated leather tannery. The total funds required for erecting the tannery and providing initial working capital are estimated at $760,000. This is I.F.C.'s first investment in Honduras. The Corporation's commitment consists of a $295,000 loan and subscription to 1,100 shares in common stock, each with a par value of Lempiras 100, for the equivalent of $55,000. The remaining funds, totaling $410,000 of share capital, have been raised from private investors, mainly Honduran businessmen. The tannery will be located on the outskirts of San Pedro Sula, a major population centre.

AMERICAN LETTER

FIVE-YEAR OLD LABOUR-MANAGEMENT DISPUTE SETTLED

PRESIDENT JOHNSON'S NOTABLE ACHIEVEMENT

By N. Pattabhi Raman

NEW YORK, *2nd May*

"COME now, let us reason together." President Lyndon B. Johnson, who frequently cites biblical passages to drive a point home, is fond of using these words of the prophet Isaiah in trying to bring about compromises between divergent positions. The amazing thing is that he uses them with success so often: his years of leadership in the U.S. Senate were notable particularly for his ability to forge agreements among divided forces. Now, in settling a frustrating, five-year old labour-management dispute in the railroad industry, he has scored a spectacular success.

The dispute arose because the railroad companies—there are some 195 major carriers in the U.S.—wanted to change the work rules to reflect advances in technology and operational techniques. The five railroad labour unions, covering engineers, trainmen, firemen, conductors and switchmen, opposed the contemplated changes in the work rules, because they threatened to eliminate about 50,000 jobs. Job opportunities in the railroad industry have already dwindled: today total employment is only 800,000 as compared with 2 million in 1920 and 1.4 million shortly after the Second World War. There has been a parallel decline in the number of operating employees represented by the five unions: now they cover about 200,000 employees only, as compared with more than 800,000 in 1947. Both job security and union security were thus at stake. The relatively high level of unemployment in the country as a whole further stiffened the resistance of the unions to the job-eliminating changes in the work rules.

Neither side was willing to yield and there was little bargaining. Actually, collective bargaining in the railroad industry had lost force over a period of years as both management and unions fell into the habit of relying on the Government to make the critical decisions in their mutual affairs. In this dispute, moreover, the unions appeared keen on having a settlement imposed from outside, so that they could disclaim responsibility for presiding over the liquidation of their members' jobs.

Compulsory Arbitration

The dispute dragged on year after year, despite the efforts to solve it made by the administrations of three Presidents and several labour-relations experts and mediators known for their trouble-shooting skills. The fact that the problems involved were among the most difficult to come to a bargaining table in the U.S. also did not help the situation any. Several times, there was the threat of a nation-wide railroad strike—a strike which the late President Kennedy had declared would be "intolerable." Finally, racing the clock to beat a strike deadline, the U.S. Congress passed an emergency Bill last year providing for the compulsory arbitration of the two principal issues in the dispute, involving the jobs of firemen and trainmen. This was the first law providing for compulsory arbitration in a time of peace. It looked like a cross on the burial place of collective bargaining in the railroad industry.

Last month, tactical moves by the unions and counter-moves by the railroad companies again led to a situation in which a nation-wide railroad strike appeared inevitable. Actually, a strike was set for the midnight of 9th April. The economy, it seemed, would receive a hard blow. For the proposed strike would have put 6 million workers off their jobs and would have decreased the gross national product by about 13 per cent—four times the largest in any post-war recession. It would also have led to a rise in prices.

With only a few hours to the deadline, President Johnson intervened forcefully. He summoned the negotiators for the railroad companies and the unions to the White House, called on them to exercise statesmanship, cajoled them, pressured them, pleaded with them, appealed to their patriotism and, finally, made them agree to a 15-day postponement of the showdown. "I am not here to bury collective bargaining," he told them. "I am here to preserve it." He called on two of the nation's top labour-management mediators to assist Secretary of Labour Willard Wirtz in bringing about a meeting of minds. Finally, on 22nd April, an agreement was hammered out. The companies appeared likely to balk at the last moment, but Mr. Johnson brought to bear all the pressure available to him as President of the country and got their consent to the pact. The agreement was due a great deal to the skill of the mediators, including the Secretary of Labour. But it was also a great personal triumph for President Johnson.

The question arises: how did President Johnson manage to succeed in bringing about a settlement, while President Kennedy had failed last year? One part of the explanation is that the circumstances were materially different. The referral of the key manpower issues to arbitration last year had somewhat narrowed the area of dispute. The railroad companies had already won an award from the arbitration panel, permitting them to eliminate thousands of jobs through the process of not filling those that became vacant. This meant that, when the process was completed, they would save an estimated $317 million on payroll. To gain the full benefit as quickly as possible, they wished to end the friction with the unions. Also, in anticipation of the savings, they were willing to concede to a degree the union demands for higher wages.

President's Approach

But the changed circumstances were not the only reason. If that were so, a settlement would have been reached even before the White House intervened. This points to the role actually played by the President: his intervention made the vital difference. Having decided to intervene, Mr. Johnson would not accept defeat. Frankly emotional, he appealed to the sentiment of the company and union negotiators. Initially, seeking a 15-day truce period to work things out, he told the union men: "I am your President. All I want is for you to give me a chance. Just give me a chance. I want you to come into my office and tell me you'll do this for me." Towards the end of the mediation efforts, he addressed himself to the presidents of the railroad companies in a similar fashion. "I hope you realise," he said, "that, if you say no to this proposal, then I accept that. That is the kind of country this is. There can't be any question of disrespect or disloyalty." He did not, however, leave it there, for he added quickly: "You know how strongly I want a settlement. I don't know now what I will do if there isn't one."

His approach, now soft, now strong, worked. Perhaps, the key to the President's success in this difficult endeavour is his personality.

The late President Kennedy was a liberal who had arrived at that position by the path of reason. While not lacking in warmth, his approach essentially intellectual. This was apparently a dominant factor in his difficulties with the business community. The anti-intellectual impulse is characteristic of America, in general, but it is particularly pronounced among business leaders. They could not easily trust the Bostonion, because his youthful energy and incisive intellectualism were "different." And whatever confidence they had was washed away when Mr. Kennedy savagely attacked the steel industry's leaders for their sudden—and abortive—attempt to raise prices.

Stress on Education

President Johnson, too, is by and large a liberal. Explaining his position recently, he said: "I hope I'm progressive without being radical. I want to be prudent without being reactionary." He is committed to the late President's policies and programmes. But he does not have the intellectual's stoop of the shoulder. He views liberalism in highly personal terms, in terms, for example, of unemployed men and women, hungry children, idle factories, what will a dollar buy and so on. He places great importance on education, because it enabled him, a "tenant farmer's son who ate rabbits during the depression to keep from going hungry," to become the President of the United States. Unlike Mr. Kennedy, whose wit was sophisticated and dry, he is apt to poke his head into a conference room and ask: "Hi ya fellows, how ya doing?" In fact, he did just that, while the railroad company and union negotiators were at a meeting in a White House room adjoining his office.

Apparently, this difference in the personalities of the two explains, at least in part, why they have had different types of responses from the business community. Today, a large cross-section of the business community seems happy with Mr. Johnson. Perhaps, the fact that the economy is prospering and that no Republican with an acceptable political platform is a likely presidential winner are also contributing to this feeling.

Also, President Johnson has made an effort to win the confidence of the business community. Initially, his appeal came for support to the man who had taken over charge of the nation's affairs in a moment of tragedy. Subsequently, he has tried to allay the business community's instinctive suspicions about having a Democrat in the White House. "We will not harass or persecute you," he told a blue-ribbon group of business leaders gathered at the White House for an official dinner. "We want to help you.... So... I say banish your fear, and shed your doubts and renew your hopes. We have much work to do together." Even those businessmen who dislike some of his policies seem to like his personality, his approach. Mr. Johnson certainly passed his railroad test with flying colours.

PAN AMERICAN AIRWAYS

A 35 per cent increase in spring and summer transatlantic traffic for Pan American Airways, stimulated by new low fares which came into effect on 1st April, has been predicted by Willis G. Lipscomb, Vice-President, Traffic and Sales. Advance bookings for these periods, according to Mr. Lipscomb, are the heaviest in the airline's history. Pan American will provide 222 flights between Europe and the United States each week to handle the record traffic flow. He has also predicted that 2½ million persons would fly across the Atlantic during 1964 on scheduled airline services, as compared with the record of 2,165,044 who made the flight last year.

In addition to the new low fares, Mr. Lipscomb has cited among 1964 travel stimulants the steady climb in business travel, the heaviest calendar of events in Europe's history, the World's Fair in New York, and the increasing impact of the U.S. Travel Service's "Visit U.S.A." campaign. The new transatlantic fares include a broad range of reductions and provide the lowest fare levels in history for unrestricted individual travel at any time of year. The new fare programme includes a $190 reduction in first class roundtrip jet clipper travel and a $100 reduction in the roundtrip economy class fare for all but 10½ weeks of the peak summer season.

For travellers flying to Europe between 22nd May and 3rd August, the roundtrip New York-London fare will be reduced from the present $499.70 to $484.50. During most of this period, 21-day excursion fares at $300 roundtrip New York-London will be offered. Also, group fares at $325 roundtrip New York-London will be available for 25 or more persons travelling together.

Notice

THE RAYALASEEMA MILLS LIMITED

Registered Office and Factory

Rayanagar, ADONI, P.O.
KURNOOL DISTRICT

NOTICE

NOTICE IS HEREBY GIVEN THAT THE EIGHTEENTH ANNUAL GENERAL MEETING of The Rayalaseema Mills Limited, will be held at the Registered Office of the Company at Rayanagar, Adoni, on Friday the 12th June 1964, at 2-30 p.m. (S.T.), to transact the business, details of which are contained in the notice that will be sent to each member individually in respect of the above Annual General Meeting.

The Share Transfer Books and Register of Members of the Company shall remain closed from 29th May 1964 to 19th June 1964 (both days inclusive).

By Order of the Board,

For THE RAYALASEEMA MILLS LIMITED,

Per Pro RAYALASEEMA AGENCIES,

(Sd.) M. SOMAPPA,
Managing Partner,
Managing Agents.

ADONI,
5th May, 1964.

Note:—Any member entitled to attend and vote at the meeting is entitled to appoint a proxy and a proxy need not be a Member.

MAN-MADE FIBRES IN BRITAIN

INTER-FIBRE COMPETITION GETTING KEENER

FAR-REACHING changes in the structure and character of the British man-made fibre industry and the man-made fibres market seem to be under way. A significant event which portends the changes is the proposed dissolution of the joint ownership of British Nylon Spinners Ltd. (B.N.S.) by I.C.I. and Courtaulds. The latter company will transfer its 50 per cent holding in B.N.S. to I.C.I. in exchange for I.C.I.'s 37.5 per cent holding in Courtaulds acquired through the sensational take-over bid of two years ago. Thus, the B.N.S., which was so far jointly owned by the I.C.I. and Courtaulds on a 50.50 basis, will become a wholly-owned subsidiary of I.C.I. Courtaulds, according to its Chairman, Sir Dallas Bernard, will simply cancel the I.C.I.'s holding by reducing its equity capital by 37½ per cent. There is speculation in London that this action might be followed later by a scrip issue, that is, issue of bonus shares.

What does the "divorce" between the two giants, I.C.I. and Courtaulds, which, between them, control 90 to 95 per cent of the market for man-made fibres in Britain, signify? More competition could reasonably be expected to emerge. Already there are signs of competition getting keener. For one thing, now that Courtaulds will no longer be connected with British Nylon Spinners, it will have no hesitation in going in for the production of nylon 6, a synthetic fibre, on its own. Of course, there was no legal agreement which prevented Courtaulds from making nylon of its own outside B.N.S., but, because of its connection with the latter company (B.N.S.), perhaps felt commercially inhibited to produce something which was already being produced by one of its partly-owned subsidiaries. This inhibition will not be there now and Courtaulds will, therefore, feel free to produce nylon 6. An authoritative statement to this effect has already been made by the Company. Courtaulds is not new to the field of nylon 6. It has already a nylon 6 plant at Spondon which it inherited when it bought British Celanese in 1957 and it has put a good deal of money in nylon outside the U.K.—in the U.S., Canada and Sweden. The U.S. plant has a capacity of 20 million lbs. of nylon per year and the Canadian plant 12 million lbs.

Courtaulds is not the only company planning increased nylon production in the U.K. B.N.S., which at present produces 120 million lbs. of nylon 66 a year, is expanding its capacity by as much as 50 per cent. It is in fact planning to penetrate the Continental market, especially Germany, in spite of its established preference for nylon 6. Actually, there is little difference between the two types of nylon, that is, nylon 6 and nylon 66. Only, the former is popular in the U.S. and on the Continent, while the latter is favoured in the U.K. In addition to Courtaulds and B.N.S., another company, namely, British Enkalon, which, like Courtaulds, has opted for nylon 6, is increasing its plant capacity from 4.5 million lbs. to 7 million lbs. Chemstrand, another firm which imports nylon 66 from U.S., is putting up an 18 million capacity plant in Scotland. Thus, with Courtaulds, B.N.S. and other leading nylon manufacturers in other countries, nylon producing capacity is expanding fast—a "nylon explosion," in fact.

On the Offensive

Competition is not confined to the different types of nylon alone. In fact, all man-made fibres are on the offensive. The total output of man-made fibres in the U.K. last year increased to 553 million lbs., as compared with 480 million lbs. in 1962. At this level, man-made fibres exceeded the deliveries of wool and cotton taken separately. The production figures for the first quarter of the current year indicates that the trend is gathering momentum. Thus, production during the first quarter was as much as 203 million lbs., 30 million lbs. more than the figure for the corresponding quarter of last year. Even the output of regenerated fibres such as rayon is increasing significantly. It is, nevertheless, true to say that the synthetics are leading others in terms of speed of expansion. Output of synthetic fibres in Britain has jumped up from 134 million lbs. to 205 million lbs. during the three-year period 1960-63.

The synthetic fibres group includes, apart from nylon, acrylics polyesters and a host of still newer fibres such as polyethylene and polypropylene. In fact, competition between synthetic fibres themselves rather than between synthetics and natural fibres such as wool and cotton is the feature of the fibres market at present. This does not, of course, mean that the natural fibres are not affected by man-made fibres. In fact, the former are steadily losing ground and it will not be very long before man-made fibres (mainly synthetic, as distinct from cellulosic) can perhaps claim, in terms of quantity, too, to be the premier apparel fibre of the world.

NEW COTTON STRAIN FOR ANDHRA PRADESH

A new strain of white linted cotton known as "Cocanadas White" has been evolved as a result of intensive research and field trials spread over the last nine years. This variety, technologically named "741," has now been released for general cultivation in the Guntur, Nellore, Krishna, East and West Godavari and Visakhapatnam districts as well as parts of Kurnool district in Andhra Pradesh and will bring to farmers raising this new strain an additional income of Rs. 227 per hectare.

Research on the "Cocanadas White" was conducted under a scheme sponsored and financed by the Indian Central Cotton Committee in collaboration with the Andhra Pradesh Government. The new strain, it is said, has definite advantages, mainly of a higher yield, over the C.2, the existing coloured cotton now being cultivated in the Cocanadas tract. This region has the distinction of being the only tract in the world which grows a coloured, linted cotton on a commercial scale. The cotton grown here has a reddish brown tinge of varying intensity and was in demand in the U.K. and other European countries in pre-war years when it used to be grown over an area of about 150,000 acres. However, since 1940, the demand from abroad for this coloured cotton had declined resulting in appreciable drop in its acreage. The present production of about 9,000 bales of 400 lbs. each is consumed chiefly by the mills in Andhra Pradesh and Madras, apart from the small quantity utilised for extra factory purposes such as hand spinning, etc.

There are three cottton sowing seasons in the Cocanadas tract: (1) early or *kharif* season (June-July), (2) mid-season (August), and (3) late or *rabi* season (September). The coloured cottons, including the improved strain C.2, are better suited for late sowing. Much scope is said to exist in this tract for extending the cultivation of cotton as a mixed crop with other crops like groundnut, *sejja, korra,* dry paddy, etc., which are grown over an area of more than 1,000,000 acres. However, as these crops are sown early, the coloured cottons, which are long in duration, are ill-suited for mixed cropping as they give poor yields when sown early. Thus, for want of a suitable short duration cotton strain, capable of giving high yields when sown early in the season, the practice of growing cotton mixed with other crops could not make any headway in this area. As the possibility of evolving such a strain existed more in the white linted group than among the coloured cottons and also as the demand for coloured cotton had dwindled, the Indian Central Cotton Committee recommended, as early as in 1954, that future work on cotton improvement in this tract should be centred on white linted varieties. A breeding scheme for the purpose was also sponsored by the Committee in association with the State Department of Agriculture in April 1955.

Trials

Trials conducted under the scheme with different species of cotton under the three sowing seasons, indicated that while *arboreum* proved to be more adaptable and disease-resistant than *hirsutum* and *herbaceum* cottons, it was somewhat difficult to breed a single strain for the different sowing periods. White, linted types were found to be suitable only for early sowings while, for late sowings, coloured cottons continued to be the most suitable. Amongst the different white linted varieties, 741, a pure line selection from the Akola type, B.5, proved to be the most outstanding. In trials conducted on the Government farms for a period of five years from 1958-59 to 1962-63, strain 741 recorded 83 per cent increased lint yield over the coloured cotton strains. In similar trials conducted on cultivators' holdings for three years from 1960-61 to 1962-63, the average yield recorded by strain 741 was 50 per cent more than that of C.2. In quality, as assessed from tests at both the technological laboratory and mills, the two strains were almost on par, the H.S.C. being 29's. The relative economic characters of the two strains are as under:

	741	C.2
Average yield of *kapas* in Kgm. per hectare	442	295
Average yield of lint in Kgm. per hectare	168	89
Average staple length in 32nd of an inch	26	27
Ginning percentage	38	30
Highest standard count	29	29
Average blowroom loss %	5.1	6.2
Average cash value per hectare (rupees)	522	295

In view of its outstanding superiority in yield, the Indian Central Cotton Committee, at its meeting held in March 1964, recommended the release of this new 741 strain for general cultivation in the Cocanadas tract.

Pure seeds of this strain are at present being multiplied at the Agricultural Research Station, Lam, and will be available for general distribution shortly. This new high-yielding strain, suitable for early sowing either as a pure or as mixed crop will, it is expected, generate interest amongst the farmers to increase the area under cotton in this tract, particularly under mixed cropping conditions.

WORLD TRADE IN COTTON

Stronger demand and the relative low stock position of net importing countries are responsible for a significant increase in world cotton trade this season, according to the International Cotton Advisory Committee. Indications are that international trade in cotton could exceed 17 million bales, against 15.9 million in 1962-63, I.C.A.C. says in its April review of the world cotton situation. World consumption is expected to reach 48 million bales this season.

The recently-passed cotton legislation should provide a stimulus for expanded U.S. consumption during the remainder of the season. In the U.K., stronger domestic demand has pushed the consumption rate above last season's level. On the Continent, however, mills are consuming cotton at a slightly lower rate than a year ago in the aggregate. Mill consumption in India is continuing at a record level and consumption in Japan during the first six months of this season was almost seven per cent ahead of the comparable period of 1962-63.

Notices

ISAAC HOLDENS (INDIA) LIMITED

Registered Office:
31, Netaji Subhas Road, Calcutta-1

ANNUAL GENERAL MEETING

NOTICE

NOTICE IS HEREBY GIVEN THAT THE register of members and share transfer books of the Company will remain closed from 21st May to 5th June, 1964, both days inclusive.

By Order of the Board,
DUNCAN BROTHERS & CO. LTD.,
Managing Agents.

CALCUTTA, 1st *May,* 1964.

THE SVADESHI MILLS COMPANY LIMITED

NOTICE

THE SHARE TRANSFER BOOKS OF THE SVADESHI MILLS COMPANY, LIMITED will be closed from Thursday, the 28th May to Friday, the 26th June 1964, both days inclusive.

By Order of the Board of Directors,
TATA INDUSTRIES PRIVATE LTD.,
Managing Agents,
N. H. TATA,
Director.

Registered Office:
BOMBAY HOUSE, 24, BRUCE STREET, FORT,
BOMBAY, 4*th May* 1964.

EXPORT TRADE IN TEXTILES

MAN-MADE FIBRE CLOTH SHIPMENTS RISE

From Our Special Correspondent

MANCHESTER, 28*th April*

MANCHESTER LETTER

SUMMARISING the situation in world trade in cotton piecegoods, the *Statistical Review* issued by the Cotton Board underlines the decline which has taken place since 1960 and the further decrease last year, which was of the order of 4 per cent. Shipments of man-made fibre fabrics in 1963 were about 2 per cent below the comparatively high figures of the previous year, but the fall in this section was more than accounted for by the sharp drop in Japan's overseas trade.

Although detailed returns only gradually seep through from foreign countries and some later adjustments are necessary when the final figures are received, the tables presented in the survey offer a good guide as to the experience of the different countries in disposing of their products abroad. The recent conversion of British exports in terms of quintals as well as square yards helps the process of comparison and the accompanying table gains in value in consequence.

While the major influence last year was undoubtedly the substantial reduction in shipments of cotton and allied textile goods from Japan, there was little change in the general situation. The order of exporting countries by volume remained largely unaltered, although the gap between Hong Kong and the United States has narrowed somewhat.

Partly because a more accurate comparison can now be drawn between the performance of the various European countries and partly by their basic similarity, the section dealing with quintals has a special significance. France and Germany head the list, as in 1962, but, from the local aspect, the rise in Britain's position from fifth to third place is an extremely favourable feature.

A glance at the returns shows that this change is entirely due to the big rise in exports of man-made fibre cloth from this country. It is, in fact, one of the most important movements disclosed in the whole table and its continuation could lead to a drastic reassessment of the whole Continental system of trading in such goods.

Although France's lead in the European sector has been cut by the thrusting West German textile industry, the gains made by Britain, Portugal and Spain should not be discounted. The other chief supplying areas, such as Italy, Belgium and the Netherlands, maintained their position as compared with 1962 without any marked change in the totals.

The cotton Board's survey dealing with Western Europe says that, as in most of the rest of the world, the man-made fibres have been making gains at cotton's expense. Prospects for 1964, it says, seem reasonably good, with well filled order books and lower stocks in the Dutch and Belgian mills.

Sections of the industry for their own purposes tend to break down particular aspects of trading which nevertheless have considerable significance for their counterparts in other branches. The Cotton and Rayon Merchants' Association, in reports covering its numerous activities, goes into some detail about the proportion of imported cloth in relation to total production in recent years.

Introducing the topic, the grey cloth section report points out that, because of the trend of trade and largely due to the price factor, many grey cloth merchants have been forced to seek supplies from sources outside the United Kingdom in order to continue the services to converters which they have provided for so many years.

The merchants, it declares, go to an infinite amount of trouble to locate mills, sometimes by force of circumstance overseas, where they can obtain the most economical production for the cloths required by converters. In addition, they provide a pool of grey cloth ready and coming round to assist converters to keep their lines continuously in supply or to meet sudden demands.

Dealing with cotton grey cloth only, the report contains figures showing that the ratio between imports and total production rose sharply between 1958 and 1960 from 19 per cent to 31 per cent but has since remained practically unchanged, the 1963 proportion being 32 per cent. Of the 483 million square yards of cotton grey cloth imported last year, 344 square yards or 71 per cent came from Commonwealth countries. This ratio is the same as 1958, the peak arrivals from Commonwealth sources being 76 per cent in 1959 and the lowest recorded in recent years being 54 per cent in 1961.

During the last three years, however, the pattern of imports from countries outside the Commonwealth has changed very considerably. A sharp reduction has taken place in purchases from Japan, Spain, Yugoslavia, Formosa and the United States. Japan has lost much of the British "improvement" trade to other countries, but the recent imposition of restrictions on supplies from other areas has been responsible for cutting down imports after initial inroads have been made.

To illustrate the trend where major changes have occurred actual figures of cotton grey cloth arrivals in 1961 and 1963 respectively are as follows (in thousand square yards):

Japan 60,016 (14,627), Formosa 30,480 (5,207), Spain 44,711 (6,252), France 14,766 (6,450), United States 18,939 (602), Yugoslavia 18,791 (4,824).

According to the report of the converters' section, purchases of grey cloth in 1963 were about 16 per cent higher than in the previous year. The quantity of loom-state cotton material, especially supplies woven abroad, was particularly large during the final quarter of 1963.

Of the 153 million square yards of finished cloth imported in 1963, Commonwealth countries supplied 49 million square yards, E.E.C. countries 63 million square yards, and E.F.T.A. countries 18½ million square yards. In comparison with 1962, the largest increases were proved by India and Portugal, each sending additional quantities in excess of 7 million square yards.

Quite apart from grey and finished cotton cloth arriving from abroad, a considerable quantity of made-up goods was also imported. This was estimated last year as the cloth equivalent of 98 million square yards, of which over 80 per cent came from Hong Kong.

In the man-made fibre section, total supplies of cloth available last year included 10 per cent arising from imports, a slightly less proportion than in 1962. This, says the report, is rather surprising in view of the relatively high tariff on man-made fibre fabrics.

Textile Exports From Leading Countries
(In million square yards)

	1963			1962		
	Cotton	Rayon etc.	Total	Cotton	Rayon Etc.	Total
U.K.	222.3	80.3	302.6	235.2	55.0	290.2
U.S.A.	363.5	158.0	521.5	414.2	142.8	557.0
Japan	1,205.2	858.0 (lb.)	2,063.2	1,448.2	1,036.5	2,584.7
Hong Kong	399.8	20.8	420.6 (*a*)	353.8	36.0	399.8
India*	566.9	85.5	652.4 (*a*)	537.9	87.5	625.4
Pakistan*	87.1	—	87.1 (*b*)	62.9	—	62.9
Formosa*	88.6	—	88.6 (*b*)	88.6	—	88.6
U.K.†	294.2	136.0	430.2	312.6	84.7	397.3
Portugal†	196.3	9.3	205.6	184.6	5.4	190.0
France†	401.9	167.0	568.9 (*b*)	455.3	164.7	620.0
Italy†	69.0	251.5	320.5 (*b*)	92.5	243.9	336.4
Spain†	86.7	18.2	104.9 (*b*)	53.8	16.2	70.0
Belgium†	296.2	129.5	425.7 (*a*)	276.9	122.5	409.4
Netherlands†	307.5	110.1	417.6	296.2	104.1	410.3
W. Germany†	264.2	266.1	530.3	248.5	230.6	479.1
Switzerland†	48.4	38.8	87.2	50.4	36.6	87.0
Austria†	31.7	74.7	106.4 (*b*)	32.9	57.9	90.8

Note:—Adjusted in line with returns for (*a*) 11 months, (*b*) 9 months. * In million yards. † In thousand quintals.

PASSPORTS TO WORLD TRADE

Three Banks have merged. Separately, they have large assets, a fine tradition and a wealth of experience. United, they offer a comprehensive service in all matters affecting business between India and any part of the world. Their advice and help are your surest "passports" to profitable trade with those areas.

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Branches and Correspondents throughout the World

THE ANDHRA BANK LIMITED

(Established 1923)

Registered Office: **11/526, Cantonment Road, Masulipatnam**

DIRECTORS' REPORT

The Directors have the pleasure in submitting the 40th Annual Report together with the Audited statement of Accounts for the year ended 31st December, 1963. The Auditors' Report is also annexed.

The net profit of the Bank for the year, 1963 amounted to Rs. 8,70,478.40 after making payment of one month's pay as Bonus to staff. Adding to this a sum of Rs. 3,244.87 nP., brought forward from the previous year's account and Rs. 70.80 nP., being the excess dividend provided for the year, 1962, the total amount available for appropriation comes to Rs. 8,73,794.07 nP. Appropriations already made out of this amount and those we propose to make are detailed below.

Appropriation made:	Rs.	nP.
Transfer to Reserve Fund under Section 17 of the Banking Companies Act, 1949 ..	2,10,000	00
Provision for Taxes	3,25,000	00
Appropriations now proposed:		
To pay a dividend at 8 per cent. per annum (Subject to Tax) for the year, 1963 ..	3,34,000	00
Carry forward *to the next year's Account*	4,794	07
Total ..	8,73,794	07

We are happy to record another year of progress.

The Official rate of the Reserve Bank of India changed from 4 per cent. per annum to 4½ per cent. per annum with effect from 3rd January, 1963.

The Bank opened branches at Vetapalem, Venkatagiri, and Mahaboobnagar during the year, under review. Another branch was also opened at Adoni during January, 1964.

The Administrative Office of the Bank has been shifted from Masulipatnam to Hyderabad during the year under review.

The scheme of amalgamation of Bharatha Lakshmi Bank Ltd., with the Andhra Bank Ltd., has been approved by the shareholders of the respective Banks and the permission of the Reserve Bank of India is awaited.

Sri Batchu Venkateswarlu who had been a Director of the Bank since 1953 and who rendered valuable services to the Institution passed away in August, 1963.

In the vacancy caused by his demise, Sri K. L. N. Prasad of Vijayawada was co-opted as a Director.

Under Article 94 of the Bank's Articles of Association read with Section 256 of the Companies Act, 1956, M/s. T. Veerabhadrarao, R. Venkatrama Reddy, and S. Ramachar will retire by rotation and under Section 262 (2) of the Companies Act, 1956, Sri V. Parthasarathy will also retire from his Office. The retiring Directors, being eligible, offer themselves for reappointment.

You are also requested to appoint Auditors to hold Office till the conclusion of the next Annual General Meeting and fix their remuneration.

By Order of the Board,
K. S. DUTT,
Chairman.

HYDERABAD, *28th March*, 1964.

BALANCE SHEET AS AT 31st DECEMBER, 1963

Corresponding Figures 31st December, 1962		CAPITAL AND LIABILITIES	Rs.	nP.	Rs.	nP.
Rs.	Rs.					
	1,00,000	**1. Capital—** AUTHORISED CAPITAL— 1,00,000 Shares of Rs. 100 each ..			1,00,00,000	00
49,99,000		ISSUED CAPITAL— 49,990 Shares of Rs. 100 each for payment in cash	49,99,000	00		
1,000	50,00,000	10 Shares of Rs. 100 each for consideration other than cash ..	1,000	00	50,00,000	00
	48,99,000	SUBSCRIBED CAPITAL— 48,990 Shares of Rs. 100 each ..			48,99,000	00
1,01,000		AMOUNT CALLED-UP— On 1,010 Shares at Rs. 100 per share.	1,01,000	00		
40,78,300		On 47,980 Shares at Rs. 85 per share.	40,78,300	00		
41 79 300			41,79,300	00		
5,535		LESS—Calls Unpaid	2,580	00		
41,73 765			41,76,720	00		
Nil	41,73,765	ADD—Forfeited Shares	Nil		41,76,720	00
22,00,000		**2. Reserve Fund and Other Reserves—** Reserve Fund under Section 17 of the Banking Companies Act, 1949 ..	24,10,000	00		
6,48,220	28,48,220	Share Premium	6,48,220	00	30,58,220	00
10,85,89,367		**3. Deposits and Other Accounts—** Fixed Deposits .. .. .. (Including Cash Certificates, Recurring Deposits and Staff Security Deposits)	12,13,63,601	47		
3,39,50,126		Savings Bank Deposits ..	3,71,92,190	59		
3,92,13,034		Current Accounts, Contingency Accounts, etc.	4,71,54,577	11		
	18,17,52,527				20,57,15,369	17
1,13,00,000		**4. Borrowings from Other Banking Companies, Agents, etc.—** (i) In India	1,36,09,987	30		
Nil		(ii) Outside India	Nil			
	1,13,00,000				1,36,09,987	30
		PARTICULARS— Rs. nP. (i) Secured by part of Investments per contra .. 86,09,987 30 (ii) Unsecured .. 50,00,000 00				
	21,42,863	**5. Bills Payable**			23,07,266	46
		6. Bills for Collection Being Bills Receivable as per contra— (i) Payable in India	1,31,78,327	85		
1,13,31,117		(ii) Payable outside India	9,15,393	65		
9,52,809	1,23,33,926				1,40,93,721	50
66,500		**7. Other Liabilities—** Unclaimed Dividends	70,736	31		
61,55,327		Branch Adjustments	59,67,777	46		
54,109		Rebate on Bills Discounted and Discount Suspense Account	1,72,691	69		
30,000	63,06,436	Gratuity Fund	30,000	00	62,41,205	46
	52,45,648	**8. Acceptances, Endorsements and Other Obligations** per contra			42,36,839	79
3,46,942		**9. Profit and Loss—** Profit as per Balance Sheet as at 31st December, 1962	3,37,244	87		
		LESS—Appropriations— Dividend paid at 8 per cent. per annum (taxable) for the year 1962	3,34,000	00		
3,34,000			3,244	87		
12,942		ADD—Profit for the year brought from the Profit and Loss Account ..	8,70,478	40		
8,34,053			8,73,723	27		
8,46,995		Excess Dividend provided for 1962 ..	70	80		
250						
8,47,245			8,73,794	07		
		LESS— Rs. nP. Transfer to Reserve Fund under Section 17 of the Banking Companies Act, 1949 2,10,000 00 Provision for taxes for the year 1963 .. 3,25,000 00				
5,10,000			5,35,000	00		
	3,37,245				3,38,794	07
	22,64,40,630	Carried forward .. Rs.			25,42,78,123	75

Corresponding Figures 31st December, 1962		PROPERTY AND ASSETS	Rs.	nP.	Rs.	nP.
Rs.	Rs.					
	1,66,51,239	**1. Cash—** In hand and with Reserve Bank and State Bank			1,96,46,435	66
26,02,586		**2. Balances with Other Banks—** (a) In Current Account : (i) In India	48,06,023	39		
2,67,967		(ii) Outside India	1,64,793	90		
36,250		(b) In Deposit Account : Deposits with Banks in India ..	34,000	00		
	29,06,803				50,04,887	29
	40,00,000	**3. Money at Call and Short Notice**			Nil	
7,18,72,722		**4. Investments at Cost—** (i) Securities of the Central and State Governments and other Trustee Securities, including Treasury Bills of the Central and State Governments of the Face Value of Rs. 7,97,77,200.00 .. .. (Market Value of Rs. 7,83,32,494.08 nP.)	7,89,40,942	97		
1,800		(ii) Shares— (a) Fully Paid Preference Shares.	1,800	00		
74,784		(b) Fully Paid Ordinary Shares..	75,043	72		
2,043		(c) Partly Paid Ordinary Shares. (Market Value of the above Shares Rs. 1,12,917.10 nP.)	2,042	50		
7,900		(iii) Debentures or Bonds	7,900	00		
Nil		(iv) Other Investments	Nil			
Nil	7,19,59,249	(v) Gold	Nil		7,90,27,729	19
8,74,12,160		**5. Advances—** (Other than Bad and Doubtful Debts for which provision has been made to the satisfaction of the Auditors)— (i) Loans, Cash Credits, Overdrafts, etc.— Rs. nP. (a) In India .. 9,42,89,800 95 (b) Outside India.. Nil				
Nil		(ii) Bills Discounted and Purchased: (excluding Treasury Bills of the Central and State Governments)— (a) Payable in India. 2,78,97,216 99 (b) Payable outside India 9,72,186 44	9,42,69,800	95		
1,40,68,289			2,88,69,403	43		
10,51,541						
	10,25,31,990				12,31,59,204	38
1,13,81,117		**6. Bills Receivable Being Bills for Collection** as per contra— (a) Payable in India	1,31,78,327	85		
9,52,809		(b) Payable outside India	9,15,393	65		
	1,23,33,926				1,40,93,721	50
	52,45,648	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** per contra			42,36,839	79
23,58,499		**8. Premises (Less Depreciation)—** Cost as per Balance Sheet of 31st December, 1962	45,62,716	94		
22,04,218		Additions during the year	3,73,247	36		
45,62,717			49,35,964	30		
2,57,434		LESS—Depreciation written off to date.	4,02,169	98		
	43,05,283				45,33,794	32
10,54,419		**9. Furniture and Fixtures (Less Depreciation)—** Cost as per Balance Sheet of 31st December, 1962	12,79,487	35		
2,35,470		Additions during the year	1,59,560	13		
12,89,889			14,39,047	48		
10,401		LESS—Deductions : Cost of Furniture Sold and/or written off during the year	19,731	13		
12,79,488			14,19,316	35		
4,44,245		LESS—Depreciation written off to date.	5,36,701	92		
	8,35,243				8,82,614	43
42,05,239		**10. Other Assets including Silver—** (a) Sundries (including Income-tax and Surcharge deducted at source and Advance Payment of Income-tax)	19,64,546	35		
4,06,550		(b) Stationery on hand at cost ..	6,04,241	11		
7,342		(c) Stamps on hand	9,103	20		
10,03,319		(d) Accrued Interest on Investments..	10,73,664	41		
		(e) Library— Rs. nP. Cost as per Balance Sheet of 31-12-1962 .. 8,559 99 Additions during the year .. 1,402 57				
			9,962	56		
		LESS—Written off during the year.	61	11		
			9,901	45		
		LESS — Depreciation written off to date ..	2,764	97		
6,306			7,136	48		
56,28,756	22,07,69,381	Carried forward .. Rs.	36,58,691	55	25,05,85,226	56

THE ANDHRA BANK, LIMITED—*(Continued)*

Corresponding Figures 31st December, 1962		CAPITAL AND LIABILITIES—Contd.	Rs.	nP.	Rs.	nP.
Rs.	Rs.					
	22,64,40,630	Brought forward .. Rs.			25,42,78,123	75
		10. Contingent Liabilities— Rs. nP.				
Rs.		(1) Claims against the Banking Company not acknowledged as debts	25,000	00		
29,815		(2) Money for which the Banking Company is contingently liable—Uncalled Capital on partly paid shares held as Investments ..	6,250	00		
10,000		(3) Arrears of Cumulative Preference Dividends ..	Nil			
Nil		(4) Liability on Bills of Exchange rediscounted ..	Nil			
Nil		(5) Liability on account of outstanding Forward Exchange Contracts	Nil			
Nil		(6) Liability on account of Letters of Guarantee on behalf of Constituents ..	90,14,126	31		
8,26,290		(7) Liability on account of Letters of Guarantee on behalf of Directors	23,883	00		
23,883						
		Note (I) Provision to the full extent for future gratuities to the staff has not been made, the Liability for which has not been ascertained. (II) The Balance Sheet and Profit and Loss Account has been drawn up in accordance with the provisions of Section 29 of the Banking Companies Act, 1949, and are not required to be and are therefore not drawn up in accordance with Schedule VI of the Companies Act, 1956.				
	22,64,40,630	Total .. Rs.			25,42,78,123	75

Corresponding Figures 31st December, 1962		PROPERTY AND ASSETS—Contd.	Rs.	nP.	Rs.	nP.
Rs.	Rs.					
56,28,756	22,07,69,381	Brought forward .. Rs.	36,58,691	55	25,05,85,226	56
		10. Other Assets including Silver—Contd.				
		(f) Motor Cars— Rs. nP. Cost as per Balance Sheet of 31-12-1962 .. 58,565 68				
		LESS—Depreciation written off to-date .. 24,360 04				
42,493	56,71,249		34,205	64	36,92,897	19
	Nil	**11. Non-Banking Assets Acquired in Satisfaction of Claims—**			Nil	
	22,64,40,630	Total .. Rs.			25,42,78,123	75

Particulars of Advances forming Part of the Balance Sheet as at 31st December, 1963

Corresponding Figures 31st Dec., 1962 Rs.	PARTICULARS	Rs.	nP.	Rs.	nP.
9,46,70,197	1. Debts considered good in respect of which the Banking Company is fully secured			10,19,23,865	72
76,19,290	2. Debts considered good for which the Banking Company holds no other security than the Debtor's personal security (the above includes Rs. 1,62,93,948.23 debts for which more than one person is liable)			1,78,29,497	46
2,42,503	3. Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of debtors			34,05,841	20
Nil	4. Debts considered doubtful or bad not provided for ..			Nil	
10,25,31,990				12,31,59,204	38

Corresponding Figures 31st Dec., 1962 Rs.	PARTICULARS	Rs.	nP.	Rs.	nP.
44,943	5. Debts due by Directors or Officers of the Banking Company or any of them either severally or jointly with any other persons (Fully secured)			39,369	27
12,09,333	6. Debts due by Companies or Firms in which the Directors of the Banking Company are interested as Directors, Partners, or Managing Agents or in the case of Private Companies as Members : Fully secured	17,71,965	21		
5,83,809	Secured by personal liability of debtors, etc. ..	27,39,641	87	45,11,607	08
	7. Maximum total amount of Advances including temporary advances made at any time during the year to Directors or Managers or Officers of the Banking Company or any of them either severally or jointly with any other persons (Fully secured)			3,78,306	44
21,87,118	8. Maximum total amount of advances including temporary advances granted during the year to the Companies or Firms in which the Directors of the Banking Company are interested as Directors, Partners, or Managing Agents or in the case of Private Companies as Members : Fully secured	18,74,741	86		
	Secured by personal liability of debtors, etc. ..	26,68,437	42	45,43,179	28
Nil	9. Due from Banking Companies			3,44,579	20

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1963

31-12-1962 Rs.	EXPENDITURE	Rs.	nP.	Rs.	nP.
63,73,672	1. Interest paid on Deposits, Borrowings, etc.			69,12,669	90
41,15,166	2. Salaries and Allowances, Bonus and Provident Fund—			47,90,034	20
43,347	3. Directors' and Committee Members' Fees and Allowances			41,945	03
4,66,528	4. Rent, Taxes, Insurance, Lighting, etc.			5,42,099	05
13,846	5. Law Charges			13,860	54
2,46,367	6. Postage, Telegrams and Stamps			2,55,209	47
16,000	7. Auditors' Fees			16,000	00
2,33,972	8. Depreciation on and Repairs to the Banking Company's Property			2,74,652	28
2,65,348	9. Stationery, Printing, Advertisements, etc.			2,92,520	22
3,996	10. Loss from Sale of or Dealing with Non-Banking Assets			Nil	
2,49,050	11. Other Expenditure (includes Rs. 25,000 contributed to National Defence Fund)			3,11,039	20
27,750	12. Development Rebate Reserve			1,000	00
8,34,053	13. Balance of Profit (subject to Taxation)			8,70,478	40
	Note:- Figures for the previous year have been regrouped				
1,28,94,095	Total .. Rs.			1,43,52,408	29

31-12-1962 Rs.	INCOME (Less provision made during the year for Bad and Doubtful Debts and other usual or necessary provisions)	Rs.	nP.	Rs.	nP.
1,11,12,905	1. Interest and Discount			1,18,93,007	12
13,97,500	2. Commission, Exchange and Brokerage			17,98,623	14
1,41,829	3. Rents			1,79,540	23
26,227	4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account) ..			2,68,227	60
Nil	5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account) ..			Nil	
Nil	6. Income from Non-Banking Assets and Profit from Sale of or Dealing with such Assets			Nil	
2,15,321	7. Other Receipts— (a) Sundry Receipts	2,12,645	45		
313	(b) Share Transfer Fee	364	75		
2,15,634				2,13,010	20
1,28,94,095	Total .. Rs.			1,43,52,408	29

Corresponding Figures 31st Dec., 1962	PARTICULARS OF REMUNERATION RELATING TO THE GENERAL MANAGER.	Rs.	nP.
Rs.			
17,643	1. Salary	18,843	33
3,408	2. Allowances	3,600	00
Nil.	3. Bonus	1,570	28
1,470	4. Employer's Contribution to Provident Fund	1,570	25
2,727	5. Monetary value of other benefits or perquisites (including value of the benefit on the use of a house and car calculated according to Income-tax Rules)	2,971	43
25,308	Total ..	28,555	29

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the foregoing Balance Sheet of The Andhra Bank, Limited, as at 31st December, 1963, and also the foregoing Profit and Loss Account of the Bank for the year ended upon that date, with the books of account of the Head Office and Branches.

We report that :—

(a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory ;

(b) the transactions of the Bank which have come to our notice have been within the powers of the Bank ;

(c) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches of the Bank ;

(d) the Bank's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and the returns ;

(e) in our opinion and to the best of our information and according to the explanations given to us the said accounts read along with the notes appearing thereon give the information required by the Companies Act, 1956, in the manner so required for Banking Companies and on such basis the said Balance Sheet gives a true and fair view of the state of affairs of the Bank as at 31st December, 1963 and the Profit and Loss Account gives a true and fair view of the profit for the year ended upon that date.

HYDERABAD :—D/23-3-1964
GUNTUR :—D/29-3-1964
VIJAYAWADA :—D/29-3-1964
MASULIPATNAM :—D/29-3-1964

BRAHMAYYA & CO.
CH. V. LAKSHMAIAH & CO.
BAPANAIAH & CO.
T. RADHAKRISHNA VITHAL RAO
} *Chartered Accountants.*

S. R. RAO,
Secretary and Chief Accountant.

T. B. BHAGAVAT,
General Manager.

REPAKA SATYANARAYANA MOORTY
Y. MALLIKHARJUNA PRASAD,
T. V. BHADRA RAO,
M. RANGANATH SAI,
M. LAKSHMINARAYANA,
R. V. REDDY,
K. L. N. PRASAD,
V. PARTHASARATHI,
K. S. DUTT (*Chairman*),
S. RAMACHAR (*Deputy Chairman*),
} *Directors.*

INDIA AND WORLD TEA SITUATION

QUALITY AND PRICE WILL INFLUENCE TREND OF MARKETS

WILL there be a large world surplus of tea in the next few years? This question has continued to exercise the minds of tea planters the world over. Opinion is sharply divided: one section of planters—we will call them pessimists—believes that a large world surplus would definitely emerge, whereas there is another section—we will call them optimists—which not only discounts such a possibility but actually anticipates a deficit in supplies. Those who fear a surplus point to two important developments. In the first place, thanks to technological progress, tea production has been steadily rising year after year in producing countries and, at the same time, new and previously unconsidered areas are being brought under tea cultivation. Secondly, many other beverages are making inroads into the traditional tea-drinking markets. The "optimists" are not unaware of these developments, but they point to the persistently rising population in several parts of the world and the improvement in the living standards of the masses in several underdeveloped countries both of which, in their view, will continue to exert an upward pressure of demand for tea.

Time alone will tell whether it is the "pessimists" or the "optimists" that will prove correct. There is, however, no denying the fact that quality and price will considerably influence the trend of world tea markets both in the immediate future and in the years to come. Messrs. Forbes, Ewart and Figgis (Private) Ltd. of Cochin, in their latest *Tea Review* (1963), have done well, therefore, in urging that the tea producers in India must be quality-conscious and that their product must be able to compete with any other tea producing area. To continue to compete in markets throughout the world, the quality of tea produced, they say, must be of the highest standard possible. "It is only the top quality product," to quote them, "that will be able to hold its own ... and any indifferent quality tea is exposed to grave economical risks." The advice is wholesome and pertinent, especially because it is given by a firm which itself has been prominent in tea export business for the past several years now.

Improvement in quality and reduction in production costs entail large-scale rehabilitation of uneconomic tea areas. Rehabilitation involves, as Mr. W. S. Massey, the retiring Chairman of the Nilgiri-Wynaad Planters Association, very aptly remarked at the annual

TEA OUTPUT IN MAJOR PRODUCING COUNTRIES
(In million lbs.)

	1963	1962	1961	1954
India	757.7	761.4	781.3	651.7
Of which: N.E. India	562.4	576.4	602.5	523.6
S. India	195.3	185.0	178.8	128.1
Pakistan	55.0	51.5	58.5	54.7
Ceylon	484.6	467.0	455.2	366.7
Indonesia	65.7*	104.1	95.1	103.5
East Africa	90.8†	91.8	82.9	45.4
Mozambique	19.0	20.7	23.4	11.5
Total	1,472.8	1,496.5	1,496.4	1,233.5

* Up to end of October.
† Including tea production in Rhodesia.

meeting held recently, (*a*) the stringent uprooting of all useless "passenger" bushes in a programme of replacement, (*b*) the intensive "infilling" of other areas with quick-yielding, high-yielding material from V.P. clonal stock and/or carefully selected imported seed, and (*c*) sound manurial application and extensive cultivation of economic tea. Such rehabilitation, he said, would have to be resorted to vigorously within the all-India plan of increased production. In this connection, Mr. Massey alluded to the other competitive countries—for instance, Africa—where the production capacity is designed or geared to sound methods, organisation and machinery and stated that, as compared with this, the plantation industry in India might be said to be an old model. The lessons learnt and the production technique evolved over a hundred years of planting in India (and Ceylon), he added, were finding fruition in other producing countries today. Pleading for unstinted help from all who are concerned either directly or indirectly with the working of the tea estates, Mr. Massey observed:

"May I plead here that much of our assumed reserve forest land be given back to us? Where are we otherwise?

"One item that will highlight the general adversity we face in our planned economy is the recently restricted import of the polythene industries granules restricting the availability of polythene bags or polythene sleeves which play a large part in our modern nursery development work within our estates today. We have had to turn over to polythene bags or sleeves in order to develop our young nursery plants and raise them efficiently for the job they have to perform in the field, the means of the reed or bamboo basket made from material once grown in our own reserves, having been largely taken away from us. Six months ago, polythene bags then available of the minimum size and gauge required for their purpose were Rs. 28 per thousand. Today, if you can get them and many suppliers have no stock at all, these bags are Rs. 60 per thousand.

"Add to these difficulties that I have sketchily mentioned, the complex labour and administrative difficulties of the plantation manager and his staff he experiences today in his trying to cope with the trammels of bureaucratic procedure that chains him to his office desk for hours during the day (and often at night) when he should be organising and training his workers in the nurseries, field, and factory, toward the object of

TEA EXPORTS FROM INDIA
(In million lbs.)

	1963	1962	1961	1960
United Kingdom	297.1	259.6	244.1	268.8
United States	21.9	24.7	23.6	18.9
Canada	11.5	13.5	14.0	15.4
Australia	7.9	11.4	4.1	5.3
U.S.S.R.	38.7	27.8	26.1	22.5
U.A.R.	37.3	36.6	33.7	31.6
Other countries	82.2	85.2	106.0	66.7
Total	496.6	458.8	451.6	429.2
Exports from other countries:				
Ceylon	454.9	450.7	424.8	408.9
Indonesia	*N.A.*	74.5	74.5	79.6
East Africa*	102.6	80.1	70.2	52.6
Pakistan	0.1	9.5	6.7	4.1

N.A.—Not available.
* Include Kenya Uganda, Tanganyika, Nyasaland and Southern Rhodesia.

increased output in good quality produce and you get a unique set-up of conditions that are obstructive and adverse to successful achievement of our plantation objectives that might be difficult to imagine exists in any other industry within or outside India.

"I can only appeal to all those whose sphere of influence can effect our daily work as planters. Give the planter, manager and his assistants more time without hindrance or obstruction in the field and the factory of his estate in order that he may directly come to grips during most of his working day with the field requirements in the raising of his crops in this all-out drive for increased production on which our prosperity and our very survival in the future depends."

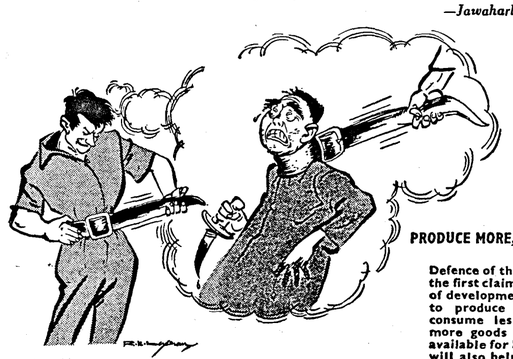
The difficulties enumerated by Mr. Massey may appear to be ordinary, but it is such difficulties that are hampering the efforts of several tea gardens to step up production. The need for removing these difficulties forthwith is urgent. And equally urgent is the need for suitable tax incentives and other measures of assistance designed to encourage the estates to grow more and more of quality tea at an economic cost. Increased production of tea is as much in the interest of export promotion as in that of domestic consumption which, according to the *Tea Review*, has shown a continuous and healthy rise during the last few years. The *Review* does not see how the increase in internal offtake can be halted and feels that it will, in fact, continue to persist. A healthy domestic market, incidentally, strengthens the position of the tea industry to compete effectively in world markets. Speaking of exports, the *Review* makes the following observations:

"Some disappointment was expressed over the fact that Great Britain was not able to enter into the Common Market as had been hoped, but the countries of the E.C.M. have, in most cases, made considerable concessions over the imports of tea in either reducing or abolishing import duties. We do not think that the increase of tea consumption in these countries will show a considerable expansion in the near future, but, nevertheless, some increase is hoped for and this should help to boost exports. Much is now being done through propaganda to try and stimulate interest in tea drinking throughout the world. The Tea Board have opened several new tea centres last year and we hope that increased and vigorous propaganda will help to encourage the buying of tea from India."

Looking back on the calendar year 1963, the *Review* points out that the tea industry in South India has much to be thankful for an increase in production, a fair level of prices, and, what is most important to any industry, stability of price level and demand. One of the reasons for the stable market throughout, according to the *Review*, was the fact that North India did not produce the quantity expected and it was, therefore, thought that, despite the increase in production in Ceylon, there might be a marginal shortage of tea towards the end of the year. Although this was not actually the case, the market in Cochin was kept fairly buoyant by this thought. Increased and substantial offerings on the Cochin market would be to the benefit of the trade as a whole; this was borne out during 1963. Towards the end of the year, larger quantities of tea were being offered weekly in Cochin. Although there was a slight easing off in values towards the end of the year, the quantity available was readily absorbed with interest being shown both by export buyers and the internal trade. There is no doubt that the additional quantity on offer attracted more orders from overseas. The Kerala sales tax amounting to 5 per cent has dissuaded many producers from offering their tea on this market and unfortunately it will continue to do so. The market in Cochin probably also benefited to a small degree from the disruptions caused in the tea trade in Ceylon during the second half of the year.

South India continues to be one of the highest yielding tea areas in the world and the total production figure for 1963 is estimated at 195.3 million lbs., as against the 1962 total of 185.0 million lbs. Given favourable growing conditions, this figure is likely to be exceeded again. A total of 95.8 million lbs. was sold in auction in Cochin during 1963, an increase of about 9 million lbs. over 1962, and accounting for almost the entire increase in production. Over the last ten years, the percentage of production sold through the Cochin auctions has risen from 22.8 to 49.

Freedom is in peril, defend it with all your might
—*Jawaharlal Nehru*



PRODUCE MORE, CONSUME LESS

Defence of the country has the first claim on the fruits of development. We have to produce more, but consume less and make more goods and services available for Defence. This will also help keep prices in check. Avoid all extravagance and waste.

YOUR AUSTERITY IS INDIA'S STRENGTH

DA64/P2

ANNOUNCEMENT

This is not a prospectus but only an announcement of the proposed issue of the capital. Interested persons may obtain copies of the prospectus from the Company's Registered Office, Bankers, Brokers, and Underwriters.

THE KUTCH SALT AND ALLIED INDUSTRIES LIMITED

(Incorporated as a Private Limited Company on 22nd November, 1950, under the Indian Companies Act, 1913 and converted into a Public Limited Company on 28th March, 1963).

Registered Office:

48, PROSPECT CHAMBERS ANNEXE, 5TH FLOOR, DR. DADABHOY NAOROJI ROAD, FORT, BOMBAY-1.

EXISTING AND PROPOSED ACTIVITIES

The Company was incorporated on 22nd November, 1950, as a Private Limited Company in the then State of Bombay with objects as stated in its Memorandum of Association and in particular to deal in all kinds of properties and to carry on the business of manufacturing salt, its by-products and brine chemicals and install and run other allied and chemical industries in connection therewith.

The Company's salt works at Jakhau (Kutch) went into production in the year 1952. With a view to expanding the activities, the Company had acquired on lease approximately 4,000 acres of land adjoining to the Major Port Kandla for manufacture of salt.

LOCATION OF INDUSTRY

The Company has one salt works at Jakhau in the District of Kutch.

The second salt works of the Company has been situated at the Major Port Kandla on the Nakti Bridge parallel to the railway line and the National highway leading to Kandla Port.

BOARD OF DIRECTORS

1. **Shri Bhawanji A. Khimji,** Chairman; Industrialist; 297, Sir Balchandra Road, Matunga, Bombay 19.

2. **Shri Babubhai M. Chinai, M.P.;** Industrialist; St. James Court, Netaji Subhas Road, Bombay 1.

3. **Shri Madanmohan R. Ruia;** Industrialist; 96, Nepean Sea Road, Bombay 6.

4. **Shri Arvind Narottam Lalbhai;** Mill Agent; Pankore Naka, Ahmedabad.

5. **Shri Dayanand Chandulal Kothari;** Industrialist; Kothari House, No. 3 Kothari Road, Nungambakham, Madras.

6. **Shri Railal M. Gandhi;** Industrialist; Fulchand Niwas, Chowpatty, Bombay 7.

7. **Shri Laxmichand Lalji;** Merchant; Madhu Kunj, 24, Ghodbunder Road, Andheri, Bombay 58.

8. **Shri Javerchand Padamsi;** Merchant; Krishna Kunj, Sewree Wadala Road, Bombay 19.

9. **Shri Bhawanji Narsey;** Merchant; 209-A, Vincent Road, Bombay 19.

MANAGING AGENTS

Messrs. Madhukant Hiralal & Co.

48, Prospect Chambers Annexe, 5th floor, Dr. Dadabhoy Naoroji Road, Fort, Bombay 1.

SHARE CAPITAL

AUTHORISED CAPITAL

5,00,000 Shares of Rs. 10/- each Rs. 50,00,000

ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

1,25,000 Equity Shares of Rs. 10/- each Rs. 12,50,000.

(Of the above shares 2,500 shares were issued to the Promoter of the Company Shri Nayak Jethabhai, as fully paid-up without payment being received in cash pursuant to contract by the Company with him.

No underwriting commission or brokerage has been paid or is payable in respect of these shares.)

PRESENT ISSUE

1,25,000 Equity Shares of Rs. 10/- each offered at par for public subscription Rs. 12,50,000.

DATES OF OPENING AND CLOSING OF SUBSCRIPTION LIST

The Subscription list will open at the commencement of banking hours on 18th May, 1964 and will close at the close of banking hours on the 30th May, 1964 or earlier at the discretion of the Directors provided that the subscription list will not in any event be closed earlier than the close of the banking hours on the 22nd May, 1964.

APPLICATION FORMS

Application forms along with copies of the prospectus can be had from the registered office of the Company or from the underwriters/bankers/brokers whose names and addresses are given below:—

UNDERWRITERS

1. THE INDUSTRIAL FINANCE CORPORATION OF INDIA, Reserve Bank Building, Parliament Street, New Delhi.

2. THE INDUSTRIAL CREDIT & INVESTMENT CORPORATION OF INDIA LTD., ICICI Building, 163, Backbay Reclamation, Bombay-1.

BANKERS

1. THE BANK OF INDIA LIMITED, Bombay (Mahatma Gandhi Road), Ahmedabad (Bhadra), Bangalore, Baroda, Bhavnagar, Bhuj, Calcutta (Netaji Subhash Road), Cochin, Delhi (Janpath), Gandhidham, Hyderabad (Dn.), Indore, Jamnagar, Kanpur (Kasturba Gandhi Marg), Madras (Armenian Street), Poona (Elphinstone Road), Rajkot, Surat and Veraval.

2. THE DEVKARAN NANJEE BANKING CO. LTD., Bombay (Horniman Circle), Poona (Deccan Gymkhana), Ahmedabad (Relief Road), Baroda (Jubilee Baug. Bhavnagar, Broach, Jamnagar (Cloth Market), Porbandar, Rajkot, Surat (Burhanpur Bhagol), Calcutta (Brabourne Road), New Delhi (Connaught Place), Burhanpur, Madras, Hyderabad, Bangalore and Cochin.

3. THE UNION BANK OF INDIA LIMITED Bombay (Apollo Street), Ahmedabad (Dhanlaxmi Market) Amritsar, Bangalore, Baroda, Bhavnagar, Calcutta (Clive Row), Cochin, Delhi (Chandni Chowk), Hubli, Hyderabad, Jamnagar, Poona (Raviwar Peth), Porbandar, Rajkot, Veraval, Madras (Sembudas Street).

4. THE KUTCH DISTRICT CENTRAL CO-OPERATIVE BANK LIMITED, All the branches in Kutch.

BROKERS

Bombay

1. MESSRS. DALAL & SONS, Share Bazar Old Building, Ground Floor, Dalal Street, Fort, Bombay 1.

2. MESSRS. J. R. MOTISHAW & CO., 32, Apollo Street, Fort, Bombay 1.

3. MESSRS. JAMNADAS MORARJI & CO., 8-10, Dalal Street, Fort, Bombay 1.

4. MESSRS. DHIRAJLAL MAGANLAL PURSHOTAMDAS, Old Stock Exchange Building, Dalal Street, Fort, Bombay 1.

5. MESSRS. DEVKARAN NANJEE & CO., 5, Hamam Street, Fort, Bombay 1.

6. MESSRS. P. R. SUBRAMANYAM & SONS, 70-A, Stock Exchange Building, Apollo Street, Fort, Bombay 1.

7. MESSRS. CHIMANLAL J. DALAL & CO., 107, Stock Exchange New Building, Dalal Street, Fort, Bombay 1.

Ahmedabad

1. MESSRS. CHINUBHAI CHIMANLAL DALAL, Manek Chowk, Ahmedabad.

New Delhi

1. MESSRS. HARBANS SINGH MEHTA & CO., 33, Regal Buildings, Parliament Street, New Delhi.

2. MESSRS. P. ROY COMPANY, 3/8, M. M. Road, Jn. Panchkuin Road, New Delhi.

Calcutta

1. MESSRS. VARJIVAN C. KAMPANI, 16, India Exchange Place, Calcutta.

Madras

1. MESSRS. KOTHARI & SONS, Oriental Building, Armenian Street, Madras.

Bangalore

1. MESSRS. P. R. SUBRAMANYAM & SONS, Shree Siva, Plot No. 6, 24, Fourth Street, Bangalore 6.

READY REFERENCER & GUIDE TO COMPANIES ACT

1961 EDITION

By JOHN and ROW, Advocates, Madras

Contents: A commentary on the Companies Amendment Act 1960.
Text of the Companies Act 1956 incorporating up-to-date amendments.

Price: Rs. **12.50** (*postage extra*)

EXPRESS PUBLISHERS (PRIVATE) LIMITED

33, BROADWAY, MADRAS-1

THE MITSUI BANK, LIMITED

(INCORPORATED IN JAPAN WITH LIMITED LIABILITY)

COMPARATIVE BALANCE SHEET—SEPTEMBER 30, 1963

Dr. *Cr.*

Sept. 30, 1962 (In millions of Yen)	ASSETS	Sept. 30, 1963 (In millions of Yen)	Sept. 30, 1962 (In millions of Yen)	LIABILITIES	Sept. 30, 1963 (In millions of Yen)
92,121	Cash in hand and at the Bank of Japan, etc.	117,853	502,717	Deposits	673,704
9,367	Government and Municipal Bonds	12,231	135,502	Borrowed Money from Bank of Japan	116,599
93,516	Other Securities	91,864	12,544	Bills Rediscounted	11,693
187,858	Bills Discounted	213,715	40,494	Call Money	41,227
312,841	Loans	410,330	880	Foreign Exchange sold	994
31,172	Foreign Exchange bought	41,239	40,860	Due to Foreign Banks	47,523
24,740	Interest bearing Import Bills	32,147	3,419	Domestic Exchange Settlement Account, Cr.	5,471
7,940	Due from Foreign Banks	10,311	125,045	Acceptances and Guarantees	146,114
7,406	Domestic Exchange settlement Account, Dr.	7,238	14,070	Provisions for accrued Interests, Taxes, etc.	18,141
125,045	Customers' Liability for Acceptances and Guarantees	146,114	811	Other Liabilities	1,733
9,173	Bank Premises and Real Estates	9,487	11,435	Reserves for Contingencies, etc.	13,904
6,962	Other Assets	6,745	9,000	Capital Paid-up*	9,000
			1,893	Capital Surplus	1,893
			9,471	Earned Surplus	11,278
			(1,509)	(Profit for the half-year)	(2,110)
908,141	Total	1,099,274	908,141	Total	1,099,274

PROFIT AND LOSS ACCOUNT FOR THE HALF-YEAR ENDED 30th SEPTEMBER, 1963

Dr. *Cr.*

Sept. 30, 1962 (In millions of Yen)	OPERATING EARNINGS	Sept. 30, 1963 (In millions of Yen)	Sept. 30, 1962 (In millions of Yen)	OPERATING EXPENSES	Sept. 30, 1963 (In millions of Yen)
21,782	Interest on Loans and Discounts	22,758	9,294	Interest on Deposits	10,546
3,552	Interest and Dividends on Securities	4,177	10,267	Interest on Borrowings and Rediscounts	7,466
1,241	Fees and Commissions	1,576	1,019	Amortization and Depreciation	651
2,058	Other Earnings	2,348	199	Taxes	1,245
3,689	Transfer from Reserves	3,726	2,330	Salaries and Allowances	2,771
616	Balance carried over from Previous Term	782	3,671	Other Operating Expenses	4,707
			4,033	Transfer to Reserves	5,089
			2,125	Profit for the Term (Net Profit)	2,892
			(1,509)		(2,110)
33,038	Total	35,367	33,038	Total	35,367

* The Authorized Capital is Yen 27,000,000,000.

BALANCE SHEET OF BOMBAY BRANCH AS AT 31st DECEMBER, 1963

As at 31-12-1962 Rs. nP.	CAPITAL AND LIABILITIES	Rs. nP.	Rs. nP.
20,87,236.66	1. Capital—Deposit with Reserve Bank of India under Section 11(2) of the Banking Companies Act, 1949	23,42,816.66	
Nil	2. Reserve Fund and Other Reserves		Nil
70,23,184.72	3. Deposits and Other Accounts—Fixed Deposits	49,06,895.49	
	Savings Bank Deposits	....	
16,96,538.31	Current Accounts, Contingency Accounts etc. including dues to Foreign Branches	11,56,282.71	
			60,63,178.20
	4. Borrowing from Other Banking Companies Agents, etc.—		
1,69,00,000.00	(i) In India	1,40,00,000.00	
	(ii) Outside India	....	
			1,40,00,000.00
	PARTICULARS—		
	(i) Secured	....	
1,69,00,000.00	(ii) Unsecured	1,40,00,000.00	
1,07,165.60	5. Bills Payable		92,793.69
	6. Bills for Collection Being Bills Receivable as per contra—		
Nil	(i) Payable in India	Nil	
Nil	(ii) Payable outside India	Nil	
Nil			Nil
	7. Other Liabilities—		
21,92,612.70	Head Office, Branches and Agencies outside India		64,14,741.36
46,68,961.20	8. Acceptances, Endorsements and Other Obligations as per contra		86,59,443.74
	9. Contingent Liabilities—		
	Outstanding Forward Exchange contracts: Rs. 40,79,592.87		
3,25,88,462.53	Carried over .. Rs.		3,52,30,156.99

As at 31-12-1962 Rs. nP.	PROPERTY AND ASSETS	Rs. nP.	Rs. nP.
20,59,279.52	1. Cash—In hand and with Reserve Bank of India and State Bank of India (including foreign currency notes)		9,28,139.05
2,66,072.28	2. Balances with Other Banks on Current Accounts—(i) In India	23,352.55	
52,769.85	(ii) Outside India	1,961.09	
3,18,842.13			25,303.64
5,00,000.00	3. Money At Call and Short Notice		Nil
	4. Investments: (At cost)—		
	(i) Securities of the Central and State Governments and other Trustee Securities, including Treasury Bills of the Central and State Governments (Market value Rs. 14,91,750) (Market value—1962 Rs. 4,99,500)	14,87,550.00	
5,00,700.00	(ii) Shares: (market value Rs. 2,35,000)	2,33,425.00	
....	(iii) Debentures or Bonds	....	
....	(iv) Other Investments	....	
....	(v) Gold	....	
			17,21,275.00
	5. Advances—(Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)		
	(1) Loans, Cash Credits, overdrafts, etc.— Rs. nP.		
1,94,62,091.64	(i) In India .. 2,22,25,171.40		
....	(ii) Outside India		
		2,22,25,171.40	
	(2) Bills Discounted and purchased (excluding Treasury Bills of the Central and State Governments)—		
3,49,680.26	(i) Payable in India 5,84,571.97		
41,68,208.61	(ii) Payable Outside India 5,97,908.40		
45,17,888.87		11,82,480.37	
2,39,79,980.51			2,34,07,651.77
	PARTICULARS OF ADVANCES—		
96,90,923.98	(i) Debts considered good in respect of which the Banking Company is fully secured	96,11,618.59	
66,73,039.48	(ii) Debts considered good for which the Banking Company holds no other security than the debtor's personal security	62,85,437.28	
70,71,853.29	(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security	65,78,855.21	
5,44,163.76	(iv) Debts considered doubtful or bad not provided for	9,31,740.69	
2,39,79,980.51		2,34,07,651.77	
Nil	(v) Debts due by Directors or Officers of the Banking Company or any of them either severally or jointly with any other persons	Nil	
Nil	(vi) Debts due by Companies or firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents, or in the case of Private Companies, as Members	Nil	
Nil	(vii) Maximum total amount of advances, including temporary advances made at any time during the year to Directors or Managers or Officers of the Banking Company or any of them either severally or jointly with any other persons	Nil	
Nil	(viii) Maximum total amount of advances including temporary advances granted during the year to companies or Firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or, in the case of private Companies as Members	Nil	
Nil	(ix) Due from Banking Companies	Nil	
	6. Bills Receivable being Bills for Collection: As per contra—		
Nil	(i) Payable in India	Nil	
Nil	(ii) Payable outside India	Nil	
Nil			Nil
46,68,961.20	7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations as per contra		86,59,443.74
Nil	8. Premises, Less Depreciation		Nil
3,20,27,763.36	Carried over .. Rs.		3,47,41,813.20

THE MITSUI BANK LIMITED—*Continued*

As at 31-12-1962 Rs. nP.	CAPITAL AND LIABILITIES	Rs. nP.	Rs. nP.
3,25,88,462.53	Brought over .. Rs.		3,52,30,156.99
3,25,88,462.53	Total .. Rs.		3,52,30,156.99

As at 31-12-1962 Rs. nP.	PROPERTY AND ASSETS	Rs. nP.	Rs. nP.
3,20,27,763.36	Brought over .. Rs.		3,47,41,813.20
	9. Furniture and Fixtures, etc. Less Depreciation—Cost to 31st December 1962	1,92,866.39	
	Additions during the year	33,906.50	
		2,26,772.89	
	LESS—Depreciation written off to 31st December 1963	1,27,153.80	
81,340.47			99,619.09
	10. Other Assets—Stamps, Prepaid Expenses, Rent and other Deposits	19,015.32	
	Adjusting Account	26,622.69	
	Head Office, Branches and Agencies outside India	3,42,655.58	
4,02,046.93			3,88,293.59
[Nil	11. Non-Banking Assets Acquired in Satisfaction of Claims		Nil
	12. Profit and Loss Account—Balance of Loss as per last Balance Sheet	77,311.77	
	ADD—Loss for the year	1,01,341.72	
	ADD—Tax at source	27,648.92	
		2,06,302.41	
	LESS—Net Loss transferred to Lomdon Office during the period upto 30-9-63	2,05,871.30	
77,311.77			431.11
3,25,88,462.53	Total .. Rs.		3,52,30,156.99

NOTE.—No provision has been made for future gratuities to Staff, the liability in respect of which has not been ascertained.

As per our report of even date.

P. C. HANSOTIA & CO., *Chartered Accountants.*

PROFIT AND LOSS ACCOUNT OF BOMBAY BRANCH FOR THE YEAR ENDED 31st DECEMBER, 1963

Previous Year Rs. nP.	EXPENDITURE	Rs. nP.
12,56,033.31	1. Interest paid on Deposits, Borrowings, etc.	10,08,199.09
4,09,238.59	2. Salaries and Allowances and Provident Fund (salary and allowances to Manager Rs. 60,737.72)	4,49,493.01
Nil	3. Directors' and Local Committee Members' Fees and Allowances	Nil
45,400.58	4. Rent, Taxes, Insurance, Lighting, etc.	45,838.74
5,439.90	5. Law Charges	5,225.00
31,284.03	6. Postage, Telegrams and Stamps	29,550.67
2,125.00	7. Auditors' Fees	2,125.00
24,218.21	8. Depreciation on and Repairs to Banking Company's Property	22,660.95
15,944.19	9. Stationery, Printing, Advertisement, etc.	13,934.92
Nil	10. Loss on sale of or dealing with Non-Banking Assets	Nil
64,268.58	11. Other Expenditure	86,987.69
Nil	12. Loss on revaluation of Investments	5,050.00
Nil	13. Net Profit	Nil
18,53,952.39	Total .. Rs. ..	16,69,135.07

Previous Year Rs. nP.	INCOME (Less Provision made during the year for Bad and Doubtful Debts and other usual or necessary provisions)	Rs. nP.
16,00,071.84	1. Interest and Discount	13,25,924.70
2,53,025.54	2. Commission, Exchange and Brokerage	2,41,367.16
Nil	3. Rents	Nil
Nil	4. Net profit on sale of Investments, Gold and Silver, Land, Premises and other Assets (not credited to Reserves or any particular Fund or Account)	501.49
Nil	5. Net profit on revaluation of Investments, Gold and Silver, Land, Premises and other Assets (not credited to Reserves or any particular Fund or Account)	Nil
Nil	6. Income from Non-Banking Assets, and profit from sale of or dealing with such Assets	Nil
Nil	7. Other Receipts	Nil
845.01	8. Net Loss	1,01,341.72
18,53,952.39	Total .. Rs...	16,69,135.07

PARTICULARS OF REMUNERATION RELATING TO MANAGER

Salary	Allowances	Bonus	Employer's Contribution to Provident Fund	Sitting Fees	Monetary value of perquisites	Gratuity	Total
Nil	Rs. 60,391.70	Nil	Nil	Nil	Rs. 9,346.02	Nil	Rs. 69,737.72

For **The Mitsui Bank Ltd.,**
Y. SHINOHARA,
Manager.

AUDITORS' REPORT

We have audited the attached Balance Sheet of the Bombay Branch of The Mitsui Bank Limited, as at the 31st day of December, 1963 and also the annexed Profit and Loss Account of that Branch of the Bank for the year ended on that date.

In accordance with the provisions of Section 29 of the Banking Companies Act, 1949, read with the provisos to Sub-sections (1) and (2) of Section 211 and Sub-section (3) of Section 227(b) of the Companies Act, 1956, the Balance Sheet and Profit and Loss Account are not required to be and are not drawn up in accordance with the Sixth Schedule of the Companies Act, 1956. The Accounts are therefore drawn up in accordance with Forms A and B of the Third Schedule to the Banking Companies Act, 1949.

We report that:—

(a) we have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit;

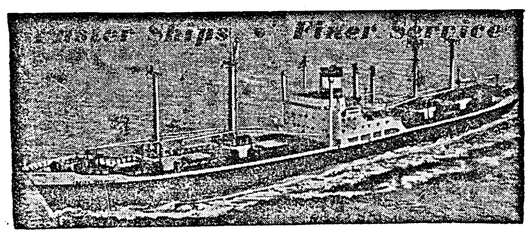
(b) in our opinion, proper books of account as required by law have been kept by the Branch so far as appears from our examination of those books;

(c) the Balance Sheet and Profit and Loss Account of the Bombay Branch of the Bank dealt with by this report are in agreement with the books of account;

(d) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts subject to the note thereon, give the information required by the Companies Act, 1956, in the manner so required for banking Companies and on such basis the said Balance Sheet, drawn up in accordance with the Sixth Schedule of the Companies Act, 1956. The Accounts are therefore drawn up in accordance with Forms A and B of the Third Schedule to the Banking Companies Act, 1949, gives a true and fair view of the state of affairs of the Bombay Branch of the Bank as at 31st December, 1963, and the Profit and Loss Account gives a true and fair view of the profit of the Branch for the year ended upon that date.

P. C. HANSOTIA & CO.,
Chartered Accountants.

BOMBAY, 27th April 1964.



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BUSINESS NEWS FROM EUROPE

GERMANY'S EMBARRASSING SUCCESS

OIL IS FAST DISPLACING COAL—TRADE RELATIONS WITH RUSSIA IMPROVING

From Our Special Correspondent

WEST Germany's export surplus has now reached such proportions that if it goes on growing at its present rate it could threaten the economic stability of the Common Market.

The problem first arose towards the middle of last year, a crucial turning point for the German economy. During 1962 and the first half of 1963, surpluses on the current account of the balance of payments had been offset by substantial deficits on invisible account. But a surge of exports in the last quarter led to a surplus for the three months of £187 million (524 million dollars), the largest ever, and the invisibles deficit was swamped by the surplus on current account. The result was a surplus for the year on all trading of £88.4 million (247.5 million dollars).

The favourable balance of payments was helped by a decrease of imports at the same time. Wages rose by a slower rate (seven per cent) than the average in 1960-62 (nine to 11 per cent) and some prices were allowed to rise by the Government—rents, heating, for instance.

At the same time, there was also a heavy inflow of long-term capital. It has been suggested that this occurred because West German rates were out of line with those in the rest of Europe. While they are on paper higher, in practice they are not thought to be generally out of line and it is probable that the inflow of capital has been attracted by the stability of the German economy at a time when the economies of her competitors—France, Italy, Switzerland, the Netherlands, Britain—are all affected by actual or incipient inflation.

There appears to be no end to the problem of surplus exports, though the first measures have been taken to make Germany less capital-attractive. In January exports were still rising rapidly, by some 28.7 per cent, as compared with January 1963, while imports went up by only 15.1 per cent. The trade surplus for the month was almost £60 million (168 million dollars), as compared with £10 million (28 million dollars). And, in the final quarter of last year, the inflow of new export orders was 24 per cent higher than in the corresponding period of 1962.

Others Blamed

The West German authorities tend to lay the blame for their own export surplus squarely at the feet of their neighbours and claim that, if inflation has not got such a hold in France and Italy, their problem would not be so serious. They point out that, whereas 44 per cent of additional exports went to these two countries last year (while imports from them were lower), only 7.5 per cent more went to North America. This appears to many to be an ingenuous explanation. But it has led to the paradox that Germany is an export surplus nation with an inflow of long-term capital. Consequently, Germany is neither playing her part in maintaining international liquidity nor is she helping sufficiently to provide capital facilities for the developing countries. Failure on both counts is now causing concern among a wider circle than merely the Common Market.

West Germany claims that her dilemma is that, if she takes measures to cure her export surplus, she will only aggravate the problem of the inflow of capital, and *vice versa*. But, last month, she took the first steps to make the country less attractive in which to invest. Interest payments to non-residents can now be taxed at source. A host of well-meaning advice has been offered to Germany on how to cure her malaise, none of which appears to have been acted on and little of it appreciated. She could inflate, though it is only fair to point out that her disequilibrium has come about because she has been able to combat inflation rather better than her neighbours. She could also reduce her rates of interest. Even if it can be proved (as Germans attempt to do) that bond rates are no higher than elsewhere, they ought, in fact, to be lower, since the German economy is such an attraction in itself. She could also withdraw development-aid grants tied to export deliveries and reduce tariffs on imports from third countries (the latter might be difficult in the context of the Common Market). Lastly, she could revalue. At this, German financiers throw up their hands in horror. They remember the difficult time after the 1961 revaluation. But it is probably thought to be the best course considering the rest of the world as a whole.

Energy: Oil's Growing Role

The amount of European energy supplied from oil is expected to equal that from coal by next year. After that oil should become increasingly more important as a source of supply and coal will decline proportionately. The relegation of coal to a second place has virtually taken place in the last 13 years. In 1950, coal was by far the most important source of energy and, in the European Economic Community alone, it was the source of 74 per cent of all supplies. By 1962, the share had fallen to 48.3 per cent and this year's estimate is 43 per cent.

Although coal output has varied considerably since the war, the level of production is now around 230 million tons in the Common Market, roughly the same as in 1950. With imports, consumption rises to around 250 million tons. Thus, the drop in coal content of energy supplies is explained not by a direct transfer to oil so much as the inability of the coal industry to meet the increased demand for energy. This is a trend that has become apparent in other industrial economies since the war. The increased demand for energy is expected to reach 568.5 million tons of coal-equivalent this year. With new sources of output in the Middle East and North Africa as well as buoyant supplies from the Americas, oil has been in a particularly good position to meet the increased demand.

The result has been that, from supplying the energy industry with a mere 10 per cent in 1950, oil is expected to reach 40 per cent this year, as compared with 34 per cent in 1962. In 1962-63, oil actually rose by 16.3 per cent and, while it will be almost impossible to maintain this rapid rate of increase, it is expected that the increase will be at least 10 per cent in 1963-64. The increased use of oil is particularly noticeable in Europe's secondary industries and also in domestic use, where its cleanliness and ease of handling make it a more than adequate substitute for solid fuels. Transport, steel making and power stations are also expected to consume more this year.

The same trend is also apparent in Britain, though oil has a harder fight to capture the market since coal is a favoured industry. Coal has been making a quite remarkable comeback, too, under energetic leadership of the nationalised industry. Exports reached a six-year peak last year, with over seven million tons and output has been climbing back to the 200-million-ton level after falling heavily from 1958's 215.8 million-ton figure. In spite of this, oil deliveries have increased by almost 50 per cent in five years, from 37.1 million tons to 55.7 million tons and the increase between 1962 and 1963 was 10 per cent.

The main danger that is felt to the continued expansion of oil in energy supplies is the high dependence on imports. Only eight per cent of Europe's supplies are produced locally, most of the rest coming from the Middle East. This is a politically difficult area to deal with and no stability of supplies can be guaranteed. European energy producers are, therefore, glad to see the Middle East content of supplies decreasing. From 77 per cent in 1959, supplies were only 62 per cent in 1962. The rise of North African oil accounts for this.

In the even longer-term, the probability is that oil itself will be displaced by natural gas. So long as natural gas had to be imported, cost kept its growth down. But the Dutch have discovered what is thought to be the second largest natural gas reserve in the world, a field that could be the largest if borings under the North Sea produce as much again. Now that natural gas is cheap to supply, it can be expected to play an increasingly important part in energy supplies as its price comes down and pipelines are laid to take it all over Europe. Its share of the market at the moment is some two to three per cent. This is expected to rise to eight per cent in the next few years. From that base, it is confidently expected that it will make great strides forward. Support for this belief comes from American experience where natural gas now accounts for about 30 per cent of the energy supply. The advantage of the Dutch field is that it is on top of the Ruhr and not much further to industrial northern France.

A Growth Sector in Belgian Textiles

Although output of industrial clothing plays a small role in the Belgian textile industry, it is a sector that is growing rapidly and has the best growth potential. Production has risen from £3.59 million (10 million dollars) in 1959 to £5.08 million (15.2 million dollars) in 1962, the last year for which figures are available, a rise of 41 per cent. This growth is thought likely to continue, because of recent legislation which has made the wearing of protective clothing in industry compulsory. Its probability is enhanced by the fact that there is little opposition to wearing protective clothing among Belgian workers, whether white-collar or manual, and to the fact that there are still a lot of firms which have not complied with the law. This arises not so much from a conscious attempt at evasion as from ignorance of legislation among small firms. In order to meet the increasing demand that is considered likely, there has been a marked increase in investment. There has also been a pronounced trend towards specialisation, so that 55 per cent of the manufacturers of working clothes now produce nothing else.

As far as native Belgian industry is concerned, the danger is that expansion may be curtailed or affected by two factors: substitutes and imports. Most—93 per cent of the men's and 50 per cent of the women's—clothing is made from cotton textiles. Britain and America have demonstrated that the growth of cotton fabrics has been undermined by nylon substitutes. And between 1960 and 1963 imports rose by almost 33 per cent. Although still small by comparison with Belgian output, such a growth could present a long-term threat to the industry.

Trade With Russia

Behind the visit to Britain of a Russian trade delegation seems to lie a change in the trade winds across the Eastern bloc. First, the Czechs visited Britain earlier this year; hard on their heels came a Russian team led by such a senior Government member as the Foreign Trade Minister. Ostensibly, the latest visit has been to renew a five-year Anglo-Soviet trade pact, which expires in June. But the Russians also had £100 million (280 million dollars) to spend.

This is thought to indicate that the Russians, especially, are ready to relax trading restrictions with Europe. Britain has always been Russia's leading Western trading partner and an extension of trade with her could lead to an extension with the rest of Europe. Such an extension, however, would have to be conditional on Russia being given longer credits. It is on this point that the prospect of greater trade would stick in some European gullets.

Britain has granted longer credits on orders worth £100 million to the present trade team—credits ranging from 10 to 15 years in place of the normal five. Not only has this aroused antagonism in America but there has been deep suspicion in Bonn and Paris (though not nearly so much in Rome; the Italians have for some time syphoned Russian oil into Europe). For Britain the advantages of the longer credits are obvious. Two-way trade has increased 50 per cent since the last pact was signed in 1959. Then Britain imported £63 million (176 million dollars) from Russia and sent her £35 million (98 million dollars). Last year, imports had risen to £91 million (255 million dollars) and exports to £64 million. A further expansion will, therefore, depend to some extent on stimulating exports to Russia, though Russia has used the surplus to buy raw materials from the rest of the Sterling Area.

Prospects of Exports to the U.S.

European exports to the United States are expected to increase this year, if the American economy remains as buoyant as the majority of the experts appear to predict. Most of the indicators point to continued growth. Construction is running at a record rate, steel output is currently 77 per cent of capacity, large orders are on the stocks for durables such as machine tools and cars and consumer spending is moving to new heights.

It is the progress in the durables group that is lending such confidence to the outlook. The motor trade, for instance, expects to sell at least eight million cars in the 1964 model year and European manufacturers hope to capture a very much larger section of the market, especially with their small cars and sports models. In the first ten days of April alone, a record 227,403 cars were sold, and this year's output so far, at 2.6 million, is 200,000 better than last year's.

Employment levels are also responding to the new dynamism, though the percentage has not fallen because there has been an increase in the labour force. Employment rose by 0.5 million to 68.5 million and the number of unemployed fell by 0.23 million to 4.29 million. But the increase in the labour force kept the level—5.4 per cent unemployed in March—at the February figure.

The one point that is causing a little concern is the rate of growth of national output. Although it reached a record level of 608,500 million dollars in the first quarter of this year, an increase of seven per cent over the corresponding quarter of last year, the increase was actually lower than in the third and fourth quarters of 1963. This is not causing undue worry, because the check is attributed to a slowing in restocking. Tax cuts, which took effect last month, should pep up both inventories and capital investment as they begin to be felt.

Danger of Inflation in Sweden

Sweden's faster rate of growth this year—it is planned to rise by 4.5 per cent as compared with 1963's 3.5 per cent—will depend to a large extent on the way in which demand can be kept in check. The danger to progress is that inflation will wipe out all the gains made so far. The wages bill rose by some 7.5 per cent between 1962 and 1963 and demand for labour outstrips the supply. The number of unfilled vacancies rose last year while unemployment fell. At the end of 1963 there were 19,812 unemployed as compared with an average of 23,300 in the previous year and 43,300 in the bad first quarter of the year. But wage costs, rising by 8.5 per cent, went up appreciably faster than output, which only increased by five per cent.

Over the year there was a considerable change in the pattern of labour. Agriculture, forestry and manufacturing have been declining industries, while the service sectors and construction have been gathering labour. Agriculture now accounts for less than 10 per cent of the active population as compared with 17 per cent in 1950. The drop in forestry, between 10 and 15 per cent last year, should be reversed this year, but the increase in the service industries is likely to continue.

Foreign Trade: Current account deficit increased last year from 1962's £10.3 million (29 million dollars) to £15 million (42 million dollars) and is expected to double this year. Result was that the gold and currency reserves fell by a small amount to some 800 million dollars.

Monetary Policy: Dearer money has been the trend recently and the Bank rate is now 4.5 per cent, having been moved up half a point twice during 1963. The rise in commercial bank assets was smaller than in 1962, but credit to business and to the construction industry showed a marked increase, although there were indications that this upward trend was levelling off towards the end of the year.

French Dairy Dispute

The French Government, fearing a spread of discontent among dairy farmers over its milk price policy, has decided to increase official stocks of butter. Between now and the end of June, the authorities will seek 36,000 tons of butter to place in cold stores controlled by the Treasury. At issue, basically, is the Government's attempt since last September to curb inflation, partly through an attack on food prices. Despite protests from the producers, the Government last month fixed the milk target price at virtually the same level as that for 1963.

The situation has already led this month to an effective strike of producers in the department of the Ain, in the south-east, a region heavily dependent on the dairy industry. The Government, now seeking to combat a spread of militant action in this region and elsewhere, seems to have a good deal to fear. It cannot afford to give in to the producers and jeopardise the anti-inflation programme; but it cannot ignore the fact that farmers' militancy has forced its hand in the past. Last year, the authorities were prepared to let milk prices go up by about 1.9 per cent. In the event, the producers' guerilla tactics—strikes, roadblocks and so on—forced a total rise in the official target price of just short of 8 per cent. Despite big variations from region to region, average producer prices for milk last year ended up a shade over the target price now envisaged.

Even so, as a *communique* from the National Milk Producers Association (F.N.P.L.) stressed last week, French dairy prices are still "the lowest in Europe of the Six and among all West European countries." The main areas of discontent are now likely to be that between the Alps and the Rhone valley, the important dairy region already affected by the Ain strike; the south-west, where prices are the lowest in the country, partly due to the comparatively recent development of dairying and the backwardness of co-operative marketing and processing facilities; and parts of the Atlantic and Channel coasts, where prices received have lately been persistently below target. Another big grumble in the industry is that the Government's price policy has done nothing to smooth out sharp disparities between the regions. Producer's milk prices vary from well below target in the south-west to about 45 per cent above it in Savoy, the gruyere cheese region.

Feelings are running high. Even before he went to hospital, President de Gaulle had cancelled a visit to Picardy he was due to make recently, allegedly because the Government feared a bad reception from the largely rural electorate. Now the National Federation of Farmers' Syndicates (F.N.S.E.A.) demands, as a priority as soon as the President is fit, a "long-overdue" interview with him on the whole problem of farm prices.

Bigger European Beet Acreage

Early season forecasts from the main Europeans ugar beet areas indicate that acreages sown to the crop are much bigger than the level of last year. Encouraged by relatively high world sugar prices, Western European beet acreage is at 4.76 million acres, it is estimated, 10 per cent higher than in 1963. But, in Eastern Europe, the increase is even more striking. With Russia planting 10.6 million acres, 2.47 million more than last year, total East European beet acreage is forecast at nearly 14 million as compared with 11.5 million in 1963. Providing this summer's weather is good, European beet output is expected to be well above last year. Some estimates put the increase at more than 10 per cent.

All resale price maintenance has been banned in ***Holland***. With a Bill to abolish price maintenance in Britain causing political difficulties, the Dutch decision will be greeted in one country, at least, with great interest. The Dutch measure, which is against collective retail price maintenance (R.P.M.), comes into operation on 15th June. Measures against individual R.P.M. are also under consideration, according to an announcement by the five Ministers concerned with the ending of R.P.M. These would not take the form of a general ban but would apply only to those industries where all, or nearly all, products are sold under R.P.M. The electrical household goods sector is probably one of the more important of these. One of the major reasons adduced by the Dutch for bringing in this measure is to enable the relatively more efficient traders to pass on cost advantages to the consumer. The influence of R.P.M. on retail prices at the moment is thought to be particularly marked.

Britain is pursuing a trade drive in the Middle East to increase her annual £200 million trade with the area. Britain hopes to benefit from the diversification which many of the Middle East countries in the region are undertaking. Both Syria and Iran, for instance, are to introduce more industry into largely agricultural economies. In Iran, oil has already become the largest single element in the economy, providing £100 million (280 million dollars) towards the revenue. In 1961, the latest year for which figures are available, Britain sold £31.6 million (87.4 million dollars) to Iran and took £49 million (137 million dollars) in return, £40 million of which was due to oil. In 1962, British exports to Syria were £8.6 million (24.1 million dollars) and imports £1.8 million (5 million dollars). Industry in Syria accounts for only 15 per cent of national output but planned extensions to public works should extend the irrigation system. To make contacts with the region, Britain has formed a new committee, the Council for Middle East Trade, on similar grounds to its Export Council for Europe and the Western Hemisphere Exports Council.

Belgium is expected to take a big increase in Dutch natural gas during the next few years. The Dutch company responsible for production hopes to sell 3,000 million cubic metres to Belgium for domestic consumption alone in the near future. This is only a quarter of what Holland hopes to sell by 1975, when the target is to capture 10 per cent of the Belgian market. The big expansion of gas on the Belgian market is due to a large-scale conversion to it as a fuel for domestic central heating. At present, this market takes about 3.3 million tons of coal a year and two million tons of oil products. The Dutch hope to supplement their domestic sales with 3,000 million cubic metres of gas to Belgian industry as well, and pipelines are to be laid to make the supply easier. But success in this field depends very much on the price being competi-

(*Continued on page 828*)

COMPANY MEETING

J.K. MANUFACTURERS LIMITED

KANPUR

SPEECH delivered by Shri Hemantpat Singhania, M.L.C., Chairman of the Meeting, at the Twenty-second Annual General Meeting of the Company held on 31st March, 1964.

FRIENDS,

I have great pleasure in welcoming you to the annual general meeting of the Company. The report of the Directors and the statement of Accounts for the period ended on 30th September, 1963, have been with you for some time, and I shall, with your permission, take them as read.

I am happy to say that your Company has been able to keep a steady progress in spite of the fact that there has been a continuous rise in the prices of cotton and stores, wages and other expenses, including amenities to the workmen, and as such in spite of the improvement in the turnover which has reached Rs. 1.82 crores as compared to Rs. 1.67 crores of the corresponding preceding year, there has been a slight fall in the profits.

Ours being mainly a spinning mill, the Company has to export its production according to the export scheme envisaged by the Central Government and in these exports the Company has to undergo losses which could not be helped in order to attain the desired development in the Third Five-Year Plan for earning foreign exchange.

According to the fiscal policy of the Central Government as announced in the Budget proposals, there will be no hope of securing any benefits for your Company but rather it will add some burden and thereby will affect the profits of the Company.

During the year under review, the relations between management and labour were quite healthy but on account of the present trend of labour in the city of Kanpur conditions in general are fraught with dangerous possibilities.

Your Directors have already taken in hand the renovation and modernisation of the plant and machinery and it is hoped that they would be pursuing it according to the availability of plant and machinery. During the year under reference, your Company has put in a sum of approximately Rs. 6 lakhs for modernisation.

During the year we have redeemed debentures to the tune of Rs. 3 lakhs and debentures worth Rs. 6 lakhs remain to be redeemed at Rs. 3 lakhs per year in the two succeeding years.

Viewed from all angles, the Directors consider that the results obtained during the year are satisfactory and we are in a position to pay bonus to our employees and also recommend dividends for distribution to the shareholders on almost identical lines as those of the preceding year.

In the end I may say that we owe our progress to the officers and the staff and the agents of the Company and we have to thank them all for their efforts. I am also grateful to you, gentlemen, who have shown a keen interest in our endeavours and who have been inspiring us. We hope to go ahead with our progress.

N.B.—*This does not purport to be a record of the proceedings of the Annual General Meeting.*

INDIAN PAPER MAKERS ASSOCIATION

IMMEDIATE SUBSTANTIAL RISE IN PAPER PRICES URGENT

CHAIRMAN, MR. M. L. ZUTSHI'S SPEECH

IT is of the utmost importance that a substantial increase in the prices of paper is sanctioned without any further delay: Thus said Mr. M. L. Zutshi, Chairman of the Indian Paper Makers Association, in his speech at the Annual General Meeting of the Association held at Calcutta on Thursday, 30th April 1964. The present price policy, Mr. Zutshi declared, had adversely affected the industry's profitability and retained earnings. For the policy, he said, did not adequately cover the further rises in the cost of production since the last price increase in June 1962. That increase, according to him, was very inadequate, as it did not even cover the rise in costs over the previous two and a half years and, in practice, the increase averaged to a low figure, because of the 7½ per cent rebate paid by the industry to its distributors and of the substantial supplies that had to be made to Government at the old rates. Mr. Zutshi reviewed the trends in paper production and consumption in India and pointed out that the future expansion programme of the industry had to be ambitious. The industry, he added, would have to depend more and more on indigenous sources for its requirements of raw materials and machinery.

The following is the full text of Mr. M. L. Zutshi's speech:

I would like to welcome Government's decision last December abolishing price control on paper boards. I also equally welcome recent budget proposals granting concessions in the matter of excise duty to new units and mills engaged in expanding their productive capacities. I convey to the Finance Minister the industry's appreciation and gratitude for these concessions.

Four years ago, when I had the privilege of addressing from this chair, I referred to the problems then facing the paper industry. Whilst it goes to the credit of the industry that production of paper and paper boards during these four years increased from approximately 298,000 tonnes in 1959 to 465,000 tonnes in 1963, an increase of nearly 56 per cent, it is with regret that I have once again to refer to the same problems. If the paper industry has to expand at a more rapid rate, as it must, and make its contribution to the economic prosperity of the country, it is of the utmost importance that all impediments retarding its growth are eliminated as soon as possible.

We have just completed the third year of the third Five-year Plan. At the beginning of the third Plan, the production of paper and paper boards was just over 350,000 tonnes with an installed capacity of 410,000 tonnes, as against the targets of 350,000 tonnes for production and 450,000 tonnes for capacity. At the end of 1963, the production of paper and paper boards amounted to 465,000 tonnes with an installed capacity of over 549,000 tonnes. With the completion of some expansion schemes and new projects which are under implementation, an additional capacity of nearly 145,000 tonnes is expected to materialise during the year 1964-65. A further capacity of 70,000 tonnes is expected to become available during 1965-66. Government have also in principle approved expansion of the capacities of some of the existing mills by installation of balancing equipment and this expansion is likely to bring into being a further capacity of about 120,000 tonnes. If this additional capacity of 120,000 tonnes materialise by 1966 the industry would have achieved the third Plan target capacity. As for production, a part of the installed capacity would not become productive by the end of the third Plan and the target of 700,000 tonnes may not be achieved in 1966.

Newsprint

Indigenous production of newsprint has increased to 30,000 tonnes and there are likely to be further nominal increases only by the end of the third Plan period. The target production of 120,000 tonnes with a capacity of 150,000 tonnes will not, therefore, be achieved and, for a few years more, India will continue to depend largely on imports of newsprint. Out of the three licensed schemes in the private sector, two are based on bagasse and one on Himalayan fir and spruce. One of the bagasse schemes is reported to have been abandoned. Fir and spruce are conventional raw materials for newsprint and it is expected that from out of Himalayan woods a quality of paper, matching imported newsprint, will be produced. To meet the existing demand of newsprint and to save at least a part of the foreign exchange now being utilised for the import of newsprint, it is of great importance that the licensed schemes are given practical shape as soon as possible.

Out of the increased production of 300,000 tons to 350,000 tonnes during the period only 20 to 25 per cent will be accounted for by new units, the major contribution, therefore, will come from existing units and their expansion programmes. The earlier expectation that the increase in production would be mainly accounted for by new units has proved unrealistic. During the last fifteen months, numerous licences for new small and big mills have been revoked. The paper industry is a capital-intensive industry. According to the latest estimates, for every ton of annual production in a new mill to be built up from scratch, an investment of approximately Rs. 3,800 is required. A new mill of 100 tons per day capacity would thus need a capital outlay of approximately Rs. 11 crores. On the other hand, the capital outlay on the expansion of existing units can be as low as Rs. 2,000 per ton of annual production and this leads to the obvious conclusion that it is in the national interest to create facilities making it possible for existing units to expand, if possible, continuously.

Selling Prices

During the first and second Plan periods, the paper industry made commendable progress and fulfilled its targets for capacity and production. This satisfactory performance of the industry during these two Plan periods became possible because of the ability of the industry to plough back for rapid expansion a major portion of the reasonable profits it earned during the period. This trend, however, was reversed during the third Plan period owing to the policy of the Government in the matter of fixation of selling prices.

The last enquiry into the selling prices of paper and paper boards was held during 1958-59 and the prices recommended by the Tariff Commission came into operation on 1st January 1960. Apart from the fact that the prices recommended by the Tariff Commission denied the industry its financial requirements for rehabilitating its obsolete and worn-out plant, machinery and equipment, even the return allowed on employed capital was far from adequate. Subsequent events conclusively showed that the new price structure also did not provide a reasonable cushion for absorbing cost increases. With the spiral rise in the costs of raw materials, chemicals, stores and increases in wages, the prices fixed by the Tariff Commission became absolutely unrealistic and it was clear that, unless prices were increased, the industry would find it difficult to plough back a part of its dwindling profits into business and attract fresh capital. It was in June 1962, nearly 2½ years after the acceptance by the Government of the Tariff Commission's recommendations, that a price increase of Rs. 60 per tonne was sanctioned. This increase was very inadequate, as it did not even cover the rise in costs over the previous 2½ years. In practice, this increase averaged to a lower figure because of the 7½ per cent rebate paid by the industry to its distributors and the fact that substantial supplies had to be made to Government consumers at the old rates.

Production Costs Rise

Since the last price increase in June 1962, there have been further rises in the cost of production. The industry has submitted detailed representations to the Government for an upward revision of the existing prices. I do not propose to refer in detail to the industry's case for a price increase. While I hope that these representations are receiving the sympathetic consideration of the Government, I would like to point out that delays in announcing price increases place a heavy strain on the industry. The industry has placed facts and figures before the Government showing the adverse effects of the present price policy, particularly on the industry's profitability and retained earnings. It is, therefore, of the utmost importance that a substantial increase in the prices of paper is sanctioned without any further delay.

So long as Central and State Governments' levies and the prices of raw materials, chemicals, stores and maintenance items continue to fluctuate it will often be necessary to revise the prices of the finished product. During the last four years, there have been steep increases in the costs of all these variable factors and, if the present is an indication of the future, it would appear that these increases will continue to take place in the years to come. Any price increase now sanctioned by the Government cannot, therefore, hold good for any length of time and the industry sooner or later will have to ask for further price increases. As matters stand, the representations now pending before the Government for price increase have already become out of date, because there have been substantial further increases since the submission of the said representations.

It is not a happy feature that an increase in the selling prices of end products should become possible only after a long drawn process. I am of the view that price increases should be automatic and it should not be difficult to evolve a formula in terms of which paper prices could be revised as soon as costs of production tend to vary beyond agreed limits.

High Levies

Why are the selling prices of indigenous papers considerably higher than the international prices? The reasons are not far to seek. Central and State levies on paper represent approximately 15 per cent of the ultimate cost to the consumer. Costs of raw materials and major chemicals which account for 40-50 per cent of the cost of production are higher in this country by at least 50 per cent. It is the practice in foreign countries for paper mills to produce their basic chemicals and generate their own electricity. It is not unusual for paper mills to have their own extensive plantations and, above all, the normal size of the productive units is very much larger thereby bringing down the overhead costs. On the other hand, in this country, paper units suffer, because they are comparatively very small in size, have to depend upon the State Governments for the supply of their main raw materials for which they pay excessive royalties and, in many cases, they purchase their essential chemicals at a price almost twice what it would cost, if the chemicals were manufactured in their own chemical plants. While I shall later refer to the raw material problem of the paper industry, I would like to point out that it is of extreme importance that paper mills are not called upon to pay high royalties for forest produce. It is also equally important that paper mills are encouraged to install their own chemical and power generating plants. Future planning should also provide that the size of the paper units is sufficiently large making it possible to achieve a considerable reduction in overheads.

Consumption

After thirteen years of planned development, while the indigenous production has more than quadrupled itself, the *per capita* consumption of paper has just exceeded 1 kg. or nearly 2½ lbs. This is, indeed, a very low *per capita* consumption. Assuming the industry achieves the target production of 700,000 tonnes by the end of the third Five-year Plan, the *per capita* consumption during 1966 would increase to nearly 1.66 kg. So, after fifteen years of planned development, India will continue to remain dismally far behind not only the advanced countries of the West but also some of the less industrially developed countries of Asia. The goal today, therefore, for the not too distant future should be to achieve a *per capita* consumption comparable with that presently prevailing in European countries, which translated in terms of production would amount to nearly 40,000,000 tonnes. By today's standards, this is a frightening figure, but this is the challenge facing the industry and I have no doubt that, given the necessary facilities and assistance, the industry will meet it successfully.

The future programme of expansion of the paper industry, therefore, has to be ambitious. The industry will have to depend more and more on indigenous sources for its requirements of raw materials and machinery. It is, therefore, of paramount importance that the scope of manufacture of pulp and paper mill machinery in this country is enlarged and manufacturers are given all the facilities to expand their capacities to be able to meet India's needs over the decades to come.

A pulp mill, based on bamboos, for the manufacture of rayon grade pulp has already come into production at Kozhikode. Another scheme for setting up a paper grade pulp mill at Dangs is in the course of being implemented. There are six schemes licensed for the manufacture of dissolving pulp from bamboo and hardwoods. It would appear that bamboo is not an ideal raw material for the manufacture of dissolving pulp. I would, therefore, strongly urge that resources of bamboo should be reserved for the manufacture of paper grade pulp only.

It is well known that there is an imbalance between the existing pulping and machining capacities. If more pulp were available, the production of paper on the existing machines could be somewhat increased. Quite a few paper schemes mainly based on bagasse have already been licensed. It is quite likely that more schemes mainly based on short fibres will be licensed in future. These schemes when implemented would need long-fibred pulp as would mills based on long fibres need short-fibred pulp to boost up production. It is, therefore, of the utmost importance that a few large-size pulp mills are built up based on raw materials still available in the country. A suitable place in Assam, where large resources of bamboo exist, could be a site for one such mill. Similarly, in Jammu and Kashmir, large resources of long-fibred woods are available and a pulp mill based thereon could provide wood-pulp needed all over the country.

Raw Materials

There has been no improvement in the difficult situation faced by the industry in respect of its requirements of raw materials. I would like particularly to refer to the following:

(*a*) Some of the State Governments are continuing to refuse leases of forests to mills not situated within their geographical boundaries. This has resulted in many mills finding it difficult to obtain raw materials from their traditional sources. There are recent instances of some State Governments having refused leases to mills which were previously situated within their boundaries but which, as a result of States re-organisation, became parts of the neighbouring States. There are also instances of renewal of leases of areas worked by mills for a number of years having been refused to them, because the mills did not happen to be situated in the State concerned.

(*b*) There is reluctance on the part of some of the State Governments to grant long-term leases of forest areas to paper mills. Both the Planning and Tariff Commissions have recommended that the leases of forest areas should be granted to paper mills on a long-term basis. Apart from the fact that a long-term lease ensures adequate supplies of raw materials to the paper industry, such an arrangement also results in the paper mills taking sustained interest in the future growth and preservation of the forests. It is known that, wherever a policy on these lines has been adopted, the yield has steadily increased on account of the scientific working of the forests by the paper mills. In fact, areas worked by paper mills provide a striking contrast to those worked by contractors who motivated by their immediate gains work them ruthlessly, often in contravention of silvicultural rules.

(*c*) There is no uniform basis for charging royalty. Royalties vary from Re. 1.25 to Rs. 30 per ton of bamboo. Paper prices are fixed by the Government and, considering the fact that on an average three tons of raw material are required for one ton of paper, the wide variation in royalty puts at a disadvantage mills which unfortunately have to pay high royalties.

(*d*) Quite often, State Governments prefer to put their forests to public auction and insist on the paper mills acquiring the same in competition with sundry contractors. There is no appreciation on the part of the State Governments that, for every ton of paper produced, the national exchequer earns by way of excise duty nearly Rs. 300 and this works out to nearly Rs. 100 per ton of raw material. Thus, however small the royalty paid by the mills may be, for every ton of forest produce acquired by them the Government gets nearly Rs. 100 in the form of excise duty. There can, therefore, be no comparison between the royalty paid by the paper mills and the royalty paid by a contractor, for, however high the royalty paid by the contractor may be, it can only be a small part of what the paper mills ultimately pay to the Government.

Forest Leases

Some time ago, at the instance of the Development Council for Paper, Pulp and Allied Industries, it was recommended to the State Governments to grant long-term leases of forests to paper mills and a basis for the determination of royalty was suggested. I am not aware of any State having adopted this basis. So long as forests continue to be State-controlled, it seems difficult that a uniform approach can be enforced in the matter of long-term leases and fixation of reasonable royalties. From the point of view of industry, it is a matter of importance that a Central authority with power to lay down the principles and basis of supply of forest produce to industrial consumers is brought into existence. Perhaps placing forests on the concurrent list would be the immediate answer.

Unfortunately, information about the exact availability of forest produce suitable for being used as raw material for paper making is not available. There has been no scientific survey of Indian forests and, for many areas, even working plans do not exist. However, from the information now available, it would appear that raw material resources conventional now, that is, bamboo and grasses, are hardly enough to meet the present and the immediate future requirements of the paper industry. The known existing resources of bamboo in the country are expected to provide at the most two million tons per annum to the paper industry. Out of the total availability of about three million tons of bagasse in the sugar factories, about 1½ million tons can reasonably become available for paper manufacture, that is, if the problem of providing alternate fuel for sugar factories is solved satisfactorily. Another one million tons of other fibrous raw materials, that is, grass, straws, jute stalks, waste paper and rags, are likely to become available, if measures for their organised collection are intensified. Even if industrial and ecoomic progress during the next twenty years up to the end of the sixth Plan were to be slow, and as has been estimated by the Development Council, *per capita* consumption in 1980-81 would increase to 7 kg. only, the industry would need by the end of the third Plan 2¼ million tons of fibrous raw material and by the end of the fourth, fifth and sixth Plans 4.2 million tons, 7.2 million tons and 10.0 million tons, respectively. On the other hand, if the pace of industrial and economic development is accelerated beyond the present expectations and in the course of the next twenty-years *per capita* consumption increases to 20/21 kg., the industry would be needing by 1980-81 roughly 30 million tons of fibrous raw material. It is, therefore, obvious that, for the expansion of the paper industry beyond the fourth Plan, the known existing raw material resources will not be sufficient and fresh resources will have to be either located or created.

Raw materials for the expansion of the paper industry in the fourth Plan have in the main to be forest produce and to some extent agricultural residues. As you know, bamboo is generally a four-yearly crop. Some of the hardwoods planted in some of the southern States attain maturity within 10-12 years. Fir and spruce need a rotation of 180 years, though, by adopting scientific means of regeneration, it is possible to reduce the cycle to 90-100 years. The future production of paper in India will be of varied types and qualities suitable for being used for writing, printing, packaging and industrial purposes. More and more emphasis will have to be laid on quality and a stage will be reached when long-fibred pulp will be needed not merely as a prop to short-fibred pulp but for the production of papers with special characteristics and strength properties. Considering the fact that it will take 100 years for some of the trees planted to be ready for being pulped, it is of the utmost importance that steps are taken now to ensure that, in the decades to come, sufficient quantities of short and long-fibred raw materials become available for the manufacture of the then varied pulp requirements.

It is of vital importance that, as a first step, a survey to establish the exact quantitative availability of forest produce capable of being used as raw material for paper-making is undertaken. Recent experience in the Punjab would indicate that photogrammetic methods of survey give quick and accurate results. I, therefore, welcome the decision of the Government to have a pre-investment survey of the forest resources of some of the States conducted under the ægis of the United Nations Special Fund. I hope that the photographs of the selected areas will be flown this year making it possible for the results of the survey to be available by the end of 1965. I hope that, in the immediate future, similar surveys on an all-India basis will be undertaken so that exact information about forest produce becomes available before the end of the current Plan.

Bamboo Plantation

I submit that now is the time to draw out long-term programmes for the plantation of bamboo and short- and long-fibred trees. I would earnestly request the Government to make specific financial provisions for the drawing out and execution of such programmes. So long as forests continue to be Government-owned, it seems to me doubtful that paper mills can take up plantation on a very large scale. Plantations of bamboo and wood species have to form a part of the overall programme of afforestation. Particular species of wood suitable for paper-making may be most advantageously grown as an under-storey, for instance, to teak. The development of forest resources *vis-a-vis* the requirements of the paper industry, therefore, has to be taken up as a whole.

Paper mills are generally having an anxious time so far as their requirements of consumable stores are concerned. For production of 700,000 tonnes to be achieved at the end of the third Plan, at the modest level of present allotment of Rs. 40 per tonne, the industry will need foreign exchange to the extent of Rs. 280 lakhs. I need not repeat that the present allotment hardly makes it possible for the mills to have in stock any wires, felts and spares to meet emergencies and quite often mills have had to resort to air-freighting. There is also the problem of new units whose initial requirements of furnishings and stores are generally higher. If the paper industry has to produce to the maximum extent of its installed capacity, it is of utmost importance that mills are allowed to hold a buffer stock of wires, felts and consumable stores. I would, therefore, urge that a generous policy is followed in the matter of allotting foreign exchange to the mills for the import of their consumable stores and machine furnishings.

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NEW PUBLICATIONS

The Economics of Take-off Into Sustained Growth. By W. W. Rostow. Published by Macmillan and Co., Ltd., London. Pages : 482. Price : Sh. 63.

PROF. W. W. Rostow hardly requires any introduction to readers of economic literature. As a modern economist, he has very few equals. This book under review, *The Economics of Take-off Into Sustained Growth*, edited by him, is a record of the proceedings of a conference of economists held by the International Economic Association a little more than two years ago. The Conference was an assembly of historians, specialising on particular nations; and theorists, statisticians and experts on the functional aspects of economic growth. They answered, each from his own perspective, the question: "Is the concept of take-off useful, misleading or wrong?" These contributions, in fact, form the subject matter of this book. As such, it is of great value to the economists of India. It is so, particularly because, in this country, one hears so much every day about the establishment of socialism and the speeding up of economic growth.

Prof. Rostow's theory of "take-off" flows directly from the form of sectoral analysis he developed in "The Process of Economic Growth," first presented at the I.E.A. Conference in 1955. According to him, "take-off" is the period when a society begins regularly to absorb new production functions in a setting where the direct and indirect consequences of this new mode of behaviour yield a more or less regular increase on output *per capita*. He defines it in two steps. "First, it is the period in the life of an economy when, for the first time, one or more modern industrial sectors take hold, with high rates of growth, bringing on not merely new production functions but backward and lateral spreading effects on a substantial sale." Secondly, "for a take-off to be said to have occurred, the economy must demonstrate the capacity to exploit the forward linkages as well, so that new leading sectors emerge as the older ones decelerate. "It is this demonstration of the capacity to shift from one set of leading sectors to another which distinguished abortive industrial surges of the transition period from a true take-off. This functional requirement has determined that the take-off be defined as embracing, say, a 20-year interval."

According to Prof. Rostow, economic growth now is essentially a sectoral progress. It is rooted, he maintains, in the progressive diffusion of the production functions modern technology can provide. Again, growth is an aggregative concept in that it consists in a regular expansion of output per head. It is also the result of an interacting process, involving the economic, social and political sectors of a society, including the emergence of a corps of entrepreneurs who are psychologically motivated and technically prepared regularly to lead the way in introducing new production functions into the economy. There are, of course, certain pre-conditions for a take-off which is preceded by a transitional stage and followed by self-sustained growth.

However, in propounding his theory of "take-off," Prof. Rostow was stirring up a hornet's nest. An impressive array of economists stood up at the conference, challenging the various facets of his theory. But it must be said to his credit that Prof. Rostow answered all of them, and convincingly too. His treatment of the theory is masterly and it will, undoubtedly, be of immense value to India's planners.

Besides Prof. Rostow's main topic, namely, "Leading sectors and the Take-off," the book contains a 22-page chapter by Prof. Simon Kuznets of Harvard University, the world-famous seat of economic learning. Prof. Kuznets' piercing analysis of the theory of take-off is commendably enlightening. There are, in this book, other illuminating and informative papers on the economic take-off in the U.S.A., Britain, Germany, France, Japan, etc. The papers on Germany and Japan particularly are highly interesting inasmuch as they depict the various stages of progress of these two countries which were worst hit by the Second World War.

The paper on "Population Growth and the Take-off Hypothesis," by Prof. Harvey Leibenstein of the University of California, is another relevant topic in the book for an Indian reader. It goes without saying that the population element is one of the most important factors to be reckoned with, while dealing with economic growth. There are many who maintain that population growth is an exogenous and autonomously determined variable that represents a hurdle to *per capita* growth. Prof. Leibenstein maintains that this view is not consistent with the take-off hypothesis. Empirical evidence, according to him, suggests that almost all countries, including the most backward, do have a positive rate of net investment, at least on the average over periods, such as decades. In fact, the rise in population can be conducive to economic growth. For example, entrepreneurs invest in anticipation of demand and population growth signifies an expansion of demand.

There is an argument that in a backward economy the ones who invest and save are likely to be the same people. The vast majority in a backward economy does not save anything at all. Entrepreneurs save because of their desire to invest. Thus, an economy that behaves in this fashion would not grow in the absence of population growth. This contention Prof. Leibenstein is not prepared to accept *in toto*. It is hard to believe, he says, that *gradual* development would not take place in an economy with a constant population. There could be other factors which could stimulate economic growth. Viewed in this light, one can see that what has happened in India during the post-independence period is an expansion of the economy without growth in *per capita* income. India's planners should find Prof. Leibenstein's elucidation of this aspect thought-provoking.

Prof. D. C. Hague has done an admirable job in summing up the rather rigorous debate. He has given an impressive resume of the various arguments, without harming the substance. However, it must be said that one is apt to find this book too academic. It cannot be otherwise, especially because the very purpose of the book is to establish a theory which has different meanings to different countries.

Fiscal Policy and Inflation in Post-War India 1945-54. By K. Venkatagiri Gowda. Publishers : Rao and Raghavan, Clock Tower Square, Mysore, Pages : 306. Price : Rs. 27.50.

The word "inflation" means an abnormal increase of the currency. In economics, it means too much money chasing too few goods. In other words, inflation generally is a situation where the purchasing power of the consumer is in excess of what it normally should be in a healthy economy. One of the obvious results of this phenomenon is a rise in prices. In present-day India, this inflationary trend is very much manifest. Hence, a serious study of the problem of inflation, like Mr. Venkatagiri Gowda's book, should be regarded as a welcome venture.

By now, it should be clear to all students of Indian economics that post-war India's—Free India's—budgets have been governed more by social objectives than by financial considerations. Viewed from this angle, Mr. Gowda's study of post-war India's fiscal policies and the phenomenon of inflation is both revealing and useful. His book, though originally written as a doctoral thesis, gives even an ordinary reader a clear idea about this dreaded economic disease called "inflation."

Divided into eight long chapters, the book discusses in detail the effects of fiscal-monetary policies on the functioning of the economy as a whole and, in particular, on the behaviour of macro-variables and their aggregative relationships in a static setting. The method Mr. Gowda has chosen is called "macro-economic analysis." This approach is directly concerned with the relations among large statistical aggregates, such as income, total consumption, total saving and total investment. The author, in his defence of this method, says: "To understand such relations is in effect to understand the behaviour of the economy as a whole. The macro-economic method of investigation not only enriches our understanding of the functioning of the economy as an aggregative whole but also throws useful light on the practical problems of economic stabilisation both in the short run and in the long run." Whatever be the flaws of this method, it must be said to Mr. Gowda's credit that his method of analysis is certainly devoid of ambiguity. The chapter on the "Mechanics of Inflation" in particular bears ample testimony to this.

Stressing the effects rather than the causes, Mr. Gowda prefers for a definition of inflation the following statement: "Inflation is a situation in which money incomes are rising at a much faster rate than real incomes." The implication is that, unless rigidly suppressed, prices are also rising, so that an inflationary situation is characterised by both rising money incomes and prices. The author has, with the help of tables and graphs, systematically analysed inflation, indicating its primary causes, how it behaves and also how "the process comes to an end, if at all." In this chapter, Mr. Gowda has also explained at length the methods by which inflation can be controlled, though he is aware that there are no set and standardised methods of control which suit all countries. Hence, he only discusses the methods of control with reference to the special circumstances obtaining in the Indian economy. The chapter on "Fiscal Policy and Inflation" has a special attraction in that it is the most revealing one from the point of view of Government policies. In this chapter, the author describes the behaviour of the budget as a whole and each of its components in the period under study to assess the role it played in the inflationary process. The chapter is divided into six sections, each dealing with a particular aspect of the subject, such as estimates of the budget deficit, its inflationary effect, impact of the budget on consumption and investment expenditures, effect of the budget on the supply of money, its influence on price level and a critical discussion of the fiscal policy.

Mr. Gowda has given an expert treatment to the question of fiscal-monetary policy and the balance of payments. In a separate chapter, he has described with refreshing clarity the various effects —income effect, price effect and monetary effect— of the country's fiscal policy. The last chapter, "Summary and Conclusions," is a resume of the author's arguments. The other topics discussed in the book are: Statistical indicators of inflation: public debt policy and inflation; and monetary policy and inflation. Despite its brilliant coverage of the subject, the book suffers from want of adequate statistical data. This the author himself admits. All the same, the book is worth reading and it has immense use to all students of India's economic growth.

Indian Labour Movement—A Survey. By P. C. Malhotra. Publishers : S. Chand and Co., New Delhi. Pages : 218. Price : Rs. 5.

The Indian labour movement is not so small as can be easily concised into 218 pages of a small textbook-size publication, which Mr. Malhotra's work actually happens to be. But it is the approach which really makes a book, and the author here has rightly avoided unnecessary description while concentrating on the treatment of the subject as a scientific study and an integral part of India's planned economy. His work is not only a piece of recorded events but also a review of the present-day labour problems and their solutions in the country, which lends it a great deal of topicality and interest.

Mr. Malhotra's approach leads him to argue that India's labour cannot find solutions to its problems through a new labour party. In fact, he is satisfied with what the ruling party is already doing in the field and thinks that, as long as it keeps up with the political and economic objectives and implements its promises to the masses, it can sustain itself in power. "The labour issue," he contends, "may cease to be a basis of party alignment." What is already being done officially needs to be backed up with measures at the level of industrial economy. The author advocates industrial democracy and regards management councils, workers' education, collective bargaining, labour co-partnership and profit-sharing as instruments for achieving that goal. Again, at the level of industrial economy, he wants no political or ideological considerations to be brought into play. The only consideration, according to him, should be betterment in the lot of labour.

His long career as a teacher and his vast experience gained as a member of various labour committees have helped him approach the subject in a rational and disciplined manner. He has also reviewed problems relating to labour productivity, industrial relations, manpower planning, trade unionism, labour legislation, workers' participation in management, I.L.O., agricultural labour social security and the Government's labour policy. The book carries at the end useful appendices on industrial relations, role and responsibility of trade unions, social effects of industrialisation, economic indicators and share of private and public sectors in national accounts. A select bibliography further enhances the usefulness of the book.

Statistics—An Introductory Analysis. By Taro Yamane. Published by Harper and Row, 49 East, 33rd Street, New York 16, N.Y. Pages: 734.

In its simplest definition, statistics is concerned with the theory of collecting, tabulating and analysing numerical data. In every field of economic life and business, increasingly complex numerical data arise as a means of expressing information quantitatively. It is not always easy or even simple to describe and present numerical data in a comprehensive form, let alone to analyse, understand and interpret them. Like every other science, discipline or trade, statistics has its own kit of tools which must be learnt and mastered before it can be used appropriately, intelligently and fruitfully for assessing the significance of any set of data.

This simple and elementary textbook of modern statistics covers a wide field and goes to the roots of the theory by emphasising the "why" rather than the "how." Traditional statistical methods of describing and presenting data are competently dealt with in chapters on frequency distribution, measures of location and dispersion.

The next step after description is the statistical inference—the theory of probability. This involves grasping of new and subtle concepts, but the discussion is lucid and clear and the traditional objective approach, as well as the more recent subjective approach, has been well presented.

The inference must next be tested, the extent of error estimated and long-term trends projected. The discussions on testing of hypothesis, sampling and estimation techniques, and the analysis of index numbers, time series, linear regression and correlation are remarkable both for the excellence of exposition and for bringing out the contrast between traditional orthodoxies and the latest developments in applying the subjective approach to statistical problems.

The text clearly falls into two parts—the elementary introductory statistics for undergraduate levels and the more complicated matters for the advanced students. But the language throughout is non-technical and the text is extensively illustrated. The textbook will help any student or reader develop a thorough understanding of analytical statistics.

How to Start Small-Scale Industries. By H. R. Aiyer. Published by Hind Kitabs Ltd., 32-34, Vir Nariman Road, Bombay-1. Pages : 126. Price : Rs. 6.

In our country's economic set-up small-scale industries play a significant role. They are mainly labour-intensive industries and, as such, they help in relieving unemployment to some extent. In Western countries and in Japan, on the other hand, they supply nearly 60 per cent of the components required by large industries, thereby aiding the latter's growth.

The Union Government has defined all industrial units, with a capital investment of not more than Rs. 10 lakhs each, as small industries. The scope afforded by them has attracted many an entrepreneur but they seem to find the formalities and procedures, to be followed and fulfilled while starting such an industry, difficult to understand. In this context, the book under review, which is meant to educate the lay entrepreneur on the aforesaid formalities and procedures, is most welcome.

The author has discussed, in thirteen chapters, the loan facilities, banking facilities and Government aid offered for small industries. He has reviewed the prospects and scope for small industries according to industrial needs. The part played by various organisations, such as the Small-scale Industries Board, Small Industries Service Institutes, National Small Industries Corporation Ltd., and Small-scale Industries Development Corporation in providing financial assistance, hire purchase of machinery, technical knowhow and marketing and sales facilities, has been succinctly dealt with in the book. The author has also made a special study of the importance of small-scale industries in defence production. The chapter on industrial estates makes interesting reading. The author has completed his account by describing the position of small industries in Western countries. On the whole, this book will be a useful guide to all those interested in starting small industries.

THE AUTOMOBILE INDUSTRY . . . .

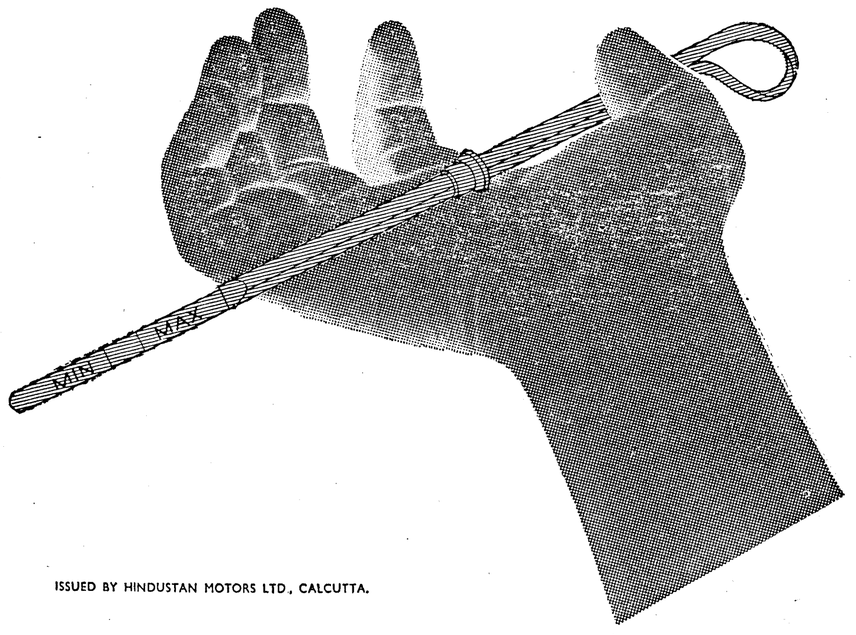
needs the users' co-operation

Even the best of machines has its frailties. A motor vehicle is an intricate piece of mechanism. It requires a certain amount of care in its operation and in its maintenance.

Every automobile manufacturer gives to the purchaser a warranty against faulty material and defective workmanship. The manufacturer's warranty does not, and cannot cover any assemblies or components which have been subject to misuse, negligence or accident.

In order to maintain a car in its most efficient and economical running condition, regular and thorough servicing is essential, including not only periodical lubrication, oil changes, etc., but also regular mechanical maintenance. In the case of Hindustan Motors, each new car delivered is accompanied by a Maintenance Voucher Book providing 3 free services and subsequent maintenance services at nominal cost. Purchasers are urged in their own interest to make regular use of these services offered by the manufacturer's dealers ; owners will thus protect the substantial investment represented by the car they purchased.

The Automobile manufacturers are often blamed for defects which are beyond their control. They appeal to the users of their products for full co-operation in the matter of upkeep of their vehicles.



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WANTED: A FLEXIBLE SUGAR POLICY

MARKETING BOARD NO ANSWER TO PRODUCTION PROBLEMS

MR. G. M. MODI'S PRESIDENTIAL ADDRESS AT I.S.M.A.'S ANNUAL MEETING

IN his presidential address delivered at the Thirty-first Annual General Meeting of the Indian Sugar Mills Association held at New Delhi on 27th April 1964, Rai Bahadur Seth G. M. Modi said:

The food and agricultural sector of which sugar is an integral part embodies efforts and aspirations of a vast majority of our people. In the matter of Plan priorities also, which reflect the country's basic approach towards planned economic development, this sector has been accorded highest priority. The problem of food and agriculture is really complex. Land, which has been neglected for years together without replenishing its fertility, has to be exploited. Our agricultural operations at present are mainly dependent on the vagaries of nature. Only 16 per cent of the land is irrigated and production mainly depends on the bounty or fury of nature. In these days of scientific development, we should not merely be exposed to the mercy of nature but should take positive steps to provide adequate supply of water, fertilisers, drainage etc. The funds earmarked for the development of agriculture and irrigation over the first, second and third Plans have not been fully utilised. This is not desirable because, for development of agriculture and irrigation, foreign exchange hardly presents any problem and all requirements in this behalf can be met from internal resources.

Cane Development

Cane development has also suffered, especially in the North due to dependence on weather conditions. There is urgent need for provision of adequate water supply in sugarcane areas through tube-wells. The rate of supply of water from the tube-wells at present works out to nearly Rs. 70 per acre in U.P. against Rs. 32 for supply of water through canals. This high rate has prevented the growers from taking full advantage of the tube-wells already installed by the State Government. Cost of chemical manure being about Rs. 46 per bag, its utilisation is beyond the reach of cultivators. The price should be reduced through an appropriate subsidy by the Government. Adequate drainage facilities should also be provided.

The basic problems of cane development have been with us for all these years but have remained unsolved. Without effective participation of the Central Government, this problem may not be satisfactorily solved. Since sugar is a Central subject, it is most appropriate that larger and direct responsibility is assumed by the Government of India in the matter of cane development also to ensure quick results. The Central Government's participation in the intensive cane development schemes initiated in U.P., Bihar and the Punjab is welcome.

Smaller Units

Most of the existing factories were put up during 1932-33 with a daily cane crushing capacity of 600 to 800 tonnes and their subsequent progress has been entirely dependent on the availability of quality cane. Since cane cost accounts for 70 per cent of the cost of sugar production, such of the factories as were fortunately placed in the matter of cane supplies expanded their plants, while others located in areas of cane shortage have been marking time and have not been able to keep pace with the general development. They continue to be small-size units with higher cost of production and are sometimes classified as uneconomic. Cane yields per acre and sucrose content continue to stagnate around the level obtaining when the factories were put up. Functioning under such handicaps, if some factories have not been able to expand, it is hardly desirable to call them uneconomic or obsolete. While revising the price for the current season on the basis of actual working results of factories, Government should take into account the uneconomical working of the small units and compensate them adequately. The taking over of such units by the Government will not solve the problem. Provision for rehabilitation of such units in the price structure itself, as allowed in the case of cement factories, should solve their problems.

It is estimated that sugar output in the current season 1963-64 will be around 26 lakh tonnes which is less than what we need and had hoped for. Last year though sugar production was only 21.6 lakh tonnes, due to a very large carry-over of 10 lakh tonnes from the preceding season, it was possible to export about five lakh tonnes and also distribute internally about 26 lakh tonnes; but the carry-forward stocks at the end of last year were very nominal being barely 1.5 lakh tonnes.

Government, therefore, rightly decided upon various measures to maximise sugar production during the current season. Cane price was generally raised to Rs. 1.75 per maund and factories in *gur* competition areas were authorised to pay a minimum cane price of Rs. 2 per maund. Rebate in excise duty was granted to factories to enable them to start early and this concession also applied for the remaining part of the season. Simultaneously, Government also imposed restrictions on inter-State movement of *gur* and *khandsari* and assumed powers to regulate cane supplies principally to the factories. This integrated policy embracing the three sweetening agents was indeed boldly conceived.

Initially the aforesaid measures had their desired effect on *gur* and *khandsari* prices which tended to decline. By November 1963, as many as 129 factories had started against 86 during the corresponding period last year and production was higher by 70,000 tonnes. But, as the season progressed, *gur* and *khandsari* prices again resumed their upward trends and the failure of winter rains and drought in certain areas of the North caused damage to the standing cane. There was large-scale diversion of cane from factory areas to *gur* and *khandsari* and it is estimated that the industry lost about five to six crore maunds of cane as a result of such diversions. It is appreciated that the Food Ministry has been vigilant and has taken prompt measures from time to time to enable the factories to connteract competition from *gur* and *khandsari*. In March 1964, factories in U.P. were authorised to raise cane price by another -/6/- per maund. This helped the factories, particularly those in certain districts of West U.P., to prolong their crushing operations for some time and produce an additional output of about 50 to 60 thousand tonnes of sugar.

The measures taken by the Government have a limited impact and are not broad-based. They do not provide a lasting solution to the problem of securing equitable distribution of available cane supplies among the three users. For this, it is essential that the factories should be ensured freedom and flexibility in their working comparable to that enjoyed by *gur* and *khandsari*. Since the factories have no resources of their own, this freedom and flexibility to factories is possible only through an appropriate sugar policy by Government.

Sugar Marketing Board

The setting up of a Marketing Board in sugar will perpetuate controls on the sugar industry and will upset the parity between the alternative users of cane which would inevitably affect sugar output adversely. The conditions under which a Sugar Marketing Board operates in Australia are basically different from Indian conditions. In Australia, sugar factories consume all the available cane and there are no alternative users. Moreover, here we have wide disparities in the operating conditions of factories and, consequently, evaluation of their costs will not be simple. Its creation would result in a shaded market for the industry and will destroy all initiative to improve efficiency and the quality of sugar. With its restrictive effects on production, the interests of consumers will also suffer and they will be required to pay higher prices. It will also sap initiative in the industry for expansion and extension which will again go to hamper production in the long run. The Indian Sugar Delegation which visited Australia and Indonesia in 1955 recommended that the question of setting up a Central Body for sugar should be postponed until economic conditions reached a certain degree of stability. Conditions prevalent today are far from stable and do not justify the introduction of the Marketing Board.

Cost Increases

An economic price structure is equally important for maintaining production and ensuring development of the industry. The Government are adopting the regional Tariff Commission Cost Schedules for computing control rates. Costs have gone up in diverse ways since the preparation of the schedules on the basis of the cost data for the season 1957-58. Unless all such cost increases are taken into account and provided for fully in the cost structure, the industry cannot be assured of a fair price. The Indian Sugar Mills Association has submitted a detailed memorandum to the Government with necessary data in support of each item of cost where increases have taken place. Government should examine the data expeditiously to be able to provide for the same in the price finally fixed for the current season 1963-64. This is of vital importance to the industry.

Low Profitability

The uneconomic price structure generally allowed to the industry has undermined its financial stability. The level of profits presently accruing is far from satisfactory. The Reserve Bank Study published in its monthly *Bulletin* of June 1963, the Analysis of 1962-63 Financial Results of a large number of sugar companies in the North and the *Financial Express* Index Number of Equities reveal that the sugar industry is making extremely meagre profits by any standards. It is beyond the means of factories to set apart adequate funds for rehabilitation, expansion etc. Were it not so, we would not be confronted with the acute problem of small units. Adequate profits must be assured to the industry.

Sugar Exports

The emergence of India as a sizable exporter of sugar in the world market has been a most welcome feature of the sugar economy in recent years. Sugar exports are no more conducted merely to balance demand and supply within the country. They form an important part of our export drive to earn foreign exchange. In 1963 about five lakh tonnes were exported and the foreign exchange earnings are estimated to be over Rs. 32 crores. Raw sugar was produced in the country only last year. The immediate success that we achieved in producing raw sugar is indeed heartening. About 40 factories produced nearly 2.60 lakh tonnes in the last season and most of it was shipped to Japan, U.S.A. and Canada. We are now recognised as important suppliers of raw as well as white sugar.

In the current year, however, there is likely to be a setback in the export performance. This is entirely due to lower production in the country. It is likely that our total exports this year may be less than three lakh tonnes although the world sugar market has been quite firm for sometime past and this is the best opportunity for us to earn the maximum amount of foreign exchange. This slight setback is, however, a temporary phenomenon and, with production increasing appreciably in the years to come, exports would be stepped up to at least five lakh tonnes per year, if not more.

Future Prospects

Bright prospects lie ahead of the sugar industry. Demand for sugar in the country is continuously rising. During the third Plan period, the rate of increase in demand has been placed at one lakh tonnes per annum, while during the fourth Plan it is expected to go up to two lakh tonnes. In keeping with this increasing demand, the Development Council has placed the fourth Plan production target at 45 lakh tonnes and there are indications that this may further be stepped up to 50 lakh tonnes. We have a vast export market to absorb surplus output and the industries dependent on sugar for raw materials, such as alcohol-based industries, are steadily progressing.

In the above context, it is regretted that, while the Finance Minister has allowed certain important industries a rebate in corporate tax, sugar has not been included in the list of industries in whose case this concession would be applicable. This concession must be allowed as development in this industry has a direct impact on the agricultural economy and sugar is a sizable foreign exchange earner.

Next Season's Sugar Policy

Government should announce the next season's sugar policy as early as possible. Cane price for the next season has already been announced and it is hoped that the Government would give favourable consideration to the request for authorising the factories in the Northern and Central regions to pay a minimum price of Rs. 2 per maund as in the current season. Equally necessary is the announcement of Government's policy with regard to other connected matters like early start etc. This would facilitate prior planning which is so necessary to achieve the best results.

SUGARCANE YIELD IN MAHARASHTRA

Sugarcane yield in Maharashtra has not suffered as a result of the State Farming Corporation taking charge of sugar farms from private sugar factories. Stating this in the Rajya Sabha the other day, Mr. A. M. Thomas, Union Minister for Food, said that the Corporation had undertaken additional cultivation in 8,200 acres of land. The per-acre yield would be known only when the entire crop was harvested. According to information supplied by the Maharashtra Government, there was no deterioration in yield. Compared to other States, the per-acre yield of sugarcane was higher in Maharashtra; the yield averaged 40-50 tons. When asked whether the Maharashtra Government was also going to form cane zones, Mr. Thomas said that the Union Government had advised it to allocate zones for each factory so that availability of sugarcane could be ensured.

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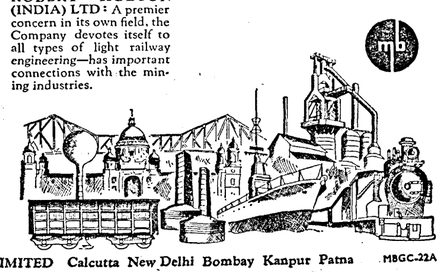

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ASIAN CABLES CORPORATION LIMITED

CHAIRMAN, MR. GIRDHARLAL B. KOTAK, REVIEWS PROBLEMS OF CABLE INDUSTRY

SOME of the important factors, which adversely affected the business of Asian Cables Corporation Ltd., during the year ended 30th September 1963, were enumerated by Mr. G. B. Kotak, Chairman of the Company, in his speech at the Fourth Annual General Meeting of the Company held at Bombay on 30th April 1964. Mr. Kotak was, however, happy to disclose that the Company had made a successful debut in the export market and that efforts were being made to increase exports. The following are extracts from Mr. Kotak's speech:

FRIENDS,

Last year, I spoke to you that the Company was expected to show better results in the year under report. That expectation has been largely fulfilled. Though we have not been able to show the plus side in the profit and loss account, we have been able to progress very much farther than last year. With the receding threats of aggression on our country's northern borders, conditions in the market which were so depressing last year, have been reviving.

You must have noticed that the Company has made a small loss of Rs. fifty-nine thousand (actual Rs. 58,962), during the year under report after providing for depreciation amounting to Rs. six lakhs (actual Rs. 5,99,702), as against the loss of Rs. 11,52,448 last year. Your Directors are aware that the Company could have shown better results. But, as they have briefly mentioned in their report, a number of factors combined together and had a cumulative effect on the working of the Company. I would like to refer to this not as an excuse, but with sincere intention to keep the shareholders informed of difficulties which a nascent industry has to face.

Factors Beyond Control

The large-scale Chinese invasion in October 1962 on our motherland created panicky conditions in the market and the demand suddenly slumped. The impact of this continued to be felt throughout the major part of the year under report when the economy of the country was under heavy strain.

The retardation of progress in the generation of power during the first three years of the third Five-year Plan restricted the creation of demand. But the Plan is now gathering momentum and it is expected that it will catch up with the target in the fifth year of the Plan.

While the prices of cables remained unchanged, the rise in the manufacturing costs due to increases in prices of raw materials used in manufacturing also restricted the margin of profit.

The substitution of aluminium for copper in majority of cable lines, has, to an extent, slowed down the sales. There is a natural resistance from the customer to the new metal. This switch-over has naturally affected the flow of sales.

These are some of the important factors on which the management had no control, but which influenced the sales and profit margin on our products. However, it would be observed that by their very nature, these difficulties were of temporary character and if I may so put it, "clouds are clearing away."

During the year the Company's products had been registered with the Government, and D.G.S. & D. have now put our cables on the Rate Contract at par with the leading manufacturers who have been in this field for a long time. This is indeed very encouraging. During such short existence of our Company, we are fortunate to serve almost all types of clients in all parts of the country.

Entry into Export Markets

An interesting feature of the Company is the entry into the export field. Inspite of many handicaps, the Company has made a beginning in exporting our cables. Efforts are being made to increase the export. For this purpose, the Company exhibited the goods manufactured, in foreign exhibitions at Moscow, Kuwait, and Leipzig. One of your Directors, Mr. S. H. Kotak, has represented our Company in these exhibitions and he has been able to get results by securing substantial orders.

I am very happy to declare that the collaborators have since made full payments of Rs. 53,64,200 towards their contribution, much earlier than the first call notice was issued. My special thanks are due to them on this account, as this amount has proved to be very useful towards foreign payments to machinery suppliers, pending receipt of actual import licence and sanction of loan by the Industrial Credit and Investment Corporation of India Ltd. But for this timely assistance by our collaborators, we would not have been able to book the orders for machinery at a price which is about 15 per cent to 20 per lower than the prevailing price today; this has also enabled us to get priority in delivery of the machinery.

Expansion of Capacity

You will be happy to know that the Government has been pleased to grant to your Company during the year under review, licence for expanding the capacity of magnet wire manufacture from 360 to 1,200 tons per annum. The Company has also received a new licence for the manufacture of 500 tons per annum of paper and cotton covered winding wires and strips. We have already applied to the Government for the licence to import the equipment required for the expansion, and the import licence is expected soon. Such increased capacity is expected to improve profitability of your Company.

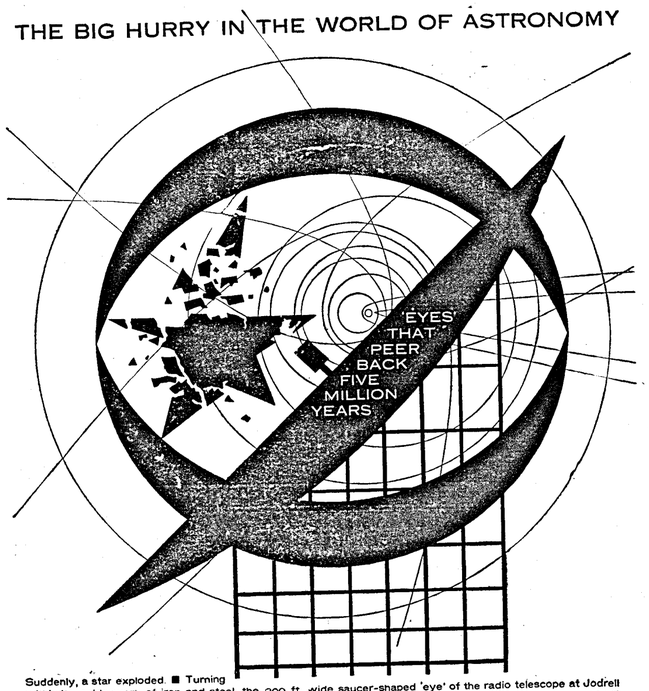
The building construction programme of factories for power cable and magnet wire is in full swing, and is expected to be completed by middle of July this year. No time lag is expected between the receipt of equipment and completion of the factory buildings. We expect the trial runs by the end of this year.

The Industries Commissioner, Government of Maharashtra, has already accorded his sanction for granting us additional supply of one lakh gallons of water per day. All preliminary arrangements for getting the supply are now complete and it is expected that this additional supply will be made available to us just when we go into production. The Tata Hydro-electric Power Supply Company Ltd., from whom we get our supply, have also, on recommendation from the Government, agreed to supply us necessary additional power.

Incidentally, I may be permitted to make mention of the sad incident which occurred last year in Dallas in the United States—the assassination of President Kennedy. I refer to this not merely because we have American collaborators, but we, Indians, have always abjured violence in any form, and, in our history, we have experienced the pangs of sorrow when the Father of the Nation, Mahatma Gandhi, fell to the assassin's bullet. In the strife-ridden world of today, the late President Kennedy proved himself as a "stabilising factor."

I am really thankful for the assistance rendered by the financial institutions like the Industrial Credit and Investment Corporation of India Ltd., the Industrial Finance Corporation, and our bankers, for their timely assistance and help whenever required. I must thank the Managing Directors and other Directors also for standing as guarantors to these institutions for the loans advanced by the financial institutions; this in itself is a considerable contribution besides the able management of the Company.

Note: *This does not purport to be the record of the proceedings of the Fourth Annual General Meeting of the Company.*



Suddenly, a star exploded. ■ Turning within its spiderwork of iron and steel, the 200 ft. wide saucer-shaped 'eye' of the radio telescope at Jodrell Bank looked deep into black space and recorded: the star had exploded FIVE MILLION YEARS AGO! ■ Peering so deep into space as to question time itself such radio telescopes are revealing to us the breathtaking, even frightening, dimensions of space and time, gathering astronomical data that are making space travel a fast nearing reality. ■ Into the fashioning of the 2000 ton Jodrell giant went the most advanced technique and knowledge of welding and gas cutting. ■ It is this precise knowledge of industrial gas and its diverse applications that Indian Oxygen affords Indian industry.

INDIAN OXYGEN LIMITED IOL

IOC-47A

THE BRADY ENGINEERING COMPANY LTD.

EXPANSION PLAN OUTLINED

U. K. FIRM TO PARTICIPATE IN EQUITY CAPITAL

THE progress made by the Brady Engineering Company Ltd. in implementing its programme for manufacturing within the country chains, electric hoist blocks, overhead cranes, etc., was outlined by Mr. Pallonji S. Mistry, Chairman of the Company, in his speech at the Eighteenth Annual General Meeting of the Company held at Bombay on 28th April 1964. The working of the Company during the first quarter of the current year has also been satisfactory, according to Mr. Mistry. The following is the full text of his speech:

GENTLEMEN,

I have great pleasure in welcoming you all to this eighteenth annual general meeting of the Company.

The Directors' report and the accounts for the year ended 31st December 1963 have been with you for sometime. In accordance with our usual practice, I shall take them as read.

Sales in the year under review reached a record of Rs. 38,94,000 against Rs. 29,92,000 in the previous year. This was reached in spite of a sizable cut in the import licences of load chain which restricted output of pulley blocks.

Profits Up

The detailed working results and the provisions for taxation are given in the report of the Directors. The profit, prior to taxation, was Rs. 9,00,000 and it exceeded the previous year's profit by nearly Rs. 1.51 lakhs. The Directors consider these results satisfactory.

The higher provision of Rs. 6,37,000 for taxation is partly due to larger taxable profit and partly to income-tax and super-tax on the year's profit having been calculated with reference to the rates contained in the Finance Bill of 1964. It takes into account the increased rate of super-tax at 35 per cent on the assessable income, owing to the Company being such in which "public is not substantially interested." The provision also includes tax on dividends paid in 1963 at the rate of 7.5 per cent and surtax in terms of the Companies (Profits) Surtax Bill, 1964 both of which impose a heavy tax burden on the Company's profits.

Modernisation

As mentioned in the Directors' report, the Company is negotiating for the purchase of a suitable site for the expansion and modernisation of your existing works. I am hopeful that we would be able to get the possession of the required land within the current year and also complete other arrangements for initiating the expansion programme.

Negotiations to manufacture hand and load chains, electric hoist blocks and electric overhead cranes in collaboration with Herbert Morris of U.K. are on the verge of being finalised. Herbert Morris have also agreed to participate in the equity capital of the Company.

The working of the Company during the three months of the current year has been satisfactory. I shall, however, sound a note of warning that the availability of imported load chains and other essential imported components will greatly determine our current year's production. The decontrol of steel from March 1964 except for flat products has resulted in an increase in prices of decontrolled sections.

Now, gentlemen, before I put the resolution for the adoption of Directors' report and the accounts I would invite you to ask for any information in connection with the business and accounts and I will do my best to answer your questions.

Note: *This does not purport to be a record of the proceedings at the Annual General Meeting.*

W. H. BRADY AND COMPANY LTD.

RESTRICTIVE IMPORT POLICY HITS BUSINESS

STATEMENT OF CHAIRMAN, MR. PALLONJI S. MISTRY

ADDRESSING the shareholders of Messrs. W. H. Brady and Co., Ltd. at their Fifty-first Annual General Meeting, held at Bombay on 28th April, 1964, Mr. Pallonji S. Mistry, Chairman of the Company, pointed out that the trading operations of the Company last year were adversely affected by the progressively restrictive import licensing policy of the Government. Mr. Mistry, however, expressed satisfaction at the progress made by the managed companies. The following is the full text of Mr. Mistry's speech:

I have pleasure in welcoming you all to this fifty-first annual general meeting of the Company.

The accounts and the Directors' report for the year ended 31st December 1963 have been in your hands for some time and, with your permission, I shall take them as read.

I regret to say the year under review had been a difficult one. The trading operations of a company such as yours are greatly affected by Government's progressively restrictive import licence policies. As stated in the Directors' report, certain items of textile machinery were banned for imports which adversely affected our indenting business from which source we used to earn substantial commission. All efforts are, however, being made to acquire distributorship of indigenously manufactured products.

Successful Year

Commenting on the working of the managed companies I am pleased to report that The Brady Engineering Company Ltd. had again a very successful year in 1963. Both the production and profits of this Company were higher than the previous year. The working of G. Claridge & Company Ltd. should be considered satisfactory, taking into account the keen competition it has to meet, together with the high cost of paper and also the increased D.A. which this Company had to pay on account of a settlement arrived at with the workers' union. Though the working of the sugar companies was satisfactory, the profits of the Belapur Company Ltd. were affected by the impact of agricultural income-tax. Gangapur Sugar Mills showed some improvement in the season 1962-63, despite the short supply of sugarcane. This shortage has been accentuated in the current season and consequently the factory had to be closed in the early part of the season, as a result of which this Company will show a loss in the current year. I am happy to say that the performance of Special Steels Ltd. has substantially improved. This Company declared a maiden dividend of 4½ per cent on its equity capital for the year ended 30th June 1963 and, due to higher profits, our Company earned Rs. 93,770 as Secretaries and Treasurers' commission in the year of account. This Company has an elaborate plan of expansion and has accomplished a substantial portion of its expansion programme during the current year and has also successfully manufactured new types of wires particularly galvanised ACSR core wires for the manufacture of ACSR conductors. The working of this Company during the current year reflect further improvement on the previous year's performance and it is expected that the result for the year ending 30th June 1964 will show considerably higher profits.

Dividend Higher

As will be seen from the profit and loss account, the Company has earned a large extraneous profit amounting to Rs. 26,42,955 from the sale of its entire investment in the Empire Dyeing and Manufacturing Company Ltd., which has enabled the Company to declare a higher dividend.

As mentioned in the report, the Directors have agreed to the appointment of the Company as the Secretaries and Treasurers of United Motors (India) Ltd., subject to the approval of the Central Government. This Company's activities will expand considerably owing to their appointment as the dealers for Tata-Mercedes-Benz trucks and spare parts for the district of Greater Bombay and some other districts in the State of Maharashtra. The appointment of your Company as Secretaries and Treasurers of United Motors (India) Ltd. will prove beneficial to the Company.

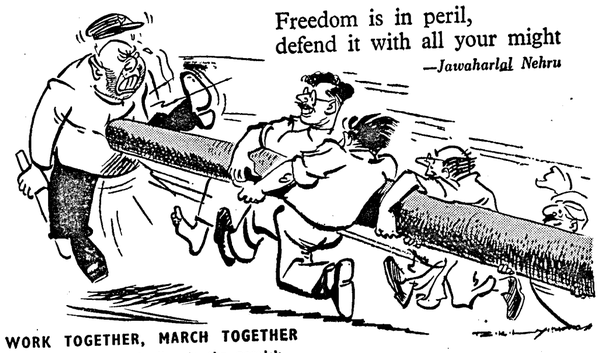
You will have noticed from the Directors' report that the Company had to pay a large sum by way of additional bonus for 1961 and 1962 and also adjustment of wages and dearness allowance. This has not only affected the profits of the year under review but the substantial rise in the dearness allowance and adjustment in wages will increase the overheads and as such will affect the future profits of the Company.

Effect of Budget

As regards the 1964 Budget proposals, I am pleased to say that your Company fortunately is not much affected although the 10 per cent increase in the super-tax payable by "companies in which public is not substantially interested," is applicable to your Company, the impact of this additional impost will be toned down by the abolition of super-tax on inter-corporate dividends, from which your Company derives a fair income. For the year under review, the Company will not attract any liability in respect of surtax in terms of the Companies (Profits) Surtax Bill, 1964.

I will be pleased to answer any queries which the shareholders may have to ask on the report and accounts before I ask you formally to adopt them.

Note: *This does not purport to be a record of the proceedings at the Annual General Meeting.*



WORK TOGETHER, MARCH TOGETHER

A nation's strength lies in the people's discipline, in their marching together and in their working together.
Unity and concerted effort are the only way to meet the challenge to our freedom.
Preserve unity; work resolutely.

STRENGTHEN INDIA'S DEFENCE

DAS/47.4

DESALINATION OF SEA WATER

DUAL-PURPOSE PLANTS LIKELY TO COME INTO VOGUE

SEVERAL countries, besides the United States, seem to be increasingly interested in the undoubted possibilities of converting sea water into fresh water for industrial and drinking purposes. Of these countries, particular mention may be made here of Israel, Cyprus and Hong Kong where serious attempts are already being made to establish large-scale water desalting plants. Down south, in Madras too, the State Industries Minister, Mr. R. Venkataraman, recently indicated that the feasibility of setting up a sea water conversion plant to ease the water-supply problem in the city would be actively explored. Here, in Bombay, the Maharashtra Government has just requested the Municipal Corporation to explore the possibility of undertaking a pilot project for the desalination of sea water. In view of these developments, it would be useful to review from time to time the progress in what bids fair to be an important public-utility industry.

The latest development in this field is the dismantling of the sea water conversion plant at San Diego (California) for transfer to the beleaguered U.S. naval base at Guantanamo in Cuba. It is expected that before the end of July next, the San Diego plant will be providing about a third of the 2.5 million gallons of fresh water needed by the naval base every day. The balance of the daily requirement will come eventually from two new desalting plants to be constructed by Westinghouse Electric. A 15,000-kilowatt electric power plant will also form part of the Westinghouse project for desalting sea water in the naval base.

As far as Southern California is concerned, the loss of the San Diego plant will soon be made good by an improved version of conversion plant. At the same time, this part of the United States will also benefit by a step-up in research and development in the field of sea water conversion. The White House Office of Science and Technology has, in this connection, advocated that, by 1975, Southern California be equipped with a nuclear plant that would turn out between 500 million and 800 million gallons of fresh water per day for catering to the needs of a population of between three million and six million and would, at the same time, generate one million to one-and-a-half million kilowatts of electric power. The proposed plant, which is to be powered by nuclear energy, would involve a capital cost of $850 million (approximately Rs. 408 crores). Similar facilities have also been suggested for Arizona, off the Texas Gulf Coast, and for New York City.

Cost of Conversion

Thanks to the Kennedy Programme for research and development in this field, it is already possible to convert salt water into fresh water by a number of processes. But the processes are still not cheap, for the cost of production of fresh water from the San Diego and Freeport (Texas) plants has worked out to as much as $1.00 to $1.25 (that is, Rs. 4.80 to Rs. 6) per 1,000 gallons, as compared with the cost of about 20 cents (0.96 nP) per 1,000 gallons from conventional sources. So much so, the existing salt water conversion plants in the United States are treated as subsidised pilot development projects. If, however, plants with a minimum capacity of about 500 million gallons per day can be established and nuclear power harnessed to double-purpose projects which will generate electricity, too, the cost of converted water is bound to come down. In fact, the experts believe that, by 1975, it will be possible to buy such converted water for 30 cents per 1,000 gallons—a rate which would then be competitive with that of water from conventional sources.

It will be of further interest for readers to know that the International Atomic Energy Agency (I.A.E.A.) has been actively interested in the field of sea water conversion. Its expert panel on desalination reviews developments periodically. The Agency has recently issued a technical report on "Desalination of water using conventional and nuclear energy." This report points out, at the outset that 60 per cent of surface land in the world is in "extremely arid, arid or semi-arid zones" which already support some 150 million people. These people need fresh water for domestic and industrial purposes. Certain overpopulated areas, too, according to the report, must choose between procuring water at relatively high cost from remote catchments and having a water scarcity. There are also special localities, such as some islands, which have little or no ground water. Some of these places have been purifying salt water on a small scale for many years now.

The I.A.E.A. report has listed as many as 40 existing sea water conversion plants round the world. These plants, most of which have come into operation within the last decade, use conventional power. It is claimed that they are giving good results and that water can now be produced conventionally at less than one dollar (Rs. 4.80) per thousand gallons. According to the I.A.E.A. report, this cost is acceptable to many municipal and industrial uses. But larger units are certainly possible, and these should be more economical than the existing plants with capacities of less than 1.5 million gallons a day. Estimates in the case of possible installations with capacities of 30 million gallons a day or more suggest that the cost of water could be between 30 and 50 cents per 1,000 gallons, depending on fuel costs.

Use of Nuclear Energy

Nuclear power, says the I.A.E.A. report, could be applied to any of the leading desalination methods by supplying heat or electricity to operate the process. Development of still larger sea water conversion plants, it is said, will favour the use of nuclear reactors which must be of large capacity, if they are to supply energy more cheaply than do conventional sources of power. Dual-purpose plants, producing water and electricity, would undoubtedly have economic advantages. The I.A.E.A. report, therefore, considers it "certain that nuclear energy has an important role in this application." But it also adds that studies and demonstrations will have to be carried out further, especially in the field of dual-purpose plants, before firm costs can be determined.

NEYVELI THERMAL STATION

The thermal power station of the State-owned Neyveli Lignite Project, built with Soviet collaboration, attained its full first-stage capacity of 250 M.W. last week when its fifth 50 M.W. unit went into operation. The first stage was thus completed within two years of the commissioning of the first 50 M.W. unit of the station in 1962. During 1963 alone, three units of 50 M.W. each were commissioned. The power generated upto the end of March 1964 amounted to 1,288 million units, of which 996 million units were fed into the Madras State power grid. The station is now being operated by about 300 qualified Indian engineers.

It has just been decided to raise the capacity of the station to 400 M.W. before the end of the third Plan period by adding one more 50 M.W. unit and 100 M.W. unit. The total cost of this expansion, including rupee expenditure to be incurred on Civil works, is estimated at Rs. 18 crores. Accordingly a contract has been signed between the Neyveli Lignite Corporation and the Technoprom-Export of the Soviet Union for the supply of equipment, machinery and materials worth Rs. 7.75 crores for the expansion programme. Under the contract, equipment for the sixth 50 M.W. unit will be delivered by the third quarter of this year and for the 100 M.W. unit by the last quarter of 1965. The erection of these units, which will be done by Indian technicians under the technical supervision and guidance of Soviet specialists, is expected to be completed by the end of the third Plan period.

The Neyveli power station will ultimately be expanded to a capacity of 600 M.W. by the addition of two more 100 M.W. units. Incidentally, it will be recalled that the Neyveli Station is one of the nine thermal and hydro-power stations which are being set up with Soviet collaboration for an aggregate capacity of more than 2.5 million kw.

Notice

INDUSTRIAL CONTAINERS LIMITED

NOTICE IS HEREBY GIVEN TO THE members of the above-named Company that the Sixth Annual General Meeting will be held at the Registered Office of the Company, 21, Netaji Subhas Road, Calcutta, on TUESDAY, 26TH MAY, 1964 at 3.45 p.m., to consider the Accounts of the Company for the year ended 31st December, 1963 and to transact other ordinary business.

NOTICE is also hereby given that the Transfer Books and Register of Members of the Company will be closed from 12TH MAY, 1964 to 26TH MAY, 1964, both days inclusive.

By Order of the Board,
BALMER LAWRIE & Co. LTD.,
D. MANSON,
Managing Director,
Secretaries.

21, NETAJI SUBHAS ROAD,
CALCUTTA, 20*th April*, 1964.

Note:—A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. Such proxy need not be a member of the Company.

CALCUTTA PORT TRUST

For the Calcutta Port Trust the financial year 1962-63 proved to be a remarkable one in that it recorded an all-round improvement not only in revenue receipts but also in other activities, such as passenger and cargo traffic and port development. During the year under review, the revenue receipts amounted to Rs. 16.97 crores, as compared with Rs. 15.06 crores in the previous year. The revenue increase was mainly due to an increase of as much as 10 per cent in the total traffic handled. The expenditure during the year aggregated Rs. 16.45 crores, as compared with Rs. 14.23 crores in 1961-62. Thus, the year closed with a surplus of Rs. 52.27 lakhs in the revenue account.

The Port handled during the year imports and exports of 5.480 million tons and 4.723 million tons, respectively, as against the corresponding imports and exports of 4.884 million tons and 4.418 million tons in 1961-62. The number of passengers who embarked from the Port was 10,923, as against 16,580 in the previous year, while those who disembarked numbered 8,942, as against 12,266. There was also a small increase in the number of vessels that entered the Port, from 1,806 to 1,821. The income derived from the port railway increased from Rs. 200.67 lakhs in 1961-62 to Rs. 249.82 lakhs in 1962-63.

The year saw the installation of electric cranes at berths in Dock No. 1, Kidderpore Docks, as also the construction of a 30-tonne and 60-tonne floating crane, a salvage-cum-despatch vessel, a tea warehouse at Lybian Depot, and a research vessel, ancillary craft, etc., for the hydraulic department.

Last but not the least, the Government of India sanctioned the acquisition of nine square miles of land for the new dock and allied requirements of the Haldia project.

U.K.'S SECOND NUCLEAR POWER PLAN

The second British nuclear power programme, just announced in London, envisages another 5,000 megawatts of nuclear power capacity by 1975. The programme is due to begin in 1970 and four power stations are likely to be built during the six years upto 1975. Two stations of 1,000 M.W. capacity, with two reactors each, will be completed during the first four years. Two more stations, one of 2,000 M.W. and the other of 1,000 M.W., will be constructed by the end of 1975.

The present nuclear power programme is due to be completed in 1968-69 and will bring nuclear power capacity in commercial stations up to nearly 5,800 M.W. from nine stations. The intention of the British Government is that orders should be placed for new stations in time for the second programme to flow smoothly on from the first. But, according to Sir William Penney, Chairman of the Atomic Energy Authority, the programme of 5,000 M.W. may prove to be on the small side and a larger one may be grafted on to it, once firm information is obtained about the economics of various reactor systems.

EUROPE'S FUTURE POWER NEEDS

The seventh general report of the European Atomic Energy Community (Euratom) has just predicted that from the beginning of the next decade it will be more economical to equip power stations in Europe with nuclear reactors than with fuel-oil or high-quality coal-fired boilers. Electricity consumption in the Community, it is estimated, will rise by 7 per cent per annum during 1965-70 and by 6.5 per cent in 1970-75. Atomic energy will, at least from 1975, put a halt to the rise in dependence on fuel imports which are likely to increase to 47 per cent of the total fuel used by 1970.

The report, besides dealing with the progress of research on power reactors in the four Euratom establishments, has described the work that has gone into the problem of nuclear ship propulsion. It is claimed that in the spring of 1963, the first objective of the Euratom-Fiat-Ansaldo contract was attained when the decision was made that the forced-circulation pressurised-water reactor was the most promising.

CONTINUOUS CASTING

Steel manufacturers in several countries are increasingly employing the continuous casting plants for the production of billets and slabs, according to "The Concast Group" of West Germany. Recently, the Group received orders from the United States for three of their "Model S" machines—one two-strand machine for Soule Steel Company of San Francisco, and two two-strand machines for Florida Steel, Tampa, Florida. All these machines will be designed for a billet size ranging from 3 sq. inches to 5 sq. inches. The Concast Group, incidentally, is capable of building machines which are simpler in design, require less space and can be installed in a much shorter time.

NEW PRODUCTS AND PROCESSES

Resin Treatment for Cotton Fabrics

COTTON textiles, especially used in the manufacture of tentage and canvas are subjected to degradation by micro-organisms, sunlight and other weathering agencies. The Defence Research Laboratory, Kanpur, has developed a process which imparts to cotton fabrics resistance against weathering degradation under different climatic conditions in India and effective microbial and ultra-violet light degradation, thereby enhancing the life of cotton fabrics.

The treatment developed at the Research Laboratory has the following advantages, it is claimed: (*a*) The treatment can be applied to cotton textiles and also both on plain and water repellent closely woven fabrics. (*b*) The treatment is resistant to micro-organisms, ultra-violet light and outdoor weathering exposure. (*c*) The treatment does not appreciably affect the water repellency, flexural rigidity and air and water vapour permeabilities. (*d*) The treatment does not colour the fabric in any way and is considered suitable particularly for fabrics used under alpine conditions. (*e*) The treatment is considered practicable with the existing facilities available with the industry (both large scale and cottage industry).

Urea and commercial formalin (40 per cent) are mixed at room temperature and the resultant solution is diluted with water to the required concentration. The pH of the liquor is brought down to the desired level by the addition of tartaric acid. The fabric to be treated in freed of sizing materials and other impurities and soaked in the liquor for 20-25 minutes and padded through the padding mangles giving 3-4 ends, the pressure on the roller being adjusted to leave a hold up of 100 per cent resin solution on the fabric. The treated fabric is then air dried and finally baked at 150°C. In the case of heavy fabrics closely woven fabrics the soaking is carried out till slight haziness-milkiness appears in the resin solution. The treatment can be applied to various cotton textiles (particularly to tentage fabric, newar and cordage) in protecting against damage by natural agencies during outdoor weathering exposure under different climatic conditions in India and in storage.

The process has been worked on the laboratory scale and the field trials were conducted by exposing the panels and made up tents (I.P. 40 lbs.) manufactured from urea-formaldehyde resin (12° Tw.) treated fabric at different climates in India. It has been found that the treatment is quite effective against weathering degradations (micro-organisms, sunlight and other natural agencies) and enhances the life of the fabric threefold. All the raw materials are indigenously available and the approximate cost of treatment is 40 nP per sq. yard.

Watch Oil

Watch oil is essential for the lubrication of watches, clocks, timepieces and any instrument having clock-like mechanism. At present there is great shortage of good quality watch oil and the requirements have to be met by imports. The Defence Research Laboratory (Materials), Kanpur, has developed a process for the preparation of watch oil. The ingredients are blended in predetermined proportions in small batches and straightway bottled. The product has been found to be satisfactory against defence specification and also U.K. Watch Oil Specification No. CS 2692 and U.S. Army Specification No. 2-47B. At present there is no production of watch oil in the country and the entire requirements are met through imports. The process has been developed at laboratory scale and elaborate trials were conducted through various E.M.E. Workshops. The Workshops have given a satisfactory report. For the last three years the Army is using the product manufactured at the Kanpur Laboratory and there has not been any adverse report. One of the raw materials, namely, Tricresyl Phosphate, will have to be imported while others are indigenously available. No special plant and machinery is required as the process involves only blending of various ingredients. The cost of production of material is estimated at Rs. 2.50 per 15 ml.

New Formulation to Kill Cockroaches

Cockroaches (*Periplaneta americana Linn*) are a source of infection and impart obnoxious roachy smell to the objects over which they walk. Hence their control is very essential and investigations were undertaken to develop a new bait for their easy control. New formulations have been developed which are said to be cheap, simple and highly effective. The formulation can be used quite effectively against cockroaches in infested places like storehouses, buildings and godowns. The process has been worked on the laboratory scale and the findings have been confirmed by laboratory-*cum*-user trials and it has been found that the formulation is quite effective for the control of cockroaches. All the raw materials used in the formulation are indigenously available. No special plant and machinery is required. Only simple equipments like an ordinary balance, motar and pestle and packing materials and facilities are required.

'Dry' Non-return Valves for Gas Pipelines

A Dutch firm has brought out a non-return or check valve that provides a complete safeguard against back-flow of gas in a pipe. The valve satisfies the test specifications laid down by the Gas Institute of the Association of Gas Board Operators in collaboration with the Central Inspectorate of Labour. The operating principle of the valve is based on the gas flow being shut off by a diaphragm. The valve is capable of arresting back-flow of gas in a gas line at pressures between 5 m.m. water column and 6 kgf/c.m2. These check valves can be supplied for six different pipe diameters ranging from ¾ to 2 inches, namely for flow rates corresponding to 1.6 to 22 m3 an hour. The non-return valves are capable of withstanding any pressure surge likely to occur in the section of pipe between valves and burners. They can be used with gas/air burners, e.g. for soldering and hot-firing applications, with gas/air/oxygen burners in glass-blowing works and laboratories, with gas/oxygen burners for soldering, cutting and hot-firing, with industrial burners for furnaces, etc. The gases referred to here include illuminating gas, colliery gas, blast-furnace gas, butane and natural gas, but not acetylene. So long as the valve is in the open position, pressure loss in the pipe is extremely slight, i.e. not more than 5 m.m.w.c. measured at a pressure of 60 m.m. w.c. on the inlet side of the non-return valve.

Heat-treatment Bath

A fluidised bath designed basically for laboratory use at temperatures of up to 600°C. has been developed in Britain by Techne (Cambridge) Ltd., Duxford, Cambridge, England. It is said to be particularly useful for tempering most types of steel; for the secondary hardening of high-speed tool steel; the treatment of steel wire or strip; annealing of brass and cast irons; the refining of hot forgings in duralumin or zinc and the hardening of beryllium copper. It consists of a stainless steel cylindrical vessel with a full-diameter porous plate at the bottom. Three-sheathed immersion heaters, each of 1 kw., are mounted across the vessel. Fail-safe switches are fitted into each of the heater circuits to cut off the electrical current if the air supply fails. Graded refractory materials are supplied as the fluidising medium, and the air can be from a mains line or suitable compressor pump. The outer container is of treated mild steel.

Welding Equipment

Welding equipment based on a simple rectifier, delta-connected to three single-phase transformers, has been developed by a British company, British Federal Welder and Machine Company Ltd., Dudley, Worcestershire. The new machine exploits the advantages of direct current for the welding process and imposes a fully-balanced load on the three-phase mains supply throughout the welding time which is determined by present controls on the machine. As the A.C. part of the secondary circuit is limited to the short-circuit connections to the rectifier, the power factor can be as high as 0.95 lagging. An important advantage of this D.C. system is that since the welding current is determined by the resistance of the secondary circuit and is independent of changes in impedance, long-throat machines operate as efficiently as short-throat ones. Another advantage is that as the machines are sensitive to resistance the welding current is to a great extent self-regulating and adjusts itself to the changing conditions during each weld and in various applications. A range of controls are available to cover any standard or special application.

Leak Detector

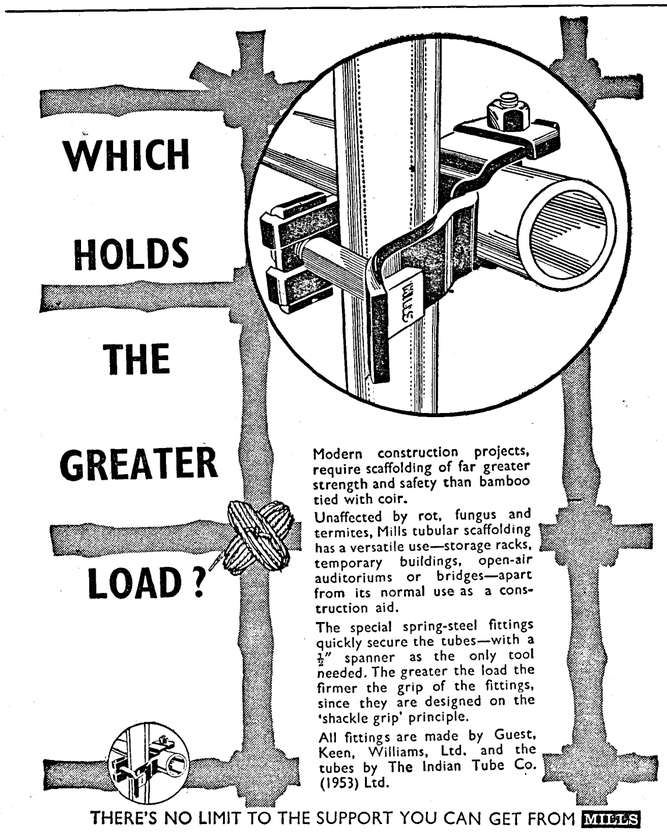
A spectrometer detector which can leak-test small sealed components, such as transistors and capacitors, at a rate of over 1,000 an hour is being produced by a British firm. The only manual operation necessary is feeding the loading turret at the front of the machine. The device under test is passed through a series of nine stages, including evacuating chambers and air locks on each side of the testing chamber, which is permanently connected to the mass spectrometer leak detector. The stages are separated by specially designed transfer valves which isolate each stage from the next and act as transfer gates. A memory circuit is arranged to store the information from the test stage and this actuates a mechanism to sort the devices as they leave the stack.

Electronic Eye

A robust electronic eye which can "see" in the dark is now available in Britain. The manufacturers, E.M.I. Electronics Ltd., Hayes, Middlesex, England, claim this device is the first of its kind in the world and should have a wide application for picture-taking at night or for any industrial process where a low level of light needs to be recorded. It consists of an electronic tube, 12 in. long and 3¾ in. diameter, which multiplies the strength of the available light a million times. It gives a circular picture of 2 in. diameter visible to the naked eye, but which can again be magnified by a television camera to fill the screen of a normal television set or any number of such sets.

Power Triodes

Two new power triodes which are claimed to be more efficient, more rugged and to have a longer life than previous models are now being produced by a British firm, English Electric Valve Co. Ltd., Chelmsford, Essex. The new triodes were developed primarily for use in dielectric and induction radio frequency heating equipment, but are also suitable for communications equipment. The maximum anode dissipation for continuous operation with forced-air cooling is 500W for one and 800W for the other. For certain low duty cycle operation the anode dissapations may be increased to 1000W and 1,500W respectively. Both valves can be operated to full ratings at frequencies up to 50 Mc/s.



Modern construction projects, require scaffolding of far greater strength and safety than bamboo tied with coir.

Unaffected by rot, fungus and termites, Mills tubular scaffolding has a versatile use—storage racks, temporary buildings, open-air auditoriums or bridges—apart from its normal use as a construction aid.

The special spring-steel fittings quickly secure the tubes—with a ½" spanner as the only tool needed. The greater the load the firmer the grip of the fittings, since they are designed on the 'shackle grip' principle.

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ITC/SL-78

MANPOWER PLANNING AND POLICY IN U.S.

FINDINGS OF O.E.C.D. STUDY

"OF all the resources for development, perhaps the most fundamental at the present time is trained manpower." In these words, the authors of India's third Plan emphasised the paramount importance of manpower in economic development. The extent of trained manpower and training facilities available constitutes a major determinant of the pace of economic growth. This pace could be judged by the rate at which labour force is absorbed in productive employment. The third Plan lays considerable stress on manpower planning. In manpower planning, the economy has to be viewed as a whole and the entire range of facilities and possibilities available in all undertakings, whether public or private, should be deemed to be at the service of the nation. Present and future personnel requirement in each field has to be carefully estimated over a long period. This calls for improved statistical information and development of techniques of manpower assessment, so that the necessary estimates can be made with reasonable accuracy and a comprehensive picture of the economy as a whole be built up. Manpower planning is thus an integral part of general economic planning. The primary objectives of manpower planning are two: first, to fix the overall employment target on the basis of a total labour force forecast and a general economic forecast of what can be achieved and, second, to study the future relationships of supply and demand for specific categories of manpower with a view to bringing about an adjustment between the two. Simultaneously with the increase in the importance of manpower planning, the techniques of manpower research and planning have also to be improved. In fact, a whole area of research in manpower planning is opening up and the methodologies and techniques of assessing the relationship between manpower supply and demand are being evolved.

It is a measure of the importance Indian planners attach to manpower planning that an Institute of Applied Manpower Research was established by the Government of India. In order to conduct research on manpower problems and to provide, *inter alia*, a broad perspective of the requirements of trained manpower in different sectors of the economy, arrange for facilities for advanced training in manpower planning, develop methods for training and building up the existing workforce, evolve methods for identifying and developing talented persons and, generally, secure the most effective utilisation of the country's human resources. The Institute is thus expected to help in evolving a clear-cut and scientific manpower policy which is conspicuous by its absence in this country.

Broad Guidance

The policies and programmes followed by the advanced countries of the West should provide some broad guidance as to the lines on which manpower planning should proceed, though, it must be conceded, the socio-economic framework in which development has to take place in the underdeveloped countries is far different from that in the advanced countries. In this context, a report on manpower policy and programme in the U.S., just published by the O.E.C.D., throws some interesting light on how the U.S. plans in advance its future manpower requirements. The report, which deals with manpower trends, problems, programmes and policies in the U.S., is the second in a series of such studies undertaken by the O.E.C.D. with a view to drawing attention to the means used by member-countries of the O.E.C.D. to solve their manpower and social problems. The authors of the study on the U.S. are Mr. B. Zoeteweij, Assistant Economic Adviser, I.L.O., Dr. W. R. Dymond, Assistant Deputy Minister, Canadian Department of Labour, and Mr. Nils Kellgren, Economic Adviser, Royal National Labour Market Board of Sweden.

The American labour market, according to the O.E.C.D. study, will, in the next few years, have to face a high level of unemployment together with a considerable increase in the working population. During the last five years, an average of 6 per cent of the active population of the U.S. was unemployed, while many workers were obliged to work part-time or were underemployed because of an inadequate expansion of the labour market. Two factors were of outstanding importance in the recent increase in unemployment. These were (1) the reduction of the general growth rate and (2) a simultaneous transfer of activity from the goods-producing sectors to the sectors supplying services. The general growth rate of the economy during the last five years was much lower than that of the previous decade. Thus, it was 2.9 per cent a year during the period 1958-62, as compared with 3.8 per cent per annum during the decade 1947-57.

Unemployment

Along with the slowing down in the rate of growth, the structure of unemployment underwent a considerable change. The percentage of total workforce employed in the production of goods fell from 51 per cent in 1947 to 46 per cent in 1957 and 42 per cent in 1962. This trend was accompanied by a relative decline in manufacturing employment where the number of workers dropped by half a million since 1957. In agriculture, because of the sharp increases in farm productivity, employment declined at an average rate of 200,000 workers a year for the last 15 years. From 8.3 million in 1947, the level of employment in agriculture has dropped steadily to 5.2 million in 1962. Half a century ago, one American in three made his living by working in a farm; today only one in ten does so.

As regards the future, probably the most important single factor that will determine the trend of labour force will be the rate of growth of workers, according to the O.E.C.D. study. Between 1960 and 1970, 26 million young workers will enter the labour force, nearly 40 per cent more than in the 'fifties. It is expected that 13 million new jobs will have to be found before 1970 to cover the needs of the expanding workforce alone. If, therefore, the U.S. were to achieve full employment with satisfactory economic growth in the next few years, the authors of the O.E.C.D. study point out, it will have to rely more on an active manpower policy which will increase the mobility and adaptability of workers to new jobs. Education has indeed reached a very high standard in the U.S. From 1940 to 1959, the average number of school years completed for the labour force as a whole increased from nine to twelve. The percentage of workers, who had graduated from high schools rose from 32 to 51 and the percentage of college graduates grew from 5.7 to 9.7 per cent. Nevertheless, in the experts' opinion, an expansion, diversification and improvement in educational facilities appear to be still necessary. It is so because the rapid increase in the need for skilled or trained manpower, the lack of training in certain groups which prevents them from keeping up with the advancing technology, the high unemployment rate among the untrained or less trained workers, and the high number of young persons who "drop out" from school at an early age, all these swell the number of workers joining the labour force without the requisite training.

State Aid

A project for the revision of educational programmes is now under consideration, as are several measures considered necessary for the improvement of the still inadequate vocational training facilities. Another form of aid to the unemployed is the Federal State Employment Service System which was set up following the Wagner-Peyser Act of 1933. Since then, 1,900 offices have been set up throughout the nation. The staff of the service system has been increased by 4,700, or about one-third, since May 1961. The potentiality of this employment service has not been fully realised, according to the O.E.C.D. study. It is also the opinion of the O.E.C.D. experts that it is necessary to expand the services for recruitment and placement of workers, as a considerable number of jobs remain unfilled, despite the present high level of unemployment.

Recent events have also brought to the forefront the problem of adaptation of workers to new techniques confronting employers and the unions in the U.S. and the advantages which can be got from collective bargaining when trying to solve these problems. The U.S. Government has already launched a series of different programmes, the object of which is to reduce chronic unemployment in areas where it existed for the last five years. The Area Development Act of 1961 confirms the move towards a readaptation of the unemployed. This law contains clauses covering occupational training programmes aimed at people who are unemployed or underemployed in an economically underdeveloped or unfavoured area. The Area Development Act was completed in 1962 by the Manpower Development and Training Act which considerably extended Federal activities in the field of occupational education and readaptation. The important place given to continued and active manpower policy as a factor of economic growth can be better understood, the O.E.C.D. study points out, if it is remembered that the U.S. has adopted the growth target of 50 per cent set by the O.E.C.D. for the decade 1961-70. An active manpower policy is regarded as very important for achieving this target.

MEDIATION AND ARBITRATION IN W. GERMANY

The concept that management and employees are a team has helped make the Federal Republic of Germany one of the most strike-free of the nations that guarantee free collective bargaining. But there was an exception to this record of industrial peace last spring. It came in the form of an extensive strike and lockout in the metalworking trades. Public opinion was quick to ask: "Isn't there a better way to settle such disputes?"

On 12th May, a document is to be signed that suggests the answer is yes.

An accord has been initialed by representatives of union and management on mediation and arbitration procedures in the metalworking industry. This pact does not commit the partners to agree—as they are forced to "agree" in totalitarian countries. It commits them to try to settle disagreements in ways short of expensive industrial war. If collective bargaining breaks down, mediation will not await the say-so of the disputants. It will go into action automatically. The heart of the new system is to be the regional mediation board. A network of them is to be set up immediately. Each will have two representatives each from union and management, plus an impartial fifth member as chairman.

A board will meet secretly. It can make decisions by a simple 3-2 majority. No member may refuse to vote.

The board may first try to get the disputing partners to agree. Failing this, the board itself must recommend a settlement covering all disputed points. And the mediation is to be wound up promptly—within 22 working days after the breakdown of collective bargaining. Most future industrial disputes, it is hoped, will be localised, thanks to the regional pattern of the boards.

LABOUR SURVEY TECHNIQUES

With the etsablishment of the Labour Bureau at Simla in 1946, the foundation for research on labour problems in this country was firmly laid. The Bureau has since then been conducting research into a wide range of problems with a view to providing guide-lines and furnishing data for the formulation of labour policy. Promotion of research and dissemination of labour intelligence has been the Bureau's main function and, in pursuance of this, it has published many studies and reports which have certainly helped to illuminate certain dimly-lit corners of labour problems in the country. One of the Bureau's more recent publications is a pamphlet on labour survey techniques (*Labour Survey Techniques* published by the Labour Bureau, Union Ministry of Labour and Employment, Pages: 279. Price: not mentioned). It is a collection of seven papers discussing different aspects of labour policy. The publication is in fact complementary to the Bureau's earlier publication entitled *Labour Research* wherein the methods and techniques and procedures for the conduct of labour surveys were only briefly touched upon. These are discussed in fuller detail in the volume under notice. It would, in our view, be found useful to all those individuals and organisations engaged in research on labour problems who can benefit from the experience of the Bureau and the techniques evolved by it.

INDUSTRIAL DISPUTES IN MAHARASHTRA

As compared with 1962, the year 1963 witnessed fewer time losses due to industrial disputes in Maharashtra State. Thus the total number of working days lost last year aggregated 927,649 as compared with 1,078,068 in 1962. The number of workers involved, directly or indirectly, were also lower at 234,323, as against 288,948 in the previous year. The number of disputes were, however, higher in 1963 at 553, as compared with 504 in 1962. The following table indicates the monthly trend of industrial disputes, number of workers involved and man-days lost:

Industrial Disputes

	No. of disputes	No. of workers involved	No. of working days lost
January	31	7,138	10,747
February	28	3,693	12,034
March	42	14,371	38,001
April	37	7,768	30,965
May	53	15,584	74,749
June	56	13,797	59,822
July	57	23,624	76,975
August	34	36,919	250,213
September	36	8,142	42,788
October	60	15,669	72,927
November	51	7,364	66,851
December	68	79,254	191,577
Total ..	553	234,323	927,649
1962	504	288,948	1,078,068

As will be seen from the above table, August and December 1963 were the worst months during last year, the number of working days lost having been the highest at 250,213 in August and 191,577 in December.

INDIA'S SHARE IN PAKISTAN'S IMPORTS SMALL

GOOD SCOPE FOR IMPROVEMENT

ALTHOUGH India's total exports in 1963 recorded a rise of over Rs. 100 crores as compared with those in the previous year, our exports to Pakistan actually declined. In fact, according to Pakistan's foreign trade statistics, India's imports into that country have steadily fallen from Rs. 12.07 crores in 1961 to Rs. 10.42 crores in 1962 and to Rs. 9.26 crores in 1963. The trend is shown in the following figures:

Pakistan's Import Trade and India's share therein

(In crores of rupees)

Year	Total	India	% share
1961..	305.63	12.07	3.95
1962..	351.49	10.42	2.96
1963..	422.71	9.26	2.19

Pakistan's exports to India rose from Rs. 11.33 crores in 1961 to Rs. 18.93 crores in 1962 but declined to Rs. 13.89 crores in 1963, the fall in terms of percentage being to 7.01 in the last year from 10.02 in 1962. The recent trends are shown here:

Pakistan's Export Trade and India's share therein

(In crores of rupees)

Year	Total	India	% share
1961..	190.48	11.33	5.90
1962..	188.95	18.93	10.02
1963..	198.31	13.89	7.01

A detailed analysis of Pakistan's foreign trade statistics show that India's share in the import of many principal commodities is very small. For example, in the five months ended November 1963, Pakistan imported machinery of all kinds valued at about Rs. 36 crores, of which India's share was only Rs. 28 lakhs. In the same period, Pakistan imported transport equipment worth about Rs. 23 crores, electrical goods for Rs. 4.90 crores, artificial silk yarn for Rs. one crore and cotton twist yarn and thread for Rs. 46 lakhs. But India had absolutely no share in these imports. The import of drugs and medicines amounted to Rs. 4.10 crores and India's share was a meagre Rs. 5,45,000. Chemicals valued at nearly Rs. 3.3 crores were imported during the period under review and India's share did not amount to even Rs. 2 lakhs. A statement showing Pakistan's imports of principal commodities and India's share therein in July-November, 1963 as compared to the similar period of 1962, is shown below:

Imports of Principal Commodities into Pakistan

(Value in thousand rupees)

	July-November 1963		July-November 1962	
	Total Imports	India's share	Total imports	India's share
Chemicals ..	32,944	197	26,594	350
Drugs and medicines ..	41,680	545	34,320	1,257
Machinery of all kinds	363,222	2,844	466,579	2,385
Transport equipments.	233,093	..	137,647	..
Dyeing and Tanning substance	26,724	1,104	26,147	826
Electrical goods ..	49,361	..	39,020	..
Artificial silk yarn ..	10,206	..	8,535	..
Cotton piecegoods ..	1,125	339	782	7
Cotton twist, yarn and thread	4,646	..	5,464	..
Iron and steel and manufactures thereof	261,081	417	164,178	1,302
Non-ferrous metal and manufactures thereof	37,037	90	37,995	366
Petroleum and petroleum products ..	109,546	..	..	..

So far as Pakistan's export to India is concerned, the most important item is fish. In July-November 1963, the value of total fish exported by Pakistan was Rs. 3.70 crores, out of which India's share was nearly Rs. 3.00 crores. The other items of exports from Pakistan to India are raw jute, raw cotton, raw hides and skins, etc. In most of these commodities, India's share was negligible as would be seen from the table in the next column.

The export of raw jute and raw cotton from Pakistan to India was rather substantial until recently. In the full year 1961, for instance, Pakistan exported to India raw jute valued at over Rs. 5 crores and raw cotton worth Rs. 11 lakhs. In the subsequent period, however, India's offtake of these items has gone down largely because of higher domestic production.

There are two important reasons why India has not been able to obtain a bigger share in Pakistan's imports. In the first place, certain specific items required by Pakistan were not available from India for export and this was particularly true of iron and steel manufactures. Secondly, the requirements of Pakistan in respect of iron and steel products, chemicals, machinery and various other goods are obtained through imports from other countries almost entirely under tied loans.

Moreover, Pakistan has recently entered into a number of barter trade agreements, and these too have resulted in a lower offtake of Indian goods. For example, the barter trade agreement between U.S.S.R. and Pakistan, signed in August 1963, provides for the exchange of goods valued at Rs. one crore. It stipulates that U.S.S.R. would supply railway sleepers for Pakistan's Western Railway of the value of Rs. 50 lakhs against the supply of raw jute by an equal value by Pakistan.

According to another trade agreement with Russia signed in September last year, Pakistan would import one lakh tons of cement from U.S.S.R. for East Pakistan at a fixed price of 114 shillings per ton by chartered ships and 127 shillings per ton by liners in exchange for raw jute for equal quantity.

Similarly, under the barter trade agreement with China signed last year, China would supply Pakistan with one lakh tons of cement against the import of raw jute by an equal value from Pakistan. The total value of commodities to be exchanged on each side is envisaged at Rs. 75 lakhs. The barter agreement with Czechoslovakia, concluded in October 1963, stipulated the exchange of commodities worth about Rs. 15 lakhs each side. Pakistan has agreed to export 15,000 tons of chrome ore to Czechoslovakia and will import a number of items including Skoda motor cars and spare parts.

Exports of Main Commodities from Pakistan

(Value in thousand rupees)

Commodities	July-November 1963		July-November 1962	
	Total exports	India's share	Total exports	India's share
Raw jute	293,054	1,054	332,435	15,429
Raw cotton	121,215	..	81,238	30,765
Raw wool	20,705	..	30,551	..
Raw hides	2,990	2,724	2,335	2,078
Raw skins	13,901	1,138	15,962	1,416
Raw hides and skins ..	1,508	688	1,231	632
Cotton twist yarn and thread	7,078	..	2,446	..
Cotton fabrics	18,923	..	17,890	..
Fish excluding canned fish	36,891	29,237	38,212	30,259
Jute bags	81,949	..	80,176	..
Jute fabrics	52,134	..	48,401	..
Jute yarn	229	..	..	..
Rope and twine	1,130	..	933	..
Sports goods	5,460	..	5,897	..

So far as India is concerned, it may be recalled that, on 1st September 1963, a trade agreement was signed with Pakistan, providing for payment in sterling as against the special rupee payment arrangement under the trade agreement of 1960. The protocol stipulates the supply by India of 130,000 tons coal per month and 50,000 tons of stone boulders per year against the supply of raw jute, including jute cuttings, and raw cotton by Pakistan, according to India's requirements.

This brief survey shows clearly two things. In the first place, the economic boycott of Pakistan as a protest against its treatment of minorities, as suggested in certain quarters in this country, cannot work and that it will actually prove detrimental to India's interests. Secondly, it should be possible for India to increase its exports to Pakistan to a much higher level, provided it is able to supply the specific types of commodities required by that country.

Pakistan's Third Five-year Plan (1965-70) envisages a gross expenditure of Rs. 4,950 crores, of which East Pakistan's share is Rs. 2,550 crores and West Pakistan's share Rs. 2,400 crores. The main objective of the Plan is to increase national income by 30 per cent. About 30 per cent of the outlay has been earmarked for industry, 13 per cent for agriculture, 37 per cent for economic infrastructure and 20 per cent for social overheads. India's industrialisation in the coming years will also be intensified further. In the circumstances, there should normally be scope for more trade between the two countries.

INDO-U.S. TRADE

BOOM IN U.S. ECONOMY WILL HELP

THE U.S. economy in recent months has shown signs of vigorous growth in many directions. The gross national product in 1964 is expected to be of the order of $622 billion. Steel production in the current year is estimated at between 114 million and 120 million tons. The reduction in personal and corporate taxation, it is felt, will give a powerful fillip to savings and investment. As a well-known American magazine recently observed, "the American people, as a whole, are in excellent financial shape. After deducting debts, their savings—cash in the bank, stocks and bonds, equity in insurance and pensions—total nearly $ one trillion."

The prosperous conditions of the U.S. economy will benefit India by increasing the demand for a variety of Indian products. In fact, in 1963, the U.S. imports of Indian goods rose sharply to $273 million (upto November) from $232 million in the corresponding period of the preceding year. The import of jute manufactures went up from $112 million in January-November 1962 to $141 million in the corresponding period of 1963 and cotton fabrics from $8 million to $12 million. Other items like hides and skins, coffee and tea and meat products also recorded an improvement in export. The trend, according to U.S. statistics, is shown below:

U.S. Imports from India (Selective Commodities)

(In thousands of U.S. dollars)

Articles	Jan.-Nov. 1962	Jan.-Nov. 1963
Meat fresh, etc.	459	881
Fish fresh, etc.	5,147	3,403
Hides crude	5,435	5,323
Fruits, nuts fresh	24,765	22,844
Cocoa, coffee and tea	14,347	14,667
Spices	7,927	3,563
Sugar and honey	12,818	12,594
Essential oils	1,444	861
Cotton fabrics	8,246	12,640
Miscellaneous fabrics	112,821	141,400
Minerals crude	5,530	4,504
Ores and base metals	5,758	5,079
Total including other articles	232,000	273,428

The total imports into the U.S.A. in the eleven months January-November 1963 were valued at $15,512 million, as compared to $14,900 million in the same period of 1962. The table below shows the U.S. imports month by month with India's share:

U.S. Imports (January-November 1963)

(In thousands of dollars)

Period	Total U.S. imports	Imports from India	Imports from India as % of total
January	1,139,227	16,097	1.40
February	1,367,003	31,851	2.33
March	1,418,157	26,038	1.83
April	1,456,891	25,766	1.79
May	1,438,482	27,979	2.00
June	1,327,636	22,733	1.73
July	1,504,052	26,934	1.80
August	1,480,154	25,905	1.76
September	1,374,860	21,305	1.53
October	1,576,612	26,407	1.67
November	1,427,804	22,408	1.58
Total (January-November) ..	15,511,778	273,428	1.76

India's share in the U.S. imports continues to be small but it appears that, if determined efforts are made by Indian exporters, the results will be more gratifying. It is true that competition from substitutes and from other countries is becoming more keen. Even so, the expanding economy of the U.S. does provide immense scope for our exports both of traditional and non-traditional items.

As regards jute goods, for instance, the U.S. last year accounted for about 35 per cent of India's hessian shipments and its consumption in that year amounted to 912 million yards, a post-war record. Referring to the export prospects, particularly of carpet backing cloth, the President of the Indian Jute Mills Association recently observed that these would depend mainly on three things:

"First, on the extent to which a good average quality of jute backing can be guaranteed, in order to combat the aggressive interest of producers of substitute materials; second, on our ability to ensure orderly marketing of jute carpet backing through the established distribution channels and not allow this speciality product to become an ordinary bazar commodity; and, third, on the prospect of price stability and not cheapness of jute backing, the former being an important determinant of production planning and costing in the tufting industry. One might add, as an aside, that this applies with equal force to all industries using Indian jute products in any form."

(*Continued on page 828*)

WIMCO'S PROFIT LOWER

DIVIDEND, HOWEVER, MAINTAINED

COST inflation and the Government's persistent refusal to permit the mechanised match manufacturing units to expand their capacities beyond what they are today, despite shortage of supplies to consumers, have made a big dent in the profit-margin (ratio of gross profit to gross sales) of the Western India Match Company Ltd. (Executive Director: Mr. Akbar Hydari, Bombay) for the year ended 31st December 1963. Thanks to the satisfactory working of factories, the total realisation from the sales of products before adjusting for the excise duty paid and recovered has increased to Rs. 19.75 crores from Rs. 18.76 crores for the year before, but the gross profit has slumped from Rs. 176.00 lakhs to Rs. 157.37 lakhs. The profit margin has thus been brought down from 9.4 per cent in 1962 to 7.9 per cent for the year under report. Commenting on this feature of the year's operations, the Directors observe:

"Your factories worked satisfactorily during the year and sales were good. On account of increased cost of production, particularly rising price of timber, which is our main raw materials, the profits of the year, however, are less than for the previous year. We could not make up for higher costs by increased production, as our installed capacity is restricted by Government to what it is today and we have reached the peak production possible with our present equipment. In spite of shortage of supplies, which our competitors, the subsidised cottage industry, have not been able to make good, Government do not seem to be willing to reconsider their policy to allow the mechanised sector of the industry to expand its capacity."

Despite the decrease in gross profit, the provision for Managing Agents' commission is raised by Rs. 3.17 lakhs to Rs. 16.39 lakhs and, the provision for depreciation is also marginally higher at Rs. 22.51 lakhs as against Rs. 21.87 lakhs. The profit prior to taxation, as a consequence, is lower at Rs. 118.47 lakhs, as compared with Rs. 140.91 lakhs a year before. As the provision for taxation is only moderately smaller by Rs. 2.85 lakhs at Rs. 65.75 lakhs, the net profit stands reduced by Rs. 19.59 lakhs or about 27 per cent to Rs. 52.72 lakhs. After transferring out of this Rs. 9.10 lakhs to reserves, the Directors have proposed an ordinary dividend of Rs. 16 per share (subject to deduction of tax)—same as that paid in the past four years.

The working results of the Company for the past four years are presented synoptically in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sales (gross)	19,75.46	18,76.47	18,03.68	18,34.16
Other income	16.77	16.87	13.27	13.40
Closing stocks of finished goods	11.22	8.78	9.72	21.66
Raw materials consumed	297.06	283.56	272.12	260.91
Excise duty	11,37.29	10,65.27	10,09.47	10,66.65
Other expenses	402.95	367.57	360.34	365.62
Gross profit	157.37	176.00	163.08	150.56
Managing Agents' remuneration	16.39	13.22	14.32	12.64
Provision for—				
Depreciation	22.51	21.87	20.52	19.02
Taxation	65.75	68.60	57.10	51.15
Net profit	52.72	72.31	71.14	67.75
Additional tax for past years (net)	..	2.75	..	..
Provision for contingencies	..	..	15.00	12.78
Super profit tax reserve	..	25.50	..	..
Other reserves	9.10	4.35	11.56	10.69
Dividend	44.00	44.00	44.00	44.00
	(16%)	(16%)	(16%)	(16%)
Carry forward	0.44	0.83	5.11	4.54

Market price of ordinary shares	1964	1963	1962	1961	1960
(In rupees):					
High	274	283	321	314	280
Low	255	238	250	250	235

The financial position of the Company is eminently satisfactory. The share capital, unchanged for the past number of years, stands at Rs. 275 lakhs in equity shares of Rs. 100 each and is backed by reserves aggregating as much as Rs. 299.08 lakhs. Borrowings from banks or other sources are conspicuous by their absence, while current liabilities and provisions totalling Rs. 188.79 lakhs are covered 2.6 times by current assets, investments and loans and advances altogether amounting to Rs. 487.25 lakhs. It is interesting to note that more than a third of the current assets of Rs. 411.67 lakhs is made up by cash balances alone which as at 31st December 1963 stands at Rs. 157.67 lakhs. Inclusive of the additions of Rs. 29.68 lakhs during the year, the gross block has risen in value to Rs. 540.45 lakhs and, on deduction of Rs. 268.42 lakhs as the accumulated amount of depreciation, yields a net block of Rs. 272.03 lakhs. Capital work-in-progress as at the date of the balance-sheet is valued at Rs. 5.59 lakhs, so that net fixed assets total Rs. 277.62 lakhs or less than half of 'own' funds.

With the continued restriction on the increase in the installed capacity beyond what it is today and a steady corrosion of profit margins owing to cost inflation, the only way open to the Company to augment its profits is to diversify. This fact was realised quite some years ago when a paper mill was established at Calcutta to manufacture paper. The mill worked satisfactorily during the year, but it has still to depend on imported pulp. Negotiations with possible indigenous suppliers of pulp, however, continue. A further step in diversification was taken two years ago when a project for the manufacture of salt and certain other chemicals, such as potassium chloride, which is a raw material for manufacture of potassium chlorate, was taken in hand.

This process of branching out is now to receive a further impetus. It is a fairly well-known fact that domestic sources of match timber are fast dwindling and that the Company had been in continuous search for alternate materials but with no tangible gains so far. It has now decided to undertake the manufacture of wax match sticks from wax paper. The raw materials required are paper and paraffin both of which are available indigenously. The only drawback of the scheme is that the special machinery required for the manufacture of wax sticks is not available in India. Fortunately, however, the Managing Agents, that is the Swedish Match Company, have agreed to help the Company by furnishing free of charge drawings for some of the machinery and equipment which can be manufactured in India and to supply certain other machines which are necessary for producing wax sticks but cannot be manufactured in India, under special arrangements. Accordingly, the Managing Agents will supply these machines valued at Rs. 1.80 lakh on a rental or hire basis for a period of five years at an annual rent equivalent to 10 per cent of the f.o.b. price of the said machines. If, after the expiry of the said five years, the Company desires to continue the manufacture of wax matches, the Company will pay to the Swedish Match Company the full f.o.b. price of the machinery, namely, Rs. 1.80 lakh after deduction of the rent, if any, which may already have been paid by the Company for the hire of the machines. According to the Directors of the Company, the rent and/or price of the machinery shall be payable only out of the foreign exchange earned by the Company through exports of wax matches. If the purchase price of the machinery cannot be paid wholly by the Company either on account of foreign exchange not having been earned by exports of wax matches or on account of any other exchange restrictions, the Company will be bound to return the machinery at its expense on a c.i.f. basis. The Directors anticipate that this latter eventuality may not arise, as they expect a reasonably good export demand for wax matches. They, therefore, propose to proceed with the setting up of a pilot plant.

Currently the Rs. 100 paid ordinary shares of the Company are being quoted at Rs. 258.50 *cum-div.* On an *ex-div.* basis, the net annual return on a fresh investment works out to 5.2 per cent.

(Concluded from next column)

existing units suggest that the Directors are taking a reasonably optimistic outlook for the Company.

The present paid-up capital of the Company is Rs. 74.68 lakhs, all in equity shares of Rs. 10 each. It is backed by reserves and surplus amounting to Rs. 52.01 lakhs. Secured loans of Rs. 103.94 lakhs comprise debenture and long-term loans of Rs. 52.23 lakhs and bank borrowings of Rs. 51.71 lakhs. These bank borrowings and current liabilities bring the total short-term indebtedness to Rs. 113.18 lakhs which is easily taken care of by current assets, book debts and investments amounting to Rs. 178.02 lakhs. The gross block of Rs. 203.66 lakhs (Rs. 174.19 lakhs a year before) has been written down to a net value of Rs. 135.95 lakhs.

The Rs. 10 fully paid ordinary shares of the Company are quoted at Rs. 14.87 *cum-div.* and offer a net yield of 5.7 per cent per annum.

JAYA SHREE TEXTILES FARES WELL

NEW CAPITAL TO BE ISSUED

FAIRLY encouraging progress has been made by Jaya Shree Textiles and Industries Ltd. (Secretaries and Treasurers: Messrs. Birla Brothers [Private] Ltd., Rishra, West Bengal) during the past calendar year. Net proceeds of sale of its products (that is, after excluding returns, rebate and excise duty paid) have improved further from Rs. 209.04 lakhs to Rs. 279.69 lakhs and the gross profit has increased from Rs. 42.85 lakhs to Rs. 55.62 lakhs. The figures of turnover and profit earned during the year are more than double those recorded in 1960.

The Directors report that the working of the flax plant during the year was satisfactory, because it had substantial orders for defence and had, therefore, no difficulty in obtaining imported raw materials. But because of non-delivery and undue delay in the supply of some of the imported and also indigenous machinery, the cotton spinning mill at Rishra could not achieve full production. However, with the commissioning of this mill since then and the gradual improvement in its working, the cotton weaving department of the Company has become self-sufficient.

The following table shows at a glance the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sales, less returns, rebate and excise paid	279.69	209.04	164.84	120.54
Other income	13.09	9.11	8.02	7.12
Stock of finished goods	36.97	30.45	23.56	24.58
Materials, stores and spares consumed	163.11	126.31	94.24	66.05
Staff expenses	48.06	34.99	29.08	22.62
Excise duty paid	4.83	1.91	0.77	0.68
Other expenses	32.51	21.16	15.18	13.36
Gross profit	55.62	42.85	32.94	25.06
Provision for—				
Depreciation	0.49	8.11	3.19	3.99
Taxation	20.00	16.55	11.95	8.71
Secretaries and Treasurers' remuneration	2.82	1.77	1.70	1.37
Net profit	23.31	16.42	16.10	10.99
Development rebate reserve	2.68	8.60	0.50	1.19
To other reserves	13.25	1.25	10.00	5.00
Dividend	7.38	7.31	4.92	4.92
	(10%)	(10%)	(10%)	(10%)
Carry forward	0.12	0.12	0.87	0.21

Equity shares' market value	1964	1963	1962	1961	1960
(In rupees):					
High	16.97	17.44	18.06	19.19	19.81
Low	14.56	12.81	14.50	13.87	12.12

The net profit for the year, after making moderately higher essential provisions in line with the improvement in gross profit, shows an impressive increase of roughly Rs. 7 lakhs from Rs. 16.42 lakhs to Rs. 23.31 lakhs. Over 65 per cent of this profit, or Rs. 15.93 lakhs, as against 56 per cent or Rs. 9.85 lakhs a year before, has been ploughed back to reserves, while the dividend on the 10-rupee ordinary shares has been maintained again at 10 per cent per annum. This conservative appropriation policy underlines the need for building up internal resources for financing development plans.

The new schemes which the Company has on hand are as follows:

Increase in the capacity of the cotton mill at Rishra from 15,200 spindles installed at present to 25,000 spindles. This expansion is expected to be completed within one year at a cost of about Rs. 50 lakhs. The Company has also been licensed to install in this mill 164 looms.

Permission for setting up 50 looms in the flax mill at Rishra has also been received and the necessary orders are being placed. Moreover, this mill's existing plant is being gradually modernised.

The insulator project is under implementation. Machinery for a high tension insulator plant, ordered with "Technoexport" of Czechoslovakia, is expected to arrive by the end of 1964. Meanwhile, the construction of buildings has started.

Land for setting up a cotton mill at Midnapore has been purchased and the construction of buildings has started. But the necessary licence for importing the machinery has still not been received and, as a result of this delay, the mill is unlikely to go into production before the end of 1965.

In order to finance these schemes, the Directors have decided to raise additional capital. For the present, new equity capital of Rs. 24.59 lakhs is to be raised by offering one for three right shares to the existing shareholders at par. This issue has been sanctioned by the Controller of Capital Issues. The Company has also received permission for making a preference share issue of Rs. 24.59 lakhs and a debenture issue of Rs. 22 lakhs. These new schemes and the satisfactory working of the

(Continued in previous column)

PROGRESS OF CENTURY SPINNING

PROFIT MARGIN RISES—RESERVES STRENGTHENED

THE setback suffered by the Century Spinning and Manufacturing Company Ltd. (Managing Agents: Messrs. Birla (Gwalior) Private Ltd., Gwalior) in 1962—due, of course, to the peculiar circumstances prevailing then—has fortunately proved short-lived and the Company has been able to report fairly encouraging results for the year ended 31st December 1963. With the commissioning of the tyre-cord plant in May 1963, maintenance of working efficiency, and the generally high level of production in both textile and rayon units, the total sales realisation has spurted by over 30 per cent from Rs. 17.10 crores to Rs. 22.25 crores. Thanks to this spurt, the gross profit has risen quite handsomely, by Rs. 117.86 lakhs to Rs. 447.72 lakhs, though cost of production has continued to increase on all fronts. An encouraging feature of the year's working is that the costs of raw materials and stores consumed, which had increased somewhat abnormally in the preceding year, have once again been brought under control; they account for 44 per cent of the sales proceeds less excise duty, rebate, etc., same as in 1961 which was by far the most profitable year in the recent past. The benefit of economy in these costs has, however, been neutralised to a great extent by the sharp rise of Rs. 93.30 lakhs to Rs. 687.98 lakhs in other expenses. Even so, the profit margin (ratio of gross profit to sales) has gone up from 19.1 per cent to 20 per cent.

It is but natural that the increased gross profit has attracted a higher provision for the Managing Agents' commission, namely, Rs. 13.46 lakhs, as against Rs. 9.78 lakhs. Similarly, the provision for taxation has been stepped up from Rs. 87.00 lakhs to Rs. 112.00 lakhs and that for depreciation from Rs. 110.61 lakhs to Rs. 177.24 lakhs due obviously to the commissioning of the rayon tyre-cord plant. The essential provisions together absorb as much as Rs. 302.70 lakhs, representing roughly 70 per cent of the gross profit, so that the resulting net profit is only Rs. 145.02 lakhs, as against Rs. 122.47 lakhs for the preceding year and Rs. 151.38 lakhs for 1961. Out of this, the Directors have transferred Rs. 57.85 lakhs to the statutory development reserve and Rs. 0.59 lakh to other reserves, besides setting aside Rs. 10.71 lakhs for the payment of preference dividend in respect of the year. It will be recalled that, earlier in the year, an interim ordinary dividend of 12 per cent subject to deduction of tax had been paid; this had claimed Rs. 30.59 lakhs. The Directors now propose a final dividend of Rs. 18 per share, so as to make a total dividend of Rs. 30 per share (subject to deduction of tax), which is the same as that distributed in the previous three years. The total dividend claims Rs. 76.47 lakhs. The different appropriations have not left anything to be carried forward, as against the Rs. 29,000 brought in.

The vicissitudes in the fortunes of the Company during the past four years are well brought out by the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sales (gross)	22,25.35	17,09.87	16,39.66	13,45.86
Other income	33.67	31.62	19.70	22.65
Closing stocks	337.97	325.40	231.29	222.40
Raw materials and stores consumed	856.64	749.81	670.31	613.26
Excise duty, rebate and expenses	279.55	161.25	108.26	56.89
Other expenses	687.98	594.68	502.03	463.67
Gross profit	447.72	329.86	387.57	285.54
Managing Agents' remuneration	13.46	9.78	14.54	9.89
Provision for—				
Depreciation	177.24	110.61	86.15	91.33
Taxation	112.00	87.00	135.50	43.00
Net profit	145.02	122.47	151.38	141.32
Withdrawals from reserves and provisions	0.31	4.06	6.45	0.65
To reserves	58.44	41.28	73.63	55.50
Sundry write offs	..	1.62	1.62	12.49
Dividends—				
Preference	10.71	10.71	10.71	10.71
Ordinary	76.47	76.47	70.35	61.17
	(30%)	(30%)	(30%)	(30%)
Carry forward	..	0.29	3.84	2.32

Market price of ordinary shares (in rupees)	1964	1963	1962	1961	1960
High	709	698	632	740	544
Low	577	497	545	440	425

In the beginning of this year, it may be noted here, the Directors announced their decision to issue to equity shareholders, subject to the sanction of the Central Government, bonus shares of Rs. 100 each credited as fully paid up by capitalising a sum of Rs. 50.98 lakhs, partly from the share premium account and partly from the general reserves. At the same time, it was clearly stated that the Company would not pay any further dividend on the equity shares for 1963. The consent of the Central Government has already been received, but the decision to issue bonus shares has been deferred for the time being, in view of the provisions contained in the Finance Bill 1964. The Directors, however, propose to issue to the holders of preference shares right preference shares of Rs. 100 each at par in the proportion of one such share for every five shares held. The new shares will be redeemable at par on 1st December 1973 and will rank *pari passu* with the existing preference shares, besides carrying the same rate of dividend.

The implementation of the various expansion and diversification schemes of the Company made further progress during the year. The tyre-cord plant went into production in May 1963 and attained the full rated capacity soon thereafter. The quality of the yarn is reported to be highly satisfactory, being equal to that of the super tyre-cord manufactured by the technical collaborators themselves. Practically all the leading tyre manufacturers in India are now patronising the product. Since the restriction on imports is only partial and tyre manufacturers are being permitted to import about 50 per cent of their requirements, certain difficulties are being experienced by the industry in selling its total output. A strong representation has, therefore, been made to the Government to restrict the import of tyre-cord yarn further.

Work is in progress on the installation of a rayon grade caustic soda plant with a daily capacity of 30 tons. As anticipated by the Directors a year ago, construction of buildings to house the plant has been completed and erection of machinery is in full swing. The plant is expected to go into production by about the middle of this year. Meanwhile, the Company has secured an import licence for 18 more spinning machines for the rayon unit and orders have already been placed for their import. These machines are likely to go into production during the first quarter of 1965. As regards the project for the manufacture of nylon yarn, the Directors point out that, because of various factors, it will not be practicable for the Company to implement this project. It is, therefore, proposed to form a new Company and, to this end, a provisional agreement has been entered into between the Company and Messrs. Algemene Kunstzijde Unie N.V. of Holland and Vereinigte Glanzstaff—Fabriken A.G. of West Germany. The agreement, *inter alia*, provides that a certain portion of the capital of the new company will, in the first instance, be offered to the shareholders of the Company.

The financial position of the Company is satisfactory. The share capital remains unchanged at Rs. 379.91 lakhs comprising Rs. 125.00 lakhs in preference shares of Rs. 100 each and the balance in equity shares, also of Rs. 100 each. The reserves, however, stand higher at Rs. 489.76 lakhs, as against Rs. 431.62 lakhs a year ago.

As for the prospects for current year, the Directors express themselves as follows:

"The outlook for 1964, especially for textile section, does not appear to be as satisfactory as it should be. In the first place, the cost of imported raw materials like cotton, and caustic soda has gone up. Secondly, considerable increase in the wage bill of the textile industry has taken place due to additional paid holidays and revised basis for payment of D.F.A. There has also been an increase in the employers contribution to provident fund from 6¼ per cent to 8 per cent. All these will add considerably to the manufacturing cost. This apart, the excise duty on rayon yarn, higher medium fine and superfine cloth and yarn, as also on chemicals, has been considerably increased, leading thereby to heavy burden on both textile and rayon industries."

On the eve of the budget this year, the price of the Rs. 600 paid equity shares of the Company stood at the highest price since 1962, namely, Rs. 709. During the landslide in share values which commenced with the publication of the budget proposals, the price was hammered down to Rs. 577 *cum-final div.* At present, it stands somewhat improved to Rs. 613 *cum-final div.* On *ex-div.* basis, the scrip fetches a net return of about 4 per cent per annum on a full year's dividend.

Notices

STEEL CONTAINERS LIMITED

NOTICE IS HEREBY GIVEN TO THE members of the above-named Company that the Sixth Annual General Meeting will be held at the Registered Office of the Company, 21, Netaji Subhas Road, Calcutta, on TUESDAY, 26TH MAY, 1964 at 3.30 p.m., to consider the Accounts of the Company for the year ended 31st December, 1963 and to transact other ordinary business.

NOTICE is also hereby given that the Transfer Books and Register of Members of the Company will be closed from 12TH MAY, 1964 to 26TH MAY, 1964, both days inclusive.

By Order of the Board,
BALMER LAWRIE & Co. LTD.,
D. MANSON,
Managing Director,
Secretaries.

21, NETAJI SUBHAS ROAD,
CALCUTTA, *20th April*, 1964.

Note:—A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. Such proxy need not be a member of the Company.

MADURA MILLS COMPANY LIMITED

Registered Office:
New Jail Road, MADURAI

NOTICE IS HEREBY GIVEN THAT IN connection with payment of interest to Debenture Stockholders, the Debenture Stock Transfer Register of the Company will be closed from 16th to 30th May, 1964, both days inclusive. It is recommended that:

1. All persons holding debenture stock on blank transfers should immediately arrange to have the stock registered in their own names, as the Company will pay interest only to the person(s) in whose name the stock stands on the date of payment of interest.
2. Stockholders desiring interests to be paid to Banks or other Mandatees should register the mandates with the Company before 16th May, 1964.
3. Intimation of any change of address should be given to the Company immediately.

A. & F. HARVEY LTD.,
Managing Agents.

MADURAI, *23rd April*, 1964.

JESSOP AND COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT IN compliance with the provisions of the Preference Shares (Regulation of Dividends) Act, 1960, the Board of Management has sanctioned the payment of an Interim Dividend on 5 per cent Cumulative Preference Shares for the half-year ending 30th April 1964, at the rate of Rs. 3.25 per share subject to deduction of tax in accordance with the Finance Act currently in force.

The Preference Share Transfer Register will be closed from 19th May 1964 to 23rd May 1964 both days inclusive.

Dividends will be paid only to the Shareholders whose names are registered in the Books of the Company on the 23rd May, 1964 or to their Mandatees.

By Order of the Board,
K. S. BASU,
Secretary.

63, NETAJI SUBHAS ROAD,
CALCUTTA, *28th April*, 1964.

ATUL PRODUCTS' PROFIT DOWN AGAIN

DIVIDEND JUST MAINTAINED

THE continued sluggishness in the market for dyestuffs, which failed to respond favourably to price reduction, scarcity of raw materials, which affected the level of output, and the general tendency for manufacturing costs to rise have once again caused a big dent in the profit-margin of the Atul Products Ltd. (Managing Agents: Messrs. Lalbhai Sons and Company, Ahmedabad) for the year ended 31st December 1963. Thanks, however, to an improvement in the performance of the pharmaceutical division, the turnover has risen, though modestly, from Rs. 414.83 lakhs to Rs. 427.86 lakhs. Even so, the gross profit has heavily gone down from Rs. 123.38 lakhs to Rs. 95.49 lakhs. As will be seen from the accompanying four-year comparative table, for the third year in a row the gross profit has declined and, what is worse, the rate of decrease has gathered momentum from year to year. Thus, in 1961, which was the first year of recession, the gross profit declined by Rs. 9.87 lakhs; in 1962, it lost another Rs. 25.73 lakhs; and the decrease during 1963 works out to Rs. 27.89 lakhs. In terms of profit-margin (ratio of gross profit to turnover), the decline is from 29.7 per cent in 1962 to 22.3 per cent in 1963. The figure was as high as 35.6 per cent in 1960 which, by all counts, was the best year on record for the Company.

Owing to the fall in gross profit and the increase of Rs. 8.02 lakhs to Rs. 34.26 lakhs in the provision for depreciation, the provision for Managing Agents' remuneration has gone down from Rs. 6.73 lakhs to Rs. 4.79 lakhs and that for taxation has been exactly halved, from Rs. 34 lakhs to Rs. 17 lakhs. The resulting net profit, therefore, is Rs. 38.44 lakhs, as against Rs. 56.41 lakhs for the year before, that is, a drop of Rs. 17.97 lakhs or about 33 per cent. After adding to this the sum of Rs. 3 lakhs withdrawn from reserves and the amount brought forward from the preceding year, the Directors have credited Rs. 6.90 lakhs to development rebate reserve. In other words, the net amount conserved is about Rs. 3.50 lakhs, as against Rs. 23.42 lakhs in the past year. The balance of profit available is just sufficient to maintain the dividend at 12 per cent per annum.

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sales (gross)	427.86	414.83	474.81	418.95
Other income	58.04	58.29	52.14	42.87
Closing stocks of finished goods	122.64	115.39	52.35	20.51
Raw materials and stores consumed	178.44	198.39	203.17	201.47
Goods for resale	49.45	65.18	91.11	38.90
Excise duty	36.37	36.52	27.61	...
Other expenses	133.40	122.69	97.79	87.01
Gross profit	95.49	123.38	139.11	148.08
Managing Agents' remuneration	4.79	6.73	7.20	11.17
Provision for—				
Depreciation	34.26	26.24	22.18	19.94
Taxation	17.00	34.00	38.50	40.00
Net profit	39.44	56.41	71.23	68.87
Withdrawals from reserves or provisions	3.00	6.41	...	...
To reserves	6.90	31.60	40.00	38.50
Dividend	36.74	32.99	27.00	26.94
	(12%)	(12%)	(12%)	(12%)
Carry forward	0.19	0.61	2.38	4.16
Market price of ordinary shares (in rupees):	1964	1963	1962	1961	1960
High	369.50	454.00	538.50	620.50	602.50
Low	300.00	294.00	415.00	429.00	428.50

The market for dyes continued to remain dull throughout the year under report and even a reduction in prices had no effect on the demand. On the production side, too, difficulties regarding procurement of raw materials persisted and a large number of them had to be purchased at prices higher than those prevailing in the previous year. Even then, the desired level of output could not be attained. Fortunately, the Company had better sales of pharmaceuticals, despite the loss of business in Aureomycin and Achromycin due to the commencement of manufacture of these drugs by Cynamide India Ltd. for whom the drugs used to be manufactured so far. The Company was, however, able to effect larger sales of other drugs and the total sales of pharmaceuticals for the years were, therefore, very nearly the same as for the year 1961.

The various diversification and expansion project taken in hand a few years ago made good progress. The Bon acid plant commenced operations in April 1963 and worked satisfactorily throughout the year. This made the Company nearly self-sufficient in the manufacture of naphthol dyes, though the plant could not be run to full capacity, owing to unfavourable market conditions for dyes. The carbon dioxide plant, which is a part of the Main Bon acid plant, also worked satisfactorily and the Company could utilise the surplus capacity of this plant by sale to outside parties. The existing sulphuric acid plant worked well and fully. The equipment for an extension of this plant as well as that for the manufacture of chlorosulfonic acid are at site and are being erected.

The erection of the caustic soda plant was completed by the end of 1963 and trial runs were carried out in January of this year. The plant was formally inaugurated in February 1964. There were, of course, some teething troubles but these are being overcome and it is expected that the plant will be able to give the designed quantity of caustic soda, caustic potash, sodium sulfide, etc., by June 1964. Since the country as a whole is at present short of caustic soda and there exists a growing demand for chlorine and hydrochlorine acid, no difficulties are anticipated in using the plant to its full rated capacity. In order to put to good use the chlorine coming from the caustic soda plant, the scheme for the manufacture of dicalcium phosphate has now been taken in hand. The building to house the plant is under construction and orders for equipment have been placed. The plant, it is hoped, will be ready by the end of 1964, but, meanwhile, arrangements are being made to manufacture the product in some quantity in a pilot plant which will go into operation shortly. As for the manufacture of other chlorinated products, an application has been made to the authorities concerned for licences for the import of equipment.

The building for the naphthalene intermediates plant is reported to be nearly 75 per cent completed. Consignments of foreign equipment have started to arrive and deliveries of indigenous equipment are expected to commence soon. Unfortunately, there have been considerable delay in securing import licences for foreign equipment for the fast colour bases plant. As a result, the ordering out of the equipment has been delayed. The Company has, however, started placing orders, while work on the construction of buildings for the plant has already commenced.

As regards the scheme for the manufacture of urea formaldehyde resins and intermediates for sulfa drugs in collaboration with Ciba Ltd., Switzerland, which has been entrusted to the subsidiary Cibatul Ltd., the Directors say that the building to house both these plants are in hand and almost all the machinery for the urea formaldehyde resins plant would be at the site by June this year and that the plant may go on stream in the first quarter of 1965. Similar progress has not been made in the case of the sulfa drugs intermediates plants, but it is hoped that the schedule of progress will be stepped up and the plant might be ready for commissioning by the end of 1965.

During the year, the Company issued one lakh ordinary shares of Rs. 100 each at a premium of Rs. 25 per share. Out of this amount of Rs. 125 per share, a sum of Rs. 50 (including the premium of Rs. 25 per share) was called up during the year under review itself. This has raised the paid-up capital of the Company to Rs. 324.69 lakhs entirely in equity shares of Rs. 100 each. This is supported by Rs. 184.04 lakhs in reserves and surplus, giving the total of own funds at Rs. 508.73 lakhs. As against these, however, finance from external sources aggregates as much as Rs. 728.91 lakhs, comprising Rs. 250.86 lakhs loan from the Central Government Rs. 338.86 lakhs loans from banks and other institutions including the Investment Credit and Investment Corporation of India and Rs. 146.93 lakhs current liabilities and provisions, including the proposed dividend. With the additions of the order of Rs. 95.64 lakhs during the year, the gross block has risen to Rs. 754.10 lakhs, as against which depreciation provided so far is Rs. 206.14 lakhs. This gives a net block of Rs. 547.96 lakhs. Investments, predominantly in shares of subsidiary or associated companies, are carried in the books at a cost of Rs. 202.51 lakhs. Current assets, loans and advances altogether amount to Rs. 486.97 lakhs. It will thus be seen that the Company's resources are fully stretched.

The Rs. 100 fully paid shares of the Company are currently quoted at Rs. 302 *cum-div.*, at which rate they fetch a net annual return of about 3.3 per cent.

Notices

THE PEERMADE TEA COMPANY LIMITED

(Incorporated in India)

NOTICE IS HEREBY GIVEN THAT THE 26th Annual General Meeting of the Shareholders will be held at the Registered Office of the Company at Chavadi Parambu, North Commercial Canal Road, Alleppey, at 3 p.m. on Wednesday, the 3rd June 1964, to transact the following business:—

1. To receive and adopt the Audited Accounts and Balance Sheet for the year ended 31st December, 1963, and the Report of the Directors and Auditors.
2. To declare a dividend.
3. To elect Directors.
4. To appoint Auditors.
5. To consider, and if thought fit, to pass the following resolution as a Special Resolution:—

"RESOLVED that the following Article be substituted in place of Article 50 of the Articles of Association of this Company:—

'On a show of hands, every shareholder present in person shall have one vote; and on a poll, every shareholder present in person or by proxy or attorney shall have one vote for every share held by him.'"

The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the special business under items 5 above is being posted to all members.

The transfer books of the Company will be closed from 20th May 1964 to 3rd June 1964, both days inclusive.

Any member unable to attend personally is entitled to appoint any person (whether a member or not) as his proxy to attend and vote instead of himself, subject to the provisions of Section 176 of the Companies Act, 1956. Such proxy should reach the Registered Office of the Company at least 48 hours before the time fixed for the meeting.

By Order of the Board,
THE PEERMADE TEA COMPANY LTD.,
Per pro ASPINWALL & Co. (TRAVANCORE) LTD.,
C. PRABHAKARAN,
Secretaries.

ALLEPPEY, *30th April*, 1964.

Note: The dividend, if declared, will be paid on or after 1st July 1964 to those shareholders whose names appear in the Company's books on the 3rd June 1964 or to their mandatees.

JENSON AND NICHOLSON (INDIA) LIMITED

NOTICE IS HEREBY GIVEN THAT THE Annual General Meeting of Members of the Company will be held at the Registered Office of the Company, No. 2, Fairlie Place, Calcutta, on Thursday, 21st May, 1964 at 11 a.m., for the following purposes:—

1. To receive and consider the Directors' and Auditors' Reports and the Profit and Loss Account for the year ended 31st December, 1963 and the Balance Sheet as at that date.
2. To declare Dividends.
3. To appoint Auditors and fix their remuneration.

The Share Transfer Books of the Company will be closed from the 15th to 21st May 1964, both days inclusive.

By Order of the Board,
K. S. REGUNATHAN,
Secretary.

2, FAIRLIE PLACE,
CALCUTTA, *6th April*, 1964.

Note:—A Member entitled to attend and vote at the above Meeting may appoint a proxy to attend and vote instead of him. A proxy need not also be a Member of the Company.

SYNOPSES OF COMPANY REPORTS

Bengal Flour Mills Co., Ltd.

(Managing Agents: Messrs. Balmer Lawrie & Co., Ltd., Calcutta.)

One Hundred and Thirtieth Annual General Meeting—19th May 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales	2,73,60	2,65,48
Closing stock	7,10	6,83
Gross profit	16,38	13,23
To Managing Agents' remuneration	1,57	1,29
Transfer to depreciation	1,02	1,06
" " provision for taxation	8,23	6,83
Net profit	5,56	4,05
Provision for contingencies written back	Nil	20
Balance brought forward from previous year	Nil	1,68
Appropriations:		
Transfer to development rebate reserve	17	2
" " general reserve	1,79	2,91
To interim dividend (taxable) Ordinary	1,80	1,20
	(15%)	(10%)
Proposed final dividend (taxable) ordinary	1,80	1,80
	(15%)	(15%)
Total dividend per cent	[30%]	[25%]
Carry forward	Nil	Nil

Extracts from the Directors report: *Operations*.—Although restrictions on electrical power continued during the year, the milling output was higher than in 1962. Controls on extractions continued to be in force and a modified permit system of distribution of products was re-introduced. The flour milling industry in West Bengal was declared a "public utility" service for the purposes of the Industrial Disputes Act, 1947 and employment in the Company became subject to certain provisions of the Defence of India Rules.

The profit earned for the year showed a satisfactory increase, and after providing for the Company's liability to tax under the Companies (Profits) Surtax Bill 1964 and for the proposed tax on dividends distributed, the Board has recommended the payment of a final dividend which together with the interim dividend represents an increase in the total distribution as compared with last year.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	12,00,000	Gross block	30,22,354
Reserves and surplus	31,52,123	—Depreciation	35,10,354
Other liabilities	10,17,505	Net block	4,12,000
		Current assets	30,83,550
		Investments	7,500
		Cash	9,66,578
	Rs. 53,69,628		Rs. 53,69,628

* Paid-up capital consists of 1,20,000 ordinary shares of Rs. 10 each. Of the above, 48,000 shares are allotted as fully paid Bonus shares, by way of capitalisation of revenue reserve.

Polson Ltd.

(Managing Agents: Messrs. Polson Agencies Private Ltd., Bombay.)

Twenty-fifth Annual General Meeting—29th May 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales of butter, ghee, coffee and other products	1,77,55	1,67,97
Closing stock—raw materials	9,31	8,33
—finished products	8,70	8,33
Gross profit	21,02	18,32
To Managing Agents, commission	2,26*	1,31
" provision for doubtful debts	7	Nil
Transfer to depreciation	2,01	2,04
" " provision for income-tax	10,08	7,78
" " " sur-tax	1,52	Nil
" " " super-profits tax	Nil	2,19
Net profit	8,08	4,40
Excess provision for super-profits tax written back	1,14	Nil
Appropriations:		
Transfer to general reserve	2,20	(a)
" " development rebate reserve	26	30
To payment of interim dividend (taxable) Equity	81	Nil
	(3%)	(Nil)
Proposed final dividends (taxable) Preference	1,00	1,00
	(Rs. 6 68)	(Rs. 6 68)
" " " " Equity	5,13†	3,78
	(19%)	(14%)
Total ordinary dividend per cent	(22%)	(14%)
Carry forward	1	19

Market value of equity shares (in rupees):	1964‡	1963	1962
High	190.00	184.00	198.00
Low	180.00	173.00	176.00

* Includes Rs. 19,704 being adjustment for the preceding year.
(a) Only Rs. 200.
† Includes a Jubilee dividend of Rs. 2.00 per share taxable.
‡ Upto 29th April 1964.

Extracts from the Directors' report: This year again has been a very good year for the sale of butter. Unfortunately, the same cannot be said for the sale of the Company's Coffee. The principal export market for Polson's French Coffee was Burma, but due to restrictions imposed by the Government of Burma the Company cannot export, for sale, coffee to Burma. Chicory is an essential ingredient required for producing French Coffee. The Government imposed a ban on import of Chicory from abroad. This has resulted in a sudden and steep rise in the price of Chicory as Chicory produced in India does not meet with our country's requirements. The price of raw coffee also has gone up very considerably during the year. It has, therefore, become impossible for the Company to produce French Coffee at the price as in previous years and this has necessitated increase in sale price of the Company's product which also has come in the way of its sales.

From October 1963, the Company started marketing tea under two brand names—Polson's Premier Tea and Polson's Popular Tea. Further varieties of Tea in different packages to suit consumer's demands are being introduced.

As the sale of the Madras Branch was not increasing to the satisfaction of the Directors, and also in view of its unsatisfactory working, the Madras Branch was closed and Messrs. Byramshaw & Co., Madras, have been appointed as sole selling agents for the sale of the Company's products for the areas originally served by the Madras Branch.

75 Years of Foundation and Silver Jubilee of the Incorporation of the Company:—As the shareholders are aware the Company has completed 75 years of the Foundation and 25 years of its Incorporation. The story of the growth and development of the Company is an epic of faith, perseverance and courage of its Founder late Seth Pestonji Edulji Polson.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	47,00,000	Gross block	73,26,445
Reserves and surplus	22,43,257	—Depreciation	34,40,714
Other liabilities	31,21,928	Net block	38,85,731
		Current assets	40,55,565
		Investments	7,177
		Cash	14,56,712
		Miscellaneous expenditure	60,000
	Rs. 1,00,65,185		Rs. 1,00,65,185

* Paid-up capital consists of 20,000—6 per cent cumulative redeemable preference shares of Rs. 100 each and 27,000 Equity shares of Rs. 100 each. Of the above, 10,280 preference shares and 12,855 equity shares are allotted as fully paid-up Bonus shares by way of capitalisation of reserves.

Southern Structurals Ltd.

(Managing Director: Mr. N. Ranganadhan, Madras.)

Seventh Annual General Meeting—20th May 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Proceeds of Railway wagons	1,16,55	1,50,37
Proceeds of structural contracts	97,16	10,01
Closing work-in-process	15,42	5,16
Gross profit	27,44	15,29
Transfer to depreciation	4,27	3,60
" " development rebate reserve	1,35	60
" " provision for taxation	12,42	Nil
Net profit	9,40	11,09
Appropriations:		
To adjustment of loss brought forward	Nil	7,42
To write off preliminary expenses, brokerage, etc.	41	41
Transfer to general reserve	3,00	Nil
Proposed dividend (taxable) Equity	5,66	3,00
	(9%)	(6%)
Carry forward	59	26

Extracts from the Directors' report: *Capital*: During the year under review, out of the 3,00,000 equity shares, which the Company had offered as rights shares, only 1,60,604 were taken up. The reason for many members not exercising their rights is directly traceable to the Budget for 1963, which totally upset the market, the recovery of which has been very slow. The Company collaborators, the Metropolitan-Cammell Carriage & Wagon Co. Ltd., Birmingham, however, readily took up their equity rights.

Towards the close of the year, conditions in the market appeared to be slightly less unfavourable and there was a certain amount of guarded optimism about the 1964 Budget. In this, again, the investing public was sorely disappointed.

At the moment, of writing this report, the paid-up capital stands at Rs. 67,06,040. The Board feels that it is not only necessary that the balance of Rs. 13 lakhs should be raised immediately, but that they should also seriously consider issuing the Rs. 20 lakhs worth of preference shares by the beginning of July, 1964, so that the Company does not suffer through inadequacy of funds.

Buildings and Machinery: Additions during the period under review aggregated to Rs. 11,98,343. Some of the items of machinery received had not been installed at the end of the year, but they are now well on the way to being brought into commission.

On 31st December 1963, the sum standing to the credit of the Company's account with the Midland Bank Ltd., London, awaiting appropriation against purchases, was £14,365-9-8.

Review of Work Done in 1963: There was a certain amount of disappointment over the outturn of railway wagons during the year. Though the programme started with considerable promise, shortages were experienced later in regard to a number of items, which prevented the Company from stepping up the turnover. For instance, the Company was faced with a scarcity in plates and sheets in which a good part of its requirements had to come from imports in the ordering of which there was some delay on the part of the Railway Board. There was also considerable trouble in getting some of the components, more particularly steel castings, from suppliers in Bengal, where there was a breakdown in the supply of electric energy for some time. In addition, urgent needs of Defence were given priority to the detriment of civil requirements. Furthermore, towards May/June, 1963, there was a serious shortage of electrodes which continued up to the end of the year. Whatever quantities were available, were diverted to high priority Defence jobs. Another factor, which militated against the maintenance of even level production at a fairly high level, was shortage of gas, caused partly because of Defence needs and partly due to a long strike in the works of one of the producers. Then again, the Company had the recurring feature of a cut in electric energy during the middle of the year, though of short duration. Due to these several reasons, the outturn of wagons did not exceed Rs. 116.5 lakhs in value.

On the structurals side, the Company's performance was very much better—thanks to the Avadi project being given the highest priority. The pace of fabrication, which had been gradually built up, enabled the Company to deliver 830 tonnes of structurals in the month of April, 1963,—a figure, which the Directors are informed, has not been surpassed by any fabricator in the South, so far. The total value of bills submitted to the end of the year for structural supplies and erection, mostly for the Defence project, was a little over Rs. 97 lakhs. In the light of this experience, the Directors estimate today the Company's annual structural capacity at very near 10,000 tonnes. The Directors are, accordingly, applying to Government to raise our licensed capacity to this figure.

Finance: During the year, the Company repaid to the Madras Industrial Investment Corporation Ltd., the sum of Rs. 3.75 lakhs. The debt to this Corporation at the end of the year stood at Rs. 20,84,962 which, according to the terms of the Company's agreement, will be liquidated over the next 7 years. Should there be further delay in being able to raise the balance of the issued capital, the Company will have to seek the assistance of this Corporation for a further loan to meet the requirements of mid-term finance.

Further Plans: The Company has taken up, in earnest, a scheme for manufacturing cranes of different types. In this connection the Company had an offer from one of the best-known continental suppliers of cranes to provide their designs and technique covering fabrication of cranes ranging from 10 tonnes to 200 tonnes capacity.

The Company also had a similar offer from a British firm in respect of the manufacture of special types of derricks, both stationary and mobile. This subject too is now receiving the Directors' attention.

The Metropolitan-Cammell Carriage & Wagon Co. Ltd., who are developing certain lines of mobile cranes and mechanical handling equipment, expect the Company to take up these items for manufacture in this country.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	66,68,700	Gross block	75,87,465
Reserves and surplus	10,13,891	—Depreciation	14,63,310
Other liabilities	1,65,09,249	Net block	61,24,155
		Current assets	1,77,35,152
		Investments	34,323
		Cash	2,35,300
	Rs. 2,41,28,930		Rs. 2,41,28,930

* Paid-up capital consists of 6,69,604 equity shares of Rs. 10 each. Calls in arrears amount to Rs. 250.

Nutan Mills Ltd.

(Managing Agents: Messrs. Jagabhai Bhogilal Nanavaty & Co., Ahmedabad.)

Thirty-third Annual General Meeting—Held on 1st May 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales	1,96,94	1,63,89
Closing stock	17,22	36,07
Gross profit	20,85	21,77
To Managing Agents' remuneration	1,27	1,41
Transfer to depreciation	8,14	7,62
" " provision for statutory development rebate reserves	1,44	1,36
" " provision for taxation	5,25	6,02
Net profit	4,76	5,35
Transfer from general reserve	2,20	1,25
Appropriations:		
To short provision of tax for previous year	1,24	97
Proposed dividends (taxable) Preference	23	23
" " " Ordinary	5,49	5,47
	(22%)	(22%)
Carry forward	2	1

Extracts from the Directors' report: During the year under review, the manufacturing cost maintained its high level partly because dearness allowance continued to rule on the lines of the previous year and also the increases in the cost of fuel, electricity, chemicals, dyes and spare parts. Sale of the Company's products are still under the Voluntary Price Control Scheme.

The rate of contribution to the provident fund for employees, has been raised from 6¼ per cent to 8 per cent with effect from 1st December 1963. The dearness allowance has been raised owing to its linking with a revised cost of living index. The Bonus Commission appointed by the Central Government has made several recommendations for determining bonus, one of which is for accepting the total wage paid to the employees as a base for determining bonus. This is a departure from the base of basic wages hitherto adopted. This will increase the quantum of bonus. All these factors will increase the manufacturing cost in the coming years.

During the year, a sum of Rs. 12,11,874 has been spent on extension of buildings and installation of machinery and equipment on mills' reorganisation and renovation programme. The main items covered by this expenditure are 1 *Multicylinder Sizing machine*, 10 *Carding Engines*, 4 *Globe Drawing Frames*, *Conversion materials* for 8 *Ring Frames* and equipment for *Humidification Plant* and extension of buildings for dyeing and spinning departments.

The installed capacity of the Mills is 25,056 *Spindles* and 576 *Looms* with complete dyeing and bleaching plants.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	20,96,700	Gross block	1,39,60,474
Reserves and surplus	75,43,115	—Depreciation	71,41,390
Other liabilities	33,31,231	Net block	68,19,084
		Current assets	61,68,312
		Investments	1,37,608
		Cash	7,46,012
	Rs. 1,38,71,046		Rs. 1,38,71,046

*Paid-up capital consists of 5,000—4½ per cent cumulative preference shares of Rs. 100 each and 21,067 ordinary shares of Rs. 100 each. Of the above all the preference shares and 10,000 ordinary shares are allotted as fully paid-up by way of Bonus shares by way of capitalisation of reserves.

NEWS IN BRIEF

THE Union Government has abolished the cess of 19 nP per quintal of coir imposed on the coir industry with effect from the 1st inst.

The Government of India is considering the suggestion made by the Chief Justice of India for abolishing the Income-tax Appellate Tribunal and transferring the appeals to High Courts.

Postal life insurance will not be merged with the Life Insurance Corporation, as the Union Government feels such merger will deny the Postal Life Insurance insurants certain facilities now being enjoyed by them.

A heavy structural plant at a cost of Rs. 12 crores is proposed to be set up near Wardah by the Government of Austria. The plant is likely to go into production by 1966. Preliminary work will start in about two months.

The registration of the Unique Motor and General Insurance Company Ltd., Bombay, has been cancelled for contravention of the provisions of Section 40C of the Insurance Act, 1938, relating to the expenses of management. The cancellation came into effect on 27th April 1964.

The Government of Madhya Pradesh has banned strikes in the State-owned Heavy Electricals project (Bhopal) for a period of six months from the 5th inst. The ban has been imposed under the Defence of India Rules with a view to "maintaining supplies and services essential to the life of the community."

Under a trade agreement signed recently between the Government of India and Korea, India will export to Korea *engineering goods* and machinery, ferro-manganese, chemicals and pharmaceuticals, etc., in exchange for non-ferrous metals like zinc, lead, tungsten ores and concentrates.

Prospecting done recently by the National Coal Development Corporation in three regions of Hazaribagh district revealed the existence of a total coal reserve of 400 million tons of coal. Further prospecting is going on. The Corporation will raise three million tons of coal per annum during the fourth Plan period.

The Oil and Natural Gas Commission has reduced its target of drilling of wells during the third Plan to 490 from 512, to which level it had earlier been cut from 611. The latest reduction is necessitated by the delay in securing the right type of drilling equipment, inadequate free foreign exchange resources and organisational deficiencies.

It is proposed to replace almost all the German technical personnel in the Rourkela Steel plant within the next 18 to 24 months, according to Mr. C. Subramaniam, Union Minister for Steel, Mines and Heavy Engineering. Even after the Indianisation, a small team of German experts may continue there.

In order to enable units of textile industry to submit their applications for import of permissible items of textile machinery from Italy, along with proforma invoices, etc., the last date for receipt of applications has been extended up to the end of this month. Applications received after this date will be considered as time-barred and will be rejected.

An individual earned a salary of Rs. 11,74,075 in the year 1961-62—almost Rs. one lakh per month—and paid income-tax and other taxes to the tune of 85 per cent of it, according to Mr. T. T. Krishnamachari, Union Finance Minister. The top ten salaries in that year (in rupees lakhs) were: 11.74, 4.69, 3.78, 3.54, 2.81, 2.67, 2.57, 2.48 and 2.46. Five of the ten salaried people were foreigners.

Out of the Rs. 119.05 crores drawn from the International Monetary Fund in 1961, the amount yet to be repaid by India is Rs. 107.14 crores. On the unpaid amount, India has to pay interest at the rate of 2.5 per cent for the period upto July 1964, 4 per cent from 1st August 1964 to 1st January 1965, 4.5 per cent from 1st February 1965 and 5 per cent thereafter till the final repayment is made.

The Union Government has asked the Tata Iron and Steel Company and the Indian Iron and Steel Company to prepare project reports for their expansion programmes as early as possible, so that negotiations for financing these can be initiated. These two companies, it will be recalled, have been allowed to expand their steel ingots capacity by one million tonnes each during the fourth Plan.

An official delegation is expected to visit Tokyo shortly to finalise the agreement with three major ship-building firms which are to help the Indian Government in setting up a shipyard at Cochin. The Japanese firms have agreed to construct a shipyard with a 30,000-d.w.t. vessels building dock, a 15,000-d.w.t. shipbuilding berth and a repair dock for ships of 15,000 d.w.t. The whole project is expected to be completed in four years; work will begin by the year-end.

The Government of India has decided to set up a nine-member Small Newspaper Advisory Committee under the chairmanship of Mr. R. R. Diwakar, M.P., to make an investigation into the difficulties and problems facing small newspapers and to advise the Government on the measures to be taken for assisting the small newspapers published in various languages. The Committee has been asked to submit its report within six months.

The cornerstone of the Rs. 20-crore synthetic drugs factory, being set up by Indian Drugs and Pharmaceuticals Ltd., was laid by Mr. O. V. Alagesan, Union Minister for Petroleum and Chemicals, at Hyderabad on the 2nd inst. The factory will produce annually about 850 tonnes of synthetic drugs and 4,560 tonnes of intermediates at an estimated sale value of about Rs. 8 crores. When the Rishikesh and Hyderabad plants go into full production and the expansion schemes at Pimpri are completed, India will be able fully to meet its demand for these basic drugs.

As many as 17,912 import licences valued at Rs. 21.25 crores were issued by the Government of India during the six months ended March 1964 under the various export promotion schemes. Established exporters were given licences worth Rs. 2.87 crores. The share of prospective exporters was Rs. 1.39 crore. Licences valued at Rs. 5.2 crores were also issued in connection with two schemes for cotton textile export incentives. The imports of chemicals and dyes valued at Rs. 2.6 crores and textile machinery at Rs. 3.57 crores were also sanctioned.

The metal foundry of the Heavy Engineering Corporation was commissioned eight months ahead of schedule on the 1st inst., at Ranchi by Mr. T. R. Gupta, Chairman of the Corporation. The foundry will initially produce about 100 tons of material per month and the output will ultimately be raised to 700 tons a day. Castings and forgings weighing from a few kilos to 100 tons will be produced to meet the demands of the heavy machine building plant and the heavy machine tool plant. The surplus production will be supplied to private sector undertakings.

The total foreign aid authorised for the third Plan upto 1st February 1964 amounted to Rs. 2,055.55 crores, of which only Rs. 896.58 crores had actually been utilised. Aid in the form of loans and grants in foreign currency has been obtained from 19 countries, the World Bank and its subsidiary, the International Development Association. The biggest contributor is the U.S. with Rs. 724.62 crores followed by Russia with Rs. 308.92 crores, and the World Bank and I.D.A. together with Rs. 289 crores. West Germany accounts for Rs. 236.17 crores, the U.K. for Rs. 151.24 crores and Japan for Rs. 97.54 crores.

The State-owned Hindustan Machine Tools Ltd. (Bangalore) will shortly commence production of single-spindle automatic lathes. The H.M.T. signed a seven-year technical collaboration agreement on Monday this week with the internationally known French firm, "Manurhin." Under the agreement, the H.M.T. will turn out automatic lathes for the first time in this country and will have sole rights and exclusive licence for manufacture and sale in India and Ceylon. It will manufacture seven models in three varieties. Presently a good number of such lathes are being imported by Ordinance factories and the H.M.T. will hereafter supply the defence factories indigenous lathes.

* * * *

From Abroad

The British Government is expected to lift quota restrictions on a wide range of Russian manufactures by the end of this year.

The U.S. Steel Company has effected a reduction of 12 to 14 per cent in the prices of wire rods and course wire in a bid to counter foreign competition. At the same time, the Company has increased its discount to distributors for stainless steel and plate from 5 to 10 per cent.

Tea production in Pakistan during the year ended March 1964 aggregated 55.49 million lbs. as against 51.83 million lbs. in the 1962-63. The quantity of tea sold at international auctions during the same year was 53.34 million lbs. as compared with the 45.84 million lbs. sold in the previous year.

The aggregate net profits of 101 major Swedish companies the shares of which are quoted on the Stockholm Stock Exchange, rose by 11.7 per cent to Kr. 927.3 million for 1963. The total dividends were up by 6.7 per cent to Kr. 665.5 million. Of the 101 companies listed, 60 reported a higher net profit for the year, 26 a lower net profit and 15 a practically unchanged net profit.

A British firm of chartered accountants is negotiating with the Government of Afghanistan an agreement to train Afghans in Britain and give accounting advice to the Government. This advice will be made available in the commercial sector rather than at a national level. An official of the British firm will be visiting Afghanistan for talks with the Government there.

A new titanium dioxide plant with an annual capacity of 15,000 tons started production recently at Fredrikstad in East Norway. Owned by the Titan Company A/S, a subsidiary of the U.S. National Lead Company, the plant is highly automated, requiring only 30 workers. The bulk of its output will be exported to other Scandinavian countries.

Sweden's wholesale prices remained stable at 164 points in March (1949=100), according to the index of the Central Bureau of Statistics. Price increases of 1.2 point were offset by decreases of 1.1. In March last year the index stood at 157. The import price index stood unchanged at 133 points, as against 126 a year ago. Export prices were up by one point to 148 as compared with 142 points in March 1963.

A furher tax cut for the American is possible in a few years' time, if the $11.500 million reduction recently enacted succeeds in building

PERSONAL

MR. K. P. Mathrani, till recently Chairman of the Industrial Finance Corporation of India, has taken over charge as the Secretary to the Union Ministry of Rehabilitation.

Mr. D. R. Narang, a leading sugar millowner of North India, has been elected President of the Indian Sugar Mills Association for the year 1964-65. Mr. S. Jaipuria has been elected Vice-President.

Mr. S. V. Kogekar, formerly Principal of the Fergusson College, Poona, has assumed charge as a Member of the Forward Markets Commission, Bombay, *vice* Mr. Syed Noon.

Mr. Norman H. Strouse, President of J. Walter Thompson Company of the U.S., has been elected Chairman of the Board of the American Association of Advertising Agencies for the current year.

Mr. M. Zaheer, I.A.S., till recently Joint Secretary in the Industries Department and Director of Cultural Affairs and Scientific Research Department, Government of Uttar Pradesh, has been appointed a Member of the Tariff Commission.

Mr. V. Shankar, I.C.S., Union Food Secretary, left for Japan on the 1st inst. to study the possibilities of stepping up exports of raw sugar. He will also seek Japanese collaboration in the development of the fishing industry in this country.

Mr. N. D. Sahukar of Messrs. Godrej and Boyce Manufacturing Company Limited has been elected Chairman of the reconstituted Western Regional Committee of the Engineering Export Promotion Council. Bombay, for the year 1964-65. Mr. J. V. Doshi of Kamani Engineering Corporation has been elected Deputy Chairman.

production, creating jobs, raising profits and generating revenue to balance the budget, according to President Johnson. Meanwhile, Mr. Johnson has asked the Congress to approve a multimillion dollar programme to combat poverty and economic stagnation in the Appalatchian region of Eastern U.S.

Only two West German firms rank among the top ten European industrial "giants" today, according to a survey conducted by the Common Market commission. The top ten in order of size: Royal Dutch Shell (Dutch-British); Unilever (Dutch-British); National British Coal Board; British Petroleum; Italian State holding Company, including Finsider, Fin-meccanica, Fincanticri and Finelectrica; Imperial Chemical (British); Volkswagen (German); Philips (Dutch); Siemens (German) and Fiat (Italian).

The Government of Indonesia has introduced an export incentive and allocation of foreign exchange scheme with retroactive effect from 22nd April 1964. Under the scheme, an exporter will be allowed to buy foreign exchange upto a total of 20 per cent of the f.o.b. value of the Government's realised export earnings which may be *traded or used for importing goods*. Simultaneously, the dollar rate for the transaction of export earnings has been raised from 45 rupiahs to 250 rupiahs. Further, the Government has fixed allocations of foreign exchange to producers and producers exporters at 5 per cent of the f.o.b. export value of the produce.

All five private trading banks operating in New Zealand have won the right to operate savings bank account in competition with the Post Office Savings Bank and local community trustee savings. While the move of these banks had been bitterly opposed by the trustee banks which feared that their existence was in jeopardy, the Government felt that the savings bank would make an important contribution to the Government's objective of increasing growth. In order, however, to lessen the impact on the trustee banks, stringent measures are proposed to be imposed on trading banks. Since the authorising legislation will be passed only in the coming session of Parliament, it will be only after several months that the trading banks will actually be able to open savings banks.

The International Monetary Fund has approved a stand-by arrangement with the Government of Somali Republic, authorising to draw up to the equivalent of $4.7 million over the next twelve months. The arrangement will provide financial support for the introduction of a unified exchange and trade control system which will be applied to transactions throughout Somalia, which began on 30th April last. The arrangement provides a secondary line of foreign exchange reserves which may be drawn upon by the Government of the Somali Republic should the exchange and trade control reforms result in a temporary strain on the balance of the country's international transactions. The Fund will maintain close contact with the Somali authorities in the application of the new system.

The Norwegian Storting's *Ombudsmann* for the civilian administration, received 1,275 complaints during the first year. According to a 250-page report submitted to Parliament by the former supreme court Justice, 868 of the complaints were rejected, shelved, or withdrawn, and five returned with request for further information. As grievance officer for Parliament, the *Ombudsmann* examines and, if indicated, acts on allegations about unjust or arbitrary treatment. During 1963, he found that 402 cases merited further study. These were forwarded to the administrative organ or civil servant concerned. There were various reasons why complaints against Government civil servants officials had to be rejected. Some were outside the field of the *ombudsmann*. Others referred to obsolete conditions or were inadequately substantiated. A few complaints were anonymous or incomprehensible.

TREND OF MARKETS

MONEY SLIGHTLY TIGHT

(From Our Own Correspondent)

BOMBAY, *6th May*

The short-term money market, which tended to be somewhat comfortable last week, turned slightly tight during the week under review. Funds available were no doubt large, but they were inadequate to meet the demand for credit. Borrowers, of course, did not find it much difficult to obtain their requirements. Only they had to pay a little extra. The inter-bank call rate for both renewals and fresh money rose by ¼ per cent to 5¾ per cent. Calcutta reported stringency, the call rate jumping up from 5½ to 6 per cent with borrowers over.

The money market has noted the move of bankers to raise interest rate on deposits for terms of over six months. At a meeting held in Bombay on Thursday, 30th April, the majority of bankers is reported to have favoured an increase of ½ to ¾ per cent on deposits for terms of more than a year, with proportionate increases in rates on deposits for terms between six months and one year. Some banks, however, are said to be of the view that the increase in interest rates should be confined only to time deposits of one year and more. A special committee, under the chairmanship of Mr. Bhabha, was constituted to evolve the actual schedule of interest rates; the Committee has been asked to complete its work before the end of this month. Meanwhile, the Chairman of the Indian Banks Association was requested to initiate discussions with the dissenting banks and persuade them to accept the revised rates. The upward revision in interest rates on deposits, according to a section of bankers, should not be followed by a rise in the minimum lending rate of banks, namely, 6½ per cent. As for service charges, no agreement has yet been reached and the issue stands postponed for consideration at a later date.

The response to the 91-day Government of India Treasury Bills, tenders for which opened on Tuesday the 5th inst., was poor. The total amount offered was just equal to that invited (and also accepted): Rs. two crores. The average rate of accepted tenders was Rs. 3.000 per cent per annum, same as last week. The Intermediate Treasury Bills also evoked poor response, the Bills actually sold amounting to no more than Rs. 80 lakhs.

There was a further fall of Rs. 3.61 crores to Rs. 112.82 crores in India's foreign exchange reserves during the week ended 1st May 1964; including this fall, the total decline since 20th March 1964 comes to Rs. 21.82 crores. The fall occurred, despite the rise of Rs. 1.39 crore to Rs. 9.36 crores in balances held abroad, for this rise was more than offset by the decrease of Rs. 5.00 crores to Rs. 103.46 crores in the foreign securities held in the Issue Department of the Reserve Bank. Loans and advances to scheduled banks went up by Rs. 20.51 crores to Rs. 65.53 crores, of which the share of those against usance bills was Rs. 22.58 crores. At the same time, the balances of scheduled banks with the Reserve Bank increased by Rs. 7.78 crores to Rs. 91.21 crores. Notes in circulation were lower by Rs. 2.84 crores at Rs. 2,536.27 crores.

The total credit made available by scheduled banks to their clients increased by Rs. 2.34 crores to Rs. 1,845.61 crores during the week ended 20th April. Since, however, their deposits also went up by Rs. 13.27 crores to Rs. 2,493.86 crores, borrowings from the Reserve Bank receded by Rs. 20.53 crores to Rs. 44.62 crores. As just noted, this decline was more than made good in the following week. Investments declined by Rs. 9.66 crores to Rs. 615.09 crores and total cost by Rs. 73.28 lakhs to Rs. 141.56 crores.

On Thursday, 30th April, the Reserve Bank of India resumed the outright purchase of two short-dated loans (3½ per cent 1965 at Rs. 99.75 and 3 per cent 1964 at Rs. 99.80) and the sale of a medium-dated loan (4 per cent 1970 at Rs. 99) and a long-dated loan (4½ per cent 1989 at par). The resumption of open market operations in these loans did not have any effect on the gilt-edged market which continued to present listless conditions. Business put through was limited, with values of most Central and State loans moving narrowly.

In the foreign exchange market, the banks' buying and selling rates for U.S. dollars were unchanged at Rs. 474.75 and Rs. 478 per $100, respectively. In New York, the pound sterling (spot) was quoted at 279.980-280.020 cents and the three months' forward at 279.440-279.480 cents, both rates being unchanged from last week's levels.

GOLD AND SILVER RECEDE

(From Our Own Correspondent)

BOMBAY, *6th May*

Both gold and silver suffered a setback in values during the week under review. The drop in gold followed selling pressure induced by reports of fresh inflow and bearish advices from upcountry centres. Slackness in seasonal demand also imparted weakness. Silver ruled distinctly easy, though for a while early in the week, it had tended to move up. The easiness was due to lack of follow-up support when there were scattered offerings.

The Government of Gujarat has reduced from 10 to 2 per cent the rate of sales tax (payable by Gujarat delears under the Central State Sales Tax Act 1956 in the course of inter-State trade or commerce to consumers in other States) on the sales of *jari* thread and embroidery materials of gold, silver and gilded metal (including *badla* and *kasaf*), and brails borders, laces and trimming. The bullion dealers have welcomed the reduction, but they are greatly worried over the reported move of the Central Government to supply gold to the Madras Government for producing *jari* in a co-operative factory.

Fourteen-carat gold climbed down in the course of the week from Rs. 67.25 to Rs. 65.75 per 10 grams. Primary gold was unofficially quoted at Rs. 112, as against Rs. 118 a week before. Sovereign declined by a rupee to Rs. 89.

Silver opened the week at Rs. 261, as against the previous close of Rs. 260.50, and, after rising slightly to Rs. 261.50, drifted lower thereafter, the closing rate today being Rs. 259.50. The daily average arrivals and offtake of silver were 20 bars and 10 bars, respectively.

In the London bullion market, there was a slight fall in the international price for gold, from $35.08½ to $35.07½ per fine ounce. Ready gold, too, declined by ¾d. to 250s. 6¼d. Bold ready and forward silver remained unaltered at 111¾d. This was also true of silver in New York which stayed put at 129.3 cents.

The following table shows the trend of prices during the week under review:

	6-5-1964 (closing)	High	Low	28-4-1964 (closing)
SILVER	Rs.	Rs.	Rs.	Rs.
Ready (996 fine) ..	259.50	261.50	259.50	260.50
GOLD				
Ready (14 carat)	65.75	67.00	65.00	67.25
Sovereign	89.00*	90.00*	89.00*	99.00*
London—				
Gold ..	250s. 6¼d.	250s. 7¼d.	250s. 6¼d.	250s. 7¼d.
Silver Ready ..	111¾d.	—	—	111¾d.
Silver Forward ..	111¾d.	—	—	111¾d.
New York—				
Silver	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas), London and New York quotations are per ounce. * Unofficial rate.

FURTHER FALL IN COTTON

(From Our Own Correspondent)

BOMBAY, *6th May*

Cotton futures suffered a further setback during the week under review. Persistent "long" liquidation and the easiness in spot prices more than offset the bullish implications of the continued delay in issuing the purchase authorisation for U.S. P.L. 480 cotton and the high level of mill consumption of cotton confirmed by the figures for February 1964. Consequently, both the Jarilla May and August contracts recorded further losses. Neither the removal of the limit on purchases of Digvijay cotton by the Textile Commissioner, nor the rumour that the ceiling price would be raised by Rs. 75 per candy during the next season, helped to lift values. Tenders issued against the Jarilla May contract on the first notice day, the 2nd inst., aggregated 400 bales, consisting of 300 bales of 216F and 100 bales of Laxmi A. This compares with a mere 50 bales issued on the first notice day against the previous contract, Jarilla March 1964. Another 300 bales were issued on the second notice day, namely Monday the 4th inst., bringing the total till that date to 700 bales.

The maturing Jarilla May contract opened the week at Rs. 732.75 per three quintals and, after rising to Rs. 734.50 on the 2nd inst., declined to touch a low of Rs. 723 yesterday, before recovering to close at Rs. 726.50 today. The August contract commenced the week's trading at Rs. 722 and, after improving to Rs. 727.50 on the 2nd inst., eased to Rs. 716.50 yesterday but recovered to Rs. 720.50 at close today.

In the spot market at Sewri, ready prices receded, thanks to slack mill demand. Most of the mills have covered their immediate requirements. Needy mills have, however, shown stray interest in selected lots of good quality cotton.

The trade has welcomed the Textile Commissioner's announcement removing with immediate effect the restriction imposed on mills in January last, requiring them not to purchase Digvijay 'A' cotton more than 75 per cent of their consumption during the cotton season 1962-63. The notification added that if such cotton was sold at more than Rs. 1,270 per candy ex-godown, Bombay delivery or at a price exceeding the corresponding spot price in the upcountry centre, it shall be subjected to compulsory survey as provided in the Textile Commissioner's notification dated 28th March 1964.

Mills and importers are worried over the undue delay in issuing the purchase authorisation for U.S. cotton. There was moderate mill demand for foreign cotton, particularly American cotton, Sudan, Egyptian stockpile and Pima cotton. The export section was devoid of any activity because of absence of foreign interest. The following are the latest available quotations—in rupees per candy of 784 lbs.—from the spot market at Sewri:

Ganganagar 800; Gadag Laxmi 1,175; Buri 1,120; Co2 (Nagar) 1,685; L.147 1,130; American 1,510; Pima 1,950; Egyptian Stockpile 1,910-2,000.

GROUNDNUTS FIRM

(From Our Own Correspondent)

BOMBAY, *6th May*

Firmness of groundnuts was the feature of trading in the oilseeds markets during the week under review. The maturing (April) contract went off the board on the last day of April at the ceiling rate of 241, including a penalty of Rs. 5. On the last day, no tenders were issued apparently because the spot rates were out of parity with futures rates. Business in the current (July) contract was limited, as traders were not inclined to enter into fresh commitments, in view of the narrow gap between the ceiling fixed for the contract and the actual ruling price. The spot section was distinctly firm, thanks to tight supply position, meagre arrivals and short covering by some operators. After early firmness, castorseeds turned easy on bull liquidation and fears of fresh supplies from growing centres. A large quantity of castor oil was reported to have arrived in the city from Gujarat side. In sympathy with castorseeds, linseeds ruled easy. Cottonseeds were dull.

The groundnuts July contract advanced from Rs. 239.37 to Rs. 239.87 at which level it was just Re. 1.13 below the ceiling of Rs. 241. Nizam bold ready rose by 45 nP to Rs. 54.75. Khandesh quality spurted by Re. 1.12 to Rs. 55.87. Oil commercial gathered 50 nP to Rs. 21.50, while railway receipts put on 60 nP to Rs. 21.30. The groundnut oilcake expeller July contract, which had touched a new high of Rs. 261 on Wednesday, 29th April, following higher Rajkot advices and encouraging export enquiries, moved down thereafter and touched Rs. 457.50 today. The decline was due to heavy unloading by operators following the imposition of heavy margins referred to in this report last week.

Castorseeds June delivery began the week at Rs. 175.25, as against the previous close of Rs. 175, and receded to as low as Rs. 173.87 yesterday before recovering to Rs. 175 today. Spot Madras lost 13 nP to Rs. 34.37. Kanpur ready sagged by 25 nP to Rs. 33.12. Oil B.S.S. lost a like amount to Rs. 14.55. Oil commercial receded by 35 nP to Rs. 13.75.

Linseeds June strengthened by 19 nP to Rs. 42.69. Bold ready was neglected at Rs. 44.25. Oil ready was lower by 25 nP to Rs. 17.75.

Dull trading prevailed in cottonseeds. The June contract was nominally quoted at Rs. 104.50.

The following table shows the closing prices of oilseeds and oils on 6th May as compared with those of two previous weeks:

	6-5-1964	28-4-1964	22-4-1964
Groundnuts	Rs.	Rs.	Rs.
April 1964 contract	240.87	240.87	240.75
July 1964 contract	239.87	239.37	239.62
Nizam bold	54.75	54.00	53.75
Khandesh quality	55.87	54.75	54.50
Oil ex-mill	21.50	21.00	21.20
Oil,Rly. Receipts	21.30	20.70	20.95
Castorseed			
June 1964 contract	175.00	175.00	176.62
Ready Madras	34.37	34.50	34.50
Ready Kanpur	33.12	33.37	33.50
Oil B.S.S.	14.55	14.80	14.90
Oil commercial	13.75	14.10	14.20
Linseed			
June 1964 contract	42.69	42.50	42.62
Bold ready	44.25	44.25	43.25
Linseed oil	17.75	18.00	17.75
Cottonseed			
April 1964 contract	—	—	99.00
June 1964 contract	104.50	105.00	104.50

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

BROKEN TEAS IN DEMAND

[*Messrs. Forbes, Ewart and Figgis (Private) Ltd.*]

COCHIN, *30th April*

A total of 408,000 kgs. was offered in tea sale No. 17 held here on 28th inst. Quality showed further seasonal decline, but it was satisfactory for this time of the year. The market opened to good demand which continued throughout the sale. The plainest descriptions evoked keen competition and were fully firm to dearer. Low medium and medium brokens received useful enquiry and were firm and occasionally dearer, with more emphasis on brokens than the equivalent fannings. Good mediums were also sold readily, but prices for these can be quoted only barely steady. Here again, brokens were better supported than fannings. Highgrowns were irregular and generally lower with quality. A few selected best invoices were sold well. Black leaf descriptions shared in the general trend of the market. Whole leaf grades were a little irregular, but still flowery pekoes continued in demand and realised useful prices. Unorthodox descriptions ruled steady with the exception of inferior types. Tippy teas elicited strong support at fully firm rates.

The quotations (per kg.) were:

	1964	1963
	Rs.	Rs.
Low medium	4.40-4.90	4.30-4.55
Mediums	4.90-5.40	4.60-5.00
Good mediums	5.40-6.10	5.10-5.70
Nilgiri B.O.P.	5.60-8.70	5.30-8.00

The average price realised in dust sale No. 17 Rs. 5.20 per kilo, as against Rs. 5.37 a week ago and Rs. 4.85 in the corresponding sale last year.

In dust sale No. 17 held today, 178,000 kgs. were offered. There was strong demand which continued throughout the sale. All mediums met with useful support and were sold at firm rates. Highgrowns were well supported and continued along last week's trend. Unorthodox descriptions also shared in the general trend of the market. Clean black grainy descriptions were sold readily.

The average price realised in dusi sale No. 17 was Rs. 4.85 per kilo, as against Rs. 4.82 a week ago and Rs. 4.53 in the corresponding sale last year.

Colombo: The market opened to good general demand, but all brokens came to a considerably easier market. Liquoring fannings were firm, but medium and lowgrown ones shadded in price.

London: North Indian and other growths: In Monday's auction, there was firm to dearer market with the exception of plainest sorts which inclined easier. Best liquoring Assam C.T.Cs were distinctly dearer.

Ceylon and South Indians: In Tuesday's sale, the market was dearer following improved quality,

but the few C.T.C. descriptions on offer were irregular and sometimes lower.

As we go to press, Messrs. Forbes, Ewart and Figgis Private Ltd. wire:

"*Sale No.* 18: 443,000 kgs. offered. Good demand. Highgrowns limited enquiry, easier. Good mediums lower. Low mediums and mediums generally firm. *Plainest sometimes easier. Unorthodox* firm."

SUGAR SUPPLY TIGHT

(From Our Own Correspondent)

HAPUR, *4th May*

Sugar ruled steady during the week, due to tight supply position and prices in the open market were quoted around Rs. 160 to Rs. 165 per quintal, as against the controlled price of Rs. 125 per quintal. Although the U.P. Government had urged the Centre to increase its monthly quota from 20,000 to 25,000 tons, the Centre has been obliged to reduce it further to 19,000 tons a month.

The supply position continued to be tight in the Muzaffarnagar market also and, in the Kanpur market, sugar in the open market touched a new high of Rs. 170 a quintal due to persistent shortage. Sugar supplies to rural areas here were being diverted to open market where it fetched a premium of Rs. 45 a bag.

Desi khandsari continued firm to touch a new high of the season on brisk demand from east U.P. and surrounding areas. Seasonal demand, too, was heavy due to scarcity of sugar. Stockists were keen buyers following reports that the State Government might allow export of the commodity to the deficit areas of Gujarat, Rajasthan and the Punjab. Prices firmed up by Rs. 3 to Rs. 5 a quintal during the week and week-end prices were:—inferior Rs. 117.50 to Rs. 130; medium Rs. 135 to Rs. 145; and superior Rs. 150 to Rs. 160 a quintal.

Ready *gur* was quietly steady during the week. Daily arrivals out of stocks retained by cultivators were small at an average of 250 maunds and, as the week's offtake aggregated 20 wagonloads, mostly to Gujarat and Rajasthan against import permits, local stocks declined to 13,000 quintals. *Shakker*, too, attracted keen demand and prices stayed steady. Standing cane crop is in its very early stage and is reported to have been adversely affected by *salai* pest, but it is as yet too early to predict crop prospects and most of it would depend on monsoons. Week-end prices (in rupees per 40 kilogram) were: *Pansera* superior 29; average 28.50; *balti* 28.75; *kotha* dry-wet 27.50; *shakker* 31 to 33.

Gur and *shakker* registered strident gains during the week in the Muzaffarnagar market on brisk demand from upcountry centres following issue of permits to co-operative societies and charitable institutes against February and March quotas which had lapsed. *Gur Chaku* evinced keen demand from Gujarat, Punjab, M.P., Rajasthan and West Bengal and prices improved upto Rs. 3 per 40 kilogram. *Pansera*, too, attracted outside buying support.

FOODGRAINS STEADIER

(From Our Own Correspondent)

HAPUR, *4th May*

Steadier trend was witnessed in the foodgrains market during the week under review, as arrivals of new grains were far below expectations. The Union Food Minister, however, has declared that there is now need to take a pessimistic view of the food situation. Rice production in 1963-64 is expected to be a record of 36 million tonnes—four million tonnes more than last year—and the wheat crop, too, is not expected to be substantially better.

Wheat at Hapur registered fractional gains towards the week-end due to brisk consumer support. Farm quality improved by Rs. 2.50 per quintal, while the average quality stayed steady. Average quality was now quoted between Rs. 51.50 and Rs. 54.50 and farm produce between Rs. 57.50 and Rs. 62 per quintal. Arrivals averaged 1,000 maunds.

Steadier conditions continued in the rice market and prices improved by Re. 1.34 to Rs. 2.67 per quintal according to quality on good seasonal demand in the face of declining stocks position. Later in the week-end, rice *basmati* superior was quoted at Rs. 96.45 to Rs. 99.13, *sela* at Rs. 93.77 to Rs. 96.45, *mainpuri* at Rs. 71, *ramajwayan* at Rs. 78.38, *raimunia* at Rs. 80.38 and *gadda* at Rs. 71 per quintal.

Gram was steady during the week on good demand against small arrivals at 400 maunds a day and local stocks estimated around 2,000 quintals. Punjab quality was quoted at Rs. 53.58 and local superior quoted at Rs. 54.50 a quintal. Barley and *bejhar*, however, ruled quiet at Rs. 40 to Rs. 41.25 and *bejhar* at Rs. 38.75 to Rs. 40 per quintal, respectively. Demand was reported to be slack. New *methi* arrivals were small were lifted at Rs. 43.75 per quintal. *Juwar* and *guwar* remained unchanged at Rs. 38.50 to Rs. 40.50 and Rs. 53.58 to Rs. 54.92 per quintal. Maize was stagnant at Rs. 40.50 to Rs. 42.50 per quintal. Other sections were listless.

Firm conditions prevailed in the pulses section. Peas improved upto 2.50 per quintal on brisk buying enquiry from the consuming areas of Madras, Bengal and Bombay. *Dara* variety was quoted at Rs. 49.75 to Rs. 50 and farm quality at Rs. 51.50 to Rs. 53.75 per quintal. About 20 wagons were despatched during the week. Arrivals of *arhar* were still poor and its prices ruled firm at Rs. 70 to Rs. 72.50. *Arhar dal* was traded at Rs. 80.38 to Rs. 85.74 per quintal. *Urd* and *moong* touched new high levels at Rs. 66.98 to Rs. 75.02 and Rs. 80.38 to Rs. 91.09 per quintal, respectively. Stocks of these commodities were reported to be poor. *Masoor* and other *dal* also ruled firm. Week-end prices were:—Peas *dal* Rs. 54; *urd dal* Rs. 83.06; *moong dal* Rs. 93.77; *masoor* Rs. 67.50 to Rs. 72.50; *masoor dal* Rs. 83.06; and gram *dal* Rs. 61.62 per quintal.

BRIGHT TEAS STRONG

(From Our Own Correspondent)

CALCUTTA, *5th May*

Good demand featured last week's internal sale, when dusts on offer aggregated 29,210 chests. C.T.Cs were supported to realise their invoice values, while the small and bright teas were a strong feature. However, the more fibrous teas eased slightly. Plain orthodox teas met with support at lower rates, but brighter Assams attracted good demand. The rise in prices of legg-cuts followed an improvement in quality. The quotations per 1 kg. inclusive of excise duty were:

Good Assam C.T.C. dust Rs. 6.30 to Rs. 6.80; medium Assam C.T.C. dust Rs. 5.00 to Rs. 5.30; legg-cut dust Rs. 4.60 to Rs. 5.10; medium Assam dust Rs. 4.50 to Rs. 5.10; and plain orthodox dust Rs. 4.00 to Rs. 4.30.

During the week, the heralding of the new season was underlined with some more arrivals of new tea, mostly from Darjeeling gardens. Although the first flush has been aided as a result of last year's autumnal rains, quality has so far been far from encouraging. The commencement of arrivals earlier than usual is taken to indicate a larger crop this year, although Darjeeling gardens have been handicapped by lack of rains in the last two months. All indications are that the North East Indian crop this year would be higher than last year's, and not less than the 1961 crop of 273.4 million kgs. First consignments from Assam are believed to be on their way, and it is likely that the first export auctions, provisionally fixed for 18th May, would have on offer a good proportion of representative teas. Forward bookings of tea for export were brisker this week than last, and tea is expected to occupy a fair amount of space in liners scheduled to leave in the last two weeks of this month.

Last year, although tea exports rose, the average price realised by both leaf and dusts was lower. Speaking at the annual meeting of the Calcutta Tea Merchants' Association held on 30th April, Mr. M. G. Patel, Chairman of the Association, declared that the present paradox of exporting more and realising less foreign exchange (in relation to the quantum of exports, of course) could only be remedied by improving the quality of output. He said that the bulk of the Indian tea produced and exported consisted of medium and common varieties and that increased exports would, therefore, lead to a glut in world markets. It is heartening for the trade to note that, as a result of indications of the continuance of favourable weather conditions and the Government's growing awareness of the importance of maintaining supplies of fertilisers to gardens on the same footing as to other agricultural crops, this year's crop is expected to show an improvement in regard to quality, too, in addition to the increase in quantity. Further, replanting and extension to planting done over five years ago are expected to show results this year, and the crop from the fresh soil is expected to be of top quality. At the same time, much progress has been made in the scientific use of fertilisers and watering.

All producing countries are aiming at increasing output further. More and more areas are being brought under tea every year. Although exports of Indian tea to the U.S.S.R. showed an impressive increase last year—Russian offtake of South Indian tea at 15.3 million lbs. was nearly 100 per cent higher than in 1962—it is believed that the U.S.S.R. has achieved considerable success in growing tea. In the Georgian region, climatic and soil conditions are very favourable for tea. Turkey has also begun to grow tea, and its success is very remarkable in areas contiguous to Georgia. Turkey has already celebrated its entry in Mincing Lane auctions by realising good profit in its first offerings held recently. Ceylon, Pakistan, Africa and China are among the other producing countries which are likely to show an increase in output this year. Needless to say that Pakistan would not be able to enter the export market, but its dependence on Indian supplies would diminish. Referring to the enhancing output trend in major producing countries and to the new producers exporting their produce to world markets, the President of the Calcutta Tea Merchants' Association said that these conditions demanded the early revival of the International Tea Agreement.

METALS RISE AGAIN

(From Our Own Correspondent)

CALCUTTA, *5th May*

Steady conditions prevailed in the Calcutta metal market during the week under review, and prices recorded further gains. On the London Metal Exchange, while copper and tin were either unchanged or looked down, both zinc and lead continued to search still higher levels. The persistent rise in world prices led to the inference that the rise in production of both zinc and lead had not been as much as the increase in consumption. World consumption of zinc in 1963 rose by 146,000 tonnes or 54 per cent to 2,850,000 tonnes, according to Mr. R. L. Stubbs, Director-General of the Zinc Development Association, London, who recently addressed the annual meeting of the American Zinc Institute. The increase is attributed to higher consumption in the U.S.A., Japan and West Germany. Production of zinc in Australia and Japan recorded a significant uptrend in recent years. However, the world's statistical situation is naturally a strong price-booster. During the week, spot zinc in London opened at £111 a ton and rose to £113½. The rise followed good demand both against internal consumption and against exports. From £107½ a ton, the three months' quotation rose to £109¼, thus widening the backwardation. With a poor stock position, the local price advanced from Rs. 292 to Rs. 302 per 100 kgs. A higher trend was also reported from the New York Commodity Exchange, the closing rate of 40.20 cents a lb. comparing with the opening of 38.25 cents.

The acute shortage in zinc eclipsed the scarcity in copper scrap and, since enough zinc was not available, consumers showed less interest in copper scrap. Utensil scrap at Rs. 690 per 100 kgs., however, maintained the recent gains. On the L.M.E., prices were marked down following fall in demand and downward tendency in U.S. markets. Spot copper wire-bars opened at £316½ a ton to ease to £313. At £309, the 3-months' rate lost £2. Spot cathodes and fire-refined metal opened at £295 and £290, respectively, and closed lower on balance at £292 and £289. The local quotation for tin moved up from Rs. 3.100 to Rs. 3.200 per 100 kgs. The stocks being fair, there was no difficulty for consumers to meet their requirements. Lead at Rs. 305 per 100 kgs. recorded a new high. On the L.M.E., spot lead closed at £86½ a ton, showing a gain of £1½. The cause for the fall in Russian offerings through London was stated to be increased shipments of lead from the U.S.S.R. to Japan.

HESSIAN MOVES DOWN

(From Our Own Correspondent)

CALCUTTA, *5th May*

Heavy goods recorded fractional gains during the week due to occasional support, hessian remained quiet with a pronounced downward tendency. Reports from the New York burlap market continued to be far from encouraging, and it was reported that consumers in the U.S. were content to buy on a hand-to-mouth basis only and that they were reluctant to enter into forward commitments on hopes of a further fall in prices. As a result, forward prices eased. May 10 oz. eased from 11.45 cents a yard to 11.40 cents and May 7½ oz. from 8.55 cents a yard to 8.50 cents. While spot 10 oz. was maintained at 11.45 cents a yard, the spot 7½ oz. gave way from 8.65 cents to 8.60 cents. Reports of these price movements made U.S. buyers at Calcutta inactive. Although the lower level of U.S. burlap stocks gave rise to the expectation that U.S. buyers would soon enter the market for replenishment, purchases continued to be limited to meeting day-to-day requirements only. At the same time, with the improvement in port conditions, increased offtake is expected this month. During the week under review, shippers were eager to complete their ready and near-term commitments. Now that it is several weeks since the U.S. offtake has been taking place on a hand-to-mouth basis, the trade is hopeful that the statistical position would not be affected. While it is most likely that current prices will be maintained, a rise in prices will be inevitable as and when bulk buying is resumed.

With excellent weather reports from most jute districts and satisfactory progress in sowing operations, the official optimism of a small increase in the forthcoming crop appears well placed. In other words, the mills will have to continue to operate up to their maximum capacity. Such a likelihood speaks against an immediate chance of revival of bulk buying in goods by overseas countries. A price rise is, therefore, most unlikely. An analysis of this type helps the foreign buyer to enter into commitments as slowly as he can. The trade is not, at the same time, worried, since, in the absence of bulk buying, there will be steady day-to-day offtake. The trade's optimism is aided by the experience of recent weeks and the continued satisfactory statistical position month after month. Current indications are that the acreage under jute this year will be the same as last year, while quality will show an improvement, thanks to the provision of better retting facilities and the realisation by cultivators in regard to the use of more fertilisers arising from the continued premium commanded by the better varieties. It is thus thought that there would be lesser need for imports from Pakistan of the superior varieties and that mills would be enabled to show greater attention to quality. Recent marketing surveys in several overseas countries have brought out the pointer that the scope for increased exports is linked closely to India's ability to improve quality. The overall exports of jute goods in 1963, increased despite keen competition from Pakistani mills, the fall in heavy goods having been offset by the increase in hessian, specialities and other goods. It is pointed out that every effort should be made to regain India's position relating to heavy goods. At present it is common knowledge, mills are sustaining losses in the manufacture of sacking. Considering that quality fibre is always commanding a premium over and above the minimum prices, the time has come, it is emphasised, to revise the prices of the inferior grades to enable the industry to increase exports.

Fibre prices were maintained as follows: Assam bottoms Rs. 31.50 a maund; northern bottoms Rs. 30.50; and daissee bottoms Rs. 33.50. With bright prospects for the new crop and the likelihood of an earlier harvest, holders were anxious to reduce their inventories. The grades acceptable to mills, however, were limited. At the same time, with the need of mills to complete their current quota of 200,000 bales, stockists demanded a higher price for the superior grades. Arrivals during the week declined to about 25,000 maunds a day. A week ago, these had averaged about 40,000 maunds a day. Now that the mills have purchased all the acceptable grades of the last crop, it is stated that they should not be burdened with any more compulsory purchase quota for the coming two months. Even the floating stocks of the inferior grades are not much. Thus conditions in the fibre market are not likely to be upset. The selling pressure which the holders of mesta and other inferior grades experience, despite the issuance of the purchase quota for this month coupled with the premium which the higher grades command, would, it is thought, contribute to an increase in the proportion of the output of superior grades in the forthcoming season. Pakistani jute districts are also experiencing afternoon showers, and it is expected that the jute acreage would be the same as last year. Fibre prices in the Narayanganj market were depressed.

In the goods market, moderate overseas support was in evidence. The U.S.S.R. was in the market for small parcels of hessian. The U.S.A., too, continued to buy in a small way. Deals were also reported with Australia, as well as with Argentine. In heavy goods, tenders for B. twills on behalf of the Government of India continued to enliven activity. Burma was in the market for heavy cees. The improvement in the port situation and the absence of the need for incoming ships to wait at the Sandheads in search of berths led to more interest by shippers to meet commitments for ready as well as near-term delivery goods. Bookings for River Plate distinations were a feature of this week, and loadings were estimated at 9,000 bales of gunny. On Tuesday last, ready B. twills eased from Rs. 113.50 to Rs. 113.30. Although some business in B. twills with Government took place, support from other quarters was limited. Argentina bought some hessian, but, since the quantity involved was insignificant, ready hessian 40" 10 oz. eased from Rs. 45.45 to Rs. 45.40. The feature on Wednesday was business in B. twills on Government account in respect of 2,200 bales for May delivery; this pushed up the price to Rs. 113.70. However, in the absence of adequate interest, hessian 40" 10 oz. eased to Rs. 45.35. On Thursday, these two constructions eased to Rs. 113.50 and Rs. 45.20, respectively, as, excepting for some due date transactions, there was no other activity. However, prices recovered to Rs. 113.70 and Rs. 45.25, respectively, on Friday, as business was considered to be in the offing. Over the week-end, ready goods were at one time sought for, and, as a result, B. twills hardened to Rs. 113.85 and hessian 40" 10 oz. to Rs. 45.30. Keen activity in futures was a feature of trading yesterday. This led to shortage in ready delivery goods. In addition, as a result of the improvement in the shipping position, ready goods were keenly sought by genuine buyers. Ready B. twills witnessed the biggest jump in recent months, and a high of Rs. 116.30 was touched yesterday. In sympathy, ready hessian 40" 10 oz. spurted to Rs. 46.00.

DELHI LETTER

(Concluded from page 788)

agreement in principle was reached in August 1962, even before the big Chinese attack. But nearly two years later, only the preliminary groundwork on the project has been laid. Meanwhile, the first of the Mark II HF-24 supersonic fighters to be made in the Hindustan Aircraft factory in Bangalore will join the Air Force in a few days.

The HF-24 project faced the biggest hurdle over a suitable engine when the British Bristols abandoned developing their Orpheus engine. The Russian RD-9 engine was found unsuitable, unless major design changes were made in the air-frame of the HF-24. Government spokesmen talk of an engine developed in the United Arab Republic by German experts as a possible power source for the HF-24. The latest is an offer by an American firm, the United Aircraft Corporation, to develop an engine suitable for the Bangalore-designed plane. The Defence Minister, Mr. Y. B. Chavan, during his coming visit to Washington later this month, will study the terms under which an American engine may be available for the Bangalore factory to power the supersonic fighters.

The Americans are also understood to have expressed distress over the fact that, though they have offered to equip a modern ordnance factory, the Indian Defence Ministry is delaying the project. It is said that the Indian Government has not even chosen the site for the ordnance factory yet!

The export promotion scheme for woollen textiles and woollen goods (excluding carpets, rugs and druggets) which was suspended on 31st March last has been revived from the 1st inst., with certain modifications. Export of worsted yarn and other types of woollen yarn including shoddy yarn except carpet/woollen yarn produced out of Indian wool, will be excluded; import entitlements in respect of carpet/woollen yarn made out of Indian wool will be 10 per cent of the f.o.b. value; in respect of all other items covered by the scheme, the total import entitlements will be calculated at the rate of 75 per cent of the f.o.b. value of the exported goods or of the value calculated in accordance with a schedule to be prescribed by the Textile Commissioner, whichever is lower; exports will be subjected to pre-shipment inspection and entitlements will be made available only to manufacturers-exporters.

Notices

ORISSA CEMENT LIMITED

RAJGANGPUR

NOTICE IS HEREBY GIVEN THAT THE Registers of Members and Share Transfers will remain closed from 21st May till 14th June, 1964, both days inclusive, except for recording the share transfers received before the closure of the Registers. The dividend for the year 1963, when declared, will be payable to those shareholders whose names would appear in the Register of Members as on 14th June, 1964.

By Order of the Board,
S. C. AGGARWAL,
Secretary.

Dated: 6th May, 1964.

DALMIA CEMENT (BHARAT) LIMITED

DALMIAPURAM

THE TWELFTH ANNUAL GENERAL MEETing of the Shareholders of the Company will be held at Dalmiapuram, the Registered Office of the Company, on 1st June, 1964, at 11.00 a.m. Notices of the meeting setting out the Agenda and Explanatory Statement on the special business to be transacted thereat have been sent by post.

By Order of the Board,
S. C. AGGARWAL,
Secretary.

Dated: 4th May, 1964.

THE AHMEDABAD ADVANCE MILLS LIMITED

NOTICE

THE SHARE TANSFER BOOKS OF THE Ahmedabad Advance Mills Ltd. will be closed from Thursday, the 28th May to Friday, the 26th June, 1964, both days inclusive.

By Order of the Board of Directors,
TATA INDUSTRIES PRIVATE LTD.,
Secretaries & Treasurers.
N. H. TATA,
Director.

Registered Office:
BOMBAY HOUSE,
24, BRUCE STREET, FORT,
BOMBAY, *4th May* 1964.

THE TATA MILLS LIMITED

NOTICE

THE SHARE TANSFER BOOKS OF THE Tata Mills Limited will be closed from Thursday, the 28th May to Friday, the 26th June 1964, both days inclusive.

By Order of the Board of Directors,
TATA INDUSTRIES PRIVATE LTD.,
Managing Agents,
N. H. TATA,
Director.

Registered Office:
BOMBAY HOUSE,
24, BRUCE STREET, FORT,
BOMBAY, *4th May* 1964.

Lancashire textile union chiefs are seeking the backing of the Trades Union Congress to help press their case for wiping out death and illness in the mills. The Cardroom Workers' Association said in a report that Byssinosis—a millworkers' lung disease caused by dust—was a "scourge." They were recommending regular medical check-ups for workers, and checks on the amount of dust in mill cardrooms.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 7th May 1964:

	Closing quotations 29-4-1964	High	Low	Closing quotations 7-5-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100) ..	140.00	—	—	140.00
Apollo (2)	1.70	1.76	1.70	1.76
Baroda Rayon (100) ..	85.00	85.50	82.50	83.00
Bombay Dyeing (25) ..	60.50	61.70	61.00	61.00
Bradbury (50) ..	151.00	151.00	144.00	145.00
Central India (100) ..	88.00	90.50	85.50	86.00
Century Mills (100) ..	612.00	615.00	593.00	597.00
Dawn (50)	150.00	154.00	150.00	150.50
Elphinstone (50) ..	97.00	—	—	97.00
Finlay (100)	312.00	312.00	309.00	309.00
Gokak (100)	181.00	182.00	176.00	179.00
Gold Mohur (100) ..	215.00	—	—	215.00
Gwalior Rayon (10) ..	38.50	37.75	36.25	37.50
Ind. Untd. Defd. (1) ..	2.56	2.60	2.54	2.60
Ind. Untd. Ord. (10) ..	21.48	21.48	21.24	21.24
Indian Rayon (100) ..	70.00	73.00	69.00	70.50
Indore Malwa (100) ..	206.25	210.00	207.50	210.00
Khatau (100)	185.00	185.00	181.25	181.25
Kohinoor (100)	335.00	337.00	329.50	331.50
Mafatlal (100)	512.50	510.50	495.00	497.50
Modella Woollens (10) ..	13.00	13.12	12.80	12.80
Morarji (100)	288.00xr	288.00	286.00	286.00
Mysore (50)	41.00	40.00	39.50	40.00
National Rayon (100) ..	366.50xd	366.50	348.00	352.00
New Great (100) ..	178.00	—	—	178.00
Phoenix (100)	223.00	223.00	220.00	221.00
Podar Mills (10) ..	12.24	12.24	12.00	12.00
Raymond Woollen (100) ..	136.00	140.00	137.50	140.00
Sassoon Spg. (10) ..	36.00	36.25	36.00	36.25
Shree Ram (100) ..	251.00	250.00	242.00	249.00
Simplex (50)	121.50	121.00	119.00	120.00
Standard (100)	642.00	646.00	594.00	603.00
Swadeshi (100)	245.00	243.00	236.00	238.00
Swan (100)	275.00	—	—	275.00
S. I. Viscose (100) ..	122.00	123.00	115.00	116.00
Tata Mills (50)	53.25	53.50	51.50	53.00
Lakshmi-Vishnu (100) ..	100.00	—	—	100.00
Western India (250) ..	850.00	—	—	850.00
BANKS				
Bank of India (50) ..	102.50	102.50	101.50	102.50
Do. (New) (50) ..	103.00	103.00	102.50	103.00
Bank of Baroda (50) ..	92.00	92.00	91.50	91.50
Central (25)	45.25	45.75	45.50	45.75
Central 'A' (25) ..	45.50	47.00	45.50	47.00
Dena Bank (50) ..	55.50	57.00	56.00	56.50
Punjab National (10) ..	19.40	—	—	19.40
Union Bank (5) ..	6.24	6.24	5.72	5.76xd
United Com. (50) ..	67.00	68.00	67.00	68.00
Maharashtra (50) ..	54.00	55.00	54.00	55.00
ELECTRIC COS.				
Ahmedabad (100) ..	95.20	95.50	95.00	95.50
Amalgamated (10) ..	9.00	9.62	9.00	9.62
Andhra Valley (1,000) ..	1,052.50	1,055.00	1,051.25	1,055.00
Bom. Sub. El. (100) ..	104.50	—	—	104.50
Surat (100)	100.00	—	—	100.00
Tata Hydro (100) ..	111.50	111.75	111.25	111.50
Tata Power (1,000) ..	1,115.00	1,118.75	1,112.50	1,117.50
INSURANCE COS.				
British India (10) ..	12.48	—	—	12.48
Indian Mercantile (50) ..	57.50	58.50	57.50	58.50
New India (15)	45.25	50.50	45.25	49.00
New India 'A' (15) ..	46.00	51.00	45.75	49.00
Vulcan (10)	15.48	—	—	15.48
STEEL COS.				
Ind. Iron (1 0) ..	24.80	24.84	24.32	24.40
Mukand Iron (10) ..	17.72	17.76	17.68	17.72
Tata Steel Ord (75) ..	149.50	150.25	146.75	147.25
SUGAR COS.				
Belapur (50)	218.50	218.50	214.00	214.00
Bhopal (10)	12.76	—	—	12.76
Changdeo (12.50) ..	24.00	—	—	25.00
Maharashtra (50) ..	129.00	128.75	126.00	127.00
Phaltan (50)	99.00	99.00	96.50	97.00
Walchand Ind. (100) ..	145.00	145.00	144.00	144.50
CEMENT COS.				
Associated Cts. (100) ..	151.75	152.25	150.00	150.75
Digvijay (100)	185.00	188.00	180.00	181.50
Orissa (10)	13 76	13.72	13.40	13.40
DYES & CHEMS.				
Amar-Dye-Chem (100) ..	135.00	135.00	131.25	132.50
Camphor & Allied (100) ..	90.50	91.50	90.00	91.00
Citric (100)	73.00	72.00	69.00	71.50
Chemicoat (100)	127.00	127.00	124.00	125.00
Colour-Chem (100) ..	335.00	332.50	310.00	310.00
Indian Dyestuff (100) ..	277.50	280.00	247.50	253.75
Polychem (50)	125.00	131.25	115.00	117.50
Synthetics (100)	90.00	90.00	85.00	86.00
Tata Chemicals (10) ..	18.12	18.12	17.52	17.52
MISCELLANEOUS				
Alcock Ashdown (100) ..	296.00	300.00	290.00	290.00
Bom. Burmah (25)§ ..	59.00	59.00	57.70	58.20
Do. (New) (20)‡ ..	45.50	45.75	44.50	44.75
Br. B. Petrol (1½ sh.) ..	3.42	3.62	3.08	3.20
Br. I. Corpn. (5) ..	9.80	9.80	9.76	9.76
Cooper Eng. (100) ..	103.00	102.00	99.00	99.50
Hindustan Lever (10) ..	34.65xd	34.75	33.75	33.75
Hindustan Motors (10) ..	18.28	18.48	18.16	18.24
I. C. & Invest. Corporation (100) ..	97.50	—	—	97.50
Indian-Copper (2 sh.) ..	3.40	3.40	3.26	3.30
Killicks (100)	89.00	86.00	84.00	85.50
Larsen & Toubro (10) ..	22.92	23.00	22.68	22.76
Mahindra & Mahindra (10) ..	17.36	17.36	16.24	16.24
Asian Cables (100) ..	75.00	75.00	74.00	75.00
Permanent Magnets (100) ..	115.00	117.50	115.00	116.25
Phillips Carbon (10) ..	13.00	13.00	12.60	12.60
Pre. Automobiles (100) ..	99.50	100.75	97.20	97.50
Premier Con. (30) ..	181.00	186.50	177.50	178.50
Scindia (20)	14.90	15.00	14.04	14.20
G. E. Shipping (10) ..	13.32	13.32	12.80	12.84
N. Standard Eng. (100)	130.00	—	—	130.00
T. Mancktal (100) ..	560.00	—	—	560.00
Shivrajpur (10)	16.52	16.24	13.00	13.00
Sirpur Paper (10) ..	11.80	11.88	11.48	11.48
Tata Locomotive (100) ..	300.00	300.50	283.50	285.50
Tata Oil (25)	60.50	61.00	56.00	57.20
Voltas (100)	257.50	258.00	248.00	250.00
W. I. Match (100 ..	250.50	259.00	254.00	254.50
W. Coast Paper (100) ..	161.00	163.00	157.00	157.00
Zenith Steel (10) ..	16.52	16.24	16.00	16.12

GOVERNMENT SECURITIES	29-4-1964 Rs.	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	7-5-1964 Rs.
2½% 1976	82.00	—	4.73	82.50
3 % 1964	99.75	—	4.45	99.80
3 % 1966-68	97.90	3.90	3.50	97.95
3 % 1970-75 1st Dev.	96.30	4.88	4.04	96.30
3 % 1986 Con. Loan ..	63.35	—	4.73*	63.50
3½% 1965 N. P. Bonds.	99.75	—	3.73	99.90
3½% 1967 N. P. Bonds.	99.25	—	3.77	99.25
3½% 1974	96.75	—	4.12	96.75
3½% 1967 N. F. Bonds.	100.00	—	3.75	100.00
3½% 1969 Loan ..	97.00	—	4.17	97.00
3½% 1968	98.25	—	3.95	98.25
3½% 1968 N. F. Bonds.	99.50	—	3.89	99.50
4 % 1972 Loan ..	98.80	—	4.18	98.85
4 % 1973 Loan ..	99.45	—	4.21	98.45
4 % 1979 Loan ..	98.50	—	4.14	98.50
3½% 1966 Bonds ..	99.70	—	3.66	99.70
4 % 1980 Loan ..	98.30	—	4.14	98.00
4 % 1981 Loan ..	98.30	—	4.14	98.30
4½% 1985 Loan ..	100.15	—	4.49	100.10
6½% 1977 G. Bonds ..	118.30	—	4.62	118.30
4½% 1972 N. D. Bonds	100.25	—	4.21	100.25

* Current Income. xd—Ex-dividend. x.r.—Ex-Right.
c.r.—Cum-Right. cd—Cum-dividend.
§ B. Burmah—Shares of Rs. 125 have been sub-divided into 5 shares of Rs. 25 each. ‡ Sub-divided into 5 shares of Re. 20 each after taking into account the Bonus element of Rs. 25.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 1st May 1964

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long Term Operations) Fund		73,00,00,000
National Agricultural Credit (Stabilisation) Fund		8,00,00,000
Deposits—		
(a) Government—		
(i) Central Government		49,34,22,000
(ii) State Governments		14,22,43,000
(b) Banks—		
(i) Scheduled Banks		91,20,53,000
(ii) State Co-operative Banks		2,19,51,000
(iii) Other Banks		4,25,000
(c) Others		159,44,33,000
Bills Payable		42,93,69,000
Other Liabilities		74,44,44,000
	Rupees	599,84,00,000

ASSETS	Rs.	Rs.
Notes		20,44,16,000
Rupee Coin		7,33,000
Small Coin		4,66,000
National Agricultural Credit (Long Term Operations) Fund—		
(a) Loans and Advances to—		
(i) State Governments		28,30,77,000
(ii) State Co-operative Banks		8,26,19,000
(iii) Central Land Mortgage Banks		....
(b) Investment in Central Land Mortgage Bank Debentures		3,59,36,000
National Agricultural Credit (Stabilisation) Fund Loans and Advances to State Co-operative Banks.		....
Bills Purchased and Discounted—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		64,63,10,000
Balances Held Abroad*		9,36,28,000
Loans and Advances to Governments**		74,47,90,000
Loans and Advances to—		
(i) Scheduled Banks†		65,52,55,000
(ii) State Co-operative Banks†		111,99,46,000
(iii) Others		1,70,25,000
Investments		179,79,57,000
Other Assets		31,32,42,000
	Rupees	599,84,00,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

† Includes Rs. 22,58,15,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	20,44,16,000	
Notes in circulation	2533,42,84,000	
Total Notes issued		2553,87,00,000
Total Liabilities		2553,87,00,000

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	103,45,67,000	
Total		221,21,79,000
Rupee Coin		105,25,79,000
Government of India Rupee Securities		2227,39,42,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2553,87,00,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 33.68 per cent.

State Bank of Pakistan

Statement of Affairs for the week ended 10th April, 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	6,65,00,000
Rural Credit Fund	3,00,00,000
Deposits :—	
(a) Central Government	22,41,97,000
(b) Provincial Governments	1,49,63,000
(c) Banks	34,33,06,000
(d) Others	102,32,74,000
Bills Payable	61,63,000
Other Liabilities	19,32,96,000
Rupees	193,16,99,000

ASSETS	Rs.
Notes	8,28,28,000
Rupee Coin	16,000
Subsidiary Coin	40,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	1,43,91,000
Balances held outside Pakistan*	33,05,03,000
Loans and Advances to Governments	1,00,00,000
Provincial Governments' Debtor Balances	....
Other Loans and Advances	98,19,34,000
Investments	77,39,43,000
Other Assets	13,30,39,000
Rupees	193,16,99,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	8,28,28,000	
Notes in circulation	463,19,41,000	
Total Notes issued		471,47,69,000
Total Liabilities		471,47,69,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion—		
Silver Bullion	25,00,44,000	
Foreign Securities	85,16,28,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
		153,18,36,000
B. Rupee Coin	4,20,81,000	
Government of Pakistan Securities	308,18,46,000	
Internal bills of exchange and other commercial paper	....	
		312,39,27,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,00,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets		471,47,69,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 33.68 per cent.

State Bank of India

Statement of Affairs for the week ended 1st May 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital :— 20,00,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		9,30,00,000
Borrowings from Other Banking Companies, Agents, etc.		618,82,43,000
Bills Payable		21,80,40,000
Bills for Collection being Bills receivable as per contra		10,51,78,000
Acceptances, Endorsements and Other Obligations per contra		8,93,24,000
Other Liabilities (including Inter-Office Adjustments)		16,51,64,000
		7,10,30,000
Total .. Rs.		698,62,29,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		25,14,92,000
Balances with other Banks		3,17,57,000
Money at Call and Short Notice		2,73,33,000
INVESTMENTS :—		
Government and other Trustee Securities	Rs. 232,58,01,000	
Other Authorised Investments	9,44,23,000	
		242,02,24,000
ADVANCES :—		
Loans, Cash Credits, Overdrafts, etc.	Rs. 355,31,03,000	
Bills Discounted and Purchased	23,00,19,000	
		378,32,12,000
Bills Receivable being Bills for Collection as per contra		8,93,24,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		16,51,64,000
Premises less Depreciation		2,22,70,000
Furniture and Fixtures less Depreciation		1,76,10,000
Other Assets (including Inter-Office Adjustments)		17,78,34,000
Total .. Rs.		698,62,29,000

EXCHANGE RATES

	6th May 1964	28th April 1964
London on New York	2.7998- 2.8001	2.7990-2.8001
London on Berne .. Sw. Fcs	12.0805-12.0825	12.0800-12.0820
London on Paris .. Fcs	13.7190-13.7210	13.7190-13.7210
New York on London Cents per £	279.980-280.020	279.980-280.020
Pound Sterling—		
Sellers T.T. D.D. Spot .. £.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six Months .. £.	1-5 15/16	1-5 15/16
Buyers T.T. .. £.	1-6 1/32	1-6 1/32
Buyers D.D. .. £.	1-6 1/16	1-6 1/16
U.S. Dollar—		
Sellers T.T. D.D. .. Rs. to $100	478.00	478.00
Buyers T.T. .. Rs. to $100	474.75	474.75
Canadian Dollars—		
Sellers T.T. D.D. .. Rs. to $100	444.75	444.25
Buyers T.T. .. „	436.75	436.50
French Francs—		
Sellers T.T. D.D. .. per Rs. 100	102.40	102.40
Buyers T.T. .. „	103.40	103.40
Swiss Francs—		
Sellers T.T. D.D. .. „	90.10	90.10
Buyers T.T. .. „	91.10	91.10
Deutsche Marks—		
Sellers T.T. D.D. .. „	83.00	83.00
Buyers T.T. .. „	83.90	83.90
Italian Lire—		
Sellers T.T. D.D. .. „	13,035	13,035
Buyers T.T. .. „	13,210	13,210
Swedish Kroner—		
Sellers T.T. D.D. .. „	107.40	107.30
Buyers T.T. .. „	108.50	108.40
Belgian Francs—		
Sellers T.T. D.D. .. „	1,037	1,037
Buyers T.T. .. „	1,053	1,053
Dutch Guilders—		
Sellers T.T. D.D. .. „	75.40	75.40
Buyers T.T. .. „	76.30	76.30
Hongkong Dollars—		
Sellers T.T. D.D. .. „	119.60	119.60
Buyers T.T. .. „	120.60	120.60
Norwegian Kroner—		
Sellers T.T. D.D. .. „	149.30	149.40
Buyers T.T. .. „	150.70	150.80
Danish Kroner—		
Sellers T.T. D.D. .. „	144.20	144.20
Buyers T.T. .. „	145 60	145.60

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	24-4-64	17-4-64	26-4-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	64,11	65,86	52,09
(ii) From others	1,076,15	1,074,18	892,42
(b) Borrowings from banks	41,44	33,11	30,50
(c) Others	72,88	69,25	62,48
2. Time liabilities—			
(a Time deposits—			
(i) From banks	27,52	28,02	29,13
(ii) From others	1,242,37	1,232,27	1,195,31
(b) Borrowings from banks	12,48	12,82	12,51
(c) Others	10,84	11,00	10,14
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,318,52	2,306,46	2,087,73
4. Borrowings from Reserve Bank	44,62	65,15	31,16
(a) Against usance bills and/or promissory notes	21,18	26,87	26,24
(b) Others	23,44	38,28	5,92
5 Borrowings from State Bank and/or a notified Bank	24,98	27,98	17,84
6. Cash	62,64	60,16	54,57
7. Balances with Reserve Bank	78,92	82,13	73,95
8. Cash and balances with Reserve Bank	141,56	142,29	128,52
9. S as per cent of 3	6.10	6.17	6.15
10. Balance with other banks in current account	20,28	21,24	20,06
11. Money at call and short notice	48,76	39,66	47,16
12. Investments in Government securities	615,09	624,75	614,81
13. 12 as per cent of 3	26.52	27.09	29.49
14. Advances—			
(a) Loans cash credits and overdrafts	1,547,54	1,545,81	1,321,58
(b) Due from banks	12,04	16,82	7,25
15. Inland bills purchased and discounted	229,45	230,67	214,24
16. Foreign bills purchased and discounted	68,63	66,79	55,23
Total Bank Credit [14(a)+15+16]	1,845,61	1,843,27	1,589,05
18. 17 as per cent. of $	79.86	79.92	76.10

INDEX NUMBERS OF SECURITY PRICES

[1952-53—100]

Group and Sub-Group	Week ended			
	25th April 1964	18th April 1964	28th Mar., April 1964	27th April 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99.6	99.6	99.7	98.8
2. Government of India	99.2	99.2	99.4	98.5
3. State Governments	102.0	102.0	102.0	101.3
4. Municipal, Port Trust, etc.	98.9	98.9	98.9	98.6
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	97.7	97.7	97.9	96.9
PREFERENCE SHARES—ALL INDIA.				
6. Total	81.4	81.5	81.5	80.8
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	163 7	165.8	167.6	166.3
8. *Agriculture and Allied Activities : Total*	146.1	146.7	148.7	145 4
9. Tea Plantations	133 3	133.3	135 4	133 7
10. Coffee Plantations	170.4	172 1	173 6	142 9
11. Rubber Plantations	157 7	159 3	164 0	158 3
12. *Mining and Quarrying: Total*	134 0	135 5	139 9	142 0
13. Coal	97.7	98.1	100.4	114 6
14. Other Mining	158.9	161.2	165 5	160.8
15. *Processing and Manufacturing : Total*	176.7	179.5	181.1	179.6
16. *Processing and Mfg. (Foodstuffs,Textiles,etc.): Total*	175.7	178 1	182.1	185.6
17. Sugar	124 8	125 4	129 9	123 9
18. Cotton Textiles	160 4	162 2	165 2	169 9
19. Jute Textiles	88 5	89 2	90.6	92.7
20. Silk and Woollen	818.5	868.4	862.1	924.6
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total*	191.3	194 4	194 3	183.6
22. Iron and Steel	155.7	158 4	158 6	144 5
23. Transport Equipment	319 1	323 2	322 6	335 1
24. Electrical Machinery	154.1	154 1	154.8	153 6
25. Machinery other than Transport and Electrical	224 4	228.2	228 0	218.6
26. Basic Industrial Chemicals	178.8	181.2	182.3	184.5
27. *Processing and Mfg. (Others) : Total*	152 6	153 0	153 5	153.8
28. Cement	144.4	145.1	144 5	143.1
29. Paper	192.6	193 1	193 9	199.3
30. *Other Industries : Total*	107.4	108 5	109 3	105.5
31. Electricity Generation and Supply	87 7	87.7	87.8	82.9
32. Trading	108.0	109.1	107 7	114 3
33. Shipping and Other Transport	94 1	96 7	97 8	85 4
34. Construction	286 3	294 1	300 1	272.8
35. *Financial : Total*	182.6	182 2	182 7	191 0
36. Banks	204.2	203 0	210 9	213 9
37. Insurance	145.4	149.1	146 4	150 5
38. Investment Trusts	81.2	83 3	85.7	85 2
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	169 5	173.4	174 0	172 8
40. Calcutta	151 9	152 4	156 3	154.6
41. Madras	175 6	176 3	174.1	176.3
42. Delhi	223.3	224.9	226.4	218.5

*Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	18th April 1964	11th April 1964	20th April 1963	February 1964	February 1963	Percentage of increase (+) or Decrease (-) in Feb., 1964 as compared with Feb., 1963	Financial Year Averages 1963-64	1962-63
Food Articles	504	142.3	141 6	128.4	140.5	124.2	+13.1	136.8	128.1
Cereals	192	123.0	123 3	107 9	122.1	102 4	+19.2	116.3	105.6
Pulses	43	129 3	129 8	104.0	129.1	103 2	+25.1	115.4	105 2
Fruits and Vegetables	23	173 1	171 4	140 0	156.6	133 3	+17.6	140.4	135 6
Milk and Ghee	84	131.7	131.6	126 3	128.4	121.9	+5.3	128.2	124 4
Edible Oils	47	164 4	164 5	144 3	154.7	146 2	+5.8	151.1	152 3
Fish, Eggs and Meat	17	151 8	151.8	138 3	153 7	134.7	+14.1	149.2	143 6R
Sugar and Gur	48	171.7	167 3	165 0	178.3	147.8	+20.6	168 8	165.0
Others	50	174 0	175 8*	173 0*	170 7	178.2	+0.8	179 3	171.8
Liquor and Tobacco	21	118 8	118 8	117.6	122 3	99.3	+23.2	119 6	100 9R
Tobacco		115.9	115.9	114.6	119 6	95.7	+25.0	116 8	97.4R
Fuel, Power, Light and Lubricants	30	141 8	141 8	138 1	139 5	123 4	+13.0	139.6	124 4R
Industrial Raw Materials	155	147 7	146 6R	137.0	143 4	133 7	+7.3	139.5	136.5
Fibres	61	146.0	139 8R	133 7	135 6	130 7	+4.1	133.2	128.8
Oilseeds	69	149.1	147 6R	147.7	158.9	142.1	+11.8	154.1	151 4
Minerals	2	102 1*	102 1*	93.4*	91.5	93.4	-2.0	92 8	93 6
Others	32	129 8	129.2*R	126 4	132 7	126.7	+4.7	127.3	125 8
Manufactures	290	131 2	131 0R	130.1	131.9	129 2	+2.1	131 1	128 8R
Finished Products	249	131 1	130 9R	128.7	130.4	128.0	+1.9	129.7	127.1
Textiles	147	128.3	128.4	127 0	128.4	127.3	+0 9	127.7	126 1
Cotton		136 7*	136 7*	135 0*	135.9	134.2	+1 3	135 6	130 7
Jute		98.5	98 9	99 6	99 9	105.4	-5 2	100 2	110 9
Woollen		165 4*	165 4*	142 7*	162.4	141 3	+14 9	155 3	140 1
Silk and Rayon		141 2*	141 3*	141 2*	143 7	135 8	+5 8	139 8	131 8
Metal Products	12	168 9	166 9	161 2	163.0	161 0	+1 2	163 1	160 1
Chemicals	20	120 8*	120 2*	117 5*	119 2	115 9	+2 8	117.9	115.5
Oil Cakes	9	173.2	172.9R	162.2*	167 8	162 5	+3 3	165 7	160 9
Machinery and Transport Equipment	31	125 8	122 8	122 8	125.5	118 9	+5 6	124 2	117 6R
Others	30	128.0	128.0	127 3	127.8	125.4	+1 9	128.2	125 3
All Commodities	1,000	140.0	139.4	130 3	138.0	126.6	+9.0	135.3	127.9

NOTE :—Weight shown against the sub-groups [illegible] each of the groups are those assigned to the respective sub-group to arrive at that group index. P=Subject to revision. R—Revised. * Estimated.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	27th June, 1963	5	4.5
Belgium	July, 1963	3.50	4
Bolivia	June, 1963	6	5.9
Burma	1962	3.00	4.00
Canada	11th Aug., 1963	3.5	4
Ceylon	13th Aug., 1960	2.50	4
Chile	Jan., 1963	14.62	14.20
Denmark	13th Nov., 1963	6	5.5
Ecuador	1960	..	5
El Salvador	June, 1961	5.5	6
Finland	April, 1962	8	7
France	14th Nov., 1963	3.5	4
Greece	17th Jan., 1963	6	5.50
India	3rd Jan., 1963	4	4.50
Indonesia	1st April, 1946	4	3
Ireland	Aug., 1963	3.95	3.94
Italy	7th June, 1958	4	3.50
Japan	20th April, 1963	6.21	5.84
Malaya	28th July, 1961	6	7
Mexico	4th June, 1942	4	4.50
Netherlands	7th Jan., 1963	4	3.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1955	2.50	3.50
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1959	6.00	9.50
Philippines	9th Jan., 1962	3	6
Portugal	12th Jan., 1944	..	2
South Africa	27th Nov., 1962	4	3.50
Spain	1961	5.75	6
Sweden	31st Jan., 1964	4	4.5
Switzerland	26th Feb., 1959	2.50	2
Thailand	Nov., 1959	7	6
Turkey	May, 1961	9	7.5
United Kingdom	27th F.b., 1964	4	5
U.A.R.	May, 1962	3	5
U.S.S.R.	1st July, 1936	3	4
U.S.A.	16th July, 1963	3	3.50
West Germany	5th May, 1961	3.50	3

YIELDS ON INDUSTRIAL SECURITIES—ALL INDIA

(Per cent. per annum, tax-free)

Average of months/month	1962-63	1961-62	Feb., 1964P	Feb., 1963
Central Government Securities:				
(a) 3% conversion loan 1986 or later†	3.15	2.91	3.29	3.33
(b) Others‡	2.89	2.71	2.87	3.16
Debentures	4.35	4.15	4.71	4.40
Preference Shares	5.87	5.64	5.95	5.94
Variable Dividend Industrial Securities:	4.85	4.67	4.89	5.10
Agriculture and Allied Activities†	6.27	5.74	5.93	6.45
(a) Tea Plantations	6.45	5.94	6.21	6.67
(b) Coffee Plantations	5.44	4.74	5.83	6.93
(c) Rubber Plantations	7.54	6.56	5.58	7.99
Mining and Quarrying	4.93	5.15	4.27	4.91
(a) Coal	4.01	4.13	4.44	4.07
(b) Other Mining†	5.69	5.85	4.15	5.51
Processing and Manufacturing	4.48	4.24	4.45	4.74
Foodstuffs, Textiles, etc.‡ ††	4.33	4.16	4.23	4.45
(a) Sugar	6.18	5.62	5.00	5.88
(b) Cotton Textiles	4.33	3.72	4.06	4.64
(c) Jute Textiles	4.87	5.14	5.82	5.45
(d) Silk and Woollen	3.50	2.92	2.88	4.20
Metals and Chemicals‡	4.65	4.22	4.59	5.10
(a) Iron and Steel	5.31	4.69	5.08	5.97
(b) Transport Equipment	4.56	3.77	3.44	4.53
(c) Electrical Machinery	4.32	4.46	4.94	4.74
(d) Other Machinery	3.54	3.46	3.04	3.82
(e) Basic Ind. Chemicals	4.74	3.64	4.88	4.93
Others	4.59	4.52	4.84	4.91
(a) Cement	5.00	4.77	5.26	5.33
(b) Paper	3.87	4.54	4.40	4.16
Other Industries	5.30	5.28	5.70	5.57
(a) Electricity Generation and Supply	5.60	5.42	5.93	5.76
(b) Trading	6.62	6.74	6.90	7.08
(c) Shipping and Other Transport	4.20	4.40	5.80	4.58
(d) Construction	3.83	3.98	3.34	4.09
Financial	5.91	5.84	6.69	6.27
(a) Banks	5.66	5.42	6.48	6.04
(b) Insurance	6.58	7.07	7.75	7.04
(c) Investment Trusts	6.54	6.72	6.12	6.50

† Running yield. ‡ Average of four loans: (i) 3½% 1962, (ii) 3½% 1967, (iii) 3% First Development Loan 1970-75 and (iv) 4% 1979. ‡ Including 'Miscellaneous.' †† Including Edible and Vegetable Oils. P=Provisional.

IRON AND STEEL PRODUCTION (In metric tons)

Tata Iron and Steel Co., Ltd.	Pig Iron	Steel Ingots	Saleable Steel
Year ended 31st March, 1960	1,594,000	1,555,000	1,237,000
Do. 31st March, 1961	1,583,000	1,623,000	1,263,000
Do. 31st March, 1962	1,647,800	1,643,400	1,317,700
Do. 31st March, 1963	1,766,000	1,749,000	1,415,700
Do. 31st March, 1964	1,811,200	1,891,700	1,506,400
January 1963 ..	151,700	159,100	128,500
February ..	136,000	143,500	113,100
March ..	154,400	164,800	133,100
April ..	161,600	161,700	122,200
November ..	146,300	158,300	126,600
December ..	162,600	174,600	136,600
January 1964 ..	164,400	171,300	133,100
February ..	118,600	139,000	109,100
March ..	131,600	152,900	128,400
April ..	128,300	142,800	116,000
Indian Iron and Steel Co., Ltd.			
Year ended 31st March, 1960	1,070,470	840,305	672,707
Do. 31st March, 1961	1,160,576	914,159	722,034
Do. 31st March, 1962	1,187,397	934,498	720,070
Do. 31st March, 1963	1,291,825	1,002,038	795,119
Do. 31st March, 1964	1,237,000	1,027,000	810,000
January 1963 ..	120,088	86,248	68,972
February ..	108,428	79,238	69,816
March ..	116,303	93,288	87,400
April ..	109,650	85,016	70,218
November ..	76,696	81,595	64,682
December ..	83,051	87,519	70,229
January 1964 ..	109,243	87,771	63,185
February ..	103,411	80,243	66,435
March ..	113,049	89,766	78,624
April ..	111,289	82,319	62,656

NINETY-ONE DAYS TREASURY BILLS

Date of tender	Amount (In crores of rupees) Offered	Applied for	Allotted	Average rate of discount Per cent.	Rate of allotment in full Rs.
1964					
5th to 8th Feb.	0.78	—	0.78	—	99.430
11th Februarry	2.00	2.00	2.00	2.340	99.415
12th to 14th Feb.	1 00	—	1 00	—	99.431
18th February	2 00	2 02	2 00	2.340	99 415
19th to 22nd Feb.	2 00	—	2 00	—	99.431
25th February	2.00	2.03	2 00	2.350	99 415
26th to 29th Feb.	0 60	—	0 60	—	99.431
3rd March	2.00	2.00	2.00	2.360	99 410
4th to 7th Mar.	1 33	—	1 33	—	99.426
10th March	2 00	2.12	2.00	2.360	99 410
11th to 14th Mar.	2 21	—	2 00	—	99 426
17th March	2 00	2.00	2.00	2.500	99 375
24th March	2.00	2.00	2.00	2.750	99 310
25th to 28th Mar.	0 10	—	0 10	—	99 250
31st March	2 00	2.00	2.00	3.000	99 250
1st to 4th April	0 01	—	0 01	—	99 266
7th April	2 00	2.00	2.00	3.000	99 250
13th April	2.00	2 00	2.00	3.000	99.250
21st April	2.00	2.00	2.00	3.000	99 250
14th to 18th April	2.33	—	2 33	—	99 266
28th April	2 00	2.00	2 00	3.000	99 250
22nd to 25th April	0 40	—	0 40	—	99 266
5th May	2 00	2.00	2.00	3.000	99 250
29th Apr. to 2nd May	0.80	—	0.80	—	99.266
Total amount out-					

RAW COTTON STATISTICS

Particulars	Details of Period	In Bales of 180 Kilograms	Indian Mills cotton consumption from 1st Sept. to 31st January (In Bales of 180 Kilograms)	1964	1963
Cotton Receipts (Total Indian)	Week ended 30th April, 1964	23,138(J)	Indian	2,283,102	1,863,295
	Corresponding week, 1963	21,488(J)	Pakistan	4,518	79,361
	1st Sept. to 2nd April, 1963-64	1,173,209*	American	121,300	198,860
	Corresponding period, 1962-63	1,871,092*	Egyptian	65,601	39 767
			Sudan	56,462	114,988
			East African	19,740	36,421
			Others	2,838	7,466
Exports by Rail	From 1st Sept. to 30th April, 1963-64	30,344	Total	2,550,561	2,340,158
Exports by Road (Estimated)	Do. Do.	65,000			
Exports by Sea	Do. Do.	..	Exports by Sea to Foreign Countries (In bales of 180 kilograms)	Week ended 30th April	From 1st September to 30th April
Mill Consumption (Estimated)	1st Sept. to 30th April, 1963-64	917,456		1964 1963	1963-64 1962-63
	Corresponding period, 1962-63	880,748	U.K.	.. ..	4,671 3,777
Stock (with exporters, dealers and mills) in Bombay (Estimated).	On 30th April, 1964	617,188	Continent	1,456 311	19,747 20,364
	Corresponding date, 1963	561,675	Hong Kong	.. 327	3,342 5,086
			Japan	722 7,233	103,574 132,272
			U.S.A.	400 211	14,173 10,420
			Other countries	.. ..	962 795
Consumption of Cotton—			Total—all foreign countries.	2,578 8,082	146,469 172,714
Indian	January, 1964	472,686			
Foreign		51,398			
Indian	Five months 1964	2,283,102	Cotton Pressed in India† (In running bales)		(Bales of 392 lbs.)
Foreign	ended Jan.,	267,459		Week ended 10th April, 1964	115,097
Indian	Same period, 1962	1,863,205		Corresponding week, 1963	1,751,814
Foreign		476,863		1st Sept. to 10th April, 1963-64	3,205,507
Stocks (Mills and Elsewhere)—				Corresponding period, 1962-63	
Indian	As on 31st January, 1964	1,434,435	Karachi (Pakistan) Receipts	1st Sept. to 9th April, 1963-64	1,428,117
Foreign		173,417		Corresponding period, 1962-63	1,288,437
Indian	As on 31st January, 1963	766,424	Exports	1st Sept. to 9th April, 1963-64	860,957
Foreign		215,405		Corresponding period, 1962-63	743,255

(J) By Rail and Sea. † Incomplete. * By Rail, Sea and Road. A—

COMMERCE AND INDUSTRY

(Concluded from page 817)

In regard to other traditional commodities, India seems to be facing greater competition from various sources. For example, in the first ten months of 1962, Indonesia supplied to U.S. 8,762,000 lbs. of black pepper, as compared to 19,385,000 lbs. by India. But, in the first ten months of 1963, there was a complete reversal of the position, the supplies from India and Indonesia being at 7,754,000 lbs. and 23,506,000 lbs. respectively.

In cashewnuts, India's position continues to be strong, its share amounting to 55.8 million lbs. in the first ten months of 1963 against the U.S.A.'s total imports of 61.6 million lbs. in this period. It is worthy of note that cashewnut imports into the U.S. in the first ten months of 1963 recorded an increase of 10.1 million lbs., as compared with the similar period of 1962.

In manganese ore, India's share continues to be low. In the first ten months of 1963, India supplied only 160,833 short tons of manganese ore out of the U.S.A.'s total imports of 2,024,144 short tons. Brazil was the major supplier, accounting for 860,891 short tons.

In mica, India suffered a setback in 1963, its supplies in the first ten months of the year amounting to 5,940,835 lbs. valued at $3,230,679, as compared with 8,518,254 lbs. worth $4,388,213 in the similar period of 1962. But the U.S.A.'s total import of mica in this period was also much lower at 7,826,909 lbs. against 10,294,211 lbs. in the similar period of 1962.

In shellac, recently, Thailand replaced India as the major supplier because of her bumper crop and low prices. But, in the last few months, the situation seems to be changing in favour of India.

So far as non-traditional items are concerned, India has made a small but encouraging progress. The value of engineering goods exported from India to the U.S. rose from Rs. 10,38,000 in 1960-61 to Rs. 20,46,000 in 1962-63; and it stood at about Rs. 10 lakhs in the first six months of 1963-64. The major products in this group are cast iron pipes and fittings and sewing machines. A recent official review says that "despite a certain amount of disappointment felt by U.S. importers primarily due to lack of response from Indian manufacturers and exporters, the Indian pipe and fittings have been uniformly acclaimed as of good quality." Also significant is the fact that American importers have lately shown much interest in obtaining from India a number of items like cotton sheeting, ready-made garments, zippers, punch presses and press brake equipment, dyestuff, plastic spectacle frames, sea-food, canned food, greeting cards and novelty items.

The task of stepping up our exports to the U.S. is by no means easy, because of the long distance, increasing competition from advanced countries, the high quality consciousness of the market, among other factors. Even so, with greater initiative by our businessmen and a more helpful attitude on the part of the U.S., the results can be much more satisfactory than they have been so far.

BUSINESS NEWS FROM EUROPE

(Concluded from page 805)

tive and, while the selling price to Belgian industry is not necessarily dependent on the Dutch industrial price, it cannot be fixed before it. If total sales of natural gas in Belgium can be raised to 5,500 million cubic metres by 1975, they will represent around 12 per cent of Belgium's expected energy needs. Two pipeline routes are under consideration and the advantage of one of them is that it could be used to carry supplies to France if that market proved receptive.

Plans to tap ***North Sea*** gas and oil reserves are expected to stimulate interest in the relatively new technology of installing pipelines and well-head valve installations underwater. These installations are being put on the sea bed, because, in part, of the potential hazard to marine navigation offered by traditional derrick construction and rough seas. The underwater equipment would be controlled from the surface or from the shore. Drilling operations in deep water off California and the Gulf of Mexico has made this method reliable. Reliability of operation and control were the two biggest problems that had to be overcome at the start. It was also difficult to develop a leakproof, four-way hydraulic valve with a built-in safety design that moves the valve gate to a pre-selected safe position if control pressure fails. These, and other problems such as marine growth, were eventually overcome.

MARKET GOSSIP

(Concluded from page 787)

products which could profitably be bought and sold by the developing countries among themselves. The suggestion is certainly quite an interesting one, but its actual implementation will bristle with innumerable difficulties which cannot be solved so easily as the Board of Trade seems to think. There is, however, no harm in exploring the possibilities of expansion in this direction.

Selling Insurance "Over The Counter"

The art of selling insurance has achieved so high a degree of sophistication in Britain that insurance is now literally sold "over the counter." The Great Universal Stores (G.U.S.), one of the better-known department stores in the U.K., has launched a pilot scheme for selling insurance over the shop counter and giving the customer the opportunity to pay premium in instalments. The Great Universal Stores had successfully pioneered last year the sale of insurance by mail-order.

The scheme to sell insurance over the shop counter has been arranged in conjunction with a well-known firm of insurance brokers which also handles the mail-order business. Special counters are being set up in selected stores controlled by the G.U.S. where details of all policies of a non-life nature would be available. Enquiries for life insurance policies would also be attended to, but they will be referred to the G.U.S. for follow-up. Official insurance forms have to be filled at the shop counters for forwarding to the brokers who also handle all the claims. The G.U.S. gets a commission for acting as agents.

Apart from being an extra-service to the customers, the assumption on which the scheme is based is that many would find it convenient to make regular premium payments while settling their hire-purchase and other credit accounts with the stores. The easy instalments for premium payment is obviously meant to be an added attraction.

Commercial Arbitration

The Committee on Commercial Arbitration (Chairman: Mr. B. T. Merchant) has suggested, in its report submitted to the Government of India on 30th April 1964, the formation of a central organisation, to be called "The Indian Council of Arbitration," for offering facilities for arbitration in foreign trade disputes. The Committee, it may be recalled here, was appointed last year to review the existing arrangements for arbitration in commercial disputes arising in the course of foreign trade and to recommend appropriate measures for their improvement so as to facilitate expansion of India's export trade. The constitution and functions of the proposed Council of Arbitration should, according to the Committee, be determined by all the existing arbitral organisations in India, in consultation with the Federation of Indian Chambers of Commerce and Industry, New Delhi. The Council should concentrate, in the initial period, the Committee has further suggested, on developmental and promotional aspects of arbitration in international trade with a view to making arbitration universal. The Council should also be vested with authority to establish arbitration facilities under its own auspices. The question as to when and in respect of what commodities the Council should arbitrate should be left to the discretion of the Council.

Another important recommendation of the Committee on Commercial Arbitration is that a clause for arbitration should be included in all foreign trade contracts between Indians and nationals of other countries. Such a clause, the Committee opines, will help smoothen business relations and offer scope for expanding India's export trade. The Committee, however, does not favour legislation to make inclusion of arbitration clause compulsory.

While emphasising the need to make known, as widely as possible, the benefits of and facilities for arbitration, the Committee has urged equally strongly the need to minimise the scope for disputes. For this purpose, it has suggested a model contract form containing provisions, usually found in most foreign trade contracts, as also a clause for the settlement of disputes, should they arise.

Disputes in foreign trade generally arise, as is well known, on grounds of non-delivery, delayed delivery, short delivery, non-payment of bills or commission, defective quality and non-compliance with specifications. The Committee obviously believes that prevention is better than cure and has, therefore, suggested that efforts should be made to avoid such disputes. For this purpose it has suggested a code of conduct for exporters, registration of exporters in respect of products for which some export promotion scheme is in existence and stricter implementation of pre-shipment inspection and quality control measures.

Some of the other important recommendations of the Committee are the following:

(1) Testing laboratories should be established in import trade centres for testing and certifying that the goods tested satisfy the specifications of the contract. The Government should seek to get such certificates accepted by foreign arbitration bodies.

(2) The Government should authorise its commercial representatives abroad to investigate small claims made by foreign parties in international trade disputes for amounts not exceeding Rs. 5,000 when an amicable settlement is not possible within a reasonable period. Commercial representatives might also be asked to suggest to foreign arbitration organisations in countries with which India has substantial foreign trade that their panels of arbitrators should include qualified and competent Indian nationals resident in those countries

(3) Since India now has adequate arbitration facilities, efforts should be made by the Government to transfer the venue of arbitration to India from foreign countries where they happen to be at present.

(4) A thorough study of arbitration laws of different countries should be undertaken by the proposed Indian Council of Arbitration in consultation with foreign arbitration organisations with a view to evolving model rules and procedures which would prove generally acceptable.

(5) Efforts should be made to persuade the trade organisations to provide in the contracts between the manufacturers and purchasers, who buy goods for export, that the manufacturers would abide by the award or decision that may be given in a dispute between the exporter and the foreign importer in regard to quality or other matters when the dispute has arisen on account of the fault of the manufacturers.

A suggestion of the Committee, which should be of great interest to exporters who are ever exposed to the risk of changes in export duty on goods contracted for, is that the Government should give adequate relief to exporters who had entered into firm contracts before the export duty was revised, so that a dispute between the foreign buyers and Indian exporters could be advised. It would also remove the hesitation of Indian exporters to enter into firm commitments for fear of unexpected changes in tariffs and embolden them to negotiate and conclude contracts more freely.

TREND OF SHARES

SLUMP AGAIN

(From Our Own Correspondent)

BOMBAY, *7th May*

THE firm trend that prevail in the share market last week abated during the week under review. In fact, after ruling quietly steady, with narrow and irregular movements, during the major part of the week, the market suddenly slumped today winding up the week with substantial losses in several of the cash and forward scrips. The sentiment of operators was adversely affected by fears of some fresh official measures to control stock exchanges. A hint to the possibility of such measures being adopted was reported to have been given by the Union Finance Minister in Parliament early this week. Many bulls were, therefore, anxious to reduce their commitments as much as possible. There was also further selling by parties who had recently bought on a large scale in anticipation of some fiscal relief which did not prove correct. In particular, Century and National Rayon were subjected to speculative liquidation by certain bulls. Apprehensions regarding costlier bank credit for industry and trade, too, imparted weakness. One more unhelpful factor was the rumour that the Directors of Tata Iron and Steel Company were contemplating a rights issue for the purpose of repaying Government loan. There was another rumour that T.E.L.Co. might not be able to maintain the dividend for 1963-64. To add to these bearish factors were the production figures (published this week) of both T.I.S.Co. and I.I.S.Co. for April, both showing a marked fall in their performance. Here are these figures.

	April 1964	March 1964	April 1963
	(In tonnes)		
TISCO:			
Saleable steel ..	115,000	128,400	122,200
Steel ingots ..	142,800	152,900	161,700
Pig iron	128,300	131,600	161,600
IISCO:			
Saleable steel ..	62,656	78,624	55,282
Steel ingots ..	82,319	89,766	80,807
Pig iron	111,269	113,069	109,650

In Dalal Street, Tata Ordinary encountered selling and moved down in the course of the week from Rs. 149.50 to Rs. 146.75 today before finishing at Rs. 147.25. The net loss was Rs. 2.25. Indian Iron fell by 40 nP to Rs. 24.40. Among Textiles, Century were hammered down from Rs. 612 to Rs. 597. Standard dropped Rs. 39 to Rs. 603. Shreeniwas and Svadeshi declined by Rs. 9 each to Rs. 242 and Rs. 236, respectively. National Rayon receded by Rs. 14.50 to Rs. 352; at one time today, they were lower still at Rs. 348. Bombay Dyeing, however, received some support and rose from Rs. 60.80 to Rs. 61.70 on Saturday, though they declined thereafter and touched Rs. 61 today. Engineering scrips drifted lower generally. T.E.L.Co. fell by Rs. 14.50 to Rs. 285.50, Alcock Ashdown by Rs. 8 to Rs. 291 and Cooper Engineering by Rs. 3.50 to Rs. 99.50. Sugars also drifted lower, Belapur losing Rs. 4.50 to Rs. 214, Maharashtra Rs. 2 to Rs. 127, and Walchandnagar 50 nP to Rs. 144.50. Cements fared no better. Digvijay eased by Rs. 3.50 to Rs. 181.50, Associated Cements by Re. 1 to Rs. 150.75 and Orissa by 36 nP to Rs. 13.40. Among Miscellaneous industrials, Indian Dyestuff were pushed down by Rs. 23.75 to Rs. 253.75. Voltas shed Rs. 7.50 to Rs. 250, Wimco Rs. 5 to Rs. 254.50, West Coast Rs. 4 to Rs. 157, Shivrajpur Rs. 3.50 to Rs. 13 and Tata Oil Rs. 3.30 to Rs. 57.20. Bombay Burmah declined by 80 nP to Rs. 58.20.

* * * *

Barring a few select counters which tended to move up on special enquiries, the Calcutta Stock Exchange put on a subdued appearance. Dunlop moved down from Rs. 37.06 to Rs. 35.60 following the decision of the Company's Directors to issue 500,000 right shares at Rs. 10 each at a premium not exceeding Rs. 10 per share. Birla Jute eased by Re. 1.65 to Rs. 30.10, Indian Aluminium by Re. 1.04 to Rs. 31.40, Texmaco by Re. 1.35 to Rs. 27 and Kesoram by Re. 1.30 to Rs. 25.20.

* * * *

In sympathy with Bombay and Calcutta, the Madras Stock Exchange also ruled distinctly easy, with a general fall in values. In the forward list, South India Viscose dropped Rs. 2 to Rs. 121.50. Madura shed 30 nP to Rs. 13.20 and Mettur Chemical 15 nP to Rs. 13.15. In the cash list, Buckingham declined by Re. 1.40 to Rs. 274 ex-div. Travancore Chemicals and Fertilisers receded by 27 nP to Rs. 18.37.

COMMERCE

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

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ANOTHER EXERCISE IN PAPER SOCIALISM

NOWADAYS, the Congress Party is wasting too much of its time in defining its concept of socialism and drawing up long-winded policy statements for implementing its creed. Has it not got anything better to do than in indulging in the game of verbiage? If word-power could produce prosperity for all, the Congress Party has generated so much of it in the post-independence era that poverty in this country should be a thing of the past. Unfortunately, however, such miracles do not happen, despite what our mythological stories might say. Poverty is still as intense as before the commencement of the Five-year Plans. There are more mouths to be fed, more hands to be employed, more bodies to be clothed and more persons to be housed than at any time before. The more socialism (whatever it is) that one preaches and practises, the greater becomes the misery of the people. This is not surprising, as the socialism of the Congress Party has been of a doctrinaire type, yielding discontentment among the people rather than production. It has raised desires and expectations, without a corresponding increase in the means through which they can be met. There was, of course, some justification for engendering an ideological fervour in the initial years of independence in order to rouse the people from the somnambulism induced by the age-old fatalistic attitude. But it was, and is still being, overdone, with dangerous implications to our democratic way of life.

One might have thought from the new label to socialism—"democratic socialism"—given by the Congress Party at its Bhubaneshwar session that the powers-that-be had realised this danger. But this surmise does not seem to be correct. What the Congress Party is aiming at is State capitalism, State domination and State monopoly, so that, when all this is achieved in full measure, democracy will have vanished. It will be a type of socialism. Only, democracy as we all know it will be absent. Successive budgets of the Centre and the States have been framed with this objective. The last Central budget has clearly taken the country another long step forward in that direction. Henceforth, the private sector will have to depend increasingly on the Government for funds and other forms of energy that are necessary for sustaining it. Sooner or later, the private sector will virtually become an agent of the public sector. More fetters are in the making and still more curbs will follow, if the report of the Dhebar Committee for implementing the Bhubaneshwar brand of socialism is adopted at the A.I.C.C. session now being held at King's Circle, Bombay North. Many commentators have drawn a sense of satisfaction from the absence of any radical recommendations in the Committee's report. But that is a negative comfort, for the basic objective of the Bhubaneshwar resolution is sought to be achieved by proposing a further increase in the roles assigned to the State, co-operatives and the Reserve Bank of India. One would not have much to quarrel with this suggestion, if these agencies were at least efficient enough to carry out the responsibilities entrusted to them in time and without waste of resources. Experience so far clearly suggests that these prerequisites are only inadequately met; the result has been a needlessly low rate of economic growth, a high degree of inflation and great suffering by the people belonging to the low-income group. One, therefore, gets exasperated when one comes across the recommendations of the type contained in the Dhebar Committee report.

The Dhebar Committee has shared, not unexpectedly, the widely held view of the Congress Party that effective steps must be taken to prevent any further concentration of economic power in private hands. It has accordingly proposed that "the Government should intervene more extensively than at present in both financial and distributive activities," that the public sector's share in industries manufacturing capital goods and intermediate products should increase so substantially as to enable it to occupy a commanding position in the economy, that a total ban be imposed on the issue of new licences to existing large industrial concentrations, that the Government should encourage the growth of entrepreneurial skill by rendering financial and other assistance to enlightened managerial and technical personnel in the private sector, so that they may come forward and set up industries on their own, and that the Reserve Bank should be vested with penal powers to ensure that, in giving credit, banks adhere to national and social priorities. In making these proposals, the Committee does not seem to have considered the impact of their implementation on the pace of economic growth and creation of employment opportunities, as well as on the cost of development. There is no doubt that the rate of growth will be slower than otherwise and that the capital cost will be needlessly higher. The pursuit of this approach will delay the spread of real socialism, by which is meant the welfare of the people, for, ultimately, it is the masses that will have to foot the bill of such expensive development. Would it not be better, therefore, if the division of responsibility of industrialising the country is determined on the practical principle of ability to do the job and deliver the goods expeditiously and economically, without importing any doctrinaire principles of either the left or the right? In fact, many spokesmen of the Government, including the Prime Minister, have agreed in the not distant past that this should be the approach. Why then does the Congress Party keep on reopening the issue again and again?

The main assumption behind the Dhebar Committee's proposition that the public sector should be increasingly preferred to the private sector is that the people can expect to get more social justice under the former than under the latter. In theory, it may be right but not necessarily so in actual practice. Has India's experience during the last 13 years of active socialism been such as to sustain the thesis of the Dhebar Committee? We are afraid not. As against a few instances of successful public sector undertakings, there are many instances of unsuccessful ones. One has only to go through the reports of Public Accounts Committees in the Centre and the States, as well as the audit reports, to appreciate this point. Again, the amount of waste in the public sector is infinitely greater than in the private sector. It would be better to aim at a clean and efficient public sector handling limited responsibilities, so that it can not only set an example to the private sector but also exercise an effective control over the constituents of the latter sector, ruthlessly eliminating those that indulge in anti-social activities.

Let the growth of new entrepreneurs be encouraged by all means. None suggests that licences for establishing new industrial units should be given only to the big industrial houses. In any case, the hands of many of them are already full. This is true of the public sector also. But care must be exercised in selecting and promoting entrepreneurial skill. The manner in which licences for certain industrial projects included in the third Plan were distributed in keeping with this policy was by no means sound. Several of these projects failed to materialise and the licences had to be revoked, because the new entrepreneurs were not able to implement them for some reason or other. An expansion in the number of industrial entrepreneurs cannot be brought about overnight. It is not a fast growing species of trees. Nevertheless, in the post-independence period, there has been a significant growth. Many new industrial houses and individual industrialists have come into existence. The various industrial banks promoted by the Government, the nationalisation of life insurance and extension of protective tariffs and import control restrictions have all accelerated this process. A meed of praise is thus due to the Government for whatever progress that has taken place in this direction. If only the fiscal policy had been less harsh, the progress would have been more impressive than is the case now.

Unaccounted money is one of the many problems covered by the Dhebar Committee. Beyond stressing that the Government should take drastic steps to root out the existence of this black money, the Committee has not made any specific suggestions. Those who have this money may have reasons to feel that politicians are an ungrateful lot, for the majority of them have found it useful for fighting the elections. Much has been said on this problem, but little has been done, the claim made by the Finance Minister a few days ago notwithstanding. The evil itself is an offshoot of socialist planning. It can never be eradicated so long as there are shortages, too many controls, penal taxation, and prohibition of all sorts. It can, however, be minimised by tackling realistically the basic causes on which it thrives.

The lot of the poor man can be greatly improved—which is what a socialist Government ought to do first—if inflation can be checked and cost of living brought down. This will be possible only if agricultural production is substantially raised not through price increases but through larger yields per acre. The Dhebar Committee has naturally stressed this point, as many others have done many a time. The Committee has gone a step further in insisting that the Chief Minister and the Minister for Agriculture in every State must be specifically held responsible for progress on

Contents

	PAGE
LEADING ARTICLES—	
Another Exercise in Paper Socialism ..	829
Broad Contours of Fourth Plan	830
MARKET GOSSIP	831
THIS WEEK'S SURVEY	834-836
SPECIAL FEATURES—	
Delhi Letter	832
Prejudice and Politics in the Liquidity Mix .	837
London Letter	837
Manchester Letter	841
Boom Developing in Air Travel	844
Control of Monopolies and Cartels	850-851
Russian Competition in Oil	852
London Gold Market	861
CHAIRMAN'S SPEECH—	
Atul Products Ltd	854
BANKING	838-840
COTTON	842
ENGINEERING	846
NEW PRODUCTS AND PROCESSES	847
COMMERCE AND INDUSTRY	856-857
COMPANY MATTERS	858-860
NEWS IN BRIEF AND PERSONAL	862
TREND OF MARKETS	863-865
MISCELLANEOUS STATISTICAL INFORMATION ..	866-867
TREND OF SHARES	868
WEEK'S STOCK EXCHANGE TREND	868

the agricultural front, that they should be accountable to the Congress Parliamentary Board and that, if the Board is not satisfied, the necessary consequences for the failure should follow. It is, however, easier to lay down such a condition than enforce it. The Congress Party is the last that can impose such a discipline on Ministers. Has it ever sacked any Minister for inefficiency and incompetence? Nonetheless, it is good to see that some Congressmen at least are beginning to think that Chief Ministership in States should be related to performance in agriculture. Perhaps, some tangible results will follow, if the condition is strictly enforced by the High Command without fear or favour. At the same time, there is also the risk of some Chief Ministers asking for more doctrinaire economic and social reforms as an essential precondition for showing better results in the agricultural sector. The present Chief Minister of Maharashtra, for instance, has been making no secret of his conviction that nationalisation of banking is necessary for any significant advance in agriculture. His predecessor nationalised sugarcane plantations on the ground that it would confer great benefits on landless farmers. There are others who feel that all agro-industries must be nationalised.

Housing is another much neglected aspect of social progress in this country. In urban areas, shortage of houses is so acute that one, especially the new-comer, has to spend anything from a third to half of his income by way of rent, besides paying a heavy premium in cash. Slums and insanitary conditions are growing fast, accompanied by increases in crimes of all sorts. The position in rural areas is no better, where people are living in hovels. There is a great dearth of building materials and cost of construction is ever on the increase. Most of the unaccounted money is made in and goes into housing and allied spheres. The Dhebar Committee has prescribed severe penalties for those who do not build houses on the sites owned by them, but how are houses to be built, if the materials necessary are not available at reasonable prices? There can be nothing but phoney socialism in this country so long as the progress made in agriculture, housing and provision of protected supply of drinking water continues to be as poor as it has been in the last decade and a half. Even today there are many places in India where people have to spend several hours of labour to get a day's supply of drinking water.

BROAD CONTOURS OF FOURTH PLAN

THE third Plan, now in its fourth year, is in an advanced stage of execution, though the pace of progress towards the realisation of most of its targets is disappointing. Within eighteen months from now, the next Five-year Plan will have to be finalised after elaborate studies and discussions at different levels. Although the Perspective Planning Division has brought its studies to the point where the Planning Commission could begin discussions and take tentative decisions, there is still some way to go before the Commission and the National Development Council can come to grips with the issues pertaining to the fourth Plan's priorities, investment pattern and targets. As of today, there are unresolved controversies as to whether the next Plan should be more impressively investment-oriented or more significantly consumption-oriented than the third Plan, whether it should continue to have a "basic or heavy industry bias" for bringing about a structural change in the economy in the direction of self-sustained growth, whether a "national minimum standard of consumption" should be woven into the investment programmes, and so on. But, whatever final shape the fourth Plan may take, the broad contours of investment and growth envisaged are currently discernible, now that the Planning Commission is reported to have accepted the Perspective Planning Division's paper as a "tentative basis" for the formulation of the Plan framework by October or November next.

The magnitude of aggregate outlay (including current outlay) under the fourth Plan, adopted as a "working basis" at the meeting of the Planning Commission on the 10th instant, is Rs. 20,000 crores. This represents the average of a minimum limit of Rs. 18,000 crores and a maximum of Rs. 22,000 crores, and compares with the revised aggregate outlay (including current outlay) of about Rs. 12,000 crores under the third Plan. It will be recalled, incidentally, that the projections laid down in the second Plan for the future plans had envisaged an aggregate outlay of about Rs. 11,000 crores under the third Plan and Rs. 16,500 crores under the fourth. But these estimates were in terms of 1952-53 prices, and the subsequently proposed third Plan outlay of about Rs. 12,000 crores in terms of 1960-61 prices corresponded, more or less, to the earlier projection of about Rs. 11,000 crores for that Plan. Since prices have gone up further over the third Plan period, the "working basis" figure of Rs. 20,000 crores for the fourth Plan may be broadly taken to represent only 50 per cent more than the aggregate third Plan outlay in terms of, say, 1963-64 or 1964-65 prices. If the current level of prices or the likely level of prices in the next two years are thus taken into account, it will be seen that the aggregate outlay of Rs. 20,000 crores proposed for the fourth Plan represents in *real* terms (that is, in terms of 1952-53 prices) something less than the originally projected outlay of about Rs. 16,500 crores for that Plan. Even an outlay of Rs. 20,000 crores, it may be noted further, would raise the rate of capital formation from about 14 per cent of national income in 1965-66 to barely 20 per cent in 1970-71. It would thus appear that the magnitude of investment presently envisaged for the next Plan is quite reasonable from the point of view of the country's needs. It would be the barest minimum required to ensure economic growth (that is, increase in real national income) at an average annual rate of seven per cent, as compared with the scheduled five per cent of the third Plan.

But the proposed size of the Plan may look somewhat ambitious in the context of the estimated availability of foreign exchange resources and the ability of the country to muster the required technical and managerial manpower. Since, according to the Union Finance

Some Physical Targets of Fourth Plan
(As proposed by the Perspective Planning Commission)

Items	Unit	1965-66 (Final)	1970-71 (Proposed)
Agriculture :			
Foodgrains	Mill. tonnes	90	122
Oilseeds	" "	7.5	11.2
Cotton	Mill. bales	6.3	9.8
Sugarcane	Mill. tonnes	11.0	13.2
Tea	Thousand tonnes	408	431
Jute	Mill. bales	6.2	7.3
Industry and Mining :			
Finished steel	Mill. tonnes	5.8	11.5
Alloy and special steel	Thousand tonnes	61	500
Aluminium	" "	68	240
Copper	" "	36	70
Nitrogenous fertiliser	" "	500	1,750
Phosphatic fertiliser	" "	200	750
Caustic Soda	" "	300	600
Soda ash	" "	340	700
Plastics	" "	75	270
Petroleum products	Mill. tonnes	13	27
Cement	" "	12	23
All machinery and equipment	Rs. crores	1,233	2,891
Coal	Mill. tonnes	89	140
Iron ore	" "	27	60
Crude oil	" "	6	12
Electricity	Thousand mill. Kwhrs.	39.6	79.2

Minister, Mr. T. T. Krishnamachari, himself, the foreign exchange resources would not be appreciably more than what are available for the third Plan, the ultimate size of the fourth Plan may have to be fixed at a level substantially below Rs. 20,000 crores, even assuming that the required rupee resources can be fully mobilised without aggregating the inflationary pressures generated by the second and third Plans and that the required manpower can be found; both the assumptions, it is needless to add, are big. Considering that the foreign exchange components of plans pertaining to railways, irrigation, power, industry, minerals and transport will be relatively less in the fourth Plan than in the third because of increased indigenous manufacture of machinery and equipment, it is just possible that, at the assumed level of foreign exchange availability (Rs. 3,200 crores, including what is needed for servicing debts), a Plan of the size of Rs. 18,000 crores may be decided upon by the planners. (Incidentally, it is noteworthy that the perspective planners themselves have visualised that only seven per cent of all investments will need to be financed by foreign aid by 1970-71, as compared with 23 per cent under the third Plan). Of course, even this possibility is not quite distinct at the moment, for the assumptions regarding the size and scope of the Plan, according to the Planning Commission's decision, are to be tested for their technological, financial and administrative feasibility by the various working groups in the next few months. If, as the Commission believes, certain tasks can be accomplished by technological improvements and greater administrative efficiency and certain action programmes, to be initiated in the last two years of the third Plan in the fields of industry, power, transport and manpower, can be depended upon to realise the fruits of present investment in the early years of the fourth Plan, it may not be too difficult to implement a Plan of the size of Rs. 18,000 crores for ensuring overall economic growth at six per cent, if not more, per annum. Given political stability and a more conscientious effort to achieve such economies in construction costs as are known to be possible and to restrain non-development expenditure (other than on defence), the physical targets appropriate to a Plan of that size can conceivably be more handsome than what would otherwise be possible.

Above all, the Commission's general approval for the idea that agriculture should command a relatively higher priority than under the third Plan points to the possibility of creating larger real resources for sustaining the fourth Plan. The goal of agricultural self-sufficiency in its broad sense, for which this journal has pleaded in its issue of 2nd May 1964 (*vide* third leading article entitled "Another P.L. 480 Deal?"), if attained as it well can be) would spell not only more food supplies but also more surpluses for export. Tea, sugar, vegetable oils and oilcakes, preserved fruits and vegetables, tanned leather and raw hides come to one's mind in this connection. It should be possible to increase the exports of leather and hides greatly, if a suitable policy for the progressive elimination of old and useless cattle is boldly adopted and implemented. This would make up for the expected stagnancy in the exports of jute manufactures, cotton textiles and coir goods. Only, for all this the will to succeed must be there. It need hardly be added that agricultural growth at the presently canvassed rate of about six per cent per annum would be quite a feasible proposition, if, besides ensuring adequate supplies of manures and fertilisers, improved seeds and implements, pesticides, pumpsets, and so on, all the agencies catering to agriculture can systematically mobilise the idle sections of rural manpower in activities connected with irrigation, soil conservation and intensive cultivation.

The only policy issue of a crucial nature that has been decided at the meeting of the Planning Commission on the 10th instant pertains to agriculture and rural development. This meeting has merely listed all other issues vital to the Plan framework—issues such as (1) the target for rate of growth, (2) the target for standard of living, (3) the relative emphasis on capital goods and consumer goods, (4) the distribution of Plan outlays between the Centre and the States, (5) the relative proportions of investments in the public and private sectors and (6) the distribution of investment according to major heads of development. Of these issues, the fifth one seems to have been briefly touched upon but not discussed at the meeting. The Perspective Planning Division has laid down, in this connection, that the increase in public sector investment in industries should be big enough to make it possible for that sector to own directly more than half the aggregate capital stock of the country by the end of the fifth Plan. Of course, it has visualised, at the same time, that the magnitude of investment in the private sector generally (covering agriculture, industry, mining, power, transport and housing) would be larger in absolute terms than under the third Plan.

But the figure of outlay in the private sector, it is clear, would depend upon the relative proportions finally decided upon for investments in the two sectors. Judging by the present accent that is being placed on a massive growth of the public sector, it may be that the private sector's share in aggregate investment will be less than the third Plan's 38 per cent. If that sector comes to have at least a 33⅓ per cent share, it will be something of an achievement in the circumstances. The only consolation here will be that this one-third share will represent, in absolute terms, about Rs. 6,000 crores out of a possible aggregate investment of Rs. 18,000 crores. It is to be hoped that at least half of that private-sector investment of Rs. 6,000 crores would be in the fields of industry (including small industry), mining, power and transport. There will be a great deal for the private sector to do in these four fields, if its investment goes up from about Rs. 1,500 crores in the third Plan to Rs. 3,000 crores in the fourth. What the private sector should hope and plan for is thus a doubling of its effort over the next Plan period.

MARKET GOSSIP

Synthetics Vs. Natural Raw Materials

BUT for the steady decline in the prices of primary products the world over in recent years, the problem of setting right the growing imbalance in world trade and payments gap would not have been so tough as it actually is. And much of the time now being wasted at the United Nations World Trade and Development Conference could have been saved and devoted for the discussion of several other important problems. Primary products, it is common knowledge, provide the very economic wherewithal to the vast multitude of developing countries which are struggling hard to improve the woefully low living standards of the masses. Out of the developing countries' aggregate annual export earnings of about Rs. 14,600 crores ($31,000 million), the share of primary products alone accounts for two-fifths, Rs. 5,830 crores ($12,250 million), to be precise. In view of such heavy dependence on primary products exports, even a slight fall in their prices will have a very disquieting impact on the economies of developing countries. Both these countries and the developed countries are, therefore, very anxious to find out the ways and means of ensuring stability in primary commodity markets which is an essential prerequisite for the success of long-term economic planning in developing countries.

One of the most important factors responsible for the steady decline in primary products in recent years is the increasing competition from synthetic materials and other substitutes. The commodities most hard hit are rubber, apparel fibres, hard fibres, some tropical oils and oilseeds, hides and skins. Also affected are tin, mica, timber, copper, shellac, fertiliser and turpentine. The commodities affected greatly, according to the finding of the Working Party set up by the First Committee of the U.N. Trade Conference, represent about 40 per cent of the developing countries' total exports of primary products (excluding petroleum) or exchange earnings of Rs. 2,380 crores ($5,000 million) annually. The Working Party, incidentally, consisted of eight developing countries and five developed countries (U.S., Sweden, the Netherlands, U.S.S.R. and Poland). The synthetic products are offering keen competition to primary commodities in three ways. In the first place, falling synthetic prices, due to technological advances, have reduced the demand for primary commodities and depressed their prices. Secondly, in some cases, the trend towards synthetics is irreversible, since they have proved to be more efficient than their natural counterparts. Examples cited are nylon, as opposed to abaca fishing nets, and detergents, instead of soaps made out of vegetable oil. Finally, the synthetics are marketed and standardised better than natural products, though the latter are holding their own in certain fields (for example, cotton in clothing, leather soles and tyres) and, in other fields, natural and synthetic materials complement each other (for example, blending of fibres).

Merely because the competition from synthetics is due largely to technological advance, it would be foolish, as the Working Party rightly says, to attempt to hold back such advance. What is wanted is the adoption of measures designed to improve the competitive position of natural materials, on the one side, and to discourage manufacture of uneconomic substitutes, on the other. The Working Party has itself indicated the nature of these measures which are grouped under three heads, namely, action by developed countries, action by developing countries and joint action. The details of the measures recommended are as follows:

Developed countries: The developed countries should slowly eliminate trade barriers hitting primary products and semi-processed goods competing with synthetics, abolish subsidies on synthetics and prohibit manufacturers from passing off synthetics as natural products.

Developing countries: The developing countries should (*a*) reduce production costs (for example, replace low-yielding rubber trees by high-yielding new stock); (*b*) introduce uniform standards; (*c*) conduct research into new processing methods (such as the production of drip-dry cotton); (*d*) promote their products by publicity campaigns; and (*e*) find new ones for finished products containing raw materials.

Joint action: Both developed and developing countries should (1) co-ordinate investment plans within the framework of detailed projections of demand and production; (2) consult on steps to avoid manufacture of synthetics competing with the developing countries' exports; (3) study factors influencing substitution; and (4) work to eliminate price fluctuations by commodity agreements and other measures. Special techniques for agreements on threatened commodities should include coverage of both the natural product and its substitute, long-term purchase contracts, and minimum consumption quotas for natural products. Since certain synthetic products are so technically superior that they would inevitably replace their natural counterparts, receipts from compensatory financing or other terms of international financial assistance should be channelled to schemes of structural adjustment of production patterns.

The approach of the Working Party to the issue of natural products *vs.* synthetics is a sensible one and the programme of action drawn up by it is quite realistic. Some difficulties may, of course, arise in the stage of implementing this programme. One such difficulty will, perhaps, be the opposition from the synthetics manufacturers, especially in the U.S., who have been spending collosal amounts on research in their products. But these difficulties are not insoluble. While the developed countries should take suitable measures to check any tendency on the part of synthetics producers to offer cut-throat competition to natural products, the developing countries themselves must spare no effort to improve the competitive position of their natural products *vis-a-vis* the synthetics in respect of price, quality and use.

U.S. Attitude To Trade With Red Bloc

The decision of the U.S. Government to hold high-level political and economic talks with Rumania, an East European country belonging to the Soviet bloc, is regarded in Washington and European capitals as potentially one of the most significant developments in the relations between the U.S. and Eastern Europe since the last World War. At a time when the U.S. is tightening its economic sanctions against another Communist country, namely, Cuba, and is intensifying its efforts to curb Western trade with that country, the move for establishing trade relations with Rumania might strike one as inexplicable. But it is not so. For, it is in keeping with the U.S. policy of helping Russian satellite countries to assert their independence of their overlord. And Rumania has qualified for U.S. help by its refusal to accept economic dictation from Soviet Russia and the U.S. Government is, therefore, anxious to encourage Rumania's independence by extending to that country a friendly hand. Rumania is believed to be interested in purchasing equipment for its chemical industry and, if the talks between the Rumanian and U.S. delegation, scheduled to be held on 18th May, become successful, a sizable expansion of U.S. trade with Eastern Europe could result.

Apart from the aforesaid consideration, the move seems to reflect the new mood of economic conciliation towards communist countries evident in the U.S., especially among the business community. The U.S. Chamber of Commerce, it may be noted here, recently endorsed, by an overwhelming majority, a resolution urging the Government to expand trade with the Soviet Union itself. Its argument was that the present restrictions did not hamper Russia's economic growth, but only resulted in diverting business from American to European suppliers. Whether the U.S. Government would seek to enlarge trade with Soviet Russia also remains to be seen, but there is no denying the fact that there is still considerable political opposition in America to any kind of "softness" towards Russia. It may be recalled here that there was great opposition to the U.S.-Russian wheat deal from certain quarters. But as far as the East European countries are concerned, the State Department itself seems to be inclined to be more flexible and pragmatic in its approach as is evident from the proposed trade talks with Rumania. There is already a significant body of opinion in the U.S., Britain and France which would welcome any move that will shift the centre of the cold war struggle from politics to economics. For, according to those who share this view, the democratic countries could exploit this development to their advantage. Could it be that the U.S. Administration, too, has been sold, to some extent, on this line of thinking?

Achieving Self-sufficiency In Oil

Oil and natural gas together constitute the most important source of energy in the highly industrialised countries. In the U.S., for instance, which has plentiful resources of coal, oil and natural gas meet about 73 per cent of that country's total energy requirements. In fact, these occupy such a key position in this mechanised age that their consumption is taken as a definite measure of the degree of mechanisation and industrialisation achieved in a country. It is no wonder, therefore, that the developing countries have ambitions to become self-sufficient in this important motive-power of industrial growth. But the realisation of this ambition is circumscribed by a country's natural endowment. In other words, a country can hope to become self-sufficient in these non-smoky fuels only to the extent it has its own resources of oil and natural gas. The location and discovery of such deposits constitute the exciting adventure of oil exploration.

India's experience in the quest for oil, its achievements and frustrations todate and future prospects for oil exploration and discovery were discussed by Mr. W. B. Metre, Technical Director of Oil India Ltd. and Senior Technical Adviser to the Burmah Oil Company, in his inaugural address to the Seminar on Peninsular Geology held at Hyderabad this week. Mr. Metre, who is one of the foremost geologists and oil experts in this country, pointed out that indigenous production of crude oil, which was less than half-a-million tonnes per annum about 12 years ago, was expected to rise to over six million tonnes per year, when Barauni and Koyali refineries go on full stream. This, together with the exploration work so far done, was indicative, according to Mr. Metre, of India's "spectacular progress in oil exploration and development during the last few years." However, consumption of oil and petroleum products in India was rising so fast that, if the country were to attain self-sufficiency, it is necessary, Mr. Metre stressed, to discover several more oilfields as quickly as possible. But the prospects for complete self-sufficiency were not bright, according to him. Nevertheless, the exploratory effort must continue, despite the various difficulties and recent disappointments. The presently available findings from the Ganges Valley threw considerable doubt as to whether marine sediments were ever deposited in the region. If future exploratory work confirms this doubt, the chances of attaining self-sufficiency in crude oil, Mr. Metre opined, must be regarded as "very poor."

In such an event, it would be necessary, he said, to concentrate future efforts on achieving maximum total recovery of oil from the existing oil fields by restricting the rate of production and thereby lengthening the producing life of the fields. The temptation is to produce oil at a much faster rate to recover as much oil as possible, in the shortest time, without considering the resultant adverse effects on total ultimate production. If this country's resources were sufficiently large, Mr. Metre averred, such uncontrolled rates of production could be justified on economic grounds. But, with limited resources, it was most essential, he maintained, that India should concentrate on restricting production rates to achieve a maximum ultimate recovery. This might involve very drastic reductions in the potential production targets and increases in imports of crude. However, timely action, together with early introduction of secondary methods of oil recovery, might save the country from the disappointment of rapidly declining production resulting from the efforts to produce oil at as high a rate as possible. In this connection, Mr. Metre cited the example of East Texas oilfields in the U.S., the largest in that country and one of the most prolific fields of the world. This example, according to him, is very instructive, since a large proportion of oil in India is likely to be produced under conditions similar to those in East Texas. The relevant observations of Mr. Metre are quoted below:

"This field was fairly well developed by 1933 and attained its maximum rate of production of 1·2 million barrels per day in April 1933. Even the average rate of production of about 568,000 barrels per day for 1933 is the highest for any year in the history of the field. Thus, though the total annual production in 1933 represented only 4 per cent of the presently known reserves, the rate of production during April 1933 was equivalent to an annual production of 8.5 per cent of the reserves. This resulted in heavy production of salt water along with the oil and a very considerable decrease in the productibility of the field. Despite immediate remedial measures, the damage to the field could not be rectified until injection of water was initiated in 1938. Though this field is now producing only about 2.5 per cent of the remaining recoverable reserves every year, it is able to sustain a production of over 100,000 barrels per day, equivalent to 50 per cent of our present demand in India.

"It is interesting to point out that, since 1934, the rate of annual production has been less than 4 per cent of the presently known recoverable reserves and that, if the production rate had been any higher, even for a short period, water might have completely bypassed the oil and that, within a few years, possibly before 1940, the rest of the recoverable oil might have been completely lost. On the other hand, as a result of restricted production and pressure maintenance by water flooding, it now seems possible to recover about 86 per cent of the oil originally in the reservoir. This is a great achievement for a country where, as a result of keen competition between various operators, wells were drilled and produced for quick profits resulting in very low oil recoveries of between 10 and 20 per cent only. It is also worth recording here that, when East Texas produced large quantities of oil in the early thirties, they brought down the price of crude from about 60 cents per barrel to 10 cents per barrel!

"There is no doubt that, as a result of uncontrolled drilling and wasteful production, East Texas contributed to the great depression of the thirties. Despite this early setback East Texas has now become a model field for an exceptionally high oil recovery. Some of our fields in India have an active water drive and the experience of the East Texas field gives some indication of what the most efficient rate of production should be."

Having regard to the experience in various fields, it seems desirable, in Mr. Metre's opinion, that, in order to obtain maximum economic recovery from any oil pool, the annual production should not normally exceed 5 per cent of the recoverable primary reserves. Since some reserve calculations are vitiated by the inclusion of possible secondary reserves, the annual output, he maintained, could be restricted to about 2 per cent or less of the total oil content within the pool. This figure could be increased to about 2½ per cent if there were to be a very strong natural water drive.

Imports of crude oil and petroleum products cost this country Rs. 100 crores per annum at present. There are two ways of reducing the foreign exchange drain on this account, Mr. Metre pointed out. First, by increasing the indigenous production by discovering more oilfields and, secondly, by increasing refining capacity in the country, so that imports of refined products could be reduced to an absolute minimum. A ton of imported crude costs, in terms of foreign exchange, about Rs. 65, whereas an equivalent quantity of major refined products cost on an average Rs. 115 per ton. The so-called minor products, including lubricants, are much more costly. Even if allowance were made for the cost of refining, etc., the net saving in processing the crude within the country would be of the order of Rs. 35 per ton, in addition to the great advantage of providing more employment and encouragement to subsidiary industries. If full advantage of this saving were to be taken, it was imperative, Mr. Metre emphasised, that the requirements of refining capacity should be calculated not only for the various plan periods

(*Continued on page* 868)

DELHI LETTER

ADVANCE ACTION ON FOURTH PLAN

REAPPRAISAL OF VALUES AND PRIORITIES

From Our Special Correspondent

NEW DELHI, 12*th May*

LESS of hot air on ambitions and more concerted action on getting things done: such an approach to the fourth Five-year Plan is an aspect on which the Prime Minister, the Finance Minister and the Deputy Chairman of the Planning Commission are understood to be agreed. If the more rational among the planning counsels prevail, the effort in framing the fourth Plan will not be to present any dramatic financial framework which would be aimed at acting as a plank for the next election manifesto of the Congress Party. A fourth Plan of Rs. 18,000 crores? Rs. 22,000 crores? Or the mean of the two figures, Rs. 20,000 crores? Well, there is greater realisation today in Delhi than ever before that growth rate percentages and broadcasting of massive figures alone are no longer enough to create enthusiasm and restore public confidence.

The perspective planning unit and other divisions of the Planning Commission have made projections on the next decade of development in various sectors. The big problem before the planners and the Prime Minister is not the adjustments of the figures to suit various interests but to find ways to make changes in the attitudes of the politicians in power, the Congress Party in general and others with a vested interest in planning. When the National Development Council meets in July, the State Chief Ministers will be pressed by the Centre and the Planning Commission for political and administrative commitments to remove the careless attitudes to development programmes that have emerged in the past few years.

At the meeting of the Planning Commission last Sunday, the Prime Minister took an active part in the deliberations. At one stage, it had been suggested that a small group in the Planning Commission should prepare a *Yojana Bhavan* consensus on the fourth Plan perspectives. Ultimately, it was decided that the full meeting of the Commission would directly consider the papers prepared by the Planning Commission's various divisions. The planning debate, taking place particularly among the Prime Minister, the Deputy Chairman of the Planning Commission and the Finance Minister, is not confined to the financial aspects of the fourth Plan. There is as much or greater emphasis on the methods to rectify the numerous errors which have become obvious during the last thirteen years of planned development.

There is an influential body of opinion in the Planning Commission and in the Union Cabinet which now tends to think that far too much consideration has been shown to State interests in the choice and administration of projects. The fourth Plan will be a test for the public sector projects which can no longer be justified purely on doctrinaire grounds. Planning experts agree with the Finance Minister that the public sector projects must be made profitable and efficient. This means for one thing, stepping on the toes of various State Moghuls. The Centre will be seeking greater control on the massive industrial projects in the execution of which some chaos has emerged because of the overlapping nature of the functions of the Centre and the States. For instance, the expansion of Rourkela and the improvement of its working have to be undertaken with the primary object of making the steel mills play their crucial central part in economic development rather than to pander to State political interests. In the debate on development planning, more experts within the Government are advocating a greater authoritarian attitude by the Centre in relation to States. For example, in the immediate future the Centre is being pressed by the circumstances of production lags to lay emphasis on big fertiliser projects rather than a project in every State, an idea popular some time ago. The fertiliser projects will have to be massive in size in the interests of economy and will now have to be based in coastal towns or other sites close to centres of the petroleum industry.

The foodgrain target of 100 million tonnes for 1965-66 has been given up and the best expectations at present are between 90 and 92 million metric tonnes by the end of the third Plan. The fourth Plan ambitions will be to raise foodgrain production to 120 million tonnes.

In developing power projects also, the Central planners wish to lay emphasis on two aspects. The extension of the grid system will reduce the power of the State Electricity Board chiefs. Power projects will be planned to give substantial returns; a profit of 10 per cent per annum is the figure freely mentioned. The pattern of States getting away with unprofitable electricity generation ventures will be strongly discouraged.

There is also the realisation among Central planners that the procedures for financial allocations and expenditure on projects need radical revision. The present practices in estimating and auditing contribute to considerable delay. If some States have not been able to spend money allocated to them under specific heads, it is because sufficient advance planning had not been undertaken to implement projects for which the money was sought. At the same time, there have been instances in which State leaders have gone ahead with projects without Central clearance, the Orissa developments being the most outstanding example. Mr. B. J. Patnaik's drive, no doubt, led to a good start with some of his adventurous projects, but such ventures by other politically headstrong State leaders would create chaotic conditions.

Profitability as the major yardstick to measure the success of public sector undertakings also means price increases in several intermediate products like steel for industrial use. The strategy being advocated is to permit price increases in many sectors while trying to hold down the price line in essential primary products like foodgrains.

The most liberal expectation of foreign aid for the fourth Plan from all external sources—"Western and Soviet bloc—is between Rs. 3,000 and Rs. 3,200 crores, which may yield a net of Rs. 400 crores of foreign aid annually during the years 1966 to 1971. Since the arrivals of capital goods from abroad will thus be not more than the peak hitherto, a substantial portion of the industrial growth will have to be based on indigenous production, whatever the whims of persons like Dr. K. L. Rao, Irrigation Minister, who recently let pass a careless remark about his hesitation in accepting the products of the Bhopal Heavy Electricals. In addition to the Bhopal factory, the Hardwar and Ramachandrapuram heavy electrical factories will be commissioned in time to supply some of the needs during the latter part of the fourth Plan. Since these factories cannot plan their production on their own, but only against specific orders, the Irrigation and Power Ministry, for example, will soon have to link some of its long-term planning with the production possibilities in the heavy electrical factories and place orders well ahead. This type of specific co-ordination of needs and indigenous production will have to be extended all round, to get the best results out of the plants being commissioned to make capital goods. Such co-ordination can be taken for granted, for example, in the Steel and Engineering Ministry for the Ranchi production for the Bokaro steel project. Also, Utkal Machinery's production planning to meet some Rourkela expansion needs is another example of a machinery factory being established to service a specific product demand.

An influential section of policy makers tends to make the heart of the fourth Plan not a matter of financial figures, but efficient use of resources—greater production and productivity. Such an endeavour would need strong leadership at the Centre and the tragedy of the present situation seems to be that the whimpering end of the Nehru era coincides with the period when decisive Central action is called for. The most talked of successor to Nehru again gives the impression of believing in too many political adjustments and compromises to give comfort to the advocates of greater Central direction.

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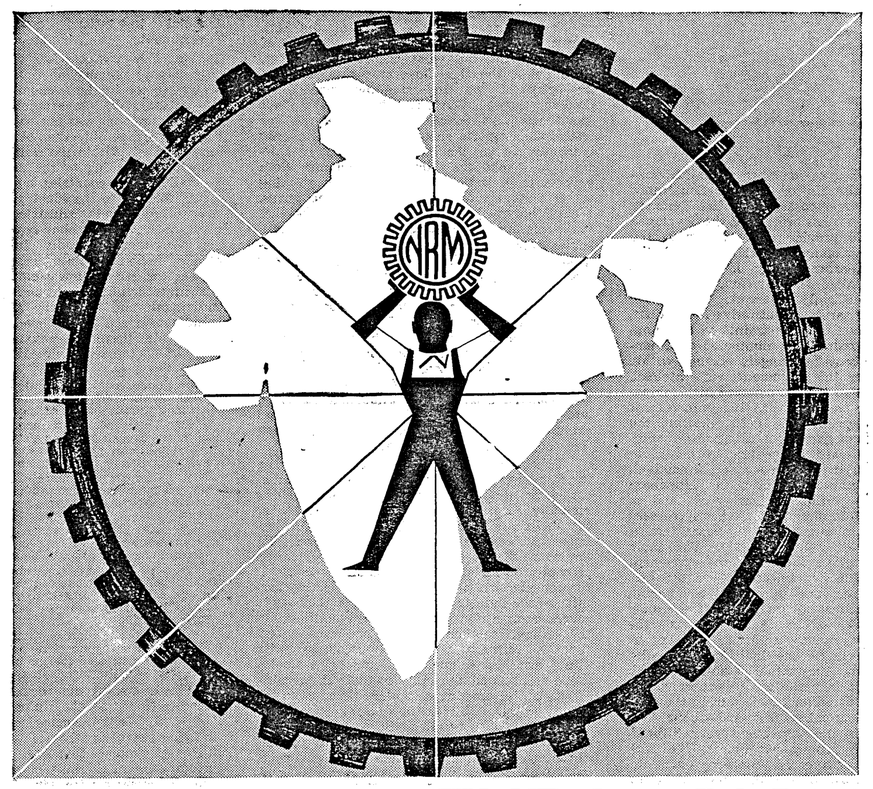

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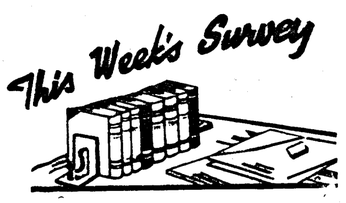

INDO-U.S. TEXTILE PACT

PRACTICALLY every member of the U.S. delegations to the United Nations Conference on Trade and Development and the Kennedy Round negotiations has urged that the developed countries should provide ready access to the products of developing countries. Indeed, the U.S., in an important policy document circulated to the United Nations Conference early this month, specifically observed: "Barriers to trade, including tariffs, quantitative restrictions, internal taxes and other restraints on consumption, should be reduced or eliminated on a non-discriminatory basis." Strangely enough, within eight days after this document was unfolded, the U.S. Administration announced at Washington (on Friday the 8th inst.) the enforcement of a new agreement with India, limiting the annual imports of five major categories of mill-made fabrics (carded sheeting, print cloth shirting, carded twills, sateens and a catch-all category that embraces fabrics not elsewhere specified), to 37 million square yards and of towels to 1.325 million pieces; the agreement covers a period of two and a half years, that is, up to the end of September 1966. The quota fixed for the first six months of the agreement (1st April to 30th September 1964) is 18.5 million square yards, that is, half of the annual quota of 37.5 million square yards. The annual quota will be raised by 2½ per cent for the following twelve months and by 5 per cent on a cumulative basis for the final twelve months. In other words, the actual quantity of mill cloth that India is permitted to export to the U.S. will be 38.5 million yards during the year October 1964-September 1965 and about 40.32 million yards in the subsequent year. Simultaneously with this announcement, the U.S. Administration expressed concern over the growth in imports of certain types of cotton bedspreads and stated that, if the high rate of imports continued to persist, it might require further consultations on this category.

The curbs on imports of Indian cotton textiles into the U.S. are, of course, not new, for they were already there. About nine months after the G.A.T.T. Long-term Agreement on Cotton Textiles was concluded (in February 1962), it will be recalled, the U.S. invoked Article 3 of the Agreement relating to "disruption" of the importing country's mill industry and wanted to put restrictions on the imports of four specific categories of Indian textiles. A textile delegation from India held discussions with the U.S. Government authorities at Washington in January 1963. The discussions led to an agreement under which an annual overall quota of 30 million square yards was fixed for exports of Indian mill-made cloth of four specific categories. The agreement was to last until the end of March 1964. An official delegation visited Washington again in February last to negotiate a new agreement. It was as a result of these negotiations that the present agreement was reached.

It may be true that the new agreement is more favourable to India than the previous one, because India can sell to the U.S. a larger quantity of mill-made cloth (37 million square yards annually, as against the 30 million square yards covered by the previous agreement) and the number of categories has been increased from four to five, with a sub-ceiling under each category. But such increases as have been agreed to for the next 2½-year period are no more than what is required under the Geneva Textiles Agreement. Accordingly, the U.S. has conferred no special favour on India. What, however, needs to be noted here is that, basically, there is no justification for imposing a ceiling on imports of Indian cotton textiles into the U.S. The insistence of the American Administrations on such a ceiling is certainly inconsistent with the preamble of the Geneva Agreement which says:

> "All those participating countries that are still maintaining restrictions inconsistent with the G.A.T.T. provisions on cotton textile imports from other participating countries MUST relax those restrictions progressively each year with a view to eliminating them as soon as possible. No participating country shall introduce NEW import restrictions or INTENSIFY existing import restrictions on cotton textiles, insofar as this would be inconsistent with its obligations under the G.A.T.T."

No one questions the right of the U.S. Government to invoke the disruption clause of the Agreement, but what one regrets is that, in so doing, the U.S. Government is violating the spirit of the understanding reached at Geneva. The G.A.T.T. Agreement itself specifically lays down that the measures for restraining imports should be resorted to only sparingly. When the U.S. Government first decided to invoke the "disruption" clause, cloth exports from India to the U.S. were running at an annual rate of about 25 million yards. Would this much import of cloth into the U.S. really disrupt the domestic market which consumes over 11,000 million yards of cotton piecegoods annually? The U.S. does import every year large quantities of cotton cloth—the total imports in 1963 amounted to as much as 600 million yards—in order to make up for the shortfall in supplies, and Indian exports account for a small share of the total imports. It is a pity that, by pegging cotton cloth imports at a low level, the U.S. Government has overlooked the vital point that cotton textiles constitute one of the important items on which India depends greatly for earning foreign exchange so urgently needed to push through the defence and development programmes.

This journal is opposed in principle to the imposition of any ceiling on exports of Indian cotton textiles to the U.S., for such a ceiling virtually amounts to a non-tariff barrier for the abolition of which India and other developing countries have been pleading all along. We are aware that the U.S. Administration has been prompted to insist on import ceiling because of the considerable pressure exercised by the domestic textile industry which has raised the bogy of severe competition from imported textiles. But the ceiling, together with the one-price system for U.S. cotton that will be introduced with effect from 1st August next, under the Cooley Act has blighted the chances of India earning a substantial amount of dollars through cotton textile exports. Under the one-price system of cotton, it will be recalled, the American textile manufacturers will be given a subsidy to purchase raw cotton at the same price as foreign manufacturers in the world markets. As a result of this subsidy, there will be a reduction in the cost of producing several varieties of cloth in the U.S. Such a reduction will doubtless reduce to some extent the competitive capacity of Indian textiles in the U.S. market *vis-a-vis* the domestically produced goods. Consequently, the total quantity of mill cloth that the U.S. actually imports from India may be well below the ceiling now fixed. Mention may be made here of the position in respect of cloth exports from India to Britain. As against the annual ceiling of 195 million yards fixed under the Indo-U.K. textile pact, the actual exports were no more than 156 million yards in 1963 and 134 million yards in 1962. The Indian cotton textile industry will, therefore, have to improve its competitive capacity and strive hard to reach the ceilings at least. There is no point in fighting for under wider opportunities for our exports, if even those that are given are not fully availed of.

TAXES AND SAVINGS

The excessively high incidence of a multiplicity of direct taxes came in for vehement criticism in Mr. K. K. Birla's presidential address at the thirtieth annual general meeting of the Indian Chamber of Commerce held at Calcutta on the 8th inst. No Henry Ford or Nuffield could arise in Indian society, for, as he put it so pithily, "if a man earns, he has to pay a heavy income-tax; if he spends, he has to pay expenditure tax; if he saves, he has to pay a heavy wealth tax; if he gives away, there is a gift tax; and, if he dies leaving any savings, his successor has to pay a heavy estate duty." Mr. Birla's contention, in brief, was that the incentive to earn and save was being eroded by the expropriatory tax structure that had been erected "not so much from the point of view of augmenting the revenues of the State as for ideological objectives." The consequent atmosphere of despondency prevailing in the indigenous capital market, he continued, was hardly conducive to the flow of foreign capital into the country. In other words, the climate for domestic capital and the climate for foreign capital cannot be different. Hence his plea that the Government's fiscal policy should cease to be harsh and unsympathetic towards the growth of indigenous capital. If the situation does not change for the better, there is no possibility, in his view, of any new big enterprise coming into existence as a result of public support. On the other hand, it is becoming increasingly evident, as he said, that in future companies will have to depend for their support more and more on financial institutions dominated by the Government.

Mr. Birla was at a loss to understand why, after having assigned an important role to the private sector in the economic development of the country, the Government had evolved a tax structure that was not conducive to the realisation of that objective of private industrial growth, albeit within the framework of a mixed economy. Pointing to the experience of some West European countries where even Governments wedded to the ideology of socialism had encouraged private industries to grow and expand, he wondered what type of socialism was being envisaged for India. In any case, in view of the "honoured place" reserved for the private sector, Mr. Birla was emphatic on the point that more savings should be left in the hands of individuals and companies alike, so that they could subserve a higher level of private investment. He, therefore, advanced the following suggestions for remedying the fiscal situation:

(1) The tax structure should be simplified and rationalised. This could be done only by abolishing some of the tax measures and suitably amending the provisions of the others.

(2) There should be some amount of stability in the overall taxation pattern, for the lack of such stability at present has caused no little concern to Indian and foreign investors alike.

(3) The high incidence of the erstwhile Super Profits Tax on company profits should not be perpetuated through other measures having the same result.

(4) As the high rates of gift tax on very low gift amounts would affect even the affluent middle class families, they should be reduced.

(5) At least the first inheritors of an estate should be spared from a heavy estate duty, for no one will exert himself to raise an estate if he knows that it is going to be hardly of any use to his offspring.

(6) If the burden of taxation is reduced, tax evasion and corruption are bound to decline and there will be no need for the kind of police powers now vested in the income-tax officers.

These are by no means extravagant demands. Now that the Union Finance Minister, Mr. T. T. Krishnamachari, has introduced all the Kaldorian tax devices, it would only be fair to demand that the maximum rate of income-tax should also be reduced to 45 per cent in keeping with Mr. Kaldor's recommendation. As the total incidence of income-tax and other direct taxes taken together exceeds 100 per cent in the highest income slabs, there is a strong case for reducing at least the high maximum rate (presently more than 80 per cent) of income-tax on higher incomes. Such reduction, if effected, would not only minimise tax evasion but also leave more savings in the hands of upper income groups for investment. After all, these savings, which are going to be ultimately taxed in some form or other under the integrated tax structure, could be prudently allowed to play their beneficent part in *current* investment and capital formation. If industrial growth is thereby accelerated, it will be good for the Exchequer itself in terms of larger revenue. Merely to prevent the rich from becoming richer does not seem to be quite a sensible objective in the present underdeveloped state of the economy. Mr. Birla, therefore, did the right thing in turning the spotlight on the present tax structure in relation to the general climate for investment.

PIG-IRON PLANTS

The output of saleable pig-iron, that is, foundry-grade pig-iron, increased from about 975,000 tonnes in 1962 to 1,184,000 tonnes in 1963. While the improvement was thus of the order of about 200,000 tonnes, it was still thoroughly inadequate to meet the large uncovered demand of 1.5 million tonnes per annum from the foundry industry. So much so, the foundries had to work very much below their capacity last year. This situation will not be relieved to any substantial extent in the last two years of the current Plan, for the Planning Commission itself, in its mid-term appraisal, has forecast a likely production achievement of only 1.2 million tonnes of saleable pig-iron in 1965-66, as compared with the target of 1.5 million tonnes. Imports, too, are not going to be of much consequence, for the quantity to be imported in the current year largely from Russia will be no more than 150,000 tonnes.

The Planning Commission seems to have taken note of the fact that practically the entire additional target of 500,000 tonnes earmarked for production in the private sector will remain unfulfilled by the end of the Plan. It may be noted here that, of the four or five licensed units of 100,000 tons each, only two—the low-shaft furnace plant of the Industrial Development Corporation of Orissa and A.C.M.E.—have gone into production so far. The low-shaft furnace plant in Orissa, incidentally, produced about 20,000 tonnes and A.C.M.E. just under 10,000 tonnes in 1963. Two licences have also been revoked, for small-size pig-iron plants have not proved sufficiently attractive to entrepreneurs. According to the 1963-64 Report of the Department of Iron and Steel of the Union Ministry of Steel, Mines and Heavy Engineering, production of pig-iron in a small furnace, using coking coal, is not quite economic and that none of the direct reduction processes involving the use of non-metallurgical coal has appealed to some of the licensees.

Accordingly, the Government decided recently to sanction schemes for the production of pig-iron in the private sector up to a capacity of 300,000 tonnes per annum in each unit. In pursuance of this decision, a letter of intent has been issued to P. D. Chowgule and Co. (Bombay) for establishing a pig-iron plant of 200,000 tonnes at Ratnagiri in Maharashtra State. A licence to V. S. Dempo and Co. for a pig-iron capacity of 300,000 tonnes in Goa has also been just issued. The capacity of 100,000 tonnes licensed to Birla Gwalior Private Ltd. is proposed to be increased to 300,000 tonnes in terms of a letter of intent. Besides permitting the Mysore Iron and Steel Company at Bhadravati to expand its pig-iron production by 120,000 tonnes, the Government has licensed a capacity of 120,000 tonnes for the manufacture of sponge iron. One hopes that the rebate of 10 per cent in corporate income-tax (including super-tax) permitted for the iron industry under the Union Budget for 1964-65 will go some way towards attracting capital to this priority industry, in which the Government is anxious to lincense more plants of 300,000 tonnes capacity for meeting the projected demand of four million tonnes of pig-iron in 1970-71.

The Government's present accent on a medium capacity of 300,000 tonnes for a pig-iron plant has flowed from its recognition of the uneconomic character of low-shaft furnaces with capacities of 100,000 tonnes or less. But it is rather surprising that it has lately revived its interest in low-shaft furnaces on the ground that they have the additional advantage of being able to use lower grade fuels. It is presumably because of this changed attitude that the Government has invited an expert team from Japan to advise on the arrangements required for setting up, in collaboration with the Japanese, eight pig-iron plants, each with a capacity of 100,000 tonnes and involving a capital cost of Rs. 3 crores. The team is presently in India and its leader is reported to have claimed that Japan has developed advanced methods of production of pig-iron in small-capacity plants and that the proposed plants would be of the latest design. According to him, some of the plants would be in the private sector and some in the public sector. These would be located in Andhra Pradesh, Madras, Punjab, West Bengal and Goa. It is a happy augury for the pig-iron programme that the Government is seeking to secure Japanese assistance in the establishment of small pig-iron plants which they had all but given up as uneconomic propositions. Perhaps advanced Japanese techniques of iron production in low-shaft furnaces may be more successful than the ones known or adopted in India so far.

ENGINEERING ASSOCIATION ON BONUS

It is not often that employers express so unanimous an opposition to any issue of common interest to them as they have done in respect of the recommendations of the Bonus Commission. Both individually and collectively through their associations, employers have questioned the validity of the basic assumptions on which the Commission's bonus formula is based and its conceptual soundness, highlighting its grave implications for ploughing back of profits and industrial growth in general. To the chorus of protest and criticism of the Commission's main recommendations has now been added a rigorously logical and closely-argued memorandum submitted to the Government by the Engineering Association of India, Calcutta. The Association assails the Commission's recommendation that a minimum bonus must be payable irrespective of whether there is profit or not as unsound and points out that it contradicts its (the Commission's) own concept of bonus as workers' share in the "prosperity of their concern," because it is against the well-established law and practice of "no profit, no bonus." This does not mean that the Association endorses the Commission's concept of bonus as workers' share in the profit of their concern. For, according to it, the Commission's definition of bonus is based on the out-moded principle of profit-sharing which does not seek to link bonus to productivity or efficiency.

Endorsing the views expressed by Mr. N. Dandekar, in his note of dissent appended to the report of the Commission, the Association points out that the Commission's rejection of the claim for specific allowance for rehabilitation would indeed have very harsh effects on industries, as a large part of the machinery and equipment in different industries is obsolete and replacement costs are rising. The allowance properly made for normal depreciation, the Association submits, is not at all relevant for denying a specific allowance for rehabilitation. The Association also does not agree with the Commission's argument that a substantial portion, namely, 40 per cent, of the available surplus, not distributable as bonus, *plus* the retention of the full tax benefit of 60 per cent of the available surplus distributable," as bonus would adequately cover the rehabilitation needs of the industry. If the funds available for the improvement of the techniques of production, and for rehabilitation, replacements, etc., are dissipated by way of higher bonus to workers, it maintains, the progress of industry and the nation would be slowed down. This is especially true of engineering industry which earns foreign exchange for the country and which has tremendous potentialities to earn much more in future.

The Association has taken strong objection to the Commission's recommendation regarding return on capital. The seven per cent return on paid-up capital allowed as a prior charge in the Commission's bonus formula is absolutely unrealistic, the Association points out, as it does not take into account the trend in the capital market. As far back as in 1950, the Labour Appellate Tribunal had defined a "fair return on capital" as "such that the investing public would be attracted to the industry by a steady and progressive return on capital which the industry may be able to offer." This return was fixed at six per cent free of tax in 1950 which was equivalent to 8.57 per cent taxable. It is evident, therefore, the Association submits, that, by fixing the return on paid-up capital at seven per cent taxable which is equivalent to 4.9 per cent tax-free, the Commission had, in fact, reduced the rate of return from its 1950 level. This, the Association emphasises, cannot be expected to act as an incentive for saving and investment, the more so because, since 1950, not only have the borrowing rates gone up, but entrepreneurs have had to resort to private borrowing at as high a rate as 12 per cent owing to credit squeeze. Even Government securities, it is pointed out, yield about 4.5 per cent tax-free, while fixed deposits in banks get 5.0 per cent. Banks lend at 7.5 to 8.0 per cent, or even more, and the Reserve Bank itself charges 6.5 per cent in respect of its lendings to scheduled banks beyond their respective quota limits. The Association is, therefore, of the considered opinion that the return of seven per cent (or 4.9 per cent, tax-free) on paid-up capital employed, allowed by the Commission, is far too inadequate in the light of the present market conditions. Similarly, the return of four per cent recommended by the Commission on reserves used as working capital is also inadequate. In fact, it is less than the return of four per cent allowed under the Full Bench Bonus Formula in 1950 because, while the latter is tax-free, the former is not. If this difference were to be taken into account, the return allowed under Full Bench Formula would work out to 5.7 per cent, as compared with 4.0 per cent recommended by the Commission. In the Association's opinion, a return of 10 per cent on paid-up capital and 8.0 per cent on reserves used as working capital is essential to achieve a faster rate of growth of industry in the country.

In order to demonstrate the impact of the Bonus Commission's formula on the finances of companies, the Association has applied the formula to the hypothetical case of a company which might be considered doing reasonably well. It has found from the calculations that, in spite of making a gross profit of Rs. 40 lakhs,

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subject to tax, depreciation and development rebate, the Company would not be left, after the payment of bonus worked out according to the Commission's formula, with any funds worth the name for ploughing back. If this is going to be the position in the case of a company earning profit at the rate over 40 per cent on capital and reserves, it can be safely assumed, the Association maintains, that in the large majority of cases, the situation would be worse.

It is obvious from the foregoing summary of the Association's submission that the Commission's formula is not entirely based on an objective assessment of the long-term needs of industry. Nor has it taken into account the broader economic objective of achieving a faster rate of development. In view of the unanimity of opinion among employers of the grave effects of the formula on the finances of companies, a closer examination of the question is called for before the Government takes a decision on the report. That the Government may not come to any hasty decision is a reasonable inference, for the Union Labour Minister has just referred to the "far-reaching effects, financial and other," of the Commission's recommendations.

"KENNEDY ROUND"

The outlook for the "Kennedy Round" of tariff negotiations, which began at Geneva on Monday last week after a year of preliminary talks, appears to be less uncertain than before, at any rate for the time being, thanks to the broad understanding reached on the guidelines for talks. On the very opening day of the Kennedy Round, there arose a crisis following wide disagreement among most of the delegates over the elements of a negotiating plan as drawn up by the G.A.T.T. Trade Negotiations Committee. France, along with the other members of the European Economic Community (West Germany, Italy, Belgium, the Netherlands and Luxemburg), firmly rejected the basic aim of cutting world tariff levels by a straight 50 per cent. Such a cut, it argued, would place the European industry at a disadvantage *vis-a-vis* its counterpart in the U.S., since, in actual effect, a fifty per cent cut in European tariffs would bring them to much lower levels than those in the U.S. For, in the opinion of France, the extreme disparities that already existed between the European and U.S. tariffs meant a departure from equality of sacrifice. France, therefore, insisted that the 50 per cent cut objective should be left open and that it should merely be a working hypothesis. France also insisted on a definite deadline of 10th September for countries to file lists of exemptions they want from tariff cuts. Further, it insisted that a solution of the agricultural question, along with the problems of disparities, exceptions and non-tariff barriers, should be a condition for eventual acceptance of the 50 per cent cut.

The U.S., Britain, and some other countries were in no mood to accept these points of view. And it looked as though the disagreement might hold up the real start of the Kennedy Round. Happily, however, a compromise basis for negotiations was approved by all the countries. The points actually agreed to cover the following:

The 50 per cent cut should be adopted as a working hypothesis only; even this is linked to solutions of the other outstanding problems.

There should be a bare minimum of exceptions, subject to "confrontation and justification."

The negotiations "shall provide for acceptable conditions of access to world markets for agricultural products in furtherance of a significant development and expansion of world trade in such products."

Non-tariff barriers are equally important and necessary procedures for tackling them should also be drawn up at an early date.

Australia, Canada, New Zealand and South Africa belong to a special category of countries which cannot be expected to make equal linear tariff cuts so as to provide "an adequate balance of advantages."

Greece and Portugal will later submit proposals for their participation in the Kennedy Round, and a way will be sought for Poland to do the same.

Every effort shall be made to reduce the barriers to exports of less developed countries; no reciprocity should be demanded of them.

The last point is of special significance to India which has been greatly handicapped in its export effort due to the prevalence of several kinds of barriers in the importing developed countries. It is, therefore, gratifying to find that the report adopted by the G.A.T.T. Trade Negotiations Committee has recognised the need for effecting tariff cuts deeper than 50 per cent or even the complete elimination of tariffs on products of special interest to developing countries and for removing all non-tariff barriers. As tariffs are reduced under the Kennedy Round, the margin of preference India and other Commonwealth countries enjoy will also be reduced to the benefit of other countries. India has, therefore, pleaded that, where such a reduction takes place, there should be negotiations in the appropriate sub-committee between the contracting parties that stand to gain and the losing ones. This is quite a reasonable plea and it would, it is to be hoped, find ready acceptance among the developed countries.

LABOUR IN PUBLIC SECTOR

Implicit in the statement of Mr. D. Sanjivayya, Union Minister for Labour and Employment, made this week at New Delhi, to the effect that the best way to ensure industrial peace in the public sector undertakings belonging to the Centre is for the Government of India itself to take over labour matters, is the admission that the State Governments, which are now charged with this responsibility, have failed to discharge it to the satisfaction of the Union Ministry of Labour. That the record of public sector undertakings, be they of the Centre or the States, is not enviable, is a well-known fact. And it is only natural that the Union Labour Ministry, as the labour expert of the Government of India, is anxious to see that industrial peace is maintained, at least in undertakings which belong to the Central Government. As of now, it is the duty of the State Governments to ensure the maintenance of industrial peace in undertakings situated in their respective territorial jurisdiction. The Union Ministry of Labour has only such control and influence as it can enforce through the State Labour Minister and Labour Department. In other words, the control is only indirect. Mr. Sanjivayya's proposal is to vest this control in the Centre, or rather in the Union Labour Ministry, to be precise. This solution, of course, would not present any constitutional difficulty, because trade unions and industrial and labour disputes are in the Concurrent List. Several State Governments are, however, opposed to the move. Nevertheless, Mr. Sanjivayya proposes to take up the issue with them again.

The present situation is that the Union Labour Ministry has to plead with the employing Ministries concerned to make them accept the principles and practices evolved by it in consultation with representatives of trade unions and employers. And, thereafter, it has to depend upon the State Governments to see that these are implemented. In effect its position is nothing more than that of an adviser even in respect of public undertakings belonging to the Centre. Its control over labour matters in such undertakings is circumscribed by the extent to which it can influence the State Governments concerned. There is, of course, nothing wrong in this arrangement, as long as it serves the purpose of keeping industrial peace. But there are frequent instances of breach of industrial peace in public sector undertakings of which the strike in the Heavy Electrical plant at Bhopal is the most recent. Evidently, the Union Labour Ministry feels that it can handle the matter more tactfully and efficiently than the State Governments. There is no reason to question this view. For the Centre has certainly a better understanding of the spirit and significance of the labour policy evolved by it. But this does not, *ipso facto*, mean that it can handle practical problems of labour in public sector undertakings better. But, as some of the States have not been particularly successful in the matter, Mr. Sanjivayya's solution is well worth a trial. If it proves successful, it can be extended to comparable undertakings in the private sector, too.

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PREJUDICE AND POLITICS IN THE LIQUIDITY MIX

By Questor

WHEN the International Monetary Fund meets in Tokyo this autumn, it will have to consider two reports about the improvement of the monetary system established at Bretton Woods twenty years ago. One will have been prepared by officials of the Fund itself, the other by the Finance Ministers of the ten industrialised countries who make up the Paris Club. Changes in the international monetary system are a matter of political rather than purely technical decision, and it is the second report which the reformers will reach for first.

All the evidence suggests that they will be disappointed. The experts, meeting regularly in Paris, have at last been forced to come to grips with the various plans which have been put forward from time to time for improving the present system. The extremes have been almost dismissed already as impracticable. The idea of moving over to a system of floating exchange rates, for example, is dismissed as a counsel of despair—a state we have not yet reached. It would give everyone economic sovereignty, but it would tend, since exchange rates float up and down but wage rates move steadily upwards, to produce universal inflation.

It would also tend to produce sharp and arbitrary movements in exchange rates through capital movements which would distort the pattern of trade and which Governments would, therefore, be tempted to offset. Once Governments assumed the freedom both to intervene regularly in the markets and to move the exchange rate at discretion, the way would be free for the competitive and destructive anarchy which followed the collapse of the gold standard between the wars.

A rise in the price of gold has also been dismissed, though less unanimously. A number of European bankers dislike the present gold-exchange standard on theoretical grounds and would like to get back to the automatism of the gold standard; they admit that this is only possible through an increase in the price of gold —which would have to be steep (probably a doubling), if speculators were not immediately to begin counting on another increase within the immediate future.

The French Government, for political reasons, tends to support these extremists. But the U.S. administration, for a mixture of motives, is prepared to use both its reserve and its diplomatic strength to keep the gold price pegged at its present level. And this, since its payments balance is improving and it could vastly increase its available reserves by dropping its obsolete note-backing tradition, is effectively an end of the matter. Most bankers are prepared in any case, politics apart, to agree that a doubling of the gold price would be extremely inequitable and inflationary.

Having dismissed these two extremes, the experts have got down to discussing more moderate plans for reform—in particular, the idea of making currencies apart from the dollar and the pound available for use as reserves. More particularly still, they have been discussing the latest variation on this theme composed by Mr. Edward Bernstein, which would create a new reserve unit, equal to a gold dollar and guaranteed in terms of it, but composed of the currencies of all the main industrialised countries in fixed, negotiated proportions.

This is a good idea in theory, if only the negotiators were all as anxious as Mr. Bernstein to find a generally acceptable solution to a difficult problem. But there is political pressure as well as financial dogmatism at work. The French have been pushing the Bernstein plan in a form which would not merely enable them to convert their dollar balances into reserve units but would ban the future accumulation of dollar reserves. This is generally unacceptable, not merely because it would impose a dangerous strain on the U.S. reserve of gold but because it would probably lead to an even more dangerous drop in the total supply of international liquidity.

The fact is that the members of the Committee of Ten are still talking a mixture of prejudice and politics and that their report is unlikely to be constructive. If it goes so far as to recommend a further increase in Fund quotas, for lack of anything else to agree upon, this may well be made conditional (like the last increase) on a transfer of power from the Fund in Washington to the Committee in Paris.

But it may be that the Fund itself will manage, while the politicians are arguing at cross-purposes, to suggest a way in which useful progress might be made. M. Schweitzer received a certain amount of unfavourable publicity when he succeeded Per Jacobsson as Managing Director, partly because he was a French official who expected to return to work in France, partly because he went out of his way, in the inevitable newspaper interviews, not to take the liquidity problem urgently. He has made very few public statements since taking office.

But now, in a speech delivered to the New York Chamber of Commerce, while ruling out the possibility of drastic change in the immediate future, he has called openly for an increase in Fund quotas. He has also agreed that provision will have to be made in the future for increasing world liquidity and called attention to studies being undertaken into more far-reaching innovations "such as the acceptance by the Fund of deposits and the introduction of investments at the initiative of the Fund."

The description is deliberately vague, and it would be wrong to suppose that the Fund officials will come out in Tokyo in support of any particular plan for reform. But it is now clear that they are thinking not only about minor improvements in the system but about various possibilities of major change centred on the Fund. It is even possible that their report, however muted in its recommendations for immediate improvement, may have more to interest the reformers than the politics-bound report of the Committee of Ten.

U.K.'S PLEA AT WORLD TRADE CONFERENCE

Addressing the first committee of the U.N. Trade and Development Conference at Geneva on the 5th inst., the British delegate, Mr. John Burgh, said that fair and reasonable access for all efficient producers to the markets of developed countries was essential for the developing countries. He added that the developing countries. He added that the developing countries should also enjoy a fair and reasonable share in the growth of those markets. Referring to French proposals that world markets should be arranged mainly, if not entirely, for the convenience of uneconomic high-cost producers, Mr. Burgh said: "We think it is an undesirable idea. It is no comfort for developing countries to see a highly organised world market on which they cannot sell their products, or to be told that they should concentrate on selling to each other."

Mr. Burgh also mentioned the need for stable, equitable and remunerative prices for commodities, but warned against the dangers of trying to raise these artificially. This, he said, might produce a fall in the actual receipts of developing countries. He went on to list four fundamental points which should be borne in mind in relation to price levels: (1) Knowledge that high prices would be maintained for a long period would stimulate search for substitue products. (2) The "inescapable economic fact" that increased prices to consumers would reduce demand. (3) Reduced demand artificially imposed on existing market trends would confront producing countries with a choice of either cutting back on production or holding and storing large stocks. (4) Holding up prices by the use of export quotas would penalise efficient and dynamic producing countries which could otherwise increase their exports and export earnings, and would also make things difficult for new producers.

(Concluded from next column)

is to be provided and from whom has yet to be formulated.

Perhaps the greatest hope for the world from these be-dulled Conferences—which lack all sense of urgency, though the developing countries have succeeded in shocking the T.A.D. Conference into some semblance of life while avoiding the risk of losing all by demanding too much—is that the industrialised countries are sitting down together concerned with ways and means of expanding their trade; and that they are also sitting down with the developing countries and aware of the problems of the latter. Speed of action cannot be expected, but, given patience and persistence, action will no doubt be taken which will result in lower tariffs, a reduction in the non-tariff barriers to trade, a promotion in the trade in agricultural products and the injection of some liquidity into the world's credit structure in the mutual interest of debtor and creditor nations.

LONDON LETTER

CONFERENCE WITHOUT INSPIRATION

KENNEDY ROUND GETTING PROLONGED

(From Our Own Correspondent)

LONDON, *9th May*

THE Swiss, for all their solid virtues, have never been regarded as a particularly inspired people and the choice of Geneva as the meeting place for the G.A.T.T. Conference—alongside the already sitting U.N. Trade and Development Conference—invited the risk that the spirit of inspiration would not attend. And so it is turning out. "Britain stands ready to negotiate a cut in tariffs across the Board of 50 per cent with the minimum of exceptions. . . ." declared Mr. Edward Heath, British President of the Board of Trade, on Monday. This was the most dramatic line in an otherwise dull address, ill-fitting the concept of the late President Kennedy aimed to cut across the slow negotiation of tariff cuts by slashing 50 per cent reductions. But, alas, Mr. Heath was not unique in making a dull speech; the spirit of dullness sat leadenly on the delegates.

It was an understatement by the British Minister to declare that, "as we all appreciate, one of the principal parties is confronted with its own special problems." He was referring to the Common Market (dominated in this matter by France) bothered about making commitments to third parties, while still in the process of formulating its own common policy as a community. But this is not all—nor is it the most important question. The trouble about this Kennedy Round, as it is called, is that there is a basic difference of philosophy between, say, the U.S. and the U.K., on the one hand, and the European Community, on the other. For the British and Americans remain obsessed with the idea of free trade—hence the principle of a 50 per cent cut right across the board "with the minimum of exceptions." But the French, in particular, believe in system and organisation—that is the planning of concessions, accompanying these where appropriate with commodity agreements.

The French approach is, therefore, not really in the "Kennedy" spirit, but, since they are at Geneva to negotiate, they insist that the whole of the proposals must be known before anything at all can even be considered. In short, they want to see all the "exceptions" on the table, before the bargaining begins.

Meanwhile, all parties are to look at the problem of "disparities," that is, the irregularities in the tariff structure between countries. The European Community are, of course, all for disparities, while the U.K. and the U.S. are all against them, so the Conference will have to sit a long time and be prepared for many compromises and the whittling away of its basic principle before the delegates can go home—some say it may last two years!

If Mr. Heath's optimism that "the elements necessary for a solution (of the problem of disparities) have started to emerge" seems far-fetched, he is on surer ground in foreseeing useful discussion on promoting international trade in agricultural products and in negotiating about the non-tariff barriers to trade. These two subjects are likely to form the greater part of the Conference's work for the next few months and they are both of particular interest to the developing countries. As for these latter countries, they must on the whole lean towards the "disparity" principle and an important concession has already been agreed in the preliminary talks a year ago that, while tariff reductions between the developed countries must —under the M.F.N. (most-favoured-nation) clause—be extended to the developing countries, these will not be required to reciprocate.

A further great proposal for the developing countries has come from the British delegation at the Trade and Development Conference. This is the recognition that adverse terms of trade suffered by a developing country call for greater aid and not for retrenchment in the development plans. This greater aid, under the British scheme, should be supplied by the International Development Association which is empowered to make loans beyond the currency of the sort of help the I.M.F. might give.

The International Development Association (an offshoot of the World Bank) will need funds to make the proposed loans and how much

(Continued in previous column)

BANKING TRENDS IN BUSY SEASON

RECORD EXPANSION OF CREDIT

WELCOMING the liberalisation of credit policy and describing the improved resources position of the banks at the beginning of the 1963-64 busy season, we had hinted in our second editorial (*Commerce*, 2nd November 1963) at the possibility of increased pressure of demand for bank credit in that season, in view of the expectations of increased production in both the agricultural and industrial sectors. An intense pressure of demand for bank credit was in fact felt during the busy season, straining the resources of the banking system to the utmost; bank credit expansion by Rs. 384 crores between November 1963 and April 1964 broke all records and was beyond all expectations, even of the Reserve Bank of India. Moreover, although industrial production in many branches did accelerate considerably, the expansion in bank credit could not be attributed entirely to this factor: whereas industrial production has been running at a level some 10 per cent higher than in the previous year, there has been an unprecedented rise of 28 per cent in bank credit from Rs. 1,451 crores at the lowest trough of the 1963 slack season to Rs. 1,851 crores at the peak of the busy season that has just ended.

Among the several other factors responsible for this marked expansion of bank credit, the most important are the higher prices of food and agricultural products and other industrial raw materials and the consequent increase in the cost of holding inventories of raw materials and manufactures. Besides, in a market of rising prices, there is always a tendency among manufacturers and traders to keep larger stocks. The Index Number of Wholesale Prices for all commodities was higher by 8 per cent at 140 on 18th April 1964, as against 130 a year ago. Food prices have risen during the same period by 11 per cent from 128 to 142, industrial raw materials by 8 per cent from 137 to 148 and manufactures by 2 per cent from 130 to 133. The higher prices of foodgrains and pulses were due to the shortfall in the production of the main cereals—that of rice and wheat alone is estimated to have been about 8 per cent less than last year. It was in fact in recognition of the lower wheat crops this year than in the year 1962-63 (which itself experienced a sizable decline over 1961-62) and of the substantially higher level of wheat prices that the regulatory provisions relating to advances against wheat in respect of both ceiling limits and minimum margins were reinstituted by the Reserve Bank of India about three weeks ago. The busy season is traditionally the period when prices of foodgrains tend to decline on account of the new crops that move into the market: but this year the prices have displayed a persistent tendency to rise, even during the busy season, with the result that the increase in bank advances against foodgrains during the first three months of the busy season (at Rs. 42 crores) was higher than that during the entire busy season 1962-63 (at Rs. 38 crores).

The stocks of principal raw materials and manufactures with the industries were also substantially higher during the current season, with the exception of sugar. In the case of sugar, although the production was higher than in the previous year, the offtake was also higher. Further, due to a sharp fall in the opening stocks with the industry, the stocks to be financed have been consistently lower throughout the season. Nevertheless, enquiries made in banking circles reveal that no funds are returning to the banks from either the sugar industry or trade even after the end of the busy season—partly because of the higher prices of sugar.

The increase in advances against industrial raw materials during the first three months of the 1963-64 busy season only for which period details are available at the time of writing was substantially higher at about three-fourths of that during the whole six months period of the previous busy season: the increase in the advances against manufactures was in fact higher than in the whole of the previous busy seasons. Table I summarises the changes in the scheduled banks' advances against the principal securities.

TABLE I

Scheduled Banks' Advances Classified According to Security

(In crores of rupees)

	Increases in advances in busy season		
Nature of security	1961-62 (Nov.-April) 6 months	1962-63 (Nov.-April) 6 months	1963-64 (Nov.-Jan.) 3 months
Food articles	+ 58	+ 38	+ 42
Industrial raw materials	+ 66	+ 102	+ 78
Manufactures and minerals	+ 21	+ 36	+ 46
Other securities	+ 31	+ 20	+ 40

Particular reference may be made here to the rise in steel, paper, coal and cement prices. The expectations that the Government would allow an increase in the prices of these commodities were so widespread and were allowed to grow (with official encouragement) for such a long period that many of the traders and speculators had ample opportunity to build up stocks of these commodities. A large number of overdraft accounts of these trades with many banks were fully utilised and a number of additional limits were sanctioned, in sharp contrast with 50 per cent or even lower turnover in these accounts in previous years.

Two other special factors were also responsible for adding to the seasonal pressure of demand for bank credit; first, several industries in Maharashtra and Gujarat had to pay arrears of dearness allowance at enhanced rates as a result of the revision in the cost of living index numbers with retrospective effect. Secondly, a large number of business houses were forced to rely on bank credit, because fears of severe confiscatory measures by the Government to unearth unaccounted money, which was believed to be circulating in considerable amounts, led to the withdrawal of this money. Such a withdrawal had a twofold effect, that of raising the demand for bank credit directly and that of raising prices of consumers durable goods, residential flats, houses, etc., as a result of flight of these funds into them.

The most important source for financing this huge expansion in bank credit as the accompanying Table II will show was the liquidation of investments in Government securities. Such disinvestment totalled Rs. 158 crores, as against only Rs. 98 crores in the last season. During the 1963 slack season, banks had built up their investment portfolio upto the all-time peak of Rs. 780 crores in the hope of obtaining some return for their surplus funds and preparing for the higher liquidity requirements scheduled to come into force from mid-September 1964. Most of these investments were switched into advances during the busy season. During the slack season that is now in the offing the banks will have a double task before them. They will have to rebuild up their investments portfolio by a considerable amount, so that the ratio of investments to deposits may conform to the enhanced liquidity specification. It may be noted here that, from mid-September next, the liquid assets of banks, including the 3 per cent cash reserves held with the Reserve Bank, will have to be a minimum of 28 per cent but, allowing for a cushion of working funds, the banks will have to maintain it at 33 per cent at least, if not higher still. Further, in order to allow for a fresh cushion of investments which could be turned into advances during the 1964-65 busy season, the banks' efforts to build up their investments in Government securities during the ensuing slack season will have to be much harder than is realised. It is expected that the second tranche of Central Government's borrowing programme this season will include a shortish medium-term loan (say, maturing in about five years' time), tailor-made to suit banks' requirements and that State loans will be in brisk demand, on account of their higher yield.

The next important source of resources for meeting the demand for bank advances during the busy season is deposits. The aggregate deposits of scheduled banks, exclusive of P.L. 480 and P.L. 665 funds, rose by Rs. 136 crores between November 1963 and April 1964, as against only Rs. 97.8 crores in the previous busy season. During the same period, cash and balances with Reserve Bank were run down by Rs. 7 crores.

Over the entire busy season, the borrowings of scheduled banks from the Reserve Bank of India rose by Rs. 62 crores. The peak was, however, reached on 6th March 1964, when such borrowings totalled more than Rs. 106 crores. Such a big draft on the borrowing quota marked the signal for a reversal of the liberal credit policy of the Reserve Bank of India which was initiated on the eve of the busy season. A Reserve Bank circular, dated 30th October 1963, increased the availability of Reserve Bank credit by raising the quotas and reducing the cost in order to enable the banks to maintain a reasonably liberal supply of credit for productive purposes. Within less than five months, however, the Reserve Bank seems to have felt that liberalisation had gone far enough, that the necessary stimulus to the economy had been imparted and that caution was now required in regard to further credit extension by banks, especially in the context of rising prices and the difficult supply situation of agricultural commodities. What precisely happened between 30th October 1963 and 11th March 1964 to change the mood of the Reserve Bank and to reverse the gear of credit policy is not known but can be inferred. It is probable that the Reserve Bank did not really subscribe to the Finance Minister's enthusiasm in October for liberalising bank credit and was able to convince him of the necessity for tight money and high rates of interest only by March through the logic of events. It is also probable that the Reserve Bank is unable to prevail upon the Government to apply the same sort of discipline on bank credit to Governments as is imposed by the credit squeeze on the private sector, with the result that the *extent* of squeeze on the latter has to be proportionately larger.

Details of the October liberalisation of bank credit and March squeeze were given in *Commerce* dated 2nd November 1963 (page 734) and 14th March 1964 (page 399), respectively. Basically, the effect of the latest change on the availability of credit was to reduce the total normal borrowing quota from 150 per cent to 100 per cent of the total statutory reserves, half of which would be charged at the Bank rate and the balance at 6 per cent. Borrowings in excess of the quota would only be at the discretion of the Reserve Bank and would be charged at 6.5 per cent described as the penal rate. The effect of this change on the cost of central bank credit was to raise it by a small margin, particularly as a result of the reintroduction of the penal rate of interest on the discretionary tier of accommodation. The weighted average rate of scheduled banks' borrowings which was at 5.70 per cent at the peak of the 1962-63 busy season was hovering near 5 per cent in February 1964: it must have gone up by about ½ per cent during March-April 1964.

The bankers, of course, did not relish the reversal of credit policy in the midst of the busy season, for it was embarrassing for them to apply the squeeze on their customers at a time when they had already committed themselves. Many of them did not even relish the Reserve Bank's suggestion that they should re-examine the deposit interest rates as part of their efforts to mobilise deposits, with the result that carefully guarded deliberations are still going on behind tightly closed doors but no decision is in sight yet.

TABLE II

Seasonal Trends in the Business of Scheduled Banks

(In crores of rupees)

		Busy Season (November–April)			Slack Season (May–October)	
		1963-64	1962-63	1961-62	1963	1962
I.	Aggregate Deposits	+72.8	+39.1	+152.1	+156.7	+84.4
II.	Aggregate Deposits excluding P.L. 480 and P.L. 665 Funds	+136.4	+97.8	+162.6	+157.5	+90.1
III.	Borrowings from R.B.I.	+61.5	+22.0	+6.2	−29.0	−3.3
IV.	Cash position	−7.1	+3.5	−0.4	+26.6	−6.8
V.	Investments in Government securities	−157.9	−97.7	−25.0	+161.0	+111.9
VI.	Bank credit	+383.8	+203.9	+203.9	−121.9	−42.1
VII.	Highest/Lowest level touched by Bank credit	1,851.63	1,600.91	1,427.53	1,450.62	1,363.02
VIII.	Highest/Lowest credit ratio (excluding P.L. 480 and P.L. 665 Funds)	80%	82%	80%	65%	67%
IX.	Credit-Deposit Ratio at the end of the period (excluding P.L. 480 and P.L. 665 Funds)	80%	79%	78%	67%	72%

BANKING IN PAKISTAN

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PAKISTAN has made considerable progress in various sectors of economy since its emergence as an independent State on 14th August 1947. An account of this progress has already been given in an earlier article published in *Commerce* dated 4th April 1964. In the present article it is intended to give a somewhat more detailed account of Pakistan's development in the field of banking. In a subsequent article the developments in the monetary field will be discussed separately.

The progress which Pakistan has made in developing the banking sector is specially remarkable as, in undivided India, there was only one Muslim scheduled bank, and it was generally believed that this was a field where the Muslims did not show much aptitude. Though one noticed a few Muslims as banking officers in the Imperial Bank of India and the Reserve Bank of India, and a few others in private banks, their number nevertheless remained insignificant. Even at the lower rung of the ladder, their existence was not felt.

In the circumstances, it becomes obvious that, in the areas which now constitute Pakistan, the banking field was monopolised by the British and the Indian (non-Muslim) banks.

In the unfortunate communal disturbances that soon followed in the wake of the partition of the country, the banking sector suffered very heavily. In the beginning of 1947, the total number of scheduled bank offices in the areas now comprising Pakistan were 631. At the end of that year, the number of branches dwindled to 481. The number continued to fall rapidly and, by June 1948, it had come down to 195. It may be further added that even of these depleted numbers many did not function properly due to shortage of trained staff and other operational difficulties.

It is obvious that this large-scale reduction in the number of banks and bank offices caused a serious blow to the economy of the country. The non-availability of trained personnel in the field of banking in Pakistan seriously handicapped the authorities to make amends. It is, therefore, a matter of very considerable satisfaction that, by the end of 1963, this gap was more than fulfilled. The number of scheduled banks, as at the end of 1963, stood at 36, with no less than 1,130 branches. The relevant details of the progress achieved in the field of commercial banking are given below :

End June	*Pakistani banks*	*Foreign banks*	*Total*
1948	23	172	195
1949	54	164	218
1950	81	121	202
1951	97	104	201
1952	113	99	212
1953	135	83	218
1954	160	86	246
1955	163	88	251
1956	177	84	261
1957	197	78	275
1958	232	75	307
1959	296	73	369
1960	358	72	430
1961	507	73	580
1962	639	74	713
1963	883	74	957
December 1963	..	..	1,130

It may be recalled here that, in one of the high level meetings of the Partition Council, it was decided that the Reserve Bank of India would continue to function as the central bank of the newly born Pakistan also until the end of September 1948, by which date Pakistan would take steps to set up its own central bank.

State Bank of Pakistan

In view of the virtual collapse of the commercial banking system in the country as mentioned above and in order to develop the banking structure as quickly as possible, it was necessary that Pakistan should start its own central bank earlier than it was agreed to at the time of Partition. This view found favour with the Government of India also. After mutual agreement, the State Bank of Pakistan was set up on 1st July 1948, that is two months earlier than stipulated in the agreement.

The State Bank of Pakistan is an autonomous organisation, the share capital of which is subscribed to the extent of 49 per cent by the public and 51 per cent by the Government. The paid-up share capital of the Bank is Rs. 3 crores and its reserve fund is Rs. 6.5 crores. The Bank is managed by an independent board of nine directors, of whom three are elected by the shareholders and six are nominated by the Government.

There is a restriction on the amount of dividend which the State Bank can give to its shareholders. The maximum is fixed at 6 per cent. The balance of the profits, after meeting necessary liabilities, reverts to the Government. In 1962-63, the Government received Rs. 5 crores from the State Bank as a part of the surplus profits. Its gross earnings were Rs. 10.68 crores and the net profit was Rs. 6.7 crores.

National Bank of Pakistan

The State Bank of Pakistan by its very nature, being the central bank of the country, is not expected or even allowed to perform activities which are the normal functions of commercial banking. In view of the collapse of the banking system in the earlier years of establishment of Pakistan and the tardy development of this sector, it was decided that the State should take active steps to fill in the gap and set up a banking institution. This resulted in the establishment of the National Bank of Pakistan, the details of which are given below:

The National Bank of Pakistan was established at the time of an economic crisis in November 1949, by a special Ordinance. It acts as the agent of the State Bank for transacting business in places where the State Bank has no branch office. The paid-up share capital of the Bank is Rs. 2.10 crores, of which 75 per cent has been subscribed by the public and 25 per cent by the Government. The Bank is managed by a Central Board of 12 Directors, headed by a President, and three regional boards located at Karachi, Lahore and Dacca.

The total deposits of the National Bank of Pakistan at the end of June 1963 exceeded Rs. 60 crores and it had 322 branch offices, both within and outside the country.

The original function of the Bank was to finance the jute and cotton trade but at present it is performing all types of banking business and is the biggest banking institution in the country.

With the establishment of the National Bank of Pakistan and opening of new commercial banks and resumption of activities by the older banks, especially the European banks, the short-term credit requirements were taken care of. The rapidly increasing tempo of commercial banking activity as reflected by increase in bank deposits and loans provided by the scheduled banks are given in a table below :

(*In crores of rupees*)

End of year	*Bank deposits*	*Bank credits*
1948	105.66	41.04
1949	109.19	44.45
1950	113.48	77.02
1951	147.19	91.91
1952	129.09	79.22
1953	148.93	78.14
1954	164.94	96.32
1955	184.23	116.17
1956	197.50	123.65
1957	218.04	126.86
1958	240.34	145.82
1959	283.63	161.98
1960	302.61	208.48
1961	338.51	272.47
1962	412.04	337.05
1963	510.97	416.10
End of March 1964	529.23	460.23

The areas that came to the share of Pakistan are largely frontier areas which were practically devoid of any large-scale industry. The British which ruled the country, for reasons best known to them, neglected the industrial development of these areas. The need for establishment of more industries was urgently felt. This required financing, as private capital was rather limited and shy. Moreover, what capital was available with the business community found favour in commercial trading where turnover is quick in the early days of comparatively less restrictions, turnover was large and net profits were on the high side, rather than in industrial ventures which required a long period of maturity.

Pakistan Industrial Finance Corporation

The Pakistan Industrial Finance Corporation was set up in early 1949 to meet the needs of the industrial sector, for medium- and long-term loans. During over 12 years of its operations ended June 1961, the accommodation provided by the Corporation to the industries amounted to over Rs. 27 crores. Although the Corporation's advances were distributed over a wide range of industries, the textile industry accounted for the bulk of the advances.

The Corporation, however, suffered from certain inherent weaknesses. It did not accept deposits, nor could it finance the establishment of new industries and grant loans and against prospective assets. Besides, it was unable to provide foreign exchange to any industrial project. The activities of the Corporation suffered a major setback during the late 'fifties, because of the restrictions imposed on the imports of capital goods and its inability to provide foreign exchange to its clients.

In spite of the various drawbacks, the Corporation continued to fulfil a very useful purpose and the total amount of its advances went on increasing. There was a very large rise in its activities during 1960-61, when it was entrusted with the responsibility of administering foreign credits on behalf of the Government.

An enquiry into the credit structure of the country by the Credit Enquiry Commission in 1959 revealed the inadequacy of the existing institutional arrangements for industrial finance, particularly in the field of long-term finance for the medium and small-scale industries.

Industrial Development Bank

Following the recommendations of this Commission, the Government of Pakistan promulgated an Ordinance on 29th July, 1961, establishing the Industrial Development Bank of Pakistan. In fact, the Bank is a reorganisation of the former P.I.F.C.O., but with enlarged functions. The Bank has a paid-up capital of Rs. three crores, divided into 300,000 fully paid-up shares of Rs. 100 each. Fifty-one per cent of the share capital has been subscribed by the Government and the rest by the public.

The Industrial Development Bank is primarily concerned with providing long-term credit to the medium and small-scale industries which its predecessors could not do. The present lending limit of the Bank is Rs. 10 lakhs in case of limited companies and Rs. 5 lakhs in the case of other concerns, except with the approval of the Government. This restriction does not apply to mining, jute, cotton, inland transport, and such other industries as are specified by the Government from time to time. The lending limit in the case of foreign exchange loans is at present Rs. 5 lakhs. The Bank is also engaged in administering several foreign credits on behalf of the Government. It is also negotiating directly with various international agencies for long-term credits.

The Industrial Development Bank finances the establishment of new industries as well as balancing and modernisation of existing units. The list of industries eligible for assistance has been extended to include road transport, film exhibitions, hotels, industrial trading estates and organisations engaged in testing and research. The development of the underdeveloped regions of the country will also be the responsibility of the Bank. For these areas, the Bank is prepared to give loans on more liberal terms. Also those sectors of the industry, including mining, which have faced difficulties owing to lack of credit, will receive particular attention.

P.I.C.I.C.

The Pakistan Industrial Credit and Investment Corporation (P.I.C.I.C.) was established in October 1957, to supplement the existing facilities for long- and medium-term credit to private industries. The actual operation of the Corporation started in November 1957. The Corporation has an authorised share capital of Rs. 15 crores of which Rs. four crores are paid-up. Forty per cent of the share capital is subscribed by private shareholders in the U.S.A., the U.K., Canada, Japan and West Germany and the I.F.C. and 60 per cent by the Pakistani private investors. The Corporation which is authorised to borrow upto three times its capital, reserves and Government advances, recently approached its borrowing limits, and the share capital was, therefore, raised by Rs. one crore to Rs. three crores in 1961.

The Corporation is authorised to provide long- and medium-term loans generally (7 to 12 years maturity) in foreign and local currency, in addition to direct equity participation and arranging local and external finance from private and institutional sources. It does not normally take direct part in the management of industries financed by it, but it may, in special circumstances, seek to appoint a director to represent its interest. From 1960 onwards, the Corporation started underwriting shares as a part of its programme to assist the development of the capital market. It has so far agreed with four

companies for underwriting shares of the nominal value of Rs. 151 lakhs.

P.I.C.I.C.'s financial resources are derived only partly from the paid-up capital. It has received two long-term loans, totalling Rs. 6 crores, from the Central Government, of which Rs. 5 crores have been drawn so far. These loans are subordinated to all its liabilities and the share capital and hence count as equity for all practical purposes. It has received several lines of credit in foreign currencies amounting to $115.40 million up to December 1963 from the World Bank (I.B.R.D.), U.S. Agency for International Development (A.I.D.) and some friendly countries as shown below :

	Million $
I.B.R.D.	49.20
U.S.A.	21.70
West Germany	25.00
Japan	12.00
France	8.00
U.K.	2.50
Total ..	118.40

Financing Agriculture

The main source of credit to agriculture before independence were the Hindu and Sikh moneylenders who operated all over the country and catered practically to all the credit requirements of the farmer though at a somewhat high cost. The vacuum left in the field by the mass migration of Hindu and Sikh moneylenders has, by and large, not yet been filled.

The other important sources were the co-operative credit societies which continued to provide credit, but limitations of space do not permit full coverage of these. But the role of *co-operative credits to agriculture is common* both to India and Pakistan. Here we may mention the emergence of two financial institutions to provide for long-term credit. An Agricultural Development Finance Corporation (A.D.F.C.) was established in 1957 and another bank called the Agricultural Bank of Pakistan (A.B.P.) was established in 1957. As a result of the recommendation of the Credit Enquiry Commission, the two institutions were merged on 18th February 1960 into one, called the Agricultural Development Bank.

Before this merger, both the A.D.F.C. and the A.B.P. were providing agricultural credit in areas allocated to them by the Government. The A.D.F.C. was functioning in half of the districts of both West and East Pakistan and the other half of the districts in the two provinces were under the jurisdiction of the A.B.P. Although both the organisations were providing the same kind of credit facilities, their policies and procedures differed in several important respects, since they were under different managements. Even the rates of interest charged by them were not uniform. As the functions of both the organisations were similar and both were *working with capital provided by the Govern*ment, it was felt desirable to merge them into one organisation, in order to have a uniform policy and procedure in the provision of credit facilities to agriculturists all over the country and also to economise overhead expenses.

In order to augment its resources, the Agricultural Development Bank is authorised to raise funds by borrowing and issuing and selling of bonds and debentures. During 1962-63, the Bank obtained a loan of Rs. 9.50 crores from the State Bank of Pakistan, inclusive of the loan of Rs. 5 crores brought forward from the previous year. The Bank also accepts deposits and maintains savings bank accounts. Total deposits of all kinds stood at Rs. 28.39 lakhs on 30th June 1963. There has been a steady increase in the loan operations and the progress made by the Bank in its loan operations is reflected in the figures given below :

(In lakhs of rupees)

Year	East Pakistan	West Pakistan	Total
1952-53	—	0,80	0,80
1953-54	1,91	6,96	8,87
1954-55	6.06	17,82	223,88
1955-56	12,90	27,70	40,60
1956-57	29,42	45,19	74,61
1957-58	66,60	81,46	1,48,06
1958-59	1,52,61	1,38,02	2,90,62
1959-60	3,43,39	3,85,74	7,29,13
1960-61	7,25,30	6,94,73	14,20,02
1961-62	11,30,74	11,63,85	22,94,59
1962-63	15,07,43	15,70,56	30,77,99
1963-64 (Upto December 1963)	16,82,31	17,36,71	34,19,02

A Board of Directors which controls and supervises the activities of the Bank is headed by the Chairman, all of whom are appointed by the Central Government. The composition of the Board is as follows :

(i) the Chairman; (ii) two officers serving under the Central Government, of whom one is a representative of the Ministry of Finance and the other of the Ministry of Agriculture; (iii) two officers of the Provincial Governments, one each from the Government of East and West Pakistan; (iv) two non-officials, one from East Pakistan and the other from West Pakistan.

The authorised share capital of the Agricultural Development Bank is Rs. 20 crores, out of which a sum of Rs. ten crores has been issued and made paid up. On 18th February, 1961, the paid-up share capital of the former Agricultural Development Finance Corporation was Rs. five crores, all subscribed by the Central Government and of the Agricultural Bank of Pakistan Rs. 3.25 crores of which a sum of Rs. 2.25 crores was subscribed by the Central Government and Rs. 50 lakhs each by the Governments, of West and East Pakistan. The merged organization, therefore started with a paid-up share capital of Rs. 8.25 crores. A sum of Rs. 1.75 crore was subscribed towards the share capital of the Bank during 1961-62. The paid-up share capital of the Bank has thus been *raised to Rs. 10 crores, subscribed by the Central* and Provincial Governments.

The construction of new houses was a relatively neglected affairs in the Indo-Pakistan sub-continent during the war years. The demand for housing facilities, on the other hand, continued to grow rapidly during this period on account of increasing population, war-time inflationary pressure and accelerated urbanisation. While rent control Acts adopted in various big cities provided relief to middle class urban dwellers, little incentive was left for new construction or even for proper maintenance.

On partition, the uprooting and immigration of millions of refugees intensified the housing problem. Not all the refugees could be settled on land and not all from rural areas were willing to go back to the traditional way of life. There were opportunities in the cities caused by the exodus of Hindu traders and middlemen which attracted fresh immigrants from the villages. Moreover, Muslims from all the big cities of India flocked to the new urban centres in Pakistan. The process of economic development and industrialisation inevitably leads to urbanisation. In Pakistan, the rate of progress was accelerated sharply in the decade following independence.

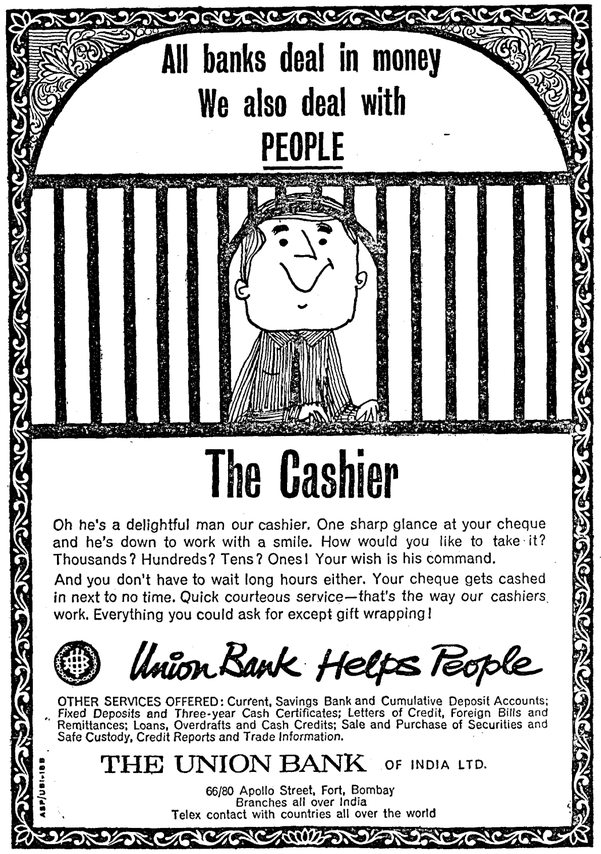
Government spent huge sums of money on the development of waste lands adjoining the cities and towns in West Pakistan and East Pakistan, where the influx of refugees was the largest, i.e., Karachi, Lahore, Lyallpur, Hyderabad, Multan, Sialkot, Sargodha, Rawalpindi, Dacca and Chittagong and, though every effort was made by the Government to tackle the problem of housing shortage by building refugee colonies and satellite towns out of budgetary resources, it was felt that the problem could not be solved unless adequate steps were taken to encourage private construction activity. Finance constituted a major obstacle to the expansion of private construction since the existing agencies and institutions were not providing finance for house construction.

House Building Finance Corporation

In order to relieve the shortage of housing accommodation and for providing financial assistance in the shape of long-term loans to persons intending to construct houses in urban areas of the country, Government set up a House Building Finance Corporation under an Act known as the House Building Finance Corporation Act, 1952 (Act No. XXIV of 1952). The Act came into force on 10th November 1952, and the Corporation started functioning with a small staff from that date.

The first Board of Directors was formed by the Central Government in February 1953. The Corporation started granting loans in May 1953. Subject to such direction on matters of policy as might be given by the Central Government, the general direction and administration of the Corporation and its affairs are vested in a duly constitued Board of Directors which exercises all powers and performs all acts which are required to be done by the Corporation Act. The Corporation is to act on commercial considerations subject to such directions as may be given by the Central Government from time to time.

(Continued on page 861)



COTTON GOODS IMPORTS SUBJECTED TO SPECIFIC LICENSING

COTTON BOARD'S NEW REHABILITATION PLAN

From Our Special Correspondent

MANCHESTER, 5th May

MANCHESTER LETTER

A CHANGE in procedure, but not in policy, was how the President of the Board of Trade described the revised methods for dealing with future imports of cotton goods from countries outside what must now apparently be described as the "traditional" supplying areas. Traders in Lancashire and in other parts of Britain who have been so openly exposed to thrusts from abroad will not argue about the wording of the announcement provided the Government fulfils its pledge by not only watching the situation closely but by taking action as soon as possible.

This was the general reaction last week after it was officially stated that, from the beginning of May, all imports of cotton, textiles would be subject to specific licensing. In this way, any sudden build-up of supplies from a new source could be "nipped in the bud" before it reached sizable proportions.

In the past, far too many examples have arisen of countries with no previous record of exporting to Britain gaining a strong foothold in the local market before restraining action could be taken. One of the main criticisms made by the trade against the former system of allocating quotas has been that they have been calculated on performance rather than potential.

Halt to Build-up

Under the new scheme, it will be possible for the British Board of Trade to keep a watchful eye, in consultation with the Cotton Board, on the progress of negotiations with newcomers to the scene. Importers will have to notify the authorities of any forward contracts arranged and these can be halted at any given time if a build-up is clearly developing.

Instances have been provided within recent months by the activities of merchants who have secured rapidly growing supplies from such territories as Macao and Korea. Once a precedent has been established, it becomes relatively easy for other sources to be tapped; the new regulations, provided they are strictly enforced, will act as a strong safeguard against any extension of this process which has had such iniquitous results for Lancashire.

To the Cotton Board, it must be gratifying that the Government is now recognising the validity of Lancashire's case which has been presented with such persistence over the years. Those traders who have occasionally made contact with Board of Trade officials need not be reminded of the very lukewarm attitude formerly adopted towards the industry's plea for protection against this form of undermining which has undone much of the achievements of the scrapping programme of a few years ago.

The new system may well have loopholes; the local industry will still be negotiating from weakness rather than strength in its discussions with the major suppliers when the next round of talks begins. Nevertheless, the recognition of the key bases on which restrictions of imports are established is another move in the right direction.

Long-term Plan for Stability

Not content with achieving one of its immediate aims in getting Board of Trade support for further measures to contain imports from "non-traditional" supplying areas, the Cotton Board has put before the Government a long-term plan for the rehabilitation of the trade during the next five years. First to hear publicly of these new proposals were delegates at last week's conference of the United Textile Factory Workers' Association. Mr. Frank Rostron, Chairman of the Board, gave the union officials gathered at Morecambe an outline of a new forward programme, aimed at giving the industry more stability.

The chief, and most controversial, feature of this scheme suggests that a levy should be placed on imports of cotton goods obtained from low-wage countries. This system could be introduced when the existing inter-industry agreements expire at the end of next year. The revenue obtained from such a levy, the Board contends, should be transferred back to the developing countries to assist in their expansion.

Prices and Profits

The idea behind this apparently "take-with-one-hand-and-give-with-the-other" paradox is that it would induce exporters in the Commonwealth to raise their prices. Foreign producers, it is suggested, would rather earn more profits themselves than see the proceeds of a levy given back to their respective Governments. An alternative proposal is that a global quota should be established on imports from countries which are not covered by bilateral agreements with Britain, or by a tariff on Commonwealth goods, coupled with a five or ten-year ceiling on exports.

Among the points raised in the document, which, according to Mr. Rostron, has been favourably received by officials of the Board of Trade, are the necessity for a genuine long-term policy for the industry and for the introduction of a formula under which all developed countries would accept not less than 10 per cent and not more than 20 per cent of their home textile market supplies from low-cost developing countries.

Other aspects of the current situation to which the attention of the Government is drawn include the need for an urgent review of the Ottawa Agreement permitting duty-free entry of Commonwealth textiles into this country and the capital-intensive nature of Lancashire's/ modernised mills. Given time, it is pointed out, wages are bound to rise in the developing countries, eventually narrowing the competition gap which now exists between low-cost producing areas and Britain.

Confident Outlook

The final clause in an eight-point message to the Government expresses the basic confidence of the Cotton Board in Lancashire's ability to weather the storm and come out fighting. "The industry," it says, "is undoubtedly capable of re-establishing itself, as shown by its recent increase in capital expenditure, increased output per employee and increased machine utilisation."

At the same time, there must be full recognition of the continual nature of re-equipment and the maintenance of modernised methods. All the progressive firms in the industry have taken this lesson to heart and are determined to carry out extensive programmes of redevelopment. On this more solid and enduring structure the future of the trade will be built.

Since 1963's significant May Day when Courtaulds and I.C.I. disclosed their intention of taking an active part in developing a modern structure for textiles, and particularly linking production and marketing, almost any action taken by these two giant companies has had repercussions on the industry. Strengthening their position by absorbing a number of well-established firms and providing the wherewithall for others to continue the process has been only one aspect of the changing world in British textiles.

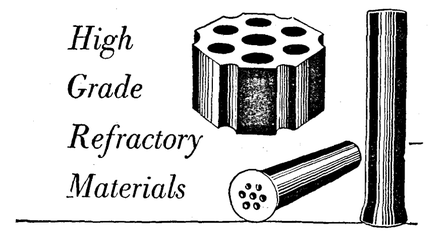
The decision to split their interests by divesting I.C.I.'s strong minority holding in Courtaulds is, needless to say, another highly important step in the chain of events. Courtaulds, no longer holding its half share in British Nylon Spinners, is to receive £10 million in five yearly payments to aid its own ventures into nylon production. I.C.I., with full control over British Nylon Spinners, will no longer have any stake in Courtaulds.

Such are the simple facts of the case; far more important from the angle of textile traders generally is the prospect of sharply intensified competition between two companies whose relations have never been entirely happy since I.C.I.'s abortive bid for their rivals two years ago. Indeed, very little time was wasted by Courtaulds in announcing their plans for substantial output of nylon 6. Expansion in the Spondon and Aintree factories to provide a 50-million-lb. production target by 1966 shows the shape of things to come. This aim compares with the object of British Nylon Spinners to raise output of nylon 66 to 225 million lbs. a year.

Textile "Federation"

In view of the events of last year, a statement from Mr. Joe Hyman, Chairman of Viyella International, setting out his plans and prospects, could scarcely go unnoticed. That it coincided with the Courtaulds-I.C.I. deal merely added to the importance of the general swirl of events. Describing his company as a "federation" of textile businesses, Mr. Hyman pointed out that the group now involved 90 individual manufacturing units, a multi-million pound turnover, and provided employment for towards 20,000 people. Every type of textile manufacture and process is now incorporated within the Viyella "Federation," he continued. In each section of activities, considerable streamlining and expansion could be anticipated over the next few years. The main outline of the group's future plans has been filled in, he added, but the Board's policy of including further first-class textile companies, which can be successfully and properly integrated, will continue.

The Viyella organisation has had the advantage of an exceedingly favourable Press since its general intentions were made known. Many outside observers are entirely "sold" on the idea of vertical integration, and welcome its translation from theory into practice. Viyella, of course, is not the only company so constructed, but the publicity concerning its activities has attracted widespread attention. Mr. Hyman himself is fully confident about its future, and describes his policy as "creating a new textile industry out of the best of the old."



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RECORD PRODUCTION AND CONSUMPTION OF COTTON

HIGHER CARRYOVER INDICATED

WITH hardly four months to go for the current season ending 31st August 1964 to be over, it is now possible to have a clear picture of the crop position and consequently of the supply and demand position of cotton. Fortunately, the earlier expectation of good crop has materialised and present estimates place the season's output at 5.85 million bales of 400 lbs. or 180 kgs. each, as compared with 5.76 million bales harvested last season and the 1961-62 crop of only 4.7 million bales. In fact, this season's crop is the highest on record and falls short of the third Plan target for the year by only 334,000 bales. Not only is the crop better than last year's but arrivals have also been faster than in the previous season. Thus, by the end of March last, practically the whole of 1963-64 crop had been harvested and about 80 per cent had arrived at upcountry markets, as against 70 per cent by this time last year. Production estimates for the North and the Central belts show further increases, with record crops to their credit. For the West Coast and the South, however, the estimates have had to be lowered. The net result, according to a leading firm of cotton traders, namely, Messrs. Patels and Volkarts, is an increase in the overall crop estimate as at the end of March by 50,000 bales over the end-February figures. The firm's estimate of the current crop, as at the end of March, is as under, with the final estimates for the previous two seasons given alongside for purposes of comparison:

(In 1,000 bales of 400 lbs. or 180 kgs.)

Areas	1963-64	1962-63	1961-62
Northern area ..	1,472	1,032	1,042
Centra. belt	2,123	1,963	1,488
West Coast	1,394	1,871	1,388
Southern area ..	849	887	766
Elsewhere	12	12	16
Total ..	5,850	5,765	4,700

About eighty per cent of this season's crop, as already noted, had arrived at upcountry terminal markets by the end of March last. The region-wise breakdown of arrivals at the end of March, as compared with the corresponding figures for the two previous seasons, are:

(In 1,000 bales of 400 lbs. or 180 kgs.)

Areas	1963-64	1962-63	1961-62
Northern region ..	1,459	991	1,017
Central belt	2,058	1,698	1,411
West Coast area ..	783	1,198	755
Southern area ..	291	248	400
Elsewhere	8	5	5
Total ..	4,599	4,140	3,588

Now that a fairly precise idea of the size of the crop is available, it is now possible to attempt a trial balance-sheet of cotton for the current season on the basis of an esimate of the two other important elements in the supply and demand situation, namely, mill consumption and imports. The current season started with a carryover stock of 2.17 million bales, comprising 1.95 million bales of Indian and 212,000 bales of foreign cotton. Indigenous commercial production, according to the aforementioned estimate, would be 5.85 million bales. Assuming that imports of foreign cotton would be of the order of 875,000 bales, the supply and distribution of cotton during the season would roughly be as under:

(In '000 bales of 400 lbs./180 kgs. each)

	Indian	Foreign	Total
Carryover as on 1st Sept. 1963 ..	1,956	212	2,168
Commercial crop	5,850	..	5,850
Imports	..	875	875
Total supply	7,806	1,087	8,893
Mill consumption	5,400	750	6,150
Others	75	—	75
Exports	300	—	300
Carryover as on 31-8-'64	2,031	337	2,368
Total Distribution ..	7,806	1,087	8,893

One of the most striking features of the statistical picture of cotton presented above is the record mill consumption, which at 6.15 million bales, consisting of 5.4 million bales of Indian and 750,000 bales of foreign cotton, is perhaps, the highest on record. This high rate of consumption is reflected in the figures for the first six months of the current season. Thus, mill consumption of cotton during the six-month period, 1st September 1963 to February 1964, aggregated 3 million bales, comprising 2.72 million bales of Indian and 313,000 bales of foreign cotton, as against 2.27 million bales, comprising 2.2 million bales of Indian cotton and 545,000 bales of foreign cotton. The following table illustrates the position:

(In bales of '000 lbs.)

	Indian		Foreign		Total	
	1963-64	1962-63	1963-64	1962-63	1963-64	1962-63
1963						
September	447	384	54	79	501	463
October ..	441	351	53	93	494	444
November ..	450	369	55	110	505	479
December ..	472	371	54	104	526	475
1964						
January ..	473	388	51	90	524	478
February ..	436	386	46	69	482	455
Total for 6 months ..	2,719	2,249	313	545	3,032	2,794

It will be seen from the above table that consumption of foreign cotton during the current season is markedly less than that in the last season and consumption of Indian cotton is correspondingly higher. This is perhaps a reflection of the two good crops coming in succession which is not a common occurrence in the history of cotton growing in India. For this the country has to thank Dame Nature which has been kind to cotton in both the current and previous seasons.

COTTON TRADE JOURNAL

One of cotton's most important weapons in its fight against man-made fibres is a unique quality of fabrics made of cotton, namely, crispness and coolness. It is because of this quality that cotton is being increasingly blended with man-made fibres to produce apparel fabrics that are durable and crease-resistant. In spite of the inroads made by man-made fibres, cotton is still the king of apparel fibres, though "he now is a limited rather than an absolute monarch." The special quality of cotton assumes great significance now that competition between man-made and natural fabrics is getting sharper. The *Cotton Trade Journal* of Memphis, U.S.A., has, therefore, very appropriately devoted its 1963-64 International Edition to the qualities of cotton. (*The Cotton Trade Journal and Agricultural Reporter, International Edition 1963-64.* Pages: 224. Price: $3. Available in India from W. R. Stoessel and Co., 63, New Marine Lines, Bombay-1.) Called Cotton Quality Number, the publication, in the words of Mr. Seton Ross, President-Publisher, is dedicated to "the men who concentrate their talents on improving the quality of cotton—the seed breeder, who is constantly seeking an improved variety, the producer who applies sound production practices, the ginner who makes the most efficient use of his complex machinery to preserve the quality of cotton, the geneticist, the agronomist and the technologist who have endowed cotton with new qualities through the application of chemical finishes, thus opening up new end-uses for this natural fibre. Those are the trial-blazers for the cotton fibre of tomorrow."

The Number maintains the high production and editorial standards for which the *Cotton Trade Journal* is justly famous. The coverage is international in its sweep, encompassing almost all the major cotton producing and consuming centres in the free world. Of particular interest to Indian readers is the section on India wherein Dr. K. Sreenivasan, Director of the South India Textile Research Association, describes how research revitalises an ancient industry, namely, cotton textiles, and Mr. A. D. Pandit, President, Indian Central Cotton Committee, assesses the qualitative improvement of Indian cotton since the Partition. Particular mention may be made of an article on cotton consumption in India by Mr. Robert Evans, a former Executive Secretary of the International Cotton Advisory Committee, Washington, and at present Agricultural Officer of the American Consulate General, Bombay. The Number contains many other articles of immediate and perennial interest to cotton. It is, in fine, packed with profitable reading for all those interested in this king of fibres, as producer, trader, consumer or commentator.

MOVEMENT OF COTTON

The Western Railway has taken special steps to assist cotton trade in the movement of cotton during the current busy season, and has even undertaken to supply wagons immediately on demand, at the latest within 48 hours of registration of indents. A *Press note issued in this connection* says that it is also proposed to run block specials if adequate traffic is forthcoming from stations on the Bombay and Baroda divisions.

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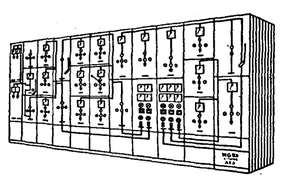

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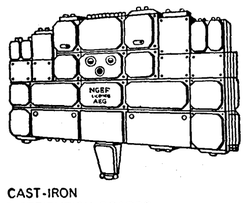

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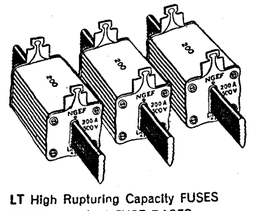

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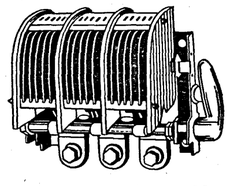

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720 mile journey for oil

Three million tons of crude oil a year will soon be piped from the jungles of Assam to the refineries being built at Noonmati and Barauni. As a result, production of crude oil in Assam is expected to increase six times to three million tons per annum. The 720 mile pipeline makes 78 river crossings as it cuts through jungles, swamps and paddy fields. Radio signals giving temperatures, pressures and rates of flow along the pipeline will be received at a central headquarters. It will switch on by remote control the electrical motors operating valves and engine controls. Two independent communications systems will ensure absolute reliability. AEI is supplying part of it—a multi-channel carrier system and voice frequency telegraph equipment.

Ship to capture public imagination

'Canberra', the P. & O. Orient Lines' 45,000 ton passenger liner, is the newest and brightest addition to a proud fleet. Revolutionary in design, electricity has

helped in many ways to make the 'Canberra' a finer ship. Two of the world's largest marine propulsion motors, 42,500 shaft h.p. each, give her a swift, quiet 27½ knots. Electric drive allows the synchronising of propellers, so reducing vibration. AEI has supplied this equipment and also the auxiliary turbine generators for the ship's power supply system, more than 90 miles of cable, and the turbine-compressors used in the air-conditioning plant.

Imagine 7000 horses in Bombay's docks

Last year, nearly three thousand ships entered Bombay docks to load and unload over 117 lakh tons of cargo. Without the cranes that swing these vast amounts of merchandise between wharves and ships, by day and night, the docks would come to a standstill. The cranes must be completely dependable. And that largely depends on the quality of their electrical equipment. As dock traffic increases, so new cranes must be installed. Seventy-two have been commissioned; they are equipped with AEI motors and controlgear totalling 5868 h.p. AEI will soon provide yet another eighteen sets of motors (totalling 1,314 h.p.) and controlgear for new cranes in Bombay's Alexandra Docks.

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BOOM DEVELOPING IN AIR TRAVEL

PROSPECTS FOR AIR-INDIA TOO BRIGHT

By Our Aviation Correspondent

PREDICTION is usually a profitless pursuit. On occasions, however, it brings its reward. Writing last September, of the marked improvement, then becoming apparent, in the fortunes of the American domestic airlines, this correspondent said: "The American air transport industry has always provided a reliable barometer for the traffic prospects of the world's airlines generally. ... We can expect to see over international routes everywhere—and particularly over trans-Atlantic routes—a very much brighter picture than has been the case for the past four years." (*Commerce*, 14th September 1963.)

That forecast, happily, has been more than fulfilled—it has been exceeded. As the 1964 tourist season opens, it is already abundantly clear that, on the Atlantic routes at least, the airlines are going to reap a bumper crop. Bookings, at this time of the year, have never been so heavy as they have been in recent weeks. A particularly welcome feature, moreover, is that traffic is flowing in both directions. Normally, during the months of April and May, the main flow is from west to east—from North America, that is to say, to Europe. This year, bookings are almost as heavy in the opposite direction.

There are a number of reasons for this unusual but profitable turn of events. Firstly—and, of course, of the greatest significance—are the really substantial fare reductions which the I.A.T.A. carriers have at last agreed. These came into force on 1st April. In addition—but not necessarily in this order of importance—there is the New York World Fair, the effects of an intensive "Visit the U.S.A." campaign, and the more favourable conditions for business on both sides of the Atlantic. So marked is the improvement in forward bookings that it is being suggested—perhaps a trifle optimistically—that mid-summer traffic will be double that of last year.

Of more immediate concern to India, however, are the effects which this unprecedented trans-Atlantic boom are likely to exert in other areas. European routes, of course, are bound to benefit. But, if in somewhat lesser degree, so are routes to South East Asia and the Far East. By the time that this is published, the Indian tourist season will be sufficiently advanced to assess the kind of bonus India will obtain. This, one firmly believes, will be of sizable proportions. Nor should we forget the Olympic Games of 1964. These are due to commence in Tokyo this autumn. Taking it by and large, the prospects for Air-India, one imagines, are extremely rosy.

A Drawback for India

One is reminded, however, in this context, that tourism cannot remain, indefinitely, a one-way street. As Air-India's inimitable Mr. Kooka pointed out in a recent address to the Travel Agents Association, the "P" form is probably the greatest single deterrent to travel that could be devised and one which serves very little useful purpose. Mr. Kooka had other sharp and pertinent criticisms to offer. Hotels, airports, automobiles, and prohibition, all received pungent attention. "There is no point," Mr. Kooka observed, "in our hoteliers asking what is wrong with our hotels. Since the book says that our sojourn on earth is but three score years and ten, frankly, we haven't time to answer." One joins Mr. Kooka in his belief that, if India is to boost her present meagre earnings from foreign tourists to the perfectly feasible target of Rs. 100 crores, much remains to be done and there is a long way to go.

But this is to digress—let us return to the general air transport picture. Even if the present boom sprang entirely from reduced trans-Atlantic fares, and such fortuitous circumstances as the World Fair, it would still be good. But there is much else besides. With an improved world climate in East-West relations—heaven forbid that some ugly crisis should nip this delicate blossom in the bud—there is every reason to hope that succeeding years may be even better. The airlines—pushed over the hump, possibly, by the United States Civil Aeronautics Board—gambled on lower fares. This has succeeded. Indeed, it has excelled their expectations.

As one suggested six months ago, the huge investment in subsonic jets has commenced to pay handsome dividends. "Whereas," one then wrote, "in the heyday of the piston liner, a break-even load factor of 55 per cent was the normal expectation, the big jets are breaking even at load factors considerably less than 50 per cent. And it is, of course, solely in the difference between the break-even and the actual load factor obtained that profit—or loss—is to be found." The profits for 1964 will, on present showing, be the highest the airlines have ever achieved. If fare reductions are a vital ingredient of this successful dish, need we doubt that the airlines will come back for a second helping?

There is another possible factor favourable to a prolonged era of prosperity. The latest information from the U.S.A. suggests that their supersonic aircraft (SST) project has suffered a setback. The indications are that none of the three designs submitted last January has been judged acceptable for immediate development—all, apparently, fail to meet the entire specification. This, of course, is occasion for considerable jubilation in the Anglo-French camp. The Concorde, it seems, is now virtually certain to gain a three-year lead over any possible rival. But that, for reasons which one will endeavour to show, need not concern us unduly.

A Delay That Needs No Regret

It will probably have been noted that, to date, far more airlines have signed up for the American SST than for the Concorde—despite the comparatively advanced stage which the latter has reached. In fact, as against 46 orders for the Concorde, some 83 delivery positions have been reserved—including three for Air-India—in the American queue. Now, whether or not many of these airlines will switch to the Concorde, seems immaterial. It must be sufficiently obvious that comparatively few are likely to secure deliveries before 1972-73. One suggests, in fact, that the first impact of the supersonic airliner on the air transport industry will now be comparatively gradual—and far less disturbing than would have been the case had both the Concorde and the American SST come almost simultaneously on to the market.

It is an ill wind that blows no one any good. This slowing up of the SST programme could be extremely beneficial both for the airlines and the aircraft industry. The airlines will now have a much longer period in which to wring the utmost benefit from subsonic jets. They will thus be financially better prepared to take the brunt of the SST programme when this is fully launched. Even in the American aircraft industry, one imagines, few tears will be shed on account of a temporary setback to the SST. Both Boeing and Douglas will now sell a great many more of their subsonic jets. The present traffic expansion alone is enough to open up the market. And what a magnificent start this will give to all the recently launched airliners—the VC-10, for example, the Trident, the Boeing 727, the BAC One Eleven, and the Douglas DC-9. Present circumstances could hardly be more propitious.

H.A.L.'S FIRST SUPERSONIC AIRCRAFT

Four HF-24s, India's first indigenously designed, developed and manufactured supersonic fighter aircraft, were formally handed over to the Indian Air Force by the Hindustan Aircraft Ltd. in Bangalore on the 10th inst. The ceremony also symbolised the completion of a big leap forward since the H.A.L., over a decade ago, designed the slow-speed piston-engined basic trainer—HT-2.

HF-24 is a frontline jet fighter incorporating modern aero-dynamic concepts and air defence weapon systems. Its adoption for squadron service by the Indian Air Force marks another important step in the country's effort to achieve self-sufficiency in the field of sophisticated air-defence equipment. The work on the HF-24, it will be recalled, was started at the H.A.L. in 1956 by a design team headed by Dr. Kurt Tank of West Germany.

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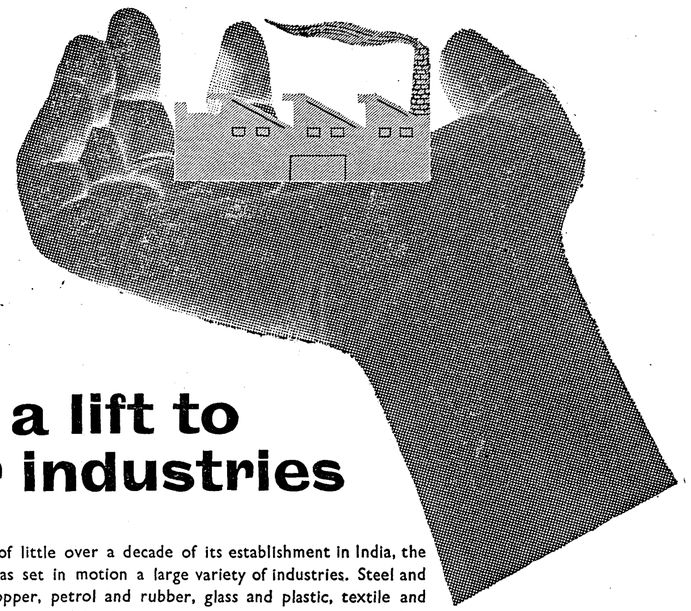
THE BANK OF INDIA LTD.

T. D. KANSARA, General Manager

BI/173

THE AUTOMOBILE INDUSTRY . . . .



gives a lift to other industries

Within the short span of little over a decade of its establishment in India, the Automobile Industry has set in motion a large variety of industries. Steel and aluminium, lead and copper, petrol and rubber, glass and plastic, textile and leather, electric components and intricate mechanical parts, to mention only a few, have all sprung to a new life to feed the basic automobile industry.

Today the indigenous content of a motor vehicle such as the Hindusthan Ambassador, for instance, comes to roughly 80%. Over one third of this indigenous content is made up of components produced by local ancillary industries. This represents some 3628 rupees or 24% of the "on the road" price of the car in Calcutta. Each car produced, therefore, directly helps a host of other industries.

Not that alone. In the case of cars manufactured by Hindustan Motors, the Government benefits to the extent of 5140 rupees from each car produced, in the form of direct and indirect taxes, thus helping to promote additional public works projects envisaged in the Five Year Plans.

In the U.S.A. where the annual production of motor vehicles has reached approximately 9 million cars and trucks, the automobile industry consumes 43% of the country's sheet steel production, 90% of petrol, 65% of natural rubber, 58.5% of upholstery leather, 48.6% of lead and 31.7% of zinc. As our automobile industry develops, its contribution to Indian industrial prosperity may well reach a corresponding scale.

CAR PRICE STRUCTURE :

Government taxes, direct and indirect :	33%
Raw materials, manufacturing and overhead expenses, salaries and wages, depreciation, profit etc. :	25%
Indigenous ancillary components :	24%
Imported components :	11%
Dealer's commission including distribution, service, advertising etc. :	7%

THE AUTOMOBILE INDUSTRY IS A KEY INDUSTRY

ISSUED BY HINDUSTAN MOTORS LTD., CALCUTTA.

AD/HM/64

PROBLEMS FACING FOUNDRY INDUSTRY

REGIONAL STATIONS MAY GO SOME WAY TOWARDS SOLVING THEM

THE foundry industry is one of the basic engineering industries of the country. With about 2,000 units operating mostly on single-shift basis, the industry has an aggregate capacity of 2.5 million tons for producing non-ferrous iron, steel and malleable iron castings. But most of these foundries are too small to have suitable equipment or the technical know-how for the production of quality castings. So the National Metallurgical Laboratory, which has to its credit several years' research and development work on indigenous foundry sands and other moulding materials, has been called upon to establish four regional foundry stations at important foundry centres to make available testing facilities for small foundries which cannot otherwise afford to have independent testing facilities. One such regional station, set up by the Laboratory at Batala, Punjab, has started functioning since 10th April last.

The Batala station, it is said, has been equipped with adequate facilities for testing of foundry sand and bonding clays for routine control of sand mixtures, as well as to find out their suitability for use for foundry moulding purposes. The station has also been equipped to undertake the analysis of both ferrous and non-ferrous metals and also for carrying out chemical analysis of moulding sands. In the second phase, it is proposed to expand service facilities to enable the station to undertake metallography and mechanical testing of metals and alloys. The station will then be equipped with the necessary melting units for undertaking experimental work on problems relating to metal melting. It is expected that these facilities provided by the station will go a long way towards improving the quality of the castings produced by the foundry industry in the Punjab.

State of Punjab Foundries

Incidentally, there are more than 700 foundries in the Punjab itself, located mostly at Batala, Ludhiana, Ambala, Faridabad and Amritsar. Most of the foundries are equipped with poorly designed cupolas and several of them still practise crucible melting for castings. Most foundries are neither mechanised nor equipped with modern machines. The moulding practice, it is said, has yet to be improved, for most foundries employ floor moulding with very poorly designed and inaccurately built moulding boxes. Moulding machines are not used in these foundries. Again, practically all the foundries use natural moulding sand and have very little control over the physical properties of moulding sand mixtures. Molasses is the common binder used for core sand practice. The core making ovens are locally fabricated and are without any temperature control. The metal is mostly manually charged into cupola. Practically, no foundry is equipped with weighing machines. The temperature is still judged by an expert eye. No chemical laboratory and physical testing facilities are available in most foundries. In spite of these handicaps, the foundry industry in the Punjab is able to manufacture diverse types of castings and supply them to the home and overseas markets. With the establishment of the Regional Foundry Station at Batala, the Punjab industry may be expected to improve the quality of castings and sell them at competitive prices.

The foundry industry in the Punjab, as in other parts of the country, faces several problems and difficulties. These are:

1. Lack of adequate and regular supplies of essential raw materials like foundry pig iron Gr. I and II, graded scrap for steel melting and low phosphorus pig iron for the malleable iron industry.

2. Lack of adequate supply of processed raw materials like high quality silica sand, bonding materials, core oils and binders, etc.

3. Inadequate development of ancillary industries to supply items like chaplets, moulding boxes, pins and bushes to the foundry industry.

4. The high ash content of coke which, too, is not adequately available.

5. Lack of adequate pattern-making capacity, especially metal patterns and core boxes for mechanised foundries for mass-produced items.

6. Foundry equipment and machinery from indigenous sources not easily available.

7. High inventory of foundry raw materials and spare parts due to difficulties in getting regular supplies.

8. Lack of trained technical personnel at all levels.

9. Lack of adequate testing facilities.

10. The general deficiency in the application and control of process details.

Batala Station's Functions

The Regional Foundry Station cannot be expected to ensure adequate supply of such raw materials as pig iron and coke. But it can help solve several other problems. For instance, it can periodically test foundry sands, bonding clays used in foundries and raw materials used for melting like pig iron, limestone, coke, etc., as well as finished products. It can tender technical advice regarding selection and application of indigenous foundry sands and other moulding materials, including selection of metal charges, for the production of various types of castings. The station may also undertake *ad hoc* investigations on the problems faced by individual foundries and suggest suitable remedial measures therefor. Besides conducting a regional survey of moulding materials, the station will standardise melting and moulding techniques and procedures in underdeveloped foundries.

The regional station will also profit by the work so far done in the National Metallurgical Laboratory. Its formulation of standard foundry sand in collaboration with the Indian Standards Institution is noteworthy in this context. Besides exhaustively studying the properties of different foundry moulding sands and bonding clays, the Laboratory has carried out a number of investigations, on behalf of public and private-sector industries, on the melting and casting problems of metals and alloys. The Laboratory has developed a modifying agent for improving the fluidity, machinability and tensile strength of aluminium-silicon alloys which are used for automobile castings. The long-range fundamental work done by the Laboratory for making the best use of raw materials and for formulating national standards for silica sand, bentonite, graphite, natural moulding sand, silica flour, etc. for use in foundries is bound to stand the regional foundry stations and the industry in good stead.

HOUSING FOR G.O.I. EMPLOYEES IN BOMBAY

Plans are stated to have been finalised for a large-scale housing project for Central Government employees stationed in Bombay. A new self-contained residential township, the first stage of the project, will soon emerge near Wadala, on the eastern side of the Harbour Branch railway line in the city. Eighty-nine acres of land are being developed in this connection.

The Centre, incidentally, has about 175 offices in Bombay, attached to various Ministries other than Defence and Railways and the P. & T. Department. The total number of staff in these offices comes to several thousands. In view of the acute housing shortage in the city, many of these employees have to stay either in boarding houses or make their own arrangements. Hardship is felt particularly by those transferred to Bombay from other towns.

At present, the Centre has only about 1,010 residential tenements spread over the entire area of Greater Bombay. Some of these comprise residential colonies, such as the one at Wadala West and another at Ghatkopar. But these are hardly adequate, and over 14,000 employees are now on the waiting list for allotment of accommodation. The new colony at Wadala East will help substantially in reducing this number. It will have 1,728 residential flats. In addition, a few multi-storeyed buildings will be constructed to house some of the Central Government offices. The idea in constructing these offices in the colony itself is to meet the pressing need for more floor area for Central Government establishments and also to release the rented accommodation for which the Union Government is now paying a monthly sum of about Rs. 80,000 in Bombay City alone.

Apart from this, another nearby salt pan area of about 83 acres is planned to be developed into a self-contained colony with all amenities. This colony will have about 2,500 quarters. Also, it is proposed to develop two more sites measuring about 140 acres to accommodate 4,200 tenements approximately. With the completion of all these colonies, nearly half of the Union Government employees in Bombay, now awaiting residential allotment, will be provided with decent dwelling quarters.

ANGLO-FRENCH "CONCORD" AIRLINER

The British Aircraft Corporation and the Sud Aviation of France have just announced improvements in the supersonic airliner that is being jointly developed by them. The changes are intended to make the airliner bigger than originally planned, so that it can carry more passengers over longer distances. It is expected that these improvements may well encourage orders from airlines which have not so far joined the "Concord" supersonic queue or which have ordered American aircraft.

An important effect of the proposed changes will be to increase the cost of the aircraft's development programme beyond the presently-estimated level of £170 million. This, in turn, may well increase the purchase price of the aircraft, which is currently quoted at about $10 million. Orders for "Concord" now stand at only 43, while those for the proposed American supersonic airliner number 84. Nevertheless, it is said, "Concord" will have a substantial lead over any American supersonic airliner, especially since President Johnson has referred the U.S. programme back to his advisers for further detailed study.

HIGH SPEED SHUTTLELESS LOOM

A new high speed shuttleless loom for weaving both narrow elastic and rigid webs, capable of achieving speeds of 1,300 picks per minute on all bends, is claimed to be the fastest multi-head weaving machine in the world. It combines as its main feature the use of a needle weft insertor with a rotary batten, which enables such high weaving speeds to be achieved—a pick in this instance means the insertion of the weft by the thread arm into the shed and return to the original position—and an output of 20,800 picks per minute is possible in the production of elastic web on a machine with 16 weaving units. The manufacturers, a British company, state that even when producing complicated webbings with up to five warps, the speed is only reduced to about 850 p.p.m. per head.

The construction of the machine is largely based on cams which are synchronised to allow the thread arm to pass through a gap in the batten and cross-and-withdraw during a quarter revolution of the batten. This enables the batten shaft to rotate at one-quarter the speed of the needle and thread arm system so that four double picks are inserted with each revolution.

The batten is so designed that when the weft has been laid across the shed and held by a reciprocating latch needle on the opposite selvedge, the two ends can pass through a slot in the periphery of the batten which rotates. As the batten turns it presses the twin ends of weft into the fell of the webbing, while the shed is changing and the thread arm advancing to pass through the next gap in the batten.

A two to eight shaft machine, it is capable of weaving a variety of fabrics in widths upto a maximum of two inches, the patterning being via two eight-level comboxes. The picking can be adjusted from as many as 80 per inch down to only 18 per inch. The present design of the machine with 8, 12, or 16 weaving units is said to be ideal for a firm handling large quantities. The firm is planning modifications to meet the needs of the smaller manufacturer.

The manufacturers, the K.C. Engineering Company Ltd., Coalville, Leicestershire, England, claim that their weaving system is "ingenious but simple," with there being little possibility of anything serious going wrong. If a latch needle breaks—a rare occurrence—a new unit, already soldered into a holder on a jig in the workshop of the weaving shed, may be slipped in as a replacement for the damaged component, the entire operation taking less than three minutes.

The machine will accommodate all normal types of natural or man-made fibres, and six looms may be operated per weaver, or a greater number if warps are tied and twisted by extra personnel. Due to its very high output, the firm states, considerable savings in overheads and labour costs can be achieved. Although this machine costs almost double that of its predecessor, the difference, it is claimed, can be recovered in an incredibly short period of time which can be as low as eight weeks depending on the number of hours run per week.

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NEW PRODUCTS AND PROCESSES

Surgical Instrument to Treat Blood Vessels

A SURGICAL instrument has been developed in the United States to treat brain aneurysms—abnormal bulging or ballooning of a weakened blood vessel in the brain. The instrument injects short hog bristles or horse hair into the diseased part of the vessel, thereby promoting healing. Known as a pilojector, the instrument got its name from *pilus*, the Latin word for hair. Brain aneurysms often cause excruciating pain, and death usually follows if the blood vessel ruptures. The idea for the instrument originated with Dr. John P. Gallagher, a Washington surgeon. On the basis of his suggestion, the instrument was designed and built by Harrison P. Hagemeyer, a machinist. The surgeon places the instrument's nozzle against an exposed aneurysm. An assistant releases compressed air which causes the hair to be injected into the aneurysm. Dr. Gallagher explained that hair has countless microscopic projections or scales that attract the blood's red cells and fibrin which produce clotting. The clotting, in turn, helps the body's natural healing powers to strengthen the weakened vessel section. The instrument causes the hair to penetrate the weakened blood vessel so fast that the vessel wall is not torn.

Uses for Artificial Odours

The ability of U.S. scientists to duplicate artificially thousands of natural aromas is giving rise to a wide variety of fascinating applications. For example, the Animal Trap Company of Lititz, Pennsylvania, manufactures a baitless mousetrap. It has a built-in synthetic odour of cheddar cheese that is so authentic that it lures countless mice to their doom. Several manufacturers of plastic luggage and handbags spray their products with chemicals that give the aroma of genuine leather. Retail stores have found that though buyers are told very plainly that the material is not leather, the aroma somehow helps boost the goods' sales appeal. In extreme uses, a wine advertisement was printed with ink that gave off the fragrance of grapes and a fruit store boosted sales by wafting synthetic scents of strawberries through its doors. Some manufacturers use synthetic odours to stimulate attractive natural aromas lost in modern processing while others use artificial odours to mask unpleasant and offensive smells. One aromatics supplier has developed a chemical which textile firms mix with substances used to treat drip-dry fabrics. The chemical neutralises pungent odours and replaces them with a "clean outdoor smell." One manufacturer, Fragrance Process Company of New York, has developed a machine the size of an average table radio which it calls the Scentomiser for use in homes, stores and offices. A tiny pump and fan in the machine combine to spread pleasant aromas. Missing from the thousands of artificial odours is that of freshly baked bread. Scientists admit that so far they have been unable to match it.

High-speed Nickel-plating

A new plating solution, designated 'Ni-Speed,' from which nickel can be deposited at speeds far greater than those normally achieved in conventional Watts or sulphamate solutions, has been developed in the research laboratory of The International Nickel Company (Mond) Limited. Deposits obtained at a current density of 400 A/ft.^{2} are soft and ductile with moderate or low tensile stresses. Operated at 200 A/ft.^{2} the solution yields deposits which are stress-free and, therefore, eminently suitable for production of electroforms such as gramophone record stampers, moulds and dies for the plastics industry and which will facilitate fuller and more rapid development of the electroforming technique as a manufacturing process. At conventional current densities, around 50 A/ft.^{2}, the solution yields lustrous, hard yet ductile deposits having high compressive stress. Such deposits are particularly useful for reclamation of worn engineering components. As will be clear, it is possible, in the same solution, to put a hard facing on to a softer deposit obtained at high speed, simply by reducing the current density. A composite deposit achieved in this way is useful for coating engineering components subsequently required to resist fatigue. No addition agents are used in the 'Ni-Speed' solution and control and maintenance of the solution composition is, therefore, very simple. The throwing power is superior to that of either the Watts or conventional sulphamate solutions.

Resins Speed Aircraft Work

Synthetic resins produced by a British firm, Leicester, Lovell and Company Ltd., North Baddesley, Southampton, England, are being used to make plastic "dummy" models which have simplified and speeded up the production of heat exchanger units in airliners. Basically, the plastic dummies serve two purposes: they are used as tooling aids in the manufacture of the heat exchanger units proper (made in aluminium) and as checking fixtures for various assembly line production operations. The use of plastics for these applications offers two main advantages:—(1) the speed at which a number of identical dummy units can be made; (2) the ease with which these light-weight plastic units can be handled in confined working areas. This enables simultaneous use of a number of units long before the heat exchanger units proper are completed. In this way work, such as the alignment of a multiplicity of inlet and outlet air-conditioning ductings, can proceed much earlier than hitherto.

Data Logger

A data logger selling at what is said to be a fraction of the cost of the lowest-priced complete system so far available has been developed by a British firm, The Solartron Electronic Group Ltd., Farnborough, Hampshire, England. A small unit, it has, for its 20 channels, all the facilities of a major complex system, and its modular construction enables extra functions to be added as required. The 20 channels can be scanned in as little as seven seconds and recorded in actual physical units (degrees Centigrade, pounds per square inch, and so forth) with high accuracy and automatic indication of any parameter measurement lying outside preset limits. The output can also be in punched-tape form for analysis by computer. The data logger is built around a new digital voltmeter that is said to have twice the accuracy and 10 times the sensitivity of any digital voltmeter of similar price.

Board-making Machine

A board-making machine—believed to be the largest of its type in the world—is now in operation at a new mill in Britain, Walmsley Group, Atlas work, Bury, Lancashire, England. When in full production, claims the firm, it will be the fastest multi-ply board machine in existence with an output of 12 tons per hour. It will produce more than 80,000 tons of packaging board a year—almost ten per cent of the current British output. Weighing 3,000 tons and 500 ft. in length, it produces reels of board at a width of nearly 14 ft. The reels themselves weigh 13 tons and are over 7 ft. in diameter. The machine makes the fullest use of automatic process control systems and is operated by a crew of only eight men.

Forging Billets

Automated, high-speed forging equipment installed at a Lancashire works enables one man to control the movements of a five-ton billet and 800-ton press and produce forgings to an accuracy within 1/16th of an inch. The billet is held in the jaws of a manipulator, developed by the Adamson-Alliance Company Ltd., Marlon House, Mark Lane, London, E.C.3, believed to be the most advanced machine of its kind in production in Europe, and probably in the world, which was designed for high acceleration, rapid response, and minimum delay in initiating manipulation. Controls for manipulator and press are side by side in separate desks, and closed-circuit television gives the operator an end view of what is happening to the billet. Movements of manipulator and press can be integrated, enabling parts of the forging process, by pre-selection of the billet's longitudinal movements and angles of rotation, to be carried out semi-automatically.

Aluminium from Waste

Recovery of about 7 per cent aluminium from the crustlike oxide scum that floats on the surface of molten baths of aluminium during refining has been claimed by A. W. Chamberlain, of Irving Road, Corner, Melbourne, Victoria, Australia. The scum is taken from the furnace and placed in a crucible mounted on a portable trolley where it is whirled around for a minute or so at high speed. As it is whirled it is broken up by a paddle and globules of semi-molten aluminium trapped in it are released and flung outwards, after which they are collected and returned to the furnace.

Changeable Metal

American patents have now been issued for a new series of metallic compounds which are magnetic at some temperatures and non-magnetic at others. The compounds of manganese, antimony and chromium were developed by researchers at the Du Pont Company, Wilmington 98, Delaware, and first announced three years ago, although patents on practical uses have only now been granted. Another characteristic of the compounds is that they transmit magnetic force from a permanent magnet even when in their non-magnetic state. The temperature at which they change from magnetic to non-magnetic can be varied by changes in their composition. Patents were issued for a motor using the material, a document copier using magnetic instead of electrostatic images, and various types of temperature and pressure indicators.

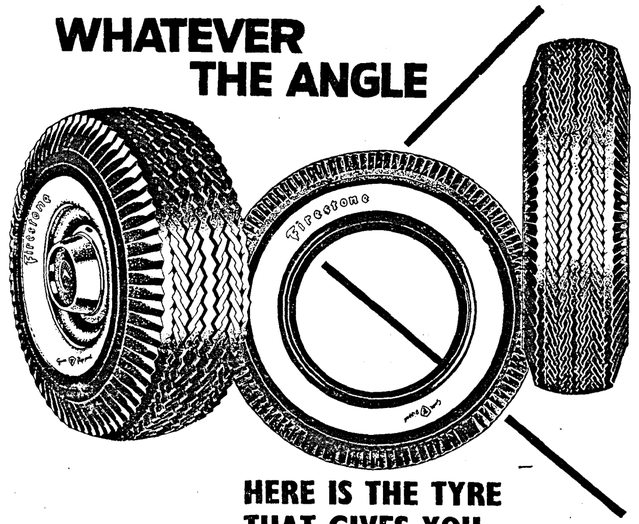
Thickness Gauge

A pocket instrument which can measure the thickness of paint, rubber, plastic, and other non-conducting coatings on non-ferrous metal bases, has been developed by Elcometer Instruments, a Manchester firm. The gauge indicates the coating thickness directly on a scale when a small, spring-loaded probe in the base is pressed on to the surface of the coated metal. The gauge, which makes use of transistors and miniaturized components, is powered by a battery with a working life of 60 hours. After switching on, the gauge is calibrated by setting the scale to zero when the probe is held on the uncoated metal base, and then adjusting a sensitivity switch with a piece of plastic of known thickness interposed between the probe and the base. Once set in this way it can be used for a large number of coated workpieces without recalibration.

Cheaper Stainless Steel

A less costly stainless steel for use in food, chemical and other industries, is reported by Soc. d'Electro-Chimie, d'Electro-Metallurgie et des Acieries Electriques d'Ugine, of 10 Rue du General Foy, Paris 8, France. The steel contains only about 10 per cent of chromium in place of the more usual 18 per cent, but the same stainless effect is achieved, it is claimed, by the addition of between 2 and 4 per cent silicon. It is stated that the steel has good mechanical and electrical properties and is weldable.

WHATEVER THE ANGLE



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THE BANK OF RAJASTHAN LIMITED

Registered Office:—**Udaipur** *Central Office*:—**Jaipur**

The Directors' Report for the year ended 31st December 1963 to be submitted to the Shareholders at the Twenty-first Annual General Meeting to be held at the Registered Office of the Company at Clock Tower, Udaipur, on Wednesday the Thirteenth day of May 1964, at 2 p.m.

The Directors have pleasure in submitting to the Shareholders the Balance Sheet and Profit and Loss Account for the year ended 31st December, 1963, together with the Auditors' Report.

Capital and Reserves :—During the year under report a sum of Rs. 3,50,700 being the amount of unpaid calls has been received raising the paid up capital to Rs. 13,22,275.

After transfer of Rs. 89,525 to Reserve under Section 17 of the Banking Companies Act, 1949, the Reserves of the Bank including Development Rebate Reserve total Rs. 10,69,530. The ratio of Paid up Capital and Reserves to Deposits as on 31st December, 1963 was 3.33 per cent. as against 2.96 per cent. in 1962.

Working Funds :—The working funds of the Bank have risen to a record figure of Rs. 8,19,02,160 which exceeds the last year's total by Rs. 1,12,28,358.

Deposits :—The deposits of the Bank have increased during the year by Rs. 91,15,401 to a record figure of Rs. 7,17,81,168 as against Rs. 6,26,65,767 a year ago. The total number of depositors has also increased from 42,153 to 47,780 during the year.

Liquidity :—The ratio of our liquid assets (Cash, Balances with Banks, Money at Call and Short Notice and Investments) is 47.90 per cent. of our total liabilities as compared with the All India Scheduled Banks Ratio of 37.3 per cent. (as on 27th December, 1963).

Investments :—The total investments of the Bank amount to Rs. 2,03,40,281. Of this 97.39 per cent. is invested in Government and other Trustee Securities.

Advances :—Our advances including bills purchased and discounted stand at Rs. 4,23,45,769 which are 59 per cent. of our deposits. Our advances to Small Scale Industries stand at Rs. 42.53 lakhs which are 10 per cent. of the total advances.

Branches :—During the year, four new branches were opened at Adarshnagar—Jaipur, Bharatpur, Industrial Estate—Kota and Manasa (Madhya Pradesh) raising the total numbers of branches to 45. It is proposed to open six more branches during the current year.

Safe Deposit Lockers have been provided at four more centres and now the number of offices of the Bank equipped with Safe Deposit Lockers has gone up to 16.

The Bank is collecting the water bills on behalf of the Water Works Department of the Government of Rajasthan at 16 places and electric bills on behalf of the Rajasthan State Electricity Board at 21 places, in Rajasthan.

Profit and its Appropriations :—The Gross Profit of the Bank has increased by Rs. 6,61,268 over the figure of the last year and stands at Rs. 48,68,536. The net profit for the year is Rs. 4,04,720.98 as against Rs. 2,34,259.08 a year ago. After adding a sum of Rs. 4,666.62 brought forward from the previous year, a sum of Rs. 4,09,387.60 nP. is available for appropriation.

After making the following appropriations :—

	Rs. nP.
To Reserve Fund under Section 17 of the Banking Companies Act, 1949 ..	89,525.00
To Provision for Income-tax and Super-tax	1,02,000.00
To Provision for Bonus	93,440.00
	2,84,965.00
The Directors recommend to declare a dividend @ 10 per cent. per annum on the Paid-up amount of shares *pro rata*, subject to tax, which will absorb a sum of ..	1,17,058.79
Balance (to be carried forward)	7,363.81
Rs. ..	4,09,387.60

Directors :—Your Directors have to record with deep sense of sorrow the untimely and sudden death of Rajadhiraj Shri Hari Singhji of Achrol, Chairman of the Board of Directors. In his capacity as Chairman of the Board he had taken live interest in the affairs of the Bank. His demise has been a great loss to the Institution.

The Board of Directors, under Article No. 103 of the Articles of Association, appointed Maharaj Kumar Shri Brijraj Singhji of Kota and Rao Narayan Singhji of Masuda, as additional Directors and Major Daulat Singhji as a Director to fill the vacancy caused by the death of Rajadhiraj Shri Hari Singhji of Achrol. They will hold office until the next following Annual General Meeting of the Bank, namely 13th May, 1964. Proposals of their election as Directors having been received, you are requested to elect them as Directors under Article 103 of the Articles of Association of the Bank.

In accordance with Article No. 119 of the Articles of Association of the Bank, Seth Shri Damodarlalji Mansinghka retires from the Board of Directors by rotation, but being eligible offers himself for re-election.

Appointment of the Auditors :—The shareholders are requested to appoint Auditors for the ensuing year and to fix their remuneration.

The Directors are thankful to the shareholders, the Government of Rajasthan and the customers for their continued patronage. They also express their appreciation of the loyal services rendered by the members of staff.

DAULAT SINGH
R. D. THAPAR
D. L. MANSINGHKA
S. K. MANSINGHKA
} *Directors.*

JAIPUR, 20*th March*, 1964.

BALANCE SHEET AS AT 31st DECEMBER, 1963

1962 Rs. nP.	CAPITAL AND LIABILITIES	1963 Rs. nP.	1963 Rs. nP.
	1. Capital—		
20,00,000.00	AUTHORISED CAPITAL—20,000 Shares of Rs. 100 each	20,00,000.00	
20,00,000.00	ISSUED CAPITAL—20,000 Shares of Rs. 100 each	20,00,000.00	
18,18,200.00	SUBSCRIBED CAPITAL—18,182 Shares of Rs. 100 each	18,18,200.00	
30,000.00	CALLED AND PAID-UP CAPITAL—300 Shares of Rs. 100 each fully paid-up ..	30,000.00	
18,41,150.00	17,882 Shares of Rs. 100 each, Rs. 75 per share called-up	13,41,150.00	
13,71,150.00		13,71,150.00	
3,99,575.00	LESS—Calls unpaid	48,875.00	
		13,22,275.00	
Nil	ADD—Forfeited shares	Nil	
9,71,575.00			13,22,275.00
5,81,475.00	**2. Reserve Fund and Other Reserves—** Reserve Fund under Section 17	6,71,000.00	
3,90,100.00	Other Reserves	3,90,100.00	
8,430.00	Development Rebate Reserves	8,430.00	
9,80,005.00			10,69,530.00
3,61,26,712.72	**3. Deposits and Other Accounts—** Fixed and Call Deposits	3,90,90,567.57	
1,32,63,341.42	Savings Bank Deposits	1,62,03,262.50	
1,30,33,387.03	Current Accounts, Contingency (Unadjusted) ..	1,62,16,557.61	
2,42,325.48	Staff Security Deposits, (Deposited with this Bank itself being a Scheduled Bank)	2,70,780.58	
6,26,65,766.65			7,17,81,168.26
10,00,000.00	**4. Borrowings from other Banking Companies, Agents etc.—** (i) In India	12,05,914.00	
Nil	(ii) Outside India	Nil	
10,00,000.00	PARTICULARS— (i) Secured (By Government Securities) ..	12,05,914.00	
Nil	(ii) Unsecured	Nil	
10,00,000.00			12,05,914.00
27,10,130.51	**5. Bills Payable**		34,57,641.68
	6. Bills for Collection being Bills Receivable as per contra—		
38,91,539.18	(i) Payable in India	50,22,685.67	
Nil	(ii) Payable outside India	6,675.11	
38,91,539.18			50,29,360.78
	7. Other Liabilities—		
26,711.02	(i) Unpaid Dividends	34,264.13	
2,56,695.95	(ii) Provision for Income Tax	2,64,695.53	
2,747.91	(iii) Bonus to Staff	96,099.70	
124.71	(iv) Staff benefit account	124.71	
17,39,469.41	(v) Branch adjustments	19,15,590.58	
2,00,864.89	(vi) Sundry Creditors account	5,69,376.96	
21,442.54	(vii) Income received but not earned	61,055.57	
22,48,056.43			29,41,208.18
21,14,666.40	**8. Acceptances, Endorsements and Other Obligations** per contra		34,19,170.55
	9. Profit and Loss—		
93,894.64	Balance of last year's profit after appropriation.	98,268.72	
93,410.00	LESS—Dividends for 1962	93,602.10	
1,484.64		4,666.62	
2,34,259.08	ADD—Profit for the year brought from Profit and Loss account	4,04,720.98	
2,35,743.72		4,09,387.60	
	LESS—Appropriations— Rs. nP.		
47,475.00	Reserve Fund 89,525.00		
90,000.00	Provision for Income Tax .. 1,02,000.00		
Nil	Bonus to Staff 93,440.00		
1,37,475.00		2,84,965.00	
98,268.72			1,24,422.60
	10. Contingent Liabilities—		
21,172.50	(i) Claims against the banking company not acknowledged as debts	5,125.83	
85,159.00	(ii) Money for which the Banking Company is contingently liable (includes Rs. 1,52,750 on account of guarantees given on behalf of others)	5,08,850.00	
Nil	(iii) Arrears of cumulative preference dividend ..	Nil	
45,225.01	(iv) Liability on bills of exchange rediscounted ..	Nil	

NOTE.—Provision to the full extent for future gratuity to staff has not been made as liability for it has not been ascertained.

7,66,80,007.89	Carried over .. Rs.		9,03,50,691.05

1962 Rs. nP.	PROPERTY AND ASSETS	1963 Rs. nP.	1963 Rs. nP.
64,04,458.98	**1. Cash—** In hand and with Reserve Bank of India and State Bank of India	67,73,533.39	67,73,533.39
16,32,889.94	**2. Balances with other Banks on Current Account—** (i) In India	30,01,560.23	
Nil	(ii) Outside India	Nil	
16,32,889.94			30,01,560.23
30,85,006.25	**3. Money at Call and Short Notice**		69,50,000.00
2,16,51,168.46	**4. Investment : At or below market value—** (i) Securities of the Central and State Governments and other Trustee Securities (Face value Rs. 2,25,50,837).	1,98,09,233.99	
Nil	(ii) Treasury Bills of the Central and State Governments	Nil	
10,000.00	(iii) Fully paid preference shares	10,000.00	
5,11,789.87	(iv) Debentures or Bonds	5,11,789.87	
Nil	(v) Other Investments	Nil	
15,700.57	(vi) Gold	9,256.89	
2,21,88,658.90			2,03,40,280.75
	NOTE.—Reserve Bank of India has a lien on securities of the face value of Rs. 8 lakhs on account of guarantees given on behalf of constituents.)		
	5. Advances— (Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors).		
2,67,32,991.52	(1) Loans, Cash Credits, Overdrafts etc.— (i) In India	3,21,56,770.59	
Nil	(ii) Outside India	Nil	
83,21,134.77	(2) Bills discounted and purchased (excluding treasury bills of the Central and State Governments)— (i) Payable in India	1,01,88,998.21	
Nil	(ii) Payable outside India	Nil	
3,50,54,126.29			4,23,45,768.80
	PARTICULARS OF ADVANCES— See separate statement annexed.		
	6. Bills Receivable Being Bills for Collection as per contra—		
38,91,539.18	(i) Payable in India	50,22,685.67	
Nil	(ii) Payable outside India	6,675.11	
38,91,539.18			50,29,360.78
21,14,666.40	**7. Constituents Liabilities for Acceptances, Endorsements and other Obligations** per contra .		34,19,170.55
	8. Premises Less Depreciation—		
3,28,093.40	Total cost as on 31-12-62	3,40,950.27	
12,856.87	Additions during the year	976.29	
3,40,950.27		3,41,926.56	
	LESS—Depreciation— Rs. nP.		
48,385.19	As per last Balance Sheet 57,830.38		
9,445.19	Depreciation during the year 9,672.13		
57,830.38		67,502.51	
2,83,119.89			2,74,424.05
	9. Furniture and Fixtures Less Depreciation—		
7,67,687.99	As per last Balance Sheet	9,30,685.16	
1,46,219.15	Additions during the year	1,13,358.24	
9,33,107.15		10,44,023.40	
2,421.99	LESS—Written off during the year	8,979.17	
9,30,685.16		10,35,044.23	
	LESS—Depreciation— Rs. nP.		
3,03,958.86	As per last Balance Sheet .. 3,65,082.91		
1,289.92	LESS—Depreciation— Written off during the year .. 7,505.35		
3,02,668.94	3,58,477.56		
63,313.97	Depreciation during the year .. 97,727.84		
3,65,982.91		4,56,205.40	
5,64,702.25			5,78,838.83
Nil	**10. Other Assets including Silver—** (i) Silver	Nil	
4,00,450.19	(ii) Sundry Debtors	4,00,116.49	
120.50	(iii) Stamps	136.50	
359.00	(iv) Cash in Transit	1,20,146.00	
22,277.65	(v) Prepaid insurance	16,606.22	
1,06,203.42	(vi) Stationery in stock	1,06,309.18	
4,01,464.61	(vii) Income accrued but not realised	4,05,286.24	
4,67,779.64	(viii) Indian Income Tax deducted at source	6,65,920.80	
3,384.49	(ix) Building equipment	3,308.49	
14,02,039.50		16,07,829.92	
	(x) Library— Rs. nP.		
13,316.60	As per last Balance Sheet .. 14,295.63		
979.03	Additions during the year .. 704.84		
14,295.63		15,000.47	
11,592.73	LESS—Depreciation— As per last Balance Sheet .. 12,059.25		
466.52	Depreciation during the year .. 397.71		
12,059.25		12,456.96	
2,236.38		2,543.51	
7,52,19,168.08	Carried over .. Rs.	16,10,373.43	8,87,12,037.38

THE BANK OF RAJASTHAN LIMITED—*Continued*

1962 Rs. nP.	CAPITAL AND LIABILITIES—Contd.	1963 Rs. nP.	1963 Rs. nP.
7,66,80,007.89	Brought Forward ..		9,03,50,691.05
7,66,80,007.89	Grand Total ..		9,03,50,691.05

1962 Rs. nP.	PROPERTY AND ASSETS—Contd.	1963 Rs. nP.	1963 Rs. nP.
7,52,19,168.08	Brought Forward ..		8,87,12,037.38
1,25,102.88	(xi) Conveyance (Motor Cars) as per last Balance Sheet ..	Rs. nP. 1,42,338.74	
24,741.86	Additions during the year	Nil	
1,49,844.74		1,42,338.74	
7,506.00	LESS—Sale of old vehicles ..	28,972.41	
1,42,338.74		1,13,366.32	
68,299.24	LESS—Depreciation— As per last B/S ..	Rs. nP. 85,774.81	
2,744.00	LESS—Depreciation— Written off ..	18,963.32	
65,555.24		66,811.49	
20,219.57	Depreciation during the year..	19,174.60	
85,774.81		85,986.09	
56,563.93			27,380.24
14,60,839.81			16,87,753.67
Nil	**11. Non-Banking Assets Acquired in Satisfaction of Claims—** (Stating mode of valuation)		Nil
7,66,80,007.89	Grand Total ..		9,03,50,691.05

Schedule of Particulars required by the Banking Companies Act, 1949 attached to and forming part of the Balance Sheet as at 31st December, 1963

PARTICULARS OF ADVANCES	Bills Discounted and Purchased Rs. nP.	Loans, Advances, Cash Credit and Overdrafts Rs. nP.	Total Rs. nP.
(i) Debts considered good in respect of which the Banking Company is fully secured	56,46,789.17	287,85,420.53	344,32,209.70
(ii) Debts considered good for which the Banking Company holds no other security than the debtors' personal security	9,59,931.15	45,445.50	10,05,376.65
(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors :—			
(a) Debts guaranteed by the Government of Rajasthan	Nil	30,41,407.57	30,41,407.57
(b) Others	35,82,277.89	2,84,496.99	38,66,774.88
(iv) Debts considered doubtful or bad, not provided for	Nil	Nil	Nil
	101,88,998.21	321,56,770.59	423,45,768.80

PARTICULARS OF ADVANCES	Bills Discounted and Purchased Rs. nP.	Loans, Advances, Cash Credit and Overdrafts Rs. nP.	Total Rs. nP.
(v) Debts due by Directors or Officers of the Banking Company or any of them either severally or jointly with any other persons (fully secured)	Nil	15,312.62	15,312.62
(vi) Debts due by Companies or Firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or in case of Private Companies as Members (fully secured).. ..	Nil	Nil	Nil
(vii) Maximum total amount of advances, including temporary advances made at any time during the year to Directors or Managers or Officers of the Banking Company or any of them either severally or jointly with any other persons (fully secured)..	Nil	25,490.26	25,490.26
(viii) Maximum total amount of advances including temporary advances granted during the year to the Companies or Firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents, or in case of Private Companies, as Members	Nil	Nil	Nil
(ix) Due from Banking Companies	Nil	Nil	Nil

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1963

1962 Rs. nP.	EXPENDITURE	1963 Rs. nP.	1962 Rs. nP.	INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	1963 Rs. nP.
19,94,606.85	1. Interest paid on deposits, borrowings, etc.	21,14,655.84	32,56,838.68	1. Interest and Discount	37,35,088.51
13,36,693.00	2. Salaries, Allowances and Provident Fund	15,74,516.32	7,90,989.81	2. Commission, Exchange and Brokerage	9,30,602.69
4,375.00	3. Directors' and Local Committee Members' fees and Allowances ..	4,500.00	Nil	3. Rents	Nil
1,07,202.80	4. Rent, Taxes, Insurance, Lighting etc.	1,23,690.72			
6,976.86	5. Law charges	11,435.53	Nil	4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and other Assets	Nil
1,39,151.09	6. Postage, Telegrams and Stamps	1,64,043.68			
6,112.50	7. Auditors' Fees and Allowances	9,332.50	Nil	5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and other Assets	Nil
1,09,109.44	8. Depreciation on and repairs to the Banking Company's Property ..	1,48,276.29			
1,29,361.40	9. Stationery, Printing, Advertisement, etc.	1,36,646.49			
Nil	10. Loss from sale of or dealing with non-banking assets	Nil	Nil	6. Income from Non-Banking Assets and Profit from sale of or dealing with such Assets	Nil
1,39,418.83	11. Other Expenditure .. .. (Includes Rs. 13,001 being contribution to National Defence Fund) ..	1,76,407.36			
2,34,259.08	12. *Balance of Profit (Subject to* Income Tax)	4,04,720.98	1,59,439.35	7. Other Receipts	2,01,944.51
42,07,267.84	Total ..	48,68,535.71	42,07,267.84	Total ..	48,68,535.71

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the annexed Balance Sheet of the Bank of Rajasthan Limited as at 31st December, 1963 and also the annexed Profit and Loss Account of the Bank for the year ended on that date in which are incorporated the returns of 14 branches audited by us and 31 branches audited by other Chartered Accountants. In accordance with the provisions of Section 29 of the Banking Companies Act, 1949, read with the provisions to Sub-section (1) and (2) of Section 211 and Sub-Section (5) of Section 211 and Section 227 of the Companies Act, 1956, the Balance Sheet and Profit and Loss Account are not required to be and are not drawn in accordance with the sixth schedule of the Companies Act, 1956. The accounts are therefore drawn up in conformity with Forms A and B of the Third Schedule to the Banking Companies Act, 1949. We report that :—

(*a*) we have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of audit and have found them to be satisfactory;

(*b*) the transactions of the Bank which have come to our notice, have been within the powers of the Bank;

(*c*) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books;

(*d*) the Bank's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with books of account and the returns;

(*e*) the reports on the accounts of the branches audited by Branch Auditors have been forwarded to us and the same have been considered by us in preparing our report;

(*f*) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts together with notes thereon give the information required by the Companies Act, 1956, in the manner so required for Banking Companies and on such basis the said Balance Sheet gives a true and fair view of the state of affairs of the Bank as at 31st December, 1963 and Profit and Loss Account gives a true and fair view of the profit for the year ended upon that date.

B. D. GARGIEYA, F.C.A.
Prop.
B. D. GARGIEYA & CO.,
Chartered Accountants.

BEAWAR, 20th March, 1964.

Note :—Particulars of remuneration relating to the Chief Executive Officer.

	Rs.
(i) Salaries	12,513.33
(ii) Allowance	Nil
(iii) Sitting fee	Nil
(iv) Bonus	Nil
(v) Employer's contribution to Provident fund, Pension fund or any other superannuation fund	782.00
(vi) Payment by way of gratuities, pensions or otherwise in excess of the employer's contribution and interest thereon. Paid to the **ex-General Manager**	9,000.00
(vii) The monetary value of any other benefits or perquisites	3,000.00
(viii) Total of items (i) to (vii)	25,295.33
(ix) Salary and allowances of the General Manager as stated in the Profit and Loss Account of the previous year	16,351.22

R. Y. GARG,
Acting General Manager.

DAULAT SINGH
R. D. THAPAR
D. L. MANSINGHKA
S. K. MANSINGHKA
} *Directors.*

Note :—The other directors, being absent, have not signed the Balance Sheet and Profit and Loss Account.

READY REFERENCER & GUIDE TO COMPANIES ACT

1961 EDITION

By JOHN and ROW, Advocates, Madras

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CONTROL OF MONOPOLIES AND CARTELS

EXPERIENCE OF U.S. ANALYSED

By V. S. Swaminathan, M.A., M.Sc. (Lond.)

THE Monopolies Commission had its first meeting in New Delhi on 1st May 1964, with Mr. Justice K. C. Das presiding. It will discuss among other things the extent and effect of concentration of economic power in private hands and the prevalence of monopolistic and restrictive practices in important sectors of economic activity other than agriculture. In this context, the long experience of the United States in the control of monopoly should be of practical interest.

In 1890, the Sherman Anti-Trust Act was passed by the U.S. Congress. It makes unlawful "every contract, combination in the form of trust or otherwise, or conspiracy in restraint of trade or commerce," and "all monopolies to monopolise any part of trade or combinations or conspiracies to monopolise any part of trade or commerce." Although it prohibits every contract, combination or conspiracy in restraint of trade, the Act has long been construed to forbid only restraints or monopolies which may be "unreasonable."

This Act applies to all such restraints regardless of the good faith of the participants, or of the motives which led to the adoption of the restrictive plan. It is also applicable to integrated organisations if they attempt to monopolise the market. Under the Act, a monopoly may exist in connection with only one article or service. The basic decision in monopoly cases is the amount of control exercised in the market. The statute provides that those who violate its provisions shall be liable to criminal prosecution, and shall also be liable to civil actions to prevent or restrain violation of its provisions.

Basic Aim

These anti-trust laws represent a governmental effort to create a suitable environment for free competitive business. These laws are designed to counter the tendency, which became noticeable in the nineteenth century, of large companies producing petroleum, steel, sugar, tobacco, meat and other items to combine into trusts (cartels) for controlling commercial policy of a number of businesses operated independently. Many Americans began to apprehend that these trusts might eliminate small business and curtail effective competition.

The Sherman Anti-Trust Act was the beginning rather than the end of an era. For fifty years ago, in 1914, Congress strengthened the legal weapons against monopoly by enacting the Clayton Act which forbade corporations to acquire stock in competing concerns, and outlawed contracts whereby a manufacturer limited the right of a purchaser to deal with his competitors in business. It also prohibited price discrimination and interlocking directorates under conditions that lessen competition. The Clayton Act further stated that, because human labour was not a commodity, labour organisations were not to be considered conspiracies in restraint of trade and, therefore, were exempt from the operation of anti-trust laws.

The sign-posts to the application of the Sherman Anti-Trust Act are the courts' judicial interpretations in actual cases. What is unreasonable in the context of restraints and monopolies depends on the extent to which they close the market to competitors, and establish limits to the operation of market conditions. Broadly speaking, practices involved are grouped under four categories: fixing prices, limiting production or sales, limiting quality or service, and restricting sources of supply.

More sophisticated forms of price fixing were uncovered in investigations and litigation surrounding patent licensing arrangements. Under American law, the patent owner has power to fix the terms upon which another person may make, use or vend the patented creation. This was thought for a time to permit patent owners to erect a system of price fixing by cross-licensing or sub-licensing of patent rights to members of the industry. The Supreme Court struck down such arrangements as beyond the patent grant and hence subject to the Sherman Act.

No Mathematical Certainty

The extent of control necessary to constitute monopoly has not been, and probably cannot be, fixed with mathematical certainty by courts. Each case is judged on its merits, taking into account the percentage of market controlled, strength of remaining competitors, whether control comes through acquisition of facilities for business purpose or a purpose to monopolise, probable development of the industry, consumer demands and other special characteristics of the market.

In the late 1940s, the U.S. Government's policy was outlined in the report of the President's Council of Economic Advisers entitled "Business and Government" in these words: "In a stable and expanding economy, there is room both for well-conducted big business (with its unique facilities for scientific and developmental experimentation) and for small business with its display of individuality and self-reliance. Small business should be protected from any predatory practices by its larger neighbours, and all business should be protected against unfair competitive practices by units of any size."

In the summer of 1948, Henry B. Du Pont affirmed at Chattanooga:

"There is nothing incompatible or antagonistic between Big and Little Business. The mutuality of their interests is fundamental to the American competive system.... For myself, I believe we should devote ourselves to preserving in the United States our incentive economy which strives to the end that no man shall be poor."

It may be noted here that Du Pont had spent $27 million over 11 years of research behind the development of nylon and this fact was mentioned as proof of the necessity of large-scale enterprise.

Bigness is a Natural Result

Many things have been said about big business, some good, some bad. The bigness in business is a natural result of the nation's economic development. In order to handle any business on a nation-wide basis, one has to have a big organisation, a big company. The more successfully a business is operated the bigger it inevitably becomes. Moreover, mass production requires enormous investments in equipment to produce large quantities of goods at low cost. As Mr. Eugene Holman, President of Jersey Standard, wrote in the *American Magazine* in 1948: There are some things which a large corporation can do more efficiently. The large company can bring off undertakings that would bankrupt the small operator long before they begin to show a profit. For instance, Jersey Standard's affiliate in Venezuela had to invest some $30 million, and spend nearly ten years developing oil regions in Eastern Venezuela before the first oil was shipped commercially."

Giant corporations insist that their great size has enabled them to do for the American consumer things that are beyond the power of small business. The Great Atlantic and Pacific Tea Company introduced the chain store to the U.S. food business. Through efficient selling methods, mass buying, and, when it could not buy cheaply enough, by going into food production itself, A. & P. claims that it has helped make American living standards the envy of the world. The biggest of corporations has competitors and, in order to stay strong and healthy, it must give its rivals constant battle striving daily to improve its own products and its own methods. Large, medium and small undertakings are a necessary part of the American economy. All prosper together.

In peace-time, bigness plays an important part in assuring national prosperity. In an emergency, it is the nation's salvation. Who but a du Pont could have tackled and completed the job at Hanford—the top secret war-time atomic project? Who but a Monsanto could have replaced the Texas City styrene plant and its 34 key men in less than a year after an explosion had wreaked its havoc? Who but a Carbide and Carbon could have mobilised the co-ordinated experience and ability of 3,000 technically trained persons to erect and operate the butadiene plant for the synthetic rubber programme? Who but big business could meet another colossal war demand, if it ever comes, for rubber, aviation gasoline, light metals, steel, etc.? In several of these fields, the major oil, chemical, electrical and metal manufacturing companies proved America's life-savers during the Second World War. The larger American corporations feel that they are, *per se* through their size and "dominant position" in their industries, subject to almost legally impregnable suits by the Department of Justice for "divorce, divestiture and dissolution." In addition to du Pont, such cases have been brought against the A.T. & T. Company, the "Big Four" meat packers and the Great Atlantic and Pacific Tea Company.

Whereas the "pre-Roosevelt" Supreme Court developed the habit of striking down Acts of Congress as unconstitutional, the new Court, with its majority led by Justice William O. Douglas, has been writing into the law such matters as the law on basing-point pricing. Reversing an 1842 decision, it found that the State employees were subject to Federal income-taxes; reversing an 1869 decision, it found that life insurance is subject to Federal law; upsetting the general interpretation, it found that the 1936 wage-and-hour law applied to working time from mine-portal (or factory gate) to the job, and, in 1948, it found, in the Staley and Cement cases, that the basing of prices on geographical points was illegal. In short, the trend of a decade's decisions by the Supreme Court had been to favour the Federal Government over State Governments, Government bureaus over Congress, Governments (Federal or State) over private corporations, and unions over all the above categories.

The Supreme Court's interpretations of anti-trust laws in the late 1940s have shown three trends, that is: upsetting or raising of a cloud of legal questionableness over most major American industrial pricing practices; interpreting the law to protect small and weak competitive units against the "hard competition" of modern chain stores, and, in general, albeit to a lesser interest, in consumer than competitor, and putting the worst interpretation on motives and methods of big companies.

As examples of the first trend, quantity discounts were jeopardised in the Morton Salt case; the matching of competitors' prices and the basing of prices on geographical points in the Staley, Rigid Conduit and Cement cases, and dealer price units to get volume, integration and contracts in Standard Oil of California case; and price cuts to get volume, also integrated-firm book-keeping, as well as buyer initiated price cuts in the A. & P. case. The American Congress has contributed to the second trend in writing the Robinson Patman Act, 1936, making statutory the N.R.A. Grocers' Code, and Miller-Tydings Act (re-sale price maintenance). Turning to the third trend, in a series of decisions dealing with Aluminium, Tobacco, Motion Pictures and A. & P., the Federal courts appear to take the view that, in effect, power to violate the law is in itself a violation.

Bigness is not a Crime

Specifically, the courts have again and again affirmed that "bigness" is not in itself a crime. But they find it increasingly easy to agree when the Department of Justice assumes or implies from such bigness an illegal power to kill off competing companies. The Department of Justice officials deny that the great size of some modern corporations has meant unmixed benefits to people. In some cases, they contend, A. & P. has raised prices to consumers once it has forced competing retailers in a locality out of business. The Bell Telephone System is accused of having held back the use of advanced equipment for fear of hurting its own investment values, or the profits of allied companies. Du Pont, General Motors and U.S. Rubber have been charged with making deals that ultimately result in higher prices to consumers.

The Sherman Act is based on the philosophy that penalties should be applied, and big companies be broken into parts, only when they have demonstrated evil in the concrete form of specific acts in restraint of trade—price fixing, collusion instead of competition, and action to keep new competitors from the field. As David Cushman Coyle, counsel for Mr. Emanuel Celler, (Democrat, New York) of the House Judiciary Committee, put it: "The big cannot be free, or in the end they will destroy all freedom except their own.... The big can fairly be restrained by the law, just for being big, without being first convicted of criminal or moral turpitude."

Not a few Americans believe that the size of corporations should be limited by law, arguing that, otherwise, they would grow like a radio jack-pot and eventually one, two or three large corporations could so dominate each industry as to make successful competition impossible. They think that big corporations like the U.S. Steel, General Motors, G.E.C., Westinghouse, du Pont, etc., have too much economic power for the public good. In the steel industry, for example, the U.S. Steel Corporation owns 28.4 per cent of steel ingot capacity, Bethlehem Steel Corporation 15.6 per cent and Republic Steel Corporation 8.6 per cent. The twelve largest companies are in command of five-sixths of the industry's capacity. Again, six corporations in the automobile field are regarded as representing the nation's giant corporations. One of them, General Motors Corporation, is not only the largest automobile company in the world, but also America's largest manufacturing organisation. Likewise, the meat packing industry has its "big four" companies. The U.S. Census of Manufactures reported that 46 per cent of the nation's productive capacities were concentrated in only 133 giant manufacturing corporations in 1946, when the top four companies in each industry produced more than 75 per cent of its total output.

Beneficial Co-existence

What indeed is striking about the U.S. economic structure is the continued co-existence of big, medium and small business concerns. Thus, the 500 largest corporations employ more than nine million persons and account for over 50 per cent of all sales of manufactured goods and mining products. Yet, at the end of 1962, there were 4,810,000 independent business firms operating. This total represented a net growth of nearly 40,000 business firms since the end of 1961.

In the United States, the supposed home of everything big or large-scale, over 90 per cent of all businesses are small, and a normal one generally employs 100 persons or less in manufacturing, or 10 or less in other activities. This high frequency, together with the traditional American dispersion theme of Franklin and Jefferson, focusses attention on problems facing small business units. Government solicitude for small business dates largely from the depression of the 1930s.

The dividing line between firms of small and intermediate size has been drawn for manufacturing plant at 100 workers or less; for wholesale establishments at $200,000 annual net sales, and for retail enterprise at receipts of $50,000. In 1939, nearly 93 per cent of all American business establishments fell within the small business category. Such undertakings are naturally most numerous in service and retail trades which do not make heavy demands on capital. Textile mills, leather and leather products represent plant groups with over two-thirds of their workers in establishments employing more than 500 persons. On the other hand, women's clothing, printing, baking and jewellery industries mostly have small plants.

Problem of Efficiency

Coming to business efficiency, the available index nearest to measuring it in different sizes of plant is, perhaps, the cost of some standard physical output such as the production of standard barrels of cement and of flour and distribution of, say, 100 lbs. of milk. In these cases, the wide variety of cost within all classes of size is marked. The small sizes on the average show the higher costs. But they also display the widest variety, so that the actual low cost plant may be a small one.

The same greater variation round a lower average among the smaller firms is shown when comparing slump and boom years in the ratio of net profits to equity. In 1941, a boom year, the two smallest classes of business (with assets upto $150,000, and $150,000 to $1,000,000) averaged a ratio of *plus* 3 and 10 per cent, instead of *minus* 32 and 15 per cent as in (the slump year of) 1932; the larger classes of business (with assets upto $10 million) showed less cyclical change, but still averaged in the boom year profit ratios higher than the smaller units.

The wide variety in efficiency of small business units is illustrated by the following vital statistics:

In 1926-30, in three Minnesota towns, while only 16.5 per cent of the larger manufacturers died, the percentage for the two smallest sizes was 66.3 and 87.4, respectively. This wide variety in efficiency results, at one end of the scale, in relatively high mortality rates, but it also leads to high rates of survival, at the other end. In fine, mortality rate is higher among smaller business units, and those that survive and remain small suffer more sharply from fluctuating earnings than larger competitors. The calibre of management is, perhaps, the most decisive factor, influencing the success or failure of the small unit.

The smaller units suffer from such major handicaps as inability to command efficient management, lack of capital, tax problems and occasional unfair use of power by larger rivals. For some years past, the U.S. Department of Commerce has been offering an excellent programme of technical and managerial advisory service, primarily for their benefit. Constructive proposals have been made to provide equity capital, and effect tax revision. Fifteen years ago, the Metropolitan Life Insurance Company offered to assure 90 per cent of any otherwise acceptable small business loan made by a local bank, provided the bank retained 10 per cent. There are, too, regional capital banks, on the lines of the British Industrial and Commercial Finance Corporation, to invest in equity as well as debt.

The Council of Economic Advisers (C.E.A.) found that small units actually suffered more from general economic instability than from the predatory practices of big business. This reading of the situation leads away from the purely negative policy of anti-trust laws to more affirmative approaches to the problem. Re-examination of the meaning of free competition must, as the C.E.A. recommended, proceed hand in hand with the development of practical measures, lest the dream of wider prosperity be destroyed by the very efforts made to realise it.

To conclude, monopolies in the United States are proceeded against by legal action. The result has been to built up a body of principles by successive judicial interpretations. This system has its drawbacks. Cases, for example, have been known to drag on for several years. But, as the code becomes better defined, it should be possible to proceed more rapidly by way of the "consent decree," which sets out the steps to be taken to put an end to restrictive or monopolistic practices in particular cases. It cannot be claimed that the control of monopoly is fully effective in America. All the same, the U.S. system does establish clear and firm dictates of policy, which cannot be, and are not generally, evaded.

It is generally agreed that the Sherman Act has made a noteworthy contribution to the present strength and vitality of the American industry. While the ideal of free competition may never be completely attained, certain it is that this anti-trust measure has operated to maintain a vast area of workable competition. The Sherman Act and related trade regulation laws have, perhaps, had their greatest force in preventive effect. Most American business operates with a careful eye to prohibitions of this legislation, which, although invoked in relatively few cases, has been sufficient to prevent a crystallisation of the U.S. economy.

MONOPOLY INQUIRY COMMISSION

The Monopoly Inquiry Commission has invited views from the public on issues covered by its terms of reference by 15th July. An official Press note, released on the 11th inst., says that the Commission will enquire into the extent and effect of concentration of economic power in private hands and the prevalence of monopolies and restrictive practices in important sectors of the Indian economy other than agriculture. The Commission will make a study of the factors responsible for such concentration, monopolies and restrictive practices and then suggest such legislative and other measures that might be considered necessary, including, in particular, any new leigslation to protect essential public interests and the procedure and agency for the enforcement of such legislation. The Press release adds:

"Having regard to the comprehensive nature of the reference, the Commission would, in this inquiry, welcome the assistance of all persons and bodies who have made a study of these issues and others interested in them. It is accordingly requested that those who would like to place their views on these matters before the Commission may send memoranda dealing specifically with the issues covered by the terms of reference to the Secretary of the Commission by 15th July 1964. All communications of the Commission may be addressed, till a further Press note on this point is issued, to the Secretary, Monopolies Inquiry Commission, New Delhi."

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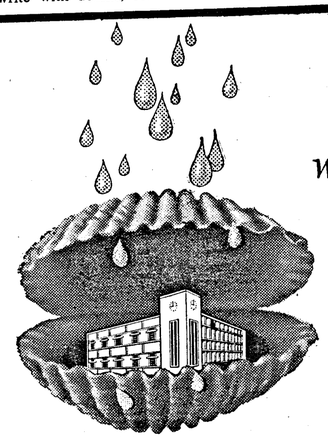

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RUSSIAN COMPETITION IN OIL

FRESH EVALUATION OF PROSPECTS

THE gradual relaxation of tension between Russia and the West has been accompanied by an apparently unconnected slackening in the growth rate of Soviet oil exports to the free world. As we showed a month ago, the increase in these exports averaged two-and-a-half-million tons a year in 1962 and 1963, or half as much as in the preceding three years. In percentage terms, the growth rate was down to 9 per cent a year, which compares with a peak rate of 50 per cent in 1959.

For many observers, the improvement on the political plane, connected as it is with the widening of the rift between Moscow and Peking, has an appearance of permanence. It is natural, therefore, to ask whether the same can be said of the parallel slackening of the Russian oil export drive. That development may, as we have previously suggested, have been due to pressure of demand within the communist bloc, or to production difficulties resulting from shortages of materials or equipment. The precise chain of causation is not clear. There is, however, no reason to suppose that any permanent relief from Russian competition in the international oil trade is in prospect.

This is the main conclusion to be drawn from a report by the National Petroleum Council in the U.S.A., which brings up to date that body's 1962 study on the Impact of Oil Exports from the Soviet Bloc. Predictably, the views of the N.P.C. on the subject of Russian competition have not changed in the interim. The Council argues, indeed, that its second study confirms the principal findings and conclusions of the first. In particular, it rejects the view that Soviet oil exports are likely to be limited during the rest of this decade by an energy shortage within the bloc. It believes that the threat of Russian competition is no less now than it was two years ago.

The first formal conclusion of the new study is that the volume of Soviet oil available for export to the free world will go in increasing, though not quite as rapidly as it did a few years ago. It estimates that these exports, including shipments to Cuba, totalled 37 million tons last year—our own estimate was 35½ million—and that they will grow to 38½ million in 1965 and to between 70 and 85 million by 1970. The 1965 figure has been scaled down from the previous estimate of 51 million tons, while the projection to 1970 is new. Taking the period as a whole, the lower forecast for 1970 implies an annual average increase of just under 10 per cent, and the upper limit an average of 15 per cent.

Soviet Resources Adequate

Underlying these estimates is a view of the probable development of crude oil production within the communist bloc. Total bloc production, including natural gas liquids and synthetics, is estimated at 275 million tons for 1965 and about 400 million for 1970. Nine-tenths will come from the U.S.S.R., where production will be sufficient to meet the requirements of the satellite countries and still leave the envisaged quantities available for export to the West. The attainment of the production targets (including that for natural gas) will require an annual average increase of 10½ per cent in the Russians' drilling programme in 1964-70, against an annual increase of 7.6 per cent in 1957-62. This increase in the rate of drilling the N.P.C. regards as quite feasible.

The Council believes, moreover, that Russian oil resources are adequate to sustain the higher rates of production. Proved reserves of crude at the end of last year are put at 32 billion barrels (over 4½ billion tons), equivalent to 21 years' supply at the current rate of production. On the assumption, which the N.P.C. regards as reasonable, that the 1946-62 discovery rate (334 barrels per foot of exploratory drilling) can be maintained, the ratio of reserves to current production would be 17:1 by 1970 if the planned outputs were achieved.

The Russians' ability to produce and export will be enhanced, says the N.P.C. report, if they are able to import plant and equipment from the Western world. This is particularly true, it believes, of refinery equipment. To meet home and export demands for products, the U.S.S.R. will require a refinery capacity of 235 million tons/year in 1965 and 340 million in 1970, which compares with a capacity of 185 million tons/year at end-1962. On current practice, this would give a products yield of 184 million tons in 1965 and of 265 million five years later; of these totals, 17 million and 29 million tons, respectively, would be available for export. The refinery expansion programme appears to depend, however, on the ability to procure one or more large refineries of advanced design from manufacturers in the West.

Transport Facilities Augmented

The planned growth of Russian oil exports, to the communist bloc as well as to the free world, is of course dependent on a parallel expansion of inland transport facilities, particularly pipelines. (The proportion of the total to be moved by pipeline is planned to rise from 17 per cent in 1962 to 24 per cent in 1965, while the percentage going by rail is expected to fall from 56 to 43 per cent.) Construction of the new pipeline systems, notably the Comecon line to Poland, East Germany, Hungary and Czechoslovakia, has, however, been retarded by shortage of large-diameter pipe, which the Russians themselves could not produce in sufficient quantity, and by the decision to give priority to gas lines.

The shortage has been made good from Western sources. In 1959-62 the U.S.S.R. purchased, for delivery up to end-1964, some 710,000 tons of 40-inch pipe from West Germany, 180,000 tons from Italy, 135,000 tons from Sweden and 5,000 tons from Japan, despite the restrictions advocated by N.A.T.O. This total of 1,030,000 tons of 40-inch pipe—and the accounting may not be complete—is equal to two-fifths of the total Russian requirement of this category of pipe under the Seven-Year Plan. The N.P.C. concludes that the new lines under construction or definitely planned will suffice to deliver 1.1 million barrels of oil a day (55 million tons a year) to Baltic, Central European and Black Sea terminals by 1965. And it believes that internal transport facilities in general will be adequate to cope with the volume of exports envisaged.

It is not only internal transport facilities that are being expanded. The Russian tanker fleet—2.4 million dw. tons, two-fifths built in the free world—is being rapidly augmented. Vessels at present on order in Japan, Yugoslavia, Italy and Finland have an aggregate dw. tonnage of almost a million and the N.P.C. reckons that the Russian fleet will have grown to over 3.1 million tons by the end of next year; this is a much faster growth rate than was originally envisaged in the Seven-Year Plan. The Council is disturbed by the thought that this tonnage would be sufficient to handle about 85 per cent of the bloc's sea-borne exports: for it means that the Russians could create a severe transport crisis in the West if they were to withdraw this tonnage from service.

There is, however, no point in exaggerating this particular danger. As the N.P.C. points out, Russian attempts to expand their oil exports to Western Europe—which took seven-tenths of last year's total exports to the free world including Cuba—have an economic motivation. These exports help to pay for the plant, machinery and equipment, including the built-in technology, which the Russians are so anxious to acquire from the free world. While political motives cannot, of course, be excluded, the Russians would not lightly jeopardise their own export objectives by withdrawing their tankers from service.

Common Interest in Expansion

Pointing out ruefully that little is being done in the free world to check the import of Soviet oil or the export of free world manufactures to the communist bloc, the N.P.C. concludes that the trade is bound to expand along the lines indicated above. This expectation is the more likely to be fulfilled in view of the fact that continued expansion is desired on both sides of the Iron Curtain. The authorities in many consuming countries will jump at the opportunity of acquiring cheap oil from Soviet sources—and it is, of course, still being sold much more cheaply to the free world than it is to the satellite countries. The Italian state-owned E.N.I. is as ready to buy crude from the Russians as it is from Jersey Standard or Gulf Oil. Western shipbuilders or manufacturers, hungry for export orders, have an interest in pressing their Governments to permit the entry of Russian goods, including oil. And some Western politicians regard any expansion of East-West trade as a valuable means of reducing international tension and so of improving the prospects of peace. The westward flow of Soviet oil must, therefore, be expected to swell in volume, whatever may be said about the political and economic risks involved.—*By special arrangement with Petroleum Press Service.*

OIL INDUSTRY IN ITALY

The Italian oil industry is in an unenviable situation, having been caught between rapidly rising costs of operation and restrictive State controls on its pricing and other policies. Its operations have often been unprofitable in the past, but Sgr. Guicciardi, in his presidential address to last month's meeting of the *Unione Petrolifera*, revealed that most companies' results for 1963 were considerably worse than the year before, with the prospect of a further deterioration this year. The *Unione Petrolifera* is the joint organisation of the privately owned oil companies in Italy.

The inflationary pressure on the Italian economy is strong indeed. The oil industry's labour cost alone has risen by about 50 per cent in little over two years, but the trade unions are now asking for further wage concessions. Even now, labour costs are higher than anywhere else in the Common Market, and further increases might lead to intolerable conditions; there is also continued agitation by the owners of filling stations for an increased margin. The case is certainly strong, in the circumstances, for a revision of the present artificial structure of Government-controlled maximum prices for petroleum products, notably gasoline.

Sgr. Guicciardi also criticised the high and inequitable taxes on petroleum products, the costly programme of compulsory stock-piling, and the unfavourable legislation regarding oil prospecting. Taxes on petroleum products in 1963 yielded 760,000 million lire (£435 million), covering as much as 14 per cent of the entire State revenue, and, early this year, there was a further increase in the tax on gasoline, by 14 lire (2d.) per litre. Slight relief may be forthcoming, however, if—as expected—the Government will shortly arrange for tax exemption of products to be exported.

The latest increase in the gasoline tax forms part of the Government's anti-inflationary policy, which also includes a new purchase tax for the larger types of cars, as well as plans for restrictions on hire-purchase. While there is evidence that these measures are helping to curtail the pressure of demand, they are having an unfavourable effect on the oil industry. The Government's present policy to halt the issue of new licences for filling stations is also bound to affect the trend of consumption, which was previously moving sharply upwards. In 1963, total sales of petroleum products rose by 16 per cent to 32 million metric tons, and gasoline sales alone went up by 21 per cent to 4.6 million tons.

Oil last year accounted for as much as 56 per cent of Italy's energy supply and, whatever short-term fluctuations there may be in store, the *Unione Petrolifera* expects its share to go up to some 70 per cent by 1975. Investment in the Italian oil industry will, therefore, have to remain over the next five years or so at a high level; in 1963 alone, they totalled about 200,000 million lire (or around £115 million). The import of rising quantities of crude may be a drain of Italy's currency resources, but some 75-80 per cent of these outgoings are recovered, partly through foreign capital investments in Italy and partly through earnings from export, tanker operations, services, etc. The economy must benefit if the present restrictions on the growth of the oil industry are removed as soon as conditions are favourable.

AID FOR DEVELOPING COUNTRIES IN MINING AND GEOLOGY

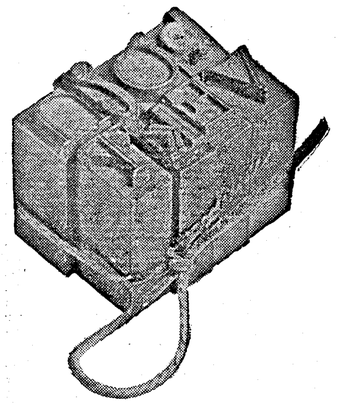
New arrangements for providing British technical assistance to developing countries in the fields of geology and mining were announced in London on Thursday 7th May, 1964, with the publication of two White Papers. These recognise the importance of providing facilities for oversea students of mining and geology in British universities, schools of mining and technical colleges and in undertakings such as the National Coal Board. Teaching staff and equipment for institutions in the developing countries will continue to be provided.

The first White Paper is the report of a committee, headed by Sir Frederick Brundrett, which was appointed in 1962 to report on the type of technical assistance which Britain should be in a position to provide in the geological and mining fields. The other, a statement of the Government's policy on the recommendations of the committee, says that the Government intends in general to give effect to the recommendations.

The basic recommendation is that the functions of the Geological Survey of Great Britain should be expanded to cover oversea work, and that the Overseas Geological Surveys should be integrated with the atomic energy division of Britain's Geological Survey under the Department of Scientific and Industrial Research (D.S.I.R.).

The Governments statement says that it is believed that this proposed integrated organisation "will make the best use of the Government's resources in meeting the technical assistance requirements of developing countries in this field." The Department of Technical Co-operation (D.T.C.) will bear the cost of work undertaken by the new organisation for the benefit of oversea countries.

A committee of the Geological Survey Board, which at present advices D.S.I.R. on the functions and work of the Geological Survey of Great Britain, will be established to advise generally on the activities of the oversea components of the expanded organisation and, in particular, on the programme of oversea work, bearing in mind the requirements of the D.T.C's technical assistance programmes.



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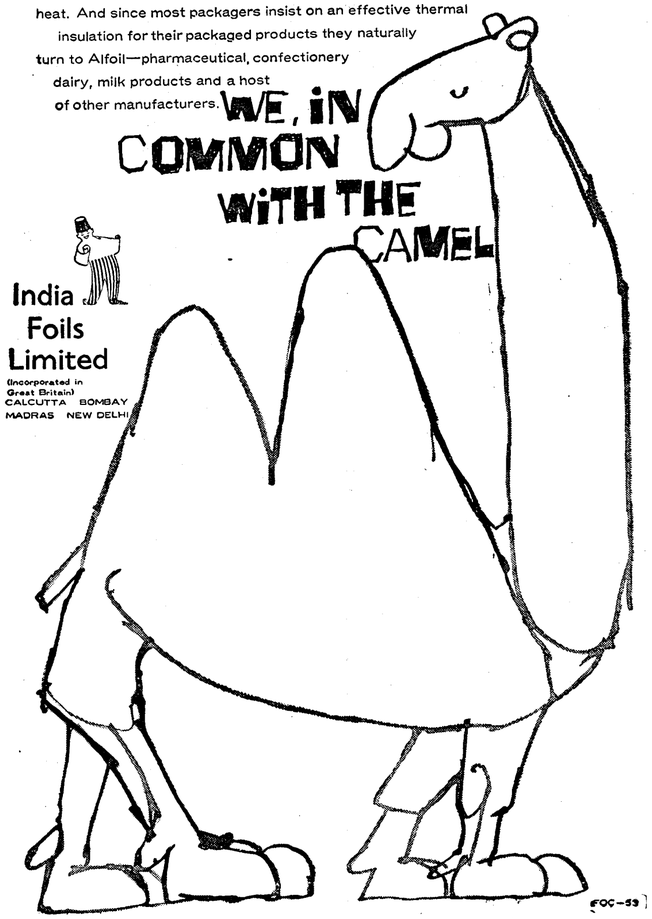

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THE ATUL PRODUCTS LIMITED

CHAIRMAN, MR. KASTURBHAI LALBHAI, ON EXPANSION PROGRAMME

MANUFACTURE OF INTERMEDIATES VITAL

HOW the rising cost of raw materials was affecting the Atul Products Limited was highlighted by the Chairman, Mr. Kasturbhai Lalbhai, in his speech at the Sixteenth Annual General Meeting of the Company held at Ahmedabad on Tuesday, 5th May 1964. This handicap, Mr. Kasturbhai Lalbhai said, would continue to operate until the Company began to manufacture its own intermediates. He wanted grant of tariff or some other protection for bon acid which the Company had undertaken to produce. He also wanted a reduction in the price of electric power supplied for the production of caustic soda. As for the present programme of expansion, he assured the shareholders that all efforts were being made to implement the programme "with promptness and within the scheduled timings."

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

GENTLEMEN,

The Directors' report and the annual accounts of the Company for the financial year ended on 31st December 1963 have been circulated to you previously. If you will, therefore, kindly agree, we will take them as read for the purpose of this meeting.

You may please observe that the Company has made a profit of Rs. 92,73,292, out of which the following provisions have been made:

Rs. 34,26,012 for depreciation.

Rs. 4,79,052 for remuneration of the Managing Agents.

Rs. 17,00,000 for taxation.

Rs. 6,90,000 for development rebate reserve.

Taking into account other additions such as refund and excess provision of tax and the balance of the previous year's account, a total sum of Rs. 33,93,745 was available for disposal. Since the Directors have recommended a dividend of 12 per cent per annum subject to tax, which would need Rs. 36,74,320, a sum of Rs. 3 lakhs has been withdrawn from the general reserve to meet the deficit.

Expenditure on Research

The profit for the year is Rs. 92,73,292 against the profit of the previous year of Rs. 1,23,38,097. On studying the profit and loss account, it would be noticed that the Company's borrowings have been steadily going up to meet the expenditure involved in the new projects and had, therefore, to pay about Rs. 10 lakhs more by way of interest than in the previous year. The Company also paid Rs. 3,12,389 by way of War Risk Insurance during the year. Another new item of expenditure is the contribution paid to the CIBA Research Centre. As you know, we have entered into an agreement with CIBA by which research in dyes will be carried out at the CIBA Research Centre, and the benefits of such research will accrue to the Company. So this amount represents the Company's expenditure on an item likely to be instrumental to its future growth. Over and above this, we have received about Rs. 5,20,907 less as dividends from other companies. I will request you to take a note of all these figures in judging the results of the year.

Raw Materials

Besides, the cost of the raw materials is also gradually going up. The Company has now to rely more and more, either on export promotion licences or on rupee payment licences to secure sufficient raw material to maintain production at a reasonable level. Export promotion licences have to be purchased at a large premium. Materials from the rupee payment countries are also costly. In either event, the cost of the raw material is higher by a percentage varying between 20 and 60 per cent, than if they were purchased in the normal way by import licences of free exchange. As I had mentioned last year, this factor would continue to operate and affect the Company adversely until the Company begins to manufacture its own intermediates.

As has been stated in the Directors' report, the year 1963 was poorer than the year 1962 for the sale of dyes. The market was bad and there was a general depression all throughout. The Company had to cut prices on two occasions to promote sales, but, the conditions being bad, there was no appreciable effect on the market of such reduction of prices. The sales have, however, been maintained by managing to sell more pharmaceuticals and vat dyes.

In the beginning of this year, there had been a slight improvement in the uptake of the dyes; but after the budget, there has again been a setback. Nevertheless, it appears that the market conditions may improve as time goes. It may be mentioned here that the Finance Minister has removed the surcharge of 10 per cent on the excise duty on dyes; but in the conditions of the dyes market as of today, a reduction in the excise duty itself might have been more helpful to the industry.

Bon Acid Plant

The bon acid plant has been commissioned last year, and now the Company will be able to produce all the bon acid required for the purpose of manufacturing naphthols. However, I may mention that we will have to face some complications till the Tariff Commission or a similar agency proposes to the Government to ban the import of bon acid, or place the price of the imported bon acid on par with the fair selling price of the indigenous product. This is an issue which is intimately connected with the general policy followed by our Government that all industries should, as far as possible, undertake the basic stages of manufacture. Since such new plants cannot be economical in view of their smaller size as compared with the normal size of the foreign plants, the Government is aware that they will have to extend tariff or some other protection to the industry during its different stages of development, as they are undertaken from time to time. We are, therefore, taking up with the Government the question of bon acid and the question of other intermediates that we propose to manufacture. I hope that some satisfactory solution of the problem would be arrived at.

Caustic Soda Plant

The Company has started the caustic soda plant. At present, power made available to the Company by the Gujarat Electricity Board is to the extent of half of its requirement. It has, however, been promised by the said Board that the full supply of electricity would be made available to the Company by June 1964. The cost of electric power in our State is higher than in the other States. On the other hand, in a plant like caustic soda, not only electric power is used in large quantities, but, for all practical purposes, it is used as a raw material. Therefore, if electrochemical plants situated in our State are to be able to compete with similar plants situated elsewhere, the price at which electric power is supplied to the local units will have to be given serious consideration. We have already made a representation to the Government of Gujarat in this matter and I am hopeful that the Government will consider our request with sympathy.

So far as the various projects of the Company are concerned, enough has been said in the Directors' report and I need not dilate on the same here. I may briefly mention that all efforts are being made to see that this present programme of expansion is carried out with promptness and within the scheduled timings.

Foreign Markets

I may mention that we have been trying to explore the possibility of development of foreign markets for sale of dyes. We exported dyes worth Rs. 4 lakhs last year, and hope to export a larger quantity this year. However, it should be noted that foreign markets are highly competitive, and we will not be able to realise the prices that we do in the domestic market. If, all the same, we persist in our effort to develop foreign markets, it is for two reasons. The country stands in need of foreign exchange and we should, therefore, do whatever effort we can to earn it. Also, if we are able to run our plants on a larger capacity, there will be an overall economy in the cost of production.

Thus you will see that, in spite of the unfavourable market conditions and other difficulties, the Company has been able to maintain its position and make good progress in the matter of the various projects that we have been having on hand. All this has been possible due to the loyalty, sincerity and hard work of the members of the staff and other employees. I take this opportunity to thank them for the willing co-operation that they have given us.

Notice

THE SASSOON SPINNING AND WEAVING COMPANY LIMITED

Registered Office:
Mafatlal House, Backbay Reclamation, BOMBAY-1

NOTICE

NOTICE IS HEREBY GIVEN THAT THE NINETY-FIRST ANNUAL GENERAL MEETING of the Members of the SASSOON SPINNING AND WEAVING COMPANY LIMITED will be held at the TATA AUDITORIUM, BOMBAY HOUSE, BRUCE STREET, BOMBAY-1, on Thursday the 11th June 1964, at 3.15 p.m. (S.T.), to transact the business specified in the Notice dated the 22nd April 1964 posted along with the Explanatory Statement, to individual Members at their address registered with the Company.

A Member entitled to attend and to vote at the Meeting is entitled to appoint a proxy to attend and to vote instead of himself, and a proxy need not be a Member.

The Register of Members and the Transfer Books of the Company will remain closed from Tuesday, the 12th May 1964 to Saturday, the 30th May 1964 (both days inclusive).

Dividend as recommended by the Directors, when declared at the Annual General Meeting, will be paid from Monday, the 15th June 1964 to Wednesday, the 30th September 1964, at all the branches in India of the United Commercial Bank Ltd., and thereafter at the Registered Office of the Company, during office hours, excepting Saturdays, to those Members whose names are on the Register of Members of the Company on 30th May 1964.

Members are requested to intimate the Company immediately any change in their registered address.

By Order of the Board of Directors,

M. G. INVESTMENT CORPORATION LTD.,
K. K. MAHADEVIA,
Director,
Managing Agents.

BOMBAY,
22nd April 1964.

Notices

GUEST, KEEN, WILLIAMS, LIMITED

NOTICE

THE THIRTY-FOURTH ANNUAL GENERAL Meeting of the Members of Guest, Keen, Williams, Limited will be held at the offices of Jardine Henderson Limited, 4, Clive Row, Calcutta, on Friday, the 12th day of June, 1964, at 11.30 a.m., to transact the following business:—

1. To adopt the Directors' Report and the Audited Accounts for the 52 weeks ended 28th December, 1963.
2. To declare a Dividend.
3. To appoint Directors in place of those retiring.
4. To appoint Auditors and fix their remuneration.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modification, the following resolutions, a Special Notice as defined by Section 190 of the Companies Act, 1956 having been received by the Company under Section 281 of the Act in respect of Resolution No. 5 hereunder:—

5. *As an Ordinary Resolution*
That Sir Raghavan Pillai, who vacates office having attained the age of 65 years, be and is hereby re-appointed a Director of the Company, and that the age limit prescribed by Section 280 of the Companies Act, 1956 shall not apply to him.

6. *As a Special Resolution*
That, subject to the approval of the Central Government, the Articles of Association of the Company be altered as follows:—
In Clause 104 by deleting the word "twelve" and substituting in place thereof the word "fourteen."

7. *As an Ordinary Resolution*
That, with effect from 29th December, 1963, and subject to Central Government approval, Mr. Krishna Chandra Maitra, who has been appointed a Managing Director, be and is hereby authorised to receive remuneration for his services as a Managing Director in accordance with the terms specified in the Agreement dated 24th April, 1964 made between the Company of the one part and Mr. K. C. Maitra of the other part, or on such other terms and conditions as the Central Government may think fit to determine.

8. *As an Ordinary Resolution*
That, due notice in writing signifying the intention of a Member to propose him as a Director having been left at the Registered Office of the Company pursuant to Section 257 of the Companies Act, 1956, Mr. Ardeshir Hormusji Sethna be and is hereby appointed a Director of the Company.

9. *As an Ordinary Resolution*
That, due notice in writing signifying the intention of a Member to propose him as a Director having been left at the Registered Office of the Company pursuant to Section 257 of the Companies Act, 1956, Mr. Nisith Ranjan Banerjee be and is hereby appointed, subject to the approval of Central Government under Section 269 of the said Act, a Director of the Company.

10. *As a Special Resolution*
That, in view of the foregoing resolution that Mr. Nisith Ranjan Banerjee be appointed a Director of the Company, consent be and is hereby accorded to Mr. Nisith Ranjan Banerjee holding and continuing to hold an office or place of profit under the Company and being remunerated, subject to Central Government approval, for his services in accordance with the terms specified in a written communication dated 24th April, 1964 conveyed to Mr. Nisith Ranjan Banerjee by the Company, or on such other terms and conditions as the Central Government may think fit to determine.

11. *As an Ordinary Resolution*
That, due notice in writing signifying the intention of a Member to propose him as a Director having been left at the Registered Office of the Company pursuant to Section 257 of the Companies Act, 1956, Mr. Robert Brabender Ritchie be and is hereby appointed, subject to the approval of Central Government under Section 269 of the said Act, a Director of the Company.

12. *As a Special Resolution*
That, in view of the foregoing resolution that Mr. Robert Brabender Ritchie be appointed a Director of the Company, consent be and is hereby accorded to Mr. Robert Brabender Ritchie holding and continuing to hold an office or place of profit under the Company and being remunerated, subject to Central Government approval, for his services in accordance with the terms specified in a written communication dated 24th April, 1964 conveyed to Mr. Robert Brabender Ritchie by the Company, or on such other terms and conditions as the Central Government may think fit to determine.

13. *As an Ordinary Resolution*
That, due notice in writing signifying the intention of a Member to propose him as a Director having been left at the Registered Office of the Company pursuant to Section 257 of the Companies Act, 1956, Mr. John Marshal Leighton be and is hereby appointed, subject to the approval of Central Government under Section 269 of the said Act, a Director of the Company.

14. *As a Special Resolution*
That, in view of the foregoing resolution that Mr. John Marshal Leighton be appointed a Director of the Company, consent be and is hereby accorded to Mr. John Marshal Leighton holding and continuing to hold an office or place of profit under the Company and being remunerated, subject to Central Government approval, for his services in accordance with the terms specified in a written communication dated 24th April, 1964 conveyed to Mr. John Marshal Leighton by the Company, or on such other terms and conditions as the Central Government may think fit to determine.

The Register of Members of the Company will be closed from the 25th May, 1964 to 12th June, 1964, both days inclusive.

By Order of the Board,
R. B. RITCHIE,
Secretary.

Registered Office:
41, CHOWRINGHEE ROAD,
CALCUTTA 16.
25th April, 1964

Note 1.—A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead and such proxy need not be a member of the Company. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the Meeting.

Note 2.—No application for warrants will be necessary and payment of any Dividend declared will be made on or after the 26th June, 1964 only to those Members whose names are registered in the books of the Company on the 12th June, 1964 or to their Mandatees. Claims on behalf of holders of shares held on blank transfer will not be entertained.

Note 3.—The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is being sent to all members of the Company.

JAY SHREE TEA AND INDUSTRIES LIMITED

NOTICE TO THE SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT THE Eighteenth Annual General Meeting of the Shareholders of this Company will be held on Thursday, the 18th June, 1964, at 3.30 p.m. at 15, India Exchange Place, Calcutta-1, to transact the following business:—

1. To receive and consider the Directors' Report and to adopt the audited accounts for the year ended 31st December, 1963.
2. To declare dividends on Preference and Equity Shares.
3. To appoint a Director in place of Shri D. N. Bhattacherjee, who retires by rotation, but being eligible offers himself for re-election.
4. To appoint a Director in place of Shri M. L. Shah, who retires by rotation and to consider, and if thought fit, to pass the following resolution, a special notice of which as required by Section 281 of the Companies Act 1956 has been received and is also hereby given by the Company to the shareholders:

   "RESOLVED that Shri M. L. Shah, who has crossed the age limit of 65 years and who retires by rotation, be and is hereby re-appointed a Director of the Company and it is hereby specifically declared that the age limit prescribed in Section 280 of the Companies Act 1956 shall not apply to him."

5. To appoint Auditors for the current year and fix their remuneration.
6. To transact any other business which may be transacted at such meeting.

By Order of the Board,
B. C. BIYANI,
Secretary, Company Law.

Registered Office:
"INDIA EXCHANGE",
CALCUTTA-1.
The 29th April, 1964.

N.B.—1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

The Share Transfer Register will remain closed from 26th May, 1964 to 18th June, 1964, both days inclusive.

3. The dividend warrants for Preference and Equity Shares as sanctioned at the meeting, will be posted to the Registered Shareholders of the Company as on 18th June, 1964, in due course.

EXPLANATORY STATEMENT

Item No. 4:

Shri M. L. Shah, a Director of the Company, retires by rotation. Since he has crossed the age limit of 65 years, his re-appointment as a Director of the Company requires the resolution of Shareholders specifically declaring that the age limit prescribed in Section 280 of the Companies Act 1956 shall not apply to him. The Company has received special notice from a Member notifying his intention to move the resolution set out in the item. In view of his long association with the Company as a Member of the Board and his experience in business, it is in the best interest of the Company that he should continue to be a Director of the Company.

THE BRADY ENGINEERING COMPANY LIMITED

Registered Office:
Brady House, 12/14 Veer Nariman Road, Bombay-1

NOTICE UNDER SECTION 412(2)(a) OF THE COMPANIES ACT, 1956

To,

THE MEMBERS,
THE BRADY ENGINEERING COMPANY LIMITED.

GENERAL NOTICE IS HEREBY GIVEN that an application is being made to the Central Government for its approval under provisions of Section 310 and other applicable provisions, if any, of the Companies Act, 1956, of the proposed increase in the Directors' fees to Rs. 150 for attending each meeting of the Board or a Committee of the Board.

The proposed increase is in accordance with the Special Resolution amending the relevant Article of the Articles of Association of the Company passed by the shareholders at the Eighteenth Annual General Meeting of the Company held on 28th April, 1964.

By Order of the Board,
W. H. BRADY & COMPANY LIMITED,
J. M. MEHTA,
Managing Director,
Managing Agents.

BOMBAY, *7th May,* 1964.

MORE ABOUT WORLD TRADE CONFERENCE

DELIBERATIONS OF FIVE SPECIAL COMMITTEES SO FAR REVIEWED

SIMULTANEOUSLY in session now at Geneva are two important international conferences: the Trade and Development Conference—it began on 23rd March last—and the Kennedy Round Trade Conference—it began on the 4th of this month. The basic objective of both the Conferences is to ensure an orderly expansion of world trade, but there are three notable differences between the two. In the first place, the Trade and Development Conference is being held under the auspices of the United Nations Organisation, whereas the Kennedy Round is under the auspices of the G.A.T.T. Secondly, while countries in both free and communist worlds are participating in the former Conference, the Kennedy Round is confined only to the 62 G.A.T.T. member-countries which are all in the free world. The only country that is not participating in either of the conferences is Communist China which alone accounts for over one-fifth of the total world population. And, finally, the agenda before the U.N. Conference includes the various subjects pertaining to trade as well as aid, unlike the Kennedy Round which is rather restrictive in character, confined as it is merely to tariff negotiations.

The outcome of the Kennedy Round will be known only after several months—the negotiations are expected to last at least eighteen months—while that of the U.N. Trade Conference will be known in about five weeks' time, for the Conference is scheduled to close by the 15th of next month. The success of these two Conferences will be judged by the extent to which they will reduce the growing imbalance in world economy (caused by the greatly uneven growth in the sphere of expanding world trade between the developed and the developing nations) and secure a more orderly and healthy expansion of world trade, the benefits of which should be increasingly shared by the large number of developing countries. The developing countries—where two-thirds of the earth's population live with a standard of living deplorably below that enjoyed by a comparatively small population in the developed countries—have a direct and significant share in the outcome of the two Conferences. And, on their part, the developed countries are fully conscious of the urgent need to avert the yawning economic gap between them and the developing countries, for they well realise that such a gap will hurt themselves as much as—perhaps more than—the developing countries.

Wide Area of Agreement

A resume of the first phase of the U.N. Conference on Trade and Development was given in these columns three weeks ago (vide pages 721 and 722 of *Commerce* dated 25th April). This first phase ended on 8th April. Since then, the Conference has been conducting its deliberations exclusively in its five main Committees which are trying to find solutions for specific issues entrusted to them: (1) international commodity problems; (2) trade in manufactures and semi-manufactures; (3) an improvement in the visible trade of developing countries and financing for an expansion of international trade; (4) institutional arrangements, methods and machinery to implement measures relating to expansion of international trade; and (5) expansion of international trade and its significance for economic development and implications of regional economic groupings. The deliberations of the main Conference and the five Committees have been most constructive, indicating that a wide area of fruitful agreement would be forthcoming and that there is an insistent interest on the part of all to concentrate on essential issues. It is particularly gratifying to find that the various questions of complex character are being treated "seriously and objectively," with side issues avoided, and there is the justifiable hope that the five Committees would be able to assess the extent to which the wide and varied suggestions put forward by the experts of different countries would go towards filling the present world trade gap. After the five Committees complete their findings, the final phase of the conference will be held for taking formal decisions.

Main Ideas and Issues

The clarification of main ideas and issues achieved so far covers the following:

1. Recognition of the great gap between the living standards of people in the developing and those of industrialised countries.

2. The developing countries have admitted their responsibility regarding their own development. Speaker after speaker has given statistics showing that, while efforts have been made by developing countries to increase productivity and trade, the proceeds from their exports are decreasing in absolute terms.

3. A clear idea of the magnitude of the problem, namely, the size of the external payments deficit facing the developing countries, has emerged.

4. Various plans have been mooted to meet this deficit; the plans include increase in basic commodity prices, reduction or elimination of tariffs, increase in consumption, and enlargement of markets for pressed goods.

Commodity Problems

Each of the five Committees constituted by the Conference has held a number of meetings. At all the meetings of the first Committee, the spokesmen for the developing countries have repeatedly referred to the losses they are sustaining through the deterioration in their terms of trade and the consequent impossibility for them to achieve an annual rate of economic growth of five per cent as proposed in the U.N. General Assembly resolution on the Development Decade. The spokesmen have also drawn attention to the (*a*) adverse effects of protectionist and fiscal policies practised by the industrialised countries, especially in the matter of agricultural products, (*b*) competition of synthetic substitutes and (*c*) wide fluctuations in the prices of and demand for primary commodities. In varying degrees, the developing countries have advocated removal of import barriers in the industrialised countries, grant of preferential treatment to goods from developing countries, stabilisation of primary commodity prices at remunerative levels through modernised and comprehensive international commodity agreements, and compensatory financing to correct the ill effects of unfavourable terms of trade. The communist countries have indicated that they are prepared to step up further their purchases of primary commodities from the developing countries. The industrialised free enterprise countries have conceded the fact that the developing countries should have freer access to their markets.

Manufactures and Semi-manufactures

The second Committee first discussed the question (of trade in manufactures and semi-manufactures) as a whole and is currently examining specific aspects, beginning with what action should be taken to diversify and expand the industrial exports of developing nations so as to increase their share in world trade. The broad conclusions emerging from the views expressed by the representatives of the various developing nations of Asia, Africa and Latin America are as follows:

The developing countries' own experience in economic development had shown that a point was soon reached, after the initial stages, when further growth depended on ability to sell their manufactured or semi-manufactured goods in foreign markets. Their attempts to sell their industrial products in developed countries have met with a number of obstacles such as tariff barriers, quantitative restrictions, progressive rates of duties based on degree of processing of goods, monopolistic practices, lack of knowledge of market conditions abroad, and high cost of advertising and sales promotion in developed countries. Since the concept of the most-favoured-nation principle applies where nations are economically at the same level of development but not otherwise, preferential treatment must be accorded to the developing countries, in addition to the removal of tariff and other trade barriers.

On the part of some industrially advanced Western countries, the view was expressed that trade barriers should be eliminated. Many representatives wanted the trade to be carried on according to the most-favoured-nation principle. Some of them declared that, because the problems facing developing nations were so acute, they were prepared to consider some form of temporary preferential treatment. They, however, emphasised that any such system must be carefully examined and, to be effective, it must be accepted by all developed nations.

Foreign Aid

The discussions in the third Committee centred round such questions as importance of medium-term and long-term international financing, co-ordination of trade and aid policies, measures for improving the invisible trade of developing countries in fields like tourism, transport and insurance, and international compensatory financing. There was general agreement that more international capital should be made available on more favourable terms to countries seeking to speed up their growth by expanding their trade and importing the goods and equipment they needed. Twelve developing countries (including India but excluding Pakistan) and the U.S. have together sponsored a joint proposal containing new guidelines for financing economic growth through trade and aid. The guidelines are:

Developing countries should be free to use foreign aid funds to shop for the best bargains in goods and services, although balance of payments problems may require exceptions to this rule.

There should be available more long-term financing for economic growth to replace the burdensome medium and short-term loans.

External debt burdens should be eased, wherever necessary, by rescheduling or consolidating loans, with provisions for periods of grace, amortisation and reasonable rates of interest.

Aid should be co-ordinated with and should encourage regional and national development programmes, particularly regional industrial development and financing of regional trade.

Recognition should be given to the interdependence of industrial growth and farm output.

Technical assistance should be tailored to the stage of development of the recipient nation.

Industrialised countries should co-operate with developing countries in organising their own national or regional insurance and export credit systems.

That the U.S., a highly developed country which has given more by way of aid to developing countries than others, is a signatory to the joint proposal is quite significant. We do not know why Pakistan, a developing country which also depends considerably on foreign aid, has not signed the joint proposal.

However important may be the need for larger financial aid on more liberal terms, a greater inflow of foreign private investment into the developing countries is urgent. Some of the industrialised countries have urged the developing nations to create a favourable climate for investment by providing such guarantees as tax holidays and freedom for repatriation of profits. Some of the developing countries, however, have pointed out that such liberal policies often result in an outflow of capital which is an even further drain on their scarce foreign reserves. There has, however, been wide agreement on the need for reducing shipping and freight rates, as well as on the value of tourism for improving the invisible trade of developing countries. On compensatory financing, most speakers from developed and developing countries have called for concrete measures to compensate the developing countries for the deterioration in their terms of trade.

Institutional Arrangements

The question of future institutional arrangements in the field of trade is still under discussion at the meetings of the fourth Committee. The balance of opinion so far seems to be in favour of convening periodically U.N. conferences on trade and development similar to the present Conference, and of establishing a standing committee on trade and a permanent secretariat to service these conferences. The U.S. and five other nations (Canada, Japan, the Netherlands, Sweden and the U.K.) have co-sponsored a draft resolution recommending that the U.N. Conference on Trade and Development be convened every three years and that a Commission for International Trade be established to keep abreast of trade requirements between conferences and to perform a wide range of functions in the commodity field. The resolution also provides for a secretariat to service the Conference and the Commission. It will be a part of the department for economic and social affairs at the U.N. headquarters. The proposal, according to the U.S. delegate, Mr. Richard M. Gardner, represents a synthesis of views expressed by both industrial and developing nations. The six nations agree that the basic responsibility of the proposed conference should be to promote international trade, particularly in its relation to the economic development of developing countries. The Commission would have the authority, under certain conditions, to negotiate contractual arrangements in any area of trade which cannot be dealt with by existing institutions. The sponsors consider that the Commission would fill the present need to co-ordinate the efforts of the U.N. and other international organisations in the trade field—some 43 of them. Both the Commission and the Conference would be under the authority of the United Nations General Assembly and of the Economic and Social Council.

Trade and Development

The fifth Committee, after its general debate, is now discussing concrete proposals relating to general principles; trade needs of developing countries; the relationship of trade and international development; trade problems between countries at a similar level of development, at different stages of development and those having different systems; and the implications of regional groupings. This Committee is charged with such wide terms of reference that a part of its deliberations, as Dr. V. K. R. V. Rao, a member of the Indian delegation, emphasised in his speech at Geneva, are bound to cover the spheres of the other Committees. It is, therefore desirable, according to him, that this Committee should concentrate on the enunciation of the principles on which international trade can be built up, with its accent on the promotion of economic development of the less developed world, rather than on details of arrangements regarding individual commodities or sectors. In the considered opinion of Dr. Rao, there are four broad principles of development-oriented international trade. They are:

1. Prices of primary products cannot be allowed to fluctuate as they have been doing in the past and thus leading to substantial and quite often continuing decreases in the export earnings of developing countries.

2. All barriers, both tariff and non-tariff, in the developed countries to the inflow of goods (manufactured and semi-manufactured) from developing countries should be removed.

3. Conditions must be created that will make more certain the entry of the products of developing countries into the markets of developed countries.

4. The advantages accruing from a geographical division of labour must be maximised.

The principles outlined by Dr. Rao are sound and rational. If these principles are accepted without any mental reservation by all countries, the task of formulating practical programmes and policies that will enable the world at large to fulfil the U.N. target of economic growth during this Development Decade will not be that difficult. But the real question is the political feasibility of these principles, especially the fourth one regarding international division of labour. This is one issue on which the developing countries themselves will not be able to reach an agreement *inter se*. So steeped are they in the spirit of nationalism that every one of them is trying to attain self-sufficiency, in utter disregard of considerations of economic viability. Dr. Paul Prebisch, Secretary-General of the Geneva Conference, has most forcefully urged the formulation of "clear principles" for expansion of world trade and the setting up of quantitative goals for exports from the developing countries to both the free market countries and the centrally planned economies. A pertinent suggestion which Dr. Prebisch has put forward is that the Conference in view of the limited time before it, should concentrate only on those proposals that have a direct bearing on meeting the trade gap of the developing countries. Now that the idea of a permanent trade machinery to follow up the present Conference has been generally accepted, he is of the view that this machinery can discuss all residual and unresolved problems currently before the Conference.

INDIA'S EXPORTS IN 1963-64

The aggregate exports from India during the financial year 1963-64 amounted to Rs. 795 crores, as against Rs. 714 crores in the previous year. Sugar, jute manufactures and "new manufactures" accounted for an increase of about Rs. 9 crores in each case. Exports of vegetable oils (non-essential) were higher by Rs. 7 crores, followed by tobacco (+Rs. 4 crores) and leather, tanned and dressed (+Rs. 3.5 crores). Oilcakes, woollen manufactures and art silk manufactures registered an increase of Rs. 3 crores each. The largest increase, amounting to Rs. 47 crores, was in the exports to Asia and Oceania, of which the share of the E.C.A.F.E. region alone was Rs. 42 crores. Exports to America increased from Rs. 145.6 crores to Rs. 156.1 crores, showing a rise of Rs. 10.5 crores. Exports to West European countries were also higher by Rs. 10 crores, of which the European Economic Community countries accounted for over Rs. 8 crores. Exports to East European countries recorded an increase of Rs. 12 crores, the Soviet Union's share alone being Rs. 11 crores. Exports to African countries, however, declined from Rs. 45 crores in 1962-63 to Rs. 42 crores.

PRODEXPORT

RUMANIAN FOODSTUFFS

Sugar, sunflower seed oil, tinned and frozen fruit and vegetables, tomato juice, tomato puree, live animals, fresh, frozen and tinned meat, Sibiu salame, organs and animal by-products, frozen poultry, eggs feathers, goose liver, dairy products, sturgeon, batog, tinned fish, caviar, live and shot game, frogs and frozen frog's legs, crayfish and crayfish tails, snails, confectionery, flour pastes, mineral waters, etc.

EXPORTED BY:

PRODEXPORT

BUCHAREST-RUMANIA
5-7 GABRIEL PERI ST.
TELEPHONE: 16.16.60;
TELEX: 203 & 230

SPECIAL STORES SUPPLYING SHIPS AT CONSTANTZA, GALATZ AND BRAILA

FOR OPERATIVE INFORMATION APPLY TO:

THE TRADE REPRESENTATION OF THE RUMANIAN PEOPLE'S REPUBLIC.

61, GOLF LINKS
NEW DELHI.
PHONES: 618626, 611648

4, QUEEN'S PARK
CALCUTTA.
PHONE: 47-4219

CHURCHGATE RECLAMATION
STEELCRETE HOUSE,
DINSHA WACHA ROAD,
BOMBAY-I.
PHONE: 246161

PRODEXPORT

ASIAN

ALL-ROUND IMPROVEMENT IN RESULTS OF PHILIPS INDIA

DIVIDEND AND RESERVES ALIKE ENHANCED

THE results of Philips India Ltd. (Chairman and Managing Director: Mr. W. A. C. H. Bosschaart, Calcutta) for the year ended 31st December 1963 are very good, indeed, and reveal, as the Directors say, the continuing progress of the Company's development efforts directed not only towards expanding production but also towards increasing the indigenous content of the products manufactured. In fact, the Company's performance could well have been better still but for the shortage of raw materials, foreign exchange and power. Nevertheless, thanks to some improvement in the supply of locally made goods, the turnover has reached another record level of Rs. 10.63 crores and exceeds the previous year's figure by as much as Rs. 1.78 crores or 20 per cent. To quote, once again, the words of the Directors, "high level of production of radio sets, components and light articles, together with the efforts made to raise the efficiency of the selling and service organisations and more intensive sales promotional drive, have made the all-time record sales possible." Apart from pushing up the sales realisation, the aforesaid factors have brought about a welcome improvement in the profit-margin (ratio of gross profit to sale proceeds) of 1.7 point to 18.7 per cent and so the gross profit is perceptibly larger at Rs. 198.79 lakhs as against Rs. 150.17 lakhs for the year before.

The provision for depreciation has risen from Rs. 20.96 lakhs to Rs. 25.22 lakhs but it is the provision for taxation which, as during the preceding year, has mopped up the major portion of the pre-tax profit by rising rather sharply by Rs. 31.50 lakhs to Rs. 117.00 lakhs, including Rs. 15.00 lakhs for surtax. Thus, notwithstanding the changes made by the Government in the corporate tax structure with the professed object of augmenting the resources of this sector, the total incidence of tax so far as this Company is concerned continues to be as heavy as before. After making these essential provisions, there remains a net profit of Rs. 56.57 lakhs, which is Rs. 12.86 lakhs better than that (Rs. 43.71 lakhs) earned in the previous year. Out of this a sum of Rs. 5.50 lakhs (Rs. 6.15 lakhs) has been credited to the development rebate reserve and Rs. 19.04 lakhs (Rs. 9.00 lakhs) to other reserves including Rs. 11.04 lakhs (*Nil*) to general reserve. It will thus be noted that the amount of profit conserved is Rs. 8.39 lakhs larger than a year ago. It was in 1962 that the dividend was raised, albeit modestly, to 13 per cent subject to deduction of tax, after keeping it unchanged at 12 per cent, subject to deduction of tax, for a number of years. In the light of the large amount now available for disposal, but after considering the demands which seem likely to be made by the Company's future plans, the Directors have recommended a small rise of two points to 15 per cent (subject to deduction of tax) in the dividend to shareholders.

The rapid progress made by the Company during the past four years is brought out in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sale proceeds	10,63.02	884.85	682.06	555.12
Other income	2.50	1.06	2.26	3.88
Stocks of finished goods ..	141.44	140.66	159.31	85.83
Materials consumed	494.29	425.49	386.91	289.95
Excise duty	58.80	34.20	41.39	—
Staff expenses	158.14	132.77	118.42	101.15
Other expenses	156.28	125.33	117.56	82.77
Gross profit	198.79	150.17	93.63	91.62
Provision for—				
Depreciation	25.22	20.96	19.44	19.04
Taxation	117.00	85.50	36.00	33.50
Net profit	56.57	43.71	38.19	38.98
To development rebate reserve ..	5.50	6.15	3.00	2.90
To other reserves	19.04	9.00	8.99	12.42
Dividend	33.00	28.60	26.40	26.40
	(15%)	(13%)	(12%)	(12%)
Carry forward	0.43	1.40	1.43	0.64
Market price of ordinary shares (in rupees)	1964	1963	1962	1961	1960
High	28.70	30.87	40.25	39.12	35.37
Low	21.00	25.25	21.87	26.12	23.50

The net earnings as percentage of net worth, it may be noted here, has improved from 11.17 in 1962 to 14.53 in the year under review.

The Company's various factories and the schemes to expand them made further progress during the year. Plans to step up the production in the Company's factories in Bombay and Calcutta were successfully implemented. The installation of a new capping mill at the unit in Bombay contributed to the speeding up of the manufacture of lamps and increased efficiency at the finishing stage. While the factory in Bombay turned out a large number of lamps, fluorescent lamp starters and burners for gaseous discharge lamps, the unit in Calcutta was able to fulfil its manufacturing programme for fluorescent lamp fittings and various accessories thereto.

Preparations reached an advanced stage during the year for realising the Company's expansion plan to produce tungsten and molybdenum wire and tungsten coils. It is hoped that, as a consequence of the steps taken to expedite the implementation of this plan, tungsten coils will be made available in the course of 1964. These are vital components for electric lamps and are at present entirely imported.

A plot of land was recently acquired at Kalwa in the new industrial belt of Bombay, where, ultimately, the Company's manufacturing plants for different types of lamps and their components as well as other industrial activities will be located. The Directors feel that this step will result in a more rapid expansion of manufacturing programmes pertaining to lamps and their components and various other products.

The year witnessed an appreciable increase in the production of radio components as compared with that in the previous year. Apart from the existing range of components, such as loudspeakers, "multi-function" switches, ceramic, polyester and variable condensers, trimmers of different types and potentiometers, the manufacture of miniature electrolytic condensers was started. The introduction of this type of condensers is said to mark an important step towards developing miniature components which are so vital for the growth of the transistor technique in India's radio industry. The production of radio sets at the factory in Loni was maintained at a satisfactory level.

Steps taken in the previous year to equip the factory in Calcutta with an outfit for tool room to fulfil its need for mechanical piece parts and mouldings greatly facilitated the production of radio sets and components. Output of this unit would have been higher but for the frequent breakdown in power supply which was a common experience of the industry located in the Eastern part of the country. A new unit was opened in Bombay to produce electronic measuring instruments and other industrial and scientific apparatus. It succeeded in turning out a number of electronic measuring instruments already during the year.

It will be recalled that, during the preceding year, the Company had received consent from the Central Government to issue new equity shares of Rs. 10 each for a total of Rs. 16.66 lakhs. Since no steps have so far been taken to issue these, the paid-up share capital of the Company continues to stand unchanged at Rs. 220 lakhs made up exclusively of ordinary shares of Rs. 10 each. Reserves, on the other hand, have risen to Rs. 114.28 lakhs from Rs. 90.70 lakhs a year ago, so that own funds now aggregate Rs. 334.28 lakhs. As against these, however, outside interest stands as high as Rs. 560.35 lakhs, comprising Rs. 221.44 lakhs secured and unsecured loans and Rs. 338.91 lakhs current liabilities and provisions. But these are adequately covered on the assets side by current assets, investments and loans and advances aggregating Rs. 636.71 lakhs. With the addition of new assets worth Rs. 65.78 lakhs during the year, the block account has grown to Rs. 355.54 lakhs and, on deducting therefrom Rs. 125.87 lakhs being the depreciation provided so far, there is a net block of Rs. 229.67 lakhs. This is besides the capital-work-in-progress shown at Rs. 28.25 lakhs.

The Rs. 10 fully paid ordinary shares are currently quoted at Rs. 27.62 *cum-div.* On the *ex-div.* basis, the net annual return on fresh investment in these shares works out to 4.6 per cent. It may be noted here that the dividend is well covered, the net earnings per equity share being Rs. 2.21.

RAYMOND WOOLLEN

SALES RISE MARKEDLY

THE Raymond Woollen Mills Ltd. (Managing Agents: Messrs. J. K. (Bombay) Private Ltd., Bombay) has given by and large an excellent account of itself during the year ended 31st December 1963. Turnover has risen "remarkably" from Rs. 375.54 lakhs to Rs. 510.61 lakhs, registering a gain of 35.3 per cent over the previous year, as compared with the rise of 17.3 per cent recorded in 1962. The gross profit, as a consequence, has advanced from Rs. 60.86 lakhs to Rs. 75.21 lakhs, but, as expenses in aggregate have risen somewhat disproportionately from Rs. 311.85 lakhs to Rs. 438.42 lakhs, the rate of growth in gross profit is somewhat low, being only 25 per cent. With the improvement in gross profit, the provision for Managing Agents' commission has been increased from Rs. 4.02 lakhs to Rs. 4.65 lakhs. The provision for depreciation has also been increased from Rs. 6.41 lakhs to Rs. 9.70 lakhs, due mainly to the revision of specified period in respect of fixed assets entitled to multiple-shift allowance for third-shift working on the basis of the budget proposals for 1964-65. The provision for taxation, too, has claimed a higher amount of Rs. 34.50 lakhs, as against Rs. 30.30 lakhs for the year before. The resulting net profit is, therefore, not much, being Rs. 26.36 lakhs, or only Rs. 6.22 lakhs more than that earned in the previous year. Out of this, as much as Rs. 16.10 lakhs (Rs. 11.95 lakhs) have been credited to reserves and a further sum of Rs. 1.62 lakh has been set aside for payment of preference dividend in respect of the year. The ordinary dividend remains, once again, unchanged at 12 per cent for the fourth year in succession and claims Rs. 9 lakhs, leaving Rs. 14,825 to be carried forward, as against the Rs. 51,319 brought in. The Directors explain that the decision to maintain the dividend despite higher earnings has been dictated by the Company's requirements of large resources for financing its modernisation schemes.

Working results of the Company for the past four years are synoptically presented in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sale proceeds (gross)	510.61	375.54	320.22	305.69
Other income	2.47	3.91	1.48	1.16
Closing stocks of finished goods ..	58.80	58.25	64.99	20.33
Excise duty	66.89	39.70	31.87	23.20
Materials and stores consumed ..	241.96	157.08	134.65	138.39
Other expenses	129.57	115.07	95.72	87.18
Gross profit	75.21	60.86	54.12	50.95
Managing Agents' commission ..	4.65	4.02	3.64	3.91
Provision for—				
Depreciation	9.70	6.41	5.67	11.56
Taxation	34.50	30.30	21.00	17.00
Net profit	26.36	20.14	23.81	18.48
To reserves	16.10	11.95	11.40	7.25
Dividend—				
Preference	1.62	1.62	1.62	1.62
Ordinary	9.00	9.00	9.00	9.00
	(12%)	(12%)	(12%)	(12%)
Carry forward	0.15	0.51	2.95	1.17
Market price of ordinary shares (in rupees)	1964	1963	1962	1961	1960
High	142	141	150	134	132
Low	134	127	123	103	93

The increased turnover during the year was due largely to the sales against defence orders which amounted to Rs. 238.48 lakhs, as against only Rs. 35.68 lakhs in the previous year. Export sales also showed a substantial increase of over 76 per cent from Rs. 15.19 lakhs to Rs. 26.77 lakhs. Satisfactory progress was also made in developing business in other lines of textiles such as nylon, hosiery articles like socks, jerseys, cardigans and ready-made garments. Sales for the civilian market, however, declined by about 40 per cent, but this decline was due to the severe cut in import allocations for raw materials used in the production of goods for civilian use.

The raw material availability was the highest during the year under review, in view of substantial allocations of imported raw materials for defence orders. As a result, machine activity in both the woollen and worsted sections of the mills was at a high level. At the same time, the availability of imported raw materials for civilian consumption was substantially lower due partly to a cut approximately 13 per cent in basic quota allotments and partly to the large utilisation of such allotments towards fulfilment of defence orders.

In their report for 1962, it will be recalled, the Directors had informed the shareholders that the woollen industry had approached the Government with a request to permit transfers to the industry of machinery entitlements earn-

(*Continued on page 868*)

RESULTS OF FINLAY GROUP MILLS

RISE IN PRODUCTION COSTS AFFECTS PROFIT MARGIN

THE three city mills under the management of Messrs. James Finlay and Co. Ltd., namely, Finlay, Swan and Gold Mohur, have suffered a mild setback during the year ended 31st December 1963 so far as their net profits are concerned. With the exception of the Finlay Mills, the other two have recorded a fair-sized increase in their sales realisation, but, barring Gold Mohur, the gross profits of the other two have declined, due, of course, to the further deterioration in the availability of long-staple cotton imported from Sudan and Egypt and the need to purchase the required quantity at a high price or to augment the supply by purchasing cotton quotas from other mills under the export incentive scheme at a high premium. It is interesting to note that the profit-margin (ratio of gross profit to sales) has declined in all the three cases, notwithstanding increased closing stocks. There has also been a sharp rise in "other" expenses of the mills, but the rise is more apparent than real, since the increase in each case is due to an upward revaluation of the opening stocks of finished and processed goods.

There is, therefore, an increase in the value of the opening stock amounting to Rs. 20.76 lakhs in the case of Finlay, Rs. 13.03 lakhs in that of Swan, and Rs. 24.81 lakhs of Gold Mohur. In line with the gross profit, the net profits of the mills have also declined, but the dividend in all the cases has been maintained at the previous year's level without affecting to any appreciable extent the plough-back.

Finlay Mills

Owing to the severe cut in its quota of imported long-staple cotton which led to a considerable underutilisation of capacity and necessitated the shutting down of a certain number of spindles in the earlier part of the year under report, there has been a fall in the production of yarn by the Finlay Mills Ltd. to some extent. This is reflected in a decline of Rs. 6.35 lakhs to Rs. 300.90 lakhs in the sales proceeds, while the gross profit is down correspondingly to Rs. 51.16 lakhs from Rs. 58.74 lakhs a year ago. Nevertheless, the provision for Managing Agents' commission has risen, though marginally, from Rs. 3.73 lakhs to Rs. 3.78 lakhs and, since the provision for depreciation is also higher by Rs. 3.24 lakhs at Rs. 13.26 lakhs, the profit prior to taxation has receded from Rs. 45.00 lakhs for the year before to Rs. 34.12 lakhs for that under review. The provision for taxation has also declined in consonance from Rs. 22.56 lakhs to Rs. 14.86 lakhs, but, even then, the net profit at Rs. 19.26 lakhs shows a decrease of Rs. 3.18 lakhs) as expense items relating to prior years After providing out of this Rs. 41,000 (Rs. 10.17 lakhs) as expense items relating to prior years and crediting Rs. 6.93 lakhs (Rs. 73,000) to reserves, the Directors propose to repeat the dividend of 23 per cent subject to deduction of tax.

Swan Mills

Notwithstanding the shortage experienced in the availability of imported cotton, the Swan Mills Ltd. has been able to maintain the upward trend in its turnover and report a higher sales realisation of Rs. 239.61 lakhs, as against Rs. 228.07 lakhs for the year before, besides carrying forward higher stocks of finished and process goods. But, unfortunately, the gross profit has declined from Rs. 50.79 lakhs to Rs. 47.19 lakhs. The profit-margin (ratio of gross profit to sales), therefore, shows a reduction of as much as 2.6 points to 19.7 per cent. Since, however, the provision for Managing Agents' commission and taxation are lower at Rs. 3.31 lakhs and Rs. 14.57 lakhs, as against Rs. 3.59 lakhs and Rs. 19.69 lakhs, respectively—the provisions for depreciation is, of course, slightly higher at Rs. 13.52 lakhs, as against Rs. 11.51 lakhs—the net profit is only fractionally lower at Rs. 15.79 lakhs, as against Rs. 16.00 lakhs for 1962. The dividend, therefore, has been maintained at 21.6 per cent, claiming Rs. 12.96 lakhs. Transfer to reserves, however, has been stepped up to Rs. 2.67 lakhs from Rs. 1.92 lakh a year ago.

Gold Mohur

It is the performance of the Gold Mohur Mills which is the best of the three. Thanks to the increase of about 22 per cent or Rs. 57.38 lakhs to Rs. 319.67 lakhs in turnover and the rise of Rs. 9.24 lakhs to Rs. 78.18 lakhs in closing stocks, the gross profit has increased (in contrast to that of the other two mills) from Rs. 33.63 lakhs to Rs. 38.28 lkahs. But, since this has been accompanied by a rise of Rs. 0.25 lakh to Rs. 2.86 lakhs in the provision for Managing Agents' commission, of Rs. 2.79 lakhs to Rs. 9.55 lakhs for depreciation and Rs. 2.56 lakhs to Rs. 11.16 lakhs for taxation, the net profit has actually declined by Rs. 1.05 lakh to Rs. 14.71 lakhs. About Rs. 1.09 lakh (as against Rs. 2.77 lakhs in 1962) of this has had to be utilised in writing off items relating to past years. The Directors have, therefore, reduced

Financial Position
(In lakhs of rupees)

	As at 31st December 1963		
	Finlay	Swan	Gold Mohur
LIABILITIES			
Share capital ..	50.00	60.00	50.00
Reserves	99.32	69.97	80.44
Own funds	149.32	129.97	130.44
Loans	48.92	29.77	41.61
Current liabilities and provisions	85.39	55.17	48.35
Total ..	283.63	214.91	220.40
ASSETS			
Gross block	267.92	255.96	159.11
Less—Depreciation ..	152.97	156.48	92.99
Net block	114.95	99.48	66.12
Investments	11.03	0.92	1.04
Current assets, loans and advances ..	157.65	114.51	153.24
Total ..	283.63	214.91	220.40

the transfer to reserves from Rs. 4.51 lakhs to Rs. 3.94 lakhs, but they have maintained the dividend at 19.5 per cent subject to deduction of tax.

Working results of the three companies for each of the past four years are set forth in the comparative table appearing at the foot of this page.

Financially, all the three Companies are in pretty good shape. There is, of course, no change in the paid-up share capital which in all the three cases comprises solely of equity shares of Rs. 100 each, but the reserves have been strengthened further. Owing to heavy capital expenditure during the year due to continued expansion, the gross block has no doubt expanded, but it has been well written down through the depreciation account, so that the resulting net block forms a reasonable percentage of the "own" funds. With the exception of Finlay Mills, current liabilities of the other two mills have declined somewhat, while current assets, loans and advances show a welcome increase in each case. Bank borrowings by each mill, however, shows a substantial increase over the previous year. Fortunately, both the loans and the current liabilities and provisions are well covered by the total of current assets and loans and advances. And so the situation need not be viewed with any alarm.

Commenting on the increase in borrowings, the Chairman, Mr. C. H. Campbell, explains, in his statement to shareholders, that it has been occasioned by the need to finance the present machinery rehabilitation programme. He also makes it clear that the Companies will have to continue borrowing fairly large amounts for some time to come in order to carry out the programme. He warns that, unless the Companies are prepared to keep the plant and machinery up-to-date, they may not be able to maintain the position they hold at present and the profit-margin will also drop. Whereas the Swan Mills and the Gold Mohur have managed to get additional accommodation from their banks on the security of stock-in-trade, stores, spare parts, etc., the Finlay Mills has obtained a mid-term loan of Rs. 50.00 lakhs secured by an equitable mortgage on the Company's land, building, plant and machinery, etc., which is repayable over a period of seven years. The total amount drawn against this as at the date of the balance-sheet is Rs. 30.00 lakhs.

All the three mills continued the rehabilitation and modernisation programme initiated a few years earlier. Ten new ring frames were received and installed by the Finlay Mills during the year and delivery of a further 36 ring frames is expected to commence in January 1965. Orders have been placed for 48 automatic looms, one fiction and finishing calender, and one complete roller printing plant. A new mercerising machine has been received and is at present under installation. The Swan Mills installed during the year 15 new ring frames and a further 10 frames are in the process of being installed. The Company has placed orders for 96 automatic looms, one sizing machine and one new dyeing plant. During the year, 48 automatic looms were installed by the Gold Mohur Mills which has also placed orders for a further 48 automatic looms as well as for one sizing machine.

It will be recalled that, by a Government order issued in October 1963, textile mills were permitted to expand their installed capacity to the extent of 7½ per cent of their spindleage and 10 per cent of their looms. After due consideration, the Directors of all the three mills have decided to take advantage of this opportunity and the expansion of the production capacity of the mills to the extent permitted is now under implementation.

As for the future, it is best to quote here what the Chairman, Mr. C. H. Campbell, himself has said:

"It is usually expected of me at this time to give some indication of the prospects of your Company for the current year and I do not find it an easy task in estimating the prospects for the current year. At the time of writing this report, market conditions for superfine cloth are satisfactory and there is a good demand for the products of the mills. On the other hand, there has been some falling off in the demand for yarn as a result of the increase in the excise duty in the last budget. Stocks of finished goods of both cloth and yarn are at present at a satisfactory level. As against this, our cotton supply position is far from satisfactory and does not look like improving in the near future. Also prices of Sudan and Egyptian cotton have increased considerably over the past year, as a result of world shortage of long-staple cotton. The most serious impost, however, is undoubtedly the heavy increase in the cost of production and, unless Government is prepared to grant a realistic increase in cloth prices, I am afraid that profit-margins for the current year are likely to fall."

The following table presents the present market quotations (*cum-div.*) for the Rs. 100 paid ordinary shares of the Companies—the net annual return fetched by these.

	Price Rs.	Yield %
Finlay	309.00	6.3
Swan	238.00	7.8
Gold Mohur	215.00	7.8

Progress at a Glance
(In lakhs of rupees)

	Finlay Mills				Swan Mills				Gold Mohur Mills			
	For the year ended 31st December				For the year ended 31st December				For the year ended 31st December			
	1963	1962	1961	1960	1963	1962	1961	1960	1963	1962	1961	1960
Sales (gross)	300.90	307.25	303.14	253.44	239.61	228.07	218.73	217.31	319.67	262.29	227.72	241.62
Other income	56.60	49.13	44.23	43.71	14.64	16.87	7.84	8.12	2.27	1.56	1.69	2.26
Closing stocks	60.63	49.40	48.87	63.14	40.87	35.84	35.26	35.43	78.18	68.94	56.28	53.11
Raw materials and stores consumed	150.76	151.29	149.81	138.85	81.25	75.20	79.39	76.88	112.60	98.31	83.20	76.38
Other expenses	166.81	146.88	138.65	137.00	130.84	119.53	112.50	101.92	180.30	144.57	128.56	121.92
Gross profit	51.16	58.74	44.64	42.58	47.19	50.79	34.51	61.48	38.28	33.63	20.86	41.39
Agents' remuneration	3.78	3.72	3.44	3.00	3.31	3.59	2.24	3.90	2.86	2.51	1.67	3.64
Provision for—												
Depreciation	13.26	10.02	10.11	9.00	13.52	11.51	11.92	12.52	9.55	6.76	3.95	3.77
Taxation	14.86	22.56	14.35	12.76	14.57	19.69	9.35	13.35	14.16	8.60	7.07	14.70
Net profit	19.26	22.44	16.74	17.82	15.79	16.00	11.00	21.71	14.71	15.76	8.13	19.28
Withdrawals from reserves and provisions	..	..	..	11.50	0.52	4.00	3.20	13.46	..	1.50	3.50	10.75
Items relating to prior years written off	0.46	10.17	1.88	0.95	0.92	4.84	1.16	..	1.09	2.77	0.88	0.44
To reserves	6.93	0.73	3.46	16.87	2.67	1.92	0.23	22.20	3.94	4.51	0.03	16.84
Dividend	11.50	11.50	11.50	11.50	12.96	12.96	12.96	12.96	9.75	9.75	10.75	10.75
	(23%)	(23%)	(23%)	(23%)	(21.6%)	(21.6%)	(21.6%)	(21.6%)	(19.5%)	(19.5%)	(21.5%)	(21.5%)
Carry forward	0.68	0.31	0.27	0.37	0.15	0.39	0.10	0.26	0.23	0.30	0.07	0.10
Market price of ordinary shares (in rupees):	1963	1962	1961	1960	1963	1962	1961	1960	1963	1962	1961	1960
High	338	395	362	380	300	700CR	600	525	230	300	278	255
Low	284	289	310	304	256	245XR	480	440	208	221	245	210

SYNOPSES OF COMPANY REPORTS

Alembic Glass Industries Ltd.

(*Managing Agents*: Messrs. Nishechi Services, Baroda.)

Annual General Meeting—26th May 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales	2,19,92	2,00,66
Closing stock of raw materials	10,07	8,93
,, ,, finished products	28,34	22,13
Gross profit	47,94	56,05
Managing Agents' commission	3,08	3,67
Transfer to depreciation	12,07	11,05
,, ,, development rebate	1,30	1,10
,, ,, provision for taxation	16,80	20,00
Net profit	14,69	20,23
Adjustments	1,86	5,99
Appropriations:		
Total available balance	16,55	26,22
Transfer to provision for surtax and additional tax	1,40	3,00
Transfer to general reserve	1,00	6,50
Transfer to additional provision for taxes for 1961	Nil	4,50
Proposed dividend	13,99 (25%)	12,12 (25%)
Carry forward	16	10

N.B.—Adjustments relates to balance brought down from the previous year's account.

Extracts from the Directors' report: Throughout the year under review, the Company's products faced competition from the products of new glass manufacturing units and the Company had to reduce selling prices all round. Though the increase in sales works out only at 9.6 per cent in terms of the value of products sold, it must be remembered that this increase was achieved inspite of the reduction in prices. Taking into account the reduced profit margins the Directors consider the performance of the year satisfactory in the circumstances.

During the year a fire occurred in the premises of the factory, but it was controlled before much damage was caused. The loss, including estimated expenses on repairs to machinery damaged, is Rs. 1,39,984. The amount received from the insurance company was Rs. 80,000 and the net loss amounted to Rs. 59,984.

The Company has negotiated a loan for Rs. one crore from the Industrial Finance Corporation of India for the expansion of its factory at Baroda and establishment of a factory at Bangalore. The final terms and conditions of this loan are now being worked out. The Bangalore factory is expected to go into production in January 1965.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	64,19,600	Gross block	2,06,09,885
Reserves and surplus	1,02,34,521	—Depreciation	85,04,309
Other liabilities	90,25 291		
		Net block	1,21,05,576
		Current assets	1,31,68,832
		Investments	2,09,444
		Cash	1,35,560
	Rs. 2,56,79,412		Rs. 2,56,79 412

* Paid-up capital consists of 64,196 equity shares of Rs. 100 each fully paid-up.

Kothari Textiles Ltd.

(*Managing Agents*: Kothari and Sons, Madras.)

Annual General Meeting—27th May 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sale—Yarn, cloth and waste	2,11,05	2,14,31
Closing stock	31,06	38,56
Export incentive scheme	1,72	1,16
Gross profit	23,08	27,41
To Managing Agents' remuneration	79	1,15
Transfer to provision for taxation	4,00	5,75
,, ,, depreciation	15,10	15,51
,, ,, development rebate reserve	1,57	1,89
Net profit	1,62	3,11
Adjustments	4,13	3,79
Appropriation:		
Total available balance	5,75	6,90
Proposed dividend Preference (6% T.C.)	1,40 (7.80%)	1,40 (7.80%)
Proposed dividend on equity	4,03 (6%)	5,38 (8%)
Carry forward	31	13

Market value of ordinary shares (in rupees):	1964	1963	1962
High	—	10.55	13.62
Low	—	9.20	10.55

Extracts from the Directors' report: There was a total shut down of both the mills for a period of 12 days in June-July 1963 as a result of a 100 per cent power cut imposed by the Electricity department. No. 2 mills were also shut down for a period of 13 days as a result of strike. Further, both the Company's mills were affected, as were many other mills in Coimbatore area, by the dislocation, go-slow and strike due to the dispute regarding bonus, for a period of more than a week. The total effect of these closures on the Company's profit may be reckoned at Rs. 4.5 lakhs.

Plant and Machinery: During the year under review, a sum of Rs. 1,67,678 was spent on buildings towards balance of work on the extention of 'A' and 'B' blocks, construction of quarters for the manager, Mill No. 2, one new humidification tower and certain other sundry works. An amount of Rs. 9,72,686 was spent in Mill No. 1 towards renovation programme embarked upon in the earlier years. The programme has not yet been completed because of delayed deliveries by the suppliers and so far about two-thirds of the renovation has been completed. The performance of the renovated machinery has come quite upto our expectation and encouraged by these results, the directors have thought it advisable to renovate during the year 1964-65 about half of 1954 make Texmaco ring frames. The renovation programme, as originally envisaged, will be completed by the middle of this year.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	85,20,000	Gross block	2,19,65,263
Reserves and surplus	23,41,682	—Depreciation	1,11,50,774
Other liabilities	1,28,72,077		
		Net block	1,08,14,489
		Current assets	1,19,19,080
		Investments	8,31,236
		Cash	1,68,954
	Rs. 2,37,33,759		Rs. 2,37,33,759

* Paid-up capital consists of 1,00,000 equity shares of Rs. 10 each issued for consideration other than cash, 5,72,000 equity shares of Rs. 10 each issued for cash, 1,20,000 6% tax free cumulative preference shares of Rs. 10 each and 60,000. 6% tax-free cumulative 'B' preference shares of Rs. 10 each.

Brushware Ltd.

(*Secretaries & Treasurers*: The British India Corporation Ltd., Kanpur, U.P.)

Annual General Meeting—25th May 1964.

Working Results:

	For the year ended 30th November (In thousand rupees)	
	1963	1962
Sales	11,01	6,15
Closing Stock { Work-in-progress	52	27
Closing Stock { Finished goods	1,51	70
Gross profit	1,73	48
To Secretaries and Treasurers' remuneration	13	3
,, depreciation	1	1
,, provision for taxation	86	22
Net profit	73	22
Adjustments	4	4
Appropriations:		
Total available balance	77	26
Transfer to general reserve	68	Nil
,, ,, rehabilitation reserve	Nil	14
Proposed dividend (taxable) equity	8† (8%)	8 (8%)
Carry forward	1	4

N.B.—Adjustments represent the balance brought forward from the previous year.
† Dividends are paid out of the general reserve this year.

Extracts from the Directors' report: The directors of the Company have decided to transfer amounts standing to the credit of rehabilitation reserve of Rs. 50,000 and stocks and stores reserve of Rs. 75,000 aggregating to Rs. 1,25,000 to general reserve. The working results for the year under review have been satisfactory. There has been an increase in business largely due to orders secured from the Government. The directors, after full consideration, recommended payment out of the general reserve, of a dividend at the rate of 8 per cent subject to deduction of tax at the appropriate rate in respect of the year ended 30th November 1963.

Accounts in brief as at 30th November 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	1,00,000	Gross block	2,51,792
Reserves and surplus	4,87,892	—Depreciation	1,97,043
Other liabilities	2,28,748		
		Net block	54,749
		Current assets	6,30,162
		Investments	1,29,309
		Cash in hand	2,420
	Rs. 8,16,640		Rs. 8,16,640

* Paid-up capital consists of 10,000 equity shares of Rs. 10 each fully paid. Of the above 1,000 equity shares of Rs. 10 each are issued as fully paid-up Bonus shares.

Indo-Burma Petroleum Co., Ltd.

(*Managing Agents*: Messrs. Steel Brothers & Co., Ltd., Calcutta.)

Annual General Meeting: 26th May 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sale of products on own account	2,05,54	1,83,54
,, ,, on consignment account	11,41,10	12,40,05
Income from investments	8,09	10,69
Gross profit	68,34	69,95
Transfer to Managing Agents' remuneration	5,82	6,09
,, ,, depreciation	6,28	6,01
,, ,, provision for taxation	31,15	31,23
,, ,, doubtful debts	3,03	21
Net profit	21,46	23,36
Adjustments	6,56	86,69
Appropriations:		
Total available balance	28,02	1,10,05
Transfer to provision for terminal gratuities	Nil	1,00
,, ,, loss due to revaluation of investment in Burmah Oil Co. (1954)	Nil	31,65
,, ,, development rebate reserve	81	78
To dividend (taxable) preference (7% T.C.)	2,91	2 91
,, Interim dividend (taxable) Ordy.	10,00 (10%)	10,00 (10%)
Proposed final dividend (taxable) Ordy.	7,50 (7.50%)	12,50 (12.50%)
Proposed special dividend (taxable) Ordy.	5,00 (5%)	Nil (5%)
Total Ordinary dividend	[22.50%]	[27.50%]
Carry forward	1,79	1,19

N.B.—Adjustments represent the balance brought forward from the previous year and other credit items.

Extracts from the Directors' report: Since the arrangements for the acquisition by the revolutionary Government of Burma of the Oil Companies' investments and marketing assets in that country have been duly completed, and the Company has received the final instalments of the agreed price in December, 1963 and April 1964, the Directors now recommend a special distribution to the ordinary shareholders of Re. 0.50 per share (subject to tax) and amounting to Rs. 5,00,000 out of general reserve, similar to the recommendation made in the Directors' report for 1960.

During the year, highly competitive conditions prevailed in India and sales volumes were slightly less than those achieved in 1962. Lower profit margins were again experienced and these conditions continue. There was an improvement in sales volumes in East Pakistan, but here also profit margins were reduced. The Company did not trade in Burma during 1963 and operations were limited to winding up the affairs of the Rangoon branch.

The exploration well drilled in the U.K. failed to find oil or gas and it has now been decided to undertake a seismic survey over another part of our areas.

The negotiations for investment in other companies have not reached a stage where further proposals can be placed before you. The Directors are continuing to examine a number of projects which may afford suitable opportunities for investment.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	1,50,00,000	Gross block	1,29,47,889
Reserves and surplus	1,72,49,089	—Depreciation	65,87,416
Other liabilities	2,48,27,173		
		Net block	63,60,473
		Current assets	1,99,5a,382
		Investments	1,23,47,446
		Cash	1,84,32,961
	Rs. 5,70,76,262		Rs. 5,70,76,262

* Paid-up capital consists of 10,00,000 equity shares of Rs. 10 each fully paid and 50,000 7% taxable cumulative shares of Rs. 100 each paid.

Steel Containers Ltd.

(*Secretaries*: Messrs. Balmer Lawrie & Co., Ltd., Calcutta.)

Annual General Meeting—26th May 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales	94,22	1,13,56
Closing stock of raw material	17,22	10,64
,, ,, finished products	15	51
Gross profit	14,08	21,22
Transfer to depreciation	44	38
,, ,, provision for taxation	8,21	14,88
To provision for taxation (previous years)	Nil	72
Net profit	5,43	5,84
Adjustments	Nil	78
Appropriations:		
Total available balance	5,43	6,62
Transfer to development rebate reserve	53	*
,, ,, general reserve	1,45	1,81
,, ,, replacement of plant for machinery reserve	1,00	2,00
Proposed dividend (taxable)	2,45 (17½%)	2,80 (20%)
Carry forward	Nil	Nil

* Represents only an amount of Rs. 575.
N.B.—Adjustments include the balance brought forward from the previous year.

Extracts from the Directors' report: *Operations*:—During the year under review the supply of steel sheet was insufficient to meet the demand and in consequence production was restricted. This is reflected in the reduction in turnover and profit earned as compared with last year. After making provision for the Company's liability to tax under the Companies (Profits) Surtax Bill, 1964 and for the proposed tax on dividends distributed, the amount available for distribution is insufficient to enable the Board to recommend the payment of a dividend at the same level as last year.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	14,80,070	Gross block	13,09,255
Reserves and surplus	15,36,386	—Depreciation	1,83,105
Other liabilities	11,39,142		
		Net block	11,26,150
		Current assets	27,17,951
		Investments	21,661
		Cash	2,09,836
	Rs. 40,75,598		Rs. 40,75,598

* Paid-up capital consists of 1,40,007 equity shares of Rs. 10 each fully paid-up.

Industrial Containers Ltd.

(*Secretaries*: Messrs. Balmer Lawrie & Co., Ltd., Calcutta.)

Annual General Meeting—26th May 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales	1,10,07	74,85
Closing stock of raw material	30,05	22,31
,, ,, finished products	12	38
Gross profit	18,01	10,79
Transfer to depreciation	76	36
,, ,, taxation	11,30	7,03
Net profit	5,96	2,90
Adjustments	Nil	45
Appropriations:		
Total available balance	5,86	3,35
Transfer to development rebate reserve	*	1
,, ,, general reserve	2,26	2,13
Proposed dividend (taxable) ordy.	3,60 (30%)	1,20 (10%)
Carry forward	Nil	Nil

N.B.—Adjustments represent the balance brought down from the previous year.
* Represents an amount of Rs. 246 only.

Extracts from the Directors' report: *Operations*:—During the early part of the year there was a substantial increase in production to meet demands arising from the emergency conditions. This is reflected in the improvement in turnover and profit as compared with the previous year. After making provision for the Company's liability to tax under the Companies (Profits) Surtax Bill 1964 and for the proposed tax on dividends distributed, the amount available for distribution is sufficient to enable the Board to recommend the payment of a dividend at a substantially higher level than the previous year.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	12,00,070	Gross block	10,09,325
Reserves and surplus	5,82,907	—Depreciation	2,95,981
Other liabilities	30,29,617		
		Net block	7,13,344
		Current assets	40,95,706
		Investments	2,000
		Cash	1,634
	Rs. 48,12,684		Rs. 48,12,684

* Paid-up capital consists of 1,20,007 equity shares of Rs. 10 each fully paid-up.

THE LONDON GOLD MARKET

LARGEST AND MOST IMPORTANT IN THE WORLD

LONDON is the largest and most important gold market in the world. Its origins lie not too clearly defined in the history of the development of London as a financial centre. The firm of Mocatta and Goldsmid was founded in 1684, ten years before the granting of the Bank of England's Royal Charter. It was not until the nineteenth century, however, that London achieved its eminence, both for the refining and marketing of gold bullion and also for the exchange and disposal of gold coins of various countries. That eminence was in fact achieved before the discoveries of gold in Australia and South Africa, which made London's position ultimately even stronger.

Constitution

In the English way, the London gold market has no written or formal constitution. Like so many other institutions which are now a normal part of London's daily life, it has developed in response to changing needs and demands over the years and has adapted and modified its rules and procedures as it went along.

There are at present five members of the London gold market:

Johnson, Matthey & Co., Ltd.
Mocatta & Goldsmid Ltd.
Samuel Montagu & Co., Ltd.
N. M. Rothschild & Sons.
Sharps, Pixley & Co.

Two (Montagus and Rothschilds) are merchant banks, one (Mocattas) is wholly owned by a merchant bank, one (Sharps Pixley) is a pure broker, and the fifth (Johnson Matthey) is a metallurgical firm of international repute. Two of the members (Johnson Matthey and Rothschilds) melt, refine, assay, and process gold. Rothschilds act as chairman of the market and have done so since the market was constituted in its present form after the First World War, and the daily gold price fixing takes place on their premises.

Significance of Membership

All authorised banks under the Exchange Control Act, 1947, are also authorised to deal in gold. But in practice dealings are largely concentrated in the hands of members of the gold market, plus one or two others. The significance of membership of the market is that it confers the right to be present at the daily price fixing which is described below.

In an active market, gold changes hands in considerable quantities; and for this to be done efficiently there must be a recognized specification for bars which are regarded as "good delivery". The requirements of the London market list of good delivery bars are that the bar has been melted and stamped by one of the forty or fifty refiners or mints situated all over the world which have been approved by the market. It must also carry a similarly acceptable assay shown either by an impressed stamp or by an assay certificate which must accompany the bar. The bar must assay at least 995, that is to say, at least 995 parts in 1,000 must be pure gold, and it must contain between 350 and 430 troy ounces of fine gold (the fine gold content is the product of the gross weight multiplied by the assay).

Changes are made from time to time in the London market list of acceptable melters and assayers by way of either addition or deletion. The former occur only after stringent tests have been made on sample bars by two London refiners independently which have satisfied the members of the market that the bars produced by a melter can be relied upon to conform to London's standards. Deletions happen very seldom but have occurred, for example, as the outcome of war. History and the technical expertise to be found here have resulted in the London market's standards being the basis of acceptability for gold bars in most countries in the world. One exception is the United States, where the authorities will accept, without melting and assaying, only unmutilated United States Government-stamped bars when tendered in the exact form in which originally issued.

Bars of sizes smaller than the good delivery bars described above are also produced by British refiners to meet the requirements of customers on the Continent of Europe and in other places throughout the world. Dealings in all kinds of gold coins also take place.

The daily fixing of the gold price, which takes place at Rothschilds beginning at 10:30 each morning, is the only daily international gold price fixing of its kind in the world. There is no fixing on Saturday or on New Year's Day; but on all other working days a representative of each of the five members of the gold market attends in person at the "fixing room" at Rothschilds, a member of which firm takes the chair. Each of the five persons present is in communication, by direct telephone, throughout the course of the fixing with his own trading room, where, again, there may be direct communication by telephone or telex with operators in foreign centres who may be interested in dealing at the fixing if the price is right. The chairman will suggest a price, in terms of shillings and pence down to a farthing; this price will be chosen at the level where it is thought that buyers and sellers are likely to be prepared to do business. When the tentative price is proposed, all present declare the nature of their interest at that price, *i.e.*, as sellers or as buyers (or having no interest either way) with the sellers stating their amount but without, at this stage, the buyers declaring their actual requirements. If all present should declare themselves as buyers and no selling interest appears, business clearly cannot be done and the price is then moved up; conversely if all are sellers and there is no buying interest the price is moved down. At the new tentative price interests are again declared and this goes on until there are the possibilities of business, that is to say until there are both buyers and sellers in evidence. At this stage the extent of the buying interest is declared and a count is taken. If, for example, there are buyers of 400 bars and sellers of 250 bars those present must decide whether the 250 bars will be shared out amongst the buyers or whether the price shall be bid higher. Anyone has the right to bid a higher price or, if the selling interest is uppermost, to offer at a lower price. Finally a point is reached where buyers and sellers come together at a price, and that is the fixing price of the day.

It may be sensed from the foregoing that there is a subtle difference between the attitude towards the seller and that towards the buyer. This difference stems from a tradition that, while a large buyer may have to face a sharp increase in price if he wants to see his demands satisfied in full at the first time of asking, the market should always be slightly biased in favour of endeavouring to absorb all new production or other gold which may be offered at the fixing.

Operations

Operations on the London market are not confined to the amount of gold changing hands at the fixing price in the fixing room. It frequently happens that any one or all of the five members of the market have in hand both buying and selling orders to be executed at the fixing price; if so each member will offset buying orders against selling orders and will only go into the fixing room to transact the net balance of purchases or sales. There is no obligation for any member to declare or fulfil all his orders in hand at the fixing; he may, if he judges it to be more advantageous, execute part at the fixing and postpone the balance until later. A good deal of business is frequently done after the fixing has taken place at prices which may vary considerably during the course of a day. The amount turned over at the fixing can represent as much as 90 per cent of the day's business or as little as 10 per cent. Some international dealers prefer to operate at the fixing; others prefer to wait until the fixing has taken place and they can see what is the trend of the price for the day before doing their business. Operations whether at the fixing or afterwards are ordinarily for delivery of gold loco London and for payment two working days later. A commission of ¼ per mille (minimum ten shillings) is charged on all deals at the fixing. Transactions effected at times other than the fixing, transactions for value dates other than the normal two working days ahead, and those in currencies other than sterling are a matter of negotiation and may be dealt in at net prices without commission being charged separately. There is no organised or regular market in gold for forward delivery as there is in foreign exchange, though forward operations do take place, often for large amounts: those are, however, a matter of negotiation each time. While ordinary transactions are in gold for delivery loco London, deals can be arranged in the London market for delivery in other centres; (conversely a good deal of international business transacted in other centres or on the international telephone is in gold for delivery loco London).

The factors operating in the London market are broadly the following:

On the supply side

New production
Central bank sales
Other sales (including from time to time important amounts on Russian account)
Dis-hoarding

On the demand side

Central bank purchases
Purchases for industry and the arts
Hoarding purchases

The line of distinction between industrial and artistic consumption on the one hand and hoarding on the other is one which is not very clearly defined since increased demand for gold jewellery can, varying from one country to another, be either a disguised form of hoarding or a normal concomitant of inflation or just a result of a rising standard of living.

Hoarding is a term of art. In certain countries in the East, gold is the traditional manner of storing wealth, while in conservative-minded agricultural communities in various parts of the world it is a normal method of saving. Furthermore, in a number of countries throughout the world, a holding of gold has come to be regarded as a status symbol. In other countries, particularly on the Continent, gold may be held as an alternative to cash for balance-sheet purposes. So hoarding has come to mean all demand for gold which does not derive from central banks for reserve purposes or from industry and the arts in the stricter and literal sense of those terms.

The Bank of England's Part

The Bank of England are not physically represented at the fixing. But they are able, like any other operator, effectively to participate in the fixing by passing orders by telephone through their bullion broker and at the fixing they use exclusively the services of the chairman of the market, namely, Rothschilds. The Bank operate for a number of different parties; they are first the managers of the Exchange Equalisation Account, which may be a natural buyer or seller of gold: secondly, they are the agent for the largest single regular seller of gold in the world, namely, the South African Reserve Bank, which is responsible for the disposal of new production in South Africa: thirdly, they execute orders for their many other central bank customers: fourthly, the Bank aim, as in the case of the foreign exchange and gilt-edged markets, to exercise, so far as they are able, a moderating influence on the market, in order to avoid violent and unnecessary movements in the price and thus to assist the market in the carrying on of its business.

Other Markets

There are gold markets in other places. Leaving aside Paris, which is a domestic market, and Bombay which, since gold dealings were banned at the end of 1962, is no more than a black market, markets of varying importance exist in Switzerland, Belgium, Beirut, Aden, Cairo, Kuwait, Bahrain, Dubai, Bangkok, Saigon, Macao, Hong Kong, and in a number of other places as well, including more recently Johannesburg. During the period when the London gold market was closed (from September 1939) to March 1954) most of the international gold traffic was centred in Switzerland, Beirut, and Tangier—which has now lost its international status and no longer has an organised gold market—or in the East. The effect of reopening the London gold market in 1954 was to introduce a greater degree of stability into international dealings and to moderate fluctuations in the price of gold.

Note:—This article is an excerpt from an article appearing in the Bank of England's *Quarterly Bulletin* for March 1964.

BANKING

(*Concluded from page* 840)

The Corporation sanctioned a record number of loans during 1962-63 amounting to Rs. 4.87 crores, as against Rs. 2.85 crores sanctioned during 1961-62. Of these loans, Karachi claimed Rs. 212 lakhs (43 per cent), West Pakistan Rs. 159 lakhs (32 per cent), and East Pakistan Rs. 116 lakhs (24 per cent).

The overall figures of the distribution of loans sanctioned up to 30th June 1963 are: Karachi zone Rs. 1,011 lakhs; West Pakistan zone Rs. 455 lakhs; and East Pakistan zone Rs. 352 lakhs; total of Rs. 1,818 lakhs. So far, the Corporation being the only source of granting long-term loan facilities for house building, as helped in the construction of 9,610 houses by individuals and 704 houses and flats by cooperative societies since its inception a decade ago.

NEWS IN BRIEF

A BLUEPRINT for expanding the capacity of the Koyali Refinery in Gujarat *from two million tons to three* million tons has been prepared by Soviet experts.

The Life Insurance Corporation has agreed to advance Rs. one crore to the Punjab Government for its urban water supply and sewage schemes.

The Union Government has decided to locate the Defence Ministry's automatic rifle factory at a site near Tiruchirapalli in Madras State. The total cost of the factory is estimated at Rs. 7 crores.

Almost 90 per cent of the third Plan target of additional employment, namely, 14 million, will be reached by the end of 1965-66, according to the latest estimate of the Working Group on Employment.

The Aid India Club is scheduled to meet at Washington on the 26th inst. to continue discussions on the quantum of assistance for the fourth year of the third Plan. The Government of India has asked for over $1,000 million for the year.

It has been tentatively decided to locate the Madras Refinery on the coastline between Tiruvottiur and Ennore. This Rs. 20-crore refinery is expected to be the focal point for the development of a full-fledged petro-chemical complex with a maximum outlay of Rs. 100 to 150 crores.

The Soviet Union is buying from India fruit juice worth nearly Rs. 2 crores. Bulk contracts have already been signed for the supply of mango and guava juice which have been very popular in Russia since the Indian Industrial Exhibition held at Moscow last year.

A Venezulean Company is negotiating to buy from India 1,500 bicycles, according to the Indian Pavilion Director of the New York Fair. This is said to be the first supply order. Another Californian State Company is also *negotiating* to buy Indian bicycles.

The All-India final estimate of *mesta* during the year 1963-64 puts the current year's area and production at 952,000 acres and 1,805,000 bales (of 400 lbs. each) respectively, as against the partially revised estmates of 937,000 acres and 1,684,000 bales for *1962-63*.

'Terylene' cotton voile sarees will soon be made available by the Khatau Mills. The fabric, to be marketed under the brand name 'The Khatau Terylene Cotton Voile,' combines Terylene and the silkiest long staple cotton under a new scientific formula.

A three-member delegation of the Minerals and *Metals Trading* Company headed by Mr. Govind Narain, Chairman of the Corporation, left on Thursday this week for Europe to explore new avenues for exports of iron and manganese ores. The team will visit Rome, Paris, Rotterdam, Brussels, Bonn, Luxemburg and London.

The Rs. 16-crore Heavy Vehicles Factory now being established in technical collaboration with the British Vickers-Armstrong at Avadi near Madras, is expected to roll out its first tank off its assembly line by the end of 1965 as scheduled. Almost all components required for building a tank will be manufactured in the factory itself.

The Madras Government proposes to establish six more co-operative tea factories in the Nilgiris at an estimated cost of Rs. 66 lakhs, the major portion of which will be met by the Tea Board. Each factory will serve an approximately 1,000 acre tea plantation. Loans will be advanced to growers for the purchase of manure and pesticides.

A Corporation for establishing cement plants in the public sector *and for making extensive surveys for* limestone deposits is proposed to be set up shortly. A decision *to* this effect has already been taken by the Central Government. The Corporation is being formed in order to ensure that the target of 23-24 million tons of cement in the fourth Plan is achieved.

The foundation-stone of the Kathara Coal Washery of the National Coal Development Council was laid by Mr. K. B. Sahay, Chief Minister of Bihar, on the 10th inst. The washery, which will be the biggest coal washery in this country, is being set up with Soviet collaboration at a cost of Rs. 8.05 crores. It will have an input capacity of three million *metric tons of coal* per annum. It is expected to be commissioned by the end of third Plan.

A contract was signed in Washington on the 8th inst. between the General Electric Company and its Indian subsidiary, International General Electric, for the construction of the U.S.-aided Tarapur *atomic* power project. The project is expected to be completed by the end of 1968 and the experience gained in this will be utilised for the next project already sanctioned in Pratapsagar in Rajasthan.

The Hindustan Aircraft factory, the Aircraft Maintenance Depot (Kanpur) and the projected MIG complex, have been amalgamated under one Corporation called the Aeronautic India Ltd. Air Vice-Marshal Ranjan Dutt, Managing Director of HAL, has been appointed the Managing Director of this new Corporation. It will have its own board of directors. It will also have a more effective planning cell of its own to chalk out development plans for the future.

The *Union* Ministry of Community Developments and Co-operation has set up a consultative council with Mr. S. K. Dey, Minister for Community Development, and Co-operation, as Chairman, to review the progress of *Panchayat raj* in the country. The first meeting of the Council is likely to be held in the first week of June next. The *Panchayat raj*, first introduced in Andhra and Rajasthan in 1959, now covers 10 States, and it is proposed to extend it to other States in the near future.

The Economic Development Institute of the World Bank, in co-operation with the Indian Institute of Management (Calcutta), will hold a course in the evaluation of economic development projects for officials from eight Asian countries at Jaipur from 19th October to 11th December next. The course will cover selection and appraisal of investment projects, financial policy, financial analysis and performance of projects in various sectors of economy. Invitations have been sent to Afghanistan, Burma, Ceylon, India, Malaysia, Nepal, Pakistan and Thailand to send officials.

The cost of operating the Caravelle of the Indian Airlines Corporation works out to Rs. 54,388.31, while that of Boeing is only Rs. 10,616.98, according to Mr. Raj Bahadur, Union Minister for Transport. During March 1964, the Caravelle fleet carried 17,697 passengers and earned a revenue of Rs. 45.73 lakhs, whereas the Boeing fleet carried 6,876 passengers and earned Rs. 15.42 lakhs. The operation of the Caravelle fleet showed a profit of Rs. 13.16 lakhs in February 1964 and Rs. 15.30 lakhs in March last. The corresponding figures for the Boeing for the same months are Rs. 7.16 lakhs and Rs. 6.75 lakhs, respectively.

A contract for the supply of Soviet agricultural machinery for the first stage of the Jetsar Central mechanised farm in Rajasthan was signed at New Delhi on the 7th inst. between India and the Soviet Union. The total cost of machinery and equipment to be *imported from the* U.S.S.R. for the farm, which is the second biggest of its kind in Asia, would be Rs. 26 lakhs. Of this Rs. 17 lakhs would be for the first stage and Rs. 9 lakhs for the second. In the initial stage, the farm will produce about 25,000 maunds of cotton and oilseeds and 50,000 maunds of fodder every year. Besides, it would create an employment potential for about 300 regular employees and equal number of labourers during the third Plan period.

The Governments of India and Czechoslovakia have signed a second economic collaboration agreement providing for a Czech credit of Rs. 40 crores for financing the expansion of the boiler plant at Tiruchirapalli and the heavy electrical plant at Hyderabad, the setting up of *additional* foundry and forge facilities for the existing foundries, two new machine tool plants, one tractor and power tiller factory, one 220-mw power plant and import of components worth Rs. 14 crores required for joint ventures. The credit is repayable in rupees which will be utilised for export of Indian goods to Czechoslovakia and carries an interest of 2½ per cent. Repayment will be spread over 12 years in the case of projects and eight years in respect of components.

Impressive progress has been made in the construction of the Durgapur-Calcutta expressway during the past few months. According to a spokesman of the West Bengal Development Department the road is likely to be opened for regular traffic some time towards the second half of next year. Acquisition of land for the expressway which has been a problem so long is *now over with the* take-over of the last two pieces of land. The authorities are *confident* that the project will be completed by June next year. The *present distance of 120 miles from Durgapur* to Calcutta will be reduced to 92 miles with the opening of the expressway. The road will be linked with Calcutta along Barrackpore Trunk Road across the Vivekananda Bridge. The expressway will have *its diversion to the* Grand Trunk Road near Burdwan (between 55th and 56th miles). From Palsit it will run parallel to the Eastern Railway's Howrah-Burdwan Chord Line up to Bally (Vivekananda Bridge point).

The *Planning* Commission is understood to be cursrently working on the strategy necessary to boost exports to the maximum possible extent in the next seven years ending the fourth Plan. The strategy will not merely concern itself with *export incentives* but will go into the various aspects of production, domestic consumption, availability of surpluses, measures to be taken to improve the quality of export goods and reduction in the costs of domestic output. The Commission feels that it should be possible to achieve a target of Rs. 1,200 crores foreign exchange earnings through exports in 1970-71 as against the anticipated Rs. 850 crores at the end of the third Plan. The target is, however, stated to be tentative since the working group concerned with this subject is yet to submit its report. Sources close to the Commission feel that there is no justification for the reported view of the Union Ministry of International Trade that the proposed target is overambitious. The proposed strategy for stepping up exports will be worked out in consultation with the Ministry of International Trade.

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THE
BRITISH INDIA CORPORATION LTD.
KANPUR

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

BEGG SUTHERLAND DIVISION
Secretaries and Treasurers:
The Elgin Mills Company, Limited
Cawnpore Textiles Limited
Brushware Limited
Cawnpore Sugar Works Limited
Champaran Sugar Company, Limited
Saran Engineering Company, Limited

Secretaries for:
Beta Picker Co. Ltd.

Agents for:
The Oriental Fire General Insurance Co. Ltd.

PERSONAL

MR. H. M. Patel, Chairman of the Gujarat Electricity Board, has joined the Scindia Steam Navigation Company as a Director.

Mr. T. S. Pattabhiraman. M.P., has been appointed Vice-Chairman of the Central Silk Board for a period of three years.

Mr. B. G. Rau, Joint Secretary in the Union Cabinet Secretariat, has taken over charge as the Additional Secretary in the Ministry of Industry.

Mr. P. L. Tandon, Chairman, Hindustan Lever Limited, who was a member of the Board of Governors of the Indian Institute of Management, Ahmedabad, has been nominated its Chairman by the Union Ministry of Education. Mr. Tandon succeeds Dr. Jivraj Mehta who resigned the chairmanship on his appointment as High Commissioner for India in the United Kingdom.

From Abroad

Volkswagen of West Germany expects to invest a record DM700 million in fixed assets this year, chiefly in its new factory at Emden, where it is hoped to assemble every day 400 vehicles for export by the end of this year.

Ethylene propylene synthetic rubber has been made available in commercial quantities in Britain by Shell Chemical and North British Rubber. The cost of this synthetic rubber is said to be low and its performance is better than that of the conventional rubbers.

Work will start soon on five big industrial projects in Malaya—two steel mills at Port Dickson, a hydro-electric power station at Ipoh, North Malaya and two flour mills. The steel mills are expected to be completed within two years.

The Pakistan International Airlines inaugurated a new service between Karachi and London *via* Moscow, on the 10th inst. The service is the first run by a foreign airliner to transit the Soviet Union and also the direct link *between Moscow and Frankfurt in West Germany*.

The Government of Japan has agreed to have a case involving alleged violations of trade union rights in Japan referred to the Fact-Finding and Conciliation Commission on Freedom of Association of the International Labour Organisation, *set up in 1950*

The U.S. balance of payments deficit during the first three months of the current calendar year was running at an annual rate of $1,000-$1,250 million, as *compared with the actual deficit of $3,300 million* a year before. The deficit for the whole of 1964 is, however, expected to be no more than $2,000 million.

The U.S. House of Representatives has passed a Bill which seeks to prevent the invasion of U.S. territorial waters by foreign trawler fleets. The Bill provides for the seizure of vessels found fishing in U.S. territorial waters *and maximum sentences for violators of a year's imprison*ment and $10,000 in fines. It is directed principally at offending fishing vessels from Russia, Cuba and Japan.

Canada has decided not to continue its uranium stockpiling after June next, by which time according to the Acting Trade Minister the Government would have stockpiled about $25 million worth of uranium under the one year stock piling policy started on 26th June 1963. The decision has been influenced by the feeling that any further stock piling would have a depressing effect on the eventual revival of uranium markets.

The Chrysler Corporation of the U.S. is taking over the Mack Trucks, one of the leading producers of heavy duty trucks in the U.S. through an issue of debentures amounting to about $150 million. The Chrysler is already producing trucks in its Dodge division, but the acquisition of Mack will greatly extend its stake in the profitable heavy duty trucks. It is, however, considered very likely that the U.S. Justice Department, which regards the motor industry as being "*far too concentrated*," will oppose the merger on anti-trust grounds.

The U.S. Steel Corporation has recently announced its major expansion programme which will more than double its capacity to produce hot steel strip in the Chicago-Gary area. The cost of the programme is not disclosed, but it is believed to be of the order of $100 million. It will construct an 84-inch hot strip mill and one of the nation's first large-scale continuous casting units. By utilising the latest development in steel-producing technology, the unit will be able to produce the largest weld-free coils of hot strip steel available anywhere in the world. The hot strip mill will be located at Gary Sheet and Tin Works and the continuous casting plant at Gary Steel Works. Both mills are expected to begin operations in 1966.

TREND OF MARKETS

MONEY STRINGENT

(From Our Own Correspondent)

BOMBAY, 13*th May*

It looks as though the busy season will last a few days more, contrary to earlier expectations that it might end by about the middle of this *month*. There is persistent pressure of demand for funds, whereas the supply of money actually available is inadequate to meet it. Borrowers, as a consequence, are finding it difficult to obtain their requirements even at high rates of interest. The inter-bank call *money rate* for both renewals and fresh money has once again moved up to the peak level of 6 per cent, as against 5¾ per cent a week ago and 5½ per cent two weeks before. Conditions at Calcutta, however, are somewhat better, the call rate receding from 6 to 5¾ per cent. Some stray business is said to have been put through even at 5¼ per cent.

The stringency of money is reflected in (*a*) the sharp rise of Rs. 43.47 crores in notes in circulation during the week ended 8th May, (*b*) an increase of Rs. 13.52 crores to Rs. 79.04 crores in loans and advances obtained by scheduled banks from the Reserve Bank, (*c*) a fall of Rs. 10.26 crores to Rs. 80.94 crores in their deposits with the Reserve Bank, and (*d*) the poor response to the 91-day Government of India Treasury Bills *tenders* for which opened on Tuesday the 12th inst. The total amount offered was just equal to that invited, namely, Rs. 2 crores, the whole of which was accepted. The average rate of accepted tenders was unchanged at Rs. 3.000 per cent per annum. These *self-same* Treasury Bill results suggest that the Bills are being taken up by special sources (believed to be the State Bank of India) under instructions from the Reserve Bank. The Intermediate Treasury Bills, too, elicited limited support, the Bills actually sold from the 6th to 9th inst. amounting to no more than Rs. 39.50 lakhs, as against Rs. 80 lakhs a week before.

India's foreign exchange reserves declined by a further Rs. 1.09 crore to Rs. 111.73 crores during the week ended 8th May. The whole of this de*cline* was in balances held abroad which aggregated Rs. 8.27 crores. The foreign securities held in the Issue Department of the Reserve Bank were unaltered at Rs. 103.46 crores.

There was a further rise of Rs. 6.03 crores to Rs. 1,851.64 crores in the total credit made available by the scheduled banks to their clients during the week ended 1st May. Since, at the same, their deposits declined by Rs. 3.72 crores to Rs. 2,490.14 crores, they were compelled to take recourse to larger borrowings from the Reserve Bank. The total of these borrowings spurted by Rs. 19.23 crores to Rs. 63.85 crores, of which the share of those against usance bills was Rs. 21.98 crores, an increase of Rs. 80.50 lakhs. Investments went up by Rs. 3.80 crores to Rs. 618.89 crores and total cash by Rs. 5.70 crores to Rs. 147.26 crores.

The Gilt-edged market continued to rule dull. Barring *some* short-dated Central loans and 4½ per cent 1974 State loans, others remained neglected. The turnover was small. 3 per cent 1986 conversion was quoted at Rs. 63.60, 1970-75 at *Rs.* 90.40, 3½ per cent 1969 at Rs. 99.60 and 4 per cent 1973 at Rs. 99.10. 6¼ per cent Gold Bonds 1977 stood at Rs. 118.25, at which level they give a re*dumption* yield of 4.75 per cent.

In the foreign exchange market, the banks' selling rate for U.S. dollars rose by 25 nP to Rs. 478.25 per $100, while their buying rate was unaltered at Rs. 474.75. In New York, the pound sterling eased a little *vis-a-vis* the dollar, the spot rate receding by 0.030 cent to 279.920-279.950 cents and the three months' forward by 0.070 cent to 279.370-279.400 cents.

COTTON FUTURES SLUMP

(From Our Own Correspondent)

BOMBAY, 13*th May*

Cotton futures, after having showed some signs of strength initially, turned easy during the rest of the week under review. The initial strength was due mainly to the message tenders (150 bales) issued against the Jarilla May contract on Thursday the 7th inst. This, however, proved to be a short-lived affair. The contract attracted heavy selling prompted by expectation of larger tenders on Monday the 11th inst. This expectation did not materialise. Although tenders issued on Monday were 100 bales more, at 250 bales, bringing the total to 1,100, they fell short of market expectations. In spite of the lower tenders the market ruled easy. This was attributed to the unwillingness of bulls to weigh over cotton and their consequent anxiety to liquidate their holdings. The report that purchase authorisation for 150,000 bales of U.S. cotton was already issued in Washington and that a corresponding announce*ment* by the *Textile Commissioner* was *imminent*, imparted weakness to the market. For the possibility of more U.S. cotton coming to India soon and the record domestic crop now expected indicated that the supply position of cotton would be comfortable in the *coming months*. Selling induced by these considerations resulted in a *further* break in futures prices.

The Jarilla May contract, which opened the week at Rs. 726 per three quintals after rising to Rs. 732 the next day, slumped to Rs. 716 yesterday, showing a net fall of Rs. 10 during the week. It is noteworthy that, at this rate, the contract stands at a discount of Re. 1, as compared with the August contract. The market was closed today on account of *Shivaji Jayanti*. The Jarilla August contract depicted an identical trend. After commencing the week at Rs. 723 per three quintals, the contract rose to Rs. 725.50 the next day, but eased to Rs. 717 yesterday. The net decline during the week is Rs. 6.

Activity in the spot market at Sewri was subdued. Mills bought only moderate quantities of selected varieties of good quality cotton such as 197/3, Digvijay, CO2, L.147, Kalyan and Laxmi. Turnover was limited and prices tended to rule easy. Only stray interest was evident in Bengal *Deshi*. Demand was mostly from Japan and Hongkong.

Mill demand for foreign cotton did not show *any improvement*. The usual interest in U.S., African and Egyptian cotton was maintained. Reports from Washington have it that the purchase authorisation covering 150,000 bales of U.S. P.L. 480 cotton has been issued at Washington and that a *corresponding announcement* will be made at this end shortly. It was also reported that India would get a quantity of 30,000 bales for *immediate shipment* against the *cotton-manganese-ore* barter deal. The delay in issuing the purchase authorisation is attributed *among other* things to shortage of desirable qualities of cotton in the U.S. itself. Meanwhile, the 1963-64 U.S. cotton crop is placed at 15.33 million bales of 500 lbs. each according to the final crop estimate of the Department of Agriculture. This compares with the preliminary final estimate of 15.55 million bales published in December and the 14.86 million bales harvested last season. Importers are also hopeful about the early announcement of a global quota which it is said would enable mills buy more East African cotton. The following are the latest available quotations—in rupees per candy of 784 lbs.—from the spot market at Sewri:

Ganganagar 735; Gadag Laxmi 1,125; CO2 1,340-1,345; Jaydhar 1,125; Khamgaon 1,025; Sudan XP2L 1,900.

GOLD ERRATIC, SILVER QUIET

(From Our Own Correspondent)

BOMBAY, 13*th May*

Gold moved rather erratically during the week under review, while silver was quiet. The yellow metal staged a smart rise in the first three days following good demand in the wake of reduced arrivals. Reports regarding the seizure of a sizable quantity of contraband gold by the Customs officials in Bombay and Madras imparted much strength. The firmness, however, abated on Monday and the easiness persisted yesterday also. Today the market was closed on account of *Shivaji Jayanthi*. Silver ruled quiet in the *absence of any special development*.

Fourteen-carat gold began the week at Rs. 67.25, as against the previous close of Rs. 67.75, and forged ahead to touch a high of Rs. 69.50 on Saturday the 9th inst. It, however, drifted downward thereafter and finished at Rs. 67.25 yesterday. The net loss over the week was 50 nP. Primary gold was unofficially quoted at Rs. 116, as against Rs. 112, and sovereign at Rs. 90, as against Rs. 89.

Silver moved narrowly between Rs. 259.50 and Rs. 259 before closing at Rs. 259 yesterday. The daily average arrivals were unchanged at 20 bars. There was also no change in the average offtake which was about 10 bars per day.

In the London bullion market, the international price for gold was unchanged throughout at $35.07½ per fine ounce. The *sterling* price of gold, however, picked up ¾*d.* to 250*s.* 7½*d.* Both *ready and forward silver* stood at 111¾*d.*, same as last week. Silver in New York, too, was unchanged at 129.3 cents.

The following table shows the trend of prices during the week under review:

	12-5-1964 (closing)	High	Low	6-5-1964 (closing)
SILVER				
Ready†(999 fine) ..	Rs. 259.00	Rs. 259.50	Rs. 259.00	Rs. 259.50
GOLD				
Ready (14carat) ..	67.25	69.50	67.25	65.75
Sovereign ..	90.00*	—	—	89.00*
London—				
Gold	250*s.* 7¾*d.*	250*s.* 7¾*d.*	250*s.* 6*d.*	250*s.* 6¾*d.*
Silver Ready	111¾*d.*	—	—	111¾*d.*
Silver Forward	111¾*d.*	—	—	111¾*d.*
New York—¶				
Silver	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

BOOM IN READY GROUNDNUTS

(From Our Own Correspondent)

BOMBAY, 13*th May*

Last week's firm trend of groundnuts gathered further *momentum* during the week under review, the ready prices scaling new peaks. Never before in Bombay were the prices so high as they are at present. The sharp rise in groundnuts followed persistent bull support induced by (*a*) the rapidly deteriorating supply position as a result of poor arrivals, and (*b*) higher upcountry advices. Those crushers who had to fulfil large commitments in respect of groundnut meal were eager to buy groundnuts by offering higher prices. The rise in spot rates were so marked that the gap between them and forward prices widened further so much so that the forward trading was virtually at a standstill. Even the cheapest quality groundnut in the ready section was quoted at Rs. 275 per 250 kg., as against the official ceiling price of Rs. 241 fixed for the forward delivery. Trade circles, therefore felt that the forward *trading* now was meaningless unless the ceilings were readjusted suitably. It may be noted here that the trading in September contract is due to commence shortly. It is, however, not known whether the Forward Markets Commission will revise the ceiling upward or not. Castorseeds which were somewhat firm earlier turned easy later in the week on lower sarson advices and stale bull liquidation. Fears that heavy tenders might be issued against the maturing contract and lower spot advices also imparted easiness. Linseeds were generally firm, though towards the close futures ruled easy. The spot section ruled distinctly firm on higher *North Indian advices*. Cottonseeds, after a hesitant start, gained strength and closed on a fully steady tone.

The Groundnut July contract opened higher at Rs. 240.12, as against the last week's close of Rs. 239.37, and remained at that level throughout before closing at Rs. 239.75. Nizam bold ready, advanced from Rs. 54.75 to touch a new high of Rs. 56.25 on Friday; this level was maintained till the close. Khandesh quality spurted by Re. 1.25 to Rs. 57.12. Oil ex-mill put on 35 nP to Rs. 21.85 and Railway receipts 20 nP to Rs. 21.50. Groundnut *oilcake* expeller however, declined by Rs. 9 on tired bull liquidation and lack of fresh support from Rajkot.

Over the week, Castorseeds June slumped by Re. 1.75 to Rs. 173.25. Ready Madras and Kanpur shed 12 nP each to Rs. 34.25 and Rs. 33, respectively. Oil B.S.S. sagged by 15 nP to Rs. 14.40. Oil Commercial lost 25 nP to Rs. 13.50.

Linseeds June Contract opened 7 nP lower at Rs. 42.62, but moved up to Rs. 42.75 on Monday. The contract, however, closed 3 nP less at Rs. 42.66 today. Bold ready strengthened by 25 nP to Rs. 44.50. Oil ready gathered 30 nP to Rs. 18.05.

Cottonseeds June was slightly active and touched Rs. 106.50 on Saturday. Thereafter, it remained dull at Rs. 105.

The following table shows the closing prices of oilseeds and oils on 12th May as compared with those of two previous weeks:

	12-5-1964	6-5-1964	28-4-1964
	Rs.	Rs.	Rs.
Groundnuts			
April 1964 contract	—	—	240.87
July 1964 contract	239.75	239.87	239.37
Nizam bold	56.25	54.75	54.00
Khandesh quality	57.12	55.87	54.75
Oil ex-mill	21.85	21.50	21.90
Oil Rly. Receipts	21.50	21.30	20.70
Castorseed			
June 1964 contract	173.25	175.00	175.00
Ready Madras	34.25	34.37	34.50
Ready Kanpur	33.00	33.12	33.37
Oil B.S.S.	14.40	14.55	14.80
Oil commercial	13.50	13.75	14.10
Linseed			
June 1964 contract	42.66	42.69	42.50
Bold ready	44.50	44.25	44.25
Linseed oil	18.05	17.75	18.00
Cottonseed			
June 1964 contract	105.00	104.50	105.00

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

PEPPER MOVES IRREGULARLY

(Messrs. Parekh and Co.)

BOMBAY, 12*th May*

Malabar black pepper moved irregularly with quiet tendency and uncertain undertone during the week under review. Continued lack of foreign demand often brought forth tired long selling which depressed both ready and forward values.

Ungarbled at Cochin was quoted at Rs. 320 and garbled at Rs. 330. May was quoted at Rs. 336 and July at Rs. 358. Bulls in the ring are reported to be sufficiently long in May delivery and *badla from* May to July is as high as Rs. 23.

New York dealers are reported to have bought small quantity of Malabar pepper at $0.37 to $0.36½. Small business at reduced price by India made New York dealers all the more suspicious regarding the holding capacity of the Indian dealers. They reduce their buying limit. The present apathy of New York buyers is a paradox to *bazar* analysts, who were all expecting sizable demand from New York, in view of the limited stocks in the hands of both dealers and grinders. New York dealers are reported to be trying to put one against the other in the hope of getting price reduction. Spot in New York, after touching the highest at $0.38½, came down to $0.37½. *In the Bombay ring, Vaisakh* delivery, after touching the lowest at Rs. 357, is quoted at Rs. 363 and *Jeth* at Rs. 375.

Singapore is quiet with foreign demand lacking. Black is nominally quoted at Str.120 and white at Str.142½.

Ready pepper in Bombay is nominally quoted at Rs. 178 for 50 kilos with demand discouraging.

BLACK LEAF TEAS FIRM

[*Messrs. Forbes, Ewart and Figgis (Private) Ltd.*]

COCHIN, 7*th May*

A total of 442,000 kgs. came under the hammer in tea sale No. 18 held here on the 5th inst. Once again quality showed further decline, particularly in teas from the higher elevations. There was good demand for all medium and plain descriptions, but support for high growns was limited. *Nilgiri brokens evoked restricted* enquiry at considerably lower rates and many were withdrawn without bid, but their fannings were sold quite well although at rates which were slightly easier following quality. Prices for good mediums brokens eased while their fannings were barely steady. Medium brokens tended a little lower, but were well supported at the drop, while low mediums must be quoted fully firm; fannings in these categories elicited better support and were occasionally dearer. Black leaf sorts were fully firm, but plainest descriptions were irregular and *sometimes easier*. Orange pekoes were sold well and whereas there was good enquiry for other whole leaf grades, liquoring sorts were lower with

quality. Tippy teas came to an easier market while unorthodox types were somewhat irregular.

The quotations (per kg.) were as follows:

	1964	1963
	Rs.	Rs.
Low medium	4.50-4.90	4.20-4.40
Mediums	4.90-5.30	4.45-4.80
Good mediums	5.40-5.90	4.85-5.50
Nilgiri B.O.P	5.50-7.30	4.90-7.80

The average price realised in sale No. 18 was Rs. 5.26 per kilo, as against Rs. 5.20 a week ago and Rs. 4.70 in the corresponding sale last year.

In dust sale No. 18 held today, 214,000 kgs. were offered. There was good demand. Highgrowns came to an irregular but generally easier market following quality. All medium descriptions were sold well at barely steady rates. Travancores tending irregular. Unorthodox grades were the strongest feature of the sale and were sold at last rates.

The average price realised in dust sale No. 18 was Rs. 4.79 per kilo, as against Rs. 4.85 a week ago and Rs. 4.35 in the corresponding sale last year.

Colombo: Just under 7¼ million lbs. were offered and the market opened on a quieter note with high and medium grown brokens 10-20 cents lower, while lowgrowns eased 3-8 cents. Liquoring fannings were strong, selling at firm to dearer rates, but those in the low medium and lowgrown categories tended easier.

London: *North Indian and other growths*: In Monday's auction there was strong demand with best Assams realising dearer prices, but the remainder were firm with the exception of poorest thin liquoring kinds which were easier.

Ceylon and South Indians: Out of the 29,430 packages on offer in Tuesday's sale 2,466 packages were from South India. There was good demand. Ceylons received good support and were firm and, where quality showed improvement, considerably dearer. South Indian teas, except the plainest, were generally dearer.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire:

"*Sale No.* 19: 529,000 kgs. offered. Good demand. Low mediums and mediums fully firm. Good mediums slightly easier. Highgrowns irregular and lower."

FIBROUS TEAS GIVE WAY

(From Our Own Correspondent)

CALCUTTA, 12*th May*

With more arrivals of tea, the new season's export sale, scheduled to commence next week, is expected to catalogue a good selection of new teas. With continued reports of good weather and expectations of a higher crop this year, buyers may not be expected to cover their requirements. All the same, the demand, accumulated since the last sales, would be sufficient to enable good teas to realise good prices. Quality teas would meet with demand even despite the possibility of an increase in the proportion of the quality output, however, the trade is not so optimistic with regard to plain and common teas. The auctions held recently at London have given good support to quality teas and, in the last week's sales there, the bright liquoring teas recorded a handsome advance.

A good general demand was in evidence in the internal sales held last week, when dusts on offer amounted to 25,122 chests. Medium C.T.C. teas were keenly sought after, though the rates were a little irregular. Good C.T.Cs were firm, while fibrous teas gave way. Plain orthodox teas were quiet, whereas bright liquoring Assam teas were steady. Legg-cut teas met with good demand. The quotations per 1 kg. inclusive of excise duty were: good Assam C.T.C. dust Rs. 6.30 to Rs. 6.80; legg-cut dust—not quotable, medium Assam C.T.C. dust Rs. 5.00 to Rs. 5.30; medium Assam dust Rs. 4.50 to Rs. 5.10; and plain orthodox dust Rs. 4.00 to Rs. 4.30.

Weather reports for the month of April from most tea districts add strength to the belief that this year's crop would be higher than last year's. In both Central and Eastern Dooars, good rains have improved prospects, despite the prevelence of red spider blight in certain areas. South Cachar reported excessive rains but severe hailstorms in Chutiabheel hit plants; overall, immediate prospects are considered to be good, but plants in Hallakandi and Chutiabheel have been affected by red spider blight. With favourable weather in both north Cachar and lower Assam, the output last month was good, the immediate prospects being bright. Central Assam reported good outturn, but more rainfall was required in Jorhat to strengthen a good second flush. In Upper Assam, prospects were considered good, but Naharkatia continued to be affected by red spider and blister blight. Teral requires more rainfall while normal conditions prevail in Darjeeling. Severe hailstorms have caused damage to plants in Chaisa in Western Dooars.

Another good news to the trade is the Austrian decision to abolish the existing import duty of 23 per cent on tea as from the 1st of next month. Following this, prices of teas in Austria will decline; the price of loose tea will move down by 12 to 14 per cent, and that of tea packeted in Austria by 10 per cent. Imports of packeted tea will also get the benefit of lower import duly. Although Austria is a predominantly coffee-drinking country, and that country has simultaneously reduced the duty on coffee from 27 per cent to 10 per cent, trade is confident of increasing tea exports to that country. More exports to New Zealand and Australia are also expected, as these countries have freed tea from import licensing. New Zealand, however, proposes to re-impose customs duty on tea.

It is noted that tea exports from India to the U.S. in 1963 declined to 14½ million lbs. from 15½ million lbs. in 1962. Despite this fall, it is reported that the tea drinking habit is receiving a boost especially from the young. This has been possible because of "instant" tea; and the trade thinks that Ceylon, which is already marketing "instant" tea, has been able to capture more markets in the United States. This explains the fall in India's exports of tea to that country last year. The instant tea factory of Tata-Finlays in Kerala has naturally earmarked all its production for export. Meanwhile, it is disturbing to note that the youth in the foremost tea drinking country in the world, namely, the United Kingdom, is showing a marked preference for beverages much 'stronger' than tea. The trade feels that there is the need for stepping up the tea campaigns in the U.K. The fact that the U.S. is drinking more and more tea, it is felt, should be widely advertised among the British youth.

In the week under review, reports of good progress of the new crop were received from both Indian and Pakistani districts. With alternate rains and sunshine, the weather continues to be excellent, and it is estimated that sowings in both India and Pakistan up to now have been higher than last year. The crop would, therefore, begin to reach mills much earlier than usual; within the next four to five weeks, the monsoon is expected to break out. In view of the premium which the superior grades realise and also of the difficulty of stockists of inferior grades to find buyers, it is expected that the forthcoming crop would be better in quality than last year's. Although the Pakistan authorities have attempted to restrict jute acreage this year in an attempt to avoid a glut in the market, it is reported that excellent weather in most jute districts in Pakistan has been an incentive for cultivators to sow as much land as they did last year. Meanwhile, overseas demand for the remaining quantity of Pakistan's last crop is at a low ebb, and this has led to a further reduction in the E.P.C. rates in respect of the higher grades of white jute. Overseas buyers of Pakistani fibre think that conditions would be favourable for a further decline in prices. This expectation, coupled with the existing dull conditions in the Narayanganj market, has led to little or no interest for forward commitments in the new crop.

Hitherto, jute cultivation in Pakistan had remained the monopoly of its eastern wing. However, this monopoly would soon be broken, as plans are in hand to grow jute in West Pakistan. Experiments conducted already have proved that fibre can be economically cultivated in certain areas which have benefited from irrigation schemes in recent years. While jute cultivation on a commercial scale is to be taken on hand, it has been decided to set up a jute mill in West Pakistan, which with 500 looms is expected to cost Rs. 3.14 crores. To start with, the proposed mill will depend on fibre supplies from East Pakistan, but it is expected that adequate fibre supplies would be forthcoming from cultivation in areas adjacent to the sight of the proposed mill. The mill's entire production will be consumed within West Pakistan itself and, to that extent, West Pakistan's dependence for jute goods on the Eastern wing will diminish, thus increasing the export capacity of the country as a whole. The decision to set up the proposed mill has also been aided by the shipping difficulties being continuously experienced in Chittagong and Chalna ports, which cause delays and uncertainties to supplies. Also transport costs are very high. These factors led to very high prices for jute goods in West Pakistan, and place industry at a disadvantage.

That it is time to improve the profitability of mills in India by revising the minimum prices of fibre has been often emphasised by all concerned with the welfare of the industry. Against this background, it is significant that the latest issue of the *Jute Bulletin* of the Indian Central Jute Committee says that the profitability of jute mills in the first quarter of the current year was affected by the movement of jute and gunny prices in the opposite directions. The *Bulletin* has reached this conclusion from an analysis of the monthly average prices of both raw material and the finished products in the three months ended March this year. The average price of 40" 10 oz. hessian declined from Rs. 47.28 in January 1964 to Rs. 46.35 in February and to Rs. 45.73 in March 1964, while the average prices for the corresponding months of 1963 were higher at Rs. 50.97, Rs. 50.63, and Rs. 47.85, respectively. The average price of B. twills was Rs. 112.74 in January 1964 as against Rs. 113.93 in January 1963 and Rs. 111.56 in February 1964 as against Rs. 114.67 in February 1963. While thus the average prices for goods not only declined from month to month—these in the last year rose—the average prices for fibre rose; thus Assam bottoms rose to Rs. 30.96 per maund in March 1964 from Rs. 30.35 in February and from Rs. 30.15 in January 1964, as against Rs. 28.30 in March 1963, Rs. 28.89 in February 1963, and Rs. 27.82 in January 1963. The *Bulletin* adds that, at current prices, simultaneous business in raw jute and sacking at current prices cannot leave much of a profit, while, in the case of hessian, the margin can be between Rs. 75 and Rs. 100 per tonne depending on the efficiency of the management. It is remembered that the Jute Commissioner, Mr. G. C. L. Joneja, had recently stated almost similar conclusions.

The trade is happy to note that demand for hessian on Argentine account has shown signs of a welcome increase as a result of that country's need for more packaging materials following excellent farms' returns. In 1963, shipments of jute goods from Calcutta port to River Plate destinations aggregated 174.6 million yards. This year, the trade anticipates from indications so far that exports to these destinations would significantly increase to 350 million yards. Argentine's programme to build bulk handling facilities received a severe setback as a result of political factors, and construction of silos at important railheads and inland river ports has not proceeded well. Shipments of hessian from Calcutta to South American ports amounted to 96.4 million yards in the three months ended March 1964, thus representing an increase of over 100 per cent as compared with the corresponding period last year when shipments aggregated only 45.7 million yards. During the week under review, Argentina was a prominent buyer for both ready and near deliveries. The U.S.A. also accorded support, which was again of a hand-to-mouth nature. An inquiry for a sizable quantity of hessian on behalf of Turkey was a feature earlier. There was the report subsequently that Argentina had issued quota for May to September when purchases would total Rs. 10 crores worth of hessian. Sentiment was naturally boosted. Ready hessian 40" 10 oz. opened at Rs. 46.00 on Tuesday last in sympathy with the higher level in sacking goods, but profit-taking soon intervened to reduce the price to Rs. 45.40. Soon, Argentina indicated interest and the price rose to Rs. 45.70. In heavy goods, a tender for 3,200 bales of May-June B. twills for Government was a feature. Moderate overseas interest was also shown. Ready B. twills opened firm at Rs. 116.30 on Tuesday last, but profit-taking imparted a fall to Rs. 114.55. A recovery set in at this stage, as a result of the firmness in hessian, and the price gained to Rs. 114.90 on Friday last. Over the week-end, B. twills fell to Rs. 114.60 and hessian 40" 10 oz. to Rs. 45.55 as a result of the announcement of increased stocks of goods with mills. The trade however, thought that, since in April good shipments had taken place the increase of 4,900 tonnes to 130,100 tonnes in stocks should have been due to an increase in production. Therefore, production statistics are awaited with interest. Selling pressure yesterday led ready B. twills to decline to Rs. 113.60. In sympathy, hessian 40" 10 oz. eased to Rs. 45.25. However, business was done with Government for 6,150 bales of B. twills for May-June delivery.

ANOTHER RAW JUTE QUOTA

(From Our Own Correspondent)

CALCUTTA, 12*th May*

Raw jute met with steady support from mills during the week under review, as mills were busy covering the quota of 200,000 bales issued by the Jute Commissioner in respect of the four-week period ended the 9th inst. Mills were keen on completing this quota by purchasing as much of the selected grades as possible and prices, as a result, were fully steady. In view of the huge stocks with them, mills were less inclined to purchase mesta and other varieties. Following a review of conditions in the fibre market, the Jute Commissioner has issued a compulsory purchase quota of 190,000 bales for the seven-week period from 11th May to 27th June. Of this quantity, the member-mills of the Indian Jute Mills Association have been allotted 175,000 bales and non-I.J.M.A. mills the balance, that is, 15,000 bales. Since the new jute season will commence on 1st July, it follows that this quota is the last for this season. The new fibre is expected to begin reaching mills' stations by about the end of July. The Mills had thought earlier that, since they possessed heavy stocks of the inferior fibre and had blocked considerable sums of money on them, the Jute Commissioner would not issue any more quota. The Commissioner, however, must have felt that, without the issuance of one more quota, prices would decline. A decline in prices especially at sowing time should be avoided, lest it should affect the morale of the cultivators and lead to a shift of acreage from jute to paddy. All the same, it is also necessary to impress on the cultivators the need for efforts on their part to improve the quality of their produce. If only the proportion of the output of quality fibre is increased and the output of mesta and other inferior varieties is brought down to about the level of demand, there would no longer be any problem for the Government as well as the industry to face in regard to fibre prices.

METALS FIRM

(From Our Own Correspondent)

CALCUTTA, 12*th May*

Firm conditions prevailed in the metal market during the week under review, while, on the London Metal Exchange, copper shed a small portion of the recent gain but zinc moved up to touch a new high. It was announced earlier that the Government of India had arranged for the import of non-ferrous metals from South Korea against export of engineering goods, machinery and ferro-manganese. It is also encouraging to note that the $33-million World Bank loan granted to the Indian Posts and Telegraphs Department would be utilised for the import of copper and zinc, in addition to equipment for the development of tele-communications. In an attempt to increase indigenous output of non-ferrous metals, the Geological Survey of India has been conducting surveys to locate ore deposits. It was recently reported that copper, lead and zinc deposits in the South Arcot district of the Madras State are medium-sized but commercially exploitable. Ore reserves are estimated at about 800,000 tonnes. Copper deposits have also been located in certain areas of Mysore and Andhra States, as well as in the Kashmir valley.

It is estimated that the free world output of copper has now been raised almost up to capacity and that, if output is not interrupted by troubles, this year's production would be sufficient to meet demand. No significant decline in demand is, therefore, expected, though it is optimistically stated that the recent rising trend has already reached its climax. It is significant that, during the period under review, spot copper wire-bars on the London Metal Exchange eased from £314 a ton to £304½. At £289, spot cathodes shed £3 with the 3-months' position closing £5 down on balance at £290. Spot fire-refined tin fell to £285, as against the opening level of £291. The outlook for copper mines this year has improved as indicated by the fact that the Phelps Dodge Corporation of the U.S. reported increased earnings amounting to $12.50 million for the first quarter of this year, as against the $9.93 million earned in the corresponding period of 1963. Although production of copper in the free world has been raised, and copper is not believed to be in short supply, the price rise is attributed to the inclination among consumers to build stocks to provide for an emergency in case there is any possible interruption to supply as a result of labour troubles. At Calcutta, utensil copper scrap was firm at Rs. 690 per 100 kgs. and, though supplies were very difficult to be located, the fact that zinc was in tight supply led to less attention for copper scrap. Chile has proposed to levy an export tax on copper as from 1st July 1965. Chile is also passing the necessary legislation so that production costs of copper mines should not include the import duty charged on copper by importing countries; this will affect mostly the U.S.

As stated, zinc provided the strong feature on the London Metal Exchange during the week. The spot metal opened at £114¾ a ton and gradually rose to £125. The rise followed good outside demand. Earlier, it was reported that the Mitsui Mining & Smelting Company of Japan raised its price of zinc by 500 yen to 113,000 yen per ton. Other smelters in Japan are expected to make identical announcements. At Calcutta, the price ruled firm and the shortage was acute. Lead continued to forge ahead. The decline in stocks, coupled with higher advices from overseas countries, helped to boost sentiment. At London, spot metal rose from £88¾ a ton to £89¾. Spot tin was maintained at £1,041 a ton.

SUGAR STEADY

(From Our Own Correspondent)

HAPUR, 11*th May*

Sugar prices continued to rule steady at Rs. 160 to Rs. 165 per quintal in the open market. This was because supply position was still tight and seasonal demand, coupled with marriage season offtake, was on the increase. Supply position has further deteriorated due to reduction in the monthly quota of the State sugar. Prices in the Kanpur and Muzaffarnagar market also registered a steadier trend due to shortage of supplies.

Deshi khandsari prices recorded sharp gains during the week on brisk demand from east U.P. and reported smuggling of the commodity out of the State. Scarcity of crystal sugar helped to increase the demand of the commodity. As a result, the prices of crystal *khandsari* touched new high level of the season at Rs. 163.50 per quintal. The firmness of *khandsari* was attributed to a reported shortfall in sugar production and revival of hopes for the export of the commodity to deficit areas. Non-crystal *khandsari* prices moved up from Rs. 135 to Rs. 150, a quintal and *boora* prices were quoted at Rs. 150, a quintal. *Khandsari* prices also hardened to the extent of Rs. 2 per quintal in the Kanpur market during the week due to brisk summer and marriage season demand.

Ready *gur* prices here recorded further gains during the week on good buying enquiry from the consuming States of Gujarat, M.P., Rajasthan and Saurashtra against import permits. Week's offtake aggregated twenty wagons loads and as daily arrivals were small at an average of 250 maunds only; local stock declined sharply and is put around 9,000 quintals. Stocks were also deteriorating in quality due to summer season. *Shakker* is also much in demand and prices have improved by Rs. 2 per 40 kilogram. Cane crop prospects were still uncertain. Much will depend on the monsoon. Week-end prices (in rupees per 40 kilos) were: *Gur pansera* superior 30; average 29; *balti* 28 to 30; *shakker* 31 to 34; *kotha* dry-wet 29 to 29.75.

After an early rise *gur* prices were subdued during the week in the Muzaffarnagar market in the absence of more permits from consuming States. Week-end prices were: *Gur chaku* 31 to 33; *pansera* 29 to 30; *laddoo* 31 to 33.50. *Shakker* attracted good demand from Punjab and Rajasthan and prices improved to Rs. 32 to Rs. 35 per 40 kilogram.

KIPS WEAK

(From Our Own Correspondent)

MADRAS, 11*th May*

There was practically no change in the pattern of trading in the kip section. Demand was poor in all sections of the kip trade—cow hides, buff hides, cowcalf and buffcalf. Arrivals of stocks from the tanneries have been of the usual volume and clearance from the market was meagre. Prices ruled weak.

In the skins section, prices of tanned goat skins ruled firm, thanks to the hardening of prices in the raw skins market, though importers' demand was slack and prices quoted low. As regards sheep skins, only middle class sheep was in demand at firm levels, while others were quiet. There were more inquiries from the Continent than from other traditional ports.

Shipments during April 1964 were as under: 1,090 bales tanned cowhides, 173 cowcalf, 5 buffhides, 600 buffcalf, 342 goat, 280 sheep skins to U.K., 42 cowcalf, 3 buffcalf, 910 goat, 554 sheep skins, and 759 cases chrome and pickled goat to the Continent; 3 buffs, 91 buffcalf, 280 goat skins and 52 cases pickled goat skins to U.S.A., 18 goat, and 196 sheep skins to Japan. It will be seen from the above figures that the export of tanned skins to the Continent has been well maintained by the E.I. tanners.

RICE PRICES HARDEN

(From Our Own Correspondent)

HAPUR, 11*th May*

Barring rice, prices of which ruled steady on brisk seasonal demand, prices of other grains, including wheat, were subdued during the week under review, thanks to pressure of arrivals of new crops in the markets. Winnowing and threshing operations were in full swing and as arrivals were still far from normal, it looked as though cultivators were now withholding their produce in anticipation of better price in future.

After early sharp gains of upto Rs. 4 per quintal, wheat prices eased by Rs. 2 a quintal during the week. Ruling prices on Monday were: wheat average Rs. 50 to 53 and farm quality Rs. 56.50 to Rs. 61.50 a quintal. The corresponding prices last year were much lower at Rs. 45 a quintal and prices of imported wheat through fair-price shop was still lower at Rs. 42 a quintal. But the quality available from these shops is very inferior. Daily arrivals of wheat, which has slightly improved to 1,250 mds. average, were still far from normal. Stockists were, however, reluctant to enter the market on fears of Government intervention at any stage. Rice prices hardened upto Rs. 2.50 a quintal on brisk seasonal demand in the context of poor stock position.

Gram prices too, after several week's bullish activity, registered a subdued trend during the week on slack demand. Gram was, however, still being quoted higher than average wheat prices at Rs. 55 a quintal. Barley and *bejhar* prices stayed steady as arrivals of these coarse grains were still far from normal. *Juwar* and *guwar* prices tended to rise on revival of demand for seed purposes. New *methi*, too, was quoted higher and prices of other coarse grains were listless.

In pluses, peas prices hardened upto Rs. 3 a quintal thanks to good buying support from consuming areas. Week's offtake aggregated thirty wagon loads, mostly to Madras side, West Bengal, Bombay and Bihar. Daily arrivals averaged 1,500 mds. and local stock with trade was small at 1,400 quintals. New *arhar* reaching here in small quantity was being lifted at better prices and prices of other pluses were steadier, in sympathy with peas and *arhar* prices. Week-end prices (in rupees per quintal) were: *Peas dara* 48.45 to 52.75; *farm* 53.50 to 56.50; *arhar* 69 to 72; *arhar dal* 77.70 to 80.38; *moong* 77.70 to 91.09; *dal* 93.77; *urd* 66.98 to 73.68; *urd dal* 80.38; *masoor* 66.87 to 73.68; *masoor dal* 84.85; *gram dal* 62.96.

AGRICULTURAL PRODUCTION TEAMS

Eight joint Central Teams on Agricultural Production will be visiting the States in May-June this year. The object of their visit is to secure close collaboration between the Central and State Governments in the formulation and effective implementation of agricultural production programmes for 1964-65. Similar teams visited the States in April-June last year, but the scope of their study was confined to agricultural crops. The discussions this year will extend also to certain important aspects of the implementation of programmes relating to animal husbandry, dairying, fisheries and forestry. Each team will consist of senior officials and technical and administrative personnel drawn from the Planning Commission and the Ministries of Food and Agriculture, Community Development and Co-operation and Irrigation and Power. In many of the States, Central Ministers from the Ministries of Food and Agriculture, Community Development and Co-operation and Irrigation and Power and Members of the Planning Commission will join the Teams in their visits and discussions. Each Team will visit two States. In each State an "intensive area" district other than a "package district" will be selected and the actual working of the principal agricultural production programmes in that district at the village, block and district levels will be studied jointly by members of the team and State representatives. The method of planning and implementation now being followed will also be reviewed. This will be followed by a joint study, at the State level, of the agricultural programmes drawn up by the Department concerned.

The European Free Trade Area Countries (excluding Portugal and Finland), Ireland, the Netherlands, Belgium and West Germany, produced a total of 228,000 tons of butter in the first quarter of 1964, representing a fall of 3 per cent as compared with the corresponding quarter last year. This fall was particularly marked in the U.K., Switzerland, Sweden, the Netherlands and Belgium.

Notice

THE STANDARD MILLS COMPANY LIMITED

Registered Office:

Mafatlal House, Backbay Reclamation, BOMBAY

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Sixty-Ninth Annual General Meeting of the Standard Mills Company, Limited, will be held at the Tata Auditorium, Bombay House, Bruce Street, Fort, Bombay-1, on Friday, the 12th June 1964, at 4-00 p.m. (S.T.), to transact the business as specified in the Notice dated 22nd April 1964, posted to the Members of the Company individually at their registered addresses with the Company. The Explanatory Statement as required under Section 173 of the Companies Act, 1956, has been attached to the said Notice.

A *Member entitled to attend and vote* is entitled to appoint a proxy or proxies to attend and vote instead of himself and a proxy need not be a member

The Dividends, as recommended by the Directors, when sanctioned by the shareholders, will be made payable from Wednesday, the 17th June 1964 to Monday, the 31st August 1964 (both days inclusive) at the Bank of Baroda Ltd., Reclamation Branch, Bombay, during banking hours and thereafter at the Registered Office of the Company during office hours on all week days except Saturdays to those shareholders whose names stand on the Register of Members on Tuesday, the 28th April, 1964.

By Order of the Board of Directors,

FOR THE STANDARD MILLS CO., LIMITED,

MAFATLAL GAGALBHAI & SONS,

Managing Agents.

BOMBAY, 22*nd April*, 1964.

Notice

THE MAFATLAL FINE SPINNING AND MANUFACTURING CO. LTD.

Registered Office:

Mafatlal House, Backbay Reclamation, BOMBAY-1

NOTICE

To

THE SHAREHOLDERS,

THE MAFATLAL FINE SPINNING & MANUFACTURING COMPANY LTD.

NOTICE IS HEREBY GIVEN THAT THE THIRTY-THIRD ANNUAL GENERAL MEETING of THE MAFATLAL FINE SPINNING AND MANUFACTURING COMPANY LIMITED will be held at the Tata Auditorium, Bombay House, Bruce Street, Fort, Bombay, on Thursday, the 11th day of June, 1964, at 4.00 p.m. (S.T.), to transact the business mentioned in Items 1 to 8 as ordinary business and also to consider and if thought fit, to pass the Special and/or Ordinary Resolutions mentioned in Item 9 of the Notice accompanying the Annual Report and Accounts for the year ended 31st December, 1963, being posted to the Members individually at their Registered addresses.

The Explanatory Statement as required by Section 173 of the Companies Act, 1956, in respect of the Special and/or Ordinary Resolutions, is annexed to the Notice.

N.B.:—(*a*) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND A PROXY NEED NOT BE A MEMBER.

(*b*) The documents referred in Special Resolutions Nos. 1, 2, and 3 mentioned in Item 9 of the Notice, are open for inspection of the Members at the Registered Office of the Company between 11 a.m. and 1 p.m. (S.T.) on any working day.

(*c*) The Register of Members and the Transfer Books of the Company remained closed from 16th March, 1964, to 4th April, 1964, both days inclusive.

(*d*) The Dividends, as recommended by the Directors, when declared by the shareholders, will be paid at The Bank of Baroda Ltd., Reclamation Branch, Bombay-1, from Thursday, the 18th June, 1964, to Monday, the 31st August, 1964, during business hours and thereafter at the Registered Office of the Company during Office hours excepting Saturdays and holidays, to those shareholders whose names stood on the Company's Register on 16th March, 1964. Shareholders are requested to intimate to the Company change in their Registered addresses.

By Order of the Board of Directors,

NAVINCHANDRA PURSHOTAMDAS & CO. LTD.,

H. B. MAFATLAL,

Director,

Managing Agents.

BOMBAY,

Dated: 22*nd April*, 1964.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 8th May 1964

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long Term Operations) Fund		73,00,00,000
National Agricultural Credit (Stabilisation) Fund		8,00,00,000
Deposits—		
(a) Government—		
(i) Central Government		53,74,97,000
(ii) State Governments		21,89,50,000
(b) Banks—		
(i) Scheduled Banks		80,94,27,000
(ii) State Co-operative Banks		2,22,68,000
(iii) Other Banks		4,28,000
(c) Others		159,15,32,000
Bills Payable		36,13,15,000
Other Liabilities		73,68,59,000
	Rupees	593,82,74,000

ASSETS	Rs.	Rs.
Notes		18,31,38,000
Rupee Coin		3,40,000
Small Coin		4,86,000
National Agricultural Credit (Long Term Operations) Fund—		
(a) Loans and Advances to—		
(i) State Governments		28,30,57,000
(ii) State Co-operative Banks		8,16,39,000
(iii) Central Land Mortgage Banks		....
(b) Investment in Central Land Mortgage Bank Debentures		3,59,36,000
National Agricultural Credit (Stabilisation) Fund		
Loans and Advances to State Co-operative Banks.		....
Bills Purchased and Discounted—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		59,17,77,000
Balances Held Abroad*		3,27,32,000
Loans and Advances to Governments**		56,57,28,000
Loans and Advances to—		
(i) Scheduled Banks†		79,04,23,000
(ii) State Co-operative Banks†		112,80,70,000
(iii) Others		1,81,70,000
Investments		186,25,36,000
Other Assets		31,41,33,000
	Rupees	593,82,74,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

† Includes Rs. 20,98,65,000 advanced to scheduled banks against usance bills under Section 17(4)(*c*) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	18,31,38,000	
Notes in circulation	2576,90,28,000	
Total Notes issued		2595,21,66,000
Total Liabilities		2595,21,66,000

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India	....	
Foreign Securities	103,45,69,000	
Total		221,21,79,000
Rupee Coin		101,63,00,000
Government of India Rupee Securities		2272,36,87,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2595,21,66,000

State Bank of India

Statement of Affairs for the week ended 8th May 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital:— 20,00,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up:— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		9,30,00,000
Borrowings from Other Banking Companies, Agents, etc.		23,78,40,000
Bills Payable		10,20,52,000
Bills for Collection being Bills receivable as per contra		8,03,04,000
Acceptances, Endorsements and Other Obligations per contra		16,48,93,000
Other Liabilities (including Inter-Office Adjustments)		7,91,57,000
Total .. Rs.		700,78,52,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		17,27,07,000
Balances with other Banks		3,09,82,000
Money at Call and Short Notice		2,80,60,000
INVESTMENTS:—		
Government and other Trustee Securities	Rs. 234,60,30,000	
Other Authorised Investments	9,41,23,000	
		244,01,53,000
ADVANCES—		
Loans, Cash Credits, Overdrafts, etc.	Rs. 357,72,77,000	
Bills Discounted and Purchased	23,16,70,000	
		380,89,47,000
Bills Receivable being Bills for Collection as per contra		8,03,04,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		16,48,93,000
Premises less Depreciation		2,23,93,000
Furniture and Fixtures less Depreciation		1,78,77,000
Other Assets (including Inter-Office Adjustments)		23,41,21,000
Total .. Rs.		700,78,52,000

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	1-5-64	24-4-64	3-5-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	65,20	64,11	51,18
(ii) From others	1,089,60	1,076,15	884,87
(b) Borrowings from banks	40,70	41,44	25,75
(c) Others	70,70	72,88	61,85
2. Time liabilities—			
(a Time deposits—			
(i) From banks	27,05	27,52	27,76
(ii) From others	1,245,86	1,242,37	1,200,55
(b) Borrowings from banks	12,45	12,48	16,88
(c) Others	11,66	10,84	10,58
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,315,47	2,318,52	2,085,42
4. Borrowings from Reserve Bank	63,85	44,62	41,86
(a) Against usance bills and/or promissory notes	21,98	21,18	31,06
(b) Others	41,87	23,44	10,80
5. Borrowings from State Bank and/or a notified Bank	24,14	24,98	18,52
6. Cash	60,22	62,64	54,65
7. Balances with Reserve Bank	87,03	78,92	80,05
8. Cash and balances with Reserve Bank	147,26	141,56	134,70
9. 8 as per cent of 3	6,36	6,10	6,46
10. Balance with other banks in current account	21,30	20,28	19,75
11. Money at call and short notice	48,34	48,76	43,60
12. Investments in Government securities	618,89	615,09	618,29
13. 12 as per cent of 3	26,73	26,52	29,65
14. Advances—			
(a) Loans cash credits and overdrafts	1,556,35	1,547,54	1,323,63
(b) Due from banks	13,33	12,94	9,03
15. Inland bills purchased and discounted	227,40	229,45	212,84
16. Foreign bills purchased and discounted	67,88	68,63	55,29
17. Total Bank Credit [14(a)+15+16]	1,851,64	1,845,61	1,591,76
18. 17 as per cent. of 3	79,97	79,60	76,33

INDEX NUMBERS OF SECURITY PRICES

[1952-53=100]

Group and Sub-Group	Week ended			
	2nd May 1964	25th April 1964	4th April 1964	4th May 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99.6	99.6	99.7	98.
2. Government of India	99.3	99.2	99.4	97.
3. State Governments	102.0	102.0	102.0	101.
4. Municipal, Port Trust, etc.	98.9	98.9	98.9	98.
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	97.6	97.7	97.8	ility
PREFERENCE SHARES—ALL INDIA.				ices
6. Total	81.2	81.4	81.5	con-
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	165.1	163.7	167.1	was
8. *Agriculture and Allied Activities : Total**	145.4	146.1	148.5	unny
9. Tea Plantations	132.2	133.3	135.0	
10. Coffee Plantations	169.6	170.4	173	
11. Rubber Plantations	183.9	184.2	184	
12. *Mining and Quarrying: Total**	137.5	134.0	136.7	
13. Coal	97.3	97.7	99.5	
14. Other Mining	165.0	158.9	162.6	
15. *Processing and Manufacturing : Total*	178.5	176.7	182.	Janu-
16. *Processing and Mfg. (Foodstuffs,Textiles,etc.): Total*†*	176.7	175.7	48.	45.73
17. Sugar	125.1	124.8	122.	
18. Cotton Textiles	191.0	190.4	184.1	170
19. Jute Textiles	87.9	88.5	89.9	95.
20. Silk and Woollen	830.6	818.5	809.6	912.0
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	194.6	191.3	194.3	183.1
22. Iron and Steel	160.4	155.7	159.0	144.3
23. Transport Equipment	323.8	319.1	324.7	331.7
24. Electrical Machinery	154.0	154.1	153.9	152.7
25. Machinery other than Transport and Electrical	226.8	224.4	228.1	217.5
26. Basic Industrial Chemicals	179.3	178.8	182.7	172.2
27. *Processing and Mfg. (Others) : Total**	154.1	152.6	153.5	154.6
28. Cement	146.6	144.4	144.4	144.4
29. Paper	192.6	192.6	190.6	198.9
30. *Other Industries : Total**	108.3	107.4	108.4	105.6
31. Electricity Generation and Supply	87.7	87.7	87.7	82.9
32. Trading	109.0	108.0	106.9	114.9
33. Shipping and Other Transport	96.9	94.1	97.0	84.4
34. Construction	295.7	286.8	299.4	273.5
35. *Financial: Total*	182.6	182.6	186.8	189.9
36. Banks	203.7	204.2	209.3	212.4
37. Insurance	147.5	145.4	147.1	150.5
38. Investment Trusts	80.2	81.2	83.2	85.4
VARIABLE DIVIDEND INDUSTRIALSECURITIES—REGIONAL.				
39. Bombay	173.1	169.5	173.7	172.
40. Calcutta	152.1	151.9	155.4	155.
41. Madras	174.5	175.6	178.8	176.
42. Delhi	224.9	223.3	226.0	212.

*Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

EXCHANGE RATES

	12th May 1964	6th May 1964
London on New York, per Dollar	2.7993 -2.7995	2.7998- 2.8001
London on Berne .. Sw. Frs.	12.0790-12.0810	12.0805-12.0825
London on Paris .. Frs.	13.7150-13.7170	13.7190-13.7210
New York on London Cents per £	279.920-279.950	279.980-280.020
Pound Sterling—		
Sellers T.T. D.D. Spot .. s.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months .. s.	1-5 15/16	1-5 15/16
Buyers T.T. .. s.	1-5 1/32	1-5 1/32
Buyers D.D. .. s.	1-5 1/16	1-5 1/16
U.S. Dollar—		
Sellers T.T. D.D. .. Rs. to $100	478.25	478.00
Buyers T.T. .. Rs. to $100	474.75	474.75
Canadian Dollars—		
Sellers T.T. D.D. .. Rs. to $100	444.50	444.75
Buyers T.T. .. "	436.50	436.75
French Francs—		
Sellers T.T. D.D., per Rs. 100	102.40	102.40
Buyers T.T. .. "	103.40	103.40
Swiss Francs—		
Sellers T.T. D.D. .. "	90.10	90.10
Buyers T.T. .. "	91.10	91.10
Deutsche Marks—		
Sellers T.T. D.D. .. "	83.00	83.00
Buyers T.T. .. "	83.90	83.90
Italian Lire—		
Sellers T.T. D.D. .. "	13,030	13,035
Buyers T.T. .. "	13,205	13,210
Swedish Kroner—		
Sellers T.T. D.D. .. "	107.30	107.40
Buyers T.T. .. "	108.40	108.50
Belgian Francs—		
Sellers T.T. D.D. .. "	1,037	1,037
Buyers T.T. .. "	1,053	1,053
Dutch Guilders—		
Sellers T.T. D.D. .. "	75.40	75.40
Buyers T.T. .. "	76.30	76.30
Hongkong Dollars—		
Sellers T.T. D.D. .. "	119.60	119.60
Buyers T.T. .. "	120.60	120.60
Norwegian Kroner—		
Sellers T.T. D.D. .. "	140.30	140.30
Buyers T.T. .. "	150.70	150.70
Danish Kroner—		
Sellers T.T. D.D. .. "	144.30	144.20
Buyers T.T. .. "	145.70	145.60

State Bank of Pakistan

Statement of Affairs for the week 24th April, 1964

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		3,00,00,000
Reserve Fund		6,65,00,000
Rural Credit Fund		3,00,00,000
Deposits :—		
(a) Central Government		27,41,10,000
(b) Provincial Governments		2,51,13,000
(c) Banks		35,40,57,000
(d) Others		97,93,06,000
Bills Payable		68,83,000
Other Liabilities		18,60,95,000
	Rupees	194,93,64,000

ASSETS	Rs.	Rs.
Notes		6,57,21,000
Rupee Coin		19,000
Subsidiary Coin		41,000
Bills Purchased and Discounted :—		
(a) Internal	....	
(b) External	....	
(c) Government Treasury Bills		1,43,91,000
Balances held outside Pakistan*		34,43,31,000
Loans and Advances to Governments		2,88,00,000
Provincial Governments' Debtor Balances		97,81,000
Other Loans and Advances		97,81,45,000
Investments		87,70,60,000
Other Assets		13,23,66,000
	Rupees	194,93,64,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	6,57,21,000	
Notes in circulation	464,85,72,000	
Total Notes issued		471,42,93,000
Total Liabilities	....	471,42,93,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	25,00,44,000	
Silver Bullion	....	
Foreign Securities	85,16,28,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
		153,18,36,000
B. Rupee Coin	4,16,05,000	
Government of Pakistan Securities	308,18,46,000	
Internal bills of exchange and other commercial paper	....	
		312,34,51,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,00,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets		471,42,93,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 33.68 per cent.

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	18th April 1964	11th April 1964	20th April 1963	March 1964	March 1963	Percentage of Increase (+) or Decrease (−) in March 1964 as compared with March 1963	Financial Year Averages 1963-64	1962-63
Food Articles	504	142.3	141.6	128.4	142.7	123.4	+15.2	136.8	126.1
Cereals	192	123.0	123.3	107.9	123.0	102.0	+21.2	116.3	105.6
Pulses	43	129 3	129 3	104.0	133 9	99 9	+34.0	116.5	106.2
Fruits and Vegetables	23	173.1	171.4	140 0	162 9	133.4	+22.1	140.6	135.6
Milk and Ghee	84	131.7	129.2	123 0	124.8	114.8	+8.6	123.2	124.4R
Edible Oils	47	169 4	164 5	144 3	160 0	141 8	+12.8	151.1	142 3
Fish, Eggs and Meat	15	151.8	151.8	138.5	152.7	137 5	+11.1	149.8	148.6R
Sugar and Gur	48	171.7	167 3	165 0	173 0	147.5	+17.3	188.8	145.0
Others	50	174 0*	175 8*	173 0*	175.7	172 9	+1.0	179.3	171.8
Liquor and Tobacco	21	118.8	118 8	117.6	119.0	114.2	+4.2	119.6	100.9R
Tobacco		115.9	115.9	114.8	116 1	111.0	+4.6	116.9	97.4R
Fuel, Power, Light and Lubricants	30	141 8	141 8	138.1	141 7	137 7	+4.4	139.6	124.4R
Industrial Raw Materials	155	147 7	146 6R	137.0	144 9	135 2	+7.2	139.5	136.5
Fibres	61	140.0	139 6R	133.7	135.7	133 5	+1.6	133.2	128.8
Oilseeds	60	170 6	167 6R	147.7	162.9	143 0	+13.9	154.1	151.4
Minerals	2	102 1*	102 1*	93.4*	93.1	93.4	+5.0	92.8	93.6
Others	32	129 8	129 2R	126.4	131 5	125.6	+4.7	127.3	123.8
Manufactures	290	133 2	133 0R	130.1	132 8	129 6	+2.5	131.1	128.8R
Finished Products	249	131.1	130.9R	128.7	144.7	136 2	+6.2	129.7	127.1
Textiles	147	128.3	128.4	127.0	130.7	134.4	+1.7	127.7	126.1
Cotton		136.7*	136.7*	135.0*	128.6	127 0	+1.3	135.6	130.7
Jute		98.5	98.5	90 6	98.7	102.1	−3.3	100.2	110.9
Woollen		162.4*	162.4*	142.7*	162.4	142.4	+14.0	155.3	140.1
Silk and Rayon		141.2*	141.2*	141.2*	143.2	139.2	+2.9	139.8	131.8
Metal Products	12	166 5	166 5	161.2	166.1	161.0	+3.2	163.1	160.1
Chemicals	20	120.8*	120.9*	117.5*	120.2	117 3	+2.5	117.9	115.1
Oil Cakes	9	175.2	172.9R	162.2*	175.5	157.8	+9.3	165.7	160.4
Machinery and Transport Equipment	31	125.8	125.8	122.8	125.6	122.2	+2.8	124.2	117 0R
Others	30	128.0	128.0	127.3	127.8	127.2	+0.5	128.2	125.3
All Commodities	1,000	140.0	139.4	130.3	139.3	127.2	+9.5	135.3	127.9

NOTE :—Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index. P—Subject to revision. R—Revised. * Estimated.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

INDUSTRIAL PRODUCTION

Industries.		1960	1961	1962	1963	Nov., 1963	Dec., 1963	Dec., 1962
Major Industries—								
Coal	million metric tons	52.62	56.19	61.55	66.91	5.50	5.67	5.83
Steel Ingots—crude	thousand metric tons	3,342	4,022	5,099	5,966	483	509	505
Yarn	million kgs.	736	862	860	893	78	82	74
Cloth	million metres	4,619	4,694	4,480	4,423	375	392	377
Cement	thousand metric tons	7,825	8,245	8,857	9,355	782	877	869
Jute	thousand metric tons	1,035	971	1,181	1,236	104	107	104
Paper and paper boards	thousand quintals	3,475	3,641	3,876	4,626	409	418	369
Matches*	million gross boxes	23.6	25.4	25.8	26.2J	2.2	—	2.4
Sugar	thousand metric tons	2,591	2,541	2,786	2,314	257	—	452
Engineering and Electrical Industries—								
Machine tools	Value in lakhs of Rs.	602	761	1,074	1,706	162	159	112
Electric lamps	millions	41.39	46.90	58.55	64.29J	5.75	—	5.57
Dry cells	millions	207.4	213.6	240.0	260 6J	21.2	—	23.6
Power transformers	thousand K.V.A.	1,116	1,754	2,357	2,386J	212	—	217
Electric Motors	thousand H.P.	880	827	983	1,071J	103	—	103
Electric fans	Nos.	991,200	1,074,000	1,134,000	1,057,400J	75,100	—	108,200
Radio receivers	Nos.	291,200	326,340	348,000	372,800J	32,900	—	36,300
Storage batteries	Nos.	510,000	520,800	564,000	59,500J	59,500	—	55,500
Diesel engines—Vehicular	Nos.	1,196	1,816	7,620	8,837	709	876	722
Diesel engines—Stationary	Nos.	44,196	44,196	42,672	50,129	..	4,277	4,539
Chemical Industries—								
Salt	million metric tons	3.43	3.43	3.86	4.54	0.16	0 12	0.13
Caustic soda	metric tons	99,144	119,844	125,420	153,283	13,714	15,829	11,096
Soda ash	metric tons	145,284	176,639	222,660	266,961	22,847	25,515	22,014
Chlorine liquid	metric tons	31,656	33,912	36,973	44,234	4,416	4,539	3,401
Bleaching powder	metric tons	5,925	7,128	6,823	6,969	566	588	576
Bichromates	metric tons	5,472	6,725	7,045	6,623	539	660	596
Sulphuric acid	metric tons	358,400	413,580	463,300	563,236	52,000	51,050	45,718
Superphosphate	metric tons	322,464	370,835	445,224	573,903	56,782	51,537	44,763
Non-ferrous Metals—								
Aluminium	metric tons	18,407	18,381	35,404	48,036J	4,708	—	4,688
Antimony	metric tons	809	618	661	909	80	82	75
Copper (virgin metal)	metric tons	8,995	8,735	9,781	9,593	895	895	865
Lead (virgin metal)	metric tons	3,778	3,664	2,849	3,537	274	323	260
Gold	kilograms	4,992	4,872	5,076	4,300	317	346	396
Miscellaneous (Minor) Industries—								
Sewing Machines	Nos.	297,288	307,404	343,824	333,550J	31,825	—	29,252
Bicycles	Nos.	1,050,096	1,040,592	1,115,916	873,315J	10,345	—	68,661
Automobiles	Nos.	51,860	54,315	57,816	62,197	5,407	6,265	4,792
Plywood—Tea chests	thousand sq. metres	9,120	9,108	9,132	8,945J	831	—	788
Plywood—Commercial	thousand sq. metres	6,021	6,564	7,356	8,596J	796	—	668
†Woollen manufactures { Worsted Fabrics	thousand sq. metres	13,950	13,200	13,388	20,412	1,764	1,483	1,453
†Woollen manufactures { Worsted Yarn	thousand Kgs.	12,586	14,760	18,012	22,723	1,842	1,907	1,891
Alcohol—Industrial	million litres	70.57	92.84	110.32	122 66J	8.37	—	12.10
Alcohol—Power Absolute	million litres	49.33	53.77	50.22	25.17J	0.08	—	4.39
Railway Wagons	Nos.	7,476	10,536	13,932	17,067J	1,439	—	1,550
General Index—(Base 1956=100 Revised)		129.8	139.3	149.8	162.4§	169.4§	—	162.1

* Matches—Boxes of 60 sticks each upto February, 1961 and of 50 sticks thereafter. § Average of first eleven months.
‡ Includes figures for Jammu and Kashmir. J—Upto November only. —Not Available.

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

[1949=100]

	All-India	Bombay*	Ahmedabad†	Sholapur§	Kanpur†	Nagpur	Calcutta	Madras City	Delhi	Ajmer	Gauhati	Jamshedpur	Jabalpur	Bangalore†
1960 Average	124	122	108	117	100	138	100	143	120	107	108	100	100	100
1961 "	126	121	102	112	101	131	101	148	127	113	106	101	111	105
1962 "	130	444	104	381	105	133	107	150	130	115	112	103	131	108
January 1963	130	435	103	415	103	135	106	150	130	111	110	103	132	109
Feb. "	129	437	104	401	104	131	107	150	130	110	110	104	132	109
March "	130	438	105	370	105	132	110	149	130	111	107	104	132	109
April "	131	437	105	367	106	132	110	149	132	115	112	109	133	109
May "	132	440	106	368	107	133	112	150	132	117	111	108	133	110
June "	134	446	107	376	109	138	112	150	133	117	110	109	134	112
July "	135	448	108	381	110	143	112	151	133	121	111	110	135	112
August "	136	449	108	374	110	144	113	151	134	124	109	109	141	112
September "	137	454	109	377	112	146	116	152	136	124	109	109	143	113
October "	138	453	109	371	112	146	119	151	136	122	112	109	143	114
November "	138	454	110	378	112	147	116	153	138	124	112	109	143	114
December "	140	483‡	111	379	115	147	116	157	140	125	113	..	145	115
January 1964	140	485‡	..	383	115	150	111	157	140	125	115	..	152	..
February "	142	489‡	..	417	123	..	111	..	..	126	113	..	158	..
March "	..	496‡	..	417	125	..	..	..	..	..	..	..	..	..

* June 1934=100. §Jan. 1925=100. †Base: 1960=100. ‡ The index is based on the Lakdawala Committee's recommendation which has been accepted by the Government of Maharashtra.

INDEX NUMBERS OF WHOLESALE PRICES—IMPORTANT COMMODITIES

(Base : 1952-53=100)

Average of months Average of weeks ended Saturday	Rice	Wheat	Jowar	Bajra	Gram	Tea	Milk	Sugar	Gur	Tobacco Raw	Raw Cotton	Raw Jute	Groundnut	Spices and condiments	Coal	Jute manufactures	Cotton manufactures	Chemicals and allied items	Iron & Steel Mfg. Industries
1956-57	97	88	122	122	71	165	104	95	109	90	111	126	111	97	116	96	116	131	
1960-61	108	90	122	130	87	205	117	105	122	97	113	219	146	128	141	121	132	147	
1961-62	109	91	113	122	89	192	117	125	116	96	109	178	155	140	142	128	128	148	
1962-63	111	90	130	124	89	175	122	121	153	93	113	147	140	156	161	111	131	166	
January 1963	108	88	130	124	89	175	122	121	153	93	113	147	140	156	161	105	133	161	
February "	108	89	130	118	112	89	183	122	155	158	92	112	150	128	165	153	105	134	161
September "	131	92	109	130	93	198	129	136	267	111	118	147	159	161	161	101	136	163	
October "	132	94	110	129	96	195	135	137	267	112	114	149	157	161	161	101	136	163	
November "	130	97	112	133	101	192	127	139	216	111	117	147	136	157	161	100	136	163	
December "	122	106	114	139	110	192	126	143	210	115	118	145	136	154	161	100	136	163	
January 1964	120	112	123	139	113	195	128	143	210	116	120	149	139	156	161	100	136	163	
February "	121	121	130	144	120	193	130	143	198	116	121	150	147	160	161	100	136	163	

RAILWAY TRAFFIC—WAGON LOADINGS

(In thousands)

Year/Month	Total No. of Wagons Loaded	Coal and Coke	Grains and Pulses	Oil-seeds	Raw Cotton	Cotton Manufactures	Raw Jute	Jute Manufactures	Sugar	Cement	Pig-iron	Iron and Steel (Others)	Tea	Manganese Ore
1960-61	9,757	1,591	887	132	52	16	116	15	128	401	56	317	25	78
1961-62	9,870	1,706	803	115	40	14	128	12	130	398	51	366	24	72
1962-63	10,607	1,924	792	125	43	14	150	15	143	457	55	428	32	72
Jan., 1963	8,700	1,580	657	99	30	11	127	11	115	317	43	352	32	62
April "	9,119	1,772	74	15	1	1	8	1	14	34	4	36	..	5
May "	1,839	345	157	28	10	3	16	2	27	67	9	75	2	10
June "	2,717	509	236	35	13	3	21	3	39	98	14	113	3	20
July "	6,446	687	311	44	15	4	25	4	50	130	19	158	7	20
Aug. "	4,561	866	377	52	16	5	35	5	61	163	24	196	11	24
Sept., "	5,461	1,040	446	59	18	7	50	6	71	190	29	237	16	29
Oct., "	6,400	1,225	516	69	19	8	70	6	78	230	33	280	21	34
Nov., "	7,354

TREND OF SHARES

INDECISIVE

(From Our Own Correspondent)

BOMBAY, *14th May*

THE share market looked up a little on the concluding day (Friday the 8th inst.) of the last settlement, in contrast to the panicky conditions that prevailed on the day previous, but opened the new account (Monday the 11th inst.) rather indecisively and this trend persisted practically till the close today. The improvement noted on Friday was engendered by some bear covering and fresh bull buying at low levels to which equity values had receded previously, while fresh offerings were absent. The recovery was, however, short-lived, as, on Monday, the market developed a sagging tendency, due to lack of follow-up support, paucity of genuine investment demand, and stringency in money. Neither the report of the Dhebar Committee on implementation of the Bhubaneshwar resolution on "Democracy and Socialism" nor the prospect of a larger share for private sector in industrial development under the fourth Plan had any significant effect. For operators were in no mood to enter into fresh commitments either way, as they preferred to await the deliberations of the A.I.C.C. session due to begin at Bombay on Friday the 15th inst. It was not surprising, therefore, that turnover was greatly reduced, the bulk of business put through being of a jobbing nature. Trading conditions remained unchanged on Tuesday, as well as today—the market was closed on Wednesday on account of *Shivaji Jayanthi*—with limited activity and narrow price movement. Over the week, equities showed a mixed pattern, with moderate gains and losses evenly spread.

The thin and featureless trading in both forward and cash sections has caused concern among market circles. These circles feel that a relaxation of margins is imperative to bolster up the sentiment of share market. It is believed that the Union Finance Minister, Mr. T. T. Krishnamachari, who is in Bombay to attend the A.I.C.C. session, has agreed to meet the Bombay Stock Exchange President, Mr. K. R. P. Shroff. The latter will doubtless reiterate the plea of the Exchange for relaxing the margin system, besides inviting the attention of T.T.K. to the adverse effects of the taxation proposals on the capital market. It would be rash, indeed, to predict the outcome of these talks. But it is obvious that they would not result in any tax relief in the foreseeable future. He may, however, agree to yield some ground on the margin issue, as the markets continue to remain in a depressed state.

* * * *

Steel shares in Dalal Street evoked scattered support. Tata Ordinary spurted from Rs. 147.25 to Rs. 148.50 on Friday and, after moving indecisively between the latter level and Rs. 147.75, wound up the week at Rs. 148.25, that is, a rupee higher. Indian Iron gained 20 nP to Rs. 24.60. Engineering scrips were generally depressed, thanks to the recent spurt in the prices of decontrolled issue of steel, rise in production costs and growing labour unrest. T. Maneklal (old) were hammered down by Rs. 35 to Rs. 525. New Standard declined by Rs. 2 to Rs. 128 and Asian Cable by Re. 1 to Rs. 74. Telco, after rising from Rs. 285.50 to Rs. 289.50, receded to the former level today, with no change thus over the week. Alcock Ashdown no doubt rose by Rs. 3 to Rs. 293, but this rise was due to the highly optimistic note struck by the Company's Chairman about the prospects for the current year. Textiles were somewhat well favoured. Following the withdrawal of the scheme of rayon yarn supply at concessional rates to weavers, Century and National Rayon advanced by Rs. 13.50 each to Rs. 610.50 and Rs. 365.50, respectively. Kohinoor hardened by Rs. 3.50 to Rs. 237.50. Svadeshi gained Re. 1.50 to Rs. 237.50. Bombay Dyeing, however, dropped Re. 1.40 to Rs. 57.60 *ex-div.* Sugars were dull, Belapur declining by Rs. 4 to Rs. 210. Among Cements, Digvijay strengthened by Rs. 7.50 to Rs. 189, due to higher dividend announcement for the year 1963 (13 per cent as against 10 per cent) and Associated Cements by 25 nP up to Rs. 151. In the Chemicals group, Indian Dyestuff gathered Rs. 2.50 to Rs. 256.25, while Amar Dye shed Rs. 2.50 to Rs. 130. Among Miscellaneous industrials, Tata Oil advanced by Rs. 2.80 to Rs. 60. Voltas picked up Rs. 2.50 to Rs. 252.50. West Coast increased by 50 nP to Rs. 157.50. Wimcos gained a like amount to Rs. 255. Bombay Burmah old lost 30 nP to Rs. 57.90.

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Lyons Range (Calcutta) put on a dull appearance during the major part of the week under review. Buyers were scarce and, with the exception of a few scrips which met with sustained support, prices were generally lower. Dunlop, in the forward list, encountered persistent selling and declined again from Rs. 36.31 to Rs. 34, as operators did not take kindly to the Company's proposal to issue right shares in the proportion of one for three at a premium of Rs. 10 per share. They thought that the premium was rather on the high side. Indian Aluminium fell by Rs. 2.06 to Rs. 30. Indian Cable eased by Re. 1.25 to Rs. 34.50. Birla Jute by 88 nP to Rs. 29.87, Guest, Keen, William by 31 nP to Rs. 24 and Texmaco by 15 nP to Rs. 27.45. Orissa Cement dropped 44 nP to Rs. 13, following the publication of disappointing preliminary statement of accounts for the year 1963. In the cash list, Alkali and Chemical softened by 93 nP to Rs. 27.44. Imperial Tobacco shed 16 nP to Rs. 9.56. Metal Box receded by 87 nP to Rs. 29.50.

* * * *

Restricted activity and a general fall in values characterised trading on the Madras Stock Exchange. In the forward list, Consolidated Coffee declined from Rs. 22.10 to Rs. 21.98 and Periakaramalai from Rs. 3.48 to Rs. 3.45. S.I. Viscose fell by Rs. 2 to Rs. 119.50 and Laxmi Mills by Rs. 2.50 to Rs. 131. Travancore Rayon softened by 25 nP to Rs. 22.50, reflecting the disappointment of the market over the cut in dividend from 15 per cent to 12½ per cent. Among cash counters, Binny was neglected at Rs. 271.60 *ex-div.*, as also W.I. Plywood at Rs. 200, Textool at Rs. 141 and Parry at Rs. 3.14 *ex-div.* Madras Aluminium shed 50 nP to close at Rs. 71.

BANK OF RAJASTHAN

The Bank of Rajasthan (General Manager: Mr. R. Y. Garg) made further progress at a brisk pace during the year ended 31st December 1963. The balance-sheet total rose by 15 per cent during the year from Rs. 767 lakhs to Rs. 904 lakhs, more than five times the rise in the previous year. This rate of growth approached the rate achieved in 1961. The increase in balance-sheet total largely flowed from the increase in deposits of the Bank—a 15 per cent increase took the deposits to a record level of Rs. 718 lakhs. The total number of depositors, too, increased from 42,100 to 47,800. The increase in deposits also approximated the rate achieved in 1961, although, during 1962, there was only a meagre rise of Rs. 3 lakhs.

A more intensive utilisation of resources by the Bank is reflected in a consistent and continuous increase of 63 per cent in advances over the last two years from Rs. 260 lakhs at the end of 1961 to Rs. 351 lakhs at the end of 1962 and to Rs. 423 lakhs at the end of 1963, taking the credit-deposits ratio from 42 per cent to 56 per cent and again to 59 per cent. Advances to small-scale industries were Rs. 42.53 lakhs, about 10 per cent of total advances. The ratio of cash was higher at 23 per cent as against 18 per cent at the end of the previous year, although it was still lower than the unduly high level of 32 per cent in 1961. The rise in the cash ratio was at the cost of investments, which were lower at 26.6 per cent. But the total of liquid assets is high enough to give a ratio of no less than 49.9 per cent. This suggests that there is still considerable scope for raising the level of advances.

Allocations to reserves have more than doubled from the previous year, and unpaid calls amounting to more than Rs. 3.50 lakhs were received during the year, with the result that the ratio of paid-up capital and reserves to deposits improved to 3.33 per cent. It was only 2.96 per cent in 1961.

The gross income of the Bank rose from Rs. 42.07 lakhs to Rs. 48.69 lakhs during the year, largely as a result of increase in interest and discount income. Higher income was, however, neutralised to a larger extent by higher interest and staff expenses. Interest paid on deposits rose by Rs. 1.20 lakh to Rs. 21.15 lakhs and staff expenses by Rs. 2.38 lakhs to Rs. 15.75 lakhs. Profit (before taxation) nevertheless rose substantially to Rs. 4.05 lakhs from Rs. 2.34 lakhs in the previous year when they had fallen to that level from Rs. 3.50 lakhs. In spite of a higher provision for taxation at Rs. 1.02 lakh (Rs. 0.90 lakh previous year) and higher transfers to reserve funds, it was still possible to pay bonus to staff at Rs. 0.93 lakh as against *nil* in the previous year and Rs. 0.49 lakh the year before. Dividend was maintained at 10 per cent per annum, absorbing Rs. 1.17 lakh, slightly higher than last year, on account of increased capital.

The table below summarises these trends in the Bank's working the last four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Interest and discount earned ..	37.36	32.57	28.83	24.50
Commission and exchange ..	9.31	7.91	6.25	6.24
Other income	2.02	1.59	1.66	1.34
Interest paid	21.15	19.95	17.80	14.81
Staff expenses	15.75	13.37	9.77	8.31
Other expenses	6.26	5.32	4.75	4.82
Depreciation	1.48	1.09	0.92	0.79
Profits before taxation	4.05	2.34	3.50	3.36
Provision for taxation	1.02	0.90	0.87	1.10
To reserve and other funds ..	0.90	0.47	1.23	0.91
Bonus to staff	0.93	..	0.49	0.41
Dividend	1.17	0.94	0.92	0.92
	(10%)*	(10%)*	(10%)*	(10%)*
Carry forward	0.07	0.05	0.01	0.03

	As at 31st December			
	1963	1962	1961	1960
Capital	13.22	9.72	9.24	9.24
Reserves	10.70	9.80	9.24	8.01
Deposits	717.81	626.66	623.94	536.26
Borrowings from other banks ..	12.05	10.00	..	..
Advances	423.46	350.54	259.01	263.29
Investments	203.40	221.89	216.29	201.77
Cash	167.26	111.22	197.06	115.57
Balance sheet total	903.51	766.80	741.70	646.64
Ratio to deposits of—	%	%	%	%
Advances	58.9	55.9	41.6	49.0
Investments	28.6†	33.8†	34.6	37.6
Cash	23.3	17.7	31.5	21.5

* Subject to deduction of tax. † Unencumbered portion only.

MARKET GOSSIP

(Concluded from page 831)

particularly the third and fourth Plans, but for every year of the Plan, especially because the annual consumption of petroleum products in India would soon be increasing by about 2 million tons per annum and at the rate of 3 million tons in about five years. It is, therefore, necessary, according to Mr. Metre, to have a Master Plan, based on the country's requirements during the next twelve years, and to decide on the location of the various refineries and their target completion dates. The refining capacities should always be above the calculated requirements of refined products by about 10 to 20 per cent. This was the practice followed in most other countries.

An important consideration which had to be borne in mind in expanding refining capacity is the capital cost of the refineries. Refineries just completed or nearing completion in India seem to have cost more than refineries of equivalent capacity in other countries, according to Mr. Metre. Standardisation of the various parts of plant, machinery and spares and flexibility in the intake of crude are the two factors that contributed to the reduction in the cost of refineries. Consequently, it is now possible, according to Mr. Metre, to construct a simple coastal refinery in India at a cost of Rs. 45 per ton of refining capacity, of which Rs. 27 will be in foreign exchange, and it will take 2 to 2½ years to complete the work. Expansion of capacity of existing refineries will cost much less, the total investment for increasing the capacity of a coastal refinery by 2 million tons per annum may vary between Rs. 4 crores and Rs. 5.5 crores. From the economic point of view, therefore, expansion of capacity of existing refineries is far more advantageous than putting up new refineries. Even if regional, transport and strategic considerations dictated the dispersal of refining capacity through establishment of new refineries in two or three more centres, it would be prudent to allow the existing refineries also to grow, as the demand for petroleum products is running ahead of the available and planned capacity. The managements and owners of the existing refineries must be sure of this point; otherwise they would not have cared to risk their capital on further expansion. It must be noted here that they have not asked for any special protection in this regard. It would, indeed, be a short-sighted policy on the part of the Government, if, for ideological reasons, it refuses to turn this advantage to good account.

COMPANY MATTERS

(Concluded from page 858)

ed under the cotton textiles export promotion scheme and that the Government, recognising the urgency of the matter, had permitted such transfers. Under this scheme, the Company was able to secure during the year import entitlement to the extent of about Rs. 24.81 lakhs for a consideration of Rs. 12.36 lakhs and further entitlements to approximately Rs. 20.79 lakhs were secured during the first four months of the current year for a consideration of Rs. 12.64 lakhs. Thus, with the total import entitlements amounting to Rs. 45.60 lakhs and its own import licences for plant and machinery, the Company is in a position to embark almost immediately on a scheme of complete modernisation of its woollen mills.

For some time past, the Company has been feeling an urgent need for developing its existing wool combing capacity, particularly in view of the increasing utilisation of indigenous wools in the worsted section. With a view to achieving this, it has now entered into an agreement with Sir Jame Hill and Sons Ltd., a leading firm of top makers in Bradford, for the establishment of a modernised wool combing division. It also proposes to undertake the complete modernisation of its worsted spinning section, including preparatory processes and the installations of further automatic looms in the weaving section in replacement of its existing looms. The completion of this programme, it is stated, will place the Company in a strong, efficient and competitive position both at home and in export markets.

The Company has still not been able to undertake the running of the factory known as Baimath Bankey Behankal Woollen Mills under the agreement of lease entered into by the Company due to certain difficulties connected with the transfer of the plant and machinery to Bombay. In fact, the scheme of running this factory itself has been shelved for the time being. Moreover, it seems unlikely that any further defence orders of sufficiently large quantities may be forthcoming in the near future.

There is no change in the paid-up share capital of the Company of Rs. 100 lakhs, comprising Rs. 25 lakhs in preference shares and Rs. 75 lakhs in ordinary shares both of Rs. 100 each. But the reserves have risen by Rs. 5.11 lakhs to Rs. 55.92 lakhs. Borrowings have also increased quite substantially from Rs. 73.36 lakhs to Rs. 125.13 lakhs and so have current liabilities and provisions from Rs. 133.94 lakhs to Rs. 141.63 lakhs. On the assets side, together with the additions of Rs. 20.97 lakhs made during the year and Rs. 2.78 lakhs as the value of capital work-in-progress, the gross block is standing at Rs. 238.01 lakhs. On deducting from this Rs. 114.52 lakhs as the depreciation earned, a net block of Rs. 123.49 lakhs is obtained. Investments are carried in the books at a cost of Rs. 22.16 lakhs, and current assets, loans and advances are placed at Rs. 264.68 lakhs. Unadjusted capital expenditure is shown as Rs. 12.36 lakhs.

The current market quotation for the Rs. 100 paid ordinary shares of the Company is Rs. 140.00 *cum-div.* On an *ex-div.* price, the net yield works out to about 7.4 per cent per annum.

COMMERCE

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

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A.I.C.C. REITERATES ITS SOCIALISM

THE three-day Bombay Session of the All-India Congress Committee which concluded last week-end was a relatively tame and dull affair. Prime Minister Nehru spoke only a few words, in striking contrast to the thousands of words that used to flow from him on similar occasions. Ill-health, rather than lack of interest, was the reason for his brief observations. Even the few words that he uttered were confined mostly to Kashmir and world affairs. He said practically nothing on the Dhebar Committee report on democracy and socialism, beyond endorsing it generally. It was obvious that he was more concerned with the consequences flowing from the release of Sheikh Abdullah and the continuing military threat from both China and Pakistan. Usually, the long speeches of Mr. Nehru used to be matched by equally long ones from the President of the Congress Party. No such thing happened this time, for President Kamaraj, well known as a man of few words, stuck to his reputation, despite many tempting provocations. He can rest assured that his record in brevity will remain unbeaten, for it is inconceivable that any of his successors would be so modest as he has been in speech-making. The Menon-Malaviya-Patnaik partnership, representing the leftist camp in the Congress Party, was the loudest among the critics. All three of them confined themselves only to the Dhebar Committee report. They had a few supporters, the most notable among them being Mr. N. V. Gadgil, the oldest advocate of nationalisation of banking among Congressmen. The critics, who wanted more State capitalism, State controls and State *monopolies than those conceded by the Dhebar* Committee, however, failed to carry the house with them, once again, as they did in Bhubaneshwar. Mr. Dhebar, who spoke for nearly two hours, elucidating the report of his Committee and replying to the critics, carried the day. The result was that the Committee's report was adopted as it was and it is now up to the High Command (that is, the Working Committee) to take steps for getting the recommendations of the Committee implemented. As Mr. Kamaraj has been a man of action all along, it would be sheer complacency to assume that the Committee's report would be simply pigeonholed. But even the so-called moderate proposals of the Committee, as, for instance, stricter supervision over rice mills until they are nationalised, bristle with so many practical difficulties that it would not be surprising if even he were to fail in giving life to them.

In endorsing the Dhebar Committee report, the A.I.C.C. has approved of an economic policy which, if faithfully followed, will result in a lower rate of economic growth than the country is capable of attaining under practical dynamism. There will be a perpetual shortage of goods and services that people need and the only things to be in surplus will be manpower, misery and discontentment. This remark is not made in any light-hearted fashion. It is based on the experience of the past 15 years. Despite all the stress in the three Five-year Plans on heavy industry, small industries, rural industries, agriculture and land reforms, as well as on a heavy redistributive system of taxation, the shortage of food, clothing, housing, educational and medical facilities is acuter than before. Even potable water is in short supply in most parts of the country. The administrative and organisational abilities of the Congress Government to develop agriculture, animal husbandry and irrigation have been unequal to the task. That is one of the fundamental reasons for the poor economic progress of the country. While there are no signs that this weakness will be overcome in the foreseeable future, more responsibilities remain to be undertaken in the same sphere. To give a specific instance, establishment of service and marketing co-operatives in rural areas has been lagging far, far behind the target. And yet the Dhebar Committee has entrusted more tasks to Co-operation, including rural industries and manufacture of mass consumption goods like cloth. Are there enough number of selfless and efficient leaders and workers to promote and run such co-operatives? The Congress Party has miserably failed in generating the necessary leadership in rural areas. On the contrary, it has driven the intelligentsia to urban areas by pursuing expropriatory types of land reforms. The resulting gap is getting filled by irresponsible, opportunist elements. The record of industrial co-operatives, too, is dismal, though there may be a few exceptions. There are many States where the Co-operative Movement has not even made a beginning.

One of the important recommendations of the Dhebar Committee is that Chief Ministers and Ministers in charge of Agriculture in States must be held responsible for the attainment of agricultural production targets. As was only to be expected, this proposal was criticised by some, especially Mr. A. P. Jain, who was a singular failure as a Union Minister for Agriculture. Mr. Jain, of course, made a valid point when he said that, since the progress of agriculture would depend upon the work of the connected Ministries such as irrigation, power, planning and co-operation, the Agriculture Minister alone could not be blamed. But, since the Chief Minister, too, shall be responsible, it is his duty to ensure the necessary co-ordination of work. The idea is that the Chief Minister must take active interest in, and provide the highest priority for, agriculture. It should be his business to get the co-operation of the Centre also and, as a member of the National Development Council, he has the means of influencing the policies and programmes of the Union Government, as well as those of the Governments of the neighbouring States. Mr. Dhebar was perfectly right when he said that everybody's responsibility for agriculture would be nobody's responsibility. Indeed, if there is one recommendation of the Dhebar Committee which deserves to be implemented without any delay, it is this one, namely, the assigning of responsibility for agricultural production. The Congress High Command must, therefore, handle this suggestion expeditiously, indicating the punishment for failure. Here is a test for its earnestness of purpose.

Several members, belonging to both the centrist and leftist persuasions, criticised the continued dependence of the country on P.L. 480 food imports. They were right in doing so, for such imports have engendered a sense of complacency among the powers-that-be and, what is worse, encouraged them to indulge in unnecessary ideological land reforms which are inimical to scientific cultivation and securing higher yields per acre. There has been no serious objection in this country to reforms aimed at abolishing *Zamindaris, Inamdaris, Jagirdaris* and similar types of feudalistic land systems. There has also been no objection to legislation seeking to protect the rights of tenants, regulate the share of cultivators under crop-sharing arrangements and fix the conditions of lease where land is taken for cultivation on that basis. But what the Congress Party has been trying to do is to go beyond these legitimate objectives and force a redistribution of land-holdings by placing a ceiling on ownership of agricultural lands. The surplus land is taken over on payment of nominal compensation, an act that is nothing short of expropriation. Now it wants to go a step further and have the freedom for commandeering the land of even the smallest peasant in the name of public interest, a vague and all-pervasive concept. It is for this purpose that the Constitution is sought to be amended in a special session of Parliament next week, by reintroducing the seventeenth amendment Bill, which had suffered a providential defeat a few days ago, in the form of nineteenth amendment Bill. Immense harm has been done to agricultural production and productivity by the land ceiling legislation, which has placed talent and efficiency at a discount and caused a sense of insecurity among landowners. This is one of the indirect consequences of ready availability of American foodgrains under P.L. 480.

But neither the Congress Party nor any of the leftist parties will agree with this contention. Most of them are opposed to P.L. 480 foodgrains on the ground that it keeps India dependent on the charity of a foreign country even for a basic necessity like food. They are, of course, right, as this dependence hurts the self-respect of the nation. It is surprising that even persons like Mr. Dhebar and Mr. Nehru have become insensitive to this feeling and candidly admit that imports of food under P.L. 480 are necessary to build a buffer stock and stabilise prices. The question, however, is: how long are we going to depend upon the

Contents

	PAGE
LEADING ARTICLES—	
A.I.C.C. Reiterates Its Socialism ...	869
A Bigger Public Sector in Cement? ...	870
MARKET GOSSIP	871
TREND OF SHARES	872
THIS WEEK'S SURVEY	874-875
SPECIAL FEATURES—	
Delhi Letter	872
American Letter	876
Aid by Compensation	877
London Letter	877
Maharashtra *versus* West Bengal ...	895
Manchester Letter	882
Monthly Economic Review of U.K. ...	886
Business News from Europe	890-891
Rights, Duties and Obligations of Company Directors—I	894-895
CHAIRMAN'S SPEECH—	
Shree Niwas Cotton Mills Ltd. ...	888
BANKING	878-879
COTTON	880
TEXTILES	884
NEW PRODUCTS AND PROCESSES	887
LABOUR	896
COMMERCE AND INDUSTRY	897
COMPANY MATTERS	898-901
NEW PUBLICATIONS	902
NEWS IN BRIEF AND PERSONAL	903
TREND OF MARKETS	904-906
MISCELLANEOUS STATISTICAL INFORMATION	907-908
STOCK AND SHARE QUOTATIONS	909-915
WEEK'S STOCK EXCHANGE TREND	916

charity of a foreign country for food? The Congress leaders are so diffident of attaining the targets for food that they are not even prepared to prescribe a time limit for dispensing with P.L. 480 imports. There was a time in the initial years of our independence when Mr. Nehru prescribed a time limit for stopping imports of foodgrains; there was, of course, no P.L. 480 then. The same Nehru now consoles himself by saying that even Russia imports foodgrains. Sure it does but pays for them in gold. It is, therefore, not in the position of a person going about with a beggar's bowl. It is time Parliament fixed a target date, preferably end of 1968, for stopping all imports of foodgrains under P.L. 480 or anything similar.

The observations made by some members on acceptance of foreign private capital and nationalisation of banking were, however, unhelpful and injurious to the economic progress of the country. Messrs. Malaviya, Menon, Patnaik and company expressed the view that the independence of this country would be in danger if foreign private capital were allowed to come in on a large scale. An expression of this nature at a time when the Government has been trying hard to encourage the inflow of foreign capital in larger amounts than hitherto by infusing confidence among foreign investors is mischievous and adds to the handicaps to speedier economic growth. All the three of them have been Ministers and know very well that foreign capital is not just waiting to invade this country on a massive scale, that it has actually to be coaxed to come in, and that the alternative to foreign private capital is to slow down the pace of economic growth, as the limit of Government-to-Government loans is rapidly drawing nearer. It is a gross exaggeration to say that import of foreign private capital would restrict India's freedom. On the contrary, as was clearly seen at the time of Chinese assault on India, the industries established with the help of foreign capital were a source of immense strength. Significantly enough, the stand of Malaviya, Menon and Patnaik and company on this subject is more or less identical to that of communists. Repeated reiteration of it is bound to give rise to doubts among foreign investors about the safety of employing their funds in this country and create an unfavourable climate even for the modest amounts that are likely to be available. Viewed thus, it is a pity that Mr. Dhebar met his critics half-way by calling upon the Government to be watchful, so that the import of foreign private capital might not in any way restrict India's liberty of action either in the political or economic field. Surely, there was no need for this warning.

The leftist company mentioned above strongly pressed its case for nationalisation of all the remaining banks in the private sector. It was not satisfied with the Dhebar Committee's proposals for further restrictions on the freedom of banks. In fact, it argued that it would be less painful for all concerned to usher in complete State ownership of banking. Mr. Krishna Menon disclosed his inner thoughts when he said that, since the Reserve Bank was being administered by civilians and its board of directors was dominated by the same businessmen who control the banks, no useful purpose would be served by giving the Bank more regulatory powers. He knows more than any one else that civilians are sticklers for rules and procedures and, therefore, a nuisance to those go-ahead politicians who are in a hurry to administer vote-catching social justice irrespective of its cost to the economy. But how does he propose to get rid of these inconvenient bureaucrats when banking is nationalised? Is it his intention to place the management of nationalised banking in the hands of politicians? Be that as it may, the reply given by Mr. Dhebar to those who demanded immediate nationalisation of banking is of no comfort to the private sector and democracy. He said that, if the Committee did not recommend nationalisation of banking, it was because the Bhubaneshwar resolution had made no mention of it, but added that it was open to members to re-agitate the question of nationalisation. This is an open invitation to the protagonists of nationalisation to continue their agitation undaunted until their objective is reached. It is obvious that only a person who believes that nationalisation of banking is desirable but not possible for the time being will be in a position to tender such an advice. So it seems that the Sword of Damocles has been left hanging over the heads of banks in the private sector. Or is it just a trick of the Congress Party to keep the bankers at its mercy for ever?

A BIGGER PUBLIC SECTOR IN CEMENT ?

THE cement industry has been described as a capital-intensive industry of basic or strategic importance to the entire economy. But its growth so far has not been adequate to meet the combined needs of defence and development (including housing). What is disquieting is that cement production has invariably fallen short of targets. The end-year production under the first Plan, it will be recalled, represented only 90 per cent of that Plan's target of 4.8 million tons. Actual production in the last year of the second Plan was no more than eight million tons, representing just two-thirds of the relevant original target under that Plan. So the industry was assigned a production target of only 13 million tons (*corresponding to a capacity target of 15 million tons*) under the third Plan. But the growth of production till the end of 1963-64 (that is, the third year of the Plan) has not been quite encouraging. As the 1963-64 output has come to only about 9.3 million tons, it is difficult to share the Planning Commission's optimism that production in the last year (that is, 1965-66) of the Plan would reach the level of 12 million tons. It would thus appear that all is not well with the industry.

In fact, a recent study by the Association of Indian Trade and Industry (Bombay) has spotlighted some of the factors responsible for the *comparatively slow growth of the industry*. First and foremost is the factor of pricing which has been subjected to statutory or informal regulation all along. As the largest consumer of cement in the country, the Government has been directly interested in keeping cement prices at rather low levels, with the result that the industry has not seen even one prosperous year. The second factor is the inadequate accumulation of reserves by the industry. The analysis has revealed, in this connection, that the cement industry's accumulated reserves (excluding capitalised reserves) and premium on shares were only about 42 per cent of its ordinary paid-up capital (including bonus shares), as against 132 per cent in iron and steel, 121 per cent in paper, 116 per cent in sugar and 114 per cent in cotton textiles. It has been further found that the Indian cement companies' reserves and capitalised reserves as percentage of paid-up capital (excluding bonus shares) in 1961 were only 28, as compared with *650 in the United Kingdom, 146 in the United States* and 106 in Japan. It is well known that reserves not only provide capital funds directly, but also help indirectly by making investment in equity capital more attractive and by improving the borrowing position of the company. There is thus no doubt that the weak reserve position of a capital-intensive industry like cement has retarded its growth. The industry's low level of profitability, as compared with the levels in other leading industries, has also operated as an inhibiting factor.

Where thus a basic industry like cement, which is predominantly in the private sector, has fared none too well in financial terms, the Government should have acted with some foresight and set things right in the interest of the economy as a whole. This it has not chosen to do so far. True, such factors as foreign exchange stringency, lack of indigenous manufacturing capacity for special steels and castings and inadequate exploitation as well as exploration of the country's reserves of limestone, which is the principal raw material for cement manufacture, have all been responsible to some extent for the slow growth of the industry. But these factors have been of much less consequence than the factor of disincentives resulting from the imposition of rigid Government controls on prices and distribution and even in the matter of licensing of new factories. How some of these disincentives or inadequate incentives have operated to depress the operating performance of even that giant, namely, the Associated Cement Companies Ltd., comprising 13 factories and accounting for as much as 3.8 million tons of cement output, should be clear from the following passage in the A.C.C.'s annual report for 1962-63:

> "Arising out of the Tariff Commission Report, the retention price of cement in India was increased from 1st November, 1961. Production costs continued to rise after that date largely as a result of governmental action in raising railway freight, pitsmouth price of coal, royalty, electricity duty, contribution to Government Provident Fund and Employees' State Insurance. Power supply rates were also increased and a very substantial burden was imposed by the Emergency Risks Insurance Scheme. The Company, as well as the Cement Manufacturers' Association, made several representations to Government to compensate the industry for the increase in cost resulting from governmental action. Government responded belatedly by allowing an increase in the retention price of Rs. 2.75 per tonne as from 1st June 1963. At the same time, selling agents' commission receivable from the State Trading Corporation was reduced from Re. 1.50 per tonne to Re. 1.25 per tonne. The net increase in the retention price so far as the A.C.C. is concerned is thus only Rs. 2.50 per tonne and does not fully cover the loss in returns due to increase in cost during the nineteen months from 1st November 1961 to 31st May 1963. Furthermore, *the Company was put to a very considerable* loss by the action of Government in arbitrarily changing the packing charge formula from October 1962, on the assumption that the industry as a whole was capable of packing 50 per cent of its despatches in second-hand bags. Despite vigorous protests, pointing out that industrywise it was physically impossible to purchase and use second-hand bags in such a large proportion, no redress was available till August 1963, when Government ultimately agreed to the packing charges based on the utilisation of 33⅓ per cent old bags. These factors combined to depress the operating performance to a very considerable extent. The profits earned would have been appreciably lower but for the increased profits earned on ancillary activities and other diversified products, which maintained a sustained growth during the year under review."

If that is the state of affairs even in the A.C.C. group, one can easily imagine how much more difficult must be the lot of the other 19 companies in the private sector. When the Government itself has brought about this depressing result, it is only fair to expect that it would facilitate further investment in the private sector, especially in the expansion programmes of existing companies. There are several ways of doing this—ways involving removal of all the inhibiting factors mentioned previously in this article. That would be a more sensible thing to do, for it would mean further augmentation of capacity almost entirely in the private sector which now accounts for about *97.5 per cent of the country's aggregate cement* manufacturing capacity of just under 10 million tons. If the reported decision of the Union Government to set up a State-owned cement corporation for bolstering up the development of the cement industry were meant to serve the purpose of facilitating investment in the private sector alone, it would be *prima facie* commendable. But the proposed move seems to be primarily intended to facilitate the growth of the public sector in cement industry. The public sector, incidentally, has at present only *two cement works, namely, the Uttar Pradesh* Government Cement Factory at Churk and the Mysore Iron and Steel Works at Bhadravati. It is not clear as to why the proposed corporation should establish more cement factories in the public sector. There are some valid reasons why the public sector need not and should not take on itself more responsibilities, especially in a field where the private sector is quite capable of performing better, given some incentives. For one thing, the public sector has a lot to do in the fields which it has already entered. It must try to complete the industrial projects on hand more expeditiously and to run the completed enterprises more efficiently before undertaking additional responsibilities. For another, a growing public sector in cement industry would complicate the problems pertaining to cement pricing and distribution as in the case of steel and fertiliser industries with their private and public sectors. Such complications can as well be prudently avoided in the case of cement industry. For yet another, the proposed additional capacity of 13 million tons (including the five million tons *scheduled to come up* before the end of the third Plan) would be quite within the competence of the private sector to establish over the next seven years, given suitable assistance and encouragement. It is here that the public corporation to be set up can help, more especially in the raw material field where *there is much to be done*. The corporation would, therefore, do well to confine its activities to the proposed survey, prospecting and provision of cement grade limestone, and, if possible, to the operation of a cement development fund on the lines of the shipping development fund.

MARKET GOSSIP

Investment Objectives Of L.I.C.

WE heartily concur with the views expressed by Mr. B. K. Kaul, Chairman of the Life Insurance Corporation of India, in a special note reported to have been sent by him to the Planning Commission, on the role, functions and objectives of the L.I.C.'s investments. Mr. Kaul could not have chosen a more appropriate occasion to make the bold and forthright remarks contained in the note. For, with discussions about the priorities, size, targets and sources of finance for the Fourth Plan progressing apace now, the L.I.C. is bound to figure prominently as a major supplier of finance for some at least of the Plan promote the interest of the policyholders will be social objectives of nationalisation of life insurance as a convenient excuse for using the funds of the Corporation for purposes other than to promote the interes of the policyholders will be irresistible to the planners hard put to find sources of finance for the Plan. The L.I.C. Chairman's restatement of the Corporation's role and responsibilities to its policyholders should enable its investment objectives to be appreciated in the proper perspective.

The main point emphasised by the L.I.C. Chairman in his note is that nothing should be done which would adversely affect the development of the Corporation into a profitable organisation, fulfilling "its primary responsibilities to policyholders and playing its legitimate role in national development through better earnings and profits." The Chairman does not deny that the Corporation must play an important role in finding resources for the Plan. But this, he rightly avers, must be done by increasing and improving the business of the Corporation and by generating enough surplus through profitable investment of its funds. The volume of business could be increased, the Chairman emphasises, only if the Corporation can show year after year more profitable working and declare higher bonuses on with-profit policies which account for the bulk of its business. In fact, the aim should be to do more business at less cost, so that higher profits and larger surplus would be available. In other words, the profit-making motive of the L.I.C. should be diligently encouraged instead of being looked upon as deplorable capitalist tendency, because only by making good profit can the L.I.C. serve the interests of its policyholders as well as of the country.

One of the principal ways open to the L.I.C. for making profit is investment of its funds. Since as much as 50 per cent of its invisible funds are to be placed in Government securities yielding less than 4 per cent per annum, there is utmost need for carefully selecting the avenues of investment for the other half of funds, so that the low yield on Government securities would be compensated by the high yield on others. It must be remembered, in this connection, that the yield on the sum total of the Corporation's investments should be sufficiently high (*a*) to cover the rate of interest assumed in the premium calculations, (b) to leave adequate surplus to declare attractive bonuses for policyholders and (c) to pay satisfactory dividends to the Government. The Corporation, in Mr. Kaul's opinion, faces certain difficulty in doing all this because of certain wrong notions entertained by some of the institutions which borrowed funds from the L.I.C. and the distorted perspective on its investment developed by some others. One of the wrong notions, according to the Chairman, is that the L.I.C. is a source of cheap credit for such financial institutions as the Industrial Finance Corporation, the State Financial Corporations, the State Electricity Boards, and the State Housing Boards. These institutions, the Chairman points out, expect the L.I.C. to provide them with funds at 4½ per cent when they themselves lend at as much as 7 to 7½ per cent. And, if the Corporation is not prepared to oblige them, it is charged with obstructing the fulfilment of the Plan objectives.

In this connection, the L.I.C. Chairman has criticised the present manner of raising funds through market loans by these institutions. Using the Reserve Bank's objection to the issue of market loans with high interest rate as an excuse, these institutions raise medium-term loans merely with a view to obtaining funds cheaply and then force these loans on the L.I.C. A number of such medium-term loans are available at substantial discounts even before the list is open. Thus, the medium-term loan market has become, to quote him, "scandalous" which would eventually affect the Government's own borrowing programme. The L.I.C. Chairman is of the view that this policy needs to be changed. In his opinion, the issue of medium-term market loans by these institutions can be justified only to the extent that there is a genuine need for them. For the balance of their requirements a different procedure of raising funds *should be adopted*. The L.I.C. *can*, in such an event, help these institutions, to some extent, by granting privately-negotiated loans on terms satisfactory to it and within the repaying capacity of the institutions concerned. Pointing out that L.I.C. has no choice but to resist the demand for cheap credit from financial institutions, the Chairman observes:

> "It is not our case that the monetary policy should be regulated to suit the convenience of the L.I.C. The L.I.C. has to adjust itself to the policy. But considering that the net yield currently obtainable or likely to be obtained in the future on Government securities is much less than 4 per cent and considering that more than 50 per cent of the L.I.C. funds are invested in Government securities, the L.I.C., if it wishes to average a 4 per cent yield, will have either to secure a very substantially higher yield on the balance of funds or to reduce the proportion of its investment in Government securities. It is in this context that the demands, as of right, from the various institutions mentioned above, on the funds of the L.I.C. at low rates of interest, have to be resisted, particularly when it is obvious that they should be able to afford paying higher rates of interest."

The L.I.C. Chairman rejects the argument that the Corporation has no business to go about purchasing the shares of companies in the private sector and thus lend support to the stock exchanges and that, if at all it were to buy shares of such companies, it should support only the capital issues of new companies in the interest of accelerating the pace of industrialisation. The L.I.C., Mr. Kaul argues, is not interested in supporting stock exchanges or the speculators therein; it is merely interested in obtaining a more satisfactory and progressive yield. Any other effects its actions may produce are purely incidental, asserts the Chairman. In its search for better yields, any large investment in new capital issues is out of the question, because the L.I.C. has of necessity to be choosy.

The L.I.C. Chairman makes a really sound point when he says that the Corporation should not be be saddled with social responsibilities that properly belong to the nation as a whole and which should, therefore, be appropriately shouldered by the Government. For the L.I.C.'s prime responsibility is towards its policyholders whose money it holds in trust.

The most agreeable and valid point of Mr. Kaul's exposition is that the interests of policyholders are the immediate and prime responsibility of the Corporation. Accept this premise and it will be seen that Mr. Kaul's propositions are only its logical conclusions. And they are strictly in keeping with the spirit of contractual relations and the principle of trusteeship implied in the business of life insurance.

Non-coking Coal Freed From Control

With the prior informal acquiescence of coal trade and industry, the Union Ministry for Steel, Mines and Heavy Engineering has just announced the removal, with effect from 1st July 1964, of control on the distribution of soft coke for domestic consumption and non-coking coals of grades II and III used mainly by low-priority industries like brick-kilns as well as by thermal power stations. As the market prices of these grades of coal are already less than the official ceiling prices by two to three rupees, no rise in prices is expected as a consequence of the removal of distribution control. On the contrary, the Government foresees a further fall in prices because of increased competition. The present trends in coal production, demand and transport availability seem to favour this step. When stocks have been accumulating at pitheads and the transport situation has also become easier, there is no point in continuing the restrictions on distribution.

The Government has, therefore, done well to do away with these restrictions and to clarify that consumers would be free to enter into agreements with producers of their choice in their respective authorised coalfields either directly or through middlemen for unlimited supplies of the specified grades of coal and soft coke. Consumers thus will not have to indent for supplies through the Coal Controller. For their part, the collieries will only have to submit to the divisional superintendents of railways concerned monthly statements of quantities figuring in their agreements with producers, so that haulage could be effected in accordance with the principles of transport rationalisation already in force. All the three parties concerned—producers, consumers and traders—may generally welcome the Government's move. If, as has been indicated, the present step is followed up later by decontrol of grade I coal as well, nearly half the entire output of coal in the country will have been freed from restrictions on distribution. And that will be a healthy development indeed.

Shipping At Geneva Trade Conference

How to improve the invisible trade of India and other developing countries? This is one of the most vital questions now being discussed by the third Committee of the United Nations World Trade and Development Conference. The question is a vital one because the developing countries pay every year to the overseas shipping companies colossal amounts of money for transport of goods (imported and exported). Quite a bit of these amounts could be saved and utilised for various other purposes connected with economic development, if only the world's leading maritime nations were to concede the just pleas for active support and encouragement in the sphere of shipping put forward in a resolution sponsored by 26 developing countries at the Geneva Conference a few days ago. In view of the importance of the subject, it is worth recording here some of these pleas:

First, there is an imperative need for international aid to improve port facilities and to help developing countries build up their own fleets where this is economically justified.

Secondly, liner conferences are useful, but the system must be improved by organising consultative machinery with an adequate complaints mechanism.

Thirdly, special "promotion rates" are necessary for helping the developing countries' exports and improving inter-regional trade.

Fourthly, for the protection of national merchant marines, measures will have to be devised only in conformity with proposals which do not inflict discrimination on developing countries; the developed nations should not hedge in their aid programmes by restrictions that would make non-discrimination effective in operation.

Finally, the Shipping Conferences should guarantee to shipping lines of developing countries entry as full and equal members; linked to this suggestion are an obligation on the part of the Conferences to file and register with a competent national authority their tariffs and regulations; representation in the Conferences for the major ports of developing countries; regulation and control of the present system of deferred rebates; reasonable advance notice to shippers of developing countries on any contemplated general increases in freight rates, as well as commodity-wise *increase; and an adequate procedure for registering* complaints and remedies.

The maritime nations have conceded only the first two pleas but rejected all others. They have turned down the suggestion for setting up inter-Governmental consultative machinery, as, in their opinion, the Governments should not interfere with a private enterprise activity. They have also opposed the demand of developing countries for equal membership in liner conferences.

Due to the divergence of opinion on several major issues between the maritime nations and the developing countries, the 66-nation Working Group on shipping constituted by the third Committee "has reached a deadlock." It is to be hoped that the deadlock will soon be resolved and that the Working Group will succeed in evolving a compromise formula. Considering that both the imports into and the exports from the developing countries will expand greatly in the coming years, a heavier freight bill is bound to aggravate their balance of payments position. The need for ensuring to these countries a larger share in the growing world maritime trade cannot, therefore, be stressed too strongly.

W. Germany To Cut Tariffs

The international liquidity position of West Germany has strengthened considerably in the past few years, thanks to the persistent export surpluses. Thus, between 1959 and 1963, the total gold holdings of the country have risen by more than $1,200 million to $3,843 million, foreign exchange reserves (including those held by deposit money banks) by $1,450 million to $4,005 million and I.M.F. tranche positions by $284 million to $1,340 million. Growing export surpluses have not, however, been an unmixed blessing, inasmuch as they have also brought about a lot of headaches to the West German authorities who are quite conscious of the attendant danger of imported inflation. It is with a view to preventing any disquieting impact of these developments on the country's economy that the West German Government has now decided to give effect to a tariff-cutting programme with effect from 1st July next. The programme, which has been evolved after several months' consideration, envisages the following two important steps:

1. Duties on industrial goods imported from the Common Market countries (France, Italy, Belgium, the Netherlands and Luxembourg) will be halved and, where the present level of duty is 4 per cent or less, it will be cut out altogether. The aggregate tariff reductions are expected to be of the order of DM 220 million (about Rs. 24.80 crores) out of the total revenue from tariffs of DM 3,640 million (as of 1963).

2. Tariffs on about 300 industrial goods imported from other countries, including India, will be lowered, the items covered being those on which West Germany now charges duty at a level higher than the future common external tariff of the E.E.C.; they include steel shapes, cotton yarns and certain concrete castings.

Besides effecting cuts in import tariffs as indicated above, the West German Government proposes to ask the E.E.C. Commission to reduce, in anticipation of the results of the Kennedy Round, the level of its future external tariff by a quarter. This proposal marks a major departure from the E.E.C.'s time-table, under which duties on goods from non-E.E.C. members are to be cut by 10 per cent from 1st January next, by another 10 per cent a year later and the balance of 20 per cent to be abolished towards the close of 1966. It is considered highly doubtful whether the E.E.C. Commission will accept the proposal, especially in the light of the French Government's firm stand to stick to the existing time-table.

West Germany's move to halve duties on industrial goods imported from the Common Market countries is bound to affect India's exports to West Germany, since these exports will be exposed to greater competition in the German market from other Common Market countries. It is true that Germany is also reducing duties on several industrial goods imported from other countries, but the benefit of such a reduction which the Indian exports will obtain will be relatively small. For the total tariff reductions (all sources) are expected to cost no more than DM 5 million (about Rs. 57 lakhs). Even this limited benefit will have to be shared by India along with other countries. So much so, the imbalance in Indo-German trade may become more marked in the coming years than at present. The annual adverse balance of trade India is currently having with West Germany is as much as Rs. 70 crores, with imports and exports running at an annual rate of Rs. 90 crores and Rs. 20 crores, respectively. Germany is, of course, giving India loans to finance a large

(*Continued on page* 916)

DELHI LETTER

SEVERAL MISSIONS TO EAST EUROPE

TALKS ON DEFENCE AND ENGINEERING PROJECTS

By Our Special Correspondent

NEW DELHI, 19*th May*

CLOSE on the heels of the announcement of Soviet decision to help in the construction of the Bokaro steel plant has come the confirmation of reports, current for a long time, that the Russians are willing also to supply a 1,000 kilowatt transmitter which the Government of India wants to use for broadcasting propaganda against the Chinese beamed into South Asia. As in the case of Bokaro, the high-power transmitter too was the subject of controversy involving Americans. In aiding Bokaro, it was the Americans who became shy of the project. In the case of the high-power transmitter, however, the happenings were almost like the cancellation of the consummation of a marriage after a formal engagement had been announced. The Indian Government withdrew after signing a preliminary agreement. Offers of transmitters on commercial terms have come from American and British firms and the Czechoslovaks and Yugoslavs too have made bids for sales of transmitters for All India Radio.

Almost as if to confirm the non-alignment stance, the Defence Minister is planning a trip to Moscow, after his U.S. visit to discuss further the slow-moving plans for starting the manufacture of MIG-21 fighter planes. By the time Mr. Chavan is able to visit the Soviet Union at the head of a mission, it will be nearly two years since the Russians had agreed in principle to assist manufacture of MIG planes in India. The original programme for an ordnance factory with Czechoslovak aid is also hanging fire. A new project likely to be discussed by the Air Force team in Moscow is the provision of help to install a missile defence system. The Americans have aided in establishing a mobile radar warning arrangement which as yet is too thinly spread for effective warning against any possible Chinese air offensive. As reportedly conceived, American radar equipment to be established around strategic regions will provide the warning for the defence to be supported by a series of Russian missile stations.

The search for defence assistance apart, the Ministers in charge of industrial projects have firmly scheduled trips to Eastern European countries. The first among the 'pilgrims' will be Mr. Humayun Kabir, Minister for Petroleum and Chemicals, who will be supported on the trip by top officials from his Ministry and from the Indian Oil Company. Mr. Kabir's programme for a tour lasting more than a month covers Moscow, Bucharest, Milan, Rome, Paris and London. The Indian Government is not looking to Russia as a source of supplies for crude, though there is a longstanding offer from Moscow. Supplies of products being distributed by the Indian Oil Company have been the subject of differences between Moscow and Delhi, after Soviet disappointments with the Indian Government which did not agree to rapidly increasing deliveries of products from Russia. A new agreement for limited supply of petroleum products from Russia is to be negotiated, now that the Soviet Union is understood to have withdrawn her demand for higher freight on transport of the products to Indian ports.

The Indian Oil Company is not in a position to enter into long-term commitments for the import of Soviet products for more than one reason. The Company has not yet proceeded fast enough with arrangements for distribution. To the limited production from the Gauhati refinery will be added the output of the Barauni refinery which is expected to go on stream before the end of next month. The Indian Government also wants to keep its hands free to negotiate for purchases of products from Kuwait or Iran which may be able to offer better terms than Russia. The Rumanian-aided Nunmati refinery has been limping ever since its inauguration in the beginning of 1962 and the blame for the difficulties is largely on the shoulders of the Rumanians. In Bucharest Mr. Kabir hopes to discuss plans to expand the Nunmati refinery to 1.25 million tons annual capacity from the present theoretical capacity of 750,000 tons a year. Most of the economic relations between India and Rumania concern equipment needed for projects under Mr. Kabir's Ministry. Rumanian experts have assisted India at Jwalamukhi and Cambay also. While in Moscow, Mr. Kabir will also discuss the plans for the expansion of Barauni and Koyali refinery capacity to three million tonnes each per annum. For Mr. Kabir and the officials accompanying him, the visits to Milan, Rome and Paris will partly be a tour of education in matters relating to the petro-chemical industrial complexes planned to be set up.

Mr. C. Subramaniam's talks with Russians in Moscow on Bokaro affairs will be after the technical teams from Russia have had talks with officials in Delhi within the next few weeks. Mr. Subramaniam will be visiting Poland to see the Poznan Fair and will also have discussions with the Czechoslovaks. While there have been numerous delays in the utilisation of Soviet bloc aid in general (Bhilai project a great exception), the difficulties have been pronounced in the case of Czechoslovakia. The foundry forge plant which the Czechs are building to supply the intermediate needs of the heavy engineering plant now being built by the Russians is much behind schedule and it is difficult to say how far the Czechs are to blame and how far the Indian administrators have been responsible for the problems in the foundry forge plant. In terms of money, the first big slice of Czech aid amounts to Rs. 23 crores but this amount was sought to be used to make a start with a variety of crucial projects. Apart from the foundry forge, the Czech-assisted projects are the heavy machine tools plant at Ranchi, the heavy power equipments plant at Hyderabad and the high pressure steam boilers plant at Tiruchirapalli. The foundry forge plant at Ranchi is to be bigger than even the parent Skoda Works at Pezen in Czechoslovakia and Western experts comment that the Czechs have overextended themselves in the nature of the projects they are trying to set up in India. But the British and West Germans also have tried to set up in India projects larger than they have been normally accustomed to undertake in their home bases.

The new credit of Rs. 40 crores, announced by Czechoslovakia on 12th May, will be used for the expansion of the boiler and heavy electrical plants, for a new foundry forge, two machine tool plants and a tractor and power tiller factory and one 220,000 kilowatt power installation. Of the sum of Rs. 23 crores announced as aid by the Czechs five years ago, about Rs. 12 crores have been covered by orders until the end of last year. Both Czech and Indian sources say that the first aid allotment will be fully used as a result of equipment deliveries by the end of this year.

Mr. Subramaniam's negotiations in Warsaw will include talks on a second mining machinery plant, sought to be established in Andhra. The first, with Soviet assistance, has come up at Durgapur. The major project with Polish assistance hitherto is in coalmining, to raise about 20 million tons of coal a year. Of nearly Rs. 30 crores aid offered by Poland, orders placed until the end of 1963 account for a little over Rs. 13 crores. In the case of Soviet assistance, of Rs. 383.81 crores offered, contracts concluded until the end of 1963 cover equipment valued at Rs. 256.64 crores.

Notice

THE BOMBAY BURMAH TRADING CORPORATION LIMITED

Registered Office:
9, Wallace Street, Fort.
BOMBAY-1

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Register of Members and the Transfer Books of the Corporation will be closed from the 2nd June, 1964 to the 16th June, 1964, both days inclusive.

Dated at Bombay this 20th day of May, 1964.

By Order of the Board of Directors,
WALLACE AND COMPANY,
Secretaries and Treasurers.

TREND OF SHARES

DOWNWARD DRIFT

(From Our Own Correspondent)

BOMBAY, 21*st May*

EQUITIES in both forward and cash lists drifted downward during the week under review. Hopes of some relaxation in margin system entertained by operators last week receded at any rate for the time being. The President of the Bombay Stock Exchange was to have met the Union Finance Minister in Bombay during the latter's visit in connection with the A.I.C.C. session, but the Minister cancelled the visit, as he was indisposed. It is not known whether the Stock Exchange President will visit New Delhi or merely send a letter urging the Minister to reduce the vigour of margin rules. Market circles seem to feel that the relaxation of margins alone will not help share markets shake off the depression and present a cheerful picture. What is more urgently wanted, in their opinion, is tax relief and cheap money.

The downward drift in equities during the week was due to tired bull liquidation and scattered bear pressure, while both professional and investment support was poor. The sentiment of the market was adversely affected by the general tone of discussions at the A.I.C.C. session, with the leftist group strongly urging immediate nationalisation of banks, as well as greater controls on industry and trade. Even the blue chips failed to evoke fresh buying enquiries. The general setback in equity values would, perhaps, have been more marked but for (*a*) the reports of growing American interest in investment in India following the recent visit of leading U.S. businessmen, and (*b*) the expectation that the Central Government might not pursue the original proposal for converting the loans granted to Tata Steel and Indian Iron into equities. The Chairmen of the two Companies met Mr. C. Subramaniam, Union Minister for Steel, Mines and Heavy Engineering, at New Delhi this week. Commenting on the discussions at a Press conference, Mr. Subramaniam said: "We are in sight of a solution. It looks as though we will be able to arrive at a solution satisfactory to the Government and the two Companies."

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In Dalal Street, Tata Ordinary moved down from Rs. 148.25 on Thursday last week to Rs. 146.25 on Saturday the 16th inst. on selling induced by proximity of the announcement of transfer books' closure. After moving between this level and Rs. 147.50, the scrip closed at Rs. 147 today. The net loss over the week was Re. 1.25. Indian Iron receded from Rs. 24.60 to Rs. 24.28, after being lower still at Rs. 24.16 at one time today. Textiles, too, suffered losses, Century declining by Rs. 6.50 to Rs. 604, Finlays by Rs. 4 to Rs. 306, Phoenix by Re. 1 to Rs. 223 and Bombay Dyeing by 40 nP to Rs. 57.20. Standard and Shreenivas dropped three points each to Rs. 606 and Rs. 246, respectively. India United shed 20 nP to Rs. 21.60, despite the Chairman's reference to the expansion of capacity and improvement in technical efficiency in his statement accompanying the report for 1963. Simplex was dull at Rs. 122, better profit and higher dividend notwithstanding. Sugar shares encountered selling pressure. Belapur was the worst sufferer with a drop of Rs. 10 to Rs. 200. Among Cements, Digvijay shed a rupee to Rs. 188 and Associated Cement 25 nP to Rs. 150.75. Engineerings were depressed. Telco were hammered down by Rs. 12.50 to Rs. 273.25 on renewed fears that the Company might not be able to maintain the dividend. Premier Construction fell by Rs. 5 to Rs. 166, Precision Bearings by Rs. 4 to Rs. 89. Structural (old) by Re. 1.50 to Rs. 83.50 and Larsen and Toubro by 44 nP to Rs. 22.36. T. Maneklal receded from Rs. 525 to Rs. 520. Among Chemicals, Sardesai softened by Rs. 4 to Rs. 63, Colour-Chem by Rs. 2.50 to Rs. 316.25 and Alembic by 50 nP to Rs. 162. Polychem, however, picked up Rs. 2.50 to Rs. 121.25 on rumours regarding bonus issue. Amar-Dye improved by a like amount to Rs. 132.50, in spite of lower profit and reduced dividend for the year 1963. In the Miscellaneous group, Voltas and National Rayon lost Rs. 5 each to Rs. 247.50 and Rs. 360.50, respectively. West Coast fell by Rs. 3.50 to Rs. 154. Tata Oil was neglected at Rs. 60. Bombay Burmah, after rising from Rs. 57.90 to Rs. 58.20, declined to Rs. 58 towards the close.

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Dull but quiet conditions continued to prevail at Calcutta. Budge Budge fell by seven points to Rs. 120. Indian Oxygen lost 88 nP to Rs. 23.62. J. K. Cotton eased by 37 nP to Rs. 10.69, Guest, Keen, William by 31 nP to Rs. 23.69, and Dunlop Rubber by 25 nP to Rs. 33.75. Birla Jute was quiet at Rs. 29.87, as also Burrakur Coal at Rs. 15.69 and Texmaco at Rs. 27.45. Imperial Tobacco, however, elicited special support and hardened by 69 nP to Rs. 10.25. Metal Box also improved by 25 nP to Rs. 30.62 and Philips India by 38 nP to Rs. 28.

* * * *

Barring a few select scrips which tended to move up, the Madras Stock Exchange ruled distinctly easy. Bangalore Woollen dropped Rs. 7 to Rs. 250 and Buckingham Rs. 2 to Rs. 270. S.I. Viscose declined by Re. 1.50 to Rs. 118, Travancore Rayon by 75 nP to Rs. 21.75, Ashok Leyland by 20 nP to Rs. 6.90. Highland Produce by 10 nP to Rs. 15.50 and India Cement by 13 nP to Rs. 5.52. W.I. Plywood was neglected at Rs. 200, but Textool gathered Rs. 2 to Rs 143 on special support.

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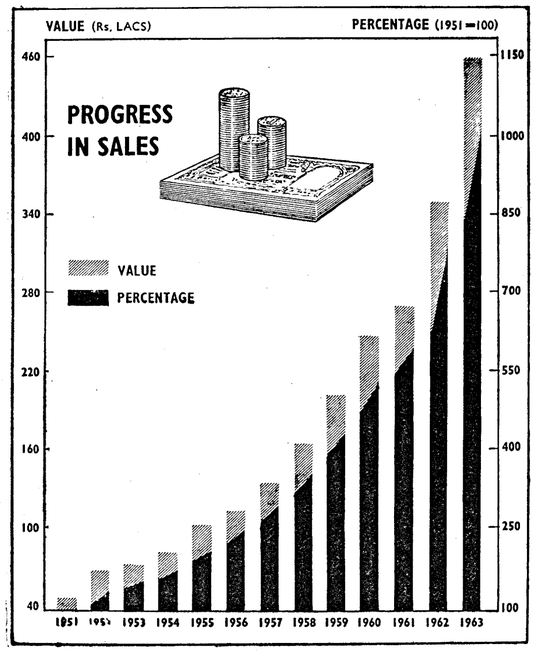

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TEA INDUSTRY

WHEN tea production in India was running at an annual rate of about 700 million lbs., the Planning Commission fixed the third Plan production target (for 1965-66) at 900 million lbs. The quantity of tea actually gathered in the very first year (1961) of the Plan jumped up to 781 million lbs., a rise of 85 million lbs. as compared with the previous year's output. This was a good augury for the third Plan target. But, subsequently, tea production tended to decline: 761 million lbs. in 1962 and 758 million lbs. in 1963. On this basis, the additional output in the remaining two years (1964 and 1965) of the third Plan will have to be 142 million lbs. if the target of 900 million lbs. is to be achieved. The Planning Commission's Working Group on Tea considers such an increase highly improbable. It has accordingly revised the target for 1965-66 downward to 830 million lbs. and fixed the fourth Plan production target (tentative) at no more than 950 million lbs.

The question naturally arises as to why tea production is trailing much behind the original projections of planners. In just two sentences, Mr. B. C. Ghosh, the retiring Chairman of the Indian Tea Planters' Association, gave an impressive answer to this question when he spoke at the annual general meeting of the Association held at Jalpaiguri last week-end. He said:

"The estimates (of tea production of 900 million lbs. and exports of 550 million lbs. by 1965-66) were apparently based on the expectation that, with an accelerated rate of planting, replanting and replacement, as a result of incentives such as refundable non-interest bearing subsidy, and with the application of extra fertilisers and relief in taxation, the desired higher crop would be available. But the industry was (and continues to be) disillusioned, as most of the incentives or assistance have not materialised."

No one need question the veracity of the above statement, for these are facts which speak out clearly. As Mr. Ghosh himself revealed, the State Bank of India machinery is so slow that years of effort have not produced even one medium-term loan for a tea company and the West Bengal Financial Corporation is not at all interested in lending for the development expenditure. Further, the Agricultural Refinance Corporation, besides charging high rates of interest, is said to be imposing difficult conditions such as guarantee by the State Government; it is also refusing accommodation for financing the construction of labour quarters. As for the Tea Board's plantation loan, interest is charged at the rate of 6½ per cent per annum right from the beginning, on loans granted to new plantations, though such plantations take six or seven years to yield tea. Consequently, by the time the take-off stage is reached, the cost per acre goes up to Rs. 4,500, as against the actual cost of Rs. 3,000. In view of such heavy incidence, many estates have not availed themselves of the plantation loan.

The tea estates, of course, would not have bothered about obtaining loans from the Tea Board or other agencies, if their profit-margins had been sufficient to cover for development and expansion. But a large part of their earnings is eaten up year after year by high production costs, heavier wage bill and mounting burden of taxation (Central and State). What is worse, the cost incurred by estates on replantation or new plantation is treated for tax purposes as expenditure on capital account, whereas it ought to be considered as revenue expenditure, for a tea bush is, after all, a wasting asset, and State Governments do not allow any provision for depreciation on tea bushes before assessing the estates for agricultural income-tax. It is, therefore, heartening to learn from Mr. Manubhai Shah, Union Minister for International Trade, who addressed the meeting of the Association, that the Government of India is now "favourably considering" the question of treating the cost of replantation and new plantation as revenue expenditure. The Centre, we are told, is also requesting the State Governments to treat such cost as revenue expenditure under the State Agricultural Income-tax Acts, so that a uniform pattern could be followed in regard to both Central and State taxation. The relief thus provided will certainly meet the long-felt need of the tea industry and enable it to plough back a sizable part of its profit in a satisfactory manner. It is equally heartening to hear from Mr. Shah that the Government is "favourably considering" the recommendation of the Chanda Committee for collecting excise duty on tea at the auction stage, instead of at the garden stage. This change in the method of tax collection, too, will certainly give quite a bit of relief to the tea industry, inasmuch as it will release for more profitable use a large amount of money which continues to remain blocked because of payment of excise duty on tea much in advance of actual sale at auctions.

Welcome though these measures are, they do not constitute a real remedy for the standing problems of finance and, unless this problem is solved, it would be futile to expect the tea industry to set about achieving the production and export targets in all earnestness. Pinpointing this aspect, Mr. Ghosh suggested two alternatives: formation of a separate tea finance corporation to provide short-term and medium-term finance to the industry or creation, by the Tea Board, of a tea finance guarantee fund which would, after scrutinising the proposals, stand guarantee for short-term bank loans for crop financing, thereby leaving title deeds free for term-loans for development from other sources. Apropos this suggestion, Mr. Manubhai Shah did not commit himself in any way. He merely recalled that, as recommended by the Board of Trade, a committee "to look into the question of finance and development of tea industry" was being set up and expressed the hope that this Committee "would be able to formulate necessary measures to help the industry."

While the Tea Board and the Governments (Central and State) should give all possible support and encouragement for augmenting tea production, the industry itself must spare no effort to improve its efficiency and avoid wastage of resources. The tea companies must always try to maintain their plantations up-to-date and build adequate reserves. By so doing, they could reduce their dependence on bank loans, which carry a heavy interest burden, and official props.

WHAT'S IN A NAME?

"Workers' participation in management may be an abstract idea for some, it may be as well a scheme for others; for me it is an article of faith." In these words, Mr. D. Sanjivayya, Union Minister for Labour and Employment, reaffirmed his faith in workers' participation in management at Bombay on the 15th inst. The Minister, who was inaugurating a seminar on the subject organised by the Devidayal Cable Industries Ltd., said that, for democratisation of the management of an undertaking, workers' participation in management was a "must." But participation, he emphasised, had to be real and not formal, effective and not for name's sake. Mr. Sanjivayya, then went on to dispel what he called "unfounded misgivings" about the scheme. As readers are aware, there are some who think that joint management councils infringed management prerogatives. Likewise, some labour leaders fear that collective bargaining would suffer if joint management councils were successful. Dismissing these misgivings as unfounded, the Minister categorically stated that joint management councils neither encroached upon the legitimate functions of management nor usurped the position of collective bargaining. Joint management councils, he averred, were meant to remove day-to-day irritations in the sphere of industrial relations. Such councils, in which employers and workers were equally represented, envisaged joint consultation and discussion and exchange of ideas on subjects of mutual interest. Consultation on administration of welfare measures and sharing of information on specified items were the basic ingredients for the effective working of joint management councils. While these ingredients were important for the successful functioning of joint management councils, equally important was the right attitude towards workers' participation in management on the part of both workers and employers. Emphasising this point, Mr. Sanjivayya added:

"The fruits of participation can be made available only with the genuine willingness of employers and employees to co-operate fully and without any reservation in giving the scheme a fair trial over a prolonged period. While the management has to shed its customary notions about management prerogatives, etc., the union has to eschew belligerent and demonstrative acts which may hamper the spirit of co-operation. ... Both labour and management have to adjust themselves phychologically and otherwise to the concept of co-operation in matters, earmarked by agreements, for co-operative action."

Mr. Sanjivayya is not entirely wrong when he says that there are mental reservations on the part of both employers and workers about workers' participation in management. But this seems to be due to the fact that the phrase "workers' participation in management" conveys the wrong impression of equal status for both workers and employers in all aspects of management of an undertaking. In fact, what is envisaged under the scheme is only joint consultation on certain agreed matters which impinge directly on workers' welfare and not participation in the broader management functions of risk-taking, planning, marketing, negotiations, etc. The wrapping of the simple, straightforward joint consultation in the alluring but misleading phraseology "workers' participation in management" has confused both managements and workers, creating mental reservations in both. Repeated official clarifications have not dispelled the doubts created by the use of the wrong term. Well may the bard ask "What's in a name?" But, in the sensitive field of labour-management relations, there is much in a name.

PRIVATE FERTILISER PROJECTS

While reviewing the progress of fertiliser projects in the public and private sectors, this journal, in its issue of 21st March 1964 (*vide* page 450), expressed the opinion that the special fiscal concessions available for the fertiliser industry might be expected to create a more favourable climate for foreign capital in a field which had been virtually boycotted by it, provided satisfactory arrangements were also evolved in regard to pricing policy. The soundness of this opinion, it is gratifying to find, has just been vindicated by the finding of an official expert group that the present pricing and distribution policy for fertilisers is not likely to stimulate private investment in this field. This policy, according to the group, would have to be radically changed, if any substantial contribution from the private sector towards additional fertiliser capacity were envisaged during the fourth Plan, or else the Government itself would have to take the entire responsibility for establishing the additional capacity required. The group's recommendation is very sound and realistic in the context of the fertiliser output targets proposed by the Perspective Planning Division for the fourth Plan. These targets, incidentally, are 1,750,000 tonnes for nitrogenous fertiliser (in terms of N) and 750,000 tonnes for phosphatic fertiliser, as compared with 500,000 tonnes and 200,000 tonnes, respectively, for the third Plan. There is no doubt that the targets will be found too big for the public sector alone to handle in the absence of participation by the private sector also in a big way. It is pertinent to recall here that, with its nitrogenous fertiliser capacity of about 350,000 tons installed so far, it (the public sector) has by no means been conspicuously fast in its progress towards the third Plan target of about 780,000 tons.

It has been made abundantly clear by the group that the private sector's successful participation cannot be ensured, unless the obstacles to investment are removed. The major obstacle, of course, is that the pricing and distribution policy has been most unprofitable to the private sector. Under this policy, the entire production of nitrogenous fertilisers is taken over into the pool which arranges its distribution. The private-sector units are given retention prices corresponding to those given to public-sector units producing comparable products. The private sector has all along had certain mental reservations about the linking of prices payable to it with those payable to public-sector projects. Its stand has been that the prices should be remunerative enough to attract investment in a competitive capital market and that the distribution of prices should be left to private channels. The group's recommendation that a radical change should be brought about in the price and distribution policy constitutes, in effect, a concession to the private sector's stand.

The group's review of the progress of private-sector fertiliser projects shows that, of the five projects licensed in the expectation of foreign collaboration, those at Tuticorin, Mangalore and Hanumangarh are not likely to materialise, while the other two at Kothagudam and Visakhapatnam stand some chance of being fulfilled. As the group has recommended that the licences of the three infructuous projects should be revoked, other proposals, involving different locations, might have to be considered. It is in this connection that the group has urged that the pending applications from the private sector should be expeditiously examined. But it is not clear how much of the additional capacity of one million tons (that is, additional to the capacity of one million tons expected to be achieved by 1967-68 on the basis of projects under implementation or expected to materialise) would be licensed in the private sector. It is, however, conceivable that, at least, half of the required additional capacity will have to be in the private sector.

Whatever be the additional capacity to be licensed in the private sector the problem of foreign exchange, it is needless to add, would continue to be intractable, unless, of course, something could be done to bring down the foreign exchange component of a fertiliser project. As imported equipment would account for about 50 per cent of the investment (Rs. 24 to Rs. 30 crores) on a standard fertiliser plant of 90,000 tons capacity, the aggregate foreign exchange requirement for an additional capacity of, say, 500,000 tons in the private sector would be of the order of Rs. 67 to Rs. 83 crores. This is a pretty big sum. One way of bringing down this figure would be to create adequate engineering capacity in the country for fabrication of high pressure vessels, compressors and pumps. If the two public-sector projects, namely, the plate and vessel project and the compressor and pump project, which are still marking time, can be expedited, the foreign exchange component of fertiliser projects would go down appreciably. But, even if a beginning were made tomorrow, these projects would not be completed in time to help the fertiliser projects proposed for the next Plan. So the dependence on foreign capital and collaboration would continue to be heavy for both the sectors. While for the public sector rupee finance is not a problem, for the private sector it is a major hurdle to be overcome. With the shares of existing fertiliser companies quoted at a substantial premium, it will not be easy to attract the savings of investors for new capital issues. It is here that private entrepreneurs would need the active encouragement of Government in all possible ways. That favourable changes in the pricing and distribution policy for fertilisers would go a long way towards attracting both foreign and domestic capital need hardly be overemphasised.

HOUSING GROUP'S REPORT

India's housing problem is of stupendous magnitude, judged either by the number of additional houses needed in both urban and rural areas or by the estimated financial requirement therefor. A working group on housing co-operatives, set up by the Government of India, has estimated that at least 18 million additional houses would be required in the urban areas alone during the period 1961-76, and some 22 million additional houses in the rural areas. Then, there is also the need for effecting substantial improvements in the existing sub-standard rural houses. The financial magnitude is, indeed, staggering, for the amount of outlay required for meeting the urban housing shortage alone during the period 1966-76 has been estimated by the group at Rs. 15,500 crores. But the estimated availability of funds, according to the group, would be no more than Rs. 3,000 crores during that period. It may be broadly figured out that, in view of the ever-rising building costs and land prices, only about three million additional houses could be constructed during the ten-year period in the urban areas. If this is going to be the position in towns and cities where public opinion is vocal, the prospects for rural housing on any appreciable scale may be rated as next to nil.

It is difficult to believe that co-operative housing can progress fast enough to ensure a break-through on this front. The working group itself has found that the progress of housing co-operatives has not been quite encouraging. The total number of houses built by such co-operatives up to June 1961 has come to only about 263,000 involving an outlay of just under Rs. 180 crores, including the Government's financial assistance of about Rs. 23 crores. How, with this poor record of performance, housing co-operatives would be able "to make a more effective contribution towards solving the immense housing problem facing the country" is by no means clear. Nevertheless, the working group has recommended that necessary encouragement and incentives should be given to co-operative housing. In particular, it has suggested several ways of providing financial assistance, namely, (i) the advancing of funds by the L.I.C. to apex societies, (ii) the relaxation of restrictions by the Reserve Bank on the scheduled banks against investment of funds in immovable property so as to permit them to advance loans to co-operative housing societies, (iii) the liberalisation of the pattern of financing to enable housing co-operatives to draw loans up to 15 times their share capital and (iv) earmarking by the State Governments of 20 to 25 per cent of the funds under the housing schemes to the co-operative sector. The group has also suggested that, in order to harness additional resources, the Oriental Fire and General Insurance Company may be persuaded to undertake a mortgage guarantee insurance scheme to insure the loans advanced by institutions/individuals to housing co-operatives.

Even if the practicability of these measures is established after further consideration, it is doubtful whether the additional funds expected to accrue from them would be large enough to make an impact on the co-operative sector in housing, let alone housing in general. It may be noted here that there are immense procedural difficulties and red-tape to be overcome by the co-operatives in securing the permission of their respective State Governments for their plans and that some of the State Governments have not cared to avail themselves of the credit facilities offered by the L.I.C. Private house-building activity would, therefore, have to be encouraged and facilitated in all possible ways. It is needless to add, in this connection, that the special measures suggested by the group for enabling the housing co-operatives to secure land, cement and building materials should be made applicable, *mutadis mutandis*, to private builders too.

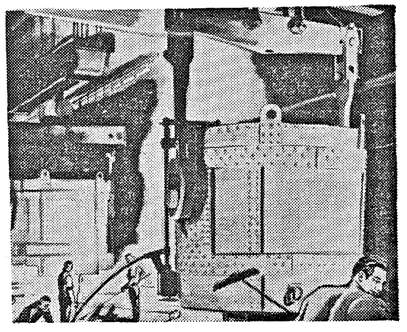
It is good to hear that the Government has just accepted most of the group's recommendations regarding co-operative housing and forwarded the relevant ones to the State Governments for implementation. But the Government has wisely decided not to accept the group's recommendation that it should be made compulsory for new industrial undertakings in the private sector to provide houses for workers. The Government's stand here is to the effect that such a measure would not be feasible at present and would prejudice the growth of industries. This is a correct stand, for provision of housing is primarily the responsibility of local bodies. It has become a very costly and low-yielding investment which industries that have to make a profit and declare regular dividends cannot afford to undertake. The State, however, can assist them by liberalising the conditions under which finance is made available for industrial housing.

PRODUCTIVITY IN COTTON MILLS

The cotton mill industry in India can double its production of yarn and cloth through modernisation and proper work assignment. This hard-to-believe claim is made in a survey report prepared by the South Indian Textile Research Institute which has conducted labour productivity surveys in several mills. The claim may sound optimistic to impress the realists, but it does indicate the vast scope that exists for achieving higher productivity in the industry. And higher productivity leads to a reduction in costs, besides improvement in quality. If the prices of cotton textiles are high today, as indeed, they are, it is because of the fact that productivity has not kept pace with the persistently rising cost of production, not to speak of the heavy load of taxation (both indirect and direct). Speedy modernisation of mills' equipment and rationalisation of

(*Continued on next page*)

DEVELOPMENTS IN THE EAST



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EXPORTS TO RUSSIA AND EAST EUROPE

BUSINESSMEN URGE POLICY REVISION

By N. Pattabhi Raman

NEW YORK, 16*th May*

THE United States Chamber of Commerce adopted a significant resolution at its annual meeting on 29th April. Focussing on East-West trade, an issue it had for long carefully sidestepped in shaping its policies, it called on the U.S. Government to "undertake a prompt re-examination and re-evaluation of the present system of restrictions, with the objective of eliminating those which are not necessary for the security requirements of the United States and which result in discrimination harmful to its competitive position."

The system of restrictions referred to by the Chamber resolution applies to U.S. trade with the U.S.S.R. and the countries of Eastern Europe. It prohibits the export from the U.S. to these Communist countries of a long list of "strategic" materials and products, "strategic" not merely in the narrow military sense but in a larger "cold war" sense. It also provides for the imposition of import duties at more than twice the usual rates on goods imported into the U.S. from these countries, though imports from Yugoslavia and Poland have been exempt from such harsh treatment as part of Washington's attempt to woo those nations as far away as possible from the Kremlin.

Countries Excluded

The system is actually one of total embargo as far as trade with mainland China, North Korea and North Vietnam is concerned. The Governments of these countries are not recognised by the United States. Cuba also falls in the category of nations whose Government Washington refuses to acknowledge. As is well known, this island is the target of an economic blockade organised by the U.S. Accordingly, no exports have been permitted to that country for several months, excepting food and medicine which have been allowed on "humanitarian" grounds. Even this exception seems to be vanishing, because on 14th May President Johnson announced that shipments of medicine and food to Cuba would henceforth be subject to export control and licensing.

The Chamber of Commerce resolution recommended that many items, including oil refineries, which are currently on the embargo list, be permitted to be shipped to the Soviet Union and the East European countries. It did not ask for the reopening of trade with Red China or Cuba or with North Vietnam or North Korea.

The Chamber's move has come at a time when there is considerable doubt in this country about the wisdom and usefulness of using trade restrictions as part of an undeclared economic war against communism.

The theory behind the U.S. policy is that, to provide the communist nations with the products they badly need but could not make or make enough themselves, is to aid and abet their survival and growth; conversely, to keep them lean and hungry is to subject them to pressures which might keep them weak or ultimately even contribute to their collapse. America's N.A.T.O. allies have refused to subscribe to this theory, even though they have agreed to restrict the export to communist countries of items on a shorter embargo list—much shorter than the U.S. list. Their view has been that a fat and less discontended enemy is likely to be less adventurous and troublesome.

Allies Differ

Because of this difference in approach to East-West trade, the United Kingdom in particular, the West European countries, Canada and Japan have all been trading with the "devil" that the U.S. has been trying to exorcise through trade withdrawal. West Germany has exported heavy steel pipe to the U.S.S.R.; the U.K. has been building up a large volume of trade with the Soviet Union and is now shipping buses to Cuba; France is exporting planes to mainland China; and so on.

Thus, the Soviet Union and other communist countries have been able to buy many of the goods on the U.S. embargo list from the U.K., France and other suppliers; the only limitation has been the availability of credit or foreign exchange. Diplomatic intervention by the U.S. has failed to stop this exchange of goods. Foreign trade is a key to the health of the economies of the European countries, in a way it is not to that of the United States' economy, and this too has contributed to the failure of American diplomacy.

But it has been more than a failure of strategy, for U.S. restrictions on trading with the communist countries have also meant that the U.S. has gained little economically from the East-West trade that has actually been taking place. It is true that the world is still divided, by and large, into two trading zones, that the non-communist nations trade mainly between themselves, and that the communist nations too exchange goods chiefly between themselves. But exports to the communist countries from the countries of Western Europe and from Japan have doubled in the last six years to some $3,000 million a year, while those from the U.S. are estimated at only slightly about $100 million.

Like Salt in the Wound

This has been like salt in the wound. And this is what has finally converted many to the view that the U.S., too, should expand its trade with the communist countries. The relaxation of tensions between the U.S. and the U.S.S.R. has provided an atmosphere somewhat conducive to the advancing of such a view.

The resolution of the Chamber of Commerce is not a call in wilderness. The Export Expansion Council made a similar suggestion last year at the end of a conference convened by the late President Kennedy. Individual business leaders have also come out for "trading with the Red bloc."

President Johnson said recently that he welcomes all proposals for expanding trade with the Soviet Union and the East European countries, but he did not commit himself to a change in the present policy. Such a shift in policy might come ultimately, but right now Mr. Johnson is very careful about it. East-West trade is a very sensitive issue, particularly in this election year.

Some leading legislators like Senator William Fullbright have spoken publicly in favour of expanded trade with the Russians and their friends. In a recent speech, Mr. Fullbright stated that a "modest increase" in East-West trade might serve as a "modest instrument of East-West *detente*." But debate and voting in the Congress on this issue, and particularly on the proposal to sell U.S. wheat to Russia, revealed the existence of a sizable minority that is opposed to such expanded trade. There is, indeed, a strong feeling in this country that trading with any communist country at any time in any product is evil, because it is bound to strengthen communism. Moreover, there are moral and emotional overtones to this attitude.

Ambivalent Attitude

It is not surprising, therefore, that, in this atmosphere, the Government exhibits an attitude of ambivalence. The late President Kennedy laid the groundwork for an expansion in trade with the Soviet Union and the East European countries, but he had repeatedly to qualify his proposals on shipping wheat to the U.S.S.R. It is not simply a question of allowing the export of items that are now on the embargo list. It also involves the question of extension of credits. No one is really suggesting that special long-term credits should be extended, even though the U.K. is reported to be willing to do that for Russia. But, while the protagonists of expanded trade would allow normal commercial credits, some politicians would have the U.S. accept only cash.

The Chamber's resolution could conceivably help the Government in coming to a positive conclusion, because it brings into focus the attitude of a majority of the business community. But it will not be surprising if the Government postpones the decision until after the November presidential elections.

Moreover, even when the way is cleared for expanded trade with the Soviet Union and the East European countries, there is unlikely to be any spectacular jump in the volume of trade. The main limiting factor will be, as it has always been, the ability of communist countries to expand their exports to the West and thus earn the foreign exchange necessary to increase their imports.

Oil Refineries Too

There is one curious aspect to this whole business. It is that U.S. firms are now willing to export oil refineries to the Soviet Union. It is curious because the Soviet Union's successful penetration into oil markets in Asia, the Middle East and even Western Europe has been most unwelcome to U.S. oil companies. They have been—and are—waging a determined battle to prevent the Soviet Union from making further inroads into their traditional markets. In this battle, they have enlisted the support of their Government. And they have decried Italy, West Germany, Sweden and other countries for importing Russian oil. Yet, the U.S. Chamber of Commerce would recommend that U.S. companies should be allowed to export oil refineries to the Soviet Union!

There is an American saying, "If you can't lick 'em, join 'em!" To a considerable degree, the "re-examination and re-evaluation" of the present policy of restricting trade with the communist nations would seem to be based on this formula.

SURVEY

(*Concluded from previous page*)

manufacturing methods are, therefore, very essential for ensuring maximum production of quality textiles at economic costs, which is urgent in all conscience as much to compete effectively for a larger and larger share in the world market for textiles as to cater successfully to the expanding domestic requirements. Mr. P. V. Mackay, Chairman of the Southern India Millowners' Association, certainly struck a note of realism when he declared, while inaugurating the twenty-first all-India Textile Conference at Coimbatore on Friday the 15th inst., that the world had witnessed new ideas in textile technology and that India should not hesitate to benefit from the knowledge and experience gained in other countries. Appropriately enough, he urged the technological and research personnel in the Indian textile industry to maintain close touch with modern developments in textile processing.

At no time in the history of the textile industry was the need to focus attention on quality aspect so urgent as it is today. India no doubt occupies an important place in overseas markets; it is the second largest exporter of cotton textiles in the world, next only to Japan. But it requires sustained effort on the part of the industry and trade not only to maintain their position in the coming years but also to enlarge its share in the expanding world market for textiles. The country's exports, as Mr. Mackay rightly pointed out, depend very largely on the quality of the product and every care should be taken to export always textiles of the highest quality. "There is," to quote him, "a great deal to be done in modernisation and rationalisation. This is a subject regarding which the Centre and State Governments could give even more help than they had given in the past."

For maintaining the production of high quality textiles at an optimum level, an abundant supply of superior quality cotton is essential. There may be a great future, as envisaged by Mr. Mackay, for cloth woven from a blend of cotton and man-made fibres, but there is no getting away from the urgent need for taking all possible measures to boost cotton production. That India possesses all the conditions for growing more cotton is common knowledge. These conditions should be made use of properly, with greater emphasis on intensive cultivation than on further expansion of acreage. The scope that exists for augmenting the productivity of cotton lands, both quantitatively and qualitatively, is pretty vast. It can be exploited to the maximum extent possible, provided the Central and State Agricultural Departments and the Indian Central Cotton Committee adopt a more dynamic approach to the problems of cotton cultivation.

LONDON LETTER

BOOMING BRITISH ECONOMY

ELECTION PROSPECTS STILL FAVOUR LABOUR

From Our Own Correspondent

LONDON, 15*th May*

THERE is no doubt that the rapid upswing in demand and output which began in the third quarter of last year is continuing. Risks are being run by the Government (examplified by the mild budget) for the sake of immediate expansion and there are few established instruments which can be used to check demand between now and the next budget. But the latter, of course, could be in the autumn, if a Labour Government came to power and decided this was necessary.

However, the Government's argument that it is certainly *not* time for a change has failed to help them in the two recent rounds of elections. A week ago elections were held throughout the country for borough and district councils and the result was a sweeping victory for Labour. The Conservatives have been at pains to point out that these gains have done little more than restore Labour's position in the councils to what it was in 1961 (when the same seats were last contested), but, if the electoral tide had been running against Labour, this would not have happened.

The by-elections this week have been held in four constituencies—all previously held by the Government—and, though the Government have held three and lost only one, in all of them the majorities were drastically reduced and the average swing to Labour was over 6 per cent. Such a swing, if repeated all over the country, would give Labour a majority of 70 to 80 seats in the next Parliament. The country does not, therefore, seem to have heeded the Premier's call that a Labour Government would halt prosperity.

Output and Employment

Over the past nine months, total output has been rising at about 7 per cent a year, according to an analysis of the home economy just produced by the National Institute of Economic and Social Research. Quite such a high rate is unlikely to be maintained and the forecast is 5 per cent for rather more than a year ahead. This is one per cent higher than the "safe" long-term target, but the forecasters are perhaps being a little pedantic if they claim to be able to fix to within one per cent the true output potential of a country. The Government is taking the view that it is worthwhile running whatever risk there may be in letting output go on at this rate. There is a natural brake on what can be done and that is the level of employment. So far employment has risen only ½ per cent (unemployment has been falling much faster, percentage-wise) and it will probably have to rise a further 2 per cent if the rise in output is to be maintained. This would bring the unemployed percentage down to 1½ per cent which past experience suggests may be even beyond the practical limit. Here is the inflationary danger, if labour pressures, translated into wage pressures, end as overall cost pressures. And one of the main absorbers of extra labour is the construction group of industries. Over the past nine months, fixed investment has been rising very rapidly, averaging about 13 per cent per annum, especially on housing and office building. The latter is, indeed, about the only item that could easily be halted by a Government wishing to ease the pressure on resources. Theoretically, housing could also be damped down, but, since housing—or its lack—is the country's most serious social problem, all parties are determined for political reasons to press on with house construction whatever else may be slowed down. Oddly enough, this investment activity may well be halted by a shortage of bricks, already evident—and so prevent a labour crisis!

In the first quarter of this year, exports rose 2 per cent—chemicals, metals and miscellaneous manufactures in the lead. Exports to the sterling area, and especially Australia, accounted for most of the movement. As Your Correspondent noted last week, exports to the Common Market countries appear to have been held back for reasons of tariff discrimination—but it is difficult to judge over such a short period. On the whole, exports are doing rather better than seemed likely a couple of months ago.

The National Institute's forecast for 1964 is a rise of 7-8 per cent in value of exports over 1963. But, in spite of this (and because of the upsurge in imports), the Board of Trade has estimated a deficit in *visible* trade of £105 million for the first quarter. The indications are that this has been a specially bad quarter in which a rise in import prices and a worsening in the terms of trade has had undue influence. The rise in import prices appears to be slowing down, but, as against this, the surplus of invisibles will probably be less than last year, for overseas military expenditure will be swallowing up what trade is gaining. It may be then that, by the time this year is through, the U.K. will have suffered a payments deficit of some £200 million on current account (as compared with surpluses of £120 million and £100 million for the two preceding years) and, after allowance for overseas investment, the total deficit may be as high as £300 million. This is not a large figure in relation to gross national output, but it is too high in relation to the level of "overseas" resources.

There are few fiscal measures the Government could take should they decide the inflationary risks outweight the production advantages —that is until a fresh budget is produced. Direct dampers on demand might become necessary and the best of these would be a cutback in the amount of military spending, especially on overseas ventures. What remains are measures to stimulate exports—provided always there is a sufficient margin of productive capacity. But it is pointless to speculate further on what might be done—*for the moment* the risks are being taken and for the moment the economy is booming and the crises seem to have retreated again towards 1965.

WORLD BANK LOAN TO ALGERIA

A loan equivalent to $20.5 million has been granted by the World Bank for financing a natural gas liquefaction plant at Arzew on the Mediterranean coast of Algeria. The plant will be the first large-scale commercial installation of its kind. It will produce 2.4 million cubic metres of liquefied natural gas annually which will be supplied to the U.K. and France. Chemical Bank New York Trust Company is participating in the loan, without the World Bank's guarantee, for an amount of $300,000 representing part of the first maturity which falls due in May 1966. The loan is for a term of 12 years and bears interest of 5½ per cent per annum including the 1 per cent commission which is allocated to the Bank's Special Reserve. Amortisation will begin in May 1966.

A British industrial group is reported to have offered to build and finance a giant 3,000-megawatt coal-fired power station and coal port on Italy's western seaboard. The offer has the active support of the British National Coal Board, although it seems unlikely that the Board will itself participate in financing the project. If the offer is finally accepted an expenditure of about £80 million would be involved. Repayments would start immediately after the station begins operation and would be spread over 15 years. The station together with the coal port may take about five years to build. About four million tons of coal would be required every year to feed the plant supplied under a 10-year contract granted to the N.C.B. An Anglo-Italian study group is being set up to go into the details of the project.

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not only to finance development projects which are admitted to be economically sound but which are ineligible for World Bank backing because of the borrower's foreign exchange position. It should also provide them to maintain development programmes threatened by a long-term decline in earnings from exports of primary products which could not have been foreseen.

I can see no theoretical flaw in this proposal. The practical catch, however, is that untied aid of every sort is provided grudgingly and that the I.D.A., in particular, is already suffering from the reluctance of the U.S. Congress to supply the modest increase in its resources agreed upon last year. The main merit of the British proposal may be that it provides another excuse for adding to the pitifully small supply of genuine aid funds available for narrowing the gap between rich and poor.

AID BY COMPENSATION

By Questor

ALTHOUGH a number of raw material prices have hardened considerably during the past few months, there is little reason for supposing that this is more than a temporary reversal of the trend which has ruled for the past decade. While the price of manufactured goods entering into international trade has risen steadily, that of primary products has fallen ever since the Korean war. The terms of trade of the poorer countries have deteriorated markedly. During the nineteen-fifties, the International Monetary Fund estimated in its last annual report, while the volume of their exports rose by some 52 per cent, their importing power per person rose by only 15 per cent. Since the oil-producing countries fared considerably better than this, the rest must have fared considerably worse.

It can be argued that these countries will solve their development problems only by reducing their dependence on exports of primary products, that the fall in prices may now be levelling out, and that fluctuations are now less violent than they were a few years ago. It is hardly surprising, however, that, among the claims for better treatment which they are urging at the U.N. conference in Geneva the question of export prices is prominent.

Two suggestions for stabilisation have been made. One is that a greater international effort should be made to run commodity price support schemes. A fundamental objection to this suggestion—or at least to the form in which it is commonly made—is that it would place an unfair share of the common burden on countries which import large quantities of primary products, that it would help certain developed countries which are in no need of international assistance, and that it would probably lead to the emergence of unmanageable surpluses.

Compensatory Financing

The other suggestion is that special provision should be made to compensate for fluctuations in export income, caused by lower prices, which tend to disrupt national development programmes. The International Monetary Fund has already taken action on this front. Early last year, it decided to create a "compensatory financing facility" designed to help primary producers who run into balance of payments difficulties because of a temporary drop in export income. It is now prepared, in suitable circumstances, to make available special credits on top of the normal limit—not normally exceeding 25 per cent of quota—where export income is depressed by a cyclical downturn in the industrialised countries, or abnormal market conditions, or even natural calamity.

The trouble, of course, is that the Fund must be satisfied that the drop in export income is only temporary and that its loans will soon be repaid. It is not equipped to compensate for a drop in export income caused by a long-term downward trend in prices, such as many undeveloped countries have experienced. Nor, indeed, are the providers of longer-term credit like the World Bank. Compensating finance is an excellent idea, but, if it is to be of practical use in the majority of cases, it must consist of very long-term loans—long-term enough to be the equivalent of gifts.

Britain, it is good to see, has now recognised the logic of the situation. Its delegation to the U.N. conference has now submitted a draft recommendation aimed at providing compensating finance of a long-term kind under the auspices of the International Development Association, the World Bank subsidiary which specialises in 'soft' loans and is gradually (in theory, at least) taking over the work of its sterner parent.

The principles of the recommendation are as follows: The industrialised countries should finance the scheme and only undeveloped countries should be eligible to benefit from it. It would normally be applicable only after a country had drawn on the Fund for short-term compensatory credit and enough time had elapsed to assess the real nature of the drop in its export income. A drop in export income should be regarded as "a shortfall from reasonable expectation" and such a shortfall would constitute a *prima facie* case for assistance. This established, the I.D.A. should investigate the economic circumstances, assess how much assistance is needed to help avoid disruption of development programmes and then provide enough to cover "a substantial proportion" of the shortfall in income.

It is proposed, in short, that I.D.A. should, in future, provide long-term credits at low rates

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TREND AND PROGRESS OF BANKING

RESERVE BANK'S ANNUAL SURVEY

THE Reserve Bank of India's customary annual Report on the *Trend and Progress of Banking in India* for the year 1963, has just been published. It contains a review of trends in credit and monetary policy and traces developments in banking structure, organisation and legislation. The outline and analysis of trends and policies have been made in the context of the Emergency. The inflationary impact of the intense pressure of aggregate demand, matched very inadequately by overall supplies due to some slackening in output and considerable diversion of resources for defence of the nation, was so marked that the accent of policy was on reducing credit availability, both in the aggregate and in respect of certain individual lines, and on raising its cost.

Describing the evolution of the policy of credit restraint, the Report recalls the restrictions imposed in July 1962 by the Reserve Bank of India on access to its accommodation facilities by banks, that is, well before the Emergency. The restrictions were lightened on 31st October 1962, by setting, for the first time, a ceiling to the total amount which a bank could borrow from the Reserve Bank. The ceiling was fixed at 100 per cent of the statutory reserves of a bank, but could be relaxed, if necessary, on a detailed assessment of a bank's operations and credit requirements. That the screw was tightened rather excessively is evident from the clarification which had to be issued within ten days of the October circular to the effect that the ceiling on Bank's lending would in practice not be rigid and inflexible and that special accommodation in excess of the quota would be permitted on an assessment of the position of each bank. The Report under review makes a special effort to emphasise that the clarification did not go beyond the original circular, but only sought to explain what had already been stated in the circular: it meant that the access to the special quota was possible but not automatic. The Reserve Bank also requested the banks to readjust their advances portfolios, to recall advances against gold, shares and unsecured advances and not to encourage speculative and hoarding activities.

Borrowing Quotas and Slab Lending Rates

It was against this background that the Bank Rate was raised by ½ per cent to 4½ per cent in the beginning of 1963. The ostensible purpose was "to bring it in line" with the prevailing higher pattern of interest rates in the money and capital markets, the tone and level of which had already been set by the system of differential lending rates adopted by the Reserve Bank. The interest pattern has been steadily upward since 1960, and has been varying according to the changes in the tier system of lending rates. The October 1962 circular created four tiers—25 per cent of quota at Bank Rate (4 per cent), another 25 per cent at 5 per cent; the balance at 6 per cent and the discretionary additions to the quota at 6.5 per cent. In January 1963, along with the higher Bank Rate, the system of borrowing quotas and lending rates was simplified by allowing 50 per cent of the quota at Bank Rate (4.5 per cent) and the balance at 6 per cent, the discretionary quota being charged at 6.5 per cent. Tight money and high rates held sway throughout the winter and summer of 1963, and lasted till the end of October 1963, when several modifications liberalising the credit policy of the Reserve Bank were announced. The Report gives, for the first time, a table, showing the peak level of scheduled bank borrowings from the Reserve Bank at various rates of interest in each of the busy seasons 1960-61, 1961-62 and 1962-63.

Preferential Treatment

But even before the liberalisation, the preferential treatment given to special sectors was not only continued but also extended. In March 1963, the Reserve Bank announced that the additional quota at Bank Rate given to scheduled banks in respect of their credit to small-scale industries and co-operatives would be over and above the normal ceiling (equivalent to 100 per cent of statutory reserves) and that there would not be any corresponding reduction in the quota at 6 per cent as till then. Under the Export Bills Credit Scheme, scheduled banks who charged exporters at no more than 1½ per cent above Bank Rate were allowed to borrow further additional amounts from the Reserve Bank at Bank Rate over and above the normal quota. Additional accommodation was also granted at Bank Rate to those banks which granted advances to coal industry in the private sector to enable it to utilise the World Bank loan of $35 million.

Selective credit controls were also in continued operation, since, as already pointed out, it was considered desirable to regulate availability of credit in individual lines, apart from their aggregate availability. Preferential treatment accorded to warehouse receipts covering certain foodgrains in respect of margins and ceilings was discontinued: selective controls were reimposed on sugar, in view of the lower output and firmness of prices. Ceilings on groundnut and oilseeds advances were allowed to lapse and only minimum margin requirements were enforced against them in view of the improvement in supplies and fall in prices.

Slack and Busy Seasons

The factual survey of the 1962-63 busy season given in the Report is revealing in many ways, but it is difficult to agree with the contention that the economy was able to absorb the immediate impact of increased defence outlays and the subsequent heavy step up in taxation without disturbance to the internal balance: the sustained and all-round rise in prices, falling or stationary production levels in many sectors and sluggishness of the economy as a whole are evidence to the contrary, if any evidence were needed. It may be that the speculative activity in the commodity markets remained subdued as a result of the policy measures instituted, but the Reserve Bank's Report contains no analysis of the impact of steps taken to meet the Emergency on production and fresh investments.

Inspite of the larger credit expansion against seasonal commodities, the total credit expansion in the 1962-63 busy season around Rs. 200 crores was more or less of the same magnitude as in the previous busy season. In view of the marked slow-down in deposit growth during the busy season, the banking system had to rely on, and did succeed in getting a larger volume of credit from the Reserve Bank despite the more rigorous scrutiny with regard to such credit: this it is claimed was a demonstration of the flexible use of this policy instrument to subserve the needs of essential production while discouraging non-priority uses. But the Report does not analyse the repercussions of the failure of official policies to distinguish *dear* credit policy from *liberal* credit policy, though the failure was later publicly acknowledged by the Governor of the Reserve Bank and was implied in the October 1963 liberalisation and modifications, the object of which was to enable banks to satisfy all credit demands for productive purposes and *to eliminate any inhibition on productive investment*.

The analysis of the 1963 slack season in the Report is very well done by bringing out all its significant and relevant features. The unusually large return flow of funds coincided with a substantial contra-seasonal expansion in money supply with the public, and shortfall in supplies of commodities. The pressure on prices in the lean months of the year was, therefore, aggravated. The credit trends in the slack season, which reflected the sluggishness of the economy, in juxtaposition with the contra-seasonal rise in prices, focussed attention on the need to induce a psychology geared to expansion and give a fillip to productive activity. This paved the way for the October 1963 liberalisation of credit, according to which the borrowing quota was raised to 150 per cent of banks' statutory reserves, half at Bank Rate (4½ per cent) and the other half, as well as the discretionary accommodation, at 6 per cent. Besides, additional quotas at Bank Rate allowed to banks in respect of their advances to special sectors were continued. It was expected that, with these liberalisations both in the cost and availability of credit and with the high degree of liquidity that the banks enjoyed on the eve of the 1963-64 busy season, they would be able to meet the anticipated increase in demand.

Sudden Reversal

The analysis of trends during the first two months (November-December 1963) of the 1963-64 busy season in the Report is extended to cover up to the sudden March 1964 reversal in the liberal credit policy. The season began with a very comfortable resources position for the banks and with a policy attuned to a larger volume of credit expansion. It is recognised by the Reserve Bank that the relaxation in credit policy on the eve of the 1963-64 busy season had enabled the banks to maintain a reasonably liberal credit supply for productive purposes and to impart the much needed stimulus to the economy. The reason given for the reimposition of credit controls, however, is that, with the progress of the busy season, credit expansion tended to become too rapid and that, early in March, it exceeded the Rs. 300-crore mark and the scheduled banks' borrowings from the Reserve Bank also touched the high level of Rs. 106 crores. In these circumstances and in the context of the supply situation of agricultural commodities, there was a clear need, says the Report, for caution in further credit extension by banks. All this explanation suggests one thing: it is that the Reserve Bank had not correctly assessed the prospective demand for bank credit in the 1963-64 busy season when it relaxed its restrictions on the eve of the season. Anyway, the 4½-month experiment ended by restoring the position as it prevailed before October 1963.

Deposits and Advances

The overall trends for the year 1963 indicate a secular growth in banking. While expansion of deposits was substantially higher than in 1962, the increase in paid-up capital and reserves was only slightly better. The growth in resources were used for expanding bank lending and investment in Government securities by a larger magnitude than in the previous year.

Scheduled banks' aggregate deposits (excluding P.L. funds) rose by Rs. 283 crores (14.7 per cent), as compared with a rise of Rs. 233 crores (13.7 per cent) in the previous year. The Report recounts the usual factors—deficit financing, branch expansion and institutional and other measures taken for strengthening the banking system—which contributed to this growth.

The increase in demand deposits was larger than in time deposits during 1963. In this connection, the Report refers to a "statistical" shift in the classification of a larger proportion of savings deposits as demand liabilities following the competitive liberalisation of the rules governing withdrawal of deposits in savings bank accounts. Thus, although the higher liquidity preference and competition from non-banking companies for term deposits by offering higher interest rates are important factors, the change in the manner of classification was responsible in no small measure for the apparent increase in the share of demand deposits in the total from 42.3 per cent to 45.1 per cent.

The credit expansion during the calendar year 1963 amounted to Rs. 159 crores, as compared with Rs. 145 crores in the previous year—the rate of growth being the same, namely 11.3 per cent. The seasonal swings, however, were much wider during 1963, reflecting mainly the varying tempo of economic activity during the year. The progressive rise in the share of industry in bank credit noticed in recent years continued—the proportion rising from 34 per cent in 1955 and 53 per cent in 1961 to 57 per cent in 1963. The distribution of bank credit among the various industries was in conformity with the diversification of industrial output.

Liquidity Position and Profits

In view of the revised liquidity ratio to be effective from September 1964, the progress made by the banks towards the new enhanced overall ratio of 28 per cent. assumes special significance. Although the ratio for all scheduled banks (excluding the State Bank) was 33.3 per cent both at the end of 1962 and 1963, the progress towards the new goal was on the whole inadequate, because, out of 79 scheduled banks at the end of 1963, there were 16 with a liquidity ratio of less than 28 per cent. The Report, therefore, emphasises the need to take corrective action through readjustment of their pattern of assets. This remark, of course, applies only to those banks which have been operating on an over-extended credit-deposit ratio.

The past year was quite a profitable one to banks. With the average level of bank credit about 9 per cent higher as compared with 1962 and with the proportion of advances earning above 6 per cent rising from 54 per cent to 85 per cent, there is no wonder that the balance of profits after taxation in the case of 29 larger Indian scheduled banks showed a rise of 8.5 per cent. The seasonal pattern of Indian banking re-emphasised itself during 1963 but, taking the year as a whole, the increase in banks' resources, as well as in their credit and investment portfolios, made for higher earnings and profits. Broadly speaking, it is correct to say as the Report does, that the Emergency and its aftermath did not have an unfavourable effect on the operations of banks during the past year.

Structure and Organisation

All this is essentially a review of the developments in banking during the year: but there is also a simultaneous, but longer-term process of

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PUNJAB NATIONAL'S DEPOSITS HIGHER

CAPITAL PROFIT COMES TO THE RESCUE

NOTWITHSTANDING the fact that, in line with the general banking trend in the country, the Punjab National Bank Ltd. (General Manager: Mr. Rajendra Lal Tuli, New Delhi) has scaled new heights during the past calendar year, its working, as seen in terms of profit earned, has definitely become costlier. This, however, need not prove surprising, since all, except the protagonists of nationalisation of banks, know that present-day banking is quite a costly affair, particularly because staff expenses are becoming heavier and heavier and the emphasis is not only on more business but also greater and better service to customers.

The following comparative table gives a clear idea of the Bank's working in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Interest and discount earned	907.18	836.63	732.49	697.12
Commission, exchange and brokerage	181.75	174.85	162.85	147.87
Other income	39.38	18.66	20.85	26.17
Interest paid	475.46	429.89	371.45	351.38
Staff expenses	403.01	375.65	327.49	305.75
Other expenses	..	95.33	83.91	81.21
Depreciation and repairs ..	17.22	17.84	14.71	14.78
Provision for taxation ..	*N.D.*	*N.D.*	*N.D.*	53.00
Profit before taxation ..	126.06	114.43	118.40	65.04*
To reserve fund	50.00	25.00	45.00	11.00
To development rebate reserve	0.50	0.60	..	..
Provision for charity and donations	1.00	4.00	1.00	1.00
Bonus to staff	47.50	40.00	37.50	27.00
Dividend	40.00	40.00	28.75	25.00
	(20%)	(20%)	(20%)	(20%)
Carry forward	2.27	15.21	10.38	4.23

	As at 31st December			
	1963	1962	1961	1960
Capital	200.00	199.64	199.37	125.00
Reserves	287.10	236.56	210.94	158.50
Deposits	190,00.69	167,52.13	150,68.20	139,48.47
Borrowings from other banks	55.31	62.94	32.71	473.67
Advances	118,46.28	99,54.36	93,21.82	93,53.28
Investments	57,60.54	55,88.10	45,53.50	45,80.33
Cash	27,18.13	23,67.73	23,68.97	12,75.29
Balance-sheet total ..	251,28.83	223,95.98	205,11.99	191,52.13
Ratio to deposits of—	%	%	%	%
Advances	62.8	59.4	61.9	67.0
Investments	30.2	33.3	30.1	29.4
Cash	14.2	14.1	15.7	9.1

N.D.=Not disclosed. * After taxation.

To record the details of the Bank's working during the year under report. The gross income has shot up by nearly Rs. one crore from Rs. 10.30 crores to Rs. 11.28 crores. Its balance-sheet total has expanded further from Rs. 223.96 crores to Rs. 251.29 crores. Its deposits, only Rs. 10 crores less than the Rs. 200-crore mark, show an accretion of Rs. 22.48 crores to Rs. 190 crores. Its advances, which had been sticky around Rs. 93 crores in 1960 and 1961 and had increased by a little more than Rs. 6 crores in 1962, have staged a marked rise from Rs. 99.54 crores to Rs. 118.46 crores during 1963. Finally, its investments are greater by roughly Rs. 2 crores at Rs. 57.61 crores, which is in addition to an increase of more than Rs. 10 crores witnessed in the previous year. This growth in business has been attained largely through the more favourable deposits position, for borrowings from other banks, which had risen by Rs. 30.23 lakhs in the previous year, have actually receded by Rs. 7.63 lakhs to Rs. 55.31 lakhs as at the end of the year under review.

The declared profit has also improved sizably from Rs. 114.43 lakhs to Rs. 126.06 lakhs, in contrast to the slight drop of about Rs. 4 lakhs in the previous year. But what has caused this improvement is a substantial rise in income from non-banking sources amounting to Rs. 39.38 lakhs (as against only Rs. 18.66 lakhs a year before) following the realisation of a net profit of Rs. 22.73 lakhs (as against only Rs. 22,204) on the sale of investments, gold and silver, land, premises and other assets. It follows that but for this large non-banking income, the profit would have been actually lower—lower than even the reduced profit for the previous year. Moreover, against this increase of over Rs. 20 lakhs in the non-banking income, the improvement in disclosed profit is less than Rs. 12 lakhs. In other words, the costlier banking operations have even eaten into the benefits arising out of a higher income from other sources.

The improvement in profit has been utilised to double the transfer to the statutory reserve fund from Rs. 25 lakhs to Rs. 50 lakhs, while the dividend on the 10-rupee shares (including the 10 per cent interim paid earlier) has been maintained at 20 per cent per annum, subject to tax. In spite of this larger transfer to the reserve fund, the ratio of "own" funds (that is capital and reserves) to deposits is lower at 2.5 per cent, as against 2.6 per cent a year before, obviously because of the large growth in deposits.

The sharp rise in advances has pushed up the credit ratio to 62.8 per cent from 53.4 per cent to which level it had declined in the previous year, in spite of higher aggregate advances, from 61.9 per cent in 1961. On the other hand, the ratio of investments to deposits has slipped back by three points to 30.2 per cent and the cash-deposits ratio has remained practically unchanged at 14.2 per cent. The liquidity ratio, however, is substantially high at 44.4 per cent.

The growth in deposits has been all-round, it being, however, relatively more pronounced in savings deposits which have gone up from Rs. 47.44 crores to Rs. 56.32 crores, as compared with fixed deposits which show an increase from Rs. 78.48 crores to Rs. 86.75 crores and current accounts which have improved from Rs. 41.16 crores to Rs. 46.51 crores.

During the year, the Bank opened eight new offices bringing the total number of offices to 435. The business of the Rangoon office was taken over by the Government of Burma on 23rd February 1963, following the nationalisation of banks in that country.

The Scandinavian Airlines System (S.A.S) and Alitalia have concluded an agreement to pool air traffic between the two countries. Principal features of the agreement are the introduction of daily jet services between Copenhagen and both Milan and Rome and low-cost summertime night flights. By co-ordinating their aircraft utilisation between Scandinavia and Italy, S.A.S. and Alitalia will also be seeking to develop a more efficient and economical route structure within the framework of the pool. Both airlines are maintaining, however, their independent sales, service and administrative organisations within the two areas.

Trend and Progress of Banking

(*Concluded from previous page*)

improvements in banking organisation and reform of the legislative framework. One aspect of the effort to strengthen the banking system so as to promote its growth on sound lines has taken the form of infusing more confidence in the depositors through legislative amendments designed to minimise misuse of banks' funds. The other aspect is to enlarge the scope of banking operations over a wider geographical area and over a broader range of functions and thus make banking growth more responsive to the larger national interest. Chapter II of the Report under review deals with the progress made in reconstructing the banking system on these lines.

The most outstanding developments of the past year were the enactment of Banking Laws (Miscellaneous Provisions) Act and the State Bank of India (Amendment) Act. Besides alluding to these events, the Report also indicates the progress of Deposit Insurance, the Refinance Corporation for Industry and the Export Risks Insurance Corporation (now Export Credit and Guarantee Corporation). In addition, it discusses many other routine matters like the progress of mergers, licensing, inspections and liquidation of banks and promotional measures like expansion of clearing house facilities, banking education, and credit information bureau. Further, the Report shows how the banking policy was attuned to the requirements of the preferred sectors in the economy, namely small-scale industries and exports. But the most important of all is the outline of the branch expansion policy of the Reserve Bank and of the programmes of scheduled banks. This outline has been presented against a historical perspective. Since this is an exceedingly important matter, it is proposed to deal with it in a separate article.

The *Report on Trend and Progress* changed its size last year. It has changed its appearance also this year. But the reports for both the years have suffered a progressive deterioration in their quality and usefulness. The pruning of statistical tables last year meant that, for detailed data, students of banking and bankers would have to wait till the *Statistical Tables* were published. This publication usually makes its appearance only nine months after the end of the year to which it pertains. In this year's Report, the authors have cut down more than a dozen tables, which appeared in the text of the Report last year, to hardly one-third of their original quota. In the process, much valuable information on the performance of banking has disappeared from the Report.

ANDHRA BANK'S PROGRESS

EARNINGS HIGHER, BUT PROFIT LOWER

THE Andhra Bank Ltd. (General Manager: T. R. Bhagavat) continued to make good progress in 1963 both by increasing its resources and turnover. The total deposits of the Bank rose by 13 per cent from Rs. 1,817.53 lakhs to Rs. 2,057.15 lakhs, as against a 15 per cent rise in the previous year from Rs. 1,578.90 lakhs. The balance-sheet total also rose to a similar extent during the last two years. From Rs. 2,003.96 lakhs at the end of 1961, it rose by 13 per cent to Rs. 2,264.41 lakhs at the end of 1962 and by further 12 per cent to Rs. 2,542.78 lakhs at the end of 1963. The total advances of the Bank rose by 20 per cent to an all-time high at Rs. 1,231.59 lakhs, raising the credit-deposit ratio to 59.9 per cent, a level which was reached in 1960, but from which it had uninterruptedly fallen to 56.3 per cent in 1962. This rate of increase in advances was much higher than the 13 per cent growth rate achieved in 1962.

The gross earnings of the Bank also rose by 12 per cent from Rs. 129 lakhs in 1962 to Rs. 144 lakhs in 1963—at the same rate as the growth in balance-sheet total. The most substantial increase was in the income from interest and discounts which rose by about Rs. 8 lakhs to Rs. 119 lakhs, and in the income from commission, exchange and brokerage which rose by about Rs. 4 lakhs to Rs. 18 lakhs. The profit before tax, however, has only fractionally improved by a mere Rs. 8,000 to Rs. 8.70 lakhs. One cannot even have the satisfaction that the downward trend in profit has been reversed, for the profit after tax for the year has been less than that for 1962. In fact, it has been continuously going down—from Rs. 6.87 lakhs in 1961 and Rs. 5.62 lakhs in 1962 to Rs. 5.45 lakhs in 1963. The steady decline in net profit is the result of the rising burden of interest costs and staff expenses. Between the two years 1962 and 1963, interest paid has gone up from Rs. 50 lakhs to Rs. 69 lakhs, a rise of Rs. 14 lakhs (28 per cent) in 1962 and Rs. 5 lakhs (3 per cent) in 1963. Staff expenses have also gone up during the same period from Rs. 37 lakhs to Rs. 48 lakhs—a rise of 16 per cent in 1962 and 12 per cent in 1963.

The effect of the reduced net profit is felt on the allocations to reserves, though the dividend has been maintained at 8 per cent per annum, absorbing the same amount as last year, that is, Rs. 3.34 lakhs. The transfers to reserves have again been cut down to Rs. 2.10 lakhs from Rs. 2.38 lakhs.

The table below summarises the trends in the working of the Bank during the last four years:

(In lakhs of rupees)

	For the year ended December			
	1963	1962	1961	1960
Interest and discount earned	118.93	111.13	94.24	87.89
Commission, exchange and brokerage	17.99	13.97	12.70	12.10
Other income	6.61	3.84	3.52	1.82
Interest paid	69.13	63.74	50.31	48.50
Staff expenses	47.90	41.15	36.70	32.43
Other expenses	15.04	13.06	11.43	8.50
Depreciation	2.75	2.39	1.00	0.80
Profit (before tax) ..	8.70	8.62	11.02	11.57
Provision for taxation ..	3.25	3.00	4.15	4.90
Transfer to reserves and other funds	2.10	2.38	3.45	3.40
Dividends	3.34	3.34	3.34	3.33
	(8%)*	(8%)*	(8%)*	(8%)*
Carry forward	0.05	0.03	0.13	0.04

	As on 31st December			
	1963	1962	1961	1960
Capital	41.77	41.74	41.69	41.64
Reserves	30.68	28.48	26.38	23.08
Deposits	20,57.15	18,17.53	15,78.90	14,78.63
Borrowings from other banks	1,36.10	1,13.00	1,39.34	1,14.29
Advances	12,31.59	10,25.32	9,09.13	8,85.63
Investments	7,90.28	7,19.59	6,60.80	5,25.73
Cash	2,46.51	2,35.58	2,06.10	2,34.55
Balance-sheet total ..	25,42.78	22,64.41	20,03.96	18,56.61
Ratio to deposits of—	%	%	%	%
Advances	59.9	56.3	57.5	59.9
Investments†	38.4	39.5	41.8	35.5
Cash	12.0	12.9	13.0	15.8

* Subject to deduction of tax. † Unencumbered portion only.

It will be noted that investments in Government securities have been stepped up substantially to raise the ratio of investments to deposits from 33 per cent to 38 per cent, obviously in an effort to conform to the revised liquidity requirements due to be effective from mid-September of this year.

EXTRA-LONG STAPLE COTTON

PRICES EXPECTED TO DECLINE BY A QUARTER IN NEXT SIX YEARS

THE recent sharp decline in the price of extra-long staple cotton (that is, cotton having a staple length of 1⅜" and above) has caused considerable concern among both producers and consumers of this variety of cotton. The producing countries (which number about a dozen, of which the United Arab Republic, Sudan and Peru are particularly worried because extra-long staple cotton is a major export commodity for them), are dismayed at the progressive decline in the price of extra-long staple cotton, while the consuming countries, including India, which is a major consumer, accounting for the import of about a quarter of a million bales a year, are, for their part, wondering whether adequacy of supplies and stability of prices, would not be affected if this state of affairs were to continue. In view of this situation, the International Cotton Advisory Committee, Washington, that world Parliament of cotton, asked the World Bank to make a study of the demand and price prospects for extra-long staple cotton. The findings and conclusions of the study, which was undertaken by the Economic Department of the Bank under the direction of Mr. Frank Lowenstein, have just been published. The study, it may be noted here, is not an official document of the World Bank and hence should not be regarded as reflecting the views or policies of the Bank; nor does the Bank accept responsibility for its accuracy or completeness. Nevertheless, as one of the most competent and thorough investigation ever to have been made into the demand and supply prospects for extra-long staple cotton, the study under reference is of great interest to India, which consumes more extra-long staple cotton than any Western country, including the United States.

Principal Qualities

The principal physical properties of extra-long staple cotton that contributes to its utility as the highest quality cotton in the world for the manufacture of textiles are extra length of staple, exceptional strength of fibre and high lustre. The advantages to spinners in using this type of cotton are mainly (1) increased yarn strength, particularly in the finer yarns, (2) suitability for spinning finer yarn, (3) improved lustre and general appearance of both yarn and fabrics made of the yarn, and (4) lower processing costs even in the coarser yarns. The principal disadvantage to spinners is the price premium that extra-long staple cotton has traditionally commanded over shorter staple cotton.

The use of extra-long staples in the finest and strongest yarns, where it is virtually free from competition from other cottons is nevertheless tending to decrease. It is, in fact, being displaced by synthetic fibres and certain technological developments such as blending of synthetics and cotton. Growth in the use of cotton in easy-care or wash-and-wear fabrics has caused the demand for fine cotton yarns to diminish. Such fabrics are usually made of yarns coarser than 60's.

On the other hand, the use of extra-long staple cotton in coarser count yarns is tending to increase for the following reasons: (1) Extra-strength yarns spun from extra-long staple cotton are needed to maintain minimum fabric strength after treatment with easy-care finishes, (2) development of high speed machinery tends to make the use of longer cotton economical, and (3) there have been drastic declines in price premium for extra-long staples since the mid-1950's.

Share in World Fibre Consumption

In recent years (1957-60), extra-long staple cotton comprised 2.8 per cent of the world apparel fibre production, 3.6 per cent of apparel fibre consumption and 5.2 per cent of overall cotton consumption. The demand for extra-long staple cotton depends, to a considerable extent, on the total demand for apparel fibres. Hence, trends in the consumption of all these fabrics (cotton, wool and man-made fibres), especially in the total demand for cotton, have a direct bearing on the prospects for extra-long staple cotton.

The percentage rate of growth of world consumption of apparel fibres is declining, though the annual increment in the volume of consumption has remained remarkedly steady. From 1947 to 1961, the absolute quantity consumed has increased at an annual rate of about 522,000 tons. *Per capita* consumption, however, is levelling off. The world average in 1961 was about 43 per cent above consumption in 1947, as against a gain of nearly 87 per cent in population and 108 per cent in world index of manufacturing activity. The rate of growth in world cotton consumption is also declining, while production is increasing. Production of extra-long staple cotton has more than doubled in the two decades since the early forties. This is in line with total apparel fibres production.

Production

The production of extra-long staple cotton is confined to a relatively few countries. These are the U.A.R., Sudan, Peru and the U.S. *plus* some six others. The big four producers have, in fact, accounted for about 97 per cent of the world production of extra-long staple cotton in recent years. Since 1945, the acreage planted to extra-long staple cotton has increased in all the four major producing countries, though, of late, the area under cultivation has tended to stabilise in the U.A.R. and Peru.

The increased production of extra-long staple cotton, which averaged 2.35 million bales (of 478 lbs. each) during 1960-62, has been absorbed in the world market since the mid-1950's at steadily declining prices in relation to prices of other growths of cotton. Exports of extra-long staple cotton worked out to an average of 13 per cent of the world exports of all cotton during the period 1958-62, as compared with over 11 per cent in the late 1940's. The big decline in relative prices, which accompanied the small relative increase in exports of extra-long staple cotton, indicates a drop in world demand for these fine cottons relative to other growths. The statistical evidence of a decrease in world demand was confirmed by many independent observations. The nature of the uses for increased quantities of man-made fibres, especially synthetic fibres, was indicative of growing competition and displacement of extra-long staple from fine goods and fabrics of high strength requirements.

On the basis of observed trends in production and consumption and taking into account the factors likely to affect production and consumption of extra-long staple cotton, the authors of this special study have made projections of the probable demand for and supply of this type of cotton in 1970. The production of extra-long staple in 1970, according to them, was concentrated in four countries which are currently the principal producers. Their order of importance is not expected to change from that of recent years, with the U.A.R. being the largest producer, followed by Sudan, Peru and the U.S.A., in that order. Acreage planted to extra-long staple in 1970 is expected to be about 13 per cent larger than the 1960-62 average. Most of the increase is expected to take place in Sudan and Peru, because of development of additional irrigated land. The yield per acre is also expected to increase from the present world average of 450 lbs. per acre to 505 lbs. per acre in 1970. And world production of extra-long staple cotton is projected at about three million bales (of 478 lbs. each), as compared with an average of 2.4 million bales in 1960-62.

Demand for Extra-long Staple

The demand for extra-long staple for cotton would depend upon the demand for apparel fibres, in general, and cotton fibres, in particular. The factors that affect the demand for apparel fibres are complex and often changeable. They include population, levels of economic activity, tastes of consumers, various Governmental actions, general price levels and many other tangible and intangible elements. The demand for all cottons and extra-long staples is seriously affected by a highly specialised force, namely, inter-fibre competition.

Using certain assumptions (as for example, world population in 1970 would be 3,740 million) the authors of the study estimate that world apparel fibre consumption in 1970 will aggregate 21 million metric tons, of which about 60 per cent will be cotton. The distribution of the total among the different fibres is estimated as follows:

(In thousand metric tons)

Fibre	Annual average			1962 (Preliminary)	1970 (Projection)
	1947-51	1952-56	1957-61		
Cotton	6,766	8,447	9,932	10,235	12,900
Wool	1,109	1,182	1,385	1,442	1,500
Rayon	1,353	2,032	2,527	2,923	3,400
Synthetic fibres ..	56	214	589	1,075	3,200
All fibres	9,284	11,875	14,433	15,675	21,000

Consumption of 21 million metric tons of apparel fibres in 1970 implies a growth rate of 3½ per cent per year and a 34 per cent increase over the 1962 figure of 15.67 million metric tons. The rate of increase of apparel fibre consumption is higher than the 2½ per cent growth expected for population. Consequently, fibre consumption *per capita* would increase to about 5.6 kilograms, as compared with 5 kilograms in 1961. Of the 21 million metric tons, cotton's share is projected at 12.9 million tons (or 59.5 million bales of 478 lbs. each), an increase of 24 per cent, as compared with that in 1961. The projected output of three million bales of extra-long staple cotton represents about 5 per cent of the total consumption. If all the three million bales are to be consumed, according to the authors of the study, prices of extra-long staple cotton will have to decline by about 22 per cent from the 1962 price level. A 22 per cent decline in prices in the context of an increase in production of the order of 17 per cent would mean less cash income for producers of extra-long staple cotton in 1970, as compared with 1962. These calculations are, of course, subject to change, because production in 1970 may turn out to be less than that expected due to changes in production plans or prices variations may be different from those now anticipated. But regardless of whether income from extra-long staple cotton production is somewhat lower, or higher or about the same in 1970, as in 1962, the return per pound of extra-long staple cotton or per harvested acre is expected to decline sharply. In view of this, the authors of the study point out, producing countries might wish to reconsider their plans for future production of extra-long staple cotton.

"Promotion"

"Promotion" plays an important role in stimulating demand for any commodity. The authors of the study have, therefore, examined the scope for stimulating demand for extra-long staple cotton through better promotion and improved merchandising. Promotion, in the sense of introducing and stimulating the purchase and use of a new product, does not apply, says the study, to an established product like cotton. However, promotion may be effective when applied to new uses or adaptations or to newly-developed qualities for cotton. The introduction of wash-and-wear cotton fabrics and blends may have been helped by promotional techniques, but this stimulus is not likely to continue over a long period of time. Once a use or characteristic is established, the force of promotion soon fades. Nonetheless, according to the study, a number of features of extra-long staple cotton might be emphasised by producers of extra-long staple cotton in order to exploit fully the opportunities for promoting the marketing of the fibre. In this connection, the authors of the study are of the view that the following steps might be taken by producers of extra-long staple cotton:

(i) Adopt some easy term or word for their cotton that is distinctive and easy to say; for example, E.L.F. (extra-long fibres), X.L. (extra-long) or some other description which is preferable to the more or less awkward E.L.S.

(ii) Begin at once to develop a quality standardisation programme for their cotton including: (*a*) length, (*b*) colour, (*c*) foreign matter, (*d*) fibre strength, (*e*) fineness, (*f*) yarn strength, and (*g*) spinning potentiality.

(iii) Develop a system of quality measurements, including arrangements for checking, coordination, calibration, and arbitration, acceptable to producers and consumers.

(iv) Follow the practice used in the Sudan of stamping each bale with quality information. Field surveys showed that this practice enjoys much favour among mill buyers but is generally disliked by traders.

(v) Support programmes designed to make technical information concerning the advantages of E.L.S. readily available to spinners, other manufacturers, merchants and consumers.

(vi) Foster the same spirit of innovation, competition, publicising and pricing among producers of E.L.S. that prevails among reputable manufacturers of consumer goods.

THE AUTOMOBILE INDUSTRY . . . .

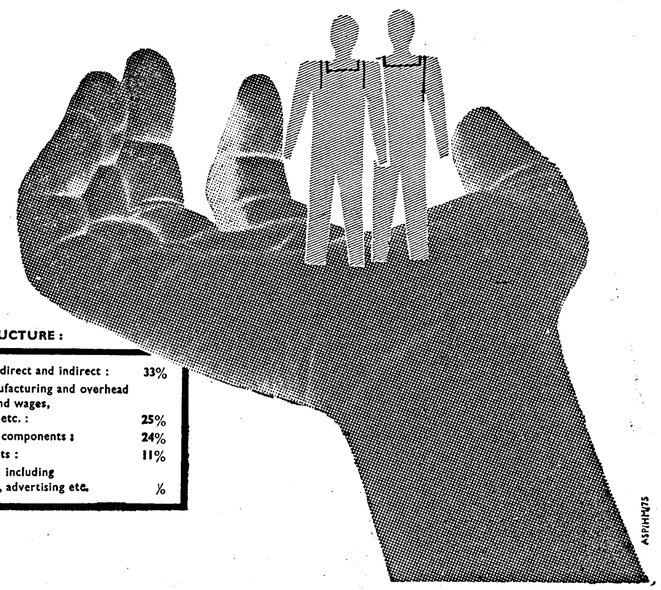
Each vehicle produced offers opportunities for employment of twelve to thirteen persons in the manufacturing, servicing and operational functions of the automobile and road transport industry. In the U.S.A. where the automobile industry is highly developed, one out of every seven wage earners is connected with automobile industry.

As the automobile industry develops in India, more ancillary industries spring up. As the road transport system takes root, a more intensive movement of men and material takes place. As the communication network expands, the country's planned programme of agriculture and community development, irrigation and power, small scale and large scale industries proceeds apace. All these help vastly increase the employment potential in the country.

The automobile industry thus not only opens up opportunities for greater employment, but the income of those employed becomes a source of revenue to the Government. Apart from this, a considerable portion of the price of a motor vehicle goes to the Government in the form of direct and indirect taxes. In the case of the Hindusthan Ambassador car, for instance, this amounts to 5140 rupees or one-third of the "on the road" price of the car in Calcutta. The revenue thus realised helps public works projects to develop and expand the employment potential.

Besides boosting its direct employment, the automobile industry creates increasing opportunities for employment in the ancillary as well as other basic industries.

a boost to employment in India



THE AUTOMOBILE INDUSTRY IS A KEY INDUSTRY

CAR PRICE STRUCTURE:

Government taxes, direct and indirect :	33%
Raw materials, manufacturing and overhead expenses, salaries and wages, depreciation, profit etc. :	25%
Indigenous ancillary components :	24%
Imported components :	11%
Dealer's commission including distribution, service, advertising etc.	7%

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HM/1964

TRADITIONAL DIVISIONS IN TEXTILE INDUSTRY BREAKING DOWN

NEW "PACKAGE DEAL" FOR WORKERS

From Our Special Correspondent

MANCHESTER, 12*th May*

MANCHESTER LETTER

THE growth and development of the British man-made fibre industry had blurred the sharp edges of demarcation between the traditional sections of the textile industry, and there was now a need for a new organisation representing the whole of the textile trade, *said* the annual report of the Silk and Man-Made Fibre Users' Association. While there was still a positive need for efficient trade associations in each field, the report urged the establishment of a new "pan-textile" organisation.

"Cotton, wool, silk and linen are no longer watertight sections of the textile industry," added the report. "The incursion of man-made fibres into each of them is breaking down traditional divisions."

A new organisation with wider representation from all sections of the industry could provide the means for co-ordinated action and a more authoritative expression of the views of the whole industry. The report said that it was becoming increasingly apparent that the interests of the various textile sections were "very closely" linked. On major policy questions, there were few basic differences of viewpoint.

Garment Trades Too

The suggestion has been put forward by that controversial figure in the finishing trade, Mr. William Crossley, that the garment manufacturing section should also take part in the deliberations on any new structure which is developed to speak for textiles. His view, expressed at the annual meeting of the Overall Manufacturers' Association, was that the cotton industry's case for safeguards against imports would have registered more forcibly with the Government if it had had the backing of the several thousand firms in the garment-making trades, with their labour force of more than 300,000 workers.

This fits in with the ideas of the unions in the cotton trade. Earlier this month, the annual conference of the United Textile Factory Workers' Association discussed a resolution calling for closer co-operation between the textile and clothing trade unions. The Legislative Council of the Association was instructed to convene a meeting with a view to establishing a permanent confederation of textile and garment unions within the United Kingdom.

Plan for Progress

Within the next few weeks, another milestone in the amicable labour relationships existing between management and trade unions in the cotton and allied industries will have been reached. The new "package deal," providing the operatives with a programme of increased wage rates, longer holidays and shorter hours over a period of several years ahead, is now in its final stages of negotiation.

Those with memories of the trade's history will need no reminding that the last serious outbreak of industrial trouble in cotton was as long ago as 1932. Although hard bargaining has taken place in the years between, and no doubt tempers have on occasion been frayed, the peace has been kept, to the credit and benefit of all concerned.

The negotiators of the thirties, on both sides, would certainly be astounded at the subsequent turn of events, particularly the current prospect of steadily improving conditions scheduled over a period. Little more than 25 years ago, the Weavers' Amalgamation was engaged in a prolonged campaign to obtain a fall-back wage of 35s. 0d. per 48-hour week for its members!

An important contributory factor in the present series of talks, which cover all the spinning and weaving sections, is the strongly held belief by both employers and unions that the morale of the industry and its public image will benefit materially from a pact of this kind. Recruitment has again become a live issue, not just because of the present overwhelming demand for supplies, but mainly on account of the high average age of the existing labour force.

Details of the full scheme must await the settlement of a few points, but, according to spokesmen from both sets of negotiators after last week's meeting, the main principles are already agreed. The one issue originally submitted by the unions, but not finding favour with the millowners, is the question of payments for redundant workers. The employers have all along maintained that this was a policy matter for the Government.

Second Highest Imports

By no means for the first time, the volume of imports is the dominant factor in assessing the overseas trade situation during the first quarter of the current year. Although still below the peak level of arrivals reached in the early part of 1961, the rate of textile shipments into British ports to the end of March was significantly and disturbingly high.

Three years ago, the quantity of cotton cloth imported exceeded 225 million yards for the first quarter; the current figure is 192,574,000 yards, of which the share of grey cloth was 145,842,000 yards, a rise of more than 17 million yards. Chief suppliers of cotton grey cloth were again the leading Commonwealth countries, with India well to the fore, having provided 59,019,000 yards, an increase of 7½ million yards over the 1963 level. In contrast, Hong Kong sent smaller quantities, the total of 16,279,000 yards being nearly 5 million yards down on last year, while Pakistan provided 16,934,000 yards, a reduction of nearly 2 million yards. Fourth in the list of suppliers came China with 13,445,000 yards, an increase of 3 million yards. Meanwhile, imports from undesignated foreign countries more than doubled at 11,423,000 yards.

Arrivals of finished cotton cloth in the first three months this year rose by more than 5 million yards to 46,732,000 yards, the most significant change being the doubling of supplies from India at 7,400,000 yards. Belgium regained first position as provider of finished fabrics at 7,819,000 yards. The value of these goods exceeded £2,000,000, but purchases from Hong Kong were curtailed, being 6,802,000 yards, as against 9,497,000 yards.

More Man-made Fibres Cloth

Larger quantities of man-made fibres cloth also entered Britain in the first three months of this year. Purchases from abroad were nearly 22 million yards, as against 15 million yards in the same period of 1963. Imports of man-made fibre yarn and thread increased sharply at 6,025,000 lbs., as against 2,975,000 lbs., but arrivals of cotton yarn and thread were only marginally higher at 10,527,000 lbs. (9,817,000 lbs.)

After the rather better experience last year, when it appeared that exporters had recovered from the downward slide which had persisted for more than a decade, the first quarter of 1964 has been a disappointment. Shipments of cotton cloth have fallen back from 58,400,000 yards to 51,954,000 yards, and even the renewed progress made by distributors of man-made fibre cloth has not been able to close the gap. In this section, exports have risen from 19,067,000 yards to 22,463,000 yards, but the joint total is still below the 1963 level.

Despite a reduction of over two million yards, South Africa remains the biggest customer of cotton cloth exported from this country, the figure for the quarter being 6,321,000 yards. The Irish Republic has taken second place with 5,472,000 yards (5,004,000 yards in 1963), while shipments to Australia were 5,396,000 yards (7,090,000 yards) and to Nigeria 4,259,000 yards (4,984,000 yards).

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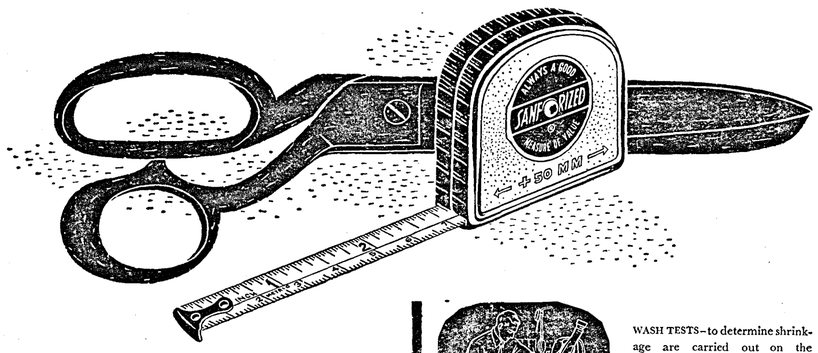

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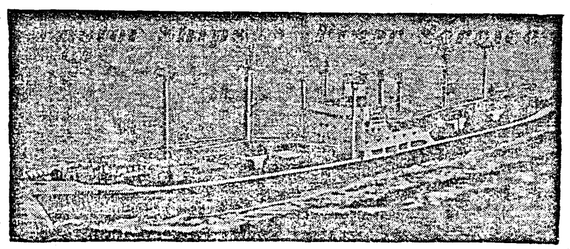

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BOOSTING EXPORTS OF RAYON TEXTILES

MOVE TO SET UP MONOPOLY BODY NOT JUSTIFIED

THERE is, to say the least, no justification for the move of the Silk and Rayon Textiles Export Promotion Council to float a new monopoly company for handling export trade in rayon textiles. The reasons adduced in support of the move are hardly convincing, as the following extract of a speech, which the Chairman of the Council, Mr. D. N. Shroff, delivered at Bombay last week, itself shows:

"The Council is a non-trading body and as such it has its limitations to give direction to the trade. The new organisation (Rayex (India) Limited), which will be a trading company, registered under the Companies' Act, will seek to regulate the existing export activity as well as develop trade with new markets, East European countries, etc. It will assist those manufacturers in marketing their fabrics who do not have facilities and as such have not been able to participate in the export trade. It may even create a pool for surrender of entitlement certificate and import licences and may make arrangements for import of yarn in bulk if the members so desire. In short, this organisation will be a members' body, intended to help them in marketing their fabrics abroad and build-up goodwill and reputation for the Indian industry and export trade."

This journal has for long opposed the setting up of monopoly bodies, be it in the private or public sector and for whatever commodities. It may be true that the Council, being a non-trading body, has its limitations to give direction to the trade, but it can certainly discharge most of the functions that are proposed to be assigned to the new organisation. There are several ways in which the Council can, and ought to, help promote exports of rayon textiles. If this help is really effective and useful, the private trade channels themselves can seek to expand their export business in the existing markets and to explore new markets. In either case, the private traders can bargain with the overseas buyers much better than a monopoly body which is especially ill-suited, considering that export business in rayon textiles consists of small dealings with numerous buyers-scattered over wide areas abroad. The sad experience of the State Trading Corporation in certain fields is there for all to see. And, what is worse, the creation of a special export organisation is bound to raise the export price of Indian rayon textiles due to heavy administrative charges for the organisation's services which would be a permanent load on the overseas buyer. After all, the competitive capacity of Indian rayon textiles in world markets will depend entirely on price, quality and delivery schedule, the aspects which can easily be handled by private parties through active support and assistance from the Export Promotion Council. Where, then, is the need for channelling exports of rayon textiles through a special corporation or for any trading body to act in an advisory capacity or as a middleman for other traders?

One More Point

There is one more important point. When the private sector goes on criticising any move on the part of the State to set up monopolistic organisations, is it justified in establishing such organisations itself? The only saving grace here is that the Government of India itself has approved of this arrangement. It will be interesting to know as to why the Government, which is opposed to monopolies, has agreed to this arrangement. Is it because the new company represents State Trading in another form? Or is it because of its anxiety to prevent the alleged leakage of foreign exchange? A more detailed explanation than that given by Mr. Shroff is necessary if one is to be convinced of the necessity for this new trading.

Be that as it may, the Export Promotion Council has adequate powers and the requisite organisational set-up to render assistance in various ways to exporters. The effects that the Council has already put in have met with not inconsiderable success. The total quantity of rayon, spun rayon and synthetic fabrics actually exported during the calendar year 1963 was at the all-time peak level of 90.5 million metres, as against the 83.8 million metres exported in 1962 and 67.3 million metres in 1961. The notable improvement in exports was achieved, it is particularly significant, on a higher price basis. The average export price realised per yard of cloth was Re. 1.14, whereas it was about Re. 1.08 in 1962 and no more than 94 nP in 1961. Taking the financial year (April to March), the aggregate exports of rayon, spun rayon and synthetic fabrics amounted to 88.48 million metres, as against 77.84 million metres in 1962-63. The actual foreign exchange earned was of the order of Rs. 10.58 crores, which was well above the amount earned (that is Rs. 8.47 crores) in the previous year and exceeded the target of Rs. 8.00 crores fixed for the year. Encouraged by the notable expansion in exports, the Council has fixed the target to be achieved in the current financial year (1964-65) at Rs. 12.00 crores. Since this figure represents a rise of just Rs. 1.42 crore over the actual performance in 1963-64 and considering that the Council has drawn up a special export plan, it would appear that the target will be more than fulfilled, the latest revision in the Export Promotion Scheme notwithstanding.

E.P.S. Modified

With effect from the 15th of this month, two notable changes have been effected in the Export Promotion Scheme. They are: (1) withdrawal of the allotment of indigenous yarn at concessional prices against surrender of 30 per cent of import entitlements, and (2) reduction in these entitlements from 100 to 70 per cent of the f.o.b. value of fabrics exported or the value calculated on the basis of the schedule of international prices, whichever is lower. The former change was a sequel to the representation made by the rayon spinners who were urging for long that they were finding it difficult to continue sales of yarn at concessional rates, in view of the downward trend of prices that had set in the domestic market since decontrol was announced and that, in the absence of fixed prices, there was no basis for working out the concessional rates.

The art silk weaving units and exporters, however, have criticised the reduction in export incentives. Such a reduction, according to the Export Promotion Council, would affect the competitive capacity of India's rayon textiles in world markets. The Council's Committee of Administration has expressed fears about the possible rigging up of prices, since there are only a few spinners who can come to an understanding among themselves in this regard. Such fears seem to be exaggerated, for the spinners know fully well that any tendency to rig up prices will evoke stiff consumer resistance. Mr. Shroff himself has stated: "I am sure that the spinners will prove these fears as false and contribute their due share in the national effort of export promotion." Reassuring, indeed, is his statement that he proposes to enlist the co-operation of the Association of Man-made Fibres Industry, Silk Merchants Association, and Yarn Merchants Association and such other bodies in making the export effort broad-based, so that each co-operates with the other in the task of export promotion.

New Export Plan

To revert to the new export plan of the Council. It consists of institutional arrangements, steps designed to build-up confidence and goodwill, market study and surveys, propaganda and publicity measures, and export development fund. Among institutional arrangements, it is proposed to constitute panels of exporters and an export organisation of the Council. The panels of exporters marketwise will be entrusted with the task of organising and regulating the export activity in a manner that unfair internal competition is eliminated, maximum export prices are realised and competitive capacity of exporters is improved by putting up a co-ordinated approach. The Council has already started with the Moracco Panel and other panels are under formation. Revealing this, Mr. D. N. Shroff gave the following particulars:

These panels will decide about the policy that may be adopted for a particular market, select qualities that are in demand and fix their export prices. When the trade gets stabilised on the basis of the panels, the prices fixed by the panels will be considered as international prices for determining even the import entitlement. The panels are also intended to help in creating a cadre of exporters whose methods of servicing the trade will not only inspire the confidence of the overseas buyer but also the manufacturers who would like to devote fully to manufacturing. The field for exports is very wide. It requires specialised skill, in both production and sales to take a larger share and it is only by so organising the export effort that such a share can be achieved. The trade with East European countries and those with which India has bilateral rupee account arrangement at present suffers from a handicap on account of its being comparatively less remunerative. This is so because the benefits are valid for import of yarn from this area alone which does not have adequate supplies available. The Council, in its panel scheme, proposes to form a panel for East European countries which will not only organise the trade directed to these countries but also look into the incentive aspect.

The formation of these panels with comprehensive functions itself obviates the need for creating a monopoly body (such as the one referred to above) for undertaking export business in rayon and synthetic fabrics. Regional committees have been set up to lay down export target for their region, to review export performance and recommend steps to overcome difficulties experienced by manufacturers-exporters. A panel of processors is proposed to be formed with a view to regulating the vital role that the processing houses have come to acquire in export trade in rayon and synthetic fabrics. In order to instil confidence in overseas buyers with regard to Indian goods, the Council has laid down specifications and quality standards of the main export items, as well as minimum specifications of export packing. Standard contract forms intended to regulate the sale and purchase of Indian goods and minimise the chances of dispute are under preparation. Meanwhile, the Council has appointed a complaints committee to investigate complaints brought to its notice and suggest fair basis of settlement.

Market Research

The Council is devoting special attention to market study and surveys. It is proposed to sponsor two delegations abroad (one to Canada, U.S. and Japan) and the other to (Kenya, Uganda, Tanganyika, Nyasaland, Rhodesia (North and South) and Mauritius) and five study teams (Australia and New Zealand; West Indies and other neighbouring markets; Morocco, Tunisia, Lybia and Algeria; East European countries; and Malaysia), besides sending its own officers and some representatives of the industry and trade for study tours abroad (Nigeria and Ghana; Cambodia, Vietnam, Laos; Ethiopia, Somaliland and Sudan; Ceylon; Cyprus; and Hong Kong). The Council also proposes to invite individual buyers in overseas markets to visit this country and utilise the services of professional agencies to carry out market surveys of Bolivia, British Guiana, Paraguay, Peru and Surinam.

As for propaganda, the measures proposed are (a) participation in about 18 exhibitions and international fairs; (b) show-room displays at four places, and (c) organisation of exhibitions at four other places. The publicity functions include, among others, a press campaign and publicity film.

In addition to all these, the Council is contemplating to create a special Export Development Fund for assisting exporters who may experience difficulties in efforts to develop difficult and new markets and for which the existing benefits do not provide adequate incentive. The Fund will also support institutions that may be set up to organise and regulate export activity. A code governing this Fund is under preparation.

Conclusion

Whatever be the steps taken by the Export Promotion Council, their ultimate success will depend on the production at economic costs of the types of rayon-synthetic fabrics that cater to the specific demands of overseas buyers. This prerequisite can be ensured only if the machinery and equipment used in mills are modernised. Special stress must need be laid on installation of automatic looms and modern finishing and processing machinery. Appreciating this point, the Union Ministry of International Trade had proposed some time ago that a portion of the entitlements earned against exports should be compulsorily utilised for import of machinery. A proposal of this type is any day much better than a scheme (suggested by the Council) under which machinery can be procured on deferred payment basis. Surely, the country cannot go on committing itself endlessly to deferred payment obligations for all and sundry items imported from abroad.

EXPORT EMBLEM FOR TEXTILES

The "truth ring" has been launched as the export emblem of the Norwegian textile industry. The emblem is legally protected, thus giving consumers conscious of original quality and design a guarantee that clothes and textiles carrying the emblem are genuinely Norwegian. During the past few months, several reports from abroad have stated that Norwegian textiles have been copied and foreign-made goods sold as "Norwegian." Imitations are often labelled or packed to give the impression of being manufactured in Norway. To put an end to this, the Norwegian textile industry decided to introduce an emblem when would protect consumers against plagiarism. Such a symbol had to be something thoroughly Norwegian. It could not be a Viking ship, as that is a symbol freely used by all the Scandinavian countries. Textile experts consequently studied the Viking sagas. There they found the "truth ring," the symbol of truth used on solemn occasions in the old days.

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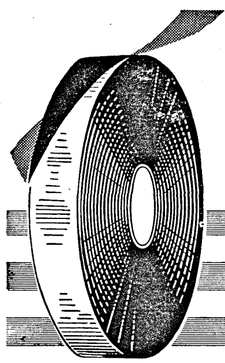

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MONTHLY ECONOMIC REVIEW OF U.K.

MR. MAUDLING'S LENIENT BUDGET

STOCK MARKETS IN FINE FETTLE

By W. T. C. King
EDITOR, "THE BANKER," LONDON

TWO major influences have been dominant in the financial markets in Britain in recent weeks—first, the ending of uncertainty about the date of the general election, and then the introduction of the annual Budget.

The Prime Minister, Sir Alec Douglas-Home, announced in the second week of April that he saw no need to ask for a dissolution of Parliament before the autumn, which means that this administration will run for the five-year term permitted by the Constitution. One incidental result of this decision was to afford the Chancellor of the Exchequer rather more room for manœuvre in his Budget-making than would have been feasible if a general election had been following hard on its heels, since the first requisite in the Finance Bill would have been simplicity. However that may be, the Budget that Mr. Maudling presented a few days later was much less complicated than most Budgets of recent years, and some commentators dubbed it dull and unimaginative: the principal tax changes followed well-worn paths.

The Chancellor's analysis of the recent course of the economy and of its prospects in the coming year, and thus of the basic task of the Budget in its role of stabiliser, was closely in line with that already made and well publicised by unofficial observers in the preceding weeks. Mr. Maudling was in no doubt at all that, just as his first Budget last year had to be a reflationary one, giving a boost to the level of demand, so, this year, his second Budget had to pull in the opposite direction.

Growth Rates

In 1963, thanks to the stimulation given by the Budget and by the succession of monetary relaxations and other measures started in the previous year, the economy had expanded at a rate much surpassing the long-run average of preceding years. In the fourth quarter, the index of industrial production, seasonally adjusted, averaged 8 per cent more than in the corresponding period of 1962. The rate of growth in national output as a whole was naturally less than this, but it was still probably around 5 to 6 per cent. By contrast, over the period 1952 to 1962, Britain's total productive capacity was growing at an average annual rate of no more than 2½ to 3 per cent, though it is suggested that the rate may have slightly bettered 3 per cent by the end of the period.

The sudden acceleration in the growth in Britain's production in 1963 was attributable not to any corresponding spurt in the rate at which productive capacity was increasing, but to the fact that a once-for-all additional increment of output could be obtained by utilising more fully existing productive resources that had become underemployed because demand had not been keeping pace with the growth in the productive potential in the previous year or so.

This additional increment was called forth, because aggregate demand was in its turn expanding at a more-than-average rate; and, by the year-end, it had absorbed the greater part of the slack. The time had, therefore, come to slow down the rate of growth in demand. If undue strain on productive resources was to be avoided in the coming year, it was necessary that the rate of growth in demand should be slowed down to correspond much more closely to the long-run rate at which the productive potential was estimated to be itself expanding.

This was the main underlying theme both of the Budget speech and of the official economic analysis that preceded it—notably that given in "Economic Report 1963." The Chancellor did not, however, commit himself to any precise estimates of the extent to which demand might be expected to rise in the absence of new restraints, nor did he indicate how far the prospective increase in output might still be helped by the taking up of residual slack.

He contended himself with saying that the growth in demand would be somewhat lower than the 6 per cent a year of recent months, but "substantially greater" than 4 per cent (which is the long-range average annual target rate for output adopted as the basis of the planning through the National Economic Development Council). The range between the upper and lower of these estimates is wide, but—as the Chancellor himself emphasised—so is the margin for error in all these calculations of the balance between demand and resources.

Mr. Maudling's Optimism

Within these margins, the Chancellor took a somewhat more optimistic view than some of the unofficial observers. He thought it sufficient to restrain the growth in consumption by putting up taxes to the extent of roughly £100,000,000, as compared with the £200,000,000 or more that had been advocated in some quarters. But in claiming, quite justifiably, that the requisite amount was a matter for individual judgment rather than of any objective calculation, he was able to hint that some of those who this year were calling for larger tax restraints were the very people who last year had been calling for much bigger tax reliefs than he had then judged prudent—and the Budget that had then been called "timid and cautious" had been followed by a massive reflation and a large absorption of unemployed workers.

Mr. Maudling obtained his extra £100,000,000 not by any ambitious recasting of the tax system such as the widely advocated broadening of the purchase tax (which is the most general of the taxes on consumers), but by raising by roughly 10 per cent the existing duties on those familiar and already heavily taxed objects of consumption—tobacco and alcoholic drinks. The revenue now to be expected from these two sources is not far short of £1,500 million, or fully one-fifth of all the revenue that Britain raised by taxation.

At the same time, the Chancellor is seeking renewal of the power first given three years ago to raise or lower indirect taxes by up to 10 per cent by simple statutory order, subject to subsequent confirmation by Parliament. This so-called between-Budgets "regulator" is now made applicable to one or more of four sub-divisions of indirect taxation, whereas, previously, it applied virtually to all such taxation, considered as a single block.

No Further Dose This Year

In certain circumstances, this greater flexibility in the fiscal armoury could become of importance later in the year; but, in reply to criticisms that he might not have raised taxes sufficiently now, Mr. Maudling declared categorically that his Budget formula was not based on any assumption that a further dose would be administered later on. In reaching his decision, he clearly was giving great weight to the consideration that, if Britain is to achieve a faster long-run rate of growth, it is important that any action needed to prevent demand from rising too fast in the short run should not be so violent as to stop its rise altogether. Experience has shown that, if an abrupt "stop" is administered, it takes some time to re-establish the requisite confidence to permit expansion to be resumed after the danger is past.

Stock Markets' Reaction

Whilst there is widespread sympathy with this line of argument, it is clear from the behaviour of the stock markets that financial opinion in general feels that this Budget has probably erred on the side of leniency, if not markedly so. The relief among the financial community at the news that the election was not imminent had been reflected in a sharp advance in leading equity share prices just before the Budget, and this advance went significantly further immediately afterwards, carrying the *Financial Times* industrial share index to its highest point for three years. At the same time, the Budget was the signal for a rather sharp setback in Gilt-edged security prices.

Investment opinion plainly does not feel sure that the Government's economic policy will necessarily be flanked by due restraint on the incomes front, and without such restraint a new threat could develop to the structure of costs. Investors in Gilt-edged securities have also been focussing closely—perhaps even a little too closely—on the borrowing prospect that emerges from the Budget.

On the conventional Budget of "above-line" receipts and expenditures, there is a prospective surplus of £67,000,000 (with revenue estimated at £7,455 million), but, after providing for net "below-line" payments (mainly comprising Exchequer loans to nationalise industries and other bodies in the public sector), there is an Exchequer borrowing requirement estimated at £791,000,000. A year ago, the corresponding estimate was £687,000,000; but £165,000,000 of the increase this year is attributable to a change in the method of financing the capital needs of the local authorities, which will be increasing their borrowings from the Government-financed Public Works Loans Board and similarly reducing their demands on the capital market. The net borrowing requirement adjusted for this change (on the hypothesis that the funds formerly lent direct to local authorities will henceforth finance them indirectly, through the Exchequer) would be £626,000,000—still a large figure, as compared with £478,000,000 actually borrowed last year.

Effect on the Pound Sterling

If these considerations have raised some questionings in stock markets, they have happily not found any reflection in the foreign exchange markets, where sterling has been very firm; in terms of the U.S. dollar, it has risen above parity for the first time since last August. This improvement has occurred, moreover, in spite of confirmation of expectations of some deterioration in the balance of external payments. The estimates for the fourth quarter of 1963, seasonally adjusted, show that the surplus on current account ran down to only £6,000,000, though, for the year as a whole, there was still a slightly larger current surplus than in 1962, at £121,000,000. This fell slightly short of the increased net outflow on long-term capital account, so that there was a small overall deficit of £26,000,000, (whereas in 1962, very exceptionally, there had been a small overall surplus).

The prospect for 1964 is for a swing into deficit on current account, as at this stage in the cycle, partly because of stock-building, imports are rising faster than exports; there is also likely to be a bigger net outflow on long-term capital account. The Chancellor has emphasised, however, that, provided any rise in the overall deficit can be regarded as the natural (and temporary) consequence of the growth of the economy, and provided there was not simultaneously any excessive rise in costs, he would feel justified in financing the deficit by drawing upon reserves or utilising international credit facilities. Some running down in these resources would not, in short, be regarded as in itself necessitating a further dose of restraining action.

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WORLD BANK LOAN FOR ETHIOPIA

The World Bank has announced the grant of a loan equivalent to $23.5 million for the development of electric power in Ethiopia. The loan will help finance nearly 70,000 kilowatts of new generating capacity with expanded transmission and distribution facilities. The new power projects will more than double present generating capacity and are expected to meet Ethiopian requirements until about 1971. Six commercial banks are participating in the loan, without the World Bank's guarantee, for a total equivalent to $975,000, representing the first three maturities which fall due between March 1969 and March 1970. The participants are Irving Trust Company, New York, the Chase Manhattan Bank, Bank of America National Trust and Savings Association, San Francisco Commerzbank A.G., Dusseldorf, Girard Trust Bank, Philadelphia; and the First Pennsylvania Banking and Trust Company, Philadelphia.

The total cost of the projects is estimated at $34.9 million. The Bank loan will cover the foreign exchange requirements. The Bank loan is for a term of 25 years and bears interest at the rate of 5½ per cent per annum, including the 1 per cent commission which is allocated to the Bank's special reserve. Amortisation will begin in March 1969. The loan is guaranteed by the Emperor of Ethiopia.

NEW PRODUCTS AND PROCESSES

Sending Light Round Bends

LIGHT can be transmitted in flexible curves by "light wires" produced by Bausch and Lomb, Inc., of 98,703, Bausch Street, Rochester, New York. They are a cheaper form of the bundle of glass fibres which can transmit an image from one end of a bending tube to the other. For image transmission, however, the fibres must be exactly parallel, which makes assembly expensive. The newer product merely transmits light, the fibres are not necessarily parallel, and the light wires are therefore cheaper. They can be connected by butt joining and can even be pulled through conduit like electric power cables. The Company suggests them for illuminating and signalling in difficult areas.

High-speed Welder

A machine which can weld tubes with internal diameters of 10 mm. to the end plates of heat exchangers, condensers and similar equipment at high speed is being marketed by E.S.A.B., Box 850, Goteborg 8, Sweden. The time for welding each tube is six seconds. The machine is an adaptation of the Company's A9 semi-automatic gas metal arc welder and has a welding gun with a special barrel to feed the welding wire and gas. The system has been devised to perform the normal function of feeding the welding wire and gas and to supply the welding current to strike and maintain the arc. The gun barrel is also caused to rotate around the periphery of the tube to be welded. The welder is claimed to be considerably cheaper to use than more conventional equipment and simple enough to be handled by semi-skilled operators.

New Hydraulic Press

A new hydraulic press for the cold extrusion of steel and other metals has been developed by a British firm, E. W. Bliss (England) Ltd., City Road, Derby, England, in co-operation with the British Production Engineering Research Association. One of its principal features is an entirely new double-action motion which enables a wide variety of forward or backward extrusions, or a combination of both, to be performed without elaborate tooling arrangements or stripping devices. The Association states that substantial savings in production would be achieved by firms machining various types of components if the exact volume of metal could be formed accurately to the shape of the finished component, thus eliminating completely the waste inherent in turning metal into swarf.

Protecting Metal Surfaces

A strippable coating to protect highly polished metal surfaces from abrasions and corrosion during handling or while in transit has been developed by a British firm, Scott Bader and Co. Ltd., Wollaston, Wellingborough, Northamptonshire, England. The material is a PVC plastisol supplied as a thixotropic liquid at spraying viscosity. It is sprayed on with a conventional air gun, and then fused in an oven where it foams to about twice its original thickness. The coating, the manufacturers state, does not affect the metal surface of objects in any way, and can be easily stripped by hand. The colour selected for the foam can be used for identification.

Egg Dry-cleaner

An automatic egg dry-cleaning machine, which won the Britain's Royal Agricultural Society's silver medal and the British Egg Marketing Board's £1,000 prize last year, is now in full production at Salopian Industries Ltd., Battlefield, Shrewsbury, England. Since the prototype was shown at the Royal Show, a number of production models have undergone exhaustive field tests and minor teething troubles have been overcome. Using a sand-blasting technique, it not only completely cleans the most badly soiled or stained egg, but helps to reduce evaporation of egg contents and improves keeping quality. Throughput is up to 1,500 eggs an hour.

Magnetic Vice

By introducing magnetism as the grippping power of a new toolmaker's vice, a British firm, James Neill & Co., (Sheffield) Ltd., Napier Street, Sheffield, 11, England, claim they have enabled a greater accuracy to be achieved in grinding workpieces. This is because the vice has no distortion problem caused by the screw movement of the conventional type vice. It is switched on or off by a detachable handle, which controls a magnetic circuit between the vice base and a fixed jaw by rotating a brass strip separating the two through 90 degrees. The workpiece completes the circuit when the vice is switched on. A loose magnetic jaw is provided to strengthen the circuit when the shape of the workpiece prevents a good contact with the vice base or fixed jaw. In the "off" position the magnetic circuit is closed within the vice itself.

Adhesive Plastic Insulating Tape

An adhesive plastic insulating tape which can be used for a great many purposes in industry, crafts and households has been brought on the market by an Austrian enterprise specialising in the manufacturing of chemical and technical articles, Messrs. Chema, Fabrik Chem. techn. Produkte, Ing. E. Schoeninger, Linz-Wegscheid, Oberoesterreich, Austria. The elastic plastic tape manufactured on a PVC basis is coated on one side with a durable non-altering glue. It adheres without moistening or heating. The water-repellent tape has a high electric resistance. It is hardly effected by chemical influences or temperature oscillations between —20° and +80° C. The tape is said to be very useful for all kinds of operations requiring the insulation of wires, for instance lacing, bunching or splicing of cables, repairing damaged flexes, marking of cables with phase leads, sealing of refrigerating conduits, as a lead band, for insulating anchors and coils, etc. The insulating tape is turned out in 10 colours and in reels of 15 mm. width and 10 mm. length. Other widths manufactured are 20, 25, 30 and 50 mm. The tape has a thickness of about 0.15 or 0.20 mm. (green-yellow protective lead).

Vinyl Acetate

A new and economical process of making vinyl acetate monomer, using ethylene as feedstock, will be in operation in Britain in 1966 when Imperial Chemical Industries open a new plant at Wilton, North East England. It will have a capacity of 30,000 tons a year. Low-cost ethylene will be available for the new plant from a £10 million naphtha-cracker plant, which will raise ethylene capacity at Wilton from 140,000 tons to over 300,000 tons a year. Vinyl acetate is used in a wide variety of industries, including the manufacture of emulsion paints, adhesives, textiles, paper and plastics.

30V Transistor Power Pack

A new 30V transistor power pack has just been added to a British firm's range of laboratory instruments, Rank Cintel, Worsley Bridge Road, London, S.E.26. It is designed to deliver 6 to 30 volts at a maximum current of 500 milliamps. The output voltage is selected by means of a two-position range switch and continuously variable fine control. Two miniature meters indicate output voltage and current respectively. Complete protection of the unit and external equipment is provided by an electronic overload circuit which includes facilities for automatic and manual reset. The overload cut-out can be set to operate at any value by means of an internal control. The unit is particularly suited to educational laboratory applications in that it is of robust construction while retaining small size and low weight.

Sound-Mixing Equipment

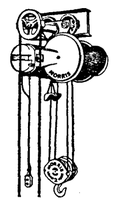
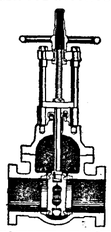
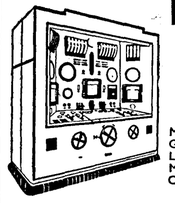
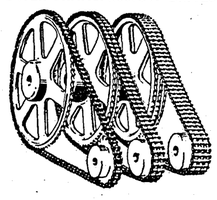
A range of sound mixing equipment which uses electronic faders has been introduced by a British company, Elcom (Northampton) Ltd., Northampton, England. They claim that the equipment is more flexible, simpler and less expensive than equipment which uses resistive fading systems. Quality is of a level previously unobtainable without extremely expensive circuitry, say the firm. Based on a simple wire-wound potentiometer followed by an electronic transformer, the system gives completely stepless fading, and signal characteristics superior to those produced by the complicated variable resistive networks previously used. In addition, the system eliminates the problems of mis-match.

Stoving Enamel

A new, dual-purpose, stoving enamel has been developed by a Glasgow paint manufacturer, Federated Paints Ltd., Dobbies Loan, Glasgow, C.4. The material, claim the firm, will make it unnecessary to re-stove slightly damaged finishes. Components can be touched-up and air-dried. The product is intended for use as a normal stoving enamel. But with the addition of a special accelerator, it can be used to touch up any article which has been damaged in the stoving process. After being touched up, the surface will air-dry to a finish comparable to a normal stoving finish without any colour difference.

Plastic-coated Power Cables

Plastic-coated power cables have proved very economical for indoor wiring as well as for overhead and underground lines. The light weight and the smooth surface of the plastic cover makes laying of the cables easy and less expensive. For nominal voltages of 6 and 10 kV the cables are provided with contact protection consisting either of a copper tape or of a zinc-plated flat-wire shielding. As the copper tape and the wire shielding remain below the outer plastic cover, they are effectively protected against corrosion. With 1 kV no sealing off of the cable is necessary as plastic material does not absorb humidity (eventually necessary joints are made by means of cast resin sleeves or the usual iron sleeves). The fact that no sealing off is required represents a further saving in production costs. For nominal voltages of 6 and 10 kV sealing off will, of course, be necessary. Plastic-coated cables are resistant against most chemicals. Owing to their reduced inflammability a fire will not spread from the point where it started. Moreover such plastic-coated cables can be bent to very small radii which is of the highest importance wherever lack of space makes wiring of switch panels and distribution boxes particularly difficult. A further advantage of plastic-coated cables is that impregnated paper insulation layers are no longer necessary which prevent leaks. A Vienna cable and metal goods manufacturing firm, Wiener Kabel & Metallwerke Aktiengesellschaft, Marco d'Aviano-Gasse 1, Wien 1, Austria, which has been studying the problem of plastic-coated cables for power lines for a long time, has been able to achieve very satisfactory results with this production line on the Austrian as well as foreign markets.

MORRIS
ELECTRIC HOIST—BLOCKS

And all other types of machinery for lifting, conveying, etc.
Hopkinsons'
VALVES AND BOILER MOUNTINGS
Complete range of steam fittings for all power and process requirements.

These and many more...
KENT
INSTRUMENTATION

Made to measure by Geo Kent Ltd, Luton, England, Measurement and Control Engineers
RENOLD
POWER TRANSMISSION DRIVES

ajanta/WHB/63-20
Sole Representatives In India:
W. H. BRADY & CO. LTD.
Veer Nariman Road, Bombay 1-BR
Mercantile Buildings, Lal Bazar Calcutta 1. | Mahatma Gandhi Rd., Kanpur | 95, Jail Road, Coimbatore 1. | 155, Popham's Broadway, Madras 1. | Reid Road, Ahmedabad 2. | P. B. No. 568, New Delhi 1.

SHREE NIWAS COTTON MILLS LIMITED

INCREASE IN COST OF PRODUCTION DUE TO HIGHER COTTON PRICES AND WAGES

CHAIRMAN, MR. G. C. BANGUR, CALLS FOR REVISION OF CLOTH PRICES

HIGHER price and irregular supply of cotton, coupled with mounting labour costs, were responsible for rendering the prevailing price of cloth uneconomic, said Mr. G. C. Bangur, Chairman of the Shree Niwas Cotton Mills Ltd., in his address to the shareholders of the Company at their Twenty-ninth Annual General Meeting held at Bombay on Friday, 15th May 1964. Mr. Bangur said that, in view of the enormous increase in costs, the cotton textile industry was now unable to continue the price-stamping system introduced in 1961 on the basis fixed four years ago. He, therefore, called for a revision of cloth prices, adding that, in fixing the new prices, account should be taken of the need to give a fair return on capital invested and to leave adequate surplus for modernisation of plant and machinery. The following is the full text of Mr. Bangur's speech:

GENTLEMEN:

I have great pleasure in welcoming you all to the twenty-ninth annual general meeting of the Company. The audited accounts together with the Directors' report have been in your hands for some time past, but these accounts will undergo some change in view of the reintroduction of the depreciation allowance for the third shift, under the Finance Act of 1964. We welcome the announcement regarding this allowance.

As the Finance Act came into force after the passing of the accounts, the allowance could not be taken into reckoning. As a result of this allowance, the provision for depreciation will increase from Rs. 26,71,896 to Rs. 33,93,328 and, consequently, the Managing Agents' commission will stand reduced from Rs. 5,34,862 to Rs. 4,66,147 and provision for taxation from Rs. 23,50,000 to Rs. 20,30,000, but on account of larger depreciation allowance, the net profit available for appropriation will go down from Rs. 19,73,236 to Rs. 16,40,519. The necessary adjustments in this respect will be made in the current year.

The unsettled border situation, which still continues, has necessitated a shift in the country's resources from economic development to defence. This would require our economy to become self-sustaining for which purpose individual savings are of vital importance. But, unfortunately, there seems no scope for savings with the investing public under the present fiscal policy of the Government. Savings with the investing public are very necessary to give fillip for increased production targets. Foreign collaborators and investors want to see that there is more money coming for formation of industries through the investing public and hence savings at their hands are very necessary.

Fixation of Selling Prices

The industry has already informed the Government its inability to continue the present system of stamping of prices on a basis which was fixed in January 1961 in view of the fact that the manufacturing cost has increased enormously during the period. Strong representations have been made by the industry to decide the question of prices of textiles in such a manner which will do justice to the claims of the industry of not only giving a fair return to its shareholders but also leaving adequate surplus for the enormous task of modernisation and rehabilitation. I hope the matter would receive due consideration of the Government with a view to enable the industry to function smoothly.

Cotton

The industry's problem of planning out production on a reasonably long-term basis is complicated due to the irregular trend of indigenous raw cotton supply in quantity and quality from year to year. Necessary steps should be taken by the authorities to improve the above said requirement. Meanwhile, adequate imports of foreign cotton should be allowed to ensure uninterrupted production.

Labour Costs

The second important cause of increase in the cost of production is the rising cost of labour. Whilst the industry has done all it can within the limits of its resources to modernise and renovate its machinery, yet the increased *per capita* productivity has not produced the expected benefit due to the ever-increasing cost of labour. The report of the Bonus Commission is under consideration of the Government and the results are awaited.

Exports

The difficulties regarding cost of production, namely, rising raw material cost, lower productivity, etc. have to be viewed also in the context of our need for increased exports of cotton textiles. The industry has to face severe competition in the international markets from the developed countries like Japan as well as developing countries like South Korea, Formosa and China. Moreover, the textile markets of the more affluent, developed countries are being made more and more inaccessible to us because of various import restrictions. In this situation, it would be very difficult for the industry to realise its annual export target of 850 million yards. In the circumstances, every effort should be made to manufacture high quality goods at low, competitive costs. The most important factor in this regard is rehabilitation and modernisation of machinery and diversification of production. As it will take time for the indigenous machinery manufacturers to meet the domestic demand, the Government should allow more liberally the import of textile machinery desperately needed by the industry.

Turning to the affairs of your own Company, I have to inform you that the Company has spent over a sum of Rs. 2 crores in the last five years on its modernisation and renovation programme which, in fact, is more than what we conserved during these years. This factor has increased the competitive capacity of the Company which enables it to face untoward business conditions, apart from serving the needs of the consumers with better varieties of the products. The total licensed capacity of the mills is now for 1,03,900 spindles, out of which 92,000 spindles are working at present and the erection of the remaining spindles is expected to be completed by next year. We are also installing 144 automatic looms in replacement during the year 1965. The working results of the current year have been satisfactory so far, and it is expected that, given normal trading conditions, the performance for the year should be to your satisfaction.

Subsidiaries

Both of your subsidiaries are progressing along with the parent company and their results for the current year are reported to be better than during the preceding year.

Nearly 80 per cent of the production of Shree Madhusudan Mills Ltd. now consists of processed goods and it has been planned to increase the proportion to 100 per cent. The licensed capacity of this unit is for 93,600 spindles, out of which 79,000 spindles are working at present and the erection of the remaining spindles is expected to be completed during next year. This Company is issuing further equity capital of Rs. 10 lakhs to finance its renovation and modernisation programme.

The expansion programme of Shree Gopal Industries Ltd. is also making satisfactory progress. Out of the licensed capacity for 26,800 spindles, 17,000 spindles have been erected and the remaining complement will go into production early next year.

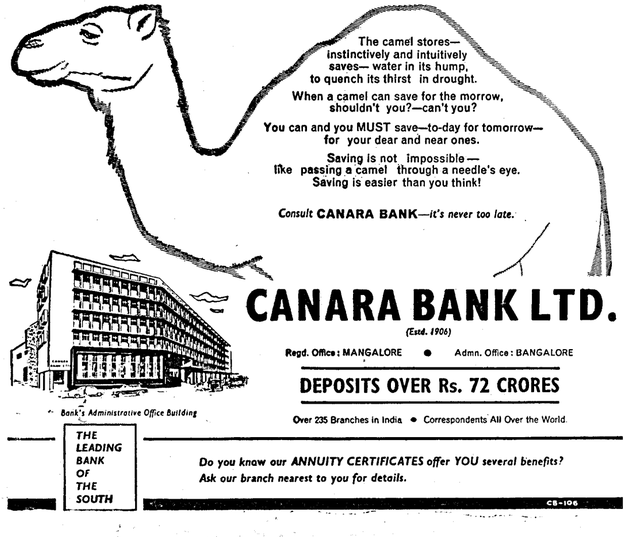
In view of the improved working of both the units, it would be possible for them to declare a dividend during the current year.

Before I conclude, I would like to express the appreciation for the services rendered by the workers and the staff who have contributed to the satisfactory working of the company during the year under review.

N.B.—*This does not purport to be a record of the proceedings of the Annual General Meeting.*

RUSSIAN AID TO MIDDLE EAST

Israel gets no economic aid from Russia. Who does? Russia does not publish regular statistics of its economic aid. According to Western estimates, as quoted by the London *Economist*, between 1959 and 1962, Russia granted to countries outside the communist bloc low-interest loans amounting to $4,817 million (£1,720 million) and $245 million worth of gifts. But only $1,495 million of that money was actually used during this period. Of the loans, 46 per cent were given to Asian countries, about a quarter to the Middle East and just over one-eights each to Africa and Latin America. The remainder went to Europe, chiefly Yugoslavia. Of the money actually spent, the share of Asia was 61 per cent and that of the Middle East was only 22 per cent. Africa and Europe each account for about 7 per cent and Latin America for a mere 3 per cent. Russian aid is highly concentrated. India, followed by Indonesia and Afghanistan, account between them for the bulk of credits to Asia. Egypt is the main Middle Eastern beneficiary; Iraq and Syria take almost all the rest. Aid to Africa was shared chiefly among Ghana, Guinea, Ethiopia and Mali, though Algeria is now likely to take a bigger share. Finally, Cuba took the bulk of the aid to Latin America. Since 1962, Russian aid to Cuba has been greatly increased, thus indirectly increasing the share of Latin America as a whole.



ANNOUNCEMENT

THIS IS NOT A PROSPECTUS BUT ONLY AN ANNOUNCEMENT OF THE PROPOSED ISSUE OF THE CAPITAL. INTERESTED PERSONS MAY OBTAIN COPIES OF THE PROSPECTUS FROM THE COMPANY'S REGISTERED OFFICE, BANKERS, BROKERS AND UNDERWRITERS.

COMINCO BINANI ZINC LIMITED

(INCORPORATED IN INDIA AS A PUBLIC COMPANY ON 2ND AUGUST, 1962 UNDER THE COMPANIES ACT, 1956)

Registered Office: **Binani Buildings, 38, Strand Road, Calcutta-1.**

EXISTING AND PROPOSED ACTIVITIES

The Company will manufacture Zinc in India by the Electrolytic process. The Industrial Licence issued to the Company provides for initial manufacture of 12,000 metric tonnes of zinc per annum to be expanded to 20,000 metric tonnes per annum and proportionate quantities of by-products like cadmium and sulphuric acid. These activities will be carried on in collaboration with the Consolidated Mining and Smelting Company of Canada Limited, popularly known as 'Cominco', who own and operate the largest electrolytic Zinc Plant in the world. Besides contributing technical assistance, know-how and helping to train Indian personnel, Cominco has also subscribed for 8,40,000 Equity Shares in the Company. The work at site has commenced and it is hoped that the plant will commence production about the middle of 1966.

LOCATION OF FACTORY

Approximately 103 acres of land at Edayar near Alwaye has been allocated to the Company by Government of Kerala of which the Company has already entered into possession of approximately 96 acres. The site is on the bank of the navigable River Periyar.

SHARE CAPITAL

Authorised :—		
30,00,000 Equity Shares of Rs. 10 each		Rs. 3,00,00,000
Issued, Subscribed and Paid-up for Cash at par	*Subscribed*	*Paid-up*
7 Equity Shares of Rs. 10 each, fully paid, subscribed for by the signatories to the Memorandum of Association	Rs. 70	Rs. 70
8,40,000 Equity Shares of Rs. 10 each subscribed by the Consolidated Mining and Smelting Company of Canada Limited, of Quebec, Canada, upon which Rs. 2 per share has been paid	Rs. 84,00,000	Rs. 16,80,000
4,20,000 Equity Shares of Rs. 10 each subscribed by Metal Distributors Limited, upon which Rs. 2 per share has been paid	Rs. 42,00,000	Rs. 8,40,000
	Rs. 1,26,00,070	Rs. 25,20,070

PRESENT ISSUE

8,39,993 Equity Shares of Rs. 10 each in cash at par ... ... Rs. 83,99,930

Of this issue, 80,000 shares are reserved for the shareholders in Metal Distributors Ltd. who will be given a preferential allotment of three shares for every twenty shares or as nearly as circumstances permit, registered in their name in the books of that company on 11th May 1964. THE REMAINDER OF THE ISSUE, TOGETHER WITH ANY OF THESE 80,000 SHARES NOT TAKEN UP BY SHAREHOLDERS IN METAL DISTRIBUTORS LIMITED ARE NOW OFFERED TO THE PUBLIC AT PAR FOR SUBSCRIPTION IN CASH.

TERMS OF PAYMENT

On application ... ... Rs. 2 per share

On allotment ... ... Rs. 2 per share

The balance of Rs. 6 per share will be payable on one or more calls at such time and in such manner as the Directors determine. There will be an interval of atleast Six months between allotment and the first call.

APPLICATIONS FOR SHARES MUST BE FOR A MINIMUM OF 50 SHARES OR FOR A MULTIPLE THEREOF.

APPLICATIONS

Copies of the application form and prospectus can be obtained from the Registered Office of the Company or from the Bankers, Brokers and Underwriters listed herein.

DATES OF OPENING AND CLOSING OF SUBSCRIPTION LIST

The Subscription List will open at the commencement of banking hours on 27th May 1964 and will remain open until the close of banking hours on 6th June 1964 unless closed earlier at the discretion of the Directors if the issue is subscribed upto the full amount of the public offer; but not earlier than the close of banking hours on 29th May 1964.

DIRECTORS

Shri G. D. BINANI, 38 Strand Road, Calcutta 1.
Industrialist and Chairman of the Company. Also a Director of: The United Commercial Bank Ltd., Metal Distributors Ltd., The Binani Metal Works Ltd., Multimetals Ltd., Star Metal Refinery Private Ltd. and of other companies.

Mr. W. S. KIRKPATRICK, 2820, Hill Park Road, Montreal 25, P.Q., Canada.
President of the Consolidated Mining and Smelting Company of Canada Ltd., of Montreal, Quebec. Chairman of West Kootenay Power and Light Company Ltd., of British Columbia. Also a Director of: Amalgamated Metal Corporation Ltd. (England), Consolidated Paper Corporation Ltd. (Canada), and of other companies.

Mr. R. G. EDWARDS, Flat No. 11, Tivoli Court, 1A, Ballygunge Circular Road, Calcutta 19. (Alternate for Mr. W. S. Kirkpatrick.)
Stockbroker and Managing Director of Place, Siddons & Gough Private Ltd. Also a Director of: Braithwaite & Co. (India) Ltd., British Paints (India) Ltd., Indian Iron & Steel Co. Ltd., Indian Standard Wagon Co. Ltd., Titaghur Paper Mills Co. Ltd. and of other companies.

Mr. A. O. WOLFF, 90, Ballantyne Terrace, Dorval, Quebec, Canada.
Vice-President, Research and Development, of The Consolidated Mining and Smelting Company of Canada Ltd. President and Director of the Luster Corporation of Canada Ltd. of Wallaceburg, Ontario and National Hardware Specialities Ltd. of Dresden, Ontario, Director of Schultz Die Casting Co. of Canada Ltd., of Lindsay, Ontario.

Mr. T. G. HARDING, First National City Bank. 9, Brabourne Road, Calcutta 1. (Alternate for Mr. A. O. Wolff.)
Manager, First National City Bank, Calcutta.

Mr. H. T. FARGEY, 2145, Hanover Road, Town of Mount Royal, Montreal, Quebec, Canada.
Vice-President, Sales, The Consolidated Mining and Smelting Company of Canada Ltd.

Mr. D. D. MORRIS, 410, Ritche Avenue, Trail, British Columbia, Canada.
Vice-President and General Manager, The Consolidated Mining and Smelting Company of Canada Ltd. Vice-President and Director of: Pacific Coast Terminals Co. Ltd., Pacific Coast Bulk Terminals Ltd., West Kootenay Power and Light Company Ltd., Coast Copper Co. Ltd., Pine Point Mines Ltd.

Mr. D. K. BASU, M/s. King and Partridge, Regal House, McLean Street, Madras (Alternate for Mr. D. D. Morris).
Solicitor and Partner of: Orr, Dignam & Co., of Calcutta and Delhi. King and Partridge of Madras, Ootacamund and Bangalore, Director of: Fibreglass Pilkington Ltd., Arbor Acres Farm India Ltd., and of other companies.

6. **Shri CHARAT RAM,** 15, Sardar Patel Road, New Delhi.
Industrialist, Director of: Delhi Cloth and General Mills Co. Ltd., Jay Engineering Works Ltd. Industrial Finance Corpn. of India, Usha Refrigeration Industries Ltd. and of other companies.

7. **Mr. S. C. GLADSTONE,** 7, Ironside Road, Ballygunge, Calcutta.
Merchant, Director of: Gillanders Arbuthnot & Co. Ltd., (Managing Director) Clive Buildings (Calcutta) Ltd., Mackintosh Burn Ltd., Multimetals Ltd., and of other companies.

8. **Mr. GHANSHYAMDAS BINANI,** 38, Strand Road, Calcutta 1.
Industrialist and Merchant, Director of: The Binani Metal Works Ltd., (Managing Director) Metal Distributors (U.K.) Ltd., London. Metdist Inc. New York, Metal Distributors Ltd., Multimetals Ltd. and of other companies.

9. **Mr. R. K. BAGRI,** Barrington House, 59/67, Gresham Street, London E.C.2.
Merchant. Director of: Metal Distributors (U.K.) Ltd., London, Metdist Inc., New York, Multimetals Ltd., The Binani Metal Works Ltd., Metal Distributors Ltd.

SOLICITORS

ORR, DIGNAM & CO., 29, Netaji Subhas Road, Calcutta-1.

AUDITORS

S. R. BATLIBOI & CO., 1B, Old Post Office Street, Calcutta-1.

BANKERS
to this issue

STATE BANK OF INDIA: Any branch or branches in Ahmedabad, Amritsar, Bangalore, Baroda, Bombay, Calcutta, Cochin, Coimbatore, Delhi, Hyderabad, Indore, Lucknow, Madras, Madurai, New Delhi, Nagpur, Poona Camp, Poona City, Surat and Trivandrum.

THE UNITED COMMERCIAL BANK LTD: Any branch or branches in Ahmedabad, Amritsar, Bangalore, Baroda, Bombay, Calcutta, Cochin, Coimbatore, Delhi, Hyderabad, Indore, Lucknow, Madras, Madurai, New Delhi, Nagpur, Poona Camp, Poona City and Surat.

THE BANK OF INDIA LTD: Any branch or branches in Bombay, Calcutta, Madras, Ahmedabad, Baroda, Cochin, Coimbatore, Delhi, Hyderabad, Indore, Lucknow, Madras, Madurai, New Delhi, Nagpur, Poona Camp, Poona City and Surat.

THE BANK OF BARODA LTD: Any branch or branches in Ahmedabad, Amritsar, Bangalore, Baroda, Bombay, Calcutta, Cochin, Coimbatore, Delhi, Hyderabad, Indore, Lucknow, Madras, New Delhi, Nagpur, Poona Camp, Poona City and Surat.

FIRST NATIONAL CITY BANK: Any branch or branches in Bombay, Calcutta, Madras and New Delhi.

SOLE SELLING AGENTS

METAL DISTRIBUTORS LIMITED of 38, Strand Road, Calcutta-1.

BROKERS

CALCUTTA
- **Place Siddons & Gough (Pvt.) Ltd.,** 6, Lyons Range, Calcutta 1.
- **G. M. Pyne,** Allahabad Bank Buildings, 14, India Exchange Place, Calcutta 1.
- **Ramnarain Kayan & Co.,** 7, Lyons Range Calcutta 1.

MADRAS
- **Paterson & Co.,** Post Box No. 48, 32/33, Linghi Chetty Street, Madras 1.
- **Maconochie & Co.,** Mercantile Bank Buildings, First Line Beach, Post Box No. 291, Madras.

BOMBAY
- **Batlivala & Karani,** Union Bank Buildings, Dalal Street, Fort, Bombay 1.
- **Lewis & Jones,** Bank of Baroda Building, Apollo Street, Fort, Bombay 1.
- **Merwanjee Bomanjee Dalal,** Allahabad Bank Building, Apollo Street, Fort, Bombay 1.

NEW DELHI
- **Harbans Singh Mehta & Co.,** 33, Regal Buildings, Parliament Street, Post Box No. 300, New Delhi.
- **Raj Paul Chadha & Co.,** Delite Cinema Building, Ajmeri Gate Extension Area, Asaf Ali Road, New Delhi.
- **P. Roy Company,** 3/8, M. M. Road, Junction Panch Kuin Road, New Delhi-1.

UNDERWRITERS

		Rs.
1.	KERALA STATE INDUSTRIAL DEVELOPMENT CORPORATION LTD., Trivandrum 1.	33,99,930
2.	LIFE INSURANCE CORPORATION OF INDIA, Bombay 1. ...	20,00,000
3.	INVESTMENT CORPORATION OF INDIA LTD., Bombay 1. ...	20,00,000
4.	INDUSTRIAL FINANCE CORPORATION OF INDIA, New Delhi	10,00,000
		Rs. 83,99,930

BUSINESS NEWS FROM EUROPE

HOW STRONG IS STERLING?

DEMAND FOR FROZEN FOODS RISING

From Our Special Correspondent

AFTER eight months below par, sterling broke through the dollar parity of 2.80 to the pound at the end of April. For a while, it hovered around parity, but whether this is a temporary phenomenon before it drops back or heralds the first step towards achieving a premium against the dollar is still too early to say. In spite of being under par for eight months, the exchange rate had actually been within one-eighth cent of parity since the Bank Rate was raised in London to five per cent in February. The period immediately preceding the rise in Bank Rate saw the worst time for sterling. At one point in February, it fell to 2.79 15/32 dollars.

But even though the change in Bank Rate managed to push the exchange rate up to 2.79⅞, there was a long period when it was stagnant at this level. Even so, in the face of a general election and the mounting impact of growth on import spending, sterling has managed to remain remarkably buoyant this year. Later in the year, when the election comes nearer and the time of the greatest pressure on sterling approaches, some of that buoyancy may disappear, though probably not as much as in previous years.

Two Questions

Two questions have been asked as a result of the rise in sterling's strength: what has caused the rise? and will the exchange rate be sustained at parity? There is no simple answer to why the rate rose as it did. But, in the general cause and effect, there are answers that are both technical and economic. Technically, sterling benefited by recovering from its "sickness" earlier in the year when election uncertainties on top of bad January trade figures induced many importers to cover their foreign exchange requirements for the rest of the year at the same time as foreign holders of sterling were reducing their balances and selling short. Now that the election has been postponed six months, a long time for a moneylender or borrower, there is a shortage of sterling for immediate use in most markets abroad. This shortage has coincided with a period in which British importers, who would otherwise have been seeking foreign exchange, have not done so, since they fulfilled their requirements three and four months ago.

Other reasons are less technical. The rise in Bank Rate attracted a certain amount of hot money into London (though there is no evidence that it came in great quantities). Such money as came strengthened the gold reserves at the same time as it became apparent that January's rapid growth of imports was a temporary phenomenon. Finally, the rise in sterling balances, particularly by Australia but also by other primary producers, has helped enormously—sterling balances in London have risen by about £150 million. Commodity prices have been lifted to their highest level for seven years as the southern hemisphere's autumn sales have reached their peak.

Movement Against Sterling

To a large extent, the question of whether parity will be maintained depends on the reaction to the possibility of a Labour Government. Since the element of hot-money inflow in February was small, political reaction is now supermost. It is extremely likely that there will be some movement against sterling, though whether this forces sterling below par depends on the level above it that can be achieved before the fall sets in. In favour of sterling is the fact that, during the immediate pre-election fever of 1959, the last comparable period when the defensive position of sterling was much weaker than it is now, the rate of exchange never had to withstand crisis attacks.

Certainly, structural changes in the position of sterling have reduced its vulnerability in recent years; the growth in tourist earnings, for instance, has helped to offset the drain in September from Britain's own tourist outflow. This is proved by the fact that sterling has had a remarkably smooth passage through September ever since 1957 and, even in 1959, it was above par during the third quarter of the year. The dependence of the rest of the world on London and sterling since convertibility in 1958 has strengthened this position by increasing the importance of the facilities offered by London.

More Frozen Foods

With both output and consumption per head rising in most European countries, there is a clear trend towards the increased purchase of frozen foods. Britain is the leader in this market and her rate of growth is being reflected in other countries. Last year 1¼ per cent of the national housekeeping budget was spent on frozen foods, and retail sales in these lines reached a record £62 million (173.6 million dollars). When sales to the catering trade are included, the figure rises to £75 million (210 million dollars), also a record. Output has now reached 197,000 metric tons, 28 per cent up on 1961 and more than twice as much as in any other European country. Exports, although minor, have doubled since 1959, from 575 tons to 1,050 tons; but imports, most of which supplement home production, reached £28 million (78.4 million dollars).

Higher standards of living are mainly responsible for this rise. There is a tendency in most countries, especially the north European, for more women to go out to work. With no one at home during the daytime to prepare and cook big meals, there is an increasing demand for foods than can be served with the minimum of preparation. The frozen-food manufacturers have also brought an ever-increasing range of goods into the shops. This has interacted with increasing affluence by providing foods that would not otherwise have been bought at income levels existing a decade ago. Strawberries, loganberries, gooseberries and other relatively exotic foods are now available.

The industry also offers an increasing number of foods "out of season." Frozen peas, which can be bought all the year, are an outstanding example and probably the most popular. But broad beans, ice cream runner beans and many other products are now on sale in any month. Finally, there has been a very large increase in the number of distribution points, from which the large number of retail outlets required could be stocked. This is probably as important a single factor as any other. Had frozen foods not found sufficient selling points for economic penetration of the potential market, their progress could have been seriously held up.

After Britain's 197,000 metric tons output, West Germany comes next among the European producers with 80,000 metric tons, nearly seven per cent more than 1961. These two countries dominate European output, accounting for just over half the output. The third biggest producer in Europe is Sweden, with 41,000 metric tons, and then come the Netherlands, 26,000 metric tons; France, 17,000 metric tons; and Denmark with 16,000 metric tons. At the bottom of a table of 12 major producers are Finland, with 7,000 metric tons in 1963 and Italy, 8,000 metric tons.

With the exception of France, output is highest where traditional attitudes towards cooking have been broken down most of all. There is still a "purist" approach to cooking in France, Italy and Belgium and new products are not readily accepted in these countries. This is most clearly seen from a comparison of the average consumption in pounds weight of frozen foods per person. Italy now has the lowest consumption, 0.3 lb., and France the second lowest with 0.8 lb., though French consumption has doubled in two years. Finland, which has the lowest overall output, consumes four times as much per persons, 3.3 lbs., as France, and is eighth in the table of *per capita* consumption.

Heaviest consumer countries are now Sweden, with 11.9 lbs., followed at some distance by Britain, 8.1 lbs., Denmark, 7.5 lbs., and Norway, 6.6 lbs. (compared respectively with 7.8, 6.7, 4.4 and 3.8 lbs. in 1961). Germany is surprisingly eclipsed and consumes less per person than Finland and Switzerland, with only 3.1 lbs.

All these figures pale into insignificance, however, by comparison with the United States. Output there last year was 4.25 million metric tons and average consumption per head was 50.6 lbs.

Rumania Wins Comecon Fight

Rumania's victory in its fight for economic independence from Comecon, the organisation through which Russia hoped to integrate the Eastern European economies into a common market, could have serious consequences for the future of that body. In any case, it is a severe setback to Russia politically, if not economically.

Russia wanted Rumania to concentrate on certain lines of production, giving up to other Comecon countries productive capacities in which it was less efficient. Rumania argued that it had to develop in its own way and could not shift some functions of "economic management from the competence of the State concerned to supra-State bodies or organs."

Although the battle has been won by a relatively poor communist community, the result will be greeted warmly by the more prosperous: Czechoslovakia, East Germany and Poland. These countries have always feared that they would have to foot the bill for the development of the poorer partners, Rumania and Bulgaria. Now they will no longer be saddled with this particular burden.

Only Russia would be immune from the consequences of economic integration through Comecon, because of the extent of her vast industrial market and network. She could even make out a case for developing all the necessary industries within her own borders and, if necessary, for restricting such development in the satellite States. While she is hardly likely to do this—she would certainly gather much opprobrium if she did—Russia would have economic logic on her side. Now each of the other satellites must ask herself whether the management of a single economy is possible if the direction of part of it is taken from above or outside. The answer to this question may not become immediately apparent, but when it does it could present a nasty shock to Russia.

India Seeks New Adviser Firm

A French firm may take over responsibility for providing technical assistance to the Indian Government for a £20 million (56 million dollar) organic and intermediate chemicals project at Panvel, near Bombay. Three West German firms have withdrawn because of the fall in world market prices of heavy organic chemicals and also because of the changing requirements of the Indian industry. The Indians are naturally disappointed at the action by the three firms, Farbenfabriken Bayer, Farbwerke Hoechst, and Badische Anilin-und Soda-Fabrik. But the decision to make the break was not taken until talks between both sides. And it was emphasised that the aid so far granted should be available to India for the realisation of a chemical project adapted to the new situation.

India now hopes that a French team will take the place of the Germans, though so far no firm approach has been made. A delegation of French businessmen visited New Delhi in March and are believed to have shown great interest in the project. If they do not take up the offer, India will almost certainly approach Britain or other industrialised nations. Not all contact between the Germans and India has been broken, however. The three firms are prepared to continue talks with the Indian Government to see how they can offer any further advice in the field of intermediate products and their related heavy organic chemicals. The Panvel project was expected to produce 47 basic organic intermediates from benzene/toluene and was to be managed by a State-owned company called Hindustan Organic Chemicals. Nearly £1 million (218 million dollars) has already been spent on the project.

Notice

INDIAN ALUMINIUM COMPANY LIMITED

31 CHOWRINGHEE ROAD, CALCUTTA-16

NOTICE IS HEREBY GIVEN THAT THE Ordinary Share Transfer Register of the Company will remain closed from June 10th to June 15th 1964, both days inclusive.

The Directors of the Company at a meeting held on April 27th, 1964 have decided to make the second (final) call, in respect of 801,276 ordinary shares of the Company issued on February 4th, 1963, amounting to Rs. 10 per share to be applied towards the payment of the balance premium (making these shares fully paid up in respect of both the par or nominal value and the premium). The Board of Directors at the abovesaid meeting have further decided that the amount of second call will be payable by those Members of the Company whose names appear in the Register of Members on June 15th, 1964.

T. D. SINHA,
Secretary.

20th May 1964.

Registrars' Office:
8 CLIVE ROW,
CALCUTTA-1.
(POST BOX No. 150.)

Norway's Buoyant Exports

Norway's export trade reached a record level of £350 million (1,060 million dollars) last year and foreign income has now risen uninterruptedly for five years. Exports rose by 40 per cent by value in the same period. The only time exports declined in the last 10 years occurred in 1957, when they fell by some £20 million (56 million dollars). Otherwise, they have doubled in value in a decade. One of the important factors in this rise from Norway's point of view is the move away from the traditional—fishing, timber—industries towards new products. Furniture, glass and china, silver and pewterware, cutlery and kitchenware in stainless steel, adding machines, cash registers, portable radios and tape recorders, hoists and cranes are all playing an increasingly more important role in the export trade.

One small section of the chemical industry illustrates this trend. Norway has recently become an important exporter of the light metal magnesium and she has built up her own output to such an extent that this year she should be able to supply half of West Europe's supplies of the metal and 20 per cent of the Western world's consumption. From 4,000-ton output in 1955, production was boosted to 15,000 tons in 1960 and 25,000 tons last year. Capacity is being enlarged, so that output this year should be 30,000 tons.

Not that the traditional industries are failing to move with the times. Norway's merchant fleet is now the third largest in the world, behind Britain and the United States (and its working fleet is larger than the American). Last year, gross foreign earnings of the fleet were almost as high as the nation's total commodity export earnings. Although most of the 4.3 million tons of new shipping is being built outside Norway, home yards have increased their output considerably since the war. In 1939, output was 40,000 tons. Last year, deliveries reached a record 370,000 tons.

Finland's Economy on the Upturn

Finland ended 1963 on a high note after two years of depressed economic activity. The recession is now confirmed to have ended around the middle of the year, when growth rates began to revive. The average real growth in production in 1948-61 was 4.2 per cent a year. In the boom years of 1959-61, it rose as high as 7.9 per cent in one year. But, by 1962, the increase was no more than three per cent. Preliminary calculations now show that the growth last year was around four per cent, even though it had been assumed early in the year that the rate would be lower than the previous year's three per cent.

The rise at the end of the year was in part due to a big improvement in agricultural production—eight per cent over the year—and to a seven per cent growth in building and civil engineering. This latter was mainly the result of expanded public works projects to maintain employment. Industrial production rose by four per cent, though a serious weakness lay in housebuilding, which rose by a mere two per cent, the same as in the previous year. Activity was slack in factory and commercial building. Consumer demand was good throughout the year and exports picked up at the end. But domestic investment was weak and in private investment there was actually a contraction.

Six major **British** concerns have set up a consortium to prospect for natural gas and oil from under the North Sea. The move follows closely on the heels of the discovery that the Dutch field of natural gas, one of the largest untapped reserves in the world, may extend into the North Sea. The British group is to work closely with American concerns that have had wide experience of this sort of prospecting and all the latest American know-how will be available for the project. It is not thought that the survey will produce any recognisable results for some time. The North Sea provides some very bad weather conditions and drilling will probably have to go down to 20,000 feet. Should the prospecting be successful, British industry could receive a big boost as well as some big problems. Coal would be seriously affected and any extension of natural gas could affect oil, too. So far British industry has been insulated from the effect of the Continental field, because of the cost of transporting. But a field on her own doorstep would bring a cheap form of energy within range of pipelines.

West German workers have made the biggest wage gains in Europe over the past eight years. A German trade union paper claims that the whole group of German workers have made more gains in wages, shorter hours and social benefits during the past eight years than any other in Europe. Since 1955, working hours have been cut by nine per cent as compared with 5.7 per cent in Holland, 5.2 per cent in Britain, 4.7 per cent in Switzerland, and 0.5 per cent in the United States. Hours have actually increased in both France and Italy. Over the period, the purchasing power of salaries and wages of West German industrial workers rose by 66.4 per cent. This compares with 33.5 per cent in France, 29.6 per cent in Switzerland, 24.7 per cent in Italy, and 23.3 per cent in Britain. On top of this, German workers get an average of 20 paid days holiday a year—the most in the Common Market—and are entitled to full net wages for six weeks when ill.

The rise in **French** prices now appears to be coming to a standstill, though there may be problems ahead. In the first four months of this year, the French retail price index rose by a mere 0.3 per cent, which is being claimed as a success for last autumn's stabilisation plan. The Government has every intention of continuing the plan, but it remains to be seen whether it can keep to it. A large amount of wage pressure is building up in the economy and already wages in the private sector have risen by 1.8 per cent in the first quarter. This is about the same increase as was registered in the first quarter of last year. In some parts of the economy, such as chemicals and textiles, the increase has been even higher. The way in which the Government has been able to keep wages in check in the public sector has been mainly responsible for the slow increase in prices. A rise of four per cent had been allowed for, but, in fact, the rise has probably been less than a quarter of this. This growing gap between the private and public sectors has been building up a steady pressure in the latter.

Expansion in **Austria,** stimulated by a construction boom, is better this year than at any time since 1960. Signs of recovery are beginning to become apparent from all sectors of the economy. Industrial output rose by 10 per cent during the first two months of the year, according to a report by the Institute for Economic Research, and the capital goods producers have also managed to raise their production by eight per cent in spite of electrical machinery and motors remaining weak spots. Common Market tariff discrimination—Austria is a member of the European Free Trade Association—has had no appreciable effect on either the economy or trade. Exports in the first quarter rose by nine per cent and the Six still took half of them. But exports to E.F.T.A. jumped up by 32 per cent and, whereas the area accounted for 16 per cent of Austrian sales abroad in the first quarter of 1963, its share was 20 per cent this year.

European wheat output this year is expected to be well up on the 1963 level following increased winter sowings of the grain. With winter wheat acreage in western Europe around eight per cent higher at 39.7 million acres than in the previous year, production is likely to be two to three million tons higher than the 1963 level of 35.9 million tons. But European demand is expected to mean a relatively high level of wheat imports, between four and five million tons higher than last year. No difficulty is anticipated in meeting this demand, for most of the main exporting countries expect higher wheat output this season. Canadian farmers plan to boost their summer wheat acreage by 7.5 per cent and United States production is forecast at 26.3 million tons, an increase of 2.3 million tons on last year's level.

Italian Egg Scheme: Dutch Protest

The creation in Italy of a National Egg Board, closely modelled on the British scheme, is causing grave concern in the Netherlands, the world's biggest egg exporter. One of the purposes of Italy's new egg marketing scheme is to encourage consumption of eggs and ensure sufficient domestic production to meet it. Italy was until lately an important importer of eggs. Dutch producers had expected to enjoy a privileged position in both the Italian and West German markets, because of the Netherlands' membership of E.E.C. But the emergence of an Egg Board scheme in Italy has come on top of a rapid development of domestic output in both Italy and Germany to blunt Dutch hopes. Italy has lately virtually ceased to import any eggs at all.

The Dutch authorities are expected to protest to the Common Market Commission in Brussels, first, on the grounds that Italy should at least have sought clearance from the Commission before setting up the Board; and, secondly, because they allege the initial subsidy of the Board's operations by the Italian Government may violate Common Market rules. A further sore point about Italian egg expansion in some Common Market circles—particularly in France, it is believed—is that (as in West Germany) it has largely been based on the increasing use of imported American poultry feed. Imports of cheap feedgrains from the United States are considered to undermine the Common Market's aim of a unified cereals market, now being painfully thrashed out. Under the Italian scheme, payment to producers will be graduated according to quality. Initially, the Government will contribute 75 per cent of producer prices as registered by Chambers of Commerce in various centres, and will grant 90 per cent of the Board's administrative costs.

European Butter Prices Set Firm

West European butter production, though now going through the usual seasonal increase, seems to be a good deal lower than in both the last two years. As a result, prices, once the early summer production peak has been passed, are expected to remain firm for the rest of this year.

Regular dairy statistics reach Geneva from nearly all the major producers and exporters; namely, the E.F.T.A. countries (including Britain but excluding Portugal and Finland) and the Netherlands' Belgium and West Germany. Reports from these countries show that a total of 228,000 tons of butter was produced in the first quarter of the year—three per cent less than last year and six per cent less than in the first quarter of 1962. Most of the decline was accounted for by setbacks in Britain, the Netherlands and Belgium, and there are also reports—so far undetailed—of smaller outputs in Switzerland and Sweden. Italy's production rate is also almost certainly down.

The maintenance of a high level of production in France and the stability of Danish output—at about the same level up to April as in the first four months of last year—are thought unlikely to offset the overall decline in supplies. One effect of the overall shortage has been to keep prices relatively steady at a time of year when they normally fall. Last month, only the Danes and the Dutch reduced prices—those used for offers in the British market—but their quotations for export are still well above Australasian prices. The assumption in Geneva is that Australia may have a little less butter to offer later on, though New Zealand output is understood to be about four per cent up on a year ago. Even so, only an exceptional and unexpected increase in European domestic production—that is, if fine weather persists throughout the summer and early autumn—will now make a marked impact on 1964 prices.

Notice

BALMER LAWRIE AND COMPANY LIMITED

THE BOARD OF DIRECTORS OF THE Company has decided to recommend to the forthcoming Annual General Meeting, the payment of a final dividend of 15½ per cent for the year ended 31st December, 1963.

BALMER LAWRIE & CO. LTD.,
D. MANSON,
Managing Director.

21, NETAJI SUBHAS ROAD,
CALCUTTA, 11*th May*, 1964.

ANNOUNCEMENT OF PUBLIC ISSUE

(This is not a Prospectus but only an announcement of the proposed issue of Equity Capital. Interested persons may obtain copies of the Prospectus from the Company's Registered Office, Underwriters, Brokers and Bankers.)

HINDUSTAN POLYMERS LIMITED

(INCORPORATED UNDER THE COMPANIES ACT 1 OF 1956 ON 29TH NOVEMBER, 1962 AS A PUBLIC COMPANY LIMITED BY SHARES)

(*Registered Office:* **C/o Shree Ram Mills Limited, Fergusson Road, Lower Parel, Bombay-13.**)

EXISTING AND PROPOSED ACTIVITIES

The Company proposes to establish at Visakhapatnam in the State of Andhra Pradesh, a plant (i) for the manufacture of 1.5 million gallons per annum of Power Alcohol, (ii) with the technical collaboration of Universal Oil Products Company Inc., Des Plaines, Illinois, U.S.A. for the manufacture of 10,000 tons of Styrene Monomer per annum, and (iii) with the technical collaboration of B. X. Plastics Limited, Highams Park, London, E.4., England, for the manufacture of 7,500 tons per annum of Polystyrene and its Co-polymers including high impact by a continuous mass polymerisation process.

LOCATION OF INDUSTRY

The location of the proposed plant, well-served by National Highways, Railway Transport and other essential facilities will be on a site of about 250 acres at Visakhapatnam (Andhra Pradesh).

SHARE CAPITAL

		Rs.
AUTHORISED CAPITAL:		
3,00,000 Equity Shares of Rs. 100 each	... ...	3,00,00,000
2,00,000 Unclassified Shares of Rs. 100 each	... ...	2,00,00,000
Total	... Rs.	5,00,00,000
ISSUED CAPITAL:		
3,00,000 Equity Shares of Rs. 100 each	... ...	3,00,00,000
SUBSCRIBED CAPITAL:		
(i) 610 Equity Shares of Rs. 100 each subscribed by Subscribers to the Memorandum of Association, Directors, their relatives, friends and associates on which Rs. 50 per share have been paid up	...	61,000
(ii) 30,000 Equity Shares of Rs. 100 each subscribed by Shree Ram Mills Limited, Bombay, a promoter of the company on which Rs. 50 per share have been paid up	...	30,00,000
Total Subscribed Capital ...	Rs.	30,61,000
PAID-UP CAPITAL:		
(i) 610 Equity Shares of Rs. 100 each subscribed by and allotted to the Subscribers to the Memorandum of Association, Directors, their relatives, friends and associates which Rs. 50 per share have been paid up	...	30,500
(ii) 30,000 Equity Shares of Rs. 100 each subscribed by and allotted to Shree Ram Mills Limited, Bombay, a promoter of the company on which Rs. 50 per share have been paid up	... ...	15,00,000
Total Paid-up Capital ...	Rs.	15,30,500
OUT OF THE ISSUED CAPITAL:		Rs.
(i) 30,000 Equity Shares of Rs. 100 each have been subscribed by Shree Ram Mills, Limited, a promoter of the company, (on which they have paid up Rs. 25 per share) and the same will be allotted to them	...	30,00,000
(ii) 51,990 Equity Shares of Rs. 100 each have been subscribed by the Promoters, Subscribers to the Memorandum of Association, Directors, their relatives, friends and associates (on which they have paid up Rs. 25 per share) and the same will be allotted to them... AND 60,000 Equity Shares are RESERVED FOR SUBSCRIPTION as follows :—		51,99,000
(iii) 20,000 Equity Shares of Rs. 100 each are reserved for subscription in cash at par by The Industrial Credit and Investment Corporation of India, Limited, Bombay (hereinafter referred to as I.C.I.C.I.)	... ...	20,00,000
(iv) 20,000 Equity Shares of Rs. 100 each are reserved for subscription in cash at par by Commonwealth Development Finance Company Limited, London, England (hereinafter referred to as "C.D.F.C.") subject to the conditions of the Head of Terms (contract No. 3 below).		20,00,000
(v) 20,000 Equity Shares of Rs. 100 each are reserved for subscription in cash at par by Bakelite Xylonite Limited, London, England	... ...	20,00,000
Total ...	Rs.	1,41,99,000

It is a condition of the Consent of the Controller of Capital Issues that shares privately allotted to the Directors, Promoters, their friends, etc. shall be retained as a long-term investment and shall not be disposed of within a period of one year from the date of allotment.

NOW OFFERED AT PAR FOR CASH FOR PUBLIC SUBSCRIPTION:

1,27,400 Equity Shares of Rs. 100 each.

NOTE : The total Issued Capital of 3,00,000 Equity Shares of Rs. 100 each is made up as follows :—

	Rs.
Subscribed Capital	30,61,000
Reserved for Subscription	1,41,99,000
Offer for Public Subscription	1,27,40,000
Total ... Rs.	3,00,00,000

BOARD OF DIRECTORS:

1. **Shri KASTURBHAI LALBHAI,** (*Chairman*) Business & Industry, S/o Lalbhai Dalpatbhai, Shahibaug, Ahmedabad.
   Director of :
   1. The Atul Products Ltd. (*Chairman*).
   2. The National Rayon Corp. Ltd. (*Chairman*).
   3. The Hindustan Motors Ltd.
   4. The Industrial Credit and Investment Corporation of India Ltd.
   5. The New India Assurance Co. Ltd.
   6. The Ahmedabad Electricity Co., Ltd.
   7. The Arvind Mills Ltd., etc., etc.
2. **Shri PRATAP BHOGILAL,** (*Vice-Chairman*), Business and Industry, S/o Shri Bhogilal Leherchand, 26, Ridge Road, Bombay-6.
   Director of :
   1. Rockwell India Ltd. (*Chairman*).
   2. Shree Ram Mills Ltd.
   3. The Bank of India Ltd.
   4. National Machinery Manufacturers Ltd.
   5. South India Insurance Company Ltd.
   6. Scindia Steam Navigation Co., Ltd., etc., etc.
3. **Shri BHOGILAL LEHERCHAND,** Business, S/o Leherchand Uttamchand, 134-36, Zaveri Bazar, Bombay-2.
   Director of :
   1. Shree Ram Mills Ltd. (*Chairman*).
   2. Batliboi & Co. Pvt. Ltd. (*Chairman*), etc., etc.
4. **Shri RAMANLAL G. SARAIYA,** Business, S/o Gokaldas Vithaldas Saraiya, 85, Napean Sea Road, Bombay-6.
   Director of :
   1. New Standard Engg. Co. Ltd.
   2. Narandas Rajaram & Co. Private Ltd., (*Chairman*).
   3. Reserve Bank of India.
   4. Tata Chemicals Ltd.
   5. Tata Hydro-Electric Agencies Ltd.
   6. Life Insurance Corporation of India, etc., etc.
5. **Shri R. V. G. K. RANGA RAO,** Business, S/o Shri R. S. R. K. Ranga Rao, The Palace, Bobbili, Srikakulam Dist. (A.P.)
   Director of :
   1. Sri Rama Sugars & Industries Ltd.
   2. Rayala Corpn. Pvt. Ltd.
   3. Telangana Spg. & Wvg. Mills Ltd.
   4. India Radiators Limited, etc. etc.
6. **Shri JEHANGIR PESTONJI PATEL,** Business, S/o Pestonji D. Patel, Volkart Building, 19, Graham Road, Ballard Estate, Bombay-1.
   Director of :
   1. The Khatau Makanji Spg. & Wvg. Co. Ltd.
   2. The Scindia Steam Navigation Co. Ltd.
   3. The Ahmedabad Electricity Co. Ltd.
   4. The State Bank of India.
   5. Hindustan Shipyard Ltd.
   6. Volkart (Bombay) Pvt. Ltd., etc., etc.
7. **Shri NOSHIRWAN KAVASJI PETIGARA,** Solicitor, S/o Kavasji J. Petigara, 21, Pali Hill, Bombay-50.
   Director of :
   1. The India United Mills Ltd. (*Chairman*).
   2. The Bank of India Ltd.
   3. The Bombay Dyeing & Mfg. Co. Ltd.
   4. The New India Assurance Co. Ltd.
   5. Oriental Fire & General Insurance Co. Ltd., etc., etc.
8. **Shri RAMNIK K. PARIKH,** Business Executive, S/o Keshavlal M. Parikh, "Mazda Manor," Alexandra Road, Gamdevi, Bombay-7.
   Director of :
   1. The Vidarbha Mills Borar Ltd., etc., etc.

EXECUTIVE DIRECTOR:

Shri RAMNIK K. PARIKH

(Subject to Government Approval under the provisions of the Companies Act, 1956)

UNDERWRITERS:

1. Andhra Pradesh Industrial Development Corpn. Ltd., B-1-174, Fateh Maidan Road, Post Box No. 13, Hyderabad-4 (Dn.).
2. Life Insurance Corporation of India, "Jeevan Kendra," Jamshedji Tata Road, Bombay-1.
3. Industrial Finance Corporation of India, Reserve Bank Building, Parliament Street, New Delhi.
4. The Industrial Credit & Investment Corpn. of India Limited, 163, Backbay Reclamation, Bombay-1.
5. The Bank of India Limited, 70-80, Mahatma Gandhi Road, Fort, Bombay-1.
6. The Bank of Baroda Limited, 12-A, Apollo Street, Bombay-1.
7. The United Commercial Bank Limited, Petit Bldg., Dr. Dadabhai Naoroji Road, Fort, Bombay-1.
8. Canara Bank Limited, Warden House, Sir Phirozshah Mehta Road, Fort, Bombay-1.
9. The New India Assurance Co. Ltd., New India Assurance Building, 87, Mahatma Gandhi Road, Fort, Bombay-1.
10. South India Insurance Co. Ltd., "Moti Mahal," Jamshedji Tata Road, Bombay-1.
11. The New Great Insurance Co. of India Ltd., 45-47, Apollo Street, Fort, Bombay-1.
12. Rajnikant Chinubhai Sheth, 45, Stock Exchange New Bldg., Apollo Street, Fort, Bombay-1.
13. Narottam B. Javeri, 35, Stock Exchange New Bldg., Apollo Street, Fort, Bombay-1.
14. M/s. Lallubhai Ranchhoddas, Agakhan Building, 9, Dalal Street, Fort, Bombay-1.
15. M. Nanjappaiah Jahgirdar, 181, Cavalry Road, Post Box No. 71, Bangalore-1.

HINDUSTAN POLYMERS LIMITED—*(Contd.)*

BROKERS:

BOMBAY :

1. Lewis & Jones, Bank of Baroda Bldg., Apollo Street, Bombay-1.
2. Chimanlal J. Dalal & Co., 107, Stock Exchange New Bldg., Dalal Street, Fort, Bombay-1.
3. Merwanjee Bomanjee Dalal, Allahabad Bank Bldg., Apollo Street, Fort, Bombay-1.
4. Rajnikant Chinubhai Sheth, 45, Stock Exchange New Bldg., Apollo Street, Bombay-1.
5. Narottam B. Javeri, 35, Stock Exchange New Bldg., Apollo Street, Fort, Bombay-1.
6. M/s. Lallubhai Ranchhoddas, Agakhan Bldg., Dalal Street, Bombay-1.
7. Batliwala & Karani, Union Bank Building, Dalal Street, Fort, Bombay-1.
8. Rasiklal Maneklal & Co., Stock Exchange Old Bldg., Dalal Street, Bombay-1.
9. Girdharlal Tricamlal & Co., "Girikunj," 71, Marine Drive, Bombay.
10. M/s. Kantilal Chandulal, 37, Stock Exchange New Bldg., Apollo Street, Bombay-1.
11. Dhirajlal Maganlal Purshottamdas, Stock Exchange Bldg., Apollo Street, Bombay-1.
12. Harkisondass Lukhmidass, Stock Exchange Bldg., Apollo Street, Bombay-1.
13. M/s. Kantilal Purtapshi, 97, Stock Exchange Bldg., Bombay-1.
14. R. R. Nabar & Co., 31, Dalal Street, Fort, Bombay-1.

HYDERABAD :

1. Kapurchand Shrimal, Sultan Bazar, Hyderabad (Dn.).

AHMEDABAD :

1. M/s. Chinubhai Chimanlal Dalal, Fatehbhai's Haveli, Ratanpole, Ahmedabad.
2. Kantilal Chandulal & Co., Shahibag, near Bombay Garage, Ahmedabad.
3. Trikamlal Dahyabhai, Opp. Share Bazar, Maneckchowk, Ahmedabad.

DELHI :

1. Harbans Singh Mehta & Company, 33, Regal Building, Parliament Street, New Delhi 1.
2. Raj Paul Chadha & Co., Delite Cinema Building, Asaf Ali Road, New Delhi.

CALCUTTA :

1. G. M. Pyne, Allahabad Bank Building, 14, India Exchange Place, Calcutta-1.
2. Place Siddons & Gough (Pvt.) Ltd., 6, Lyons Range, Calcutta-1.

MADRAS :

1. Chitra & Co., 322-323, Linghi Chetty Street, Madras-1.
2. Kothari & Sons, Post Box No. 267, "Oriental Bldgs.", Armenian Street, Madras-1.
3. Patterson & Co., 32/33, Linghi Chetty Street, Madras-1.

BANGALORE :

1. M. Nanjappaiah Jahgirdar, 181, Cavalry Road, Post Box No. 71, Bangalore-1.

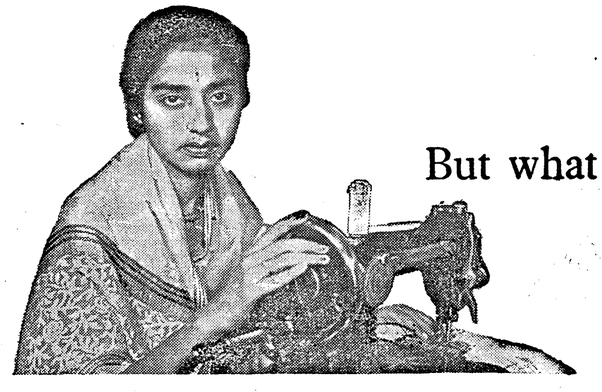
BANKERS:

1. State Bank of India, Apollo Street, Fort, Bombay-1.	Madras, Aurangabad, Bangalore, Hubli, Hyderabad (Dn.), Secunderabad, Tiruchirapalli, Tirupati, Trivandrum, Tuticorin, Vellore, Vijayawada, Visakhapatnam, Cochin, Coimbatore, Coonoor, Cuddalore, Bombay, Calcutta, New Delhi, Ahmedabad, Ajmer, Akola, Allahabad, Ambala, Amritsar, Bareilly, Baroda, Belgaum, Bijapur, Calicut, Chandigarh, Cuttack, Dehra Dun, Firozpur, Jammu, Jalgaon, Jaipur, Itarsi, Indore, Kanpur, Khandwa, Lucknow, Ludhiana, Madurai, Miraj, Nadiad, Nagpur, Nasik, Patna, Poona, Quilon, Rajkot, Salem, Ratlam, Sangli, Shillong, Sholapur, Simla and Srinagar.
2. The Bank of India Limited, 70-80, Mahatma Gandhi Road, Fort, Bombay-1.	Bombay, Ahmedabad, Calcutta, Delhi, New Delhi, Hyderabad (Dn.), Secunderabad, Indore, Madras, Visakhapatnam, Baroda, Bangalore, Surat, Amritsar, Coimbatore, Jamnagar, Jamshedpur, Kanpur, Poona and Nagpur.
3. The Mercantile Bank Limited, Mahatma Gandhi Road, Fort, Bombay-1.	Bombay, Calcutta, Delhi, New Delhi and Madras.
4. The Bank of Baroda Limited, Apollo Street, Fort, Bombay-1.	Bombay, Ahmedabad, Baroda, Hyderabad (Dn.) Secunderabad, Vijayawada, Delhi, New Delhi, Indore, Madras, Bangalore, Calcutta, Amritsar, Lucknow, Kanpur, Coimbatore, Jaipur, Jamnagar, Poona and Nagpur.
5. State Bank of Hyderabad, New India Assurance Bldg., Mahatma Gandhi Road, Fort, Bombay-1.	Hyderabad (Dn.), Secunderabad, Bombay and Madras.
6. The Central Bank of India Limited, Mahatma Gandhi Road, Fort, Bombay-1.	Bombay, Ahmedabad, Baroda, Hyderabad (Dn.), Secunderabad, Vijayawada, Calcutta, Delhi, New Delhi, Madras, Indore, Bangalore, Jamnagar, Kanpur, Lucknow, Poona, Jamshedpur, Coimbatore, Agra, Nagpur and Amritsar.
7. The United Commercial Bank Limited, Petit Building, Dr. Dadabhai Naoroji Road, Bombay-1.	Bombay, Calcutta, Delhi, New Delhi, Madras, Ahmedabad, Coimbatore, Hyderabad (Dn.), Bangalore, Jaipur, Jamnagar, Nagpur, Poona, Rajkot, Surat and Visakhapatnam.
8. Canara Bank Limited, Warden House, Sir Phirozshah Mehta Road, Fort, Bombay-1.	Bombay, Calcutta, Delhi, New Delhi, Madras, Ahmedabad, Bangalore, Cochin, Coimbatore, (Panjim) Goa, (Vasco-Da-Gama) Goa, Hyderabad (Dn.), Secunderabad, Kolhapur, Mangalore, Mysore, Nagpur, Poona, Sholapur, Trichur and Visakhapatnam.

APPLICATION FORMS for application for shares along with copies of the Prospectus can be had from the Registered Office of the Company or from the Underwriters, Bankers and Brokers whose names and addresses are given above.

DATES OF THE OPENING AND CLOSING OF THE SUBSCRIPTION LIST :

THE SUBSCRIPTION LIST WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS ON 26TH MAY 1964 AND WILL CLOSE AT THE CLOSE OF THE BANKING HOURS ON 4TH JUNE 1964 OR EARLIER AT THE DISCRETION OF THE DIRECTORS BUT NOT BEFORE THE CLOSE OF BANKING HOURS ON 28TH MAY 1964.



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BE VIGILANT—*take part in national preparedness*

RIGHTS, DUTIES AND OBLIGATIONS OF COMPANY DIRECTORS—I

GOVERNMENT'S ASSUMPTIONS ON THE NEED FOR CURBS TOO SWEEPING

By N. K. Petigara

ALTHOUGH there is a popular impression that the rights, duties and obligations of company directors have changed of late, in reality no changes have been effected in regard to the *duties* and *obligations* of directors of companies: the *rights* of directors have, however, been cut down by some restriction on the rights of management.

The Vivian Bose Commission made recommendations with regard to:

(*a*) The possible misuse of the objects clause of the Memoranda of Association. It drew attention that it was possible for the board of directors of a company to enter into trading, manufacturing, or business transactions of any kind covered by its Memorandum of Association however far they might be from the main activity of the company and that that was not necessarily in the interest of the shareholders, though technically within the powers of the management by reason of the wide nature of the clauses normally adopted in the Memoranda of Association of companies.

(*b*) The practices in regard to payment of underwriting commission on the issue of shares or debentures.

(*c*) The practices in regard to the possible issue and allotment of shares in the names of fictitious or non-existing persons.

(*d*) The practices in regard to the holding of shares on blank transfers and that of nominee holdings.

(*e*) The practices in regard to the appointment of directors, termed "dummy directors" by the Commission, whereby is meant persons occupying subservient and minor positions either in the company concerned or companies within the same group. The Commission also considered in the same connection the cases of absentee directors and their liability.

(*f*) The practices in connection with loans to companies under the same management, in particular, and to other bodies corporate, in general.

(*g*) The practices in connection with the appointment and termination of sole selling agents. The direction in which the Commission's mind was working was in regard to restricting payments on account of compensation on termination of selling agencies similar to those in respect of managing agents and managing directors.

(*h*) The practices in connection with the power which could be exercised in certain events to acquire shares of objecting shareholders under a scheme or contract which was not approved by the majority.

(*i*) The practices in connection with liquidation proceedings. The Commission's mind was working in the direction of ensuring that the Court should be in full possession of all the facts and circumstances relating to liquidation, and recovery of taxes from companies in liquidation.

(*j*) The practices in connection with destruction of books of account and records of both functioning companies as well as those in liquidation or already wound up.

(*k*) The practices relating to the allotment of shares prior to the company obtaining sufficient funds.

The Commission also made recommendations regarding the administrative machinery of the Company Law Department being brought under the ægis of one Ministry.

Unwarranted Assumptions

None of the matters reported on by the Commission has been specifically legislated upon so far. Bill No. 23 of 1963 was introduced in the Rajya Sabha on 23rd August 1963 but no decision has been taken on it. The Government introduced another Bill, No. 46A of 1963, not referring to the above Bill or the Bose Commission's report but containing regulatory measures including a substantive and very controversial provision regarding conversion of certain loans into equity capital. The Legislature has also amended the Banking Companies Act, 1949, whereby changes of great consequence have been made affecting directors of banking companies. There was a discussion in Parliament and a Select Committee was appointed which made a report to the Lok Sabha on 9th December 1963. Except in one major respect, the Select Committee's amendments were accepted and the amending legislation which was passed has already come into effect in part.

My purpose in drawing attention to this legislation is that it is in consonance with the current trend of thought, particularly amongst the members of the several Legislatures in India that it is necessary to place curbs on the rights and powers of directors of companies and that there should be more control over companies. What is more important and at times disconcerting, especially to company managements, is that the power of regulation is not restricted to the shareholders of the company concerned, but is handed over to Government agencies on the basis of a concept not particularly new, but one which is very vigorously pressed, namely, that of "public interest" which is definitely something much wider than the interest of shareholders.

I have noted with care, and at times with concern, the progress made by this concept. As a director of a number of companies for a number of years and as a solicitor for over 35 years, I can claim to have examined the law on the subject a little more than as an amateur. I have come in contact with the boards of directors of various companies, have seen the managements thereof in action both in prosperity and adversity and have taken part in the conduct of proceedings under the Company Law in the Courts and before the Company Law Department. Further, it has been my good fortune to have been and to be working with directors who have been upright, conscientious, and anxious to carry out their obligations and duties in the interest of their shareholders and generally in public interest. So far as chairmen of the boards are concerned, I can only say that I have been working under some marvellous persons. I owe a great deal to them.

The Companies Act, 1956, does not define the expression "director." Section 2(13) merely describes a director, as including any person occupying the position of a director by whatever name called. Sub-section (30) of the same section defines the word "officer." It is also an inclusive definition and not a precise one. The word "officer" is said to include, amongst others, any director, including a director of the managing agents or of the secretaries and treasurers if a corporate body, or the director of a secretary if the secretary is a body corporate. The Act, therefore, equates in a measure a director with an officer. A director is clothed with three characters. He is an agent, a trustee, and an employee in the sense that, in his office are contained some of the characteristics of agents, trustees and employees.

Definition

Since the Companies Act itself does not define a "director," we must look to the textbooks, commentary cases, and also to what we see every day around us in regard to the characteristics of directors. We must also see what are the powers given to directors under the Act which regulates Company Administration in India or otherwise. Guidance is had from Section 291 of the Act, which provides that, subject to the provisions of the Act, the board of directors of a company shall be entitled to exercise all such powers and to do all such acts and things as the company is authorised to exercise and do. The subsequent Sections 292 onwards restrict or regulate the powers which could be exercised by a board. In some cases, the procedure whereby they could exercise such powers is defined: for example, the power to make calls; the power to issue debentures; or to borrow moneys otherwise than on debentures; the power to invest the funds of the company and the power to make loans. Such powers have to be exercised at board meetings, unless delegated in a particular manner to particular persons.

Then, there are restrictions on the exercise of powers such as that the board of a public company or a subsidiary thereof cannot sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company, or remit or give time for the repayment of any debt due by a director; or invest (otherwise than in trust securities) compensation received in respect of compulsory acquisition; or borrow moneys beyond the aggregate of the paid-up capital of the company and its free reserves; or contribute to charitable and other funds not directly relating to the business of the company, beyond the limits of Rs. 25,000 or 5 per cent of the average net profits during the three financial years immediately preceding the donation except with the consent of the company.

An Act of the English Parliament passed in 1844 described directors as "the persons having the direction, conduct, management or superintendence" of a company's affairs. This definition brings out the essence of what a director is and recognises two or rather three important matters. One is that a company is an artificial person made up of an aggregate of persons, who, in the total, make up the artificial person recognised by law and capable of doing almost all of the things a natural person can do. The second matter is that a company, being an artificial and not a natural person, can act effectively only through agents and that agency, being the board of a company is expected to function as a whole and an individual director has in law, apart from delegated powers, no individual powers to act on behalf of the company.

Main Function

Thus, directors are a special kind of agent, entrusted with the function of controlling the company's affairs and supplying the driving force behind it. How this control can be and is exercised must vary with different companies under different systems of administration and according to the composition of different boards. There must be variations from company to company, from country to country, and also from period to period. Control can be exercised for the good of the company and its shareholders or, as must be publicly admitted with regret, it can be and is in a number of cases exercised adversely to the interest of the company and its shareholders and for the personal benefit of those in control of the company. Control can be exercised in matters of detail or in matters of general policy. By and large, in a well-run and properly organised large public company, control is exercised in the matter of the framing of general policy, in particular, in matters of finance and trade, business or manufacturing policies, also in the choice of the company's main officers, also in ascertainment from those officers how they are carrying out their duties, and, finally, in regard to advising the members on the distribution of profits and matters of policy such as increase of the capital where shareholders' consent is necessary or desirable. If directors tend to do more, the result is, in the case of large companies particularly, disastrous.

It must follow, having regard to the fact that the determining factor in the case of a director is the factor of control, that those who are in effective control of the company's affairs would be deemed its directors whether they are described as directors and nominated or elected as such or they are not. It must also follow that the office of a director, endowed as it is with control, must carry with it responsibilities which could be enforced in accordance with the law. The existence of responsibilities postulates the existence of duties to be performed in accordance with the dictates of good conscience and in accordance with the public conscience. The higher the moral standards of a country or its people, the higher would be the standards of observance of duties and obligations by boards of directors.

Some Distinctions

Directors lay down the policy for observance by the management. It is quite clear that most matters of detail or of minor importance have to be and are left to the executive. Policy decisions would be those decisions of major importance which are intended to be laid down to determine and guide the activities of the company. But this is an easy definition. In practice, much would depend upon the chairman and the directors of a particular company as to what they consider to be matters of policy. Here, one has to differentiate between a director who is, what I may call, a *pure director*, that is a director not connected with the company in any other capacity, and a director having some interest in the company and connected with it as, for instance, a managing director. This distinction is drawn by the well-known commentator, Mr. Read.

There is also another distinction made by Mr. Read. He distinguishes between full-time directors, on the one hand, and other directors, on the other. He divides the full-time directors between *operational directors* and *functional directors*. Operational directors are those responsible for some particular part of the business of a company which is sometimes carried out by a subsidiary company or a division of the company itself. Functional directors are those responsible for an activity which extends to all the operating units such as finance, accounts, personnel management, etc. To sum up, the theory of the law (except as amended by statute) is that the board of directors are collectively entitled to exercise all or any of the powers of the company which are not expressly vested in the shareholders either by the law governing companies or by the Articles of Association of the company or for the exercise of which no special sanction or permission of the Government is required.

It follows, in strict theory, that the powers vested in the directors may, except as aforesaid, be exercised even without interference from the shareholders and that, in a number of cases (apart from Sections 397 and 398), the shareholders cannot overrule the board and thereby set aside the decision taken by the directors. In theory, the rights of shareholders are confined to their taking action open to them under the law and the Articles of Association such as removing directors and replacing them with others who are more willing to fall in with their views. In the alternative, the shareholders can express their dissent from a particular course of action by a vote of no confidence in the board or by not passing the report of the directors or the balance-sheet and profit and loss account at an annual general meeting of the company. In the last resort, the shareholders could go to the law courts for redress.

This was the law and, to a considerable measure, still is the law, though now there are specific provisions in our Companies Act of major importance for interference from or regulation by Government authorities and/or by the courts and now by a Tribunal under the amended law. Whatever the prescribed procedure for the time being be, there has always been a right to take steps at law for the enforcement of the obligations and duties of directors.

An Incorrect Rationale

The strong criticism that is at present focussed on directors and business, particularly big business, is based on the assumption that they always tend to act in their own interests which is necessarily incompatible with the interests of shareholders and of the public generally, and that, since the existing law does not provide remedies, it is necessary for the legislature to intervene.

It is also urged that the provisions of the law, especially those entitling directors to act on behalf of the company, and the right of the board to appoint additional directors and alternate directors, render the boards self-perpetuating and all-powerful bodies enabling them to act contrary to the interests of shareholders and the public. The general answer has been given in England by the Cohen Committee, which stated that it was satisfied by the evidence that was placed before it that a great majority of limited companies there, both public and private, were honestly and conscientiously managed. Having regard to my own experience on boards and the knowledge that I have gathered about the administration of the affairs of large-scale companies, I think that, in India too it will be found, if an inquiry is made, that the majority of public limited companies with large shareholdings (especially when there are no particularly large controlling interests) are reasonably honestly managed in the interest of their shareholders. The existence of undesirable elements in company managements and also the existence of certain practices of an undesirable nature are not ruled out. If it is possible, such elements should be weeded out. But the question is whether it is possible and fair to enact legislation on a basis applicable to all companies and if so to what extent such legislation should go.

I am definitely of the view that, in the circumstances our country is in today, the most suitable method of rapidly industrialising the country is by not restricting private enterprise. Lack of capital, the vastness of our population and the desirability of speed do make out a case for the public sector in certain spheres. But so long as private enterprise holds its present legitimate and proper place in the economy of the country, it would be unnecessary and, indeed, dangerous to introduce new and mostly untried schemes for dealing with what should be the comparatively few cases of abuse of power by directors resulting in deliberate mismanagement of the affairs of companies under their control for personal or dishonest ends. Out of the several thousands of companies working in India, it would not be fair to their directors to be placed under restrictions some of which are irksome and result in delays because some directors have been found to be erring. By and large, all over the world, it is the institution of corporate existence that has been found to be providing the only systematised and appropriate method of mobilising the finance and other resources of a country for the purposes of industry and trade and also to run such industry or trade on proper lines with a view to making profits and distributing them to shareholders in their interest as well as in those of the country itself.

It must, at the same time, be recognised that, in India, the base of shareholding is extremely limited and there is rightful insistence on shareholding in new ventures being as broadbased as possible. The larger the company, the more is the finance required and it must follow that the number of shareholders should be as large as possible, and that there should be means and methods whereby shareholders can know and enforce their rights.

(To be continued)

Note: The author of this article is a well-known solicitor and an authority on Company Law.

MAHARASHTRA *VERSUS* WEST BENGAL

FACTORS BEHIND ECONOMIC GROWTH

By A Special Correspondent

LEADING industrialists of Calcutta have lately expressed concern at the slower rate of economic growth of West Bengal as compared with Maharashtra. This matter was referred to by Mr. K. K. Birla in his presidential address to the West Bengal Business Convention in March this year. Mr. Hari Shankar Singhania also dealt with this question in his presidential address to the annual general meeting of the Bharat Chamber of Commerce in Calcutta on 17th April 1964. He gave three reasons for the faster progress of Maharashtra in relation to West Bengal.

In the first place, Maharashtra has drawn up its State Plan in a comprehensive manner, demarcating the spheres of development for the public sector and the private sector. But, according to Mr. Singhania, "neither the second nor the third Plan of West Bengal envisages a total Plan for the State, composed of investments and developments in the public and private sector. This comprehensive attitude on the part of Maharashtra in drawing up its State Plan has geared up the motive force of development in that State."

The second factor is the relatively higher ratio of private investment in the second and the third Plans of Maharashtra. In the second Plan, investment in the private sector was Rs. 572 crores against a total investment of Rs. 764 crores or 75 per cent. In the Third Plan, private investment in Maharashtra is estimated at Rs. 820 crores in a total of Rs. 1,245 crores or 66 per cent. "These investments," said Mr. Singhania, "are to be viewed in the context of an all-India ratio of 60:40 in the public and private investments. It is obvious that Maharashtra reversed the whole all-India ratio proportion between public and private investments, and with good dividend to the State as a whole."

The third factor mentioned by the President of the Bharat Chamber of Commerce was the ability of Maharashtra to attract more private capital. During the second Plan period, Maharashtra was able to attract nearly 19 per cent of the total private investment in the country. In the third Plan, out of an all-India total of Rs. 4,100 crores of private investment (including that in agriculture), Maharashtra's share is expected to be about 20 per cent.

Commenting on these trends, Mr. Singhania said: "This amply indicates that the climate for private investment in Maharashtra has been more congenial than has been the case in our State. By citing the performance chart of Maharashtra, it is not my intention to draw any picture of economic equation, but I will certainly submit that Maharashtra's achievement should prompt us to make a thorough study of the factors that have choked our momentum for a comparable growth. No data are available regarding the private and public investment ratio in West Bengal. Any specific projection, therefore, is not possible, but I will urge the State Government to assess the situation in all seriousness."

Mr. K. K. Birla also dwelt on this aspect in his presidential address to the annual general meeting of the Indian Chamber of Commerce on 8th May 1964. He said that there were signs to show that West Bengal was losing its primacy as an industrial State and that its rate of growth was poorer as compared with that of Maharashtra. He gave the following facts to support this view:

> "The peak load requirement of power in West Bengal in 1961-62 was 627 MW when the corresponding requirement in Maharashtra was 569 MW. But, in 1964-65, the peak load requirement in West Bengal is estimated at 894 MW, whereas in Maharashtra it is estimated at 992 MW. The number of industrial licences issued to entrepreneurs in West Bengal during the period January, 1962 to January 1964 was 360. The corresponding figure for Maharashtra was 548. From the reports of the financial institutions also, it is clear that the demand for loans these days is greater from Maharashtra and other parts of the country than from West Bengal."

Although the rate of growth in West Bengal has been slower of late, that state of course still continues to occupy a place of prominence in the India's industrial economy. According to the Indian Chamber of Commerce, Calcutta, West Bengal's share in the total production of jute goods in India in 1963 was about 95 per cent, finished steel 30 per cent, enamelware 70 per cent, soap 31 per cent, whitewares (crockery) more than 50 per cent, razor blades 92 per cent, coal 29 per cent, tea 25 per cent, electric fans 87 per cent, radio receivers 31 per cent, paints and varnishes 49 per cent, sewing machines 80 per cent, rubber footwear 74 per cent, electric lamps 56 per cent, paper and paper boards 21.5 per cent and railway wagons 78 per cent.

The following table compares the position of West Bengal and Maharashtra in regard to general and electrical engineering industries as of 1961:

	West Bengal	Maharashtra	India
No. of factories	304	318	1,230
Productive capital (Rs. crores)	91	80	289
Persons employed ('000)	127	97	414
Gross output (Rs. crores) ..	136	103	409
Net value added by manufacture (Rs. crores)	47	32	134

In the field of chemicals, however, Maharashtra leads over West Bengal as will be seen from the following table, showing the position as of 1961:

—	West Bengal	Maharashtra	India
No. of factories	70	126	403
Productive capital (Rs. crores)	27	76	256
No. of persons employed ('000)	21	33	115
Gross value of output (Rs. crores) ..	39	102	251
Net value added by manufacture (Rs. crores)	11	35	77

It is encouraging to find that prominent industrialists in Calcutta have drawn the attention of the authorities to the need for accelerating the economic growth of West Bengal. Adequate electricity at cheaper rates, better facilities for transport and communications, improvement of the Calcutta port, and cordial employer-employee relationship—these are some of the major requisites for speeding up West Bengal's development. The State Government is no doubt fully conscious of its responsibility in this respect but it cannot, by its own efforts, do much without the active co-operation of the Centre. Unless the fiscal policy of the Government of India is suitably modified so as to remove the disincentives, it will be difficult to enthuse entrepreneurs to invest more in expanding the existing units or in setting up new ones.

TRENDS IN REAL AND MONEY WAGES

HIGHER WAGES NEUTRALISED BY RISE IN PRICES

WAGES occupy so central a place in industrial relations that no labour policy which does not take into account the level and trend, over a period of time, of real and money wages of workers can be described as realistic, nor can it ever hope to gain even the acquiescence of workers, let alone their support, which is so very essential for its successful implementation. The authors of the First Five-year Plan had laid down, as a broad guideline, that (1) all wage adjustments should conform to the principles of social policy, (2) disparities in income should be reduced to the utmost extent, and (3) that claims of labour should be dealt with liberally in proportion to the distance which the wages of different categories of workers have to cover before they attain the living wage standard. A continuous study of the trends in real and money wages is important in order (*a*) to judge periodically as to what extent these objectives are being realised, (*b*) to enable a critical evaluation of the wage policy, and (*c*) and to make such changes and modifications as are necessary to further the aforesaid objectives. In the context of the persistent demand for higher wages by workers on the ground that prices and cost of living are increasing day by day and the controversy whether wages have kept pace with productivity, studies of the trend of wages are especially important because they help to test the accuracy of the claims made in respect of wages, production and productivity.

Two Plan Periods

A study of the trends in money and real wages during the decade 1951-61, broadly covering the First and Second Plan periods, published in the latest (April 1964) issue of the *Reserve Bank of India Bulletin*, throws some revealing light on this vitally important subject. The author of the study is Dr. H. B. Shivamaggi of the Division of Planning and Special Studies of the Economic Department of the Reserve Bank of India. The study indicates the overall trends in money and real wages in India during 1951-61, the trend of wages in major industries and the State-wise trend of real and money wages during the period.

Tracing the broad trend of wages prior to the First Plan, the author of the study points out that, generally the levels of money wages do not tend to decline, except under severe economic depression. Even prior to the beginning of the First Plan, money wages had shown a more or less continuous rise. Thus, between 1939 and 1950, the index number of average annual money wage earnings per worker in factories and mines recorded a rise of 234 per cent and 292 per cent, respectively. But, as a result of the acute rise in the prices of consumer goods after 1939, on account of the war, the real wages of factory and mine workers had suffered an erosion. However, though the prices continued to rise even after 1948, the downward trend in real wages was arrested and they started rising as the increase in money wages more than compensated for the rise in the cost of living. It was only by 1953 that the real wages of factory workers reached the pre-war level. Thus, on the eve of the First Plan, the real wages were below the pre-war level and, naturally, the Plan's first objective was to restore the pre-war real wage level.

Price Situation

The price situation during the First Plan period was favourable from the point of view of labour. At the same time, money earnings also showed a significant rise, particularly in the case of mine workers, following the enactment of the Minimum Wages Act in 1948 and the increase in the bargaining power of labour as a result of the coming into power of the Congress Party, which was pro-labour, and the effective and extensive organisation of the trade union movement. Consequently, real wages registered a considerable increase. The average annual money wages per worker continued to rise during the Second Plan period also. But, since the consumer price index recorded a rise of 18 per cent between 1956 and 1960, the level of real earnings of factory workers showed a fall during the first four years of the Second Plan, as compared with 1956. It was only in 1961 that the 1956 level of real wages was restored as a result of a 6.2 per cent rise in the level of money wage earnings during 1961, as against a rise of only 1.7 per cent in the consumer price index. In the case of mine labour, however, the real earnings continued to show a rise as the increase in money wages, particularly of coal miners, was higher than the rise in prices of consumption articles.

The following table indicates the trend of consumer prices, employment, average annual money and real wages per worker in factories and mines during the period 1951-61:

(Base: 1951=100)

Year	Price	Employment		Money wage per worker		Real wage per worker	
	Consumer price index number	Factories	Mines	Factories	Mines	Factories	Mines
1952 ..	98	104	102	107	106	109	108
1953 ..	101	102	103	108	106	107	105
1954 ..	96	104	104	108	108	112	113
1955 ..	91	107	108	113	110	124	121
1956 ..	100	117	115	115	144	115	144
1957 ..	106	122	119	121	160	114	151
1958 ..	111	123	118	119	171	108	154
1959 ..	115	125	113	122	183	106	159
1960 ..	118	129 (P)	119	130 (P)	190	110 (P)	161
1961 ..	120	135 (P)	122	138 (P)	198	115 (P)	165

Source: Indian Labour Statistics, 1960 and 1963.
(*P*) Provisional.

An aspect of wage trend which deserves to be noted is that the real wages of factory workers have been fluctuating from year to year, because money wages are not linked to the consumer price index in the case of a large number of workers. In 1958-59, the latest year for which data are available, wages were linked to the consumer price index in the case of only 41 per cent of the total number of factory workers.

It is evident from the above table that, between 1951 and 1961, the average annual money-wage per factory worker increased by 38 per cent. The *per capita* national income (at current prices) increased during the period by 22 per cent. This broadly means that the lot of factory workers showed a relatively greater improvement, as compared with that of the average citizen. The actual improvement in the workers' lot may not be of the same order as that revealed by the increase in the earnings per worker, in view of the reported increase in the number of dependents per earner and the higher costs of living, especially in urban areas. But there is no doubt that factory workers have fared better by comparison than the average citizen. Reflecting this development, the share of factory wages in national income rose from 2.9 per cent in 1951 to 3.4 per cent at the end of the First Plan (1956) and 4.4 per cent at the end of the Second Plan. As to the share of factory labour (wages and other benefits) in the income originating in factory establishments, it appears that the share declined from 46 per cent in 1951 to 42 per cent in 1961.

Interesting Pattern

A study of industry-wise trends in money and real wages reveals some interesting patterns. Money wages per worker in the textile (cotton, silk, jute and woollen) industry, which accounts for one-third of the labour force in the organised industrial sector, increased by 39 per cent during the period 1951-61 and real wages rose by 16 per cent, that is, by about the same rate as in the case of the factory sector as a whole. During this period, production recorded a rise of 17 per cent only, while employment showed a nominal rise; actually, there was a small decline in employment during the Second Plan period, as compared with the First Plan, thanks, perhaps, to the steps taken towards rationalisation.

In the basic metal industries, in which iron and steel industry forms the major sector, real wages recorded a nominal rise of 5 per cent between 1951 and 1961. But real wages actually recorded a decline during the Second Plan period, though money wages continued to rise. Production and employment, on the other hand, increased by 137 per cent and 47 per cent, respectively. The difference between the increase in production and employment is an indication of the improvement in productivity brought about by the increasing capital intensity in this growing industry.

In the mining sector, between 1951 and 1961, money wages and real wages increased by 98 per cent and 65 per cent, respectively, as compared with the rise of only 38 per cent and 15 per cent in factories taken as a whole. In coal mining, the rise in money and real wages was spectacular—115 per cent and 79 per cent respectively. This steep rise in wages of coal miners indicated that their wages, which were lower earlier, were catching up with wage levels of other industrial labour.

In the transport-equipment industry (railway workshops, motor vehicles and ship-building, etc.) which accounts for one-tenth of the industrial labour in India, employment increased by 73 per cent between 1951-61, while real wages per worker rose by 28 per cent. Money wages per worker showed a rise of 54 per cent. There was an improvement in wages during the First Plan period and, despite a fall during 1957-60, the wage level at the end of the Second Plan was higher than that at the end of the First Plan.

In the chemical industry, which employs one per cent of the total factory labour in the country, money wage rose by 56 per cent during the period 1951-61, as compared with the rise of 38 per cent in the case of factory workers as a whole, and real wages recorded a rise of 30 per cent, as against a rise of 15 per cent for factory labour as a whole. At the same time, employment and production rose by 62 per cent and 183 per cent, respectively. In the printing industry, there was a moderate rise in the money index during the First Plan period, whereas, during the Second Plan period, it remained more or less unchanged, with the result that the real wage index declined from 111 in 1956 to 97 in 1960, though it rose to 103 in 1961. In the paper industry, employment increased by 50 per cent between 1951 and 1961, while money and real wages increased by 35 per cent and 13 per cent, respectively. During the said period production increased by 172 per cent.

To sum up, rise in money wages per worker was found to be considerable in the case of those industries in which wages were relatively low. For instance, in the coal mining industry, the money wage index rose by 115 per cent between 1951 and 1961, whereas the rise was less than 30 per cent in the rubber, printing, basic metal and electrical machinery manufacturing industries. The average annual money earnings per coal miner increased from about Rs. 575 in 1951 to Rs. 1,155 in 1961, the corresponding increase being Rs. 1,325 to Rs. 1,491 in the rubber industry, Rs. 1,052 to Rs. 1,319 in the printing industry, Rs. 1,368 to Rs. 1,506 in the basic metal industry and Rs. 1,238 to Rs. 1,493 in the electrical machinery manufacturing industry.

State-wise Trend

A State-wise analysis of trends in money and real wages indicated that Orissa lead other States in respect of money wage rise between 1951 and 1961. The money wage index for Orissa rose by 70 per cent, while the rise was 34 per cent for West Bengal, 32 per cent for Bihar and Bombay and 21 per cent for Uttar Pradesh. The average annual money earnings per factory worker in 1961 were the lowest in Rajasthan (Rs. 727) followed by the Punjab (Rs. 1,000) and Andhra Pradesh (Rs. 1,098). The earnings per worker were the highest in Maharashtra (Rs. 1,636), followed by Gujarat (Rs. 1,617), Delhi (Rs. 1,495) and Bihar (Rs. 1,484).

As regards the State-wise trend of real wages, it was noticed that there was a relatively large rise in real wages in the major States during the First Plan period mainly as a result of fall in prices of consumer goods. During the Second Plan period, there was a fall in the level of real wages in Bombay, Uttar Pradesh, West Bengal and Bihar.

The study reveals that though the average annual money wage per worker had shown a rising trend even before the beginning of the First Plan, the real wages of factory workers reached the pre-war level only in 1953 when the increase in money wages more than compensated for the rise in cost of living. The price situation during the First Plan period, as compared with the Second Plan period, was favourable to workers whose average annual money earnings had shown a rise of 15 per cent and 44 per cent in the case of factory workers and mine workers respectively. Following the twin advantages of favourable price situation and rising money wages, real wages also rose. During the Second Plan period though the money wage level of factory workers continued to rise, with the index of money wage reaching 138 in 1961, the real wage level recorded a fall, with the index declining below 115 (the level reached in 1956) during the four-year period 1957-60. It was only in 1961

(*Continued on next page*)

QUALITY CONTROL AND PRE-SHIPMENT INSPECTION

A RESUME OF MEASURES ADOPTED IN INDIA

THE development of India's export trade on a sustained and enduring basis presupposes that the goods meant for export compete effectively in world markets from the point of view of both price and quality. As between price and quality, it is the latter that is more important, for, even if the prices of some items are high, these items can still be sold abroad provided they are up to the quality desired by overseas buyers. One of the common complaints made often by overseas buyers is that the goods imported by them are not up to the quality specified and contracted for by them. This factor has led to frequent commercial disputes in India's export trade with foreign countries. It is, therefore, just as well as that the Committee on Commercial Arbitration (Chairman: Mr. B. T. Merchant), in its report submitted to the Government recently, has laid special emphasis on measures of quality control and pre-shipment inspection of goods sold abroad; a reference to the recommendations made by the Committee has already been made in *Commerce* (*vide* page 828 of issue dated 9th May 1964). The findings of the Committee on this important subject are reproduced below:

Quality of export products plays an important role in the promotion of export trade. Various measures have, therefore, been taken to assure the foreign buyers of the quality of the export products and thereby eliminate a major source of trade disputes. These measures can be broadly divided into three categories. The most important are those that are enforced on a compulsory basis for export products under which certification of quality is invariably done under Government supervision, leaving no scope for any deviation from the standard specifications. Second in importance comes the voluntary measures which are open to the buyers and the sellers to adopt as a part of their export transaction. Under the third category falls such measures or laws requiring production of only pure and standardised products and safeguarding against adulteration; these are applied irrespective of whether the commodities are intended for the home market or for export.

Commodities Covered Already

For quite sometime now, such measures of quality control and pre-shipment inspection are being applied to a number of commodities. We have at present the following agricultural commodities under compulsory quality control and pre-shipment inspection, so that their export is not allowed unless they are tested and certified for their quality:

Sunn hemp.
Unmanufactured tobacco.
Raw wool.
Bristles.
Goat hair.
Lemongrass oil.
Sandalwood oil.
Palmarosa oil.
Black pepper.
Chillies.
Cardamoms.
Myrobalan.
Vetiver oil.
Walnuts.
Cashew kernels.

Similarly, in the field of manufactured products the following commodities are under compulsory certification for quality prior to their exports:

Aluminium utensils.
Plywood panels for tea chests.
Salt.

Textile fabrics known as "bleeding Madras" and Etawah bedspreads.

Silk and synthetic fabrics (where these are exported under export promotion scheme).

The second category of quality control measures, namely, those that are adopted on a voluntary basis, cover a variety of products including the following:

Lac.
Mica.
Tanned hides.
Coir products.
Certain jute products.
Fisheries products.

The third type of quality control measures which effectively guard against adulteration and sub-standard production extend over drugs and medicines, tea, coffee, and processed foods including vegetable oils.

The measures described above for ensuring the quality of the products have been enforced under different legislative enactments. In respect of agricultural commodities, this certification of quality is done under the Agricultural Produce (Grading and Marking) Act, 1957, and the Rules made thereunder. Similarly, the Cashew Products Export (Grading and Marking) Rules, 1962, regulate the quality certification of cashew kernel for export. The Indian Standards Institution Marks Act, 1962, and the Rules and Regulations made thereunder, regulate the quality of some of the manufactured products prior to their export. The Drugs Act, 1940 and its Rules, and the Fruit Products Control Order, 1955, are other existing legislative measures that regulate the quality of drugs and medicines, etc.

The most notable step taken in recent years to ensure quality of export products has, however, been the enactment of the Export (Quality Control and Inspection) Act in 1963. This legislation now enables the Central Government to (i) notify the export commodities that should be subjected to compulsory quality control prior to export; (ii) lay down the standard specification or specifications to which a commodity must conform before export; and (iii) approve the organisation(s) that should shoulder the responsibility of quality certification. The Cotton Textile Committee Act, 1963, has been enacted to ensure the quality of textile goods and textile machinery.

Trade Disputes

Certification of quality of a product prior to its export under the existing laws has resulted in the number of trade disputes on grounds of quality being reduced. When, with the authority of the Export (Quality Control and Inspection) Act, 1963, more export commodities are brought under compulsory export quality certification, trade disputes in respect of such commodities are expected to be completely eliminated. These two comprehensive legislations provide that standards of quality have to be laid down and in the process of laying down these standards, the requirements of overseas markets are duly taken into consideration, so that the standards provide easily acceptable bases for agreement between the exporters and overseas importers in the matter of supply of goods and remove chances of disagreement or disputes.

Testing Houses

As an integral part of the scheme for ensuring effective quality certifications of products entering the export markets, independent testing of the products has been provided for. Various testing houses and laboratories for specialised testing of individual products are working and new ones are being established. It is planned that a number of such testing houses should function all over the country and provide ready facilities for quality testing of all export products. The role of these testing houses under the scheme of quality control will be that of independent technical institutions. Therefore, their certificates will be both impartial and accurate and should provide a third party guarantee about the quality of the product. It is of particular satisfaction to note that, even where standards and specifications have been laid down, the scheme of certification has not ruled out the procedure of issuing quality certificates according to the specifications desired by the overseas customers. By this the overseas customers and the seller will have a means of coming to an agreement about their wares that should give satisfaction to both.

Already Government efforts including the establishment of AGMARK, by providing impartial quality testing and certification, have reduced commercial disputes on grounds of quality. Similarly, a number of private agencies are doing the work of independent testing with such impartiality and thoroughness that a large number of overseas importers in their purchase contracts ask for quality certificates by such agencies. As more such agencies are set up under the Export (Quality Control and Inspection) Act, 1963, by providing larger scope of independent quality checking and certification, disputes on grounds of quality are expected to be reduced still further. Even where disputes still arise, the independent opinion of testing houses will provide a convenient basis for settlement of such disputes.

* * * *

The Committee on Commercial Arbitration has urged the extension of quality control and pre-shipment inspection to as many export products as possible. In its opinion, the proposed extension of testing facilities to all important business centres in India in respect of export products should be expedited. Provision should also be made whereby the testing laboratories, too, can issue certificates that the goods in question are or are not in accordance with the specifications of the contract and not merely in regard to some general standards. The ITEX certificates, it is emphasised, should be in accordance with the specifications laid down by the foreign buyers and the Government should try and provide a clause in all the trade agreements with the foreign countries that such a certificate should be accepted by the arbitral bodies. If that is not possible, the Committee suggests, a procedure should be evolved whereby there would be pre-shipment inspection of the goods in collaboration with the foreign buyers to avoid any dispute.

ZAGREB TRADE FAIR

The Government of India has decided to organise participation in the forthcoming Zagreb International Autumn Fair, scheduled to be held at Zagreb in Yugoslavia from 5th to 20th September next. Yugoslavia negotiates a large percentage of its annual purchases on the occasion of the Fair and the adjacent State trading countries also take advantage of the Fair to negotiate considerable "on-the-spot" business. Indian exporters and manufacturers can avail of the attractive trading opportunities offered by India's trade agreement with Yugoslavia and of the liberalised import regulations which have been in operation in that country for the last two years. The intention of the Government is to project an image of the country's developing economy by emphasising the display of light and heavy engineering goods and other non-traditional items of export from India, and thereby to create and develop a market for Indian engineering and other non-traditional goods, besides the traditional and general exportable merchandise, in Yugoslavia and the adjacent countries.

The intending participants are expected to forward a list of exhibits which they wish to display at the Fair to the Director of Exhibitions, Ministry of International Trade, for prior approval, by 16th June 1964, indicating against each item the quantity and value, the area likely to be required for display, and the approximate gross and net weight and volume of the packages containing the goods. The approved exhibits will, thereafter, have to be delivered to the Government's forwarding and shipping agents, Messrs. Mackinnon Mackenzie and Co. (P) Ltd., Ballard Estate, Bombay by 30th June.

It would be advisable to send adequate quantities of explanatory literature about the goods to be displayed and some trade samples for free distribution in the Fair to help ancillary publicity to the concerned industry. The literature sent is expected to be well-produced and of a quality acceptable in the international market. The quantity of free samples proposed to be enclosed with the exhibits has to be indicated in the list of goods sent for approval to the Director of Exhibitions.

The intending participants are also advised to state, while sending the goods, their wholesale c.i.f. prices in Yugoslavia, period required for supply, quantity that could be supplied during a specified period and other business terms, in order to facilitate the handling of trade enquiries on their behalf in the Fair.

The Government of India, after a careful examination of the factors hampering the development of mica exports and with a view to improving exports and increasing foreign exchange earnings, has decided to bring mica under compulsory pre-shipment inspection with effect from 1st July 1964. It has further decided that the Mica Export Promotion Council, Calcutta, will be the competent agency to carry out the pre-shipment inspection and issue the necessary certificate for quality.

The Railway Board has decided to allow a concession of half the tariff rates for milo received as a free gift from the U.S. when booked from stations in Bombay area to scarcity affected areas of Rajasthan. These consignments are required to be booked by the Regional Director (Food), Bombay, to an official of the Rajasthan Government and certified that they are intended for free distribution.

(*Concluded from previous page*)

that the 1956 level of real wages per factory workers was restored.

The fall in real wages, in spite of the continuous increase in money wages, indicates that, unless the price line is firmly held, increases in money wages would be neutralised by rise in prices. The failure of the Government to ensure price stability explains the fall in real wages during most part of the Second Plan period. An important point that should be borne in mind is that the foregoing study does not take into acccunt the non-monetary elements (the so-called fringe benefits) such as the cost of social security schemes designed to benefit workers. Since fringe benefits account for a progressively increasing share of the total wage bill, they should also be regarded as part of the workers' gains. It will, therefore, be appreciated that, actually, workers have benefited more than what the statistics of money and real wages quoted above indicate.

SETBACK FOR DALMIA CEMENT

TAX SAVING HELPS MAINTAIN DIVIDEND

AN all-round setback has been reported by Dalmia Cement (Bharat) Ltd. (Managing Agents: Messrs. Hari Brothers (Private) Ltd., Dalmiapuram, Madras State) for the year ended 31st December 1963. Cement production and despatches have been substantially lower at 461,000 tonnes and 462,000 tonnes, as compared with the all-time peak figures of 495,000 tonnes and 502,000 tonnes, respectively, reached in the previous year. Clinker production, too, has come down from the peak level of 458,000 tonnes in 1962 to 455,000 tonnes during the year under review. Proceeds of sale and self-consumption have dropped from Rs. 517.83 lakhs to Rs. 464.59 lakhs and gross profit has receded from Rs. 146.62 lakhs to Rs. 134.05 lakhs. This rather poor show, which looks all the more poor as it contrasts with the best performance so far in the previous year, has come about in spite of two favourable factors having come into operation during the year. One is the increase of Rs. 2.75 per tonne allowed by the Government in the ex-works retention prices of cement from 1st June 1963. The other is the receipt of Rs. 27.77 lakhs, being the bulk of the payment of coal freight subsidy due from the Government under the scheme introduced for subsidising the movement of coal by sea from 1st May 1961. The payment was received following the introduction of a simplified formula for computing the subsidy in February 1963. However, since the share of profit from the partnership firm—Dalmia Magnesite Corporation—has declined from Rs. 24.67 lakhs to Rs. 11.59 lakhs, the effect of this large receipt of subsidy has been neutralised to a considerable extent.

The fall in production and despatches alike has been due largely to the stoppage of one of the cement mills for repairs. The shortage of gypsum also adversely affected production. The increase in retention prices does not fully cover the incidence of various levies imposed before it was granted. Besides, production costs have gone up further, because of a higher pit-head price of coal and surcharge on electricity. The surcharge on railway freights proposed in the Railway Budget for 1964 will further raise the costs. Increases have also been recorded in the cost of production of potteries and iron ore. Yet another factor which has affected the Company's results is the unrealistic formula adopted by the Government for computing packing charges for cement, which has put it to a substantial loss.

The following table compares the progress made by the Company in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sales and self-consumption ..	464.59	517.83	410.77	391.62
Other income	48.85	33.77	26.02	16.82
Closing stocks	31.88	28.81	45.88	30.22
Materials, stores and spare parts consumed	55.88	54.08	42.17	42.21
Power and fuel	129.17	121.13	106.46	73.41
Staff expenses	75.79	69.64	62.84	54.06
Royalty and cess	8.26	5.48	7.56	8.07
Other expenses	113.36	137.58	149.39	143.44
Gross profit	134.05	146.62	84.03	83.86
Managing Agents' remuneration	6.69	7.58	4.90	5.26
Provision for—				
Depreciation	20.30	22.23	23.85	26.07
Taxation	50.50	70.50	24.00	19.50
Net profit	56.56	46.31	31.28	32.02
Withdrawals from reserves ..	1.91	—	—	2.26
To reserves	31.86	21.18	6.73	9.33
Dividends:				
Preference	5.10	4.80	4.80	4.80
Ordinary	20.82 (12%)	19.92 (12%)	19.92 (12%)	19.92 (12%)
Deferred	0.60 (12%)	0.60 (12%)	0.60 (12%)	0.60 (12%)
Carry forward	—	—	0.19	0.97

Market price of ordinary shares (in rupees)	1964	1963	1962	1961	1960
High	13.44	13.76	14.20	12.88	12.68
Low	11.36	12.00	11.76	10.90	11.00

Whereas the gross profit shows a setback of Rs. 11.57 lakhs, the net profit has improved a little by Rs. 10.25 lakhs to Rs. 56.56 lakhs due to a cut in the essential provisions, more particularly the tax provision which shows a saving of Rs. 20 lakhs at Rs. 50.50 lakhs on account of the replacement of S.P.T. (which had claimed Rs. 14.50 lakhs in the previous year) by the Sur-tax and concessions in super-tax allowed to industries engaged, *inter alia*, in the production of cement, refractories and iron ore. This tax saving has enabled the Directors to maintain the dividend on the 10-rupee ordinary shares at 12 per cent per annum, subject to tax, especially because, keeping in view the advantages flowing from a strong reserve position under the current taxation policy, they have ploughed back to reserves a larger net sum of Rs. 29.95 lakhs (after allowing Rs. 1.91 lakh withdrawn from development and rehabilitation reserve) as compared with Rs. 21.18 lakhs a year before. The preference, ordinary and deferred dividends, which absorb in all Rs. 26.61 lakhs, are to be paid from a dividend reserve of Rs. 26.78 lakhs created out of the year's profit. The preference and ordinary dividends show a small increase in the total distribution because both the paid-up preference and equity capital have gone up from Rs. 61.58 lakhs to Rs. 66.57 lakhs and from Rs. 166 lakhs to Rs. 173.50 lakhs, respectively, following the issue of shares to the outside shareholders of the Magnesite Corporation of India Ltd. after the Company acquired it as a wholly-owned subsidiary from 1st January 1963. It is now proposed to amalgamate it with the Company.

Sales of iron ore for export during the year under review declined from 150,000 tonnes to 114,000 tonnes due to a virtual suspension of supplies to the S.T.C. from March to August 1963, when the terms of the new contract with the S.T.C. were settled. Under the present contract with the Minerals and Metals Trading Corporation of India Ltd. (which has taken over the iron ore business from the S.T.C.), the Company will have supplied by the end of the current month a quantity of 80,000 tonnes of ore. It expects to receive a fresh contract from the Corporation for the supply of about 170,000 tonnes of high grade iron ore for export to Japan against the Corporation's contract for the exports of such ores in 1964-65. The Company hopes that negotiations between the Corporation and the Japanese buyers will end the uncertainty under which exports have suffered. In the meantime, it is continuing to finalise plans for expansion of its mining activities.

The kiln for manufacturing magnesite clinker, which had been suspended in October 1963 because of poor demand, has been restarted this year and ways and means of stepping up sales and also making exports are under consideration.

The Company has obtained the services of Yugoslav experts to study and improve the production facilities and quality of pottery goods, as growing competition has resulted in a fall in despatches and the section has been unable to make any profit during the year under review.

Dalmia Cement Ltd., a subsidiary of the Company, earned a lower net profit of Rs. 8.54 lakhs as compared with Rs. 13.47 lakhs in the previous year. On account of the persistent increase in production costs, the subsidiary was compelled to raise its ex-works selling price of cement from 1st July 1963 by Rs. 7 per ton for sale to the public. The question of increase in the price of supplies to Government is still pending with the authorities concerned. Progress in the implementation of the agreement regarding the sale of the assets in Pakistan has been slow on account of the time taken by the purchaser in arranging a satisfactory bank guarantee in terms of agreement. The value of the assets as at 30th September 1962 shall be the basis for the transfer. The Company is, however, entitled to interest at 6 per cent per annum on the sale price with retrospective effect from 1st October 1962.

The Company's paid-up capital of Rs. 245.07 lakhs, comprising Rs. 66.57 lakhs in preference shares, Rs. 173.50 lakhs in equity shares and Rs. 5 lakhs in deferred shares, is supplemented by Rs. 117.25 lakhs in reserves and surplus after excluding, Rs. 26.61 lakhs required for meeting the year's dividend liability. Bank loans and other borrowings are shown at Rs. 188.04 lakhs (Rs. 173.39 lakhs a year before) and, together with current liabilities and provisions (including the dividend liability), the total of short-term indebtedness is Rs. 393.53 lakhs. This indebtedness is quite amply covered by liquid assets aggregating Rs. 569.48 lakhs, of which Rs. 185.36 lakhs comprise current assets, Rs. 191.87 lakhs book debts and Rs. 191.75 lakhs investments, out of which those quoted are shown at Rs. 27.64 lakhs against their market value of Rs. 28.41 lakhs. The gross block of Rs. 334.46 lakhs (Rs. 314.38 lakhs a year before) has been written down to Rs. 182.76 lakhs. Capital work-in-progress is shown separately at Rs. 4.37 lakhs.

Currently quoted at Rs. 13.24 *cum-div.*, the Rs. 10 fully paid ordinary shares of the Company fetch a net yield of no less than 7.8 per cent per annum.

(*Concluded from next column*)

Rs. 155.86 lakhs and current liabilities and provisions to Rs. 91.54 lakhs, bringing the total indebtedness to Rs. 247.40 lakhs. On the assets side, current assets and book debts are shown at Rs. 240.57 lakhs and investments at Rs. 42.90 lakhs, of which Rs. 14.13 lakhs are in quoted scrips with a market value of Rs. 21.71 lakhs. The gross block, which has increased during the year from Rs. 308.90 lakhs to Rs. 354.44 lakhs, has been written down to Rs. 214.93 lakhs.

The Rs. 100 fully paid ordinary shares of the Company are currently quoted at Rs. 163.75 *cum-div.* and offer a net yield of 6.2 per cent per annum.

ALEMBIC FARES WELL

SAME DIVIDEND CLAIMS MORE

THE progress made by the Alembic Chemical Works Company Ltd. (Managing Agents: Messrs. Rayuma Services, Baroda) during 1962 after the setback suffered in 1961 due to some operational defects continued further during past calendar year. Net sale proceeds (that is, excluding the excise duty paid) have improved from Rs. 327.94 lakhs to Rs. 383.90 lakhs, showing an increase of over Rs. 121 lakhs as compared with the 1961 level of Rs. 262.03 lakhs. Gross profit, up by Rs. 13.68 lakhs to Rs. 73.23 lakhs over the year, marks a substantial rise over the 1961 figures of Rs. 41.68 lakhs. A straight look at these figures gives the impression that the increase in both the turnover and profit during 1963 does not compare quite favourably with that in the previous year. But such an impression is exaggerated by the fact that the 1962 figures are compared with the rather poor results in 1961. A more relevant point than such an impression is that the Company has been able to make continuous progress.

In spite of the further rise of Rs. 13.68 lakhs in gross profit, the tax provision has increased by only Rs. 4.25 lakhs to Rs. 20.50 lakhs, as against by Rs. 8 lakhs to Rs. 16.25 lakhs a year before. This relatively small increase in the tax liability is due possibly to the fact that the Company has been able to claim a substantial development rebate allowance as witness the higher allocation of Rs. 7.92 lakhs to development rebate reserve as compared with only Rs. 4.66 lakhs a year before. Further, no surtax liability is expected in respect of the year's profit. But, after the concessions announced in the S.P.T. Bill, no liability for S.P.T. was expected in the previous year. With the provision for depreciation raised from Rs. 20.88 lakhs to Rs. 23.36 lakhs and that for Managing Agents' commission also from Rs. 2.80 lakhs to Rs. 3.48 lakhs, the net profit is Rs. 25.89 lakhs, showing an improvement of Rs. 6.27 lakhs or 32.1 per cent.

Out of this profit, no less than Rs. 11.92 lakhs (as against Rs. 12.66 lakhs in the previous year) have been ploughed back to reserves. The dividend on the 100-rupee ordinary shares has been maintained at 12 per cent per annum, to which level it was reduced in the previous year following the issue of right and bonus shares from 14 per cent paid for 1961. But since the 1963 dividend is for a full year on the new capital issued in the previous year, the total amount absorbed by it has gone up from Rs. 13.87 lakhs to Rs. 17.34 lakhs. The surplus carried forward is Rs. 16,265, as against Rs. 82,961 brought in.

The following comparative table mirrors the Company's progress from 1960:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sales proceeds, less excise ..	383.90	327.94	262.03	254.57
Other income	9.04	8.20	4.99	4.41
Closing stocks	62.39	44.96	48.01	30.40
Materials and stores consumed ..	213.82	164.83	148.74	136.68
Excise duty	25.83	25.35	21.87	6.36
Other expenses	123.31	108.71	94.22	82.30
Gross profit	73.23	59.55	41.68	46.75
Managing Agents' commission ..	3.48	2.80	1.69	3.12
Provision for—				
Depreciation	23.36	20.88	18.05	12.52
Taxation	20.50	16.25	8.25	10.20
Net profit	25.89	19.62	13.69	20.91
Withdrawals from reserves and provisions	3.54	8.13	4.14	—
Transfer to reserves	11.92	12.66	4.58	7.16
Dividends—				
Preference	0.83	0.87	0.87	0.87
Ordinary	17.34 (12%)	13.87 (12%)	13.07 (14%)	11.90 (14%)
Carry forward	0.16	0.83	0.48	1.17

Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	170.00	186.25	285.*cr*	288	300
Low	157.50	155.00	185.*cr*	220	202

The birth centenary of Dr. T. K. Gajjar, one of the founders of the Company, fell in the year under review. To commemorate his memory, the Directors have instituted a Chair in Microbiology, to be called "Prof. T. K. Gajjar Chair in Microbiology," at the M.S. University of Baroda. A donation of Rs. 60,000 in cash and of the right to subscribe for 600 ordinary shares of the Alembic Glass Industries Ltd., to which the Company was entitled, was made to the University for the purpose of instituting this chair.

The paid-up of the Company is unchanged at Rs. 159.50 lakhs comprising Rs. 15 lakhs in three classes of preference shares and Rs. 144.50 lakhs in equity shares. It is backed by reserves and surplus amounting to Rs. 91.51 lakhs. As against these "own" funds aggregating Rs. 251.01 lakhs, borrowings amount to

(*Continued in previous column*)

PODAR MILLS' PROFIT BETTER

EQUIPMENT MOST MODERN

THE Podar Mills Ltd. (Managing Agents: Messrs. Podar Sons Pvt. Ltd., Bombay) has, during the year ended December 1963, very nearly recovered the ground lost in 1962 in terms of profits. This appears a creditable performance, indeed, especially when the industry's profit-margin has continuously been under pressure. Prices of cotton textiles have remained almost stationary due to voluntary price control, while the cost of production has been going up for various reasons. With the improvement in demand, sales of cloth, yarn and waste by the Company, which had exhibited a steady upward trend in recent years, have risen by almost 10 per cent from Rs. 257.05 lakhs to Rs. 276.12 lakhs, while closing stocks have been well maintained around Rs. 48 lakhs. The cost of raw materials and stores consumed as also other expenses have no doubt increased, the former from Rs. 166.24 lakhs to Rs. 170.63 lakhs and the latter from Rs. 83.02 lakhs to Rs. 89.43 lakhs, but these are merely indicative of increased activity. The gross profit, therefore, stands improved by as much as Rs. 11.09 lakhs at Rs. 27.80 lakhs which is within striking distance of the peak level of Rs. 30.80 lakhs reached during 1961. The profit-margin (ratio of gross profit to sales) has thus improved from 8.5 per cent in 1962 to 10 per cent in the year under review.

Unfortunately, increases in essential provisions have neutralised the major portion of the improvement in gross profit. Thus, the provision for the Managing Agents' commission has risen from Rs. 1.02 lakh to Rs. 1.14 lakh, for depreciation from Rs. 6.40 lakhs to as much as Rs. 13.83 lakhs and for taxation from Rs. 1.00 lakh to Rs. 2.75 lakhs. Even so, the net profit at Rs. 10.08 lakhs is higher by Rs. 1.79 lakh than that for the year before. The Directors have stepped up the plough-back from Rs. 1.25 lakh to Rs. 5.10 lakhs. The ordinary dividend has again been maintained at 12 per cent comprising a dividend of 10 per cent and a special bonus of two per cent, both subject to deduction of tax. This claims, as during the previous year, Rs. 6.60 lakhs, leaving a much reduced carry forward of Rs. 3,646 as against Rs. 1.23 lakh brought in.

The steady progress made by the Company is revealed by the following comparative figures:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sales of cloth, yarn and waste ..	276.12	257.05	223.36	173.60
Other income	12.45	11.49	9.90	5.96
Closing stocks	48.01	48.72	51.29	33.67
Raw materials and stores consumed	170.63	166.24	145.45	116.07
Other expenses	89.43	83.02	79.63	55.04
Gross profit	27.80	16.71	30.80	24.95
Managing Agents' remuneration	1.14	1.02	2.44	1.80
Provision for—				
Depreciation	13.83	6.40	6.73	6.68
Taxation	2.75	1.00	13.50	6.50
Net profit	10.08	8.29	8.13	9.97
Provisions written back ..	1.00	—	—	—
To reserves	5.10	1.25	3.20	1.75
Dividend—				
Preference	0.58	0.58	0.58	0.58
Ordinary	6.60 (D. 10% +B.2%)	6.60 (D. 10% +B.2%)	5.40 (D. 10% +B.2%)	5.40 (D. 10% +B.2%)
Carry forward	0.03	1.23	1.36	2.41

Market price of ordinary shares (in rupees):	1964	1963	1962	1961	1960
High	13.36	14.00	160	160	183
Low	11.76	10.52	113	128	130

There is no change in the paid-up share capital of the Company which therefore continues to stand at Rs. 65.00 lakhs comprising Rs. 10 lakhs in preference shares of Rs. 100 each and Rs. 55 lakhs in ordinary shares of Rs. 10 each. This is supported by reserves and surplus, aggregating Rs. 54.83 lakhs as at 31st December 1963. Secured and unsecured loans, however, show an increase of Rs. 10.60 lakhs to Rs. 55.74 lakhs but current liabilities and provisions at Rs. 54.75 lakhs are lower by Rs. 4.63 lakhs than those a year ago. Current assets and loans and advances are practically unchanged at Rs. 100.46 lakhs and so are investments—mostly in shares of subsidiary companies—at Rs. 42.73 lakhs. The net block on the other hand has risen from Rs. 77.98 lakhs to Rs. 86.56 lakhs and is obtained by reducing the gross block of Rs. 148.89 lakhs by Rs. 62.33 lakhs representing the accumulated depreciation upto 31st December 1963. Additions to the block account during the year were Rs. 24.13 lakhs.

The programme of renovation, modernisation and expansion made further progress during the year under review and 5,400 spindles were added by the Company to its spinning capacity, thereby raising the total spindleage to 38,000. In the current year, the Company has so far spent Rs. 19 lakhs on modernisation and rehabilitation of the Bombay Unit bringing the total amount spent in this direction during the past eight years approximately to Rs. 1 crore. As a result of this, the Company now has 75 per cent of its spinning department with new machinery. The weaving department too has been modernised and the old 196 looms have been completely replaced by automatic looms. The mill is, therefore, now a highly rationalised unit with a very low complement of labour. In order to make itself a self-sufficient unit, the Company proposes to install a modern dyeing, bleaching, finishing, and printing plant at Bombay at a cost of about Rs. 50 lakhs. Besides, it proposes to purchase additional new machinery other than spindles and looms for the Bombay unit at a cost of approximately Rs. 40 lakhs. The Company's subsidiary, the Jaipur Spinning and Weaving Mills Ltd., has also undertaken a substantial expansion programme. Its spinning capacity is to be increased during the current year by an additional 11,200 spindles, thereby increasing its total spindleage to 26,880.

The construction work on the new spinning unit at Jaipur has commenced. Orders have been placed for indigenous machinery like ring frames and card doublers. The Industrial Credit and Investment Corporation has agreed to give a foreign exchange loan of about Rs. 14 lakhs for the import of other machinery such as blow rooms line, fly frames, draw frames, combing equipment, ring doubling frames, doubler winders, etc. This unit, which will have a capacity of 25,000 spindles and which is being built at an estimated cost of Rs. 140 lakhs, is likely to go into production in 1965.

All these various schemes are, of course, going to need considerable finance. Although a part thereof will be met from internal resources and a further part from bank borrowings, there is still likely to remain a gap which will have to be filled up. It is heartening to note that the Company proposes to fill this by raising more permanent capital. As a first step in this direction it is raising its authorised capital from the present Rs. 2 crores to Rs. 4 crores and issuing a further 40,000 first preference shares of Rs. 100 each and 5.50 lakh equity shares of Rs. 10 each. These will be offered by a prospectus to the public but the present equity and preference shareholders will enjoy a preferential right to apply for and be allotted shares applied by them.

The Rs. 10 ordinary shares of the Company are currently quoted at Rs. 12.00 *cum-div.* On the basis of *ex-div.* price, these fetch a net return of 8.7 per cent per annum.

UNILEVER RESULTS

The Boards of Unilever Limited and Unilever N.V. have announced the Companies' consolidated results for the first quarter of the current year. The turnover and sales to third parties in the first quarter of 1964 at £512 million and £401 million, respectively, showed a rise of 10.3 per cent and 9.3 per cent over those for 1963. Profit after taxation was £13.6 million, as against £11.7 million for the corresponding period last year. The consolidated net profit of £13.1 million represented an increase of 19.1 per cent as compared with 1963. After allowing £1 million for payment of preferential dividends of parent companies, the profit accruing to ordinary capital of parent companies stood at £12.1 million, as against £10 million last year, a rise of 21 per cent. The increase in sales in the first quarter of 1964 over those for 1963 is spread over all the main product groups. The edible fats profits were lower following increase in the cost of raw materials which were not immediately reflected in prices. But these lower profits were more than offset by better results in other groups.

SYNOPSES OF COMPANY REPORTS

Assam Match Co., Ltd.

(*Chairman*: Mr. Tulsidas Kilachand, Bombay.)

Annual General Meeting—23rd June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales	2,55,74	2,11,82
Closing stocks	4,57	4,97
Gross profit	28,17	26,80
To depreciation	2,00	1,87
,, development rebate reserve ..	11	6
,, provision for gratuity	79	60
,, ,, taxation	15,98	12,75
Net profit	9,29	11,53
Adjustments	13	1,50
Appropriations:		
Total available balance	9,42	13,03
To transfer to general reserve ..	3,23	Nil
,, additional taxes on 1961 profits	Nil	1,40
,, super profits tax reserve ..	Nil	5,50
Proposed dividend (taxable) ordy. ..	6,00	6,00
	(20 %)	(20%)
Carry forward	18	13

N.B.—Adjustments relate to the balance brought from the previous year.

Extracts from the Directors' report: The trading result of the year has been satisfactory. The factory worked to its full capacity and the sales were also good. Shortage of matches still continues in the country. The Company is negotiating with the Government for permission to expand the manufacturing capacity. The factory and other property of the Company have been adequately maintained.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	30,00,000	Gross block	50,67,241
Reserves and surplus ..	43,28,188	—Depreciation ..	27,77,600
Other liabilities ..	18,72,794	Net block	22,89,551
		Work-in-progress ..	1,04,148
		Investments	5,902
		Other assets	51,85,578
		Cash	16,15,801
Rs. ..	92,00,980	Rs. ..	92,00,980

* Paid up capital consists of 3,00,000 ordinary shares of Rs. 10 each fully paid. Of the above shares 2,49,936 shares have been allotted as fully paid-up by way of bonus shares by capitalising the reserves. 64 shares yet to be allotted as bonus shares. 2,07,000 shares are held by the Swedish Match Co., the holding company.

Devidayal Cable Industries Ltd.

(*Chairman*: Mr. H. T. Aggarwal, Bombay.)

Annual General Meeting—5th June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales	1,26,19	1,15,08
Closing stocks	43,45	31,94
Gross profit	13,94	10,80
To provision for depreciation	3,40	3,15
,, reserve for doubtful debts	Nil	10
,, development rebate reserve	39	47
,, provision for taxation	4,80	4,63
Net profit	5,35	2,45
Adjustments	2,46	6
Appropriations:		
Total available balance	7,81	2,51
To general reserve	4,42	1,14
,, dividend paid for the year 1962 ..	1	Nil
Proposed dividends (taxable) on preference shares	14	13
,, Ordy. shares	3,24	1,26
	(15%)	(5.80%)
Carry forward	*	*

N.B.—Adjustments relate to balances brought forward from the previous year.

* Represents only an amount of Rs. 290 for the year 1963 and Rs. 63 for 1962.

Extracts from the Directors' report: The Company was converted into a public limited Company on 31st October 1963 with the object of offering to the public both equity and preference capital, which became necessary on account of the large expansion, which is envisaged in the manufacturing activities of the Company and for the establishment of new units; also on account of the advisability of increasing the participation of the public in its ownership.

In keeping with the forward policy, the Company has set up an up-to-date laboratory for the development of new products. As a result of extensive research, two new types of enamelled wires have been successfully brought out. These are self-solderable wires, which are extensively used in electronics and radio industries. The commercial production of this item, has been started and the product has been well received on the market. The other product is thermobonding type of enamelled wires which are used in the bicycle dynamos. Extensive preliminary tests have been carried out and the Company hopes to go into commercial production of this item shortly.

With a view to diversifying its activities, the Company has planned to set up a new steel and alloy steel wire plant. These wires are used in the manufacture of springs, core wires for ACSR conductors, pre-stressed concrete wires, etc. The order for necessary machinery has already been placed and construction of building is being taken in hand, and it is expected that this unit will go into commercial production towards the end of 1964. The Company is also expanding its existing lines of manufactures, namely, super enamelled wires and double paper covered strips and wires. Machinery for expanding the super enamelled wire unit has been received and installed and the unit will go into production by the end of April 1964. The machinery for the expansion of double paper covered strips and wires unit has been ordered out and is expected to arrive shortly and it is hoped that this will go into production towards the end of September 1964.

The implementation of the expansion scheme of the above two units during the 1964 will result in increase in the production by at least 20 per cent. Correspondingly the sales turnover and the profit during the current year may be expected to rise.

The Company's sole selling agents, the Cable Marketing Company, continue to make progress in the sale of its products by organising a net-work of distributors and dealers throughout India. The Company's products, both winding wires and cables and wires enjoy high reputation in the market throughout India. The Company has been able to find ready market for its products, because of the experience of the selling agents for the past several years in handling the Company's products and the continuous efforts made by them in pushing their sales.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	23,72,500	Gross block	51,92,615
Reserves and surplus.	11,00,851	—Depreciation ..	11,97,418
Other liabilities ..	95,11,221	Net block	39,95,197
		Investments	20,330
		Other assets	87,91,915
		Cash	1,77,130
Rs. ..	1,29,84,572	Rs. ..	1,29,84,572

* Paid-up capital consists of 2,16,000 equity shares of Rs. 10 each paid, 25,000 equity shares of Rs. 10 each, Rs. 2.50 per share paid, issued for cash consideration and 15,000 9½% redeemable cumulative preference shares of Rs. 10 each fully paid in cash.

Kumardhubi Engineering Works Ltd.

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

Annual General Meeting—29th May 1964.

Working Results:

	For the year ended 30th November (In thousand rupees)	
	1963	1962
Sales	2,25,22	1,72,64
Work-in-progress	68,90	74,77
Gross profit	44,49	30,19
To Managing Agents' remuneration	3,00	2,21
,, depreciation	6,26	5,98
,, provision for bad debts	3	Nil
,, statutory development rebate reserve ..	71	77
,, provision for taxation	17,82	13,16
Net profit	16,67	8,07
Adjustments	3	14
Appropriations:		
Total available balance	16,70	8,21
To general reserve	10,04	3,25
,, debenture redemption reserve ..	1,25	Nil
Proposed dividends (taxable) on ordy. shares	4,61	4,15
	(16.6%)	(15.01%)
Pref. shares (5%C)	78	78
Carry forward	3	3

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

Extracts from the Directors' report: The foundry production increased by about 6 per cent over the previous year and a steady progress was maintained due to the drive for higher production. Costs, however, have not stood still and some of the notable increases were on account of power, fuel, scrap and labour. In order to keep pace with the growing demand in the country, an application was submitted in August 1963 to the Government for expanding the output of steel castings to 1,000 tonnes a month, and the proposals have been accepted by the Government. There has been a slight improvement in the output of the structural shop as the fabricated tonnage increased by about 4.5 per cent over the previous year. Production, however, suffered throughout 1963 due to the shortage of electrodes and the constant difficulty in obtaining matching steel sections. There has been an all-round improvement since then and now that the proposals for expanding the capacity to 950 tonnes per month have been accepted by the Government, it is hoped that the tonnage fabricated will show a steady rise in the current year.

The effects of price and distributional decontrol of a large number of steel sections have still to be assessed but there seems little doubt that the results of the fabrication division will be affected to some extent. The Company's products have met with increasing demand and the order books for steel castings as well as structural steelwork are fairly full. The current modernisation and expansion schemes are expected to be completed by 1966.

It is also proposed to make a Rs. 40 lakhs debenture issue later this year and in this connection negotiations are under progress with the Commonwealth Development Finance Co. Ltd., London, and the Life Insurance Corporation of India, Bombay.

Relations with labour continue to be satisfactory on the whole and the management was particularly pleased to be able to conclude lengthy negotiations over a revised wage structure which resulted in a generous settlement for all workers. In conformity with the progressive outlook of the Company, a fair price shop has also been established to see that essential food supplies are made available for workers living in our industrial estate.

Accounts in brief as at 30th November 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	30,64,800	Gross block	1,15,97,149
Reserves and surplus .	65,08,048	—Depreciation ..	56,44,607
Other liabilities ..	1,78,60,147	Net block	59,52,542
		Work-in-progress ..	6,34,295
		Current assets ..	2,12,64,789
		Investments	4,66,024
		Cash	15,433
Rs. ..	2,83,32,993	Rs. ..	2,83,32,993

* Paid-up capital consists of 9,21,600 ordinary shares of Rs. 3 each fully paid up, and 12,000 5% cumulative preference shares of Rs. 100 fully paid-up. Of the above equity shares, 4,20,000 shares have been allotted as fully paid up pursuant to a contract without payment being received in cash.

Cawnpore Textiles Ltd.

(*Secretaries and Treasurers*: The British India Corporation, Ltd., Kanpur.)

Annual General Meeting: 27th May 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)			
	1960	1961	1962	1963
Sales and other income: (exclusive of excise duties) ..	1,57,25	1,75,72	1,83,40	1,94,38
Net Income and Dividend:				
Net Income (after provision for depreciation and taxation) ..	11,03	11,76	6,12	6,64*
Net Income per ordinary share (rupees)	1.84	1.96	1.02	1.11
Taxes:				
Taxes on Income	6,70	9,00	7,00	5,25
Excise Duties	7,64	10,34	13,50	14,93
Total ..	14,34	19,34	20,50	20,18
Ordinary shareholders equity:				
Land, Buildings, Plant and Equipment	16,72	23,08	32,90	40,26
Investments	9,98	4,79	5,58	4,79
Net Current Assets	45,84	51,60	54,24	62,18
Total ..	72,54	79,47	92,72	1,07,23
Ordinary shareholders net investment (Share capital and reserves)	72,53	79,47	92,72	1,07,23
Net worth per share (Rs.) ..	12.00	13.24	15.24	17.87
No. of Employees (Number) ..	2,240	2,405	2,508	2,438

* This has been arrived at after deducting provision for super profits tax of Rs. 80,000 and adding Rs. 17,319 for provision for previous year made in 1963 Accounts.

Extracts from the Directors' report: Working and Sales: The sales during the year under review, have shown some improvement as compared with the previous year. The profits, however, have slightly declined, due to general rise in prices of all stores and the fact that the prices obtained for finished goods could not be increased on account of voluntary price control on cotton textiles. Under the circumstances, the Directors consider the working results satisfactory. Due to keen competition in foreign markets, there has been a fall in the Company's export sales; the quantum prescribed under the Export Promotion Scheme has, however, been exceeded.

Renovation and Modernisation: Implementation of the programme of renovation and modernisation of the mills, is being continued.

Expansion of Mills:— An Industrial Licence has been received by the Company for the installation of additional 12,500 spindles, and work in this connection is in hand. The land required for this purpose adjacent to the mills is being acquired, for which a special resolution for approval of the shareholders is included in the notice of the annual general meeting. A general permission has been given by Government to all cotton textiles mills in the country to install additional spindles to the extent of 7½ per cent of their existing total spindleage. Under this scheme the Company is entitled to install a further 2,205 spindles.

Adoni Spinning and Weaving Co., Ltd.

(*Managing Agents*: Kothari & Sons Ltd., Madras.)

Annual General Meeting—27th May 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales of yarn	1,51,77	1,48,05
,, ,, waste	2,32	1,62
Closing stock	9,24	3,15
Gross profit	24,43	17,68
To Managing Agents' remuneration ..	1,74	1,04
,, depreciation	6,25	7,11
,, provision for taxation	10,00	6,75
Net profit	6,44	2,78
Adjustments	53	1,71
Appropriations:		
Total available balance	6,97	4,49
Transfer to general reserve	1,00	Nil
,, dividend equalisation reserve..	1,00	Nil
Proposed dividend (taxable) on ordy. shares	2,70	2,40
	(9%)	
,, Pref. shares (6%C)	1,56	1,56
Carry forward	72	53

N.B.—Adjustments relate to the balance brought down from the previous year.

Extracts from the Directors' report: During the year under review, as in last year, all the 24,000 spindles worked three shifts throughout the year. The total number of days worked during 1963 was 352 as against 342 in 1962. Sales have registered a rise from Rs. 1.50 crores in 1962 to Rs. 1.54 crores in 1963. This rise in sales can be attributed to upward revision in ceiling prices of yarn of 20s and 40s counts effective from February 1963.

The Company is liable to pay surtax on its profits in terms of the Finance Bill of 1964. The surtax in respect of the profit made during the year under review would be approximately Rs. 1,06,000. The Company is not liable to pay dividend tax, as the Finance Bill provides exemption from the payment of dividend tax for a period of 5 years from the date of payment of the initial dividend.

There was no significant addition to the plant and machinery during the year under review except conversion of some of our ring frames from single motor drive to dual motor drive, on which a sum of Rs. 27,000 was spent. Towards the end of the year, 48 Nos. F. S. Yurin Evercleaners, which had been ordered earlier, were received and are being erected.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	44,99,600	Gross block	85,95,885
Reserves and surplus .	12,43,255	—Depreciation ..	37,67,653
Other liabilities ..	36,04,053	Net block	48,28,232
		Investments	3,34,775
		Current assets ..	36,20,044
		Cash	5,63,867
Rs. ..	93,46,918	Rs. ..	93,46,918

* Paid-up capital consists of 300,000 equity shares of Rs. 10 each fully paid and 200,000 6% tax free cumulative preference shares of Rs. 10 each paid.

MAFATLAL TEXTILE GROUP RESULTS

PERFORMANCE OF SASSOON SPINNING THE BEST

THE results of the four textile mills, belonging to the Mafatlal group, namely, the Standard Mills Company Ltd., the Sassoon Spinning and Weaving Company Ltd., the Mafatlal Fine Spinning and Manufacturing Company Ltd., and the New Shorrock Spinning and Manufacturing Company, Ltd., faithfully follow the general pattern set by other textile units inasmuch as each shows a fair improvement in the turnover but less than a proportionate rise in gross profit. The profit-margin (ratio of gross profit to sales) in each case shows a decline owing to the continuance of the voluntary price regulation scheme, on the one hand, and the steady rise in the prices of cotton, stores, colours, chemicals etc., the increase in the rate of statutory provident fund and the need to pay premium to purchase a part of export obligation under the export scheme of the Indian Cotton Mills Federation, Bombay, on the other. The net profit of each company has also been affected on account of additional provision of depreciation in respect of third-shift allowance and an additional tax burden under the provision of the Finance Act 1964. The main reason for the heavier tax burden is that the rate has been increased by 10 points to 60 per cent, as all the companies come within the mischief of the old Section 23A (now Section 104) of the Income-tax Act. If nevertheless the plough-back has been stepped up in each case, it is only by drawing an equally heavy amount from the reserves previously created. Standard Mills and Mafatlal Fine have maintained the dividend at the previous years level while New Shorrock has reduced it, but, as this is payable on an enlarged capital, the amount required for this purpose is actually higher. Sassoon Spinning, on the other hand, has doubled the dividend. As for the details of the results of individual mills, readers' attention is invited to the comparative table at the bottom of this page.

Standard Mills

Consequent upon the rise of a little over five per cent in the net turnover, that is exclusive of the excise duty paid, from Rs. 881.28 lakhs to Rs. 927.33 lakhs and in the closing stocks of finished and processed goods from Rs. 92.68 lakhs to Rs. 99.78 lakhs, the gross profit of the Standard Mills has advanced by Rs. 17.91 lakhs to Rs. 135.54 lakhs. The profit-margin (ratio of gross profit to sales) has, therefore, increased from 13.4 per cent to 14.6 per cent. But it still falls short by almost 6.2 points of the record level reached during 1960, the most profitable year enjoyed by the textile industry. The rise in gross profit is, of course, accompanied by large essential provisions. The Managing Agents' commission has gone up from Rs. 5.53 lakhs to Rs. 5.72 lakhs and so also the provision for depreciation by as much as Rs. 13.61 lakhs to Rs. 52.10 lakhs. Accordingly, the profit subject to taxation is only moderately higher at Rs. 77.72 lakhs as against Rs. 73.61 lakhs for the year before. The provision for taxation absorbs more at Rs. 43.16 lakhs as against Rs. 42.64 lakhs, so that resultant net profit at Rs. 34.56 lakhs is only Rs. 3.59 lakhs higher than that for 1962. After augmenting this with Rs. 28.60 lakhs withdrawn from the development rebate reserve, the Directors have transferred Rs. 31.72 lakhs to reserves, of which Rs. 10.02 lakhs go to the credit of the development rebate reserve and Rs. 21.70 lakhs to the general reserve. The maintenance of dividend at Rs. 20 per share, subject to deduction of tax, takes up Rs. 30.73 lakhs as before.

Sassoon Spinning

Of the four mills, it is the Sassoon Spinning and Weaving Company Ltd. which has put up the best performance during the year, thanks to the renovation and modernisation carried out in the past few years. The realisation from the sale of cloth, yarn, waste, etc., has expanded by Rs. 76.13 lakhs to Rs. 762.08 lakhs and because the closing stocks are also higher the gross profit has risen quite sharply from Rs. 67.87 lakhs to Rs. 94.06 lakhs, despite cost inflation. Since the provision for depreciation has advanced sharply from Rs. 27.36 lakhs to Rs. 37.92 lakhs, the rise in the provision for the Managing Agents' commission has only been small, from Rs. 3.38 lakhs to Rs. 4.26 lakhs. However, the provision for taxation is substantially higher by Rs. 9.45 lakhs at Rs. 27.17 lakhs so the net profit shows only a modest improvement of Rs. 5.30 lakhs to Rs. 24.71 lakhs. Practically the whole amount has been transferred to reserves, with the development rebate reserve getting Rs. 10.61 lakhs and the general reserve Rs. 14.10 lakhs. In order to facilitate the payment of a dividend of 20 per cent, as against only 10 per cent last year, the Directors have withdrawn a sum of Rs. 16.00 lakhs from the reserve.

Mafatlal Fine

The performance of the Mafatlal Fine Spinning and Manufacturing Company Ltd. is also quite encouraging, though less so than that of Sassoon Spinning. Sale proceeds net of excise duty paid are reported higher at Rs. 335.87 lakhs as compared with Rs. 309.00 lakhs in 1962. The gross profit is bigger at Rs. 76.72 lakhs, as against Rs. 67.29 lakhs for the year before. Closing stocks too are up, from Rs. 28.83 lakhs to Rs. 32.91 lakhs of which only less than a third or Rs. 11.54 lakhs are in finished goods. Unfortunately there has been an all-round increase in essential provisions—that for the Managing Agents' provision moving up from Rs. 5.15 lakhs to Rs. 5.59 lakhs, for depreciation from Rs. 17.58 lakhs to Rs. 21.75 lakhs and for taxation from Rs. 19.04 lakhs to Rs. 26.55 lakhs, as a result of which the net profit actually stands reduced by Rs. 2.69 lakhs at Rs. 22.83 lakhs. From this Rs. 3.18 lakhs have been credited to the statutory development rebate reserve and Rs. 17.75 lakhs to general reserve. A further sum of Rs. 1.86 lakhs has also been earmarked for the payment of preference dividend. Because of drop in profits there is again to be no change in the ordinary dividend which, therefore, remains pegged at 30 per cent again. To facilitate the payment of dividends for the year under review, a sum of Rs. 17.55 lakhs has been transferred back from the reserves. The carry forward is, however, more or less unchanged at Rs. 16,774, as against Rs. 18,095 brought in.

New Shorrock

In contrast to the results achieved by the above three companies, those of the New Shorrock Spinning and Manufacturing Company Ltd. are distinctly disappointing. The turnover has no doubt risen further from Rs. 595.85 lakhs to Rs. 623.61 lakhs and the closing stocks from Rs. 50.86 lakhs to Rs. 53.23 lakhs, but the gross profit has decreased, though only modestly, by Rs. 2.79 lakhs to Rs. 134.60 lakhs. In consonance with this decrease in gross profit, the provision for the Managing Agents' commission has declined from Rs. 7.28 lakhs to Rs. 6.92 lakhs, and that for taxation is likewise lower at Rs. 54.66 lakhs, as against Rs. 58.60 lakhs (inclusive of arrears of Rs. 5.62 lakhs in respect of 1961). The rise of Rs. 4.30 lakhs to Rs. 28.14 lakhs in the provision for depreciation, however, fully covers the saving in the other two provisions and this leaves a reduced net profit of Rs. 44.88 lakhs in contrast to Rs. 47.67 lakhs for the previous year. Although the profit has been supplemented by Rs. 19.88 lakhs withdrawn from reserves, credits to reserves have also been stepped up from Rs. 15.38 lakhs to Rs. 28.86 lakhs including Rs. 4.17 lakhs to the development rebate reserve. Since the balance is inadequate to maintain the dividend on the enlarged number of shares, the rate has been stepped down, from Rs. 45 per share of Rs. 125 each or 36 per cent to Rs. 40 per share or 32 per cent.

Modernisation

Considerable progress was made by each company during the year under report in implementing the renovation and modernisation of mills. Substantial sums were spent on the construction of buildings and the purchase and installation of plant and machinery. Orders for further additions to buildings, plant and equipment have also been placed. Since this is sure to require a substantial capital outlay, which the internal resources of the companies may not be able to cover in full, the Directors of most of the mills are seeking permission of the shareholders at the forthcoming annual general meetings of the companies to raise large amounts through borrowings.

The Directors of the Standard Mills are most singularly silent on the progress made by the new venture of the Company, namely, the National Organic Chemical Industries Ltd., even though the Chairman, Mr. Arvind Mafatlal, had assured the shareholders at the annual general meeting last year that he would be giving more details about the scheme on his return from America after finalising the collaboration agreement with two or three firms there. The Directors of Mafatlal Fine, on the other hand, have informed the shareholders that the Company has received licences for import of plant and machinery for the fluorin chemicals project and that orders would be placed as soon as specifications were finalised. They further state that delivery of foreign plant and machinery was expected to be completed by August 1965 and that this plant would be put into commission by the end of 1965 or early in 1966.

Financially, all the Companies are in a fine shape. The share capital is substantially supported by reserves. Although the borrowings are moderately high, all current liabilities and provisions are quite adequately covered by current assets, loans and advances. The gross block is well written down and the net block, inclusive of capital work-in-progress, forms generally a very reasonable proportion of own funds. The market value of quoted investments is considerably higher and the proportion of unquoted investments in this total portfolio is small.

The current market prices of the four scrips and the net return they fetch are as follows:

	Face Value Rs.	Price Rs.	Yield %
Standard Mills	100	606.00 cum-div.	2.7
Sassoon Spinning	10	36.25 ,,	4.6
Mafatlal Fine	100	500.00 ,,	5.0
New Shorrock	125	817.50 ,,	4.0

The relatively low yields reflect the confidence of investors in these scrips.

Progress at a Glance

(In lakhs of rupees)

	Standard Mills				Sassoon Spinning				Mafatlal Fine				New Shorrock			
	For the year ended 31st December				For the year ended 31st December				For the year ended 31st December				For the year ended 31st December			
	1963	1962	1961	1960	1963	1962	1961	1960	1963	1962	1961	1960	1963	1962	1961	1960
Sale proceeds	927.33	881.28	855.90	697.06	762.08	685.95	640.69	576.15	335.87	309.00	284.29	272.70	623.61	595.85	267.21	539.22
Other income and credits ..	13.46	13.11	23.80	18.88	28.88	24.24	23.42	38.35	6.65	7.75	9.75	7.35	16.22	15.33	12.92	13.40
Closing stocks	99.78	92.68	77.08	76.46	61.20	59.26	48.68	49.85	32.91	28.83	24.46	21.93	53.23	50.86	45.08	45.13
Raw materials and stores consumed.	489.06	471.44	422.01	342.22	434.55	394.89	345.65	342.99	159.06	148.88	135.64	118.04	306.50	288.01	261.88	244.51
Other expenses	323.29	320.02	282.65	250.85	264.29	258.01	273.06	235.08	109.92	104.95	97.86	94.01	201.10	172.06	168.42	163.21
Gross profit	135.54	117.63	176.56	143.70	94.06	67.87	80.23	49.70	76.72	67.29	63.07	69.47	134.60	137.39	146.88	147.01
Managing Agents' commission ..	5.72	5.53	8.23	9.88	4.26	3.38	4.36	3.01	5.59	5.15	5.02	6.01	6.92	7.28	7.68	11.07
Provision for—																
Depreciation	52.10	38.49	34.05	28.09	37.92	27.36	23.17	18.40	21.75	17.58	15.51	11.77	28.14	23.84	22.72	18.51
Taxation	43.16	42.64	84.05	44.30	27.17	17.72	29.95	10.55	26.55	19.04	16.63	20.05	54.66	58.60	52.00	47.40
Net profit	34.56	30.97	72.23	61.43	24.71	19.41	31.75	17.74	22.83	25.52	25.91	31.64	44.88	47.67	64.48	70.03
Withdrawal from reserves ..	28.60	12.50	....	....	16.00	....	....	3.00	17.35	....	....	....	19.88	....	....	....
To reserves	31.72	13.73	32.76	27.36	24.61	12.14	16.61	7.68	20.93	6.48	6.29	12.55	28.86	15.38	28.01	35.67
Dividend—																
Preference	0.69	0.69	0.69	0.69	....	....	....	....	1.86	1.86	1.86	1.70	....	....	....	....
Ordinary	30.73	30.73	38.41	32.92	16.12	7.54	15.08	12.82	17.40	17.40	17.40	17.40	36.00	35.42	35.42	33.74
	(20%)	(20%)	(25%)	(30%)	(20%)	(10%)	(20%)	(17%)	(30%)	(30%)	(30%)	(30%)	(32%)	(36%)	(36%)	(48%)
Carry forward	0.10	0.07	1.75	1.38	0.01	0.03	0.30	0.25	0.17	0.18	0.41	0.06	0.08	0.17	3.30	2.26
Market price of ordinary shares (in rupees):	1963	1962	1961	1960	1963	1962	1961	1960	1963	1962	1961	1960	1963	1962	1961	1960
High	908	1,220	1,680	2,100	50.00	74.80	73.00	76.00	845	1,130	1,000	661	1,488	1,740	2,200	2,255
Low	648	755	955	736	41.00XR	48.75	45.00	43.50	653	675	703	435	1,095	1,275	1,390	1,390

NEW PUBLICATIONS

Monetary Policy and Central Banking in Contemporary Japan. By Prof. Hugh T. Patrick. Published by The University of Bombay. Pages: 219. Price: Rs. 9.50.

THE Japanese economy, particularly in the post-war period, has indicated how amazingly high rates of increase in productivity and income growth could be possible in spite of the limitations imposed by the limited natural resources and the co-existence of capital-intensive model industry with labour-intensive small-scale industry. In any sustained growth, money and capital market have to play a significant role. The banking system has to be responsive.

Prof. Hugh T. Patrick, who was for sometime a visiting Professor at the Bombay University, had opportunity to study Japanese language materials, and as a result of the research carried out by him, he delivered a series of three public lectures in March 1962 at Bombay which have been suitably edited. The subject of monetary policy and central banking in contemporary Japan has been dealt with in nine chapters. The first four give the background, dealing with the various types of financial institutions and the institutional conditions that make monetary controls possible. The efficacy of the various central banking weapons of monetary policy—open market operation, reserve requirements, discount policy, selective control etc. are dealt with in the next five chapters. The chapter on the application of Bank of Japan techniques of monetary control contain an appraisal of the monetary policies and certain features of the impact of the policies upon the economy. The chapter on conclusions provide a good summing up.

The task before the Japanese economic policy makers was how to facilitate capital formation at a rate sufficiently high to obtain rapid economic growth, but not so high that the requisite imports would be greater than Japan's ability to pay for them through exports and foreign borrowings. In post-war Japan, corporate investments have been financed to a considerable extent by external funds, especially in lean periods. With relatively undeveloped capital markets and the lesser importance of financial intermediaries, corporate borrowers have had to rely upon the banking system as a major source of funds.

The commercial banking system in Japan is centralised with a small number of city banks; the other types of financial institutions are relatively unimportant. With a relatively restricted short-term money market and long-term securities market, the Bank of Japan has been able to influence a good deal the position of banks. With the financial system basically illiquid, the Bank of Japan had been effective but the warning is that, because of the lack of the liquidity cushion in the financial system, the Bank of Japan must take care not to force a liquidity crisis by too sharp an application of its measures of monetary restraints. Though the capital formation requirements have been met in this manner, was the monetary policy effective in solving the balance of payments problems that emerge because of the high growth rates and the structural need for imports to sustain the growth? The Government has depended less upon measures of fiscal policy or foreign exchange rate adjustment, so that monetary policy has been the major weapon of restraint used by the authorities. The author judges the efficacy of the monetary policy on two alternative criteria, namely, the degree to which it serves to prevent or mitigate a crisis in the economy or the extent to which it solves the crisis once it has risen. Since the fifties, Japan has had to face at least four balance of payments crises. It has been possible to control these by the general restriction of domestic investment demand, thereby reducing the demand for imports, while at the same time leading to a reduction in price levels, so that exports have become more competitive.

Though the economy is of the private free enterprise type, the Government takes a more direct role in stimulating economic growth. While the Government avoids direct controls over domestic price and output, it relies upon fiscal and monetary policy. At the same time, it is significant to note the Bank of Japan's subservient position relatively to the Ministry of Finance and hence the Government is likely to continue, and unless an exceptionally strong Government happens to be in office, it is unlikely that the Bank will have a major influence on the determination of Government economic policy or have an effective independent policy of its own.

A fact of the money rate structure of the Bank of Japan which might interest Indian readers is the system of higher rates on borrowing from the Bank within certain stipulated ceiling limits of borrowing at the basic rates, termed the Higher Interest Rate Application System. The conclusion is that the effectiveness of the discount rate system as a cost mechanism of adjustment has not been very strong. "Because of the utilisation of the commercial bank maximum lending rates system the major consideration for business is the availability of bank credit rather than its cost. At the same time, when money is tight the commercial banks not only raise rates where possible but restrict the amount going to less eligible, riskier borrowers in order to satisfy the needs of preferred customers. The fact that the city banks are in debt to the Bank of Japan and have to borrow at a loss arising from penalty rate does restrain the city banks' demand for funds. However, in the short-term, the city banks have been willing to take a loss in borrowing at the penalty rate from the Bank of Japan in order to meet the business demand for funds, to a certain extent at least."

Dealing with the rediscount rate, the author points out that commercial banks have in practice been willing to borrow additional funds from the Bank of Japan, even though incurring short-term losses, since they have attempted to maximise long-term profits by making and maintaining close lending relationship with preferred business customers. He continues that such behaviour has weakened considerably the efficacy of the discount rate as an interest-cost mechanism in restricting the demand for central banking credit. The following final observations of the author are also significant:

"The entire matter of central banking techniques for the implementation of monetary policy are not independent of the degree of the power the central bank has; the development of techniques usually implies the *de facto* provision of new powers to the central bank and thereby requires policy as well as institutional changes. It is difficult to judge whether these developments in Bank of Japan techniques will take place. To the extent that they do not, the Bank of Japan will be forced to continue to rely heavily on its system of credit rationing."

This case study by Prof. Patrick will be a standard work for students of monetary economics.

The Development of Firms. By Mr. A. S. Mackintosh. Cambridge University Press 1963. Pages: 298. Price: 37s. 6d. net.

Corporate taxation is important today in every country, but the interesting question is how the taxation of profits affects the growth of companies. It is, at the same time, an interesting conclusion that the tax system cannot alter a firm's size, willingness to use outside finance or profitability. The development of a firm through time may take many forms and involves changes of many kinds—changes of scale, products, marketing techniques, organisation, equipment, material and personnel. Mr. A. S. Mackintosh, in his publication "The Development of Firms," builds a theoretical model for the way in which firms develop and uses in his model data collected from sample surveys. Data in regard to 36 firms in Birmingham has been analysed to list the author's theory.

The book is divided into four parts. In the first part the theoretical framework is indicated rather elaborately. The main object in studying each of the 36 firms was to identify the conditions which set the active limit to its scale of development and to classify the firms accordingly—finance, market factors (labour, material, equipment, lack of ambition, lack of initiative and maximum rate.) Part II explains the method of inquiry and definitions, while Part III draws together the information about individual firms, compares the characteristics of various groups and presents conclusions in the final chapter about the effects of taxation. Equally important is the last part where a report on each of the firms in terms of the theoretical frame is given.

The value of the publication is not so much in the conclusions arrived at as in the models framed. The tax system cannot alter a firm's size, willingness to use outside finance or profitability. Also a scheme of investment allowance is potentially one of the most effective instruments to encourage the timing of investment expenditure or to encourage a higher rate of investment in the long run. Such is the broad conclusion arrived at by Mr. Mackintosh. Discussing the situation of an increase or decrease in taxation, he concludes that the effects are asymmetrical. The greater the addition to the initial tax burden the greater is the marginal effect on investment, while the greater the reduction the smaller is the marginal effect. It is also observed that, in general, a given change in taxation will cause a relatively small change in the dividend of any firm, if it faces a finance limit, and a relatively large one if it does not. As regards the question whether "tax saving" would be used for additions to financial assets and repayment of debt, the conclusion is that it is only after several years that the accumulated tax savings will represent a significant increase in the firm's financial assets. Further, there is evidence that taxes on profits are to some extent shifted forward, but the author qualifies this by stating that this does not mean that the prices of products of firms which succeed in shifting part of their tax burden are necessarily higher than the prices of similar products made by firms which do not attempt to shift the burden. The ratios of profits to price may be higher in the former firms but their costs in the normal sense may well be lower. He also discusses the effect of tax variations which discourage or encourage particular forms of expenditure. Considering the taxes on profits, which discriminate against payment of dividends, he concludes that for a majority of the firms the general weight of taxation and other factors which influenced dividends were much more important than the discrimination in the rates of tax; however, for two or three firms, profits tax provided an important reason for their decision to borrow instead of issuing preference or ordinary shares. The author approaches the question of investment allowances for two policy purposes, namely, to influence the timing of investment expenditure as a contra cyclical instrument or to encourage a higher rate of investment in the long run and concludes that within certain limitations the scheme of investment allowance is potentially one of the most effective instruments.

As a pioneer work in a field which is very important, the publication is unique. This will certainly give the background for studying further the factors in the development of firms.

Notices

MAFATLAL CHANDULAL AND COMPANY LIMITED

Registered Office:

New Shorrock Spinning and Manufacturing Company Ltd. Compound, Asarwa Road, Ahmedabad-16

NOTICE

To

THE SHAREHOLDERS,
MAFATLAL CHANDULAL & CO. LTD.

NOTICE IS HEREBY GIVEN THAT THE SEVENTEENTH ANNUAL GENERAL MEETING of the Shareholders of the Company will be held on Saturday, the 13th day of June, 1964 at 10.45 a.m. (S.T.), at the Registered Office of the Company in the mill compound of the New Shorrock Spinning and Manufacturing Company Ltd., Asarwa Road, Ahmedabad-16, to transact the business mentioned in items 1 to 6 as ordinary business and also to consider and if thought fit, to pass the Special Resolutions mentioned in the Notice accompanying the Annual Report and Accounts for the year ended 31st December, 1963 being posted to the Members individually at their Registered addresses.

The Explanatory Statement as required by Section 173(2) of the Companies Act, 1956, in respect of the Special Business is annexed to the Notice.

N.B.:—(a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

(b) A copy of the Articles of Association of the Company is open for inspection of the members of the Company at the Registered Office of the Company between 2.00 p.m. and 4.00 p.m. on any working day.

(c) The Register of Members and the Share Transfer Books of the Company remained closed from Tuesday, the 31st day of March, 1964 to Saturday, the 11th day of April, 1964.

(d) The Dividend, if any, as sanctioned at the General Meeting will be paid to those shareholders whose names stood on the Register of the Company on 11th April, 1964 at the Registered Office of the Company in the mill compound of the New Shorrock Spinning and Manufacturing Company Ltd., Asarwa Road, Ahmedabad-16, between 12.00 noon and 4.00 p.m. on working days and after 25th June, 1964.

(e) Dividend Warrants will be sent to the registered addresses of the shareholders.

By Order of the Board of Directors,

ARVIND N. MAFATLAL,
Chairman.

BOMBAY,
Dated: 22nd April, 1964.

STATE BANK OF INDIA

NOTICE IS HEREBY GIVEN THAT A Local Meeting of the Shareholders of the State Bank of India on the Branch Register of Shareholders kept at the Bombay Local Head Office of the Bank will be held at the Bombay Local Head Office, Apollo Street, Bombay, on Wednesday, the 24th day of June 1964, at 4.00 p.m. (Standard Time), for the purpose of electing a person to be a Director of the Central Board in pursuance of Section 19(1) (c) of the State Bank of India Act, 1955, in place of Shri Pratapsinh Mathuradas a Director of the Central Board who will retire in terms of Section 20 of the Act on the 30th June 1964, but is eligible for re-election.

B. VENKATAPPIAH,
Chairman.

BOMBAY, 25*th March* 1964.

NEWS IN BRIEF

IF everything goes well, the two-million-tonne Barauni refinery in Bihar will commence production by the end of June next.

India exported 51,179 tonnes of spices valued at Rs. 15.3 crores during the financial year 1963-64, as compared with 48,340 tonnes valued at Rs. 13.3 crores shipped in 1962-63.

The Institute of Chartered Accountants of India proposes to start shortly a post-graduate course in Taxation, in addition to the course in Management Accounting which is already being conducted.

Exports of engineering goods (including steel) from India during the first quarter of 1964 aggregated Rs. 306.34 lakhs, as against Rs. 237.88 lakhs in the corresponding period last year, recording an increase of 28.77 per cent.

The Planning Commission has set up a two-man Committee consisting of Dr. V. K. R. V. Rao, member of the Commission, and Dr. K. S. Krishnaswamy, of the Economic Division in the Commission, to draw up a training programme in planning techniques.

A part of the machinery and equipment for the Kathara Coal Washery now being set up in Soviet collaboration has already arrived and the balance is expected shortly. Of the total estimated cost of Rs. 8.5 crores, the foreign exchange component is put at Rs. 3.67 crores.

The Central Government would shortly appoint a committee in consultation with State Governments to fix the price of cane payable to growers, according to Dr. Ram Subhag Singh, Union Minister of Agriculture. Cane growers, in his opinion, should be paid according to the cost of production and sugar contents of cane.

The Union Government has appointed a high-power Committee to consider the unification of the Employees Provident Fund Scheme and the Employees State Insurance Scheme, according to Mr. D. Sanjivayya, Union Labour Minister. Meanwhile, the Government is considering the question of formulating a pension scheme for workers.

The Uttar Pradesh State Electricity Board has finalised a contract worth Rs. 26 crores with a Canadian firm for the construction of the Rs. 55-crore second stage of the Yamuna hydel scheme. The second stage is expected to generate 340,000 kw. of power by the end of the fourth Plan. The first stage of the scheme now being executed which is likely to be completed by the end of 1965, will generate 84,000 kw. of electricity.

Twenty-nine units licensed to establish fresh capacity in steel castings aggregating 123,502 tons, are still to commence production. Also on this list are 36 firms which have been licensed to establish fresh capacity for steel forgings amounting to 129,436 tons. In addition to these, the Union Government has issued letters of intent for annual capacity of 277,700 tons for steel castings and 29,200 tons for steel forgings.

A pilot demonstration centre for implementing an intensive rural and urban health family planning programme is proposed to be set up at Nagpur. The cost of working the centre is estimated at Rs. 1.25 crore, which will be met from out of the Ford Foundation Fund. The recurring and non-recurring expenditure over the first five years is expected to be of the order of Rs. 73.80 lakhs and Rs. 51.75 lakhs, respectively.

The three steel plants in the public sector—Bhilai, Rourkela and Durgapur—will undergo further expansion during the fourth Plan, according to Mr. M. S. Rao, Chairman, Hindustan Steel Ltd. The expansion programme is being prepared by a Steering Committee of experts and specialists appointed by the Union Government. The Committee will take into account all aspects of working of plants and the demand potential in respect of the different types of steel in the country.

The first branch of the Bank of America in India was declared open at Bombay on Tuesday this week. Working with world-wide facilities, this Bank, it is claimed, will provide a full range of banking services with special emphasis on helping local importers and exporters by giving advice, information and business contacts in the U.S. and other countries throughout the world. The Bank has proposals to open more branches in the coming years. There is already a proposal to open two more branches, one at Madras and the other at Calcutta.

A new Indian shipping line, known as Mauryan Shipping Company, Ltd., is being formed in Bombay. The Company will acquire a vessel on 100 per cent credit basis, repayable over a period of 8 to 10 years. This ship will be time-chartered to Central Gulf Steamship Company of Louisiana and repayment of credit will come out of charter hire. The shipping line is studying the possibility of building a vessel in Britain and is in favour of a closed sheller-decker of 13,000 to 14,000 d.w.t. with a speed of about 15 knots.

The blueprint of the State-owned Fisheries Corporation of India, which will take over the development of a modern marine fishing industry during the third Plan period, is expected to be ready by the end of June next. It is reported that many countries like Japan, U.S., Britain, Soviet Union, Norway and Denmark evince keen interest in collaborating with India in this project. It is, however, felt that Japanese technique and equipment will, at least for the initial period, suit Indian fishermen better.

The work concerning the Regulation of Stock Exchanges and the Administration of Securities Contracts (Regulations Act, 1956), have been transferred from the Department of Economic Affairs of the Union Ministry of Finance, to the Department of Revenue and Company Law of the same Ministry. All communications relating to the aforesaid works should henceforth be addressed to the Chairman, Company Law Board, Department of Revenue and Company Law, Ministry of Finance, New Delhi.

A bilateral agreement on covering the extension of investment guarantee agreement to include war risks is expected to be signed shortly between the Governments of India and the U.S. Under an invoked U.S. Government war risk guarantee, the U.S. Government will reimburse a U.S. investor for losses in dollars if the physical property comprising a guaranteed investment suffers major damage from war. The U.S. Government does not expect to claim reimbursement from the Government of India in respect of invoked war risk guarantee.

The State-owned Hindustan Photo Films factory at Ootacamund, now being set up at a cost of Rs. 8 crores, in collaboration with a French firm, Bauchet, is scheduled to go into production early next year. The factory will begin with the manufacture of positive films for the cinema industry, X-ray and roll films, besides photographic printing paper. Since entering into collaboration agreement, the French firm was sold to a U.S. company. It is, however, understood that the U.S. firm has agreed to honour the terms of agreement entered into with the Indian Government.

The Damodar Valley Corporation will be allowed to function as an agency to plan, generate and distribute power in the Valley and to control its four dams. A decision to this effect has already been taken by the Government of India. In future, the irrigation part of the D.V.C's work, including the control of the Durgapur Barrage, will be the West Bengal Government's concern. Actually the transfer of control of the irrigation system took place early this year. The State Government is expected to bring forward necessary legislation to validate the change-over of control. The Centre will then seek to amend the D.V.C. Act accordingly.

A new State-owned undertaking, called Bharat Earth Movers Limited, has been registered as a company with headquarters at Bangalore. It will be entrusted with the task of setting up a factory for the indigenous manufacture of various types of heavy earthmoving equipment in technical collaboration with Messrs. Le Tourneau-Westinghouse Company of the U.S.—a well-known firm in this field. The new factory with the township will be located in the Kolar Gold Field area on a 1,600-acre site being offered free by the Government of Mysore. Government sanction has been accorded for the project, estimated to cost about Rs. 10.50 crores.

An expert Committee headed by Mr. B. P. Patel, Chairman of the State Trading Corporation, has been appointed by the Union Ministry of International Trade to formulate a scheme for the bulk transportation, storage and handling of liquid cargo other than petroleum products, with a view to improving efficiency of operations, reducing cost and maximising foreign exchange earnings. The Committee has been asked to recommend a suitable agency which can be entrusted with the administration of such a scheme. Before formulating the scheme, the Committee will assess the annual exports from and imports into India of liquid cargoes during the next ten years, and will review the existing port, shipping and ancillary facilities for handling bulk shipments. It has been asked to submit its report within three months. Liquid cargo other than petroleum products comprises ethyl alcohol, benzene and glycerine exported from India and methanol, phenol and liquid chemicals imported into India.

* * * *

From Abroad

The Imperial Chemical Industries of Britain has finalised a 50-million sterling deal to erect a terylene plant in the Soviet Union.

The Supreme Advisory Council appointed by President Sukarno has suggested adoption of more concrete steps towards nationalisation of all British companies in Indonesia.

The U.S. Agency for International Development has authorised a $8.5 million loan to help increase electric power capacity to East Pakistan. The U.S. loan will meet the dollar cost for installation of a steam generator in a power plant near Dacca.

Austria has abolished import duty on tea with effect from the 15th inst. The rate of duty hitherto in force was about Rs. 3.20 per lb. with an additional 30 per cent if the tea is imported in individual packing of less than one kilo.

The special working group on shipping, set up at the World Trade Conference now in session at Geneva, has emphasised that the liner conference system for fixing international freight rates and passenger fares is necessary for securing stable rates and regular services.

The Soviet Union has agreed to supply Nepal goods on credit worth 5.8 million roubles. A Soviet Trade Delegation is currently in Nepal negotiating a Soviet-Nepalese trade agreement, under which the two countries expect to exchange capital goods and primary products.

The U.S. Ford Motor Company has reported that its sales rate of both cars and trucks in the first ten days during the current month (May) was the highest for any similar May period in the Company's history, actual sales aggregating 44,468 cars and 10,610 trucks.

The U.S. industrial production index, apparently responding to the impact of the tax cut, rose sharply to the record level of 129.2 in the month of April 1964. This was the steepest rise in the index since last June and reflected a marked increase in the output of cars, steel and other durable goods.

The world's first international white sugar market is due to open at Paris on the 28th inst., and, if it were to prove successful, a raw sugar market will also be opened in three or four months time on lines similar to those already operating at London and New York. The quotations for white sugar will be in francs per metric ton f.o.b. and contracts will be made in 50-ton units. Deliveries will be made at 17 European ports with quotations made upto 16 months ahead.

Belgium's first synthetic rubber plant, built at a cost of approximately £5 million with an annual production capacity of 27,000 tons of butyl rubber, was declared open on the 11th inst. The plant belongs to S. A. Polysar, the wholly owned subsidiary of the Canadian Crown Company, Polymer Corporation. The cost of the plant was met out of the long-term loans from Belgian banks. The bulk of the feed stock for the plant is supplied under a long-term contract from the Grangemouth works of British Hydrocarbon Chemicals.

The World Bank has announced the grant of two loans aggregating $32 million to Pakistan. One of the loans ($17 million) will be given to the trustees of the port of Karachi for the expansion and improvement of the port and the second ($15 million) will be extended for the distribution of natural gas from the Sui field to the northern region of West Pakistan. The port loan is for a term of 25 years with interest at 5¼ per cent a year, including one per cent commission allocated to the Bank's special reserve. The gas loan is for a term of 20 years, with the same interest rate as for the port loan.

The French Government has cancelled the Frs. 100-million of budgetary aid to Tunisia, following the Bourguiba Government's new decree nationalising foreign-owned land. The new Tunisian law is considered to be a unilateral violation of the agreement drawn up in March 1963 for a gradual repurchase of foreign-owned land, and jeopardises the whole principle of co-operation between the two countries. The French Government is also considering other measures of reprisal covering credit facilities, technical and cultural aid and imports of Tunisian products.

The Soviet Union has informed the World Trade Conference currently in session at Geneva that, within the next 20 years, it could increase its imports from developing countries by as much as 12 times the present level. Imports of cocoa beans, for instance, could be increased from 54,000 tons in 1963 to 120,000 tons by 1970 and 350,000 tons by 1980, of coffee from 29,100 tons to 60,000 tons by 1970 and 120,000 tons by 1980, of oilseeds and vegetable oils from 212,000 tons to 300,000 tons and 1,000,000 tons and citrus fruits from 60,200 tons to 180,000 tons and 750,000 tons.

PERSONAL

MR. Farik Ibrahim Abboud, President of Sudan, arrived in New Delhi on Wednesday this week on a five-day State visit.

Mr. Chester Bowles, U.S. Ambassador to India, left for Washington on Thursday this week for consultations with the U.S. Administration.

Mr. B. R. R. Rao, Controller of Training, Heavy Electricals Ltd., Bhopal, has been appointed Adviser on Intra-regional Training in the Colombo Plan Bureau.

Vice-Admiral R. D. Katari, a former Chief of the Naval Staff, has been appointed Ambassador of India to Burma. He is expected to assume charge of his new assignment shortly.

Mr. John P. Lewis, Member of the U.S. President's Council of Economic Advisers, is arriving in India in September next to serve as Director of the U.S. Agency for International Development (A.I.D.). Mr. Lewis will succeed Mr. C. Tyler Wood who has been serving in that post since November 1959.

Mr. Herbert W. Hall, international division technical specialist with Dorr-Oliver Incorporated at the Company's Stamford, Conn., World Headquarters, will head the Company's operations in Japan, Korea, Taiwan, Okinawa and Hong Kong, with effect from 1st June 1964. He replaces Mr. R. Russell Denison who returns to Stamford from Tokyo to assume the post of Assistant Manager for Far East and India.

TREND OF MARKETS

BULLION IRREGULAR

(From Our Own Correspondent)

BOMBAY, 20*th May*

An irregular trend was in evidence in the bullion market during the week under review. Thus, gold ruled distinctly firm, whereas silver drifted lower. The firmness of gold was due to continued demand in the wake of reduced supplies. The reported outflow of a sizable quantity of 14-carat gold from the local market to up-country centres also aided sentiment. Silver, however, was rather depressed, following renewed sales by some stockists and bearish advices from North Indian markets where large supplies of the white metal were said to have arrived from U.P. side.

Goldsmiths in the Punjab State will obtain larger loan facilities from the Government, if the recommendation made by the State Advisory Committee for rehabilitation of goldsmiths is accepted by the Government. The Committee has suggested the raising of the maximum limit of loan granted to a goldsmith from Rs. 2,000 to Rs. 5,000.

Over the week, 14-carat gold scored a gain of Re. 1.75; it was quoted today at Rs. 69, as against Rs. 67.25 on Tuesday last week. Primarily gold advanced by a rupee to Rs. 117. Sovereign picked up a like amount to Rs. 91.

Silver began the week firm at Rs. 260.50, as against the previous close of Rs. 259, but moved down thereafter and touched Rs. 257 today before finishing at Rs. 257.50. The daily average arrivals and offtake were unchanged, the former at 20 bars and the latter at 10 bars.

The international price for gold at London eased from $35.07⅞ to $35.07⅜ per fine ounce. The sterling price of gold, too, declined by ½d. to 250s. 6¾d. There was no change in the quotations for ready and forward silver both of which stood at 111½d. Silver in New York also stayed put at 129.3 cents.

The following table shows the trend of prices during the week under review:

	20-5-1964 (closing)	High	Low	12-5-1964 (closing)
SILVER	Rs.	Rs.	Rs.	Rs.
Ready (996 fine) ..	257.50	260.50	257.50	259.00
GOLD				
Ready (14 carat) ..	69.00	69.00	67.50	67.25
Sovereign	91.00*	—	—	90.00*
London—				
Gold	250s. 6½d.	250s. 7½d.	250s. 6½d.	250s. 7½d.
Silver Ready .	111½d.	—	—	111½d.
Silver Forward .	111½d.	—	—	111½d.
New York—				
Silver	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

A NEW DEPOSIT INTEREST RATES SCHEDULE ?

(From Our Own Correspondent)

BOMBAY, 20*th May*

The busy season is still on with persistent high pressure of demand for credit, and there is as yet no sign whatever of its abatement. Actually, on Thursday, the 14th inst., the first day of this week's report, conditions in the short-term money market were stringent, as the available supply of funds was too insufficient to meet the demand. Borrowers, as a consequence, found it difficult to obtain their requirements, and several banks had to turn to the Reserve Bank for temporary accommodation, in order to satisfy the credit demands of their clients. It was no wonder that the inter-bank call rate rose by a further ¼ per cent to the high level of 6¼ per cent. The tight situation continued practically till the close on Saturday. Since Monday, however, there has been a slight improvement in position owing to some inflow of fresh money, the call rate declining a little to 6 per cent. The tone of the Calcutta market has been a little better, albeit with borrowers over at the rate of 5½ per cent.

Financial circles are most eagerly awaiting the outcome of the deliberations of the Bhabha Committee constituted recently by the Indian Banks Association to revise the existing schedule of deposit interest rates under the Inter-bank Agreement. The Committee is reported to be working on a revised schedule of interest rates for different types of deposits on the following lines:

Usance of deposits	*Proposed rate of interest* (Per cent)
Three days' notice money	2.50
One month	3.00
Two months	3.25
3-6 months	3.75
7-12 months	4.25
Two years	4.50
Three years	4.75
Four years	5.00
Five years	5.50
Over five years	6.00
Saving deposits	3.00

These are to be the standard rates for banks of Category I, that is, banks with deposits of over Rs. 50 crores and Exchange banks. For the banks falling under Category II (with deposits more than Rs. 25 crores but less than Rs. 50 crores) and Category III (with deposits more than Rs. 10 crores but less than Rs. 25 crores), the existing differential of ¼ per cent over the previous categories is proposed to be allowed.

The standard rates of interest for notice money and term deposits at present are as follows:

Notice Money: 3 per cent; 3 to 30 days (inclusive): 3 per cent; 31 to 60 days (inclusive): 3½ per cent; 61 to 90 days (inclusive): 3½ per cent; 91 days and over but less than 12 months: 3¾ per cent; 12 to 24 months: 4 per cent; 24 to 48 months: 4½ per cent; 48 to 60 months: 4¾ per cent; and 60 months and over: 5 per cent.

The Bhabha Committee has yet to decide about service charges, and issue on which there is said to be wide disagreement among bankers.

The 91-day Intermediate Treasury Bills evoked fairly good support, the Bills actually sold from the 13th to 16th inst. amounting to Rs. 354.25 lakhs, as against Rs. 39.50 lakhs a week before and Rs. 80 lakhs two weeks before. The response to the 91-day Government of India Treasury Bills, however, was not encouraging, although the total amount offered was slightly higher at Rs. 2.02 crores, whereas the amount invited (and also accepted) was Rs. 2 crores. The average rate of accepted tenders was unchanged at Rs. 3.000 per cent per annum.

There was a small addition of Rs. 4 lakhs to Rs. 111.77 crores in India's foreign exchange reserves during the week ended 15th May. Of this total, balances held abroad accounted for Rs. 8.31 crores (+Rs. 4 lakhs) and the foreign securities held in the Issue Department of the Reserve Bank for Rs. 103.46 crores (same as in the previous week). Loans and advances to scheduled banks declined by Rs. 10.47 crores to Rs. 68.57 crores, while their deposits rose by Rs. 4.49 crores to Rs. 85.44 crores. Notes in circulation receded by Rs. 6.45 crores to Rs. 25.70 crores.

The total credit made available by scheduled banks to their clients went up by Rs. 4.55 crores to Rs. 1,856.19 crores during the week ended 8th May. Since, at the same time, deposits decreased by Rs. 3.62 crores to Rs. 2,486.52 crores, borrowings from the Reserve Bank were larger by Rs. 15.17 crores at Rs. 79.12 crores. Investments rose by Rs. 2.60 crores to Rs. 621.49 crores, while total cash shrank by Rs. 6.11 crores to Rs. 141.15 crores.

The Gilt-edged market ruled firm. Offerings were scarce, while some buying support was in evidence. Among Central loans, 3½ per cent 1969 spurted by 40 nP to Rs. 97.75 and 1967 by 25 nP to Rs. 99.75. 3 per cent 1986, 3¼ per cent 1965 and 4 per cent 1969 hardened by 15 nP each to Rs. 63.75, Rs. 100.05 and Rs. 99.65, respectively. 6½ per cent 1977 Gold Bonds, however, shed 15 nP to Rs. 118.10. State loans were dull, with the exception of 4½ per cent 1974 Maharashtra which met with some selective buying and gathered 20 nP to Rs. 99.60.

In the foreign exchange market, there was no change in the banks' selling and buying rates for U.S. dollars: Rs. 475.25 and Rs. 474.75 for $100, respectively. In New York, the pound sterling firmed up a little *vis-a-vis* the dollar, the spot rate rising by 0.020 cent to 279.940-279.960 cents and the three months' forward by 0.040 cent to 279.410-279.430 cents.

COTTON FUTURES STEADY

(From Our Own Correspondent)

BOMBAY, 20*th May*

In contrast to the easiness witnessed for the past two weeks, the cotton futures market ruled steady during the week under review. The steadiness, in the context of no apparent change in the supply and demand position of cotton nor any bullish development, was attributed to two factors: first, the long and continued delay in issuing the purchase authorisation for the U.S. cotton and, second, rumours of a possible rise in the ceiling price of all varieties of cotton by Rs. 25 per quintal, effective from the next season. In fact, mills were greatly exercised over the undue delay in issuing the purchase authorisation for P.L. 480 cotton and, instead of waiting for American cotton, showed renewed interest in long-staple Indian cotton. Consequently, spot prices tended to look up. This trend favourably affected futures too. The fact that not a single bale was tendered against the May contract on the two notice days during the week, namely, 14th and 18th inst., also imparted strength to futures.

The Jarilla May contract opened the week at Rs. 722 (per three quintals), Rs. 6 higher than last week's closing rate and improved to Rs. 725 yesterday before finishing lower at Rs. 723.50 today, showing a new gain of Rs. 7.50 over the week. The Jarilla August contract, after having commenced the week fractionally higher than last week's closing rate, attracted support, rising to Rs. 727 yesterday before closing at Rs. 724.50 today. The net gain over the week is Rs. 7.50. The undertone of both the contracts at the time of writing is steady.

In the spot market at Sewri, following the prolonged delay in getting U.S. cotton, spinners turned their attention to good quality Indian cotton, good business was reported in such qualities as Digvijay, Co2, Laxmi, Jaydhar, and L.147. A prominent mill group was reported to have purchased as many as 5,000 bales of Digvipay in one day itself. Prices of all popular varieties consequently tended to move up.

Business in foreign cotton was on a very restricted scale although good mill interest was reported in American, East African and Sudan cotton. The purchase authorisation for P.L. 480 cotton has yet to be issued but in the meanwhile the Textile Commissioner announced that he had received advice regarding the availability of about $1.59 million for import of cotton under the manganese ore—cotton barter deal with the U.S. The allocation letters are being issued with instruction to mills to import this cotton immediately.

Export interest in Bengal *Deshi* was very limited. Stray business was, however, reported with Japan and certain continental countries as buyers on a moderate scale. The following are the latest available quotations—in rupees per candy of 784 lbs.—from the spot market at Sewri:

Ganganagar 811; Kalyan 800; Hubli Laxmi 1,170; and Co2 1,350.

TRADING IN NEW SEEDS CONTRACTS

(From Our Own Correspondent)

BOMBAY, 20*th May*

Barring castorseeds which were easy, the oilseeds markets ruled distinctly firm during the week under review. Groundnuts continued to rule strong, due to scarcity of offerings, renewed buying by crushers and vanaspati manufacturers, and higher upcountry advices. Trading in the forward section was restricted, owing to the persistent wide gap between forward and spot prices. Linseeds moved up in sympathy with groundnuts and on higher North Indian advices for mustard seeds. Spot prices continued to command a premium over the forward. Cottonseeds were well maintained. Castorseeds no doubt presented a fully steady trend in the earlier sessions of the week following bear covering and scattered support from shippers, but turned easy later in the week, thanks to profit-taking at higher levels, lower spot advices and large tenders (7,000 to 8,000 candies) against the maturing (June) contract.

The Board of the Oilseeds Exchange has decided to permit hedge trading in castorseeds, linseeds and cottonseeds for September delivery from tomorrow (Thursday the 21st inst.). Trading will be subjected to the overall ceilings fixed by the Forward Markets Commission. The actual ceilings are Rs. 186 per 250 kgs. for castorseeds, Rs. 45 per 50 kgs. for linseeds and Rs. 113 per 250 kgs. for cottonseeds. The increase in the ceiling limit from Rs. 43 to Rs. 45 in respect of linseed is below the expectations of trade circles. There has been some hitch about the commencement of business in the groundnut September delivery. The Oilseeds Exchange is pleading for the upward revision of ceiling from the present level of Rs. 241, whereas the F.M.C. is opposing the plea. Trading in the new contract may not, therefore, begin at least for a few days more.

The Groundnut July contract began the week at Rs. 240, as against the previous close of Rs. 239.75, and touched Rs. 240.37 on Saturday. It closed at Rs. 240.25 today. Nizam bold ready put on 12 nP to Rs. 56.37. Khandesh quality was fully maintained at the last week's level of Rs. 57.12. Oil ex-mill strengthened by 25 nP to Rs. 22.10. Railway receipts gained a like amount to Rs. 21.75. Groundnut oilcake expeller July contract hardened by Rs. 3 to Rs. 451.50 on good buying support from Rajkot side and enquiries from shippers.

In the castorseeds section the June contract advanced to Rs. 173.75 on Saturday but lost ground in subsequent sessions and closed at Rs. 171.87 today. The net loss over the week was Re. 1.38. Ready Madras fell by 63 nP to Rs. 33.62. Kanpur shed 50 nP to Rs. 32.50. Oil B.S.S. declined by 10 nP to Rs. 14.30 and Oil commercial by 15 nP to Rs. 13.35.

The Linseeds June contract put on 9 nP to Rs. 42.75. Bold ready was firm at Rs. 44.50. Oil ready, however, lost 5 nP to Rs. 18.

Cottonseeds June moved between Rs. 105 and Rs. 105.50 and finished the week at the latter level.

The following table shows the closing prices of oilseeds and oils on 20th May as compared with those of two previous weeks:

	20-5-1964	12-5-1964	6-5-1964
Groundnuts	Rs.	Rs.	Rs.
July 1964 contract	240.25	239.75	239.87
Nizam bold	56.37	56.25	54.75
Khandesh quality	57.12	57.12	55.87
Oil ex-mill	22.10	21.85	21.50
Oil Rly. Receipts	21.75	21.50	21.30
Castorseed			
June 1964 contract	171.87	173.25	175.00
Ready Madras	33.62	34.25	34.37
Ready Kanpur	32.50	33.00	33.12
Oil B.S.S.	14.30	14.40	14.55
Oil commercial	13.35	13.50	13.75
Linseed			
June 1964 contract	42.75	42.66	42.69
Bold ready	44.50	44.50	44.25
Linseed oil	18.00	18.05	17.75
Cottonseed			
June 1964 contract	105.50	105.00	104.50

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

MEDIUM TEAS FIRM

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, 14*th May*

A total of 529,000 kgs. was offered in leaf tea sales No. 19 held here on the 12th inst. Quality medium teas was often well maintained, but teas from Nilgiris showed a further decline. The market met with good demand. Brighter liquoring low mediums and mediums evoked useful enquiry and were sold at firm rates, while others were sometimes lower with quality. There was good demand for good mediums, although prices for these were a little easier. Highgrowns elicited restricted enquiry and there were many withdrawals. A few best liquoring Nilgiri teas were sold well, whereas others came to a lower market with quality. Clean black leaf descriptions also were a little easier. Whole leaf grades were irregularly lower, particularly flowery pekoes. Unorthodox teas met with fair support but, here again, these realised lower prices. A small selection of tippy teas on offer came to a lower market.

The quotations per kg. were:

	1964	1963
	Rs.	Rs.
Low medium	4.50-4.90	4.10-4.30
Mediums	4.90-5.30	4.35-4.70
Good mediums	5.40-5.90	4.75-5.40
Nilgiri B.O.P.	5.20-7.95	4.60-8.00

The average price realised in sale No. 19 was Rs. 5.08 per kilo, as against Rs. 5.26 a week ago and Rs. 4.51 in the corresponding sale last year.

In dust sale No. 19 held here today, 208,000 kgs. were offered. The market met with good but irregular demand. There was useful enquiry for coloury mediums which were firm. Low mediums and mediums encountered fair support, but prices for these inclined easier, with a few withdrawals. Highgrowns attracted fair support, but were sold at irregular rates. Residuals kinds came to a lower market, while unorthodox descriptions were barely steady. Clean black grainy descriptions were sold at around last rates.

The average price realised in dust sale No. 19 was Rs. 4.79 per kilo, as against Rs. 4.79 a week ago and Rs. 4.03 in the corresponding sale last year.

Colombo: There was good general demand. Western brokens were lower with quality. Coloury mediums were firm. Lowgrowns met with good enquiry and were sold at slightly dearer rates.

London: *North Indian and other growths*: In Monday's sale, there was good general demand. Better liquoring C.T.C. Assams were fully firm and were sometimes dearer. Dooars were slightly irregular, whereas remainder were steady.

Ceylon and South Indians: 25,239 packages were offered in Tuesday's sale, of which 3,792 packages were from South India. The market met with good general demand. Ceylons received good support and were fully firm to dearer with quality. Plainer sorts, however, were irregular. Teas from South India also were sold in the same pattern.

As we go to press, Messrs. Forbes, Ewart and Figgis Private Ltd. wire:

"*Sale No.* 20: 733,000 kgs. offered. Less demand. Low mediums and mediums 20 to 30 nP lower. Good mediums and highgrowns substantially easier. Unorthodox irregularly lower."

PEPPER RECEDES

(Messrs. Parekh and Co.)

BOMBAY, 19*th May*

After liquidition of May delivery at Cochin which went off the board at Rs. 345, Malabar pepper showed steady improvement during the early part of the week.

Ungarbled pepper at Malabar coast, after advancing from Rs. 320 to Rs. 332, came down to Rs. 328. Garbled hardened to Rs. 342, going down to Rs. 338. July delivery on the Cochin ring exchange, after touching the high of Rs. 374, receded to Rs. 366.

In Bombay, *Vaisakh* delivery improved to Rs. 375, but came down to Rs. 366 and *Jeth* delivery at Rs. 377 from the highest at Rs. 385.

Spot in New York remains steady at $0.37. Singapore is also reported steady.

Ready pepper in the local market is quoted at Rs. 179 for 50 kilos.

The future of pepper will depend upon the size of the new crop of Lampong.

Business in Malabar with New York remained impossible at present, as Lampong was undercutting nearly by $0.2 to $0.3.

FOODGRAINS ARRIVALS POOR

(From Our Own Correspondent)

HAPUR, 18*th May*

Steady to firm trend was witnessed in the foodgrains market during the week, due to poor arrivals and good buying support from consumers here as well as from East U.P. Threshing and winnowing operations were nearly completed and it was gathered that producers were withholding their produce expecting better prices in offseason.

Wheat ruled firm during the week on brisk consumer demand and East U.P. purchases. Prices advanced by Re. 1.50 to Rs. 2.25 per quintal according to quality to be quoted now between Rs. 53.50 and Rs. 56.50 for average quality and between Rs. 58.25 and Rs. 63.25 per quintal for farm produce. Daily arrivals averaged 1,500 to 2,000 maunds a day and stocks reported were small.

Steadier conditions continued in the rice market and prices improved by Re. 1.34 to Rs. 2.67 per quintal on good seasonal demand in the face of declining stocks. Week-end prices were:—Rice *basmati* superior Rs. 96.45 to Rs. 99.13; *sela basmati* Rs. 93.77 to Rs. 96.45; *mainpuri* Rs. 73.68; *ramajwayan* Rs. 81.72; *raimunia* Rs. 83.06; and *gadda* Rs. 73.50 a quintal.

Gram ruled steady during the week. Arrivals were small and prices were quoted at Rs. 56.25 for local quality and at Rs. 55 for Punjab quality. Arrivals averaged 300 maunds daily and local stocks estimated around 2,000 quintals. Barley and *bejhar* ruled firm on poor arrivals in the face of good buying enquiry and prices now quoted at Rs. 41.50 to Rs. 42.50 for barley and at Rs. 41 to Rs. 41.75 per quintal for *bejhar*. *Juwar* and *guwar* also hardened on brisk demand for seed purposes and prices now ranged between Rs. 42.50 and Rs. 44.50 and between Rs. 57.60 and Rs. 58.94 per quintal, respectively. *Methi*, however, drifted lower, due to increased arrivals. Other coarse grains were listless. Week-end prices were:—*Methi* Rs. 5 to Rs. 57.50; maize Rs. 40.50 to Rs. 43.25; and oats Rs. 51.50 to Rs. 52.50 per quintal.

Mixed trend was witnessed in pulses section. While peas and *arhar* advanced on small arrivals, other *dal* prices were subdued on poor demand at higher price levels. Peas advanced by Re. 1 per quintal, as demand was reported brisk from the consuming areas of Madras, Bengal and Bombay. Daily arrivals average 500 to 700 maunds and prices were placed between Rs. 49.25 and Rs. 51.25 for *dara* quality and between Rs. 53.50 and Rs. 55.50 for farm quality. *Arhar* hardened by Rs. 2.50 a quintal to be quoted now to Rs. 70 to Rs. 75 a quintal. *Urd* and *moong* were subdued on slack demand at higher price levels and prices were now quoted at Rs. 66.98 to Rs. 72.34 for *urd* and at Rs. 77.70 to Rs. 91.09 for *moong*. *Masoor* and other *dal* also ruled quiet. Week-end prices were:—Peas *dal* Rs. 53.75; *arhar dal* Rs. 80.38 to Rs. 83.06; *moong dal* Rs. 93.77; *urd dal* Rs. 80.38; *masoor* Rs. 66.98 to Rs. 72.34; *masoor dal* Rs. 83.50; and gram *dal* Rs. 62.96 per quintal.

SUGAR SUPPLY LIMITED

(From Our Own Correspondent)

HAPUR, 18*th May*

Sugar continued to rule firm, thanks to brisk buying support for the marriage and summer season. Supply position was limited and prices in the open market stood around Rs. 165 to Rs. 170 a quintal, as against the controlled price of Rs. 125 a quintal. No early improvement in sugar supply position was in sight and trade circles expected that prices might touch new heights.

Marriage and summer demand being at its peak, *desi khandsari* continued to record buoyant conditions. Demand from east U.P. continued unabated and smuggling activities on Madhya Pradesh and Rajasthan borders was still reported. Stockists from the consuming States of Madhya Pradesh and Rajasthan were building stocks in anticipation of securing export permits from the U.P. Government. The actual rise in the prices of *khandsari* during the week ranged between Rs. 3 and Rs. 10 per quintal according to quality. Week-end prices (in rupees per quintal) were:—*Desi* inferior 120 to 135; medium 138 to 152; superior 162 to 171; non-crystal 141 to 157 and *boora* 152 to 162.

Khandsari in the Kanpur market also touched new height of Rs. 55 to Rs. 70 per maund due to brisk buying enquiry.

Revival of demand from consuming States against fresh import permits in the face of dwindling stock position accounted for the firm trend in *gur* and *shakker* during the week. Daily arrivals averaged about 250 maunds and, as the week's offtake was ten-wagon loads, local stock drifted lower to 8,000 quintals. *Shakker*, too, was in good demand due to acute shortage of crystal sugar. Week-end prices (in rupees per 40 kilogram) were:—*Gur pansera* superior 32; average 30; *kotha* dry 31.75; *shakker* 32 to 34.

KIPS OFFTAKE SMALL

(From Our Own Correspondent)

MADRAS, 18*th May*

Arrivals of kips from tanneries during the week were moderate and offtake for local trade and for shipment small. There were a few inquiries from U.K. for cowhides—light weights—all selections and medium fifths, but very little demand for other lines in hides and calf. Prices ruled weak and the tone was bearish.

Tanned skins market ruled firm. Exporters of pickled goat skins were actively in the market, paying attractive prices which were uneconomical for tanners to follow. Consequently, E.I. tanners were quoting increased prices to their overseas buyers, to the detriment of large export trading in tanned section. There were several inquiries for tanned goat 8/9 and 5½/6 lbs. averages for export, but buyers were counter-offering 3*d*. to 6*d*. per lb. less than sellers' quotations and trading, as a result, was small. As regards sheep, the market was unchanged and export business patchy.

In the London public sales held last week, the quantities on offer were the smallest in the history of the trade; yet the clearance was negligible. Goat skins lost 12*d*. per lb., were sold and sheep gained 12*d*. on current quotations.

TEA IN GOOD DEMAND

(From Our Own Correspondent)

CALCUTTA, 19*th May*

The first export sale of new teas was held yesterday. With rapidly advancing arrivals since the last two to three weeks, there was a representative selection of grades on offer, although the quantity was limited. There was a fairly good general demand. That quality teas would meet with good demand had been foreseen even earlier and, in recent sales in Mincing Lane, demand was unsatisfied. In the last week in London, good quality teas included in North Indian offerings aggregating 27,933 packages were taken at hardening prices; the better liquoring C.T.C. Assams were a particular favourite of buyers. Good quality Dooars were also keenly sought at, with the medium and low quality teas recording a firm tendency. That the U.K. needs to build up stocks is evident by the low level of stocks which in the week ended 8th May were only 144.81 million lbs., as against 150 lbs. in the previous week. Judging from the present rate of tea arrivals in Calcutta, it can be said that, by the first week of next month, arrivals would be heavy. Already, tea is claiming a good portion of space in forward liners.

Pakistan has been making attempts to increase tea output. The Pakistan Tea Board has stated that the country's tea output in the year ended March 1964 rose to 55.49 million lbs. from 51.83 million lbs. in the previous year. In March 1964, at 930,000 lbs., production was higher as compared with 420,000 lbs. in March 1963. Until 1961, Pakistan used to export tea. At one time, the yearly quota of 5 million lbs. was increased to 10 million lbs. However, since 1962, Pakistani production has fallen, and this is not even sufficient to meet internal demand in full. Pakistan has taken active steps to increase acreage under tea, and it is expected that, before long, that country would be able to recover its overseas markets.

The difficulties faced by the tea gardens, the small gardens in particular, in regard to finding resources for normal financing of the crop were explained at length by Mr. B. C. Ghosh in his presidential address to the annual meeting of the Indian Tea Planters' Association held in Jalpaiguri on the 16th inst. He said that, as a result of the "unjust treatment" meted out by most of the tea crop financing institutions las year, wage payments to permanent labour were delayed and additional workers could not be recruited to harvest more crop. He estimated the output loss sustained thereby at 5 million lbs, and the foreign exchange loss to the country at Rs. 1 crore.

The I.T.P.A.'s meeting was also addressed by the Union Minister for International Trade, Mr. Manubhai Shah, who, it is encouraging to note, stated that in consonance with the plea of the tea industry for relief from increasing costs and taxation, the Government was considering a proposal to give concessions in order that the industry would have more funds for development. On the question of crop finance, Mr. Shah pointed out to the loan facilities available from the Tea Board. The smaller gardens have been unable to take recourse to these facilities in view of their uneconomic nature. The Minister also referred to the likelihood of Government treating expenditure on re-plantation and new plantation in tea estates as expenditure on revenue account instead of on capital account as at present. The State Governments are also expected to follow suit and they would treat the expenditure of the above type as revenue expenditure under their agricultural income-tax acts.

In the internal sale held last week, dusts on offer aggregating 25,711 chests met with good and general demand. Medium C.T.C's opened quiet, but soon demand picked up. Good C.T.C's were firm at last levels. Plain orthodox teas were also about firm. Good liquoring Assams were steady. Legg-cut teas were readily absorbed. The quotations per 1 kg. inclusive of excise duty were: Good Assam C.T.C. dust Rs. 6.30 to Rs. 6.80; medium Assam C.T.C. dust Rs. 5.00 to Rs. 5.30; legg-cut dust Rs. 4.70 to Rs. 5.10; medium Assam dust Rs. 4.50 to Rs. 5.10; and plain orthodox dust Rs. 4.00 to Rs. 4.30.

During the season's first export sale held yesterday, offerings amounted to 19,044 packages, most of which comprised Darjeelings. Prices were easier at below valuations, although a fairly good general demand was in evidence. Darjeelings were subjected to a large number of withdrawals, but the flavoury lots met with support at hardening rates. Orthodox teas eased, but B.P.S. teas received good attention. C.T.C's were irregular. Suitable teas being limited, no quotations were issued.

JUTE GOODS DULL

(From Our Own Correspondent)

CALCUTTA, 19*th May*

The announcement of a sizable fall in output last month, coupled simultaneously with an increase in stocks with mills at the end of last month, came as a disappointment to the jute market, which, therefore, ruled dull during the week under review. Prices also eased, albeit only fractionally. Ordinarily, an increase in stocks would have caused a more marked recession, but this was not so in the present instance, for, since a few months, buying in the export market has been taking place on a hand-to-mouth basis. Mills in both India and Pakistan are working up to their maximum capacity and carrying huge stocks of goods, so that the overseas buyers are assured of sufficient supplies. Naturally enough, they are disinclined to enter into very large forward commitments. Moreover, they have noted that, with the continuance of good weather conditions and good progress in sowing in both India and Pakistan, prospects for the new crop have considerably improved. A higher crop in the two countries is expected and, with abundant fibre supplies, mills would be obliged to continue to operate at the existing enhanced rate of production. At the same time, it was disquieting to note that, although output of mills in India for April at 103,700 tonnes dropped by 9,000 tonnes as compared with the previous month, stocks at 130,100 tonnes rose by 4,900 tonnes. The decline in output was accounted for by lower working hours and it was noted that stocks represented to about five weeks' production.

Stocks at the end of March had amounted to 125,200 tonnes, and thus availability in the month of April aggregated 228,900 tonnes. It follows that demand in the month was of the order of only 98,800 tonnes or less than output in the month. Although this statistical position is discouraging, it was noted that the outlook is not entirely hopeless. For shipping difficulties in the Calcutta port have considerably eased and Argentina, a substantial consumer of hessian, has already started to cover its requirements in bulk. Argentina's purchases this year are likely to exceed last year's level, in view of that country's excellent reports from farms. As in the case of fibre, mills have been compelled to block substantial sums in goods also. This position is not likely to be retrieved in the near future, since foreign consumers generally are lifting goods to meet their immediate requirements only. In other words,

prospects for gunny prices to change in favour of mills are considered to be remote. The continued depression in gunny prices has affected profits of mills and, unless fibre prices are lowered in line with the increased crop having enabled the cultivator to reduce his costs, a happier position for mills is difficult to emerge. Government spokesmen have already indicated that no change in minimum prices for the new season is under contemplation. On behalf of mills, it is pointed out that several factors have contributed to raising their costs. These factors include higher wages bill as a result of the implementation of the Wage Board's recommendations, enforcement of the provisions of the Employees Insurance Act to several mills this year, blocking up of large sums in raw material as well as finished goods, and revision of electricity and coal charges. It should also be noted that Pakistan is further strengthening its competitive power. That country has already announced its decision to construct thirteen more jute mills, one in its Western wing and twelve in its Eastern wing.

With the issuance of the current compulsory purchase quota of 190,000 bales—for the period from 11th May to 27th June—the total of quotas released for this season comes to 7.08 million bales, of which 150,000 bales are for the Jute Buffer Stock Association, 530,000 bales for the non-I.J.M.A. mills, and 6.40 million bales for the I.J.M.A. mills. As soon as the mills complete lifting the latest quota, total purchases by them under the price support scheme would have amounted to 94.4 per cent of the last crop, estimated at 7.51 million bales of jute and mesta. Purchases by jute co-operatives so far amount to 32,140 bales. The balance of 387,860 bales is equivalent to offtake for exports as well as for other purposes. Although the recent rainfall is generally considered beneficial to jute and paddy, the West Bengal Government has apprehended harm to crops in certain areas as a result of accumulated rain water.

Fair support was accorded by mills to fibre during the week under review. Arrivals averaged about 20,000 maunds a day. Mills continued to show preference to selected grades only. Prices quoted as follows: Assam bottoms Rs. 31.50; Daisee bottoms Rs. 33.50; and northern bottoms Rs. 30.50. Although sellers were not disposed to respond to discounted offers, the occurrence of more rains in most jute growing districts and the possibility of an earlier crop are factors which stockists cannot lose sight of.

The announcement of an increase in stocks of goods with mills in the face of a marked fall in output affected sentiment in the goods market during the week. Although a large number of inquiries from overseas countries continued to be received, business done was small. However, the prospect of Argentina lifting 100 million yards of hessian between now and September was noted with satisfaction. The U.S.A. lifted small parcels now and then, and the continued depressed conditions in the New York burlap market give no immediate hope of revival of U.S. interest for bulk quantities. On Tuesday last, ready B. twills slipped to from Rs. 113.80 to Rs. 113.45 and, in sympathy, ready hessian 40" 10 oz. gave way from Rs. 45.25 to Rs. 45.10. At this stage, buying in ready B. twills was revived, and the price on Wednesday improved impressively to Rs. 114.30. Government was in the market for about 700 bales of B. twills against May-June delivery. Hessian 40" 10 oz. was also better, the price quoting at Rs. 45.20. Thursday's feature was short-covering in ready goods, but, in view of depressed conditions in May delivery futures, ready B. twills moved down to Rs. 114.10. However, ready hessian 40" 10 oz. was steadier at Rs. 45.25. At this stage, reports of a small fall in U.S. consumption of burlap in April and of a rise in U.S. stocks affected sentiment and, on Friday, ready hessian 40" 10 oz. sagged to Rs. 45.00. Despite a tender for Government involving 3,500 bales, ready B. twills eased to Rs. 113.65. Over the week-end, the quotations were slightly better at Rs. 45.10 and Rs. 113.90, respectively. Hessian 40" 10 oz. at Rs. 44.85 was depressed yesterday, but, at lower levels, there was good buying in heavy goods and B. twills recovered to Rs. 114.00.

METALS STEADIER

(From Our Own Correspondent)

CALCUTTA, *19th May*

The deeper phase of the acute shortage of metals was reflected in steadier conditions in the Calcutta metal market during the week under review. Advices from the London Metal Exchange showed progress in the recessionary phase in copper, which set in a week ago after several weeks of continued buoyancy. Other metals also registered a down trend. Copper on the New York Commodity Exchange also looked down.

Spot copper wire-bars in London closed lower on balance at £304 a ton, after being higher at £310 earlier in the week. At £287, the three-months' quotation eased by £7. Both spot and three-months' cathodes opened at £285 and closed lower at £277 and £279, respectively. The two positions for the fire-refined metal closed at £272, after opening higher at £282 and £283, respectively. Utensil copper scrap in Calcutta was steady and active and, at Rs. 290 per 100 kgs., rose by Rs. 10. Copper mines all over the world have raised output in an attempt to satisfy the increased level of demand. The Rhodesian Selection Trust group has announced that, in the quarter ended March 1964, its output at 72,978 tons rose by 6,189 tons; output in the nine months to March 1964—financial year ends in June—has come to 198,904 tons, showing a rise of 43,636 tons, as compared with the corresponding previous period. The group's sales in the nine months rose to 181,347 tons from 164,708 previously, sales in the quarter ended March last being 68,096 tons, as against 56,661 tons in the previous quarter and 56,590 tons in the first quarter of the financial year. According to the Chairman, Sir Ronald Prain, production of the Rhodesian Selection Trust is likely to aggregate 301,000 tons in the current financial year. Sales would total 284,000 tons, the balance going to replenish stocks depleted as a result of the strike in one of the Trust's mines. A 2-cent rise per lb. of copper was considered imminent in the United States in an attempt to narrow the gap between the L.M.E. price and the producer price. As from July 1965, the price is likely to rise further, as a result of the proposed Chilean levy of 2 cents a lb. on all exports of unrefined copper.

Tin in Calcutta shed a portion of its recent gain during the week under review, thanks to moderate fresh arrivals. Spot tin on the L.M.E. closed lower at £1,043 a ton, as against £1,047½ earlier. It was reported that there was no difficulty to meet increased Continental demand in full. According to an overseas estimate, the world deficit of tin this year would be greater than earlier estimates. Spot lead in London closed at £86 a ton, after opening at £88¾. Since world consumption of lead is also rising, world stocks at the end of January were only 177,900 tonnes, as against 231,000 tonnes in mid-1963. Lead in Calcutta was firm at Rs. 302 per 100 kgs. Spot zinc on the L.M.E. opened at £125 and, after rising to £127, reacted to £125.

Notices

THE BOMBAY BURMAH TRADING CORPORATION LIMITED

Registered Office:
9, Wallace Street, Fort, Bombay-1

NOTICE IS HEREBY GIVEN THAT THE following Interim Dividends (subject to deduction of Income Tax) have been declared for the year ending 31st May 1964, namely:

Rs. 1.20 per share on 7,34,000 shares of Rs. 25.

Rs. 0.96 per share on 4,20,000 shares of Rs. 25 (Rs. 20 paid-up).

The above Interim Dividends are payable on and after 1st July, 1964, to those shareholders whose names stood on the Share Register of the Corporation on 2nd June, and to holders of Fractional Certificates after such certificates have been exchanged for Bonus Shares in accordance with the prescribed procedure.

Dated at Bombay this 20th day of May, 1964.

By Order of the Board of Directors,

WALLACE AND COMPANY,
Secretaries and Treasurers.

THE NEW SHORROCK SPINNING AND MANUFACTURING COMPANY LIMITED

Registered Office:
Asarwa Road, Ahmedabad-16

NOTICE

To

THE SHAREHOLDERS OF

THE NEW SHORROCK SPG. & MFG. CO. LTD.

NOTICE IS HEREBY GIVEN THAT THE FIFTY-SECOND ANNUAL GENERAL MEETING of the Shareholders of the Company will be held on Saturday, the 13th day of June, 1964, at 9.30 a.m., at the Registered Office of the Company in the mill compound at Asarwa Road, Ahmedabad-16, to transact the business mentioned in items 1 to 6 as ordinary business and also to consider and if thought fit, to pass the Special Resolutions mentioned in the Notice accompanying the Annual Report and Accounts for the year ended 31st December, 1963, being posted to the Members individually at their Registered addresses.

The Explanatory Statement as required by Section 173(2) of the Companies Act, 1956, in respect of the Special Business is annexed to the Notice.

N.B.:—*(a)* A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

(b) An abstract of the proposed Managing Agency Agreement is posted to the Shareholders as required under Section 302 of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 1960.

(c) A copy of the draft Managing Agency Agreement, a copy of the existing Managing Agency Agreement and a copy of the Memorandum and Articles of Association of this Company and a copy of the draft Agreement to be entered into between the Company and M/s. Mafatlal Fine Spinning and Manufacturing Company Ltd. regarding use of Registered Trade Mark "MAFINISED," are open for inspection of the members of the Company at the Registered Office of the Company at Asarwa Road, Ahmedabad-16, between 12.00 noon and 2.00 p.m. on any working day.

(d) The Register of Members and the Transfer Books of the Company remained closed from Wednesday, the 25th March, 1964 to Saturday, the 11th April, 1964.

(e) The Dividends as recommended by the Directors when declared by the shareholders will be paid at the United Commercial Bank Ltd., Bhadra Branch, Ahmedabad-1, from 18th June, 1964 to 25th June, 1964, during business hours and thereafter at the Registered Office of the Company between 12.00 noon and 4.00 p.m. on all working days except on holidays, to those shareholders whose names stood on the Company's Register on 11th April, 1964. Shareholders are requested to intimate to the Company change in their Registered Addresses, if any.

By Order of the Board of Directors,

MAFATLAL CHANDULAL & COMPANY LTD.,

L. D. VASA,
Director,
Managing Agents.

BOMBAY,
Dated: 22*nd April,* 1964.

HOPE'S METAL WINDOWS (INDIA) LIMITED

NOTICE IS HEREBY GIVEN TO THE members of the above-named Company that the Sixth Annual General Meeting will be held at the Registered Office of the Company, 21, Netaji Subhas Road, Calcutta, on Thursday, 11th June, 1964, at 3.30 p.m., to consider the Accounts of the Company for the year ended 31st December, 1963, and to transact other ordinary business.

NOTICE is also hereby given that the Transfer Books and Register of Members of the Company will be closed from 5th June, 1964 to 11th June, 1964, both days inclusive.

By Order of the Board,

BALMER LAWRIE & Co. LTD.,

D. MANSON,
Managing Director,
Secretaries.

21, NETAJI SUBHAS ROAD,
CALCUTTA, *1st May,* 1964.

Note:—A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. Such proxy need not be a member of the Company.

THE CHAMPDANY JUTE COMPANY LIMITED

AT A BOARD MEETING HELD TODAY, THE Directors decided to recommend to the Shareholders in General Meeting the payment of a final dividend at the rate of 25 per cent or Rs. 2.50 per each share of Rs. 10 for the year ended 31st March 1964. The dividend will be subject to deduction of tax.

A notice calling the Annual General Meeting on 16th June, 1964, will be published shortly.

By Order of the Board,

JAMES FINLAY & CO., LIMITED,
Managing Agents.

2, NETAJI SUBHAS ROAD,
CALCUTTA, 19*th May,* 1964.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 15th May 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long Term Operations) Fund	73,00,00,000
National Agricultural Credit (Stabilisation) Fund	8,00,00,000
Deposits—	
(a) Government—	
(i) Central Government	51,68,98,000
(ii) State Governments	15 33,31,000
(b) Banks—	
(i) Scheduled Banks	85,43,70,000
(ii) State Co-operative Banks	2,22,53,000
(iii) Other Banks	3,93,000
(c) Others	159,44,33,000
Bills Payable	35,97,93,000
Other Liabilities	82,78,20,000
Rupees	598,92,97,000

ASSETS	Rs.
Notes	24,05,27,000
Rupee Coin	3,64,000
Small Coin	5,22,000
National Agricultural Credit (Long Term Operations) Fund—	
(a) Loans and Advances to—	
(i) State Governments	28,30,53,000
(ii) State Co-operative Banks	8,15,24,000
(iii) Central Land Mortgage Banks	....
(b) Investment in Central Land Mortgage Bank Debentures	3,59,36,000
National Agricultural Credit (Stabilisation) Fund Loans and Advances to State Co-operative Banks.	....
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	54,27,59,000
Balances Held Abroad*	8,30,93,000
Loans and Advances to Governments**	55,65,37,000
Loans and Advances to—	
(i) Scheduled Banks†	68,57,23,000
(ii) State Co-operative Banks†	115,56,51,000
(iii) Others	1,82,20,000
Investments	199,08,05,000
Other Assets	31,45,78,000
Rupees	598,92,97,000

* Includes Cash and Short-term Securities.
** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.
† Includes Rs. 13,84,65,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.
‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	24,05,27,000	
Notes in circulation	2570,45,01,000	
Total Notes issued		2594,50,28,000
Total Liabilities		2594,50,28,000

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	103,45,69,000	
Total		221,21,79,000
Rupee Coin		101,01,52,000
Government of India Rupee Securities		2272,26,97,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2594,50,28,000

State Bank of India

Statement of Affairs for the week ended 15th May 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital:— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up:— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		9,30,00,000
Borrowings from Other Banking Companies, Agents, etc.		614,97,50,000
Bills Payable		27,65,40,000
Bills for Collection being Bills receivable as per contra		7,23,75,000
Acceptances, Endorsements and Other Obligations per contra		8,62,38,000
Other Liabilities (including Inter-Office Adjustments)		16,36,34,000
Total Rs.		8,69,99,000
		698,47,86,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		22,18,01,000
Balances with other Banks		2,27,83,000
Money at Call and Short Notice		3,40,00,000
INVESTMENTS:—		
Government and other Trustee Securities	Rs. 230,59,37,000	
Other Authorised Investments	9,44,23,000	240,03,60,000
ADVANCES:—		
Loans, Cash Credits, Overdrafts, etc.	356,43,29,000	
Bills Discounted and Purchased	23,38,07,000	379,81,36,000
Bills Receivable being Bills for Collection as per contra		8,62,38,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		16,36,34,000
Premises less Depreciation		2,24,35,000
Furniture and Fixtures less Depreciation		1,80,30,000
Other Assets (including Inter-Office Adjustments)		21,73,69,000
Total Rs.		698,47,86,000

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	8-5-64	1-5-64	10-5-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	67,25	65,20	50,14
(ii) From others	1,065,24	1,069,60	877,87
(b) Borrowings from banks	38,25	40,70	22,75
(c) Others	69,65	70,76	61,46
2. Time liabilities—			
(a Time deposits—			
(i) From banks	25,78	27,05	28,46
(ii) From others	1,247,00	1,245,86	1,202,07
(b) Borrowings from banks	12,20	12,45	18,53
(c) Others	11,50	11,66	10,47
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,312,24	2,315,47	2,079,94
4. Borrowings from Reserve Bank	79,02	63,85	45,97
(a) Against usance bills and/or promissory notes	22,81	21,98	30,73
(b) Others	56,21	41,87	15,25
5 Borrowings from State Bank and/or a notified Bank	21,99	24,14	17,99
6. Cash	60,85	60,22	55,78
7. Balances with Reserve Bank	80,30	87,03	77,91
8. Cash and balances with Reserve Bank	141,15	147,26	133,69
9. 8 as per cent of 3	6,10	6,36	6,43
10. Balance with other banks in current account	21,61	21,30	19,53
11. Money at call and short notice	45,02	48,34	42,29
12. Investments in Government securities	621,49	618,89	606,86
13. 12 as per cent of 3	26,88	26,73	29,18
14. Advances—			
(a) Loans cash credits and overdrafts	1,563,53	1,556,35	1,330,25
(b) Due from banks	15,62	13,33	9,17
15. Inland bills purchased and discounted	225,45	227,40	203,39
16. Foreign bills purchased and discounted	67,21	67,88	56,23
17. Total Bank Credit [14(a)+15+16]	1,856,19	1,851,64	1,589,87
18. 17 as per cent. of 3	80,28	79,97	76,44

INDEX NUMBERS OF SECURITY PRICES

[1952-53—100]

Group and Sub-Group	Week ended 9th May 1964	2nd May 1964	11th April 1964	11th May 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99.6	99.6	99.5	98.6
2. Government of India	99.3	99.3	99.2	98.2
3. State Governments	102.0	102.0	102.0	101.2
4. Municipal, Port Trust, etc.	98.9	98.9	98.9	98.6
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	97.6	97.6	97.8	96.9
PREFERENCE SHARES—ALL INDIA.				
6. Total	81.2	81.2	81.5	81.0
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	164.3	165.1	166.8	165 0
8. *Agriculture and Allied Activities: Total**	144.4	145.4	147.7	147.8
9. Tea Plantations	131.4	132.2	135.4	137.3
10. Coffee Plantations	160.0	160.4	172.1	143.4
11. Rubber Plantations	183 4	183.9	183.4	150.4
12. *Mining and Quarrying: Total**	135.0	137.5	135.8	136.8
13. Coal	96.9	97.3	98.9	111.7
14. Other Mining	161.1	165.0	161.1	154.0
15. *Processing and Manufacture: Total*	177.5	178.5	180.4	178.1
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*†*	175.8	176.7	180 5	184.4
17. Sugar	124.6	125.1	127.9	124.5
18. Cotton Textiles	160.3	161.0	163.4	160.1
19. Jute Textiles	87.1¼	87.9	89.6	96.4
20. Silk and Woollen	833.5	830.6	870.7	902.3
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	193.2	194.6	195.1	181.7
22. Iron and Steel	159.2	160.4	159.4	144.0
23. Transport Equipment	323.1	323.8	325.2	228.9
24. Electrical Machinery	153.7	154.0	154.0	149.3
25. Machinery other than Transport and Electrical	224.1	226.8	228.7	214.7
26. Basic Industrial Chemicals	178.4	179.3	181.7	170.8
27. *Processing and Mfg. (Others): Total**	184 5	182.6	185.6	189.3
28. Cement	145.0	146.6	144.9	141.5
29. Paper	193.1	192.6	193.5	198.1
30. *Other Industries: Total**	107.7	108.3	108.7	105.0
31. Electricity Generation and Supply	87.8	87.7	87.7	83.2
32. Trading	109.6	109.0	109.0	113.6
33. Shipping and Other Transport	94.6	96.6	97.0	83.9
34. Construction	291.9	293.7	298.8	263.1
35. *Financial: Total*	184 5	182.6	185.6	189.3
36. Banks	205.0	203.7	207.6	210.9
37. Insurance	162.8	147.5	146.9	153.1
38. Investment Trusts	80.2	80.2	83.3	85.4
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	171.7	173.1	173.8	170.6
40. Calcutta	151.8	152.1	154.5	154.3
41. Madras	173.9	174.5	176.7	176.1
42. Delhi	224.2	224.9	225.1	209.2

*Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

EXCHANGE RATES

	20th May 1964	12th May 1964
London on New York	2.7993–2.7995	2.7993–2.7995
London on Berne Sw. Frs	12.0815–12.0835	12.0790–12.0810
London on Paris Frs	13.7165–13.7185	13.7150–13.7170
New York on London Cents per £	279.940–279.960	279.920–279.950
Pound Sterling—		
Sellers T.T. D.D. Spot £.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months £.	1-5 15/16	1-5 15/16
Buyers T.T. £.	1-6 1/32	1-6 1/32
Buyers D.D. £.	1-6 1/16	1-6 1/16
U.S. Dollar—		
Sellers T.T. D.D. Rs. to $100	478.25	478.25
Buyers T.T. Rs. to $100	474.75	474.75
Canadian Dollars—		
Sellers T.T. D.D. Rs. to $100	444.50	444.50
Buyers T.T. "	436.50	436.50
French Francs—		
Sellers T.T. D.D.... per Rs. 100	102.40	102.40
Buyers T.T. "	103.40	103.40
Swiss Francs—		
Sellers T.T. D.D. "	90.10	90.10
Buyers T.T. "	91.10	91.10
Deutsche Marks—		
Sellers T.T. D.D. "	83.00	83.00
Buyers T.T. "	83.90	83.90
Italian Lire—		
Sellers T.T. D.D. "	13,030	13,030
Buyers T.T. "	13,205	13,205
Swedish Kroner—		
Sellers T.T. D.D. "	107.30	107.30
Buyers T.T. "	108.40	108.40
Belgian Francs—		
Sellers T.T. D.D. "	1,037	1,037
Buyers T.T. "	1,053	1,053
Dutch Guilders—		
Sellers T.T. D.D. "	75.40	75.40
Buyers T.T. "	76.30	76.30
Hongkong Dollars—		
Sellers T.T. D.D. "	119.60	119.60
Buyers T.T. "	120.60	120.60
Norwegian Kroner—		
Sellers T.T. D.D. "	149.30	149.30
Buyers T.T. "	150.70	150.70
Danish Kroner—		
Sellers T.T. D.D. "	144.30	144.30
Buyers T.T. "	145.70	145.70

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	25th April 1964	18th April 1964	27th April 1963	March 1964	March 1963	Percentage of Increase (+) or Decrease (−) in March 1964 as compared with March 1963	Financial Year Averages 1963-64	Financial Year Averages 1962-63
Food Articles	504	144.8	142.5R	130.3	142.1	123.4	+15.2	136.8	126.1
Cereals	192	124.8	123 0	109.0	123.6	102.0	+21.2	116.3	105.6
Pulses	43	134 3	130.0R	105.1	133.3	99.9	+34.0	115.4	105.2
Fruits and Vegetables	23	170.6	172 4R	143.1	162.9	133.4	+22.1	140.6	135.6
Milk and Ghee	84	130.9	132 5R	120.7	133.0	124.8	+ 6.6	128.2	124.4R
Edible Oils	47	171.3	169 4	145.6	160.0	141.8	+12.8	151.1	132.3
Fish, Eggs and Meat	17	154 0	154 3R	130.0	152.7	137.5	+11.1	149.8	143.6R
Sugar and Gur	48	172.8	171.7R	166.3	173.0	147.5	+17.3	188.8	145.0
Others	60	172 4*	174 0*	176.5*	175.7	172.9	+ 1.6	179.3	171.8
Liquor and Tobacco	21	120 1	119.2R	118 0	119.0	114.2	+ 4.2	119.6	100.9R
Tobacco	..	117.2	116.3R	115 0	116.1	111.6	+ 4.0	116.8	97.4R
Fuel, Power, Light and Lubricants	30	141 8	141 8	138 1	141.7	136.3	+ 4.4	139.6	124.4R
Industrial Raw Materials	155	148 2	147.2	136.4	144.9	135.2	+ 7.2	139.5	136.5
Fibres	61	135 5	135.7R	134.0	135.7	133.5	+ 1.6	133.2	128.8
Oilseeds	60	172.3	170 6	145.6	162.9	143.0	+13.9	154.1	151.4
Minerals	2	103 2*	102 1*	93.4*	98.1	93.4	+ 5.0	92.8	93.6
Others	32	130 2	129 8	126 3	131 5	126.6	+ 3.9	127.3	125.8
Manufactures	133.6	133 2	132 8	129 6	132.8	129.6	+ 2.5	131.1	128.4R
Finished Products	249	131.4	131.1	138 0	144.7	136.2	+ 6.2	129.7	127.1
Textiles	147	128.7	128.3	127.2	130.7	134.4	+ 1.7	127.7	126.1
Cotton	..	137.2*	136.7*	128.6	132.0	127.0	+ 1.3	135.6	130.7
Jute	..	98.7	98.5	100 2	98.7	102.1	− 3 3	100.2	110.9
Woollen	..	152.6*	152.4*	142.7*	162.4	142.4	+14.0	155.3	140.1
Silk and Rayon	..	141.0*	141.0*	140.7*	143.2	139.2	+ 2.9	139.8	131.8
Metal Products	12	168 9	168 9	161.2	166.1	161.0	+ 3.2	163.1	160.1
Chemicals	20	129.7*	129.6R	117.5	120.2	117.3	+ 2.5	117.9	115.5
Oil Cakes	9	177.0	176.2	166.0*	172.5	167.8	+ 2.8	151.1	160.9
Machinery and Transport Equipment	31	125.8	125.8	122.8	125.6	122.2	+ 2.8	124.2	117.6R
Others	30	128.0	128.0	127.4	127.8	127.2	+ 0.5	128.2	125.3
All Commodities	1,000	141.5	140.1R	131 2	139.3	127.2	+ 9.5	135.3	127.9

NOTE:—Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index. P=Subject to revision. R—Revised. * Estimated.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	Ten months ended Jan.,		April to March* (Twelve months)	
	1963-64	1962-63	1962-63	1961-62
Exports	641,17‡	564,39	686,35	655,17
Re-exports	2,75	5,83	7,34	5,17
Total Exports	643,92	570,22	693,69	660,34
Imports	932,07‡	954,41	1,077,09	1,090,06
Overall Balance of Trade	—288,15	—384,19	—383,40	—429,72
Exports—Items:				
Tea	110,40	112,39	129,19	122,26
Coffee	7,19	7,11	7,61	9,02
Sugar	23,16	14,65	18,04	15,34
Jute yarns and manufactures	132,31	128,48	156,17	144,78
Cotton yarns and manufactures	54,34	45,78	52,13	53,31
Cotton, raw and waste	13,92	13,35	17,07	20,35
Petroleum products	5,24	3,19	4,13	3,48
Vegetable oils	15,71	9,15	13,17	5,82
Fruits and vegetables	24,84	21,74	28,90	25,38
Tobacco—Raw	18,98	14,32	18,37	14,97
Mica	8,13	8,85	10,35	9,66
Wool and other animal hair	6,02	6,25	6,64	5,19
Gums, resins and lac	6,60	5,78	7,28	6,64
Spices	12,31	11,26	13,37	7,51
Leather & leather manufactures	21,87	18,70	22,75	25,45
Hides and skins, raw	8,40	5,74	11,01	8,79
Cashew kernels	17,86	15,83	19,36	18,17
Pepper (black)	4,25	5,29	6,57	8,08
Manganese ore	6,85	6,59	7,88	10,42
Iron and steel scrap	4,12	1,41	1,99	6,25
Iron ore and concentrates	29,38	16,65	19,82	17,41
Sewing machines	23	34	48	44
Electric fans	49	59	93	67
Groundnut oil	10,29	4,95	7,33	4,67
Castor oil	4,26	3,34	4,29	4,00
Defatted groundnut meal	23,60	20,62	26,52	13,96
Country-wise Exports—				
Australia	14,97	15,79	18,52	15,85
Burma	2,34	1,34	1,73	2,25
Canada	18,05	18,70	22,42	17,53
Ceylon	15,63	11,72	13,47	16,98
Czechoslovakia	12,61	9,14	11,27	8,03
France	7,14	6,83	8,54	7,96
East Germany	8,60	7,58	8,50	4,55
West Germany	15,85	13,94	15,29	19,81
Italy	9,48	7,59	9,52	9,06
Indonesia	1,91	2,29	4,05	6,30
Japan	47,02	25,77	33,99	40,45
Kuwait	3,15	3,15	3,95	3,92
Federation of Malaya	12,03	5,43	6,73	6,75
New Zealand	5,42	5,61	6,59	7,39
Netherlands	8,64	6,87	8,95	7,99
Nigeria	3,28	5,52	6,17	7,05
Pakistan	5,81	5,10	9,40	9,44
Singapore	16,41	7,11	9,45	8,25
Sudan	6,91	8,07	9,01	10,30
U.A.R.	9,45	10,83	13,06	12,85
United Kingdom	141,57	137,40	162,75	159,73
U.S.A.	104,73	94,17	119,59	115,05
U.S.S.R.	42,32	31,76	38,28	32,03
Imports—Items †				
Machinery†	294,75	262,03	309,29	302,90
Iron and Steel	72,11	74,23	86,05	107,81
Copper	21,43	19,40	25,24	22,45
Aluminium	5,18	9,10	10,50	7,92
Zinc	8,54	7,98	9,07	7,35
Tin	5,58	4,61	5,10	5,78
Lead	2,88	2,25	2,69	2,59
Nickel	1,31	1,31	1,44	1,56
Chemicals, drugs and medicines	71,35	86,06	100,41	89,76
Electrical goods and apparatus	68,40	52,30	62,16	65,91
Vehicles (excluding aircraft, ships and boats)	35,41	48,26	48,84	49,76
Aircraft	10,04	11,93	12,47	12,97
Ships and boats	2,86	1,33	1,78	1,89
Cotton, raw and waste	35,30	49,73	56,91	67,56
Fruits and vegetables	14,00	12,32	16,21	14,60
Paper, pasteboard, etc.	9,77	11,26	13,34	15,95
Dyes and colours	6,37	10,11	12,15	14,45
Spices	59	1,56	1,77	1,57
Rice	17,06	23,38	21,26	16,78
Wheat and spelt	86,47	97,56	91,86	93,97
Country-wise Imports—				
Australia	14,69	21,32	22,86	24,17
Burma	8,48	8,37	8,71	11,24
Canada	21,56	14,14	14,70	13,55
Ceylon	4,45	6,80	8,18	4,50
Czechoslovakia	13,24	16,21	19,71	16,08
France	10,35	11,12	12,99	15,78
East Germany	7,06	6,43	7,94	5,64
West Germany	73,31	81,70	95,48	112,56
Italy	13,38	18,81	21,69	26,33
Japan	51,89	52,71	62,75	59,45
Iran	36,74	41,51	45,95	47,35
Federation of Malaya	10,04	8,92	10,71	12,92
New Zealand	1,22	1,15	1,32	1,22
Netherlands	9,24	11,91	13,24	13,25
Norway	82	1,57	1,76	2,32
Pakistan	7,58	14,42	16,67	18,86
Singapore	4,45	7,20	8,11	9,00
Sudan	7,29	15,68	17,11	10,56
Sweden	9,64	7,26	8,40	14,24
Switzerland	10,44	8,74	10,23	10,75
U.A.R.	12,03	6,97	9,78	12,04
United Kingdom	140,38	184,38	178,81	200,15
U.S.A.	315,78	290,55	315,26	255,54
U.S.S.R.	53,30	49,42	55,50	39,94

* Excludes figures for Goa, Daman and Diu.

† Including electric goods.

‡ Excludes imports by land from Nepal valued at Rs. 4.25 crores.

§ Excludes overland exports to Nepal valued at Rs. 9.26 crores and postal exports of pearls, precious stones, etc. valued at Rs. 12.22 crores.

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	27th June, 1963	5	4.5
Belgium	July, 1963	3.50	4
Bolivia	June, 1962	6	6.9
Burma	1962	3.00	4.00
Canada	11th Aug., 1961	3.5	4
Ceylon	13th Aug., 1960	2.50	4
Chile	Jan., 1963	14.62	14.20
Denmark	13th Nov., 1963	6	5.5
Ecuador	1960		6
El Salvador	June, 1961	5.5	6
Finland	April, 1962	8	4
France	14th Nov., 1963	3.5	4
Greece	17th Jan., 1963	6	5.50
India	3rd Jan., 1963	4	4.50
Indonesia	1st April, 1946	3	3
Ireland	Aug., 1963	3.95	3.94
Italy	7th June, 1958	3	3.50
Japan	13th Mar., 1964	5.84	6.57
Malaya	28th July, 1961	6	7
Mexico	14th June, 1962	5	4.50
Netherlands	7th Jan., 1963	4	3.50
New Zealand	24th Mar., 1961	6	7
Norway	14th Feb., 1963	3.50	3.50
Pakistan	14th Jan., 1959	3	4
Peru	Nov., 1959	3.00	6.50
Philippines	9th Jan., 1962	3	6
Portugal	12th Jan., 1944	2	2
South Africa	27th Nov., 1962	4	3.50
Spain	1961	5.75	5
Sweden	31st Jan., 1964	4	4.5
Switzerland	26th Feb., 1959	2.50	2
Thailand	Nov., 1959	7	5
Turkey	May, 1961	9	7.5
United Kingdom	27th F'b., 1964	6	7
U.A.R.	May, 1962	3	5
U.S.S.R.	1st July, 1936	3	4
U.S.A.	16th July, 1963	4	3.50
West Germany	5th May, 1961	3.50	3

INDUSTRIAL PRODUCTION

Industries.		1960	1961	1962	1963	Nov., 1963	Dec. 1963	Dec. 1962
Major Industries—								
Coal	million metric tons	52.62	56.10	61.55	66.91	5.50	5.67	5.83
Steel Ingots—crude	thousand metric tons	3,242	4,027	5,000	5,966	483	509	505
Yarn	million kgs.	782	862	860	893	78	82	74
Cloth	million metres	4,616	4,694	4,480	4,423	375	392	377
Cement	thousand metric tons	7,825	8,245	8,587	9,355	782	877	860
Jute	thousand metric tons	1,035	971	1,181	1,236	104	107	104
Paper and paper boards	thousand quintals	3,475	3,641	3,876	4,626	409	418	369
Matches*	million gross boxes	32.6	33.4	28.3	28.6	2.2	2.4	2.4
Sugar	thousand metric tons	2,591	2,841	2,786	2,316	257	323	452
Engineering and Electrical industries—								
Machine tools	Value in lakhs of Rs.	602	761	1,074	1,706	162	159	112
Electric lamps	millions	41.39	46.90	58.55	70.36	5.75	6.07	5.57
Dry cells	millions	207.4	213.6	240 0	280.1	21.2	19.5	23.6
Power transformers	thousand K.V.A.	1,116	1,754	2,357	2,639	212	252	217
Electric Motors	thousand H.P.	880	827	883	1,180	103	109	103
Electric fans	Nos.	991,200	1,074,000	1,134,000	1,143,200	75,100	85,800	108,200
Radio receivers	Nos.	256,700	326,340	348,000	413,400	34,100	44,000	36,300
Storage batteries	Nos.	510,000	520,800	564,000	688,800	59,500	64,100	55,500
Diesel engines—Vehicular	Nos.	9,708	9,814	7,620	8,837	799	876	722
Diesel engines—Stationary	Nos.	44,196	44,196	42,672	55,692	4,381	5,456	4,539
Chemical Industries—								
Aluminium	million metric tons	3.43	3.43	3.86	4.54	0.16	0 12	0.13
Caustic soda	metric tons	99,144	119,844	132,460	153,283	13,714	15,823	11,996
Soda ash	metric tons	145,284	176,639	222,660	266,961	22,847	25,515	22,014
Chlorine liquid	metric tons	31,656	23 912	36,972	44,234	4,416	4,539	3,401
Bleaching powder	metric tons	5,025	7,128	6,823	6,969	666	688	576
Bichromates	metric tons	5,472	6,732	7,045	6,923	529	660	496
Sulphuric acid	metric tons	359,400	413,520	468,300	563,236	52,000	51,050	45,718
Superphosphate	metric tons	382,464	370,898	445,224	573,308	56,782	51,537	44,783
Non-ferrous Metals—								
Aluminium	metric tons	13,467	18,281	35,404	53,885	4,708	4,949	4,688
Antimony	metric tons	809	818	561	909	80	82	75
Copper (virgin metal)	metric tons	8,992	8,726	9,781	9,593	895	895	865
Lead (virgin metal)	metric tons	3,772	3,564	3,849	3,537	274	323	260
Gold	kilogrammes	4,992	4,872	5,076	4,300	317	346	396
Miscellaneous (Minor) Industries—								
Sewing Machines	Nos.	297,233	307,404	343,824	341,440	31,325	7,890	29,252
Bicycles	Nos.	1,050,096	1,040,592	1,115,916	1,183,920	105,402	112,000	83,661
Automobiles	Nos.	51,680	54,312	57,816	52,197	5,407	6,265	4,792
Plywood—Tea chests	thousand sq. metres	9,120	9,108	9,132	9,925	873	878	788
Plywood—Commercial	thousand sq. metres	6,024	6,564	7,356	9,036	877	892	666
‡Woollen manufactures { Worsted Fabrics	thousand metres	13,950	13,200	18,288	20,412	1,704	1,483	1,453
‡Woollen manufactures { Worsted Yarn	thousand Kgs.	12,588	14,760	18,012	22,728	1,842	1,907	1,891
Alcohol—Industrial	million litres	70.57	92.84	110.82	136.08	8.87	12.0	12.00
Alcohol—Power Absolute	million litres	49.33	53.77	50.22	27.60	0.08	0.15	4.39
Railway Wagons	Nos.	17,475	16,536	13,493	18,960	1,630	1,848	1,550
General Index—(Base 1956=100 Revised)		129.8	139.3	149.8	164.2	174.5	174.8	162.1

* Matches—Boxes of 60 sticks each upto February, 1961 and of 50 sticks thereafter.

‡ Includes figures for Jammu and Kashmir.

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

(1949=100)

	All-India	Bombay*	Ahmedabad†	Sholapur§	Kanpur †	Nagpur	Calcutta †	Madras City	Delhi	Ajmer	Gauhati†	Jamshedpur†	Jabalpur	Bangalore†
1960 Average	124	129	106	257	100	138	100	148	120	107	108	100	100	100
1961 "	128	131	105	252	101	131	101	147	125	108	107	101	111	105
1962 "	130	444	104	381	105	133	107	150	130	115	108	103	111	108
January **1963**	120	432	103	416	103	135	106	150	130	111	110	103	122	109
February "	129	437	104	401	104	131	107	150	130	110	104	104	123	109
March "	120	438	105	370	105	129	110	149	130	111	111	107	122	108
April "	131	427	106	367	106	132	112	149	132	115	112	109	122	109
May "	125	440	106	358	107	133	112	150	132	117	111	108	122	109
June "	134	446	107	376	109	138	112	150	132	117	110	109	124	112
July "	135	448	108	381	110	143	112	151	133	121	111	110	125	112
August "	138	449	108	374	110	144	113	151	134	124	109	109	141	112
September "	137	454	109	377	112	146	116	152	136	124	109	109	143	113
October "	138	453	109	371	112	146	116	151	136	122	112	109	143	114
November "	138	454	110	378	112	147	116	153	138	124	112	109	143	114
December "	140	483‡	111	379	115	147	116	157	140	125	113	110	145	115
January **1964** "	140	485‡		388	115	150	111	157	140	125	115	..	152	..
February "	142	489‡		417	117	153	109	157	145	125	113	..	158	..
March "	143	496‡		417	125					124	119	..	159	..

* June 1954=100. ‡Jan. 1928=100. †Base: 1960=100. ‡ The index is based on the Lakdawala Committee's recommendation which has been accepted by the Government of Maharashtra.

INDEX NUMBERS OF WHOLESALE PRICES—IMPORTANT COMMODITIES

(Base : 1952-53=100)

Average of months Average of weeks ended Saturday	Rice	Wheat	Jowar	Bajra	Gram	Tea	Milk	Sugar	Gur	Tobacco Raw	Raw Cotton	Raw Jute	Groundnut	Spices and condiments	Coal	Jute manufactures	Cotton manufactures	Cotton textiles	Iron & Steel Manufactures
1956-57	97	85	122	123	71	144	104	95	109	80	111	126	111	97	116	95	116	121
1960-61	103	90	122	130	87	206	116	127	126	111	112	210	145	138	141	121	128	147
1961-62	105	91	112	122	88	198	117	128	116	96	109	178	135	140	142	129	128	148
1962-63	111	90	114	124	89	175	124	99	113	98	113	142	134	153	151	131	131	161
January 1963	108	88	128	116	89	180	117	128	150	92	110	148	127	169	153	105	133	161
February "	109	89	118	112	89	183	122	135	156	92	112	150	128	165	153	105	134	161
March "	110	87	100	112	86	184	123	137	153	107	117	150	134	163	153	105	134	161
October "	132	94	110	129	96	195	135	136	261	112	114	149	147	157	161	101	136	163
November "	130	97	112	133	101	192	127	139	210	111	112	147	136	157	161	100	136	163
December "	128	96	109	136	104	192	126	140	210	111	112	147	136	154	161	100	136	163
January 1964 "	120	112	123	139	113	195	128	143	205	116	120	149	139	156	161	100	136	163
February "	121	121	130	144	120	193	130	148	193	116	121	150	147	160	161	100	136	163
March "	122	121	134	146	123	189	133	145	189	112	120	151	153	164	165	99	137	167

RAILWAY TRAFFIC—WAGON LOADINGS

(In thousands)

Year/Month	Total No. of Wagons Loaded	Coal and Coke	Grains and Pulses	Oil-seeds	Raw Cotton	Cotton Manufactures	Raw Jute	Jute Manufactures	Sugar	Cement	Pig-iron	Iron and Steel (Others)	Tea	Manganese Ore
1960-61	9,757	1,591	887	132	52	16	116	15	128	401	56	217	32	70
1961-62	9,879	1,706	833	115	40	14	125	12	110	429	51	256	32	68
1962-63	10,607	1,924	792	125	43	14	150	15	148	355	55	488	32	76
Jan., 1963	8,700	1,580	657	99	30	11	127	11	115	317	43	352	32	62
Feb., "	9,617	1,741	722	110	35	13	140	13	130	349	49	390	32	69
May "	1,839	345	157	25	10	3	16	2	27	67	9	75	2	10
June "	2,717	509	236	35	13	3	21	3	39	94	14	113	3	14
July "	3,646	687	311	44	15	4	25	4	50	130	19	155	7	20
Aug., "	4,561	866	377	52	16	5	35	5	61	183	24	196	11	24
Sept., "	5,461	1,040	460	59	18	7	50	7	71	255	29	237	17	29
Oct., "	6,406	1,225	516	69	19	8	70	6	78	230	33	280	21	34
Nov., "	7,354	1,403	593	81	21	8	85	8	265	338	38	323	28	39
Dec., "	8,355	1,578	676	97	25	9	101	9	93	304	42	366	28	46
Jan., 1964 "	9,366	1,747	754	110	31	10	123	10	103	338	48	409	29	51
Feb., "	10,335	1,910	833	122	36	12	134	11	112	375	52	449	30	57

Note.—The figures relate to Government Railways. Figures include Broad and Metre Gauges. The monthly figures are progressive from April and incorporate revision in respect of earlier months. *Source* :—Ministry of Railways.

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A	7-Year B	12-Year C	12-Year National Plan Savings Certificates	Post Office Savings Bank Deposits	10-Year National Plan Certificates	Post Office Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E	Cumulative Time Deposits 5-Year J	10-Year K	10-Year Treasury Savings Deposit Certificates 3½% F	4% G	15-Year Annuity Certificates G	Total
	Out-standings	Out-standings	Out-standings	Out-standings	Receipts	Out-standings	Out-standings	Out-standings	Out-standings	Out-standings	Receipts	Out-standings	Receipts	Out-standings
1959-60	1,57	3,14	98,95	221,68	209,59	268,10	19,79	—41,36	50	31	41,68	10,64	21,76	66	2,91	304,83	680,39
1960-61	1,29	2,81	81,35	256,74	243,55	268,10	18,84	—42,01	1,70	31	58,80	10,14	37,34	69	3,38	338,02	785,96
1961-62	89	1,88	65,47	347,96	250,64	348,85	17,91	—42,45	3,96	1,91	27,50	16,79	53,35	49	3,63	351,08	873,31
1962-63	62	1,39	48,16	367,55	244,86	355,50	16,91	—42,65	7,57	3,50	20,38	7,32	60,70	50	3,83	364,22	948,42
Feb. 1963	64	1,44	49,92	370,55	17,07	337,30	16,96	—42,66	7,07	3,20	20,82	..	60,76	3	3,87	28,89	948,99
Mar., "	62	1,39	48,16	367,55	38,25	355,50	16,91	—42,65	7,57	3,50	20,38	..	60,70	5	3,83	57,70	948,42
June "	57	1,26	43,80	360,64	18,34	350,44	16,51	—42,69	5,84	4,00	18,93	..	60,57	2	3,82	29,06	960,84
July "	56	1,22	42,25	358,53	21,37	354,40	16,51	—42,71	9,31	4,22	18,20	..	60,50	2	3,81	34,27	972,91
Aug. "	54	1,15	40,93	356,62	18,33	357,13	16,41	—42,72	9,76	4,45	17,64	..	60,44	4	3,83	28,79	981,93
Sept. "	53	1,11	39,62	354,38	18,21	359,91	16,15	—42,74	10,20	4,62	17,13	..	60,43	3	3,83	29,19	991,92
Oct. "	50	1,06	38,14	352,71	19,84	361,99	16,06	—42,74	10,64	4,93	16,67	..	60,39	4	3,84	30,23	1,005,12
Nov. "	47	1,03	36,79	351,14	18,73	363,59	15,97	—42,74	11,05	5,18	16,23	..	60,31	5	3,86	29,88	1,009,26
Dec. "	46	1,00	35,45	349,39	19,61	365,65	16,10	—42,74	11,45	5,64	15,89	..	60,27	4	3,86	29,80	1,017,95
Jan. 1964 "	46	1,00	35,44	349,24	20,36	367,21	16,08	—42,75	11,85	5,64	15,50	..	60,22	4	3,87	31,99	1,030,18
Feb. "	44	1,00	34,35	347,79	20,70	368,43	16,04	—42,74	12,18	5,90	14,87	..	60,14	4	3,88	31,66	1,038,53
Mar., "											14,47	..	60,08	5	9,30	..	..

Note :—Outstandings relate to end of period and do not include Indian Union's share of pre-partition liabilities : repayments, however, include those from the pre-partition holdings of Indian investors. A—Discontinued from July 1, 1953. B—Discontinued from June 1, 1957. C—Issued from June 1, 1957. D—Issued from May 10, 1954 to May 30, 1957. E—Including Defence Savings Banks Deposits upto 1954-55. F—No sales from June 1, 1957. G—1st series issued from July 1954 to 1957 and 2nd series issued from January 1958. H—Outstandings in respect of items in column 9 marked ' E ' are not included. J—Commenced from 2nd January 1959. N.B.—Five-year prize bonds were issued from 1st April 1960 and the total outstandings amount to Rs. 29.22 crores. Fifteen-year Cumulative Time Deposits commenced from June 1962—the outstandings at the end of Jan., 1964 amount to Rs. 51 lakhs. Twelve-year National Defence Savings Certificates commenced from 15th November 1962 and the outstandings at the end of Jan., 1964 amount to Rs. 137.34 crores. Ten-year Defence Deposit Certificates were issued from 10th November 1962 — the outstandings at the end of Feb., 1964 amount to Rs. 27.40 crores. Five-year Premium Prize Bonds were issued from 1st January 1963 and outstandings at the end of Dec., 1963 amount to Rs. 5.49 crores.

A new series of premium prize bonds, 1964 was issued since January 1st 1964. The outstandings at the end of Jan., 1964 was Rs. 17 lakhs.

Progressive net repayments at the end of period since 15th Aug., 1947.

†These were issued from 1st June 1957 to 14th November 1962 with a maturity of 12 years, and these series have now become defunct.

STOCK & SHARE QUOTATIONS

Abbreviations :—D.—Deferred shares. P. O.—Preferred Ordinary shares. Y.—Accounts published yearly. H.—Accounts published half-yearly. P.—Company has Preference shares. T.—Company has Debentures. N.—Nominal quotations. x.d.—Ex. Dividend. c.d.—Cum. Dividend. I—Interim Dividend. C.R.—Cum. Right. XR.—Ex. Right.

Shares :—If a company has different classes of shares—as for example : ' A ' shares and ' B ' shares—these are indicated by the same letters ' A ' and ' B ' under the columns ' Paid-up Ordinary Capital ' and ' Paid-up ' per share.

Accounts :—Figures in the Accounts Closed column represent the months or the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June and December, respectively. Reserves include general and other reserves and all other funds which a company may have excluding depreciation fund, reserves for tax liability and provident fund. Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed less sales, if any, and stands for the gross figures except where otherwise indicated.

Dividends :—Dividends for completed years are shown as amount per share per annum, but where quoted for portion of a year they represent the proportionate dividend for that period. In the case of those companies which close their accounts yearly dividends shown are for their financial year.

TEXTILES

COTTON, RAYON, SILK AND WOOLLEN

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Number Installed		Mill	Latest available Quotation	Paid-up Per Share	Dividend Per Ordinary Shares				Accounts Closed	Reference
											1960	1961	1962	1963		
Rs.	Rs.	Rs.	Rs.	Rs.		Spindles	Looms		Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
BOMBAY CITY AND ISLAND																
20,00,700	17,73,622	50,45,511	30,68,133	26,452	Maganlal Bhagwandas & Co.	45,180	..	Ambika Silk Mills Co., Ltd. ..	300.00	100	15.00	20.00	20.00		12	Y.
50,00,000	17,53,683	1,64,34,980	83,17,117	1,35,878	Rajputana Text. (Agencies) Pvt. Ltd.	56,468	902	Apollo Mills	1.70	2	*Nil*	*Nil*	..	..	12	Y.
2,50,98,000	4,24,81,018	13,87,18,614	7,68,35,693	48,236	Nowrosjee Wadia & Sons (Pvt.) Ltd.	1,96,796	3,736	Bombay Dyeing & Mfg. ..	57.10sd	25	3.50	3.50	3.50	3.50	12	Y.
10,00,000	43,71,353	38,64,017	24,98,196	21,115	M. Ramnarain Ltd.	44,784	859	Bradbury Mills	145.00	50	5.00	12.50	5.00	15.00	3	Y.P.
5,54,90,000	4,31,32,954	16,15,10,543	6,59,13,337	28,865	Birla Gwalior Private Ltd.	1,26,752	2,702	Century Spg. & Mfg. ..	601.50	100	30.00	30.00	30.00		12	Y.
26,00,000	53,60,444	1,42,43,896	96,80,380	5,342	Cowasjee Jehangir & Co. Pvt. Ltd. ..	31,460	672	Coorla Spg. & Wvg. ..	167.50	50	11.00	11.00	11.00	11.00	3	Y.
28,00,000	49,27,043	1,21,38,021	71,01,056	2,149	Rana Industries Ltd.	43,960	..	Dawn Mills	152.00	50	15.00	15.00	15.00	15.00	3	Y.
24,00,000	20,74,168	1,53,70,060	79,34,359	—9,38,834	Puranmal Bubna Sons	47,444	928	Edward Textiles	260.00	200	18.00	18.00	12.00		12	Y.P.
30,00,000	48,56,520	2,37,36,533	1,05,05,794	5,844	N. K. Jalan, Esq. (Director-in-charge)	52,988	1,756	Elphinstone Spg. & Wvg. ..	98.00	100	9.00	11.00	9.00		12	Y.
50,00,000	99,32,000	2,67,92,168	1,52,97,960	68,492	James Finlay & Co., Ltd. ..	63,212	780	Finlay Mills	306.00	100	23.00	23.00	23.00	23.00	12	Y.
50,00,000	80,43,677	1,59,10

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
6,00,000	74,60,980	1,77,68,856	77,19,665	8,246	B. N. Elias & Co. Private Ltd. ..	879	Agarpara	8.37	10	1.00	0.25	0.25	1.20	3	Y.P.T.
6,00,000	31,01,100	85,62,670	55,90,516	35,706	McLeod & Co., Ltd.	456	Alexandra	300.00	100	44.00	16.00	42.50		12	Y.P.T.
30,00,000	26,04,850	1,72,09,661	1,14,76,789	1,05,589	McLeod & Co., Ltd.	1,264	Alliance	126.00	100	6.00	*Nil*	10.00	12.50	5	Y.P.
40,20,750	1,64,67,331	3,45,98,398	2,11,97,620	90,773	Duncan Brothers & Co., Ltd. ..	2,561	Anglo-India	180.00	100	20.00	7.50	10.00	15.00	3	Y.P.
40,00,000	52,04,894	1,57,45,077	1,00,09,540	1,752	Bird & Co. Private Ltd.	910	Auckland	128.00	100	27.00	12.00	*Nil*	15.00	3	Y.P.T.
30,00,000	40,25,530	1,68,43,088	98,46,188	39,388	Birla Brothers Private Ltd. ..	959	Bally	237.00	100	25.00	25.00	25.00	25.00	3	Y.P.
£375,000	£575,000	£1,466,277	£1,075,554	£1,841	Jardine Henderson Ltd.	1,889	Barnagore	220.00	£5	£1 10sh.	10 sh.	10 sh.	£2	3	Y.P.
45,00,000	27,17,701	76,46,179	45,59,589	1,36,234	Soorajmull Nagarmull	500	Bengal	7.65	10	0.50	0.50	0.50		6	Y.P.T.
1,50,56,310	2,88,65,994	9,96,98,597	4,20,72,427	46,410	Birla Brothers Private Ltd. ..	1,373	Birla	29.75	10	1.50	1.50	1.50	1.50	3	Y.P.
36,00,000	20,48,440	1,25,60,733	79,60,997	35,807	Andrew Yule & Co., Ltd.	991	Budge-Budge	127.00	100	10.00	*Nil*	12.00	20.00	10	Y.P.
7,47,880	88,200	49,78,484	37,08,876	—2,70,302	Dayaram & Sons	502	Calcutta Jute Mfg.	8.12	10	*Nil*	*Nil*			12	Y.P.
25,00,000	21,18,228	97,46,253	58,36,982	9,284	M.	616	Caledonian	175.00	100	12.00	5.00	15.00		11	Y.P.
29,54,300	90,79,911	1,80,52,881	1,06,58,488	22,648	James Finlay & Co., Ltd.	900	Champdany	22.00	10	1.00	0.50	*Nil*	4.00	3	Y.
33,35,780	72,45,112	1,37,52,000	70,26,410	1,02,122	Andrew Yule & Co., Ltd.	1,181	Cherrio	20.37	10	*Nil*	0.50	2.50		11	Y.P.
30,15,000	36,54,850	1,38,59,202	87,51,922	—4,10,550	McLeod & Co., Ltd.	500	Chitavalsah	7.94	10	0.50	*Nil*	0.50	*Nil*	7	Y.P.T.
24,00,000	8,04,000	81,44,990	69,78,978	—18,44,521	M.	966	Clive	8.00	10	*Nil*	*Nil*	*Nil*		3	Y.P.
31,49,200	21,35,995	1,38,24,108	82,26,850	3,316	Bird & Co. Private Ltd.	756	Dalhousie	119.00	100	1.00	1.00	*Nil*	25.00	3	Y.P.T.
35,00,000	68,77,425	1,80,62,884	65,71,766	28,674	Andrew Yule & Co., Ltd.	779	Delta	144.00	100	7.50	*Nil*	12.00		11	Y.P.
15,00,000	42,21,987	1,21,66,987	66,35,772	84,005	McLeod & Co., Ltd.	500	Empire	14.12	10	1.25	0.75	1.25	1.50	7	Y.P.T.
68,00,000	1,23,58,695	4,12,02,867	2,35,01,408	4,882	Kettlewell Bullen & Co., Ltd. ..	1,884	Fort Gloster Industries Ltd. ..	241.00	100 Okl	25.00	10.00	12.50	20.00	3	Y.P.T.
31,49,925	82,04,590	1,42,22,521	93,72,524	6,061	Bangur Bros., Ltd.	1,014	Fort William	22.50	10	2.25	2.25	1.00	2.00	3	Y.P.T.
54,22,100	77,92,103	3,00,01,500	1,61,99,575	74,957	Lakshmipat Singhania, Esq. (Chairman)		Ganges Manufacturing Co. Ltd.	18.25	10	1.00	1.00	1.50	2.00	3	Y.P.
43,20,000	37,97,205	1,75,30,542	68,41,617	19,522	M.	1,709	General Ind. Society Ltd. ..	16.00	10	4.00	1.00	1.50		12	Y.P.
65,00,000	55,55,122	3,27,56,020	2,03,33,051	55,595	Macneill & Barry Ltd.	1,394	Gouripore	21.87	10	2.00	1.00	2.50	2.00	3	Y.P.
40,00,000	1,09,80,042	1,86,44,877	1,01,39,206	4,984	Bangur Bros., Ltd.	1,078	Hastings	128.00	100	6.00	6.00	6.00	6.00	3	Y.P.
15,00,000	44,88,656	99,76,587	67,56,170	4,294	M.	720	Hooghly	16.00	10	1.00	2.00	0.75	1.00	3	Y.P.
35,62,500	40,65,997	1,31,65,655	71,03,813	....	Tardine Henderson Ltd.	1,040	Howrah	16.50	10	1.00	1.00	*Nil*	1.00	3	Y.P.T.
52,50,000	1,26,22,000	3,46,75,240	2,10,75,240	5,088	Ramdutt Ramkissen Das	2,272	Hukumchand	19.50	7.50	2.15	2.15	2.00	2.00	3	Y.P.
87,50,000	26,03,965	1,86,88,015	1,09,04,160	76,164	M.	790	India	15.25	12.50	1.75	1.50			3	Y.
'B' 19,20,000	82,17,016	2,06,72,088	1,54,08,111	14,167	Jardine Henderson Ltd.	1,797	Kamarhatty	166.00	100	20.00	*Nil*	20.00		12	Y.P.T.
'B' 24,00,000	13,48,482	1,78,29,416	1,30,92,261	11,179	Jardine Henderson Ltd.	1,527	Kankanarrah	166.00	'B' 100	5.00	*Nil*	15.00		12	Y.P.T.
38,00,000	72,61,800	2,51,06,312	1,23,43,904	94,936	McLeod & Co., Ltd.	703	Kelvin	141.00	100	15.00	15.00	5.00	20.00	5	Y.P.
44,00,000	66,26,672	2,40,19,813	1,55,14,694	8,379	Anderson Wright Ltd.	1,130	Khardah	17.50	10	2.50	0.50	1.25	1.25	3	Y.P.
69,68,200	49,08,577	2,28,97,363	1,50,89,818	12,641	F. W. Heilgers & Co. Private Ltd.	1,250	Kinnison	115.00	100	20.00	7.00	*Nil*	10.00	3	Y.P.
14,48,000	1,80,000	1,00,10,272	70,67,976	4,087	Bird & Co. Private Ltd.	931	Lansdowne	94.00	100	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.
20,00,000	14,08,147	66,36,767	45,87,703	984	Bird & Co. Private Ltd.	840	Lawrence	99.50	100	15.00	15.00	10.00	10.00	3	Y.P.
21,65,200	44,95,037	2,88,24,106	1,66,72,214	84,805	M.	1,294	Megna	11.75	10	1.25	1.25			3	Y.
29,98,900	41,89,963	1,91,36,426	1,16,78,800	21,972	Bhagat Agencies Ltd.	815	Naihati	95.00	100	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.T.
20,00,000	11,52,440	98,57,072	67,48,449	8,216	Howrah Trading Co. Private Ltd.	425	Naihatisagara	16.00	10	0.50	0.50	1.40		3	Y.P.
25,00,000	78,10,449	2,01,18,988	58,47,874	9,507	M.	852	National	21.25	10	0.75	*Nil*	1.00	1.00	10	Y.P.
26,25,000	36,29,172	80,06,895	46,01,106	35,230	McLeod & Co., Ltd.	316	Nellimarla Jute	8.19	10	0.30	0.60	1.50	0.50	7	Y.P.T.
2,26,50,000	3,31,00,122	11,98,75,237	7,75,75,888	15,602	Sahu Jain Ltd.	1,765	New Central	10.87	10	1.50	1.50	*Nil*	1.50	3	Y.P.T.
16,72,880	26,86,689	1,43,61,778	89,72,948	1,076	Bird & Co. Private Ltd.	567	Northbrook	25.37	10	3.00	3.00	2.00	3.50	3	Y.P.T.
66,70,000	58,00,825	1,83,46,564	95,12,203	13,111	Macneill & Barry Ltd.	1,002	Nuddea	53.00	50	4.00	3.00	2.50	5.00	3	Y.
25,00,000	13,55,554	1,08,88,905	84,49,448	17,103	McLeod & Co., Ltd.	400	Presidency	4.25	5	0.40	0.50	0.50	0.50	7	Y.P.
20,00,000	5,27,128	68,13,805	24,70,560	25,600	Hindustan Investment Corpn. Ltd.	305	Rameshwara	9.26	10	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.P.
42,50,000	4,89,151	1,24,02,277	69,15,776	7,27,719	M.	422	Reliance	7.62	10	*Nil*	*Nil*	*Nil*	*Nil*	10	Y.P.T.
£600,000	£867,481	£1,501,638	£788,054	£6,838	Thomas Duff & Co. (India) Pvt. Ltd.	2,013	Samnuggur	9.60N	£1	6%†	*Nil*	10%†		3	Y.P.T.
20,00,000	23,62,584	1,67,85,313	1,08,09,070	8,777	Bagaria More & Co., Ltd.	911	Shree Ambica	20.00	10	0.90	0.60	*Nil*	0.90	3	Y.P.
14,00,000	17,15,854	77,43,303	55,72,946	33,495	Hindustan Investment Corpn. Ltd.	401	Soorah	21.50	10	2.50	2.50	2.50		12	Y.P.
£600,000	£566,895	£1,390,914	£783,019	£9,976	Thomas Duff & Co. (India) Pvt. Ltd.	1,704	Titaghur	9.50N	£1	*Nil*	12½†	12½†		12	Y.P.
32,98,600	42,63,667	1,10,95,221	69,99,988	603	Bird & Co. Private Ltd.	1,326	Union	141.00	100	25.00	6.00	*Nil*	20.00	3	Y.P.T.
£400,000	£305,953	£1,338,747	£666,723	£8,551	Thomas Duff & Co. (India) Pvt. Ltd.	1,831	Victoria	9.50N	£1	6%†	*Nil*	10%†		12	Y.P.
2,50,000	9,70,000	81,07,250	46,38,438	57,655	McLeod & Co., Ltd.	447	Waverley	8.19	1	0.30	0.30	0.60	0.30	6	Y.P.

SOUTH INDIAN PLANTING COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
TEA COMPANIES.															
10,98,000	8,60,824	18,08,952	4,15,754	48,095	Young India Agencies Private Ltd...	1,665	Balanoor Tea and Rubber ..	12.37	10	1.50	1.20	1.20		3	Y.P.
24,00,000	5,11,625	1,49,41,142	25,95,990	54,776	Kothari & Sons (Agn.) Pvt. Ltd. ..	1,370H	Blue Mountain Estates & Ind..	2.37	2	0.25	0.20	0.20	0.20	6	Y.
5,50,000	3,11,000	19,90,967	4,35,544	2,168	K. Kanakaratnam, Esq. (Mg. Director).	346	Chemmanial Estates Ltd. ..	9.95	2	0.25	0.25	0.12	*Nil*	6	Y.P.
14,00,100	14,46,380	33,49,058	11,64,122	22,758	Peirce, Leslie & Co., Ltd.	693H	Chembra Peak Estates	4.57	2	0.40	0.40	0.40	0.40	3	Y.
5,66,780	13,90,424	24,87,766	3,02,366	....	Matheson Bosanquet & Co. Pvt. Ltd..	159H	Coonoor Tea	17.57xd	10	1.75	1.50	1.75	1.75	9	Y.P.
4,80,000	3,08,204	18,62,155	3,17,071	17,393	M. L. Shenkia, Esq. (Chairman) ..	671	Coorg Tea	4.85	2	0.40	0.40	0.30	0.30	10	P.P.
3,40,000	2,28,526	13,50,903	4,33,226	3,300	P. G. Krishna Iyer, Esq. (Mg. Director)	171H	Devashola (Nilgiri) Tea ..	24.08	10	2.00	2.00	1.50		12	Y.
6,74,650	3,88,749	18,44,758	3,14,298	22,168	Young India Agencies Private Ltd...	1,177	Devon Tea	11.96	10	1.50	1.20	1.20	1.00	3	Y.P.
7,50,000	5,10,000	19,04,450	13,465	19,221	K. N. Krishna Iyer (Mg. Director) ..	198	Emerald Valley Estates	6.15	5	*Nil*	*Nil*	*Nil*	1.00	3	Y.
25,00,000	19,85,470	59,76,170	18,56,831	12,526	Parkins Private Ltd.	1,506	Halleybursa	13.25	10	1.50	1.25	1.10		12	Y.P.
9,00,000	7,23,746	16,03,743	4,93,218	29,726	Peirce, Leslie & Co., Ltd.	190H	Kalasa Tea	4.10	2	0.40	0.50	0.30	0.30	3	Y.T.
17,17,076	13,42,000	37,05,125	5,73,332	28,917	Peirce, Leslie & Co., Ltd.	556H	Kil Kotagiri Tea	4.46	2	0.50	0.50	0.50	0.40	10	Y.P.
5,00,000	3,13,000	13,93,084	1,58,424	1,857	Ipe Oommen & Co. Pvt. Ltd.	936	Kurchermala Plant. Ltd. ..	5.07	10	*Nil*	0.40	*Nil*	*Nil*	3	Y.P.
5,00,000	1,46,676	10,84,818	1,18,129	35,576	Matheson Bosanquet & Co., Ltd. ..	109H	Lucky Valley	12.50	10	1.00	1.00	1.00		12	Y.
2,50,000	20,000	8,59,979	88,028	4,009	Vasanta & Co. (Trichy) Pvt. Ltd...	255	Malankar Estates Ltd.	1.99	2	0.20	0.20	0.10		3	Y.P.
2,00,000	6,13,117	15,03,173	3,09,591	—8,503	Rapen Thomas, Esq. (Mg. Director).	560	Mlamallay	34 60	25	3.75	3.50	2.00	*Nil*	3	Y.P.
20,00,000	24,19,474	64,10,841	17,29,940	20,723	A. V. Thomas & Co. (India) Ltd. ..	823H	Neelamalai	4.80	5	0.375	0.375	0.375	0.375	6	Y.P.
12,00,000	10,09,000	32,29,949	5,97,910	9,232	A. V. Thomas & Co., Ltd.	738H	Nellampathy	8.00	2	0.25	0.30	0.30	0.30	6	Y.P.T.
14,06,250	10,15,954	40,42,365	8,24,078	6,184	A. V. George & Co., Ltd.	1,622	Nilgiri Tea	9.10	10	0.80	1.00	1.00	0.50	3	Y.P.
22,10,000	14,19,451	59,48,336	15,15,045	38,487	Harrison & Crosfield Ltd.	841	Nonsuch Tea	23.00xd	10	2.00	2.00	2.00	2.00	6	Y.
14,88,960	17,22,983	34,54,296	7,51,037	45,177	P. S. M. Molyneux, Esq. (Chairman)	227H	Parkside	25.73	10	2.75	2.25	2.75	2.50	6	Y.
6,00,000	6,84,231	7,96,854	79,137	4,27,181	S. Sivaramakrishna Aiyar, Esq. ..	771	Peninsular Plantations Ltd. ..	21.25	10	2.00	2.00	2.00	2.00	2	Y.
17,00,000	12,33,809	46,47,926	19 04,123	69,859	Aspinwall & Co. (Travancore) Ltd. ..	634H	Peermade	21.25	10	2.25	2.50	2.00		12	Y.P.
37,94,880	20,68,711	1,28,79,158	46,17,784	58,308	Peirce, Leslie & Co., Ltd.	1,506H	Periakaramalai	3.46	2	0.27	0.40	0.25	0.30	3	Y.P.
15,50,000	2,96,500	12,02,040	1,74,016	8,989	A. V. Thomas & Co. (India) Ltd. ..	882	Sheveroy Estates Ltd.	2.05	2	0.15	0.15	0.125	0.125	6	Y.
5,00,000	15,30,000	31,73,063	10,02,544	17,781	T. Stanes & Co., Ltd.	457H	St. Hilaires Amalgamated	13.75	10	1.70	1.00	1.50	1.20	6	Y.T.
1,25,000	12,500	2,18,032	22,050	2,921	M.	216	Swinton Estates	2.68	2	0.25	0.12	*Nil*	*Nil*	3	Y.
12,50,000	12,05,697	54,15,317	5,52,996	22,571	Srinivas Agencies	1,056	Talayar Tea	1.87	2	0.15	0.20	0.20	0.20	3	Y.P.
10,75,000	16,56,000	33,93,725	5,16,817	1,113	Parkins Private Ltd.	1,215	Tyrford	9.55	10	1.50	1.50	0.50		12	Y.P.
2,20,000	3,97,345	10,81,680	1,41,882	—82,256	A. V. George & Co., Ltd.	503	Udayagiri Rubber Co., Ltd..	15.50	10	0.10	*Nil*	*Nil*		12	Y.P.
21,92,280	21,26,250	59,80,505	22,94,476	22,127	T. Stanes & Co., Ltd.	736H	United Nilgiri	23.22	10	2.10	2.20	2.20	2.25	3	Y.
47,25,000	51,23,765	93,19,418	15,06,787	51,580	Kothari Mehta & Co. Pvt. Ltd. ..	1,127H	Waterfall	2.30	2	0.25	0.30	0.20	0.20	6	Y.P.
RUBBER AND OTHERS															
6,00,000	5,52,495	17,66,345	5,03,082	20,644	Ramani & Co. Pvt. Ltd.	999	Alageswar Estates Ltd.	2.67	2	0.35	0.30	0.20	0.20	3	Y.
9,75,000	2,85,527	21,05,698	4,40,782	1,693	K. N. Neelakantan, Esq. (Mg. Director)	2,417	Amalgamated Coffee Estates Ltd.	10.01	10	1.00	1.00	1.00	0.50	3	Y.P.T.
2,50,000	5,92,985	14,70,817	2,21,018	46,976	A. V. George & Co., Ltd.	639	Anandam Rubber Co., Ltd. ..	14.50	10	1.50	1.50	1.50		12	Y.P.
12,07,888	2,28,040	22,59,626	5,45,437	34,775	Associated Planters Private Ltd. ..	1,343	Anaparai Estates Ltd.	3.00	2	0.40	0.30	0.20	0.30	6	Y.T.
4,75,000	4,76,000	12,07,785	1,45,997	12,916	Badra Coffee Estates Ltd.	1041	Badra Coffee Estates Ltd. ..	2.90	2	0.30	0.30	0.15	0.20	3	Y.P.
4,00,000	86,000	7,45,317	1,55,774	2,787	A. V. Thomas & Co. (Mysore) ..	233H	Bababudin Coffee & Produce..	5.00	5	0.40	0.40	0.30	0.30	6	Y.P.
3,00,000	2,05,000	4,79,718	88,297	1,481	Planting Agencies (Private) Ltd. ..	151H	Balmadies Plantations	1.80	2	0.15	0.10	*Nil*	0.10	6	Y.P.
25,01,270	19,50,914	60,63,640	12,47,012	23,581	Peirce, Leslie & Co., Ltd.	6,255	Cochin Malabar	0.45	1	0.025	0.05	0.05	0.05	3	Y.P.
12,50,000	25,02,160	57,74,920	18,29,355	890	M. A. Sreenivasan, Esq. (Chairman)	2,793	Coffee Lands and Industries ..	17.15	10	0.60	1.20	0.90	0.90	6	Y.P.
71,55,000	78,42,159	1,75,91,409	54,78,544	1,607	M. A. Sreenivasan, Esq. (Chairman)	8,345	Consolidated Coffee	22.00	10	2.00	2.00	1.50	2.00	6	Y.P.
5,00,000	5,09,735	15,59,047	1,41,758	5,018	Associated Planters Private Ltd. ..	1,410	Cotlanad Plantations	9.60	10	1.00	1.00	0.625	1.00	3	Y.P.
4,08,850	2,50,000	4,02,630	1,85,017	40,856	Peirce, Leslie & Co., Ltd.	246H	Cowcoody Estates (Coffee) ..	4.66	2	0.50	0.50	0.40	0.35	6	Y.
16,00,000	14,20,000	37,97,279	8,89,483	16,646	A. V. Thomas & Co., Ltd.	519H	Highland Produce	15.50	10	1.50	1.50	1.50		12	Y.P.
11,88,700	11,77,700	31,72,227	4,50,272	10,527	Peirce, Leslie & Co., Ltd.	1,527	Kailas Rubber Co., Ltd.	5.97	2	0.40	0.40	0.40	0.60	2	Y.
12,00,000	5,19,842	22,75,750	4,65,958	5,164	A. V. Thomas & Co., Ltd.	888H	Kaipetta Estates	12.12	10	1.25	1.25	1.25	1.125	4	Y.
6,00,000	2,40,000	9,93,124	2,60,252	26,055	Peirce, Leslie & Co., Ltd.	273H	Kunnergode Estates Ltd.	3.78	2	0.40	0.35	0.30	0.28	10	Y.
12,50,000	3,69,000	28,24,000	5,02,446	3,699	K. T. Thomas Kathanar, Esq.	2,147	Malankara Rubber	16.37	10	1.50	1.50	1.40		3	Y.
2,25,000	2,50,000	8,72,237	98,634	3,643	Associated Planters Pvt. Ltd. ..	906	Mercara Rubbers Ltd.	7.45	5	1.00	1.00	0.75	0.625	6	Y.P.
40,80,000	17,71,088	79,02,021	18,59,147	1,229	A. V. Thomas & Co., Ltd.	1,388H	Midland Rubber	11.00	10	1.25	1.25	1.25	1.00	3	Y.P.
2,25,000	4,12,007	17,54,491	2,54,374	1,19,609	A. V. George & Co., Ltd.	1,331	Nemmeny Rubber	22.55	10	1.50	1.50	1.50		12	Y.P.
2,00,000	4,01,118	10,47,182	60,436	1,632	Associated Planters Private Ltd. ..	840	Nilambur Rubber Co.	12.75	10	1.50	1.50	1.00		12	Y.P.T.
6,80,000	5,96,486	12,89,223	1,39,772	17,087	Peirce, Leslie & Co., Ltd.	323H	Oassoor Estates Ltd.	2.56	2	0.30	0.30	0.20	0.30	3	Y.
19,45,980	34,54,133	60,54,548	22,42,025	2,015	Peirce, Leslie & Co., Ltd.	1,812H	Ouchterlony Valley Estates ..	3.55	2	0.25	0.35	0.25	0.25	10	Y.P.T.
16,50,000	5,12,481	24,09,527	4,19,533	6,844	Aspinwall & Co., Ltd.	900H	Pullangode Rubber	3.05	2	0.10	0.12	0.15	0.20	3	Y.P.
18,80,000	18,86,959	58,09,894	8,55,425	20,850	A. V. Thomas & Co., Ltd.	1,216H	Rajagiri Rubber	21.55	10	2.00	2.00	2.00	2.125	6	Y.P.
3,00,000	1,54,993	4,06,883	80,946	47,531	Associated Planters Private Ltd. ..	422	Rubber Estates Ltd.	13.62	5	1.25	1.25	1.00	1.25	3	Y.P.
13,00,000	76,907	20,87,248	2,33,330	—1,48,843	Patco Agencies	470H	Sangameshwar Coffee Estates..	1.65	2	0.12	0.12	*Nil*	*Nil*	3	Y.P.T.
4,80,170	2,23,000	10,11,402	2,15,317	6,033	Peirce, Leslie & Co., Ltd.	502H	Savannalai Estates Ltd.	4.60	2	0.28	0.32	0.30	0.35	11	Y.
10,00,000	2,02,190	22,50,803	1,88,357	4,534	East India Agencies Private Ltd. ..	1,454	Teckoy Rubber (India) Ltd....	6.60	10	*Nil*	*Nil*	*Nil*		3	Y.P.T.
6,25,000	2,74,153	14,90,789	65,133	7,695	A. V. George & Co., Ltd.	816	Thamarapally Rubber	16.40	10	1.00	1.80	1.50		12	Y.P.T.
9,15,300	10,75,840	16,61,781	2,34,898	7,989	Peirce, Leslie & Co., Ltd.	1,319	Thirumbadi Rubber Co., Ltd..	1.65xd	1	0.07	0.12	0.10	0.10	9	Y.
5,00,000	15,15,616	13,78,050	1,02,091	1,640	Rapen Thomas, Esq. (Mg. Director)..	1,841	Travancore Rubber	11.75	10	1.50	1.20			3	Y.P.
41,00,000	12,63,584	90,95,306	18,31,504	32,283	Aspinwall & Co. (Travancore) Ltd. ..	2,109H	Travancore Rubber & Tea	9.00	10	0.90	1.00	1.00		12	Y.P.
20,00,000	1,91,000	33,48,191	9,09,484	233	P. T. Thomas, Esq. (Mg. Director) ..	2,157	Tropical Plantations Co.	21.25	25	2.00				12	Y.
5,80,010	5,47,051	10,34,166	54,782	9,228	S. Padmanabh Aiyar, Esq. (Chairman)	1,118	Valliadumam Rubber Co., Ltd...	35.10	10	3.00	3.00			12	Y.P.
6,00,000	6,69,482	19,50,932	1,87,596	6,425	P. I. Joseph, Esq. (Chairman) ..	1,245	Vellimalai Rubber & Co.	5.12	5	0.60	0.50	0.25	0.35	2	Y.P.T.
12,00,000	12,40,962	18,57,152	2,24,133	36,574	Peirce, Leslie & Co., Ltd.	1,217H	Wartyhully Estates Ltd.	3.05	2	0.30	0.30	0.20	0.24	3	Y.
6,00,000	97,309	13,65,464	1,02,251	23,313	M.	898	Woodland Estates	6.00	10	1.00	1.00			3	Y.

V—Included 60 nP. for 50-6-1954. * Includes bonus. H—Area in Hectares M—Managed by Board of Directors. † Less Income-tax.

N.B.—All dividends paid since 31st March 1959 are shown as taxable.

NORTH INDIAN TEA ESTATES

| Paid-up Ordinary Capital Rs. | Reserves Rs. | Gross Block Rs. | Depreciation Rs. | Carried Forward Rs. | Managing Ag

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP	Rs. nP	Rs. nP	Rs. nP		
						CERAMIC; MINING AND QUARRYING								
96,00,000	19,111	67,05,606	23,63,316	2,915	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	7.06	10	0.60	0.60	0.50		3	Y.
12,50,000	6,55,242	23,23,858	12,41,519	777	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kota) Ltd	24.00N	10	2.00	3.00	2.00		9	Y.P.
55,23,146	23,41,104	1,90,40,451	48,35,034	3,208	Bharat Ram Bhagat & Co.	Bengal Potteries	5.00	2½	0.375	0.30	0.30		12	Y.
40,00,000	28,81,279	1,22,44,032	53,39,187	50,122	Bird & Co. Private Ltd.	Bisra Stone Lime Co.	17.69	10	3.00	3.00	1.00	1.25	3	Y.
14,17,800	25,18,589	53,55,181	22,68,004	2,821	Smt. K. M. Motichand Shah (Chairman).	Bombay Potteries and Tiles Ltd.	181.25	100	12.86	15.00	15.00	18.00	9	Y.P.
80,00,000	24,68,788	1,36,52,623	46,61,618	1,20,084	Sarar Mor & Co. Private Ltd. ..	Ferro Alloys Corporation Ltd. ..	111.00	100	8.00	11.00	9.00		12	Y.P.
82,056,950	£2,324,873	£4,002,119	£2,243,788	£75,810	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	3.20	Sh. 5	0.36	0.36			12	Y.
F.5,00,000 }	27,81,955	84,18,636	10,76,454	1,40,029	Bird & Co. Private Ltd...	Karanpura Development	9.87	10	0.50	0.50			12	Y.
O.15,00,000 }														
50,00,000		1,14,21,619	5,73,268	3,63,515	Khandelwal Industries Private Ltd. ..	Khandelwal Ferro Alloys Ltd.	58.00	100	Nil	4.00	Nil		12	Y.P.
80,00,000	56,55,899	1,70,50,512	52,30,456	25,499	Bird & Co. Private Ltd...	Kumardhubi Fireclay and Silica Works.	18.45	10	1.80	1.80	1.80		12	Y.P.T.
1,78,79,258	10,90,896	1,22,39,515	76,18,994	3,25,965	Sir Indra Singh, Kt. (Chairman)	Metal Corporation of India Ltd. ..	6.62	10	Nil	Nil	Nil		3	Y.P.
6,00,000	7,27,803	17,66,777	9,37,747	100	Mysore Industrial Development Co.	Mysore Stoneware Pipes & Potteries	11.57N	10	1.428	1.20	1.50	1.25	3	Y.
80,00,000	67,67,481	80,62,201	34,56,786	38,801	Bird & Co. Private Ltd...	Orissa Minerals	22.12	10	3.60	2.80	2.00		6	Y.
12,18,650	22,84,051	1,05,25,908	57,38,031	43,395	A. V. Gharpure, Esq. (Chairman)	Parshuram Pottery Works Co., Ltd. ..	59.00	25	5.36	5.36	5.36	3.75	7	Y.P.
21,00,000	37,51,142	99,40,647	51,84,720	—23,63,858	Killick Industries Ltd.	Shivrajpur Syndicate	14.00	10	3.00*	Nil	Nil	Nil	11	Y.
4,88,240 }	12,75,390	34,34,281	11,78,647	21,096	S. N. Beri, Esq. (Secretary)	Sutna Stone & Lime Co. Ltd.	28.31	5	1.00	2.75	3.50		12	Y.
4,80,680 }							..		1.00	1.375	1.75			
						CHEMICAL								
22,68,175	.....	1,79,449	18,076	—26,645	Agri-Chem Engineers]	Adarsh Chemicals & Fertilisers ..	77.90	100	Nil	Nil			12	Y.P.
1,44,50,000	78,45,309	3,08,89,996	1,16,84,003	52,961	Rayams Services	Alembic Chemical Works Co.	161.25	100	14.00	14.00	12.00		12	Y.P.
3,10,00,000	2,26,33,273	5,39,01,420	2,46,53,284	5,671	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India ..	29.00	10	1.20	1.50	1.50	1.50	9	P.Y.
80,97,100	79,09,684	1,64,62,149	50,97,267	15,665	Amritlal & Co. Private Ltd.	Amar Dye-Chem. Ltd.	192.50	100	12.00	9.00	9.00		12	Y.P.
29,84,000	47,07,888	2,21,76,216	99,02,362	....	Kasturbai Lalbhai & Co.	Anil Starch Products Ltd.	545.00	100	30.00*	30.00*	25.00*	25.00*	12	Y.P.
2,97,50,025	1,55,18,352	6,68,46,094	1,71,87,475	61,182	Lalbhai Sons & Co.	Atul Products Ltd.	297.50	100	12.00	12.00	12.00		12	Y.T.
50,00,000	....	35,050	910	....	P. N. Balasubramanian, Esq. (Mg. Dirctr.)	Barium Chemical Ltd.	58.00	100	....	....	Nil		6	Y.
1,25,45,900	67,58,822	1,59,19,707	81,89,070	5,728	Dr. B. N. Ghose (Managing Director) ..	Bengal Chemical and Phar.	98.00	100	7.00	10.00	10.00		9	Y.
1,25,00,000	95,16,340	1,47,09,873	34,41,646	1,184	Ramniwas R. Ruia, Esq. (Chairman)	Colour Chem. Ltd.	320.00	100	Nil	8.00	15.00	12.00	3	Y.
14,98,544	4,56,818	17,44,900	9,05,099	12,818	Kadarai & Co.	Chemo-Pharma Laboratories Ltd. ..	33.00	25	2.50	3.00	3.00		12	Y.
21,88,800	50,96,730	1,58,60,838	69,84,176	25,675	Dharamsi Morarji & Co.	Dharamsi Morarji Chemical Co., Ltd. ..	111.25xr	50	Nil	8.00	8.00		12	Y.
1,07,50,000	07,07,853	5,98,07,157	2,11,95,198	1,75,320	Sahu Bros. (Saurashtra) Private Ltd.	Dhrangadhra Chemicals	111.00	Nil	6.00	6.00	8.00		3	Y.P.
6,98,97,740	61,48,460	10,44,89,407	4,07,36,479	3,85,109	M. K. K. Nayar, Esq. (Mg. Director) ..	F. A. C. T.	5.15	10	0.60	0.60	Nil		3	Y.
1,86,76,000	71,67,780	2,54,75,973	86,44,827	3,006	Mafatlal Gagalbhai & Sons	Indian Dyestuffs Industries Ltd. ..	246.25	100	6.00	6.00	7.00		3	Y.P.
12,00,000	6,54,411	28,94,858	15,51,602	19,974	Jal H. Mehta, Esq. (Chairman) ..	Kemp & Co.	250.00	100	25.00	25.00	27.00		3	Y.
1,40,00,000	27,45,801	2,42,51,222	1,10,56,661	11,631	Seshasayee Brothers Private Ltd. ..	Mettur Chemicals	13.30	10	1.25'C'	1.25	1.875*	1.25	3	Y.P.T.
24,81,220	18,02,685	56,25,511	47,65,455	3,322	T. Shamanna, Esq. (Chairman)	Mysore Chemicals and Fertilisers ..	7.87	10	1.00	1.00	0.50	NU	3	Y.
10,00,000	5,35,915	13,66,245	7,61,774	4,765	S. Ramanathan, Esq. (Mg. Director) ..	Mysore Chemicals Mfg.	11.70	10	2.00'C'	2.00	2.00	1.50	3	Y.P.
66,00,000	66,60,955	1,08,02,040	30,54,507	9,857	Ramdas Kilachand, Esq. (Chairman) ..	Polychem Ltd.	12.25	50	5.50	7.50	7.50	7.50	3	Y.P.
50,00,000	8,470	59,77,481	40,438	56,804	Emcete & Sons Private Ltd.	Premier Fertilisers Ltd.	6.25	10	Nil	Nil	Nil		12	Y.
22,50,000	17,65,288	65,52,467	27,96,505	11,012	Bangur Brothers Ltd.	Phosphate Co. Ltd.	191.00	100	25.00	25.00	17.50	15.00	6	Y.
20,00,000	42,09,194	2,42,19,314	59,12,202	22,961	D. M. Jaffray, Esq. (Chairman) ..	Smith Stanistreet & Co.	13.25	5	1.25	1.25	1.25	1.125	6	Y.P.
4,98,54,470	24,38,980	3,13,78,704	17,05,817	—9,88,858	Tulsidas Kilachand, Esq. (Chairman)	Synthetics & Chemicals Ltd.	79.00	100	....	Nil	Nil		3	Y.
9,02,38,815	1,09,52,557	9,01,95,274	5,04,93,367	3,923	Tata Industries Private Ltd.	Tata Chemicals	17.28	10	0.80	0.65	0.65	1.00	6	Y.P.T.
25,00,000	5,89,760	39,88,714	12,05,339	6,516	P. Krishnamoorthy, Esq. (Mg. Director)	Travancore Chemical Mfg. Co. Ltd. ..	18.37	10	1.50	2.00	2.25	2.00	3	Y.P.
31,16,000	.....	8,93,892	1,403	—6,73,288	Mr. M. J. Vaidya (Chairman)	Travancore Electro-Chemical Ind. ..	95.00N	100	Nil	Nil	Nil		12	Y.
14,99,375	.....	25,06,158	7,313	—2,574	Mr. N. S. Iyengar (Chairman)	Ultramarine & Pigments Ltd.	99.50	100	..	Nil	Nil		12	Y.
						ELECTRIC (BOMBAY)								
8,74,78,895	1,85,12,601	18,97,73,999	5,90,50,108	264	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd. ..	96.20	100	7.00	7.00	8.00	8.00	3	Y.T.
85,85,180	31,13,441	2,00,89,788	78,81,211	10,72,272	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd. ..	9.52	10	1.00*	0.90	0.90	0.90	3	Y.P.
3,02,77,000	1,28,89,017	12,25,61,084	3,04,61,313	89,164	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co. ..	1,055.00	1,000	85.00*	80.00*	80.00*	90.00	3	Y.P.T.
1,75,00,000	1,21,07,263	6,11,22,126	1,25,80,588	2,870	Killick Industries Ltd.	Bombay Suburban Electric Supply ..	104.25	100	9.00	8.50	8.50	9.00	3	Y.
7,07,020	1,03,967	10,87,265	8,70,209	1,536	Rajaputana Textiles (Agencies) Ltd. ..	Broach Electric Supply Development.	6.48	10	0.66	0.72	0.60	0.50	3	Y.T.
48,89,000	12,56,813	1,67,72,704	61,69,509	3,547	Rajaputana Textiles (Agencies) Ltd. ..	Poona Electricity Supply	185.00	100	9.50	8.25	8.25	8.00	3	Y.P.T.
70,00,000	34,04,483	1,81,93,936	81,54,423	3,076	Killick Industries Ltd.	Surat Electricity	101.00	100	7.50	8.00	8.00	8.50	3	Y.T.
3,40,00,000	1,19,05,843	9,29,64,351	2,23,23,928	27,936	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply ..	112.00	100	8.50*	8.00*	8.00*	9.00	3	Y.P.
5,16,86,000	3,61,11,841	20,88,47,938	4,89,65,810	29,988	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,120.00	1,000	85.00*	80.00*	80.00*	90.00	3	Y.P.
						West Bengal and Other Centres								
10,99,000	51,52,883	1,70,15,387	51,84,841	13,612	Martin Burn Ltd.	Agra Electric Supply Co., Ltd. ..	124.00	100	11.00	11.00	11.00	11.00	3	Y.T.
9,00,000	16,30,275	62,04,833	28,40,519	1,852	Martin Burn Ltd.	Bareilly Electricity Supply	12.12	10	1.10	1.10	1.10	1.10	3	Y.T.
17,00,000	54,27,583	1,05,67,135	60,88,135	5,523	Martin Burn Ltd.	Benaras Electric Light & Power Co.	11.81	10	1.10	1.10	1.10	1.10	3	Y.T.
84,262,646	£10,915,240	£37,582,951	£15,201,226	£100,524	Sir William Lamond (Chairman)	Calcutta Electric Supply	14.12	10	74%	74%	74%		3	Y.P.T.
6,80,000	5,55,075	37,78,234	11,56,451	48,963	Octavius Steel & Co. Ltd.	Cuttack Electric Supply	10.44	10	0.75	1.00	1.00		3	Y.
43,20,000	35,90,160	1,15,09,694	45,52,365	48,905	Andrew Yule & Co., Ltd.	Dishergarh Power Supply	86.00	100	10.00	10.00	10.00	10.00	3	Y.T.
5,34,640	1,48,267	42,36,379	17,80,526	47,188	Moonna Lall & Sons	Jhansi Electric Supply	5.40N	10	0.70	Nil	0.70		3	Y.T.
22,49,700	29,85,246	1,16,29,613	48,35,857	9,286	Martin Burn Ltd.	Jubbulpore Electric Supply	12.00	10	1.00	1.00	1.00	1.10	3	Y.
35,07,880	40,44,800	1,41,84,880	56,06,270	78,727	Octavius Steel & Co., Ltd.	Patna Electric Supply	10.12	10	1.00	1.00			3	Y.T.
9,10,000	2,56,304	15,86,888	6,29,467	5,242	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply	6.75	10	0.625	0.625			3	Y.
16,80,000	15,03,683	60,81,257	45,11,630	3,975	Mirt & Co. Private Ltd.	Sijuah (Dumka) Elec. Supply Co. ..	8.58	10	1.00	0.80	0.90		3	Y.T.
70,00,000	30,88,182	2,42,78,890	81,28,055	23,389	Seshasayee Bros. Private Ltd. ..	South Madras Electric Supply Corpn.	11.10	10	0.90'C'	0.90	1.00		3	Y.P.
5,00,000	12,25,998	35,93,657	15,13,085	1,935	Martin Burn Ltd.	Upper Jumna Valley Elec. Supply ..	21.19	10	1.35	1.35	1.35	1.35	3	Y.
56,00,000	80,13,213	3,76,23,916	1,75,34,464	23,312	Martin Burn Ltd.	U. P. Electric Supply Co.	153.00	100	11.00	11.00	11.00	11.00	3	Y.P.T.
2,00,000	13 86,606	54,12,090	15,22,821	4,16,790	Chandrie & Co. Private Ltd.	Vellore Electric Corporation	15.62	10	1.50	1.429	1.429		3	Y.
						ENGINEERING (Bombay)								
51,98,100	63,99,675	1,18,50,858	68,52,499	26,128	Turner Morrison & Co. Ltd.	Aleock Ashdown & Co., Ltd.	290.00	100	17.00	22.50	19.00	1/M	12	Y.
19,99,060	7,77,224	25,43,735	12,13,956	641	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	90.00	50	5.50	7.50*	9.00*	9.00	12	Y.
99,40,000	54,17,255	1,14,22,410	66,99,565	153	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	99.00	100	13.00'C'	13.00	7.00	8.00	6	Y.
1,20,00,000	1,51,427	97,23,681	28,47,228	—12,767	Dharamsinh D. Desai, Esq. (Chairman)	Hindustan Electric Co. Ltd.	114.50	100	Nil	4.00	Nil	Nil	4	Y.P.
60,00,000	1,28,78,164	2,72,57,477	1,56,47,699	145	Walchand & Co. Private Ltd.	Indian Hume Pipe Co., Ltd.	150.00	100	13.00'C'	13.00	14.00	14.00	6	Y.T.
10,00,000	4,61,618	9,54,586	1,82,481	33,604	T. V. Sadasivan, Esq. (Chairman)	Jyoti Ltd.	47.00	50	4.00	5.00	5.00	3.00	3	Y.
80,00,000	17,41,760	95,00,765	31,13,288	20,765	Adnem Services	Kamani Engineering Corporation ..	141.25	100	12.00	12.00	9.00		12	Y.
44,96,250	14,17,502	85,37,034	43,39,307	4,511	Kamani Bros. Private Ltd.	Kirloskar Bros. Ltd.	13.08	10	0.80	0.90	0.95	1.20	9	Y.
67,61,645	1,42,50,008	2,19,41,464	88,90,417	19,417	Kirloskar Sons & Co.	Kirloskar Electric Co., Ltd.	38.75	25	2.50	2.50	2.50	2.50	7	Y.
61,84,940	71,09,895	1,87,20,070	67,59,501	578	Kirloskar Associates	Kirloskar Oil Engines, Ltd.	18.40	10	0.90	1.10	1.20	1.00	6	Y.
80,00,000	79,27,836	1,76,05,965	63,90,529	28,996	Kirloskar Sons & Co.	Kirloskar Oil Engines, Ltd.	26.00	10	1.45	1.60	1.60	1.60	6	Y.
27,58,950	20,54,885	80,71,873	16,74,709	18,511	Kirloskar Industries	Kirloskar Pneumatic Co., Ltd.	193.75	100	Nil	12.50	12.50	10.00	3	Y.P.
5,28,120 }	80,780	1,26,63,493	40,82,994	61,080	Prem Kumar Gupta, Esq.(Mg.Director).	Lakshmiratan Eng.	6.00	10	Nil	Nil	Nil		9	Y.
41,00,000 }							22.36	10	1.80'C'	1.80	1.40	1.40	3	Y.P.
1,85,00,000	95,52,279	1,92,60,488	60,22,772	11,978	L. & T. (Management) Private Ltd.	Larsen and Toubro Ltd.								
87,29,988	....	25,48,815	4,35,819	—8,20,078	B. L. Kucheria, Esq. (Secretary)	Lynx Machinery	4.52	10	..	Nil	..	Nil	3	Y.
80,12,160	35,37,886	1,84,88,145	82,09,093	2,374	Mahindra & Mahindra Ltd.	Machinery Mfrs. Corpn. Ltd.	22.76	10	Nil	Nil	1.25	1.50	3	Y.P.
1,97,98,145	1,14,00,083	2,29,64,781	89,96,901	15,767	Keshub Mahindra, Esq. (Chairman) ..	Mahindra & Mahindra Ltd.	15.76	10	1.25	1.50*	1.25	1.25	10	Y.P.
80,00,000	1,29,812	53,78,065	23,71,642	46,079	Prithviraj Sons	Man Industrial Corporation Ltd. ..	115.00	100	Nil	Nil	Nil		3	Y.P.
11,00,000	1,48,987	49,41,793	30,54,773	729	P. Jhunjhunwala, Esq. (Mg. Director).	McKennies	135.00	100	10.00	12.00	14.00	14.00	7	Y.P.
1,03,28,019 }	91,29,048	1,99,99,158	76,17,148	....	Jeewan Ltd.	Mukand Iron & Steel	17.72	10	1.20	1.20	1.20	1.20	3	Y.P.
D. 1,24,880 }														
50,00,000 }	58,34,208	1,88,49,872	85,50,104	2,975	Kirloskar Associates	Mysore Kirloskar Ltd.	155.00	100	12.00	12.00	12.00	10.00	3	Y.
7,50,000 }							108.00	50	6.00	6.00	6.00	5.00		
15,55,400	11,96,582	39,61,901	14,35,875	8,127	Sir C. B. Mehta (Chairman)	National Elec. Industries Ltd.	100.00	50	6.00	6.50	6.50		3	Y.
56,23,100	19,91,480	1,40,81,705	56,38,522	28,037	J. V. Patel, Esq. (Mg. Director) ..	New Standard Engineering	127.00	100	12.00	9.00	9.00	9.00	3	Y.P.
88,99,970	1,23,39,545	11,68,575	3,47,655	5,683	Walchand & Co. Private Ltd.	Premier Construction	166.00xd	100	12.00	14.00	14.00	14.00	12	Y.P.
78,67,725	44,64,786	1,25,80,980	50,80,553	5,683	Bhagat & Sons Private Ltd.	Structural Engineering Works Ltd.	86.00	100	12.00	13.00	8.00	6.00	6	Y.P.
27,55,67,599	38,10,37,802	1,95,88,43,262	92,56,04,257	32,096	Tata Industries Private Ltd.	Tata Iron and Steel	146.50	75 Old	9.72'C'	10.36*	10.36*	11.00	3	Y.P.T.
7,99,99,300	5,00,28,017	32,80,72,279	15,50,34,261	14,093	Tata Industries Private Ltd.	Tata Locomotive	270.00	100	12.50	14.50	14.00	14.00	3	Y.P.T.
27,22,280	15,88,184	66,71,183	19,00,582	11,654	T. Maneklal & Co.	T. Maneklal Mfg. Co.	520.00	100	18.50	27.00	27.00	6.00	5	Y.
41,66,980	88,97,021	19,70,676	11,88,441	1,176	M. N. Dalal, Esq. (Chairman)	Tractors (India) Ltd.	26.00	10	3.00	3.25	3.25	2.25	6	Y.
2,55,00,000	3,28,57,137	1,79,11,702	48,76,403	....	J. D. Choksi, Esq. (Chairman)	Yohan Ltd.	246.00	100	13.00	14.00	14.00	14.00	6	Y.
₹0,00,000	23 27,874	1,12,49,648	5,05,780	39,882	M.	Zenith Steel Pipes Ltd.	14.76	10	..	Nil	Nil	0.60	4	Y.
						West Bengal and Other Centres								
6,00,000	7,28,551	42,51,418	24,92,691	4,14,417	North Bihar Trading Co. (Pvt.) Ltd. ..	Arthur Butler & Co.	21.25	10	Nil	Nil	1.25		12	Y.P.T.
1,00,00,000	44,13,221	1,12,71,910	76,90,692	5,247	Tantia Brothers Pvt. Ltd.	Bhartia Electric Steel	14.25	10	1.00	1.00	1.25		12	Y.
60,00,000	7,80,864	39,00,044	14,75,470	19,201	G. D. Binani, Esq. (Mg. Director) ..	Binani Metal Works Ltd.	21.62	10	1.00	1.00	1.00		12	Y.
1,00,00,000	94,55,493	1,41,17,951	31,29,921	2,767	J. V. Jardiwala Paterson, Esq. (Chairman)	Bihar Lalji & Co. (India) Ltd.	32.50	10	2.50	2.50	2.50	2.50	12	Y.
12,00,000	50,43,274	1,84,59,269	72,92,176	....	Balmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd. ..	49.00N	10	3.00	3.00	3.00		12	Y.
19,88,870	7,04,341	39,97,533	14,03,655	32,996	Homes Wilson & Co., Ltd.	Britannia Building and Iron	2.87	10	Nil	Nil	Nil		3	Y.P.
1,00,00,000	52,96,738	1,44,35,095	75,90,275	5,115	McLeod & Co., Ltd.	Britannia Engineering	30.00	10	1.00	1.00	1.00		12	Y.T.
25,00,000	18,18,384	86,02,988	19,71,671	....	Balmer Lawrie & Co., Ltd.	Br. I. Electric Construction	29.12	10	4.50	2.00	1.50		12	Y.
84,00,000	2,99,02,509	6,88,27,014	3,77,03,785	65,077	Martin Burn Ltd.	Burn & Co.	280.00	100	28.50	32.50	28.50	25.00	4	Y.T.
1,00,00,000	17,65,495	76,57,194	17,95,224	10,765	C. N. Bhutika, Esq. (Secretary) ..	Calcutta Steel Co. Ltd.	14.56	10	0.50	1.50	1.50	1.25	3	Y.
1,00,00,000	42,09,194	2,42,19,314	59,12,202	22,961	R. L. Makharia, Esq.	Central India Machinery Mfg. Co., Ltd.	11.88	10	Nil	Nil	Nil	0.75	3	Y.P.T.
1,00,00,000	35,00,000	1,74,24,651	51,07,264	6,863	J. Dalmia, Esq. (Chairman)	Dalmia Iron & Steel Ltd.	10.84	10	1.00	1.00	1.00	1.00	9	Y.
80,93,400	29,26,103	1,05,09,914	30,29,918	21,399	Birla Brothers Pvt. Ltd.	Elec. Construction & Co. (India) Ltd.	12.62	10	1.00	1.00	1.00	1.00	12	Y.
83,77,799	55,59,619	1,73,84,005	22,52,420	9,707	Harparshad & Co. Private Ltd.	Escort Ltd.	17.50	10	1.50	1.50	1.10		12	Y.P.
4,00,00,000	6,98,32,755	9,77,64,014	3,42,96,022	....	N. R. Pillai, Esq. (Chairman)	Guest, Keen, Williams Ltd.	24.12	10	1.60'C'	1.40	0.858	1.00	12	Y.T.
12,50,000	9,46,136	62,85,333	43,23,988	5,801	Martin Burn Ltd.	Hamadpur Coking	80.00	50	Nil	Nil	6.25		12	Y.P.
12,44,08,990	30,89,05,725	85,16,35,648	28,96,39,691	....	Martin Burn Ltd.	Indian Iron and Steel	24.80	10	1.50	1.50	1.00	1.50	3	Y.P.
77,97,000	87,57,038	1,35,75,384	88,08,803	24,064	Martin Burn Ltd.	Indian Standard Wagon	23.44	10	2.85	2.85	2.85	2.00*	3	Y.P.
96,58,160 }	3,28,88,672	4,56,80,100	1,02,97,757	6,022	Indra Singh & Sons Private Ltd.	Indian Steel and Wire Products ..	33.50	10	2.30	2.40	2.30	1.80	3	Y.
25,58,580 }							12.37	0.1	0.23	0.24	0.23	0.80		
48,78,680	3,63,887	42,99,689	23,05,610	19,483	C. R. Ramaswamy, Esq. (Mg. Director)	Indian Steel Rolling Mills Ltd. ..	19.05	10	1.00	1.00	1.00	0.90	3	Y.P.
1,51,87,197	1,35,91,953	3,15,70,807	2,30,47,904	4,996	Madan Mohan Lal Shri Ram & Co.Pvt.Ltd.	Jay Engineering Works, Ltd.	18.94	10	1.715	1.715	1.50	1.00	3	Y.P.
40,00,000	65,79,000	97,98,620	30,88,807	2,169	J. K. Industries Private Ltd.	J. K. Steel Ltd.	14.87	10	2.00	2.00	1.00	1.50	6	Y.P.
2,08,99,000	3,00,16,258	5,57,97,464	1,90,97,854	64,916	A. K. Chanda, Esq. (Chairman)	Jessop & Co.	21.56	10	0.858'C'	0.858	0.858	1.00	10	Y.P.T.
27,84,800	53,04,995	1,06,33,358	50,21,186	3,088	Bird & Co. Private Ltd.	Kumardhubi Engineering Works ..	5.62	5	0.03	0.35	0.45		11	Y.P.T.
10,50,000	1,09,591	18,65,829	14,91,446	—18,08,418	Marshalls (Direction) Private Ltd. ..	Marshall Sons & Co. (India) Ltd. ..	3.12	2	Nil	Nil	Nil		6	Y.
49,96,000	18,56,398	1,54,02,104	92,07,119	—4,42,917	M.	National Iron and Steel Co., Ltd. ..	5.75	10	Nil	Nil	Nil		3	Y.P.T.
6,00,000	29,52,302	32,10,330	22,45,059	12,304	The British India Corpn. Ltd.	Saran Engineering Co.	6.25

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
UNCLASSIFIED (Other Centres)														
93,75,000	2,48,84,621	7,27,48,445	1,37,72,801	11,965	J. K. Industries Private Ltd.	Aluminium Corporation of India Ltd...	11.81	10	1.20	1.20	1.20	0.50	3	Y.P.T.
1,00,00,000	56,97,689	2,15,10,686	95,29,840	47,916	Seshasayee Bros. (Trav.) Pvt. Ltd. ..	Aluminium Industries Ltd.	21.65cd	10	1.80	0.90	1.80	1.50	3	Y.
7,94,700							15.00	10	..	..	1.00	0.50	4	Y.
12,65,175	2,72,000	16,65,492	2,19,926	1,442	K. N. Mookerjee, Esq. (Chairman) ..	American Refrigerator Co., Ltd. ..	7.12	7.50	..	..	0.50	0.375	8	Y.
30,00,000	44,23,928	89,99,874	26,12,654	2,17,661	Turner Morrison & Co., Ltd.	Angelo Bros. Ltd.	23.42	10	2.50	2.81	2.80	2.80	9	Y.
4,97,14,990	61,08,000	5,99,72,026	1,61,26,618	53,399	A. E. L. Collins, Esq. (Mg. Director) ..	Ashok Leyland Ltd.	6.98	5	0.40	0.30	0.40	0.35	9	Y.
80,00,000	33,58,037	47,06,379	26,68,350	12,842	Mr. A. Hydari and Mr. S. Gothberg ..	Assam Match Co., Ltd.	26.37	10	1.80	2.00*	1.50	1.50	8	Y.
1,18,00,000	98,34,917	1,51,10,564	77,02,281	7,978	H. K. Gregson, Esq. (Mg. Director) ..	Associated Battery Makers (E.) Ltd. A.	22.87	10	2.50	1.50	1.50	1.50	6	Y.P.T.
20,00,000	44,17,208	77,53,757	54,43,881	1,66,533	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India Ltd. ..	10.31	10	Nil	1.00	1.00	..	6	Y.
80,01,400	1,20,07,997	91,05,947	44,08,273	....	C. G. Montgomery, Esq. (Chairman)..	Balmer Lawrie & Co., Ltd.	256.00	100	25.00	25.00	25.00	25.00	12	Y.
12,00,000	20,55,620	28,19,481	34,08,481	....	Balmer Lawrie & Co., Ltd.	Bengal Flour Mills Co., Ltd.	33.75	10	4.00	2.50	2.50	..	12	Y.
20,00,000	9,62,972	87,82,724§§	....	1,064	Lovelock & Lewis	Birds Investment Ltd.	50.25	10	2.50	3.00*	2.50	2.10	3	Y.P.T.
68,95,530	83,79,866	1,04,30,251	78,28,521	6,999	K. Julian Scott, Esq. (Mg. Director)..	Britannia Biscuits	9.31	5	0.20	0.35	0.45	..	12	Y.P.
8,25,00,000	2,19,19,061	5,17,18,024	2,50,39,001	2,53,254	Satish Chandra, Esq. (Chairman) ..	British India Corporation Ltd. ..	20.50	10	1.25	1.25	1.00	..	12	Y.
50,00,000	40,58,031	49,29,290	27,40,613	27,856	R. A. Godwin, Esq. (Mg. Director) ..	British Paints (India) Ltd.	8.44	10	0.80	0.75	0.75	..	12	Y.
1,38,80,000	14,77,426	1,77,97,825§§	....	2,46,740	Andrew Yule & Co., Ltd.	Clive Row Investment	15.00N	10	1.00	1.00	0.70	..	10	Y.P.T.
5,98,650	7,50,000	40,88,867	30,84,660	28,239	K. K. Mittal, Esq. (Secretary)	Delhi Flour Mills Co., Ltd.	20.25	10	1.50	1.50	1.50	1.75	12	Y.P.T.
4,50,00,000	6,23,00,650	12,21,08,895	5,75,17,151	....	M. L. Dexon, Esq. (Mg. Director) ..	Dunlop Rubber Co. (India) Ltd. ..	36.62	10	2.15	2.00	1.50	..	12	Y.P.T.
90,00,000	1,57,43,000	39,14,313	14,45,834	2,42,095	K. P. Goenka, Esq. (Chairman) ..	Duncan Brothers & Co., Ltd.	120.00	100	14.00	14.00	14.00	..	3	Y.
56,72,320	2,23,56,496	2,44,33,402	53,53,071	48,651	N. N. Mohan, Esq. (Mg. Director) ..	Dyer Meakin Breweries	25.50	5	1.25	1.50	0.90	0.90	3	Y.
76,89,000	65,11,801	1,78,16,453§§	....	1,51,252	Bird & Co. Private Ltd.	Eastern Investment Ltd.	107.00xd	100	14.00	14.00	12.00	10.00	12	Y.P.
96,58,222	1,93,822	26,02,244	8,43,057	—4,08,444	D. P. Sen, Esq. (Secretary)	East Anglia Plastics (India) Ltd. ..	6.00	10	..	..	Nil	Nil	3	Y.P.
48,80,000	6,73,263	1,08,91,608	27,61,940	4,701	S. Sankaran, Esq. (Mg. Director) ..	Enfield India Ltd.	10.75	10	0.50	0.40	0.40	..	12	Y.P.
40,12,888	89,64,090	1,15,37,705	59,85,716	2,62,362	Satya Narain Gupta, Esq. (Chairman) ..	Ganesh Flour Mills Co., Ltd.	13.50	12.50	1.60	1.60	..	..	12	Y.
14,00,000	10,92,000	44,75,416	23,85,812	46,128	Macneill & Barry Ltd.	Ganges Rope Co., Ltd.	235.00	100	17.50	20.00	15.00	Nil	6	Y.
80,00,000	....	4,79,255	21,601	—3,80,047	National Rubber Mfrs. Ltd.	General Tyres Ltd.	8.00	7.50	Nil	Nil	Nil	Nil	6	Y.
65,00,000	58,42,190	34,60,723	20,83,688	15,471	J. W. Easson, Esq. (Chairman) ..	Gillanders Arbuthnot & Co., Ltd. ..	14.94	10	1.00	1.10	1.10	1.10	3	Y.P.
40,00,000	31,88,500	86,62,918	52,34,329	38,310	D. S. Barron, Esq. (Chairman)	Godfrey Phillips India Ltd.	24.12	10	4.00	4.00	8.00	..	12	Y.
2,00,15,000	1,54,59,733	3,68,93,578	37,75,393	51,86,310	K. D. Carey, Esq. (Mg. Director) ..	Goodyear India Ltd.	21.75	10	Nil	Nil	..	..	12	Y.
3,07,66,250	2,31,76,491	10,71,36,646	5,28,33,894	3,043	Birla Brothers Private Ltd.	Hindustan Motors	17.92	10	0.90	1.20	1.25	1.15	3	Y.P.
1,80,00,000	57,26,612	3,18,45,042	72,51,008	—12,90,311	Talukdar Law & Co. Private Ltd. ..	Hindustan Pilkington Glass	12.87	10	1.20	1.20	Nil	Nil	3	Y.P.
40,00,000	....	92,55,321	6,66,760	—11,50,824	H. L. Somany, Esq. (Chairman)	Hindustan Tewfords Ltd.	11.87	10	Nil	Nil	Nil	Nil	3	Y.
15,16,00,000	10,67,60,544	12,69,94,528	4,09,70,628	3,29,429	Mr. F. A. Collett (Chairman)	Hindustan Vanaspati Manufacturing ..	9.31	10	0.80	0.90	0.90	0.80	3	Y.
6,00,44,460	5,02,72,274	18,67,08,063	6,31,36,292	4,12,610	Imperial Tobacco Co. of India Ltd. ..	H. V. R. Iengar, Esq. (Chairman) ..	30.06xd	10	1.50	1.50	1.75	1.75	12	Y.P.T.
2,48,65,450	3,33,26,675	3,48,31,031	1,88,64,273	21,621	Indian Aluminium Co., Ltd.	J. V. J. Paterson, Esq. (Chairman) ..	34.25	10	2.25	2.25	2.25	2.25	3	Y.T.
3,64,00,000	1,61,33,886	9,06,12,544	3,91,56,221	35,587	Indian Cable Co., Ltd.	Amiya Kumar Sen, Esq. (Mg. Director	25.20	10	1.50	1.50	1.50	1.20	3	Y.T.
29,93,375	1,89,825	60,18,368	28,12,623	66,066	Indian Oxygen Ltd.	Indian Plastics Ltd.	7.75	10	Nil	Nil	Nil	Nil	3	Y.P.
8,27,970	12,42,783	22,18,109	13,35,190	53,701	M.	Indian Rubber Manufacturers	21.62	10	2.00	5.00	3.60	..	3	Y.P.
74,98,900	5,31,500	1,01,04,128	15,16,862	19,207	Duncan Brothers & Co., Ltd.	Isaac Holdens (India) Ltd.	12.25	10	Nil	Nil	Nil	Nil	12	Y.
2,00,00,000	87,10,751	55,10,429	10,24,182	....	J. W. J. Emerson, Esq. (Chairman) ..	Jardine Henderson	12.00	10	7.00	7.00	6.00	7.00	3	Y.P.
15,00,000	13,00,000	18,79,359	1,52,872	64,044	J. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd. ..	8.62	10	1.00	1.00	..	..	3	Y.
1,40,20,338	29,23,514	2,73,13,972	18,67,683	1,01,639	Young India Agencies Pvt. Ltd. ..	Madras Rubber Factory Ltd.	13.25cd	10	..	0.60	0.45	0.32	9	Y.
1,47,12,250	1,38,23,546	91,70,688	25,41,490	1,289	T. Leslie Martin, Esq. (Chairman) ..	Martin Burn Ltd.	26.50	10	2.75	2.75	2.50	2.50	9	Y.
16,00,000	14,99,563	29,03,908	5,30,650	....	Vittal Mallya, Esq. (Chairman)	McDowell & Co., Ltd.	22.82	10	3.00	1.25	0.60	..	12	Y.
47,12,000	90,33,868	34,12,628	15,66,033	2,34,727	M.	McLeod & Co.	213.00	100	15.00	15.00	18.00	12.00	12	Y.P.
1,61,00,000	2,39,35,151	4,47,55,592	1,71,01,909	38,785	N. K. Vellodi, Esq. (Chairman)	Metal Box Co. of India Ltd.	30.62	10	2.50	2.50	2.50	1.90	3	Y.
34,98,000	22,90,164	32,86,801	11,11,366	3,426	N. G. Ayyangar, Esq. (Mg. Director) ..	Mysore Electric Industries Ltd. ..	168.00	100	24.00	20.00	20.00	12.00	3	Y.
6,56,250	10,53,965	15,65,708	46,55,184	1,217	Mr. M. Subramanyam (Chairman)	Mysore Lamp Works	30.00	10	2.00	2.50	3.75*	0.80	3	Y.P.
10,00,000	6,01,040	22,77,151	13,28,966	1,401	I. P. Mulappa, Esq. (Chairman)	Mysore Tobacco	12.00	10	1.00	Nil	1.00	1.00	3	Y.P.
1,35,00,000	1,27,32,234	1,64,18,002	73,46,576	21,708	Associated Ind. Dev. Co. (Pvt.) Ltd...	National Insulated Cable Co.	22.31	10	2.50	2.50	2.50	1.80	3	Y.P.
30,00,000	36,90,300	56,25,223	32,56,376	19,484	Associated Ind. Dev. Co. (Pvt.) Ltd...	National Pipes & Tubes Co., Ltd. ..	28.12	10	2.00	2.00	2.00	2.00	9	Y.P.
40,00,000	30,77,485	81,98,266	43,88,902	35,953	Associated Ind. Dev. Co. (Pvt.) Ltd...	National Smelting & Steel Ropes ..	18.50	10	1.30	1.50	1.50	..	6	Y.
50,00,000	21,55,713	1,30,14,550	62,00,885	58,629	K. N. Mookerjee, Esq. (Mg. Director).	National Rubber Manufacturers Ltd...	11.31	10	Nil	0.65	0.80	1.00	12	Y.P.T.
79,97,000	1,29,48,132	1,1,77,572	93,89,768	3,61,143	B. N. Elias & Co. Private Ltd.	National Tobacco Co.	11.25	10	1.60	0.70	0.70	..	12	Y.
23,32,100	17,37,391	64,55,515§§	....	46,966	Nandlal Shamkisendas	New India Investment Corpn. Ltd. ..	55.00N	75	6.50	6.50	5.00	..	12	Y.
20,00,000	10,04,500	19,06,562	10,15,929	2,705	Parry & Co., Ltd.	Parrys Confectionery Ltd.	3.14xd	1	0.30	0.30	0.26	0.16	3	Y.
2,20,00,000	89,30,483	2,95,60,999	1,04,71,921	1,39,682	W.A.C.H. Besschaart, Esq. (Chairman)	Phillips India Ltd.	28.00	10	1.50	1.50	1.30	..	3	Y.
1,56,16,013	9,37,500	2,22,80,449	1,44,846	—3,25,133	Duncan Brothers & Co., Ltd.	Phillips (Orissa)	13.25	5	Nil	Nil	Nil	Nil	3	Y.P.
12,25,000	7,44,934	30,08,133	7,95,031	4,309	Iyer & Co. Private Ltd.	Rane (Madras) Ltd.	8.65	5	0.70	0.70	0.75	0.75	3	Y.P.
41,56,400	43,63,124	75,97,564	27,98,850	2,987	T. Shamanna, Esq. (Chairman)	Radio & Electricals Mfg. Co., Ltd. ..	21.12	10	2.30	1.80	1.80	1.80	3	Y.
2,25,00,000	41,45,706	1,66,51,278	62,82,970	5,962	Badridas Goenka, Esq. (Chairman) ..	Hills India Ltd.	121.00	100	4.00	8.50	8.50	10.00	8	Y.P.T.
5,00,00,000	3,35,90,000	15,86,08,576	7,92,70,758	4,805	Sahu Jain Ltd.	Rchtas Industries	11.37	10	2.00	1.00	0.80	0.90	3	Y.P.
1,35,00,000	86,99,991	3,28,44,422	1,37,12,414	4,301	K. D. Gangull, Esq. (Secretary)	Sen-Raleigh Ltd.	11.69	10	0.80	0.80	0.80	Nil	12	Y.
71,60,000	....	1,02,02,408	9,21,237	—14,10,918	Seshasayee Brothers Pvt. Ltd.	Seshasayee Industries	6.55	10	Nil	Nil	Nil	Nil	12	Y.P.
75,00,000	55,43,000	3,25,33,514	1,15,95,699	76,764	S. M. Smith, Esq. (Chairman)	Shaw Wallace & Co., Ltd.	13.50	10	1.50	1.50	0.75	..	12	Y.
40,00,000	1,10,03,806	1,65,53,654	89,38,199	4,37,429	C. W. Stephenson, Esq.	Spencer & Co., Ltd.	22.37	10	1.80	1.80	1.80	1.80	6	Y.P.
47,00,000	32,00,000	2,02,13,405	63,50,727	14,222	Standard Motor Co. (India) Pvt. Ltd.	Standard Motor Products	10.12	10	0.90	0.70	0.60	..	12	Y.P.
9,99,310	52,158	18,77,856	9,39,671	498	Ogale Bros. (Private) Ltd.	Travancore Ogale Glass	5.85cd	10	0.60	0.70	0.65	..	3	Y.
11,56,300	19,10,341	16,95,997	8,53,687	59,666	R. H. Stanes, Esq. (Mg. Director) ..	R. H. Stanes & Co., Ltd.	26.70xd	10	3.25*	1.50	3.25	3.35	3	Y.P.
2,50,00,000	2,14,79,000	5,65,64,026	1,69,15,726	50,610	Sir A. Ramaswami Mudaliar (Chairman	Tube Investments of India Ltd.	201.00	100	10.00	10.00	10.00	10.00	7	Y.
3,58,950	7,01,942	79,26,372	46,26,373	89,275	The Cotton Agents Private Ltd.	Tungabhadra Industries Ltd.	0.25	10	Nil	Nil	Nil	1.00	12	Y.T.
2,80,00,000	3,80,54,275	7,77,15,892	2,69,25,232	1,93,008	T. R. Holloway, Esq. (Mg. Director) ..	Union Carbide India Ltd.	30.75xd	10	1.50	1.80	1.25	1.50	12	Y.
50,00,000	91,70,000	70,39,890	27,47,493	....	Vittal Mallya, Esq. (Chairman)	United Breweries	32.00	10	6.00	6.00	2.50	0.60	3	Y.
5,00,000	6,61,791	9,26,454	6,49,099	6,571	Shaw Wallace & Co., Ltd.	United Flour Mills Ltd.	27.81	10	3.50	1.00	0.75	..	11	Y.
81,46,200	36,44,970	1,13,05,331	52,87,456	9,200	A. K. Kaderkutty, Esq. (Mg. Director).	Western India Plywoods Ltd...	200.00	100	10.00	12.00	14.00	15.00	3	Y.P.
TRANSPORT														
20,00,000	33,73,558	70,97,782	30,60,733	54,558	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	128.00	100	7.50	7.50	10.00	10.00	10	Y.P.
1,00,00,000	31,61,089	4,96,46,880	2,56,84,032	....	Dinshaw (Private) Ltd.	Bharat Line	4.19	10	Nil	Nil	Nil	Nil	12	Y.
60,00,000	2,71,64,446	10,34,29,602	3,49,39,642	1,28,987	A. H. Bhiwandiwalla & Co. (Bombay)	Great Eastern Shipping Co.	12.64xr	10	1.00	0.78	1.00	Nil	6	Y.P.
30,00,000					Private Ltd.		14.36	10	0.50	0.30	0.50	Nil		Y.P.
£6,55,580	£1,104,360	£4,312,991	£2,342,183	—£84,854	Kilburn & Co. Private Ltd.	India General Navigation & Rly. Co.	42.00	£10	Nil	Nil	Nil	Nil	12	Y.P.
2,47,50,000	1,57,29,564	28,70,77,974	8,19,14,557	....	Lionel Edwards (Private) Ltd.	India Steamship Co.	5.94	10	1.00	Nil	Nil	Nil	3	Y.P.
11,28,19,293	11,58,24,547	36,88,60,105	12,45,17,005	2,82,649	D. N. Khatau, Esq. (Chairman)	Scindia Steam Navigation Co.	14.48	20	0.60	0.60	0.60	1.00	6	Y.,
O. 8,40,800							2.56	O. 1	0.30	0.30	0.30	..	12	
P.O. 2,10,200	29,75,610	17,52,888	10,48,110	5,407	R. R. Aiyer, Esq. (Manager)	Walford Transport Ltd.	3.25	P.O. 1	0.20	0.20	0.20	..		Y.

COAL COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Director or Secretaries	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Ordinary Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
25,50,000	69,27,800	1,49,32,049	90,70,765	89,096	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields	22.25	10	1.00	1.25	1.50	..	8	Y.
12,00,000	12,52,000	1,53,58,992	25,25,224	....	Jardine Henderson Ltd.	Barrard Coke	20.56	10	Nil	Nil	1.50	1.50	3	Y.
4,40,350	1,52,388	11,57,089	6,92,033	5,392	Kalyanji Mavji & Co.	Bengal-Bhatdee	3.48	10	0.60	..	..	..	12	Y.
1,20,00,000	2,88,23,173	9,41,09,762	5,68,34,133	1,03,409	Andrew Yule & Co., Ltd.	Bengal Coal	238.00	100	25.00	21.00	19.00	16.00	12	Y.
2,25,000	5,45,333	24,86,339	21,80,194	10,119	M.	Bengal Nagpur	22.00N	10	1.00	2.60	Nil	..	6	Y.P.T.
4,00,000	64,950	1,27,37,959	69,90,595	—3,95,581	Sahu Jain Ltd.	Bharat Collieries	3.00	10	Nil	Nil	Nil	..	12	Y.P.
7,15,000	8,31,772	59,01,884	37,69,468	—6,87,301	M.	Bhulanbararee	10.00	10	Nil	..	..	..	12	Y.P.
7,50,000	22,72,000	45,77,689	29,53,344	33,647	F. W. Heilgers & Co. (Private) Ltd. ..	Burrea	20.25	10	1.50	1.50	1.30	1.30	6	Y.P.T.
90,92,480	91,32,421	4,74,28,820	2,50,88,877	90,768	Bird & Co. Private Ltd.	Burrakur	15.75	10	1.30	1.30	1.30	..	3	Y.
49,97,750	6,85,370	84,52,322	33,58,568	3,58,023	Hindustan Investment Corpn. Ltd. ..	Central India	8.56	10	0.80	1.00	1.00	..	12	Y.
8,00,000	12,99,400	35,45,265	35,45,265	—1,25,641	Jain Industries	Central Kurkend	3.05	10	Nil	Nil	..	..	12	Y.
10,00,000	....	61,90,801	36,92,941	—5,39,084	M.	Dhemo Main	3.95	10	Nil	Nil	..	..	4	Y.
£2,40,000	£561,055	£979,072	£218,516	£6,234	Jardine Henderson Ltd.	East Indian	29.25	£1	1.00	2.00	2.75	..	12	Y.P.T.
29,63,750	1,18,76,835	5,05,78,170	3,62,55,116	33,594	Macneill & Barry Ltd.	Equitable	22.44	10	1.50	1.00	..	..	3	Y.
15,00,000	40,000	27,42,664	9,88,623	—5,84,265	Bhatter's Agency Ltd.	Ghusick and Muslia	13.25	10	Nil	Nil	Nil	..	6	Y.P.
12,00,000	2,41,133	45,20,017	30,31,265	796	Killick Industries Ltd.	Hingir-Rampur	41.00	10	Nil	Nil	..	..	12	Y.
3,00,000	....	26,07,213	20,64,314	—3,65,022	M.	Jhurihadih	5.44	10	Nil	..	..	..	3	Y.P.
20,00,000	9,86,018	49,02,919	15,19,022	32,810	Bird & Co. Private Ltd.	Karanpura Collieries	11.75	10	0.75	1.00	1.00	..	2	Y.P.
14,00,460	18,07,072	66,56,854	44,38,524	20,670	Andrew Yule & Co., Ltd.	Katras Jherriah	30.00	10	0.50	4.00	2.50	3.00	1	Y.
9,00,000	10,22,702	29,57,644	25,77,712	57,591	H. V. Low & Co. (Private) Ltd.	Lakurka	13.00	10	0.40	..	..	..	4	Y.
7,48,240	56,490	13,90,484	10,51,223	74,711	Tantia Brothers Private Ltd.	Nazira	6.25	10	0.75	Nil	Nil	..	12	Y.
31,97,210	46,16,139	2,10,81,103	1,23,85,629	15,709	Andrew Yule & Co., Ltd.	New Beerbhoom	15.86	10	1.00	1.00	1.20	1.00	10	Y.
10,00,000	8,90,206	12,37,188	3,80,199	51,230	Octavius Steel & Co., Ltd.	New Jambhoom	11.94	10	0.75	0.90	..	..	3	Y.
1,15,000							19.75	10	2.00	2.00	..	..	3	Y.
1,57,000	4,31,000	17,65,275	10,59,556	15,045	M.	North West	15.00N	7.50	1.00	1.00	..	..	6	Y.
2,50,000	13,22,645	2,92,538	22,85,007(K)	45,000	P. Prashad, Esq. (Chairman)	Ondal	13.50	10	0.60	0.75	..	..	12	Y.P.
3,34,000	1,52,212	37,86,226	14,17,160	589	Deepchand Kishenlall	Parasea	14.00	10	0.125	0.125	..	..	12	Y.T.
15,75,000	24,59,125	87,88,044	54,94,852	54,253	Shaw Wallace & Co., Ltd.	Ranch Valley	17.44	10	1.00	1.00	1.00	..	3	Y.
41,99,120	40,85,000	1,62,75,221	1,12,45,598	37,851	M.	Rangoonge	13.75	10	1.50	1.70	1.70	..	3	Y.
13,50,000	20,89,190	65,69,728	40,37,891	41,523	Shaw Wallace & Co., Ltd.	Rewa	25.50	10	2.00	2.00	..	..	12	Y.
37,50,000	40,22,084	1,15,07,370	41,70,885	43,117	M.	Samla Collieries	8.00	10	1.00	1.00	..	..	12	Y.
40,00,000	4,97,010	48,82,091	12,69,030	7,238	S. D. Sethia & Co. Private Ltd.	Selected Sateram Collieries	118.00	100	16.00	14.00	..	..	12	Y.P.
2,80,000	13,29,316	33,99,332	22,10,361	15,849	Andrew Yule & Co., Ltd.	Seebpore	34.75	7	3.00	3.00	2.50	..	12	Y.
12,80,000	4,54,648	35,740	13,04,570(K)	1,549	F. W. Heilgers & Co. (Private) Ltd. ..	Sendra	13.50	10	1.50	1.50	0.75	..	3	Y.
8,00,00,000	1,03,14,323	10,19,94,729	4,10,29,316	47,033	M. P. Pal, Esq. (Chairman)	Singareni	22.37	10	1.50	1.50	Nil	0.75	8	Y.
17,50,000	11,77,056	57,60,323	25,84,592	3,001	Bird & Co. Private Ltd.	South Karanpura	6.62	10	0.25	Nil	..	0.25	12	Y.
8,00,000	15,48,969	1,53,707	26,76,159(K)	38,998	F. W. Heilgers & Co. (Private) Ltd. ..	Standard	10.44	10	1.50	1.50	..	..	12	Y.
3,50,000	3,01,032	23,77,775	17,78,555	36,403	B. M. Varma, Esq. (Mg. Director) ..	Union	11.06	10	Nil	Nil	..	..	12	Y.
49,98,000	6,09,055	1,05,82,162	42,25,012	1,19,162	Hindustan Investment Corpn. Ltd. ..	Western Bengal	8.70	10	0.60	0.75	..	..	12	Y.
7,00,000	....	60,62,759	34,56,424	—6,23,711	M.	West Jamuria	3.60	10	Nil	Nil	..	..	3	Y.

*Includes bonus.

H.—Clive Row Investment—Dividend for 1959 includes additional dividends of 9 nP for the year ended 31st March 1955 and 37 nP for the year ended 31st March 1956.
(k) Investments. §§Investment at cost.
M.—Managed by the Board of Directors. *N.B.*—Dividends paid since 31st March 1959 are shown as taxable.
A.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 118 lakhs whereas the interim dividend of 15 per cent was on a paid-up capital of Rs. 50 lakhs only. X.B.—Ex-Bonus.

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.	Latest available Quotation. Rs.	Paid-up per Share. Rs.
BANK						
Allahabad Bank T.F.C.

MARKET GOSSIP

(*Concluded from page 871*)

part of its import commitments, but these loans also entail a heavy burden of repayment obligations. There is a limit up to which such obligations can be accumulated. Viewed thus, West Germany will, indeed, be helping India considerably in its task of economic development, if, besides granting larger loans on more liberal terms, it opens its gates wider to the commodities exported by India.

Hindustan Polymers

Hindustan Polymers Limited is entering the capital market next week to raise Rs. 1.27 crore by issuing to the public 127,400 equity shares of Rs. 100 each at par. The subscription list will open on 26th May and will close on 4th June or earlier at the discretion of the Directors but not, in any case, before 28th May. The amount payable is Rs. 25 per share on application and Rs. 25 per share on allotment. The balance of Rs. 50 per share is payable in two calls of Rs. 25 each, the first call to be made not earlier than two months after the date of allotment and the second not earlier than two months from the date of the first call. The entire issue of the public has been underwritten by a long list of 15 underwriters which includes, among others, the Life Insurance Corporation of India, the Industrial Finance Corporation of India, the Industrial Credit and Investment Corporation of India and the Bank of India.

Hindustan Polymers Ltd. is a new company registered on 29th November 1962. Details of its capital structure, composition of the Board of Directors, etc., are published on pages 892 and 893. As will be seen therefrom, the present public issue accounts for Rs. 1.27 crore out of the total issued capital of Rs. 3 crores. As many as 141,990 shares of Rs. 100 each have been firmly reserved for subscription by the promoters, the Directors and their friends and some of the underwriters. In addition, 30,810 equity shares of Rs. 100 each have already been taken up by the Directors and their friends, etc.

The Company proposes to manufacture power alcohol, styrene monomer, polystyrene and its copolymers, etc. Molasses and benzene will be the basis for the production of styrene monomer and polystyrene. The Company expects to obtain sufficient molasses at reasonable prices from sugar factories in Andhra Pradesh. It may be noted here that the factory is proposed to be set up at Visakhapatnam (Andhra Pradesh) on a plot of about 250 acres. Production of power alcohol will start by the first quarter of 1965 and the other items by the middle of 1965. Ethylene will be produced by dehydration of power alcohol which in turn will be produced by distillation of molasses. Benzene will be obtained from steel works and refineries in the country. Styrene can also be used to produce synthetic resins, synthetic rubber and foam styrene.

The third Plan has laid down a production target of 84,000 tons per annum for all types of plastics. Of this, the target for polystyrene, including styrene alloys, has been set at 15,000 tons per annum. The Government of India has so far licensed a total manufacturing capacity of 14,000 tons per annum for polystyrene and its copolymers. Of this, the share of Hindustan Polymers Ltd. is 7,500 tons per annum. The demand for polystyrene and its copolymers is steadily increasing and the Company should, therefore, have no difficulty in finding a market for its products. Polystyrene could be used in the manufacture of a large variety of products, such as refrigerators, radio cabinets, air conditioning units, telephone receivers and apparatus, gramophone records, automobile parts, tape recorders, batteries, toys and household articles. There is a good home market for moulding powders, films, and sheets and good export prospects, provided the prices are competitive.

The estimated capital outlay on the project is Rs. 6.35 crores which is to be met by the issued capital aggregating Rs. 3 crores, foreign exchange loans amounting to Rs. 2.16 crores and bank borrowings of the order of Rs. 1.19 crore. Of the foreign exchange loan of Rs. 2.16 crores, a sum of Rs. 66.67 lakhs in pounds sterling will be supplied by the Commonwealth Development Finance Company, London, Rs. 75 lakhs in U.S. dollars by the Industrial Credit and Investment Corporation of India, Rs. 54.33 lakhs in French francs by the Industrial Finance Corporation of India and Rs. 20 lakhs in pounds sterling by the Mercantile Bank Ltd., London. The Company has entered into arrangements with two foreign companies for technical assistance and collaboration. These are: Universal Oil Products Company Inc. of Illinois, U.S.A., said to be a world leader in petroleum refining and petro-chemical industries, and BX Plastics Ltd. of Manningtree, England, a wholly-owned subsidiary of Bakelite Xylonite Ltd. London, which has agreed to take up 2,000 equity shares of Hindustan Polymers.

The Company, as will be seen from pages 892-893, has a competent Board of Directors, with Mr. Kasturbhai Lalbhai, the famous Ahmedabad industrialist, as Chairman.

Cominco Binani Zinc

Zinc is one of the principal non-ferrous metals and is used extensively for galvanising and die-casting, as also in dry batteries and copper alloys. It is being entirely imported now, as the only unit licensed to produce some 18,000 tonnes of zinc per annum is still under construction in Rajasthan. Imports are currently running at the annual rate of about 90,000 tonnes, involving a foreign exchange drain to the tune of Rs. 10 crores. It has been estimated that the country's requirement of this non-ferrous metal will go up to 187,500 tonnes in 1965. Presumably the demand will go up further during the fourth Plan period. There will thus be a large and expanding market for this metal. It is to this market that Cominco Binanj Ltd., the announcement of the capital issue of which is published elsewhere in this journal, will begin to cater in a substantial way after mid-1966 when commercial production is scheduled to commence. With a capacity for producing 12,000 tonnes of zinc per annum initially and 20,000 tonnes ultimately, the Company's plant, which will be located near Alwaye in Kerala, will also be capable of producing about 45,000 tonnes of sulphuric acid per annum. The plant will use imported ores/concentrates for manufacturing zinc.

The aggregate capital requirements of the project are estimated at Rs. 4.95 crores, of which Rs. 2.1 crores will be met from the proceeds of capital previously issued and of the present issue and the balance as loans from the Industrial Finance Corporation of India, Kerala State Industrial Development Corporation, Export Credits Insurance Corporation of Canada and commercial banks. The Company, incorporated in 1962, has an authorised capital of Rs. 3 crores divided into 30 lakhs equity shares of Rs. 10 each. Of its issued and subscribed capital of Rs. 1,26,00,070, as much as Rs. 84,00,000 has been taken up by the collaborating Canadian firm of "Cominco" (The Consolidated Mining and Smelting Company of Canada Ltd., Montreal) and Rs. 42,00,000 by Metal Distributors Ltd. of Calcutta. The Canadian collaborators have paid up to Rs. 16,80,000 on their share of subscribed capital, and Metal Distributors Ltd. have paid up to Rs. 8,40,000.

The present issue is for Rs. 83,99,930 divided into 8,39,993 equity shares of Rs. 10 each. Of this issue, 80,000 shares are reserved for shareholders in Metal Distributors who will be given a preferential allotment of three shares for every 20 shares registered in the books of that Company on 11th May 1964. The remainder of the issue is now offered to the public at par for subscription in cash. The terms of payment are Rs. 2 per share on application and Rs. 2 per share on allotment. The balance of Rs. 6 per share will be payable in one or more calls at such time as the Directors determine. There will be an interval of at least six months between allotment and the first call. Applications for shares must be for a minimum of 50 shares or for a multiple thereof. The entire issue offered for public subscription has been underwritten. The subscription list will open on 27th May 1964 and will remain open till 6th June 1964, unless closed earlier at the discretion of the Directors.

The Company's Chairman is Mr. G. D. Binani of the Binani Metal Works Ltd. The House of Binanis is well known for its knowledge and experience of non-ferrous metals. Among the Directors, four belong to Canada. Mr. Charat Ram is also one of the Directors. Considering the excellent auspices under which the Company's affairs have been organised, there is every likelihood that it will commence production as per schedule. The Directors have studied the cost of manufacture and marketing in detail. It is their opinion that, in the absence of unforeseen circumstances, the Company will, in due course, earn sufficiently to justify the payment of a reasonable dividend and also build up reserves for future development. This reasonable expectation has every chance of being fulfilled in the context of the vast market for zinc.

Notice

KHANDELWAL FERRO ALLOYS LIMITED

Registered Office:

"Khandelwal Bhavan," 166, Dr. Dadabhai Naoroji Road, BOMBAY-1

NOTICE IS HEREBY GIVEN THAT THE 6th Annual General Meeting of Khandelwal Ferro Alloys Limited will be held at the Registered Office of the Company, "Khandelwal Bhavan," 166, Dr. Dadabhai Naoroji Road, Bombay-1, on Friday, the 12th June, 1964 at 3 p.m. (S.T.), to transact the business specified in the notice dated the 4th May, 1964 posted to the Members of the Company individually at their registered addresses with the Company. The explanatory statement as required under Section 173 of the Companies Act, 1956, has been attached to the said notice.

A Member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of himself and a proxy need not be a member.

The Share Transfer books and the Register of Members of the Company will be closed from 5th June, 1964 to 12th June, 1964 (both days inclusive).

By Order of the Board,

for and on behalf of KHANDELWAL FERRO ALLOYS LTD.,

KHANDELWAL INDUSTRIES PRIVATE LTD.,
Managing Agents.

RAMPRASAD KHANDELWAL
Director.

BOMBAY, *4th May*, 1964.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 21st May 1964:

	Closing quotations 14-5-1964	High	Low	Closing quotations 21-5-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	140.00	—	—	140.00
Apollo (2)	1 70	1.76	1.68	1.70
Baroda Rayon (100)	81.00	81.00	80.00	80 00
Bombay Dyeing (25)	57.60xd	57.60	57.00	57 20
Bradbury (50)	145.00	145.00	144.50	144 50
Central India (100)	87.00	92 00	86.00	89 00
Century Mills (100)	610 50	609.50	598.00	604 00
Dawn (50)	152.00	—	—	152 00
Elphinstone (50)	97.00	98.00	96.00	97.00
Finlay (100)	310.00	307 00	306.00	306.00
Gokak (100)	180.00	180.00	179 00	180 00
Gold Mohur (100)	215.00	—	—	212 50
Gwalior Rayon (10)	37.50	37.50	36.50	36 75
Ind. Untd. Defd. (1)	2.60	2.60	2.56	2 60
Ind. Untd. Ord. (10)	21.80	21.80	21 60	21 60
Indian Rayon (100)	67 50	68 00	67 00	67 00
Indore Malwa (100)	205 00	210 00	207 50	209 00
Khatau (100)	181.25	182.50	180.00	182 50
Kohinoor (100)	335.00	334 50	332 00	332 00
Mafatlal (100)	500.00	502.50	496.25	500 00
Modella Woollens (10)	12.80	13.00	12.80	13.00
Morarji (100)	286.00	—	—	286 00
Mysore (50)	39 25xR	39.50	37.50	38 75
National Rayon (100)	365.50	365.00	357 00	360 50
New Great (100)	178.00	—	—	178 00
Phoenix (100)	224.00	224.00	221.00	223.00
Poddar Mills (10)	12.24	12.00	11.88	12.00
Raymond Woollen (100)	140.00	140.50	139.00	140.00
Sassoon Spg. (10)	36.25	—	—	36.25
Shreeniwas (100)	249.00	248.00	245.00	246.00
Simplex (50)	122.00	—	—	122 00
Standard (100)	609 00	617.00	597 00	606 00
Svadeshi (100)	237 50	240.00	235.00	240 00
Swan (100)	575.00	—	—	576 00
S. I. Viscose (100)	118.50	118 50	117.50	118 00
Tata Mills (25)	53 50	56.00	53.00	55 50
Lakshmi-Vishnu (100)	100.00	—	—	100.00
Western India (250)	850.00	—	—	850.00
BANKS				
Bank of India (50)	102 50	102 50	102.00	102 50
Do. (New) (50)	103.00	103.50	103.00	103.50
Bank of Baroda (50)	92 00	92 00	91 50	92.50
Central (25)	44 00xd	45.00	43 75	45 00
Central 'A' (25)	45 00xd	45 50	45 00	45 50
Dena Bank (50)	57.00	57.50	57.00	57.00
Punjab National (10)	19.72	19.80	19.72	19 80
Union Bank (5)	5 80	5 84	5.72	5 84
United Com. (50)	68 00	68.00	67.50	67 70
Maharashtra (50)	55.00	—	—	55.00
ELECTRIC COS.				
Ahmedabad (100)	95 50	96 20	95.50	96 00
Amalgamated (10)	9 50	—	—	9.52
Andhra Valley (1,000)	1,055 00	1,055.00	1,051 25	1,052.00
Bom. Sub. El. (100)	104 50	105.00	104 25	105 00
Surat (100)	101 00	102 25	100.00	101 25
Tata Hydro (100)	111 75	112 50	111.75	112.00
Tata Power (1,000)	1,118.75	1,120 00	1,115.00	1,117.50
INSURANCE COS.				
British India (10)	12 48	—	—	12 48
Indian Mercantile (50)	58 50	58.50	58.00	58 00
New India (15)	50 00	51 00	49 50	50 00
New India 'A' (15)	50.00	51.00	50.00	50 50
Vulcan (10)	15.60	16.00	15.76	15.76
STEEL COS.				
Ind. Iron (10)	24.60	24 52	24 16	24 28
Mukand Iron (10)	17 88	17 84	17 72	17 72
Tata Steel Ord (75)	148.25	148.00	146 25	147.00
SUGAR COS.				
Belapur (50)	210 00	210.00	198.00	200.00
Bhopal (10)	12.76	—	—	12 76
Chamroo (12.50)	25.00	—	—	25 00
Maharashtra (50)	127.00	127 50	126 00	126 50
Phaltan (50)	97 00	97 00	96.00	96 80
Walchand Ind. (100)	145.50	145.50	145.00	145.50
CEMENT COS.				
Associated Cts. (100)	151 00	151 00	150 00	150 75
Digvijay (100)	189.00	189 00	185 00	188.00
Orissa (10)	12 88	13.08	12.88	12.96
DYES & CHEMS.				
Amar-Dye-Chem (100)	130 00	132 50	127 50	132 50
Camphor & Allied (100)	89.00	89 50	88 00	89 00
Citric (100)	71 00	70 00	68 00	68.00
Chemicoat (100)	125.00	—	—	125.00
Colour-Chem (100)	318 25	321 25	315 00	316 25
Indian Dyestuff (100)	256 25	255 00	242.50	250 00
Polychem (50)	118 75	125 00	116 25	121 25
Synthetics (100)	79 00	80 50	76 00	79 00
Tata Chemicals (10)	17.56	17.52	17.24	17.36
MISCELLANEOUS				
Alcock Ashdown (100)	293 00	293 00	288 00	290 00
Bom. Burmah (25)‡	57 90	58 00	57 70	58 00
Do. (New) (20)‡	44.50	44 50	44 25	44 25
Br. B. Petrol (1½ sh.)	3 28	3 78	3 18	3 54
Br. I. Corpn. (5)	9 68	9 68	9 64	9 68
Cooper Eng. (100)	98 70	99.00	98 00	99 00
Hindustan Lever (10)	33 50	33 75	32 00	32 00
Hindustan Motors (10)	18 32	18.28	17.80	17.96
I. C. & Invest. Corporation (100)	92 00	—	—	92 00
Indian Copper (2 sh.)	3 24	3 26	3 16	3 20
Killicks (100)	86.00	87.00	86.00	86 00
Larsen & Toubro (10)	22.80	22 72	22.36	22 36
Mahindra & Mahindra (10)	16 00	16 00	15 48	16 00
Asian Cables (100)	74.00	74 00	73.00	73 00
Permanent Magnets (100)	115 00	116 25	113 75	115 00
Phillips Carbon (10)	11 84	10 76	10 00	10 52
Pre. Automobiles (100)	98 00	98 00	96 00	97 00
Premier Con. (30)	171 00xd	170 00	166 00	166 00
Semula (20)	14 76	14 88	14 44	14 52
G. E. Shipping (10)	12 76	12 76	12 52	12 64
N. Standard Eng. (100)	128 00	128.00	127.00	128 00
T. Mancktal (100)	525 00	525 00	480.00	520 00
Shivrajpur (10)	15 28	15 24	14 00	14 00
Sirpur Paper (10)	11 52	11 44	11 20	11 28
Tata Locomotive (100)	285 50	285 75	260.50	273 25
Tata Oil (25)	60 00	60 00	57 50	60 00
Voltas (100)	252 50	252 25	245 50	247 50
W. I. Match (10)	255 00	255 00	253 50	254 00
W. Coast Paper (100)	157 50	157 00	154 00	154 00
Zenith Steel (10)	15 24	15 24	14 00	14 52

GOVERNMENT SECURITIES	14-5-1964 Rs.	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	21-5-1964 Rs.
2½% 1976	82 75	—	4 64	82 75
3 % 1964	99 80	—	4 45	99 90
3 % 1966-68	98 00	3 85	3 48	98 05
3½% 1970-75 1st Dev.	91 45	4 88	4 01	91 45
3 % 1986 Con. Loan	63 85	—	4 73*	63 85
3½% 1985 N. P. Bonds	99 90	—	3 73	99 95
3½% 1967 N. P. Bonds	99 50	—	3 77	99 80
3½% 1974	96 75	—	4 12	96 75
3½% 1967 N. P. Bonds	100 00	—	3 75	100 05
3½% 1969 Loan	97 90	—	4 17	97 85
3½% 1968	98 25	—	3 95	98 25
3½% 1968 N. P. Bonds	99 60	—	3 89	99 60
4 % 1972 Loan	98 85	—	4 18	98 85
4 % 1973 Loan	99 85	—	4 21	98 85
4 % 1979 Loan	98 50	—	4 14	98 50
3½% 1966 Bonds	99 70	—	3 67	99 80
4 % 1980 Loan	98 00	—	4 14	98 00
4 % 1981 Loan	98 50	—	4 14	98 50
4½% 1985 Loan	100 10	—	4 49	100 10
6½% 1977 G. Bonds	118 30	—	4 62	118 10
4½% 1972 N. D. Bonds	100 25	—	4 21	100 25

* Current Income, xd—Ex-dividend, xR.—Ex-Right.
c.s.—Cum-Right, cd—Cum-dividend
‡ B. Burmah—Shares of Rs. 125 have been sub-divided into 5 shares of Rs. 25 each. ‡ Sub-divided into 5 shares of Rs. 20 each after taking into account the Bonus element of Rs. 25.

COMMERCE

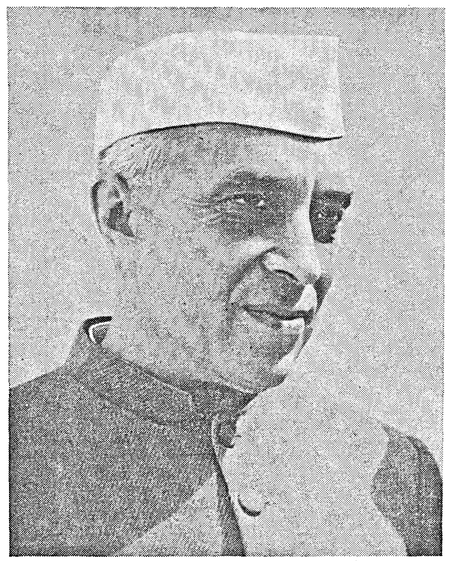
"For Commerce, though the child of Agriculture, fosters his parent Who else must sweat and toil and gain but scanty fare."
William Blake.

VOL. CVIII. No. 2771 BOMBAY, 30th MAY 1964 PRICE Rs. 2

JAWAHARLAL NEHRU

JAWAHARLAL NEHRU, the jewel of India, is no more. Death claimed him at 2 p.m. on Wednesday, 27th May, 1964. Although Mr. Nehru was well over 74 and had served the country with selfless devotion for well-nigh four decades, first as a fighter for freedom and then as a builder of free India, Death removed him from our midst rather prematurely and suddenly. Many problems remain to be solved, the most important of them being establishment of amity between India and Pakistan. Mr. Nehru had just initiated new moves to check the disturbing deterioration in Indo-Pakistan relations since the commencement of 1964. Providence could have been a little more considerate to this country by sparing him for some more time, so that he could have solved amicably the one tangle that has for long been a threat to peace on this sub-continent. If there was any person who could have taken a bold but painful decision and carried the public with him, it was Mr. Nehru, for his hold over the masses remained undiminished till his last breath.

In their love and affection for him, many in this country sincerely believed that it was cruel to keep him in harness even after his health had begun to fail and, therefore, favoured his retirement from active politics. But so great was his sense of duty to the country and so keen his desire to ensure peace and prosperity for the people that he could not even contemplate doing any such thing. For him India and its teeming millions counted more than his life. He would have been miserable and restless had he been compelled to retire from his work. He was one of those born to die in harness and in the service of mankind.



Although Mr. Nehru had not completely recovered from the effects of paralytic stroke he suffered early this year at Bhubaneshwar, none who saw him at the A.I.C.C. session here less than two weeks ago had thought that he would pass away so soon. He himself was confident that his life-time was not going to end so very soon. He said so in as many words at a Press Conference—the last one, as it subsequently turned out—which he held just six days before his death. Thus, the end was sudden, thereby adding to its poignancy and enhancing the severity of the blow.

There are critics in this country who, annoyed by some of his policies that appeared irrational, used to say that Mr. Nehru would die friendless. But he had the last laugh at them. The encomiums showered on him by world leaders and the world press and the respectful, affectionate regard shown to him by the world, in general, and India, in particular, while he was on his last journey have completely belied these critics. Even those sections of the British and American Press which were extremely critical of his policies changed their tone and paid handsome tributes to him. It would, indeed, be true to say that he has been even more honoured in death than in life, universally and nationally alike. That is a tribute to the sincerity with which he strove for world peace by following a policy of non-alignment in a world divided into two powerful hostile blocs, as well as to the sagacity that underlined his efforts to make India a modern, secular, democratic country. A patrician by birth, education and upbringing, Mr. Nehru had all the opportunities one could have had to be a dictator and an overlord. Perhaps no other leader in world history had enjoyed the unquestioned affection and love of millions and millions of people as Mr. Nehru did. But Mr. Nehru never allowed power to go to his head. He was a democrat in both thought and action. He went out of his way to preserve democratic values, subject to his sense of social justice, and democratic institutions. He would, on no account, compromise on the freedom of the Press, even though there were provocations by a section of the Press. There is, perhaps, no country in Asia, barring Japan and Malaysia, where the Press is as free as in India. And the credit for this goes to Mr. Nehru.

Many of Mr. Nehru's policies, national and international, political and economic, were controversial. One is too close to the events to say how history would judge them. But taking a broad view, one can say that the credit side is overwhelmingly greater than the debit side, with the result that the entire world, more particularly India, has greatly profited by them. His policy of non-alignment and dynamic neutrality has helped preserve world peace. And so has his success as the architect of modern, industrial India. It is no mean achievement to have kept this country of over 440 million people of diverse faiths together against many dangerous fissiparous tendencies that emanated in the post-independence period and to have ensured a high degree of political, as well as economic, stability. There are undoubtedly not a few disquieting fissures, some deep and some shallow. But one has to compare the India of Nehru with the countries, Asian and African, that became free from colonialism in the last decade and a half to realise how ably Mr. Nehru has kept it going (and growing), despite heavy odds. At this stage, we have to thank Providence for having spared Mr. Nehru as the Prime Minister for as long as 17 years since India attained independence. This has been a long enough period for him to steer the country clear of the cold war, to lay firmly the foundation of a secular democracy, to give a strong impetus to planned economic development, to demonstrate to the world the benefits of mixed economy for an underdeveloped country and to bring nuclear power—the motive power of the future—to India. As the maker of modern India, Mr. Nehru has fully discharged the duties entrusted to him by Gandhiji, the Father of the Nation. It is now up to us to uphold the liberal traditions of democracy, secularism and social justice which Mr. Nehru strove hard to establish in this country.

There are, of course, many problems, big and small. But, as Mr. Nehru was fond of saying, only the dead have no problems. In this changing world, with power politics still flourishing, a big country like India, is always bound to have problems. The challenge can be met so long as the leaders of this country remain steadfast in their loyalty to his ideals. Those who happen to be in power in the States and at the Centre alike must shed their differences, close their ranks and set an example of unity and integrity for the whole country. They have to remember that Mr. Nehru, to whom they used to run with their quarrels and self-made problems, is no longer available. They and their party can hope to be in power only by sheer merit of performance, because Mr. Nehru is not there to win votes for them. The time when they can naively indulge in slogans and shibboleths is gone. They have to be practical in their outlook and realistic in their actions.

An illustrious fighter for freedom, one of God's great creatures, a prince of peace, a darling of the masses, a born leader of men, an outstanding statesman, one of the tall trees in the forest of mankind, a democratic idealist and visionary, a world leader endowed with flexibility but firmness of purpose, a fascinating writer and speaker, a man of high moral standards, integrity of character, large-hearted understanding, catholicity of interest, hard, systematic work and a rare degree of refinement, a loyal friend, a human dynamo, one of the few men who had conquered both hate and fear—these are some of the tributes paid to Mr. Nehru by his admirers far and near. To be sure, they are sincere ones, borne out by Mr. Nehru's deeds during his long career of leadership. It is rightly said that leaders like Mr. Nehru are not born often. But there is a lot in their qualities that even laymen can try to emulate with considerable profit to themselves and to the society in which they live.

CURRENT ECONOMIC SITUATION

IN a moving radio broadcast on Wednesday night, Mr. G. L. Nanda, the new Prime Minister, paid glowing tributes to the departed leader, Mr. Nehru, and added significantly at the end: "The nation has to live. The problems before us have to be faced and solved." The significance cannot possibly be lost on all those in the ruling party who will continue to be in charge of the political and economic destinies of the country. While it is to be expected that the purely political problems—some old, some new—will command the attention of Congress leaders in the coming months and years, one hopes that some of the more pressing economic problems reflected in the stresses and strains, as also imbalances and distortions, of the Third Plan would be seriously attended to at the same time. The need for such attention, incidentally, is reinforced by the Planning Commission's half-yearly review, as well as by the latest F.I.C.C.I's. analysis, of the economic situation.

The Planning Commission has drawn pointed attention to the "signs of imbalance in the economy." These signs, which were visible even in the first half of last year, have continued to persist, thanks to the decline in the availability of foodgrains and some other agricultural commodities and to the "developing pressure from the demand side resulting from the stepping up of development and defence outlay." It is by now common knowledge that, contrary to the usual seasonal trend, the rise in prices, especially of foodgrains and industrial raw materials, gathered momentum in December last and that this had its impact on the consumer price index. The upward pressure on wholesale prices was so persistent that the relevant index showed a rise of about 10 per cent at the end of 1963-64, as compared with a rise of only 3 per cent during 1962-63 and a fall of 3 per cent in 1961-62.

The steep rise in prices in the third year of the Plan was primarily accounted for by agricultural commodities, especially by rice and wheat. Incidentally, in view of the high sensitivity of rice prices to shortages, the Government recently took the right decision to build up, as in the case of wheat, a buffer stock of two million tons of rice through internal procurement and imports. Increased procurement prices in the context of the estimated bigger rice crop in the 1963-64 agricultural season may, of course, go some way towards augmenting Government stocks, although it is doubtful whether rice prices, which have risen by six per cent in the last six weeks, can be decisively held in check by such means alone. The problem, in the ultimate analysis, is one of production. It is here that the Union Agriculture Ministry, which is reported to have chosen a new batch of 65 districts for intensive paddy cultivation, should take time by the forelock, provide the requisite quantities of fertilisers and pesticides and get the States to organise the extension services in time for the *rabi* crop, if not the *kharif* crop, during the coming agricultural year, that is, 1964-65. What is required is a sense of urgency for, otherwise, the vaunted "crash" programme for intensive rice cultivation will turn out to be a damp squib.

It is something to be thankful for that the prices of manufactured articles increased only marginally up to the end of 1963-64. In that year as a whole, industrial output rose by about 10 per cent, as compared with the growth rate of 8.5 per cent in 1962-63. This recovery, albeit modest, undoubtedly restrained the prices of manufactured goods which might have otherwise behaved like foodgrains, considering that the prices of agricultural raw materials, too, had gone up and that the incidence of increases in wages and excise and customs duties was not negligible. But there is no warrant for complacency, for the recovery in industrial production in the past fiscal year was only modest. If the situation is to improve further this year, the shortages officially admitted to be responsible for lagging output in several industries would need to be mitigated within the overall limits set by foreign exchange availability and by supplies of indigenous raw materials. For instance, cannot something be done to ensure the prompt arrival of imported components and raw materials eligible for non-project consortium aid and to make available adequate coke supplies to chemical and fertiliser industries and additional pig-iron and steel supplies to engineering industries? Of course, there is also the overall need for improving power supply to industries in all possible ways, so that the recovery, which has been under way since January last, may be accelerated. It should be a firm objective that the rate of industrial production in 1964-65 and 1965-66 should be well above the average annual rate of 11 per cent envisaged in the Plan.

The Federation of Indian Chambers of Commerce and Industry, too, has just pleaded vigorously for increasing the tempo of industrial production. This tempo, according to the Federation, can be quickened only by rectifying certain governmental policies which have distorted the "distribution of fields between private and public sectors and between small scale and big-scale units." Delays in the issuance of licences and in the utilisation of foreign exchange would also have to be simultanously eliminated. Perhaps the most pressing problem, requiring prompt attention, is how best to put new life into the depressed capital market. Almost all the recent capital issues have failed to evoke public response in adequate measure, with the result that underwriters have been obliged to take up the major part of such issues. This state of affairs has generally been attributed to the Government's fiscal policies which continue to be harsh, the recent selective tax concessions to industries notwithstanding.

There is no point in blaming the stock exchanges for their so-called "unhelpful" behaviour. After all, as the Federation has correctly pointed out, the stock market has become sensitive and sophisticated as the shareholdings are now widespread and the shareholders, who belong largely to middle-income groups, expect a reasonably "fair return on their investment and appreciation of capital." Again, as "the companies are no more than the sum total of individual savings and holdings," the need for reviving the capital market and keeping it in a state of buoyancy can hardly be over-emphasised. Investment being a matter of sentiment and confidence, it is of the utmost importance that it should be sustained by a sound and stable fiscal policy. This is necessary to attract not only domestic capital but also foreign investment.

RICE IN WEST BENGAL

WHILE the bold bid made by the West Bengal Government to check the rising trend of rice prices is, indeed, commendable, it is a moot question whether the situation really warrants such an elaborate control scheme for the distribution of rice in the free market as the one now being considered by the Government. It is true that rice stocks have practically disappeared from several markets in the Calcutta region, resulting in a sharp rise in prices. Rice is now said to be selling in the Calcutta wholesale market at as high as Rs. 37 a maund—the retail price is Rs. 3 higher—as against the rate of Rs. 29.33 at which it reaches the market. But the sudden spurt in prices could be easily checked by measures other than direct intervention of the State in the trade, as, for instance, severe warning to trade and stern action on dealers who deliberately indulge in creating artificial scarcity and rigging up of prices. For, basically, the rice supply situation in West Bengal is not that bad.

The current season's rice harvest is estimated at about five million tons which is more than the actual consumption requirements of 4.8 million tons. Even supposing the requirements are higher than production, the balance can certainly be met out of imports from the neighbouring surplus State of Orissa and, to some extent, from Behar. What is more, whenever an artificial scarcity of supplies develops in any area, the State Government can ask the Centre to release adequate quantities of rice from its stocks.

Where, then, is the need for direct State intervention in the rice trade? No one will object to reasonable regulation which is clear, specific and beneficial to producers, distributors, and consumers. But such regulation should only supplement the existing trade channels and not supplant them. The West Bengal Government should not underrate the important role played by these channels. Nor can it ignore the vital fact that the rice problem ought to be treated not at the State level but on an all-India basis.

By all means, let the Government of West Bengal take any punitive action it likes on unscrupulous traders in rice. But it would surely be treading on dangerous ground if it were to take over the entire wholesale trade in rice. The task involved may be too big for the Government to handle. Apart from the colossal amount of money estimated at no less than Rs. 200 crores required to nationalise wholesale trade, the Government will have to face formidable problems pertaining to warehousing, transport, etc.

Viewed thus, it is somewhat regrettable that the Price Inquiry Committee, appointed by the West Bengal Government, has recommended, after deliberating for over eighteen months, (*a*) full Government control on rice trade at all stages through nationalisation of rice mills and acquisition of the entire marketable surplus of rice and paddy, along with the cardoning off of surplus areas, (*b*) introduction of statutory rationing in big industrial areas, and (*c*) distribution of all wheat and wheat products through ration shops. State trading in rice (and other foodgrains) is, as two members of the Committee have rightly warned in their dissenting note, fraught with immense difficulties which are almost insurmountable, and the cost to the consumer is bound to be higher. Our experience in regard to measures like controls and rationing has been none too happy. The one direct offshoot of these measures is the evil of black marketing and adulteration which cannot be curbed so easily as one imagines. Moreover, such extreme measures can be resorted to only in times of emergency, for their adoption in normal times will thwart all efforts at augmenting production.

The problem of rice, as, indeed, of any other foodgrain, is one of production. There is as yet no clear evidence that everything possible is being done in West Bengal and the rest of India to ensure the attainment of Plan target, so much so the gap between the estimated total foodgrains output of about 78 million tons in 1963-64 and the third Plan target of 100 million tons fixed for 1965-66 is considerable. Dame Nature has, of course, not always been quite helpful to India, but the Central and State Agricultural Departments, too, have not played their part properly. If only these Departments shake off their lethargy and go full hog with arrangements for irrigation, agricultural implements, better seeds and manures, the productivity of lands devoted to foodgrains cultivation can be stepped up greatly. The average per-acre yield of rice, wheat, etc., in India are much lower than those obtained in several countries abroad. There is plenty of scope for raising the yields, but what is wanted is energetic action to exploit this scope to the maximum extent possible. If this shortcoming in administration is rectified, and if the Government of India builds a buffer stock of foodgrains to take care of unexpected shortages, distribution of foodgrains will take care of itself. Instead of concentrating attention on these measures, it is a pity that the Governments, both Central and State, continue to harp on such negative measures as controls and rationing. Unless the Governments follow a pragmatic and dynamic food policy on an all-India basis, there is no hope at all of the country achieving self-sufficiency in foodgrains on a continuing basis to meet the growing needs of a fast increasing population, with a rising, however slowly, standard of living.

Contents

	Page
LEADING ARTICLES—	
Jawaharlal Nehru	917
Current Economic Situation	918
Rice in West Bengal	918
THIS WEEK'S SURVEY	922-923
TREND OF SHARES	955
SPECIAL FEATURES—	
Delhi Letter	919
Federal Tax System	920
U.P. Letter	924
London Letter	925
European Capital Market	925
Manchester Letter	929
Rights, Duties and Obligations of Company Directors—II	932-933
World Agricultural Growth	934
Concentration in Corporate Sector ...	942-943
CHAIRMEN'S SPEECHES—	
Union Carbide India Ltd.	927
Braithwaite & Co. (India) Ltd. ...	938
Dunlop Rubber Co., Ltd.	941
BANKING	926
TEXTILES	928
ENGINEERING	940
NEW PRODUCTS AND PROCESSES	941
COMMERCE AND INDUSTRY	944
INSURANCE	945
COMPANY MATTERS	946-947, 951
TREND OF MARKETS	952-954
WEEK'S STOCK EXCHANGE TREND	955
MISCELLANEOUS STATISTICAL INFORMATION	956

DELHI LETTER

TOWARDS FREEDOM FROM FOREIGN AID

DYNAMIC APPROACH TO PLANS FOR MAKING MACHINES NEEDED

From Our Special Correspondent

NEW DELHI, 26*th May*

IN the mid-term appraisal of the third Plan, published in the latter part of last year, the Planning Commission emphasised the long-term perspective that it would not be prudent for either the public sector or the private sector to go on relying on foreign aid to the extent they had done so far. The Planning Commission said: "It was clearly stated at the time of the formulation of the third Five-year Plan that the economy should reach a reasonable degree of self-reliance by the fifth Plan. If this decision is going to be implemented, then we must ensure that the projects that we take in hand from now on are designed primarily to strengthen the balance of payments by increasing exports and replacing imports without at the same time involving an excessively large foreign exchange component. In this context, efficient and speedy implementation of whatever is taken in hand is as important as the observance of correct priorities in investment in the light of the basic objectives of a self-reliant economy."

Some of the problems of reappraising values and priorities for the fourth Plan period were dealt with in these columns earlier (see Delhi Letter, in *Commerce* dated 16th May last, *vide* page 832 and 'Broad Contours of fourth Plan' in *Commerce* dated 16th May *vide* page 830). The attempt here is to examine the level of efforts at import substitution in machinery manufacturing industries needed to pave a strong runway to handle the take-off into a self-reliant national economic structure in which there will be negligible inflow of direct foreign assistance. Or in other words, how big a push is needed to be given to indigenous machinery manufacture so as to achieve what may be termed economic sovereignty by 1976?

The strategy in the fourth Plan, as conceived by perspective planning experts and other planners in Delhi, is to institute changes to suit development programmes with a foreign exchange component only half in relative terms of what is available during the third Plan. The foreign exchange amount remaining about the same level as during the current Plan, the total investment in the fourth Plan is sought to be doubled from Rs. 11,000 crores to Rs. 22,000 crores. If the financial feasibility equations of the Finance Ministry lead to a slightly lower investment target of Rs. 20,000 crores, it does not change the Plan priorities very much in essentials.

During the current Plan period, foreign aid flow from friendly foreign countries and international institutions averages about Rs. 500 crores a year. The foreign loan and grants picture at the end of January last was as follows: loans for which agreements had been signed aggregated Rs. 3,424 crores *plus* Rs. 321.37 crores from the International Monetary Fund. The grants amounted to Rs. 684.99 crores, including Rs. 546.37 crores grants from the United States. Of the loans from countries, Rs. 2,135.83 crores have to be repaid in foreign currency and Rs. 455.76 crores through export of goods to the Soviet bloc nations and Rs. 832.41 crores in rupees. Actual withdrawals of loans until the end of January aggregated Rs. 2,304.18 crores. Loan repayments come to more than Rs. 405 crores and interest payments work out to over Rs. 243 crores. This leaves a balance on January 31 of Rs. 1,900 crores foreign debt, of which Rs. 1,200 crores have to be repaid in foreign currency.

A large part of the loan agreements being made in the remaining period of the third Plan will be available for utilisation in the early years of the fourth Plan. The projection of about Rs. 500 crores net annual average utilisation of foreign aid during the fourth Plan period would probably mean a high rate of use during the early years of the Plan, with the aid flow and utilisation tapering off during the later years of the next Plan. The most popular assessment among the planners is that Rs. 300 crores of oreign aid will be available for use in 1970-71.

When the third Plan was framed, it was assumed that there could be self-sufficiency in foodgrains by 1966 with a target fixed for producing 100 million tonnes of foodgrains. The first three seasons of the third Plan show that India has still a long way to go before being able to combat the deterrent natural factors afflicting agriculture. The lower target now assumed for 1966 is around 90 million tonnes, which would imply imports on a scale similar to foodgrain arrivals during the past few years. The assumptions of foreign exchange needs for the fourth Plan exclude funds for food imports which are expected to be met, by and large, by new contracts for American gift supplies. The foodgrain target of 120 million tonnes for 1970-71 is intended to meet the needs fully.

The figure of Rs. 300 crores foreign aid in 1970-71 is a net amount conceived as representing the excess of imports required for consumption and investment over the exports likely to be achieved at the end of the fourth Plan period. Although the perspective planners project an export target of Rs. 1,200 crores for the end of the fourth Plan, the International Trade Ministry as well as some Yojana Bhavan experts outside the Perspective Planning Division tend to favour as feasible a target of a little over Rs. 1,100 crores exports in 1970-71. The adjustments in domestic outputs, investments and consumption patterns are sought to be such as to limit total imports to around Rs. 1,400 crores in 1970-71. There is not much choice left in rearranging the pattern of imports from the structure of austerity that has already emerged. The three broad sections of imports are: intermediate goods which are additional to domestic production and which vary directly with output levels in different sectors; imports of electrical, non-electrical and transport equipment; and all other imports.

If the fourth Plan programmes are not to fall on the wayside, it will be essential to undertake large-scale import substitution in metals and electrical, non-electrical and transport equipment. The challenge in the fourth Plan is acceleration of measures to increase indigenous production of capital equipment.

In the past decade, there has been considerable progress in import substitution. During the first Plan, the total import bill was Rs. 3,620 crores for an investment of about Rs. 3,400 crores. Or in other words, the value of imports exceeded the total investment. In the second Plan, there were imports worth Rs. 5,360 crores, as against an investment of Rs. 6,750 crores. In the current third Plan, the investment may go up to Rs. 11,000 crores and the imports to about Rs. 6,000 crores, or a little more than half. These ratios are not a complete indication of the import substitution progress, but also reflect the degree of import austerity. For the fourth Plan period, an attempt is to be made to keep the total imports down to Rs. 7,000 crores, while the investments on planned development will go up to Rs. 22,000 crores or Rs. 20,000 crores. This will mean that imports will work out to a third of the total investment costs.

Another way to look at the successes hitherto in import substitution is to compare the imports of finished capital equipment and components with the investments in power, industry and transport, sectors in which the imported equipment has been the most needed. Approximate total investments in these sectors were Rs. 3,700 crores between 1956 and 1961. In the second Plan period, import of capital equipment and components amounted to Rs. 1,615 million, according to estimates made by planning experts. (See accompanying tables for trends in imports in comparison to Plan costs, and analysis of import substitution in selected sectors; sources are Yojana Bhavan, Reserve Bank of India, International Monetary Fund and E.C.A.F.E. Secretariat). During the current Plan, the total investment in the three sectors may be around Rs. 5,800 crores and values of imports of equipment and components about Rs. 2,000 crores. In terms of percentages, the imported values account for a little less than 44 per cent in the second Plan and a little over 34 per cent in the Third Plan. For the fourth Plan, perspective planners want the tempo of indigenous production to move towards production which would keep imports of capital equipment and components down to Rs. 2,700 crores, while investment in the three sectors go up to Rs. 13,000 crores. Or, the percentage of import value in investment in the three sectors should come down to 20 for the Plan period as a whole. In fact, this would mean less than 15 per cent imported component for these sectors in 1970-75.

A tentative estimate of the value of indigenous equipment production is Rs. 660-670

(Continued on next page)

TABLE I—*Trend of Imports and Total Plan*
(In crores of rupees)

	Total Imports	Import of equipment and components	Total outlay on plans
1951-56	3,620	625	3,400
1956-61	5,360	1,615	6,750
1961-66 (estimated)	5,750	2,000	11,000
1966-71 (projections)	7,000	2,700	22,000

N.B.—Projections and estimates exclude P.L. 480 imports.

TABLE II—*Capital Goods Imports and Investment in Power, Industry and Transport*
(In crores of rupees)

	Capital goods imports	Investments in power, industry and transport
1956-61	1,615	3,700
1961-66 (estimates)	2,000	5,800
1966-71 (projections)	2,700	13,000

TABLE III—*Indigenous Production of Capital Goods and Imports*
(In crores of rupees)

	1965-66 (Estimates)	1970-71 (Projections)
Finished equipment production ..	670-680	1,700
Components imports for production.	200-220	320
Imports of finished equipment ..	320	280
Total needs of equipment.. ..	990-1,000	1,900

TABLE IV—*Major Heads of Imports Used for Industry, Transport and Power*
(In crores of rupees)

	1961-62	1962-63
Manufactured goods :	221.16	198.48
Of which—		
Iron and steel	107.81	86.65
Non-ferrous metals	49.46	55.01
Metal manufactures	17.95	18.41
Machinery and transport equipment :	367.52	372.38
Of which—		
Electric	65.91	65.15
Non-electric	236.99	247.14
Transport	64.62	63.09

TABLE V—*Import substitution of selected Manufactured Commodities*

Commodity	Production as percentage of total supply			Percentage increase from 1955 to 1961		
	1955	1961	1961 less 1955	Production	Import	Total supply
Sugar	80	100	20	71	—100	38
Gasoline..	69	91	22	34	—71	1
Diesel oil	65	77	12	181	53	136
Caustic soda	38	86	48	244	—64	55
Superphosphate	99	100	1	390	—67	387
Ammonium sulphate	96	57	—39	—1	1,817	68
Printing and writing paper	90	96	6	89	—32	77
Newsprint	3	21	18	900	24	51
Rayon filament	27	74	47	516	—117	131
Sheet, plate glass	83	94	11	88	—43	65
Crude steel	98	100	2	137	—65	122
Finished steel	69	72	3	122	88	112
Aluminium	92	93	1	72	39	70
Diesel engines	85	85	—	283	291	284
Typewriters	28	94	66	236	—88	2
Machine-tools	16	36	20	928	259	369
Sugar machinery	5	94	89	2,256	—92	15
Cotton textile machinery	40	36	—4	93	132	116
Electric wires	49	76	27	225	—2	110
Electric motors	60	71	11	223	—99	173
Electric bulbs	88	100	12	93	—96	70
Radios	97	97	1	62	44	61
Automobiles	56	95	39	135	—85	38
Bicycles	79	100	21	113	—100	67
Domestic refrigerators	8	95	87	1,741	—92	62

FEDERAL TAX SYSTEM IN THE U.S.

DISTRIBUTION OF BURDEN QUITE FAIR

By Mortimer M. Caplin

U.S. Commissioner of Internal Revenue

THE effectiveness of the United States in maintaining a sound economic system at home while meeting its international responsibilities depends on many factors. One of the most important of these is a sound and efficient system for providing the vast revenues required to carry out the national defence and other vital domestic and foreign programmes of the Federal Government.

From the beginning of organised civilisation, the "tax collector" has not, of course, been among society's most popular men. In many cases, this has been due to an unjust system of taxation. Even under an equitable system, the nature of taxation—the exaction of part of an individual's earnings—has not created an atmosphere conducive to affection, warmth or even cordiality. Yet, if a society is to provide the essential programmes of Government, tax revenues will be needed. If it is to grow and remain strong, further tax revenues will undoubtedly be required. In meeting these goals, a tax system can be fair, reasonable, efficient and economical. It can be impartial and even-handed. Respect, not popularity, is the most that can be hoped for. I think the Federal tax system has met these standards and has served our nation well.

Complexities

Although there is a natural grumbling about paying taxes, an underlying feeling exists in our society that out tax system has for the most part achieved a fair distribution of the tax burden. This by no means is to say that the system is perfect. It is far more complex than I and many others desire. In large measure, the complexities result from the complexity of our modern-day business world and of life itself. Secondly, these complexities are a natural result of the legislative process in the United States in which many diverse interests and divergent views play a part in shaping tax legislation as it moves from the drawing board through the Congress to final enactment.

Despite these defects, our Federal income-tax has been accepted by the public because of its reliance on a concept fundamental in our society—that is the distribution of the tax burden based on ability to pay. I am confident that any basic change to eliminate the graduated income-tax principle and to substitute a different type of tax based on another principle would not be accepted today by the American people.

We have a remarkable level of tax compliance in the United States. This is a tribute to the honesty and responsibility of our people, as well as to their industry and initiative. The Federal tax system is primarily one of self-assessment, coupled with withholding of taxes on wages and salaries. In the 1963 fiscal year, these self-reporting procedures were responsible for $103,000 million of a total of $106,000 million collected. Only a small percentage of our revenue is raised through direct enforcement procedures or involuntary methods of collection. This is to be contrasted with the situation in many other countries today where voluntary tax payment is the exception rather than the rule.

Both withholding of taxes and quarterly payments of estimated taxes are designed (1) to simplify tax administration, (2) to reduce costs, and (3) to ease the burden for the millions of taxpayers in the United States. Through the withholding system, the wage earner is able to pay his taxes on an even basis throughout the year and is not required to make a large lump-sum payment at the close of the year. Quarterly payments by the taxpayer of estimated tax for the current year serve the same function for those with income not subject to withholding.

I believe we have made great headway in recent years in improving the administration of the income-tax laws. We have expanded taxpayer assistance, emphasised taxpayer rights and conveniences, and broadened our information and publication programmes. At the same time, I recognise that we have a long way to go. We handle 100,000,000 tax returns a year and some errors and misunderstandings will inevitably occur.

I might emphasise the great importance of equal treatment under our tax system. Taxes are high and the burden is great for all of us. We expect our neighbour, if he has income that is taxable, to file an honest return and pay his proper share of the tax. This is part of our compact in a democracy. Such an attitude on the part of the taxpayer in turn places an obligation on the Government—that we accomplish our collection task as efficiently as possible, at the lowest possible cost. Our effectiveness in this respect is indicated by the fact that, in the 1963 fiscal year, total collection of $105,900 million was made at a cost of less than one-half cent for each dollar of revenue. Individual personal income taxes amounted to nearly $53,000 million in fiscal year 1963, while corporate income-taxes were $22,300 million. Together these two taxes accounted for $75,300 million of the total tax receipts. But the Federal Government also levies taxes on a very wide variety of goods and service.

Some of the larger sources of revenue are Federal taxes on alcoholic beverages and tobacco products, on estates and gifts, on gasoline, on motor vehicles and parts. There also are Federal excise taxes—in the nature of sales taxes—on many other products. Some of these are levied at the manufacturer's level, and some at the retail sales level. There is a use tax on highway motor vehicles to help finance a new nation-wide highway system. There are also Social Security taxes to finance old-age retirement for workers, unemployment compensation insurance, and other benefits.

Internal Revenue Service

The U.S. Internal Revenue Service, an agency of the Treasury Department, is purely an administrative agency. It is charged with receiving and accounting for the tax moneys. The U.S. Congress is responsible for the tax laws and tax rates; the Commissioner of Internal Revenue and the Internal Revenue Service only carry out the tax laws enacted by Congress.

Let us examine some of the characteristics of the Internal Revenue Service. It is non-political in its composition and in its operations. The Commissioner is the only appointed official. Its other 60,000 employees are selected and serve under the Civil Service merit system. They must meet strict personal and professional qualifications to be considered for employment. Once employed, highest standards of integrity are insisted upon, with an Inspection Service responsible for investigating any suspended dereliction.

The operations of the Internal Revenue Service are largely decentralised. Thus the tax relationship of the citizen is primarily with officials in his own State, and often in his own locality. A small national headquarters staff in Washington carries out overall management, supervisory and policy-making functions. The operating functions are carried out in eight regional offices, 58 district offices, and some 900 branch offices.

These functions and activities cover a wide range. Provision must be made for the tax forms and instructions, and for information and assistance to taxpayers. The millions of tax returns and related documents must be received and processed, mathematically verified and checked for accuracy. Moneys must be accounted for and deposited. Collections must be made in cases of delinquencies and deficiencies. Refunds must be made of overpayments.

Provision must be made for taxpayer appeals in cases of disagreement, and for litigation of disputes where necessary. Enforcement procedures must be maintained to detect the few who would cheat their Government. This programme is designed to assure that each citizen pays his fair share. There are certain regulatory responsibilities, such as those affecting the liquor and tobacco industries. Regulations implementing the basic tax laws must be prepared and issued, and rulings made for guidance of taxpayers in particular situations.

U.S. citizens living and working abroad who have taxable income must file returns. Subject to certain exclusions, they pay U.S. taxes on their earnings. There are about 1.5 million such persons. To provide service to them, and to improve their compliance with U.S. tax laws, the Internal Revenues Service has established an Office of International Operations. It has offices in Paris, London, Ottawa, Manila, Sao Paulo and Mexico City. These offices provide information, audit returns, collect taxes, gather information in cases under investigation in the United States, and negotiate with authorities of countries with which the United States has tax treaties. In addition, teams of agents are sent to nearly 100 cities in 50 or more countries each year during the tax return filing period to assist U.S. citizens in tax matters.

These, then, are some of the features of the Federal tax system and administration. But the overriding characteristic is that of taxpayers voluntarily paying the taxes they owe to support vital programmes in the national interest. The high degree of compliance produces the large tax revenues and low collection costs that attest to the basic soundness of this approach.

DELHI LETTER

(Concluded from previous page)

crores by 1965-66. In 1965-66, the value of imported finished equipment may be around Rs. 320 crores and value of imported components going into indigenous manufacture about Rs. 200 crores. To achieve the degree of import substitution necessary to keep balance of payments within control, the value of indigenous production of equipment will have to increase more than two and a half times during the fourth Plan, to around Rs. 1,700 crores in 1970-71. This projection also assumes that about Rs. 200 crores worth of finished equipment will be imported in 1970-71 and about Rs. 320 crores of components will be imported to go into indigenous machinery manufactures.

The supplementary question which follows the projections of such an increase in indigenous equipment production is on who will make these and who will help. In the private sector, the most significant single project is perhaps the A.C.C.-Babcock plant to make cement machinery. A variety of projects have come up in the private sector which includes growing facilities to make machinery for paper, sugar and jute and cotton textile factories. In machine-tool making the Government's Hindustan Machine Tools has made rapid advances, while a large number of small units exist in the private sector. Among the more significant machinery making projects with Western technical assistance is the heavy electrical plant in Bhopal. But the more spectacular deals in this field are between the Government and the Soviet bloc countries. The heavy electrical plant planned in Hardwar will be the biggest of its kind in South Asia and Soviet assistance for this project will be more than Rs. 23 crores under the terms of the agreement signed on May 23. The big heavy engineering unit in Ranchi and the mining machinery plant in Durgapur are again with Soviet aid. The

TABLE VI—*Source of Financing Imports*
(Total imports = 100)

	Exports of goods and services	Capital Inflow			Reduction in foreign assets
		Private	Official	Total	
1951-56 ..	89.6	3.0	3.9	6.9	5.3
1957-62 ..	66.4	5.9	21.7	27.5	7.6

Czech credits, of Rs. 23 crores announced in 1959 and Rs. 40 crores announced earlier this month, are almost wholly to be devoted to machinery-making projects covering machine tools, foundry forge, electrical equipment and heavy boilers, among others. The Poles are to build the second major coal-mining machinery factory. The inability so far to find a foreign collaborator for the plate and vessels works is a serious gap in plans for indigenous machinery manufacture.

The fact that steel, mines and heavy engineering have been brought under the charge of one Minister, Mr. C. Subramaniam, no doubt, adds somewhat to organisational efficiency, but as yet a complete technical assessment of the capacity existing in the public and private sectors for producing equipment for industrial projects does not exist. Metals, including non-ferrous, form another significant sector in which quick import substitution is needed. Steel has become largely a Government affair, except for the expansion of the Tata and Indian Iron plants proposed during the fourth Plan. Aluminium is destined to be more important in the coming years, with that metal planned to be used as a substitute for copper in which direct import substitution is not possible for want of adequate indigenous raw materials. In aluminium, as well as in some other industrial sectors, the ruling party's preoccupation with ideological reasons for non-licensing can backfire. Messrs. Krishna Menon, Dhebar and Patnaik notwithstanding, the economics of size will dictate licensing policies which cannot be to the liking of the Congress 'leftists.' To give a back seat to efficiency and economy during the fourth Plan would be a suicidal trend.

THE AUTOMOBILE INDUSTRY . . . .

helps raise national revenue

The automobile industry is currently contributing some 260 crores of rupees yearly to the national exchequer—towards the funds required for providing the nation with free education and medical aid, better housing and cheaper electric power, more irrigation works, greater agricultural production and a host of other public needs.

In the price structure of the Hindusthan Ambassador, for instance, the Government's share constitutes about 33% of the total "on the road" price of the car in Calcutta (or 5140 rupees per vehicle).

Besides the automobile manufacturers, the producers of tyres, batteries, oil and a great many other suppliers all contribute their share in the form of taxes, duties and other fees. The ancillary industries which supply a large portion of the requirements of components of motor vehicles constitute another rich source of revenue to the Government. Cars like the Hindusthan Ambassador today utilise more than 80% indigenous content, of which the ancillary industries supply articles worth some 3628 rupees per car. This represents 24% of the "on the road" price of this car in Calcutta.

A further contribution to the national exchequer is provided by the income tax paid by the increasing number of employees of the automobile and allied industries.

CAR PRICE STRUCTURE :

Government taxes, direct and indirect :	33%
Raw materials, manufacturing and overhead expenses, salaries and wages, depreciation, profit etc. :	25%
Indigenous ancillary components :	24%
Imported components :	11%
Dealer's commission including distribution, service, advertising etc. :	7%

THE AUTOMOBILE INDUSTRY IS A KEY INDUSTRY

ISSUED BY HINDUSTAN MOTORS LTD., CALCUTTA.

ASP/HM/16

SUGAR PRICES RAISED AGAIN

SUMMING up the prospects for the current (1963-64) sugar season, we stated, in our Annual Number 1963 (*vide* page 197), that, while the consumers might not find it difficult to obtain their requirements of sugar, they would have to pay appreciably higher prices, besides subjecting themselves to the rigour of additional controls. This assessment has been abundantly proved correct by actual events. In the beginning of the season itself—on 18th November 1963, to be precise—it will be recalled, the Government of India had announced increases in the ex-factory prices of sugar ranging from Rs. 2.75 to Rs. 12.15 per quintal in different areas. The sugar industry, however, considered the increase in prices inadequate to meet the additional incidence resulting from the enhanced cane prices and rising cost of production. Representations were accordingly made for a further rise in sugar prices. Apropos these representations, the Union Food and Agriculture Minister, Mr. Swaran Singh, indicated, in his speech at the annual meeting of the Indian Sugar Mills Association in April last, that the Government was considering a further revision of sugar prices in the light of actual duration of the season and recovery. This revision has since been announced; it has come into force with effect from the 22nd inst., that is, the date of notification.

The maximum increase (+Rs. 22 per quintal) in sugar price has been effected in respect of Rajasthan, the revised ex-factory price being Rs. 138 per quintal, as against Rs. 116 previously. The increase is also steep in the case of West U.P. (+Rs. 15.75), Punjab (+Rs. 14), Assam (+Rs. 10.50), East U.P. (+Rs. 9) and South Bihar (+Rs. 12), whereas it is marginal in respect of other States and there has actually been a cut in prices of sugar produced in the Lucknow Division of U.P., Gujarat (—Rs. 2 per quintal) and Orissa (—Rs. 3.50). The table below gives the revised ex-factory sugar prices as compared with the prices prevailing hitherto and those fixed in April 1963:

(In Rs. per quintal)

	Revised prices announced now	Prices fixed in Nov. 1963	Prices fixed in April 1963
Maharashtra	116.00	115.00	109.85
Gujarat	116.00	118.00	112.50
Punjab	132.50	118.50	109.35
Rajasthan	138.00	116.00	109.85
MadhyaPradesh	125.50	118.00	109.85
West Bengal	119.00	116.50	111.20
Assam	127.00	116.50	113.85
Orissa	113.00	116.50	110.50
Andhra Pradesh	113.00	118.00	116.00*
Mysore, Madras, Kerala and Pondicherry	116.00	115.00	111.20
North Bihar	120.00	118.00	108.50
South Bihar	134.00	122.00	109.85
East U.P.	120.25 to 116.00	111.25 to 116.00	108.50
West U.P.	113.25 to 131.00	115.25 to 116.50	108.50

* Average price only.

Announcing the revised sugar prices, the Government of India's Press note says:

"In some areas, as, for example, in the South, where the sugar season was nearly normal or better, the actual working results have been quite close to the estimates. But, in some areas in the North, on account of diversion of sugarcane to *gur* manufacture and on account of frost and drought conditions, particularly in some districts of Western Uttar Pradesh, the Punjab, Rajasthan, Madhya Pradesh, South Bihar and Assam, both duration and recovery were adversely affected. Some adjustments in cane prices have also been made in some areas. The combined effect of these factors has been to disturb a comparative uniformity in costs that used to prevail in certain areas and, consequently, it has become necessary to isolate high cost areas from others. It has, therefore, been considered necessary to sub-divide West U.P. into (*a*) Meerut, Muzaffarnagar and Bulandshahr districts, (*b*) Saharanpur and Dehra Dun districts, (*c*) Rohilkhand and Agra districts and (*d*) Lucknow district."

The revision in sugar prices has been effected some seven months after the season actually began in November. The crushing operations of practically all sugar factories have come to a close. And so the revision in prices will not have any effect on the total sugar output which, according to the latest indications, is estimated at no more than 2.53 million metric tons, representing a shortfall of 770,000 tons as compared with the target of 3.3 million tons first fixed for the season. The revision may, however, be expected to act as an incentive to sugar mills to produce more in the coming season, assuming that they will be allowed to continue. But the question is whether, even with the higher sugar prices announced now, the mills will, in fact, be in a position to compete effectively for the available cane supplies. The question is a very pertinent one, unless, of course, the cane crop is a bumper one. For, in view of the persistently high prices of *gur* and *khandsari*, coupled with the tax advantage and the absence of controls on the production of these substitutes for white sugar, large quantities of cane will continue to be diverted from sugar mills. The need for checking such diversion is urgent in all conscience. The Governments, Central and States, will have to face this problem squarely by summoning sufficient political courage, if they want the sugar mills to produce enough for both domestic consumption and export. This is the right solution to the problem of higher sugar output and not increases in cane and sugar prices time and again. The consumer of sugar has been making heavy sacrifices for a long time now. It is time he was provided with some relief.

EXPROPRIATION IN BURMA?

The Burmese Revolutionary Government's decision to demonetise, with effect from the 17th inst., 100-kyat and 50-kyat currency notes is malicious in intent and purpose and virtually expropriatory in nature. It is malicious because it is aimed at hitting primarily foreigners doing business in Burma, a good percentage of whom are Indians, and is almost expropriatory because, irrespective of the amount deposited, only a maximum of 200 kyats (about Rs. 200) will be returned, in legal tender, to the depositor, the balance being compulsorily deposited in the nearest State commercial bank as a fixed deposit in the name of the depositor concerned. It is not known when and on what conditions a depositor would be allowed to have the benefit of these funds, nor whether full value would be given to the money deposited.

None would question the right or competence of the Burmese Government to adopt whatever policy, monetary or other, it deems fit. But what is disturbing is the sinister move to deprive foreign nationals doing honest business in the country of their legitimate earnings after having taken over their business. The Burmese Government's explanation that the demonetisation was aimed at those "foreigners" who, having withdrawn their deposits from banks on nationalisation, were indulging in speculative trade, will convince nobody, because it does not square with the facts of the current economic situation in Burma. Thus, far from there being any speculative rise in price, the velocity of circulation of money has declined and the consequent reduction in money availability has put a curb on price rise. This might be due to the fact that business activity has almost come to a standstill. Even so, the actual position is contrary to what the Burmese Government wants the world outside to believe. That there might have been a tendency to hoard currency notes, especially high denomination notes is not denied. This is only natural, in view of the political and economic uncertainty in the country. But then the right way to deal with the situation is not to take measures calculated to work harshly and unjustly on "foreigners" who, it is undeniable, have made a substantial contribution to Burma's economic development. If the Burmese Government chooses not to have foreigners doing business in the country, it is of course entirely a matter for it to decide. But it is legally and morally bound to pay fair compensation to those whose assets it has taken over and permit prompt repatriation of compensation money. India too nationalised some foreign concerns. But, in spite of the fact that it was placed in no less uncomfortable position in respect of foreign exchange than Burma is at present, this country paid fair (if anything more than fair) compensation to foreign investors. Unfortunately, Burma, even where it has agreed to give compensation, has valued the assets to its advantage and, what is more, has been delaying unduly permission for remitting proceeds to the countries of origin.

What is far more deplorable is the Burmese Government's indignation at the Indian Embassy at Rangoon receiving, for safe custody, gold and jewellery from Indian nationals leaving Burma. In a bid to prevent this, the Revolutionary Government has now banned Indian nationals from leaving Burma "until the question has been settled on a Government level." Now that the Burmese Government intends to take up the matter on a Governmental level, it is to be hoped the Government of India would take a firm stand in the matter and insist on justice being done to Indians in Burma. The Indian Government's softness in dealing with matters like this seems to be taken for granted by its neighbours. And it is difficult to fix the blame for this on anybody except the powers-that-be at New Delhi. For the Government of India has, in the past, shown spinelessness and even indifference which are in sharp contrast to the firmness and solicitude (for the interests of its nationals in foreign lands), shown by such countries as the U.K. and the U.S. It may be recalled here that the U.S. Government recently even went to the extent of stopping its economic aid to Ceylon, because the latter country refused to give adequate compensation for the assets of American oil companies taken over by the Ceylon Government. It looks as though the Government of India has been sacrificing the assets and interests of Indian nationals in countries like Burma, Ceylon and some of the newly independent African countries as a price for their political goodwill and support for its foreign policy. This is bad in principle as it amounts to a form of appeasement. And, as history has shown, appeasement can never be the basis for a firm and sustained friendship.

Notice

THE STANDARD COAL COMPANY LIMITED

AT A MEETING OF THE BOARD OF Directors held on Friday, the 22nd May, 1964, the following dividend was recommended for declaration at the Annual General Meeting to be held on the 26th June, 1964, to be paid for the year ended 31st December, 1963, subject to deduction of tax.

On Ordinary Shares at the rate of 10 per cent per annum.

By Order of the Board,
F. W. HEILGERS & CO. (PRIVATE) LIMITED,
Secretary.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA, *22nd May*, 1964.

HARDWAR HEAVY ELECTRICALS

The revised final target for power generation under the third Plan is about 40 billion kw. hrs. to be attained in 1965-66. A doubling of this output by 1970-71 has been proposed by the Perspective Planning Division of the Planning Commission for the fourth Plan. Power development on this scale would call for a large quantity and variety of machinery for installation at the generating stations of the regional and State grids. As expenditure on machinery normally accounts for about 25 per cent of the outlay on hydro stations, over 50 per cent on thermal stations and about 30 per cent on transmission, the foreign exchange component of the fourth Plan's Rs. 2,500-crore power development programme would be unbearably heavy in the absence of a substantial increase in the indigenous manufacture of heavy electrical machinery and equipment. If the Bhopal Heavy Electricals in the public sector can reach the scheduled output level of about Rs. 55 crores in 1970-71, it would be something of an achievement. But there is no certainty that it will, for the teething troubles in that plant have been recently aggravated by labour unrest, with the result that its annual production has not touched even the modest level of Rs. 10 crores so far. It is in this context that the Government's present move to expedite the establishment of the proposed Hardwar heavy electrical plant in the public sector is to be welcomed.

The Hardwar unit, which forms part of the projects that are being aided by the Soviet Union under the 1,500-million rouble credit committed for the third Plan, will involve an estimated capital outlay of upto Rs. 40 crores in its first stage. It is intended to manufacture steam turbines and turbo alternators, hydro turbines and generators and large-size motors. Thanks to a contract, concluded on the 23rd inst. with the Soviet Union, equipment and material worth Rs. 23.5 crores, as well as technical assistance for the project, would be more speedily available from now onwards. As 400 out of the 760 metal cutting machines needed could be supplied by indigenous sources, it should now be possible to go ahead with the project more confidently.

But it is one thing to construct the project, quite another to get it going in accordance with production schedules. As the plant is being designed for an aggregate annual manufacturing capacity of 2.7 million kw. for steam and hydel units and 515,000 kw. for electrical machines, both together valued at about Rs. 40 crores, its requirements of raw materials like steel plates, castings and forgings would be heavy. The expectation here is that the Rourkela steel works would be able to supply the special steel plates and that the public sector foundry/forge under construction at Ranchi would provide the castings and forgings. The Rs. 2.5-crore forgings and castings unit that is being set up at the site is also expected to meet a part of the raw material requirements. Given these raw material supplies in progressively increasing quantities, the Hardwar unit may well reach its optimum production level by 1974, if not earlier. The Government's hope that it might even be possible to reach the optimum production level by 1971, however, does not seem to be quite justified in the context of the disappointing record of production performance in other heavy engineering enterprises, including the Bhopal Heavy Electricals.

SOCIAL SECURITY

The frontiers of social security in India will be considerably extended when the proposals now said to be under active consideration come into force. One of them that is being given practical shape concerns the provision of family pension and retirement benefit to those members of the Employees Provident Fund Scheme, contributing eight per cent of their wages. There are 2.8 million workers who contribute at this rate and the balance of 1.1 million workers, who are also members of the Scheme, are subscribing at the old rate of 6¼ per cent. Disclosing this at Hyderabad the other day, Mr. D. Sanjivayya, Union Minister for Labour and Employment, said that, to begin with, the family pension and retirement benefit scheme, which envisages a minimum life pension for a family of Rs. 25 per month and a maximum of Rs. 150 per month, will cover only the former, that is, those contributing 8 per cent of their wages. The entire cost of the scheme will be met out of the contributions of both the employers and the employees in excess of 6¼ per cent. In addition to the minimum pension indicated above, members would also be given certain monthly grants for education of boys and for girls until they are married.

This scheme is in addition to the death relief scheme introduced by the Government of India, with effect from 1st January 1964, under which a minimum of Rs. 500 would be given to the family of a worker, falling within the purview of the Factories Act and contributing to the Provident Fund Scheme, as also the contemplated pension scheme for aged destitutes and physically handicapped. The latter scheme provides for a pension of Rs. 20 per month to persons above 65 years of age, who, it is estimated, form about 10 per cent of the total population of the country. The cost of this scheme is to be shared by the Centre and the States on a 50 : 50 basis.

Details of the pension scheme of provident fund members are, it is said, still being finalised. It is, therefore, difficult to give a critical appraisal of the move. But from what has been officially stated, the principle underlying it is apparent. It is that, in return for surrendering a percentage of their contribution (as also a like percentage of the employers' contribution), a member of the Provident Fund will be given a life pension. In other words, an additional benefit, in the form of a pension, is to be given to members of the provident fund contributing at the rate of 8 per cent of their wages. This pension will be financed in part out of the difference between the old and new rates of provident fund contributions. The Government has promised to bear a part of the cost of the scheme.

Whether it is desirable or necessary to have a pension scheme for members of the Provident Fund Scheme is a question on which there can be honest differences of opinion. There may be some who would prefer the whole of their enhanced contribution being credited to their account, instead of surrendering a part of it for a pension. They would at least like to satisfy themselves that the pension they get in return is worth as much as an annuity they can buy with the same amount. In any case, the scheme should be only optional and not compulsory.

SPECIAL STEEL PROJECTS

India's continued imports of steel are confined to categories which are either not produced in the country or produced in inadequate quantities. These imports, which have ranged round a million tonnes per annum in recent years, involve an aggregate foreign exchange expenditure of about Rs. 80 crores. But this figure conceals the relatively large share on account of special steels, that is, tool and alloy steels, which are highly priced. For instance, the quantity of these special steels imported in 1963 was only about 60,000 tonnes, representing just 12 per cent of the total quantity of finished steel imported in that year. But in value terms, the much smaller volume of special steel imports accounted for as much as Rs. 12 crores, while the much larger volume of mild steel imports accounted for only about Rs. 43 crores. It may be calculated from these figures that, while the average cost of imported ordinary steel is just under Rs. 600 per tonne, that of tool and alloy steel is as much as Rs. 2,000 per tonne. It is because of this factor of high price that imports of special steels have had to be restricted all along to a relatively small volume, though the demand for them from the engineering industries has been very much above the level of imports. In fact, by the end of the second Plan, the uncovered gap in the availability of special steels was so big that the planners decided to assign a very high priority to the manufacture of such steels in the third Plan period.

But this so-called high priority has not led to any tangible result so far. The licence granted to T.I.S.Co. proved infructuous as the Government refused to approve of the terms and conditions on which it was able to secure foreign collaboration. In retrospect, it appears that the Government was most imprudent in not having given a free hand to Tatas in this respect. Its own projects (the Durgapur Alloy Steel Project), proposed in the third Plan, has still not come up, although the Plan is now through its fourth year. Work on this project may yet be expedited, for supplies of Japanese equipment under the Yen-credit have started coming in. As trial production in the ten-tonne electric arc furnace in the Steel Melting Shop No. II is expected to start by the end of this year, the project as a whole may well be completed by the end of the Plan. But it is bound to take some time longer to reach the scheduled optimum production level of 60,000 tonnes. Incidentally, the product mix of this Durgapur plant, when in full production, will be 2,250 tonnes of high speed steel 8,250 tonnes of carbon tool steel, 4,000 tonnes of alloy tool and die steel, 18,000 tonnes of alloy structural steel, 7,000 tonnes of case hardening steel, 2,500 tonnes of ball bearing steel and 18,000 tonnes of stainless steel. As for the special and alloy steel project of Mysore Iron and Steel Ltd., which will have Austrian collaboration and West German financial aid, orders for equipment are being placed this year. It looks as if this project, designed to produce 77,000 tonnes of special steels per annum, will take some two years for completion.

All in all, therefore, indigenous production of special steels will be on a fairly substantial scale only during the next Plan period. Till then the foreign exchange drain on their account will cotinue. Still something can conceivably be done to produce at least some varieties of special steel in some of the existing steel plants. This seems to be the opinion of an official group which is reported to have recommended that such private-sector units as have electric furnaces and other ancillary facilities should be encouraged to manufacture some items of special steel like spring steel and free-cutting steel. It would be necessary to provide adequate cogging facilities for this purpose. If these facilities can be ensured as a matter of urgency, it should be possible to manufacture some spring and free-cutting steels even in the T.I.S.Co. which is already producing electrical steel sheets. At the same time, every effort should be made to expedite work on the three public-sector alloy steel projects (including the one in the defence sector), so that they may come to fruition at least from the beginning of the next Plan. It would also be worthwhile to revive the project, worked out by the T.I.S.Co., by encouraging the Company to go ahead with it for completion well before the end of the fourth Plan.

JUTE MILL MACHINERY

While the jute industry in India justly feels proud of its eminent position as the ace earner of foreign exchange for the country—the industry accounts for one-fifth of the aggregate exports in terms of value—it is also greatly worried about the prospects for the future. So keen has the competition from Pakistan become lately that the industry apprehends a possible setback in its exports. But the apprehension has not engendered any sense of pessimism among jute millowners, the majority of whom continues to be quite confident that the industry could successfully weather the growing competition not only from its counterpart in Pakistan but also from substitute materials, if conditions were created to ensure an orderly development of the industry.

The important elements of such a development are (*a*) modernisation and expansion of existing units, (b) weeding out of hopelessly uneconomic old units, and (*c*) establishment of some new units if need be. The successful implementation of a programme of this nature presupposes adequate availability of the requisite machinery and equipment. Viewed thus, the statement of Mr. S. C. Kela, President of the newly formed jute Machinery Manufacturers Association, which was inaugurated at Calcutta on Thursday last week, that the industry would ere long be able not only to meet the complete requirement of jute mills but will also have surplus stock for export is, indeed, heartening.

Jute machinery making, it will be recalled, began in India only towards the close of the first Plan. The progress made since then has been quite substantial. The number of units manufacturing jute mill machinery has gone up from just one in 1955 to 10 in 1961. The actual production (in terms of value) of jute mill machinery in the year 1963-64 amounted to Rs. 3.75 crores, which is well above the third Plan target of Rs. 2.50 crores fixed for 1965-66; the value of production in 1956-57 was no more than Rs. 38 lakhs. The range of production, too, has widened. Among the various items now being manufactured, the most important ones are spinning frames, drawing frames, carding engines, broad looms and cop-winders, besides several kinds of spare parts, components and stores. Approximately 70 per cent of the jute industry's requirements of machinery and spares, according to Mr. Kela, is currently being met from indigenous sources and only 30 per cent is met through imports.

The demand for jute mill machinery is expected to rise markedly in the coming years. The total demand (in terms of value again) is estimated at Rs. 6.40 crores in 1966-67, Rs. 8.00 crores in 1967-68 and Rs. 10.50 crores in each of the subsequent three years (that is, 1968-69, 1969-70 and 1970-71), or a total demand of Rs. 45.90 crores. The estimated annual requirements of different items during the fourth Plan period are 302 carding machines, 357 drawing frames, 631 spinning frames, 40 roll-cone winders, 151 cop-winders, 24 prebeamers, 20 dressing machines, 86 carpet backing looms and 367 modern automatic looms. Since the machinery manufacturers cannot normally reach full capacity production, not to speak of export possibility, the total installed capacity of the jute mill machinery industry will have to be higher than that suggested by demand estimates.

The jute mill machinery industry, just as any other industry, is faced with several problems which can be solved by proper understanding between the industry and the Governments, Central and State. It is with a view to bringing about such an understanding that the Association has been established. All the manufacturers of jute mill machinery and stores will do well to join the Association, so that it could function efficiently and be of real help to the industry as a whole. Quality of machines and equipment is of vital importance, especially as the major part of jute goods has to be sold abroad against keen competition. The Association will, it is to be hoped, constantly impress upon its members the need for maintaining the highest quality standards in their production.

U. P. LETTER

ACCELERATING INDUSTRIAL DEVELOPMENT

AGRICULTURAL PRODUCTION NEEDS HIGH PRIORITY

From Our Special Correspondent

LUCKNOW, *26th May*

IN recent weeks, the industrial backwardness of U.P. came up for discussion at a number of seminars and annual meetings. It was pointed out at these discussions that U.P. is not only backward in the setting up of new industries but the existing industries in the State—sugar, cotton textiles, leather and leather goods, oil milling, among others—are not doing well due partly to the lack of essential raw materials, old and worn out technical equipment, high incidence of taxes and wrong Government policies. Mr. Padampat Singhania told the Kanpur Study Circle earlier this month that the sugar industry in the eastern districts of U.P. is on the point of being wiped out due to unremunerative sugar prices and the high costs of production. The cotton mill industry is suffering undue hardships as the Sampurnanand award has increased the wages bill of the industry, but has not increased the productivity of labour. The cotton textile industry of U.P., which produces mostly medium and coarse varieties of cloth, is also suffering because of the unremunerative prices of cloth. The old price levels which were voluntarily agreed upon some three years ago have become unremunerative, as cotton prices, wages and, in fact, all the costs of production have gone up.

Sales Tax

The jute industry in the State is suffering because the sales tax on jute goods manufactured in U.P. and sold in U.P. is 4 per cent while the sales tax on jute goods manufactured outside U.P. but sold in U.P. is only one per cent. The hosiery industry in U.P. is working under a serious handicap because of the high incidence of the sales tax and the excise duty. There are some difficulties of an all-India nature which are faced, for example, by the sugar industry and the cotton textile industry in U.P. and these would be solved only in due course of time. But it is not easy to understand why the U.P. Government cannot rationalise the sales tax, the excise duty and other taxes imposed by it in such a way as to reduce the hardship of U.P. industries.

Addressing the sixth annual session of the Eastern U.P. Chamber of Commerce and Industry, Mr. C. Subramaniam, Union Minister of Steel, Mines and Heavy Industries, observed that what is needed for the industrialisation of U.P. is not the setting up of one heavy industry here and one there, but the creation of a proper atmosphere for industrialisation. But, in order to create the necessary atmosphere, it is unavoidable to set up some new units not only in the private sector but also in the public sector. It is unfortunate that, in the matter of starting new industries in the public sector in the first three Plans, U.P. has been relatively neglected. It has been suggested that the Central Government should locate the proposed tractor manufacturing factory in U.P. There is also scope for setting up some cement factories, paper mills, fertiliser factories, electrical and engineering units in U.P. in the fourth Plan, in order to accelerate the rate of industrial growth.

Infra-structure

It has been suggested that one of the main things for creating the necessary atmosphere in U.P. for industrial development and for providing the required facilities to entrepreneurs is the creation of the necessary infra-structure in the State in the shape of transport facilities, supply of electric energy, creation and strengthening of institutional financial agencies, increasing facilities for the building up of technical skill and know-how. A weak infra-structure in U.P. has gone a long way towards slowing down industrial growth. It has been suggested that the total outlay in U.P.'s Fourth Plan, which is now under preparation, will have to be of the order of Rs. 700 crores and that, out of it, a larger proportion than in the Third Plan will have to be assigned for industrial development.

Another difficulty in U.P. is that all the regions are not uniformly developed. In recent months, greater attention has been paid to the eastern districts of U.P. but the Hill districts—especially the Uttarakhand Division—continue to be relatively neglected. Mr. G. P. Nautiyal, a member of the U.P. Small-scale and Cottage Industries Board, has suggested that the Central Government and the Planning Commission should appoint a Joint Study Team, as was appointed for the eastern districts of U.P., so that the difficulties faced by the people of Uttarakhand might receive proper attention.

A Source of Danger

The continued backwardness of the Uttarakhand Division, consisting of the Chamoli, Uttarkashi and Pithoragarh districts—is a source of danger to the country as these border districts are vital for the defence of India against the aggression from the north. The Estimates Committee of the U.P. Legislative Assembly, in its eighth report, has pointed out that some adjustments should be made in the different districts constituting the Uttarakhand Division in order to improve their administration. The infra-structure in the Uttarakhand Division is exceedingly weak and in some places non-existent. The estimates Committee has pointed out that the construction work undertaken by the P.W.D. has been without proper planning with the consequence that certain unimportant buildings have sprung up while some important buildings have been left out. Proper attention has not been paid to the construction and maintenance of strategic roads in this region. It does not speak well of the P.W.D. that it could make an outlay of only Rs. 2.20 crores in one year and Rs. 3.80 crores in another year as against the allotment of Rs. 5½ crores per annum for important buildings. The Committee has suggested that responsibility for getting the work completed and for making the allotted outlay according to target should be fixed on particular officers.

This region has a number of perennial waterfalls and rivulets which could be used for generation of electricity not by major projects but through a number of small hydel units. The region offers good prospects for horticulture, fruit, vegetable, and dry fruit farming, dairy and poultry farming and above all, sheep farming and woollen industry. It has been suggested that, instead of concentrating on importing Australian sheep, as has been the policy so far, proper efforts should be made to improve the locally available breeds of sheep. Another practical suggestion is that, in addition to giving financial assistance to people to start small-scale and cottage industries, a concerted effort should be made to improve the organisational set-up and to provide the necessary facilities to the producers in the supply of necessary materials and technical knowledge and in finding markets for the goods produced by them.

Some Valuable Suggestions

The Joint Central Team on agricultural production, which visited U.P. this month, has made valuable suggestions for increasing agricultural production in Uttar Pradesh. It is unfortunate that the target of foodgrains output for the first three years of the Third Plan could not be realised and the target of 15½ million tons for 1964-65 also would not be realised, unless the U.P. Government takes especial measures. The Team has suggested that the package programme for intensive paddy cultivation, which is so far in operation in the Varanasi and Basti districts, should be extended to the Banda and Saharanpur districts. The main cause of slow progress on the agricultural front is poor organisation and defective administrative set-up. The Team has therefore suggested that there should be at least 20 sale points in each package block where not only fertilisers but also the other requirements of the cultivator should be supplied. An important recommendation of the Team is that the number of village level workers should be increased from 10 to 15 in each block and the Assistant Development Officer (Agriculture) should have full control on these village level workers.

While the river valley projects and other big schemes have their own importance, the Team has suggested that, in order to produce quick results, efforts should be concentrated on minor irrigation programmes in certain selected areas of the State and every possible effort should be made to utilise the sullage water for agricultural purposes.

Tube-wells

In U.P., the utilisation of irrigation potential during the Third Plan has been only about 300 acres per tube-well as against the minimum of 400 acres considered economical. This has partly been due to the high tube-well tariffs and partly because the use of water has not been made compulsory. The revised tube-well tariff in the State tries to remove both these defects. As against the present tube-well irrigation rate of 16,000 gallons of water per rupee for all seasons, the new schedule introduces a rate of 16,000 gallons per rupee from 1st April to 30th June, 36,000 gallons per rupee from 1st July to 30th September and 30,000 gallons per rupee from 1st October to 31st March. This new schedule is calculated to encourage the cultivators to use tube-well water for irrigation purposes. Moreover, a fixed charge of Rs. 5 per acre will be levied on each cultivator in the command area of the tube-well which is about 500 acres per tube-well in the western districts and about 600 acres in the eastern districts. In the past, there was no fixed charge and it is hoped that the fixed charge of Rs. 5 per acre on land in the command area of each tube-well will provide the necessary incentive to the cultivator for a fuller utilisation of tube-well water. Besides, the State tube-wells in U.P. have so far been running at an annual loss of Rs. 4½ crores. The new tube-well tariff will not only increase the utilisation to 350 or 360 acres per tube-well but would also reduce the losses incurred by the State on account of the tube-wells.

Notice

CALCUTTA STEEL COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Fifth Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at 4, Old Court House Street, Calcutta-1, on Monday, the 15th June 1964, at 4-00 p.m., to transact the following business:—

Ordinary Business:

1. To receive, consider and adopt the Directors' Report and the Audited Balance Sheet as on 31st March, 1964 and Profit and Loss Account for the year ended 31st March, 1964.
2. To declare a dividend.
3. To appoint a Director in place of Shri B. P. Khaitan who retires by rotation but being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri G. S. Nevatia who retires by rotation but being eligible offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

Special Business:

6. To consider and, if thought fit, to pass with or without modification the following resolution to be proposed as a Special Resolution.

"RESOLVED that payment to the Directors of Commission at 1 per cent of the net profits of the Company as provided for in Article 94(2) of the Articles of Association of the Company be and is hereby approved and authorised for a further period of five years with effect from 1st day of April, 1964.

By Order of the Board,
R. N. BHOTIKA,
Secretary.

4, OLD COURT HOUSE STREET,
CALCUTTA-1, *the 28th day of April*, 1964.

Notes: (1) The Register of Members and Share Transfer Books of the Company will remain closed from 6th June to 15th June, 1964, both days inclusive.

(2) A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member.

(3) The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business is being sent to all the members of the Company.

(4) The Dividend when approved will be paid only to those Members whose names appear in the books of the Company as on 15th June, 1964 or to their Mandatees.

LONDON LETTER

TRENDS IN FOREIGN TRADE

IMPORTS RISING FASTER THAN EXPORTS

From Our Own Correspondent

LONDON, *23rd May*

THE publication of the trade figures for April has thrown all the analysts into a flap—both here and abroad. Sterling slumped at first, then recovered, but the general consensus is that nemesis is round the corner and will appear as soon as the exchange dealers start buying foreign exchange as a hedge against a post-election bear market against sterling. Three months' forward buying is likely to start in the first week in July. But how true is this appraisal of the underlying strength or weakness of the British economy? In reality, there is no need for all the flap which is going on and which arises from all kinds of short-term analyses of the trade figures—the true factors are plain for all who really bother to look and the conclusions to be drawn neither obscure nor particularly depressing.

The first flap is based on the actual April figures: exports at £342 million were £18 million down on the preceding quarter; and imports c.i.f. at £480 million were £20 million up on the first quarter average. Thus (allowing for a small rise in re-exports) the trade gap in April was apparently £37 million *worse*, in one month alone, than the average for the first quarter—a quarter which in itself was bad on account of the January figures. The pessimists, however, conceded that a comparison should be made on the seasonally adjusted figures. What did these show? That exports and re-exports in April were £350 million and imports c.i.f. £457 million—a crude gap of £107 million, as compared with a crude gap in the first quarter of £85 million per month, a deterioration of £22 million on the month, quite enough to justify the second flap. Then along comes the Board of Trade to correct the *c.i.f.* import figures to *f.o.b.* and thus put them on the same basis as the export figures. This brings the true gap for April to £55 million, as compared with an average for the first quarter of £35 million—a worsening of £20 million on the month, further justification for the second flap.

True Trade Gap

Finally comes the third flap when it is realised that the very bad January figures, which threw up a true trade gap (visible trade only, of course) of £77 million were not isolated in the light of an April gap of £55 million and that the true gap for the first four months of this year now totalled £160 million, or an annual rate of £480 million. If net invisibles are allowed for at £200 million, this still means an overall deficit on current account of about £300 million or £200 million more than assumed at the beginning of the year. This figure would probably be swollen by capital exports to give a payments deficit of not less than £400 million. Obviously, nemesis was round the corner and, if Mr. Maudling is kept out of trouble till October, Heaven help his unfortunate successor!

But the Government (and Mr. Maudling) have refused to flap. Things are getting better they point out—not worse. The following figures comparing the past three months with the preceding months show the argument:

(In million £s)

Monthly averages	*Total exports*	*Imports c.i.f.*	*Imports f.o.b.*	*True gap*
November 1963-January 1964 ..	356	440	391	35
February-April	372	453	401	29

Thus, in the last three months, exports have risen by 5 per cent, while imports have only risen by 3 per cent and the trade gap has actually been narrowed. This comparison is, indeed, valid, though it remains a disagreeable fact that the average monthly gap for the past six months is £32 million, or an annual rate of £384 million. But this is £100 million better than the analysis based on the first four months of this year, which included two bad and two so-called "good" months. There is also this to be said for the Government's argument, namely, that the month of November, when the above comparison begins, is actually firmly demarcated from the earlier months of 1963. It marks the point at which the upswing in British production went ahead of home industry's capacity to supply the materials necessary and when, as a result, imports began to shoot up. This is illustrated by the following comparison:

(In million £s)

Monthly average	*Total exports*	*Imports f.o.b.*	*True gap*
1963: 10 months			
January-October	350	351	0.6
1963-64: 6 months			
November-April	364	396	32

The first quarter of 1963 actually showed a visible trade surplus; the following seven months showed a small deficit, but, till October, the visible trade was almost in equilibrium. Since then, imports have leaped up by £45 million per month, while exports have risen by £14 million per month, hence the worsening in the visible trade balance of £31 million per month—£370 million or so per annum.

Metabolism of Home Economy

What has been happening is quite clear. British exports are rising, but imports have enormously outstripped them as a result of internal business activity. Yet this result is easily explainable in terms of the metabolism of the home economy and one can begin to weigh the likelihood of this position continuing. Stock-building will slow down and the expansion in home capacity should divert orders from overseas. Thus, the final outturn on the year ought not to show as large a gap as the above figures indicate. But, also, since the swollen imports are real things and not just calculations, the deficit built up to date will clearly have to be met.

The Government's problem is this: Are they to do nothing and thus suggest that sterling will become progressively weaker, especially when it is no longer supported by surpluses from the rest of the sterling area? Or are they to say, in effect, that the "import bulge" is an inevitable result of domestic expansion and turn to the I.M.F. for support to the tune of, say, £300/£400 million, enough to meet the maximum *payments* deficit (including capital exports) on the year? The knowledge that the situation was clearly understood and would be met by international action would give full assurance to all interested in the position of sterling.

(*Concluded from next column*)

on behalf of Copenhagen, mainly on the emotional ground that they did not want the Swiss franc to become an international currency but also on the rational ground that Swiss investors would never subscribe to a domestic issue if they could get better terms, guaranteed in their own currency, on foreign bonds. The U.S. has not yet publicly objected to the offer of bonds denominated in dollars, but it is very possible that these divert funds, domestic or foreign, which might otherwise have been invested in the U.S.

Finally, then, we have the bonds denominated in European Units of Account—an artificial yardstick defined in terms of 17 currencies, whose value can change only if two-thirds of them alter their gold parity in the same direction. The bondholder gets an exchange guarantee, not in terms of gold, but in terms of the most stable currency in the group. The issuer undertakes a risk which is smaller than that involved either in a straight foreign loan or an exchange-option loan.

Theoretically, the European Unit is excellent. It has caught on slowly only because it seems complicated. But the more fundamental fact is that no scheme, however excellent, is going to create a unified European capital market unless individual Governments are prepared to remove impediments deeply rooted in differences of national habit and tradition. And this is most unlikely except in the context of a move towards political federation.

It is significant, perhaps, that M. Segré ends his article by suggesting that the Unit of Account should be used to promote European integration, should be based on a smaller number of currencies, and should help the Community on its way towards monetary union. His, in fact, is the voice of the European Commission.

EUROPEAN CAPITAL MARKET

By Questor

IT is two years now since Mr. Dillon, speaking at a meeting in Rome of the American Bankers' Association, argued that institutional factors were impeding Europe from making full use of its savings and that an excessive burden was therefore being placed on the New York capital market. A good deal of experimenting has gone on in Europe since then to create an alternative to New York, particularly since the U.S. proposal of an interest equalisation tax and the temporary closing of the U.S. market. A fair amount of capital has, in fact, been raised, but it would be an absurd exaggeration to suggest that a unified European market yet exists.

The problems involved in developing it are clearly set out by M. Claudio Segré, of the Economic Department of the European Commission, in the current issue of the review of the *Banca Nazionale del Lavoro*. So far as size is concerned, he points out, particularly in relation to the volume of saving, the new issue markets of the Six put together are not all that much smaller than the U.S. market. But their recent growth has been unequal and they are by no means integrated; each tends to be dominated, in fact, by a tradition of governmental intervention. This intervention may take the form of giving priority to official bond issues, or of official restrictions on the investment policies of institutions (like life assurance companies) which prevent them from growing and providing a regular outlet for private new issues; or it may be simply a matter of taxation, which usually tends to favour public against private borrowers.

Other Factors

This isolation of national capital markets from one another is reinforced by a host of other factors—exchange risks, legal requirements, tax laws, and so forth—which cannot be dealt with quickly, even inside the European Community. The fact that the skills needed to operate an international market can be developed only slowly has led to the idea of concentrating it in a single centre which already possesses these skills and could conduct an entrepôt trade in capital.

This is an idea which Britain, in particular, has been pushing hard. The British, like the Swiss (though without the advantage of an equally hard currency), possess expertise without capital; a good many international loans have been floated in London, issued by foreigners and subscribed for by foreigners, since New York shut its doors. But M. Segré holds and I do not altogether disagree with him, that the entrepôt idea will work only if domestic investors are capable of absorbing a large proportion of the foreign issues floated. And this condition is not met in any European capital market—nor any longer, indeed, in New York.

We come down, then, to the various attempts at internationalisation of the market which have been made in Europe during the past few years. First, of course, there is the fact that the attitudes of Governments to placings of foreign issues are gradually becoming more liberal. But the process is very slow, just because any country that steps ahead of the rest is immediately flooded.

Second, we have the formula, promoted by Herr Abs of the Deutsche Bank, by which a consortium of banks floats various tranches of the same issue in national markets, making up for differences in interest rates by varying the price of issue. The difficulty here is mainly the complexity of the operation and its inevitably high cost: it is a method best suited to very large issues, where the need to tap a wide circle of investors justifies the cost.

Third, we have had issues with an exchange option, which give investors the right to demand payment of interest and capital in a named currency other than that in which the securities are denominated. The catch about these, obviously enough, is that devaluation of the domestic currency could make the exchange option extremely expensive to the issuer.

Another alternative is the issues, in which Britain has played a leading part, denominated in dollars and (in one case) in Swiss francs. The main disadvantage about these is that the country whose currency is used to denominate the bonds may object. The Swiss, for example, objected strongly to the issue in francs floated

(*Continued in previous column*)

WINDOW DRESSING BY BANKS

U.S. FEDERAL RESERVE SYSTEM STARTS CAMPAIGN TO DISCOURAGE IT

IN an effort to end window dressing by banks in the United States, the Legal and Monetary Affairs Sub-Committee of the House Government Operations Committee made two recommendations last November. The first is a very simple and innocent recommendation which tells the bank supervisory agencies and banks that window dressing of bank accounts should not be permitted or resorted to. The Federal Supervisory Agencies should make a co-ordinated, concerted and continued use of their powers of moral suasion to have the "banking community refrain and desist from" window dressing of bank reports and statements.

The other recommendation is more pointed and is likely to be more effective. It requires every bank to certify in each of its report and statement of accounts that no window dressing is contained in it. If any bank is subsequently found to have given a false certificate, its name and the nature and extent of violation should be extensively published, and the matter should be referred to the Attorney-General "for possible prosecution under the false statement statutes."

While the practice of window dressing is known to every banker the world over, its precise definition is nowhere available. The above Sub-Committee defined it as the practice of entering into temporary non-business purpose transactions solely for balance-sheet enhancement: the purpose is, according to the U.S. Comptroller of Currency, to present a bank's financial position in a more favourable light than it really is. The Sub-Committee regarded window dressing as dangerous, because it was a deceptive and uneconomical practice which might undermine public confidence in banking industry and bring adverse consequences to the national economy.

Strangely enough, though window dressing is universally regarded as undesirable, untruthful, unfair, wasteful and misleading, it is no crime, since it violates no law. Whatever be the purpose or a lack of it in resorting to window dressing, the transactions are actually made and accordingly entered into the books of the bank.

The Chairman of the U.S. Federal Reserve Board, however, is in agreement with the report of the Sub-Committee and has taken the initiative to end the practice. The Federal Deposit Insurance Corporation agrees in principle and is co-operating with the Federal Reserve Board, though it is not doing anything directly. The Board has requested the presidents of the twelve Federal Reserve Banks to take suitable steps to eliminate window dressing in their respective regions. The Reserve Banks have found that the best way of doing it is to meet, face to face, the banks which resort to this practice and persuade them not to do so. They do not think that the task is difficult, for many banks dress their statements *only* because others also do that. The plan and the programme is to approach every bank and to persuade it to abandon window dressing. The Reserve Banks also regarded their task as an educative one, and do not wish to use pressure.

In addition to the Reserve Banks and the Federal Deposit Insurance Corporation, the Federal and State Examiners and all other bank supervisory agencies except one are participating in this programme. The exception is the lively U.S. Comptroller of Currency, Mr. I. J. Saxon. He, too, is convinced of the need to eliminate window dressing, but he differs from others on what to do about it. His suggestion is that surprise audit of banks should be conducted and different surprise call dates should be fixed for preparing bank report and accounts in addition to the two half-yearly fixed dates. The Comptroller has flatly refused to co-operate with the Federal Reserve, because he thinks that, as the "moral suasion campaign" could not reach all the banks simultaneously, some inequity is bound to result. Since it is conceded that banks resort to window dressing because other banks also do it, a simultaneous approach, he contends, is very unnecessary in any programme designed to eliminate it.

The Federal Reserve Board, however, does not agree with the Comptroller, because they feel that surprise call dates and audits are no answer to the problem of window dressing. The various Federal Reserve Banks are, therefore, going ahead with their programme of face to face meetings with officers and executives of banks. The Comptroller, meanwhile, waits for the Congress to debate and approve of his suggestions.

Window dressing is, of course, quite different from what the law allow banks in the U.K. and India to make *undisclosed* provisions for bad and doubtful debts and for taxation, provisions which are described by the vague but expressive name "the usual and necessary provisions." In the U.K., the Jenkins Committee's report on Company Law discussed the pros and cons of the vexed question of full disclosures in bank accounts. Bankers were quick to react by pointing out the dangers involved in disclosing sudden and unforeseen variations in bank profits on account of circumstances over which they have no control; supporters of the Jenkins Committee, on the other hand, referred to the great size and strength of the British banks and contended that the investing or depositing public are not so unreasonable or illogical as to be carried away by passing trends. No final decision has yet been taken, but, in any case, the British Bankers' assurance to the Jenkins Committee was revealing enough. They had told the Committee that, while their undisclosed provision may affect the *extent* of the movement of profits, it would not reverse the *direction* of profits.

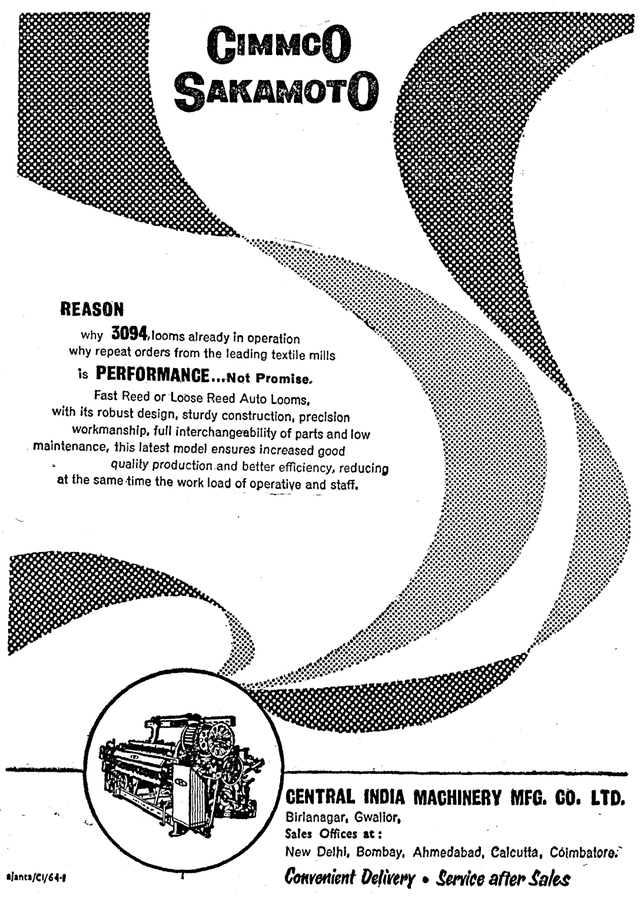
In India, we have no such assurance, with the result that it is difficult to assess even the exact direction of real profits. In addition it is not unusual for many banks to resort to "mutual transactions" in sale and purchase of Government securities in order to book a loss that goes a long way towards reducing the profits and hence the tax to the Exchequer and the bonus payable to workers. The Banking Companies Act recognises the practice of making "usual and necessary" provisions and protects the banks from disclosing their secret reserves: but the sort of window dressing that is being done so often for balance-sheet purposes in this country can neither be upheld by law nor by the principles of sound banking. Accordingly, a drive similar to that of the Federal Reserve Banks' efforts to eliminate unhealthy window dressing needs to be undertaken by the Reserve Bank of India also.

I.M.F.'S RESOURCES

At $15.6 billion, the resources of the International Monetary Fund are still edging upward prior to a general review of members' quotas scheduled for 1965. The increase since 1st January 1963 has been equivalent to $475 million, due in part to subscriptions of new members and in part to requests by individual countries to increase their financial participation. Higher quotas have been established during the past sixteen months for the Dominican Republic, Ecuador, El Salvador, Ethiopia, Honduras, Israel, Jordan, Libya, Luxembourg, Malaysia, Peru, Senegal, the Syrian Arab Republic, Tunisia, the United Arab Republic and Viet Nam. Several other increases have been approved by the Fund but will not become effective until they are formally accepted by the members concerned.

Quotas in the Fund determine the amounts of members' subscriptions, which are generally payable 25 per cent in gold and the rest in national currency, and also the assistance members may expect to draw from the Fund in dealing with foreign exchange difficulties. The Articles of Agreement require a broad survey to be made of the quotas every five years, a procedure last carried out in 1960.

If commitments under the borrowing arrangement are included, resources available to the Fund have tripled since it was established in 1945, when quotas were equivalent to $7 billion. Members numbered 29 countries then, and are 102 today. In recent years, the Fund has been further strengthened by the achievement of convertibility for many currencies that formerly played little part in its operations. But this more widespread convertibility also created new problems, in that it made possible sudden and substantial shifts of short-term investment funds from one country to another.



UNION CARBIDE INDIA LIMITED

ANOTHER SUCCESSFUL YEAR—DEVELOPMENT OF MANAGERIAL TALENT

MANAGING DIRECTOR, MR. J.W.L. RUSSELL, EXPLAINS COMPANY'S APPROACH

ADDRESSING the Twenty-ninth Annual General Meeting of the shareholders of Union Carbide India Ltd., held at Calcutta on 15th May 1964, Mr. J. W. L. Russell, Managing Director, said:

You will have noted from the annual report for 1963 that your Company has again enjoyed a successful year. This continuingly improved performance can be attributed to a number of factors such as an improvement in operating efficiencies, the improved utilisation of capital equipment and cost reduction programmes. In a developing economy, such as that which prevails in India today, there is no reason why this improved performance should not continue over the years to come.

There is another and a vital factor in this improved performance which I would like to single out for special attention. In the final analysis no business, industry or group of people can achieve its objectives unless a clear appreciation exists as well as a recognition of the worth of the individual members of the enterprise. The degree of success achieved depends largely upon the degree to which the individual is encouraged and stimulated to participate in the work of the group.

It follows that those who manage, those who encourage individuals to participate, are of the greatest importance to the success of your Company. Your Company is indeed fortunate in having a very talented and competent group of managerial and supervisory staff. Over the past few years your Company has grown at a very rapid rate. This has been made possible by the efforts of this group who have successfully coped with the many problems which have arisen. On the balance-sheet you see recorded the profits made by your Company from the manufacture and sale of its various products. What does not appear on the balance-sheet is the devotion, skill and abilities of the managerial staff who have developed the products and the methods of marketing.

Recruitment of Managerial Staff

Competent and experienced managers are not plentiful in India today and this condition while posing many knotty problems, is in itself a sign of the vigorous and healthy growth of Indian business and industry. It is because of this growth that there is now considerable competition within both the public and private sectors for the limited supply of managers of good calibre and potential. Despite such competitive conditions, your Company has not experienced to any degree, the loss of senior and more capable employees, which it is considered is due to the congenial atmosphere which has been created over the years amongst the employees resulting from your Company's philosophy towards work and management.

In essence, this philosophy states that, in order to develop and retain the body of managerial skills required for present and future operations, it is necessary to select the best possible human material, to utilise the knowledge, skills and aptitudes of each individual to best advantage, to foster the development of these and to assist in the acquisition of new skills and abilities. It goes without saying that a fair and adequate remuneration policy forms an integral part of this concept. Generally rising costs and the enhanced impact of taxation on this group of employees have given an increased importance to this last factor. This is receiving very careful attention by the management of your Company.

The settled policy of your Company calls for promotion from within its own ranks whenever possible. This calls for a timed training schedule so that, as plans for expansion progress, promotion may be given to fully qualified executives in order to fill new positions as they arise.

As a corollary, this policy also requires recruitment at the lowest level of management. Exceptions must, of course, be made from time to time in order to meet special circumstances as, for example, when venturing into new fields of activity, fields which require special skills and techniques not represented amongst existing staff. In such cases there is no hesitation in bringing in new skills, techniques and disciplines from outside your Company. One important advantage which is enjoyed in this connection is the ability to "borrow" from your Company's overseas associates, highly skilled technical and professional experts to help in the initial stages of these projects, who also act as instructors for their Indian colleagues.

Recruitment for the managerial group at whatever level involves a very careful selection process. Each applicant is interviewed by a group of senior managers who look not only for the evidence of the applicant's suitability and qualifications for the particular position but also for those basic traits of character which will enable him to rise within the managerial levels. An essential feature of this procedure is that it is a two-way communication process. It is just as important that the applicant should learn, through these interviews, as much about your Company, its practices and policies as is learned from him concerning his abilities and potential. Naturally, this is a time-consuming process and senior managerial time is a scarce commodity but the time and effort thus invested has paid rich rewards in the calibre of the employees.

Management Training

Managerial training in your Company has a twofold object: firstly, to enable the individual to discharge his assigned duties to the best advantage to himself and to your Company, and secondly to enable him to increase his skills and abilities to the greatest extent possible so that, as expansion takes place and new and more responsible positions are created, trained, qualified employees are advanced to fill these. Since each manager has as one of his most important responsibilities, the development of each of his subordinates, there are no gaps in the programme.

In practical operation this is, in the case of your Company, a process of communication and is, in its essentials, simplicity itself. The executive is first told what is expected of him. Then, at regular intervals his actual performance is compared with that expected and from this comparison a draft programme is drawn up so designed as to facilitate his progress. Finally, this is discussed with the individual thereby enlisting his co-operation in the preparation of his own annual development programme. The process might be likened to the art of the navigator of a ship at sea who, by determining the ship's exact position and comparing this with that predicted, takes such action in changing course or speed as may be required to correct any deviation from the planned progress in order to bring the ship to her destination at the appointed time.

In essence this is a simple matter. In practice it is not quite so simple. Before a man can be told what is expected of him, the aims of the entire organisation must first be clearly established. From this, the objectives of each division, department and section can be formulated. Only when this has been done can the manner by which the individual is expected to contribute to the accomplishment of the task of the unit be stated. This is termed the position description system. Each managerial position is covered by a position description which sets forth the duties inherent in the position. Each of these descriptions is in turn supplemented by a statement of position objectives, setting forth the results which the position-holder is expected to achieve and, as appropriate, the time by which they should be achieved. In preparing these, a conscientious effort is made to avoid specifying or indicating how the desired result should be achieved. Within the general administrative framework of your Company a wide area of freedom is allowed for experimentation and innovation and is considered to be a basic requirement for healthy managerial development.

At regular intervals each manager's actual performance is measured against his position objectives. This appraisal is performed by the manager's immediate superior, assisted by two other managers senior to the one under appraisal. Based on this comparison an assessment of present performance and potential is made along with forecast of his progress over the next five years. The group also at this time prepares a tentative training programme for the person appraised, designed to foster demonstrated strengths and to help overcome deficiencies. The future, as well as the present, managerial needs of your Company are, of course, considered in drawing up each programme.

Finally, and this is of utmost importance, the main points of the appraisal, the good and the bad, are discussed privately by the manager appraised and his immediate superior in the organisation. The object of this post-appraisal conference is to give each manager an opportunity to see himself as others see him and to work out with him his own detailed development programme.

The development programme, as finally worked out, reflects the requirements of the individual and your Company. It can cover a period of months or years. It may, for example, call for intensive training in a particular branch or subject of a profession or for re-assignment in order to broaden experience, for the acquisition of detailed knowledge of a particular process or product or for a grasp of the broad principles of management itself. While I will not burden you this afternoon with statistics, your Company has vigorously supported the management training movement in India since its inception. It has assisted in the formation of several professional associations in the field and your Company's executives have served as guest speakers, lecturers and as members of directing staffs. Encouragement is given to managers to contribute material to the growing number of professional publications devoted to management. In addition, of course, your Company has regularly sponsored its managers to membership in the courses offered. A close association with similar bodies in the U.K. and the U.S.A. exists and, as appropriate, executives have been sent for training to these. Your Company's overseas associates have been most co-operative in making their plans and research laboratories available for this purpose.

Indianisation

In applying this programme your Company realises the vital importance of placing first priority on those of its managers who are Indian nationals. This programme is succeeding. In every phase of operations, in manufacturing, in marketing and in administration, Indian managers are replacing internationally-assigned executives. In these positions they are doing well. The single and temporary exception to this is in the chemicals expansion project. In this case experts have been "borrowed" from your Company's overseas associates who will not only assist in the initial stages of the project but who will also impart their special skills and techniques to their Indian counterparts. I do not anticipate any reversal of the present trend of "Indianising" our management.

In all of this there is nothing mysterious or esoteric. What has been attempted is to apply good sense and simple justice in order to benefit both your Company and the individual.

I do not wish to imply that the system which I have described is a perfect one. Management development, even in the most advanced industrial countries, is still more of an art than an exact science. Changes have been made in our system. I have no doubt that other changes will be made in future which will reflect changes in the structure, operations and needs of your Company. What I do state is that the programme I have described enables your Company to base its managerial planning on reasoned, objective opinion. It serves as a constant reminder to executives at all levels that one of their chief responsibilities is the development of their subordinates. Although a staff service is provided to assist in the administration of the programme, responsibility is clearly defined as that of each senior to his subordinates. The plan has been well publicised and since there are no tricks, no hidden mysteries, it has met with ready acceptance at all levels and has

(*Continued on page* 955)

RESEARCH IN WOOL INDUSTRY

NOVEL AND IMPROVED FABRICS DEVELOPED

By Dr. A. B. D. Cassie

Director of Research, Wool Industries Research Association, Leeds

WOOL is an exceedingly versatile fibre, and many of its unique properties have been used from time immemorial to produce typical wool fabrics. Its felting property was one of the first to attract attention, and was put to good use in the fulling of cloth. However, with the advent of knitting and particularly of the knitting machine, the felting property was found to be a defect, in that knitted wool goods felted and shrank in size when laundered. This led to the first attempt to modify the wool fibre; it was already known in the last century that treatment of wool by chlorine in an aqueous solution reduced the tendency of felt. The use of chlorine was, however, a chancy business, because the reaction of wool with chlorine and water is very difficult to control. The wool that first comes into contact with a solution containing chlorine is liable to be over-treated, whilst the centre of a mass of wool may be treated only by a very dilute solution, and so has little shrink-resist property. The results of the early wet chlorination processes were, therefore, very variable, and were accordingly regarded as unreliable.

When organised research for the wool industry was established, chlorination of wool was one of the first subjects for study. This research revealed the very rapid reaction between wet wool and chlorine, and established it as the prime cause of the unreliability of the wet chlorination process; it also provided methods of measuring the degree of attack of wool by chlorine and other reagents. As wool was so susceptible to attack when in the wet state, workers in the early days of the Research Association conceived the idea of using chlorine gas, rather than chlorine in an aqueous solution. The chlorine gas system was found to be susceptible to very close control, the control being exercised mainly by the regain of the wool that came into contact with chlorine. A commercial unit was developed for the process, and very satisfactory shrink-resistant materials were obtained.

Easy-care Requirements

This process, however, required the setting up of special plant and, furthermore, left the wool with a somewhat harsh handle. These two drawbacks have restricted the use of dry chlorination for civilian goods, although it was extensively and very successfully used for military clothing during the Second World War. Since then, many methods of controlling the reaction in liquid baths have been put forward, and reagents other than chlorine have been used to produce shrink-resistant wool materials, but they all suffer to a considerable extent from the difficulty of obtaining uniform treatment throughout a mass of material. Nonetheless, with care and adequate control, many of these processes are used successively today, and shrink-resistant knitted garments are widely available to the public. Indeed, shrink-resistance can be regarded as the first modification or improvement of wool to meet "easy-care" requirements.

Another unique property of wool is its ability to take on a set. This again has been known for a very long time, and has been used by the industry in such processes as potting, crabbing and steaming to obtain finishes that are unique to wool. This property, too, has been the subject of much careful study, so that the conditions required to give wool different degrees of set are now well known. The basic principle behind setting fabrics by crabbing is the fact that a wool fibre that is stretched and held stretched in boiling water, and then dried, will retain its stretched length in almost any subsequent process. The careful study of setting and methods devised to measure the degree of set led to much research into the effects of chemical reagents on the setting of wool; it was revealed that reducing agents could help materially in improving the permanence of a set given to wool fibres. The first application of chemical treatments, however, came not in the wool industry but in hairdressing, where results obtained from a study of wool were used in the permanent waving of hair.

This body of knowledge of the setting power of wool, and of its attainment by chemical methods, has recently taken on a new importance for the wool industry. The advent of synthetic fibres, and the "easy-care" claims for fabric made from them, have led the wool industry to consider whether or not the "easy-care" properties could be added to the already unique features of wool. It does appear that the chemical methods of setting wool can, in fact, provide many such features in wool garments. One of these is the setting of pleats in skirts and creases in trousers, so that they will be retained after wear and even after dry cleaning or mild washing. Many reducing agents will provide such properties in wool without much modification of the fibre, but, unfortunately, some dyestuffs that have long been used with wool change in colour when exposed to certain reducing agents. There are, however, reducing agents that have little effect on dyestuffs, and these are now being put to good use in the production of "easy-care" wool materials. Monoethanolamine bisulphite is one that seems to have the best compromise properties; it is used today to provide both permanent creases and flat set fabrics.

I.W.S.'s Pilot Plants

A considerable impetus to the use of the research results has been given by the International Wool Secretariat, whose pilot plants throughout the world are stimulating interest in the new wool processes. One such plant is at Bradford Technical College where wool manufacturers and users of wool products can learn at first hand the opportunities that are open to them when research results are applied in practice. At this stage, the background work, done by the Research Association, becomes invaluable. Methods that have been developed for measuring a host of variables in these processes become essential for success. The effects of very many reagents on the wool fibres are also known for past researches, and provide an indispensable guide in controlling processes that produce "easy-care" properties. "Easy-care" attained at the expense of some innate valuable property of the fibre will soon bring disrepute to the "improved" material, and it is in avoiding such pitfalls that past research results are proving so valuable. Thus, strength, abrasion resistance, recovery from deformation, dyestuff fastness and handle are some of the features of wool cloth that must be maintained in any novel fabric offered to the clothing industry.

"Stretch Fabrics"

"Easy-care" looks after the appearance of our clothes; now we have fabric modifications aimed at improving their comfort—the so-called "stretch fabrics." Knitted fabrics are, of course, the stretch fabrics *par excellence*, and no doubt the increasing popularity of knitted materials provided an impetus to developing woven stretch fabrics.

There are a number of ways of producing stretch fabrics, all relying on the power of the constituent fibre to acquire a set. In the case of wool, this can been obtained by use of chemical reagents or by the use of boiling water or steam. In the case of synthetic fibres, it is obtained by high temperature treatment. The simplest form of stretch fabric is obtained by setting excessive crimp into either the warp or weft yarns, the process being much simpler for weft-way stretch than for warp-way stretch. Thus, if an all-wool fabric is woven with the ends more widely spaced than normal, the application of high tension, warp-way will shrink the cloth in width by straightening the warp threads whilst increasing the crimp in the weft yarns. The problem is how to set this high degree of crimp in the weft yarn. The simplest way of doing this is to use cloth that has been impregnated with one of the chemical setting agents and feeding it on to a blowing machine under tension; the stretch is then set in the blowing process. This cloth now has much crimp in the weft direction and can, therefore, be stretched in this direction; if the setting treatment has been adequate, the stretch is recovered when the stretching force is removed. If used in a jacket, for instance, such a material can give stretch across the shoulders, and so comfortably accommodate body movements.

The stretch that can be obtained by setting crimp in fabrics is, however, somewhat limited, and many of the stretch fabrics available today use yarns that are themselves elastic. Some of these yarns do, in fact, contain a fine rubber or other polymer elastic filament, but the more general method of producing them is to use twist properties to provide yarns with stretch properties. If a yarn is crepe twisted in one direction, and the twist set in the yarn followed by untwisting to normal twist, the yarn will have considerable stretch properties. This procedure has been used for some time to provide bulked continuous filament yarns, the setting medium in this case being heat. It was the stretch properties of these that led to the development of stretch yarn fabrics. Similar effects can be obtained with all-wool yarns by the same method, but the setting in this case has to be done with boiling water, steam, or one of the modern setting agents. Weaving these yarns into satisfactory fabrics requires considerable care and skill. In particular, the tensions of the yarns in weaving must be uniform and as low as possible, as if the stretch properties of the yarns are to be retained in the fabrics. In maintaining this close control, research results are again proving invaluable, and methods that have been developed for measuring and controlling tensions are an essential tool in providing acceptable fabrics.

"Easy-care" and stretch woven fabrics provide a revolution in the materials available to the public, and their development within the last few years has provided great technical interest in the industry. They are the logical outcome of a great deal of past research, the results of which are now finding increasing application in the production of novel and improved fabrics.

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WOOL IN SOVIET UNION

The report on the results of the 1963 State Plan, issued by the U.S.S.R. Council of Ministers' Central Statistical Board, gives details of the sheep and wool textile industries in the Soviet Union. According to *Wool Intelligence*, which quotes part of the report, the total number of sheep in the Soviet Union appears to have declined during 1963, although, for 1963, the figures for goats are included with those for sheep. At the end of that year, there were 139.2 million sheep and goats, of which 133.6 million were ewes. Collective farms, State farms and other State enterprises accounted for 108.4 million. A year earlier, the total sheep number was 139.7 million and the number of goats was 6.6 million, so that, overall, there was a reduction of some five per cent during the year. Owing to fodder shortage, the State and collective farms slaughtered a larger number of livestock than usual. State purchases of raw wool amounted to 836 million lbs. in 1963, as against 825 million lbs. in 1962. Production of wool fabrics in 1963 amounted to 563 million square yards, slightly more than in 1962. The production of fabrics of other fibres showed greater proportionate increases, those of cotton, linen and silk (including presumably synthetic fibres) rising to 6,062 million sq. yards, 609 million sq. yards and 958 million sq. yards, respectively. The number of knitted outer garments and of knitted underwear rose, the former by six per cent to 133 million and the latter by seven per cent to 554 million.

SUBSIDY RATE FOR U.S. COTTON

The U.S. Department of Agriculture has reset the cotton equalisation payment-in-kind rate for the 1964-65 season at 6½ cents per pound, the same as for the interim programme, and has also announced appointment of a 12-man *ad hoc* committee to advise on who should receive the payment under the new programme after 1st August 1964. In the first of two announcements on the equalisation P.I.K. for 1964-65 the U.S. Department of Agriculture recently made two points in addition to setting the initial payment rate: (1) Eligible cotton in inventory which has passed the point at which the payment will be made under the programme for the 1964-65 marketing year will qualify for payment. (2) The P.I.K. certificates received under the current programme may be used to obtain cotton from C.C.C.'s inventory at domestic market prices, as determined by the C.C.C. If the equalisation payments during the 1964-65 marketing year are made at a point in the movement of cotton through trade channels before the bales are opened for consumption, any eligible, raw upland cotton in inventory at 12:01 a.m. Saturday, 1st August that has passed the point for the initial payment will be eligible for the 6½ cent payment on gross weight of the cotton.

MANCHESTER LETTER

COTTON BOARD ON TEXTILE TRENDS

ORDER BOOKS LARGE—STOCKS FALL SLIGHTLY

From Our Special Correspondent

MANCHESTER, 19*th May*

LATEST output figures issued by the Cotton Board in Manchester show that Lancashire mills are turning out more cloth and yarn than they were a year ago, in spite of a four per cent drop in the number of workers employed. During the five weeks ended 4th April, weekly average yarn production reached 12,020,000 lbs., and cloth output aggregated 30,800,000 yds. "Despite the fact that trade was rather quieter in March, order books continued to lengthen on the whole and there were further slight reductions in stocks of finished products held by mills," said the Cotton Board report. "Production was affected by the Easter holidays."

Yarn output per working day was about 1 per cent less than in February, but about 4 per cent greater than in March 1963. Production of cloth per working day was one per cent less than in February but about 2 per cent greater than in the same month a year ago. The number of employees on mill order books at 142,340 fell by 240 in the month, although there was a "considerable" rise in the number of juveniles employed following the Easter school leaving period.

Recruitment in Mills

More young people are needed in Lancashire cotton mills to correct the present "top heavy" age structure and to meet the needs of shift working, said Mr. G. H. K. Rae, Chairman of the Cotton and Rayon Merchants Association. In his annual report, he said that the British cotton trade seemed to be in a better position now, and that prospects for stability were more encouraging than for some time. "It is to be hoped that the recent expansion in Lancashire production will be at least held and that there will be no relaxing of effort towards making the industry more efficient and competitive," he added.

Although Mr. Rae described recent Government moves to control cotton imports as "a step in the right direction," he said that the whole system still had many complications. He hoped that something more imaginative would be devised particularly regarding imports from low-cost and developing countries.

Velvets Close Down

There are fears that a traditional Lancashire textile trade will be faced with extinction after news that the London-based E.V. Industrials group is to close down its English Velvets works at Salford. In addition to throwing 350 operatives out of work, the decision means that at least three weaving mills specialising in velvet cloth manufacture and dozens of merchant firms will have no outlet for their products.

The Salford mill has been the main processor of velvet fabrics in this country for many years and, although the trade has dwindled in line with others in the textile industry, it still offered employment not only for its own operatives, but also for those engaged in the manufacturing of velvets.

Traders were shocked by the suddenness of the move and there is talk of joint protests to the Cotton Board and the Board of Trade.

Brighter Outlook for Mutual Mills

A much brighter outlook, very satisfactory demand for yarns and the installation of plant which should increase production by about 20 per cent are the salient points made by Mr. Geoffrey Livsey, Chairman of Mutual Mills Ltd., spinners of specialist synthetic yarns, of Heywood, Lancashire, in his annual statement with the accounts for the year ended 29th February 1964.

Despite the intensive competition encountered in the spinning trade during the past year, Mutual Mills one of the foremost spinners of man-made fibres earned a reasonable profit, declares Mr. Livsey. Group profit was reduced from £105,939 to £73,608. The taxation charge was also reduced—from £32,895 to £8,454—and a final dividend of 7½ per cent is recommended, making 10 per cent for the year against 11 per cent. Depreciation was fixed at £37,776, as against £43,107 and a further £41,474 has been written off assets, being the amount received under the Cotton Industry Re-equipment Scheme held in reserve.

"Production in the knitting company is expanding at a progressive rate," says Mr. Livsey, "and sales extend well into the second half of the financial year at profitable margins." The engineering company has again had a profitable year and further new plant has been installed to cope with the extended order book.

A Valuable Asset

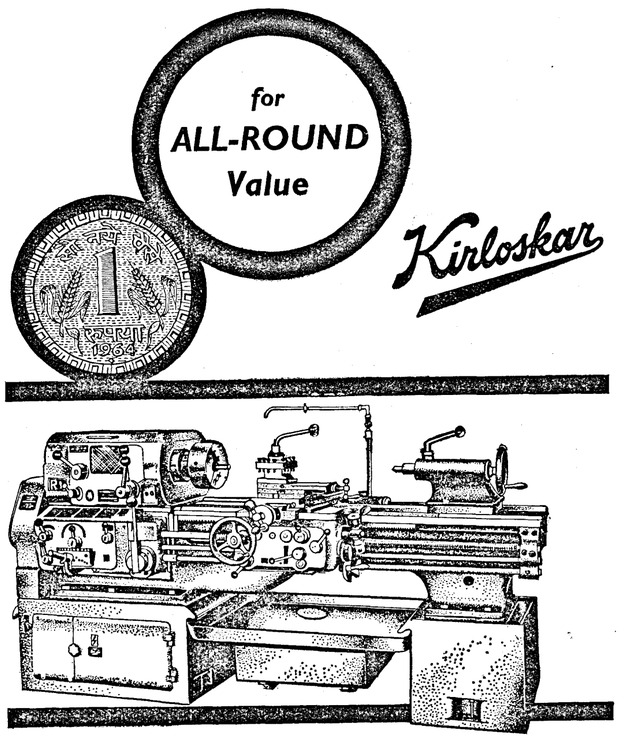
"Our minority interest in Mutual (Filaments Division) Ltd., a company held jointly by The Klinger Manufacturing Co. Ltd. and ourselves, is proving a valuable asset," he continues. "An appreciable increase in dividend from this source is anticipated during the current year. A further investment has been made in an associated company with a view to safeguarding the offtake of a portion of our production."

In the past year, £77,840 had been spent in pursuance of the company's policy of modernising plant and machinery. Further commitments for the current year amount to £51,000. The standard of quality, design and efficiency of British textile machinery, says Mr. Livsey, is now vastly superior to that which obtained previously and is at least comparable to any available from other sources in the world. Demand for the products of the group remains good and a successful year's trading can be anticipated, with a consequent improved result.

I.F.C.A.T.I.

The International Federation of Cotton and Allied Textile Industries, the leading trade association of the world's textile industries, has recently moved its headquarters from Manchester to Zurich. On the occasion of the inauguration of its new offices at 29 Am Schanzengraben, the President of the Federation, I.F.C.A.T.I., Mr. Alfredo Sedó (Spain), held a Press conference. He explained the scope, structure and activities of the federation, whose national member-associations represent 20 countries and more than two-thirds of the productive capacity of the whole world. The aim of the organisation, which was founded in 1904, is to promote international co-operation within the textile industries and to represent the industry's interests in international affairs.

President Alfredo Sedó announced that this year's general assembly of the federation will be held at Zurich from 5th to 10th October 1964, at the invitation of the Swiss Spinners', Doublers' and Weavers' Association. More than 200 delegates from all parts of the world are expected to attend. The general assembly will mainly deal with the structural evolution and the problem of the productive capacities in the world's textile industries. In addition, special sub-committees will consider questions concerning raw cotton production and marketing and the supply and use of man-made fibres. At the opening session, Ambassador Dr. E. Stopper of the Federal Ministry of Economic Affairs will be the guest speaker. In 1965, the general assembly of the federation will be held in the U.S. at the invitation of the American Textile Manufacturers' Institute.



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MK 264

MERCANTILE BANK LIMITED

(REGISTERED IN LONDON, UNDER THE COMPANIES ACTS OF 1862 to 1890, ON 2ND DECEMBER, 1892)

BALANCE SHEET OF INDIAN BRANCHES—31st DECEMBER, 1963

1962 Rs.	LIABILITIES	Rs. nP	Rs. nP	1962 Rs.	ASSETS	Rs. nP	Rs. nP
29,79,167	**1. Capital—** Amount deposited with Reserve Bank of India ..	30,29,166.67		1,81,56,977	**1. Cash—** In Hand and with Reserve Bank and State Bank (including foreign currency notes)		1,26,14,268.57
3,36,382	**2. Reserve Fund and Other Reserves**		4,17,382.31	1,55,718	**2. Balances with Other Banks on Current Account—** (i) In India	49,808.43	
11,19,46,940	**3. Deposits and Other Accounts—** Fixed Deposits	11,11,67,872.84		6,47,580	(ii) Outside India	11,05,096.42	
3,39,74,772	Savings Bank Deposits	1,54,51,889.35		8,03,298			11,54,904.85
8,31,61,469	Current Accounts, Contingency Accounts, etc. ..	8,42,57,481.00		16,00,000	**3. Money at Call and Short Notice**		45,00,000.00
20,90,83,181			21,38,77,243.19		**4. Investments—**		
9,52,71,429	**4. Borrowings from Other Banking Companies, Agents, etc.—** (i) In India .. .. (Includes an amount of Rs. 77,42,857.14 (1962 Rs. 72,71,429) borrowed from the Refinance Corporation for Industry Limited and an amount of Rs. 1,85,00,000 (1962 Rs. 75,00,000) borrowed from Reserve Bank of India under Section 17(4)(c) of the Reserve Bank of India Act)	8,58,76,190.47		3,39,58,764	(i) Government of India Securities (including Treasury Bills) at under Market Value	3,44,37,584.60	
				2,75,500	(ii) Ordinary Shares— Quoted—at under Market Value .. .. .. Rs. 2,81,500.00		
				2,00,000	Unquoted—at cost .. Rs. 4,52,625.00	7,34,125.00	
				....	(iii) Debentures or Bonds	....	
				....	(iv) Other Investments	....	
6,678	(ii) Outside India	64,936.54		....	(v) Gold	....	
9,52,78,107			8,59,41,127.01	3,44,34,264			3,51,71,709.60
	PARTICULARS— Rs. 1,47,71,429 (i) Secured .. Rs. 2,62,42,857.14 Rs. 8,05,06,678 (ii) Unsecured .. Rs. 5,96,98,269.87				**5. Advances—** (Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)— (I) Loans, Cash Credits, Overdrafts, etc.—		
	Rs. 9,52,78,107 Rs. 8,59,41,127.01				(i) In India .. Rs. 20,18,18,660.04 (ii) Outside India Rs.		
26,07,230	**5. Bills Payable**		20,10,601.66	19,71,47,066		20,18,18,660.04	
1,96,36,951	**6. Bills for Collection being Bills Receivable** as per contra ..			....			
79,41,524	(i) Payable in India	2,37,93,792.77		19,71,47,066			
	(ii) Payable outside India	76,19,280.78			(II) Bills Discounted and Purchased (i) Payable in India Rs. 2,96,13,474.86 (ii) Payable outside India Rs. 1,08,37,986.52		
2,75,78,475			3,14,13,073.55	3,12,79,767			
	7. Other Liabilities—			1,72,16,455			
25,742	Unexpired Discounts	46,329.76		4,84,96,222	(Particulars as per Schedule attached)	4,04,51,461.38	
5,00,500	Amount due to Subsidiary Company	5,00,500.00		24,56,43,288			24,22,70,121.42
	Inter Branch Balances and Adjustments Branches in India	1,71,612.47		1,96,36,951	**6. Bills Receivable being Bills for Collection** as per contra— (i) Payable in India	2,37,93,792.77	
10,49,643	Head Office and Branches outside India	2,68,508.05		79,41,524	(ii) Payable outside India	76,19,280.78	
....				2,75,78,475			3,14,13,073.55
15,75,885			9,86,950.28		**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** per contra		
10,59,647	**8. Acceptances, Endorsements and Other Obligations** per contra		4,08,300.19	10,59,647			4,08,300.19
	9. Profit and Loss Account—				**8. Freehold Banking Premises and Property less Depreciation—**		
8,15,321	Profit for year transferred from the Profit and Loss Account	8,72,122.07			At cost as at 31st December, 1962	96,06,611.57	
8,15,321	LESS—Remitted to Head Office	8,72,122.07		96,06,507	ADD—Additions during the year to 31st December, 1963	50.50	
....			....	104			
	10. Contingent Liabilities—	Rs. nP		96,06,611		96,06,662.07	
1,54,39,421	Bills of Exchange re-discounted	2,70,72,090.17		33,03,300	LESS—Amounts written off to 31st December, 1963.	33,66,300.00	
13,73,53,706	Forward Exchange Contracts ..	12,40,47,653.00		63,03,311			62,40,362.07
4,17,73,531	Confirmed Credits	4,16,59,036.80			**9. Furniture and Fittings, less Depreciation—**		
6,47,91,947	Guarantees given on account of Customers	7,63,92,514.02		14,61,849	At cost as at 31st December, 1962	15,83,047.57	
	Uncalled Capital in respect of partly paid shares in Subsidiary Company and Investments in Ordinary Shares amounting to	14,57,375.00		1,21,198	ADD—Additions during the year to 31st December, 1963	64,020.80	
12,99,500				15,83,047		16,47,068.37	
	NOTES ON ACCOUNTS— (i) By the Companies Act 1956 (India), the Bank is exempt from disclosing matters not required to be included by the Banking Companies Act 1949 (India) and these accounts have been prepared accordingly.			10,61,120	LESS—Amounts written off to 31st December, 1963.	12,14,313.50	
				5,21,927			4,32,754.87
	(ii) In accordance with Section 212 of the Companies Act 1956 (India) the accounts of the wholly owned Subsidiary Company in India are attached to these accounts.				**10. Other Assets—**		
				29,552	Stamp Account	25,012.84	
	(iii) Sterling securities of a market value of Rs. 30,29,166.67 are deposited with the Reserve Bank of India to cover Guarantees to the Government on account of Customers.			3,22,724	Interest Accrued on Investments	3,23,670.23	
				5,00,500	Shares in Subsidiary Company at Cost	5,00,500.00	
				5,64,944	Inter-Branch Balances and Adjustments, Head Office and Branches outside India	....	
				14,17,720			8,49,183.07
				....	**11. Non-Banking Assets acquired in satisfaction of claims.**		....
				....	**12. Profit and Loss Account**		....
33,75,18,907	Total .. Rs.		33,50,54,678.19	33,75,18,907	Total .. Rs.		33,50,54,678.19

PROFIT AND LOSS ACCOUNT OF INDIAN BRANCHES FOR THE YEAR ENDED 31st DECEMBER, 1963

1962 Rs.	EXPENDITURE	Rs. nP	1962 Rs.	INCOME	Rs. nP
87,20,548	1. Interest paid on deposits, borrowings, etc.	79,49,258.33	1,65,62,495	1. Interest and Discount	1,70,16,088.86
72,31,263	2. Salaries and Allowances and Provident Fund	82,40,776.79	49,35,693	2. Commission, Exchange and Brokerage	45,28,378.12
....	3. Directors' and Local Committee members' fees and allowances	....	7,94,193	3. Rents	7,89,197.41
29,64,562	4. Rent, Taxes, Insurance, Lighting, etc.	27,08,290.46	....	4. Net profit on sale of investments, gold and silver, land, premises and other assets (not credited to Reserves or any particular Fund or Account)	79,421.83
60,004	5. Law Charges	44,627.99	....	5. Net profit on re-valuation of investments, gold and silver, land, premises and other assets (not credited to Reserves or any particular Fund or Account)	....
1,16,673	6. Postage, Telegrams and Stamps	1,10,781.17	....	6. Income from non-banking assets, and profit from sale of or dealing with such assets	....
....	7. Auditors' Fees	....	....	7. Other Receipts	5,029.28
3,27,450	8. Depreciation on and repairs to the banking company's property ..	2,98,483.72	....	8. Loss	....
2,93,755	9. Stationery, Printing, Advertisement, etc.	2,77,473.88		NOTE :—Remuneration paid to Manager of Principal Office in India:—	
1,56,343	10. Net Loss from Sale of Investments	....		1962 Rs. / 1962 Rs.	
....	11. Loss from sale of or dealing with non-banking assets	....		Salary .. .. 60,000 / 60,000	
16,04,432	12. Other expenditure including Proportion of Head Office Expenses ..	19,16,371.09		Allowances .. .. 19,200 / 19,200	
8,15,321	13. Balance of Profit	8,72,122.07		Bonus .. .. 12,000 / 6,000	
				Monetary value of other perquisites .. .. 40,650 / 38,804	
				Total .. 1,31,850 / 1,24,004	
2,22,92,381	Total .. Rs.	2,24,18,185.50	2,22,92,381	Total .. Rs.	2,24,18,185.50

J. B. STEWART, *Manager, Bombay.*

C. F. POW, *Chief Manager, London.*
J. B. NASH, *Accountant, London.*

REPORT OF THE AUDITORS

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. In our opinion proper books of account as required by law have been kept by the Bank so far as appears from our examination of the records in London and proper returns adequate for the purposes of our audit have been received from the branches in India, none of which has been visited by us. We have examined the foregoing balance sheet and profit and loss account which are in agreement with the said records and returns. In our opinion and to the best of our information and according to the explanations given to us the said accounts give the information required by the Companies Act 1956 (India) as amended by the Indian Companies (Amendment) Act 1960 and the Banking Companies Act 1949 (India) as amended up to 30th December 1963 and on such basis the said balance sheet gives a true and fair view of the state of the affairs of these branches as at 31st December 1963 and the profit and loss account gives a true and fair view of the profit for the year ended on that date.

COOPER BROTHERS & CO.,
W. A. BROWNE & CO.,
Chartered Accountants.

LONDON, 28*th April*, 1964.

Schedule of particulars of Advances required by the Banking Companies Act, 1949 (Act X of 1949) attached to and forming part of the Balance Sheet as at 31st December, 1963

1962 Rs.		Rs. nP	1962 Rs.		Rs. nP
18,37,37,810	(i) Debts considered good in respect of which the Banking Company is fully secured	18,93,67,023.49	3,03,022	(v) Debts due by directors or officers of the Banking Company or any of them either severally or jointly with any other persons	4,87,291.89
2,79,94,652	(ii) Debts considered good for which the Banking Company holds no other security than the debtors' personal security (Provision has been made in London for certain of these debts)	3,41,00,221.18	47,43,169	(vi) Debts due by companies or firms in which the directors of the Banking Company are interested as directors, partners or managing agents, or, in the case of private companies, as members	32,45,266.24
2,39,10,826	(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	1,88,02,876.75		(vii) Maximum total amount of advances, including temporary advances, made at any time during the year to directors or managers or officers of the Banking Company or any of them either severally or jointly with any other persons	
....	(iv) Debts considered doubtful or bad, not provided for	....	3,28,312		5,24,019.45
				(viii) Maximum total amount of advances, including temporary advances, granted during the year to the companies or firms in which the directors of the Banking Company are interested as directors, partners or managing agents, or, in the case of private companies, as members ..	68,61,523.16
24,56,43,288		24,22,70,121.42	53,81,616		
			1,41,468	(ix) Due from Banking Companies	5,13,841.40

MERCANTILE BANK (AGENCY) PRIVATE LIMITED

BALANCE SHEET AS AT 31st DECEMBER, 1963

1962 Rs. nP	LIABILITIES	Rs. nP	1962 Rs. nP	ASSETS	Rs. nP
	Share Capital—			**Cash at Bank—**	
	AUTHORISED—			With a Scheduled Bank—	
10,00,000.00	1,00,000 Shares of Rs. 10 each	10,00,000.00	5,00,500.00	On Deposit Account	5,00,500.00
	ISSUED—				
10,00,000.00	1,00,000 Shares of Rs. 10 each	10,00,000.00			
	SUBSCRIBED—	Rs. nP			
	100 Shares of Rs. 10 each fully called up	1,000.00			
	99,900 Shares of Rs. 10 each, Rs. 5 called up	4,99,500.00			
5,00,500.00		5,00,500.00			
	The whole Share Capital is owned by Mercantile Bank Ltd., and its subsidiary.				
	Reserves and Surplus—				
....	Profit and Loss Account	....			
5,00,500.00	Total .. Rs.	5,00,500.00	5,00,500.00	Total .. Rs.	5,00,500.00

NOTE :—The transactions of the Company are incorporated with those of the parent Company and accordingly the Company makes neither profits nor losses.

W. H. JACKSON,
A. RAMASWAMI MUDALIAR,
SUNIL KUMAR SINGH ROY, } *Directors.*
W. G. McKERRON, *Secretary.*

AUDITORS' REPORT TO THE SHAREHOLDERS

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the Company as required by Law so far as appears from our examination of those books.

We have examined the above Balance Sheet of Mercantile Bank (Agency) Private Limited as at 31st December, 1963, and the Profit and Loss Account for the year ended on that date which are in agreement with the books of account. In our opinion and to the best of our information and according to the explanations given to us, the said account together with the Note gives the information required by the Companies Act, 1956, in the manner so required, and the Balance Sheet gives a true and fair view of the state of the Company's affairs as at 31st December, 1963, and the Profit and Loss Account gives a true and fair view of the results for the year ended on that date.

LOVELOCK & LEWES,
Chartered Accountants.

CALCUTTA,
Dated the 4th January, 1964.

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31st DECEMBER, 1963

GENERAL

As shown by the Balance Sheet as at 31st December, 1963 the Company's Authorised Capital of Rs. 10 lakhs has been fully issued, out of which Rs. 5,00,500 has been paid up and is held on Deposit account with Mercantile Bank Ltd., Calcutta. As in previous years, the year under review shows no profit or loss, as the transactions of the Company, are incorporated with those of the Parent Company, Mercantile Bank Ltd.

The whole Share Capital of the Company is owned by Mercantile Bank Ltd. and its English subsidiary, Mercantile Bank (Nominees) Ltd.

DIRECTORATE

Shri Sunil Kumar Singh Roy was appointed a Director of the Company with effect from 4th June, 1963.

Mr. W. H. Jackson retires from the Board with effect from 8th January, 1964, as he is leaving India permanently. We wish to place on record our deep appreciation of the valuable services rendered by him to the Company in his capacity as Director.

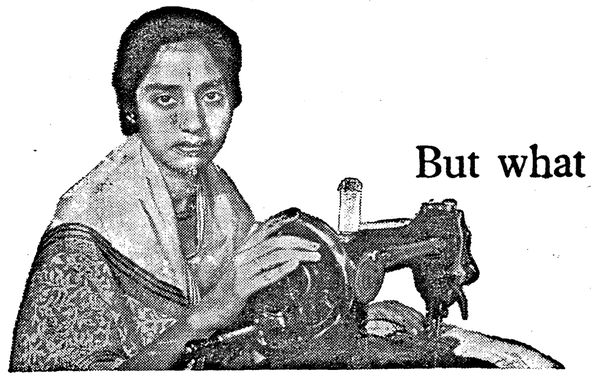
Sir A. Ramaswami Mudaliar, K.C.S.I., D.C.L. (Oxon), aged 76 years retires this year from the Board by rotation. In this connection notice under Section 190 of the Companies Act has been received from the Mercantile Bank Ltd., Share-holders, that it is their intention to propose a Special Resolution for the re-appointment of Sir A. Ramaswami Mudaliar, K.C.S.I., D.C.L. at the next Annual General Meeting of the Company and that the age limit prescribed by Section 220 of the Companies Act shall not apply to Sir A. Ramaswami Mudaliar, K.C.S.I., D.C.L. (Oxon),

AUDITORS

Messrs. Lovelock & Lewes retire but being eligible, offer themselves for re-appointment as Auditors for the ensuing year.

CALCUTTA,
Dated 4th January, 1964.

W. H. JACKSON,
A. RAMASWAMI MUDALIAR,
SUNIL KUMAR SINGH ROY, } *Directors.*



But what can I do to help?

There is so much that every Indian woman can do, *now*, to strengthen and defend the Home Front. Take part in Defence through local women's organisations. There is plenty to be done. Contribute, and *encourage* contribution, to National Defence Fund and buy Defence Certificates. There are, too, the many personal efforts you can make—in discipline, behaviour and attitude:

• Wage war on waste; check thoughtless buying and resist inflated prices. • Do not buy gold. Give your gold for country's cause. • Be resolute in work, whatever it may be, because each task done just that little more efficiently helps the national drive, strengthens India's position. • Rouse yourself from apathy, and Take Action.

BE VIGILANT—*take part in national preparedness*

RIGHTS, DUTIES AND OBLIGATIONS OF COMPANY DIRECTORS—II

NOWADAYS COURTS DO NOT ALLOW THEMSELVES TO BE DECEIVED BY MERE FORMS OF LAW

By N. K. Petigara

IN the article published last week, I briefly dealt with the rights of directors of companies, rights which have always been and still are very substantial. Let me now analyse the liabilities and duties of directors. It is said, and quite justly, that a director incurs liabilities in the nature of those incurred by trustees even though he is not a trustee. A director, therefore, can never justify the making of a secret profit out of his office, such as receiving a commission from a transaction in which the company is interested.

Personal profits can be of various kinds arising from either deliberate fraud, dishonesty or corruption or from the mere fact that a director holds a certain position. The law, both Indian and English, provides that a director is obliged to account to the company for any benefit he obtains from his position, additional to the remuneration prescribed for him. This theory has been taken to its logical conclusion in England. In 1942, the House of Lords, overruling both the High Court and the Court of Appeal, held [in the case of *Regal (Hastings) Ltd.* vs. *Guliver and others* (1942) 1 A.E.R. 378] that even in respect of a transaction the *bona fides* of which were not in doubt the directors were liable to reimburse the company certain benefits they had indirectly acquired. This company had owned a cinema theatre and had formed a subsidiary to acquire two other theatres. It subscribed only £2,000 of the capital which was all it had available for the purpose. The remaining capital was put up by the directors and certain friends of theirs. Subsequently, the subsidiary was amalgamated with the company and a profit of £2 16s. 1d. per share was made by the holders thereof. The Company sued to recover these profits made by the directors and both the High Court and the Court of Appeal held that the directors were not liable to make any refund. These courts stated that the Company had already subscribed as much as it could and the only way the transaction of having a subsidiary could be carried out was by the directors and others putting up the balance of capital. The House of Lords accepted these facts, but said that, as the directors had subscribed by virtue of their office and with the special knowledge acquired in such office, they must account to the company for the profits that had accrued to them. Lord Russel stated:

"The Rule of Equity which insists on those who by use of a fiduciary position make a profit being liable to account for that profit, in no way depends on fraud or absence of *bona fides* or upon such consideration as whether the profit would or should otherwise have gone to the plaintiff or whether the profiteer was under a duty to obtain the source of the profit for the plaintiff, or whether he took a risk or acted as he did for the benefit of the plaintiff, or whether the plaintiff has in fact been damaged or benefited by his action. The liability arises from the mere fact of a profit having, in the stated circumstances, been made. The profiteer, however honest and well intended, cannot escape the risk of being called upon to account."

This is the ultimate in relation to the risks a director has to take when he makes a profit from a transaction in which his company is concerned. The House of Lords rejected the argument that, in taking up the shares themselves, the directors were merely acting as members of the public. The House of Lords stated that the directors could have protected themselves by asking the Company in a general meeting to allow them to take up the shares.

No Personal Motives

This is undoubtedly the law, though it is not so stated in our Companies Act which has made elaborate provisions for directors, their remuneration and for their making good to the company any benefits that they may derive from the company in addition to their remuneration and for disclosure of interest by interested directors. All such provisions, which in reality are not as comprehensive as they are intended to be, merely confirm the law that, for all that a director may obtain beyond his remuneration, he is accountable to the company and unless specifically sanctioned has to refund it to the company. These provisions of the law should be accepted by directors without reserve or exception. A director should not put himself in a position where his personal interests may come into conflict with his obligations to the company. The company has a "right to the voice of every director and the advice of every director; accordingly, the directors must remain in a position whereby the advice they give is not vitiated or affected by any personal motives."

There is, therefore, a misunderstanding or misconception in regard to the persistently growing demand for greater stringency in our laws relating to directors. In fact, the law is more stringent than the Act and no amount of particularisation by way of amendment of the Act can achieve the object in view. The whole theory of the law is (a) that a director is liable for negligence or default and (b) that directors are jointly and severally liable to make good a loss suffered by the company owing to any breach of duty on their part. In a suit by a company against a director for negligence, the only answer can be either that there is no breach of duty or negligence or that there is mere error of judgment. Otherwise, an enforceable liability attaches to the directors. Of course, there are limits to this liability. Nobody can be proceeded against for not having more skill and knowledge. There can also be no responsibility for mere mistaken decisions. In cases such as those of banks or insurance companies, bad debts or claims are bound to arise but that does not mean that the directors who sanction the loans or agree to the issue of a policy or the acceptance of a risk are automatically liable for the losses.

A Case History

Directors acting *bona fide* and accepting *bona fide* the statements of the officers of the company are acting properly, entitled as they are to rely upon the advice and experience of the officers, unless there is any reason to doubt the same. If there is any such reason, then the directors have to be upon guard and they must go to the bottom of the matter to the best of their ability. But, even while exercising the care and caution ordinary prudent businessmen acting in their own affairs take, the director's liability is substantial and the extent to which the American Courts, the English Courts and now our own Courts have gone can be gauged from the decision of the Allahabad Court in the *Life Insurance Corporation of India* vs. *Haridas Mundhra and others*. Subject to any revision from the Supreme Court, the Appellate Division Bench of the Allahabad High Court has gone to an extent to which, to my knowledge, no other court in India has so far gone.

An application was made by the Life Insurance Corporation of India under Sections 397 and 398 for relief on the grounds that the affairs of a company with which Mr. Mundhra and others were connected were being conducted in a manner oppressive to the members and prejudicial to the interest of the company. Coupled with that prayer, the L.I.C. also applied for relief against individual directors of the company for loss caused by their misconduct and breach of duty. Some of the claims were in respect of losses suffered by the subsidiaries of the British India Corporation. The Allahabad Appellate Court held that in law misfeasance or breach of trust in relation to the subsidiary company was misfeasance or breach of trust in relation to the holding company. Therefore, (a) the affairs of the subsidiary company were relevant under Section 398 of the Act and also under Section 543 which entitles the Court to assess damages against delinquent directors in the case of winding up as read with Schedule XI of the Act; (b) the directors of the *holding* company could be responsible for wilful misconduct, misfeasance, or breach of trust in relation to the affairs of a subsidiary company.

According to this decision, even a single member of a company has the right under Sections 397 and 398 (provided, of course, that the single member holds not less than one-tenth of the issued share capital of the company or otherwise 10 per cent of the total number of the members or 100 members if that is the lesser number) to make the application to seek reliefs for the benefit of the company, and this right includes the right to enforce jointly and severally the liability of directors for misfeasance.

Theory of Business Reality

The Court recognised that the holding company was an entity distinct from the subsidiary company but the court acted upon the theory of what is termed business reality. It is a theory which the American courts have to a large extent developed over the years. It is also recognised by English Courts and now our Courts have been using the same language and accepting the same principles. The court held that there was obviously a breach between dogma and reality in the realm of the corporate relations of a holding company and its subsidiary and that Sections 397 and 398 had repaired the breach to an extent. The court, having held that the affairs of the subsidiary company were being conducted at the behest of the holding company, and that the affairs of the holding company were being controlled by certain directors of the holding company who were treating the subsidiary as a mere department, came to the conclusion that, since, by and large, the two bodies were fused together and the one was controlled by the other, the adversity of the one inevitably created a crisis in the other and that, therefore, the holding company's board of directors was liable for the losses of the subsidiaries incurred through misfeasance or breach of duty.

The Court enquired into the history of the rise and growth of holding companies and concluded (though there are writers as well as entrepreneurs of eminence who would not agree with the conclusion) that the main cause for the rise of the holding company was the desire of a small group of finance and business entrepreneurs to acquire control over concentrated capital and industrial resources by the device of what could be relatively insignificant investments.

The Court then construed Section 398 and said that the true import of the provision had to be comprehended by an examination of its purpose and context and that the full purpose itself could not be understood without a complete awareness of the dangers inherent in the system of holding companies, which were that the structure may become dangerously poisonous and that complicated and involved financial transactions may take place between the members of the two companies and that directors may, by reason of inter-corporate finance, be attracted to improper or dishonest manipulation of accounts at the expense of a prosperous member of the group or to the prejudice of the minority shareholders of a company.

The Court came to the conclusion that the Companies Act, 1956 treated the holding company and its subsidiary as a unified group, rather than as separate personified institutions, for purposes of ownership of capital and control of the subsidiary by the directors and managing agents, as also for their inter-corporate finance and accountancy. The Court emphasised the validity of the theory of business realities and said that, in the construction of a statute regulating the affairs of the companies, the Court would be justified in looking into business realities and it should not confine itself to the purely legalistic view.

American and British Decisions

In arriving at such a decision, the Allahabad Court felt itself fortified by American and English decisions. The American Courts have always said that they would not permit themselves to be deceived by mere forms of law but that they could deal with the substance of the transactions involved as if the corporate agency did not exist and as the justice of the case may require. The doctrine of corporate entity would have to be disregarded where fraud or injustice is concerned. The English Courts have also adopted similar principles. The corporate veil can be raised where not to do so would defeat public convenience, justify wrong, protect fraud or defend crime. Courts are prone, more prone than ever before, to cast aside the corporate mask and give recognition to the economic facts such as that in an entity, composed of a group of companies, actual business enterprise is carried on by the component individuals active in the groups.

I have digressed into a discussion of the theory of the corporate veil and how easily the courts allow it to be raised. This is to point out that there is no radical change in the law about the liabilities and responsibilities of directors introduced either by the Companies Act, 1956, or the amendments thereto between 1956 and 1963. The radical change in the Companies Act, 1956, brought about by the introduction of Sections 397 and 398, was in regard to the procedure evolved which, according to the Allahabad High Court, can be utilised simultaneously for enabling applications to be made for relief in cases of oppression or in case of mismanagement (a right which the Courts previously had by the more elaborate method of a suit by shareholders for themselves and on behalf of the other shareholders or on behalf of the company) and coupling this right with the right of obtaining relief.

Serious Implications

When the judgment was delivered, I drew the attention of the Company Law Department to the implications of this judgment and said that, in my opinion, very important questions arose which required determination by the Supreme Court and that, if the construction of the Supreme Court was the same as that of the Allahabad High Court, then the legislature would have to consider those implications. I expressed my doubt whether it was wise or proper as a matter of procedure to allow a petition under Sections 397 and 398 or either of them to be used for the purpose of making a claim for damages against the directors or persons in control of a company. If Sections 397 and 398, read with Sections 539 to 544 and Section 406 and Schedule XI, entitle the Court to examine the conduct of any person who has taken part in the promotion or formation of the company or any past or present director amongst other people and also compel him to repay or restore the money or property or any part thereof which the Court might find he has taken away or benefited by as a result of any misapplication, retainer, misfeasance or breach of trust, then a great deal of burden is thrown on the Court in determining claims which are different in nature and substance. Now that the powers and functions conferred on the Court under Sections 397 and 398 may be delegated to the Tribunal, even the safety inherent in a hearing before the High Court and later on before Supreme Court might be jeopardised.

The persons most directly affected by action under these sections are directors. Normally, they would be the persons against and in respect of whom action would be taken. If directions are given by the Court and now the Tribunal, regarding the management, it is the directors' powers which would be affected. If any payments are ordered, the directors would have to make the payments. The orders that could be passed would include orders to provide for the regulation of the conduct of the company's affairs in the future (which may be a short time or a long time), the purchase of the shares or interests of any members of the company by other members thereof or by the company itself (which otherwise would be impossible under the law), the termination, setting aside or modification of any agreement between the company and, amongst other persons, the managing directors and directors, upon such terms and conditions as may in the opinion of the Court or the Tribunal be just and equitable in all the circumstances of the case, and the termination, setting aside or modification of any agreement between the company and any other person, the setting aside of any transfer, delivery of goods, payment, execution or other acts made or done by the company within three months before the date of the application on the same principles as applied to fraudulent preference in cases of insolvency of an individual and what is more the Court can make an order providing for any other matter for which in the opinion of the Court or the Tribunal it is just and equitable that provision should be made.

These powers are very wide and the legislature has intended that they be wide. Having regard to the well-known attributes of our higher judiciary, it may be expected that such powers would be used sparingly after the most complete consideration and only when the occasion necessitates them, but the extent of these powers and the extent to which the exercise of these powers can affect the rights, duties and obligations of directors must not be underestimated. An obvious danger or risk in such applications is that they are liable to be made, in most cases, by shareholders who are not necessarily fully aware of all facts. In fact, the risk may arise in various ways. I can envisage a number of different kinds of cases where the provisions of Sections 397 and 398 may conceivably fail and indeed be a good weapon in the hands of any evil-minded persons who desire to hide their own defaults. They may, for example, use the procedure of these sections for stifling a suit or other proceeding taken or proposed to be taken against them in due course of law. It must be remembered that a decision in such an application may amount to *res judicata* and, if the company is subsequently taken into liquidation and the liquidator considers further investigation necessary into the same matters, he may be prevented. If a particular claim is adjudicated upon in these proceedings, would it be open for review in any other proceedings, or in liquidation when more facts are available? It must be remembered that, with the recent amendment, even the jurisdiction of the ordinary Courts have been removed which was not the case previously.

I have again digressed in dealing with the provisions of Sections 397 and 398 but I have done so purposely, because I feel that these amendments affect directors considerably and that they require reconsideration even viewing them from the point of view taken while legislating therefor.

Duty of Care

Let me summarise the duties of directors and persons in the position of directors, such as controlling shareholders. There is, first and foremost, the duty of care; secondly, there is the duty of loyalty; thirdly, there are the duties of directors in the case of "transactions in shares of the corporation or its assets" or "in transaction with or concerning the company wherein they themselves are interested." Fourthly, there is the duty of directors towards creditors of the company; and, lastly, there is a duty (which at present is advocated strongly) towards the public. These duties are owed to the company as such rather than to the shareholders or creditors individually. But, in most cases, these duties are enforced on behalf of the corporation in suits or proceedings instituted by individual shareholders.

The standard of care that should be shown and taken is the same in theory in the case of any company, namely, that of the prudent businessman acting in his own interest. But in actual practice, the standard varies from business to business and from transaction to transaction. Theoretically, the duty of care, according to the decisions, is to exercise the same degree of care and prudence that men, prompted by self-interest, generally exercise in their own affairs. American decisions perhaps modify this theory and the degree of care there is upgraded a bit, because it has been held by American Courts that one who voluntarily accepts the position of a director and invites confidence in that relation undertakes, with those whom he represents or for whom he acts, that he possesses at least ordinary knowledge and skill and that he will bring them to bear in the discharge of his duties. There is noticeable difference between the two dicta. A man in the exercise of his own affairs may not be as careful in his duties or rigid as he undertakes to act with ordinary knowledge and skill appropriate to the business which he has to conduct or supervise for and on behalf of others.

Under the head "Care," the primary and all-embracing duty is to supervise the acts of the executive. Direct supervision being impossible, especially in large corporations, this duty of supervision is, American text-books say, conditioned by the circumstances of the case with the right to rely upon the judgment, advice and experience of the executive. In assessing the degree of care, the Courts have always appreciated that, when directors have to come to a decision, judgment has to be exercised, risks have to be undertaken and that either errors of judgment or events and circumstances happening afterwards could upset predictions and projects. A mere error of judgment, therefore, cannot be upheld against a director. There must be a case of improvidence, of recklessness or unreasonable action, of not taking that measure of reasonable prudence, care and skill which the law requires—it is cases of this nature that render the position of a director vulnerable.

(To be continued)

Note: The author of this article is a well-known solicitor and an authority on Company Law.

Dena Bank was founded on 26th May 1938. The story of its growth is the story of perseverance and determined efforts to pioneer, develop and bring modern commercial banking to as many people as possible.

Since its inception, Dena Bank has striven to live up to the four cardinal ideals of its revered founder, the late Shri Pranlal Devkaran Nanjee - *SOUNDNESS, INTEGRITY, EFFICIENCY* and *SERVICE*. Today, with its 137 Offices spread all over India, its sphere of activity has enlarged and with it have grown the faith and confidence of those it serves.

Now completing its 26th year, Dena Bank looks ahead to many years of fruitful service to commerce, trade, industry, and the people at large—a fulfilment of its mission that was started in 1938.

BANKING BROUGHT TO PEOPLE

DENA BANK

DEVKARAN NANJEE BANKING COMPANY LIMITED
Regd. Office: Devkaran Nanjee Buildings, 17, Horniman Circle, Fort, Bombay-1,
TOTAL WORKING FUNDS EXCEED RS. 66 CRORES
PRAVINCHANDRA V. GANDHI Managing Director

DB/E/123

WORLD AGRICULTURAL GROWTH

ESTIMATED OUTPUT IN 1964 WILL BE SHORT OF POPULATION INCREASE

By Orville L. Freeman
U.S. SECRETARY OF AGRICULTURE

A RISE in world agricultural production for 1964 is expected on the basis of information collected by the Department of Agriculture. However, this increase will not meet the growth in world population.

Associated with this situation are a record movement of farm products in world trade and a slight increase in world prices for 1963-64, as compared with 1962-63. The exception to the continued uptrend in agricultural production is Eastern Europe, especially the U.S.S.R.

During the latter part of 1962 and in 1963, higher world prices of farm products brought them more closely in line with prices of non-farm products than they have been in recent years. A substantial rise in world prices of certain food products occurred in the first three quarters of 1963. These were significant for corn (maize), sugar and some livestock products, especially butter. A smaller rise occurred in prices for many other food products, and of non-food farm product exports as a whole. Wool and sisal prices mounted sharply. Some other prices, such as those for tobacco and cotton, increased slightly while the price of natural rubber declined.

Contributing most of the expected *per capita* decline in the world supply of agricultural products from 1962-63 to 1963-64 are reductions in the output of wheat and milk. Sugar and rice production, however, has increased. Production of edible oilseeds, other fats and oils, and feedgrains has remained at high levels. Meat and egg output has continued upward. Tobacco production has increased significantly. Cotton production has climbed to a record high, but other fibre crops generally have declined slightly.

World exports of farm products were up somewhat in 1962, while U.S. exports maintained their previous level of a little more than $5,000 million. Some rise is expected in exports from both the United States and the rest of the world for calendar year 1963, and further new highs are expected in U.S. and Canadian farm exports during the year ending 30th June 1964. Fiscal 1963 (1st July 1962, to 30th June 1963) U.S. farm exports were valued at $5,084 million, as compared with $5,142 million during fiscal 1962.

Population growth combined with short crops in Eastern Europe and in several populous countries in Asia will necessitate increased food imports by those areas. The mounting industrial productivity in the United States, Western Europe, Japan, Canada and Australia will stimulate further world agricultural trade. Somewhat higher prices for tropical agricultural exports will slightly raise the purchasing power of many less-developed countries.

"Per Capita" Output

Despite a slight gain in total agricultural output during 1963-64, there is a decline of about two per cent in *per capita* output because of the rapid rate of population growth. Drought conditions in parts of Latin America and hurricanes in the Caribbean have limited the size of increases in production. Both total and *per capita* output are up sharply in Canada.

Canada's record wheat crop and Argentina's expected increase in grain output will contribute to greater export supplies for the Western Hemisphere. Similarly, the United States with a record corn (maize) crop and substantial stocks of wheat and other crops can help considerably to meet the apparent food deficit in other parts of the world.

Total West European farm output was at a very high level in 1963, as it was in 1962. Despite winter damage in grain, especially wheat, most countries showed little or no declines in total farm production. Wheat imports will be substantial in 1963-64, but feedgrain imports may be reduced by the increased production of barley and corn (maize). Total consumption of feedgrains in 1964 will continue to grow as livestock production moves steadily upward.

The extent to which the price support system of the European Economic Community (E.E.C.), as implemented by tariffs, variable levies and other measures under the Common Agricultural Policy (C.A.P.), will deter imports of farm products from member and non-associate countries is still uncertain at this time. The C.A.P. so far has had adverse effect on some imports, mainly poultry and wheat flour, but since the policy has not yet been fully implemented or extended to all products, its overall effect has been limited.

In Eastern Europe

Agricultural output in Eastern Europe in 1963-64 will be markedly less than during the preceding year. The decline is estimated at four per cent in the U.S.S.R. and an average of two per cent in other countries. Adverse weather sharply reduced crop output, especially of spring wheat in the New Lands areas of the U.S.S.R.

This poor agricultural outturn has a number of significant implications. For the fifth year agricultural production in the U.S.S.R. has failed to advance beyond the 1958 level, although substantial increases were planned. The large imports of wheat by the Soviet Union suggest extremely low food grain reserves throughout the Soviet bloc. The poor showing further points up the precarious nature of agricultural production in Eastern Europe. Most satellite countries depend on the Soviet Union for considerable quantities of grain, especially wheat. In turn, the U.S.S.R. now depends heavily on its New Lands area for wheat. Thus, a serious crop failure in the New Lands, as occurred in 1963, has a disproportionate impact on the Soviet Union and the Bloc.

In Asia and Africa

In Western Asia agricultural production in 1963 increased four per cent over a year earlier, largely because of a significant gain in Turkey. Imports will again be required to meet the area's net deficits in wheat and fats and oils. Agricultural exports from 1963 production will hold steady, despite sharply reduced exports of raisins from Turkey.

Agricultural production in Africa is likely to increase about two per cent in 1963-64, if anticipated yields materialise. Trade patterns, similar to those of recent years, will feature increases by the Republic of South Africa in imports of wheat and exports of corn (maize). Emergency assistance continues to be needed in parts of Africa, especially in the Congo (Leopoldville).

Agricultural production reports in both the Far East and Oceania show a rise in total output for 1963-64, but *per capita* output will decline an estimated one per cent in Asia. The largest production increases in the Far East occurred in Taiwan, the Philippines, Federation of Malaysia and Pakistan. Unfavourable yields from early summer crops resulted in reduced farm output in Japan and Korea. In Mainland China and India no major changes are reported. Wheat imports by Mainland China in 1963 exceeded those of 1961 or 1962. (Its agricultural output appears unable to keep pace with population growth.)

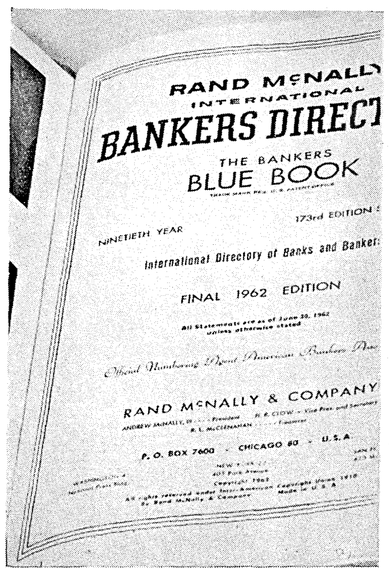
Imports of wheat and some other commodities will again be needed by India and Pakistan. Deficit rice-consuming areas, particularly Malaysia, Ceylon and Indonesia, will again require substantial rice imports in 1964. The expected near-record Australian wheat crop of about eight million metric tons has been committed largely to regular Australian customers (such as the United Kingdom, other Commonwealth countries and Japan) and to big advance sales to Communist nations.

Need for Imports

Projections of factors affecting production, consumption and trade for major commodities show the need for food imports by foreign countries going over the next several years. Demand will grow faster than food production in many areas outside the United States and will be spurred by steadily rising incomes in an increasing number of countries and rapidly increasing populations in Asia, Africa and Latin America. On the basis of these economic projections, it is expected that agricultural exports from the United States will also incline upward over the next several years.

The rise in anticipated U.S. exports will be led by foodgrains, soybeans and soybean oil. U.S. farm exports by 1968 are expected to be up one-fourth from 1959-61, when the annual value averaged $4,800 million.

Further stimulation of agricultural production in the E.E.C. countries during the next several years is expected. Also in the years ahead the C.A.P. may have larger consequences for E.E.C. trade than heretofore. Trade within the E.E.C. will be encouraged in commodities that the member-countries produce. Trade between the E.E.C. and Greece, Turkey, Associated Overseas Territories and countries with bilateral arrangements will also be stimulated.



LIABILITIES

Deposits	¥1,117,387,489,453
Borrowed Money	155,572,883,711
Call Money	12,725,000,000
Foreign Exchange	51,510,866,872

A GREAT BANK?

How do you judge the world's great banks? Deposits are one way. The Mitsubishi Bank's deposits of over one trillion yen* tell part of the story. For the rest, speak to the world bankers who respect Mitsubishi and the business leaders who prefer to deal with it. The Mitsubishi Bank can make your dealing with Japan easier and faster.

*As of September 30, 1963, equivalent to US $3,103,854,137

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THIS IS ONLY AN ANNOUNCEMENT AND NOT A PROSPECTUS

ANDHRA FOUNDRY & MACHINE CO. LTD.

(INCORPORATED UNDER THE COMPANIES ACT, 1956)

Registered Office: **No. 28, Sarojini Devi Road, SECUNDERABAD 26.**

SHARE CAPITAL

	Rs.	Rs.
AUTHORISED—		
30,000—9.3% (free of Companies Tax but subject to deduction of Tax at source at prescribed rates) Cumulative Redeemable Preference Shares of Rs. 100 each		30,00,000
7,00,000 Equity Shares of Rs. 10 each		70,00,000
		1,00,00,000
SUBSCRIBED AND PAID-UP CAPITAL—		
1,00,000 Equity Shares of Rs. 10 each	10,00,000	
Less—Calls in arrears	7,087	
		9,92,913
PRESENT ISSUE OF CAPITAL—		
4,00,000 Equity Shares of Rs. 10 each		40,00,000
15,000 Preference Shares of Rs. 100 each		15,00,000
		55,00,000

Out of the above 1,00,000 Equity Shares of Rs. 10 each have been subscribed by the Directors, promoters and their friends and these have been allotted in full.

PROPOSED ISSUE TO THE PUBLIC AT PAR—

	Rs.	Rs.
3,00,000 Equity Shares of Rs. 10 each	30,00,000	
15,000 Preference Shares of Rs. 100 each	15,00,000	
		45,00,000

TERMS OF PAYMENT

	Equity Shares	Preference Shares
	Rs. nP.	Rs. nP.
On application	2.50	25.00
On allotment	2.50	25.00

The balance of Rs. 5 on Equity Shares and Rs. 50 on Preference Shares is payable in two calls as may be determined by the Directors.

BOARD OF DIRECTORS

1. Sri M. HARISCHANDRA PRASAD, M.L.A.	*Director:* The Andhra Sugars Limited, Elecon Engineering Co. Ltd., etc., Tanuku.
2. Padmasri N. B. PRASAD	*Director:* The Andhra Sugars Limited, Oxygen Equipment and Engineering Co. (Pvt.) Ltd., etc., Secunderabad.
3. Sri T. VEERABHADRA RAO	*Director:* The Andhra Bank Limited, etc., Hyderabad.
4. Sri B. B. RAMIAH	*Director:* The Andhra Sugars Limited, Sree Akkamamba Textiles Ltd., etc., Tanuku.
5. Sri B. HANUMANTHA RAO	*Director:* Republic Forge Co. Ltd., etc., Hyderabad.
6. Sri Khan Bahadur C. B. TARAPORVALA	*Director:* Sirpur Paper Mills Ltd., Greaves Cotton Co. Ltd., Tata Engineering and Locomotive Co. Ltd., etc., Hyderabad.

MANAGING AGENTS

M/s. HARISCHANDRA PRASAD AND ASSOCIATES, Hyderabad.

BANKERS

THE ANDHRA BANK LTD., Hyderabad;
THE BANK OF BARODA LTD., Hyderabad;
THE CANARA BANK LTD., Secunderabad.

AUDITORS

M/s. BRAHMAYYA & CO., Chartered Accountants, Hyderabad.

UNDERWRITERS

(1) M/s. Industrial Finance Corporation of India, New Delhi.
(2) M/s. Life Insurance Corporation of India, Bombay.
(3) M/s. Andhra Pradesh Industrial Development Corporation, Hyderabad.
(4) M/s. The Andhra Bank Limited, Hyderabad.
(5) M/s. The Bank of Baroda Limited, Bombay.
(6) M/s. Canara Bank Limited, Bangalore.
(7) M/s. Oriental Fire & General Insurance Co. Ltd., Bombay.
(8) M/s. P. R. Subramanyam & Sons, Bombay.

OFFICIAL BROKERS TO THE ISSUE

Bombay :
1. M/s. P. R. Subramanyam and Sons, 70-A, Stock Exchange Building, Apollo St., Bombay-1.
2. M/s. Lewis and Jones, Bank of Baroda Building, Apollo Street, Bombay-1.
3. M/s. A. B. Pandit & Co., 32, Apollo Street, Bombay-1.
4. M/s. Chimanlal J. Dalal & Co., 107, Stock Exchange New Building, Dalal Street, Bombay-1.
5. M/s. R. R. Nabar & Co., Dalal Street, Bombay-1.
6. M/s. Navalchand T. Shah & Co., 15, Union Bank Building, Apollo Street, Bombay-1.

Calcutta :
1. M/s. G. M. Pyne, 14, India Exchange Place, Calcutta-1.
2. M/s. Place Siddons and Gough (Pvt.) Ltd., 6, Lyons Range, Calcutta.

Madras :
1. M/s. Somayajulu & Co., Andhra Insurance Building, Thambu Chetty Street, Madras-1.
2. M/s. Paterson & Co., 22, Errabalu Chetty Street, Madras-1.
3. M/s. Chitra & Co., 322/23, Linghi Chetty Street, Madras-1.

New Delhi :
1. M/s. M. R. Dhawan & Co., 4/8, Asaf Ali Road, New Delhi.
2. M/s. P. Roy Company, 3/8, M. M. Road, Jn. Panchkuin Road, New Delhi.

Bangalore :
1. M/s. P. R. Subramanyam and Sons, 'Shree Siva,' 24, Fourth Street, Benson Cross Road, Bangalore-6.

Coimbatore :
1. M/s. Chellam & Co. Ltd., Bank of Baroda Building, Coimbatore-1.

Ahmedabad :
1. M/s. Chinubhai Chimanlal Dalal, Fatehbhai's Haveli, Ratanpole, Ahmedabad.

Hyderabad :
1. M/s. Kapurchand Shrimal, Sultan Bazaar, Hyderabad (A.P.).

OBJECTS

The Company was incorporated on 7th October 1961 and has set up a workshop in Hyderabad where orders are being executed for fabrication of structurals and chemical plant equipment.

The Company now proposes to establish a plant for the manufacture of Cast Iron Spun Pipes and has entered into a collaboration agreement for technical know-how with the well known firms, M/s. **Rheinstahl Industrie Planning, G. m. b. H.**, M/s. **Rheinstahl Huttenwerke A. G.**, in West Germany, for this purpose. The plant will produce 24,000 tons of pipes per year on double shift. These pipes are mainly required for water supply schemes and for drainage and sewage schemes. The Factory is located at Maula Ali (Hyderabad). The Company is assured of supply of raw materials, power and water. The foreign exchange cost of the plant and machinery is being met out of a loan of Rs. 37 lakhs in foreign exchange sanctioned to the Company by the Industrial Credit and Investment Corporation of India and the balance cost of the project will be met out of this public issue.

The subscription list will open at 10.00 a.m. on 4th June 1964 and will close at 5.00 p.m. on 15th June 1964 or earlier at the discretion of the Directors but not earlier than the close of business on 8th June 1964.

Copies of prospectus and application forms can be obtained from Bankers, Underwriters and Brokers to the issue and from the Registered Office of the Company.

READY REFERENCER & GUIDE TO COMPANIES ACT

1961 EDITION

By JOHN and ROW, Advocates, Madras

Contents: A commentary on the Companies Amendment Act 1960.
Text of the Companies Act 1956 incorporating up-to-date amendments.

Price: Rs. **12.50** (*postage extra*)

EXPRESS PUBLISHERS (PRIVATE) LIMITED
33, BROADWAY, MADRAS-1

THE PUNJAB NATIONAL BANK LIMITED

REGISTERED OFFICE: **PARLIAMENT STREET, NEW DELHI**

DIRECTORS' 117th REPORT TO THE SHAREHOLDERS FOR THE YEAR ENDED 31st DECEMBER, 1963

The Board of Directors of the Bank has pleasure in submitting the audited Balance Sheet as at 31st December, 1963 and the Profit and Loss Account for the year ended that date. The Auditors' Report is also annexed.

The transactions for the year, after providing for taxes, contributing Rs. 17,49,785 to the Employees' Gratuity Fund Trust and Rs. 1,67,233 to Superannuation Scheme, and including Rs. 15,20,907 brought forward from the previous year, have resulted in a profit of Rs. 1,40,77,073.

The Directors have made the following appropriations:—

	Rs.
Ad-interim dividend paid for the year at Re. 1 per share	20,00,000
Transferred to Reserves	50,00,000
Transferred to Special Reserve	20,00,000
Provision for Bonus to Staff	47,50,000
Provision for Charity and Donations	1,00,000
	1,38,50,000
Leaving a balance to be carried forward to next year	2,27,073
	1,40,77,073

The Directors recommend payment of final dividend at Re. 1 per share, making 20 per cent for the year subject to deduction of tax, which will absorb Rs. 20,00,000 out of the Special Reserve.

The working of the Bank continues to be satisfactory.

The Bank rate was increased from 4 per cent to 4½ per cent with effect from the 3rd January, 1963.

With the nationalization of banks in Burma, the business of our Rangoon office was taken over by the Government of Burma on 23rd February, 1963.

During the year 8 new offices were opened increasing the total number of offices to 435.

Under the provisions of Section 256 of the Companies Act, 1956 and of Article 65 of the Bank's Articles of Association, Shri Ramnath Goenka, Pandit J. N. Bhan, Shri T. S. Srinivasan and Shri S. K. Handoo will retire at the forthcoming Annual General Meeting. They are eligible for re-appointment.

Shareholders are requested to appoint Auditors for the current year and fix their remuneration.

By Order of the Board of Directors,
R. N. GOENKA,
Chairman.

31st March, 1964.

BALANCE SHEET AS AT 31st DECEMBER, 1963

CAPITAL AND LIABILITIES	Amount Rs.	np.	Total Rs.	np.	1962 Rs.
1. Capital—					
AUTHORISED CAPITAL— 20,00,000 Shares of Rs. 10 each			2,00,00,000.00		2,00,00,000
ISSUED CAPITAL— 20,00,000 Shares of Rs. 10 each			2,00,00,000.00		2,00,00,000
SUBSCRIBED AND PAID-UP CAPITAL— 20,00,000 Shares of Rs. 10 each fully paid			2,00,00,000.00		1,99,63,820
Of the above shares 3,75,000 shares are issued as fully paid-up by way of bonus shares.					
Application money received in respect of 1961 issue pending allotment or refund			Nil		39,798
2. Reserve Fund and other Reserves—					
(i) Reserve Fund (including Statutory Reserve) as on 1-1-1963	Rs. 2,25,00,000	np. 00			2,09,00,000
ADD—Amount transferred from Profit and Loss Account	50,00,000	00			25,00,000
			2,75,00,000.00		2,25,00,000
(ii) Special Reserve			20,00,000.00		.....
(iii) Share Premium Account			7,50,000.00		7,46,382
(iv) Development Rebate Reserve			4,60,000.00		4,10,000
			3,07,10,000.00		2,36,56,382
3. Deposits and other Accounts—					
Fixed Deposits			86,75,37,303.01		78,47,61,841
Savings Bank Deposits			56,31,58,604.99		47,44,30,957
Current Accounts, Contingency Accounts, etc.			46,51,44,709.85		41,16,26,329
Employees' Security Deposits (held by the Bank itself)			42,28,856.92		43,94,278
			1,90,00,59,474.77		1,67,52,13,405
4. Borrowings from other Banking Companies, Agents, etc.—					
(i) In India (includes an amount of Rs. 45,07,140.00 borrowed from the Refinance Corporation for Industry Ltd.).			55,30,784.23		62,94,160
(ii) Outside India			Nil		Nil
			55,30,784.23		62,94,160
PARTICULARS— (i) Secured— (a) By part of Government Securities lodged	Rs.	np.	10,23,644.23		
(b) Under Refinance Scheme			45,07,140.00		
(ii) Unsecured			55,30,784.23 Nil		62,94,160 Nil
5. (i) Bills Payable			3,51,29,206.80		
(ii) Branch Adjustments			7,59,89,124.70		
			11,11,18,331.50		10,01,87,073
6. Bills for Collection being Bills Receivable as per contra—					
(i) Payable in India			15,65,51,211.86		15,29,15,991
(ii) Payable outside India			58,55,873.17		75,60,473
			16,24,07,085.03		16,04,76,464
7. Other Liabilities—					
Dividend and Interest on Advance Calls unclaimed			2,63,446.53		2,06,284
Rebate on Bills Discounted			4,99,341.44		1,10,693
			7,62,787.97		3,16,977
8. Acceptances, Endorsements and other Obligations per contra			28,20,57,919.25		24,99,28,903
9. Profit and Loss Account—					
Profit as per last Balance Sheet			35,20,906.55		26,62,738
LESS—Final dividend for the year 1962			20,00,000.00		16,25,000
			15,20,906.55		10,37,738
ADD—Profit for the year brought from the Profit and Loss Account after provision for taxes			1,25,56,166.09		1,13,83,169
			1,40,77,072.64		1,24,20,907
LESS— *Ad-interim dividend* at Re. 1.00 per share	Rs.	np.	20,00,000.00		20,00,000
Transferred to Bonus to Staff Account			47,50,000.00		40,00,000
Transferred to Reserve Fund (including Statutory Reserve)			50,00,000.00		25,00,000
Transferred to Special Reserve			20,00,000.00		.....
Transferred to Charity and Donation Account			1,00,000.00		4,00,000
			1,38,50,000.00		89,00,000
			2,27,072.64		35,20,907
Carried over			2,51,28,83,455.39		2,23,95,97,889

PROPERTY AND ASSETS	Amount Rs.	np.	Total Rs.	np.	1962 Rs.
1. Cash—					
In hand and with Reserve Bank of India and State Bank of India (including Foreign Currency Notes)			16,77,00,381.82		20,16,17,699
2. Balances with other Banks—	Current Account Rs.	np.	Deposit Account Rs.	np.	
(i) In India	20,62,572.27		7,60,00,000.00		
(ii) Outside	42,50,251.01		37,00,000.00		
			8,60,12,823.28		2,00,80,470
3. Money at Call and Short Notice			1,61,00,000.00		1,50,75,000
4. Investments at or below cost—					
(i) (a) Securities of the Central and State Governments including Treasury Bills of the Central and State Governments			53,42,66,101.24		51,90,73,691
(b) Other Trustee Securities			3,58,80,847.50		3,21,32,247
			57,01,46,948.74		55,12,05,938
(ii) Shares—	Fully Paid-up Rs.	np.	Partly Paid-up Rs.	np.	
Preference	3,000.00		Nil		3,000
Ordinary	25,65,894.00		6,25,000.00		31,99,816
			31,93,894.00		32,02,816
(iii) Debentures of Indian Joint Stock Companies			14,61,350.00		19,71,350
(iv) Other Investments— Pakistan Government Securities held in Pakistan			12,51,887.75		12,49,714
Burma Government and other Trustee Securities held in Burma			Nil		11,80,110
(v) Gold			Nil		Nil
			57,60,54,080.49		55,88,09,928
5. Advances:					
(Other than Bad and Doubtful Debts for which provision has been made to the satisfaction of the Auditors).					
(1) Loans, Cash Credits, Overdrafts, etc.—	Rs.	np.			
(i) In India (includes an amount of Rs. 53,53,228.91 relating to medium term advances in respect of which finance has been obtained from the Refinance Corporation for Industry Ltd. to the extent of Rs. 45,07,140.00 as per contra)	98,97,61,243.50				
(ii) Outside India	1,984.01				
			98,97,63,227.51		85,45,98,470
(2) Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments)—					43,75,812
(i) Payable in India	18,16,72,645.11				12,19,54,031
(ii) Payable outside India	1,31,91,967.12				1,45,08,167
			19,48,64,612.23		13,64,62,198
				1,18,46,27,889.74	99,54,36,480
(Particulars of Advances—As per Schedule attached)					
6. Bills Receivable being Bills for Collection as per contra—					
(i) Payable in India			15,65,51,211.86		15,29,15,991
(ii) Payable outside India			58,55,873.17		75,60,473
			16,24,07,085.03		16,04,76,464
7. Constituents' Liabilities for Acceptances, Endorsements and other Obligations per contra			28,20,57,919.25		24,99,28,903
8. Premises Less Depreciation—					
Balance as on 1-1-1963 (at cost)			1,20,03,785.94		1,00,90,105
Additions during the year			2,03,028.43		19,30,476
			1,22,06,814.37		1,20,20,581
LESS—Sales, write offs and adjustments during the year			7,43,119.00		16,795
			1,14,63,695.37		1,20,03,786
LESS—Depreciation written off to date			14,89,583.37		12,79,083
				99,74,112.00	1,07,24,703
9. Furniture and Fixture at cost less Depreciation—					
As per last Balance Sheet			1,51,25,960.77		1,43,88,149
Additions during the year			8,58,223.40		8,33,220
			1,59,84,184.17		1,52,21,369
LESS—Sales, write offs and adjustments during the year			2,11,900.64		95,408
			1,57,72,283.53		1,51,25,961
LESS—Depreciation written off to date			90,10,553.83		79,90,487
				67,61,729.70	71,35,474
Carried over			2,49,36,95,971.31		2,21,92,85,121

THE PUNJAB NATIONAL BANK LIMITED, DELHI—*Contd.*

CAPITAL AND LIABILITIES—*(contd.)*	Amount Rs.	np.	Total Rs.	np.	1962 Rs.
Brought forward			2,51,28,83,455.39		2,23,95,97,889
10. Contingent Liabilities—					
(i) Claims against the Bank not acknowledged as debts			21,06,301.39		20,76,913
(ii) Guarantees given on behalf of Directors or Officers— Directors Nil					
Officers 54,750.00			54,750.00		27,000
(iii) Guarantees given on behalf of others			17,14,94,706.47		13,71,56,404
(iv) Bills of Exchange re-discounted			5,46,377.30		54,093
(v) Outstanding Forward Exchange Contracts			1,25,98,374.94		2,44,26,903
(vi) Liability *for calls on partly paid shares*			24,25,000.00		24,62,500
(vii) In respect of guarantee given by the National Bank of Pakistan to Pakistan Tax Authorities on behalf of the Bank			10,00,000.00		.....
NOTE.—Contingent Liability exists in respect of agreement to purchase a building for Bank's use.					
Liability for share money payable on shares of a Joint Stock Company as per underwriting agreement			5,41,090.00		
Total Rs.			2,51,28,83,455.39		2,23,95,97,889

PROPERTY AND ASSETS—*(contd.)*	Amount Rs.	np.	Total Rs.	np.	1962 Rs.
Brought forward			2,49,36,95,971.31		2,21,92,85,121
10. Other Assets—					
(a) Interest accrued and outstanding			70,34,866.40		68,03,936
(b) Prepaid expenses, advance payments and amounts recoverable			13,79,716.02		12,83,114
(c) Property not used as Bank Premises less depreciation			3,11,138.81		3,79,570
(d) Land purchased for constructing Bank premises			1,51,290.00		1,51,290
(e) Library, Motor Cars, Cycles and other Vehicles less depreciation			3,39,991.63		3,18,305
(f) Stationery and Stamps			16,46,555.01		16,36,690
(g) Deposits with Electric Supply Companies and Government Departments			77,464.15		75,669
(h) Remittances in transit (since received)			.....		31,42,000
(i) Advance payment of tax and tax deducted at source on yield of investments less provision for taxation			81,51,893.25		64,27,608
			1,90,92,915.27		2,02,18,182
11. Non-Banking Assets acquired in satisfaction of Claims (at or below cost)—					
Balance as per last Balance Sheet			94,585.85		94,586
LESS—Depreciation			17.04		
			94,568.81		94,586
Total Rs.			2,51,28,83,455.39		2,23,95,97,889

Annexure to our report of date.

V. SANKAR AIYAR & CO.,
Chartered Accountants.

S. L. VERMA,
Chief Accountant.

R. L. TULI,
General Manager.

MOHAN SINGH,
Deputy General Manager.

R. N. GOENKA *Chairman.*

C. L. BAJORIA, MAHARAJ KRISHNA KAPUR, KAMALNAYAN BAJAJ, N. DANDEKER, D. D. PURI — *Directors.* — J. N. BHAN, T. S. SRINIVASAN, S. K. HANDOO, YADAVINDRA SINGH, RAKSHA SARAN

30th *March*, 1964.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1963

EXPENDITURE	Amount Rs.	np.	1962 Rs.
1. Interest paid on Deposits, Borrowings, etc.			4,26,89,162
2. Salaries and Allowances and Provident Fund (including Rs. 17,49,784.78 being contribution to Employees' Gratuity Fund Trust and Rs. 1,67,232.91 to Superannuation Scheme)			3,75,65,020
3. Directors' and Local Committee Members' Fees and Allowances			29,129
4. Rent, Taxes, Insurance, Lighting, etc.			37,36,754
5. Law Charges			1,53,158
6. Postage, Telegrams and Stamps			19,13,806
7. Auditors' Fees			72,550
8. (i) Depreciation on and repairs to the banking company's property	Rs. 17,21,671.71	np.	17,83,906
(ii) Amount transferred to Development Rebate Reserve	50,000.00		60,000
9. Stationery, Printing, Advertisement, etc.			25,66,007
10. Loss from sale of or dealing with non-banking assets			Nil
11. Other Expenditure			10,61,381
12. Balance of Profit			1,13,83,169
Total			10,30,14,042

INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Amount Rs.	np.	1962 Rs.
1. Interest and Discount			8,36,63,438
2. Commission, Exchange and Brokerage			1,74,85,483
3. Rents			18,38,731
4. Net profit on sale of investments, gold and silver, land, premises and other assets (not credited to Reserves or any particular Fund or Account)			22,204
5. Net profit on evaluation of investments, gold and silver, land, premises and other assets (not credited to Reserves or any particular Fund or Account)			Nil
6. Income from non-banking assets and profit from sale of or dealing with such assets			2,503
7. Transfer Fees			1,683
Total			10,30,14,042

Note:—Particulars of remuneration to the General Manager during 1963:—

(i) Salaries—Rs. 49,800.00 (Rs. 48,000.00);

(ii) Allowances—Rs. 600.00 (Rs. 2,400.00);

(iii) Bonus—Rs. Nil (Rs. 1,274.18);

(iv) Contribution to Provident Fund—Rs. 4,668.75 (Rs. 4,554.37);

(v) Contribution to Superannuation Scheme—Rs. 8,100.00 (Rs. 6,596.77);

(vi) Monetary value of the benefit of the use of a house and a car calculated according to the Income-tax Rules—Rs. 7,725.00 (Rs. 7,650.00);

Total—Rs. 70,893.75 (Rs. 70,484.32) (Figures in brackets are for 1962).

AUDITORS' REPORT TO THE SHAREHOLDERS, THE PUNJAB NATIONAL BANK LIMITED, NEW DELHI

We have audited the annexed Balance Sheet of The Punjab National Bank Limited as at 31st December, 1963 and also the annexed Profit and Loss Account for the year ended on that date with the books and accounts kept at the Head Office at New Delhi, in which are incorporated the audited returns from 244 branches (of which 13 branches have been audited by us and 231 by other Auditors) and the unaudited returns from 190 branches not visited by us. Under Rule 4 of the Companies (Branch Audit Exemption) Rules, 1961, the Central Government, by an order dated 30th September, 1963, has exempted the said 190 branches (names of the branches are given in Annexure 'A') from the provisions of Sub-sections (1) and (3) of Section 228 of the Companies Act, 1956, in respect of the year ended 31st December, 1963.

In accordance with the provisions of Section 29 of the Banking Companies Act, 1949, read with the provisions of Sub-sections (1) and (2) of Section 211 and Sub-section (5) of Sections 211 and 227 of the Companies Act, 1956, the Balance Sheet and Profit and Loss Account are not required to be and are not drawn up in accordance with the Sixth Schedule of the Companies Act, 1956. The accounts are, therefore, drawn up in conformity with forms 'A' and 'B' of the Third Schedule to the Banking Companies Act, 1949.

We report that:

(a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;

(b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank;

(c) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches of the Bank not visited by us;

(d) the reports on the accounts of Branches audited by other Auditors have been forwarded to us and the same have been considered in preparing this report;

(e) the Bank's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and the returns;

(f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required for banking companies, and on such basis the said Balance Sheet, read along with the notes appearing thereon, gives a true and fair view of the state of the affairs of the Bank as at 31st December, 1963, and the Profit and Loss Account gives a true and fair view of the Profit for the year ended upon that date.

NEW DELHI, 30*th March* 1964.

V. SANKAR AIYAR & CO.,
Chartered Accountants.

ANNEXURE 'A'

LIST OF BRANCHES EXEMPTED FROM BRANCH AUDIT

Ahmedgarh Mandi, Anantnag, Banga, Batala, Dharamsala, Dinanagar, Doraha, Fazilka, Garhshankar, Mandi Gobindgarh, Goraya, Hoshiarpur Gowshala Bazar, Jagraon, Jalalabad, Kangra, Kartarpur, Kulu, Ludhiana Civil Lines, Ludhiana Millerganj, Malout, Mandi, Moga, Mullanpur Mandi, Nangal Township, Palampur, Phillaur, Tanda Urmar, Tarn Taran, Ambala Cantt., Bahadurgarh, Ballabgarh, Bhiwani, Chandigarh, Faridkot, Hissar, Hodal, Kaithal, Kalka, Kurali, Malerkotla, Nabha, Narnaul, Narwana, Panipat, Raisingh Nagar, Rajpura, Rampura Phul, Samalkha, Sangaria, Shahabad Markanda, Simla, Sirhind, Sirsa, Sunam, Tohana, Barari, Bulandshahr, Dehradun Ashat Bazar, Delhi Fountain, New Delhi Jangpura, New Delhi Janpath, New Delhi Karolbagh Bank Street, New Delhi Khan Market, Delhi Rashmere Gate, New Delhi Najafgarh Road, New Delhi Patel Nagar, Delhi Shahdara, New Delhi Tropical Building, Firozabad, Jawalapur, Kasganj, Khurja, Mawana, Meerut City Khairnagar, Mussorie, Shamli, Sikandarabad, Vrindaban, New Delhi Green Park, Allahabad Chowk, Allahabad Civil Lines, Badaun, Bahraich, Bareilly Shyamganj Chandpur, Fathepur, Gorakhpur Urdu Bazar, Haldwani, Jhansi, Kanpur Meston Road, Kiratpur, Lakhimpur Kheri, Lalitpur, Lucknow Aminabad Park, Maunathbhanjan, Moghalsarai, Najibabad, Nihtaur, Rampur, Robertsganj, Shahajahanpur, Tanda, Chapra, Daltonganj, Darbhanga, Dibrugarh, Dumraon, Jaynagar, Jamshedpur, Jorhat, Kharagpur, Monghyr, Patna City, Rourkela, Durgapur, Abu Road, Ajmer, Alwar, Baran, Beawar, Bhawani Mandi, Bikaner, Harda, Itarsi, Jabalpur Cantt., Jaipur, Jodhpur, Kotah, Lashkar Naya Bazar Mandsaur, Morar, Raigarh, Satna, Saugor, Sambharlake, Sehore, Sheegani, Sirohi, Bhilai, Amainer, Amreli-Bavla, Bhavnagar, Bombay Khudadad Circle, Bombay Lalbaugh, Cambay, Dabhoi, Gandhidham, Himatnagar, Jammagar, Junagadh, Kirkee, Mandvi Kutch, Nanded, Poona City, Pusad, Sangli, Sholapur, Umlha, Yeotmal, Bijapur, Cochin, Gadag, Madras Adyar, Mysore, Tenkasi, Visakhapatnam, Warrangal, Ambasamundram, Chidambaram, Kancheepuram, Kumbakonam, Madras Triplicane, Pudukottai, Ramanathapuram, Tanjore, Tirunelveli Town, Vijayapuram, Villupuram, Lahore, Karachi, District Manager's Office Delhi Circle New Delhi, District Manager's Office Chandigarh Circle Chandigarh, District Manager's Office Jullundur Circle Jullundur, District Manager's Office Lucknow Circle Lucknow, District Manager's Office Central Circle Bhopal, Asstt. General Manager's Office Eastern Circle Calcutta, Asstt. General Manager's Office Western Circle, Bombay, District Manager's Office Southern Circle Madras, Foreign Exchange (Central Office) Bombay.

Schedule of Particulars required by the Banking Companies Act, 1949 (Act X of 1949), attached to and forming part of the Balance Sheet as at 31st December, 1963

PARTICULARS OF ADVANCES	Rs.	np.	1962 Rs.
(i) Debts considered good in respect of which the banking company is fully secured	1,01,55,46,728.50		89,21,42,605
(ii) Debts considered good for which the banking company holds no other security than the debtor's personal security	9,24,05,634.33		5,74,49,967
(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	7,66,75,476.91		4,58,43,908
(iv) Debts considered doubtful or bad, not provided for	Nil		Nil
	1,18,46,27,839.74		99,54,36,480

PARTICULARS OF ADVANCES	Rs.	np.	1962 Rs.
(v) Debts due by Directors or Officers of the banking company or any of them either severally or jointly with any other persons:			
Directors	Nil		Nil
Officers	9,71,040.79		9,22,657
	9,71,040.79		9,22,657
(vi) Debts due by companies or firms in which the Directors of the banking company are interested as Directors, Partners or Managing Agents or in the case of private companies, as members	5,94,06,967.75		2,89,52,006
(vii) Maximum total amount of advances including temporary advances made at any time during the year to Directors or Managers or Officers of the banking company or any of them either severally or jointly with any other persons	9,94,546.88		9,48,068
(viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the Directors of the banking company are interested as Directors, Partners or Managing Agents or in the case of private companies, as members	6,06,96,895.36		4,81,78,652
(ix) Due from banking companies	24,46,948.05		86,43,636

R. L. TULI,
General Manager.

MOHAN SINGH,
Deputy General Manager.

S. L. VERMA,
Chief Accountant.

V. SANKAR AIYAR & CO.,
Chartered Accountants.

R. N. GOENKA *Chairman.*

C. L. BAJORIA, MAHARAJ KRISHNA KAPUR, KAMALNAYAN BAJAJ, N. DANDEKER, D. D. PURI — *Directors.* — J. N. BHAN, T. S. SRINIVASAN, S. K. HANDOO, YADAVINDRA SINGH, RAKSHA SARAN

30th *March*, 1964.

BRAITHWAITE AND COMPANY (INDIA) LIMITED

NEXT PHASE OF EXPANSION SCHEME UNDER CONSIDERATION

STATEMENT OF THE CHAIRMAN, MR. J. V. JARDINE PATERSON

A SUCCINCT review of the progress made by Braithwaite and Company (India) Ltd. during the year ended 31st December 1963 was made by Mr. J. V. Jardine Paterson, Chairman of the Company, in his statement to shareholders circulated along with the Directors' Report and statement of accounts. One of the most notable features of the working of the Company was that the turnover at the Angus Works of the Company during the year was double that in 1962 and, for the first time in four years, there was a small net profit. Mr. Paterson disclosed that the next phase of the Company's expansion programme was under consideration.

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

Production and Development

Clive Works

But for the slowing down of production at three periods during the year as mentioned in the Directors' report, the target for the year of 30,000 tonnes would have been achieved. As it was, production reached 28,569 tonnes which is the highest so far achieved and 4 per cent more than the previous year. It was unfortunate that production was again interrupted in January this year as a result of riots in the city and the associated curfews but it is confidently expected that, with the improved raw materials position, the Works will exceed their previous best during the current year.

Angus Works

Very satisfactory progress has been made and, as stated in the Directors' report, the turnover for the year was nearly double that of 1962. In the fourth year of our operations in these Works, we have, in fact, shown a small net profit which, in view of the development charges to be incurred, must be considered a notable success. The order book is well filled and a number of outstanding quotations for electric overhead travelling cranes are known to be competitive and are likely, therefore, to become orders. After many delays the loan agreements have been completed, import licences received and orders placed for the machinery which will enable the present phase of expansion to be completed. It is hoped that these machines will be received within the next twelve months. We have not yet received the electric power supply required for this expansion but we are advised that this will be available early next year and there should, therefore, be no delay in bringing these machines into operation.

Consideration is being given by the Directors to the next phase of the expansion scheme and details will be worked out so that this can follow on closely the completion of the first phase.

Work has continued on the housing scheme and three blocks comprising 18 flats for junior officers have been completed and occupied. Flats for senior officers are also well advanced.

Profit, Taxation and Dividend

The profit for the year, after providing Rs. 14,19,333 for depreciation and transferring Rs. 7,03,186 to development rebate reserve, amounted to Rs. 1,24,47,705 which shows an increase of approximately Rs. 18 lakhs over the previous year. This result is most encouraging but once again very large sums are required for payment of taxes as, in addition to income and super taxes amounting to Rs. 62,20,706, Rs. 17 lakhs has been provided for payment of sur-tax, making a total of Rs. 79,20,706 or more than 63 per cent of the profit. It is interesting to note that this provision for payment of sur-tax is very nearly the same as that for super-tax in the previous year but is, of course, calculated on the increased profit referred to above.

The annual dividend on the preference shares has been paid in two instalments, absorbing Rs. 3,60,000 as against a single quarter's dividend of only Rs. 90,000 required in the accounts for 1962. The Directors are now recommending an increased dividend on the ordinary shares at the rate of 20 per cent, thereby leaving available for transfer to reserves slightly more than Rs. 21¼ lakhs.

There was further improvement in the export to Malaya of pressed steel tanks in collaboration with the Technical Consultants, Braithwaite & Co. Engineers Limited. Results elsewhere were, however, disappointing and a second sales tour was undertaken towards the end of the year. Whereas there are possibilities of improving sales in Hong Kong, it is clear that conditions in Burma particularly, and to a less extent in Thailand, are not encouraging, though every effort will be made to develop business.

Labour

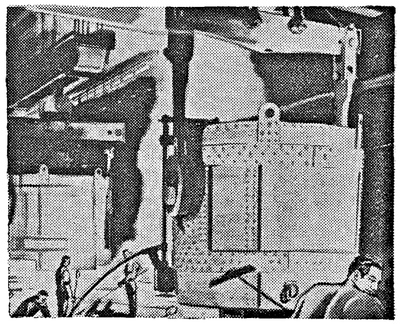
The severe drop in production in April/May, due to inadequate supply of welding electrodes, with the consequent fall in earnings from production bonus, resulted in labour agitation which took some time to settle. This, combined with the recent general demand throughout the industry for the setting up of a Wage Board, has unfortunately affected relations with our labour, but with the present healthy position of the Company's order book and the vast improvement in availability of raw materials, it is expected that workers will now be able to earn high rates of pay through production bonus, and the normal satisfactory co-operation between labour and management will be restored. The quantum of annual bonus to be paid was amicably settled under a bipartite agreement.

Management and Personnel

We are again grateful to our Managing Director, Mr. J. E. Bingham, for his successful conduct of the Company's affairs during the past year. His term of office as Managing Director of the Company expires on 30th June, 1964 but it has been agreed that application should be made to the Government of India for his re-appointment for a further period of one year. The Board also proposes to appoint Mr. J. E. Sawtell as a Managing Director and the necessary application in regard to his appointment and remuneration has been made to the Government of India. Mr. Sawtell has served the Company in various capacities and, since April 1963, has been General Manager of Clive Works. He will take over from Mr. J. E. Bingham at the expiry of the latter's agreement in 1965. On receipt of Government approval to the applications in connection with these appointments, the necessary general meeting of shareholders will be convened.

Mr. Y. S. Tayal, Secretary of the Company, and Mr. A. D. Morley, General Manager of Angus Works, left the services of the Company during the year. Mr. B. L. Mathur has been appointed Secretary of the Company, Mr. A. P. Sarkar, the Financial Controller, and Mr. M. Dhar, Chief Engineer. Mr. K. R. Sundaram was transferred from Clive to assume responsibilities of the Works Manager, Angus. All these senior executives have worked extremely hard during the past year and we are indebted to them and all other members of the staff for all that has been achieved.

DEVELOPMENTS IN THE EAST



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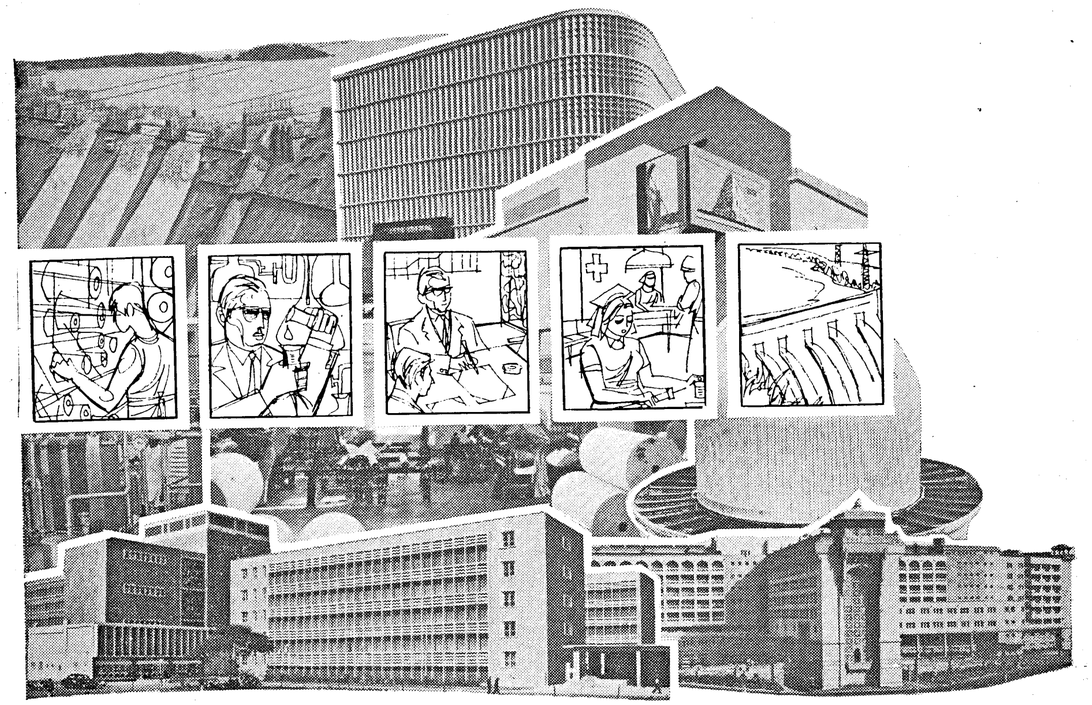

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MONOPOLY—BIG DRAWBACK OF I.A.C.

SOME EFFECTIVE OPPOSITION WILL DO IT A LOT OF GOOD

By Our Aviation Correspondent

READERS of the correspondence columns of the daily Press can hardly have failed to notice, of recent months, the increasing number of letters which complain of alleged sins of commission and omission on the part of the Indian Airlines Corporation. Complaints range from criticism of the catering and cabin service to more serious allegations of irregularity, delays, faulty organisation, and lack of discipline. Much of this criticism, no doubt, is exaggerated, some is ill-informed, and some is ill-founded. Throughout the correspondence, however, one question is constantly repeated—what is wrong with I.A.C.? There is, one suggests, an equally short—if controversial—answer. If there is anything fundamentally wrong with the Corporation, it is monopoly.

Most of us still recall the period, immediately after the last world war, when India's internal air services were privately operated. In those days, complaints were even more numerous and, moreover, were often valid enough. That can hardly be denied. In almost every particular, of course—passenger handling, operational techniques, maintenance, and administration—the standards of the nine companies involved varied enormously. The best performed a difficult task well, the worst were very bad indeed. The only feature they all had in common, perhaps, was a lack of profit.

The fact is that there was far too much competition—and very wasteful competition at that. By and large, it was a rather dismal episode which reflected little credit on either the Government, the Air Transport Licensing Board, or, with very few exceptions, the operators themselves. It is not one's intention to rake over the dead embers of the past. One alludes to the subject only because some of the ill-effects linger on. The shareholders of a majority of the companies concerned lost their entire investment. That, perhaps, was the most regrettable feature of all.

Gordian Knot Cut

It is little wonder that, after some seven years of this unsatisfactory state of affairs, the Government decided to cut the Gordian knot and to start afresh. Few would argue that the course chosen—nationalisation—was misconceived. No one can deny that the outcome has been satisfactory. From a difficult start, and in rather unfavourable circumstances, the Corporation has achieved a large measure of success. The financial results have progressively improved and, where the Corporation has shortcomings—the slow pace of modernisation generally and, in particular, the perennial shortage of accommodation on the trunk routes—these are as much due to a shortage of foreign exchange as to any lack of foresight on the part of the Corporation.

It is a pity, nevertheless, that the Government went from one extreme to another—from, in fact, conditions of almost unbridled competition to a regime of absolute monopoly. It is here, if anywhere, that the Corporation's weakness lies. One is conscious that many will disagree but, so far as the public is concerned, a complete restriction of choice is almost always undesirable. Monopoly, in the case of IAC, has led to progressively dearer travel, and to an almost static route system. It underlies many of those small, but irritating, failings of which the public complains. Only a monopoly can afford to ignore the tastes and susceptibilities of its customers.

Competition, one argues, is a natural feature and it is certainly an integral part of modern life. On the whole, it does us all a lot of good. Like everything else, however, it can be taken in excessive doses—when, of course, it defeats its own object. But somewhere between absolute monopoly and wasteful competition, a *via media* can always be found—or can it? What, for instance, would be an effective remedy for the present situation?

Britain, which for a long time maintained the same brand of monopoly for its two air corporations as does India, has now lowered the barriers. A large number of licences to operate scheduled services have been granted to private companies. These, it is to be noted, permit of direct competition with the corporations and are not restricted to domestic routes. The benefits are threefold: the public is better served, a limited number of independent companies have become powerful and efficient organisations—owning, in some instances, fleets of aircraft as modern as those of B.E.A. and B.O.A.C.—and the country's reserves of air power have been materially augmented.

Australia has gone a step further. There, with the Government holding the scales, private enterprise has been confronted with State competition. A nationalised airline competes on level terms with a private airline of comparable size. There is even parity in the matter of equipment—to such lengths does the Government go to ensure that neither airline gains any material advantage over the other. One does not, for one moment, suggest that either the British or the Australian pattern should be introduced in India. That, no doubt, would meet with bitter resistance. One does suggest, nevertheless, that some measure of competition, however small in the first instance, should not only be permitted but actively encouraged.

Give a Reasonable Chance to Private Sector

The Government of India, one assumes, had something of the sort in view when they amended the Air Corporations Act of 1953. Unfortunately, that legislation did not go nearly far enough. One suggested, at the time, that it would be ineffective and so, demonstrably, it has proved to be. The fact is that, if there is to be an element of competition, the dice must not be loaded too heavily in favour of the State Corporation. Private enterprise must be given a reasonable chance of success. Otherwise, who would promote, and who would finance, such a venture?

And it is here, perhaps, that we have most cause to regret the disastrous climax to seven years of private operation. "Once bitten, twice shy" probably describes the mood of both the entrepreneur and the investing public. Yet, since that time, all over the world, air transport has been successfully operated by all manner and sizes of private companies. Given the necessary knowledge, experience, and resources —operation cannot be sustained on a shoe-string —air transport, like any other business, can be made to show profits.

Because one advocates the participation of private enterprise in the operation of domestic air services, that does not imply any quarrel with the manner in which the Corporation serves the country. One merely suggests that, from most points of view—national, public and, indeed, that of the Corporation itself—the spur of real competition would prove to be beneficial. As in politics, an opposition, irksome, no doubt, at times, is a necessary ingredient of democracy. And talking of politics, the Air Corporations Act, as it now stands, is, of course, an insuperable obstacle. In that respect, if in no other, a discussion of this sort is of purely academic interest.

NEW AIR CARGO LINER

The largest commercial order for airplanes designed exclusively for cargo, aggregating $64 million, was placed recently with Lockheed by the President of The Flying Tiger Line. The order covers eight Super StarLifters, a 168-foot-long commercial growth version of the giant C-141 jet cargo transport now being built by Lockheed in Georgia for the U.S. Air Force. It brings to $161,000,000 the total spent by Flying Tigers in the past 10 years on all-cargo aircraft. This is almost twice as much as any other carrier had committed for such equipment.

The Flying Tigers' President said that the proposed fan-jet freighter had been designed in the systems concept and that its economics promised a new era in transportation. "Its operating efficiencies and performance," according to him, "will permit the air cargo industry to compete effectively with long haul motor trucks and thus carry a wide variety of freight now travelling by other means." He explained that straight-in, truck-bed height loading of truck-sized freight would permit direct and easy exchange of unitised freight loads between the air and all types of surface freight carriers. He compared the significance of the systemised air cargo approach to the standardisation of railroad gauges which led to interchangeability of rolling stock late in the past century. For the first time, pointed out the President of the Flying Tiger, it will be possible to have a "common gauge" of unitised freight loads not only beween the various modes of commercial transport but also between the military services and civil cargo carriers without payload or handling cost penalties to either.

A growth version of the first fan-jet airplanes developed from the outset for cargo use, the big new transports will be capable of accommodating two 40-foot-long truck vans with 24 feet left over in their huge cargo holds. The Super StarLifter design will call for transportation of 55-ton payloads at a cost lower than ever before possible. The airplane's maximum cruise speed will be more than 550 m.p.h. The aircraft is to be powered by four Pratt & Whitney turbofan engines delivering 21,000 pounds of thrust each. Deliveries of the proposed new Flying Tiger airplanes are scheduled to begin in the latter half of 1967. The airplane is called the Super StarLifter, or L-300B, in order to indicate the increased payload and greater volume of the proposed airlifter. Its cargo hold measures 104 feet long, 25 per cent longer than the C-141.

The Super StarLifter's powerful engines, combined with its big wing area, which is twice as much as the floor space of an average home, permit the Super StarLifter to operate with a full load out of medium-sized airports in contrast to the 10,000-foot runways required by most jets. Since the airplane is a high-wing ship, the loading deck is at truck-bed height, 50 inches off the ground, contrasted to the conventional freighter with a deck 12 feet above the ground. This permits quick, direct loading. Cars or trucks can be driven directly into the aircraft, and costly forklift or elevator platform loading is eliminated.

The high-wing construction of the airplane provides the most useful cargo hold ever built into an airplane. Control systems, which must be routed through the wing area, are thus built through the roof of the cargo hold. By contrast, low-wing airplanes such as today's jets, necessitate routing the control system through the lower part of the aircraft, thus using up much of the belly, or lower cargo hold space. This requires placing of the cargo floor high above the bottom of the aircraft with consequent loss of cargo area. The Super StarLifter's high wing permits its entire cargo hold to be free of wing restrictions. This also greatly reduces fuselage curvature restrictions and permits the nearest approach to the ideal square box cargo area of the railroad boxcar or truck, permitting the greatest possible use of the freight loading area.

NEW PRIVATE JET HAILED A WINNER

On the occasion of the 1964 German Aeronautics Exhibition in Hanover, the West German baby-jet HFB 320 Hansa was presented to the public for the first time. The machine arrived just after its successful maiden flight. Already, it is considered the favourite amongst comparable French, English and U.S. productions. To an astonished crowd of spectators consisting mainly of experts, well-known American test pilot Loren Williams Davis demonstrated a stalling flight at 10 m. altitude with partially throttled engines, a feat, so far thought impossible of achievement for a jet plane. The HFB 320 is the one plane of its class to be able to take off from and land on grass runways. At a landing speed of 140 km. p.h., it requires 1,160 metres of runway; for the takeoff, only 975 m. are needed. The plane, developed by the Hamburger Flugzeugbau GmbH for busy industrialists' private and business trips, is propelled by two rear-positioned jet engines, has a 2,660 km. (without wind influence) range and a travelling speed of 815 km. p.h. Particularly noteworthy are the V-shaped wings, their tips pointing in the direction of flight rather than towards the rear. The 16.61 m. long plane seats up to 12 persons. During the initial testing flights, the HFB 320 Hansa already passed a number of tensile tests including a simulated engine failure, so that regular production can be assumed to begin and the brisk demand to be met soon. The HFB 320, of which 12 have already been sold, is priced at DM.2.4 million ($600,000.)

SKYCRANE CARRIES 8 TONS

A giant pylon and a flat-bed trailer with four Volkswagens were the big things which, together with a few smaller ones, were borne aloft by the new WF-S 64 helicopter-crane in front of the amazed visitors to the 1964 German Aeronautics Exhibition in Hanover. After a short 100 km. p.h. trip, the flying crane deposited the pylon with millimetre-accuracy on a concrete foundation where it was subsequently cemented. The "Skycrane" was developed jointly by the Westdeutsche Vereinigte Flugtechnische Werke in Breman and the U.S. Sikorsky Works. The six-blade rotor, driven by two turbines of 4,680 h.p. each, is of 22 m. diameter. It lifts up to eight tons in weight. Of neat pure aerodynamic form, the machine reaches a travelling speed of 268 km. p.h. In between the rear rotor and the pilot's compartment, a passenger cabin can be strapped on, designed to comfortably carry 50 persons.

WEST GERMAN V.T.O. PLANE

One of the greatest attractions at the 1964 German Aeronautics Exhibition was the West German VJ 101 Vertical Takeoff plane, built jointly by three aircraft construction firms and just back from its first cross-country flight. The jet plane, repeatedly rumoured discontinued in the last few months, has turned out to be the one current project of the West German aircraft industry to arouse the keenest world-wide interest. In addition to its dead-start feature, the V.T.O. plane can, of course, take-off in usual horizontal fashion. Recent air displays showed that the Vertical Takeoff plane is performing perfectly. So far, the Federal Defence Ministry, which has spent more than DM.200 million on developing the aircraft, has not given the green light for the machine to go into production. The reason being that, meanwhile, work has begun on the VJ 101 D, an improved version with a speed twice as fast as sound and with a future, correspondingly even greater.

NEW PRODUCTS AND PROCESSES

Transistors for Car Ignition

A NEW system for car ignition, using transistors, has been developed by engineer *L. Duus Hensen* of the Danish radio concern *Bang & Olufsen, Alhambravej 5, Copenhagen V.* Instead of the mechanical system so well known, ignition comes from an electric impulse produced electro-magnetically. Engineer Duus Hensen installed the system in his own car, and has since then driven 15,000 trouble free kilometres in all types of weather. His car has operated without ignition trouble or adjustment in winter and summer. An immediate start is given in almost all conditions without using the choke, even in temperatures several degrees under freezing. Other advantages include greater efficiency under acceleration between gears, and a noticeable improvement at high speeds. There is a slight saving of petrol due to the surer ignition. Bang & Olufsen are thinking of marketing the ignition system, possibly in co-operation with manufacturers abroad.

Mobile Car Garage

Cover garages made in the West Jutland town of Esbjerg (Denmark) will cover automobiles all over the world in coming years, and give them an increased life span. Made by *Aage Hozbro Madsen*, of *Esbjerg*, who turns out about 5,000 yearly the poplin and porous woven garages allow moisture *in a car to evapore* quickly. The soft material used for the car covers prevents paintwork getting scratched. About 17,000 of these covers have been shipped off to Norway, a large model for use on Government luxury cars, a smaller model for sale to the average car owner. The Madsen garage covers can be supplied with the car's licence number fitted front and rear, together with markers of reflecting material. A cover that can fit an area of 18 sq. metres weighs only three kilogramms. To cover heavy demand, the firm is in the process of erecting a new factory which is expected to boost production to over 20,000 yearly.

Centrifuge for Eggs

A Dutch firm which specialises chiefly in the manufacture of centrifuges, has produced a centrifuge capable of separating the shell from the whites and yolks of 360 eggs at a time. A special feature of this centrifuge, which is provided with a generous feed and discharge opening, is its great stability—essential on account of unbalance caused by the rapidly rotating eggs. Since the drum can be removed, the centrifuge can be cleaned rapidly and thoroughly. The special repulsion motor is provided with a thermal safety device and a built-in electromagnetic brake. For small-scale users a machine of this type can also be supplied with a maximum capacity of 75 eggs at a time.

Combination Potato-scraper and Spin-drier

A Netherlands firm, namely, N.V. ESBE, Minstraat 26, Asperen (Holland), which manufactures mainly centrifuges, is marketing a potato-scraping machine which, after the insertion of a special drum, can also be used as a normal spin-drier. The extra stainless steel interior lining of the scraping machine is provided with inverted flutes. The scraper disc is coated with a layer of burnt-in carborundum. The combination can be supplied in two versions with capacities of 3 and 5 kgs. (6½ and 11 lbs.) of potatoes, respectively. Scraping time is about 15 seconds. The electric motor is fitted with a thermal safety device and provided with a built-in electromagnetic brake. It is actuated by means of a time switch that is set at either scraping or spin-drying. Since it is easily removed, the drum of the centrifuge can be emptied quickly, after which the machine can also be used to dry chips before frying. Advantages of pre-drying chipped potatoes are reduced frying time, lower oil consumption, less frying odour and whiter chips. The Motor's revs adjust automatically to the loading, which is much higher when scraping potatoes than when spin-drying. For use exclusively as a drier, that is, without a scraper disc, the machine can also be supplied with chip-drying capacities of 6 or 10 kgs. (13¼ or 22 lbs.).

Automatic Recording of Wagon Movements

A system for automatically reading and recording the identification numbers of railway wagons moving at speeds up to 100 m.p.h. and for transmitting this information to a distant control room, has been developed by a British firm, Salford Electrical Instruments Ltd., Silk Street, Manchester 3, England. In tests on a busy main line in Britain, during which the equipment operated unattended for several months, wagon movements were recorded 50 miles away with an accuracy of more than 99 per cent and no incorrect information was recorded. The equipment operates satisfactorily in rain, snow and fog and at temperatures from minus 20° C to plus 40° C. A nation-wide system, in which information from many recording points would be correlated by an electronic computer, is being considered by British Railways. Several oversea railways are also showing interest in the system. The equipment consists of a photo-electric scanning device mounted besides the track, the nearby cubicle containing storage and transmission equipment, and plates on the side of each wagon with a pattern of bars representing the number of the wagon in code form. As a train approaches the scanning device, a special track circuit lifts a shutter and exposes a beam of modulated light. This light is scattered by the code-plates on the wagons, and some of it is picked up by photo-electric cells and converted to electrical impulses representing the wagon number. These are passed to the line-side cubicle, where they are stored, until the whole train has passed. They are then transmitted to the central control room together with details of time, location of the unit and direction of motion of the train.

DUNLOP RUBBER COMPANY

RECORD YEAR IN SALES AND PROFITABILITY

SIR EDWARD BEHARRELL'S SPEECH

SIR G. Edward Beharrell, Chairman, presiding over the Annual General Meeting of shareholders held at London on 25th May, said, *inter alia*:

The results include many record figures, but I propose only to make special reference to three particularly encouraging items—the increase in our sales, the margin of profit in relation to turnover, and the return on our employed capital.

Group sales of £283 million mean that our sales went up by about 5 per cent. On a volume basis, this is even higher, because some prices have been reduced. This higher volume, together with some real improvements in efficiency, were the prime reasons for our profit performance, despite the price reductions which in the year amounted to some £1½ million.

The margin of profit in relation to turnover, which fell in 1962, is, at 5.5 per cent, almost back to the 1961 ratio. This, too, is a reflection of volume and efficiency; but, although it is a 10 per cent improvement, it is still a modest profit of only 13d. in every £'s worth of sales.

Improvement is shown in our return on capital employed which has increased from 10.6 per cent to 12.1 per cent, but we still do not consider that the return we are earning is as high as it should be.

Taxation was a less heavy burden than in 1962, partly due to increased investment allowances in the United Kingdom and partly to lower taxes in India. Nevertheless, the proportion of profit absorbed by tax is still high at almost 54 per cent, or 7d. out of the 13d. profit margin.

Capital Expenditure

Our capital spending during the year, though lower than in 1962 when we were equipping the new factories in Malaya and Nigeria, was still at a high level. The introduction of more advanced and productive plant and equipment is continuing both in the United Kingdom and overseas. Our capital expenditure, therefore, will continue to be heavy and we expect to spend some £60 million on expansion and modernisation over the next three years.

Technological developments are occurring rapidly and the expenditure in recent years is now making a significant contribution to profits as well as to the improvement of our product range and its public acceptance.

Productivity

I can say with some confidence that the Group is better equipped today to use its skills and enthusiasm competitively than at any time in its history. This is largely due to the continuing drive for greater productivity and efficiency in every part of our business. It is new ways of organising and inspiring research, development, production and marketing that are doing most to create greater productivity.

Research and Development: An appreciable part of our programme is aimed at cost reduction and increased productivity in the existing manufacturing areas. Particular attention has been paid to simplified approaches to production and to improved processes that reduce scrap and labour cost. It is still in the field of raw materials, however, that some of the biggest savings can be made due to technical innovation in their preparation and use. Research and development have shown that such savings are possible without reduction in quality and in certain instances quality has actually been improved at the same time.

Value: Attention is nowadays specially focussed on price. The customer can and should gain in another way. The worth of our products has improved. The whole tyre industry has much to be proud of in this respect, and I am particularly pleased that your Company has led in many developments. This is a kind of productivity that is not always clearly seen or wholly appreciated, but it provides in full measure a quality that is well expressed in one word: value. We give, in tyres like the C41, remarkable value for money, and that is equally true of our wide range of other products.

I hope that the emphasis which has been recently given to productivity throughout the country has helped the continuing nature of the problem to be more clearly understood. I wonder, too, if it has done anything to make the word less frightening. Productivity means change, and change for many people is disturbing. This is a fact of life: and although in our industry, as in others, there can be no absolute guarantee of continuing employment, it is our aim to ensure the greatest measure of stability and in this we have had a good measure of success.

The Present Year

I should now like to turn to the trading results for the first four months of this year. Weather conditions in the early part of 1963 make a direct comparison between this year and last year somewhat misleading. Discounting this influence we have made a good start and our results are consequently better than for the corresponding period of 1963. Provided that business activity is maintained at home and abroad I look forward to reporting increased volume and profitability in 1964.

The report and accounts were adopted, and a final dividend of 1/3d. per 10/- stock unit (making a total of 1/10d. against 1/7d. for the previous year) was approved as was also a one for three scrip issue.

COMPANY NOTICE

INDIAN COPPER CORPORATION LIMITED

(Incorporated in England)

DIVIDEND NO. 38

NOTICE IS HEREBY GIVEN THAT AT the Fortieth Annual General Meeting to be held in Committee Room No. 2 (2nd Floor) of the Bengal Chamber of Commerce and Industry, Royal Exchange, Calcutta-1, on Wednesday, the 12th August, 1964 at 11-30 a.m. the Directors will recommend payment of a Dividend (No. 38) for the year ended 31st December, 1963 of 12 per cent (2.88 pence i.e. 16 Naye Paise per unit of stock) subject to deduction of Tax, in respect of the Issued Capital of £2,056,950. Subject to confirmation of members, the dividend will be paid on the 7th September, 1964 to all members registered in the books of the Company at the close of business on the 15th June, 1964.

The Registers of Members will be closed from the 16th June, 1964 to the 11th July, 1964, both days inclusive.

The profit for the year ended 31st December, 1963 was £1,384,875 (against £1,351,771 for previous year), out of which have been provided £170,000 for depreciation (£170,000 last year), £ Nil for gratuities (£3,375 last year), £21,694 for decretal amount under Kyanite Suit compromise (£50,788 last year), £821,855 for Taxation (against £742,378), £26,597 for Development Rebate Reserve (against £15,136) and £98,000 for General Reserve (against £195,000), leaving a net profit of £246,729 (against £175,094). With £570 brought in from 1962, the balance available is £247,299 (against £247,404) and after providing £246,834 for the abovementioned proposed Dividend of 12 per cent subject to deduction of Tax (Dividend No. 37 of 18 per cent subject to deduction of Tax last year—£246,834) the balance carried forward is £465 (against £570 brought in from previous year).

By Order of the Board,
E. A. JOHNSTON,
Secretary.

GILLANDER HOUSE,
NETAJI SUBHAS ROAD,
CALCUTTA-1,
Dated the 21st May, 1964.

CONCENTRATION IN CORPORATE SECTOR

MAHALANOBIS COMMITTEE'S FINDINGS

IN the absence of the full text of Part I of the Mahalanobis Committee's Report on Distribution of Income and Levels of Living, editorial comment in *Commerce*, dated 9th May 1964, had to be based on some published summary findings and conclusions. Now that a copy of the report is available, it would be useful to present some of the statistical and other data contained therein, so that the reader may have a better insight into the question of so-called "concentration of economic power" in the private corporate sector. "Concentration," incidentally, can be treated as a technical concept involving "concentration ratios" which give the share of the largest few (say, three) firms in the total gross output, net output or employment in a particular industry. This is how "concentration" is understood in the United Kingdom. But the Mahalanobis Committee would prefer to define or understand it "in the wider sense of a small number of individuals or groups having in their control significant volumes of economic power in terms of capital or income or employment or media of communication which, though not constituting a large percentage share of the national aggregate in each case, nevertheless sets them so much higher than any other individual or group in the relevant context that it gives them a disproportionately large influence and enables them to exercise economic power not measurable statistically by the mere ratios of concentration." This involved and long-winded definition of "concentration" seems to have been intended as a sort of "interpretation" of the vague and confused ideas held by the Planning Commission and the ruling Congress Party on the question, for the Committee itself says that "apparently what the Planning Commission and the public in general have in mind is the latter rather the former, though an analysis of concentration ratios is also relevant from the point of view of a study of the wider aspects of concentration of economic power." How very unjustifiably wide and patently loose is the Committee's definition, which seems to have been designed to fit in with some preconceived ideas, may be inferred from the following paragraphs in the report:

"This concentration might exist in the form of either ownership or management, or even in more indirect forms of operational control. Though majority ownership generally implies operational control, a minority ownership can and very often is sufficient to achieve such control. Similarly, the operation of the managing agency system, as well as other forms of management, e.g. secretaries, treasurers, etc. wthin the corporate sector, might lead to considerable centralised control. So would interlocking of directors between different branches of activity or even between units within the same industry or activity when such interlocking does not follow from centralised ownership or management.

"Economic power may be concentrated in a few hands within one particular sector, such as 'industry,' or within one particular group of production, e.g. 'engineering,' 'steel' or 'chemicals,' or may be exercised over a number of economic activities simultaneously. Thus, for example, Tatas, one of the most prominent business groups in the country, have their main interest in steel, engineering and power, but also have interests in many other industries like cement, cotton, chemicals, vegetable oils, as well as in activities like insurance, investment and trade. Similarly, Birlas, another most important industrial group, are engaged in not only all varieties of industrial production other than steel and power but also control one of the largest banks in India and have considerable interest in investment and trade. The study of concentration cannot, therefore, be confined to individual sectors of production or economic activity, though this aspect of the study is also of importance."

Dealing first with "the more generalised form of concentration of economic power" in terms of ownership of share capital in the corporate sector, the Committee itself admits that "no complete data" are available regarding ownership distribution of such capital. But such data as are available have been analysed and interpreted as follows:

"Income-tax statistics do not cover the entire shareholding population, as quite a number of shareholders have incomes below the income-tax limit. A study made by the C.B.R. for 1954-55 took into account not only assessees who received dividends but also refundees and it showed that of the estimated number of 101,033 shareholders—itself an infinitesimal part of the total population—1.4 per cent accounted for 31.5 per cent of the dividend income, while 50.3 per cent could claim only 10.8 per cent of that income. A more detailed study carried out by the Reserve Bank of India in March 1960 covered 70 companies with paid-up capital of Rs. 212 crores with a market value of Rs. 417 crores; and it showed that 0.5 per cent of the total number of shareholders (without making allowance for duplication in the sense of some holders having shares in different companies, but including company shareholders) had holdings of Rs. 50,000 and above, accounting for 56.5 per cent of the total value of the shares covered by the enquiry. If allowance is made for multiple shareholding by individuals and also for the fact that some of the holdings are by companies, there can be no doubt there is a high degree of concentration in the wealth represented by shares of joint-stock companies. This is also shown by the income-tax statistics on dividend income by ranges according to which 1.5 per cent of dividend receivers accounted for 34.6 per cent of total dividend income assessed to tax in 1959-60.

"The data given above do not indicate any trends in concentration. What they do reveal, however, is the existence at the end of ten years of planning of a considerable degree of inequality in the distribution of economic assets and consequent concentration of economic power in the hands of a numerically small section of the population."

If, as the Committee itself admits, the above incomplete data do not indicate any trends in concentration, it is difficult to understand why it has referred, in a general way, to the "high degree of concentration in the wealth represented by shares of joint-stock companies." Is it simply because the Committee has described companies, rather arbitrarily, as constituting "economically the most significant form of property"? It is well known that industrial production in the private sector accounts for only 16 per cent of the net national product and that only about a half of this production is organised in corporate form. Still the private corporate sector claims special attention in the Committee's study of concentration of economic power only because it "is the most dynamic element of our developing economy."

Statistical Study

For its study of concentration in the private corporate sector, the Committee has started with the data in Table I. In its interpretation of these figures, the Committee observes that, while the number of companies is large, a small number of companies accounts for a large portion of their paid-up capital. Thus, in 1960-61, the total number of companies having a paid-up capital of less than Rs. 5 lakhs each constituted 86 per cent of the total number of companies at work during that year, but their share of the total paid-up capital was only 14.6 per cent. As against this, the companies having a paid-up capital of Rs. 50 lakhs and above constituted only 1.6 per cent of the total number of companies but claimed 53 per cent of the total paid-up capital. Of course, the Committee recognises that "the increasing size of companies is by itself not necessarily an index of growing concentration in *ownership* of companies" and that "there is some evidence of an increasing dispersal of ownership as such." Still it is of the view that "the phenomenon is conducive to greater concentration of *control* and economic power." After pointing out that the working of the planned economy has contributed to this growth of big companies in Indian industry, the report sums up as follows:

"It must be pointed out, however, that the growth of big business as such, though indicating the presence of economic concentration, does not necessarily mean the deliberate adoption of an anti-social policy. There is such a thing as the economy of scale which works in favour of big business, on purely economic grounds; and economic considerations are certainly relevant especially in the context of our scarce resources and the imperative need for our making the most economic utilisation of these resources. In many industries, the size of the domestic market is small in relation to the size of the plant at which maximum average costs begin to obtain: and any attempt to reduce the degree of concentration by breaking down economic-size units into a large number of uneconomic-size plants would only lead to economic waste. At the same time, there is no doubt that localised concentration of industry, even if unavoidable on economic grounds, must necessarily result in the accrual and possible exercise of monopolistic power. What is needed in such a case is not the break-up of large units as the adoption of a policy of regulation, continuous scrutiny and, possibly, nationalisation which will help to prevent the emergence of anti-social consequences from the otherwise economically justifiable localised concentration in the form of big units in one industry or another."

If "localised concentration" has emerged in industry to some extent or other, there may be a case for the adoption of a policy of regulation with a view to preventing possible restrictive practices or curbing possible monopolistic power. But how can that "localised concentration," if any, justify recourse to nationalisation? After all, nationalisation can only lead to concentration of economic power in the hands of the State, that is, in the hands of a few bureaucrats.

The report, incidentally, has provided some data regarding localised industrial concentration. The source of the data is a note on industrial concentration, prepared by the National Council of Applied Economic Research. The relevant statistical statement is given below:

TABLE II—*Producer Concentration in Selected Industries*

Industry	Year	Percentage share of topmost unit/group in total production/capacity	Percentage share of topfew units/groups in total production/capacity	No. of units/groups under column (4)
(1)	(2)	(3)	(4)	(5)
Finished steel	1958	63.70	93.36	2 groups
Pig iron	1958	54.63	90.08	2 ,,
Electric lamps	1960	40.00	88.70	14 units
Sewing machines	1960	88.00	88.00	1 unit
Soda ash	1958	52.25	84.68	2 groups
Electric fans	1961	51.00	82.00	4 units
Paper and paper board	1958	23.50	77.90	5 groups (with 8 units)
Bicycles	1959	20.20	72.72	4 units
Cement	1960	45.00	71.90	3 groups
Soap	1957	30.75	69.11	4 ,, (with 8 units)
Superphosphate	1958	14.76	53.04	5 groups
Hydrogenated oil	1958	14.01	47.09	6 units
Paints and varnishes	1957	11.40	45.90	6 ,,
Ceramics	1957	17.29	39.72	4 groups (with 6 units)
Jute textiles	1958	12.29	37.61	4 groups
Matches	1960	60.00	60.00	1 group (with 5 units)
Caustic soda	1958	14.76	28.51	2 groups
Coal	1958	11.09	24.70	3 ,,
Sulphuric acid	1958	16.89	23.72	2 ,,
Cotton textiles (percentage of looms installed)	1958	4.10	11.49	3 ,,
Sugar	1958-59	2.36	4.56	2 units

Commenting on the above figures, the Committee observes:

"It will be seen from the above statement that in the case of 12 out of the 21 industries listed above, the top units claimed a share of more than 50 per cent of production. In four of these cases, one unit claimed more than 50 per cent of production. It is true that in the case of steel and pig iron, there is now substantial production in the public sector, which reduces to a significant extent the share of the top units, as also of the top unit in production. Also, the monopoly or semi-monopoly position enjoyed by a few concerns earlier has been considerably reduced as a result of a steady expansion of the industrial sector during the last decade or so. Thus, for example the A.C.C. in 1951 controlled 64 per cent of the total output of cement; by 1960, its share had declined to 39 per cent and is expected to decline further to 25 per cent by 1965-66. In match industry, W.I.M.C.O. was more or less the sole producer of matches in 1951; as a result of differential excise and encouragement of A, B C and D class of units, the share of W.I.M.C.O. in total output of match industry has been reduced to 60 per cent by 1960. The share of Titaghur Paper in the total output of paper declined from 25 per cent in 1951 to 15 per cent in 1960. The Metal Box Company in 1951 enjoyed almost a monopoly in the matter of containers; in 1960 its share has been reduced to 20 per cent. Hind Cycles accounted for 90 per cent of the output of bicycles in 1951; its share in 1960 declined to about 15 per cent. Soap and *vanaspati*, electric cable manufacturing, aluminium industries, soda ash and other chemicals and several other areas of industry furnish instances of a declining trend in localised industrial concentration with new entrants in various fields of industry. An appreciable measure of such concentration in the private industrial sector, however, still remains. Even in the case of pig iron and finished steel, the fact of concentration remains as far as the private sector is concerned.

"How far the position revealed by this study has justification in terms of economies of scale and what policy measures are required to safeguard the public interest are questions which need detailed study in the case of each industry; what agency should undertake this task, whether departmental or otherwise, is a matter for consideration by Government."

TABLE I—*Number and Paid-up Capital of Non-Government Companies*

(1 lakh = 100,000) (1 crore = 10 million)

Size-class of paid-up capital (Rs. lakhs)	Companies				Paid-up Capital			
	Number		Percentage of total		Amount (Rs. crores)		Percentage of total	
	1951-52	1960-61	1951-52	1960-61	1951-52	1960-61	1951-52	1960-61
Below 5	26,785	22,363	91.8	86.0	202.0	185.1	25.0	14.6
5—50	2,170	3,222	7.4	12.4	337.2	409.7	41.6	32.3
50—100	148	239	0.5	0.9	107.6	157.9	13.3	12.4
100 and above	80	185	0.3	0.7	162.6	517.0	20.1	40.7
All classes	29,183	26,009	100.0	100.0	809.4	1,269.7	100.0	100.0

Source: Department of Company Law Administration (unpublished).

Concentration of Control

The Committee next proceeds to deal with the question of concentration of control, as distinct from ownership, for, according to it, it is control that is significant from the point of view of economic power. But here, as the Committee admits, "it is extremely difficult to obtain light on the concentration of control in the corporate sector without a full and detailed inquiry into the operations of individual companies, such as only a full-time agency, with powers to call for books and examine accounts, could undertake." However, in the absence of such an inquiry, the Committee has given some findings on concentration of economic power through concentration of control in the private corporate sector with the help of rather incomplete data contained in a study by Dr. R. K. Hazari and in some working papers prepared by the Central Statistical Organisation and the Reserve Bank.

Dr. Hazari's study, incidentally, deals with the subject of concentration of control in the structure of the private corporate sector. Twenty leading groups have been selected for his study on the basis of various criteria to yield a cross-section of the corporate sector. These twenty groups had an interest of one kind or another in 983 companies with a share capital of Rs. 236 crores in 1951 and 1,073 companies with a share capital of Rs. 352 crores in 1958. These companies accounted for 29.2 per cent and 32.4 per cent of the share capital of non-Government companies in 1951 and 1958, respectively. While the share capital of the companies controlled by the 20 groups in 1958 stood at Rs. 352 crores, their net physical assets accounted for Rs. 502 crores, net capital stock for Rs. 814 crores and gross capital stock for Rs. 1,102 crores. Their share of net physical assets was 37.0 per cent, of net capital stock 34.7 per cent and of gross capital stock 34.3 per cent. Among these 20 groups, the top four, it has been found, showed a still higher degree of concentration, the companies controlled by these complexes accounting for a share capital of Rs. 147 crores in 1951 and Rs. 225 crores in 1958 or 18.2 per cent and 20.8 per cent respectively, of the share capital of the entire private corporate sector. These figures, according to Dr. Hazari's study, reveal an impressive picture of concentration of economic power in the private corporate sector. But the Mahalanobis report has made the following qualifying observations on Dr. Hazari's findings:

"We have not been able to assess whether and how far the undoubtedly larger *area* of concentration in industry was balanced to any extent by a dilution of the *intensity* of control associated with a decline in the ratio of share capital of the controlled sector owned by the Controlling Interest. Indeed, the procedures and processes of decision-making in the groups and their significance for concentration of economic power would seem to be worth some further exploration for a fuller assessment of the problem. The groups in Indian industry differ in their structure and internal organisation, ranging from the rather loose to the closely knit organisation of the patriarchal type and with varying degrees of customary or formal devolution of powers. Some regard to these factors seems necessary when making use of Dr. Hazari's ratios of concentration."

The Mahalanobis Committee adds that control need not be exercised only through the controlling interests' relative share in the assets of the companies either through ownership or inter-corporate investment. It can also be exercised through managing agents, common directors and similar other forms which enable the controlling group or authority to participate actively in the day-to-day business of such undertakings. According to a paper prepared by the Reserve Bank of India, the managing agents, controlling units with net worth exceeding Rs. 20 crores, controlled 23.0 per cent of net worth of 1,001 companies in 1959, as compared with 15.0 per cent in 1955. The Mahalanobis report continues that, while the reform of Company Law has reduced the role of the managing agents in corporate affairs, within the reduced number of managing agents the tendency is clearly visible of a strengthening

(*Continued on page 950*)

RUMANIAN CHEMICAL PRODUCTS

Technical Inorganic Chemical Products

Carbide, sodium products (soda, caustic soda, sodium bicarbonate, sodium fluorsilicate), chlorine, hydrochloric acid, chloride of lime, calcium chloride, sodium bichromate, silica gel, copper sulphate, carbon black (active and semi active), Soederberg electrode mass.

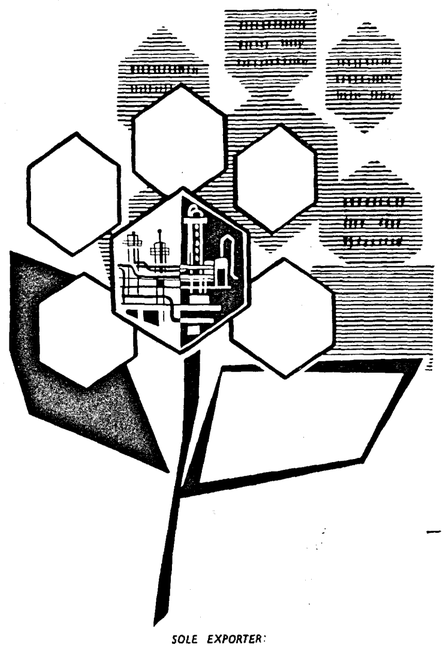
Technical Organic Chemical Products

Acetone, methylene chloride, methanol, organic acids (formic acid, oxalic acid,) aromatic hydrocarbons (toluene, xylenes, ethylbenzene), intermediate products for organic synthesis (phenol, salicylic acid, synthetic fatty acids, aniline, caprolactam) reed and soft wood pulp, chlorinated insecticides, formulated and non-formulated (based on dychlorine-diphenyl-trichlorethane and hexachlorocyclohexane) organic dyestuffs, synthetic rubber of the butadiene-styrene type, regenerated rubber, varnishes and paints, plastics (polyvinyl chloride, polystyrene, phenoplasts, porous aminoplast) synthetic detergents, metallic napthenates, petroleum jelly and paraffin oils, castor-oil.

Pharmaceutical Substances and Preparations

Cosmetic and Perfumery Articles

Salicylic acid, sodium benzoate, acetyssalicylic acid, antibiotics, petroleum jelly, paraffin oil, castor-oil, sodium bicarbonate GEROVITAL H_3 essential oils.



SOLE EXPORTER:

CHIMIMPORT

FOREIGN TRADE STATE COMPANY
BUCHAREST - RUMANIA
10, REPUBLICII BLVD.
TELEPHONE: 16.06.36; TELEX 215 P.O.B. 525
CABLES: CHIMIMPORT - BUCHAREST

asian

PROTECTION FOR SODA ASH

IS ITS CONTINUATION NECESSARY?

VERY rarely does an industry itself plead for the discontinuance of tariff protection. But such a plea has been put forward on behalf of the soda ash industry by the Alkali Manufacturers' Association of India. In a memorandum submitted to the Tariff Commission, which is currently examining the question whether or not protection for the industry should be extended further after 31st December next when it is due to expire, the Association has asked for deprotection with effect from the beginning of 1965. The request is based on three main grounds: one, the industry is enjoying substantial protection through the operation of import control; two, there is little or no likelihood of relaxation of these restrictions in the foreseeable future; and three, indigenous production has been increasing at a rapid rate, with the prospects of self-sufficiency in the near future. The plea for deprotection has, however, been hedged in by two conditions. In the first place, imports should continue to be strictly regulated to fill in the gap between demand and indigenous production. Secondly, the imported soda ash should be sold at prices comparable with those of the domestic product. Incidentally, the prices of soda ash have been decontrolled with effect from *16th December 1963.*

Since the soda ash industry has itself pleaded for withdrawal of protection, one may say that the Tariff Commission need not bother at all about examining the question. But the Commission has to take into account the viewpoints of not merely the manufacturers of soda ash—they number four—but also of the innumerable consumers of this heavy chemical. Soda ash is widely used in the manufacture of glass, bangles, silicate, textiles, paper, chemical caustic soda, bichromate, sodium bicarbonate, aluminium and other miscellaneous items, as well as by *dhobis* and laundries. The glass and bichromates industries use heavy soda ash, while all others use light soda ash. The quantity of soda ash consumed by these industries is now running at an annual rate of about 305,000 tonnes, which is much higher than the actual output of about 257,000 tonnes. The gap is bound to

Progress of Soda Ash Industry At A Glance

(In million tons)

	Capacity	Production	Demand
Actual position in 1950-51 ..	54,000	44,650	115,000
I Plan target fixed for 1955-56 ..	80,000	77,800	155,000
Actual position in 1955-56 ..	90,000	80,000	155,000
II Plan target fixed for 1960-61 ..	253,000	230,000	240,000
Actual position in 1960-61 ..	268,000	145,000	240,000
III Plan target fixed for 1965-66	530,000	450,000	450,000
Actual position expected in 1965-66 ..	352,000*	340,000	450,000
IV Plan target fixed for 1970-71 ..	N.A.	700,000	700,000

* Relates to calendar year 1965. N.A.—Not Available.

be wider still in the coming years, what with the continuously rising demand for soda ash. An idea of the magnitude of demand can be had from the high minimum (tentative) production target of 700,000 tonnes fixed for the last year (1970-71) of the fourth Plan by the Perspective Planning Division of the Planning Commission, a target that represents an increase of over 55 per cent of the anticipated level of production (450,000 tonnes) in 1965-66. The Chairman of the Tariff Commission, Mr. K. R. P. Aiyangar (who, incidentally, will soon be joining the Monopolies Commission), must *have had at the back of his mind* these considerations when, during the public inquiry held at Bombay on Thursday last week, he bluntly asked the soda ash industry the following two questions:

1. You have asked for deprotection. As a responsible industry, do you have the courage to face the consequences of deprotection?

2. Are you in a position to say confidently that, even in the face of stiff competition in the event of deprotection, you will be able to expand steadily, to increase production, to reduce output costs and to meet domestic demand adequately at reasonable lower prices?

One does not think that the soda ash manufacturers are in a position to give categorical affirmative answers to the aforesaid posers. How could they? As already mentioned, they have proceeded on the assumption that imports would be restricted for balance of payments considerations and that, in case this assumption were to be belied, imports should be limited strictly to the extent of shortfall between the supply and demand. There is, as already seen, a wide gap between production and demand and, since the industry is not expected to be in a position to meet the demand even during the next three years, sizable quantities of soda ash will have to be imported in order to relieve the acute shortage. The manufacturers' representatives who were present at the inquiry themselves admitted this fact. Besides inadequate production, output costs are getting rigid, with the result that the selling prices, too, are very high. The remedy lies (a) in augmenting production capacity through establishment of new plants and expansion of existing plants, and (b) in reducing the cost of production through increase in the size of the existing plants to optimum capacity, efficient functioning of plants, setting up of industrial units to utilise distillation wastes, reduction in fuel consumption by using dry lime, lower tax burden, and reduction in costs of transport, packing, etc. Drawing attention to these aspects, Dr. R. Balakrishna, a Member of the Commission, is reported to have expressed surprise at the industry's advocacy of deprotection and added:

"The Commission is not interested in extending protection one day longer. Even in a controlled economy like ours, there is no room for a completely insulated market. The purpose of tariff protection is to regulate the supply of a commodity in relation to output and offtake and to find out its impact on domestic prices and consumers. Domestic output and imports should be equivalent to domestic consumption. If this is not the case and if demand remains unsatisfied, leading to high internal prices, then demand for deprotection should be considered as inconsistent."

The Tariff Commission's view as highlighted by both Mr. Aiyangar and Dr. Balakrishna are neither logical nor convincing. The industry says it does not need protection. The consumers' interest seems to be safe. This is evident from the fact that the Government itself has already removed the price control and that imports are being regulated through the State-owned monopoly, namely, the S.T.C. The industry's assumption that imports will continue to be restricted is more realistic than Mr. Aiyangar's posers to the industry mentioned above. If circumstances change against the industry at a later date, protection can be reintroduced. In any case, even if protection is removed, it will be only in name, for the Government will, as it has done in many cases, simply convert the protective duty into a revenue one, for its hunger for more revenue is insatiable. So, why bother about extending the tariff protection to an industry which does not want it?

Price Disparity Wide

There is, of course, a wide disparity between the prices of Indian and foreign soda ash. The factory sale prices of Indian soda ash (about Rs. 410 to Rs. 435 per metric tonne) are much higher than the imported prices (about Rs. 312 per tonne if imported from Commonwealth and Rs. 345 if imported from *other sources); the latter bear, besides in*surance and freight charges, a fairly high import duty also. Soda ash is at present assessed to a protective duty of Rs. 8.37 per quintal preferential (Rs. 11.32 standard) plus a countervailing excise duty of Rs. 2 per quintal plus an additional duty (surcharge) of 10 per cent of the import duty. But, when the Government decontrolled this commodity towards the close of last year, the assumption was that, with the passage of time, the abolition of price control would lead to an increase in production, which, in turn, would bring about price stability.

Be that as it may, the present enquiry by the Tariff Commission provides an opportunity to one for knowing the up-to-date position of the industry and its problems. Mr. Aiyangar, in his statement, provided a neat survey of the industry. The soda ash industry, it will be recalled, was first accorded tariff protection in 1949. Thanks to protection, the industry has expanded quite considerably. Thus, between 1950-51 and 1963-64, the number of units manufacturing soda ash has risen from two to four, the aggregate annual rated capacity from 54,000 tonnes to 296,800 tonnes and actual production from 44,650 tonnes to about 257,000 tonnes. Nearly 3,300 workers are employed in the four units engaged in the production of soda ash, namely, the Tata Chemicals (Mitapuram), the Dhrangadhra Chemical Works (Dhrangadhra) and Saurashtra Chemicals (Porbandar), all in Gujarat State, and Sahu Chemicals and Fertilisers in U.P. Two of the existing units, according to the Tariff Commission's Chairman, have plans to expand their capacities over the next three years. The implementation of these plans will raise the aggregate capacity of the four units to 352,000 tonnes in 1965, 402,000 tonnes in 1966 and 422,000 tonnes in 1967. In addition, the issue of a licence to a new unit for the establishment of a soda ash plant in Madras with Japanese collaboration is stated to be under the consideration of the Government of India; the daily capacity of this plant is expected to be of the order of 200 tonnes. Meanwhile, the licence to put up a plant in Bombay granted to Messrs. K. B. H. M. D. H. Bhiwandiwalla and Company has been revoked, as the Company was unable to implement the project.

Quality

Besides the expansion of capacity and production, the quality of soda ash (both light and heavy), it is gratifying to hear from Mr. Aiyangar, is satisfactory and, by and large, it conforms to Indian Standards specifications. The producers *claim to have* adopted quality control measures at various stages of production. They also claim to have taken remedial measures whenever complaints were received

Demand for Soda Ash*

(In thousand tonnes)

Consuming Industry	1964	1965	1966	1967
Glass (excl. bangles) ..	75	82	90	105
Bangles	13	14	15	16
Silicate	30	35	40	45
Textile	14	15	16	17
Paper	10	11	12	13
Chemical caustic soda ..	33	33	33	33
Bichromate	7	8	9	10
Sodium bicarbonate ..	6	8	9	11
Aluminium and others ..	16	17	19	19
Dhobis and laundries ..	*100*	*115*	*130*	*150*
Total ..	304	338	373	419
Of which: Heavy soda ash (for glass and bichromates industries)	82	90	99	115
Light soda ash (for the rest)	222	248	274	304

* As assessed by the Alkali Manufacturers Association of India.

by them. Yet, there are, we are told, a few complaints from consumers expressing dissatisfaction with the quality of soda ash and *two of the complaints* are from the glass industry. The defects pointed out relate mainly to low specific gravity of dense soda ash and presence of high-moisture and sodium chloride content and other impurities such as stone and iron.

There is also said to be general satisfaction about the selling arrangements for the indigenous and imported soda ash, though they are a few complaints regarding non-availability of indigenous soda ash and a complaint that some manufacturers have raised their selling prices after the Government announced decontrol of prices in December last. But one company at least, it is said, has reduced its selling price consequent on the abolition of excise duty on carbon-dioxide used in the process of soda ash manufacture.

It may be noted, in this connection, that the Government of India has extended the import policy for soda ash followed in the fiscal year 1963-64 to the current licensing period (April 1964-March 1965) also. Under this policy, imports of light soda ash as well as of natural/synthetic heavy soda ash of a purity not less than 98 per cent Na_2CO_3 are canalised through the State Trading Corporation of India. Licences are also granted to mills, registered cloth processors and exporters of fabrics to import, among other items, soda ash against exports of cotton fabrics. The Director General of Technical Development, in consultation with the Development Council for Alkali and Allied Industries, advises the S.T.C. about the *actual quantities* of soda ash to be imported and reviews the position every six months. Imports of soda ash were 49,235 tonnes valued at Rs. 95.04 lakhs in 1961, 45,326 tonnes valued at Rs. 83.47 lakhs in 1962 and 14,585 tonnes valued at Rs. 25.56 lakhs in 1963. It will be observed that there was a steep fall in imports during 1963. The bulk of imports during 1961 and 1962 were of the dense variety, being 37,918 tonnes and 43,072 tonnes, respectively.

The Tariff Commission has received representations from the industry on certain issues connected with the supply of raw materials. These are: (a) the practice of Railways to demand costly protective measures for railway wagons for bulk movement of salt, otherwise charging higher freight rates; (b) withdrawal of station-to-station freight rates on limestones; and (c) inferior quality of coke and its inadequate supply, etc. Mr. Aiyangar has stated that the Commission will discuss these issues at the appropriate stage of inquiry and try to explore the possibilities of providing reasonable relief to the industry.

CODE OF CONDUCT IN GENERAL INSURANCE

DOES IT MERIT CONTINUATION?

THE move reported to be afoot to relax the Code of Conduct for general insurers is, perhaps, the first ripple of a wave of consequential changes that are likely to come about in general insurance, following the L.I.C.'s entry into the general insurance market. *The object of the proposal is said* to be to counter the challenge posed by the L.I.C.'s decision to transact general insurance business also in competition with the companies in the private sector. The latter, private companies, it may be noted here, are bound by a Code of Conduct evolved in 1951 and voluntarily adopted by the companies in their own interest and the interest of the industry as a whole. The Code enjoins upon the companies to adopt fair business methods, to avoid price competition and to follow certain agreed business practices and procedures so that competition would be healthy and not unfair and wasteful. The Code has been accepted by the majority of companies, though there are a few which have not done so. But the companies not subscribing to the Code account for only less than 10 per cent of the total premium of all the companies taken together. It is true that, with the debut of the L.I.C. into the general insurance field as a non-tariff insurer not bound by the Code of Conduct, the size and importance of that section of companies outside the Code of Conduct has increased enormously. But the L.I.C. has, declared that, though it will operate as a non-tariff insurer, it will not resort to any kind of rate-war nor engage itself in unfair competition. It has stated that, to begin with, the L.I.C. would adopt the same tariff schedule as are used by the tariff companies and that the rates would not be revised until after sufficient experience has been accumulated, so that a realistic rate of premium could be evolved.

This means that, though there is no immediate prospect of a rate-war, there is nothing to prevent the L.I.C. from reducing premium, if, after some time, it is satisfied that its own underwriting experience warrants a reduction in premium. Since the L.I.C. has not accepted the Code of Conduct and it is under no obligation to do so in future, it is not bound by any of the terms or provisions of the Code. The only limitations on its operation would be such provisions of the Indian Insurance Act, 1938, as amended, and the rules framed thereunder, as are applicable to general insurance business as a whole. These are as much applicable to the L.I.C. as to other insurers.

Open Position

In view of the open position of the L.I.C., there is a section of opinion among general insurers which feels that the companies in the private sector should be freed of its fetters, irrespective of whether or not they are self-imposed, so that they can compete among themselves and with the L.I.C. on the basis of complete equality. There is no point, suggest those who share this view, in companies running a race with the L.I.C. when they are saddled with handicaps and obligations, even if these are voluntarily assumed. The race should be one in which all participants are treated equally or no race at all is their stand. This view, however, is not shared by all insurers, especially the smaller companies which fear that, once the restraining effect of the Code of Conduct is removed, the resulting indiscriminate competition would be harmful to them. The assumption behind this line of thinking is that the Code of Conduct and its enforcement machinery have improved the tone of the market, reduced unfair practices and illegal rebating and has exercised a generally healthy influence on the industry. It is claimed that the Code has worked fairly well and brought some tangible benefit to the industry, especially after its administrative machinery has been streamlined and made more effective. Mr. E. Kolet, Chairman of the Executive Committee of the General Insurance Council, which is responsible for enforcing the Code, testified to this claim last week in Bombay. He said that, thanks to the Code, the general insurance market had registered a distinct improvement in the last three years with a marked reduction in procuration and servicing costs. This improvement, according to him, is reflected by the gradual fall in the management expenses of insurance companies, though costs in general had gone up in the country. Insurers, he pointed out, had refrained from making "doubtful appointments," following the stricter enforcement of the Code of Conduct and the appointment of inspectors by the Committee. The evil of illegal rebating had also been checked to a great extent, though not completely eliminated.

That the Code has brought about some improvement in general insurance is not denied even by its critics. What is more important to the point is whether the Code has helped to stimulate the growth of the industry at a pace and in directions necessary for enabling general insurance to play a more dynamic role in the industrialisation of the country. Comparisons are always odious, but looking to the vigour and dynamism of banking, notwithstanding the inter-bank agreements on deposits and advances alike, one cannot help comparing general insurance with banking. The comparison, one must admit, does not reflect well on the former which looks anemic. One, therefore, wonders whether the Code of Conduct has not outlived its utility. In fact, it looks as though general insurance badly needs a doze of healthy competition to shake itself into vigorous growth. And, so long as the Code of Conduct remains, free, open and healthy competition is out of the question. It is true that, under such competition, only the best companies, and not necessarily the biggest companies, can survive because it will then be the case of survival of the fittest. And, if, as a result, some of the inefficient companies, which now survive simply because they can count on what is called "tied-business," goes out of existence or amalgamate to form more efficient and economically viable units it is a development to be devoutly wished for.

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business, which emanates, to a large extent, from leading companies in the United Kingdom and Continent. In this, we have naturally to follow the fortunes of the treaty companies. There have been exceptionally heavy fire losses in those countries during the last two years, with the result that these treaty accounts have resulted in losses during the year under report.

"We have been able to maintain the net premium income in the marine department, which in the present-day conditions, can be considered satisfactory. There was a small reduction in the claim ratio during last year. Competition for cargo business remains keen, making expansion in this field extremely difficult; so also is the case with regard to the retention of existing accounts at anything like economic rates.

"In the accident department, there was a *small rise in the net premium income, in spite* of the fact that we lost our entire portfolio in Ceylon. The motor business continued to be unprofitable. One main reason for the increase in the claim ratio is the expensive third party claims, which fall upon insurance companies, and these are costing the companies far more than was the case till two or three years ago. Whilst no one would wish to deny the right of innocent victims of road accidents to receive fair compensation for their injuries, it would, nevertheless, be most undesirable for damages to be awarded, as though the insurers had unlimited funds. The insurance offices are doing a public service, by providing cover under the Motor Vehicles' Act for compulsory third party liability and this they endeavour to do at the lowest possible cost. Excessive damages can only lead to further increase in premium rates to the motoring public, from whom alone are derived the funds from which these claims have to be met. It is hoped that the revised rates of premium introduced by the Insurance Association of India during the second half of last year will have some effect on the underwriting of the motor insurance business in future.

"As you would have noticed from the accounts, the working of the Company during the last year has resulted in a profit of Rs. 61,383, after making a provision of Rs. 15,000 for staff gratuity account. The fact that we are able to show fairly satisfactory overall results is attributable to our being able to control the expenses and due to the increase in the earnings from our investments."

ALL-INDIA GENERAL INSURANCE

PROGRESS WELL MAINTAINED

THE statement of accounts of the All-India General Insurance Company Ltd. (Secretary: Mr. P. S. Parameswaran, Bombay) for the year ended 31st December 1963, discloses satisfactory results. Despite a slight decline in premium income and higher expenses, the Company was able to maintain the net profit at about the same level as in 1962, which, it may be noted, was a favourable year. But the results would have been worse had not the management rigorously controlled the expenses, which, nevertheless, exceeded last year's level of Rs. 8.77 lakhs and amounted to Rs. 9.64 lakhs. The effect of higher expenses on the overall profit position was lessened, to some extent, by the higher earnings from investment.

A noteworthy feature of departmental working during the year is the substantial reduction in underwriting losses in the marine and miscellaneous departments. Thus, the underwriting loss in the marine department during the year was only Rs. 58,866, as against Rs. 1.23 lakh in 1962. Similarly, it was lower at Rs. 69,822 in the miscellaneous department, as against Rs. 1.18 lakh in the previous year. If this trend is maintained both the marine and miscellaneous accounts may turn amber during the current year and may well show a profit in the near future.

Less encouraging, however, is the trend in the fire department which recorded a decline in underwriting profit from Rs. 2.63 lakhs in 1962 to Rs. 1.36 lakh during the year under review. The higher claims, especially in respect of treaty reinsurances which originate mostly from companies in the U.K. and the Continent whose experience had been adverse, are largely responsible for the lower profit in the fire department, the only account to show a surplus.

The net profit for the year aggregated Rs. 61,383, as against Rs. 66,965 in the previous year. The dividend has been maintained at last year's level of 40 nP per share of Rs. 8 paid-up which works out to 5 per cent per annum.

The following table sums up the results of the Company for the year under review, with figures for two previous years given alongside for purposes of comparison:

(In lakhs of rupees)

	Year ended 31st December		
	1963	1962	1961
Fire:			
Net Premium	11.74	12.41	11.74
Claims	6.56	4.47	4.15
Commission and Expenses ..	4.24	5.07	5.32
Fire Fund	5.87	6.21	5.87
Marine:			
Net Premium	1.42	1.40	1.02
Claims	1.39	1.63	1.02
Commission and Expenses ..	0.61	0.64	0.43
Marine Fund	1.42	1.40	1.02
Miscellaneous:			
Net Premium	10.50	10.39	9.27
Claims	6.35	5.08	4.99
Commission and Expenses ..	4.88	5.11	4.56
Miscellaneous Fund	5.25	5.19	4.63
Net profit	0.61	0.67	0.13
Dividend	0.50 (5%)	0.60 (5%)	Nil (..)
Carry forward	0.66	0.74	0.67

The main features of the Company's working during the year were highlighted by Mr. Ramnath A. Podar, Chairman, in his speech at the Twentieth Annual General Meeting of the shareholders of the Company held at Bombay on Friday, 22nd May 1964. Some of the more relevant observations made by Mr. Podar in his speech are reproduced below:

"The total gross Indian and foreign premium income written by the Company amounted to Rs. 28,94,128, as against Rs. 30,68,061 in 1962. The fall in the premium is mainly due to the fact that, during the year under report, we stopped writing business in Ceylon, consequent upon nationalisation of general insurance in that country. The total expenses of management incurred last year was Rs. 8,77,068, as against Rs. 9,63,862 in the previous year. It had been a difficult task to keep the expenses under control, especially at a time when there is a tendency for a continuous all-round increase in costs.

"Turning now to the working of the individual departments, the net premium income in the fire department shows a small decrease when compared to the previous year. The claim experience in this department in regard to both Indian and foreign business was less favourable during the year under report. Major portion of this unfavourable claim experience was in respect of treaty reinsurance

(Continued in previous column)

B.I.C.'S PERFORMANCE ENCOURAGING

HANDSOME INCREASE IN DIVIDEND

A FURTHER substantial improvement both in sales realisation and profit has been reported by the British India Corporation Ltd. (Chairman: Mr. Satish Chandra, Kanpur) in respect of the year ended 30th December 1963, notwithstanding the continued upward thrust of costs. Sale proceeds at Rs. 12.88 crores are 38.8 per cent higher than the previous year's level of Rs. 9.28 crores. The gross profit is up by as much as Rs. 86.04 lakhs to what appears a record level of Rs. 231.41 lakhs. The profit-margin (ratio of gross profit to sales) has, therefore, undergone an improvement from 15.7 per cent to 18.4 per cent. Although the essential provisions are correspondingly larger—that for depreciation at Rs. 9.37 lakhs as against Rs. 8.62 lakhs and for taxation at Rs. 133.00 lakhs as compared with only Rs. 77.54 lakhs for the year before—the net profit still stands improved by almost Rs. 30.00 lakhs at Rs. 89.04 lakhs. This betterment has not only enabled the Directors to increase the plough-back from Rs. 20.88 lakhs to Rs. 38.49 lakhs but also to step up the ordinary dividend by six points to 15 per cent, subject to deduction of tax. As will be seen from the following comparative table, this is the third successive increase since the Corporation commenced paying a dividend in 1959:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sale proceeds (gross)	12,88.20	928.07	781.91	785.89
Other income	22.82	22.34	20.77	10.94
Closing stocks	342.63	284.82	234.64	206.45
Materials, stores, spares etc. consumed	637.42	457.41	381.80	352.27
Excise duty	122.75	69.21	51.51	49.40
Finished products purchased	14.56	11.64	11.50	13.47
Staff expenses	234.21	196.13	170.42	157.07
Other expenses	128.48	120.83	100.48	98.11
Gross profit	231.41	145.37	115.15	98.93
Provision for—				
Depreciation	9.37	8.62	8.50	7.40
Taxation	133.00	77.54	48.00	48.00
Net profit	89.04	59.21	58.65	45.53
Provisions written back	4.81	1.65	2.27	0.10
Miscellaneous write-offs	0.40	3.70	1.58	7.61
Transfer to reserves	38.49	20.88	27.29	20.00
Dividends				
Preference	8.42	8.42	8.42	16.85*
Ordinary	48.75 (15%)	29.25 (9%)	22.75 (7%)	13.00 (4%)
Carry forward	0.23	2.53	3.92	3.34

Market price of ordinary shares (in rupees)	1964	1963	1962	1961	1960
High	9.80	9.20	12.24	10.60	8.37
Low	8.80	6.76	8.76	6.76	5.44

* For the years 1959 and 1960.

Working results of the Corporation's woollen branches—the New Egerton Woollen Mills at Dhariwal and the Cawnpore Woollen Mills—were quite satisfactory. The scheme of rehabilitation and modernisation initiated during the preceding year continued to engage the attention of the Directors during the year and valuable import licences and consignment of machinery thereunder were received by the Corporation in 1963 and thereafter. The working of the leather branches, namely, Cooper Allen and the North West Tannery also showed welcome improvement during 1963 as compared with the preceding year. The question of extending the scope of activities of these branches is said to be under the Directors' consideration.

The Company has four subsidiaries, namely, Elgin Mills Company Ltd., the Cawnpore Textiles Ltd., the Calico Processors Ltd., and Brushware Ltd. During the year ended 30th September 1963, Elgin Mills recorded a higher turnover of Rs. 722.55 lakhs as against Rs. 630.67 lakhs during the preceding year but its net profit declined from Rs. 32.42 lakhs to Rs. 18.89 lakhs. The dividend, nevertheless, was maintained at Re. 1.75 per ordinary share of Rs. 10.00 each. The decrease in profit was attributed by the Directors to the considerable increase in the prices of cotton, higher labour cost and general rise in prices of all stores as also to the fact that the prices obtainable for finished goods could not be increased due to voluntary price control on cotton textiles. Notwithstanding this, the programme of renovation and modernisation of the mills continued and the work connected with the installation of 12,000 additional spindles progressed satisfactorily. The Directors of Calico Processors reported that the contemplated voluntary liquidation of the Company was kept pending till such time as the actual loss in respect of the loan to Shree Madhav Mills Ltd.—also in liquidation—could be determined. The final winding up of this latter company has not yet been completed. The sale proceeds of Cawnpore Textiles Ltd. during 1963 improved somewhat from Rs. 163.55 lakhs to Rs. 186.89 lakhs but its net profit decreased from Rs. 5.99 lakhs to Rs. 4.65 lakhs. The Company, however, paid the same dividend as during the previous year, that is, 10 per cent per annum. The implementation of the programme of renovation and modernisation of the mills continued and a licence was received for the installation of additional 12,500 spindles. Working results of Brushwares Ltd. for the year ended 30th November 1963 were highly satisfactory. The turnover rose sharply from Rs. 6.15 lakhs to Rs. 11.01 lakhs and the profit after taxation from Rs. 21,717 to Rs. 73,332. The dividend, nevertheless, was maintained at eight per cent subject to deduction of tax.

The B.I. Corporation's paid-up share capital continues to stand unchanged at Rs. 406.72 lakhs, of which Rs. 81.00 lakhs are in 8 per cent cumulative preference shares of Rs. 100.00 each and the balance, that is, Rs. 325.72 lakhs in ordinary shares of Rs. 5.00 each. The reserves, on the other hand, have advanced from Rs. 222.19 lakhs to Rs. 260.39 lakhs. Secured loans too have risen from Rs. 226.18 lakhs to Rs. 304.42 lakhs and current liabilities and provisions from Rs. 207.27 lakhs to Rs. 291.06 lakhs but both these put together are very adequately covered by current assets, loans and advances aggregating Rs. 1023.36 lakhs. Investments continue to stand at Rs. 145.96 lakhs but the net block is higher at Rs. 70.89 lakhs, consequent upon the increase of Rs. 13.25 lakhs to Rs. 330.38 lakhs in the gross block. The value of the capital work-in-progress is also substantially higher at Rs. 21.82 lakhs, as against Rs. 4.82 lakhs a year ago.

The Rs. 5.00 paid ordinary shares of the Corporation are currently quoted at Rs. 9.62 *cum-div.* On the *ex-div.* price, the net annual return on fresh investment in this scrip works out to a little over 6.6 per cent per annum.

VIBGYOR LIMITED

Vibgyor Limited, which was converted recently into a public limited company with an authorised capital of Rs. 50 lakhs, is issuing to the public 14,890 equity shares of Rs. 100 each, in addition to the 15,110 shares already subscribed or proposed to be subscribed by the Directors and their friends. The subscription list will open on Monday, 8th June next. The public issue has been underwritten to the extent of Rs. 12.75 lakhs by three parties.

The Company has been specialising in all kinds of civil engineering and construction works, as painting specialists, interior decorators, etc. There has been a considerable expansion of its activities in recent years and it is, therefore, considered advisable to provide an adequate capital base for the Company with public participation. Besides, subject to permission from the appropriate authorities, the Company also proposes to set up, in due course, a well equipped unit for fabricating its requirements of steel structures and manufacturing ancillary equipment.

The Company has on hand jobs of the value of Rs. 190 lakhs covering power stations, development of ports, irrigation and housing projects. Another contract worth Rs. 118 lakhs is expected to be finalised shortly.

The Company has paid a dividend of 8 per cent on ordinary shares of Rs. 100 for the year ended March 1963, as against the dividend of 7 per cent distributed for 1961-62 and 3.5 per cent for 1960-61. The Chairman of the Board of Directors is Maharaja Fatesinghrao P. Gaekwad of Baroda.

(*Concluded from next column*)

Ex-Im Bank for the expansion scheme. A separate company, Renusagar Power Company Ltd., which will be a wholly subsidiary of the Company, is being formed to run this power plant. It will have an authorised capital of Rs. 5 crores. It will issue initially 350,000 equity shares of Rs. 100 each, which the Company proposes to subscribe for wholly.

The Company's paid-up capital of Rs. 849.25 lakhs comprises Rs. 249.70 lakhs in 9 per cent redeemable cumulative preference shares of Rs. 100 each and the rest in 10-rupee equity shares. Borrowings aggregate Rs. 915.49 lakhs, of which Rs. 627.32 lakhs (Rs. 614.28 lakhs a year before) represent Ex-Im Bank loans and Rs. 288.17 lakhs (Rs. 337.15 lakhs) short-term borrowings. These short-term loans and current liabilities and provisions bring the immediate liability to outsiders to Rs. 396.34 lakhs. As against this, current assets and book debts are shown at Rs. 416.48 lakhs and investments at Rs. 15.20 lakhs. The gross block has expanded during the year from Rs. 14.59 crores to Rs. 14.83 crores. It has been written down to a net block of Rs. 11.33 lakhs and together with work-in-progress shown at Rs. 12.13 crores. In addition to the accumulated debit balance of Rs. 190.68 lakhs, the Company has to write off miscellaneous expenditure of Rs. 39.14 lakhs.

At the end of the year under review, the Company had 15,481 equity shareholders and 1,917 preference shareholders. Of the total equity shareholders, 11,468 persons held 11 to 100 shares each, with 6,155 out of them holding 51 to 100 shares each, whereas only 12 owned one to ten shares and 197 held 1,001 and more shares. A number of large financial and banking institutions are members of the Company.

HINDUSTAN ALUMINIUM REACHES CAPACITY

EXPANSION UNDER WAY

DURING the first year—the year ended 31st December 1963—of full operation of its plant which was started in May 1962, the five-year old Hindustan Aluminium Corporation Ltd. [Managing Agents: Messrs. Birla Gwalior (Private) Ltd., Calcutta] has made very satisfactory progress. It has produced 22,138 tonnes of primary metal, thus exceeding the plant's rated capacity of 20,000 tonnes. Naturally, it has negotiated during the year arrangements for trebling the capacity under a licence already obtained. Despite some initial teething troubles in the working of the alumina plant, the production of alumina has reached 39,040 tonnes, against the rated capacity of 42,000 tonnes. The Directors believe that this could be better. Sales of the Company's products have amounted to 19,799 tonnes, with difficulties in sales of ingots having been got over by obtaining permission from the Government to export metal and import the same in fabricated form. Consequently, stocks during the year are said to have not risen.

The financial results show a more than threefold rise in sales from Rs. 202.43 lakhs to Rs. 707.55 lakhs, with stocks of finished goods at the close of the year amounting to Rs. 89.32 lakhs, as against Rs. 66.01 lakhs a year before. The year has closed with a gross profit of Rs. 200.38 lakhs (as against a loss of Rs. 42.72 lakhs in the previous year), after allowing Rs. 230.73 lakhs (Rs. 184.20 lakhs) for raw materials consumed, Rs. 20.23 lakhs (Rs. 11.69 lakhs) for stores and spares consumed, Rs. 83.28 lakhs (Rs. 41.04 lakhs) for power and fuel, Rs. 45.24 lakhs (Rs. 26.95 lakhs) for staff expenses, Rs. 65.59 lakhs (Rs. 49.26 lakhs) for interest and guarantee commission on loans and Rs. 90.51 lakhs (Rs. 65.04 lakhs) for other expenses. Out of this profit, Rs. 195.22 lakhs (Rs. 156.40 lakhs) have been provided for depreciation, Rs. 1.27 lakh (Rs. 2,848) for previous years' taxation and Rs. 50,000 for Managing Agents' minimum commission, leaving a surplus of Rs. 3.39 lakhs. This surplus has gone to reduce the net loss brought in from the previous year to Rs. 190.68 lakhs, which has been carried to the balance-sheet.

Evidently, the year's results suggest that the Company has got off pretty well, especially when the odds in a highly capital-intensive industry like aluminium are quite heavy. Against its plans for fabrication, one Properzi continuous casting and rolling mill for the manufacture of redraw rods was received in November 1963 and has since been put into operation. Even though some of the ancillary equipment ordered from the U.S. is yet to arrive, the quality and production of E.C. rods are satisfactory. Other major equipments for fabrication have not yet arrived, because the loan from the Ex-Im Bank could be cleared only towards the end of October 1963. Although the civil construction work is well under way, the Company has to wait for the arrival of the major fabrication equipment, namely, the rolling mills and the extrusion press with their ancillary equipments. The deliveries are being expedited and it is expected that most of the equipments will be installed and put into operation before the end of 1964.

The earlier proposal to expand the primary aluminium capacity by 30,000 tonnes was amended to 40,000 tonnes on the advice of technical consultants. The Government has granted the necessary licence. The Company approached the Ex-Im Bank for financing the foreign exchange requirements of the first phase of the expansion programme and has succeeded in obtaining a favourable initial reaction. Agreement has been reached with Kaiser Engineers for providing engineering and construction facilities for the expansion programme and it has been approved by the Government. The sanction for the issue of further equity capital has been obtained, but no action is considered necessary in this regard for the time being.

For setting up a thermal plant to meet the additional power requirements for the expansion programme, provisional orders have been placed for two generating units of 67.9 MW. each with International General Electric Company of New York against long-term suppliers' credit. The terms of the order have been approved by the Government, but the finalisation of the contract is pending clearance from the

(*Continued in previous column*)

G.K.W. MAKES FURTHER HEADWAY

DIVIDEND LOWER, BUT ON HIGHER CAPITAL

"DURING 1963, there was difficulty in obtaining adequate supplies of quality billets and deliveries from main producers were irregular. Production recorded an increase over the 1962 level, but this has resulted in a reduction in the stocks of raw materials at the end of the period under review." These are the few words in which the Directors of Guest, Keen, Williams, Ltd. (Managing Director: Mr. W. Morrice, Calcutta) describe the Company's physical performance in 1963. Indeed, they say less, but suggest much more. No management will run a company at a higher level of production in the face of difficulty about raw material supply, unless when such a proposition is found worth the risk of depleting the stocks of raw material on hand. For G.K.W., it has proved something more than merely worthwhile. For, with the higher production indicating increasing market at favourable prices, the Company has made further headway during the year.

Sales have recorded yet another three-crore jump from Rs. 13.06 crores to Rs. 16.37 crores, representing an increase of 25.4 per cent. Gross profit, up from Rs. 155.69 lakhs to Rs. 184.83 lakhs in the previous year, has shot up by 49.2 per cent to Rs. 276.32 lakhs. Profit before tax amounting to Rs. 215.40 lakhs (Rs. 130.38 lakhs a year before), as shown in the published accounts, stands, as a ratio to turnover, 3.2 per cent higher at 13.2 per cent. Actual provision for depreciation amounts to Rs. 51.14 lakhs (Rs. 51.19 lakhs in the previous year), but this pre-tax profit is arrived at after deducting from gross profit the transfer to additional depreciation reserve of Rs. 7.75 lakhs (Rs. 6.08 lakhs).

Normal taxation, as per the Finance Act 1964 and including tax on dividends declared during the year but not Sur tax as the profit is not expected to attract any liability, has increased from Rs. 55.60 lakhs to Rs. 110.25 lakhs. A further liability of Rs. 26.34 lakhs has arisen following the one-for-two bonus share issue during the year. Thus, the total tax provision works out to Rs. 136.59 lakhs. Because of this heavy tax liability, the net profit shows an increase of only Rs. 10.55 lakhs to Rs. 88.59 lakhs. Out of this again, Rs. 6.77 lakhs (Rs. 11.78 lakhs in the previous year) have been set apart for tax reserves. A sum of Rs. 7.75 lakhs (Rs. 6.08 lakhs) has been carried to additional depreciation reserve and another Rs. 6.93 lakhs (Rs. 5.55 lakhs) has been credited to development rebate reserve. The transfer to debenture sinking fund is practically the same at Rs. 5.05 lakhs and the general reserve has got Rs. 3.64 lakhs which is the surplus after providing for the dividend. The dividend on the 10-rupee ordinary shares has been reduced by two points to 12 per cent per annum, the entire cut having come in the final dividend of 6 per cent, as against 8 per cent a year before, which is, however, payable on the increased paid-up capital of Rs. 632.19 lakhs following the bonus issue during the year.

The following comparative table gives a clear idea of the Company's working in the past four years:

(In lakhs of rupees)

	For the 52 weeks ended			
	28-12-63	29-12-62	30-12-61	31-12-60
Sale proceeds	16,37.49	13,06.10	10,65.88	966.63
Stocks of finished products and agency goods	125.50	130.09	93.31	64.24
Other income	37.07	30.10	41.01	28.62
Materials and stores consumed	869.63	753.04	670.48	502.54
Staff expenses	249.63	225.32	211.60	187.11
Other expenses	274.39	209.95	172.43	177.16
Gross profit	276.32	184.83	155.69	133.16
Provision for—				
Depreciation	51.14	51.19	45.21	39.84
Taxation	136.59	55.60	30.50	18.40
Net profit	88.59	78.04	79.98	74.92
Adjustments relating to previous years (+) or (—)	—1.11	+0.22	+1.10	+4.87
Transfer from reserves	5.97	6.15	11.24	6.03
To tax reserves	6.77	11.78	10.69	7.66
,, additional depreciation reserve	7.75	6.68	6.22	5.59
,, general reserve	3.64	..	..	..
,, development rebate reserve	6.93	5.55	12.21	24.57
,, debenture sinking fund	5.05	5.00	5.00	..
Dividend	63.22 (12%)	56.00 (14%)	56.00 (14%)	48.00 (16%)
Carry forward	Nil	Nil	Nil	Nil

Equity shares' market value (In rupees):	1964	1963	1962	1961	1960
High	28.00	43.25*	47.00	48.50	53.25
Low	23.50	25.94	34.87	36.00	36.75

* Before issue of bonus shares in the ratio of one for two.

It will be seen from the table above that, besides favourable market conditions, a limited increase in costs is an equally important factor for the marked rise in gross profit. The cost of materials and stores consumed has gone up from Rs. 753.04 lakhs to Rs. 869.63 lakhs due largely to the higher level of production attained during the year. The increase of about Rs. 24 lakhs to Rs. 249.63 lakhs in staff expenses has apparently followed the increase in the number of employees from 8,127 to 8,501 during the year. The rather much pronounced rise in other expenses from Rs. 209.95 lakhs to Rs. 274.39 lakhs has been shared largely by three items: power and fuel Rs. 63.38 lakhs (Rs. 51.86 lakhs in the previous year), repairs and maintenance of plant and machinery Rs. 68.47 lakhs (Rs. 54.57 lakhs) and technical aid fee and royalty Rs. 30.21 lakhs (Rs. 17.19 lakhs). The failure of net profit to share fully the improvement in gross profit is explained, as noted before, by the bonus share issue which has also caused a reduction in the rate of dividend, though not in the aggregate amount distributed to shareholders.

The wholly-owned subsidiary, Sankey Electrical Stampings Ltd., has experienced an increase in turnover from Rs. 588.12 lakhs to Rs. 616.31 lakhs, but not in gross profit which has declined from Rs. 88.41 lakhs to Rs. 75.69 lakhs. The dividend has been halved to Rs. 5 per share and it has brought to the holding company Rs. 6.09 lakhs, as against Rs. 12.17 lakhs in the previous year. The improvement in sales has been largely derived from products covered by the diversification programme consisting of press-work for textile machinery, automobile and other industries. G.K.W. advanced a further loan of Rs. 50 lakhs to finance the development programme. Effective from the close of business on 28th December 1963, the subsidiary has been amalgamated with G.K.W.

A consequential change for G.K.W. from this amalgamation is the proposed election of Messrs. A. H. Sethna, N. R. Banerjee, R. B. Ritchie and J. M. Leighton to its Board which is required to be strengthened, in view of its increasing activities following the implementation of its expansion and development programmes.

G.K.W.'s "own" funds at the end of the period under review amount to Rs. 11.44 crores, of which Rs. 6.32 crores represent the share capital and the balance reserves. As against this, the gross block stands at Rs. 10.12 crores (Rs. 9.78 crores a year before) and is written down by more than a third of the cost to Rs. 6.28 crores. Including capital work-in-progress, the net block is shown at Rs. 6.69 crores. During the year, the debenture sinking fund was utilised to purchase from the market and cancel Rs. 10.25 lakhs of the Company's 6.5 per cent Rs. 150 lakhs 1966-71 debenture-stock which now stands reduced to Rs. 139.75 lakhs. Secured bank loans have receded from Rs. 245.01 lakhs to Rs. 202.60 lakhs, but current liabilities and provisions make a bigger total of Rs. 388.77 lakhs as compared with Rs. 295.87 lakhs a year before, bringing the aggregate indebtedness to outsiders to Rs. 591.37 lakhs, as against Rs. 540.88 lakhs at the end of the previous year. This liability is, however, amply covered by current assets, loans and advances aggregating Rs. 955.56 lakhs and investments shown at cost at Rs. 250.92 lakhs.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 23.69 *cum-div.* (final) and offer a net yield of 4.1 per cent per annum.

(*Concluded from next column*)

cularly from Pakistan, Hong Kong and Japan, which have the advantage of cheap cotton and modern machinery.

The Company's paid-up capital, unchanged at Rs. 73.21 lakhs in 100-rupee equity shares, is backed by reserves and surplus amounting to Rs. 85.42 lakhs (excluding Rs. 10.26 lakhs under dividend reserve required for meeting the year's dividend liability). The Company has a debenture liability of Rs. 40.03 lakhs and has raised unsecured loans of Rs. 1.50 lakh. These unsecured loans and current liabilities and provisions (including the year's dividend liability) account for a total short-term indebtedness of Rs. 78.12 lakhs, as against which current assets, book debts and investments aggregate Rs. 177.80 lakhs. The gross block of Rs. 243.52 lakhs (Rs. 237.33 lakhs a year before) has been written down to a net value of Rs. 93.86 lakhs and, together with work-in-progress, the net block stands at Rs. 99.09 lakhs.

Currently quoted at Rs. 180 *cum-div.*, the Rs. 100 fully paid ordinary shares offer a net yield of 6.6 per cent per annum.

GOKAK BENEFITS FROM HIGHER YARN PRICES

CUT IN RETURN PARTLY RESTORED

THE partial upward revision of cotton yarn prices for only counts up to 40s (those for counts above 40s were actually reduced) in February 1963 has benefited the Gokak Mills Ltd. (Managing Agents: Messrs. Forbes Forbes Campbell and Company Ltd., Bombay), as the bulk of its production is in counts under 40s. Consequently, the Company's gross profit has gone up from Rs. 58.31 lakhs to Rs. 63.59 lakhs during the past calendar year, in contrast to the sharp setback of Rs. 17.10 lakhs suffered in the previous year. The recovery, no doubt, looks small, considering that sale proceeds of yarn and waste, which had experienced only a slight improvement of about Rs. 8 lakhs in the previous year as compared with as much as Rs. 37 lakhs in the year before, have increased again substantially by nearly half a crore, from Rs. 430.91 lakhs to Rs. 481.55 lakhs. But this is due to the considerable increases in costs, particularly in the prices of raw materials following the upward revision of the ceiling prices of cotton by approximately Rs. 125 per candy. Increases took place in wages and stores also and, from 1st December 1963, the Company's contribution to the provident fund for labour and staff was raised to 8 per cent of salary—wages *plus* dearness allowance. As a result of these increases, the cost of raw materials and stores consumed has gone up from Rs. 287.47 lakhs to Rs. 330.80 lakhs and staff expenses have added Rs. 2.26 lakhs to Rs. 72.56 lakhs on top of more than Rs. 3 lakhs in the previous year.

In spite of higher costs, the return to normal growth in sales has been reflected to some extent in profit as well. And it is this restoration, though partial, of the normal sales-profit relations that seems to have prompted the Directors to return to the 14 per cent rate of dividend on the 100-rupee ordinary shares, after it was reduced to 12 per cent in the previous year. But, since the return to shareholders in 1961 also included a 4 per cent bonus, which had been dropped altogether in 1962, this restores only one-third of the 6 per cent cut imposed in the total return in 1962.

The net profit for the year shows an increase of only Rs. 1.53 lakh to Rs. 21.26 lakhs, because the tax provision has gone up by no less than Rs. 4.25 lakhs to Rs. 24.25 lakhs. No provision has been made for Sur Tax for the year, estimated at Rs. 2.90 lakhs, and for the tax on the year's dividend, estimated at Rs. 65,900. But these liabilities are to be covered out of the contingency reserve to which Rs. 3.56 lakhs are transferred out of the year's profit. No provision has been made for triple shift depreciation (estimated amount Rs. 3.87 lakhs) for the year as recently proposed to be allowed under the Finance Act, 1964. In addition to Rs. 3.56 lakhs credited to the contingency reserve, Rs. 5.82 lakhs have been carried to the general reserve and Rs. 15,000 to the staff gratuity reserve, bringing the total profit so appropriated to Rs. 10.42 lakhs, as against Rs. 9.22 lakhs a year before. The dividend liability is to be met from a dividend reserve of Rs. 10.26 lakhs created out of the year's profit.

The following table compares the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sale of yarn and waste	481.55	430.91	422.36	385.17
Other income	14.59	13.70	6.54	5.19
Closing stocks	38.89	36.45	38.74	25.13
Raw materials, stores and spare gear consumed	330.80	287.47	277.78	272.31
Staff expenses	72.56	70.30	66.86	65.62
Other expenses	31.63	25.84	21.46	24.29
Gross profit	63.59	58.31	75.41	43.19
Managing Agents' commission	4.81	4.28	5.84	2.47
Provision for—				
Depreciation	13.27	14.30	15.14	15.64
Taxation	24.25	20.00	22.25	..
Net profit	21.26	10.73	32.18	25.08
Provisions written back	1.34	0.04	0.80	..
Expense items relating to past years	1.01	2.86	2.72	..
To reserves	10.42	9.22	18.37	18.05
Dividend	10.26 (14%)	8.80 (12%)	11.89 (D.14% +E.4%)	6.83 (14%)
Carry forward	0.01	..	0.21	0.21

Market price of ordinary shares (In rupees):	1964	1963	1962	1961	1960
High	190.50	189.00	238.00	210.50	187.50
Low	169.00	151.00	174.00	164.00	135.00

During the year, extensive renovations were carried out to the Mills' spinning plants. The winding and doubling sections were also extended. Exports increased. But the Directors state that competition is increasing, parti-

(*Continued in previous column*)

Notices

INDUSTRIAL INVESTMENT TRUST LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Thirty-first Annual General Meeting of Industrial Investment Trust Limited will be held at the Registered Office of the Company at 61, Apollo Street, Fort, Bombay, on Friday, the 26th day of June, 1964, at 4 p.m. (S.T.), to transact the following business:—

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Statements of Accounts for the year ended 31st December, 1963.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Arvind N. Mafatlal who retires by rotation and being eligible for re-appointment offers himself for re-election.
4. To appoint a Director in place of Mr. Nawal S. Phatarphekar who retires by rotation and being eligible for re-appointment offers himself for re-election.
5. To appoint a Director in place of Mr. C. H. Campbell who retires by rotation and being eligible for re-appointment offers himself for re-election.
6. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

7. To consider and, if thought fit, to pass the following Resolution as a Special Resolution:—

"RESOLVED that the Articles of Association of the Company be amended as under:—

(i) The present Articles 19, 20 and 21 be deleted and the following Articles be substituted therefor respectively:—

19. *"Share Certificates.*—(*a*) Every Member or allottee of shares shall be entitled, without payment, to receive one certificate specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letters of acceptance or of renunciation, or in cases of issue of bonus shares.

Every such certificate shall be issued under the Seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered Power of Attorney and the Secretary or some other person appointed by the Board for the purpose, and the two Directors or their attorneys and the Secretary or other person shall sign the share certificate; provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than the Managing Director, if any, or a wholetime Director, if any. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupee one. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued, indicating the date of issue.

(*b*) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp, provided that the Directors shall be responsible for the safe custody of such machine, equipment or other material used for the purpose."

20. *"Delivery of Share Certificates.*—Any two or more joint allottees of a share shall, for the purpose of this Article, be treated as a single Member, and the certificate of any share, which may be the subject of joint ownership, may be delivered to any one of such joint owners on behalf of all of them. The Company shall comply with the provisions of Section 113 of the Act."

21. *"Issue of New Share Certificates.*—(*a*) No certificates of any share or shares shall be issued either in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the cages on the reverse for recording transfers have been fully utilised unless the certificate in lieu of which it is issued is surrendered to the Company. The Company shall be entitled to charge such fee, not exceeding Rupee one per certificate, for any certificate issued on splitting or consolidation of share certificates or for any replacement of share certificates that are defaced or torn as the Board thinks fit, provided that no fee shall be charged for issuing new certificates in replacement of those which are old, decrepit or worn out or where the cages on the reverse for recording transfers have been fully utilised, or for issuing new certificates in denominations of the market unit of trading on sub-division or consolidation of the old certificates.

(*b*) When a new share certificate has been issued in pursuance of clause (*a*) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is 'Issued in lieu of share certificate No. sub-divided/replaced/on consolidation of shares.'

(*c*) If a share certificate is lost or destroyed, a new certificate in lieu thereof shall be issued only with the prior consent of the Board and on payment of such fee, not exceeding Rupee one as the Board may from time to time fix, and on such terms, if any, as to evidence and indemnity as to payment of out-of-pocket expenses incurred by the Company in investigating evidence as the Board thinks fit.

(*d*) When a new share certificate has been issued in pursuance of clause (*c*) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is 'duplicate issued in lieu of share certificate No. .' The word 'duplicate' shall be stamped or punched in bold letters across the face of the share certificate.

(*e*) Where a new share certificate has been issued in pursuance of clause (*a*) or clause (*c*) of this Article, the particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificate indicating against the name of the persons to whom the certificate is issued, the number and date of issue of share certificate in lieu of which the new certificate is issued, and the necessary changes indicated in the Register of Members by suitable cross reference in the 'Remarks' column.

(*f*) All blank forms to be used for issue of share certificates shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively machine-numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or such other person as the Board may appoint for the purpose, and the Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board.

(*g*) The Managing Director of the Company for the time being or, if the Company has no Managing Director, every Director of the Company shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates except the blank forms of share certificate referred to in clause (*f*).

(*h*) All books referred to in clause (*g*) shall be preserved in good order permanently."

(ii) The present Article 52 be deleted and the following Article be substituted therefor:—

"No fee payable on transfer or transmission.—No fee shall be payable to the Company in respect of the transfer or transmission of any shares in the Company.

(iii) All the provisions of the present Article 195 after the first sentence thereof, beginning with the word "Provided" and ending with the word "control" be deleted.

(iv) The present Article 196 be deleted.

***Notice* is also hereby given that the Transfer Books of the Company will remain closed from Saturday the 30th day of May, 1964 to Saturday the 20th day of June, 1964, both days inclusive.**

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.

By Order of the Board,
KISHORE M. PREMCHAND,
Director.

Registered Office:
61, APOLLO STREET,
FORT, BOMBAY, *dated 15th day of May,* 1964.

Notes:—1. The dividend when declared will be made payable at the State Bank of India, Bombay, on and after the 29th day of June, 1964. The dividend warrants will be posted to those shareholders whose names stand on the register on the 20th day of June, 1964.

2. Change of address, if any, should be notified to the Company immediately.

A copy of this notice and the Explanatory Statement required to be annexed thereto are being circulated to the Members.

TEXTILE MACHINERY CORPORATION LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Twenty-fourth Annual General Meeting of TEXTILE MACHINERY CORPORATION LIMITED will be held on Thursday, the 25th June, 1964, at 4 p.m. at the Registered Office of the Company at Belgharia, 24 Parganas, West Bengal, to transact the following business:—

1. To receive and consider the Report of the Directors, and to adopt the Audited Accounts of the Company for the year ended 31st December, 1963.
2. To declare dividend on Preference and Equity Shares.
3. To appoint Directors in place of Shri D. N. Kapur and Shri G. R. Podar, who retire by rotation and are eligible for re-election.
4. To appoint Auditors and fix their remuneration.
5. AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass with or without modification, the following resolutions:

As Ordinary Resolutions:

ORDINARY RESOLUTION No. 1.

"Resolved that the appointment of Textileen Agencies, Ahmedabad, as Sole Selling Agents for the sale of certain products of the Company in the State of Gujarat on the terms and conditions as contained in the Agreement dated 1st March, 1964, be and is hereby approved."

ORDINARY RESOLUTION No. 2.

"Resolved that sanction be and is hereby given to the Company for purchasing with the approval of the Company Law Board 50,000 Equity Shares of Rs. 10 each in Shree Export House Limited, Calcutta."

The Register of Members and the Share Transfer Registers of the Company will remain closed from 17th June, 1964 to 25th June, 1964, both days inclusive.

By Order of the Board,
R. C. MAHESHWARI,
Finance Officer.

BELGHARIA,
15th May, 1964.

N.B.—(1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

(2) Dividends, when declared, will be paid to the registered shareholders whose names would appear on the Company's Register on the 25th June, 1964 or to their order or to their bankers on/or after 20th July, 1964.

(3) The explanatory statement pursuant to Section 173 of the Companies Act 1956 is being sent to the shareholders individually along with this notice.

INDIAN ALUMINIUM COMPANY LIMITED

31, CHOWRINGHEE ROAD, CALCUTTA-16

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Transfer Registers respecting 6¼ per cent debenture-stock 1970/75 and 7 per cent debenture-stock 1971/76 of the Company will remain closed from 15th June to 1st July 1964, both days inclusive, in connection with the payment of half-yearly interest on 1st July 1964.

INDIAN ALUMINIUM COMPANY, LIMITED,
T. D. SINHA,
Secretary.

Registrars' Office:
ANDREW YULE & COMPANY, LIMITED,
8 CLIVE ROW,
CALCUTTA-1,
(POST BOX 150.)
25th May 1964.

BRAITHWAITE AND COMPANY (INDIA) LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Thirty-fourth Annual General Meeting of the members of Braithwaite & Co. (India) Limited will be held at the Registered Office, 4, Clive Row, Calcutta-1, on Thursday, 18th June, 1964, at 11 a.m., to transact the following business:—

1. To receive and adopt the Directors' Report and the Audited Accounts for the year ended 31st December 1963.
2. To confirm the interim dividends paid on the Preference Shares and to declare a dividend on the Ordinary Shares.
3. To elect a Director in place of the one retiring.
4. To appoint Auditors and fix their remuneration.

As Special Business:

5. To appoint a Director in place of Mr. D. Fordwood whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing the candidature of Mr. D. Fordwood for the office of a Director.

The Transfer Books of the Company in respect of the Ordinary Shares will be closed from the 4th June, 1964 to the 18th June, 1964, both days inclusive.

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

Payment of such dividend as may be declared on the Ordinary Shares will be made on or after 25th June, 1964 to those members whose names are on the Company's register on the 18th June, 1964.

By Order of the Board,
B. L. MATHUR,
Secretary.

Registered Office:
4, CLIVE ROW,
CALCUTTA,
15th May, 1964.

An explanatory statement as required under Section 173 of the Companies Act, 1956, has been forwarded to the members.

THE GENERAL INDUSTRIAL SOCIETY LIMITED

NOTICE IS HEREBY GIVEN THAT THE Annual General Meeting of the Shareholders of the Company will be held at its Registered Office at No. 15, India Exchange Place, Calcutta, on Monday, the 29th June 1964 at 2.45 p.m., to transact the following business:—

1. To consider and adopt the Report of the Directors and of the Auditors and the Audited Accounts for the year ended 31st December, 1963.
2. To declare Dividend.
3. To appoint Directors in place of the retiring Directors.
4. To appoint Auditors and to fix their remuneration.

The Share Transfer Book and the Register of Members of the Company will remain closed from 19th June, 1964 to 29th June, 1964, both days inclusive.

By Order of the Board,
FOR THE GENERAL INDUSTRIAL SOCIETY LIMITED,
K. C. BAGRI,
Secretary.

Registered Office:
15, INDIA EXCHANGE PLACE,
CALCUTTA, *21st May,* 1964.

N.B.—(i) The Directors have recommended dividend on Equity Shares at Rs. 1.40 nP. per share subject to deduction of tax under the Income Tax Act, 1961. If dividend on shares as recommended by the Directors is approved at the meeting, the dividend will be payable only to such shareholders whose names are on the Company's Register on the day of the Annual General Meeting. No application need be sent for dividend as relative Dividend Warrants will be posted to the shareholders by 10th August 1964. Shareholders are requested to kindly notify immediately any change of address.

(ii) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

THE CHAMPDANY JUTE COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting (being the Seventy-fourth Ordinary General Meeting of the Company) will be held at the Registered Office of the Company, 2, Netaji Subhas Road, Calcutta, on 16th June, 1964, at 12 noon to transact the following business:—

1. To receive and consider the Audited Accounts for the year ended 31st March, 1964, the Balance Sheet as at that date and the Reports of the Board of Directors and the Auditors thereon.
2. To confirm the Interim Dividend paid on 30th November, 1963.
3. To declare a Final Dividend.
4. To appoint a Director in the place of Mr. B. Gill who retires by rotation.
5. To appoint a Director in the place of Mr. D. N. Kapur who retires by rotation.
6. To appoint Auditors for the current year and to fix their remuneration.

The Share Register of the Company will be closed from 2nd to 16th June, 1964, both days inclusive.

Dividend Warrants will be issued and posted to Registered Shareholders only. Persons who have acquired shares are advised to effect registration of scrip in their names before 2nd June, 1964.

By Order of the Board,
JAMES FINLAY & CO., LIMITED,
Managing Agents.

2, NETAJI SUBHAS ROAD,
CALCUTTA, *21st May,* 1964.

Notes:—(1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself, and the proxy need not be a member. The instrument appointing the proxy shall be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

(2) The dividend, if declared, will be paid on or after 16th June, 1964, to those shareholders so entitled, whose names appear in the Company's books on 16th June, 1964, or to their mandatees.

BRITISH INDIA ELECTRIC CONSTRUCTION COMPANY, LTD.

THE BOARD OF DIRECTORS OF THE above Company has decided to recommend to the forthcoming Annual General Meeting, the payment of a dividend of 15 per cent for the year ended 31st December, 1963.

BALMER LAWRIE & Co. LTD.,
D. MANSON,
Managing Director,
Managing Agents.

21, NETAJI SUBHAS ROAD,
CALCUTTA, *22nd May* 1964.

BRIDGE AND ROOF COMPANY INDIA LIMITED

THE BOARD OF DIRECTORS OF THE above Company has decided to recommend to the forthcoming Annual General Meeting, the payment of a dividend of 30 per cent for the year ended 31st December, 1963.

BALMER LAWRIE & Co. LTD.,
D. MANSON,
Managing Director,
Secretaries.

21, NETAJI SUBHAS ROAD,
CALCUTTA, *22nd May* 1964.

BENGAL POTTERIES LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Fifty-second Annual General Meeting of the Bengal Potteries Limited, will be held at the Registered Office of the Company at 45, Tangra Road, Calcutta, on Monday the 22nd June 1964 at 4 p.m. to transact the following items of business:—

(1) To receive and adopt the Directors' Report, the audited Balance Sheet and the Profit and Loss Account for the year ended 31st December, 1963.
(2) To declare a Dividend.
(3) To elect Directors in place of those retiring.
(4) To appoint Auditors for the current year and to fix their remuneration.

The Share Transfer Register of the Company will be closed from 15th June 1964 to 11th July 1964, both days inclusive.

A member entitled to attend and vote at

a meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

By Order of the Board of Directors,

BHARAT RAM BHAGAT & COMPANY,
Managing Agents.

45, TANGRA ROAD,
CALCUTTA,
Dated, 5th May 1964.

COMMERCE (1935) LIMITED

Registered Office:
Brady House, 12/14 Veer Nariman Road, BOMBAY 1.

NOTICE UNDER SECTION 412(2)(a) OF THE COMPANIES ACT, 1956

To,

THE MEMBERS,
COMMERCE (1935) LIMITED.

GENERAL NOTICE IS HEREBY GIVEN that an application is being made to the Central Government for its approval under provisions of Section 310 and other applicable provisions, if any, of the Companies Act, 1956, of the proposed increase in the Directors' remuneration for their services such sum not exceeding Rs. 150 as the Directors may from time to time fix, for each meeting of the Board or Committee of the Board attended by them.

The proposed increase is in accordance with the Special Resolution amending the relevant Article of the Articles of Association of the Company passed by the Shareholders at the Twenty-ninth Annual General Meeting of the Company held on 22nd April 1964.

By Order of the Board,

COMMERCE (1935) LIMITED,

E. M. ALVARES,
Officiating Secretary.

BOMBAY, *26th May*, 1964.

KHANDELWAL UDYOG LIMITED

Registered Office:
"Khandelwal Bhavan," 166, Dr. Dadabhai Naoroji Road, BOMBAY 1.

NOTICE IS HEREBY GIVEN THAT THE 7th Annual General Meeting of Khandelwal Udyog Limited will be held at the Registered Office of the Company, 'Khandelwal Bhavan,' 166, Dr. Dadabhai Naoroji Road, Bombay-1, on Monday, the 22nd June, 1964, at 3.30 p.m. (S.T.), to transact the business specified in the notice dated the 8th May, 1964 posted to the members of the Company individually at their registered addresses with the Company. The explanatory statement as required under Section 173 of the Companies Act, 1956, has been attached to the said notice.

A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of himself and a proxy need not be a member.

The Share Transfer Books and the Register of Members of the Company will be closed from 15th June 1964 to 22nd June, 1964 (both days inclusive).

By Order of the Board,

For & On Behalf of KHANDELWAL UDYOG LIMITED,

KHANDELWAL INDUSTRIES PRIVATE LTD.,
Managing Agents,

RAMPRASAD KHANDELWAL,
Director.

BOMBAY, *8th May*, 1964.

HERCULES INSURANCE COMPANY LIMITED

(Incorporated in India)
Registered Office:
16, HARE STREET, CALCUTTA

NOTICE IS HEREBY GIVEN THAT THE TWENTY-NINTH ANNUAL GENERAL MEETING of the Hercules Insurance Company Limited will be held at the Registered Office, 16, Hare Street, Calcutta, on Monday, the 22nd June, 1964 at 3 p.m., for the purpose of:

1. Considering the Accounts, Balance Sheet and the Report of the Board of Directors and Auditors for the year ended 31st December, 1963.
2. Declaring a Dividend.
3. Appointing Directors in the place of those retiring.
4. Appointing Auditors and fixing their remuneration.

AS SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, with or without modification, the following resolution:—

(*As a Special Resolution*)

"RESOLVED that the Memorandum of Association of the Company be altered by the deletion of Clause 2 therefrom and by the substitution of the following new Clause 2 in place thereof:—

"2. The Registered Office of the Company will be situated in the State of Madras."

The Share Transfer Books will be closed from the 15th June, 1964 to the 22nd June, 1964, inclusive.

By Order of the Board,

E. K. SRINIVASAN,
Managing Director.

362, N.S.C. BOSE ROAD,
MADRAS, *19th May*, 1964.

Note: 1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

2. The dividend when declared will be paid only to those shareholders whose names appear on the Company's Register on the 22nd June, 1964.

Explanatory statement as required by Section 173 of the Companies Act, 1956, has been forwarded to the members of the Company.

STATE BANK OF INDIA

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Principal Register and the Branch Registers of the State Bank of India will be closed for transfer of shares from Monday, the 15th June 1964 to Tuesday, the 30th June 1964, both days inclusive.

N. A. KRISHNAN,
Managing Director.

BOMBAY, *the* 12*th May* 1964
22*nd Vysk.* 1886 (*Saka.*)

CONCENTRATION IN CORPORATE SECTOR

(*Concluded from page* 943)

of the bigger managing agents and, consequently, of concentration of economic power through the exercise of managing agency functions.

Besides managing agencies, says the Mahalanobis report, common directors or inter-locking directorates constitute another method for bringing about concentration of economic power. Some light on the presence of this phenomenon in India is thrown by a special study of directorships in 331 companies with paid-up capital exceeding Rs. 50 lakhs each that has been made by the Company Law Administration. In terms of paid-up capital, these companies account for 60 per cent of the total paid-up capital of all companies at work in the country in 1956-57. The total number of directorships in the 331 companies selected for the study comes to 2,419 held by 1,502 persons acting as directors. However, these 1,502 persons have been found to be holding 7,366 other directorships, besides the 2,419 directorships in 331 companies studied. The average number of directorships held by a person thus came to 6.5. Of the 1,502 persons, 26.6 per cent held single directorships, 53.2 per cent held two to ten directorships, 14.4 per cent eleven to twenty directorships and 5.8 per cent more than 20 directorships. In other words, 73.4 per cent of the persons acting as directors held multiple directorships and the total number of the directorships held by the directors holding single directorships accounted for about four per cent of the total of 9,785 directorships held by the 1,502 persons.

The Central Statistical Organisation has also undertaken a similar study of common directorships among 282 large-sized public non-Government industrial undertakings but for a later year, namely, 1959-60. The total number of directors of all these concerns put together was nearly 1,800, indicating an average of six directors per unit. But several of these directors were found to be associated with more than one company. After making adjustments for repetition of names, the number was found to have come down to 1,158. Distribution of these persons, according to the number of directorships held, showed that three directors held 11 or more directorships, 11 directors held eight to ten directorship each and 37 directors five to seven directorships each. Of the rest, 215 held two to four directorships each and 892 directors held single directorships. Thus, compared to 1956-57, the prevalence of multiple directorships showed a decline from the point of view of heavy concentration of directorships amongst a few directors, but inter-locking still continues to be an important feature.

The inter-locking between directorships of banks and non-Government industrial undertakings has also been studied. For the purpose, an analysis has been undertaken in the Central Statistical Organisation of the existing inter-locking between directors and managing directors of fourteen selected leading banks and the 296 large-sized non-Government public companies with a paid-up capital of Rs. 50 lakhs or more in 1959-60. The total number of directors of the 14 banks was found to be 148. Out of these, 73 were not associated with any major industrial undertaking; 24 were directors of one industrial house each; 37 were directors of two to four undertakings each and the rest, that is, 14 were directors of more than six industrial houses each.

Banks and Newspapers

The banking sector itself, the Mahalanobis report continues, presents a picture of high degree of concentration. The aggregate share of the 15 top banks having deposits of Rs. 25 crores and over in total deposits of 363 Indian joint-stock banks during the year 1959 was 78 per cent. If the Government-owned State Bank is excluded—and looking to the composition of its Board of Directors there is really no adequate reason for doing so—the percentage comes to 60.

Dealing next with the subject of inter-linking between newspapers and "big business" in India, the Mahalanobis report concludes on the basis of available data regarding newspaper chains, groups and multiple units, that there is concentration in the newspaper industry but that it has not been possible for it to examine its inter-connection with industry and with the bigger complexes that "control so much of economic power in Indian industry."

The Committee's concluding observations are given below:

"The data we have given do indicate the presence of concentration of economic power within the economy in terms of income, property and, especially, of control over the non-Governmental corporate sector. There can also be no doubt that, in part at least, the working of our planned economy has encouraged this process of concentration by facilitating and aiding the growth of big business in India. How far this is an inevitable part of the process of economic development, how far it can be justified in terms of economy of scale and full utilisation of scarce managerial and entrepreneurial resources, how far it is consistent or is in conflict with the declared objectives of our Constitution and our planned economy, and how far the growth which has taken place is unhealthy and anti-social in its consequences—all these are questions that we can only pose for further and detailed inquiry. It is true that except for the Complexes, statistics do not show any definite and significant trend in concentration ratios during the first ten years of planning. It is also relevant to note that during this period, Government has sought to limit unhealthy growth through a series of countervailing measures, such as company law reform, licensing of industrial units, control over capital issues, increasing scrutiny by the Reserve Bank, and other allied measures. They have also sought to create countervailing power by public investment, deliberate expansion of the public sector in industry, encouragement of newcomers in the private sector in industry, special facilities and aid for small industry, and promotion of co-operative organisation in industry and marketing."

But, despite all these countervailing measures, concentration of economic power in the private sector, in the opinion of the Committee, is more than what could be justified as necessary on functional grounds. At the same time, the Committee has given the finding that more comprehensive and detailed information regarding the many aspects and ramifications of economic power and controls in the private sector is called for. Such information could be collected only by a full-time agency. The recent appointment of the Monopolies Commission, it would appear, has been in pursuance of the Mahalanobis Committee's suggestion.

SYNOPSES OF COMPANY REPORTS

Borosil Glass Works Ltd.

(*Chairman*: Mr. Robert D. Murphy, Bombay.)

1st Annual General Meeting: 12th June 1964.

Working Results:

The financial statements reflect the results of working of the Andheri plant and the capital expenditure on the new project at Marol. After transferring to unallocated capital expenditure of Rs. 4,25,741, providing for depreciation of Rs. 2,31,769 and for development rebate Rs. 6,790, the net profit for the period was Rs. 8,67,101 from which is deducted the provision for taxation of Rs. 4,90,000, thus leaving a balance of Rs. 3,77,101, from which has been transferred to adjustment on amalgamation of Rs. 1,53,419 and to general reserve of Rs. 2,20,000 leaving a balance to be carried forward of Rs. 3,682 to next year's account.

The Company commenced its business from 13th February, 1963. The business of Industrial and Engineering Apparatus Co. Pvt. Ltd. was merged with that of the Company by the order of the Bombay High Court dated the 30th July, 1963. The manufacturing plant at Andheri taken over from Industrial and Engineering Apparatus Co. Pvt. Ltd. and now belonging to the Company, worked satisfactorily during the year 1963. The turnover for the year was Rs. 39,46,204 as against Rs. 34,30,985 for the year 1962.

Project in Progress: The construction work on the new project at Marol progressed satisfactorily. Civil work is almost complete. In early part of 1964, major portion of machinery and equipment to be supplied by Corning Glass Works, U.S.A., under the technical collaboration Agreement, arrived at site. The installation of machinery and equipment is expected to be completed shortly. The new plant is expected to go into production in the last quarter of 1964.

The Company has an overdraft facility to the extent of Rs. 7,00,000 from United Western Bank Ltd., against charge of fixed and movable assets, at Andheri plant. Negotiations were started with Agency for International Development for a eight-year term loan of Rs. 71 lakhs. It is understood that this loan has been sanctioned by the appropriate authorities. Till the funds from A.I.D. Cooley Loan are available, cash credit arrangement to the extent of Rs. 25 lakhs has been made with the First National City Bank, Bombay. During the current year, equity shares of the face value of Rs. 40 lakhs have been allotted to Corning Glass Works, U.S., against the supply of machinery and equipment. This is in terms of the technical collaboration agreement.

Accounts in brief as at 31st December 1963 are as under:—

LIABILITIES	Rs.	ASSETS	Rs.
Capital*	89,78,125	Gross block	32,07,431
Reserves and surplus	3,84,542	—Depreciation	2,31,769
Other liabilities	15,55,804		
		Net block	29,75,662
		Work-in-progress	13,30,447
		Technical know-how	15,00,000
		Unallocated capital expenditure	4,25,741
		Other assets	1,06,36,870
		Cash	14,49,751
	Rs. 1,09,18,471		Rs. 1,09,18,471

* Paid-up capital consists of 9,06,100 equity shares of Rs. 10 each paid. Of the shares, 2,93,600 shares of Rs. 10 each are allotted as fully paid up to pursuant to a contract without payments being received in cash.

Delta Jute Mills Co., Ltd.

(*Secretaries & Treasurers*: Messrs. Andrew Yule & Co., Ltd., Calcutta.)

Annual General Meeting—Held on 29th May 1964.

Working Results:

	For the year ended 30th November (In thousand rupees)	
	1963	1962
Sale of gunnies	3,71,13	3,23,74
Closing stocks	27,04	32,37
Gross profit	51,90	52,41
Transfer to Secretaries and Treasurers' remuneration	2,30	1,97
,, ,, depreciation	11,75	12,20
,, ,, provision for taxation	23,49	13,65
Net profit	14,36	24,59
Adjustments	1,19	1,84
Appropriations:		
Total available balance	15,55	26,43
To capital reserve	90	1,84
,, general reserve	3,50	Nil
,, development rebate reserve	96	7,62
,, forfeited dividends paid	1	2
,, adjustment in respect of previous years	Nil	8,97
,, interim dividends paid (taxable) on Preference shares	Nil	49
,, Do. do. Ordinary shares	3,36	2,24
Proposed final dividends (taxable) on Preference shares	98	49
Proposed final dividends (taxable) on Ordinary shares	5,60 (16⅔)	4,48 (12⅝)
Carry forward	23	29

N.B.—Adjustments relate to the previous year's balance brought down.

Extracts from the Directors' report: The working results reflect the favourable trading conditions which were once again experienced during the year under review. World offtake of manufactured goods continued at a satisfactory level, which enabled maximum production to be maintained throughout the period. Abundant supplies of raw jute were available and it was possible to transact simultaneous business at profitable levels, despite the increase in costs and the implementation of the wage board award for the jute industry effective from July, 1963. The outlook for the current year, however, is not so favourable. Although there is again ample raw jute available, prices of manufactured goods, especially sacking, have fallen as production has caught up with current demand. The full impact of the wage board award, together with enhanced charges for power, fuel, boating, stores and essential spare gear, will contribute to a further inevitable increase in costs.

The Indian Jute Mills Association decided, after consultation with the Government of India, to abolish the working time agreement with effect from 1st February, 1964. This decision is not expected to result in any immediate change in the existing level of production at which the mill is presently operating.

Accounts in brief as at 30th November 1963 are as under:—

LIABILITIES	Rs.	ASSETS	Rs.
Capital*	70,06,300	Gross block	1,88,80,591
Reserves and surplus	74,36,442	—Depreciation	76,70,106
Other liabilities	1,03,96,767		
		Net block	1,12,10,485
		Investments	2,04,228
		Other assets	1,25,52,916
		Cash	8,61,880
	Rs. 2,48,39,509		Rs. 2,48,39,509

* Paid-up capital consists of 14,000 ordinary shares of Rs. 100 each fully paid, 14,000 ordinary shares of Rs. 100 each paid, by way of bonus shares on capitalisation of reserves and 28,000 shares of Rs. 100 each paid, issued pursuant to a contract without payments being received in cash. It also consists of 5,000 7% cumulative preference shares of Rs. 100 each fully paid and 9,063 7% cumulative preference shares of Rs. 40 each paid in pursuant to a contract without payment being received in cash.

Cheviot Mills Co., Ltd.

(*Managing Agents*: Messrs. Andrew Yule and Co., Ltd., Calcutta.)

Annual General Meeting—Held on 29th May 1964.

Working Results:

	For the year ended 30th November (In thousand rupees)	
	1963	1962
Sales of gunnies	2,90,78	2,70,65
Closing stocks	15,53	20,98
Gross profit	48,14	51,70
Transfer to Managing Agents' remuneration	2,74	2,25
,, ,, depreciation	7,84	7,87
,, ,, provision for taxation	22,73	12,00
Net profit	14,83	29,58
Adjustments	1,02	1,24
Appropriations:		
Total available balance	15,85	30,82
To development rebate reserve	1,20	6,73
,, capital reserve	Nil	3
,, general reserve	3,00	12,49
Interim dividends (Ordy.) (taxable)	2,89	2,89
Proposed dividends (taxable) on Preference shares	91	91
Proposed dividends (taxable) on Ordinary shares	6,75 (25%)	6,75 (25%)
Carry forward	1,10	1,02

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

Accounts in brief as at 30th November 1963 are as under:—

LIABILITIES	Rs.	ASSETS	Rs.
Capital*	48,58,750	Gross block	1,47,45,586
Reserves and surplus	77,75,319	—Depreciation	77,38,580
Other liabilities	67,90,114		
		Net block	70,07,006
		Investments	2,32,533
		Other assets	1,01,66,827
		Cash	20,27,777
	Rs. 1,94,24,183		Rs. 1,94,24,183

*Paid-up capital consists of 286,125 ordinary shares of Rs. 10 each fully paid, issued pursuant to a contract without payment being received in cash, 99,500 shares of Rs. 10 each fully paid and 10,000 7% cumulative preference shares of Rs. 100 each fully paid.

National Machinery Manufacturers Ltd.

(*Chairman*: Mr. K. M. D. Thackersey, Bombay.)

Annual General Meeting: 10th June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales	6,10,67	4,24,79
Closing stocks	1,17,75	1,13,05
Gross profit	1,31,10	87,57
Transfer to depreciation	16,53	15,61
,, ,, development rebate reserve	2,91	2,14
,, ,, provision for doubtful debts	Nil	5
,, ,, provision for taxation	72,00	44,00
Net profit	38,66	25,77
Adjustments	Nil	1,38
Appropriations:		
Total available balance	38,66	27,15
To general reserve	38,10	23,16
,, tax paid in respect of previous years	30	Nil
,, debits in respect of previous years	26	3,98
,, proposed dividends (taxable) Ordy.	25,24* (10%)	15,14* (6%)
Carry forward	Nil	1,38

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

* Dividends paid out of the general reserve.

Extracts from the Directors' report: Production: Production of ring frames, cards and automatic looms was higher during the year despite difficulties experienced in obtaining adequate quantities of pig iron and other raw materials. The supplies of pig iron and tin plate, apart from being inadequate, were irregular and caused frequent disturbance to normal production activities. Production of NMM-RUTI automatic looms for the first phase-wise programme reached the anticipated target for the year. The second phase of the production programme will commence shortly. Reports about the performance of the looms supplied to the various mills have been quite satisfactory.

Expansion: Keeping in view the increasing demand for the Company's products and the present position of orders for such products, the directors have given serious consideration to a programme for the substantial expansion of the Company's present capacity of ring frames, carding engines and spares. A team of technicians from Messrs. Textile Machinery Makers Ltd., Oldham, England, was asked to go into this question and to report on the requirements of further capital expenditure needed for this expansion programme. After careful consideration of the cost of the scheme for expansion drawn up by these technicians, the directors have decided to go in for a scheme which, when completed, is expected to increase substantially the capacity of the Company's plant. The scheme also includes plans for modernisation of the existing plant and re-arrangement of the present plant layout so as to obtain the best work flow. The expansion programme which is expected to cost about Rs. 2 crores will be financed partly from internal resources that would be generated over a period and partly by bank borrowings.

Accounts in brief as at 31st December 1963 are as under:—

LIABILITIES	Rs.	ASSETS	Rs.
Capital*	2,52,40,000	Gross block	3,52,53,962
Reserves and surplus	62,32,205	—Depreciation	1,78,33,782
Other liabilities	5,45,03,791		
		Net block	1,74,19,280
		Work-in-progress	62,859
		Current assets	5,66,87,362
		Cash	1,18,06,495
	Rs. 8,59,75,996		Rs. 8,59,75,996

* Paid-up capital consists of 252,400 equity shares of Rs. 100 paid. Of this, 26,000 equity shares of Rs. 100 each as fully paid, pursuant to contract without payment in cash.

Travancore Ogale Glass Mfg. Co., Ltd.

(*Managing Agents*: Ogale Brothers (Private) Ltd., Udyogamandal.)

Annual General Meeting: 24th June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sale of glassware	20,36	20,68
Closing stock	1,55	48
Gross profit	2,37	3,13
Transfer to Managing Agents' remuneration	14	22
,, ,, depreciation	92	1,02
,, ,, development rebate	6	3
,, ,, provision for taxation	59	1,24
Net profit	66	62
Adjustments	*	3
Appropriations:		
Total available balance	66	65
To proposed dividends (taxable) Ordy.	65 (6½%)	65 (6½%)
Carry forward	1	†

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

* Represents only a sum of Rs. 543 only.

† Relates to a sum of Rs. 498 only.

Extracts from the Directors' report: Production for the year reached Rs. 21.43 lakhs which is the highest on record. High costs of materials and larger wage bill besides levies like surcharge on sales tax, emergency risks insurance, increase in the rate of contribution to the provident fund reduced the profit to Rs. 1.25 lakh. In addition to the income-tax under the normal procedure, provision had to be made this year for payment of tax at 7½ per cent on the dividends. In the industry of this type and size these heavy imposts of Government taxation, in one form or other, year after year, are leaving no margin to increase the dividend rate or funds to be ploughed back into the industry.

Accounts in brief as at 31st December 1963 are as under:—

LIABILITIES	Rs.	ASSETS	Rs.
Capital*	9,99,310	Gross block	19,24,738
Reserves and surplus	59,876	—Depreciation	10,28,291
Other liabilities	11,43,804		
		Net block	8,96,447
		Investments	5,990
		Other assets	1,11,279
		Cash	1,17,279
	Rs. 22,02,989		Rs. 22,02,989

* Paid-up capital consists of 1,00,000 equity shares of Rs. 10 each fully paid up. Of this Rs. 600 was deducted as allotment and call money was unpaid by members other than Managing Agents and Directors.

Radha Krishna Mills Ltd.

(*Managing Agents*: Messrs. A. G. Gurusamy Naidu & Co., Peelamedu.)

Annual General Meeting: 12th June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sale of yarn and cloth	2,16,64	1,80,20
,, ,, waste	2,82	1,91
Closing stocks	19,45	39,68
Gross profit	23,94	23,57
Transfer to depreciation	6,72	5,70
,, Managing Agents' remuneration	1,62	1,68
Net profit	15,60	16,18
Adjustments	5	3
Appropriations:		
Total available balance	15,65	16,21
To contingency reserve	9,00	8,47
,, development rebate reserve	26	1,41
,, proposed dividends (taxable) Ordy.	6,30 (10%)	6,30 (10%)
Carry forward	8	2
Market value of ordy. shares (in rupees)	1964†	1963	1962
High	29.50	34.75	40.00
Low	28.75	27.00	34.75

† Upto 17th May.

Extracts from the Directors' report: The trade conditions were more or less the same as in the previous year. The results for the first half of the year were not very encouraging and it was only during the second half that profits took a turn for the better. The working results of the weaving section were not encouraging inasmuch as the ceiling prices for cloth remained stationary in spite of the increased cost of yarn and the selling prices in respect of exports of cloth were also not attractive. The profits earned during the year were whittled down by the substantial increase in wages, power, insurance, transport charges and commission on yarn sales. A sum of Rs. 1,01,899 has been provided more than in last year towards depreciation on the plant and machinery of the Company to cover the working in respect of the third shift, in accordance with the provisions of the Finance Act, 1964. There was also a power cut during the year under review and as such the mills could work only for 294 days as against 305 days in the previous year. In the circumstances, the profits earned are considered satisfactory.

Accounts in brief as at 31st December 1963 are as under:—

LIABILITIES	Rs.	ASSETS	Rs.
Capital*	63,13,120	Gross block	1,26,22,027
Reserves and surplus	44,31,496	—Depreciation	89,14,242
Other liabilities	38,60,628		
		Net block	37,07,785
		Investments	39,60,225
		Other assets	68,39,841
		Cash	91,393
	Rs. 1,46,05,244		Rs. 1,46,05,244

* Paid-up capital consists of 134,496 equity shares of Rs .25 each, and 117,634 equity shares of Rs. 25. Each allotted as fully paid bonus shares by capitalisation of reserves.

TREND OF MARKETS

CALL RATE RECEDES

(From Our Own Correspondent)

BOMBAY, *27th May*

There has been a distinct improvement in the tone of the short-term money market. With reduced pressure of demand for credit and return flow of funds to banks, borrowers are finding no difficulty whatsoever in obtaining their requirements. And, what is more, the cost of inter-bank money is now much lower than a week ago. The inter-bank call rate (for both renewals and fresh money) for day-to-day money has come down from 6¼ to 5 per cent with lenders over. Conditions, at Calcutta, too, are very comfortable, the call rate now standing at 4½ per cent., as against 5¼ per cent a week ago. Some business is reported to have been put through even at 3¾ per cent.

The distinctly easy trend of money is reflected in (a) the sharp fall of Rs. 27.69 crores to Rs. 2,543.76 crores in notes in circulation during the week ended 22nd May and (b) an appreciable contraction of Rs. 25.29 crores to Rs. 43.28 crores in borrowings of scheduled banks from the Reserve Bank. There is practically no change in the deposits of scheduled banks with the Reserve Bank: Rs. 85.33 crores. India's foreign exchange reserve show a rise of Rs. 4.82 crores to Rs. 116.59 crores, the whole of the rise being accounted for by balances held abroad which amounts to Rs. 13.13 crores. The foreign securities held in the Issue Department of the Reserve Bank are unaltered at Rs. 103.46 crores.

The improvement in the money market is not, however, reflected in the response to the Government of India Treasury Bills which continues to be poor; tenders for Bills were opened on Thursday this week. The total amount offered is a bare Rs. 2 crores, which is just equivalent to that invited (and also accepted). The average rate of accepted tenders remains unchanged at Rs. 3.000 per cent per annum. The Intermediate Treasury Bills, too, elicited very limited support, the amount of bills sold from the 20th to 22nd being no more than Rs. 20 lakhs, as against Rs. 354.25 a week before.

There was a fall of Rs. 8.45 crores to Rs. 1,47.74 crores in the total credit made available by scheduled banks to their clients during the week ended 15th May 1964. Since, at the same time, the deposits went up by Rs. 5.58 crores to Rs. 2,492.10 crores, borrowings from the Reserve Bank receded by Rs. 10.36 crores to Rs. 68.66 crores, of which the share of those against usance bills was Rs. 15.23 crores, a decline of Rs. 7.58 crores. Investents fell by Rs. 3.78 crores to Rs. 617.71 crores, while total cash improved by Rs. 5.00 crores to Rs. 146.15 crores.

The Gilt-edged market ruled firm. Demand for short-dated loans was quite good, but sellers were reserved. The Union Finance Ministry has announced that the outstanding balance of the 3 per cent 1964 is payable at par on the 15th June 1964. From this date, no interest will be accrued thereon. In order to facilitate payment, the holders have been asked to tender their securities at the Public Debt Office, Treasury, or branch of the State Bank of India or its subsidiaries at which they are enfaced-registered for payment of interest on or after 1st June 1964.

In the foreign exchange market, the banks' selling and buying rates for U.S. dollars continued unchanged at Rs. 479.25 and Rs. 474.75, respectively, for $100. In New York, the pound sterling eased a little easy *vis-a-vis* the dollar, the spot rate losing 0.020 cent to 279.940-279.960 cents and the three months forward 0.030 cent to 279.380-279.400 cents.

* * * *

The Reserve Bank of India, it will be recalled, had issued two press notes, on 9th May and 5th October 1963, respectively, summarising the policy approved by the Government for release of exchange and for approval of passage applications for general guidance of the public. The Government has recently reviewed the policy and it has been decided to introduce the following changes with immediate effect.

In order to meet the increased cost of living in most foreign countries, the daily allowances granted by the Bank for certain types of foreign travel have been raised.

A limited amount of exchange for incidental expenses will be released where passage applications are approved against invitations with full offer of hospitality received from foreign Governments, trade union organisations, International Chambers of Commerce or other international organisations, well-known educational, cultural and health foundations.

Passages of directors of foreign companies to attend board meetings abroad and of directors/executives of Indian branches of foreign companies or of Indian companies which are wholly-owned subsidiaries of foreign companies, if invited with full hospitality by the foreign company concerned, will also be approved.

Persons proceeding abroad for taking up definitely secured employment will normally be granted passage clearance for three months only in the first instance, the period of stay being subsequently extended by the Indian Embassy/Mission abroad after verification of the person being in continued employment.

Passage clearance will *not* be granted in respect of private hospitality except for meeting parents, sons and daughters; in special cases eminent Indian scientists, educationists and professional persons will be allowed to proceed abroad on invitations by individuals at the discretion of the Bank; special facilities of a limited character will also be given to staff of Airlines who under their terms of service are entitled to free passages.

Students who secure scholarships from Universities or recognised international institutions for full maintenance and fees, irrespective of the courses of study, will also be granted passage clearance.

Exchange facilities will not be granted to Indian nationals (including persons domiciled in India) wishing to emigrate except in special circumstances and to a limited extent.

GOLD FIRM, SILVER EASY

(From Our Own Correspondent)

BOMBAY, *27th May*

Gold continued to rule buoyant, while silver suffered a further setback. The yellow metal met with renewed buying support induced by fears of a possible acute shortage of supply developing in the coming weeks and the seizure of a further large quantity of contraband gold. Silver was depressed, thanks to selling pressure by some parties.

The Union Government will provide loans to the State Governments for distribution to goldsmiths during 1964-65 at the rate of four per cent interest, to be paid in eight equal instalments. This was stated by the Central Gold Control Administrator at a meeting of the Gold Control Officers held at New Delhi this week. The main objective of appointing separate Gold Control Officers in States is to rehabilitate displaced goldsmiths by giving them financial assistance or starting small industries with due employment potential. Some important suggestions were made at the Delhi meeting. They are: Goldsmiths should surrender their certificates and take to other professions individually and also collectively, forming themselves into small co-operative societies. The applications of goldsmiths who have applied to the competent authorities for the issue of licences, it is stated, would be disposed of by the end of September. Relief should be provided in extreme cases of distress, that is, bare indebtedness. Normally, those goldsmiths who received assistance in the shape of either loans or other help or concessions granted by the State Governments should surrender the licence within three months. But there may be some cases where it may not be possible to surrender within the prescribed period. Such cases could be examined by the Gold Control Officers and further time of a month or two should be allowed.

Fourteen-carat gold began the week at Rs. 69.25, as against the previous close of Rs. 69, and moved up to touch a high of Rs. 70.25 today. Primary gold advanced by a rupee to Rs. 118. Sovereign spurted by a like amount to Rs. 92.

Silver receded from Rs. 257.50 to Rs. 255.50 on the 22nd inst. but recovered subsequently and finished at Rs. 256.50. There was no change in the daily average arrivals and offtake: 20 bars and 10 bars, respectively.

The international price for gold at London eased again from $35.07⅞ to $35.07¼ per fine ounce. The sterling price of gold also declined by ¼d. to 250s. 6¼d. Ready silver shed ¼d. to 111¼d., while the forward continued unchanged at 111¾d. There was no change in the quotation for Silver at New York which stood at 129.3 cents.

The following table shows the trend of prices during the week under review:

	27-5-1964 (closing)	High	Low	20-5-1964 (closing)
SILVER				
Ready (999 fine) ..	Rs. 256.50	Rs. 256.50	Rs. 255.50	Rs. 257.50
GOLD				
Ready (14 carat) ..	70.25	70.25	69.25	69.00
Sovereign	92.00*	92.00*	91.00*	91.00*
London—				
Gold	250s. 6¼d.	250s. 7d.	250s. 6¼d.	250s. 6¾d.
Silver Ready ..	111¼d.	111¾d.	111¼d.	111¼d.
Silver Forward ..	111¾d.	—	—	111¾d.
New York—				
Silver	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

JARILLA MAY EXPIRES

(From Our Own Correspondent)

BOMBAY, *27th May*

The second hedge contract of the current (1963-64) season, namely Jarilla May 1964, went off the Board on the 25th inst. at Rs. 735 per three quintals. The contract, which was being quoted (nominally only) at around Rs. 725 per three quintals, a few days ago firmed up to finish at Rs. 735. Tenders issued on the last day aggregated 250 bales of Laxmi, bringing the total to a mere 1,650 bales, comprising 800 bales of Laxmi A, 750 bales of 216F and 100 bales of Combodia C, as against the total of 7,100 bales issued against the previous contract, namely, Jarilla March 1964.

The contract, it may be recalled, opened at Rs. 725 on 24th December 1963 and after having firmed up to touch a peak level of Rs. 770.25 on 13th February 1964, declined to Rs. 716 on the 12th inst. but recovered to close at Rs. 735. A noteworthy feature of Jarilla May contract's career is that, as compared with its predecessor, it fluctuated in a narrower range.

With the expiry of the May contract, traders' attention turned to the only contract in force, namely, Jarilla August 1964 which is also the last hedge contract of the current season. Inspite of the bullish impact of the meagre tenders issued against the May contract and the switchover of purchases to the August contract, the trend of prices of the latter was steady. This was because of the improved prospects for obtaining more U.S. cotton. The purchase authorisation covering the P.L. 480 allocation was reported to have been issued in Washington on the 19th inst. It covers 190,000 bales (of 400 lbs. each) of U.S. upland cotton. The contracting period is 26th May to 30th June and the shipping period from 26th May to 31st July 1964. The Jarilla August contract ruled steady around Rs. 725 till yesterday. Today, however, the market reacted sharply to the sad news of the sudden death of the Prime Minister and the contract declined to Rs. 722, in sympathy with the trend in other markets. The market was closed early today.

In the spot market at Sewri, trading was limited although prices were fairly well-maintained. Moderate mill interest was noted in such popular varieties as Co2, L.147, Digvijay, Kalyan, and 197/3. While export demand for Bengal *Deshi* has yet to revive, the import section was active with good mill demand, especially for American cotton. Traders expect that the allocation of American cotton would consist of 1-1/16" and above cotton and cotton less than 1/16" staple but not less than 1" staple.

Importers of U.S. cotton noted with interest that the New York cotton exchange has disallowed trading in 1965 October and beyond deliveries until the new cotton law is clarified. This means a temporary suspension of business in cotton futures beginning with the October 1965 delivery. A spokesman of the exchange said that because of confusion in the cotton trade caused by the recent announcement of the cotton advisory committee of its proposal with respect to the payment-in-kind, the board of governors of the exchange have decided to disallow trading in all months not having any open positions until the Department of Agriculture announces official regulations under the new cotton law.

The following are the latest available quotations—in rupees per candy of 784 lbs.—from the spot market at Sewri:

Co2 1,245; L.147 1,190; Buri 1,075.
American 1,415; Elpaso 1,560.

TEA EASIER

[*Messrs. Forbes, Ewart and Figgis (Private) Ltd.*]

COCHIN, *21st May*

A total of 725,000 kgs. was offered in tea sale No. 20 held here on Tuesday the 19th inst. Quality showed a further slight seasonal decline, but some useful mediums were available. The demand, which was less than that seen in previous weeks, slackened towards the close. Nilgiris were neglected, but others were sold well at lower levels. Nilgiri brokens depreciated in value and there were many withdrawals, but their fannings general were sold better than the equivalent brokens. Good mediums were considerably easier and, while medium and low medium brokens eased to a lesser extent, the cleaner fannings were sold well, but the more fibrous ones were discounted. Plainest description came to a barely steady market. Black leaf, while leaf and tippy teas were all easier. Unorthodox teas were irregular, but usually lower.

Quotations (per kg.) were:

	1964	1963
	Rs.	Rs.
Low medium	4.40-4.70	4.00-4.30
Mediums	4.70-5.10	4.30-4.55
Good mediums	5.20-5.60	4.60-5.20
Nilgiri B.O.P.	5.00-7.00	4.60-7.20

The average price realised in sale No. 20 was Rs. 4.85 per kilo, as against Rs. 5.08 a week ago and Rs. 4.34 in the corresponding sale last year.

Just over 200,000 kgs. were offered in dust sale No. 20 held today. There was less demand than in previous weeks and at lower rates. High-grown came to a good but irregular market and were often easier. There was fair enquiry for good mediums at reduced prices, but mediums and low mediums were sold at much lower rates. Residuals followed the easier trend of the market, as did unorthodox descriptions.

The average price realised in dust sale No. 20 was Rs. 4.72 per kilo, as against Rs. 4.79 a week ago and Rs. 4.03 in the corresponding sale last year.

Colombo: Just over 7½ million lbs. were offered and the market opened on an irregular note at slightly lower rates for all descriptions.

London: There were no sales this week, owing to the Whitsun holidays.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd., wire:

"*Sale No.* 21: 690,000 kgs. offered. Limited demand. All descriptions appreciably lower, except unorthodox little easier."

SPURT IN GROUNDNUTS

(From Our Own Correspondent)

BOMBAY, *27th May*

The main event of the week in so far as the oilseeds market is concerned was the commencement of trading in September contracts for castor, linseed and cottonseed on Thursday the 21st inst. There was no indication as to when business in the September contract for groundnut would begin. Traders were not willing to conduct operating within the limit of the present ceiling price fixed by the Forward Markets Commission. They insisted that the ceiling for this last contract of the season should be done away with. If this was not possible, they suggested the ceiling should at least be raised substantially. The Commission, however, was willing to raise the ceiling only by Rs. 10, but traders were not satisfied. The whole issue was expected to be decided on 3rd June next when the trade representatives, including the Saurashtra interests, will meet the Commission officials.

During the week, spot groundnuts scored handsome gains thanks to tight supply position, smaller arrivals and reports that some traders were deliberately holding stocks in anticipation of still higher prices. Oils also moved up. Castorseeds, after a hesitant start, picked up strength following poor arrivals from growing centres and bull support from North India. Linseeds firmed up in sympathy with castorseeds and on higher North Indian advices. Cottonseeds, however, were neglected in the absence of any fresh buying support.

The groundnut July contract put on 25 nP to Rs. 240.50. The closing was just 50 nP less than the official ceiling of Rs. 241. Nizam bold ready began the week at Rs. 57.25, as against the previous close of Rs. 56.37, and moved up to touch a high of Rs. 57.62 yesterday. The net gain over the week was Re. 1.25. Khandesh quality jumped up by Re. 1.13 to Rs. 58.25. Oil ex-mill gained 25 nP to Rs. 22.35. Railway receipts put on 30 nP to Rs. 22.05. Groundnut oil cake expeller contract, however, sagged by Re. 1.75 on poor Rajkot support.

The new September contract for castor commenced with a premium of Rs. 3.13 over the maturing (June) contract on Thursday and closed at Rs. 175.75 yesterday. June contract went up by Rs. 2.50 to Rs. 174.37. Ready Madras strengthened by 50 nP to Rs. 34.12. Kanpur bold improved by a like amount to Rs. 33. Oil B.S.S. hardened by 10 nP to Rs. 14.40. Oil commercial gathered 16 nP to Rs. 13.35

In the linseeds section, September contract began the week at Rs. 43.83. The ceiling fixed for this contract is Rs. 45, but declined in the course of the week to Rs. 43.55. June contract, which was firm till Tuesday eased yesterday and closed lower at Rs. 42.57, as against Rs. 42.75 last week. Bold ready hardened by 12 nP to Rs. 44.62. Oil ready gained 5 nP to Rs. 18.05.

The following table shows the closing prices of oilseeds and oils on 27th May as compared with those of two previous weeks:

	27-5-1964	20-5-1964	12-5-1964
Groundnuts	Rs.	Rs.	Rs.
July 1964 contract	240.50	240.25	239.75
Nizam bold ready	57.62	56.37	56.25
Khandesh quality	58.25	57.12	57.12
Oil ex-mill	22.35	22.10	21.85
Oil|Rly. Receipts	22.05	21.75	21.50
Castorseed			
June 1964 contract	174.37	171.87	173.25
September 1964 contract	175.75	—	—
Ready Madras	34.12	33.62	34.25
Ready Kanpur	33.00	32.50	33.00
Oil B.S.S.	14.40	14.30	14.40
Oil commercial	13.51	13.35	13.50
Linseed			
June 1964 contract	42.57	42.75	42.66
September 1964 contract	43.55	—	—
Bold ready	44.62	44.50	44.50
Linseed oil	18.05	18.00	18.05
Cottonseed			
June 1964 contract	105.50	105.50	105.00
September 1964 contract	—	—	—

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

* * * *

GROUNDNUT PRODUCTION

Groundnut production in India during 1963-64 is estimated at 8,290,600 tonnes (nuts in shell), the highest on record. It represents an increase of 9.7 per cent over the production in 1962-63. The rise has taken place despite the decline in the area under groundnut which in the year under review is put at 16,814,000 acres, as compared with the partially revised estimate of 16,962,000 acres for 1962-63. For the yield per acre during 1963-64 is markedly higher at 694 lbs., as against 627 lbs. in 1962-63, an increase of 10.7 per cent.

The increase in total production of groundnut is accounted for by all the producing States (except Rajasthan), thanks partly to favourable weather conditions during the period of growth of the crop and partly to the increase in area in some States. The decline in Rajasthan is due to deficient and erratic rainfall. The fall in area during 1963-64 has occurred mainly in Gujarat, Andhra Pradesh and Madhya Pradesh, the reason being late and insufficient rainfall at the time of sowing the crop. The decrease in Madhya Pradesh is also attributed to rotation of crops. This decrease has, however, been offset by increases in area reported mainly by Madras, Punjab, Uttar Pradesh and Maharashtra where climatic conditions were favourable at sowing time. Expansion of the area under the Integrated Oilseeds Development Scheme in Madras is another reason for increase in the area under groundnut in this State.

C.T.C. TEAS READILY ABSORBED

(From Our Own Correspondent)

CALCUTTA, *26th May*

Although the new season's export sales did not begin so well as expected earlier, the tea trade believes that nothing has happened to change its estimate of the optimistic outlook with regard to the marketing of new crop. Arrivals of new tea have begun earlier than usual and, within the next two or three weeks, arrivals would be heavy. Forward booking of space in liners took place on a liberal scale this week also, and such a feature only underlines the trade's optimism. Moreover, there has been no carryover from last year's tea as a result of not only the shortfall in output but brisker demand, so much so what demand has accumulated should be met from new teas. That the expectation that this year's crop would be higher would materialise is indicated by the continued good weather and crop so far. Up to the end of April 1964, the crop in North East India amounted to 8.3 million kgs. a rise of 2.5 million kgs. or 43.1 per cent as compared with the corresponding period of 1963.

It is noted, however, that the South Indian tea production is tending to fall. As a result of poor rains, the crop in the first three months of this year has been only 14 million kgs., as against the 16 million kgs. and 16.8 million kgs. produced in the corresponding periods of 1963 and 1962, respectively. A discouraging feature is that the drought is threatening to cause basal damage to bushes. Rubber trees in both Madras and Kerala have also been affected due to want of more rains and, accordingly, rubber output fell perceptibly in March 1964 as compared with March 1963, although, as a result of heavier tappings in January and February, the quarter's figure has been higher.

The average price realised for dust tea in Cochin auctions in the first quarter of this year was higher by 20 nP at Rs. 4.55 a kg., while the average price for leaf realised was only Rs. 5.13 per kg., as compared with Rs. 5.15 in the first quarter of 1963.

The South Indian output in 1963 was lately estimated as having amounted to 87.7 million kgs., 60 per cent of which or 108 million lbs. were exported. While shipments to Australia and Canada fell, U.K.'s offtake increased by 1 million lbs. to 46.4 million lbs. Shipments to the U.S. amounted to 5.6 million lbs., a fall of 1.4 million lbs. At 15.3 million lbs., Russian offtake showed a marked increase of 6.9 million lbs.

Dusts on offer during internal sales held last week aggregated 25,794 chests which met with good general demand. Plain orthodox teas were firm, while medium Assams eased. Legg-cut teas were fully firm. All C.T.C. teas were readily absorbed. The quotations per 1 kg. inclusive of excise duty were; good Assam C.T.C. dust Rs. 6.30 to Rs. 6.80; medium Assam C.T.C. dust Rs. 5.00 to Rs. 5.30; legg-cut dust Rs. 4.70 to Rs. 5.10; medium Assam dust Rs. 4.50 to Rs. 5.00; and plain orthodox dust Rs. 4.00 to Rs. 4.30.

Export offerings during yesterday's export sale amounted to 11,173 packages, a major proportion of which was Darjeeling leaf. Teas from other districts were also included. Darjeelings met with fair demand, but there was a large number of withdrawals. Good demand was in evidence for the few bright flavouury teas. The fannings grades met with a strong market. Teas from other districts recorded an irregular trend, but the few bright liquoring teas with good appearance were supported very well. The B.O.Ps as well leaf grades were particularly favoured by buyers. No quotations were issued, in view of the limited quantities of suitable teas.

Notice

TRITON INSURANCE COMPANY LIMITED

NOTICE TO MEMBERS

THE BOARD OF DIRECTORS OF THE Triton Insurance Company Limited hereby give notice that the ANNUAL GENERAL MEETING OF MEMBERS will be held at the Company's Registered Office, 4, Clive Row, Calcutta, on Thursday the 25th day of June, 1964, at 4 O'clock in the afternoon to receive and consider the Audited Accounts for the year ended 31st December, 1963, the Balance Sheet as at that date, the Report of the Board of Directors and the Auditors thereon, to declare a Dividend, to appoint Directors and in this connection to consider, as special business, and if thought fit, to pass the following resolution of which special notice as required by Section 281 of the Companies Act, 1956, has been received by the Company:—

"That Sir Biren Mookerjee, who has attained the age of 65 years and who retires from the Board by rotation, be and is hereby re-appointed a Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and it is hereby specifically declared that the age limit of 65 years specified in Section 280 of the Companies Act, 1956, shall not apply to him."

and to appoint Auditors and to fix their remuneration. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy in his stead and such proxy need not be a Member of the Company.

The Share Transfer Books of the Company will be closed from 12th June to 25th June, 1964, both days inclusive, and the dividend, if declared, will be paid on and after 9th July, 1964, to those Members whose names are on the Register of Members on 25th June, 1964.

By Order of the Board,

J. V. JARDINE PATTERSON,
Director.

4, CLIVE ROW,
CALCUTTA, *22nd May*, 1964.

An Explanatory Statement as required under Section 173 of the Companies Act, 1956 is being forwarded to the Members.

EXPORT DEMAND FOR JUTE GOODS LIMITED

(From Our Own Correspondent)

CALCUTTA, *26th May*

Dull conditions characterised activity in the jute goods market during the week under review. The interest shown by overseas buyers was at a low ebb, and several factors, including the news of a marked fall in exports of gunnies during April and a decline in U.S. consumption of burlap, affected sentiment. Raw jute was also quiet and, with more thundershowers and further progress in sowing, stockists of low grade fibre entertained anxiety over the prevailing trend of mill demand for selected grades only.

Advices from the New York burlap market showed that consumers there were in no mood to build up stocks. Even a small decline in forward rates failed to move buyers. Further, the increase in burlap stocks at the end of April (to 277 million yards from 272.6 million yards at the end of the previous month) was another factor that enabled buyers to sit on the fence. It should, however, be noted that stocks at the end of April 1963 were higher at 300 million yards, consisting of 156 million yards spot and 144 million yards afloat. Of the stocks at the end of the last month, spot consisted of 155 million yards and afloat 122 million yards as compared with 150.4 million yards, and 122.2 million yards, respectively, at the end of March 1964. Consumption of burlap in the U.S. during April fell slightly to 74 million yards from 74.4 million yards in the previous month. The fact that the average monthly consumption in the first four months of this year had been only 75.80 million yards, as against 79.67 million yards and 77.5 million yards in the respective periods of 1963 and 1962, has been a disappointment. The figures relating to despatches of goods by mills in India during April released during the week also caused disappointment. Total despatches of 98,800 tonnes fell by 8,800 tonnes as compared with the previous month, with hessian at 40,600 tonnes, sacking at 40,900 tonnes and carpet backing cloth at 5,700 tonnes, showing a fall of 6,300 tonnes, 700 tonnes and 2,000 tonnes, respectively, while miscellaneous goods at 11,500 tons showed a small rise. Despatches for export abroad fell from 79,900 tonnes to 71,200 tonnes; the largest decline was accounted for by hessian at 35,600 tonnes, as against 41,800 tonnes, sacking at 21,600 tonnes went down by only 800 tonnes, carpet backing dropped by 1,900 tonnes but miscellaneous goods rose by 200 tonnes. On the other hand, despatches for local purposes at 27,600 tonnes fell only by 100 tonnes, but it was satisfying to note that, with sacking at 19,300 tonnes, as against 19,200 tonnes, consumption of heavy goods within the country was maintaining the rising trend. Both hessian and miscellaneous goods, however, dropped by 100 tonnes each.

In the ten months of the current jute season up to the end of April 1964, sacking exports at 207,200 tons declined by 19,300 tons or about 8 per cent as compared with the corresponding previous period. This decline, it is hardly necessary to emphasise, has been the result of increased competition by Pakistani mills. Countrywise figures are available only for the nine months ended March 1964, and it is seen that lower exports to the U.K. and Western Europe largely accounted for the overall decline, these destinations having taken only 14,000 tons, as against 22,100 tons. On the other hand, offtake by the U.S.S.R. and East European countries showed an impressive 100 per cent increase at 17,600 tons, as against 8,800 tons. A small increase was also recorded in the export of heavy goods to the Americas, which aggregated 47,000 tons, as against 40,600 tons previously. Offtake by countries included in the category of "other destinations" rose by 4,200 tons to 12,700 tons. While total exports of heavy goods fell, it is significant that total hessian exports in the ten months ended April 1964 increased by 30,100 tons, or a little less than 7 per cent, to 474,800 tons. Here again, country-wise figures have been brought up to the end of March only, when an impressive feature has been the increase in hessian exports to the U.S.S.R. and other East European countries, that is, by 23,000 tons or 73 per cent as compared with the corresponding previous period to 54,500 tons. The African countries lifted 20,300 tons, as against 19,300 tons. Shipments to the U.S.A. amounted to 189,900 tons, showing an increase of 3,100 tons, while exports to West European countries (including Great Britain) fell by 11,000 tons or 19.29 per cent to 56,500 tons.

The trade considers that the fall in shipments of hessian and heavy goods to Western Europe as stated above is serious and that measures should be taken to regain the markets lost already. In this context, it is a good sign that India, along with Pakistan and Japan, is taking part in the

congress now being held at Paris by the European Jute Industry Association. Fruitful results are also expected from the efforts of the Indian jute delegation now visiting the U.A.R. It is generally well known that the industry's efforts to increase exports would have been followed by a greater measure of success had only the industry's suggestion for measures to reduce costs of production as well as to improve the quality of fibre output been acted upon. All the same, it is heartening to note that an expert committee of the Union Government, after a recent survey, has recommended steps for early modernisation of mills, so that the industry may benefit from latest technological progress and it is strengthened to face the growing competition from Pakistan, Europe and the U.K. The committee has recommended that mills should be allocated adequate foreign exchange, estimated at Rs. 50 lakhs, in connection with their plan to manufacture mixed jute goods and yarn, chemical—and dye-treated fabrics, non-wovens, and coated fabrics. According to the committee's estimate, a sum of Rs. 4 crores would be necessary for stream-lining the standard looms and Rs. 5 crores for improving accessories. While in the Fourth Plan period, indigenous production of jute mill machinery would not only become self-sufficient but is expected to leave a surplus for export, the committee has emphasised the need for revision of the allocation of the permitted rated potential having regard to the rapidly changing designs of machines and equipment.

Fibre ruled quiet during the week. Mills were interested to procure what little of the selected grades was on offer. Holders of the inferior fibre signified their readiness to discount rates, but mills were unmoved, as they were little interested to add to their stocks of the inferior fibre. As such, they are attempting to cover the current purchase quota by as much as of the surplus grades as possible. May-June fibre quoted as follows: Assam bottoms Rs. 31.50; daisee bottoms Rs. 33.50; and northern bottoms Rs. 30.50.

In the goods market, after the news of the big increase in April-end stocks of goods with mills, overseas buyers displayed only nominal interest. However, there were good purchase of ready goods for loading in the liner scheduled to leave within the next few days to River Plate destinations. Both the U.S. and the U.K. accorded scattered support in ready hessian, and Cambodia sent in an inquiry for heavy goods. Government tenders were also a feature, but these failed to have an impact on the market, in view of the small quantities involved. An order for sand-bags was awaited for Burma. Iraq is wanting to buy heavy Cees. Ready B. twills and hessian 40" 10 oz. opened quiet at Rs. 114 and Rs. 44 on Tuesday last, but improved to Rs. 114.35 and Rs. 44.65, respectively, on the following day, as a result of interest in ready futures. At this stage, business in hessian took place with both the U.K. and the U.K. 40" 10 oz. construction hardened to Rs. 44.75 on Thursday, while B. twills gave way to Rs. 114.30. On Friday, the rates sagged to Rs. 44.35 and Rs. 113.70, respectively. Business with Government on so small a scale as 900 bales of B. twills that took place on Friday affected sentiment. The market was closed on Saturday. B. twills firmed up to Rs. 114 yesterday following news of renewed Government interest, but, subsequently, it was known that actual business done was only in respect of 600 bales of B. twills. Hessian 40" 10 oz. was quiet at Rs. 44.25.

KIPS WEAK

(From Our Own Correspondent)

MADRAS, *25th May*

The kips market ruled weak. Shipment trading was at a low ebb. Importers' enquiries were selective and small in cow hides and cow calf but negligible in buff hides and buff calf section. Demand from buyers in the U.S.A. was *nil* and it was believed that their domestic hides are more economical for them.

In the tanned skins section, goat skins continued to rule firm, due to strength in the raw section. E.I. tanners seemed to be in a well sold forward position, and were going slow in booking fresh orders at last established prices. There were sustained inquiries for top marks in goat skins from the Continent, but not for secondary tannages. As regards sheep skins, export trading was small, and the market was a shade quiet.

The next German tanned skins Public sales will take place on the 25th inst. when 60,000 goat skins and 32,000 sheep will be offered for sale.

The following were the ruling prices per lb. for all-round lots in the local market:—

Tanned cow hides 8/8½ lbs. average Rs. 2.20 to Rs. 2.25; tanned buff hides 12/14 lbs. average Rs. 2.00 to Rs. 2.05 and tanned buff calf 1½/2 lbs. average Rs. 3.50 to Rs. 3.55.

METALS FIRM

(From Our Own Correspondent)

CALCUTTA, *26th May*

With demand showing no sign of abatement in the context of increased industrial demand, conditions in the Calcutta metal market were firm during the week under review. Copper on both the London Metal Exchange and the New York Commodity Exchange maintained the slippery ground, but other metals advanced.

Copper scrap in Calcutta was difficult to obtain, and the utensil scrap at Rs. 690 per quintal recorded a further rise. A further recession in copper values on the London Metal Exchange took place when selling was precipitated following lower futures advices from the United States. How far the present recession would succeed in taking back the price to where it was prior to the recent buoyancy is difficult to say, especially because other metals on the L.M.E. are gradually advancing. Spot copper wire-bars closed lower on balance at £293¾ a ton after being higher at £301. However, the three-months' quotation opened at £291½, at one time eased to £288¾, and closed at £290¾. Spot fire-refined closed without gain or loss at £274, but was lower for a while at £272. On the other hand, spot cathodes rose to £281 from Rs. 280 but eased to £277. The improved prospects for the copper mines the world over was further reflected in increased earnings by the Kennecott Copper Corporation and the Anaconda Company, both of which have mines in Chile. In the first quarter of this year, Kennecotts increased earnings to $17¾ million from $15 million in the corresponding quarter of last year. Anacondas' earnings aggregated $12½ million, as against $11 million.

On the L.M.E., spot tin shot up to as high a rate as £1,088 a ton, after opening at £1,059, and closed at 1,077. The 3-months rate closed higher on balance at £1,073, after opening at £1,060 and moving up to £1,082½. In Calcutta, the rate was unchanged at Rs. 3,000 per 100 kgs. and the good stock position explained stability at this level. Zinc in Calcutta at Rs. 315 per 100 kgs. maintained the recent additions: on the L.M.E. the spot rate shot up to £133 a ton from £120. At £89¾ a ton, spot lead in London gained £1. The local quotation of Rs. 305 per 100 kgs. was maintained, although a further rise in the price was prevented by the buyers' resistance to follow the rising trend.

FOODGRAIN PRICES HARDEN

(From Our Own Correspondent)

HAPUR, *25th May*

Steady to firm trend continued in foodgrain prices during the past week. Arrivals of new *rabi* gains in markets here and elsewhere did not improve and brisk consumers' demand led to a hardening of prices. Threshing and winnowing operations were nearly complete and producers were reported to be withholding their stocks. *Kharif* sowings would shortly commence and until *kharif* crop prospects become clearer arrivals of *rabi* grains in markets will be restricted.

Brisk consumers' and stockists' support accounted for further hardening trend in wheat, whose prices advanced by Rs. 2.50 to Rs. 4 per quintal, according to quality during the week. Daily arrivals averaged 1,500 to 2,000 maunds. Prices were now quoted between Rs. 53.50 and Rs. 57.50 per quintal for average quality and between Rs. 58.50 and Rs. 63.50 per quintlal for farm produce. Despite controlled wheat prices being Rs. 43 per quintal, sales of wheat and flour through fair price shops is reported to be poor as quality offered was inferior. Firm conditions also continued to prevail in rice market and prices of inferior *gadda* quality improved upto Rs. 2.50 a quintal. Supply position was poor in the wake of good seasonal demand and stocks too were meagre. Week-end prices were: Rice *basmati* superior: Rs. 96.45 to Rs. 99.13; *sela* Rs. 93.77 to Rs. 96.45; *mainpuri* Rs. 73.69 to 75.02; *ramajwayan* Rs. 81.72; *raimunia* Rs. 83.06 and *gadda* Rs. 74.50 per quintal.

After early fall gram also improved at the week-end in sympathy with the rise in wheat and rice prices, coupled with higher Punjab advices. Local produce was now quoted at Rs. 56.50 and Punjab quality at Rs. 55.50 per quintal. Arrivals were around 400 to 500 maunds a day and stocks at the week-end were estimated around 2,000 quintals. Barley and *bejhar* prices hardened on good demand in the face of small arrivals and prices were now quoted between Rs. 41.50 and Rs. 42.50 for barley and between Rs. 41.25 and Rs. 42.50 per quintal for *bejhar*. *Juwar* and *guwar* sought higher levels on brisk demand for sowings. *Juwar* was quoted at Rs. 43 to Rs. 45 and *guwar* between Rs. 60 and Rs. 61.62 per quintal. *Methi*, however, ruled subdued on lack of support but oats improved at the week-end due to small arrivals. Maize ruled quiet as seasonal demand had subsided.

Quiet to steady trend was witnessed in pulses market during the week as buying enquiry was slack at higher price levels. Peas prices were subdued; arrivals were 500 to 700 maunds a day and prices ranged between Rs. 48.75 and Rs. 50.75 for *dara* quality and between Rs. 53 and Rs. 55 per quintal for superior farm produce. Peas *dal* prices also eased to Rs. 53.12 a quintal. *Arhar* prices ruled quiet although arrivals were still poor and now millers were the main buyers. The prices were quoted between Rs. 68.50 and Rs. 72.50 per quintal. *Urd* and *moong* prices also tended to ease on slack demand. *Urd* was now quoted at Rs. 66.98 to Rs. 72.34 and *moong* between Rs. 77.70 and Rs. 91.09 per quintal. *Masoor* prices also drifted lower in limited trading. It was quoted at Rs. 66.25 to Rs. 72.34 per quintal. Other *dal* prices were, however, unchanged. Week-end prices here were: *Arhar dal* Rs. 80.38 to Rs. 83.06; *urd dal* Rs. 80.38; *moong dal* Rs. 93.77; *masoor dal* Rs. 82.50 and gram *dal* Rs. 62.96 per quintal.

SUGAR STEADY

(From Our Own Correspondent)

HAPUR, *25th May*

Sugar prices continued to be steady due to restricted supply. The Government of India has revised ex-factory prices of sugar and, in most part of the country, prices have been revised upwards. Reduction in the sugar quota in the wake of increased summer and marriage season demand accounted for this hardening trend in sugar prices. Bihar ranked second in sugar production in the country, next only to U.P. Overall sugar production in the current season, around 2.6 million tons, is much lower than the targetted figure of 3.3 million tons. Open market prices ranged from Rs. 165 to Rs. 170 a bag, while the controlled prices were Rs. 121.50 a bag.

Desi khandsari prices touched a new high of the season on continued buying support from east U.P. and other areas. Rajasthan also reported brisk demand, following the issue of export permits for 1,000 tons of *khandsari* by the U.P. Government against import permits issued earlier by the Rajasthan Government to the Halwai Association of Rajasthan. Stockists were reluctant in anticipation of further rise in prices as soon as export were allowed. Week-end prices were: *desi* inferior Rs. 125 to Rs. 140; medium Rs. 145 to Rs. 162; superior Rs. 163 to Rs. 172.50; non-crystal Rs. 150 to Rs. 165; *boora* Rs 155 to Rs 165; and *khandsari* sulphur Rs. 175 to Rs. 177.50 per quintal.

After ruling firm in the earlier part of the week due to good buying support from Gujarat and Rajasthan against import permits, *gur* prices turned quiet in the week-end as export permits had exhausted. Week's offtake aggregated eight wagon loads and, with daily arrivals averaging about 250 maunds, local *gur* stocks declined to 7,000 quintals. The quality of stocks left was fast deteriorating due to the summer season. *Shakker* prices were steadier on good demand against poor stocks, coupled with non-availability of crystal sugar. Week-end prices were: *Gur pansera* superior Rs. 31.50, average Rs. 30.50 *dara* Rs. 30; *balti* Rs. 29.50 to Rs. 30; *kotha* selected Rs. 31; dry wet Rs. 28.50 and *shakker* Rs. 33 to Rs. 35 per 40 kilograms.

In Muzaffarnagar market, *gur* and *shakker* prices registered sharp gains during the early part of the week on brisk demand from upcountry centres. But in the second half of the week the values drifted lower because of non-issue of export permits by the Regional Food Controller. Week-end prices were: *Gur chaku* Rs. 33 to Rs. 35.12; *pansera* Rs. 29.50 to Rs. 31, *khurpapar* Rs. 34 to Rs. 34.50 and *shakker* Rs. 34.50 Rs. 37.50 per 40 kilograms.

Notice

THE STANDARD COAL COMPANY LIMITED

NOTICE IS HEREBY GIVEN TO THE members of the abovenamed Company that an Annual General Meeting of the Company will be held at the Registered Office, Chartered Bank Buildings, Calcutta, at 12 noon on Friday, the 26th June, 1964, for the following purposes:

1. To consider and adopt the Profit and Loss Account of the Company for the year ended 31st December, 1963 and the Balance Sheet as at that date and to receive the Directors' and Auditors' Reports thereon.
2. To declare the Dividend recommended by the Directors.
3. To appoint Auditors and fix their remuneration.

AS SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modification, the following resolution of which a notice has been received by the Company from one of its members in terms of Section 257 of the Companies Act 1956, and which will be proposed as an ordinary resolution:

"RESOLVED that Mr. P. C. Ganguli be and is hereby appointed a Director of the Company whose period of office shall be liable to termination by retirement of directors by rotation."

The Share Transfer Register of the Company will be closed from 15th June, 1964 to 26th June, 1964, both days inclusive.

By Order of the Board,

F. W. HEILGERS & CO. (PRIVATE) LIMITED,
Secretary.

Registered Office:
CHARTERED BANK BUIDLINGS,
CHARTERED BANK BUILDINGS,

Notes:

(*a*) A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote instead of himself. A proxy need not be a member of the Company.

(*b*) The Dividend, if declared will be paid on or after 10th July, 1964 to those shareholders so entitled whose names appear in the Company's Books on the 26th June, 1964 or to their mandatees. No application for Dividend Warrants will be necessary.

(*c*) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Special Business set out above is being sent to the Shareholders.

TREND OF SHARES

SHARP SETBACK

(From Our Own Correspondent)

BOMBAY, *28th May*

PRIME Minister Nehru's sudden death on Wednesday afternoon came as a severe shock to the Stock Exchanges as to the rest of the country. As soon as the news was received, all activities had stopped. The markets have remained closed since then and will open only on Monday. The magnitude of the impact of this sad development is by no means complete. It will be known only when the markets open again.

Behind the sudden fall in values on the day of Mr. Nehru's death is the feeling of uncertainty about the type of Government that will come into force. Will it be a Government dominated by the leftist elements or the rightist elements? Will there be fresh curbs on private savings and investments? Will the attack on the private sector be intensified or lessened? Another set of questions that is bothering investors is: What will Pakistan and China do now? Will they feel emboldened to disturb the political stability of this country in order to gain their ends? These are some of the questions that are causing doubts about the safety of investments in equities.

The immediate behaviour of the market is obscure. There is, for reasons just stated, an undercurrent of uneasiness. In keeping the market closed until Monday, the authorities of Bombay and Calcutta Stock Exchanges have done a good thing. They have prevented a bear raid. It is to be hoped that they will keep a strong vigil against speculators who may try to take undue advantage of the understandable hesitancy on the part of investors to enter the market even at the prevailing low levels.

Now for a review of the markets. This week's survey covers only four working sessions, as the market remained closed on Saturday the 22nd inst. (*Muharrum*) and today as a mark of respect to the Prime Minister who passed away on Wednesday the 27th inst. During this brief period, the market depicted a contrary trend: While the first two sessions witnessed somewhat steady conditions, the latter two sessions experienced a sharp setback in values. Early in the week, equities staged a mild rally, which followed scattered short covering and some replacement buying. The rise in prices would have been more marked but for tired bull liquidation at every rise in prices, thanks to fears of higher contango charges. The upward trend persisted on Monday, the 25th inst., that is the opening of the new account, though, towards the close, there was a slight fall in values for want of follow-up support. Equities ruled distinctly easy on Tuesday and the easiness gathered considerable momentum on Wednesday on news that Mr. Nehru was critically ill. Just when the market was about to close the day's trading, the news of Mr. Nehru's death was received. So stunning was this news that there was an avalanche of selling orders on the Stock Exchange with prices tumbling down. Even at lower levels, buyers were scarce.

Operators generally seem to have taken a rather gloomy view of the future of India without Mr. Nehru, although they admit that they cannot say anything definite as to the shape of things to come. While expressing profound sorrow for the death of Mr. Nehru, they are fervently hoping for the emergence of a strong and wise leadership at the Centre. Incidentally, they have taken note of the outcome of the All-India Club Meeting held at Washington on Tuesday the 26th inst. The Club has pledged for the fourth year (1964-65) of the third Plan a total aid of $1,028 million which is less by just $72 million than what India had asked for. They have also taken note of the Bill signed into law by President Johnson, making an additional $312 million contribution to the International Development Association. Since the I.D.A. thus becomes assured of a $750-million replenishment of its loan capital from the U.S. and 16 other advanced countries over the three years ending June 1966, the chances of India getting more I.D.A. loans, which are interest-free and which are repayable over a long period, are considered to be quite bright. Welcome though these developments are, they have been overwhelmed by the tragedy of Mr. Nehru's demise at the most critical period in the life of the nation.

The majority of cash and forward scrips in Dalal Street suffered heavy losses over the week. Tata Ordinary slumped by Rs. 4.50 to Rs. 142.50; they had gone down to as low as Rs. 141 at one time on Wednesday. Indian Iron dropped 56 nP to Rs. 23.72. Textiles were depressed, Century declined by Rs. 21 to Rs. 583, Morarjee by Rs. 20 to Rs. 266, National Rayon by Rs. 18.50 to Rs. 342, Standard by Rs. 16 to Rs. 590, Kohinoor by Rs. 7.80 to Rs. 312 *ex-div.* and Bombay Dyeing by Rs. 2 to Rs. 55.20. Svadeshi, however picked up Rs. 5 to Rs. 245 following increase in dividend from Rs. 17 to Rs. 19 for the year ended December 1963. Cements drifted lower. Shree Digvijay fell by Rs. 5 to Rs. 183, Associated Cements by Rs. 2.75 to Rs. 148 and Orissa by 36 nP to Rs. 12.60. Among Sugars, Belapur eased by Rs. 2 to Rs. 198 and Phaltan by 30 nP to Rs. 96.50. In the dyes and chemicals group, Polychem receded by Rs. 6.25 to Rs. 115, Indian Dyestuff by Rs. 3.75 to Rs. 246.25 and Tata Chemicals by 56 nP to Rs. 16.80. Activity in Engineerings was limited. T. Manekla! moved down by Rs. 25 to Rs. 495. Telco slipped by Rs. 6.25 to Rs. 266, after being lower still at Rs. 259. New Standard dropped Rs. 3 to Rs. 125. Alcock Ashdown shed Rs. 2 to Rs. 288 and Larsen and Toubro 52 nP to Rs. 21.84. Miscellaneous industrials lacked support. Voltas retreated from Rs. 247.50 to Rs. 236. Bombay Burmah lost a rupee to Rs. 57. Wimco shed Re 1.50 to Rs. 252.50, Tata Oil Rs. 2.50 to Rs. 57.50 and West Coast Paper Rs. 2 to Rs. 152.

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Liquidation by tired bulls led to a drop in values at Lyons Range (Calcutta). In the forward list, Birla Jute declined by Re. 1.25 to Rs. 28.62. Dunlop Rubber eased by a further Re. 1 to Rs. 32.75. Guest, Keen, William receded from Rs. 23.69 to Rs. 22.62, Texmaco from Rs. 27.45 to Rs. 26.55 and J.K. Cotton from Rs. 10.69 to Rs. 10.25. Among cash scrips, Imperial Tobacco decreased by 56 nP to Rs. 9.69 and Philips India by 25 nP to Rs. 27.75. Metal Box was dull at Rs. 30.62. Jessop and Co. softened by Re. 1.12 to Rs. 20.44, British Paints 50 nP to Rs. 20 and Balmer Lawrie Rs. 2 to Rs. 254.

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A quiet trend was in evidence on the Madras Stock Exchange throughout the week. Business put through was small, with values moving narrowly. Madura in the forward list fell by 20 nP to Rs. 32.80, Ashok Leyland by 11 nP to Rs. 6.79 and India Cement by 7 nP to Rs. 5.45. S.I. Viscose were neglected at Rs. 118. Among cash scrips, Bangalore Woollen declined by Rs. 2 to Rs. 248 and Coimbatore Cotton by Rs. 3 to Rs. 152.

ANDHRA FOUNDRY AND MACHINE CO., LTD.

The Andhra Foundry and Machine Company Ltd., Secunderabad, a company registered in Andhra Pradesh in 1961, is to enter the capital market next week to raise, by public subscription, a sum of Rs. 45 lakhs. For this purpose, the Company is offering, at par, to the public 300,000 equity shares of Rs. 10 each and 15,000 9.3 per cent cumulative redeemable preference shares of Rs. 100 each. The subscription list will open on 4th June 1964 and will close on 15th June, 1964, or earlier at the discretion of the Directors but not earlier than 8th June 1964. The mode of payment is Rs. 2.50 per share on application, Rs. 2.50 on allotment and the balance of Rs. 5 in two calls of equal amounts in respect of the equity shares and Rs. 25 per share on application, Rs. 25 on allotment and the balance of Rs. 50 in two calls of equal amounts in respect of the preference shares. The entire issue is underwritten by as many as eight underwriters.

Some details of the capital structure, compositions of the Board of Directors are published on page 935 of this issue. As will be seen therefrom, the promoters, Directors and their friends have already taken up 100,000 equity shares of the value of Rs. 10 lakhs. This together with the present public issue of the value of Rs. 45 lakhs (Rs. 30 lakhs equity capital and Rs. 15 lakhs preference capital) and Rs. 10 lakhs already subscribed and paid-up make up an issued capital of Rs. 65 lakhs, Rs. 50 lakhs in ordinary shares and Rs. 15 lakhs in preference shares.

The proceeds of the present issue will go to finance the Company's proposed spun pipe plant with a capacity of 24,000 tons of cash iron spun pipes per year on a double shift basis. The total cost of the project is estimated at Rs. 1.02 crore, which is proposed to be met out of the share capital of Rs. 65 lakhs and the balance of Rs. 37 lakhs out of a foreign exchange loan from the I.C.I.C.I. The Company has entered into a technical collaboration agreement with Messrs. Rheinstahl Industrie-Planung Gmbh, Essen, W. Germany.

The factory will be located on a 100-acre site at Moula Ali, near Hyderabad. Cast iron pipes are required for water supply, drainage and sewage schemes. The total demand for such pipes during the third Plan is estimated at 800,000 tons per annum. As against this, the present installed capacity is only about 300,000 tons and consequently the products of the Company are assured of a ready market. The raw materials required are pig iron, coke, limestone and sand. The last the items are freely available locally, while pig-iron will be obtained on a quota basis from the Government. Production is expected to commence in the latter part of 1965. The Directors hope that the Company would be in a position to commence payment of dividend on the preference shares in 1966 and on equity shares in 1967.

UNION CARBIDE INDIA LIMITED

(*Concluded from page 927*)

been no small factor in the development of that Company loyalty to which I referred earlier and which is regarded as the chief factor of success.

The question might be raised—and it is a fair question—what does all this training and development cost your Company? This has cost nothing when the entire picture is considered, i.e., the amount of money spent in training managers *versus* the return in the form of increased efficiency of operations and the cost reductions effected which can be attributed to the training programmes. In fact the programme has, after defraying all costs, produced an appreciable part of the profits shown on the balance-sheet. This, of course, merely bears out the truth of the statement to which the management of your Company wholly subscribes, that executive talent is the most valuable asset, an asset which will continue to be fostered and safeguarded.

It is a far cry from the golden age of the Greek philosophers to the problems of industry in today's world; but the management of your Company believes that the axiom laid down almost twenty-five centuries ago, that "Man is the measure of all things" remains, and will remain, a sound guide to your Company's policy.

Note: *This does not purport to be a record of the proceedings of the above Annual General Meeting.*

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 27th May 1964:

	Closing quotations 21-5-1964	High	Low	Closing quotation 27-5-1964
	Rs.	Rs.	Rs.	Rs.
TEXTILES				
Ahm. Adv. (100) ..	140.00	—	—	140.00
Apollo (2) ..	1.70	1.78	1.72	1.72
Baroda Rayon (100).	80.00	81.50	77.50	77.50
Bombay Dyeing.(25).	57.20	57.80	55.00	55.20
Bradbury (50) ..	144.50	145.50	145.00	145.00
Central India (100) ..	89.00	90.00	87.00	87.00
Century Mills (100) ..	604.00	607.50	570.00	583.00
Dawn (50) ..	162.00	153.00	152.00	152.50
Elphinstone (50) ..	97.00	—	—	97.00
Finlay (100)	306.00	306.00	302.00	303.00
Gokak (100)	180.00	182.00	178.00	180.00
Gold Mohur (100) ..	212.50	—	—	212.50
Gwalior Rayon (10) ..	36.75	37.00	36.75	36.75
Ind. Unit. Def. (1).	2.60	2.62	2.56	2.56
Ind. Untd. Ord. (10).	21.60	21.80	20.24	20.24
Indian Rayon (100) ..	67.00	67.00	67.00	67.50
Indore Malwa (100) ..	209.00	212.00	205.00	210.00
Khatau (100)	182.50	181.25	177.50	180.00
Kohinoor (100)	332.00	334.00	308.00	313.00xd
Mafatlal (100)	500.00	501.25	500.00	500.00
Modella Woollens (10).	13.00	—	—	13.00
Morarji (100)	266.00	286.00	266.00	266.00
Mysore (50)	38.75	39.00	37.00	37.00
National Rayon (100).	360.50	364.00	335.00	342.00
New Great (100) ..	178.00	—	—	178.00
Phoenix (100)	223.00	224.00	218.00	221.00
Podar Mills (10) ..	12.00	12.00	11.76	11.88
Raymond Woollen (100) ..	140.00	—	—	140.00
Sassoon Spg. (10) ..	36.25	—	—	36.25
Shreeniwas (100) ..	249.00	247.00	232.00	232.00xd
Simplex (50)	122.00	122.00	119.00	119.00
Standard (100)	606.00	614.00	580.00	590.00
Svadeshi (100)	240.00	251.00	240.00	245.00
Swan (100)	275.00	—	—	275.00
S. I. Viscose (100) ..	118.00	119.50	115.00	115.50
Tata Mills (25)	55.50	56.20	53.50	53.50
Lakshmi-Vishnu (100).	100.00	92.00	85.00	92.50
Western India (250) ..	850.00	—	—	850.00
BANKS				
Bank of India (50) ..	102.50	103.00	102.50	103.00
Do. (New) (50) ..	103.50	104.00	103.50	104.00
Bank of Baroda (50).	92.50	93.00	92.00	93.00
Central (25)	45.00	45.50	45.00	45.00
Central 'A' (25) ..	45.50	47.00	45.50	47.00
Dena Bank (50) ..	57.00	—	—	57.00
Punjab National (10) .	19.80	19.80	19.00	19.00
Union Bank (5) ..	5.84	5.88	5.84	5.88
United Com. (50) ..	67.70	68.00	67.70	68.00
Maharashtra (50) ..	55.00	—	—	55.00
ELECTRIC COS.				
Ahmedabad (100) ..	96.00	96.20	95.50	96.00
Amalgamated (10) ..	9.52	9.52	9.44	9.48
Andhra Valley (1,000).	1,055.00	1,062.50	1,055.00	1,062.50
Bom. Pub. El. (100)..	105.00	105.00	104.25	104.25
Surat (100)	101.25	—	—	101.25
Tata Hydro (100) ..	112.00	112.25	112.00	112.25
Tata Power (1,000) ..	1,117.50	1,120.00	1,115.00	1,117.50
INSURANCE COS.				
British India (10) ..	12.48	—	—	12.48
Indian Mercantile (50).	58.00	—	—	58.00
New India (15)	50.00	50.30	49.00	49.00
New Untd. 'A' (15) ..	50.00	51.00	50.50	50.50
Vulcan (10)	15.76	15.88	15.60	15.84
STEEL COS.				
Ind. Iron (10)	24.28	24.52	23.60	23.72
Mukand Iron (10) ..	17.72	17.84	17.44	17.44
Tata Steel Ord (75) ..	147.00	147.25	141.00	143.50
SUGAR COS.				
Belapur (50)	200.00	201.00	198.00	198.00
Bhopal (10)	12.76	—	—	12.76
Changdeo (12.50) ..	25.00	25.50	25.00	25.50
Maharashtra (50) ..	126.50	127.00	125.00	125.50
Phaltan (50)	96.80	97.00	96.50	96.50
Walchand Ind. (100) .	145.50	145.75	144.00	145.50
CEMENT COS.				
Associated Cts. (100)	150.75	151.00	147.50	148.00
Digvijay (100) ..	188.00	190.00	180.00	183.00
Orissa (10)	12.96	13.00	12.60	12.60
DYES & CHEMS.				
Amar-Dye-Chem (100).	132.50	137.50	135.00	135.00
Camphor & Allied (100)	89.00	—	—	89.00
Citric (100)	68.00	71.00	65.00	65.00
Chemicosi (100) ..	125.00	105.00	102.50	104.00
Colour-Chem (100) ..	316.25	335.00	318.25	320.00
Indian Dyestuff (100).	250.00	252.50	238.75	246.25
Polychem (100) ..	121.25	122.50	115.00	115.00
Synthetics (100) ..	79.00	81.00	75.00	75.00
Tata Chemicals (10) ..	17.36	17.44	16.60	16.80
MISCELLANEOUS				
Alcock Ashdown (100).	290.00	292.00	285.00	288.00
Bom. Burmah (25)‡ ..	58.00	58.00	57.00	57.00
Do. (New) (20)‡ ..	44.25	44.50	44.25	44.50
Br. B. Petrol (1¼ sh.).	3.54	3.54	3.02	3.18
Br. I. Corpn. (5) ..	9.88	9.76	9.68	9.76
Cooper Eng. (100) ..	99.00	—	—	99.00
Hindustan Lever (10).	32.00	32.75	31.00	31.00
Hindustan Motors (10).	17.96	18.16	17.16	17.32
I. C. & Invest. Corporation (100) ..	92.00	—	—	92.00
Indian-Copper (2 sh.) .	3.20	3.24	3.06	3.10
Killicks (100)	86.00	86.50	86.00	86.00
Larsen & Toubro (10).	22.36	22.48	21.76	21.84
Mahindra & Mahindra (10) ..	16.00	16.00	15.72	15.76
Asian Cables (100) ..	73.00	72.50	70.00	72.50
Permanent Magnets (100) ..	115.00	—	—	115.00
Phillips Carbon (10) ..	10.52	10.52	10.36	10.36
Pre. Automobiles (100)	97.00	97.50	93.50	95.00
Premier Con. (30) ..	166.00	168.00	161.00	162.00
Scindia (20)	14.52	14.64	13.36	13.84
G. E. Shipping (10) ..	12.64	12.72	12.48	12.48
N. Standard Eng. (100)	128.00	128.00	125.00	125.00
T. Manekla! (100) ..	520.00	525.00	490.00	495.00
Shivrampur (10) ..	14.00	15.00	13.50	15.00
Sirpur Paper (10) ..	11.28	11.92	11.20	11.28
Tata Locomotive (100)	273.25	276.50	259.00	266.00
Tata Oil (25)	60.00	60.00	57.00	57.50
Voltas (100)	247.50	252.50	230.00	252.50
W. I. Match (100) ..	254.00	254.00	252.00	252.50
W. Coast Paper (100).	154.00	155.00	152.00	152.00
Zenith Steel (10) ..	14.52	14.52	12.24	14.00

GOVERNMENT SECURITIES	21-5-1964 Rs.	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	29-5-1964 Rs.
2½% 1976	82.75	—	4.64	82.75
3 % 1964	99.00	—	4.45	99.00
3 % 1966-68	98.05	3.85	3.48	98.10
3 % 1970-75 1st Dev.	90.45	4.88	4.04	90.45
3 % 1966 Con. Loan..	63.85	—	4.72*	63.80
3½% 1965 N. P. Bonds.	99.05	—	3.50	100.00
3½% 1967 N. P. Bonds.	99.80	—	3.77	99.80
3½% 1974	96.75	—	4.12	96.75
3½% 1967 N. P. Bonds.	100.05	—	3.75	100.00
3½% 1969 Loan ..	97.85	—	4.17	97.90
3½% 1968	98.55	—	3.95	98.25
3½% 1968 N. P. Bonds.	99.60	—	3.89	99.70
4 % 1972 Loan ..	98.85	—	4.18	98.85
4 % 1973 Loan ..	99.85	—	4.21	98.85
4 % 1979 Loan ..	98.50	—	4.14	98.50
3½% 1966 Bonds ..	99.00	—	3.66	99.80
4 % 1980 Loan ..	98.00	—	4.14	98.00
4 % 1981 Loan ..	98.50	—	4.14	98.50
4½% 1985 Loan ..	100.10	—	4.49	100.10
4½% 1977 G. Bonds..	118.10	—	4.62	118.10
4½% 1972 N. D. Bonds	100.25	—	4.21	100.10

* Current Income. x.d.—Cum-Right. xd—Ex-dividend. cd—Cum-dividend. x.r.—Ex-Right.
‡ B. Burmah—Shares of Rs. 125 have been sub-divided into 5 shares of Rs. 25 each. † Sub-divided into 5 shares of Rs. 20 each after taking into account the Bonus element of Rs. 25.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 22nd May 1964

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long Term Operations) Fund		73,00,00,000
National Agricultural Credit (Stabilisation) Fund		8,00,00,000
Deposits—		
(a) Government—		
(i) Central Government		54,95,23,000
(ii) State Governments		18,61,67,000
(b) Banks—		
(i) Scheduled Banks		85,33,39,000
(ii) State Co-operative Banks		2,11,23,000
(iii) Other Banks		62,93,000
(c) Others		157,83,66,000
Bills Payable		35,90,24,000
Other Liabilities		81,57,39,000
	Rupees	602,96,39,000

ASSETS	Rs.	Rs.
Notes		21,96,90,000
Rupee Coin		4,12,000
Small Coin		5,39,000
National Agricultural Credit (Long Term Operations) Fund—		
(a) Loans and Advances to—		
(i) State Governments		28,30,57,000
(ii) State Co-operative Banks		8,19,04,000
(iii) Central Land Mortgage Banks		....
(b) Investment in Central Land Mortgage Bank Debentures		3,59,36,000
National Agricultural Credit (Stabilisation) Fund		
Loans and Advances to State Co-operative Banks.		....
Bills Purchased and Discounted—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		49,65,24,000
Balances Held Abroad*		13,13,14,000
Loans and Advances to Governments**		54,32,48,000
Loans and Advances to—		
(i) Scheduled Banks†		43,28,38,000
(ii) State Co-operative Banks‡		114,79,00,000
(iii) Others		1,90,45,000
Investments		232,17,93,000
Other Assets		31,50,69,000
	Rupees	602,96,39,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

† Includes Rs. 7,39,15,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	21,96,90,000	
Notes in circulation	2542,75,83,000	
Total Notes issued		2564,72,73,000
Total Liabilities		2564,72,73,000

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	103,45,69,000	
Total		221,21,79,000
Rupee Coin		101,23,97,000
Government of India Rupee Securities		2242,26,97,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2564,72,73,000

State Bank of India

Statement of Affairs for the week ended 22nd May 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital:— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up:— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		9,30,00,000
Deposits and Other Accounts		610,10,03,000
Borrowings from Other Banking Companies, Agents, etc.		23,65,40,000
Bills Payable		8,26,47,000
Bills for Collection being Bills receivable as per contra		9,47,43,000
Acceptances, Endorsements and Other Obligations per contra		16,36,05,000
Other Liabilities (including Inter-Office Adjustments)		9,29,69,000
Total .. Rs.		692,07,57,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		17,95,33,000
Balances with other Banks		4,36,90,000
Money at Call and Short Notice		3,53,33,000
INVESTMENTS:—		
Government and other Trustee Securities	Rs. 232,56,45,000	
Other Authorised Investments	9,44,24,000	
		242,00,69,000
ADVANCES:—		
Loans, Cash Credits, Overdrafts, etc.	Rs. 352,46,49,000	
Bills Discounted and Purchased	24,07,71,000	
		376,54,20,000
Bills Receivable being Bills for Collection as per contra		9,47,43,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		16,36,05,000
Premises less Depreciation		2,25,45,000
Furniture and Fixtures less Depreciation		1,80,97,000
Other Assets (including Inter-Office Adjustments)		17,77,23,000
Total .. Rs.		692,07,57,000

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	15-5-64	8-5-64	17-5-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	63,86	67,25	50,05
(ii) From others	1,071,99	1,065,24	881,87
(b) Borrowings from banks	37,53	38,25	32,90
(c) Others	66,39	69,65	60,11
2. Time liabilities—			
(a Time deposits—			
(i) From banks	24,94	25,78	25,32
(ii) From others	1,254,22	1,247,00	1,214,49
(b) Borrowings from banks	12,07	12,20	20,31
(c) Others	11,60	11,59	10,24
3. Aggregate deposits [(1) (a) (ii)+2 (a) (ii)]	2,325,31	2,312,24	2,096,36
4. Borrowings from Reserve Bank	68,66	79,02	24,92
(a) Against usance bills and/or promissory notes	15,23	22,81	17,49
(b) Others	53,43	56,21	7,43
5 Borrowings from State Bank and/or a notified Bank	22,86	21,99	17,97
6. Cash	83,24	80,85	54,29
7. Balances with Reserve Bank	82,90	80,30	70,47
8. Cash and balances with Reserve Bank	146,15	141,15	133,75
9. 8 as per cent of 3	6.29	6.10	6.38
10. Balance with other banks in current account	21,62	21,61	19,60
11. Money at call and short notice	49,17	45,02	50,65
12. Investments in Government securities	617,71	621,49	617,68
13. 12 as per cent of 3	26.56	26.88	29.46
14. Advances—			
(a) Loans cash credits and overdrafts	1,560,73	1,563,53	1,318,32
(b) Due from banks	15,26	15,62	9,50
15. Inland bills purchased and discounted	221,31	225,45	196,36
16. Foreign bills purchased and discounted	65,71	67,21	53,88
17. Total Bank Credit [14(a)+15+16]	1,847,74	1,856,19	1,568,57
18. 17 as per cent. of 3	79.46	80.28	74.82

EXCHANGE RATES

	27th May 1964	20th May 1964
London on New York	2.7995 -2.7997	2.7993- 2.7995
London on Berne .. Sw. Fcs.	12.0700-12.0810	12.0815-12.0835
London on Paris .. Fcs.	13.7165-13.7185	13.7165-13.7185
New York on London Cents per £	279.940-279.960	279.940-279.960
Pound Sterling—		
Sellers T.T. D.D. Spot .. £.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months .. .. .. £.	1-5 15/16	1-5 15/16
Buyers T.T. .. .. £.	1-5 1/32	1-5 1/32
Buyers D.D. .. .. £.	1-6 1/16	1-6 1/16
U.S. Dollar—		
Sellers T.T. D.D. .. Rs. to $100	478.25	478.25
Buyers T.T. .. Rs. to $100	474.75§	474.75
Canadian Dollar—		
Sellers T.T. D.D. .. Rs. to $100	444.75	444.50
Buyers T.T.	436.75	436.50
French Franc—		
Sellers T.T. D.D. .. per Rs. 100	102.40	102.40
Buyers T.T.	103.40	103.40
Swiss Franc—		
Sellers T.T. D.D.	90.10	90.10
Buyers T.T.	91.10	91.10
Deutsche Marka—		
Sellers T.T. D.D.	83.00	83.00
Buyers T.T.	83.90	83.90
Italian Lire—		
Sellers T.T. D.D.	13,030	13,030
Buyers T.T.	13,210	13,205
Swedish Kroner—		
Sellers T.T. D.D.	107.30	107.30
Buyers T.T.	108.40	108.40
Belgian Francs—		
Sellers T.T. D.D.	1,037	1,037
Buyers T.T.	1,053	1,053
Dutch Guilders—		
Sellers T.T. D.D.	75.40	75.40
Buyers T.T.	76.30	76.30
Hongkong Dollars—		
Sellers T.T. D.D.	119.60	119.60
Buyers T.T.	120.60	120.60
Norwegian Kroner—		
Sellers T.T. D.D.	149.40	149.30
Buyers T.T.	150.70	150.70
Danish Kroner—		
Sellers T.T. D.D.	144.30	144.30
Buyers T.T.	145.60	145.70

YIELDS ON INDUSTRIAL SECURITIES—ALL INDIA

(Per cent. per annum, tax-free)

Average of months/month	1963-64	1962-63	March 1964†	March 1963
Central Government Securities:				
a) 3% conversion loan 1966 or later†	3.26	3.15	3.35	3.32
(b) Others‡	2.95	2.89	2.90	3.15
Debentures	4.65	4.35	4.80	4.45
Preference Shares	5.88	5.87	5.99	5.96
Variable Dividend Industrial Securities	4.90	4.85	4.93	5.12
Agriculture and Allied Activities‡	5.01	6.27	5.94	6.44
(a) Tea Plantations	6.17	6.45	6.15	6.76
(b) Coffee Plantations	3.84	5.44	4.60	4.16
(c) Rubber Plantations	6.32	7.54	5.63	7.96
Mining and Quarrying	4.66	4.03	4.32	5.09
(a) Coal	4.37	4.01	4.52	4.16
(b) Other Mining‡	4.87	5.69	4.17	5.76
Processing and Manufacturing	4.48	4.48	4.49	4.74
Foodstuffs, Textiles, etc.‡ ††	4.18	4.33	4.82	4.41
(a) Sugar	5.19	6.18	5.19	5.70
(b) Cotton Textiles	4.16	4.33	4.18	4.60
(c) Jute Textiles	4.44	3.87	5.87	3.72
(d) Silk and Woollen	3.31	3.50	5.06	4.26
Metals and Chemicals‡	4.73	4.65	4.58	5.13
(a) Iron and Steel	5.24	5.31	5.04	6.03
(b) *Transport Equipment*	4.10	4.56	3.48	4.49
(c) Electrical Machinery	4.91	4.32	4.92	4.68
(d) Other Machinery	3.80	3.54	3.68	3.79
(e) Basic Ind. Chemicals	4.86	4.74	4.80	4.80
Others	4.92	4.59	4.84	4.98
(a) Cement	5.41	5.00	5.25	5.39
(b) Paper	4.32	3.97	4.43	4.31
Other Industries	5.56	5.30	5.74	5.60
(a) Electricity Generation and Supply	5.86	5.60	5.92	5.78
(b) Trading	7.26	6.62	7.07	7.41
(c) Shipping and Other Transport	4.81	4.20	5.64	4.55
(d) Construction	3.62	3.83	3.85	3.92
Financial	6.57	5.91	6.74	6.41
(a) Banks	6.40	5.66	6.54	6.24
(b) Insurance	7.27	6.58	7.83	7.07
(c) Investment Trusts	6.48	6.54	6.11	6.44

† Running yield. § Average of four loans: (i) 3½% 1962, (ii) 3½% 1967, (iii) 3% First Development Loan 1970-75 and (iv) 4% 1979. ‡ Including 'Miscellaneous.' †† Including Edible and Vegetable Oils. P=Provisional.

INDEX NUMBERS OF SECURITY PRICES

[1952-53—100]

Group and Sub-Group	Week ended 18th May 1964	9th May 1964	18th May 1963	18th May 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99.7	99.6	99.6	98.6
2. Government of India	99.4	99.3	99.2	98.2
3. State Governments	102.0	102.0	102.0	101.2
4. Municipal Port Trust, etc.	93.9	93.9	93.9	93.6
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	97.6	97.6	97.7	96.9
PREFERENCE SHARES—ALL INDIA.				
6. Total	81.2	81.2	81.5	81.3
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	163.6	164.3	165.8	164.0
8. *Agriculture and Allied Activities: Total**	143.9	144.4	146.7	147.6
9. Tea Plantations	131.1	131.4	133.3	136.8
10. Coffee Plantations	164.4	166.0	172.1	143.8
11. Rubber Plantations	182.8	183.4	183.3	161.2
12. *Mining and Quarrying: Total**	134.3	135.0	135.8	135.2
13. Coal	96.3	96.9	93.1	111.3
14. Other Mining	160.3	161.1	161.2	151.6
15. *Processing and Manufacturing: Total*	176.7	177.5	179.5	176.9
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*†	175.5	176.6	179.1	182.5
17. Sugar	123.9	124.6	125.4	124.1
18. Cotton Textiles	160.0	160.3	162.3	167.7
19. Jute Textiles	86.1	87.1	89.2	93.0
20. Silk and Woollen	837.8	833.5	865.4	878.8
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	191.6	193.2	194.4	181.2
22. Iron and Steel	158.7	159.2	158.6	143.9
23. Transport Equipment	319.0	323.1	323.7	327.0
24. Electrical Machinery	150.8	153.7	154.1	147.5
25. Machinery other than Transport and Electrical	221.8	224.1	228.2	214.0
26. Basic Industrial Chemicals	177.3	178.4	181.2	168.3
27. *Processing and Mfg. (Others): Total**	152.5	153.1	153.0	151.6
28. Cement	144.2	145.0	145.1	140.7
29. Paper	193.4	193.1	193.1	197.9
30. *Other Industries: Total**	107.2	107.7	108.5	104.4
31. Electricity Generation and Supply	87.9	87.8	87.7	83.2
32. Trading	108.9	109.6	109.1	110.7
33. Shipping and Other Transport	94.8	94.9	96.7	84.1
34. Construction	282.2	291.0	294.6	285.5
35. *Financial: Total*	184.8	184.5	182.2	187.9
36. Banks	205.4	205.0	203.0	208.8
37. Insurance	153.4	152.8	146.8	154.2
38. Investment Trusts	79.6	80.2	83.3	84.7
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	171.1	171.7	173.4	168.9
40. Calcutta	151.3	151.8	152.4	153.3
41. Madras	172.8	173.9	176.3	175.0
42. Delhi	222.4	224.2	224.9	207.2

*Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=10

Particulars	Weight	2nd May 1964	25th April 1964	4th May 1963	March 1964	March 1963	Percentage of Increase (+) or Decrease (—) in March 1964 as compared with March 1963	Financial Year Averages 1963-64	1962-63
Food Articles	504	145.9	144.9R	130.6	142.1	123.4	+15.2	136.8	126.1
Cereals	192	125.2	124.9R	109.6	123.6	102.0	+21.2	116.3	105.6
Pulses	43	135.6	134.2R	105.1	133.9	99.9	+34.0	116.4	105.2
Fruits and Vegetables	23	171.0	170.6	144.2	169.9	133.4	+22.1	140.6	135.6
Milk and Ghee	64	139.5	139.9	126.9	133.0	124.8	+ 6.6	128.2	124.4R
Edible Oils	47	170.8	171.3	145.9	160.0	141.8	+12.8	151.1	142.3
Fish, Eggs and Meat	17	154.0	154.0	141.7	152.7	137.5	+11.1	149.8	148.6R
Sugar and Gur	48	177.3	172.8	170.7	173.0	147.5	+17.3	188.8	145.0
Others	50	177.4*	172.4*	178.0*	176.7	172.9	+ 1.6	179.3	171.8
Liquor and Tobacco	21	116.0	116.1	119.0	111.0	114.2	+ 4.2	119.4	100.9R
Tobacco		119.9	117.2	115.0	116.1	111.6	+ 4.0	116.8	97.4R
Fuel, Power, Light and Lubricants	30	141.8	141.8	139.0	141.7	137.7	+ 4.4	139.6	124.4R
Industrial Raw Materials	155	143.7	143.3R	136.5	144.9	135.2	+ 7.2	139.6	136.5
Fibres	61	135.5	135.5	134.5	135.7	133.5	+ 1.6	133.2	128.8
Oilseeds	60	172.2	172.3	146.1	162.9	143.0	+13.9	164.1	151.4
Minerals	2	103.2*	103.2*	93.4*	98.1	93.4	+ 5.0	92.8	93.6
Others	32	130.7	130.6R	125.0	131.5	126.6	+ 3.9	127.3	125.8
Manufactures	290	133.7	133.6	130.4	132.8	129.6	+ 2.5	131.1	126.8R
Intermediate Products	41	145.3	147.1	138.2	144.7	136.2	+ 6.2	139.6	139.5
Finished Products	249	131.7	131.4	129.1	144.7	136.2	+ 6.2	129.7	127.1
Textiles	147	128.0	128.7	127.3	136.7	134.4	+ 1.7	127.7	126.1
Cotton		137.0*	137.2*	135.1*	128.6	127.0	+ 1.3	135.6	130.7
Jute		98.6	98.7	100.4	98.7	102.1	— 3.3	100.2	110.9
Woollen		162.6*	162.6*	142.7*	162.4	143.4	+14.0	156.3	140.1
Silk and Rayon		141.6*	141.2*	140.0*	148.2	139.2	+ 2.9	139.8	131.8
Metal Products	12	168.9	168.9	161.2	166.1	161.0	+ 3.2	163.1	160.1
Chemicals	20	120.4*	120.7*	117.6*	120.2	117.3	+ 2.5	117.9	115.5
Oil Cakes	9	181.1	177.0	164.6*	172.2	157.8	+ 9.3	165.7	160.9
Machinery and Transport Equipment	31	125.8	125.8	123.2	125.6	122.3	+ 2.8	124.2	117.9R
Others	30	128.0	128.0	127.8	127.8	127.2	+ 0.5	128.2	125.5
All Commodities	1,000	142.0	141.5*	131.5	139.3	127.2	+ 9.5	135.3	127.9

NOTE:—Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index. P=Subject to revision. R=Revised. * Estimated.

COMMERCE

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

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Commerce

A WEEKLY REVIEW OF INDIAN FINANCIAL, COMMERCIAL AND INDUSTRIAL PROGRESS

Contents

	PAGE
LEADING ARTICLES—	
Liberalism Triumphs	957
The Seventeenth Amendment	958
Nehru's Economic Eclecticism	958
MARKET GOSSIP	959
THIS WEEK'S SURVEY	962-963
SPECIAL FEATURES—	
Delhi Letter	960
American Letter	964
London Letter	965
Self-financing in Industry—How Far?	965
Manchester Letter	969
Business News from Europe	970-972
The World-wide Problem of Housing	974
A Look at Iran's Oil Economy	978
Rights, Duties and Obligations of Company Directors—III	982-983
CHAIRMEN'S SPEECHES—	
Dalmia Cement (Bharat) Ltd.	976-977
Alembic Chemical Works Ltd.	979
BANKING	966
TEXTILES	968
NEW PRODUCTS AND PROCESSES	975
COMMERCE AND INDUSTRY	984-985
LABOUR	985-986
COMPANY MATTERS	987-988, 991
NEWS IN BRIEF AND PERSONAL	992
TREND OF MARKETS	993-995
MISCELLANEOUS STATISTICAL INFORMATION	996
STOCK AND SHARE QUOTATIONS	997-1004
WEEK'S STOCK EXCHANGE TREND	1004

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LIBERALISM TRIUMPHS

THE national grief, caused by the sudden demise of India's revered leader Jawaharlal Nehru last week, has been mitigated to a considerable extent by the smooth and swift manner in which the Congress Party chose the successor to Mr. Nehru as the Prime Minister early this week. The pessimists in India and abroad who had feared an unhealthy conflict in this respect have been completely belied. India's stature as a mature democratic country among the comity of nations and the stature of the Congress Party as a highly responsible organisation have been enhanced. One's grateful thanks for this are due to the leaders of the Congress Party into whose hands the destiny of this country fell on Mr. Nehru's demise. Realising their responsibility and appreciating the value of unity, they refrained from indulging in a contest for the supreme leadership and allowed the issue to be determined through informal consultations rather than through an election. This commendable behaviour of theirs has helped strengthen the confidence of the people of this country, as well as of friendly foreign countries, that political stability will continue. A large measure of credit for ushering in this happy augury goes to Mr. Kamaraj, President of the Congress Party, who tactfully ascertained the consensus of his party leaders at all levels, and to Mr. Nanda, Mr. Morarji Desai, Mr. S. K. Patil and Mr. Jagjivan Ram who refrained from forcing a contest and facilitating the election of the leader unanimously. It lay in the power of every one of these leaders to divide the Party on this vital issue, but their long training in and respect for party discipline, as well as their love for the country, had the better of them. They have demonstrated, once again, that, even in the absence of a great leader like Mahatma Gandhi, or Jawaharlal Nehru, they can stand united, suppressing their individual ambitions and predilections. It is to be devoutly hoped that this spirit of unity will stand the test of strains and stresses which the future may bring.

In unanimously electing Mr. Lal Bahadur Shastri as its leader and Prime Minister, the Congress Parliamentary Party has displayed a high degree of wisdom. That the Congress Party consists of leaders of many hues and persuasions is an open secret. All of them are, of course, socialists. Indeed, all in this country, except those who do not believe in the freedom of individuals and the freedom of the Press, are socialists, in that they all subscribe to the principles of a Welfare State and none is opposed to the fight against poverty and unemployment. But even among Congress leaders there are some who have been labelled as rightists, some as centrists and some as leftists. Mr. Shastri has been identified, as was Mr. Nehru, as a centrist. Whether this is correct or incorrect, the fact remains that Mr. Shastri has gained a reputation of being a moderate leader of amiable disposition, with no "enemies" in either group. Although he is unlike Mr. Nehru in many respects, his qualities of leadership are by no means less admirable. He may not have the towering personality of the late Prime Minister, but he has humility, sagacity and ability to inspire trust and to win the co-operation of his colleagues. He has proved his mettle in handling several fissiparous tendencies in both the country and his party. His integrity has never been questioned. He has been a conscientious servant of the people in whatever capacity he has worked for their welfare. He has rich experience as an administrator. The results produced by him as Minister in charge of a number of economic affairs might not have been spectacular, but they were ample, and, what is more, achieved without causing any rancour in any quarter. He is a stickler for the principles and traditions of democracy. He gives one the impression of being soft and indecisive, but appearances are often deceptive. Many of his actions and utterances suggest that he is a pragmatist and not a dogmatist. He seems to be singularly free from fads; at any rate, he has not aired them in public, though he has been leading a genuinely austere life. In fine, he does not bring with him to the high office to which he has been elected, any personal liability, though he has been in active politics all his life and held many positions of great responsibility in the Nehru era.

While the question "after Nehru who" has been fully answered much to the disappointment of those who had been expecting their pessimistic prognostications to materialise, the question "after Nehru what" still remains open in a way. We advisedly say "in a way," for more than one reason. It is true that Mr. Shastri has already solemnly stated that he would follow in the footsteps of Mr. Nehru, that he does not have to lay down general policies, as they have already been defined and enunciated, and that all that remains is their faithful, expeditious, efficient implementation. In other words, the *status quo* would continue. So far so good. But Nehruism has meant all things to all men. Mr. Nehru's policies in the external sphere, such as non-alignment and peaceful co-existence, have, of course, come to be appreciated of late; indeed, with the cold war gradually receding, neither the N.A.T.O. group of powers nor Soviet Russia wants India to change this policy, lest such a change should aggravate tension in international politics. It is, however, in the domestic sphere, especially in the economic sphere, that Mr. Nehru's concept of socialism has been vague; in more recent years, this vagueness has invariably been taken advantage of by the leftists rather than by the rightists. The leftists in the Congress and the Communist Party want every one to believe that both Mr. Morarji Desai and Mr. T. T. Krishnamachari have been pulling in the direction of rightists, but that is a myth. Both of them, in their capacity as Finance Ministers, have contributed more to the leftist pull of Nehruism (which in our view is synonymous to democratic socialism) than the leftists themselves.

Now how strong will the leftist pull be under Mr. Shastri's leadership? How far will it go? Will he as Prime Minister be able to display the same degree of pragmatism in economic affairs as he did when he was Minister of Railways and Transport and Minister of Commerce and Industry? He then had the backing of Mr. Nehru, who took care of the business of piping ideology to the people. Besides, the socialist ideological fervour was less strong than it is today; it may become stronger still as the next general election approaches. So it is hard to say whether, in discharging the new responsibility the Congress Party has entrusted to him, Mr. Shastri will remain unchanged. Man changes in keeping with circumstances, more so a politician. Much, however, will depend upon the Council of Ministers he chooses and the extent of assistance and co-operation which India gets from the Western world for implementing its plans for defence and development. Much will also depend upon the attitude of Pakistan and the extent of military support it gets from the West.

It used to be said that, during Mr. Nehru's time, the Government at the Centre was a one-man show, that the principle of joint Cabinet responsibility existed only in name and that, on many an occasion, Mr. Nehru used to take a decision first and then get the consent of his Cabinet colleagues. Mr. Nehru could do that because of the immense power of love he wielded over the masses and the high status he held

among world powers. Since none in the country enjoys that stature now, joint cabinet responsibility has every chance of becoming a reality. Mr. Shastri has a great opportunity to give new life to that democratic tradition and establish it firmly. Mr. Kamaraj hit the nail on the head when he said (in his brief talk to the Congress Parliamentary Party assembled to elect its new leader on Tuesday this week): "It is impossible to fill the role of the great leader whom we have lost. In spite of that, we have to shoulder the responsibility and discharge our duty. Nobody can discharge this responsibility individually. It is by collective responsibility, collective leadership and collective approach that you (Congressmen) will be able to undertake this task." Mr. Shastri, however, can carry out this task only if his Cabinet colleagues also take an active, intelligent interest in every major problem, in addition to their individual responsibility for the portfolios that are specifically allotted to them. Another prerequisite for the success of Mr. Shastri's Cabinet is the elimination of groupism and unrealistic ideologies in the Congress Party. It is here much is expected of Mr. Kamaraj and his Working Committee. If the Party is united and realistic enough to permit economic development on lines conducive to optimum rate of growth and consistent with the pattern of mixed economy without which democracy cannot exist for long, it can hope to show under Mr. Shastri's regime even better results than under Mr. Nehru's.

THE SEVENTEENTH AMENDMENT

SO the expected has happened. The Lok Sabha has passed this week the Constitution Seventeenth Amendment Bill (first moved as the nineteenth amendment and subsequently changed as seventeenth perhaps because of the need for accuracy in regard to the number of times the Constitution has actually been amended) in the teeth of opposition from a number of independents and the Swatantra Party with its well-reasoned stand against land reforms of a virtually expropriatory character. In adopting this amendment, the majority Party, with the help of Communists, has curtailed further the fundamental right to hold property which it itself had given to the citizens of this country about a decade and a half ago. The people that are vitally affected by the present amendment represent the large section of rural population engaged in agriculture. Their freedom of occupation may be in jeopardy if the right now conferred on State Governments is exercised to foster co-operative farming and/or State farming.

Be that as it may, it may be premature to say that, because the Seventeenth Amendment has been duly passed in accordance with the provisions laid down in the Constitution itself, the curtain has been rung down on the controversy. If anything, public agitation in the States against several Land Reform Acts which, under the Seventeenth Amendment, have been validated or protected in terms of Article 31-B of the Constitution, may well continue in some form or other. This is quite conceivable for the Seventeenth Amendment, which has redefined "estate" in Article 31-A of the Constitution so as to cover " any land held under *ryotwari* settlement" and "any land held or let for purposes of agriculture or for purposes ancillary thereto, including waste land, forest land, land for pasture or sites of buildings and other structures occupied by cultivators of land, agricultural labourers and village artisans," has not settled the question of compensation in a perfect and just manner.

The relevant point to be noted in this connection is that the Seventeenth Amendment has added to clause (1) of Article 31-A of the Constitution another proviso that is clearly discriminatory in so far as compensation is concerned. What is more, there is no remedy against this injustice, except to keep on agitating for the restoration of the curtailed fundamental rights. The proviso in question is to the effect that, "where any law makes any provision for the acquisition by the State of any estate and where any land comprised therein is held by a person under his personal cultivation, it shall not be lawful for the State to acquire any portion of such land as is within the ceiling limit applicable to him under any law for the time being in force or any building or structure standing thereon or appurtenant thereto, unless the law relating to the acquisition of such land, building or structure provides for payment of compensation at a rate which shall not be less than the market value thereof." Two crucial questions arise from this proviso. First, if any land within the ceiling limit is under tenant-cultivation and if any portion of that land is acquired by the State, would it not be equitable to pay compensation for such acquisition at market value? Secondly, if personally-cultivated land alone within the ceiling limit is made eligible for compensation on the basis of market value presumably on the ground that the landholders concerned are smallholders, does it not constitute discrimination *in favour* of one set of landholders and *against* another set of landholders from whom lands above the ceiling limit are acquired? After all, all of them are owners of identical landed property. Further, what crime have investors in agricultural land committed to deserve such expropriatory punishment from which investors in urban property and in shares and stocks are free?

Equity demands that the acceptance of the principle of market-value compensation for personally-cultivated land within the ceiling limit should be extended to all lands acquired under land reform legislation. After all, thanks to widespread documentary dispersal of bigger landholdings over the last seven or eight years, the surplus lands above the ceiling limits fixed in different States may aggregate, at the most, two million acres only in the entire country. Payment of market-value compensation for this relatively small quantity of land would present no insuperable difficulty. What is more, uniform application of this principle of market-value compensation to all lands acquired under the Land Reform Acts would severely discourage any future attempt by a State Government to reduce the ceiling limits to ridiculously low levels.

NEHRU'S ECONOMIC ECLECTICISM

MR. Jawaharlal Nehru was no original economic thinker in his own right. In fact, he never claimed to be one. But he had that singular capacity for synthesising what, according to him, were the best elements in every leading school of economic thought. Even his synthesis was by no means rigid, and this was quite evident in his recent analysis, in the light of planning experience, of certain basic strands of thought pertaining to capitalism, communism and socialism. There can be no doubt that, when the economic history of the Nehru era comes to be written, it will be acknowledged that the late Prime Minister's economic eclecticism, involving a delicate synthesis of different schools of thought—*bourgeois*, Marxist, liberal, socialist, Gandhian and pragmatist—had contributed in no small measure to political stability under his democratic stewardship. And political stability, in its turn, sustained the economic foundation cast in that eclectic mould. In the result, although no section of the population was wholly pleased, no section was wholly displeased either.

Time alone will show whether that foundation laid by Mr. Nehru, as Prime Minister of India for 17 years and Chairman of the Planning Commission for 14 years, for a mixed economy of public, private and co-operative sectors was a strong and stable one. It is too early to say whether the balancing of these three sectors—conflicting in some ways and complementary in some others—has proceeded well and far enough to keep the economy in a state of relative equilibrium. Much will depend on how and whether the divergent pressures building up, especially in the public and private sectors, will be eased in the post-Nehru era. Experience to-date does by no means point to any definite trend in regard to edifice construction on the Nehru foundation. Nor is there any clearly discernible trend of human progress in accordance with Mr. Nehru's idealistic dictum that "the law of life should not be competition or acquisitiveness but co-operation" and that "in such a society the emphasis should be on duties, not on rights." This may be because the ordinary individual is unable "to rise above his petty self." In a free society, progress springs from the desire of individuals to possess the best of everything in life. That is a universal human trait which no idealist has so far been able to subdue completely.

Even the "Welfare State" ideal, to which Mr. Nehru was wedded and which everyone now accepts, seems to be difficult of achievement, considering that the kind of socialism introduced in a backward and underdeveloped country like India is, to use his own words, "a backward and poverty-stricken socialism" and that State capitalism, with its bureaucratic features, may not be consistent with the "socialist way of life" in a democratic society. Mr. Nehru was, of course, aware of the fact that capitalism, in a few countries at least, had achieved the Welfare State "to a very large extent" and that democracy allied to capitalism had undoubtedly toned down many of its evils. But this experience of some advanced countries, according to Mr. Nehru, was not applicable to a poorly developed country like India. His preference for a planned approach on socialistic lines for achieving "steady economic progress" in India was rooted in the consideration that "the forces of a capitalist society, if left unchecked, tended to make the rich richer and the poor poorer." It was his belief that socialism, by deliberately interfering with the normal capitalist processes, would "add to the productive forces and lessen inequalities." But he did not seem to recognise that, in the actual implementation of this policy, many genuine, honest entrepreneurs were handicapped in playing their role effectively in the economic regeneration of the country and that, if private enterprise, according to his own view, could be conveniently encouraged in many fields, there was no need for the State to enter the field of industry on a wide front.

In fact, it was his nebulous stand on this question that encouraged some Ministries to give a slant to the Industrial Policy Resolution of 1956 in a manner calculated to discourage the growth of private enterprise in a wide range of industries like petroleum exploration and refining, petro-chemicals, fertilisers, ferrous and non-ferrous metallurgy and mineral development. It would have been something, if the Government had made any impressive headway in these fields. But that was not to be, for its actual achievements fell very much short of what it set out to do, with the result that its "dog-in-the-manger" policy unnecessarily stunted the growth of the economy. The worst sufferers of this outcome are not the capitalists but the poor unemployed and underemployed for whose benefit a socialist State is meant to be. Had the Industrial Policy Resolution been implemented in a more flexible and imaginative manner, industrial growth would have been more rapid by now, resulting in greater employment opportunities for all. The deliberate distortion of industrial policy with a view to enlarging the scope for public sector in industry (as distinct from the *infrastructure*) to limits beyond its capacity was, unfortunately, not set right by Mr. Nehru. His failure to do so has led to a situation in which the Soviet Union is making a determined bid to encourage, by aid and propaganda, further expansion of the public sector in Indian industry and thereby spread its influence and philosophy over India. Thus, the country is exposed to the grave risk of peaceful and gradual penetration of communism.

If this state of affairs is to be remedied, the only sensible course would be to limit public enterprise to heavy industry, atomic energy, *infrastructure* and the industries already established by it and to leave the rest of the field open to private enterprise. It follows naturally that the economic policies, especially fiscal policy, should be appropriately modified to enable the private sector to play a more dynamic role. As the public sector, which also covers social services and defence establishments, is already something of a leviathan, it would be prudent to develop further the countervailing power of private enterprise in industry. For the rest, the processes of democracy can be depended upon to lessen economic inequalities and ensure individual freedom within the limits set by the Constitution—the kind of freedom to which Mr. Nehru had attached the greatest importance in his conception of democratic socialism. It is no consolation to think that the countervailing power is already there in the sector of agriculture where peasant proprietorship has so far survived Mr. Nehru's determined campaign for co-operativisation with its collectivist bias. (Incidentally, the latest amendment to the Constitution, however, raises doubts whether even peasant proprietorship will survive for ever.) If democratic socialism is not to slide into totalitarianism at any stage, it is in the crucial sector of industry that the countervailing power of private enterprise as a whole would need to be reinforced, without, at the same time, encouraging further localised or unhealthy concentration. This is a worthy task for the new Prime Minister, Mr. Lal Bahadur Shastri, who is known for his moderate approach to socialism.

MARKET GOSSIP

Fall In Equities Overdone

THE shock suffered by Stock Exchanges, on account of the death of Mr. Jawaharlal Nehru, was understandable, as he was the backbone of political stability and driving force behind economic progress in the country. There was a severe fall in the prices of equities within a few minutes of his demise. Everyone was worried about the consequences. Confidence was at a low ebb. In such a situation, the desire to play for safety and to cut one's losses is always strong. There would have been much heavier losses had the markets been kept open, as fear has the habit of feeding upon itself and growing fast. However, by the time the market opened on Monday, there were clear indications that Mr. Lal Bahadur Shastri, known for his moderate views and gentle approach, would succeed Mr. Nehru without causing any split in the Congress Party. This infused confidence in the markets to some extent and almost the entire losses which the markets had suffered on the day of Mr. Nehru's death were recovered. A distinctly steadier tone came to prevail and investors heaved a sigh of relief. The view that the worst was over was widespread. But on Wednesday the markets were somewhat perturbed by the remark of Mr. Lal Bahadur Shastri, the Prime Minister-elect, that he would endeavour to expedite the implementation of socialist policies. Further, the operators preferred to await the formation of the new Cabinet and the possible redistribution of portfolios. Since Mr. Shastri would disclose his Cabinet to the public only on Tuesday next, the feeling of uncertainty would persist till then. Meanwhile, on Thursday this week, leading equities, especially Century, National Rayon and Telco, lost a good part of the gains registered earlier in the week. The provocation was the disclosure by the Chairman of Century, Mr. R. D. Birla, that the Directors were not in favour of issuing bonus shares and that the prospects for increasing the dividend for the current year were dim. This remark reminded the market that the position of most of the textile mills could be no better.

Politically, the developments following Mr. Nehru's death have been quite encouraging. There has been a tremendous resurgence of goodwill for India in almost all parts of the world. Mr. Nehru's policies and the work done by him for India and the world alike have earned better appreciation than when he was alive. Both the U.S. and Russia have reiterated their readiness to continue, as well as extend, their help to India. President Ayub Khan of Pakistan has expressed friendly sentiments for India and his willingness to negotiate with the new Government for resolving the differences between the two countries. China is, of course, maintaining a rigid attitude of aloofness and, though it is impossible to say what it will do, it seems unlikely that it will resume its adventure against this country.

Internally, the Congress Party has conducted itself in an exemplary fashion in selecting a successor to Mr. Nehru. There is reason to believe that Mr. Shastri will be practical in his policies and make a strong endeavour to push up the rate of economic growth. The risk of nationalisation of banks has receded. The new Government will be keen to assist industries and, short of fiscal concessions, render all possible help to help them. Having regard to all this, there is some force in the view that the worst is over so far as the stock exchanges are concerned. A large number of first class equities are going abegging at bargain prices. The fall in their value seems to have been overdone. The only fly in the ointment is that, due to the rising cost of living, heavy taxation and introduction of Annuity Deposit Scheme, the quantum of savings available for investment in equities has greatly diminished. Further, the saying "once bit twice shy" still holds good very much. It will not be surprising if there are many investors with a strong desire to reduce their stake in equities when they look up a bit. It would, therefore, be unrealistic to expect a sharp and sustained appreciation in equity values in the near future.

Non-banking Companies' Deposits

The Reserve Bank of India has just issued orders requiring non-banking companies and financial institutions to furnish information relating to their holdings of deposits from the public and their business. Hitherto, it will be recalled, the Bank could not seek such information, as it did not have the necessary powers. In the absence of such powers and with many non-banking companies accepting long-term deposits from the public on a fairly large scale by offering rates of interest much higher than those given by banks, the Bank was finding it difficult to ensure a more effective supervision, control and regulation of the monetary and credit system. This lacuna was filled by the Banking Laws (Miscellaneous) Provisions Act 1963 which *inter alia* amended the Reserve Bank of India Act.

Although six months have elapsed since the Act came into force, it is only now that the Reserve Bank has actually exercised the powers vested in it by the Act. Three separate orders have been issued, one for companies as defined in Section 3 of the Indian Companies Act 1956, another for non-banking firms which carry on as their principal business hire-purchase transactions or the financing of such transactions, and the third for every financial institution that carries on as its business or part of its business financing (by way of loans or advances or otherwise) of trade, industry, commerce and agriculture or the financing of shares, stocks, bonds, debentures or securities issued by Government or a local authority. The annual returns submitted by these institutions, it is stipulated, should indicate the position in respect of deposits as of 31st March and 30th September. The first category of companies has been asked to furnish details indicating not merely the amount of deposits received, but also the names of persons from whom deposits have been received, the periods for which they are received and the rates of interest payable thereon.

Simultaneously with the issue of the aforesaid orders, the Reserve Bank has warned the parties concerned against the penalty involved in the non-compliance of the directions. The penal provisions in the Act, it may be noted here, provide that offences under the Act are punishable with imprisonment upto three years or with fine or with both, in addition to the power of the Reserve Bank to prohibit acceptance of deposits by non-banking institutions.

What concrete measures the Reserve Bank proposes to adopt to regulate the business of acceptance of deposits from the public by non-banking companies and to ensure more effective supervision of the monetary and credit system are yet not known. One has to wait till the Bank scrutinises carefully the information furnished by the different companies which have been asked to submit the first set of their returns (for the past three years) before the end of next month. Such careful scrutiny will necessarily take quite sometime. Whatever measures the Reserve Bank takes will have a twin-purpose: to enforce the dicipline of the money market on the non-banking and financial institutions and to unearth the unaccounted money that may have been deposited with them under fictitious or benami names. To the extent the twin-purpose is served, there will be some check on the diversion of deposits away from the banking system. Welcome though this development is, there is no denying the fact that, unless the banks offer a more handsome return to depositors than is the case at present, they will not be able to mobilise resources on a scale commensurate with the growing needs of their industrial and business clients. The bankers have to face this fact squarely; there is no escape from it.

World Sugar

There has been a sharp drop in world sugar prices of late. The latest available rate for raw sugar at London is £52 per ton, as against £69 prevailing a month ago. The drop in prices is attributed partly to the withdrawal of Italy, a large buyer, from the market and partly to the belief that Taiwan, Brazil and Dominican Republic have sugar available for sale. Whatever the factors responsible for the recent weakness of sugar, the picture of the world sugar situation is rather confusing, thanks to the conflicting assessment of outlook as made by two world-famous sugar firms of London, namely, Messrs. E. D. and F. Man and Messrs. Czarnikow Company. Here are the views expressed by these firms:

E. D. and F. Man: "It now seems probable that, unless something new and large happens, there is going to be sufficient sugar for requirements for the rest of this year. With the weather in Europe looking favourable and the prospects of large crops in the Southern Hemisphere, it seems likely that prices will not go much above today's levels (£52 per ton as of 2nd June). In fact, we feel that further reductions are probable. . . ."

Czarnikow Company: "The downward movement in sugar price is puzzling and there is little in the statistical position to account for the current lack of confidence. In fact, there have been no new developments during recent weeks to bring about a radical change in the supply-demand position and, with values at their present levels, suppliers are likely to exert less selling pressure than they have done of late. . . . It seems likely, no matter how market sentiment interprets facts as they become available, that a tight supply position will continue. . . ."

The recent trends in world sugar are, of course, not of much significance to India right now, because the country is said to have already completed the sale of sugar contracted for in respect of current year and the sugar supply situation is so tight that no further exports are possible in the next few months. But India is committed to export a total of over 300,000 tons of sugar during 1965. The country can certainly fulfil this export commitment and perhaps sell abroad even a much large quantity, if the Governments, Central and State, take from the very commencement of the ensuing season (on 1st November) steps to ensure adequate cane supplies to sugar mills.

Futures Trading In Commodities

There is no need to throw up one's hands in despair, as some seem to have done, at the ban imposed by the Government of India this week on futures trading in as many as fourteen commodities. For such a bold step was long overdue and it should be welcomed in the spirit of better late than never. This endorsement of the ban, however, should not be taken as proof that this journal subscribes to the official view that the recent rise in prices of the commodities, futures trading in which is now banned, has been due to excessive speculation. Speculation might have been responsible, to some extent, for the spurt in prices, but it cannot wholly explain the phenomenon of prices consistently rising over a long period which has been the feature of trading in these commodities. That can be explained only in terms of a persistent shortage which gets more and more acute every year as the demand rises and production falls short of targets.

It is not denied that speculators do magnify the shortages and rig up prices, but it is hard to believe that speculation can per se convert permanently a bear market into a bullish one. That takes more than speculative manœuvres by unscrupulous traders. It is the failure to appreciate this elementary fact that leads the powers-that-be to lay the blame for the rise in prices at the door of speculation and traders who indulge in it. Of course, if the object is to find a convenient scapegoat, one can always get one in traders on whom could be heaped all the blame for the rise in prices. But, if the aim is, as it ought to be, to diagnose the real reason for the rise and to take remedial action, no useful purpose will be served by trying to fix the blame on traders.

It is, of course, not suggested that traders are absolutely innocent of speculation or that the price rise is entirely due to the interplay of supply and demand. This could be possible only under conditions of perfect competition which, as is common knowledge, is only an economists' abstraction. And, in view of all the official controls and regulations governing the forward markets, it is idle to pretend that commodity prices in his country are being determined by free market forces. Speculation is, undeniably, responsible in accentuating and exaggerating shortages and in inflating prices out of proportion to the scarcity. But who is ultimately responsible for this? The Government or the traders? Let us face facts; the latter, namely, traders, are, by the very nature of their profession, prone to speculation. And traders in this country, like the rest of the community, are less responsive to laws and regulations than their confreres in some of the Western countries. One need not be ashamed to admit that, for this reason, commodity markets in this country have proved to be more speculative than the commodity exchanges in Britain or the U.S.A. where, with less controls and regulations, they function more smoothly and to the common good of the consumer, producer and the trader.

But the speculative tendency inherent among Indian traders is not what is really wrong with the futures markets in commodities in this country. What is actually wrong is that futures markets are allowed to continue even when conditions are not only not conductive to their proper functioning but are in fact against it. For with acute shrotage of almost all the commodities in which forward trading is conducted, one of the basic conditions for the successful functioning of a futures market in commodities, namely, uncertainty about the probable trend of prices, is absent in this country. What is the point in having a futures market when the price can move only in one predictable direction? Chronic surplus, like chronic shortage, is also a condition which makes futures trading meaningless. But it is precisely this that is being done in this country.

If ever there was a case for keeping alive futures trading in commodities, it was the feeble one, namely, that the mechanism of forward trading should be kept alive so that, when the situation improves, warranting full use of hedging facilities, it would be easy to do so. But, in order to make the hedge contracts harmless, in circumstances which simply did not warrant the continuation of futures trading, they had, through restrictions and regulations, to be shorn of all practical utility as a medium of hedging. For, look at the long list of the so-called regulatory measures imposed on futures trading. There are maximum and minimum prices fixed for most of the commodities, limit on weekly rise in the price of the hedge contract and limit on the weekly fall in price, limit on open position and on top of these special margins in respect of quite a few commodities. The futures market, it appears, is required to record that price which the Government wants for a particular commodity. That, in spite of all these regulations, prices tend to shoot up only confirms the futility of these regulatory measures as also the futility of futures trading in the context of acute and continuing shortage of commodities. The present decisions to ban forward trading in certain commodities is an indirect affirmation of this.

There is no prospect of the situation improving substantially in the near future. For the improvement, if it is to last, has to come from a sustained increase in production which is as yet an unfulfilled objective of planning in this country. The Government should, therefore, seriously consider whether futures trading in commodities should at all be allowed until production and marketable surplus improve sufficiently to warrant such trading. It is high time that the Government evolved a long-term policy in respect of forward trading as a whole, instead of continuing the exercise in expediency in which it has indulged so long. In this connection, it must also take into account its own economic philosophy and the growing influence of State trading, buffer stock arrangements, co-operative marketing, etc.

A New World Trade Body?

It is, indeed, surprising that India and 72 other developing countries, along with the Soviet bloc, should have pushed to a vote at the Geneva World Trade Conference a resolution calling for the creation of a new International Trade Organisation to supersede all existing bodies, despite stiff opposition from several developed countries; the resolution was adopted since it commanded the requisite majority. No one will question the right of these countries to present any resolution they want. Nor will anyone dispute the fact that the recommendation contained in the aforesaid resolution has met with the approval of every developing country. But it is not good statesmanship to force, by sheer weight of numerical majority, the developed countries to accept their point of view, especially as the developed countries themselves have expressed their willingness to do everything possible to ensure for the

(Continued on next page)

DELHI LETTER

HOW THEY CHOSE THE LEADER

A VALUABLE PRECEDENT ESTABLISHED

From Our Special Correspondent

NEW DELHI, *2nd June*

THE fact that the majority party in the world's numerically largest democracy could decide so quickly as it did on the choice of the successor to its greatest democrat without any breakdown in the party or the administration is itself a tribute to the success of the democratic experiment of Jawaharlal Nehru.

In the process of the election of 59-year-old Lal Bahadur Shastri as the new leader of the Congress Parliamentary Party, some welcome procedures have gained emphasis, particularly in relation to the fountain-head of power in a federal set-up. Within a few hours of Mr. Nehru's passing, Mr. Morarji Desai is known to have thrown his hat into the ring. To some he appeared to have acted in indecent haste; to some others in the party the succession question was one of practical issues and not purely to be restrained by sentiment and sorrow. Some of the men in the Shastri camp, no doubt, tried to smear Mr. Morarji Desai for his uninhibited desire to press forward with his leadership claims. Conclaves among various groups took place on Thursday night after the funeral. By Friday morning, some members of Parliament, said to be supporters of Mr. Morarji Desai, circulated the idea that the question of succession was a matter for the Congress Parliamentary Party to decide. This approach was naturally resented by many Congress leaders who firmly held the view that, in the federal set-up in the Indian Union, the choice of the leader to be Prime Minister was not something to be left to manœuvrings within the Congress Parliamentary Party. The Congress Working Committee was originally said to have been scheduled to meet on Friday but met only later in the week-end.

Immediately after the death of Mr. Nehru, Mr. Gulzarilal Nanda was sworn in as Prime Minister to hold interim charge and his choice by the President was based purely on the fact that he was the seniormost left in the Cabinet when Mr. Nehru died. By Friday afternoon, reports were that the supporters of Mr. Morarji Desai as well as the backers of Mr. Lal Bahadur Shastri were both firming up their ranks with Mr. Desai not being averse to the idea of having an open contest. At this stage, the situation was confused by odd suggestions to divert the trends away from a head-on clash between Mr. Shastri and Mr. Morarji Desai. One suggestion was that Mrs. Indira Gandhi could be an acceptable choice if Mr. Shastri and Mr. Morarji Desai would not make way for one or the other. But Mrs. Gandhi stood firmly by her decision not to be pushed into the fray and into the shoes of her father. Another suggestion was to let Mr. Nanda continue the interim *status quo*. This was undesirable, as it would have led to wranglings among the major rivals and horse trading all over the country which in turn would have afflicted the Congress Party deeply. A group also suggested Mr. Jagjivan Ram as a possibility. And from some men in Maharashtra came the advocacy of Mr. Chavan whom his admirers thought to be "the strong man."

But all these diversionary tactics turned out to be of little consequence. On Sunday morning the initiative went into the hands of Congress President Kamaraj who was assigned the task of finding out the consensus among Congressmen on the choice of the leader. Both Mr. Shastri and Mr. Morarji Desai agreed to abide by the consensus to be discovered by Mr. Kamaraj. It was made clear at this stage that the Congress President would find out the opinion of not only members of the Congress Parliamentary Party but also of State Chief Ministers and other party luminaries. This proved to be the implementation of the principle that, in a federal set-up, the choice of the Nation's No. 1 cannot be left merely to the Parliamentary Party caucus.

A Major Legacy

Mr. Lal Bahadur Shastri and the leaders he will bring around him in the Central Cabinet will certainly not make any attempt to divert the course of Jawaharlal's political or economic policies which has run deep into national life. Having heavily invested in the concept of mixed economy in India, the Western friendly nations as well as the Soviet bloc countries can be expected to continue and most likely intensify their support for peaceful economic development of the country. In conversations with Indian Ministers, both the U.S. Secretary of State, Mr. Dean Rusk, and the Soviet first Vice-Premier, Mr. Kosigyn, gave the assurance of support. This assurance was also reflected in the sentiments expressed by the American and Soviet leaders in their speeches in the public meeting held at Delhi last Friday to mourn Mr. Nehru.

One of the more important official engagements of Mr. Nehru in the period immediately preceding his death was his participation in the meeting of the Planning Commission in the second week of May. This meeting of the Commission approved as the working basis the papers prepared by the Perspective Planning Commission which tried to define the broad contours of development needed in the fourth and fifth Plan periods. The investment perspectives for the fourth Plan, around Rs. 22,000 crores, are now certain to be considered as an important legacy left by Mr. Nehru.

During the discussion of fourth Plan perspectives, a body of opinion had emerged in Delhi that the State Congress chieftains needed to be disciplined and the Centre should take over more responsibility for the efficient implementation of projects in the Government sector. This aspect is likely to suffer as a result of Mr. Nehru's exit. It is difficult to imagine Mr. Lal Bahadur Shastri roughriding over State or regional pressures.

MARKET GOSSIP

(Concluded from previous page)

developing countries a larger share in the expanding world trade. Moreover, the developed countries (of the free world) together exercise a powerful influence on the course and volume of international trade, so much so any move on the part of others to force these countries to accept something against their will is bound to have disquieting consequences. And, in the absence of any active support and encouragement from these countries, the attempts to establish and run a new International Trade Organisation (I.T.O.) will simply fail. Numerically, they may be small, but they are major partners, if one takes into account their share in world trade. One would just recall here that the first U.N. Conference on Trade and Employment held at Havana in 1947-48 prepared, after wasting much time and energy, a Charter for an I.T.O., but the I.T.O. did not come into existence at all, as it did not win the support of the U.S. and certain other developed countries in the free world. The U.S. delegation to the Geneva Conference has clearly reiterated that the U.S. will not commit itself to the idea of an I.T.O. now or later, as such an organisation will, in its opinion, encroach on fields now controlled by private enterprise, particularly shipping and insurance.

That the delegates representing India should have lent support to the plea for a separate I.T.O. is unexpected. Their action seems to be quite contrary to the policy statement made at the Geneva Conference by Mr. Manubhai Shah, Union Minister for International Trade. Mr. Shah had advocated that the G.A.T.T. should be enlarged and reconstructed as an effective instrument of world trade. This journal also feels that, with suitable amendments to its Charter, the G.A.T.T. itself can serve as a purposeful instrument of international trade co-operation. It has a ready, efficient administrative set-up and possesses rich experience gathered over a number of years, both of which can certainly be made use of for furthering world trade. Mr. Manubhai Shah had also suggested that a United Nations Trade Conference could meet periodically, say, once in three years, to discuss all outstanding trade problems and to suggest remedies. Such a Conference could usefully supplement the G.A.T.T. There does not, therefore, seem to be any justification for supplanting this G.A.T.T. by an entirely new I.T.O. In these circumstances, the Indian delegation should have worked for obtaining a compromise carrying the support of the West. If it had failed in such an effort, as it seems to have, it should have remained neutral, instead of voting for unrealism.

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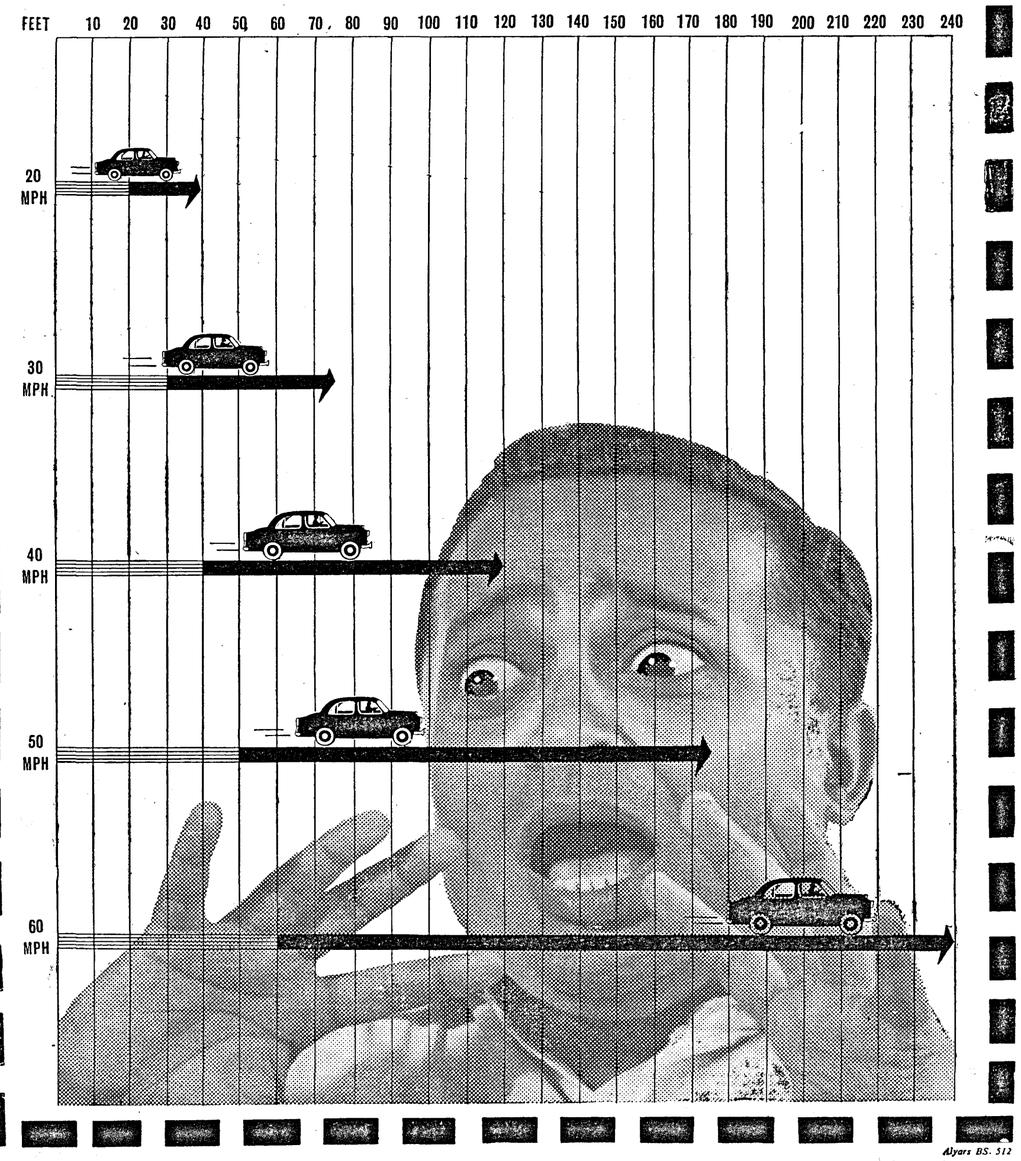

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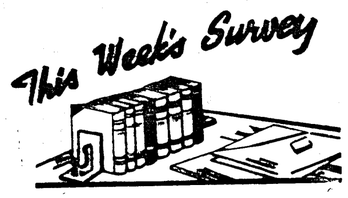


AID-INDIA CONSORTIUM'S PLEDGES

THE outcome of the Aid-India Consortium's meeting held at Washington on Tuesday last week might not have been as encouraging as one would wish, but it has not been disappointing either. In fact, India has reason to feel gratified at the outcome for two reasons. In the first place, the total of aid pledges amounting to Rs. 489 crores ($1,028 million), made by the nine member-nations, together with the World Bank and the I.D.A., for the fourth year (1964-65) of the third Plan, is only slightly less than the Rs. 524 crores ($1,100 million) asked for by India. Secondly, the Consortium members have conceded the plea of India for extending a substantial part of the aid in the form of non-project assistance. Thus, approximately half of the total aid pledged is expected to be in this form, the actual amount involved being Rs. 244 crores ($514 million). The share of non-project assistance in the aggregate pledges amounting to Rs. 501 crores ($1,052 million) made in respect of the previous year (1963-64), it will be recalled, was much less, being two-fifths of the total, Rs. 200 crores ($420 million), to be precise. The grant of sizable untied credit will, besides reducing the pressure on the country's balance of payments, help the Government of India in allocating a larger amount of foreign exchange for maintenance imports (raw materials, accessories and intermediate projects) which are so urgently needed for enabling several industries to utilise their capacities more intensively.

India, as already stated, had asked for a minimum aid commitments of $1,100 million, whereas the pledges actually made amount to $1,028 million, or a shortfall of $72 million. Could the Consortium members not have filled this gap? With the solitary exception of Canada which has stepped up its pledge for 1964-65 (as compared with 1963-64) by a handsome $10.5 million, all others have either maintained their commitments at the 1963-64 levels or reduced them, and Belgium has not made any contribution, apparently because the allocation of $10 million made by it last year continues to remain unutilised. The table below sets out the aid pledges of the Consortium members in respect of 1964-65 as compared with those for the previous year and the two years preceding it.

(In million $)

	1961-62	1962-63	1963-64	1964-65	4-Year Total
Austria	—	5	7	1	13
Belgium	—	10	10	—	20
Canada	28	33	30¼	41	132¼
France	15	45	20	20	100
Germany	225	120	99¼	95	538¼
Italy	—	53	45	36	134
Japan	50	55	65	60	230
Netherlands ..	—	11	11	11	33
United Kingdom ..	182	84	84	84	434
United States ..	545	435	435	435	1,850
World Bank and I.D.A. ..	250	200	245	245	940
Total ..	1,295	1,070	1,052	1,028	4,445

It is somewhat surprising that West Germany, of all the countries, has cut down its aid commitments again, for the third year in succession. Considering that the international liquidity position of West Germany is highly comfortable and that India continues to have a heavy payments deficit with it, West Germany could certainly have raised its aid to India for the current year. Indeed, it could have easily filled the shortfall of $72 million, which is by no means a large amount, for a country which enjoys persistent export surpluses and plentiful foreign exchange reserves. Austria, Italy and Japan, too, could have at least maintained their aid commitments at the levels of 1963-64, instead of cutting them down. Further, one wonders whether it would not have been possible for Britain and the U.S., as well as the World Bank and the I.D.A., to augment their contributions.

Including the Rs. 489 crores committed for 1964-65, the total Aid-India Consortium pledges for the first four years of the third Plan come to Rs. 2,116 crores, to which is to be added the non-Consortium aid of Rs. 739 crores, or a total of Rs. 2,855 crores. This figure represents as much as 90 per cent of the third Plan's original estimated foreign exchange gap of Rs. 3,200 crores (inclusive of the repayment liabilities aggregating Rs. 600 crores). But the Planning Commission, in its mid-term appraisal, stated that the foreign exchange requirements would be "considerably larger." Consequently, the uncovered deficit that remains to be covered in the last year of the Plan will be much heavier than Rs. 345 crores, the difference between the original estimate of Rs. 3,200 crores and the aid authorisations of Rs. 2,855 crores made so far.

While it may be possible that the aid-giving countries would meet the entire uncovered gap, whatever that be, there is no doubt that these countries will subject future aid to a closer scrutiny of the Indian economy. For concern is expressed over the fact that, despite the receipt of foreign aid on a large scale, the annual growth rate in India since the beginning of the third Plan has not been more than 2.5 to 3 per cent, as against the 6 per cent target envisaged in the Plan. It is, therefore, emphasised that the World Bank—it is under the auspices of the Bank that the Aid-India Consortium meetings are held—should not merely make broad service in preparation for the annual Consortium meetings but take a closer look at the functioning of Indian economy. Commenting on this point, *The Economist* of London has the following to say:

> "The World Bank is understood to attach great importance to identifying the economy's really crucial needs, because foreign exchange requirements are running ahead of what aid and trade may be expected to yield. More detailed probing of the economy by an outside agency like the World Bank will obviously hurt some political susceptibilities in India, especially on the left. Yet the Government, whatever shape it takes after Mr. Nehru's death, seems less likely to hold out against the Consortium because of the keen realisation that quality of performance will become increasingly the most important denominator of aid as the tides of cold war recede."

It would be for India's own good if its economy were subjected to closer scrutiny from the aid-giving end than in the past, especially from an agency like the World Bank. For such a scrutiny, assuming that it will not unnecessarily delay the authorisations or actual release of aid, will help the planners greatly in ensuring structural consistency of planning in terms of material and other resources.

FOR HIGHER CEMENT PRODUCTION

The cement industry may have, at the most, an aggregate installed capacity of about 14.2 million tonnes in the last year of the current Plan. This will be short of the target by a million tonnes. As for production, it is not likely to exceed 11.6 million tonnes in 1965-66, as compared with the target of 13.2 million tonnes and the actual output of 9.3 million tonnes in 1963-64. As the demand for cement in the last year of the Plan has just been estimated unofficially at about 13.6 million tonnes, the gap between demand and supply in that year would be of the order of two million tonnes. It may yet be possible to accelerate the pace of production, so that the estimated gap can be narrowed. In this context, the report that the Government is considering a proposal to relax the control on ex-works cement prices payable to the producers is heartening. If the report is true and the much-needed relief is vouchsafed to the industry, it is bound to go some way towards accelerating the pace of production, as well as of capacity expansion. Mr. V. H. Dalmia, Chairman of Dalmia Cement (Bharat) Ltd., has, therefore, done well to emphasise this aspect in his speech at the twelfth annual general meeting of the Company held at Dalmiapuram (Madras State) on 1st June 1964.

Some steps can be simultaneously taken in several other directions so as to facilitate greater production of cement in the current year, as also in the next. For instance, the incentive formula for higher production of cement from year to year can be continued with advantage, considering that, thanks to this formula, the industry was able to achieve a high level of capacity utilisation at 92.5 per cent in 1963. Only, it would need to be revised more favourably on the lines suggested by Mr. Dalmia. The revision, according to him, should involve the linking of the incentive with the average of the last three years' production and not, as in the last year, with the highest production achieved by a factory during any one of the preceding three years. Another direction in which prompt action is called for is the utilisation of waste products resulting from iron and steel production. While the manufacture of blast furnace slag cement has registered some expansion in recent years, practically no progress has taken place in the production of blended cements by admixture of fly ash and other such wastes. Mr. Dalmia's plea, in this connection, is that the Government should take energetic steps in regard to the latter so as to mitigate the present cement scarcity.

The Government's recent proposal to set up a cement corporation for the purpose of increasing cement manufacturing capacity in the public sector has not been criticised by Mr. Dalmia. On the other hand, he seems to welcome it for the reason that one of its principal tasks would be to undertake the prospecting and provision of cement grade limestone for the benefit of the entire industry. The industry's expectation seems to be that its acute raw material problem might be more easily solved, if the proposed corporation were to explore thoroughly and exploit adequately the country's reserves of limestone. The "if" here is a big one, for it is quite likely that the corporation may be concerned more with the establishment of new cement factories (based on the slags of the public-sector steel plants) than with discovering and developing fresh deposits of limestone. If the cement units in the private sector are to avoid disappointment in the future in regard to their requirements of raw materials, they will do well to rely on their own efforts. Why not organise, on a co-operative basis, a team of geologists of their own for exploring the country for limestone mines?

MATERIAL TESTING MACHINES

With industrialisation becoming more diversified and sophisticated, the need is all the greater for a wide range of machines and instruments for testing different materials. Such machines are particularly necessary for testing metals, textiles, paper, cellulose, rubber, plastics and construction materials. In the field of metallurgy, for instance, the testing machines gauge tension, compression, bending, hardness, strength and stress. The machines for testing rubber and plastics determine tensile strength, abrasive wear, heat constancy, hardness, elasticity, fatigue, plasticity, and so on. As for textiles, the relevant machines are thickness gauges, strength testers and fibre strength testers. The machines for testing paper and cellulose materials determine tensile strength, elongation, latent energy, dehydration, absorptivity, etc., while the ones for testing building materials measure impact hardness, compression and bending. All these testing machines are required not only for industry but also for research and technical education.

A noteworthy development in this context was last week's display of East German material testing machines at the Jehangir Art Gallery in Bombay. The Blue Star Engineering Company (Bombay) Private Ltd., which put up the display is, incidentally, the sole distributor in India of such machines produced by two East German factories. This firm has sold in the last eight years more than 1,000 testing machines to a wide variety of customers like polytechnics, engineering colleges and research institutions, as also several industrial undertakings which were conscious of quality control in production. It already has sales and service centres at Bombay, Calcutta, Delhi and Madras and proposes to extend the facilities to Kanpur and Jamshedpur. Blue Star's enterprise and expertise in this field may thus be increasingly useful to industry.

FORTY-HOUR WEEK IN BRITAIN

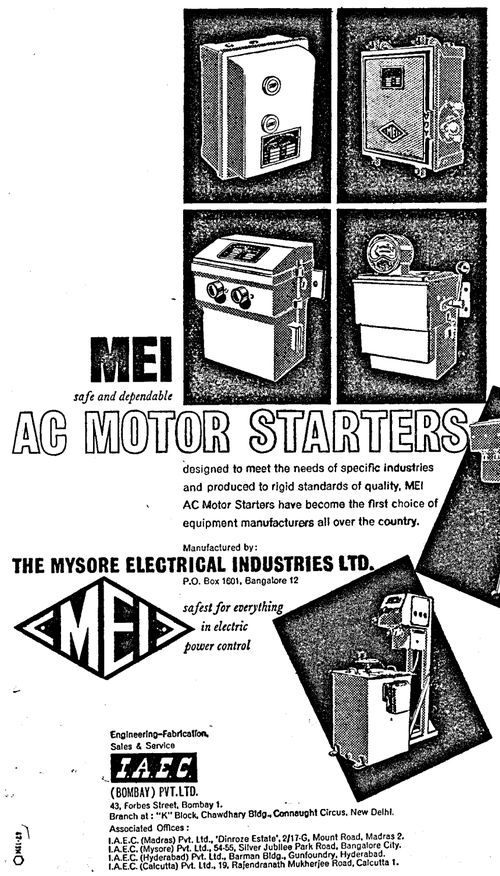
The forty-hour working week has been a cherished objective of the trade union movement in Britain for many years. (In the U.S., incidentally, the objective of A.F.L.-C.I.O. is a 35-hour week, as against the normal 40-hour week in most of the industries.) The demand for a reduction in working hours to 40 a week has, however, been consistently opposed by both employers and Governments on the ground that such a reduction, through its effect on production, is no less inflationary than wage increases without a rise in productivity. But it now looks as though, before long, the forty-hour working week would become the order of the day in the U.K. For instance, British shipyard workers are to get their working hours cut to 40 a week in July 1965. It is quite likely that engineering workers will soon follow suit. In fact, the Engineering Employers' Federation is reported to have been authorised by its member-firms to offer its 3-million manual workers a three-year agreement giving improved working conditions, among which the most important concession would be grant of a 40-hour working week.

The offer is expected to be formally made to the Federation's opposite number, namely, the Confederation of Shipbuilding and Engineering Unions, on the 10th inst. A condition of the offer, it is said, would be that the Union agree to a three-year standstill on all wage claims and demands for fringe benefits. The embargo on wage claims would apply not only at the national level but at plant and local levels as well. It remains to be seen whether the Union will accept this condition. For, all along, the Union leaders have been insisting that they are not interested in such a bargain but only in securing a 40-hour week. Already, as noted above, the shipbuilding workers have secured a 40-hour week to be effective in two stages, with the working hours being reduced to 41 at the end of this year and 40 hours by July next year. The agreement to this effect entered into by the employers and workers in the shipbuilding industry last December would appear to contain no such condition. Citing it as a precedent, the engineering workers are now demanding that they too should get a 40-hour week without any wage-freeze stipulation.

If the engineering workers were to win, it would be one more precedent for granting an age-old demand of industrial workers. This is bound to have repercussions on collective bargaining in the rest of British industries during the current and next year. The Government is unlikely to be indifferent to this development, because of its inflationary implication. It is, perhaps, in anticipation of the objection from the Government and in order to forestall criticism that reduction in working hours would accentuate inflation that the Engineering Employers Federation made the 40-hour week conditional on a wage-freeze. But the fact remains that the demand for a 40-hour week has become so insistent that employers are finding it difficult to resist it. Britain is by no means an exception in this regard in Europe. In W. Germany, too, a 40-hour week is fast becoming one of the main union demands. Already employers and workers in metal and steel have agreed in principle to a 40-hour week to come into force from next year. About three million workers in the metal-working industries have in fact gone on a 41¼-hour working week with effect from January last. The excess 1¼ hour is to be dropped before July 1965.

Although trade unions in Europe continue to fight for a 40-hour week, reduction in working hours is not an unmixed blessing for workers. For it is invariably inflationary in its effects and workers, as consumers, are affected as much as others. But this fact is unlikely to deter unions which seem to regard the 40-hour week as the new "promised land" for their members. The world has, indeed, travelled a long way since 1919 when the industrial commission, headed by Mr. Samuel Gompers, President of the American Federation of Labour, recommended that the achievement of a forty-eight-hour week should be one of the main objectives of the I.L.O. Improvements in technology, such as automation, and full employment are enabling industrial workers to reach their goal of reduced working hours and more leisure. The trade unions in the U.S. have been urging a 35-hour week, in order to reduce unemployment which in that country is large in terms of number and which is attributed by them to excessive automation.

The Enquiry Committee on Small Newspapers, at its meeting held in New Delhi on the 1st inst., discussed the scope of its work and fixed the following criteria for small newspapers and periodicals for inquiry purposes: Dailies: Newspapers with circulations of upto 15,000 published from towns with a population exceeding 300,000 and those with circulations upto 10,000 published from centres with a population of less than 300,000; Periodicals: Weeklies, fortnightlies and monthlies with circulations upto 5,000.



AMERICAN LETTER

UNITED STATES AND NEHRU

LIKELY IMPACT ON FLOW OF PRIVATE CAPITAL

By N. Pattabhi Raman

NEW YORK, *30th May*

"AFTER Nehru, Who?" This question, which has been on the minds of many Americans for a long time, became urgent on the lips of most people this writer met following the passing away of Prime Minister Nehru. The newspapers speculated about his successor, and so did individuals. This reflected not merely curiosity as to who would assume the tremendous burden that Panditji bore so long so cheerfully, but also real concern as to what policies Nehru's successor would follow and whether he would be able to hold the nation together and guide it along successfully in the difficult days ahead. Hence the insistent questioning.

Those who believed that Jawaharlal Nehru was a huge banyan tree protecting the nascent free nation, expressed the view that, now he was gone, India had arrived at the hour of truth. Some newspapers talked of an imminent power struggle; of the lurking, sinister figure of Krishna Menon; of the possibility of committee rule. But careful observers in Washington and elsewhere appeared to be satisfied that the institutions of democracy which Panditji had so lovingly fostered would assure a smooth transfer of power into responsible hands.

John Kenneth Galbraith, the Harvard don and former U.S. Ambassador in New Delhi, observed: "I think that the transition will be rather smooth." He voiced his belief that Mr. Lal Bahadur Shastri would be elected to lead the country. "He is a very wise and intelligent man and able political leader," he noted. "Shastri, in both his external and internal views, is close to those of the Prime Minister."

* * * *

The Prime Minister's death has come at a time when U.S. companies are seriously weighing India's dramatic new bid to attract a larger flow of American business investments. The strong endorsements of foreign private investments made in recent months by Finance Minister T. T. Krishnamachari and the Government measures to reduce tax deterrents and strengthen the capital market have favourably impressed many of them. They are also encouraged by the steps taken to trim delays in the Government's cumbersome approval procedures, particularly since many of them have long felt that the hæmorrhage of cost accompanying such delays is not fully appreciated in India. Moreover, their interest in India has been excited by the visit of the U.S. businessmen's delegation to New Delhi in mid-April and the fruitful talks the business leaders had with top officials of the Indian Government. But the demise of Panditji has cast a shadow over this promising situation.

Businessmen too believe that the transfer of leadership will be smooth and that it will not be accompanied or followed by drastic changes in policy. But it is in their nature to be prudent in a period of transition. It should not be surprising, therefore, if those who are contemplating business investments in India hesitate for a while at least in making commitments.

What is reassuring in this context is their continued, serious interest in studying investment opportunities in India. Thus, nearly 175 business executives attended a conference in New York City on 28th May at which the U.S. businessmen's delegation which visited India reported on its talks with Indian Government officials. The Business Council for International Understanding (B.C.I.U.), which sponsored the delegation's visit at the invitation of the Indian Investment Centre, decided to hold the debriefing conference as scheduled but cancelled all social activities associated with the conference in deference to the memory of Prime Minister Nehru. The delegation recalled Panditji's close personal interest in the New Delhi conference and voiced its belief that his wish would have been to see continued discussions and mutual efforts proceed without delay. The delegation, and the executives and Government officials who had come to listen to its report, adopted a unanimous resolution of condolence on the "tragic death" of the Prime Minister.

A highlight of the debriefing conference was a message sent by President Lyndon B. Johnson to Mr. Fred C. Foy, Chairman of the B.C.I.U. The U.S. President congratulated the delegation on its initiative and said: "The Administration has demonstrated its support of this effort from its inception and will itself take initiatives in the same direction. We will also continue to support those businessmen who follow up on the New Delhi meeting by seeking investment opportunities in India and other developing countries."

In an earlier article, I had discussed the Johnson Administration's keen interest in enlarging the role of U.S. private industry in the economic development of India and other new nations. President Johnson's message to the B.C.I.U. delegation reflects this interest. The Administration is greatly impressed by the success of the New Delhi talks between the U.S. business delegation and the Indian Government officials and is therefore reported to be contemplating a continuing programme of businessmen's missions to India and other less-developed countries. It is also considering ways of utilising P.L. 480 local currency funds to strengthen the capital markets of the less developed countries.

Meanwhile, President Johnson has constituted an Advisory Committee on Private Enterprise in Foreign Aid under the chairmanship of Mr. Arthur K. Watson, President of the I.B.M. World Trade Corporation. The Committee, formed in response to an amendment to the Foreign Assistance Act of 1963, will advise the U.S. Agency for International Development on the most effective means of encouraging greater private participation in the economic development of nations receiving U.S. assistance. It will, in particular, review the various programmes now in effect for encouraging private investment in the less-developed countries. It will study new proposals for investment guarantees and additional means of protecting investments, new patterns of business-Government co-operation and of joint ventures involving American and local investors. The Committee's services will extend also to labour, foundations, education, co-operatives and agricultural activities.

The Watson Committee consists of representatives of business, farmers, organised labour, banking, foundations, technical societies and the teaching profession. It is expected to complete its work in about a year.

* * * *

Of all the tributes paid by Americans to India's departed leader, the most sensitive I have seen was an editorial of the *New York Times* captioned "The Heart of a Nation."

"Jawaharlal Nehru and India bore great love for each other: and it was India's love for this man, this man who could be so demanding, so tender, so impatient, so involved, so aloof, so merry, so brooding, that gave him the greatest of all powers—the power to rule through the heart of a nation," the *Times* editorial observed. "Lesser leaders," it added, "have used the love of their people wantonly, to master their people. But Nehru refused to turn power into despotism. Dictatorship was within his grasp and at times India seemed to be thrusting it upon him. He refused. The insistence upon an India free in independence was his gift, born out of love, for his country."

The *Times* referred to the misunderstanding of Nehru in different parts of the world and said: "A large part of the failure to understand Nehru lies in the world's insistence upon seeing him reflected in foreign mirrors—the mirrors of Algeria, or S.E.A.T.O., or Hungary or whatever—instead of interpreting him squarely and directly for the two things he was. Jawaharlal Nehru was an Indian and he was a revolutionary."

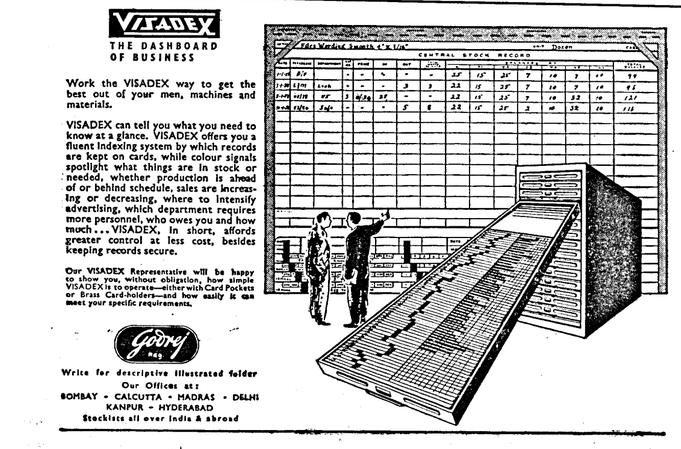
"He was an Indian..." the *Times* wrote. "What he did, he did for India...." A disciple of Gandhi, he was a revolutionary," the distinguished paper added. "He was in revolution against foreign rule, and everybody remembers it. But what is so often forgotten is that he was in revolution for things as well as against them—for a reassessment by every man and nation of the kind of world in which men starve and go cold and are aching with disease. Within his own society he was a revolutionary, constantly haranguing his own people about their superstitions and encrustments. He was a revolutionary in international councils, and a successful one, in that he was the first to prove that a nation without military might could and would be heard by the military mighty."

"He loved India and he died beloved by her," the *Times* editorial concluded. Who could deny this?

"THE ROLE OF G.A.T.T. IN RELATION TO TRADE AND DEVELOPMENT"

This brochure sets out, in Part I, the nature and objectives of the General Agreement on Tariffs and Trade and the functions of the Contracting Parties. In Part II, it examines the provisions of the G.A.T.T. and their implementation and deals, in particular, with (*a*) tariff reductions and general trade negotiations, (*b*) quantitative restrictions, (*c*) provisions relating to State trading, (*d*) provisions relating to subsidies, (*e*) temperate zone agriculture, (*f*) commodity policy, (*g*) the most-favoured-nation principle and regional groupings, (*h*) consultation, (*i*) position of less-developed countries in relation to the work of G.A.T.T. Part III deals with specific action by the Contracting Parties on trade and economic development problems of less-developed countries, under the following headings: removal of trade barriers, tropical products, preferences, trade in cotton textiles, trade information and trade promotion, development of export potential, financial assistance. The conclusions and resolutions adopted at the meeting of Ministers in May 1963, and the Declaration on the Trade of Less-developed Countries adopted in December 1961 are reproduced in annexes. There is also an annotated reference list of selected G.A.T.T. publications. The publication is available free of charge from the G.A.T.T. Secretariat, Villa Le Bocage, Palais des Nations, Geneva.

A Committee with the Chief Ports Officer to the Government (convenors) and ten other members has been constituted by the Government of Maharashtra to study the traffic potential and evolve a long-term plan for the development of minor ports in the State. The Committee has been asked to submit its report by the end of this year.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LONDON LETTER

BRITAIN AND NEHRU

HANDSOME TRIBUTES ALL ROUND

(From Our Own Correspondent)

LONDON, *30th May*

THE national Press and all organs of opinion have made clear this week the basically high regard in which Mr. Jawaharlal Nehru was held in this country and have put into their place those differences and misunderstandings which have irritated the relations between Britain and India from time to time. The tributes are warm and spontaneous and generous from all parties and all interests of influence and British opinion joins with Indian not only in its sympathy in India's loss (which is seen as much as a world loss) but in its sincere anxiety that the succession of power will be smoothly, surely and peacefully achieved.

How does Britain then remember this first great statesman of the resurgent countries to become a world figure? Time enough has passed since the Chinese invasion to have mellowed the criticisms which were made over Goa and which have continued over Kashmir. Mr. Nehru then is criticised only for his rigidity (in British eyes) in being so sure he was right. Even today where most British opinion tends to see Kashmir as fundamentally an Indian problem in which Britain cannot be involved, there is only regret that this British "neutrality" should be interpreted as a leaning away from Mr. Nehru's own solution. But these matters are only to be mentioned in passing and in no way as affecting the "bigness," on the international scale, of the Indian Premier. In little more than a month Mr. Nehru was expected here for the Commonwealth consultations and already his presence is missed in anticipation. A Commonwealth conference without Nehru will seem to lack its key figure.

Indeed, outside directly Indian matters, Mr. Nehru's role in Commonwealth affairs is seen as his greatest contribution. The Commonwealth has during the last few years (though the process dates from soon after the war) been held together with increasing difficulty. The *Economist*—much more a pro-European and pro-international journal than a protagonist for the Commonwealth—has paid this tribute to Mr. Nehru: "to have done more than any other man to make possible, *if not sure*, the transformation and survival of the Commonwealth." This is high praise and not lessened by a deep appreciation of India's contribution to United Nation's affairs. For opinion in this country has understood how the Indian Premier saw in the association of the countries of the Commonwealth, with their differences of race, religion and economic development, one of the most important factors in building up the brotherhood of man. He was a greater Commonwealth man than most British leaders, not—as shallow critics sometimes said—for what India could get out of it, but for what the world could gain from it. The *Times* saw his influence, "in whatever sense the Commonwealth was regarded: as a multi-racial but equal group; as an assoication devoted to mediation in the world; as a body in which certain political standards survived..." as a measure of his greatness. So the strengthening of the ties of the new Commonwealth in July might be the greatest monument that India's sister nations could offer Mr. Nehru.

Appreciating the departed leader as the architect of India's drive to modernisation, the general comment here is that India's influence has extended much beyond her national boundaries. His vision led the way not only for India but for all the emergent countries. Probably in the popular mind that is how he will mostly be remembered—the man who wanted a "modern, scientific country...most easily made angry by silly people who minded most about superstitions." His secularism is understood, a secularism which was concerned to break down communalism and which stood for a merging of Muslims with Hindus as Roman Catholics and Protestants are merged in this country. The *Economist* comments again: "It was one of the shining paradoxes that surrounded this great man that the deeply conservative and religious masses of rural India accorded such reverence to an avowed agnostic, determined to break through ancient obstructions to modernisation."

Like all outstanding leaders, Mr. Nehru was alone. For this he has his critics here who comment that a national leader should bequeth a "smoothly working structure of leadership to a clearly designated successor." The Prophet Elijah did it, but even the Lord Christ failed to do it! It is of the nature of some struggles that they must be fought alone. This is not fully appreciated here—and indeed it may not be elsewhere. So one English friend of the Indian Premier thinks he should have split Congress into right and left and forged out of the left an organised socialist party with a fully established pattern of leadership. Yet even the British Labour Party only within the last year narrowly averted civil war! No, this is the price a country must pay, when, in a revolutionary development, it has the fortune to find a leader able to cope with, even at the sacrifice in the end of his own life, the vast problems that confront it. Loneliness is the price and somewhat also the measure of greatness, but the hearts of the British people do go out to India that worthy successors who will pursue the great ideals of Mr. Nehru will be found.

BRITAIN'S OVERSEAS AID AT HIGHEST-EVER LEVEL

The British Government's annual expenditure on aid to developing countries, which doubled between 1957 and 1961, probably reached its highest level ever last year, said Mr. Robert Carr, Secretary for Technical Co-operation, at the annual dinner of the United Nations Association in London on 26th May. In these years, Britain's annual aid expenditure rose from £80,000,000 to £160,000,000. After a drop in 1962, it rose substantially last year and looked like being the highest ever. It was the Government's intention, he said, to provide an expanding programme of financial and technical assistance.

Last year, there were nearly 65,000 oversea students in Britain—one-tenth of all the students in full-time education and three times as many as in 1950. Of the oversea students, 50,000 came from the developing countries. Also, "in spite of the shortage in this country," Mr. Carr disclosed, some 1,600 British teachers—350 of them at university level—left Britain last year to serve in the developing countries, alongside the much larger number already there.

Last year, some 19,000 British men and women were serving in the developing countries under the auspices of the British Government—in such fields as education, public administration, medical services and agriculture. Including volunteers, the numbers recruited annually under British Government auspices rose by over 50 per cent between 1961 and 1963.

(Concluded from next column)

years, which would enable most long-term projects to earn enough to liquidate their costs.

Third, the Government should make long-term exchange losses allowable as a charge against tax, so encouraging companies to borrow abroad in foreign currencies in the cheapest market. Such a measure would simultaneously, of course, strengthen the balance of foreign payments.

I have only one serious objection to raise against Mr. Merrett's line of reasoning and the conclusions he derives from it, an objection which may be slightly more valid in British conditions than in some other countries. There is no trouble about distributing a larger proportion of earnings: the greater part of the increase will undoubtedly be saved and re-invested through the capital market. But a major switch from equity to debt financing implies a corresponding shift in the preferences of investors, and I doubt whether this can easily be induced without a sharp rise in long-term interest rates.

It may have been rising prices which first caused stocks to gain in popularity at the expense of bonds, and the rise in prices may be much slower in the future. But, until there is a serious and prolonged recession, I think, the movement is irreversible. The gap between the yield on debentures and the effective yield on stocks may still be unrealistically wide—which is one argument, while Governments hold down interest rates, for remaining a bull of the stock market.

But a major switch to debt financing would have the effect of narrowing this gap—of raising the yield on debentures as well as lowering that on stocks—and largely cancelling out the stimulus to increased industrial investment at which Mr. Merrett is aiming.

SELF-FINANCING IN INDUSTRY—HOW FAR?

By Questor

IT seems unlikely that a Labour Government, if it comes to power in Britain in the autumn, will be as hostile to business as some businessmen fear. The party's overriding commitment, after all, is to produce faster and smoother long-term economic growth than the Conservatives, and it is probable that one of its chief aims in its first period of office would be to ensure that it obtained a second term. But on one issue, however predictably, it has already blotted its copybook. It has declared its intention of taxing profits distributed as dividends more heavily than profits retained in the business.

This is not a new policy. It is only recently, in fact, that the Conservatives abolished tax discrimination of this kind. There are two arguments put forward to support it—first, that a high rate of ploughback encourages heavy capital investment, second (and more relevant at the moment), that anything which discourages the rapid growth of dividends and capital values will make it easier to persuade trade unions to moderate their wage claims.

A Labour Government, less accustomed than the Conservatives to the ways of business, is less affected by the arguments on the other side, which have led some countries (Germany, for example) to impose a discriminatory tax on profits which are not distributed. The gist of these is that self-financing tends to make the existing industrial structure rigid and can lead to undesirable concentrations of economic power.

In fact, the extent to which industry depends on retained profits to finance its capital expenditure varies very widely from one country to another. During the nineteen-fifties as a whole, it ranged from 37-38 per cent in the U.S., Britain and France to nearly 50 per cent in Germany and over 60 per cent in Japan: a high degree of dependence on external finance is obviously not incompatible with rapid growth.

But a significant distinction can also be drawn between types of external finance—fixed interest (including bank loans as well as debentures) and equity. An economist employed by an international oil company, Mr. A. J. Merrett, has argued in several articles published over the past few months that British industry leans too heavily on equity capital and should move towards the European pattern.

His reasoning is that the yield on equity investment over a period of years, taking account both of dividends and capital appreciation, is very high—some 8-10 per cent on average after tax. This is several times the yield on debt capital. It follows that the firm which finances itself primarily out of equity capital can invest only in projects which are much more profitable than those open to firms which borrow primarily at fixed interest.

The same is true of the firm which relies heavily on ploughed-back profits to finance its expansion: these are funds withheld from the stockholder and are expected to earn the same rate of return as would capital raised by a new issue of equity.

At the same time, self-financing is inflexible, since retained profits are fairly constant while the need for investment capital tends to fluctuate. At one moment the firm is over-flush of funds, which is not only an inefficient use of long-term capital but probably encourages it to reduce its dependence on external loans still further. At another moment its investment needs exceed its funds, and it may well be tempted to trim back or phase out its capital programme rather than borrow heavily in the market.

From this line of reasoning, which seems to be as relevant to the U.S. as to British conditions, Mr. Merrett derives three practical conclusions. First, he suggests, legal changes should be made to rehabilitate the preference share, which is more flexible than the debenture: it can be either redeemable or irredeemable, and interest payments on it can be postponed if no profits are being earned.

Second, the commercial banks—which are tending more and more to supply long-term finance in the form of loan limits with a firm undertaking to renew attached to them—should be encouraged to take in medium-term deposits and supply term loans of a period, say, 5-10

(Continued in previous column)

EXPANSION OF BRANCH BANKING

PROGRESS OF POLICY AND PROGRAMMES

IT is the responsibility of the Reserve Bank of India, under Section 23 of the Banking Companies Act, to regulate the opening of new branches of banks. Every banking company is required to obtain a licence from the Reserve Bank of India for opening a new office. Before granting a licence, the Reserve Bank will satisfy itself regarding at least five matters: the financial condition and history of the applicant bank, the general character of its management, the adequacy of its capital structure, the earning prospects of its assets structure and the extent to which public interest will be served by the opening of the proposed branch. Within this broad framework of basic requirements, the main objects of the Bank's policy have been twofold: first, to regulate the opening of new offices of banks in such a manner as to assist the sound development of banking system, and secondly to regulate it in such a way as to enable the banking system to meet the growing requirements of the country.

The report on the *Trend and Progress of Banking in India* for 1963, traces the origin of the Reserve Bank's policy and reviews the performance in the light of the aforesaid requirements and aims.

Although the proposals for a comprehensive banking legislation for fostering the growth of banking on sound lines were under consideration ever since the Reserve Bank first reported on the need for it in 1939, they could not, for various reasons, materialise till 1949. Meanwhile, expansion of branch banking showed several undesirable characteristics. Under the impetus of war, there was indiscriminate growth of bank branches: on the one hand, there was undue concentration of branches in the larger cities and, on the other, a mushroom expansion of branches by several small banks resulting in high capital expenditure beyond the resources of banks. The provisions of draft Banking Companies Bill 1946 were, therefore, separately enacted into a small Act—Banking Companies (Restriction of Branches) Act, 1946: to this date, the statutory powers of the Reserve Bank to license the opening of branches by commercial banks are based upon this original legislation and are substantially the same.

In the initial years, the Reserve Bank was cautious in licensing new branches: for, in addition to the unhealthy nature of war time expansion, the post-war and post-partition strains dictated the need for caution. In fact, as pointed out in the Reserve Bank report, there was an almost continuous decline in the total number of bank offices from 4,886 in 1946 to 4,021 in 1953, owing to the closure of uneconomic branches the numerous bank failures and the movement towards amalgamation and consolidation of the banks, mainly in the South and in Bengal.

Turning Point

The year 1954 was, however, a turning point for Indian banking in many ways: so too, in the sphere of branch expansion. Not only was the declining trend reversed by 1954, but there was actually a steady increase in the number of bank offices since then. By the time the Second Five-year Plan got into momentum, there was an urgent need for mobilisation of resources in every possible way, for financing economic growth. It was then realised that, in order to bring within the banking fold, the new incomes which were being generated in the developing regions of the country, it was necessary to extend the network of bank branches into the rural and semi-urban areas. Having gained considerable experience in the administration of the Banking Companies Act, the Reserve Bank was also prepared to liberalise its policy of issuing licences for opening branches. In the post-war and post-partition years, it may be noted, the Reserve Bank of India was weighed down by its responsibilities in relation to more than 700 banking companies, but by mid-fifties, the problems of rehabilitation or reconstruction were more or less under control and the Reserve Bank was prepared to take the initiative in regard to promotional measures. Thus, a fresh impetus was provided to branch expansion towards the close of 1956. The extent of liberalisation is apparent from the fact that, while a total of 791 licences for opening new branches were issued during the six years between 1951 and 1956, almost as many licences were issued during the next two years.

Since 1954, when the trend was reversed, the commercial banks have so far opened a total number of 2,373 new offices, or an average of 237 offices per annum. If the reckoning is made since 1957, when the pace of branch expansion quickened under the impetus of the Five-year Plans, the total number of new offices opened comes to 1,969, or an average of 281 per annum.

Costly Affair

Opening a new branch office is a costly affair. With increasing shortages of residential as well as office accommodation in both urban and semi-urban areas, banks have to pay exorbitantly for acquiring premises. Even so, suitable premises are not always readily available. In many cases, banks have had to construct their own premises, or to carry out substantial alterations. Under the increasingly fierce competition for deposits, the decor and the appearance of bank branches is also changing, involving further costs: all the neat and trim counters, elegant panels, soft lighting and cushioned sofas in waiting lounges are, however, not merely for the sake of appearances. Customers and staff have come to regard them as minimum conveniences of banking.

Apart from premises, the industrial awards have regulated the wages of bank 'workmen' since 1951, involving substantial increase in expenses, particularly as the wages have been linked to the ever-rising cost of living index. The increasing number of branches have necessitated heavy recruitment of personnel. Moreover, fresh recruits have to be trained into the ways of banking and experienced hands have also to be trained and retrained periodically through refresher courses in order to enable them to maintain their efficiency and keep pace with the latest developments in the methods and techniques of banking.

With increasing number and size of bank branches and complexity of business, all this cannot be done haphazardly. In order to plan the branch expansion programmes methodically and carry them out systematically, many banks have had to organise development departments and, in order to maintain harmonious relations with the staff and customers, they have also had to have personnel and public relations departments and officers. Above all, under the pressure of competition, many branches are opened a few years before they can be expected to pay their way: even in developed areas, it will ordinarily take four to five years, for a branch to start earning.

Having regard to all these considerations, the development of branch banking in the country during the past decade or so should be considered as satisfactory. At the end of 1963, the total number of offices of the scheduled and non-scheduled banks was 5,032 and 510, respectively, or a grand total of 5,542, as against 2,646 and 1,473 respectively (total 4,119) at the end of 1951. This net increase of 1,423 in the branches of commercial banks in our country consists of a rise of 678 offices of the State Bank of India, 1,708 offices of scheduled banks other than the State Bank of India, partly offset by a decline of 963 offices of non-scheduled banks. The progressive decline in the number of non-scheduled bank offices has been the result of a conscious policy of the Reserve Bank of India of closing down uneconomic branches, winding up unsound banks, and merging or amalgamating small banks with larger or well-managed institutions in order to make them viable and efficient. Even the Reserve Bank of India recognised, in a circular letter addressed to the banks in the middle of 1962, that the progress of branch expansion during the decade covered by the first two Five-year Plans was broadly satisfactory.

In spite of this expansion, the Reserve Bank has held the opinion, albeit since 1960, that one of the main objectives of branch expansion, namely, the expansion of banking facilities to rural and semi-urban areas, has not yet been fully achieved. As a measure of the tasks awaiting the banking system, the Reserve Bank at first pointed out that, out of 3,018 towns in India, 1,400 towns were still without any banking facilities at the end of 1960, and that there was an urgent need, in the public interest, for the provision of banking facilities in the vast rural and semi-urban areas not served by any commercial bank. When the results of 1961 census were available, the figures pertaining to unbanked towns were revised and it was pointed out by the Reserve Bank that, at the end of March 1962, there were as many as 1,017 towns without any office of a scheduled, non-scheduled, or co-operative bank out of a total number of 2,690 towns (on the basis of the revised classification of towns).

More up-to-date data are now available, though these are not mentioned in the report of the Reserve Bank under review. The Finance Minister, for instance, informed Parliament some time ago that the number of unbanked towns had come down further to 990. Secondly, the report on the *Trend and Progress* itself points out that, since August 1962, permission has been granted or licences have been issued for opening 563 new branches, of which 226 are to be in unbanked centres, and that the number of offices actually opened at places which were not served by any banking office earlier were 45 in 1962 and 124 in 1963. Indications are that the total number of unbanked towns as at the end of March 1964 may not be very much above 800.

To return to the main argument. There can be no doubt that opening of new branches in such areas as also in the suburban areas of cities would not only assist mobilisation of deposits, but also provide better service to the community: but one cannot say that each one of the 1,017 towns is fit enough to have a branch of bank, for the potentialities of these towns have not been investigated. In July, 1962, the Reserve Bank supplied a list of 1,400 towns to the banks and promised to follow it up with a revised list of towns on the basis of 1961 census. This promise, it would appear, has not yet been fulfilled. But even if such a list is supplied, there is no point in opening a branch in each one of the towns, unless it offers scope for deposit mobilisation or credit services. More than 17,000 postal savings sub-banks are already serving some of the smaller towns: what is the point in duplicating costly facilities at centres where the existing postal savings banks can mobilise deposits much more actively and at a considerably lower cost.

Commendable Achievement

All this, however, need not be regarded as an argument against pushing the frontiers of branch banking into the rural and semi-urban areas: banks themselves go to such areas, if it is worthwhile. In addition to the 1,673 towns out of the total of 2,690, there were more than 700 smaller centres which could not qualify for township under the census definition, but which possessed banking facilities. What one wishes to emphasise here is the point that, in planning and implementing bank branch expansion programmes, attention must also be paid to the inherent limitations and to the costs involved. Even the State Bank of India, in spite of drawing a subsidy of about Rs. 1 crore over a period of seven years for financing losses of new branches, and in spite of the automatic inflow of Government and semi-Government deposits, has considered the task to be beyond its own means and capacity for the present. There is, therefore, no exaggeration in saying that commercial banks have been doing an equally commendable work in pioneering new branches with their own resources and efforts.

It appears that an appreciation of these factors has convinced the Reserve Bank of India to allow banks to formulate co-ordinated programmes of branch expansion embracing areas devoid of banking facilities and suburban areas of urban centres as well as towns of commercial and industrial importance which offer scope for further additional offices, in spite of the existing banking facilities that they enjoy: a judicious combination of the two types of centres and towns has to be allowed, if the overall financial position and earning capacity of a bank is not to be adversely affected. It is gratifying to learn that the Reserve Bank is operating its newly evolved branch expansion policy along these lines. How far it will yield results, only the future can tell.

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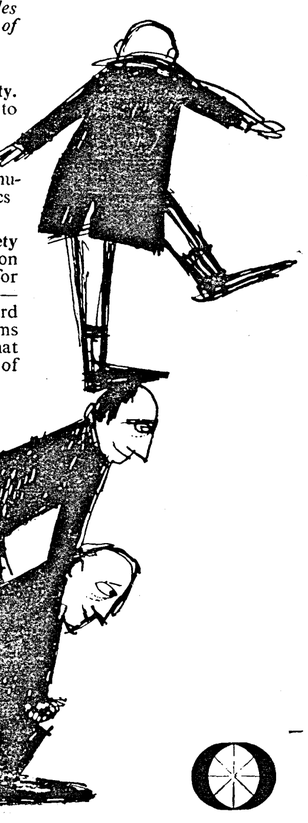

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PAKISTAN'S COTTON INDUSTRY

BOTH QUANTITATIVE AND QUALITATIVE PROGRESS IMPRESSIVE

PAKISTAN is recognised as an ancient land of cultivated cotton. This king of fibres has been spun into yarn in that part of the Indo-Pak sub-continent, now known as West Pakistan, since times immemorial. Archæological excavations in (Mahenjodaro) the Indus basin, where civilisation flourished between 3300 B.C. and 2700 B.C., have revealed that the small pieces of fabrics discovered there were made of indigenous cotton. And, in East Pakistan, the stories of Dacca weavers producing very fine muslin are well known. The history of modern cotton in the areas now forming Pakistan began with the inception of the twentieth century when successful attempts were made to acclimatise American Upland seeds in the canal-irrigated areas of West Pakistan, and the cultivation of American type cotton was taken up on a commercial scale. The improvement that has been brought about in the quality has been commendable, thanks to the research, irrigation and improved agronomical practices. Pakistan cotton is famous for being long-staple and finds ready response in world markets. The American varieties have taken to the soil and climate of West Pakistan and now nearly 87 per cent of the area and 90 per cent of production of cotton in that country consist of these varieties. They are now being grown in well defined zones, extending north to south along the Indus basin of West Pakistan.

Pakistan had a small cotton textile industry at the time of partition in 1947. It was not adequate to meet the domestic requirements of cotton yarn and piecegoods. Imports of cotton manufactures were, therefore, large and the major portion of raw cotton output was exported. It is only natural that, as an independent country, Pakistan should have decided to process its fine cotton rather than export it. And it has succeeded remarkably in this direction. The progress of Pakistan's cotton textile industry has been remarkable. Whereas in 1947 there were 17 mills, there are now as many as 200. The mills in Pakistan are producing a wide variety of clothing and not only that the country is self-sufficient in the home requirements of clothing, but sizable quantities are also available for exports.

The growth of cotton textiles industry in Pakistan has to be seen in the larger perspective of industrialisation of that country. At the time of establishment of Pakistan in 1947, there was very little manufacturing industry. Immediately after partition, Pakistan lacked the manufacturing capacity, industrial credit facilities, technical and technological institutes and research laboratories. The Government of Pakistan, in order to achieve a reasonable measure of economic security, framed a new industrial policy replacing the pre-partition industrial policy. According to the new policy, the Central Government acquired rights to own and operate the manufacture of arms and ammunition, generation of hydro-electricity and manufacture of railway wagons, telephones, telegraphs and wireless apparatus. The rest of the industrial sector was left free to private enterprise.

In July 1951, the Government of Pakistan drew up a six-year Plan (1951-57) in which the industrial sector had a fair share. On this plan was later superimposed a Two-year Priority Programme which had as its aim the achievement of self-sufficiency in respect of certain basic needs of life as, for instance, clothing. The progress was still below the required mark. The indigenous capital was proving very shy mainly for two reasons. First, there was no tradition of industrialisation and there was uncertainty about the yield on investments. Secondly, the commercial sector was yielding quicker dividends than the industrial sector. The Government, therefore, decided to stimulate industrial progress by taking an active part. The Pakistan Industrial Development Corporation was established as a semi-public organisation, its main objective being to enlist participation of private capital in conjunction with public funds. Besides, the Central Government also granted tax concessions and provided long-term credit facilities through the establishment of Pakistan Industrial Finance Corporation and Pakistan Industrial Credit and Investment Corporation. After this, the story of the industrial sector is one of steadily upward progress. The progress of some individual industries, including cotton, has been spectacular. The production of mill-made cotton cloth in Pakistan increased from 88 million yards in 1948 to 629 million yards in 1960, an increase of 615 per cent.

In the Development Programme for 1951-57, a sum of Rs. 21 crores was earmarked for the development of cotton textile industry. It was envisaged that, at the end of this period, the production of cloth would be about 1,350 million yards (including the production on handlooms). It may be noted, in parenthesis, that no data are available on the progress of handlooms and the information that follows pertains only to the mill industry. During the period (1951-57), 600,000 additional spindles were to be installed. By 1955, the installed capacity had exceeded the target. There existed, as of that year, 1,683,000 spindles and 26,000 looms. The production of the mills was more than 300 million yards of cloth and 384,000 bales of yarn. As the production of cloth and yarn increased at home, the imports of cloth and yarn declined from 226,000 bales and 200,000 bales in 1951 to 20,000 bales and 8,711 bales, respectively in 1955. This had its effect on *per capita* availability of mill-made cloth in the country, which increased from 5.2 sq. yards in 1948 to 13.4 sq-yards in 1955. It will be noticed from these statistics that, by the time the first Five-year Plan (1955-60) was launched, the cotton textile industry in Pakistan had made considerable improvement and development.

The first Five-year Plan envisaged an additional investment of Rs. 41.20 crores in cotton industry and the installed capacity was expected to increase to 2.2 million spindles and 38,695 looms. The actual position at the end of the first Plan period was that the number of spindles was 1,928,000 and the number of looms about 30,000. The number of textile mills had increased to 193; of these 95 were in West Pakistan, with 63 in Karachi alone. As much as 34 per cent of the total industrial labour was employed by the cotton textile industry. The value of the total output of the cotton industry rose to Rs. 100.80 crores, constituting 22 per cent of the value of the total national output. The cotton industry's share in the national income of Pakistan was 28 per cent.

The second Five-year Plan (1960-65) proposed to increase cotton textile manufacturing capacity from 1.93 million spindles and 30,000 looms in 1960 to 2.5 million spindles and 40,000 looms by 1965. The increase in capacity target was relatively modest, as compared with the progress made in the previous decade, but that was understandable in view of the fact that the scope for further growth was limited and the available resources had to be utilised for bringing about a diversification of industries. The progress that is being made by the Pakistan textile industry in attaining the second Plan target seems to be satisfactory. By the end of 1962, it had 2.15 million spindles and 32,000 looms.

In addition to the mill sector, Pakistan, too, has, as does India, a sizable decentralised sector. No data pertaining to powerlooms are available, but the number of handlooms is placed at more than half a million. The estimated total production of the decentralised sector is 600 million yards of cloth. This compares with 725.2 million yards of cloth produced by the mills in 1962 and 778.3 million yards in 1963. The quantity of yarn spun by the mills in these years is placed at 432.2 million lbs. and 565.8 million lbs., respectively.

The following figures show at a glance the growth of cotton mill industry in Pakistan in terms of its capacity:

Year	Spindles	Looms	% of automatic looms to the total
1953	1,365,000	10,000	14
1955	1,683,000	26,000	N.A.
1961	1,998,000	30,000	60
1962	2,145,000	32,000	61

N.A.=Not Available.

It will be noted that more than two-fifths of the loomage is automatic. Being essentially a post-war growth, the Pakistan cotton mill industry is highly modern and, as such, its competitive capacity in world markets is pretty high. As between East and West Pakistan, progress made by cotton textile industry in East Pakistan has been comparatively slow, but this situation is being rapidly remedied as orders for the installation of more spindles and looms have been placed and it is expected that, by the end of this year, 24 new textile mills with more than 300,000 and 5,000 looms will come into operation in East Pakistan.

A brief reference may be made here to the position of cotton also in Pakistan. According to the final estimates of cotton crop for the year 1963-64 released by the Department of Marketing Intelligence and Agricultural Statistics, Government of Pakistan, the country has exceeded the target of production of 2.3 million bales of cotton for the second Five-year Plan period, one year ahead of schedule. The cotton crop for the current season is estimated at 1,983,000 bales of 478 lbs. each which shows a significant increase of about 15 per cent over the corresponding estimate for the previous year. The table below shows the latest statistics regarding production, consumption by domestic mills, imports and exports of cotton:

	(In thousand international bales of 478 lbs. each).			
	1959-60	1960-61	1961-62	1962-63
Supply				
Opening stocks	275	200	240	360
Production	1,360	1,405	1,510	1,635
Imports ..	5	5	42	9
Total ..	1,640	1,610	1,792	2,004
Distribution				
Consumption	1,100	1,125	1,130	1,150
Exports	334	245	301	685
Closing stocks ..	200	240	360	165

An important point that emerges from the above table is that, between 1959-60 and 1962-63, exports of cotton have more than doubled, despite the continuous growth in domestic consumption. This has been possible because of the gratifying expansion in cotton production. It is worth noting that production this season represents an increase of 623,000 bales of 478 lbs. each, or about 50 per cent over that five years ago, a commendable performance indeed, when compared with the sluggish growth in the production of cotton in India.

In qualitative terms, Pakistan's staple varieties of cotton are grouped as medium-staple cotton which constitutes about 85 per cent of the world production of cotton. These cottons face the biggest competition in the world markets. In accordance with some technological tests carried out by the U.S. Department of Agriculture, the Pakistan staple cotton has been recognised as having the highest rating in fibre strength, maturity and uniformity as compared to the corresponding foreign growths. This factor in the main explains the popularity of Pakistan cotton in the world markets. The domestic cotton textile industry is now consuming about 70 per cent of the domestic production of cotton. As the indigenous textile industry is gradually advancing towards high spinning, the need for longer staple varieties is increasing. The quality of Pakistan cotton and the rate at which development is taking place in the cotton textile industry of Pakistan warrant the hope that, with the added accent on modern cultivation techniques and plant protection measures, the production targets in Pakistan would be achieved according to the schedule and that Pakistan will continue to produce enough cotton to retain its share of export trade of cotton in the world markets.

I.C.M.F. JOURNAL

The Indian Cotton Mills' Federation has just begun publishing a monthly journal, the first issue of which pertains to May 1964. "The *Journal*," says the Chairman of the Federation, Mr. Ramnath Podar, "removes a long-felt need." He hopes that "it will be one more link in bringing the Federation closer and making it more serviceable to its member-associations and to the mills." The *Journal* proposes to carry special articles and studies, to reflect the activities of the Federation and member-associations, to include statistical and other information together with tables and graphs and to provide a survey of world developments in cotton, textiles and the general economy.

The first issue of the *Journal* covers a wide variety of subjects, ranging from national production of cotton and the difficulties faced by the producers to an international survey on cotton production.

The *Journal* has made an impressive start. The contents of the first issue warrant the hope that it will prove useful to cotton textile industry, in particular, and the trading community, in general.

MANCHESTER LETTER

RE-EQUIPMENT—THE FINAL PHASE

TEXTILE MACHINERY EXPORTS AT PEAK LEVELS

From Our Special Correspondent

MANCHESTER, *26th May*

EXPORTS of British textile machinery in the first quarter of the current year already show signs of breaking new records. Compared with 1963, shipments were practically 10,000 cwt. higher at 431,484 cwt., the value of these goods increasing by over £1,500,000 at £19,224,000.

Compared with some years ago when India and Pakistan dominated the overseas market for textile plant, shipments are now much more widely spread among individual countries. Pakistan has regained the lead as chief importer, having absorbed 54,162 cwt. in the first three months of 1964, as against 38,517 cwt. Shipments to the Soviet Union amounted to 31,061 cwt., as against 33,339 cwt., but trade with India has fallen back from 46,919 cwt. last year to 31,052 cwt.

Other leading buyers of British textile plant in the first quarter this year were (with 1963 comparisons): Egypt 29,773 cwt. (10,840 cwt.), Australia 21,263 cwt. (23,903 cwt.), Spain 20,560 cwt. (13,984 cwt.), South Africa 19,623 cwt. (26,791 cwt.) and France 16,132 cwt. (11,581 cwt.).

Better Basic Position

Fewer violent fluctuations in trading and prospects of more stability in textiles are forecast in a rather more optimistic survey of conditions than the Cotton and Rayon Merchants' Association usually provides in its annual report. Commenting on the situation at the end of 1963, the Association says that the industry seems to be in a better position basically and the outlook is more encouraging than it has been for some time.

Home trade consumption of woven cotton and man-made fibre cloth is now estimated at around 2,400 million yards annually. This compares with some 2,300 million yards only five years ago. "Since exports account for another 300 million yards," says the report, "and the volume of imports is now largely contained, a glut of woven textiles seems less likely in the foreseeable future."

Meanwhile, the merchanting section of the trade has continued to contract, no less than the producing branches. The Association points out that, since 1955, about 650 converting firms have ceased to be liable for the levy paid to the Cotton Board. The paradox of the complete absence of short-time working in the industry without any substantial improvement in margins, is largely explained by the direct effect of imports on the cotton side, according to the report. After dealing in detail with the action taken by the Government to control arrivals from many sources, the Association gives qualified approval to the new system requiring specific individual licences.

Reorganisation Scheme

In six weeks' time, the final date for completion of the cotton reorganisation scheme will have been reached. So much has happened since the autumn of 1959 when the venture was first launched that the trade itself has already taken on a new shape.

In the first quarter of 1960, the sledgehammer blows which heralded the physical scrapping of plant were indicative of a widespread readjustment of machine capacity under which many mule spindles and a large number of non-automatic weaving machinery was dismantled. Subsequent financial deals have led to further concentration and renewed disposal of obsolete plant.

Re-equipment has been proceeding steadily in the meantime but the completion date after which no Government grant will be provided against the purchase of modernised machinery is 8th July 1964. Unless the plant is actually installed by the date, no subsidy will be paid.

Considerable Orders

Actual orders for machines had to be confirmed by July last year in order to qualify for the grant and, according to a statement made by Sir Kenneth Preston, Chairman of Stone-Platt Industries, one of the largest textile Machinery groups in Britain, a considerable volume of orders was received by the final date. Those mills taking advantage of the scheme should achieve productivity figures on their new machinery comparable with the best in the world, he added. Although the provisions of the Act allowed millowners to buy machinery from any source at home or abroad, more than 90 per cent of the contracts for spinning plant were placed with the Stone-Platt group.

The movement towards the fully automatic mill gathers pace and there are already signs that this objective is not very far ahead. A full-scale pilot plant, Sir Kenneth revealed, has now been installed in a Lancashire mill; the economies of its operation are being assessed in comparison with the latest conventional equipment. Also being developed is fully automated dyeing machinery, while a co-operative project by several of the subsidiaries of the Stone-Platt group is manufacturing for Egypt the largest individual combing plant in the world.

"A Busy Year"

Coincidentally, two of the big textile groups which have been involved in a year of takeover deals have issued their reports within a week or two of each other. Mr. Joe Hyman's comments with the Viyella accounts have already been widely quoted; now comes the turn of Sir Cyril Harrison, whose tripartite arrangement with I.C.I. and Courtaulds to absorb Tootal can be said to have started the ball rolling just over a year ago.

Sir Cyril's statement contains more details of the individual subsidiaries of the group and their progress than commentaries on policy, but, in general terms, he describes the developments in 1963 as "a busy and eventful year." The acquisition of Tootal supported by the man-made fibre products, has brought the assets employed by the company from £19 million to £39 million in the past decade.

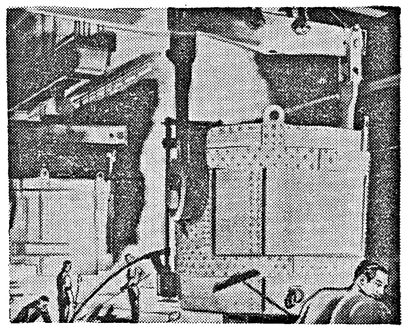
"We have not sought expansion for its own sake," he adds. "Our approach to investment has been guided throughout by the intention to augment the value of stockholders' investment and to make secure the employment and well-being of our employees in all grades."

Further Developments

The E.S.C. group, the Chairman says, has made good progress in the development of new threads, including a major development in thread dyeing using the latest electronic devices. A new spinning plant is being built in North Carolina, and a further thread business has been acquired in Australia. The knitting division of the Company has been expanded and reorganised, and a major concentration of cloth converting has taken place to adjust distribution to changing trading conditions in marketing.

On the financial side, £6 million have so far been borrowed from I.C.I. and Courtaulds out of the £10 million originally provided. After allowing for the sale of properties and consolidation of operations following the Tootal deal, between £3 and 4 million will be left for investment in existing plans and extending the business. Sir Cyril makes it clear that further expansion is to follow. Acquisitions, he says, will be in line with the past policy of the Board of operating "within the field of our present business and our management competence."

DEVELOPMENTS IN THE EAST



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BUSINESS NEWS FROM EUROPE

PROBLEM OF KEEPING PRICES DOWN

SOLICITUDE FOR CONSUMERS IN RUSSIA INCREASING

From Our Special Correspondent

WITH rising prices threatening most of the European Economies, one issue is uppermost in the thoughts of Finance Ministers and central bankers: disinflation. Only Norway, Austria and West Germany are relatively safe from inflation at the moment and only Norway is the safest from its effects. Germany is threatened by the rise in prices in the Common Market—and, in particular, importing inflation from France and Italy—and Austria is anxiously watching wage demands begin to build up pressure.

Outside Europe, the same pressures on national economies are at work. Latin America is plagued by inflation, especially Brazil; the Australian authorities have been energetically mopping up excess liquidity; and the New Zealand Government has been preaching restraint recently. Only the United States and Canada and South Africa are in the happy position of being able to let their economies have their head.

While the inflation that has undermined the booms in Italy and France is undoubtedly the reason for some of the inflation spreading in Europe, most of the price rises are basically home-brewed. Only Germany seriously maintains that its economy is threatened by imports from its Common Market partners. The Dutch would have good grounds for thinking that part at least of their inflation was imported, since France took 29 per cent more exports last year and Italy 38 per cent. But rather more cause in Holland has been the wage agreement last autumn which has set up a spiral effect. And that wage spiral, in turn, was caused by over-employment in the economy. Like most European economies, the Dutch can trace their troubles back to the early 1960s, when a re-expansion programme set in motion forces which are now causing strict disinflationary measures to be taken.

Cut in Spending

The Dutch have had to cut Government and Local authority spending this year by five per cent, suspending initial allowances and the accelerated depreciation facilities for private industry. They have also had to tighten the granting of personal loans, put a brake on hire purchase by increasing (by five per cent) the down payment, make an attack on resale price maintenance and put a ceiling on certain companies' goods. The Dutch Bank Rate went up early this year, as it did in France, Sweden, Belgium and Britain.

The Swiss have never (like the Italians) been keen users of the Bank Rate but they have, instead, used a series of measures to counteract pressure on the economy. Last year, the real growth in gross national product was down to 4.5 per cent (after having been 8 per cent in 1962 and 10 per cent the previous year). By comparison the nominal rate of growth was eight per cent to £4,000 million (11,200 million dollars). The difference between the nominal and real rates is attributed to price increases. Consequently, the Swiss have limited credit, neutralised the inflow of foreign capital, restricted domestic building (where a lot of the pent-up pressure has been) imposed a one-year ban on non-essential building and imposed more limitations on the inflow of foreign workers.

A Curious Move

This last step is a curious move, since it has been felt that only by *attracting* more workers could output be kept at a steadily rising level. Certainly, this is the view of the Belgians, who have encouraged more workers to come in at the same time as there has been a cut back in public spending, restrictions put on consumption and building credits and the higher rate of interest. Falls in the first two months of the year in the cost of living indicate that the Belgians might be getting their inflation under control. At the start of the year, a wage inflation spiral was feared, since prices had risen by five per cent last year, four times as much as in 1962. At the same time, labour costs rose 10 per cent.

The apparent stabilisation in the Belgian cost of living might be a mirage, holding out hope of a false salvation. But at least it gives the Belgians some grounds for optimism, while most of the rest of Europe is merely hoping that its measures will work.

Boom in Plant Leasing

Plant leasing is booming in Britain and making steady growth. And though the industry is not nearly so developed in Europe there are encouraging signs that it is growing almost everywhere.

Plant leasing is the system whereby a firm leases, or hires, plant and equipment from a supplier, usually a finance house or institution, for a set number of years at a fixed rental per month. At the end of the leasing period, the hiring charge normally drops drastically: sometimes, the monthly charge becomes the annual charge.

The system originated in the United States around 1952 and grew quite dramatically. From around £3.7 million (10 million dollars) for the American plant leasing industry in 1952, it grew to £143 million (400 million dollars) in 1960 and is expected to reach £375 million (1,000 million dollars) by the end of next year. It first crossed the Atlantic in 1961 when American finance houses brought their know-how to Britain and helped to set up a small number of leasing firms. British expansion has been slow since then and, until recently, the market has been dominated by three major companies. Now a number of others have joined in, though as yet their contribution to total leasing is negligible.

The three major firms are thought to account for about £13 million of leasing (36.4 million dollars). But, since no authoritative figures exist, these must inevitably be estimates. Last year was a bad year for the leasing firms. Three special difficulties hindered development: since 1962, an unusually high (30 per cent) rate of investment allowance has made borrowing for new plant and equipment much easier; lower Bank Rate (four per cent throughout 1963) also helped; finally, credit restrictions were relaxed in November 1962, along with the return of the special deposits, amounting to £300 million, to the clearing banks. Nevertheless, since last October, there has been a big leap forward in leasing and it is probable that the current rate of new business is now around £10 million (28 million dollars) a year.

It has been more difficult getting plant leasing moving on the Continent, because there is, generally, a greater concentration of businesses in fewer hands and, therefore, fewer difficulties over financing investment in plant.

However, almost all countries have made a start. There are now seven or eight firms in France, two or three in Belgium, two at least in West Germany and three in Holland, in spite of the fact that finance is easier for the Dutch, because the pension funds lend money industrially. In Sweden, three of the biggest banks have built up two leasing companies but total business is very small and only factory time clocks have made any sort of breakthrough.

An important leasing concern for machine tools was set up in France last March with Swiss and American capital, as well as French. It is thought that the scope for the extension of leasing, which only started there last August, is good in France because of the concentration of small businesses. Such firms are being squeezed in France by financial restriction and plant leasing is a way of getting equipment without committing capital reserves.

There are no precise figures for leasing in Germany but German industrial authorities expect that it will reach one per cent of total investment in six years' time, the same figure as America has already reached. This may well be an optimistic estimate; British experience is that it is difficult to attract an industrialist to the concept of hiring rather than owning, even if it is cheaper.

In order to stimulate knowledge in the subject a number of European banks have set up Interlease, with headquarters in Luxembourg, to disseminate information. The banks behind Interlease have already made incursions into France, Belgium, Holland, West Germany, Italy and Spain. Next they hope that they can get the Scandinavian countries interested. Interlease does no leasing itself.

Supermarket Moves in Russia

Mr. Khrushchev's personal initiative following trips abroad is thought to be behind moves in Russia to pay more attention to the consumer. Thus, a supermarket "revolution" is on its way in the U.S.S.R., with the development of self-service stores, pre-packaged foods and official policy statements on the need to placate the shopper. Russia claims to have 16,000 self-service shops, more than any other country with the exception of the United States and West Germany. But, in reality, most of these shops are too small to serve as food supermarkets and can only cater for single lines of goods. More serious in the matter of low retail standards, there is a lack of packaging, and even in Leningrad, a relatively well-organised town from the shoppers' point of view, only 30 per cent of the goods sold are pre-packed. And, for the whole of Russia, only one per cent of its sugar supplies are pre-packed.

Allied with this problem is the difficulty the Russians have in providing efficient storage, so that food, especially vegetables, in the shops is frequently old and often rotten. The interest shown by the Soviet authorities in vegetable processing machinery when a British mission visited them last year is, therefore, an important pointer to trends. That the authorities should be interested in buying such machinery—and from the West at that—at a time when all the available hard-currency reserves are going to buy wheat shows that the consumer food industry is now having higher priority.

This conclusion is backed by the report that an important committee, which includes two Deputy Premiers, is to consider ways of producing chicken and pork in industrial conditions. It might be some time before frozen chicken is as popular, and cheap, an item of everyday diet as it is in Britain and America and before meat is as plentiful as in the West. But that day is coming and things are going to get a lot better for the ordinary Russian consumer.

Travel Happy Germans

With the holiday season once more in full swing, the West German lead as the major European holidaymakers is assured, according to travel agents. From northern Scandinavia to southern Greece, the Germans are confidently expected to top their last year's world-leading spending on holidays. In 1963, West Germans spent £418 million (1,170 million dollars) on foreign holidays. Second biggest foreign holiday spenders, the British, spent £214 million (599 million dollars). By comparison, the United States, the third biggest foreign travel spender, only spent £100 million, though opportunities for travelling across foreign boundaries are less plentiful for Americans and there is no doubt that, overall, they are the greatest holiday spenders of all.

Long holidays (on average three weeks), a high standard of living and little unemployment have all contributed to the West German desire to travel. The result was that, last year, every West German spent almost £8 (22.4 dol-

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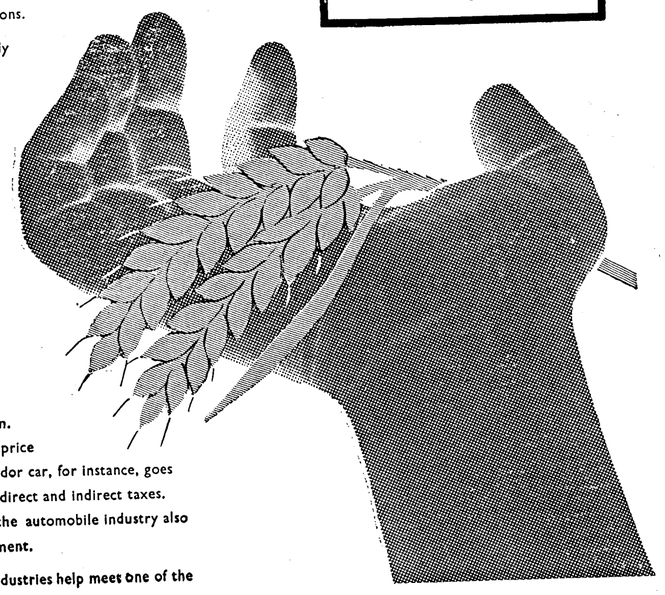

THE AUTOMOBILE INDUSTRY IS A KEY INDUSTRY

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lars) on foreign travel as compared with £5.5 (15.4 dollars) for every American. In all, 5.8 million Germans went abroad on holiday, as compared with two million Americans. Such is the standard of living and approach to holidays that some Germans even managed two foreign holidays last year. Thus 14 million West Germans made 15 million holiday trips between October 1961 and September 1962.

Holiday-making is far more accepted among wage and salary earners than among the self-employed. The proportion of the latter who took foreign holidays in 1962 was only 23 per cent, whereas half the white-collar workers took a trip. While Germans go abroad more frequently, West Germany is apparently no Mecca for the foreign holidaymaker. Earnings from foreigners had been practically unchanged for years at £181.8 million (509 million dollars), though the revenue did rise to £221.8 million (621 million dollars) last year. Between 1959 and 1963 the cost of foreign travel in Germany's balance of payments nearly doubled, from £217.3 million (608.4 million dollars) to £414.5 million (1,160.6 million dollars).

Opportunities in Tanganyika

European firms are expected to play an important role in the new five-year plan for Tanganyika, which comes into force on 1st July. Inducements will be offered to foreign investors and some 450 technicians and civil servants will be needed. The plan envisages a gross capital formation of £246 million (689 million dollars), of which the Government will find £102 million (286 million dollars). Some £80 million of the Government's contribution is budgeted to come from overseas under multilateral and bilateral foreign-aid schemes. A large part will obviously come from Britain, but other European nations could make an important contribution to the growth rate.

In order to get the economy moving and ease the balance of payments out of deficit (there is an import surplus on visible trade) an annual industrial growth rate of 14.8 per cent is envisaged. By 1980, this should have doubled the annual income per head from 1961's £19 6s. (54 dollars) to £45 (126 dollars). This implies an annual growth rate of individual incomes of 4.6 per cent over the five years of the plan, as compared with 2.7 per cent over the last eight years.

A Ministry of Development Planning has been set up with a Frenchman as Director. It also has an international team of economists and six Tanganyikan planning officers. To co-ordinate the work of the Planning Ministry, planning units have also been set up in several Government Departments and the regions have been given important roles to play. The mixed economy will, in fact, leave a substantial role to non-governmental bodies. In the gross capital formation, for instance, £10 million (28 million dollars) of the £246 million total has been allocated to local authorities, £18 million (50 million dollars) to the East African Common Services Organisation and £116 million (325 million dollars) to the private sector, including the co-operative societies.

Portugal's Stagnation

Portugal's economy continues to flounder along. A chronic shortage of money, the country's biggest headache, is prohibiting the necessary investment in industry which alone can raise the rate of production, boost exports and produce import-substitute goods. On top of this shortage, the military budget for Angola, in Africa, where a long war of attrition continues although it no longer attracts the headlines, is causing a severe drain on the economy. This running sore was budgeted to cost £64 million (179 million dollars) this year, but it is now thought likely to exceed that figure by a fair margin.

Although prices have remained relatively stable for the past two or three years (precise figures are difficult to obtain from Portugal), there has been little or no rise in the standard of living. As a result, emigration is widely resorted to, much of it illegal.

Two major imbalances plague the economy. Ninety per cent of the country's industry is to be found around Lisbon and Oporto, an uneconomic concentration. And 40 per cent of the population—that employed in agriculture—produces only 25 per cent of the national income.

Tourism is the one bright point in the economy. Tourism rose by some 32 per cent last year to 530,500 visitors, bringing in £12.5 million (35 million dollars) and, although the planned target of one million visitors for this year is clearly an over-exaggeration, there will undoubtedly be an increase. Tourism is now the most important item in the national accounts, more important, even, than cork production.

Equally, *Emigration* is one of the black spots. Between 1901 and 1960, some two million Portuguese emigrated legally, from a country that has fewer than nine million people. In the last ten years, Portugal has lost 400,000—legally. As many again have gone illegally. There are 300,000 Portuguese workers in France alone, as many as in the city of Oporto.

E.E.C. Deadlock on Cereals

A meeting of the Agriculture Ministers of the six E.E.C. nations to discuss a common cereals price has ended in deadlock. The meeting was the first, at ministerial level, to discuss revised plans for harmonising the Community's cereal prices—a vital factor in formulating joint agricultural policies. The West German delegation at the meeting last week would not accept the suggestion that only the basic political principles of a common cereals prices should be decided. Dr. Schwarz, West German Agriculture Minister, said that, if the German Parliament was to accept the plan in its broad aspects, there must be further clarification of the side issues at this stage.

The other five ministers refused to undertake this without German acceptance of the basic principles involved. The proposals for cereal price harmonisation—called the Mansholt Plan after its originator, the Dutch Minister of Agriculture—has been referred to experts for further study. Sources close to the talks here said it was difficult to see what progress the experts could make in the absence of a political decision to go ahead.

E.E.C. Move Bars Egg Imports

Imports of third country eggs into the Common Market are virtually barred by a new increase this week in import levies imposed on such supplies. The levies have been raised by almost 4s. per long hundred, bringing total levies on third country eggs to about 20s. per long hundred. At this level, non-Common Market suppliers need to reduce their prices to 6s. per long hundred or even less to stand any chance of making a sale. Some third country suppliers have been offering eggs at very low prices, but it is regarded here as impossible for any supplier to cut prices to the 6s. level.

The new levies were imposed following energetic protests from Belgium, supported by the Dutch, against cut-price methods recently followed by third country suppliers, especially Poland. The new move is not, however, expected to change substantially the demand-supply position inside the Common Market. Only a very small proportion of total supplies now come from outside the Common Market: current supplies within the Common Market are more than adequate to meet total demand. It is thought probable here that third country suppliers will increasingly turn to the British market, thereby tending to keep down the current level of prices for eggs.

Friesians Popular in Ireland

The growing influence of the Friesian breed of cattle in the Irish Republic is shown in figures published here on artificial insemination. Last year, a total of 699,381 inseminations were carried out in the Irish Republic. The total estimated number of cows in the Republic is 1.3 million.

The demand for the daily bulls, showing an increase up to 1960, turned downwards in 1961 and the latest figures show a further decrease. The figure show, however, that inseminations from Friesian bulls have been increasing steadily in recent years.

Topical Briefs

Swedish glassware exports reached new peak levels last year. Household glassware exports, which include decorative glass, amounted to over £2 million (5.6 million dollars), 42 per cent of total output of the industry. Most of the goods were sent to the United States, which has been the major market since the war. However, America has been taking relatively less of the Swedish output in recent years. At the end of the fifties, the United States took over 40 per cent of all Sweden's glass exports; last year the figure had dropped to 24 per cent. After America, Britain is the most important market and her share is likely to expand since Swedish goods in general are enjoying a vogue there. West Germany and Denmark follow in order of importance. A growing market for Swedish glass has been discovered in Australia, partly influenced no doubt by the large number of European immigrants over the last 10 to 15 years.

British production of paper and board in the first quarter of the year is well up on the same period of last year. Output rose by 12 per cent to 120,000 tons per week and weekly average production has been running at the highest level for over three years. In the paper section, where competition from foreign producers is most severe, output went up by 84,000 tons, a 12 per cent rise. Production of boards, also up 12 per cent, increased 34,000 tons. Since last July, British consumption of paper and board has moved steadily up and the first quarter's figures show an increase of 218,000 tons over the same period of 1963. A part of this rise has been met by a marked increase in imports which, during the first quarter, rose by 100,000 tons, valued at nearly £7 million Sweden, Norway and Finland continue to feature prominently as British suppliers and they supply almost half of British needs. Output of paper is expected to improve but margins still cause anxiety; the position is more satisfactory with boards.

Output of typewriters and calculating machines in *Italy* is rising steadily. Italian technical advances in typewriters and accounting machines have been reflected by recent statistics. Production of standard typewriters is estimated to have passed the 255,000 mark last year, a three per cent increase over 1962's 248,000 and the 241,000 in 1961. The rise in production of portable models is even more marked. Output was 480,000 compared with 423,000 in 1962 and 410,000 the previous year. Calculating and office machines (other than electronic computers or larger and more elaborate types of accounting machines) have also done well. Output of the latter in 1963 amounted to 756,000 machines compared with 704,000 in 1962 and 620,000 in 1961. The 1961 figure for United States output was 500,000 and 274,000 for West Germany. The overall value of Italian output of typewriters and accounting machines last year was £69 million (193 million dollars), and it is expected to reach £100 million by 1966. Exports play an important role in the industry, having reached £42 million (117.6 million dollars) last year, a four per cent rise over the previous year. World exports of calculating machines reached £44.3 million (124.1 million dollars) in 1961, and the Italian industry took nearly half the market—£20 million (56.2 million dollars), compared with West Germany's £6 million (16.4 million dollars) and the United States' £4.9 million (13.7 million dollars).

Polish textile machinery exports are becoming increasingly important. Until recently Polish exports of heavy industrial products were dominated by two industries—shipbuilding and machine tools. They have now been joined by the textile machinery industry. Last year, production in this industry was up by eight per cent on 1963 and exports amounted to £4 million (11.2 million dollars), more than double the 1962 figure. Exports this year are expected to top £5 million (14 million dollars). Main western markets are India, Israel and the United Arab Republic.

TIN PLATE FOR INDIA

The first electrolytic tinning line in continental Asia is to be erected at the Rourkela Steelworks. Demag of Duisburg was awarded the supply contract for the first expansion stage last year. It is now to supply the machines for the second expansion stage together with the main order. On commissioning, the plant will have an annual capacity of 150,000 tons of tin plate, which makes it one of the largest in the world. India will then be able to produce and process more tin plate.

This plant, which is designed for a maximum strip width of 1,040 mm., strip gauges of 0.15 to 0.31 mm., and coil weights of maximum 15 tons, belongs to the "processing line" sector. These plants are built by Demag under licence from the American firm of Blaw Knox Comp., Aetna-Standard Div., Pittsburgh, leaders in this field. The electrolytic tinning line comprises a coil preparation line, where the coils leaving the finishing mill are trimmed and checked for faults. The plant further includes an electrolytic tinning line which works on the Ferrostan Process. The U.S. Steel Corporation is responsible for the Ferrostan Process, and has concluded a direct licence agreement with Rourkela for this. A tin-coat thickness gauge, manufactured by Demag together with Interatom under licence, is used to accurately measure the thickness of the tin coat and for the precise control of the tinning process.

The plant also incorporates a tin plate squaring line, arranged immediately behind the tinning line, the strip entering the squaring and classifying line directly after being tinned, instead of first being coiled again in the tinning line. The squaring and classifying line is equipped with thickness gauges and pinhole detectors for classifying the sheets into four grades, e.g.: sound sheets, sheets with poor surfaces, sheets of incorrect gauges, and holed sheets.

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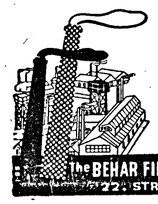
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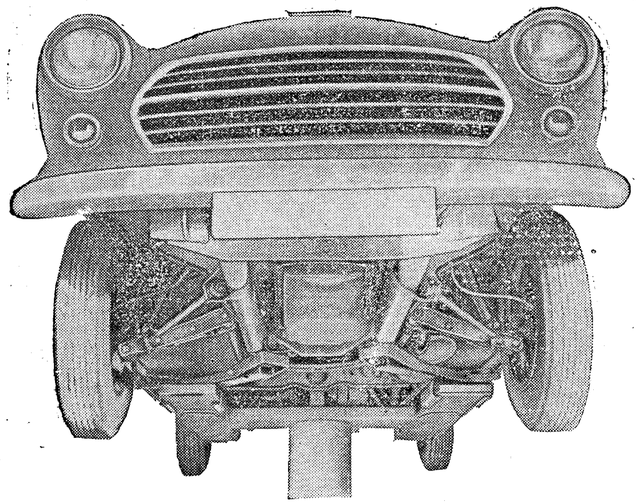
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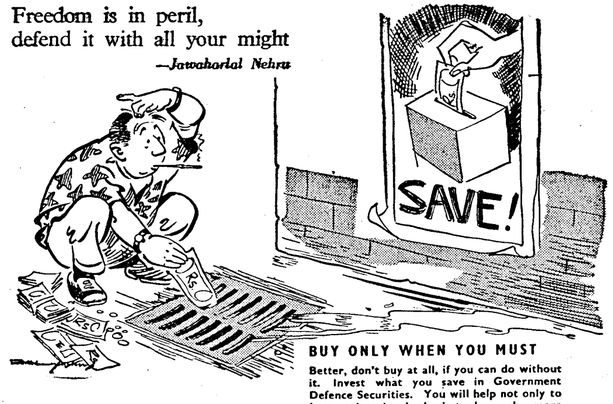

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THE WORLD-WIDE PROBLEM OF HOUSING

I.L.O. STUDY HIGHLIGHTS ADVANTAGES OF THE CO-OPERATIVE METHOD

THE problem of housing continues to be of pressing and profound concern in most countries of the world. It is a complex problem everywhere—all the more complex because of the increasing concentration of workers and low-income families in the industrial urban centres. From the point of view of these population groups, the real problem is that, alone and unaided, they cannot acquire decent homes of their own, as several surveys carried out by the International Labour Organisation have shown. Something has, therefore, to be done to mitigate the gravity of the problem. There are, to be sure, several methods of improving the housing situation in every country. But the I.L.O. is primarily interested in the co-operative housing method—a field of activity in which it has always had some competence. Hence its special study entitled "Housing Co-operatives," recently published at Geneva (Price: Rs. 7.88 nP). The author of this study is Mr. Samuel Ruiz Lujan, a member of the Co-operation and Small-scale Industries Division of the I.L.O.

The author has referred, at the outset, to the debate whether co-operative housing should be classified as a consumers' movement or a producers' movement. According to him, however, this type of co-operation aimed at satisfying the need for housing in a wide sense has always had a twofold character. For, it embraces both production and consumption, depending on whether people join together with a view to becoming occupants, in which case they look upon the accommodation not as a production article but as a consumer commodity, or whether teams of workers in the building industry band together on a co-operative basis and operate undertakings to produce dwellings for others. In Sweden, for instance, both types of societies operate. But in Canada, there also exists a third form of co-operative housing, in which both objectives, namely, production and consumption, are combined. Whatever form it takes, there is no doubt that co-operative housing forms today a well-defined sector on its own in several countries.

Special Features

The special features of the different types of housing co-operatives have been outlined in the I.L.O. study. Firstly, co-operatives, in which production is the dominant feature and which are organised by the building workers with the immediate aim of creating employment for their members, generally cover all the phases involved in the construction of a particular house or group of houses. Sometimes they build for other co-operatives of future occupiers or for other non-profit organisations concerned with housing; sometimes for the employees of consumers' co-operatives or of other private undertakings; sometimes for municipal housing programmes; and sometimes for individual families. Secondly, among the co-operatives organised with the primary objective of building houses to be lived in by the members themselves, some confer individual ownership upon their members. But some others retain the ownership of the buildings and allot the individual dwellings to their members, giving them privileged occupancy rights which they may pass on to other heirs. Of the co-operatives which confer individual ownership on their members, some do so as soon as the building is completed, if each member is directly liable for the financial obligations incurred. But it is more usual for the ownership deeds not to be made over until the mortgage has been paid off. Co-operatives, which retain the ownership of the property, usually construct groups of buildings or even large residential estates. Such societies, which have noteworthy achievements to their credit in the Scandinavian countries and in New York City, are of a permanent nature. In these co-operatives, too, the member pays for his accommodation in accordance with the agreed financial arrangements, but his stake is that of a co-owner (as distinct from an individual owner), being allotted a dwelling which he lives in and runs as if it were his own. He is free to sell his stake in the property, but only in accordance with the stipulations laid down in the rules of each society, so as to preclude profiteering contrary to the principles of co-operation.

There are also tenants' co-operatives in some countries, particularly France. In these societies, the members are neither individual owners nor have a privileged transferable right of occupancy. They are, of course, tenants, paying a reasonable rent. But, as members, they have a voice in the administration of the buildings they occupy. In some countries, there are only management co-operatives which manage the buildings and organise complementary services after the society, which constructed those buildings, is wound up. In some countries like Britain, there are building credit co-operatives which extend credit for building. The funds of such co-operatives are derived from shares taken out by members and from deposits made by the members or by other persons or bodies. Each member of a society must subscribe and pay for shares or deposit a sum equivalent to at least 7 or 8 per cent of the cost of the house he wishes to buy or construct. The society offers mortgage loans, generally for 80 per cent of the value of the building, to be paid off in instalments over a specified number of years. In Scandinavia which, according to the author of the I.L.O. study, is the most important group of countries as far as co-operative housing is concerned, the three aspects of saving, building and the subsequent administration of the projects are combined in a single organisation with very satisfactory results, instead of being handled by individual specialised societies.

Manifold Advantages

The I.L.O. study has dealt at length with the characteristics and achievements of different types of housing co-operatives in both developed and developing countries. It has also generalised the advantages offered by the co-operative method of solving the housing problem. The advantages are threefold, namely, financial, technical and social. The *financial* advantages are that the co-operatives: (1) encourage people to save and channel such money into the financing of housebuilding, (2) reduced and stabilise prices by eliminating a series of speculators at all stages from sale and development of land to actual building, (3) facilitate credit on favourable terms, (4) can practise mass-production methods, (5) purchase building materials at wholesale prices, (6) can be directly engaged in production, establishing their own factories, and (7) can produce and use best quality materials, since they are non-profit bodies. As for the *technical* advantages, the I.L.O. study has highlighted five of them. These are that the co-operatives (*a*) organise their own technical services, (*b*) engage highly qualified technical staff, (*c*) carry out their own surveys in respect of all the problems relating to building, (*d*) set quality standards, and (*e*) introduce new techniques into the construction and running of homes. The *social* advantages are that the co-operatives (i) offer many low-income families the only means within their reach of acquiring a decent home, (ii) encourage people to turn their spirit of initiative and mutual aid towards solving their own housing problem rather than depend entirely on outside help, (iii) relieve the State and municipal authorities of a large part of their administrative and economic responsibilities in the field of housing, (iv) establish additional financial, cultural and recreational amenities as part of their housing programmes, (v) help to create new communities where neighbours engaged in the same co-operative activities are likely to maintain closer ties, and (vi) constitute a satisfactory method for public authorities in their social housing programmes for the modernisation of large cities.

With these manifold advantages, housing co-operatives can play a significant role in solving a country's housing problem. But one important condition is that a favourable climate in which co-operatives can flourish should be created. The I.L.O. study has, therefore, emphasised that a well-thought-out national housing policy is needed. Such a policy should give co-operatives favourable conditions in which to operate and should also provide the necessary financing institutions to extend credit on terms that will enable low-income families to participate in the housing programmes. Referring to the developing countries, in particular, the I.L.O. study has advanced an important suggestion for adaptation of the co-operative formula in the field of housing. As experience shows that a society, which retains ownership of the property (while treating its members as privileged users), can do most to create a co-operative spirit, the I.L.O. study has expressed its preference for such a type of housing co-operative. Thanks to the permanent relationship that this type of society ensures, many community facilities like kindergartens, recreation rooms, playing fields, libraries and shops can be more easily provided. A housing co-operative of this type has some special advantages which are listed in the following paragraph.

The Best Choice

(1) It makes better use of the building land available. This is an important advantage in the case of projects near big towns, since the housing problem is tending to be aggravated by such factors as the rise in population, higher living standards, a higher marriage rate, greater economic independence for young people, higher expectation of life and an influx of people from the rural areas in search of better jobs in the towns. This argues in favour of larger projects, especially since, in a few years' time, it will undoubtedly be difficult to find land for building in many towns in a number of countries. (2) It creates a joint interest in the upkeep of the building or group of buildings in the project, while individual members who have the same security of tenure as if they personally owned their dwellings tend to take more interest in the care and decoration of their homes. (3) It eliminates any possibility of speculative selling. Not only are members unable to speculate at all during the stages preceding completion of the project, but they are not allowed to sublet except subject to certain conditions which are laid down in the rules specifically to prevent any transactions for profit. (4) It makes it easier to move to a new home on the same project if family circumstances change, for example, as more children are born. (5) It offers scope, especially on big housing schemes for several hundred families, for employing co-operative techniques to maintain quality and cut costs, as compared with the open building market. (6) It acts as a practical school of democracy, creating close links between families, who learn to live together in a community by taking an active part in the management of their project and making use of the same communal services.

Although it is common for co-operatives which retain the ownership of property to continue to manage it as well, sometimes it may be worthwhile to form a new society consisting of the privileged occupants after the completion of the building project. This new co-operative can take over the management of the project and the obligations in the form of mortgage loans. The co-operative management of housing schemes by the residents themselves, according to the I.L.O. study, has usually led to high standards of maintenance, not only of the buildings themselves, but also of the streets, avenues, gardens and communal services which are part of the purpose of co-operative housing schemes. The I.L.O. study has, therefore, suggested that local urban authorities, faced with the need to find the money for large housing schemes for families in the lower income groups, might consider the advisability of forming management co-operatives to enlist the residents' interest in matters affecting their own housing.

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Wycon Services, a British company, is to build one of the world's largest plants for the manufacture of MCPA hormone weedkiller at Ufa, in the Soviet Union. Output is to be 4,200 tons a year.

A new process for the conversion of hydrochloric acid into useful chlorine has been developed at the Shell research laboratories in Amsterdam.

NEW PRODUCTS AND PROCESSES

New Nylon Knitted Fabric

A NOVEL knitting construction for nylon fabric, specially suitable for all kinds of outer garments because it has limited "stretch" properties and high recovery, has been evolved by British Nylon Spinners. Known as Triolock, this new type of weft-knitted fabric is double-faced, and it can be produced on interlock, Jacquard and rib machines after simple modifications which cost "very little," according to B.N.S. The method is being covered by patents in Britain and abroad, but any British manufacturer will be able to make the fabric and no royalties will be payable. Use of the method and the trade mark will presumably require quality and performance approved by B.N.S. though (as with other arrangements between the company and users of Bri-Nylon) no specific standards are laid down. Ability to stretch is an advantage in some hosiery and knitwear, such as nylon stockings, socks, cardigans, and so on, but a high degree of stretch is not desirable in fabrics for men's jackets, women's coats and skirts, and upholstery. Triolock's main advantage will be its restricted stretch properties, but it has the full but light handle known as "lofty" in the trade, has good heat insulation, and is more stable than most weft-knitted fabrics. Although outerwear seems the obvious outlet for the new fabric, trials for uses in upholstery suggest "interesting possibilities" in this trade, says B.N.S.

Basically, the construction is an interlock nylon fabric joined by an extra yarn, through an additional and specially made feeder, to a plain knitted fabric. Technical details for knitting, finishing and making up the fabric are now available in the information series published by the B.N.S. textile development department at Pontyphool.

New Transfer Pump

A new transfer pump, light and portable, which can pump direct from the end bung of a 44 gallon drum or any open-top vessel, is being manufactured by a British firm, Binks-Bullows Ltd., Pelsall Road, Brownhills, Staffordshire, England. It is specially suitable for handling lubricants, cutting oils, solvents and any non-corrosive liquid or semi-liquid. Its stalling characteristics make it particularly suitable for dispensing liquids when drawoff for blending or similar purposes is required. The outlet from the pump is provided with a removable steel spout which can easily be replaced by a screwed nipple for attaching a delivery hose. Pump speed is easily controlled by a lever tap fitted to the air inlet of the air motor.

Automatic Screen Printing

Sheets of self-adhesive labels can be screen printed in colour at speeds up to 1,800 sheets per hour on a new automatic machine developed in Britain by Soag Machinery Co. Ltd., Juxon Street, London, S.E. 1. The machine can also print nameplates, badges, scales, dials, transfers, printed circuits, tiles and other objects made of board, foil, glass, ceramics, plastics and metal in thicknesses from 0.001 in. to 0.250 in. Once the screen is positioned in its frame a hinged clamping head is lowered and the machine operates automatically. The sheet is transferred by suction slide to the printing position and held by suction during the printing stroke; it is then released and passed via another slide and running belts to a woven-wire conveyor which carries the work beneath a drying unit. An automatic feeding unit that increases the output to 3,500 sheets an hour is being developed.

Document Copying Machine

A photographic document copying machine which combines versatility and economy with speed and simplicity of operation, is now being produced by a British firm, Ilford Ltd., Essex, England. The machine, which has been designed as an integral part of a process that includes the use of specially developed papers and chemicals, produces high quality copies. The machine combines a flat-bed printer and a built-in processing unit of the two-bath, activator-stabiliser type. It will copy any original in black-and-white or colour, single or double-sided, reproducing printed, typed or hand-written matter, pages of magazines, line drawings, screen or continuous tone images. A powerful light source, controlled by a transistorised electronic timer, reduces exposure times considerably.

Image Amplifier

A new 12 in. image amplifier for industrial use is being produced by a British firm, Marconi Instruments Ltd., St. Albans, Hertfordshire, England. The first production model has been installed by the English Electric Company at Rugby, in the Midlands, where it is materially assisting the production of steam turbine blades of consistently high quality. The image amplifier is a high-definition, closed-circuit television system designed for direct viewing of a fluorescent image produced by the passage of X-rays through the specimen under examination. The image is focussed by a mirror-and-lens system on to the photocathode of a 4½ in image orthicon tube, and is finally displayed on one or more 17 in. television monitor screens which, by means of electronic magnification, can have an 800-line definition in the central eight inches of the screen. Outlets are also available for recording on video tape, 16 mm cine film, 100 mm negative film or 4 in. by 5 in. Polaroid positive film.

Position-sensing Instruments

Three new fully automatic instruments for detecting and measuring angular displacements, developed by a London firm, Hilger & Watts Ltd., 98 St. Pancras Way, Camden Road, London, N.W.1. are entirely free from the risk of human error in reading and recording. Once set up, they function continuously without an operator. There is no manual control to be adjusted, and therefore no danger that the instruments will be moved during the taking of a measurement. The instruments, known as autocollimators, give measurements in seconds of arc on an associated meter, and also provide an analogue voltage for connection to a digital voltmeter, chart recorder or data-logging equipment.

Sealed Cooling for Diesel Engines

A British firm, Perkins Group (F. Perkins Ltd.), Peterborough, Northamptonshire, England, is to offer a sealed cooling system for its range of "simplified" industrial diesel engines. This means that operators of all types of industrial plant and equipment will gain the advantages of water cooling and the anti-freeze characteristics of air cooling. The sealed cooling unit, to be offered with the firm's range of low cost, volume-produced diesels, employs a conventional radiator, but the "overflow" tank is connected to a separate closed expansion tank. Expanded coolant fluid and vapours from the radiator feed into the tank where they are cooled. Once cooled, they are fed back into the radiator by the pressure differential.

Conductive Fabrics for Heating

Textile coated with a new flexible, electrically-conducting polymer, developed by a Scottish firm, Ioco Ltd., Netherton Works, Anniesland, Glasgow W.3., Scotland, are expected to open up new possibilities in the field of electrical heating, particularly in such applications as low-voltage electric blankets and heated clothing. A complementary development is a strong, extremely flexible and easily attached electrode system to carry and distribute current to the conductive polymer. They have a remarkably high resistance to the effects of flexing. A test of more than 100,000 flex cycles caused no damage. The new conductive fabrics have important advantages over conventional flexible heating products. The conductive coating develops a uniform temperature throughout its surface area, in contrast to hot resistance wire, with which the actual heated area per square foot may be as little as four square inches. In an electric blanket, for example, a safe even temperature below 40° C. is produced over the whole surface of the conductive polymer; with an equal wattage, spirally-wound resistance wire will give temperatures of more than 70° C. in the immediate area of the wire. High voltages, with suitable insulation, can be used in other products.

Long Joint-free Plastic Pipe

What is believed to be the longest joint-free plastic pipe in the world was recently floated across a bay of Lake Mälar to the city of Sigtuna not far from Stockholm, Sweden. The one-piece tube 4,360 m long, had been manufactured at a mobile pipe-making plant on the shore. Sigtuna, a boarding-school town and favourite tourist resort some 50 km north of Stockholm, has for several years had trouble with its drinking water system. Even though the city will eventually be linked up with a new mains system for the entire Stockholm region, measures had to be taken to safeguard water supply for the time being. A reserve of ground water nearly five kilometres from the city limits was found suitable for the purpose as it could be reached by a submerged pipe. Svenska Metallverken, Sweden's leading producers of non-ferrous metal semi-manufactures who have a plastics factory at nearby Vasby, were called in to make the pipe. They decided the best procedure was to manufacture it in a mobile plant on the shore and float the entire length to its destination. The pipe, nicknamed "Ormen Lange" (Long Snake) after a famous viking ship, has an outer diameter of 140 mm., is 12.8 mm. thick and weighs 22 tons. Lead wiring has been added to make it sinkable. The mobile factory was designed by the Company to eliminate long transport. It is capable of producing joint-free Uveten pipe of 125 mm. diameter and upwards from granulated polyethylene which is pressed into shape by means of special tools. A crew of seven men service the mobile factory on a 24-hour basis. The operation does not allow for interruptions. It took Svenska Metallverken twelve 24-hour periods to arrive at the desired length. As the mobile plant pressed out the pipe, it was snaked out on the lake in 35 m. wide eights. When it was ready to be delivered, the whole package was 600 m. long and a tug boat pulled it at a speed of 1-2 knots across the lake to Sigtuna.

Short-arc Tube Welding

A new short-arc technique for high-speed welding of small diameter tubes to end plates of heat exchangers, condensers, etc., has been developed by ESAB, Gothenburg. The system is considerably cheaper than conventional methods and is so simple that it can be handled by semi-skilled personnel after little training, the Swedish company claims. The equipment includes the ESAB A 9 semi-automatic gas metal arc welding machine, the welding gun of which has a specially devised barrel to feed the welding wire and gas. The barrel is fitted into a gearbox which is driven by a compressed air turbine motor. The system has two controls, one to perform the normal function of feeding the wire and gas as well as to supply the welding current, and one to cause the gun barrel to rotate around the periphery of the tube to be welded. It is claimed that the method makes it possible to weld 10 mm. internal diameter tubes to end plates at the rate of one tube in six seconds. At present the unit can take tubes up to 40 mm. internal diameter.

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DALMIA CEMENT (BHARAT) LIMITED

GAP BETWEEN SUPPLY OF AND DEMAND FOR CEMENT WIDENS

CHAIRMAN, MR. V. H. DALMIA, URGES STEPS TO REMOVE SHORTAGE

ADDRESSING the shareholders of Dalmia Cement (Bharat) Limited, at their Twelfth Annual General Meeting, held at Dalmiapuram (Madras State) on Monday, 1st June 1964, Mr. V. H. Dalmia, Chairman of the Company, stated that, considering the faster rate of increase in demand for cement, it was conceivable that, at the end of the third Plan, the gap between supply and demand would be about two million tonnes per annum. The installed capacity by 1965-66 would be about 14.2 million tonnes, with production aggregating 11.6 million tonnes, as compared with the original third Plan targets of 15.24 million tonnes and 13.2 million tonnes, respectively. The demand in 1965-66, was originally estimated at 13.2 million tonnes but later trends, he said, indicated a faster growth in demand. The following is a summary of Mr. Dalmia's speech:

GENTLEMEN,

I extend to you a very cordial welcome on the occasion of the twelfth annual general meeting of your Company.

We are meeting today under the shadow cast over the length and breadth of our land by the sad and sudden passing away of our great leader, Pandit Jawaharlal Nehru, who, as the first Prime Minister of India, has guided and shaped the destinies of our country since Independence. Not only was he the architect of modern India, but he was an acclaimed and accepted leader in the international sphere and particularly in the resurgence that has emerged in Asia and Africa. Above all else, he was a man of peace, who had dedicated his life to the ideal of the brotherhood of man and to the principle that all differences between men and nations be resolved by peaceful means. His loss will be mourned not only in the country of his birth but throughout the world where men of peace and goodwill meet. His passing away leaves a vacuum in our country which may, perhaps, never quite be filled. There could be no better tribute to his memory than our resolution to move together steadfastly forward in furtherance of his dream of a peaceful, prosperous and united India.

The annual accounts and the Directors' report for 1963 have already been circulated and I am sure you must have noted that the excellent results obtained in the previous year have been maintained. Though the gross profit is slightly lower at Rs. 134.05 lakhs compared to Rs. 146.62 lakhs in the previous year, on account of reduced provision for taxation, the net profit available for appropriation is higher at Rs. 57.65 lakhs compared to Rs. 45.53 lakhs in the last year. Rs. 26.50 lakhs have been appropriated to the general reserve and a dividend of 12 per cent subject to tax has been recommended on the ordinary shares. Some shareholders have represented that the distribution of the net profit by way of dividend should have been increased and that it was unnecessary to make any large allocation to general reserve. It would have been easy for your Directors to give in to the temptation of increasing the dividend but, on a long-term view, they came to the conclusion that it was desirable to maintain a steady dividend and to build up the reserve position of the Company by adequate appropriations whenever the profits made that possible. More reserves would reduce Surtax liability in future years, whereas higher dividend would have meant more dividend tax and thus further drain on the Company's coffers.

Cement Shortage

Cement continues to be in very short supply throughout the country due to the slower rate of growth of the industry and partly to the more rapidly increasing demand. In 1963, the installed capacity reached 10.12 million tonnes against 9.72 million tonnes in the previous year, an increase of only 4 per cent. Despite all efforts, it is likely that at the end of 1965-66, the installed capacity will be about 14.2 million tonnes with a production of 11.6 million tonnes as against the original third Plan target of 15.24 million tonnes and 13.2 million tonnes, respectively. The demand for 1965-66 at a growth rate of 10-12 per cent per annum was estimated at 13.2 million tonnes. Later trends have, however, indicated a faster rate of increase in demand. It is conceivable, therefore, that at the end of the third Plan, the gap between demand and supply may be about two million tonnes per annum. The industry has read with much interest Press reports about Government having under consideration a proposal to remove or relax the control on ex-works cement prices allowed to the producers. Details of this proposal are not yet known but it is hoped that Government will see fit to accord this much-needed relief to the industry which would then be better placed to find resources for its future expansions. The industry will watch with interest the progress of the Cement Corporation of India which the Government of India have decided to establish for increasing cement manufacturing capacity in the public sector. The industry hopes it will be allowed to benefit from the limestone prospecting efforts of the Corporation, which, as reported, will be one of its principal tasks. Manufacture of blast furnace slag cement has registered some expansion, but, so far, manufacture of blended cements by admixture of fly ash and other pozzolanas has not made much headway. I hope the Government will take more energetic steps in regard to the latter to mitigate the present scarcity.

Better Coal Supply

Mainly due to better supply of coal and better rail transport facilities, the capacity utilisation of the cement industry in 1963 at 92.5 per cent was the highest during the past decade. The incentive given by Government to the industry last year to increase production contributed to this to some extent. If the incentive is continued, it would be desirable that the incentive formula for higher production of cement from year to year should be linked with the average of the last three years' production and not, as was done last year, to the highest production achieved by a factory during any one year of the preceding three years.

The formula adopted by the Government of India for computing the quarterly packing charges resulted in 1963 in a loss of Rs. 3.27 lakhs to your Company. Despite belated revision of the ratio of second-hand to new bags from 1:1 to 1:2, the loss still persists as the prices of new and second-hand bags in Government's formula for fixing packing charges are not in line with the actual procurement prices. Whereas the formula assumes that the price of second-hand bags is 65 per cent of that of the new bags, the actual ratio may be 85 per cent. It is hoped that the Government, while computing packing charges in future, would take a more realistic view and give due regard to the factual position as represented by the industry.

Coal Subsidy Inadequate

Since last year, the position of the raising and distribution of coal has improved further, and, by and large, the cement industry is happily placed in regard to the procurement of its coal requirements. The Government have, therefore, decided that further conversion from coal firing to oil firing in cement factories situated at long distances from the Bengal-Bihar coalfields was not necessary, and your Company's proposal to resort to oil firing has been dropped. Movement of Bengal-Bihar coal by the rail-*cum*-sea route to certain industrial consumers in Western India has been discontinued. The bottleneck of transport from the Bengal-Bihar collierics via Waltair to the South, however, persists and your Company and certain other consumers of Bengal-Bihar coal are still compelled to obtain their supplies by the rail-*cum*-sea route. Though the coal subsidy is intended to equate, approximately, the cost of seaborne coal with coal carried by the all-rail route, the subsidy actually paid leaves a substantial shortfall which has not been remedied so far despite your Company and others representing about this shortfall to the Government of India ever since the announcement of the subsidy formula in August 1961. In your Company's case, for the coal received via Cuddalore Port, the shortfall ranged from Rs. 7.45 to Rs. 12.17 per tonne. The present shortfall is Rs. 9.54 per tonne which works out to about Rs. 6 lakhs per annum.

Among the important items contributing to the shortfall in the coal subsidy are inadequate allowance for railway freight and handling charges. In the case of your Company, the element of railway freight from collieries to Calcutta Docks allowed in the formula left a shortfall of Re. 0.70 per tonne in 1961, which has now risen to Rs. 3.50 per tonne. Similarly, the shortfall of Re. 0.84 in 1961 in the element for freight from the port of unloading to the consuming centre rose to Rs. 2.41 in April 1964. As against the provision of only Re. 0.20 per tonne for shipping and handling charges at Calcutta Port, actual expenses vary from Rs. 2 to Rs. 5 per tonne. While representations have been made to Government for full compensation for the railway freight and other charges in the subsidy formula, it is regrettable that no increase has so far been granted even to cover the increases in the railway freight structure effected by Government itself. Presently, your Company loses about 5 per cent in unloading and handling at Cuddalore Port which aggregates to about 3,000 tonnes per annum and is equivalent to about Rs. 2.40 lakhs. As this loss is due to the compulsion under which your Company has to take supplies by the rail-*cum*-sea route, Government has been requested to compensate adequately for it. There is no provision in the ex-works retention price allowed to the cement producers for the substantial shortfall in the coal subsidy as the cost of production was computed by the Tariff Commission on the assumption that under the subsidy scheme, coal moved by the sea-*cum*-rail route would be made available to the consumers more or less at the same rate as if it had moved by the all-rail route. I hope the Government will make good this serious inadequacy in the subsidy, retrospectively, which discriminates unfavourably against those consumers, such as your Company, who are compelled to take Bengal-Bihar coal by the sea-*cum*-rail route.

Competition for Iron Ore

There are indications of recovery from world-wide recession in the steel industry, referred to by me last year. Certain experts estimate the steel production to rise to 1,200 million tons in 1991 against 400 million tons in 1961, for which the 1961 iron ore production of 500 million tons will have to be trebled during the same period of 30 years. On this basis, it is being planned to raise India's annual iron ore exports to 30 million tons by 1970 from 16 million tons targetted for the end of the Third Plan. There is, however, severe competition for iron ore in the international markets, as a result of which, in 1963, the Minerals and Metals Trading Corporation of India Ltd. had to concede reduction of 7*s.* in the price of the basic grade iron ores to be supplied to Japan. This competition is likely to continue for some time and it is heartening to note that Minerals and Metals Trading Corporation of India Ltd. is actively seized with the need of reducing the end-costs of Indian ores to their foreign buyers. Among the measures planned are more mechanisation of mines, rationalisation of transport and development of Indian ports. I am happy to say that the Government of India has recently approved a scheme costing about Rs. 1.5 crore for developing Cuddalore Port through which your Company's ore is being exported. I request the authorities to plan and execute this development speedily and in such a manner as would enable progressively higher loading rates being achieved without having to wait for the completion of the work.

Your Company realises the need of reducing mining and transport costs for its iron ore and is now finalising plans for laying a ropeway from the mines to the rail-head and for introducing a substantial degree of mechanisation in the mining. We hope in this manner to further in some small degree the Minerals and Metals Trading Corporation of India Ltd's efforts to reduce their procurement cost of high grade iron ore. We also hope that we will have their sustained support, which is so necessary, in the formulation and implementation of these plans.

Recession in Magnesite Industry

Since last year, there has been a further recession in the dead-burnt magnesite industry, which is reflected in the results of Messrs. Dalmia Magnesite Corporation, in which your Company is a partner. This is due to steel production having fallen short of the third Five-year Plan target while the dead-burnt magnesite industry increased its capacity in anticipation of the steel target being achieved. This difficult position is likely to continue until 1767-68 when the third Five-year Plan target of 10 million tons of steel production may be achieved. Even if the target under consideration of 18 million tons of steel production for 1970-71 is reached, the increase in consumption of dead-burnt magnesite by the steel industry may be comparatively negligible as improvements in the quality of indigenous refractories and steel-making techniques are reducing considerably consumption of refractories per tonne of steel production and as in new steel-making processes, such as the L.D. process which will mainly be adopted for further expansions of India's steel industry, use of conventional refractories, including basic, will be replaced to a great extent by tarred dolomite. Moreover, as the dead-burnt magnesite industry can increase its capacity within about one-third of the time required by the steel industry, I would earnestly urge the Government to defer for the time being any proposals for expansion in dead-burnt magnesite industry, including the reported setting up of a dead-burnt magnesite plant in the public sector based on the Almora deposits of raw magnesite, until future consumption trends of dead-burnt magnesite justify such expansion.

Efforts to export dead-burnt magnesite from India have not met with much success due to severe competition, both in terms of price and quality, from foreign manufacturers and particularly the producers of sea-water magnesite, and to very unfavourable freight rates applied to cargoes from Indian ports. We hope Government will be able to reduce the discriminatory freight rates and extend special export incentives to the industry to increase foreign exchange earnings and to enable the industry to utilise its idle capacity. Dalmia Magnesite Corporation, nevertheless, continue to make strenuous efforts to export.

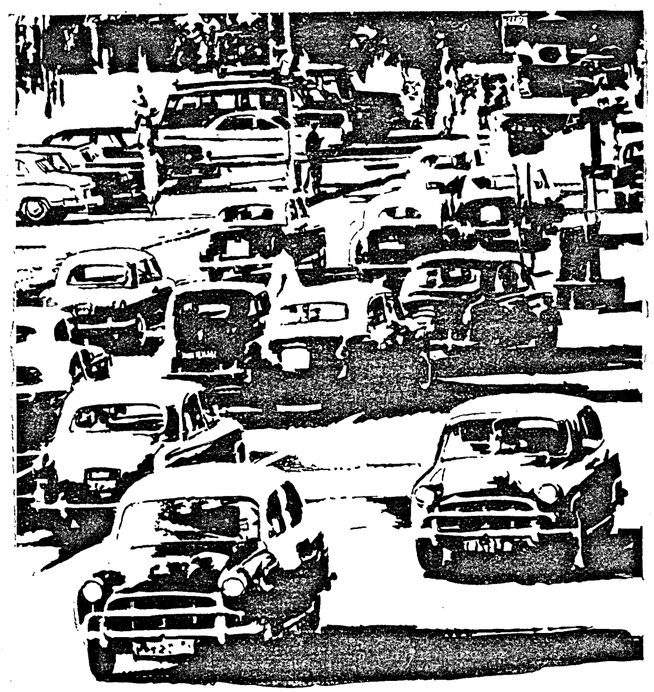
Conversion of Deferred Shares

The scheme for conversion of the deferred shares of the Company into ordinary shares has been sanctioned by the Madras High Court and will take effect from the date to be fixed by your Board for this purpose. The implementation of the scheme had been kept in abeyance on account of the apprehension that capital gains tax might be attracted in the hands of the shareholders since the Central Board of Revenue had taken the view that the conversion amounted to a transfer and thus attracted the incidence of the said tax. I understand that there has been some rethinking on the part of the Government of India on this question and that it has now been decided that no tax should be levied at the time of conversion of shares of one class into another. As a result, capital gains tax would be levied only when the converted shares are disposed of. As soon as this position is confirmed by the Government, the scheme would be implemented and I expect that this would be done in the course of this year.

I am happy to report that the relations between the management and the employees of the Company continue to be cordial. I would like also to congratulate Shri M. Palaniandi, President of the Dalmia Cement National Workers' Union, Dalmiapuram, on his selection by the National Productivity Council for training in Industrial Relations in the United States of America. In the end, I wish to express our appreciation of the sincere and devoted services rendered to the Company by all the executives, staff and workers.

JAI HIND

Note: *This does not purport to be a report of the proceedings of the Annual General Meeting.*



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A LOOK AT IRAN'S OIL ECONOMY

LITTLE HOPE OF "RUPEE SALES" TO INDIA

By K. Krishna Moorthy

MUSSADIQ, the Prime Minister of Iran during the early fifties, brought his country to the brink of ruin, if one were to believe Western newspaper reports of those days. For his crime of trying to overthrow the monarchy, Mussadiq is disliked by the Shah of Iran in whose imperial presence, according to Teheran gossip even the name of Mussadiq is unmentionable. But officials connected with the oil industry in Iran and in Arab Middle East today fondly talk of the good that the Mussadiq regime left behind in achieving for the oil producing countries of the region a higher share than before from the fabulous earnings of the oil exploiting companies.

The boom in the oil industry in the Middle East is only a decade and a half old and it is in the period after the war that the centre of gravity in the oil industry moved to the Persian Gulf. Before the war, Iran and Iraq were the only sizable oil producers in the region and the total Middle Eastern production was around five per cent of the world crude oil output. In 1962, the Middle Eastern oil wells produced 311 million metric tons of crude oil—or nearly 26 per cent of the total world oil output, including the production in the Soviet bloc countries. The estimate of the 1962 world oil output is 1,210 million metric tons. Middle Eastern oil now accounts for more than forty per cent of the oil entering international oil trade. About 60 per cent of the world's proven oil reserves are said to be under the desert sands and sea-beds in the Middle East.

Iran, whose maximum annual output before 1950 was 25 million tons, used to be the biggest Middle Eastern oil producer until oil began gushing out all around the Persian Gulf. Today the order of oil precedence is: Kuwait two million barrels a day, Saudi Arabia 1.65 million barrels a day, Iran 1.55 million barrels a day, and Iraq 1.3 million barrels a day. The world leader is the United States with a production of seven million barrels a day, followed by the Soviet Union with four million barrels a day and Venezuela with three million barrels a day. (See Table I.)

Iranian nationalists fought the oil companies and the industry in Iran nearly perished, but, for most of the others, it has been an easier bargain. The British had created a notorious record in Iran; the American companies pay ample cash before carrying the oil away. In the battle with the oil companies, Iran learnt two bitter lessons. First, while fighting a Western vested interest, it would be a mistake

TABLE I—Oil Production in Middle East
(In million metric tonnes)

	1960	1961	1962
Kuwait	81.9	82.5	93.0
Saudi Arabia	62.1	69.3	75.0
Iran	52.0	58.7	65.0
Iraq	47.5	49.0	49.0
Qatar	8.2	8.4	8.8
Egypt	3.3	3.8	4.3
Bahrain	2.3	2.3	2.3
Total (including others) ..	265.0	284.0	311.0

to assume that Russia would automatically come to help a country out. The Russians refused to come to Iran's aid when Mussadiq made a private request to Stalin, because Moscow thought that, if Iran was left to stew in the juice of its own concoction, the distress brought about by the possible ruin of the oil industry would automatically result in a communist regime. Stalin miscalculated, because he did not take into account the possibility of a slightly enlightened Western oil policy which came about as a result of American pressure. The second lesson which the Iranians learnt was that, even if one could produce all the oil that could be drilled out of the ground, sales abroad would depend entirely on the purchases of the major oil groups round the world.

In the South of Iran, the British oil interests had virtually run a kingdom of their own and the Iranian Government in Teheran was paid as little as possible in oil royalties. (One often hears from British diplomats of private payments made to Iranian royalty over and above what was officially credited with the Government, but these are irrelevant—because bribes are not shown in balance-sheets.)

Between 1893 and 1950, the British took away 381 million tons of oil from Iran and paid the Government the equivalent of Rs. 161 crores—an average Rs. 4 per ton of crude. Between 1954—when oil started flowing again after the interruption in the wake of the nationalisation order of 1951—and 1961, in seven years, 251 million tons of oil were exported from Iran and the Government in Teheran got returns amounting to Rs. 742 crores—or, in other words, an average of around Rs. 30 per ton. In 1962, Iran exported 60 million tons and received about Rs. 159 crores. The income in 1963, Rs. 173 crores, against export of 66 million tons, was more than what the British paid the Iranians in the 57 years 1893 to 1950 for 381 million tons of oil! (These calculations and tables alongside based on information from the National Iranian Oil Company in Teheran and Abadan.)

The agreement with the consortium companies operating in Iran covers a concession area of 100,000 square kilometres in the Southern part of the country. There are two consortium companies, the Iranian Oil Refining Company, and the Iranian Oil Exploration and Producing Company. The agreement of 29th October, 1954, brought the following companies into the consortium: The Gulf Oil Corporation, the Socony Vacuum Oil Co. (now Socony Mobil), Standard Oil of New Jersey, Standard Oil of California, Texaco Inc., each with eight per cent (making the American interest 40 per cent), the British Petroleum Co., Ltd. (inheritors of the infamous Anglo-Iranian) 40 per cent, De Bataafsche Petroleum Maatchappijha 14 per cent, and Compagnie Francaise des Petroles six per cent. On 29th April, 1955 one-eighth of the percentage share of the American members of the consortium was redistributed among a further nine American oil companies, namely; the American Independent Oil Co., Atlantic Refining, Hancock Oil, Pacific Western Oil Corporation (now Getty Oil), Richfield Oil Corporation, San

TABLE II—Oil Production in Iran

Maximum before nationalisation	*In million tons*
1954	25.0
1955	3.5
1956	15.8
1957	25.9
1958	34.8
1959	39.8
1960	44.7
1961	51.0
1962	57.1
1963	63.5
	71.0

Jacinto Oil Corporation, Signal Oil and Gas, Standard Oil of Ohio and Tidewater Oil.

The two operating companies were registered in the Netherlands and they received the necessary exploration and refining rights from the Iranian Government and the National Iranian Oil Company. Thus, while the oil industry in Iran is nationalised, at the same time, as agents, the operating companies undertake the exploration and refining on behalf of Iran. The National Iranian Oil Company, which was formed in 1951 by Mussadiq, provides facilities other than refining in the oil city of Abadan and also distributes the oil products throughout the country. The original capital of the National Iranian Oil Company is about Rs. 90 crores and the N.I.O.C., which distributes about four million tons of oil products in the country, has also found oilfields near Teheran outside the concession area of the consortium. It is building a refinery near Teheran, but the oil find has not come up to early expectations. The consortium companies have spent about Rs. 26 crores for improving the Abadan refinery and the N.I.O.C. has spent about Rs. 23 crores for improving other facilities in Abadan. The consortium firms also invested about Rs. 45 crores recently in a new oil terminal on an island to which oil is piped across the sea for loading into giant oil tankers.

Like in Iran, there are Government-owned companies now operating in other West Asian countries, but these firms have a role less important than the N.I.O.C. in Iran. There are the Kuwait National Petroleum Company and the Kuwait Oil Tanker Company, the General Petroleum and Mineral Organisation in Saudi Arabia and the Iraqi National Oil Company. Neither the National Iranian Oil Company nor the mushrooming companies belonging to various governments has any decisive influence on international oil trade. To help in collective bargaining the West Asian oil producers formed their 'trade union,' the Organisation of Petroleum Exporting Countries, of which Venezuela and Indonesia also have become members.

In collecting the royalties and other payments from the consortium, Iran, for example, has a reserve clause under which it can take part of the payments in kind, that is, in oil. Normally, the N.I.O.C. has permitted the oil companies to pay cash in exchange. This arrangement has so far suited both parties. The international oil firms certainly do not relish 'independent' oil supplies being hawked about. Neither has the Iranian Government the ability as yet to transport the oil and sell it abroad. Is there any reason why Iran should exercise its right to take part payment in oil and sell the oil, for example, to India? India is interested, according to recent Delhi statements, in finding what the Petroleum Ministry calls 'its own source' of crude supplies. And one of the sources thought of is Iran with whom there has been a series of conversations. There is all kind of loose talk of barter trading, supply of Indian machinery and capital goods in exchange for crude oil supplies and all that. This fails to take account of the fact that if Indian capital goods are to be sold in West or South Asia, the sales have to be in competition with other countries' products—competition both in quality and in price. After the first flush of

TABLE III—Iranian Oil Exports

Period	*Quantity (In million tons)*	*Iranian Govt. earnings from oil (In Rs. crores)*
1893-1950	381	161
1954-61	251	742
1962	60	159
1963	66	173

prosperity from the oil revenues, Iran went on a spending spree in the latter half of the fifties but has recently cut back on imports and is making efforts to conserve foreign exchange as well as increase hard currency earnings. Iran is highly unlikely to be persuaded to agree to transactions for sale of crude oil against rupee payments committing her to buy Indian industrial goods whose reputation has still to be established. This is the impression this correspondent gained from recent conversations with officials in Iran.

Apart from the oil produced by the consortium companies, from which Iran can take a share and dispose of according to its will, the National Iranian Oil Company has, in collaboration with other firms, begun exploiting offshore oil. The S.I.R.I.P., in collaboration with Italy's E.N.I. was launched in 1957, and I.P.A.C., in collaboration with the Pan American Oil Company, was started in 1958. The S.I.R.I.P. began exports of crude in 1963 and the I.P.A.C. expects to export crude this year. The S.I.R.I.P. production is around 30,000 barrels a day and the I.P.A.C. output is about 100,000 barrels a day.

The Japanese, who have had foreign exchange problems, in recent years succeeded in exploration contracts and in finding what they call 'yen oil.' In these oil supplies, since there has been negligible investment in other hard currency, the purchases by Japanese refiners are all on the yen account. The Japanese have exploited such sources in Saudi Arabia and Indonesia. Delhi's ambitions are to find similar sources in which the expenditure will be only in rupees. This is a dream, because, unlike Japan, India does not have the technical capacity to go it alone. The Indian Government thinks in terms of joint ventures in which foreign oil firms also will be partners with the Iranian Government. Officials of the National Iranian Oil Company told this correspondent that the firm had no intention of calling for bids for new offshore concessions for another two years. The Middle Eastern oil producing countries are also unlikely to compete with one another on prices.

Recent exploratory talks with the Kuwait Government are on a slightly different footing. This is because the Kuwait Government has plenty of surplus hard currency earnings to invest. Kuwait already has started a Fund for Arab Economic Development which gives loans to Arab countries. The Fund's initial capital of Rs. 65 crores has been increased to more than Rs. 130 crores. The Jordan, Tunisia and the Sudan have already taken loans from the Kuwait Fund.

In the negotiations with Kuwait, two possibilities are envisaged. One is investment by

(*Continued on next page*)

ALEMBIC CHEMICAL WORKS CO., LTD.

SPEECH OF CHAIRMAN, MR. R. B. AMIN

EXPANSION AND DEVELOPMENT PLANS UNDER WAY

AN idea of the expansion and development plans of the Alembic Chemical Works Company Ltd., was given by Mr. R. B. Amin, the Chairman, when he addressed the Fifty-seventh Annual General Meeting of the Company held at Baroda on Thursday, 28th May 1964. Mr. Amin disclosed that the Company was approaching the Government for permission to step up the capacity of the Penicillin plant. He also referred to the proposals for the manufacture of two other antibiotics, namely, Erythromycin and Kanamycin, as well as Hydroxocobalamin. Incidentally, he alluded to the establishment of the Virus Research Centre of the Company and stated that, within a short time, the Centre was able to develop, on a laboratory scale, oral polio vaccine. It was the Company's desire, he added, to manufacture and market this vaccine on a large scale. He further revealed that it was intended to manufacture other bacterial vaccines in the near future.

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

LADIES AND GENTLEMEN,

We are meeting today in the shadow of a national tragedy of the first magnitude. India's noblest son, and one of the world's greatest men of all time, Jawaharlal Nehru, is no more. The light is out and there is darkness everywhere. His selfless humanism, his tireless work for the uplift of the underprivileged and the downtrodden, his boundless efforts to free mankind everywhere from the shackles of political and economic enslavement will stand as a timeless monument to his greatness and genius. Even in his lifetime, every one idolised him, nay worshipped him, not by reason of his office of Prime Minister, but by his great goodness of heart as a man. May his memory ever remain green. As a mark of respect to the departed leader, I would request you to stand up and observe silence for one minute.

Coming now to the business of the moment, I have great pleasure in welcoming you to the fifty-seventh annual general meeting of the Company. The accounts for the year ended 31st December 1963 and the Directors' report have been circulated to you and, with your permission, I shall take them as read.

As anticipated, the year under review records continued progress. The sales increased by Rs. 56.00 lakhs and have crossed the four-crore mark. The profits before taxation for the year were Rs. 46.03 lakhs, as against Rs. 36.62 lakhs for the previous year. All expansion planned for the year was completed, including the expansion of the ethyl alcohol plant and the penicillin plant.

Penicillin

In penicillin, we now have reached our licensed capacity of 20 M.M.V. In addition to meeting our own requirement for vialling, we were able to supply other filling units of the country also with bulk penicillin manufactured by us. With the use of better strains, which we have already introduced and the resulting increased yield, we think that it would be possible for us to double our production of penicillin without further capital expenditure. We are accordingly approaching the Government for their sanction for an increased capacity.

Other Antibiotics

The Company also intends to manufacture other antibiotics, namely, erythromycin and kanamycin. The main use of erythromycin is in the treatment of staphylococcal infection resistant to penicillin and other antibiotics. In such infections, which are now common, especially in hospital practice, the drug may be lifesaving. It is also very useful in the management of pneumococcal and streptococcal infection in people who are allergic to penicillin. Kanamycin has proved effective in the treatment of tuberculosis where other drugs like streptomycin, etc., fail to effect a cure. It is also very useful in the treatment of infections of the urinary tract and the intestine.

The Company is also thinking to undertake the basic manufacture of hydroxocobalamin. In a country like India, where malnutrition and liver diseases are common, a considerable quantity of vitamin B_{12} is required for the treatment of these disorders. Hydroxocobalamin, an analogue of vitamin B_{12}, has an action similar to that of vitamin B_{12}. However, it maintains a longer and higher blood level of the vitamin, thus requiring less frequent administration of the drug. We feel, therefore, that there is a good field for the introduction of this product in India.

Virus Research Centre

Last year, I referred to the establishment of a Virus Research Centre by your Company. I am glad to say that, within a short time, this centre was able to develop on a laboratory scale oral polio vaccine. It was our desire to manufacture and market it on a large-scale. I am sorry, however, that the Government of India is not favourably inclined to allow the manufacture of the type of strain developed. We are, however, pursuing this matter.

It is also intended to manufacture other bacterial vaccines in the near future.

We had some difficulties in putting on the market consumer goods like tooth-paste to which I had made a reference last year. In spite of our best efforts, it has not been possible to get Government sanction for the import of the necessary equipment and we have been asked to get our filling, etc., done from one or two units in the country which have capacity to spare. There is difficulty also in getting the polythene containers for some of these products, as polythene is in short supply. We think, however, that it would be possible to introduce some of these products at least during the year. I might mention here that these products would be sold under the name "Hompro" and would include items used in every home.

Artificially Created Obstacles

We in our country today are the victims of a bureaucratic structure where controls, regulations and red-tape are hindering our progress and not allowing us to go forward. Most of our energy is spent in overcoming these artificially created obstacles, in chasing files and pushing papers from the table of one Government officer to another. In our rigidly planned and regulated economy, we are still suffering from continued shortages of foodgrains, sugar and many other products. We must pause and think whether we are on the right track. What would happen if we relax controls, licensing and regulation and bring about a greater freedom into the whole economic structure where productive capacity could rise or fall or change over to newer lines according to the requirements and demands of people who constitute the market, free from all artificial hindrances. There would then be competition in the profitable lines which would lead to fast economic growth, lower prices and better quality products. Our politicians are talking about monopolies. Are we not really supporting monopolies by these regulations and controls? In our planned economy, under one excuse or the other, inefficient and uneconomic units are able to operate and still make a profit.

Inflationary Pressures

Particularly this year, there is all-round inflationary pressure on our economy. Enforced expansion of the Goverment sector in industry and commerce and proportionately more expenditure under non-developmental heads, both of revenue and capital nature, seem to be the root cause of this inflationary pressure. In 1961-62, the total investment in the Central Government's undertakings was Rs. 1,090.75 crores and the loss was Rs. 10.60 crores. In 1962-63, the investment was Rs. 1,294.11 crores and the loss increased to Rs. 12.38 crores. Non-developmental expenditure increased from 41 per cent in 1961 to 48 per cent in 1963 and developmental expenditure decreased from 58 per cent in 1961 to 51 per cent in 1963:

(In crores of rupees)

	1961-62	1962-63	1963-64
Non-developmental expenditure	1,071.5 (41.05%)	1,459.7 (44.1%)	1,866.8 (48.2%)
Developmental expenditure	1,534.4 (58.95%)	1,852.6 (55.9%)	2,013.0 (51.8%)

How can we have more goods at cheaper prices if we are following such policies? I would suggest that it is time we reversed these policies. Let us put to best use the resources available to us, both internal and external. Let us mobilise the creative talent of our people by creating conditions where they can operate freely. Let us have more freedom throughout the economic structure, by reducing regulations and controls, and let the resources flow to whoever is able to put them to greater productive use and profitable operations. The new trend in thinking both by our Finance Minister and the Planning Commission that investment must earn a return of 10 per cent is a healthy one. Let us all work purposefully to change the prevailing economic climate in our country.

The current year, in spite of the prevailing conditions within the country, will be another year of progress for the Company.

I take this opportunity of thanking my colleagues on the Board as well as the Managing Agents, staff and the workers of the Company for their co-operation. I now commend the annual accounts and the Directors' report for your consideration.

Note: *This does not purport to be a record of proceedings of the Annual General Meeting.*

Notice

BRITISH INDIA ELECTRIC CONSTRUCTION COMPANY LIMITED

NOTICE IS HEREBY GIVEN TO THE members of the above-named Company that the Annual General Meeting (being the eightieth Ordinary General Meeting of the Company) will be held at the Registered Office of the Company, 21, Netaji Subhas Road, Calcutta, on THURSDAY, 25TH JUNE, 1964 at 3.45 p.m. to consider the Accounts of the Company for the year ended 31st December, 1963, and to transact other ordinary business.

NOTICE is also hereby given that the Transfer Books and Register of Members of the Company will be closed from 11TH JUNE, 1964 to 25TH JUNE, 1964, both days inclusive.

By Order of the Board,
BALMER LAWRIE & CO. LTD.,
D. MANSON,
Managing Director,
Managing Agents.

21, NETAJI SUBHAS ROAD,
CALCUTTA, *25th May*, 1964.

Note:—A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. Such proxy need not be a member of the Company.

A LOOK AT IRAN'S OIL ECONOMY

(*Concluded from previous page*)

the Kuwait Government in a variety of industries and the other is to persuade Kuwait to invest in a refinery which will use crude from Kuwait.

Prospects for Indo-Iranian collaboration exist in the matter of utilising the immense resources of natural gas which are now wasted in Iran. For the oil refining companies, it is not worthwhile making the huge investments necessary for using natural gas. In 1963, about 376,000 million cubic feet of natural gas were flared in Iran. Crystal gazers among economists—some of them associated with international organisations—have projected fantastic possibilities about the progress that can be achieved by the use of Iranian gas production which will be doubled by 1970. But feasibility is another matter, entirely different from the economists' dreams.

The Economic Commission for Asia and Africa has decided on further surveys to explore the use of Iranian natural gas and has asked member nations to co-operate with Iran in this field. India certainly is a natural market for Iranian natural gas or intermediates made from gas. One feasible way is for Iran to make ammonia which can be used by fertiliser factories in India. In more sophisticated economies, gas has been put to use after long overseas voyages, like gas from Algeria in use in Europe. There is speculation in Iran about natural gas being transported for use in Goa in a steel mill. Mexico, incidentally, uses gas in steel mills.

In exploiting natural gas and making chemical intermediates, some Iranian officials think that aid can be expected from the World Bank.

KRISHNARAM BALDEO BANK PRIVATE LIMITED

(A SCHEDULED BANK)

Registered Office : **JAYAJEE CHOWK, LASHKAR, GWALIOR**

SIXTH ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors submit to the Shareholders the BALANCE SHEET AND PROFIT AND LOSS ACCOUNT for the year ended 31st December, 1963, together with the AUDITORS' REPORT.

During the year the working of the Bank has been satisfactory and after making the necessary and usual provisions the Bank has made a profit of Rs. 2,06,843.33. To this has been added the balance of Rs. 10,397.95 brought forward from previous year, making a total sum of 2,17,241.28

The following appropriations have been made :—

	Rs. nP
Amount provided for Taxes	82,000.00
Amount provided for Gratuity	10,000.00
Amount transferred to Reserve Fund	25,000.00

The Directors now propose :—

To pay dividend for the year ended 31st December, 1963 at the rate of Rs. 1.50 per share subject to deduction of tax at the prescribed rates which will absorb	75,000.00
To carry forward to the next year's account	25,241.28
Total .. Rs.	2,17,241.28

Under Article 149 of the Articles of Association of the Company, Directors Seth Lalchand B. Sethi and Col. Brijraj Narain retire by rotation but are eligible and offer themselves for re-election.

During the year Mr. P. C. Malhotra, President Income-tax Appellate Tribunal (Retd.), accepted seat on the Board. Under Article 134 of the Company's Articles of Association, he will hold office upto the date of the Sixth Annual General Meeting. He stands for re-election in the manner provided by the Articles of Association.

The Directors have to report that during the year Mr. M. S. Banker, Manager, *on the expiry of the term* of his contract, left the service of the Bank and Mr. S. R. Tipnis whose services have been loaned to the Bank on deputation basis by the Central Bank of India Ltd., took over from Mr. Banker as the Manager with effect from the 9th of May, 1963. Arrangements have also been made for the Bank's working in collaboration with the Central Bank of India Ltd., and a suitable agreement between the two Banks for the purpose is to be executed in due course.

The Directors convey their thanks to all the constituents of the Bank for their support to the Institution and place on record their appreciation of the services rendered by the Manager and staff of the Bank.

The shareholders are requested to appoint Auditors for the ensuing year and to fix their remuneration.

By order of the Board,
V. R. SCINDIA,
Chairman.

GWALIOR, *24th February*, 1964.

BALANCE SHEET AS AT 31st DECEMBER, 1963.

Previous Year Rs.	CAPITAL AND LIABILITIES	Rs. nP	Rs. nP
	1. Capital—		
	AUTHORISED—		
1,00,00,000	1,00,000 Ordinary Shares of Rs. 100 each ..	1,00,00,000.00	
	ISSUED—		
50,00,000	50,000 Ordinary Shares of Rs. 100 each	50,00,000.00	
	SUBSCRIBED—		
	(a) 101 Ordinary Shares of Rs. 100 each, Rs. 10,100. Amount called up at Rs. 50 per share		
5,050	(b) 49,899 Ordinary Shares of Rs. 100 each, Rs. 49,89,900. Amount called up at Rs. 50 per share for consideration other than cash ..	5,050.00	
24,94,950		24,94,950.00	
....	LESS—Calls unpaid	....	
....	ADD—Forfeited Shares	....	
25,00,000			25,00,000.00
	2. Reserve Fund and Other Reserves—		
27,00,000	(a) Reserve Fund	27,25,000.00	
15,50,000	(b) General Contingency Fund	15,50,000.00	
42,50,000			42,75,000.00
	3. Deposits and Other Accounts—		
22,29,783	Fixed Deposits and Three Years Cash Certificates ..	1,04,39,950.87	
63,50,940	Savings Bank Deposits	67,50,475.47	
20,25,307	Current Accounts, Call Deposits, Contingency Accounts, etc.	23,26,851.71	
1,76,36,030			1,95,08,278.05
	4. Borrowings from Other Banking Companies, Agents, etc.—		
....	(i) In India	....	
....	(ii) Outside India	....	
	PARTICULARS— Rs.		
....	(i) Secured .. .. Nil		
....	(ii) Unsecured .. .. .. Nil		
14,330	**5. Bills Payable**		23,129.60
	6. Bills for Collection being Bills Receivable as per contra—		
2,46,464	(i) Payable in India	2,30,900.21	
....	(ii) Payable outside India	....	
2,46,464			2,30,900.21
	7. Other Liabilities—		
1,00,000	(i) Provision for Gratuity	1,10,000.00	
34,922	(ii) Dividend Payable	10.50	
....	(iii) Unclaimed Dividend	572.07	
1,34,922			1,10,582.57
72,000	**8. Acceptances, Endorsements and Other Obligations as per contra**		1,00,779.70
	9. Profit and Loss Account—		
	Balance as per Balance Sheet as at 31st December, 1962	85,397.95	
60,000	LESS—Dividend at Rs. 1.50 nP. per share for the period ended 31st December 1962	75,000.00	
50,000			
10,000		10,397.95	
3,48,308	Profit for the year ended 31st December, 1963 ..	2,06,843.33	
3,58,308		2,17,241.28	
	LESS—Appropriations— Rs. nP		
1,72,000	(i) Amount provided for taxes .. 82,000.00		
26,000	(ii) Amount transferred to staff Gratuity Fund 10,000.00		
75,000	(iii) Amount transferred to Reserve Fund 25,000.00		
....	(iv) Amount transferred to Contingency Reserves		
2,73,000		1,17,000.00	
85,308			1,00,241.28
	10. Contingent Liabilities—		
	Rs. (i) On investments in shares of Joint Stock Companies and Bank .. .. .. Rs. nP		
86,150		86,150.00	
	(ii) Claims against the Banking Company not acknowledged as debts		
	Note :—The actual amount of the Liability arising from future gratuities payable to staff has not been ascertained but is greater than the amount provided.		
2,49,39,144	Total .. Rs.		2,68,48,911.41

Previous Year Rs.	PROPERTY AND ASSETS	Rs. nP	Rs. nP
	1. Cash—		
14,87,854	Cash in hand and with Reserve Bank and State Bank of India (including foreign currency notes) ..		16,00,055.47
	2. Balances with Other Banks—		
	In Current Accounts—		
11,13,116	(i) In India	8,69,355.32	
69,536	(ii) Outside India (in Pakistan)	69,503.75	
11,82,652			9,38,859.07
58,00,000	**3. Money at Call and Short Notice**		57,50,000.00
	4. Investments (at Book Value)—		
55,61,416	(i) Securities of the Central and State Governments and other Trustee Securities including Treasury Bills of the Central and State Governments..	55,15,411.09	
	Face Value .. .. Rs. 55,62,700.00		
	Market Value .. .. Rs. 55,03,137.45		
17,12,184	(ii) Shares	13,85,635.53	
	Fully Paid—		
	(a) Preference .. Rs. 2,15,615.74		
	(b) Ordinary .. Rs. 9,79,615.05		
	Rs. 11,95,230.79		
	Partly Paid—		
	(a) Preference .. Rs.		
	(b) Ordinary .. Rs. 1,90,404.74		
	Rs. 1,90,404.74		
14,66,755	(iii) Debentures or Bonds .. Face Value .. Rs. 15,63,500.00 Market Value .. Rs. 14,01,012.00	14,49,243.85	
....	(iv) Other Investments	....	
....	(v) Gold	....	
87,40,355			83,50,290.47
	5. Advances—		
	(Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)		
	(I) Loans, Cash Credits, Overdrafts etc.—		
	(i) In India .. .. Rs. 71,61,093.26		
	(ii) Outside India.. .. Rs.		
		71,61,093.26	
	(II) Bills Discounted and Purchased—		
7,33,004	(i) Payable in India .. 13,41,061.46		
....	(ii) Outside India		
7,33,004		13,41,061.46	
61,71,701	(Particulars as per separate Schedule attached)		85,02,154.72
	6. Bills Receivable Being Bills for Collection as per contra—		
2,46,464	(i) Payable in India	2,30,900.21	
....	(ii) Payable outside India	....	
2,46,464			2,30,900.21
72,000	**7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations** per contra		1,00,779.70
	8. Premises—		
9,03,317	Cost as per last Balance Sheet	8,81,879.03	
1,016	Additions during the year	221.01	
9,04,333		8,82,100.04	
22,454	LESS—Depreciation	21,914.67	
8,81,879			8,60,185.37
	9. Furniture and Fixtures—		
1,23,734	Balance as per last Balance Sheet	1,25,735.45	
9,638	ADD—Additions less sales made during the year ..	23,180.72	
1,33,372		1,48,916.17	
7,637	LESS—Amount written off to date for depreciation..	11,368.49	
1,25,735			1,37,547.68
	10. Other Assets—		
26,195	Stamps and Stationery	28,151.32	
1,98,139	Interest accrued	1,25,900.37	
....	Advance Payments for service connections	1,713.00	
1,107	Branch Adjustments	2,18,479.23	
5,063	Suspense	3,894.80	
2,30,504			3,78,138.72
....	**11. Non-Banking Assets Acquired in Satisfaction of Claims**		....
2,49,39,144	Total .. Rs.		2,68,48,911.41

Note:—The Balance Sheet has been prepared in conformity with Form "A" of the Third Schedule to the Banking Companies Act 1949.

KRISHNARAM BALDEO BANK PRIVATE LIMITED—*(Continued)*

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 1963.

Previous Year Rs.	EXPENDITURE	Rs. nP	Rs. nP	Previous Year Rs.	INCOME	Rs. nP
4,45,465	1. Interest paid on Deposits, Borrowings, etc.		5,92,565.54		(Less provisions made during the year for bad and doubtful debts and other usual or necessary provisions)	
2,60,980	2. Salaries and Allowances and Provident Fund		3,00,745.98			
7,196	3. Directors' and Local Committee Members' Fees and Allowances		8,931.08	11,28,016	1. Interest and Discount	11,60,324.26
30,410	4. Rent, Taxes, Insurance, Lighting, etc.		32,167.56			
8,481	5. Law Charges		10,202.60	50,270	2. Commission, Exchange and Brokerage	59,473.39
8,067	6. Postage, Telegrams and Stamps		11,098.44			
1,700	7. Auditors' Fees		1,700.00	Nil	3. Rents	Nil
33,541	8. Depreciation on and Repairs to the Banking Company's Property		35,100.61	5,518	4. Net Profit on Sale of Investments, Gold and Silver, Land Premises and Other Assets (not credited to Reserves or any particular Fund or Account) ..	36,202.33
18,313	9. Stationery, Printing, Advertisements, etc. ..		18,503.64			
Nil	10. Loss from Sale of or Dealing with Non-Banking Assets		Nil			
50,100	11. Other Expenditure		60,330.05	Nil	5. Net Profit on Revaluation of Investments, Gold and Silver, Premises and Other Assets (not credited to Reserves or any particular Fund or Account) ..	Nil
3,48,308	12. Balance of Profit (subject to taxation)		2,06,843.33			
				Nil	6. Income from Non-Banking Assets and Profit from Sale of or Dealing with such Assets	Nil
				28,756	7. Other Receipts	22,489.75
12,12,560	Total .. Rs.		12,78,489.73	12,12,560	Total .. Rs.	12,78,489.73

Note :—Total emoluments of Rs. 24,406.63 paid to the Manager is made up as follows :—

(1) Salary	Rs.	17,910.22
(2) Conveyance	,,	2,297.58
(3) Upcountry Allowance	,,	493.33
(4) Deputation Allowance	,,	2,450.00
(5) Bank's Contribution to P. F. ..	,,	1,340.50
Free furnished quarters and use of Bank's car at his cost		....
Total ..		24,406.63

Note :—The Profit and Loss Account has been prepared in conformity with Form "B" of the Third Schedule to the Banking Companies Act, 1949.

As per our report of date,
P. C. HANSOTIA & CO.,
Chartered Accountants.

S. R. TIPNIS,
Manager.

M. S. AGNIHOTRI,
Secretary.

V. R. SCINDIA
Chairman.

BRIJRAJ NARAIN,
LALCHAND B. SETHI,
D. P. MANDELIA,
RAM BABU VAISHYA,
} *Directors.*

Schedule of Particulars of Advances Required by the Banking Companies Act, 1949 (Act X of 1949) attached to and forming part of the Balance Sheet as at 31st December 1963.

Previous Year Rs.		Rs. nP	Previous Year Rs.		Rs. nP.
53,39,326	(i) Debts considered good in respect of which the Banking Company is fully secured	77,48,067.67	Nil	(v) Debts due by Directors or officers of the Banking Company or any of them either severally or jointly with any other persons..	1,577.14
81,081	(ii) Debts considered good for which the Banking Company holds no other security than the debtors' personal security	1,72,990.97	5,65,035	(vi) Debts due by companies or firms in which the directors of the Banking Company are interested as directors, partners or managing agents, or in the case of private companies as members	22,01,753.21
2,51,293	(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors ..	5,81,096.08	Nil	(vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the Banking Company or any of them either severally or jointly with any other persons	3,581.13
Nil	(iv) Debts considered doubtful or bad not provided for	....	5,84,677	(viii) Maximum total amount of advances, including temporary advances, granted during the year to the companies or firms in which the directors of the Banking Company are interested as directors, partners or managing agents or, in the case of private companies, as members ..	28,17,096.15
61,71,700	Total .. Rs.	85,02,154.72	Nil	(ix) Due from banking companies	Nil

AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of the Krishnaram Baldeo Bank Private Limited, as at 31st December, 1963, and also the annexed Profit and Loss Account of the Bank for the year ended upon that date in which are incorporated the audited returns from all the branches.

We report that :—

(a) we have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory ;

(b) the transactions of the Bank which have come to our notice have been within the powers of the Bank ;

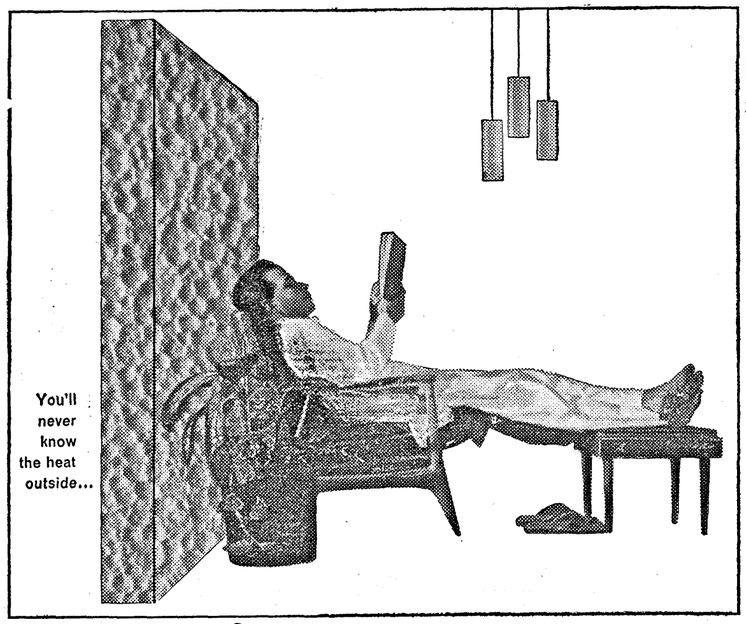
(c) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books ;

(d) the Bank's Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of account ;

(e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required for banking companies and on such basis the said Balance Sheet together with the notes thereon, gives a true and fair view of the state of the affairs of the Bank as at 31st December, 1963, and the Profit and Loss Account gives a true and fair view of the profit for the year ended upon that date.

P. C. HANSOTIA & CO.,
Chartered Accountants.

GWALIOR, *24th February* 1964.



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TC. 38-511

RIGHTS, DUTIES AND OBLIGATIONS OF COMPANY DIRECTORS—III

EFFICACY AND INTEGRITY OF COURTS MUST BE PRESERVED

By N. K. Petigara

IT has been said quite often that directors are trustees. So far as it means that directors in the performance of their duties stand in a fiduciary relation to the company, that statement is essentially correct and it would be wise and prudent for directors to act as if they were trustees. Directors are, therefore, bound by all those rules of conscience, fairness and morality of purpose which the law imposes as guides for those who are under fiduciary obligations and responsibilities. Baker and Cury, in their treatise on the corporation, state that directors are held in official action to the extreme measure of candour, unselfishness and goodwill and that these principles are rigid, essential and salutary that a director who owes loyalty and allegiance to the company must owe that loyalty completely undivided and his allegiance must be influenced in action by no consideration other than the welfare of the company of which he is a director. If, in any cases, any adverse interest arises, it has to be subjected by the director himself and by the other directors to an uncompromising scrutiny and it is only where such uncompromising scrutiny can stand that the transaction in question ought to be put through. It follows, therefore, that a director may not profit at the expense of the company concerned or in conflict with its rights and a director, therefore, must not act for personal gain or personal object. No opportunities which in fairness belong to the company could be utilised by a director for his personal gain.

Does this mean that a director must know the business which he is supervising, as if he was an executive officer having special knowledge thereon? I think not. What is expected of a director is that he should know of and give direction in regard to the general affairs of the institution and its business policy and have a general knowledge of the manner in which the business of the company is conducted, the character of the investments and the employment of the resources of the company.

Protection to Shareholders

In law, it is quite clear that no custom or practice can make a directorship a mere position of honour void of responsibilities. There is no substitute for proper and ample care and attention. A board of directors exists not for the personal ends of the directors, even if they own a majority of the shares, nor merely for giving confidence or for attracting custom; the board must be able to afford protection to the shareholders and, as the theory now holds, to some extent to the public. The directors are, however, not insurers. They are liable for breach of duty or negligence in the performance of their duties, but not for errors of judgment or mistakes so long as they act with reasonable skill and prudence and on the materials which they have before them or ought to have before them. The law recognises that the most conservative and careful director would not be infallible and that he can err in his judgment even to the extent of being in error or making mistakes, and that he ought to be excused, provided that he has used that degree of care, ordinarily exercised by prudent men. If he exercises that degree of care, he is not liable, even though his opinion may have turned out to have been mistaken and his judgment faulty.

Another proviso, which shareholders and in a number of cases members of the Legislature as well as those in authority possibly forget, is that, to assess that degree of care which a director must show, one has to look at the facts as they exist at the time of their occurence. Subsequent events may make one wiser, but those events cannot properly be taken into consideration in assessing the liability of a director. While considering this degree of care, there may be a difference between director and director. I conceive that the position of the chairman or of the managing director is even more onerous, if such chairman or managing director takes the duty of guiding his co-directors. In such cases, while, on the one hand, the others are entitled to depend on him, he is bound to be somewhat more careful, again on the basis that in a similar position, an ordinary prudent person would show greater care.

It has been said, perhaps too generally, that directors are concerned only with what happens in their presence at board meetings. This is not a correct appreciation of the legal position. A director is bound, as he is entitled, to inform himself of what is going on with the company of which he is a director. By absenting himself, he cannot absolve himself from liability altogether. It is possible that, in respect of one solitary transaction, he may not be aware and he may not be liable. But having accepted a post of confidence, having been charged with the active duty to keep himself informed of the company's progress, he must keep himself generally informed about the same.

Collective Responsibility

This brings me to the last question whether the responsibility is collective or individual. It is collective. Though a director of a company is liable for his own misconduct and not for the wrongful conduct of others, if he does not observe the duty of care, he may find himself liable for the active defaults of others, even though he may be absent from a particular meeting which decides upon a particular transaction.

As regards loyalty of a director, there are numerous ramifications. The duty of disclosure of personal interest falls under this head. It is essential to ascertain and inquire towards whom is this duty, on whose part is this duty and in what circumstances is this duty to be exercised. In most of the cases, where loyalty and personal interest can come into conflict, as would be in the cases of contracts of interested directors, or interlocking directors, the law has made provisions rendering void or voidable contracts or transactions between a company and an interested director. Intricate questions arise whether interest of the directors are fully disclosed and, even where that is so, whether the terms of the transactions are fair, and lastly whether the particular director has taken part in the discussion and decision. It is open to a company, after careful consideration of all known facts, to accept or even ratify and confirm a particular action or transaction. Much would depend in deciding such questions whether the facts were fully disclosed, and whether the transaction is fraudulent or unfair or lacking in faith.

Banking Laws Act 1963

In the light of the above, the effect of two important pieces of legislation, namely, the Banking Laws (Miscellaneous Provisions) Act, 1963 and the Companies (Amendment) Act, 1963, are to be considered. So far as these affect the rights, duties and obligations of directors, it appears to me that they affirm in regard to their duties and obligations the existing law but restrict, particularly in the case of banks, their rights, especially of management of the affairs of the companies under their care. In matters of procedure, however, and in the matter of restricting the jurisdiction of courts of law to entertain certain matters, there has been considerable amendment to the law. Perhaps my being a lawyer results in my deprecating all legislative measures depriving the courts of jurisdiction. I have made no secret of my views that it is incorrect and dangerous to deprive courts of law of jurisdiction and transfer jurisdiction to what at best can be administrative tribunals. Vital questions affecting the citizens are involved and a completely judicial approach, which is at the same time subject to appeal, revision or review by the Supreme Court, should be most useful.

Directors of banks have come in for a number of restrictions. The Reserve Bank of India has been given considerable powers over banks and financial institutions. The Reserve Bank has been given authority to give directions relating to the conduct of business by banks which can in cases amount to overriding the wishes and powers of the directors of those banks. Further restrictions have been introduced in regard to unsecured loans or advances by banks to either their directors or to firms or private companies in which directors are interested and in the case of public companies in which the chairman of the board of directors of a banking company is interested as chairman or managing director of that public company or as managing agent or director or partner of the managing agent of such public company.

The right at law of directors to remit debts is restricted in the case of debts due to a bank by any of its directors or any firm or company in which any of its directors may be interested in a variety of ways, and the law provides that, if the directors make any such remission without the permission of the Reserve Bank, it will be void. Important additional powers are granted to the Reserve Bank enabling it to give directions to a bank as to the purpose for which advances may or may not be made; margins to be maintained; the maximum amount of advance or other financial accommodation which may be made to any one company, firm, association of persons or individuals; the maximum amount of guarantees that may be given on behalf of any one customer and also the rate of interest and other terms and conditions on which advance or other financial accommodation may be made or guarantees may be given. All these, naturally, restrict the rights of directors.

A power of a sweeping nature, to remove from office any director, chief executive officer or any other officer or employee of the banking company, is also vested in the Reserve Bank and, what is more, any such order made by the Reserve Bank would effectively prevent such director or officer from being directly or indirectly concerned with or taking part in the management of any banking company for a maximum period of five years. A still greater power given to the Reserve Bank is to appoint any person it considers proper in place of the director or any other officer or employee who has been removed. The Reserve Bank has also the power to appoint for any banking company not more than five persons to hold office as additional directors. It is important to note that the nominees of the Reserve Bank are statutorily exempted from incurring any obligation or liability by reason of any acts of theirs done or omitted to be done in good faith.

These changes have been effected, according to the Statement of Objects and Reasons, for ensuring more effective supervision and management of the monetary and credit system of the country by the Reserve Bank and to enable the Reserve Bank to give the banks directions in respect of matters in which the Reserve Bank, as the central banking institution of the country, may be interested from the point of view of the control of credit policy. The Reserve Bank's powers in relation to commercial banks are enhanced so as to provide for stricter supervision by it in the operations and workings of such banks. Quite clearly, the amendments have been made following the new concept of public interest being the overriding factor in regard to company management.

Companies Amendment Act

In regard to companies, the legislature has, pursuing the same concept of public interest and following its expressed intention to ensure as far as possible the efficient and proper administration of companies, by the Companies (Amendment) Act 1963, provided for a Tribunal to exercise a number of the functions which Courts at present exercise and replaces the Company Law Department by a Board of Company Law Administration.

So far as all this concerns directors—their rights, duties and obligations—there are no important changes in the law except that the Central Government has now the right to remove from office directors or officers of the Company in certain cases. There are other very important provisions compelling conversion of loans by the Government to companies into equity capital.

The Board of Company Law Administration will exercise and discharge such powers and functions as are conferred on the Central Government by or under the Companies Act or any other law and as may be delegated to it by the Government. The board will consist of a chairman and four members. It will act according to the prescribed procedure and it will be subject to the control of the Central Government.

A Tribunal will also be constituted and appointed consisting of as many members as the Central Government thinks fit to exercise and discharge the powers and functions conferred on such Tribunal by the Companies Act 1956 and such of the powers and functions conferred at present on the Court under Section 155 (rectification of register of members), Section 203 (granting of leave to a fraudulent person against an order restraining him from managing companies), Section 240 (compelling production of documents and evidence before an Inspector appointed by the Government and taking action in case of default), and Sections 397 to 407 (regarding prevention of oppression and mismanagement), which the Central Government may from time to time specify.

While the Tribunal will have as its chairman a Judge of a High Court or a person qualified to be a Judge of the High Court, I feel that the deprivation of the jurisdiction of the High Courts is not a desirable feature of this legislation.

The other provisions of the Amending Act affecting directors directly are those authorising the Central Government to remove managerial personnel (which would include directors) from office on the recommendation of the Tribunal. Section 388B, which is newly introduced, directly affects directors who, under normal Company practice as understood up to now, could only be removed by the shareholders or in certain stated cases by the Court.

Concept of Public Interest

There are several grounds set out for which a director or an officer of the Company may be removed by the Central Government, and one of them is the carrying on of the business of a company in a manner prejudicial to the public interest. This is in accordance with the new concept of public interest which is gaining ground.

Ever since the system of corporate existence has taken root and developed, the duties and obligations of directors have been understood by the Court and enforced. Their rights have crystallised in the process of development of the system and, for a considerable time, the all-powerful position of directors in the matter of control continued supreme on account mainly of the shareholders being unorganised and scattered and public opinion being not so critical, as it has become later on, in some cases deservedly and in others not so. But the Courts have always taken care to protect the rights of shareholders and creditors and also the public interest by enforcing the duties and obligations of directors in their mixed-up capacities of agents, trustees and officers and, therefore, the makers and supervisors of the policy governing the administration of the Company concerned. The legislature in England and in our country have legislated in favour of the shareholders by placing a few restrictions on the rights of the directors in the governance of their companies and further by prescribing for the formalities to be observed in certain matters and by particularising the procedure whereby shareholders, creditors and others connected with companies (including in India the Central Government authorities), could strictly enforce the duties and obligations of directors.

As regards the pruning of the rights and powers of the directors, the pruning has not been considerable or restrictive. As regards the procedures now prescribed, there can be no particular objection, because procedural legislation does not affect the law. But procedures can be cumbersome and irksome and, in my view, the present legislative changes fails to achieve the objects contemplated. The dangers of such legislation are that the wide ambit of the unwritten law could be and is abridged and the policy of depriving the jurisdiction of the regular Courts of the country could and is likely to result in administrative judgments which are not always satisfactory. Believing as I do in the efficacy and integrity of our Courts and of the system adopted in the Courts whereby any possible mistake, or error of judgment is capable of being corrected, I think it is a mistake to substitute for them what are at their best administrative Tribunals. As against the virtues of despatch and economy which such Tribunals are expected to possess (and which I doubt), the possibilities of mistakes and errors being committed and there being abuses resulting in possible denial of justice and laying down of incorrect principles are greater in the system of administrative Tribunals than in the time-honoured system of judicial redress.

(Concluded)

Note: This is the third and concluding instalment of the article by Mr. Petigara who is a well-known solicitor and an authority on Company Law.

Notice

BALMER LAWRIE AND COMPANY LIMITED

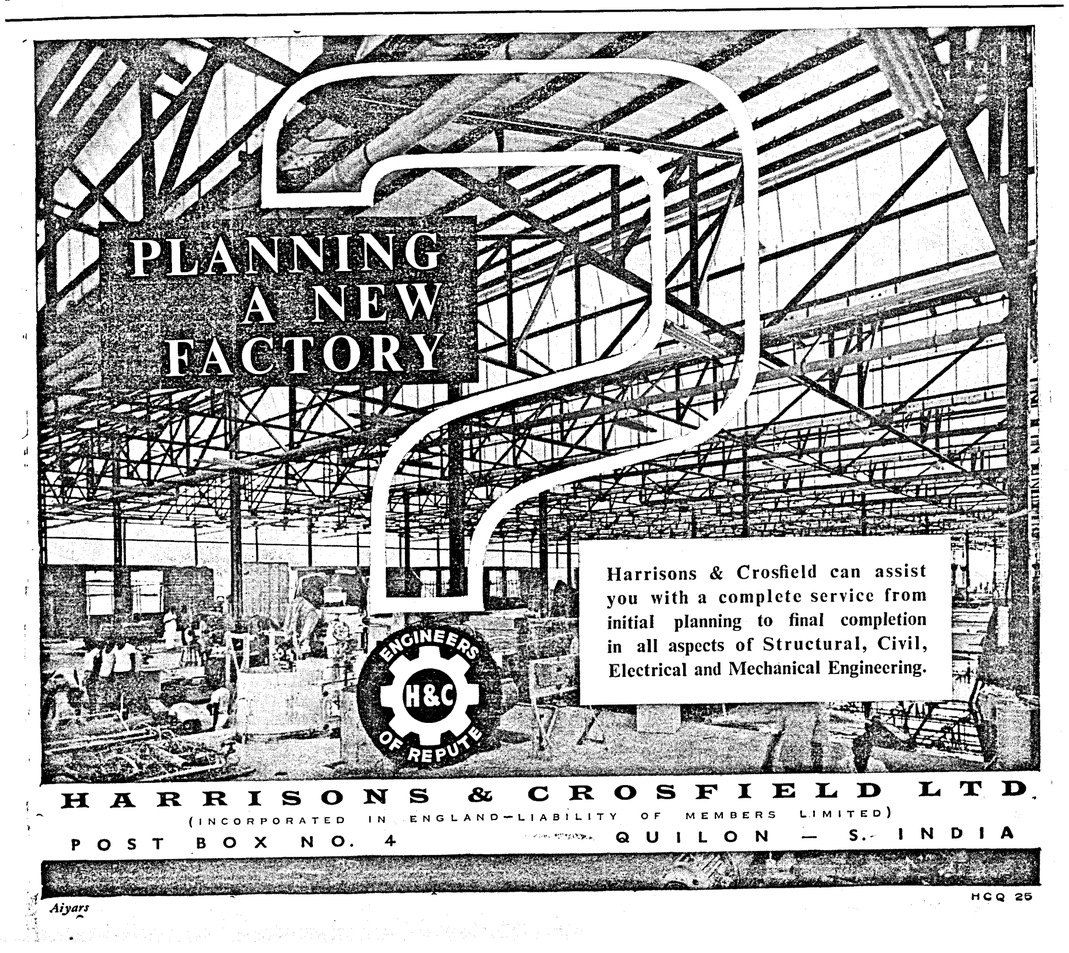
NOTICE IS HEREBY GIVEN TO THE members of the above-named Company that the Annual General Meeting will be held at the Registered Office of the Company, 21, Netaji Subhas Road, Calcutta, on Monday, 29th June, 1964 at 3.30 p.m., to consider the Accounts of the Company for the year ended 31st December, 1963, and to transact other ordinary business.

NOTICE is also hereby given that the Transfer Books and Register of Members of the Company will be closed from 9th June, 1964 to 29th June, 1964, both days inclusive.

By Order of the Board,
D. MANSON,
Managing Director.

21, NETAJI SUBHAS ROAD,
CALCUTTA, 13*th May*, 1964.

Note:—A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. Such proxy need not be a member of the Company.



U.N. CONFERENCE ON TRADE

AGREEMENT REACHED ON SOME IMPORTANT ISSUES

BY next week-end, the United Nations Conference on Trade and Development will have concluded its deliberations and reached certain definite conclusions, unless, of course, the Conference decides to extend its session beyond the scheduled deadline—that is the 15th inst.—which seems highly improbable at the time of writing. The Conference, it will be recalled, began at Geneva on 23rd March last. The first phase of the Conference, which was marked by policy statements made on behalf of the different participating countries numbering 122, ended on 8th April (a resume of this phase was given on pages 721 and 722 of *Commerce* dated 25th April). Since then, the Conference has been conducting its deliberations in its five main Committees which are trying to find solutions for specific issues entrusted to them.

The five Committees devoted the first few days to the general discussion of the problems as a whole—a review of the discussions was made on pages 856 and 857 of *Commerce* dated 16th May—and they are currently examining the specific aspects pertaining to the main issues involved. All the five Committees have passed from the stage of expression of individual positions and the defining of problems to the stage of merging ideas and bringing together, as far as possible, lines of agreement on which solutions to various economic problems could be formulated. Among the indications of this progress are the completion of tasks entrusted to important sub-committees and working groups. Important also for the work of the Conference, though not officially listed in its programme, is the intensified activity outside the Committee meetings. In informal discussions, groups of countries have been seeking to widen the areas of agreement and to indicate possible measures to help improve world trade.

Financing Trade Expansion

While four of the five Committees are still discussing (as of Saturday, 30th May) various proposals before them, the Third Committee, dealing with the problem of financing expansion of world trade and improvement of the invisible trade of developing countries, has completed its task and is busy formulating a 50-page draft. It is, indeed, gratifying to hear from the Chairman of the Third Committee, Mr. Janez Stanovnik, that the Committee's work has progressed smoothly and in a friendly manner. Extremely constructive efforts, we are told, have been made on all sides by both developing and developed countries. One main reason for the success of the Committee is the high quality of experts sent by the developing countries. Mr. Stanovnik has particularly commended the vital contribution made by the Indian delegate, Dr. N. A. Sharma of the Reserve Bank of India. Another reason is the non-political nature of the subjects discussed, unlike the First and Second Committees which are dealing with primary commodities, manufactures and semi-manufactures of developing countries and the Fourth and Fifth Committees which are discussing the shapes and future set-up of the Conference.

It would be wrong to evaluate the work of the Third Committee in terms of immediate benefits, but there is no doubt that the recommendations made by the Committee, as Mr. Stanovnik has said, would influence the thinking and machinery of the Governments of developed countries, "whereafter real benefits would begin to flow." The recommendations fall into four categories: (*a*) shipping, (*b*) growth and aid, (*c*) terms and conditions of aid, and (*d*) compensatory financing. On shipping, the Committee has unanimously urged "appropriate procedures, including any committee that might be deemed necessary to be established under the United Nations system or as a part of the institutional system that might be set up under this Conference to promote understanding and co-operation in the field of shipping...." Incidentally, it may be noted that this is the first time that an international machinery on shipping has been accepted by the main shipping countries in the world.

The Third Committee has also approved of five draft resolutions. One of them pertains to the expansion of the activities the U.N. Special Fund so as to include increased financing of demonstration projects and to undertake investment proper as additional resources become available. The Fund would be authorised to accept additional contributions for this purpose, but would ensure that its new responsibilities would not prejudice its pre-investment work. Another resolution recommends that a U.N. Capital Development Fund should start its operations at an early date to finance, on favourable terms in all developing countries, especially those at an earlier stage of development, national and regional development plans, programmes and projects, particularly in the field of industrialisation. The resources of the Fund, it is suggested, should be derived from voluntary contributions. The three other resolutions cover the following:

The Secretary-General of the Conference should, in the light of the studies under way and after consultation with the appropriate world institutions, take steps to convene a group of experts to consider the international monetary issues relating to the problems of trade and development, with special reference to the objectives and decisions of the Conference and devoting particular attention to the needs of developing countries in their trade with one another and the rest of the world.

The developed countries and international organisations must follow the principles laid down by the Committee in order to promote more effective use of the possibilities of economic and technical co-operation. The principles refer mainly to the construction of industrial undertakings in developing coutries.

The World Bank should be asked to study the actual and potential use of suppliers' credits and credit insurance for financing exports from developed to developing countries; their effect on competition between exports of developing and developed countries, as well as between developed countries; and as a means of financing trade among developing countries.

No Definite Conclusions

Although the First Committee has completed its discussions on the various aspects of world commodity problems, no definite conclusions seem to have emerged yet. The discussions centred round (*a*) programme of measures and actions for the removal of obstacles (tariff, non-tariff and others) and of discriminatory practices and for expansion of market opportunities for primary commodity exports, as well as for increases in their consumption and imports in developed countries; (*b*) review of long-term trends and prospects for primary commodity producers (including terms of trade); (*c*) measures for stabilising primary commodity markets at equitable and remunerative prices (including commodity arrangements); and (*d*) international compensatory financing and measures for stabilising primary export earnings at adequate levels. There is, it is said, a wide divergence of opinion on commodity policies between the European Common Market countries (led by France), on the one side, and Britain and the U.S., on the other. The E.E.C. is opposed to the proposals, put forward by Britain and the U.S., for a reduction in tariff barriers on primary products with no strings attached. Any such reduction, it is argued by France, should be tied to a market organisation approach with fixed commodity prices. Most countries outside the E.E.C. are firmly opposed to any kind of price fixing.

A draft proposal put forward jointly by 62 developing countries calls for the establishment of a permanent commission on commodity arrangements and prices. The scope of commodity agreements, it is suggested, should be sufficiently wide so as to include not only clauses on prices and quantities but also co-ordination of national production, harmonisation of policies on specific commodities and overall development plans, and the relations between trade and disposal of stockpiles and surpluses. It is emphasised that the basic objective of the agreement is "to stimulate a dynamic and steady growth in the export earnings of developing countries, so as to provide them with expanding resources for their economic and social development."

Transitional Arrangements

Broad agreement has, however, been reached on the action to be taken by the developed market-economy countries to remove obstacles to trade. Proposing "transitional arrangements," a revised draft submitted by 64 sponsors says:

"Preferential arrangements between developed countries and developing countries, which involve discrimination against other developing countries and which are essential for the maintenance and growth of export earnings and for the economic advancement of the less-developed countries at present benefiting therefrom, should be abolished *pari passu* with the effective application of international measures providing at least equivalent advantages for the said countries. These international measures should be introduced gradually in such a way that they become operative before the end of the United Nations Development Decade."

The Second Committee (trade in manufactures and semi-manufactures) has adopted a draft resolution envisaging the establishment of a specialised agency for industrial development to assist the developing countries in planning and setting up viable export industries. The Geneva Conference, it has been agreed, should recommend that the U.N. General Assembly, at its nineteenth session to be held later this year, must take suitable action in this direction.

U.K.'s Proposals

At the Committee meetings, Britain has been most forcefully urging removal of trade barriers to exports of developing countries and grating of preferences. A draft proposal put forward by it calls for the removal of, or for reductions in, tariffs and quotas by Western developed countries on manufactured and semi-manufactured goods exported by developing countries, and for "equivalent action appropriate to their trading system" by the Communist countries. It has also suggested that non-Communist countries which are still maintaining quotas should report their reasons by the middle of next year, and that Communist countries should make annual progress reports to an appropriate international organisation. The British proposals are:

Developed countries should not impose or intensify quantitative restrictions inconsistent with international agreements on imports of manufactures and semi-manufactures from developing countries except in "exceptional and compelling circumstances" (when the countries most affected should be consulted).

Developed countries should remove those restrictions now existing as soon as possible; should not increase import duties on such goods; and should negotiate a substantial tariff reduction on them as soon as possible without demanding reciprocal tariff concessions; also, they should negotiate for the reduction and elimination of such duties "even though higher rates of duty might continue to be charged on like goods imported from developed countries. This last clause means that manufactured goods from developing countries could enjoy a preference over similar goods from developed countries.

Developed Communist countries should progressively increase their imports of manufactures and semi-manufactures from developing countries, and reduce the prices paid for such imports by their consumers; should make provision in their economic policy for maximum imports from developing countries; should not demand reciprocity in trade agreements with developing countries; and should allow these countries to spend the proceeds of their exports to them "freely in as large a number of countries as possible."

Compromise Proposal

The 75-nation group of developing countries has approved of the Western compromise proposal on preferences for manufactured goods exported by developing countries. The proposal, set forth by France on behalf of most delegations of Western industrialised nations, is that the Conference should accept the principle of such preferences, without making any definite recommendations. Under the compromise plan, the Conference would draw up a resolution endorsing such preferences to be granted by industrialised countries but would leave the task of working out the detailed arrangements to the proposed World Trade Commission expected to follow up the work of the present Conference. The U.S. delegation, however, has stoutly opposed the plan. As a result of such opposition, an atmosphere of subdued crisis, according to a U.N. official, reigns at the Conference as it enters its eleventh week. The plenary session, which was expected to begin on Monday the 1st inst., has been postponed for another week and there is said to be intense behind-the-scenes activity to stave off a possible break-down.

Institutional Arrangements

One of the most controversial issues before the Geneva Conference pertains to the institutional arrangements for implementing measures designed to ensure expansion of world trade. Seventy-five developing countries, backed by Soviet Russia and other Communist developed countries, presented at a meeting of the Fourth Committee a draft resolution calling for a new International Trade Organisation that would supersede all existing bodies. Pending studies that will be necessary for the creation of such an Organisation, the resolution suggested, the present Conference should be continued as an organ of the U.N. General Assembly. The resolution has not, however, found favour with the industrially advanced countries in the free world. These countries have put forward a counter-scheme the salient features of which are:

New organisational arrangements should be established as an integral part of the U.N. economic machine. There should be a periodic conference, meeting every three years, or more frequently in exceptional circumstances; a standing committee of the conference to be known as the Commission for International Trade; and a permanent full-time Secretariat within the U.N. for servicing the conference, the Commission, and any subsidiary bodies. The basic responsibilities of the periodic conference would be the promotion of international trade, particularly in relation to the economic development of the developing countries; the formulation of principles and policies to this end; and the continuing review of organisational arrangements in the light of the experience of their work and activities.

The proposed Commission for International Trade would have a number of functions. It would keep under review and take appropriate action for the implementation of recommendations, declarations, resolutions and other decisions of the conference, and ensure the continuity of its work. It would study, analyse and consider developments and trends in the field of trade, particularly the effect of such developments on the economic positions of developing countries. And it would formulate such policy recommendations in this respect as it might consider desirable. The Commission would keep under continuing review the effectiveness and further evolution of organisational arrangements and recommend such improvements as may appear feasible. It would also study the problems relating to international commodity trade. It would establish such sub-committees as it considered necessary, in particular one on commodities.

All the expenses of the conference and its subsidiary bodies would be borne by the U.N., with the addition of a special account for receipt of contributions from conference participants who are not members of the U.N.

Divergence of Opinion

Broadly speaking, there is general agreement on all these points between the Western and the less-developed countries. Differences, however, remain on such questions as the size and powers of the standing body and its voting procedures and the precise way in which the new structure would be linked with the existing U.N. bodies. The developing countries suggest, for instance, that the standing body should be an executive organ with 52 members (the Western countries having 14 seats), the decisions being taken on a simple majority vote. In their opinion, special account needs to be taken of the interests of major trading nations which would be primarily responsible for implementing any decisions or recommendations. In order to meet this difficulty, the Western nations suggest a membership of 40, including the twelve principal trading countries taking part in the conference, the recommendations being considered adopted when approved by a majority of members present and voting, including a majority of the twelve principal trading countries. Dr. Raul Prebisch, Secretary-General of the Conference, is reported to have been working hard behind the scences to arrange a compromise, and there is reason to hope that his efforts would be successful.

Regional Economic Co-operation

Increased economic co-operation among the developing nations on a regional basis is the keynote of a draft resolution adopted by the Fifth Committee. The resolution (based on an Algerian proposal)

calls for a "strengthening of regional and inter-regional economic co-operation and contacts, a more rational division of work, creation of complementary industries on the regional and sub-regional level, and promotion and gradual liberation of trade among developing countries," and

urges "reorientation of traditional trade currents through Government action and elimination of monetary obstacles to trade."

The idea of increased economic co-operation on a regional basis, though it is commendable, is somewhat difficult of being put into effect. It has been urged on more than one occasion at the E.C.A.F.E. meetings, but has failed to fructify, though every country has endorsed the idea in principle. The wide political and ideological differences among the countries in the region constitute the principal stumbling block. So far as Asia is concerned, the trade policies and the political ambitions of Communist China, which is not participating in the Geneva Conference, are not quite conducive to the strengthening of regional economic co-operation. Nevertheless, the like-minded nations in the principal underdeveloped regions may take the initiative and explore the possibilities of translating the idea into practice.

INCENTIVES IN MODERN INDUSTRY

INDIVIDUAL SCHEMES BASED ON WORK STUDY ARE THE BEST

DESPITE the finding of some social research workers to the contrary, the fact remains that money is still a major factor motivating workers. Money no doubt is not everything; but it plays an important, even a decisive, role in influencing workers' attitudes and reactions to work. Hence monetary incentives is an important tool in the hands of management to get the best out of workers. An important point that needs to be borne in mind in using this tool is that the worker is, above all, an individual whose reaction to his work and environment is basically the same as that of, say, his board chairman. No organisation, in spite of the impersonal character of modern corporate management, can, therefore, afford to ignore the human reactions of its employees to its policies and objectives and not to make suitable adjustments. It was Frederick Taylor, the father of scientific management and modern incentive systems, who saw the need to integrate the purposes of modern business organisation with the needs of the employees. "It is safe to say," he had observed, "that no system or scheme of management should be considered which does not, in the long run, give satisfaction to both employee and employer, which does not make it appear that their best interests are mutual and which brings about such thorough and hardy co-operation that they can pull together instead of apart." These words of Taylor are as meaningful today as they were when he uttered them. But the question is whether the incentive schemes he devised to achieve the objectives spelled out by him are appropriate today. A hard look at the adequacy of the incentive schemes devised by Mr. Taylor in present-day conditions has been taken by Mr. R. A. Manthei, a well-known British consultant on industrial management and Technical Director of Associated Industrial Consultants, Ltd. Writing on "Money, Motivations and Management" in the April issue of the *Voice of Welsh Industry*, Mr. Manthei critically examines the adequacy and appropriateness of the traditional incentive schemes in the present industrial context, suggests some novel schemes of his own and indicates the pattern of incentive schemes for the future.

Payment by Results

Payment by results is one of the simplest forms of incentive schemes and one of the earliest methods of payment by results is piecework applied in engineering, though it could as well be applied to service industries, laundries, invoice work in a sales office, drawing office work, engineering maintenance and various kinds of inspection work, warehousing, retail shops and sales. The advantage of piecework scheme is the simplicity with which prices can be fixed. Its chief disadvantage is that endless arguments and disagreement are likely to arise between the rate fixed and the operation. In order to overcome objections to piecework, it is necessary to establish more accurately the times of operations and this means using the watch as the basis of measurement—the technique of work study. The more refined forms of work study include Predetermined Motion Time (P.M.T.), sometimes known as Methods-Time Measurement (M.T.M.) as well as the use of synthetic times from tables for creating the composite times for any particular set of operations.

Incidentally, the work measurement component of work study does not, contrary to popular belief, necessarily give a split-second accuracy of the time of an operation as carried out by a normal operator. What it does achieve is to introduce a physical means of measurement which gives an answer much closer to the truth than unaided human assessment.

The unit of measurement is the standard hour—that is, work completed by a conscientious operator working diligently and allowing for suitable rest. The same principle of directly proportionate payment by results for piece-workers can be applied to incentive schemes based on work study and in fact this is commonly done with the usual guaranteed minimum of the normal hourly rate for the worker concerned. The fact that bonus is directly proportionate to the performance above the standard performance constitutes a powerful incentive. The principal advantage of this method, from the workers' point of view, lies in its straight forward concept and, from the Company's point of view, in the simplicity of bonus calculations. The disadvantage is that, unless standard times are accurate within reasonably low limits, bonus earnings can get out of hand and any slackness in the revision of standard times, as and when method improvements are effected, can result in looseness and, therefore, unduly high bonus earnings. Also, if the operator is off-colour one day his bonus can drop appreciably. Where the nature of the work prevents accuracy in setting times, it is possible and desirable to device geared schemes.

Four Groups

The aforesaid schemes cover the more straight-forward types of incentive schemes based on standard times established mostly by work study and which are largely, but not entirely, applicable to manual operations. But there are many other types of incentive schemes which have been introduced in all kinds of undertaking. Mr. Manthei singles out four groups of incentive schemes for special mention. The first is machine controlled and process work. This can be further classified into two groups, one relating to the familiar line-production in the electrical and automobile industries and, the second, to all the other types of mechanised industries, together with process work as in the chemical engineering industries. In the first group, work study is still employed to determine the amount of work load that can be handled by each operator along a production line where the speed of output is constant but the wages become fixed at some higher level. This is sometimes known as a measured, day-work scheme. In some instances, a small addition is made on a merit-rating basis. In these cases, it is up to supervision to ensure that each operator along the line is carrying out his duties as planned. In the second group, in which the measure of output is, in many cases, not directly related to the work done by operators such as in other machine and process fields, the bonus payment may be based on the amount of waste reduction such as the "broke" in paper making, the quantity of phosphate produced from the digestion of bones and so on. They may also be based on machine utilisation such as the number of bottles coming off a filling line per hour. In all these cases, particular care has to be exercised in establishing what is the attainable standard, a standard which may never have been actually achieved.

The second group consists of merit-rating schemes, which are concerned with assessing the abilities and efforts of individuals in their jobs and not, as in work study, with the work content of the jobs themselves. Some consideration must, of course, be given to the amount of work performed and to other factors such as co-operation, adaptability, initiative, length of service, time keeping, performance, quality of work and so on.

Merit-rating encourages selected qualities. Supervisors are also encouraged to become more responsible for the quality of the operators under their control. The disadvantages are that the incentive for increased output is not high. The supervisors may become slack in assessing the merit-rating factors resulting in high bonuses all round.

Advantages

Graded hourly rate schemes form the third group. These schemes, unlike merit-rating, involve the assessment of the jobs themselves. A job evaluation on a points basis needs to be undertaken as a first step in the formulation of the scheme. Points are given for such factors as experience and training, the skill required, responsibility for physical effort, hazards and so on. The subsequent conversion of the points into wages then gives a wage structure dependent on the job done and not on the qualities of operators. The advantages claimed for this system are: (1) full control of earnings and wage cost, (2) less resistance to the introduction of new methods and equipment, (3) less resistance to the free and full use of work study, (4) encouragement of supervision to manage and (5) improvement of labour relations. The disadvantage is that the incentive to output is not high.

Graded hourly rates with incentives, an

improved form of the previous one, constitutes the fourth group. In these schemes a small part of the total wages (not more than 15 per cent) is allocated as bonus, dependent on co-operation, adaptability, initiative quality of work and other factors.

Schemes for the Whole Organisation

Apart from the schemes described above there are several schemes wherein payments are made to all members of the organisation based on some overall calculation of results. The more important of these are three in number. They are: (1) Scanlon plan, (2) *Profit-sharing* and (3) *Co-partnership*. The main features of these schemes as described by Mr. Manthei are as under:

Scanlon Plan: This type of plan is based on the reduction of the ratio of wages to turnover from the standard ratio, resulting in a total bonus, which is distributed to the Company and all the staff. Indices other than turnover, such as profit, added value, etc., may be used. For example, if the normal ratio of wages to sales turnover were 40 per cent and if, for a particular month, the turnover were £1,000, then the normal wage bill for that month would have been £400. If, however, the wage bill were actually £300, then £100—the difference between £400 and £300—would be available for distribution. 75 per cent of this would be distributed to the workers in proportion to their gross monthly earnings and 25 per cent would be put into reserve as a buffer to absorb fluctuations due to seasonal trade conditions. Anything remaining in this fund at the end of the year would be distributed between the Company and the workers in the ratio of 25 per cent to 75 per cent.

Adjustments to the standard ratio of wages to turnover are made due to change in prices, wage rates and technical changes involving substantial changes in equipment resulting in reduction in the labour force.

Production committees are formed comprising management and workers to discuss ways and means of reducing costs.

Some of the benefits claimed from the Scanlon plan are that more suggestions come from operatives themselves, that older workers are more eager to teach their skills to less experienced men, that production costs are reduced, that there are fewer complaints, an improvement in deliveries and a better team spirit all-round.

These benefits are claimed by a number of companies in America who operate the plan with enthusiasm. There have, however, been some failures too:

Profit-sharing: This type of scheme is usually in the form of a share of profit in proportion to wages and/or length of service. A certain proportion of profits above a certain figure is set aside for this purpose.

Unfortunately, individuals may work extremely hard and yet, for some reason unconnected with their efforts, profits, and therefore earnings too, may fall. It may be argued that workers should not be expected to suffer business hazards and fluctuating incomes. These are risks for owners only.

A further injustice is inherent in the profit-sharing scheme because no distinction is made between individuals of different capacities who happen to be at the same wage or salary level.

Profit-sharing appears attractive as a means of sharing the fruits of labour among those who contributed the labour. It is not so attractive when it is a question of sharing the risks. Evidence seems to be lacking as to the real degree of effectiveness of profit-sharing as a positive incentive to the majority of employees in a business.

Co-partnership: A more rigid form of profit-sharing is the system of giving workers shares in business. The philosophy behind it is that there is a maximum incentive when the element of ownership is present.

Co-partnership suffers from the same drawback as profit-sharing—but at least with profit-sharing the worker can do what he wishes with his money. Co-partnership not only ties his labour to the Company, it ties his investments to the Company too. A high proportion of his eggs are in one basket, and the question of risk mentioned in connection with profit-sharing is intensified with co-partnership. It is true that the shares can usually be sold, but doubtless many workers feel under these circumstances that they may incur the disapproval of management by selling. It may, however, be argued that if the Company is powerful enough there is little risk involved.

The Paradox

The paradox of schemes applying to all individuals in an organisation is that, if the organisation is small, the incentive is great but the risks are high. If, on the other hand, the organisation is large, the incentive is small but the risks are low.

Which of the schemes described above should be adopted? Mr. Manthei sets out to answer this question, which, he says, is not easy, because so many factors are involved. In his opinion, however, individual schemes based on work-studied standard times produce the best immediate results in increased productivity and reduced cost. But there can be, he says, a risk of these benefits not lasting. For there is a tendency for method study improvement, produced by increased familiarity with the work, coupled with slackness on the part of the work study department in maintaining its activities during these changes, to create a "looseness" in time. This allows performance to rise, coupled with increases in bonuses, for no greater effort or productivity. As long as management-labour relations are of the highest order and proper work study discipline is observed this drift, however, can be avoided.

It must be borne in mind, points out Mr. Manthei, that there is no universal panacea that can be applied to fit all cases in all industries and businesses. Methods of paying wages in which benefits in increased productivity and reduced cost can be achieved, together with good labour-management relations, could be worked out to suit the particular conditions and particular needs of each situation.

Trend in U.S. and U.K.

It is by no means clearly evident that the trend in industry in the U.S. is towards high day rates and that incentives are on the way out. This, however, does apply to some of the giant American firms where machine-controlled line production plays a major part. Although there is a definite tendency to discard incentive schemes in these concerns, statistics show that there is still a large proportion of workers on direct incentives in both America and Britain. Thus, about 30 per cent of the workers' in the U.S. are on some form of direct incentives, the corresponding percentage for Britain being 40 per cent. Even if there is no significant statistical shift away from the use of wage incentives, it is true that far more managements today question whether incentive plans of one kind or other or not at all should be employed. Changed attitudes are more important than statistics. It is no doubt true that individual incentive schemes based on work study give good results quickly; merit-rating schemes will not give such good results as individual schemes but they create a better attitude among the workers. Similarly, graded hourly-rate schemes will not give such good results in output but they do encourage better management which in turn produces better labour relations.

Best Solution

In view of this situation, the best overall solution, which has the advantage of both worlds, according to Mr. Manthei, is to introduce individual incentive schemes based on work study, where, of course, previous conditions of wage payment on labour attitude permit. Then after 6 or 12 months, but before the work-study enthusiasm wears out, the scheme can be converted into a graded, hourly rate scheme with incentives. However, whatever scheme is adopted, the need for imaginative management is all-important. When considering means for improving productivity, one must look at organisational structure, communications, management attitude towards labour, etc., as improvements in these spheres will encourage workers to want to contribute to the well-being of the Company as a whole. These are problems of motivation in which management must take the lead by making positive move towards better systems of wage payment. For what is needed is "not only a union of management and labour on paper but a union of hearts and minds."

Notices

NEW INDIA INVESTMENT CORPORATION LIMITED

NOTICE IS HEREBY GIVEN THAT THE twenty-seventh Ordinary General Meeting of the shareholders of New India Investment Corporation Ltd., will be held at the Registered Office of the Company at 9, Brabourne Road, Calcutta, at 4.15 p.m. on Monday the 29th June, 1964, to transact the following business:—

1. To receive and adopt the Directors' Report and Audited Profit and Loss Accounts and Balance Sheet for the year ended 31st December 1963.
2. To declare dividends as recommended by the Directors.
3. To elect Directors in place of those retiring.
4. To appoint Auditors and to fix their remuneration.

The share transfer register of the Company will be closed from 23rd to 29th June, both days inclusive.

By Order of the Board,

(Sd.) RAMDUTT RAMKISSENDASS,
Secretaries and Treasurers.

CALCUTTA, *29th May* 1964.

Note: (*a*) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

(*b*) The dividends if declared will be paid on or after 10th July, 1964 to those shareholders whose names appear on Company's books on 29th June 1964 or to their mandatees. No application for dividend warrants will be necessary.

BRIDGE AND ROOF COMPANY (INDIA) LIMITED

NOTICE IS HEREBY GIVEN TO THE members of the above-named Company that the Annual General Meeting (being the eightieth Ordinary General Meeting of the Company) will be held at the Registered Office of the Company, 21, Netaji Subhas Road, Calcutta, on THURSDAY, 25TH JUNE, 1964 at 3-30 p.m., to consider the Accounts of the Company for the year ended 31st December, 1963, to transact other ordinary business and the undernoted special business:

SPECIAL BUSINESS

NOTICE is also hereby given of the following resolution which will be proposed as an Ordinary Resolution, of which Special Notice dated 22nd May, 1964 as required by Section 257(1) of the Companies Act 1956, has been received:—

"That Mr. H. K. FitzGerald be and is hereby appointed a Director of the Company."

NOTICE is also hereby given that the Transfer Books and Register of Members of the Company will be closed from 19TH JUNE, 1964 to 25TH JUNE, 1964, both days inclusive.

By Order of the Board,
BALMER LAWRIE & Co. LTD.,
D. MANSON,
Managing Director,
Secretaries.

21, NETAJI SUBHAS ROAD,
CALCUTTA, *25th May*, 1964.

Note:—A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. Such proxy need not be a member of the Company.

An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 has been forwarded to the members of the Company.

ORISSA CEMENT LIMITED
RAJGANGPUR

THE FOURTEENTH ANNUAL GENERAL Meeting of the shareholders of the Company will be held at Rajgangpur, the Registered Office of the Company, on 29th June 1964, at 2.00 p.m. Notices of the meeting setting out the Agenda and Explanatory Statement on the special business to be transacted thereat have been sent by post.

By Order of the Board,
S. C. AGGARWAL,
Secretary

Dated: *12th May* 1964.

TATA MILLS' PROFIT DROPS FURTHER

ANOTHER TWO-POINT CUT IN DIVIDEND

A FURTHER decline in gross profit from Rs. 39.15 lakhs to Rs. 32.53 lakhs, in spite of a substantial improvement of Rs. 34.52 lakhs to Rs. 534.92 lakhs in net sale proceeds (excluding the excise burden of Rs. 73.66 lakhs) as compared with only the limited rise of Rs. 17.03 lakhs to Rs. 483.37 lakhs (excluding the excise burden of Rs. 63.12 lakhs) a year before, features the financial results of the Tata Mills Ltd. [Managing Agents: Messrs. Tata Industries (Private) Ltd., Bombay] for the year ended 31st December 1963. The setback in profit, which amounts to Rs. 6.62 lakhs, is much smaller as compared with the sharp drop of Rs. 35.12 lakhs in the previous year. But this is no consolation to shareholders, because the return on their Rs. 25 fully paid ordinary shares has been pruned once again by two points to 18 per cent per annum, subject to tax. This cut has been imposed in spite of the fact that the net profit at Rs. 17.24 lakhs does not compare particularly unfavourably with Rs. 17.81 lakhs realised in the previous year. In fact, it has remained more or less the same, because the Company has totally escaped the tax liability for the year (which in the previous year was Rs. 7 lakhs) except Rs. 1 lakh provided for the tax on dividend under the Finance Act 1964.

A clue to why the dividend has been cut is provided in larger allocations to depreciation and development rebate reserve, amounting to Rs. 13.79 lakhs and Rs. 4.50 lakhs, as compared with Rs. 12.70 lakhs and Rs. 4 lakhs, respectively, a year before. These provisions have helped the Company to escape the tax liability but left a surplus profit which is not sufficient to cover the dividend at the previous year's rate. Maintaining the dividend would have meant a dip into reserves which the Directors have naturally avoided doing, especially when a higher rate of dividend would have meant a higher dividend tax. Including other appropriations, the total amount carried to reserves is more at Rs. 5.40 lakhs as compared with Rs. 4.98 lakhs in the previous year. The dividend absorbs Rs. 11.80 lakhs and is to be paid out of dividend reserve to which Rs. 12.40 lakhs have been transferred from the year's profit.

The following comparative table mirrors the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sale proceeds	534.92	500.40	483.37	405.62
Other income	2.40	4.31	1.78	1.43
Stocks of finished goods and in process	98.79	121.87	109.85	80.60
Materials and stores consumed	238.83	252.67	232.43	194.63
Other expenses	222.89	224.91	207.70	190.71
Gross profit	32.53	39.15	74.27	44.83
Managing Agents' commission	0.50	1.64	4.18	2.39
Provision for—				
Depreciation	13.79	12.70	11.37	10.09
Taxation	1.00	7.00	16.00	..
Net profit	17.24	17.81	42.72	32.35
Withdrawal from reserves and provisions	..	..	..	10.35
To reserves	5.40	4.98	28.25	29.59
Dividend	11.80 (18%)	13.12 (20%)	14.43 (22%)	13.12 (20%)
Carry forward	0.06	0.02	0.30	0.26
Equity shares' market value (in rupees): 1964	1963	1962	1961	1960
High	59.00	62.00	75.50	53.00
Low	51.20	49.50	51.00	38.00

Regretting that the year's results have been disappointing, the Directors state that the setback in profit has been due mainly to the continuation of the voluntary price control, unremunerative export prices and higher costs of cotton, stores and other items of production. Apart from these factors, they add, the Company embarked, in order to secure a better realisation, on a programme of substantial changes in the pattern of production which disrupted production schedule. It continued to concentrate more on the production of bleached, printed and finished cloth for improving its earning capacity. During the year, various non-woven products, which would meet the needs of the sugar, dairy, garment, laundry and other industries, were further experimented with. In some cases satisfactory results were obtained after considerable development work. This being an entirely new field, the Directors feel that sustained development work and sales effort have to be continued.

During the year, new plant and machinery worth Rs. 29 lakhs were installed. The important additions were super cleaners, combers, a curing unit, a needling unit for the non-woven plant, high speed drawing frames, inter frames and dyeing jiggers. These will enable the mills to produce better quality cloth at more profitable rates. Towards the end of the year, the value of works under construction and machinery received at the mills awaiting installation was Rs. 27 lakhs. Additional machinery worth Rs. 9 lakhs has been ordered this year. The installed capacity of the mills is 70,840 spindles and 1,765 looms. Besides the 13,640 spindles already sanctioned, the Company was allowed, during the year, to install 20,000 spindles for balancing production. Further permission was received to acquire and install 6,336 additional spindles, being 7.5 per cent of the total sanctioned spindleage. A hundred and forty-four of the 192 automatic looms sanctioned for replacement purposes are under installation.

The addition to fixed assets over the past five years amounting to Rs. 137 lakhs approximately, largely on account of renovation and rehabilitation, has been financed mainly from retained profits and borrowings. The gross block at the end of the year has increased to Rs. 378.23 lakhs from Rs. 353.93 lakhs a year before. It has been written down to Rs. 221.67 lakhs. As against this, the paid-up capital stands at only Rs. 65.58 lakhs, whereas it is backed by nearly double that amount, which is precisely Rs. 104.79 lakhs (excluding Rs. 11.80 lakhs from dividend reserve, required for paying the year's dividend), in reserves and surplus. In order to restore the imbalance between the share capital and the block account, the Directors have decided to issue 87,438 further ordinary shares at par to the existing shareholders in the proportion of one new share for every three shares held. Further, they propose to issue Rs. 60 lakhs worth of debentures and to pledge Rs. 40 lakhs worth with a bank against an additional demand cash credit of Rs. 35 lakhs. The debentures will rank *pari passu* with the existing (1966-71) 5 per cent debentures of Rs. 39.51 lakhs. Borrowings from banks and other sources are shown at Rs. 215.06 lakhs and current liabilities and provisions (including the year's dividend liability) at Rs. 84.95 lakhs. The total short-term indebtedness thus amounts to Rs. 300.01 lakhs, as against which current assets, book debts and investments aggregate Rs. 260.89 lakhs, falling short of the former by some Rs. 40 lakhs.

Currently quoted at Rs. 53.20 *cum-div.*, the Rs. 25 fully paid ordinary shares of the Company offer a net yield of 7.2 per cent per annum.

AHMEDABAD ADVANCE PAYS LESS

Like Tata Mills, the Ahmedabad Advance Mills Ltd., one of the other two cotton textile mills managed by Messrs. Tata Industries (Private) Ltd., has suffered a further setback in its profit for 1963, from Rs. 23.97 lakhs to Rs. 16.94 lakhs, in spite of an improvement of more than Rs. 12 lakhs in net sales from Rs. 307.61 lakhs to Rs. 319.87 lakhs, excluding the excise duty paid amounting to Rs. 58.66 lakhs, as against Rs. 54.91 lakhs a year before. The reasons for the decline in profit are the same as those for Tata Mills (reviewed above), namely, the continuation of the voluntary price control scheme, unremunerative export prices and higher production costs. Net profit at Rs. 6.28 lakhs is less than half of that (Rs. 14.38 lakhs) for the previous year. Excepting Rs. 35,000 provided for tax on dividend, no provision has been made for taxation in view of the carry forward of unabsorbed depreciation of past years. The dividend on the 100-rupee ordinary shares has been reduced again by one point from 12 per cent to 11 per cent per annum. Together with the preference dividend, the total amount distributed to the shareholders is Rs. 5.39 lakhs, as against which only Rs. 2.70 lakhs have been set apart for dividend reserve from which the entire dividend liability is to be met. Thus more than half of the equity dividend is to be paid from the previous years' accumulated profits. The actual depletion of reserves is to the extent of Rs. 3.01 lakhs, as against which Rs. 3.55 lakhs (Rs. 1 lakh a year before) have been carried to development rebate reserve and Rs. 10,000 have been set apart again for gratuity reserve. The carry forward is Rs. 7,385, as against Rs. 14,370 brought in.

The following comparative table gives a clear idea of the Company's progress in the past four years:

(In lakhs of rupees)

	Year ended 31st December			Half year to 31st Dec. 1960
	1963	1962	1961	
Sale proceeds	319.87	307.61	300.24	135.94
Other income	0.57	0.69	0.00	0.52
Stocks of finished goods and in process	71.33	77.29	75.49	68.48
Materials and stores consumed	158.32	153.95	142.67	73.22
Other expenses	138.51	133.18	126.31	67.24
Gross profit	16.94	23.97	39.26	14.07
Managing Agents' commission	0.50	0.88	1.81	0.70
Provision for—				
Depreciation	9.81	8.71	8.44	3.82
Taxation	0.35	..	..	..
Net profit	6.28	14.38	29.01	10.45
Withdrawal from reserves and provisions	3.01	..	..	0.21
To reserves	3.65	8.96	23.65	7.79
Dividends—				
Preference	0.71	0.71	0.71	0.32
Ordinary	5.00 (10%)	4.68 (11%)	4.80 (12%)	2.40 (12%)
Carry forward	0.07	0.14	0.11	0.27
Equity shares' market value (in rupees): 1964	1963	1962	1961	1960
High	146.00	147.50	222.50	204.00	190.00
Low	134.00	130.00	169.00	165.00	142.50

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During the year, new plant and machinery worth Rs. 23 lakhs were installed. The important additions were a sanforiser, auto weft winder, felt calender, hot flue, super cotton cleaner, auto jiggers and automatic looms. Towards the end of the year, the value of works under construction and machinery received but awaiting installation was Rs. 18 lakhs. The 96 automatic looms about which reference was made in the last year's report were received during the year under review and 52 looms were erected and put into operation by the end of the year. Six warp ring frames were converted to SKF drafting system. These additions form a part of an increase of Rs. 76 lakhs in gross block over the past five years. During the year under review itself, the gross block has expanded from Rs. 234.26 lakhs to Rs. 265.60 lakhs; it stands written down at Rs. 145 lakhs.

Since this expansion of gross block over the past five years, largely on account of renovation and rehabilitation, has been financed mainly from internal resources and borrowings and since it is going to be a continuous process (already the extension of the loom shed and the purchase of a set of combers and 144 automatic looms have been sanctioned by the Directors), the Directors have decided to increase the authorised capital of the Company from Rs. 60 lakhs, divided into 50,000 ordinary shares of Rs. 100 each and 10,000 preference shares of Rs. 100 each, to Rs. 110 lakhs by the creation of 50,000 additional new ordinary shares of Rs. 100 each. It is proposed to issue out of these new shares 10,000 shares as bonus shares to the existing shareholders in the proportion of one for five. This will be done by capitalising Rs. 10 lakhs standing under share premium account, which will reduce the total of reserves and surplus (excluding Rs. 5.71 lakhs from dividend reserve required for the year's dividend liability) to Rs. 72.99 lakhs. After making the bonus issue, it is proposed to make a one-for-four rights issue at par. In addition to increasing the share capital, the Directors propose to issue Rs. 70 lakhs worth of debentures and pledge Rs. 40 lakhs worth with a bank against an additional demand cash credit of Rs. 35 lakhs. These debentures will rank *pari passu* with the existing (1966-71) 5.5 per cent debentures of Rs. 30 lakhs. Besides these, there are borrowings of Rs. 120.96 lakhs and current liabilities and provisions (including the year's dividend liability) of Rs. 53.42 lakhs, bringing the total short-term indebtedness to Rs. 168.67 lakhs, as against which current assets, book debts and investments aggregate Rs. 184.65 lakhs.

The net yield on the Rs. 100 fully paid ordinary shares of the Company at their current market value of Rs. 140 *cum-div.* is 6 per cent per annum.

BHARAT COMMERCE AND INDUSTRIES

In spite of certain handicaps, such as the rather depressed prices of staple fibre yarns, a further increase in production costs because of a rise in wages, prices of stores and other raw materials, and the increase in the excise duty on staple fibre by 33⅓ per cent under the 1963 Finance Act, Bharat Commerce and Industries Ltd. (Managing Director: Mr. Hardatta Rai Sugla, Calcutta) has made further progress during the past calendar year. Its gross sales have gone up by approximately Rs. 98 lakhs from Rs. 331.87 lakhs to Rs. 429.75 lakhs, mis-

cellaneous receipts show an increase of over Rs. 5 lakhs from Rs. 10.05 lakhs to Rs. 15.61 lakhs and the gross profit has improved by nearly Rs. 4 lakhs from Rs. 39.67 lakhs to Rs. 43.26 lakhs. On the expense side, the cost of raw materials and stores consumed has risen from Rs. 229.32 lakhs to Rs. 295.30 lakhs, staff expenses have jumped up from Rs. 38.68 lakhs to Rs. 50.13 lakhs and other expenses have increased by Rs. 13.55 lakhs to Rs. 48.55 lakhs.

Out of the gross profit, the Directors have set apart Rs. 16.06 lakhs for depreciation, as against Rs. 11.62 lakhs a year before, and Rs. 9.61 lakhs for development rebate reserve, as against Rs. 5.88 lakhs. In view of the allowances of depreciation and development rebate under the provisions of Income-tax Act, 1961, the Directors feel that there will be no tax liability for the year under review and that the amount standing to the credit of provision for taxation (which is shown in the balance-sheet at Rs. 14.75 lakhs, including Rs. 6.25 lakhs provided for 1962) is quite adequate to meet the Company's tax liability up to the end of the year. However, a sum of Rs. 1.50 lakh (Rs. 2 lakhs a year before) has been provided for contingencies. The profit, after these allocations, which according to the published accounts is deemed net profit, amounts to Rs. 16.08 lakhs, as against Rs. 13.92 lakhs for the previous year. Out of this, Rs. 6 lakhs (Rs. 5 lakhs in 1962) have been carried to the general reserve and the balance is utilised for paying the preference dividend absorbing Rs. 2.70 lakhs and the equity dividend absorbing Rs. 7.50 lakhs at the rate of Re. 1.50 per share, which is the same as in the previous year.

According to the published results, the ratio of turnover of Rs. 430 lakhs to earnings of Rs. 43 lakhs is 10 per cent, that of capital assets (shown at a written down value of Rs. 244.46 lakhs) to earnings is 18 per cent, that of share capital (amounting to Rs. 80 lakhs, including Rs. 30 lakhs in 9 per cent cumulative redeemable 100-rupee preference shares) to earnings 53 per cent, and that of capital and reserves (which aggregate Rs. 145.62 lakhs) to earnings is 29 per cent. The total number of equity shareholders at the end of the year was 17,344, who held between them 500,000 shares of Rs. 10 each. The net profit of Rs. 16 lakhs, as split between these equity shares, works out to Rs. 3.20 per share.

During the year, the gross block increased by a net amount of Rs. 85.61 lakhs to Rs. 279.80 lakhs, as against which the net block is shown at Rs. 224.62 lakhs. Borrowings at Rs. 133.16 lakhs and current liabilities and provisions amounting to Rs. 52.60 lakhs bring the total of dues by the Company to Rs. 185.76 lakhs, which exceeds the total of current assets, book debts and investments by a fairly big margin of Rs. 98.84 lakhs.

The plant at Nagda had 30,360 ring spindles and 16,544 doubling spindles at the end of the year. Within a year's time, 3,500 waste spindles are expected to be installed there. The Thana plant worked 25,920 spindles on staple fibre against its licensed capacity of 28,000 spindles of staple fibre and 25,000 spindles of cotton, all of which will, however, be installed in stages within three years. The *Terelyne* blended viscose yarn manufactured by this unit has been well received in the market. The plant at Nanjangud had 15,392 spindles and 202 looms installed out of the 27,392 spindles and 302 looms licensed. It is proposed to reach the rated capacity in due course in the light of the Government's decision favouring production at full capacity. A part of the machinery in this plant is renovated, but completion of the renovation programme will take four to five years. The plant at Rajpura is nearing completion and will reach full capacity in due course.

Among the new schemes, the one for manufacturing H.T. and L.T. porcelain insulators has been approved, but since the import licences are against rupee payments, the plant has not been ordered. A proposal to install a cotton spinning plant in M.P. is being considered. The Company may increase its capital for financing the expansion programme.

The net yield on the 10-rupee ordinary shares of the Company at their current market value of Rs. 20 *cum-div.* is 6.3 per cent per annum.

NEW INDIA INDUSTRIES

The results of the New India Industries Ltd. [Managing Agents: Messrs. Distributors (Baroda) Private Ltd., Baroda] for the year ended 31st December 1963 are, indeed, heartening. Thanks to the satisfactory working of the camera factory and the commencement, in March 1963, of production by the photographic paper factory, the turnover has expanded by over 30 per cent from Rs. 114.79 lakhs to Rs. 149.57 lakhs; at the same time, the closing stock of finished goods stands appreciably higher at Rs. 11.97 lakhs, as against a mere Rs. 0.78 lakh at the commencement of the year. Consequently, the gross profit has advanced from Rs. 23.56 lakhs to Rs. 39.00 lakhs. The profit-margin (ratio of gross profit to sales) has thus widened by no less than 5.5 points to 26 per cent.

The major portion of the enlarged gross profit, however, has been mopped up by the essential provisions. The Managing Agents' commission takes up Rs. 2.23 lakhs as against Rs. 1.82 lakh, and depreciation Rs. 14.98 lakhs or Rs. 10.65 lakhs more than in 1962. Taxation, however, is lower at Rs. 6.85 lakhs, as against Rs. 9.25 lakhs. Nevertheless, the net profit is better at Rs. 14.94 lakhs, as compared with Rs. 8.16 lakhs the year before. Out of this, the Directors have transferred Rs. 15.07 lakhs (Rs. 7.93 lakhs) to reserves including Rs. 9.26 lakhs (Rs. 1.29 lakh) to the development reserve. They have also proposed a dividend of Rs. 8.57 per preference share of Rs. 100 each and an ordinary dividend of Rs. 15 per share, both subject to deduction of tax, and the former claiming Rs. 1.29 lakh and the latter Rs. 6.60 lakhs. It will be recalled that no ordinary dividends were either declared or paid during the preceding two years with a view to conserving resources, but bonus shares were issued, instead.

The progress made by the Company during the past four years is well brought out by the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sales	149.57	114.79	113.01	113.72
Other income	0.73	0.98	0.51	0.70
Closing stocks of finished goods	11.97	0.78	1.81	2.24
Raw materials and stores consumed	70.68	56.76	62.10	53.14
Other expenses	51.86	34.40	34.20	40.62
Gross profit	39.00	23.56	16.79	21.93
Managing Agents' commission	2.23	11.82	1.30	1.81
Provision for—				
Depreciation	14.98	4.33	3.61	3.55
Taxation	6.85	9.25	6.61	8.50
Net profit	14.94	8.16	5.27	8.07
Withdrawal from reserves and provisions	7.92	0.77	0.27	..
To reserves	15.07	7.93	5.49	1.36
Dividend—				
Preference	1.29	1.29	0.80	..
Ordinary	6.60 (15%)	..	..	6.90 (25%)
Carry forward	0.05	0.14	0.43	1.18
Market price of ordinary shares (in rupees):	**1964**	**1963**	**1962**	**1961**	**1960**
High	377	398	460	424	588
Low	369	300	381XR	380	379

Consequent upon the issue of bonus shares made in 1962 in the proportion of one ordinary share for every 10 ordinary shares held, the ordinary share capital of the Company has risen from Rs. 39.99 lakhs to Rs. 43.98 lakhs which, together with the preference share capital of Rs. 15 lakhs, makes for a total share capital of Rs. 58.98 lakhs. This is supported by reserves aggregating Rs. 63.56 lakhs excluding the amount earmarked for the payment of preference and ordinary dividend in respect of the year under review. Owned funds, therefore, have risen from Rs. 115.45 lakhs to Rs. 122.54 lakhs. Nonetheless, outside finance stands enlarged by Rs. 28.67 lakhs at Rs. 101.60 lakhs comprising Rs. 86.86 lakhs as secured and unsecured loans and Rs. 14.75 lakhs as current liabilities and provisions. On the assets side, following the additions worth Rs. 103.03 lakhs made during the year, the block account has increased to Rs. 200.68 lakhs and yields, on deduction therefrom of the accumulated amount of Rs. 70.32 lakhs by way of depreciation, a net block of Rs. 130.37 lakhs. Investments, mostly in unquoted shares, are carried in the books at a cost of Rs. 1.75 lakh, while current assets, loans and advances amount to Rs. 99.91 lakhs in all.

The present market price of the Rs. 100 fully paid ordinary shares of the Company is Rs. 370 *cum-div.*, at which rate the net yield works out to about 3.4 per cent per annum.

CALCUTTA STEEL COMPANY

Shareholders of the Calcutta Steel Company Ltd. (Director: Mr. G. S. Nevatia, Calcutta) must have been heartened by the decision of their Directors to restore fully the 2.5 per cent cut in dividend imposed in the past year. Thus, the dividend for the year ended 31st March, 1964 on the 10-rupee ordinary shares has been raised to the earlier level of 15 per cent per annum, subject to tax, because, in spite of a decline in gross sales from Rs. 378.84 lakhs to Rs. 351.78 lakhs, in contrast to an improvement of Rs. 48 lakhs in the previous year, the gross profit has gone up considerably from Rs. 45.05 lakhs to Rs. 59.41 lakhs. The excise burden has amounted to only Rs. 77,938, as against Rs. 15.29 lakhs in the previous year. But even after excluding this amount of excise, the net sale proceeds show a slight setback from Rs. 363.55 lakhs to Rs. 351 lakhs.

It may appear that the higher gross profit for the year under review has been on account of the lower burden of excise. But according to the Directors, it is not so. They state that, whereas the excise burden has declined because the Government abolished the duty on bars and rods which had been imposed on 24th April 1962, the Company has attracted a similar duty levied instead on steel billets which are its raw material. It will be seen, the Directors add, that this change in procedure in regard to the excise duty has had no effect on the working results of the Company.

The improvement in profit is attributed by the Directors mainly to a better production of wire rods. The actual quantity produced is not disclosed. But the Directors state that but for the continued shortage of raw material and power, the production would have been higher still. Further, in spite of the levy of an excise duty on billets, the cost of raw materials and stores consumed during the year has come down from Rs. 283.56 lakhs to Rs. 267.43 lakhs, which is, however, explained by the fact that the stock of raw materials at close has been much lower at Rs. 9.92 lakhs as compared with Rs. 27.10 lakhs a year before. Other expenses have increased marginally from Rs. 28.49 lakhs to Rs. 29.26 lakhs.

With a negligible credit of Rs. 5,328 taken for development rebate as against Rs. 35,768 in the previous year, the increase in gross profit has meant an increase of Rs. 8 lakhs to Rs. 32 lakhs in the tax provision. Because of this increase in the tax liability, the net profit shows an improvement of only about Rs. 6 lakhs to Rs. 20.97 lakhs, which, however, contrasts with the setback of about Rs. 3 lakhs suffered in the previous year. One-fourth of this profit, as against a little more than one-third in the previous year (the precise amount being Rs. 5.05 lakhs, as against Rs. 5.36 lakhs) has been ploughed back to reserves. The dividend, as noted at the outset, has been stepped up from 12½ per cent to 15 per cent. The carry forward is Rs. 1.58 lakh, as against Rs. 65,077 brought in.

The following table compares the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st March			
	1964	1963	1962	1961
Sales of finished goods	351.78	378.84	320.04	418.13
Other income	0.76	0.48	0.85	0.20
Closing stock of finished goods	9.71	5.58	12.31	10.49
Materials and stores consumed	267.43	283.56	269.16	236.96
Excise duty	0.78	15.29	..	..
Other expenses	29.26	28.49	28.20	26.97
Gross profit	59.41	45.05	40.25	53.43
Provision for—				
Depreciation	6.44	6.22	5.17	5.68
Taxation	32.00	24.00	17.00	20.80
Net profit	20.97	14.83	17.98	26.95
To reserves	5.05	5.36	0.93	11.35
Dividend	15.00 (15%)	12.50 (12.5%)	15.00 (15%)	15.00 (15%)
Carry forward	1.58	0.65	3.68	1.63
Equity shares' market value (In rupees):	**1964**	**1963**	**1962**	**1961**
High	15.12	14.87	18.06	26.12
Low	13.00	12.75	14.69	14.94

The partial decontrol of steel from 1st March 1964 covers all the products of the Company. The Directors state it is too early to assess the full impact of decontrol on the working of the Company, but they look forward to reasonably favourable results. The Company has been granted a letter of intent for the manufacture of billets by continuous process and it has appointed a reputable firm of consulting engineers for preparing the necessary project report and technical advice.

The Company's paid-up capital, unchanged at Rs. 100 lakhs, is rather poorly supported by reserves and surplus amounting to Rs. 24.28 lakhs. Against current liabilities and provisions shown at Rs. 92.50 lakhs, current assets, book debts and investments total Rs. 153.56 lakhs. The gross block of Rs. 87.42 lakhs (Rs. 75.57 lakhs a year before) has been written down to Rs. 63.23 lakhs.

Currently quoted at Rs. 14.31 *cum-div.* the Rs. 10 fully paid ordinary shares of the Company offer a very attractive net yield of 9.1 per cent per annum.

Notices

THE SVADESHI MILLS COMPANY LIMITED

NOTICE

THE SEVENTY-EIGHTH ANNUAL GENERAL MEETING of THE SVADESHI MILLS COMPANY LIMITED, will be held at the Registered Office of the Company, Bombay House, 24, Bruce Street, Fort, Bombay 1, on Friday, the 26th June 1964, at 4-30 p.m., to transact the following business:—

1. To adopt the Directors' Report and the audited Profit and Loss Account of the Company for the year ended 31st December 1963, and the audited Balance Sheet as at 31st December 1963.
2. To declare dividends on Preference and Ordinary shares.
3. *To appoint a Director in place of* Sir Fazal Rahimtoola, Kt., C.I.E., who retires by rotation and is eligible for re-appointment and to consider, and if thought fit, to pass the following resolution of which a special notice, as required under Section 281 of the Companies Act, 1956, has been received by the Company:—

   "RESOLVED, pursuant to the provisions of Section 281 and other applicable provisions (if any) of the Companies Act, 1956, that Sir Fazal Rahimtoola, Kt., C.I.E., who has attained the age of 68 years and who retires by rotation, be and is hereby re-appointed a director of the Company and it is hereby specifically declared that the age limit for directors prescribed under Section 280 of the said Act shall not apply to him."
4. To appoint a director in place of H. H. Maharaja Fatesinghrao Gaekwad who retires by rotation but does not offer himself for re-appointment and to fill which vacancy a notice has been received by the Company from certain members under Section 257(1) of the Companies Act, 1956, proposing Mr. Surottam Hutheesing as a director.
5. To appoint Auditors and to fix their remuneration.
6. To consider, and if thought fit, to pass the following Resolution as a Special Resolution:

   "RESOLVED that as required by the provisions of Section 360 of the Companies Act, 1956, if at all applicable, and other applicable provisions, if any, of the said Act, the Company approves of Mr. A. S. B. Tata, an associate of the Managing Agents of the Company, being a relative of a director of the Managing Agents and its holding Company, Tata Sons Private Ltd., continuing in the employment of the Company and having contracts of employment with the Company and its sister Companies, the Tata Mills Ltd., the Ahmedabad Advance Mills Ltd., and the Central India Spinning, Weaving and Manufacturing Company Ltd., in the Textiles Department at the Head Offices of the said Companies on an aggregate basic salary of Rs. 1,335 per month and applicable dearness allowance in the basic salary Grade VI applicable to the said Textiles Department viz., Rs. 775-50-975-60-1,455 and that such salary and dearness allowance be, as hitherto, divided equally between the Company and the said the Tata Mills Ltd., the Ahmedabad Advance Mills Ltd. and the Central India Spinning, Weaving and Manufacturing Company Ltd., so that the share of this Company is Rs. 334 (basic salary) per month and applicable dearness allowance with authority to the Board to grant such allowances and the benefits, amenities and facilities applicable to other employees occupying similar posts including staff superannuation fund, provident fund and retiring gratuity benefits and with further authority to the Board of Directors to sanction at their discretion double or higher increments within the grade or to withhold such increments as they may deem fit and proper.

   RESOLVED FURTHER that the Company hereby confirms and approves the payment of remuneration made to Mr. A. S. B. Tata from 28th December 1960 upto date under the scale mentioned above."
7. To consider and, if thought fit, to pass the following Resolution as a Special Resolution:—

   "RESOLVED that the Articles of Association of the Company be altered in the manner following:—

   For Article 69, substitute the following Article:—

   '69. The Directors may from time to time fix a fee not exceeding 25 naye paise per share in respect of the transfer or transmission to the same party of any number of shares of any class or denomination subject to such maximum on any one transfer or transmission as may from time to time be fixed by the Directors. Such maximum may be a single fee payable on any one transfer or on transmission of any number of shares of one class or denomination or may be on a graduated scale varying with the number of shares of any one class comprised in one transfer or transmission or may be fixed in any other manner as the Directors may in their discretion determine. The Directors may waive the payment of any transfer or transmission fee either generally or in any particular case or cases.'"
8. To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:—

   "RESOLVED that pursuant to Section 360 and other applicable provisions (if any) of the Companies Act, 1956, the Company hereby authorises, approves of, confirms and consents to the contract between the Company and the Indian Hotels Company Limited (an associate of the Managing Agents, Tata Industries Private Limited) in terms of the Draft submitted to this meeting and for the purpose of identification signed by the Chairman thereof, providing for the supply of accommodation at the hotels of the Indian Hotels Company Limited for the Company's guests and employees and for the supply of meals and refreshments to the Company at its official and social functions at the Indian Hotels Company's standard tariffs and for garaging the Company's vehicles at the Wellington Mews owned by the Indian Hotels Company Limited, subject to such discounts, rebates or concessions, if any, as may be granted by the Indian Hotels Company Limited and accepted by the directors of the Company, with liberty to the directors of the Company to agree to modify the terms of the said contract as aforesaid (whether before or after execution) as they may think fit in the interest of the Company."
9. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:—

   "RESOLVED that pursuant to Section 360 and other applicable provisions (if any) of the Companies Act, 1956, the Company hereby authorises, approves of, confirms and consents to the contract between the Company and the Indian Hotels Company Limited (an associate of the Managing Agents, Tata Industries Private Limited) in terms of the Draft submitted to this meeting and for the purpose of identification signed by the Chairman thereof, for sale or supply by the Company to the Indian Hotels Company Limited of tapestry, bath towels, hand towels, bed sheets, table cloths, curtain cloths, cloths for making staff uniforms and other varieties of cloth manufactured or dealt in by the Company at prices which are not less favourable to the Company than the prevailing market prices for such products and which are otherwise reasonable, provided that for any property so supplied or sold, the Indian Hotels Company Limited shall make payment to the Company within one month from the date of supply or sale of the products.

   RESOLVED FURTHER that all contracts of sale or supply of any products as aforesaid hitherto entered into between the Company and the Indian Hotels Company Limited be and are hereby confirmed and ratified and shall be deemed to be valid against the Company."
10. To consider and, if thought fit, to pass the following Resolution as a Special Resolution:—

    "RESOLVED that subject to approval of the Central Government under the provisions of the Companies Act, 1956, the Company hereby re-appoints Tata Industries Private Limited as the Managing Agents of the Company as from the 16th day of August, 1965, for the period, at the remuneration and upon the terms, provisions and conditions set out in the draft Agreement (with such modifications, if any, as may be agreed to at this meeting) proposed to be entered into between the Company of the first part, Tata Industries Private Limited of the second part and Tata Sons Private Limited (as guarantors for the observance and performance of the terms and conditions of the said Agreement by Tata Industries *Private Limited as Managing Agents) of* the third part and which draft Agreement is placed before this meeting and for the purpose of identification subscribed by the Chairman thereof with power to the directors of the Company, subject to the provisions of the said Act, to vary or alter such of the terms, provisions and conditions of the said draft Agreement before execution as shall not have the effect of increasing the remuneration of the Managing Agents and as may be agreed to between the Central Government and the directors of the Company acting on its behalf."

Notes:—

(*a*) The relative Explanatory Statements, pursuant to Section 173 of the Companies Act, 1956, in respect of the special business under items Nos. 3, 4, 6, 7, 8, 9 and 10 set out above, are being posted to all the Members.

(*b*) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

(*c*) The Transfer Books of the Company will be closed from Thursday, the 28th May 1964, to Friday, the 26th June 1964, both days inclusive.

(*d*) If dividends on shares, as recommended by the directors, are passed at the Meeting, payment will be made on and after Saturday, the 27th June 1964, to those members whose names were on the Register of the Company on the 26th June 1964.

By Order of the Board of Directors,
TATA INDUSTRIES PRIVATE LIMITED,
Managing Agents,
N. H. TATA,
Director.

BOMBAY, *26th May*, 1964.

Registered Office:
BOMBAY HOUSE,
24, BRUCE STREET, FORT,
BOMBAY-1.

SHAW WALLACE AND COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE Eighteenth Annual General Meeting of the Members will be held at the Registered Office of the Company, 4, Bankshall Street, Calcutta, on the 29th June, 1964, at 3 p.m., for the following purposes:—

(1) To consider the Profit and Loss Account for the year ended 31st December, 1963, the Balance Sheet as at that date and the Reports of the Directors and the Auditors.
(2) To declare a Dividend on the Ordinary Shares.
(3) To appoint Auditors and to fix their remuneration.
(4) To elect Directors in the places of two Directors retiring.
(5) AS SPECIAL BUSINESS to consider and, if thought fit, to pass, with or without modification, the following Resolution:

As an Ordinary Resolution—

"That approval be and is hereby accorded to purchase the undernoted shares:

(*a*) 12 Ordinary Shares of Rs. 100 each in Matheson, Bosanquet & Co. Ltd.,

at a cost of Rs. 6,792 and 120 Ordinary Shares of Rs. 10 each in The Wallwood Plantations and Agency Ltd. at a cost of Rs. 2,100.

(b) 19 Ordinary Shares of Rs. 100 each in Matheson, Bosanquet & Co. Ltd., at a cost of Rs. 9,956 and 190 Ordinary Shares of Rs. 10 each in The Wallwood Plantations and Agency Ltd. at a cost of Rs. 3,335."

The Share Transfer Register of the Company's Ordinary Shares will be closed from 20th June to 29th June, 1964, both days inclusive.

N.B.—A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the Proxy need not be a Member of the Company.

By Order of the Board,

D. A. HOUGHTON,

Calcutta Director and Secretary.

4 BANKSHALL STREET, CALCUTTA,

Dated 6th May, 1964.

Note: An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business to be transacted at the Meeting has been included in the Notice issued to the Members.

SWADESHI COTTON MILLS COMPANY LIMITED

Registered Office:

Swadeshi House, Civil Lines, KANPUR

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 43rd Annual General Meeting of the Members of the Swadeshi Cotton Mills Company Limited will be held at the Registered Office of the Company at Swedeshi House, Civil Lines, Kanpur, on Saturday, the 27th June, 1964 at 2.30 p.m., to transact the following business:—

1. To receive and consider the Audited Profit and Loss Account for the year ended 31st December, 1963 and the Balance Sheet as on that date and Report of the Directors and of the Auditors thereon.
2. To sanction the declaration of Dividend.
3. To elect a Director in place of Shri M. R. Jaipuria, who retires by rotation and is eligible for re-election.
4. To elect a Director in place of Shri Banwarilal Jaipuria, who retires by rotation and is eligible for re-election.
5. To appoint Auditors in place of those retiring and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit to pass with or without modification the following as a Special Resolution:—

"RESOLVED that the existing Clauses 27 and 64 of the Articles of Association of the Company, be amended by adding the following sentences in the manner following:—

(i) *Clause* 27—After the first sentence ending with the word 'certificate.' and before the second sentence beginning with the word 'Provided'—

'They may, however, in their absolute discretion, wholly or partially waive payment of the fees aforesaid, generally or in any particular case or cases, as they may think fit.'

(ii) *Clause* 64—After the last sentence—

'They may, however, in their absolute discretion, wholly or partially waive payment of the fees aforesaid, generally or in any particular case or cases, as they may think fit'."

NOTICE is also hereby given that the Share Transfer Books and the Register of Members of the Company will remain closed from 17th June to 27th June, 1964, both days inclusive.

Warrants for Dividend when sanctioned will be posted to the respective members at their registered addresses or in accordance with their mandates after 27th June, 1964. Members are requested to advise immediately change, if any, in their address.

By Order of the Board,

For SWADESHI COTTON MILLS COMPANY LIMITED,

M. L. BAGLA,

Secretary.

Dated 29th May, 1964.

Notes:—(1) The relative Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, has been forwarded to the members of the Company.

(2) A Shareholder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

(3) For the special attention of:

Mrs. Isabel Dorother Kapur and Mr. Narayandas Kapur legal representatives of Late Mr. P. D. Kapur of 51, Lancaster Grove, Swiss Cottage, LONDON (N.W. 3).

THE HIGHLAND PRODUCE COMPANY LIMITED

ALLEPPEY

NOTICE IS HEREBY GIVEN THAT THE Thirty-eighth Annual General Meeting of the Company will be held at the Registered Office at W-19/440, Beach Road, Alleppey, at 10 a.m., on Wednesday, the 24th June, 1964, to transact the business as set out in the NOTICE sent to the members of the Company individually.

The Directors have recommended 15 per cent dividend on the Equity Shares and 6.76 per cent dividend on the Preference Shares, both subject to deduction of tax, for the year 1963, and the same, if approved by the General Body, will be paid to those Equity Shareholders and Preference Shareholders respectively whose names stand registered in the books of the Company as on 24th June, 1964. The Dividend Warrants in respect of both the above Equity and Preference dividends will be posted to the respective shareholders on or before the 1st day of July, 1964.

The Share Transfer Books and Registers of Members of the Company will remain closed from 16th to 24th June 1964 (both days inclusive) during which period no transfer of shares will be registered.

A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead; a proxy need not be a member.

By Order of the Board,

A. V. THOMAS & CO. LTD.,

Managing Agents.

ALLEPPEY, *26th May* 1964.

NAGA HILLS TEA COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE Forty-sixth Annual General Meeting of NAGA HILLS TEA COMPANY, LIMITED will be held at the Registered Office of the Company, No. 19, R. N. Mukherjee Road (5, Mission Row), Calcutta-1, on Monday the 29th June, 1964 at 3-30 p.m., to transact the following business:—

1. To receive and adopt the Directors' Report and audited Accounts for the year ended 31st December, 1963.
2. To declare dividend.
3. To elect Directors in place of those retiring.
4. To appoint Auditors and to fix their remuneration.

The Register of Members and the Share Transfer Books of the Company will be closed from 22nd June to 29th June, 1964, both days inclusive.

By Order of the Board,

DHANUKA INDUSTRIES LIMITED,

Secretaries & Treasurers.

CALCUTTA, *the 30th May*, 1964.

N.B.—1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

2. Dividend, as recommended by the Directors, if approved at the Annual General Meeting will be paid to those whose names are on the Company's register on the 29th June, 1964 or to their mandatees.

SYNTHETICS AND CHEMICALS LIMITED

NOTICE

THE FOURTH ANNUAL GENERAL MEETING of SYNTHETICS AND CHEMICALS LIMITED will be held at Walchand Hirachand Hall, Indian Merchants' Chamber Building, 76 Vir Nariman Road, Bombay-1, on Monday, 29th June, 1964, at 4-30 p.m., to transact the following business:

1. To receive and adopt the Directors' Report and the audited Profit and Loss Account of the Company for the year ended 31st December, 1963 and the Balance Sheet as at 31st December, 1963.
2. To appoint Directors in place of Mr. B. K. Daphtary and Mr. R. R. Ruia who retire by rotation and being eligible offer themselves for re-appointment.
3. To appoint a Director in the place of Mr. B. H. Larabee who was appointed by the Board of Directors, a Director of the Company, in the casual vacancy caused by the resignation of Mr. W. D. Waugh before his term of office would have expired in the normal course. Mr. B. H. Larabee holds office under Section 262 of the Companies Act, 1956, as a Director upto 29th June, 1964, i.e., the date of the Fourth Annual General Meeting of the Company, but offers himself for re-appointment.

The Company has received notice under Section 257 of the Companies Act, 1956, from some members of their intention to move the following resolution:

"RESOLVED that Mr. B. H. Larabee be and is hereby appointed a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."

4. To appoint Auditors for the current year and to fix their remuneration.

Notes—(a) A Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and to vote instead of himself. A proxy need not be a member.

(b) The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 8th June, 1964 to Monday, 29th June, 1964 (both days inclusive).

(c) The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956, in respect of special business under Item No. 3 is annexed to the Notice posted to individual shareholders.

By Order of the Board of Directors,

K. B. DABKE,

Secretary.

Registered Office:

45-47 APOLLO STREET,

FORT,

BOMBAY-1-BR.

Dated 15th May, 1964.

COMPANY NOTICE

THE INDO-BURMA PETROLEUM COMPANY LIMITED

Registered Office:

Gillander House, Netaji Subhash Road, CALCUTTA-1

NOTICE IS HEREBY GIVEN THAT THE Preference Register of Members of the Company will be closed from the 17th June 1964 to 2nd July 1964, both days inclusive, for payment of the dividend for the half-year ending 30th June 1964, on the 2nd July 1964, at the rate of Rs. 2.914 per share (being the stipulated dividend of Rs. 3.50 per share increased by 11 per cent to Rs. 3.885 less Re. 0.971 being Income Tax at the Company's rate of 25 per cent) subject to tax being deducted therefrom in accordance with the provisions of Section 194 of the Income Tax Act, 1961.

By Order of the Board,

STEEL BROTHERS AND COMPANY LIMITED,

Managing Agents.

GILLANDER HOUSE,

NETAJI SUBHASH ROAD,

CALCUTTA-1.

29th May, 1964.

SYNOPSES OF COMPANY REPORTS

The Dharamsi Morarji Chemical Co., Ltd.

(*Managing Agents*: Messrs. Dharamsi Morarji and Co., Bombay.)

Annual General Meeting—9th June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales	2,29,45	2,33,55
Finished goods	20,56	20,92
Gross profit	40,32	31,29
Transfer to Mg. Agents' remuneration	2,10	1,54
,, ,, depreciation	17,80	15,37
,, ,, development rebate reserve	81	1,62
,, ,, provision for taxation	6,75	4,00
Net profit	12,86	8,76
Adjustments	6,88	6,76
Appropriations:		
Total available balance	19,74	15,52
To general reserve No. 2	6,51*	5,17*
,, general reserve No. 1	6,50	5,00
Proposed dividend (taxable) ordy.	6,62†	5,09† (16%)
Carry forward	10	26

N.B.—Adjustments include the balance brought forward and excess provisions of previous years no longer required.
* Profits of new industrial units exempt from tax.
† Dividend is paid out of general reserve No. 2.

Extracts from the Directors' report: *Operations*: Sales of finished products for the year total Rs. 2,84,82,505, an increase of approximately 22 per cent over the last year's figure of Rs. 2,31,12,795. The contribution of the Kumhari factory was of the order of Rs. 83,65,181 an increase of 92 per cent over the last year's figure. Sale of superphosphate fertiliser from the two factories during 1963 totalled 1,01,459 tonnes which is a record in the history of the Company. The export performance was also very encouraging. During 1963 the Company exported 5,661 tonnes alumina sulphate, a little over two times the figure of export achieved in 1962.

Expansion: (*a*) *Borax and boric acid venture.* The directors are happy to announce the successful formation of Borax Morarji Ltd., the Company formed in collaboration with Borax (Holdings) Ltd., of London, to implement the scheme of manufacture of borax and boric acid. In accordance with the approval granted by the shareholders of the Company and the Government of India, a sum of Rs. 7,50,000 has been invested in Borax Morarji Ltd., by the Company in the form of subscription to 15,000 equity shares of Rs. 50 each of the said Company. The offer of shares made to the public by Borax Morarji Ltd. was well received and the issue was substantially oversubscribed. The construction of the factory of Borax Morarji Ltd. on a plot of land adjacent to the Company's factory at Ambernath, is in full swing. It is expected that barring unforeseen difficulties, Borax Morarji Ltd. will go into production well before the end of 1964.

(*b*) 300 *Tons per day Contact Sulphuric Acid* Plant: This project is in an advanced stage of completion. It is expected that before the forty-fourth annual general meeting takes place, the plant will have gone into successful production.

(*c*) *Alumina Sulphate* (i) 100 *Tons per day project at Ambernath.* Installation of equipment for a production of 70 tons per day has been completed, but due to paucity of sulphuric acid and steam, production had to be restricted to 50 tons a day. Necessary quantities of sulphuric acid and steam will be available when the 300 ton sulphuric acid plant goes into production. Civil construction work for the additional equipment required to achieve 100 tons per day production is in progress.

(ii) 50 *tons per day project at Kumhari.* Installation of equipment needed for 50 tons per day production has been completed, but as in the case of the Ambernath project, production had to be curtailed for want of sulphuric acid, substantial quantities of which had to be reserved for superphosphate production.

(*d*) *Industrial Explosives.* The directors regret that no progress has been possible during the year under review in implementing this project.

(*e*) *Chlorosulphonic Acid.* The Company has been sanctioned a licence to expand the capacity of chlorosulphonic acid plant from 1,010 tonnes per annum to 6,600 tonnes per annum, to meet the increasing demands. The project is under active implementation.

Finance: Against the rupee-loan of Rs. 30 lakhs granted by the Industrial Credit and Investment Corporation of India Ltd., Bombay, and foreign currency loan of Rs. 19,20,000 granted by the Sulphur Export Corporation, New York, for financing the 300 tons per day sulphuric acid plant project, actual withdrawals during the year were Rs. 25,00,000 against the Industrial Credit and Investment Corporation loan and Rs. 17,95,889 against the Sulphur Export Corporation loan. The mortgage formalities in favour of the Industrial Credit and Investment Corporation of India Ltd., Bombay as outlined in the directors' report of 1962, with slight modifications, have been completed. Arrangements have also been made with the Devkaran Nanjee Banking Co. Ltd., Bombay, for an additional overdraft facility of Rs. 20 lakhs for financing the working capital requirements of the 300 tons Sulphuric Acid Plant. The rights issue of 27,588 equity shares of Rs. 50 each sanctioned by the shareholders at the extraordinary general meeting held on 13th April 1964 is under active implementation and letters of offer will be shortly posted to the shareholders.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	41,38,250	Gross block	1,64,19,639
Reserves and surplus	58,26,850	—depreciation	87,13,284
Other liabilities	1,62,31,061	Net block	77,06,355
		Work-in-progress	42,07,019
		Investments	7,69,400
		Other assets	1,22,47,202
		Cash	1,06,185
	Rs. 2,51,96,161		Rs. 2,51,96,161

* Paid up capital consists of 82,765 equity shares of Rs. 50 each paid.

The Rayalaseema Mills Ltd.

(*Managing Agents*: Messrs. Rayalaseema Agencies, Adoni.)

Annual General Meeting—12th June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sale of yarn	1,10,51	1,09,27
Sale of waste	99	88
Closing stocks	1,09	45
Gross profit	12,75	12,85
Transfer to Mg. Agents' remuneration	73	40
,, ,, depreciation	3,02	2,62
,, ,, provision for taxation	5,99	5,34
Net profit	3,01	4,49
Adjustments	56	91
Appropriations:		
Total available balance	3,57	5,40
To donations	51	26
,, development rebate reserve	5	*
,, provision tax for previous years	Nil	66
Proposed dividend (taxable) ordy.	2,98 (10%)	4,47 (15%)
Carry forward	3	1

N.B.—Adjustments represent the balance brought forward from the previous year. * Represents only a sum of Rs. 425.

Extracts from the Directors' report: *Production*:—The Company's production was maintained at a satisfactory level throughout the year. The sales during the year have reached the highest record level of Rs. 1,11,59,371.

Production costs have been minimised wherever possible and whatever increases have occurred have chiefly been beyond management's control. The additional taxes and other burdens imposed by the emergency legislation have, as anticipated last year, increased operating costs.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	29,78,400	Gross block	60,03,477
Reserves and surplus	6,31,107	—depreciation	39,05,799
Other liabilities	33,33,076	Net block	20,97,678
		Investments	1,68,593
		Other assets	46,43,928
		Cash	82,384
	Rs. 69,92,583		Rs. 69,92,583

* Paid-up capital consists of 29,784 equity shares of Rs. 100 each fully paid.

Jaipur Metals and Electricals Ltd.

(*Managing Agents*: Messrs. Poonamchand & Brothers Ltd., Jaipur.)

Annual General Meeting—25th June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales	2,26,43	2,30,50
Closing stock of finished goods	15,21	19,98
,, ,, raw materials	1,11,71	71,90
Gross profit	30,25	23,79
Transfer to Mg. Agents' remuneration	1,73	1,48
,, ,, depreciation	10,89	7,38
,, ,, provision for taxation	5,65	6,85
Net profit	11,98	8,08
Adjustments	6	11
Appropriations:		
Total available balance	12,04	8,19
To development rebate reserve	4,92	2,50
,, dividend for 1962 on 51 ordy. shares	*	Nil
,, general reserve	3,61	1,22
Proposed dividends (taxable) on preference shares	48	40
Proposed dividends (taxable) on equity shares	3,00 (6%)	3,00 (6%)
Carry forward	3	6

N.B.—Adjustments represent the balance brought forward.
* Only Rs. 306.

Extracts from the Directors' report: *Operations*: During the year the working of the factory both in the meter and metal divisions has been quite satisfactory. The total turnover during the year amounted to Rs. 2,69,42,338 as against Rs. 2,32,75,942 during the previous year. This represents an increase of about Rs. 36.66 lakhs over the last year's performance in spite of difficult situation in obtaining copper, other basic raw materials and components. During the year, the Company commenced the production of A.C.S.R. and all aluminium conductors and secured orders for Rs. 65 lakhs. In view of the Government policy to switch over to aluminium from copper, the prospects for this line of manufacture are bright.

Expansion and Development: The Company has commenced manufacture of components for the cyclometer unit and is presently manufacturing 75 per cent of the parts required for the cyclometer. It is expected that the Company will be able to manufacture the balance 25 per cent parts during the course of the current year. All the machineries for manufacture of magnets have arrived and have also been installed. It is expected that the expert engineers from our collaborators from Japan will arrive in Jaipur very soon to commission the machinery and to start production. Import licence for machinery for the manufacture of enamelled copper wire and cotton, silk and paper covered wires and strips have been received and orders for the same are being formulated. The industrial licence of A.C.S.R. and all aluminium conductors have been increased for a capacity of 3,000 tons per annum and the Company has also applied for an import licence to import additional machinery from U.S.A.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	60,00,000	Gross block	1,59,91,490
Reserves and surplus	30,84,640	—depreciation	45,59,251
Other liabilities	2,43,84,585	Net block	1,05,32,239
		Investments	4,76,750
		Other assets	2,22,23,088
		Cash	2,37,148
	Rs. 3,34,69,225		Rs. 3,34,69,225

* Paid-up capital consists of 50,000 equity shares of Rs. 100 each paid 20,000 deferred shares of Rs. 10 each paid and 8,000 6% tax-free cumulative preference shares of Rs. 100 each fully paid.

Thamarapally Rubber Co., Ltd.

(*Managing Agents*: Messrs. A. V. George & Co., Ltd., Kottayam, Kerala.)

Annual General Meeting—20th June 1964.

Working Results:

	For the year ended 31st December (In thousands rupees)	
	1963	1962
Sale of rubber	6,10	6,20
Closing stock	1,46	1,15
Gross profit	2,30	2,14
Transfer to Mg. Agents' commission	22	20
,, ,, depreciation	9	8
,, ,, provision for taxation	60	86
Net profit	1,39	1,00
Adjustments	8	13
Appropriations:—		
Total available balance	1,47	1,13
To debenture redemption reserve	45	Nil
Proposed dividends (taxable) on Preference shares	5	5
Proposed dividends (taxable) on Equity shares	94 (15%)	1,00 (16%)
Carry forward	3	8

N.B.—Adjustments represent the balance brought forward.

Extracts from the Directors' report: *Estates and Acreage*:

	Thamarapally Estate Acres	Malyakal Estate Acres	Calicut Estate Acres	Total Acres
Mature Rubber	183.35	240.47	332.20	756.02
Immature Rubber	40.65	9.00	5.00	54.65
Cocoanut, Pepper etc.	..	5.31	..	5.31
Waste Land	..	..	303.84	303.84
Area in which the Rubber trees were sold, with right for slaughter tapping	56.00	..	..	56.00
Total	280.00	254.78	641.04	1,175.82

All the Estates are reported to be in very good condition, and well maintained.

Crop and Prices: The rubber crop harvested during 1963 was 194,090 kgs. at an estate cost of 172.26 nP per kg., as against an estimate of 1,83,500 kgs. at 187.18 nP per kg. The crop estimated for 1964 is 1,88,000 kgs. at 194.08 nP per kg. The average price realised was 345 nP per kg.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	7,00,000	Gross block	15,19,555
Reserves and surplus	3,21,975	—depreciation	73,997
Other liabilities	7,52,460	Net block	14,45,558
		Investments	15,000
		Other assets	1,59,838
		Cash	1,54,039
	Rs. 17,74,435		Rs. 17,74,435

* Paid-up capital consists of 15,000 6½% cumulative preference shares of Rs. 5 each paid (originally Rs. 10 each reduced to Rs. 5 each and cash refunded) and 6,25,000 equity shares of Rs. 10 each fully paid.

THE BANK OF MAHARASHTRA LTD.,

YOUR BANK WITH THE PERSONAL TOUCH, AT YOUR SERVICE, WITH 90 BRANCHES

NEWS IN BRIEF

THE Government of India has rejected the plea of the Indian National Textile Workers Federation for setting up a corporation to take over mismanaged and uneconomic textile units.

The Central Government has approved the purchase of a fourth Caravelle jet aircraft by Indian Airlines Corporation on a credit basis. The terms of purchase are under negotiation.

The Governent of India has offered a credit of Rs. 5 crores to Sudan to purchase Indian engineering goods, industrial machinery, chemicals, pharmaceuticals and other products mutually agreed upon. India has also extended technical co-operation in starting new industries.

The co-operative credit institutions in India are currently providing only Rs. 250 crores of credits per year to the peasantry, as against the total estimated requirements of Rs. 1,300-1,400 crores. It is hoped, that it would be possible for these institutions to raise this figure to Rs. 400 crores in the fourth Plan period.

The cotton mills in India produced during the month of April 1964 80 million kilograms of yarn and 392 million metres of cloth. At the end of April 1964, the composite mills of the industry held an estimated cloth stock of 89,000 metric bales as unsold and 140,000 metric bales as sold but not lifted.

India is losing about Rs. 100 crores annually due to floods. This is the finding of a Central Government study. The Government is making sustained efforts to minimise the quantum of damage caused by the floods. The third Plan allotment for flood control schemes all over the country is Rs. 61.32 crores.

In order to enable units of textile industry to submit their applications for import of permissible items of textile machinery from Italy along with proforma invoices, etc., the last date for receipt of applications has been extended up to the 15th inst. Applications received after this date will be considered as time-barred and will be rejected.

A contract worth over Rs. 30 lakhs for the supply of eight drilling rigs for structural drilling and spare parts for oil and transport equipment by Russia to India was signed between the Governments of the two countries at New Delhi on the 2nd inst. These rigs are in addition to the 33 heavy drilling rigs already received by the Oil and Natural Gas Commission and another six such rigs which Russia has agreed to supply towards the end of 1965.

The Railway Research, Design and Standard Organisation has drawn up an ambitious expansion scheme estimated to cost Rs. 1.61 crores. The scheme envisages the setting up of a diesel engine testing laboratory with equipment costing Rs. one crore, construction of a new block to house some of the design sections and laboratories for track bridges and mechanical and telecommunication engineering research.

A proposal to set up a Desert Development Board to ensure a more rapid development of the desert areas of the country is under the consideration of the Government of India. It is also proposed to have State Desert Development Boards in the States where arid zones exist. The Central and State Boards would work in a co-ordinated manner to ensure that the desert areas are reclaimed and developed as early as possible. More than a thousand species of plants and grass suitable for growing in desert areas have already been developed as a result of research. In this connection, the Jodhpur arid zone research station has done good work.

An agreement covering the grant of a $10-million credit by Japan to enable India to import textile machinery is expected to be signed shortly. The agreement follows the recent visit of an Indian delegation to Japan, headed by Mr. B. P. Patel, Chairman of the State Trading Corporation. The credit is being made available by the Japan Textile Machinery Manufacturers Association. During its visit, the delegation also finalised a contract for the export of 600,000 tonnes of industrial salt at a price of 22s. per tonne over a two year period commencing from July this year. The previous contract for the export of a total of 500,000 tonnes of industrial salt to Japan is expiring next month.

The Government of India has announced that, with effect from 1st of this month, the prefix, naya or naye in the designation, naya paisa or naye paise which appears on the reverse of the decimal coins has been deleted. The coin in the denominations of 50, 25, 10, 5, 2 and 1 to be minted as from this date will be termed paisa or paise coins as the case may be. The paisa/paise coins will be issued from 1st July 1964 by the offices of the Reserve Bank of India at Bombay and Calcutta in the first instance. They will be supplemented gradually, after sufficient stocks have been produced, by issue from other offices of the R.B.I., the State Bank of India and its agency banks, Government Treasuries and sub-treasuries. The design, shape, weight, metal composition, etc., of the paisa/paise coins will be the same as those of the existing naya paisa coins. The paise/paisa coins and the existing naye paise coins will both be legal tender and have the same value. The only difference will be that on the reverse of the coins the words "naya paisa" or "naye paise" will be replaced by the face value of the coins in words in Hindi. The issue of the paise coins does not involve the withdrawal of the coins with the words "naya/naye." The naya paise coins as well as the nickel and quaternary alloy half rupee and quarter rupee coins will continue to be issued and re-issued and be in circulation and be legal tender along with the new coins.

As the production of cheaper synthetic citral is continuing to reduce the prices of lemongrass oil, the Government of India has decided that, as a measure of price support, even though this will involve some losses, the State Trading Corporation should continue to purchase lemongrass oil in the new coming season from the first week of June and onwards at prices of Rs. 11 per kg. for lemongrass oil containing not less than 78 per cent of citral and Rs. 12 per kg. of lemongrass oil containing not less than 82 per cent of citral. The prices have been fixed in consultation with the Kerala Government and it is hoped that the growers and producers of lemongrass oil will fully co-operate with the Government in producing better variety and also by restricting their production in the coming season to less than 80 per cent of their last year's production. It has been further decided that, with a view to earning the maximum of foreign exchange in these difficult circumstances, the export of lemongrass oil will be canalised through the S.T.C. The shippers are requested to send their quotes, if any, at best prices to the State Trading Corporation. As the exports of lemongrass oil will be canalised, the floor prices for exports announced last year are being withdrawn with immediate effect. As in the previous year, the Corporation has made extensive arrangements and will open depots at various places, viz., Cochin, Alwaye, Calicut, Tellicherry, Muvattupusha, Kuruppumpady, Manantvady, Meenangadi, Taliparamba, Adimala, Kothamangalam and Piravam, where the producers can bring their oil up to certain limits fixed for each of the depots during a month. The Corporation will purchase in the coming five or six months during the lemongrass season quantities of lemongrass oil not exceeding 750 tons.

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From Abroad

The average cost of materials is expected to be about 3s. 9d. per pound. They will be demonstrated to industry for the first time at the Reinforced Plastics Exhibition due to open at Earls Court in London on the 16th inst.

The U.S. Administration has decided to cut off direct economic aid to Nationalist China and close the office of the Agency for International Development (A.I.D.) mission in Formosa. The total aid received by Taiwan from the U.S. during the period between 1951 to 1964 amounts to $1,366 million.

The contract for the construction of the Karachi National Oil Refinery has been awarded by the Pakistan authorities to an Italian concern, the Firmsmann Progetti, a subsidiary of Italy's State-owned Ente Nazionale Idrocarburi (E.N.I.). The refinery is scheduled to be completed by March 1966.

The Development of three new materials by the British Resin Products will make it possible to use plastics re-inforced with glass fibre in completely automatic production processes. They have all been designed for forming into components by mechanical moulding methods and will help greatly the motor and other mass-producing industries.

Indonesia's inflationary situation is "very dangerous" and may take three to five years to overcome according to the Third Deputy Prime Minister who is regarded as Sukarno's Chief spokesman on economic matters. Indonesia is building up its foreign exchange resources by seeking foreign credits and increasing agricultural production.

The Government of Algeria proposes to buy a petro-chemical plant from British companies. For this purpose, the Algerian technical experts will visit Britain in about three weeks and a British team will go to Algeria. The Government is also proposing to buy a pulp mill plant from Britain and hopes to increase exports to the U.K. of natural gas, iron-ore and wine.

The Syrian Government has endorsed the contract for the purchase of 43 oil tanks in the Soviet Union which was signed by the General Organisation for Syrian Oil with the Machinoexport association in January. The total capacity of the oil tanks is no more than 200,000 cubic metres and the cost of the deal is 1,300,000 U.S. dollars.

Cash dividend payments by corporations issuing public reports in the U.S. amounted to $1,131.1 million in April 1964 as compared with $1,038.5 million during the same month last year, according to the U.S. Commerce Department. Cash dividend payments made during the first four months of the year 1964 amounted to $5,290.3 million, as against $4,821.6 million in the corresponding period last year.

Production of T.V. receivers in Israel will be started shortly by Amcon of Tel Aviv, following the conclusion of an agreement between this Israel firm and the Normevde Company. Each finished T.V. receiver now being imported carries a duty and a purchase tax of £I.1,000 (approximately £120). Israel has no T.V. station at present, but arrangements have been made to begin educational television in the near future.

PERSONAL

MR. Lal Bahadur Shastri was unanimously elected leader of the Congress Parliamentary Party. He has been asked by President Dr. Radhakrishnan to form a Cabinet to replace the caretaker Government headed by Mr. Gulzarilal Nanda. Mr. Shastri is expected to be sworn-in as the Prime Minister of India on the 9th inst.

Mr. M. S. Sivaraman, Adviser in the Planning Commission, is to take over as First Member of the Board of Revenue, Madras, next week.

Mr. D. Subramaniam, a former Secretary of the Central Board of Direct Taxes, has taken over as Commissioner, Income-tax, Gujarat-II.

Mr. D. S. Nakra, Additional Financial adviser to the Defence Ministry, has been appointed Financial Adviser and Chief Accounts Officer of the Hindustan Steel Ltd. at Ranchi.

Mr. Y. Krishna Puri, at present India's High Commissioner in Malaysia, has been appointed Ambassador to Morocco. He will be concurrently accredited as Ambassador to Tunisia.

Mr. B. R. Patel, I.C.S., Vice-Chairman and General Manager, Air-India, has been concurrently appointed Chairman of the Export Credit and Guarantee Corporation in place of Mr. Ramnath A. Podar.

The Ghanian Government is planning to organise next year an International Trade Fair, the second to be held in West Africa, the first one having been originated by the Nigerian Government in 1962. 41 countries had participated in that Fair. The countries expected to participate in the Ghanian Fair will include Austria, Czechoslovakia, France, Germany, Hungary, India, Israel, Italy, Spain, Poland, New Zealand, Yugoslavia, U.K. and the U.S.

A subsidiary of the Italian company E.N.I. has won a tender to build a £5-million oil refinery in Dar-es-Salaam. Work on designing, building and starting the refinery is expected to begin immediately after the signing of the contract this month. The refinery, which will have an initial annual output target of 600,000 metric tons of refined product, is expected to go on stream in about 20 months. The Tanganyika Government will contribute half of the share capital of £3.0 million.

The activities of the European Investments Bank continue to expand, according to its annual report issued last week-end. The number of loans granted increased from 14 in 1952 to 31 last year and from $93 million to $104 million. The bank's activity is principally concentrated in Italy, France and West Germany, the percentage of shares of these countries in Bank's lending being 66, 16 and 9, respectively. The Bank is now preparing itself for activity in Turkey and the associated African States.

The International Monetary Fund has approved of a stand-by arrangement with the Government of the U.A.R. authorising the drawings up to the equivalent of $40 million over the next 12 months. This stand-by arrangement will provide financial support for the renewed efforts which are being made by the authorities of the U.A.R. to stabilise the economy. The U.A.R.'s quota in the Fund was recently raised to $120 million and its outstanding drawings on the Fund currently total $124.20 million.

The first trade agreement between the Soviet Union and the Congo Republic was signed on 26th May 1964, in Brazzaville. Under this agreement, the Soviet Union will sell to the Congo Republic machine tools, power and electro-technical equipment, tractors and farm machinery, cars and trucks, planes and helicopters, rolled metal stock, cement and other commodities necessary for the economic development of this young African State. The Republic of Congo will export to the Soviet Union ores and non-ferrous metal concentrates, timber, cocoa beans, tropical fruits and other items of its traditional exports.

The Ceylon Government has sanctioned the creation of an overdraft of Rs. 1.35 crore (£1 million) for the three oil companies, Esso, Shell and Caltex, in order to enable them to pay Rs. 35 lakhs as termination benefits to former employees and to finance their commercial activities. Although the entire distribution of petroleum products was taken over by the Government in January last, the oil companies continue to supply bunkering and aviation fuels and market oil-based products like insecticides. No decision has yet been taken by the Government on the issue of compensation. The oil companies have claimed a total of £7.5 million as compensation.

The Kennedy Round of tariff Negotiations, which started at Geneva on 4th May last, has been postponed in accordance with a decision taken at a secret session of the G.A.T.T. Trade Negotiations Committee. The date on which the countries will submit lists of offers and exceptions has been put back from 10th September to 16th November. Many countries consider that in view of the August recess, the 10th September deadline is too early considering the slow progress in solving this issue. It is, however, unlikely that any real bargaining will begin before January 1965, that is until the countries complete their study of each other's lists.

TREND OF MARKETS

MONEY EASY

(From Our Own Correspondent)

BOMBAY, 3rd *June*

The short-term money market depicted a distinctly easy trend during the week under review. Funds available were plentiful, while demand for credit was on a reduced scale. Borrowers, as a consequence, could easily obtain their requirements at lower rates of interest. The inter-bank call rate (for both renewals and fresh money), which had declined from 6¼ to 5 per cent last week, fell further, by ½ per cent, to 4½ per cent. Calcutta, however, reported a slight stringency in money, the call rate jumping up from 4½ per cent to 6 per cent, though some business was put through at 4½ to 5 per cent towards the close.

Despite comfortable money conditions, the 91-day Government of India Treasury Bills, tenders for which were opened on Tuesday the 2nd inst., elicited limited support. The total amount offered was just equivalent to that invited (and also accepted), namely, Rs. 2 crores. Even this limited support was extended only by special quarters. The average rate of accepted tenders continued unchanged at Rs. 3.000 per cent per annum. The response to Intermediate Treasury Bills was no better. The total amount of Bills actually sold from 27th to 30th May was no more than Rs. 5 lakhs, as against Rs. 20 lakhs a week before and Rs. 354.25 lakhs two weeks before.

There was a small fall of Rs. 97 lakhs to Rs. 115.62 crores in India's foreign exchange reserves during the week ended 29th May. The whole of this fall was in balances held abroad which aggregated Rs. 12.16 crores. The foreign securities held in the Issue Department of the Reserve Bank were unchanged at Rs. 103.46 crores. Notes in circulation declined by a further Rs. 16.24 crores to Rs. 2,526.52 crores. Loans and advances to scheduled banks fell again, by Rs. 10.83 crores, to Rs. 32.45 crores, of which the share of those against usance bills was Rs. 5.88 crores, a drop of Rs. 1.51 crore. Deposits of scheduled banks, however, went up by Rs. 3.14 crores to Rs. 88.47 crores.

The total credit made available by scheduled banks to their clients receded by a further Rs. 9.87 crores to Rs. 1,837.87 crores during the week ended 22nd May. Deposits showed a minor fall of Rs. 66 lakhs to Rs. 2,491.44 crores. Borrowings from the Reserve Bank were less by Rs. 20.21 crores at Rs. 48.44 crores, including Rs. 7.74 crores (a drop of Rs. 7.49 crores) borrowed against usance bills. Investments improved by Rs. 2.87 crores to Rs. 620.58 crores, while total cash declined by about Rs. 76 lakhs to Rs. 145.39 crores.

Listless conditions prevailed in the Gilt-edged market. Business put through was very much limited, with values of almost all loans (Central and State) remaining at levels prevailing a week before.

In the foreign exchange market, the banks' buying rate for U.S. dollars receded by 50 nP to Rs. 475.25 per $100, while their selling rate improved by 25 nP to Rs. 478.50. In New York, the pound sterling weakened *vis-a-vis* the dollar, the spot rate moving down by 0.230 cents to 279.680-279.710 cents and the three months' forward by 0.180 cent to 279.190-279.220 cents.

COTTON FUTURES DECLINE

(From Our Own Correspondent)

BOMBAY, 3rd *June*

The cotton futures market had a short week of only three trading days during the week. The market, which closed early on Wednesday the 27th May, on news of the death of Prime Minister Nehru, remained closed on the following three days also as a mark of respect to the memory of the departed leader. When trading was resumed on Monday the 1st inst., the only running contract, namely, Jarilla August 1964, showed signs of strength. This was attributed to the general revival of confidence and the fresh support and short-covering which followed as a sequel. The contract which had finished abruptly at Rs. 719 (per three quintals) on the 27th May firmed upto Rs. 730 on the 1st inst. A reaction, however, set in yesterday, thanks to selling induced by the ban imposed by the Government on forward trading in as many as fourteen commodities. This made operators somewhat nervous. It was feared that, should futures prices rise unduly, cotton might also attract such punitive measures. Selling induced by this fear was responsible for the easiness of the Jarilla August contract which receded to Rs. 727.25 at close today.

In the spot market at Sewri, activity was limited. Spinners showed interest in selected lots of such varieties as Co2, L.147, 197/3, Digvijay and Laxmi. Prices tended to rule fairly steady. Demand for U.S. cotton revived and fairly good business was reported. Sudan cotton varieties too were in moderate demand.

The Textile Commissioner has issued a notification giving the procedural details concerning the import of American cotton under P.L. 480. The purchase authorisation number is 39-122 and the contracting and shipment period are from 26th May to 30th June and from 26th May to 31st July 1964, respectively. The authorisation covers a quantity of 150,000 bales (500 lbs.), one-third of which will be for cotton stapling 1" and above but below 1.1/16". The balance will be for cotton stapling 1.1/16" and above. It is reported that the spinners will be permitted to buy only 50 per cent of the quantity allotted to them earlier. The exchange rate will be ruling market rate.

The latest available quotations—in rupees per candy of 784 lbs.—from the spot market at Sewri are the following:

L.147 1,170; Digvijay 1,197; Khamgaon 1,068; Wagad 950; Elpaso 1,500-1,620; Sudan XP3L 1,805.

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Exports of mill-made cotton piecegoods from India continue to realise a progressively higher value. Figures for April show that the value per yard was 88 nP for that month. In January, the price realisation was 80 nP per yard, as against 72 nP per yard in January 1963; in February the corresponding figures were 84 nP and 74 nP; in March they were 85 nP and 74 nP and in April 88 nP and 75 nP.

In April, exports from Bombay Port alone amounted to over 45 million yards which was in excess of the volume of exports in April last year. The total quantity of mill-made cotton piecegoods exported in the first four months of this year (including the April figure for Bombay Port alone) was 194.88 million yards, as against 198.27 million yards in the first four months of 1963. The total value realised, however, was better at Rs. 16.40 crores during the first four months of this year, against Rs. 14.60 crores in the first four months of last year.

GOLD RISES AGAIN

(From Our Own Correspondent)

BOMBAY, 3rd *June*

There was a further spurt in gold prices during the week under review, while silver was listless. The spurt followed hectic buying by bulls on renewed fears of an acute shortage of supplies developing in the coming week. Primary gold forged ahead from Rs. 118 to Rs. 120. Fourteen-carat gold hardened by a rupee to Rs. 71.25. after being higher still at Rs. 71.50 on Monday and Tuesday. Sovereign was firm at Rs. 92.

In silver, fresh buying support was conspicuous by its absence. Even so, there was no fall in prices, because offerings were scarce. Silver was unaltered at Rs. 256.50 practically throughout the week. The daily average arrivals were larger at 35 bars, as against 20 bars in the previous week. The average offtake was also higher at 20 bars, as against 10 bars.

The international price for gold at London eased slightly from $35.07½ to $35.07 per fine ounce. The sterling price, however, advanced by 3½d. to 250s. 10d. Ready and forward silver were unaltered, the former at 111⅛d. and the better at 111⅜d. Silver in New York, too, was unaltered at 129.3 cents.

The following table shows the trend of prices during the week under review:

	3-6-1964 (closing)	High	Low	27-5-1964 (closing)
	Rs.	Rs.	Rs.	Rs.
SILVER				
Ready (996 fine) ..	256.50	256.50	255.50	256.50
GOLD				
Ready (14 carat) ..	71.75	71.50	69.25	69.00
Sovereign ..	92.00*	—	—	92.00*
London—				
Gold ..	250s.10d.	250s.10d.	250s. 6½d.	250s. 6½d.
Silver Ready ..	111⅛d.	—	—	111⅜d.
Silver Forward ..	111⅜d.	—	—	111⅝d.
New York—				
Silver	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

FORWARD TRADING IN SEEDS AND OILS BANNED

(From Our Own Correspondent)

BOMBAY, 3rd *June*

Traders in seeds, oil and oilcakes were almost stunned on Monday this week when the Government of India announced the imposition, with immediate effect, of a ban on forward trading in fourteen commodities. These include groundnut (seeds, oil and oilcakes), mustardseed and mustard oilcake, cottonseed oilcake, sesamum oilcake, rapeseed oilcake and taramira oilcake, taramira seed, rapeseed, etc. Justifying the ban, the Government says:

"The recent rise in the prices of certain essential commodities has been causing much concern. In the case of groundnut, groundnut oil, mustardseed and mustarseed oilcake, certain steps had been taken by the Forward Markets Commission to prevent speculative excesses. The steps included fixation of the maximum limit on price fluctuation and imposition of margins. However, these steps have not produced the desired results and the speculative activity has been going on in various forms. Even though forward trading in cereals has been banned throughout the country, it is still going on in the guise of free commodities, like mustard oilcake, taramira oilcake, *methi*, corianderseed, cottonseed oilcake, sesamum oilcake, aniseed, *arhar chuni*, *mung chuni*, etc. Further, the steps taken by the Forward Markets Commission to curb speculative activity in these commodities by directing the registered associations to fix maximum prices have not also produced the desired result. Considering the various aspects of the problem, the Government has, therefore, decided, in consultation with the Forward Markets Commission, to ban forward trading in 14 commodities."

The aforesaid move of the Government has evoked a strong protest from traders who categorically refute the allegation that undue speculation has brought about a marked rise in the prices of items in which forward trading has now been banned. In a statement issued to the press, the Board of the Bombay Oilseeds and Oil Exchange Ltd. observes:

"... The Board is of the considered opinion that the recent rise in prices of groundnuts, groundnut oil and groundnut oilcake is not due to any 'speculative excesses,' but it is due to paucity of goods, greater demand for home consumption as a result of increase in population and requirements, and larger exports resulting in continued rise in ready prices which have been and are remaining at much higher level than the forward prices. In the considered opinion of the Board, the price rise is not due to forward trading or to any alleged excesses. The trade is very much perturbed at Government action of squaring up transactions during the currency of the contracts, especially when all forward contracts are opened after obtaining the permission of the Government and on conditions fixed by them. It is important to note that the price rise in essential commodities in which there is no futures trading like wheat and rice during the past few months has been to the extent of 30 to 80 per cent. The Board of the Exchange is of the opinion that the real solution for bringing down the prices lies very much in increased agricultural production."

The ban on forward trading in groundnut and groundnut oil has not, however, had any effect on the market at any rate for the present. For prices have not only suffered a setback but have actually tended to move up. Nizam bold has spurted by Re. 1.38 to Rs. 59 and Khandesh quality by Rs. 2 to Rs. 60.25. Oil ex-mill has risen by 75 nP to Rs. 23.10 and railway receipts by 65 nP to Rs. 22.70.

In the castorseed section, the September contract advanced from Rs. 175.75 to Rs. 176.37 before finishing at Rs. 176. June contract rose by Re. 1.50 to Rs. 176.00. Ready Madras picked up 38 nP to Rs. 34.50 and Kanpur 25 nP to Rs. 33.25. Oil B.S.S. gathered 15 nP to Rs. 14.55, commercial gaining 4 nP to Rs. 13.55.

The linseed September contract improved by 20 nP to Rs. 43.75 and June contract by 34 nP to Rs. 42.91. Bold ready was done at Rs. 44.62. Linseed oil was firm at Rs. 18.05.

The following table shows the closing prices of oilseeds and oils on 3rd June as compared with those of two previous weeks:

	3-6-1964	27-5-1964	20-5-1964
Groundnuts	Rs.	Rs.	Rs.
July 1964 contract	—	—	240.25
Nizam bold	59.00	57.62	56.37
Khandesh quality	60.25	58.25	57.12
Oil ex-mill	23.10	22.35	22.10
Oil Rly. Receipts	22.70	22.05	21.75
Castorseed			
June 1964 contract	174.62	174.87	171.87
September 1964 contract	176.00	175.75	—
Ready Madras	34.50	34.12	33.62
Ready Kanpur	33.25	33.00	32.50
Oil B.S.S.	14.55	14.40	14.20
Oil commercial	13.55	13.51	13.35
Linseed			
June 1964 contract	42.91	42.57	42.75
September 1964 contract	43.75	43.55	—
Bold ready	44.62	44.62	44.50
Linseed oil	18.05	18.05	18.00
Cottonseed			
June 1964 contract	105.50	105.50	105.50

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

PEPPER DRIFTS LOWER

(Messrs. Parekh and Co.)

BOMBAY, 2nd *June*

After a temporary spurt engendered by the news from New York that about 500 tons of Lampong pepper were detained. Malabar black pepper during the week drifted lower with undertone undecisive in sympathy with New York and Singapore, where market turned weak for want of following.

New York, after touching the highest at $0.39, came down to $0.34½, with buyers awaiting new development.

Ungarbled at Cochin after touching the highest at Rs. 344 per quintal, came down to Rs. 328. Garbled slipped down from Rs. 353 to Rs. 338. July delivery, after surging to Rs. 382, receded to Rs. 364. Calicut went upto Rs. 340 and receded to Rs. 325.

Singapore was down from Str.M.$120 to Str.M.$110 for black pepper. *Vaisakh* delivery went out of the board at Rs. 373. *Jeth* delivery, after touching the highest at Rs. 390, declined to Rs. 375. *Shravad* delivery opened at Rs. 398 and fell to Rs. 390.

Ready in Bombay market is quoted at Rs. 180 per 50 kilos.

TEA IN GOOD DEMAND

(From Our Own Correspondent)

CALCUTTA, 2nd *June*

Fair support was accorded during the export sales held yesterday. Offerings included early Darjeeling teas, C.T.Cs and whole leaf grades. There was also good demand during the internal sales held last week, but, despite this feature, rates realised were lower. Tea shipments during the week from the Calcutta port showed a marked increase; the U.K. and Continental destinations claimed a good portion of the total quantity shipped. That the British buyers are in need of replenishment is evident from the low level of U.K. tea stocks, which, in the week ended 22nd May, were only 138.68 million lbs., as against 140

million lbs. in the previous week. The trade here noted that, in the last week's auctions held in Mincing Lane, North Indian offerings met with strong demand, with better liquoring C.T.C. Assams and all Dooars teas receiving the keen attention of bidders.

It was also noted that a very strong feature in Mincing Lane last week was the bright liquoring coloury teas from Africa. East African tea producers have this year received much encouragement from the continued strong support their offerings are meeting with in London. It is reported that private capital from the U.K. is offering active assistance in tea acreage expansion in East Africa. While in London recently, the Chairman of the Tea Board, Mr. A. S. Bam, contended that Indian tea would have to put up with stiff competition not only from traditional tea producing countries like Ceylon but also from new entrants into the world markets like the Latin American and East African countries. Mr. Bam, however, expected that India would be able to gain a better foot-hold in West European markets. He also said that Indian tea would benefit from the great potentialities in the U.S. as well as in the developing countries of Asia.

It has been noticed that, in recent years, U.S. imports of tea have gradually increased. From 93.7 million lbs. in 1953, they went up gradually to 117.6 million lbs. in 1963, an increase of 23.9 million lbs. or 25.5 per cent. At the same time, U.S. consumption increased from 69.7 million lbs. to 94.5 million lbs. in the same period, that is an increase of 24.8 million lbs. or 35.5 per cent. With the going into production of India's first instant tea manufacturing plant shortly in Kerala, it is expected that Indian exports of tea to the U.S. would increase. Instant tea is in good demand in the U.S., and Ceylon has already established a good export market for its instant tea.

An important announcement made by Mr. Bam at London was that the third Plan target of 900 million lbs. had been revised to the more realistic figure of 830 million lbs. It is doubtful even if this lower figure can be realised. For it is common knowledge that tea gardens are groaning under the heavy weight of taxation and increased costs. As a result, they have been unable to finance development programmes from current earnings. Loans have been found to be rather uneconomic, as its charges exceed the current level of return on capital. For the same reason, private capital has also been found less enthusiastic in financing expansion of tea gardens than other industrial ventures such as engineering and consumer goods industries. Mr. Bam also said that the export target has also been revised to 530 million lbs. Since India's tea exports in 1963 aggregated 493 million lbs., it may appear that the export target is realisable.

It should also be noted that world tea output is expected to be higher this year. Up to the end of April, the North East Indian production amounted to 18.25 million lbs. from 12.74 million lbs. in the corresponding period of 1963, that is, an increase of 5.51 million lbs. or over 40 per cent. Many gardens in this part of the country have switched over to C.T.C. manufacture; therefore, a glut in C.T.C. teas is possible. Although quality teas would readily find an export market, the marketing of dusts teas is seen as a problem.

Dusts on offer during last week's internal sales aggregated 13,907 chests. This was the last sale of the season that ended on 31st May. A good and general demand was in evidence. Plain orthodox teas met with buyers at discounted rates. Assam teas were about steady. Legg-cut teas were sold readily at lower rates. C.T.Cs dropped 15nP to 20 nP. No quotations were issued in view of the limited quantities of representative teas on offer.

During the export sale held yesterday, offerings amounted to 14,480 chests which met with fair demand. Offerings included Darjeelings, C.T.Cs and whole leaf grades. Darjeelings were generally easy, but the few flavoury teas met with demand at hardening rates. Prices of bright liquoring C.T.C. and orthodox teas were firm, but others eased. Whole leaf grades were fully steady. No quotations were issued, in view of the limited quantity of suitable teas.

JUTE GOODS DULL

(From Our Own Correspondent)

CALCUTTA, *2nd June*

The unpleasant news of Mr. Nehru's death took the trade, as indeed everybody else, by shock and uncontrollable grief and, within moments, all activity in the jute markets came to a standstill on the 27th afternoon. The market remained closed on 28th and 29th not only as a mark of respect to the memory of the late Prime Minister but also to allow traders to regain equilibrium of mind after the terrible news. The markets re-opened on 30th May, but activity was confined to due date operations. Unlike certain other markets, including the stock exchanges, where quotations fell, the jute markets did not move downwards on the news of Mr. Nehru's death. The reason is that already prices of goods had touched rock-bottom levels, as a result of buyers' resistance against any rise. The inferior grades of fibre were quoted at or below the minimum prices, but the superior grades commanded a premium.

In the past one week, the weather has been hot and dry and, although progress of plants in areas where sowing had already taken place has not been affected, rain is urgently required to allow plants a stable growth. For a while, the fear that the high prices of paddy would affect the jute acreage had been entertained, but the early occurrence of rains this year has enabled cultivators to sow jute in several low-lying areas, in view of prospects for a double crop. It was reported only recently that research had shown that the yield of paddy grown in land immediately after a jute crop tends to be higher than otherwise.

The trade anticipates fruitful results to follow from the current visit of the Indian jute delegation to West European countries and the United States. The delegation, which is led by Mr. G. C. L. Joneja, the Jute Commissioner, and includes representatives of the Indian Jute Mills Association and the Calcutta Jute Fabrics Shippers' Association, has just attended the annual Congress of the Association of European Jute Industry held at Paris a few days ago. Traders hope that the delegation has had opportunities to know about the particular problems faced by the European countries in regard to packaging. The delegation will proceed from Paris to the U.S. and then to Canada and, on its return journey, it will touch the Italian, British and Belgian capitals.

Dull conditions continued to prevail in jute goods during the week under review. Both the U.K. and the U.S. showed interest in ready and near goods. Shipping to River plate destinations showed a marked increase. Some difficulty was felt by ships as a result of the absence of an adequate number of lighters. It is apprehended that stock of goods with mills as at the end of the last month would again show a rise, although this should not be surprising, as at this time of the year, business in jute goods takes place only on a small scale. In addition to this factor, U.S. buyers are reluctant to come to the market for replenishment of their stocks, in view of the expectation of a further fall in prices. On Tuesday last, ready hessian 40" 10 oz. gained a fractional addition at Rs. 44.30, as a result of scattered business with overseas buyers. Ready B. twills, however, were unchanged at Rs. 114.00. On Wednesday, these levels were maintained. After remaining closed since then, the market re-opened on Saturday, when due date transactions led to steady conditions. Hessian 40" 10 oz. was better at Rs. 44.50, but B. twills were quiet at Rs. 113.80. Trading was featureless yesterday and, excepting for business with Government involving a quantity of only 600 B. twills for June delivery, there was nothing else of note. With ready B. twills at Rs. 112.40 and hessian 40" 10 oz. quotations eased sharply and nervous holders were anxious to liquidate their stocks.

The fibre market was quiet. Mills were determined to cover the existing quota with as much selected grades as possible. Sellers demanded higher prices, but mills did not respond. On the other hand, stockists of mesta were anxious to find buyers, while the mills avoided them, since there was still ample time left to cover the current quota. Quotations for ready white and daissee bottoms were as follows: Assam bottoms Rs. 31.50; northern bottoms Rs. 30.50; and daissee bottoms Rs. 33.50. Good progress in regard to the implementation of the intensive jute cultivation scheme has been reported. Two districts in Bihar (Saharsa and Purnea) have been chosen for this purpose. The jute crop will be linked with paddy, as paddy cultivation immediately after a jute crop has been found conducive to give a higher yield for paddy. Efforts are being made at the same time to propagate the new hybrid jute evolved by the Indian Council of Agricultural Research. The new variety has a longer fibre and a silken lustre. Plans are also proposed for intensive cultivation in selected districts of Assam, Tripura and West Bengal.

METALS MAINTAINED

(From Our Own Correspondent)

CALCUTTA, *2nd June*

Prices in the Calcutta metal market were maintained at previous levels during the week under review. On the London Metal Exchange, copper continued to recede, and a feature in the week was a recession in zinc also from the peak level of £130 a ton. Spot copper-wire bars opened in London at £285 a ton and closed lower on balance at £277. At one time, the rate was even lower at £275½. The three-months' position closed at £275, after opening at £283½. Closing at £271, spot cathodes eased by £4, with spot fire-refined metal at £262 showing a loss of £2.

The recession in the world price of copper has followed the realisation that producers have now raised their activity and that production is now almost equal to demand. It is significant that Mr. Robert G. Page, President of Messrs. Phelps Dodge Corporation, stated recently that most of the major producers had indicated by word and action that they did not want to see a sharp run-up in the price of copper such as had occurred on occasion in the past. He foresaw that world demand would grow further and hoped that supply also would increase. European consumption of copper is advancing, and the business boom in the United States has led to the anxiety among primary fabricators and consumers to build up inventories to a satisfactory level, Mr. Page declared. Up to 1963, copper mines had operated below their capacity, and even then held considerable stocks so as to serve as a measure against any price rise. However, they had under-estimated demand. In India also, with the gathering momentum of machine-building activities and the programme to fabricate essential plants and equipment within the country, demand for copper, as indeed all other metals, has gone up, but imports have to be restricted to the availability of foreign exchange. A plea has been made to the Government of India for increased foreign exchange allocation to the import of non-ferrous metals. Since import licences are issued on the basis of value, the quantum of imports would fall as a result of the rise in world prices of metals. In Calcutta, utensil copper scrap was unchanged at Rs. 690 per 100 kgs. in the week under review.

As in the case of copper, world consumption of zinc, lead and tin has also gone up. The continued rise in the price of tin on the London Metal Exchange—spot tin in this week rose from £1,066 a ton to £1,073 and the three-months from £1,065 to £1,069—is indicative of the feeling that the deficit as between production and consumption would not be fully met by the weekly releases from the U.S. strategic stock-piles. Free world consumption of lead in 1963 is estimated at 2.5 million tons, as against the annual average of only 1.9 million tons in 1952-56. Similarly, zinc consumption increased to 2.9 million tons last year from an annual average of 2.0 million tons in 1952-56. In London, spot zinc opened at the new high of £133 a ton, but eased to close at £124; at one time, the quotation was even lower at £120. On the other hand, spot lead hardened from £88¾ a ton to £89 as a result of the broadening of demand. In Calcutta, virgin lead and electrolytic zinc were unchanged at Rs. 303 and Rs. 312 per 100 kgs., respectively.

KIPS WEAK

(From Our Own Correspondent)

MADRAS, *1st June*

Arrivals of stocks from tanneries to Madras were moderate and clearance by shippers and by merchants for inland trade was small. Prices ruled weak. Importers buying was selective and small, with emphasis on top marks light weight cowhides and on market quality medium fifths and light inferior fifths. Demand for other lines was poor. The efforts of shippers to enthuse importers with offers at lower levels did not mature in orders.

As for tanned goat skins, E.I. tanners were holding firm to their price ideas, but overseas buyers were resisting these prices and were keeping out of the market, with a view to buying at lower levels later. Middle class sheep skins remained steady, but better tannages were a shade easy, due to lack of inquiries. Prices in the raw skins centres remained firm and were out of tanned parity.

In the last tanned skins public sales in Germany, attendance of buyers was small and only 30 per cent of goat skins and 20 per cent of sheep skins met with clearance, at unchanged to 3 pence less than current quotations. The next German public auctions will take place on the 6th July; and the London public sales will also be on the same date.

SUGAR FIRM

(From Our Own Correspondent)

HAPUR, *1st June*

Sugar continued to rule firm, as the supply position was far from satisfactory and the seasonal demand was on the increase. The commodity was very much in request due to marriage season and prices in the open market were around Rs. 175 per quintal, as against the recently increased controlled price of Rs. 131 per quintal. Sugar production has virtually closed and total production is reported to be around 2.6 million tons.

Desi khandsari, after touching new heights of the season in the earlier part of the week, recorded a modest fall towards the week-end due to uncertain market conditions. Despite poor demand, stockists were still reluctant to sell, as rumours still persisted that export permits of the commodity for Punjab and Rajasthan might be issued soon. The sad death of Pandit Nehru also gave a severe jolt to both buyers and sellers. Stocks of the commodity in Muzaffarnagar, which is the main assembling centre, were put around 202,000 maunds, the corresponding figure last year being much lower at 60,000 maunds. Production had nearly finished except at some centres where it was being done on *galawat* account. Week-end prices (in rupees per quintal) were:—*Desi* inferior 125 to 140; medium 142 to 160; superior 162.50 to 170; boora 160 to 165.

Ready *gur* ruled steady during the week, although offtake to consuming States was small because import permits for the month of May had been exhausted. Fresh permits were expected early next month. As *gur* stocks with the trade (about 7,000 quintals) were much below the requirements till next season's produce arrivals in the market by end of September, a further rise in *gur* prices was predicted. Cane crop prospects were still uncertain and most of it would depend on the monsoon, although there has been an increase in cane acreage. Week-end prices (in rupees per 40 kilogram) were:— *gur pansera* superior 31.25; average 30.50; *kotha* selected 31; dry-wet 28.50 to 29.50; *shakker* 33 to 35.

Ready *gur* recorded gains during the week in the Muzaffarnagar market on revival of demand from the consuming States. *Gur chaku* closed with net gains of Re. 1 to Re. 1.25 per 40 kilogram, and *shakker* also improved by 50 paisa per 40 kilogram. Stocks at week-end were 190,000 maunds, as against 75,000 maunds a year before. The latest prices (in rupees per 40 kilogram) were:—*Chaku* 34 to 36.25; *pansera* 30.50 to 31.50; *laddoo* 34 to 34.50: *rusket* 16 to 20; *shakker* 36 to 37.

FOODGRAINS STEADIER

(From Our Own Correspondent)

HAPUR, *1st June*

Steadier trend continued to prevail in the foodgrains market during the week under review. Poor arrivals in the face of brisk consumer demand was the main influencing factor. Grain trade here under advice of State Government has fixed the floor and ceiling prices for wheat. Wheat would not be purchased at more than Rs. 22 to Rs. 25 per 40 kilograms. Despite this decision, wheat was quoted higher in the open market.

Arrivals of wheat were about 1,500 to 2,000 maunds a day and its demand from both local and outside dealers was quite brisk. Prices, therefore, rose further, by Rs. 2.50 to Rs. 4 per quintal according to quality. Average quality wheat was now quoted between Rs. 55 and Rs. 58.50 and farm produce between Rs. 62.50 and Rs. 66.50 per quintal. Stocks at the week-end were estimated at 3,000 quintals.

Rice ruled quiet and prices of inferior variety eased slightly on poor demand at higher levels. Week-end prices were:—Rice *basmati* superior Rs. 96.35 to Rs. 99.13, *sela basmati* Rs. 93.77 to Rs. 96.45; *mainpuri* Rs. 73.01; *ramajwayan* Rs. 80.38; *raimunia* Rs. 83.06 and *gadda* Rs. 73.01 per quintal.

After an early advance, gram eased towards the week-end on poor buying support. Arrivals averaged 400 maunds daily, with local quality quoted at Rs. 56.26 per quintal and Punjab quality at Rs. 55.59. Local stocks were estimated around 3,000 quintals. Barley and *bejhar* also sought higher levels at Rs. 42 to Rs. 43 and Rs. 41.75 to Rs. 42.50 per quintal, respectively. Arrivals of both were very poor. *Juwar* and *guwar* were steady. Stocks with trade were reported to be meagre and prices now ranged between Rs. 43 and Rs. 45 for *juwar* and between Rs. 58.94 and Rs. 61.62 for *guwar*. *Methi*, however, was subdued on increased arrivals, while oats hardened on good demand. Prices at the week-end were:—*methi* Rs. 52.50 to Rs. 55; oats Rs. 57.60 to Rs. 58.94; and maize Rs. 41 to Rs. 43 per quintal.

Steadier trend was witnessed in pulses also. Peas improved by Re. 1 per quintal to Rs. 48.75 to Rs. 50.75 for dara quality and to Rs. 52.75-Rs. 55 for farm variety. Arrivals were around 400 to 500 maunds a day and stocks at the week-end were estimated at 3,000 quintals. Arrivals of *arhar* were small and prices ruled quiet in poor trading and prices ranged between Rs. 67.50 and Rs. 72 per quintal. *Urd* and *moong* were stationary at previous level at Rs. 66.98-Rs. 72.34 for *urd* and at Rs. 77.70-Rs. 91.09 for *moong*. *Masoor* and other *dals* remained unchanged. Week-end prices were:—Peas *dal* Rs. 53.12; *arhar dal* Rs. 80.38 to Rs. 91.90; *moong dal* Rs. 93.77; *urd dal* Rs. 80.38; *masoor* Rs. 66.25 to Rs. 72.34; *masoor dal* Rs. 82.50; and *gram dal* Rs. 62.96.

TEA RECEDES

(Messrs. Forbes, Ewart and Figgis Private Ltd.)

COCHIN, *29th May*

Offerings in Sale No. 21 held on Tuesday, 26th May, amounted to 690,000 kg. There was a further decline in quality for most of the offerings. The market opened to very much less demand at considerably lower rates and, consequently, there was a high percentage of withdrawals. The few selected best Nilgiris were sold well at lower rates, but the lesser kinds met with limited support and many were withdrawn; fannings in this category elicited better enquiry than their equivalent brokens. Good medium sorts eased in price, mainly following quality. Medium brokens declined quite sharply, but low medium sorts registered even greater drops in price and there was only fair enquiry at the lower levels; fannings in these categories sold better than their brokens. Black leaf and plainest descriptions followed the considerably easier trend of the market, whilst whole leaf grades met with very irregular support and also at much lower levels. Tippy teas were nearly all withdrawn without bid. Unorthodox teas met with quite fair support at only slightly lower levels.

The quotations (per kg.) were:—

	1964 Rs.	1963 Rs.
Low mediums	4.30-4.60	4.00-4.20
Mediums	4.60-4.80	4.25-4.45
Good Mediums	4.90-5.35	4.50-5.10
Nilgiri B.O.P.	4.60-7.10	4.50-7.20

The average price realised in sale No. 21 was Rs. 4.61 per kilo, as against Rs. 4.85 a week ago and Rs. 4.23 in the corresponding sale last year.

Approximately 299,000 kg. were offered in dust sale No. 21 held here today. There was fair demand but at much lower levels. Highgrown prices were much lower than those last seen. All medium descriptions came to a considerably easier market. Unorthodox and residual types were readily absorbed at lower rates.

The average price realised in dust sale No. 21 was Rs. 4.26 a kilo, as against Rs. 4.72 a week ago and Rs. 3.95 in the corresponding sale last year.

Colombo: Just over 7½ million lbs. were offered this week. The market opened to good demand with highgrowns brokens 5-15 cents lower. Coloury mediums were fully firm, but plainer sorts and Uvas tended 5-10 cents easier. Liquoring fannings were a strong feature of the sale, whilst lowgrown descriptions remained steady on last levels.

London: North Indian and other growths: In Monday's auction, there was good demand with C.T.C. Assams firm to dearer, but Dooars remained steady.

Ceylon and South Indians: In Tuesday's sale, there was good demand for the Ceylon and South Indian offerings at firm rates.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire us as follows:

"Leaf sale No. 22 held on Tuesday the 2nd inst.: 751,000 kgs. offered. Better demand at ten to twenty paise lower. Highgrowns again weak. Unorthodox about steady."

Notices

BRITISH PAINTS (INDIA) LIMITED

Registered Office:

32, Chowringhee Road, CALCUTTA

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Fortieth Annual General Meeting of the Shareholders of the Company will be held at the Registered Office of the Company on Friday, 26th June, 1964, at 11-30 a.m., to transact the following business:—

A. **As Ordinary Business**

1. To receive the Report of the Directors and to adopt the Audited Accounts for the year ended 31st December, 1963.
2. To declare a Dividend.
3. To elect Directors in place of Mr. J. T. Adamson and Mr. B. Gill.
4. To appoint Auditors and to fix their remuneration.

B. **As Special Business**

To consider and if thought fit, pass the following Resolutions with or without modification:—

(i) *As a Special Resolution No. 1*:

"That in view of the proposal contained in the succeeding Ordinary Resolution that Mr. Clifford James Harben be appointed a Director of the Company, consent be and is hereby accorded to Mr. Clifford James Harben holding and continuing to hold an office or place of profit under the Company as Works Director or such other office or place of profit as the Directors may from time to time decide, upon such terms as to remuneration as approved by the Central Government and set out in the Resolution of the Board of Directors passed on the 13th November, 1963, a copy of which has been signed by the Chairman and laid on the table for the purpose of identification."

(ii) *As an Ordinary Resolution*:

"That approval of the Central Government having been obtained to the appointment of Mr. Clifford James Harben as a Director and due notice in writing signifying the intention of a Member to propose him as a Director having been left at the Registered Office of the Company, pursuant to Section 257 of the Companies Act, 1956, Mr. Clifford James Harben be and is hereby appointed as Director of the Company with effect from 1st January, 1964."

(iii) *As a Special Resolution No. 2*:

"That Mr. F. C. H. Rustomjee be and is hereby appointed as an Alternate Director for Mr. J. T. Adamson and that it is hereby declared that the age limit laid down in Section 280 of the Companies Act, 1956, shall not apply to him."

(iv) *As a Special Resolution No. 3*:

"Resolved that the Articles of Association of the Company be altered in the following manner:—

By inserting the words 'without payment,' between the words 'entitled' and 'to' appearing in the first line in the Article 13."

(v) *As a Special Resolution No. 4*:

"Resolved that the Articles of Association of the Company be amended by altering Article 14, so as to read as follows:—

If any Certificate be defaced, torn or old decrepit, worn out or when the space on the reverse for recording transfer have been fully utilised, then upon production of such Certificate to the Directors, they may order the same to be cancelled and may issue a new Certificate in lieu thereof, and if the Certificate be lost or destroyed, then, upon proof thereof to the satisfaction of the Directors and to such reasonable terms, if any, as to evidence and idemnity and the payment of out-of-pocket expenses incurred by the Company in investigating evidence, as the Directors think fit, a new Certificate in lieu thereof may be issued to the party entitled to such lost or destroyed certificate."

(vi) *As a Special Resolution No. 5*:

"Resolved that Article 15 be substituted by the following Article:—

For every Certificate issued in the last preceeding Article, the Company shall charge no fee."

(vii) *As a Special Resolution No. 6*:

"Resolved that Article 41 be amended so as to read as follows:—

For the registration of each transfer and for each registration of transmission under the transmission clause, the Company shall charge no fee."

By Order of the Board,

S. R. ROY,
Director Secretary.

Dated at 32, CHOWRINGHEE ROAD, CALCUTTA-16, *the 25th day of May* 1964.

N.B.—1. The Share Transfer Books of the Company will be closed from the 12th June, 1964 to the 26th June, 1964, both days inclusive.

2. A Member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself, and the Proxy need not be a Member.

3. Subject to the confirmation of the Members in the Annual General Meeting, the related Dividend Warrants in respect of the Shares registered in the Books of the Company on the date of this Meeting will be ready for despatch on the 2nd day of July 1964, to the Holders thereof.

The explanatory statement as required by Section 173(2) of the Companies Act, 1956, in regard to the special business cited above has been forwarded to Members together with a copy of this notice.

THE BENGAL PAPER MILL COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE Annual General Meeting of the Company will be held at the Registered Office of the Company at 14, Netaji Subhas Road, Calcutta, on Monday the 29th June, 1964, at 4-30 p.m., for the following purposes:—

(1) To receive and consider the report of the Directors and adopt audited accounts of the Company for the year ended 31st December, 1963.

(2) To declare dividends on Preference and Ordinary Shares.

(3) To elect Directors in place of those who retire by rotation.

(4) To appoint Auditors and fix their remuneration.

NOTICE is hereby given that Share Transfer Books of the Company shall remain closed from 20th June to 29th June, 1964 both days inclusive.

By Order of the Board,

THE BENGAL PAPER MILL CO. LTD.,

H. P. DHANUKA,
Director.

Registered Office:
14, NETAJI SUBHAS ROAD,
CALCUTTA.
1st June, 1964.

Note:—A member entitled to attend and vote at this meeting is entitled to appoint a Proxy to attend and vote in his stead. Such Proxy need not be a member of the Company.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 29th May 1964

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long Term Operations) Fund		73,00,00,000
National Agricultural Credit (Stabilisation) Fund..		8,00,00,000
Deposits—		
(a) Government—		
(i) Central Government		53,56,84,000
(ii) State Governments		16,99,95,000
(b) Banks—		
(i) Scheduled Banks		88,46,96,000
(ii) State Co-operative Banks		2,79,77,000
(iii) Other Banks		35,74,000
(c) Others		158,38,35,000
Bills Payable		39,64,98,000
Other Liabilities		81,83,41,000
	Rupees	608,06,06,000

ASSETS	Rs.	Rs.
Notes		38,24,07,000
Rupee Coin		7,92,000
Small Coin		5,55,000
National Agricultural Credit (Long Term Operations) Fund—		
(a) Loans and Advances to—		
(i) State Governments		28,30,56,000
(ii) State Co-operative Banks		8,16,17,000
(iii) Central Land Mortgage Banks		....
(b) Investment in Central Land Mortgage Bank Debentures		3,59,36,000
National Agricultural Credit (Stabilisation) Fund Loans and Advances to State Co-operative Banks.		....
Bills Purchased and Discounted—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		41,09,39,000
Balances Held Abroad*		12,15,79,000
Loans and Advances to Governments**		57,58,59,000
Loans and Advances to—		
(i) Scheduled Banks		32,45,48,000
(ii) State Co-operative Banks‡		116,52,36,000
(iii) Others		1,98,20,000
Investments		235,70,05,000
Other Assets		32,12,47,000
	Rupees	608,06,06,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

† Includes Rs. 5,58,15,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	11,34,09,000	
Notes in circulation	460,24,37,000	
Total Notes issued		471,58,46,000
Total Liabilities	....	471,58,46,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion—		
Silver Bullion	25,00,44,000	
Foreign Securities	85,16,41,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
		153,18,49,000
B. Rupee Coin	4,31,58,000	
Government of Pakistan Securities	308,18,33,000	
Internal bills of exchange and other commercial paper	....	
		312,49,91,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets		471,58,46,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 33.67 per cent.

State Bank of Pakistan

Statement of Affairs for the week ended 15th May 1964

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		3,00,00,000
Reserve Fund		6,65,00,000
Rural Credit Fund		3,00,00,000
Deposits :—		
(a) Central Government		21,21,14,000
(b) Provincial Governments		50,16,000
(c) Banks		37,47,82,000
(d) Others		101,44,05,000
Bills Payable		37,48,000
Other Liabilities		18,30,79,000
	Rupees	191,87,34,000

ASSETS	Rs.	Rs.
Notes		11,34,09,000
Rupee Coin		17,000
Subsidiary Coin		39,000
Bills Purchased and Discounted :—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		....
Balances held outside Pakistan*		28,98,80,000
Loans and Advances to Governments		4,14,00,000
Provincial Governments' Debtor Balances		2,70,17,000
Other Loans and Advances		88,57,90,000
Investments		37,70,83,000
Other Assets		13,40,99,000
	Rupees	191,87,34,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	11,34,09,000	
Notes in circulation	460,24,37,000	
Total Notes issued		471,58,46,000
Total Liabilities	....	471,58,46,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion		
Silver Bullion	25,00,44,000	
Foreign Securities	85,16,41,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
		153,18,49,000
B. Rupee Coin	4,31,58,000	
Government of Pakistan Securities	308,18,33,000	
Internal bills of exchange and other commercial paper	....	
		312,49,91,000
II. Held with the Reserve Bank of India pending transfer to Pakistan :—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets		471,58,46,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 33.67 per cent.

State Bank of India

Statement of Affairs for the week ended 29th May 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital :— 20,00,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each..	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		9,30,00,000
Borrowings from Other Banking Companies, Agents, etc.		621,32,57,000
Bills Payable		14,65,40,000
Bills for Collection being Bills receivable as per contra		8,06,24,000
Acceptances, Endorsements and Other Obligations per contra		9,09,87,000
Other Liabilities (including Inter-Office Adjustments)		16,30,60,000
		9,26,83,000
Total .. Rs.		693,64,01,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		17,95,82,000
Balances with other Banks		3,94,08,000
Money at Call and Short Notice		2,66,66,000
INVESTMENTS :—		
Government and other Trustee Securities	Rs. 232,90,68,000	
Other Authorised Investments	9,44,25,000	
		242,34,93,000
ADVANCES :—		
Loans, Cash Credits, Overdrafts, etc.	Rs. 347,85,04,000	
Bills Discounted and Purchased	23,92,25,000	
		371,77,29,000
Bills Receivable being Bills for Collection as per contra		9,09,87,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		16,30,60,000
Premises less Depreciation		2,25,64,000
Furniture and Fixtures less Depreciation		1,81,70,000
Other Assets (including Inter-Office Adjustments)		25,47,42,000
Total .. Rs.		693,64,01,000

EXCHANGE RATES

	3rd June 1964	27th May 1964
London on New York	2.7968– 2.7970	2.7995 –2.7997
London on Berne .. Sw. Fcs.	12.0670–12.0690	12.0790–12.0810
London on Paris .. Fcs.	13.7030–13.7050	13.7165–13.7185
New York on London Cents per £	279.680–279.710	279.940–279.960
Pound Sterling—		
Sellers T.T. D.D. Spot .. ,,	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months .. .. .. ,,	1-5 15/16	1-5 15/16
Buyers T.T. .. .. .. ,,	1-6 1/32	1-6 1/32
Buyers D.D. .. .. .. ,,	1-6 1/16	1-6 1/16
U.S. Dollar—		
Sellers T.T. D.D... Rs. to $100	478.50	478.25
Buyers T.T. .. Rs. to $100	475.25	474.75
Canadian Dollars—		
Sellers T.T. D.D. .. Rs. to $100	445.25	444.75
Buyers T.T. .. ,,	437.25	436.75
French Francs—		
Sellers T.T. D.D... per Rs. 100	102.20	102.40
Buyers T.T. .. ,,	103.30	103.40
Swiss Francs—		
Sellers T.T. D.D... ,,	90.00	90.10
Buyers T.T. .. ,,	91.00	91.10
Deutsche Marks—		
Sellers T.T. D.D... ,,	82.90	83.00
Buyers T.T. .. ,,	83.80	83.90
Italian Lire—		
Sellers T.T. D.D... ,,	13,020	13,030
Buyers T.T. .. ,,	13,105	13,210
Swedish Kroner—		
Sellers T.T. D.D... ,,	107.20	107.30
Buyers T.T. .. ,,	108.30	108.40
Belgian Francs—		
Sellers T.T. D.D... ,,	1,037	1,037
Buyers T.T. .. ,,	1,053	1,053
Dutch Guilders—		
Sellers T.T. D.D... ,,	75.40	75.40
Buyers T.T. .. ,,	76.30	76.30
Hongkong Dollars—		
Sellers T.T. D.D... ,,	119.60	119.60
Buyers T.T. .. ,,	120.60	120.60
Norwegian Kroner—		
Sellers T.T. D.D... ,,	149.20	149.40
Buyers T.T. .. ,,	150.60	150.70
Danish Kroner—		
Sellers T.T. D.D... ,,	144.20	144.30
Buyers T.T. .. ,,	145.50	145.60

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday) 22-5-64	15-5-64	24-5-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	63,26	63,86	50,78
(ii) From others	1,065,34	1,071,09	889,49
(b) Borrowings from banks	48,77	37,58	35,03
(c) Others	66,13	66,39	60,15
2. Time liabilities—			
(a Time deposits—			
(i) From banks	23,86	24,94	24,74
(ii) From others	1,261,40	1,254,22	1,247,89
(b) Borrowings from banks	12,14	12,07	21,56
(c) Others	11,44	11,60	10,22
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,326,75	2,325,31	2,107,38
4. Borrowings from Reserve Bank	48,44	68,66	8,76
(a) Against usance bills and/or promissory notes	4,71	15,23	6,28
(b) Others	40,71	53,43	2,48
5 Borrowings from State Bank and/or a notified Bank	23,27	22,86	16,73
6. Cash	62,11	63,24	52,63
7. Balances with Reserve Bank	83,28	82,90	79,38
8. Cash and balances with Reserve Bank	145,39	146,15	132,01
9. 8 as per cent of 3	6.25	6.29	6.26
10. Balance with other banks in current account	22,69	21,62	19,96
11. Money at call and short notice	55,52	49,17	52,83
12. Investments in Government securities	620 58	617,71	630,25
13. 12 as per cent of 3	26.67	26.56	29.91
14. Advances—			
(a) Loans cash credits and overdrafts	1,556,88	1,560,73	1,310,78
(b) Due from banks	12,45	15,26	8,18
15. Inland bills purchased and discounted	212,97	221,31	189,60
16. Foreign bills purchased and discounted	68,02	65,71	53,95
17. Total Bank Credit [14(a)+15+16]	1,837,87	1,847,74	1,554,32
18. 17 as per cent. of 3	78.99	79.46	73.76

INDEX NUMBERS OF SECURITY PRICES

(1952-53—100)

Group and Sub-Group	Week ended 23rd May 1964	16th May 1964	25th April 1964	25th May 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99 8	99 7	99.6	98.6
2. Government of India	99.5	99.4	99.2	98.2
3. State Governments	102.0	102.0	102.0	101.2
4. Municipal, Port Trust, etc	98.9	98.9	98.9	98.8
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	97.6	97.6	97.7	96.9
PREFERENCE SHARES—ALL INDIA.				
6. Total	81.3	81.2	81.4	81.5
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	162.6	163.6	163.7	163.6
8. *Agriculture and Allied Activities : Total**	143.7	143.9	146.1	147.2
9. Tea Plantations	130.9	131.1	133.3	136.8
10. Coffee Plantations	164.1	164.4	170.4	163.3
11. Rubber Plantations	182 5	182 8	184.0	159 9
12. *Mining and Quarrying: Total**	133 4	134 3	134.0	135.3
13. Coal	96.1	96.3	97.7	111.0
14. Other Mining	158 9	160.3	158.9	152.0
15. *Processing and Manufacturing : Total*	175 2	176.7	176.7	176.4
16. *Processing and Mfg. (Foodstuffs,Textiles,etc.): Total**	173 6	175.5	175.7	181.9
17. Sugar	123.1	123.9	124.8	122.7
18. Cotton Textiles	160.0	160.0	160.4	167.6
19. Jute Textiles	85 5	86.1	88.5	99.5
20. Silk and Woollen	826 0	837.8	818.5	865.7
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	195.2	191.6	191.3	180.9
22. Iron and Steel	157 6	155.7	155.7	144.3
23. Transport Equipment	316.4	319.0	319.1	325.1
24. Electrical Machinery	150.3	150.8	154.1	147.0
25. Machinery other than Transport and Electrical	219 9	221.8	224.4	214.2
26. Basic Industrial Chemicals	176.6	177.3	178.8	164.7
27. *Processing and Mfg. (Others) : Total**	152 2	152 5	152 6	151.6
28. Cement	141 0	144.2	141.4	140.7
29. Paper	192 2	193.4	192.6	198.0
30. *Other Industries : Total**	107.1	107.2	107.4	104.0
31. Electricity Generation and Supply	88 0	87.9	87.7	83.4
32. Trading	108.8	108.9	108.0	110.3
33. Shipping and Other Transport	94.9	94 8	94.1	83.6
34. Construction	279.9	282 2	286.8	261.3
35. *Financial : Total*	184.8	184 3	182.6	182 2
36. Banks	205.5	205.4	204.2	209.3
37. Insurance	152.7	153.4	145.4	154.1
38. Investment Trusts	79.6	79 0	81.2	84.6
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	170.4	171.1	169.5	168.4
40. Calcutta	150.0	151.3	151.9	154.1
41. Madras	171.7	172.8	175 6	173.5
42. Delhi	221.0	223.4	223 3	206.5

*Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	9th May 1964	2nd May 1964	11th May 1963	March 1964	March 1963	Percentage of Increase (+) or Decrease (—) in March 1964 as compared with March 1963	Financial Year Averages 1963-64	1962-63
Food Articles	504	147.7	146.0R	131.4	142.1	123.4	+15.2	136.8	128.1
Cereals	192	127.6	125.2	110.0	123.6	102.0	+21.2	116.3	105.6
Pulses	48	134.7	135.6	105.3	133.9	99.9	+34.0	115.4	105.2
Fruits and Vegetables	23	160.6	171.0R	152.3	162.9	133.4	+22.1	140.6	135.6
Milk and Ghee	84	144.2	130.5	127.4	133.0	124.8	+ 6.6	128.2	124.4R
Edible Oils	47	173.9	170.8	146.6	160.0	141.8	+12.8	151.1	132.3
Fish, Eggs and Meat	17	151.8	154.0	141.7	152.7	137.5	+11.1	149.8	143.6R
Sugar and Gur	48	176.3	177.3	175.8	173.0	147.5	+17.3	188.8	145.0
Others	50	178 6*	177.4*	177.3*	175.7	172.9	+ 1.6	179.3	171.8
Liquor and Tobacco	21	117 6	116.0	118.0	114.2	114.2	+ 4.2	119.6	100.9R
Tobacco		114.6	112.9	115.0	110.1	111.6	+ 4.0	116.8	97.4R
Fuel, Power, Light and Lubricants	30	141 8	141.8	139.0	141.7	137.7	+ 4.4	139.6	124.4R
Industrial Raw Materials	155	149 7	149.0R	136.3	144.8	135.2	+ 7.1	139.5	136.5
Fibres	61	136.3	136.1R	134.7	135.7	133.5	+ 1.6	133.2	128.8
Oilseeds	60	174.0	173.2	146.8	162.9	143.0	+13.9	154.1	151.4
Minerals	2	103.2*	103.2*	93.4	98.1	93.4	+ 5.0	92.8	93.6
Others	32	130 0*	130.0R	125.3	131.5	126.6	+ 3.9	127.3	125.8
Manufactures	290	134.0	133.5R	130.6	132.8	129.6	+ 2.5	131.1	128.8R
Intermediate Products	61	145.0	145.9	138.3	144.7	138.2	+ 4.7	139.6	139.5
Finished Products	149	132.0	131.5R	129.3	144.7	136.2	+ 6.2	129.7	127.1
Textiles	147	129.5	128.0	127.6	136.7	134.4	+ 1.7	127.7	126.1
Cotton		138.1*	137.6*	135.1*	153.6	127.0	+21.3	135.6	130.7
Jute		99.6	98.6	101.9	98.7	102.1	— 3.3	100.2	110.9
Woollen		162.5*	162.5*	142.7*	162.4	142.4	+14.0	155.3	140.1
Silk and Rayon		141.8*	141.8*	140.6	143.2	139.3	+ 2.9	139.3	131.8
Metal Products	12	168.9	168.9	161.2	166.1	161.0	+ 3.2	163.1	160.1
Chemicals	20	119.4*	119.3*R	117.5*	120.2	117.3	+ 2.5	117.9	115.6
Oil Cakes	9	184.3	181.1	184.5*	172.5	167.8	+ 2.8	165.7	160.9
Machinery and Transport Equipment	31	125.8	125.8	123.2	125.6	122.2	+ 2.8	124.2	117.9R
Others	30	127.6	127.7R	128.1	127.8	127.2	+ 0.5	128.2	125.3
All Commodities	1,000	143.2	142.1R	132.0	139.3	127.2	+ 9.5	135.3	127.9

NOTE :—Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index. P=Subject to revision. R—Revised. * Estimated.

STOCK & SHARE QUOTATIONS

Abbreviations :—D.—Deferred shares. P. O.—Preferred Ordinary shares. Y.—Accounts published yearly. H.—Accounts published half-yearly. F.—Company has Preference shares. T.—Company has Debentures. N.—Nominal quotations. x.d.—Ex. Dividend. c.d.—Cum. Dividend. I—Interim Dividend. C.R.—Cum. Right. XR.—Ex. Right.

Shares :—If a company has different classes of shares—as for example : ' A ' shares and ' B ' shares—these are indicated by the same letters ' A ' and ' B ' under the columns ' Paid-up Ordinary Capital ' and ' Paid-up ' per share.

Accounts :—Figures in the Accounts Closed column represent the months or the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June and December, respectively. Reserves include general and other reserves and all other funds which a company may have excluding depreciation fund, reserves for tax liability and provident fund. Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed less sales, if any, and stands for the gross figures except where otherwise indicated.

Dividends :—Dividends for completed years are shown as amount per share per annum, but where quoted for portion of a year they represent the proportionate dividend for that period. In the case of those companies which close their accounts yearly dividends shown are for their financial year.

TEXTILES

COTTON, RAYON, SILK AND WOOLLEN

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number Installed Spindles	Number Installed Looms	Mill	Latest available Quotation Rs.	Paid-up Per Share Rs.	Dividend Per Ordinary Shares 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
BOMBAY CITY AND ISLAND																
20,00,700	17,73,622	50,45,511	30,68,133	26,452	Maganlal Bhagwandas & Co. ..	..	45,180	Ambika Silk Mills Co., Ltd. ..	285.00	100	15.00	20.00	20.00	....	12	Y.
50,00,000	17,53,685	1,04,39,380	83,17,117	1,35,873	Rajputana Text. (Agencies) Pvt. Ltd.	55,448	992	Apollo Mills	1.75	2	*Nil*	*Nil*	*Nil*	*Nil*	3	Y.
2,50,38,000	4,24,81,018	13,87,18,614	7,88,55,093	42,236	Nowrosjee Wadia & Sons (Pvt.) Ltd.	1,99,796	3,738	Bombay Dyeing & Mfg. ..	56.20	25	3.50	3.50	3.50	3.50	12	Y.
10,00,000	43,71,358	98,64,077	66,76,196	21,112	M. Ramnarain Private Ltd.	44,784	859	Bradbury Mills	145.00	50	5.00	12.50	5.00	15.00	3	Y.P.
2,54,00,000	5,00,47,465	19,19,05,500	8,36,29,130	....	Birla Gwalior Private Ltd.	1,26,752	2,702	Century Spg. & Mfg.	410.00	100	30.00	30.00	30.00	30.00	12	Y.P.
56,00,000	53,60,444	1,43,43,896	96,80,380	5,342	Cowasjee Jehangir & Co. Pvt. Ltd. ..	31,450	672	Cooria Spg. & Wvg.	107.50	100	11.00	11.00	11.00	11.00	3	Y.
28,00,000	49,27,043	1,21,38,021	77,41,056	2,149	Ruia Industries Ltd.	43 960	....	Dawn Mills	153.00	50	15.00	15.00	15.00	15.00	3	Y.
34,00,000	33,74,168	1,53,70,060	79,34,359	—9,38,834	Puranmal Bubna Sons	47,444	928	Edward Textiles	260.00	200	18.00	18.00	12.00	....	12	Y.P.
50,00,000	48,56,520	3,37,36,533	1,05,05,794	5,844	N. K. Jalan, Esq. (Director-in-charge)	52,938	1,756	Elphinstone Spg. & Wvg. ..	97.00	50	9.00	11.00	9.00	....	12	Y.
50,00,000	99 32,000	2,67,92,168	1,52,97,560	68,492	James Finlay & Co., Ltd.	63,212	780	Finlay Mills	303.00	100	23.00	23.00	23.00	23.00	12	Y.
50,00,000	80,43,677	1,59,10,972	92,99,367	22,627	James Finlay & Co., Ltd.	60,212	1,020	Gold Mohur Mills Ltd.	200.00xd	100	21.50	21.50	19.50	19.50	12	Y.
24,00,000	1,39,65,715	2,57,65,011	1,60,95,809	15,203	K. M. D. Thackersey, Esq. (Chairman)	50,922	1,129	Hindoostan Spg. & Wvg. Mills ..	950.00	250	125.00	125.00	64.00	64.00	3	Y.P.
2,20,00,000	71,99 100	5,78,94,999	4,29,77,839	3,99,937	M. D. Bhat, Esq. (Chairman) ..	2,43,784	6,357	India United Mills	21.48	0100.	0.80	1.40	1.10	....	12	Y.
50,00,000		4,95,91,597	....	—4,07,724	Veraval Rayon Industries (Private) Limited				2.02	01D.	0.1325	0.3725	0.2325	....		
24,00,000	30,55,000	2,42,64,580	1,48,50,514	34,392	K. L. Seksaria, Esq. (Chairman) ..	56,736	1,356	Indore Malwa United	209.00	100	8.50	10.00	7.50	8.00	12	Y.
1,19,70,000	15,54,005	17,48,764	1,05,36,970	—4,27,813	Bhairuratan Damani, Esq. (Managing Director)	21,176	511	Jam Shri Ranjitsinghji	1,100.00	1,000	60.00	60.00	*Nil*	*Nil*	6	Y.
1,00,00,000	8,90,000	9,66,983	36,52,950	25,27,974	....	K. Bhagyalakshmi (Mg. Director) ..	23,784	..	Janardana Mills	57.50xd	50	4.50	4.50	3.00	12	Y.
4,63,85,300	3,76,39,725	9,00,93,235	4,81,52,998	1,39,609	Umaiyambika & Co.	45,952	..	Jawahar Mills Ltd.	9.10xd	5	0.75	0.75	0.60	0.60	12	Y.
1,25,00,000	81,34,321	5,80,30,869	2,25,99,442	19,944	Birla Cotsyn (India) Private Ltd. ..	59,204	1,647	Jiyajeerao Cotton	12.50	10	0.50	0.50	0.50	0.50	3	Y.P.
1,25,00,000	2,49,634	1,58,41,676	15,70,928	....	Sir Padampat Singhania (Chairman) ..	40,322	980	J. K. Cotton Spg. & Wvg. ..	10.81	10	1.25	1.25	*Nil*	1.25	12	Y.
67,20,000	23,41,682	2,19,65,263	1,11,50,774	31,244	Mr. G. K. Singhania (Chairman)	....	....	J. K. Synthetics Ltd.	11.31	10	....	0.30	*Nil*	....	6	Y.
71,00,000	95,72,660	4 19,15,313	2,18,44,368	17,087	Kothari & Sons	60,228	288	Kothari Textiles	8.87xd	10	1.00	0.80	0.80	0.60	12	Y.P.
85,50,000					G. K. Naidu & Co.	1,41,888	300	Lakshmi Mills	131.00cd	50	10.00	15.00*	12.50	10.00	3	Y.
89,60,000	67,93,335	5,18,24,208	3,50,33,066	—18,72,053	Pratapsinh Mathuradas, Esq. (Ch.) ..	1,07,288	2,612	Lakshmi Vishnu Cotton	70.82cd	25	5.00	7.00*	6.25	5.00	3	Y.
1,75,02,480	6,00,41,668	9,97,02,571	5,41,37,485	59,354	A. & F. Harvey Ltd.	42,128	109	Madura Mills	32.50	15	2.25	2.25	2.25	2.625	12	Y.T.
58,00,000	1,94,56,878	3,35,09,566	1,90,50,694	16,774	Navinchandra Purshotamdas & Co., Ltd.	52,216	908	Mafatlal Fine Spg. & Mfg. Co., Ltd.	500.00	100	30.00	30.00	30.00	30.00	12	Y.P.
60,00,000	29,77,275	69,86,614	54,97,523	45,412	W. A. Beardsell & Co. (Private) Ltd...	25,856	603	Mettur Industries Ltd.	277.50	100	30.00	30.00	22.50	20.00	3	Y.
29,59,700	16,34,620	1,51,34,041	62,85,630	8,714	N. Sirur & Co. Private Ltd.	42,248	706	Minerva Mills	60.00	100	*Nil*	5.00	3.50	....	12	Y.P.T.
94,91,850	1,00,000	1,94,01,452	1,48,76,219	30,97,621	Mr. R. T. D'Souza (Secretary)	52,408	950	Model Mills (Nagpur)	80	250	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.P.
1,15,33,805	64,00,393	4,47,32,912	2,02,83,696	12,095	R. B. G. Mody & Bros. Pvt. Ltd. ..	12.28	10	Modi Spg. & Wvg. Mills.. ..	1.30	1.70	1.60	0.90	4	Y.
28,83,610										7.50	....	....	....	....		
59,48,000	49,47,895	1,88,69,917	83,05,400	38,674	N. Sirur & Co. Private Ltd.	50,492	500	Mysore Spg. & Mfg.	39.00	50	7.00	7.00	6.00	*Nil*	2	Y.P.
31,50,000	26,21,965	69,77,841	18,76,000	1,116	J. H. Mehta, Esq. (Chairman)	24,966	453	Navsari Cotton & Silk Mills Ltd. ..	140.00	100	12.00	12.00	12.00	8.50	12	Y.P.
48,00,000	....	2,47,39,462	1,39,20,109	—22,17,524	R. Palnaik & Co. Private Ltd.	47,728	866	Orissa Textile Mills Ltd.	9.00	10	*Nil*	*Nil*	*Nil*	....	3	Y.P.
87,24,800	7,84,170	1,83,11,439	79,49,998	—13,23,955	H. A. Hasham, Esq. (Secretary) ..	37,788	902	Osmanshahi Mills	42.00	100	*Nil*	*Nil*	*Nil*	*Nil*	9	Y.
4,00,000	20,31,561	89,00,429	49,99,725	3,765	Raghavalakshmi & Co.	47,600	..	Palani Andavar Mills	202.75cd	50A	25.00	25.00	17.50	....	12	Y.P.
6,00,000									250.38cd	75B	37.50	37.50	26.25	....		
15,00,000	....	1,45,65,834	25,34,965	—17,90,351	John & Co.	27,980	..	Pankaja Mills Ltd.	91.00	100	*Nil*	*

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
6,00,000	74,80,080	1,77,88,358	77,19,665	8,246	B. N. Elias & Co. Private Ltd. ..	879	Agarpara	8.81	10	1.00	0.25	0.25	1.20	3	Y.P.T.
6,00,000	21,01,180	85,62,670	55,90,516	32,706	McLeod & Co., Ltd.	456	Alexandra	275.00	100	44.00	15.00	42.50		12	Y.P.T.
20,00,000	25,04,550	1,72,09,561	1,14,76,789	1,05,589	McLeod & Co., Ltd.	1,264	Alliance	126.00	100	6.00	Nil	10.00	12.50	3	Y.P.
40,20,780	1,64,67,821	3,42,98,398	2,11,97,620	90,773	Duncan Brothers & Co., Ltd.	2,561	Anglo-India	155.00	100	20.00	7.50	10.00	12.00	3	Y.P.
40,90,800	22,04,394	1,69,46,077	1,00,08,340	1,752	Bird & Co. Private Ltd. ..	810	Auckland	124.00	100	27.00	12.00	Nil	15.00	3	Y.P.T.
50,00,000	40,35,895	1,66,43,088	96,56,188	29,588	Birla Brothers Private Ltd. ..	964	Bally	237.00	100	25.00	25.00	25.00	25.00	3	Y.P.
£375,000	£675,867	£1,486,277	£1,075,854	£1,341	Jardine Henderson Ltd. ..	1,889	Barnagore	218.00	£5	£1 10sh.	10 sh.	10 sh.	£2	3	Y.P.
45,00,000	27,17,701	76,46,179	45,59,589	1,36,234	Soorajmull Nagarmull ..	600	Bengal	6.75	10	0.50	0.50	0.50		6	Y.P.T.
1,50,54,310	4,80,55,994	9,98,98,597	4,20,72,427	46,410	Birla Brothers Private Ltd. ..	1,375	Birla	30.19	10	1.50	1.50	1.50	1.50	3	Y.T.
35,00,000	20,48,440	1,25,59,733	79,00,997	35,907	Andrew Yule & Co., Ltd. ..	991	Budge-Budge	120.00	100	10.00	Nil	12.00	20.00	10	Y.P.
7,47,880	88,200	49,78,424	37,08,876	—2,70,302	Dayaram & Sons	502	Calcutta Jute Mfg.	7.00	10	Nil	Nil			12	Y.P.
18,80,000	81,18,223	97,45,253	58,36,982	9,234	M.	616	Caledonian	140.00	100	12.00	5.00	15.00		11	Y.P.
19,58,398	99,79,201	1,90,52,861	1,05,58,488	22,648	James Finlay & Co., Ltd. ..	600	Champdany	22.37	10	1.00	0.50	Nil	4.00	3	Y.
39,98,750	72,45,112	1,87,82,000	70,26,410	1,02,122	Andrew Yule & Co., Ltd. ..	1,181	Cheviot	20.37	10	Nil	0.50	2.50		11	Y.P.
30,15,000	30,54,850	1,38,59,292	87,51,022	—4,10,550	McLeod & Co., Ltd.	600	Chitavalsah	7.62	10	0.50	Nil	0.50	Nil	7	Y.P.T.
24,00,000	8,04,609	81,44,890	69,78,978	—15 44 521	M.	960	Clive	8.00	10	Nil	Nil	Nil		3	Y.P.
21,40,200	21,35,995	1,32,24,108	82,26,550	2,316	Bird & Co. Private Ltd. ..	766	Dalhousie	120.00	100	1.00	1.00	Nil	25.00	3	Y.P.T.
15,80,000	66,77,425	1,80,62,884	65,71,785	28,674	Andrew Yule & Co., Ltd. ..	779	Delta	143.00	100	7.50	Nil	12.50		11	Y.P.
15,00,000	42,21,700	1,21,66,987	86,25,776	84,095	McLeod & Co., Ltd.	500	Empire	14.75	10	1.25	0.75	1.25	1.50	7	Y.P.T.
69,00,000	1,22,58,695	4,12,02,887	2,35,01,408	4,582	Kettlewell Bullen & Co., Ltd.	1,884	Fort Gloster Industries Ltd.	241.00	100 Okl	25.00	10.00	12.50	20.00	3	Y.P.T.
21,48,224	93,04'990	1,42,32,521	49,72,254	6,051	Bangur Bros. Ltd.	1,014	Fort William	22.12	10	2.25	2.25	1.00	2.00	3	Y.P.T.
84,32,100	77,96,303	3,00,05,900	1,51,98,876	10,367	Ganges Manufacturing Co. (Chairman)	1,709	Ganges Manufacturing Co. Ltd.	18.19	10	1.00	1.00	1.50	2.00	3	Y.P.
43,20,000	37,97,205	1,75,80,642	68,41,617	16,522	M.	1,040	General Jute Society Ltd.	10.37	10	1.00	1.00	1.00		12	Y.T.
48,00,000	65,59,122	2,27,96,620	2,06,80,061	28,659	Macneill & Barry Ltd. ..	1,394	Gourepore	21.87	10	3.00	2.50	2.00	2.00	3	Y.P.
40,00,000	1,09,80,042	1,86,44,677	1,01,59,206	4,984	Bangur Bros., Ltd.	1,078	Hastings	126.00	100	6.00	6.00	6.00	6.00	3	Y.P.
14,00,000	44,56,055	99,18,727	57,56,170	4,594	M.	750	Hooghly	16.62	10	2.00	2.00	0.75	1.00	3	Y.P.
65,42,400	46,00,997	2,81,38,629	1,81,63,455	1,040	Jardine Henderson Ltd. ..	1,940	Howrah	16.00	10	1.25	1.00	Nil	1.00	3	Y.P.T.
52,50,000	1,26,22,000	3,45,75,240	2,10,75,240	5,086	Ramdutt Ramkissendas ..	2,272	Hukumchand	19.50	7.50	2.15	2.15	2.00	2.00	3	Y.P.
37,80,000	24,00,000	1,55,83,015	1,09,04,160	76,164	M.	1,056	India	15.25	12.50	1.75	1.50			3	Y.
'B' 19,20,000	32,17,016	2,06,72,088	1,54,08,111	14,157	Jardine Henderson Ltd. ..	1,797	Kamarhatty	164.00	100	5.00	Nil	20.00		12	Y.P.T.
'B' 19,20,000								164.00	'B' 100	5.00	Nil	20.00			
'B' 34,00,000	12,48,482	1,76,29,416	1,30,02,261	11,179	Jardine Henderson Ltd. ..	1,527	Kankanrah	140.00	'B' 100	Nil	Nil	15.00		12	Y.P.T.
'B' 34,00,000								140.00	'B' 100	Nil	Nil	15.00			
20,00,000	72,61,800	2,51,06,312	1,23,43,904	94,936	McLeod & Co., Ltd.	708	Kelvin	141.00	100	15.00	15.00	5.00	20.00	5	Y.P.
24,00,000	68,58,510	2,40,19,513	1,55,16,494	8,774	Khardah Co. Ltd.	1,580	Khardah	140.00	100	7.50	6.00	1.25	1.25	3	Y.P.
19,88,200	49,08,577	2,28,97,363	1,50,89,813	12,641	F. W. Heilgers & Co. Private Ltd.	1,250	Kinnison	117.00	100	20.00	7.00	Nil	10.00	3	Y.P.T.
24,48,000	1,30,000	1,00,10,272	70,87,975	4,687	Bird & Co. Private Ltd. ..	931	Lansdowne	93.00	100	Nil	Nil	Nil	Nil	3	Y.P.
28,00,000	14,08,147	55,35,767	45,86,703	1,481	Bird & Co. Private Ltd. ..	840	Lawrence	99.00	100	15.00	15.00	10.00	10.00	3	Y.P.
21,05,200	44,95 087	2,85,24,106	1,86,72,214	84,805	M.	1,294	Magma	11.81	10	1.20	1.25			3	Y.
29,99,800	21,99,958	1,91,35,482	1,16,76,800	21,972	Bhagat Agencies Ltd.	815	Naihati	75.00	100	Nil	Nil	Nil	Nil	3	Y.P.T.
10,00,000	11,82,480	56,57,072	27,68,449	8,215	Howrah Trading Co. Private Ltd.	425	Naskarpara	7.75	10	0.60	0.50	0.50		12	Y.P.
35,00,000	78,10,449	2,01,18,988	58,47,874	9,607	M.	852	National	20.62	10	0.75	Nil	1.00		10	Y.P.
20,35,000	30,29,172	80,06,395	46,01,130	35,230	McLeod & Co., Ltd.	316	Nellimarla Jute	8.25	10	0.80	0.60	1.50	0.50	7	Y.P.T.
2,50,10,000	3,31,09,122	11,98,78,237	2,72,02,888	13,602	Sahu Jain Ltd.	1,765	New Central	11.00	10	1.00	1.00	Nil	1.50	3	Y.P.T.
10,79,880	24,56,889	1,43,61,778	89,72,943	1,076	Bird & Co. Private Ltd. ..	567	Northbrook	24.75	10	2.00	3.00	2.00	2.50	3	Y.P.T.
16,79,880	38,00,824	1,55,16,554	66,12,293	18,111	Macneill & Barry Ltd.	1,092	Nuddea	53.00	50	4.00	3.00	2.50	3.50	3	Y.
25,00,000	13,35,554	1,03,88,005	84,40,448	17,103	M.	400	Presidency	4.19	10	0.40	0.30	0.50	0.50	7	Y.
20,00,000	5,27,128	68,13,805	24,70,569	28,500	Hindustan Investment Corpn. Ltd. ..	305	Rameshwara	7.25	10	Nil	Nil	Nil	Nil	3	Y.P.
40,80,000	6,89,145	1,24,09,376	60,17,476	7,27,119	M.	423	Reliance	7.50	10	Nil	Nil	Nil	Nil	10	Y.P.T.
£600,000	£857,461	£1,501,838	£738,064	£5,898	Thomas Duff & Co. (India) Pvt. Ltd.	2,018	Samnaggur	9.50N	£1	6% †	Nil	10% †		12	Y.P.
80,00,000	29,62,884	1,67,85,313	1,08,08,079	8,777	Bagaria More & Co., Ltd. ..	911	Shree Ambica	25.00	10	0.90	0.60	Nil	0.90	3	Y.P.
14,00,000	17,16,860	77,43,803	55,72,945	36,425	Hindustan Investment Corpn. Ltd.	401	Soorah	21.75	10	2.50	2.50	2.50		12	Y.P.
£600,000	£666,895	£1,890,914	£783,019	£9,976	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Titaghur	9.50N	£1	6% †	Nil	15% †		12	Y.P.
35,98,600	42,63,667	1,10,95,221	69,98,988	603	Bird & Co. Private Ltd.	1,326	Union	142.00	100	25.00	6.00	Nil	20.00	3	Y.P.T.
£400,000	£855,953	£1,335,747	£666,788	£8,551	Thomas Duff & Co. (India) Pvt. Ltd.	1,531	Victoria	9.50N	£1	6% †	Nil	10% †		12	Y.P.
2,50,000	9,70,000	81,07,250	46,38,438	57,655	McLeod & Co., Ltd.	447	Waverley	8.19	1	0.30	0.30	0.50	0.50	6	Y.P.

SOUTH INDIAN PLANTING COMPANIES

TEA COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
10,98,800	8,00,324	18,08,952	4,15,754	46,095	Young India Agencies Private Ltd...	1,665	Balamoor Tea and Rubber ..	12.37	10	1.50	1.20	1.20		3	Y.P.
56,00,000	25,11,425	1,49,41,142	25,95,990	54,775	Kothari & Sons (Ags.) Pvt. Ltd.	1,370H	Blue Mountain Estates & Inds.	2.37	2	0.25	0.20	0.20		6	Y.
5,50,000	5,11,000	19,95,997	4,85,544	9,166	K. Anantaraman, Esq. (Mg. Director)	546	Chandramalai Estates Ltd. ..	2.65	2	0.20	0.20	0.12	Nil	6	Y.P.
14,00,100	14,40,880	33,49,058	11,04,122	22,756	Peirce, Leslie & Co., Ltd. ..	993H	Chembra Peak Estates ..	4.62	2	0.40	0.40	0.40	0.40	3	Y.
5,66,780	18,90,424	24,87,766	3,02,266	....	Matheson Bosanquet & Co. Pvt. Ltd.	159H	Coonoor Tea	17.57xd	10	1.75	1.88	1.75	1.75	9	Y.P.
4,80,000	6,98,504	16,62,155	3,17,071	17,303	M. L. Goenka, Esq. (Chairman)	671	Coorg Tea	4.85	2	0.40	0.40	0.30	0.30	10	Y.P.
9,40,000	2,38,232	13,60,008	4,33,271	3,800	P. G. Krishna Iyer, Esq. (Mg. Director)	171H	Devakolam (Nilgiri) Tea ..	24.08	10	2.00	2.00	1.50		12	Y.
9,74,650	3,83,749	19,44,758	9,14,293	23,158	Young India Agencies Private Ltd.	1,177	Devon Tea	11.96	10	1.50	1.20	1.20	1.00	3	Y.P.
2,50,000	9,10,000	24,94,647	18,44,445	10,221	K. N. Krishna Iyer (Mg. Director) ..	198	Emerald Valley Estates ..	8.15	5	Nil	Nil	0.30	1.00	3	Y.
35,00,000	19,85,470	59,76,170	18,58,851	12,526	Parkina Private Ltd.	1,508	Hatchania	12.25	10	1.50	1.25	1.18		12	Y.P.
9,00,000	7,23,740	19,93,743	4,93,218	29,726	Peirce, Leslie & Co., Ltd. ..	190H	Kalasa Tea	4.10	2	0.40	0.50	0.30	0.30	3	Y.
17,17,078	13,42,919	37,08,125	8,78,339	23,817	Peirce, Leslie & Co., Ltd. ..	536H	Kil Kotagiri Tea	4.46	2	0.50	0.50	0.50	0.40	10	Y.P.
8,00,000	3,18,000	19,93,784	13,43,454	1,857	Ipe Coonoor Pvt. Ltd.	316	Kumbalam Plant Ltd.	5.07	10	0.40	0.40	Nil	Nil	3	Y.
5,00,000	1,49,976	10,64,818	1,13,129	88,576	Matheson Bosanquet & Co., Ltd.	109H	Lucky Valley	12.50	10	1.00	1.00	1.00		12	Y.
3,50,000	30,000	3,59,978	25,028	4,608	Vasantha & Co. (Trichy) Pvt. Ltd.	255	Manar Estates Ltd.	1.93xd	1	0.20	0.10	0.10	0.10	3	Y.
5,00,000	6,13,122	13,05,178	3,09,591	—8,508	Rajen Thomas, Esq. (Mg. Director)	560	Mianalay	34.68	22	2.75	2.50	2.00	Nil	6	Y.P.
26,00,000	24,19,434	84,10,841	17,58,690	20,878	A. V. Thomas & Co. (India) Ltd.	825H	Neelamalai	4.75	5	0.375	0.375	0.375	0.375	6	Y.P.
12,00,000	10,09,000	32,29,940	6,97,916	9,922	A. V. Thomas & Co., Ltd. ..	728H	Nilliampathy	3.90	2	0.25	0.20	0.30	0.30	6	Y.P.T.
14,00,250	10,15,954	40,42,865	8,57,078	8,184	A. V. George & Co., Ltd. ..	1,025	Nilgiri Tea	9.10	5	0.80	1.00	1.00	1.00	3	Y.P.
22,10,000	11,02,221	29,48,336	15,15,045	28,427	Harrison & Crosfield Ltd.	841	Nonsuch Tea	23.00xd	10	2.00	2.00	2.00	2.00	6	Y.
16,85,990	17,32,983	34,54,596	7,51,227	40,177	P. S. M. Molyneux, Esq. (Chairman)	227H	Parkside	25.73	10	2.75	2.25	2.75	2.50	6	Y.
6,00,000	6,84,240	7,99,357	79,127	4,57,151	S. Sivaramakrishna Ayyar, Esq.	771	Perumalmalai Plantations Ltd.	21.22	10	2.00	2.00	2.00	2.00	3	Y.
17,00,000	12,83,809	46,47,926	19,04,123	69,839	Aspinwall & Co. (Travancore) Ltd.	634H	Peermade	21.25	10	2.25	2.50	2.00		12	Y.P.
57,04,850	30,58,711	1,28,79,158	46,17,784	38,808	Peirce, Leslie & Co., Ltd. ..	1,936H	Periakaramalai	3.47	2	0.27	0.40	0.25	0.30	3	Y.P.
18,50,000	2,96,500	12,02,040	1,74,015	9,054	A. V. Thomas & Co. (India) Ltd.	882	Sheyroy Estates Ltd.	2.05	2	0.15	0.10	0.155	0.125	6	Y.P.
9,00,000	15,20,496	31,73,663	10,92,544	17,781	T. Stanes & Co., Ltd.	457H	Stanes Amalgamated	13.75	10	1.70	1.00	1.50	1.20	6	Y.T.
1,25,000	18,500	2,18,522	22,950	2,921	M.	216	Swinton Estates	2.68	2	0.25	0.12	Nil	Nil	3	Y.
13,50,000	12,05,997	34,45,817	5,52,995	22,671	Srinivas Agencies	1,056	Talayar Tea	1.87	2	0.20	0.20	0.20	0.20	3	Y.P.
15,75,000	16,56,800	33,23,735	5,16,817	1,119	Parkina Private Ltd.	1,215	Twyford	3.55	10	1.00	0.60	0.50		12	Y.
8,10,000	5,97,545	10,81,630	1,41,833	—82,528	A. V. George & Co., Ltd. ..	503	Vaigavgiri Rubber Co., Ltd. ..	18.50	10	0.10	Nil	Nil		12	Y.P.
12,00,000	21,93,250	31,98,503	22,04,475	22,127	T. Stanes & Co., Ltd.	736H	United Nilgiri	23.22	10	2.10	2.20	2.20	2.25	3	Y.P.
47,25,000	21 23,765	93,19,418	15,00,787	21,880	Kothari Mehta & Co. Pvt. Ltd.	1,127H	Waterfall	2.27	2	0.25	0.20	0.20	0.20	6	Y.P.

RUBBER AND OTHERS

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
6,00,000	3,02,425	17,66,248	5,08,082	20,564	Ramani & Co. Pvt. Ltd.	999	Alagewar Estates Ltd.	2.67	2	0.15	0.20	0.20	0.20	3	Y.
6,78,000	2,85,527	21,05,998	4,40,783	1,092	K. N. Neelakantan, Esq. (Mg. Director)	2,417	Amalgamated Coffee Estates Ltd.	10.01	10	1.00	1.00	1.00	0.50	3	Y.P.T.
2,50,000	3,02,985	14,70,617	2,21,018	46,978	A. V. George & Co., Ltd.	539	Anandam Rubber Co., Ltd. ..	14.50	10	1.50	1.50	1.50	1.50	12	Y.P.
12,07,881	2,23,040	22,09,026	3,45,437	24,775	Associated Planters Private Ltd.	1,343	Anglo-India	3.00	2	0.40	0.30	0.30	0.30	6	Y.T.
4,25,000	4,75,000	12,07,785	1,42,997	1,051	Young India Agencies Pvt. Ltd.	1,041	Badra Coffee Estates Ltd. ..	2.90	2	0.30	0.30	0.15	0.20	6	Y.P.
4,00,000	86,000	7,45,317	1,56,774	2,787	A. V. Thomas & Co. (Mysore) ..	239H	Bababudin Coffee & Produce.	5.00	5	0.40	0.40	0.40	0.30	6	Y.P.
2,00,000	4,73,718	88,597	1,481	Planting Agencies (Private) Ltd.	180	Balmadies Plantations ..	1.80	1	0.15	Nil	0.15	0.15	5	Y.P.
28,01,878	19,60,914	60,65,549	12,47,012	28,851	Peirce, Leslie & Co., Ltd. ..	6,255	Cochin Malabar	6.40	3	0.525	0.50	0.60	0.36	2	Y.P.
22,50,000	28,62,159	57,74,920	18,29,358	890	M. A. Sreenivasan, Esq. (Chairman).	2,793	Coffee Lands and Industries ..	17.65	10	0.60	1.20	0.90	0.90	6	Y.P.
71,15,000	75,42,310	1,75,91,409	54,75,544	1,607	M. A. Sreenivasan, Esq. (Chairman).	5,845	Consolidated Coffee Ltd. ..	21.50	10	2.00	2.00	1.50	2.00	6	Y.P.
5,00,000	5,09,785	15,58,047	1,41,758	5,018	Associated Planters Private Ltd.	1,410	Cottanad Plantations	9.50	10	1.00	1.00	0.625	1.00	3	Y.T.
4,08,560	2,50,000	4,02,680	1,85,017	40,856	Peirce, Leslie & Co., Ltd. ..	246H	Cowcoody Estates (Coffee) ..	4.66	2	0.50	0.50	0.40	0.35	6	Y.
18,00,000	14,20,000	37,97,279	8,89,483	18,565	A. V. Thomas & Co., Ltd. ..	819H	Highland Produce	16.50	10	1.25	1.25	1.50		12	Y.P.
11,25,700	11,77,705	31,72,827	4,60,277	22,004	A. V. Thomas & Co., Ltd. ..	1,537	Kallas Rubber Co., Ltd. ..	5.90	2	0.40	0.50	0.60	0.60	2	Y.
12,00,000	8,19,842	22,75,780	4,65,958	5,164	A. V. Thomas & Co., Ltd. ..	883H	Kalpetta Estates	12.20	10	1.25	1.25	1.25	1.125	4	Y.
6,80,000	2,40,000	9,93,124	3,00,252	26,055	K. T. Thomas Kathanar, Esq.	278H	Kanneripoke Estates Ltd. ..	3.78	2	0.40	0.35	0.30	0.25	10	Y.
18,80,000	6,58,888	28,24,900	5,02,948	9,669	K. T. Thomas Kathanar, Esq.	2,147	Malankara Rubber	16.37	10	1.50	1.50	1.50	1.40	3	Y.
2,25,000	2,50,000	8,72,737	96,634	3,643	Associated Planters Pvt. Ltd.	905	Mercara Rubbers Ltd.	7.45	5	1.00	1.00	0.75	0.625	6	Y.P.
40,80,000	17,71,093	79,92,221	19,59,147	1,552	A. V. Thomas & Co., Ltd. ..	1,338H	Midland Rubber	12.00	10	1.25	1.25	1.25	1.00	3	Y.P.
2,25,000	4,12,607	17,54,491	3,54,974	1,18,608	A. V. George & Co., Ltd. ..	1,331	Nenmeny Rubber	22.55	10	1.50	1.50	1.50		12	Y.P.T.
2,00,000	4,01,116	10,47,183	60,436	1,632	Associated Planters Private Ltd.	840	Nilambur Rubber Co.	12.75xd	10	1.50	1.50	1.50		12	Y.P.T.
2,40,000	3,98,464	12,89,223	1,39,772	17,087	Oswal Agencies (P.) Ltd. ..	1,000	Oswal Estates Ltd.	2.45xd	2	0.30	0.30	0.20	0.20	3	Y.
19,45,980	34,54,133	69,64,648	24,42,425	2,616	Peirce, Leslie & Co., Ltd. ..	1,812H	Ouchterlony Valley Estates ..	3.45xd	2	0.25	0.24	0.12	0.25	10	Y.P.T.
18,80,980	3,12,481	24,09,627	4,19,223	6,844	Aspinwall & Co., Ltd.	900H	Pullangode Rubber	3.06	2	0.10	0.12	0.15	0.20	3	Y.P.
12,50,000	18,56,054	38,09,894	6,55,425	20,850	A. V. Thomas & Co., Ltd. ..	1,216H	Rajagiri Rubbers	21.50	10	2.00	2.00	2.00	2.125	6	Y.P.
2,00,000	1,84,958	4,06,853	60,946	47,531	Associated Planters Private Ltd.	422	Rajendra Coffee Ltd.	10.42	5	1.25	1.25	1.00	1.25	3	Y.P.
13,80,990	78,007	20,87,248	2,88,330	—1,48,843	Patco Agencies	470H	Sangameshwar Coffee Estates.	1.68	2	0.12	0.12	Nil	Nil	3	Y.P.T.
1,50,000	8,28,000	10,11,493	2,15,317	6,033	Peirce, Leslie & Co., Ltd. ..	202H	Savamalai Estates Ltd.	2.62xd	2	0.30	0.30	0.82	0.35	11	Y.P.T.
10,00,000	2,03,130	22,30,803	1,88,357	4,534	East India Agencies Private Ltd.	1,454	Teekoy Rubber (India) Ltd. ..	3.60	10	Nil	Nil			3	Y.P.
6,25,000	2,74,183	14,90,789	65,138	7,695	A. V. George & Co., Ltd. ..	816	Thamarapally Rubber	16.40xd	10	3.00	1.80	1.60		12	Y.P.T.
9,15,300	10,75,840	16,61,781	2,34,598	7,089	Peirce, Leslie & Co., Ltd. ..	1,312	Thirumbadi Rubber Co., Ltd. ..	1.65	1	0.07	0.12	0.10	0.10	9	Y.
6,00,000	6,15,616	13,78,050	1,92,991	1,840	Rapen Thomas, Esq. (Mg. Director).	1,341	Travancore Rubber	11.50xd	10	1.30	1.20	1.10		12	Y.
41,00,000	12,63,584	90,95,308	18,31,504	82,283	Aspinwall & Co. (Travancore) Ltd. ..	2,109H	Travancore Rubber & Tea ..	9.20xd	10	0.90	1.00	1.00		12	Y.P.
20,00,000	1,91,000	35,45,191	9,09,494	223	P. T. Thomas, Esq. (Mg. Director) ..	2,157	Tropical Plantations Co. ..	21.25xd	25	2.00	2.00			3	Y.
3,80,010	5,47,051	10,34,166	54,782	9,228	S. Padmanabh Ayaar, Esq. (Chairman)	1,118	Valkundan Rubber Co., Ltd. ..	35.10	10	3.00	3.00			12	Y.
6,00,000	6,69,482	19,50,932	1,87,596	6,425	P. I. Joseph, Esq. (Chairman) ..	1,245	Vellimalai Rubber & Co. ..	5.12	5	0.60	0.50	0.25	0.35	2	Y.P.T.
12,00,000	12,40,982	16,57,152	2,24,133	26,874	Peirce, Leslie & Co., Ltd. ..	417H	Warriphilly Estates Ltd. ..	2.07xd	2	0.30	0.30	0.20	0.24	3	Y.
5,96,000	97,309	13,65,464	1,02,251	23,313	M.	898	Woodland Estates	6.80	10	1.00	1.00			3	Y.P.T.

V—Includes 60 nP. for 30-6-1954. * Includes bonus. H—Area in Hectares. M—Managed by Board of Directors. † Less Income-tax.
N.B.—All dividends paid since 31st March 1959 are shown as taxable.

NORTH INDIAN TEA ESTATES

ASSAM

| Paid-up Ordinary Capital Rs. | Reserves Rs. | Gross Block Rs. | Depreciation Rs. | Carried Forward Rs. | Managing Agents, Managing Directors or Secretaries | Acreage under Tea | Company | Latest available Quot

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP	Rs. nP	Rs. nP	Rs. nP		
CERAMIC; MINING AND QUARRYING														
96,00,000	13,111	67,05,606	22,63,816	2,015	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	7.05	10	0.60	0.60	0.50		3	Y.
12,50,000	6,25,542	22,23,858	12,41,519	777	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kot Ltd	24.00N	10	2.00	3.00	2.00		9	Y.P.
55,23,146	23,41,104	1,90,40,451	48,35,034	2,208	Bharat Ram Bhagat & Co.	Bengal Potteries	4.60	24	0.375	0.30	0.30		12	Y.
40,00,000	28,81,279	1,22,44,032	53,39,187	50,122	Bird & Co. Private Ltd.	Bisra Stone Lime Co.	17.60	10	2.00	3.00	1.00	1.25	12	Y.
14,17,800	25,18,589	53,55,181	22,68,004	2,921	Smt. K. M. Motichand Shah (Chairman).	Bombay Potteries and Tiles Ltd.	181.25	100	12.86	15.00	15.00	18.00	9	Y.P.
80,00,000	24,68,788	1,36,52,623	46,61,618	1,20,084	Saraf Mor & Co. Private Ltd. ..	Ferro Alloys Corporation Ltd. ..	108.00	100	8.00	11.00	9.00		12	Y.P.
22,05,450	12,34,873	54,002,119	22,243,735	474,819	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	3.22	Sh. 2	0.25	0.25			13	Y.
7,50,000	27,81,955	84,18,636	10,76,454	1,40,029	Bird & Co. Private Ltd.	Karanpura Development	9.60	10	1.50	1.50			12	Y.
0,15,00,000									0.50	0.50				
80,00,000	....	1,14,21,419	2,72,288	3,63,515	Khandelwal Industries Private Ltd.	Khandelwal Ferro Alloys Ltd. ..	56.00	100	Nil	Nil	Nil		12	Y.P.
80,00,000	56,55,899	1,70,20,512	52,30,436	25,499	Bird & Co. Private Ltd.	Kumardhubi Fireclay and Silica Works.	18.45	10	1.80	1.80	1.80		12	Y.P.T.
1,78,79,255	10,90,896	1,22,39,516	56,13,994	3,25,955	Sir Indra Singh, Kt. (Chairman) ..	Metal Corporation of India Ltd. ..	6.44	10	Nil	Nil	Nil		3	Y.P.
6,00,000	7,87,803	17,35,777	9,37,747	190	Mysore Industrial Development Co.	Mysore Stoneware Pipes & Potteries	11.87N	10	1.423	1.20	1.50	1.25	3	Y.
80,00,000	67,67,481	80,62,201	34,56,786	33,801	Bird & Co. Private Ltd.	Orissa Minerals	22.12	10	2.60	2.80	2.00		6	Y.
12,18,650	22,84,051	1,05,25,008	57,38,031	42,295	A. V. Gharpure, Esq. (Chairman)	Parahuram Pottery Works Co., Ltd.	59.00	25	5.36	5.36	5.36	5.75	7	Y.P.
81,00,000	37,51,142	99,40,647	51,84,720	—23,53,858	Kimick Industries Ltd.	Shivrampur Syndicate	16.52	10	5.00*	Nil	Nil	Nil	11	Y.
4,58,840	12,75,390	34,34,281	11,78,647	21,096	S. N. Beri, Esq. (Secretary) ..	Sutna Stone & Lime Co. Ltd. ..	28.31	10	2.00	2.75	3.50		12	Y.
4,90,680							..	5	1.00	1.375	1.75			
CHEMICAL														
22,50,175	....	1,79,449	13,076	—26,645	Agri-Chem Engineers]	Adarsh Chemicals & Fertilisers ..	74.50	100	Nil	Nil			12	Y.P.
1,44,50,000	71,33,209	3,05,29,996	1,16,84,003	52,951	Rayrna Services	Alembic Chemical Works Co.	160.00	100	14.00	14.00	12.00		12	Y.P.
3,10,00,000	2,26,33,278	3,35,01,420	2,46,53,284	5,671	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India	26.87	10	1.20	1.50	1.50	1.50	9	P.Y.
80,97,100	79,09,664	1,84,62,149	50,97,267	15,665	Amrital & Co. Private Ltd.	Amrit Dye-Chem Ltd.	146.50	100	12.00	9.00	9.00		12	Y.P.
89,64,000	47,67,886	2,21,76,216	99,62,362	....	Kasturbai Lalbhai & Co.	Anil Starch Products Ltd.	447.50	100	80.00*	80.00*	25.00*	25.00*	12	Y.P.
2,97,50,025	1,55,18,365	6,58,46,094	1,71,87,475	61,188	Lalbhai Sons & Co.	Atul Products Ltd.	292.00	100	12.00	12.00	12.00		12	Y.T.
50,00,000	....	35,050	910	....	P. N. Balasubramanian, Esq. (Mg. Director)	Barium Chemical Ltd.	59.00	100	..	..	Nil		6	Y.
2,25,45,900	67,88,823	1,59,19,707	81,89,070	5,726	Dr. B. N. Ghose (Managing Director) ..	Bengal Chemical and Phar. ..	97.00	100	7.00	10.00	10.00		12	Y.P.
1,25,00,000	95,15,353	1,47,09,573	34,41,548	1,134	Kasturbhai K. Ruia, Esq. (Chairman)	Colour-Chem Ltd.	330.00	100	Nil	8.00	12.00	12.00	3	Y.
14,86,344	4,84,918	17,40,490	9,05,099	12,818	Nadkarni & Co.	Chemo-Pharma Laboratories Ltd. ..	33.00	25	2.50	3.00	3.00		12	Y.
31,33,800	50,95,730	1,53,60,333	69,34,176	25,675	Dharamsi Morarji & Co.	Dharamsi Morarji Chemical Co., Ltd.	111.50	50	Nil	6.00	6.00	8.00	3	Y.P.
1,07,50,000	97,07,353	5,93,07,187	2,11,95,199	1,76,230	Sahu Bros. (Saunakhira) Private Ltd.	Dhrangadra Chemicals	111.50	100	Nil	6.00	6.00	8.00	3	Y.
6,05,97,740	61,48,460	10,44,89,497	4,07,36,479	3,85,109	M. K. K. Nayar, Esq. (Mg. Director)	F. A. C. T.	5.00	10	0.60	0.60	..	Nil	3	Y.
1,86,76,000	71,67,780	2,54,75,978	36,44,827	3,008	Mafatlal Gagalbai & Sons	Indian Dyestuffs Industries Ltd. ..	245.00	100	6.00	6.00	7.00	7.00	3	Y.P.
12,00,000	6,54,411	28,94,558	15,01,602	19,074	Jai D. Mehta, Esq. (Chairman) ..	Kemp & Co.	260.00	200	25.00	25.00	20.00		3	Y.
1,40,00,000	87,48,801	2,43,51,282	1,10,56,661	11,681	Seshasayee Brothers Private Ltd.	Metlur Chemicals	13.25	10	1.25C	1.25	1.375*	1.25	3	Y.P.T.
24,81,220	13,02,685	56,25,511	47,52,455	3,232	T. Shanmuna, Esq. (Chairman) ..	Mysore Chemical and Fertilisers ..	7.37	10	Nil	0.50	0.50	0.50	3	Y.P.
10,00,000	5,85,915	13,66,246	7,61,774	4,765	S. Ramanathan, Esq. (Mg. Director)	Mysore Chemicals Mfg.	16.70	10	2.00'C	2.00	2.00	1.50	3	Y.P.
56,00,000	86,00,955	1,03,02,040	30,64,507	9,857	Ramdas Kilachand, Esq. (Chairman)	Polychem Ltd.	121.25	50	6.50	7.50	7.50	7.50	3	Y.P.
50,00,000	8,470	50,77,191	40,439	56,504	Emcete & Sons Private Ltd. ..	Premier Fertilisers Ltd.	16.25	10	Nil	Nil	Nil		12	Y.
22,50,000	17,63,293	35,52,467	27,98,505	11 012	Bangur Brothers Ltd.	Phosphate Co., Ltd.	177.00	100	35.00	25.00	17.50	15.00	6	Y.
20,00,000	17,67,251	31,86,795	16,60,805	19,167	D. M. Jaffray, Esq. (Chairman) ..	Smith Stanistreet & Co.	13.25	5	1.25	1.25	1.25	1.25	3	Y.P.
4,98,64,470	84,35,960	3,13,75,704	17,05,817	—6,88,568	Tulsidas Kilachand, Esq. (Chairman)	Synthetics & Chemicals Ltd.	82.00	100	Nil	Nil	Nil		3	Y.
3,02,33,815	1,09,52,567	9,01,95,274	3,04,93,867	3,022	Tata Industries Private Ltd. ..	Tata Chemicals	17.04	10	0.80	0.65	0.65	1.00	3	Y.P.T.
25,00,000	5,89,750	29,88,714	12,05,259	6,516	P. Krishnamoorthy, Esq. (Mg. Director)	Travancore Chemical Mfg. Co. Ltd.	18.37	10	1.50	2.00	2.25	2.00	3	Y.P.
31,16,000	....	8,25,492	1,498	—6,73,388	Mr. M. J. Vaidya (Chairman) ..	Travancore Electro-Chemical Ind.	60.00	100	Nil	Nil	Nil		12	Y.
14,99,375	....	25,06,158	7,313	—2,574	Mr. N. S. Iyengar (Chairman) ..	Ultramarine & Pigments Ltd.	102 00	100	..	Nil	Nil		12	Y.
ELECTRIC (BOMBAY)														
6,74,78,895	1,85,12,601	18,97,73,999	5,00,50,102	364	Kilick Industries Ltd.	Ahmedabad Electricity Co., Ltd.	96.50	100	7.00	7.00	8.00	8.00	3	Y.P.
85,83,330	31,13,441	2,90,89,788	78,81,211	10,72,972	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd.	9.48	10	1.00*	0.90	0.90	0.90	3	Y.P.
2,03,77,000	12,89,917	12,25,51,084	3,04,61,313	95,154	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co.	1,062.50	1,000	85.00*	80.00*	80.00*	90.00	3	Y.P.T.
1,75,00,000	1,21,07,263	5,11,22,126	1,25,80,688	3,870	Kilick Industries Ltd.	Bombay Suburban Electric Supply	104.50	100	8.00	8.50	8.50	9.00	3	Y.
7,07,020	1,03,967	10,97,285	8,70,205	1,536	Rajputana Textiles (Agencies) Ltd. ..	Broach Electric Supply Developmen.	13.48	10	0.50	0.75	0.50	0.50	3	Y.P.T.
7,07,020	12,56,813	1,67,72,704	61,59,509	3,547	Rajputana Textiles (Agencies) Ltd. ..	Poona Electric Supply	185.00	100	6.50	8.25	8.25	8.00	3	Y.P.T.
70,00,000	34,04,483	1,81,93,935	61,64,425	2,075	Kilick Industries Ltd.	Surat Electricity	101.25	100	7.50	8.00	8.00	8.50	3	Y.P.
3,40,00,000	1,39,56,841	9,29,54,314	2,23,23,926	37,536	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply	1,122.50	1,000	85.00*	80.00*	80.00*	90.00	3	Y.P.
5,15,56,000	5,81,11,841	20,88,47,988	4,89,65,810	59,986	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.								
West Bengal and Other Centres														
19,99,600	51,52,883	1,70,15,387	51,84,841	13,612	Martin Burn Ltd.	Agra Electric Supply Co., Ltd.	124.00	100	11.00	11.00	11.00	11.00	3	Y.T.
8,00,000	16,30,375	62,04,833	28,40,512	1,852	Martin Burn Ltd.	Bareilly Electric Supply	12.12	10	1.10	1.10	1.10	1.10	3	Y.T.
17,00,000	14,37,276	1,66,07,025	60,89,135	5,653	Martin Burn Ltd.	Benares Electric Light & Power Co.	14.12	10	1.10	1.10	1.10	1.10	3	Y.T.
24,362,645	210,815,240	237,632,951	215,201,226	2100,524	Sir William Lamond (Chairman)	Calcutta Electric Supply	14.12	10	71½	71½	71½		3	Y.P.T.
5,60,090	7,55,075	37,78,204	11,86,451	42,968	Octavius Steel & Co., Ltd. ..	Cuttack Electric Supply	10.44	10	0.75	1.00			3	Y.P.
45,20,000	35,30,169	1,15,09,104	45,52,385	48,905	Andrew Yule & Co., Ltd. ..	Dhanbad Electric Supply	86.00	100	12.00	12.00	10.00	10.00	3	Y.T.
5,84,640	1,48,267	42,36,379	17,60,526	47,188	Moonna Lall & Sons	Jhansi Electric Supply	5.40N	10	0.70	Nil	0.70		3	Y.T.
22,49,700	20,85,246	1,16,20,613	48,58,877	3,286	Martin Burn Ltd.	Jubbulpore Electric Supply	12.12	10	1.00	1.00	1.00	1.10	3	Y.T.
85,07,880	40,44,800	1,41,84,880	56,06,270	78,727	Octavius Steel & Co., Ltd. ..	Patna Electric Supply	10.12	10	1.00	1.00			3	Y.T.
9,10,000	2,56,304	15,86,883	6,29,467	5,342	Octavius Steel & Co., Ltd. ..	Shahjahanpur Electric Supply ..	6.75	10	0.625	0.625			3	Y.T.
16,80,000	16,03,655	80,81,327	48,11,630	3,975	Bird & Co. Private Ltd.	Sijua (Dhanbad) Elec. Supply Co.	9.50	10	0.90	0.90	0.90		3	Y.T.
70,00,000	80,88,112	2,42,75,899	81,28,065	33,889	Seshasayee Brothers Private Ltd. .	South Bihar Electric Supply Corpn.	11.10	10	0.90'C	0.90	1.00		3	Y.P.T.
5,00,000	12,25,098	35,93,657	15,13,985	1,935	Martin Burn Ltd.	Upper Jumna Valley Elec. Supply	21.19	10	1.35	1.35	1.35	1.35	3	Y.
56,00,000	80,13,213	3,76,23,916	1,75,34,564	9,312	Martin Burn Ltd.	U. P. Electric Supply Co.	149.00	100	11.00	11.00	11.00	11.00	3	Y.T.
8,00,000	18 88,608	84,12,090	15,22,321	4,16,700	Chandrie & Co. Private Ltd. ..	Vellore Electric Corporation ..	15.62	10	1.50	1.429	1.429		3	Y.P.
ENGINEERING (Bombay)														
21,98,190	68,99,678	1,18,50,358	68,68,489	20,128	Turner Morrison & Co. Ltd.	Alcock Ashdown & Co., Ltd.	290.00	100	17.00	22.50	19.00	[illegible]	12	Y.
12,99,000	7,77,224	25,40,725	12,13,956	641	W. H. Brady & Co. Ltd.	Brady Engineering Co., Ltd.	96.00	80	5.50	9.00*	9.00*	9.00	12	Y.
90,40,000	54,17,295	2,14,22,410	86,99,565	158	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	99.00	100	13.00*C	13.00	7.00	8.00	6	Y.P.
1,20,00,000	1,51,427	97,23,681	28,47,228	—12,767	Dharamsinh D. Desai, Esq. (Chairman)	Hindustan Electric Co., Ltd. ..	116.00	100	Nil	Nil	Nil		4	Y.P.T.
2,50,00,000	1,25,78,164	4,72,67,477	1,05,47,664	146	Walchand & Co. Private Ltd.	Indian Hume Pipe Co., Ltd.	157.00	100	13.00*C	13.00	14.00	14.00	6	Y.P.T.
15,00,000	4,61,618	9,54,586	1,82,481	23,604	T. V. Baddeley, Esq. (Chairman)	Jost's Engineering	47.00	50	4.00	5.00	5.00	8.00	3	Y.
50,00,000	17,41,762	95,00,765	31,13,288	20,765	Adnem Services	Jyoti Ltd.	140.50	100	12.00	12.00	9.00		12	Y.
44,96,250	14,17,502	85,37,034	43,59,367	4,611	Kamani Bros. Private Ltd.	Kamani Engineering Corporation	13.00	10	0.80	0.90	0.95	1.20	3	Y.P.
67,61,445	1,42,50,088	2,19,41,464	86,90,417	19,417	Kirloskar Sons & Co.	Kirloskar Bros. Ltd.	38.50	25	2.50	2.50	2.50	2.50	7	Y.
61,84,940	71,09,895	1,57,20,070	67,59,501	578	Kirloskar Sons & Co.	Kirloskar Electric Co., Ltd.	18.40	10	0.90	1.10	1.20	1.00	6	Y.
80,00,000	79,27,836	1,76,05,965	63,00,529	28,996	Kirloskar Sons & Co.	Kirloskar Oil Engines, Ltd.	25.00	10	1.43	1.60	1.60	1.20	3	Y.
27,58,850	20,54,888	50,71,878	16,74,703	18,511	Kirloskar Industries	Kirloskar Pneumatic Co., Ltd. ..	193.75	100	Nil	12.50	12.50	10.00	3	Y.
5,28,120	3,80,730	1,26,63,493	40,32,994	61,080	From Kumar Gupta, Esq.(Mg.Director).	Lakshmiratan Eng.	6.00	10	Nil	Nil	Nil		9	Y.
41,00,000								10	Nil	Nil	Nil			
1,65,00,000	95,52,279	1,92,60,488	60,22,772	12,973	L. & T. (Management) Private Ltd. ..	Larsen and Toubro Ltd.	22.24	10	1.80'C	1.80	1.40	1.40	3	Y.P.
87,29,880	....	25,48,815	4,35,319	—8,20,078	B. L. Kucheria, Esq. (Secretary)	Lynx Machinery	4.52	10	..	Nil	..	Nil	3	Y.
80,12,160	35,37,386	1,84,33,145	82,09,092	2,374	Mahindra & Mahindra Ltd.	Machinery Mfrs. Corpn. Ltd.	22.76	10	Nil	Nil	1.25	1.50	3	Y.P.
1,97,98,145	1,14,00,083	2,29,64,781	89,96,801	15,767	Keshub Mahindra, Esq. (Chairman) ..	Mahindra & Mahindra Ltd.	15.68	10	1.25	1.50*	1.25	1.25	10	Y.P.
30,00,000	1,29,812	53,78,065	23,71,642	40,079	Prithviraj Sons	Man Industrial Corporation Ltd. ..	115.00	100	Nil	Nil	Nil		3	Y.P.
11,00,000	4,48,987	40,41,793	40,54,773	729	P. Jhunjhunwala, Esq. (Mg. Director)	McKennies Ltd.	135.00	100	10.00	12.00	14.00	14.00	7	Y.P.
1,08,28,019														
D. 1,24,880	91,29,048	1,99,99,158	76,17,148	....	Jeewan Ltd.	Mukand Iron & Steel	17.60	10	1.20	1.20	1.20	1.20	3	Y.P.
50,00,000							156.25	100	12.00	12.00	12.00	10.00		
7,50,000	58,34,208	1,88,49,872	85,50,104	2,975	Kirloskar Associates	Mysore Kirloskar Ltd.	128.00	50	6.00	6.00	6.00	5.00	3	Y.
15,55,400	11,96,582	29,61,901	14,35,878	3,127	Sir C. B. Mehta (Chairman)	National Elec. Industries Ltd. ..	100.00	50	6.00	6.00	6.00		3	Y.
56,25,100	19,31,464	1,40,81,762	56,33,522	32,037	J. Y. Patel, Esq. (Mg. Director)	New Standard Engineering	157.00	100	12.00	12.00	9.00	9.00	3	Y.P.
33,99,970	1,35,39,545	11,68,575	3,47,855	455	Walchand & Co. Private Ltd.	Premier Construction	166.00	30	13.00	10.00	9.00	14.00	12	Y.P.
78,67,725	46,64,730	1,28,89,480	60,80,553	5,683	Bhagat & Sons Private Ltd.	Structural Engineering Works Ltd.	83.50	100	12.00	12.00	9.00	6.00	3	Y.P.
37,55,67,699	38,10,37,803	1,95,58,48,283	92,55,04,257	32,066	Tata Industries Private Ltd. ..	Tata Iron and Steel	145.00	75 Old	9.75*C	10.36*	10.36*	11.00	3	Y.P.
7,99,99,800	5,09,28,017	32,80,72,279	15,50,34,261	14,962	Tata Industries Private Ltd. ..	Tata Locomotive	270.00	100	12.50	14.40	14.50	14.50	3	Y.P.T.
27,22,280	15,68,192	65,71,363	19,00,582	11,654	T. Manekial & Co.	T. Manekial Mfg. Co.	102.00	100	16.50	27.00	27.00	9.00	3	Y.
41,66,980	88,97,021	19,70,575	1,85,441	1,176	M. N. Dalal, Esq. (Chairman) ..	Tractors (India) Ltd.	26.90	10	3.00	3.25	3.25	2.25	6	Y.
2,55,00,000	3,26,67,137	1,79,11,762	48,75,403	....	J. D. Chokzi, Esq. (Chairman) ..	Voltas Ltd.	243.00	00	13.00	14.00	14.00	14.00	3	Y.
70,00,000	23 27,374	1,12,49,648	15,05,780	20,882	M.	Zenith Steel Pipes Ltd.	14.24	10	..	Nil	Nil	0.60	4	Y.
West Bengal and Other Centres														
6,00,000	7,26,261	42,61,416	24,92,691	4,14,417	North Bihar Trading Co. (Pvt.) Ltd. ..	Arthur Butler & Co.	21.25	10	Nil	1.00	1.00	1.25	12	Y.P.T.
50,00,000	46,13,221	1,12,71,910	76,90,692	5,247	Tantia Brothers Pvt. Ltd.	Binani Cement Steel	14.25	10	1.00	1.00	1.25	1.25	12	Y.
40,00,000	7,80,564	39,60,644	14,75,470	19,201	G. D. Binani, Esq. (Mg. Director)	Binani Metal Works Ltd.	12.75	10	2.50	2.50	1.40	1.40	12	Y.
1,00,00,000	94,55,491	1,64,16,281	31,29,921	2,767	J. Y. Jardine Paterson, Esq. (Chairman)	Braithwaite & Co. (India) Ltd. ..	33.00	10	2.50	2.50	1.40	1.40	12	Y.
12,00,000	50,45,274	1,84,59,269	72,92,176	....	Balmer Lawrie & Co., Ltd.	Bridge & Roof Co. (India) Ltd. ..	49.00N	10	3.00	3.00	3.00		12	Y.P.
19,88,670	7,04,341	39,97,580	14,03,635	32,996	Homes Wilson & Co., Ltd.	Britannia Building and Iron	2.19	10	Nil	Nil	Nil		3	Y.P.
1,00,00,000	52,95,735	1,93,55,098	75,90,275	5,115	McLeod & Co., Ltd.	Britannia Engineering	0.60	10	1.00	1.00	1.00		12	Y.P.T.
25,00,000	18,18,884	36,02,938	19,71,671	....	Balmer Lawrie & Co., Ltd.	Br. I. Electric Construction	28.75	10	4.50	2.00	1.50		12	Y.
84,00,000	2,99,02,509	6,88,27,014	3,77,03,785	65,077	Martin Burn Ltd.	Burn & Co.	265.00	100	28.50	28.50	28.50	25.00	4	Y.T.
1,00,00,000	17,65,495	75,57,194	17,93,224	1,08,751	R. N. Bhotika, Esq. (Secretary)	Calcutta Steel Co., Ltd.	14.31	10	0.50	1.50	1.50	1.25	3	Y.
1,00,00,000	45,09,184	2,42,19,814	59,12,502	93,493	R. L. Kakaria, Esq.	Central India Machinery Mfg. Co., Ltd.	14.44	10	Nil	Nil	Nil	0.75	3	Y.P.T.
80,00,000	35,00,000	1,74,24,651	51,07,264	6,868	J. Dalmia, Esq. (Chairman)	Dalmia Iron & Steel Ltd.	10 87	10	1.00	1.00	1.00	1.00	9	Y.
60,95,400	28,26,003	1,26,09,918	30,29,918	21,399	Birla Brothers Private Ltd.	Elec. Const. & Equipment Co.	12.62	10	1.50	1.50	1.50	1.00	12	Y.
81,77,799	55,59,619	1,78,54,035	52,52,420	9,707	Harsahaad & Co. Private Ltd.	Escort Ltd.	17.25	10	1.50	1.50	1.10		12	Y.P.
4,00,00,000	6,98,32,755	9,77,64,014	3,42,96,028	....	N. R. Pillai, Esq. (Chairman)	Guest, Keen, Williams Ltd.	23.50	10	1.50'C	1.40	1.40		12	Y.T.
12,50,000	6,45,100	62,85,833	48,28,968	5,801	Martin Burn Ltd.	Hooghly Docking	89.00	00	Nil	Nil	Nil		12	Y.T.
12,44,09,900	80,89,05,725	85,16,35,648	23,96,39,691	....	Martin Burn Ltd.	Indian Iron and Steel	24.16	10	1.50	1.50	1.00	1.50	3	Y.P.
77,97,000	87,57,038	1,35,75,384	88,08,803	24,064	Martin Burn Ltd.	Indian Standard Wagon	31.94	10	2.85	2.85	2.85	2.00*	3	Y.P.
96,58,160	3,28,86,672	4,56,30,100	1,92,97,757	6,022	Indra Singh & Sons Private Ltd. ..	Indian Steel and Wire Products	10.37	10	0.80	2.40	2.40	0.80	3	Y.
48,78,580							12.37	0.1	0.23	0.24	0.23	0.80		
1,51,87,197	3,63,887	42,99,689	23,95,610	19,488	C. R. Ramaswamy, Esq. (Mg. Director)	Indian Steel Rolling Mills Ltd. ..	10.00	10	1.25	1.00	0.858	0.858	3	Y.P.
40,00,000	1,36,61,953	5,12,70,807	2,30,48,004	4,898	Madan Mohan Lal Shri Ram & Co.Pvt.Ltd.	Jay Engineering Works, Ltd.	10.87	10	1.715	1.715	1.715	1.715	3	Y.P.T.
40,00,000	65,70,000	97,86,620	30,88,807	2,169	J. K. Industries Private Ltd.	J. K. Steel Ltd.	14.94	10	2.00	2.00	1.00	1.50	6	Y.P.
2,08,99,000	3,00,16,258	5,57,97,464	1,90,97,554	64,915	A. K. Chanda, Esq. (Chairman) ..	Jessop & Co.	20.50	10	0.858'C	0.858	0.858	1.00	10	Y.P.
27,54,800	53,04,920	1,06,28,358	50,21,546	8,088	Bird & Co. Private Ltd.	Kumardhubi Engineering Works	5.53	3	0.08	0.35	0.45		11	Y.P.
10,50,000	1,09,591	18,65,829	14,91,446	—18,08,413	Marshalls (Direction) Private Ltd. ..	Marshall Sons & Co. (India) Ltd. ..	3.12	2	Nil	Nil	Nil		6	Y.
49,96,000	13,56,398	1,54,02,104	92,07,119	—4,42,917	M.	National Iron and Steel Co., Ltd. ..	5.87	10	Nil	Nil	Nil	Nil	3	Y.P.T.
6,00,000	20,52,303	52,45,052	32,10,330	18,304	The British India Corpn. Ltd.	Saran Engineering Co.	6.25	4	0.35	0.40	0.50	0.40	3	Y.P.
66,05,790	9,55,000	75,87,465	14,63,310	58,514	Mr. N. Ranganadhan (Mg. Director)	Southern Structurals	11.00cd	10	Nil	Nil	0.60	0.90	12	Y.
1,50,00,000	78,66,757	5,39,16,700	2,67,11,803	64,360	Birla Brothers Private Ltd. .. ..

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
UNCLASSIFIED (Other Centres)														
93,75,000	2,48,84,621	7,27,48,445	1,37,72,801	11,965	J. K. Industries Private Ltd. ..	Aluminium Corporation of India Ltd...	11.50	10	1.20	1.20	1.20	0.80	3	Y.P.T.
1,00,00,000	56,97,687	2,15,10,686	95,29,840	47,916	Seshasayee Bros. (Trav.) Pvt. Ltd.	Aluminium Industries Ltd. ..	19.50	10	1.80	0.90	1.80	1.50	3	Y.
7,94,700	2,72,000	16,55,492	2,19,926	1,442	K. N. Mookerjee, Esq. (Chairman) ..	American Refrigerator Co., Ltd. ..	15.00	10	..	..	1.50	0.375	4	Y.
12,65,175							7.12	7.50	..	..	0.60	0.60		
80,00,000	44,23,928	46,09,374	29,12,654	2,17,061	Turner Morrison & Co., Ltd.	Angelo Bros. Ltd.	23.31	10	2.50	2.81	2.80	2.80	6	Y.
4,97,14,990	81,08,000	5,99,72,026	1,61,25,618	58,399	A. E. L. Collins, Esq. (Mg. Director) ..	Ashok Leyland Ltd.	6.79	10	0.40	0.80	0.40	0.35	9	Y.
80,00,000	33,58,937	47,06,379	26,68,950	19,842	Mr. A. Hydari and Mr. S. Gothberg ..	Assam Match Co., Ltd.	22.37	10	1.60	2.00*	2.00*	..	12	Y.
1,18,00,000	98,34,917	1,31,10,654	77,02,281	7,078	H. R. Gregson, Esq. (Mg. Director) ..	Associated Battery Makers (E.) Ltd. A	22.00	10	2.50	1.50	1.50	1.50	8	Y.
20,00,000	44,17,208	77,53,757	34,43,881	1,66,533	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India	9.00N	Nil	1.00	1.00	..	..	6	Y.P.T.
80,01,400	1,20,07,997	91,05,947	44,06,273	.....	C. G. Montgomery, Esq. (Chairman) ..	Balmer Lawrie & Co., Ltd.	234.00	100	25.00	25.00	25.00	..	12	Y.
12,00,000	29,55,620	38,19,481	34,08,481	.....	Balmer Lawrie & Co., Ltd.	Bengal Flour Mills Co., Ltd.	31.00xdx	10	4.00	2.50	2.50	..	12	Y.
20,00,000	9,62,972	67,82,724§§	..	1,064	Lovelock & Lewis	Birds Investment Ltd.	9.00	10	0.95	1.00	1.00	0.80	9	Y.P.
68,05,000	83,73,866	1,94,30,351	78,25,521	6,999	K. Julius Scott, Esq. (Mg. Director) ..	Britannia Biscuit Co., Ltd.	38.00	10	2.50	3.00*	2.50	2.10	3	Y.P.T.
8,25,00,000	2,19,19,061	3,17,18,024	2,50,39,901	2,53,254	Satish Chandra, Esq. (Chairman) ..	British India Corporation Ltd. ..	9.12	5	0.20	0.35	0.45	..	12	Y.P.
50,00,000	40,58,031	49,29,290	27,40,613	27,856	R. A. Godwin, Esq. (Mg. Director) ..	British Paints (India) Ltd.	20.00	10	1.25	1.25	1.00	..	12	Y.
1,88,80,000	14,77,426	1,77,77,325§§	..	2,46,740	Andrew Yule & Co., Ltd.	Clive Row Investment	8.44	10	0.80	0.75	0.75	..	12	Y.
5,96,650	7,50,000	40,86,867	30,84,660	28,239	K. L. Mittal, Esq. (Secretary)	Delhi Flour Mills Co., Ltd.	15.00N	10	1.00	1.00	1.00	..	12	Y.
4,50,00,000	6,29,00,650	12,21,08,895	6,75,17,151	3,95,023	M. L. Bezon, Esq. (Mg. Director) ..	Dunlop Rubber Co. (India) Ltd. ..	84.00	10	2.15	2.00	1.50	1.75	12	Y.P.T.
90,00,000	1,27,43,000	39,14,834	14,45,834	2,42,095	K. P. Goenka, Esq. (Chairman) ..	Duncan Brothers & Co., Ltd.	137.00	100	14.00	14.00	14.00	..	12	Y.P.
56,72,320	2,23,56,496	2,44,33,402	53,53,071	48,651	N. N. Mohan, Esq. (Mg. Director) ..	Dyer Meakin Breweries	25.50	10	1.25	1.50	0.90	0.90	3	Y.
76,89,000	65,11,801	1,78,14,053§§	..	1,51,262	Bird & Co. Private Ltd.	Eastern Investment Ltd.	6.44	10	Nil	Nil	Nil	Nil	3	Y.P.
96,58,202	1,93,332	26,02,244	8,43,057	—4,08,444	D. P. Sen, Esq. (Secretary)	East Anglia Plastics (India) Ltd. ..	10.87	10	0.50	0.40	0.40	..	12	Y.P.
48,80,000	6,73,263	1,08,91,608	27,61,940	4,791	S. Sankaran, Esq. (Mg. Director) ..	Enfield India Ltd.	13.50	12.50	1.60	1.60	1.60	..	9	Y.P.
40,12,888	89,64,099	1,15,37,705	59,85,716	2,62,302	Satya Narain Gupta, Esq. (Chairman) ..	Ganesh Flour Mills Co., Ltd.	235.00	100	17.50	20.00	15.00	..	12	Y.
14,00,000	10,92,000	44,75,416	29,85,812	46,128	Macneill & Barry Ltd.	Ganges Rope Co., Ltd.	7.12	7.50	Nil	Nil	Nil	..	6	Y.
80,00,000	..	4,72,255	21,691	—3,80,640	National Rubber Mfrs. Ltd.	General Tyres Ltd.	15.12	10	1.00	1.10	1.10	1.10	3	Y.P.
65,00,000	58,42,190	34,60,723	20,85,588	10,371	J. W. Easson, Esq. (Chairman) ..	Gillanders Arbuthnot & Co., Ltd. ..	28.12	10	1.50	1.50	1.50	..	12	Y.P.
40,00,000	31,88,500	86,62,918	52,34,329	38,310	D. S. Barron, Esq. (Chairman) ..	Godfrey Phillips India Ltd.	21.59	10	Nil	Nil	Nil	..	12	Y.
2,00,15,000	1,54,59,733	3,68,93,878	97,75,535	51,88,310	H. E. O. Carey, Esq. (Mg. Director) ..	Goodyear India Ltd.	17.97	10	0.80	1.20	1.25	1.15	3	Y.
3,07,66,250	2,31,76,491	10,71,33,646	5,28,35,894	3,048	Birla Brothers Private Ltd.	Hindustan Motors Ltd.	19.75	10	1.20	1.20	Nil	Nil	10	Y.P.
1,80,00,000	57,26,612	3,18,45,042	72,54,008	—12,90,311	Talukdar Law & Co. Private Ltd. ..	Hindusthan Pilkington Glass	11.94	10	..	Nil	Nil	Nil	3	Y.P.
2,00,00,000	..	3,68,93,878	97,75,535	—11,50,634	H. L. Somany, Esq. (Chairman) ..	Hindustan Twyfords Ltd.	17.97	10	0.80	0.80	0.80	0.80	3	Y.
40,00,000	58,49,190	12,69,04,528	4,09,70,628	3,29,429	Birla Brothers Private Ltd.	Imperial Tobacco Co. of India Ltd. ..	9.69	10	0.80	0.90	0.90	0.80	3	Y.P.T.
6,00,44,460	5,02,72,274	18,67,08,063	6,31,36,292	4,12,610	H. V. R. Iengar, Esq. (Chairman) ..	Indian Aluminium Co., Ltd.	30.12	10	1.50	1.50	1.75	1.75	12	Y.P.T.
2,48,65,450	3,35,23,075	3,48,31,931	1,88,64,273	21,621	J. V. J. Paterson, Esq. (Chairman) ..	Indian Cable Co., Ltd.	33.00	10	2.25	2.25	2.25	2.25	3	Y.T.
3,64,00,000	1,61,33,886	9,06,12,544	3,01,56,221	85,587	Amiya Kumar Sen, Esq. (Mg. Director	Indian Oxygen Ltd.	23.62	10	1.50	1.50	1.20	1.20	9	Y.P.
29,93,375	1,89,825	60,18,368	28,12,632	66,066	M.	Indian Plastics Ltd.	7.72	10	Nil	Nil	Nil	Nil	3	Y.P.
8,27,070	15,42,783	22,18,109	13,85,190	15,791	M.	Indian Rubber Manufacturers	22.00	10	2.00	3.00	3.60	..	12	Y.P.
74,98,900	5,31,500	1,01,04,128	15,16,862	19,207	Duncan Brothers & Co., Ltd.	Indian Soldiers (India) Ltd.	12.75	10	Nil	Nil	Nil	..	9	Y.P.
2,00,00,000	87,10,720	55,40,459	19,54,182	..	J. V. J. Paterson, Esq. (Chairman) ..	Jardine Henderson	74.00	10	7.00	7.00	6.00	7.00	3	Y.
15,00,000	13,00,000	18,79,359	1,62,872	64,044	J. K. Agents Private Ltd.	Madhya Pradesh Industries Ltd. ..	8.62	10	1.00	1.00	..	..	3	Y.
1,40,20,838	29,23,514	2,73,13,972	18,67,683	1,01,639	Young India Agencies Pvt. Ltd. ..	Madras Rubber Factory Ltd.	13.03xd	10	..	0.50	0.45	0.32	3	Y.
1,47,12,250	1,38,23,846	94,70,683	25,41,490	1,289	T. Leslie Martin, Esq. (Chairman) ..	Martin Burn Ltd.	26.37	10	2.75	2.75	2.50	2.50	9	Y.P.
16,00,000	14,99,563	29,93,908	5,30,650	..	Vittal Mallya, Esq. (Chairman) ..	Mcleowell & Co., Ltd.	22.82xd	10	3.00	2.25	0.60	..	3	Y.
47,12,000	90,83,888	34,12,628	15,66,033	2,34,727	M.	Mcleod & Co.	18.00	10	1.50	2.00	1.50	1.50	12	Y.P.
1,61,00,000	2,38,95,151	4,47,55,502	1,71,01,959	88,785	M. K. Vellodi, Esq. (Chairman) ..	Metal Box Co. of India Ltd.	313.00	100	24.00	20.00	20.00	12.0*	3	Y.
34,98,000	22,90,164	32,86,801	11,11,396	3,426	N. G. Ayyangar, Esq. (Mg. Director) ..	Mysore Electric Industries Ltd. ..	166.00	100	2.00	2.50	3.70*	0.8	..	..
6,56,250	10,53,965	15,65,798	48,55,184	1,517	Mr. M. Subramanyam (Chairman) ..	Mysore Lamp Works	20.00	10	2.00	2.00	1.00	1.00	..	..
10,00,000	5,01,040	22,77,151	13,28,686	2,401	I. P. Mallappa, Esq. (Chairman) ..	Mysore Tobacco	50.00	10	2.50	2.50	2.50	1.80	3	Y.P.
1,35,00,000	1,27,32,234	1,64,18,002	73,46,576	21,708	Associated Ind. Dev. Co. (Pvt.) Ltd...	National Insulated Cable Co.	25.81	10	2.00	2.00	2.00	2.00	9	Y.P.
30,00,000	36,90,300	56,25,023	32,56,576	19,484	Associated Ind. Dev. Co. (Pvt.) Ltd...	National Pipes & Tubes Co., Ltd. ..	18.50	10	1.80	1.80	1.50	..	6	Y.
40,00,000	39,77,485	51,98,266	44,68,902	35,965	Associated Ind. Dev. Co. (Pvt.) Ltd...	National Rolling & Steel Ropes	10.81	10	Nil	0.65	0.80	1.00	12	Y.P.
50,00,000	21,55,713	1,30,14,550	62,00,886	58,629	K. N. Mookerjee, Esq. (Mg. Director).	National Rubber Manufacturers Ltd. ..	11.12	10	1.60	0.70	0.70	..	12	Y.P.T.
13,50,000	1,29,48,132	1,11,77,572	93,89,768	3,61,143	B. N. Elias & Co. Private Ltd.	National Tobacco Co.	55.00N	10	6.50	6.50	5.00	5.00	12	Y.
29,32,100	17,57,391	64,65,516§§	..	46,960	Ramdutt Ramkissendas	New India Investment Corpn. Ltd. ..	2.80	1	0.30	0.30	0.26	0.16	3	Y.
20,00,000	10,04,500	19,06,562	10,15,929	2,705	Parry & Co., Ltd.	Parry Confectionery Ltd.	26.12	10	1.20	1.20	1.30	..	12	Y.
2,20,00,000	89,30,483	2,95,60,999	1,04,71,921	1,30,682	W. A.C.H. Bosschaart, Esq. (Chairman)	Phillips India Ltd.	26.75	5	Nil	Nil	Nil	..	3	Y.
1,56,16,013	9,37,500	2,22,80,449	1,44,846	—8,25,133	Duncan Brothers & Co., Ltd.	Phillips Carbon	8.60	5	0.70	0.70	0.75	0.75	3	Y.P.
12,25,500	7,44,934	30,08,133	7,95,031	4,309	Iyer & Co. Private Ltd.	Radio & Electricals Mfg. Co., Ltd. ..	21.12	10	2.80	1.80	1.80	1.80	3	Y.
41,56,400	43,63,124	75,97,564	27,96,500	2,987	T. Shamanna, Esq. (Chairman)	Ralli's India Ltd.	117.50	100	14.00	14.00	8.50	10.00	3	Y.
2,25,00,000	41,45,070	1,66,51,275	62,82,070	5,962	Badridas Goenka, Esq. (Chairman) ..	Rallis India Ltd.	11.12	10	2.00	1.00	0.80	0.90	3	Y.P.T.
5,00,00,000	3,35,90,000	15,66,08,578	7,92,70,758	4,805	Sahu Jain Ltd.	Richie Industries	13.62	10	0.80	0.80	0.80	Nil	9	Y.P.
13,50,000	66,99,991	5,28,54,422	1,37,12,414	4,301	K. D. Ganguli, Esq. (Secretary) ..	Sen-Raleigh Ltd.	6.40	Nil	Nil	Nil	Nil	..	12	Y.P.
71,60,000	..	1,02,02,408	9,21,237	—14,10,918	Seshasayee Brothers Pvt. Ltd.	Shaw Wallace & Co., Ltd.	15.62	10	1.50	1.50	0.75	..	12	Y.P.
75,00,000	55,51,000	1,25,33,514	1,15,66,000	76,764	M. S. Smith, Esq. (Chairman)	Spencer & Co., Ltd.	21.62xd	10	1.50	1.50	1.80	1.80	6	Y.P.
40,00,000	1,10,03,806	1,65,53,654	89,38,199	4,37,429	C. W. Stephenson, Esq.	Standard Motor Co. (India) Pvt. Ltd.	10.12xd	10	0.80	0.70	0.60	..	12	Y.P.
47,00,000	32,00,000	2,09,13,405	63,50,721	14,232	Standard Motor Co. (India) Pvt. Ltd.	Tavanrore Ogale Glass	5.56xd	10	0.60	0.70	0.75	..	12	Y.
9,99,310	62,158	18,77,856	9,39,671	498	Ogale Bros. (Private) Ltd.	T. Stanes & Co., Ltd.	30.50	10	2.25x	1.50	1.25	2.35	3	Y.P.
11,56,300	19,10,341	16,95,997	8,53,087	53,666	E. H. Stanes, Esq. (Mg. Director) ..	Tata Investments of India Ltd.	201.00	100	10.00	10.00	10.00	10.00	7	Y.
2,14,79,630	2,14,79,630	5,65,84,026	1,69,15,728	50,510	Sir A. Ramaswami Mudaliar (Chairman	Tungabhadra Industries Ltd.	9.44	Nil	Nil	Nil	Nil	1.00	9	Y.T.
3,58,950	7,01,883	79,26,373	46,26,373	59,276	The Cotton Agents Private Ltd. ..	Union Carbide India Ltd.	39.62xd	10	1.80	1.80	1.35	1.50	12	Y.T.
2,80,00,000	3,80,54,275	7,77,15,892	2,63,25,232	1,93,008	J. R. Galloway, Esq. (Chairman) ..	United Breweries	33.00	10	6.00	6.00	2.50	0.60	3	Y.
50,00,000	91,28,520	70,59,590	27,47,493	..	Vittal Mallya, Esq. (Chairman) ..	United Breweries	26.25	10	3.50	1.00	0.75	..	11	Y.
5,00,000	6,61,791	9,26,454	6,49,099	6,571	Shaw Wallace & Co., Ltd.	United Flour Mills Ltd.	200.00	100	10.00	-12 00	14.00	15.00	3	Y.P.
81,46,200	36,44,970	1,13,05,331	62,37,456	9,200	A. K. Enderkutty, Esq. (Mg. Director).	Western India Plywoods Ltd.								
TRANSPORT														
20,00,000	33,73,558	70,07,782	30,60,733	54,558	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	127.00xd	100	7.50	7.50	10.00	10.00	10	Y.P.
1,00,00,000	1,56,46,880	4,95,46,880	2,56,54,032	.....	Dinshaw (Private) Ltd.	Bharat Line	4.72	10	Nil	Nil	Nil	..	12	Y.
60,00,000	2,71,54,446	10,34,29,602	3,49,39,642	1,28,987	A. H. Bhiwandiwalla & Co. (Bombay) Private Ltd.	Great Eastern Shipping Co.	12.76	10	1.00	0.78	1.00	Nil	6	Y.P.
30,08,000							14.36	10	0.50	0.39	0.50	Nil		
						India General Navigation & Rly. Co.	42.00	£10	Nil	Nil	Nil	Nil	12	Y.T.
£6,55,580	£1,194,360	£4,312,991	£2,242,183	—£84,854	Kilburn & Co. Private Ltd.	India Steamship Co.	6.37	10	1.00	Nil	Nil	Nil	3	Y.P.
2,47,50,000	1,57,29,554	28,79,27,974	6,19,14,557	2,82,649	Lionel Edwards (Private) Ltd.	Scindia Steam Navigation Co.	14.24	20	0.60	0.60	0.60	1.00	6	Y.
11,28,19,293	11,58,24,547	26,68,60,105	12,45,17,005	..	D. N. Khatau, Esq. (Chairman)		3.22	O. 1	0.30	0.30	0.30			
O. 8,40,800	29,75,610	17,52,688	10,48,110	5,407	R. R. Aiyer, Esq. (Manager)	Walford Transport Ltd.	3.25	P.O. 1	0.20	0.20	0.20		12	Y.
P.O. 2,10,200														

COAL COMPANIES

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Director or Secretaries	Company	Latest available Quotation	Paid-up per Share	Dividend per Ordinary Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
25,50,000	92,37,800	1,49,32,049	90,70,765	89,096	Shaw Wallace & Co., Ltd.	Amalgamated Coalfields	22.25	10	1.00	1.25	1.50	..	3	Y.
12,50,000	12,52,902	41,58,992	36,25,221	.....	Jardine Henderson Ltd.	Barraree Coke	19.88	10	Nil	Nil	1.50	1.50	3	Y.
4,49,350	1,62,388	11,57,089	6,92,033	5,392	Kalyanji Mavji & Co.	Bengal Bhaddee	3.00	10	0.50	0.50	..	..	12	Y.
1,20,00,000	2,85,23,173	9,41,66,762	5,68,34,103	1,03,409	Andrew Yule & Co., Ltd.	Bengal Coal	236.00	100	25.00	21.00	19.00	16.00	10	Y.P.T.
2,25,000	5,45,835	24,86,330	21,80,114	16,129	M.	Bengal-Nagpur	22.00N	10	1.00	2.60	Nil	Nil	12	Y.
4,00,000	64,950	1,27,37,950	69,90,595	—3,95,681	Sahu Jain Ltd.	Bharat Collieries	3.00	10	Nil	Nil	Nil	..	12	Y.P.
7,15,000	9,31,772	69,01,884	37,59,468	—6,67,301	.. ..	Bhulanbarasree	20.25	10	1.50	1.50	..	..	12	Y.
7,50,000	22,77,003	45,77,689	29,53,344	33,647	F. W. Heilgers & Co. (Private) Ltd. ..	Borrea	15.50	10	1.30	1.30	1.30	1.30	6	Y.P.T.
90 92,480	94,32,421	4,74,28,820	2 50 88,877	90,349	Bird & Co. Private Ltd.	Burrakur	15.00N	10	1.00	1.00	1.70	..	3	Y.
49,97,750	6,85,320	84,62,322	33,58,568	3,95,023	Hindustan Investment Corpn. Ltd. ..	Central India	8.50	10	0.80	1.00	1.00	..	3	Y.
8,00,000	12,99,400	54,18,457	35,46,265	—1,25,641	Jain Industries	Central Kurkend	3.44	10	Nil	..	..	..	12	Y.
16,00,000	..	61,90,801	36,92,941	—5,39,684	M.	Dhemo Main	3.95	10	Nil	Nil	..	..	12	Y.
52,40,000	£979,072	£2,729,072	£218,516	£6,234	Jardine Henderson Ltd.	East Indian	28.50	£1	1.00	2.00	2.75	..	4	Y.
29,63,760	1,18,76,888	5,05,78,170	3,63,55,116	33,594	Macneill & Barry Ltd.	Eastfields	22.44	10	1.50	1.50	..	..	12	Y.P.T.
15,00,000	..	27,42,664	9,88,023	—5,84,265	Bhatter's Agency Ltd.	Emasiek and Muslia	13.50	10	Nil	Nil	..	..	3	Y.
12,00,000	2,41,433	45,20,017	30,34,265	796	Killick Industries Ltd.	Hingir-Rampur	41.50	50	Nil	Nil	Nil	..	6	Y.P.
3,00,000	..	26,07,213	20,64,191	—3,65,025	M.	Hurriladih	5.44	10	Nil	..	..	..	12	Y.P.
20,00,000	9,86,018	40,62,919	16,19,022	32,810	Bird & Co. Private Ltd.	Karanpura Collieries	11.75	10	0.75	1.00	1.00	..	3	Y.
14,00,460	18,07,072	66,56,854	44,86,524	20,670	Andrew Yule & Co., Ltd.	Katras Jherriah	30.25	10	0.60	4.00	2.50	3.00	1	Y.
9,00,000	10,22,762	29,57,644	23,77,712	25,561	H. V. Low & Co. (Private) Ltd.	Lakurka	10.00	10	0.40	..	..	..	4	Y.
17,68,540	66,490	13,30,684	10,61,223	74,711	Tantia Brothers Private Ltd.	Nazira	6.25	10	0.75	Nil	Nil	..	12	Y.
31,97,210	46,16,139	2,10,81,103	1,23,85,029	15,709	Andrew Yule & Co., Ltd.	New Beerbhoom	18.56	10	1.00	1.00	1.20	1.00	3	Y.P.
10 00 000	8,90,206	12,37,188	3,80,199	51,230	Octavius Steel & Co., Ltd.	New Heathboom	11.94	10	0.75	0.90	..	..	3	Y.
1 15,000	4,31,409	17,65,275	10,59,556	15,045	M.	North West	19.75	10	2.00	2.00	..	..	3	Y.
1 57,000							1.50N	7.50	1.50	1.50	..	..		
7,50 000	13,22,645	2,92,538	22,85,002(k)	45,000	P. Prashad, Esq. (Chairman)	Ondal	11.50N	10	0.60	0.75	..	..	12	Y.P.
3 34 000	1,52,212	37,86,226	14,17,160	589	Deepchand Kishenlall	Parasea	14.00	10	0.125	0.125	..	..	12	Y.P.T.
15.75 000	24,59,125	87,68,044	54,94,852	54,253	Shaw Wallace & Co., Ltd.	Parch Valley	17.44	10	1.00	1.00	1.00	..	3	Y.
41,99,120	40,85,000	1,62,75,221	1,12,48,938	35,761	.. ..	Ranegunge	13.50	10	1.50	1.70	1.70	..	3	Y.
13,50,000	20,80,180	65,69,728	40,37,891	41,522	Shaw Wallace & Co., Ltd.	Rewa	26.00	10	2.00	2.00	..	..	12	Y.
37 50 000	40,22,084	1,15,07,370	41,76,585	43,117	M.	Samla Collieries	8.00	10	1.00	1.00	..	..	12	Y.
40 00 000	4,97,010	48,82,031	12,69,030	7,238	S. D. Sethia & Co. Private Ltd. ..	Selected Satgram Collieries	118.00	100	16.00	14.00	..	..	12	Y.
2,80,000	13,29,316	33,99,332	22,10,361	15,849	Andrew Yule & Co., Ltd.	Seshpore	31.50N	7	3.00	3.00	2.50	..	12	Y.
12,80,000	4,54,648	35,740	13,04,570(k)	1,540	F. W. Heilgers & Co. (Private) Ltd. ..	Sendra	5.50	10	0.50	0.35	..	0.75	3	Y.
8,00,00,000	1,03,14,323	10,13,84,729	4,10,29,316	4,07,093	M. J. Pal, Esq. (Chairman)	Singareni	9.75	10	0.70	0.75	..	0.25	3	Y.
40,00,000	11,77,056	57,60,323	25,84,592	3,001	Bird & Co. Private Ltd.	South Karanpara	10.25	10	0.25	Nil	Nil	..	3	Y.
8,00,000	15,48,969	1,53,707	26,76,159(k)	38,908	F. W. Heilgers & Co. (Private) Ltd. ..	Standard	10.25	10	1.50	1.00	..	..	12	Y.
3,50,000	3,01,232	23,77,775	17,75,599	36,403	M. D. Varma, Esq. (Mg. Director) ..	Union	10.25N	10	Nil	Nil	..	..	3	Y.
49,98,000	6,09,055	1,05,82,162	42,25,012	1,19,162	Hindustan Investment Corpn. Ltd. ..	Western Bengal	8.62	10	0.60	0.75	0.90	..	3	Y.
7,00,000	.....	60,62,759	34,56,424	—6,23,711	M.	West Jamuria	3.60	10	Nil	Nil	..	..	12	Y.

H.—Clive Row Investment—Dividend for 1959 includes additional dividends of 9 nP for the year ended 31st March 1958 and 37 nP for the year ended 31st March 1956. *Includes bonus.

M.—Managed by the Board of Directors. *N.B.*—Dividends paid since 31st March 1959 are shown as taxable. † (k) Investments. §§Investment at cost.

A.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 118 lakhs whereas the interim dividend of 15 per cent was on a paid-up capital of Rs. 50 lakhs only. X.B.—Ex-Bonus.

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.	Latest available Quotation. Rs.	Paid-up per Share. Rs.
BANK						
Allahabad Bank T.F.C.	15,00,000	1901	6.00	Mar Sept.	94.50	100
**

Notice

THE RAJKUMAR MILLS LIMITED

Registered Office:
7, New Dewas Road, INDORE

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Forty-first Annual General Meeting of the Shareholders of the above Company will be held at the Registered Office of the Company at 7, New Dewas Road, Indore, on Monday, the 29th June, 1964, at 4 p.m., to transact the following business:—

1. To receive and adopt the Directors' Report and the Audited Balance Sheet and Profit and Loss Account for the year ended 31st December, 1963.
2. To sanction the declaration of a Dividend.
3. To appoint a Director in place of Shri J. C. Jall who retires by rotation and is eligible for re-appointment, and to consider and, if thought fit, to pass the following Resolution as a Special Resolution of which a Special Notice as required by Sections 190, 261 and 281 of the Companies Act, 1956, has been received by the Company:—

"RESOLVED that pursuant to the provisions of Sections 261 and 281 and other applicable provisions, if any, of the Companies Act, 1956, Shri J. C. Jall who retires by rotation and who is a Director and Member of Messrs. Jall Brothers (Private) Ltd., the Managing Agents of the Company, and who has attained the age of 75 years, be and is hereby re-appointed a Director of the Company and it is hereby specifically declared that the age limit for Directors prescribed under Section 280 of the said Act shall not apply to him."

The reasons which make the above Special Resolution necessary are more fully set out in the Explanatory Statement annexed to the Notice which for the purpose of Section 261 shall be deemed to be incorporated in this Notice.

4. To appoint a Director in place of Rao Raja, Lt.-Col., Seth Hiralalji Kalyanmalji who retires by rotation and is eligible for re-appointment and to consider and, if thought fit, to pass the following Resolution of which a Special Notice as required by Section 281 of the Companies Act, 1956, has been received by the Company:—

"RESOLVED that pursuant to the provisions of Section 281 of the Companies Act, 1956 Rao Raja, Lt.-Col., Seth Hiralalji Kalyanmalji who has attained the age of 65 years and who retires by rotation be and is hereby re-appointed a Director of the Company and it is hereby specifically declared that the age limit for Directors prescribed under Section 280 of the said Act shall not apply to him."

5. To appoint Auditors for the current year and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:—

"RESOLVED that pursuant to the provisions of Section 310 of the Companies Act, 1956 and subject to the approval of the Central Government being obtained and in supersession of the Special Resolution passed by the Company in the Extraordinary General Meeting held on 25th September 1943, the remuneration payable to each Director of the Company be and is hereby increased from Rs. 50 to Rs. 100 and that of the Chairman from Rs. 60 to Rs. 120 for each meeting of the Board or of a Committee of the Board attended by him."

7. To consider and, if thought fit, to pass the following Resolution as a Special Resolution:—

"RESOLVED that subject to the approval of the Central Government being obtained, Article 119 of the Articles of Association of the Company providing for remuneration to Directors and Chairman be deleted and the following Article be substituted in its place as Article 119:—

"119. The remuneration of every Director, inclusive of the Director Ex-Officio (other than the Chairman), for his services, shall be Rupees One Hundred for each meeting of the Board attended by him. The Chairman shall be entitled to Rupees One Hundred and Twenty for each Board Meeting attended by him and the Directors shall be paid such further remuneration (if any) as the Company in General Meeting may from time to time determine, and such further remuneration shall be divided among the Directors in such proportion and manner as the Directors may from time to time determine, and in default of such determination, equally. The Directors shall also be entitled to be paid First Class Travelling and all other expenses incurred by them respectively for attending and returning from Board and Committee meetings, or, in or about the performance of their duties as Directors."

8. To consider and, if thought fit, to pass the following Resolution as a Special Resolution:—

"RESOLVED that the Articles of Association of the Company be altered as under:—

The existing Article 58 be deleted and the following Article be substituted in its place as Article 58:—

"58. The transfer or transmission of any shares in the Company shall be made without making any charge in respect of such transfer or transmission."

By Order of the Board,
For THE RAJKUMAR MILLS LTD.,
For JALL BROTHERS (PRIVATE) LTD.,
R. C. JALL,
Permanent Director,
Managing Agents.

INDORE,
Dated 1st June, 1964.

Notes:—(1) A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

(2) The Share Transfer Books of the Company will remain closed from Monday, the 22nd June, 1964 to Monday, the 29th June, 1964, both days inclusive.

(3) The Dividend, if sanctioned, will be made payable on and after 15th July, 1964 to those Shareholders whose names stand on the Register of Members on Monday, the 22nd June, 1964 at the Registered Office of the Company between 12 noon to 3 p.m. on all working days.

(4) Shareholders are requested to immediately notify change in their addresses, if any, to the Company.

(5) The relative Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956 in respect of Items Nos. 3, 4, 6, 7 and 8 set out above, is being posted to the Shareholders individually along with the Notice of the aforesaid Annual General Meeting.

ECUADOR'S NATIONAL HIGHWAY

The World Bank and its affiliate, the International Development Association (I.D.A.), have joined with the U.S. Agency for International Development (A.I.D.) and the Inter-American Development Bank (I.D.B.) to provide the equivalent of $39 million to the Government of Ecuador for a $62.2 million five-year national highway programme. The four organisations signed recently documents providing for a World Bank loan of $9 million, and I.D.A. credit of $8 million, an A.I.D. loan of $13.3 million, and an I.D.B. loan of $6 million. The A.I.D. made a loan of $2.7 million for the programme in September 1963; the remaining costs of $23.2 million are being covered by the Government of Ecuador. The programme will further the goals of the Alliance for Progress of Ecuador. The World Bank loan is for a term of 25 years, including a 5-year grace period, and bears interest at the rate of 5½ per cent per annum including the 1 per cent commission which is allocated to the Bank's Special Reserve. Bank of American National Trust and Savings Association and Grace National Bank of New York are participating in the loan, without the World Bank's guarantee, for the total of $120,000 representing the first maturity which falls due on 1st August 1969. The I.D.A. credit is for a term of 50 years. Repayment of principal will begin on 1st August 1974 after a 10-year period of grace. One per cent of the principal will be repayable annually for 10 years and 3 per cent will be repayable annually for the final 30 years. The credit is free of interest but a service charge of ¾ per cent per annum on the amount withdrawn and outstanding will be made to meet I.D.A.'s administrative costs. The A.I.D. loan is for a term of 40 years, including a 10-year grace period, with interest at ¾ per cent for the first 10 years and 2 per cent thereafter. The I.D.B. loan, made from its ordinary resources, is for a term of 25 years, including a 4½ year grace period, with interest at 5¾ per cent, including the 1 per cent commission allocated to the Bank's Special Reserve.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 4th June 1964:

	Closing quotations 27-5-1964	High	Low	Closing quotations 4-6-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	140.00	—	—	140.00
Apollo (2)	1.72	1.76	1.70	1.74
Baroda Rayon (100)	77.50	81.00	80.00	80.50
Bombay Dyeing (25)	55.20	56.60	55.00	55.90
Bradbury (50)	145.00	—	—	145.00
Central India (100)	87.00	89.00	87.50	87.50
Century Mills (100)	583.00	606.50	586.00	592.00
Dawn (50)	152.50	153.50	152.00	153.00
Elphinstone (50)	97.00	98.00	96.00	96.00
Finlay (100)	303.00	—	—	303.00
Gokak (100)	180.00	184.00	181.00	183.50
Gold Mohur (100)	212.50xd	—	—	200.00xd
Gwalior Rayon (10)	36.75	36.75	36.00	36.00
Ind. Untd. Defd. (1)	2.56	2.62	2.60	2.62
Ind. Untd. Ord. (10)	20.24	21.68	21.00	21.48
Indian Rayon (100)	67.50	67.00	65.50	66.00
Indore Malwa (100)	210.00	—	—	209.00
Khatau (100)	180.00	181.25	176.25	177.50
Kohinoor (100)	313.00xd	319.00	313.00	315.00
Mafatlal (100)	500.00	501.25	498.75	500.20
Modella Woollens (10)	13.00	—	—	13.00
Morarji (100)	266.00	265.00	264.00	264.00
Mysore (50)	37.00	39.00	38.00	39.00
National Rayon (100)	342.00	358.50	345.00	348.50
New Great (100)	178.00	—	—	178.00
Phoenix (100)	221.00	225.50	223.00	224.00
Podar Mills (10)	11.88	12.00	11.88	12.00
Raymond Woollen (100)	140.00	140.50	140.00	140.50
Sasoon Spg. (10)	26.25	—	—	26.25
Shreeniwas (100)	232.00xd	235.00	232.00	233.00
Simplex (50)	119.00	120.50	118.00	120.50
Standard (100)	590.00	614.00	583.00	595.00
Swadeshi (100)	245.00	250.00	248.00	249.00
Swan (100)	275.00	—	—	275.00
S. I. Viscose (100)	115.50	121.50	119.00	119.00
Tata Mills (25)	53.50	55.50	54.50	55.00
Lakshmi-Vishnu (100)	92.50	—	—	92.50
Western India (250)	850.00	—	—	850.00
BANKS				
Bank of India (50)	103.00	103.00	102.00	102.00
Do. (New) (50)	104.00	104.00	103.25	104.00
Bank of Baroda (50)	93.00	93.50	92.00	93.50
Central (25)	45.00	45.75	44.75	45.75
Central 'A' (25)	47.00	47.00	46.50	47.00
Dena Bank (50)	57.00	60.00	57.00	60.00
Punjab National (10)	19.00	—	—	19.00
Union Bank (5)	5.88	5.88	5.80	5.88
United Com. (50)	68.00	68.30	67.50	68.00
Maharashtra (50)	55.00	55.00	53.00	53.00
ELECTRIC COS.				
Ahmedabad (100)	96.00	97.00	96.00	97.00
Amalgamated (10)	9.48	—	—	9.48
Andhra Valley (1,000)	1,062.50	1,062.50	1,060.00	1,062.50
Bom. Sub. El. (100)	104.25	104.75	104.00	104.50
Surat (100)	101.25	101.50	101.00	101.50
Tata Hydro (100)	112.25	112.50	112.00	112.50
Tata Power (1,000)	1,117.50	1,122.50	1,117.50	1,122.50
INSURANCE COS.				
British India (10)	12.48	—	—	12.48
Indian Mercantile (50)	58.00	64.00	58.00	64.00
New India (15)	49.00	49.50	49.00	49.00
New India 'A' (15)	50.50	50.30	49.00	49.00
Vulcan (10)	15.84	—	—	15.84
STEEL COS.				
Ind. Iron (10)	23.72	24.40	24.04	24.16
Mukand Iron (10)	17.44	17.72	17.44	17.52
Tata Steel Ord. (75)	142.50	146.50	144.25	144.75
SUGAR COS.				
Belapur (50)	198.00	200.00	199.00	200.00
Bhopal (10)	12.76	—	—	12.76
Changdeo (12.50)	25.50	—	—	25.00
Maharashtra (50)	125.50	127.00	126.00	127.00
Phaltan (50)	96.50	—	—	96.50
Walchand Ind. (100)	145.50	145.50	144.75	145.25
CEMENT COS.				
Associated Cts. (100)	148.00	150.75	149.00	149.75
Digvijay (100)	183.00	188.00	186.00	187.50
Orissa (10)	12 60	13.00	12.48	13.00
DYES & CHEMS.				
Amar-Dye-Chem (100)	135.00	142.50	138.75	142.50
Camphor & Allied (100)	89.00	—	—	89.00
Chric (100)	65.00	70.00	65.00	68.50
Chemicals (100)	104.00	104.00	100.00	100.00
Colour-Chem (100)	320.00	335.00	325.00	335.00
Indian Dyestuff (100)	246.25	252.50	240.00	245.00
Polychem (50)	115.00	125.00	120.00	120.00
Synthetics (100)	75.00	82.00	79.00	80.00
Tata Chemicals (10)	16.80	17.20	16.96	17.08
MISCELLANEOUS				
Alcock Ashdown (100)	288.00	293.00	286.00	286.00
Bom. Burmah (25)§	57.00	58.00	56.50	56.70
Do. (New) (20)‡	44.50	44.00	43.50	43.50
Br. B. Petrol (1½ sh.)	3.18	3.64	3.34	3.60
Br. I. Corpn. (5)	9.76	—	—	9.76
Cooper Eng. (100)	99.00	—	—	99.00
Hindustan Lever (10)	31.00	31.50	31.00	31.00
Hindustan Motors (10)	17.32	18.04	17.68	17.80
I. C. & Invest. Corporation (100)	92.00	92.50	92.20	92.20
Indian-Copper (2 sh.)	3.10	3.26	3.16	3.22
Killick (100)	86.00	—	—	86.50
Larsen & Toubro (10)	21.84	22.36	22.12	22.24
Mahindra & Mahindra (10)	15.76	15.84	15.68	15.76
Asian Cables (100)	72.50	72.00	70.00	71.00
Permanent Magnets (100)	115.00	—	—	115.00
Phillips Carbon (10)	10.36	11.20	10.76	10.80
Pre. Automobiles (100)	95.00	98.00	93.50	95.00
Premier Con. (50)	162.00	168.00	164.00	165.00
Scindia (20)	13.84	14.44	14.12	14.20
G. E. Shipping (10)	12.48	12.76	12.48	12.76
N. Standard Eng. (100)	125.00	127.00	125.00	126.50
T. Maneklal (100)	495.00	500.00	495.00	500.00
Shivrajpur (10)	14.00	17.00	14.28	16.00
Sirpur Paper (10)	11.28	11.32	11.20	11.20
Tata Locomotive (100)	266.00	275.50	266.00	271.50
Tata Oil (25)	57.50	58.50	57.70	58.00
Voltas (100)	236.00	246.00	241.50	242.50
W. I. Match (100	252.50	252.25	251.00	251.50
W. Coast Paper (100)	152.00	155.00	153.00	154.00
Zenith Steel (10)	14.00	14.36	14.00	14.24

GOVERNMENT SECURITIES	27-5-1964 Rs.	Gross Yield: Earlier Redemption	Gross Yield: Later Redemption	4-6-1964 Rs.
2½% 1976	82.75	—	4.64	82.75
3% 1964	99.90	—	4.70	99.90
3% 1966-68	98.10	3.90	3.50	98.10
3% 1970-75 Int. Dev.	90.45	4.85	4.09	90.45
3% 1986 Con. Loan	63.80	—	4.71*	63.75
3½% 1965 N. P. Bonds	100.00	—	3.50	100.00
3½% 1967 N. P. Bonds	99.80	—	3.55	99.80
3½% 1974	96.75	—	4.12	96.75
3½% 1967 N. P. Bonds	100.05	—	3.75	100.05
3½% 1969 Loan	97.30	—	3.96	97.00
3½% 1968	98.40	—	3.94	98.40
3½% 1968 N. P. Bonds	99.40	—	3.82	99.70
4% 1972 Loan	98.85	—	4.17	98.85
4% 1973 Loan	99.85	—	4.15	98.85
4% 1979 Loan	98.50	—	4.14	98.50
3½% 1966 Bonds	99.80	—	3.60	99.80
4% 1980 Loan	98.00	—	4.18	98 00
4% 1981 Loan	98.50	—	4.14	98 50
4½% 1985 Loan	100.10	—	4.49	100.10
4½% 1977 G. Bonds	118.10	—	4.61	118.10
4½% 1978 N. D. Bonds	100.10	—	4.24	100.10

* Current Income. xd—Ex-dividend. x.r.—Ex-Right.
c.r.—Cum-Right. cd—Cum-dividend.
§ B. Burmah—Shares of Rs. 125 have been sub-divided into 5 shares of Rs. 25 each. ‡ Sub-divided into 5 shares of Rs. 20 each after taking into account the Bonus element of Rs. 25.

COMMERCE

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

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Commerce

A WEEKLY REVIEW OF INDIAN FINANCIAL, COMMERCIAL AND INDUSTRIAL PROGRESS

Contents

	Page
LEADING ARTICLES—	
The New Central Cabinet	1005
The First Task Before New Cabinet ...	1006
MARKET GOSSIP	1007
THIS WEEK'S SURVEY	1010-1011
SPECIAL FEATURES—	
Delhi Letter	1008
Indian Exports so Little to Latin America	1012
London Letter	1012
Ready For a Dollar Turn-round? ...	1013
Manchester Letter	1017
Distribution of Income and Wealth ...	1020, 1022
Issue of Shares by Tender—I ...	1024-1025
Oil Revenues of Middle East Governments	1028
CHAIRMEN SPEECHES—	
Devidayal Cable Industries Ltd. ...	1026
Mahindra Ugine Steel Company Ltd. ...	1038
BANKING	1014-1015
TEXTILES	1016
COTTON	1018
NEW PRODUCTS AND PROCESSES	1029
INSURANCE	1030
COMMERCE AND INDUSTRY	1031
COMPANY MATTERS	1032-1034
NEWS IN BRIEF AND PERSONAL	1035
TREND OF MARKETS	1039-1041
MISCELLANEOUS STATISTICAL INFORMATION	1042-1043
WEEK'S STOCK EXCHANGE TREND	1044

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THE NEW CENTRAL CABINET

IT looks as though the task of forming a new Cabinet was a tougher one for Mr. Lal Bahadur Shastri than that of finding a successor to Jawaharlal Nehru was for Mr. Kamaraj. This is not surprising, for Mr. Shastri must have been keen to avoid misunderstanding among his closest colleagues and chances of split in the Congress Party. He had to be sure of unity not only in the Cabinet but also in his Party. While the Prime Minister has undoubtedly the right to choose his Council of Ministers, practical considerations demand that he has to carry the Party with him in exercising this right, if he is to be assured of its sustained support and co-operation without which he cannot last long. The omission of Mr. Morarji Desai and Mr. Jagjivan Ram from the new Cabinet has not been in keeping with confident forecasts contained in New Delhi advices, but the inclusion of Mr. S. K. Patil and Mrs. Indira Gandhi has been. Mr. Jagjivan Ram had been a Minister at the Centre for a pretty long time, almost as long as Mr. Nehru himself. His non-inclusion is, therefore, not such a glaring one as that of Mr. Morarji Desai, but circumstances had so developed that it was not possible for Mr. Shastri to give him the rank of No. 2 in the Cabinet as insisted by Mr. Desai. The fact that Mr. Shastri gave that rank to Mr. Gulzarilal Nanda, despite reports of differences between the two during the last days of Mr. Nehru, is another proof of his amiable qualities.

It is a good thing that Mr. Desai has assured the new Prime Minister of his loyal support, thereby putting an end to possible mischief by his supporters in Parliament and outside. In the present emergency, with both China and Pakistan being hostile to India and with economic stability threatened by strong inflationary pressures, political stability is absolutely essential and the party in power cannot afford to remain divided. In any case, Mr. Nanda has himself placed a limit on his term of office. He has told the public more than once that, if he failed to end corruption within two years, he would give up ministerial power. One-fourth of this period is nearly over already; since the vow he has taken seems unrealistic to us, what with more State trading and more economic controls in the offing, his exit from the Government is a certainty, unless his colleagues succeed in prevailing upon him to give up his vow. No motive need be read into our drawing attention to this contingency which is Mr. Nanda's own creation. It is not suggested here that Mr. Nanda should go. Only, it is to be hoped that Mr. Shastri is not unmindful of Mr. Nanda's solemn promise to the nation about eradicating the evil of corruption and that he and his colleagues everywhere will do everything possible to facilitate the translation of that promise into a reality well before the target date. This calls for the adoption of such economic (including fiscal) policies as would not compel people to resort to corrupt practices. In this context, the move to place the Gold Control Order on the permanent Statute Book is a singularly ill-advised one. The avenues for corruption are so many in this country—and their number is continuously increasing—that Mr. Nanda's self-imposed condition for staying in office is unlikely to be fulfilled.

The consensus of opinion in the country seems to be that Mr. Shastri's Cabinet is more homogeneous than Mr. Nehru's, in that it is free from doctrinaire persons of both leftist and rightist extremes. Whether this comment is correct or not time alone can tell. It would, however, be correct to say that, in recent years, the top Congress leadership never had any rightists in the sense in which the Swatantra Party, for instance, is understood, so that the three-tier division of rightists, centrists and leftists is fictional. The only refreshing feature about Mr. Shastri's Cabinet is that it is free from Mr. K. D. Malaviya and Mr. Krishna Menon. The absence of any demand in the Congress Party for their reintroduction is an encouraging feature. It is, however, a negative satisfaction, for the stress on expanding the public sector continues to be as divorced from realities as it used to be when both these gentlemen were in power. To give only one instance: in practical terms, there has been no change in the Government's policy in regard to petroleum industry. Mr. Humayun Kabir and Mr. O. V. Alagesan have all along been only talking of doing this and doing that, but have done precious little for a speedy realisation of the expansion goals set for this group of industries. The drift reflects the hesitation of these two Ministers to make realistic adjustments in the policy pursued by Mr. Malaviya. Will things change for the better under Mr. Shastri's leadership? One has to wait and see. Meanwhile, the gap between demand and production is yawning to the disadvantage of consumers and the balance of payments position.

Considering that Mr. Shastri has reiterated that there would be no break from the policies and programmes initiated by his illustrious predecessor, Mr. Nehru, the reshuffling of some of the Ministers carried out by Mr. Shastri is of no major significance. But this does not mean that the glaring incongruities in the changes effected by him could go uncommented. Indeed, they have not. The lumping together of Law and Communications, under the stewardship of Mr. A. K. Sen, makes no sense and so also that of Parliamentary Affairs and Civil Aviation, under Mr. Satya Narayan Sinha. The Prime Minister has failed to avail himself of this opportunity to rationalise the economic ministries and streamline them. All transport and communications other than Railways and Shipping could have been kept under one Minister of Cabinet rank. Railways, of course, should remain separate, as it is now, in view of its immense dimensions, but shipping and ports could have been easily tagged on to the Commerce Ministry. The industries are so vast that their break up into steels and mines, petroleum and chemicals, and industries (general), including heavy engineering and technical development, is a convenient arrangement which Mr. Shastri has done well to continue with minimum changes. The transfer of jute and textiles to Commerce Ministry is a sensible thing to do, as they have to be looked after from the point of view of improving their contribution to export trade. The retention of Atomic Power with the Prime Minister may reflect Mr. Shastri's determination to be personally in charge of realising Mr. Nehru's dreams as quickly as possible. But he is needlessly overburdening his responsibilities. He would do well not to emulate Mr. Nehru's weakness of not delegating authority and responsibility to other hands. Perhaps, atomic power, scientific research and technical education could be entrusted to the care of a separate ministry and so also foreign affairs. Only the persons chosen for these tasks must be competent, as both are vitally important for modernising and strengthening the country. If Mr. Shastri sheds these additional responsibilities, he will have more time for doing full justice to the task of policy-making, coordination and supervision, as well as other duties that fall on a Prime Minister.

It is a thankless job to comment on the allocation of portfolios to the various Ministers individually. It is easy to find fault with persons and, say, X or Y does not have much experience of the portfolios allotted to him, that he is a misfit, and so on. It is equally easy to praise a Minister. But it is not our intention to do anything of the kind. The best thing to do

would be to wish good luck and Godspeed to the Ministers and judge them later on the basis of their performance in the new responsibilities entrusted to them. What is, however, more pertinent is whether Mr. Shastri has disturbed the existing set-up more than necessary. The fact that Mr. Shastri did not disturb Mr. Nanda, Mr. Krishnamachari, Mr. Chavan, Mr. Chagla, Mr. Humayun Kabir, Mr. Sanjivayya and Mr. Tyagi suggests that he confined the changes only to the minimum necessary to accommodate the three new entrants, namely, Mr. Patil, Mr. Sanjiva Reddy and Mrs. Indira Gandhi suitably. This will, of course, cause some inconvenience to those Ministers who have been shifted and some delay in the execution of policies and projects. Mr. Subramaniam, Mr. Swaran Singh and Mr. Dasappa were getting into their strides, after mastering the intricacies of the problems entrusted to them by Mr. Nehru. Now, they will have to start afresh again in the new duties assigned to them. This, however, is an inevitable drawback of democracy. But so long as all Ministers are there and work in close co-operation with one another and so long as all major issues are decided at Cabinet level, the impact of the changes need not be appreciable. Moreover, the secretariat of civilians is there to ensure continuity of policy and work and to guide the Ministers.

In the changes made by Mr. Shastri one does see a purpose. It is no use, he must have felt, giving back to Mr. S. K. Patil Food and Agriculture at a time when the need for more controls and active State intervention is under contemplation. Development of agriculture is a far more intricate and difficult job than establishing steel plants and other heavy industries, as the former involves managing and carrying forward sixty million agriculturists through fifteen State Governments. In giving this tremendous responsibility to Mr. Subramaniam, Mr. Shastri has provided him with an opportunity to display his ability for organisation and drive. The fact that Mr. Subramaniam has accepted the challenge is a tribute to his courage and sense of discipline. This does not mean that Railways, or Steel and Mines, or Industry and Heavy Engineering or Irrigation and Power have no problems at all and are easy jobs. Far from it. They are all vital portfolios. The country's economic growth depends as much on the efficient handling of these portfolios as on that of agriculture.

THE FIRST TASK BEFORE NEW CABINET

THE first task to which the new Cabinet has addressed itself pertains to prices. Mr. Lal Bahadur Shastri, immediately after he was elected to succeed Mr. Nehru as Prime Minister, declared (in a talk with Press correspondents at New Delhi on Tuesday the 2nd inst.) that the most formidable problem currently facing the country was how to check the soaring prices. Echoing these words, the Finance Minister, Mr. T. T. Krishnamachari, stated in the Lok Sabha two days later (on Thursday the 4th inst.) that the price situation in the country had become "critical" and the position was "extremely serious." Mr. Shastri is reported to have already urged the Ministries concerned to take some immediate steps to correct the disquieting situation and, as a first step, the Finance Ministry has decided to subsidise the transport cost of procured foodgrains with a view to equating procurement prices with wholesale prices. Meanwhile, heated discussions are being held in Ministerial circles (Central and State), as well as in the Prices Sub-committee of the Congress Parliamentary Party, on Mr. Krishnamachari's proposals for rigorous State trading in foodgrains and control over retail distribution, both of which, according to him, are inevitable, since there is no other alternative. He has, of course, clarified the position by saying that what he said last week was his personal opinion and that the Government as a whole is yet to take a decision.

The price situation is certainly disturbing to a degree and it is just as well as that the powers-that-be have candidly acknowledged it, though the solutions they have in view are of a dubious nature. Never before in the past ten years had the rise in prices been so steep as that witnessed this year. The actual rise in wholesale prices (all commodities) over the year ended 16th May 1964 was as much as 9 per cent, as compared with the increase of a little over 4 per cent in the preceding 12 months. The rise has been mostly in food articles, which have appreciated in value by no less than 13 per cent, as against 5 per cent. Since the beginning of January this year, the wholesale price index (base: 1952-53=100) for cereals (the principal component of the food group) alone has gone up by 9 per cent, bringing the total advance since May last year to 17.5 per cent. While these official figures are revealing in themselves, the actual position at the retail end is much worse.

Why has there been such a steep increase in prices? It is necessary to find a correct answer to this poser, for, unless the situation is correctly diagnosed, the remedies may turn out to be worse than the disease. The persistently rising trend of prices has been the cumulative impact of three factors. There is, first of all, monetary inflation. Thanks to heavy outlays on defence and development, the total money supply has gone up quite considerably, by as much as Rs. 885 crores in the first three years of the Plan, the rise in 1963-64 alone being of the order of Rs. 430 crores. The rise in money supply by itself may not be inflationary, as, technically speaking, the deficit financing is not as large as is believed. What has happened is that the rise has not been accompanied by a proportionate increase in the availability of goods and commodities, especially food and consumer goods. Thus, between 1960-61 and 1963-64, the money supply has risen by over 30 per cent, whereas the total supply of goods and services (as indicated by the index of national income at constant prices) has increased by about 8 to 9 per cent. Secondly, there has been cost inflation in industry, arising from increased indirect tax burden heaped by the Government, heavier wage bill, markedly higher raw material prices, enhanced prices of fuel, stores, chemicals and other accessories, and enhanced freight charges. Since, side by side, the productivity of industries, in general, has not improved significantly, the unit cost of production has gone up appreciably, leading to higher consumer prices. Besides monetary and cost inflation, there has been the pull of the demand factor, following the continuously rising trend of population and the increasing wants of the people. Take, for example, foodgrains. In the past three years, the total available supply (production plus imports) has remained almost stagnant at about 83 to 84 million tons, while there have been 25 to 26 million more mouths to feed, so that the *per capita* availablity of foodgrains is today much less than what it was three years before.

In view of all the aforesaid factors, prices have risen substantially, pushing up living costs. As wages are linked to cost of living, the rising spiral of prices gets strengthened. It is a case of inflation feeding upon itself. As compared with the end of the second Plan (March 1961), the all-India consumer price index (1949=100) for working class has climbed up by 20 points or about 16 per cent. The impact of rising prices and living costs becomes more apparent when it is realised that the income-earning group with much reduced purchasing power of the rupee has to support dependents with costlier habits.

Ever since Chinese aggression on Indian soil in October 1962, the necessity of keeping prices under check has been loudly talked about. The Governments, Central and State, have already taken several measures to hold the price line. The Reserve Bank, too, has followed, by and large, a restrictive credit policy. Even so, the prices of food articles and several other essential items of consumption continue to rule at phenomenally high levels.

The causes responsible for the highly inflationary trends in the economy are thus clear, but what does not seem to be clear is the answer to the question: How to hold the price line within manageable limits? The answer that immediately comes to one's mind is introduction of price and physical controls. But the country's experience with such controls in the past as well as State trading in foodgrains both of which Mr. Krishnamachari advocates has been very bitter, not to speak of the waste of much money on the enforcement of controls. Mr. Krishnamachari's claim that the experiment of controls during the years 1942 to 1953 had been successful, because the rise in prices was negligible, is misleading and untenable. Since public memory is proverbially short, let us recall a few figures pertaining to the period mentioned by Mr. Krishnamachari. The average general wholesale price index (August 1939=100) for the financial year 1953-54 stood at 397.5, as against 171.0 in 1942-43, representing a rise of 132 per cent in a period of 11 years. The rise was mainly in food articles, the index of which moved up from 177.7 in 1942-43 to 384.4 in 1953-54, an increase of 116 per cent. Can anyone seriously contend that an increase of this magnitude in prices—an average rise of 10.6 per cent per annum in food and of 12.0 per cent in all commodities—is negligible and that the position was one of relative stability? By all means, let Mr. Krishnamachari advocate any step he wants, but let him not twist facts, for facts are facts and they are sacred.

A rigorous system of State trading in foodgrains and control on retail trade, in the opinion of the Finance Minister, has become inescapable in order to keep the prices in check. We are afraid the task involved may be too big for the State Governments to handle, for it is these Governments which have to enforce controls and State trading. It is estimated that the foodgrains trade involves an annual turnover of over Rs. 2,000 crores. One of the suggestions made is that co-operatives could be entrusted with the responsibility for distribution. But, barring a few here and there, the way in which the vast majority of co-operatives have been conducting their affairs leaves much to be desired. The failure of attempts made sometime ago by the Government of West Bengal to set up fish co-operatives is still fresh in one's memory.

The Governments should, and ought to, take regulatory measures, including punitive action, whenever there is any tendency on the part of traders to create artificial scarcity and rig up prices. But these measures must only supplement the existing trade channels and not supplant them. There are in India about 600 well-organised *mandis* at which over 600,000 persons handle foodgrains trade. The experience of trading techniques built over a period of several years by these persons, which provide foodgrains to the public even in the remotest areas with minimum handling cost, would go waste, if the State itself were to take over the entire work of distribution. Bureaucratic inefficiency and extensive black market and adulteration are evils inherent in any form of State trading in foodgrains. Besides, it is bound to inflate the prices for consumers, in view of the heavy administrative cost involved. What is worse, the Governments will also incur heavy losses which have to be met out of either taxes or deficit financing. The total loss on State trading in foodgrains even on a limited scale during the year 1962-63 is put at Rs. 24 crores, according to the Audit Report (Civil) 1964. The extent of loss in the event of country-wide application of State trading and rationing in all urban areas can be easily imagined.

The key to the problem of rising prices lies, not in State trading and further extension of controls, but in a determined bid to augment the supply of foodgrains and consumer goods. There is, of course, nothing new in this statement. Everyone has reiterated it over and over again. But that does not mean that its relevancy has diminished. On the contrary, the reverse is true, considering that as much as 60 to 70 per cent of the total expenditure of the household is devoted to food items, of which about three-fifths is on foodgrains. Instead of wasting precious time and money on enforcing negative measures such as controls and rationing, the State Governments will do well to concentrate attention on the production front. Through speedy and effective arrangements for the supply of irrigation, agricultural implements, manure and good seeds, the output of foodgrains can be stepped up to a considerable extent. (If anyone were to say that all this has been tried and the results are not as satisfactory as they ought to be, then it would be an admission that the outlays on defence and development have been beyond the organisational ability of the Government to secure increases in the production of food and consumption goods. In that case, the remedy is obvious. It is, however, our contention that the remedies mentioned here have not been effectively tried and there is a lot that can be done, if only the Governments have the necessary will power.) Simultaneously, transport facilities must be improved, so as to ensure proper distribution of foodgrains and other commodities. Steps must also be taken to restrain the increase in money supply, to abolish futures trading in all the remaining commodities, including castorseed and linseed, and to maintain interest rates at a high level. All these measures, though they are very important, will not by themselves be of much avail, unless the Governments cut down non-development and unproductive expenditure to the barest minimum, for it is such expenditure that always aggravates the inflationary potential. It is the duty of Mr. Krishnamachari, as the Union Finance Minister, to apply the axe in this respect not only at the Centre but in all the States also. Unfortunately, he does not seem to be taking any initiative in this direction.

MARKET GOSSIP

Quietly Steady

NOTHING notable has happened in the share markets since we discussed the trends in these columns last week. Business has been extremely thin and patchy. Fluctuations have been narrow even in the most active counters. Tata Steel, for instance, has been moving within a range of a rupee and Indian Iron 10 nP. (For more details, *vide* the comparative table on page 1044.) Generally speaking, the tone of the market has been quietly steady. Over the week, the list shows a large number of minor losses than small gains. Prominent among the latter are the scrips of safety like electricity, banks, and insurance, as well as such blue chips as Hindustan Lever, Gwalior Rayon, A.C.C. and Wimco. Some enquiry has also been noticeable for shares of good new companies which have been in production for some time now and should be in a position to declare a maiden dividend in a year or two. Speculative activity has been dormant and the *budli* rates on the Settlement that went through on Friday last (5th June) were normal.

The uncertainty about the position of cotton textile prices has caused misgivings among operators and almost all textile scrips have been marked down to some extent. Market circles have noted that the gentlemen's agreement among mills on cloth prices has definitely broken down, with some mills having taken the initiative to increase their selling prices. But they are afraid that the Government might retaliate by introducing statutory price controls and compelling the mills to manufacture standard cloth and that, if all these things were done, the profit-margin of mills might go down. At the moment, this is only a fear, but whether it will be confirmed is anybody's guess. Automobile shares, especially T.E.L.Co., are perceptibly quiet, on reports hinting at the possibility of decontrol of trucks. The observations of a T.E.L.Co. spokesman that the Company would not increase its selling prices in the event of decontrol has been bearishly interpreted by some. The news on Thursday this week that the I.D.A. has sanctioned a fresh credit of $90 million to India, which would be available for importing components, materials and balancing equipment for factories producing trucks, buses, machine tools, construction equipment and electrical equipment, has been quietly ignored.

The formation of new Cabinet at the Centre by Mr. Lal Bahadur Shastri has had no perceptible impact on stock markets either way. There has been no pronounced reaction among market circles to the omission of Mr. Morarji Desai from the Cabinet. Although some of them have regretted it, the vast majority have not cared very much; obviously, they no longer have a soft corner for him, after all the new taxes imposed by him in his last budget as the Finance Minister. But the fact that Mr. Shastri has formed a Cabinet which has engendered no bearish pressure is something for which investors should feel grateful. They have already suffered so much since the Budget for 1964-65 that any further capital depreciation will add to their mental worry and perhaps compel them to unload their holdings in the hope of retrieving whatever capital they can.

There are a few who are inclined to believe that T.T.K. would feel impelled by the continued depression on stock exchanges to give some tax concessions. In order to avoid any future disappointment, it is better not to entertain such hopes. They are just wishful thinking. He cannot concede any tax concessions before the next budget, lest the leftist elements in the Congress should pounce upon with the accusation that he is departing from the socialist policy laid down by Mr. Nehru.

What may change the course of the market in favour of bulls is a settlement with Pakistan and/or China. This is a remote possibility. Another development which may have that effect is an increase in the dividends of two steel companies for 1963-64 due to be announced in the coming weeks. Even a rise of a rupee in T.I.S.Co. dividend and of 25 nP in that of Indian Iron will, market circles aver, have a tonic effect on the drooping stock markets. But are these two companies in a position to oblige them?

Unit Trust

In less than three weeks from now—with effect from the 1st of next month—the Unit Trust of India will begin selling its units through the 3,500 offices of the State Bank, its subsidiaries and 36 commercial banks which have contributed over a crore of rupees to the Trust's initial capital of Rs. 5 crores. The share brokers on the recognised stock exchanges may also act as agents for the sale of units. But there will be no trading in units on the stock exchanges. The units can be purchased in ten or multiples of ten and no upper limit is fixed. During the first month, that is, July, units of the face value of Rs. 10 each will be sold at par. Thereafter, prices will be fixed by the Trust based on the prices quoted on the stock exchanges for the underlying securities in the portfolio of investments. The prices will be determined daily and announced through the All-India Radio and the Press.

Announcing the proposed sale of units from 1st July at a press conference in Bombay on Monday this week, Mr. R. S. Bhatt, Chairman of the Trust, was confident that the response to the issue of units from investors (large and small) would be excellent. This remains to be seen, for, in view of the high cost of living and heavier incidence of taxation, including annuity deposits, the savings available for investment do not seem to be appreciable. From the long-term point of view, the outlook for the sale of units will depend on the efficient and profitable working of the Trust as well as on the trend of savings.

The units of the Trust have three distinct advantages. One, investment in these units is safe, inasmuch as the risk is spread over a wide range of securities (fixed-income bearing and variable-income bearing). Two, the unit-holders are assured of a steady decent return. The Trust, according to Mr. Bhatt, will aim at a yield of 6 per cent and nine-tenths of its income will be distributed. The Trust is completely exempted from payment of corporation tax and other taxes. Neither the dividend received by the Trust from the companies in which it holds shares nor the dividend it pays out to unit-holders is liable to tax. Again, dividends upto Rs. 1,000 distributed to unit-holders who are individuals are exempted from income-tax and also super-tax in the case of a holder who would not be liable to pay super-tax but for the inclusion of this income in his total income. The third advantage is that the units are highly liquid. An investor can cash them whenever he wants. The units can be sold back to the Trust any time (after 31st October 1964) at prices fixed by the Trust; the prices will be based on the prices of the underlying securities on stock exchanges. No details of the underlying securities will, however, be disclosed. The spread between the rates at which the Trust sells and repurchases units will be just five per cent, as against 10 per cent in other countries. The Trust is making elaborate arrangements for mechanising its operations so that it can act quickly and efficiently. It will soon be opening branches at Calcutta, Madras and Delhi and in other places later, if warranted by circumstances.

The unit-holders will not, however, reap any direct benefit from the capital gains accruing to the Trust. Only they will benefit to the extent to which such gains will be reflected in the higher prices of units. As for capital losses, they will be offset against either capital gains or income. The scope for such losses, however, is very limited. For, in accordance with the main objective for which the Trust has been set up, the Trust will pay special attention to security of capital and reasonable return (including capital appreciation) on investment. In the regulations framed for the functioning of the Trust, two important guide lines have been provided: First, investment by the Trust in any one company should not exceed five per cent of the value of its total investible funds or 10 per cent of the value of securities issued and outstanding of such a company; and, secondly, no more than five per cent of the investible funds should be invested in the initial issues of securities of new industrial undertakings. Moreover, the Trust is required to act strictly on business principles with due regard to the interest of unit-holders. It will be guided by such directions in the matter of policy involving public interest as the Reserve Bank may give.

The Trust has a competent Executive Committee which meets once a week or ten days and decides on the purchase and sale of securities. The Trust, Mr. Bhatt disclosed, has already invested (since it began functioning on 1st February last) a substantial amount of its initial capital of Rs. 5 crores. He did not, however, give the exact amount invested so far nor the details pertaining to the types of shares and securities bought by the Trust.

Cotton Crop Fares Better

With only less than three months to go for the current cotton season (1963-64) to end, it is now certain that the 1963-64 crop would be an all-time record of only a little less than 6 million bales (of 400 lbs. each). The latest estimate, covering the season upto the end of April last, puts the crop at 5.95 million bales, an increase of 100,000 bales over the previous estimate (as at the end of March) and 200,000 bales more than last season's record crop of 5.76 million bales. The 1961-62 crop, it may be noted here, aggregated only 4.7 million bales.

All the leading cotton growing areas, except the West Coast and South, produced a higher crop during the current season. Thus, the Northern area has accounted for a crop of 1.47 million bales, as compared with a little over 1 million bales last season. The Central Belt has turned out a record crop of 2.17 million bales, as against 1.96 million bales last season. On the other hand, the crop in the West Coast is estimated at 1.4 million bales, a fall of 450,000 bales from last season's figure. Down South, too, the crop has turned out to be a little lower at 875,000 bales as against 887,000 bales last season.

The crop has not only been bigger in size but also earlier in moving into the market. This is evident from the figures of crop arrivals. By the end of April, 5.35 million bales had already arrived. The corresponding figure for the last season was only 4.7 million bales, out of a total estimated crop of 5.76 million bales.

The record crop of nearly 6 million bales and higher carryover at the beginning of the season go to confirm the earlier expectation that the supply position in respect of Indian cotton would be comfortable. The supply of domestic cotton is now estimated at 8.12 million bales, comprising a carryover of 2.17 million bales and a crop of 5.95 million bales. Assuming that imports would be of the order of, say, about 800,000 bales, the total supply works out to 8.92 million bales. This should be adequate to cover the consumption requirements, estimated at around 6.25 million bales comprising 5.4 million bales of Indian cotton and 750,000 bales of foreign cotton and yet leave a comfortable surplus. Thus, the difficult and costly task of balancing supply of and demand for cotton has been accomplished fairly easily, thanks mainly to the generosity of Nature.

The question now is: What of the next season? Will Nature be again kind to cotton? None can say at present. But it would be wise not to count too much on another good crop materialising next season also. For it is rarely, if ever, that the weather turns out to be favourable in two consecutive years. Although it is too early to predict the new crop, it would appear to have made a good beginning. New crop sowings are reported to have commenced in the Punjab, Rajasthan and U.P. Acreage under cotton in the Punjab, it is said, is likely to be about the same as in the current season, whereas in Rajasthan, especially in Ganganagar circle, it is expected to be more by about 15 per cent. Canal water supply so far is said to be adequate and germination is reported to be progressing well.

Mohatta And Heckel Ltd.

Steel wires and wire ropes are extensively used in mining, shipping, engineering, ropeways, cranes, lifts, etc. The total consumption requirements (annual) are expected to be no less than 40,000 tons by the end of the third Plan, whereas the capacity actually installed at present is considerably less. The shortage in supplies will be met to some extent by the new venture of Messrs. Mohatta and Heckel Ltd, which has been given an industrial licence to put up a factory with an annual installed capacity of 5,000 tons of steel wires, wire ropes and barbed wires on double-shift basis. The factory, which is being located at Khopoli near Bombay, is expected to go into production early next year.

The total capital outlay on the project is estimated at Rs. 125 lakhs. Excluding the loan of Rs. 35 lakhs obtained from the I.C.I.C.I. and borrowings of Rs. 25 lakhs from banks, etc., the balance of Rs. 65 lakhs is proposed to be met by way of share capital (Rs. 50 lakhs equity and Rs. 15 lakhs preference). Out of this share capital, Rs. 21.30 lakhs have already been subscribed or agreed to be subscribed by promoters and their friends. The foreign collaborators in the venture, Messrs. Georg Heckel GmbH of West Germany, are contributing Rs. 9.60 lakhs to equity capital, besides giving technical help and assistance. The remaining Rs. 43.70 lakhs represent the public issue that the Company has now announced. The issue consists of Rs. 28.70 lakhs of equity (287,000 shares of Rs. 10 each) and Rs. 15 lakhs in preference (15,000 9½ per cent cumulative redeemable preference shares of Rs. 100 each); the subscription list will open on Saturday the 20th inst. and close on 2nd July or earlier but not earlier than the 24th inst. The entire issue has been underwritten, among others, by the I.F.C. of India, the L.I.C. and the I.C.I.C.I.

Considering that the products to be produced by the Company is assured of ready demand, that the factory is being located at a place which enjoys all the requisite facilities, and that the Company has secured the technical collaboration of a world-famous company, the response to the public issue will doubtless be encouraging. The Chairman of the Board of Directors is Mr. Brijratan S. Mohatta.

Chrysler-Rootes Deal

The offer of Chrysler Corporation, one of the three American automobile giants, to buy 20 per cent of the Ordinary shares (voting) and 50 per cent of 'A' Ordinary shares (non-voting) of the British Rootes Motors, announced in London last week, has sparked off a political controversy far more fierce than the sensational take-over bid of I.C.I. for Courtaulds. Whereas the latter was a fight between two British giants, the present proposal is regarded as a marriage, by mutual consent, between an American giant and a British firm. The issue of public interest involved in the I.C.I.-Courtaulds take-over bid was the alleged trend towards monopoly, whereas that involved in the Chrysler-Rootes deal is fresh American penetration in British motor industry.

The British Labour Party has been quick to react to the development. M.Ps representing that Party in Parliament have expressed alarm at what they call "the growing foreign holdings in British industry" and concern over "the increasingly large proportion of the British motor industry falling under the U.S. control." The leader of the Party, Mr. Harold Wilson, demanded to know what guarantee the Government had from either Rootes or Chrysler that the latter's minority holding in the former will not be converted into a majority holding in the future—as happened in France where Chrysler is now in full control over the French motor firm, Simca, after gaining a minority holding. The British Government and the Conservative Party, on the other hand, have welcomed the deal, which has yet to be put through. Mr. Edward Heath, President of the British Board of Trade, welcomed it as being of great financial benefit to both Rootes and to the country. "I am certain," to quote his statement, "that it is in the best interests of Scotland and Linwood (where the Rootes plants are located) to have this connection with this very big and experienced concern (Chrysler). It will help production." He also thought that it would undoubtedly strengthen Rootes's position as well as the whole of U.K. motor industry.

Defending the deal in the House of Commons, Mr. Reginald Maudling, Chancellor of the Exchequer, told the Opposition that the deal did not involve the transfer of control of policy of the Rootes Group out of Britain and that Chrysler would not be able to increase its 30 per cent holding of voting shares without the sanction of the British Treasury. In general, the arrangement between Chrysler and Rootes, according to him,

(Continued on next page)

DELHI LETTER

CONTROVERSY OVER STATUS

MORARJI DESAI'S REFUSAL TO YIELD

From Our Special Correspondent

NEW DELHI, *9th June*

IN the week-end following Jawaharlal Nehru's death, numerous sections of the Congress Party had joined hands to launch "stop-Morarji" moves and the Congress President, Mr. K. Kamaraj, managed the consensus negotiations competently to prevent the Congress Party from breaking into bits in a succession contest in the open. The operation, leading to the unanimous election of Mr. Lal Bahadur Shastri as the Party leader, was swift and smooth; but the arrangement of the new Cabinet has been an agonising task for Mr. Shastri. There was no "stop-Morarji" pressure of any significance after the election of Mr. Shastri; if at all, it is Mr. Desai who called himself to a halt outside the Cabinet room by a "Number-2-or-nothing" stand. Until well past midnight on Monday, Mr. Shastri tried to fix things, but in vain. The best he could offer Mr. Desai, it seems, was No. 3 position, below Mr. Gulzarilal Nanda but above Mr. T. T. Krishnamachari; that was not enough to bring Mr. Morarji Desai into the Cabinet. As for Mr. Jagjivan Ram, the man with the longest Central Ministerial service except for Mr. Nehru, reports are that he was not even asked.

And so it has come to be that from among the "Kamarajed" Ministers of national standing, it is only Mr. S. K. Patil, who has returned to the seat of power in Delhi, in addition to Mr. Shastri whose restoration was undertaken by the late Mr. Nehru himself. There is general welcome given to the allotment of the Railway portfolio to Mr. Patil; his capacity for administrative drive could be well utilised in the Railway Ministry without upsetting any State political apple carts.

Mr. Shastri retains with himself the management of External Affairs and Atomic Energy, although his direct association with external affairs is of very recent origin. When he goes to the Commonwealth Prime Ministers' Conference in London next month, Mr. Shastri will be making his first real foreign trip. His only journey across the seas hitherto has been to the outpost islands of the Andamans in the Indian Ocean and the only foreign country he has visited is Nepal, within the Indian sub-continent. In April last year, he managed to persuade King Mahendra to turn his face again to the south, towards friendship with India.

Not A Creditable Concession

The admission of Mr. Sanjeeva Reddy into the Central Cabinet is considered to be a direct concession to Mr. Kamaraj whose relations with the Andhra leader are politically affectionate. But this concession is not necessarily creditable, because it was only a few months ago that Mr. Sanjeeva Reddy's character was held suspect by the highest counsels of judicial opinion, the Supreme Court. It was this Supreme Court judgment which led to the immediate resignation of Mr. Reddy from the post of Chief Minister of Andhra.

Heavy industry and steel organisation is a sufferer in the Cabinet rearrangement. When Mr. C. Subramaniam was made something of an industrial overlord by Mr. Nehru—he was put in charge of Steel, Mines and Heavy Engineering—the commendable idea was to help in coordinated development of these allied sectors. Now, Mr. Sanjeeva Reddy is placed in charge of Steel and Mines and Mr. Swaran Singh is transferred to take over Industry and Heavy Engineering. Mr. Subramaniam is switched to Food and Agriculture, which has become one traditional graveyard of Central Ministerial reputations. Mr. Swaran Singh had not settled down to cast any decisive influence on the affairs at Krishi Bhavan when talk of his being sent to Punjab to relieve Mr. Pratap Singh Kairon began. Mr. Subramaniam, on the other hand, had begun to make an impact on the industrial sectors placed under his charge. He had a positive approach to industrial development and encouragement of indigenous enterprise and he had firmly refused to be imprisoned by the negative endeavours of the civil service. To a great extent, he isolated himself from the civil servants who had found a patron in Mr. Krishnamachari who also disagreed vehemently with Mr. Subramaniam's ways. Mr. Subramaniam had been getting on well with the Russians and the Czechoslovaks and other East Europeans, who will play a crucial part in heavy engineering, without giving the impression of being "sold" to the Soviet lobby in the country. As Food and Agriculture Minister, Mr. Subramaniam will have more to do with the Americans and P.L. 480 than with the Russians.

At the time of writing, it had not yet become clear what Mr. Shastri plans to do in relation with the Planning Commission. Mr. K. Raghuramiah had given a good impression as Minister in charge of ordnance production, but he has been shunted from the Defence Ministry to the Labour Ministry in which he will have less to do than his predecessors, because "social security" has been separated from labour and tagged on to cottage industry—perhaps an official recognition of the fact that patronage to crafts endorsed by Mahatma Gandhi is more in the nature of social welfare measures than industrial enterprise. Mr. Raghuramiah had in recent months done a successful campaign of advertisement of ordnance production through effective public relations with newspaper correspondents. Irrigation and Power again have a Minister with Cabinet rank, with the transfer of Mr. Dasappa to that Ministry.

By not bringing Mrs. Indira Gandhi directly into the External Affairs Ministry or to handle some other similar high-level portfolio, Mr. Shastri has acted cautiously; sentimental attachments have been satisfied without undue national risk. She has not joined the Cabinet yet; she will be sworn in after she has finished with numerous family preoccupations.

Military Assistance

The Shastri administration starts with a generous assurance from the United States of long-term support to the defence build-up against the Communist Chinese. For fifteen months, the negotiations had dragged on. A few days before Mr. Kennedy was to take a decision on the long-term commitment, he was assassinated. Mr. Chavan's mission to the United States last month had to be broken midway because of Jawaharlal Nehru's death; Mr. Chavan was to meet President Johnson but came away cancelling the appointment.

The Governments of India and the United States, however, have gone ahead in issuing a joint *communique* which virtually ensures long-term American military assistance, though, for procedural reasons, the assurance is not stated in unambiguous terms. For the U.S. fiscal year 1964-65, the United States Government will provide another $60 million in grants, the same level of military aid as in the previous two years. In addition, the Indian Government will receive credits amounting to about $50 million a year. Or, in other words, the total American credits and grants over five years will be around Rs. 250 crores. During the period of the five-year defence plan which is estimated to cost about Rs. 5,550 crores, the Indian Government wants Rs. 800 crores in foreign exchange, if it is to stick to the programme for the defence build-up which will increase the strength of the army to more than eight lakhs (including six or more mountain divisions). The Defence Ministry wants to increase the strength of the Air Force to 45 squadrons, including some all-supersonic squadrons. From Britain, Canada and Australia, India expects about Rs. 15 crores of military assistance annually, or a total of Rs. 75 crores in five years. This leaves a huge gap which may partly be filled by Soviet and other East European assistance.

The United States has not so far obliged Indian negotiators on the question of supplies of modern supersonic fighter planes. India has been asking for F 104 Star fighters to compose three squadrons, at a cost of probably $150 million. The United States has supplied these craft to Pakistan, her military ally in S.E.A.T.O. and C.E.N.T.O. The U.S. was willing to sell India Skyray fighters which have a speed just above the supersonic scale while the F 104 is capable of twice the speed of sound. The Skyray planes were launched into military duty about twelve years ago and their manufacture was stopped some six years ago. The Indian Air Force naturally is unwilling to accept the dumping of planes which it considers to be obsolete, though the U.S. is said to be willing to sell Skyrays at give-away prices.

MARKET GOSSIP

(Concluded from previous page)

would bring "new capital to this country and access to American know-how and research and greatly increase export facilities—and a very good thing it is for the motor industry too."

If the deal comes through, as in all probability it will, Chrysler would have evened it up with the other two American giants in the automobile industry, namely, General Motors and Ford Motors which already have gained a firm footing in the European automobile industry. It is true that Chrysler have managed to convert its minority holding in the French firm, Simca, into a controlling interest, but it is not represented either on the Continent or in Britain on a scale comparable to that of General Motors and Fords. General Motors, it may be noted, has a 100 per cent ownership of Opel in Germany and Vauxhall in Britain. Ford has a wholly-owned subsidiary in Germany, near Cologne, and about four years ago, converted its 50 per cent holding in Ford Dagenham (in the U.K.) into a 100 per cent holding. In contrast, Chrysler, which, incidentally, is smaller in size than either General Motors or Ford in the U.S., has not hitherto had any major outlets in Europe. With its association with Rootes, Chrysler will be able to compete more effectively with its American and European rivals.

There would be little exchange of personnel between Rootes and Chrysler, said Mr. I. J. Minett, the latter Company's Vice-President for International Operations, but there would be manufacturing and marketing operations, perhaps involving the supply of Chrysler equipment to Rootes and *vice versa*. It is too early to predict precisely what effect the association of Chrysler and Rootes will have on the international market for cars. But there can be no doubt that the rationale of the association is that size and efficiency are basic to success in a highly competitive market like that of cars.

"Wage Drift" In Britain

A warning about the dangerous results to the economy of what it calls "wage drift" has been sounded by the British National Incomes Commission (Nicky, for short) in a special interim report published on the 3rd inst. By "drift" the Commission means the gap between wage rates and actual take-home pay. This gap is accounted for by the fact that workers get paid for, usually at overtime rates, putting in hours of work in excess of the prescribed limit. The progressive reduction in weekly hours of work in Britain has had the effect of widening this gap and it is to this phenomenon that Nicky has drawn attention. The immediate provocation for issuing the warning is the fact, referred to in our last issue (*vide* page 963), that the engineering unions have claimed a 40-hour working week and the employers have agreed, in principle, to the demand, provided the unions, on their part, agree to a wage-freeze for a period of three years. Referring specifically to this development, the Commission says, in its report, that it would be failing in its duty, if it did not remind both sides of industry of the dangerous results of wage drift and their impact on the national economy. The Commission has urged all industries, which have wage drift, to take such drift into account when negotiating increases in wages. "The element of wage drift, provided it could be analysed and qualified," points out the Commission, "is or should be a vital factor in national wage negotiation. It, therefore, intends to study further the extent of wage drift in the engineering and shipbuilding industries.

Proceeding, the Commission points out that the total effect of wage increases is the sum of nationally-negotiated rises plus the continuous bargaining and adjustment which takes place at the level of the individual factory and shipyard. The latter escapes public notice, but, if wages are to be kept in line with productivity, the Commission emphasises, "it is quite useless for attention to be confined to the former alone." The difference between nationally negotiated rates and actual earnings is large, according to the Commission, and "can add more than half as much again to wages as basic rates." The latest Labour Ministry figures indicated that the difference was increasing partly as a result of local negotiations and partly because of payment by results.

Nicky's report, as is only to be expected, has not been kindly received by the unions. Typical of the unions' reaction is the comment of Mr. George Barrat, General Secretary of the Confederation of Shipbuilding and Engineering Unions. He says that it is "regrettable that the Commission's chief argument should be directed against the wage-earner." "It had," he continues, "said little about the drift in prices and profits." The unions have consistently refused to give evidence before the Commission and reports from London say that they will refuse to be bound by the interim report. The employers, it is said, may not also be in a position to heed Nicky's warning because they could not possibly back out of the decision to go ahead with the offer of a 40-hour week, provided the unions accepted the other conditions of the offer.

A point that clearly emerges from this development, which needs to be carefully noted in India, is that Nicky has shown commendable political courage to warn, even at the risk of incurring the displeasure of organised labour, against a settlement which, in its opinion, will be harmful to the economy. This is an object-lesson to this country, where even supposedly independent and expert commissions and committees, which are expected to give independent and objective findings and advice, tend too easily and too often to please workers as it is fashionable to do so and, in the process, fail to do justice to their brief.

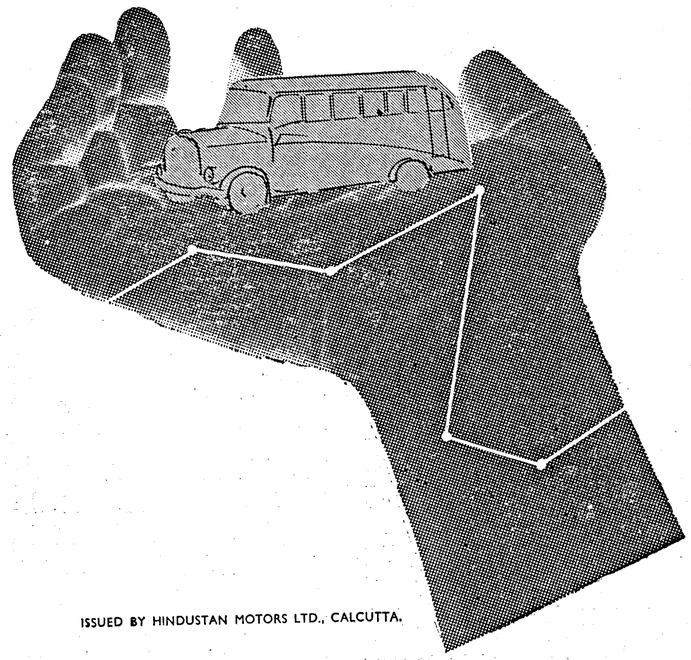
THE AUTOMOBILE INDUSTRY . . . .

For the better utilisation of India's vast manpower, for the industrial and agricultural develoment of outlying areas, for the speedier attainment of the national objectives, automobiles play an important part in providing an adequate communication net-work. Movement of land produce from villages to the urban markets, transport of manufactured goods from industrial areas to remote centres of consumption, all depend on transport. And the most flexible, speedy and inexpensive means of transport is the motor vehicle. The farmer needs his seeds and fertilisers at the right time, the urban dweller needs vegetables and foodgrains in fresh condition. The man in the village requires clothes, medicines, toiletries and a hundred and one other necessities of life. His counterpart in the cities wants to sell his manufactured ware in larger number to realise the economies of mass production. That is where road transport plays a major role.

To raise the overall level of consumption and distribution, a wide-spread communication system has to be opened up and the 5,60,000 villages, towns and cities of India linked up by road as an alternative and supplementary to rail.

Not only does the automobile industry supply the vehicles, but its contribution by way of direct and indirect taxes helps meet the cost of road building and maintenance, construction of bridges and improvement of amenities for the travelling public. Each Hindusthan Ambassador car, for instance, contributes some 5140 rupees (equivalent to one third of the "on the road" price of the car in Calcutta) to the Government in this form.

upholds road transport



CAR PRICE STRUCTURE :

Government taxes, direct and indirect :	33%
Raw materials, manufacturing and overhead expenses, salaries and wages, depreciation, profit etc. :	25%
Indigenous ancillary components :	24%
Imported components :	11%
Dealer's commission including distribution, service, advertising etc. :	7%

THE AUTOMOBILE INDUSTRY IS A KEY INDUSTRY

ISSUED BY HINDUSTAN MOTORS LTD., CALCUTTA.

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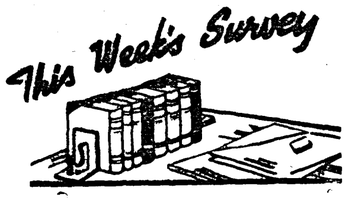


A SHINING EXAMPLE FOR ALL MANAGERS

THE personality of the late Mr. Jawaharlal Nehru was so unique and many-sided that men and women from different walks of life could find in it qualities worthy of emulation. He was a statesman, scientist, philosopher, idealist and dreamer, pragmatist and man of action, democrat, individualist and intensely human person, *all rolled into one. He was,* perhaps, not the businessman's ideal but there are many aspects of his character and personality that are a shining example for businessmen, executives and administrators to follow. His habits of punctuality, hard work, sense of responsibility, integrity, fearlessness and fairplay are the qualities that *all managers of men, money* and machines should cultivate if they are to take their rightful place in the community they live in. In a country not particularly known for its industriousness, Mr. Nehru set the example of working for 16 hours a day, on an average. And the amazing thing is that, in spite of the long hours of work he put in, crowded schedules and hectic life, his physical fitness, till a couple of years ago, that is, until he was well past seventy, was the envy of even young men. To say that the secret of his health lay in the fact that he derived strength from the people (which is another way of saying that he derived great satisfaction from the work he did and the appreciation of his work by the people) is to ignore the part played by the judicious combination of work and physical exercise which was characteristic of Mr. Nehru's daily routine.

He was not fond of slogans but the one he coined a few years ago is a very valuable one. It is: *Aram Haram Hai* (that is, we cannot afford leisure). This slogan of his, which spontaneously came out in reply to an agitation for more holidays and fewer working hours by a section of workers, reflects his attitude to work and duty. And Robert Frost's famed lines, in the poem "Stopping by Woods on a Snowy Evening," which he had copied on his working desk in his own hand, confirms his passionate devotion to duty. Even more than that, it indicates a quality which is rare among politicians, namely, keeping promises. But then Mr. Nehru was not a mere politician. He was a statesman imbibed with highest ideals who, having stirred up among his countrymen the vision of a glorious India, worked ceaselessly towards its realisation.

In a fitting tribute to "Jawaharlal Nehru—the Man," Mr. Sri Prakasa, a former Governor of Madras and Maharashtra and a valued colleague of Mr. Nehru in the struggle for freedom, describes his qualities in these words:

"Nehru, as a man, was a tremendously hard-working person. There was no trace of indolence in his nature. We are generally a lazy people. We are always inclined to leave for tomorrow whatever we can do today. He had his 24 hours of day and night as anyone else. But he made his 24 hours yield an amount of work that others would take weeks to accomplish. Efficient, methodical, punctual, he was impatient of laziness or carelessness, of excuses for not doing allotted tasks—and doing them in the proper way. For continuous devotion to work he was unique and unparalleled. But what he did is humanly possible. He did all that as a man. Other men can do the same in their limited spheres of life, as he did on the wide stage of the world. He leaves a lesson behind in this for his fellow-countrymen which they would do well to take to heart.

"Then again, as a man, he was a most responsible person. No one had ever any reason to suspect that he would not do what he was saying. Whether he undertook a small task or a big one, he honoured his word as few, I fear, do in our land. We are prone to make promises easily and are prone, as easily, to forget them. We are not serious in what we say. If he promised to lend a book or write a letter, if he promised to attend a function or send a contribution, he fulfilled what he said and no one had need to remind him or fear that he would forget. A sense of responsibility is a great and necessary virtue for human beings who live in organised society which, in its turn, can only function properly if every one therein could trust every one else to do what he says. Every one has, in some way or other, to depend on every one else; and if there is any deviation on the part of any one from the path he has undertaken, there is dislocation of life itself. Almost all the confusion that we witness in our social and economic life is due almost entirely to a lack of a sense of responsibility in us that makes us so unreliable and undependable. Let us take a lesson from Nehru's way of life, and be as responsible and reliable in our dealings with our fellowmen as he was."

If all managers in the business world and Government administration sincerely and religiously follow the example of Mr. Nehru, as described by Mr. Sri Prakasa, India will doubtless eventually become a very efficient nation.

Mr. Nehru, like all mortals, had weaknesses. One serious failing of his, which itself had its origin in his passionate desire to get things done quickly and rightly, was, as Mr. Sri Prakasa rightly says, that he did not believe in delegating work to others. He preferred to do everything himself for fear that, otherwise, it would not be done properly. Many great men in history had this defect but that does not make it less so. Had Mr. Nehru persuaded himself to pass on a part of his burden to his colleagues, perhaps India would have been privileged to enjoy his leadership for a few more years.

STEEL PLANT FOR GOA?

It will be recalled that the Steering Group for Iron and Steel had tentatively recommended certain targets for the fourth Plan—16-17 million tonnes of steel ingots, four million tonnes of foundry-grade pig iron and one million tonnes of alloy and special steel ingots. The Group's related recommendation was that the target for ordinary steel should be achieved by expanding the existing steelworks in the public and private sectors and by setting up two new steel plants (besides the Bokaro project already included in the third Plan) in the public sector. The proposed Neyveli-Salem Iron and Steel project was also to be in addition to these two plants—one to be located in the Goa-Hospet area, with its rich iron ore reserves, and the other in the Bailadilla-Vishakapatnam region. The feasibility study for the Goa plant was recently received by the Government. According to this study, a 1.5-million-tonne plant, with provision for expansion upto four million tonnes, was an economically and technically feasible proposition. The "decision" to establish the Goa plant during the fourth Plan period was also announced, rather hurriedly, by the erstwhile Minister for Steel, Mines and Heavy Engineering, Mr. C. Subramaniam. The hope was expressed by the Minister that the Goa plant, which was to be given priority in the fourth Plan, might be set up with the collaboration of some members of the consortium from France, Japan and the U.S.A. who had offered assistance for the Bokaro project before the Russians came forward to construct it.

Whether the Government has taken a *firm* decision to establish the fifth public-sector steel plant in the Goa-Hospet region is, of course, not quite clear. If, however, it is assumed that the "decision" is liable to be changed in the light of practical considerations, it may be worthwhile to know what these considerations can possibly be. The first and foremost consideration is how the required quantity of coking coal, which is not available in the Goa region, is going to be ensured. Whether the coal is imported from a foreign country or supplied by coastal shipping from the Bihar-Bengal collieries, the cost of haulage would be pretty substantial. If, on the other hand, it is proposed to rely entirely on imports in order to conserve the domestic reserves of metallurgical coal, such imports could be effected relatively advantageously only from South Africa with which this country has currently no trading relations. To think of importing coal from that country would involve a difficult political decision which the present Government may or may not be inclined to take. There is thus an element of uncertainty in regard to coking coal supplies for the proposed steel plant.

The second consideration pertains to power supply. As a large-sized steel plant would require a lot of power and the possibilities for hydel power generation are stated to be very limited in the Goa area, a big thermal station would have to be established in the vicinity of the plant. A thermal station, in its turn, would require large quantities of non-coking coal which, again, would have to be supplied by coastal shipping. Alternatively, an oil-fired thermal power station, as the Trombay station of Tatas, can be envisaged. But this would call for immediate expansion of at least one, if not both, of the existing petroleum refineries in Bombay from where the fuel for the power station can be easily shipped. All these considerations would have to be borne in mind and weighed carefully before coming to a final decision to locate a steel plant in Goa. The main advantages of Goa for a steel plant are: (a) abundant supply of high quality iron ore, which can be easily transported to plant site by river transport or ropeways, and (b) excellent deep-water port from where steel can easily be exported to internal and external markets alike.

It is reported that the World Bank Mission is in favour of Goa. If this is true, then it means that it has taken all aspects into consideration. According to the Mission, Goa is *prima facie* desirable for the simple reason that a steel plant there can serve the growing market in the Bombay area which takes a fifth of the country's total steel supplies. It is also attractive from the point of view of possible steel exports. Since the Mission is said to be of the view that the steel demand estimated by it for 1970-71 could be met through expansion of the five existing plants and by the establishment of one new plant besides the Bokaro project, its preference for Goa means, in effect, that the Bailadilla-Vishakapatnam region, which, too, has abundant iron ore reserves, could be abandoned as a possible location. If the Government is confident in its expectation that the World Bank's preference for Goa would improve the prospects for foreign aid, there may be a case for not dropping the proposal. But there is no reason to suppose that foreign aid (private or government-to-government) would be definitely available for any new steel plant, whatever be its location. One has only to recall, in this connection, the difficulties that confronted the Bokaro project before the Russians decided to take it up, albeit in part.

OUTLOOK FOR TEA

India exported about 42 million kg. of tea during the first four months of the current calendar year, as against the 57 million kg. exported last year. On the basis of this trend, it would, however, be rash to conclude that 1964 would witness a setback to tea exports, in contrast to the upward trend noted in the past three years. For it is possible that the decline in exports is temporary and that it may be more than made good in the remaining months of the year. The latest available indications are that the export prospects for tea in the immediate future seem to be quite encouraging. This at any rate is the view expressed by one of India's leading tea trading firms, Messrs. J. Thomas and Company of Calcutta, in its latest annual report covering the season 1963-64. In support of its view, the Calcutta firm observes:

"The fact that world supplies have been static, while demand has been rising, has clearly been an important factor responsible for the present equilibrium. To what extent world supplies —or even the North Indian crop—will increase or decrease during 1964 is obviously a point on which no useful forecast can yet be offered. But the circumstance that equilibrium prevails does imply that the 1964-65 marketing season should get off to a good start. It is noteworthy that there has been no difficulty in disposing of the end-of-season teas on the Calcutta market at useful prices; in London too, significantly, rates were sagging in the earlier months, but they have now revived and are ruling firm at this writing. The available evidence thus indicates that almost no country has unusually large stocks or a surplus of the commodity. The prospects for the immediate future, therefore, are encouraging."

The outlook for tea should, however, be assessed not from the short-term but from the long-term point of view. There is, of course, no reason to strike a note of pessimism in regard to the future for Indian tea, whatever be the trends in the world tea economy. But to say that India has nothing to fear because it produces quality teas which have no equal in the world markets would tantamount to over-simplification. Indeed, such an impression, as Messrs. Thomas and Company have aptly described, "is a regrettable myth." For, during the 1963-64 marketing season, it will be recalled, the prices of good quality teas actually declined in comparison with 1962-63, so that the working results of even some of the best Assam companies for this year have been poor. Nor is it a matter for supreme satisfaction that the large potential domestic market for tea will cushion the industry to some extent against adversity abroad, for, while that prospect may be encouraging from the point of view of tea producers, it does not help the country's foreign exchange budget. Clearly, if India is to maintain and consolidate its position as the world's biggest exporter of tea, a more realistic approach is urgently necessary. Forcefully pleading for such an approach, Messrs. Thomas and Company have pinpointed some of the weaknesses of the present policies, as will be seen from the following extract from their annual report:

"A fundamental weakness of the present policies is that they have raised the cost of production in the tea industry to disturbingly high levels. Not only is this dangerous for an industry whose fate is determined by factors of demand and supply in a highly competitive international market over which it has no control. There is also the disheartening reminder that high production costs and taxes in this country have in the post-war years amounted to a subsidy for competitors, and perhaps done more than anything else to encourage tea-growing in the newer producing territories. Now, the Wage Board is expected soon to announce yet another increase in wages, which cannot but have unfortunate consequences for so labour-intensive an enterprise. The burden of taxation remains high too."

A more or less similar view has been expressed by Sir John Muir, Chairman of the Finlay Group of Companies, in his statement to shareholders of James Finlay & Co. Ltd., London. As readers are aware, this group has considerable stake in tea industry not only in this country but also in Ceylon and East Africa. He said in London last week that it was "necessary that some incentive by fiscal means should be given to producers, if it is desired that they should expand, as, without some assistance, it will be beyond their means to do so to any material extent.... The Assam Government has, I regret to say, again decided to increase the rate of agricultural income-tax; this is the third increase in successive years. All these burdens which the industry has to bear are not conducive to expansion and make it difficult, if not impossible, for tea companies in India to earmark the finance required for development and, at the same time, meet their obligations to shareholders." Another point made by Sir John pertained to the report of the Bonus Commission. He said:

"The bonus formula conceived by the Commission, which, it would seem, is to have application to all industries, appears to be entirely unsuited to a labour-intensive industry such as tea. Although the scheme is described as being designed to enable workers to participate in the prosperity of the industry, the many unsatisfactory features even contain a quite contradictory provision for the payment of an appreciable minimum bonus in times of loss and it is to be hoped that Government will realise these defects and modify the final award. The report of the Working Group on Plantation Housing, to which I referred last year, is still awaited, but it is hoped recognition will be accorded to the enormity of the financial burden attaching to the task with which the industry is faced and that some relief will be forthcoming."

All these handicaps continue to weigh heavily on the tea industry which, as is well known, is the country's second largest earner of foreign exchange, accounting as it does for as much as 20 per cent of total exports in value. The authorities should not find it difficult to appreciate that a handicap to Indian tea industry means protection of a corresponding degree to its competitors. The big challengers to Indian tea today are Ceylon and African countries. Despite all the mistakes (fiscal and otherwise) that are being made by the Ceylon Government, Ceylon tea has been scoring over Indian tea in all the principal markets of the world. If things go on at this rate, it will not be long before Ceylon steals the first place among the tea exporting countries. The African producers are also making rapid headway. This is not crying "wolf." Similar warnings by this journal in regard to cotton textiles were disregarded, so that India has been steadily losing its share of the world trade in these manufactures.

The authorities are already aware that the cost of new planting and replanting of tea bushes is high and so the returns, as Messrs. Thomas and Company point out, have to be commensurate with the large outlays involved. For this purpose, the provision of loan facilities is welcome, but it has to be supplemented by tax reliefs and subsidies. "In the effort to fight competition," to quote the Calcutta firm, "the tea industry needs not merely fiscal concessions but clear rewards for confident expansion. A useful beginning in this direction could be made by granting a full rebate of the excise duty on any tea which is exported and by allowing the expenditure on replanting and new planting as a revenue charge." These remedies have been suggested time and again in recent years. The response, however, has been poor. Not even the veracity of the first remedy has been admitted by the Government of India. As regards the second one, Mr. Manubhai Shah disclosed a few weeks ago that it was already being favourably considered by the Centre and that the State Governments, too, were being requested to treat such cost as revenue expenditure under the State Agricultural Income-tax Acts. It is time the stage of consideration quickly yielded place to that of action. Unless all remedial measures are introduced without any further delay, the proposed fourth Five-year Plan target of 1,000 million lbs. of tea (as compared with the crop of 780 million lbs. in 1961) will sound highly unrealistic.

INCOME-TAX APPEALS

The suggestion recently made by the Chief Justice of India that the Income-tax Appellate Tribunal should be abolished and its work be entrusted to high courts has not found favour with the Federation of Indian Chambers of Commerce and Industry. The Federation has just taken the stand, in a note to the Union Finance Ministry, that the tribunal, consisting of a judicial officer and an accountant as members, is the best machinery for inquiring into the technical and accounting aspects involved in tax appeals. There may be a case, in the considered opinion of the Federation, for streamlining the present machinery but not for abolishing it altogether. Incidentally, this view is also in accord with that of the Direct Taxes Inquiry Committee which had specifically recommended that the prestige of the Tribunal should be enhanced and that high courts need not be entrusted with the work. It is indeed a realistic approach, for entrusting such taxing problems to the *aleady-overburdened high* courts may mean much delayed justice.

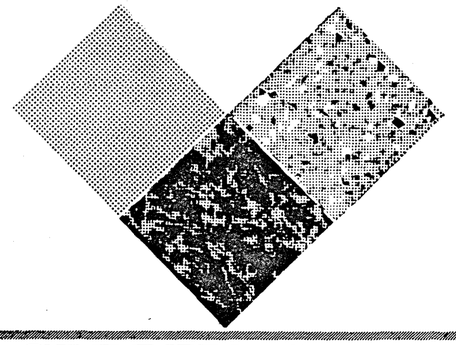
It would, therefore, be sensible to keep intact the present set-up for hearing income-tax appeals. The set-up, of course, can be improved in some ways. It is here that the F.I.C.C.I.'s stand is notable for its constructive suggestions. One of these is that the first appeal before the Appellate Assistant Commissioner should be made an effective first appeal instead of being a mere administrative review as at present. This, according to the Federation, can be ensured only if the Assistant Commissioner is independently placed under the Ministry of Law. The standard of recruitment and status of the members of the Tribunal should also be raised. A further two-fold suggestion is that the appellate procedure could be cut short by referring a question of law to the high court and, in the event of varying judgments on the same question of law by different high courts, by seeking the Supreme Court's decision in the matter. As for questions of fact, the Federation's suggestion is that a reference to the high court could possibly be made, if there is no agreement between the parties on the facts of a case and the relevant questions are of a substantial character. Finally, the Federation has suggested that the second appellate tribunal could take the form of a court of revenue appeals at the high court level, with five benches—one each at Delhi, Bombay, Madras, Calcutta and Allahabad. Appeals from the orders of the Income-tax Appellate Tribunal, as visualised by the Federation, would then rest with the court of revenue appeals on both questions of fact and law. The merit of these suggestions would seem to be that, in most cases, there might be no need for second appeals, if questions of law or substantial questions of fact have been referred to high courts and disposed of in the course of first appeals before the Tribunal. That would certainly make for quicker justice in income-tax cases.

WORLD BANK LOAN TO TUNIS

The World Bank has announced the grant of a loan equivalent to $7 million to Tunisia to assist in creating a modern port for Tunis. The project will relieve serious congestion and provide additional capacity at the port handling over half the country's foreign trade and serving an area containing more than half of Tunisia's population of four million, including Tunis, the capital and main commercial centre. The Chase Manhattan Bank (New York), Commerz bank A.G. (Dusseldorf), Chemical Bank New York Trust Company and Bank of America National Trust and Savings Association (San Francisco) are participating in the loan, without the World Bank's guarantee, for a total of $420,000, representing the first maturity and part of the fifth maturity which fall due between 1st August 1967 and 1st August 1969.

The total cost of the project is estimated at $11.4 million. The Bank loan of $7 million will cover the foreign exchange requirements. The Government of Tunisia will apply the proceeds to the cost of the project which, on completion, will be transferred to the new Office; the latter will assume a liability to the Government corresponding to the amount of the Bank loan.

The World Bank loan is for a term of 25 years and bears interest at the rate of 5¼ per cent per annum, including the 1 per cent commission which is allocated to the Bank's Special Reserve. Amortisation will begin in August 1967.



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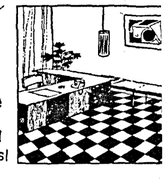

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INDIAN EXPORTS SO LITTLE TO LATIN AMERICA

DELEGATION'S VISIT MAY PROVE HELPFUL

THE Government of India has done well in sending a trade delegation to Latin America this month (June 1964). This region does not appear to have received adequate attention from India. Argentina and Chile are the only two countries of the area with which India has some sizable trade.

The total value of exports from India to Argentina rose from about Rs. 5 crores in 1961-62 to Rs. 8.5 crores in 1962-63. The major items of exports were hessian cloth and manganese ore. In 1962-63, this country exported to Argentina 43,168 metric tons of hessian cloth as compared with 24,582 metric tons in the preceding year. The export of manganese ore improved from Rs. 3 lakhs in 1961-62 to Rs. 5 lakhs in the next year.

India's total exports to Chile fell from about Rs. 2 crores in 1961-62 to Rs. 1.28 crores in 1962-63. The decline was prominent in tea, hessian cloth, sacking cloth and sacking bags. Export of tea from India declined from Rs. 35 lakhs to Rs. 18 lakhs, hessian cloth from Rs. 9 lakhs to Rs. 52,000, sacking cloth from Rs. 2.6 lakhs to Rs. 64,000 and sacking bags from Rs. 1.3 crore to Rs. 77 lakhs.

The actual figures of exports during 1963-64 are not yet available. But estimates show that the total exports to this region were about Rs. 12 crores in 1963-64. The main items were jute manufactures, lac, paraffin wax, groundnut oil and manganese ore. Of these items, only jute manufactures were the most important. In 1963-64, the export of jute manufactures to Latin America was as follows:

	(Rs. '000)
Hessian cloth	87,528
Hessian bags	10,324
Sacking bags	9,908
Sacking cloth	1,200
Jute rope and twine	266
Jute wool sacks	70

The export of lac was valued at Rs. 40 lakhs, that of paraffin wax Rs. 36 lakhs and groundnut oil Rs. 8 lakhs.

It is significant that the export of non-traditional items to South America has made practically no progress. Items like pneumatic cycle covers, radio receivers, bicycles and parts, sewing machines, art silk piecegoods etc., hardly figure among our export trade with this region. And even among traditional items, only exports to Argentina are sizable. The exports to other countries like Bolivia, Brazil, Chile, Colombia, Peru and Venezuela are negligible. It may be noted that our total export of tea to Latin America was valued at about Rs. 15 lakhs in 1963-64.

So far as imports into India from Latin American countries are concerned, the main items are kerosene, natural sodium nitrate, antimony ore and concentrate, and raw cotton, the quantity and value of these imports being relatively negligible.

It is to be hoped that the visit of the trade delegation will prove useful and effective in improving our trade relations with this part of the world.

The accompanying table shows the pattern of our export to Latin America in 1963-64.

FISH IN SAUDI ARABIA

Although fish is very much liked in Saudi Arabia, there is no organised fish industry as such in that country. Saudi Arabia has a substantial consumption of marine products like fish, prawns, shrimps, etc. Though the coastal areas of the country seem to provide large-scale fishing prospects, the trade in fresh fish is limited and is being handled by a small section of professional fishermen. The local people, including those living in deserts, are fond of fish and the bulk of the demand is known to be met from imports of tinned and canned/dry fish from outside.

China, Japan, the U.S., Portugal, Egypt, the U.K. and Denmark have been the principal suppliers to this market. Occasionally, Indian products like tinned shrimps, etc., are also found in the market. Syria, Lebanon, Bahrain and Kuwait, etc., also share in this trade. Dried prawns in larger size are known to be imported from India while other kinds of dry fish are being imported from coastal areas like Dubai, Doha, etc.

Among various kinds of fish, tuna and sardine are more popular and are consumed in sizable quantity. Regarding packing, it is gathered that, generally, tins of 3¼ oz. and 4½ oz. are more desired and marketed here in quite a good quantity owing to the cheapness in prices. Customs duty leviable on tinned fish, prawns and shrimps, etc., is 25 per cent *ad valorem*, while dried fish with or without salt is subject to a duty of Saudi Rials 2 per 100 kilogram only.

MARKET FOR SHRIMPS IN U.S.

The United States could absorb practically everything that India produces by way of canned and frozen shrimp, says a report received by the World Trade Department of Indian Chamber of Commerce, Calcutta from San Francisco. The report says that dried shrimp has as yet not found a market in San Francisco. However, after suitable recipes are made for preparations of dried shrimp so that dried shrimp could be used as an *hors d'œuvre* in America, it is bound to have good sales. Thus, there is great scope for its export to the United States. Initially, this will involve quite a lot of expense, as a promotion drive is necessary for the development of the export of this commodity.

A delegation of the Marine Products Export Promotion Council visited the United States in April 1964. It covered New Orleans, Los Angeles and San Francisco as well as other places on the East Coast of the United States. The members of the delegation met leading canners of shrimp, lobsters, mackerel, tuna, and sardines at these places. The delegation is expected to submit a special report of its findings to the Ministry of International Trade.

Composition of Indian Exports to Certain Latin American Countries in 1963-64 (Estimated)

(In Rs. '000)

Item (1)	Argentina (2)	Bolivia (3)	Brazil (4)	Chile (5)	Colombia (6)	Peru (7)	Venezuela (8)	Total (9)
1. Jute Manufactures—								
(a) Hessian cloth	87,042	178	..	35	..	220	53	87,528
(b) Hessian bags	..	322	..	4,070	..	5,932	..	10,324
(c) Sacking bags	..	532	..	7,323	..	2,053	..	9,908
(d) Sacking cloth	1,010	11	..	78	..	..	..	1,200
(e) Jute rope and twine	220	32	..	12	..	2	..	266
(f) Jute wool sacks	..	..	..	70	..	..	..	70
2. Lac	570	13	2,980	134	267	268	54	4,286
3. Paraffin wax	..	..	..	..	..	3,680	..	3,680
4. Groundnut oil	..	..	..	..	..	..	814	814
5. Manganese ore First Grade 48 P.C. and over	803	..	..	..	..	..	..	803
6. Zinc and alloys	..	..	..	..	291	..	..	291
7. Naphthalene	210	..	..	..	..	..	..	210
8. Coir mats and mattings	1.0	2.0	..	6	..	108	..	117
9. Senna leaves and pods	85	..	20	..	..	..	..	105
10. Mica block	..	..	..	67	..	..	..	67
11. Palm fibre	..	..	..	..	65	..	..	65
12. Films exposed	8	..	30	9	..	..	..	47
13. Brass and bronze as artware	0.5	..	..	2	..	2.5	18	23
14. Pneumatic cycle covers	..	..	..	22	..	..	..	22
15. Radio receiver sets	..	..	..	..	..	14	..	14
16. Bicycles and parts	..	..	..	..	..	6	..	6
17. Agarbathies	..	..	..	..	..	..	5	5
18. Live animals	..	..	..	..	..	0.5	2.5	3
19. Tea	1	..	0.5	..	..	..	..	1.5
20. Henna leaves	..	..	1.5	..	..	..	..	1.5
21. Sewing machines	..	..	..	1	..	..	..	1
22. Artsilk piece goods	..	..	..	0.5	..	..	..	0.5
Total including others and re-exports	90,200	1,100	3,145	12,535	415	12,430	1,010	120,835

LONDON LETTER

MARKET IN DOLDRUMS

GOLD RESERVES UP

(From Our Own Correspondent)

LONDON, *6th June*

THE stock market is so preoccupied with political and trade trends that even the third successive month's rise in the gold reserves does not awaken one flicker of interest. As a commentator has put it, "one look at a jobber and the price of the most respectable stock drops by 6*d*." ! So for six weeks now, industrial shares have drifted downwards, with investors being counselled by some to hold on because an upward turn is bound to come and by others not to buy because as the election gets nearer there will be a further drop—to which the optimists reply that that has already been discounted.

One of the last of the pre-election by-elections has now taken place and Labour is jubilant with the record size of its majority. The Conservatives find comfort that the swing against them at this election was only 5.2 per cent, while at the recent group of four by-elections it was 6 per cent ; they calculate that, if the swing goes on reducing at this rate, they will just about scrape in in October. Labour does not take this view, pointing out that, at the last General Election, the constituency, Faversham, was one of the few Labour gains of a marginal seat, so that Labour's performance this week must be measured against a very good result in 1959. The most solid commentators concede that the tide towards Labour has not significantly weakened, while the bookmakers have indeed increased the odds in favour of a Labour victory : the betting is 7 : 2 now in favour of a Labour win !

The May rise in the gold reserves of £17 million follows an April rise of £19 million, so that from below £950 million in Feb.-March the reserves are now very nearly back to their £1,000 million norm. Sterling, while still at a fractional discount on par with the dollar, has strengthened and, if the next set of trade figures shows that the April results were relatively poor, then the currency will be very firm, in spite of any election doubts.

Stock Market

To return to the Stock Market position. This must be seen in context. A year ago, the *Financial Times* index stood a little over 300 points from which it continued to rise sharply to reach 350 points by the end of December. Then came the sharp fall in January from which a ragged recovery took the index to equalise its New Year heights in the latter part of April. Since then, the decline has been steady, but, even so, amounts to no more than 5 per cent from the peaks. It must fall nearly as much again to make the early February low point. And, if one takes monthly averages, then April, with its all-time highs, is calculated by the *Financial Times*. Ordinary index to be 347 and May 343. The current trend of the index is no steeper than it has been for several weeks—ignoring the abnormalities of particular days.

Now, although political and trade reasons are given as the underlying factors for the downward trend, it is as well to take a look at current yields and consider whether the catching up on the past of the last three years has not overshot itself. The industrial ordinary dividend yield shown by the *Financial Times* index was only 4½ per cent at peak prices and even at today's lower levels is only a fraction over 5 per cent. The special 500-share index (the most important securities) gave only a shade over 4 per cent at the peaks and even now only 4.7 per cent. While a glance down the list of top grade industrials shows yields under 4 per cent as common. The holders at these levels are more interested in an inflation hedge than in current returns, but, clearly, many investors wonder whether the hedge has not been too expensively provided.

Industrial Prospects

In the background, the industrial prospects are as strong as ever, but that does not mean that exaggerated capital appreciations can be looked for, unless inflation really occurs. And the authorities have already shown that the greatest danger industry faces is the Chancellor's heavy hand to knock business activity down as soon as the head of inflation is raised. The danger of recession is thus greater than the danger of inflation, which lends point to the inadvisability of general investment at what appear to be overvalued levels. The current market movements can, therefore, be regarded just as much as a realistic appraisement of what the generality of industrial shares are worth, of what long-term investors expect to get on their capital, as responses to political and trade fears.

Of course, prices can quite easily move up again, though a serious movement is not likely till a new Government has been elected and shown its hand, but the broad feeling is that prices have, in the recent past, been marked up about as high as is reasonable in the light of current yields and current capital appreciation prospects. If there are further drops, these will not mean any lessened appreciation of industrial prospects—these are set high, unless and until Government action slaps them down—but will be in response to the various fears which activate an essentially speculative market.

READY FOR A DOLLAR TURN-ROUND?

By Questor

IT may not be long. I suggested here some time ago, before the U.S. balance of payments deficit is a problem of the past and the world is again faced with a dollar shortage. I am glad to note various straws in the wind which tend to support this suggestion.

The sharp reduction in the deficit during the first quarter of 1964 appears to have been due largely to special factors of one kind and another and may not persist. But the drain of gold appears to have been finally staunched. Not only has the Federal Reserve gold stock been absolutely unchanged for fourteen weeks past but the Treasury has recently been gaining rather than losing from the operations of the "gold pool" of central banks organised by the Bank of England. So far this year, the total reserve has risen by just on $100 million.

There is no doubt that the U.S. gold stock is still being insulated to some extent from the free operation of market forces through the network of inter-governmental arrangements organised by Mr. Roosa. It is too early yet to claim that the surplus countries of Europe are anxious to hold on to as many dollars as they have. But private confidence is returning steadily, and this in itself could have a major effect on the flow of short-term capital. It is the short-term capital account, as Professor Triffin points out in a recent article (entitled, significantly, "The End of the Dollar Glut?"), which is now of crucial importance.

In 1959, he remarks, the U.S. market balance on current account—current transactions, that is, together with the outflow of official—moved suddenly into heavy deficit. But, since then, it has moved back into a larger and larger surplus. The effect of this recovery has been masked only by a jump in the outflow of private capital, both short-term and long-term.

Yet the outflow of short-term capital was more than halved during the second half of 1963, and that of long-term capital has since been greatly reduced by the interest equalisation tax proposal. The rate of overall deficit dropped from nearly $3 billion during 1960-62 to less than $2 billion in the second half of last year, and a continuation of the 1963 rate of improvement "would eliminate—and even reverse —this residual deficit in a relatively short time."

There are some reasons for believing that this rate of improvement will, in fact, be maintained. Imports may rise with business activity, and cuts in foreign aid will probably be directly matched by a drop in exports. But the current account seems bound to gain from the sharp improvement in the cost-competitiveness of the U.S. which has taken place during the past few years.

Since 1959, U.S. wage costs have risen no faster than output. By contrast, they have risen by about 10 per cent in Britain and twice as much or more in the European Economic Community. A graph of relative wage-movements per unit of output is enough in itself to divert attention from the temporary payments difficulties of the U.S. to the structural factors tending to produce a world shortage of dollars.

The U.S. surplus on current account is already large enough to finance a reasonable level of long-term capital exports, and a further increase might well cause considerable embarrassment to its trading partners. The return to overall equilibrium can best be arranged by means of a reversal of the flow of short-term capital. Short-time capital tends naturally to flow towards developed financial centres; it moved into the U.S. from abroad at an average rate of $500 million a year in the early 'fifties and over $1 billion a year in the late 'fifties.

In 1960, however, the flow suddenly changed direction and $1.8 billion a year moved out of the U.S. during 1960-62. Only in the middle of last year did this movement slacken as speculation about dollar revaluation began to seem far-fetched in the light of heavy Russian gold sales, successful co-operative action to oil the working of the monetary system, and the gradual reduction of the European surplus. There is every reason to expect that this trend will continue.

Politicians are always liable to continue fighting last year's battles, particularly in the economic field, and there is a risk that the U.S. may go on acting as if it had a payments deficit long after the deficit has disappeared. Such an error of policy, given the relative size of the U.S., could have a serious impact on world prosperity. The U.S. Administration, I believe, should realise that the balance now depends on the movement of short-term capital, that this can change swiftly, and that it should be ready to change its attitudes with equal swiftness.

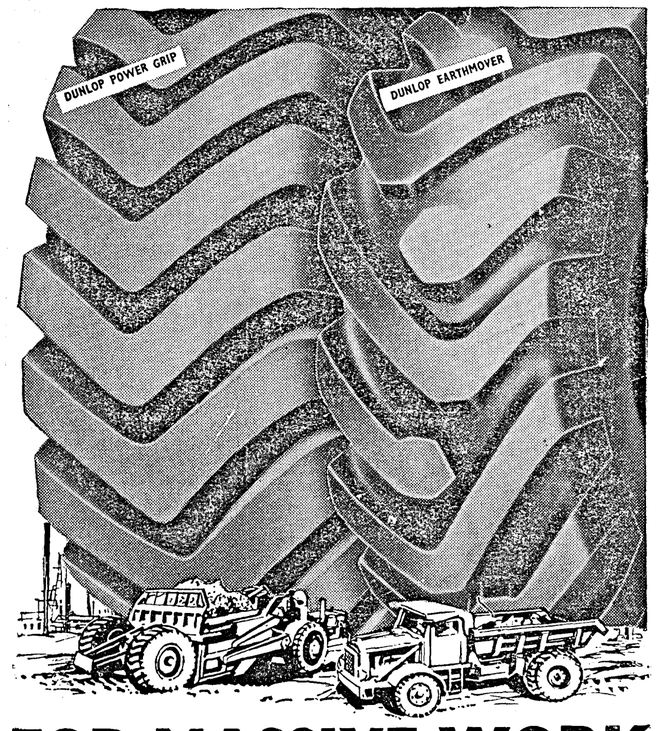
A change of attitudes may become necessary in two directions. First, the U.S. should be ready to seize the initiative at the first possible opportunity to force through a reform of the international monetary system which reduces the dependence of world trade on holdings of pounds and dollars. Once the U.S. is back in a position of strength, it is to be hoped it will be more imaginative than the Europeans have been while in surplus.

Second, it should be ready to offset an inflow of short-term capital by spending dollars freely. This might not only mean abandoning the interest equalisation tax—which seems to have served its main purpose before being actually imposed—but supplying larger quantities of untied aid to developing countries and removing many of the protectionist devices which are still operated against imports of foreign goods and services.

MIDLAND BANK'S NEW CHAIRMAN

Sir Archibald Forbes, a Deputy Chairman of the British Midland Bank, is to succeed Viscount Monckton as Chairman of the Bank on 1st July 1964. Lord Monckton is retiring for reasons of health. Sir Archibald will also be the Chairman of the Midland Bank Executor and Trustee Company. He joined the Board of Midland Bank and the Trustee Company as a Director in 1959 and was appointed Deputy Chairman of both in 1962.

MASSIVE TYRES



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INDUSTRIAL DEVELOPMENT BANK

AN OUTLINE OF ITS MAIN FEATURES

THE Industrial Development Bank of India, now being actively established under an act of the Parliament which received the President's assent on 16th May 1964, will begin operations from 1st July 1964. It is intended not only to provide capital for the public and private industrial sectors, but also to mobilise savings, enterprise and skills for productive investment. For the first time will it now be possible for a central co-ordinating agency to deal with *all* the problems of industrial financing and development and to adopt and enforce a system of priorities in promoting industrial growth. The vision of an Industrial Bank for taking an active part in the promotion of new industrial undertakings, conceived by the Central Banking Enquiry Committee more than thirty years ago, when no action was possible, has at last been realised in full measure.

Not that the entire period of a generation has been without any activity whatsoever in this direction. Since 1948, several financial and development agencies like the Industrial Finance Corporation, the Industrial Credit and Investment Corporation of India, the Refinance Corporation for Industry and the National Industrial Development Corporation at the Centre, State Financial Corporations, and State Industrial Development Corporations at the State level and specialised institutions like National and State Small Industries Corporations have tried to serve, to a considerable extent, the needs of Indian industry. Although they were all conceived on a modest scale and began operations with limited objectives and scope, some of them at least, particularly the first three, have made impressive progress, gained valuable experience, and cultivated a constructive and integrated approach towards the development problems of industry.

Nevertheless, they have been unable to make that substantial contribution towards the industrial progress of the country envisaged in the Five-year Plans, for they were neither intended nor equipped to carry the major burden of financing industrial expansion and growth in various directions. The total assistance provided by the various existing institutions was estimated by the Finance Minister around Rs. 200 crores—clearly inadequate in relation to the size of the private and public sector investment under the Plans and in view of the rising costs and prices: gaps in the development of certain vital and strategic sectors like electricity, fertilisers, alloy or special steels, petro-chemicals, and useful consumer goods have been even more yawning than in others. Although a more accurate measure of the usefulness of the existing institutions could have been provided by the Finance Minister by considering the total amount of investment which Rs. 200 crores has helped to sustain, the limitations of the existing institutions cannot be denied.

Firstly, their capital resources are relatively meagre; secondly, the statutory framework within which they operate is restrictive; and, thirdly, the requirements regarding assets or securities against which they can lend are rather rigid. The result has been that existing finance and development institutions were largely unable to handle major projects, to finance basic industries, assess the risks of enterprise in a long-term perspective. As the Finance Minister put it, the existing institutions tend, by reason of their statutory obligations and traditions, to be conservative.

Strange Paradox

It is a strange paradox that, while the new Industrial Development Bank has been created mainly for overcoming these limitations, nothing is being proposed to give an equal freedom of operations or to provide comparable resources to the existing institutions: none of their limitations are of their own creation, and, unless the statutes or rules governing their working are amended, their usefulness may continue to be circumscribed in many ways. It is not enough to refer to their limitations and to leave them at that; even within the limitations of obligations and traditions, many of the existing institutions have made significant contributions towards financing industrial development; they have encouraged new entrepreneurs and talents, and the value of their contributions would be enhanced by removing their handicaps.

It appears to be the intention of the Finance Minister to make the Industrial Development Bank, with its vaster resources and wider functions, a major force in the capital market: whether he will ultimately succeed in finding in the new Bank an alternative which will make the mood or morale of the capital market entirely irrelevant to the Government policies, is altogether a different matter, but, in any case, whatever be his aims, he would have come much nearer to them, if he had relied upon widening the functions and increasing the resources of those existing institutions which have already made their mark, rather than upon starting an entirely new institution which will take years before it could make a place for itself as a leader of those who are far ahead of itself in practical experience and insight into the strategy of development.

Resources

The new Development Bank will have ample resources from the very commencement of its operations: the initial paid-up capital of Rs. 10 crores (authorised capital Rs. 50 crores which could be raised to Rs. 100 crores, if needed), supplemented by an interest-free loan of an equal amount from the Central Government (repayable in 15 equal instalments after a period of 15 years from the date of the loan), makes the position of the Development Bank unique in many ways, unmatched by any of the existing institutions. In addition, the Development Bank's set-up is notable for five other features which provide it a privileged access to the Government and the Reserve Bank both for its rupee and foreign exchange resources. Thus, it can borrow from the Reserve Bank for short periods against trustee securities, for periods up to five years against *bona fide* commercial bills or promissory notes bearing two good signatures, and for long-term purposes out of the National Industrial Credit (Long-term Operations) Fund which will shortly be established by the Reserve Bank and which will be augmented by an annual contribution of Rs. 5 crores out of the Reserve Bank's profits. The Development Bank can further borrow, with the approval of the Central Government, in foreign currency from any foreign bank or financial institution and can also raise deposits or borrow money on bonds in India. The Central Government itself will make its own direct contributions to the Development Assistance Fund of the Development Bank, a fund which is intended to isolate the losses of the Bank resulting from its operations undertaken purely in national interest.

Short-term borrowing from the Reserve Bank will be in the nature of usual banking accommodation: the medium-term borrowing is, however, an altogether new concession or facility which will add, on the whole, to the quantum of resources available for industrial development. The Industrial Development Bank is authorised to discount certain kinds of usance bills, maturing within a period of five years, which may be floated or created for financing industrial enterprises. The discounting may be made both for the purpose of financing the enterprises themselves or of refinancing the banks which have financed them. Further, the Reserve Bank of India is being authorised to rediscount such bills.

Two Funds

The National Industrial Credit (Long-term Operations) Fund is intended to be used for supplementing the resources which the Industrial Development Bank may be able to raise in the normal course for financing the activities of the established agencies which are concerned with the provision of industrial credit, and to the extent necessary, for financing the Development Bank's own programmes. The Reserve Bank may purchase out of this Fund, bonds and debentures issued by the Development Bank or may grant loans to the Development Bank for the purpose of acquiring shares, bonds or debentures of other financial institutions.

The Development Assistance Fund will be used for financing essential industries, which, on purely commercial considerations or in light of the standards or criteria normally adopted by credit institutions, may not be able to obtain any financial assistance. The activities of the Fund, it is hoped, may bring into existence, over a period of years, a number of enterprises which may be of vital or strategic importance to the country, but which an ordinary banker or a commercial institution may not be *willing* or *able* to finance.

With these resources, the Development Bank may engage into any or all of the fivefold types of business of refinancing or granting loans, subscribing to or purchasing bonds, debentures or equity, guaranteeing deferred payments and underwriting equity capital, undertaking research into the problems of industrialisation or providing technical and administrative assistance for industrial promotion, expansion and management, details of which were given on page 358 of *Commerce* dated 7th March 1964.

Before concluding this article, one may refer to the controversial constitution and top management of the Development Bank. It is, in a sense, the lender of last resort for all periods other than purely short periods. And, for all purposes as far as industrial enterprises are concerned, this apparent similarity with the functions of the Reserve Bank of India as the lender of last resort for short-term purpose has apparently induced the Government to entrust not only the ownership but also the management of the new Bank to the Reserve Bank of India, by totally ignoring the fundamental differences between term lending or industrial credit and seasonal or short-term credit. It is difficult to appreciate how a single, identical Board of Directors could possibly discharge the onerous functions and heavy responsibilities of managing a Bank concerned with industrial financing and development, simultaneously with managing the central banking function of maintaining the currency and credit mechanism of the country on an even keel, even if one were to accept without any reservations the claim of the Finance Minister that the Reserve Bank is free from political pressures of influences, that it is in a position to take an objective view of the country's needs and that it is competent to undertake multifarious responsibilities quite unrelated to each other.

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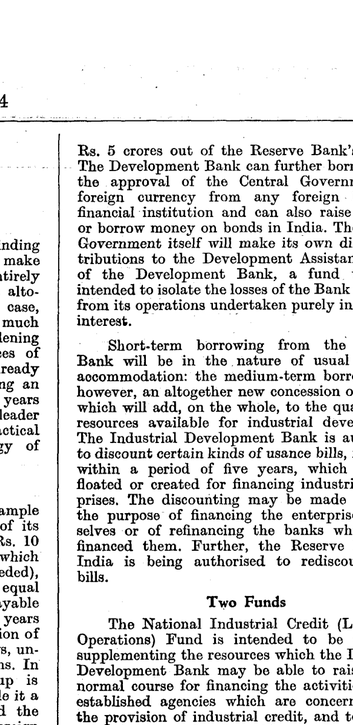

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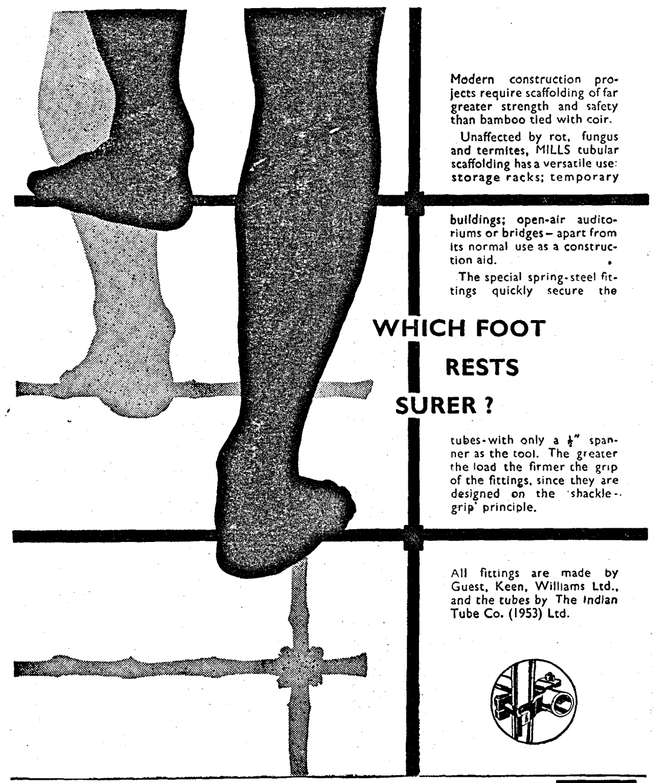
The increase in outward interest has been due largely to the improvement in the deposits position from Rs. 176.36 lakhs to Rs. 195.08 lakhs, in contrast with the decline from Rs. 205.08 lakhs to Rs. 176.36 lakhs in the previous year. With an improved deposits position, the Bank has closed the year with higher advances aggregating Rs. 85.02 lakhs, as against a decline of Rs. 19.21 lakhs to Rs. 61.72 lakhs in the previous year. Investments, which had moved down from Rs. 89.44 lakhs to Rs. 87.40 lakhs in the previous year, have receded further to Rs. 83.50 lakhs at the end of the year under review. The total cash at the end of the year is also lower at Rs. 82.89 lakhs as compared with Rs. 84.71 lakhs a year before. Thus, while the credit ratio has jumped up from 35 per cent to 43.9 per cent, the ratio of investments to deposits has moved down by seven points to 42.5 per cent and that of cash balances to deposits receded from 48 per cent to 42.5 per cent. Only Rs. 55.15 lakhs out of the total investments of Rs. 83.50 lakhs are in Government securities. The paid-up capital is unchanged at Rs. 25 lakhs and reserves amount to Rs. 42.75 lakhs, bringing the total of "own funds" to Rs. 67.75 lakhs which, as a percentage of deposits, stand at as high as 34.8 per cent, as against 38.2 per cent a year before.



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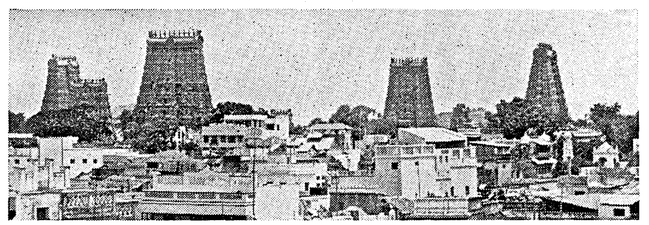

AT 10 A.M. ON MONDAY, THE 22ND JUNE, 1964
BY
Hon'ble Shri M. BHAKTAVATSALAM,
Chief Minister of Madras State

K. S. DUTT, *Chairman.* T. R. BHAGAVAT, *General Manager.*

Swastik

BOOSTING MILL CLOTH PRODUCTION

ADEQUATE SUPPLY OF MACHINERY AND RAW COTTON URGENT

COMMONSENSE will tell anyone that the solution to the problem of high prices lies in a sustained increase in the production of goods and commodities. The importance of such an increase in production is especially great in the case of an essential item of consumption like apparel fibre and fabrics. The past few years have, of course, witnessed a marked rise in the available supply of these materials, but the rise has not been commensurate with the expansion of demand for the same. Actually, in respect of mill-made cotton cloth, production has not only not risen but tended to decline. The output of cloth is currently running at an annual rate of about 5,000 million yards, which, though it is higher than the 4,837 million yards produced last year (1963), is well below the peak output of 5,317 million yards touched in 1957. It must, of course, be conceded that there has been an improvement in the quality and fineness of cloth produced since 1957. Even so, the output in 1963 can be said to have been less than that in 1957. The reduction in output has occurred when the population of the country has gone up considerably, the net addition between 1957 and today being no less than 56-57 million, so that the *per capita* availability of mill-made cloth has gone down from 13.1 yards in 1957 to 10.8 yards in 1963; no account is taken here of the changes in stocks with mills and traders. If one deducts, as, indeed one must, the cloth exported (839 million yards in 1957 and 534 million yards in 1963), the *per capita* availability of mill cloth for domestic consumption comes to a mere 9.6 yards in 1963, as against over 11.0 yards in 1957.

A part of the decline in mill cloth output might have been made good by a notable improvement in the production of handloom-powerloom cloth, rayon piecegoods and fabrics produced from other man-made fibres. But this is no consolation. A point that one must bear in mind, in this connection, is that, between 1957 and 1963, a considerable amount of capital has been expended on modernisation and expansion of the composite mills. Unless, therefore, this additional investment yields more production and expands the profitability of the industry, it becomes a social waste. Further, the production of cloth in mills must be stepped up, if the persistently rising demand for cotton textiles (exerted by the continuously increasing trend of population, the improvement in purchasing power in the hands of the people and the need for earning foreign exchange through exports) is to be satisfied *fully and at an economic cost.* We have advisedly italicised the words "fully and at an economic cost," because it is the more efficient mill industry that has the economics of scale and not the decentralised sector representing the handlooms and powerlooms.

How can the production of mill cloth be augmented? One of the ways open is more intensive utilisation of capacity. This is being done to a considerable extent, the limiting factors being shortage of power, trained labour and raw materials. Quite a good portion of the industry has been modernised, though there is still a substantial leeway to be made up. It is also necessary to expand further the spinning and weaving capacities of mills, rehabilitate the economically viable units (utterly old and weak units must, of course, be closed down), modernise (that is, installation of high-speed spindles and automatic looms), and rationalise production methods. All this requires an adequate supply of textile machinery. It is true that the capacity and the production of the different items of machinery have both expanded quite appreciably of late (*vide* Table A), but the supplies actually available are said to be insufficient to meet the current requirements of mills. One of the difficulties encountered by the cotton mill industry in its efforts to maintain production at a high level has been the long delivery periods extending to more than forty months stipulated by the indigenous manufacturers of ring frames and carding engines. Pointed attention to this difficulty has been drawn by the Indian Cotton Mills Federation in the course of a communication addressed to the Textile Commissioner. The Federation has urged the Textile Commissioner to persuade the Government of India to permit imports of ring frames and carding engines to the required extent.

Table A: *Progress of Cotton Textile Machinery Industry*

	Licensed Capacity*		Actual Production		
	End 1963	End 1960	1963	1962	1960
Draw frames	540	264	52	61	47
Speed frames ..	834	408	96	45	45
Ring frames	3,852	2,976	1,990	1,571	1,127
Doubling ring frames ..	24	..	80	114	156
Carding Engines ..	2,976	3,000	1,590	1,498	1,075
Blow Room Lines ..	66	..	16	10	..
Reeling machines ..	3,888	3,888	419	136	50
Pirn winding machines	648	*N.A.*	129	*N.A.*	*N.A.*
Looms	14,220	7,920	5,184	5,856	5,551
Of which—Plain ..	8,520	5,520	1,802	5,360	5,177
Auto-matic ..	5,700	2,400	3,382	496	374

* Calculated on the basis of two shift-working.
N.A.—Not Available.

Spindles

The Federation has sought to justify its stand by submitting a special note on the requirements of textile machinery from 1964 onwards by way of expansion and rehabilitation to the Cotton Textiles Consultative Board at its meeting held on 9th December 1963. According to this note, the rehabilitation requirements of spindles are estimated at 600,000 every year. As for expansion, licences have already been issued for 3.3 million spindles, of which not more than 300,000 spindles have been actually installed, besides the 100,000 to 200,000 spindles installed against licences issued during the second Plan period. There is thus a balance of three million spindles to be installed against licences issued in the third Plan period. Recently, it will be recalled, all mills were allowed to expand their spindleage by 7½ per cent and this will call for the installation of another one million spindles, or a total of four million spindles. Even if it is assumed that only half of this total number is installed in the remaining two years of the third Plan, the annual requirements comes to one million spindles. The aggregate annual requirements of spindles, including the 600,000 needed for rehabilitation, will thus be 1.6 million, against which the current annual rate of production is not more than 800,000 spindles; this is likely to rise to one million spindles by the end of 1965-66. The annual shortfall, according to the Federation's reckoning, is of the order of 800,000 spindles.

Carding Engines

On the assumption that the expansion of spindles in the remaining two years of the Plan will be at the rate of one million a year, the requirement of carding engines will be 3,300 to which should be added another 1,000 engines for rehabilitation, making a total of 4,300, whereas the rate of output is just 1,700 (the third Plan target is 1,770). The annual shortfall thus comes to 2,500 carding engines.

Looms

As for looms, the position is as follows:

For purposes of rehabilitation, 7,000 looms are required per year. Further, mills have recently been permitted to install additional 10 per cent looms which makes for a requirement of 20,000 looms. Again, the 210 spinning mills will, at the rate of 100 looms each, require 21,000 looms for balancing purposes. Assuming that only half of the permitted expansion of 41,000 looms will be completed in 1964 and 1965, the annual requirement of looms will be 17,000 (7,000 for rehabilitation and 10,000 for expansion), but actual output is running at only an annual rate of 6,000 (3,500 automatic looms and 2,500 plain looms). The shortfall is 11,000 looms.

Other Items

Besides the inadequacy in the domestic supply of spindles, carding engines and looms (all these are on the banned list), there will be a corresponding shortfall in the supply of other items of machinery also such as blow room lines and speed frames.

Fourth Plan Needs

The position in regard to the supply of cotton textile machinery is bound to be even more difficult during the fourth Plan period, as will be noted from the estimates in respect of spindles and looms (by the Working Group on Textile Machinery) given in Table B below:

Table B: *Machinery Requirements*

(Spindles in millions and looms in actual numbers)

	End of		Present capacity
	Fourth Plan	Third Plan	
Spindles	21.25	15.5	14.00
Looms	290,000	220,000	200 000

The estimates are considered to be the minimum for ensuring an average *per capita* availability of 18.59 yards of cloth by the end of the fourth Plan. Assuming that the number of spindles and looms at the end of the third Plan will reach the figures mentioned alone, the additional capacity that will have to be installed in the fourth Plan period comes to 5.75 million spindles (3.00 million for expansion and 2.75 million for rehabilitation) and 70,000 looms (30,000 for expansion, 33,000 to rehabilitation and 7,000 for meeting the requirements of the powerloom sector). The addition of this much capacity is estimated to entail a total outlay of Rs. 300 crores, or Rs. 60 crores in each year of the fourth Plan. This figure of Rs. 60 crores is double the value of annual output (Rs. 30 crores) of spindles and looms anticipated for 1965-66 and nearly three times the actual production (Rs. 19 crores) in the calendar year 1963.

Need for Some Imports

The aforesaid figures vividly bring out the great shortfall that remains to be covered in the supply of textile machinery in order to enable the cotton mill industry to meet its expansion and rehabilitation requirements of machinery in the next seven years. The indigenous manufacturers of cotton textile machinery must, therefore, be given, as the Federation has rightly emphasised, every possible help, through allotment of foreign exchange, long-term loans to meet rupee finance, and supply of pig iron, imported components, etc., to augment production. The manufacturers also, on their part, should endeavour their best to incorporate latest designs and other technological processes in the equipment turned out by them. Until, however, the capacity of the

(*Continued on page* 1041)

Table C: *Growth of Cotton Mill Industry*

	1964	1963	1962	1961	1960	1957	1956	1950
Spinning Mills:*								
No. of mills	223	211	196	192	186	144	121	94
Spindles installed (in '000) ..	3,484	3,394	3,118	3,056	2,931	2,195	1,857	1,860
Composite Mills:*								
No. of mills	291	287	285	287	293	292	291	268
Spindles installed (in '000) ..	11,036	10,724	10,645	10,607	10,619	10,297	10,194	8,695
Looms installed (actual number) ..	202,321	199,896	199,427	198,785	200,272	200,983	202,901	191,495
Of which automatic looms (actual number)	*N.A.*	20,318	18,271	16,312	15,648	13,198	12,035	*N.A.*
Total:*								
No. of mills	514	498	481	479	479	436	412	362
Spindles installed (in '000) ..	14,520	14,117	13,833	13,663	13,550	12,492	12,051	10,554
Looms installed (actual number) ..	202,321	199,896	199,427	198,785	200,272	200,983	202,901	191,495
Workers on list (in '000)	956†	938	929	918	895	943	933	755
Production :								
Yarn (million lbs.)	2,082§	1,968	1,895	1,901	1,737	1,780	1,671	1,174
Cloth (million yards)	5,004§	4,837	4,987	5,141	5,048	5,317	5,307	3,665
Cotton consumption (thousand bales of 400 lbs.)								
Total	6,104	5,832	5,628	5,556	5,256	5,256	4,992	3,492
Of which Indian	5,552	5,124	4,644	4,512	4,116	4,692	4,368	2,421
Foreign	552	708	984	1,044	984	564	624	1,071

* Figures relate to position existing as on 1st January.
† As of January 1964. § Estimate only on the basis of the actual output in the first four months of 1964.
N.A.—Not Available.

MANCHESTER LETTER

COTTON TEXTILE IMPORTS UP AGAIN

WEAVERS' ASSOCIATION REVIEWS TRENDS IN TRADE

From Our Special Correspondent

MANCHESTER, 2nd *June*

APART from two months in the first quarter of 1961, imports of grey and finished cotton goods in April were the highest so far encountered. The total involved was 78,084,000 yards, of which 62,387,000 yards represented grey cloth, including 26,511,000 yards from India alone. As a result, at the end of four months of the current year, shipments of cotton fabrics into British ports were little more than 10 million yards below the peak level recorded in 1961, being 270,688,000 yards. Most of the rise was accounted for by grey cloth arrivals, which totalled 208,262,000 yards, as against 169,780,000 yards. The increase in purchases of finished fabrics was much smaller, showing a rise of only 8 million yards at 62,425,000 yards.

India's share in this trade has been exceedingly large, having supplied 85,523,000 yards of grey cloth and 10,365,000 yards of finished material. This represents a joint increase of more than 25 million yards over last year's level. In contrast, Pakistan has sent almost exactly the same volume as a year ago at 22,331,000 yards, and shipments of grey cloth from Hong Kong have dropped by nearly 6 million yards at 23,037,000 yards. Arrivals of finished cloth from the Colony have already been reduced from 12,241,000 yards to 8,753,000 yards. Other suppliers have made negligible inroads in the market, apart from China which has stepped up grey cloth supplies from 12,145,000 yards to 17,998,000 yards.

Man-made Fibres Too

Before turning to exports, the significant increase in purchases of man-made fibre goods from abroad must be mentioned. Cloth imports in the four months have risen from just under 20 million yards to nearly 31 million yards, and yarn and thread arrivals from 4,500,000 lbs. to over 8 million lbs. On the cotton side, yarn and thread exports in April showed a welcome revival, exceeding 2 million lbs. for the first time since 1962. Even so, the total for the four months of 7,173,000 lbs. is some 300,000 lbs. lower than last year, but at about the same level as in 1962.

Exports of woven cotton fabrics are still drifting downwards, the April total of 17,152,000 yards, bringing the four-month aggregate to 69,092,000 yards, as against 75,760,000 yards in the same period last year. In the man-made fibre sector, however, more gains were made, and total shipments for the four months were 30,104,000 square yards—practically identical with imports. Disposal of man-made fibre yarns abroad, however, continued on a flourishing scale, with a rise of nearly 2,500,000 lbs. on the same month last year. To the end of April, exports totalled 32,403,000 lbs., as against 25,389,000 lbs. and earnings from this source were nearly £3 million higher at £13,057,000.

What the Weavers Think

Annual reports, by virtue of their content, are usually written in a formal style. Factual statements and even pungent comment illustrate the trend of events and give a general outline of the situation in any given year. Occasionally, however, a more breezy note is introduced which, by its less formal approach, attracts attention and throws a slightly different emphasis on what are described as official documents. Such a one is the 80th annual statement issued by the Amalgamated Weavers' Association, in which the hand of Mr. Lewis Wright, the General Secretary, can be clearly seen. In dealing with prospects, which certainly appear brighter, he lists a series of rhetorical questions, all of which have a big bearing on the outlook.

For instance, Mr. Wright asks will the volume of cheap overseas imports to this country further increase? Will the Government recognise that confidence in the industry cannot be maintained with a Damocles Sword hanging over its head? Will a Labour Government be elected to take the necessary steps to safeguard the industry's future? Will the pattern of demand for textiles in their many forms remain unchanged or perhaps improved? Will re-equipment continue at the necessary tempo? Will the number of new entrants enable the industry to meet future demand? Not only these but a host of other questions are problematical and must remain for the moment unanswered.

A final question from Mr. Wright: "Was there ever such a frustrating, uncertain, browbeaten and nail-biting industry as this? It's bad enough fighting when battle stations are reasonably defined but to have to fight in the dark with one hand tied behind the back is enough to break the spirit of even the most doughty. The odd thing" he adds, "is that the industry's spirit is not broken. It is still resilient and money is still being invested in an uncertain future."

No Fear of Change

Earlier in the report, the Weavers Amalgamation refers to the "fast and furious changes" which have taken place within the industry during the past year. "Cotton has been accused of fearing change," it adds. "In point of fact, few industries have undergone more change than cotton." The result has been quite spectacular, productivity increases due to the introduction of new systems and automatic looms coupled with work-study methods. Compared with about four years ago, productivity has been raised by about 15 per cent per head. "No mean result for a so-called 'backward' industry," the report comments.

The latest returns at the end of March show that, out of 120,000 looms now in operation, some 42,000 were automatic. At that time, 74,000 looms, or 62 per cent, were working on a single shift, 27,600 or 23 per cent were on double-day shift and 18,000 looms or 15 per cent were running three shifts.

New Union Structure

Still faced with widespread changes arising from concentration of units, the trade organisations are looking at their own internal structures. The employers made a start some years ago in realigning the associations which were formerly devoted to separate cotton and man-made fibre divisions. The research stations have merged and the latest moves under the auspices of the Cotton Board foreshadow additional integration. The trade unions can scarcely stand aside in such circumstances and measures are being considered for a revision of the arrangements covering the various districts of the Weavers' Association. The report points out that, with the contraction of membership, there are too many smaller units all operating within a restricted area, with different rules, different contributions and often differing customs and practices.

Looking ahead, it is suggested that, with the change in the industry's structure, more and more negotiations will be with the head office of some combine or group, covering several districts. Under the proposed plan, some districts of the Association would be merged or at least a closer working relationship established, possibly with joint secretaries. Because of the development of commercial mergers and financial links, as well as the wider use of work-study techniques, the union feels there may well be the need for central co-ordination of work-study investigations.

The Regional Scene

Organisations such as the Lancashire and Merseyside Industrial Development Association have an important part to play in steering economic movements into channels where they will be of most value to the community at large. Quite rightly, their eyes are focused on the future rather than the past; in consequence, traditional industries, and particularly those which have suffered a decline, tend to be ob-

(*Continued on next page*)

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NEW U.S. WHEAT-COTTON PROGRAMME

DOMESTIC MILLS TO GET COTTON CHEAPER

AN important farm legislation entered the U.S. statute book when President Johnson signed, on 11th April last, a modified version of the original Cooley Bill as passed by the Senate. Known as the Agricultural Act of 1964, the enactment, *inter alia*, seeks to make certain significant changes in the marketing arrangement for wheat and cotton. One such change is the introduction of marketing certificates for granting subsidy to farmers and another is the return, in effect, to a one-price system for cotton. The salient features of the new wheat-cotton programme are described in the following article reproduced from the *Monthly Letter* for June of the First National City Bank:

Frankness in calling a spade a spade is something that Americans have always prided themselves on. But when it comes to getting a subsidy, many citizens prefer to call it something else.

Nowhere has this been truer than in the agricultural area where, ever since the early 'thirties, farmers' incomes have been subsidised by rigging market prices for basic products well above what might exist under free market conditions. By embedding the subsidy in the price system through a complicated rigamarole of Government crop loans and forfeitures, the size of the subsidy has been shrouded. But because this has led to bulging surpluses and rising federal budgetary costs—as well as disrupting international trade in farm products—the whole machinery has been threatening to come apart like the old one-horse shay. What has kept it going is that farmers and legislators up to now have been unable to agree on a new formula—one that would preserve some freedom of choice for the farmer and limit the costs to consumers and taxpayers, while still keeping the subsidy element safely hidden from immediate public view.

The most important innovation in the wheat-cotton bill pushed through Congress and signed into law by President Johnson on 11th April is the introduction of marketing certificates as the principal means for providing subsidies to farmers. Though the function of certificates is not the same in wheat as in cotton, they promise to bring out the subsidy elements involved as never before. This may well be the chief virtue of the new legislation; the efforts to hide farmers' subsidies have been responsible for much of the waste and misdirected effort stemming from farm programmes in the past. With the new law applying only to 1964 and 1965 crops, the public will have a chance to see more clearly how the subsidy machinery actually works before Congress decides on more permanent legislation.

New Subsidy System for Wheat

For wheat, the basic price support has been sharply lowered to $1.30 a bushel, which is slightly below the recent world price on a national average farm basis. This compares with the basic support of $1.82 (plus 18 cents for diversion payment) for 1963, and $2.00 for 1962. The new bill will in effect give cash subsidies to wheat farmers through the use of marketing certificates issued for up to 90 per cent of the normal yield of their allotted acreages. For 45 per cent of his normal yield, a farmer gets domestic marketing certificates worth 70 cents a bushel representing his share of the U.S. wheat market for human consumption; up to another 45 per cent is covered by export marketing certificates worth 25 cents. Any remaining wheat will be eligible only for the basic price support of $1.30 per bushel. The grower will receive additional cash at the rate of 20 per cent of the basic support on the normal yield of allotted acreage diverted from wheat as part of the programme. The farmer, after selling his wheat at the local grain elevator, will be able to cash his marketing certificates through the agriculture Department—in effect, getting a direct cash subsidy.

Payments to farmers will be financed by requiring that millers buy a 70-cent domestic marketing certificate for each bushel of wheat processed for human consumption in this country; correspondingly, each bushel of wheat shipped abroad must be covered by a 25-cent export certificate. In practice, however, millers and exporters will usually buy their wheat through normal commercial channels and send a cheque to the Government covering the cost of certificates for the bushels milled or exported. At home, this added cost will in fact be passed on to the consumer. The cost of certificates to the exporter, however, will be largely offset by export subsidies, which generally have been set in the 10-25 cent-per-bushel range recently.

The system of marketing certificates is roughly the same plan that was voted down in the wheat growers' referendum a year ago, but with some compulsory features eliminated. Though vigorously opposed by the American Farm Bureau Federation—the nation's largest general farm organisation—the bill was strongly supported by the Administration as a way of avoiding a $600 million decline in wheat farmers' incomes this year without increasing budgetary costs. Constitutional questions, however, have been raised on the ground that the domestic marketing certificate is in fact a processing tax levied on the miller. Witnesses before the Senate Agricultural Committee pointed out that this would seem to conflict with the Supreme Court ruling in the Hoosac Mills case (1936) that a federal processing tax was unconstitutional; others have noted that the export certificate would seem to violate a Constitutional ban on export taxes. Representative Thomas B. Curtis has raised the objection that the certificate requirements are in fact new taxes levied on millers and exporters, which were not considered by the tax-writing committees of Congress.

Single Price for Cotton

The problem of keeping the subsidy hidden in the cotton programme has been complicated by the demand of domestic textile mills that they be allowed to buy cotton at the lower world price in the same way as foreign mills. Recently, cotton has been supported at about 32½ cents a pound; except for minute quantities, quotas have prevented domestic mills from buying cheaper foreign cotton. But to meet the much lower world market price in sales abroad, the Government has provided an 8½-cent export subsidy, permitting cotton to be sold at around 24 cents a pound to foreign mills. The 8½-cent differential represents a rough measure of the subsidy provided to cotton growers by the Government and the American consumer. Because of high raw cotton prices, however, domestic mills have been shifting away from cotton to rayon and other man-made fibres.

The legislators met the problem by lowering the support price to 30 cents a pound for most growers and providing a new certificate worth 6½ cents a pound as an offset in commercial markets. But in order to maintain the appearance that cotton growers are not getting a subsidy, the law provides that the new "payment-in-kind" (P.I.K.) certificate should be issued to some one other than the cotton grower. In effect, the Government is paying a 6½-cent subsidy to both domestic and foreign consumers of U.S. cotton to make up for the initial 6½-cent subsidy to growers contained in the support price. During the transition period until 1st August, the offsetting subsidy is being paid directly to the domestic mills.

In hearings held by the Agriculture Department to determine who should get the subsidy after 1st August, the textile mills—not wishing to appear as recipients of a subsidy that actually goes to the farmer—have vigorously protested that the payment should be paid to someone else, preferably the "first handler" of cotton in commercial channels. The latter procedure would automatically lower the price of cotton in commercial channels by 6½ cents, thus permitting both domestic and export markets to operate on a unified, one-price basis around a basic price of about 23½ cents a pound. While Agriculture Secretary Orville Freeman has not made a ruling at the time of writing,* the cotton trade is hopeful that the "first handler" procedure will be followed.

If so, the effort to disguise the subsidy to cotton farmers will have been largely in vain. Since the going market price will average roughly 6½ cents below the basic support of 30 cents a pound, it will be quite clear that the P.I.K. certificate actually represents the amount of cotton growers' subsidy. Moreover, the law also provides an additional subsidy of 3½ cents a pound—based on "normal" yield—for cotton growers who cut their harvested acreage to 67 per cent of their allotment. On the other hand, farmers are permitted to exceed their allotments by a bare 5 per cent—without subsidies or penalties—if they post bond that all the cotton grown on the additional acreage will be exported. Heavy penalties are provided for any farmer otherwise exceeding his basic allotment.

Farmers, of course, are by no means unique in getting a subsidy or some other kind of Government assistance. The cotton textile industry itself is protected by an elaborate system of bilateral quotas that is being applied so restrictively against countries like India, Portgual, Taiwan, Hong Kong, Jamaica, South Korea and the Philippines that the Administration is predicting a 15 per cent drop in cotton textile imports this year. Yet, one of the principal arguments for initiating these bilateral quota arrangements was that the price of cotton was cheaper abroad than at home, thus discriminating against domestic mills. Since the new cotton law removes this handicap, the whole quota programme on cotton textile imports should be re-examined in light of our overall effort to liberalise world trade and provide assistance to developing countries.

Freer Trade in Farm Goods

As in the case of previous farm bills, many different kinds of criticism may be levied against the new programmes, particularly the imposition of new restrictions on farmers' freedom in marketing their crops. Nevertheless, the root cause of the farm problem—and the need for controls—has been the encouragement to overproduction provided by high price supports. The new programme for wheat—and also for cotton, if the "first handler" route is followed—will tend to establish market prices somewhere around world market levels, with the farmers' subsidy largely isolated in the various certificates.

Though far from ideal, this may be regarded as a step in the right direction. If we are to restore greater scope for freer commercial trade in farm products on a world-wide basis, we must begin by letting domestic farm prices adjust to world market levels. By substantially reducing the amounts of subsidy on wheat in commercial sales abroad, the new arrangement should bolster the position of our bargaining team at the "Kennedy round" G.A.T.T. negotiations in their efforts to liberalise trade in farm goods. In the meantime, we should redouble our efforts to formulate a new programme designed to permit market forces to work in agricultural production while helping farm families adjust to an expanding economy.

* It has since been announced that the subsidy would be paid to whoever wanted to claim it after 1st August—ED.

MANCHESTER LETTER

(*Concluded from previous page*)

served in a rather subdued light. So it is with the cotton trade in the latest annual report of the Association. It suggests, for example, that the influence of the cotton trade on the industrial situation in the area, despite the inevitability of further closures and despite the latest decrease in employment, will be in future much less significant. For this reason future growth will not be essentially a process of replacement but one of firm progress.

The increase in activity in the cotton industry over the past 12 months has been a significant factor in reducing unemployment, says the Association. At present, short-time working is practically non-existent and, having recovered from yet another cyclical recession, the industry seems prepared for a further period of intensive activity.

Vacant Factories

It would be wrong, the report adds, to assume that the basic troubles of the trade are over. The overall decline in employment provided by the mills is still the main cause of the region's poor growth record. Since the cotton re-organisation scheme more than 100 mills or finishing works have closed. The total floor space vacated by these closures approaches 13 million square feet, of which only 4½ million square feet have so far been pre-occupied.

At the same time, the way in which the North-West has withstood the tremendous decline in its basic industries in the past 12 years is given due credit. "That a loss of 163,000 jobs in cotton alone since 1951 has been absorbed and the area still remains a vital region poised for expansion is in itself a tribute to its workers and their resilience," declares the report.

THIS IS ONLY AN ANNOUNCEMENT AND NOT A PROSPECTUS

MOHATTA AND HECKEL LIMITED

(INCORPORATED UNDER THE COMPANIES ACT, 1956 ON THE 14TH DAY OF JUNE, 1962)

Registered Office: MUSTAFA BUILDING, SIR P. M. ROAD, BOMBAY-1

SHARE CAPITAL

AUTHORISED CAPITAL—

		Rs. nP.
8,00,000	Equity Shares of Rs. 10 each	80,00,000.00
20,000	9½% (free of Company's tax but subject to deduction of taxes at source at the prescribed rates) Cumulative Redeemable Preference Shares of Rs. 100 each	20,00,000.00
		Rs. 1,00,00,000.00

ISSUED CAPITAL—

5,00,000	Equity Shares of Rs. 10 each	50,00,000.00
15,000	9½% Cumulative Redeemable Preference Shares of Rs. 100 each	15,00,000.00
		Rs. 65,00,000.00

SUBSCRIBED CAPITAL—

1,07,000	Equity Shares of Rs. 10 each by Promoters, Directors, their friends and associates, etc.	10,70,000.00

PAID-UP CAPITAL—

(i) 7,915	Equity Shares of Rs. 10 each fully paid at par for cash	79,150.00
(ii) 95,680	Equity Shares of Rs. 10 each paid at Rs. 5 per share at par for cash	4,78,400.00
(iii) 3,405	Equity Shares of Rs. 10 each paid at Rs. 2/50 per share at par for cash	8,512.50
		Rs. 5,66,062.50

AGREED TO BE SUBSCRIBED BY COLLABORATORS—

	Rs. nP.
(i) Messrs. Georg Heckel GmbH., Saarbrucken, West Germany, the Foreign Collaborators of the Company have agreed to subscribe for 96,000 Equity Shares of Rs. 10 each at par for cash	9,60,000.00
(ii) 3,720 Equity Shares of Rs. 10 each at par will be allotted to Messrs. Georg Heckel GmbH., Saarbrucken, West Germany, for consideration other than cash in accordance with the Collaboration Agreement	37,200.00
(iii) Mr. Rolf Hellmannsberger, the Managing Director of the said Foreign Collaborators has agreed to subscribe for 6,280 Equity Shares of Rs. 10 each at par for cash	62,800.00
	Rs. 10,60,000.00

NOW OFFERED FOR PUBLIC SUBSCRIPTION AT PAR FOR CASH—

(a) 2,87,000	Equity Shares of Rs. 10 each	28,70,000.00
(b) 15,000	9½% Cumulative Redeemable Preference Shares of Rs. 100 each	15,00,000.00
		Rs. 43,70,000.00

TERMS OF PAYMENT	Equity	Preference
On application :	Rs. 2/50	Rs. 25
On allotment :	Rs. 2/50	Rs. 25

Balance payable in two calls and there shall be minimum interval of two months between the calls.

BOARD OF DIRECTORS

1. **Shri BRIJRATAN S. MOHATTA,** (Chairman), 'Ratnakar,' Narain Dabholkar Road, Bombay-6. Industrialist. Director of: 1. B. R. Herman & Mohatta (I) Private Ltd., 2. Malwa Vanaspati & Chemical Co., Ltd., 3. Birla Jute Mfg. Co. Ltd.
2. **Shri GIRDHARDAS KOTHARI,** 41, Ballygunge, Circular Road, Calcutta-1. Merchant. Director of: 1. Birla Jute Mfg. Co. Ltd., 2. Birla Cotton Spg. and Wvg. Mills Ltd., 3. The United Commercial Bank Ltd., 4. Metal Distributors Ltd., and others.
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MANAGING AGENTS

Mohatta Sales Limited, Bombay

(Subject to the approval of Central Government under the provisions of Companies Act, 1956.)

SOLICITORS

Mulla & Mulla and Craigie Blunt & Caroe, Bombay.

AUDITORS

Todarwal Karnavat & Co., Bombay.

UNDERWRITERS

1. **Industrial Finance Corporation of India,** New Delhi.
2. **Life Insurance Corporation of India,** Bombay.
3. **The Industrial Credit & Investment Corporation of India Ltd.,** Bombay.
4. **Syndicate Bank Limited,** Udipi.
5. **Canara Bank Limited,** Bombay.
6. **Devkaran Nanjee & Co.,** Bombay.
7. **Raja Ram Bhasin & Co.,** New Delhi.
8. **H. P. Mehta & Co.,** New Delhi.
9. **Harkisondass Lukhmidass,** Bombay.

PROPOSED ACTIVITIES

The Company is setting up Steel Wires and Wire Ropes Manufacturing Plant with a capacity of about 5,000 tons per annum.

PROSPECTS

It is estimated that by the end of the Third Five Year Plan, the country's yearly requirements of Wire ropes will be about 40,000 tons per annum, whilst the present output thereof in the country is far below the estimated demand for wire ropes.

LOCATION

Factory will be located in fast developing industrial area of Khopoli, District Kolaba. Maharashtra. Suitable freehold land admeasuring about 16 acres for the factory has been purchased by the Company.

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6. **R. R. Nabar & Co.,** 31, Dalal Street, Fort, Bombay-1.
7. **Jashwantlal V. Bhagat,** 136, New Stock Exchange Building, Bombay-1.

New Delhi :

1. **Raja Ram Bhasin & Co.,** 31, Delhi Stock Exchange Assen. Bldg., Asaf Ali Road, New Delhi.
2. **H. P. Mehta & Co.,** Connaught House, Connaught Place, New Delhi.
3. **Harbans Singh Mehta & Co.,** 33, Regal Building, Parliament Street, New Delhi.
4. **Raj Paul Chadha & Co.,** Delite Cinema Building, Asaf Ali Road, New Delhi.

Calcutta :

1. **Place, Siddons & Gough (Pvt.) Ltd.,** 6, Lions Range, Calcutta.

Madras :

1. **Chitra & Co.** 322-323, Linghi Chetty Street, Madras.
2. **Maconochie & Co.,** Mercantile Bank Building, Madras.

Bangalore :

1. **P. R. Subramanyam & Sons,** Shree Siva, 24, Fourth Street, Benson Cross Road, Bangalore-6.
2. **Lokkur & Co.,** Kempegowda Road, Bangalore-9.

APPLICATIONS

Copies of the Prospectus and Application Forms can be had from the Registered Office of the Company, its Brokers and Underwriters or from its Bankers to the Issue.

Applications for Shares must be for a minimum of 25 Equity Shares, or a multiple of 25 Equity Shares, and/or 5 Preference Shares or a multiple of 5 Preference Shares.

THE SUBSCRIPTION LIST WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS ON SATURDAY THE 20TH JUNE, 1964 AND WILL CLOSE AT THE CLOSE OF BANKING HOURS ON THURSDAY THE 2ND JULY 1964 OR EARLIER BUT NOT EARLIER THAN THE CLOSE OF BANKING HOURS ON WEDNESDAY THE 24TH JUNE, 1964.

DISTRIBUTION OF INCOME AND WEALTH

NO FIRM CONCLUSIONS DRAWN BY MAHALANOBIS COMMITTEE

THE Mahalanobis Committee on the Distribution of Income and Levels of Living has not yet submitted the second part of its report dealing with changes in levels of living during the first and second Plan period. The Committee itself has stated that, if the problems are to be sized up in correct perspective, the second part would have to be read along with the first part dealing with recent trends in the distribution of income and wealth and the concentration of economic power. That the report as a whole, comprising both the parts, should be studied together is quite sensible. But the Committee has chosen to submit the first part earlier, and critics have necessarily had to examine the findings of this part in isolation from the rest (whatever that be) of the report. To what extent critics, in so doing, have been fair or unfair to the Committee will be known only after the second part, too, is finalised and published. In the meantime, readers of *Commerce* may find it useful to know the data and findings of the first part in some detail. Hence the attempt here to highlight the findings of chapters 2 and 3 of this part. (It will be recalled here that the findings of chapter 4 devoted to "concentration of economic power" have already been covered in a feature article on page 942 of *Commerce* dated 30th May 1964.)

The Committee has first examined the trend of national income in the period 1950-51 to 1960-61 according to its basic components, namely, private consumption, Government current expenditure and savings. This analysis is intended to supply no more than a broad idea of changes in the general level of living over the decade under review and of what has been done to promote future growth. Starting with the question as to what has been the additional national income during the ten-year period of the first and second Plans, the Committee has provided a picture of consolidated total increase in national income and associated items in the following table:

Table I: *Consolidated Position*

Item	Symbol	Rs. abja (Rs. 100 crores) at 1948-49 prices	Percentage.
Total increase of national income in ten years	(a)	190.0	100.0
Increase in Government expenditure	(b)	25.5	13.4
Increase in domestic savings	(c)	25.2	13.3
Sub-total	(d)= (b) + (c)	50.7	26.7
Balance available for increase in private consumption	(e)	139.3	73.3
Of which absorbed by increase in population	(f)	85.6	45.0
Net available for increase in *per capita* consumption	(g)=(c)—(f)	53.7	28.3

It will be seen from the above figures that the total additional income earned during the decade under study was Rs. 19,000 crores, of which Rs. 2,550 crores was used in increasing Government expenditure over the whole period. Another part, Rs. 2,520 crores, represented the additional domestic savings in ten years. These two amounts aggregating Rs. 5,070 crores, according to the Committee, may be considered to have been used for purposes of development and expansion of investments to promote future economic growth. The balance available for increase in private consumption was Rs. 13,930 crores for the whole of the ten-year period. If the population had remained the same throughout the period, then this amount would have been wholly available to increase the *per capita* consumption of households. In actual fact, however, the population was also growing at the rate of about seven or eight million persons per year. A good part of the additional national income had, therefore, to be used to provide these new additions to the population with the same *per capita* consumption as in 1950-51.

The Committee's calculations, in this connection, show that Rs. 8,560 crores was absorbed to provide the new entrants into the population during the decade with a *per capita* consumer expenditure at the 1950-51 rate for an appropriate number of years. Finally, according to the Committee's estimate, the balance of Rs. 5,370 crores was the net amount available for increasing the average *per capita* consumption of the whole population. Distributing this amount over the average number of persons over the decade, the Committee has worked out the figure of Rs. 2.5 as the share of each person per year in the increase in consumer expenditure. In other words, with Rs. 219 as the consumer expenditure per person in the base year (1950-51), the rate of increase was only about 1.1 per cent per person per year. The Committee's calculations on the basis of end-year figures of *per capita* consumer expenditure, namely, Rs. 219 in 1950-51 and Rs. 246 in 1960-61, both at 1948-49 prices, do not also show any significant variation, for the rate of increase computed therefrom was no more than 1.2 per cent per person per year. Answering specifically the question as to what has happened to the additional income generated by the two plans, the Committee says:

"Corresponding percentage figures (using the total additional income of Rs. 190 abja, given in column (4) of Table I, show the position very clearly. A little over 13 per cent of the additional income had been used to increase Government expenditure and another 13 per cent represented the increase in domestic savings. The two taken together, about 27 per cent, was used for development activities and for building up the foundations of future progress.

"It would be noticed (from Table I above) that about 73 per cent of the additional income was available for increase in private consumption, out of which 45 per cent, however, was required to provide that part of the population which was added during the decade with a *per capita* consumer expenditure at the rate of 1950-51. The largest part of the additional income during the decade thus had to be used to compensate for the growth of the population during the ten-year period. Any slowing down of the rate of growth of population would help in improving the general level of living. The balance of only a little over 28 per cent or a quarter of the additional income was available for the net increase in *per capita* consumption."

Trends in Income Distribution

In the third chapter, the Committee has studied some recent trends in the distribution of income and wealth. The purpose of this study is to examine how the increase in national income in recent years has been shared by income and occupational groups and whether the inequality in incomes has increased or decreased over the first decade of planned economic development. At the very outset, the Committee has pointed out the inadequacy of available national income data which throw no light on the size-distribution of income. Incidentally, according to the Committee adequate data for a thorough study of the changes in income distribution are not available even for advanced countries having better statistical systems than those obtaining in India. As the required data are not available at present for a direct study of income distribution, the Committee has drawn no firm conclusions on the subject.

The Committee has, however, examined a number of special papers on income distribution, prepared by the Central Statistical Organisation, the National Council of Applied Economic Research, the Indian Statistical Institute, the Reserve Bank of India, the Union Ministry of Finance and some independent research workers. The data and estimates contained in these papers have been derived either from the income-tax statistics or from household sample surveys. They suffer from some serious limitations. In income-tax statistics, for instance, the proportion of income recipients in the tax-paying group was less than one per cent (0.74 per cent to be precise) of the total number of income recipients even in 1960-61. Moreover, incomes in tax statistics are derived only from non-agricultural sources. Because of tax evasion, income-tax statistics do not also accurately reflect the incomes of non-salary earners. The other data, which, in some studies, have been combined with the income-tax data, are the N.S.S. data relating to consumer expenditure. These, however, only relate to the distribution of total consumption *expenditure* into certain expenditure brackets and do not provide information on incomes as such. The N.C.A.E.R. has no doubt carried out sample surveys, both in the urban and the rural sectors, for obtaining data, *inter alia*, with regard to distribution of income. But these data are available only for one year. In spite of these limitations, all the available data and estimates relating to income and wealth distribution have been examined by the Committee. Its concluding observations on the data are as follows:

(1) The most important conclusion which emerges from this study is that we do not have the required data for drawing valid conclusions concerning the changes in income distribution which might have taken place over the two Plan periods.

(2) The available estimates and data relating to size-distribution of income seem to suggest that the degree of inequality in income distribution is not higher in India than in some other developed or underdeveloped countries; the distribution of income in the urban sector is more unequal, as in the other countries, than that in the rural sector.

(3) The analysis of the available income-tax data suggests some reduction in inequality of income among the tax-paying group as a whole and also for some of the sub-groups of this population over the period under study except for pure salary earners where the picture is mixed. However, in view of the deficiencies to which these data are subject, it is not possible to place much confidence in this conclusion or to make any generalisation on this basis. Also changes, if any, in the distribution of taxed income would not generally have any relation to the size-distribution of income in its economic sense.

(4) Available estimates and data suggest no significant change in the overall distribution of incomes, though they do indicate a slight probable increase in inequality in the urban sector and some reduction in inequality in the rural sector. Again, in view of the inadequacies of the data used for comparison purposes, it is not possible to be definite about this conclusion (*vide* Table II).

Table II: *State of Personal Income Distribution*

Fractile group (p.c. of household)	1952-53	1953-54	1955-56	1956-57	1953-54 to 1956-57 Total	1953-54 to 1956-57 Rural	1953-54 to 1956-57 Urban	1960 Rural	1960 Urban
95-100 ..	14.0	14.0	23.0	17.5	20.0	17.0	26.0	..	31.0
90-100 ..	24.0	23.0	34.0	25.0	28.0	25.0	37.0	33.0	42.4
50-90.. ..	..	..	41.0	..	44.0	44.0	38.0	45.7	40.3
0-20.. ..	7.5	8.0	9.5	8.5	8.0	9.0	7.0	4.0	4.0

Notes: (i) Figures in columns (2), (3) and (5) are based on "A note on the derivation of size distribution of personal household income from a size-distribution of consumer expenditure" by N. S. Iyengar and M. Mukherjee, presented at the Second Econometric Conference in June 1961.

(ii) Figures in column (4) are based on "The inequality of Indian incomes" by H. F. Lydall, *Economic Weekly* Special Number, June 1960. Lydall's figure in the last line relates to bottom 25 per cent and not bottom 20 per cent.

(iii) Figures in columns (6), (7) and (8) are based on the study "Distribution of income in the Indian economy: 1953-54 to 1956-57," Reserve Bank of India *Bulletin*, September 1962.

(iv) Figures in column (9) are based on unpublished data collected by N.C.A.E.R., while those in column (10) are based on N.C.A.E.R.'s publication *Urban Income and Saving*.

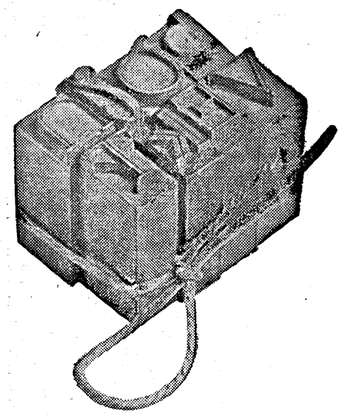
(5) Trends in wages and salaries received by selected occupation groups over the decade 1950-51 to 1960-61 indicate that, with the notable exception of agricultural labourers, the growth in income of employees has generally kept pace with the growth in average income per employed person for the country as a whole. In particular, there is evidence that the growth in incomes of the mining and the factory workers has kept ahead of the rate of growth in average income per employed person. Agricultural labourers as a group do not seem to have shared in the increase of incomes.

(6) Analysis of the income-tax data based on the occupation of common assessees reveals that, over the period 1951-59, the average incomes received by contractors have registered the highest increase; the rise in income of this group has been very much higher than the rise in the income per em-

Table III: *Income Distribution by Broad Groups of Households, 1953-54 to 1956-57*

Groups	Households Number (000)	Households Per cent	(At current prices) Total income Personal Rs. crores	Total income Personal Per cent	Total income Disposable Rs. crores	Total income Disposable Per cent	Income per household Personal Rs.	Income per household Disposable Rs.
Low income	77,074	95.3	8,294	80.4	8,230	81.2	1,076	1,068
High income	3,842	4.7	2,024	19.6	1,908	18.8	5,268	4,966
Total/average	80,916	100.0	10,318	100.0	10,138	100.0	1,275	1,253
Farm households	54,115	66.9	4,800	46.5	4,722	46.6	887	873
Non-farm households	26,801	33.1	5,518	53.5	5,416	53.4	2,059	2,021
Total/average	80,916	100.0	10,318	100.0	10,183	100.0	1,275	1,253
Rural households	64,065	79.2	7,368	71.4	7,271	71.7	1,150	1,135
Urban households	16,851	20.8	2,950	28.6	2,867	28.3	1,751	1,701
Total/average	80,916	100.0	10,318	100.0	10,138	100.0	1,275	1,253

(Source: *Reserve Bank of India Bulletin* (September, 1962).



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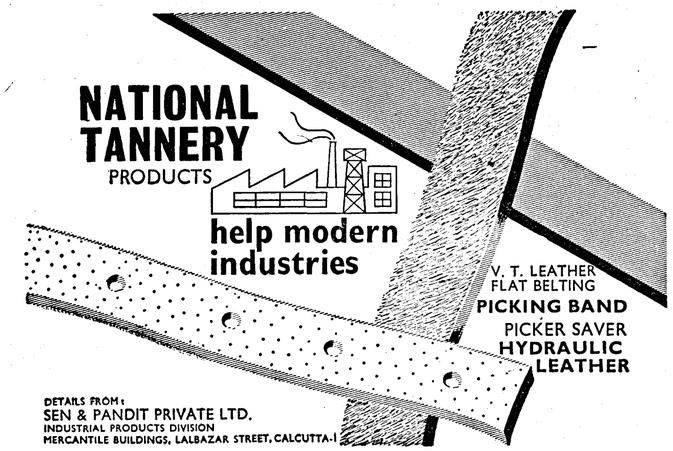

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ployed person for the country as a whole. Self-employed persons engaged in business (manufacturing, trade, transport and financial business) and the salaried class among the taxpayers also have increased their incomes, but in their case the rate of growth in income seems to have just kept pace with the rate at which average income per employed person has grown.

(7) It should be noted that there is a general feeling, though the Committee could not collect the required data to support it, that an average person whether in urban or rural areas is better fed, better clothed and even better housed in the 1960's than in the 1950's and that the working conditions have also improved generally over this period. On the other hand, since there is also some evidence that the rate of growth in income for certain high-income groups has been as high as or higher than the rate of growth in income per employed person for the country as a whole, it has not been possible for the Committee to pronounce a definite judgment, even of a broad nature, on the changes in income distribution. However, it can be stated that there is no clear indication of a significant change in income distribution over the Plan decade.

(8) Much less information is available on the distribution of wealth, among different groups in the population than on the distribution of income.

(9) Some scattered data obtained through household sample surveys indicate that there is a fair degree of concentration of personal wealth held in the form of land both among the rural and urban sectors. The distribution of personal wealth held in the form of owner-occupied houses is known only for the urban sector which indicates that there is less concentration of wealth in this form than in the form of land holdings.

(10) The available income-tax data relating to dividend incomes indicate that there is a greater degree of concentration in personal wealth held in the form of company shares than in the form of land or owner-occupied houses.

(11) Available fragmentary data relating to distribution of important items of wealth indicate that the degree of inequality in wealth distribution is higher than that in income distribution; wealth distribution seems to be more unequal than income distribution as in some other countries.

(12) If the question of income distribution is to be answered satisfactorily, there is a clear need for the Government to organise the collection of the required data: the earlier we start on this job the better. The available data on the distribution of income and wealth are too meagre to draw any firm conclusions on the issues referred to the Committee.

Some Research Findings

Some of the research findings on which the above conclusions are based may now be summarised. For instance, Mr. Lydall's estimate of the distribution of income for the year 1955-56 for the entire population, covering both the urban and rural sectors and each sector separately, shows that 86 per cent of the population had a *per capita* annual income of less than Rs. 360 and 69 per cent a *per capita* annual income of less than Rs. 240. On the assumption that persons with incomes falling between Rs. 240 and Rs. 360 are uniformly distributed over this range it appears that approximately 72 per cent of the population in 1955-56 had an income lower than the average *per capita* national income (namely, Rs. 255) for that year, and their share in total personal income was of the order of 49 per cent. Thus, nearly 28 per cent of the population, having a *per capita* income higher than the average for the nation as a whole, claimed more than 50 per cent of aggregate personal income in 1955-56.

The R.B.I. study on income distribution attempts to utilise all the available data for the purpose. But the period covered by this study is rather short—1953-54 to 1956-57. So, it is not possible to derive the trend in income distribution over the whole decade from 1950-51 to 1960-61. Still the study gives some idea of the direction of change (*vide* Table III). The main conclusions of the R.B.I. study are: (i) income distribution in the urban sector is more unequal than that in the rural sector, and within the rural sector it is more unequal in the non-farm sector than in the farm sector; and (ii) the degree of inequality in overall income distribution does not seem to have changed significantly, though the degree of inequality in the urban sector appears to have increased and that in the rural sector to have declined.

The data on income distribution available from the urban household saving survey and the rural household consumption survey, both carried out by the N.C.A.E.R., pertain to 1960. According to the N.C.A.E.R. study, the share of the top 10 per cent in both the rural and urban sectors is higher than the share indicated in the R.B.I. study, and the share of the bottom 20 per cent in both the sectors in the N.C.A.E.R. survey is about half of that estimated in the other studies. The size-distribution of income before tax for the urban household sector covered by the N.C.A.E.R. survey indicates that 75 per cent of urban households received an income which was less than the average for all urban households, while a major proportion of them (or nearly 42 per cent of all households) were actually subsisting at an income level of less than Rs. 1,000. Nearly 86 per cent of urban households received an income of less than Rs. 3,000.

As for rural households, the size-distribution of income based on the N.C.A.E.R. rural consumption survey data reveals that, while the average income for all rural households for 1960 was Rs. 1,126, roughly 61 per cent of rural households had an income of less than Rs. 1,000 in that year. Another 25 per cent of households received an income between Rs. 1,000 and Rs. 1,999, while there were some seven to eight per cent of households in the next income bracket, that is, Rs. 2,000-2,999. Thus, approximately 94 per cent of rural households had incomes under Rs. 3,000 in 1960, as compared with 86 per cent of urban households in the same income bracket in the same year. A comparison of the share in total income of the households with incomes under Rs. 3,000 among the urban and rural sectors indicates that incomes are much less unequally distributed among the rural households than among the urban. Here the bottom 86 per cent of urban households with incomes under Rs. 3,000 shared 50 per cent of aggregate income before tax (or 52 per cent after tax), whereas the bottom 94 per cent of rural households with incomes under Rs. 3,000 accounted for more than 77 per cent of aggregate rural income. The Reserve Bank study, too, shows a more or less similar result.

Studies pertaining to changes in the distribution of income within the tax-paying class indicate a fall in concentration of income among the individual income-tax assessees taken as a whole over the period 1953-54 to 1959-60. The relevant data show a marked reduction in the degree of inequality in incomes among all tax-paying assessees.

Regarding distribution of wealth, the Committee has presented the available rough estimates of aggregate wealth (value of reproducible tangible assets). These assets are owned (*a*) individually (that is, by households and single persons), (*b*) jointly (that is, by the limited and unlimited liability companies, inclding partnerships) and, (*c*) publicly (that is, by the Central and State Governments, including local authorities). A rough grouping of the data in these three categories indicates that the household sector accounted for 71 per cent of all tangible wealth (Rs. 17,086 crores) in 1950, while the shares of the organised private sector and Government sector were 12 per cent and 17 per cent, respectively. In 1961, the share of the household sector declined to 60 per cent of all tangible wealth (Rs. 32,164 crores) in that year, while the share of the organised private sector increased to 15 per cent and that of the Government sector to 25 per cent. The substantial increase in the share of the Government sector, according to the Committee, is significant in that it provides an offset to the tendency towards concentration in the private corporate sector.

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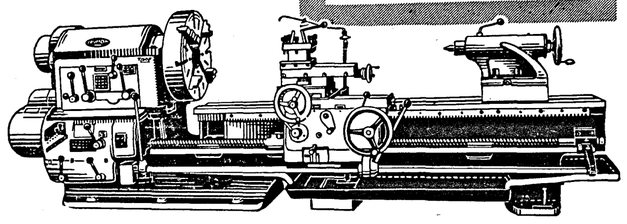

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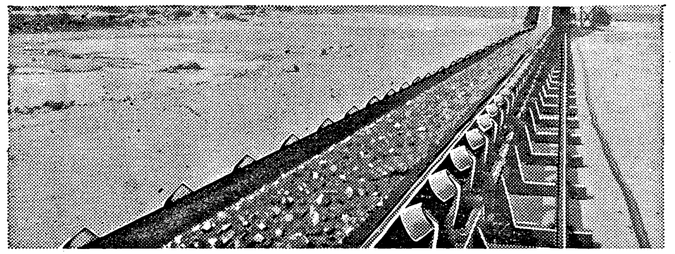

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ISSUE OF SHARES BY TENDER—I

By D. R. Pendse, M.A. (Cantab)

WHEN sound and prosperous public companies decide to increase their capital or widen their shareholding, they generally resort to such well-known methods as a public offer for sale or a placing or an introduction, etc. An essential ingredient of all these alternatives is that the sale price has to be fixed well in advance and announced in the prospectus. Such advance fixation of the price is also, perhaps, its weakest ingredient; for many uncertainties and unknown factors still remain and the price fixed does not often give results which would simultaneously satisfy the Government and the investors, the company promoters, the stock exchanges and stockbrokers alike. The search, therefore, continues for a more flexible and efficient tool for determining the price at which such offers for sale can be made. In Britain, some experiments were recently tried with the tender method for issuing shares and all yielded encouraging results. In the course of the present article, it is proposed to examine the principal features of this tender method which seem to make it particularly suitable for trial also in the Indian capital market.

The question of determining the price would arise in the case of that company the shares of which clearly indicate a premium over their paid-up value. Such a company, if not listed on a recognised stock exchange, may be seeking a quotation. It may then be advised by the stock exchange authorities and the Government to effect a wider distribution of shares as a pre-condition for the grant of a quotation. This is achieved either by the company persuading some major shareholders to offer a part of their holdings to the public through a stockbroker or by the company itself issuing additional capital and offering it to the public. In the latter case, technically, the existing shareholders, who are entitled to the new shares, renounce their rights by means of the requisite resolution. The latter case may also arise in the case of a company which is already listed on a stock exchange and which, presumably under the advice of the stock exchange authorities and the Government, makes a public offer in order to allow a still wider public participation in its achievements. This is particularly likely if the company proposes to diversify its activities.

"Correct" Issue Price

The principal problem in such cases is, of course, the determination of the correct price. Under the present practice of fixing the price in advance, usually a series of discussions take place among the promoters (the term "promoters" is used in this article to indicate the company or the "client" as the case may be) and their brokers, the stock exchange authorities and the concerned wings of the Central Government. Various general criteria such as the book value, the intrinsic value (if applicable), the market price, as well as estimates of the would-be state of the market at the time of the issue are presumably taken into account. The chief consideration with the promoters is naturally that the issue must be a success. In other words, when dealings commence, a premium over the issue price should be established. Even the stock exchange authorities would support this view, because, if many issues go on a discount over the issue price, it would adversely affect the confidence of the investors. The promoters having personally an active interest in stock market movements are further interested in as large a size of this premium as possible, because it means a greater profit per share to the successful allottees. The tendency of many promoters is, therefore, to advocate quite a low issue price—at just a nominal premium over the paid-up value or even at par. On the other hand, a large difference between the resultant market price and the issue price would not be relished by the Government, because it is dismayed to see stags usurping handsome profits which properly belong to the promoters; nor by the stock exchange authorities, because it inevitably results in hectic trading and a disorderly market. Even to the stockbrokers such a wide difference invariably means a very large oversubscription and consequently huge but futile work. The problem of fixing the "correct" price, therefore, generally boils down to striking a balance between these two opposite sets of considerations.

With the best of intentions of all the parties concerned, the balance is, however, not always happy. First, there is a time-lag between taking the decision of the issue price and actually bringing the issue on the market. This tells on the correctness of the price fixed in advance, leaving no room to make last-minute changes in the original price. Secondly, there is often some heartburning as to what the issue price should have been. Thirdly, if the issue is a fairly large one and comes from a leading management, it may have repercussions on the market prices of shares of other companies engaged in similar activities. Lastly, the method is admittedly but helplessly arbitrary, because it offers no machinery to weigh the views of those who did not participate in the discussions but who are intimately interested in the matter. All these drawbacks arise mainly from the fact that the issue price is fixed very much in advance; and all these can be avoided to a considerable extent by the adoption of the tender method of issuing shares.

A British Innovation

The tender method seems essentially to be a British innovation and was much in vogue there during the early twentieth century, when many water companies and other public utilities adopted it. The initial issued capital of these companies was often small as compared with the authorised capital, because the preliminary activities like purchase of land, surveying and the beginning of construction work would require comparatively small amounts but bigger amounts would become necessary once actual construction began. By that time, the prospects of its success were known to the market, investors were willing to participate in the equity of such companies even by paying a premium over the paid-up value of shares. The companies, therefore, adopted the tender method and got the maximum possible funds from the market by allotting the new shares to the highest bidders at their respective tender prices. The shareholding generally remained quite narrow, but then the concept of a wide base of shareholding as something desirable *per se* had not developed at that time.

Gradually, with changing needs of the market, the tender method fell in disuse. About four years ago, however, there was an unprecedented boom in the new issue market coupled with its attendant consequences, fair and otherwise. This compelled a British issue house to propose to the Council of the London Stock Exchange some time in December 1959 that they may be permitted to use the tender method for their next issue. But the Council, after giving "careful and sympathetic consideration," turned down the suggestion and decided that it could not grant quotations to issues by the tender method "until they have fully discussed with other interested parties all safeguards which may be necessary in modern conditions." Presumably, these discussions were fruitful, for, in May 1961, the Stock Exchange allowed a usefully modified version of the tender method to be used as an experimental measure for a small issue in respect of equity shares of a company called Parway Land and Investments. This revival of the tender method became a success and gradually the Stock Exchange authorities became more liberal in giving permission to issues by tender. By now, the tender method would seem to have been accepted as a useful and suitable device.

In India, this method, in a limited form is known to the money market because Treasury Bills are issued by tender. It is also said that, after the First World War, it was used for some loans of Municipalities, State Governments, etc., but data are not readily available. For issuing shares of public companies, however, this method seems to have been entirely unused and perhaps unknown.

Mechanism

In essence, under the tender method, a minimum price for the issue is fixed and applicants are invited to quote their own prices (at or above the "minimum" price) and the number of shares which they would be willing to buy at the particular prices. In order to save clerical work, it is common to prescribe that applications should be for multiples of a prescribed number of shares and that the tender price should also be a multiple of a particular amount. The application forms and the accompanying cheques are generally sent in sealed envelopes to the bankers, managing brokers, etc. (as the case may be), and all these are opened simultaneously after the closing date for the receipt of these applications.

Whenever the number of shares applied for is equal to or less than the shares offered for sale, full allotment at the minimum price, and not at the respective tender prices, is generally made, the minimum price thus becoming the allotment or the sale price. Whenever there is oversubscription, the allotment prices can either be the respective tender prices (as in the case of public utility companies in the past) or one single uniform price (as is more commonly the case now). Tenders at a price which is less than (*a*) the lowest of the allotment prices (in the first case) or (*b*) the uniform allotment price (in the other case), receive no allotment. Those at a price which is equal to the above are, if necessary, subjected to a *pro rata* diminution to the extent it is practicable. Tenders at a price higher than the above would get either full allotment or a partial allotment depending upon how the allotment prices have been fixed by the management.

The above points may be illustrated with reference to a recent British issue by the tender method. The company concerned issued 660,000 shares of a face value of 5*s.* each. The minimum tender price fixed by the promoters was 12*s.* 6*d.* Applications were received for over 1,400,000 shares at prices varying from the minimum price to 20*s.* The following table gives the shares applied for and the number of applicants at various prices. In order to facilitate further examination, cumulative totals are also given:

Tender price (Shillings)	Actual number of		Cumulative totals of	
	Applications	Shares applied for	Applications	Shares applied for
(1)	(2)	(3)	(4)	(5)
20	7	2,000	7	2,000
19	1	2,800	8	4,800
18/6-18	12	11,200	20	16,000
17/9-17	23	27,600	43	43,600
16/9-18	126	136,000	169	179,600
16/9	12	22,700	181	202,300
16/6	94	96,600	275	298,900
16/3	64	53,100	339	352,000
15	368	203,500	707	555,500
14/9	74	211,600	781	767,100
14/6	238	223,700	1,019	990,800
14/3	72	62,000	1,091	1,052,800
14	201	169,100	1,292	1,221,900
13/9	28	36,400	1,320	1,258,300
13/6	63	75,500	1,383	1,333,800
13/3-13	47	47,600	1,430	1,381,400
12/6-12/6	70	53,200	1,500	1,434,600
	1,500	1,434,600		

The "allotment price" was fixed at 14*s.* 6*d.* All applications at this or a higher price received full allotment if they were for 2,000 shares or less each. Those for more than 2,000 shares each were scaled down in a graded manner, rather in favour of the less large applications. In all 1,019 applications received allotments.

Flexibility

The principal merit of the tender method is its flexibility. By deciding on particular modes of allotment several variations of this method can be devised, so that the one which suits best can be employed in individual cases. There are four principal variations which would arise when allotment is made:

(1) at many different prices but with full allotment to all successful applicants;

(2) at many different prices, but with partial allotment;

(3) all at one single price ensuring full allotment to all successful applicants, or

(4) all at one single price but with partial allotment.

For the sake of brevity, these will henceforth be referred to as:

(1) Mf (Multiple prices, full allotment);

(2) Mp (Multiple prices, partial allotment);

(3) Sf (i.e. Single price, full allotment); and

(4) Sp (i.e. Single price, partial allotment).

Multiple Prices

The implications of these four variations are examined in turn:

The simplest form which the multiple price method could take would be to allot the shares at the respective tender prices starting from the maximum price quoted and going downwards upto that lowest price at which also allotment was to be made in order to sell all the available shares. This is Mf. In the illustrated case, if such a method has been applied, the allotment prices would have ranged from 14*s.* 9*d.*

and above at the respective tender prices but those quoting 14*s.* 9*d.* would have received a *pro-rata* scaled down allotment. Thus, applicants quoting 15*s.* 9*d.* would have been allotted 22,700 shares; those quoting between 17*s.* and 17*s.* 9*d.*, 27,600 shares, at the respective tender prices, and so on.

The principal and perhaps the only advantage of this variation of multiple prices is that the promoter would earn more money by this method than by any other variation. On the other hand, there are three implications of Mf which are not so happy: First, this would give the narrowest possible distribution of shares among the applicants, when a wide distribution of shareholding is being rightly accepted as a desirable goal. In the above illustration, only 781 out of the 1,500 applicants would have received allotment as against 1,019 that received allotment under the method actually adopted. Secondly, there will be no unsatisfied demand for the shares at all, because, at any given allotment price, except perhaps the lowest, the applicants would have received the maximum which they were willing to take up. As a result, when dealings commence, new buyers are likely to be few and far between and there is every possibility of the shares going into a discount even as compared with the lowest allotment price. This knowledge and fear would create a further selling wave and might well lead to panicky conditions which would not be appreciated either by the promoters or the stock exchange authorities. Thirdly, ignorant and rash investors who tender at ridiculously high prices might be at a terrible disadvantage and would come to grief.

A Better Alternative

These unhappy implications are moderated considerably under Mp. For example, in the illustrated case, the shares could be allotted to applicants quoting a price of 14*s.* 6*d.* and above as was actually done, but the allotment may be at the respective tender price. Since 9.91 lakh shares were applied for at 26*s.* and above, as against only 6.6 lakhs offered for sale, this would naturally mean that all these applications will have to be scaled down in order to decide the number of shares to be allotted. Thus, under Mp the lowest allotment price as well as the revenues obtained by the promoters would be less than under Mf. As against this, if the distribution shown in the above table is broadly representative of the sort of distribution which would apply in similar other cases, the Mp version would usually result in a wider distribution of shares. Secondly, there would be some unsatisfied demand at every allotment price; for example, at 15*s.* 6*d.*, while there was a demand for over 96,000 shares, only about 64,000 shares would be allotted, thus generating an unsatisfied demand for about 32 thousand shares within this group. When dealings commence, this unsatisfied demand is apt to result in a premium over the lowest allotment price. There should also be neither a panic nor any hectic trading, because there would be buyers as well as sellers at various prices. Thirdly, a partial protection is offered to rash investors, because they are allotted less than what they rashly asked for.

The protection is at best partial and, indeed, this drawback would be inherent in any method based on multiple prices, whether Mf or Mp. There would be fear in the minds of investors that, due to their ignorance of the stock market and of the inner working of the company, they might quote an unreasonably high price and would have to pay for their ignorance and suffer a loss in case they desired to sell their shares. This fear might keep away many genuine investors from such issues and if it happens often, neither the Government nor the Stock Exchange authorities would continue to appreciate it. This drawback can be eliminated completely only in a scheme of a single allotment price.

Single Price Scheme

Under the single price scheme (i.e. Sf), if the intention is to make full allotment to all successful applicants, the allotment price is simply the lowest tender price at which the number of shares applied for are just equal to those offered for sale. In other words, the allotment price under Sf is, obviously, the same as the lowest allotment price under Mf. In the above illustrated case, this would have meant the allotment price of 15*s.* 9*d.* Here too, among all the schemes based on a single price, Sf yields more revenue than any other variation, though it is less than under Mf. Moreover, from the point of view of any of the three disadvantages from which Mf suffers, Sf presents a more suitable alternative. Thus, Sf gives a wider distribution as compared with Mf. Secondly, since the allotment price would be less than the tender price for most of the allottees, they would go in for more shares and this demand would be likely to establish a premium over the single allotment price when dealings actually commence in the market. Thirdly, the rash investors would have a feeling of confidence, because they would not be harshly penalised even if their expectation of the 'correct' market price turns out to be ridiculous. A choice of Sp rather than Sf would help erase further whatever little remains of these three disadvantages; but it would also, no doubt, mean still less revenue than under Sf.

Tool of Scaling Down

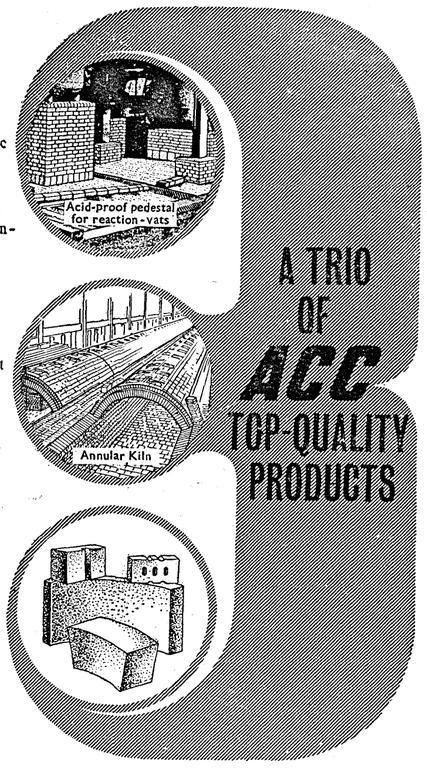
Looking from another angle, it can be said that, in the present circumstances, schemes with a partial allotment seem to be more suitable than those with full allotment because of its healthy effect on the distribution. The tool of scaling down is so versatile that any desired number of allottees can be obtained to order by adopting a particular rate of scaling down. This point is of particular significance to us in India, because the Securities Contracts (Regulation) Rules require that at least 49 per cent of the shares should be widely distributed among the public; it is often customary to interpret this phrase to imply different specified numbers in relation to different sizes of share capital of the companies seeking a quotation, and to different classes of shares.

When partial allotment is envisaged, the scaling down of the applications can be effected either at a uniform rate to all allottees, or by offering a preferential treatment to some of them, for example, the highest bidders, by allotting a higher proportion of the shares applied for as compared with low bidders. This opens up several new possibilities. Under Sp, a preferential treatment to highest bidders would mean that they will get away with a better deal without having to pay anything for it. If the promoters have announced their intention to give such a preferential treatment, this would actually constitute a temptation for investors and stags to put in higher and higher tender prices and, consequently, it would distort market dealings. Moreover, if many persons tender at prices which are higher than what they really believe to be reasonable, it would raise the average tender price and consequently the allotment price itself. In another recent British case, where the promoters had declared their intention to give preferential treatment for applications at prices higher than the allotment price, the market quotation went to a discount over the allotment price within a few days after dealings commenced. Perhaps, both the drawbacks mentioned in this paragraph would be at work in such cases. On the whole, therefore, in cases of single prices, it is advisable to stick to a uniform scaling down. A preferential treatment to the higher bidders would be more understandable in case of multiple prices.

Actually, for single prices, it is possible to argue in favour of a slight preferential treatment to the lowest (successful) bidders. Such reverse preferential treatment may discourage fancy quotations and achieve a wider distribution. Moreover, the unsatisfied demand of the higher bidders would be stronger and the chances of the market opening at a premium over the allotment price would be better.

It remains a fact, however, that as compared with multiple prices, a single price would encourage stagging. This would be all the more so in Britain because there, unlike in India, cheques accompanying the application forms are not necessarily encashed immediately. Secondly, since there is no fear of a penalty for rash investors, a single price issue would arouse greater interest and would consequently mean more paper work for the brokers.

(To be continued)



DEVIDAYAL CABLE INDUSTRIES LIMITED

EXPANSION SCHEMES PROGRESSING ACCORDING TO SCHEDULE

CHAIRMAN, MR. HARIKISHANDAS AGGARWAL'S STATEMENT

ADDRESSING the shareholders of Devidayal Cable Industries Ltd., at their First Annual General Meeting, held at Bombay on Friday, 5th June, 1964, Mr. Harikishandas T. Aggarwal, Chairman of the Company, stated that the expansion schemes of the Company were being implemented according to schedule. Additional capacity for super enamelled wires had been installed and machinery for the D.P.C. wire and strip unit is due to arrive. Mr. Aggarwal hoped that these steps would enable the Company to increase its turnover soon. He indicated that the Company might be able to pay a good dividend for the current year.

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

Before proceeding with the business of the meeting it is my painful duty to refer to the sad and sudden passing away last week of our beloved Prime Minister, Pandit Jawaharlal Nehru. The late Pandit Jawaharlal Nehru, who guided the destiny of our country since it gained independence, was essentially a man of peace. He was acclaimed and accepted as a leader in the international sphere, who had dedicated his life to the ideal of brotherhood of man throughout the world. In his death, India has lost a patriot and an international figure who devoted all his life for the welfare, betterment and upliftment of humanity. May his soul rest in peace!

As a mark of respect to the departed leader, we observe two minutes silence.

I have pleasure in extending to you a cordial welcome to the first annual general meeting of the Company after it has become a public limited company.

The Directors' report and the audited accounts have been in your hands for some time, and with your permission, I shall take them as read. Before I formally move the resolution for their adoption, I would like to make a few observations on the working of the Company since the close of the financial year, namely, 31st December 1963.

As regards prospects during the current year, I am pleased to inform you that, up to the end of April, the Company's turnover was Rs. 56.5 lakhs, as compared to Rs. 30.23 lakhs over the corresponding period for the last year. On the basis of sales for the four months, the Company is confident of achieving its target of Rs. 1.70 crore before the end of 31st December 1964.

Expansion Schemes

The Company's expansion schemes are proceeding according to the schedule. The additional capacity for super-enamelled wires has been installed. In the case of D.P.C. wire and strip unit, the machinery has been shipped in May 1964 and the building is ready. The additional capacity will be installed by the end of the year. These additional capacities will enable us to increase the turnover.

As regards the steel and alloy steel wire mill unit, the delivery of the machinery is expected by the end of September 1964. The unit will go in production early next year.

Raw Materials Policy

In accordance with the Government's policy, the Company, along with other cable manufacturers, has switched over to aluminium conductors in the manufacture of cables up to the size of 95 mm. sqr. since April 1963, as it is in the interest of national economy to conserve foreign exchange in the import of copper. The introduction of cables with aluminium conductors has aroused certain dealer/consumer resistance, as size for size, aluminium conductor cable requires a larger size conductor for carrying a given current as compared to copper conductor cables, resulting in the use of higher size of conduit pipes and fittings. This resistance is gradually subsiding, because of the Government and quasi-Government institutions adopting aluminium conductor cables for wiring purposes.

The organisational efforts of our sole selling agents, Messrs. Cable Marketing Company, have assisted in our cables finding ready market.

Your Company has been a pioneer in the manufacture of winding wires and has established a reputation for their quality.

Labour

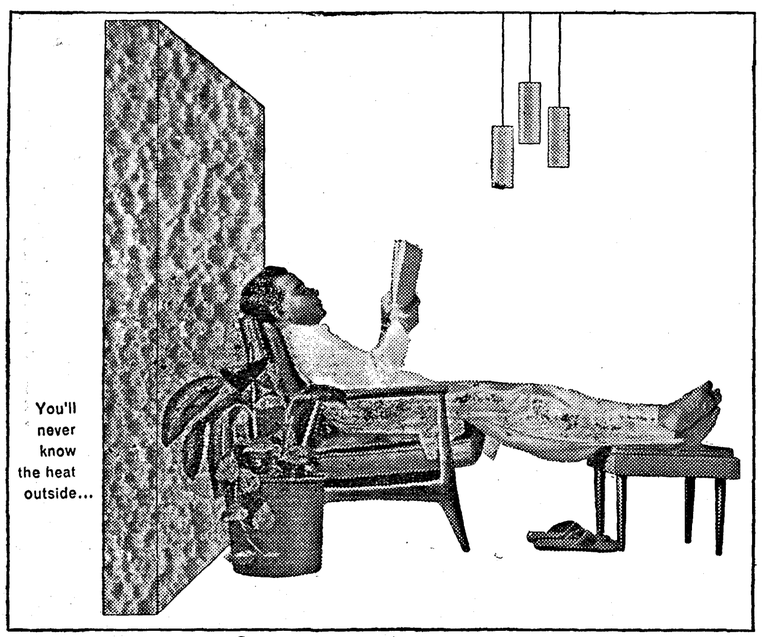
The Company is fortunate in having full co-operation from our workmen. We provide a canteen, which serves subsidised, wholesome lunch and snacks to workmen. We have introduced incentive schemes in certain sections of the factory. The workmen also get bonus every year. Since 1959, a Joint Management Council has been set up, where in both the management and the workers participate to their mutual benefit.

Prospects

In view of the production and sales trend so far, the Board is confident that the Company will be in a position to pay good dividend on the increased capital for the current year in addition to transferring a sizable amount to the general reserve.

On behalf of the Board of Directors and on my own, I wish to express our warm appreciation of the cordial relations existing, and devoted services rendered by all workmen, officers and staff of the Company during the year under report.

Note: This does not purport to be a report of the proceedings of the Annual General Meeting.



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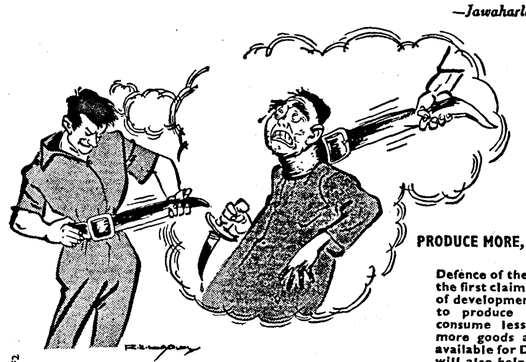

PRODUCE MORE, CONSUME LESS

Defence of the country has the first claim on the fruits of development. We have to produce more, but consume less and make more goods and services available for Defence. This will also help keep prices in check. Avoid all extravagance and waste.

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OIL REVENUES OF MIDDLE EAST GOVERNMENTS

FIFTY-FIFTY SHARING OR FIXED PAYMENT?

PERCENTAGE of profits or fixed payment per barrel—which is the appropriate basis for determining the oil revenues of Middle East Governments? Payments made under existing concession agreements in that part of the world contain elements of both. But the emphasis in government thinking has tended to shift from the former to the latter since O.P.E.C. came into being. The reasons are succinctly stated in O.P.E.C.'s latest publication, which is based on a talk given by a well-known member of its staff, Mr. Francisco R. Parra*. Says the author:

O.P.E.C. member-governments realise that their per-barrel revenue must be protected. Price decreases do not produce an increase in volume sufficient to more than offset the lower per-barrel income. In fact, the demand for crude oil at the source is so inelastic as to provide reasonable grounds for doubting whether a price change of the order of $0.20 or $0.30 per barrel has any effect at all on volume. It would therefore be extraordinarily short-sighted of any government to disinterest itself from its unit revenue.

Whether the demand for Middle East crude, as distinct from the demand for crude in general, is as inelastic as Mr. Parra here implies may be questioned in passing. The production statistics certainly give a different impression. In the past six years, a period in which free world oil consumption has gone up by one-half, crude oil production in the Middle East has almost doubled, from 178 to 344 million tons, whereas that of Venezuela has risen only 17 per cent, from 145 to 170 million. This striking disparity in growth rates surely cannot be dissociated from the relative reduction in Middle East oil prices that has occurred during this period. In consequence, the oil revenues of Middle East governments has risen by well over 50 per cent, despite the slight drop in posted prices, whereas those of Venezuela have gone up by no more than 14 per cent. Statements about the elasticity of demand for crude oil thus need careful qualification.

Accepting, however, the understandable desire of governments to protect their unit revenues, how is this to be done? There are, says Mr. Parra, only two possible ways. The first is along the lines of the old royalty system; the second is to tie taxes to a set proportion of company profits and then to ensure that those profits remain at a reasonable level by means of price control—which necessarily implies control over supply.

A fixed royalty per ton is, of course, the time-honoured way of remunerating the owners of mineral rights, including the governments of oil countries. It was the method first adopted in the Middle East, the government being protected against the consequences of inflation by tying the fixed payment (commonly 4s. sterling per ton) to the price of gold. Under this arrangement, government oil revenues fluctuated only in accordance with the volume of sales.

In the nineteen-fifties, the traditional basis was largely superseded by fifty-fifty profit-sharing arrangements. While the royalty was retained, thus giving the government a guaranteed minimum payment per barrel, provision was made that the total revenue received by the government should be equal to half the profits from crude oil production. Profits were to be calculated by deducting operating costs from gross revenue, the latter being arrived at by multiplying the volume produced by a published ("posted") price.

Implications of Fifty-Fifty

The supreme advantage of the new arangement, from the governments' point of view, was that it gave them an immediate increase in revenues. The change of base and the growth of production resulted in a fourfold expansion of government oil revenues in the Middle East in six years, from the equivalent of $238 million in 1950 to $969 million in 1956. Moreover, Governments and oil companies had a joint interest in the production and export of crude oil—and what could be fairer than an agreement to split the profits fifty-fifty?

Given that the international companies were disposed to meet the governments' desire for higher revenues, the new arrangements were advantageous from the companies' standpoint: for taxes paid to host governments could in general—though there are many complications in individual cases—be offset against income-tax liabilities in the country of domicile. For the company therefore the real cost of the additional payment to the government was generally less than the cost of an equivalent increase in royalties. In other words, the company could afford to offer the host government more by way of profit-sharing than it could by way of royalty.

What was perhaps not quite so evident to host governments was that an agreement to share profits is by implication an agreement to share risks. At that time, of course, there was a general belief that oil company profits could move in one direction only—upwards. But the profits of a business enterprise can never be determined in advance. They are the resultant of all the variables that influence costs, prices and volume of sales, many of which are outside the control of the management. Thus, while the retention of a royalty element guaranteed a certain minimum revenue to host governments, the introduction of profit-sharing arrangements meant, in theory at least, that their actual revenues could fluctuate in accordance with the ups and downs of the business.

Shedding the Risk

In the event, the governments have been largely insulated from the risks inherent in any genuine profit-sharing agreement. True, the small reduction in posted prices made in the Middle East in August 1960 might have been reflected in lower government revenues, but this effect was more than offset by the increase in the volume of exports.

Since then market prices have weakened considerably but the companies have maintained the structure of posted prices intact, meeting the cost of discounting out of their own share of the profits. As we pointed out last month, the consequence for one company—British Petroleum—is that in 1963 Middle East governments took no less than 64 per cent of the total net earnings from the group's world-wide integrated operations—£146.8 million, as compared with the company's £82.8 million.

This kind of result, unforeseen in the 1950s, has fundamentally altered the character of the profit-sharing arrangements. Mr. Parra in his pamphlet sums up the change in these words:

During the past three years the posted prices have not been decreased by the oil companies despite the worsening of the market. Other things being equal, then, per barrel revenue to member governments was stabilised during that period. Revenue is no longer a percentage of profits but a certain number of cents per barrel regardless of the level of actual profits, and this will remain true until posted prices are changed. Thus, the fiscal system in the Middle East has in practice come to resemble the old type of royalty payment more than a tax on profits. But this is obviously an unstable situation which cannot endure as the market strain on the companies increases and the temptation to cut posted prices (and therefore taxes) grows correspondingly.

It is therefore the fear of a cut in posted prices that leads to the plea for formal recognition of the desire to stabilise per-barrel revenues. The practical question is whether the desired goal could in fact be reached by either of the routes indicated by Mr. Parra.

Safeguarding the Revenue

The first alternative—that governments should receive a flat payment per barrel, along the lines of the old royalty system—is surely a non-starter. It seems unlikely that Middle East governments in general would be prepared to forgo the potential advantages of the existing arrangements and revert to a fixed royalty per barrel. And if they were willing to do so, the international oil companies would surely find it well-nigh impossible to agree. Because of the possibility that royalty payments to host governments could not be offset against income-tax liabilities at home, the lion's share of the oil companies' remaining profits might be swept into the tax collector's maw. What was left over would then be insufficient to finance the investment needed to keep the enterprise going—and government revenues would suffer correspondingly.

The second alternative—that government revenues should be tied to profits, which should in turn be kept at "a reasonable level" by means of price controls—bristles with difficulties. Most decisive, perhaps, is the consideration that any such arrangement would excite the critical attention of the U.S. Department of Justice. American oil companies are subject to the provisions of the anti-trust acts even in their foreign operations. For this reason they could not consent to be parties to any price-fixing arrangements, even if they (in common with other companies) considered such arrangements to be desirable.

Nor could the reactions of the developing countries be disregarded. How could the governments of such countries be induced to acquiesce in a restriction scheme the avowed object of which was to control the supply and keep up the price of the oil which they so urgently need for their economic development? These two obstacles appear to be pretty well insurmountable.

If the advocates of production control believe that these objections in principle could somehow be disposed of, they still have to get down to details. They must devise a restriction scheme capable of winning the unanimous support of O.P.E.C.'s eight member-governments. For unanimous support would be indispensable if the scheme was to be viable. Each member country would have to be given a production quota. On what basis? On the basis of past exports? This would be quite unacceptable to the newer members (particularly Libya, and Algeria if this country joins the organisation) where expansion is most rapid. In proportion to proved reserves? This would involve—assuming that reserves estimates on a uniform basis could be agreed by the members—such a drastic change in the existing pattern of production as to be unacceptable. When one takes account of the diverse interests of the producing countries and the need to relate crude oil production to the pattern of demand, the task of drawing up a workable scheme acceptable to all the governments appears formidable indeed.

In this connection it is easy to be misled by the example of Texas—which, undeniably, has a workable prorationing scheme. But the Texas Railroad Commission, which fixes the monthly production "allowables," has behind it all the authority of the State: it is in a position to impose its will on the individual producers.

Facing Realities

That well-nigh insurmountable obstacles, both of principle and detail, would jeopardise any attempt to keep up prices and profits by controlling crude oil production is certainly not news to Mr. Parra. It may perhaps be inferred that his main purpose in ventilating the question was simply to emphasise the unwillingness of Middle East governments to accept the risk inherent in a true profit-sharing agreement in a period of sagging market prices. As he explicitly points out, the risk is kept in abeyance so long as posted prices are maintained at the present artificial level. The implication, as the companies must be fully aware, is that Middle East governments would not countenance any reduction in posted prices; and, in present market conditions, this means, in effect, that the profit-sharing arrangements are no longer fifty-fifty.

Payments to Middle East governments amount in most cases to well over 50 per cent of the true profits from crude oil production, and the percentage may vary from year to year. To all intents and purposes, these payments now have the character of a large flat-rate addition to per-barrel costs of production, with the operating company alone undertaking the risk-bearing function. It could be argued that recognition of this change was implicit in the recent round of negotiations between companies and Middle East governments—negotiations in which the difference between the parties was reducible to so many cents per barrel. This position having been reached, the two parties may well go on to devise new arrangements that would satisfy the legitimate aspirations of host governments without robbing the companies of their freedom of action in the matter of prices.—*By Special Arrangement with Petroleum Press Service.*

*The Oil Industry's Organisation in the Middle East and Some of its Fiscal Consequences. Published by O.P.E.C.

A CORRECTION

In the article on Russian competition in oil, published on page 852 of *Commerce* dated 16th May 1964, it was stated that, according to the forecast of the National Petroleum Council of the U.S.A., the Soviet bloc oil exports to the free world, including shipments to Cuba, would rise from 37 million tons in 1963 to 38¼ million tons in 1965. The latter figure should be 48¼ million tons and not 38¼ million tons.

NEW PRODUCTS AND PROCESSES

Two-pedal Driving for Trucks

DEVELOPMENT of a supercharged diesel "differential power system" that provides two-pedal driving for heavy and medium commercial vehicles and increases their efficiency was announced recently by a British firm, F. Perkins Ltd., Peterborough, Northamptonshire, England. The system, which has many other potential applications—for example, in dump and fork-lift trucks, bulldozers and other earthmoving machinery, locomotives and off-highway vehicles—is automatic and allows a major simplification of the transmission, which gives greater efficiency and better fuel economy, particularly at high speeds and with big loads. The aim of the development was to produce a power unit that provided constant horsepower, or a torque output that rose steeply as engine speed was reduced. It has been achieved by interposing an epicyclic type of differential gear between the engine and the output shaft. One member of the differential gear operates a mechanical supercharger that feeds the engine air intake. The supercharger drive "senses" when an increase in engine torque is required and boosts the air supply. Engine torque is increased by more than 200 per cent over the working speed range, compared with 10-20 per cent for a conventional engine. With a special torque converter, the increase can be as much as 7 to 1 over the range.

Motor Scythe and Lawn Mower

A new rotary scythe is to be exhibited by a British firm, Mayfield Engineering Ltd., Sussex, at the Public Works and Municipal Services Exhibition in London later this year. By unscrewing two nuts the scythe can be detached and a 24-in. wide lawn mower, or other attachment, fitted. The 4-stroke engine has two forward speeds of 2½ m.p.h. and 1½ m.p.h. for light or heavy growth, a single plate clutch and a recoil as well as a lever starter. Both the rubber-tyred 14-in. diameter driving wheels have a free wheel to facilitate turning and can be locked to the axle for descending steep slopes. An adjustable Vee-belt runs from the engine to a vertical shaft at the bottom of which is a cutting disc. Attached to the disc are four double-edged, pivoted knives which are free to swing clear when obstructions are encountered. By reversing the Vee-belt, both cutting edges can be used.

New Wire Recorder

A new magnetic wire recorder for aircraft, developed in Britain by S. Davall and Sons Ltd., Perivale, Greenford, Middlesex, England, and designed for the retrieval of recorded data under the worst conceivable conditions, has been selected by British European Airways for all its fleet. It consists of a quick-release cassette, containing the wire and three heads for erase, write and read, and a drive unit. One loading of wire gives 200 hours recording time. The cassette, which weighs 15 lb. and measures about 6 in. by 9 in. by 4 in., withstands exposure to flames of 800 deg. C. for 15 minutes over 50 per cent of its surface. It will also withstand 100 g. impact shock at the attachment points and a static load of one ton in any direction.

"Clear View" Device for Drivers

A simple device that gives the motorcyclist and racing car driver a clear view ahead in rain, sleet and snow has been developed by a London firm, Cleaver-Hume International Ltd., 29 Wright's Lane, Kensington, London, W. 8. It consists of a convex disc of transparent plastic large enough to cover the upper half of the face. The disc, which turns on ball bearings and is secured to a harness that fits on the driver's crash helmet, has plastic vanes set around its edge. The whole is so finely balanced that, even at a speed of 10 m.p.h., the slipstream makes the disc rotate fast enough to throw off rain, snow or sleet, leaving the driver with a clear view. The device, including its harness, weighs only 10 oz.

Low-cost Gas Chlorinator

A small, low-cost gas chlorinator, made mainly of plastics and designed for wall mounting, has been introduced by a London firm, Chlorination Equipment Ltd., 129 Kingsway, London, W.C. 2. It operates without heat and does not require a drain. Maximum output is 2 lb. of chlorine an hour against a mains pressure of up to 80 p.s.i. Safety devices cut off the flow of chlorine if the water supply is interrupted or if there is a loss of gas vacuum.

Road-marking Paint

Tests in the Arabian Gulf area, where surface abrasion is very severe, preceded the recent introduction of a new British road-marking paint, made by Detel Products Ltd., Stonefield Way, Victoria Road, Ruislip, Middlesex, England. It is based on a rubberised material that gives elasticity and flexibility, and it incorporates finely-divided granite that makes it highly resistant to traffic wear. It dries sufficiently in 15 to 20 minutes, even in cold weather, to allow traffic to pass over it.

Adhesive Fabric

A new type of British furnishing fabric in a linen/cotton mixture has an adhesive on one side and can be stuck on to uncoated or varnished wood, plain or painted plaster, brick or glass. The material is said to be a considerable advance on similar materials made from other fibres. It is shrink resistant, and difficulties experienced in earlier efforts to prevent the adhesive from causing blotches in the yarn have been overcome. It is being aimed especially at the architectural field, but is also suitable for use by painters and decorators, and by do-it-yourself enthusiasts, says the makers, namely, Crest Weaving Co. Ltd., Hilltown, Dundee, Scotland.

Artificial Leather

An economical way of making artificial leather ranging in texture from soft kid to tough cow hide has been patented jointly by two Japanese firms, Toyo Cloth Company Limited, of Osaka, and Toyo Rayon Company Limited, of 2, 2-chome, Nihonbashi-Muromachi, Chuo-ku, Tokyo. An alcoholic solution containing a salt such as calcium chloride, a polymer and a catalyst is applied to a cloth backing and then, after it has set (by heating it for 20 minutes), the salt is leached out with water. A "breathable" layer is left whose porosity and texture depend on the polymer and salt used. Dyes can be added as necessary.

Asbestos Paper

A Canadian Company, namely, the Dominion Tar and Chemical Company, of 2,240, Sun Life Building, Montreal, Quebec, claims to have found a way of making very strong asbestos paper, and of making it cheaply, by using short, almost waste fibres instead of long ones. Uses of the paper range from non-inflammable kitchen cloths to furnacemen's aprons and gloves. The Company believes that it will increase the sale of asbestos waste. A slurry of the fibre is spread out on a wire mesh and drained and pressed as usual and a special polymer is used as the binding agent. An incidental advantage of the polymer is that it allows the slurry to drain and dry more quickly.

Non-brittle Lacquer

Deutsche Gold-Und Silber-Scheideanstalt, of 9 Weissfrauenstrasse, Frankfurt (Main) 1, Germany, has patented a lacquer which sets shiny and hard like varnish yet is sufficiently flexible not to develop even microcracks when repeatedly cooled to minus 20 degrees Centigrade and warmed up again. Since it can be brushed or sprayed on to concrete and stone as well as metal and wood, it is suitable for gloss-coating practically anything from the inner parts of refrigerators and the floors of cold stores to garden furniture.

Remote Control of Power Supplies

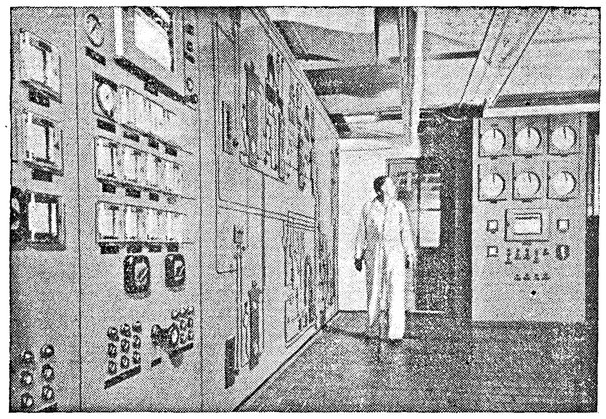
A system that enables engineers in a single control room to supervise power supplies to all the 25-kV. A.C. electrified railway lines radiating eastward from Liverpool Street Station, London, has been installed by Standard Telephones and Cables Ltd., of Britain. It covers altogether some 110 miles of electrified track and supervises 45 trackside sub-stations. The heart of the system is a "mimic diagram" 40 feet (12,2 m.) long which depicts the complete electric power network by means of coloured lines and symbols engraved on 1-inch-square mosaic tiles. Circuit breakers and other remotely-supervised switches are represented by 1-inch square semaphore keys which indicate the state of the switchgear and can be turned by hand to alter it. Alarms representing faults such as excessive temperature of transformer windings are also shown in the appropriate position. Signals are transmitted between control room and sub-stations by a voice-frequency telegraph system using twelve channels from 1,140 to 2,450 c/sec. In front of the mimic diagram is a control desk for two engineers who can, for example, obtain details of the supply voltage at a remote feeder station, determine the power consumed at a feeder station during the previous half hour, or alter the tapping on a transformer.

New Silicon Diodes

A new silicon diode intended for rectifier equipments on A.C. locomotives and motor coaches is introduced by Westinghouse Brake and Signal Co. Ltd., of Britain. It is rated at 300 amps. continuously and will survive a fault current of 1,400 amps. for 5 cycles when a motor flashover occurs, giving time for the high-voltage circuit-breaker to open and isolate the fault. Hitherto 150-amp. cells with a maximum fault current of 700 amps. for 5 cycles have been used by British Railways, so only half as many of the new cells will be needed, with consequent savings of space and cost. The new diode, known as the Type SxFN300, has a base only 2⅜ inches square and is 1⅞ inches (48 mm.) high. Its flat square copper base and four fixing holes enable it to be bolted very firmly to a heat sink, with good thermal contact. Current need not be carried across to the heat sink since terminals for external connections are taken directly from the top of the anode and from the base. 54 A.C. multiple-unit motor coaches now being built for British Railways by The English Electric Co. Ltd., will use these new cells.

CLEARER-THAN-GLASS PLASTICS

A rigid, cast acrylic material, said to be clearer than glass and with a light transmission factor of 92 per cent compared with an average of 87 per cent for ordinary glass, is now being produced in Britain by BX Plastics Ltd., Manningtree, Essex, England. It is only half the weight of glass, but its impact strength is many times greater. Its clarity and surface gloss are unaffected by rapid temperature changes, and it resists many organic and inorganic corrosives, acids and alkalis.



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PBS-H 10/62

NEW INDIA SUFFERS A SETBACK

DEVELOPMENTS AT HOME AND ABROAD AFFECT BUSINESS

GENERAL insurance is truly an international business. No company, especially companies like the New India Assurance Company, Ltd., which does business in more than one country can, therefore, expect to have its business unaffected by international developments. It is, therefore, not surprising that the accounts of the New India Assurance Company Ltd. (*Managing Director:* Mr. B. K. Shah, Bombay), which writes general insurance business in five Continents, for the year ended 31st December 1963, reflect the impact on its business of the political and economic developments in such countries as Indonesia, Burma and Ceylon. The devaluation of the Indonesian currency, as well as restrictive legislation in Burma and Ceylon, also impinged on the Company's foreign business. This, coupled with the planned corrective measures adopted by the Company itself in several countries, particularly those with disturbed political and economic conditions, resulted in a decline in the premium derived by the Company from its foreign business.

Nearer home, in India, too, conditions were not very favourable. The calendar year 1963 was the first full year to experience the impact of the national Emergency on the economy and, through it, on general insurance. Added to this was the reduction in fire premium rates and restrictions on the sale of motor vehicles which followed in the wake of the Emergency. All these had an adverse effect on the business of the Company. In the result, there was not only a decline in net premium but also a simultaneous increase in claims cost, commission, expenses and taxes. This squeeze on the profit-margin from both sides—the revenue side and expenses side—resulted in the net profit for the year declining from Rs. 73.06 lakhs for 1962 to Rs. 61.50 lakhs, a drop of 15 per cent.

The Directors have, however, proposed to maintain the dividend at last year's level of Rs. 4.50 per share, subject to deduction of tax. In addition, they propose to pay, as in the previous years, a bonus of Re. 1.20 per share, subject to deduction of tax, out of the profits for the year and the balance of Rs. 8.2 lakhs being the compensation received from the Life Insurance Corporation of India. The total distribution to shareholders, on this basis, works out to Rs. 64.9 lakhs, as against Rs. 54.1 lakhs in 1962. This increase in distribution, in spite of the dividend being the same as in the previous year, is accounted for by the increase in paid-up capital brought about by the issue of bonus shares in 1963. The following table summarises the working results of the Company for the year 1963, as compared with those for the previous two years:

(In lakhs of rupees)

	Year ended 31st December		
	1963	1962	1961
Fire :			
Net premium	332.86	447.25	442.40
Claims	201.14	195.38	165.05
Commission and expenses	178.47	197.14	196.89
Underwriting profit or loss (+).	+42.56	+59.90	+72.33
Fire fund	196.43	22362	221.20
Marine :			
Net premium	284.46	293.44	244.00
Claims	179.88	176.17	180.88
Commission and expenses	95.84	74.28	60.50
Underwriting profit or loss (+).	+23.17	+6.93	Nil
Marine fund	284.46	293.44	244.00
Miscellaneous :			
Net premium	644.34	626.65	578.92
Claims	394.49	359.77	290.47
Commission and expenses	224.82	220.68	194.54
Underwriting profit or loss (+).	+30.61	+37.39	+51.06
Miscellaneous fund	322.17	313.32	289.46
Net profit	1.50	73.06	74.57
Provision for taxation	59.74	67.34	58.95
Dividend	64.94	54.12	54.12

As will be seen from the above table, the combined net premium suffered a setback from Rs. 13.67 crores in 1962 to Rs. 13.22 crores. This was due mainly to the decline in premium from the Company's foreign business, both direct and reinsurance. The overall claims cost rose from 53.7 per cent in 1962 to 58.7 per cent, the increase being essentially due to the adverse experience in respect of both direct and reinsurance business in foreign countries, especially the U.K., W. Europe, Singapore and Australia. Commission, expenses, taxes and other charges, too, were higher at 37.8 per cent of premium, as against 36 per cent in the previous year. The increase was largely due to exchange loss on account of the devaluation of the Indonesian currency. Reflecting the higher claims and other costs, the combined underwriting profit declined from Rs. 104 lakhs in 1962 to Rs. 96.34 lakhs in 1963.

An analysis of the fire department's accounts shows that net premium in the department declined by Rs. 54 lakhs. The claims ratio, too, was higher at 51.2 per cent as against 44.5 per cent in the previous year. Expenses of management, taxes and other charges also were higher by 1.7 per cent at 21.6 per cent. Commission, however, registered a decline of 0.4 per cent. The overall cost of the department at 45.5 per cent showed an increase of 1.3 per cent, as compared with the previous year. The underwriting profit consequently dropped to Rs. 42.6 lakhs from Rs. 59.9 lakhs in 1962, which works out to 10.8 per cent of premium, as against 13.4 per cent in 1962.

Premium income in the marine department also was lower by Rs. 9 lakhs at Rs. 2.84 crores. The claims ratio increased to 63.2 per cent, that is, 3.2 per cent higher than in the previous year. This, coupled with the higher commission paid and expenses of management, inflated the overall cost in the department to 33.7 per cent, as compared with only 25.3 per cent in the previous accounting year. After providing for 100 per cent reserve for unexpired risks and taking credit for interest on departmental funds, the accounts show a surplus of Rs. 23.2 lakhs as against Rs. 6.93 lakhs in the previous year.

In the miscellaneous department, premium income increased by Rs. 17.7 lakhs. The claims ratio was 3.8 per cent higher than in the previous year at 61.2 per cent. While commissions paid declined by 1.2 per cent, expenses of management taxes and other charges showed a small increase of 0.9 per cent as compared with the previous years. The overall cost of the department worked out to a lower figure of 34.9 per cent, as against 35.2 per cent in 1962. The underwriting profit amounted to Rs. 30.6 lakhs, as against Rs. 37.4 lakhs in 1962.

After crediting the profit and loss account with the underwriting profit of Rs. 96.34 lakhs and providing for other income and outgo, the gross profit, subject to tax, is lower at Rs. 1.21 crore, as against Rs. 1.40 crore for 1962. The net profit, after providing Rs. 59.7 lakhs for taxation, amounts to Rs 61.50 lakhs. Of this profit, a sum of Rs. 2.8 lakhs has been transferred to the gratuity reserve and the balance of Rs. 58.7 lakhs to the dividend reserve. A sum of Rs. 8.21 lakhs has been transferred from the capital reserve to the dividend reserve. The proposed dividend and bonus would absorb Rs. 64.94 lakhs, leaving Rs. 2.94 lakhs in the dividend reserve to be carried forward.

The market value of the investments of the Company, as on 31st December 1963, stood at Rs 12.11 crores, showing an appreciation of Rs. 40 lakhs over the book value of Rs. 11.71 crores. The Company had, as at the end of 1963, capital and reserves aggregating Rs. 13.28 crores, comprising a paid-up capital of Rs. 1.71 crore, reserves of Rs. 3.54 crores and departmental funds amounting to Rs. 3.03 crores.

(*Concluded from next column*)

Rs. 6.46 lakhs in the previous year. After crediting to the profit and loss account the net underwriting profit and taking into account interest, dividends and other expenses, the amount available for appropriation, including Rs. 11,948 brought in from the previous year, aggregates Rs. 12.33 lakhs, as against Rs. 11.65 lakhs in the previous year. Out of this a sum of Rs. 3.50 lakhs has been transferred to the general reserve and the balance of Rs. 8.83 lakhs to the dividend reserve from which will be paid the proposed dividend of 8 per cent per annum, subject to tax; this will absorb Rs. 8 lakhs.

The funds and reserves of the Corporation as on 31st December 1963 aggregated Rs. 3.45 crores, comprising a paid-up capital of Rs. 1 crore, general reserves of only Rs. 7 lakhs and departmental funds of the order of Rs. 2.37 crores.

REINSURANCE BUSINESS IMPROVES

INDIA RE.'S RESULTS ENCOURAGING

THE past year was a comparatively favourable one for general insurance in India. Although the profitability of the business during the year was lower than in the previous years, all classes of general insurance business recorded encouraging increases in premium income. The rate of growth of fire premium, however, slowed down during the year, but this was due to the reduction in fire tariff rates in the previous year. The higher claims and other costs, of course, reduced the profitability of fire business, but this was offset, to some extent, by the improvement in marine business and the higher profitability of such miscellaneous insurance accounts (except motor) as burglary insurance, cash-in-transit, personal accident, fidelity, third party, engineering contractors' all risks and solvency and credit.

These encouraging trends in general insurance are reflected in the working results of the India Reinsurance Corporation (General Manager: Mr. R. M. Desai, Bombay) for the year ended 31st December, 1963. The gross premium written by the Corporation in all the departments amounted to a little less than Rs. 7 crores (Rs. 6.99 crores to be precise), as compared with Rs. 5.87 crores in 1962. The net premium, after fulfilling the statutory and other retrocession obligation, aggregated Rs. 3.89 crores an increase of Rs. 61 lakhs over the 1962 figure. The overall claims amounted to Rs. 2.13 crores or 54.7 per cent of net premium, as compared with Rs. 1.68 crore or 51.1 per cent of premium in the previous year. Commission and other charges, however, were lower at Rs. 1.29 crore, or 33.1 per cent of premium, as against Rs. 1.10 crore or 33.7 per cent of premium in the previous year. Expenses of management too accounted for a smaller per cent of premium as compared with the previous year. Thus, the ratio (of expenses to premium) was 1.7 per cent, as against 2 per cent in 1962. As a result of the improvement in commission and expense ratio, the aggregate underwriting profit increased from Rs. 6.46 lakhs in 1962 to Rs. 10.70 lakhs during the year under review. The year's business resulted in a net profit, after taxes, of Rs. 12.21 lakhs, as compared with Rs. 9.07 lakhs in the previous year. After strengthening the general reserve by Rs. 3.50 lakhs, the Directors have proposed to maintain the dividend at last year's level of Rs. 40 per share, subject to deduction of tax, being 8 per cent of the paid-up value of Rs. 500 each with a face value of Rs. 1,000. The following table highlights the salient features of the working of the Company during the year under review, with figures for the previous two years given for purposes of comparison:

(In lakhs of rupees)

	For the year ended 31st December		
	1963	1962	1961
Fire :			
Net premium	147.38	136.08	114.00
Net claims	68.69	62.20	48.90
Commission, etc.	55.08	55.90	44.91
Expenses of management	3.22	3.46	2.84
Underwriting profit or loss (+).	+15.84	5.23	3.33
Fire fund	73.69	68.04	57.00
Marine :			
Net premium	85.14	74.12	59.68
Net claims	61.05	55.01	38.90
Commission, etc.	21.61	17.00	14.53
Expenses of management	0.93	0.94	0.74
Underwriting profit or loss (+).	—7.24	—11.40	—11.18
Marine fund	85.14	74.12	59.68
Miscellaneous :			
Net premium	156.71	118.00	85.17
Net claims	83.32	50.57	33.61
Commission, etc.	51.32	37.58	28.13
Expenses of management	2.56	2.25	1.69
Underwriting profit or loss (+).	+2.10	+12.63	13.13
Miscellaneous fund	78.36	59.02	42.58
Net profit	12.21	9.06	9.79
Provision for taxation	8.00	6.00	3.50
Dividend	8.00	8.00	8.00
	(8%)	(8%)	(8%)
Carry forward	..	0.12	2.58

The underwriting profit in the fire department, as will be seen from the above table, spurted from Rs. 5.23 lakhs in 1962 to Rs. 15.84 lakhs. The marine department continued to be in the red. But the loss suffered in 1963 was substantially less than that in 1962, being only Rs. 7.24 lakhs, as against Rs. 11.40 lakhs. Underwriting profit in the miscellaneous department, however, suffered a sharp setback; it declined from Rs. 12.63 lakhs in 1962 to a mere Rs. 2.10 lakhs in 1963. Nevertheless, the total underwriting profit in all the three departments taken together, was, as noted above, higher at Rs. 10.70 lakhs, as against only

(*Continued in previous column*)

WILL LAC BE ABLE TO SURVIVE?

GROWING COMPETITION IN WORLD MARKETS

THE success achieved in finding and developing synthetic substances serving as substitutes for lac in many of its uses has jeopardised the position of Indian lac, exports of which have rapidly declined in the past few years. Until not long ago, export trade in lac was a virtual monopoly of India. Besides being a subsidiary source of income to the economically underdeveloped regions in the States of Bihar, Orissa, Madhya Pradesh, Maharashtra and Assam, the industry has for many years been an important earner of foreign exchange. Even a decade ago, India was the major exporter of various varieties of lac to the world markets, but today a situation has arisen when it is finding it difficult to sustain this trade mainly for two reasons. First, there has been a steep decline in the world demand for lac, as the use of synthetic resins has been increasing on account of their cheapness and suitability to the modern techniques of production. The world consumption of lac during the period from 1955 to 1961 came down from 45,200 tons to 38,000 tons, a decrease of about 15 per cent. In the year 1960-61. India and Thailand, the two chief producers of lac in the world, produced 68,000 tons of lac but their exports to the world market were only 37,600 tons, leaving 39 per cent of the total production of the two major countries which provide 99 per cent of the total imports of the world, unutilised. Secondly, Thailand has come up as a tough competitor to Indian lac in recent years. During a period of 20 years, it has increased its share of export from 9 to 30 per cent, whereas India's share has come down from 90 per cent to about 70 per cent.

The following table shows the value of exports of Indian lac in all its varieties during the period from 1951-52 to 1963-64:

Total Exports of Lac from India

(Value: In crores of rupees)

1951-52	..	14.84	1958-59	..	..	5.74
1952-53	..	7.42	1959-60	..	..	6.37
1953-54	..	6.69	1960-61	..	..	6.33
1954-55	..	10.55	1961-62	..	..	4.62
1955-56	..	11.77	1962-63	..	..	4.80
1956-57	..	9.47	1963-64	..	..	4.62
1957-58	..	6.86				

It is clear from the figures above that the situation facing the export trade of our lac industry is, in fact, alarming, because within a period of 12 years the exports of this commodity have gone down to one-third of what they were. There was a time when even the small quantities of lac produced in the neighbouring countries used to be imported into India and were processed along with the indigenous lac before it was exported to countries using the same. Now the position has been completely reversed.

Indian lac is exported in the form of shellac, seed lac, button lac, etc. and, on an average, has been contributing about Rs. 5 crores annually to the foreign exchange earnings of the country during the last three years. The peak contribution of Rs. 14.84 crores made in the year 1951-52 now appears to be a far cry. Nevertheless, every effort must be made to step up the exports of this commodity. The industry must be put on a scientific footing through the discovery of new uses and application of latest techniques.

Although extensive research work is in progress and various artificial substitutes have been discovered to replace lac in some of its uses, lac is still unique as a natural resin, because it is the only commercial resin of animal origin. Lac, as readers are aware, is a hardened secretion of a small insect, commonly known as lac insect, which is usually a parasite on certain trees called host trees. Lac cultivation depends on many factors such as the location of host trees and their proper infection and cropping. For the collection of crop, the encrusted twigs are cut down and the lac separated. In its crude form, the lac is known as sticklac. It is in this form that the lac product is brought to the market. After it has been washed with water and cleansed, it is known as seedlac which is later on further refined by a process of hot filtration for conversion into shellac, button lac, dewaxed lac and dewaxed decolourised lac. Over 90 per cent of India's exports of lac is in the semi-refined form of seedlac or refined form of shellac. Certain bye-products of the industry, such as *malamma* and *kiri* which are refuse products, are also exported. The refining operations are carried out within the small-scale factories in different parts of the country and in one large mechanised factory in Calcutta, which is also the port through which practically all the lac is exported to other countries.

Marketing

The *modus operandi* of the marketing of lac product in India is that the cultivator brings his produce to the market near his home. The produce of an individual producer is never more than 4-10 seers per season. This is purchased by middleman who then sells it to the representatives of factories. After the necessary processing in factories, lac is despatched by rail or road to Calcutta for export to foreign markets.

The first efforts towards rationalisation and proper functioning of the lac industry in India were made in the post-World War I period. Following the wide fluctuation in the price of lac, as also shortfalls in the production, the Government of India appointed early in 1920 a two-man Committee to enquire into the conditions of lac trade and suggest measures for its improvement. In order to bring price fluctuations and adulteration in the lac industry under check, the Committee suggested adoption of intensive and systematic cultivation according to scientific methods. As a result, the Indian Lac Association for Research was formed in 1921 and entrusted with the task of establishing the Indian Lac Research Institute at Namkum, Ranchi (Bihar). In the year 1930, the Government of India constituted the Indian Lac Cess Committee under the Indian Lac Cess Act of 1930 which replaced the Indian Lac Association for Research. The major function assigned to the Committee were looking after the cultivation and marketing of lac. The Research Institute at Ranchi is being maintained by this body within the framework of the Ministry of Food and Agriculture. Originally, the functions of the Institute consisted chiefly of laying emphasis on cultivation aspects of lac with the object of improving methods of cultivation and also the quality of produce. In later years, however, with new developments, the scope of the Institute was broadened to include investigations on fundamental aspects of both entomological and chemical research as also developments deserving immediate attention such as improving the methods of shellac manufacture and also finding out new uses of lac. After World War II, the Institute's scope of activities was further widened. A separate wing was opened to be in charge of propaganda and demonstration of scientific and improved methods of lac propagation. In order to meet the requirements of skilled personnel for lac developmental programmes, a large number of persons are also being trained by the Research Institute in the application of improved methods of lac cultivation, as also in the industrial utilisation of lac.

At present, the Indian Lac Cess Committee is actively engaged in the research work on fundamental and applied aspects of lac entomology and cytological, physiological and genetical aspects of lac insect. Experiments have been made to determine the best method of raising Moghania plantation. On the chemistry side, a pilot plant, capable of bleaching 45 kgs. of seedlac per day, has been installed and successfully operated. Two new regional laboratories have been opened at Balrampur and Daltonganj. In addition, construction of an air-conditioned godown for storage of seedlac and shellac at Calcutta has been taken up by the Institute. A scheme for estimating crop production based on random sample surveys has also been brought into operation.

Price Stability

Besides the Cess Committee, which has an extension wing to popularise scientific techniques and publishes statistics of lac trade and industry, the Government of India has established a Shellac Export Promotion Council at Calcutta, which works in close collaboration with the Indian Shellac Exporters' Association. In order to prevent wide fluctuations in the prices of lac, minimum prices for all grades of lac meant for export have been fixed. This also serves the purpose of protecting the lac growers at home and overseas buyers from cut-throat competition. Realising the need for maintaining buffer stocks to stabilise prices, the Government of India formulated a new scheme in the year 1961 for price stabilisation and promotion of exports of lac. Under the Scheme, the State Trading Corporation was authorised to act as a buffer stock agency to regulate the purchase of lac as also the export prices of lac. The State Trading Corporation operates in the lac trade through a Seedlac Buffer Stock Scheme with buying offices in all the major lac refining centres, namely, Gonda, Balrampur, Ranchi and Daltonganj. Of late, there have been some complaints against the operations of the State Trading Corporation. One of them is that Corporation is operating with a profit-motive than with the object of helping the industry to regulate prices and promote exports of lac. It is said that the margin between the price offered by the State Trading Corporation for the best quality of Seedlac and the minimum price fixed for exports is unduly high in its favour. If this is true, it is not clear how the growers will feel encouraged to step up production of lac and improve the quality of the commodity.

It would be interesting to note here the changes in the trend of offtake of Indian lac by the principal importing countries. Lac from India is mainly exported in the form of shellac which, as said earlier, is refined seedlac after hot filtration of lac in its crude form. The chief consumer of lac in its crude form. The U.S.S.R., U.S.A. and U.K. The following table shows the annual intake of Indian shellac by these countries:

(In lakhs of rupees)

	1960-61	1961-62	1962-63	1963-64
U.S.A. ..	55	39	46	39
U.K.	52	37	44	37
U.S.S.R. ..	44	56	50	74

In the United States and the United Kingdom, India has yielded ground to Thailand. The quality of Thailand shellac is not as high as that of Indian shellac, but, as its price is cheap, it pays the importers in the U.S. and the U.K. to import them and refine them further before use. The Soviet Union has emerged as the major market for Indian shellac. But one cannot bank on that country maintaining that position, because the tremendous scientific developments that are taking place in that country will surely make it possible for it to find cheaper substances at home. Further, it is said that Russia is already planning production of lac in bulk quantity and for this purpose lac insects have been imported and are being acclimatised to local climate. If it succeeds in its efforts, Indian exports to Russia will naturally be affected.

Lac or the shellac to be precise, is a versatile natural resin which can be put to a number of uses. It is used in the polish for floors and furniture, for finishing of metal foil, leather, rubber, playing cards, etc., as insulating varnish and as plastic in the manufacture of gramophone records, etc. Formerly about one-third of the shellac exported found its way in the manufacture of gramophone records, but now gramophone records are being made in the developed countries from synthetic substitutes. Various other uses of lac are now being abandoned in favour of synthetics.

Lac trade in the world today is a duopoly as it is controlled only by two producers—India and Thailand. Both the countries will not gain anything by cutting each other, because in that situation they will bring the prices of lac in the export market to very uneconomic levels. The best course for the two producers is to seek an understanding with each other regarding prices and production. Both the countries can, perhaps, promote joint research which will result in an expanding market for lac. It is just possible that research may show that a blending of lac with the synthetics will provide a satisfactory solution to the competition offered by the substitutes.

A Useful Monograph

It will be apt to conclude this article by making a reference to a useful publication entitled "A Monograph on Lac" brought out by the Indian Lac Research Institute, Namkum, Ranchi (Bihar). Although it is only a collection of articles from eminent authorities on lac, the monograph provides a good picture of historical aspects of lac production in India and abroad, cultivation of lac and factors influencing the same, technical aspects of lac production and processing, uses of lac, grading and standardisation of lac, research and marketing of lac products. It also contains material on the lac trade and industry. It is thus a valuable addition to the literature available on this commodity. In the foreword to the monograph the Agricultural Commissioner, Government of India says:

"Apart from exports, one could expect a progressively expanding market for shellac within

(*Continued on page 1041*)

INDORE MALWA UNITED MILLS

MODERNISATION HELPS IMPROVE PROFIT

THE Indore Malwa United Mills Ltd. (Chairman: Mr. K. G. Seksaria, Indore) has staged, during the year ended 31st December 1963, a welcome, though not quite unexpected, recovery fully justifying the hopes expressed by the Chairman at the last annual general meeting of the Company a year ago. While expressing his views on the prospects of the Company for the year under review (that is, 1963), the Chairman, it will be recalled, had stated that, though the results till the time of the annual meeting were not satisfactory, with the functioning of the processing department and installation of additional machinery in the various departments of the mills, there would be considerable economy in the manufacturing costs which, coupled with an improvement in quality and an increase in production, would result in higher profitability. Such, indeed, has been the case. For, though the sales realisation has decreased by Rs. 14.19 lakhs to Rs. 382.19 lakhs, closing stocks of finished and processed goods have risen from Rs. 54.61 lakhs to Rs. 62.53 lakhs—during the preceding year they had declined by Rs. 15.66 lakhs from Rs. 70.27 lakhs—while the gross profit has expanded by more than 50 per cent from Rs. 14.14 lakhs to Rs. 21.42 lakhs. If this profit is still well below the record level of Rs. 32.67 lakhs attained in 1961, it is chiefly because of the steep rise in manufacturing costs due to rise in prices of raw materials, increase in wages, and fringe benefits, on the one hand, and the continuation of the system of voluntary price control, on the other, to say nothing of the dislocation in working caused by the large-scale renovation of the mills and occasional labour troubles.

Side by side with the improvement in gross profit the essential provisions, too, have increased, that for the remuneration to the Directors' committee from Rs. 0.29 lakh to Rs. 0.32 lakh for depreciation from Rs. 6.26 lakhs to Rs. 9.30 lakhs and for taxation from Rs. one lakh to Rs. three lakhs. Consequently, the resultant net profit is higher by only Rs. 2.21 lakhs or 30 per cent at Rs. 8.80 lakhs. It is heartening to note that the Directors have decided to utilise the available amount partly for augmenting the reserves and partly for enhancing the rate of dividend payable to shareholders. The ploughback has been stepped up from Rs. 3.00 lakhs to Rs. 4.55 lakhs while the dividend has been risen by half a point to eight per cent, subject to deduction of tax. The dividend claims Rs. four lakhs as against Rs. 3.75 lakhs a year ago, yet leaving a heavier carry forward of Rs. 34,392 as against Rs. 8,880 brought in.

The above details are presented in the following table together with those for the three years immediately preceding, for the sake of comparison:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sale proceeds	382.19	396.33	347.52	320.50
Other income	6.98	8.45	4.31	3.22
Closing stocks	62.53	54.61	70.27	55.34
Raw materials, stores and dyes consumed	214.75	220.01	189.02	181.15
Staff expenses	105.22	100.82	94.11	88.13
Other expenses	55.70	54.15	49.76	39.05
Gross profit	21.42	14.14	32.67	28.19
Remuneration to Directors' Committee	0.32	0.29	2.15	0.50
Provision for—				
Depreciation	9.30	6.26	4.55	10.36
Taxation	3.00	1.00	12.75	..
Net profit	8.80	6.59	13.22	17.33
To reserves	4.55	3.00	8.11	0.39
Dividend..	4.00 (8%)	3.75 (7.5%)	4.90 (10%)	4.25 (8.5%)
Carry forward	0.34	0.09	0.27	0.16
Market price (in Rs.) of ordinary shares:	1964	1963	1962	1961	1960
High	212	205	240	180	135
Low	200	170	175	120	107

Pursuing the programme of renovation and modernisation of its mills, the Company spent during 1963 Rs. 1.09 lakh on additions and extensions to buildings. It also received machinery worth Rs. 27.68 lakhs during the year and installed of these machinery worth Rs. 26.82 lakhs. Almost all these machines have been put into commission.

There has been no change during the year in the paid-up capital of the Company which therefore continues to stand at Rs. 50 lakhs made up entirely of ordinary shares of Rs. 100 each. It has the support of Rs. 30.89 lakhs in reserves and surplus. Borrowings, on the other hand, have increased substantially from Rs. 98.44 lakhs to Rs. 149.10 lakhs, chiefly because of the loan of Rs. 50 lakhs availed from the State Bank of India against immovable property and plant and machinery. Current liabilities and provisions, however, are a shade lower at Rs. 43.32 lakhs, as against Rs. 47.82 lakhs a year ago. Inclusive of the additions of Rs. 30.09 lakhs made during the year, the gross block stands at Rs. 242.65 lakhs. On deducting therefrom Rs. 148.61 lakhs being the amount of depreciation, there is a net block of Rs. 94.04 lakhs. Current assets, investments and loans and advances total Rs. 179.29 lakhs. It will thus be noted that the Company's financial position is satisfactory.

As regards the prospects for the current year, it is best to quote here what the Directors themselves have to say in this respect. They observe that, since 1st December 1963, there has been a further increase in the cost of labour. Further, the Central Government, in its budget for the year 1964-65, has enhanced the excise duty on grey and processed cloth in medium, fine and superfine varieties. It is feared that it would be difficult to pass on in full the steep rise in excise duty to consumers and that the industry would therefore have to bear a large portion thereof. With these adverse factors, coupled with the rising spiral of the cost of production and lack of uniform co-operation from the labour due to internal friction amongst them, the prospects for the current year are anything but bright. Nevertheless, with the completion of the Company's modernisation and renovation programme, it is hoped that the current year's results will compare favourably with those for the past year.

At present, the Rs. 100 fully paid ordinary shares of the Company are quoted at Rs. 209 *cum*-dividend and fetch a net return of no more than 3.10 per cent per annum.

Three companies of the Mitsubishi group of Japan were officially amalgamated on the 1st inst., into Mitsubishi Heavy Industries Ltd. The three companies are Shin Mitsubishi Heavy-Industries, Ltd., Mitsubishi Nippon Heavy-Industries, Ltd. and Mitsubishi Shipbuilding and Engineering Company, Ltd.

SHREE GOPAL PAPER FARES VERY WELL

PROFIT TOUCHES ALL-TIME PEAK

THE Shree Gopal Paper Mills Ltd. (Managing Agents: Messrs. Karamchand Thapar and Bros. Pvt. Ltd., Calcutta) has fared exceedingly well in the past year, that is the year ended 31st December 1963, and its performance is sure to appear more impressive considering the somewhat difficult trading conditions faced by the paper and *vanaspati* industries in which the Company has sizable stakes. The gross realisation from the sale of products has expanded by over 12 per cent from Rs. 806.10 lakhs to Rs. 898.32 lakhs and the gross profit has reached an all-time high of Rs. 214.73 lakhs, being higher by Rs. 27.37 lakhs than previously. It is interesting to note that a larger contribution to improved sales has come from the *vanaspati* division the turnover of which has advanced from Rs. 96.10 lakhs to Rs. 120.19 lakhs, even though the plant had to be shut down completely during the last two months of the year for want of raw materials. It is further pertinent to observe that, despite the seemingly higher gross profit, the profit margin (ratio of gross profit to sales) has actually declined by 1.6 point to 21.7 per cent due obviously to the continued upward trend in the cost of paper production.

As a corollary to the betterment in gross profit and notwithstanding the increase of Rs. 9.35 lakhs to Rs. 67.35 lakhs in the provision for depreciation, the provision for Managing Agents' commission and Directors' remuneration is higher at Rs. 15.91 lakhs, as against Rs. 14.00 lakhs for the year before. The provision for taxation, however, is lower at Rs. 51.25 lakhs, as compared with Rs. 60.00 lakhs, and, consequently, the net profit is up to Rs. 74.22 lakhs from Rs. 55.26 lakhs a year ago. Out of this, the Directors have transferred Rs. 44.65 lakhs to reserves and have set aside a further Rs. 7.56 lakhs in order to pay the preference dividends in respect of the year. They have further rounded up the ordinary dividend to 18 per cent from 17 6/7 per cent, both subject to deduction of tax, and this claims Rs. 22.59 lakhs. The carry forward is naturally lower at Rs. 43,420, as against the Rs. 73,294 brought in.

The steady progress achieved by the Company during the past four years is well brought out by the following comparative figures:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sale proceeds	898.32	806.10	644.69	468.90
Other income	20.02	10.78	8.26	9.80
Closing stocks	13.53	18.42	22.41	20.91
Excise duty paid	119.02	92.94	75.46	52.33
Raw materials and stores consumed	364.79	335.66	276.68	206.97
Staff expenses	73.42	70.87	59.12	49.79
Other expenses	141.49	126.06	115.66	85.09
Gross profit	214.73	187.36	127.53	97.68
Managing Agents' commission and Directors remuneration .	15.91	14.00	7.10	6.85
Provision for—				
Depreciation	67.35	58.10	62.00	54.63
Taxation	57.25	60.00	22.50	2.58
Net profit	74.22	55.26	35.93	53.62
Withdrawals from reserves and past provisions	0.28	10.75	1.80	25.05
To reserves	44.65	36.90	6.75	49.50
Dividends—				
Preference	7.56	7.56	7.56	7.56
Ordinary	22.59	22.41	22.41	22.41
	18%	17 6/7%	17 6/7%	17 6/7%
Carry forward	0.43	0.73	1.58	0.57
Market price (in Rs.) of ordinary shares:	1964	1963	1962	1961	1960
High	26.12	27.50	28.62	28.37	30.75
Low	24.50	21.50	22.75	23.70	22.12

Performance of the paper unit during the year was highly satisfactory and the finished saleable production amounted to 37,331 tonnes as against 35,126 tonnes of the previous year. While the accent continued to be on increased production, equal efforts were also made to improve the quality of ordinary writing and printing paper. A proposal was submitted to the Government for expanding production by 7,000 tonnes annually with the installation of balancing equipment. The scheme has been approved by the Government and the Company has been authorised to negotiate with the I.C.I.C.I. and the I.F.C. for the import of necessary equipment valued at Rs. 35.50 lakhs. Since chemical cost accounts for a large proportion of the final cost, the possibilities of expanding the capacities of the existing electrolytic bleach plant are being seriously considered. The existing plant produces about 1.5 tonnes of caustic soda per day, together with an almost equivalent quantity of chlorine. It is proposed to expand the capacity to 30 tonnes of caustic soda and chlorine per day.

(*Continued in previous column*)

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Stationary production during the year under review showed an appreciable increase, despite the fact that the expansion of printing section could not be carried out on account of restriction on imports of machinery. Sales during the year amounted to Rs. 66.47 lakhs, as against Rs. 55.63 lakhs for 1962. The *vanaspati* section worked for 275 days and produced 4,285 tonnes of *vanaspati*, as compared with the 3,862 tonnes produced in 276 days during 1962. Of these, 4,501 tonnes were sold, as against 3,739 tonnes. The factory had to stop its manufacturing activity for a few days during the months of October and November 1963, due to difficulty in procuring oil supplies at reasonable rates. Otherwise, the tempo of production was fairly well maintained throughout the year.

There is no change in the paid-up share capital of the Company which continues to stand at Rs. 208.02 lakhs, made up of Rs. 81.49 lakhs in two classes of preference shares of Rs. 100 each and the balance in ordinary shares of a nominal value of Rs. 10 each. Reserves, however, have improved from Rs. 177.05 lakhs to Rs. 221.34 lakhs, excluding the Rs. 30.16 lakhs earmarked for payment of dividend and the Rs. 57.25 lakhs credited to the tax reserve. Secured and unsecured loans are only slightly higher at Rs. 158.22 lakhs, but there is a marked rise in current liabilities and provisions which aggregate Rs. 201.44 lakhs. Fortunately both borrowings and current liabilities and provisions are adequately covered by current assets to advances which altogether amount to Rs. 383.62 lakhs. Investments, most of which are in preference and ordinary shares of companies belonging to the same group, are carried in the books at a cost of Rs. 74.95 lakhs. Inclusive of the addition of Rs. 12.30 lakhs during the year, the block account as at 31st December 1963 stands at Rs. 665.14 lakhs and, on deducting therefrom the depreciation earned todate, yields a net block of Rs. 330.51 lakhs which figure also includes Rs. 6.17 lakhs as the cost of capital work-in-progress.

The present market price of Rs. 10 paid ordinary shares of the Company is Rs. 24.87 *cum-div.* Reducing it to an *ex-div.* basis, the net yield works out to 6.1 per cent per annum.

SVADESHI MILLS EARNS AND PAYS MORE

FROM BETTER CLOTH AND RENOVATION

UNLIKE the other two cotton mills managed by the House of Tatas, namely, the Tata Mills and the Ahmedabad Advance, the Svadeshi Mills Company Ltd. has reported better results for 1963, mainly due to the production of more improved varieties of cloth which found ready consumer acceptance and the economies effected as a result of the continuous process of renovation and rehabilitation of the plant and machinery. Its net sale proceeds have gone up from Rs. 519.45 lakhs to Rs. 591.51 lakhs, at which level they show an improvement of nearly a crore of rupees over Rs. 492.82 lakhs in 1961. This further rise in sales has lifted gross profit to Rs. 82.05 lakhs, whereas, in the previous year, it had dipped, in spite of higher sales, from Rs. 82.82 lakhs to Rs. 62.68 lakhs. The lower inventory at close, amounting to Rs. 101.73 lakhs, as against Rs. 119.51 lakhs, and the much restricted increase of less than Rs. 5 lakhs in other expenses at Rs. 221.48 lakhs as compared with Rs. 13 lakhs in the previous year, provide some indication of what has caused the profit to resume its upward march. The sales figures are net, that is, after excluding the amount of excise duty collected and paid which is Rs. 91.84 lakhs during the year under review against Rs. 76.50 lakhs a year before.

Depreciation has claimed about Rs. 2 lakhs more at Rs. 23.34 lakhs and taxation Rs. 5 lakhs more at Rs. 23 lakhs. The Managing Agents' commission is also higher at Rs. 4.08 lakhs as compared with Rs. 3.46 lakhs in the previous year. Because of these increased essential provisions, the improvement of nearly Rs. 20 lakhs in gross profit has been reduced to Rs. 12 lakhs approximately at the level of net profit which has moved up from Rs. 19.34 lakhs to Rs. 31.63 lakhs. But it is sufficient to allow full restoration of the two-point cut in the dividend on the 100-rupee ordinary shares, from 19 per cent to 17 per cent per annum, which had been imposed in the previous year. It would have been sufficient also to cover a still higher dividend. But instead of doing more than just restoring the cut in the dividend, the Directors have preferred, in view of the Company's renovation programme, to utilise the bulk of the increase in net profit to raise the plough-back to reserves from Rs. 3.50 lakhs to Rs. 11.53 lakhs. Both the preference and ordinary dividend are to be paid from dividend reserve to which Rs. 20.10 lakhs have been carried out of the year's profit. The previous year's dividend liability was also met from dividend reserve, but the amount transferred to this reserve was Rs. 1.57 lakh short of the actual liability and to that extent the plough-back was reduced.

The following table compares the Company's progress from 1960:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sale proceeds	591.51	519.45	492.82	446.75
Other income	6.59	5.01	3.75	2.43
Stocks of finished goods and in process	101.73	119.51	108.28	83.54
Materials and stores consumed.	275.28	258.04	234.53	225.08
Other expenses	221.48	216.97	203.96	183.16
Gross profit	82.05	62.68	82.82	68.35
Managing Agents' commission.	4.08	3.46	4.83	4.61
Provision for—				
Depreciation	23.34	21.38	21.37	18.49
Taxation	23.00	18.00	24.00	17.50
Net profit	31.63	19.84	32.82	27.75
Withdrawal from reserves ..		1.57		
To reserves	11.53	3.50	12.75	9.54
Dividends—				
Preference	1.07	1.07	1.07	0.97
Ordinary	19.00 (19%)	17.00 (17%)	19.00 (19%)	17.00 (17%)
Carry forward	0.12	0.08	0.25	0.25
Equity shares' market value (In rupees):	1964	1963	1962	1961	1960
High	255.50	265.00	304.00	288.00	286.00
Low	235.00	224.00	231.00	218.50	220.00

New plant and equipment worth Rs. 32 lakhs were installed during the year. The important items were equipment for modernisation of the existing blow room lines, drawing frames, automatic looms, a hank mercerising machine, etc. These new equipments are expected to improve further the quality of cloth and achieve a better balance between spinning and weaving. The year ended with works under construction and machinery awaiting installation worth Rs. 27 lakhs. Orders have been placed for new machinery of the value of Rs. 29 lakhs. During the year, 9,680 spindles were added to the 2,992 installed in the previous year. Orders for eight more ring frames aggregating 3,520 spindles remain to be executed. On their installation, the Company will have achieved the required balance between spinning and weaving. By the end of next year, the Company expects to work 288 additional automatic looms sanctioned to it in replacement of 265 plain looms, which will build up the automatic weaving to about 42 per cent of the total capacity. This and the future expansion and modernisation of the processing department will no doubt require a large financial outlay. But the Directors are seized of the problem.

The gross block stands at Rs. 440.65 lakhs (Rs. 409.52 lakhs a year before) and has been written down to a net value of Rs. 184.58 lakhs. As against this, the "own funds" amount to Rs. 251.15 lakhs, of which Rs. 115 lakhs are in share capital and Rs. 136.15 lakhs are in reserves and surplus. While the share capital is one-fourth of the gross block, borrowings amount to Rs. 150.62 lakhs, which together with current liabilities and provisions, raise the total short-term indebtedness to Rs. 287.28 lakhs. This indebtedness is, however, well covered by current assets, book debts and investments aggregating Rs. 326.74 lakhs.

The net yield on the Rs. 100 fully paid ordinary shares of the Company at their current market value of Rs. 248 *cum-div.* is 6.5 per cent per annum.

PAN AMERICAN AIRWAYS

"In a few years, air cargo volume will double, leading to the day when industry revenues from air freight business overseas equal revenues from passengers, repeating the history of surface transport." Thus observes Mr. Juan T. Trippe, President of Pan American World Airways, in the Company's annual report just issued. "Overseas air freight will increase at a more rapid rate than passenger traffic." In 1963, Pan Am, the world's largest air cargo carrier, flew 200 million cargo ton-miles in scheduled overseas service—twice that of any other carrier—producing a record $54,395,000 in cargo revenue. Pan Am inaugurated jet service for passengers in 1958 and it also opened the jet age for air freight when it placed three all-cargo jets in service in June 1963. By June 1964, Pan Am will have taken delivery of 11 all-cargo jets, with two more scheduled for delivery the following winter. These 13 jet freighters, the largest and fastest in service, will bring Pan Am's jet cargo fleet investment to $110,000,000.

Pan Am's earnings in 1963 were at an all-time high, setting a new record in the air transport industry. Net income after taxes was $33,568,000, or $5.13 per share. This compares with $15,007,000 or $2.23 per share in 1962. Net income included capital gains of $2,487,000 in 1963, as compared with $648,000 for the previous year.

Operating revenues for 1963, not including affiliated companies, rose by 11.3 per cent to $560,917,000. Operating expenses also excluding affiliated companies, however, increased but by 5 per cent. Cost per revenue ton-mile was reduced to 42.4 cents from 44 cents the year before. Cost per available ton-mile was down to 23 cents from 24.7 cents.

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expanded by putting up a supplementary pipe machine and an additional sheet machine. The supply position of asbestos fibre continues to be difficult, but the Company has made a representation to the Government for a larger allocation of foreign exchange commensurate with rated capacity. The 200,000 tonnes expansion of the cement division was attained in November 1963. The installed capacity now is 640,000 tonnes.

The Company issued in June-July 1963, 50,000 equity shares at a premium of Rs. 10 per share. Earlier, in March, it issued to its collaborators, Messrs. Johns Manville Corporation, New York, 1,500 equity shares. These issues have raised the paid-up capital, including Rs. 79.94 lakhs in preference shares, from Rs. 227.86 lakhs to Rs. 279.42 lakhs. It is backed by Rs. 129.42 lakhs in reserves and surplus. The loan liability has gone up from Rs. 232.49 lakhs to Rs. 272.13 lakhs and, inclusive of current liabilities and provisions, the total indebtedness amounts to Rs. 395.93 lakhs, as against Rs. 330.08 lakhs a year before. Investments are unchanged at Rs. 79.34 lakhs (Rs. 78.88 lakhs of which are quoted at Rs 125.51 lakhs) and current assets, loans and advances amount to Rs. 264.36 lakhs. The floating assets thus total Rs. 343.70 lakhs, roughly Rs. 52 lakhs less than the short-term indebtedness. The gross block, which has expanded during the year from Rs. 575.14 lakhs to Rs. 692.69 lakhs, has been written down to Rs. 440.76 lakhs. Capital work in progress is shown separately at Rs. 20.41 lakhs.

Currently quoted at Rs. 187.50 *cum-div.*, the Rs. 100 fully paid ordinary shares offer a net yield of 5.9 per cent per annum.

DIGVIJAY CEMENT

ASBESTOS PRODUCTS MAKE A BIG DIFFERENCE

"AS you are aware, the Company had to draw substantial amounts from its reserves for declaring modest dividends for the years 1958, 1959 and 1960. The overall working results for 1962 have fallen short of expectations. Though the Company had the full benefit of the price increase granted by the Government during the working of the whole year, the profits have been just sufficient to make statutory provisions and declare a very modest dividend." Read against the backdrop of these rather unencouraging comments of the Directors of Shree Digvijay Cement Company Ltd. (Managing Agents: Shree Laxmi Agents Ltd., Sikka, Gujarat) in their report for 1962, their statement that the results for 1963 show an overall improvement marks a big difference.

In terms of rupees and paisa, it means the biggest ever increase in turnover and gross profit; in the former of as much as 33 per cent or Rs. 153.28 lakhs to Rs. 617.78 lakhs and in the latter of roughly 70 per cent or Rs. 52.63 lakhs to Rs. 128.71 lakhs. Even after making much larger essential provisions following the substantial improvement in gross profit, the net profit is up by roughly 90 per cent from Rs. 32.83 lakhs to Rs. 61.49 lakhs. To this are added Rs. 5.72 lakhs being compensation received from the asbestos machinery suppliers for delay in shipment, which bring the disposable surplus to Rs. 67.21 lakhs. Following a conservative appropriation policy, the Directors have tucked away to reserves out of this a fairly big sum of Rs. 39.93 lakhs as against Rs. 16.16 lakhs a year before. But, in spite of this, the surplus is large enough to permit a three-point increase to 13 per cent per annum in the dividend on the 100-rupee ordinary shares and that too on increased capital.

The year's results are compared with those for the previous three years in the following table:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sale proceeds	617.78	464.50	318.02	320.23
Other income	9.54	6.01	10.57	1.34
Closing stocks	36.40	20.99	26.10	6.03
Materials, stores and spares consumed	280.93	210.36	121.09	117.35
Other expenses	233.09	178.96	162.29	156.39
Gross profit	128.71	76.08	65.28	43.93
Managing Agents' commission.	5.59	3.85	3.71	1.64
Provision for—				
Depreciation	32.63	21.75	18.86	18.08
Taxation	29.00	17.65	14.50	10.25
Net profit	61.49	32.83	28.21	13.96
Compensation from suppliers.	5.72	..	..	..
Withdrawals from reserves and provisions	..	..	..	4.07
To reserves	39.93	16.16	7.00	1.21
Dividends—				
Preference	5.20	5.20	5.20	5.20
Ordinary	22.63 (13%)	13.49 (10%)	13.44 (10%)	12.10 (9%)
Carry forward	0.02	0.57	2.58	0.02
Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	194.00	192.00	218.25	215.00	182.00
Low	168.00	144.00	157.75	147.00	140.00

There are three factors which have influenced the year's results. One is that the output of clinker and cement increased from 426,000 and 472,000 tonnes to 642,000 and 503,000 tonnes, respectively. The other is that the Government allowed an increase of Rs. 2.75 per tonne in the retention price of cement as of 1st June 1963. The third is that the Company commenced production of asbestos cement products. But the Directors complain that the increase in the cement price does not adequately cover the total increase in the cost of production and that the Company has been representing for a proper revision of the ex-works price for its clinker grinding unit. They attribute the overall improvement in the year's results largely to earnings from the asbestos cement products division and partly to the higher output of cement.

The big difference seen in the results during the year is thus due to the Company undertaking production of asbestos cement pipes and sheets. Actually, trial production in the plant at Ahmedabad commenced in November 1962. The entire project was originally to be set up by the subsidiary, Laxmi Asbestos Products Ltd., but this idea was given up in favour of the present arrangement. The clinker grinding plant and the asbestos cement factory have involved an aggregate capital expenditure of Rs. 132 lakhs. The output in the asbestos cement products division during the year was 23,300 tonnes. The plant is proposed to be

(*Continued in previous column*)

SYNOPSES OF COMPANY REPORTS

Champdany Jute Co., Ltd.

(*Managing Agents*: Messrs. James Finlay & Co., Ltd., Calcutta.)

Seventy-fourth Annual General Meeting—16th June 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales of gunnies	3,80,44	3,39,33
Closing stock	97,22	93,54
Gross profit	47,65	81,35
To Managing Agents' remuneration	3,40	3,55
Transfer to depreciation	12,66	9,84
,, ,, development rebate reserve	71	3,76
,, ,, provision for taxation	17,85	11,00
,, ,, ,, sur-tax	2,00	Nil
Net profit	11,03	53,20
Provision for contingency reserve written back.	2,40	Nil
Appropriations:		
To adjustment of loss brought forward	Nil	24,02
,, depreciation for previous years	Nil	1,38
Transfer to general reserve	3,00	12,00
,, ,, contingency reserve	Nil	1,75
To dividend (taxable) ordinary	10,35 (35%)	15,31 (45%)
Carry forward	30	23

Extracts from the Directors' report: During most of the year reasonably favourable market conditions were experienced and production in the Industry continued at a very high level. The working time agreement of the Indian Jute Mills Association was abolished with effect from 1st February, 1964, after consultations with the Government of India. The abolition of the working time agreement resulted in a marked increase in the production of Mills in India, but has not resulted in any alteration in the existing level of production at Wellington Mill which has been working to full capacity for some considerable time.

A further stage of expansion of the broad loom plant at Wellington Mill was undertaken during the year and a total of 48 looms which are currently working three shifts for 7 days a week have been installed and commissioned. The prices obtained for *Carpet Backing* have been satisfactory during the year. It now appears that production of *Carpet Backing* has more than caught up with world demand and although future prospects are reasonably good, prices of this commodity may well show a lower tendency in the coming months.

The outlook for the current year is not particularly encouraging as raw jute prices are ruling steady and prices of finished goods have fallen because of the pressure of the extremely high level of production of the Indian Jute Industry. It is certain that the Company's working results for the current year will be substantially below those for the year just ended.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	29,58,200	Gross block	1,95,45,693
Reserves and surplus	1,01,40,462	—Depreciation	1,19,34,120
Other liabilities	75,87,510	Net block	76,11,573
		Current assets	1,26,70,032
		Investments	2,14,108
		Cash	1,90,459
	Rs. 2,06,86,172		Rs. 2,06,86,172

* Paid-up capital consists of 2,95,820 ordinary shares of Rs. 10 each.

Coimbatore Pioneer Mills Ltd.

(*Managing Agents*: Messrs. T. R. Narayanaswamy Naidu & Co., Coimbatore.)

Annual General Meeting—Held on 1st June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sale of cotton and fibre yarn	1,62,92	1,60,11
,, ,, waste	1,37	1,14
Closing stock of cotton	19,56	16,34
,, ,, cotton and fibre yarn, etc.	12,45	14,08
Gross profit	21,25	26,06
To Managing Agents' remuneration	1,36	1,81
,, depreciation	7,42	6,48
,, development rebate reserve	2,10	1,35
,, provision for taxation	1,59	8,76
Net profit	8,78	7,66
Adjustments	1	28
Appropriations:		
Total available balance	8,79	7,94
To provision for general reserve	3,90	35
,, ,, super tax	Nil	3,04
,, ,, dividend tax	33	Nil
Proposed dividend (taxable) preference shares.	8	8
,, ,, ordinary shares	4,46 (15%)	4,46 (15%)
Carry forward	1	1

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

Extracts from the Directors' report: During the year under report the mills at Peelamedu worked for 241 days in treble shifts with an installed capacity of 27,226 spindles, spinning finer counts over Nº 50 and was closed for 11 days on account of power cut and for 52 days due to strike and the 'B' mills worked for 291 days with an installed capacity of 12,320 spindles on cotton with three shifts and 10,120 spindles on staple fibre in two shifts spinning Nº 34, 24 and 17. The power-cut and strikes adversely affected the production. Surcharge on current consumption was raised from 30 per cent to 50 per cent.

The balance of machinery ordered under the expansion scheme for spinning staple fibre have been received, installed and commissioned to work before the close of the year. The additional combing unit ordered for 'A' mills has been commissioned. Six more ring frames at Peelamedu were converted into latest UT 3E drafting system. The Government of India has allowed the mills to increase their spindleage as under: to raise the spindleage upto 25,000 spindles where the existing installed capacity is below that and in other cases upto 7½ per cent to 10 per cent of its installed capacity. The directors of the Company have resolved to avail of the opportunity and increase the installed capacity of the units. Application have been made to the Government of India to amend the licence.

The outstanding commitments of the Company for purchases of capital goods under the modernisation scheme is Rs. 13,11,400 and on purchase of cotton and consumable goods is Rs. 12,33,780.

Accounts in brief as on 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	30,71,100	Gross block	1,43,81,456
Reserves and surplus	39,65,357	—Depreciation	78,31,740
Other liabilities	52,77,474	Net block	64,99,716
		Investments	6,50,110
		Other assets	11,94,619
		Cash	39,69,488
	Rs. 1,23,13,931		Rs. 1,23,13,931

* Paid-up capital consists of 29,711 equity shares of Rs. 100 each fully paid and 1,000 6½% tax free cumulative preference shares of Rs. 100 each.

Synthetics and Chemicals Ltd.

(*Chairman*: Mr. Tulsidas Kilachand, Bombay.)

Fourth Annual General Meeting—29th June 1964.

Extracts from the Directors' report for the year ended 31st December 1963: The working of the Company for the period without providing for depreciation, has resulted in a loss of Rs. 29,25,604 which is added to the balance of Rs. 9,38,858 brought forward from the last years' account. The total loss amounting to Rs. 38,87,990 is carried forward. The sales for the year amounted to Rs. 93,72,189 against Rs. 2,23,639 in 1962.

The commercial production of *synthetic rubber* was started during the year. The total production during the year was 8,511 metric tons. The installation of the plant and machinery for the 30,000 tons capacity has been completed. The teething troubles in the plants and difficulties experienced in the utilities area have now been overcome. The plant is now working satisfactorily and is capable of producing at the rate of 30,000 tons per annum.

The quantity of rubber produced is consistently of high standard and conforms to the International Standard and the rubber consuming industry is fully satisfied with it.

The Company has made arrangements with the Firestone Tire & Rubber Company, U.S.A., for the manufacture of other types of rubbers and latices and the Directors expect that the manufacture of the additional products will be commenced in the current year.

Due to the continuation of imports of rubber, both synthetic and natural in 1963, the offtake of the Company's products did not reach the expectations and consequently the Company had to carry large stocks of its products.

The indigenous production of natural rubber has increased. With the production of synthetic rubber in India, with large inventories with the rubber using industry and their unutilised import licences for rubber, total availability of all rubbers is ample. There is therefore no necessity of further imports of any rubber, either natural of synthetic, for considerable time except for a small quantity of the highly specialised rubber such as oil resistant and Butyl. The Company has made detailed representations to the Government of India indicating how synthetic rubber production of 30,000 tons per annum can be gainfully utilised and that imports of all rubbers should be completely stopped till the existing production of natural and synthetic rubber in the country is fully utilised thereby saving valuable foreign exchange.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	5,74,07,900	Gross block	14,66,53,786
Reserves	25,74,844	—Depreciation	10,89,355
Other liabilities	14,94,61,578	Net block	14,49,64,431
		Block-in-progress	4,82,245
		Disclosure fees	14,26,500
		Current assets	5,47,38,367
		Investments	4,030
		Cash	16,13,646
		Miscellaneous expenditure	23,26,513
		P. L. Account Deficit	38,87,990
	Rs. 20,94,44,622		Rs. 20,94,44,622

* Paid-up capital consists of 5,74,885 Equity shares of Rs. 100 each. Allotment and call money in arrears amount to Rs. 80,600.

Tensile Steel Ltd.

(*Managing Agents*: Shaw Industries Private Ltd., Bombay.)

Third Annual General Meeting—16th June 1964.

Extracts from the Directors' report for the year ended 31st December 1963: The year's account show a net loss of Rs. 20,93,135 which is inclusive of Rs. 4,41,416 being depreciation provided in full as per rules and Rs. 13,41,328 as development rebate.

Project Inauguration: The completion of civil construction works, installation of plant and machinery and other ancillary works on schedule and trial operations were undertaken from July onwards. The plant was inaugurated on 12th November 1963, and is working satisfactorily.

Prestressed Concrete Wires manufactured by the Company has been very well received by all concerned. The Government Test House at Alipore has certified the Company's product as being in conformity with ISI 1785-1961. The Company is expecting to receive for its product ISI mark very soon.

Raw Materials and Production: After initial difficulties in the procurement of imported raw material, as a result of representations to the Government of India, Company has succeeded in getting sizable allocations under (*a*) own import licences, (*b*) international credits, and (*c*) barter entitlements. The allotment of *High Carbon Wire Rods* till date almost covers the Company's requirement for a year.

However, the factory could not start operations earlier owing to initial raw material paucity which, in fact, had compelled to suspend production operations for over two months.

Over and above the raw material difficulties, the Company is confronted with power shortage. The Company is sanctioned full power required only for one shift, i.e. between 12 midnight and 8 a.m. This position is likely to continue till the Dhuvaran Power Station is commissioned.

Finance and Borrowings: As reported last year, against the estimated short-fall in the project cost as per revised cost estimate, the Gujarat State Financial Corporation, Ahmedabad, had sanctioned a loan of Rs. 10,00,000 ranking *paripasu* with the charges created in favour of the Industrial Finance Corporation of India against their loan. The Company has already received from the Gujarat State Financial Corporation Rs. 8,90,000 out of the loan granted and the balance is yet to be received.

The first instalment of deferred payment of Rs. 2,99,520 due to one of the Company's Collaborators and plant and machinery suppliers, Messrs. C. Itoh & Co. Ltd., Japan, was paid off on its due date, viz. 30th November 1963.

The Company has arranged cash credit facilities with the Bank of India Limited, Bombay, on the hypothecation of stocks of raw material, finished and semi-finished products and stock-in-process. The present sanctioned limit in the cash credit account stands at Rs. 45,00,000.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	44,93,250	Gross block	1,00,01,681
Reserves	13,41,328	—Depreciation	4,50,793
Other liabilities	78,79,388	Net block	95,50,888
		Current assets	18,29,072
		Miscellaneous expenditure	2,02,937
		Cash	4,670
		P.L. Account Deficit	21,25,799
	Rs. 1,37,13,966		Rs. 1,37,13,966

* Paid-up capital consists of 45,000 Equity shares of Rs. 100 each. Calls in arrears amount to Rs. 6,750.

Binani Metal Works Ltd.

(*Managing Director*: Mr. Ghanshyamdas Binani, Calcutta.)

Twenty-third Annual General Meeting—29th June 1964.

Working Results:

	For the year ending 31st December (In thousand rupees)	
	1963	1962
Sales	2,51,33	1,88,41
Income from conversion, fabrication machining and repairing	11.90	8.18
Closing stock	54,07	51,60
Gross profit	27,11	17,92
Transfer to depreciation	3,64	2,60
,, provision for taxation	13,67	8,09
Net profit	9 80	7,23
Adjustments and provisions written back	9	7
Appropriations:		
To expenses and adjustments for previous year	50	31
,, share issue expenses written off	52	52
Transfer to development rebate reserve	1,54	1,30
,, general reserve	2,50	1,50
Proposed dividend (taxable) equity	4,80 (12%)	4,00 (10%)
Carry forward	21	19
Market value of equity shares (in rupees)	1964†	1963	1962
High	13.12	12.12	13.37
Low	11.62	8.87	9.81

† Upto 28th May, 1964.

Extracts from the Directors' report: Considerable additions to the net block were made during the year under review and this has helped in increase of production and sales.

The Company's order book is very satisfactory. Significant progress has been made in the Tool Room Project. The Company hopes to secure a foreign exchange loan of Rs. 5.2 lakhs from the Industrial Finance Corporation of India to finance import of special purpose machines from West Germany for the Tool Room Project.

With the approval of the Government of India the Company has entered into a collaboration agreement with Messrs. Multicore Solders Limited of U.K. in respect of production of *ERSIN Core Solder*. Messrs. Multicore Solders Limited are one of the leading producers of *ERSIN Core Solder* and the Company expects to benefit considerably from the know-how and the assistance agreed to be provided by the U.K. Company.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	40,00,000	Gross block	52,01,611
Reserves and surplus	12,06,218	—Depreciation	18,36,998
Other liabilities	73,69,296	Net block	33,64,613
		Current assets	91,07,175
		Investments	5,236
		Cash	98,490
	Rs. 1,25,75,514		Rs. 1,25,75,514

* Paid-up capital consists of 4,00,000 equity shares of Rs. 10 each.

NEWS IN BRIEF

THE number of villages electrified upto the end of January 1964 is 37,457.

The life expectancy of men and women in India is 41.89 years and 40.55 years, respectively, according to Dr. Sushila Nayar, Union Health Minister.

The Government of India is considering a proposal to establish a heavy structural plant near Wardha. Details regarding the scope and range of manufacture, as well as the financial implications of project, are being worked out.

Czechoslavakia has offered to install in India an 800-kw. transmitter within about 21 months. If the Government of India agrees to the Czech tender, it will take 15 months to manufacture the transmitter and 6 months to install it. The transmitter will cost about Rs. 60 lakhs.

The Government of India has decided to permit limited imports of cotton/cotton waste/woollen card clothing from Hungary. The intending parties are required to submit their applications in the prescribed form to the Joint Chief Controller of Imports and Exports, Bombay, on or before the 30th inst.

India is likely to get concessions from the Iranian Government for oil exploration in the offshore areas of that country. If India is able to procure a licence for exploration and production, foreign collaboration will have to be sought. The oil potential of the area for which India has sought a licence from Iran is estimated at 20 million tons a year.

A world conference on disarmament and international co-operation will be held at New Delhi on 14th November 1964, on the occasion of the 75th birth anniversary of the late Mr. Nehru. The decision to hold such a conference has been taken by the Continuing Committee of the Seminar on International Affairs and World Peace. This seminar was inaugurated by Mr. Nehru in December last.

The State Trading Corporation has finalised a contract with West Germany for the export of 1,500 tons of tapioca chips to that country. It has agreed to purchase 25,000 tons of tapioca provided the Kerala State Tapioca Market Expansion Board could procure a fixed price from the parties nominated by the Board. At present, the Government of India is subsidising tapioca exports in the interests of earning foreign exchange.

A high-level conference to consider the problems of flood control in the States is scheduled to be held at Srinagar on the 25th and 26th inst. It will be attended by the Ministers in charge of flood control in Bihar, Andhra Pradesh, Assam, Jammu and Kashmir, Kerala, Maharashtra, Orissa, Punjab, Uttar Pradesh and West Bengal, besides the representatives of the Union Ministries of Irrigation and Power, Finance, Planning Commission and the Central Water and Power Commission.

The Union Government has decided to participate in the International Fair to be held at Brno in Czechoslavakia from 6th to 20th September 1964. This Fair is essentially an engineering goods fair and India's participation in it will help acquaint Czechoslavakia's foreign trade enterprises with the range and quality of Indian manufactures. Though the Brno Fair is only for displaying engineering goods, India has managed to set up an independent "India Pavilion" where suitable publicity will be given to the traditional items of export.

The Union Government has decided to create a central committee for jute development entrusted with the task of increasing jute yield in the country and improving the quality of fibre. The Committee will report annually to the Indian Central Jute Committee which will continue to be in charge of jute research. The creation of this Committee has been decided in the place of the jute development board suggested by the Srivastava Committee. The Committee will consist of State Agricultural Secretaries, officials of the Planning Commission and representatives of the jute growers and the industry.

"The developing countries should in future strongly increase their own efforts." Thus said the German Minister for Economic Co-operation, Mr. Walter Scheel, in a speech at Hanover recently. Germany, according to him, is willing to aid the developing nations in utilising their potential of labour and natural resources, in realising the possibilities of building up their own saving capital and in selling their products on the world market. But the emphasis has to be shifted from financial aid to training and social aid. Only then could financial aid become useful and within the next five years, Germany will build up a staff of several thousand experts for development aid. Three basic considerations have emerged from Mr. Scheel's policy speech: (1) Development aid is a permanent task for more than one generation; (2) Germany knows no traditional zones of influence; (3) Germany's financial means for development aid are limited.

The production performance of the Bhilai and Durgapur steel plants continues to be highly encouraging. The Bhilai plant produced during the month of May 1964 91,000 tonnes of ingot steel, that is, 7 per cent more than the monthly rated capacity. Production of hot material (pig iron) amounted to 106,330 tonnes, about 13 per cent more than the monthly rated capacity. About 80,934 tonnes of steel ingots were rolled by the Rolling Mills and 31,237 tonnes by rail and structural mill. Production of blooms and slabs was 70,557 tonnes which was also higher than the monthly rated capacity of the plant. The billet mill produced 40,947 tonnes, an increase of 18 per cent more than the monthly rated capacity of the mill. The merchant mill rolled 15,811 tonnes during the month thereby exceeding the rated capacity by 17 per cent. The steel plant at Durgapur produced a record of 93,000 tonnes of steel ingots, representing 110 per cent of the rated capacity and the big jump in the Merchant Mill to 28,743 tonnes constituting 141 per cent of the rated production. There was also a new monthly record in the wheel and axle plant where 2,176 sets were despatched. This plant has reached the target in reducing the cost of production by 15 per cent.

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From Abroad

The Malaysian Minister for Commerce and Industry, Dr. Lim Swee Aun, has said that the American releases of stockpile tin and surplus production of synthetic rubber are threatening Malaysian exports of these two major commodities.

The E.E.C. Commission in Brussels foresees persistent pressure on the labour market throughout 1964 in various Common Market countries, particularly in West Germany. Industrial expansion is expected to maintain a shortage of workers comparable to last year's.

The production of synthetic rubber in the United States continued at a record rate during the month of April, 1964. Total production in that month amounted to 146,213 long tons. This was the second highest level of production ever recorded in a single month.

The Government of Japan has agreed to the functioning of five Communist China's officials in Tokyo as a trade liaison mission without any guarantee from the Government of China to the effect that these officials will not engage in political activities.

World population reached a record high of 3,135 million by mid-1962, an increase of 25 per cent over mid-1950 level. At the same time, world industrial production has more than doubled, the actual increase being 118 per cent. The total production of energy (all kinds) multiplied by one-and-a-half times during the eight-year period from 1954 to 1962.

The United Nations' expanded programme of technical assistance spent about $48 million as aid to 122 countries and territories during the year 1963. About 3,037 experts of 79 nationalities are taking part in the progamme, of whom Britain accounts for 426, France for 329, the U.S.A. for 246, India for 136 and the Soviet Union for 123.

The Norwegian Storting (Parliament) has unanimously adopted a series of amendments to the Holiday Act of 1947, as a result of which the statutory holiday for all wage-earners covered by the Act will be extended to four weeks with effect from 1st May, 1965 and workers will be entitled to an annual holiday of 24 working days, instead of 18 days as before.

The Dutch Government has sought advice of the Social and Economic Council on how to stem the almost constant inflationary pressure in the event of labour shortage persisting. Meanwhile, the Government has increased the Bank rate to 4½ per cent from 4 per cent, to which level it had been raised from 3½ per cent five months ago.

The Common Market's foreign trade surplus with third countries continues to rise sharply. During the first two months of 1964, the E.E.C. imports from non-E.E.C. countries were higher by 22.9 per cent as compared with the same period last year, and exports by 20.7 per cent. This development pushed the E.E.C's negative balance of trade for the two months to the 700-million dollar mark, representing an increase of 36 per cent.

Rumania has begun negotiations with the General Agreement on Tariffs and Trade (G.A.T.T.) with a view to joining the organisation. If Rumania joins the G.A.T.T., it would be the fourth country in the Communist bloc to do so, Czechoslavakia already a contracting party, Yugoslavia has acceded to the G.A.T.T. provisionally and Poland is participating in the work of the contracting parties under a special arrangement.

The Yaounde Convention, which links 18 French-speaking African States in an association agreement with the Common Market, comes into force this month. Under the terms of the agreement the Six will immediately extend to the African associates tariff preferences and financial assistance. Coffee, cocoa, pineapples, cloves, coconuts, pepper, vanilla and nutmeg will now be allowed into the Community duty-free from the associates and, at the same time, the common external tariff will be reduced by about 15 to 25 per cent on imports of these products from third countries.

The West German chemical industry continues to reduce prices and record a rising sales volume. Turnover in the first quarter of the year aggregated about DM. 7,100 million—14 per cent more than in the same period of 1963. Subsidies paid from public funds to various economic and social groups of West Germans have risen to more than 50 per cent in the past five years. The total last year was DM. 22,400 million, as against DM. 14,400 million in 1959. Out of this total, nearly DM. 12,500 million were paid as cash grants; the rest consisted of tax concessions and rebates. The highest amount from public funds was paid to the social security systems.

The International Monetary Fund has approved of a standby arrangement with the Government of Liberia authorising drawings upto the equivalent of $4.4 million over the next twelve months. The arrangement succeeds the one-year standby arrangement covering $5.7 million approved by the Fund in May 1963. Under that arrangement, Liberia drew a total of $4.1 million. The new arrangement will provide continuing support for a comprehensive programme of financial reform introduced by the Liberian authorities last year.

A rise of nearly 17 million tons in grain output in Russia will be ensured by the mineral fertilisers to be produced by 1970 in the new plants now being put up in Kazakhstan. The raw material for the plants will be provided by the Karatau deposits with the phosphorites reserves of 1,500 million tons. The gigantic plants, which will make use of these reserves, will be the world's largest producers of mineral fertilisers. Leningrad engineers have already completed designing the first section of a phosphorus salt plant in Chimkent. The designing of a plant to produce double superphosphate in Jambul is nearing completion. Several plants are to be built in the area of Karatau phosphorite basin. In the near future, they will produce millions of tons of mineral fertilisers annually for the farmers in Kazakhstan, Siberia and Central Asian Republics. The technological scheme of the plants is based on the Soviet electro-thermal method of obtaining phosphorus. Electricity for the smelting furnaces of the plants will be supplied by the Siberian power grid to which the world's largest hydro-power stations are linked.

PERSONAL

MR. M. K. Kidwai, Commissioner for India in Mauritius, has been appointed High Commissioner for India in Malaysia.

Mr. D. C. Kothari has been re-elected President of the Madras Stock Exchange for the current year. Mr. J. V. Somayajulu has been elected Vice-President.

On the advice of the Prime Minister, Mr. Lal Bahadur Shastri, who will also be Minister of Foreign Affairs and Minister of Atomic Energy, the President has appointed the following persons, (with their respective portfolios) to be members of the Council of Ministers:

Cabinet Ministers

Mr. Gulzarilal Nanda—Home Affairs.

Mr. T. T. Krishnamachari—Finance.

Mrs. Indira Gandhi—Information and Broadcasting.

Sardar Swaran Singh—Industry (including Heavy Engineering and Technical Development).

Mr. S. K. Patil—Railways.

Mr. Asoke Kumar Sen—Law and Communication.

Mr. Y. B. Chavan—Defence.

Mr. Sanjiva Reddy—Steel and Mines.

Mr. C. Subramaniam—Food and Agriculture.

Mr. Humayun Kabir—Petroleum and Chemicals.

Mr. Satya Narayan Sinha—Parliamentary Affairs and Civil Aviation.

Mr. H. C. Dasappa—Irrigation and Power.

Mr. M. C. Chagla—Education.

Mr. D. Sanjivayya—Labour and Employment.

Mr. Mahavir Tyagi—Rehabilitation.

Ministers of State

Mr. Mehr Chand Khanna—Works and Housing.

Mr. Manubhai Shah—Commerce (including textiles and jute).

Mr. Nityanand Kanungo—Cultural Affairs.

Mr. Raj Bahadur—Transport (excluding Civil Aviation).

Mr. S. K. Dey—Community Development and Co-operation.

Dr. Sushila Nayar—Health.

Mr. Jaisukhlal Hathi—Minister of State in the Ministry of Home Affairs.

Mrs. Lakshmi N. Menon—Minister of State in the Ministry of Foreign Affairs.

Mr. K. Raghu Ramaiah—Minister of State in the Ministry of Labour and Employment.

Mr. O. V. Alagesan—Minister of State in the Ministry of Petroleum and Chemicals.

Dr. Ram Subhag Singh—Social Security and Cottage Industries.

Mr. R. M. Hajarnavis—Supply.

Dr. K. L. Rao—Minister of State in the Ministry of Irrigation and Power.

Mr. B. R. Bhagat—Planning.

Mr. A. M. Thomas—Minister of State in the Ministry of Food and Agriculture.

Notices

THE GANESH FLOUR MILLS COMPANY LIMITED

DELHI

Registered Office: Subzimandi, Delhi

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 72nd Annual General Meeting of the Shareholders of The Ganesh Flour Mills Company, Ltd., Delhi, will be held at the Company's premises at 64-65, Najafgarh Road (Industrial Area), New Delhi, on Monday the 29th day of June, 1964, at 10 a.m., to transact the following business:

1. To receive, consider and adopt the Directors' Report and the Audited Balance Sheet and Profit and Loss Account of the Company for the year ending 30th September, 1963.
2. To declare dividends.
3. (*a*) To appoint a Director in place of Shri Satya Narain Gupta who retires by rotation under the Articles of Association of the Company and being eligible for re-appointment, offers himself for re-appointment as a Director of the Company;

   (*b*) To appoint a Director in place of Shri Om Parkash who retires by rotation under the Articles of Association of the Company and being eligible for re-appointment, offers himself for re-appointment as a Director of the Company.
4. To appoint Auditors for the Financial Year 1963-64 and fix their remuneration. Messrs. A. F. Ferguson & Co., Chartered Accountant, the retiring Auditors, being eligible for re-appointment, offer themselves for re-appointment as Auditors of the Company for the year 1963-64.

SPECIAL BUSINESS

5. To consider and if thought fit to pass the following with or without modification as an ordinary resolution:

   "Resolved that the Company hereby approves of the appointments and consents to the continuance, as the case may be, of the Sole Distributors/Distributors/Dealers of the Company for a period not exceeding five years commencing from the dates of such appointments and for the products and the area respectively mentioned, subject to any variation that may be made in the terms of their appointments including changes in area and products and subject also to the condition that the arrangements may be terminated earlier by one month's notice on either side."

   (List of Sole Distributors/Distributors/Dealers and the explanatory statement regarding special business as required under Section 173(2) of the Companies Act, will be included in the notice of the Annual General Meeting to be sent to the Shareholders alongwith the Balance Sheet.)

By Order of the Board of Directors,
For THE GANESH FLOUR MILLS CO. LTD.,
KIRPA NARAIN,
Secretary and General Manager.

DELHI,
Dated 30th May, 1964.

N.B.—(*a*) Share Transfer Books of the Company will remain closed from 17th June to 29th June, 1964 (both days inclusive).

(*b*) Members unable to attend are requested to send their Proxy Form, sent alongwith the notice, duly stamped, signed and completed in favour of a person attending the meeting. Forms not properly signed and/or completed or received less than forty-eight hours before the meeting will be treated as invalid.

(*c*) A member entitled to vote is entitled to appoint a Proxy to attend and vote instead of himself and a proxy need not be a member of the Company.

(*d*) The terms of appointment of Sole Distributors/Distributors/Dealers as mentioned in item No. 5 above will be open for inspection of the members at the Registered Office of the Company from 17th June 1964 to 29th June 1964 during working hours.

(*e*) All Shareholders of the Company are requested to send their present addresses to the Company before the date of the meeting so that dividend warrants for the year ending 30th September 1963 may reach them at their correct address.

DUNCAN BROTHERS & COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Sixty-fifth Annual General Meeting of the Shareholders of Duncan Brothers & Company Limited will be held at the Registered Office of the Company, No. 31, Netaji Subhas Road, Calcutta, on Monday, the 29th June, 1964, at 11-00 a.m., for the following purposes:

1. To consider and adopt the Audited Accounts for the year ended 31st December, 1963 and the Reports of the Board of Directors and the Auditors.
2. To declare dividends on the Cumulative Preference, Redeemable Preference and Ordinary shares.
3. To elect a Director.
4. To appoint Auditors for the current year and to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modification the following resolutions:—

5. As a Special Resolution:

   "Resolved that Mr. R. P. Goenka be and is hereby appointed a Director of the Company whose period of office is liable to determination by retirement of Directors by rotation."

6. As an Ordinary Resolution:

   "Resolved that Mr. A. F. Macdonald be and is hereby appointed a Director of the Company whose period of office is liable to determination by retirement of Directors by rotation."

The Register of Members and Share Transfer Books of the Company will be closed from 19th to 29th June, 1964, both days inclusive.

By Order of the Board,
S. K. MITRA,
Secretary.

31, NETAJI SUBHAS ROAD,
CALCUTTA, 1*st June*, 1964.

Note: A member entitled to attend and vote at the meeting may appoint a proxy to attend and, on poll, to vote on his behalf. The proxy need not be a member of the Company.

An Explanatory Statement has been annexed to the Notice sent to the shareholders.

THE KARANPURA DEVELOPMENT COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of THE KARANPURA DEVELOPMENT COMPANY LIMITED, will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta, on Friday the 26th June, 1964, at 11.00 a.m., for the following purposes:—

1. To consider and adopt the Audited Accounts of the Company for the year ended 31st December, 1963, and to receive the Directors' and the Auditors' Reports thereon.
2. To declare Dividends recommended by the Directors.
3. To appoint Auditors and fix their remuneration.

AS SPECIAL BUSINESS

4. To appoint a Director in place of Mr. B. P. Ray, who retires, and in this connection to consider and, if thought fit, to pass with or without modification, the following resolution of which a notice has been received by the Company from one of its members under Section 257 of the Companies Act, 1956, which will be proposed as Ordinary Resolution:

   "That Mr. B. P. Ray be and is hereby appointed as a Director of the Company."

The Share Transfer Registers of the Company will be closed from the 17th June, 1964 to the 26th June, 1964, both days inclusive.

By Order of the Board,
BIRD & CO. (PRIVATE) LTD.,
Secretaries & Treasurers.

CHARTERED BANK BUILDINGS,
CALCUTTA, 21*st May*, 1964.

Notes:—(*a*) A member entitled to attend and vote at this meeting, may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(*b*) The Dividends, if declared, will be paid on or after the 15th July, 1964, to those members, whose names appear in the Company's Books on 26th June, 1964, or to their mandatees. No application for dividend warrants will be necessary.

(c) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, is being sent to all members.

THE KARANPURA DEVELOPMENT COMPANY LIMITED

AT A MEETING OF THE BOARD OF Directors held on Thursday, the 21st May, 1964, the following dividends were recommended for declaration at the Annual General Meeting to be held on Monday, the 29th June, 1964, subject to deduction of tax.

On Ordinary Shares at 3 per cent per annum.

On Founders' Shares at 9 per cent per annum.

By Order of the Board,
BIRD & CO. (PRIVATE) LIMITED,
Secretaries & Treasurers.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA, 21*st May*, 1964.

THE BORREA COAL COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of the BORREA COAL COMPANY LIMITED, will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta, on Friday, the 26th June, 1964, at 10.30 a.m., for the following purposes:—

1. To consider and adopt the Audited Accounts of the Company for the year ended 31st December, 1963, and to receive the Directors' and the Auditors' Reports thereon.
2. To declare the Dividends recommended by the Directors.
3. To appoint Auditors and fix their remuneration.

AS SPECIAL BUSINESS

4. To appoint a Director in place of Mr. B. P. Ray, who retires, and in this connection to consider and, if thought fit, to pass with or without modification of which a notice has been received by the Company from one of its members under Section 257 of the Companies Act, 1956, which will be proposed as Ordinary Resolution:—

   "That Mr. B. P. Ray be and is hereby appointed a Director of the Company."

The Share Transfer Registers of the Company will be closed from the 17th to the 26th June, 1964, both days inclusive.

By Order of the Board,
F. W. HEILGERS & Co. (PRIVATE) LTD.,
Secretaries & Treasurers.

CHARTERED BANK BUILDINGS,
CALCUTTA, 21*st May*, 1964.

Notes:—(a) A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(*b*) The Dividends, if declared, will be paid on or after 15th July, 1964, to those Shareholders so entitled whose names appear in the Company's book on the 26th June, 1964, or to their mandatees. No application for Dividend Warrants will be necessary.

(*c*) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, is being sent to all members.

THE SENDRA COAL COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of THE SENDRA COAL COMPANY LIMITED, will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta, on Friday the 26th June, 1964 at 11.25 a.m. for the following purposes:—

(1) To consider and adopt the Audited Accounts of the Company for the year ended 31st December, 1963 and to receive the Directors' and Auditors' Reports thereon.
(2) To declare the Dividend recommended by the Directors.
(3) To appoint Auditors and fix their remuneration.

AS SPECIAL BUSINESS

(4) To appoint a Director in place of Mr. P. Sen Gupta, who retires, and in this connection to consider and if thought fit, to pass with or without modification the following resolution of which a notice has been received by the Company from one of its members under Section 257 of the Companies Act, 1956, which will be proposed as ordinary resolution.

   "That Mr. P. Sen Gupta be and is hereby appointed a Director of the Company."

The Share Transfer Register of the Company will be closed from the 17th June, 1964 to the 26th June, 1964 both days inclusive.

By Order of the Board,
F. W. HEILGERS & CO. (PRIVATE) LTD.,
Secretary.

CHARTERED BANK BUILDINGS,
CALCUTTA, 25*th May*, 1964.

Notes:—(*a*) A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(*b*) The Dividend, if declared, will be paid on or after 15th July, 1964, to those members so entitled whose names appear in the Company's book on the 26th June, 1964, or to their mandatees. No application for Dividend Warrants will be necessary.

(c) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, is being sent to all members.

THE BORREA COAL COMPANY LIMITED

AT A MEETING OF THE BOARD OF Directors held on Thursday, the 21st May, 1964, the following dividends were recommended for declaration at the Annual General Meeting to be held on Friday, the 26th June, 1964, subject to deduction of tax.

On 6½ per cent Cumulative Preference Shares at 8.45 per cent (being dividend at the stipulated rate of 6½ per cent per annum increased by 30 per cent thereof, in accordance with the provisions of the Preference Shares (Regulation of Dividends) Act, 1960).

On Ordinary Shares at the rate of 15 per cent per annum.

By Order of the Board,
F. W. HEILGERS & CO. (PRIVATE) LTD.,
Secretaries & Treasurers.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA, 21*st May*, 1964.

THE SENDRA COAL COMPANY LIMITED

AT A MEETING OF THE BOARD OF Directors held on Monday, the 25th May, 1964, the following dividends were recommended for declaration at the Annual General Meeting to be held on Friday, the 26th June, 1964, subject to deduction of tax.

On Ordinary Shares at the rate of 3 per cent per annum.

By Order of the Board,
F. W. HEILGERS & CO. (PRIVATE) LTD.,
Secretary.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA, 25*th May*, 1964.

THE ONDAL COAL COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT AN Annual General Meeting of THE ONDAL COAL COMPANY, LIMITED, will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta, on Friday, the 26th June, 1964 at 11.15 a.m., for the following purposes:—

1. To consider and adopt the Audited Accounts of the Company for the year ended 31st December, 1963, and to receive the Directors' and the Auditors' Reports thereon.
2. To declare the Dividends recommended by the Directors.
3. To appoint a Director in place of a retiring Director.
4. To appoint Auditors and fix their remuneration.

The Share Transfer Registers of the Company will be closed from the 17th to the 26th June, 1964 both days inclusive.

By Order of the Board,
PRAN PRASHAD,
Chairman.

CHARTERED BANK BUILDINGS,
CALCUTTA, 21*st May*, 1964.

Notes:—(*a*) A member entitled to attend and vote at this meeting, may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

(*b*) The Dividends, if declared, will be paid on or after 15th July, 1964, to those shareholders so entitled whose names appear in the Company's book on the 26th June, 1964, or to their mandatees. No application for Dividend Warrants will be necessary.

THE ONDAL COAL COMPANY LIMITED

AT A MEETING OF THE BOARD OF Directors held on Thursday, the 21st May, 1964, the following dividends were recommended for declaration at the Annual General Meeting to be held on Friday, the 26th June, 1964, subject to deduction of tax.

On 6½ per cent Cumulative Preference Shares at 8.45 per cent (being dividend at the stipulated rate of 6½ per cent per annum increased by 30 per cent thereof, in accordance with the provisions of the Preference Shares (Regulation of Dividends Act, 1960.)

On Ordinary Shares at the rate of 5 per cent per annum.

By Order of the Board,
PRAN PRASHAD,
Chairman.

Registered Office:
CHARTERED BANK BUILDINGS,
CALCUTTA, 21*st May*, 1964.

THE HAILEYBURIA TEA ESTATES LIMITED

KYTHARAM BUILDING, KOTTAYAM

NOTICE IS HEREBY GIVEN THAT THE Forty-first Annual General Meeting of the Shareholders will be held at the Registered Office of the Company at Kottayam, Kerala State, on Monday the 29th June, 1964 at 4 p.m., to receive the Directors' Report and accounts for the year ended 31st December, 1963, to declare a Dividend, to elect a Director, to elect Auditors and to fix their remuneration etc., and to transact any other ordinary business of the Company.

The Transfer Books of the Company will be closed from 20th June to 29th June, 1964, both days inclusive.

By Order of the Board,
PARKINS (PRIVATE) LIMITED,
Managing Agents.

KOTTAYAM,
27*th May*, 1964.

THE TWYFORD TEA COMPANY LIMITED

KYTHARAM BUILDING, KOTTAYAM

NOTICE IS HEREBY GIVEN THAT THE Forty-ninth Annual General Meeting of the Shareholders will be held at the Registered Office of the Company at Kottayam, Kerala State, on Monday the 29th June, 1964, at 2 p.m., to receive the Directors' Report and Accounts for the year ended 31st December, 1963, to declare a Dividend, to elect a Director, to elect Auditors and to fix their remuneration etc., and to transact any other ordinary business of the Company.

The Transfer Books of the Company will be closed from 20th June to 29th June, 1964, both days inclusive.

By Order of the Board,
PARKINS (PRIVATE) LIMITED,
Managing Agents.

KOTTAYAM,
27*th May*, 1964.

ESCORTS LIMITED

26, Faiz Bazar, DELHI 6
(*Registered Office*)

NOTICE IS HEREBY GIVEN THAT THE 19th Annual General Meeting of the above Company will be held in its premises at 16, Barakhamba Road, New Delhi 1, on Tuesday, the 30th June, 1964, at 10 a.m., to receive, consider and adopt the Directors' and Auditors' Reports and audited accounts for the year ended 31st December, 1963 and to consider other matters as Ordinary and Special Business of which notice is being given to the Members.

By Order of the Board,
P. L. JAITLY,
Secretary.

May 29, 1964.
DELHI, 6.

Note: 1. The Transfer Register and Members Register (both of Equity and Preference capital) shall remain closed from 15th to 30th June, 1964, both days inclusive.

2. Explanatory statements as required under Section 173 of the Companies Act, 1956 in regard to the items under special business will be forwarded to the Members with the notice.

THE CALCUTTA TRAMWAYS COMPANY LIMITED

(*Incorporated in England*)

NOTICE IS HEREBY GIVEN THAT THE Preference Shares Transfer Books will be closed from the 17th to 30th June, 1964 (both days inclusive), for the preparation of Dividend Warrants in respect of the Interim Dividend of 2½ per cent, less Income-tax, payable on the 1st July, 1964, on account of the profits for the year ending 31st December, 1964.

By Order of the Board,
R. W. TURNBULL,
Agent.

P4, MISSION ROW EXTENSION,
CALCUTTA-1.
5*th June*, 1964.

MAHINDRA UGINE STEEL COMPANY LIMITED

CHAIRMAN MR. HARISH MAHINDRA'S SPEECH

DEMAND FOR ALLOY CONSTRUCTION STEEL RISING

AT the First Annual General Meeting of Mahindra Ugine Steel Company Ltd., held at Bombay on 9th June 1964, Mr. Harish Mahindra, Chairman, informed the shareholders *that the Company's plant under construction* would be ready for trial runs early in 1966. With an installed capacity for manufacturing 18,000 tons of finished alloy constructional steel, the plant, he said, would meet only 7.2 per cent of the estimated annual demand of about 25,000 tons of such steel. As there was a big gap between the estimated demand and the aggregate licensed capacity, he felt heartened by the Steering Group's recommendation that licensed projects should be encouraged to expand to economic sizes.

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

LADIES AND GENTLEMEN:

I have great pleasure in extending to you a warm welcome to the first annual general meeting of the Company.

First and foremost, I would like to give expression to what is uppermost in our minds. We meet today in the shadow of the greatest tragedy to befall our nation since the assassination of Mahatma Gandhi in 1948. For seventeen years the unswerving hands of Prime Minister Nehru guided our nation through many a storm. Just when he seemed imperishable, Time and Mortality touched him. For our heritage he has left us his dreams and ideals to translate *into reality. He set the infant democracy in* his care on the path of rapid industrialisation. He showed determination and faith in the nascent nation's capacity to take giant strides to ultimately keep pace with the developed nations of the world. He called the industrial complexes that came out of the Plans the temples of modern India. In his last speech at Chowpatty, he measured his country's growth with the yardstick of its steel output. In his tryst with destiny he put his faith in all of us who have to collectively make our minute contribution towards the realisation of his dreams. Therefore, we must remember his death to the day of ours.

Our nation is fortunate *in its choice of Shri* Lal Bahadur Shastri. The new Prime Minister is eminently suited to shoulder the burdens of the State during the critical years ahead. With him go our hopes and aspirations for tomorrow's India.

In a small measure, in our own immediate world, we have suffered the loss of our helmsman, my uncle, Mr. K. C. Mahindra. It is unfortunate that as the project is taking off from the drawing board stage to field activity he is no longer with us.

As shareholders of the Company, you have had an opportunity to study the prospectus of the Company published at the time of the public issue of capital. It would, therefore, be redundant if today I should tread on the ground with which you are by now familiar.

Venture into Steel Sphere

Many of you may wonder why Mahindra and Mahindra Limited, basically an engineering house, should venture into the sphere of steel production. The founders, Mr. J. C. Mahindra, my father, and Mr. K. C. Mahindra were by professional training "men of steel." Mr. J. C. Mahindra was the Sales Manager of Tata Iron and Steel Company Ltd., prior to the Second World War. He was appointed by the British Government as Adviser to the Government of India on steel supplies needed during the war years, and in 1941 he became the first Iron and Steel Controller of India. Mr. K. C. Mahindra was associated with Messrs. Martin Burn Limited, Managing Agents of the Steel Corporation of Bengal Limited (now Indian Iron and Steel Company Ltd.). In recent years, as Director of Hindustan Steel Limited, he took considerable interest in the development of the steel industry in India.

I may also mention here that right from its inception Mahindra and Mahindra Limited successfully established trading activity in steel on sound lines. Long before major imports were contemplated by the Government, they secured exclusive franchise for representing some of the leading French and British steel makers. This paved the way for the ultimate consolidation of the steel business—imported as well as controlled stock. Years of close association with the steel makers all over the world and the resultant experience gained by them have infused a sense of confidence in that they can today augment, on a modest scale, the Government's efforts to develop the alloy steel industry in India.

Technical Collaboration

Your Company was fortunate in securing the technical collaboration of Acieries Electriques d'Ugine of France, who have specialised in the manufacture of tool, alloy and special steel for over half a century. As co-promoters, Ugine have rendered invaluable assistance to your Company in bringing the scheme to its present fruition. The keen interest exhibited in your project by Mon. Rene' Perrin, President General of Acieries Electriques (whose name is connected with the renowned Ugine-Perrin Process of steel making), and his worthy colleagues have contributed in no small measure to the progress so far made on the project.

The responsibility for raising the foreign exchange component of the project was shouldered by the promoters. The amount involved was substantial in the context of so many competing claims for foreign financial assistance. I would like to express our deep appreciation of the co-operation extended to us by the financial institutions, namely, the International Finance Corporation in Washington, the Industrial Finance Corporation of India and the Industrial Credit and Investment Corporation of India Limited.

Need for Special Steels

Steel industry occupies the pride of place in the national Plans. Steel remains the most important industrial material in modern technology, and the conditions of its production and development will necessarily influence the rapid and substantial growth of our economy. Development of a branch of this industry—alloy steel—so vital to the industrialisation of the country had, in the past, not been given the special attention it deserved. The emphasis has now shifted to the speedy implementation of alloy steel projects. It is, therefore, imperative that development of the special steel industry should be accorded top priority by the Government.

The Steering Group for Iron and Steel has set the target for production of tool, alloy, and special steels at one million tons after analysing the various demand projections made by the National Council of Applied Economic Research and other organisations. The demand for alloy constructional steel alone is estimated at 250,000 tons per annum. This represents 25 per cent of the total demand for tool, alloy, and special steels which, ostensibly, is a conservative estimate of the demand that will unfold itself in the years to come. In the U.S.A., alloy constructional steel alone accounts for about 75 per cent of the total tool, alloy, and special steel deliveries.

Your Company will initially produce alloy constructional steel. This kind of steel finds its application in automobiles, transport, material handling equipment, machine building and other industries. These industries, which have been subjected to the vagaries of an imported supply, can then look forward to a dependable and regular supply from indigenous sources.

Capacity of Plant

The capacity of your plant will be 25,000 ingot tons or 18,000 tons of finished steel per annum. This will account for 7.2 per cent of the estimated demand for alloy constructional steel. There is a significant gap between the estimated demand and the licensed capacity for alloy constructional steel. It is, therefore, heartening to note that among the various measures proposed, the Steering Group has recommended that plants, which have been licensed and have been making progress, should be encouraged to expand to economic sizes. This is a realistic approach which would prove to be beneficial to the country—both from the point of time and cost.

The basic design work of the shop buildings and ancillary buildings has practically been completed. Contracts for structural steelwork are being processed. Construction work at the site has commenced, and the tempo of work will gain momentum immediately after the monsoon. If there is no major hold up in the receipt of construction materials, it is hoped that the main shop buildings will be completed by the end of 1965.

Manufacturing facilities which are being provided will, *inter alia*, include one 20-ton electric arc furnace, slag furnace, high speed forging press, manipulators, reheating furnaces, rolling mill, annealing and tempering furnaces. Orders for the major items of plant and equipment have been placed. Shipments of most of these items are expected to be made by July/August 1965. The erection work of the major items of plant and equipment will take about four to six months. Trial runs of some of the units of the plant are likely to be made in early 1966.

Manpower Training

I would like to caution that the task ahead of us is an arduous one. Management of a steel plant poses grave problems in finding talented managerial and technical personnel. Whilst some of the key men will undergo training in Ugine's plant, by and large, the operating crew will have to be trained in India.

The manpower requirements of the steel industry in the fourth Five-year Plan will increase considerably, and it is, therefore, of paramount importance that an orientation-*cum*-practical training course is arranged in the existing steel works in India for graduate engineers, diplomaholders, technologists and artisans. In-service training can, at the most, augment the above scheme and cannot, by itself, provide a solution to this problem. The sad experience of the new steel plants, which viewed availability of skilled manpower with complacency, would indicate that immediate measures are necessary to organise suitable training facilities for the personnel required by all new steel units. Otherwise, operational efficiency will be seriously impaired, and the time-lag involved in attaining normal production will not be reduced.

Employment Potential

When the plant is geared for optimum output, the employment potential of your Company will be of the order of 1,200 people. This additional labour force in Khopoli region will accentuate the problems of housing in that area. The ribbon development of industries in Bombay-Thana road will gradually extend to Khopoli. The need for establishing industrial workers' colony in Khopoli region merits immediate attention of the State Housing Board. Unless congenial living conditions are created near Khopoli, it will be difficult to attract technicians to settle down in that area. State Government's assistance is also required in providing basic amenities, such as adequate potable water supply, medical, educational and recreational facilities. I fervently hope that the State Government will extend its fullest cooperation to us in overcoming these problems.

Thoughts on Mixed Economy

I find myself agreeing with Barbara Ward, a noted and influential economist of our time, when she says that in India today—". . . Very large programmes of public investment under the Plans—combined with very strict control over imports—has given Indian private enterprise the best decade in its history." An economy based on total private enterprise remains a mere ideology today. It exists nowhere in the world. The ratio of public and private enterprises in a "mixed economy" may vary according to the different political and economic factors prevalent in a country. A study of the Marshall Plan operations in post-war Europe has established beyond doubt that programmes of public investment act as a stimulus to private enterprise and also set up a dynamic market economy. A conflict between the two sectors is to be avoided, as in the democratic, underdeveloped nations of the world both the streams of economic growth have come to stay. Therefore, I do feel confident that in the policy of "democratic socialism," to which our Government is committed, we will find an atmosphere conducive to the success of our enterprise.

(*Continued on page* 1041)

TREND OF MARKETS

MONEY EASY AGAIN

(From Our Own Correspondent)

BOMBAY, *10th June*

There was no change in the tone of the short-term money market which continued to be quite comfortable. Borrowers found no difficulty whatever in obtaining their requirements, as plentiful supplies of funds were available. Business put through was fairly large, but the inter-bank call rate (for both renewals and fresh money) remained unaltered at 4½ per cent. Conditions at Calcutta, too, were very comfortable, the call rate moving down from 6 per cent to 4¼ to 4¼ per cent.

The easy trend of money notwithstanding, the response to the 91-day Government of India Treasury Bills, tenders for which opened on Tuesday the 9th inst., continued to be poor. The total amount offered was no more than Rs. 2 crores which was just the amount invited; the whole of it was accepted, the average rate of accepted tenders being Rs. 3,000 per cent per annum, same as last week. The intermediate Treasury Bills, however, elicited better support. The total amount of Bills actually sold from the 3rd to 6th inst. was Rs. 129.50 lakhs, as against a bare Rs. 5 lakhs a week before and Rs. 20 lakhs two weeks before.

A sharp decline of Rs. 6.67 crores to Rs. 108.95 crores in India's foreign exchange reserves occurred during the week ended 5th June 1964. The bulk of this decline, Rs. 5.00 crores to be precise, was accounted for by foreign securities held in the Issue Department of the Reserve Bank, the total of which stood at Rs. 98.46 crores. Balances held abroad fell by Rs. 1.67 crore to Rs. 10.49 crores. Loans and advances to scheduled banks improved by Rs. 3.83 crores to Rs. 36.28 crores, whereas their deposits with the Reserve Bank were less by Rs. 75.91 lakhs at Rs. 87.71 crores. Notes in circulation showed an increase of Rs. 23.01 crores to Rs. 2,549.53 crores.

There was a further drop of Rs. 13.05 crores to Rs. 1,824.82 crores in the total credit made available by scheduled banks to their clients during the week ended 29th May. Since, at the same time, deposits went up by Rs. 19.64 crores to Rs. 2,511.08 crores, borrowings from the Reserve Bank receded by Rs. 14.58 crores to Rs. 32.87 crores, including Rs. 6.41 crores (fall of Rs. 1.32 crore) borrowed against usance bills. Investments rose by Rs. 1.18 crore to Rs. 621.76 crores and so also total cash by Rs. 9.82 crores to Rs. 155.21 crores.

The Gilt-edged market ruled dull as usual. Turnover was greatly restricted, with values of most Central and State loans remaining unchanged at last week's levels.

In the foreign exchange market, the banks' selling rate for U.S. dollars advanced from Rs. 478.50 to Rs. 475.25 per $100 and their buying rate, too, rose from Rs. 475.25 to Rs. 475.75. In New York, the pound sterling eased again *vis-a-vis the dollar*, the spot rate declining by 0.270 cent to 279.410-279.440 cents and the three months' forward by 0.200 cent to 270.990-279.020 cents.

SLUMP IN BULLION

(From Our Own Correspondent)

BOMBAY, *10th June*

Conditions akin to a panic prevailed in the bullion market during the week under review. There was nervous selling by some parties, while buying support was at a low ebb. Heavy arrivals of both gold and silver depressed the sentiment of operators. Easy advices from upcountry markets also imparted weakness. Consequently, values slumped.

Silver was hammered down from Rs. 256.50 on Wednesday last week to as low as Rs. 244 yesterday. The low rate prevailed throughout today. The daily average arrivals continued to be quite heavy, being 35 bars, whereas offtake was no more than 10 bars.

Fourteen-carat gold encountered persistent selling and fell by Rs. 4 to Rs. 67.75. Primary gold, trading in which is only unofficial, receded by a rupee to Rs. 119. Sovereign was dull at Rs. 92.

The international price for gold at London gained ¼ cent to $35.07¼ per fine ounce. The sterling price spurted by 10¾*d.* to 251*s.* ¾*d.* Ready and forward silver continued unchanged at 111¾*d.* and 111¼*d.*, respectively, as also silver in New York at 129.3 cents.

The official motion for reference of the Gold Control Bill to a Joint Committee of Parliament was adopted by the Lok Sabha on Friday the 5th inst. The Joint Committee has been asked to submit its report by the last day of the first week of the next session of Parliament. The Bill, it will be recalled, seeks to place on a permanent footing the provisions relating to the Gold Control Order. The main purpose of the Bill, according to Mr. B. R. Bhagat, is to discourage investment in gold and gold ornaments and to encourage investment in the socially and economically useful channels. The total quantity of gold declared up to 18th February 1964 amounted to 42,970 kg., valued at Rs 42.98 crores at the prevailing market rate. Replying to the criticism that the Gold Control Rules have failed in their objective of preventing smuggling, Mr. T. T. Krishnamachari said:

"The question of importing gold to stop smuggling is ruled out, because we have no resources to do so. The price of gold in India being higher than international prices, smuggling is taking place. India is also not in a position to produce more gold. Production of gold is confined to two mines which is negligible. So use of gold has to be restricted to immediate needs. This is a thing which we cannot escape. Government will endeavour to stop smuggling. I hope that later the Government's efforts will bear fruit."

In the course of his reply to questions on gold smuggling, Mr. Bhagat stated in the Lok Sabha that it was difficult to estimate whether smuggling of gold had increased after the enforcement of the Gold Control Order. He, however, said: "The fact that prices of gold have been maintained without rising over a period and that there have been large seizures of smuggled gold go to show that gold smuggling has not increased." The latest quotation per ten grams of 14-carat gold is around Rs. 69.50 and that for 24-carat gold in unofficial dealings is said to be around Rs. 118.00. The nominal minimum level touched for 24-carat gold was Rs. 95 on 28th February 1963. It is, however, true that, since April 1964, there has been an upward trend in the price of gold. In the last few months, there has been some increase in the seizure of smuggled gold, but this is not significant enough to indicate that smuggling had assumed pre-control proportions. In reply to a supplementary, Mr. Bhagat said that the Government 'constantly makes an appraisal' of the position in regard to the functioning of the Gold Control Order. Mr. S. M. Banerjee pointed out that one of the objects of the Gold Control Order was to unearth hoarded gold in the country and asked: "Is it a fact that, according to Government statistics, gold to the tune of Rs. 4,000 crores is there?" Mr. Bhagat observed that the estimate of Mr. Banerjee was not correct or reliable.

The following table shows the trend of prices during the week under review:

	10-6-1964 (closing)	High	Low	3-6-1964 (closing)
	Rs.	Rs.	Rs.	Rs.
SILVER				
Ready (996 fine) ..	244.00	254.00	244.00	256.50
GOLD				
Ready (14-carat) ..	67.75	70.25	67.75	71.75
Sovereign ..	92.00*	—	—	92.00*
London—				
Gold ..	251*s.* 6¾*d.*	250*s.* 1*d.*	250*s.* 8¼*d.*	250*s.* 10*d.*
Silver Ready ..	111¾*d.*	—	—	111¾*d.*
Silver Forward ..	111¼*d.*	—	—	111¼*d.*
New York—				
Silver	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

COTTON FUTURES EASY

(From Our Own Correspondent)

BOMBAY, *10th June*

Easy conditions prevailed in the cotton futures market during the week. The easiness was induced by the ban, imposed last week, on futures trading in fourteen commodities and reports of scattered rains in some cotton-growing areas, especially Khandesh, Berar, and C.P. region. The prospect of the monsoon starting early bearishly affected the market. The expectation that the crop during the current season would be an all-time record of nearly 6 million bales also imparted weakness to the market. The Jarilla August contract, which had closed at Rs. 727.50 (per three quintals) last week, met with persistent selling and declined from the week's opening rate of Rs. 725.50 to Rs. 720 yesterday. The finish was, however, a shade higher at Rs. 721.50. The net loss over the week is Rs. 7.50.

In the spot market at Sewri, trading was generally dull. Most of the mills, having already booked their requirements, were no longer bulk buyers. Limited quantities, however, were lifted by needy mills. The main varieties that attracted attention were Co2, Laxmi, L.147, Digvijay etc. Prices tended to rule easy. New crop sowings are reported to have commenced in the Punjab, Rajasthan and U.P. In the Punjab, the acreage under cotton is expected to be about the same as in the current season, whereas in Rajasthan, especially Ganganagar circle, it is expected to be about 15 per cent higher. Canal water supply is said to be so far adequate and germination is reported to be progressing satisfactorily.

There was, by and large, no revival of export interest in Bengal *Deshi*. Stray demand was, however, reported from Japan and some Continental countries. In the foreign section, apart from regular interest in American cotton, mills bought moderate quantities of East African cotton. Interest in other growths were limited. The Textile Commissioner has notified that he will consider application from cotton mills, cotton waste spinning units and woollen mills for import of cotton/cotton waste/woollen card clothing from Hungary on a limited scale.

The following are the latest available quotations—in rupees per candy of 784 lbs.—from the spot market at Sewri:

Gadag Laxmi 1,190; Jaydhar 1,065; L.147 1,190; Nagar Co2 1,770; Khamgaon 1,120.

GROUNDNUTS RECEDE

(From Our Own Correspondent)

BOMBAY, *10th June*

Groundnuts and groundnut oil drifted downward, while the other seeds and oils remained firm. The easiness of groundnuts was due to scattered selling by some stockists who feared more stringent official measures to bring down prices. Moreover, enquiries from crushers and *vanaspati* manufacturers were not quite encouraging. Castorseeds, however, met with good buying support from Delhi and Calcutta operators. Reports of export business in commercial oil also imparted strength. Consequently, prices tended to move up. Linseeds ruled firm, thanks to tight supply position and bullish North Indian advices in regard to rapeseed. Cottonseeds also ruled firm, though the volume of business put through was limited.

Forward trading in the groundnut section remained suspended, following the imposition of the ban by the Central Government (*vide* our last report for details). Nizam bold ready dropped 50 nP to Rs. 58.50. Khandesh quality fell by Re. 1.25 to Rs. 59. Groundnut oil ex-mill declined by 25 nP to Rs. 22.85 and Railway receipt by 30 nP to Rs. 22.40.

The cottonseeds June 1964 contract moved up from Rs. 174.62 to Rs. 176.25 and the September contract from Rs. 176.00 to Rs. 177.25. Ready Kanpur hardened by 25 nP to Rs. 33.50. Madras quality was fully maintained at Rs. 34.50. Castor oil commercial strengthened by 20 nP to Rs. 13.75. Oil B.S.S. was firm at Rs. 14.50.

In the linseed section, the June contract gathered 3 nP to Rs. 42.94. The September contract rose by 31 nP to Rs. 44.06. Bold ready picked up 13 nP to Rs. 44.75. Linseed oil was done at Rs. 18.05.

The cottonseed June contract fluctuated between Rs. 105 and Rs. 106 before finishing at Rs. 105. The net loss over the week was 50 nP.

The following table shows the closing prices of oilseeds and oils on 10th June as compared with those of two previous weeks.

	10-6-1964	3-6-1964	27-5-1964
Groundnuts	Rs.	Rs.	Rs.
Nizam bold	58.50	59.00	57.62
Khandesh quality	59.00	60.25	58.25
Oil ex-mill	22.85	23.10	22.35
Oil Rly. Receipt	22.40	22.70	22.05
Castorseed			
June 1964 contract	176.25	174.62	174.37
September 1964 contract	177.25	176.00	175.75
Ready Madras	34.50	34.50	34.12
Ready Kanpur	33.50	33.25	33.00
Oil B.S.S.	14.55	14.65	14.40
Oil commercial	13.75	13.55	13.51
Linseed			
June 1964 contract	42.94	42.71	42.57
September 1964 contract	44.06	43.75	43.55
Bold ready	44.75	44.62	44.62
Linseed oil	18.00	18.05	18.05
Cottonseed			
June 1964 contract	105.00	105.50	105.50

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

KIPS WEAK

(From Our Own Correspondent)

MADRAS, *8th June*

The kip market remained weak. Exporters' interest in cow hides, cow calf and buff calf was poor. Importers' demand was patchy and a few sales of light weight cow hides all grades and medium fifths were placed at ¼ to one penny lower than last week's levels. The U.S. buyers were not in the market for buff hides or calf.

Tanned goat skins ruled firm and sellers were reserved, as they were in a well sold foward position. Continental buyers were interested in light and medium goat all selections and 11/12 lbs. fifths. Tanned sheep position was unchanged. Prices in the raw markets remained steady.

It is reported that, of late, the demand for bark tanned kips is definitely giving way in favour of chrome tanned for upper leathers; and the prospects for larger shipments of bark tanned kips are not encouraging. In the tanned skins section also, importers of E.I. tanned skins are facing serious competition from Pakistan, Nigeria and Middle East countries.

Shipments from Madras during May were: 1,847 bales cow hides, 181 cowcalf, 15 buffs, 596 buffcalf, 497 goat and 306 sheep skins to U.K. ports; 7 cow hides, 43 cowcalf, 1,193 goat, 442 sheep skins and 888 cases chrome and pickled goat skins to the Continent; 10 buffs, 65 buffcalf, 151 goat skins to U.S. ports; 24 goat and 186 sheep skins to Japan.

PEPPER IN DISTRESS

(Messrs. Parekh and Co.)

BOMBAY, *10th June*

Malabar black pepper, which enjoyed a boom sometime back, is now again in distress. The rise and fall in the value were equally drastic at both Cochin and Bombay. The quotations are given below:

	Highest	*Lowest*
	Rs.	Rs.
May delivery at Cochin ...	416	300
Vaisakh delivery at Bombay	432	321
Garbled (Ready) at Cochin	390	272
Ungarbled (Ready) at Cochin	378	262
Spot in New York	$0.44—	$0.31¼

The United States, Russia and other East European countries, which were by and large responsible for the boom, are now keeping away, the U.S. being supplied by Lampong at a comparatively cheaper price, owing to revaluation of the Indonesian Rupiahs and in view of the proximity of the new season in Sumatra. New crop Sarawak is also under selling in Europe. Russia and other East European countries having bought sizable quantity in the earlier part of the season seemed to have almost covered their autumn requirements. The official export figure for Malabar black so far available from November 1963 to April 1964 is 12,145 tons, as against 11,869 tons in the same period in 1962 and 1963. The trade on the Coast and in Bombay seems to be more in favour of revising its former estimate of Malabar higher, as the growers appear more prone to sell at lower as now monsoon is making favourable progress on the Coast after a delay of couple of days.

Ungarbled Malabar black, after remaining steady during the earlier part of the week at round about Rs. 336, is now quoted at Rs. 328. Garbled has slipped from Rs. 340 to Rs. 338.

July delivery at Cochin is down from Rs. 372 to Rs. 360 and August from Rs. 378 to Rs. 367. In Bombay, the turnover on the ring is very much restricted for want of a new development. *Jeth* delivery climbed down from Rs. 375 to Rs. 364 and *Shrawan* delivery from Rs. 390 to Rs. 378.

Singapore, under the pressure of the new crop of Sarawak after going down from $(M)120 to $(M)110, is now reported steady, but the undertone of the market is flat. The trade there is watching the development of the Tripary Summit Conference at Tokyo. Spot in New York is reported to be barely steady at round about $0.34 even after the resumption of trading following the conclusion of the Annual Spices Convention. Demands from grinders is reported to be slow though there is some business in futures for July and August delivery with some lots changing hands. The future of the market appears uncertain, as the movement of ready stock on the Coast and in Bombay is reported to be slow, most of the stock at both Cochin and Bombay is being kept in *badla* by the bulls after paying a big backwardation charge. The world pepper market will be more guided by the selling policy of Indonesian traders *and the the prospect of new crop of Lampong* which is at present reported to be in good form.

Ready pepper in Bombay is quoted at Rs. 179 per 50 kilos with demands slow.

MEDIUM TEA EASIER

[Messrs. Forbes, Ewart & Figgis (Private) Ltd.]

" COCHIN, *4th June*

In sale No. 22 held on Tuesday the 2nd inst., 751,000 kgs. were offered. Quality again showed a decline. The market met much better support than in the previous week, but prices were again lower. Highgrown B.O.Ps elicited only fair demand at much lower rates. Poorer highgrown fannings evinced less enquiry, whereas cleaner sorts were sold well. Good mediums, although being readily absorbed, were again easier. Mediums again declined quite sharply. Interest in fannings lessened as the sale progressed. Low mediums met ready market but with prices showing a further falling away, particularly plainer descriptions. Black leaf sorts sold well, though they were slightly easier. Whole leaf grades were again irregular and much lower. Tippy teas were neglected. Unorthodox descriptions attracted good support and were about steady.

The quotations (per kg.) were:

	1964	1963
	Rs.	Rs.
Low mediums	4.20-4.50	4.00-4.20
Mediums	4.40-4.70	4.25-4.45
Good mediums	4.90-5.10	4.50-5.05
Nilgiri B.O.P.	4.40-5.85	4.50-5.80

The average price realised in sale No. 22 was Rs. 4.44 per kilo, as against Rs. 4.61 a week ago and Rs. 4.19 in the corresponding sale last year.

A total of 326,000 kgs. was offered in dust sale No. 22 held today. The market met good demand but irregularly lower rates. Highgrowns were well supported and were about steady. Under mediums, Wynaads sold well, but Travancores declined again. Unorthodox teas tended easier, while residuals came to a market about 20 paise below last.

The average price realised in dust sale No. 22 was Rs. 4.18 per kilo, as against Rs. 4.26 a week ago and Rs. 3.92 in the corresponding sale last year.

Colombo: 6.4 million lbs. were offered in this week's sale. The market met with good demand. Highgrowns and mediums were sold at generally firm rates. Lowgrowns met good support at around last week's rates.

London: *North Indian and other growths*: In Monday's sale, the market evoked strong general demand with prices for all types fully firm to dearer.

Ceylon and South Indians: In Tuesday's sale, there was quieter demand for the Ceylon teas on offer. Highgrowns were substantially lower, while mediums declined by 2d. to 4d. Lowgrowns were barely steady. South Indians were in good demand and sold at prices around last.

As we go to press, Messrs. Forbes, Ewart and Figgis Private Ltd. wire as follows:

"*Sale No.* 23: 878.000 kg. offered Good general demand. Low medium and medium brokens irregular, tending easier. Fannings much lower. Good mediums about steady. Highgrowns irregular, often lower. Unorthodox firm."

TEA ARRIVALS HEAVY

(From Our Own Correspondent)

CALCUTTA, *9th June*

There was no internal sale in tea last week; nor was there an export sale yesterday. Traders used this break to re-assess prospects for the new season in the light of new factors. Tea arrivals intensified further during the week. Forward bookings claimed considerable space, and prompt loaders, especially to the U.K. and Continental destinations, carried a good portion of tea.

Although a higher world crop is expected this year, there is no apprehension of a glut in supplies, as there is evidence that tea has captured new markets, and now that all European Common Market countries have abolished the high external tariff on tea—notwithstanding the fact that the high internal taxes continue in these countries, and reduction or abolition is looked forward—tea imports into Europe are expected to be higher. There is also evidence that, with the growing popularity of instant tea, U.S. consumption of tea is gradually picking up. Several gardens are now producing C.T.C. teas instead of orthodox manufacture, as the overseas consumers are showing greater preference for the former. Although, according to current indications, good demand for C.T.C. manufacture is expected, it cannot be said that production of this speciality would possibly be greater than offtake. While there have been recent reports that demand for C.T.C. teas would absorb the entire output, there is, at the same time, a section of the trade which apprehends that the change to C.T.C. manufacture has been much quicker than the development of demand. As in India—upto the end of May 1964, the tea crop in North East India was higher by 10 million lbs., while that in South India was lower by 4.4 million kgs.—so in Ceylon, Pakistan, the U.S.S.R. Africa, and China a higher crop is expected. There is also evidence that both Turkey and Persia would send out a greater quantity to world markets.

Although world production is expected to rise, consumption is also expected to be higher. The developing countries of Asia and Africa are capable of increased offtake. Despite increased output, the U.S.S.R. has in recent years steadily increased its offtake of Indian tea. The trade is concerned that, in the year 1963-64, tea consumption within India failed to expand, in view of sugar shortage, general rise in cost of living and scarcity of foodgrains in certain areas. The fact that exports rose despite a fall in output is also *indicative of a fall in* the share of the tea retained within the country. Although the F.A.O. report of a possible glut in supplies to the extent of 50,000 tons by next year is no longer entertained by the trade, it is emphsised that the market for Indian tea abroad has not been expanding as fast as the tea of other producing areas. It is also pointed out that, in the absence of internal promotional campaigns in favour of tea in India's growing industrial areas, other soft drinks are gaining at the cost of tea. At the same time, more encouragement than at present is necessary for acreage expansion. It is, therefore, urged that Government policies should be re-formulated in order to evolve an increase in production, exports and internal consumption.

JUTE GOODS DULL

(From Our Own Correspondent)

CALCUTTA, *9th June*

In the absence of adequate support, dull conditions prevailed in the jute markets during the week under review, and both goods and fibre eased. Overseas buyers continued to accord measured support to goods, as they were confident of the unlikelihood of a rise in prices. With the scrapping of the working time agreement, which regulated output of mills in accordance with demand, the monthly production is tending to be higher than previously. Whether demand is adequate or otherwise, mills have to continue at the enhanced rate of production, in view of their high stocks of fibre. Thanks to the issuance of monthly compulsory purchase quotas, mills have been obliged to block considerable sums in fibre stocks. Not only have the mills been faced with the problem of space and finance, but the continued storage is also affecting the quality of the fibre. Further, prospects for a good crop in both India and Pakistan are encouraging, and Pakistani mills, too, are raising output. These factors have led foreign buyers to refrain from entering into large commitments, and they believe that prices would move down further. In recent weeks, there has been a rapid shrinkage in the rate of profits of mills in the manufacture of hessian and sacking, and the poor interest being displayed in offerings of shares of jute mills on the Calcutta stock exchange is attributed to the apprehension of less profitable working for mills in the current accounting period. That the apprehension is well-founded is evident from the fact that (1) output has risen; (2) goods in stock with mills have gone up offtake not equalling production; (3) production costs have increased as a result of the implementation of the Wage Board award, besides enhanced charges for electricity and lighterage; and (4) financial problems have followed the increase in stocks of goods as well as fibre, thus raising holding costs.

The keen competition shown by Pakistan mills in overseas sacking markets has led to a shrinkage of business for Indian mills. It is generally known that the Pakistani mills are also attempting to show similar competition in hessian, but the quicker and better adaptability of Indian mills to the changing pattern of overseas demand has prevented the Pakistani mills to step-up their competition in hessian. It is significant that, speaking at the annual general meeting of the Pakistan Jute Mills Association recently, Mr. M. M. Ispahani, the Association's Chairman, called upon the indifferences mills to take a larger share in the hessian business. He said that now that Pakistan mills had obtained a strong grip in the predominantly sacking markets of the world, future plans for the country's jute industry should take into account that hessian provided a far brighter prospect in the long run. Mr. Ispahani was of the opinion that the abolition of the working time agreement by Indian mills exposed the Pakistani industry to fierce competition. The trade here is a little confounded at the dismissal by the P. J. M. A. Chairman of the raw jute price advantage and bonus scheme in Pakistan as illusory and unfounded. For it is common knowledge that it is these two factors that have enabled Pakistan mills to get rapidly a larger share of sacking in the overseas markets. Indian sacking has been practically ousted from several overseas markets because of cheaper and better quality Pakistani sacking. It is on account of Pakistan's stiff competition in sacking that mills in India have turned their attention to specialities such as carpet backing cloth. However, mills in Pakistan also have plans to increase their output of miscellaneous goods. For Mr. Ispahani declared that, if the Pakistani jute industry were to rehabilitate itself and win markets, its capability to compete at par with the Indian industry should be ensured.

During the week under review, fibre ruled easy. Sellers were keen for business, but mills showed more interest in selected grades. As a result, white and *daisee* bottoms eased by 50 nP per maund, the current quotations being: Assam bottoms Rs. 31.00; northern bottoms Rs. 30.00; and *daisee* bottoms Rs. 33.00. The trade noted with cheer that, in 1963-64, India was able to raise fibre exports to 25,657 tonnes from 11,272 tonnes in 1962-63. Foreign exchange earnings increased to Rs. 2.91 crores from Rs. 1.27 crores. Of total exports in 1963-64, the U.S.S.R. alone accounted for as much as 21,476 tonnes valued at Rs. 2.48 crores. Considering that prospects for a bumper crop are bright, there is the need to increase export of fibre this year. However, overseas demand is mostly for the superior grades. Also prices in India are higher than at which Pakistan is able to offer. At the same time, mills in India also need more of the selected grades than the inferior grades. For, with the keen competition of the Pakistani jute mills, Indian exports of heavy goods have fallen and, accordingly, mills in India have turned their attention to produce more hessian and specialities. As such, mills in India also require selected grades of jute in larger quantities. It is expected that the forthcoming crop would have a greater proportion of quality fibre. Against this background, it is good news that the Government of India would soon set up a committee which would be charged with the responsibility of increasing jute yield and improving the quality of the fibre. It would be remembered that the Srivastava committee had recommended the constitution of a jute development board; however, the Government thought that the constitution of an autonomous board such as the Tea Board was not needed. Firstly, jute is not on the same lines as plantation crops such as tea and coffee and, secondly, a separate jute board would duplicate the functions of the State Governments which were already providing extension services to jute farmers. Also, the Jute Commissioner is assisting farmers in the timely disposal of their crop.

The goods market was quiet during the week under review. The poor offtake for export as well as Government purchases of low quantities affected market sentiment. Nervous selling in the futures market on Tuesday last led to a virtual collapse of sentiment, and ready B. twills at Rs. 111 were marked down by Re. 1. Ready hessian 40" 10 oz. eased from Rs. 44.10 to Rs. 43.95. At lower levels, the futures market attracted a certain amount of business, leading ready B. twills on Wednesday to recover to Rs. 111.55 and hessian 40" 10 oz. to Rs. 44.05. Thursday's feature was some business with the U.S.A. in hessian. Government issued a tender for 500 bales of B. twills. Both B. twills and hessian 40" 10 oz. were better at Rs. 111.80 and Rs. 44.30, respectively. In the absence of adequate support, sentiment was affected on Friday and the quotations eased to Rs. 111.55 and Rs. 44.05. Over the week-end, although quotations at Rs. 111.70 and Rs. 44.20 were fractionally better, business passing was poor.

FOODGRAINS ADVANCE

(From Our Own Correspondent)

HAPUR, *8th June*

Steadier trend was witnessed in the foodgrains market during the week. The last week's imposition of ban on wheat exports by local traders outside Hapur and the fixation of ceiling price (purchase) at Rs. 22 to Rs. 25 per 40 kilogram were set at naught by traders following brisk buying support in the face of poor arrivals. Prices registered sharp gains. Wheat improved by 2 to 4 per quintal according to quality during the week to be quoted now at Rs. 57.50-Rs. 61.50 for average quality and at Rs. 62.50-Rs. 68.75 for farm produce, as against the controlled price of Rs. 43 a quintal. Daily arrivals averaged 1,000 to 1,500 maunds and local stocks were estimated around 2,000 quintals.

Rice ruled steadier and rose by 67 nP to Rs. 2 per quintal on good demand in the face of poor supplies. Week-end prices were:—Rice *basmati* superior Rs. 96.45 to Rs. 99.14; *sela* Rs. 93.77 to Rs. 96.45; *mainpuri* Rs. 74.50; *ramajwayan* Rs. 80.38, *raimunia* Rs. 83.06; and *gadda* Rs. 74.50 per quintal.

Gram also ruled steady on poor arrivals from Punjab and other States and on good demand. Arrivals were around 300 maunds a day. Local produce was quoted at Rs. 57.25 and Punjab quality at Rs. 56.26 per quintal. Barley and *bejhar* sought higher levels on good buying support in the face of small arrivals and prices were Rs. 42.50-Rs. 43.50 and Rs. 43.75-Rs. 45 per quintal, respectively. *Juwar* and *guwar* remained unchanged at previous levels, while oats sought higher levels. *Methi* was subdued on lack of support. Week-end prices were:—*Juwar* Rs. 43 to Rs. 45; *guwar* Rs. 58.94 to Rs. 61.62; *methi* Rs. 52.50 to Rs. 55; maize Rs. 43.50 to Rs. 45; and oats Rs. 57.50 to Rs. 58.94 per quintal.

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METALS QUIET

(From Our Own Correspondent)

CALCUTTA, *9th June*

Quietly steady conditions were in evidence in the metal market during the week under review. On the London Metal Exchange, tin touched a new high, copper staged a small recovery, zinc maintained recent gains, and lead eased.

Utensil copper scrap in Calcutta was maintained at Rs. 690 per 100 kgs. A small improvement in the supply position was in evidence. If the Government of India accepts the recommendation of the Planning Commission, the quota of non-ferrous metals allowed to small industries would be increased by a third. The Commission has also desired that allocation in the case of a selected group of high priority small scale units should be made on the same basis as in the case of scheduled industries. In London, spot copper wire-bars recovered from £284 a ton to £289, following good demand at lower levels. Spot cathodes and fire-refined also closed higher on balance at £283 and £277, as against the opening quotations of £276 and £269, respectively. Spot tin on the L.M.E. touched a new high at £1,130 a ton, after opening at £1,081. According to Sir Ewan Fergusson, Chairman of the Straits Trading Co., the high prices should encourage the equipment and operation of low grade areas on which the future of tin mining depended a great extent. He declared that prospecting activity had been stimulated in many countries and that, although this was normally unrewarding and expensive, it was necessary if the world requirements of tin were to be produced in the future.

Virgin lead in Calcutta was unchanged at Rs. 303 per 100 kgs., but electrolytic zinc eased from Rs. 313 to Rs. 307 per 100 kgs. On the L.M.E., spot lead closed at £87¼ a ton, after opening at £88¼. Spot zinc was maintained at £123 a ton. The Japanese non-ferrous metals industry is reported to be contemplating to raise prices of zinc and lead, in view of the continued rise in import prices of ores. In the U.S.A., it is thought that present zinc price is high enough for increased mining operations. The U.S.A. has proposed to release 75,000 tons of zinc and 50,000 tons of lead from its strategic stock-piles in an attempt to ease demand.

Notice

THE MODERN MILLS, LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 30th Annual General Meeting of the Shareholders of the above Company will be held at the Registered Office of the Company, Temple Bar Building, 70 Forbes Street, Fort, Bombay-1, on Tuesday, the 30th June 1964, at 4.00 p.m., for transacting the following business:—

1. To receive and adopt the Directors' Report and the Audited Statements of Accounts for the year ended 31st October, 1963.
2. To declare a dividend.
3. To elect Directors.
4. To appoint Auditors for the current year and to fix their remuneration.
5. Pursuant to the provisions of Section 372(4) of the Companies Act, 1956, to sanction investment upto a maximum of 1,50,000 Equity Shares of the nominal value of Rs. 50 each in Modern Fibres of India Ltd., a Company proposed to be shortly incorporated, even though such investment would be in excess of the limits specified in Sub-section (2) of Section 372 of the said Act.

Notes:

(1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

(2) The Transfer Books of the Company remained closed from 22nd May 1964 to 16th June 1964 (both days inclusive).

Detailed Notice of the above Meeting is being published in the Press and is also being posted to the Shareholders individually.

By Order of the Board,
N. SIRUR & Co. PRIVATE LIMITED,
Managing Agents,
N. D. SIRUR,
Managing Director.

BOMBAY, *dated 22nd May* 1964.

TEXTILES

(Concluded from page 1016)

indigenous industry is expanded sufficiently to enable it to make prompt deliveries, the need for some imports of textile machinery, especially ring frames and carding engines, cannot be avoided, even though such imports entail foreign exchange spending. Fortunately, several aid-giving countries have agreed to make available to India untied credits, a part of it can be allotted to the cotton mill industry for importing the badly needed items of machinery.

Raw Cotton

Alongside of efforts to ensure the requisite supply of machinery and equipment to the cotton textile industry, there is the urgent need for adequate supply of raw cotton. As against the estimated (by Messrs. Volkart Bros.) commercial crop of 5.95 million bales for the current (1963-64) season, the Perspective Planning Division of the Planning Commission has put the fourth Plan target of production at 9.8 million bales, or an addition of as much as four million bales between now and seven years later (1970-71). The successful fulfilment of this target will involve a more dynamic action on the part of the Central and State Agricultural Departments than what has been the case all these years.

Cloth Prices

If the supplies of machinery and raw cotton (at reasonable prices, of course) are adequate, the mill industry's output of cloth will definitely expand. And to the extent to which production expands, the unit cost of production will be lower (assuming that much of the expansion will be in the existing units through installation of automatic looms, high speed spindles and other improved types of machinery), leading to a fall in prices for the consumer. Pending such a development, the ex-mill prices of cloth, which continue to be pegged under the voluntary price regulation scheme of September 1960, will have to be revised suitably in order to compensate for the increase in the prices of cotton, chemicals, stores and other accessories, rise in coal freight and electricity charges, enhanced provident fund contribution, heavier wage bill and the additional tax burden imposed in the 1964-65 Central budget. The Indian Cotton Mills' Federation has clearly told the Government of India that it can no longer enforce the present voluntary price stamping scheme. The reaction of the Government is not known. It is, however, felt that the Government may put into effect a statutory system of price stamping. Such a system, it is to be hoped, will be fair to both the industry and the consumer.

COMMERCE AND INDUSTRY

(Concluded from page 1031)

the country in keeping with the pace that has been set up for industrialisation in our successive Plans. Its employment in the manufacture of electric insulating materials, protective and decorative finishes, grinding wheels and series of other miscellaneous applications cannot easily be supplanted by other substitutes due to its cheapness and its many unique properties. Such industrial utilisation of lac, however, has to rest on a dependable production of the raw material of the right type. This Monograph dealing as it does with the scientific cultivation of lac, its correct processing, profitable marketing and economic utilisation, it is hoped, will meet a long-felt need."

This is, indeed, an optimistic assessment of the outlook for a commodity which is beset with many problems. But the optimism is not wholly unwarranted. The machinery necessary for rationalisation of the lac trade and industry already exists in the country. If the Lac Cess Committee, the Lac Research Institute, the State Trading Corporation and the Export Promotion Council play their roles effectively, there is no reason why the commodity should not fare better than it has done in recent years.

MAHINDRA UGINE STEEL CO. LTD.

(Concluded from page 1038)

In conclusion, I would like to offer my grateful thanks to all the shareholders, who have put their trust in this venture, and the members of the staff for their devotion and hard work. I am truly fortunate in my colleagues on the Board of your Company. They have eminently distinguished themselves in the industrial and public life of our nation. I am, hence, assured of their experience and sound advice at all times to guide me in this undertaking.

Thank you.

Note: *This does not purport to be the record of the proceedings of the First Annual General Meeting of the Company.*

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 5th June 1964

BANKING DEPARTMENT

LIABILITIES	Rs.	Rs.
Capital paid-up		5,00,00,000
Reserve Fund		80,00,00,000
National Agricultural Credit (Long Term Operations) Fund		73,00,00,000
National Agricultural Credit (Stabilisation) Fund		8,00,00,000
Deposits—		
(a) Government—		
(i) Central Government		50,62,65,000
(ii) State Governments		9,09,29,000
(b) Banks—		
(i) Scheduled Banks		87,71,05,000
(ii) State Co-operative Banks		2,02,27,000
(iii) Other Banks		20,81,000
(c) Others		158,86,60,000
Bills Payable		39,77,57,000
Other Liabilities		78,99,00,000
	Rupees	593,30,14,000

ASSETS	Rs.	Rs.
Notes		27,20,60,000
Rupee Coin		4,04,000
Small Coin		6,01,000
National Agricultural Credit (Long Term Operations) Fund—		
(a) Loans and Advances to—		
(i) State Governments		28,30,55,000
(ii) State Co-operative Banks		8,11,47,000
(iii) Central Land Mortgage Banks		....
(b) Investment in Central Land Mortgage Bank Debentures		4,02,83,000
National Agricultural Credit (Stabilisation) Fund		
Loans and Advances to State Co-operative Banks.		....
Bills Purchased and Discounted—		
(a) Internal		....
(b) External		....
(c) Government Treasury Bills		49,50,02,000
Balances Held Abroad*		10,48,91,000
Loans and Advances to Governments**		63,17,87,000
Loans and Advances to—		
(i) Scheduled Banks†		36,27,98,000
(ii) State Co-operative Banks‡		116,01,70,000
(iii) Others		1,70,70,000
Investments		215,39,70,000
Other Assets		32,28,58,000
	Rupees	593,30,14,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

† Includes Rs. 7,78,15,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	27,20,60,000	
Notes in circulation	2549,62,56,000	
Total Notes issued		2576,73,25,000
Total Liabilities		2576,73,25,000

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	98,45,69,000	
Total		216,21,79,000
Rupee Coin		98,24,79,000
Government of India Rupee Securities		2262,26,67,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2576,73,25,000

State Bank of India

Statement of Affairs for the week ended 5th June 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital :— 20,00,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each..	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		9,30,00,000
Deposits and Other Accounts		624,10,23,000
Borrowings from Other Banking Companies, Agents, etc.		15,65,40,000
Bills Payable		6,52,32,000
Bills for Collection being Bills receivable as per contra		9,02,06,000
Acceptances, Endorsements and Other Obligations per contra		16,99,24,000
Other Liabilities (including Inter-Office Adjustments)		10,03,16,000
Total .. Rs.		697,24,91,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		19,69,37,000
Balances with other Banks		6,52,54,000
Money at Call and Short Notice		3,13,33,000
INVESTMENTS :—		
Government and other Trustee Securities	Rs. 230,90,60,000	
Other Authorised Investments	9,44,23,000	
		240,34,92,000
ADVANCES :—		
Loans, Cash Credits, Overdrafts, etc.	346,47,18,000	
Bills Discounted and Purchased..	22,00,68,000	
		368,47,86,000
Bills Receivable being Bills for Collection as per contra		9,02,06,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		16,99,24,000
Premises less Depreciation		2,25,61,000
Furniture and Fixtures less Depreciation		1,82,04,000
Other Assets (including Inter-Office Adjustments)		20,47,94,000
Total .. Rs.		697,24,91,000

State Bank of Pakistan

Statement of Affairs for the week ended 29th May 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	6,65,00,000
Rural Credit Fund	3,00,00,000
Deposits :—	
(a) Central Government	17,77,00,000
(b) Provincial Governments	1,04,20,000
(c) Banks	36,92,57,000
(d) Others	93,18,81,000
Bills Payable	22,19,000
Other Liabilities	20,60,32,000
Rupees	182,49,88,000

ASSETS	Rs.
Notes	13,03,58,000
Rupee Coin	18,000
Subsidiary Coin	45,000
Bills Purchased and Discounted :—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	25,21,72,000
Balances held outside Pakistan*	45,00,000
Loans and Advances to Governments	
Provincial Governments' Debtor Balances	
Other Loans and Advances	90,47,14,000
Investments	39,71,02,000
Other Assets	13,60,79,000
Rupees	182,49,88,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	13,03,58,000	
Notes in circulation	454,12,88,000	
Total Notes issued		467,16,46,000
Total Liabilities		467,16,46,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	25,00,44,000	
Silver Bullion		
Foreign Securities	85,16,36,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
		153,18,44,000
B. Rupee Coin	4,89,58,000	
Government of Pakistan Securities	303,18,38,000	
Internal bills of exchange and other commercial paper		
		308,07,96,000
II. Held with the Reserve Bank of India pending transfer to Pakistan—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets		467,16,46,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 33.99 per cent.

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	29-5-64	22-5-64	31-5-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	65,21	63,26	51,52
(ii) From others	1,092,87	1,065,34	885,35
(b) Borrowings from banks	47,46	48,77	30,64
(c) Others	70,89	66,13	57,53
2. Time liabilities—			
(a Time deposits—			
(i) From banks	26,64	23,86	25,85
(ii) From others	1,254,12	1,261,40	1,210,69
(b) Borrowings from banks	12,23	12,14	22,36
(c) Others	11,36	11,44	10,68
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,336,99	2,326,75	2,096,04
4. Borrowings from Reserve Bank	33,87	43,44	17,60
(a) Against usance bills and/or promissory notes	6,41	7,74	8,70
(b) Others	27,46	40,71	8,90
5 Borrowings from State Bank and/or a notified Bank	22,81	23,27	18,14
6. Cash	64,70	62,11	52,77
7. Balances with Reserve Bank	90,52	83,28	77,28
8. Cash and balances with Reserve Bank	155,21	145,39	130,05
9. S as per cent of 3	6 64	6.25	6.20
10. Balance with other banks in current account	22,67	22,69	20,28
11. Money at call and short notice	57,05	55,52	47,82
12. Investments in Government securities	621,76	620,58	628,27
13. 12 as per cent of 3	26.61	26.67	29.97
14. Advances—			
(a) Loans cash credits and overdrafts	1,544,90	1,556,88	1,311 05
(b) Due from banks	13,62	12,45	10,34
15. Inland bills purchased and discounted	210,07	212,97	187,36
6. Foreign bills purchased and discounted	69,85	68,02	54,02
17. Total Bank Credit [14(a)+15+16]	1,824,82	1,837,87	1,553,33
18. 17 as per cent. of 3	78.08	78.99	74.11

INDEX NUMBERS OF SECURITY PRICES

(1952-53=100)

Group and Sub-Group	Week ended			
	30th May 1964	23rd May 1964	2nd May 1964	1st June 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99.8	99.8	99.6	98.6
2. Government of India	99.5	99.5	99.3	98.2
3. State Governments	102.0	102.0	102.0	101.3
4. Municipal, Port Trust, etc.	98.9	98.9	98.9	98.8
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	97.6	97.6	97.6	96.9
PREFERENCE SHARES—ALL INDIA.				
6. Total	81.3	81.3	81.2	81.5
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	161.4	162.6	165.1	163.6
8. *Agriculture and Allied Activities : Total**	143.4	143.7	145.3	146.6
9. Tea Plantations	130.9	130.9	133.1	136.6
10. Coffee Plantations	163.4	164.1	169.6	142.6
11. Rubber Plantations	181.5	182.5	183.9	159.3
12. *Mining and Quarrying: Total**	131.9	133.4	137.5	137.6
13. Coal	95.9	96.1	97.3	111.2
14. Other Mining	156.6	158.9	165.9	165.8
15. *Processing and Manufacturing : Total*	173.9	175.2	178.5	175.8
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.) : Total**	172.3	173.6	176.7	180.6
17. Sugar	122.9	123.1	125.1	122.5
18. Cotton Textiles	159.0	160.0	161.0	172.2
19. Jute Textiles	85.0	85.5	87.9	100.2
20. Silk and Woollen	813.2	826.0	830.6	843.1
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	188.5	190.2	194.6	181.3
22. Iron and Steel	150.3	157.4	160.4	143.1
23. Transport Equipment	310.6	316.4	325.8	323.5
24. Electrical Machinery	149.8	150.3	154.0	146.2
25. Machinery other than Transport and Electrical	218.0	219.9	226.8	215.7
26. Basic Industrial Chemicals	176.0	176.6	179.3	163.6
27. *Processing and Mfg. (Others) : Total**	151.8	152.2	154.1	151.0
28. Cement	143.4	144.0	146.6	140.0
29. Paper	193.7	192.8	192.6	196.8
30. *Other Industries : Total**	106.8	107.1	108.3	103.4
31. Electricity Generation and Supply	88.0	88.0	87.7	83.4
32. Trading	108.8	108.8	109.0	109.7
33. Shipping and Other Transport	94.0	94.9	96.6	81 8
34. Construction	278.3	279.0	295.7	263.0
35. *Financial : Total*	183.9	184.2	184.8	185.9
36. Banks	203.2	205.5	203.7	205 2
37. Insurance	152.4	152.7	147.5	155 6
38. Investment Trusts	348.72	322.58	351.00	254.5
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	169.1	170.4	173.1	167.9
40. Calcutta	148.8	150.0	152.1	153.2
41. Madras	170.9	171.7	174.5	172.6
42. Delhi	218.3	221.0	224.9	208.0

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

EXCHANGE RATES

	10th June 1964	3rd June 1964
London on New York Dollar	2.7939 -2.7942	2.7968- 2.7970
London on Rome .. Sw. Fes.	12.0550-12.0570	12.0670-12.0690
London on Paris .. Fes.	13.6950-13.6970	13.7030-13.7050
New York on London Cents per $	279.410-279.440	279.680-279.710
Pound Sterling—		
Sellers T.T. D.D. Spot .. s.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months .. .. s.	1-5 15/16	1-5 15/16
Buyers T.T. .. .. s.	1-6 1/32	1-6 1/32
Buyers D.D. .. .. s.	1-6 1/16	1-6 1/16
U.S. Dollar—		
Sellers T.T. D.D.. Rs. to $100	479.25	478.50
Buyers T.T. .. Rs. to $100	475.75	475.25
Canadian Dollar—		
Sellers T.T. D.D. .. Rs. to $100	445.50	445.25
Buyers T.T.	437.75	437.25
French Francs—		
Sellers T.T. D.D... per Rs. 100	102.20	102.20
Buyers T.T.	103.30	103.30
Swiss Francs—		
Sellers T.T. D.D... ..	89.90	90.00
Buyers T.T.	90.90	91.00
Deutsche Marks—		
Sellers T.T. D.D... ..	82.80	82.90
Buyers T.T.	83.80	83.80
Italian Lire—		
Sellers T.T. D.D... ..	13,005	13,020
Buyers T.T.	13,180	13,195
Swedish Kroner—		
Sellers T.T. D.D... ..	107.10	107.20
Buyers T.T.	108.20	108.30
Belgian Francs—		
Sellers T.T. D.D... ..	1,036	1,037
Buyers T.T.	1,052	1,053
Dutch Guilders—		
Sellers T.T. D.D... ..	75.40	75.40
Buyers T.T.	76.30	76.30
Hongkong Dollars—		
Sellers T.T. D.D... ..	119.60	119.60
Buyers T.T.	120.60	120.60
Norwegian Kroner—		
Sellers T.T. D.D... ..	149.10	149.20
Buyers T.T.	150.50	150.60
Danish Kroner—		
Sellers T.T. D.D... ..	144.10	144.20
Buyers T.T.	145.50	145.50

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	16th May 1964	9th May 1964	18th May 1963	March 1964	March 1963	Percentage of Increase (+) or Decrease (-) in March 1964 as compared with March 1963	Financial Year Averages 1963-64	Financial Year Averages 1962-63
Food Articles	504	148.0	147.7	131.1	142.1	123.4	+15.2	136.8	126.1
Cereals	192	123.2	127.6	100.9	123.6	102.0	+21.2	116.3	105.6
Pulses	43	135.2	134.7	106.6	133.9	99.9	+34.0	115.4	105.2
Fruits and Vegetables	23	172.4	169.6	137.5	162.9	133.4	+22.1	140.6	135.6
Milk and Ghee	84	138.6	135.2	125.5	133.0	124.6	+ 6.6	128.2	124.4R
Edible Oils	47	175.7	173.6R	147.1	160.0	141.8	+12.8	151.1	142.3
Fish, Eggs and Meat	17	158.9	154.4R	147.6	152.7	137.5	+11.1	149.8	148.6R
Sugar and Gur	48	181.0	170.3	174.7	173.7	147.3	+17.9	168.8	145.0
Others	50	177.3*	178 0*	181.2*	175.7	172.9	+ 1.6	179.3	171.8
Liquor and Tobacco	21	117.6	117.6	118.7	119.0	114.2	+ 4.2	119.6	100.9R
Tobacco		124.6	124.6	119.8	119.1	111.6	+ 4.0	119.8	97.4R
Fuel, Power, Light and Lubricants	30	141.7	141.7	138.1	139.1	137.7	+ 4.4	139.6	124.4R
Industrial Raw Materials	155	149.7	149.5R	138.1	144.9	135.2	+ 7.2	139.5	136.5
Fibres	61	155.5	155.7R	134.5	135.7	133.5	+ 1.6	133.2	128.8
Oilseeds	60	175.0	174.9	140.8	162.9	143.0	+13.9	154.1	151.4
Minerals	2	103.2*	103.2*	93.4*	98.1	93.4	+ 5.0	92.8	93.6
Others	32	131.1	130.0*	131.5	131.5	125.6	+ 4.7	127.3	125.8
Manufactures	290	134.9	134.1R	130.9	132.8	129.6	+ 2.5	131.1	126.8R
Intermediate Products	41	147.0	147.1R	138.5	144.7	138.2	+ 2.4	139.6	139.5
Finished Products	249	131.9	132.0	129.6	129.7	128.2	+ 6.2	129.7	122.1
Textiles	147	129.4	129.5	128.1	136.7	134.4	+ 1.7	127.7	126.1
Cotton		138.1*	138.1*	134.0*	128.6	127.0	+ 1.3	135.6	130.7
Jute		99.1	104.4	98.7	102.1	— 3.3	— 3.0	102.2	110.9
Woollen		162.5*	162.5*	142.7*	162.4	142.4	+14.0	155.3	140.1
Silk and Rayon		141.0*	141.0*	140.0*	143.2	139.2	+ 2.9	139.8	131.8
Metal Products	12	168.9	168.9	161.2	166.1	161.0	+ 3.2	163.1	160.1
Chemicals	20	119.5	119.4*	117.0*	120.2	117.3	+ 2.5	117.9	115.5
Oil Cakes	9	184.4	184.3	165.0*	172.5	157.8	+ 9.3	165.7	160.9
Machinery and Transport Equipment	31	125.8	125.8	123.2	122.2	122.2	+ 2.8	124.2	117.2R
Others	30	127.6	127.6	128.1	127.8	127.2	+ 0.5	128.2	125.3
All Commodities	1,000	143.4	143.2	132.1	139.3	127.2	+ 9.5	135.3	127.9

NOTE :—Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index. P=Subject to revision. R—Revised. * Estimated.

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	Eleven months ended Feb.,		April to March* (Twelve months)	
	1963-64	1962-63	1962-63	1961-62
Exports	693,895	619,63	686,35	655,17
Re-exports	9,05	6,63	7,34	5,17
Total Exports	701,94‡	626,31	693,69	660,34
Imports	1,031,54	1,041,97	1,077,09	1,090,06
Overall Balance of Trade	—329,60	—415,66	—383,40	—429,72
Exports—Items:				
Tea	117,68	121,38	129,19	122,26
Coffee	7,57	7,24	7,61	9,02
Sugar	24,82	15,46	18,04	15,34
Jute yarns and manufactures	145,31	141,63	156,17	144,78
Cotton yarns and manufactures	50,31	47,41	52,13	53,31
Cotton, raw and waste	15,23	15,25	17,07	20,35
Petroleum products	5,25	3,48	4,13	3,46
Vegetable oils	13,05	10,33	13,17	5,52
Fruits and vegetables	27,20	24,05	26,90	25,36
Tobacco—Raw	15,12	14,79	13,37	14,67
Mica	9,63	9,55	10,36	9,56
Wool and other animal hair	6,54	6,44	6,64	9,19
Gums, resins and lac	6,55	6,62	7,28	8,64
Spices	13,98	12,46	13,37	7,51
Leather & leather manufactures	24,15	20,62	22,75	25,45
Hides and skins, raw	8,89	9,77	11,01	8,79
Cashew kernels	19,52	17,43	19,36	18,17
Pepper (black)	5,02	5,86	6,57	8,08
Manganese ore	7,44	7,17	7,88	10,42
Iron and steel scrap	4,54	1,66	1,99	6,25
Iron ore and concentrates	30,20	17,57	19,85	17,41
Sewing machines	23	38	48	44
Electric fans	51	63	93	67
Groundnut oil	6,16	7,83	1,04	1,08
Castor oil	4,47	3,80	4,29	4,00
Defatted groundnut meal	26,24	23,66	26,52	13,98
Country-wise Exports—				
Australia	16,47	17,29	18,82	15,85
Burma	5,43	4,78	5,13	5,74
Canada	19,53	20,09	22,42	17,58
Ceylon	17,16	12,41	13,47	16,93
Czechoslovakia	14,03	10,07	11,27	9,06
France	8,03	7,59	8,54	7,96
East Germany	9,11	8,02	8,50	4,55
West Germany	17,17	13,62	15,29	19,31
Italy	10,33	8,43	9,52	9,06
Indonesia	2,10	3,24	4,05	6,80
Japan	33,40	29,25	33,99	40,46
Kuwait	3,49	3,51	3,95	3,92
Federation of Malaya	12,38	5,97	6,73	6,76
New Zealand	6,83	6,00	6,59	7,39
Netherlands	9,59	7,95	8,95	7,99
Nigeria	3,42	5,79	6,17	7,05
Pakistan	6,54	8,62	9,40	8,44
Singapore	12,07	8,56	9,43	8,25
Sudan	7,45	8,52	9,01	10,80
U.A.R.	13,04	11,45	10,50	8,55
United Kingdom	150,30	149,35	162,75	159,73
U.S.A.	116,73	105,27	116,59	118,05
U.S.S.R.	45,45	34,24	38,28	32,93
Imports—Items :				
Machinery	326,22	288,03	309,20	302,90
Iron and Steel	80,21	82,59	86,65	107,81
Copper	24,05	23,74	25,34	22,45
Aluminium	9,83	10,50	11,72	8,55
Lead	6,18	8,50	9,02	7,25
Tin	6,00	4,85	5,10	5,78
Zinc	9,11	8,61	9,09	8,59
Nickel	1,71	1,41	1,44	1,56
Chemicals, drugs and medicines	75,73	93,01	100,41	89,76
Electrical goods and apparatus	75,74	58,13	62,16	65,91
Vehicles (excluding aircraft, ships and boats)	41,80	50,88	55,56	49,76
Aircraft	10,33	13,41	14,63	12,97
Ships and boats	3,57	1,72	1,78	1,69
Cotton, raw and waste	43,04	53,13	56,91	61,66
Fruits and vegetables	15,79	16,05	16,81	14,80
Paper, pasteboard, etc.	11,00	12,46	13,84	15,95
Dyes and colours	7,35	11,19	12,16	14,46
Spices	93	1,79	1,77	1,67
Rice	19,07	25,52	27,34	18,79
Wheat and spelt	92,08	104,23	113,70	93,87
Country-wise Imports—				
Australia	15,70	23,13	23,86	24,17
Burma	8,55	8,48	8,71	11,24
Canada	23,14	15,62	14,70	18,55
Ceylon	3,07	7,48	7,72	4,50
Czechoslovakia	14,42	17,09	17,71	16,01
France	12,65	13,21	13,99	16,78
East Germany	8,33	7,20	7,94	5,64
West Germany	80,23	90,03	94,48	132,88
Italy	14,40	20,59	21,69	26,83
Japan	57,05	57,95	63,15	59,45
Iran	43,59	44,70	45,66	47,25
Federation of Malaya	11,58	9,65	10,71	13,92
New Zealand	1,39	1,43	1,58	1,22
Netherlands	9,81	12,71	13,24	13,25
Norway	91	1,64	1,76	2,33
Pakistan	8,43	15,18	16,97	12,66
Singapore	4,67	7,74	8,11	9,00
Sudan	7,84	16,41	17,11	10,56
Sweden	10,55	7,37	8,40	14,34
Switzerland	11,13	9,44	10,25	10,75
U.A.R.	13,85	7,68	9,78	12,04
United Kingdom	152,92	163,26	173,31	201,15
U.S.A.	348,72	322,58	351,00	255 54
U.S.S.R.	58,19	54,69	55,50	39,94

* Excludes figures for Goa, Daman and Diu.

† Including electric goods.

‡ Excludes imports by land from Nepal valued at Rs. 4.81 crores.

§ Excludes overland exports to Nepal valued at Rs. 10.31 crores and postal exports of pearls, precious stones, etc. valued at Rs. 14.05 crores.

IRON AND STEEL PRODUCTION (In metric tons)

Tata Iron and Steel Co., Ltd.	Pig Iron	Steel Ingots	Saleable Steel
Year ended 31st March, 1960	1,594,000	1,555,000	1,237,000
Do. 31st March, 1961	1,588,000	1,623,000	1,263,000
Do. 31st March, 1962	1,647,800	1,645,400	1,317,700
Do. 31st March, 1963	1,760,000	1,799 300	1,415,700
Do. 31st March, 1964	1,811,200	1,891,700	1,506,400
January 1963	151,700	159,100	126,500
February	136,000	143 500	113,100
March	154,400	164,800	133,100
April	161,600	161,700	122,200
May	164,300	168,400	130,100
January 1964	164,400	171,300	133,100
February	118,600	139,000	109,100
March	131,600	152 000	119,400
April	128,300	142,800	115,000
May	139,000	149,600	122,000
Indian Iron and Steel Co., Ltd.			
Year ended 31st March, 1960	1,070,470	840,305	672,707
Do. 31st March, 1961	1,160,576	914,159	722,084
Do. 31st March, 1962	1,187,397	934,498	736,970
Do. 31st March, 1963	1,291,825	1,002,038	795,119
Do. 31st March, 1964	1,237,000	1,027,000	810,000
January 1963	120,068	86,248	68,972
February	106,428	79,233	69,816
March	116,303	93,288	87,400
April	109,650	85,016	70,218
May	116,102	91,208	65,015
January 1964	109,243	87,771	63,185
February	103,411	80,243	66,435
March	113,069	89,766	73,624
April	111,269	82,310	62,656
May	108,073	81,394	61,337

RAW COTTON STATISTICS

Particulars	Details of Period	In Bales of 180 Kilograms
Cotton Receipts (Total Indian)	Week ended 4th June, 1964	16,957(J)
	Corresponding week, 1963	20,026(J)
	1st Sept. to 4th June, 1963-64	1,322,893*
	Corresponding period, 1962-63	1,584,746*
Exports by Rail	From 1st Sept. to 4th June, 1963-64	32,566
Exports by Road (Estimated)	Do. Do.	70,000
Exports by Sea	Do. Do.	..
Mill Consumption (Estimated)	1st Sept. to 4th June, 1963-64	1,054,356
	Corresponding period, 1962-63	999,155
Stock (with exporters, dealers and mills) in Bombay (Estimated).	On 4th June 1964	591,090
	Corresponding date, 1963	611,079
Consumption of Cotton—		
Indian	January, 1964	472,686
Foreign		51,366
Indian	Five months ended Jan., 1964	2,283,102
Foreign		267,469
Indian	Same period, 1962	1,863,295
Foreign		476,868
Stocks (Mills and Elsewhere)—		
Indian	As on 31st January, 1964	1,484,435
Foreign		173,417
Indian	As on 31st January, 1963	766,424
Foreign		216,405
Exports		-

Indian Mills cotton consumption from 1st Sept. to 29th February (In Bales of 180 Kilograms)	1963-64	1962-63
Indian	2,719,069	2,249,130
Pakistan	4,062	89,522
American	142,086	198,860
Egyptian	75,723	49,604
Sudan	64,995	131,161
East African	22,263	41,032
Others	3,386	8,796
Total ..	3,032,434	2,794,511

Exports by Sea to Foreign Countries (In bales of 180 kilograms)	Week ended 4th June 1964	Week ended 4th June 1963	From 1st September to 4th June 1963-64	From 1st September to 4th June 1962-63
U. K.	11	17	4,804	3,877
Continent	1,051	688	22,450	24,615
Hong Kong	100	89	3,836	5,669
Japan	2,870	1,895	118,305	160,352
U.S.A.	294	150	15,806	11,897
Other countries	272	..	1,534	795
Total—all foreign countries.	4,698	2,839	167,735	207,205
Cotton Pressed in India† (*in running bales*)	Week ended 22nd May 1964			(Bales of 392 lbs.)
	Corresponding week, 1963			104,869
	1st Sept. to 22nd May, 1963-64			2,840,694
	Corresponding period, 1962-63			3,912,660
Karachi (Pakistan) Receipts	1st Sept. to 21st May, 1963-64			1,492,897
	Corresponding period, 1962-63			1,349,698
Exports	1st Sept. to 21st May, 1963-64			992,687
	Corresponding period, 1962-63			943,643

(J) By Rail and Sea. † Incomplete. * By Rail, Sea and Road. A—Adjusted. —Not received.

GOVERNMENT SECURITIES

TERMINABLE LOANS

| Loan | Issued | Outstanding Rs. | Repayable | Latest

BANKS

Paid-up Ordinary Capital	Reserve Fund	Carried Forward	Name of Bank	Latest available Quotation	Paid-up per Share	Dividend per Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs. or £	Rs. or £	Rs. or £		Rs. or £	Rs. or £	Rs. nP	Rs. nP	Rs. nP	Rs. nP		
67,50,000	1,33,55,000	4,67,639	Allahabad Bank	250.00	100	18.50‡	18.00‡	15.00	15 00	12	Y.P.
1,01,600	30,58,220	4,794	Andhra Bank	88.00xd	100	8.00	8.00	8.00	8.00	6, 12	H.
40,78,300				77.00xd	85	6.80	6.80	6.80	6.80		
2,00,00,000	2,44,93,760	2,96,970	Bank of Baroda	94.50	50	8.50	8.50	8.00	9.00	12	Y.
3,55,00,000	4,86,00,000	4,19,848	Bank of India	103.00	50	10.00	10.00	10.00	9.00	6, 12	R.L.Y.
A. 50,00,000				103.50	50'A'	1.00	10.00	10.00	9.00		
60,30,030	35,90,200	47,625	Bank of Maharashtra	53.00	50	5.50‡	4.50	4.50	4.50	12	Y.
86,00,000	1,00,78,033	....	Canara Bank Ltd.	76.25	50	7.50	7.50	7.50	7.50	12	Y.P.
17,75,715	25,25,000	15,445	Canara Banking Corporation Ltd. ..	69.80	50	7.50	7.50	7.50		12	Y.P.
'A' 5,94,880				143.50	100'A'	20.00‡	20.00‡	20.00‡	20.00		
'B' 41,42,120	75,20,000	17,041	Syndicate Bank Ltd.	17.10	10'B'	2.00	2.00‡	2.00	2.00	12	Y.P.
'C' 2,00,000				1.57	1'C'	0.20	0.20‡	0.20	0.20		
2,63,01,800	5,20,41,606	91,510	Central Bank of India Ltd.	46.25	25	5.10‡	5.00	5.00	5.00	12	R.L.Y.
'A' 52,50,000				48.00	25	5.10‡	5.00	5.00	5.00		
1,00,00,000	1,10,47,000	1,78,514	Devkaran Nanjee Banking Co. ..	61.00	50	4.38	5.50	5.50	6.00	12	Y.
3,00,00,000	2,40,00,000	70,60,104	Habib Bank Ltd. P.	20.95N	5	17.5%	20%	20%	20%	12	Y.
1,25,00,000	10,00,000	17,401	Hindustan Commercial Bank	11.12	50	*Nil*	*Nil*	*Nil*		12	Y.
80,00,000	3,50,000	18,193	Hindustan Mercantile Bank	10.75	50	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.
88,46,215	92,91,884	1,61,942	Indian Bank	151.50xd	100	15.00‡	15.00	14.00‡	15.00‡	12	R.L.Y.
99,71,575	93,62,535	1,01,850	Indian Overseas Bank Ltd.	138.00	100	14.00	14.00	12.00	14.00	12	Y.
1,99,64,000	2,86,56,000	16,21,000	Punjab National Bank	19.20	10	2.00	2.00	2.00	1.00‡	12	Y.
5,62,50,000	9,30,00,000	35,50,331	State Bank of India	397.50	100	22.75	23.00	23.00	23.00	12	Y.
1,00,00,000	76,00,000	1,67,743	Union Bank of India	5.88	5	0.57	0.57	0.57	0.57	12	Y.
2,79,65,812	3,20,00,000	75,042	United Commercial Bank	68.50	50	6.00	6.00	6.00	6.00	12	Y.
2,68,71,987	1,00,30,000	4,15,815	United Bank of India..	7.56	10	0.48	0.60	0.60	0.75	12	R.L.Y.

PRINCIPAL EXCHANGE BANKS (Dividend per cent.)

£6,600,000	£7,525,000	£510,433	Chartered Bank	£2-8-6	£1	15‡†	15†	15†	15†	12	Y.
H.K.$79,046,125	£15,000,000	£146,283	Hongkong and Shanghai Banking Corporation	£21‡	H.K. $25	$3.15*	sh. 15*	sh. 15*	sh. 5*‡	12	Y.
£5,709,000	£5,250,000	£316,941	National and Grindlays Bank Ltd. ..	£1-10-3	sh. 15	13‡†	14‡‡	16†‡	7‡‡	12	H.Y.

‡ Includes bonus. P—Figures in Pak rupees. † Less tax. xr—Ex-Right.
* sh. per Share free of tax. C—On increased Capital.
N.B.—All dividends declared since 31st March 1959 are taxable.

DEBENTURES

Amount Rs. or £	Rate of Interest per cent	Interest Payable on	Company	Date of Issue	Latest available Quotations (per hundred) Rs. or £	Principal Repayable
BREWERIES AND SUGAR						
7,50,000	7	1st December and 1st June ..	Carew & Co.	1938	98.50	1st June 1970
2,46,000	6½	1st March and 18th September..	Carew & Co. (2nd mortgage)	1941	95.00N	28th February .. 1970
26,00,000	4½	1st May and 1st November ..	Walchandnagar Industries	1944	99.50	1st November .. 1959-64
75,00,000	6	1st July and 1st January ..	Walchandnagar Industries	1950	98.50	21st June 1972
COAL						
30,00,000	6	20th April and 21st October ..	Bharat Collieries	1944	90.00N	31st October .. 1964
60,00,000	6½	1st May and 1st November ..	Bengal Coal Co., Ltd.	1946	99.00	31st October .. 1973
20,00,000	4½	30th June and 31st December..	Burrakur Coal Co.	1947	85.00	30th June .. 1967 (e)
46,86,000	5½	1st July and 1st January ..	Equitable Coal Co.	1953	97.00	14th December .. 1968 (e)‡
COTTON						
80,00,000	6½	1st January and 1st July ..	Ahmedabad Advance	1956	95.00	13th December .. 1966-71
4,00,000	6	10th May and 10th November ..	Bengal-Nagpur	1897	90.00N	15th November .. 1966 (e)
63,93,000	5T	1st April and 1st October ..	Buckingham and Carnatic	1952	100.00	1st March .. 1972 (e)
40,02,331	6½	1st April and 1st October ..	Gokak Mills	1957	98.00	1st April 1967-72
18,00,000	6½	2nd January and 2nd July ..	Minerva Mills	1950		1st July 1967-70
24,22,000	6½	1st January and 1st July ..	Shree Nivas	1958	97.00	31st December .. 1970
39,51,000	6½	1st April and 1st October ..	Simplex	1959	97.00	15th October .. 1969-74
30,00,000	6½	1st April and 1st October ..	Lakshmi-Vishnu	1955	94.50	1st June 1966-70
30,00,000	5½	1st June	Tata Mills	1961	88.50	1st June 1966-71
ELECTRICS						
10,00,000	4½	31st March and 30th September..	Agra Electric Supply Co., Ltd. ..	1950	97.00N	31st March .. 1965 (e)
8,00,00,000	5½	15th June and 15th December ..	Ahmedabad Electric Co., Ltd. ..	1960	98.00	15th June .. 1965-70
98,28,000	5½	1st April and 1st October ..	Andhra Valley Power Supply Co. ..	1940	94.00	1st April 1970-75
12,00,000	4½	30th June and 31st December ..	Benaras Electric Light and Power Co., Ltd.	1949	97.00N	31st December .. 1964 (e)
£3,787,574	5	1st January and 1st July ..	Calcutta Electric Supply Corporation Ltd.	1950	89.50	1st January .. 1970 (e)
10,80,000	5	1st January and 1st July ..	Silua (Dherjah) Electric Supply Co., Ltd.	1951	91.00	30th June .. 1970 (e)
1,00,000	5T	3rd April and 3rd October ..	South Madras Electric Supply	1940	93.50	30th September .. 1958-68
47,78,000	5	1st March and 1st September ..	Tata Power	1940	93.00	1st July 1965-70
2,50,00,000	4½	1st January and 1st July ..	Tata Power	1949	83.00	1st July 1965-70
ENGINEERING						
5,00,000	5½	30th June and 31st December ..	Britannia Engineering	1946	94.00N	31st December .. 1969
1,50,00,000	6	1st January and 1st July ..	Guest, Keen, Williams Ltd.	1958	98.50	1st January .. 1971
29,18,000	7	15th September and 15th March.	Indian Hume Pipe (Bearer)	1962	100.00	15th September .. 1977 (e)
10,00,000	4	31st May and 30th November ..	Kumardhubi Engineering Works Ltd	1946	90.00N	31st May 1971
9,00,00,000	5	1st April and 1st October ..	Tata Locomotive	1950	96.75	30th September .. 1960-65
JUTE						
12,00,000		1st October and 1st April ..	Agarpara	1939	91.50	31st March .. 1969
6,00,000		30th June and 31st December ..	Alexandra	1939	91.50N	30th June .. 1969
15,00,000		31st December and 30th June ..	Auckland Jute Co., Ltd.	1945	97.00N	31st December .. 1964
10,69,000	5	30th June and 31st December ..	Chitavalsah Jute Mills	1951	93.00N	30th June .. 1966
18,75,000	5½	31st March and 30th September.	Dalhousie Jute Co.	1954	95.00	31st March .. 1969 (a)
8,86,000	6	15th January and 15th July ..	Empire	1951	92.00N	15th July .. .. 1966 (e)
25,00,000	5½	31st March and 30th September..	Fort Gloster Industries Ltd. ..	1962	98.00	30th September .. 1968
20,49,000	5½	31st March and 30th September.	Howrah Mills Co., Ltd.	1955	93.50	31st March .. 1970
25,00,000	5	30th June and 31st December ..	Kinnison Jute Mills Co., Ltd. ..	1949	97.00N	31st December .. 1964 (a)
25,00,000	5½	30th June and 31st December ..	Naihati	1952	92.00	31st March .. 1967 (a)
5,00,000	6½	14th November and 14th May ..	Nellimarla Jute Mills Co., Ltd. ..	1939	92.00N	14th May 1974
20,00,000	4	30th June and 31st December ..	Northbrook Jute Co., Ltd.	1945	97.00	31st December .. 1964
25,00,000	5	31st March and 30th September..	Reliance Jute Mills Co., Ltd. ..	1950	94.00N	5th September .. 1968 (a)
12,00,000	5½	30th June and 31st December ..	Union	1937	96.50N	31st March .. 1967
RAILWAYS ; STEAMSHIP AND TRAMWAYS						
£321,697	4½	1st January and 1st July ..	Calcutta Tramways	1900	£66.00N	At 105% at any time on 6 months' notice or at par or every seventh year thereafter 1st October .. 1974
£139,051	5	1st April and 1st October ..		1933	£74.00N	
6,50,000	6	30th June and 31st December ..	Katakhal-Lalabazar Railway	1945	85.00N	31st December .. 1974
£250,000	4½	30th June and 31st December ..	Shahdara-Delhi-Saharanpur Railway	1905	£64N	Any time on six months' notice (a)
PLANTING						
4,54 000	7T	1st April and 1st October ..	Sangameshwar Coffee	..	100.00	1st April 1960-61
MISCELLANEOUS						
45,00,000	5	2nd January and 2nd July ..	Aluminium Industries	1961	100.75	2nd July 1966-71
9,98,000	5	1st January and 1st July ..	Aluminium Corporation of India Ltd.	1948	97.00N	31st December .. 1965
8,00,00,000	5½	1st March and 1st September ..	Burmah-Shell	1954	93.25	1st September .. 1965-69(e)§
2,00,00,000	5½	1st April and 1st October ..	Caltex Oil Refining (India) Ltd. ..	1955	93.50	1st October .. 1970
1,00,00,000	6½	31st March and 30th September.	Dalmia Cement (Bharat) Ltd.	1940	86.00	30th September .. 1970
2,04,55,000	6½	1st January and 1st July ..	Dunlop Rubber Co. (India) Ltd. ..	1950	98.95	1st January .. 1973 (a)¶
97,50,000	5½	1st January and 1st July ..	Indian Cable Co., Ltd.	1954	94.50N	30th June .. 1969 (a)¶
3,00,00,000	6½	1st January and 1st July ..	Indian Aluminium Co., Ltd.	1959	102.25	1st January .. 1975
27,75,000	5T	2nd January and 2nd July ..	Meitur Chemical Industries	1949	84.00	30th September .. 1964
39,70,000	4	30th June and 31st December ..	McLeod & Co., Ltd. (Convertible Notes)..	1947	410.00 (per note)	31st December .. 1972 (a) 30th September .. 1964
74,75,000	5	1st April and 1st October ..	Macneill and Barry Ltd.	1951	87.00N	1st April 1971
55,91,000	6½	30th June and 31st December ..	National Rayon	1955	93.50	30th June .. 1965-70¶
30,00,00,000	6‡T	15th May and 15th November..	Oil India		98.25	15th November .. 1968-77
20	6½	1st January and 1st July ..	Premier Automobiles	1958	125.50	31st March .. 1968-78
1,00,00,000	6	30th June and 31st December..	Rohtas Industries Ltd.	1946	96.00	31st December .. 1969
10,00,000	5½	January and July	Shree Gopal Paper Mills Ltd.	1944	95.00N	15th July 1966
80,00,000	5½	1st May and 1st November ..	Esso	1953	95.25	1st April .. .. 1964-68 (e)‡‡
5,31,000	5	31st January and 31st July ..	Tata Chemicals Ltd.	1945	95.00	31st July 1970-75
50,00,000	6	1st April and 1st October ..	Tata Oil Mills Co. Ltd.	1959	96.00	30th September .. 1969-74

(a) These debentures are registered and are transferable by transfer deeds. (b) Option to repay on 3 months' notice at any time at 3 per cent premium.
‡ With option to redeem at Rs. 101 per cent after 10 years or at Rs. 100-8 per cent after 13 years. § Any debenture outstanding on 1-6-1969 will be redeemed on that date with option to redeem all debentures at 101 per cent on 1-9-1964. ‡‡ Rs. 80 lakhs will be redeemed annually by drawings from 1st May 1964 onwards. The Company has option to redeem debentures at 101 per cent on 1st May 1963 on six months' notice. † Option to repay at par on six months' notice on or after 1st January 1961. T.—Taxable. T.F.—Tax-free. N.—Nominal.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 11th June 1964:

	Closing quotations 4-6-1964	High	Low	Closing quotations 11-6-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100) ..	140.00	—	—	140.00
Apollo (2)	1.76	—	—	1.70
Baroda Rayon (100)..	80.50	81.50	80.00	81.00
Bombay Dyeing (25)..	55.90	56.00	55.50	55.50
Bradbury (50) ..	145.00	—	—	145.00
Central India (100)	87.50	91.00	88.50	88.50
Century Mills (100) ..	592.00cdcr	595.00cdcr	572.00xdxr	573.00xdxr
Dawn (50) ..	153.00	156.00	153.00	156.00
Elphinstone (50) ..	96.00	98.00	97.50	97.50
Finlay (100)	303.00cd	303.00cd	283.00xd	283.00xd
Gokak (100)	183.50cd	185.00cd	173.00xd	176.50xd
Gold Mohur (100) ..	200.00xd	—	—	200.00
Gwalior Rayon (10) ..	36.00	36.50	36.00	36.50
Ind. Untd. Defd. (1)..	2.62	2.62	2.60	2.62
Ind. Untd. Ord. (10)..	21.48	—	—	21.80
Indian Rayon (100) ..	66.00	66.50	65.00	65.00
Indore Malwa (100) ..	209.00	212.00	210.00	212.00
Khatau (100)	177.50	175.00	171.00	173.75
Kohinoor (100)	$15.00	$15.75	$13.00	$13.00
Mafatlal (100)	502.50	502.50	497.50	500.00
Modella Woollens (10).	13.00	13.00	12.12	12.12
Morarji (100)	264.00	268.00	252.00	254.50
Mysore (50)	39.00	—	—	39.00
National Rayon (100).	348.50	352.00	345.00	346.00
New Great (100) ..	178.00	165.00	150.00	165.00
Phoenix (100) ..	224.00	227.00	224.00	227.00
Podar Mills (10) ..	12.00	12.00	11.24	11.24
Raymond Woollen (100)	140.50	140.50	140.00	140.00
Sasoon Spg. (10) ..	36.25	36.50	36.25	36.50
Shreeniwas (100) ..	233.00cd	232.00xd	230.00xd	231.00xd
Simplex (50)	120.50	120.00	119.00	120.00
Standard (100) ..	595.00	596.00	576.00	577.00
Svadeshi (100) ..	249.00	249.00	247.50	247.50
Swan (100)	276.00cd	275.00cd	260.00xd	260.00xd
S. I. Viscose (100) ..	119.00	120.00	118.00	118.50
Tata Mills (25) ..	56.00	59.00	56.20	59.00
Lakshmi-Vishnu (100)	92.50	89.00	86.50	86.50
Western India (250) ..	850.00	—	—	850.00
BANKS				
Bank of India (50) ..	102.00	103.00	101.50	102 50
Do. (New) (50) ..	104.00	103.50	103.00	103.50
Bank of Baroda (50)..	93.50	94.00	93.50	94.50
Central (25)	45.75	46.75	45.50	46.75
Central 'A' (25) ..	47.00	48.00	47.50	48.00
Dena Bank (50) ..	60.00	61.00	60.00	61.00
Punjab National (10) ..	19.00	19.20	19.00	19.20
Union Bank (5) ..	5.88	5.88	5.84	5.88
United Com. (50) ..	68.00	68.50	68.00	68.50
Maharashtra (50) ..	63.00	—	—	63.00
ELECTRIC COS.				
Ahmedabad (100) ..	97.00	98.20	96.80	98.20
Amalgamated (10) ..	9.48	9.48	9.00	9.00
Andhra Valley (1,000)	1,062.50	1,067.50	1,062.50	1,067.50
Bom. Sub. El. (100)..	104.50	104.25	103.75	104.25
Surat (100)	101.50	—	—	101.50
Tata Hydro (100) ..	112.50	—	—	112.50
Tata Power (1,000) ..	1,122.50	1,126.25	1,122.50	1,126.25
INSURANCE COS.				
British India (10) ..	12.48	14.00	12.48	14.00
Indian Mercantile (50).	64.00	65.00	64.00	65.00
New India 'A' (15) ..	49.00	49.50	48.75	49.00
New India 'A' (15) ..	49.00	50.00	49.00	49.50
Vulcan (10)	15.84	—	—	15.84
STEEL COS.				
Ind. Iron (10) ..	24.16	24.36	24.12	24.24
Mukand Iron (10) ..	17.52	17.64	17.25	17.32
Tata Steel Ord .(75) ..	144.75	145.00	143.75	144.25
SUGAR COS.				
Belapur (50)	200.00	200.00	198.00	199.50
Bhopal (10)	12.75	—	—	12.75
Changdeo (12.50) ..	25.00	—	—	25.00
Maharashtra (50) ..	127.00	127.00	126.00	127.00
Phalton (50)	96.50	96.00	96.00	96.50
Walchand Ind. (100) ..	145.25	146.00	144.50	145.50
CEMENT COS.				
Associated Cts. (100)	149.75	151.25	149.50	150.25
Digvijay (100) ..	187.50	187.50	184.50	184.50
Orissa (10)	13.00	13.00	12.88	12 92
DYES & CHEMS.				
Amar-Dye-Chem (100).	142.50	147.50	143.75	147.50
Camphor & Allied (100)	89.00	—	—	89.00
Citric (100)	68.50	70.00	68.50	69.00
Chemicos (100) ..	100.00	—	—	100.00
Colour-Chem (100) ..	335.00	337.50	330.00	330.00
Indian Dyestuff (100).	245.00	245.00	237.50	241.25
Polychem (50) ..	120.00	122.50	118.75	122.50
Synthetics (100) ..	80.00	81.00	79.00	79.50
Tata Chemicals (10)..	17.08	17.16	16.96	17.08
MISCELLANEOUS				
Alcock Ashdown (100).	286.00cd	288.00cd	272.00xd	276.00xd
Bom. Burmah (25)§ ..	56.70	57.00	55.50	56.70
Do. (New) (20)§ ..	43.50	43.50	43.50	43.75
Br. B. Petrol (1¼ sh.).	3.60	3.84	3.32	3.32
Br. I. Corpn. (5) ..	9.76cd	9.76cd	9.24xd	9.24xd
Cooper Eng. (100) ..	99.00	—	—	99.00
Hindustan Lever (10).	31.00	31.75	31.00	31.75
Hindustan Motors (10).	17.80	17.92	17.64	17.80
I. C. & Invest. Corporation (100) ..	92.20	—	—	92.20
Indian Copper (2 sh.) .	3.22	3.26	3.20	3.24
Killicks (100)	86.50	86.50	86.00	86.50
Larsen & Toubro (10).	22.24	22.36	22.12	22.24
Mahindra & Mahindra (10) ..	15.76	15.80	15.56	15.56
Asian Cables (100) ..	71.00	71.50	71.00	71.50
Permanent Magnets (100) ..	115.00	115.00	111.25	115.00
Phillips Carbon (10)..	10.80	11.24	10.80	11.12
Pre. Automobiles (100)	95.00	95.00	93.50	94.00
Premier Con. (50) ..	165.00	165.50	164.00	164.00
Scindia (20)	14.20	14.32	14.12	14.24
G. E. Shipping (10) ..	12.76	12.52	12.24	12.48
N. Standard Eng. (100)	125.50	127.50	125.00	127.00
T. Manekial (100) ..	500.00	500.00	480.00	480.00
Shivrajpur (10) ..	16.00	16.52	15.52	16.24
Sirpur Paper (10) ..	11.20	11.16	11.00	11.08
Tata Locomotive (100)	271.50	273.50	267.00	267.50
Tata Oil (25)	58.00	59.20	58.00	58.50
Voltas (100)	242.50	245.00	240.75	241.00
W. I. Match (100 ..	251.50cd	251.50cd	239.00xd	240.00xd
W. Coast Paper (100).	154.00	154.00	152.50	152.50
Zenith Steel (10) ..	14.24	14.76	14.40	14.40

GOVERNMENT SECURITIES	4-6-1964 Rs.	Gross Yield Earlier Redemption	Gross Yield Later Redemption	11-6-1964 Rs.
2½% 1976	82.75	—	4.64	82.75
3 % 1964	99.90	—	4.70	99.90
3 % 1966-68	98.10	3.99	3.50	98.10
3 % 1970-75 Ist D. W.	90.45	4.85	4.09	90.45
3 % 1986 Con. Loan..	63.75	—	4.71*	63.70
3½% 1965 N. P. Bonds.	100.00	—	3.50	100.00
3½% 1967 N. P. Bonds	99.80	—	3.55	99.80
3½% 1974	96.75	—	4.12	96.75
3¾% 1967 N. P. Bonds.	100.05	—	3.75	100.05
3½% 1969 Loan ..	97.90	—	3.96	97.90
3½% 1968	98.40	—	3.94	98.40
3½% 1966 N. P. Bonds.	99.70	—	3.85	99.65
4 % 1972 Loan ..	98.85	—	4.17	98.85
4 % 1973 Loan ..	99.85	—	4.15	98.85
4 % 1971 Loan ..	98.50	—	4.14	98.50
3½% 1966 Bonds ..	99.80	—	3.55	99.90
4 % 1980 Loan ..	98.00	—	4.18	98.00
4 % 1981 Loan ..	98.50	—	4.14	98.50
4½% 1985 Loan ..	100.10	—	4.49	100.10
6½% 1977 G. Bonds..	118.10	—	4.61	118.10
4½% 1972 N. D. Bonds	100.10	—	4.24	100.10

* Current Income. xd—Ex-dividend. xr.—Ex-Right.
cr.—Cum-Rights. cd—Cum-dividend.
§ B. Burmah—Shares of Rs. 125 have been sub-divided into 5 shares of Rs. 25 each. ¶ Sub-divided into 5 shares of Rs. 20 each after taking into account the Bonus element of Rs. 25.

COMMERCE

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

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GENEVA TRADE CONFERENCE ENDS

UNTIL late in the night on Sunday (14th June), the day previous to the deadline fixed for the close of the United Nations Conference on Trade and Development at Geneva, there was a widespread fear that the Conference might end in a fiasco. For so deep was the rift between the developing and developed nations on the important issue of continuing machinery to pursue the work done in the Conference and to evolve steps for implementing the decisions reached therein. Fortunately, however, the fear was belied, thanks to the eleventh-hour agreement reached on the "Final Act"—the document summarising the principles enunciated by the Conference, as well as its main findings; the Act was adopted at the closing session on Tuesday, that is, a day later than the scheduled date. We say "fortunately," because any abrupt ending of the Conference would have resulted in considerable frustration and bitterness among all the participating countries, thereby undermining the prospects for a healthy and orderly development of world economy, not to speak of the time, energy and money spent on the Conference becoming a waste. The United Nations alone, it is stated, has spent no less than $2 million for the preliminary meetings and the full-fledged session of the Conference which lasted for full eighty-six days (from 23rd March to 16th June), besides the expenditure incurred by the Governments of the 122 participating countries on their delegations, and the thousands of hours devoted by the 1,500 delegates for discussion and debate. Much of the credit for saving the Conference is attributed by Geneva reports to Mr. Manubhai Shah (India), Mr. Edward Heath (U.K.), Dr. Prebisch (Secretary-General of the Conference) and Dr. Kaissouni (President of the Conference); it is these leaders who were constantly at the centre of the conciliation work.

The elaborate preparations made by the U.N. Secretariat for the Geneva Conference and the good deal of discussions that preceded the opening of the Conference had raised high hopes that the Conference would spell out clear-cut solutions to the intricate problem of growing imbalance in world economy, with special steps to meet the needs of developing countries. The hopes were strengthened greatly by the deliberations of the main Conference and the five Committees which were most constructive, in that the various questions were being treated seriously and objectively with side issues avoided. It may be true to say that these hopes have not been fulfilled entirely, as the Conference has left unanswered the basic questions involved, namely, those pertaining to the reduction in the yawning world trade gap, provision of assured and remunerative markets for primary commodities, and creation of expanding outlets for the varied production potential of developing countries, especially in manufactures and semi-manufactures. But it would be wrong to say that the Conference has achieved nothing substantial. The issues have been aired thoroughly and the representatives of developed countries have conceded, at least in principle, many things which the developing countries put forward. There is a better understanding of the problem by both the groups and a tremendous amount of spade-work has been done which is bound to yield results when follow-up action is taken.

If the results of the Conference are not as tangible as an underdeveloped country would wish, the blame lies as much with the developing countries as with the developed. Thus, while the developed countries were not quite prepared to face the facts of world trade squarely, the developing countries sought to force, by sheer weight of their numerical majority, the developed nations to accept their points of view. Apart from the fact that such an attitude was not good statesmanship, it is somewhat regrettable that the developing countries should have ignored two vital points. One is that the developed countries (of the free world in particular) exercise a powerful influence on the course and volume of international trade, accounting as they do for as much as four-fifths of the total world trade. They have their own political and economic systems which they cannot be expected to compromise, as, indeed, they would have to, if some of the proposals put forward by the developing countries in concurrence with the centrally planned economies were to be subscribed by them. The other is that these countries have been providing every year enormous amounts of money by way of financial and technical assistance for the economic development of the underdeveloped world. Thus, they are not such diehards as was sought to be made out by some of the underdeveloped countries. The U.S., in particular, seems to have been the target of much criticism, especially in the closing stages of the Conference. It is, however, not so well known, as it ought to be in this part of the world, that that country played, as Mr. Manubhai Shah would testify, a great role in getting this Conference organised. If it has conceded less than the expectations of the developing countries, the fault is not entirely of that country.

Be that as it may, the Geneva Conference can certainly claim quite a few achievements to its credit. It has well served the objective of drawing pointed attention to the dangerous impact of the world economic system caused by the growing trade gap, putting the wide and varied problems involved in their correct perspective, and placing the solutions therefor in much better focus now than ever before. The Conference is also notable for the firm commitment to action in regard to certain concrete issues, as, for instance, correction of the terms of trade of developing countries. The World Bank has been entrusted with the task of studying these issues in detail and offering solutions. One may, however, wonder why this job has been given to the World Bank which is primarily concerned with the problem of providing long-term capital for development. The International Monetary Fund appears to be the more appropriate body for tackling it. May be, the fact that the World Bank has been more intimate with, and sympathetic to, the developing countries than the I.M.F. is an explanation for this decision. A more valid explanation may perhaps be that the external trade problems of developing countries are essentially of a long-term nature, in that they are not such as can be solved within a short period of three or four years.

Another notable achievement of the Geneva Conference was the unreserved acceptance, by the developed countries, of the obligation to earmark one per cent of their annual income for the specific purpose of giving aid to developing nations. The acceptance, though it formalises what has almost been agreed to already, is of great significance to the developing countries, in that it will ensure continuity of aid. Even now, the aid given by some countries is equal to one per cent of their national income. But it is not so with all the developed countries. Besides, there is a feeling that the developed countries are getting tired of rendering economic aid. There is at least a section of public opinion in these countries which suffers from it. Accordingly, there is room for the misgiving that the quantum of economic aid might taper off in the coming years. Now the prospects of continued aid appear to be better in the light of the decision taken at Geneva. It is estimated that, if all developed countries implement this decision, the total quantum of aid made available by them will go up from the present annual rate of about $6,000 million to at least $9,000 million. This increase of $3,000 million, though it is quite appreciable, will, however, cover only a small part of the estimated $20,000 million combined net external payments deficit of developing countries for 1970. Further, as the major portion of aid is given in the form of loans, the developing countries will continue to be faced with the pressing problem of heavy external debt service charges which have already gone up quite considerably in the past five years; they were $2,500 million

loped countries adopted a different attitude. They were hesitant to commit themselves categorically. One explanation offered for this attitude is their fear that they would incur the displeasure of workers and employers in their countries who, as readers are aware, are highly organised and strongly resist even the slightest chance of inconvenience to them. It takes time to soften their resistance and make them realise that they have a role to play in making this world better for all. Patience and persuasion are required for this purpose and not frustration and anger.

The developing countries have, of course, reason to feel disappointed over the failure of the marathon Conference to achieve any agreement on their demands for trade preferences, for guranteed access to the markets of developed countries, and for commodity arrangements to stabilise the prices of primary products. If, however, they have accepted the results of the Conference, it, is apparently in the hope that these results would lay the foundation for more substantial progress in the period ahead. This hope is not unjustified, because, thanks to the compromise formula adopted at the closing session, international arrangements will be made to continue the work of the Conference. The arrangements are as follows:

A trade conference is to be held regularly, at least every two or three years, the second conference being scheduled for the beginning of 1966.

A Trade and Development Council, attached to the United Nations mechanism, will be established to act as the permanent organ. This Council will consist of 55 members, 18 of whom will represent Western countries and Japan, 12 African countries, 10 Asian countries, 9 Latin American countries, and 6 East Europe and Soviet Russia. (That India secured the maximum number of votes and got elected as an Asian member of the Board of the Council is, indeed, creditable and speaks highly of the prominent role played by Mr. Manubhai Shah and his colleagues who participated in the Conference).

In order to safeguard the interests of all countries, the U.N. Secretary-General will constitute a Conciliation Committee to seek appropriate voting procedure. (It was this thorny issue that almost led to a complete deadlock in the Conference.)

A secretariat, probably headed by Dr. Prebisch, will be set up within the framework of the U.N. Secretariat.

With the aforesaid arrangements, the attempts made jointly by the Soviet bloc and developing countries to form an International Trade Organisation (I.T.O.) have been thwarted; actually, at a committee meeting, these countries had pushed to a vote a resolution calling for the creation of such an organisation. The executive powers of the proposed Trade and Development Council have yet to be defined and the chances are that they may be of a limited nature, even though the developing countries may enjoy a majority in it. Whatever the powers assigned to it, the Council, it is to be hoped, will not supplant the G.A.T.T. and other existing bodies but only supplement them. If experience in future were to show that G.A.T.T. as a separate body is more a hindrance than a help to the promotion of world trade on lines beneficial to the rich and poor countries alike, there would be time enough to consider its future. Meanwhile, it is not prudent to give up an institution which we know for something untried and unknown.

SALARIED MIDDLE CLASS

THE middle class, which cannot be identified with the "middle income group," is by no means a "homogeneous" section of the population—homogeneous in the sense in which industrial workers are. It is, on the other hand, a heterogeneous section, composed of white collar workers in Government, salaried employees of mercantile, industrial and financial establishments, small industrialists and traders, professionals and other intellectual workers with moderate incomes. No doubt these groups have some common characteristics flowing from their educational background, disinclination towards manual work, modes of living and pattern of family life. But these common features are not such as to neutralise the rampant individualism of middle class families—a kind of individualism which is aggravated by the factor of heterogeneity and the prevalence of wide income disparities. This probably explains why middle class folk have an infinite capacity for making themselves miserable. The class as a whole is so placed in society that it cannot but perpetually grumble at the rich and tremble at the poor. It is thus one of the most discontented sections of Indian society.

But it is a section which, in many ways, occupies a strategic position in the body politic and the body economic. The educated middle class in particular provides, by and large, leadership, sub-leadership and sub-sub-leadership in all spheres of activity—both Governmental and non-Governmental. Its leadership of political parties, trade unions, social service organisations, educational institutions, public undertakings, and so on can make for social stability or undermine it, depending on whether it is relatively contented and at peace with itself or is being progressively proletarianised and subjected to the privations of unemployment. If the class of people, possessing wealth, has the means to seek influence and importance, the middle class, possessing education, seeks to achieve the same objective with the aid of what it has and thus comes into conflict with the former sometimes, if not always. And it is also well known that all extremist movements, which may subvert political democracy and undermine social stability, are led by discontented and power-crazy sections of the educated middle class. Such a class of people, with so much potential for doing social good, as also social mischief, was not systematically studied by sociologists in India for a long time. That the joys and sorrows, the hopes and aspirations, the prejudices and attitudes, the conditions of work and living and the political and social activities of this class would need to be studied comprehensively in any assessment of its crucial role in Indian society, need hardly be overemphasised. It is, indeed, heartening to find that a beginning in this direction has recently been made by the Central Statistical Organisation in its middle class family living survey.

This survey, with 1958-59 as its reference year, did not, however, cover the entire middle class, for it was confined to *families of non-manual employees engaged in non-agricultural activities in urban areas only*. Its principal object was to study expenditure patterns for the purpose of providing weighting diagrams for the proposed middle class cost of living indices in different urban centres. As many as 45 such centres (composed of 10 towns with a population of less than 100,000 each, 24 in the 100,000-500,000 population range, seven in the 500,000-1,200,000 range, two in the 1,200,000-2,000,000 range and two with a population of more than two million each) figured in the survey. The aggregate number of households in the sample for the "family budget" part of the survey was 26,400, while that for the "conditions of work and living" part of the survey was 8,800. In the first part of the survey, data were collected regarding demographic particulars of the family, income and other receipts and expenditure on consumption, savings and investments. The second part of the survey covered demographic particulars and sickness, education and training, employment and unemployment, conditions of work, trade union participation and social security, housing conditions, recreation, family welfare, savings and assets, indebtedness and possession of luxury goods. The large volume of data collected in the survey as a whole has been partly processed, and the first volume of the report, just released by the C.S.O., is confined to the income and expenditure of middle class families and the employment and service conditions of middle class employees. Some of the findings and conclusions in this volume are being highlighted for comment here, while the tabular statements are included in a detailed special article on page 1060 of this issue.

The authors of the survey have estimated that middle class families, defined as those depending mainly on income derived from paid non-manual employment in the non-agricultural sector, number about 2.5 million in the country's urban areas and constitute about one-seventh of the total number of urban families. The urban salaried middle class is thus a small minority section of the entire urban population. But it is a section which plays a crucial role in the urban economy by virtue of its educational attainments and consumption propensity —a role that is no less significant than that played by possessors of wealth who, too, constitute a small minority. A finding of interest to Bombay is that it has the largest number (170,000) of middle class families, while Delhi, Calcutta and Madras have, respectively, only 92,000, 80,000 and 63,000 families. The finding regarding the structure of middle class families shows that, though the average size of such families is mostly between four and five in the different centres, the size increases with income and is about twice or thrice as high in the top income groups as in the bottom income groups. In other words, families with larger incomes have greater responsibilities, apparently because they have more dependents than the lower-income families. A middle class family, with a relatively larger income, should thus be an object of sympathy, not of envy.

The findings regarding the pattern of income distribution of middle class families are very revealing. The percentage distribution of such families by monthly income is noted in the following table:

Monthly income	Major cities*	Minor cities†	Towns‡
Rs.			
0—100	3.8	14.6	16.9
100—150	13.1	22.6	22.7
150—200	17.4	19.0	20.3
200—300	25.0	23.1	19.1
300—500	23.8	14.1	12.0
500—750	8.8	4.3	2.8
750—1,000	3.7	1.2	1.1
1,000—1,500	2.8	0.7	0.7
1,500 and above	1.6	0.4	0.4
Total ..	100.0	100.0	100.0

* Bombay, Calcutta, Delhi and Madras.

† Hyderabad, Bangalore, Poona, Nagpur, Ahmedabad, Lucknow and Kanpur.

‡ With a population of less than 500,000 each.

It will be seen from the above figures that middle class families with incomes of more than Rs. 1,000 per month represent no more than 4.4 per cent of all middle class families in the four major cities of India and just 1.1 per cent in the minor cities and towns. Only in three large cities, namely, Bombay, Calcutta and New Delhi, average monthly incomes range between Rs. 350 and Rs. 380. In all other centres, the average incomes range from Rs. 160 to Rs. 250 per month. A break-up covering the lower middle class (defined as the lower 50 per cent) shows that the relevant monthly average incomes range from Rs. 175 to Rs. 200 in the four major cities and from Rs. 100 to Rs. 125 in all other centres. It would appear that this lower half of the salaried middle class is not much different from the working class from the income point of view. But, from the expenditure point of view, it seems to maintain a different pattern of living which is governed by the traditional values attached to better housing, better clothing, better education and better medical and personal care—values which are no different from those of the upper middle class. This is at once its glory and its misery—glory because it seeks to live a better and richer life and misery because it does not have enough means for such living even after stinting on food. Specifically, the bottom 25 per cent of the middle class population, whose incomes are comparable to those of the working class population, spend about 50 per cent of their income on food—this is about 44 per cent for the middle class as a whole—, about 30 per cent on fuel, housing and clothing and 20 per cent on items such as education, medical care and transport. But the working class families are known to spend comparatively more on food and correspondingly less on other items.

As the patterns of middle class and working class expenditure are thus different, the case for constructing and maintaining a separate middle class cost of living index is unassailable. Unless this is done at the earliest on the basis of the present middle class family living survey, the lot of the middle class will continue to be one of misery in the context of ever-rising prices. Only then will there be an adequate neutralisation of the periodical increases in the cost of living of middle class families with their distinctive patterns of living. The fact that the level of middle class expenditure (the monthly average ranging from Rs. 148 in Jammu to Rs. 388 at Delhi) is generally in excess of the level of income, except at the higher levels of income above Rs. 750 per month, would also seem to underline the need for a measure of relief to a class of people who are unable to make both ends meet for reasons largely beyond their control. Such relief can conceivably flow from scientific and dependable middle class cost of living indices for different urban centres. The Government should act with expedition in this matter for the simple reason that the methods of financing open to it are not open to middle class families. It should not be forgotten here that, if the Government can easily finance its budgetary deficit by created money, the average middle class family can meet its recurring deficit only by borrowing or by distress sale of valuables, if any.

MARKET GOSSIP

Distinctly Steady

THERE has been a slight improvement in the state of share markets this week. Equity values in general have moved up a little. Almost all the pivotal scrips have closed the week with modest gains, after moving within narrow ranges. Turnover, however, has not picked up to any significant extent. Operators are, of course, cautious, but confidence is gradually spreading. The feeling that the worst is over is gaining ground and a disposition to effect selective purchases is discernible among investors and professionals alike. The cordial exchange of greetings between Prime Minister Shastri and President Ayub Khan is regarded as a good augury for the stock exchanges. Hopes of a reduction in the margins payable by bulls and expectations of some relief in the fiscal burden are once again being entertained by the professional operators. Some of them are arguing that the failure of a number of new issues since the Central Budget must have convinced the Finance Minister by now that the markets had not exaggerated the depressing effects of his tax policy. Another argument put forward by them is that, with the Unit Trust commencing the sale of units on 1st July, the Government cannot afford to take an attitude of indifference towards the continued slump in equities. The talk in market circles is that the Finance Minister may soon exempt investments in new shares from wealth tax. The absence of any bad news, the onset of monsoon in good time in Western India and better profits by companies that published their results this week have helped sustain the steadiness of stock exchanges.

The authorities of the Bombay Stock Exchange are pursuing their attempts to get the margins on forward scrips relaxed. They have so far had no response from the Finance Minister, but they are scheduled to meet the officials concerned this weekend. The outcome of this meeting may, therefore, take some time to be known, as the officials will not be in a position to give a reply on the spot; they would naturally like to consult their Minister. It is, however, rather risky for anyone to be optimistic on this score. The point to be borne in mind, in this connection, is that what is deterring the markets from recovering is not the existence of margin system but the crushing burden of taxation and other handicaps, as, for instance, shortages of raw materials, power, fuel, transport, steel and cement. Indeed, removal of, or reduction in, margins on speculative operations may give rise to a misleading revival of the market that may do more harm than good to genuine investors. There seems to be no point in taking steps that will help only the professional speculators to make some quick profit. It may also have the unhealthy result of strengthening the Finance Minister's false belief that his fiscal policy is not as bad as is made out by his critics. Again, once the margin is reduced, it would not be easy to restore the cut, if a change in the situation were to warrant such a step, without seriously upsetting the trend of the market.

Steel shares are strongly fancied. As yet the improvement in Tata Steel Ordinary and Indian Iron is only fractional. Over the week, the former has gone up by a rupee to Rs. 145.25 and the latter by 8 nP to Rs. 24.32. If they have not attracted any sizable buying so far, it is because of two considerations: (1) the carry forward charges in the fortnightly settlement on Friday this week would be heavier on account of the addition of transfer books charges and (2) the fear that one of the biggest speculators who has been long in Tata Steel for a long time might choose to lighten his holding every time a sizable rise in values takes place.

The reasons why steel shares are fancied are many. In the first place, the prevailing rates themselves are attractively low, especially as they include the dividend for the accounting year 1963-64 due to be announced in a few days' time. Secondly, as the companies have fared well in the past year, their profits must be larger. Accordingly, the prospects of an increase in dividend are reasonably bright. Thirdly, the relationship of both the companies with the Government have improved, following the amicable settlement of the question for repaying the development loan of Rs. 10 crores each. And, fourthly, the Government itself might not be averse to the idea of a higher dividend, since the companies will have to keep their shareholders contented, if they are to increase their capacity during the fourth Plan period as is now contemplated. The same consideration may induce the Government to adopt a reasonably liberal policy in regard to steel retention prices as well.

Ex-Mill Cloth Prices

In the absence of any action by the Government or the Cotton Mills' Federation against the mills which have unilaterally increased the prices of cloth in contravention of the voluntary agreement on prices, textile shares have remained fully steady, with marginal gains in most of the scrips. It is contended on behalf of the mills that it is the Government which is to blame, as it has been avoiding the issue of fair ex-mill prices for months together, and that the mills cannot indefinitely wait for the Government to make up its mind. There is considerable force in this argument. The agreement is after all a voluntary one and cannot be placed on par with statutory controls. It is, however, unnecessary to make much of this development, because, for all practical purposes, the agreement had ceased to be effective from the point of view of consumers. Perhaps, the lead openly given by a few mills will compel the Government to do what they should have done long ago. There are quite a few mills which have not benefited by the higher prices paid by consumers, as they have not departed from the terms of voluntary agreement. Must they be penalised for their honesty? There is a general impression that as soon as Mr. Manubhai Shah returns from Europe he will attend to this question.

Since the logic of facts demands an upward revision in the ex-mill prices of cloth, the solution to this outstanding question would, other things remaining the same, impart additional strength to textile scrips. Some, however, are not so sure, for the Government has not always been a respecter of logic. They are afraid that it may use its decision not to raise the floor and ceiling prices of cotton for the coming season as an argument for continuing the *status quo* in regard to cloth prices too. But such a stand is not wholly correct, as the ceiling and floor prices for certain varieties of cotton have been raised. Further, neither when the floor prices of cotton were raised by Rs. 100 per candy a year ago for the 1963-64 crop, nor when the ceiling prices were raised by Rs. 125 per candy for the 1962-63 season, were the ex-mill prices of cloth allowed to be increased by the Government. What the mills have been asking for is an increase in their selling prices to cover the rise in production costs that has already taken place and not for any increases in the prices of cotton that have been sanctioned for the season beginning from 1st September next. Surely, it cannot always be a case of "Heads I win, tails you lose."

Cotton Price Policy

The Government's decision not to effect any general increase in the floor and ceiling prices of cotton for the 1964-65 season is undoubtedly a right one. Already the prices of Indian cotton are much above world parity for comparable varieties. Competitors of Indian mills in world markets are getting their raw materials at much lower prices and Pakistan has just helped them by reducing the export duty on all varieties of its cotton by 50 per cent. In saying this, we do not suggest that the grower of Indian cotton should be given a raw deal. To some extent, the growers' case for better prices has been recognised by allowing marginal increases in the prices of better varieties. Further, an additional incentive of Rs. 28 per candy has been given to producers of Digvijay A by enhancing the floor and ceiling prices to that extent. As already mentioned, the ceiling prices were raised by Rs. 125 per candy with effect from 1st September 1962 and the floor prices by Rs. 100 per candy a year later. Any further incentive to the cotton grower has to be provided in kind, that is, in the form of facilities that will enable him to improve the quality of cotton as also the yield per acre. In this connection, the Government has done well to make it clear that cotton price control will be strictly enforced in the coming season, that prices specified in the schedule will be reduced for cottons which appear to have been deliberately mixed or watered, and that the prices for improved varieties of cotton duly certified to have been grown in areas reserved for use of pure seed or agmarked (purity not less than 98 per cent) will be increased by Rs. 50 per candy. The upward adjustments made in the premium for saw ginned cotton will benefit the growers in the Punjab, in particular, where saw-ginning is more popular than roller-ginning. Thus, growers of cotton who take pains to raise quality staples and to ensure that the purity of strains is not affected by using mixed seeds are assured of better prices than last year.

The Crucial Cement Industry

There are certain crucial shortages, such as those of coal, power, steel, raw materials, spare parts and technical manpower, that may come in the way of optimum utilisation of capacities in established enterprises. As a consequence, "industrial growth," in the sense of growth of production, may be retarded. But there are certain other crucial shortages, such as those of cement and other constructional materials, which may unduly delay the actual establishment of new industrial enterprises and the expansion of existing ones, thereby retarding "industrial growth." The latter shortages may be more damaging in their effects, for they slow down the process of industrialisation itself. Viewed thus, the shortage of cement would seem to be a critical and crucial one in the present phase of industrialisation, in particular, and of economic development, in general, involving several construction projects in the fields of irrigation, power, transport, housing, education and defence. Whether this crucial shortage, which has been persistent during the second and third Plan periods, can be allowed to continue in the fourth Plan period is the question. There can be only one answer to this question and that is that high priority should be given to the matter in all its bearings. This journal, which has dealt with the subject twice in recent weeks (*vide* page 870 of *Commerce* dated 23rd May 1964 and page 962 of *Commerce* dated 6th June 1964), is reverting to it in view of its urgent character. The occasion for referring to this subject has been provided by the report of an expert group in the Planning Commission.

It is, indeed, gratifying to find that this Group has correctly diagnosed the causes for the slow growth of the cement industry in recent years. The Group has hit the nail on the head when it says that the low margin of profit and the difficulty in raising adequate equity capital have been mainly responsible for the slow growth of the industry. But its recommendation that financial institutions like the I.F.C. and the I.C.I.C.I. should adopt a more liberal policy in granting loans to this capital-intensive industry, while welcome in itself, does not seem to be a wholly adequate remedy. Luckily, the Group has recognised that cost increases on account of raw materials, power, freight and labour have not been adequately provided for in the prices fixed for cement producers and that these additional charges and the financial burden of increased taxes have *further* reduced the profit margin which was low enough even otherwise. The obvious implication here is that fairer and more remunerative ex-factory prices should be fixed for cement.

Another cause of slow growth of cement industry has been identified by the Group. This is the present policy of licensing cement units to new enterpreneurs who, lacking experience in this field, find it difficult to raise adequate financial resources and also take considerable time in surveying and prospecting limestone deposits and procuring machinery. Obviously, the Group is not in favour of ideological preference for new entrepreneurs solely on the ground that further concentration of the industry in the hands of existing companies should not be allowed. In other words, the Group's view seems to be that the practical consideration of who can deliver the goods quickly should be the decisive factor in the matter of licensing additional capacity.

The Group's report is also notable for some other practical suggestions. These pertain to raw material supplies and cement machinery. As for the principal raw material, namely, limestone, its recommendation is that prospecting licences therefor should be eliminated and that some organisation should be constituted to carry out raw material surveys on behalf of the industry. Its view that this work of surveying and prospecting limestone could be entrusted to the Cement Manufacturers' Association itself is, incidentally, akin to the suggestion advanced by this journal in its issue of 6th June 1964 (*vide* note entitled "For Higher Cement Production" on page 962).

As for cement machinery, the Group's findings are interesting. There is being built up adequate capacity for the manufacture of cement machinery within the country. But some of the cement licensees, according to the Group, are reluctant to place orders for indigenous machinery mainly because of the high costs of such machinery, as compared with those of foreign cement plants, and the absence of deferred payment facilities in India. It is also said that cement licensees hesitate to place orders for indigenous machinery because little is known about the quality and performance of such machinery. These do not, however, seem to be insuperable difficulties. The Group has suggested, in this connection, that the prices quoted by indigenous machinery manufacturers should not exceed the cost of imported plants by more than a reasonable margin and that they should give such performance guarantees as are normally given by foreign firms. There is no doubt that the Group has taken a sensible view on this matter. Cement licensees should realise that they cannot hope to have foreign exchange for importing machinery when indigenous capacity for manufacturing cement plants has been, and is being, built up at considerable capital cost with its own foreign exchange component. For their part, indigenous machinery manufacturers should do their utmost to bring down the cost of cement machinery by, among others, diversified manufacture of plant and equipment for different industries and to improve the quality of machinery produced by them.

New Industrial Locations

It is generally thought that there would be no difficulty in locating a new industry in a place where, besides raw material supplies, the basic *infra-structure* facilities, namely, power, transport and water, are adequately available. This is, of course, true, but not *wholly* so. For, even if these advantages are already there on new sites, other unsuspected difficulties may confront entrepreneurs who seek to establish industries on such sites. The Government of Maharashtra, which is particularly anxious to disperse industries from the congested Bombay metropolis as far as possible and to get new industries established in underdeveloped regions, would do well to take note of the kind of difficulties that are likely to crop up in new industrial locations. That the State Government would have to play a certain helpful role in the matter has been rightly urged, for instance, by Mr. Harish Mahindra, Chairman of Mahindra Ugine Steel Company Ltd., in his speech at the first annual general meeting of the Company held at Bombay last week. This is what he said:

"When the plant is geared for optimum output (25,000 tons of alloy constructional steel), the employment potential of your Company will be of the order of 1,200 people. This additional labour force in the Khopoli region will accentuate the problems of housing in that area. The ribbon development of industries on the Bombay-Thana road will gradually extend to Khopoli. The need for establishing an industrial workers' colony in the Khopoli region merits the immediate attention of the State Housing Board. Unless congenial living conditions are created near Khopoli, it will be difficult to attract technicians to settle down in that area. The State Government's assistance is also required in providing basic amenities, such as adequate *potable* water supply and medical, educational and recreational facilities."

Mr. Mahindra may be taken to have spoken not only on behalf of his own company but on behalf of all new entrepreneurs who have been, and are being, advised by the authorities to locate their industrial units on "virgin" sites. After all, trained men have to man the machines and, unless they are assured of certain basic amenities for their families, money alone will not attract them to new industrial locations in underdeveloped regions.

DELHI LETTER

GRAVE VIEW OF FOOD PROBLEM

NEW MINISTER FACES AGONISING DAYS

From Our Special Correspondent

NEW DELHI, *16th June*

INTER-ASSOCIATION rivalries prevented the new Food and Agriculture Minister, Mr. C. Subramaniam, from having his first confrontation on Monday with the representatives of food traders—a community estimated to handle a total turnover of more than Rs. 2,000 crores. Not that heart-to-heart talks with the foodgrain dealers would have made any immediate difference to the fortunes of the consumer. There is no longer any trust placed by Delhi on the word of the grain dealers to exercise any self-discipline on prices. At one time, Mr. S. K. Patil thought that the foodgrain dealers could be persuaded to play the game and he had some initial successes, including a restraint on prices of commodities immediately after the emergency following the Chinese attack in October 1962. But Mr. Patil's hopes too were short-lived; during his last days at Krishi Bhavan, before he was "Kamarajed" out of office last August, Mr. Patil's faith in the good behaviour of the foodgrain dealers had been proven to be misplaced. An uncharitable explanation of the comparative price restraint soon after the Chinese attack was that the business community was scared of the mood of the masses at that time. From his very first days in the Food Ministry, Mr. Swaran Singh never tried to hide his lack of faith in the trader.

Even before Mr. Subramaniam took over his new charge, Finance Minister Krishnamachari had blazed the trail for a new turn in the direction of policy. When he announced the need for a formidable endeavour in State trading in foodgrains, at the fag end of the special session of Parliament, none took pains to direct fire on the Finance Minister himself for his responsibility through fiscal changes which added to the high increase in bank credit and more opportunity for trade hoarding foodgrains. Only a few months ago, in propounding some academic hypothesis to govern budgeting, Mr. Krishnamachari had spoken eloquently on the evils of physical controls. One M.P.'s comment last week was: How well T.T.K. does the twist!

When the Central Cabinet was being rearranged, a quip by a former Chief Minister to this correspondent was that the Prime Minister should take over the Food and Agriculture portfolio, in extension of the thesis currently popular that State Chief Ministers should be made responsible for the progress in the agricultural sphere.

A candid question posed almost disarmingly by Mr. Subramaniam immediately after taking over the food portfolio was about the mystery of the shortage of rice deliveries to the consumers coupled with higher rice production. Perhaps, a part of the answer to this question is to be found in Mr. Krishnamachari's fiscal changes soon after he inherited the Finance Ministry from Mr. Morarji Desai. Mr. Krishnamachari was in a hurry to announce his newly found faith in extensive State trading. He did this, it is now clear, without elaborate consultations with his Cabinet colleagues. Anyway, when Mr. Krishnamachari made the announcement, the new Prime Minister had not been installed in office. But Mr. Krishnamachari shrewdly chose to be the one to make the first announcement on the tactics in the general strategy desired by Mr. Shastri to bring prices down.

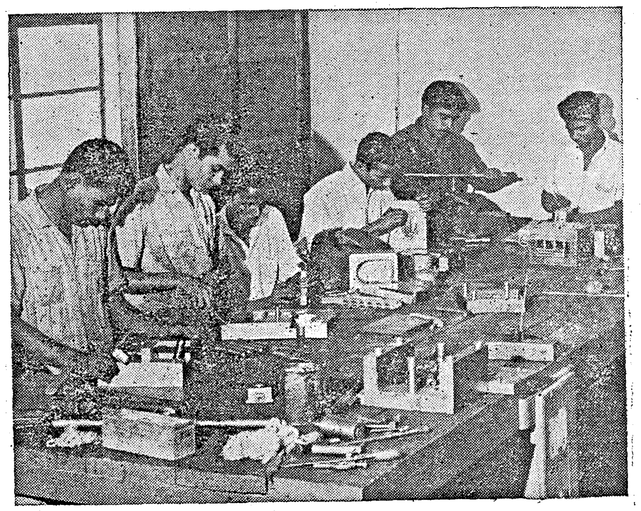
Mr. Subramaniam begins his days in Krishi Bhavan with a fairly clear directive of policy which the force of circumstances has dictated. It is that, unless the State enters the distribution field in a big way, nothing effective can be done to control prices. The decision of the National Development Council in 1957 favoured State trading but little was done to promote the idea, because Mr. S. K. Patil did not have his heart in it. The Bhubaneswar Congress discussions also underlined the trend towards State trading in foodgrains. Mr. Subramaniam's task will not be confined to experimenting with piecemeal State trading for temporary advantages. His assignment is to lay the foundation of a long-term policy which will not be tampered with because one crop season provides a bumper supply. The Shastri Cabinet was sworn in on 9th June. The Prices Sub-Committee of the Congress Parliamentary Party discussed the situation on 10th June and expressed broad agreement with the Finance Minister's advocacy of State trading measures. On 11th July, came alarming reports from west Bengal and Maharashtra. On 12th July the Parliamentary Party's price panel spelt out measures which it said should be undertaken by the Government. These measures are: State trading in *selected areas and commodities*, direct purchases from farmers at *remunerative* prices, steps to disgorge the surplus available with traders and producers, monetary regulations to mop up the purchasing power and drastic steps against hoarders, including seizure of hoarded stocks and deterrent punishment. The party panel also added a suggestion to try and get more imported supplies.

In relation to the crop *plus* imported supplies—a total which has remained fairly constant during the last three years—the *per capita* food availability has fallen by between seven and eight per cent between 1961 and now because of the increase in population. The marketable surplus this year is placed at between 31 and 33 per cent for rice and wheat; in other words, about fifteen million tonnes of wheat and rice should theoretically be available from the indigenous crop as surplus. But the rate of food arrivals in the *mandis* has fallen by sixteen per cent as compared with last year. Procurement of rice by the Centre and the States has been at a low level, being a little over six lakh tonnes in 1962-63, out of a production of about 32 million tonnes or a little over 10 million tonnes of rice available that year as surplus from the producers.

According to the Food and Agriculture Ministry's annual report for 1963-64, the Government released *4.92 million tonnes of grain from* stocks in the calendar year 1963. Of this quantity, 3.8 million tonnes were wheat and 1.12 million tonnes were rice. Last year, there were 60,000 fair price shops functioning in the country. The 1963 releases from stocks were higher than *4.31 million tonnes released in* 1962. Imports in 1963 at 4.56 million tonnes were also higher than 3.64 million tonnes in 1962.

Two major problems to be tackled before the Government launches a policy of State trading on a large scale are: to persuade the State Governments to undertake a bold procurement policy and to speed erection of storage capacity. The Central Government owns storage space for less than two million tonnes and has rented space to stock a little more than one million tonnes. It is realised that State trading cannot lead to any substantial reduction in prices, because the prices payable to the producers cannot be reduced. Any major attempt to push down prices paid to producers will be fraught with political dangers, particularly affecting election prospects.

At the meeting of State Chief Ministers scheduled for three days from 24th June, the Prime Minister and the Food Minister will naturally demand firm commitments by the State leaders on measures to be taken immediately. The Cabinet Sub-committee, which studied the suggestions of the Congress Party panel, had also before it a study by a group of Secretaries of the Government. As was to be expected, the civil servants devoted themselves more to the hurdles before State trading than possible solutions. Once Mr. Shastri remarked that the civil servants were supposed to be intellectually brilliant but they rarely contributed to new ideas or evolved new avenues of action. The power of positive thinking on ways to solve the administrative problems in food distribution will have to be left to 'mediocers' like the Prime Minister—a word which Mr. Shastri has jokingly used to describe himself. Mr. Subramaniam also starts his attack on the food problem with a reputation of not allowing himself to be dominated always by the civil service. That need not necessarily prove to be a handicap. In Britain, Mr. Bevan, for example, faced this problem, but was undeterred.



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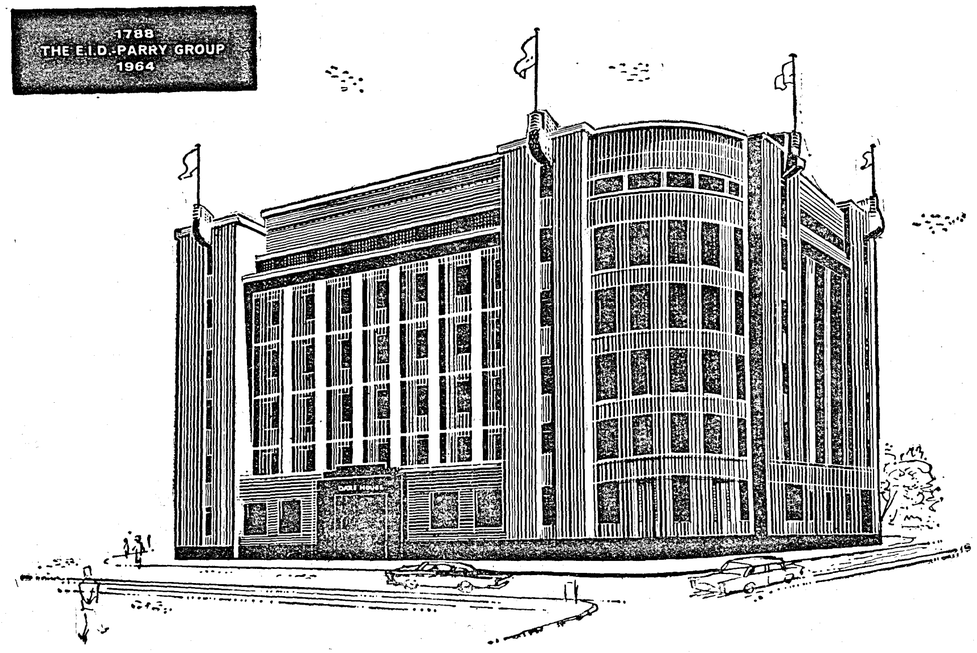

DARE HOUSE at PARRY'S CORNER

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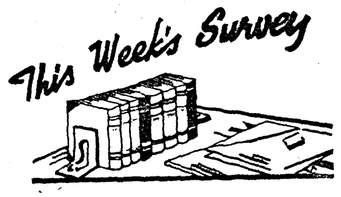

U.S. FOREIGN AID BILL

NO one, not even the highly cynical critic of the U.S. Congress, had expected that the House of Representatives would vote in full the *$3,500-million foreign aid* authorisation asked for by President Johnson in respect of the fiscal year *commencing from* the 1st of next month. For everyone had been aware of the rough weather the *1963-64 Foreign Aid Bill* had to encounter in spite of passionate appeals by the late Mr. Kennedy, Mr. Johnson and other members of the Administration. Mr. Kennedy, it will be recalled, had requested the U.S. Congress *to appropriate $4,900 million* for foreign aid and he himself cut it down subsequently to $4,500 million. But the Congress did not act on Mr. Kennedy's request till after his assassination. Finally, the Johnson Administration got (in *December 1963) only a $3,000-million appropria*tion, a reduction of as much as $1,500 million as compared with the revised request for $4,500 million.

Judged against such a deep cut, it must have, indeed, been a matter for supreme satisfaction to President Johnson and a matter for gratification to the aid-receiving nations, including India, that the House of Representatives has voted the entire sum asked for by the Administration. This is the first time in seventeen years, we are told, that the House has not cut a Presidential request. The Senate, to which the Bill has now been sent, is also expected to take similar action, though attempts may be made by some to prune the Bill at least to some extent. The Senators will do well to pay due heed to the warning given by the Administration that the U.S. foreign policy objectives would fail, if there is lack of foreign aid funds, and that the blame for such a failure would rest squarely on Congressmen. They cannot, of course, ignore this warning especially in a Presidential election year.

More than 71 per cent of the appropriations voted by the House of Representatives for the coming fiscal year will be for economic assistance, the amount actually earmarked being $2,500 million; the balance of $1,000 million is for military assistance. Since over four-fifths of the aid funds will be spent in the U.S. itself, the impact of the programme on that country's balance of payments will not be severe. In any case, recent months have witnessed a significant improvement in the balance of payments of the U.S.

The smooth passage of the U.S. Foreign Aid Bill in the Congress will ensure the prospects for continued economic assistance to India and other developing countries. The U.S., as a member of the Aid-India Consortium, has already pledged for the current financial year, that is the fourth year of the third Plan, a tidy sum of $435 million which represents as much as 42 per cent of the combined aid pledges amounting to $1,028 million. What is more, approximately one half of this total aid will be given in the form of untied credits which will help India greatly in financing maintenance imports needed by several industries for utilising their installed capacities more intensively. Besides large-scale aid from the U.S., India may also continue to get sizable assistance from the International Development Association (I.D.A.), the resources of which have now been augmented to the tune of $750 million, thanks to the approval, by the Congress, of the Bill covering the additional U.S. contribution to the I.D.A. The I.D.A. credits are of special importance to India, in that they do not involve any heavy repayment burden, since they are long-term in nature and bear no interest rate excepting for a small service charge.

While all this is quite encouraging, India has reason to view with some concern the two amendments to the U.S. Foreign Aid Bill passed by the House of Representatives. One of the amendments prohibits the grant of aid for any productive enterprise, if similar enterprises in the U.S. are not operating at near capacity and if the aid cuts into the U.S. share of the world market. The other amendment seeks to use the piled up excess counterpart funds for U.S. expenses abroad. Such expenditure, assuming that the U.S. Administration will take the amendment seriously, is bound to aggravate the already serious inflationary trends in the Indian economy. It may be somewhat embarrassing for the Government of India to suggest to the U.S. Government that such expenditure be held in check. The U.S. Congress itself may not like suggestions of this nature coming from an aid-receiving nation. The better solution, therefore, lies in an all-out bid to boost this country's production of foodgrains, raw cotton and other commodities, so as to obviate the need for imports of goods that are surplus in the U.S. under P.L. 480 year after year.

POPULATION CONTROL

The 'fifties added as much as 80 million to India's population, as compared with some 45 million added in the 'forties. That much net addition to numbers swallowed up 62 per cent of the aggregate additional income of Rs. 8,600 crores which economic growth had made available for increase in private consumption during the entire first decade of planning. Only the balance of 38 per cent was available for a net overall increase in per capita consumption during the period. The Mahalanobis Committee on Distribution of Income and Levels of Living has, incidentally, calculated that this increase in consumer expenditure represented no more than Rs. 2.5 per person per year. In other words, with Rs. 219 as the per capita consumer expenditure in the base year 1950-51, the rate of increase in that expenditure was only 1.1 per cent per head per annum during the period 1951-61. This was a pitifully low rate of improvement in the level of per capita consumption. It is in the light of this experience that the Mahalanobis Committee has observed that "any slowing down of the rate of growth of the population would help in improving the general level of living."

But that is a rather mild observation, considering that, in the 'sixties, through which the country is now passing, the net addition to numbers will be of the order of 100 million. Mr. Asoka Mehta, Deputy Chairman of the Planning Commission, has, therefore, done well to put the whole problem in a graver perspective. In his convocation address at the Demographic Training and Research Centre at Bombay this week, he has said that, "if population is allowed to increase unchecked, economic growth and social change may well prove to be a tantalising mirage." He has gone further and added that "if we tried to maintain a rate of growth that would keep pace with the population spiral, we would fail because the economy would not be able to sustain the heavy rate of savings and investment required." This is a pretty grim warning and it has a positive content too. The content is that population control alone can make it possible for the benefits of development "to reach the broadest segment of the people, in any significant measure and within a reasonable time limit."

Mr. Asoka Mehta's warning and suggestion alike are very timely, for, thanks to decreasing mortality and almost stationary fertility, India's population is expected to reach the fantastic level of 625 million by 1976. Can anything drastic be done to slow down the current annual rate (2.3 per cent) of population growth? Dr. Sushila Nayyar, Union Minister of Health, has also said, in her presidential address at the convocation of the Demographic Training and Research Centre, that "something has to be done to check this population explosion." But what that something can be she has not chosen to describe. Obviously it cannot be the present family planning programme that has practically made no difference to the fertility rate which continues to remain pretty high.

That the Health Minister has in mind no drastic measures of birth control should be apparent from her personal view that "increase in employment opportunities for women, extension of education amongst them and postponement of the age of marriage will have a profound impact on moderating fertility." But these are not direct measures of immediate significance. They may, of course, moderate fertility in the long run. In fact, such trends are already in operation, to some extent, in urban areas, although they are mostly confined to the educated middle class which constitutes just a seventh of the urban population. But their extension to all classes of the population in both urban and rural areas will necessarily take a long time, probably three to four decades. What is to be done in the relatively short period covering the next 12 years? One wonders whether the Union Ministry of Health cannot devise more practical and direct measures of reactivating the family planning programme so as to bring down the birth rate at least by 25 per cent, if not 50 per cent, over a ten-year period.

CIVIL AVIATION

The progress of civil aviation in India is usually reviewed at half-yearly intervals. It will be recalled that the last such review related to the first half of 1963 (vide page 819 of *Commerce* dated 16th November 1963). In that review, the performance of the Indian Airlines Corporation and of Air-India was compared with that in the corresponding period (the first half) of 1962. The comparison, incidentally, showed that both the Corporations had flown more kilometres, carried more passengers and lifted more cargo and mail, thereby operating more revenue ton-kilometres, in the first half of 1963 than in the corresponding period of the previous year. A similar comparative review, just available for the second half of 1963 and the second half of 1962, also points to improved performance, in terms of aggregate revenue ton-kilometres operated. In this connection, it will be seen from the table below that the revenue ton-kilometres operated by the Indian Airlines Corporation aggregated 43.16 million in the second half of 1963, as compared with 40.54 million in the corresponding period of 1962, while the revenue ton-kilometres operated by Air-India came to 71.28 million, as against 60.80 million.

	Indian Airlines (July-December)		Air-India (July-December)	
	1963	1962	1963	1962
Kilometres flown (million) ..	15.46	15.63	7.86	7.44
Passengers carried (thousands)	439.4	469.3	106.4	93.2
Cargo lifted (million kg.) ..	15.00	16.57	3.54	2.83
Mail carried (million kg.) ..	*3.92*	*3.50*	*0.63*	*0.71*
Capacity ton-kilometres (million)	64.03	60.02	141.79	130.50
Revenue ton-kilometres (million)	43.16	40.54	71.28	60.80
Overall revenue load factor (Per cent)	67.5	67.5	50.3	46. 6

A closer look at the figures would, however, show that, while Air-India had registered a positive improvement in terms of its overall revenue load factor (that is, revenue ton-kilometres operated as a percentage of capacity ton-kilometres), the Indian Airlines Corporation remained static in this respect in the two comparable periods. If Air-India's overall revenue load factor increased from 46.6 per cent in the second half of 1962 to 50.3 per cent in the second half of 1963, it was indicative of better utilisation of available capacity in spite of acute world competition. It may incidentally be noted that this improved performance of Air-India is reflected in a higher gross operating profit of Rs. 4.0 crores (before payment of interest or dividend, but after providing for depreciation and obsolescence) for 1963-64, as compared with Rs. 3.5 crores for 1962-63. On the other hand, in the case of I.A.C., the overall revenue load factor of 67.5 per cent, which is less than the figure of 71.3 per cent in the first half of 1963, points to an increase in idle capacity. Usually, business in the second half of a year is a little less than in the first half because of monsoon. Even so, the absence of any improvement, as compared with the same half-year of 1962, suggests that the progress of I.A.C. was not as satisfactory as it could have been. It may be further noted that but for the fare increases of 7½ per cent on trunk routes and 5 per cent on regional routes, brought into effect from 1st June 1963, the I.A.C's overall load factor would have been something less than even 67.5 per cent in the period under review.

PAKISTAN BUDGET

Liberalisation of imports with a view to boosting industrial production, reduction in some direct taxes, rationalisation of indirect tax structure, increased defence expenditure and an emphasis on accelerated economic growth are the salient features of the Pakistan (Central) Budget for 1964-65, presented by the Pakistan Finance Minister, Mr. Mohammed Shoaib, to the National Assembly in Rawalpindi on the 12th inst. The Finance Minister has visualised revenue receipts of about Rs. 297 crores during the fiscal year beginning from 1st July 1964 and an expenditure of Rs. 278 crores, leaving a surplus of about Rs. 19 crores on revenue account. In view of this surplus, apparently, the Finance Minister has not imposed any fresh taxation. On the contrary, he has proposed some tax relief for the middle income group and has extended the tax holiday for industries by another two years, that is, till 1967. The incidence of taxation on the higher income groups and big industrialists has, however, been enhanced to some extent, evidently to give the Budget a socialist tinge. But it is nothing more than a tinge, especially as compared with the penal rates of taxation prevailing in this country. He has also suggested some marginal modifications in customs duties and excise duties. But this rationalisation of indirect tax structure is not expected to have any adverse effect on the economy, even though it is expected to yield an additional revenue of Rs. 8.65 crores. On the other hand, liberalisation of imports, especially of raw materials, besides helping industrial production, is also expected to bring down the price level. Pakistan's defence expenditure during 1964-65 will total Rs. 129.65 crores which is 46.5 per cent of the estimated revenue expenditure of Rs. 278 crores.

The increase in the defence expenditure and the imposition of a rehabilitation surcharge of 1 per cent on all commodities liable to sales tax, will be noted with interest in India because both these have political implications. The tax concessions and tax holiday in Pakistan are in contrast with the pattern emerging in India where investors and the corporate sector are under constant pressure of heavy taxation which, besides affecting the incentive for hard and efficient work, also raises the price structure.

Pakistan's dependence on foreign assistance predominates in the estimates of development expenditure in the 1964-65 budget. Out of the development expenditure of Rs. 367 crores proposed by the Finance Minister, nearly Rs. 274 crores, that is 74.6 per cent, will be met by loans and grants from foreign countries. Even so, the capital budget shows a deficit of Rs. 10.27 crores, after taking into account the surplus in the revenue budget.

Another important feature of the Pakistan Budget which will have an impact on India's export trade is the reduction of export duties on cotton and raw jute by 50 per cent besides the abolition of sales tax on cotton. Hitherto, export duty on raw jute was at the rate of Rs. 20 per bale of long jute and Rs. 10 per bale of cuttings. Now, it will be at half these rates. As an importer of Pakistani jute (India took about 300,000 bales in 1963-64), India will doubtless benefit by this cut, but this advantage will be more than offset by the competition which Indian jute goods will have to face in countries which are manufacturing them out of raw jute imported from Pakistan. It may be noted that imports of Pakistani jute into India represent only less than 10 per cent of Pakistan's total jute exports. So far as cotton is concerned, Pakistan has hitherto been levying an export duty of Rs. 20 per bale on all varieties. Now it will be at Rs. 10 per bale. This sharp reduction will tell on India's exports of Bengal deshi cotton which is subject to a duty of Rs. 25 per bale. It is obvious that, unless India, too, reduces its export duty on cotton, Pakistan will have a distinct advantage over it. Again, as in the case of jute manufactures, so also in the case of cotton textiles, the reduction in export duty on the raw material by Pakistan will tend to have an adverse effect on India. The important buyers of Pakistani cotton are Japan, China and the U.K., all of which compete hard with India for the available markets for cotton manufactures. Pakistan is thus compelling Indian jute and cotton textile industries to improve their competitive capacity at a time when their own production costs are rising owing to domestic inflationary pressures.

S.U.N.F.E.D.

Although the Special United Nations Fund for Economic Development—S.U.N.F.E.D. for short—has been functioning only since October 1958, the quantum of aid it has given to the developing countries is quite substantial. Thus, out of the overall cost of projects approved to date, amounting to $837 million, the share of assistance rendered by the Fund comes to as much as $502 million. A wide range of activities, especially in the fields of industry and agriculture, in 121 countries and territories, has been financed by the Fund. The projects receiving assistance from the Fund are such as would accelerate the economic development of the less-developed countries and new capital investments of all types. The specific purpose for which the Fund is established is to create conditions that will make such investments either feasible or more effective. Surely, there is no exaggeration whatever in the claim of Mr. Paul Hoffman, Managing Director of the Fund, that, with an increasing number of projects aided by the Fund reaching completion or advanced stages of operation, their impact can be seen both in local communities and in national economies of low-income countries. The impact, according to a special report published by the Fund recently, is visible in the "quickening tempo" of programmes to train man-power for industry and agriculture, in the growing interest of the domestic and foreign investors in opportunities revealed by surveys of natural resources, and in the priority being given in the national budgets to the development of basic economic tools such as power, transport and communications. This report is being discussed at a session of the Fund's Governing Council which began at The Hague on Monday this week.

Some 45,000 nationals, it is said, had completed or were taking courses in 78 Fund-assisted training institutions in December 1963. They included engineers in Pakistan, vocational instructors in India, draftsmen in Uganda, agricultural specialists in Liberia and management personnel in Korea. Further, the Fund has purchased equipment worth $29.8 million for projects ranging from an engineering research centre and tele-communications training institute to an aerial search for new minerals and production of livestock vaccine. Nearly two-thirds of the equipment had already been delivered by the end of 1963. The Fund has also approved of aid for a number of pre-investment projects, including resource surveys and feasibility studies, technical education and applied research institutes in as many as 121 low-income countries, the total number of such projects completed up to the end of March last being 24. One of them was a training project which set up a complex of permanent centres for industrial instructors. The other 23 were pre-investment surveys and feasibility studies, of which 11 had already generated $475 million of local and external investment. In addition, 234 projects were under field execution and 116 projects were being readied for field work. As many as 1,840 international experts have served in the Special Fund projects, of whom 1,300 were in the field at the end of March this year. Working with them were 12,000 nationals of the assisted countries, including 5,000 senior and intermediate personnel.

By the end of 1963, $199 million had been spent on the execution of projects: $125 million by recipient Governments and $74 million by the Special Fund. Of the total funds approved to date by the Fund's Governing Council, 63 per cent has gone to support governmental efforts in speeding up their industrialisation schemes. The work undertaken with the Fund's aid in the developing countries covers, among others, finding new mineral reserves, manpower training, applied research, power and basic services. A large part of the aid by the Fund has been utilised for training for instructors, managers, supervisors, and foremen who would, in turn, pass on their skills to industrial workers and thus achieve a "multiplier" effect. In India, for example, the Special Fund and the International Labour Organisation are helping five Instructor Training Institutes which will turn out 2,000 graduates a year. So far, three of them have produced 1,500 trained instructors, who will teach industrial craftsmen. Modernisation of industry requires continuing technological research, the report notes, and applied research centres in 19 countries are being strengthened or established with Special Fund aid. The Fund is helping nine countries to investigate resources that could lead to greater production of cheap power needed for agricultural and industrial development. The Fund is also assisting countries in providing basic services such as communications and transport systems that are vital for economic growth.

In the agricultural sphere, the Fund is aiding 59 countries with pre-investment projects. The importance of such projects lies in the fact that, for the low-income countries, improvement in productivity of agriculture is an essential first step towards economic progress. The assistance rendered in this field includes supply of information pertaining to water resources, soil, type of crops, the value of various types of fertilisers and control of pests. In the field of pest control, the Special Fund and the F.A.O. are helping to protect rice crops in Asia, to eradicate the rhinoceros beetle which attacks coconut palms on Pacific islands, to combat the desert locust, and to produce livestock vaccine in the Middle East. In view of the need for agricultural personnel, the Special Fund is aiding 11 projects for specialised training at various levels.

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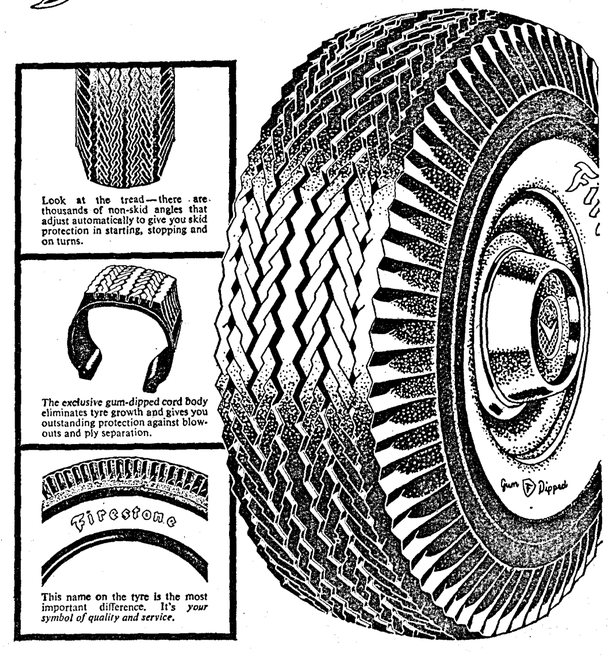

AMERICAN LETTER

SPEAKING WITH A FORKED TONGUE ON TRADE AND TARIFFS

"BLEEDING MADRAS" POPULAR AGAIN

By N. Pattabhi Raman

NEW YORK, 13*th June*

THE inter-relation between trade and development has been highlighted by the proceedings of the U.N. Conference on Trade and Development in Geneva. Grants and loans given by the affluent nations to the less developed countries for purposes of development are, generally speaking, not only inadequate but their effectiveness is impaired by the adverse trends in the terms of trade of the poorer countries. It is widely realised, therefore, that concerted measures require to be taken to enable the developing nations to improve their export earnings, measures that include the removal of discriminatory tariffs and quantitative restrictions employed currently by the advanced nations.

This issue is receiving attention also at the Kennedy Round of negotiations under the General Agreement for Tariffs and Trade (G.A.T.T.). The G.A.T.T. has served a useful purpose, but its major failure lies in the fact that it has not been able to prevent member-nations from violating its underlying principles. Sometimes, as in the case of the Geneva Textile Agreement, some of its members have even banded together to foist on the trading world an arrangement patently contrary to the spirit and purpose of the G.A.T.T.

On this issue of crucial importance to the developing countries, the U.S. has been speaking with a forked tongue. Washington has proclaimed that the U.S. is for freer trade, for the progressive elimination of trade barriers, for assisting the less developed countries in their efforts to expand their exports. But, in the case of textiles, it has pursued a course of action inconsistent with these declarations.

Late President Kennedy's View

In advocating a policy of freer trade and asking for enabling legislation by the U.S. Congress, the late President Kennedy indicated that it was not the policy of the U.S. Government to protect domestic industries from imports through tariffs or restrictive quotas. The policy, he said, was rather to assist the industries and workers adversely affected by competition from abroad to adjust to the situation by "moving men and resources out of uneconomic production into efficient production and competitive positions."

President Kennedy recognised that some industries or units, demonstrably weak and uneconomic in a world of competition, would need assistance in transferring their resources to other spheres of productive activity. He recognised also that workers of such industries or units would need help in relocating or retraining. But he emphatically rejected protectionism as a solution.

In the case of cotton textiles, however, the U.S. Government has virtually ignored the policy of freer trade. U.S. mills benefit from a long-standing and proliferating patchwork of protection. By way of tariffs, the U.S. exacts nearly 27 per cent on the value of imported cotton goods—one of the highest duty levels on cotton in the Western world. It is estimated that, on 16 standard cotton constructions, the U.S. duty exceeds that of Canada by approximately 21 per cent, that of Great Britain by 50 per cent and that of West Germany by 125 per cent. Any hopes that the U.S. rates might be reduced in the course of the Kennedy Round of G.A.T.T. negotiations must be placed against the U.S. industry's plea, already beginning to be successful, that the bargaining in Geneva should bypass its products.

Powerful Pressure Group

The fact is that the U.S. textile industry constitutes a powerful pressure group, with influential backing in Congress. Through pressure tactics and legislative horse-trading, its lobbyists and backers have been able to maintain and improve import protection for its products. First, the Eisenhower Administration negotiated the so-called "voluntary" quotas with Japan. Then, the Kennedy Administration institutionalised the concept of "voluntary" restrain through the Long-term Agreement Regarding International Trade in Cotton Textiles, which is referred to more conveniently as the Geneva Textile Agreement.

A basic argument cited in favour of the Geneva Textile Agreement is that it will enable the orderly expansion of the textile exports of the producing countries without disrupting the markets of the importing countries. This argument does not, however, stand close scrutiny. By administering artificial respiration to the dying elements of the U.S. cotton textile industry, the Agreement is more likely to result in maintaining U.S. cotton textile production at an artificially high level. This in turn will either retard the growth in output in the countries which have a comparative advantage in textile production, or else contribute to surplus world production and all the market disruption implied by it.

A Cover-up for Unhealthy Departure

The Geneva Textile Agreement is really a device to enable the United States to impose unilateral import quotas on cotton products. It is a cover-up for an unhealthy departure from the proclaimed U.S. view that domestic industries which are not capable of standing up to import competition should, instead of seeking protection, remove their resources to other spheres of activity.

At the time the Geneva Textile Agreement was being discussed, a high Indian official told me that India had reached an understanding with the U.S. and that Indian textile shipments to the U.S. would not be affected by the Geneva accord. But this expectation, if ever valid, was falsified when the U.S. asked India to exercise "voluntary" restraint in regard to its textile exports to America and prescribed import ceilings applicable to several categories of Indian cotton products.

Last month, the U.S. Government took an additional step to further limit the import of Indian cotton textile products. It obtained a 2½-year agreement with India under which Indian exports to the U.S. of five categories of textiles will be cutback to 37 million square yards a year during the period of the agreement, compared to actual shipments of 45 million square yards in 1963. The five categories are: carded sheeting, print cloth shirting, carded twills and sateens, and "carded yarn fabrics not specified elsewhere." These categories constitute a major portion of India's textile exports to the U.S. which, in 1963, totalled 67 million square yards, including handloom fabrics. The agreement also placed a ceiling on shipments of towels.

Barron's, the New York financial weekly, recently observed: "In cotton textiles, ... the United States has displayed scant moral fibre." It is difficult to disagree with this comment on the U.S. Government's trade policy with regard to cotton textiles. It has been said that U.S. deviation on this issue from its proclaimed policy of freer trade merely proves that politics is the art of the possible. But it is no consolation to countries like India, Taiwan or even Japan which are fighting hard to expand their export earnings.

Handloom Goods

Fortunately, the Geneva accord does not cover handloom fabrics. Hopefully, therefore, India can try and make up, partially at least, through expanded exports of handloom products to the U.S.

Since they were first introduced, Indian handlooms have done fairly well in the U.S. and their imports have steadily increased. "Bleeding Madras," as everyone knows by now, made a big splash four or five years ago. As some buyers cornered the supply, prices skyrocketed and many manufacturers turned to other fabrics. Until recently, only a handful of sportswear producers were doing any significant business in Madras. But, in recent weeks, demand has suddenly spurted, as teenagers have begun buying Madras, as if they are just making a discovery. Sales of a variety of clothing made of "Bleeding Madras" are reported to be very good—so good, in fact, that, according to one source, manufacturers are finding it hard to keep up with the demand and additional supplies of the fabrics are being urgently flown in from South India. Appropriately, and taking the cue from a current cinema hit, a department store in Pittsburgh chose the following as the theme of its promotion in a recent week: " A Mad, Mad World of Madras."

In this context, the recent opening in New York of an office of the Handicrafts and Handlooms Export Corporation (H.H.E.C.) should be helpful in stabilising and further expanding the market for handlooms and developing the potential market for Indian handicrafts. Until now, the promotion of Indian handlooms and handicrafts was left to the India Trade Centre, which the Government of India established here some nine years ago and which functions under the direction of the Indian Consul-General in New York. During the last two or three years, the Centre has been virtually inactive, the chief occupation of its staff being stock-taking! Anyway, even in its active days, the Centre was only a promotional organisation: it booked no orders. The H.H.E.C., on the other hand, is a promotional-cum-sales organisation; moreover, it is backed by a resourceful headquarters organisation.

Besides catering to the wholesale trade, the H.H.E.C. is currently handling sales of handicrafts and handlooms at the Indian Pavilion in the New York World's Fair. As one who has seen several Indian exhibits in the U.S. display the same types of goods again and again, I am quite impressed by the array of new and interesting products of quality on view and sale at the Indian Pavilion. Also impressive, and particularly noted by American businessmen, is the wide range of advanced industrial products on display. There is reason to hope, therefore that the exhibit will stimulate an expansion of India's exports to the U.S.

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TWO I.D.A. CREDITS FOR PAKISTAN

The International Development Association, an affiliate of the World Bank, has extended two credits aggregating the equivalent of $39.5 million to assist in financing highway projects in Pakistan. One credit, of $22.5 million, is for the construction of a 150-mile highway between Dacca and Chittagong in East Pakistan, the other one, $17 million, being for the construction of a 90-mile highway between Karachi and Hyderabad and three bridges to the north in West Pakistan. The credits will also finance the services of consultants to advise and assist the highway departments in both Provinces and to undertake certain feasibility studies.

Both credits are for a term of fifty years. Repayments of principal will begin on 15th October 1974, after a 10-year period of grace. Thereafter one per cent of the principal will be repayable annually for 10 years and 3 per cent will be repayable annually for the final 30 years. The credits are free of interest, but a service charge of ¾ per cent per annum on the amount withdrawn and outstanding will be made to meet the I.D.A.'s administrative costs. The Government of Pakistan will re-lend the proceeds of credits to the Provincial Governments of East Pakistan and West Pakistan on I.D.A. terms.

TAKING THE STING OUT OF FOREIGN CAPITAL

By Questor

AMERICANS are probably as hardened against the charge of dollar imperialism as are Europeans against that of neo-colonialism; these are the sort of accusations, we tend to assume, which are to be expected from poor countries with a strong sense of grievance and national pride. But it is salutary to try—indeed today it is necessary—to see things from the point of view of those who see themselves as underdogs.

If neo-colonialism means a reluctance to admit freely the cheap manufactures of developing countries and a preference for the traditional pattern of exchanging manufactures for raw materials, most European countries are undoubtedly guilty of it. History is built into their tariff structures and can change only slowly. If dollar imperialism means that the U.S., with a surplus of capital to export, tends to dominate the most rapidly-growing and profitable industries in developing countries and thereby to limit the freedom of their Governments to plan economic development, there is an element of truth in this charge too.

It is not a matter only of Guatemala or Cuba. Canada finds the dominance of many of her industries by U.S. capital an embarrassment as well as a benefit. Australians resent the hold of General Motors on their car industry. And Europe, too, is now beginning to be concerned about the spreading influence of Detroit. General de Gaulle is said to have been extremely annoyed at the beginning of last year when Chrysler succeeded in obtaining a controlling interest in Simca. A fair number of people in Britain were worried, politics apart, when Ford took over complete control of its British subsidiary; a fair number are worried now about Chrysler's plan to take an interest in Rootes.

Rootes is a relatively small firm, still controlled by the family which started it, and too small to survive alone in the international battle which appears imminent. A link-up with some other manufacturer is inevitable, and Chrysler has long been the favourite partner: there appears to be a natural affinity between these two firms, both of which are considerably smaller than their domestic giants, but which are determined to survive and have a complementary range of vehicles and markets. Chrysler, in fact, is not proposing to absorb Rootes but is offering some $33 million for a 30 per cent share of the voting stock and a half-share of the rest. The Rootes family will lose absolute control, but it will still hold about 38 per cent of the votes against Chrysler's 30 per cent.

Faint Twinge of Anxiety

The trouble, of course, is that these proportions may not last. If the Rootes family one day relinquishes management of the firm, the trust which holds the family's stock may consider it sensible to diversify its portfolio; Chrysler may gradually build up its holding, as it did in the case of Simca, to one of effective control. If this were to happen, more than half the British car industry would be in American hands—two of the major units are already wholly-owned subsidiaries of Ford and GM. The Labour opposition tried to make political capital out of this possibility and were routed decisively with accusations of insularity and zenophobia.

Yet it is not altogether surprising that British politicians should feel a faint twinge of anxiety about the growing U.S. hold on the motor industry. The connection has so far brought the country nothing but advantage. The U.S. firms have brought in large amounts of capital and the expertise of a much larger industry; they have been managed by Englishmen, and they have an excellent record of exports.

Yet cars are a factory of key economic importance in any society which contains a large number of affluent consumers. The motor industry is highly ramified and of particular concern to any Government which attempts (as many must) to regulate the operation of the economy. It is not pleasant for any Government to face the fact that the level of employment and investment and exports in a major industry may be settled by decisions taken, from an alien point of view, by a board of directors meeting in Detroit. It is more unpleasant, in some ways, for the Government of a developed country which is expected to observe stricter rules of international behaviour. Even a Labour Government would think long and hard before nationalising British Ford.

In theory, without doubt, the free movement of international capital can do nothing but good: it blesses givers and receivers alike. But practice is more complicated than theory. The poor countries of the southern hemisphere are in great need of capital; yet they are determined to run their affairs as they please. Some of the richer countries, too, are beginning to have their reservations about the free entry of U.S. capital; General de Gaulle's vision of Europe, after all, is an attempt to stand up to the colossus.

At present the outflow of U.S. capital is limited to some extent by the balance of payments deficit. When this ceases to be a problem however, as it well may before long, charges of dollar imperialism are likely to become more common. The only escape from them, so far as I can see, is for U.S. parent firms to see to it that their foreign subsidiaries pay as much attention as native firms to the interests of the country in which they operate. In Britain, at least, they have always done so.

I.D.A. CREDIT FOR INDIA

A credit equivalent to $90 million for expanding production in selected lines of capital goods industries has been granted to India by the International Development Association, an affiliate of the World Bank. The credit will assist companies engaged in the production of commercial vehicles, industrial machinery and construction equipment. This will enable these enterprises to import components and materials on a larger scale which has not been possible till now due to the shortage of foreign exchange. The I.D.A. credit will make it possible for these industries to increase their output at an average by 30 per cent by the end of the current financial year. As there is also provision for the purchase of spare parts for heavy earthmoving machinery and construction equipment already in India, it will also help construction industry in the country. The industries which will benefit from the I.D.A. assistance are of major importance in the economic development of the country and there is a ready market for their products. The funds that will become available for the purchase of spare parts and construction equipment, will, it is expected, speed up the extension of various development projects throughout the country, particularly in the fields of irrigation and electric power.

The I.D.A. credit will be made available to the parties through the regular import licensing procedures of the Government of India. This credit, together with similar assistance from the other members of the Aid-India Consortium, will make possible the first substantial increase in three years in the allocations of foreign exchange for imports of industrial materials and components. The I.D.A. credit is for a period of 50 years. Repayment of the principal will begin from 15th November 1974, after a 10-year period of grace. Thereafter, 1 per cent of the principal will be repayable annually for 10 years and 3 per cent will be repayable annually for the final 30 years. The credit is free of interest, but a service charge of ¾ per cent per annum on the amount withdrawn and outstanding will be made to meet I.D.A.'s administrative costs.

(*Concluded from next column*)

naire before his last public address at the end of this week, he knew its lesson and affirmed that there were no signs of unhealthy expansion in the economy, the growing pressure on resources "is precisely what we have been expecting and planning for." Lest any should misunderstand him, he added that this was "now clearly a testing time for the economy" (which is what his political opponents have been telling him!) and that the picture of brisk business could be spoilt by excessive home demand, rising costs, rising prices, lack of income restraint. He also pointed out that it was legitimate to call on the I.M.F. for help to tide over short-term imbalances due to stockbuilding imports (this may be a pointer to coming events), but he did not expect such an imbalance to be prolonged and, indeed, to be natural to "the early stages of a vigorous expansion."

LONDON LETTER

BUSINESS IS BRISK

PESSIMISM BELIED

(*From Our Own Correspondent*)

LONDON, 13*th June*

A LIVELY and ascendant Stock market this week for the first time since mid-April coincides with one of the four-monthly assessments made by the Federation of British Industries on the state of the economy. There is a general tendency here to equate this present time with four years ago. The boom of 1963 is compared with that of 1959 and the downward trend for 1960 is, therefore, looked for this year. Nevertheless, the economy appears more stable today than it did four years ago and new orders are still trending upwards. The actions of the business community are, therefore, belieing its fears.

The first question asked by the Federation of its members is whether they are more, or less, optimistic than four months ago. 34 per cent are *more* optimistic, 61 per cent record no change, and only 5 per cent are less optimistic. (When the question was asked in February, 44 per cent were *more* optimistic, so the volume of rising optimism is less.) As evidence of strain on capacity 42 per cent still say that their present level of output is *below* capacity, though 50 per cent said that in February. No less than 56 per cent say that they have no surplus capacity, as compared with 48 per cent who gave that answer four months ago.

What about current output, comparing the past four months with the previous period? 60 per cent record an increased output, 31 per cent the same and 7 per cent a diminished output, but these are figures to be expected. The order book position looks ahead; here 59 per cent of the firms say their orders are up on the previous period, 28 per cent say they are the same and 7 per cent say they are down. (In February only 55 per cent said they were up and 9 per cent said they were down, so the improvement is marked.) If the orders for capital equipment are separated, we find a less conclusive picture: 15 per cent record a rise (as in February), 10 per cent the same, 3 per cent record a drop (against 4 per cent in February), but most firms find the question too difficult. But it is worth observing that the official figures for capital expenditure by industry record a rise in the first quarter of this year of 6 per cent over the last quarter of 1963.

Export Picture

The picture on exports is less assuring: 28 per cent of the firms feel more cheerful than in February, but that is a reduced percentage over the last count when 32 per cent felt more cheerful. On the other hand, only 9 per cent feel more depressed, as compared with 11 per cent at the last count. It is the number who record no change in their view of the export future that has gone up. Yet, in spite of the reduced percentage of "more optimistic" answers, new orders are still coming in faster than before and the number of firms recording a drop in export orders is less.

It is also encouraging to find that average cost per unit of output are rising for a smaller number of firms than in February, though more firms are also recording rising *selling* prices.

There is much more *steadiness* in the economy, as compared with 1960. For instance, retail trade which tends to boom with rising business generally has been much more stable than expected and, though retail prices have risen 2 per cent over the year, volume has slowly increased to 5 per cent over its mid-1963 level. This growth compares with a 9 per cent rise in production over the year to end March and a 1.7 per cent rise in employment over the same period. Even though hire-purchase debt has topped the £1,000 million-mark to create a new record, it seems that the general public are spending their increased incomes cautiously.

The big question that industry is asking is when and where the employment bottlenecks will occur—though employment is not yet seen as a menace to rising output (about half the firms fear labour shortage in some form or other over the summer months). Of course, the labour pattern over industry is erratic, some industries—engineering and textiles in particular—being tighter for labour than others such as chemicals and the food groups.

Whether or not the Chancellor of the Exchequer had seen the results of the question-

(*Continued in previous column*)

MONTHLY ECONOMIC REVIEW OF U.K.

PACE OF GROWTH WELL SUSTAINED

COST OF LIVING, TOO, STEADILY RISING

By J. R. H. Pringle

ONE of the major tasks facing all those attempting to diagnose the state of the United Kingdom in the coming months will be to estimate the net effects of the measures taken by Mr. Maudling, Chancellor of the Exchequer, in the Budget in mid-April. The withdrawal of purchasing power of £103,000,000 expected as a result of those measures was less than most unofficial observers had thought likely. On the other hand, most agree with the Chancellor that some help in reaching the declared goal of slowing down the rate of expansion to 4 per cent a year can be expected from certain "natural" forces. In the Budget speech Mr. Maudling mentioned, for instance, that the rate of increase of stockbuilding may be expected to level off, and that the growth of demand may also be lessened by higher savings—which the Chancellor encouraged by increasing the limits allowed on individual holdings of premium bonds and national certificates and by introducing a new national development bond. The crucial question is whether these autonomous factors, when allied with the Budget measures, will prove sufficient to restrain the pace of growth to one that can be sustained.

Trend Still Upward

It is, of course, still too early to form any reliable estimate of how the economy has been behaving since the Budget. Statistics even for the first quarter of the year are still incomplete, while those for the period since mid-April are highly sketchy. Taken together, moreover, these indicators present a picture of the economy that is far from clear. Thus, those relating to March suggested that the rate of growth may have slackened slightly. For, instance, in that month, the Board of Trade's seasonally adjusted index of the value of retail sales fell by one point to 111, though the Board commented that too much significance should not be read into this small change. New credit extended by hire purchase finance companies also appeared to be levelling off: the increase in the total debt outstanding, of £16,000,000 to £985,000,000, was probably due largely to the operation of seasonal factors. Further, the seasonally-adjusted index of industrial production, which had been revised upwards to 127 for February, remained at that figure for March. However, the adjustment for seasonal factors was more hazardous than usual because Easter fell in March. And there seemed little indication of a change in the long-term trend: in the first quarter of the year the average value of the index was 2½ per cent above its level in the final quarter of 1963, as compared with a rise of about 2 per cent in that quarter above its level in the third quarter of last year.

Moreover, other indicators relating to the first quarter of this year continued to point upwards. The latest returns by the Ministry of Public Building and Works for the construction industry, for example, showed that total output remained at the record level of last year's closing months during the first quarter, and orders for new work were also flowing in at a record rate. The Board of Trade's index of the volume of orders received by the engineering industries rose from 144 to 147 between the two quarters, with a particularly large increase in orders received from the home market, which were up from 140 to 149: and home orders for machine tools, as computed by the Machine Tools Trade Association, also continued to rise sharply—in January, at £7,800,000, they were 72 per cent above their level in January 1963.

For April, the evidence was again conflicting. Car production which had been one of the foremost leaders of the expansion continued to bound upwards: weekly output rose by over 4,000 to 40,969, and partly no doubt as a reflection of the continued strength of the car boom, estimates of steel production this year have again been revised upwards: Britain's steel manufacturers now expect to produce 26,000,000 tons this year, as compared with an expected production of 25,500,000 three months ago. Nevertheless, the demand for labour appeared to be slackening: in April, the number wholly unemployed fell by less than could have been expected from the operation of purely seasonal factors. And the demand for loans from the banks also seemed to be lessening: in April, net advances to the private sector increased by only £7,500,000.

Straws in the Wind

Pointing to these "straws in the wind" early last month, Mr. Maudling told the House of Commons that he felt that he had pitched his judgment (over the appropriate increase in taxation) about right. If he were right, he said, it meant that extra measures would not have to be taken later in the year: meanwhile, the slow-down of expansion would not be such as to check it and detract from confidence.

The two "straws in the wind" to which Mr. Maudling was referring, now seem, however, to be pointing in a rather different direction. Net advances, excluding those to the nationalised industries, rose by £39,000,000 in May—only £4,000,000 less than in May last year when the reflation was just getting under way. The incidence of the Whitsun holiday, however, makes comparison with earlier months difficult, and the rise is in any case not extraordinary. The really disquieting figures were those relating to unemployment. At the May count, the numbers wholly unemployed were down to 361,000: since the April count the numbers of wholly unemployed adults had fallen by 37,000—14,000 more than is normal for the time of year—while the number of unfilled vacancies had risen by 14,500—6,000 more than normal. The unemployment rate fell from 1.8 per cent to 1.6 per cent, and was down to below 1 per cent in the Midlands, at 0.9 per cent, to be precise. If present trends continue for another month or so, the number of unfilled vacancies will be larger than the number available to fill them—a stage usually regarded as heralding the beginning of intensive pressure on the labour market, with all that implies in the way of higher costs and prices.

A number of factors probably contributed to this disconcertingly rapid fall in the unemployment rate. To start with, it seems that the current phase of expansion is pulling in far fewer recruits to the labour force—the so-called "unregistered unemployed" than had been expected on the basis of experience of previous expansionary phases. In particular, it appears that the numbers of married women that have been tempted back into employment as a result of the high level of demand for labour has not approached the numbers that have joined at similar times before. This apparent trend towards an increased unwillingness by such women to go out to work would notably reduce the labour available to meet the continued growth of demand. Some might argue, however, that another important factor has been the tendency for employers to build up their labour force more slowly at the beginning of an expansionary phase and to continue to take on more workers after demand has begun to level off, in order to re-establish the desired ratio of labour to output. On this argument, it could be maintained that, despite the continued growth of demand for labour, the growth of final demand is already dropping from 6 per cent to 4 per cent as planned, and this may well be reflected in an easing of the employment situation in the next few months.

Consumer Demand not Slackening

As we have seen, however, there is little firm evidence to support the view that the growth of demand is, in fact, levelling off. Indeed, on a wider view, it would be surprising if it were. For the current expansion of the economy has now reached the stage at which a boom in fixed investment is being superimposed on the high rate of growth of demand for consumer and consumer durable goods that has until recently been the principal element in the economic expansion: and investment plans already being put into effect are not likely to be significantly affected by marginal adjustments to the growth of consumer demand. Though in many respects such an investment boom is welcome, since it should increase capacity and productivity in the future, it adds to the pressure on the economy in the meantime, and in particular places further demands on the labour supply.

Once the labour shortage begins to limit the growth of output to a rate below that at which demand is rising, prices—both of labour and of the final product—must tend to edge upwards. Though such factors appear to have played little part in the rise in the Ministry of Labour's index of retail prices of 0.9 point to 106.1 in April—a rise that it is thought was due largely to higher milk prices and higher local rates—it would not be surprising if higher costs were reflected in a further rise in the index in the next few months. Even excluding such forces, the index will almost certainly have risen further in May, because of the effect of the Budget measures.

A sustained rise in the cost of living index would also in itself tend to increase the pressure on wage costs—both directly, since wage rates in some industries are tied to the index, and indirectly by adding ammunition to other unions' demands. Britain's largest union, the Transport and General Workers' Union, has in fact recently announced that it feels that the rise in the cost of living index makes it impossible to accept the Government's appeals for wage restraint in isolation. This declaration by the Transport and General Workers' Union will certainly stiffen the attitudes of other unions. Of particular significance will be its effect on the Confederation of Shipbuilding and Engineering Unions, which is currently in the midst of important negotiations with the employers over the latter's offer of a long-term contract. Moreover, the unions insist on regarding negotiations over pay and those intended to secure a 40-hour working week as two separate issues. Pressure on costs is, therefore, likely to mount in the months ahead.

Handicap to Exports

A marked rise in labour costs would in turn handicap the chances of securing the large increase in exports that remains a vital requirement for the achievement of a period of sustained economic growth. The trade balance is, in fact, more than ever the most carefully watched of Britain's economic indicators. The figures for April were disappointing on the seasonally-adjusted figures. Exports fell by £36,000,000, while imports rose slightly and the trade balance deficit widened to £107,000,000, one of the largest on record. Admittedly a comparison over three months reveals a slightly brighter picture: in February to April the average value of exports was 5 per cent more than over the previous three months, while imports were only 3 per cent higher. But this result is obtained only because the exceptionally unfavourable figures from January distort the average for the earlier period.

The detailed breakdown of the trade figures for April revealed that exports to the Sterling Area and to E.F.T.A. countries have continued to increase, but that those to all other principal markets have fallen. Particularly disappointing was the fall in exports to North America, since the current expansion of the U.S. economy might have been expected to lead to a higher demand for our goods in that market.

It has, of course, long been expected that the rapid expansion would at some stage cause the balance of payments to slip into deficit, and the Government has ample credit facilities at its disposal to meet such an occurrence. The $500,000,000 "swap" with the United States and the possibility of short-term credits from other central banks under the Basle arrangement. together constitute a considerable total. There is no doubt, however, that it will be necessary to do everything possible to maintain competitiveness in the coming months.

ENDLESS CHAIN FOR OFFICE PAPER CHASE

Britain's first skyscraper office block to have an automatic mechanical messenger service went into operation this month within the "golden mile" of the City of London. A press-button vertical conveyor took over from the human floor-to-floor messengers carrying inter-office memoranda, invoices, and correspondence up and down the 20-storey block of offices.

With its inauguration, the manufacturers—Lamson Engineering, Co. Ltd., of London—foresee the new pattern of tomorrow's postal services in tall office blocks which are now springing up throughout Britain. Instead of the postman delivering from floor to floor, he will deposit mail on the control floor of the building and it will be automatically routed on the selective conveyor as required. For 75 years this firm has been studying the problem of the distribution of paper in offices, hospitals and factories, and they have brought to this ever-growing cascade a new turn of speed, despite the fact that offices today are growing upwards as well as outwards. The newest of these refinements to keep paper moving is a "dial-your-floor" conveyor system on a continuous chain, which trays hook on to and move themselves off at the selected floor. The paper moves in the shaft at 75 feet a minute, each tray can carry 30 lbs., and frequency of service of the line is eight trays a minute.

INCENTIVE TO DEPOSITORS

TENTATIVE AGREEMENT AMONG BANKS

IT has taken the bankers full three months to come to a tentative agreement on the "revision and rationalisation" of their deposit interest rates. Even before the Governor of the Reserve Bank indicated in March 1964 that bankers should re-examine their deposit rates in order to accelerate deposit mobilisation, some of the bankers themselves were advocating reconsideration of the issue but many of them were not willing to go all the way with the advocates of higher deposit rates. In fact, the debate on deposit rates actually started more than a year ago, when the State Bank of India raised its rates in April 1963 to bring them on a par with the rates prescribed under the Inter-Bank Agreement on Maximum Rates of Interest on Deposits, and the bankers barely managed to avoid a competitive increase of ½ per cent to preserve the differential then existing between the rates of the State Bank and those of the members of the Indian Banks' Association. Even now, the final decision is yet to emerge and is likely to take at least another month, if not more, for the tentative agreement among the members of the Indian Banks' Association has to be approved by the Exchange Banks' Associations, in the first instance, and has to be referred to all the banks participating in the Inter-Bank Agreement for approval by a three-fourths majority.

Grudging Concession

Sharp differences of opinion among bankers on the role and efficacy of interest rates in the process of deposit mobilisation and their consequences on the structure of bank costs and on the relationship and inter-action between deposit rates and service charges are responsible for this long drawn out procedure and delay in arriving at a decision. There has also been a good deal of wishful thinking. This is evident from the tendency to postpone the problem as long as possible, hoping that time would somehow come to their rescue. If, however, this hope does not materialise, they usually hit upon *ad hoc* solutions to which they pathetically cling until circumstances force them again to sit up and take notice of the problem. Expediency, rather than evolution of a long-term policy based on informed analysis and a view of the prospects, has been the characteristic feature of inter-bank agreement on deposit rates. When it was urged over a year ago that interest rates on deposits had become unrealistically low, some influential bankers used to argue that, as there were bright prospects of heavy deficit financing, deposits would automatically grow at an adequate rate and that, therefore, there was no need for paying higher rates of interest. Deposits did, of course, register a record rise, but the demand for bank credit grew even faster. Today, with bank credit standing at a high level, with prospects of a much smaller contraction in it during the current slack season and with the necessity for maintaining a higher liquidity ratio from about the beginning of next busy season, the banks have found that it is absolutely essential to do something more effective than they have done so far to stimulate the growth of their deposits. Had they realised this point last year itself, they would have, perhaps, been in a better position today. Even now, the tentative decision taken by them reflects only a grudging recognition of a compelling situation.

After prolonged discussions, the bankers are reported to have ultimately agreed to allow the short-term rates up to six months to remain unchanged and to raise the rates of interest for term deposits beyond that period by rates varying between ½ per cent to 1 per cent. The proposed new structure of rates now under consideration for final approval is as shown in the accompanying table.

The new rates for deposits beyond six months are almost entirely based upon the recommendations of Bhabha Committee, specially appointed by the Conference of Bank Chairmen to go into the question. The marginal reduction in rates recommended by Bhabha Committee for periods below 6 months, by sliding the period of deposits was, however, not acceptable to the bankers who have decided to maintain the present position in this respect unchanged.

Incidentally, credit for bringing about some measure of agreement on the proposed rates goes to the Committee under the Chairmanship of Mr. C. H. Bhabha, Vice-Chairman of the Central Bank of India: it may be recalled that, even in 1958, the credit for persuading the reluctant bankers into joining the agreement was also due to Mr. Bhabha who was then Chairman of the Indian Banks' Association.

The proposed rates reflect some clever, though not necessarily clear, thinking. An increase of ½ per cent in the rates of interest on deposits beyond three years and of 1 per cent beyond seven years is intended to create only an appearance of a better deal to depositors and to those bankers who demanded a rise in deposit interest rates, while at the same time meeting the point of those bankers who were worried about the implications of a higher deposit rates to their costs and profits. There are hardly a few term deposits beyond three years and certainly none beyond seven years, and the rise of ½ per cent and 1 per cent respectively in these categories will largely remain theoretical and no more than a source of mental satisfaction to those who favour dear money, without any substantial practical consequences either on the rate of deposit mobilisation or on the amount of interest paid out to the depositors by the banking system as a whole.

Meagre Rise

For deposits maturing between 6 months and three years, the Bhabha Committee has recommended only a meagre rise of ¼ per cent in the existing rates of interest. Banks must be holding substantial term deposits within these periods, particularly between six months and 1 year. Although it is not possible to estimate the exact extent of such deposits in the absence of relevant data, the Bhabha Committee seems to have realised the fact that the cost of even

INTEREST RATES ON DEPOSITS

	Existing rates %	Rates recommended by I.B.A.* %	Change %
3 days upto 1 month	3	3	..
Beyond 1 month upto 2 months	3½	3½	..
" 2 months upto 3 months	3½	3½	..
" 3 " " 6 "	3½	3¾	..
" 6 " " 1 year	4	4	+ ¼
" 1 year upto 2 years	4	4½	+ ½
" 2 years " 3 "	4½	4½	+ ½
" 3 " " 4 "	4½	5	+ ½
" 4 " " 5 "	4¾	5	+ ¼
" 5 " " 6 "	5	5¼	+ ¼
" 6 " " 7 "	5	5½	+ ½
" 7 years	5	6	+ 1

* After modifying Bhabha Committee Recommendations.

a quarter per cent rise in the rate of interest in this category of term deposits may add substantially to the expenses of banks: it is this realisation which must have prompted it to propose a fractional reduction in the term deposits rates for periods below six months by sliding the periods. The largest proportion of bank deposits are held in this group—below six months—and even a slight reduction in rate would have been enough to compensate for the higher rates of interest in the other two categories. On second thoughts, however, bankers have decided to reject the proposal for reducing these rates, as it is contrary to the trend of current thinking and is likely affect the rate of deposit mobilisation. By maintaining the existing rates in this group, and by allowing varying rates of increase in the rate, the bankers have committed themselves to paying more for their resources.

The question that comes uppermost when considering the proposed structure of rates is: how far is it going to help deposit mobilisation? The largest rise in rates has been given where it is the least likely to affect the rate of deposit mobilisation or bank costs, practically no rise or only a small increase of a ¼ per cent is given where it vitally affects the costs: it is debatable whether such a small increase in rates was really necessary and whether it is going to make any difference to the rate of deposit mobilisation. It is, of course, possible to argue that, in view of the tremendous rise in the responsibilities and functions of banks and in view of the diversification of their investment and advances portfolios, banks will need a greater proportion of long-term deposits; the higher rates for the longer term are therefore a step in the right direction. But, in any case, this is a long-term prospect of a structural change in the composition of bank deposits: the entire purpose and rationale of a revision in rates was to bring more deposits to banks immediately. Do the bankers really and seriously think that a *status quo* in the very short-term rates and a mere ¼ per cent rise in rates between 6 months and 3 years will affect materially either the *trend* or *amount* of bank deposits? During 1963, bank deposits rose by 15 per cent—an all-time record growth of Rs. 289 crores. But the experience of the autumn and winter of 1962-63 has clearly illustrated the favourable effect on deposit growth of deficit financing. As already stated, a good part of that growth was the result of heavy increase in Government expenditure. Even without the small and extremely inadequate rise in rates proposed in the most vital sphere of deposits, they would continue to rise, as Government expenditure is going to be heavier still in the coming months. Bankers could save themselves the few crores of rupees which they are now willing to gift away to depositors, without any chance of getting a substantial rise in their deposits. After all, were these weeks and months of waiting, controversy and differences just over a quarter per cent? If the bankers wanted to risk their money over a real chance to attract the bulk of the genuine savings of the people, a straight ½ per cent rise in all rates above three months but below 6 months and 1 per cent rise beyond that would have been the most appropriate. There is still time to think of this solution.

Savings Deposits

The confusion and lack of sense of proportion and relativity among bankers are clearly illustrated by the abolition early in 1963 of interest on all current accounts, the liberalisation of savings bank rules over the last few years, which has, in effect, converted most such accounts into current accounts, and the failure to give a higher rate of return on savings deposits, which have the greatest potential for growth. It is true that interest on current accounts is not paid anywhere in the developed world, but by refusing to permit a small return of about 1 per cent to interest sensitive rural and southern areas, the banks have forced most of the depositors in such areas to switch funds from current accounts to savings accounts, where the depositors enjoy almost the same facilities and privileges regarding withdrawal. The wisest thing to do would have been to go back to the pre-Agreement days, restrict the number of total withdrawals and the amount of each withdrawal in a savings account, raise the rate of interest on such accounts by 1 per cent to 4 per cent. After all, when investments in Government securities are earning 4.50 per cent, savings deposits can no longer expect to be competitive with just a 3 per cent return of bygone ages.

Yet another example of the misplaced zeal of the bankers is found in their rejection of Bhabha Committee recommendation of lowering the 3 days Notice Money (described as Call Money!) to 2½ per cent. It is difficult to appreciate why bankers want to pay 3 per cent for 3 days when they reluctant to pay 4 per cent for 6 months and over. Most of the call deposits are "big money" and, even if the entire banking system were to offer no more than 2½ per cent (or even 2 per cent), the money is bound to stay in it. Where else will it go? A little more than a year ago, even the State Bank call rate was in fact 2-2½ per cent., and it would not have been difficult for the banks and the State Bank to agree to a common single rate for this kind of deposits.

Think Again

In any case, the last word on bank interest rates is not yet said or heard; for some of the important banks are reported to have made it a condition that their acceptance of deposit rates structure depends upon a further agreement on important service charges and facilities; if no such agreement is possible as it appears to be the case, it is likely that the agreement on deposit rates itself may be scrapped, or at least suspended for a period. If such a thing happens, it might prove to be a blessing in disguise for the bankers and the Reserve Bank would then be glad to allow the market forces to determine a realistic level and structure of bank deposit rates. Such a move will also help the banks in their struggle against the advocates of nationalisation—for the agreement on deposit rates as is conceived and operated now is a clear case of restrictive practice initiated six years ago. After all, banks in India did grow and remain healthy even when there was no such agreement.

MANCHESTER LETTER

LULL IN TEXTILE TAKEOVER DEALS

POWERFUL CONTROL BY BIG GROUPS?

From Our Special Correspondent

MANCHESTER, *9th June*

DURING the past few weeks, there has been a lull in the phase of takeover deals which have been such a major feature of the Lancashire cotton industry in the past 12 months. Now, however, all the old rumours have been revived by another major deal, involving the rapidly-growing Viyella International and the Bradford Dyers Association. While neither company is based in the heart of the cotton mill country, the Viyella combine has lately absorbed several other firms which are by tradition regarded as Lancashire concerns, and the big dyeing group has such notable textile links across the Pennines that many other companies are involved in this new amalgamation.

When deals of this magnitude are taking place other considerations tend to pale into insignificance. It is easy to forecast that this marks by no means the last of a series of integration projects by the major firms. Everything points to a continuation of the forging of stronger links between the different sections, for so long established on a horizontal basis.

Nor is it possible, in the circumstances, to avoid frequent reference to the ideals promulgated in various publications by Mr. Joe Hyman, who, as Chairman of Viyella International, has assumed an almost unique position in the trade by virtue of his Company's evident search for growth. It has been suggested that the latest bid represents his "last territorial demand," but it would indeed be surprising if his tally of conquests ends at this point.

Mr. Hyman's views on the textile industry and his theories on management are widely quoted in the City pages. Examples: "The two surest ways to ruin an industry are tariffs and 'A' shares," and "I think that, in the larger group, you have sufficient scope to attract first-class minds; they can't find that in Lancashire as it was."

Programme of Direction

On management theories, Mr. Hyman has lately put his thoughts on paper, dealing with the actual practices used in his "federation" of companies and on a broader industrial basis. "We explain to those people who are going direct that they must work to quinquennial programmes of their own development," he says and adds: "The first, and perhaps most important directive, is that the day a man starts a job he must on that day plan who will succeed him. Indeed, if he does not do so, he is going to find it more and more difficult as time goes on, because, unless one grows with a situation, it is increasingly difficult to develop with it, and also because a sentimental attachment to the job grows which is difficult to break later on."

His theory of management envisages a graduate entering industry in his early twenties, spending five years in post-graduate work within the company as part of a management structure, five years in a leading position, five years being responsible for an operational group, and five to ten years in direction. This, says Mr. Hyman, would give a cycle of 25 years, allowing the man freedom to do other things, such as public service or Government work, around the age of 45 to 50.

Role of Professional Managers

The essence of the problem, he feels, is that Britain's first industrial revolution was carried through by proprietorial entrepreneurs, but the second industrial revolution will be carried out by professional managers. He likens the situation to modern constitutional Government, involving the development of a professional civil service.

Proprietors and families can no longer control industrial organisations long term, he continues. "Britain's somewhat rigid social structure, which was compatible with the country's needs in early Victorian days, now acts as in inhibiting factor on the best in the country for our modern role. The position is at its worst in the older industries, where there is a dearth of professional management and an excess of nepotism."

Among his suggestions for improving the outlook is a scheme to encourage a number of graduates who pass the civil service administrative examinations to be immediately recruited into industry. "If there are 30 or 40 acceptances each year for this grade, it would be worthwhile for the Government to arrange for perhaps a quarter of them to enter industry," he adds.

Independence Still A Virtue

Is there a future for the small firm in textiles in the midst of such a sharp swing towards major groupings and powerful control by the big battalions? Many people whose activities are confined to individual sections and have been content to maintain steady progress in the lower strata of the industry having regard to pure size must have been asking themselves this question many times in the past few years and particularly during the furore of deals which have followed the interest taken by the man-made fibre producers since mid-1963.

Many companies in this category illustrate the strong family influence which has been at work in textiles for generations past. Events have shaped destinies by absorptions and mergers so that some of these fundamentally close-knit units have received fresh impetus from outside sources. There are still many companies, however, which feel justified in carrying on by their own efforts aided by the numerous inventions and systems successfully introduced in productive and marketing methods.

Below the Giants

Among those who contend that there is still a definite place for at least a rank of textile firms below the giants is Mr. G. W. Stott, Chairman of Stott and Smith Ltd., whose current annual statement illustrates the position of an old-established firm which is determined to stay the pace. A feature of the reorganised textile industry, he says, has been the growth of large trading groups but there are still many smaller and efficient independent companies whose future prospects are just as encouraging as are those of their larger counterparts.

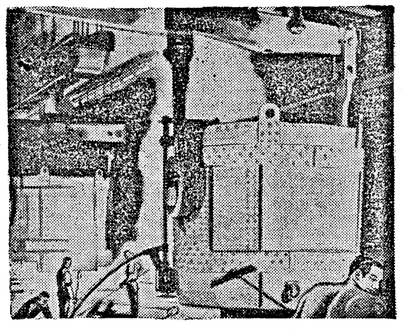
To compete successfully in the trade today, however, nothing can be left to chance; every available benefit must be gained from the aids to efficiency which are available. In common with many other concerns faced with similar problems, the action taken by Stott and Smith has been to withdraw capital from low-earning ventures and to increase investment in those sections of the business which show an adequate return.

While this must be a slow process, the results achieved after a severe setback in 1962 justify the means adopted. Internal reorganisation and raising the tempo of re-equipment must be carried out if current progress is to be maintained.

Pruning Overheads

Other companies can substantiate this argument and the days are certainly long past when any business can afford to stand still. Crosses and Heatons Ltd., whose chequered record of the past has resulted in a drastic concentration scheme, is another group where overhead costs have been pruned very substantially. Production has been raised by the more intensive use of modern spinning machinery and future plans include mechanical handling layouts, the further concentration of productive units and improvements in the preparatory processes. All these developments and the consolidation of the administrative headquarters of the company, say the directors, will lead to lower overheads.

DEVELOPMENTS IN THE EAST



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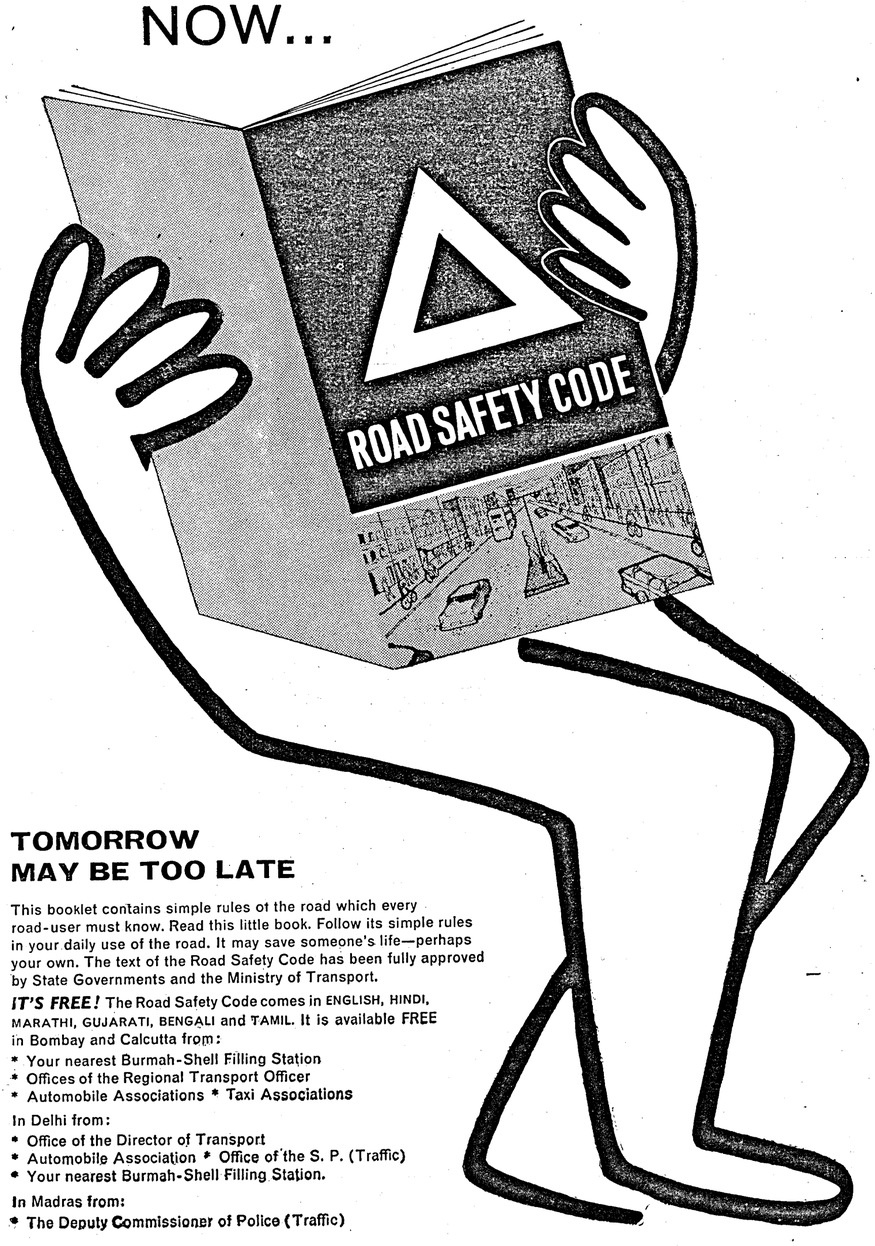

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WORLD RUBBER ECONOMY AND INDIA

FALL IN PRICES DUE TO SEVERE COMPETITION FORECAST

THE coming years will witness an increasingly severe competition not only between natural and synthetic rubbers but also among the various types of competing synthetic rubbers, with the result that there will be a decline in the prices of both. This is the conclusion that emerges from the findings of the International Rubber Study Group which held its seventeenth meeting at Tokyo recently. The conclusion is based on the existence of a substantial surplus production capacity for synthetic rubber. The impact of the decline in prices as forecast by the Study Group is, of course, of particular concern to Malaysia, Indonesia and Thailand (and Ceylon) where raw rubber is the most important earner of foreign exchange and Government revenue, besides being the major source of employment and income to a large percentage of population. But there is no cause for any despondency. For natural rubber, since it enjoys certain advantages which synthetic rubber lacks, can always hold its own, provided those who produce it endeavour their best to offer their product to consumers in a competitive manner. The essence of the problem, as the Rubber Study Group has rightly emphasised, lies in the rapid raising of the general level of efficiency of the natural rubber industry as a whole, "efficiency" covering *all* aspects of production, processing and marketing.

In the considered opinion of the Study Group, the development, as yet in its pioneer stage, of crumb rubber well packed and sold according to technical specifications is of special interest. Production of natural rubber in this form is already taking place in some countries, albeit in moderate quantities, and the processing and marketing aspects are being studied intensively. This development, we are told, has important implications which call for appraisal by producers, traders and consumers. The Group has authorised the Secretary-General to

Table A: *World Rubber Position*
(In thousand long tons)

	1964	1963
PRODUCTION	4,825	4,500
Of which—Natural	2,135	2,110
Synthetic ..	2,690	2,390
Deliveries from stockpiles (natural) ..	95	90
Total supply	4,920	4,590
CONSUMPTION	4,800	4,517
Of which—Natural	2,255	2,200
Synthetic	2,545	2,317
DEFICIT (—) OR SURPLUS (+) ..	+120	+ 73
Of which—Natural	— 25	—
Synthetic	+145	+ 73

NOTE: Estimates for synthetic rubber exclude China and the East European countries which are not members of the *International Rubber Study Group.*

invite the major consuming interests to co-operate with the Group by giving clear and precise guidance on matters like the acceptability of the aforesaid form of rubber to consumers, its technical specifications and the preferred size of bale. While all this takes time, the present marketing practices, which will necessarily continue for some years to come, will have to be improved greatly. The Rubber Study Group has done well to emphasise this aspect, as also the need for strengthening the regulation of fair trade practices and quality control on shipments.

The very considerable expenditure on research and development in the synthetic rubber industry, according to the Study Group, has led to continuing technical advances. Such advances, while they have not changed significantly the competitive relationship between natural and synthetic rubbers, are doubtless serving to consolidate and enhance the acceptability of synthetic rubber in many usages. The Group, at its previous meeting in Washington, had stated that the major impact of competition for natural rubber was from polybutadiene in the truck tyre field. It is, however, now said that the impact has not been felt not by natural rubber but by S.B.R. in the passenger tyre field, though it is admitted that oil-extension of synthetic rubbers is assuming greater importance than what had been anticipated before and that it "is offering a particular economic challenge to the natural rubber industry." The new E.P.R. synthetic rubber, which will eventually be used on a large scale for tyres, is expected to compete with other synthetic rubbers, especially butyl, rather than with natural rubber.

The continuing existence of a substantial excess synthetic rubber production capacity in the world is bound to affect equally both natural and synthetic rubber producers. The companies engaged in the manufacture of synthetic rubber or, in certain cases, Governments have no doubt every right to take any decision they like in respect of creating new capacity or expanding present capacity. But it is desirable, as the Rubber Study Group says, that, before taking such a decision, due consideration should be given to the present and prospective supply-demand position and the effect on the econo-

Table B: *Rubber Consumption in 1964*
(In thousand long tons)

	Natural	Synthetic	Total
U.S.A.	435	1,355	1,790
Japan	207	138	345
United Kingdom	170	155	325
West Germany	153	160	313
France	123	133	256
Italy	90	107	197
Canada	39	92	131
Czechoslovakia	49	32	81
India	62	16	78
Brazil	30	44	74
Australia	38	34	72
Netherlands	21	16	37
Belgium and Luxemburg ..	17	19	36
Indonesia	30	—	30
Austria	12	14	26
Malaysia	13	1	14
Denmark	6	5	11
Hungary	10	1*	11
Other countries	750	223	973
	2,255	2,545	4,800

* Excluding synthetic rubber produced in China or non-member countries in Eastern Europe.

mies of natural rubber producing countries. There is certainly scope for greater liaison between the two sectors which should consider where co-operation would be mutually beneficial. An interesting suggestion put forward by the Group pertains to point efforts in the field of development and publicity.

The review of the statistical position of rubber as made by the Group shows that the overall world surplus in 1964 will amount to 120,000 long tons, as against 73,000 tons in the previous year. The larger surplus is anticipated, despite the fact that the total supply of natural rubber amounting to 2,230,000 tons (production of 2,135,000 tons plus stockpile release of 95,000 tons) will be below the estimated consumption requirements of 2,235,000 tons to the extent of 25,000 tons. For this shortfall is expected to be more than made good by synthetic rubber, the anticipated output of which is put at 2,690,000 tons, as against the requirements of 2,545,000 tons. Table A compares the world rubber position in 1964, as estimated by the Study Group, with that in 1963, Table B indicates the estimated consumption of natural and synthetic rubbers in different countries during the year 1964, and Table C shows the estimates production in different countries in the same year as compared with the previous two years.

Since the overall world surplus of rubber is expected to be larger in 1964 than in 1963, it

Table C: *Rubber Production*
(In thousand long tons)

	1964	1963	1962
NATURAL RUBBER:			
Malaysia	876	795*	784*
Indonesia	600	659	671
Thailand	191	191	182
Ceylon	108	102	96
Viet-Nam	71	77	78
Nigeria	66	*N.A.*	*N.A.*
Liberia	44	*N.A.*	*N.A.*
India	44	31	26
Cambodia	42	41	39
Brazil	23	21	22
Burma	12	*N.A.*	*N.A.*
Territory of Papua and New Guinea ..	5	*N.A.*	*N.A.*
Other countries ..	53	*N.A.*	*N.A.*
Total ..	2,135	2,110	*N.A.*
SYNTHETIC RUBBER:			
U.S.A.	1,610	1,574	1,404
Canada	185	168	104
United Kingdom ..	175	117	105
West Germany ..	140	88	86
France	128	63	40
Italy	125	87	83
Japan	121	68	60
Netherlands ..	90	45	40
Brazil	37	*N.A.*	*N.A.*
Australia	20	*N.A.*	*N.A.*
Other countries†	59	*N.A.*	*N.A.*
Total ..	2,690	2,390	*N.A.*

* Refer to former Malaya and Sarawak only.
† Not including China and non-member countries in Eastern Europe. *N.A.*—Not Available.

is not surprising that prices have tended to look down. Natural rubber in the London market moved down from 22¾d. per lb. a year ago to 19d. recently. There has, of course, been a slight recovery of late, the latest available rate being 20.13/16d. But the recovery has been due to two temporary factors, namely, the possibility of a strike among Malayan plantation workers and the expected delays in shipments from Nigeria due to labour troubles. And available indications are that the rubber prices may resume their downward trend, though the decline may not be appreciable.

Whatever developments that take place in the world rubber economy will affect India to a significant extent, because India countinues to import every year substantial quantities of rubber, natural, synthetic and reclaimed. The actual imports in the calendar year 1963 aggregated over 27,000 metric tons. Large-scale imports are necessitated by the wide gap that exists between production and consumption requirements, as will be seen from Table D. Projecting the figures for financial years, the deficit in rubber supplies in 1965-66 (last year of the third Plan) is estimated by the Rubber Board at no more than 20,000 tons, the anticipated total demand and production put at 100,000 tons and 80,000 tons (50,000 tons of natural rubber and 30,000 tons of synthetic rubber), respectively. The deficit differs widely from the figure of 90,000 tons mentioned in our article on page 284 of *Commerce* dated 22nd February 1964. This figure (of 90,000 tons), which was based on private estimates, is said to be a clear exaggeration. Considering the ac-

Table D: *Rubber in India*
(In metric tons)

	1963	1962	1956	1952
PRODUCTION (total) ..	43,590	32,107	23,891	20,181
Of which: Natural ..	37,200	31,357	23,819	20,181
Synthetic ..	5,250	750	..	..
Reclaimed	1,140	..	..	..
CONSUMPTION (total) ..	79,509	68,762	35,220	23,536
Of which: Natural ..	60,209	51,776	29,460	21,398
Synthetic ..	11,624	10,409	2,447	17
Reclaimed	7,676	6,577	3,313	2,121
IMPORTS (total) ..	27,015	41,162	12,632	5,774
Of which: Natural ..	15,670	23,394	9,463	3,851
Synthetic ..	6,693	10,856	2,806	15
Reclaimed	4,652	6,912	3,363	1,908

tual trend of production and consumption in the past three or four years, the estimates prepared by the Rubber Board as mentioned above seem to be quite realistic. Even so, the estimated gap of 20,000 tons for 1965-66 is big enough and its filling up involves the spending of much precious foreign exchange. The need for stepping up the domestic production of raw rubber is, therefore, urgent. There is plenty of scope for augmenting the productivity of rubber lands from the present level. The scope can certainly be exploited fully if only the Rubber Board plays its part properly in giving all possible encouragement and support to growers.

RUBBER IN MALAYA

Replant or die! The force behind this slogan of the Rubber Industry (Replanting) Board is felt throughout the industry in Malaya. Natural rubber is not a raw material with a declining economic significance, as its production is climbing steadily, according to the Natural Rubber Bureau, Malaya. The end of 1962 saw 50 per cent of Malaya's four million rubber acreage planted with high yielding trees producing three or four times the quantity of rubber grown from unselected seed—1,500 to 2,000 lbs. per year, as against 490 lbs. from the older type of tree. The past 12 years have witnessed one of the most ambitious replanting and new planting programmes ever undertaken in tropical agriculture. Vast acreages which were formally supporting uneconomic trees already past their prime production have been replaced by new high yielding stock. To accomplish this, it was essential to give smallholders financial assistance and it was agreed that a flat rate replanting cess of 4½ cents be levied on every pound of rubber exported from the Federation. This money is redirected into two Funds administered by the Rubber Industry (Replanting) Board.

Fund A ensures that the money collected on estate produced rubber is returned to the estates and is repaid according to proof of production. A company's new planting and replanting policy is handled by the directors and the extent of these operations is, of course, outside the scope of Fund A. Fund B is the special replanting scheme for smallholders, affording the necessary financial assistance. Total grants of $750 per acre are paid in seven instalments so enabling the small producer to weather the first unproductive years and this scheme has given a definite fillip to the rate of progress. The Board demands certain standards concerning the proper preparation of land and the correct procedure of planting and maintenance; no grants are paid unless these are fulfilled. The Board's staff, in collaboration with rubber instructors from the R.R.I. Smallholders Advisory Service, do their utmost to teach basic planting principles and supervise the replanting. Various services are also supplied, the most important being the provision of high yielding planting material by

(Continued on page 1082)

The label 'SANFORIZED' is helping to carry Indian cottons round the world

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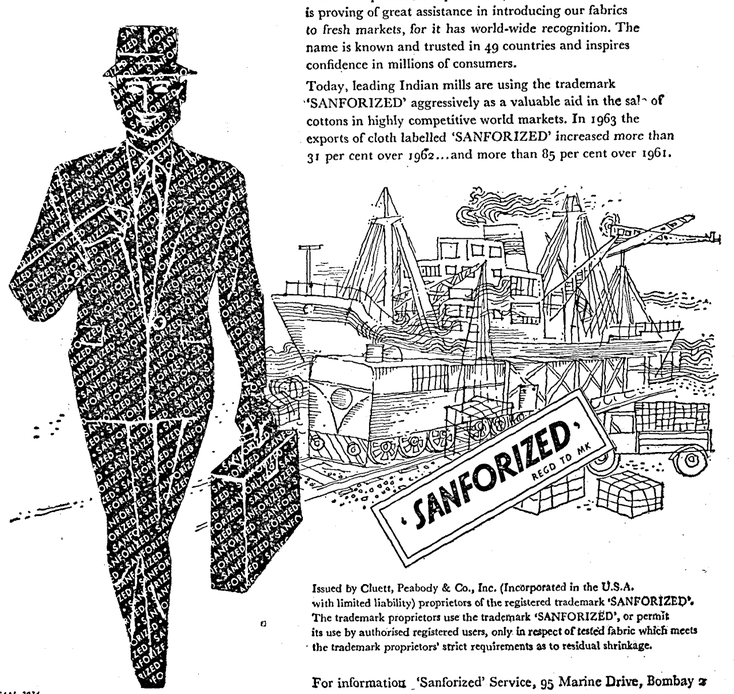

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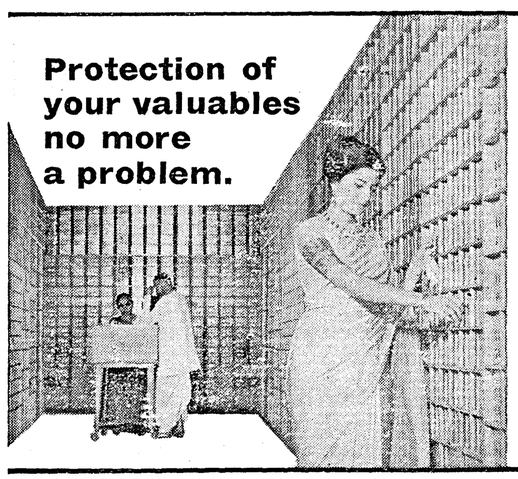

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C.S.O.'S MIDDLE CLASS SURVEY

FAMILY BUDGETS AND CONDITIONS OF WORK

IT is well known that the middle class population occupies a strategic position in Indian society. But not much is known about the conditions of work and levels of living of this important class. The only all-India attempt to survey middle class conditions was made in 1945-46, when the then Economic Adviser to the Government of India conducted a family budget enquiry covering Central Government employees throughout the country. This survey, however, was not followed up by the construction and maintenance of an all-India middle class cost of living index, presumably because its coverage was rather limited. But the need for such an index continued to be felt on several occasions in connection with the fixation and adjustment of the emoluments of Central Government employees. The Technical Advisory Committee on Cost of Living Index Numbers, set up by the Union Ministry of Labour and Employment, therefore, recommended in 1954 that family budget enquiries should be conducted to cover, among others, urban middle class population. Later, in 1957, the Wage Board for Working Journalists mentioned in its report that it was greatly handicapped in its work by the lack of middle class cost of living index numbers, and recommended that, as disputes concerning the emoluments of middle class employees were on the increase, necessary steps should be taken to compile and maintain a reliable middle class cost of living index. At the same time, members of Parliament, too, had emphasised the need for the construction of such an index.

Thanks to such persistent pleas, the decision was finally taken by the Government in November 1957 to carry out an urban middle class family living survey and to place the overall responsibility for the survey on the Central Statistical Organisation. The field work of the survey was entrusted to the National Sample Survey and the field wing of the Indian Statistical Institute. The Survey was restricted to *families of non-manual employees engaged in non-agricultural activities in urban areas* (that is, the urban salaried middle class) for the twin reason that the cost of living index numbers were required mainly to settle disputes in respect of salaries and allowances between employers and employees and that data on income and expenditure could be obtained with greater reliability in the case of fixed-income employees. It covered the year 1958-59. The first report of the survey, based on some of the tabulations so far made by the Indian Statistical Institute, has just been released. It will be followed by reports on the results of other tabulations which are under way.

The report, now before the public, deals in particular with the income distribution and expenditure of middle class families and the employment and service conditions of middle class employees. The data regarding income distribution have been presented in summary form in a leading article in this issue. But the data regarding such income distribution, studied from the point of view of central tendency and spread in another manner, are given here in Table I. This table gives first the income limits (upper and lower) of the mid-50 per cent of families. The upper limit here, incidentally, corresponds to the lower income limit of the top 25 per cent. The lower limit of the mid-50 per cent, on the other hand, corresponds to the upper income limit of the bottom 25 per cent. The third column in the table shows the "interquartile range," that is, the average family income of the mid-50 per cent of families. The table next gives the income limits (upper and lower) of the mid-90 per cent of families. The upper limit here, incidentally, corresponds to the lower income limit of the top five per cent. The lower limit of that mid-90 per cent, on the other hand, corresponds to the upper income limit of the bottom five per cent.

How the figures in the table are to be read may be illustrated by a reference to one centre.

Table III—Distribution of expenditure by item groups and by class of cities

(In Rs.) *(Figures within brackets are percentages)*

Item Group	Major Cities	Minor Cities	Other Towns
Food, etc. ..	148.6 (40.3)	116.0 (44.1)	116.9 (43.7)
Fuel, etc. ..	14.0 (3.8)	13.0 (4.9)	11.5 (4.3)
Clothing, etc. ..	44.3 (12.0)	31.8 (12.1)	34.3 (12.8)
Housing, etc. ..	55.4 (15.1)	36.7 (13.9)	34.3 (12.8)
Miscellaneous ..	106.2 (28.8)	65.9 (25.0)	70.5 (26.4)
Total ..	368.5 (100.0)	263.4 (100.0)	267.5 (100.0)

In Shillong, for instance, the incomes of the mid-50 per cent of families range between Rs. 159 and Rs. 440 per month (columns 2 and 3). This, incidentally, shows that the bottom 25 per cent of families have monthly incomes below Rs. 159 and the top 25 per cent have incomes above Rs. 440 per month. The interquartile range for this town shows that the average family income of the mid-50 per cent of families is Rs. 281 per month (column 4). The fifth and sixth columns bring out that the incomes of the mid-90 per cent of families range between Rs. 106 and Rs. 853 per month. This, incidentally, shows that the bottom five per cent of families have monthly incomes below Rs. 106 and the top five per cent have incomes above Rs. 853 per month. The seventh column, giving overall average figures for all the families (that is, 100 per cent of families), shows that an average salaried middle class family in Shillong, for instance, has a monthly income of Rs. 341.

It will be seen from the overall average figures of family income in Table I that only in three cities, namely, Calcutta, Bombay and Delhi-New Delhi, the middle class families have average monthly incomes of more than Rs. 350. Average incomes, it will be further seen, range from Rs. 161 in Jammu to Rs. 378 in Calcutta. The inter-centre range of variation in average incomes thus seems to be considerable. The authors of the survey have also given the finding that the average family income of the "lower middle class" (defined as the lower 50 per cent of the middle class families) varies considerably from Rs. 83 in Gulbarga to Rs. 194 in Bombay.

The survey data regarding expenditure are very comprehensive. In the report are to be found centre-wise statistical statements pertaining to monthly average family expenditure on different items like food, fuel and light, etc., monthly average family expenditure by monthly family income, monthly average family expenditure on different items like food, fuel and light, etc. by monthly family income, and so on. These tabular statements are far too many and too long to be included in this article. The utmost that is possible is to present a single centre-wise statement on monthly average family expenditure on different items and monthly *per capita* expenditure. The relevant figures are to be found in Table II.

A comparison of the average family expenditure figures in Table II with the average family income figures in Table I shows that, in all except three centres, namely, Shillong, Calcutta and Jammu, out of the 45 urban centres, the reported expenditure exceeds the level of income. Not much significance, according to the authors of the survey, is to be attached to this phenomenon, for it is the usual experience in family budget studies, based on the interview method, that expenditures are somewhat exaggerated, while incomes are somewhat understated.

In order to facilitate a study of the inequalities in the levels of expenditure, the authors of the survey have estimated average monthly expenditures by interpolation in respect of the bottom 25 per cent, the mid-50 per cent, the top 25 per cent, the top 10 per cent and the top five per cent of families, ranked according to family income. The results, in a nutshell, show that the monthly expenditures of the mid-50 per cent vary from Rs. 126 in Jammu to Rs. 323 in Bombay. In comparison, the expenditures of the bottom 25 per cent vary from Rs. 263 in Jammu to Rs. 736 at Bombay, while those of the bottom 25 per cent vary from Rs. 85 in Jammu to Rs. 199 at Simla. Expenditures of the top 25 per cent thus seem to be generally about three to four times those of the bottom 25 per cent. Expenditures of the top 10 per cent vary from Rs. 379 in Jammu to Rs. 1,088 in Bombay, while those of the top five per cent vary from Rs. 404 in Jammu to Rs 1,432 in Bombay. The top 10 per cent of families thus seem to be spending roughly four to six times as much and the top five per cent about five to eight times as much as the bottom 25 per cent. But, considering the fact that the higher-income groups have families roughly twice or thrice as large as the lower-income groups, it would appear that inequalities in *per capita* expenditures are less sharp than in family expenditures.

Weighted average expenditures, together with the corresponding percentages for various size groups of centres, are given in Table III.

The expenditure pattern, it will be seen from Table III, varies somewhat as between the major cities and other centres, in that middle class families in the former spend proportionately less on food and fuel but more on housing and miscellaneous items, as compared with their counterparts in the latter.

The share of food, beverages, tobacco and intoxicants in total family expenditure at all levels ranges from 38 per cent in Gauhati and Indore to 54 per cent in Jammu. The average for all centres is 44 per cent. This is in striking contrast to the consumption behaviour of working class families which are known to spend about 50 to 60 per cent on food, beverages etc. As for expenditure on fuel and lighting, it accounts for four per cent, on the average, for all centres, while the clothing group is responsible for 12 per cent and the housing group for 14 per cent. The miscellaneous items, such as medical care, education, amusement, transport, taxes and interest account for the balance of 26 per cent of total average family expenditure.

The survey findings regarding employment and service conditions are given in summary form below:

1. The average number of employees per middle class family varies from 1.01 to 1.32, with a mean at 1.14. As the average size of middle class families ranges mostly between four and five, it may be broadly taken that one in four of the members of a family is an employee.

2. The principal economic activity in which middle class employees are engaged in public service (that is, in the service of Central, State and Local Governments), which accounts for the largest share in 32 out of the 45 centres. Educational services account for the largest share in two centres and the second largest at 30 centres. Industry, which constitutes the most important activity at Calcutta, Bombay, Ahmedabad and Bangalore, is second in importance at four other centres. In terms of occupational terminology, clerical and related workers predominate. Their proportion among all middle class employees varies from 44 per cent in Sambalpur and Gulbarga to 88 per cent in Shillong. The next important category is that of professional and technical employees, of whom teachers constitute the largest component.

3. The average length of service of a middle class employee varies from 8 to 16 years, as will be seen from Table IV. Most of it (6 to 14 years) is confined to one establishment. This means that middle class employees generally stay stable in the establishments where they are employed, once they settle down in their chosen careers.

4. Middle class employees work, on an average, six to seven hours per day. Teachers usually work fewer hours. Salesmen work longer.

5. A majority of the employees are entitled to casual leave (15 days) or earned leave (30 days) or both. Most of them are not entitled to any sick leave in addition.

6. Conditions of service in centres in which commercial employees predominate generally

(*Continued on page* 1076)

Table IV—Length of Service of Non-manual Employees

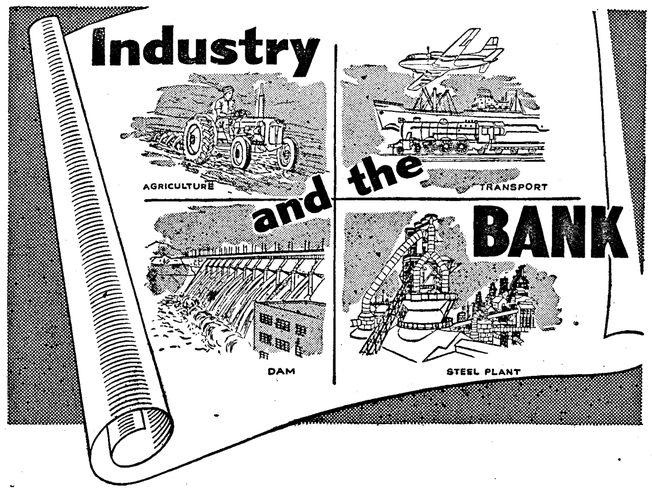
Centre	Average length of service in years		
	Total	Present establishment	Other establishments
Shillong	8.2	7.4	0.8
Gauhati	8.0	7.4	0.5
Calcutta	13.6	11.0	2.6
Kharagpur	16.3	14.0	2.3
Patna	12.1	9.3	2.8
Ranchi	11.5	9.8	1.7
Muzaffarpur	10.9	10.7	0.2
Cuttack-Bhubaneswar	10.4	6.6	3.8
Sambalpur	11.2	9.6	1.6
Hyderabad-Secunderabad ..	12.3	9.9	2.4
Waltair-Visakhapatnam ..	12.3	9.5	2.8
Vijayawada	12.3	7.7	4.6
Kurnool	11.1	8.2	2.9
Madras	14.0	10.5	3.5
Madurai	13.9	8.6	5.3
Tiruchirapalli	14.1	10.8	3.3
Trivandrum	11.2	8.3	2.9
Kozhikode	14.0	8.5	5.5
Bangalore	12.1	10.0	2.1
Mangalore	12.1	9.9	2.2
Hubli-Dharwar	15.7	12.5	3.2
Gulbarga	12.5	9.8	2.7
Bombay	14.2	10.8	3.4
Poona	12.8	10.8	2.0
Nagpur	12.0	9.2	2.8
Ahmedabad	15.1	10.6	4.5
Rajkot	11.9	8.1	3.8
Bhopal	13.0	9.3	3.7
Gwalior	12.6	10.4	2.2
Indore	13.5	9.7	3.8
Jabalpur	13.2	8.9	4.3
Jaipur	11.7	6.8	4.9
Jodhpur	13.0	10.6	2.4
Ajmer	12.0	9.2	2.8
Delhi-New Delhi	13.1	9.2	3.9
Lucknow	13.2	10.4	2.8
Kanpur	14.4	11.4	3.0
Allahabad	11.8	10.8	1.0
Agra	12.9	10.1	2.8
Meerut	14.7	12.4	2.8
Chandigarh	12.2	10.7	1.5
Simla	12.4	10.6	1.8
Amritsar	14.8	10.6	3.7
Srinagar	11.4	8.2	3.2
Jammu	8.9	8.1	0.8

Table I—Income limits (rupees) of specified percentages of families

Centre	Mid-50 per cent		Inter-quartile range	Mid-90 per cent		100 per cent. Overall average	Average family size
	Lower limit	Upper limit		Lower limit	Upper limit		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Shillong	159	440	281	106	853	341	4.6
Gauhati	125	296	171	86	724	258	3.2
Calcutta	170	464	294	102	1049	378	5.0
Kharagpur	143	288	145	100	530	243	5.4
Patna	111	282	171	66	654	235	4.5
Ranchi	110	261	151	67	508	216	4.5
Muzaffarpur	104	253	149	71	501	208	4.3
Cuttack-Bhubaneswar ..	143	260	117	76	487	212	3.7
Sambalpur	91	238	147	63	482	192	3.8
Hyderabad-Secunderabad	110	268	158	68	636	230	5.3
Waltair-Visakhapatnam ..	116	251	135	77	485	209	4.8
Vijayawada	93	195	102	63	462	175	4.4
Kurnool	103	194	91	70	419	172	4.6
Madras	134	342	208	82	803	293	4.6
Madurai	95	223	128	60	495	197	5.1
Tiruchirapalli	111	231	120	67	437	191	4.7
Trivandrum	118	322	204	78	734	268	3.7
Kozhikode	122	274	152	79	555	229	4.7
Bangalore	124	362	238	70	686	258	5.1
Mangalore	108	262	154	73	499	213	4.7
Hubli-Dharwar	102	221	119	64	460	187	5.1
Gulbarga	81	194	113	32	399	161	5.8
Bombay	190	447	257	116	970	374	4.8
Poona	151	290	139	101	497	257	4.9
Nagpur	132	296	164	80	648	257	5.0
Ahmedabad	137	281	144	85	497	239	5.1
Rajkot	135	274	139	96	588	239	4.9
Bhopal	110	233	123	70	470	200	4.5
Gwalior	121	265	144	77	653	239	5.0
Indore	117	249	132	78	550	229	5.3
Jabalpur	124	261	137	79	481	214	4.9
Jaipur	122	272	150	80	681	250	4.4
Jodhpur	129	270	141	73	531	229	5.3
Ajmer	137	177	40	84	543	246	5.3
Delhi-New Delhi	176	423	247	111	960	357	5.0
Lucknow	122	293	171	69	569	239	4.6
Kanpur	107	247	140	66	486	208	4.8
Allahabad	117	494	377	70	608	245	4.9
Agra	96	206	110	61	471	186	4.7
Meerut	109	257	148	66	505	210	5.1
Chandigarh	151	426	275	107	792	318	4.3
Simla	152	347	195	114	1001	315	6.9
Amritsar	116	230	114	78	480	201	5.2
Srinagar	116	255	139	73	518	215	6.4
Jammu	92	187	95	75	362	161	4.2

Table II—Monthly average family expenditure in rupees

Centre	Food, beverages, tobacco and intoxicants	Fuel and light	Clothing, bedding, headwear and footwear	Housing, household requisites and services	Miscellaneous	Total family expenditure	*Per capita* expenditure
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Shillong	137.4	15.3	26.4	55.9	54.8	289.7	63
Gauhati	97.5	10.0	26.0	48.1	77.9	259.5	81
Calcutta	149.2	12.9	31.4	66.5	94.4	354.3	71
Kharagpur	130.2	9.5	24.9	27.8	75.8	268.3	59
Patna	117.3	9.3	30.6	38.0	70.2	265.4	59
Ranchi	111.6	8.7	31.1	31.9	55.1	238.3	53
Muzaffarpur	110.6	9.4	27.0	34.1	77.4	256.5	60
Cuttack-Bhubaneswar ..	112.0	8.9	25.3	32.8	63.9	242.8	65
Sambalpur	108.1	7.8	23.6	40.0	43.8	223.3	59
Hyderabad-Secunderabad ..	110.6	11.0	25.5	33.9	58.9	239.9	45
Waltair-Visakhapatnam ..	114.6	13.8	31.6	35.2	49.1	244.2	51
Vijayawada	105.3	9.4	28.0	29.2	71.1	243.1	55
Kurnool	90.5	9.0	25.3	29.4	37.6	191.8	42
Madras	102.3	14.5	38.4	47.5	87.4	324.1	71
Madurai	103.4	11.2	25.2	32.6	70.8	243.3	43
Tiruchirapalli	102.1	10.9	20.9	24.5	48.2	206.6	44
Trivandrum	108.4	8.2	29.1	41.1	84.9	271.7	74
Kozhikode	113.8	8.7	25.5	40.4	66.1	254.5	54
Bangalore	129.4	16.7	34.6	48.8	59.5	289.0	57
Mangalore	123.3	12.3	33.5	34.6	66.2	274.9	58
Hubli-Dharwar	98.4	10.7	30.8	25.4	67.8	232.6	48
Gulbarga	91.6	9.4	31.2	21.5	37.6	191.2	36
Bombay	147.9	14.3	45.5	52.9	126.5	389.9	88
Poona	110.8	14.4	28.4	33.4	72.1	259.2	53
Nagpur	129.9	13.7	39.8	40.5	66.5	290.3	58
Ahmedabad	117.2	14.9	40.0	36.2	61.0	269.3	63
Rajkot	122.6	11.3	35.1	40.6	68.4	278.1	57
Bhopal	110.2	10.1	35.6	25.8	62.2	233.7	53
Gwalior	121.6	12.9	37.3	27.0	72.6	271.2	54
Indore	110.1	14.6	43.3	33.7	85.4	287.1	54
Jabalpur	124.6	12.1	42.8	33.5	71.6	284.5	58
Jaipur	120.3	13.8	46.7	45.6	110.5	337.0	60
Jodhpur	119.6	12.6	36.8	27.7	85.3	282.0	53
Ajmer	140.4	13.4	56.3	31.7	119.2	361.1	68
Delhi-New Delhi	153.1	14.3	57.5	55.8	102.7	383.3	67
Lucknow	112.1	11.3	31.2	38.6	86.0	279.1	61
Kanpur	108.7	10.6	31.0	26.5	62.3	239.0	50
Allahabad	118.3	10.9	34.8	29.8	60.9	254.7	52
Agra	127.3	12.3	36.1	30.7	75.0	281.4	60
Meerut	112.6	11.9	35.7	28.8	53.8	242.7	48
Chandigarh	128.6	13.6	47.0	46.8	85.3	321.3	75
Simla	144.6	14.8	44.2	38.2	104.5	346.4	88
Amritsar	104.9	10.3	32.9	23.9	51.0	222.9	43
Srinagar	154.2	19.1	37.5	46.8	62.5	317.9	49
Jammu	79.8	9.0	13.4	18.8	27.4	148.4	36



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ISSUE OF SHARES BY TENDER—II

By D. R. Pendse, M.A. (Cantab)

IN the light of the advantages and drawbacks of the four principal variations* discussed in the first instalment of this article last week, it is perhaps possible to indicate a rationalised version. Instead of having one single price or having all tender prices as allotment prices, only two or three representative tender prices may be chosen as allotment prices. These may be selected in such a way that, except in the lowest selected price, allottees would invariably be paying less than their own tender price. In the case illustrated earlier (*vide* page 1024 of *Commerce* dated 13th June, 1964), allottees quoting between 14*s.* 6*d.* and 15*s.* may all be allotted at 14*s.* 6*d.*, those quoting between 15*s.* 3*d.* and 15*s.* 9*d.* at 15*s.* and so on. The scaling down may then be coupled with some preferential treatment for the higher bidders. This could be done in two ways: first, by offering them a larger portion of the shares applied for and, secondly, by enlarging the difference between the tender price and the allotment price. It is hoped that this rationalised version would combine in it the principal advantages of the four versions discussed earlier. It would be interesting to note the results when such a rationalised version is actually put to trial.

Stagging

At this stage, it is necessary to consider some other aspects and clear some possible doubts about this tender method. The first and the most important is perhaps regarding stagging. Stags are friends of bulls and not of bears. Since the tender method is applicable mainly where a premium is indicated, the stags necessarily try to find a place in such issues. They thrive (*a*) on the difference between the market price and the allotment price, (b) on the number of shares which they are able to procure in order to sell at the established premium. In the usual cases, the allotment price is the same as the issue price, which is fixed in advance. Hence stags have only to form a judgment of the possible market price and devise ways for securing maximum possible allotment of shares. For this purpose, they usually take recourse to making one or more (multiple) applications for a large number of shares. This also helps to create an atmosphere of demand for the shares and to raise the opening price and thus their profit.

Under the tender method, as long as the allotment price is above the minimum price, there is obviously some diversion of profits to the promoters which would otherwise have gone to the stags. Therefore, other things being equal, stags are unlikely to bubble with joy over the tender method. Unlike the fixed price issues, here there are two unknowns to reckon with, namely, the allotment price and the market price. They must form a judgment on both these and stake their resources to influence both of them. In cases of multiple prices (both Mf and Mp), the stags are apt to be positively scared: if they tender and receive allotment at prices higher than the resultant market price, they will clearly be in trouble. If, alternatively, they tender at the lowest 'reasonable' price according to their calculation of the market, not only the chances of allotment are uncertain but also their own applications to some extent would lower the lowest allotment price, the market price, and their profit.

In cases of single price (Sf and Sp), the stags would face another dilemma. Under Sf, the allotment price would automatically be fixed fairly at a high level and chances of a wide difference between the market and the allotment price would be slim. Under Sp, if the promoters have announced the intention to give a preferential treatment to the higher bidders, the stags would like to quote a high tender price. But this itself would raise the allotment price and reduce the rate of their profit. If many stags follow this method, the allotment price may actually turn out to be higher than the market price. If there is to be no preferential treatment but only a uniform scaling down, the stags would have to be satisfied with profits on a larger turnover. In such circumstances, it is even possible that the stags would put in as low a tender price as possible and, perhaps, form a syndicate so as not to outbid each other. In such an event, the resultant market price would also be comparatively low and then again they may have to depend on a larger turnover for their profit or, alternatively, would have to nurse the shares for quite some time until the market moves up steadily to a "reasonable" level. The harm that may arise from such a concerted attempt by the stags is limited because the promoters would have, in any case, fixed a minimum allotment price.

On the whole, under the tender method, the weaker stags would perhaps remain passive while the more resolute ones would continue to operate. Their operations would give just the necessary fluidity to the market without their leading to hectic trading which is common when too many or too powerful stags operate as in case of issues at a pre-fixed price.

Next. Is the scaling down process itself as arbitrary as the advance fixation of the issue prices? Scaling down is only a tool and it is used *after* the exact distribution of applications as well as the prevailing conditions in the stock market are known and weighed. The applicants and the market as a whole have expressed their views by the time the promoters sit down to decide as to how scaling down should be used. Moreover, scaling down, which is directly related to fixing the allotment prices, can be moulded to suit the desired objective of the promoters as regards the eventual market price and the distribution of shareholding. Far from being arbitrary, scaling down thus provides a legitimate and a flexible instrument for allotment.

Investors' Judgment

Another doubt that may arise is whether an investor is better able and better equipped to spell out a correct price than the promoters, the stock exchange authorities, etc., who all together decide the issue price in the usual cases. Three points may be made in this connection. First, even in the tender method, it is usual to fix a minimum price and in fixing this the promoters, etc., are naturally called upon to use their judgment about the "correct" price. So the tender method actually takes their collective judgment as a base on which investors and others can improve, to mutual benefit. Secondly, investors are perhaps not so ignorant as one would think. A good deal of the advice from the brokers, from the financial Press and others is nowadays available to them and they would actually welcome an opportunity of exercising their judgment. In the case illustrated earlier, a conspicuous clustering of applications around the ultimate allotment price was seen. This has become quite a common feature in many other British issues by tender and suggests that investors do have a shrewd judgment of the correct price for an issue. Lastly, after all, what a majority of the applicants consider to be a correct price does tend to become the allotment price under the tender system and, perhaps, this fact would limit the penalties which, if at all, they may have to pay.

Clear Announcement

It is imperative, however, that the promoters clearly state the procedure of allotment and publish it in the prospectus so as to avoid any possible confusion in the minds of the applicants. Particular mention should be made in the announcements about three points:

(1) Whether there will be one or more allotment prices; (2) whether, in the event of oversubscription, there will be full or partial allotment and, (3) if partial, whether preferential treatment will be shown to particular classes of applicants. A specimen of the sort of announcement in case of an Sp issue (based on the text of an announcement in a recent British issue) may well be as follows:

"(1) All shares for which applications are wholly or partly accepted will be sold at the same allotment price which will be not less than the minimum price per share.

"(2) The allotment price will be the lowest price at which any application is wholly or partly accepted but it will not necessarily be the highest price at or above which applications for not less than the number of shares offered shall have been received.

"(3) It is intended that applications at prices higher than the allotment price shall receive preferential treatment, but the same will not necessarily be accepted in full. In deciding the allotment price and the basis of allocation, the promoters will have regard to the desirability of allocating the shares to a reasonable number of applicants in relation to the number of shares offered and of the need to establish a market in the shares. All applications below the allotment price will be rejected in full and the promoters reserve the right to reject or to accept in part only any other application irrespective of the price of application. The full basis of acceptance will be published.

"(4) If applications are received for less than the total number of shares now being offered, the allotment price will be the minimum price.

"(5) Acceptance of applications will be conditional upon the . . . stock exchange granting permission to deal in and a quotation for the shares of the company not later than . . . . Monies paid in respect of such applications will be returned if such permission and quotation are not granted by that date, and in the meantime will be retained in a separate account."

All Sectors will Benefit

The tender method has just stood the tests of experiments in Britain. In India, it has not been tried at all. It would, therefore, be too early to anticipate with any worthwhile precision as to which particular variation would be best suited in different cases. The material point is that the tender method, in most of its variations, offers a more flexible, a more pragmatic and a more acceptable alternative to the prevalent method of fixing issue prices well in advance. Promoters would be particularly happy with this method, because it would enable them to share at least a part of the profits which could otherwise have gone to the stags. The stock exchange authorities should also welcome the tender because it is likely to result in a more orderly and active market when dealings commence. The managing brokers, the other stock brokers, etc., would appreciate its merits inasmuch as it would considerably lighten their burden of having to receive and process far too many applications, many of which have to be returned or balloted and thus do not earn them any brokerage or commission. The small investor and his guardian, namely, the Government, would also relish this method, first, because it eliminates ballot and the consequent frustration among many applicants, and secondly, because the small investors actually stand a better chance of getting a proper allotment, if they are intelligent enough to tender at a proper price. The only sector where there might be some dissatisfaction would be the large and institutional investors which, besides the regular stags, include trusts, banks (applying on behalf of their clients), etc., and, of course, representatives of managements themselves when they have an active interest in stock market movements of the shares of their companies. Under the prevalent method, all these have, perhaps, got away with a bargain on more than one occasion, by judiciously "arranging" their applications. Under the tender method, their grip over the issue would be relaxed: at too low a tender price, they might get no allotment; at too high a price, they may help push up the allotment price and their margin; and at a well-judged tender price, there may still be heavy scaling down! Moreover, they would find it difficult to put to an unfair advantage their inside knowledge of the company's working. In the larger public and trade interests, these may not be such great drawbacks after all.

Depressed Market and Tender

It would not be correct to discard the tender method as irrelevant on account of the present depressed conditions in the Indian capital market. It is no doubt true that the rare boom conditions witnessed in the British capital market were instrumental in bringing to a sharp focus the merits of this neglected tool. But there is nothing in the mechanics of the tender method which would be incompatible with the fixation of a minimum price at par or even at a discount. It should be applicable to all cases of public offers for sale, placings, introductions, etc., where the advance fixation of the allotment prices presents some drawbacks. Irrespective of the state of the capital market, such cases will arise now and then, as long as large unlisted public companies continue to seek a stock exchange quotation and listed companies want to offer new issues to the public. In these cases, the tender method of determining the allotment price is likely to be a more rational and satisfactory alternative, and its claim deserves a close and sympathetic examination.

(Concluded)

1. Multiple prices, full allotment (Mf); 2. multiple prices, partial allotment (Mp); 3. single price, full allotment (Sf); and 4. single price, partial allotment (Sp).

NEW PRODUCTS AND PROCESSES

Shielded Arc Welding Outfit

MESSRS. Elin-Union A.G., Vienna, displayed a number of interesting technical innovations at the Vienna Spring Fair 1964. In the field of electric welding, the Company exhibited a new shielded arc welding outfit for wire diameters of up to 1.2 mm. and amperages of up to 250A. The new welding apparatus is eminently suited for shielded arc weldings using carbon dioxide, argon or mixed gas. Thanks to its handy size, the new outfit can be used on all building sites. In view of European economic integration which has made considerable strides in technical matters, all engines currently in production at Elin-Union have been adjusted to the measures and standards recommended by the International Engineering Committee (I.E.C.). Specifications as to capacities and performances have also been standardised.

Electric Testing Pistol

The testing of operation and insulation of electric appliances circuits and equipment of all kind up to 750V and 25A has been made much easier by the development of a handy new testing pistol by an Austrian enterprise. (Messrs. Elton, Dipl. Ing. Portenschlag-Ledermayer, Vienna 9, Alserstrasse 27.) The very practical pistol helps to prevent accidents. It will be very useful for controlling telephone installations, testing electrical appliances and accessories in test fields and for repair work. The shape of the pistol is adapted to the anatomy and functions of the human hand. The live point is protected against contacts by a tubular sheath. By means of a device similar to the trigger of a gun, the sheath is pulled back with the index thus exposing the live point. After the end of the testing operation, the trigger is released and the action of a spring brings the sheath back to its initial position covering the point. The live pistol can be put down on conductive tops or other parts of machinery without the hazard of causing a short circuit. The metal parts are injection moulded into a mould of insulating nylon material. The entire pistol has moreover an extraordinary resistance against mechanical stresses of all kind.

Frozen Meals

One of the most interesting developments in the field of deep-freeze methods realised in Austria is the manufacturing of frozen meals, intended mainly for hospitals, homes, canteens, etc. As generally known, it has become extremely difficult, mainly owing to the shortage of skilled labour, to prepare different meals, adapted to individual needs, for all patients. After many tests with frozen foods, experts and scientists have developed a system by which about 40 different meals can be preserved; the ready dishes can be taken out and used at any moment. According to the new process (*Manufacturers:* Brueder Warchalowski Industriewerke, Vienna 3, Petrusgasse 5), the freshly cooked food is apportioned to small aluminium foil containers and chilled very quickly to 40°C. The containers are then stored upto the time of their consumption at a temperature of 25°C. A special thawing system has been developed to make the food eatable very quickly. Tests have proved that the deep-frozen food loses only very little of its vitamin content and that there is no difference in taste between the deep-frozen food and freshly cooked dishes. Owing to the new process, the food can be chosen according to individual needs and wishes. Moreover, it helps to ease the work of the staff, also because the aluminium foil containers are thrown away after being used.

Dyeing and Finishing of Viscose Rayon Fabrics

A new method of simultaneous dyeing and finishing of viscose rayon fabrics has been developed by the Silk and Art Silk Mills' Research Association, (S.A.S.M.I.R.A.), Bombay. Viscose rayon fabrics are usually dyed with direct dyes prior to their resin finishing operation to improve their crease resistance. In order to develop an economical process, a successful attempt was made by the Association to carry out dyeing and finishing operation in one step, so that crease resistance as well as dyeing, fast to washing could be obtained. Under this method, viscose rayon fabric manufacturers will now be able to produce rayon fabric in colours and with wash-n-wear properties at low cost. The new technique has three-fold advantage over the conventional method of dyeing and finishing separately. First, it helps the manufacturer to use direct dyes with better effects. Secondly, rayon fabrics so treated will have better washing fastness and, finally, this simultaneous dyeing-finishing method eliminates a number of processes involved in separate dyeing and finishing. It helps cut down labour and cost in rayon fabric manufacture.

Cockpit Voice Recorder

A new aircraft cockpit voice recorder, marking an important advance in flight safety, is being produced by the Lockheed Aircraft Service Company, California. The device consists of three microphone and earphone inputs and one cockpit "hot mike" input which record pilot and crew and ground-to-air conversations on a 30-minute closed loop magnetic tape. During the 30-minute period, it produces a virtually indestructible record of every word spoken. The recorder, which is the result of three years' research, development and testing, is available in two configurations: packaged in a standard one-half AIR short survival case (about the size of two cigar boxes) for aircraft radio rack mounting, or as an integral part of other L.A.S.C. recording equipment.

The new voice recorder is the latest in a family of airborne data recording products developed by Lockheed engineers and scientists, and manufactured by the L.A.S. Special Devices Division, Ontario. More than 700 L.A.S. flight recorders are in worldwide airline service on virtually every type of passenger jet. L.A.S. also offers airborne maintenance recording systems that retain a life history of aircraft and aircraft parts. Lockheed maintenance recording systems, now in military and commercial service, signal the need for maintenance or parts replacement before failure occurs.

Remote-controlled Diesel-electric Mobile Crane

Fur unloading bulk cargo (sand, gravel, pumice, etc.) from inland navigation craft, an engineering works in Rotterdam (Holland) has developed a mobile crane mounted on a specially designed, motor-driven, crane-carrying chassis. This crane truck is capable of a road speed of 50 km/hr. (31 mph.), so that, after completing discharging operations in one location, it can be moved rapidly to its next unloading point. A diesel motor drives a generator, which in turn supplies power to the electric motors for slewing and positioning the jib and to two hoisting motors. Operation is extremely simple. All grab movements can be controlled by means of two switches, which can be operated with one hand, leaving the other free to control the slewing and derricking action. The speed of all movements is regulated by the accelerator pedal. Altogether novel is the crane's remote-control system. It eliminates the drawback, found when crane and barge are on a level with each other, that it becomes increasingly difficult to see into the hold from the shore crane as the level of the cargo drops. Remote-control facilities now enable the crane-driver, within about 20 metres from the crane, to pick a good position commanding an overall view of the hold to be emptied. The crane operator can easily carry with him the control panel and pedal, which are connected to the crane's electrical system by means of remote-control cables. All movements of grab and jib, as well as the speeds at which they are performed, can be controlled at a distance. The advantages of this tele-control arrangement are that it eliminates the need for a man to give the driver signals and, because the driver's view is unimpeded, that the grab can always be lifted full from the vessel's hold, which only serves to enhance transhipment capacity. A patent on this tele-control system is pending.

Small, Handy Plane for Craftsmen and Handymen

A design office in Holland (Technisch Bureau Kraak, Postbus 51, Tiel) is marketing a small, handy plane for use by both craftsmen and handymen. It consists of a plastic handle measuring 12 x 6½ x 3½ cm, (4.7" x 2.5" x 1.4"), containing a blade-holder with six steel blades. The blade-holder comprises ten hollow rectangular plastic slabs (6½ x 2 x 1 cm; 2.5" x 0.8" x 0.4") and two rubber strips (6½ x 2 x ½ cm: 2.5" x 0.8" x 0.2"), between which the six steel blades are placed. In the slabs and blades are two round holes through which two round rods are pushed, so that slabs and blades are pressed firmly together and thus form a single blade-holder assembly. The blades project vertically a few millimetres along the top and bottom of the blade-holder assembly. The two rubber strips attached to either end of the blade-holder serve as spring buffers, allowing the blades to give slightly as the plane is pushed to and fro. The blade-holder fits into a plastic handgrip (12 x 6½ x 3½ cm; 4.7" x 2.5" x 1.4") open on one side. When not in use the plane is shielded on the cutting side by a transparent plastic guard. To use the plane, it should be moved to and fro over the surface to be treated. The intensity of the planing action can be regulated by varying the pressure applied. The blades are made of high-grade steel and have a double cutting edge. When one set of cutting edges gets blunt the blade-holder, with blades in position, can be reversed, thereby exposing the second cutting edge. When both cutting edges are blunt a new set of blades can be obtained at a modest price. The plane is suitable for planing, scrapping, polishing, etc., rough wood surfaces, putty and paint, doorsills, parquet flooring, hardboard, veneers, etc.

On-load Tap Changer

The State-owned Heavy Electricals (India) Ltd.'s Bhopal factory has achieved a significant break through in power distribution technique by manufacturing, for the first time in India, an A.E.I.-design "on-load" tap changer. This equipment is a vital part of transformer design and construction. The on-load tap changers for transformers are used for power distribution, electric furnaces, rectification, voltage regulation and traction.

Machine for Sharpening Scissors

A British machine (Manufacturers: Blakesley Reid, Ltd., Mountsorrel, Leicestershire) which takes most of the skill out of sharpening a pair of scissors, long recognised as being one of the most difficult operations involving a grinding wheel, was awarded a first prize gold medal in the Class "A" Engineering Section of the 13th International Inventors' Exhibition held in Brussels. The machine has been specially designed for the hollow grinding and edge grinding of all types of scissors, knives and similar cutting tools.

Gaseous Oxygen Rocket Motor

A continuous-burning gaseous oxygen rocket intended for demonstration and research on thermo-dynamics and heat engines in universities and engineering schools has been developed by Messrs. P.A. Hilton Ltd., Southampton Airport, England. Although it is a rocket motor, it is, in fact, a reaction chamber where conversion of heat into kinetic energy can be studied. Readily available propellents such as gaseous oxygen, kerosene, diesel oil or any common hydro-carbon fuel are used. A water-cooled, stainless steel combustion chamber held on hydraulically damped flexible mountings, houses a combined atomiser and high energy igniter located in the centre of an annular stream of oxygen.

New Ideas in Brief

A micro-organism isolated from sewage and capable of effectively producing Methionine—a material considered to be fundamental in the formation of body protein—has been discovered by the Israel Institute of Technology, Haifa, Israel.

A new lacquer set shiny and hard like varnish yet is sufficiently flexible not to develop even microcracks when repeatedly cooled to minus 20 degrees C has been developed by Deutsche Gold- und Silber-Scheideanstalt, 9 Weissfrauenstrasse, Frankfurt 1, Germany.

A method has been devised by Veb Elektrochemisches Kombinat Bitterfeld, East Germany, for producing pure iron oxide—for use in magnetic tapes, as paint pigments and as chemical Catalysts—from impure ferrous sulphate sludge which is a by-product of pickling and descaling steel.

Electrostatic paint-spraying techniques (Developer: Polychem, Vaduz, Liechtenstein) are said to have been successfully applied to plastics and waxes that normally would have had to be mechanically spread or rolled on.

A high-accuracy timing system for ultra-violet light recorders has been introduced for filters by S. E. Laboratories, North Feltham, Middx., England.

A new low-priced compute, Oracle, which is claimed to be able to solve many of the problems holding stocks and to provide a new approach to the problems of accurate forecasting has been developed by Associated Industrial Consultants, Uxbridge House, London, W.5.

Two Russian engineers (Soviet Information Service, 3 Rosary Gardens, London, S.W.7) have developed an industrial method of radio frequency welding at the Leningard Research Institute of High-Frequency Currents.

A fast-response fluid control valve for use in hydraulic circuits which, because its response to high-pressure surges is virtually instantaneous, avoids the damage often caused to pressure systems by overloading, has been developed by Brakeshoe International, 21 Chemin Terroux, Grand-Saconnex, Geneva, Switzerland.

A three-axis line milling control system, flexible enough to be suitable for most machines has been developed by E.M.I., Electronics, Hayes, Middx., England.

A new centrifuge, capable of separating the contents of eggs from their shells—the shell fragments staying inside the drum and the whites and yolks being forced out through tiny holes in the drum's sides—has been evolved by N. V. "Esbe," Minstraat 26, Asperen, *Holland.*

Farm Products in Plastic Packs

The plastics industry is playing an important role in enhancing the presentation of Australian farm products on world and local markets. In South Australia, use-once-throw-away plastic bags, of 250 gallons capacity, were used recently for bulk transport of wine. The main saving was in allowing the transporting vehicle to back-load freight instead of returning merely empty casks. Other instances of plastics use include:

Vacuum-packed wool, where a polythene liner is employed within the jute bale to prevent contamination.

Cans lined with polyester-type urethane foam are being employed to protect perishable foods which become fragile after freeze-drying. This process is cheaper than refrigeration, preserves flavours and food-values better and, as it excludes fluids, results in great freight savings.

A new packaging machine for hermetically-sealing thin-walled semi-rigid polystyrene cups has been designed and made by Helix Electrical Products Pty. Ltd., Sydney. It is used for jams, honey, liquid foods.

A departure from plastics is the use of aluminium foil for packing and marketing export plant seedlings. This has been developed by the Sydney company, S.T. Leigh and Co., Pty. Ltd. Unlike the old method of selling seedlings in bundles or bulky boxes, use of aluminium foil allows seedlings to remain undisturbed from seed-sowing.

'Train' Plants Pines

A "Train" of implements for planting pine seedlings in one operation has been developed in Australia. The machine can plough, ridge, plant, roll and fertilise the soil. It requires one operator and a tractor driver. The complete 'train' is 64 ft. long. It consists of ridger plough, "sheepsfoot" road roller and a planting machine, drawn by a tractor. The train was developed and is being used on the Feachester tree farm of Australian Paper Manufacturers Ltd. on Bribie Island, near Brisbane, Queensland. It is not being produced commercially.

Formerly three operations were needed. With the composite machine, the ridger plough turns and ridges the soil, the roller compacts it and the planting machine breaks down clods and automatically measures and drills into the soil a fertiliser mixture containing phosphates and trace elements. The planter operator then places the seedlings in the holes by hand and the machine firms them in. With minor modifications, the equipment can be used to sow seed instead of seedlings. The "train" method takes 1½ seconds to fully prepare the soil and plant one seedling—half the time per seedling taken by the previous methods.

THE BRITISH INDIA CORPORATION LIMITED

CHAIRMAN, MR. SATISH CHANDRA, STRIKES AN OPTIMISTIC NOTE

CONSOLIDATION OF ACTIVITIES LEADS TO TANGIBLE RESULTS

ADDRESSING the shareholders of the British India Corporation Limited at their Forty-fourth Annual General Meeting held at Kanpur on Saturday, 6th June 1964, the Chairman, Mr. Satish Chandra, emphasised that the affairs of the Corporation had been fairly consolidated during the year 1963 so as to show tangible results. He highlighted the fact that the trading results have been very encouraging as is manifest by an increase of 38.8 per cent in the turnover and of 66 per cent in the surplus. The Chairman was confident that, with its inherent strength, the Corporation would be able to solve future problems rationally, thus leading to greater stability and progress.

The following are extracts from the address of Mr. Satish Chandra:

FRIENDS,

At the time of issuing the notice for this 44th annual general meeting of the Corporation, none of us could ever have imagined that we would be assembling today under the shadow of a great national tragedy and an overwhelming sense of personal grief. On 27th May 1964, our beloved Leader and Prime Minister, Jawaharlal Nehru, passed away and with him ended a glorious chapter in India's history. With his nobility of character, humane approach to all problems, dedication to high ideals and the spirit of service and sacrifice, he moulded the lives, thoughts and deeds of our countrymen. The best homage that we can pay to this valiant fighter of our freedom struggle and the architect of modern India is to dedicate ourselves to his great ideals of national unity, secular democracy, social justice, universal brotherhood and world peace for which he worked, lived and died. Although it is not possible to fill the void created by his passing away, the work of the nation must be continued with perseverance and high endeavour on the foundation laid by him.

May I request you to stand silently in honour of his memory before I proceed with the normal business for which we are gathered today.

The audited accounts, balance-sheet and Directors' report for 1963 have already been circulated and with your consent I shall take them as read.

Dividend Raised

The period under review covers the first complete year of management of your Company's affairs by the new Board of Directors elected by shareholders in the autumn of 1962. You will recall the circumstances under which a general meeting was specially convened, and an election held after several years. I am glad to report that the trading results for the year have been highly encouraging and show a substantial improvement over those of previous years. As you will see from the accounts, our turnover has increased from Rs. 928 lakhs in 1962 to Rs. 1,288 lakhs, i.e. by 38.8 per cent. Surplus for the year amounts to Rs. 236.07 lakhs as compared with Rs. 142.10 lakhs, reflecting an increase of 66 per cent over the previous year. A provision of Rs. 133 lakhs has been made for payment of direct taxes this year as against Rs. 77.54 lakhs last year.

In view of the satisfactory profitability of your Company, the Board after careful consideration have deemed it proper to recommend payment of a dividend of 15 per cent on the equity capital, i.e. 75 nP per share as compared with 45 nP paid last year. It will be appropriate for me at this stage to draw your attention to the fact that out of the year's earnings a total sum of Rs. 45.61 lakhs has been ploughed back in the form of depreciation, development rebate, and general reserves in order to strengthen the resources of the Corporation.

Leather Branches

The trading results of our Cooper Allen and North West Tannery Branches have shown reasonable improvement. As against recurring losses suffered in past years by these important branches of the Corporation, it has been possible to return a moderate figure of profit this year. There was increased activity in the footwear, chrome and bark leather departments. Footwear supplies to Defence Forces and the National Cadet Corps were substantial.

Woollen Branches

During the year under review, our Lal-Imli and Dhariwal Woollen Branches have shown very good results. A record output was achieved by both the factories, which ran on a three-shift basis for most of the year. In view of a complete change in the normal pattern of production to meet the urgent needs of our Defence forces, four Wool Advisers, including the Superintendent of our Woollen Branches, Mr. V. Calloway, were selected by the Government of India to plan production, negotiate prices, and arrange for raw materials. The team of Wool Advisers visited Australia, New Zealand and the U.K. to purchase suitable cross-bred wools. This co-ordinated effort on the part of Government and representatives of the woollen industry enabled supplies of raw materials for defence production to be made strictly according to specifications, and delivery schedules.

The plant rehabilitation and modernisation scheme is making fairly good progress. Seventy-two semi-automatic looms imported from Poland at a cost of approximately Rs. 16 lakhs are now in the process of installation. Most of the gilling, drawing and twisting machinery costing about Rs. 13 lakhs imported under rupee payment arrangements has already been received at the mills. An import licence for machinery worth about Rs. 25 lakhs for which an essentiality certificate has already been granted is, however, pending disposal. Import of this machinery is essential to enable us to derive the maximum benefit from the machines already purchased. Applications have also been submitted for the grant of import licences for carding, spinning, and winding machinery as well as automatic looms at a cost of approximately Rs. 60 lakhs.

The basic needs of our woollen factories for imported raw materials cannot by any means be met by the Government's present export promotion incentive scheme. I sincerely hope that allocations of import quotas will be made on the basis of a realistic assessment of the installed capacities as well as the magnitude of trading obligations of each unit. Full advantage continues to be taken by us of raw wool produced and synthetic fibres available in the country within the limits of their usefulness. If we are to remain in effective production, it is essential that the requisite quantity of imported raw materials should be made available. I must point out in this context that the value of basic licences last year was reduced by Rs. 32 lakhs and this year there has been a further reduction by Rs. 21 lakhs.

Cotton Textiles

The three cotton textile mills owned by the Corporation's subsidiaries, the Elgin Mills Company Ltd. and Cawnpore Textiles Ltd., worked at full capacity during 1963 except for the period when production was adversely affected for a few days during October 1963 due to a serious power breakdown in the city of Kanpur. Despite a larger turnover, the profits in both the companies were lower than the previous year, due to enhanced labour costs and a general rise in the prices of raw cotton and all stores and spares. Since 1960, the overall cost of production has increased by more than 18 per cent, but no corresponding increase in the prices of finished goods could be made due to the voluntary price control agreement between Government and cotton textile manufacturers. The rapid advance in basic costs, which has caused profit margins to decline at a rate inconsistent with improved turnover, has now become a matter of concern to the industry.

In addition to a licence granted to Elgin Mills in 1962 for the installation of 12,000 spindles, further licences for 12,500 spindles each were granted last year to the Elgin Mills and to Cawnpore Textiles.

The rehabilitation and modernisation programme of the cotton units is proceeding according to schedule. A sum of Rs. 44 lakhs was spent by Elgin Mills and Rs. 12 lakhs by Cawnpore Textiles during the financial year 1963. Further sums of Rs. 40 lakhs and Rs. 2 lakhs respectively have been spent by the two companies during the current financial year.

Elgin Centenary: Shastriji's Visit

The celebration of the Elgin Mills Centenary during the month of March 1964 was an outstanding event. On this momentous occasion which was indeed a landmark in the history of the Company, we had the privilege and honour of having Shri Lal Bahadur Shastri, now the Prime Minister-designate of India, as our chief guest. In his earlier capacity as the Union Minister of Commerce and Industry, he had taken a great deal of interest in the welfare of the B.I.C. group of industries. We are happy that he has now been chosen to guide the nation along the path shown by Gandhiji and Pandit Jawaharlal Nehru. We have no doubt that under his stewardship, the nation will continue to march forward with determination and unity towards economic progress and social emancipation.

Sugar

The four sugar factories of Cawnpore Sugar Works Ltd. and two factories of Champarun Sugar Company Ltd. experienced another difficult year.

Apart from such factors as availability and quality of cane, several other causes contributed to the adverse impact on profitability such as distress sales during surplus conditions and unremunerative controlled prices during the subsequent shortage, the old and outmoded equipment in the units and their uneconomic capacities. About 40 lakh rupees have been spent for rehabilitation and modernisation in these sugar units and further investment is being made.

The sugar companies are fortunate in having secured the services of Shri S. N. Gundu Rao, formerly Director of the National Sugar Institute, as their Technical Adviser. Under his guidance the working efficiency of the six sugar factories in the group has already improved.

There was an improvement in the volume of business done by our subsidiary, Brushware Ltd., which maintained its reputation for quality products. The development programme in the Saran Engineering Company Ltd. is in process of gradual implementation. The Corporation continues to serve as Secretaries and Treasurers for both these companies, and as Secretaries for the Beta Picker Company Ltd.

Labour Relations

The labour relations during the year were, by and large, harmonious. I cannot, however, avoid reference to a very regrettable setback in Elgin Mill No. 1 during the month of March 1964, only a few days after the Centenary celebrations. An infructuous and wholly unreasonable workers' strike was instigated over the issue of bonus voluntarily declared by the Company. Although in a year of decreased returns, bonus at a special rate amounting to Rs. 16.09 lakhs was sanctioned by the management as against Rs. 10.64 lakhs in the previous year with the sole object of letting the employees of the Company experience in the Centenary year a sense of joy over the progress of their unit, some trouble-makers chose to launch a perverse campaign of indiscipline and agitation which led to a completely unwarranted and unlawful stoppage of work for 20 days. The workers realised only after considerable suffering that their leaders had misguided them along a wrong path to the detriment of their own interests. They subsequently admitted that they had violated the Industrial Truce Resolution and the Code of Discipline. Let us hope that such unfortunate incidents will not be repeated. In addition to the loss of wages by the workers during the strike period, the loss in the mills' productivity will have its impact on profits during the current trading year and consequently on the quantum of bonus which the Company may be in a position to pay next year.

General

I think, the shareholders will agree that the affairs of the Corporation have been fairly consolidated so as to show tangible results. Although the Corporation has during the year under review shown excellent results, there are many important tasks ahead of us. The future will certainly throw up new problems in the spheres of finance, management, industrial relations, productivity, cost control, and sales. With the sound inherent strength of your Corporation, however, I am confident that we shall be able to evolve rational solutions leading to greater stability and progress.

I regret to report the resignation from the Board of one of our Directors, Shri S. B. Bose, for reasons of ill-health. I am, however, pleased to welcome to the Board two new Directors, Shri B. P. Ray, the partner in a distinguished firm of solicitors at Calcutta, and Mr. K. M. Wilcox. It is hardly necessary for me to introduce Mr. Wilcox, who has rendered long and meritorious services to the Corporation. Your Directors have thought it fit to invite him to join the Board and to appoint him as Deputy Managing Director subject to the approval of the Government.

To my colleagues on the Board I am deeply indebted for their valuable advice and guidance. Their mature judgment has been of tremendous help in finding solutions to many problems which have engaged the attention of the management. I would particularly like to mention Shri B. P. Bajoria, the Vice-Chairman and Managing Director, whose perseverance and hard work have contributed a great deal towards the successful results of the Corporation during the year. I wish to express my thanks to all ranks of our employees for their loyalty, co-operation and steadfast devotion to duty.

Before I close, I wish to pay tribute to the gallant soldiers who either gave up their lives or suffered untold hardships on the battlefield in the defence of our motherland during the early days of the Chinese invasion. I am sure you would all like to associate with me in the expression of this humble sentiment.

BANKING IN LIBYA

THE CHARTERED BANK

and

THE EASTERN BANK LIMITED

have pleasure in announcing that their associated Bank

THE COMMERCIAL BANK S.A.L.

has opened for business at

2, 4, 6 & 8 MAIDAN IQBAL, TRIPOLI, LIBYA

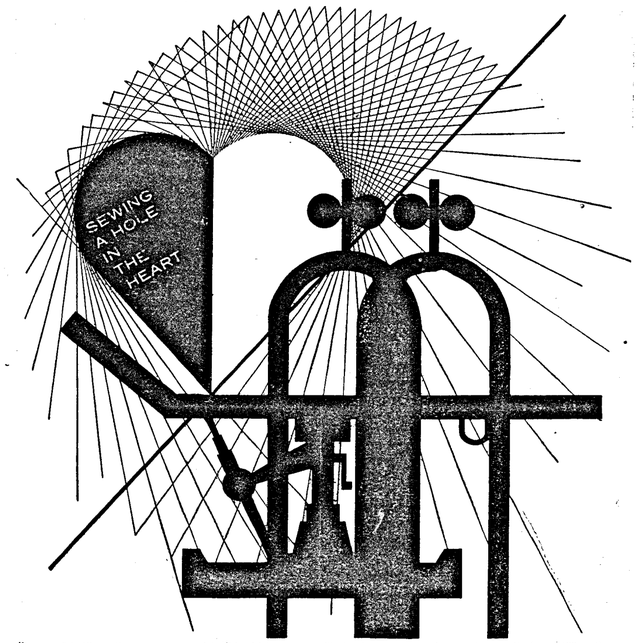
On Monday, 15th June 1964, under the general management of Mr. K. A. Anderson. Enquiries concerning the banking services available and the facilities for financing trade with Libya afforded by the new Bank will be welcomed by the Indian branches of

THE CHARTERED BANK

and

THE EASTERN BANK LIMITED

THE BIG HURRY IN THE WORLD OF SURGERY



"Impossible!" all the surgeons said. "You'd have to still the heart to repair the damage". And stilling the heart would kill the patient! ■ Thus the problem remained for a long helpless decade, till in 1958, a brilliant English surgeon invented the "heart and lung" machine. Now it could be done! ■ The machine temporarily took over from the damaged heart the massive yet delicate business of blood-circulation while the surgeon sewed up the hole. ■ Oxygen was on the scene. It always is on the scene when the best surgeons of the world perform such surgical feats, making the "impossible" operations of yesterday a common-place occurence today. ■ But today is always a day too late when countless lives are at stake. ■ We of Indian Oxygen are alive to our responsibility of keeping Indian Medicine and Surgery supplied with medical gases, and will continue to try and keep pace with the big hurry.

INDIAN OXYGEN LIMITED IOL

IOC-59 A

THE ANDHRA BANK LIMITED

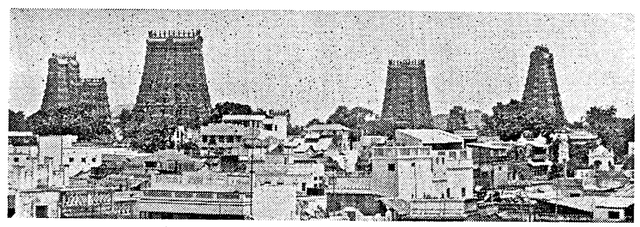
(*Regd. Office:* 11/526, Cantonment Road, Machilipatnam)

Central Office: HYDERABAD (A.P.)

Have the pleasure in announcing the OPENING OF THEIR BRANCH

at MADURAI (Madras State)

at 124, South Avani Moola Street —



AT 10 A.M. ON MONDAY, THE 22ND JUNE, 1964

BY

Hon'ble Shri M. BHAKTAVATSALAM,

Chief Minister of Madras State

K. S. DUTT, *Chairman.* T. R. BHAGAVAT, *General Manager.*

Swastik

ECONOMICS OF BIG IRRIGATION PROJECTS

SOME THOUGHTS ON SOCIAL COSTS

By S. Ramayya, I.A. & A.S. (Retd.)

IN my first article (published on pages 534-35 of *Commerce* dated 28th September 1963), I analysed the effects of a big storage irrigation project on the finances of a State and showed how they would produce great strains and stresses on its economy. I concluded by stating that projects of over Rs. 10 crores should be taken over by the Centre. In this article, I propose to analyse the subject from the point of view of Social Costs.

In the previous article, I took a particular project as a model. The same model will be used here also. A summary of the model may be given at the outset. It is a project with a huge dam and reservoir and two big canals on either side. The outlay will be about Rs. 150 crores, 50 crores for the dam, and 50 crores each for the canals. The capitalised interest, over 17 or 18 years will be another 50 crores. Consequently, the total capital-at-charge will be of the order of Rs. 200 crores. It is expected to irrigate 2 million acres, mostly paddy lands and generally one crop. At half a ton of rice per acre, the net output or additional national income, at Rs. 500 per ton, is expected to be Rs. 50 crores in the region. It was also stated that, while in the public sector pure economic outlay would be about Rs. 150 crores, in the private sector permanent outlay for levelling, bunding, channels, carts, bullocks, etc., by the peasant farmer to bring barren land into cultivation would, at a minimum of Rs. 750 per acre, be another Rs. 150 crores. It was also shown that Rs. 300 crores of outlay would yield Rs. 50 crores of additional net income.

Capital-Output Ratio

Modern developmental outlays, by and large, based on the experience of the older and advanced countries are expected to yield a capital output ratio of 3:1; that is, Rs. 100 investment should produce a net additional income of Rs. 30. There may be differences of this ratio sectorally; but, in agricultural *cum* irrigation projects, medium and small, we can expect one ratio, that is, Rs. 100 investment will add to income by Rs. 100. There is, however, the *glaring fact* that, in the present-day India, with its high population, 70 per cent of which is engaged in subsistence farming with small holdings and poor capital, the existing techniques of production and possible factor combinations, cannot give, in a big project, a capital output ratio of *3* by only *6*. Let us analyse the consequences.

Magnitude of Marginal Social Cost

Capital is a scarce commodity at all times and in all nations; more so in underdeveloped countries like India where the main objective is economic growth. It is, therefore, obvious that all marginal investments should produce the maximum national income. If that rate on an average is 30 per cent on investment naturally a huge chunk of investment of Rs. 300 crores should be carefully thought of. If such an investment in a huge reservoir project, combined with peasant subsistence farming, is going to produce only Rs. 50 crores of income and not the 100 crores which can be obtained in a different sector, we have to think not twice but many times. Supposing in a complex of industries, these Rs. 300 crores of investment is expected to add Rs. 100 crores to the national income, there is a clear loss of Rs. 50 crores, by investment in this irrigation project. The magnitude and significance of this loss is easy to work out. In one year, in that big irrigation project alone, the loss is of the magnitude of Rs. 50 crores. In fifty years, it will tantamount to 50 x 50=Rs. 2,500 crores. If there are five such projects, the loss will amount to the astronomical figure of Rs. 12,500 crores throughout India in net national income. What is the significance of this loss?

Loss in Consumption and Welfare

Let us assume that, in the region under reference, by diverting these investments to, say, industry, we get an additional income of Rs. 100 crores. If all the additional income is consumed by the people, the result will be an *additional* consumption by people of Rs. 50 crores in a year itself; in 50 years it is equivalent to additional consumption of 50 x 50=Rs. 2,500 crores; five such industrial complexes will mean, as shown in the previous para, Rs. 12,500 crores of extra consumption. It is easy to imagine the increase in the welfare of the masses by such a huge consumption in poor India. It will tremendously add to production itself by better food, clothing, shelter, medical and educational investment in human beings.

Loss of Saving and Loss in Growth

The assumption made in the last para may look a little far-fetched. It may be argued that no Government will permit consumption of all additional growth income. True. Let us, therefore, assume that, out of the maximum Rs. 100 crores of possible income, a good percentage will be saved; a maximum of 10 per cent only can be squeezed in poor India with low standards of living and high propensity to consume. This is in addition to the 10 to 12 per cent tax gathering by the Government. Let us assume that 10 per cent is saved. The loss of Rs. 50 crores of income means a loss of Rs. 5 crores saving apart from Rs. 6 crores tax loss, with all its implications, that is, further investment, further additional consumption and saving and further growth which will work in a compound interest fashion. We can once more easily work out the magnitude of this in five such projects over a stretch of time.

It is, therefore, obvious that we in India should see that every investment produces the maximum possible return. Any loss will affect not only consumption and welfare but also saving and taxation and further growth which is most essential in the present-day Indian context.

Any Countervailing Gains by Such Investments

We shall now analyse whether, openly or otherwise, by such investments we may get other social and economic or political gains which will be a set-off against these colossal losses. At best we can think of three or four objects or a combination of these with reference to such an investment. They are:

1. Greater foodstuff production for the growing population and saving in precious foreign exchange in importing food.

2. Employment to the growing peasant farmers, adding to their prosperity, improving agriculture, or, at the worst, keeping them going with social stability in the region.

3. Like other projects, this will also add to the national income and savings and we can have some future growth.

Let us examine these contentions. To take the No. 1 first. It is true there may be greater foodstuff production to the tune of one million tons. But at what cost? Rs. 300 crores of investment have produced or will produce a million tons. Supposing we invest these Rs. 300 crores in industry with an output of Rs. 100 crores, export the same and import one million tons of foodstuff, say, from Burma or Thailand. If the international price is equivalent to our internal price, we can gain heavily. We can not only import one million ton of foodstuffs for Rs. 50 crores but also in addition get another Rs. 50 crores worth of capital goods or anything we want. If the international prices are cheaper, we gain much more. If the international prices are 50 per cent higher than our internal costs, even then we may gain Rs. 25 crores per annum not a small amount, indeed.

Now to take up points 2 and 3. It is also true that peasants may be spread in this tract with their subsistence agriculture and may for sometime appear prosperous as compared with what their position is now in the tract. But it may be a very short-lived prosperity. The two million acres will be occupied normally by 2 million people or each family of five may have a holding of five acres, that is, four lakhs families will get Rs. 50 crores of income. The *per capita* income will be Rs. 250 only from agriculture. Even allowing a little extra income in cottage industries and handicrafts during off-season, it may at best be another Rs. 50, or a total of Rs. 300 average; even less than the low present *per capita* Indian income of Rs. 330. It is also well known that primary production like agriculture or mining, unlike industry, will have very little backward or forward linkage effects, except for a few minor processing industries like rice mills. Big industries will not arise in a purely agricultural region to give further employment. However, such side income from cottage or medium industries are due to investments in their respective spheres.

But the worst feature is the present population explosion in India, especially in the rural sector. The peasants reproduce themselves at a high rate of about 2½ per cent annually. Even at 2 per cent, the two millions, will add another 40,000 to the total number in the area next year. This 40,000 at the original Rs. 250 *per capita* income from agriculture will require an additional income of Rs. one crore. Assuming that, in the region we have in view, the peasants save or are forced to save 10 per cent of Rs. 50 crores of the agricultural income, the saving will work up to Rs. 5 crores. Where will this be invested? The first presumption is naturally they will invest it in agriculture itself, in better implements or cattle or fertilisers or pesticides. What will this marginal investment add as marginal income? We can guess safely up to an extent. If the 2 per cent additional growth in numbers is not drawn off into industries in the region, they will press on land. Holdings will progressively be reduced. Consequently, other production factor combinations will be changed and there will be less scope for capital investment in agriculture. On the most optimistic estimate, the savings may not produce even a 20 per cent return; it may be much less. At 20 per cent return, the total income may be just Rs. one crore and there will be practically no growth. If it is less than 20 per cent, say, 17 or 18 per cent the income will be only Rs. 80 lakhs, as against the required Rs. one crore, an ominous sign. It means the peasants will multiply quickly, and will go on reducing the holdings further and further, bringing down the marginal productivity of labour steadily; in extremely bad cases to zero and sometimes even *minus*, creating disguised unemployment in the rural sector as in many old colonial empires.

It may, of course, be argued that the Rs. 5 crores saving can be diverted to industries with a better return of 30 per cent, in which case the *per capita* income of the peasant may increase by a small sum of Rs. 2 from Rs. 250 to Rs. 252. And a snail's pace of growth can be thought of. But there are so many assumptions here; after squeezing the Rs. 5 crores, the State should invest the amount in industries forcefully. It may be possible in a Communist State. In India, however, where there is some democratic freedom, such things may be somewhat difficult.

The Fundamental Problem

The fact is that, in underdeveloped countries, there is a bad lop-sided economy, the getting over of which is a tremendous task. The British Colonial Imperialism and peace of 150 years left three very bad economic legacies. First, came the terrible population explosion of the twentieth century, bursting the mediaeval balance obtaining for ages. Secondly, the growing masses started pressing on the land. Thirdly, small enclave industries, mining and plantations had very little spread effects in the economy. The major portion of such good effects as in shipping, export trade, insurance, banking, processing went only to the Metropolitan country, that is, Britain. The result was a surging mass of over 70 per cent of the population, pressing on the land with peasant subsistence agriculture, at a very low standard of life.

The greatest problem of development in India as in other underdeveloped countries is to withdraw more and more of the seething crowd from agriculture into industry and other avocations, where the higher productivity of industry and the now better land-man and capital-labour ratio in agriculture will slowly and steadily improve the standard of life. The parrot-like cry of first agricultural revolution as in England and other countries and then the Industrial Revolution ignores the basic facts of those countries. English agriculture with enclosures starting from the fourteenth century was capital-oriented and had always better land-man ratio, because English population was always less than the optimal. The twentieth century Indian conditions are entirely different.

While our intentions may be good in such investments, namely, to improve the lot of the peasantry in every respect, we should keep our main objective clear before us and consider carefully whether such highly capitalised projects can go with primitive techniques of farming by poor peasantry and draw us nearer the great objective or simply perpetuate a pauperised agricultural sector and create more problems for the future. Good intentions and issues of prestige will be of no avail against cold economic facts.

THE AUTOMOBILE INDUSTRY . . . .

saves India Rs. 700 million in foreign exchange

The sixty thousand motor vehicles produced yearly in India today represent a considerable saving in foreign exchange, as otherwise they would have to be imported for the equivalent of some 700 million rupees. In addition, the spare parts for the maintenance of these vehicles would also have to be imported for a further large amount of foreign exchange.

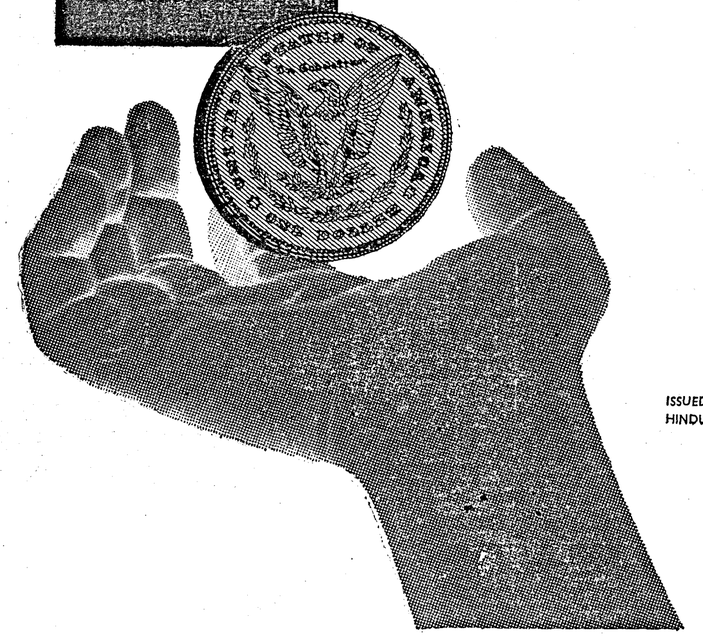
Today as much as 80% of the components and material of a vehicle are of Indian origin and in the case of a car such as the Hindusthan Ambassador the cost of imported components, exclusive of import duty, only amounts to about 1685 rupees per vehicle. As more ancillary industries develop in India, the indigenous content will further increase and the foreign exchange content will correspondingly decrease.

Such savings in foreign exchange for the benefit of the country's economy necessarily entail some sacrifices on the part of the purchasers of automobiles, both price-wise and quality-wise; price-wise because local materials and indigenous ancillary components are more costly than their imported counterparts; quality-wise because the Indian automobile industry—and more particularly the ancillary industries—are still young and have not yet reached the high standard of quality attained by more advanced foreign manufacturers through decades of experience, automation and other mass production methods.

CAR PRICE STRUCTURE :

Government taxes, direct and indirect :	33%
Raw materials, manufacturing and overhead expenses, salaries and wages, depreciation, profit etc. :	25%
Indigenous ancillary components :	24%
Imported components :	11%
Dealer's commission including distribution, service, advertising etc. :	7%

THE AUTOMOBILE INDUSTRY IS A KEY INDUSTRY



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BUSINESS NEWS FROM EUROPE

RUMANIA EMBARRASSES AMERICA?

TREND OF TEA CONSUMPTION IN EUROPE—ITALY NOT IN FAVOUR OF DEVALUATION

From Our Special Correspondent

RUMANIA'S move to buy a nuclear power plant from the United States and to ease trading restrictions between the two countries has come as a big surprise both to America and her allies. The move comes at a time when America has been trying to limit trade exchanges with the Communists. It must be to them a little embarrassing, since the British are the leaders of the "fat Communist is a peacible Communist" policy and the French are the leaders of the "let's-recognise-China" political school. Consequently, the move is not without its irony. It must also be embarrassing because the Rumanians originally approached the British for a nuclear power station and were turned down on the grounds that it came under the N.A.T.O. embargo—which the Americans had been instrumental in drawing up.

The Rumanian overture widens the breach between them and the Russians. Mr. Khrushchev recently visited Rumania twice in efforts to patch up the quarrel. More important, though, is that this move could herald a new approach to East-West trade by the *Americans*. If the United States starts to revise its position, and to act a little more liberally over the strategic trade embargo list, a number of European countries could be in for a severe dose of competition.

Britain and West Germany have dominated the East European trade. France has been building up contacts with China that have, till now, been almost exclusively the preserve of the Japanese. If the United States now shifts its position, all four are in for a period of hard, cold competition.

Tea in Europe

Consumption in Europe of tea—long considered the Englishman's traditional drink—is rising. Growth is slow, but it is steady. The one major exception is Britain, where imports and consumption are now somewhat below their peak, having settled on a plateau just below record figures in both. Britain is still the greatest importer of tea in the world, accounting for 84 per cent of Europe's imports and 42 per cent of the world's. In 1962, the last year for which tea statistics are available, Britain imported 520 million lbs. This was a fall of just over half of one per cent as compared with the previous year but some 38 million lbs. below the 1957 record.

To put the matter clearly in perspective, though, only in three years has more been imported by Britain—in spite of the slight fall from 1961's 523 million lbs. Consumption per head in Britain in the period 1959-61 was 9.74 lbs., slightly below the 9.97 lbs. in the period 1956-58, though it had probably risen to 10 pounds in 1962, only just below the record 10.1 lbs.

It is too soon to say whether tea consumption has reached saturation point in Britain, because one year's evidence does not necessarily mark a trend. But the evidence that tea is suffering from acute competition is obvious. While tea consumption has stayed stable over the period 1955-61, domestic expenditure on coffee in the same period increased by half, beer by 15 per cent and soft drinks by 20 per cent. The growth of instant coffee, especially, is thought to have had a big effect on tea drinking. So is the advertising campaigns that the instant-coffee producers have carried out to boost their product. This campaign is in direct contrast to the old-fashioned policy adopted by most of the tea firms. Coffee advertising is thought to be running at about £1 million (2.8 million dollars) a year.

Inside the Common Market all the countries have increased imports of tea, though West Germany has accounted for most of the combined increase. The Netherlands remains the leading European tea importing nation, with 20.8 million lbs. in 1962. But, while this is a mere seven per cent above the 1957 level (and considerably below the record 1961 level), the West German imports have been increasing regularly and, in 1962, were almost 40 per cent up. At 18.9 million lbs., there is a distinct possibility that they will soon overtake the Dutch. The Italians have almost doubled their imports, but only to a miniscule 4.3 million lbs. and the French take slightly less, 4.25 million lbs. Belgian imports are less than a million lbs. Ireland takes more than any Common Market country with 23.6 million lbs. Among other European nations the Danes and Poles take more than the French and have been increasing imports steadily.

In consumption per head, the Irish are nearest to the British figure, with 8.1 lbs. in the period 1959-61. In the same period, the Dutch clearly established that, though total imports were declining, consumption per head (1.76 lbs.) was well ahead of all other European nations, not one of which reached one lb. Denmark, Switzerland and Russia follow. The extent to which Europe is *not* a tea-drinking continent can be seen from some other figures. Consumption per head in Iraq was 5.38 lbs. in the same period, 6.02 in Libya, 6.75 in New Zealand, 5.95 in Australia, 2.45 in Canada and 2.28 in Tunisia.

The tea-producing nations, led by India, Ceylon and Indonesia, hope to get consumption increasing more rapidly in Europe. A sustained advertising programme is likely in Britain towards the end of the year, since this market accounts for half the exports of the first two. But they also believe that the most likely big break-through will be made in Russia, where there is less built-in opposition to tea. Russian consumption per head is fairly low—0.55 lb. a year, and total imports, 34 million lbs. in 1962, are just half the 1959 level. A recovery has been made from 1961, the worst year since 1955 and both India and Ceylon hope to do a lot better in this market.

Can Italy Cure Her Inflation?

Whether Italy has turned the corner in the fight to control its economic crisis is too soon to say. But it now appears that the threat which caused the Treasury Minister to say that the economy was "in danger of collapsing" may be on the wane. If it is, then much of the credit must go to the United States which promptly came to the aid of Italy, supported by some European central banks, to the tune of 1,000 million dollars, thereby showing a confidence in the Centre-Left Government that Italy's own industrialists have never had.

But, if the crisis has been dampened down by disinflationary measures, there is plenty of evidence that the basic causes of the blowing up of the now-famous "miracle" have been left untouched. Fundamentally, this has been a crisis between politics and economics—in spite of the Moro administration having the largest parliamentary majority in Italy for a long time. There are plenty of economic corrections to almost any crisis: what has been lacking in Italy has been the political will to apply them.

So far, the Government has been content to pursue a mildly disinflationary policy to counter a serious crisis that really began at the end of 1962. Until 1961, Italian growth fed on a supply of cheap labour (from the south) and ploughed back the returns of that growth into investment through high profits. The growth was, therefore, creative and at the same time safeguarded against inflation by distributing the return mostly to those who saved a large proportion of additional income. But, after 1961, organised labour began to seek—and get—a larger share of the growth. It did this at a time when the northward migration was at its peak. But the recipients of the higher wages were not savers: on the contrary, they tended to spend to the hilt. The result was booming wage costs, an import surplus and a fall-off in exports.

In the first quarter of this year, wages rose by 12 per cent, and, if the Treasury Minister's estimate that they threaten to increase by 15 to 16 per cent during the year proves correct, they have got to be slowed down now. The import surplus is expected at the very least to be 1,000 million dollars; at worst, it may be as high as $1,700 million. Either way it would be a big improvement on last year's 2,500 million dollars.

What Italy clearly needs to counteract the crisis is a large increase in exports, aided by an increase in tourist receipts. The question now is whether this can be achieved by the conventional disinflationary measures that Italy has taken—talks on a wage policy with the unions, purchase tax increases on consumer durables, a possible compulsory national loan.

Devaluation?

If they are not achieved and a fundamental imbalance results, devaluation will become essential. For Italy's sake then, is devaluation not a better method?

Such a course could shift demand and so allow goods to be exported which are now flooding the home market. By making imports dearer, it would choke a lot of them off and so relieve the balance of payments surplus at the same time as exports would be given an incentive. Nor is Italy without precedent. Both France (in 1958) and Canada (1962) have proved that small trading nations can devalue without setting off a chain of international ramifications. Nor need Italy worry unduly about the rise in import prices. Imports of food and materials comprise only a third of Italy's total imports (compared, for instance, with Britain's two-thirds) and so would not have such a serious effect in pushing up production costs.

Italy has, so far, set her face against devaluation. She prefers to seek international monetary co-operation from other central banks and the International Monetary Fund. These may work in the short run. But outside Italy it is thought that they will not remove the fundamental cause of the present disequilibrium.

Holland Under Pressure

Holland, too, is threatened by inflation this year and the fortunes of the economy are thought to be closely linked with the wage increases granted early in the year. Last year, was a year of fairly smooth general growth. Gross national product went up 4.5 per cent (compared with 2.7 per cent in 1962) and industrial production by rather more. Only agriculture seriously lagged behind, largely due to the bad weather.

But the rise in output brought the inevitable increase in demand for consumer goods, and consumption rose by 5.5 per cent, one point more than the previous year. Prices followed suit (up 3.5 per cent) and the inevitable prices-wages spiral was set in motion. In order to dampen the threat of inflation, credit expansion by the banks was curtailed and the discount rate raised. At the start of this month, the Bank rate was raised half a per cent to 4½ per cent. Government spending was also cut back or delayed, and special facilities for new investments were withdrawn.

Even so, wages are expected to shoot up by 16 per cent this year. Because of a lower profits margin, due to the higher wages, the investment drive is thought likely to peter out by the end of the year as over half the Dutch industrial investment is self-financed. As the economy has also lost the advantage of relatively cheap labour, which it has enjoyed since the war, exports are likely to become much more difficult to sell as prices rise. Consequently the import surplus this year is expected to be around £100 million (280 million dollars).

The inflation has been warmly greeted in some quarters, who hold that it will help to cure the over-employment and so put the economy back on an even keel. Those who hold this line, though, are thought by most observers to be advocating a cure more drastic than the trouble itself.

African Links with the Six

Tariff preferences and financial assistance will now be given to 18 African States as a result of a Common Market convention which has just come into force. The 18 are the French-speaking African nations. The Yaounde Convention, which makes this link formal, has been in the pipeline for some time but only became legal when Dutch and Italian instruments of ratification were deposited with the European Economic Community's Commission this month.

Under the terms of the convention, the Six will immediately extend tariff preferences and financial assistance to the 18. Coffee, cocoa, pineapples, cloves, coconuts, pepper, vanilla and nutmeg will be allowed into the Common Market duty-free. At the same time, the common external tariff will be reduced by between 15 and 25 per cent on imports of these products from third countries, such as the English-speaking East African States.

The convention is planned to last for five years and, during that period, the Community will make £261 million (730 million dollars) available to it in aid. Member states will contribute £238 million (666 million dollars) and the European Investment Bank another £23 million (64 million dollars). About a fifth of this money will go to assist diversification and production.

The Common Market has made it plain that this sort of convention is not restricted to the former French colonies. It has said that a similar association is open to other states in the same economic position as the 18. So far, the former British colonies have fought shy of associating with the community in such a formalised way. But it is possible that both Nigeria and some of the East African States may be thinking of negotiating less formal agreements.

Progress of Cyprus

In theory, the Cypriot economy should be on its knees. But, in spite of the crisis which has torn the island into two, the economy has so far retained a remarkable degree of buoyancy. Partly this has been due to the purchasing power injected by the United Nations forces. But more likely is the fact that the economy had been getting onto a good footing before the trouble started last Christmas and much of the export business is concentrated in areas where the impact of political strife has been least felt. Also, the worst-affected part of the population, the Turks, is the smallest (18 per cent of the total).

Cyprus exported more agricultural produce in the first quarter of the year, £3.1 million, than in the same period of last year, £2.95 million. But some other exports, notably wine and potatoes, have been lower. What Cyprus wants, and was beginning to get, is a good tourist trade. But so long as the bullets fly, this will continue to be the worst-hit sector and essential hotel building will be left uncompleted.

Export figures for this year are so far sketchy and incomplete, but, in general, are stated to be lower. Mineral exports last year were only just below the 1962 total at £7.5 million (21 million dollars) but in January they fell by approximately a third.

Basically, the economy of Cyprus is hamstrung. Goods lie in warehouses and locally-produced merchandise is not being distributed. At the same time, unemployment is high. Official statistics refer to 7,000; but it may be at least twice as high, because there are no reliable figures from the Turkish sector of the population. If the political crisis is not overcome soon, the economy could start grinding to a halt as taxation becomes increasingly difficult to collect.

Spanish Agriculture

In order to stimulate exports, 60 per cent of which are of farm produce, Spain is making intensive efforts to raise agricultural production. But in the effort she is facing the difficult problem that the quickest method—large-scale irrigation—is the most costly and, if pursued relentlessly, could endanger the rest of the economy by diverting scarce resources.

Plans either at the blueprint stage or at the stage of being put into action are estimated to cost about £900 million, of which over a third will be invested in the next four years. However fast the pace, though, a large part of the country will still be left suffering from drought. About 50 million acres are affected at the moment, as compared with less than five million acres under irrigation of which the Government has promoted at least half).

The problem is whether output cannot be stimulated quicker, and more cheaply, by other means. Spain suffers, in the south, from having too much fragmentation and, in the north, from too many large estates. In Asturias and Galicia, under two per cent of the farms are larger than 50 acres; in Andalusia, 70 per cent are above 50 acres and 40 per cent are more than 250 acres.

Many experts think that output could be quickly stimulated, if the smallholdings of the south could be welded together at the same time as many of the under-utilised estates of the north were sub-divided. They feel that output could be increased by up to half in such places as Seville and Badajoz with little capital investment, if the land were properly used.

Such improvements are quickly needed. Output in some sectors is not much better than it was 30 years ago and there has been no overwhelming improvement over the past decade. The index of vegetable production, for instance, is only a fifth higher than it was in the period 1931-35 and the index of livestock production is just a fifth higher than in the period 1953-57. Potatoes, one of the main exports, are being produced at little above the 1931-35 level.

Hungary May Import Meat

Hungary, compelled to export some of her best fatstock to pay for grain and feed purchases abroad, may be forced to import meat herself later this year. In an interview for an official newspaper, copies of which have just reached Munich, Food Minister, Mr. Imre Kovacs, said Hungary was now suffering from a meat shortage largely due to over-exporting. Figures quoted by Mr. Kovacs indicated that supply of meat and demand for it in Hungary were fairly closely balanced even in normal times. Although domestic meat supplies were increasing by about 4½ per cent annually, consumption appeared also to be growing by at least 4 per cent a year.

The situation is complicated not only by the current need to export, but by the fact that meat production on private holdings is declining and consumers are relying increasingly on supplies from Central Government stocks. Because of this, the meat shortage is most severe in country districts. Mr. Kovacs said meat was now on sale, normally only once a week, in less than half of the country's rural communes. Mr. Kovacs criticised Hungarian prejudice against imported frozen meat on political and other grounds.

Topical Briefs

This year should see record output levels for ***Britain's*** iron founding industry. Buoyant conditions in the economy have produced full employment and long order books in most of the industry's customers—engineering, motor-vehicle manufacturers, steel companies and manufacturers of pressure pipes and fittings—and it is thought that this could result in a record flow of castings during the year. Although the industry comprises 1,400 foundries, the large proportion of them small ones, nearly all are working at, or near, peak output. At the end of last year, castings were running at an annual rate of around 3.85 million tons. If the growth which brought castings to this level is maintained, this year should see an output of about four million tons. This improvement in output marks the end of a longish period in which the industry has been in the doldrums. Margins have been tight, prices low and a certain amount of surplus capacity was evident. Some 400 foundries have shut in the last seven years and greater mechanisation and more new techniques introduced into the remaining ones.

Forestry products now comprise nearly three-quarters of ***Finland's*** total exports. The forest products industries' exports rose by 8.7 per cent last year to £369 million (835 million dollars), of which the European Economic Community took 35 per cent and EFTA 32.8 per cent. Of the rest, 10.5 per cent went to Eastern Europe, and 5.6 per cent to North America. In all, exports went to 132 countries. Biggest growth was made by woodpulp, but, because of general over-capacity in both woodpulp and paper in Scandinavia, there has had to be some cutting back in the Finnish industry. Last year, woodpulp put on 12.9 per cent in value and paper and board 8.8 per cent. West Germany was the leading paper buyer with 270,000 tons, followed by Britain with 227,000 tons, the United States 204,000 tons and the Soviet Union 92,700 tons.

Swissair, Switzerland's national airline, has chosen the American DC-9 to replace its fleet of Convair 440 Metropolitans. Two other new planes were in the running in addition to the Douglas plane for a short-range jet—Britain's "bus-stop jet", the BAC One-Eleven and the French Caravelle-10. Swissair have now placed an order for 10 DC-9s for delivery between June 1966 and December 1968, the first European airline to do so. This is the second time that Britain has lost a Swiss order. In 1956, the Swissair chose the Metropolitan in preference to the Viscount, one of the new airlines in Europe to pass over the Viscount. The fact that Swissair already run a fleet of DC-8s for inter-continental flights no doubt helped to sway the verdict in favour of the smaller Douglas plane and of standardisation of parts. Swissair believe that, with its Caravelles, it will have one of the most modern, airline fleets in Europe after 1966.

French exports and imports reached record monthly levels in April but the trade gap yawned a little wider. Exports reached £230 million (644 million dollars) in the month, £46 million (128.8 million dollars) behind imports, but the overall balance of payments (taking into account invisibles and other receipts) improved by £20 million (56 million dollars) and the gold and exchange reserves reached 4,523 million dollars. The continued upward pressure on beef prices is causing some concern for the price stabilisation plan, not least because of the repercussions of the consumer price index on minimum wage rates. Consequently, some 10,000 tons of imported frozen beef were fed onto the market. Signs of over-heating are also evident in the economy as a whole, with output running 10 per cent up during the first quarter, as compared with the corresponding period of 1963. Expansion has been particularly strong in metals and chemicals.

Notice

STATE BANK OF INDIA

NOTICE

WITH REFERENCE TO THE NOTICE OF the 25th March 1964 issued in terms of Regulation 29(2) of the State Bank of India General Regulations regarding the holding of a Local Meeting of the shareholders of the State Bank of India on the Branch Register of shareholders at the Bombay Local Head Office of the Bank for the sole purpose of electing a person to be a Director of the Central Board in pursuance of Section 19(1)(c) of the State Bank of India Act, 1955, to fill the vacancy which will arise on the 1st July 1964 through the retirement of Shri Pratapsinh Mathuradas, NOTICE IS HEREBY GIVEN that I have accepted as valid the nomination proposing the name of Shri Pratapsinh Mathuradas of 9, Wallace Street, Fort, Bombay, as a candidate for election as a Director of the Central Board of the State Bank of India. The said nomination being the only valid nomination received, Shri Pratapsinh Mathuradas shall be deemed to be elected a Director of the Central Board of the Bank at the said Local Meeting of the shareholders proposed to be held on the 24th June 1964 which meeting in terms of Regulation 40(1) of the said General Regulations now stands cancelled.

R. V. PANDIT,
Deputy Secretary & Treasurer
State Bank of India,
Bombay.

10th June, 1964.

THE BANK OF MAHARASHTRA LTD.

YOUR BANK WITH THE PERSONAL TOUCH, AT YOUR SERVICE, WITH 90 BRANCHES

GUEST, KEEN, WILLIAMS, LIMITED

MODERNISATION AND DEVELOPMENT SCHEMES UNDER WAY

STATEMENT BY CHAIRMAN, MR. RAGHAVAN PILLAI, AT ANNUAL MEETING

THE statement by Mr. Raghavan Pillai, Chairman of the Board of Directors of Guest, Keen, Williams, Limited, at the Thirty-fourth Annual General Meeting of the Company held at Calcutta on 12th June 1964, was devoted largely to a review of the progress of the Company and its subsidiary, Sankey Electrical Stampings Ltd. The Chairman also referred to the several expansion and modernisation projects, some of which were under way and some others on the drawing board. An idea of the scale of development could be had from the level of capital expenditure proposed to be incurred on expansion and rehabilitation schemes during the period 1964-66 alone. The relevant outlay would be as much as Rs. 7.5 crores, with a foreign exchange component of Rs. 2.5 crores.

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

I have great pleasure in welcoming you to this, the thirty-fourth annual general meeting of your Company. The Directors' report and the statement of accounts have been circulated and been in your possession for some time, and I propose with your permission that they be taken as read.

Jawaharlal Nehru

We are meeting in the shadow of a supreme tragedy. The man who made India what she is today is with us no more. Few men, in any country, or in any age, have given of their all in the service of their country, of their people, and of humanity at large, as has Jawaharlal Nehru, in our country, and in our day. In him Nature wrought a rare synthesis of knowledge and understanding—of the ancient and modern, of East and West, of science and the humanities, and of materialism and spirituality, and we as a nation should be profoundly and eternally thankful that so unique a man should have been here to lead us in the hour of our greatest need. I count it the choicest among the blessings of my life that I had the privilege of working for him for close on eleven years first as Secretary of the Cabinet and later as Secretary General in the Ministry of External Affairs. I think of him as I knew him then—a man, before whom the dross in us seemed to melt away, and the magic of whose mind illumined and inspired our own. He is gone, and for us that remain I can think of no better wish than that we will, with renewed vigour and with his unseen guidance, go about our daily tasks, cheerfully as he would have wished, each resolved to help to fashion a new India fit in every way to take her place in this changing world, and yet not forsaking the traditional values of this ancient land.

Retrospect

In the lives of organisations as of men, there comes a turning point when the past, however distinguished, seems but a preparation for what is yet to come. That turning point has now come for your Company. Nineteen sixty-three has been an eventful year of outstanding significance in the history of your Company, and marks the beginning of a new period of increasing challenge as well as opportunity. The year has witnessed the consolidation of the gains from an earlier period of development; the merger of your Company and of its subsidiary, Sankey Electrical Stampings Ltd., making possible the more effective and efficient utilisation of the combined resources of the two companies; and a significant advance, beyond the stage of study and preparation, in the implementation of our further programmes of development. At a time when more than one business establishment in the country has celebrated its centenary, we must, I am afraid, count ourselves among the youthful, and for us the age of reminiscence still lies many decades away. Yet, though youthful, we can claim the advantage of vigorous growth, and it seems appropriate for us at this juncture to cast a backward glance at our own past, the better to assess our prospects for the future.

Our story opens with the formation in 1922 of Henry Williams (India) Ltd., which, in a small workshop at Shalimar, within the boundaries of the present Calcutta Works, started the manufacture of railway track and signal materials. The intention was to develop the Indian interests of Henry Williams Ltd., Darlington, U.K., which was well established as a manufacturer and exporter of these materials to the Indian railways.

In 1931 a new company was formed, under the name Henry Williams India (1931) Ltd. for the purpose, *inter alia*, of acquiring the former company and expanding its activities. One of the earliest major developments had been the establishment of a Bolt Works in 1926, and in consequence rolling mills were installed in 1932 mainly with the object of securing a source of the special raw material required for the manufacture of bolts and nuts.

In 1934 Guest, Keen and Nettlefolds Ltd. acquired a major holding in the company, which was then given its present name, Guest, Keen, Williams, Ltd. Twenty-two years later, in 1956, the Company became a public limited company, and Indian investors now have a vital stake in the fortunes of the Company.

Contribution to Defence Production

During the years 1939 to 1945 the Company made a valuable contribution to defence production, and at the end of the war resumed the manufacture of similar products to the pre-war range. After a period of consolidation the Company embarked on a long-term plan of expansion which still continues and indeed has been progressively accelerated.

The first significant step was the installation of a steel melting furnace in 1952. This was followed by a second furnace in 1958.

A new unit was built at Bhandup near Bombay for the manufacture of woodscrews, and production started in 1953. Since that time the Bhandup Works has been substantially enlarged and numbers of other fasteners have been added to its range of manufacture.

At the same time much of the Calcutta Works was modernised, in particular the Bolt Works. A well equipped, modern toolroom was built in 1957. The manufacture of pressed steel car and trailer type wheels was introduced in 1960, and in 1961 the commissioning of extensive new rolling mills was completed, a project costing over Rs. 3 crores. In the same year the manufacture of bright steel bars was started. Fabricating and service departments have been generally improved and expanded in recent years, and the extent of overall development is clearly illustrated by the fact that the gross value of fixed assets in the Company's balance sheet has risen from Rs. 2.47 crores to Rs. 10.12 crores in the last ten years.

In December 1960 your Company acquired a controlling interest in Sankey Electrical Stampings Private Ltd. This company was formed in Calcutta in 1943, primarily at the instance of the Government of India, in order to establish an indigenous supply of electrical stampings for defence purposes and at a time of acute shortage of imports.

The first works was set up at Worli in Bombay and was later moved to its present site at Bhandup in 1946. The increasing demand for stampings in Eastern India prompted the Company to establish a second works in Calcutta in 1950 and a third unit came into being in Bangalore in 1959.

Electric Steel Sheets

Apart from pioneering the manufacture of electrical stampings in India, the Company, by virtue of its association with Messrs. Joseph Sankey and Sons Ltd., U.K., was in the fortunate position of being able to influence the negotiation of a technical collaboration agreement between that company and the Tata Iron and Steel Company Ltd. in 1946 covering the manufacture of electrical steel sheets in India. That agreement with Tatas was an important milestone in the development of the electrical engineering industry in this country.

In recent years Sankey Electrical Stampings Ltd., has responded to the need for the diversification of its range of products by embarking on the manufacture of precision pressed components for various industries and several new ventures have been planned for the near future.

Finally we reach 1963, a year which has brought several important developments that have broadened the base of your Company's structure. Sankey Electrical Stampings Ltd. became a wholly owned subsidiary on the exchange of shares with Tatas, and on 10th December you approved a scheme of amalgamation whereby that subsidiary was to be merged with and operated as a division of your Company. I am glad to report that the consent of the Calcutta High Court has since been received and the amalgamation is effective retrospectively from the start of this year.

On 24th December 1963 you approved the Directors' recommendation of a bonus share issue in the ratio of one for two. The bonus share issue and the exchange of shares with Tatas constituted a substantial increase in the issued capital which, in turn, necessitated raising the authorised capital of the Company, and you will recall that an increase from Rs. 6 crores to Rs. 10 crores was approved at the shareholders' meeting on 24th December 1963.

To assist in financing expansion it was decided during 1963 to issue debentures amounting to Rs. 1.5 crores and as you may know that issue was fully subscribed in February this year. Another significant event during the year under review was your Company's investment of Rs. 38.2 lakhs, in the form of plant and cash, in Sankey Wheels Ltd., a newly formed company which is to make passenger and commercial vehicle wheels.

Thus, from its modest beginnings in the years between the World Wars, your Company has progressed steadily to a place of importance in our country's industry.

Board of Directors

I am pleased to inform you that Mr. K. C. Maitra was appointed a Managing Director of your Company with effect from 29th December, 1963. Mr. Maitra has been the Managing Director of Sankey Electrical Stampings Ltd. for the past 14 years, and, as already mentioned, that company has now been amalgamated with your own Company.

It is the intention also to appoint four additional Directors to strengthen the Board of your Company and the proposed election of Mr. N. R. Banerjee, Mr. A. H. Sethna, Mr. R. B. Ritchie and Mr. J. M. Leighton will be the subject of resolutions later at today's meeting. Mr. Banerjee and Mr. Sethna were Directors of Sankey Electrical Stampings Ltd. for a number of years, and Mr. Ritchie and Mr. Leighton are at present senior executives of the Company.

Production

A rise in the level of output and sales of all major products was achieved in 1963, but raw material supplies were again the limiting factor which governed the extent of the advance. In particular, supplies of steel billets, which constitute the raw material for the majority of the Company's manufactures, were unsatisfactory both in quantity and in surface condition, and it was only by virtue of comparatively large billet stocks at the start of the year that it was possible to maintain an adequate level of production.

At the end of the year stocks of good quality billets were critically low and output of various products has been adversely affected.

The output of the rolling mills rose again in 1963 in spite of irregular billet supplies, and in particular, production of spring steel bars for the transport services was increased satisfactorily.

Production of bright steel bars was twice the previous year's level of output but full use of the potential capacity of the plant could not be made owing to the continued shortage of free cutting steel in India.

In the forge, production was affected by plant breakdowns, and steps are being taken to replace some of the older stamps. Whilst

competition and raw material difficulties limited the output of certain railway track material, the production of major items, including crossing sleepers and points and crossings, was substantially increased.

A small increase in the output of fasteners in the Bolt Works was achieved, but the manufacture of special and high tensile products was hampered by the lack of quality raw material.

At the Bhandup Works, in spite of unstable conditions in the market for woodscrews and various other small fasteners, a substantial rise in turnover was achieved.

Operating Results and Dividends

The accounts for the period under review have been with you for some time and you will no doubt have noted with satisfaction the improvements that have been achieved in the Company's operating results.

Turnover improved to Rs. 16,37,49,450 from Rs. 13,06,09,872 in 1962 representing an increase of 25.4 per cent. The increased income from sales helped by vigilant efforts to exercise economies has earned for the Company a total surplus before taxation of Rs. 2,17,43,217, compared with Rs. 1,27,55,590 for 1962. The available profit for disposal has not, however, risen proportionately owing to a much higher charge for taxation which for 1963 amounts to Rs. 1,36,59,114, compared with Rs. 55,60,000 for the previous year.

Taxation

The increased charge for taxation arises mainly from the issue of bonus shares in December last year for which an additional tax of Rs. 26,34,114 is payable calculated at the rate of 12½ per cent on the face value of the shares issued. Furthermore, a provision of Rs. 4,29,656 had to be made in respect of the new levy of 7½ per cent on equity dividends introduced by the Finance Act 1964. It is unfortunate that the welcome exemption from the payment of additional tax in respect of bonus shares, when issued out of share premium account, came just too late for your Company to benefit as its bonus issue was made prior to 1st April 1964. As a silver lining to this disappointment, shareholders will have no doubt noted with some measure of relief that under the provisions of the Finance Act 1964, as finally passed, this bonus issue will not attract capital gains tax in their hands.

In my statement to you last year I had occasion to mention that the Company would have no liability to super profits tax in respect of its profits for 1962 but that a provision of Rs. 1,20,000 on this account had already been made, based on the original proposals in the Super Profits Tax Bill. As you know, the super profits tax has now been replaced by a surtax, but it is estimated that no surtax will be payable on the Company's profits for 1963. Accordingly, the provision of Rs. 1,20,000 made in 1962 has been written back in the 1963 accounts.

After all required transfers and appropriations the profit available for disposal is Rs. 66,86,070. An interim dividend of 60 paise per share has already been paid and your Directors have recommended a final dividend also of 60 paise per share, making a total distribution of Rs. 1.20 paise per share for the 52 weeks ended 28th December 1963. The balance of Rs. 3,64,196 has been taken to general reserve. Members of the Company will, I am sure, appreciate that the reduction of 20 paise per share in the total distribution for 1963 compared with that for 1962 was inevitable in view of the additional tax payable on account of the bonus share issue and the levy of 7½ per cent tax on equity dividends, which amounts would otherwise have been available for disposal.

Balance Sheet

Whilst on the subject of the accounts, I should like to mention again some of the important features of the balance-sheet.

The authorised capital of the Company was increased to Rs. 10,00,00,000 in December last year primarily to enable the bonus share issue to be made. The paid-up capital of the Company was also increased from Rs. 4,00,00,000 to Rs. 6,32,18,740 by the issue of 2,14,583 shares of Rs. 10 each to the Tata Iron and Steel Company Ltd. in exchange for their holding in Sankey Electrical Stampings Ltd., and by the allotment of 21,07,291 bonus shares of Rs. 10 each out of the Company's share premium account.

Opportunity was taken last year of the Company's debentures being offered at or below par to purchase and cancel debentures worth Rs. 10,25,000 by utilising the amount standing to the credit of the debenture sinking fund. The outstanding liability for debenture loan at the end of 1963 has, therefore, been reduced to that extent. The effect of this operation is fully reflected in the movement in the debenture sinking fund account.

On the other side of the balance-sheet you will find an investment of Rs. 38,20,000 in equity shares of a new company, Sankey Wheels Ltd. This is in accordance with a resolution approved at your annual general meeting last year.

Sankey Electrical Stampings Ltd.

For our subsidiary, Sankey Electrical Stampings Ltd., the year 1963 was an abnormal one. At its major works at Bhandup, as a result of inter-union rivalry, a large number of workmen resorted to 'go-slow' tactics which culminated in an unjustified strike. Weeks of tension followed, but, thanks to the unequivocal stand taken by the Company, with the support of the findings of the State Evaluation Committee and of its own commendable record of labour relations, and thanks also to the understanding of the Company's stand shown by those with authority and competence to judge, the strike was called off unconditionally after 108 days. I had intended to share with you today some thoughts evoked by this deplorable strike, but the recent constitution of a Court of Inquiry by the Government of Maharashtra to inquire into certain issues connected with the strike makes it inopportune for me to do so. Before leaving this topic, however, I should like to commend the devotion and loyalty displayed by all members of the management, the supervisory staff and those workmen who, during the period of the strike, worked under great stress, and at considerable personal risk, to ensure that essential supplies, in particular to the Defence services, were not interrupted. I should like at the same time to say a special word of gratitude to the Company's wide circle of customers, both big and small, who, by their patience and forbearance, though being put to serious inconvenience and worse themselves, gave strength and support to the Company during those trying days.

Apart from this unfortunate labour trouble, the Company was hard put to it to obtain sufficient supplies of transformer grade steel which have all to be imported. In spite of these major handicaps, the Company was able not only to maintain but actually to increase its turnover to a small extent. The programme for diversification of the range of manufacture continues to make good progress, and in fact, the increase in turnover is due entirely to these new products. There is now in hand another important project, the manufacture of brake components for the automobile industry, which in due course will further augment turnover.

Future Development

Construction of the new steel melting shop is making good progress and the stage 1 plant will be in production next year. A year ago I mentioned the proposed reorganisation of the rolling mills, and I am now glad to inform you that this project has since been approved by the Government of India. The reorganisation includes the installation of a new merchant bar mill in new buildings and will permit the running down of some of the old mills which have been in service since 1932.

Much of the old plant in the Calcutta Bolt Works is being replaced by specialised, modern equipment and this is expected to lead to improved quality and some diversification in the range of sophisticated fasteners manufactured.

Work started towards the end of the year on the extension of the bright steel bar shop. The new plant has since been commissioned and will contribute to earnings in 1964.

At the Bhandup Works certain outmoded machines were replaced during the year by modern, high production plant and a new material storage bay and pickling plant were constructed and commissioned. The expansion of woodscrew capacity was largely completed and the plant is now being worked up to the required level of efficiency. The Government of India granted approval for the expansion of self-tapping-screw capacity and it is hoped that the plant will be installed next year.

Many other projected schemes for expansion and modernisation are on the drawing board, and, whilst newly installed plant is being carefully nursed into a state of optimum efficiency, planning for your Company's future continues.

Capital Expenditure

To enable you to obtain a clearer idea of the scale of our development programmes, I should like to add that capital expenditure during the three years 1964-66 on planned expansion and rehabilitation projects is expected to be Rs. 7½ crores, of which a sum of Rs. 2½ crores represents foreign exchange. Expansion will naturally continue beyond this period, but as plans are under continuous revision in the light of changing demands and shifts in priority, it would not be realistic to give an estimate of the cost of such future expansion. By far the greater part of the foreign exchange required will be in sterling, and for this we shall be dependent on the liberal aid which, with a vast and invaluable fund of technical advice, we have been receiving from Guest, Keen and Nettlefolds Ltd.

Never since independence have the preservation of our national unity and the achievement of rapid and accelerated growth, in industry and possibly even more in agriculture, been as urgent and crucial as now. Yet, it is to be doubted whether we are continuing to hold our own with other large and developing countries with whose standards of performance our own will necessarily be compared. More than ever before, the pursuit of our national purpose must therefore today form the prime motive behind the efforts of us all. It is in this realisation that your Company will continue, within its capacity and its resources, to play its part in helping to build the industrial strength of our country and promote the well-being of our people.

Finally, I should like to express on your behalf, and on my own, our thanks to the staff and all employees who have worked keenly in the Company's interests during the year. Rapid growth and reorganisation bring many frustrations in their wake, and the success of the Company's operations is a tribute to the loyalty and enthusiasm displayed by its personnel.

Note: *This does not purport to be a record of the proceedings of the Annual General Meeting.*

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KHANDELWAL FERRO ALLOYS LIMITED

PROSPECTS FOR FERRO-MANGANESE INDUSTRY BRIGHT

CHAIRMAN, DR. A. RAMASWAMI MUDALIAR, ON STEEL TUBE PROJECT

BRIGHT prospects for the ferro-manganese industry were held out by Dr. A. Ramaswami Mudaliar, Chairman of the Khandelwal Ferro Alloys Limited, when he addressed the Sixth Annual General Meeting of the Company at Bombay on Friday, 12th June 1964. Exports through barter arrangements, Dr. Ramaswami Mudaliar said, were proving somewhat remunerative and the domestic demand, too, was steadily increasing following the expansion of steel plants. He expected the conclusion of another barter deal with the U.S. and added that there was the "very distinct possibility" of the industry's profits being augmented by exports of ferro-manganese slag. Alluding to the position of his own Company, he revealed that the steel tube mill project had made considerable progress; the Government of India had already sanctioned a Belgian credit on deferred payment terms for import of plant and machinery and the Industrial Finance Corporation had sanctioned a rupee loan of Rs. 77 lakhs.

The following is the full text of Dr. Ramaswami Mudaliar's speech:

GENTLEMEN,

I have great pleasure in extending to you a cordial welcome to the sixth annual general meeting of the Company. The audited accounts and the Directors' report have been in your hands for sometime and, with your permission, I shall take them as read.

Production Report

During the year under report, it has not been possible for the Company to work the factory throughout the year to its full capacity. As stated in my last year's speech, the restriction in total production was due to the fact that the demand in the country could not absorb the total production of ferro-manganese. During the latter part of the year, the prospects became a little brighter, and the plant went into full production from September 1963. The total effect of the increased production and of the demand of the steel factories will be realised in the current financial year, but it may be stated that, during the year under review, it has also been possible to make a small profit.

Indo-U.S. Barter

As a result of the ferro-alloy industry pointing out to the Government of India the need for export promotion and the possibility otherwise of the industry going out of existence, the S.T.C. made special efforts to promote barters. The Government has recently concluded a barter deal through the Minerals and Metals Trading Corporation of India Limited with the Commodity Credit Corporation of the Government of the United States of America. In terms of this barter, the Indian ferro-manganese industry has to supply 128,000 tonnes, over a period of eighteen months commencing from the middle of December 1963, to the United States Commodity Credit Corporation. Out of this total, your Company has been allotted a share of 44,000 tonnes. Two shipments have already been made amounting to 18,500 tonnes against the above allotment and, with the production going ahead as it is now, there will be no difficulty in the Company completing the entire supply of 44,000 tonnes and possibly producing even more should the Minerals and Metals Trading Corporation require an additional quantity from us within the period of eighteen months under the barter contract.

Internal Demand

With the expansion of the steel plants in the country, there is a steadily increasing demand for ferro-manganese, and your Company expects to supply about 15,000 tonnes during the year to the various steel plants.

Private Barters

Besides the above barter, the Managing Agents and your Board are arranging for the promotion of barter deals with the approval of the Minerals and Metals Trading Corporation of India Ltd. for the export of ferro-manganese against the import of iron and steel materials and other commodities. Proposals have been submitted to the Corporation and their approval, it is hoped, will shortly be forthcoming.

During the year under review, your Company has made a gross profit of Rs. 25,00,417 before providing for depreciation and development rebate. As may be seen from the accounts, a sum of Rs. 15,62,391 has been provided for depreciation and Rs. 8 lakhs has been provided for the development rebate reserve. The loss brought forward from the previous year amounted to Rs. 1,08,352. The net profit after these adjustments is Rs. 29,674.

Electricity Tariff

The ferro-manganese industry has been pleading for lower electricity charges from the very commencement, particularly in the Maharashtra State. These charges have been very heavy. The Managing Agents and the Board have made representation to the authorities of the Maharashtra State Government and also to the Maharashtra State Electricity Board, pointing out the extreme necessity and importance of allowing the industry a suitably reduced tariff, and stressing the fact that the industry is a highly power-consuming industry and that the power supply may be taken as an essential raw material of the industry. The rates charged for such electro-metallurgical industries both in other States of India and in foreign competing countries are very substantially lower than the rates charged by the Maharashtra State Electricity Board to your Company.

I am glad and thankful that I am in a position to inform you that, as a result of these constant representations, some measure of relief has been granted by the Maharashtra State Electricity Board for a period which covers the Indo-U.S. barter period of eighteen months. In other words, owing to both the furnaces being at work to meet the barter demand during these eighteen months, the consumption of electricity has gone up to a high figure and, on the analogy of a slab system, the rate has been reduced to a certain extent by the Electricity Board, so long as the consumption is at that level. It is hoped that further barter deals will enable the production to be at its present level and that the electricity charges will be proportionately reduced.

The Maharashtra State Electricity Board was charging electricity duty for the period October 1962 to September 1963 amounting to Rs. 5,73,120. The Company paid under protest a sum of Rs. 4,08,161 against this duty for the period October 1962 to June 1963.

Your Company made representation that this industry was exempt from this duty and I am glad to inform you that the Electricity Board, under their letter dated 18th April 1964, has written to Industries and Labour Department, Government of Maharashtra, stating that, as the Company was eligible for the concession in electricity duty, a refund of Rs. 1,48,507 might be refunded to the Company.

Negotiations are now in progress for obtaining the balance amount of electricity duty, Rs. 2,59,654, for the period October 1962 to February 1963.

Wanchoo Report

It is obvious that what has been stated above is not a permanent solution to the problem. The electricity charges must in any case be at a much lower level for this industry than for industries other than electro-metallurgical and electro-chemical industries. This aspect has been put before the Wanchoo Committee very forcibly by your Company and other reliefs have also been requested, such as the reduction of railway freight both for the raw material and for the finished product. It is hoped that the report of the Wanchoo Committee will be available soon with recommendations on these matters and that the Government will pass suitable orders giving relief to the industry.

Export of Ferro-manganese Slag

The proper utilisation of the waste product of the industry is a problem that has been enaging the attention of your Board. Slag is one of the things that is accumulating in the factory to the detriment of the convenience of the works. The Managing Agents have tried to find a market for this and there are indications that foreign buyers being satisfied with the particular kind of a slag that your works are producing, are contemplating buying it. A sample shipment of 1,500 tons has already been sent and it is hoped that an arrangement may be entered into for the sale of this slag.

Manganese Ore Mining Leases

Your Board is anxious to get some mining leases for recovering manganese ore for the raw material requirement of your works. Repeated representations have been made both to the State Governments and to the Government of India, and it is hoped that the leases may be granted of a few suitable manganese ore areas at an early date.

Coke

I referred in my speech last year to the sudden jump in the price of coke of the proper kind required by your industry. Representations have been made to the Government both for a reduction in price of the coke and for the allotment of low phosphorus coke for supply to the ferro-manganese industry.

Tax Rebate

It is a matter of great satisfaction that the Hon'ble the Finance Minister has, in his Budget speech, announced that, in respect of certain basic industries, a rebate on corporation tax equivalent to 10 per cent of the income-tax and super-tax normally payable by the Company will be granted. This rebate is also applicable with reference to surtax to the extent of 20 per cent of the tax assessed. Your Company will also be exempted from the dividend tax to the extent of a dividend of 10 per cent on capital other than preference capital for a period of five years from the first declaration of dividend by your Company. The ferro-manganese industry has been classified as a basic industry for this purpose.

The Hon'ble the Finance Minister has, in his closing speech, announced that, by an amendment of the Income-tax Rules, the concession of additional depreciation for the working of the third shift of the plant and machinery will be allowed with effect from the assessment year 1964-65. The accounts for the year 1963 were adopted by the Board before this change was envisaged by the Finance Minister. However, the third shift allowance for the year 1963 will be provided in the accounts during the current year.

Expansion Programme

In my speech last year, I had referred to the action being taken by the Board for the establishment of a steel tube mill. Since then, I am glad to be able to say that we have made considerable progress. The Government of India have now sanctioned us a Belgian credit on deferred payment terms for the import of plant and machinery. They have also issued your Company an import licence for Rs. 64,72,000 covering the import of plant and machinery.

The Industrial Finance Corporation of India have, after a careful assessment of the profitability and all other relevant aspects of the tube mill project, agreed to guarantee the repayment of the deferred payment terms of the Belgian loan and have also sanctioned a rupee loan of about Rs. 77 lakhs for expenditure in India on the construction of the project. There are, however, a few outstanding details to be finalised in Belgium and with the plant and machinery suppliers and, for this purpose, the General Manager has proceeded on a short deputation. As soon as the details are settled, it would be possible for the Company to take in hand the construction of the project in India.

Future Prospects

In conclusion, it may be stated that the ferro-manganese industry may now be said to have tided over the initial difficult period of depression and that its future prospects are bright. While, on the one hand, exports by means of barters are proving somewhat remunerative, there is, on the other hand, a steadily increasing demand in the domestic market due to the expansion of the steel plants. There are also fair chances of another barter deal being concluded between the Minerals and Metals Trading Corporation of India Limited and the Commodity

(Continued on page 1077)

INDUSTRIAL LICENSING LIBERALISED

SIMPLIFIED PROCEDURES TO AVOID DELAYS

RECOGNISING that the rules and procedures specified for issuing the various types of industrial licences had overgrown to such an extent that they tended to slow down the pace of industrial development at a time when growth had to be speedier, the Government of India constituted in September last a special committee, known as the Industries Development Procedures Committee, under the chairmanship of Mr. T. Swaminathan, I.C.S., Secretary, Ministry of Heavy Engineering, with a view to minimising the controls and facilitating the issue of licences as promptly as possible. The terms of reference of the Swaminathan Committee were to review the procedure relating to the operation of the controls applicable to the establishment of additional industrial capacity under the Industries (Development and Regulation) Act, 1951, the import of capital goods, the issue of capital, and admission of foreign investment and collaboration and to suggest such modifications as would reduce delay in action. The Committee was also asked to examine the procedures governing the licensing of raw materials for the industry. It must be said to the credit of the Committee that it has acted fairly quickly, having completed its task in slightly less than six months. Only, the Government has taken a little more time in accepting the Committee's recommendations.

The Committee made its recommendations in two parts. An interim report was submitted by the Committee on 17th December 1963, that is, within a period of less than three months from the date of its constitution and was accepted by the Government on the 13th January 1964. In that report, the Committee had confined itself to two main recommendations, namely, the issue of a 'letter of intent' and the adoption of a special accelerated procedure for 'key' industries. The final report of the Committee was submitted on 18th March 1964, covering the rest of the terms of enquiry, particularly those pertaining to the delays in the issue of licences for the import of components and raw materials. This final report has just been published, thereby providing one with an opportunity to review the committee's work as a whole.

'Letter of Intent'

It is of utmost importance that the applicants submitting their proposals regarding the establishment of industrial concerns, should know at the earliest whether the Government would be prepared to consider favourably the grant of licence to them. During its case studies, the Committee found that the procedures prevalent were very cumbersome and that the frequent movement of files caused unnecessary delay in the granting of licences. Although it is laid down under Rule 15 of the Registration and Licensing of Industrial Undertakings Rules 1952, that the decisions on the applications for industrial licences should be taken within a period of three months, a random selection of eight cases for case study by the Committee, presented a very disappointing state of affairs. In these cases, the time taken ranged from 61 to 396 days and in six cases out of the eight in the sample, the period involved was more than 150 days. Accordingly, the Committee favoured a speedy procedure for grant of licences under which a 'letter of intent' could be issued within a month or so of the date of receipt of application. This 'letter of intent,' besides indicating that the Government would be prepared to consider favourably the proposal put forward by the applicant, would also enable him to go ahead with his plans for negotiating with foreigners for collaboration or for the supply of capital goods, etc. But, if within a period of six to twelve months, depending on the nature of the industry, the party concerned does not complete the formalities regarding foreign collaboration, capital issue, etc., the 'letter of intent' under the Committee's recommendation, would automatically lapse. Although the stipulated period for the submission of applications for other clearances has been reduced to four months by the Government, the period of validity of a 'letter of intent' is not rigid and depends on the nature of the case and, if necessary, the period of validity can be extended.

The Committee recommended in its interim report that, once a 'letter of intent' has been issued, a different procedure should be followed in respect of 'key' industries, a list of which was made out by the Committee having regard to the shortfall in effective establishment of production capacity for the attainment of Plan targets and the need for speedily establishing additional capacity in certain industries important for the promotion of self-generating industrial growth. The twenty-two industries included in the list of 'key' industries are: pig-iron, alloy steel, ferro-chrome and other ferro-alloys except ferro-manganese and ferro-silicon, malleable iron castings, steel castings, steel forgings, structurals (heavy), industrial machinery, cranes, machine tools, including small tools, dies, jigs and fixtures, automobile ancillaries, coated abrasives, electric winding wires, fertilisers, sulphuric acid, caustic soda and soda ash, rubber chemicals, petro-chemicals, including synthetic rubber pesticides, paper and paper board, cement and pulp (cellulosic). In the case of these industries, the Swaminathan Committee recommended that all further clearances should be considered simultaneously by the Sub-committee of the Licensing Committee. This recommendation has also been accepted by the Government and the Ministry of Industry has already appointed a special officer, Mr. K. J. George in the Ministry. Accordingly, it is now possible for an entrepreneur wishing to establish any one of the key industries to make his applications simultaneously for securing approval for the phases of investment. In addition, a number of Committees have been set-up for greater internal co-ordination and more powers have been delegated to the Ministries for facilitating speedy disposal of applications.

Final Report

The Government has also accepted, in principle, the recommendations made by the Swaminathan Committee in its final report, according to the resolution released on 11th inst. Briefly stated, the report, *inter alia*, advocates the extension of the special accelerated procedure as recommended in the interim report in December last in respect of 'key' industries for issue of all licences to industries which are either import saving or export-oriented. The Committee has listed eight industries in which substantial imports are taking place at present. These are: Industrial chains, transformer oil, insulating paper, high tensible galvanised steel wires, laboratory glassware, detonators and detonating fuse, synthetic fibres and caprolactum. The accelerated procedure has been recommended for these industries in order to ensure that adequate manufacturing capacities are speedily established. According to the Committee, this procedure can also be adapted in case of any industry which the Government considers to be of special importance from the point of view of earning substantial amounts of foreign exchange through exports.

In regard to the industries other than the twenty-two 'key' industries listed in its interim report, the Committee has expressed the view that, due to various practical considerations, including the foreign exchange difficulties which make the prompt clearance difficult, it would not be practicable to follow the special accelerated procedure recommended for key industries. In order to overcome the situation, the Committee has suggested that, where the availability of foreign exchange is not the main limiting factor, the issue of 'letter of intent' must be followed by the issue of licences for all other purposes, such as import of capital goods, approval of foreign collaboration terms and issue of capital, within three months from the date of the receipt of the respective applications. The Committee has also prescribed a close watch over the timely clearance of applications. The Committee has further specified that a list of cases which have not been disposed of within three months from the date of receipt of the applications should be put up at each meeting of the respective committees such as Licensing Sub-committee, C. G. and Foreign Agreements Committee.

The Committee has observed that the existing procedures for importing raw materials/components involve considerable delays in the issue of licences which are often issued at the end of each licensing period. These delays, caused mainly by the uncertain foreign exchange position, have an adverse effect on industrial production, for there is always a time lag between placing of orders and receipt of goods. The Committee has, therefore, recommended that, in order to ensure continuous and uninterrupted production, *ad hoc* licences equal to 50 per cent of the value of the licences for the first half of the previous licensing year should be issued and half of the remaining 50 per cent should automatically be made usable in the second half of the year pending the final announcement of the policy for that year. These suggestions were put forward just one week before the announcement of the import licensing policy for 1964-65 (that is on 31st March 1964). Substantial modifications, incorporating them in effect, were made then alone. In its resolution published this week, the Government says that, while accepting the Committee's suggestions, it has devised a simpler procedure where there is no need for the issue of *ad hoc* licences. This procedure is as follows:

In case of industries where annual licensing is in practice and where the raw materials are not likely to be met from the newly-developed indigenous sources, annual licences of the same value for the previous year would be issued, subject to the condition that, during the first half of the licensing period, only 50 per cent of the value of annual licence could be utilised. There will be a simultaneous authorisation for the utilisation of an additional 25 per cent from the commencement of the second half of the licensing period. The value of these licences will be suitably adjusted when the final policy for the period is announced. In other cases, licences of the value not exceeding that licensed for the first half of the previous licensing period will be issued to meet the needs of the industries for the first half year.

The Government has made it clear that the additional authorisation of 25 per cent of the value of the annual licences for the second half of the licensing period will not, however, be made in the case of established importers.

The Committee has also advocated some modifications in the form of application with a view to ensuring simplification in the procedures. It has, for instance, suggested the submission of two applications, one to enable the issue of a letter of intent and the other, the final application at a later stage, when all the relevant information becomes available, for the grant of formal industrial licence.

The speed with which the Swaminathan Committee has submitted both the interim and final reports and the manner in which the Government has accepted the recommendations provide a gratifying instance of fast action by the bureaucracy. The simplified procedures will, it is to be hoped, go a long way towards helping the establishment of new industrial units, the expansion of the existing ones, and fuller utilisation of existing industrial capacity, provided they are properly implemented. The efficacy of the techniques devised by the Committee for the speedy disposal of applications for industrial licences can be known only after they have been tried for some time. The Committee's awareness of the little regard that is usually shown to the time element in the Secretariat is evident from its stress that a close watch on the timely clearance of all applications for licences must be maintained. Its suggestion that, after a year, the working of its scheme should be carefully examined by a similar Committee is a valuable one, for such a study will provide an opportunity for prompt adjustments that may be found necessary in the light of experience and the then prevailing circumstances.

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JARDINE HENDERSON JUTE GROUP

MARKED RISE IN PRODUCTION COSTS AFFECTS PROFIT MARGIN

IN contrast to 1962 which was one of the most prosperous ever enjoyed by the Indian jute industry, the year ended 31st December 1963 was less profitable. Offtake of jute goods, of course, continued to be satisfactory and production by the industry was maintained at the maximum. But, at the same, prices realised from the sale of goods declined throughout the year, in view of readier availability. As against this, cost of production increased by approximately Rs. 30 per ton following the award of the Wage Board for jute industry, besides the additional incidence imposed by emergency risks insurance premiums and higher electricity and lighterage charges. Since most of these cost increases were unrelated to the level of output, profit-margins suffered a setback. Fortunately, in most cases, the decrease in profits was not serious enough to necessitate a cut either in dividend or in ploughback. This feature is well reflected in the working results for the year ended 31st December 1963 of the two companies under the management of Jardine Henderson Ltd., namely, the Kamarhatty Company Ltd. and the Kanknarrah Company Ltd.

Kamarhatty

The working results of the Kamarhatty Company for the year under review bear the impact of all the aforesaid factors, as also of the loss of two weeks' production owing to a lock-out in July and a strike in November. Not only has turnover declined for the second year in succession by Rs. 22.10 lakhs to Rs. 393.68 lakhs, but the profit-margin (ratio of gross profit to sales) has also decreased by no less than 1.9 point to 13.7 per cent, with the consequent decline of Rs. 9.92 lakhs to Rs. 33.91 lakhs in gross profit. Notwithstanding this fall in gross profit, there has been an increase of Rs. 0.59 lakh to Rs. 4.00 lakhs in the provision for Managing Agents' commission and of Rs. 6.83 lakhs to Rs. 30.33 lakhs in that for taxation. Although the provision for depreciation has been stepped down, the saving has been marginal, being only Rs. 0.85 lakh to Rs. 6.03 lakhs and, as a result, the net profit has contracted from Rs. 31.05 lakhs to Rs. 13.55 lakhs. Adding to this the Rs. 2.62 lakhs withdrawn from reserves and past provisions, the Directors have transferred Rs. 6.43 lakhs (Rs. 7.33 lakhs) to reserves, besides setting aside Rs. 1.25 lakh for paying preference dividend in respect of the year. The ordinary dividend has remained unchanged at 20 per cent, claiming, as before, Rs. 8.64 lakhs.

Kanknarrah

Like its sister company, the Kanknarrah Company, too, has produced somewhat depressing working results for 1963. Whereas the realisations from sale of products have deteriorated only moderately from Rs. 391.46 lakhs to Rs. 387.56 lakhs, the gross profit has come down rather sharply from Rs. 68.64 lakhs to Rs. 54.26 lakhs or by about 21 per cent. Nevertheless, essential provisions in aggregate have more than doubled from Rs. 19.34 lakhs to Rs. 42.26 lakhs, mainly because of the increase of Rs. 23.46 lakhs to Rs. 33.55 lakhs in the provision for taxation and of Rs. 0.30 lakh to Rs. 4.12 lakhs in that for the Managing Agents' commission, though the provision for depreciation is somewhat lower at Rs. 4.59 lakhs, as against Rs. 5.41 lakhs a year before. The resulting net profit is, therefore, as low as Rs. 12.00 lakhs, as against Rs. 49.30 lakhs for the previous year. Fortunately the Directors have found no reason to reduce the ordinary dividend of 15 per cent even after setting aside Rs. 1.11 lakh for the payment of preference dividend and transferring Rs. 6.76 lakhs (Rs. 4.05 lakhs) to reserves, of which Rs. 3.86 lakhs (Rs. 1.45 lakh) merely represent the amount withdrawn from reserves and provisions credited during prior years.

The relative performance of the two Companies during the past four years is presented synoptically in the comparative table appearing at the foot of this review.

The financial position of the Companies is sound. The share capital, mostly in equity shares of Rs. 100 each, is well supported by reserves and outside interest (comprising loans and current liabilities and provisions), though it exceeds own funds, is fully covered by current assets and loans and advances. The gross block in each case is very substantially reduced to about a fifth of its original cost as will be seen from the following summary of the balance-sheets of the two companies as at 31st December 1963:

(In lakhs of rupees)

LIABILITIES	*Kamarhatty*	*Kanknarrah*
Share capital—		
Preference	16.00	14.23
Ordinary	42.20	54.00
	58.20	68.23
Reserves	36.85	16.58
Own funds	95.05	84.76
Loans	43.14	32.36
Current liabilities and provisions	85.77	83.25
Total	223.96	200.37
ASSETS		
Gross block	208.46	179.25
Less depreciation	160.07	135.47
Net block	48.39	43.78
Capital work-in-progress		0.02
Investments	17.65	3.27
Current assets, loans, and advances	159.02	148.20
Total	224.96	200.37

The companies continued to operate as many looms as possible during the year under review, having regard to ancillary machinery installed, and the operation of looms is in excess of the registered complement under the working time agreement of the Indian Jute Mills Association was subject to the purchase of loom hours from other mills. Raw jute supplies were adequate throughout the year, though quality continued to deteriorate. Prices were well maintained at the operational minima imposed by the Government and the resources of all the mills were stretched to the utmost to provide finance and storage space for the stocks which they were obliged to hold.

Greater emphasis was placed by the Companies during the year on quality control and preshipment inspection of goods. While results were achieved, it was here that the declining quality of raw jute supplies became most apparent and large quantities of jute fit only for sacking production that the mills were obliged to buy to fulfil their quotas set by the Jute Commissioner is reported to have become an acute embarrassment to the Companies and to the industry. Furthermore, the offtake of sacking, while it was sustained to some extent by increased internal consumption, was steadily reduced as a result of increasing production at lower cost in Pakistan.

The current *cum-div.* prices and the net yields fetched by the shares on an *ex-div.* basis are as follows:

	Price Rs.	*Yield* %
Kamarhatty	164.00	8.1
Kanknarrah	140.00	9.4

The Directors report that the results for the current financial year indicate a continuance of this trend and, with even increasing competition, the margin of profit that can be earned on both hessian and sacking is still diminishing. They, however, point out that there are indications that more countries are beginning to take an interest in Indian jute goods and hope that the strenuous efforts being made by both the Government and the Indian Jute Mills Association will result in the creation of new markets, particularly for sacking, to replace those already lost. Even so, the Directors fear, it will be difficult to retain such markets and prevent a further erosion of our established markets unless possible steps are taken to offset the large price advantage enjoyed by the Pakistan mills.

Both the Companies have planned the installation of additional machinery to complete the modernisation of the preparing and spinning departments and, in the case of indigenous items, orders have been placed. In addition, they are increasing the sewing capacity of the factories. The Directors of Kamarhatty Company report that considerable expenditure was necessary during the year in order to carry out repairs to the retaining wall on the river front of the Company's property and that this is now in good condition. Plans are being prepared, they say, for the construction of two additional godowns for jute storage.

PROGRESS AT A GLANCE

(In lakhs of rupees)

	Kamarhatty				Kanknarrah			
	For the year ended 31st December				For the year ended 31st December			
	1963	1962	1961	1960	1963	1962	1961	1960
Sales	393.68	415.78	431.71	409.73	387.56	391.46	372.16	366.58
Other income	1.62	0.56	4.76	1.36	1.32	1.08	1.19	1.99
Closing stocks of jute, work-in-progress and finished goods	122.86	120.47	84.59	72.53	117.74	118.14	69.99	54.86
	206.96	257.80	339.54	302.62	202.31	251.69	287.60	252.42
Other expenses	146.88	130.98	115.35	129.04	131.01	120.56	107.60	118.13
Gross profit or loss	53.91	64.84	—6.36	9.58	54.26	68.64	—7.72	6.87
Managing Agents' commission	4.00	3.41	0.50	0.50	4.12	3.84	0.50	0.60
Provision for—								
Depreciation	6.03	6.88	6.90	7.88	4.59	5.41	6.13	6.88
Taxation	30.33	23.50	..	0.72	33.55	10.09	..	..
Net profit or loss	13.55	31.05	—13.76	0.48	12.00	49.30	—13.35	—0.81
Withdrawals from reserves and provisions	2.62	4.76	..	2.11	3.86	1.45	..	0.06
To reserves and provisions	6.43	7.33	3.85	1.36	6.76	4.05	2.67	0.35
Dividends—								
Preference	1.25	2.50*	..	1.33	1.11	7.69†	..	..
Ordinary	8.64	8.64	..	2.16	8.10	8.10	..	..
	(20%)	(20%)	..	(5%)	(15%)	(15%)	..	..
Carry forward	..	0.14	—17.21	0.40	..	0.11	—30.80	—14.78
Market price of ordinary shares (in rupees):	1963	1962	1961	1960	1963	1962	1961	1960
High	207	204	161	186	150	173	91	126
Low	146	133	122	135	119	77	58	71

* For 1961 and 1962. † For the years 1956-62, inclusive.

ANGLO FRENCH TEXTILES PAYS MORE

PROFIT FAILS TO KEEP PACE WITH RISE IN SALES

IN all respects, the results of the Anglo French Textiles Ltd. [Managing Agents: Messrs. Best and Co. (Pondicherry) (P.) Ltd.] for the past calendar year are better than those for the previous year. Its sale proceeds, which had dipped in the previous year from Rs. 307.62 lakhs to Rs. 278.32 lakhs, have recovered to a new high level of Rs. 314.16 lakhs. Its gross profit at Rs. 25.49 lakhs has gained Rs. 3 lakhs out of Rs. 9 lakhs lost in the previous year. The net profit at Rs. 11.01 lakhs is slightly lower as compared with Rs. 11.40 lakhs realised a year before, which is, however, due to the essential provisions going up with the improvement in gross profit. Although the net profit is lower, the distributable surplus is higher at Rs. 13.57 lakhs, as it includes, besides Rs. 6,172 brought in from the previous year, Rs. 2.49 lakhs being receipts relating to previous years. As a result, not only the amount transferred to reserves has been raised from Rs. 7 lakhs to Rs. 7.92 lakhs, but the bulk of the four-point cut imposed in the dividend on the 100-rupee ordinary shares has also been restored; the rate of dividend being 15 per cent per annum, as against 12 per cent a year before.

Considering that the production of yarn declined from 4.88 million kg. to 4.69 million kg. and that of cloth from 24.62 million metres to 22.92 million metres owing to a strike involving stoppage of work for nearly a month, the year's results are quite satisfactory. The increase in sales, in spite of lower production, is explained by the decline in stocks of finished and processed goods from Rs. 56.18 lakhs to Rs. 26.83 lakhs. Another point to be noted is that, as against the improvement of nearly Rs. 36 lakhs in sales, the increase in gross profit is of only Rs. 3 lakhs. This is in spite of the production being lower and the sales having gone up due entirely to depletion of the previous year's stocks. Further, we are told that costs were generally well controlled and where increases occurred, they were beyond the management's control. Notwithstanding all this, profit has failed to keep pace with the rise in sales, apparently because three-fourths of the improvement in the turnover (Rs. 27 lakhs, to be precise) has been on account of export sales on which the Company obviously did not realise a remunerative price.

The following table brings out the progress made by the Company in the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sales (gross)	314.16	278.32	307.62	267.22
Stocks of finished and process goods	26.83	56.18	31.04	41.93
Other income	47.74	17.83	17.92	25.37
Materials, stores and spares consumed	195.67	192.36	172.97	177.63
Staff expenses	75.01	80.71	76.89	78.70
Other expenses	22.30	12.07	31.20	31.01
Gross profit	25.49	22.50	31.59	26.19
Provision for—				
Depreciation	8.23	6.80	10.14	7.64
Taxation	3.95	2.24	3.67	3.34
Managing Agents' commission	2.30	2.04	2.35	2.08
Net profit	11.01	11.40	15.43	13.13
Previous years' receipts	2.49	..	..	..
Transfer to reserves	7.92	7.00	9.42	7.50
Dividends—				
6 per cent preference	1.08	1.08	1.08	1.08
Ordinary	4.50	3.46	4.80	4.50
	(15%)	(12%)	(16%)	(15%)
Carry forward	0.06	0.06	0.34	0.21

Equity shares' market value(In rupees):	1964	1963	1962	1961	1960
High	155.00	144.00	150.00	150.00	127.50
Low	142.25	127.50	124.00	113.00	90.00

The Income-tax Act, 1961, was made applicable to Pondicherry (where the Company is located) as of 1st April 1963, and the Company's total income for 1963 is subject to assessment under this Act. Under the Pondicherry (Taxation Concession) Order, 1964, a deduction of 60 per cent will be allowed from the tax computed for the assessment year 1964-65.

The Company's modernisation plans continue to be affected by delayed deliveries of materials. But the Directors state that, in the context of the overall situation in the country in regard to the availability of machinery and machinery parts, the progress made during the year was greatly satisfactory.

The Company's paid-up capital, including Rs. 18 lakhs in 6 per cent cumulative redeemable preference shares of Rs. 100 each, is unchanged at Rs. 48 lakhs. It is backed by Rs. 46.48 lakhs in reserves and surplus. Loans and advances of Rs. 62.52 lakhs and current liabilities and provisions of Rs. 67.63 lakhs together bring the total indebtedness to Rs. 130.15 lakhs, as against which current assets, book debts and investments total Rs. 168.66 lakhs. The gross block, which has expanded during the year from Rs. 84.92 lakhs to Rs. 91.71 lakhs, has been written down to Rs. 49.01 lakhs and, together with capital work-in-progress, the net block is shown at Rs. 55.97 lakhs.

The yield on the Rs. 100 fully paid ordinary shares of the Company at their current market value of Rs. 155 *cum-div.* works out to 8.4 per cent per annum net.

TEXMACO'S RESULTS IMPRESSIVE

RESERVES STRENGTHENED

THE year ended 31st December 1963 has turned out to be one of all-round prosperity for the Textile Machinery Corporation Ltd. (Managing Agents: Messrs. Birla Brothers [Private] Ltd., Calcutta), in spite of hurdles and bottlenecks in the procurement of certain raw materials and components, occasional pin-pricks from the labour and at times critical power supply position. It was possible for the Company to show a further substantial improvement in its working, despite these handicaps, only because the management was, we are told, all the while alive to the difficulties and disturbances and was successful to a large extent in discovering ways and means to avoid the consequent loss to economy and productivity. It is heartening to learn from the Directors that they are hopeful of maintaining the progress so far achieved by overcoming the difficulties in the best possible manner.

The most encouraging feature of the year's operations is that the realisation from the sale of the well diversified range of products has, for the first time, crossed the Rs. ten-crore mark by advancing from Rs. 9.62 crores to Rs. 12.22 crores and has in fact more than doubled since the setback suffered in 1960. The gross profit has likewise advanced by no less than Rs. 93.11 lakhs to Rs. 250.35 lakhs, the improvement during the past three years being over 400 per cent. Nearly two-thirds of the enlarged gross profit, however, has been absorbed by the essential prior appropriations. The provision for the Managing Agents' commission has risen from Rs. 7.41 lakhs to Rs. 10.98 lakhs, that for depreciation only nominally from Rs. 25.37 lakhs to Rs. 26.29 lakhs, and that for taxation sharply from Rs. 70.90 lakhs for the year before to Rs. 123.75 lakhs. The improvement in net profit from Rs. 53.56 lakhs for 1962 to Rs. 89.33 lakhs for the year under review is, therefore, much less than that in gross profit. The bulk of the rise in profit has been used to raise the ploughback substantially from Rs. 23.43 lakhs to Rs. 55.57 lakhs, of which Rs. 8.70 lakhs (Rs. 6.50 lakhs last year) go to the provision for contingencies, Rs. 4.87 lakhs (Rs. 3.07 lakhs) to statutory development rebate reserve and Rs. 42 lakhs (Rs. 13.75 lakhs) to general reserve. Finding that, even after these heavier transfers to reserves and after setting aside Rs. 11.36 lakhs for preference dividends in respect of the year, a larger sum is available for distribution to shareholders, the Directors have raised, for the second successive year, the ordinary dividend by 2½ points to 15 per cent, subject to deduction of tax. This claims Rs. 22.50 lakhs and leaves Rs. 54,305 as carry forward as against Rs. 64,360 brought in.

The magnificent progress achieved by the Company during the past two years is reflected in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sales and internal consumption	1,221.84	961.44	777.46	587.88
Other income	20.88	12.23	8.31	6.30
Closing stocks	130.59	136.89	158.25	197.30
Materials, stores and spares consumed	682.04	530.48	440.13	396.11
Staff expenses	195.22	159.75	139.15	126.83
Other expenses	108.81	104.89	86.77	69.23
Gross profit	250.35	157.24	80.67	61.30
Managing Agents' Commission	10.98	7.41	3.63	2.59
Provision for—				
Depreciation	26.29	25.37	24.37	21.84
Taxation	123.75	70.90	19.81	9.35
Net profit	89.33	53.56	32.86	27.62
Withdrawal from reserves	..	..	..	2.50
To reserves and provisions	55.57	23.43	6.45	4.25
Dividend—				
Preference	11.36	11.36	11.36	10.56
Ordinary	22.50	18.75	15.00	15.00
	(15%)	(12½%)	(10%)	(10%)
Carry forward	0.54	0.64	0.63	0.59

Market price of ordinary shares (in rupees):	1964	1963	1962	1961	1960
High	29.10	28.90	26.35	24.76	29.40
Low	26.35	19.00	19.75	16.24	21.50

In line with the financial results, the physical performance of the Company was impressive. The production of textile machinery went up appreciably, the increase in production over the preceding year being 20 per cent in ring frames, 40 per cent in carding engines and 81 per cent in drawing frames. Quality and workmanship received the utmost attention and constant efforts were made for further improvement. To bring its products up to the most advanced standards, the Company has entered into a technical collaboration agreement with Messrs. Zinser Textilmachinen of West Germany and the machines manufactured under this scheme are expected to be marketed in early 1966. Activities of the machine tool division proceeded according to schedule. An indigenous content of 50 per cent was achieved and is expected to be increased to 75 per cent in the current year. The quality of the machines manufactured was well appreciated and the entire output after July 1963 was acquired for defence needs. The project for the manufacture of the advanced type of combination turret lathe made further progress. The Government has issued clearance for the import of the necessary plant and machinery and negotiations for acquisition of foreign exchange for purchasing the equipment are in an advanced stage.

The working of the foundry continued to be satisfactory in spite of power shortage and the resultant interruption in production. The extension of the present capacity from 3,000 tons to 9,000 tons is under active implementation. The building to house the extended plant is reported under construction and the required additional power has already been sanctioned. The rolling stock division also made good progress during the year, the increase in outturn being 10 per cent as compared with 1962 and 33 per cent with 1961. A scheme for expansion has been prepared and many components, hitherto in short supply, are being developed in the Company's factories. The production of water tube boilers and sugar mill machinery was maintained, though full capacity could not be utilised for want of orders. Unfortunately, the cast iron spun pipe project has failed to make any further progress due to some difficulties at the Governmental level and non-availability of foreign exchange.

The paid-up share capital of the Company, as at 31st December 1963 continues to stand unchanged at Rs. 290 lakhs—of which Rs. 150 lakhs are in equity shares of Rs. 10 each but the reserves have risen to Rs. 126.15 lakhs. The total of own funds thus aggregate Rs. 416.15 lakhs. Outside finance is as high as Rs. 891.20 lakhs comprising Rs. 330.49 lakhs under secured and unsecured loans and Rs. 560.71 lakhs under current liabilities and provisions. These, however, are fully covered on the assets side by current assets and loans and advances which stand, as at the date of the balance-sheet at Rs. 1,014.23 lakhs. Investments, mainly unquoted, are carried in the books at a cost of Rs. 4.85 lakhs. New assets worth Rs. 37.23 lakhs were acquired during the year. This has raised the gross block account to Rs. 574.97 lakhs which, on deduction of Rs. 292.92 lakhs being the accumulated amount of depreciation, yields a net block of Rs. 282.05 lakhs. Besides, capital work-in-progress is valued at Rs. 5.85 lakhs, so that the total of net block works out to Rs. 287.90 lakhs.

The Rs. 10 fully paid ordinary shares of the Company are currently quoted at Rs. 27.40 *cum-div.* and give a net yield of 4.6 per cent per annum.

MODERN MILLS' PROFIT DROPS SHARPLY

The revision of cotton yarn prices in February 1963 (upward for counts 40s and below and downward for counts 40s and above), the depressed state of the cloth market for quite long after the Chinese aggression and the concession allowed to independent processors in the rates of excise duty on processed goods under the 1962-63 budget have all combined to cause a sharp fall in the gross profit of Modern Mills Ltd. [Managing Agents: Messrs. N. Sirur & Co. (P) Ltd., Bombay] from Rs. 31.03 lakhs to Rs. 20.54 lakhs, despite a further rise in sales from Rs. 248.69 lakhs to Rs. 266.80 lakhs, during the year ended 31st October 1963. While the second factor, namely, the depressed state of the cloth market, has uniformly affected the industry as a whole, the first factor has hit this Company particularly on account of its large output of superfine yarn, and the last factor has reduced its processing revenues, because the concession caused a large part of powerloom cloth to get diverted to independent processing factories for processing.

The year under review has been the third in a row of lower profit, but the setback now has been so sharp that the profit has sunk to the lowest level for the past four years and is only Rs. 3.13 lakhs more than Rs. 17.41 lakhs realised in 1958-59. Net profit at Rs. 12.89 lakhs is higher by Rs. 2.20 lakhs over the year, because no provision for taxation is required to be made for the year in view of the deficit resulting from the payments during the year of the previous years' bonuses. For the same reason no provision has been made for development rebate. The payments during the year of the previous years' bonuses amount to Rs. 14.12 lakhs and after allowing for these payments, there is actually a deficit of Rs. 1.23 lakh. But this deficit is made up by writing back excess provisions of Rs. 7.95 lakhs, and out of the balance of Rs. 7.05 lakhs (including Rs. 32,182 brought in from the previous year) Rs. 45,500 have been credited to gratuity reserve and Rs. 6.55 lakhs to dividend reserve for meeting the year's dividend liability and the surplus of Rs. 4,622 has been carried forward. The rate of dividend on the Rs. 50 fully paid ordinary shares has been halved to 6 per cent per annum. But this is on a much larger paid-up capital of Rs. 108.39 lakhs, as compared with Rs. 50.77 lakhs a year before following a series of new capital issues, at first of 92,947 right shares in the proportion of one-for-one to shareholders as on 4th June 1962, which, however, became fully paid only during the year under review, followed with capitalisation of reserves to the extent of Rs. 7.74 lakhs through a one-for-six bonus issue and a further capitalisation of reserves to the extent of Rs. 15.48 lakhs for a similar issue.

The following table compares the Company's progress in the past four years:

(In lakhs of rupees)

	For the year ended 31st October			
	1963	1962	1961	1960
Sales of cloth, yarn and waste	266.80	248.69	232.40	192.28
Other income	15.41	15.37	13.91	11.13
Closing stocks	76.19	91.51	81.64	88.89
Cotton, stores and spares consumed	150.39	158.26	129.12	117.13
Staff expenses	66.98	66.40	58.79	45.51
Other expenses	28.98	23.24	22.26	18.00
Gross profit	20.54	31.03	33.98	29.12
Provision for—				
Depreciation	7.20	9.29	7.84	4.62
Taxation	..	9.24	11.80	8.25
Managing Agents' remuneration	0.45	1.81	2.48	2.13
Net profit	12.89	10.69	11.86	14.12
Transfer from reserves and write-backs	7.95	4.52	0.05	0.85
Provisions relating to previous years	14.12	5.33	..	..
To reserves	..	2.43	4.70	4.47
To gratuity provision	0.45	1.85	1.67	3.52
Dividend	6.55	5.58	5.58	5.58
	(6%)	(12%)	(12%)	(12%)
Carry forward	0.05	0.32	0.30	0.32

Equity shares' market value (in rupees):	1964	1963	1962	1961	1960
High	50.00	52.00	84.00cr	94.00	106.00
Low	38.50	44.00	54.00xr	63.00	55.00

Machinery worth Rs. 13.13 lakhs arrived during the year. Since its close, commitments for machineries worth Rs. 9.99 lakhs have been made. The comprehensive shrinkage range costing about Rs. 5.05 lakhs for "Sanforizing" cloth, which arrived in the current year, has been erected and trials are in progress. The 12,096 new spindles ordered for expansion at Mill No. 2 started arriving in last April and are under erection. A hundred and forty-four additional Japanese automatic looms are expected shortly.

On 18th July, 1963, the Company invested in sufficient shares of Sundatta Foods and Fibres Ltd. to make that Company a subsidiary as envisaged in the resolution passed on 30th April 1962. The Company now holds in Sundatta Foods 29,018 shares of Rs. 50 each (against 5,312 in the previous year) out of that company's paid-up capital of Rs. 27.32 lakhs, including Rs. 8.91 lakhs in 50-rupee preference shares. Against the cost price of Rs. 13.95 lakhs, its holdings command a market value of Rs. 8.13 lakhs only. During the year ended 31st March 1963, Sundatta Foods earned a profit of Rs. 11,691, subject to depreciation, which has gone to reduce the carry forward loss to Rs. 8.33 lakhs. In February last, the Company entered into a partnership with the Mysore Spinning and Manufacturing Company Ltd. and the Minerva Mills Ltd. under the name and style of Sundatta Fabrics for conducting retail cloth sales. The first retail cloth shop was opened in Bangalore on 9th March.

With a paid-up capital of Rs. 108.39 lakhs and reserves and surplus of Rs. 46.55 lakhs (excluding Rs. 6.55 lakhs from general reserve required for meeting the year's dividend liability), the Company has a gross block of Rs. 187.88 lakhs (Rs. 166.21 lakhs a year before) which has been written down to Rs. 95.31 lakhs. Borrowings of Rs. 95.57 lakhs and current liabilities and provisions of Rs. 34.13 lakhs (including the dividend liability) bring the total indebtedness to Rs. 129.75 lakhs, which is well covered by current assets, book debts and investments aggregating Rs. 185.11 lakhs.

Currently quoted at a discount at Rs. 38.50 *cum-div.*, the Rs. 50 fully paid ordinary shares of the Company fetch a net yeild of 5.7 per cent per annum.

AMAR DYE'S PROFIT FALLS AGAIN

The gross profit of Amar Dye-Chem Ltd. (Managing Agents: Messrs. Amritlal and Co. Pvt. Ltd., Bombay) which has been on a downward trend ever since 1960 has lost further ground in the year ended 31st December 1963. The actual profit is just Rs. 30.38 lakhs, as against Rs. 36.59 lakhs for the preceding year. Since this recession has taken place in spite of the modest increase in sale proceeds from Rs. 142.90 lakhs to Rs. 149.54 lakhs, the profit-margin (ratio of gross profit to sales) has, as a matter of course, declined by no less than 5.3 points to 20.3 per cent. Commenting on the disappointing state of affairs, the Directors observe:

"The Company has been manufacturing a line of products called naphthols and fast colour bases. This group of dyestuffs has been passing through critical times after it was removed from tariff valuation and was put on *ad valorem* basis for purposes of customes duty. There were, therefore, large imports of these items against unutilised licences during 1963 and these had a very adverse effect on the sales during the first three quarters of the year. Besides, there was a clearly visible shift in the consumption pattern of dyestuffs towards pigment printing colours, involving a replacement of naphthols, vat colours, etc. This resulted in a large accumulation of stocks of finished products to such an extent that the Company had to slow down the production of its traditional items. The total overhead expenses thus had to be distributed on a lower production which naturally increased the cost. Against this background, all efforts were made to effect sales at reduced prices and at considerable discount which affected the profits of the Company."

The following comparative table presents synoptically the working results of the Company for the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sale proceeds	149.54	142.90	170.40	176.15
Other income	1.56	1.88	2.42	2.44
Closing stocks of finished goods	53.68	55.79	48.81	34.32
Raw materials and stores consumed	66.57	61.06	76.61	87.39
Other expenses	52.04	54.11	46.62	34.49
Gross profit	30.38	36.59	64.08	67.72
Managing Agents' commission	0.96	2.01	4.34	5.61
Provision for—				
Depreciation	20.75	12.65	8.66	7.8
Taxation	..	9.63	22.40	21.06
Net profit	8.67	12.30	25.68	33.24
Withdrawal from reserves	6.60	..	..	10.40
Receipts in respect of previous years	0.17	0.40	0.87	2.37
Miscellaneous write-offs	..	..	..	0.10
To reserves	6.62	3.08	20.42	35.68
Dividends—				
Preference	1.71	1.71	1.71	1.71
Ordinary	7.20	8.10	7.35	3.70
	(8%)	(9%)	(12½%)	(12½%)
Carry forward	0.07	0.16	0.35	0.18

Market price of ordinary shares (in rupees):	1964	1963	1962	1961	1960
High	170	228	389	440	528
Low	128	145	195	276	235

Consequent on the decrease in gross profit, the provision for Managing Agents' commission has declined from Rs. 2.01 lakhs to Rs. 0.96 lakhs, while that for depreciation has risen sharply from Rs. 12.65 lakhs to Rs. 20.75 lakhs. As for taxation, even though no provision has been found necessary probably because of a heavier development rebate—the transfer to the statutory reserve has trebled—the net profit still stands reduced by Rs. 3.63 lakhs at Rs. 8.67 lakhs, the lowest level touched during any of the past five years. From this, a sum of Rs. 6.62 lakhs has become compulsorily transferable to the development rebate reserve and, since a further Rs. 1.71 lakh has to be earmarked for paying preference dividend, there is very little profit left for distribution to equity

shareholders. So the Directors have been obliged to withdraw Rs. 6.60 lakhs from the reserve and declared a lower dividend of 8 per cent, as against 9 per cent, subject to deduction of tax. This claims Rs. 7.20 lakhs, leaving Rs. 6,813 to be carried forward, as against the Rs. 15,665 brought in.

The Company's expansion programmes continued to make satisfactory progress during the year. The first phase of the programme to manufacture T.P.M. dyes was delayed somewhat due to the late delivery of some equipments, but these important items could be successfully marketed during 1963. Plants for some other important items have gone into regular production in the first quarter of 1964 and those for certain others will be commissioned during the second quarter of this year. Technicians from the collaborators are at present working on these projects and it is expected that, by the end of June, all the plants connected with the first phase of the programme will be put into proper shape and turned to work satisfactorily to rated capacity. As for the second phase, the building is under construction and the plant is expected to be ready by the end of the current year.

The BON acid plant was commissioned in December 1963. After some teething troubles, two units are working smoothly to rated capacity and production from this plant will be doubled during the next three months after two more units go on stream. The Directors anticipate that, after meeting the Company's own requirements there will be enough surplus of this important intermediate available for domestic sales as well as for exports. The pigment plant is also ready for operation and trial runs are currently being caried out. As soon as the qualities are standardised, regular production will start. The production unit for making dye intermediate is expected to be ready by the end of 1964. No progress, however, could be made with the composite scheme for the manufacture of intermediates for dyes to make the Company self-sufficient.

The Company proposes to diversify its activities with a view to ensuring itself against the possible lean periods due to shifts in the consumption pattern of dyestuffs. Accordingly, it has applied and obtained licence for manufacture of 240 tons of organic peroxide. It has also negotiated for technical collaboration with Novadel Ltd. of London and the Government has approved in principle the terms of the agreement. Further, the Company proposes to manufacture pigment, printing colour and has obtained the necessary permission from the Government, besides procuring the technical know-how. Steps are being taken to start production as early as possible. The manufacture of pigment dyes, it is stated, will compensate for the setback in the business of naphthols and fast-bases. Reactive dyes and pigments printing colours are two ranges of dyestuffs which are highly promising and the Directors express the hope that the Company's entry in these lines will, in due course, greatly help in building up its prosperity.

Following the rights issue made in the previous year, the equity share capital of the Company has risen to Rs. 110.23 lakhs and, together with the preference share capital of Rs. 20 lakhs, makes for a total share capital of Rs. 130.23 lakhs. This is backed by Rs. 80.19 lakhs in reserves and surplus. Own funds have, therefore, advanced from Rs. 189.22 lakhs to Rs. 210.42 lakhs. But this improvement is outstripped by the rise in outside interest of Rs. 27.98 lakhs to Rs. 196.88 lakhs, comprising Rs. 142.22 lakhs as secured and unsecured loans and Rs. 54.66 lakhs as current liabilities and provisions. The addition of new assets worth Rs. 65.13 lakhs during the year has raised the gross block to Rs. 229.75 lakhs and, even though the accumulated amount of depreciation of Rs. 73.73 lakhs is larger by Rs. 22.76 lakhs as compared with the previous year, the net block still stands higher at Rs. 155.29 lakhs, as against Rs. 113.65 lakhs. Since capital work-in-progress is also valued at Rs. 53.38 lakhs, as against Rs. 28.52 lakhs, the total net block is Rs. 208.67 lakhs or Rs. 66.50 lakhs higher than previously. Current assets, loans and advances, and investments however, are down from Rs. 215.92 lakhs to Rs. 198.49 lakhs and are still sufficient to cover fully the borrowings and current liabilities and provisions put together.

As regards prospects for current year, the Directors have stated that, since the last quarter of 1963, business conditions have improved considerably and new plants for reactive dyes and T.P.M. dyes have been commissioned into production. Five applications for patents in respect of reactive dyes have been filed and two have not been opposed. The Company is manufacturing and marketing all the five of them and the range is gradually expanding. The cumulative effect of these, as well as the better trading conditions which are expected to continue during the whole year, will, the Directors hope, end in better results for 1964. In fact, the results of the first quarter of 1964 are said to be much better than those for the corresponding period last year. The main problem worrying the Directors is that of raw materials. With new projects coming on stream, requests have been made to the Government for more raw material allocation. The response is not encouraging, but all possible sources of obtaining raw materials are being tried to maintain production at a satisfactory level.

The Rs. 100-paid ordinary shares of the Company are currently quoted on a *cum-div.* basis at Rs. 146 and fetch, on an *ex-div* price, a net annual return of 4.6 per cent as fresh investment.

ELPHINSTONE MILLS SCRAPES THROUGH

In spite of a substantial increase of Rs. 65.17 lakhs to Rs. 343.03 lakhs in sale proceeds as compared with Rs. 8.29 lakhs to Rs. 297.86 lakhs in the previous year, the Elphinstone Spinning and Weaving Mills *Company Ltd.* (Director: Mr. N. K. Jalan, Bombay) has fared no better during 1963 than what it did in 1962. For its gross profit at Rs. 25.24 lakhs has recovered only a part of the setback of nearly Rs. 29 lakhs (to Rs. 13.98 lakhs) suffered in the previous year. But it would be lower, if the sum of Rs. 19.91 lakhs provided in the previous year as bonus for the years 1959, 1960 and 1961 is taken into account before determining the 1962 profit. During the year under review, only Rs. 3 lakhs have been provided as bonus for 1962. Because of this large difference in the bonus provision staff expenses have come down from Rs. 99.92 lakhs to Rs. 83.40 lakhs and the gross profit has recovered slightly as noted before.

The improvement in profit is in no way in keeping with the rise in sales, because of various reasons listed by the Directors, namely, the abnormally high prices of both indigenous and foreign cottons, the monthly average rate of D.A. paid to the operatives during the year for 26 working days reaching a record high of Rs. 97.10, the *status quo* on the price front under the system of voluntary price control and the poor realisation from export sales due to competition. Additionally, production of superfine qualities was hampered on account of shortage of suitable cotton and that of leather cloth was curtailed owing to shortage of the required raw materials.

Net profit, after making the essential provisions, has doubled from Rs. 3.56 lakhs to Rs. 7.29 lakhs. But still it has been supplemented by Rs. 3.07 lakhs drawn from reserves, as against Rs. 6.50 lakhs a year before. The amount of profit carried to reserves is Rs. 3.38 lakhs as compared with Rs. 4.09 lakhs in the previous year. The rate of ordinary dividend has been kept unchanged at Rs. 9 per Rs. 50 fully paid share. The ordinary and preference dividends aggregating Rs. 7.15 lakhs are to be paid out of general reserve to which Rs. 7.57 lakhs have been transferred from the year's profit. The surplus carried forward is Rs. 12,247, as against Rs. 5,844 brought in.

The Company's progress in the past four years is tabulated below:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sale proceeds	343.03	297.86	289.57	226.71
Closing stocks	79.86	105.30	80.31	68.24
Other income	5.53	3.99	2.32	3.81
Materials, stores and spares consumed	174.69	165.98	150.19	129.78
Staff expenses	83.40	99.92	82.82	71.35
Other expenses	39.79	37.96	37.17	24.90
Gross profit	25.24	13.98	42.78	35.83
Provision for—				
Depreciation	12.35	9.82	8.08	6.30
Taxation	5.60	0.60	16.00	7.00
Net profit	7.29	3.56	18.70	22.53
Write-backs and refunds	0.29	...	...	0.25
Transfer from reserves	3.07	6.50	...	...
Miscellaneous provisions	0.04	0.12	1.03	0.27
Transfer to reserves	3.38	4.09	9.01	14.54
Dividends—				
Preference	1.75	1.75	1.75	1.75
Ordinary	5.40 (18%)	5.40 (18%)	6.60 (22%)	5.40 (18%)
Carry forward	0.12	0.06	1.37	1.06

Equity shares' market value (In rupees):	1964	1963	1962	1961	1960
High	102.00	104.00	142.00	126.00	67.00
Low	95.00	89.00	93.00	55.50	35.00

Further increases in the Company's staff expenses are said to have taken place during the current year. Following the Government's decision to adopt the Lakdawala Committee's recommendations for calculating the consumer price index number on a revised upward basis, dearness allowance at an increased rate of approximately Rs. 8 extra per worker per month is being paid from January last. The Industrial Court's Award in respect of leave for workers, effective as of 1st January 1964, has meant an additional burden of Rs. 2 lakhs per year. Further, the increase in the employer's contribution to provident fund from 6¼ per cent to 8 per cent from December last has raised the Company's provident fund contribution by Rs. 1 lakh per year. Besides higher staff expenses, the Directors say that increases in the excise duty on yarn and cloth and the introduction of *Surtax and the 7½ per cent Dividend Tax* will impose a heavy burden on the industry.

But in spite of limitations affecting its profitability, the Company has been proceeding with its modernisation programme. Several useful items of machinery valued at Rs. 14.79 lakhs were installed and put into commission during the year, while 16 automatic looms were under erection before the year was out. The Cotton Textile Loan Advisory Committee has recommended to the N.I.D.C. Ltd. an additional loan of Rs. 37 lakhs to the Company for equipping the Moon Mills with the latest types of spinning and other machinery.

The Company's paid-up capital, including Rs. 25 lakhs in preference shares, remains unchanged at Rs. 55 lakhs and is backed by reserves and surplus amounting to Rs. 49 lakhs, excluding Rs. 7.15 lakhs from general reserve required for meeting the year's dividend liability. Borrowings have receded from Rs. 86.12 lakhs to Rs. 76.55 lakhs, of which Rs. 26.24 lakhs are from the N.I.D.C. Ltd. and the balance of Rs. 52.31 lakhs is from banks and other sources. Taking into account these short-term loans of Rs. 52.31 lakhs and current liabilities and provisions (including the year's dividend liability) aggregating Rs. 93.87 lakhs, the total indebtedness to outsiders works out to Rs. 146.18 lakhs, as against which current assets, book debts and investments amount to Rs. 139.61 lakhs. The gross block of Rs. 253.02 lakhs (Rs. 237.37 lakhs a year before) has been written down to Rs. 135.61 lakhs. Depreciation for the years 1958 and 1959 amounting to Rs. 9.35 lakhs has not been provided for. No provision has been made for depreciation for 1961, 1962 and 1963 on the assets acquired from the Moon Mills Ltd., as these have not been put to use.

The Rs. 50 fully paid ordinary shares of the Company are currently quoted at Rs. 97.50 *cum-div.* and offer a net yield of nearly 8 per cent per annum.

FACILITATING RESEARCH ON CORPORATE SECTOR

A two-day conference of Heads of Faculties of Commerce and Economics of Universities and premier economic research institutions in India will be held here at New Delhi in August next. Convened by Mr. R. C. Dutt, Chairman of the Board of Company Law Administration, the Conference will consider the question of securing closer liaison between the Board and the Universities in drawing up plans and policies for research concerning the *corporate sector or for solving corporate problems.* It is expected that several Universities and research institutions will be represented at the Conference, which will be inaugurated by Mr. T. T. Krishnamachari, Union Finance Minister.

As a result of the recommendation of the Research Programme Committee attached to the Board of Company Law Administration, it will be recalled, facilities were offered for inspection of published documents filed with the Registrars of Companies and guidance to the research workers and others engaged in reseach on problems relating to the corporate sector in the Universities and research institutions. The Research and Statistics Division of the Administration also brought out an information brochure outlining a co-ordinated plan of research work in this field. Since the Administration took this initiative, a large number of research projects have been undertaken in the Departments of Commerce in the Universities and other research institutions. The Estimates Committee of Parliament, its report on the working of the Company Law Division, urged greater liaison between the Research Division of the Company Law Board and the Universities, so that research on corporate matters might get a fillip. As a sequel to this recommendation, as also after reviewing the progress made in this regard during the last five years, it was decided in April last to sponsor a Conference of University Professors and others engaged in high-grade research on corporate problems to discuss (i) present state of research work on corporate problems in the country, (ii) difficulties faced by the research workers and the assistance which the Government could render in solving them and (iii) a co-ordinated plan of research on corporate problems, so that duplication of efforts might be avoided and more purposeful research might be conducted on the more important aspects of the working of the corporate sector.

West Germany's biggest customer for, and biggest supplier of industrial know-how is the United States. German receipts from the U.S. for patents, inventions, processes, etc., in 1963 accounted for 21 per cent of Germany's worldwide receipts. German expenditures in the U.S. for the same types of know-how constituted 38 per cent of Germany's worldwide expenditures. Japan and Italy were runners-up as customers for German know-how. Biggest German expenditures in this field went to, after the U.S., Switzerland, the U.K. and Holland. In 1963, W. Germany paid a total of 637 million DM for licences, received payments of 216 million DM. The comparison is based on a survey by the Bundesbank.

LABOUR

(*Concluded from page 1061*)

seem to be less satisfactory than the conditions in centres where public services predominate.

7. About three per cent of the employees have had to undergo unemployment at one time or another during the preceding year (1957-58). A majority of them were, however, fresh entrants to the labour force. The reasons for unemployment in other cases were mainly retrenchment, dismissal or termination of contract. The average duration of unemployment works out to 21 weeks per person unemployed.

The authors of the survey have not sought to make any critical assessment of the middle class in Indian society on the basis of this survey. But they have made some concluding observations. The *per capita* income of around Rs. 50 per month of the salaried middle class families, according to them, is not much above the estimated *per capita* income of Rs. 43 per month in the case of urban families in general. A comparison of the average incomes and expenditures of middle class families with those of working class families in the same cities reveals that the average incomes/expenditures of the former are about two to three times those of the latter. But, according to the authors, the incomes and expenditures of the "lower middle class," which are roughly about half the overall level, may be regarded only as slightly higher up, as compared with the working class. There is, however, the compensating circumstance that the service conditions of non-manual employees are in general more satisfactory than those of industrial workers.

SYNOPSES OF COMPANY REPORTS

Rajkumar Mills Ltd., Indore

(*Managing Agents*: Messrs. Jall Brothers (Private) Ltd., Indore.)

Forty-first Annual General Meeting—29th June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales	1,66,57	1,38,19
Closing stock	34,01	50,66
Gross profit	17,47	16,38
To Managing Agents' remuneration	96	1,20
Transfer to depreciation	4,24	4,12
,, ,, provision for contingencies	1,50	Nil
,, ,, provision for taxation	6,75	Nil
Net profit	4,02	11,06
Excess provisions for taxation, etc. written back and other adjustments	4,06	28
Balance brought forward from previous year	15	12,58
Appropriations:		
To arrears of income-tax	Nil	18
Transfer to development rebate reserve	1,27	83
,, ,, general reserve	2,15	20,72
To provisions for contingencies for previous years and other liabilities	2,07	Nil
Proposed dividend (tavable) equity	2,54 (20%)	2,03 (16%)
Carry forward	20	15

Market value of equity shares (In rupees):	1964†	1963	1962
High	142.00	171.25	176.00
Low	137.00	120.00	151.00

† Upto 28th May 1964.

Extracts from the Directors' report: *Exports*: The Company exported 21,63,550 metres of cloth of the Ex-Mill value of Rs. 13,94,557 during the year 1963.

Expansion: A general permission has been granted by the Government to all composite Mills in the Country to install additional spindleage to the extent of 7½ per cent and loomage up to 10 per cent of their licensed capacity. Mills having between 12,000 and 25,000 spindles are allowed to increase spindleage to 25,000. Under this permission, the Company has installed 61 Plain Looms which are put in commission and an order for 2,244 spindles has been placed. Thus the installed looms at present are 628 and after receipt of the ordered spindles, the installed spindles will be 25,000.

During the course of the year, a sum of Rs. 8,50,000 has been spent on machinery covering Electric Motors, Distribution Boards, Plain Looms, Hot Air Stentering Machine, etc. Orders for materials for converting Ring Frames to Casablancas GX-2 system of High Drafting One Tri-Raising Machine, 1 Warp and 4 Weft Ring Frames of the approximate value of Rs. 4,98,000 are pending.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	12,68,250	Gross block	1,07,96,840
Reserves and surplus	37,63,396	—Depreciation	64,27,242
Other liabilities	81,34,824	Net block	43,69,198
		Current assets	66,70,049
		Investments	1,35,193
		Cash	29,92,030
	Rs. 1,31,66,470		Rs. 1,31,66,470

* Paid-up capital consists of 25,365 Equity shares of Rs. 50 each. Of the above 5,073 shares are allotted as fully paid-up by way of Bonus shares through capitalisation of reserves.

Premier Fertilisers Ltd.

(*Managing Agents*: Emcete & Sons Private Ltd., Madras.)

Fourth Annual General Meeting—29th June 1964.

Extracts from the Directors' report for the year ended 31st December 1963: *Production*: As mentioned in the Directors' last report, production commenced from the end of January 1963. Being a new plant, the initial teething troubles were there, and after studying and attending to them increased production could be started only by about May 1963, and the rated capacity attained in stages thereafter.

Sales: In spite of severe competition and entering the field for the first time, the Company was able to market over 50 per cent of the *superphosphate* produced. Sale of fertiliser mixtures was encouraging. Plans have been worked out to increase both production and sales of superphosphate and mixtures during 1964.

Working Results: The profit for the year ended 31st December 1963, before charging depreciation is Rs. 52.803. This is encouraging, being the first year of operation as it is, considering the uphill task the Company had to face in marketing. This sum together with the surplus of Rs. 56,804.10 brought forward from previous year aggregates to Rs. 1,09,607.10. As this amount is small compared to the amount of depreciation necessary to be provided for 1963 (which according to the income-tax method works out to Rs. 9,64,479) no depreciation has been provided and the profit has been carried forward.

General: In 1964, the Company opened a Mixing-cum-Sales Unit at Tiruchirapally and Thirunelveli in addition to those already functioning at Cuddalore, Madurai, Coimbatore and Bangalore. Sales are being planned and organised to expand and intensify the Company's activities, and better results are expected this year.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	49,84,750	Gross block	60,41,412
Reserves and surplus	1,18,077	—Depreciation	40,438
Other liabilities	45,48,891	Net block	60,00,974
		Current assets	33,91,345
		Investments	22,897
		Cash	71,632
		Miscellaneous expenditure	1,64,820
	Rs. 96,51,718		Rs. 96,51,718

* Paid-up capital consists of 5,00,000 Equity shares of Rs. 10 each. Calls in arrears amount to Rs. 15,250.

Ferro Alloys Corporation Ltd.

(*Managing Agents*: Messrs. Saraf Mor & Co. Private Ltd., Tumsar, Maharashtra.)

Eighth Annual General Meeting—27th June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales	1,61,43	2,25,57
Sales of imported ferro alloys	9,83	Nil
Closing stock of finished products	2,15,65	1,24,32
Gross profit	28,03	36,72
To Managing Agents' remuneration	1,17	1,85
Transfer to depreciation	9,83	10,69
,, ,, development rebate reserve	21	35
,, ,, provision for taxation	8,50	8,06
Net profit	8,32	15,77
Refunds of expenses for previous years	28	19
Appropriations:		
To expenses relating to previous year	18	5
Transfer to provision for Bonus	90	75
,, ,, general reserve	1,00	5,50
Proposed dividends (taxable) Preference	1,56	1,56
,, ,, ,, Equity	5,60	7,20
	(7%)	(9%)
Carry forward	57	1,20

Market value of equity shares (In rupees):	1964†	1963	1962
High	116.50	130.00	176.00
Low	107.50	116.00	126.00

† Upto 5th June 1964.

Extracts from the Directors' report: *The Barter*: The Government of India through the State Trading Corporation of India Limited (now The Minerals & Metals Trading Corporation of India Limited) successfully negotiated the second barter agreement with the Government of U.S.A., for export of ferro-manganese against import of cotton. Under this barter this company has been allotted the largest quota for export. Though the present deal does not leave adequate margin of profit, yet it will help the company to dispose of its accumulated stocks. The Company has already shipped about 18,000 tons in the year 1964 and further 15,000 tons will be shipped shortly.

Operation: The Company's factory at Shreeramnagar (Garividi) was in full production throughout the year except for a brief period of a fortnight when there was a sudden and illegal strike by the workers. In order to supply the quantity of ferro-manganese allotted to the Company under the above mentioned barter agreement, the furnaces were utilised for manufacturing of ferro-manganese only. The working of the factory has been quite satisfactory.

Repairs to plant and machinery: In addition to normal repairs the company had to do heavy replacements in the shape of slag and metal pans, buckets for Bucket Elevator as also repairs to crushers etc. Besides this, large amounts were expended over re-lining of furnaces.

Messrs. Best Minerals Private Limited, Bombay/Nagpur are owing some good manganese mines in Madhya Pradesh and Maharashtra State. The quality of the manganese ore is well suited for production of ferro-manganese. Since shareholders of the aforesaid company are willing to dispose of their shares, the company is interested in the purchase of the entire shareholdings of the said Company with a view to ensure supply of quality manganese ore for this Company's factory. The matter is under negotiation.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	1,00,00,000	Gross block	1,43,85,859
Reserves and surplus	26,46,636	—Depreciation	55,29,712
Other liabilities	2,58,91,251	Net block	87,56,147
		Current assets	2,92,99,741
		Investments	3,18,236
		Cash	1,63,763
	Rs. 3,85,37,887		Rs. 3,85,37,887

* Paid-up capital consists of 80,000 Equity shares of Rs. 100 each and 20,000—6 per cent. tax-free cumulative redeemable preference shares of Rs. 100 each.

Enfield India Ltd.

(*Chairman*: Mr. K. R. Sundaram, Madras.)

Eight Annual General Meeting—27th June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales	2,22,89	1,40,50
Receipt from job orders	12,02	12,60
Closing stock	1,30,76	1,08,34
Gross profit	26,25	15,60
Transfer to depreciation	18,85	8,57
,, ,, provision for taxation	4,97	2,93
Net profit	7,43	4,10
Appropriations:		
To donations	Nil	16
,, deferred revenue expenditure written off	45	Nil
Transfer to development rebate reserve	2,44	1,16
Proposed dividends (taxable) Preference	91	91
,, ,, ,, Equity	3,62	1,85
	(7½%)	(4%)
Carry forward	6	6

Market value of equity shares (In rupees):	1964†	1963	1962
High	10.87	9.50	12.05
Low	9.10	8.97	05.0

† Upto 28th May 1964.

Extracts from the Directors' report: *Operation*: The working results for the year are satisfactory. In the last year's report your attention was drawn to the disproportionate utilisation of available plant capacity as a result of the Company having to concentrate on the production of 350 cc. motor cycles for the Defence Services at the expense of other models, particularly the Scooter. After stabilising the higher production of 350 cc. motor cycles, the Company resumed production of scooters. For an industry of this type, to put into effect a revised pattern of production, necessarily involves considerable time. Therefore, the production of scooters was small. As a consequence, while the results for the year under review have shown a significant improvement, the turnover and profit are not as high as they would have been. Pilot production of industrial engines commenced in August, 1963.

Towards the end of the year under review, the construction of ancillary units in the K. R. Sundaram Industrial Estate sponsored by the Company, was nearing completion, only a little behind schedule. Two units had commenced production.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	58,33,000	Gross block	1,27,35,885
Reserves and surplus	9,22,808	—Depreciation	41,42,015
Other liabilities	1,85,27,929	Net block	85,93,870
		Current assets	1,63,78,629
		Investments	30,024
		Cash	2,80,614
	Rs. 2,52,83,737		Rs. 2,52,83,737

* Paid-up capital consists of 10,000—7 per cent tax-free redeemable cumulative preference shares of Rs. 100 each and 4,83,300 ordinary shares of Rs. 10 each.

Andhra Cement Co., Ltd.

(*Chairman*: Mr. V. Ramakrishna, Madras.)

Twenty-sixth Annual General Meeting—25th June 1964

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales	1,33,96	1,43,44
Closing stock	2,37	1,23
Gross profit	20,69	23,82
Transfer to depreciation	8,82	9,39
,, ,, provision for taxation	3,15	7,88
Net profit	6,72	6,55
Excess provisions written back	51	...
Transfer from reserves	1,98	2,96
Appropriations:		
To expenses for previous years	26	24
To donations	1	52
Transfer to rehabilitation fund	1,53	1,62
,, development rebate reserve	82	56
Proposed dividends (taxable) Preference	19	19
,, ,, ,, Equity	6,39	6,39
	(9%)	(9%)
Carry forward	3	2

Market value of equity shares (In rupees):	1964†	1963	1962
High	10.20	10.40	10.50
Low	9.95	9.20	8.85

† Upto 28th May 1964.

Extracts from the Directors' report: The production during the year could not show substantial improvement over the previous years, in spite of a satisfactory supply of raw materials including coal. Certain major repairs to plant and machinery, besides unforeseen repairs following unprecedented rains during the year, were carried out. The shortfall was also the result of heavy accumulation of stocks of clinker for want of timely releases due to short supply of transport, which continued as a bottleneck for some months. Every effort is being made to maximise production and to achieve the targets set out for the industry. Clinker production, cement production and cement despatches were as follows:

Clinker production	....	1,66,219 tonnes
Cement production	...	1,60,114 ,,
Cement despatches	...	1,61,514 ,,

The Government have given an increase in the retention price by Rs. 2.75 per tonne (with a reduction of 0.25 in the Selling Agency Commission) effective from 1st June 1963, but this was more than offset by the increased costs that have resulted from Governmental action and for reasons beyond the Company's control. The increase allowed was not adequate to compensate for the increased manufacturing costs and the subsequent increase in costs caused by surcharge on power tariffs and freight and other Governmental actions. The decline in profit was largely due to the aforesaid reasons.

The import of the oil firing equipment for converting the *kilns* from coal firing was delayed due to the payments having to be negotiated on terms prescribed by the Government and acceptable to the suppliers. Due to abundance of coal, of late, it is understood the Government are re-examining the implications of the proposal.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	73,89,580	Gross block	1,84,57,207
Reserves and surplus	10,36,769	—Depreciation	1,08,05,161
Other liabilities	86,21,375	Net block	76,52,046
		Current assets	87,67,376
		Investments	5,88,010
		Cash	29,392
	Rs. 1,70,47,724		Rs. 1,70,47,724

* Paid-up capital consists of 7,10,317 Equity shares of Rs. 10 each and 2,488—6 per cent tax-free cumulative first preference shares of Rs. 100 each. Amount paid-up on shares forfeited is Rs. 37,610.

KHANDELWAL FERRO ALLOYS LTD.

(*Concluded from page 1072*)

Credit Corporation of the United States Government for the export of ferro-manganese on the satisfactory performance of the present Indo-U.S. barter. There is, further, very distinct possibility of the profits of the industry being augmented by the export of ferro-manganese slag, and this line promises to be a good foreign exchange earner.

In addition to the above, the results from the establishment and operation of the steel tube mill, for which the Industrial Finance Corporation have agreed to furnish the necessary guarantee to the foreign loan and sanction a rupee loan for the construction of the project, will, it is hoped, add to the profit-earning capacity of the Company.

On behalf of the Board of Directors and on my own, I wish to express our warm appreciation of the cordial management-labour relations and the devoted services of all workmen, officers and staff of the Company during the year under report.

Notices

RESERVE BANK OF INDIA

APPLICATIONS ARE INVITED FOR THE following posts in the Reserve Bank of India:—

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

(i) **Deputy Chief Officers, Department of Banking Operations—Rs. 1275-75-1575.**

(ii) **Banking Officers: Rs. 430-430-55-815 EB 55-925-60-1045.**

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

In addition to pay, the selected candidates in both the categories mentioned above will be eligible to draw local pay (at centres where it is admissible) and house allowance at rates prescribed from time to time. Dearness Allowance is also admissible to Category (ii) at rates prescribed from time to time.

(B) **QUALIFICATIONS:**

(i) *Deputy Chief Officers*: Applicants should have a minimum of 15 years' commercial banking experience out of which not less than five years should be in a responsible position. Preference will be given to applicants with high academic qualifications who have made a special study of Economics, Banking, Commerce or Accountancy.

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

Candidates who have applied for these posts in response to previous advertisements issued during the last three years need not apply again.

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

(C) **AGE LIMITS AS ON 1st JULY 1964:**

(i) *Deputy Chief Officers*: Candidates should not be over 45 years of age.

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

2. Candidates who wish to apply for more than one category of posts must submit *separate* applications accompanied by *separate* application fees and should clearly indicate the post for which they have applied.

3. Applicants for the above posts must remit with their applications a fee of Rs. 7.50 for each post by cheque or Bank draft on a *Scheduled Bank* payable at Bombay or by Postal Order. *The application fee is in no case refundable.* In the case of candidates belonging to Scheduled Castes/Tribes, the fee will be reduced to one-fourth.

4. Applications in the candidate's own handwriting in the prescribed forms obtainable from the Reserve Bank's offices at Bombay, Calcutta, Kanpur, New Delhi, Nagpur, Madras, Bangalore Hyderabad, Trivandrum, Lucknow, Patna and Jaipur accompanied by copies (originals should not be sent) of certificates regarding age and educational qualifications, statements of marks secured in the Graduate and Post-graduate degree examinations and two testimonials should be forwarded to the Secretary, Central Recruitment Board, Reserve Bank of India, Central Office, Post Box No. 406, Bombay No. 1, so as to reach him on or before the 25th July 1964.

5. Candidates already in service will be required to produce a proper discharge certificate from their employers in the event of their being selected at the time of their appointment in the Bank's service.

6. Candidates belonging to Scheduled Castes/Scheduled Tribes should mention this fact prominently in their applications and also enclose a copy of a certificate to that effect from a competent authority.

7. Candidates must be prepared to serve in any office of the Bank in India, and to undertake tours when required.

8. Selected candidates will have to appear for interview/s before the Selection Board at any of the Bank's Offices.

9. Appointments will be subject to candidates being found medically fit for service in the Bank by the Bank's Medical Officer.

10. If any candidate desires to have his application acknowledged, he should send it by "Registered Post—Acknowledgement Due." Apart from those who may be specially called, interviews will not be granted to candidates nor will the Bank enter into correspondence with them.

11. Canvassing in any form will be regarded as disqualification.

HYDERABAD ASBESTOS CEMENT PRODUCTS LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE SEVENTEENTH ANNUAL GENERAL MEETING of the Hyderabad Asbestos Cement Products Ltd. will be held on Monday, the 29th June 1964 at 11-00 a.m., at the Registered Office of the Company at Sanatnagar, Hyderabad-18, to transact the following business:

1. To receive and adopt the Audited Balance Sheet and Profit and Loss Account for the year ended 31st December, 1963 and the Directors' and Auditors' Reports thereon.
2. To declare a Dividend.
3. To appoint Directors in place of Shri Nadirsha B. Chenoy and Shri Noor Mohamed Alladin who retire by rotation under Article 122 of the Articles of Association of the Company

(i) Shri Nadirsha B. Chenoy has attained the age of 84 years (his date of birth being 21.6.1881). Shri Nadirsha B. Chenoy has been long associated with Board of Directors and his re-appointment is considered to be in the interest of the Company. The Company has received the requisite Special Notice from a member of the Company and accordingly, the Special Notice is hereby given to the Shareholders of the Company for passing the following resolution for the re-appointment of Shri Nadirsha B. Chenoy.

"RESOLVED that Shri Nadirsha B. Chenoy who has attained the age of 84 years, be and is hereby re-appointed as a Director of the Company and it is hereby specifically declared that the age limit prescribed under Section 280 of the Companies Act shall not apply to him."

(ii) Shri Noor Mohamed Alladin being a Director and a Shareholder of Messrs. Hyderabad Agencies Private Ltd., the Managing Agents of the Company, is deemed to be an associate of the said Managing Agents. As such his re-appointment is subject to the compliance with the provisions of Section 261 of the Companies Act, 1956. Shri Noor Mohamed Alladin has been long associated with the Board of Directors and his re-appointment is considered to be in the interest of the Company. The Company has received the requisite Special Notice from a Shareholder and accordingly the Special Notice is hereby given to the Shareholders for passing the following resolution for the re-appointment of Shri Noor Mohamed Alladin as a Director of the Company.

"RESOLVED that Shri Noor Mohamed Alladin, an associate of the Managing Agents, be and is hereby re-appointed as a Director of the Company."

4. To appoint Auditors and fix their remuneration.

The retiring Auditors, Messrs. S. G. Dastgir & Co. Chartered Accountants, are eligible for re-appointment.

5. SPECIAL BUSINESS: To consider and if thought fit to pass the following Ordinary Resolution of which a Special Notice as required by Section 281 of the Companies Act, 1956 has been received and is hereby given by the Company.

"RESOLVED that the appointment as a Director of this Company of Shri N. Sundaresan, who has attained the age of 70 years (his date of birth being 13.1.1895) and whom Messrs. Hyderabad Agencies Private Ltd., the Managing Agents of the Company, propose to nominate as Director, be and is hereby approved and it is hereby specifically declared that the age limit prescribed under Section 280 of the Companies Act, 1956 shall not apply to him."

By Order of the Board,
For HYDERABAD ASBESTOS CEMENT PRODUCTS LIMITED,
G. R. DESAI,
Secretary.
(Company Law.)

Registered Office:
SANATNAGAR,
HYDERABAD-18,
Dated 24th May, 1964.

N.B. :—1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company.

2. The Share Register of the Company will remain closed from 20th June 1964 to 29th June 1964 (both days inclusive).

3. Payment of dividend, if declared at the Meeting, will be made on and after 31st July 1964 to those Members whose names are on the Company's Register of Members on 29th June, 1964.

Note:—The relevant explanatory statement pursuant to Section 173 of the Companies Act 1956 in respect of the Special Business under item 5 is annexed to the Notice sent to all the Shareholders to their respective addresses registered with the Company.

THE MALWA VANASPATI AND CHEMICAL COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Eighteenth Annual General Meeting of the Company will be held at the Registered Office of the Company at Bhagirathpura, Indore, on Tuesday, the 30th June, 1964, at 3.00 p.m., to transact the following business:—Viz. (1) to receive and adopt the Directors' Report and Accounts, (2) to declare a dividend, (3) to appoint the Directors in place of those retiring, (4) to appoint Auditors, (5) to pass Special Resolutions, and (6) to transact any other business with the permission of the chair.

Detailed Notice together with the Directors' Report, Accounts and explanatory statement is being posted individually to the Shareholders of the Company.

By Order of the Board,
For MOHATTA BROTHERS,
SHIVRATAN G. MOHATTA,
Partner,
Managing Agents.

INDORE,
Dated 1st June, 1964.

Notes:—(1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.

(2) The transfer books of the Company will remain closed from 17th June, 1964 to 30th June, 1964 (both days inclusive).

(3) The dividend when approved will be paid to those Members whose names appear in Company's books as on 30th June, 1964. The members are requested to please notify change of address, if any.

THE BENGAL PAPER MILL COMPANY LIMITED

Registered Office:

14, Netaji Subhas Road, Calcutta

NOTICE IS HEREBY GIVEN THAT THE Register of Loan Stock holders of the Company will remain closed from 20th June to 29th June 1964, both days inclusive for the purpose of payment of interest for the half-year ending 30th June 1964 on 6½ per cent Unsecured Convertible Loan Stock 1963/70 of the Company.

By Order of the Board,
THE BENGAL PAPER MILL COMPANY LTD.,
H. P. DHANUKA
Director.

1st *June,* 1964.

INDORE MALWA UNITED MILLS LIMITED

MODERNISATION AND RENOVATION PROGRAMME

CHAIRMAN, MR. K. G. SEKSARIA, REVIEWS PROGRESS

THE hope that the Government of India would decide the question of cloth prices in such a way as to give a fair return to shareholders and to leave an adequate surplus for modernisation and rehabilitation was expressed by Mr. Kudilal Govindram Seksaria, Chairman of the Indore Malwa United Mills Limited, in his speech at the Fifty-seventh Annual General Meeting of the Company held at Bombay on Tuesday, 16th June 1964. Mr. Seksaria alluded to the "alarming rate" at which costs, particularly of cotton, were rising. But, so far as his own Company was concerned, he declared, it would be producing more processed cloth than before. With the completion of the present modernisation and renovation programme resulting in an improvement in the Company's competitive capacity, he hoped that the working results for the current year would be equal to, or even slightly better than, those for 1963.

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

GENTLEMEN,

I have great pleasure in welcoming you all to the fifty-seventh annual general meeting of the Company.

At the outset, let me mention here that we are all meeting today under the shadow of a great tragedy that has befallen this country in the passing away of our beloved leader Pandit Jawaharlal Nehru. Under his able leadership, India had achieved for herself a place of pride in world politics in such a short time. Afro-Asian nations looked to him for guidance. At home, through the Five-year Plans, the country made rapid strides towards industrialisation, so that the country could keep pace with the developed nations of the world. He believed in resolving all disputes amongst men as well as amongst nations by peaceful means and was a strong advocate of the principle of co-existence. Although some of the world powers did not like his policy in the beginning, they are now veering towards the same. His loss was mourned not only by the country of his birth but throughout the world. By his passing away, a vacuum has been left in our country which may perhaps never quite be filled. We, therefore, should make our utmost contribution towards the realisation of his dreams.

Mr. Shastri

The nation is fortunate in having Shri Lal Bahadur Shastri as his successor. He is eminently suited to shoulder the burden of the State. During the critical period ahead, our hopes and aspirations are with him in steering clear the nation amidst storms and tribulations towards a peaceful, prosperous and united India.

The Directors' report and the annual accounts of the Company for the year ended 31st December 1963 have been in your hands for some time and, with your permission, I take them as read.

You will no doubt be gratified to observe from the Directors' report and the audited accounts that the Company has been able to show a higher profit of Rs. 23.93 lakhs subject to provision for depreciation, development rebate, taxation and bonus for the year 1961, as compared with Rs. 15.75 lakhs made last year.

Cotton

Cotton position had been satisfactory last year, due to favourable weather conditions prevailing in the cotton growing areas. The Indian cotton crop for 1962-63 season amounted to a record figure of 59 lakh bales, the highest since independence. Anticipating a better crop, the Government raised the floor prices in advance for the 1963-64 season by Rs. 100 per candy and the compulsory survey scheme was abolished. Subsequently, due to unfavourable climatic conditions prevailing in the cotton growing areas and the steady rise in mill consumption, prices of all varieties touched the ceilings. However, your Company was able to procure cotton for its mills at reasonable prices.

The industry's problem of planning out production on a reasonably long-term basis can be solved by the vigorous steps taken by the Government to increase the production of cotton and adequate imports of foreign cotton.

Cloth and Yarn Prices

Prices of cloth and yarn in the home market remained almost stationary during the year under review, due to the voluntary control imposed by the industry in the year 1961. The industry was in the grip of persistent cost inflation due to higher prices of raw cotton, heavier wage bill, increased costs of stores, dyes and chemicals, rise in fuel and electricity charges, enhanced railway freight, emergency insurance premium and other imposts. It has been calculated that there had been a rise of more than 15 per cent in the cost of production since 1962. Due to rigid cost inflation, and with no compensating increase in cloth prices, the production of cloth decreased in the year 1963. Representations have been made by the industry to the Government from time to time to permit increases in the prices of cloth, as the industry is unable to continue the present system of stamping of prices on a basis which was fixed in January 1961. I hope that the Government will decide the question of cloth prices in such a manner as will not only give a fair return to the shareholders but also leave adequate surplus for the enormous task of modernisation and rehabilitation.

In spite of new restrictions being applied by many of the importing countries, exports of cloth showed a slight increase during the year 1963, as compared with last year, that is, 508 million yards (Rs. 40 crores) in 1962 to 531 million yards (Rs. 41 crores) in 1963. However, the export performance of your mills has not been happy. The shortfall has been covered by purchasing surplus exports of other mills.

Taxation

The last budget has not brought any substantial relief to the Company. While the rates of income-tax and super-tax under the new Finance Act have been the same, the Government has imposed a dividend tax at 7½ per cent on the dividends paid in the year 1963, which liability has been estimated at Rs. 28,102 and the same has been included in the provision for taxation. The levy of super profit tax has been replaced by a new levy of sur-tax which is no doubt more liberal than the former. I would like to state that the Company will not be required to pay any sur-tax for the year 1963. Further, the Finance Minister has given a special relief by way of third shift depreciation allowance at 50 per cent on the normal rates of depreciation for the assessment year 1964-65, which corresponds to the Company's financial year 1963. As a result of this allowance, the provision for depreciation for the year 1963 will increase, resulting in the reduction of the taxable profits of the year. As some of the departments of our mills have been working third shift, the amount of third shift depreciation allowance is being worked out and the same will be adjusted in the current year's accounts.

As stated above, the second important cause of increase in the cost of production was the increase in the wage bill. In spite of the best efforts made by the industry to modernise and renovate its machineries within the limits of its resources, the increased *per capita* productivity has not produced the expected benefits. The Bonus Commission, in its report, has laid down a formula for the calculation of bonus applicable to all industries. The report is under the consideration of the Central Government.

Meanwhile, due to the insistence of the Indore Mill *Mazdoor Sangh*, Indore, an agreement has been arrived at by the Madhya Pradesh Millowners' Association, Indore, of which your Company is a member with them, to pay a provisional bonus for the year 1962, equivalent to their 20 days' basic earnings, exclusive of dearness allowance. The said agreement will be later revised in the light of any all-India recommendations accepted and made applicable to the textile industry by the Government for the year 1962.

Turning to the affairs of the Company, the working of your mills during the year 1963 was better, in spite of the decrease of Rs. 14 lakhs in total sales of cloth, yarn and waste and the dislocation caused in the working of the mills due to large-scale modernisation and renovation of the mills' machinery and occasional labour troubles due to internal friction amongst them.

As the Company was able to procure cotton for its mills at reasonable prices, the consumption of cotton has been more or less stationary, that is, Rs. 187 lakhs in 1963, as against Rs. 190 lakhs in 1962. On account of the economies effected by the Company, stores and dyes consumption dropped by Rs. 2 lakhs and the administrative expenses, exclusive of interest charges and expenses incurred on account of medium-term loan taken from the State Bank of India, dropped by Rs. 2.61 lakhs. On the other hand, coal and electricity charges have increased by Rs. 1.74 lakhs, due to higher coal prices and enhanced railway freight and higher electricity duty. Although insurance charges have been shown higher by Rs. 1.92 lakhs, the same are due to the Emergency Risk Insurance. Interest charges show an increase of Rs. 2.87 lakhs, but it is due to purchases of machineries.

Salaries and wages during the year 1963 have increased by about Rs. 4 lakhs and are expected to increase further during the current year due to the rise in the cost of living index and other factors.

Cloth production during the year 1963 was 3,71,48,628 metres, as against 3,70,59,696 metres in 1962, but, as the market conditions were dull, the sale and offtake of cloth during the year 1963 was lower.

New Machinery Installed

In the Directors' report under the heading modernisation and renovation, full particulars have been given to you about the receipt of new machineries in the year 1963. I am glad to inform you that most of the new machines have been commissioned during the current year, like mineral khaki plant, package dyeing plant and Artos-Maneklal pid and pinclip stentering machine and the same are working satisfactorily. You will be pleased to know that orders for mineral khaki are being received in bulk quantities from the Defence and other Government departments and that our supplies are being approved and accepted by them. Production of mineral khaki is increasing.

As regards the prospects of the current year, I am afraid that the year 1964 will be a year of strains and stresses. Costs, particularly of cotton, are rising at an alarming rate, but, as far as our Company is concerned, it will be producing more processed cloth than before. With the completion of the present modernisation and renovation programme, resulting in the increase of the competitive capacity of the Company, I hope that the results of the current year will be equal to or slightly better than those of 1963. This is, of course, subject to any unforeseen event taking place in the political and the economic fields. The working of the first five months of 1964 shows normalcy.

As intimated to you in the notice, we would be transacting some special business in the meeting. In the explanatory note annexed to the notice, the nature of the business has been fully explained. I hope you will kindly accord your approval thereto.

Our relations with the trade union have been cordial throughout the year, although at times, due to a rift amongst the workers, the mills had to experience considerable difficulties.

On behalf of the Board and myself, I thank all the officers and other employees of the Company for the good work they have put in during the year.

I also thank all my colleagues on the Board for the invaluable support which they have always given to me.

I thank you all for coming here and listening to me.

Note:—*This does not purport to be the record of the proceedings of the 57th Annual General Meeting of the Company.*

NEWS IN BRIEF

UNDER an agreement signed between the Oil and Natural Gas Commission and the Soviet trade organisation "Technoexport" at New Delhi on 15th inst., a seismic survey will be conducted in the Kutch Gulf area and the Madras coast with the help of a special Soviet seismic ship.

A Rs. 5-lakh rolling mill, designed and built by the Moscow Research and Design Institute, has recently been erected in the Indian Institute of Technology at Powai near Bombay. The mill, the cost of which has been borne by the U.N.E.S.C.O., is fully automatic with a special central room operating all processes.

The Kerala Government is contemplating to set up an industrial estate for producing rubber articles in Central Travancore. Five acres of land have already been acquired for this purpose. The proposed estate will have 20 units, each with an investment of Rs. 30,000. At present, many rubber articles required for the Railways are imported.

A team of World Bank experts is expected to arrive in Calcutta towards the end of July 1964 to hold discussions with the West Bengal officials and make an on-the-spot study of four projects—the Bally Bridge approach development, Haldia Link Road, Durgapur Express Highway, and the second bridge across the Hooghly—for which aid from the Bank is being sought. The projects are together estimated to cost over Rs. 45 crores.

A new company, called Tata-Merlin and Gerin Limited, is proposed to be formed soon in Bombay to undertake manufacture, among others, of switchgear and electrical equipment. The new venture is the result of collaboration between Voltas and the French firm of Merlin and Gerin. The authorised capital of the new company will be Rs. 2.5 crores. The French firm has about forty-year experience in the manufacture of switchgear, power and instrument transformers, pre-fabricated switchboards and special equipment for mines and railways.

Exports of iron and steel manufactures from India in the first three months of the current calendar year aggregated Rs. 102.2 lakhs against Rs. 66.3 lakhs in the same period of 1963. The major items exported were steel blooms, billets, bars, plates, rounds, etc. (Rs. 2.37 lakhs), stainless steel utencils (Rs. 13.0 lakhs), railway track materials, cast iron pipes and fittings, steel trunks and steel furniture. The main importing countries were Kuwait, Bahrein, Aden, Oman, Nigeria, Kenya, Tanganyika, Ceylon, Thailand, Saudi Arabia, Malaysia, Muscat and Mauritius.

A technical collaboration agreement for the installation of a high pressure boiler plant at Tiruverumbur in Tiruchirapalli has been signed between the Technoexport of Czechoslovakia and the Heavy Electricals (I) Ltd. The agreement covers technical co-operation and consultancy service for the production of (*a*) high pressure boilers ranging from 125 to 450 tonnes—steam per hour capacity; (*b*) package boiler units with output six tonnes per hour above 22 atm. pressure—temperature 380 degree C.; (*c*) high pressure valves and figgings for the above boilers; training of Indian personnel in the C.S.S.R. and working drawings for the production of non-standard equipment in India; test equipment and factory layout, services, etc. The total payment for the various services amounts to Rs. 2 crores.

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From Abroad

The aggregate world production of all the major wool products increased last year, according to the Commonwealth Economic Committee. The top 24 wool textile manufacturing countries produced 2½ per cent more tops, 2½ per cent more worsted yarn, 4 per cent more woollen yarn and one per cent more woven fabrics.

The machine tools industry in Poland exported almost 30 per cent of its total output during the year 1963. Some units, exported even 50 per cent or more of their production. Polish machine tools are imported by many firms of world-wide repute in Great Britain, West Germany, Sweden, France, Italy, etc.

The Pakistan Government has decided to build a second international airport at Dacca, without any American aid. The cost of building the airport as estimated by the U.S. Aid and Development Agency is Rs. 6.2 crores, of which one-third represents foreign exchange spending.

Telephone subscribers in Japan can now get the numbers they want in the United States within ten minutes by merely dialling an exchange in Tokyo and giving the American number desired. This facility has been rendered possible by a cable laid between Ninomiya in Japan and Hawaii which is connected with the U.S. through a sub-marine cable. The new cable has ensured quick direct services to Canada, Alaska, Hawaii, Mexico, Jamaica, Puerto Rico, Bermuda and Virgin Islands.

As much as one-fourth of the Cuban budget for 1964—that is, almost 627 million pesos—has been earmarked for education, culture, scientific research and social services, the share of education alone being 219 pesos. The Cuban Ministry of Education is utilising all modern scientific methods relating to education. Since 1962, the Ministry has been broadcasting a number of educational programmes for adults over a national television net work. The sum allocated for agrarian reform is 343 million.

The U.N. Food and Agricultural Organisation has reported that the prospects for the 1964-65 world grain crop are better than last season's record. The expectations of wheat production are favourable in all the regions of the world. Production of coarse grains (outside the eastern trading area) increased more than that of wheat mainly because of larger maize and barley output. The current world grain situation is characterised by a major increase in the volume of international trade in 1963-64. The world prices of both wheat and coarse grains rose in the second half of 1963, but they have weakened again in recent months.

Transit tolls on all vessels using the Suez Canal will be increased by one per cent from the midnight of the 29th inst. There will be an additional increase payable by vessels exceeding 37 feet draught and 104 feet width. An extra 2 per cent will be payable for every foot or fraction thereof exceeding 37 feet, an additional 1 per cent charge being payable for every 6 feet or fraction thereof exceeding 104 feet width. In view of the insignificant increase in the number of vessels using the canal during the last three years, the idea of two-way traffic in the Canal had been put off. The second five-year development plan provides for the deepening of the Canal to take vessels having 41 feet draught.

Mr. Pierre-Paul Schweitzer, Managing Director of the International Monetary Fund, and Mr. Alfred Zehnder, Ambassador of Switzerland to the U.S. have extended letters costituting an agreement for the association of Switzerland with the Fund's general arrangements to borrow. Under the borrowing arrangements, which have been in effect since October 1962, ten industrial members undertake to lend the Fund up to $6 billion in their national currencies, if this should be needed to forestall or cope with an impairment of the international monetary system. Switzerland will make financial arrangements directly with individual countries. The Swiss Confederation has informed the Fund that it would be prepared to consider arrangements, which may be reciprocal, with any of the participants in the borrowing arrangement, and would make resources available for this purpose in amounts not exceeding an outstanding total equivalent to 865 million Swiss francs. Swiss association with the Fund's general arrangements to borrow will enable the Fund to call upon the Swiss Confederation to extend credits to participant countries in accordance wih their implementing arrangements with Switzerland.

PERSONAL

AIR Marshal A. M. Engineer, who is retiring shortly as the Chief of the Air Staff, has been appointed Ambassador of India to Iran. He is expected to assume charge of his new assignment by the end of November this year.

The President has approved of the following changes in the portfolios of Cabinet Ministers and Ministers of State:

Cabinet Ministers

Mr. Asoke Kumar Sen—Law and Social Security.
Mr. Satya Narayan Sinha—Communications and Parliamentary Affairs.

Ministers of State

Mr. Nityanand Kanungo—Civil Aviation.
Mr. K. Raghu Ramaiah—Supply in the Ministry of Industry.
Dr. Ram Subhag Singh—Ministry of Railways.
Mr. R. M. Hajarnavis—Cultural Affairs in the Ministry of Education.
Mr. A. M. Thomas—Defence Production in the Ministry of Defence.

Deputy Ministers

The President, on the advice of the Prime Minister, has appointed the following as Deputy Ministers:

Dr. Mono Mohan Das—Rehabilitation.
Mr. Shah Nawaz Khan—Food and Agriculture.
Mr. S. V. Ramaswamy—Commerce.
Mr. Ahmed Mohiuddin—Transport.
Mr. B. S. Murthy—Community Development and Co-operation.
Mr. Lalit Narayan Mishra—Home Affairs.
Mrs. Soundaram Ramachandran—Education.
Mr. D. R. Chavan—Food and Agriculture.
Mr. C. R. Pattabhi Raman—Information and Broadcasting.
Mrs. Maragatham Chandrasekhar—Department of Social Security.
Mr. Jaganath Rao—Law.
Mr. Sham Nath—Railways.
Dr. D. S. Raju—Defence.
Mr. Dinesh Singh—External Affairs.
Mr. Bibudhendra Misra—Industry.
Mr. B. C. Bhagavati—Department of Communications.
Mr. Shyam Dhar Misra—Irrigation and Power.
Mr. Prakash Chandra Sethi—Steel and Mines.
Mr. Ratanlal Kishorilal Malviya—Labour and Employment.
Mr. Bhakt Darshan—Education.

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SOE-UBI-1-63

TREND OF MARKETS

CALL RATE RECEDES

(From Our Own Correspondent)

BOMBAY, *17th June*

The short-term money market depicted a distinctly easy trend during the week under review. Demand for credit was on a reduced scale, while the supply of funds was plentiful. Interest rates, as a consequence, drifted downward. Inter-bank call rate stood at 3½ per cent for fresh money and 4 per cent for renewals, whereas both were quoted at 4½ per cent last week. Calcutta also reported easy conditions, the call rate declining from 4½-4½ per cent to 3½-3½ per cent.

The money market has taken note of the revised deposit interest rates schedule as tentatively approved by bankers at their meeting held at Bombay on Thursday the 11th inst. The schedule is the same as that recommended by the Bhabha Committee in respect of deposits for terms of over three months, while, in the case of notice money, the Committee's suggestion for lowering the interest from 3 to 2½ per cent has been rejected. (For details, please see page 1055 of this issue). The revised schedule is yet to win the approval of some big banks. Negotiations are still going on and it is not clear as to when it will come into force.

Thanks to the persistently easy money conditions, the response to the 91-day Government of India Treasury Bills, tenders for which opened on Tuesday the 16th inst., was a little better. For the first time after a long interval of several months, the amount offered exceeded the amount invited, thereby indicating that some outside "special sources" also took interest in these Bills.. The total amount tendered was Rs. 2.34 crores, as against the Rs. 2.00 crores invited (and also accepted). The average rate of accepted tenders was unchanged at Rs. 3.000 per cent per annum. The Intermediate Treasury Bills, too, evoked better support, the Bills actually sold from the 10th to 13th inst. aggregating Rs. 220 lakhs, as against Rs. 128.5 lakhs a week before and only Rs. 5 lakhs two weeks before.

There was a further fall of Rs. 2.04 crores to Rs. 106.91 crores in India's foreign exchange reserves during the week ended 12th June. The fall was entirely in balances held abroad which aggregated Rs. 8.45 crores. The foreign securities held in the Issue Department of the Reserve Bank were unaltered at Rs. 98.46 crores. Loans and advances to scheduled banks declined by Rs. 18.12 crores to Rs. 18.16 crores. Their deposits with the Reserve Bank also declined by about Rs. 6 crores to Rs. 81.72 crores. Notes in circulation increased by a further Rs. 4.46 crores to Rs. 2,553.98 crores.

The total credit made available by scheduled banks to their clients declined again during the week ended 5th June but by only Rs. 1.45 crore to Rs. 1,823.37 crores. While the decline was small, the rise in deposits, too, was negligible, being less than Rs. 4 crores to Rs. 2,515.07 crores. Borrowings from the Reserve Bank were higher by Rs. 1.55 crore at Rs. 35.42 crores, of which those against usance bills accounted for Rs. 8.19 crores, a rise of Rs. 1.78 crore. Total cash fell by Rs. 3.09 crores to Rs. 152.12 crores and investments by Rs. 1.26 crore to Rs. 620.50 crores.

Trading in the Gilt-edged market was a dull and drab affair this week also. In the absence of any fresh development, operators evinced little interest in fresh business. Business put through was very much limited, with practically no change in the quotations for both Central and State loans.

In the foreign exchange market, the banks' selling and buying rates for U.S. dollars declined by 25 nP each to Rs. 479 and Rs. 475.50 per $100, respectively. In New York, the pound sterling firmed up a little *vis-a-vis* the dollar, the spot rate rising by 0.060 cent to 279.470-279.500 cents and the three months' forward by 0.080 cent to 279.070-279.100 cents.

RECOVERY IN BULLION

(From Our Own Correspondent)

BOMBAY, *17th June*

The panicky conditions that prevailed in the bullion market last week had a psychological effect on the bullion market in the early part of the week under review. Operators were not inclined to enter into fresh commitments either way. Turnover, as a result, was greatly restricted, with limited fluctuations in prices. The market, however, picked up strength on Monday the 15th inst., when, following emergence of support at lower levels, both gold and silver staged a recovery. The recovery gathered further momentum yesterday and today, thanks to poor arrivals and firm advices from upcountry centres. Quite a large part of the losses suffered last week was made up. Actually, in gold, today's closing rate was only a shade lower than the price prevailing a fortnight before.

Silver began the week higher at Rs. 245, as against the previous close of Rs. 244, and improved gradually to touch a high of Rs. 252 today. The daily average arrivals were reported to be no more than 15 bars, as against the average of 35 bars last week. Offtake was unchanged at about 10 bars a day. The floating stocks are estimated at 600 bars.

Fourteen-carat gold, which had been hammered down from Rs. 71.75 to Rs. 67.65 last week, recovered to Rs. 71.25 today. Primary gold, in unofficial trading, was quoted higher at Rs. 118, as against Rs. 116. Sovereign was fully maintained at Rs. 92. The international price for gold at London eased slightly from $35.07¼ to $35.07⅛ per fine ounce. The sterling price, too, fell from 251s. 6¾d. to 251s. 0¼d. Both ready and forward silver continued unchanged at 111¾d. and 111¾d., respectively, as also silver in New York at 129.3 cents.

The following table shows the trend of prices during the week under review:

	17-6-1964 (closing)	High	Low	10-6-1964 (closing)
	Rs.	Rs.	Rs.	Rs.
SILVER				
Ready (996 fine) ..	252.00	252.00	244.00	244.00
GOLD				
Ready (14-carat) ..	71.25	71.25	67.50	67.75
Sovereign	93.00*	—	—	92.00*
London—				
Gold	251s.0¼d.	251s.1d.	251s.	251s. 6¾d.
Silver Ready ..	111¾d.	—	—	111¾d.
Silver Forward ..	111¾d.	—	—	111¾d.
New York—				
Silver	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

OILSEEDS LOOK UP

(From Our Own Correspondent)

BOMBAY, *17th June*

The oilseeds market put on a cheerful appearance during the week under review. Both seeds and oils evoked good buying enquiries. The spot section reported tight supply position in respect of all oilseeds. Brisk buying of castor oil by shippers against export commitments entered into with some Communist countries also imparted strength. Consequently, prices tended to move up. The rise in prices would, indeed, have been more marked but for fears of margins. The renewed reports suggesting that the authorities were determined to check the rising tendency in commodity prices were taken note of by traders, but they did not have any effect on the market.

Groundnut bold ready Nizam quality hardened by 50 nP to Rs. 59 and Khandesh by 75 nP to Rs. 60.50. Oil ex-mill gathered 10 nP to Rs. 22.95. Railway receipt advanced by 25 nP to Rs. 22.65.

In the castorseeds section, the September 1964 contract moved up from Rs. 177.25 to Rs. 178.87, while the June contract declined by 13 nP to Rs. 176.12, after being higher at Rs. 178.37 on the 13th inst. This contrary movement reflected the switching of operations from the maturing contract to the distant contract. Ready Madras spurted by 37 nP to Rs. 34.87 and Kanpur by 25 nP to Rs. 33.75. Oil Commercial was firm at Rs. 13.75. B.S.S. rose from Rs. 14.50 to Rs. 14.65 before finishing at Rs. 14.45.

The linseed September contract strengthened by 41 nP to Rs. 44.47. The June delivery was fully maintained throughout at Rs. 42.94. Bold ready gained 25 nP to Rs. 45. Linseed oil increased by 30 nP to Rs. 18.30.

Despite the firmness of raw cotton, cottonseed was dull. The June 1964 contract eased by 50 nP to Rs. 104.50.

The following table shows the closing prices of oilseeds and oils on 17th June as compared with those of two previous weeks.

	17-6-1964	10-6-1964	3-6-1964
Groundnuts	Rs.	Rs.	Rs.
Nizam bold	59.00	58.50	59.00
Khandesh quality ..	60.50	59.00	60.25
Oil ex-mill	22.95	22.85	23.10
Oil Rly. Receipt	22.65	22.40	22.70
Castorseed			
June 1964 contract	176.12	176.25	174.62
September 1964 contract.. ..	178.87	177.25	176.00
Ready Madras	34.87	34.50	34.50
Ready Kanpur	33.75	33.50	33.25
Oil B.S.S.	14.45	14.55	14.55
Oil commercial	13.75	13.75	13.55
Linseed			
June 1964 contract	42.94	42.94	42.91
September 1964 contract.. ..	44.47	44.06	43.75
Bold ready	45.00	44.75	44.62
Linseed oil	18.30	18.00	18.05
Cottonseed			
June 1964 contract	104.50	105.00	105.50

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

TEA EASIER

[*Messrs. Forbes, Ewart and Figgis (Private) Ltd.*]

COCHIN, *11th June*

A large quantity of 875,000 kgs. was catalogued in Sale No. 23 held on Tuesday the 9th inst. Quality was about maintained. There was good general demand, with prices irregular and slightly easier, but support for fibrous fannings was a weak feature. The few selected best Nilgiri teas were sold well and, in the case of the lesser kinds, their brokens ruled firm when quality was maintained, but, otherwise, prices declined. Clean highgrown fannings were sold at higher rates than their equivalent brokens, but the fibrous types were discounted. Good medium and low medium brokens remained firm where quality was preserved, but plainer sorts in these categories registered declines. Similar fannings of clean appearance met ready buyers, but the fibrous kinds were sold at much lower levels. Black leaf sorts were about steady, whereas plainest descriptions shaded in price. Orange Pekoes were sold well, but flowery Pekoes came to a lower market. Teas of unorthodox manufacture elicited useful enquiry at around last prices.

The quotations (per kg.) were:

	1964	1963
	Rs.	Rs.
Low mediums	4.00-4.50	4.00-4.20
Mediums	4.40-4.60	4.25-4.45
Good mediums	4.70-5.10	4.50-4.05
Nilgiri B.O.P.	4.40-6.10	4.50-5.80

The average price realised in Sale No. 23 was Rs. 4.32 per kilo, as against Rs. 4.44 a week ago and Rs. 4.23 in the corresponding sale last year.

A total of 375,000 kgs. was offered in dust sale No. 23 held here today. The market met with good general demand. Highgrowns were well supported and sold at around last rates. Good mediums elicited strong enquiry and fetched last prices. Mediums and low mediums opened to an easier market, but, as the sale progressed, prices became firm on last levels. Unorthodox descriptions came to a generally steady market.

The average price realised in dust sale No. 23 was Rs. 4.20 per kilo, as against Rs. 4.18 a week ago and Rs. 3.95 in the corresponding sale last year.

Colombo: In the sale this week, the market opened to a strong general demand. Whereas highgrowns and mediums were steady, black leaf descriptions sometimes eased, but plainest sorts were fully firm.

London: North Indian and other growths: In Monday's auction, there was quieter demand and, although best Assams were firm, others were irregular and often 1-2d. easier.

Ceylon and South Indian: In Tuesday's sale, there was good demand with prices generally rather easier.

As we go to press, Messrs. Forbes, Ewart and Figgis (Private) Ltd. wire us as follows:

"*Leaf sale No.* 24: 861,000 kg. offered. Fair general demand. Low medium and medium brokens a little easier. Fannings about steady. Good mediums lower. Highgrowns evoked better but irregular demand. Unorthodox fully firm."

JUTE GOODS STEADY

(From Our Own Correspondent)

CALCUTTA, *16th June*

With more inquiries from abroad and good business having taken place during the week under review, jute goods were steady, while fibre was quiet, with mills continuing to show little interest in the remainder of the old crop. Timely rains during the week have improved the prospects for the new crop, though Pakistan's bid to raise exports of raw jute, according to the trade, would come in the way of India's attempts to export the surplus inferior fibre. The U.S.S.R. has been India's outstanding market for fibre in the last one year, and India's efforts to export fibre to other countries have not met with success in view of cheaper and superior Pakistani fibre. A feature of the 1964-65 Pakistan budget, just announced at Rawalpindi, is a 50 per cent cut in the export duty, from $2.10 a bale to $1.05 on jute cuttings and from $4.20 a bale to $2.10 on other types of fibre. Mr. Mohammed Shoaib, Pakistan's Finance Minister, declared that this measure would lower jute prices in world markets. The announcement has been naturally welcomed in the principal markets overseas and, on behalf of the Dundee mills, it is stated that the cut in the duty, although small, would make a small but useful reduction in raw material costs. About 95 per cent of the 150,000 tons of raw jute imports into Great Britain is from Pakistan. Lower prices for fibre would mean that foreign mills dependent on Pakistani raw material would be able to increase their competitive power against Indian products.

It will be remembered that fibre exports from Pakistan had been affected in recent months, in view of the bumper crops in 1963-64 in both Pakistan and India. Moreover, India has entered the export field and succeeded in the last one year in raising exports. In the last budget, India had also reduced the export duty on raw jute, but, even then, Pakistani prices had been lower. If only India should succeed in finding lasting export markets for the surplus inferior fibre, the trade feels, minimum prices should be reduced. In view of the price advantage, the Pakistani mills have been able to price out Indian sacking goods from foreign markets. Having succeeded in finding firm markets for sacking, Pakistan mills have now turned their attention to increasing their output of hessian and specialities, such as carpet backing cloth. Mills in India find that their profit margin has been reduced and, with more stocks of fibre and goods, financial difficulties have also cropped up.

The shortage of lighters in the Calcutta port is causing anxiety. It is apprehended that shipments would be affected if the shortage were to continue for any length of time. Although prices in the New York burlap market (that is, spot 40" 7½ oz. hessian at 8.45 cents a yard and the 10 oz. hessian at 11.35 cents) remained unchanged, U.S. orders for ten million yards of hessian earlier this week served as a sentiment-booster. The U.S. bag manufacturers appeared to be adequately stocked with burlap for meeting near-term requirements. The news of a fall in goods stocks with mills at the end of the last month also pleased the market, though it was soon realised that the fall had not been due to increased business but lower production as a result of more holidays in the month and labour troubles. With stocks at 125,000 tonnes, the decline was 3,900 tonnes. The largest fall (3,500 tonnes) was recorded in sacking goods at 41,300 tonnes. Hessian fell by 700 tonnes to 47,000 tonnes and miscellaneous goods by 800 tonnes to 15,600 tonnes. Carpet backing cloth increased by 1,100 tonnes to 21,100 tonnes. Considering that foreign business is usually dull at this time of the year, the market has not considered the statistical position as disappointing.

The low prices in the goods market have been a source of anxiety to mills. Whereas buyers are expecting a further decline, it should be pointed out that, in sacking manufacture, mills are incurring losses and that the profit margin in hessian is just adequate to cover the loss. Even so, mills have turned sellers for all positions in an attempt to reduce their stocks and not to hinder the rate of production. The East India Jute and Hessian Exchange Association has been considering measures to arrest the extreme bearish activity

that overtakes the market occasionally. Accordingly, with the prior approval of the Forward Markets Commission, the Exchange has fixed certain floor prices for hessian and sacking. All trading is prohibited whenever hessian is quoted at Rs. 44 or below or 25 nP less than the respective closing rate for the previous day. In sacking, the minimum price is Rs. 110.50 or 50 nP less than the respective closing rates for the previous day.

The fibre market was devoid of any feature. Sellers were anxious to reduce their inventories of the remaining portion of the last crop. The reduction in export duty on Pakistan fibre would hamper India's attempts to find export markets for surplus inferior fibre. All indications are that the forthcoming crop would have a larger proportion of the superior grades. Excellent weather has been maintained in areas where sowing has been done. Plants have benefited much from occasional rains. Cultivators are also being assisted by the Government in the improvement of quality. If only the mills are enabled to increase their output of hessian and specialities, they can be in a position to improve their working results. For, thanks to keen competition by Pakistan mills in overseas markets, mills are sustaining loss in the manufacture of heavy goods. Ready delivery fibre was quoted as follows in the week: Assam bottoms Rs. 30.50, daissee bottoms Rs. 33.00, and northern bottoms Rs. 30.00.

The goods market was steadier during the week. There were some inquiries for non-standard constructions in short supply. The earlier orders from the U.S.A. for ten million yards of hessian and the fall in goods stocks with mills at the end of last month were noted with satisfaction. On Tuesday last, ready B. twills were quiet at Rs. 112.00 and hessian 40" 10 oz. at Rs. 44.10. On the following day, B. twills gained to Rs. 112.25, but hessian 40" 10 oz. eased to Rs. 43.95. At this stage, business on Government account involving 2,300 bales of B. twills was done. As a result, B. twills rose to Rs. 112.70. There was some overseas business in hessian, too, and 40" 10 oz. improved to Rs. 44.15 on Thursday. U.S. inquiries were a feature on Friday, and hessian 40" 10 oz. was steady at Rs. 44.20. B. twills were quoted at Rs. 112.60. During the week-end, short-covering in ready goods was a feature, though no fresh overseas business took place. B. twills moved up to Rs. 113.00 and hessian 40" 10 oz. to Rs. 44.50. The feature of trading yesterday was buying interest in ready delivery goods. The Government also showed interest in B. twills. Ready B. twills were steady at Rs. 113.30 and hessian 40" 10 oz. at Rs. 44.45.

CLEARANCE IN KIPS MODERATE

(From Our Own Correspondent)

MADRAS, 15*th June*

Arrivals of kips from upcountry tanneries to Madras were on the usual scale during the week and clearance by exporters and for local trade was moderate at unchanged prices. Shipment business was not brisk, but continued to be selective, with emphasis on light and medium cow and cowcalf light fourths. There was no call for buffcalf or lights for shipment. Shippers were trying to get slightly increased prices for cowhides light weights, but were not successful.

Export trading in tanned goat skins was selective. Prices remained steady. Inquiries centered round 8/9 lbs. goat skins in which sellers were few, at present. U.S.A. demand was poor and at low prices. As regards tanned sheep, primes and semiprimes were in demand at slightly lower levels, while middle class ruled firm. Trade anticipates that demand for clothing trade will revive shortly.

Prices in the raw skins centres were steady for goat skins and weak for sheep skins. Tanners are going slow with their purchases, in view of their stock position.

FOODGRAINS ADVANCE

(From Our Own Correspondent)

HAPUR, 15*th June*

Foodgrains were firm again. The Union Government, feeling concerned over the rapidly deteriorating food situation, is shortly discussing the matter at highest levels. Poor arrivals in the face of brisk consumer demand were the main influencing factor. Despite the record rice production of 36.5 million tons (as compared with 34.81 million tons in 1961-62), rice position is reported to be difficult, as the zonal system of distribution is not functioning properly. As for wheat, India has sought an extension, by one year, of the period of the current P.L. 480 agreement which is due to expire on the 30th inst. This is to enable the import of the outstanding balance of 2.4 million tons of wheat under the current agreement. It is further proposed to seek a new P.L. 480 agreement to cover the period of 1964-65.

What advanced by Rs. 2 to Rs. 3 per quintal in the early part of the week, but became quiet later as demand turned slack at higher levels, as against the controlled price of Rs. 43 per quintal. Wheat average quality was now quoted at Rs. 55 to Rs. 58.75 and farm produce at Rs. 61.50 to Rs. 66. Arrivals averaged 1,000 to 1,200 maunds daily and local stocks were estimated around 2.000 quintals.

Rice ruled steadier on poor arrivals against brisk seasonal demand. Stocks were estimated around 3,500 quintals. Week-end prices were:—Rice *basmati* superior Rs. 96.45 to Rs. 99.13; *sela* Rs. 93.77 to Rs. 96.45; *mainpuri* Rs. 74.50; *ramajwayan* Rs. 80.38; *raimunia* Rs. 83.06; and *gadda* Rs. 75.03 per quintal.

Gram ruled firm and rose by one rupee per quintal on small arrivals to be quoted now at Rs. 57.50 to Rs. 58.50 according to quality. Stocks were estimated at 2,000 quintals. Barley and *bejhar* advanced sharply by Rs. 2.50 and Rs. 3, respectively, on good demand. Barley was now quoted at Rs. 45.25 to Rs. 46.25 and *bejhar* at Rs. 44.40 to Rs. 45.50 per quintal. *Juwar* and *guwar* continued steady and oats recorded good gains. *Methi* was quiet in small trading. Other coarse grains were listless. Week-end prices were:—*Juwar* Rs. 43 to Rs. 45; *guwar* Rs. 58.94 to Rs. 61.62; *methi* Rs. 52.50 to Rs. 55; maize Rs. 43.50 to Rs. 45.50; and oats Rs. 59.50 to Rs. 60.50 per quintal.

Firm conditions continued in the pulses section. Prices in all the items registered gains due to small arrivals and tight supply position. Peas prices rose by Re. 1 per quintal on brisk buying support from Madras and Bengal. Arrivals averaged 300 maunds daily and stocks were estimated around 6,500 quintals. Peas *dara* was now quoted at Rs. 51.50 to Rs. 53.50 and farm produce at Rs. 54 to Rs. 56 per quintal. Peas *dal* also moved up to Rs. 56.26 per quintal. *Arhar* was steady at previous level. *Urd* and *Moong* sought higher levels due to shortage of supplies. *Urd* was quoted at Rs. 66.98 to Rs. 72.34 and moong at Rs. 80.38 to Rs. 96.45 per quintal. *Masoor* and other sections ruled steady. Week-end prices were:—*Arhar dal* Rs. 93.77 to Rs. 96.45; *moong dal* Rs. 100; *urd dal* Rs. 80.38; *masoor* Rs. 66.98 to Rs. 72.34; *masoor dal* Rs. 84.50; and gram *dal* Rs. 64.30 per quintal.

CONTROL ON "KHANDSARI"

(From Our Own Correspondent)

HAPUR, 15*th June*

Sugar continued to rule firm, as the commodity was in short supply. As against the controlled price of Rs. 135 per quintal, the price in the open market was much higher at Rs. 175 to Rs. 180. The supply position tightened furthered during the week, as the ration quota was reduced from one kilo to ¾ kilo per unit per month. Due to summer season and marriages, bulk buyers and even consumers had to met their requirements from the open market. Position worsened further following the seizure of *khandsari* stocks by the U.P. Government.

Trading in *khandsari* came to a standstill in mid-week as the State Government seized *khandsari* stocks all over the State and banned the sale of *khandsari* by licensed dealers. The Government also fixed the prices of *khandsari* seized at Rs. 120 per quintal and these stocks would be made available to manufacturers of sweets and consumers through fair-price shops. Trade was very much perturbed on account of this seizure and a two-day *hartal* was observed to record its protest. Following seizure of *khandsari*, *boora* in the open market touched a new height of Rs. 2 per kilo. Traders were reported to be taking up the matter with the Government and, failing to get any redress, they were contemplating legal action against the Government.

Ready *gur* also turned firmer during the week, thanks to revival of demand on receipt of import permits for the current month. Daily arrivals averaged about 200 maunds and local stock were placed around 15,000 quintals. Cane crop prospects were fairly good but most of it would depend on monsoon which is expected by the end of the current month. Acreage of cane, however, is reported to be higher than last year. The week-end prices (in rupees per 40 kilogram) were:—*Pansera* 29.50 to 30; *dara* 29 to 29.62; *balti* 29 to 29.37; *shakker* 31 to 33.

Gur in the Muzaffarnagar market, however, was depressed, due to non-receipt of import permits. Stocks at that end were estimated at 180,000 maunds and week-end prices (in rupees per 40 kilogram) were:—*Chaku* 33.50 to 35; *ladoo* 32 to 33; *khurpapar* 32 to 33.50; *pansera* 29 to 30; *rusket* 13 to 17.50; *shakker* 35 to 36.

COTTON FUTURES FIRM

(From Our Own Correspondent)

BOMBAY, 17*th June*

After starting on a bearish note in the beginning of the week, the futures section gained sufficient bullish support to close on a firm note. The bullish fervour was so strong during the week, especially in the latter half of it, that even the prospect of the Government releasing a fairly large global quota for import of cotton could not check it. There was a sizable amount of bear covering in the August Contract, the only one now in operation, and some fresh buying by bulls. The main factors that accounted for the firmness of the Contract were the waning of the fear that the Government might close down futures trading in cotton, too, as has been done in fourteen other commodities and the failure of South West monsoon to maintain satisfactory progress after beginning well. Reports from producing areas said that the rainfall was inadequate to ensure ideal conditions for sowing purposes.

A major development during the week was the announcement of the Government's cotton policy for the 1964-65 season. The Government has decided to maintain the floor and ceiling prices of cotton during the next season at the same levels as in the current season, namely, 1963-64. Marginal increases have, however, been made in the floor and ceiling prices of some of the varieties, keeping in view the improvement in quality. Noteworthy among them is the increase of Rs. 8 per quintal (Rs. 28 per candy) made in the floor and ceiling prices for Digvijay 'A.' Further, the varieties AK-235 and AK-277, grown in the cotton tracts of Vidharbha, have been included for the first time in the price schedule and they have been given the same floor and ceiling prices as for Gaorani 6 and 12. The price notification for 1964-65 also provides a premium for saw ginning in respect of all varieties, excepting Bengal *Deshi*, at a uniform rate of Rs. 14.10 per quintal (Rs. 50 per candy) at the floor level and Rs. 21.10 per quintal (Rs. 70 per candy) at the ceiling level. In the case of Bengal *Deshi*, the premium will continue at the existing level of Rs. 9 per quintal (Rs. 30 per candy). As no changes were expected, the cotton policy announcement did not have any noticeable effect on the cotton futures market.

The market showed a quiet trend in the beginning of the week as there was a doubt whether futures trading would at all be permitted in the context of the prevailing official thinking that such trading tended to raise the prices. As the week progressed, this doubt ceased to exercise the minds of operators. The timely beginning made by the monsoon was considered as a good augury for cotton crop in the coming season and engendered a feeling of caution among the buyers. But, subsequently, an upward trend in prices asserted itself when rains petered out and sky was reported to be clear in the cotton tracts. Except at the opening of the week, the Jarilla August Contract continued to show firmness almost throughout and gained net 16 points over the week. The bulls' interest steadily improved and, after touching a high of Rs. 736.50 today, the Contract closed at Rs. 736.25 as compared with Rs. 721.50 a week ago.

In the spot market at Sewri, trading was dull during the major part of the week, as supply of good quality cotton was scarce. Towards the end of the week, however, some activity was noticeable and spinners' interest was well marked in Partur 197/3, L147, Co2, Raichur Laxmi and Gadag Laxmi varieties. Among foreign staples, *some interest was evinced by mills in American*, Egyptian, East African and Sudan cotton.

The following are the latest available rates from the spot market at Sewri for some of the popular varieties:

Gadag Laxmi Rs. 1,141; Hubli Jaydhar Rs. 1,127; Hubli Co2 Rs. 1,219; Nagar Co2 Rs. 1,260 and Surat Dig. Rs. 1,265.

The market's expectations about global import quota materialised on Wednesday this week. The Government has announced a quota for about 214.000 bales for shipment between 1st July and 31st December 1964. Of these, 70,000 bales are said to have been reserved for allocation against export incentive scheme and 20,000 bales for defence orders. The balance will be distributed to actual users. It is said that the bulk of the quota will be utilised for importing Egyptian and Sudan cottons.

The Textile Commissioner, Government of India, has reminded all 'A' class licence holders (excepting mills and banks) to send regular fortnighty returns regarding their sales and deliveries of Indian cotton; otherwise, the Commissioner will take steps against them which may include non-renewal of such licences for the season 1964-65.

The Pakistan Government's announcement about a reduction of 50 per cent in the export duty on cotton and the abolition of sales tax on this commodity is expected to affect adversely the exports of Bengal *Deshi* variety. Hitherto, Pakistan has levied an export duty of Rs. 20 per bale on all varieties, as against Rs. 25 per bale levied by India on exports of Bengal *Deshi* and Mathia varieties. The reduction in the export duty on Pakistan cotton by Rs. 10 per bale will undoubtedly have serious repercussions on the export of Indian short-staples, unless India, too, reduces its levy without delay.

PLANTING

(Concluded from page 1058)

official nurseries. Three new areas are being developed as seed gardens, the first of these alone extending over 2,400 acres, so as to assure ample supplies.

The main new planting, however, is provided for under schemes initiated by the Government and the Federal Land Development Authority. The latter secures areas of land for settlement schemes through the State Governments and this land is cleared and planted by contracted labour, the settlers only being moved in when the housing accommodation is ready. The families are then expected to work together under the supervision and guidance of a F.L.D.A. manager and his field staff. Settlers are paid a subsistence allowance for the first two years. These projects are financed for the most part by the Federal Government plus loans from the Malayan Development Corporation. Member smallholders are expected to repay the amount of money advanced towards the development of their rubber holding plus any further costs as for accommodation.

Under Government schemes, $168 million were set aside for the period 1955-62 to aid estates to replant or new plant up to 21 per cent of their total acreage and a grant of $400 is paid per acre. A further $112 million were allowed to assist smallholders. This could be used to assist replanting or to finance block new planting schemes and to establish nurseries and seed gardens for the supply of the most up-to-date high yielding planting material at nominal costs. By 1967, both these schemes will have been completed.

COFFEE IN BRAZIL

Foreign exchange earned on coffee exports from Brazil is now negotiable on the free exchange market, according to instruction 272 published by the Superintendency of Money and Credit. (Hitherto, earnings were being converted at the rate of 600 cruzeiros per dollar.) The instruction also lays down that private banks must repass 90 per cent of coffee-exchange purchased to Banco do Brasil (previously 100 per cent); that the contribution quota (coffee export tax) for the 1964-65 crop will be $22.50 per bag and $28.00 for 1963-64 and previous crops. The contribution quota will be adjusted when the Banco do Brasil's free exchange rate exceeds 1,210 cruzeiros per dollar. The S.U.M.O.C.'s instruction is part of the financial scheme for the new coffee crop, now being debated by the I.B.C. Administrative Board. According to well-informed sources, the Board members, representing the trade and farmers, are dissatisfied at the low prices contained in the plan for the new crop.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 12th June 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long Term Operations) Fund	73,00,00,000
National Agricultural Credit (Stabilisation) Fund	8,00,00,000
Deposits—	
(a) Government—	
(i) Central Government	51,10,03,000
(ii) State Governments	17,39,14,000
(b) Banks—	
(i) Scheduled Banks	81,71,52,000
(ii) State Co-operative Banks	2,64,47,000
(iii) Other Banks	15,82,000
(c) Others	142,18,73,000
Bills Payable	40,39,33,000
Other Liabilities	76,23,09,000
Rupees	597,82,13,000

ASSETS	Rs.
Notes	22,53,29,000
Rupee Coin	2,66,000
Small Coin	2,70,000
National Agricultural Credit (Long Term Operations) Fund—	
(a) Loans and Advances to—	
(i) State Governments	28,30,58,000
(ii) State Co-operative Banks	8,36,18,000
(iii) Central Land Mortgage Banks	....
(b) Investment in Central Land Mortgage Bank Debentures	4,02,83,000
National Agricultural Credit (Stabilisation) Fund	
Loans and Advances to State Co-operative Banks,	....
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	25,21,72,000
Balances Held Abroad*	45,00,000
Loans and Advances to Governments**	....
Loans and Advances to—	
(i) Scheduled Banks†	90,47,14,000
(ii) State Co-operative Banks†	39,71,02,000
(iii) Other Banks	13,60,70,000
Investments	
Other Assets	
Rupees	597,82,13,000

* Includes Cash and Short-term Securities.
** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.
† Includes Rs. 5,27,15,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.
‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	22,53,29,000	
Notes in circulation	2553,08,28,000	
Total Notes issued		2576,51,57,000
Total Liabilities		2576,51,57,000

ASSETS	Rs.	Rs.
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	98,45,60,000	
Total		216,21,70,000
Rupee Coin		98,07,91,000
Government of India Rupee Securities		2262,21,87,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2576,51,57,000

State Bank of Pakistan

Statement of Affairs for the week ended 29th May 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	6,65,00,000
Rural Credit Fund	3,00,00,000
Deposits:—	
(a) Central Government	17,77,00,000
(b) Provincial Governments	1,04,29,000
(c) Banks	36,92,27,000
(d) Others	93,18,81,000
Bills Payable	32,19,000
Other Liabilities	20,60,32,000
Rupees	182,49,88,000

ASSETS	Rs.
Notes	13,03,58,000
Rupee Coin	13,000
Subsidiary Coin	45,000
Bills Purchased and Discounted:—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	25,21,72,000
Balances held outside Pakistan*	45,00,000
Loans and Advances to Governments	....
Provincial Governments' Debtor Balances	....
Other Loans and Advances	90,47,14,000
Investments	39,71,02,000
Other Assets	13,60,70,000
Rupees	182,49,88,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	13,03,58,000	
Notes in circulation	454,12,88,000	
Total Notes issued		467,16,46,000
Total Liabilities	....	467,16,46,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion	25,00,44,000	
Silver Bullion		
Foreign Securities	85,16,36,000	
India Notes representing assets receivable from the Reserve Bank of India	43,01,64,000	
		153,18,44,000
B. Rupee Coin	4,89,58,000	
Government of Pakistan Securities	303,18,38,000	
Internal bills of exchange and other commercial paper	....	
		308,07,96,000
II. Held with the Reserve Bank of India pending transfer to Pakistan:—		
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets		467,16,46,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued: 33.99 per cent.

State Bank of India

Statement of Affairs for the week ended 12th June 1964

CAPITAL AND LIABILITIES

	Rs.	Rs.
CAPITAL—		
Authorised Capital:— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up:— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
		5,62,50,000
Reserve Fund and Other Reserves		9,30,00,000
Deposits and Other Accounts		616,44,02,000
Borrowings from Other Banking Companies, Agents, etc.		8,66,40,000
Bills Payable		4,61,77,000
Bills for Collection being Bills receivable as per contra		9,33,23,000
Acceptances, Endorsements and Other Obligations per contra		17,16,38,000
Other Liabilities (including Inter-Office Adjustments)		10,88,19,000
Total .. Rs.		682,02,49,000

PROPERTY AND ASSETS

	Rs.	Rs.
Cash in hand and with Reserve Bank		17,25,84,000
Balances with other Banks		5,83,71,000
Money at Call and Short Notice		3,46,66,000
INVESTMENTS:—		
Government and other Trustee Securities	Rs. 223,93,11,000	
Other Authorised Investments	9,44,22,000	
		233,37,33,000
ADVANCES:—		
Loans, Cash Credits, Overdrafts, etc.	Rs. 343,33,97,000	
Bills Discounted and Purchased	23,29,70,000	
		366,63,76,000
Bills Receivable being Bills for Collection as per contra		9,33,23,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		17,16,38,000
Premises less Depreciation		2,27,20,000
Furniture and Fixtures less Depreciation		1,89,95,000
Other Assets (including Inter-Office Adjustments)		10,87,43,000
Total .. Rs.		682,02,49,000

EXCHANGE RATES

	17th June 1964	10th June 1964
London on New York	2.7948- 2.7951	2.7939 -2.7942
London on Berne .. Sw. Fcs.	12.0590-12.0610	12.0550-12.0570
London on Paris .. Fcs.	13.6940-13.6960	13.6950-13.6970
New York on London Cents per £	279.470-279.500	279.410-279.440
Pound Sterling—		
Sellers T.T. D.D. Spot .. s.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months .. .. s.	1-5 15/16	1-5 15/16
Buyers T.T. .. .. s.	1-6 1/32	1-6 1/32
Buyers D.D. .. .. s.	1-6 1/16	1-6 1/16
U.S. Dollar—		
Sellers T.T. D.D. .. Rs. to $100	479.00	479.25
Buyers T.T. .. Rs. to $100	475.50	475.75
Canadian Dollars—		
Sellers T.T. D.D. .. Rs. to $100	445.50	445.50
Buyers T.T.	437.50	437.75
French Francs—		
Sellers T.T. D.D. .. per Rs. 100	102.20	102.20
Buyers T.T	103.20	103.30
Swiss Francs—		
Sellers T.T. D.D. ..	90.00	89.90
Buyers T.T.	90.90	90.90
Deutsche Marks—		
Sellers T.T. D.D. ..	82.80	82.80
Buyers T.T.	83.70	83.70
Italian Lire—		
Sellers T.T. D.D. ..	13,010	13,005
Buyers T.T.	13,185	13,180
Swedish Kroner—		
Sellers T.T. D.D. ..	107.10	107.10
Buyers T.T.	108.20	108.20
Belgian Francs—		
Sellers T.T. D.D. ..	1,037	1,036
Buyers T.T.	1,053	1,052
Dutch Guilders—		
Sellers T.T. D.D. ..	75.50	75.40
Buyers T.T.	76.30	76.30
Hongkong Dollars—		
Sellers T.T. D.D. ..	119.60	119.60
Buyers T.T.	120.60	120.60
Norwegian Kroner—		
Sellers T.T. D.D. ..	149.10	149.10
Buyers T.T.	150.50	150.50
Danish Kroner—		
Sellers T.T. D.D. ..	144.20	144.10
Buyers T.T.	145.50	145.50

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	5-6-64	29-5-64	7-6-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	63,87	65,21	51,24*
(ii) From others	1,081,31	1,082,87	883,03
(b) Borrowings from banks	45,33	47,46	32,69
(c) Others	66,97	70,89	56,14
2. Time liabilities—			
(a Time deposits—			
(i) From banks	25,33	26,64	22,23
(ii) From others	1,225,71	1,254,12	1,213,76
(b) Borrowings from banks	11,20	12,23	23,94
(c) Others	11,97	11,36	10,71
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,347,03	2,336,99	2,098,78
4. Borrowings from Reserve Bank	35,42	33,87	24,53
(a) Against usance bills and/or promissory notes	8,19	6,41	9,35
(b) Others	27,23	27,46	15,18
5 Borrowings from State Bank and/or a notified Bank	19,97	22,81	17,67
6. Cash	64,52	64,70	54,35
7. Balances with Reserve Bank	87,09	90,52	75,76
8. Cash and balances with Reserve Bank	152,12	155,21	130,11
9. 8 as per cent of 3	6,48	6,64	6,20
10. Balance with other banks in current account	21,54	22,67	20,54
11. Money at call and short notice	53,60	57,05	50,22
12. Investments in Government securities	620,50	621,76	636,98
13. 12 as per cent of 3	26,44	26,61	30,35
14. Advances—			
(a) Loans cash credits and overdrafts	1,551,34	1,544,90	1,321,30
(b) Due from banks	12,39	13,62	10,45
15. Inland bills purchased and discounted	203,32	210,07	185,74
6. Foreign bills purchased and discounted	68,71	69,85	50,40
17. Total Bank Credit [14(a)+15+16]	1,823,37	1,824,82	1,557,45
18. 17 as per cent. of 3	77,69	78,08	74,21

INDEX NUMBERS OF SECURITY PRICES

[1952-53=100]

Group and Sub-Group	Week ended			
	6th June 1964	30th May 1964	9th May 1964	8th June 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	98.8	99.8	99.6	98.6
2. Government of India	99.5	99.5	99.3	98.3
3. State Governments	102.0	102.0	102.0	101.3
4. Municipal, Port Trust, etc.	98.9	98.9	98.9	98.8
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	97.7	97.6	97.6	96.9
PREFERENCE SHARES—ALL INDIA.				
6. Total	81.1	81.3	81.2	81.6
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	161.4	161.4	164.3	162.7
8. *Agriculture and Allied Activities: Total**	143 2	143.4	144.4	145.3
9. Tea Plantations	130.8	130.9	131.4	135.3
10. Coffee Plantations	163.1	163.4	166.0	162.7
11. Rubber Plantations	181.3	181.5	183.4	158.7
12. *Mining and Quarrying: Total**	133.5	131.9	135.0	138.6
13. Coal	95.7	95.9	96.9	130.8
14. Other Mining	159.5	156.6	161.1	157.7
15. *Processing and Manufacturing: Total*	173 8	173 9	177.5	175.5
16. *Processing and Mfg. (Foodstuffs, Textiles, etc.): Total*†*	171.7	172.3	175.8	179.6
17. Sugar	122.2	122.9	124.6	121.8
18. Cotton Textiles	158.4	159.0	160.3	167.0
19. Jute Textiles	85.3	85.0	87.1	94.4
20. Silk and Woollen	809.0	813.2	833.5	832.2
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	188.6	188.5	193.2	182.1
22. Iron and Steel	156.3	156.2	159.2	146.2
23. Transport Equipment	312.7	310.6	323.1	323.9
24. Electrical Machinery	148.6	149.8	153.7	146.2
25. Machinery other than Transport and Electrical	217.6	218.9	224.1	216.4
26. Basic Industrial Chemicals	176.0	176.0	178.4	163.7
27. *Processing and Mfg. (Others): Total**	152.3	151.8	153.1	150.6
28. Cement	143.0	143.4	145.0	139.0
29. Paper	194.8	193.7	193.1	190.1
30. *Other Industries: Total**	106.9	106.8	107.7	103.4
31. Electricity Generation and Supply	88.2	88.0	87.8	83.6
32. Trading	109.3	108.8	109.6	109.4
33. Shipping and Other Transport	94.9	94.9	94.6	81.3
34. Construction	279.0	278.9	281.0	263.7
35. *Financial: Total*	182.6	183 0	184.5	185.1
36. Banks	201.7	203.2	205.0	203.7
37. Insurance	155.3	152.4	152.8	159.1
38. Investment Trusts	79.5	79.4	80.2	85.1
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	169.4	169.1	171.7	167.9
40. Calcutta	148.7	148.8	151.8	152.5
41. Madras	172.2	170.9	173.9	172.4
42. Delhi	218.9	218.3	224.2	208.5

* Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	16th May 1964	9th May 1964	18th May 1963	March 1964	March 1963	Percentage of Increase (+) or Decrease (—) in March 1964 as compared with March 1963	Financial Year Averages 1963-64	Financial Year Averages 1962-63
Food Articles	504	148.0	147.7	131.1	142.1	123.4	+15.2	136.8	136.1
Cereals	192	128.2	127.6	109.9	123.6	102.0	+21.2	116.3	116.6
Pulses	43	135.2	134.7	106.0	133.9	99.0	+34.2	119.4	106.5
Fruits and Vegetables	23	172.4	169.6	137.5	162.0	133.4	+22.1	140.6	135.6
Milk and Ghee	84	138.6	144.2	125.5	133.0	124.8	+ 6.6	128.2	124.4R
Edible Oils	47	175.7	173.6R	147.1	160.0	141.8	+12.8	151.1	151.4
Fish, Eggs and Meat	17	158.3	154.4R	147.6	152.7	137.5	+11.1	149.8	148.6R
Sugar and Gur	48	181.9	176.3	170.5	173.0	147.5	+17.3	168.8	145.0
Spices	50	177.3*	178.0*	158.1	179.9	147.5	+ 1.9	179.3	171.8
Others	21	117.6	118.7	119.0	114.2	110.1	+ 4.2	119.6	100.9R
Liquor and Tobacco	14	114.6	114.6	115.8	116.1	111.6	+ 4.0	116.8	97.4R
Tobacco	30	141.7	141.8	139.1	141.7	137.7	+ 4.4	139.6	124.4R
Fuel, Power, Light and Lubricants	155	149.7	149.5R	138.1	144.9	135.2	+ 7.2	139.5	136.5
Industrial Raw Materials	61	135.5	135.7R	134.5	135.7	133.5	+ 1.6	133.2	128.8
Fibres	60	175.6	174.9	140.8	162.9	143.0	+13.9	154.1	151.4
Oilseeds	2	103.2*	103.2*	93.4*	98.1	93.4	+ 5.0	92.8	93.6
Minerals	32	131.1*	130.9*	125.7	131.5	126.6	+ 3.9	127.3	125.8
Others	20	134.0	134.1R	132.5	130.9	132.8	- 2.5	131.1	128.8R
Manufactures	41	147.0	147.1R	138.5	144.7	136.2	+ 2.4	139.6	139.5
Intermediate Products	249	131.9	132.0	129.6	144.7	136.2	+ 6.2	129.7	127.1
Finished Products	147	139.4	139.5	128.1	130.7	134.4	- 1.7	127.7	125.1
Textiles		138.1*	138.1*	134.9*	128.6	127.0	+ 1.3	135.6	130.7
Cotton		99.1	99.6	104.4	98.7	102.1	- 3.3	100.2	110.9
Jute		162.5*	162.5*	142.7*	162.4	142.4	+14.0	158.3	140.1
Woollen		141.9*	141.9*	140.9*	143.2	139.2	+ 2.9	139.8	131.8
Silk and Rayon	12	168 0	168.9	161.2	166.1	161.0	+ 3.2	163.1	160.1
Metal Products	19	119.5	119.4*	117.0*	120.2	117.3	+ 2.5	117.9	115.5
Chemicals	9	184 4	184.3	165.2*	172.5	157.8	+ 9.3	165.7	160.9
Oil skes	31	125 8	125.8	123.2

MISCELLANEOUS STATISTICAL INFORMATION—*Continued*

FOREIGN TRADE OF INDIA

(In lakhs of rupees)

Particulars	Eleven months ended Feb.,		April to March* (Twelve months)	
	1963-64	1962-63	1962-63	1961-62
Exports	698,895	619,68	666,35	655,17
Re-exports	3,05	6,63	7,34	5,17
Total Exports	701,942	626,31	693,69	660,34
Imports	1,031,54	1,041,97	1,077,09	1,090,68
Overall Balance of Trade	—329,60	—415,66	—383,40	—429,72
Exports—Items:				
Tea	117,68	121,38	129,19	122,26
Coffee	7,57	7,24	7,61	9,02
Sugar	24,32	15,46	18,04	15,34
Jute yarns and manufactures	145,31	141,63	156,17	144,78
Cotton yarns and manufactures	50,31	47,41	52,13	52,31
Cotton, raw and waste	15,23	15,25	17,07	20,55
Petroleum products	3,25	3,48	4,13	3,48
Vegetable oils	18,05	10,83	13,17	5,82
Fruits and vegetables	27,20	24,05	26,80	25,36
Tobacco—Raw	10,12	14,79	16,87	14,97
Mica	8,63	9,55	10,36	9,66
Wool and other animal hair	6,54	6,44	6,64	9,19
Gums, resins and lac	7,25	6,02	7,28	6,64
Spices	13,98	12,46	13,87	7,51
Leather & leather manufactures	24,15	20,62	22,75	25,45
Hides and skins, raw	8,89	9,77	11,01	8,79
Cashew kernels	19,52	17,43	19,16	18,17
Pepper (black)	5,02	5,86	6,57	3,08
Manganese ore	7,44	7,17	7,86	10,42
Iron and steel scrap	4,54	1,66	1,99	6,25
Iron ore and concentrates	32,80	17,87	19,82	17,41
Sewing machines	38	38	45	44
Electric fans	51	63	92	67
Groundnut oil	1,233	0,16	7,83	1,02
Castor oil	4,47	3,80	4,29	6,00
Defatted groundnut meal	26,24	23,66	26,52	13,96
Country-wise Exports—				
Australia	16,47	17,29	18,82	15,85
Burma	5,07	4,78	5,13	5,74
Canada	19,53	20,09	22,42	17,58
Ceylon	17,16	12,41	13,44	16,98
Czechoslovakia	14,03	10,07	11,27	5,08
France	8,03	7,59	8,54	7,96
East Germany	5,11	4,96	5,60	4,55
West Germany	17,17	13,62	15,29	19,81
Italy	10,33	8,43	9,52	9,05
Indonesia	2,10	3,24	4,05	6,80
Japan	33,40	29,25	33,89	40,45
Kuwait	3,49	3,51	3,95	2,92
Federation of Malaya	12,93	5,97	6,78	6,64
New Zealand	6,83	6,00	6,59	7,39
Netherlands	9,59	7,95	8,95	7,99
Nigeria	3,42	5,79	6,17	7,05
Pakistan	6,68	8,62	9,40	9,44
Singapore	17,07	8,56	9,43	8,25
Sudan	7,45	8,52	9,01	10,30
U.A.R.	11,04	11,45	13,06	12,85
United Kingdom	150,30	140,33	162,79	159,73
U.S.A.	116,73	105,27	116,59	115,05
U.S.S.R.	45,45	34,24	38,28	32,03
Imports—Items:				
Machinery	326,22	288,03	309,29	302,90
Iron and Steel	80,21	82,59	86,65	107,81
Copper	24,05	23,74	25,24	24,45
Aluminium	5,66	9,85	10,50	7,93
Zinc	9,18	8,50	9,02	7,35
Tin	6,00	4,85	5,10	5,78
Lead	3,13	2,41	2,69	2,59
Nickel	1,71	1,41	1,44	1,56
Chemicals, drugs and medicines	75,73	93,01	100,41	89,76
Electrical goods and apparatus	75,74	58,13	62,16	65,91
Vehicles (excluding aircraft, ships and boats)	41,80	50,88	55,56	49,74
Aircraft	10,88	13,41	14,63	12,97
Ships and boats	2,57	1,72	1,78	4,60
Cotton, raw and waste	43,04	53,13	56,91	62,66
Fruits and vegetables	15,79	16,05	19,21	14,40
Paper, pasteboard, etc.	11,00	12,46	12,84	15,95
Dyes and colours	7,35	11,19	12,15	14,46
Spices	1,63	1,70	1,77	1,67
Rice	19,07	25,52	27,84	18,75
Wheat and spelt	92,08	104,23	113,70	93,87
Country-wise Imports—				
Australia	15,70	23,13	22,86	24,17
Belgium	8,55	8,48	8,71	11,34
Canada	23,14	15,62	14,70	18,55
Ceylon	5,07	7,48	8,14	4,60
Czechoslovakia	14,42	17,09	19,71	16,08
France	12,55	12,21	12,99	16,73
East Germany	3,68	7,29	7,94	5,64
West Germany	80,32	90,09	99,48	122,38
Italy	14,40	20,59	21,69	28,81
Japan	57,05	57,95	62,75	59,45
U.A.R.	43,50	44,70	45,88	47,35
Federation of Malaya	11,58	9,65	10,71	12,92
New Zealand	1,29	1,43	1,58	1,22
Netherlands	9,81	12,71	13,95	13,25
Norway	91	1,78	2,23	2,82
Pakistan	8,43	15,18	16,67	19,86
Singapore	4,87	7,74	8,11	9,00
Sudan	7,84	16,41	17,11	10,68
Sweden	10,55	7,87	8,40	14,84
Switzerland	11,13	9,45	10,36	13,17
U.A.R.	13,85	7,68	9,78	12,04
United Kingdom	152,92	168,26	178,31	200,15
U.S.A.	348,72	322,58	351,90	255 54
U.S.S.R.	58,19	54,69	55,50	39,94

* Excludes figures for Goa, Daman and Diu.

† Including electric goods.

‡ Excludes imports by land from Nepal valued at Rs. 4.81 crores.

§ Excludes overland exports to Nepal valued at Rs. 10.31 crores and postal exports of pearls, precious stones, etc. valued at Rs. 14.05 crores.

PRINCIPAL BANK RATES%

Centre	Changed on	From	To
Argentina	Dec., 1957	3.50	6
Austria	27th June, 1963	4	4.5
Belgium	Sept., 1963	4	4.25
Bolivia	June, 1963	6	5.0
Burma	1962	3.5	4
Canada	11th Aug., 1963	3.5	4
Ceylon	13th Aug., 1960	2.50	4
Chile	Jan., 1963	14.62	14.21
Denmark	10th June 1964	5.50	5.50
Ecuador	June, 1961	5.5	6
El Salvador	April 1962	8	7.14
Finland	14th Nov., 1963	5.5	4
France	17th Jan., 1963	6	5.50
Greece	Jan., 1963	4	4.50
India	3rd Jan., 1964	3	9
Indonesia	April, 1962	57	1.24
Ireland	31st Jan., 1964	3.98	3.94
Italy	7th June, 1963	4	3.50
Japan	13th Mar., 1964	5.84	5.37
Malaya	26th July, 1957	3	4
Mexico	4th June, 1962	4	4.50
Netherlands	4th June, 1964	4	4.50
New Zealand	24th Mar., 1961	4	5
Norway	14th Feb., 1955	2.50	3.50
Pakistan	14th Jan., 1963	3	9.50
Peru	1959	6	5
Philippines	9th Jan., 1962	3	6
Portugal	15th Jan., 1959	4	3
South Africa	27th Nov., 1962	4	3.50
Spain	1961	5.75	5
Sweden	31st Jan., 1964	4	4.5
Switzerland	28th Feb., 1959	2.50	2
Thailand	Nov., 1959	7	5
Turkey	May, 1961	9	7.5
United Kingdom	27th Feb., 1964	4	5
U.A.R.	May, 1962	3	4
U.S.S.R.	1st July, 1956	3	3.50
U.S.A.	19th July, 1957	3	4
West Germany	9th May, 1961	3.50	3

INDUSTRIAL PRODUCTION

Industries.		1960	1961	1962	1963	Nov., 1963	Dec. 1963	Dec. 1962
Major Industries—								
Coal	million metric tons	52.67	56.10	61.55	66.91	5.50	5.67	5.83
Steel Ingots—crude	thousand metric tons	2,242	4,027	5,090	5,966	483	509	506
Yarn	million kgs.	738	802	860	893	78	82	74
Cloth	million metres	4,616	4,694	4,480	4,423	375	392	377
Cement	thousand metric tons	7,885	8,245	8,527	9,355	782	877	869
Jute	thousand metric tons	1,085	971	1,181	1,236	104	107	104
Paper and paper boards	thousand quintals	3,475	3,641	3,876	4,026	409	418	389
Matches*	million gross boxes	32.6	28.4	28.8	28.6	2.2	2.4	2.4
Sugar	thousand metric tons	2,591	2,841	2,786	2,316	257	523	452
Engineering and Electrical Industries—								
Machine tools	Value in lakhs of Rs.	602	761	1,074	1,706	162	159	112
Electric lamps	millions	41.39	46.90	58.55	70.36	5.75	6.07	5.57
Dry cells	millions	207.4	213.6	240.0	260.1	21.2	19.5	23.6
Power transformers	thousand K.V.A.	1,116	1,754	2,357	2,638	212	252	217
Electric Motors	thousand H.P.	650	827	983	1,180	103	109	103
Electric fans	Nos.	991,200	1,074,000	1,134,000	1,143,200	75,100	85,800	108,200
Radio receivers	Nos.	266,700	320,340	346,000	418,400	33,100	44,000	36,300
Storage batteries	Nos.	510,000	520,800	564,000	588,000	59,500	64,100	55,500
Diesel engines—Vehicular	Nos.	9,708	9,816	7,620	8,837	799	876	722
Diesel engines—Stationary	Nos.	44,196	44,196	42,672	55,692	4,381	5,456	4,639
Chemical Industries—								
Salt	million metric tons	3.43	3.43	3.86	4.54	0.16	0.12	0.13
Caustic soda	metric tons	99,144	110,844	122,436	153,233	12,714	15,829	11,996
Soda ash	metric tons	145,384	176,839	222,660	266,961	22,847	25,515	22,014
Chlorine liquid	metric tons	31,656	33,912	36,972	44,234	4,416	4,539	3,401
Bleaching powder	metric tons	5,952	7,118	6,823	6,969	566	688	576
Bichromates	metric tons	5,472	5,732	7,045	6,923	529	560	696
Sulphuric acid	metric tons	359,400	413,520	468,300	563,236	52,000	51,656	45,718
Superphosphate	metric tons	332,464	370,848	445,224	573,902	56,782	51,537	44,763
Non-ferrous Metals—								
Aluminium	metric tons	18,467	18,381	35,404	53,885	4,708	4,949	4,688
Antimony	metric tons	809	618	661	909	80	82	75
Copper (virgin metal)	metric tons	8,992	8,785	9,781	9,593	895	895	865
Lead (virgin metal)	metric tons	2,778	2,643	2,837	3,274	323	325	260
Gold	kilograms	4,992	4,872	5,076	4,300	317	346	296
Miscellaneous (Minor) Industries—								
Sewing Machines	Nos.	237,288	307,404	343,824	341,440	31,325	7,890	29,252
Bicycles	Nos.	1,050,098	1,040,592	1,119,916	1,182,920	105,402	112,000	83,661
Automobiles	No.	51,866	54,519	57,816	62,197	5,407	6,266	4,792
Plywood—Tea chests	thousand sq. metres	9,120	9,108	9,132	9,925	873	878	758
Plywood—Commercial	thousand sq. metres	6,024	6,564	7,356	9,636	877	892	656
‡Woollen manufactures { Worsted Fabrics / Worsted Yarn	thousand metres	12,096	12,225	14,519	15,217	1,704	1,483	1,453
	thousand Kgs.	12,588	14,769	18,012	22,728	1,842	1,907	1,891
Alcohol—Industrial	million litres	70.57	92.85	110.82	136.62	12.0	12.0	12.00
Alcohol—Power Alcohol	million litres	25.27	50.22	27.60	0.08	0.15	4.39	
Railway Wagons	Nos.	7,476	10,536	13,952	18,960	1,439	1,845	1,650
General Index—(Base 1956—100 Revised)		129.8	139.3	149.8	164.2	174.5	174.8	162.1

* Matches—Boxes of 60 sticks each upto February, 1961 and of 50 sticks thereafter.

‡ Includes figures for Jammu and Kashmir.

CONSUMER PRICE INDEX NUMBERS FOR WORKING CLASS

[1960=100]

	All-India	Bombay†	Ahmedabad†	Sholapur†	Kanpur Nos.	Nagpur	Calcutta †	Madras City	Delhi	Ajmer	Gauhati	Jamshedpur†	Jabalpur	Bangalore†
1960 Average	124	128	108	127	100	128	100	142	120	107	108	100	100	100
1961 ,,	126	131	102	132	101	131	101	148	127	118	106	101	101	105
1962 ,,	139	144	104	141	103	132	107	155	150	115	112	105	101	108
January 1963	130	138	103	116	102	135	106	150	130	111	110	103	132	109
Feb ,,	130	137	104	121	101	134	107	150	130	110	104	104	132	109
March ,,	130	138	105	120	105	129	110	148	130	111	107	102	132	109
April ,,	131	137	106	117	106	132	112	149	132	112	112	109	132	109
May ,,	132	140	106	116	106	132	110	150	132	117	110	108	134	112
June ,,	134	146	107	126	109	138	112	150	132	117	110	109	134	112
July ,,	135	148	108	131	110	143	112	151	133	121	111	110	135	112
August ,,	136	149	108	134	110	144	113	151	134	124	109	109	141	112
September ,,	137	154	109	137	112	146	116	152	136	124	109	109	143	113
October ,,	138	153	109	137	112	145	119	151	136	122	112	109	143	114
November ,,	138	154	110	138	112	147	116	153	138	124	112	109	143	114
December ,,	140	4832	111	139	115	147	116	157	140	125	113	110	145	115
January 1964	140	4852	111	137	117	150	111	157	140	126	113	108	152	115
February ,,	142	4892	115	417	122	150	111	157	145	126	113	108	158	118
March ,,	143	4961	...	417	125	156	...	158	145	124	119	...	159	...

* June 1934=100. ‡Jan. 1928=100. †Base: 1960=100. ‡ The index is based on the Lakdawala Committee's recommendation which has been accepted by the Government of Maharashtra.

INDEX NUMBERS OF WHOLESALE PRICES—IMPORTANT COMMODITIES

(Base : 1952-53=100)

Average of months Average of weeks ended Saturday	Rice	Wheat	Jowar	Bajra	Gram	Tea	Milk	Sugar	Gur	Tobacco Leaf	Raw Cotton	Raw Jute	Oilseeds	Edible oils	Non-edible oils	Coal	Jute manufactures	Cotton Manufactures	Textile Fibre Manufactures
1956-57	97	88	122	123	71	105	104	95	109	90	111	126	111	97	116	95	116	101	
1960-61	108	90	122	139	87	108	117	125	116	94	109	176	105	140	142	128	135	147	
1961-62	113	92	122	139	87	108	117	125	116	96	109	176	105	140	142	128	135	148	
1962-63	111	90	120	124	89	175	122	131	153	94	113	147	140	158	161	131	160	163	
1963-64	125	99	132	132	100	106	133	138	177	110	119	140	136	154	161	100	135	161	
April 1963	117	88	109	119	87		136	138	177	110	119	140	136	154	161	100	135	161	
October ,,	132	94	110	129	96	105	138	136	201	112	114	147	137	157	161	100	135	163	
November ,,	130	97	112	133	101	102	137	136	210	115	117	147	136	157	161	100	135	163	
December ,,	122	106	114	139	110	102	126	145	210	115	118	143	136	154	161	98	135	163	
January 1964	120	112	123	139	113	105	128	145	210	115	120	143	136	154	161	100	135	163	
February ,,	120	121	130	139	103	130	130	145	198	116	121	150	147	160	161	100	136	163	
March ,,	122	121	134	146	123	130	138	145	189	112	120	151	153	164	165	99	137	167	
April ,,	125	116	137	140	116		139	145	184	109	121	151	155	162	166	99	137	169	

RAILWAY TRAFFIC—WAGON LOADINGS

(In thousands)

Year/Month	Total No. of Wagons Loaded	Coal and Coke	Grains and Pulses	Oil-seeds	Raw Cotton	Cotton Manufactures	Raw Jute	Jute Manufactures	Sugar	Cement	Pig-iron	Iron and Steel (Others)	Tea	Manganese Ore
1960-61	9,787	1,591	887	122	52	16	116	15	126	401	56	377	22	78
1961-62	9,870	1,706	803	115	40	14	128	12	130	393	51	366	24	75
1962-63	10,607	1,854	1,052	145	44	14	148	13	135	445	54	433	26	75
March 1963	11,354	2,080	913	135	41	13	143	12	124	413	57	493	30	65
Jan., 1963	8,700	1,680	657	99	30	11	127	13	130	349	49	390	32	69
Feb., ,,	9,617	1,741	722	110	35	13	140	13	130	349	49	390	32	69
March ,,	10,623	1,924	702	125	43	14	150	15	143	383	54	433	32	76
June ,,	2,717	509	236	35	13	4	51	3	39	98	14	112	8	20
July ,,	2,646	537	231	44	15	4	25	4	50	139	19	154	7	24
Aug., ,,	4,561	866	377	52	16	5	55	5	61	183	24	191	11	34
Sept., ,,	5,461	1,040	445	59	18	7	69	5	71	195	28	237	18	29
Oct., ,,	6,406	1,225	516	69	19	8	70	6	78	230	33	280	21	34
Nov., ,,	7,354	1,401	593	81	21	9	91	7	85	265	38	323	24	39
Dec., ,,	8,355	1,578	676	97	25	9	101	9	103	338	48	409	29	51
Jan., 1964	9,366	1,747	754	110	31	10	103	10	108	338	48	409	29	57
Feb., ,,	10,335	1,910	833	122	36	12	134	11	112	375	52	449	30	61
Mar., ,,	11,354	2,080	913	135	41	13	143	12	124	413	57	493	30	65

* Excludes figures for Goa, Daman and Diu.

† Including electric goods.

‡ Excludes imports by land from Nepal valued at Rs. 4.81 crores.

§ Excludes overland exports to Nepal valued at Rs. 10.31 crores and postal exports of pearls, precious stones, etc. valued at Rs. 14.05 crores.

Note.—The figures relate to Government Railways. Figures include Broad and Metre Gauges. The monthly figures are progressive from April and incorporate revision in respect of earlier months. Source :—Ministry of Railways.

SMALL SAVINGS

(In lakhs of rupees)

Year/Month	National Savings Certificates 5-Year A	7-Year B	12-Year B	12-Year National Defence Certificates	Post Office Savings Bank Deposits	10-Year National Plan Certificates D	Post Office Certificates, Defence Savings Certificates and Defence Savings Bank Deposits Outstandings E	Cumulative Time Deposits 5-Year J	10-Year J	10-Year Treasury Savings Deposit Certificates 3½% F	4% C	15-Year Annuity Certificates G	Total
	Outstandings	Outstandings	Outstandings	Outstandings	Receipts	Outstandings	Outstandings	Outstandings	Outstandings	Receipts	Outstandings	Receipts	Outstandings H
1959-60	15,14	1,57	3,14	98,95	221,68	209,59	268,10	19,79	—42,01	50	31	41,68	10,64	21,76	66	2,91	304,83	680,39
1960-61	1,26	2,46	81,35	288,74	236,84	313,16	18,84	—42,01	1,70	93	38,80	15,04	16,79	53,35	49	3,83	351,08	873,31
1961-62	89	3,46	82,47	347,96	250,58	353,95	17,91	—42,65	1,61	1,01	77,60	17,91	7,32	60,70	50	3,83	344,22	948,42
1962-63	62	1,39	48,16	367,55	244,86	355,50	16,01	—42,65	7,57	3,50	20,58	7,32		60,70	41	3,83	295,84	785,96
1963-64	42	95	32,78	346,16	249,59	350,01	5,96	—42,72	12,85	14,47	...			60,66	3	3,83	31,13	952,32
April 1963	60	1,51	40,68	364,82	20,58	353,95	17,91	—42,65	7,97	3,65	19,90	...		60,57	2	3,82	29,08	960,84
June ,,	57	1,26	43,80	366,64	18,84	350,44	16,61	—42,69	8,84	4,00	18,93	...		60,57	2	3,82	27,24	972,91
July ,,	56	1,22	42,25	356,53	18,51	350,12	16,40	—42,72	9,40	4,25	17,64	...		60,60	2	3,81	24,27	972,91
August ,,	54	1,16	40,93	356,62	18,33	357,13	16,41	—42,72	9,76	4,45	17,64	...		60,64	4	3,83	28,79	981,93
September ,,	53	1,11	39,62	354,85	18,21	359,91	16,15	—42,72	10,20	4,69	17,13	...		60,64	3	3,83	29,19	991,92
October ,,	50	1,06	38,14	352,76	19,84	361,96	16,06	—42,74	10,67	4,93	16,97	...		60,39	4	3,84	30,33	1,000,12
November ,,	47	1,03	36,79	351,14	18,73	363,59	15,97	—42,74	11,05	5,18	16,23	...		60,31	5	3,86	29,88	1,009,26
December ,,	46	1,00	35,45	349,26	19,01	365,65	16,09	—42,75	11,50	5,42	16,89	...		60,27	3	3,86	29,30	1,020,46
Jan. 1964 ,,	46	1,00	35,44	349,24	20,36	367,31	16,08	—42,75	11,85	5,64	15,50	...		60,22	4	3,87	31,99	1,030,18
Feb. ,,	44	1,00	34,35	347,79	20,70	368,43	16,04	—42,74	12,18	5,90	14,87	...		60,14	4	3,88	37,66	1,038,53
Mar. ,,	42	95	32,78	346,16	33,44	380,01	15,96	—42,75	12,61	6,18	14,17	...		60,02	5	3,92	52,83	1,053,78
April ,,	...	...	...	...	...	...	...	—42,74	...	...	14,13	...		60,02	5	3,92	...	...

Note :—Outstandings relate to end of period and do not include Indian Union's share of pre-partition liabilities : repayments, however, include those from the pre-partition holdings of Indian investors. A—Discontinued from July 1, 1953. B—Discontinued from June 1, 1957. C—Issued from June 1, 1957. D—Issued from May 10, 1954 to May 30, 1957. E—Including Defence Savings Banks Deposits upto 1954-55. F—No sales from June 1, 1957. G—1st series issued from July 1954 to 1957 and 2nd series issued from January 1958. H—Outstandings in respect of items in column 9 marked 'E' are not included. J—Commenced from 2nd January 1959. N.B.—Five-year prize bonds were issued from 1st April 1960 and the total outstandings amount to Rs. 22.22 crores. Fifteen-year Cumulative Time Deposits commenced from June 1962—the outstandings at the end of Mar., 1964 amount to Rs. 62 lakhs. Twelve-year National Defence Savings Certificates commenced from 16th November 1962 and the outstandings at the end of Mar., 1964 amount to Rs. 160.51 crores. Ten-year Defence Deposit Certificates were issued from 16th November 1962—the outstandings at the end of Mar., 1964 amount to Rs. 31.65 crores. Five-year Premium Prize Bonds were issued from 1st January 1963 and outstandings at the end of Dec., 1963 amount to Rs. 5.75 crores.

A new series of Premium Prize Bonds, 1964 was issued since 1st January 1964. The outstandings at the end of March 1964 was Rs. 6.68 crores including outstandings of the previous series.

*Progressive net repayments at the end of period since 16th April, 1947.

STOCK & SHARE QUOTATIONS

Abbreviations :—D.—Deferred shares. P. G.—Preferred Ordinary shares. Y.—Accounts published yearly. H.—Accounts published half-yearly. P.—Company has Preference shares. T.—Company has Debentures. N.—Nominal quotations. x.d.—Ex. Dividend. c.d.—Cum. Dividend. I.—Interim Dividend. C.R.—Cum. Right. XR.—Ex. Right.

Shares :—If a company has different classes of shares—as for example : 'A' shares and 'B' shares—these are indicated by the same letters 'A' and 'B' under the columns 'Paid-up Ordinary Capital' and 'Paid-up' per share.

Accounts :— Figures in the Accounts Closed column represent the months or the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June and December, respectively. Reserves include general and other reserves and all other funds which a company may have excluding depreciation fund, reserves for tax liability and provident fund. Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed less sales, if any, and stands for the gross figures except where otherwise indicated.

Dividends :—Dividends for completed years are shown as amount per share per annum, but where quoted for portion of a year they represent the proportionate dividend for that period. In the case of those companies which close their accounts yearly dividends shown are for their financial year.

TEXTILES

COTTON, RAYON, SILK AND WOOLLEN

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Directors or Secretaries	Number Installed Spindles	Looms	Mill	Latest available Quotation	Paid-up Per Share	Dividend Per Ordinary Shares 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.					Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
BOMBAY CITY AND ISLAND																
20,00,700	17,73,822	50,45,511	30,68,133	23,453	Mayanlal Bhagwandas & Co.	45,180	...	Ambika Silk Mills Co., Ltd.	235.00	100	15.00	20.00	20.00		12	Y.
50,00,000	17,53,685	1,34,39,380	83,17,117	1,35,878	Rajputana Text. (Agencies) Pvt. Ltd.	55,448	902	Apollo Mills	1.74	2	*Nil*	*Nil*			12	Y.
2,50,98,000	4,24,81,018	13,37,13,614	7,63,55,693	48,236	Nowrosjee Wadia & Sons (Pvt.) Ltd.	1,96,796	3,736	Bombay Dyeing & Mfg.	56.20	25	3.50	3.50	3.50	3.50	12	Y.
10,00,000	45,71,338	98,84,077	66,76,195	51,113	M. Ramnarain Private Ltd.	44,784	859	Bradbury Mills	145.00	50	5.00	12.50	5.00	15.00	3	Y.P.
2,54,90,900	5,00,47,465	19,19,05,500	8,39,29,130	...	Birla Gwalior Private Ltd.	1,26,752	2,702	Century Spg. & Mfg.	577.50xd	100	30.00	30.00	30.00	30.00	12	Y.P.
28,00,000	63,60,441	1,42,43,896	96,80,390	5,342	Cowasjee Jehangir & Co. Pvt. Ltd.	31,460	672	Coorla Spg. & Wvg.	167.50	100	11.00	11.00	11.00	11.00	3	Y.
28,00,000	49,27,043	1,21,38,021	77,41,056	2,149	Kaia Industries Ltd.	43,992	688	Dawra Mills

JUTE COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Number of Looms	Company	Latest available Quotation Rs. nP	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
6,00,000	74,80,980	1,77,88,356	77,19,665	8,246	B. N. Elias & Co. Private Ltd. ..	879	Agarpara	8.87	10	1.00	0.25	0.25	1.20	3	Y.P.T.
6,00,000	21,01,180	85,82,670	55,00,515	25,705	McLeod & Co., Ltd.	456	Alexandra	275.00	100	44.00	15.00	45.50	....	12	Y.P.T.
90,00,000	26,04,850	1,72,09,661	1,14,76,789	1,05,589	McLeod & Co., Ltd.	1,264	Alliance	120.00	100	6.00	Nil	10.00	12.50	5	Y.P.
49,32,700	1,64,67,331	3,42,98,398	2,11,97,620	90,773	Duncan Brothers & Co., Ltd. ..	2,561	Anglo-India	160.00	100	20.00	7.50	10.00	12.00	3	Y.P.T.
40,00,000	82,04,894	1,09,46,977	1,00,08,940	1,752	Bird & Co. Private Ltd.	1,000	Auckland	124.00	100	27.00	12.00	Nil	15.00	3	Y.P.
30,00,000	40,36,150	1,58,43,088	98,46,188	89,388	Birla Brothers Private Ltd. ..	969	Bally	236.00	100	25.00	25.00	25.00	25.00	3	Y.P.
4375,000	4975,367	£1,486,277	£1,075,854	£1,341	Jardine Henderson Ltd.	1,889	Barnagore	220.00	£5	£1 10sh.	10 sh.	10 sh.	£2	3	Y.P.T.
48,00,000	27,17,701	70,46,179	43,59,580	1,36,234	Soorajmull Nagarmull	600	Bengal	6.00	10	0.50	0.50	0.50	....	6	Y.
1,89,56,210	8,88,05,994	9,96,98,597	4,20,72,427	46,410	Birla Brothers Private Ltd. ..	1,373	Birla	30.00	10	1.50	1.50	1.50	1.50	3	Y.P.
36,00,000	20,98,440	1,25,69,723	79,60,997	35,907	Andrew Yule & Co., Ltd.	991	Budge-Budge	126.00	100	10.00	Nil	12.00	20.00	10	Y.P.
1,47,880	83,200	49,78,434	$7,08,876	—2,70,302	Dayaram & Sons	502	Calcutta Jute Mfg.	7.00	10	Nil	Nil	....	....	12	Y.P.
18,00,000	30,27,723	1,19,96,838	65,06,929	7,332	M.	616	Caledonian	135.00xd	100	12.00	5.00	15.00	15.00	3	Y.
29,58,200	1,01,10,891	1,39,45,609	1,19,34,120	30,264	James Finlay & Co., Ltd.	600	Champdany	22.37	10	1.00	0.50	Nil	4.00	3	Y.
98,98,780	77,75,319	1,47,45,586	77,38,580	1,10,207	Andrew Yule & Co., Ltd.	1,181	Cheviot	19.00xd	10	Nil	0.50	2.50	2.50	11	Y.P.T.
30,15,000	36,54,850	1,38,50,292	$7,51,929	—4,10,550	McLeod & Co., Ltd.	500	Chitavalsah	7.75	10	0.50	Nil	Nil	Nil	3	Y.P.
24,00,000	8,00,659	81,44,890	60,78,978	—18 44 821	M.	969	Clive	7.50	10	Nil	Nil	Nil	....	3	Y.
21,49,200	21,35,995	1,33,24,108	82,26,560	3,316	Bird & Co. Private Ltd.	766	Dalhousie	115.00	100	1.00	1.00	Nil	25.00	3	Y.P.T.
20,00,000	74,36,442	1,38,80,501	70,70,102	23,475	Andrew Yule & Co., Ltd.	779	Delta	132.00xd	100	7.50	Nil	12.00	16.00	11	Y.P.T.
15,00,000	42,21,700	1,21,60,987	86,25,776	84,695	McLeod & Co., Ltd.	500	Empire	13.87	10	1.25	0.75	1.25	1.50	7	Y.P.T.
69,00,000	1,23,58,695	4,12,02,867	2,35,01,406	4,582	Kettlewell Bullen & Co., Ltd. ..	1,884	Fort Gloster Industries Ltd. ..	224.00	100 Old	25.00	10.00	12.50	20.00	3	Y.P.T.
21,49,224	82,07,990	1,22,22,221	93,72,524	6,051	Bengal Bros. Ltd.	1,014	Fort William	21.12	10	2.25	2.25	1.00	2.00	3	Y.P.T.
84,32 100	77,96,303	3,00,05,500	1,61,98,875	10,267	Lakshmipat Singhania, Esq. (Chairman)	1,709	Ganges Manufacturing Co. Ltd.	13.25	10	1.00	1.00	1.50	2.00	3	Y.P.
43,20,000	46,54,205	2,10,63,231	88,71,016	9,681	M.	607	General Ind. Society Ltd. ..	14.00	10	4.00	1.00	1.80	1.40	12	Y.T.
48,00,000	85,59,122	3,27,96,620	2,06,30,081	28,659	Macneill & Barry Ltd.	1,394	Gourepore	22.56	10	3.00	0.50	2.00	2.00	3	Y.P.
40,00,000	1,09,80,042	1,86,44,477	1,01,39,208	4,964	Hastings Jute Mills Ltd.	1,078	Hastings	126.00	100	6.00	6.00	6.00	6.00	3	Y.P.
16,80,000	44,86,659	99,76,527	67,56,170	4,294	M.	720	Hooghly	16.62	10	1.00	2.00	0.75	1.00	3	Y.P.T.
24,00,000	46,00,997	2,31,38,629	1,61,63,455	5,088	Andrew Yule & Co., Ltd.	1,040	Howrah	16.50	10	1.25	1.00	1.00	1.00	3	Y.P.T.
82,50,000	1,26,72,000	4,46,75,240	2,75,72,249	6,088	Ramdutti Ramkissen das & Sons	2,272	Hukumchand	19.50	7.50	2.15	2.15	2.00	2.00	3	Y.P.
87,80,000	26,63,965	1,86,83,015	1,09,04,160	76,164	M.	790	India	14.50	12.50	1.75	1.50	....	....	3	Y.
24,00,000 }	36,84,700	2,08 46,168	1,60,07,458	....	Jardine Henderson Ltd.	1,797	Kamarhatty	165.00	100	5.00	Nil	20.00	20.00	12	Y.P.T.
20,00,000 }								165.00	'B' 100	5.00	Nil	20.00	20.00		
24,00,000 }	16,53,308	1,79,25,475	1,35,47,483	....	Jardine Henderson Ltd.	1,527	Kankanrarh	134.00	'B' 100	Nil	Nil	15.00	15.00		Y.P.T.
28,00,000	72,61,800	2,51 06,312	1,23,43,904	94,936	McLeod & Co., Ltd.	703	Kelvin	135.00	100	15.00	15.00	5.00	20.00	5	Y.P.
64,00,000	68,26,810	2,49,19,513	1,56,16,404	3,879	Anderson Wright Ltd.	1,530	Kharruh	17.50	10	2.00	0.50	1.25	1.25	3	Y.
69,88,200	1,48,08,277	2,28,97,363	1,50,89,313	12,641	F. W. Heligers & Co. Private Ltd.	1,250	Kinnison	111.00	100	20.00	7.00	Nil	10.00	3	Y.P.T.
24,48,000	1,80 000	1,00,10,272	70,67,675	4,687	Bird & Co. Private Ltd.	931	Lanadowne	92.00	100	Nil	Nil	Nil	Nil	3	Y.P.
28,00,000	14,38 147	65,39,767	45,85,703	664	Bird & Co. Private Ltd.	540	Lawrence	99.00	100	15.00	15.00	10.00	10.00	3	Y.
61,56,500	24,95 037	2,88,24,106	1,66,72,214	84,805	M.	1,294	Megna	12.00	10	1.20	1.25	....	....	3	Y.
12,00,000	41,39,963	1,91,35,426	1,15,78,800	21,972	Bhagat Agencies Ltd.	315	Nihalni	70.00	100	Nil	Nil	Nil	Nil	3	Y.T.
18,00,000	11,32,460	89,57,070	58,03,449	8,669	K. T. Thomas & Kalhanar, Esq.	425	Naskarpara	7.50	10	0.50	Nil	1.00	....	10	Y.T.
35,00,000	78,10,449	2,01,18,988	58,47,874	9,807	M.	852	National	20.62	10	0.75	Nil	1.00	0.75	6	Y.P.
26,25,000	36,29,172	80,98,895	55,25,250	1,61,305	Andrew Yule & Co., Ltd.	316	Nellimarla Jute	8.37	10	0.50	0.50	1.50	0.50	7	Y.P.T.
2,36,50,000	3,31,09,122	11,08,78,237	2,72,02,388	13,602	Sahu Jain Ltd.	1,765	New Central	11.37	10	1.50	1.50	Nil	1.50	3	Y.P.T.
16,79,880	26,86,689	1,43,61,778	89,72,948	1,076	Bird & Co. Private Ltd.	567	Northbrook	94.25	10	3.00	3.00	2.00	8.50	3	Y.P.
66,79,400	58,06,822	1,48,46,554	85,12,922	18,111	Macneill & Barry Ltd.	1,092	Nuddea	52.50	50	4.00	3.00	2.50	5.00	3	Y.
25,00,000	13,65,554	1,08,88,005	84,46,448	17,103	McLeod & Co., Ltd.	400	Presidency	4.25	5	0.40	0.50	0.50	0.50	7	Y.
20,00,000	5,27,128	68,13,805	24,70,569	22,800	Hindustan Investment Corpn. Ltd. ..	305	Rameshwara	7.25	10	Nil	Nil	Nil	Nil	10	Y.P.T.
49,50,000	6,89,145	1,24,05,777	60,15,776	7,27,719	M.	423	Reliance	7.50	10	Nil	Nil	Nil	Nil	12	Y.P.
£600,000	£1,029,127	£1,602,126	£796,090	£2,892	Thomas Duff & Co. (India) Pvt. Ltd.	2,013	Samnaggur	9.50N	£1	6%†	Nil	10%†	15%	12	Y.P.
80,00,000	28,82,884	1,87,85,313	1,08,08,079	8,777	Begaria More & Co., Ltd.	911	Shree Ambica	20.00	10	0.60	0.60	Nil	0.80	3	Y.P.
14,00,000	17,19,884	77,43,303	55,72,946	26,425	Hindustan Investment Corpn. Ltd. ..	401	Soorah	22.50	10	2.50	2.50	2.50	....	12	Y.P.
£600,000	£693,155	£1,631,120	£843,019	£3,525	Thomas Duff & Co. (India) Pvt. Ltd.	1,794	Titaghur	9.50N	£1	6%†	Nil	15%†	10%	12	Y.P.
85,98,000	44,85,667	1,10,95,221	63,98,988	603	Bird & Co. Private Ltd.	1,256	Union	9.50N	£1	6%†	Nil	10%†	Nil	3	Y.P.T.
£400,000	£495,602	£1,372,172	£711,723	£1,951	Thomas Duff & Co. (India) Pvt. Ltd.	1,831	Victoria	9.50N	£1	6%†	Nil	10%†	10%	12	Y.P.
2,50,000	9,70,000	81,07,250	46,38,438	57,655	McLeod & Co., Ltd.	447	Waverley	8.19	1	0.30	0.30	0.60	0.30	5	Y.P.

SOUTH INDIAN PLANTING COMPANIES

TEA COMPANIES

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
10,49,990	8,60,824	18,08,952	4,15,754	48,095	Young India Agencies Private Ltd...	1,565	Balanoor Tea and Rubber ..	12.12	10	1.50	1.20	1.20	....	3	Y.P.
64,00,000	25,11,425	1,49,41,142	25,95,990	54,776	Kothari & Sons (Agr.) Pvt. Ltd.	1,370H	Blue Mountain Estates & Ind..	2.35	2	0.25	0.20	0.20	0.20	6	Y.
5,50,000	6,11,030	19,95,967	4,85,544	9,168	K. Anantaraman, Esq. (Mg. Director).	846	Chamraj Central Estates Ltd. ..	2.65	2	0.20	0.20	0.20	0.20	6	Y.P.
14,00,100	14,45,880	33,80,058	11,64,123	25,726	Leslie & Co., Ltd.	693H	Chembra Peak Estates	4.60	2	0.40	0.40	0.40	0.40	3	Y.
5,06,780	18,90,424	24,87,766	3,02,266	160H	Madhwan Rosenquet & Co. Pvt. Ltd..	160H	Coonoor Tea	17.87	10	1.75	1.50	1.75	1.75	9	Y.P.
4,80,000	5,03,204	16,62,155	3,17,071	17,303	M. L. Goenka, Esq. (Chairman) ..	671	Coorg Tea	4.85	2	0.40	0.40	0.30	0.30	10	Y.P.
3,40,000	2,28,526	13,60,908	4,33,226	2,800	P. G. Krishna Iyer, Esq. (Mg. Director)	171H	Devashola (Nilgiri) Tea	24.08	10	2.00	2.00	1.50	1.50	12	Y.
9,74,660	5,88,749	18,44,758	3,14,293	23,168	Young India Agencies Private Ltd. ..	1,177	Devon Tea	11.06	10	1.50	1.25	1.25	1.00	3	Y.P.
7,50,000	6,10,000	5,94,450	13,465	19,221	K. N. Krishna Iyer (Mg. Director) ..	198	Emerald Valley Estates	6.15	5	....	Nil	0.30	1.00	3	Y.
25,00,000	19,85,470	59,76,170	18,56,881	12,526	Parkina Private Ltd.	1,506	Halleyburia	13.00xd	10	1.50	1.25	1.10	....	12	Y.P.
9,00,000	7,23,740	16,93,743	4,93,218	20,726	Peirce, Leslie & Co., Ltd.	1903H	Kalaa Tea	4.10xd	2	0.40	0.50	0.50	0.80	3	Y.T.
17,17,076	13,42,010	37,08,182	8,58,317	25,837	Peirce, Leslie & Co., Ltd.	556H	Kil Kotagiri Tea	4.40	2	0.50	0.50	0.50	0.40	10	Y.P.
9,00,000	9,13,000	13,93,084	1,58,424	1,857	Ipe Gommen & Co. Pvt. Ltd. ..	926	Kurebermala Plant Ltd.	5.07	10	Nil	0.40	Nil	Nil	3	Y.P.
3,00,000	2,00,560	11,18,479	1,35,037	49,466	Madhwan Rosenquet & Co., Ltd. ..	109H	Lucky Valley	11.70xd	10	1.00	1.00	1.00	1.00	12	Y.
3,50,000	20,000	5,50,379	58,028	4,609	Vasantha & Co. (Trichy) Pvt. Ltd. ..	255	Manar Estates Ltd.	1.93xd	2	0.20	0.10	0.10	0.10	3	Y.
2,50,000	6,18,117	15,08,178	3,09,591	—8,503	Rapen Thomas, Esq. (Mg. Director)..	560	Mlamallay	34.60	25	2.75	2.50	2.50	2.50	3	Y.P.
26,00,000	24,19,484	84,10,841	17,28,990	80,279	A. V. Thomas & Co. (India) Ltd. ..	851H	Neelamalai	4.75	5	0.375	0.375	0.375	0.375	6	Y.P.
12,00,000	10,09,000	32,29,949	6,97,916	9,932	A. V. Thomas & Co., Ltd.	738H	Nellampathy	3.93	2	0.26	0.30	0.30	0.30	6	Y.P.T.
14,06,250	10,16,954	40,42,865	8,24,078	8,184	A. V. George & Co., Ltd.	1,022	Nilgiri Tea	9.10	10	0.80	1.00	1.00	0.50	3	Y.
33,10,000	11,02,821	89,48,326	15,15,045	28,487	Harrison & Crosfield Ltd.	641	Nonsuch Tea	22.25xd	10	2.00	2.00	2.00	2.00	6	Y.
14,88,960	17,22,988	34,54,296	7,51,937	40,177	P. S. M. Molyneux, Esq. (Chairman)	227H	Parkside	25.73	10	2.75	2.25	2.75	2.50	6	Y.
6,00,000	6,84,231	7,96,354	79,137	4,57,151	Travancore-India Atvar, Esq. ..	771	Perumalmar Plantations Ltd. ..	21.25	10	2.00	2.00	2.00	2.00	12	Y.
17,00,000	12,83,809	40,47,925	19 04,123	69,839	Aspinwall & Co. (Travancore) Ltd. ..	634H	Peermade	21.25xd	10	2.25	2.50	2.00	0.30	12	Y.P.
87,24,850	20,63,711	1,23,79,158	46,17,784	88,808	Peirce, Leslie & Co., Ltd.	1,506H	Periakaramalai	3.43	2	0.27	0.40	0.25	0.30	3	Y.P.
18,50,000	3,96,500	12,02,040	1,74,018	9,939	A. V. Thomas & Co. (India) Ltd. ..	382	Sheyroy Estates Ltd.	5.05	5	0.15	0.15	0.125	0.125	6	Y.P.
10,00,000	15,30,496	31,73,663	10,92,544	17,781	T. Stanes & Co., Ltd.	457H	Stanes Amalgamated	13.75	10	1.70	1.00	1.50	1.20	6	Y.
1,25,000	12,500	2,18,552	22,950	2,021	M.	216	Swinton Estates	2.68	2	0.25	0.12	Nil	Nil	3	Y.
12,50,000	12,05,507	34,15,817	5,57,996	25,571	Srinivas Agencies	1,056	Talayar Tea	1.00	2	0.16	0.20	0.20	0.20	3	Y.P.
15,75,000	16,56,500	33,93,735	5,16,817	1,119	Parkina Private Ltd.	1,215	Twyford	9.10xd	10	1.00	0.60	0.80	....	12	Y.
8,20,000	3,97,345	10,81,680	1,41,883	—12,255	U. Y. George & Co., Ltd.	503	Udayagiri Rubber Co. Ltd. ..	15.50	10	2.10	Nil	Nil	Nil	3	Y.
21,92,250	11,26,250	59,80,553	22,94,479	12,127	T. Stanes & Co., Ltd.	786H	United Nilgiri	23.22	10	2.10	2.20	2.20	2.25	3	Y.
47,25,000	21 23,765	99,19,418	15,06,787	81,880	Kothari Mehta & Co. Pvt. Ltd. ..	1,127H	Waterfall	2.27	2	0.26	0.30	0.30	0.30	6	Y.P.

RUBBER AND OTHERS

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Managing Directors or Secretaries	Acreage under Cultivation	Company	Latest available Quotation Rs. nP.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP.	1961 Rs. nP.	1962 Rs. nP.	1963 Rs. nP.	Accounts Closed	Reference
6,00,000	5,82,425	17,66,348	4,03,082	20,644	Ramani & Co. Pvt. Ltd.	999	Alagewwar Estates Ltd. ..	2.67	2	0.35	0.30	0.30	0.30	3	Y.
9,75,000	2,85,527	21,05,998	4,40,783	1,998	K. N. Neelakantan, Esq. (Mg. Director)	2,427	Amalgamated Coffee Estates Ltd.	10.01	10	1.00	1.00	1.00	0.50	3	Y.P.T.
2,50,000	2,69,092	12,93,383	2,52,120	56,241	A. V. George & Co., Ltd.	629	Anandam Rubber Co. Ltd. ..	14.50xd	10	1.50	1.50	1.50	1.50	12	Y.T.
13,07,888	2,88,040	22,69,626	3,45,437	24,775	Associated Planters Private Ltd.	1,342	Anaparai Estates Ltd.	3.00	2	0.40	0.30	0.20	0.30	6	Y.T.
4,25,000	4,75,000	12,07,785	1,42,997	1,061	Young India Agencies Pvt. Ltd. ..	1,041	Badra Coffee Estates Ltd. ..	2.90	2	0.20	0.30	0.15	0.20	6	Y.P.
4,00,000	60,000	1,45,317	1,55,774	2,737	A. V. Thomas & Co. (Mysore) ..	233H	Baimadies Coffee & Produce..	5.00	5	0.40	0.40	0.40	0.80	6	Y.P.
2,00,000	2,05,000	4,79,718	88,297	1,481	Planting Agencies (Private) Ltd. ..	181H	Baimadies Plantations	1.80	2	0.18	0.10	Nil	0.10	5	Y.P.
29,91,578	19,60,914	60,65,649	12,47,912	28,851	Peirce, Leslie & Co., Ltd.	2,255	Cochin Malabar	6.20	5	0.525	0.60	0.60	0.75	6	Y.P.
22,50,000	18,66,160	57,74,920	16,29,358	890	M. A. Sreenivasan, Esq. (Chairman)	2,702	Coffee Lands and Industries ..	17.65	10	0.60	1.20	0.90	0.90	6	Y.P.
71,85,000	76,42,159	1,75,91,409	54,78,544	1,607	M. A. Sreenivasan, Esq. (Chairman)	6,245	Consolidated Coffee	21.85	10	2.00	2.00	1.50	2.00	6	Y.P.
6,00,000	3,09,735	15,58,047	1,41,756	5,918	Associated Planters Private Ltd.	1,410	Cotamalai Plantations	9.50	10	1.00	1.00	0.625	1.00	3	Y.P.
4,08,880	4,07,280	1,85,017	1,26,017	40,887	Leslie & Co., Ltd.	246H	Cowcoody Estates (Coffee) ..	4.66	2	0.50	0.50	0.40	0.85	6	Y.
18,00,000	15,20,000	40,99,988	9,82,819	40,041	A. V. Thomas & Co., Ltd.	622H	Highland Produce	15.65xd	10	1.50	1.50	1.50	1.50	12	Y.P.
11,86,700	11,77,705	41,75,827	4,60,277	22,004	A. V. George & Co., Ltd.	1,187	Kallar Rubber Co., Ltd.	6.00	5	0.40	0.50	0.50	0.50	2	Y.
13,99,000	8,19,443	22,75,750	4,58,958	5,164	A. V. Thomas & Co., Ltd.	588H	Kalpetta Estates	12.20	10	1.25	1.25	1.25	1.125	4	Y.
6,00,000	2,40,000	9,93,124	2,60,252	26,055	Peirce, Leslie & Co., Ltd.	272H	Kanergode Estates Ltd.	3.78	2	0.40	0.35	0.30	0.25	10	Y.
18,00,000	11,85,000	29,24,000	5,02,948	8,669	K. T. Thomas Kalhanar, Esq. ..	2,147	Malankara Rubber	16.37	10	1.50	1.60*	1.40	1.40	3	Y.
2,25,000	2,50,000	8,72,737	90,634	3,643	Associated Planters Pvt. Ltd. ..	906	Mercara Rubbers Ltd.	7.45	5	1.00	1.00	0.75	0.625	6	Y.P.
40,40,000	17,71,088	79,92,921	18,59,147	1,229	A. V. Thomas & Co., Ltd.	1,398H	Midland Rubber	11.00	10	1.25	1.25	1.25	1.00	3	Y.P.
8,25,000	4,12,507	17,84,491	3,54,974	1,19,008	A. V. George & Co., Ltd.	1,331	Nellamboor Rubber Co.	22.55	10	1.50	1.50	1.50	1.50	12	Y.P.
2,00,000	4,91,110	10,47,182	90,425	1,632	Associated Planters Private Ltd.	840	Nilambur Rubber Co.	12.76xd	10	1.50	1.50	1.00	1.50	12	Y.P.T.
6,60,000	5,98,494	15,89,216	1,39,778	17,087	Peirce, Leslie & Co., Ltd.	1,812H	Oaccadene Estates Ltd.	5.37xd	2	0.26	0.24	0.25	0.30	12	Y.P.T.
19,45,980	24,54,133	69,64,648	24,42,425	2,616	Peirce, Leslie & Co., Ltd.	1,812H	Onchierlony Valley Estates ..	3.45xd	2	0.26	0.24	0.12	0.25	10	Y.P.T.
18,10,000	5,12,431	24,09,527	4,19,833	6,844	Aspinwall & Co., Ltd.	910H	Pullangode Rubber	3.66	2	0.10	0.12	0.15	0.20	3	Y.
18,10,000	18,88,250	58,99,815	8,65,422	20,553	Associated Planters Private Ltd.	1,216H	Ralgirl Rubber	21.50	10	2.00	2.00	2.00	2.125	6	Y.P.
2,00,000	1,94,053	4,00,653	60,946	47,531	Associated Planters Private Ltd.	422	Rajendra Coffee Ltd.	10.42	5	1.25	1.25	1.00	1.25	3	Y.P.
12,60,760	78,007	20,87,248	2,88,330	—1,43,843	Patco Agencies	470H	Sangameshwar Coffee Estates..	1.68	2	0.12	0.12	Nil	Nil	3	Y.P.T.
5,50,170	2,25,006	10,11,493	2,16,317	6,933	Peirce, Leslie & Co., Ltd.	202H	Savannalai Estates Ltd.	4.32	2	0.28	0.32	0.30	0.35	11	Y.
6,25,000	2,74,183	14,90,789	65,183	7,695	A. V. George & Co., Ltd.	816	Thamaraipaly Rubber	16.25xd	10	3.00	1.80	1.50	....	12	Y.P.T.
9,15,300	10,75,840	16,61,781	2,34,898	7,989	Peirce, Leslie & Co., Ltd.	1,312	Thirumbadi Rubber Co., Ltd..	1.65	1	0.07	0.12	0.10	0.10	9	Y.
6,00,000	6,15,616	13,78,059	1,92,991	1,840	Harrison Thomas, Esq. (Mg. Director)	1,341	Travancore Rubber	11.37xd	10	1.30	1.20	1.20	....	12	Y.
41,00,000	12,68,584	90,95,305	18,31,504	32,283	Aspinwall & Co. (Travancore) Ltd. ..	2,100H	Travancore Rubber & Tea ..	9.35xd	10	0.90	1.00	1.00	....	12	Y.P.
50,00,000	1,91,000	33,48,191	9,09,484	283	P. T. Thomas, Esq. (Mg. Director) ..	2,157	Tropical Plantations Co.	21.25xd	25	2.00	....	....	....	3	Y.P.
3,80,019	5,47,051	10,34,166	54,782	9,228	S. Padmanabh Aiyaar, Esq. (Chairman)	1,118	Valkundan Rubber Co., Ltd..	35.10	10	3.00	3.00	....	....	12	Y.
6,00,000	6,69,482	19,50,932	1,87,596	6,425	P. I. Joseph, Esq. (Chairman) ..	1,245	Vellmalai Rubber & Co.	5.12	5	0.60	0.50	0.25	0.35	2	Y.T.
12,00,000	12,60,962	16,57,152	2,24,133	30,874	Peirce, Leslie & Co., Ltd.	417H	Warthylly Estates Ltd.	2.97xd	2	0.30	0.30	0.20	0.24	3	Y.
6,00,000	97,309	13,65,464	1,02,251	23,313	M.	898	Woodland Estates	6.80	10	1.00	1.00	....	....	3	Y.P.T.

V—Includes 50 nP. for 30-6-1954. * Includes bonus. H—Area in Hectares. M—Managed by Board of Directors. † Less Income-tax.

N.B.—All dividends paid since 31st March 1959 are shown as taxable.

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP	1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	Accounts Closed	Reference
CERAMIC; MINING AND QUARRYING														
96,00,000	18,131	67,05,606	23,63,316	2,215	United Provinces Commercial Cor. Ltd.	Assam Sillimanite Ltd.	6.44	10	0.60	0.60	0.50		3	Y.
13,50,000	6,35,242	23,23,858	12,41,519	777	Rajputana Mining Agencies Private Ltd.	Associated Stone Industries (Kot Ltd	24.00N	10	2.00	2.00	2.00		9	Y.
55,23,146	23,41,104	1,00,40,451	46,35,084	3,208	Bharat Ram Bhagat & Co.	Bengal Potteries	4.50	21	3.00	3.00	1.00	1.25	12	Y.
40,00,000	28,81,279	1,22,44,032	53,39,187	50,122	Bird & Co. Private Ltd.	Bira Stone Lime Co.	17.69	10	13.00	15.00	15.00	18.00	3	Y.P.
14,17,800	25,18,589	63,55,181	22,68,004	2,821	Smt. K. M. Motichand Shah (Chairman).	Bombay Potteries and Tiles Ltd.	100.00	100	8.00	11.00	9.00		12	Y.P.
80,00,000	24,68,788	1,36,62,623	46,61,918	1,20,084	Saraf Mor & Co. Private Ltd.	Ferro Alloys Corporation Ltd.	107.50	100	8.00	11.00			12	Y.
£2,054,950	£2,824,875	£4,002,119	£2,243,738	£78,810	Gillanders Arbuthnot & Co., Ltd.	Indian Copper Corporation	3.24	Sh. 2	0.35	0.35			12	Y.
£1,500,000	£7,81,955	£4,18,636	10,76,454	1,40,029	Bird & Co. Private Ltd.	Karanpura Development	9.69	10	0.50	0.50			12	Y.P.
0,15,00,000						Khandelwal Ferro Alloys Ltd.	61.00	100	*Nil	*Nil			12	Y.P.T.
50,00,000	1,14,51,419	5,78,268	3,63,515	3,63,515	Khandelwal Industries Private Ltd.	Kumardhubi Fireclay and Silica Works.	18.46	10	1.80	1.80	1.80		3	Y.P.
20,00,000	56,55,899	1,70,20,512	82,80,436	25,499	Bird & Co. Private Ltd.	Metal Corporation of India Ltd.	6.69	10	*Nil	*Nil	*Nil		3	Y.
1,78,79,255	10,90,805	1,22,39,515	76,12,904	8,25,965	Sir Indra Singh, Kt. (Chairman)	Mysore Stoneware Pipes & Potteries	11.87N	10	1.428	1.50	1.50	1.25	3	Y.
6,00,000	7,37,803	17,66,777	9,67,747	190	Mysore Industrial Development Co.	Orissa Minerals	22.12	10	2.50	2.80	2.00		6	Y.
20,00,000	67,67,481	80,62,201	34,56,786	55,801	Bird & Co. Private Ltd.	Parshuram Pottery Works Co., Ltd.	59.00	25	5.36	5.36	5.36	5.75	7	Y.P.
12,18,650	22,84,051	1,05,25,909	57,35,031	43,395	A. Y. Ghanpure, Esq. (Chairman)	Shivrajpur Syndicate	12.00	10	8.00*	*Nil	*Nil	*Nil	11	Y.
31,00,000	37,51,142	99,40,647	51,84,720	−23,83,858	Killick Industries Ltd.		(28.31	10	2.00	2.75	3.50		12	Y.
4,88,840	12,75,390	34,34,281	11,78,647	21,096	S. N. Beri, Esq. (Secret	Sutna Stone & Lime Co. Ltd.		5	1.00	1.375	1.75			
4,80,680														
CHEMICAL														
22,50,175		1,79,449	13,076	−26,645	Agri-Chem Engineers	Adarsh Chemicals & Fertilisers	73.50	100	*Nil	*Nil			12	Y.P.
1,44,50,000	91,00,574	3,54,14,220	1,39,51,126	16,266	Rayuma Services	Alembic Chemical Works Co.	153.75xd	100	14.00	14.00	12.00	12.00	12	Y.P.
3,10,00,000	2,26,33,273	8,39,01,420	2,46,53,284	5,071	Imperial Chemical Industries (India) Private Ltd.	Alkali and Chem. Corpn. of India	26.10	10	1.20	1.50	1.50	1.50	9	P.Y.
1,10,23,200	80,12,547	2,29,02,580	73,73,157	6,812	Amritlal & Co. Private Ltd.	Amar Dye-Chem Ltd.	152.50	100	12.00	9.00	9.00	8.00	12	Y.P.
39,94,000	47,67,886	2,21,76,216	99,62,362		Kasturbai Lalbhai & Co.	Anil Starch Products Ltd.	431.25	100	30.00*	30.00*	25.00*	25.00*	12	Y.P.
8,97,50,325	1,56,16,382	6,88,49,094	1,71,87,475	61,183	Lalbhai Sons & Co.	Atul Products Ltd.	290.00	100	12.00	12.00	12.00		12	Y.
50,00,000	.....	.....	25,050	910	P. N. Balasubramanian, Esq. (Mg. Director)	Barium Chemical Ltd.	59.00	100	.....	.....	*Nil		6	Y.
1,26,45,900	67,55,823	1,59,19,707	81,89,070	5,728	Dr. B. N. Ghose (Managing Director)	Bengal Chemical and Phar.	326.25	100	7.00	10.00	10.00		3	Y.P.
1,25,00,000	95,16,540	1,47,09,878	84,41,648	1,154	Ramniwas R. Ruia, Esq. (Chairman)	Colour Chem Ltd.	33.00	100	*Nil	5.00	12.00	12.00	3	Y.
14,85,844	4,84,949	17,40,400	9,05,099	12,315	Tarsaria & Co.	Chemo-Pharma Laboratories Ltd.	33.00	25	2.50	3.00	3.00		12	Y.
1,51,83,800	50,96,780	1,58,50,353	69,24,176	25,575	Dharamsi Morarji & Co.	Dharamsi Morarji Chemical Co., Ltd.	116.25	100	*Nil	6.00	6.00	8.00	3	Y.P.
50,000	07,07,253	5,93,07,157	2,11,95,198	1,75,252	Maharaja Shri Umaid Mills Ltd.	Dungarpur Chemicals Ltd.	111.00	100	*Nil	*Nil	*Nil	*Nil	3	Y.
50,000	1,37,740	3,15,46,450	10,44,99,467	4,07,36,479	M. K. Nayar, Esq. (Mg. Director)	F. A. C. T.	5.10	10	0.60	0.60	7.00	7.00	3	Y.P.
8,00,000	71,67,780	2,54,75,973	86,44,827	5,006	Mafatlal Gagalbhai & Sons	Indian Dyestuffs Industries Ltd.	260.00	100	25.00	25.00	20.00		3	Y.P.T.
3,00,000	6,54,411	28,94,858	15,51,503	19,974	Jai H. Mehta, Esq. (Chairman)	Kemp & Co.	13.35	10	1.00°C	1.25	1.375*	1.25	3	Y.
50,000	2,45,801	2,48,51,283	1,06,56,651	11,651	Seshasayee Brothers Private Ltd.	Mettur Chemicals	10.00	10	1.00	1.00	0.50	*Nil	3	Y.
1,81,220	13,02,685	56,25,511	47,52,455	2,822	T. Shamanna, Esq. (Chairman)	Mysore Chemical and Fertilisers	16.70	10	2.00°C	2.00	2.00	1.50	3	Y.P.
1,00,000	5,85,915	13,56,545	7,61,774	4,755	S. Ramanthan, Esq. (Mg. Director)	Polychem Ltd.	123.75	50	5.50	7.50	7.50	7.50	3	Y.P.
50,00,000	86,00,455	1,03,02,040	30,64,507	9,857	Ramdas Kilachand, Esq. (Chairman)	Premier Fertilisers Ltd.	6.25	10	*Nil	*Nil	*Nil		12	Y.
50,00,000	8,470	50,77,481	40,438	56,804	Emcete & Sons Private Ltd.	Phosphate Co., Ltd.	168.00	100	35.00	25.00	17.50	15.00	6	Y.
50,00,000	17,27,293	85,52,467	27,96,505	11,013	Ramkrishna Brothers Ltd.	Smith Stanistreet & Co.	13.31	5	1.25	1.25	1.25	1.125	6	Y.
2,50,00,000	17,87,251	81,86,795	18,60,805	19,167	D. M. Jaffray, Esq. (Chairman)	Synthetics & Chemicals Ltd.	80.00	100	*Nil	*Nil	*Nil	*Nil	3	Y.
1,00,00,000	24,88,960	3,13,78,704	17,05,817	−9,88,858	Talaidas Kilachand, Esq. (Chairman)	Tata Chemicals	17.40	10	0.60	0.65	0.65	1.00	3	Y.P.T.
3,23,15,815	1,09,93,567	9,01,95,274	3,04,93,697	3,923	Tata Industries Private Ltd.	Travancore Chemical Mfg. Co. Ltd.	18.37	10	1.50	2.00	2.25	3.00	3	Y.P.
25,00,000	5,89,750	129,88,714	12,05,339	6,516	P. Krishnamoorthy, Esq. (Mg. Director)	Travancore Electro-Chemical Ind.	60.00	100	*Nil	*Nil	*Nil		12	Y.
31,16,000	.....	8,93,892	1,403	−6,72,226	Mr. M. J. Vaidya (Chairman)	Ultramarine & Pigments Ltd.	101 50	100	..	*Nil	*Nil		12	Y.
14,99,375	.....	1,55,06,158	7,813	−3,574	Mr. N. S. Iyengar (Chairman)									
ELECTRIC (BOMBAY)														
9,74,78,895	1,85,12,601	18,97,78,999	5,00,50,102	364	Killick Industries Ltd.	Ahmedabad Electricity Co., Ltd.	99.00	100	7.00	7.00	8.00	8.00	3	Y.P.
85,33,330	81,18,441	2,90,89,788	78,81,211	10,78,978	N. C. Javeri & Co.	Amalgamated Electricity Co., Ltd.	9.00	10	1.00*	0.90	0.90	0.90	3	Y.P.T.
3,02,77,000	1,23,89,917	12,25,61,094	3,04,61,313	56,164	Tata Hydro-Electric Agencies Pvt. Ltd.	Andhra Valley Power Supply Co.	1,072.50	1,000	85.00*	80.00*	80.00*	90.00	3	Y.
1,75,00,000	1,21,07,263	3,11,22,124	1,25,80,688	3,870	Killick Industries Ltd.	Bombay Suburban Electric Supply	104.25	100	8.00	8.00	8.00	9.00	3	Y.
7,07,020	1,03,067	16,07,265	8,70,206	1,636	Rajaputana Textiles (Agencies) Ltd.	Broach Electric Supply Developmen	6.48	10	0.66	0.72	0.60	0.50	3	Y.P.T.
48,89,000	12,56,813	1,57,72,704	61,59,509	8,547	Rajaputana Textiles (Agencies) Ltd.	Poona Electric Supply	185.00	100	9.50	8.25	8.25	8.00	3	Y.P.
70,00,000	24,04,483	1,81,03,035	61,64,423	2,075	Killick Industries Ltd.	Surat Electricity	191.50	100	8.50	8.00	8.00	8.00	3	Y.P.
2,40,00,000	1,39,56,841	9,20,64,314	2,23,23,926	97,518	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Hydro-Electric Power Supply	113.00	100	8.50*	8.00*	8.00*	9.00	3	Y.P.
5,15,35,000	2,61,11,841	20,88,47,988	4,89,65,810	29,988	Tata Hydro-Electric Agencies Pvt. Ltd.	Tata Power Co.	1,135.00	1,000	85.00*	80.00*	80.00*	90.00	3	Y.P.
West Bengal and Other Centres														
19,99,000	51,52,883	1,70,15,387	51,84,841	13,612	Martin Burn Ltd.	Agra Electric Supply Co., Ltd.	124.00	100	11.00	11.00	11.00	11.00	3	Y.T.
8,00,000	16,30,275	62,04,833	28,40,512	1,852	Martin Burn Ltd.	Bareilly Electric Supply	12.12	10	1.10	1.10	1.10	1.10	3	Y.T.
17,27,000	1,27,27,023	1,60,07,025	60,88,135	5,523	Martin Burn Ltd.	Benaras Electric Light & Power Co.	11.56	10	71¾	71¾	71¾		3	Y.P.T.
£4,262,646	£10,815,240	£37,532,951	£15,201,226	£100,524	Sir William Lamond (Chairman)	Calcutta Electric Supply	10.44	10	0.75	1.00			3	Y.
6,60,000	7,55,076	31,78,204	11,86,451	42,912	Octavius Steel & Co., Ltd.	Cuttack Electric Supply	86.00	100	10.00	10.00	10.00	10.00	3	Y.P.
45,20,000	1,15,09,094	1,15,09,094	45,62,365	48,905	Andrew Yule & Co., Ltd.	Dhanbad Electric Supply	6.40N	10	0.70	*Nil	0.70		3	Y.T.
5,54,640	1,48,267	42,86,379	17,60,526	47,183	Moonna Lall & Sons	Jubbulpore Electric Supply	12.12	10	1.00	1.00	1.00	1.10	3	Y.
22,49,700	29,85,240	1,16,39,913	48,58,877	3,383	Martin Burn Ltd.	Patna Electric Supply	10.12	10	0.00	0.00			3	Y.T.
25,07,880	40,44,800	1,41,84,880	58,06,270	73,737	Octavius Steel & Co., Ltd.	Shahjahanpur Electric Supply Co.	6.75	10	0.625	0.625			3	Y.
9,10,000	2,56,304	15,86,888	6,29,467	5,542	Octavius Steel & Co., Ltd.	Sijuah (Jherriah) Elec. Supply Co.	8.50	10	1.00	0.90	0.90		3	Y.P.T.
18,00,000	80,81,327	48,11,680	9,76,115	3,275	Bird & Co. Private Ltd.	South Madras Electric Supply Corpn.	11.16	10	0.90°C	1.00	1.00	1.00	3	Y.P.
70,00,000	30,88,182	2,42,78,889	81,28,055	23,980	Seshasayee Bros. Private Ltd.	Upper Indravati Valley Elec. Supply	20.87	10	1.25	1.25	1.25	1.25	3	Y.
5,00,000	12,25,998	35,93,657	15,13,985	1,935	Martin Burn Ltd.	U. P. Electric Supply Co.	149.00	100	11.00	11.00	11.00	11.00	3	Y.P.
56,00,000	80,15,213	3,76,23,016	1,76,34,564	9,312	Martin Burn Ltd.	Vellore Electric Corporation	15.62	10	1.50	1.429	1.429		3	Y.
8,00,000	13 88,605	54,12,090	15,22,321	4,16,790	Chandrie & Co. Private Ltd.									
ENGINEERING (Bombay)														
81,88,100	68,99,676	1,13,59,866	68,86,499	20,128	Turner Morrison & Co. Ltd.	Alcock Ashdown & Co., Ltd.	277.00	100	17.00	22.50	19.00	15	12	Y.
19,99,000	77,07,224	25,48,725	12,13,956	641	W. H. Brady & Co., Ltd.	Brady Engineering Co., Ltd.	96.00	80	8.00	9.00*	9.00*	9.00	12	Y.
20,40,000	54,17,295	2,14,22,410	86,99,566	163	Walchand & Co. Private Ltd.	Cooper Engineering Ltd.	99.00	100	13.00°C	15.00	7.00	8.00	6	Y.P.
1,20,00,000	1,51,427	97,23,681	47,47,228	−12,177	Bharatsih D. Desai, Esq. (Chairman)	Hindustan Electric Co., Ltd.	110.00	100	*Nil	4.00	*Nil	*Nil	6	Y.P.T.
60,00,000	1,28,78,477	2,72,67,477	1,56,47,099	145	Walchand & Co. Private Ltd.	Indian Hume Pipe Co., Ltd.	163.75	100	13.00°C	15.00	14.00	14.00	6	Y.
15,00,000	4,61,618	9,54,586	1,82,481	88,604	T. V. Baddeley, Esq. (Chairman)	Jupiter Engineering	47.00	50	4.00	5.00	5.00	5.00	3	Y.
50,00,000	17,41,760	95,00,785	31,12,238	30,765	Adamjee Services	Jyoti Ltd.	137.50	100	12.00	12.00	9.00		12	Y.
44,96,250	3,17,502	85,37,034	45,89,307	4,511	Kamani Bros. Private Ltd.	Kamani Engineering Corporation	12.88	10	0.80	0.90	0.95	1.20	3	Y.P.
67,61,445	1,42,50,068	2,19,41,464	88,90,417	19,417	Kirloskar Sons & Co.	Kirloskar Bros. Ltd.	38.50	25	2.50	2.50	2.50	2.50	7	Y.
61,84,940	71,09,886	1,67,20,005	87,59,501	578	Kirloskar Sons & Co.	Kirloskar Electric Co., Ltd.	18.40	10	0.90	1.10	1.20	1.00	3	Y.
60,00,000	70,57,836	1,76,05,965	63,99,529	28,996	Kirloskar Sons & Co.	Kirloskar Oil Engines Ltd.	20.00	10	1.43	1.50	1.50	1.20	3	Y.P.
27,58,250	20,54,388	50,71,373	16,74,703	18,511	Kirloskar Industries	Kirloskar Pneumatic Co., Ltd.	193.75	100	*Nil	12.50	12.50	10.00	3	Y.
5,28,152	3,80,780	1,26,63,493	40,82,994	61,080	Prem Kumar Gupta, Esq.(Mg.Director).	Lakshmiratan Eng.	5.50	10	*Nil	*Nil	*Nil		9	Y.
41,00,000				11,978	L. & T. (Management) Private Ltd.	Larsen and Toubro Ltd.	21.02	10	1.80°C	1.80	1.40	1.40	3	Y.P.
1,05,00,000	95,52,279	1,92,50,488	60,32,772	−8,80,078	B. L. Kucheria, Esq. (Secretary)	Lynx Machinery	4.48	10	*Nil	*Nil	*Nil	*Nil	3	Y.
57,20,880	.....	.....	4,85,813	82	Mahindra & Mahindra Ltd.	Machinery Mfrs. Corpn. Ltd.	22.76	10	*Nil	*Nil	1.25	1.50	3	Y.P.
80,12,160	35,37,386	1,84,85,145	89,06,801	2,874	Mahindra & Mahindra Ltd.	Mahindra & Mahindra Ltd.	15.80	10	1.25	1.50*	1.25	1.25	10	Y.P.
1,07,98,145	1,14,00,083	2,29,04,781	82,79,035	15,767	Keshub Mahindra, Esq. (Chairman)	Man Industrial Corporation Ltd.	115.00	100	*Nil	*Nil	*Nil		3	Y.P.
80,00,000	1,29,812	53,73,055	23,71,642	48,079	Prithviraj Sons	McKenzies	135.00	100	10.00	12.00	14.00	14.00	3	Y.P.
11,00,000	4,48,687	49,41,703	30,54,773	729	P. Jhunjhunwala, Esq. (Mg. Director).	Mukand Iron & Steel	17.36	10	1.20	1.20	1.20	1.20	3	Y.P.
1,08,28,919	91,29,048	1,99,99,158	76,17,145	.....	Jeewan Ltd.	Mysore Kirloskar Ltd.	156.25	100	12.00	12.00	12.00	10.00	3	Y.
D. 1,24,880							126.00	50	6.00	6.00	6.00	5.00		
50,00,000	58,34,208	1,88,49,872	85,50,104	2,975	Kirloskar Associates	National Elec. Industries Ltd.	100.00	50	6.00	6.00	6.00		3	Y.
7,50,000				8,127	Sir C. B. Mehta (Chairman)	New Standard Engineering	131.00	100	12.00	9.00	9.00	9.00	3	Y.P.
15,55,400	11,96,582	39,61,901	14,35,875	28,037	J. V. Patel, Esq. (Mg. Director)	Premier Construction	173.50	50	13.00	10.00	9.00	14.00	12	Y.P.
56,23,100	19,91,480	1,40,31,705	58,38,552	455	Walchand & Co. Private Ltd.	Structural Engineering Works Ltd.	60.00	100	12.00	12.00	10.00	6.00	3	Y.P.
88,99,970	1,28,39,545	2,11,65,571	3,47,855	5,683	Bhagat & Sons Private Ltd.	Tata Iron and Steel	145.00	75 Oth	9.72°C	10.36*	10.36*	11.00	3	Y.P.
78,67,725	40,64,730	1,28,39,480	60,80,553	82,096	Tata Industries Private Ltd.	Tata Locomotive	267.00	100	12.50	14.40	14.50	14.50	3	Y.P.T.
£7,55,67,599	£8,10,87,802	£15,88,48,262	£2,56,04,257	£2,45,67,599	Tata Industries Private Ltd.	T. Maneklal Mg. Co.	490.00	100	35.00	27.50	27.00	27.00	3	Y.
7,99,99,200	5,09,28,017	£2,80,72,379	10,50,34,261	14,59,261	T. Shamanna, Esq. (Chairman)	Tractors (India) Ltd.	26.50	10	3.00	3.25	3.25	2.85	6	Y.
57,22,250	1,63,03,192	65,71,363	19,00,582	11,554	M. N. Dalal, Esq. (Chairman)	Voltas Ltd.	244.00	00	18.00	14.00	14.00	14.00	3	Y.
41,66,980	38,97,021	19,70,676	11,88,441	1,176	J. D. Choksi, Esq. (Chairman)	Zenith Steel Pipes Ltd.	15.00	10	..	*Nil	*Nil	0.60	4	Y.
2,55,00,000	3,28,57,157	1,79,11,762	48,75,403	..	M.									
70,00,000	23 37,374	1,12,49,648	15,05,780	20,882										
West Bengal and Other Centres														
6,00,000	7,88,551	42,61,418	24,92,691	4,14,417	North Bihar Trading Co. (Pvt.) Ltd.	Arthur Butler & Co.	21.25	10	*Nil	*Nil	1.25		12	Y.P.T.
50,00,000	44,12,221	1,12,71,910	76,90,692	5,577	Walchand & Co. Private Ltd.	Bharatia Electric Steel	15.06	10	1.00	1.00	1.00		12	Y.
40,00,000	7,01,741	99,32,150	14,02,085	21,432	G. D. Binani, Esq. (Mg. Director)	Binani Metal Works Ltd.	12.81	10	2.50	1.50	1.50	1.20	12	Y.
1,00,00,000	1,40,28,433	2,28,23,810	45,49,254	.....	J. V. Jardine Paterson, Esq. (Chairman)	Braithwaite & Co. (India) Ltd.	29.00	10	2.50	2.50	2.00	2.00	12	Y.
12,00,000	50,43,274	1,84,59,269	72,92,176	32,996	Homes Wilson & Co., Ltd.	Bridge & Roof Co. (India) Ltd.	49.00N	10	3.00	3.00	3.00		3	Y.
19,88,000	7,03,241	99,32,150	14,02,085	5,115	McLeod & Co., Ltd.	Britannia Building and Iron	2.19	10	1.00	1.00	1.00		12	Y.P.T.
1,00,00,000	52,95,735	1,98,55,098	75,90,275	65,077	Martin Burn Ltd.	Britannia Industries Ltd.	9.69	10	4.50	2.00	1.50		12	Y.P.T.
25,00,000	18,18,384	36,02,988	19,71,571	3,77,035	Martin Burn Ltd.	Br. I. Electric Construction	29.12	10	2.50	2.50	2.50	2.50	3	Y.
14,00,000	2,99,02,709	6,85,57,014	3,77,03,785	1,08,751	R. N. Bhotika, Esq. (Secretary)	Burn & Co.	264.00	100	22.50	28.00	28.00	28.00	4	Y.
1,00,00,000	17,65,495	75,57,194	17,95,224	22,981	R. L. Kishanlia, Esq.	Calcutta Steel Co., Ltd.	10.00	10	0.50	1.50	1.50	1.25	3	Y.P.T.
1,00,00,000	42,09,184	2,42,12,314	59,12,502	6,868	J. Dalmia, Esq. (Chairman)	Central India Machinery Mfg. Co., Ltd.	11.48	10	*Nil	*Nil	*Nil	0.75	3	Y.
80,00,000	25,00,000	1,74,24,651	51,07,264	21,399	Birla Brothers Private Ltd.	Dalmia Iron & Steel Ltd.	11.00	10	1.00	1.00	1.00	1.00	12	Y.
60,98,400	28,26,003	1,26,00,918	30,29,918	9,707	Harparshad & Co. Private Ltd.	Elec. Construction & Equipment Co.	12.75	10	1.50	1.50	1.10		12	Y.
88,77,790	16,69,819	1,75,84,005	22,58,420	−9,88,858	N. R. Pillai, Esq. (Chairman)	Escort Ltd.	17.25	10	1.50	1.50	1.40	1.20	12	Y.T.
6,33,18,740	5,10,00,507	12,11,66,706	3,83,48,700	5,801	Martin Burn Ltd.	Guest, Keen, Williams Ltd.	23.31	10	1.50°C	1.50	1.40		12	Y.P.T.
12,50,000	6,45,100	22,85,333	43,23,068		Martin Burn Ltd.	Hooghly Cooking	89.00	50	*Nil	*Nil	6.25	12.50	3	Y.
12,44,08,990	80,89,05,725	85,16,55,643	23,96,89,691	24,064	Martin Burn Ltd.	Indian Iron and Steel	24.32	10	1.50	1.50	1.00	1.50	3	Y.P.
77,97,000	87,57,038	1,35,75,384	88,08,808	13,304		Indian Standard Wagon	23.75	10	2.25	2.85	2.85	2.00*	3	Y.
96,55,160	3,23,88,672	4,56,80,100	1,92,97,757	6,022	Indra Singh & Sons Private Ltd.	Indian Steel and Wire Products	33.50	0.10	2.50	2.40	2.80	1.80	3	Y.
28,580				19,463	C. R. Ramaswamy, Esq. (Mg. Director)	Indian Steel Rolling Mills Ltd.	(18.37	0.1	0.22	0.22	0.22	0.80		
48,78,585	3,63,887	42,29,689	23,95,610	19,463	Mohan Lal Shri Ram & Co. Pvt. Ltd.	Jay Engineering Works, Ltd.	9.00	10		1.25	1.00	0.90	3	Y.P.
1,51,87,197	1,86,61,953	5,12,70,807	2,30,47,004	4,895	J. K. Industries Private Ltd.	J. K. Steel Ltd.	17.62	10	1.715	1.715	1.50	1.00	3	Y.P.
1,00,00,000	65,79,000	97,88,020	30,88,807	2,169	Jessop & Co.	Jessop & Co.	15.12	10	1.50	1.50	1.50	1.50	3	Y.P.
2,08,09,000	3,00,16,258	5,57,97,464	1,90,97,854	64,915	A. K. Chanda, Esq. (Chairman)	Kumardhubi Engineering Works	20.50	10	0.858°C	0.858	0.858	1.00	10	Y.P.
27,54,800	53,04,920	1,06,33,358	50,21,186	3,088	Bird & Co. Private Ltd.	Marshall Sons & Co. (India) Ltd.	5.12	3	0.08	0.25	0.45		11	Y.P.T.
10,50,000	1,09,591	18,65,329	14,91,446	−18,08,413	Marshalls (Direction) Private Ltd.	National Iron and Steel Co., Ltd.	3.12	10	*Nil	*Nil	*Nil		6	Y.
49,96,000	18,58,398	1,54,02,104	92,07,119	−4,42,917	M.	Saran Engineering Co.	5.94	10	*Nil	*Nil	0.60	0.40	3	Y.P.
6,00,000	20,52,803	32,10,330	22,45,052	13,304	The British India Corpn. Ltd.	Southern Structurals	6.25	4	0.35	0.40	0.50	0.50	3	Y.
66,05,790	5,55,000	75,87,465	14,63,310	58,514	Mr. N. Ranganadhan (Mg. Director)	Textile Machinery Corporation, Ltd.	11.00xd	10	*Nil	*Nil	0.60	0.90	12	Y.P.T.
1,80,00,000	78,66,757	5,39,16,700	2,67,11,803	64,360	Birla Brothers Private Ltd.	Textool Co. Ltd.	27.55	10	1.00	1.00	1.25		4	Y.
59,44,225	20,10,956	1,09,67,915	40,30,919	3,850	Balasundaram & Co.	Wellman Incandescent India Ltd.	142.50	100	15.00	15.00	15.00	12.00	4	Y.
14,49,425		4,88,069	25,540	−8,84,232	B. A. Harper, Esq. (Mg. Director)		11 50	10				*Nil	3	Y.

'C'—On Increased Capital. M—Managed by Board of Directors. X.B.—Ex. Right.

* Includes bonus.

V.B.—All dividends paid since 31st March 1959 are shown as taxable.

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital Rs.	Reserves Rs.	Gross Block Rs.	Depreciation Rs.	Carried Forward Rs.	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share 1960 Rs. nP	1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	Accounts Closed	Reference
INSURANCE (X)														
13,50,000	69,03,607	2,06,89,131	87,91,455‡‡	25,429	N. M. Cole, Esq.	Concord of India	10.00	5	1.00	1.00	1.00	1.00	12	Y.
10,00,000	11,05,196	28,43,030	.....	66,390	M.	Devkaran Nanjee Insurance	37.00	50	3.00	3.00			12	Y.
24,00,000	94,82,529	1,86,71,086	82,47,288‡‡	20,229

MISCELLANEOUS COMPANIES—*Continued*

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Secretaries, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
UNCLASSIFIED (Other Centres)														
93,75,000	2,48,84,621	7,27,45,445	1,37,72,801	11,965	J. K. Industries Private Ltd.	Aluminium Corporation of India Ltd...	11.75	10	1.20	1.20	1.20	0.50	3	Y.P.T.
1,00,00,000	56,97,689	2,15,10,686	95,29,840	47,916	Seshasayee Bros. (Trav.) Pvt. Ltd. ..	Aluminium Industries Ltd.	19.40	10	1.80	0.90	1.80	1.80	3	Y.
7,94,700							15.00	10	..	..	1.00	0.50		
12,65,175	2,72,000	16,65,492	2,19,926	1,442	K. N. Mookerjee, Esq. (Manager) ..	American Refrigerator Co., Ltd. ..	6.87	7.50	..	..	0.50	0.375	4	Y.
80,00,000	44,23,926	66,09,974	29,12,654	2,19,661	Turner Morrison & Co., Ltd.	Asgelo Bros. Ltd.	23.44	10	2.50	2.81	2.80	2.80	3	Y.
4,97,14,990	81,08,000	5,99,72,062	1,61,25,618	53,399	A. L. Collins, Esq. (Mg. Director)..	Ashok Leyland Ltd.	6.60	5	0.40	0.30	0.40	0.35	9	Y.
80,00,000	33,58,937	47,06,379	26,68,350	12,842	Mr. A. Hydari and Mr. S. Gothberg..	Assam Match Co., Ltd.	26.37	10	1.80	2.00*	2.00*		12	Y.
1,12,00,000	98,34,917	1,31,10,564	77,02,231	7,978	H. R. Gregson, Esq. (Mg. Director) ..	Associated Battery Makers (E.) Ltd. A	22.12	10	2.50	1.50	1.50	1.50	3	Y.
20,00,000	44,17,208	77,58,757	34,43,881	1,66,533	Oberoi Hotels (India) Private Ltd. ..	Associated Hotels of India	9.00N	10	Nil	1.00	1.00		6	Y.P.T.
80,01,400	1,20,07,997	91,05,947	44,08,273	.....	C. G. Montgomery, Esq. (Chairman)..	Balmer Lawrie & Co., Ltd.	256.00	100	25.00	25.00	25.00		12	Y.
20,00,000	29,55,620	38,19,481	24,08,481	.....	Balmer Lawrie & Co., Ltd.	Bengal Flour Mills Co., Ltd.	31.00	10	4.00	2.50	2.50	2.50	12	Y.P.
20,00,000	9,62,972	67,82,724‡‡	.....	1,064	Lovelock & Lewis	Birds Investment Ltd.	9.00	10	0.95	1.00	1.00	0.80	9	Y.P.
68,95,630	88,79,866	1,94,80,251	78,28,521	6,999	K. Jullan Scott, Esq. (Mg. Director)..	Britannia Biscuits	38.00	10	2.50	3.00*	2.50	2.10	3	Y.P.T.
8,25,00,000	2,19,19,061	3,17,18,024	2,20,39,901	2,63,254	Satish Chandra, Esq. (Chairman) ..	British India Corporation Ltd.	9.25	5	0.20	0.35	0.45		12	Y.P.
50,00,000	40,58,031	49,29,290	27,40,613	27,856	R. A. Godwin, Esq. (Mg. Director) ..	British Paints (India) Ltd.	20.50	10	1.25	1.25	1.00		12	Y.
1,88,80,000	14,77,426	1,77,97,825‡‡	.....	2,46,740	Andrew Yule & Co., Ltd.	Clive Row Investment	8.44	10	0.80	0.75	0.75		12	Y.
5,96,650	7,50,000	40,85,867	30,84,660	28,289	K. L. Mital, Esq. (Secretary)	Delhi Flour Mills Co., Ltd.	15.00N	10	1.00	1.00	0.70	10	12	Y.P.
4,50,00,000	6,29,00,650	12,21,08,895	5,75,17,151	.....	M. L. Bezon, Esq. (Mg. Director) ..	Dunlop Rubber Co. (India) Ltd. ..	33.56	10	2.15	2.00	1.50	1.75	12	Y.P.
90,00,000	1,27,48,000	39,14,313	14,45,834	2,42,095	K. P. Goenka, Esq. (Chairman)	Duncan Brothers & Co., Ltd.	137.00	100	14.00	14.00	14.00		12	Y.J.
56,72,320	2,23,50,400	2,44,33,402	33,53,071	48,651	N. N. Mohan, Esq. (Mg. Director) ..	Dyer Meakin Breweries	25.50	5	1.25	1.50	0.90	0.90	3	Y.
76,89,000	65,11,801	1,78,10,453‡‡	.....	1,61,252	Bird & Co. Private Ltd.	Eastern Investment Ltd.	106.00	100	14.00	14.00	12.00	10.00	12	Y.P.
90,58,225	1,93,225	25,02,244	8,45,057	4,06,444	D. P. Sen, Esq. (Secretary)	East Anglia Plastics (India) Ltd. ..	5.31	10	Nil	Nil	Nil	Nil	3	Y.
48,80,000	6,73,263	1,08,91,608	27,61,940	4,791	S. Sankaran, Esq. (Mg. Director) ..	Enfield India Ltd.	10.87xd	10	0.50	0.40	0.40		12	Y.P.
40,12,888	89,64,090	1,15,37,705	59,85,716	2,62,362	Satya Narain Gupta, Esq. (Chairman)..	Ganesh Flour Mills Co., Ltd.	13.50	12.50	1.50	1.50			9	Y.
14,00,000	10,92,000	44,75,416	28,86,812	46,128	Macneill & Barry Ltd.	Ganges Rope Co., Ltd.	235.00	100	17.50	20.00	15.00		12	Y.
80,00,000	.....	4,73,255	21,691	—3,80,640	National Rubber Mfrs. Ltd.	General Tyres Ltd.	6.87	7.50	Nil	Nil	Nil	Nil	6	Y.
65,00,000	58,42,190	34,60,723	20,85,588	15,471	J. W. Easson, Esq. (Chairman) ..	Gillanders Arbuthnot & Co., Ltd. ..	15.12	10	1.00	1.10	1.10	1.10	3	Y.P.
40,00,000	91,88,500	89,69,218	52,34,259	39,510	B. S. Barron, Esq. (Chairman)	Godfrey Phillips India Ltd.	28.12	10	4.00	4.00	8.00		12	Y.
2,00,15,000	1,54,59,733	3,68,93,878	37,75,535	51,85,310	R. E. O. Carey, Esq. (Mg. Director) ..	Goodyear India Ltd.	21.00	10	Nil	Nil			3	Y.
3,07,66,250	2,31,76,491	10,71,36,646	6,26,35,894	—6,87,239	Hindu Brothers Private Ltd.	Hindustan Motors	17.81	10	0.90	1.20	1.25	1.15	3	Y.P.
1,80,00,000	57,20,612	2,15,45,042	72,54,008	—12,90,511	Talukdar Law & Co. Private Ltd. ..	Hindusthan Pilkington Glass	13.25	10	1.20	1.20	Nil	Nil	10	Y.
40,00,000	.....	92,65,321	6,66,780	—11,50,824	H. L. Somany, Esq. (Chairman) ..	Hindustan Tewfovis Ltd.	13.00	10	..	1.50	1.30	1.30	12	Y.P.T.
15,16,00,000	10,67,60,544	12,62,69,676	4,09,70,628	2,58,023	M. J. Collett (Chairman)	Imperial Tobacco Co. of India Ltd. ..	9.19	10	0.80	0.90	0.90	0.80	3	Y.
5,00,44,480	5,02,72,274	18,67,08,063	6,31,36,292	4,12,610	H. V. R. Iengar, Esq. (Chairman) ..	Indian Aluminium Co., Ltd.	29.87	10	1.50	1.50	1.75	1.75	12	Y.P.T.
2,48,65,450	3,39,26,676	3,48,31,931	1,88,64,273	21,621	J. V. J. Paterson, Esq. (Chairman) ..	Indian Cable Co., Ltd.	13.50	10	2.25	2.25	2.25	2.25	3	Y.
3,64,00,000	1,61,33,886	9,06,12,544	5,91,56,321	35,587	Amiya Kumar Sen, Esq. (Mg. Director)	Indian Oxygen Ltd.	23.87	10	1.50	1.50	1.20	1.20	9	Y.T.
29,93,375	1,89,625	60,18,368	28,12,632	66,066	M.	Indian Plastics Ltd.	7.75	10	Nil	Nil	Nil	Nil	3	Y.P.
8,27,970	12,42,783	22,18,109	15,35,190	53,791	M.	Indian Rubber Manufacturers	21.50xd	10	2.00	3.00	3.50		12	Y.P.
74,06,900	5,51,500	1,01,04,128	15,16,862	19,207	Duncan Brothers & Co., Ltd.	Isaac Holdens (India) Ltd.	11.69	10	Nil	Nil	Nil		12	Y.
2,00,00,000	87,10,720	55,40,429	19,24,182	.....	J. V. J. Paterson, Esq. (Chairman) ..	Jardine Henderson	74.25	10	7.00	7.00	6.00	7.00	3	Y.P.
15,00,000	15,00,000	18,79,359	1,52,872	94,044	J. K. Agenia Private Ltd.	Madhya Pradesh Industries Ltd. ..	8.62	10	1.00	1.00			3	Y.P.
1,40,20,838	2,23,23,514	2,73,15,972	18,67,583	1,01,639	Young India Agencies Pvt. Ltd. ..	Madras Rubber Factory Ltd.	11.25	10	..	0.60	0.45	0.32	9	Y.
1,47,12,250	1,38,23,546	94,70,688	25,41,490	1,289	T. Leslie Martin, Esq. (Chairman) ..	Martin Burn Ltd.	26.00	10	2.75	2.75	2.50	2.50	9	Y.
10,00,000	14,99,583	29,93,008	5,30,650	.....	Vittal Mallya, Esq. (Chairman) ..	McDowell & Co., Ltd.	22.50xd	10	3.00	2.25	2.60		12	Y.
47,12,000	90,33,868	34,12,628	15,66,033	2,24,727	M.	McLeod & Co.	213.00	100	15.00	15.00	15.00		12	Y.P.
1,61,00,000	2,38,95,151	4,47,55,502	1,71,01,969	38,785	M. K. Vellodi, Esq. (Chairman) ..	Metal Box Co. of India Ltd.	60.25	10	2.50	2.50	2.50	1.90	3	Y.
54,98,000	22,90,104	82,66,801	11,11,396	8,426	K. G. Ayyangar, Esq. (Mg. Director ..	Mysore Electric Industries Ltd. ..	165.00	100	24.00	20.00	20.00	12.00	3	Y.
6,56,250	10,59,965	15,65,798	40,55,184	1,217	Mr. M. Subramanyam (Chairman) ..	Mysore Lamp Works	80.00	10	2.00	2.50	3.70*	0.80	3	Y.
10,00,000	8,01,040	22,77,151	13,28,686	1,401	L. P. Mallappa, Esq. (Chairman) ..	Mysore Tobacco	12.00	10	1.00	1.00	1.00	1.00	3	Y.
1,35,00,000	1,27,32,234	1,64,18,062	73,46,576	21,768	Associated Ind. Dev. Co. (Pvt.) Ltd.	National Insulated Cable Co.	21.04	10	2.50	2.50	2.50	1.80	3	Y.T.
80,00,000	80,80,300	56,25,223	32,56,376	19,484	Associated Ind. Dev. Co. (Pvt.) Ltd.	National Pipes & Tubes Co., Ltd. ..	25.62	10	2.00	2.00	2.00	2.00	9	Y.
40,00,000	39,77,485	31,98,266	44,68,902	35,985	Associated Ind. Dev. Co. (Pvt.) Ltd.	National Rolling & Steel Ropes	18.50	10	1.50	1.50	1.50		6	Y.
50,00,000	23,55,713	1,30,14,550	62,00,885	68,629	K. N. Mookerjee, Esq. (Mg. Director.)	National Rubber Manufacturers Ltd..	11.19	10	Nil	0.65	0.80	1.00	12	Y.P.
79,07,000	1,29,48,132	1,1,77,572	93,89,768	3,61,143	B. N. Elias & Co. Private Ltd.	National Tobacco Co.	11.12	10	1.60	0.70	0.70		12	Y.P.T.
23,32,100	17,27,391	64,65,515‡‡	.....	1,64,960	Ramniklal Ramkissendas	New India Investment Corpn. Ltd. ..	25.00N	75	0.50	0.50	0.50	0.16	3	Y.
20,00,000	10,04,500	19,06,662	10,16,929	2,705	Parry & Co., Ltd.	Parrys Confectionery Ltd.	2.75	1	0.30	0.30	0.28		3	Y.
2,20,00,000	89,30,483	2,95,60,999	1,04,71,921	1,39,682	W.A.C.H. Bceschaart, Esq. (Chairman)	Phillips India Ltd.	27.00	10	1.50	1.50	1.50		12	Y.
1,56,16,013	9,37,500	2,22,80,449	1,44,846	—5,25,123	Duncan Brothers & Co., Ltd.	Phillips Carbon	11.31	5	Nil	Nil	Nil		3	Y.
12,25,000	7,44,934	20,08,123	7,95,031	4,309	Iyer & Co. Private Ltd.	Rane (Madras) Ltd.	8.50	5	0.70	0.70	0.75	0.75	3	Y.P.
41,56,400	43,65,124	75,97,564	27,98,850	2,987	T. Shamanna, Esq. (Chairman)	Radio & Electricals Mfg. Co., Ltd. ..	21.12	10	2.50	1.80	1.80	1.80	3	Y.
2,25,00,000	41,45,070	2,66,51,275	62,92,070	5,962	Badridas Goenka, Esq. (Chairman) ..	Ralliis India Ltd.	116.00	100	4.00	8.50	8.50	10.00	3	Y.P.
5,00,00,000	2,35,90,000	15,86,08,576	7,92,70,758	4,805	Sahu Jain Ltd.	Rohtas Industries	11.50	10	2.00	1.00	0.80	0.80	3	Y.P.T.
1,35,00,000	86,99,991	3,28,44,422	1,37,12,414	4,301	K. D. Ganguli, Esq. (Secretary) ..	Sen-Raleigh Ltd.	13.50	10	0.80	0.90	Nil	Nil	9	Y.T.
71,60,000	.....	1,09,02,408	9,21,237	—14,01,918	Seshasayee Brothers Pvt. Ltd.	Seshasayee Industries	6.50	10	Nil	Nil	Nil		12	Y.P.
75,00,000	55,43,000	3,25,33,514	1,15,95,090	76,764	S. M. Smith, Esq. (Chairman) ..	Shaw Wallace & Co., Ltd.	15.62	10	1.50	1.50	0.75		12	Y.P.
2,47,50,000	1,57,29,564	28,79,77,974	8,19,14,557	3,001	C. W. Stephenson, Esq.	Spencer & Co., Ltd.	21.65xd	10	1.80	1.80	1.80	1.80	12	Y.
11,28,19,293	11,58,24,647	36,88,60,105	12,46,17,005	2,82,649	D. N. Khatau, Esq. (Chairman)	Standard Motor Products	10.12xd	10	0.90	0.70	0.60		12	Y.P.
O. 8,40,800							3.10xdO.	1	0.30	0.30	0.30			
F.O. 2,10,200	29,75,610	17,52,888	10,48,110	5,407	R. B. Aiyer, Esq. (Manager)	Walford Transport Ltd.	3.25	F.O. 1	0.20	0.20	0.20		12	Y.
TRANSPORT														
20,00,000	23,73,558	70,97,782	30,60,783	54,558	Andrew Yule & Co., Ltd.	Bengal-Assam Steamship Co.	127.00xd	100	7.50	7.50	10.00	10.00	10	Y.P.
1,00,00,000	75,25,652	3,76,69,710	1,67,53,127	—48,12,170	Dinshaw (Private) Ltd.	Bharat Line	4.24	10	Nil	Nil	Nil	0.50	12	Y.
60,00,000	2,71,64,446	10,34,29,602	3,40,39,642	1,28,987	A. H. Bhiwandiwalla & Co. (Bombay)	Great Eastern Shipping Co.	12.64	10	1.00	0.78	1.00	Nil	6	Y.P.
60,06,000					Private Ltd.		11.52	10	0.80	0.80	0.50	Nil		
							42.00	£10	Nil	Nil	Nil	Nil	12	Y.P.
—95,55,580	£1,194,360	£4,312,991	£2,342,183	—£84,854	Kilburn & Co. Private Ltd.	India General Navigation & Rly. Co.	6.28	10	1.00	Nil	Nil	Nil	3	Y.P.
2,47,50,000	1,57,29,564	28,79,77,974	8,19,14,557	.....	Lionel Edwards (Private) Ltd.	India Steamship Co.	14.60	20	0.80	0.80	0.80	1.00	6	Y.
11,28,19,293	11,58,24,647	36,88,60,105	12,46,17,005	2,82,649	D. N. Khatau, Esq. (Chairman)	Scindia Steam Navigation Co.	3.10xdO.	1	0.30	0.30	0.30			
O. 8,40,800							3.25	F.O. 1	0.20	0.20	0.20		12	Y.
F.O. 2,10,200	29,75,610	17,52,888	10,48,110	5,407	R. B. Aiyer, Esq. (Manager) ..	Walford Transport Ltd.								

COAL COMPANIES

Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward	Managing Agents, Managing Director or Secretaries	Company	Latest available Quotation	Paid-up per Share	Dividend per Ordinary Share 1960	1961	1962	1963	Accounts Closed	Reference
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.		
(25,50,000	60,27,800	1,49,32,049	90,70,765	89,096	Shaw Wallace & Co.,Ltd.	Amalgamated Coalfields	22.37	10	1.00	1.25	1.50	1.50	3	Y.
12,00,000	12,52,902	41,58,992	36,25,221	.....	Jardine Henderson Ltd.	Barraree Coke	20.00	10	Nil	Nil	1.50	1.50	3	Y.
4,49,350	1,52,388	11,57,089	6,92,033	5,332	Kalyanji Mavji & Co.	Bengal-Bhatdee	3.00	10	0.60	..	..		12	Y.
1,20,00,000	2,88,32,173	9,41,09,782	5,68,34,133	1,09,849	Andrew Yule & Co., Ltd.	Bengal Coal	23.44	10	2.50	21.00	19.00	16.00	10	Y.P.T.
2,25,000	5,45,835	24,86,320	21,80,114	16,129	M.	Bengal-Nagpur	22.00N	10	1.00	2.60			12	Y.
4,00,000	64,050	1,27,37,959	69,90,595	—3,95,581	Sahu Jain Ltd.	Bharat Collieries	12.00	10	Nil	Nil	Nil		6	Y.P.T.
8,15,000	8,31,772	69,01,852	37,69,668	—6,87,239	M.	Bhulabhaee	12.00	10	Nil	Nil			12	Y.P.
7,50,000	29,11,605	55,15,184	32,39,252	6,037	F. W. Heilgers & Co. (Private) Ltd. ..	Borea	20.00	10	1.50	1.50	1.50	1.50	12	Y.P.
90,92,480	94,32,421	4,74,28,820	2,50,88,877	90,768	Bird & Co. Private Ltd.	Burrakur	15.62	10	1.30	1.30	1.30	1.30	12	Y.P.T.
49,97,750	6,85,370	84,55,232	33,55,668	3,58,023	Hindustan Investment Corpn. Ltd. ..	Central India	8.62	10	0.80	1.00	1.00		3	Y.
8,00,000	12,99,400	54,18,457	35,46,265	—1,25,641	Jain Industries	Central Kurkend	3.50N	10	Nil	Nil			12	Y.
16,00,000	.....	61,90,801	36,92,941	—5,39,084	M.	Dhemo Main	3.75	10	Nil	Nil			12	Y.
£2,40,000	£661,055	£970,072	£218,516	£6,234	Jardine Henderson Ltd.	East Indian	28.37	£1	1.00	2.00	2.75		4	Y.
29,63,760	1,22,22,090	5,29,46,901	3,93,26,117	1,57,517	Macneill & Barry Ltd.	Equitable	21.50	10	1.50	1.00	1.00	1.00	12	Y.P.T.
15,00,000	40,000	27,45,684	9,88,623	—5,84,205	Bhattier's Agency Ltd.	Ghusick and Musila	13.87	10	Nil	Nil			3	Y.
12,00,000	2,41,433	46,25,910	30,84,265	706	Killick Industries Ltd.	Hingir-Rampur	41.50	50	Nil	Nil	Nil		6	Y.P.
3,00,000	.....	28,97,213	20,64,191	—8,65,025	M.	Hurriladih	5.44	10	Nil	Nil			12	Y.
20,00,000	9,86,018	49,02,218	16,19,092	82,893	Bird & Co. Private Ltd.	Karanpura Collieries	11.75	10	0.75	1.00	1.00		3	Y.P.
14,90,460	18,07,072	66,56,854	44,38,524	20,670	Andrew Yule & Co., Ltd.	Katras Jherriah	30.00	10	9.50	4.00	2.50	3.00	1	Y.
9,00,000	10,22,762	29,57,644	23,77,712	57,591	H. V. Low & Co. (Private) Ltd.	Lakurka	18.37xdn	10	0.40	Nil	Nil		6	Y.
7,48,240	56,490	13,90,484	10,51,328	74,711	Tantia Brothers Private Ltd.	Nazira	5.00	10	0.75	Nil	Nil		12	Y.
31,97,210	46,16,130	2,10,81,103	1,23,85,029	15,709	Andrew Yule & Co., Ltd.	New Beerbhoom	11.75	10	1.60	1.00	1.20	1.00	10	Y.P.
10,00,000	8,90,206	12,37,188	3,80,199	51,230	Octavius Steel & Co., Ltd.	New Manbhoom	11.25	10	0.75	0.90			3	Y.
1,15,000	4,31,409	17,65,275	10,59,556	15,045	M.	North West	19.00N	10	2.00	2.00				
1,57,000							17.50N	7.50	1.50	1.50	0.75	0.50	12	Y.P.
7,50,000	12,52,534	1,94,347	22,85,005(k)	.....	P. Prashad, Esq. (Chairman)	Ondal	11.50N	10	0.75	0.75			12	Y.P.T.
3,31,000	1,52,212	37,86,226	14,17,160	699	Deepchand Kishenlall	Parasea	13.00N	10	0.125	0.125			3	Y.
15,75,900	24,59,125	87,88,044	54,94,852	54,253	Shaw Wallace & Co., Ltd.	Pench Valley	17.37	10	1.00	1.00	1.00		3	Y.
41,99,120	40,85,000	1,62,75,221	1,12,48,598	35,781	M.	Ranegunge	12.50	10	1.50	1.70	1.70		3	Y.
13,50,000	32,90,490	69,33,834	47,25,819	8,453	Shaw Wallace & Co., Ltd.	Rewa	25.50	10	2.00	2.00	1.00	1.50	12	Y.
37,50,000	40,25,084	1,15,07,370	41,76,885	43,117	M.	Samla Collieries	8.00	10	1.00	1.00			12	Y.
40,00,000	4,97,010	48,82,001	12,69,030	7,238	S. D. Sethia & Co. Private Ltd.	Selected Satgram Collieries	118.00	100	10.00	14.00			12	Y.P.
2,80,000	13,29,316	33,99,332	22,10,361	15,849	Andrew Yule & Co., Ltd.	Seebpore	31.50N	7	3.00	3.00	2.50		12	Y.
12,80,000	4,54,648	35,740	13,04,570(k)	1,540	F. W. Heilgers & Co. (Private) Ltd. ..	Sendra	4.00	10	0.80	0.35			12	Y.
8,00,00,000	1,03,14,323	10,18,84,729	4,10,29,316	47,033	M. P. Pal, Esq. (Chairman)	Singareni	9.75	5	0.70	0.75		0.75	3	Y.
17,50,000	11,77,056	37,60,323	25,84,602	3,001	Bird & Co. Private Ltd.	South Karanpura	6.37	10	0.25	Nil	Nil	0.25	6	Y.
8,00,000	15,48,969	1,52,707	26,76,159(k)	38,008	F. W. Heilgers & Co. (Private) Ltd. ..	Standard	10.44	10	1.50	1.00			12	Y.
3,50,000	3,01,032	23,77,775	17,78,595	36,403	B. M. Varma, Esq. (Mg. Director) ..	Unico	10.25N	10	Nil	Nil			12	Y.
49,98,000	6,98,085	1,05,82,162	42,25,012	1,19,162	Hindustan Investment Corpn. Ltd. ..	Western Bengal	8.62	10	0.60	0.75	0.90		3	Y.
7,00,000	.....	60,62,759	34,56,424	—6,23,711	M.	West Jamuria	3.50N	10	Nil	Nil			12	Y.

H.—Clive Row Investment—Dividend for 1959 includes additional dividends of 9 nP for the year ended 31st March 1955 and 37 nP for the year ended 31st March 1956. *Includes bonus.

M.—Managed by the Board of Directors. *N.B.*—Dividends paid since 31st March 1959 are shown as taxable. (k) Investments. ‡‡Investment at cost.

A.—Associated Battery Makers (Eastern) Ltd. The effective dividend for the year 1960 would work out to 16.36 per cent approximate, as the final dividend of 10 per cent was paid on the increased capital of Rs. 118 lakhs whereas the interim dividend of 15 per cent was on a paid-up capital of Rs. 50 lakhs only. X.B.—Ex-Bonus.

PREFERENCE SHARES

Company.	Amount Issued. Rs. or £	Year of Issue.	Rate per cent.	Approximate Month of Payment.	Latest available Quotation. Rs.	Paid-up per Share. Rs.
BANK						
Allahabad Bank T.F.C.	15,00,000	1901	6.00	Mar Sept.	94.50	100
BREWERIES AND SUGAR						
Bharat Sugar R. C.	5,00,000	1931	5.00	Dec. ..	70.00N	100
Bhopal Sugar T.F.C.	12,50,000	1937	6.00	April ..	60.00	100
Garew & Co. T.F.R.C.	8,00,000	1875	6.50	Mar. Sept.	71.50	100
Cawnpore Sugar Works T.F.C. ..	10,00,000	1935-24	8.00	Feb. Aug.	122.00	100
Deccan Sugar & Abkhar 'A' T.F.C...	7,00,000	1920	7.00	July Apr.	4.28	5
Mast India Distilleries C.	£200,000	1897	9.00	Jan July	17.33	£1
Gwalior Sugar R.O.	6,75,000	1940	7.00	Dec. ..	60.00	100
Do. (Non-redeem)	5,00,000	1940	7.00	Dec. ..	80.00	100
Puriabpore Co. C.	6,00,000	1922	10.00	Oct. ..	10.50	10
Ramnugger Cane T.F.C.	6,00,000	1933-36	6.00	Aug. ..	83.00	100
Ravalgaon Sugar C.	20,00,000	1943	5.50	Oct. Apr.	60.00	100
South Behar Sugar	5,00,000	1936	7.00	Dec. ..	20.00N	100
Travancore C.T.C.	15,00,000	1946	5.00	Dec. ..	6.55	10
††Upper Ganges T.F.C.	12,00,000	1932	5.00	Dec. ..	90.00N	100
Do. O.R.S.	15,00,000	1946	5.00	Dec. ..	70.00N	100
Johandnagar T.F.C.	3,50,000	....	10.00	April May	117.00	100
COAL						
Borrea T.F.C.	14,00,000	1896-97	6.50	Oct. Apr.	85.00	100
Burrakur (1st) T.F.C.	22,99,800	1901-10	7.00	Apr. Oct.	99.00	100
Do. (2nd) C.	4,50,000	1926	6.00	.. ..	5.00	10
Equitable T.F.	4,00,000	1895	8.75	Mar. Sept.	90.00	100
Karanpura Collieries C. ..

BANKS

Paid-up Ordinary Capital Rs. or £	Reserve Fund Rs. or £	Carried Forward Rs. or £	Name of Bank	Latest available Quotation Rs. or £	Paid-up per Share Rs. or £	Dividend per Share 1960 Rs. nP	1961 Rs. nP	1962 Rs. nP	1963 Rs. nP	Accounts Closed	Reference
67,50,000	1,33,55,000	4,67,639	Allahabad Bank	250.00	100	18.50‡	18.00‡	15.00	15 00	12	Y.P.
1,01,600	30,58,220	4,794	Andhra Bank	88.00xd	100	8.00	8.00	8.00	8.00	6, 12	H.
40,78,800				77.06xd	25	6.80	6.80	6.80	6.80		
2,00,00,000	2,44,93,760	2,96,970	Bank of Baroda	95.00	50	8.50	8.50	8.00	9.00	12	R.L.Y.
3,55,00,000	4,58,00,000	4,19,848	Bank of India	102.50	50	10.00	10.00	10.00	9.00	6, 12	
A. 50,00,000				104.25	50'A'	1.00	10.00	10.00	9.00		
60,30,030	25,00,200	47,625	Bank of Maharashtra	53.00	50	5.50‡	4.50	4.50	4.50	12	Y.
86,00,000	1,00,78,033	....	Canara Bank Ltd.	76.25	50	7.50	7.50	7.50	7.50	12	Y.P.
17,75,715	25,25,000	15,445	Canara Banking Corporation Ltd. ..	68.80	50	7.50	7.50	7.50		12	Y.P.
'A' 5,99,880				143.50	100'A'	20.00‡	20.00‡	20.00‡	20.00		
'B' 41,42,120	75,20,000	17,041	Syndicate Bank Ltd.	17.10	10'B'	2.00	2.00‡	2.00‡	2.00	12	Y.P.
'C' 2,00,000				1.57	1'C'	0.20	0.20‡	0.20‡	0.20		
2,53,01,800				46.75	25	5.10‡	5.00	5.00	5.00	12	R.L.Y.
'A' 53,50,000	5,20,41,606	91,510	Central Bank of India Ltd.	48.25	25	5.10‡	5.00	5.00	5.00		
1,00,00,000	1,10,47,000	1,78,514	Devkaran Nanjee Banking Co. ..	61.50	50	4.38	5.50	5.50	6.00	12	Y.
3,00,00,000	2,40,00,000	70,60,104	Habib Bank Ltd. P.	20.95N	5	17.5%	20%	20%	20%	12	Y.
1,25,00,000	10,00,000	17,401	Hindustan Commercial Bank	11.12	50	*Nil*	*Nil*	*Nil*	*Nil*	12	Y.
50,00,000	3,50,000	18,193	Hindustan Mercantile Bank	10.75	50	*Nil*	*Nil*	*Nil*	*Nil*	12	R.L.Y.
88,46,215	92,91,884	1,61,942	Indian Bank	152.50xd	100	15.00‡	15.00	14.00‡	15.00‡	12	Y.
99,71,575	93,62,535	1,01,850	Indian Overseas Bank Ltd.	140.00	100	14.00	14.00	12.00	14.00	12	Y.
1,99,64,000	2,36,56,000	15,21,000	Punjab National Bank	19.40	10	2.00	2.00	2.00	1.00‡	12	Y.
5,62,50,000	9,30,00,000	85,50,331	State Bank of India	400.00	100	22.75	23.00	23.00	23.00	12	Y.
1,00,00,000	76,00,000	1,57,743	Union Bank of India	5.96	5	0.57	0.57	0.57	0.57	12	Y.
2,79,66,812	3,20,00,000	75,942	United Commercial Bank	69.00	50	6.00	6.00	6.00	6.00	12	Y.
2,68,71,987	1,00,80,000	4,15,815	United Bank of India..	7.56	10	0.43	0.60	0.60	0.75	12	R.L.Y.

PRINCIPAL EXCHANGE BANKS (Dividend per cent.)

£6,600,000	£7,525,000	£510,433	Chartered Bank	£2-8-6	£1	15‡†	15†	15†	15†	12	Y.
H.K.$79,046,125	£15,000,000	£146,283	Hongkong and Shanghai Banking Corporation	£21‡	H.K. $25	£3.15*	sh. 15*	sh. 16*	sh. 5*‡	12	Y.
£5,708,000	£5,250,000	£316,941	National and Grindlays Bank Ltd. ..	£1-10-3	sh. 15	18‡†	14‡†	16‡†	7‡†	12	H.Y.

‡ Includes bonus. P—Figures in Pak rupees. † Less tax. xr—Ex-Right.
* sh. per Share free of tax. C—On increased Capital.
N.B.—All dividends declared since 31st March 1959 are taxable.

DEBENTURES

Amount Rs. or £	Rate of Interest per cent	Interest Payable on	Company	Date of Issue	Latest available Quotations (per hundred) Rs. or £	Principal Repayable
BREWERIES AND SUGAR						
7,50,000	7	1st December and 1st June ..	Carew & Co.	1938	98.50	1st June 1970
2,40,000	6‡	1st March and 13th September..	Carew & Co. (2nd mortgage)	1941	95.00N	28th February .. 1970
26,00,000	4‡	1st May and 1st November ..	Walchandnagar Industries	1944	99.50	1st November .. 1958-64
75,00,000	6	1st July and 1st January ..	Walchandnagar Industries	1950	98.50	21st June 1972
COAL						
$0,00,000	6	30th April and 31st October ..	Bharat Collieries	1944	90.00N	31st October .. 1964
60,00,000	6‡	1st May and 1st November ..	Bengal Coal Co., Ltd.	1961	98.00	31st October .. 1975
20,00,000	4‡	30th June and 31st December ..	Burrakur Coal Co.	1947	90.00	30th June .. .. 1967 (e)
46,86,000	5‡	1st July and 1st January ..	Equitable Coal Co.	1953	97.00	14th December .. 1968 (e)‡
COTTON						
$0,00,000	5‡	1st January and 1st July ..	Ahmedabad Advance	1956	95.00	13th December .. 1966-71
4,00,000	6	10th May and 10th November ..	Bengal-Nagpur	1957	90.00N	15th November .. 1966 (e)
62,93,000	5T	1st April and 1st October ..	Buckingham and Carnatic	1952	100.00	1st March .. .. 1972 (e)
45,02,881	6‡	1st April and 1st October ..	Gokak Mills	1957	93.00	1st April 1967-70
18,90,000	6‡	2nd January and 2nd July ..	Minerva Mills	1959	97.00	1st July 1967-70
34,22,000	6‡	1st January and 1st July ..	Shree Niwas	1958	97.00	31st December .. 1970
39,51,000	6‡	1st April and 1st October ..	Simplex	1959	97.00	15th October .. 1968-74
30,00,000	5‡	1st April and 1st October ..	Lakshmi-Vishnu	1955	94.50	1st June 1966-70
80,00,000	5‡	1st June	Tata Mills	1961	86.50	1st June 1966-71
ELECTRICS						
10,00,000	4‡	31st March and 30th September..	Agra Electric Supply Co., Ltd.	1950	97.00N	31st March .. .. 1965 (e)
3,00,00,000	5‡	15th June and 15th December ..	Ahmedabad Electric Co., Ltd.	1940	98.00	15th June 1969
98,23,000	5‡	1st April and 1st October ..	Andhra Valley Power Supply Co. ..	1940	94.00	1st April 1970-75
18,00,000	4‡	30th June and 31st December ..	Benares Electric Light and Power Co., Ltd.	1949	97.00N	31st December .. 1964 (e)
£2,787,574	5	1st January and 1st July ..	Calcutta Electric Supply Corporation Ltd.	1950	93.50	1st January .. .. 1970 (e)
10,80,000	5	1st January and 1st July ..	Siliua (Jherlai) Electric Supply Co., Ltd.	1951	91.00N	30th June .. .. 1976 (e)
1,00,00,000	5T	1st April and 3rd October ..	South Madras Electric Supply	1940	93.50	30th September .. 1958-68
47,78,000	5	1st March and 1st September ..	Tata Power	1940	93.00	1st July 1970
2,50,00,000	4‡	1st January and 1st July ..	Tata Power	1949	83.00	1st July 1965-70
ENGINEERING						
5,00,000	5‡	30th June and 31st December ..	Britannia Engineering	1945	94.00N	31st December .. 1969
1,50,00,000	6	1st January and 1st July ..	Guest, Keen, Williams Ltd.	1958	98.50	1st January 1971
29,18,000	7	15th September and 15th March.	Indian Hume Pipe (Bearer)	1962	100.00	15th September .. 1977 (e)
10,00,000	4	31st May and 30th November ..	Kumardhubi Engineering Works Ltd.	1946	90.00N	31st May 1971
3,00,00,000‡	5	1st April and 1st October ..	Tata Locomotive	1946	96.00	30th September .. 1960-65
JUTE						
12,00,000		1st October and 1st April ..	Agarpara	1939	91.50	31st March 1969
4,00,000		30th June and 31st December ..	Alexandra	1939	91.50N	30th June 1969
16,00,000		31st December and 30th June ..	Auckland Jute Co., Ltd.	1945	97.00N	31st December .. 1966
10,62,000	5	30th June and 31st December ..	Chitavalah Jute Mills	1951	95.00	30th June 1966
18,75,000	5‡	31st March and 30th September.	Dalhousie Jute Co.	1954	95.00	31st March .. .. 1969 (e)
8,86,000	5	15th January and 15th July ..	Empire	1951	92.50	15th July .. .. 1966 (e)
26,00,000	5‡	31st March and 30th September.	Fort Gloster Industries Ltd.	1952	98.00	30th September .. 1966
22,40,000	5‡	31st March and 30th September.	Howrah Mills Co., Ltd.	1955	93.50	31st March 1970
25,00,000	5	30th June and 31st December ..	Kinnison Jute Mills Co., Ltd.	1949	97.00N	31st December .. 1964 (e)
25,00,000	5‡	30th June and 31st December ..	Naihati Co.	1952	92.00	31st March .. .. 1967 (e)
20,00,000	4	14th November and 14th May ..	Nellimarla Jute Mills Co., Ltd. ..	1939	92.00N	14th May 1974
20,00,000	4	30th June and 31st December ..	Northbrook Jute Co., Ltd.	1945	97.00	31st December .. 1964
22,50,000	5	31st March and 30th September..	Bellarce Jute Mills Co., Ltd.	1950	94.00N	5th September .. 1965 (e)
12,00,000	5‡	30th June and 31st December ..	Union	1937	95.50N	31st March 1967
[RAILWAYS; STEAMSHIP AND TRAMWAYS						
£321,697	4‡	1st January and 1st July ..	Calcutta Tramways	1900	£66.00N	At 105% at any time on 6 months' notice or at par or every seventh year thereafter
£139,051	5	1st April and 1st October ..		1938	£74.00N	1st October .. 1974
£5,000	6	30th June and 31st December ..	Katakhal-Lalabazar Railway	1945	£5.00N	31st December .. 1974
£200,000	4‡	30th June and 31st December ..	Shahdara-Delhi-Saharanpur Railway ..	1905	£64N	Any time on six months' notice (a)
PLANTING						
4,54000	7T	1st April and 1st October ..	Sangameshwar Coffee	..	100.00	1st April .. .. 1960-61‡
MISCELLANEOUS						
45,00,000	5	2nd January and 2nd Jl. ..	Aluminium Industries	1961	100.75	2nd July 1966-71
9,96,000	5	1st January and 1st July ..	Aluminium Corporation of India Ltd.	1948	97.00N	31st December .. 1965
8,00,000	5‡	1st March and 1st September ..	Burmah-Shell	1954	93.25	1st September .. 1955-69(e)§
2,00,00,000	5‡	1st April and 1st October ..	Caltex Oil Refining (India) Ltd. ..	1955	93.25	1st October .. 1970
1,00,00,000	6‡	31st March and 30th September.	Dalmia Cement (Bharat) Ltd.	1946	96.50	30th September .. 1970
2,04,55,000	6‡	1st January and 1st July ..	Dunlop Rubber Co. (India) Ltd. ..	1950	99.50	1st January .. .. 1973 (e)†
97,80,000	5‡	1st January and 1st July ..	Indian Cable Co., Ltd.	1954	100.50	30th June .. .. 1969 (e)‡
3,00,00,000	6‡	1st January and 1st July ..	Indian Aluminium Co., Ltd.	1959	94.00	1st January 1975
27,75,000	7T	2nd January and 2nd July ..	Mettur Chemical Industries	1949	84.00	30th September .. 1964
39,70,000	4	30th June and 31st December ..	McLeod & Co., Ltd. (Convertible Notes)..	1947	410.00 (per note)	31st December .. 1972 (e) 30th September .. 1964
74,75,000	5	1st April and 1st October ..	Macneill and Barry Ltd.	1951	78.00	1st April 1971
55,51,000	6‡	30th June and 31st December ..	National Rayon	1955	98.50	30th June 1966-70
$0,00,00,000	6T	15th May and 15th November..	Oil India	1958	98.25	15th November .. 1968-77
20	6‡	1st January and 1st July ..	Premier Automobiles	1946	125.50	31st March 1968-73
1,00,00,000	6	30th June and 31st December..	Rohtas Industries Ltd.	1944	94.50	31st December .. 1969
10,00,000	5‡	January and July ..	Shree Gopal Paper Mills Ltd.	1953	95.00N	15th July 1966
80,00,000	5‡	1st May and 1st November ..	Esso	1953	94.00	1st April .. .. 1964-68 (e)‡‡
5,31,000	5	31st January and 31st July ..	Tata Chemicals Ltd.	1945	95.00	31st July 1970-75
50,00,000	6	1st April and 1st October ..	Tata Oil Mills Co. Ltd.	1959	96.00	30th September .. 1969-74

(a) These debentures are registered and are transferable by transfer deeds. (b) Option to repay on 3 months' notice at any time at 3 per cent premium.
‡ With option to redeem at Rs. 101 per cent after 10 years or at Rs. 100-8 per cent after 13 years. § Any debenture outstanding on 1-6-1969 will be redeemed on that date with option to redeem all debentures at 101 per cent on 1-9-1964. †† Rs. 80 lakhs will be redeemed annually by drawings from 1st May 1964 onwards. The Company has option to redeem debentures at 101 per cent on 1st May 1963 on six months' notice. ‡‡ Rs. 85 lakhs will be redeemed annually by drawings from 1st May 1964 onwards. The Company has option to redeem debentures at 101 per cent on 1st May 1963 on six months' notice. † Option to repay at par on six months' notice on or after 1st January 1961.
T.—Taxable. T.F.—Tax-free. N.—Nominal.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 18th June 1964.

	Closing quotations 11-6-1964	High	Low	Closing quotations 18-6-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	140.00	—	—	140.00
Apollo (2)	1.70	1.76	1.70	1.72
Baroda Rayon (100)	81.00	81.00	70.00	79.50
Bombay Dyeing (25)	55.50	56.50	55.50	56.40
Bradbury (50)	145.00	—	—	145.00
Central India (100)	88.50	91.00	89.00	90.00
Century Mills (100)	573.00xdxr	583.00	573.00	580.00
Dawn (50)	160.00	161.50	160.00	161.50
Elphinstone (50)	97.50	99.00	97.00	98.00
Finlay (100)	283.00xd	286.00	283.00	285.00
Gokak (100)	176.50xd	180.50	176.00	180.50
Gold Mohur (100)	200.00	—	—	200.00
Gwalior Rayon (10)	36.50	38.75	36.50	38.50
Ind. Untd. Defd. (1)	2.62	2.72	2.60	2.72
Ind. Untd. Ord. (10)	21.80	21.80	21.24	21.80
Indian Rayon (100)	65.00	66.30	64.00	64.50
Indore Malwa (100)	212.00	215.00	210.00	215.00
Khatau (100)	173.75	176.25	172.50	175.00
Kohinoor (100)	313.00	316.50	312.50	314.25
Mafatlal (100)	500.00xd	493.75cd	475.00xd	477.50xd
Modella Woollens (10)	12.12	12.12	12.00	12.12
Morarji (100)	254.50	256.00	254.50	256.00
Mysore (50)	39.00	38.00	36.00	36.00
National Rayon (100)	346.00	354.00	345.00	351.50
New Great (100)	165.00	—	—	165.00
Phoenix (100)	227.00	236.00	227.00	236.00
Pedar Mills (10)	11.24	11.36	11.24	11.24
Raymond Woollen (100)	140.00	—	—	140.00
Sassoon Spg. (10)	35.50cd	36.50cd	35.50xd	35.00xd
Shreeniwas (100)	231.00xd	230.00	230.00	232.00
Simplex (50)	120.00	129.50	119.00	128.00
Standard (100)	577.00	592.00	569.00	587.00
Svadeshi (100)	249.00	253.00	249.00	251.00
Swan (100)	260.00xd	257.00	256.00	256.00
S. I. Viscose (100)	118.50	120.50	118.00	119.50
Tata Mills (25)	58.00	59.00	57.00	57.50
Lakshmi-Vishnu (100)	86.50	—	—	86.50
Western India (250)	850.00	—	—	850.00
BANKS				
Bank of India (50)	102.50	103.00	102.00	103.00
Do. (New) (50)	103.50	104.25	103.50	104.25
Bank of Baroda (50)	94.50	95.50	94.00	95.50
Central (25)	46.75	47.00	46.50	46.75
Central 'A' (25)	46.00	48.25	48.00	48.25
Dena Bank (50)	61.00	61.50	61.00	61.50
Punjab National (10)	19.20	19.40	19.36	19.40
Union Bank (5)	5.88	5.96	5.88	5.96
United Com. (50)	68.50	69.00	68.50	69.00
Maharashtra (50)	53.00	—	—	53.00
ELECTRIC COS.				
Ahmedabad (100)	98.20	99.50	98.00	99.50
Amalgamated (10)	9.00	9.08	8.84	9.08
Andhra Valley (1,000)	1,067.50	1,076.25	1,066.25	1,075.00
Bom. Sub. El. (100)	104.25	104.75	104.00	104.00
Surat (100)	101.50	—	—	101.50
Tata Hydro (100)	112.50	113.00	112.00	112.50
Tata Power (1,000)	1,126.25	1,137.50	1,125.00	1,137.50
INSURANCE COS.				
British India (10)	14.00	—	—	14.00
Indian Mercantile (50)	65.00	—	—	64.00
New India (15)	49.00	50.00	49.00	50.00
New India 'A' (15)	49.50	50.00	49.50	49.75
Vulcan (10)	15.84	—	—	15.84
STEEL COS.				
Ind. Iron (10)	24.24	24.40	24.16	24.32
Mukand Iron (10)	17.32	17.40	17.32	17.36
Tata Steel Ord .(75)	144.25	145.75	143.75	145.25
SUGAR COS.				
Belapur (50)	199.50	210.00	199.50	209.00
Bhopal (10)	12.76	—	—	12.78
Chandeo (12.50)	25.00	—	—	25.25
Maharashtra (50)	127.00	133.00	125.00	131.50
Phaltan (50)	96.50	99.00	96.00	99.00
Walchand Ind. (100)	145.50	147.00	145.50	147.00
CEMENT COS.				
Associated Cts. (100)	150.25	150.75	149.75	150.25
Digvijay (100)	184.50	187.50	185.00	186.00
Orissa (10)	12 92	12.96	12.80	12.80
DYES & CHEMS.				
Amar-Dye-Chem (100)	147.50	152.50	147.50	152.50
Camphor & Allied (100)	89.00	89.00	88.50	88.50
Citrix (100)	70.00	70.00	69.00	70.00
Chemicoat (100)	100.00	99.50	99.00	99.50
Colour-Chem. (100)	330.00	330.00	325.00	328.25
Indian Dyestuff (100)	241.25	251.25	238.75	247.50
Polychem (50)	122.50	123.75	121.25	122.50
Synthetics (100)	79.50	81.00	78.00	80.50
Tata Chemicals (10)	17.08	17.68	16.96	17.56
MISCELLANEOUS				
Alcock Ashdown (100)	276.00xd	280.00	274.00	277.00
Bom. Burmah (2½)	56.70	57.40	56.70	57.40
Do. (New) (20)	43.75	43.75	43.50	43.75
Br. B. Petrol (1 sh.)	3.32	3.48	3.16	3.38
Br. I. Corpn. (5)	9.24xd	9.36	9.24	9.36
Cooper Eng. (100)	99.00	100.00	99.00	100.00
Hindustan Lever (10)	31.75	—	—	31.50
Hindustan Motors (10)	17.80	17.92	17.66	17.84
I. C. & Invest. Corporation (100)	92.20	93.30	92.20	93.00
Indian-Copper (2 sh.)	3.24	3.28	3.24	3.26
Kilnicks (100)	86.50	88.00	86.00	88.00
Larsen & Toubro (10)	22.24	22.36	21.76	21.96
Mahindra & Mahindra (10)	15.56	15.80	15.60	15.86
Asian Cables (100)	71.50	71.50	70.50	71.00
Permanent Magnets (100)	115.00	115.00	113.75	113.75
Phillips Carbon (10)	11.12	11.48	11.12	11.24
Pre. Automobiles (100)	94.00	95.50	93.50	95.00
Premier Con. (30)	164.00	181.00	163.50	172.50
Scindia (20)	24.24	24.56	24.16	24.56
G. E. Shipping (10)	12.48	12.64	12.48	12.52
N. Standard Eng. (100)	127.80	131.00	125.00	131.00
T. Mazagaon (100)	480.00	480.00	465.00	480.00
Shivrajpur (10)	16.24	17.00	16.00	17.00
Sirpur Paper (10)	11.08	11.28	11.08	11.20
Tata Locomotive (100)	267.50	270.00	264.50	267.50
Tata Oil (25)	58.50	59.00	58.20	58.20
Voltas (100)	241.00	245.50	240.00	244.00
W. I. Match (100	240.00xd	240.00	236.25	237.00
W. Coast Paper (100)	152.50	153.00	151.00	151.00
Zenith Steel (10)	14.40	15.24	14.24	15.20

GOVERNMENT SECURITIES	11-6-1964 Rs.	Gross Yield Earlier Redemption	Later Redemption	18-6-1964 Rs.
2½% 1956	82.75	—	4.64	82.75
3% 1964	99.90	—	—	—
3% 1966-68	98.10	3.90	3.48	98.15
3% 1970-75 1st Dev.	90.45	4.85	4.09	90.45
3% 1986 Con. Loan	68.70	—	4.71*	68.80
3½% 1965 N. P. Bonds	100.00	—	3.50	100.00
3½% 1966 N. P. Bonds	99.80	—	3.55	99.85
3½% 1974	96.75	—	4.12	96.75
3½% 1967 N. P. Bonds	100.05	—	3.75	100.05
3½% 1968 Loan	97.90	—	3.96	97.90
3½% 1968	98.40	—	3.94	98.40
3½% 1968 N. P. Bonds	99.65	—	3.82	99.70
4% 1972 Loan	98.85	—	4.17	98.85
4% 1973 Loan	99.85	—	4.16	98.85
4% 1979 Loan	98.50	—	4.14	98.50
3½% 1965 Bonds	99.00	—	3.55	99.00
4% 1980 Loan	98.00	—	4.18	98.00
4% 1981 Loan	98.50	—	4.14	98.50
4½% 1966 Loan	100.10	—	4.49	100.10
6½% 1977 G. Bonds	118.10	—	4.61	118.10
4½% 1972 N. D. Bonds	100.10	—	4.24	100.10

* Current Income. xd—Ex-dividend. xr.—Ex-Rights.
cr.—Cum-Rights. cd—Cum-dividend.
§ B. Burmah—Shares of Rs. 125 have been sub-divided into 5 shares of Rs. 25 each. ‡ Sub-divided into 5 shares of Rs. 20 each after taking into account the Bonus element of Rs. 35.

COMMERCE

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

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Commerce
A WEEKLY REVIEW OF INDIAN FINANCIAL, COMMERCIAL AND INDUSTRIAL PROGRESS

Contents

	Page
LEADING ARTICLES—	
Some Reflections on Mr. Shastri's Remarks on Fourth Plan	1093
Pakistan's Economy Buoyant	1094
MARKET GOSSIP	1095
TREND OF SHARES	1127
THIS WEEK'S SURVEY	1098-1099
SPECIAL FEATURES—	
Annuity Deposits	1095
Delhi Letter	1096
London Letter	1099
Indo-African Trade	1100
Judgment on Euro-Currencies ...	1101
Finances of State Governments ...	1104-1105
Manchester Letter	1106
More on Economics of Big Irrigation Projects	1107
Growth with Stability in Pakistan ...	1108-1109
Petro-Chemicals in the United States	1110-1111
Plans for Petro-Chemical Complexes	1112
CHAIRMEN'S SPEECHES—	
Amar Dye-Chem Ltd.	1114
Ambica Silk Mills Co., Ltd.	1115
Elphinstone Spg. & Wvg. Mills Co., Ltd.	1122
BANKING	1102
NEW PRODUCTS AND PROCESSES	1113
COMPANY MATTERS	1117-1120
NEWS IN BRIEF AND PERSONAL	1121
TREND OF MARKETS	1123-1125
MISCELLANEOUS STATISTICAL INFORMATION	1126
WEEK'S STOCK EXCHANGE TREND	1127

Comments on the working of companies are based on such facts and figures as are available in the published reports and accounts of the companies concerned. We do not accept responsibility in respect of conclusions drawn from such sources, if the information supplied should prove to have been inadequate.

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15, V. S. Mudali Street, Saidapet, Madras-15.

SOME REFLECTIONS ON MR. SHASTRI'S REMARKS ON FOURTH PLAN

THE first statement of India's new Prime Minister, Mr. Lal Bahadur Shastri, on planning, in general, and on the Fourth Plan, in particular, reflects a high degree of realism and commonsense. The observations were, of course, brief and general, made at a meeting of the Planning Commission, on 23rd June, over which he presided as its Chairman for the first time. But their significance is as an indication of the thinking of Mr. Shastri on an important aspect of the nation's life. It is common knowledge that the economic stresses and strains through which the country is now passing are due in part to defects in planning and implementation. These defects have to be avoided in the Fourth Plan, besides being rectified to the extent possible in the Third Plan period itself, for there is a limit to the sufferings a country can safely undergo in order to provide a better future for itself. It is in this context that Mr. Shastri's remarks are quite timely. Suggestions are being made by persons close to the Planning Commission that the outlay on the Fourth Five-year Plan will have to be of the order of Rs. 20,000—22,000 crores. The Perspective Planning Division has submitted a paper to the Planning Commission making out a case for an investment of Rs. 22,000 crores. Dr. V. K. R. V. Rao, a member of the Planning Commission, disclosed at Bangalore this week that the Fourth Plan was likely to be as big as the first three Plans put together or about double the Third Plan, that the Plan document would be in terms of ten years' perspective, with details for the first five years, and that the first memorandum would be ready in about a month's time. the Planning Commission must consider carefully before releasing this memorandum to the public whether the country would be in a position to stand the strain of such a huge outlay as is now being contemplated. If the size of the coming Plan is going to be twice as much as that of the current Plan, the hardship that the people will have to endure will also be twice as much as it is today. The people are certainly in no mood to undergo so much suffering.

The protagonists of gigantism may be inclined to dismiss those who urge a cautious approach as pessimists, unworthy of being heard. They may argue that similar notes of caution were struck when the Second and Third Plans were drafted and that, if they had listened to these timid advices, the country would not have made even the progress which it has made in the sphere of industry and agriculture. But, unfortunately for them, the economic growth has been lagging far behind, even though there has been no marked shortfall in the outlay

cultivation or to convert dry lands into wet ones. Again, not all the multi-purpose projects have served the multi purposes. It will, indeed, be no exaggeration to say that none of the major irrigation projects, in which provision was made for inland navigation, has so far yielded that benefit. Nor have the benefits in the form of flood protection been as significant as one was led to believe. An impartial evaluation of the benefits of all the major irrigation projects from these points of view is long overdue and, if completed in good time, will help in assigning an appropriate place for these projects in the Fourth Plan. The object in referring to these aspects of big irrigation projects here is not to belittle their importance and value to the economy. In tropical and sub-tropical zones, where rainfall is seasonal and where the perennial rivers fed by snow and rain are subject to seasonal floods, there is no doubt these projects are necessary and their value is everlasting, if they are properly maintained and the water stored in them is put to all the best possible uses. The object is to stress the importance, as was done by Mr. Shastri early this week, of medium and minor irrigation works which have not received the attention they deserve at the hands of State Governments. If greater attention is paid to these works and farmers are helped to establish masonry, as well as tube, wells, the increase in agricultural production will be quicker and more than proportionate to the capital outlay involved. The hard commonsense of Mr. Shastri is also evident from his emphasis on the need for farmers using compost and green manures to overcome the shortage of chemical fertilisers of the right type.

Poverty and unemployment in rural areas, where they are strongly entrenched, can be reduced if animal husbandry, poultry farming and road building, among others, are vigorously developed. In a modern economy, the scope for traditional cottage industries as a solution to rural unemployment is very, very limited. At best, they can help only the unemployed artisans and persons who have an aptitude for art and technical skill. Their number, however, is not large. Further, the products of cottage industries are neither durable nor of high utility. Their prices will be beyond the pockets of the common man, if workers employed in their manufacture are to be paid decent wages. To subsidise them is to pour money in the drain which this country cannot afford. On the contrary, every rupee spent on fostering animal husbandry, poultry farming, horticulture, road building, furniture making, and such other occupations of great utility to rural and urban centres alike will be quite rewarding. Today, there is an acute shortage of subsidiary foods such as milk, butter, *ghee*, eggs, and fruits and this in turn has contributed much to the increase in cost of living. By devoting attention to these aspects of rural economy, much can be done to relieve these shortages and to provide gainful employment that can attract even educated youths. A new orientation is required in the Governments' policies and attitudes pertaining to rural employment. The central theme of this employment policy should be to produce goods and services for which there is a ready market and which can satisfy the consumers' needs. Hitherto, the policy has been to produce goods of all sorts for the sake of providing employment and then thrust them on consumers by various means. This policy has been a costly failure. Vast sums of money have been lost, without yielding any sustained results. It is to be hoped that planners at both the Centre and States have learned a lesson and that they will refrain from repeating their mistakes, without necessarily waiting for the Fourth Plan.

PAKISTAN'S ECONOMY BUOYANT

PAKISTAN'S economy, as delineated on the pages of the *Economic Survey* for 1963-64, presents a picture of growth with relative stability. It is not overall growth in terms of national income that is meant here, significant though the increase in *per capita* real income from Rs. 259 in 1962-63 to Rs. 269 in the year under review is. But it is growth in some vital sectors that is much more significant. In the agricultural sector, for instance, the output of both food and non-food crops has maintained a steady uptrend since 1959-60. This is borne out by the index of agricultural production (base: average of 1949-50 to 1952-53=100) which shows 134 and 172, respectively, for food crops and non-food crops in 1963-64, as compared with 117 and 129, respectively, in 1959-60. Particularly noteworthy, in this connection, is the estimated output of rice at 11.6 million tons in the latest year, as compared with 9.8 million tons and 10.6 million tons, respectively, in 1962-63 and 1961-62, and that of cotton at 2.4 million bales (of 400 lbs. each), as against 2.1 million bales and 1.8 million bales in the respective earlier years. The claim that some of the major crops like rice, cotton and sugarcane have set new production records in 1963-64 and exceeded the second Plan targets, by significant margins, a year ahead of schedule seems to be a valid one, though the relevant estimates are provisional. It would thus appear that the steady, though not spectacular, agricultural growth in Pakistan is a healthy feature of its economy. But the country has still some way to go before wheat imports, which were of the order of 1.3 million tons in the July 1963-March 1964 period, can be wholly dispensed with. However, as against this continued dependence on wheat imports may be partly set the trend of increase in the exports of raw cotton at a monthly rate of about 64,000 bales in the July 1963-March-1964 period, as compared with a monthly average of 53,000 bales in 1962-63.

Another sector which has continued to show buoyancy is that of industry and mining. The index of industrial production (base: 1959-60=100) shows 156.5 in the October-December 1963 quarter, as compared with 133.6 in 1962-63 and 119.2 in 1961-62. The industries which have recorded marked increases in production are sugar, jute manufactures, fertiliser, petroleum and cement. In the mining field, too, buoyancy has been well maintained. The index of mineral production (base: 1959-60=100) has gone up from 124.0 in 1961-62 to 138.2 in 1962-63 and further to 159.1 in the last quarter of 1963. The impressive growth of production in industry and mining has been rightly attributed to the enterprise of the private sector which, after over-fulfilling the Rs. 284-crore Investment Schedule of the second Plan period to the extent of Rs. 123 crores in about half the period, has taken up since February 1963 a supplementary investment schedule for Rs. 153 crores. Of course, the public sector, too, has contributed its share, having completed 34 industrial projects, with an aggregate capital outlay of Rs. 80.3 crores, in West Pakistan and 25 projects, with an aggregate outlay of Rs. 62.7 crores, in East Pakistan. But it is the private sector that has made the major contribution to industrial growth, thanks to the adoption of congenial fiscal and financial policies by the Government. This favourable climate for investment has, incidentally, enabled the Government to obtain foreign loans and credits to the tune of about Rs. 350 crores for the private sector since the beginning of the second Plan. What is more, the Department of Investment Promotion and Supplies has accorded so far sanctions to 313 units, involving a total investment of Rs. 89 crores, of which Rs. 39 crores is foreign private capital. This does not include Rs. 43 crores of foreign loans associated with that equity capital. That this policy of encouragement to private enterprise (both domestic and foreign) is being continued steadfastly is borne out by the absence of new direct taxes in the 1964-65 Budget, the removal of wealth tax on private companies, the extension of tax holiday scheme upto 30th June 1970 and the grant of an additional 10 per cent tax rebate to mining industry and of tax exemption to foreign technicians for three years instead of the present two.

As both agricultural growth and industrial growth have generally conformed to expectations and even surpassed them in certain lines, they have led to two salutary results in the context of relative price stability, that is, in the context of a modest rise of two points per annum in the index of wholesale prices during the last five years. One result is the emergence of unsuspected additional resources for the second Plan within the country itself. It will be recalled here that the Plan had originally contemplated that about 50 per cent (Rs. 1,155 crores) of its entire outlay would be financed through foreign aid and loans. But the current expectations are that no more than Rs. 947 crores of foreign aid and loans would be required during the whole Plan period and that as much as Rs. 1,443 crores will have been spent on development out of the country's own resources by the end of 1964-65, as against the original estimate of Rs. 1,145 crores. The other salutary result—this is also related to the first—is the increasing ability of the economy to augment its export earnings. It is, indeed, noteworthy that, as against the original estimate of Rs. 1,125 crores of exports (including invisibles) for the entire Plan period, actual exports in the first three years aggregated Rs. 750 crores. If the export performance is maintained at about the current level in the next two years, the Plan estimate, it is said, will be exceeded by Rs. 187 crores. It is broadly to the extent of this excess that foreign aid requirements would be less.

That in all the vital sectors of Pakistan's economy growth has taken place with relative stability over a certain period is thus undeniable. But the modest average annual increase of two points in the wholesale price index during the last five years as a whole conceals the fact that, in 1963-64, the pressure on prices was quite strong and persistent in several lines, even assuming that the index is scientific in its construction, which, according to some observers, is not so. For instance, the average wholesale price of wheat at Lyallpur was higher at Rs. 18.50 per maund in March 1964, as compared with Rs. 16.00 a maund in April 1963. The wholesale price of white sugar at Karachi during 1963 ranged between Rs. 62 and Rs. 72 per maund, as compared with a range of Rs. 54 to Rs. 62 per maund in 1962. On the whole, the prices of consumer goods, especially the imported ones, tended to rise during the year. If these and other price increases were not reflected in the index for 1963-64 (105.8 points in the first eight-month period, as against 104.8 in 1962-63), it must have been because of the decline in the prices of rice and oils. This modest rise in the wholesale price index does not, however, seem to reflect the true state of affairs insofar as cost of living is concerned. While the cost of living index at Narayanganj in rice-eating East Pakistan increased by only two points from 129 in March 1963 to 131 in March 1964, the index at Karachi and Lahore in wheat-eating West Pakistan increased during the same period by 10 points and 13 points, respectively. As wheat production has been static at about four million tons in the last three years and the issue price of imported wheat, too, has had to be increased, recent price and cost of living trends in West Pakistan have been less encouraging than in East Pakistan. How easily the vaunted price stability can also be disturbed in the wake of latest Budget proposals will be seen from Karachi reports. It is said that, although the Budget proposals are to take effect from 1st July 1964, in the case of almost all items (cigarettes, vegetable ghee, edible oils, *biris*, motor car tyres, etc.) which have been affected by tax hikes as proposed by the Finance Minister, the prices have shown upward trends and the people are required to pay more for them than they were paying on the eve of the Budget. This tendency to profiteer has been described as odd and ununderstandable and rightly criticised by a section of the Press in Karachi.

But that is how price increases have been effected, in some cases legitimately and in some others illegitimately, in India, too, in the wake of the defence-oriented Budgets of 1963-64 and 1964-65. That the tax element is reflected proportionately or disproportionately in the prices of a wide range of commodities is unfortunately true. A large part of the price increase in this country in 1963-64, for instance, was due to this element. It cannot be different in Pakistan, where, too, the accent is increasingly on indirect taxation. So the authors of the *Economic Survey* of Pakistan would have done better if they had not sought to draw excessive comfort from a comparison of price trends in Pakistan and India during 1963-64 and taken it for granted that "reasonable" price stability in their country would continue. In fact, there would seem to be no warrant for complacency on the price front. It is pertinent to note, in this connection, that, despite the vaunted price stability, the quantum of subsidy given by the Government of Pakistan for bolstering the exports of manufactured goods is much higher than in India—in fact, it is quite lavish—and that the discount at which Pakistani rupee is quoted in the foreign exchange markets of the world is greater than in the case of Indian rupee. As Pakistan relies so heavily on free enterprise for industrialisation, there is all the more reason why its Government should make it function as fair enterprise in all respects, so that the broader purpose of social justice may also be served to some extent.

MARKET GOSSIP

Cloth Prices

THE cotton mill industry, it is unfortunate, has once again become a victim of public condemnation for no fault of its own. May be, some mills have increased their ex-mill prices of cloth above the levels fixed under the Indian Cotton Mills Federation's voluntary price regulation scheme. But the increase has been inevitable, for, otherwise, these mills would be in the red soon. Caught as they are between a steep rise in production costs, on the one hand, and pegging of prices, on the other, the mills, especially the marginal units, are passing through a severe crisis. The voluntary price regulation scheme, it will be recalled, was forced on the industry, though the industry pleaded for a statutory enforcement of price control which the Government was not prepared to enforce. The scheme was meant to be a purely temporary arrangement, pending the final decision of the Government on the findings of the Tariff Commission which initiated an inquiry into cloth prices towards the close of 1960. Although the scheme has been in operation for nearly four years and the Tariff Commission submitted its report in December 1962, the voluntary price regulation scheme still continues without any price adjustments to take care of increased production costs. Is this fair?

It is deplorable that, despite repeated representations from the industry either to scrap the scheme or to make suitable adjustments in the formula to take care of increased costs of production, the Government continues to be silent. At any rate, the scheme ceased to be really effective long back, as the Federation, which administers the scheme, does not have any power to take action on mills which are compelled to sell cloth at prices higher than those fixed. No less a person than Mr. Naval Tata, Chairman of the Tata Group of cotton mills, has frankly stated that the scheme has been a thorough failure. Here is what he says in his statement to the shareholders of his companies at their annual meetings held this week:

"The increase in the cost of production can be met either by suitable adjustments in the selling prices of cloth or by extensive rationalisation of means of production. Since 1960, the industry has been operating under a voluntary price regulation scheme under which the prices of every sort produced are fixed by a Price Fixation Committee. The number of sort changes allowed to be made in any given period of time is limited. This scheme was introduced as a temporary measure. Since then, a Tariff Commission inquiry into cloth prices was initiated in December 1960. Although four years have passed and the Commission submitted its report in December 1962, the scheme still continues without any price adjustments to take care of increasing production costs. Various suggestions have been made to Government either to scrap the scheme, *which in its operation, to be blunt, has become a farce* (italics ours), or to make suitable adjustments in the formula to take care of increased costs of production. Uptil now, there has, however, been no favourable reaction. Even the report of the Tariff Commission has not been published or acted upon."

The fuss over the issue of cloth prices is unnecessary and can certainly be ended, but the Government must take a prompt decision early. It is to be hoped that the Cotton Textile Consultative Board, due to meet in Bombay on the 7th of next month, will discuss the problem in all its aspects and make appropriate recommendations.

Institute Of Bankers

The efficient functioning of any enterprise, be it big or small, depends to a considerable extent on the persons in charge of it. It is, therefore, of vital importance that these persons are given intensive training in the field in which they work. The need for such training is especially urgent in the banking sector, what with its vast, diversified and complicated nature of functions and responsibilities assumed in the context of economic development. If the banks are to play the role assigned to them satisfactorily, they must necessarily make an all-out effort to see that their staff members acquire sound knowledge of both the theoretical and practical aspects of banking and other kindred subjects. Out of over 200,000 employees of commercial banks, only a few thousands have so far been trained. And, with the expansion of new bank branches, more and more persons will be recruited. The task of extending training facilities to all the employees of banking industry is, therefore, becoming formidable.

Viewed thus, it is, indeed, gratifying to find that the Indian Institute of Bankers has been doing a pretty good job in encouraging banking studies, as witness the marked expansion in the membership of the Institute (from 18,425 in 1959 to nearly 35,000 at present), the rise in the number of candidates entering for the Associate Examination (from 12,887 in 1959 to 21,953 in May 1963), and the increase in the number of examination centres (from 335 to 516). The rise in membership certainly reflects, as Mr. P. C. Bhattacharyya, Governor of the Reserve Bank of India and also President of the Institute, stated in his speech (read in his absence on tour by Mr. C. H. Babha, Vice-President) at the thirty-seventh annual meeting of the Institute held at Bombay on Thursday this week, very broadly the expansion of banking services in the country, a trend that is likely to continue. In the context of such a development, it is just as well that the Institute is being equipped to undertake an expansion of its activities and services to its members on a planned basis. By the middle of next year, we are told, all places with a fair concentration of the Institute's members will have centres of their own.

The opening of centres and sub-centres of the Institute no doubt provides a minimum of essential services to the members, but the measure of their (centres') real effectiveness, as Mr. Bhattacharyya rightly remarked, lies in the extent to which the members avail themselves of these services and indicate to those in charge of them the types of assistance or facilities they need. This is very important, because the reports from centres already set up show that the members are not making adequate use of the library and reading room facilities, and that the attendance at the free lecture courses organised at the centres with sizable membership is not as large as one would wish. Mr. Bhattacharyya was, therefore, prompted to call upon the bank managements to assist the Institute in improving the efficiency and effectiveness of the centres by persuading their staff to make use of them in an ever-increasing measure.

While the number of bankmen entering for the Associate Examination conducted by the Institute has increased markedly in recent years, it is disquieting to learn that the standards of performance of candidates in almost all subjects have been generally poor. The candidates must, of course, apply themselves earnestly and prepare for the Examination adequately. Even so, the need for imparting systematic instruction to these candidates cannot be stressed too strongly. Indeed, there is, as Mr. Bhattacharyya said, no substitute for such instruction. The Institute has done well, therefore, in organising tutorial classes in Bombay. It is proposed to conduct similar courses in other important centres such as Delhi, Calcutta and Madras.

Whatever the organisational set-up, it is necessary that those who qualify for the Institute's certificates and diplomas should not only be aware of the additional functions and responsibilities assumed by the banks in the context of economic development but also possess a knowledge and understanding of their meaning and significance.

The need to evolve model syllabi for the training of bankers is more urgent now than at any time before. It is only through such syllabi that the Institute could certify that the candidates who successfully complete its examinations would be able "to bring to their day-to-day work greater knowledge and discernment and give a better account of themselves than those who have not similarly qualified themselves."

While all this represents a correct approach, one wonders whether the Institute itself is adequately staffed and serviced to fulfil the expanding responsibilities entrusted to it. There are complaints from the candidates appearing for the examinations that the time taken by the Institue to announce the results is pretty long, that the time allotted for answering the question papers (two hours) is extremely short having regard to the number of questions and standard of answers expected, the security arrangements for ensuring secrecy of question papers leave much to the desired, that there is no provision for verifying the marks lists by those who feel aggrieved, and that not all banks reward those of the staff who have been successful in winning the Institute's diploma. It is high time the President and members of the Council paid attention to these points.

Steel For Watch Manufacture

Watch is aptly described as a little mechanical masterpiece. So exacting are the demands on its precision. Even a slight mistake in assembling the different parts will render the watch absolutely useless. It is no wonder that modern watch manufacture is a highly skilled automatised process and that the materials used must possess quite extraordinary properties. Take, for instance, the main spring. It has to work continuously for many years and, all the time, it is supposed to "pull even." The fatigue resistance (that is, lifetime of a watch spring depends to a large extent on flatness and smoothness of surfaces and edges, as well as accurate width and thickness. Until recently, watch springs were made almost exclusively from carbon steel with or without small additions of alloys. Lately, however, main springs of stainless steel and other highly alloyed materials have come into use. Extensive research and series of experiments, conducted at the Sandvik Steel Works of Sweden and elsewhere, have resulted in a stainless steel spring of remarkable properties. The steel produced by the Sandvik, it is claimed, gives the springs a lifetime five to ten times that of springs made of old carbon steel. As many as 10,000 re-windings before breakage have been reported, which are equivalent to some 27-28 years of service in a watch. This Swedish firm, it may be noted here, is collaborating with the Indian firm, Sandvik Asia Ltd. (Poona), in the manufacture of tungsten carbide tips and tools and rock drill steel equipment.

Besides the main spring, there are several other important parts of a watch, including wheels, pinions, shafts of different kinds and winding stems, of which some are made from strip steel and some from wire or ground rods (silver steel). The winding stems can, of course, be produced from carbon steel which is good from the machinability point of view. But this steel, it is said, gets rusted often, leading to stem rupture. The Sandvik of Sweden is now manufacturing a type of stainless steel (called Sandvik 4C27A), which not only offers machining properties (hardness and toughness) as good as those of carbon steel but is corrosion-resistant.

ANNUITY DEPOSITS

HOW THEY AFFECT TAXPAYERS

By Bansi S. Mehta

[Although nearly four months have elapsed since the Union Finance Minister announced the introduction of Annuity Deposits in the place of Compulsory Deposits, the Government has still not framed the scheme giving the exact details, with the result that the taxpayers are unable to assess the extent to which the payment of Annuity Deposits will actually affect them. The taxpayers will, therefore, find the article, published in this column, quite interesting and useful. The article is an adaptation of the speech delivered by Mr. Bansi S. Mehta, a leading Chartered Accountant, in Bombay last week under the auspices of the Forum of Free Enterprise.—ED.]

ANNUITY Deposits are intended to serve a three-fold purpose: (a) to check inflationary tendency, (b) to spread over the tax liability, and (c) to obtain on an involuntary basis public savings at a cheap rate of interest. How far the first objective will be met is, indeed, doubtful, because the refunds of Annuity Deposits, after about four to five years, will start matching the payment by the depositors to the Government, so that there will be more or less a counter-balancing of inflow and outflow of money. The second objective also stands fulfilled to a very limited extent; since, in a majority of cases, the involuntary nature of the deposits will rather tend to increase the overall tax liability. But the most serious objection will be that the taking of a lump sum today in exchange for 'piece-meal' refunds in future deprives citizens of the real worth of their money, in view of the continuous inflation that we have been witnessing in this country. It is somewhat unfortunate that our law-makers do not take into account all the aspects before they embark upon such a novel piece of legislation.

It is curious that the provisions relating to Annuity Deposits are mixed up into the Income-tax Law for reasons best known to the Finance Minister himself. One is reminded of that tyrannical Sultan who, when told by his ministers that prison cells were all full of prisoners and that the Sultan should, therefore, stop sending people to prison, replied that let there be two prisoners in one cell. One thing, however, is clear that the constitutional validity of Annuity Deposits is not beyond doubt simply because it is mixed up into the Income-tax Law. Requiring citizens to make involuntary deposits is something which does not come under the power to tax income.

The charge of Annuity Deposits is created when the Finance Act is passed; and, therefore, the liability for the first time can arise only when the Finance Act specifically requires Annuity Deposits to be made. There is no provision whereby the liability fixed by the earlier Finance Act is continued, even if the next Finance Act is not passed. It is, therefore, a little curious that taxpayers should be called upon to make Annuity Deposits even in respect of the subsequent years in advance. Our experience about Compulsory Deposit shows how fickle our laws are and what the mortality rate is amongst the new laws. It will only add to the Administration's burden to repay the advance Annuity Deposits if and when the present Annuity Deposits are removed from the statute book.

Annuity Deposits are required to be made by an individual, a hindu undivided family, an unregistered firm, an association of persons or a body of individuals other than a company or a co-operative society and an artificial juridical person. In each case, however, the person must be resident in India within the meaning of the Income-tax Law. An individual, in order to be liable, must be a citizen of India. Citizenship is a legal concept and, therefore, a mere domicile in India would not be enough to require a person to make an Annuity Deposit. In making an hindu undivided family liable as a unit. I submit, the 'law-makers' have committed a mistake. There is no provision for a higher limit for a hindu undivided family in respect of rates at which such Deposits are to be made. Under the Income-tax Law, minimum taxable limits are separately specified for hindu undivided family at higher amounts. Similarly, by making an association of persons liable, a grave hardship is likely to arise.

Take the case of a Trust having an annual income of, say, Rs. 30,000. Under the provisions of the Trust Deed, the income is to be allocated equally amongst three beneficiaries, so that each will have an annual income of Rs. 10,000 which is less than Rs. 15,000 above which alone a person can be required to make an Annuity Deposit. But, in this case, it will be the Trust as a unit that will be called upon to make the Annuity Deposit.

The basis for calculating Annuity Deposits is the adjusted total income. Let me explain how this income is to be arrived at. We start with total income as calculated under the various provisions of Income-tax Law. From this total income, for the current assessment year, that is, 1964-65, we have to deduct salary income, share from an unregistered firm, share from an association of persons, compensation under Section 28(ii) and capital gains. The resultant figure is the 'adjusted total income.' For subsequent assessment years, the adjusted total income is to be arrived at by deducting from total income accumulated balance received from a recognised Provident Fund, income received in arrears or in advance, share from an unregistered firm, share from an association of persons, compensation under Section 28(ii) and capital gains. From this it will be noticed that a very important omission in this behalf is income which is exempt under the Income-tax Act such as income from new industrial undertakings and donations, etc. The result will be that, even in

(Continued on page 1128)

DELHI LETTER

BRIEF TALKS WITH MIKOYAN

A SLIGHTLY BITTER PILL FROM RUSSIA

From Our Special Correspondent

NEW DELHI, 23rd June

WHEN Soviet Vice-Premier Kosygin came to Delhi to attend the funeral of Jawaharlal Nehru, he made initial acquaintance with the shape of things evolving immediately after the end of the Nehru era. Mr. Kosygin, in public and in private, gave an assurance of continued Soviet support to India, both politically and economically. Mr. Anastas Mikoyan, another Soviet Vice-Premier, on a 36-hour-long halt last week-end in Delhi, on his way as the head of a delegation to Indonesia, used the occasion to familiarise himself further with the personalities in the seat of power in Delhi. He made it a point to accent Soviet support for India on the Kashmir question and also welcomed Mr. Lal Bahadur Shastri's statement on the continuing Indian policy of non-alignment. Both these points, publicly made by Mr. Mikoyan, have naturally been welcomed in Delhi which, at the same time, has been offered a slightly bitter pill by the Soviet Union. New Delhi had tended to assume that, as in the period preceding the formulation of the third Five-year Plan, when Russia announced her commitments long in advance, this time too Moscow would tell the Indian Government quite early how much assistance it would be able to render India during the years of the fourth Five-year Plan. Such an advance promise was considered important by the planners in Delhi, because the Soviet bloc aid was to be funnelled purely into crucial industrial development programmes which need elaborate and time-consuming preliminary discussions. Aid from the West, on the other hand, has partly been for maintenance imports needing not much advance planning.

The Finance Minister, Mr. T. T. Krishnamachari, was planning to visit the Soviet Union for talks on the economic aid programme. Mr. Mikoyan lost no time in putting a damper on the Finance Minister's plans by making it clear that it would serve no purpose for the Finance Minister to visit the Soviet Union on an early date. The promise to underwrite the Bokaro steel plant's first 1.5 million tonne stage is a commitment which will be largely fulfilled during the fourth Plan period. Apart from this commitment, which may involve more than Rs. 150 crores of Soviet assistance, the Russians are not willing to make any advance promises for the fourth Plan. The Russians certainly wish to wait and watch how the new Indian administration and its star leaders grow, with Nehru gone out of the picture.

When Mr. T. T. Krishnamachari first headed the Steel Ministry, he negotiated the deal with the Russians for building the Bhilai steel plant. When Mr. Swaran Singh was in charge of steel, the gossip in Delhi was that his doors were always open for free conversations with the Russians from Bhilai. To be fair to the Minister, the Russians put in charge of their Bhilai operations an individual of high status who could be acceptable to the rank-conscious Ministers and officials in Delhi. The preliminary agreement in principle for another, major agreement with the Russians, the project to make the supersonic MIG-21 fighter plane, was made when Mr. Krishna Menon was in the Defence Ministry. Without being a part of the Soviet lobby like the former Oil Minister, Mr. K. D. Malaviya (who pioneered the oil deal with Moscow), Mr. C. Subramaniam still made an impression with the Russians and successfully laid the foundation for Soviet collaboration to build the Bokaro plant. In recent months, the Russians seem to have developed a dislike for Mr. Krishnamachari. It is not known who is to be blamed for this attitude of Russians. They seem to have been cut up by the fact that the Indian Government did not plump for more oil connections with Russia. With Nehru gone, there is no court of last appeal. Mr. Krishnamachari and the civil servants today exercise greater control on project negotiations than any other group in the past. The Soviet and Indian bureaucrats do not speak the same language. The impact of Mr. Sanjeeva Reddy on the affairs of the Steel and Mines Ministry will be an important equation which remains to be evaluated.

Mr. Mikoyan gave Mr. Shastri a formal invitation to visit the Soviet Union but Mr. Shastri has been in no hurry to fix an early date. The first key Minister to visit Russia in the near future will be Defence Minister Chavan who has received a Mikoyan promise that the two-year-old programme for MIG manufacture will now be speedily implemented. According to original calculations, twelve MIGs were to be delivered by the end of this year. Six were received, of which two were lost in a crash. Russia is now said to be ready to deliver two more MIGs to replace the lost two. The Russians are also said to be working on an improved version of the MIG-21 plane to convert it into an all-weather fighter. The licence to manufacture a missile and weapons system to arm the MIGs has yet to be granted by the Russians. Mr. Mikoyan, who met Mr. Shastri, Mr. Chavan as well as Mr. Krishnamachari, is understood to have accepted in principle an Indian demand for more transport aircraft and helicopters. Mr. Chavan will discuss this deal also when he visits Moscow.

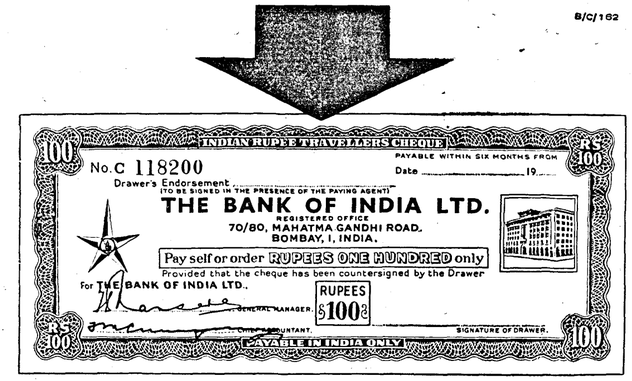
Apart from Rs. 384 crores aid commitments until the end of the third Plan and the promise to assist Bokaro building, the Russian military commitments are now placed at more than Rs. 120 crores.

Mr. Chavan's U.S. mission was halted midway when Nehru died, but soon afterwards a joint *communique* was issued by the Indian and U.S. Government, spelling out the American commitments. Mr. Chavan is also to visit Britain soon—a trip he had to cancel in the end of May. From Britain Mr. Chavan seeks submarines and technical aid to build warships at the Mazagon Docks. An important British contribution to the Indian defence industry is the deal with Vickers for the manufacture of military tanks at Avadi. The British aided project is to make medium tanks, and discussions are in progress with the French to make a light tank. This will be a proven light tank which can be transported by air and dropped into forward border areas.

Oil Project Delays

Programmes for new oil refineries and negotiations with oil companies are getting into new slippery areas, to the discomfiture of Minister Humayun Kabir and his officials. The world over, the deals are becoming more favourable than in the past few years as far as the buyers are concerned, but the Indian Government is finding it difficult to arrive at conclusions as to what attractive prices are. Even if the Russians are willing to supply crude to India, the oil company refineries—existing or planned—cannot be forced to touch it. The Malaviya deal with Philips Petroleum for the Cochin refinery was not so long ago hailed as a great advance which taught a lesson to other companies, but second and third thoughts on the deal have led to considering the deal in less favourable light. The cost of the crude to which the Cochin refinery is tied is now considered too high. For the Madras and Haldia refineries the foreign companies which offered collaboration naturally have tried to tie in their sources of crude. If enough crude is ever produced in India, all the refineries in the country, whoever the owner, have to use the Indian crude. The efforts now are to persuade the refineries to accept crude which can be termed Government crude by virtue of the Indian Government being an investor abroad in exploration and production. Even if the efforts to go into Iran for oil exploitation in a tie-up with ENI or Philips

(Continued on page 1127)



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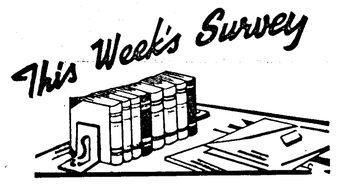

THE CO-OPERATIVE SECTOR

THE kind of mixed economy that has been evolved in India under conditions of planning, according to the *New York Times*, has had mixed results, combining stultifying State control and red-tape with the less savoury features of free enterprise. One may or may not agree with this view of the Indian economy. But there can be no two opinions about the complementary character of the public sector and the private sector. This is itself a potent factor making for balance between what are basically two conflicting sectors. A free co-operative sector may well buttress that balancing element, and so the idea of developing that sector "as a balancing force between the public sector and the private sector"—an idea aired by Mr. S. K. Dey, Union Minister for Community Development and Co-operation, in his address at the annual conference of State Ministers of Co-operation held at Hyderabad on the 19th and 20th instant—is cartainly commendable. But the qualification to that commendation is that the co-operative sector should be genuinely "free"—free from State participation and interference. If it is not that, it can only develop as an adjunct of the public sector, thereby not only failing to serve as a "balancing force" between that sector and the private sector but also giving rise to discord between the two sectors as in the case of the co-operative sugar factories.

It must be said to Mr. Dey's credit that he was not oblivious of the need for ensuring the independence of the co-operative sector from Government interference, in spite of the large amount of State aid given to co-operatives. In fact, he recognised that the only alternative to State control would be to build up federal organs in the different spheres of the co-operative movement for taking over some of the functions now performed by Government and governmental agencies. In other words, Mr. Dey was in favour of freeing the co-operative sector from excessive bureaucratic domination so as to make it a self-disciplined and self-regulatory movement. It will be recalled, in this connection, that the Vaikunth Lal Mehta Committee on Co-operative Administration had recommended early this year that the primary credit societies should come to be supervised by central banks uniformly in all the States, instead of being subjected to departmental supervision, and that the supervision of all other co-operative societies should be transferred to appropriate federal co-operative agencies. That the Government has accepted this salutary recommendation is clear from Mr. Dey's assurance "that the Government will go all out to build up and support these federations, provided they can grow in competence to serve the people and their constituents." Mr. Dey's proviso here is fundamental, for the proposed transfer of powers from the Registrar of Co-operative Societies to federal co-operative agencies can be safely effected only after systematic arrangements are made to ensure their supervisory competence.

The proceedings of the conference of State Ministers of Co-operation are noteworthy for some of the decisions taken by it. The decision to set up a high-powered committee to review the present pattern of organisation of co-operative marketing of agricultural produce, distribution of agricultural requisites and supply of consumer articles at all levels is a right one in the context of the proposed extension of the package programme of intensive cultivation to more districts. Only, the suggested committee should report promptly on the steps needed to make the co-operative channels, leading to and from the agricultural sector, more efficient and effective. The other decision that "co-operatives should be utilised as the sole agency of the Government in the scheme of State trading and procurement of foodgrains" does not, however, seem to be quite sound. It would appear that the Registrars of Co-operative Societies, at their conference at Hyderabad held on the 17th instant, had given a rather hasty lead in the matter by recommending that "sole agency" role for co-operatives without examining carefully whether they were in a position to play that role adequately in all parts of the country.

That the normal trade channels would have to be relied upon for procurement and distribution in most parts of the country even under a regime of limited or partial State trading should be obvious, for only a few areas in some States are fairly advanced in the sphere of co-operation. This is not to suggest that State trading is desirable in itself but that co-operatives are in no position to play any worthwhile role in such trading, whether partial or full, and, consequently, in holding the price line. Both the Registrars' conference and the Ministers' conference have been unduly optimistic on the score of the co-operative sector's capacity to handle a substantial portion of the marketed surplus. There is no doubt that this capacity is very limited in sheer physical terms, for the primary marketing societies through which, according to the Registrars' conference, the Governments' procurement operations should be undertaken, number no more than 3,000 in the entire country and the bulk of their membership is confined mostly to a few States, such as Andhra Pradesh, Madras, Maharashtra, Mysore and Uttar Pradesh.

CENTRAL AID FOR IRRIGATION

A big storage irrigation project, costing up to Rs. 100 crores, or possibly, more, usually causes great strains and stresses in the finances of a State Government, with the result that sufficient funds are not available for both the big and small projects to be taken up simultaneously. This problem has, therefore, been agitating the minds of publicists and administrators for some time now. For instance, a retired Financial Adviser to the Andhra Pradesh Government on the Nagarjunasagar Project and a former Accountant General (Mr. S. Ramayya) recently analysed the problem in all its bearings and advanced the suggestion that irrigation projects costing over Rs. 10 crores should be financed entirely by the Centre (*vide* page 534 of *Commerce* dated 28th September 1963). In two other articles published last week and this week, he has gone into this question further and drawn attention to certain other economic and social costs of big irrigation projects. The Union Finance Minister, Mr. T. T. Krishnamachari, too, it will be recalled, had something to say on this subject in his inaugural address at the Indian Economic Conference held at Bombay on 25th December 1963. His suggestion was that the Centre should shoulder more direct responsibility for irrigation and power development. And it was also his expectation that such a change in the area of responsibility would produce the additional good that "the economics of a project might receive greater consideration as against sentimental and parochial support that often goes with such a project." That these suggestions have not been in vain should be apparent from the report this week that the Central Government proposes to select one irrigation or multi-purpose project in each State to share 50 per cent of its cost.

The Government's idea seems to be that such "specially-aided projects" should be those involving an aggregate capital outlay of more than Rs. 20 crores each. The projects reported to have been tentatively selected for special aid are as follows:

1. Nagarjunasagar—Andhra Pradesh.
2. Gandak (Division)—Bihar.
3. Tawa—Madhya Pradesh.
4. Upper Krishna—Mysore.
5. Beas Project (I and II)—Punjab.
6. Rajasthan Canal—Rajasthan.
7. Ramganga—Uttar Pradesh.
8. Narmada—Gujarat.
9. Bhima Irrigation—Maharashtra

The aforesaid nine major projects would involve an aggregate outlay of about Rs. 614 crores. Of this amount, only Rs. 103 crores has been spent so far. The balance (Rs. 511 crores) would have to be provided in the remaining years of the third Plan and the fourth Plan. As some States, which have no project costing more than Rs. 20 crores each, may be allowed to group two or three small projects, it can be inferred that the Centre's proposal, if finally adopted, would mean a financial commitment of probably upto Rs. 400 crores on its part during the third and fourth Plan periods. It is a safe assumption that the Union Finance Ministry would agree to this commitment, for T.T.K. himself has openly urged that the Centre should assume more direct responsibility for irrigation and power development and the Union Ministry of Irrigation and Power has made out a strong case for the Centre sharing the cost of major irrigation projects.

The hope, in this connection, is that the big projects with their large irrigation potential, if completed within the optimum period, would add substantial blocks of irrigation potential with each project and result in significant increases in the production of foodgrains. What is more, their expeditious execution would also result in sizable savings in service charges during construction. As paucity of funds is generally responsible for delays in execution, the proposed direct assistance by the Centre would certainly make for speedier implementation of big projects. The State Governments, too, would then be in a better position to take simultaneous or early steps in regard to the construction of distributaries and field channels in the commanded areas and pay more attention to medium and minor irrigation projects which can yield quicker results in terms of agricultural production. In view of these and other advantages that are bound to result from the sharing of cost and responsibility by the Centre, it is very much to be hoped that a definite plan of financing would be finalised and brought into force at the earliest. Meanwhile, the fourth Finance Commission, which has just commenced its work, will have to make suitable adjustments in its recommendations for allocation of Central resources to the States for the fourth Plan period.

OUTLOOK FOR COFFEE

It looks as though the current coffee season (April 1964-March 1965) would be extremely favourable for coffee growers from the point of view of both production and price realisation. The total crop is estimated at 67,500 tonnes, which, though it is below the earlier estimate of 70,000 tonnes, is higher than the 65,000 tonnes plucked in the previous (1963-64) season. The anticipated rise in output may not, of course, be appreciable, but it should be considered quite significant, considering that a long spell of drought in the beginning of the season and insufficient blossom showers during April-May have not caused as much damage to the crop as had been feared before. Moreover, the actual production of coffee may be higher than the revised estimate of 67,500 tonnes, for, in the previous season, though the estimated crop was only 65,000 tonnes, the actual receipts into the pool up to the 11th of this month aggregated 66,950 tonnes, according to the data furnished by Mr. H. Sitarama Reddy, Chairman of the Coffee Board, at a meeting of the Board held in Bangalore last week-end.

Besides larger crop, the sales realisations of coffee growers are likely to be much better in the current season than in the previous season, in view of the present firmness of prices. Coimbatore Robusta coffee sold for internal consumption is currently quoted at Rs. 225 per per half quintal bag, as against about Rs. 179 prevailing a year before. The coffee exported abroad is also fetching a higher price, along with the coffee exported from other countries. The latest available quotation for Uganda Robusta grade 10 (unwashed) coffee in London is £12-17-6 (about Rs. 172) per cwt., whereas the rate standing at this time last year was no more than £10-2-0 (Rs. 135); a few weeks ago, the quotation had risen to as high as £16-16-0 (Rs. 224) per cwt.

The total coffee production in the current (1964-65) season, as already noted, is expected to be of the order of 67,500 tonnes. This quantity, though it is markedly higher than the 45,590 tonnes produced in 1961-62, is actually a shade lower than the production of 67,565 tonnes in the last year (1960-61) of the second Plan and well below the third Plan target of 80,000 tonnes fixed to be achieved by next season. In other words, the gap that remains to be covered for the fulfilment of the target is 12,500 tonnes. It may not be difficult to produce this additional quantity, provided the problem of inadequate blossom showers is tackled properly. The Coffee Board Chairman has done well, indeed, in stressing the importance of maintaining optimum shade and the usefulness of sprinkler irrigation equipment both of which can come to the aid of planters in ensuring their crop in spite of uncertain weather conditions. In some cases, overhead irrigation may also be of immense help in ensuring a good crop. Another handicap confronting the coffee producers is the inadequate curing facilities which have failed to expand in keeping with the rise in production of coffee seeds. Something effective must be done if this is not to become a serious bottleneck.

All this, however, requires quite a bit of capital. There is much to commend in the suggestion of Mr. J. W. Lawrence, the retiring Chairman of the Nilgiri Planters' Association, who spoke at the annual meeting of the Association held at Coonoor last week, that the Coffee Board should arrange immediate payment for coffee delivered to the pool, as the small growers were finding it difficult to raise sufficient capital even for working expenses. The Board, by the way, is the sole buyer of coffee from the planters.

From the long-term point of view, there is plently of scope for augmenting the productivity of coffee lands. A sum of Rs. 30 crores, it is estimated, will be required over a fifteen-year period to rehabilitate and modernise the industry. Since the average annual expenditure works out to Rs. 2 crores only, the coffee industry can easily meet this expenditure with some loan facilities from the Coffee Board.

The need for stepping up coffee production is urgent in the context of the expanding domestic market for this beverage and the exigency of earning foreign exchange through exports. The internal consumption for the 1963-64 season was estimated at about 30,000 tonnes. This is a gross underestimate. It was, however, on the basis of this estimate and taking production as 65,000 tonnes, that the exportable surplus of coffee out of the 1963-64 crop was put at 35,000 tonnes. This was the export allocation recommended by the Marketing Committee of the Board early in March last. But, in view of the larger crop anticipated, the Government of India has suggested to the Board to consider the possibility of raising the allocation beyond 35,000 tonnes. The total quantity (out of the 1963-64 crop) actually sold for export so far is about 17,825 tonnes, including the 2,507 tonnes put up in the export open auction on Wednesday this week. Incidentally, it will be recalled, the open auction system for exports has been introduced in the place of the sealed tender system; the first sale by open auction was held at Bangalore on 8th April 1964.

The 17,825 tonnes of coffee actually sold for export so far account for the major portion of the export quota allotted to India under the World Coffee Agreement. For the coffee year 1963-64, India was originally allocated a quota of 21,304 tonnes, being 99 per cent of the basic export quota, as against the 21,384 tonnes allotted in respect of the previous year when actual exports to the member-countries of the Agreement amounted to 21,469 tonnes. With the enhancement of quotas made at the emergency session of the International Coffee Council held in February 1964, India got an additional quota, bringing the total quota to 22,064 tonnes. A further increase of 387 tonnes in the quota is expected to be announced in the near future on account of the shortfalls notified by some exporting countries. Meanwhile, in accordance with the decision of the Coffee Council, India has introduced the system of certificates of origin with effect from April this year. And it is making efforts to get its basic export quota enhanced.

The actual shipments of coffee from India during the last financial year (1963-64) aggregated 23,336 tonnes, as against the 20,416 tonnes exported in the previous year, representing a rise of 14.3 per cent. But the total amount of foreign exchange earned was higher by only 9.0 per cent (at Rs. 8.30 crores, as against Rs. 7.61 crores). For the average export price realised was lower in 1963-64 than in 1962-63: Rs. 3,556.50 per tonne, as against Rs. 3,727.40.

Judged against the actual export performance during 1963-64, it is highly doubtful whether the allocation of 35,000 tonnes for export out of the 1963-64 crop recommended by the Coffee Board's Marketing Committee, let alone the higher allocation suggested by the Government, will be fulfilled. But this need not raise any fear of heavy unsold stocks, for domestic consumption is much higher than the estimate of the Coffee Board. At present, this is nearer 40,000 tonnes than 34,000 tonnes. Actually, there is a scarcity of good coffee in many parts of the country and prices are pretty high. Further, India can certainly sell abroad larger quantities of coffee every year, if only every effort is put in to raise the productivity of coffee lands, quantatively and qualitatively. Improvement in productivity, it is needless to say, reduces production costs and yields a better return to the grower.

CARDAMOM INDUSTRY

The cardamom industry in India is predominantly an export industry, in that almost three-fourths of the total output is sold abroad. Out of the 3,800 tonnes of cardamom produced in the 1963-64 season, over 2,306 tonnes were exported, the foreign exchange earned being about Rs. 3.20 crores. The principal buyers of Indian cardamom are Middle East countries, Sweden, W. Germany, Britain and the U.S. The Soviet bloc countries have also been importing Indian cardamom lately. Exports to the Middle East have registered a sharp rise from about 1,000 metric tons in 1962-63 to 1,169 tons in 1963-64. This region accounts for more than half of the total exports of cardamom from India, which, after receding from 2,364 tonnes (worth Rs. 3.59 crores) in 1961-62 to 2,259 tonnes (Rs. 2.67 crores) in 1962-63, recovered to 2,306 tonnes (Rs. 3.20 crores) in 1963-64.

Since the bulk of the cardamom produced in the country is exported, the need for avoiding violent fluctuations in prices can hardly be emphasised. Even though the record crop of over 3,800 tonnes in the 1963-64 season presented some problems, it is a matter for satisfaction that the entire crop was disposed of at fairly stable prices. Cardamom growers and exporters seem to be generally satisfied with the prevailing level of prices. Although the Government has undertaken to step in and purchase cardamom from planters if the price goes below the guaranteed level, there has been no occasion for it to do so, as the minimum prices have been fairly high. Indeed, it appears that, in view of the high prices, Indian cardamom is encountering some competition from Ceylon and Guatemala.

The problem of marketing the crop at satisfactory prices has all along engaged the attention of the Cardamom Marketing and Development Committee. Sometime ago, the Committee had suggested to the Government the setting up of a Board on the lines of the Coffee Board to take over not only the marketing functions but also sales promotion and research. It is not known whether or not the Government of India has accepted this suggestion. The Chairman of the Committee, Mr. H. Sitarama Reddy, in his speech at the ninth meeting of the Committee held at Bangalore on Sunday this week, was silent on this issue.

The current season's cardamom crop, according to Mr. Reddy, will be smaller than that harvested in 1963-64, as a result of the failure of pre-monsoon showers. The exact extent of damage to the plantations can be assessed only after some time. Steps are, however, being taken to increase production of good quality cardamom. The total acreage under cultivation is also being extended. A sum of Rs. 15 lakhs has been set apart in the third Plan for the various schemes of development.

The high cost of production underlines the need for raising productivity through the adoption of new methods of cultivation. Colour continues to be a very important factor in the evaluation of cardamom. The smoothness and size of the capsules are also significant factors. All these, as Mr. Sitarama Reddy rightly pointed out, indicate that the vital need is to improve methods of processing fresh cardamom from the estates.

An agreement for the building of a shipyard at Cochin as a joint concern was signed between India and Mitsubishi Heavy Industries of Japan, at Tokyo on 23rd inst. The shipyard will be built as a part of India's third Plan and will comprise, among others, a dock of 30,000 deadweight tons and a shipway of 15,000 deadweight tons. The cost of the project is estimated at about Rs. 8.5 crores.

(Concluded from next column)

that the U.K. might do a little better than this, since it estimates that exports of manufactures from the industrial nations generally may exceed an 8 per cent increase over 1963 and that the U.K. is not likely to do worse than her competitors.

The picture, therefore, is of an economy no longer outrunning its strength and of a balance of payments which has already produced its worst rate of deficit and should now be on the mend.

Fly in the Ointment

Yet, since nothing is ever perfect, we must take note of the fly in the ointment: costs and prices. The index of retail prices has now pushed up one per cent on the month, making 2 per cent on the quarter, against a rise of only 1 per cent over the previous nine months. The overall rise of 3 per cent on the year is acceptable in a phase of expanding activity, but the *rate* of acceleration is not. For British exports to achieve the targets set, costs, as Ministers never cease to remind, must be kept down. Rising retail prices are a real danger to that. The Minister of State, Board of Trade, said this week (after the usual peroration about the need to be competitive): "We believe that the economic prospects in the world as a whole in 1964 will continue to be good. In other words, the opportunities for British exports are undoubtedly there. For Britain's sake, they must be taken and with both hands."

LONDON LETTER

BANKING THE FIRES

MANY ENCOURAGING POINTERS EMERGE

(From Our Own Correspondent)

LONDON, *20th June*

THIS past week the City has been recovering its stock market confidence, so that industrial equity prices are almost back again to the previous peak levels of early January and mid-April. Partly this is due to a feeling that the economoy has no longer run-away problems bothering it, that the Bank Rate is not likely to go up as a further precautionary measure (though it may if overseas rates draw more funds away), that pound sterling seems to have adequately stabilised itself, and that, all in all, the domestic economy is perfectly sound and business should go quietly ahead.

The latest industrial production figures might even suggest a recession, since, for two months now, the manufacturing index has stood a point below its peak, while the all-industries index has flattened out for four months. Such a short-term reading of the index could be misleading. There is no recession, but equally the run-away rise of 1963, which carried the index from 110 (January) to 125 (December) in twelve months, has petered out. The food, drink and tobacco industries are, indeed, the only ones to account for the dropping back of the manufacturing index. Mr. Maulding, the Chancellor, is a very relieved man.

Foreign Trade

Of course, on the trade front, he has his problems, but they also do not seem to be getting any worse. The month of May showed exports restored to the February/March level, with imports no higher than in those months and so a trade gap of £20 million which can almost be contained by the country's invisible income. But, because April and January were such shocking months for slightly obscure reasons, the total trade gap for the five months of this year is nearly £180 million (£36 million per month) which is twice as wide as can be bridged by the invisibles at their best. Perhaps, it is convenient to consider the past two quarters which give a very fair picture of how the country is really placed:

Monthly Average

(In million £s.)

	Dec. '63-Feb.'64	March-May 64
Exports f.o.b.	364	373
Imports c.i.f.	450	453
Imports f.o.b.	398	403
Adverse trade balance	34	30

These adverse trade balances in quarters each of which included one exceptionally bad month, compare with £4 million per month in 1963—a year which produced a surplus of £120 million on current account. The current deficit on *trade* only is £28 million a month *worse* than in 1963 or £336 million worse over a year. This points to an overall deficit on current account of £200 million or so.

But the tendency appears to be towards improvement: exports in the past three months were 2 per cent higher than in the preceding quarter and in the first five months of this year they were over 4 per cent higher than the 1963 average. Imports in March/May rose only one per cent over the December/February level; *but* for the first five months of the year they were 13 per cent higher on average than during 1963. All this is confirmation that Britain's balance of payments problem is one of paying for the bulge of increased imports resulting from the upsurge of increased industrial activity.

It is the same sort of problem as that which faces the underdeveloped countries perennially—and it has to be met the same way, by advance from the I.M.F. as and when the pressure on the balance of payments reveals a shortage of currency. Capital movements aside, it does not seem as if the total amount of this pressure could exceed £200 million and the tendency is for this figure to diminish.

Further Rise in the Offing

The Bank of England lends support to this view this week. It assesses that industrial material imports may now be levelling out, while British exports are due for a substantial rise—which ought to mean some higher rate of progress than the 4½ per cent advance which the first five months of this year have shown over 1963. If the rate of advance could be doubled (to 9 per cent over the 1963 level), then the estimated deficit on current account could be halved. Indeed, the Bank's calculations suggest

(Continued in previous column)

INDO - AFRICAN TRADE

NEED AND SCOPE FOR EXPANSION

STAGNATION in India's export trade with its traditional partners and in traditional commodities, due to a variety of reasons, of which competition offered by countries and new commodities is only one, has compelled this country to look out for new markets, especially in the resurgent continent of Africa. Covering about one-fourth of world's land area and with a human habitation of 8.5 per cent of world's total population, Africa is still engaged in removing the vestiges of foreign rule. Although 36 out of a total number of 50 countries in this region have achieved freedom, almost all of them present the picture of a colonial economy where the occupational patterns are characterised by agricultural production and mineral extraction for exports to the developed countries of the world and to import in return the manufactured goods necessary for modern living. With the achievement of political freedom, conscientious efforts are being made in all these countries to alter their economic structure in order to bring economic welfare to their people. Africa's trade with the external world constitutes about 5 to 6 per cent of the total, and is mainly concentrated in the developed regions. With the increase in the import of consumer and developmental goods from the industrialised countries unaccompanied by any corresponding rise in their own export trade, several of the African countries have now begun to suffer from a chronic shortage of convertible currency.

F.I.C.C.I.'s Study

The African countries are marked by a heterogeneity of characteristics. There are wide variations in the matter of agricultural production, *per capita* income, rate of economic growth, degree of industrialisation and the direction of foreign trade. The rate of growth is modest and varies between Rs. 250 and Rs. 500 per annum. With its untapped economic resources and enormous opportunities for the development of trade and industry, Africa presents great possibilities for expansion of India's trade and improving the general economic relationship. It is, therefore, in the fitness of things that associations seeking to serve trade and industry should take increasing interest in the economic affairs of African countries and provide reliable intelligence to its members, as well as to the general public. The Federation of Indian Chambers of Commerce and Industry, for instance, has started a series of publications on India-Africa trade. Its first brochure in the series is devoted to a study of the prospects and possibilities of India's trade with the countries bordering the eastern shores of Africa. The countries covered are Somali Republic, Kenya, Uganda, Tanganyika and Zanzibar, Northern Rhodesia, Southern Rhodesia, Nyasaland, Mauritius and Malagasy.

The F.I.C.C.I.'s study reveals that, during the past few years, India's imports from Africa as a whole varied between 5 to 7 per cent of the total, that is, from Rs. 50 to Rs. 70 crores, the corresponding percentage and value for exports being 6 to 8 and Rs. 50 to Rs. 60 crores. At present, India's exports to this continent include cotton piecegoods, jute fabrics, tea, spices, sugar, footwear, readymade garments, blankets and bed linen. More recently, the list has expanded to include some light engineering goods, cinema films and toilet articles. India's imports from the African continent mainly consist of raw cotton, metallic copper, raw cashewnuts, rock phosphates, vegetable tanning materials, palm oil and cloves. The total trade between India and the East African countries, in particular, is not appreciable. In 1962-63, India's trade with these countries constituted only 2 per cent of the total and for the East African countries the percentage was three. A disappointing feature of our trade with these countries is that the correction of an adverse balance of trade has always been brought about by decreasing imports, resulting in a contraction of the total volume of trade between the two. The following table shows the trend of trade between India and the East African region:

(In lakhs of rupees)

Year	Exports to E.A. (including re-exports)	Imports from E.A.	Balance of trade
1961-62	14,20	30,38	—16,18
1962-63	12,39	19,33	— 5,06
1963-64	12,00	14,11	— 2,11

It will be seen from the figures above that the adverse balance of trade has been brought down to Rs. 211 lakhs in 1963-64 from Rs. 1,618 lakhs in 1961-62. But this has been done by decreasing imports by more than 50 per cent, from Rs. 3,038 lakhs in 1961-62 to Rs. 1,411 lakhs in 1963-64. The exports have also gone down by 15 per cent from Rs. 1,420 lakhs in 1961-62 to Rs. 1,200 lakhs in 1963-64.

Although it is important to bring a balance in trade in the long run, it is always desirable to achieve it at continuously rising levels of total trade. Due cognisance must be paid by the trading countries to the objectives of multilateral trade. The dismal consequence that follows the diminution of imports by one country is that the others follow suit. If India has been constantly contracting its imports from the East African countries, the latter, too, have been doing the same thing as is manifest from the following figures showing India's exports to the various countries in the region.

(In lakhs of rupees)

	Exports (including re-exports)	
	1962-63	1963-64
Somali Republic	50.18	52.88
Kenya	544.69	504.37
Uganda	63.98	65.58
Tanganyika	277.16	247.28
Zanzibar	28.52	28.82
Northern Rhodesia, Southern Rhodesia and Nyasaland	222.77	165.70
Mauritius	111.91	120.15
Malagasy	39.96	16.04
Total ..	1336.17	1200.82

The decline in India's exports to the countries which have just achieved independence and which offer potential markets for our goods needs to be reversed. There has been a steep fall in the value of our exports to Kenya and Tanganyika, the two major importers of Indian products, from Rs. 544.69 lakhs and Rs. 277.16 lakhs in 1962-63 to Rs. 504.37 lakhs and Rs. 247.28 lakhs in 1963-64, respectively. This cannot be attributed to reasons beyond India's control. This is a sequel to India's policy of restricting imports from this region as well as to competition from other countries such as the U.K., Japan, Hong Kong, West Germany, France, the U.S. and Pakistan.

The following table shows the trend of India's exports of jute goods and cotton piecegoods, the two commodities which form the major part of its exports to this region:

(In lakhs of rupees)

Country	Jute goods		Cotton piecegoods	
	1961-62	1962-63	1961-62	1962-63
Kenya	98.26	77.78	244	208
Mauritius	1.47	1.55	57	41
Rhodesias, Nyasaland	165.57	96.15	43	27
Somalia	0.99	1.59	16	17
Tanganyika	50.55	75.52	158	120
Uganda	44.02	37.44	7	5
Zanzibar	1.47	1.36	9	6
Total ..	362.33	291.39	539.0	427

It will be seen from the table above that India is fast losing ground in the markets of East African region. In Kenya, exports of jute goods have gone down to Rs. 77.78 lakhs in 1962-63 from Rs. 98.26 lakhs in 1961-62. Similarly, cotton piecegoods exports have declined from Rs. 244 lakhs in 1961-62 to Rs. 208 lakhs in 1962-63. Though there is an increase of about Rs. 25 lakhs in India's jute goods exports to Tanganyika from Rs. 50.55 lakhs in 1961-62 to Rs. 75.52 lakhs in 1962-63, the decline suffered in the total jute goods exports to the markets in the East African region is to the tune of Rs. 70 lakhs. Cotton piecegoods enjoy a predominant position in India's trade with East Africa, forming about one-third of the total exports to region. In the year 1961-62, for instance, India exported cotton piecegoods worth Rs. 539 lakhs. In 1962-63, however, these exports declined to Rs. 427 lakhs, a fall of about 20 per cent. All this speaks of a very disappointing trend in India's current trade with the African states under study.

It is high time that this country gave serious thought to the prospects of expanding trade and economic relations with the countries in the East African region. It is obvious that, if India is to export more to this region, not only must its competitive capacity, in terms of quality, price and delivery, compare favourably with other principal supplying countries, but it must also step up the imports of a large variety of raw materials which the African countries are in a position to export. Otherwise, the latter will have no incentive to buy more from India. Obviously, India can increase its intake of the minerals and raw materials, as its own industrialisation proceeds. It is gratifying to find that, in its brochure, the Federation has laid adequate stress on this important aspect, for trade is a two-way traffic. Pointing out how this could be done, the Federation observes:

"It is obvious that the demand for at least some of the minerals and raw materials which we at present import can be increased. We might also think of the possibility of importing some raw materials for processing in India, both for internal use as also for re-export. Effort should also be made for trying to meet our requirements of raw materials and food articles from Africa, as far as possible, on the basis of long-term contracts. It is possible that, in order to accommodate increasing quantities of raw materials from Africa, we might in the future have to make some structural adjustments in our economy, so as to leave certain fields of economic activity to countries which are even less developed industrially than ourselves. We should welcome any collaboration projects wherein India is asked to set up processing and fabricating industries for products in which we already have some experience and expertise.

"During the past few years, bilateral agreements have become a major canalising and stimulating agency in fostering trade and raising it to continually higher levels. Trade agreements by themselves, of course, do not lead to more trade but they go a long way in creating the right kind of climate inasmuch as the terms of such agreements would be based on careful study by each country as to its needs and surpluses taking into account their individual plans for economic and industrial growth. Trade agreements are essentially inter-Governmental instruments, but the individual businessman can contribute a lot towards proper framing and fulfilment of such agreements inasmuch as at the preliminary stage he would be aware of the most promising items and subsequently he can appropriately follow up the lines indicated by the items as agreed between the two countries."

Capital Investment

Alluding to the scope for India's participation in the economic development of African nations through both investment and technical assistance, the Federation says:

"Most countries in Africa have liberal investment legislation and a number of concessions is usually offered to collaborators from abroad. Trade will be built on a really strong foundation in countries where Indian capital and know-how are recognised, accepted and welcomed. Whatever projects we take on hand abroad should be carefully modelled to the needs and requirements of its population; they should be sound economically and should prove technically and financially viable from earlier stages. The personnel sent abroad to set up and operate these projects should be competent and courteous, and should be able to transfer their skills to the local technicians and managers quickly and systematically. Also important is on-the-site training of African technicians in Indian factories and installations. Schemes for these programmes are to be operated by, among others, the India-Africa Development Association."

The above approach of the Federation is pragmatic and reflects a keen appreciation of India's long-term interests. The prerequisites for successful collaboration between India and the African group of countries to their mutual benefit have also been pithily stated. India is not that underdeveloped as to be unable to spare a certain amount of capital, entrepreneurial skill and technical know-how required for establishing a number of processing industries in Africa. It is up to the Government and businessmen to explore the ways and means of fulfilling this task.

The Government of India has initiated a series of measures in recent months to modernise the jute industry and step up exports of jute goods. A new scheme called the "self-financing scheme" has been introduced under which the jute mills will be allowed to pay the cost of imported machinery out of their foreign exchange earnings within a stipulated period. Consequent on the liberal allocation of foreign exchange, licences for the import of machinery of the total value of Rs. 5.40 crores have been issued for the ten months ending January 1964, which represents a threefold increase over the 1961-62 figure. On the exports side, long-term trade agreements incorporating specific provisions for the export of jute manufactures have been concluded with the Soviet Union and other East European countries.

The Bombay Regional Centre of the Central Board for Workers' Education which works under the Ministry of Labour and Employment, has so far conducted 17 training courses which have trained 357 worker-teachers and 11,838 workers. The Workers' Education Scheme has been in operation in Bombay since 1959. The Central Board for Workers' Education is conducting various courses for the industrial workers through its 24 regional centres. The chief activity of the centres is to conduct full-time worker-teachers' training courses of three months' duration regularly at least thrice in a year.

A two-day conference of State Housing Ministers has been convened by the Union Minister for Works and Housing. The conference, which will be held at New Delhi on the 3rd and 4th September next, will discuss measures to step up the Housing Programme in the current Plan period and to finalise the basic approach to the fourth Plan.

JUDGMENT ON EURO-CURRENCIES

By Questor

TWO authoritative accounts have just been given, one in the annual report of the Bank for International Settlements, the other in the Bank of England's latest bulletin, of the international market in Euro-currencies which has sprung up in the past few years.

Two years ago an official of the Fund put the size of the market at $4-5 billion. The B.I.S. now puts it—cautiously, because it is difficult to make full allowance for duplication—at $7 billion, of which about $5 billion is in Euro-dollars and the rest in Euro-sterling, Euro-Swiss francs and Euro-D-marks. British liabilities and claims in March of this year amounted, according to the Bank of England, to some $3.6 billion, the bulk of it in Euro-dollars.

The growth of this market quickened up only in the late nineteen-fifties. The first impetus came from the 1957 decision, taken because of a foreign exchange crisis, to prevent British banks from using sterling to finance transactions between third countries outside the sterling area. The merchant and overseas banks based on London sought to make good this loss of business by offering short-term dollar loans and accepting dollar deposits from foreigners in exchange. They were able to do so profitably, because of the relatively wide spread, encouraged by Regulation Q, between the deposit and lending rates of U.S. banks, and because they dealt only in relatively large sums.

The growth of this new market was then helped by the relaxation of exchange control regulations, which followed the European move to external convertibility, and by the surplus of dollars for investment which the U.S. payments deficit created. London deposits in foreign currency rose from a mere $140 million in 1955 and $200 million in 1957 to nearly $3 billion at end-1962 and over $3½ billion today.

Where do these deposits come from? The statistics have obvious limitations. So far as Britain is concerned, the largest suppliers on paper are Switzerland (20 per cent), Canada (10 per cent) and the U.S. itself (9 per cent); Western Europe as a whole accounts for 55 per cent.

But it is highly probable that a considerable part of what appears to come from Canada, and perhaps from Switzerland too, is really U.S. money. And the fact that only 20 per cent of these deposits are attributable, on paper, to customers other than banks, plainly means very little. Business concerns, according to the Bank of England, have been taking a greater interest in the market, and in particular "it is thought that companies resident in the United States, and also U.S. subsidiaries abroad, may have been putting funds into the Euro-dollar market."

There is another question to be asked: Where do the dollar loans go to ? Even less is known about this. The bulk of the foreign currency deposited with London banks is immediately re-lent abroad. A high proportion, as in the case of deposits, is lent to Western Europe, and considerable amounts are lent to the U.S. and Japan. Some is presumably used to finance foreign trade, while some is switched into domestic currency for local use. The Belgian Government, which is constantly short of funds, is a regular borrower of short-term dollars in London.

Some Euro-dollars may have been used to subscribe to the many dollar-denominated loans which have been floated by syndicates in London and elsewhere since the virtual closing to foreigners of the U.S. capital market. But only a relatively small proportion of the foreign currency deposits accepted in London are converted into sterling for investment at home, mainly with local authorities and finance houses; the Bank of England puts it at about 10 per cent.

The advantages and disadvantages of the market are those of freedom and regulation. It has flourished on the differences which exist between financial centres, whether because of Government-imposed controls, differences in banking habits, or differences in the level of short-term interest rates which spring from different economic circumstances. It has certainly helped to promote competition on the international scale between banks. It has also helped to bring interest rates in different centres more into line with one another than they would otherwise have been possible.

At the same time, of course, it has reduced the ability of individual Governments to shape the pattern of national interest rates and monetary policy to what they conceive to be their domestic needs. It has also probably done something to aggravate the U.S. payments deficit and may have encouraged a certain amount of dangerously loose international lending.

During the past few months, the growth of the market—as measured in London, at least—has slowed appreciably. This may be due to the fact that U.S. banks are now offering more competitive terms to depositors and that European banks therefore have a smaller margin within which to operate. It may also owe something to a large U.S. bankruptcy and the salutary reminder that dollars, however plentiful, have to be lent as carefully as any other currency. The Bank of England sums up its attitude, which seems to be also that of the B.I.S., in the judicious conclusion that "the market has shown that it has a useful part to play, although, if the pause in growth during the past few months reflects a more cautious approach, this may not be wholly a bad thing."

At the invitation of London and Birmingham Chambers of Commerce, a Russian trade mission is currently touring Britain. This mission will soon be followed by a powerful delegation of 20 to 30 Soviet technicians for drawing up detailed specifications for chemical plants which Russia proposes to buy from the U.K.

FIRST DETONATOR FACTORY IN INDIA

Aerial view of the factory —Artist's impression

The factory of INDIAN DETONATORS LTD., at Hyderabad is fast coming up. First of its kind in India, it will commence production of Ordinary, Electric and Delay Detonators shortly.

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CONTINGENT LIABILITIES OF BANKS

AN INTERESTING NEW STUDY BY RESERVE BANK

ALTHOUGH the contingent liabilities of scheduled banks total (as of 28th September 1962) Rs. 481 crores—more than 6½ times their owned funds (capital *plus* reserves) and 20 per cent of their total resources—they do not involve any *immediate* financial commitments by the banks. By its very nature and definition, this type of business involves future liabilities which have to be met *only* if the customers, on whose behalf they are undertaken, default. The type or form of the liability undertaken is known to the banker, but the exact nature of the obligation is uncertain. Similarly, while the maximum liability involved is always known, the extent to which a claim will have to be met is uncertain. Nevertheless, the banks undertake the responsibility of meeting these uncertain claims and the risk of loss is always present. They, therefore, charge a commitment fee for undertaking these obligations. Since no immediate disbursement of funds is involved and the percentage of ultimate loss is small, this type of business provides an attractive source of income for banks.

The most important of these contingent liabilities are the guarantees (aggregating Rs. 285 crores in the total mentioned at the outset) issued for fulfilment of obligations undertaken by a bank's constituents. They constitute 60 per cent of the total contingent liabilities. Letters of credit (totalling Rs. 180 crores) opened on behalf of local importers favouring the exporter in a foreign country come next, with 37 per cent share. Acceptances of bills of exchange on behalf of constituents form a very small proportion—only 3 per cent or Rs. 16 crores—of the total contingent liabilities.

Power of Control Assumed

Unlike in some foreign countries as, for instance, the U.S., Germany, Denmark or Egypt, in India, till recently, neither the total volume of such liabilities of a bank nor those on behalf of any single constituent were in any way controlled or restricted. The Banking Laws (Miscellaneous Provisions) Act 1963 imposed, for the first time, a two-fold control, under which the Reserve Bank could issue a directive prescribing the maximum amount of guarantees that could be issued on behalf of any single constituent, as well as the terms and conditions on which such guarantees may be issued.

Although power was acquired by the Reserve Bank, very little was known to the public regarding the extent, composition, nature and types of contingent liabilities. This gap in knowledge has now been filled by the Reserve Bank by gathering data and publishing a survey thereof in its latest monthly *Bulletin*. The Bank's study is based on data collected from 80 scheduled banks (1) on the total outstanding liabilities on account of acceptances, letters of credit and guarantees as on 28th September 1962, with details as to purpose, security, maturity, etc. in respect of guarantees only, and (2) on underwriting business of shares and debentures of joint-stock companies during the period between January 1956 and June 1962.

Some Limitations

This was an *ad hoc* survey, made for the first time, and reveals interesting information regarding banks' contingent liabilities. But its usefulness is limited for the present, though it can grow, if such surveys are made and published every half year, or at least once every year, so that one can get an idea of the underlying trends. Further, the extent to which this type of business is subject to seasonal variations as is bank credit, cannot be determined, unless the position at the end of March (that is, the approximate peak of the busy season) is also surveyed and compared with the position at the end of September (that is, the approximate trough of the slack season). Again, although it is recognised that the business of contingent liabilities brings attractive income to the banks, data regarding the amount of its contribution to their total income has not been collected by the Reserve Bank. Since acceptances and letters of credit are generally for periods up to six months, they constitute a less risky form of business than guarantees. Data in respect of the former, therefore, relate only to the amount, whereas fuller details regarding the guarantee business have been given. In spite of these limitations of the Survey, the Reserve Bank's effort in bringing together these data for the first time and analysing them for the benefit of the public is highly commendable. The analysis is particularly useful, because the banks covered by the Survey are divided into four groups on the basis of their deposits in addition to separating the foreign banks, which are a class by themselves, as their activities are confined largely to the financing of India's foreign trade.

More than half (52 per cent) of the total contingent liabilities of banks were accounted for by four large Indian scheduled banks (including the State Bank of India) with deposits over Rs. 100 crores. Medium-sized banks with deposits between Rs. 50 and Rs. 100 crores and foreign banks accounted for 18 per cent each.

Foreign Banks

Apart from the magnitude and type of contingent liabilities, it is the relative proportion of these liabilities to the resources of a bank that is more relevant for assessing the extent of the risk in such business. The total contingent liabilities, as well as guarantees, are, therefore, classified according to the size of banks and set out in relation to the owned funds, deposit liabilities and total resources of each group of banks. In this analysis, the foreign banks have presented a problem, as their "owned funds" do not relate to India alone. Their contingent liabilities have, therefore, been related to the deposits which they are required to keep with the Reserve Bank of India in fulfilment of the statutory requirements in regard to capital. In this way, however, their contingent liabilities are as much as 23 times the deposits, as against eight times for larger banks and six times for all the scheduled banks. The Reserve Bank has, therefore, developed a concept of 'notional' owned funds of these banks, by taking the share of their world capital funds equivalent to the ratio of their Indian deposits to world deposits, and points out that the ratio of contingent liabilities of foreign banks to their 'notional' capital funds is about the same as the average for other banks.

Distribution of guarantees on the basis of various criteria shows, among other things, that 42 per cent of the guarantees, totalling Rs. 121 crores, were given to Government and other public authorities. Guarantees in favour of foreign sellers in respect of imports on deferred payment basis totalled Rs. 107 crores or 37 per cent. It is interesting to find that, while the foreign banks have issued guarantees totalling Rs. 37 crores in favour of Government authorities they have taken only negligible interest in deferred payment guarantees, their share in the total being no more than Rs. 7 crores. Of the total guarantees issued by Indian scheduled banks, four large banks with their deposits above Rs. 100 crores accounted for more than two-thirds. It will thus be noted that it is the big domestic banks that have guaranteed the great bulk of imports on deferred payment basis.

Guarantees by Period of Maturity

(In crores of rupees)

Agencies in favour of which guarantees are executed	Period of guarantee				Total
	Up to 3 years	3—7 years	Over 7 years	Unspecified	
Government and other public authorities ..	108 (89)	4 (4)	5 (5)	3 (2)	120 (100)
Foreign sellers in respect of imports on deferred payment basis	51 (40)	37 (35)	18 (16)	1 (1)	107 (100)
Other types of guarantees	38 (65)	15 (26)	4 (8)	1 (1)	58 (100)
Total ..	197 (69)	56 (20)	27 (10)	5 (1)	285 (100)

(Figures in brackets are percentages to total guarantees).

The accompanying table gives the maturity distribution of the guarantees. It shows that 69 per cent of the guarantees totalling Rs. 197 crores are for a short period of three years. Although the table does not show those maturing within a year, they were as much as 44 per cent. It will also be noticed that the majority of guarantees to Government authorities were for shorter periods, while more than half of the deferred payments guarantees was for periods beyond three years. As foreign banks concentrate largely on guarantees to Government, 87 per cent of the guarantees extended by them were for shorter periods. Accordingly, they assumed less risk than the Indian banks.

Nearly two-thirds of the guarantees were unsecured: 85 per cent of the guarantees extended by foreign banks and 95 per cent of the guarantees extended by smaller banks with deposits of less than Rs. 25 crores were unsecured. Of the total secured guarantees, more than half was secured against machinery and other fixed assets.

Guarantees to the industrial sector amounted to Rs. 237 crores and constituted 83 per cent of the total. In this, the iron and steel and engineering industries had as large a share as 34 per cent, followed by textiles with 16 per cent. Classification of total guarantees by rates of guarantee charges shows that as much as 88 per cent of the guarantees carried guarantee charges at rates up to one per cent and seven per cent were at rates between one and two per cent.

Underwriting Business

Part II of the Reserve Bank's study pertains to the recently growing underwriting business transacted by banks. During the 5½-year period ended June 1962, shares and debentures underwritten by banks amounted to Rs. 21.50 crores or 30 per cent of the issues in respect of which the banks had entered into underwriting commitments. The trends in underwriting and the distribution of underwriting commission are reviewed in detail by the study. While the Banking Companies Act does not prohibit banks from underwriting shares and debentures of joint-stock companies, it imposes indirectly a ceiling on the amount of shares they can safely underwrite, since they cannot hold, in any capacity, an amount exceeding 30 per cent of the paid-up share capital of the company or 30 per cent of their own share capital and reserves whichever is less. The State Bank of India Act permits it specifically to underwrite trustee securities and debentures.

Out of the total amounts (Rs. 21 crores) underwritten by banks, ordinary shares claimed the largest proportion (Rs. 9 crores or 43 per cent), followed by debentures (Rs. 7 crores or 32 per cent) and preference shares (Rs. 5 crores or 25 per cent). These proportions vary from year to year, but the trend since 1960 has been increasingly in favour of ordinary shares which shows that banks have been providing risk capital on an increasing scale.

As regards the proportion of the amount underwritten (Rs. 21 crores) to the amount issued to the public (Rs. 72 crores) in respect of which banks had entered into underwriting commitment, preference shares accounted for the largest proportion (49 per cent) followed by ordinary shares (27 per cent) and debentures (25 per cent).

Of the total amount of shares and debentures underwritten during the period under review, banks had to take up about 25 per cent (Rs. 5.4 crores): of the amounts thus taken up, they were subsequently able to dispose of securities amounting to Rs. 1.5 crore, with the result that the amount outstanding at the end of September 1962 was Rs. 3.9 crores—18 per cent of the amount underwritten and 5 per cent of the total amount of issues in which the banks participated. The study further shows that, owing to the boom conditions that prevailed in the capital market at the time they undertook the commitment, banks had to take up ordinary shares worth only Rs. 50 lakhs or a mere five per cent of the total ordinary shares underwritten by them. In the case of preference shares and debentures, however, the amount and percentages were larger at Rs. 1.9 crores or 38 per cent and Rs. 3 crores or 43 per cent, respectively. This shows that these two forms of investments were not well fancied by investors during the period under review.

The rates of underwriting commission charged by banks ranged widely between ½ per cent and over 3 per cent of the amounts underwritten, the weighted average being 1.50 per cent. It is noteworthy that the charges for preference shares were comparatively higher than those for ordinary shares, while those for debentures were the lowest. This only reflects the investors' lack of interest in preference shares in those days and the difficulty experienced in successfully placing them. In the depressed conditions of capital market today, the reverse is true.

Analysing the business of underwriting by banks from the point of view of a central banker, the authors of the Reserve Bank Study point out that, in the case of most of the banks, the underwriting commitments were within reasonable limits both in relation to their paid-up capital and reserves as well as to total resources. Here is another testimony to the fact that, by and large, banks in India are judiciously and soundly managed.

THE AUTOMOBILE INDUSTRY . . . .

Tens of thousands of scientific and technical personnel—engineers, metallurgists, technicians, skilled craftsmen—are needed to accelerate the country's industrial and economic development.

The Automobile Industry and the allied industries with their wide range of manufacture—from steel sheet to upholstery leather, from electrical components to intricate mechanical parts, from rubber and plastic articles to paints and textile fabrics—play an essential part in supplying this need.

These industries, with the multiplicity of techniques employed and the complexity of operations involved, afford excellent training ground for a variety of technical and scientific personnel. A number of these industrial firms—notably Hindustan Motors Ltd.—have organised training schemes for apprentices and for engineering graduates and are conducting special courses for mechanics (including sons of factory workers), workshop and service personnel.

The financial contribution made by the Automobile Industry to the Government in the form of taxes, duties and other levies also helps to develop various schemes under the Five Year Plans, such as public sector industries and technological institutes which again provide scope for training technical manpower. A Hindusthan Ambassador car, for instance, contributes as much as 5140 rupees or 33% of the "on the road" price of the car in Calcutta to the national exchequer.

The automobile and allied industries thus help to multiply the trained manpower in the country.

lends a hand to the training of manpower

CAR PRICE STRUCTURE:

Government taxes, direct and indirect :	33%
Raw materials, manufacturing and overhead expenses, salaries and wages, depreciation, profit etc. :	25%
Indigenous ancillary components : —	24%
Imported components :	11%
Dealer's commission including distribution, service, advertising etc. :	7%

THE AUTOMOBILE INDUSTRY IS A KEY INDUSTRY

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FINANCES OF STATE GOVERNMENTS

SHARP RISE IN DEBT POSITION

THE Monetary Economics Division of the Reserve Bank of India's Economic Department has made a comprehensive study of the recent trends in the finances of State Governments. This has been an annual feature of the Reserve Bank for some years now, but the present study is of great value because another Finance Commission has been constituted to decide the question of allocation of revenues between the Centre and the States. The findings of the study are published in the May 1964 issue of the Bank's monthly *Bulletin*. The study is based on the latest budget documents of State Governments which contain the final accounts for the year 1962-63, revised estimates for 1963-64 and forecasts for 1964-65. Statistics relating to the consolidated position of all the States for the back period covering broadly the first and second Plans are also presented so as to facilitate a comparison of the trends in States' finances during the planning period so far.

The findings of the study impressively highlight three disquieting features of States' finances, namely, the heavy debt burden, marked depletion of cash balances, and recurring ways and means difficulties. The aggregate outstanding debt of State Governments, which stood at no more than Rs. 445 crores as on 31st March 1952 (the first year of first Plan), moved up year after year and touched a high of Rs. 4,023 crores at the end of March 1964; it is expected to be higher by another Rs. 543 crores at Rs. 4,566 crores towards the close of the current financial year. The net rise in debt over the thirteen-year period (from 1951-52 to 1964-65) comes to as much as Rs. 4,121 crores. The bulk of this rise is accounted for by the debt due to the Central Government which has gone up by Rs. 3,279 crores to Rs. 3,517 crores. The States' liability on account of market loans and bonds (issued in connection with abolition of *zamindari, jagirdari*, etc.) has increased by Rs. 558 crores to Rs. 692 crores. Unfunded debt has risen by Rs. 146 crores to Rs. 203 crores and floating debt by Rs. 22 crores to Rs. 38 crores. In addition to these, indebtedness under "other loans" is expected to be of the order of Rs. 116 crores by the end of March next. There was no such indebtedness at all during the first Plan period.

The persistently mounting debt burden of State Governments has been due to the fact that the Centre has continued to make available to the States large-scale funds as loans, while the States have not cared to make adequate arrangements to repay the loans. The total of the loans for the first four

Table A: Plan Outlays of States
(In crores of rupees)

State	1964-65 (B.E.)	1963-64 (R.E.)	1962-63 (Accts.)	1961-62 (Accts.)	Total 1961-65	Third Plan Target
Maharashtra ..	98	84	59	56	297	390
Uttar Pradesh ..	122	94	77	70	363	497
Madras ..	71	68	59	50	248	291
Andhra Pradesh ..	73	64	53	50	240	313
West Bengal ..	80	71	59	39	240	250
Bihar ..	75	59	53	50	237	337
Madhya Pradesh ..	66	62	48	36	212	300
Mysore ..	50	55	48	45	198	250
Gujarat ..	53	46	46	34	179	235
Punjab ..	57	42	40	36	175	231
Orissa ..	62	46	33	23	164	227
Rajasthan ..	46	38	38	34	156	236
Kerala ..	44	34	30	26	134	170
Assam ..	34	29	25	17	105	120
Jammu and Kashmir ..	19	13	12	10	54	75
Total ..	950	805	670	576	3,002	3,922

years of the third Plan alone is estimated at Rs. 2,274 crores which is more than the Rs. 2,187 crores provided in the whole of the first (Rs. 770 crores) and second Plan (Rs. 1,417 crores) periods. These loans are in addition to the colossal amounts of money transferred from the Centre to the States by way of share in taxes and duties, grants-in-aid and other contributions. The aggregate transfer for the first four years of the third Plan is put at Rs. 1,831 crores, as against 533 crores in first Plan and Rs. 1,138 crores in second Plan. Despite such large-scale transfers of funds from the Centre, the combined overall deficit of State Governments continues to be quite heavy. The actual estimated deficit for the current financial year is Rs. 42.5 crores (after taking into account the additional tax measures expected to yield Rs. 6.4 crores), bring the total deficit for the first four years of the third Plan to Rs. 63.2 crores, as against Rs. 63.7 crores for the first Plan period and Rs. 15.1 crores for the second Plan period.

The two usual ways by which the State Governments have sought to cover the overall deficits are the running down of cash balances and liquidation of securities. The aggregate closing cash balance of all States at the end of March 1965 is expected to be *minus* Rs. 34.2 crores, whereas it was plus Rs. 50.7 crores at the end of March 1952. The total amount of securities sold by all the State Governments together was about Rs. 25.7 crores in the second Plan; the figure for the first four years of the third Plan is estimated at Rs. 34.5 crores. Besides running down cash balances and selling securities, the Governments of some States have taken recourse to heavy unauthorised overdrafts from the Reserve Bank on several occasions. At one time last year, such heavy overdrafts caused a lot of embarrassment to the Centre and the Reserve Bank alike and, actually, the Centre had to issue a stern warning to the States. Drawing pointed attention to the disturbing nature of the ways and means difficulties faced by States, the Union Finance Minister, in his budget speech (29th February 1964), had this to say:

"The whole position will require careful review in the context of the fourth Five-year Plan. While we should aim at giving the States a good deal of flexibility in allocating their own resources, so far as Central assistance is concerned, we must also ensure that a major portion of it is related to the capital expenditure on identifiable projects which are economically sound and can be expected to generate the resources for the repayment of their liabilities. Other devices will also have to be thought of."

The financial position of State Governments would not have been so disquieting as it is today but for their limited tax effort, large investments in capital projects that take a long time to yield results and failure to keep their revenue expenditure within their means. Take, for instance, the current year. Only seven States have proposed marginal adjustments in taxes which are expected to bring in a bare Rs. 6.6 crores. Including these adjustments, the tax effort of all the States taken together, as the Reserve Bank's study shows, have so far been below the third Plan target of Rs. 610 crores, the additional tax resources accruing to the States from the changes effected since the beginning of 1961-62 amounting to less than Rs. 550 crores. This leaves a balance of Rs. 60 crores to be raised next year, the last year of the Plan. If this year the States could in all raise only Rs. 6 crores, what hope is there that they would find ten times this amount in one year? Alluding to the meagre tax effort of the States as a whole in 1964-65, the Reserve Bank article observes: "The meagre tax effort ... should ... be considered against the backdrop of the persistent pressure on the price line; State Governments, in general, were reluctant to impose additional burdens on the low *per capita* income of people through enhancement of indirect taxes." If the scope for additional taxation is thus limited, then the only course open to the States is to cut down their non-developmental expenditure. It must, however, be added that not all the State Governments have lagged behind their targets for additional taxation. Some of the States have been more conscientious than others. It would have been a good thing if the authors of the present study had highlighted the performance of each individual State and singled out the erring ones for comment.

There is a persistent pressure on States' resources and this threatens to grow according to the budget forecast for 1964-65. This is attributed to the fact that the surplus on revenue account and the capital receipts together are inadequate to match the steadily growing capital disbursements. It is, however, noted that, ignoring (a) the special loans granted to certain States to clear the unauthorised overdrafts from the Reserve Bank during 1961-62 and 1962-63 and (b) the share of centralised market borrowings during 1963-64, Centre's loan assistance to States, as already noted, has been steadily rising. As for market loans, "during the first two years of the Plan, the States had drawn upon the market at a rate much faster than what was visualised in the Plan; net market borrowings of the States during 1961-62 and 1962-63 amounted to Rs. 76 crores and 83 crores, respectively. In 1963-64, the States' share in the centralised market borrowing programme was Rs. 101 crores; an addition, three States issued Rs. 23 crores of bonds in connection with the abolition of *zamindari* system. For 1964-65, only eleven States have indicated their market borrowing programmes which would yield a net sum of Rs. 47 crores (net of redemption of maturing loans and other obligations). It is likely that the actual net market borrowings for 1964-65 may turn out to be larger, considering that States like Maharashtra, Punjab and Orissa, which have not indicated their programmes so far, may approach the market.

Reflecting the all-round expansion of economic activities under the Five-year Plans, the revenue receipts of State Governments show a distinct improvement. Thus, between 1951-52 (actuals) and 1964-65 (budget), the gross revenue receipts have quadrupled, from Rs. 396 crores to Rs. 1,555 crores, or a rise of Rs. 1,159 crores. The rise is accounted for by both tax and non-tax revenue, the former increasing by Rs. 569 crores to Rs. 950 crores and the latter by Rs. 490 crores to Rs. 605 crores. The increase in tax revenue has been due to higher collections under States' tax heads (such as general sales tax, excise, motor vehicles tax and electricity duties), as well as accrual of larger share of the divisible pool of taxes which also includes the payment of past arrears of income-tax. The yield from agricultural income-tax has remained stationary around Rs. 10 crores since 1961-62. The Taxation Enquiry Commission, it is recalled,

Table B: Outstanding Debt of States
(In crores of rupees)

	As at the end of March				
	1965*	1964†	1961	1956†	1952
Total Debt	**4,566**	**4,023**	**2,737**	**1,232**	**445**
Of which:					
Permanent debt ..	692	646	493	265	134
Floating debt ..	38	41	42	8	16
Loans from centre ..	3,517	3,057	2,013	876	238
Other loans ..	116	97	52	—	—
Unfunded debt ..	203	182	135	83	57

* Budget estimate only. † Revised estimates.

had recommended (in 1953-54) that all States should impose this tax on the ground of introducing equity in rural taxation, if not on considerations of revenue. At present, eleven States (out of the 15) have introduced this tax and, even here, it is reported that about 55 per cent of the cropped area is still outside the purview of the tax. Of the non-tax revenue, almost 50 per cent represents grants from the Centre which in 1964-65 are estimated at Rs. 280 crores, as against Rs. 115 crores in 1951-52. There has also been a rise in the net contribution from public enterprises, from Rs. 25 crores to Rs. 66 crores.

Despite a significant addition to the States' share of the divisible pool of taxes consequent upon (a) the larger allocation recommended by the three Finance Commissions and (b) the step-up in tax rates by the Centre, the proportion of shared taxes in States' tax receipts, which had risen from about 19 per cent in 1951-52 to 27 per cent in 1960-61, has tended to remain more or less at the same level during the third Plan period. A factor explaining this trend is the buoyancy in States' tax revenue and the levy of sizable additional taxation by States during the years 1962-63 and 1963-64.

Alongside the rise in revenue receipts, there has been a sevenfold increase in capital receipts of State Governments, the combined estimate for 1964-65 being Rs. 946 crores, as against Rs. 135 crores in 1951-52. Nearly two-thirds of the total capital receipts is accounted for by loans obtained from the Central Government: Rs. 641 crores, as against Rs. 74 crores. The loans made available by Centre to States, as a proportion of the total expenditure of States, showed a steady rise from 14 per cent in 1951-52 to 29 per cent in 1955-56 and, after declining to 23 per cent in 1960-61, rose again to 30 per cent in 1963-64. In the current year, it is expected to decline to 26 per cent. The amount of money raised by way of open market loans, which was no more than Rs. 12 crores in 1951-52, are expected to aggregate about Rs. 79 crores in 1964-65.

The overall budgetary picture of each of the States indicates that only two States, namely, Bihar and Uttar Pradesh, have budgeted for small surpluses during 1964-65, while, in the case of five States, namely, Andhra Pradesh, Gujarat, Madhya Pradesh, Maharashtra and Mysore, even after taking into account additional taxation, the deficits, are perceptibly large. The overall deficit for all the States during 1964-65 would be of the order of Rs. 42 crores (including the effect of tax changes)—a significant deterioration as compared with a deficit of Rs. 11 crores for 1963-64 (R.E.). It may, however, be noted here that the actual outturn, on revenue account in particular, has in the past proved to be better than the original estimates. Further, a number of States have budgeted for larger Plan outlays than those approved by the Planning Commission, the realisation of which is conditional upon the States' efforts at mobilisation of fresh resources. Some States have also indicated their decision to intensify their drive for speedier collection of tax arrears and prompt disposal of current assessments. If these factors are taken into account, it would not be wrong to assume, according to the Reserve Bank study, that the overall deficit of the States during 1964-65 may not turn out to be disturbingly large.

The aggregate budgetary outlay of State Governments has registered a notable expansion, a natural concomitant of economic planning. The total outlay (under both revenue and capital heads) budgeted for the current financial year stands at as high as Rs. 2,544 crores, representing a rise of Rs. 1,962 crores or 337 per cent as compared with the actual outlay of Rs. 582 crores in 1951-52. Of this rise, the share of development expenditure alone comes to Rs. 1,040 crores, the budget estimate of such expenditure for 1964-65 being Rs. 1,337 crores. Non-development expenditure has spurted from Rs. 224 crores in 1951-52 to Rs. 654 crores in 1964-65, loans and advances granted by States from Rs. 49 crores to Rs. 332 crores, repayment of loans to the Centre from Rs. 11 crores to Rs. 180 crores, and other expenditure from Rs. 1 crore to Rs. 41 crores.

Education is the largest head of development expenditure on revenue account. Between 1951-52 and 1964-65, the outlay on education has increased by Rs. 248 crores to Rs. 308 crores. This social expenditure accounts for one-third of the increase in total developmental outlay during the years 1963-64 and 1964-65. In the latter year, almost all the States, with the exception of West Bengal, have provided for increased expenditure on education. The growing magnitude of expenditure on education in the States is explained by larger grants to universities, increased enrolments for primary, secondary and technical education, and the consequent need for a larger number of teaching staff, as well as increased emoluments to the teaching staff. For the year 1964-65, a number of States have offered increased educational concessions to students and have also revised upwards the pay scales of teachers. In the Punjab, for instance, special assistance is being given to students belonging to scheduled and backward classes. In Madras, education upto secondary level has been made free for all, irrespective of family income.

Agriculture (including animal husbandry and co-operation) comes next in importance, the expenditure on which shows a continuous increase from Rs. 26 crores in 1951-52 to Rs. 135 crores in 1964-65. For 1964-65, all the States have budgeted for larger outlays, in a determined bid to boost agricultural output. The higher expenditure budget during 1964-65 reflects mainly the States' proposals for intensification of efforts on agricultural experiments and research, agricultural demonstration and propaganda, soil conservation, agricultural engineering including contour bunding and trenching, tractor and bulldozer services, etc., grants to co-operatives for subsidies to staff and construction of godowns, and new development schemes.

Between 1951-52 and 1964-65, the outlay on rural and community development has gone up by Rs. 79 crores to Rs. 80 crores, on medical and public health by Rs. 99 crores to Rs. 128 crores, and on industrial development by Rs. 59 crores to Rs. 71 crores. The other components of development expenditure, all of which account for a rise in outlay, are irrigation (and navigation), multipurpose river valley schemes, buildings and roads, civil works, electricity schemes and other residual heads. As for non-development expenditure, the two most important items are civil administration and debt services. The outlay on the former has doubled from Rs. 107 crores in 1951-52 to Rs. 216 crores in 1964-65 and that on debt services from Rs. 8 crores to Rs. 210 crores.

Over the first four years of the third Plan (from 1961-62 to 1964-65), the aggregate budget outlay of the States show a rise of Rs. 924 crores or 57 per cent to Rs. 2,544 crores in 1964-65 (B.E.). A little over half of the rise (51 per cent) in total expenditure has gone into direct developmental heads. In fact, under the stress of national emergency and the urgency to concentrate efforts on stepping up output in the two key sectors, namely, agriculture and industry, the tempo of developmental expenditure has been accelerated. The *Third Plan: Mid-term Appraisal* focussed attention on the stagnation in agricultural output in the first two years of the Plan period and the need to reinforce efforts for a more rapid growth of agricultural output. Central assistance to States for implementation of certain Plan projects, particularly agricultural programmes which are expected to yield quicker results, was stepped up after the presentation of the Union Budget for 1963-64. Consequently, total developmental expenditure (on revenue and capital accounts combined), which had risen by Rs. 112 crores in 1961-62 and by Rs. 75 crores in 1962-63, advanced by Rs. 113 crores in 1963-64 (R.E.). For the budget year, this is anticipated to rise by as much as Rs. 174 crores to Rs. 1,337 crores; at this level, it constitutes about 53 per cent of the total expenditure bill of the States for 1964-65. Of the proposed increase of Rs. 174 crores in developmental outlay in 1964-65, as much as Rs. 145 crores or 83 per cent are earmarked for Plan schemes, while the balance is distributed over social overheads and other non-Plan schemes.

The State budgets for the year 1964-65, drawn up against the backdrop of inadequate performance of agriculture in the preceding three years, which not only held back the rising tempo of industrial activity but also gave rise to a sharp upward thrust to the general price level, have focussed attention on boosting agricultural production through schemes which would yield quicker results. Thus, out of a rise of Rs. 192 crores in the aggregate expenditure bill (revenue and capital accounts combined), as much as Rs. 174 crores are proposed to be spent on development schemes; in fact, the provision for development expenditure exceeds by a sizable margin the outlays on Plan schemes for 1964-65. Nearly one-third of the expansion in development expenditure would be channelled into agriculture and allied fields like co-operation, irrigation and rural and community development. In addition, a part of the increase under 'loans and advances by States' represents larger assistance to agriculturists in the form of *taccavi* loans, fertiliser loans and loans for purchase of agricultural implements, etc. Education, medical and public health, and buildings and roads are the other more important developmental heads on which the expenditure during 1964-65 would be marked up appreciably.

A notable feature of the non-development expenditure during the budget year is that, consequent upon the persistent rise in prices and cost of living, almost all the States have effected an upward revision in the pay structure of their lower cadres of employees. In this connection, it may be noted that the financial assistance made available by the Centre to States for raising the emoluments of low-paid Government employees had been discontinued since 1961-62. Side by side, most of the States have, in line with the measures at the Centre, liberalised the social security benefits to their employees, such as pension schemes and family pension schemes. This trend towards increased social security benefits to the Government servants, which is in line with the ideals of a socialist State, would sizably push up civil expenditure of the States. Even so, the total non-developmental expenditure, which had risen substantially during 1963-64 mainly because of the increase in debt service charges, is expected to come down marginally during 1964-65.

An important finding of the Reserve Bank's study is that the implementation of the third Plan at States' level, as judged by the allocation of financial resources, has proceeded so far, more or less, in conformity with the programme phased at the time when the Plan was formulated. The aggregate Plan outlays of States have been progressively stepped up from 15 per cent (of the total target for 1961-66) in 1961-62 to 17 per cent in 1962-63, 21 per cent in 1963-64 and 24 per cent in 1964-65, leaving about 23 per cent to be covered in the last year of the Plan (*vide* Table C). There are, of course, wide variations in the performance of individual States on the Plan front. While States like West Bengal, Madras, Orissa and Assam have implemented the Plan at a faster pace, progress has been rather slow in Bihar, Jammu and Kashmir, Madhya Pradesh and Rajasthan.

So far as the current financial year is concerned, the budgets of all States, with the exception of Mysore, provide for larger outlays (as compared with 1963-64). Indeed, in the majority of States, the proposed outlays are more than the amounts approved by the Planning Commission, which is interpreted by the authors of the Reserve Bank study, as indicative of the States' determination to speed up the process of development. Most of the States are also hopeful of a larger flow of assistance from the Centre. Only in the case of West Bengal and Assam, where the excess of financial outlays over approved amounts is considerable, the fulfilment of Plan outlays will depend largely on these States' ability to mobilise fresh resources. It is, however, needless to add that the performance of States in implementing the Plan projects is better judged by physical achievements rather than by capital outlays. But such an evaluation, it must be conceded, is outside the scope of the study under review, though one would like the Reserve Bank, which has one of the best economic research divisions in the country, to undertake it one of these days.

Table C: Consolidated Budgetary Position of States
(In crores of Rs.)

	1964-65 (B.E.)	1963-64 (R.E.)	1963-64 (B.E.)	1962-63 (Accts.)	1961-62 (Accts.)	1960-61 (Accts.)	1955-56 (Accts.)	1951-52 (Accts.)	Total Second Plan (1956-57 to 1960-61)	Total First Plan (1951-52 to 1955-56)
Revenue Account:										
Revenue	1,555	1,458	1,358	1,284	1,073	1,012	554	396	4,041	2,335
Expenditure	1,548	1,422	1,365	1,261	1,121	987	604	392	3,935	2,396
Surplus or Deficit	+ 7	+ 36	— 8	+ 23	— 48	+ 25	— 50	+ 4	+106	— 61
Capital Account:										
Receipts	946	885	783	778	700	580	382	135	2,242	1,115
Disbursements	996	930	844	749	669	633	336	188	2,372	1,064
Surplus or Deficit	— 50	— 45	— 61	+ 29	+ 31	— 53	+ 46	— 53	—130	+ 51
Miscellaneous (net)	— 4	— 2	—	— 25	— 21	— 20	+ 4	+ 1	— 40	— 5
Overall Surplus or Deficit	— 47	— 11	— 69	+ 27	— 38	— 48	—	— 48	— 64	— 15
Financed by:										
Increase or Decrease of cash balance ..	— 43	— 1	— 59	+ 11	— 1	+ 4	+ 10	— 10	..	..
Opening Balance	+ 9	+ 9	— 11	— 2	— 5	— 5	94	61	..	..
Closing Balance	— 34	+ 8	— 70	+ 9	— 2	— 1	104	— 51	..	..
Purchase or sale of securities ..	— 4	— 10	— 10	+ 16	— 37	— 52	— 10	— 38	..	..

Table D: Resources and Disbursements of State Governments
(In crores of Rs.)

RESOURCES	1964-65 (B.E.)	1963-64 (R.E.)	1960-61 (Accts.)	1955-56 (Accts.)	1951-52 (Accts.)
Total Revenue Receipts ..	**1,555†**	**1,458**	**1,012**	**547**	**396**
1. Tax Revenue	950†	916	625	350	281
Share from Centre§ ..	254	259	182	74	53
States' own resources ..	696†	657	443	276	228
2. Non-Tax Revenue ..	605	542	387	197	115
Grants from Centre ..	280	231	122	68	25
Administrative receipts.	105	99	140	60	38
Net contribution from public enterprises ..	66	60	47	30	25
Others (Residual) ..	154	152	78	39	27
Total Capital Receipts ..	**946**	**885**	**580**	**380**	**135**
1. Permanent debt ..	79	40	94	78	12
2. Loans from Centre ..	641	657	346	300	74
3. Others (Residual) ..	226	188	140	2	49
Grand Total	**2,501***	**2,343**	**1,592**	**927**	**531**

DISBURSEMENTS*	1964-65 (B.E.)	1963-64 (R.E.)	1960-61 (Accts.)	1955-56 (Accts.)	1951-52 (Accts.)
Total Development	**1,337**	**1,163**	**863**	**599**	**297**
Education	308	276	195	105	60
Agriculture, etc. ..	135	110	70	47	26
Irrigation and navigation ..	176	159	111	97	42
Rural and Community Development ..	80	65	52	30	1
Multipurpose River Valley Schemes	56	54	46	67	28
Buildings and Roads ..	142	116	120	42	23
Medical and Public Health	128	113	81	49	29
Civil Works	96	90	67	71	41
Electricity Schemes	51	39	31	55	24
Industrial Development ..	71	60	37	18	12
Others (Residual)	94	81	53	18	11
Total Non-Development ..	**654**	**660**	**442**	**257**	**224**
Civil Administration ..	216	209	167	124	107
Debt Services	210	201	84	19	8
Collecton of taxes, etc. ..	71	66	66	48	27
Others (Residual)	157	184	125	66	82
Loans and Advances by States.	**332**	**299**	**180**	**107**	**49**
Repayment of Loans to Centre.	**180**	**177**	**114**	**23**	**11**
Other Expenditure	**41**	**53**	**21**	**8**	**1**
Grand Total	**2,544**	**2,352**	**1,620**	**994**	**582**

* Revenue and capital accounts combined. † After taking into account additional tax proposals.
§ Comprises share of income-tax, estate duty and Union excise.

MANCHESTER LETTER

A NEW PACKAGE DEAL FOR LABOUR

HIGHER WAGES—MORE HOLIDAYS—LESS WORKING HOURS

From Our Special Correspondent

MANCHESTER, 16*th June*

DURING any phase of sustained activity in the market, rising prices must be anticipated and the hardening movement encountered during the past couple of months has been a vital factor in trading. Official statements made earlier in the year underlined the relatively narrow margins which were ruling, despite the build-up in order books. Pressure for supplies was certainly strong, but sellers were unable to gain much ground in the shape of really remunerative contracts.

When it became apparent that long staple cotton prices were moving sharply upwards due to shortage of supplies, the opportunity was taken to hold out for firmer rates; in consequence, yarn quotations showed a much stiffer trend. The accompanying table below illustrates the lack of movement in the first part of the last six months and the subsequent rise:

(In *d.* per lb.)

	Raw Cotton			Yarn			
				American			Egyptian
	New York Spot. (In cents)	Liverpool American One-Inch	Spot. Sudan Lambert 6	16s Cop Twist	36s Ring Beams	42s Cop Weft	60s Cop Twist
1963							
Dec. 2 ..	35.20	23.20	30.35	40.90	56.00	53.00	78 00
,, 13 ..	25.20	23.20	30.35	40.90	56.00	53.00	78.00
1964							
Jan. 2 ..	35.20	23.40	30.35	40.90	56.00	53.00	78.00
Jan. 16 ..	35.30	23.25	30.35	40.90	56.00	53.00	78.00
Feb. 3 ..	35.30	23.25	30.35	40.90	56.00	53.00	78.00
,, 18 ..	35.35	23.75	30.65	40.90	56.00	54.00	78.00
Mar. 2 ..	35.40	23.75	30.65	40.90	56.00	54.00	78.00
,, 16 ..	35.40	23.75	30.65	40.90	57.50	54.55	78.50
Apr. 1 ..	35.45	23.75	33.00	40.90	57.50	54.55	78.50
,, 15 ..	35.45	23.75	35.00	40.90	57.75	54.85	82.00
May 1 ..	35.40	23.75	36.25	40.90	57.75	54.85	82.00
,, 15 ..	35.40	23.75	36.25	40.90	57.75	54.85	82.00
June 1 ..	35.40	23.50	34.25	41.20	59.25	55.85	84.00
,, 15 ..	35.40	23.50	34.50	41.20	59.25	55.85	84.00

Yarn salesmen have not found the going entirely easy, but, as it frequently happens in a rising market, the impetus has gathered strength. The approach of the holiday season has created additional inquiry from customers who are anxious to maintain a steady flow of material through distributive channels which have been clamouring for deliveries.

New Pay Deal

A new "package" deal for Lancashire's 140,000 spinning and weaving operatives is now in its final stages of negotiation. Talks between employers and trade union leaders went on for over six hours last week and, at the end of the discussions, it was confidently stated that a final settlement would be announced later this week.

Agreement in principle on the main terms has already been reached, it is understood, but hard bargaining on side issues has delayed an official announcement. Under the agreement, unless some last-minute adjustments are made, the workers will get a 4 per cent pay increase, an extra day's holiday and a reduction in the working week from 42½ to 42 hours without loss of pay. The rise is expected to operate from the first pay day in July and the extra holiday would be granted later this year. In future, an annual wage review will be carried out and according to present arrangements earnings would be incresed at the rate of 4 per cent per year over the next three years.

In return for these concessions, the unions have accepted, a qualifying clause in the holiday agreement under which operatives will have to present themselves for work on the day before and the day following a holiday under penalty of loss of holiday pay. It is expected that the extra day's holiday this year will be taken on Christmas Eve—a day on which there has been traditional large-scale absenteeism in the mills.

Not only will the earnings of the workers be stepped up on a regular basis, but it is anticipated that further additional holidays and reduction in working hours will be adopted during the three-year period of the scheme.

A fourth claim made by the trade unions at the beginning of the negotiations for a compensation scheme for redundant operatives was rejected by the employers. Redundancy payments, it was felt by the millowners, were a matter for Government legislation.

Despite the apparent agreement between the traditional textile manufacturing areas and the up-and-coming countries, whose competition is so feared by the older industries, under the terms of the Geneva long-term arrangement on imports and exports, there is still a very wide gap between the ideas of the two producing blocs. The form of co-existence provided by the agreement is in fact only accepted by the expanding textile countries because they recognise that their markets would be drastically curtailed by unilateral measures by the importing nations in its absence. Suggestions are now being put forward that the American Government may be persuaded to delete textiles from the new series of talks scheduled to take place shortly on tariff reductions. Separate negotiations on textiles are being urged by the U.S. manufacturers, who are anxious to put up as an effective a defensive screen as possible, as witnessed by their success in gaining support from Washington for maximum protection under the long-term agreement.

European Fears

Nor are the Continental spinners and weavers any less enthusiastic for the adoption of any system which will maintain their immunity from the inroads made by competitors. The Committee of the E.E.C. cotton industries has categorically stated that, in view of the competition provided by certain countries which export at low prices, the common external tariff must be kept at its present level if a sound and prosperous cotton industry is to be maintained by the Six. The ultimate E.E.C. tariff rate is of vital importance to countries outside the Common Market as the schedule of tariff reduction is already well ahead of the original estimates. Having already been cut by 60 per cent of the 1957 level, an additional 20 per cent drop is likely by the end of this year. Some observers believe that the aim of a unified external tariff may be reached as soon as 1966, compared with the original goal of the abolition of all internal tariffs by 1970.

Whether the E.F.T.A. countries will also seek to exclude textiles from their tariff revisions must await further top level talks next month, but, in the meantime, the representatives of low-cost competitive areas are watching the current developments very closely. They contend, with some justification, that the signatories to the Geneva agreement are more anxious to keep within the letter of the law than to subscibe to the spirit of the pact.

More Output Gains

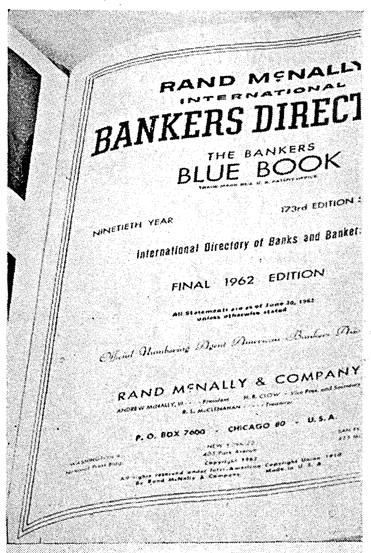
April's official returns on production and employment issued by the Cotton Board show a continuation of earlier trends and no apparent complicating side-tracks. In a nut-shell, the level of available manpower remained unchanged, while output per working day again expanded. Single yarn production, for instance, was at its highest level since November 1961 and was 8 per cent higher than in April last year. Within the total, spun yarns from man-made fibres and mixtures were 16 per cent up. Production of doubled yarn measured by weight reached the highest level since October 1960. Cloth output was 4 per cent above last April and was at its best for nearly two years back.

The number of employees on the books of spinning and weaving firms at the end of April was 142,340—the same as a month earlier. This showed a reduction of 4,230 as compared with the same date last year, a loss of 3 per cent, but the output gains emphasise the rise in productivity.

Progress in Comparisons

Inter-firm comparison systems, already operating in the spinning and weaving sections of the industry, having been launched by the Cotton Board Productivity Centre more than 12 months ago, are clearly making progress. Companies participating in the scheme already exceed 50 and the idea is to be extended into the textile finishing branches. The Federation of Piece Dyers and Finishers is collaborating with the Productivity Centre in offering similar facilities to those already provided for the producing branches and some 20 per cent of the firms concerned have indicated their readiness to take part.

Suitable management ratios have now been drawn up and complete secrecy is assured, so that those participating can gauge their relative efficiency and if necessary take steps to improve individual departments which appear to be lagging behind their competitors. In this way, the general efficiency of the industry as a whole can be raised.



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MORE ON ECONOMICS OF BIG IRRIGATION PROJECTS

THE PROBLEM OF WATER RATES

By S. Ramayya, I.A. & A.S. (Retd.)

[*In the first article on this subject in* Commerce *dated 28th September 1963, the author examined the subject from the aspect of State Finances and concluded that, in the present constitutional set up of India with Irrigation and Agriculture as State subjects, huge irrigation projects, like huge industrial projects, should be the concern of the Centre. Otherwise, the States would, he said, be hard put to find the money even for interest payments. In the second article published in* Commerce *20th June 1964, the author examined the social costs of such big projects and came to the conclusion that, in the present economic climate of India with 70 per cent of the people living on subsistence farming, such investments would lead to huge social loss in consumption. It was also shown that they were not advisable from the point of view of saving and future growth. In this article, he examines the water rate problem, involved in such projects, and its manifold effects.*—ED.]

LAND revenue is an ancient impost in India on agricultural production, levied by the State for its revenues. Since water is a necessity for agricultural production and land revenue was deemed to be a share of the agricultural product for State purposes, some water rate, if water is provided by the State, forms part of the land revenue and was recovered by the State from time immemorial. Apart from rainfall and natural storages in big depressions, some sort of small irrigation was undertaken from ancient time by kings, local chiefs, village *Panchayats* or charitably disposed rich persons, depending on the technological skill of the times. Although the usefulness of irrigation was obvious from the point of view of production, it was more often undertaken on the considerations of *dharma* or charity, from undisposable surplus of the treasuries or big merchants. In the days of the Muslims, there are evidences of big tanks being excavated as famine relief as well as irrigation works, as for example, the famous Hussain Sagar of Hyderabad.

It was only during the British regime, from the late nineteenth century that economic calculations entered into irrigation projects. The principle of British regime, as laid down by the Select Committee of the House of Commons in 1879, was that "the financial results of works of irrigation are, in the opinion of the Committee, the best test of their utility." The Royal Commission on Irrigation of 1901 endorsed this idea after great deliberation.

This is the famous financial productivity test, a very simple principle. The direct capital outlay *plus* the capitalised interest till a certain period must yield in the shape of revenues, mainly water rates *less* maintenance charges, a rate of, say, 4 per cent or 5 per cent or 6 per cent, the rate being mainly dependent on the borrowing rates of the period. Such projects were called 'productive works.' A few works undertaken in regions of famine which did not yield the return were called 'unproductive works.' Most of the big irrigation systems undertaken in British days were of the diversion types, namely, barrages and weirs, utilising sometimes the old channels as, for example, the systems in the Punjab and Sind and in the Godavari, Krishna and Cauvery Deltas. They were cheap and more or less full water rates could be recovered and hence productive in the language of those days. A Rs. 30 or 40-crore investment for an anicut or barrage *cum* canals may evoke a private investment of Rs. 30 or 40 crores and both may produce Rs. 30 or 40 crores of output with a nice capital output ratio of 2 or 3.

Recent Discussions

In unproductive projects, recent big storage schemes and other works, where full water rates could not be recovered, the principle of water rates assumed certain importance. As the Taxation Enquiry Commission remarked, "there is a multiplicity both in the principle and in the rates for assessments in India." Today there is a bewildering variety of systems for the calculation of the actual charges and they vary from State to State and within the State itself from canal to canal. The trend of opinion formulated by the old Revenue Departments was towards taking a portion of the net benefit to the peasant due to irrigation. If the irrigation added, say, Rs. 50 per acre as additional net income to the farmer, the State would try to capture Rs. 20 or Rs. 25.

Subsidy Element

All these are older *ad hoc* approaches to a fundamental problem in agriculture. We have to re-examine the case from the point of view of modern economic analysis in the developing economy of modern India. It is best to approach it with a model, the one I expanded in my first and second articles. The project model therein may cost financially, with capitalised interest, Rs. 200 crores, when it is thrown open for full irrigation after, say, 17 or 18 years. This will mean to the State an expenditure of Rs. 9 crores as interest at 4½ per cent *plus* Rs. one crore by way of depreciation, assuming the life of the project to be 200 years. There will be an additional Rs. one crore for maintenance charges at a conservative estimate of Rs. 4 per acre on 2 million acres; in all Rs. 11 crores. The commercial water rate will, therefore, be, with Rs. 11 crores for 2 million acres, Rs. 55 per acre. Assuming that the State Government charges only Rs. 30 per acre from the poor peasant, since it is obvious he cannot afford to pay more, the recovery will be Rs. 6 crores. In other words, the State is giving a subsidy of Rs. 5 crores per year in this region to the poor peasant for raising foodstuff. Let us now analyse the magnitude, the objects and the significance of this subsidy.

Magnitude of Subsidy

On a fairly approximate calculation, we notice that, in this project, the subsidy to the peasant farmer annually will be to the tune of Rs. 5 crores per annum. Supposing there are five such gigantic projects in India, the subsidy at this rate will work out to Rs. 25 crores per annum for the whole country. And, in the present constitutional set up, Agriculture and Irrigation being State subjects, the States will have to bear it. In fifty years, till India grows richer and enters the take-off stage, the total will be the prodigious sum of 50 × Rs. 25 crores =Rs. 1,250 crores.

What is the object of this subsidy? To understand the problem clearly let us take an example. The Industries Minister of a State is putting up a huge power project in the public sector costing Rs. 100 crores, borrowed at 6 per cent to produce, say, one million Kw. of electric energy, to induce private sector to set up industries in the area. Although power costs, say, Rs. 100 per Kw., the State is charging, in the early stages, only Rs. 40 to the industrialists, giving a subsidy of Rs. 60, so that there may be an inducement to start industries. Entrepreneurs come there and invest Rs. 200 crores in a complex of industries. After 5 or 6 years, the whole region is humming with activity. At this stage, some Rs. 300 crores have been invested in the region, Rs. 100 crores in the public sector, Rs. 200 crores in the private sector. The net additional national income is Rs. 100 crores. The State can now do one of various things. It can slowly and steadily increase the electricity rate fully to Rs. 100 per Kw.; or it may increase it to, say, Rs. 50 or Rs. 60, leaving the balance of Rs. 50 or Rs. 40 as subsidy. Meanwhile, the Rs. 100 crores will yield a tax revenue at 6 per cent Rs. 6 crores to the State, assuming total national tax effort at 12 per cent of national income shared 50 : 50 by the State and Centre. These Rs. 6 crores alone will meet the interest charges, while the Rs. 5 or 6 crores drawn from electricity rates will meet other charges like depreciation, maintenance, etc. There will be savings from the additional national income both in the individual, corporate, and public sectors which can be reinvested. Thus is a growth economy set going in the area.

Objects of Subsidy

From this example, certain general principles can be deduced. These are:

(*a*) Social overhead expenditures in the shape of public utilities like power or irrigation may have to be undertaken by the State only, since the private sector may not be able to afford it as they may involve heavy expenditure; and, in any case, the subsidy element will deter them.

(*b*) The main object of such utilities is to induce large private investments, so that the national income may grow. Consequently there should be a certain balance between social overhead and direct production by the private sector. In other words, too much investment by the State with poor industrial activity is not good.

(*c*) The guiding economic principle is to get the maximum total output for society with the minimum costs in private productive activity and social overheads.

(*d*) Since the Government can only be treated as an agency, utilising social production for its activity, all its costs will have to be recovered from social production and/or social saving if Government policy is on a no-profit basis. If Government gives a subsidy in a public utility, the cost of it has to come from social production, or saving, ultimately.

Irrigation Investment and Water Rates

The application of the aforesaid principles to irrigation investment and water rates will have to be as follows:

(*a*) Big irrigation works are public utilities and, in the Indian context, have to be undertaken by the State, since they involve a huge expenditure and is beyond the capacity of the poor peasant.

(*b*) and (*c*) While a certain amount of private investment is induced (to the tune of Rs. 150 crores by peasant farmers in our model), it is not adequate both in quantum and productivity. Conversely, the public investment is not low enough with private investment to match the output. That is, if public outlay is, say, only Rs. 30 crores, private capital is Rs. 120 crores and if both produce an income of Rs. 50 crores, it is a different story. In the power project example mentioned above, we saw how Rs. 100 crores public outlay induced Rs. 200 crores of private investment and both produced the maximum output of Rs. 100 crores. As against this, the investment Rs. 300 crores in irrigation and agriculture produces only Rs. 50 crores income. Peasant farming has little scope for improving its investment even in future even with a subsidy. Nor has it the capacity to increase its output, except, perhaps by a small fraction with better seeds, fertilisers, etc. The cost of new storage projects will not also come down, unless there is a great cost-reducing technological invention.

(*d*) The Rs. 50-crore output in the irrigation project is contributed by, and has to be divided into, three portions: Rs. 11 crores go to State for interest, maintenance and depreciation, Rs. 4 crores say, to other capital like implements, carts, bullocks, etc., which may be farmers' capital, and Rs. 35 crores to farmers and peasants as wages. The peasant farmers' share in the output (Rs. 35 crores+Rs. 4 crores) may be all right so far as they are concerned. The State, however, gets only Rs. 6 crores, by way of water rate at Rs. 30 per acre. It may recover on the Rs. 39 crores income to the peasants by way of taxes, another Rs. 2.5 crores, that is, Rs. 7.5 crores in all. The total cost to it is, however, Rs. 11 crores. Who is to pay the balance of Rs. 3.5 crores? Since the poor peasant has paid the maximum tax, *the fact emerges that the non-agricultural sector which is also not too rich has to pay the Rs. 3½ crores by way of additional taxation. Thus the subsidy is paid by the urban people.*

Some Other Peculiar Effects of Subsidy

If Rs. 250 is the cost of production per half ton of rice produced in an acre in the area and is also its price, and if Rs. 55 is the commercial water rate and the farmer is charged only Rs. 30, the peasant is subsidised to the extent of Rs. 25 per acre or 10 per cent by the State in the production of foodstuff.

The subsidised peasant does not sell all his foodstuff in the market or purchase all his foodstuff from it. He practically consumes two-thirds of the production of his farm directly, especially foodstuff, because such a large portion of his income will normally go for food. Consequently, the peasant (in the model region) gets his foodstuff at a subsidised rate of 10 per cent. That means two-thirds of Indian population, or may be slightly less, get their food at 10 per cent less than the cost and they may consume about two-third of production. One-third of agricultural production goes to the non-agricultural sector (leaving out imports), that is, to the remaining one-third of the population who are mainly urban and industrial workers. From this, it follows that levy of produce by State from peasants at a cheaper rate may be justified.

Food is a basic necessity and there is a minimum fixed demand for it; and the demand is inelastic; that is, that minimum has to be

(*Continued on page* 1116)

GROWTH WITH STABILITY IN PAKISTAN

MONETARY AND CREDIT CONDITIONS REVIEWED

By Dr. Anwar Iqbal Qureshi

ECONOMIC ADVISER TO THE GOVERNMENT OF PAKISTAN

THE year 1963-64 (April-March) has been remarkable for the economy of Pakistan. In spite of a record increase in money supply of Rs. 110 crores (16 per cent) and of Rs. 104.08 crores (29 per cent) in bank credit, in the course of a year, the increase in wholesale price has only been marginal, 1.4 per cent to be precise. The growth rate in the economy has been six per cent and the *per capita* national income has increased from Rs. 259 in 1962-63 to Rs. 269 in 1963-64. For the first time in the history of Pakistan, the dominance of agricultural sector has been overcome and it now contributes less than 50 per cent to the G.N.P.

The high rate of growth witnessed in the national economy with a very steep rise in money supply and credit, without its consequent effects in the form of rise in price level, has attracted a good deal of attention and has been very favourably commented upon by various international experts. It is, therefore, proposed to give here a detailed account of developments in the field of money and credit during 1963-64.

Monetary and Credit Structure

The year 1963 witnessed an unprecedented expansion in money supply and bank credit in Pakistan provided by the scheduled banks to various sectors of the economy. Both money supply and bank credit touched a new high peak. At the end of 1963, money supply stood at Rs. 746.95 crores, and bank credit at Rs. 416.10 crores, showing increases of Rs. 95.74 crores and Rs. 79.05 crores, respectively, over 1962.

At the end of March 1964, money supply stood at Rs. 786.10 crores, as compared to Rs. 676.10 crores in March 1963, a rise of Rs. 110 crores. Bank credit during the same period increased from Rs. 356.15 crores to Rs. 460.25 crores, a rise of Rs. 104.10 crores.

The rapid expansion in money supply and bank credit was the result of increased economic activity, which gained momentum as the Second Plan entered its final phase. The demand for money and credit increased considerably from the private as well as the public sector. Of the Rs. 95.74 crores increase in money supply during 1963, the private sector accounted for Rs. 34.30 crores and the Government sector for Rs. 48.03 crores.

The sharp rise in money supply did not, however, produce any notable change in prices. This was made possible by the liberal import policy adopted by the Government and selective credit control measures introduced by the State Bank, aiming at preventing hoarding and stock piling. The index of wholesale prices increased by 1.02 point in 1963.

New Monetary Measures

The rapid expansion in money supply amounting to Rs. 88.16 crores during the 12 months ended June 1963 and an abundance of credit which increased by Rs. 80.85 crores during the same period resulted in pressure on the price level and a tendency to build up inventories. In other words, inflationary pressure which had been kept in check in the past, again crept into the economy, and required effective corrective measures.

The State Bank announced on 26th July 1963 monetary measures to guard against the "risk of inflation" and to check the "pace of credit expansion." These measures, which came into force from 1st August 1963 were:

1. Introduction of a quota system under which ceiling are fixed on the amounts which each scheduled bank is entitled to borrow at the bank rate.

2. Simultaneously, accommodation to each individual bank under the Bill Rediscounting Scheme is limited to the maximum amount drawn under the scheme during 1962-63.

3. Moreover, reserve requirements which had hitherto been 5 per cent of demand liabilities and 2 per cent of time liabilities, were raised to a uniform 5 per cent of the aggregate of demand and time liabilities.

The most significant measure introduced by the State Bank is the quota system for its lending to commercial banks. Under this system, ceilings have been fixed on the amounts each scheduled bank is allowed to borrow at the Bank Rate. The ceilings are determined on the basis of 50 per cent of the balances which the banks are required to maintain with the State Bank. This basic quota was worked out in such a way that, on the basis of existing deposits, the banks would be able to obtain their normal requirements from the State Bank at the Bank Rate. Only when a bank starts lending excessively would it be subjected to the higher rate of interest. While the State Bank is anxious to avoid excessive credit creation, it is equally keen to ensure that all genuine credit requirements are adequately met by the banking system. The State Bank has been allowing sizable credit expansion to permit the economy to operate at full capacity and to continue to grow. Investment activity should continue to get normal assistance from the banking system. The present quota system provides a balance inasmuch as existing credit needs would continue to be met, while further credit creation on a large scale would be slightly more expensive.

At the same time, the State Bank has sought to ensure that small borrowers are not adversely affected by credit control measures. In order to safeguard the interests of small borrowers, banks will be permitted to borrow additional funds at the bank rate to the extent of their loans of Rs. 25,000 and below made on or after 1st August, 1963. The Bank will also provide funds at the Bank Rate to institutions which would cater specifically to the needs of small men.

Bill Rediscounting Scheme

Simultaneously, accommodation to each individual bank under the Bill Rediscounting Scheme is limited to the maximum amount drawn under the Scheme during 1962-63. Under this Scheme, the State Bank has been providing assistance to banks to meet their seasonal requirements. The freezing of these limits at the level of last year's utilisation would not have a directly restrictive effect. It is, however, necessary as a supplement to the quota system to avoid the possibility of the circumvention of the quota system.

Finally, the reserve requirements which stood at 5 per cent of demand liabilities and 2 per cent of time liabilities have been raised to a uniform level of 5 per cent of the aggregate of demand and time liabilities. This would have the effect of immobilising a certain portion of the funds of commercial banks and would thus make them cautious and selective in their lending policies. At the same time, this immobilised portion would provide a bigger cushion to all banks in case of any emergency and would thus be a greater safeguard for depositors. This measure, in addition to helping the immediate credit situation, would also augment the long-term soundness of the banking system.

These measures generally aim to restrain the pace of credit expansion and to guard against the risk of inflation. They will also have the effect of helping the consumer by discouraging the building up of stocks. They would stimulate savings by bringing about a higher deposit rate structure. By directly relating the size of the State Bank's assistance to the deposit performance of each bank, the measures provide an incentive to the banking system to mobilise deposits. Besides, a few credit restrictions in force since 1960 were continued and these are discussed at a later stage in this article.

Table 1: *Money Supply*

(In crores of rupees)

Month/Year Last Friday	Currency in circulation	Demand deposits (general)	Other deposits with S.B.P.	Money Supply
December 1956 ..	346.30	142.97	2.69	491.96
December 1957 ..	357.99	156.21	8.85	523.05
December 1958 ..	373.90	170.86	6.14	549.90
December 1959 ..	384.12	187.13	4.62	575.87
December 1960 ..	417.93	193.28	4.70	615.91
December 1961 ..	405.12	210.00	5.12	620.24
1962				
March	404.61	215.93	4.11	624.65
June	386.54	219.01	4.05	610.50
September ..	378.16	224.08	4.59	606.83
December ..	410.33	235.86	5.02	651.21
1963				
March	424.53	246.58	4.99	676.10
June	415.72	277.98	4.96	698.66
September ..	409.98	269.49	5.05	684.50
December ..	453.72	288.15	5.08	746.95
1964				
March	479.17	301.83	5.10	786.10

Note: Money supply referred to in this article consists of currency in circulation, demand deposits (general) with the scheduled banks and "other deposits" with the State Bank (excluding I.M.F. Account No. 1/U.S. Counterpart Funds, I.B.R.D. Indus Account, U.S. Development Loan Fund), which are repayable on demand.

Higher Bank Rate *vs.* Staggered Rates

There are two schools of thought in Pakistan regarding the most effective method to control credit. One school believes in the classical method of controlling credit by a straight rise in the Bank Rate. The second school, in view of the peculiar circumstances of underdeveloped countries, specially of Pakistan, does not favour a straight increase in the Bank Rate but prefers a policy of discriminatory staggered rates. The State Bank authorities, after careful study of the situation, adopted the latter method, discussed at some length above. The reasons for preferring this method are discussed below.

Bank Rate policy is usually designed to (i) improve the balance of payments by encouraging the inflow of foreign funds and by discouraging the outflow of funds, (ii) curb inflationary pressures by restricting the demand for credit, and (iii) reduce consumption demand and stimulate savings. As there is no international financial centre in Pakistan which could attract foreign funds by higher interest rates, a change in the Bank Rate has practically no impact on the balance of payments.

Secondly, Pakistan has a substantial non-monetized sector, and the banking system covers only a small part of the production of the country. Bank credit forms a small portion of the total national product. The role of bank credit and its cost, either in financing long-term investment or in meeting consumption requirements, could not, therefore, be considered as significant as in developed countries.

Efficacy of Bank Rate

The imperfections of the money market further weaken the efficacy of Bank Rate as an instrument of monetary control in Pakistan. Currency rather than bank money forms the major portion of money supply. The interest rate structure is neither uniform, compact nor sensitive. In the absence of any links between them, there is a wide disparity between the interest rates of private money lenders, indigenous bankers and non-scheduled banks and those of the organised sector, and the absence of a short-term money market limits still further the efficacy of Bank Rate. Moreover, unless it is used ruthlessly, the Bank Rate weapon is unlikely to produce appropriate adjustments in interest rates, sufficient to impose the necessary check on consumption and investment demand. In a country, where the marginal efficiency of capital is very high, a small rise in Bank Rate may not reduce the demand for advances to any significant extent. Nor can a small increase in the Bank Rate bring about any sizable additional savings.

Money Supply 1963-64

During 1963, money supply increased by Rs. 95.74 crores, from Rs. 651.21 crores at the end of 1962 to Rs. 746.95 crores at the end of 1963. This compared with the increases of Rs. 30.97 crores in 1962 and of Rs. 4.33 crores in 1961. At the end of March 1964, money supply stood at Rs. 786.10 crores, as compared with Rs. 676.10 crores at the end of March, 1963. Table 1 shows money supply with its components since December 1956.

The sharp rise in money supply during 1963 is accounted for by an expansion of currency in circulation by Rs. 43.39 crores to Rs. 453.72 crores, of demand deposits by Rs. 52.29 crores to Rs. 288.15 crores and of Rs. 0.06 crore to Rs. 5.08 crores in other deposits with the State Bank of Pakistan (excluding I.M.F. Account No. 1, U.S. Counterpart Funds, Indus Basin Accounts and U.S. Development Loan Fund, etc.)

Money supply expanded in each sector of the economy. The largest expansion was in the Government sector followed by the private sector, the foreign sector and "other items." Table 2 shows the causative factors of money supply since 1961.

Table 2: *Money Supply and Its Causative Factors*

(In crores of rupees)

Causative factors	December 1963	December 1962	December 1961	January-March 1964
Money supply	+95.74	+30.97	4.33	+39.15
1. Private sector ..	+80.94	+79.47	+45.90	+24.62
Adjustment for shift to time deposits ..	—46.64	—47.67	—19.18	— 4.68
Net private sector ..	+34.30	+31.80	+26.72	+19.94
2. Government sector ..	+58.18	— 3.90	+ 5.02	+ 7.71
Adjustment for counterpart funds ..	—10.15	+17.21	+11.18	— 5.87
Net Government sector ..	+48.03	+13.31	+16.20	+ 1.84
3. Foreign sector	+10.05	+ 1.64	—18.00	+10.65
4. I.B.R.D. Indus Account ..	+ 0.79	+ 0.23	— 9.79	+ 4.88
5. Other items	+ 2.57	—16.01	—10.80	+ 1.84
Net effect	+95.74	+30.97	+ 4.33	+39.15

Net expansion in the Government sector, after adjustment for different counterpart accounts, was Rs. 48.03 crores, as compared with Rs. 13.31 crores in 1962 and Rs. 16.20 crores in 1961. The main expansionary force in this sector was generated by increased holdings of Government Securities and other domestic assets by the State Bank, the commercial banks' increased investment in Government Securities, decline in the cash balance of provincial Governments, and increased loans made available to the Government by the State Bank of Pakistan. This increase in the Government sector was partially offset by accumulation of deposits in the counterpart funds.

The private sector expansion, after adjustment for shift to time deposits, amounted to Rs. 34.30 crores, as compared to Rs. 31.80 crores in 1962 and Rs. 26.72 crores in 1961. But for a substantial shift to time deposits amounting to Rs. 46.64 crores, the expansion in this sector would have been much more pronounced. Increased availability of credit to the private sector by the scheduled banks and their investment in private securities were the factors responsible for the increase in the private sector.

As compared with a marginal expansion of Rs. 1.64 crore in 1962 and in contrast to a substantial contraction of Rs. 18 crores in 1961, the foreign sector during 1963 showed a sizable expansion of Rs. 10.05 crores. The expansion in the foreign sector was accounted for by the increased holdings of gold and foreign assets by the State Bank.

During January-March 1964, money supply rose by Rs. 39.15 crores. The causative factors for this increase reveal that the expansion took place in all the sectors. The private sector accounted for the largest expansion amounting Rs. 19.94 crores after adjustment of Rs. 4.68 crores for shift to time deposits. The expansion was due to increased loans made available to the private sector by the scheduled banks. The foreign sector was expansionary by Rs. 10.65 crores on account of increased holdings of gold and foreign assets by the State Bank.

Bank Credit 1963-64

During 1963, bank credit expanded by Rs. 79.05 crores, from Rs. 337.05 crores at the end of 1962 to Rs. 416.10 crores at the end of 1963. This compared with increases of Rs. 64.59 crores in 1962 and Rs. 98 crores in 1961. The increase during the last three years average a Rs. 69.21 crores per annum. This rate of expansion is higher than the estimates of the Credit Committee (1962), which postulated a credit expansion during the Plan period at Rs. 50-60 crores per annum.

The increase of 23.5 per cent in bank credit during 1963 is accounted for by an increase of Rs. 72.64 crores to Rs. 382.40 crores in advances and of Rs. 6.41 crores to Rs. 33.70 crores in inland and foreign bills purchased and discounted. At Rs. 382.40 crores at the end of 1963, scheduled banks' advances were the highest so far recorded.

During January-March, 1964, bank credit increased further by Rs. 44.15 crores to Rs. 460.25 crores, as compared with an increase of Rs. 19.10 crores during the corresponding period of 1963. The increase was accounted for by a rise of Rs. 42.99 crores to Rs. 425.37 crores in advances and of Rs. 1.8 crore to Rs. 34.88 crores in bills purchased and discounted.

The larger increase in bank credit than in deposit resources compelled the banking system to operate on a much higher credit-deposit ratio and placed considerable strain on their liquidity position. This ratio, which stood at 81.8 per cent in 1962 and 80.5 per cent in 1961, rose to 86.9 per cent in March 1964. The table below shows the credit deposit ratio since 1959:

(In crores of rupees)

Last Friday	Total Bank credit	Total bank deposit (general)	Ratio of credit to deposits (Per cent)
1959	161.98	289.92	57.3
1960	202.48	302.61	68.9
1961	272.46	338.51	80.5
1962	337.05	412.04	81.8
1963	416.10	510.97	81.4
1964 (March)	460.25	529.33	86.9

Credit to Small Borrowers

In its report of 1962, the Credit Committee drew attention to the inadequacy of credit to small borrowers. It stated:

"We have already stated our broad conclusion that the overall availability of credit in the country has not been inadequate and the requirements of the large borrowers are being met, but that stringency is experienced by (a) the small borrower and (b) the less developed areas. The evidence produced to our committee, both written and oral, stressed beyond doubt the existence of stringency in these two sectors."

The Credit Enquiry Commission (1959) also brought to the notice of the Government the difficulties of small borrowers and recommended some measures to remove these difficulties. The Credit Committee (1962) recommended the following measures to encourage the flow of credit to the small borrowers:

1. Government policies designed to sustain the small middle class *entrepreneur* should be consistently pursued.

2. The banking system should aim at making not less than 15 per cent of their total advances to parties requiring up to Rs. 25,000. This should be set as a target, but, instead of enforcing it as a compulsory requirement, the State Bank should use its influence to ensure the achievement of this target and exert pressure on individual banks which are lagging behind.

3. Developing the commercial banking system to assist the small borrowers is likely to be more effective than the establishment of a special credit institution. Commercial banks should set up separate Small Loans Departments.

4. Banks should adopt a less orthodox outlook in regard to security and be willing to take a somewhat greater risk in dealing with small loans, as over 50 per cent of deposits are provided by small parties on which the banks make profit. The banks should formulate specific schemes for encouraging small borrowers and Government and/or State Bank should be prepared to underwrite a part of the losses under these schemes.

5. Procedures relating to hypothecation and pledges of property, particularly land and real estate, and laws governing the realisation of bank dues against such property should be made simpler and less expensive.

6. Lower margins should be laid down in the case of small loans.

7. An intermediary agency in the form of Discount Houses and Guarantee Brokers should be created to help the small borrowers as recommended by the Credit Enquiry Commission.

The distribution of bank credit among economic groups reveals that the largest slice went to the commercial sector, followed by the manufacturing, agricultural and services groups. The table below shows the classification of bank credit by major economic groups:

Classification of Bank Credit by Major Economic Groups

(In crores of rupees)

Economic group	31-12-60	31-12-61	31-12-62	31-12-63
Agriculture, forestry, hunting and fishing	13.22	21.29	24.43	37.43
Mining and quarrying	1.46	1.54	1.63	0.76
Manufacturing	61.53	78.06	105.63	140.89
Construction	1.43	0.85	10.46	8.73
Electricity, gas water and sanitary services	1.39	3.63	3.42	1.88
Commerce	98.03	114.29	146.41	168.96
Transport, storage and communications	3.50	4.93	6.21	8.21
Services	15.83	20.14	20.58	31.37
Financial institutions	0.03	0.07	0.01	..
Employees and activities not adequately described ..	7.29	18.82	6.70	16.36
Others	0.57	0.67	1.10	0.86
Total ..	204.36	264.28	326.58	421.45

In pursuance of these recommendations, efforts have been made to meet the credit requirements of small borrowers. While introducing selective credit control measures in July 1963, the State Bank felt that the introduction of the quota system may be against the interests of the small borrowers. To safeguard their interests, it was, therefore, decided to permit banks to borrow additional funds at the Bank Rate to the extent of their loans of Rs. 25,000 and below. It was further decided that funds will be provided by the State Bank at Bank Rate to institutions such as the proposed People's Finance Corporation which specially cater to the needs of the small borrowers.

A significant step in this direction was the setting up of a People's Credit Department in January, 1964 in all the branches of National Bank of Pakistan which caters for the financial requirements of small business and industry. This department provides credit ranging from Rs. 500 to Rs. 50,000. For the purpose of granting loans under the scheme, small business concerns have been grouped under five categories which include small business concerns/individuals who own shops, small industries, cottage industries, rickshaws, baby taxis, taxis, buses, trucks, motor launches, country boats or those who are engaged in clearing and forwarding of goods, advertising, contracts or supply works, imports and exports and other trades and occupations of a similar character. The rate of interest is 2 per cent above the Bank Rate with a minimum of 6 per cent.

During the three and a half months of its existence (up to April 1964), the total amount of credit provided to 10,000 applicants by the new Department exceeded Rs. 9 crores.

Credit Controls

The following credit restrictions imposed in 1960 were continued during 1963 and the first quarter of 1964.

1. In February, 1960, at the instance of the Government, bank advances against stocks of wheat and rice were restricted up to a maximum period of six months. In October, 1962, the maximum period for such advances was raised from six months to one year. There has been no change in this position during the year under review.

2. Advances against shares of newly floated companies are allowed to be made by banks if 50 per cent cash is provided by the intending subscribers. Share brokers have, however, been exempted from this restriction.

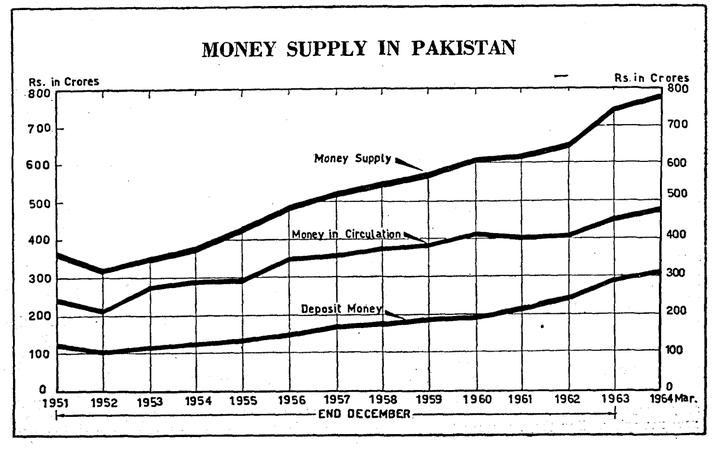
3. Forty per cent margin restrictions on advances against imported manufactured goods (excepting industrial machinery) and cotton yarn (except for export) were imposed in March 1960 with a view to checking the hoarding and blackmarketing of such goods. With a view to avoiding hardship to small traders no restrictions have been imposed on advances against imported manufactured goods up to an amount of Rs. 25,000 to any one party in West Pakistan and up to Rs. 50,000 to any one party in East Pakistan. Advances against imported manufactured goods in East Pakistan are, however, subject to 20 per cent margin only as against 40 per cent in West Pakistan.

4. Unsecured advances and advances secured by guarantee or by banks are restricted to a maximum limit of Rs. 50,000 to any one party, provided that the advance up to Rs. 50,000 is not intended for financing imported manufactured goods (excepting industrial machinery) and cotton yarn (except for export).

5. With a view to liberalising the import policy, some items including iron and steel were placed by the Government under O.G.L. towards the end of 1961. As a result, advances against iron and steel increased enormously resulting in hoarding and blackmarketing of iron and steel. In consultation with the Ministry of Commerce, the 40 per cent margin restriction was, therefore, imposed on advances against iron and steel in January 1962. Iron and steel imported under industrial licences are, however, exempt from this restriction. There has been no change in this restriction during the year under review.

6. Since May 1962, advances against cotton textiles (both indigenous and imported) had been subjected to 40 per cent margin. With a view to checking the huge build up of stock of cotton textiles with the help of bank finance, the margin on

(*Continued on page* 1111)



PETRO-CHEMICALS IN THE UNITED STATES

PHENOMENAL GROWTH SINCE THE TWENTIES

By V. S. Swaminathan, MA., M.Sc. (London)

JUST as it has been said that the U.S. meat-packing industry uses all the products of the pig except its squeal, similarly the petroleum industry uses every thing in crude oil except its smell. Indeed even that finds an outlet today. It is added to otherwise odourless gases to help detect leaks in pipe systems. Petroleum not only provides light, power and heat, but it possesses another very valuable characteristic. We refer to its ability to yield an exceptionally wide range of chemicals, generally termed for convenience petro-chemicals. In the evolution of the oil industry there have been four phases—illumination, motivation, provision of energy for industry, and manufacture of chemicals useful to man, his cultivated crops and domesticated animals.

The petroleum industry started as provider of kerosene for illumination. It went on to fuel millions of motor vehicles and power thousands of ships, locomotives and aircraft. Later, it began feeding a multitude of diverse industrial furnaces. And the years following the Second World War witnessed the emergence, and phenomenal growth, of the petroleum chemicals industry. While refinery operations "upgrade" the value of crude oil by perhaps a third, chemical processing takes the value up to as much as twelve-fold.

With the mass production of motor cars the demand for gasoline became so great that this unwanted "by-product" of the kerosene era (of the 19th century) became the main product of the first half of this century. It soon became apparent that the amount of gasoline (of the order of 15 per cent) recoverable from a barrel of crude oil by straight distillation would fall far short of meeting the mounting demand for this once unwanted product. In an effort to solve this problem, Dr. William M. Burton started work in 1906 on a refinery process known as "cracking." By applying pressure and heat to crude oil he succeeded in splitting the complicated molecules of the heavier fractions so that they might be rearranged as lighter components, principally gasoline. Dr. Burton's discovery permitted a doubling of the gasoline yield from a barrel of crude oil. And the First World War hastened the multiplication of thermal cracking units. This cracking process at the same time yielded large quantities of very light highly reactive gaseous products—the olefines. The search for a possibility of utilising these olefines gave the main impetus to the fostering of the petro-chemical industry. Today thousands of chemicals are produced starting with refinery gases, special petroleum fractions like naphtha, or natural gas.

Nature of Industry

The key to an understanding of petro-chemical industry lies in three related words—cracking, synthesis and polymerisation. By cracking petroleum compounds are broken into simpler molecules for use as building blocks. Synthesis converts these "chemical bricks" into new forms to produce other basic products. Finally, polymerisation causes the building blocks of the same kind to form chains, thus linking the simpler molecules into larger ones termed polymers. The manufacture of high polymers takes place in two stages:—(1) the production of the monomer (repeating chemical unit), and (2) its polymerisation into a resin or plastic. In some cases it is possible to form polymers from two or even three monomers which may differ from one another and yet be capable of linking end-to-end to form mixed monomer chains. These are known as copolymers, and they form the basis of the most important types of synthetic rubber including the well-known Buna-S (Butadiene-Styrene) rubber. Today synthetic polymers account for three industries of great and growing importance—plastics, rubbers and fibres.

Now petroleum scores over coal for synthesis in being liquid and in the fact that hydrogen is already combined with carbon. Compared with coal and vegetable raw materials, like molasses, grains and potatoes, it is more easily transported, and gives a higher yield of synthetic chemicals on a weight-for-weight basis. The oil and natural gas industries are, moreover, in a position to provide the necessary feedstocks in virtually unlimited quantities, at constant quality and often at appreciably lower cost than attainable by using, other raw materials. For these reasons the chemical industry is growing much faster than industry in general, and the expansion of the petro-chemical sector, in particular, surpasses that of the whole.

Pioneers in the Field

Turning to the United States, the Union Carbide Chemicals Co. and the Standard Oil of New Jersey were pioneers in the petro-chemical field. In 1920, the former company extracted ethane and propane from natural gas and cracked them to make ethylene and propylene. Jersey Standard manufactured isopropanol, utilising propylene from cracking still gases. These were converted into a line of useful consumer products. America's military needs spurred the development of styrene-butadiene synthetic rubber industry. The U.S. Government then spent nearly $1,000 millions on 30 synthetic rubber plants. In the five-year periods since the Second World War, the U.S. production of petro-chemicals expanded thus:—1945-50, 12 per cent; 1950-55, 15 per cent and 1955-60, 11 per cent. In 1960, this country accounted for 56,000 million lbs. of petro-chemicals, valued at $7,000 million, representing 30 per cent of the chemical industry's output and 60 per cent of its income. Four-fifths of this quantity went into seven main channels, namely, plastics, fibres, rubbers, paints, automotive chemicals, detergents and agricultural chemicals. The remainder yielded an astonishing number of speciality products such as adhesives, drugs, explosives, perfumes, cosmetics, etc.

Petro-chemicals are broadly classified as straight chain types (aliphatics) or ring types (aromatics and naphthenes). Aliphatics and aromatics are considerably more important commercially than naphthenes. The main aliphatic raw materials are mathane, ethane and ethylene, acetylene, propane and propylene, butane and butylenes, butadiene and pentane and pentenes. The principal aromatics are benzene, toluene, xylenes, naphthalene and cresylic acids. In addition, some inorganic chemicals like ammonia, sulphur and carbon black are produced in large quantities from petroleum fractions and natural gas.

At one time the term plastics denoted cheap substitutes—things to be endured as part of the war effort. Since then the U.S. plactics production has multiplied twenty-fold, representing a $6,000-million-a-year industry. Many of the plastics owe their present status to the availability of three aliphatic gases—ethylene, propylene and acetylene. Again, synthetic rubber, a poor relation to natural rubber only 20 years ago, today accounts for nearly two-thirds of all rubber consumed in the United States. It is also based on such aliphatic raw materials as butadiene, ethylene and isoprene. The recent development of new polymers with much greater heat resistance may be the forerunner of vastly superior aliphatic products. The chain-like arrangement of carbon atoms found in such aliphatic plastics as polypropylene accounts for "tacticity" or order. This brings to notice "atactic," or disordered, polymers, "isotactic," or regularly ordered, polymers and "syndiotatic," or alternately-oriented, polymers. Scientists are now working on isotactic and syndiotactic polymers with which they are linking millions of aliphatic molecules in symmetrically uniform patterns. Higher density and greater resistance to heat and solvents are thus imparted to polymers. Future adaptations of ordered polymers cannot fail to pave the way for tougher, more versatile aliphatic materials.

Aliphatics

Ethylene gas, a derivative of ethane, is the most important aliphatic raw material. It serves as the starting point for scores of intermediate and end products. Polyethylene is the first of the modern plastics to exceed 1,000 million lbs. in sales in the U.S.A. New outlets have been found for it in packaging, pipe coatings, construction sheeting and household items. Markets for low-pressure (linear) polyethylene have so far been lagging behind, accounting for barely one-tenth of the total polyethylene sales. However, a recent discovery that linear polyethylene can be formed readily by blow-moulding techniques, based on the traditional glass making process, has opened promising new markets for plastic bottles.

In terms of ethylene consumed, ethylene oxide is still a narrow leader. The oxide is used primarily for ethylene glycol manufacture which, in turn, is synthesised to automobile anti-freeze. Ethylene glycol anti-freezes account for 90 per cent of the anti-freeze market. Ethyl chloride, another ethylene offspring, is used chiefly for manufacturing tetra ethyl lead, a gasoline additive. Synthetic ethyl alcohol derived from ethylene is employed to produce acetaldehyde, the starting point for various acids and other intermediates. The end products range from medicines to vitamins to synthetic fibres.

Acetylene is another major petro-chemical building block derived for the most part from methane gas. Neoprene rubber produced exclusively by Du Pont is the only important end product based entirely on acetylene. An estimated 55 per cent of vinyl chloride in America is manufactured from the same chemical and the balance from ethylene. Another noteworthy acetylene derivative is acrylonitrile—a starting material for fibres and nitrile rubbers. Also vinyl acetate, again derived from acetylene, is finding increasing acceptance in paints and adhesives.

The bulk of propylene, produced from refinery cracking operations, has recently emerged as a major building block. The U.S. demand for it in 1960 totalled 2,000 million lbs. And polypropylene, one of the lightest and strongest of the plastics, is showing the greatest growth potential of propylene derivatives. It has a melting point of 300° F. and is highly resistant to chemical attack. So far polypropylene has scarcely dented the plastics market. Many believe that it will follow polyethylene's "explosive" growth pattern. Indeed major battles are already taking place between polypropylene and linear polyethylene especially in the fast growing plastic bottle market.

At present isopropyl alcohol remains the largest volume propylene consumer. Its major end use is in acetone manufacture, acetone being a solvent and a raw material for methyl methacrylate (perspex) resin. Other noteworthy propylene derivatives and their end uses are isopropanol (solvents and drugs), polychlorœthylene (dry cleaning solvent), propylene oxide (hydraulic fluids, anti-freeze and detergents) and oxoalcohols (plasticizers).

Butadiene

Butadiene, principal ingredient of synthetic rubber, ranks next only to ethylene in importance as a petro-chemical building block. In 1960, the United States produced nearly 2,000 million lbs. of butadiene. Nine-tenths of it are polymerised with styrene in a 3 : 1 ratio to produce S.B.R. (styrene butadiene) rubber in the U.S.A. Among speciality synthetic rubbers manufactured in the United States are butyl, nitrile, thiokol, polyurethanes, chlorosulphonated polyethylenes, silicones, fluorinated rubbers and polysulphides. A remarkable development is the recent perfection of the so-called "synthetic natural" rubbers. They are cis-1,4 polyisoprene, a duplicate of the natural product, and cis-1, 4 polybutadiene, which, although different in chemical structure from the natural rubber, displays similar physical properties. The manufacture of synthetic natural rubbers calls for the use of complex new catalysts known as organo-metallic compounds. The latter are made of a hydrocarbon element and a metal, such as titanium tetrachloride or trimethyl aluminium. Polyolefin plastics moved towards a close relationship with rubber in 1960 through the development of ethyl-propyl copolymers, rubber-like materials with good resistance to ozone, wear and groove cracking. Thus the traditional lines between plastic and rubber technology are visibly disappearing.

What future products and processes will evolve from aliphatic compounds is anybody's guess. As chemists add to their knowledge of arranging straight-chain molecules into complex new patterns startling materials will undoubtedly emerge. One thing is certain. No aspect of living will escape the restless minds of chemists as they seek new, cheaper and better products from petroleum and natural gas.

Aromatics

Woven into the fabric of modern life is a remarkable variety of products obtained from aromatic chemicals. The aromatics contain a unique molecular structure—the benzene ring. It is composed of six carbon atoms internally bonded together in a hexagonal shape. Externally joined to each of the carbon atoms is a hydrogen atom. By relatively simple processing any of these hydrogen atoms can quite easily be replaced by one or a combination of atoms or molecular units, for example, sulphates, nitrates, halides or aliphatic molecules. Since there are six hydrogen sites where these substitutions can be made the benzene ring offers the chemist unlimited possibilities for the creation of different aromatic compounds. The main aromatics are benzene, toluene and the xylenes.

Prior to the Second World War aromatic compounds were obtained as a by-product of coal coking for steel manufacture. This proved a limited and fluctuating source. Eventually petroleum chemists found a way to obtain benzene from a hydro-formed petroleum naphtha. When in 1953 E.I. du Pont de Nemours needed large quantities of the aromatic paraxylene at a reasonable price to make Dacron (Terylene in U.K.) a process was devised to separate the chemical from a refinery distillate. Today 75 per cent of the aromatic chemicals in the U.S.A. are derived from petroleum, and ten leading industries rely upon them to create an enormous number of consumer products.

In 1960 America accounted for 454 million (U.S.) gallons of benzene, 54 per cent of it from petroleum sources. Three-fifths of the quantity produced were used to make styrene and phenol, and the rest went into synthetic detergents, insecticides, herbicides, plant hormones, paints, dyes, solvents, medicines, explosives, perfumes, resins, photopraphic chemicals and other useful products. Styrene, one of the principal derivatives of benzene, is synthesised to make tyres, rubber goods, latex paints, paper coating, shoe soles, luggage and a wide assortment of polystyrene plastic goods. Phenol, the leading benzene consumer, is used to make a cornucopia of items—resins, adhesives, varnishes, insecticides, medicinals, perfumes; flavouring agents, etc.

The U.S.A. produced 306 million gallons of toluene in 1960, more than four-fifths of it from petroleum. It was the primary constituent of T.N.T. and aviation gasoline during the last war. Its present largest outlet is in the formulation of lacquer solvents. It is also the starting point for urethanes, saccharin, aspirin, food preservatives and plastics. Toluene diisocyanate (T.D.I.) is used in making urethane foams, surface coatings and other products.

Xylenes

In 1960, America's output of xylenes amounted to 321 million gallons, almost all from petroleum. They appear in ortho, meta and para forms. Ortho-xylene is starting material in the manufacture of synthetic resins, dyes, vitamins, pharmaceuticals and alkyd paints used in finishes for cars, refrigerators and the like. Meta-xylene is used in making solvents, dyes, plasticisers and reinforced plastics. Para-xylene is synthesised to terephthalic acid, an essential ingredient for the creation of polyester resins like Dacron and Mylor. Many aromatics are used in the manufacture of synthetic fibres. The projected U.S. synthetic fibre capacity at the end of 1962 will reach 3,000 million lbs. a year. Synthetic fibres are made by extruding a liquid polymer through a spinneret, a shower-head-shaped nozzle with many minute holes. Filaments of the polymer are drawn from the spinneret and spun into a fibre in a spinning solution or in air. Over one-third of all synthetic fibres find their way into industrial applications.

Aromatics are indispensable to many industries—perfumery and flavouring, dyestuffs and, above all, agriculture for destroying weeds, killing insects, curing plant and animal diseases, which cause a $15,000 million annual U.S. crop loss. Weeds are destroyed with 2, 4-D and crop yield is increased by 2, 4, 5-T plant hormone. Insects are killed with D.D.T. and B.H.C. Parasites are warded off with pentachlorophenol or one of its aromatic cousins. Also a long list of ethical and proprietary medicines, like sulpha drugs, aspirin, chloropromazine (to treat mental illness) and others to relieve hypertension, headaches and pains, are derived from aromatic chemicals.

Industry Comes of Age

The American oil and natural gas companies spent $184 million on new petroleum chemical plant facilities and budgeted $326 million for 1961. Having come of age, the industry now faces the problems of adolescence, that is, keener competition, cost-price squeeze, lower profit margins, lower growth rate and lower prices. The trend is, therefore, towards bigger and more efficient plant units, costing between $10 and 50 million. The U.S. production of petro-chemicals is reckoned to go up to 85,000 million lbs. in 1965. And, according to McGraw Hill, Department of Economics, output will be up 240 per cent by 1975.

The oil industry's chemical activities today comprise the supply of hydrocarbon base materials and intermediates for the chemical industry, as well as the manufacture of various chemical end products. Most of the major oil companies are now engaged in worldwide chemical business through separate subsidiaries or through associated enterprises jointly owned with other chemical corporations.

Thus the chemical interests of Jersey Standard in the U.S.A. are vested in the Enjay Chemical Co., California Standard in the California Chemical Co., Mobil Oil in the Mobil Chemical Co., Phillips in the Phillips Chemical Co., and Sinclairs in Petrochemicals Inc. and in Sinclair-Koppers Chemical Co. Again Texaco has a 50 per cent holding in both Texas U.S. Chemical Co. and the Jefferson Chemical Co., but is also engaged in various wholly-owned chemical enterprises. Gulf participates in Goodrich-Gulf Chemicals Inc. in the manufacture of synthetic rubber, and in Callery Chemical Co. in the production of chemical high energy fuels. The Royal Dutch-Shell Group has long had its own chemical company in the United States.

In the case of Shell Oil in the U.S.A., sales of chemicals at $205 million in 1960 contributed over 11 per cent to the company's sales revenue of $1,828 million, excluding sales taxes. In the same year Jersey Standard registered a 15 per cent increase in the sales of chemicals to $295 million, as against a rise of under two per cent in the overall revenues to $6,300 million after taxes, indicating a share chemicals in the company's total revenue of 4.7 per cent. With California Standard, chemicals accounted for 9.5 per cent of total sales proceeds, and with Indiana Standard just below four per cent.

Petroleum As Feedstock

Today over 200 firms use petroleum as a feedstock for the produciton of chemicals, some two-thirds being established oil and chemical companies, while the balance is made up of undertakings operating in other fields. Their products represent over 30 per cent in volume and more than 50 per cent in value of the 10,000 chemicals manufactured by the U.S. chemical industry. Over the decade of the 'fifties the annual growth rate measured in terms of installed capacity was 13 per cent. This compares with 8 per cent for chemicals and 3 per cent for oil which, in the U.S., is the growth rate of the economy at large.

In the last four years, however, there has been a slowing down of the rate of expansion stemming from the temporary over-capacity in the supply of feedstocks, the sector of the industry in which petroleum companies have a major interest. Nevertheless, demand for these feedstocks is rising much faster than for finished products, and though 12 to 16 per cent represents the maximum any oil concern—Shell Oil and Phillips—draws in the way of revenue from its ventures in the field of chemicals, such activities continue to offer oil and gas companies important avenues for diversification and further growth. In a recently published survey of Resources in America's future it was estimated that as much as 12 per cent of all oil and gas production might go into chemicals by the year A.D. 2000 as against three to four per cent at the present time.

In fine, petroleum chemicals have freed industrialists from the limitations of natural products like cellulose, lac, leather, fur, glass and metals. Strange as it may seem in retrospect, the synthetics were not well received at first. They were called ersatz, a poor imitation of Nature's products. But synthetics have won acceptance when consumers got to appreciate their obvious and intrinsic merits and limitations. In their case properties designed in a product could be decided in advance. The chemist and production engineer could then tailor-make it through organic synthesis in the majority of cases.

W. Germany is the second largest consumer of mineral oil in Western Europe, which in turn is the second largest consumer in the world. After the U.S. consumption, accounting for about 40 per cent of the world's supply, comes W. Europe, with 287 million tons or 22 per cent. Of this, W. Germany, with consumption of 59 million tons in 1963, is second to Britain (62 million tons) and ahead of France (38 million tons).

W. Germany has increased its lead as the world's biggest exporter of typewriters. Its typewriter sales abroad last year accounted for 27 per cent of international sales, as against 25 per cent in 1962. Total world production of typewriters in 1963 was 4.9 million units, of which the U.S.A. accounted for 27 per cent and W. Germany, in the second place for 22 per cent.

GROWTH WITH STABILITY IN PAKISTAN

(Concluded from page 1109)

advances against cotton textiles was raised from 40 to 60 per cent with effect from June 1963.

The money market in Pakistan is confined to inter-bank operations in Karachi. The scheduled banks lend to each other and occasionally to non-scheduled banks. The transactions are conducted in Karachi alone, because the head offices of almost all the important banks are located there. The bank branches in other centres remit their surplus funds to Karachi for investment and borrow from the head office in time of need. Such transactions which link other parts of the country with the Karachi call money market remain, so to speak, concealed in inter-bank transactions.

In recent years in the face of growing demand for loanable funds there has been greater activity in the inter-bank call money market. At the same time, there has been a perceptible decline in the seasonality of the inter-bank flow of funds. The call market is now characterised by more regular activity throughout the year. The rate which used to go down to a quarter per cent at the seasonal low does not now fall for any considerable period below 2 per cent. On the other hand, at the height of the busy season, the rate exceeds the Bank Rate.

The table below shows the inter-bank call money rates at Karachi since 1961:

(Percentage)

Last Friday	1961	1962	1963	1964
January	4½	4	3½-3¾	4-4½
February	4½-4¾	3¾-4	3¾-3¾	4-4½
March	3¾-4	3¾-4	3¾-3¾	4-4½
April	3¾	3¾-4	3¾-3¾	..
May	3¾-3¾	3¾-3¾	3¾-3¾	..
June	3¾-3¾	3¾-3	3¾-3¾	..
July	3¾	3¾-3	3¾-3	..
August	3¾	3¾-3	3¾-3	..
September	3¾-3¾	3¾-3¾	3¾-3	..
October	3¾	3¾-3¾	3¾-3	..
November	3¾	3¾	3¾	..
December	4	3¾-3¾	4-4½	..

During 1963, the inter-bank call money rate fluctuated widely between 1¾ and 4½ per cent. The fluctuation was mostly, seasonal in nature. During the first three months of 1963, the inter-bank call money rate ruled steady at 3¾-3¾ per cent, as compared to 3¾ to 4 per cent during the corresponding period of 1962. The call money rates declined with the onset of the slack season in April to 2¾-2¾ per cent, dipped to the lowest at 1¾ per cent in July 1963 which is the lowest rate since July 1960. During the rest of the slack season, the call money market improved to 2¾-3 per cent in October, the last month of the slack season.

The market enlivened with the beginning of the busy season in November when the rates advanced further to 3¾ per cent. The rise continued till March, 1964 when the rates ruled steady between 4-4½ per cent.

"INCOME-TAX *vs.* FOREIGNER"

Tax laws in India are extremely complicated and a foreigner is bound to feel confused by the various clauses and sub-clauses of the Indian Income-tax Act. Mr. P. L. Jaitly, Secretary of Escorts Ltd., New Delhi, and an authority on taxation as a chartered accountant, has endeavoured to make the understanding of this Act a little easier by bringing out a pocket-size brochure of some sixty pages. The booklet has been published by the National Investment and Finance, Nicholson Road, Delhi 6. (Price: Re. 1.50.) It will serve as a handy guide on income-tax, especially to businessmen entering into foreign collaboration agreements and to foreign investors, in general. The author has made the publication up-to-date by taking into account the various incentives given by the Finance Minister in his budget proposals for 1964-65 for attracting foreign capital and technical assistance. He has also described in detail the extent to which a foreign company can invest in the share capital of an Indian company and information about agreements for the avoidance of double taxation. Coming as it does at a time when there is a great deal of talk about attracting more foreign capital, the booklet does serve a useful purpose to both Indian and foreign entrepreneurs. The author claims that his brochure is a dedication to the "cause of economic development of the country," the object of which is to lift the standard of living of the people.

"STOCK EXCHANGES QUOTATIONS"

The revised edition of "Stock Exchange Quotations," published by Messrs. J. R. Motiwalw & Co., a leading firm of stock and share brokers in Bombay (32, Apollo Street, Fort, Bombay), will be found quite useful by investors in shares and securities. The publication gives the closing prices of Government securities, debentures, equity shares and preference shares traded on various stock exchanges in the country (Bombay, Calcutta, Madras, Ahmedabad, Hyderabad, Madhya Pradesh, Delhi and Bangalore) as on the last working day of the calendar years 1962 and 1963, as well as the financial years 1962-63 and 1963-64. The publication is priced at Rs. 3 only.

PLANS FOR PETRO-CHEMICAL COMPLEXES

PRIVATE SECTOR TO PLAY AN IMPORTANT ROLE

THE petro-chemical sector of the chemical industry has registered phenomenal growth in the Western countries, especially in the United States, in recent decades. As the oil and natural gas industries are in a position to provide feedstocks in large quantities for petro-chemical complexes, the organic raw materials required for a wide range of industries have come to be increasingly manufactured in such complexes in the West. Petro-chemicals have freed industrialists from the limitations of natural products like cellulose, lac, leather, fur, fibre and metals and led to the establishment of plastic and synthetic fibre and rubber industries, as also industries manufacturing paints, automotive chemicals, detergents, agricultural chemicals and speciality products like adhesives, drugs, explosives, perfumes and cosmetics. The petro-chemical industry is thus a basic and vital field of modern manufacturing. But, thanks to the Government's unhelpful attitude towards the petro-chemical projects of some oil refineries and other private parties, virtually no progress has been made so far in this field in India, with the result that the organic chemical plants licensed up till now have had to be based mostly on industrial alcohol and coal tar by-products, instead of on refinery by-products. That the Government of India has lately begun to display active interest in the promotion of this vital industry is, however, a heartening development. Only it is to be hoped that it will not go back to ideological wilderness and dog-in-the-manger policy.

It is noteworthy, in this context, that the public sector Fertiliser Corporation has just finalised its proposal for the construction of a methanol plant—the first of its kind in India—as an adjunct to its Trombay fertiliser plant which is based on refinery gas and naphtha supplied by Burmah-Shell and Esso refineries in Bombay. The methanol plant will utilise synthetic gases produced during the course of fertiliser manufacture in the Trombay fertiliser plant and is expected to commence production in late 1965. When in full production, it will make India self-sufficient in methanol—a key organic chemical which is now wholly imported for use in the manufacture of plastics, drugs, resins, synthetic fibres and dye-stuffs—and contribute to a foreign exchange saving of about Rs. 4 crores per year. Under an agreement concluded with the Government of India on the 19th instant, the U.S. Agency for International Development is to provide a loan of $7.8 million (Rs. 3.7 crores) for the construction of this plant with an annual productive capacity of 33,000 tons. The Fertiliser Corporation of India has also entered into a contract with Girdler Corporation of the United States for the designing, fabrication and erection of the plant.

Mafatlal's Projects

After much frustrating delay, most of which was not of its seeking, the private sector, too, is on the move in the petro-chemical field. The Mafatlal House project, which has been in suspense for more than two years now, has at last been brought to the stage of fruition. This project, which is being promoted by the Standard Mills Co., Ltd, belonging to the Mafatlal group, is likely to be approved by the Government, now that the ideological approach of the former Oil Minister, Mr. K. D. Malaviya, seems to be undergoing some modification. The estimated capital outlay on the project will be Rs. 30 crores with a foreign exchange component of Rs. 14 crores. The new company (National Organic Chemical Industries Ltd.), which is to implement the project, will have an initial issued and paid-up capital of Rs. 10 crores, of which a third is to be taken up by the Mafatlal group, a third by foreign collaborators and a third by the public. Shell International of the United States are the Company's technical and financial collaborators. It is proposed to locate the plant in the Thana-Belapur area in Maharashtra State. The Mafatlal group has also on hand a proposal to launch another venture for the manufacture of finished products like polyethylene from the raw materials supplied by its petro-chemical plant. This related venture, which has been assured of the technical and financial collaboration of a West German firm, will involve a capital outlay of Rs. 8.5 crores. Its capacity will be 20,000 tons per annum. Like the first plant, it will also be located in the Thana-Belapur area. Further details about both the projects, it is stated, will be available to the public early next week.

Another project of the private sector which has already made considerable headway is that of the Union Carbide of India Ltd. In fact, this company will be the first to establish a petro-chemical complex in India. At Trombay, the Union Carbide has already a chemicals and plastics plant, built at a cost of Rs. 4.5 crores. It is now manufacturing, besides such basic organic chemicals as acetic acid, butyl alcohol, butyl acetate and ethyl acetate, the versatile plastic material known as polyethylene. The raw material for all these products is industrial alcohol derived from molasses. But arrangements are already well on hand to switch over to petroleum-based raw materials. The Union Carbide will be the first in India to install a naphtha cracker, involving a capital outlay of Rs. 8.5 crores, which will raise the Company's total outlay in Trombay to Rs. 13 crores. It is said that this plant will offer raw materials sufficient to produce various saleable chemicals and saleable polyethylene at Trombay of nine million kgs. (per annum) each, as compared with the present combined capacity of 6.8 million kgs. of both chemicals and polyethylene. Implementation of this expansion project has already begun with the levelling and grading of an area of about 42 acres of land. It is scheduled to be completed by 1966.

Programme for Fourth Plan

The aforesaid developments—one project in the public sector and two others in the private sector—point to increasing participation by either sector in the petro-chemical field in the years to come. There will be a lot to be done by both the sectors, judging by the capacity projections for products based on petro-chemical raw materials. According to the planning group for the petro-chemical industry, the following capacities would need to be established by 1970-71, that is, the end-year of the fourth Plan:

(In thousand tons)

Product	Capacity Required
Polyethylene	120
Polypropylene	10
P.V.C. resin	110
Vinyl chloride for P.V.C.	115
Nylon	28
Polyster	20
Polyvinyl alcohol	10
Synthetic rubbers	120
Ethanol	315
Benzene	174
Detergent alkylete	20

The third Plan schemes for some products based on organic chemicals are, on the other hand, relatively few and small. It is expected that in the last year (that is, 1965-66) of the current Plan, there will be the following capacities for some products:

(In thousand tons)

Product	Capacity	Production (Estimated)
Polyethelene	12	12
Polyvinyl chloride ...	15	9
Polystyrene	14	10
G.R.S.-rubber	30	24
Methyl alcohol	30	16

It will be seen from the figures in the above two tables that there is a big field open to entrepreneurs who may be interested in establishing the manufacture of a wide range of products based on petro-chemical (organic) raw materials.

As for the manufacture of these petro-chemical raw materials themselves, the planning group, it is noteworthy, is reported to have assigned an important role to private enterprise. The group's idea is that either the responsibility for primary processing of natural gas or naphtha cracking could be assumed by the public sector and the manufacture of ultimate petro-chemicals thrown open to the private sector or the State could develop certain fully integrated petro-chemical complexes and also allow the private sector to push forward on a nearly identical basis. Whichever alternative is ultimately adopted by the Government in its policy for petro-chemicals, there will be need for co-ordination between the public and private sectors, for the petro-chemical industry is of strategic importance and is capable of improving the economics of oil refineries also. As both the public and private sectors are in the field of petroleum refining, the case for allowing petro-chemical complexes to develop on the basis of the respective refineries in either sector would seem to be self-evident. The fact that the Government has already permitted Union Carbide to go ahead with its project for establishing a naphtha cracker plant, which will be fed by naphtha produced by the Esso and Burmah-Shell refineries, shows that it appreciates the merits of this policy.

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Region-wise Picture

The planning group has also outlined a detailed programme for the development of petro-chemical complexes in different centres. At *Bombay* the additional manufacturing schemes envisage capacities of 25,000 tons for polybutadiene synthetic rubber, 5,000 tons of methyl methacrylate resins, 4,000 tons of polybutens, 8,000 tons of propylene oxide for conversion to propylene glycols and subsidiary manufacture of several other chemicals. The possible expansion of the naphtha cracker and petro-chemical projects of Union Carbide, already referred to, has also been suggested. At *Barauni* (where a public sector oil refinery is located) the proposed programme envisages capacities of 25,000 tons of benzene, 11,500 tons of oxylene, 9,000 tons of P-xylene, 25,000 tons of butadiene, 8,000 tons of acrylonitrile, 10,000 tons of propylene, 10,000 tons of nylon intermediates, 25,000 tons of cyclohexane and 18,000 tons of caprolactum.

At *Koyali* in Gujarat (where a public sector oil refinery is being located) one set of schemes is to be linked with a naphtha cracker and another set not to be linked with it. The schemes to be linked with the naphtha cracker envisage supplies of 75,000 to 80,000 tons of ethylene, 48,000 tons of propylene, 40,000 tons of polyethylene, 32,000 tons of vinyl chloride, 20,000 tons of P.V.C., 25,000 tons of styrene, 18,000 tons of polystyrene, 15,000 tons of acrylo-nitrile, 15,000 tons of propylene tetramer, 9,000 tons of butadiene extraction, 30,000 tons of polybutadiene, 17,000 tons of benzene extraction and 15,000 to 20,000 tons of paraffin extraction. The schemes not to be linked with the naphtha cracker envisage capacities of 33,000 tons of benzene, 10,000 tons or orthoxylenes, 8,000 tons of paraxylenes, 21,000 tons of cyclohexane, 15,000 tons of caprolactum, 30,000 tons for butyl rubber and 30,000 tons of isobutane.

The group has suggested schemes of manufacture for the Haldia area (near Calcutta) where a public sector oil refinery is proposed to be located and also for the Madras area for which another public sector refinery is envisaged. At *Haldia* the suggested programme will involve the establishment of capacities of 110,000 tons of ethylene, 50,000 tons of polyethylene, 20,000 tons of ethanol, 20,000 tons of E.P.T. rubber, and so on. At *Madras* the programme envisages, in its first phase, partial oxidation of 100,000 tons of naphtha and manufacture of 30,000 tons of acetylene naphtha 64,000 tons of vinyl chloride, 30,000 tons of P.V.C., 40,000 tons of methanol and 40,000 to 50,000 tons of formaldehyde. In the second phase (to commence operation in 1973), 100,000 tons of ethylene and 44,000 tons of propylene are to be manufactured.

The group has finally made pointed recommendations regarding the optimum size of plants, customs and excise duties, etc. The optimum size of plants, such as those of ethylene, in its opinion, should be increased beyond the levels recommended by the French petroleum expert some time ago. The group has recommended that excise duties or sales taxes should be levied only on the finished marketable products and that import duties on catalysts required by the petro-chemical industry should be removed.

NEW PRODUCTS AND PROCESSES

Development of Supersonic Aircraft

HUNDREDS of tufts of wool are to be fixed over the wing surface of a high-speed research plane to gain airflow data. Known as the "tufting method" of gaining the information, the results will aid the development of the supersonic Anglo-French Concord airliner. In the first full statement on the faster-than sound Type 221 aircraft, the British Aircraft Corporation says that two research methods will be used for studying airflow. One is the tufting method, the second is pressure plotting. Cameras are used in both. In pressure plotting, small instruments record the varying pressures of air passing over the wing and the information recorded on film. In the tufting method, a camera mounted on the fin of the plane films the wing surface and records the movements of the tufts, revealing to experts later the pattern of airflows. The 221 is a slender delta wing plane 57 ft. 6 in. long with a wing span of 25 ft. Powered by a Rolls-Royce Avon turbojet, it will be flying at speeds of up to 1,061 m.p.h. in the research programme.

"Brains" for Space Rockets

A new factory which double-checks the equipment used to check the minute electronic devices providing the "brains" of space rockets, missiles and supersonic aircraft, has gone into production near London. The largest of these devices, containing hundreds of separate parts, are no bigger than a matchbox. Manufacturing tolerances of these electro-mechanical servo mechanims are to the order of one-fifth of a micron. The products themselves are tested for "life" and operational endurance in an environmental department which can stimulate extremes of temperature and tropical conditions including fungal attacks and sandstorms. They form part of the control system of all of Britain's latest aircraft including the TSR-2 and the Anglo-French supersonic airliner Concord. They are also in the equipment of the Blue Streak missile shortly to have its first live firing from the Woomera rocket range in the Australian desert.

Electrical Hygrometer

Extensions to its Leeds (Northern England) headquarters costing nearly £200,000 sterling will mark the first stage of a big expansion scheme planned by the Wool Industries Research Association which has members in India, Australia, New Zealand and Canada. An electrical hygrometer to measure relative humidity inside wool bales and rolls of fabric, and a yarn tension meter for production control in textile processes are two of the more recent devices developed by the Association.

7,000 Million-Volt Machine

'NIMROD', the proton synchrotron recently commissioned at the Rutherford High Energy Laboratory, Chilton, near Didcot, Berkshire, England, will be used for research into the elementary particles which are the fundamental constituents of the physical universe. The synchrotron accelerates particles to an energy of 7 GeV, or 7,000 million electron volts. The rotating machinery for the 'NIMROD' magnet power supply, in the form of a double motor-generator set with flywheels was installed by The English Electric Co. Ltd., at a cost of over £500,000. The double set consists of two 5,100 h.p., 1,000 r.p.m. slipring induction motors and two 90 MVA (Peak) salient-pole alternators arranged in tandem, to give a total peak rating for the set of 180 MVA.

Vibratory Conveyor

A vibratory spiral elevator that can lift sand at a rate of more than 10 tons an hour, requires no maintenance, and can be installed inside an area 4 ft. square, has been developed by a British firm. The elevator is 15 ft. high, although it could be up to 20 ft. high, and consists of a trough 6 in. wide and 3 in. deep, wound in the form of an ascending spiral around a tubular centre column 15 in. in diameter. At the top of the column is a strong framework carrying two flame-proof vibrator motors and the whole unit is suspended by coil springs. An anchored base has rubber buffers to prevent lateral movement without restricting the vibratory action.

Contactless Switch

A new type of contactless switch, developed by a British firm, is claimed to be considerably cheaper than any comparable device at present on the market. It is impervious to oil, dirt and water, has an unlimited operating life and requires no maintenance. In addition, it has none of the undesirable characteristics of moving contact devices, such as contact bounce and the tendency to spark. The switch has transistorised circuits in a U-shaped resin block 2⅜ in. high, 2 in. across and 1⅛ in. deep. Inserting a metal plate between coils in each arm of the block interrupts a magnetic field. This interruption operates an electronic switch. The output power is approximately 27 mW and, depending on the loading, the voltage can rise to a maximum of 20 volts.

Fastest Teletype Relay System

Lockheed Aircraft Corporation, has placed in operation the fastest teletype relay system in the world, designed to save a quarter-million dollars a year in communications expense and to speed a 100-word telegram between California and Georgia in six seconds flat. The first of its kind installed anywhere, the system has been dubbed "instant communications" for multiple point operation. It will provide a new tool for quick management response to scientific, engineering or administrative problems arising in complex major weapon system programmes, according to Mr. Dudley E. Browne, Lockheed Group Vice President for Finance and Administration.

New Semiconductor

The products of basic research are playing an increasingly important part in industrial engineering. Typical examples are semiconductors which are to be found everywhere in modern plants in the form of rectifiers, transistors and thyristors for switching and controlling energy. At the 1964 Hannover Fair, Siemens-Schuckertwerke exhibited a galliumarsenide semiconductor laser which at high current densities emits an intensive, monochromatic, directional beam at the infra-red end of the optical spectrum. High efficiency is obtained in the conversion of electrical energy into radiation. Other exhibits include superconductors which suddenly lose their resistance at temperatures below —255°C. These lend themselves to various interesting applications such as the construction of coils for powerful stationary magnetic fields.

Quicker Road Repairs

Schering A.G., of 170-172, Mullerstrasse, Berlin N.65, says that cracks and potholes in concrete roads can be repaired more quickly than usual if a lining of a synthetic cement is applied to the edges of the hole before the centre is filled in with ordinary cement. The lining greatly increases adhesion between old and new and speeds setting, while the use of a cheaper cement for the bulk keeps costs down.

Improved Glass Fibre

A Swedish inventor, Ernst H. B. Nystroem, of 11, Vasavaegen, Djursholm 2, claims to have developed a way of producing high quality glass fibre free from globules and scraps of non-fibrous glass. The fibre produced in this way is ideal, it is stated, for the production of heat and sound insulating boards and slabs.

Fabrics Have Many Qualities

Societe Rhovyl, of Rue Jean-Goujon, Paris 8e, France, has developed synthetic fabrics which, besides being chemically inert, strong and non-inflammable, have less tendency to shrink when dry-cleaned or washed in boiling water. They are suitable for use in carpets, curtains and clothes and also for industrial purposes as they have electrical, acoustic and thermal insulating properties.

Replacement for Clapboard

Wood fibre, asbestos and cement are combined in a wood-like building material developed by the National Gypsum Company, of 325, Delaware Avenue, Buffalo 2, New York. Intended as a replacement for clapboard siding, it is said to resist both fire and termites.

New Radio Telescope to Aid Satellite Work

A new radio telescope is to be built for the Radio Research Station (Department of Scientific and Industrial Research) by Associated Electrical Industries. It will be like a smaller version—only 82 feet in diameter—of the steerable bowl used at Jodrell Bank. It is scheduled to be completed in 1965 and will be at Chilbolton, between Andover and Winchester. The new telescope will be used chiefly for investigations of radio waves transmitted through the lower atmosphere (troposphere) from satellites and ground stations.

Effective Machine Protection

The trend of developments in the machinery industry brings with it in many cases a demand for flexible couplings for torques which can no longer be attained with standard catalogued sizes. In recognition of this state of affairs, Messrs. Eisenwerk Wülfel, Hanover-Wülfel, have developed their Elco-Coupling for a torque of 150,000 mkp. This is a further development of their successful and well-known highly-flexible compression-sleeve coupling for the resilient connection of drive units and machines. The Elco-Coupling provides effective damping of shocks in the transmission of power, while vibrations are attenuated or eliminated altogether. To a certain extent, parallel or angular misalignment of shafts is also neutralised. With their many-facetted characteristics, Wülfel Elco-Couplings afford lasting protection to machines from fracture and premature wear. The coupling bolts are inserted in the coupling halves with the aid of tapper spigots, due to their size and weight. In this way, an absolutely firm seat is obtained and, at the same time, fitting is made considerably easier.

In Brief

Apparatus for quickly measuring the concentration of industrial effluents and plating solutions, without the need for taking samples, has been devised in Eastern Europe by J. Prusek and M. Machacek, 7 Kladenska, Prague 6, Czechoslovakia.

A Hungarian firm claims to have perfected a way of producing two or more plastic tubes from one. Developer: J. Ferenczi, 62 Meszaros utca, Budapest 1, Hungary.

A new selective weedkiller operates mainly by contact but there is a moderate systemic action as well. Consequently its action is quick. It has been developed by May and Baker, Dagenham, Essex, England.

A way of treating steel used for the cores of transformers so that its magnetic properties are improved and loss of electric power is reduced has been developed by Cie des Ateliers et Forges de Loire, 12 rue de la Rochefoucauld, Paris, France.

A machine which can weld tubes with internal diameters of 10 mm. to the end plates of heat exchangers, condensers and similar equipment at high-speed has been developed by ESAB, Box 850, Goteborg 8, Sweden.

An automatic braking device for retarding the rapid return motion of fast-moving tool carriages or the turret slides of machine tools has been developed by Index-Werke KG, Esslingen, Neckar, Germany.

By pressing together heated foamed-glass pellets, making plates, sheets and tubes suitable for heat insulation is possible on a cheap scale. Information: A. Ahlstrom Osakeyhito, Karhula, Finland.

A grease gun with a hollow handle into which pre-packed cartridges of grease can be screwed is now being made by H. E. J. Fuhrmann, 68 Eschershеimer Landstrasse, Frankfurt, Germany.

A wrench or spanner with a swivelling handle has been devised by a German firm. Information: Tool Importers, 42 Praed Street, Paddington, London, W.2.

A new paint system for the protection of steel ships from corrosion and marine fouling has been developed in East Germany by VVB Lackenfarben, East Berlin, Germany.

A noble metal alloy suitable for thermal deposition of porcelain in the manufacture of dentures has been produced by Deutsche Gold-und-Silberscheideanstalt vormals Roessler, 9 Weissfrauenstrasse, Frankfurt, Germany.

AMAR DYE-CHEM LIMITED

CHAIRMAN, MR. A. K. DOSHI, ON COMPANY'S PROGRESS

PROSPECTS FOR CURRENT YEAR BETTER

IN the course of his speech at the Tenth Annual General Meeting of Amar Dye-Chem Limited, held at Bombay on the 25th June 1964, the Chairman of the Company, Mr. A. K. Doshi, attributed the rise in production costs to increasing wage bill and taxes and to curtailment of production necessitated by the piling up of stocks. He told the shareholders that, though the progress of the Company in 1963 was not very satisfactory, the position since then had improved considerably. Sales had picked up, accumulated stocks had gone down and the financial position of the Company had become easy. The Chairman reported that the exports of dyestuffs were slowly but steadily increasing despite competition from the advanced countries like Germany, U.K., Italy and Japan. He said that there were great potentialities for further expansion of exports; negotiations with Indonesia were in progress at present.

The following is the text of the Chairman's speech:

GENTLEMEN,

On behalf of the Board of Directors, the management of the Company and myself, I have great pleasure in extending to you all a hearty welcome this afternoon on the occasion of the tenth annual general meeting of the Company and placing before you for consideration, the Directors' report on the working of the Company for the year ended 31st December 1963, together with the audited accounts for the period. These have been circulated to you previously and with your permission, I shall take them as read.

Company's Operations

The salient features of the Company's activities are revealed in the Directors' Report, which is already in your hands. You must have observed that the Company's performance during the year 1963 is not as satisfactory as it was in previous years. This was anticipated to be so and the causes which led to the deterioration of Company's profit were reported in my last year's speech and which, unfortunately, continued during the large part of the year 1963. However, the Company has put its best efforts to tide over the past two difficult years and I am very glad to express to you that the working of the Company during the current year has been considerably improved and you can look forward to better results next year.

The reasons for lower profit during the year 1963 have been discussed in detail in the Directors' report.

Besides these, the cost of production during the year 1963 was higher, as we had to curtail production due to piling up of stocks, which can be seen from the following figures:

1961	...	...	...	1,122.5 tonnes
1962	...	...	...	987.2 „
1963	...	...	...	657.2 „

In this connection, I would like to quote the following:

"Judged from any angle, greater production and productivity from the existing resources is an essential prerequisite for economic development."

Thus, it makes it clear that the cause of all our troubles was low production and, having mentioned all the causes already in last year's speech, I would not like to take more of your time to repeat them again. Very fortunately, the situation is now much better as I have already said above.

Sales and Trading Conditions

I am giving below for your information the sales turnover during the first five months of 1963 and 1964:

Period	*Quantity*	*Value*
Jan. to May 1963 ...	247.06 tonnes	Rs. 53,35,917
Jan. to May 1964 ...	362.47 „	„ 81,41,427

Due to improved sales, most of the accumulated stocks have been completely depleted and the financial position of the Company has also become easy. The Company is therefore able to finance its expansion programme through its own resources, besides the increased capital of Rs. 30 lakhs which was raised last December.

The installation of T.P.M. plant is complete and all the items are ready for marketing. There is keen competition in this line of products and therefore it will take some time before the sale picks up. However, the sales of reactive dyes, which is a new range which your Company has brought out and is the first manufacturer of this range of dyes in India, are satisfactory and will contribute to the sales and profits of the Company this year.

Regarding the installation of an intermediate plant, the position remains the same as described last year and there has been absolutely no progress in that direction, except the fact that the new BON acid plant has been functioning since March this year. It is a pity that we have not been able to obtain any Government decision on this subject, although a year has gone by and some decision is promised to us from month to month. In the meantime, the Company is compelled to buy more and more export incentive licences at a premium of 60 per cent, as the raw material licence given to us is quite insufficient.

Rising Cost of Production

The cost of production has been going up from year to year, due to various causes already within your knowledge and which have been brought out on every occasion. During the year under review, there has been further increase in the employers' contribution to provident fund from 6¼ per cent to 8 per cent. The wage bill is continuously increasing due to the increase in cost of living index. Although our wages are consolidated inclusive of dearness allowance, we had to make provision in the last agreement with the workers for dearness allowance in case of increase in cost-of-living index, in fairness to them. There is a shortage of experienced technical personnel in the country and in order to curb the tendency to leave us, we are compelled to upgrade their salaries from time to time.

The report of the Bonus Commission, if accepted by the Government of India, will further add to the burden of the industry, as it envisages a distribution of 60 per cent of available surplus, without making any provision for rehabilitation, surtax and development rebate. This will hardly leave anything for ploughing back out of profits for expansion of the industry. Fortunately, this is going to affect the public sector as much as the private sector and this report has therefore set the Government thinking, and we do hope, they will take a rational view of the whole issue before announcing their decision.

I should also bring it to your notice that in spite of our strong opposition, all the three industrial units in Shahad have been included in the Ulhasnagar Municipal area. This will lead to further burden of taxation like house tax, sanitation tax etc., without the Municipality offering any civic amenities. This has amounted to approximately Rs. 50,000 in the current year and will go up as years pass by. With our strenuous efforts it has been decided to exempt these industries for a period of seven years from the levy of octroi duty.

Exports

I am glad to report that the Company's exports are slowly but steadily increasing and it has gone to Rs. 3,45,370 in the year 1963. This figure may not look so impressive by itself, but you will appreciate that the dyestuff industry is a new one in this country and to build up exports against the competition of advanced countries like Germany, U.K., Italy and Japan is an extremely difficult task and it should be considered creditable that this industry is still contributing its mite to increase exports. During the first five months of this year, this figure has gone up to Rs. 2,73,116 and we expect to improve over the last year's figure substantially during the current year. The quality of the material has been accepted throughout the world without receiving any complaints from any quarters.

The Company has a great potentiality for exports to Indonesia, but they want a very long credit, which our Government finds difficult to extend. We are still in communication with that country as well as with the Government of India and hope that some beginning will be made.

Tariff Commission

There is going to be a Tariff Enquiry during this year after ten years, and we do hope that all the difficulties of the growing industry will be brought out in this enquiry and proper remedies suggested by the Tariff Commission to the Government of India so as to consolidate the progress already achieved and help it to expand further to cover all ranges of dyestuffs and make the country completely self-sufficient in the products which are vitally important to our large textile industry.

Conclusion

Before concluding I should like to offer my sincerest thanks to all my colleagues on the Board for their invaluable support and to all dealers, customers and suppliers of the Company for their ready co-operation and invaluable support during the year under review. On behalf of the Board of Directors and on my own behalf I also express my warm appreciation of the happy relations maintained between the management and labour and the loyalty and devotion of officers and staff of the Company throughout the year 1963.

Note: *The above does not purport to be the proceedings of the Annual General Meeting.*

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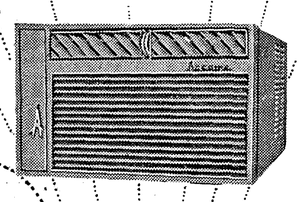

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AMBIKA SILK MILLS COMPANY LIMITED

SILVER JUBILEE YEAR ANNUAL GENERAL MEETING

CHAIRMAN, MR. RAVINDRA MAGANLAL, DEPLORES THE HIGH RATES OF CORPORATE TAXATION

ADDRESSING the Twenty-fifth Annual General Meeting of the Ambika Silk Mills Company Limited, held at Bombay on 22nd June 1964, the Chairman, Mr. Ravindra Maganlal, expressed satisfaction with the Company's progress during the year ended 31st December 1963. He emphasised that, despite the increasing costs of production on all fronts, the Company was able to show an increase of 8.5 per cent in the gross profit. He deplored the increasing rates of corporate taxes, which, he held, were in disregard of contribution of this sector to the development of the country.

The following is the full text of the Chairman's speech:

GENTLEMEN,

I have great pleasure in extending to you a very cordial welcome to this Silver Jubilee year annual general meeting of the Company. I thank you all for attending the same. The Directors' report and the audited accounts for the year 1963 have been in your hands for quite some time and I believe I have your permission to take them as read.

None of us had anticipated the national calamity in the passing away of our beloved Prime Minister, Pandit Jawaharlal Nehru, on the 27th of May 1964, when the invitation was sent to you to attend the 25th annual general meeting of this Company. We are meeting here today under the grim tragedy and shock from which the nation has yet to come out. He was a unifying force at home and peace-making force in the international arena. Under his able leadership, the nation has witnessed progress at home and peace and friendship abroad. The guiding star and architect of modern India is no more with us and yet the march of the nation cannot be stopped. The most befitting tribute we can pay to the departed leader is to follow sincerely his lofty ideals of secularism and socialism, democracy and development, peace and friendship at home and abroad.

We are, however, fortunate enough in witnessing the solid foundation of democracy and unity laid down by our beloved leader. The nation has well demonstrated this in unanimously electing Shri Lal Bahadur Shastri as the new Prime Minister of India. This man of Gandhian outlook and Nehru's teachings will surely finish the unfinished task of our late beloved Prime Minister. Every one of you will join with me in wishing our new Prime Minister every success in his onerous responsibilities.

During the year, we had also the misfortune of losing one of the partners of our Managing Agents, my brother Shri Bipinchandra Mangalal, who breathed his last on the 1st September 1963.

Before we proceed with the agenda of the meeting, I request you all to stand up for two minutes in memory of the departed souls.

Sales

You will be happy to note that your Company's quality fabrics have become the household name in the Indian maket. Mounting figures of sales may well be considered as an index of the rising popularity of your Company's quality products. The sales have gone up by Rs. 5.13 million (from Rs. 17.13 million to Rs. 22.26 million), that is, in other words, an increase of 30 per cent.

Profit and Taxation

Material and manufacturing costs during the year under review have substantially gone up, yet I am happy to say that the gross profit of the Company has gone up by Rs. 2,63,202, that is, a rise of 8.5 per cent over the previous year. I request you to appreciate this rise in profit in this context of increasing cost of production on all fronts. This well reflects, I may please be permitted to say, the vigilance of the management to exercise checks at all levels of manufacturing activities.

Even in the presence of higher profits, you will witness from the report, a curious paradox of smaller disposable surplus. This is essentially due to the fact that we have provided additional sum of Rs. 3,04,000 compared with the previous year, for the national exchequer. Our total tax works out to about 75 per cent of the net profit.

Modernisation and Renovation

In this dynamic world, new inventions and improvements in machines and methods of production are quite often. Modernisation and renovation, therefore, has become a continuous process. The Board of Directors of your Company have always kept this view in mind and consequently they have always been providing for renovation, replacement and modernisation. During the year under report, additions to machinery have been to the tune of Rs. 5,95,265 and further orders of Rs. 8,71,524 have already been placed. This will positively go a long way further in improving the economic working and profitability of the concern. This process of modernisation and renovation is essentially a costly affair and calls for sacrifices at all levels. We have, therefore, thought it fit to plough back whatever maximum possible profits we can under the prevailing circumstances. This explains the smaller dividend this year.

Taxation

We do not deny the need of taxation both for defence and development purposes. It is more so, in the context of developing economy. Much has been said and written in and out of Parliament on the Budgets and various taxation methods. Yet I must say that the raising of the corporate taxation of the closely held manufacturing concerns from 50 per cent to 60 per cent is, to say the least, to ignore their contribution to the development of the country. Every year fresh tax proposals based on grossly inaccurate estimates are presented to Parliament. This is, to say the least, most unjust and unfair.

The last year's budgeted deficit of Rs. 16 crores converted itself into a surplus of Rs. 88 crores. This is a glaring example of inaccurate estimates presented to Parliament. The honest taxpayer legitimately wishes that Parliament be given honest estimates of incomes while inflicting fresh taxes.

Exports

Time and again, stress has been laid on the inevitability of exports. Aid will have to give way to trade in the ultimate analysis. Though the man-made fibre fabric industry has not lagged behind its export drive, the export picture on the whole is far from satisfactory. It is a plain but unpalatable truth that India's share in the world export trade is on the decline. It is a home truth that countries on the threshold of development have little opportunity of diversifying their exports till the time their industrial base has sufficiently widened. It will be impossible for us at least for a decade, to stand against the competition of highly industrialised countries in exporting commodities requiring huge capital outlay and superior technical skill. Unless favourable treatment is bestowed on the developing countries of Asia and Africa, they will not be able to earn substantial foreign exchange through their exports. The solution to this, I believe, lies in the world division of trade. The highly industrialised countries should concentrate themselves on the capital-intensive and highly sophisticated consumer articles, leaving room for the developing countries in the field of semi-manufactured and simple consumer goods. The resources realised by such diversion in the highly industrialised countries may well be utilised towards the other alternative manufacturing activities. This will ensure a sufficient export trade to the developing countries and thereby give them the opportunity to earn their much-needed foreign exchange. A World Conference on trade may well grapple with this problem.

Before I conclude, I would like to thank all my colleagues on the Board who rendered unflinching co-operation throughout the year.

I am happy to say that your Company would receive unsparing co-operation from the members of technical and administrative staff throughout the year. On the labour front, we had a peaceful working. It is the endeavour of the management to create in every employee a sense of pride in being a part of our organisation. I take this opportunity of thanking them all on your behalf.

Gentlemen, now I propose that the report of the Directors and balance sheet together with the profit and loss account for the year ended 31st December, 1963 as audited and certified by the Company's Auditors be and is hereby approved and adopted.

Note: *This does not purport to be a record of the proceedings at the Annual General Meeting.*

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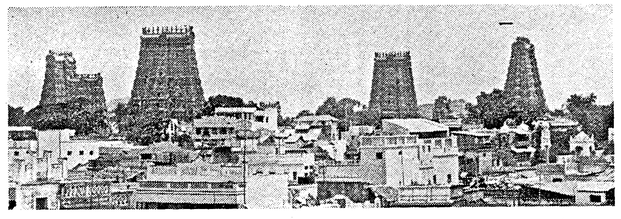

AT 10 A.M. ON MONDAY, THE 22ND JUNE, 1964
BY
Hon'ble Shri M. BHAKTAVATSALAM,
Chief Minister of Madras State
K. S. DUTT, *Chairman.* T. R. BHAGAVAT, *General Manager.*
Swastik

U. P. LETTER

GOVERNMENT SEIZES "KHANDSARI" STOCKS FROM DEALERS

REHABILITATION OF DISPLACED PERSONS

From Our Special Correspondent

LUCKNOW, 24*th June*

THE prices of foodgrains in the different U.P. markets keep on rising. A survey has revealed that, during the past twelve months, foodgrain prices in U.P. have increased, on an average, by Rs. 14 per quintal. As was only to be expected, the prices of some foodgrains have risen more than the prices of other foodgrains. The price of average quality wheat in U.P. markets, for example, is Rs. 56 to Rs. 58 per quintal, as against Rs. 41 per quintal a year ago, while the price of *arhar* is Rs. 72 to Rs. 73 per quintal as against Rs. 51 per quintal a year ago. The main causes of the rise in foodgrain prices are a fall in production by nearly 22 lakh tonnes as compared with the output in 1961, export of gram from U.P. to other States and restrictions on the import of wheat from the Punjab and, above all, defective distribution of the available supplies as between the different markets. The cultivators have not parted with their surplus stocks as quickly and in as large quantities as in the past partly because they can now afford to hold stocks for longer periods and partly because they expect prices to rise still higher in the future. The wholesalers and retailers are not as much to blame for the rising prices as is frequently made out by the Government's spokesmen.

The U.P. *Gur* and *Khandsari* Association and the *Khandsari* Dealers' Association have strongly protested against the U.P. Government seizing the stocks of *khandsari* sugar from dealers in U.P. The stocks seized are privately estimated at 100,000 tonnes and the Government has fixed a price of Rs. 119 per quintal to be paid to dealers for *khandsari* sugar for these stocks, whereas the dealers are said to have purchased *khandsari* sugar at Rs. 150 and above per quintal to supply the bulk consumers and others in the main consuming centres. The Government's justification for seizing the stocks of *khandsari* sugar, as U.P's Food and Civil Supplies Minister Mr. Jagmohan Singh Negi explained to pressmen, is that *khandsari* crystal sugar was being mixed with factory sugar and the dealers were indulging in black-marketing and profiteering. There might have been some stray cases of this kind, but it could not be established that, as a rule, the dealers were indulging in these activities. Uptil now there was no control on the prices of *khandsari* sugar, but its export outside U.P. was banned. The fact appears to be that the *khandsari* producers and dealers were pressing the Government to allow exports of *khandsari* for which there is good demand in markets outside U.P. and refused to sell it to the Government at specified prices. But certainly this should not have led the U.P. Government to adopt the drastic step of seizing stocks at controlled prices which are much lower than the prices which the dealers actually paid for it. The net result of the Government's hasty action has been to inflict heavy losses on dealers of *khandsari* sugar, to create an artificial scarcity of sugar in the open market and to give rise to an avoidable uncertainty about the future. If it was found necessary to control the prices of *khandsari* sugar, it should have been done during the crushing season, so that the diversion of sugarcane from factories to *khandsari* units was reduced and the production of *khandsari* sugar did not get artificially boosted up.

The U.P. Government has announced that bulk consumers will now get factory sugar to the extent of 25 per cent of their monthly sugar quota and *khandsari* for the balance of the quota. This way, according to Mr. Jagmohan Singh Negi, 4,000 tonnes of factory sugar would be released for supply to individual consumers in rural and urban areas. But the implication that the total supply available for distribution to consumers would increase is not valid. To the extent that the individual and bulk consumers were already using *khandsari* sugar, the supply in the open market would be reduced as a result of Government's raid on the stocks of *khandsari* sugar.

Aeronautics (India) Ltd. has taken over the management of the Aircraft Manufacturing Depot at Kanpur. This is the first step in achieving single-line management of the existing two aircraft manufacturing units—one at Kanpur and another at Bangalore run by the Hindustan Aircraft Limited—and the proposed three units for the production of MIG-21 fighter-interceptors. There can be no doubt that single-line management under Aeronautics (India) Ltd. will increase efficiency and reduce the costs of production.

But it is not quite correct to argue that the production programme of the Aircraft Manufacturing Depot at Kanpur was behind schedule due to inefficient management. The Kanpur Depot which started operations in 1959, under a ten-year contract with the British firm of Hawker Siddeley Aviation Ltd., was expected, under the revised programme, to produce two Avros in 1962, 12 in 1963 and 18 in 1964. But so far it has only produced four planes—three in series one and one in series two and five planes are said to be on the assembly line. The planes produced by the Kanpur Depot are of the requisite quality but the production programme could not be kept on schedule and the costs of production could not be kept down because of factors outside the control of the management. It is, indeed, remarkable that the Depot at Kanpur made even this limited progress.

Floods: Government's Failure

The rainy season has arrived but the U.P. Government does not appear to be prepared to meet it. Every year floods in the Rapti, the Ghaghra and the Gandak rivers cause huge damage to the eastern districts of U.P. It is, indeed, rather strange that the Government has failed to take effective action to prevent damage from floods. At a public meeting in Gorakhpur, on the occasion of the visit of the Union Minister for Irrigation and Power, Dr. K. L. Rao, it was pointed out by many speakers that one of the causes of these annual floods is the wrong construction of bunds in the past without proper planning. Some of these bunds have since been abandoned, thereby not only checking the normal flow of water but resulting in the silting of rivers. These bunds have been breached in many places and, when flood water gushes through these narrow breaches, much localised devastation is done. It is necessary to make a thorough survey of these bunds and to get them completely demolished, if they are useless, or to get them repaired if they are serving any worthwhile purpose. It is unfortunate that, in spite of their annual recurrence, the U.P. Government has not succeeded in devising a plan for the desilting of rivers, for constructing reservoirs and gates for controlling the flow of water during floods and for raising the level of the low-lying areas. There are no doubt many difficulties in the way and the thing is easier said than done, but, if a sincere effort is made, there is no reason why the eastern districts could not be protected against damage and loss of life from annual floods.

The public meeting also suggested that, in case of floods, the land revenue of the *kharif* crop in the completely marooned villages should altogether be waived in case there is a loss of 50 per cent of the crop or above, instead of giving the cultivators remissions in land revenue. Gratuitous relief should not be given indiscriminately but only to the destitute. *Taqavi* loans should be given only to those persons who are in a position to repay them. The significance of these suggestions lies in the fact that, in the past, the help given to the victims of floods created fresh difficulties for them and made their lot worse.

Displaced Persons

The rehabilitation in U.P. of displaced persons from East Pakistan is causing some difficulty. The U.P. Government has agreed to rehabilitate 5,000 displaced families, out of which some 1,200 families have already arrived. Since most of these families want to be settled on land and sufficient unoccupied land is not available in U.P., the Government is faced with a problem. Avenues of employment are now being tapped for some of the displaced families in industries in the private sector by the Government subsidising units which agree to give employment to the displaced persons. Such a programme might prove less costly to the Government and quicker in getting employment for the displaced persons. But the scope for even such a programme is necessarily limited and it might result in the unemployment of some of those persons who are already employed in these industries. Moreover, apart from the problem of finding employment, the shortage of housing accommodation, medical facilities and supply of drinking water are causing some discomforts to the displaced families. But these difficulties would soon be overcome. The U.P. Government has submitted for the approval of the Union Government eight schemes for the rehabilitation of displaced persons in the Bareilly, Rampur, Pilibhit and Bijnor districts and in the Tarai region of the Nainital district.

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BIG IRRIGATION PROJECTS

(*Concluded from page* 1107)

satisfied at whatever cost, being a first basic necessity.

If by lower effort and production, that is, less input of capital and labour, prices can be raised by the agricultural sector, it will do so. Production will not, therefore, be maximised in this process, even in peasant farming. For example, if the non-agricultural sector consumes 30 million tons at Rs. 500 a ton, the agricultural sector may reduce the output to 25 million tons and raise the price to Rs. 600 per ton, thus introducing both scarcity and higher price. In this process, the distribution agency may also take a hand. Consequently, the balance of five million tons may have to be imported, wasting precious foreign exchange. Can this analysis throw light, to some extent, at least on the recent high prices of foodstuff and lesser production apart from the vagaries of the monsoon, as well as heavy foreign imports? The question is worth careful study.

This series of three articles reveal that we cannot get away from the fact that, in the present Indian context and with peasant farming, huge reservoir projects may not be suitable. While the cheaper diversion type of projects of the British days may have been all right for peasant farming, the huge and costly projects now being executed may suit only more capital intensive farming of the future with big farms. If, for example, with Rs. 150 crores outlay by the public sector and another Rs. 450 crores outlay by big farmers on huge farms of over 200 acres each, employing tractors, harvesting machines, etc., the output per acre is increased by four times (the per acre yield of rice in America is over 4 times the Indian rate), the income will go up to Rs. 200 crores, giving a ratio of three. Till then, we may have to be content with medium and minor irrigation works or any cheap and available diversion types, which may give us a favourable capital-output ratio.

(*Concluded*)

BENGAL PAPER'S PROGRESS STEADY

FURTHER EXPANSION UNDER WAY

STEADY progress has been made by the Bengal Paper Mill Company Ltd. (Chairman: Mr. N. D. Bangur, Calcutta) during the year ended 31st December 1963. With production reaching a new peak of 22,567 tonnes during the year (as compared with 21,588 tonnes in 1962), net sales (that is, excluding excise, commission and discount) have improved from Rs. 340.42 lakhs to Rs. 359.61 lakhs and the stock of finished goods at close has increased slightly from Rs. 9.04 lakhs to Rs. 9.59 lakhs. The higher production is said to have been due to the improvements effected in the day-to-day operations of the Company's mills and general efficiency, together with a small production of the new paper machine. Gross profit, which had gone up by nearly Rs. 5 lakhs to Rs. 60.03 lakhs in the previous year, has gone up further to Rs. 64.75 lakhs in the year under review. The industry's representations to the Government for an increase in paper prices, since the last increase of Rs. 60 per tonne along with the discontinuance of the rebate of Rs. 40 per tonne in respect of paper supplied in reels, are still under consideration. What has brought about the higher profit is the increase in production. It must also be added that the increase in the cost of raw materials and stores consumed was only marginal from Rs. 155.42 lakhs to Rs. 155.95 lakhs.

While gross profit has risen by Rs. 4.72 lakhs, the net profit has more than doubled from Rs. 16.44 lakhs to Rs. 34.92 lakhs, because the tax provision is *nil*, as against Rs. 30.73 lakhs a year before, in view of (1) a larger provision for depreciation of Rs. 29.83 lakhs as compared with Rs. 12.85 lakhs in the past and (2) the heavy transfer of Rs. 31.40 lakhs, as against only Rs. 1.26 lakh, to development rebate reserve following the completion of the expansion programme on hand. In all, no less than Rs. 31.50 lakhs out of the net profit of Rs. 34.92 lakhs have been carried to reserves. The balance of profit of Rs. 3.42 lakhs has been supplemented with, apart from other credits, a transfer of Rs. 11.35 lakhs from general reserve in order to meet the dividend liability aggregating Rs. 15.38 lakhs. Although the rate of dividend on the 10-rupee ordinary shares has been the same at Rs. 2 per share, the aggregate liability has increased from Rs. 11.50 lakhs to Rs. 13.50 lakhs, because the 180,000 right shares issued on 12th March 1962, which were paid up to Rs. 7.50 per share by the end of the year, as against Rs. 2.50 a year before, have qualified for a higher rate of dividend of Re. 1.50 per share, as against only 50 paisa in the previous year.

The following table shows at a glance the Company's progress in the past four years:

(*In lakhs of rupees*)

	For the year ended 31st December			
	1963	1962	1961	1960
Sales, less excise duty	359.61	340.42	295.09	276.40
Other income	0.43	0.36	0.76	1.35
Stock of finished goods ..	9.59	9.04	9.78	4.98
Materials and stores consumed	155.95	155.42	133.86	126.10
Excise duty paid	70.01	57.18	47.51	40.38
Staff expenses	65.88	59.74	56.91	54.52
Other expenses	74.51	64.85	54.84	48.43
Gross profit	64.75	60.03	55.05	51.91
Secretaries and Treasurers' remuneration	..	..	..	1.07
Depreciation	29.83	12.85	13.62	10.05
Taxation	..	30.73	19.30	18.17
Net profit	34.92	16.44	22.13	22.62
Redemption of debentures ..	0.10	0.10	0.10	0.10
Provisions written back ..	..	..	0.18	0.40
Transfer to reserves	31.50	3.86	5.69	0.79
Dividends—				
Preference	1.88	1.88	1.88	1.88
Ordinary	13.50 (20%)	11.70 (20%)	14.85 (27.5%)	14.40 (32%)
Carry forward	..	0.51	1.40	1.41

Equity Shares' market value (In rupees):	1964	1963	1962	1961	1960
High	28.50	32.56	41.40CR	106.00	107.00
Low	26.00	25.81	32.00XR	84.00	92.50

The new paper machine, stock preparation plant, multi-stage bleaching plant and coal boiler were commissioned during the year according to schedule. The new turbo generator was commissioned in January 1964 and the recovery boiler in May 1964. The mill is now able to produce 100 tonnes of paper per day and efforts are continuously being made to increase the speed of the new paper machine to obtain still better results.

Responding to the Government's invitation to the industry to submit schemes for meeting the shortfall between the actual paper production and the target fixed for the third Plan, the Company submitted and got approved of a scheme for raising its production by 21,000 tonnes per annum. The Directors are satisfied that this further expansion will be advantageous to the Company and accordingly they are closely pursuing the matter.

On the 180,000 ordinary shares referred to above, which were issued at a premium of Rs. 12 per share, the Directors made the second call of Rs. 5.50 per share on 31st July 1963 and the final call of Rs. 5.50 payable on 20th February 1964. Thus, these shares have become fully paid. Further, Rs. 2,67,750 out of the Rs. 30 lakhs 6.25 per cent 1963-70 unsecured convertible loan stock issued last year were converted into 10,710 ordinary shares during the year under review as per terms of the issue. The total ordinary capital as of 1st June 1964 is Rs. 73.07 lakhs. As at the end of the year under review, it stood at Rs. 68.44 lakhs, besides a preference capital of Rs. 26 lakhs. Reserves and surplus total Rs. 95.97 lakhs. Borrowings, excluding Rs. 76.71 lakhs from the I.F.C.I. Ltd. and Rs. 29.34 lakhs under the 1963-70 convertible stock including interest, are shown at Rs. 146.69 lakhs, which together with current liabilities and provisions account for a total short-term indebtedness of Rs. 243.57 lakhs, as against which current assets, book debts and investments aggregate Rs. 250.10 lakhs. The gross block, which has increased during the year from Rs. 300.20 lakhs to Rs. 538.57 lakhs, has been written down to Rs. 304.72 lakhs and the net block is shown (inclusive of capital expenditure on fixed assets under construction) at Rs. 375.22 lakhs.

Currently quoted at Rs. 27.25 *cum-div.*, the Rs. 10 fully paid ordinary shares of the Company offer a net yield of 6.2 per cent per annum.

ESCORTS FARES BETTER

An increase of more than Rs. 100 lakhs in sales from Rs. 344.60 lakhs to Rs. 451.07 lakhs highlights the working results of the Escorts Ltd. (Managing Agents: Messrs. Harparshad and Co. (Private) Ltd., Delhi) for the year ended 31st December 1963. Sales of the Company's and its subsidiaries' own products have gone up from Rs. 129 lakhs to Rs. 264 lakhs, thus justifying the optimism expressed by the Directors in their previous report. But, as expected by the Directors, sales of imported goods have declined and even commission receipts on import of goods have dropped from Rs. 21.29 lakhs to Rs. 9.69 lakhs, thus reducing income from other sources from Rs. 28.58 lakhs to Rs. 17.96 lakhs. The effect of this lower trend in sales of imported goods and the fall in commission receipts is seen in the much limited rise of about Rs. 4 lakhs in gross profit from Rs. 52.84 lakhs to Rs. 56.93 lakhs as compared with the improvement of over Rs. one crore in sales. Net profit at Rs. 24.99 lakhs is higher by Rs. 6 lakhs. But, in spite of this, the dividend on the 10-rupee ordinary shares, which, in the previous year had been maintained at 11 per cent per annum, has been passed over in order to conserve funds for financing the schemes in hand and expansion of the existing plants. The amount transferred to reserves has been raised three-fold from Rs. 7.46 lakhs to Rs. 22.34 lakhs, out of which Rs. 22 lakhs have been carried to general reserve.

The Company's progress in the past four years is summarised in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sales	451.07	344.60	192.88	243.44
Other income	17.96	28.58	55.21	30.04
Stock of finished goods ..	9.69	1.06	0.43	0.96
Materials, components and stores consumed ..	305.14	250.59	165.67	198.91
Staff expenses	50.75	30.99	22.37	19.34
Other expenses	65.44	41.39	29.15	27.71
Gross profit	56.93	52.84	30.38	26.52
Managing Agents' Commission ..	3.63	3.53	2.48	2.24
Depreciation	15.31	10.02	4.56	3.32
Taxation	13.00	18.31	10.00	7.80
Net profit	24.99	18.98	13.34	13.16
Excess provisions written back	2.59	0.13	0.52	0.01
Provisions for previous years ..	1.52	0.70	0.12	0.28
Transfer to reserves	22.34	7.46	3.43	5.74
Dividends—				
Preference	3.06	2.96	2.88	0.80
Ordinary	..	8.01	7.28	6.25
		(11%)	(11%)	(16%)
Carry forward	0.15	0.10	0.12	0.02

Equity shares' market value (In rupees):	1964	1963	1962	1961	1960
High	18.25	18.37	20.00	24.75CR	..
Low	16.75	16.50	18.75	18.50XR	..

The three manufacturing schemes, namely, electro-medical equipment, shock absorbers and heating elements, which were started in November-December 1962, reported output worth Rs. 62 lakhs, in spite of difficulties in obtaining raw materials. While a licence for manufacturing automobile shock absorbers was obtained, foreign exchange difficulties came in the way of getting a licence for importing components and plant and machinery. Inadequate supply of indigenous components, raw materials and limitations of space restricted the Company's assembly and partial manufacture of *Rajdoot* motor cycles to 2,600 units against the target of 4,000. Sales of motor cycles and spare parts fetched Rs. 55 lakhs in 1963. The imported content of the motor cycle sold for Rs. 2,390 has been reduced to Rs. 350 c.i.f. Having covered the manufacture of most of the jigs, tools and fixtures, the Company expects to manufacture a larger number of motor cycles this year. To overcome the effect of restrictions imposed on import of complete tractors, the Company designed and developed its own tractor, with an imported component pack value below that of the licensed manufacturers. The Government has greatly appreciated the Company's efforts in this direction and allowed it to import CKD deletion packs from Poland. An application for an industrial licence is still under consideration.

The subsidiary Goetze (India) Ltd. reported good demand for piston-rings and cylinder liners. It has been allowed to make piston pins. Sharpedge Ltd., another subsidiary, is expected to fare better from the end of this year, after additional machinery is installed. The Company purchased 2,855 equity shares and 200 preference shares of Valsura (P.) Ltd. in 1963 whereby it became a subsidiary. This subsidiary has a fish canning unit at Kandla and has a fairly large order from Government. The New Garage Ltd. was turned into a subsidiary with the purchase of five more equity shares in 1963.

During the year, the Company's paid-up capital increased from Rs. 117.85 lakhs to Rs. 136.05 lakhs, of which Rs. 100.18 lakhs (Rs. 83.78 lakhs in the previous year) are in equity shares and the balance is in two types of preference shares. The equity capital is to be raised further by a one-for-five bonus issue which has been sanctioned already and will not attract tax, as the amount involved is roughly Rs. 20 lakhs. To this extent, the share premium account (shown at Rs. 30.95 lakhs) and reserves and surplus (amounting to Rs. 78.09 lakhs) will be reduced. Short-term loans (the Company has also borrowed Rs. 60 lakhs from the I.F.C.I. Ltd.) of Rs. 141.17 lakhs and current liabilities and provisions amounting to Rs. 400.94 lakhs bring the total short-term indebtedness to Rs. 542.10 lakhs, as against which current assets, loans and advances amount to Rs. 585.90 lakhs and investments to Rs. 22.33 lakhs. The gross block, which rose during the year from Rs. 173.84 lakhs to Rs. 244.45 lakhs, has been written down to Rs. 208 lakhs.

ORISSA CEMENT PAYS DIVIDEND LARGELY FROM RESERVES

The financial results of the Orissa Cement Ltd. [Managing Agents: Messrs. Dalmia Agencies (Private) Ltd., New Delhi] for the past calendar year show a setback in sales from Rs. 589.53 lakhs to Rs. 518.07 lakhs and in gross profit from Rs. 142.19 lakhs to Rs. 62.82 lakhs. Net profit at Rs. 16.34 lakhs is nearly a third of what it was a year before. Out of this, nearly a third, Rs. 5.69 lakhs to be precise (as against Rs. 24.02 lakhs in the previous year), has been carried to reserves. The balance of profit of Rs. 10.66 lakhs is insufficient to cover the preference and ordinary dividends requiring Rs. 24.84 lakhs. So a sum of Rs. 28.56 lakhs has been transferred from general reserve to the dividend reserve, along with the balance of profit. The ordinary dividend has been maintained at the rate of 10 per cent per annum to which level it had been cut last year from 15 per cent per annum paid for the years 1961 and 1960. After payment of dividends, there will be a balance of Rs. 14.38 lakhs to the credit of dividend reserve.

The following table compares the Company's financial results for the past four years:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sale proceeds	518.07	589.53	534.30	434.23
Other income	18.50	8.42	13.77	7.92
Closing stocks	55.24	40.28	54.09	45.76
Materials and stores consumed	222.36	218.19	203.04	148.91
Other expenses	266.35	222.85	193.68	163.74
Gross profit	62.82	142.19	160.59	116.47
Managing Agents' commission	2.09	6.82	8.11	6.92
Depreciation	35.39	36.62	36.82	38.65
Taxation	9.00	51.00	44.00	28.50
Net profit	16.34	47.75	71.66	42.39
Net withdrawal from reserves ..	14.18	..	..	..
To reserves	5.69	24.02	34.99	14.01
Dividends—				
Preference	2.34	2.34	2.34	2.88
Ordinary	22.50 (10%)	22.50 (10%)	33.75 (15%)	33.75 (15%)
Carry forward	..	..	1.11	0.52

Equity shares' market value (In rupees):	1964	1963	1962	1961	1960
High	14.62	15.94	20.32	16.36	15.32
Low	12.87	13.31	15.00	13.00	12.64

According to the Directors the profit has been adversely affected on account of a shortfall in despatches of cement, silica and basic refractories and a general increase in manufacturing costs owing to a lower utilisation of the production capacity in respect of clinker and certain types of refractories and a rise in the cost of raw materials. It may be noted here that the Company was granted, effective as of 1st June 1963, an increase of Rs. 2.75 per tonne in the ex-works retention prices of cement, as against its claim for Rs. 4.44. Since then, costs have gone up further. In addition to these factors, a substantial loss incurred in respect of packing charges for cement under the formula adopted by Government for determining such charges and a provision of Rs. 39.05 lakhs in the accounts for the year under review in respect of electricity charges to be paid for previous years also explain the pretty sharp fall of nearly Rs. 80 lakhs in gross profit in relation to what is but a moderate drop in of Rs. 71 lakhs in turnover.

The following comparative figures—in thousand tonnes—or cement production and despatches in the past three years will give readers an idea of the Company's physical performance:

	1963	1962	1961
Clinker production	339	354	335
Cement production	353	380	373
Cement despatches	353	393	365

Cement production and despatches, we are told, were unusually high in 1961 and 1962 on account of the availability of substantial accumulated stock in addition to production during those years of clinker. The stock of cement and clinker were brought down substantially by the beginning of 1963. As a result despatches during the year were lower. Clinker production could not also attain the 1962 level because of increased stoppages of both the kilns for bricklining and repairs.

There has been a steep downward trend, according to the Company, in the demand for silica bricks since 1961 due to the rapid conversion of open hearth furnaces from silica roof to basic roof. Therefore, despatches of steel quality silica bricks declined during the year from 17,010 tonnes to 4,868 tonnes. The Company was, however, able to manufacture 3,103 tonnes and supply 2,293 tonnes of coke oven silica bricks which were hitherto being imported. Demand for basic refractories has shrunk because of the delay in the steel industry's expansion and its curtailment of stocks. As for fireclay refractories, full kiln capacity cannot be utilised due to lack of balancing equipment.

The second stage of the basic refractory plant's expansion was completed with the installation of an additional heavy duty hydraulic press and by the lighting of the second basic

tunnel kiln on 15th January 1964. The new kiln has been specially designed to fire up to 1,700° C temperature and will be capable of producing superior quality basic roof bricks for the open hearth furnaces. A licence granted to the Company for manufacturing slag cement based on the blast furnace slag which was to be available as a by-product from the Rourkela steel plant was revoked by the Government on 7th January 1964 on the ground that effective steps to install the plant had not been taken within the specified time. The Company, however, found the Rourkela slag unsuitable and pending other arrangements, it suggested that it be supplied granulated slag from Bhilai and/or Jamshedpur, but the Government turned down this suggestion. The disturbances which broke out at Rourkela towards the end of March last and later spread to Rajgangpur affected the Company's works for a week or so.

The Company's paid-up capital, unchanged at Rs. 265 lakhs including Rs. 40 lakhs in preference shares, is backed by reserves and surplus aggregating Rs. 128.18 lakhs, excluding Rs. 24.84 lakhs in the dividend reserve required for meeting the year's dividend liability. Borrowings of Rs. 87.93 lakhs, excluding Rs. 42 lakhs from the I.F.C.I. Ltd. and Rs. 3.92 lakhs from the Government, and current liabilities (including the dividend liability) and provisions amounting to Rs. 193.43 lakhs bring the total short-term indebtedness to Rs. 281.36 lakhs, as against which current assets, book debts and investments aggregate Rs. 323.60 lakhs. The gross block of Rs. 664.19 lakhs (Rs. 629.57 lakhs a year before) has been written down to Rs. 333.50 lakhs. Capital work-in-progress and machinery in transit are shown seperately at Rs. 58.15 lakhs and Rs. 21,483, respectively.

The net yield on the 10-rupee ordinary shares of the Company at their current market value of Rs. 13.19 *cum-div.* is 6.4 per cent per annum.

BRITISH PAINTS STEPS UP DIVIDEND

A gradual and still continuing shift in business from low-priced heavy products to higher-priced lighter products such as enamels, etc., offering an increased sales recovery per tonne of product, and a further curtailment in overhead expenses have enabled British Paints Ltd. (Chairman: Mr. B. Gill, Calcutta) to report excellent results for the year ended 31st December 1963. The realisation from the sale of products, continuing its upward journey, reaching the level of Rs. 268.59 lakhs as against Rs. 235.87 lakhs a year ago. The gross profit has staged a steep rise from Rs. 27.42 lakhs to Rs. 41.04 lakhs, a record figure. The profit-margin (ratio of gross profit to sales), therefore, shows an increase of some 3.7 points to 15.3 per cent. Although essential provisions are logically higher than before—that for depreciation having gone up from Rs. 2.75 lakhs to Rs. 2.78 lakhs and for taxation by Rs. 5.62 lakhs to Rs. 24.70 lakhs—the net profit at Rs. 13.56 lakhs is nevertheless larger by no less than Rs. 7.97 lakhs than that a year ago and has actually doubled during the past two years. Since to this has been added Rs. 2.56 lakhs withdrawn from reserves and past provisions and Rs. 0.28 lakh brought in, the amount available for distribution to equity shareholders—after a credit of Rs. 0.35 lakh (Rs. 0.31 lakh) to miscellaneous provisions—works out to Rs. 16.05 lakhs or roughly three times that available a year ago. This has prompted the Directors to step up the dividend by five points to 15 per cent, subject to deduction of tax, claiming Rs. 7.50 lakhs as against Rs. five lakhs in the previous year.

Considering that a sizable sum of Rs. 8.53 lakhs or more than half the disposable surplus has been credited to reserves, it might be argued that the dividend could well have been stepped up further without causing any serious damage to the financial position of the Company. The Directors, however, report that two considerations weighed heavily with them in not recommending a dividend higher than the one actually proposed. First, no ploughback was possible last year owing to drop in profits and second, funds are urgently needed to finance a few essential expansion schemes which have been already taken in hand. They also hasten to assure the shareholders that these schemes, when completed by the end of the current year would, by easing the flow of men and materials, quicken the pace of production and despatches and would also create a substantial increase in the productive capacity of the Company.

The growth achieved by the Company during the past four years is well reflected in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sales	268.59	235.87	211.33	187.74
Other Income	0.54	0.43	0.62	1.13
Closing stock of finished goods and in transit	24.44	27.26	19.60	21.95
Raw materials consumed ..	120.97	126.07	108.95	101.41
Excise duty	25.04	15.44	12.66	11.55
Other expenses	79.26	75.03	81.99	60.35
Gross profit	41.04	27.42	16.00	16.68
Provision for—				
Depreciation	2.78	2.75	2.88	3.10
Taxation	24.70	19.08	6.40	6.82
Net profit	13.56	5.59	6.72	6.76
Withdrawal from reserves and provisions	2.56	..	1.70	0.43
Miscellaneous provisions ..	0.35	0.31	0.22	..
To reserves	8.53	0.29	1.96	3.63
Dividend..	7.50	5.00	6.25	3.55
	(15%)	(10%)	(12.5%)	(12.5%)
Carry forward	0.02	0.28	0.29	0.21

Notwithstanding the excellent results achieved, the year was not without some disquieting features. For example, there was a shortage of mild steel and tin sheets which restricted business somewhat and has shown so far little indication of improvement during the current year. Shortage of a few essential raw materials also has of late been very acute and continues to exercise an adverse effect on production and sales. Fortunately, this is being counter-balanced by the increasing recognition of the quality of the Company's products for which there is an ever-growing demand and this has prompted the Company to take positive measures for expanding its manufacturing and selling facilities.

Thus, it acquired during the year under review new assets worth Rs. 3.70 lakhs of which Rs. 1.84 lakh represent the cost of additions to the paint factory and Rs. 1.86 lakh of those to the resin factory. These have raised the block account to Rs. 52.36 lakhs which on deduction of the accumulated amount of depreciation yields a net block of Rs. 22.65 lakhs. Current assets, investments and loans and advances aggregate (as on 31st December 1963) Rs. 148.62 lakhs and cover more than two times the outside interest comprising of Rs. 22.10 lakhs as borrowings and Rs. 50.12 lakhs as current liabilities and provisions. The share capital stands unchanged at Rs. 50 lakhs, all in equity shares of Rs. 10 each, but reserves and surplus is higher at Rs. 49.05 lakhs, so that own funds amount to Rs. 99.05 lakhs, as against Rs. 90.86 lakhs a year ago.

The present market quotation for the Rs. 10 ordinary shares of the Company is Rs. 21.00 *cum-div.* On an *ex-div.* basis, the net yield per annum works out to 6.1 per cent.

INDUSTRIAL INVESTMENT TRUST LTD.

An improvement of nearly Rs. one lakh in gross profit from Rs. 7.78 lakhs to Rs. 8.72 lakhs has been reported by the Industrial Investment Trust Ltd. (Chairman: Mr. Maneklal Premchand, Bombay) for the year ended 31st December 1963. The improvement is more apparent than real, especially as the income by way of dividends on shares and interest on debentures and securities has actually receded from Rs. 10.93 lakhs to Rs. 9.54 lakhs, though other receipts have been higher at roughly Rs. 62,000 as compared with about Rs. 16,000 a year before. Further, management expenses have gone up from Rs. 1.04 lakh to Rs. 1.44 lakh. However, what has accounted for the rise in profit is the fact that the previous year's figure was arrived at after taking into account the net loss of Rs. 1.85 lakh on sale or redemption of investments. As against this capital loss of Rs. 1.85 lakh in 1962, adjusted against revenue profit, there was a net capital profit of Rs. 1.78 lakh on sale or redemption of investments in the year under review but the directors have transferred it to capital reserve. If this gain were included in the year's profit, the apparent rise in it would be higher to that extent.

After allowing Rs. 5,353 (Rs. 1,446 a year before) for depreciation and Rs. 2.91 lakhs (Rs. 3.34 lakhs) for taxation, the net profit is higher by Rs. 1.33 lakh at Rs. 5.76 lakhs. But it is not enough to cover the dividend aggregating Rs. 6.50 lakhs at the rate of Rs. 6.50 (the same as for the previous year) on the 100-rupee shares. The shortfall is made good by withdrawing Rs. 73,000 from reserves. The only consolation is that, in the past year, the inroad made into the reserves was much larger. Thus, in addition to Rs. 1.10 lakh withdrawn from reserves, Rs. 69,977 were obtained by way of refunds and write-backs. The surplus carried forward is Rs. 1,890, as against Rs. 3,254 brought in.

The following table shows the changes in the Trust's investments in the past four years:

(Percentage distribution)

	As at 31st December			
	1963	1962	1961	1960
Banks	4.10	4.04	6.58	6.17
Cements	4.51	4.62	3.99	3.82
Chemicals	4.64	2.96	2.43	1.34
Coal	1.96	1.34	1.17	1.09
Cotton and silk	13.43	13.19	12.06	12.93
Electric and trams	3.04	3.01	12.69	15.37
Insurance	1.50	1.57	1.36	1.31
Iron and steel	6.62	6.32	5.63	5.41
Jutes	5.65	7.72	7.67	8.02
Mining	2.15	2.12	1.84	1.96
Miscellaneous	32.08	31.60	26.67	23.96
Oil	..	..	..	..
Paper	3.23	2.62	2.26	2.20
Railways	..	..	..	..
Rubber	0.51	0.51	0.44	0.43
Salt	1.49	1.47	1.27	1.22
Shipping	1.04	1.03	0.97	0.93
Sugar	9.48	9.37	8.24	9.20
Tea	2.68	3.04	2.68	2.63
Telephones	..	..	..	0.02
Government securities ..	2.40	2.37	2.05	1.97
Total ..	100.00	100.00	100.00	100.00
Market value of Trust's own equity of Rs. 100 each (in Rs.)	1963	1962	1961	1960
High	77.00	82.30	81.00	80.00
Low	65.70	72.00	70.00	69.00

It will be seen from the above table that the only significant changes in the Company's portfolio are in tea and jute shares, the percentage investment in which has dropped from 3.04 and 7.72 to 2.68 and 5.65, respectively, and in chemicals and miscellaneous shares, the percentage investment in which has gone up from 2.96 and 31.60 to 4.64 and 32.08, respectively. These changes have apparently been induced by the consideration of improving the income. The total of investments (at or under cost) has, however, declined further to Rs. 122.54 lakhs as at 31st December, 1963 from Rs. 124.06 lakhs a year before and Rs. 143.47 lakhs two years before. The quoted investments amount to Rs. 97.56 lakhs (as against Rs. 102.85 lakhs a year before) and command a market value of Rs. 126.04 lakhs (Rs. 131.39 lakhs). Taking the quoted investments at the market value and the unquoted investments at the book value, the value of the total investments as at 31st December 1963 was higher than the total book value by 23.2 per cent as against 23 per cent as at 31st December 1962. This bears out the care and prudence exercised by the Trust in selecting its portfolio of investments. According to denomination, the investments are classified as: Government securities 4.40 per cent (4.49 per cent in 1962), preference shares 13.08 per cent (13.29) and ordinary shares and stock 82.52 (82.22) per cent. This shows that the cut in investment in Government securities from 9.74 per cent to 4.49 per cent in favour of that in ordinary shares from 75.36 per cent to 82.22 per cent as seen in 1962 has been carried a little further during the year under review. Out of the total investments as at the end of the year, 5.03 per cent (4.97 per cent in 1962) were sterling securities and 94.97 per cent (95.03 per cent) were rupee securities.

STRAW PRODUCTS' NEW FACTORY STARTS YIELDING RESULTS

Appropriately enough, the performance of Straw Products Ltd. (Managing Agents: Messrs. J. K. Agents Pvt. Ltd., Bhopal) in the year ended 31st December 1963—its silver jubilee year—has been heartening. The Company has commenced the payment of dividends on preference shares after a lapse of three years and has cleared the arrears for 1960. Indeed, it could have paid for the remaining three years (that is, 1961, 1962 and 1963 inclusive) as well had not heavy commitments towards deferred payments and repayment of loans with interest thereon compelled the Directors to conserve the available funds. For the same reason, as also because of the arrears of preference dividend, no distribution is being made, for the fourth successive year, to the equity shareholders. It may be recalled here that the Company has had to skip the dividends for these years, because of heavy outlay on a big expansion project. This project has already been completed and the Company should soon be in a position to resume payment of equity dividends also.

With a full year's output of paper from the new factory in Orissa becoming available for sale, the turnover has multiplied more than three times from Rs. 149.16 lakhs to Rs. 453.40 lakhs, of which nearly two-thirds represent the realisation from the sale of paper. The gross sales of boards have also been higher at Rs. 152.88 lakhs as against Rs. 128.93 lakhs, even though the production of straw boards had to be curtailed due to reasons discussed more fully in subsequent paragraphs. Commensurate with the sale proceeds, the gross profit has expanded from a mere Rs. 16.83 lakhs to Rs. 62.20 lakhs. Thus, notwithstanding the various difficulties faced by the industry, the ratio of gross profit to sales (that is, the profit margin) has been bettered from 11.4 per cent to 13.7 per cent. Amongst prior appropriations the provision for the Managing Agents' commission gets the minimum permitted under law, namely, Rs. 50,000, same as in the previous year, but that for depreciation claims as much as Rs. 36.87 lakhs, as against a mere Rs. 6.15 lakhs. As in the past year, no provision has been made for taxation partly because of the arrears of development rebate aggregating Rs. 105.84 lakhs and partly because the depreciation charged in the accounts is substantially less than that available for calculation of the tax liability. After making these essential provisions, there remains a profit of Rs. 24.83 lakhs as against Rs. 10.18 lakhs previously. From this, the Directors have provided Rs. 15.58 lakhs as depreciation arrears for 1962 and have also written off Rs. 3.44 lakhs as underwriting commission and brokerage on issue of share. A sum of Rs. 13 lakhs, as against Rs. 11 lakhs last year, has been credited to reserves while the preference dividend for 1960 claims Rs. 3.06 lakhs.

The working results of the Company for the past four years are set forth in the following comparative table:

(In lakhs of rupees)

	For the year ended 31st December			
	1963	1962	1961	1960
Sales (gross)	453.40	149.16	109.50	96.90
Other income	0.99	4.53	2.85	2.02
Closing stock of finished goods ..	19.95	13.37	8.11	7.42
Raw materials and stores consumed	120.11	39.58	27.14	28.51
Excise duty	84.40	30.46	18.21	13.60
Staff expenses	61.27	26.56	17.28	13.10
Gross profit	62.20	16.83	20.04	14.37
Managing Agents' commission.	0.50	0.50	1.59	0.96
Provision for—				
Depreciation	36.87	6.15	1.92	1.83
Taxation	..	..	8.90	4.30
Net profit	24.83	10.18	7.63	7.28
Withdrawal from reserves and provisions	..	0.64	..	..
Miscellaneous write-offs and provisions	9.02	..	..	6.82
To reserves	13.00	11.00	8.00	0.64
Dividend—				
Preference	3.06*	..	..	..
Ordinary	..	..	..	..
Carry forward	0.18	0.43	0.62	0.44
Market price of ordinary shares (in rupees)	1964	1963	1962	1961	1960
High	10.81	11.06	11.37	11.37	13.19
Low	9.00	8.44	8.75	8.75	11.75

* For the year ended 31st December 1960.

The paper mill in Orissa, which was commissioned ahead of schedule in October 1962 after completion of erection in record time, made commendable progress during the year. After overcoming the teething troubles, the mill reached a high level of production and efficiency within a short time and an output of 15,737 tonnes was achieved. The paper board mill at Bhopal also worked satisfactorily and produced 12,042 tonnes of board, even though production of straw boards had to be curtailed from 6,872 tonnes to 4,463 tonnes due to heavy excise duty which put the mill in a disadvantageous position *vis-a-vis* units producing less than 5,000 tonnes a day. Certain special requirements for defence were also produced by the mill.

The Directors, in their report to the shareholders, refer to the uneconomic pegging of paper prices as against the very considerable rise in the cost of essential chemicals and materials required for production. In spite of the assurances given by the Government that the matter was receiving sympathetic consideration, increase in prices has not been sanctioned so far. The position of new units like the Company's paper mill in Orissa, the Directors say, is all the more difficult, because of the very high capital investment as compared with the older units. This is so, because, while fixing the fair ex-works price of paper, the Tariff Commission has calculated the return on the basis of a capital investment of Rs. 1,100 to Rs. 1,300 per tonne of capacity, while the capital cost of a new unit is as high as Rs. 3,500 per tonne. The present level of prices, therefore, does not allow the new units a margin of profit sufficient even for providing full depreciation at income-tax rates. The excise duty on boards is also heavy and amounts to about 70 per cent of the selling price of a cheap commodity like straw boards. In the Directors' opinion, therefore, unless and until ex-factory prices are increased, the paper industry, as a whole, and the new units, in particular, will continue to suffer.

The Company's financial position is fairly strong. As at 31st December 1963, the share capital remains unchanged at Rs. 214.99 lakhs—of which Rs. 75 lakhs only are in preference shares of Rs. 100 each—but reserves have been strengthened further to Rs. 147.95 lakhs giving total owned funds of Rs. 362.94 lakhs. As against these, outside finance amounts to Rs. 472.84 lakhs, comprising Rs. 142.84 lakhs by way of secured loans and Rs. 330 lakhs of current liabilities and provisions. That this slight imbalance is due to rapid expansion in the capital outlay is seen from the fact that the net block stands as high as Rs. 660.93 lakhs, or nearly twice the amount of own funds, while the gross block account is even higher at Rs. 727.84 lakhs inclusive of additions worth Rs. 14.05 lakhs made during the year. Current assets and loans and advances aggregate Rs. 164.18 lakhs and are too low to cover the outside interest. Investments at book value are a little lower at Rs. 10.70 lakhs as against Rs. 12.25 lakhs a year before.

MAHARASHTRA STATE FINANCIAL CORPORATION

The second annual report of the Maharashtra State Financial Corporation for the year ended 31st March 1964 outlines the further progress made by the Corporation during the year and shows unmistakable signs of the influence of the recommendations of the Reserve Bank's Working Group on S.F.Cs, on both the working and the data furnished in the Report. During the year, 362 fresh applications seeking assistance of Rs. 6.18 crores in the aggregate were received, bringing the total number of applications since the inception of the Corporation to 1,876 for Rs. 34.05 crores. As many as 213 applications for Rs. 3.22 crores were sanctioned during the year, bringing the progressive total of sanctions to Rs. 12.45 crores covered by 842 applications. A sum of Rs. 2.09 crores was disbursed during the year, the progressive total being Rs. 7.65 crores. Repayments during the year amounted to Rs. 0.39 crore, the progressive total being Rs. 1.87 crore. Loans outstanding at the end of the year amounted to Rs. 5.78 crores.

Out of 213 applications sanctioned during 1963-64, 55 were for constructing new premises by existing concerns, 45 for setting up of new concerns and the balance of 113 for completion of programme of expansion and for manufacture of new products.

Although the rate of interest charged by the Corporation was 7½ per cent, the Corporation continued to charge concessional rates of interest going down to 5 per cent with a view to promoting the regional development of small-scale industries, particularly in the underdeveloped areas of the State. A region-wise classification of loans is also provided in the report. Among other details given in the report mention may be made of break-up of the number and amount of loans sanctioned according to (i) small, medium and large concerns and (ii) limited companies, co-operatives, partnerships and proprietory concerns. A classification of the number and amount of loans sanctioned according to the size of each loan, industry-wise classification of the applications received and sanctioned and the detailed position of the stage at which each application rests are also disclosed.

The gross earnings of the Corporation rose from Rs. 25.50 lakhs in the previous year to Rs. 36.31 lakhs during 1963-64. The expenses also rose substantially but not to the same extent, with the result that the profit (subject to taxation) was higher by Rs. 1.31 lakh at Rs. 9.43 lakhs. A provision of Rs. 5 lakhs for taxation has brought the progressive total of tax provisions to Rs. 33.82 lakhs. The guaranteed dividend of 3½ per cent absorbs Rs. 3.50 lakhs out of the surplus and it is gratifying to find that no subvention from the State Government was necessary to pay this dividend. The progressive total of subventions received from the Government and still outstanding has remined unchanged at previous year's level of Rs. 19.39 lakhs to which it had come down from the peak of Rs. 27.59 lakhs reached in 1959-60.

BROCHURE ON PLANNED LIGHTING

Planned lighting, a section of the broad branch of engineering known as Illumination Engineering, is still in infancy in Indian industrial concerns. The Bajaj Electricals Lighting Advisory Service, by publishing an attractive brochure entitled "Planned Lighting" has done a good service to this new branch of engineering, which is a specialised aspect of modern technology and can be perfectly employed to provide scientific lighting for achieving the twin objectives of reducing power consumption and increasing efficiency and productivity in industry. This publication, explaining, as it does, the technical and scientific aspects of the specialised subject of illumination engineering, will be found useful by industrial engineers, architects and interior decorators.

SYNOPSES OF COMPANY REPORTS

Indian Standard Wagon Co., Ltd.

(*Managing Agents*: Messrs. Martin Burn Ltd., Calcutta.)

Annual General Meeting—Held on 26th June 1964.

Working Results:

	For the year ended 31st March (In thousand rupees)	
	1964	1963
Sales of finished and semi-finished goods ..	8,74,55	8,05,00
Closing stock of raw materials	24,28	19,56
,, ,, work-in-progress at prime cost	4,82,98	3,76,98
Gross profit	2,12,30	1,88,59
To Managing Agents' commission	7,50	7,50
Transfer to depreciation	6,77	6,39
,, ,, development rebate statutory servere ..	1,55	82
,, ,, provision for contingencies ..	17,30	Nil
,, ,, ,, taxation ..	1,25,25	1,25,00
Net profit	53,93	46,88
Appropriations:		
Transfer to general development reserve ..	19,04	15,54
,, ,, general reserve ..	12,75	9,50
,, ,, dividend adjustment reserve ..	5,00	5,00
Proposed dividends (taxable) Preference ..	1,79	1,79
,, ,, ,, Ordinary ..	15,59	15,59
	(20%*)	(20%*)
Carry forward	Nil	24

Market value of ordinary shares (in rupees)	1964†	1963	1962
High	38.62	37.00	205.00XR
Low	31.94	28.21	30.50XR

* Includes a cash bonus of 5 per cent. † Upto 12th June 1964.

Extracts from the Directors' report: *Output*: The large output of springs, forgings and wagons was maintained with difficulty as the Company's Works continues to carry on from hand to mouth in respect of materials. This uncertainty in respect of supplies is extremely unsatisfactory and precludes an accurate forecast of results for the current year. However shareholders will notice from the accounts now under review that stocks are greater which means that there is more chance of obtaining matching steel to permit a steady flow of work. The order book remains at its normal satisfactory level.

Accounts in brief as at 31st March 1964 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	98,33,075	Gross block ..	1,52,59,529
Reserves and surplus ..	1,25,90,911	—Depreciation ..	94,86,216
Other liabilities ..	6,06,50,711	Net block	57,72,313
		Block in progress ..	1,23,413
		Current assets ..	7,18,06,971
		Investments ..	2,59,001
		Cash	56,11,999
Rs.	8,30,74,697	Rs.	8,30,74,697

* Paid up capital consists of 7,79,700 equity shares of Rs. 10 each and 19,665—7 per cent cumulative preference shares of Rs. 100 each.

Duncan Brothers and Co., Ltd.

(*Chairman and Managing Director*: Mr. K. P. Goenka, Calcutta.)

Sixty-fifth Annual General Meeting—29th June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales	4,87,36	3,41,24
Commission earned and agency income ..	59,62	52,43
Dividends earned and income from other investments	5,58	3,19
Other income	4,50	6,37
Closing stock	17,17	9,14
Gross profit	44,74	37,13
Transfer to depreciation	1,58	1,35
To loss on investments	2,02	Nil
Transfer to provision for taxation	20,63	16,75
,, ,, ,, ,, Surtax ..	5,52	Nil
,, ,, ,, ,, Super profits tax for 1962	4,15	Nil
Net profit	10,84	19,02
Excess provisions written back	4,30	80
Appropriations:		
Transfer to Capital Redemption reserve ..	1,50	Nil
,, ,, general reserve	Nil	5,00
,, ,, contingencies reserve	Nil	80
,, ,, development rebate reserve ..	24	13
Proposed dividends (taxable) 4% C. Preference ..	2,34	2,34
,, ,, 6% C. R. Preference ..	30	Nil
,, ,, ,, Ordinary ..	12,96*	12,60†
	(21%)	(14%)
Carry forward	22	2,42

* On the increased ordinary capital of Rs. 1,08,00,000.
† On a paid up ordinary capital of Rs. 90,00,000.

Extracts from the Directors' report: *Share Capital*: The *Rights* issue of ordinary shares on the basis of one for five was duly completed during the year and the ordinary dividend will be paid for 1963 on a total of 108,000 shares. The 6 per cent redeemable preference shares were also issued during the course of the year and will rank for *pro rata* 1963 dividend.

General: The financial result for 1963 shows an advance over that of the previous year, and this is mainly attributable to the very successful trading of the jute mills during the year ended 31st March 1963, though other departments have contributed to the satisfactory performance. Unfortunately, however, this achievement has been entirely nullified by the incidence of the new corporate surtax and dividend tax. The surtax, like last year's super profits tax, has the effect of penalising especially those companies, such as your own, which are investing heavily in the development of new projects designed to be of service to the nation. It has been necessary to provide in these accounts for the 1962 super profits tax which could not be determined at the time of closing the previous accounts, but the provision made against contingencies last year is adequate to cover this liability. It should be mentioned that the Company's substantial investments in shares of companies with properties in Pakistan have not received any return during the last few years although all possible steps have been taken to obtain Pakistan Government sanction to the remittance of profits of these companies.

Accounts in brief as at 31st December 1963 are as under:

Liabilities	Rs.	Assets	Rs.
Capital*	1,63,00,000	Gross block ..	43,30,880
Reserves and surplus ..	1,26,89,124	—Depreciation ..	16,00,363
Other liabilities ..	1,19,43,960	Net block	27,30,517
		Investments ..	2,56,07,650
		Current assets ..	1,06,88,017
		Cash	16,06,900
Rs.	4,09,33,084	Rs.	4,09,33,084

* Paid up capital consists of 45,000—4 per cent cumulative preference shares of Rs. 100 each; 10,000—6 per cent. redeemable cumulative preference shares of Rs. 100 each and 1,08,000 ordinary shares of Rs. 100 each.

Balmer Lawrie and Co., Ltd.

(*Chairman and Managing Director*: Mr. C. G. Montgomery, Calcutta.)

Annual General Meeting—29th June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales	9,79,60	9,11,62
Income earned for services rendered ..	84,19	85,98
Income from investments	6,80	7,15
Remuneration as Managing Agents and Secretaries and miscellaneous income	19,56	20,40
Closing stock	46,37	42,75
Closing stock of work-in-progress	1,64	66
Gross profit	51,22	54,66
Transfer to depreciation	3,46	3,03
,, ,, provision for taxation	22,00	22,22
Net profit	24,86	29,41
Appropriations:		
Transfer to development rebate reserve ..	57	79
,, ,, general reserve	6,28	14,12
Interim dividend (taxable) ordinary ..	5,60	5,60
	(7%)	(7%)
Proposed final dividend (taxable) ordinary ..	12,40	14,40
	(15½%)	(18%)
Total ordinary dividend per cent	(22½%)	(25%)
Carry forward	Nil	Nil

Market value of ordinary shares (in rupees)	1964†	1963	1962
High	296.00	264.00	288.00
Low	250.00	239.00	244.50

† Upto 12th June 1964.

Extracts from the Directors' report: *Operations*.—The Company's tea interests were adversely affected by the difficult trading conditions which obtained throughout that industry during the year, but the reduction in profits from that source was partially offset by the improvement in trading profits from other interests. After making provision for the Company's liability to tax under the Companies (Profits) Surtax Act 1964 and for the tax on dividends distributed, the Board has decided to recommend a reduction in the final dividend as compared with last year.

Subsidiary Companies.—

The Bengal Flour Mills Company Ltd.—This company had a satisfactory year and a substantial increase in profit was recorded.

Bridge & Roof Company (India) Ltd.—Although an increase in turnover during the year was recorded, the profit earned by this company was approximately the same as that of the previous year.

British India Electric Construction Company Ltd.—The activities of this company continued to expand and its results for the year were very satisfactory.

Steel Containers Ltd.—This company's output during the year was curtailed by a shortage of raw materials which was reflected in the reduction in the profit earned.

Industrial Containers Ltd.—There was a substantial increase in the production by this company which resulted in a very satisfactory profit for the year.

Hope's Metal Windows (India) Ltd.—This company encountered difficulties in re-establishing its products in a highly competitive market and a loss for the year was incurred.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	80,01,400	Gross block ..	97,20,051
Reserves	1,26,93,254	—Depreciation ..	46,35,240
Other liabilities ..	2,10,07,746	Net block	50,84,811
		Current assets ..	2,63,80,301
		Investments	96,37,487
		Cash	5,99,801
Rs.	4,17,02,400	Rs.	4,17,02,400

* Paid-up capital consists of 80,014 ordinary shares of Rs. 100 each. Of the above 40,007 ordinary shares of Rs. 100 each are allotted as fully paid-up Bonus shares by way of capitalisation of reserves.

Khandelwal Ferro Alloys Ltd.

(*Managing Agents*: Khandelwal Industries Private Ltd., Bombay.)

Sixth Annual General Meeting—Held on 12th June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales	1,20,44	1,20,44
Closing stock	1,50,97	91,64
Gross profit	21,24	17,62
To Managing Agents' remuneration	94	20
Transfer to depreciation	15,62	14,49
Net profit	4,68	2,93
Rebate received on electricity	4,20	Nil
Credit adjustments for previous year	65	1,68
Depreciation written back	Nil	6
Appropriations:		
To adjustment of loss brought forward ..	1,08	4,76
,, ,, for previous year	15	Nil
Transfer to development rebate reserve ..	8,00	Nil
To dividends	Nil	Nil
Carry forward	+ 30	— 1,08

Extracts from the Directors' report: Although the Company showed a profit before the provision

of depreciation since the commencement of production, it is a matter of regret that it has not so far been able to declare a dividend. However, it may be stated here that as a result of the current year's operations, it would be possible to show much more satisfactory working results.

Production: During the year under review the factory could not produce to full capacity, in the absence of a ready market either in the country or abroad to absorb such full production at economic prices. It is, however, a matter of satisfaction that the Government of India have recently concluded a barter deal between the Minerals & Metals Trading Corporation of India Ltd., and the Commodity Credit Corporation of United States Government for an export of 1,28,000 metric tons of Ferro Manganese over a period of eighteen months commencing from about the middle of December 1963 in exchange for U.S. agricultural commodities such as cotton, etc. Under this barter this Company has been allotted 44,000 tons as its share of supply out of the total of 1,28,000 tons. The Company has already made two shipments to the U.S.A. amounting to about 18,500 metric tons.

Steel Tube Mill Project: The Directors have been endeavouring to put up a Steel Tube Mill as a separate unit with a view to improve the financial position of the Company and to offer the benefits of this profitable venture to the shareholders of the Company.

The Government of India have already sanctioned an adequate Belgian Credit to cover the import of plant and machinery from Belgium to be repaid under deferred payment terms over a period of 12 years.. The Industrial Finance Corporation of India have already accorded their approval to: (1) A Guarantee of the Deferred Payment Terms under the Belgian Credit, and (2) A Rupee loan in connection with the construction of the project in India. The Government of India have also issued the necessary import licence for the import of plant and equipment.

Accounts in brief as at 31st December 1963 are as under:

Liabilities	Rs.	Assets	Rs.
Capital*	1,49,13,375	Gross block ..	1,59,23,191
Reserves and surplus	9,29,674	—Depreciation ..	51,63,152
Other liabilities ..	1,59,98,282	Net block	1,07,60,039
		Current assets ..	1,96,15,447
		Investments ..	4,41,294
		Cash	5,03,917
		Miscellaneous expenditure ..	5,20,634
	Rs. 3,18,41,331		Rs. 3,18,41,331

* Paid-up capital consists of 99,995 equity shares of Rs. 100 each and 49,965—7½ per cent (free of tax payable by the company) redeemable cumulative preference shares of Rs. 100 each. Calls in arrears amount to Rs. 83,375. Amount paid up on shares forfeited is Rs. 1,250

Highland Produce Co., Ltd.

(*Managing Agents*: Messrs. A. V. Thomas & CO., Ltd., Alleppey, Kerala.)

Thirty-eighth Annual General Meeting—Held on 24th June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales of tea	32,38	27,90
,, ,, cardamom	3,51	3,21
,, ,, minor produce	3	3
Closing stock of tea and cardamom	4,19	5,10
Gross profit	9,61	9,00
To Managing Agents' remuneration	84	81
Transfer to depreciation	1,02	89
,, ,, provision for taxation	3,50	3,25
Net profit	4,15	4,05
Appropriations:		
Transfer to development rebate reserve ..	25	32
,, ,, general reserve	75	1,00
Proposed dividends (taxable) On Preference ..	20	20
,, ,, ,, Equity ..	2,70	2,70
	(15%)	(15%)
Carry forward	40	16
Market value of equity shares (in rupees):	1964†	1963 1962
High	15.75	15.67 14.10
Low	15.37	12.32 12.30

† Upto 20th June 1964.

Extracts from the Directors' report:

Crop—Tea:

	Estimate	Crop Secured	
	1963 Kgs.	1963 Kgs.	1962 Kgs.
Pasuparai ..	2,60,000	2,92,500	2,81,100
Carady Goody ..	3,75,000	3,92,500	3,89,100
Total ..	6,35,000	6,85,000	6,70,200

The total crop of 6,85,000 kgs. harvested during the year is satisfactory and records an increase of 14,800 kgs. over the previous year's production.

The F.O.B. cost for the year was Rs. 3.18 per kg. as against an estimate of Rs. 2.91 and the all-in-cost was Rs. 3.80 per kg. as against last year's figure of Rs. 3.67. The net average sale price realised was Rs. 4.62 per kg. as against Rs. 4.39 during the previous year.

Cardamom: The quantity of cardamom harvested during the year amounted to 22,510 kgs. as against 26,690 kgs. in the previous year. The cost of production for the year was Rs. 6.54 per kg. as against Rs. 5.97 during the previous year and the average sale price realised was Rs. 13.92 per kg. as against Rs. 12.64 for 1962.

Crop Estimate for 1964:

	Tea (Kgs.)	Cardamom (Kgs.)
Pasuparai	2,75,000	..
Carady Goody	3,80,000	22,500
Total ..	6,55,000	22,500

The policy of fine plucking for tea has been continued and production during the year was satisfactory and exceeded the estimate, as well as the crop during the preceding year. With special attention paid to manufactured and better quality plucking, the average sale price had been higher than that of last year. It is satisfactory that in spite of unfavourable weather conditions during the year, the Company was able to harvest the estimated quantity of cardamom. Sales realisations have also been better.

The Directors have taken up the question of improving the efficiency of the Tea factories by installation of the additional machinery, etc. In this connection it has been decided to take full advantage of the loan facilities granted by the Tea Board under its Hire Purchase Scheme for Tea Machinery.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	21,00,000	Gross block	40,99,988
Reserves and surplus .	15,60,041	—Depreciation ..	9,82,819
Other liabilities ..	12,47,725	Net block	31,17,169
		Current assets ..	11,30,533
		Investments	4,26,680
		Cash	2,33,384
	Rs. 49,07,766		Rs. 49,07,766

* Paid-up capital consists of 30,000—6 per cent income-tax free cumulative preference shares of Rs. 10 each and 1,80,000 Equity shares of Rs. 10 each. Of the above shares 1,20,000 Equity shares are allotted as fully paid up by way of Bohus shares by Capitalisation of reserves and from share Premium Account.

Victoria Mills Ltd.

(*Managing Agents*: Messrs. Mangaldas Mehta & Co. Private Ltd., Bombay.)

Fifty-first Annual General Meeting—Held on 25th June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales of cloth, yarn and waste	2,87,53	2,53,19
Closing stock	35,15	62,31
Gross profit	20,04	18,19
To Managing Agents' remuneration	1,04	50
To National Defence fund and other donations.	18	1,13
To provision for bonus	2,70	1,55
Transfer to depreciation	8,69	8,24
,, ,, development and rehabilitation reserve	8	1,22
,, ,, statutory development rebate reserve	24	3,66
,, ,, provision for taxation	5,25	Nil
Net profit	1,86	1,89
Transfer from dividend reserve	Nil	4,30
Refund of taxes	5	2
Premium under export incentive scheme of past year	4,33	58
Other credit adjustments	8	Nil
Appropriations:		
To payment of Bonus for prior years ..	90	7,19
,, ,, ,, additional wages for past year	15	Nil
,, rebate on cloth sales of past years ..	34	Nil
Transfer to dividend reserve	4,00	Nil
Proposed dividends (taxable) Preference ..	*	46
,, ,, ,, Ordinary ..	*	3,96
	(18%)	(18%

Market value of Ordinary shares (in rupees):	1964†	1963	1962
High	312.50	320.00	473.75
Low	272.50	302.50	410.00

* Dividends for 1963 will be paid out of the Dividend Reserve.)
† Upto 20th June 1964.

Extracts from the Directors' report: The additions to machinery during the year under review have been to the tune of Rs. 6 lakhs, the main additions being as under: 2 *High Draft Fly Frames*, 2 *Drawing Frames* and 4 *Combers*. The last two items mentioned above were received in December 1963 and put into commission in 1964.

The Company has been permitted to increase its installed capacity by 7½ per cent in the case of spindles and 10 per cent in the case of looms. An order for 9 *Ring Frames* (4,104 spindles) has been placed to attain the permitted increase.

A portion admeasuring about 2,933 sq. yds. out of the Company's property at Gamdevi has been agreed to be sold and full price has by now been received by the Company.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	30,00,000	Gross block	1,58,45,522
Reserves and surplus .	69,47,483	—Depreciation ..	94,10,510
Other liabilities ..	1,20,76,121	Net block	64,35,012
		Current assets.. ..	1,53,70,709
		Investments	70,172
		Cash	1,47,711
	Rs. 2,20,23,604		Rs. 2,20,23,604

* Paid-up capital consists of 32,000—5.72 per cent taxable redeemable cumulative preference shares of Rs. 25 each and 22,000 ordinary shares of Rs. 100 each. Of the above, 18,000 Ordinary shares are allotted as fully paid-up, Bonus shares by capitalisation of reserves.

National Tabacco Co. of India Ltd.

(*Managing Agents*: Messrs. B. N. Elias & Co. Private Ltd., Calcutta.)

Thirty-second Annual General Meeting—29th June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales	11,81,42	8,44,47
Miscellaneous sales and sundry receipts ..	92,02	60,61
Closing stock	54,70	73,85
Gross profit	38,93	27,28
To Managing Agents' remuneration	2,94	1,89
Transfer to depreciation	8,78	7,87
,, ,, development rebate reserve	98	41
,, ,, provision for taxation	17,39	8,99
Net profit	8,84	8,12
Balance brought forward	3,61	11,39
Appropriations:		
Transfer to general reserve	Nil	7,61
Proposed dividends (taxable) Preference ..	2,79	2,79
,, ,, ,, Ordinary ..	6,40	5,60
	(8%)	(7%)
Carry forward	3,26	3,61

Market value of Ordinary shares (in rupees):	1964†	1963	1962
High	13.60	13.75	18.37
Low	10.94	10.00	12.31

† Upto 20th June 1964.

Extracts from the Directors' report: The Company's increased turnover has been reflected in a higher consumption of raw materials but holdings have been lower because of larger export sales of unmanufactured tobacco.

Cigarettes: Whilst there has been a nominal drop in the All-India production of cigarettes there has been a noticeable increase in the demand for lower priced cigarettes. The Company had anticipated this change because of the severe Tax Impositions in the 1963 budget and had consequently made an all out effort to establish the popular priced *Number Ten Virginia* cigarettes. The bulk of the Company's increased sales has been in this price group and has been achieved in a shrinking market in spite of increasing pressure from our major competitor.

Regent Filter Tipped cigarettes continue to remain unchallenged as the leading quality filter tipped cigarettes produced in India. The Company has recently introduced *Carlton's Filter-tip* at 60 nP for 10 sticks to cater to a popular price group. The Directors are confident of changes in smoking habits in favour of filter tipped cigarettes, and it would be advantageous to have a filter tipped cigarette, at a reasonable price available to the smoking public.

Unmanufactured Tobacco: The year 1963 set a fresh record for the All-India exports of unmanufactured tobacco. This Company's exports have also shown a larger increase over the previous year. Whilst these increased exports have stemmed mainly from Eastern European countries, the Directors are happy to record the reentry into the Indian tobacco market after several years, of a large buyer from the Far East, whose future demands for Indian tobacco could be sustained.

General: The recent budget announcement contains a small change in the taxation structure of cigarettes. Some tax relief has been given in a particular price category and a small increase made in a lower one. Whilst this new tax structure has given overall relief to most cigarette manufacturers, this Company has not been able to participate in this benefit, as its sales have been confined to the lower group, where tax has been increased.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	1,24,95,000	Gross block	1,76,39,830
4% Debentures ..	12,00,000	—Depreciation ..	1,01,47,234
Reserves and surplus .	1,33,72,536	Net block	74,92,596
Other liabilities ..	1,81,52,933	Current assets ..	3,43,64,440
		Investments	2,20,206
		Cash	31,34,227
	Rs. 4,52,20,469		Rs. 4,52,20,469

* Paid-up capital consists of 7,90,700 ordinary shares of Rs. 10 each; 25,000—5 per cent tax-free redeemable cumulative preference shares of Rs. 100 each and 19,980—4½ per cent tax-free redeemable cumulative preference shares of Rs. 100 each.

Bowreah Cotton Mills Co., Ltd.

(*Managing Agents*: Messrs. Kettlewell Bullen & Co., Ltd., Calcutta.)

Annual General Meeting—29th June 1964.

Working Results:

	For the year ended 31st December (In thousand rupees)	
	1963	1962
Sales of finished goods and yarn	3,36,64	2,63,46
Closing stock of cloth, yarn and waste, etc.	84,76	93,38
Gross profit	38,67	38,57
To Managing Agents' remuneration	1,91	2,28
Transfer to depreciation	18,73	14,55
,, ,, development rebate reserve ..	3,30	3,97
,, ,, provision for taxation	8,75	7,00
Net profit	5,98	10,77
Liabilities of past years written back	33	23
Excess provision for development rebate reserve written back	4	Nil
Appropriations:		
Transfer to general reserve	Nil	5,00
,, debenture sinking fund ..	2,00	Nil
Proposed dividends (taxable) Preference ..	1,17	1,17
,, ,, ,, Ordinary ..	5,04	5,04
	(15%)	(15%)
Carry forward	3	1,94

Market value of Ordinary shares (in rupees):	1964†	1963	1962
High	25.24	26.62	37.50Cm.
Low	22.50	20.00	24.00XR

† Upto 20th June 1964.

Extracts from the Directors' report: Trading results for the period under report have been influenced by the continued voluntary price control of yarn and cloth and the rising trend in the cost of raw materials, labour, power and stores, etc.

This Company has installed new machinery worth Rs. 21.52 lakhs for replacement, modernisation as well as for the diversification of its products. For further modernisation of the mills the orders to the tune of Rs. 21 lakhs are outstanding.

In order to increase the production of yarn and cloth in the country, the Central Government, by way of general permission to the cotton textile industry has sanctioned an increase of additional spindles equivalent to 7½ per cent of their existing spindles and 10 per cent of their installed loomage. The installation of spindles has been completed and that of looms is receiving active consideration of the directors.

The Company has received sanction from the Central Government to produce an additional 20,00,000 yards of printed cloth per year. The construction of the printing shed has been completed and arrangements for the installation of modern cloth printing machinery are being made. The mills are expected to produce printed materials during the current year.

Accounts in brief as at 31st December 1963 are as under:—

Liabilities	Rs.	Assets	Rs.
Capital*	45,60,000	Gross block	2,29,01,724
6½% Debentures ..	20,00,000	—Depreciation ..	1,19,62,230
Reserves and surplus .	45,70,714	Net block	1,09,39,465
Other liabilities ..	1,74,01,594	Block in progress ..	3,75,854
		Current assets ..	1,69,01,666
		Investments	1,06,946
		Cash	1,67,602
		Miscellaneous expenditure	40,775
	Rs. 2,85,32,308		Rs. 2,85,32,308

* Paid-up capital consists of 3,36,000 ordinary shares of Rs. 10 each; 6,000—8 per cent cumulative 'A' Preference shares of Rs. 100 each and 6,000—7 per cent Non-cumulative 'B' preference shares of Rs. 10 each.

NEWS IN BRIEF

A JOINT Indo-Hungarian enterprise has just begun for the construction of a mine blasting fuse factory at Hyderabad. Hungary is supplying building plans and all machinery for the factory, the first of its kind in India. The project is to be completed by the middle of next year.

The road-bridge over the Mahanadi at Cuttack, claimed to be the longest in India, will be opened for traffic on the 28th inst. by the Union Minister for Steel and Mines, Mr. Sanjiva Reddy. The 7,392-foot bridge will form a vital link in the national highway (No. 5), now under construction, connecting Calcutta with Cuttack.

The Coir Board is preparing a scheme envisaging the establishment of a mechanised unit for coir manufactures. The necessary machinery for the unit will be imported from West Germany. The scheme forms part of the Union Government's proposal to mechanise one-third of the matting sector of the coir industry.

The Tea Board has decided to send Tenzing Norkey, the Everest hero, to the United States to popularise Indian tea there. Recently, the Director of Tea Promotion, Tea Board; Mr. K. Venkatachary, visited Tokyo to make arrangements for the presentation of choice Indian tea to the athletes participating in the Olympic Games in October this year.

The Indian Airlines Corporation has signed a contract with the Sud Aviation of France for the purchase of fourth Caravelle aircraft which is expected to be delivered in November this year. With the acquisition of the fourth Caravelle, the I.A.C. hopes to meet the growing requirements of traffic on the trunk routes. According to the General Manager of the I.A.C., Mr. J. S. Parakh, the present rate of utilisation of the Caravelles by I.A.C. is almost the highest in the world.

The Indian Institute of Foreign Trade organised a three-day seminar on handicrafts at New Delhi from 18th to 20th inst. The seminar recommended the establishment of a handicrafts export promotion fund under the auspices of the All-India Handicrafts Board. It is estimated that as against an export of about Rs. 30 crores worth of handicrafts products during the current year, this fund which will amount to Rs. 9 lakhs, providing a nucleus for attracting matching contributions from the Marketing Development Fund of the Government of India.

The heavy machine building plant of the Heavy Engineering Corporation of India at Ranchi will manufacture the entire sixth blast furnace complex for the Bhilai Steel plant. At present, the Bhilai plant has only three blast furnaces with a production capacity of the one million tons. The fourth and fifth furnaces are expected from Russia, and the Heavy Engineering Corporation will supply the sixth one in 1967-68. Meanwhile, the heavy machine building plant will manufacture three blast furnaces for the proposed Bokaro Steel plant which will have an initial production capacity of 15 million tons by 1968. It will also produce a casting machine for the Durgapur plant.

A trade agreement was signed between India and Poland at Warsaw on the 19th inst, following negotiations held at that place between an Indian trade delegation and the Polish Government. Under the agreement, which covers the years 1965 and 1966, the volume of trade between the two countries by 1966 is expected to be of the order of Rs. 3.8 crores both ways. There will be considerable diversification of goods to be exported by India, including engineering goods, cotton textiles, and various items of manufactured goods, besides the expansion of trade in traditional goods, particularly in iron ore, manganese ore, mica, jute goods and tobacco. Poland is also interested in imports of deoiled linseed cakes from India and will export steel, machine tools, textile machinery and various chemicals.

A delegation of Indian paint industries which visited some of the Middle Eastern and African countries has explored the possibilities of stepping up exports besides negotiating foreign collaboration for starting paint factories in those countries. The delegation has succeeded in getting a concrete proposal for technical collaboration from Ethiopia, one firm in Nairobi and another in Baghdad have started preliminary talks for collaboration with Indian manufacturers. As for exports, India's share is about Rs. 3 lakhs out of a total of Rs. 8 crores worth of paints and related products imported by those countries annually. The visit of the delegation has yielded actual orders worth Rs. 2.5 lakhs; prospective orders are estimated to the extent of Rs. 5 lakhs.

The Union Ministry of Works and Housing has raised the maximum amount of loan admissible under the low income group housing scheme from Rs. 8,000 to Rs. 10,000. The rise is a sequel to the recommendation made by the working group on housing co-operatives. The loan-assistance would continue to be restricted to 80 per cent of the cost of a house, including the cost of land, the ceiling admissible now onwards will be Rs. 10,000. The low income group housing scheme is meant for persons whose income does not exceed Rs. 6,000 per annum. The Central Government advances funds to the State Governments which, in turn, grant loans to individuals and co-operatives upto 80 per cent of the cost of a house. Loans can also be given to non-Governmental hospitals, educational trusts, charitable institutions and local bodies for construction of houses for their low paid employees. Since the introduction of the scheme in 1954 up to the end of March 1963, the Central Government has provided a total of Rs. 52.3 crores, in addition to the Rs. 1.82 crore advanced by the Life Insurance Corporation under this scheme. The budget provision under the scheme for the current year is Rs. 3.68 crores. The total number of houses constructed under the scheme upto March 1964 was about 840,000.

The U.S. Government has announced the authorisation of a $25-million (Rs. 11.9 crores) line of credit in favour of the Government of India. The credit will be extended by the U.S. Export-Import Bank. Proceeds of the credit will be used to finance the purchase of American capital equipment and services required by the public or private sectors engaged in development programmes and projects within India. The loan is repayable over a period of 12 years commencing in 1967 and bears an interest at 5½ per cent. Three earlier credits for similar purposes have been authorised by the Bank in favour of the Government of India for a total of $225 million (Rs. 107 crores). These credits also financed capital goods such as mining and construction equipment, transportation and earth-moving equipment, communication equipment and machinery for the textile, aluminium, chemical and automobile industries. The first line of credit for $150 million was extended on 27th February 1958; the second for $50 million on 23rd December 1960; and the third for $25 million on 3rd August 1962. In addition to these non-project loans, the Bank has extended credits to a number of Indian enterprises engaged in the manufacture of diesel locomotives, fertilisers, rayon, chemicals, plastics and forgings. Credits have been used by Air-India to purchase its all-jet fleet. The total amount of assistance extended by the Bank to India now amounts to $368 million (Rs. 175 crores). The Bank's assistance is a part of the U.S. Government aid programme to India which now aggregates to $5,348 million (Rs. 2,547 crores).

* * * *

From Abroad

Messrs. L. M. Ericsson Company of Sweden have signed a contract with the Egyptian Government for supplying telephone components, tools and instruments worth $10,000,000 for the State-operated telephone factory outside Cairo.

The Pakistan Government has decided to establish five or six trade and commercial offices in foreign countries during the next financial year. The New Budget has provided a sum of Rs. 28.94 lakhs for this purpose.

A television broadcasting corporation will shortly be set-up by the Government of Pakistan to run the television stations in the country. The corporation will be an autonomous body with fifty-one per cent of the shares owned by the Government.

Egg production in North American and Western Europe during the current year is expected to be higher than in 1963. When the actual output in these regions was 4,060,000 tons and 3,600,000 tons, respectively. North America accounts for one-third of the world's chicken eggs.

The Governments of Britain and France are considering a proposal envisaging joint geological investigation with a view to speeding up the implementation of the English Channel tunnel project. The total cost of such investigation is estimated at £1-million.

An intensive seismic survey for oil deposits off the Mediterranean shore of Israel has just been launched by Petrocana, a locally incorporated subsidiary of Saneana of Canada. Petrocana, which is entirely foreign financed, has already spent $5-million on offshore prospecting in Israel.

A blueprint for the construction of a 65,000-ton nuclear powered merchant vessel has been presented by a Swedish-Norwegian consortium of leading shipyards called Rederi Atom. The cost of the vessel will be about Kr.66 million ($13,000,000), including Kr.10 million for the light-water reactor unit.

The idea of social insurance has become a reality in Poland. All working people, members of labour co-operatives, cottage industry workers, apprentices of handicraft and industrial workers are insured at present. There are over 8.5 million insured working people. Including their families, the number comes to about 20 million, representing about 65 per cent of the total population of Poland.

Czechoslavakia signed on the 19th inst. a contract for the first loan it will receive from Britain to buy from Britain a complete range of equipment for an ammonia and urea plant, along with necessary patents. The £4-million loan contract was concluded in London by the representatives of the Czechoslavak National Import Agency and the Lazard Brothers Bank. The British Government has underwritten the loan.

The Norwegian Storting (Parliament) has unanimously approved general plans for an economic map project to cover the entire country. The project, which is estimated to cost about £9-million, will be spread over a period of 15 years. It will provide detailed information which can be very useful in planning economic development, new communications and power plants.

PERSONAL

MR C. H. Bhabha, Chairman of the National Shipping Board, has resigned. He was appointed the Board's Chairman a year ago in succession to Mr. G. L. Mehta.

Mr. Govind Narain, Chairman of the Minerals and Metals Corporation of India, is leaving for the United States on 23rd July to explore markets for Indian manganese ore on a long-term basis.

Mr. K. B. Lall, India's Ambassador to Belgium and to the European Economic Community, is likely to be appointed Principal Private Secretary to the Prime Minister, Mr. Lal Bahadur Shastri.

Mr. D. Bose has been re-elected President of the Indian Rubber Industries Association, Bombay, for the current year. Mr. M. M. Patel and Mr. M. S. Vohra have been elected Vice-Presidents.

Mr. M. K. Kidwai, Joint Secretary in the Ministry of Irrigation and Power, has been appointed Ambassador to Saudi Arabia. He is expected to assume charge of the post in November next.

Mr. Wilson M. Compton, Jr., President of the Cameron Machine Company of Dover, New Jersey, has been elected to the Board of Directors of Dorr-Oliver Incorporated, Stamford, Conn., New York, the wholly-owned Indian subsidiary of which is Dorr-Oliver (India) Ltd.

Prime Minister, Mr. Lal Bahadur Shastri, has taken over as Chairman of the Planning Commission. The other Ministers who have been re-appointed as members of the Commission, are Mr. Gulzarilal Nanda, Home Minister, Mr. T. T. Krishnamachari, Finance Minister, Sardar Swaran Singh, Minister for Industry, and Mr. Beliram Bhagat, Minister for Planning. Mr. C. Subramaniam, Minister for Food and Agriculture, has also been appointed as a member of the Commission.

Mr. C. P. A. Garnett, Managing Director of Jenson and Nicholson (India) Limited, will leave for London by air on 28th inst. to attend an International Paint Conference being held by Berger Jenson and Nicholson Limited. The conference, beginning 1st July, will span a ten-day period. It will be attended by delegates from 14 countries. Berger, Jenson and Nicholson Ltd. is the world's largest paint group with a world-wide network of 25 factories serving both industrial and domestic users.

Fifty per cent of the total cost will be subsidised by the State. Provinces and municipalities will pay 30 per cent and ground owners will contribute to the extent of 10 per cent.

While agricultural output in Western Europe and the world, in general, has risen by an average of 30 per cent over the past ten years, farming production in Sweden has remained practically unchanged. Domestic production has been checked through a heavy reduction in labour, which has dropped by more than 50 per cent in the post-war era. A comparison between agricultural producer prices in Sweden and other Western European countries shows that in 1962-63 Swedish prices were on an average 3 per cent higher than those of the E.E.C. countries. However, this average includes somewhat lower Swedish prices for cereals than in E.E.C. In this connection it may be noted, however, that wages in Sweden are much higher than in other European countries.

A proposal for a comprehensive change in Sweden's tax system has been presented recently by an investigating committee. The proposal envisages a combined shift from direct to indirect taxation. The other salient points of the proposal are abolition of the current 6-4 per cent turnover tax and specific taxes, introduction of a 13 per cent "added-value" tax covering a wider field of goods and services, reduction of direct taxes, higher child allowances and payment of certain welfare fees, such as old-age pension fees and certain health insurance fees, by the employer instead of by the individual. The suggested reforms, which are recommended to take effect gradually over the period 1966-70, are expected to alleviate the total tax burden on families with children, while single persons will have to pay more than which they are paying now.

French, American, Russian and Norwegian expeditions will search for oil on Spitsbergen. In addition, purely scientific expeditions from the U.K., Germany, Yugoslavia and Norway will visit the islands. The Russian Company Arctic Ugol, which has mined coal on Spitsbergen for many years, will continue its oil research, although on somewhat smaller scale than last summer when some 100 men took part. The Caltex subsidiary American Overseas Petroleum Company, which has been searching for oil on Spitsbergen since 1960, will send a drilling expert to the islands this summer. Test drilling may start next year if this year's investigations are successful. The French Company, Bureau de Recherches de Petrole, will undertake magnetic and gravimetric as well as geological and geophysical studies. The private Norwegian company, Norsk Polarnavigasjon A/S will continue its test drilling this summer. The Company claims to have found "very promising" layers of oil containing rock. It started test drilling three years ago with very simple equipment.

ELPHINSTONE SPINNING AND WEAVING MILLS CO., LTD.

SPEECH OF CHAIRMAN, MR. N. K. JALAN

HIGHER COTTON OUTPUT AND REVISED PRICES FOR TEXTILES URGED

THE ever-increasing need for raising output of raw cotton was highlighted by Mr. N. K. Jalan, Chairman of the Elphinstone Spinning and Weaving Mills Company Ltd., in his speech at the Forty-fifth Annual General Meeting of the Company held at Bombay on Thursday, 25th June 1964. With the permission granted to the existing units to increase their productive capacity, the demand for cotton, Mr. Jalan declared, was bound to go up. He pointed out how the mills were not in a position to procure cotton to the required extent at reasonable prices even though the ceiling prices for 1962-63 crop and the floor prices for 1963-64 season had been substantially raised. With the country having the lowest *per capita* output of cotton in the world, he strongly urged the adoption of scientific methods of cultivation in order to improve productivity. Mr. Jalan referred to the continuous increase in manufacturing costs and said that, despite such an increase, the mill cloth prices had been stationary since January 1961 when the voluntary price control system was adopted by the industry. He pleaded for an immediate revision of the price fixation formula as the present one had outlived its utility. He also referred to the inadequate supplies of indigenous machinery and called for allotment of more funds for importing the badly required items of machinery.

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

GENTLEMEN,

It gives me great pleasure to welcome you all to this forty-fifth annual general meeting of the Company and, with your permission, I shall take the report and accounts for the year 1963, which have been in your hands for some time now, as read.

We are meeting under the shadow of the greatest catastrophe that has fallen on the country in the loss of our beloved Prime Minister, Pandit Jawaharlal Nehru, who was the jewel of India and the guiding star of the country's destiny for a pretty long period. He had been a source of great strength to the country and the loss to the nation in his sudden demise is irreparable. He was the architect of modern industrial India in that the progress of economic development of the nation can be directly attributed to him. The people will remember him for giving, more than anything else, the most stable government to the nation and laying sound foundations for establishing the largest democracy in the world. It was he who strove hard throughout his life to further the cause of peace in the world and no doubt he will go down in history as one of the wisest among the senior statesmen and leaders devoted to the advancement of human civilisation.

The choice of a successor has fallen very wisely and unanimously on Shri Lal Bahadur Shastri, who is known for his quiet disposition, moderation, integrity, tolerance, mature judgment, yet dynamic ability and a flair for finding solutions to the most complicated problems. Shri Shastri has always identified himself with the hopes and aspirations of the people. I am sure his election would ensure political stability in the country and he will have the enthusiastic and wholehearted support of the entire nation. His unanimous election as our leader goes to prove that the teachings of Mahatma Gandhi and Jawaharlal Nehru for taking united action in times of emergency have been faithfully pursued.

Coming to the affairs of the Company for the year under review, the gross trading profit was Rs. 29,07,662. The working results of the year, I hope, will be considered satisfactory especially in the light of higher costs on all counts and low realisation. Taxable dividend on ordinary shares has been proposed at 18 per cent, same as for the last year.

Production of Cloth

There has been no improvement in the output of cotton textile industry during the past few years. Production of cloth during the year under review was only 4,837 million yards, as against 4,987 million yards and 5,142 million yards during 1962 and 1961, respectively. The existing units were not ordinarily allowed to increase their capacity and the Government was banking more on powerloom production. The uneconomic cost of production also proved a positive deterrent to the increased output in the mill sector.

It is, however, a happy augury that the Government has at long last recognised the necessity of allowing the existing units to increase their capacity and with this end in view has allowed extension of 7½ per cent in spinning and 10 per cent in looms.

Cotton

There was record production of home-grown cotton since independence during 1962-63 season, the total yield turning out to be as much as 57 lakh bales. The crop in 1963-64 is expected to be still better, and the outturn is likely to be in the region of 60 lakh bales. Still, however, there is a very great need for raising the production of cotton to meet the ever-expanding demand of the cotton textile industry and, further so, on account of the expansion of capacity permitted by the Government—but the results achieved so far in this direction are far from satisfactory. In spite of the fact that the ceiling prices for 1962-63 season crop and the floor prices for 1963-64 season were substantially raised, mills were not in a position to procure cotton to the extent required by them and at reasonable prices. It is strongly urged that the traditional methods of farming should be discarded and scientific methods of cultivation be developed and adopted to improve the productivity. Incidentally, it may be noted that production per acre in India is still the lowest as compared with other principal cotton producing countries of the world.

In order to arrest the heavy drain on the country's valuable foreign exchange resources, as a result of importation of long-staple cotton, it is necessary to take some decisive steps to increase the cultivation of this quality inside the country. It will also be necessary to arrange for the imports of cotton on a systematic basis for the production of finer fabrics to make good the shortfall in the domestic production and to advert any consequences of possible cloth shortage.

Cloth Exports

Although our country was able to export a total of 534 million yards of cloth in 1963, as against only 508 million yards in 1962—thanks to the industry's compulsory export obligation scheme—the country's export performance cannot be said to be satisfactory, being much below the export target of 850 million yards. Your mills were able to export approximately 15 per cent of the production of the year, as against about 14 per cent in the preceding year.

Bonus for the year 1962 was paid in December 1963 at the rate of 25 per cent of the basic earnings of the staff and workers, which was at the maximum rate under the agreement arrived at between the Millowners' Association and the Rashtriya Mill Mazdoor Sangh.

The Bonus Commission has already submitted its recommendations to the Government long back and it is still under the consideration of the Government. The main defect of the formula as suggested by the Bonus Commission lies in that the payment of bonus is made to be absolutely unrelated to performance and not in any way linked with the quality and quantity of work that the worker puts in. In other progressive countries, such payment is directly related to productivity. Besides, the recommendations are calculated to especially hit the cotton textile industry, inasmuch as the special requirements of rehabilitation of this industry would not constitute a prior charge for the calculation of bonus under the formula.

It is paradoxical to find that the Bonus Commission has not allowed any amount for rehabilitation as a prior charge for computation of bonus as also the development rebate and surtax. The return at 7 per cent on capital and 4 per cent on reserve used as working capital is much low in the present financial condition of the market. Preference shares give a return of 9½ to 10 per cent. Even debentures give a return of 7½ per cent. The semi-Government loans fetch a return of 4⅜ per cent. In such a state of market, it is ill-conceived to determine a return of 4 per cent on reserve and 7 per cent on capital, while providing nothing for rehabilitation.

In the textile industry, a Rehabilitation Enquiry Commission was set up to enquire into the life of the machinery and the amount of money required for rehabilitation. The amount so determined was colossal, to wit, Rs. 66.4 crores. If no allowance is considered for rehabilitation, how, at a time when the costs of plant and machinery are going up every day, will it be possible to rehabilitate such an old industry?

Rising Cost

In the last few years, I had occasions to refer to the continuously increasing cost of production of this industry. The pressure of higher cost has exerted itself in all directions. The prices of cotton have gone up sharply. The wage bill of the industry has also gone up considerably as a result of the steep increase in the dearness allowance and the increments in the basic wages of the workers awarded in the years 1960 and 1962. Social costs have risen considerably. Employers' contribution to the health insurance scheme of the workers and to the provident fund have been raised. Fringe benefits for workers have been enhanced substantially by the grant of extra casual and privilege leave with wages. Prices of stores, colours and chemicals have also increased. Various new Central, State and Municipal taxes have been imposed on the Bombay cotton mill industry since 1960.

As against this relentless and continuous increase in the manufacturing expenses on all counts, the mill cloth prices have been pegged to the same since January 1961 when the voluntary price control system was adopted by the industry by way of its contribution to the stabilisation of prices. It will, however, be clearly seen that the old formula of fixing the prices of cloth as applied in 1961 has completely outlived its utility and thus needs immediate reorientation.

This price-and-cost inflation has become an institutional feature of our economy and unless positive steps are taken to check the upward thrust of prices and the prices of cloth are allowed to be suitably revised, it would in due course become more and more difficult for mills to face the competition in overseas markets and even to operate on a profitable basis.

Provisions of Last Budget

The Finance Act, 1964, has placed several fresh burdens on the corporate sector. I would especially like to refer to the dividend tax which has sought to curb not only excessive but any distribution by companies by way of dividends on risk capital. This is not reasonable and I would at least urge for a minimum

(Continued on page 1125)

Notice

SHAW WALLACE AND COMPANY LIMITED

DIVIDEND ON PREFERENCE SHARES

THE DIRECTORS HAVE SANCTIONED AN Interim Dividend on the Company's Preference Shares for the year ending 31st December, 1964 at the rate of 2.4975 per share (i.e. Rs. 3/- per share increased in accordance with the provisions of the Preference Shares (Regulation of Dividends) Act, 1960, less Income Tax at the Company's rate of 25 per cent). This dividend will be paid to Members whose names appear in the Company's Preference Share Register on 15th July, 1964 or their mandatees, subject to deduction of tax under Section 194 of the Income Tax Act.

The Preference Share Transfer Register of the Company will be closed from 4th to 15th July, 1964, both days inclusive.

By Order of the Board,
D. A. HOUGHTON,
Calcutta Director & Secretary.

Registered Office:
4, BANKSHALL STREET,
CALCUTTA, 1.
24th June, 1964.

TREND OF MARKETS

MONEY COMFORTABLE

(From Our Own Correspondent)

BOMBAY, *24th June*

Conditions in the short-term money market were very comfortable during the week under review. Funds were available freely, following return flow of money from mofussil centres, and borrowers could obtain their entire requirements without any difficulty whatsoever. Actually, the demand for funds was on a reduced scale, with the result that turnover was somewhat restricted. Inter-bank call rate for both renewals and fresh money was lower at 2½ per cent, whereas, last week, the former stood at 4 per cent and the latter at 3⅜ per cent. Conditions at Calcutta were also comfortable, the call rate declining by a further ¾ per cent to 2¼ per cent.

The distinctly easy tone of the money market is reflected in the following:

1. A sharp fall of Rs. 36.71 crores to Rs. 2,517.28 crores in notes in circulation during the week ended 19th June 1964;

2. A marked decline of Rs. 14.13 crores to Rs. 4.13 crores in loans and advances sought by the scheduled banks from the Reserve Bank;

3. An increase of Rs. 7.49 crores to Rs. 89.21 crores in the deposits of scheduled banks with the Reserve Bank; and

4. Excellent response evoked by the 91-day Government of India Treasury Bills; the total amount offered against the Bills, the tenders for which opened on Tuesday the 23rd inst., was Rs. 4.27 crores, which was more than twice that invited (and also accepted), namely, Rs. 2 crores. The average rate of accepted tenders eased to Rs. 2.995 per cent per annum from Rs. 3.000 per cent which prevailed in the past few weeks. The Intermediate Treasury Bills, too, elicited very good support, the Bills actually sold from the 17th to 20th inst. aggregating as much as Rs. 13.32 crores, as against Rs. 2.20 crores a week before and Rs. 1.29 crore two weeks before.

There was a further drop of Rs. 6.06 crores to Rs. 100.85 crores in India's foreign exchange resources during the week ended 19th June. The decline was accounted for by both foreign securities held in the Issue Department of the Reserve Bank and balances held abroad; the former receded by Rs. 5.00 crores to Rs. 93.46 crores and the latter by Rs. 1.06 crore to Rs. 7.39 crores.

A further fall of Rs. 14.43 crores to Rs. 1,808.94 crores in the total credit made available by scheduled banks to their clients occurred during the week ended 12th June. Their deposits also fell but by only Rs. 5.58 crores to Rs. 2,509.49 crores. Consequently, borrowings from the Reserve Bank receded by Rs. 17.06 crores to Rs. 18.37 crores, of which the share of those against usance bills was Rs. 5.53 crores, a drop of Rs. 2.67 crores. Total cash declined by Rs. 1.55 crore to Rs. 150.57 crores and investments by Rs. 64.66 lakhs to Rs. 619.86 crores.

In the context of the easy money conditions, it was natural that the Gilt-edged securities, especially the short-dated Central loans, should have evoked good support during the week. 3½ per cent 1969 rose by 15 nP to Rs. 98. 3½ per cent 1967 and 3 per cent 1966-68 gathered 10 nP each to Rs. 99.85 and Rs. 98.20, respectively. 2½ per cent 1976 advanced by 50 nP to Rs. 83. 3 per cent non-terminable picked up 25 nP to Rs. 63.50. Among State loans, 4½ per cent 1974 Gujarat spurted by 35 nP to Rs. 99.60 and 4 per cent 1968 Mysore by 20 nP to Rs. 99. 4 per cent 1968 Kerala put on 10 nP to Rs. 98.50.

Market circles are eagerly awaiting the official announcement of the Central Government's loan programme. The annoucement is expected any day now. The 1964-65 budget, it will be recalled, provides for a market borrowing of Rs. 295 crores. Since a sum of Rs. 141.52 crores has already been obtained from the recent conversion offer, the cash loans are expected to aggregate about Rs. 155 crores. The distinctly easy trend now prevailing in the money market is considered propitious for the Centre launching the second tranche of its borrowing programme. The State Governments, too, will enter the market later in the slack season, presumably in the second half of August or early in September. Eleven States have indicated their market borrowing programmes covering a total of Rs. 47 crores (net of redemption of maturing loans and other obligations). It is likely that the actual net borrowings may turn out to be larger, considering that Maharashtra, Punjab and Orissa, which have not indicated their programmes, may also approach the market.

In the foreign exchange market, the banks' selling and buying rates for U.S. dollars improved by 25 nP each to Rs. 475.25 and Rs. 475.75 per $100, respectively. In New York, the pound sterling weakened *vis-a-vis* the dollar, the spot rate declining by 0.120 cent to 279.350-279.380 cents and the three months' forward by 0.100 to 278.970-279.000 cents.

SPURT IN PURE GOLD

(From Our Own Correspondent)

BOMBAY, *24th June*

The firmness of gold bullion noted last week continued unabated this week. Pure gold, in unofficial trading, shot up from Rs. 118 to Rs. 129 per 10 grams. The spurt in gold was due to paucity of stocks, good demand and fall in arrivals. Smuggling activity, it was said, had been nearly paralysed with the commencement of rains. Fourteen carat gold advanced by 25 nP to Rs. 71.50. Sovereign was fully steady at Rs. 92.

Silver showed a different trend this week, shedding some of its gains of last week. This was due to increased daily average arrivals of 25 bars, as against 15 bars last week, whereas the offtake remained unchanged at about 10 bars a day. Thus the white metal of .996 fineness began the week at Rs. 252, same as last week, and receded gradually to Rs. 247.50 today.

The International price for gold at London went up slightly from $35.07⅛ to $35.07⅜ per fine ounce. The sterling price also moved up from 251s. 0½d. to 251s. 1½d. Both ready and forward silver remained unchanged at 111⅛d. and 111⅜d., respectively, as also silver in New York at 129.3 cents.

It is understood that the Central Government has rejected the plea of the All-India Sarafa Association to extend the last date beyond 9th July 1964 for the submission of memoranda to the Select Committee on the Gold Control Bill. The Select Committee has invited comments, memoranda and suggestions from the public concerned to reach them by that date. The Association sought extension of time limit, as it had not received sufficient copies of the Bill to distribute amongst its members. Some members of the trade who are rather upset by the Government's rejection of their plea and have asked the Association to take vigorous steps to put forth its views before the Select Committee in time.

The following table shows the trend of prices during the week under review:

	24-6-64 (closing)	High	Low	17-6-1964 (closing)
SILVER				
Ready (996 fine) ..	Rs. 247.50	Rs. 252.00	Rs. 247.50	Rs. 252.00
GOLD				
Ready (14-carat) ..	71.50	71.50	70.25	71.25
Sovereign ..	92.00*	—	—	92.00*
London—				
Gold	251s. 1½d.	251s.1½d.	250s.11½d.	251s.0½d.
Silver Ready ..	111⅛d.	—	—	111⅛d.
Silver Forward ..	111⅜d.	—	—	111⅜d.
New York—				
Silver	129.3 cents	—	—	129.3 cents

N.B.—The quotation for gold is per 10 grams (about 0.85 tola) and that for silver is per kilogram (85.73 tolas). London and New York quotations are per ounce. * Unofficial rate.

OILSEEDS MOVE UP

(From Our Own Correspondent)

BOMBAY, *24th June*

The most outstanding feature of trading in the oilseeds market during the week under review was the sustained firmness of groundnuts and groundnut oil which rose to touch record high levels. The volume of business was pretty large. Castorseeds were firm almost until the last day when it suffered a moderate reaction. Linseeds, though dull, were well held, but cottonseeds were a neglected counter. Groundnut oil had closed the previous week at around Rs. 22.80 per 10 kg. but was bid up to Rs. 23.90 during the week under review. The undertone was firm. Sentiment in the groundnuts section was induced by the continued demand for oil from *vanaspati* manufacturers who bought sizable quantities almost every day of the week, with the turnover averaging 200 tonnes a day. The provocation for aggressive buying by the industry was due presumably to the fact that *vanaspati* could now be sold at the manufacturers' price following the virtual scrapping of the voluntary control on production. Almost all varieties attracted demand and the turnover was of the order of a thousand bags a day.

Knowledgeable sources feel that, if at all the market is due for a change, it should be for a rise. For one thing, United Kingdom and Continental advices indicate a firm tone. In London, groundnut oil has improved from £113 to £122 per long ton. Secondly, Burma is reported to be an active buyer of Nigerian oil and, evidently, the resellers of this oil are covering their short positions. How important is the influence that Burmese demand exerts on world prices can be inferred from the fact that, while, in 1961, this country imported hardly around 2,000 tonnes of groundnut oil, its offtake in 1963 went up to as much as 4,500 tonnes. During the current year, Burma is credited with having already bought 27,000 tonnes from India and 50,000 tonnes from Nigeria. At present, India does not seem to have much to offer and sellers here are holding off in anticipation of a further rise in prices. It is said that Burma is in the market for a further 50,000 tonnes of oil and a like quantity of seeds. This gives an idea of the probable pressure on world groundnut oil in the days to come.

Operators in castor futures paid scant attention to the imposition of a weekly price range limit of Rs. 2, announced by the Forward Markets Commission on Tuesday this week, and took the September contract to a record high of Rs. 180.50, while bears came forward to cover their short positions. In Kerb, the rate was Rs. 182.50. Against the previous week's closing of Rs. 178.87, the September contract opened at Rs. 179.12 and, after fluctuating in a moderate range, reached Rs. 180.50. The courage of bulls, however, failed on Wednesday when marginal operators liquidated their positions nervously on fears that the F.M.C. was likely to come out with margins. The September contract, as a consequence, declined to Rs. 179.75.

Market men felt that the last minute reaction would prove short-lived provided, of course, no margins were imposed. Factorwise, sentiment continued to be induced by persistent demand from export houses. The United Kingdom was said to be in the market for castor oil and communist countries were also active. Trading in the maturing June contract was mostly of a switchover type.

Prices in the spot section tended to look up and, despite the slight reaction towards the end of the week, closing levels were generally better on balance. Castor Madras small was done at Rs. 35.12, as against the last week's closing of Rs. 34.87. Gujarat small improved from Rs. 34.87 to Rs. 35.12. Cutch small and Kanpur bold ended the week at Rs. 35.12 and Rs. 34.12, respectively, as against Rs. 34.87 and Rs. 33.75 a week before. Castor oil commercial rose over the week by 40 nP to Rs. 14.15 and oil B.S.S. by 30 nP to Rs. 14.75.

Linseeds were dull with the June contract pegged at Rs. 43 per 50 kg. and the volume of business in this contract was rather small. The ceiling in the September contract was raised to Rs. 45 per 50 kg. and the market was hovering just a little below this level at Rs. 44.62.

Lack of interest in linseeds was as it should be, for there was virtually no export business in linseed oil. Price movements were guided mainly by mustard oil which advanced to Rs. 3,000 per tonne in Uttar Pradesh and, in West Bengal, it was quoted around the ceiling of Rs. 3,225. The effective price was said to be higher still.

Cottonseeds were a neglected counter and, there were occasions when rates were not even quoted.

Groundnut expeller cakes also touched a record of Rs. 495 per metric ton in Bombay and extractions were quoted as high as Rs. 415 per metric ton. The main factor was aggressive buying by East European countries. The absence of hedge facilities also compelled extraction manufacturers to bid up prices. Informed sources think that high prices will affect exports. It is said that the United Kingdom has followed the rise rather reluctantly. Currently prices in London are £37/15 for July, £37/10 for August and £37 for August-December.

The following table shows the closing prices of oilseeds and oils on 24th June as compared with those of two previous weeks.

	24-6-1964	17-6-1964	10-6-1964
Groundnuts	Rs.	Rs.	Rs.
Nizam bold	61.25	59.00	58.50
Khandesh quality	62.00	60.50	59.00
Oil ex-mill	24.25	22.95	22.65
Oil Rly. Receipt	23.80	22.65	22.40
Castorseed			
June 1964 contract ..	177.00	176.12	176.25
September 1964 contract ..	179.75	178.87	177.25
Ready Madras	35.12	34.87	34.50
Ready Kanpur	34.12	33.75	33.50
Oil B.S.S.	14.75	14.45	14.55
Oil commercial	14.15	13.75	13.75
Linseed			
June 1964 contract ..	42.97	42.94	42.94
September 1964 contract ..	44.62	44.47	44.06
Bold ready	46.25	45.00	44.75
Linseed oil	19.10	18.30	18.00
Cottonseed			
July 1964 contract	102.00	104.50	105.00

N.B.—All quotations for futures contracts are per 250 kilograms except linseeds for which rates are per 50 kilograms. Spot quotations of seeds are per 50 kilograms and oil per 10 kilograms.

PEPPER STEADY

(Messrs. Parekh and Co.)

BOMBAY, *22nd June*

Despite absence of inquiries either from the U.S.A. or from East European countries, Malabar black pepper was steadily held during the week because of the following reasons:

1. Growers are holding off in anticipation of a fall in demand from the U.S.A. and Europe.

2. Whatever little business is passing in the local market on the coast, it is from stock under loan in the assemblying centres. Whenever the market becomes soft, one of the bulls is making token purchases with a view to supporting the market and keeping up the bullish psychology built up during previous months.

3. Insufficient rain in some part of Malabar has given handle to bulls for making bullish propaganda. Repeated showers in the area have, however, belied the fear of drought and consequent shorter crop. It is too early to forecast the size of new crop at this stage.

4. To sustain the morale of the spot market, the bulls are off and on supporting the futures on both the rings at Cochin and Bombay.

During the week, there was small demand amounting to a couple of bags from Pakistan which was responsible for a slight advance in ready at Bombay. Improvement in ready helped longs in the futures for *Jeth* which otherwise would have gone down because of the proximity of maturity date. Most of the outstanding business in *Jeth* was switched to *Shravan*, after paying *badla* charges of Rs. 14. Bulls who were carrying forward their long positions from one month to another after paying heavy penalty in the form of *badla* charge may soon become disillusioned if no improvement is coming forth during July-August, as, after this period, there will be a very small chance of demand coming from the U.S.A. because, then, the new crop of Lampong will be coming in the market.

Ungarbled, after going down to Rs. 328, improved to Rs. 336, while garbled rallied from Rs. 338 to Rs. 348. The futures on the Cochin ring is moving within a narrow groove with turnover very thin. The futures on the Bombay ring firmed up from Rs. 349 to Rs. 365, owing to short covering and manipulation by long in *Jeth* delivery.

Spot in New York was down from $0.34 to $0.31½ with grinders unwilling to buy without concession. Indonesia is reported to be offering June-July and July-August on the parity of $0.29½ to $0.30. Speculators in New York are reported to be offering Brazilian pepper for August-September at $0.27, but, so far, nothing definite is known.

Singapore is reported steady for black at $(M) 107½, but there are reports that Sarawak is offering black at about 24d. c and f main European ports direct from Sarawak.

The future appears uncertain and is, for all purposes, depending upon the selling policy of Lampong.

Though there are no arrivals of Lampong from Indonesia to Singapore direct, there are rumours

that some parcels of Lampong are reported to have been re-directed either from Japan, Hong Kong or Europe.

Ready pepper in the local market is quoted at Rs. 182.

BLACK LEAF TEA FIRM

[Messrs. Forbes, Ewart and Figgis (Private) Ltd.]

COCHIN, *18th June*

Once again, a larger quantity amounting to 861,000 kgs. was offered in sale No. 24 held on Tuesday the 16th inst. Quality of medium teas was similar to that of last week's offerings, but many highgrowns showed an improvement. Good general demand continued and, where quality was maintained, prices ruled firm. Otherwise, they were irregular and occasionally easier, but there was better support for fannings grades. There was a limited selection of best liquoring nilgiris teas on offer which were sold at irregular rates, but the lesser highgrowns were occasionally dearer where quality was improved; otherwise, they were irregular and sometimes lower. Fannings in these categories encountered strong competition, whereas the more fibrous kinds were sold at further discounts. All medium brokens came to a somewhat irregular market, but the plainer more stalky descriptions were easier. Good medium fannings were fully firm and occasionally dearer, but medium kinds tended lower; low mediums were often dearer. Black leaf sorts came to a fully firm market, as did plainest descriptions. There was generally better enquiry for whole leaf grades, but liquoring descriptions were sometimes easier, as were tippy teas. Unorthodox descriptions ruled firm to dearer.

The quotations (per kg.) were:

	1964	1963
	Rs.	Rs.
Low mediums	4.00-4.40	4.00-4.15
Mediums	4.30-4.60	4.20-4.35
Good mediums	4.60-5.10	4.40-5.10
Nilgiri B.O.P.	4.40-7.20	4.40-5.55

The average price realised in the leaf sale No. 24 was Rs. 4.31 per kilo, as against Rs. 4.32 a week ago and Rs. 4.16 in the corresponding sale last year.

In Dust sale No. 24 held today, 355,000 kgs. were offered. The market met with active demand. Highgrowns were sold well at enhanced rates. Travancores were generally dearer, but Wynaad sorts tended irregular. There was good enquiry for residuals and they were generally sold well. Unorthodox descriptions were somewhat irregular but usually firm.

The average price realised in dust sale No. 24 was Rs. 4.25 per kilo, as against Rs. 4.20 a week ago and Rs. 3.93 in the corresponding sale last year.

Colombo: Just over 7¼ million lbs. were offered this week and the market opened to a fair general demand at rather lower rates for all descriptions except coloury highgrowns and mediums which were firm.

London: *North Indian and other growths*: In Monday's auction, there was fair demand, but, as most of the North Indian teas were of end-of-season description, these came to an irregular and easier market. Ceylon and South Indians: Offerings in Tuesday's sale came to a strong market and prices were fully firm.

As we go to press, Messrs. Forbes, Ewart and Figgis Private Ltd. wire us as follows:

"*Leaf sale No.* 25: 779,000 kgs. Good general demand. Low mediums and mediums irregularly five to ten paise dearer. Good mediums fully firm. Highgrowns irregular but firm. Quality unorthodox dearer. Whole leaf strongest feature."

MILLS BUY MORE RAW JUTE

(From Our Own Correspondent)

CALCUTTA, *23rd June*

With their need to complete the current quota, mills showed more attention in the raw jute market during the week under review. Jute goods were also steadier, as a result of more inquiries from overseas buyers for both hessian and heavy goods, and satisfactory statistical position. Despite the shortage of lighterage, shipments of goods were satisfactory during the week. Internal buying was also swift, and Government of India's tenders for B. twills continued to be featured intermittently. Traders hoped that the earlier expectation of an increase in internal consumption of heavy goods this year would be fulfilled.

Burlap quotations from the New York market were unchanged, and the news that U.S. consumption of burlap last month was only 63.5 million yards, as against 74 million yards in April 1964 and 76 million yards in May 1963, caused disappointment, but, if this failed to leave an impact on prices during the week, the cause was the good business done with the U.S. in hessian. Inquiries indicated that the U.S. buyers preferred to enter into commitments for replenishment of stocks. For they would not have failed to note that, despite their measured support in recent months, hessian prices had remained steady, albeit at lower levels. The U.S. buyers had earlier been reported to be looking forward to a further decline in prices, but, though the mills exhibited anxiety to sell for all positions in recent weeks, they had realised that inviting business by lowering prices further would lead to losses. It is this realisation on the part of overseas buyers that culminated in more overseas inquiries during the week under review, leading to steadier prices. It is, indeed, a disappointment to note that the average monthly consumption of burlap in the U.S. for the first five months of this year has been only 73.04 million yards, as against 78.93 million yards and 76.80 million yards in the corresponding periods of 1963 and 1962, respectively. In the context of the continuing boom in U.S. business conditions, the fall in burlap consumption has led to apprehensions that burlap is giving place to substitutes or that the recourse to bulk handling methods is more rapid than generally believed.

Against this background, the report that a U.S. firm has discovered a synthetic substitute for jute carpet backing cloth has caused real concern. It is on account of the good prospects for jute carpet backing cloth that the mills in India have installed about 2,000 broad looms at considerable capital costs in the last two years. Production of jute carpet backing cloth in India has, however, proceeded faster than demand, but market surveys have led to the conclusion that demand for this speciality in the U.S. would increase rapidly. If now jute carpet backing cloth is to compete with the synthetic substitute, there is the fear that the mills would be prevented from raising production of this speciality to the level of installed capacity. The U.S. firm, it is further reported, has already begun to produce the substitute, which is a non-woven fabric coming from petro-chemicals, on a commercial scale, and proposes to market the same at a comparable price as that of the jute fabric. It is also reported that a number of European and U.S. firms specialising in the petro-chemical industry have planned to use their surplus capacity to produce non-woven fabrics. From Philippines has come the news that research is being undertaken to produce a carpet backing material from abaca. Concern is also entertained from the Pakistani shift of emphasis from sacking to hessian and specialities. At the same time, the revision of export duty on raw jute in Pakistan would enable overseas jute mills dependent on Pakistan fibre to lower production costs, though, for the time being, this possibility is ruled out by the rise in fibre prices in Pakistan.

The publication of May output figures has confirmed the earlier view that the mills' despatches exceeded production. The fall in output to 101,600 tonnes (hessian 43,400 tonnes, sacking 38,500 tonnes, carpet backing 7,400 tones and miscellaneous goods 12,300 tonnes) from 103,700 tonnes in April 1964 (hessian 44,400 tonnes, sacking 39,300 tonnes, carpet backing 7,300 tonnes, and other goods 12,700 tonnes) is explained by the shorter number of hours worked as a result of holidays. Taking into account the stocks at the end of April 1964 amounting to 128,900 tonnes, the total availability in the month was 230,500 tonnes. Stocks at the end of May being 125,000 tonnes, it follows that demand in the month was of the order of 105,500 tonnes, which, in other words, exceeded the month's output by 3,900 tonnes. Such a result, despite difficulties at the Calcutta port, has been noted with satisfaction, but it may as well be that despatches through surface routes against internal consumption have risen. The despatch details for May are, therefore, awaited with interest.

With the marketing of selected grades from the old crop having practically ended, mills showed scattered interest in lower grade jute and mesta. With the breaking of the monsoon during the week in this part of the country, holders of the old crop were anxious to find buyers. The new crop was being offered for forward delivery at Re. 1 per maund higher than the minimum prices, but mills were not prepared to enter into commitments unless quotations came down to the minimum levels. Ready delivery old crop was quoted as follows: Assam bottoms Rs. 30.00; northern bottoms Rs. 29.50; and daisee bottoms Rs. 33.00.

The increased interest shown by overseas buyers led to steadier conditions in goods during the week. While Argentina continued to buy small quantities, U.S. buyers showed sustained interest. Although the fall in U.S. burlap consumption was a disappointment, it was hoped that U.S. buying would gather momentum in the coming weeks. As regards heavy goods, both West Africa and Burma effected substantial purchases. The Government of India continued to issue tenders for B. twills. On Tuesday last, ready hessian 40" 10 oz. fell from Rs. 44.45 to Rs. 44.30 on the news of the fall in U.S. consumption of burlap in May, while ready B. twills rose from Rs. 113.30 to Rs. 113.70 as a result of keen demand for ready goods and steadiness in near-delivery positions. Short-covering in ready goods was a feature on Wednesday and, as a result, hessian 40" 10 oz. recovered to Rs. 44.40 and B. twills gained to Rs. 113.90. At this stage, Government tenders for B. twills pushed up sentiment, and ready B. twills jumped to Rs. 115.00 on Thursday. Hessian 40" 10 oz. was firm at Rs. 44.35. Mills turned sellers at these levels, but, while B. twills eased fractionally to Rs. 114.90, hessian 40" 10 oz. firmed up to Rs. 44.50 on Friday. Over the week-end, a Government tender for B. twills was again a feature, but ready B. twills fractionally eased to Rs. 114.80, since business from other quarters was lacking. However, hessian 40" 10 oz. was better at Rs. 44.45. With B. twills at Rs. 115.40 and hessian 40" 10 oz. at Rs. 44.45, conditions were steadier yesterday, as reports of heavy rains in Assam caused the apprehension if floods would affect the jute crop.

Notice

LARSEN AND TOUBRO LIMITED

Registered Office:

I. C. House, Dougall Road, Ballard Estate BOMBAY-1

NOTICE IS HEREBY GIVEN THAT THE Register of Members and Share Transfer Books of the Company will be closed from Tuesday the 14th July, 1964 to Wednesday the 12th August, 1964, both days inclusive.

By Order of the Board of Directors,

For LARSEN & TOUBRO LIMITED

L. & T. (MANAGEMENT) PRIVATE LIMITED,

N. M. DESAI,
Director,
Managing Agents.

Dated: 27th June, 1964.

FOODGRAINS SHOOT UP

(From Our Own Correspondent)

HAPUR, *22nd June*

All cereals, including pulses, continued to rule firm during the week. Poor arrivals in the face of brisk consumer support were the main influencing factors. Reports of alarming food situation with constant soaring prices of all grains have been received from many parts of U.P. The Chief Minister of U.P. has, however, said that the food situation in the State was well under control. The State Government is reported to have adequate stocks to meet the demand of the consumers, and the number of fair price shops has been increased to 12,879 in May, as against 4,782 in November last. The U.P. Food Minister, Mr. Negi, has suggested that wheat growing States should be asked by the Centre to build up buffer stocks starting with the next *rabi* harvest, and for this a levy system should be adopted as in the case of rice.

Wheat advanced by Rs. 2 to Rs. 2.50 per quintal according to quality during the week on brisk support from east U.P. traders and local consumers. Arrivals were poor and estimated around 1,200 to 1,500 maunds daily and local stocks were put around 2,000 quintals. Average quality was now quoted between Rs. 58.50 to Rs. 62.50, and farm produce between Rs. 64.50 to Rs. 57.50 per quintal against the controlled rate of Rs. 43 per quintal, at fair price shops. Firm trend was witnessed in the rice market also, and the price rose by Re. 1.34 to Rs. 2.50 per quintal according to quality on heavy seasonal demand in the face of poor supply position due to meagre stocks. Week-end prices were:—Rice *basmati* superior Rs. 96.45 to Rs. 99.13; *sela basmati* Rs. 93.77 to Rs. 96.45; *mainpuri* Rs. 75.02; *ramajwayan* Rs. 83.06; *raimunia* Rs. 84.40 and *gadda* Rs. 77.70 per quintal.

Gram firmed up by Rs. 2 to Rs. 2.50 per quintal following the ban imposed on the export of the commodity from Punjab. Later, the U.P. Government also banned the export of gram. Arrivals of gram were small. Local produce was now quoted at Rs. 61.50 and Punjab quality at Rs. 60.50 per quintal. Barley and *bejhar* continued firm on good demand. Barley was now quoted between Rs. 45.50 to Rs. 47.50 and *bejhar* between Rs. 45.50 to Rs. 47.75 per quintal. *Juwar* and *guwar* prices held steady as demand continued for seed purposes. *Methi* ruled quiet, while oats attracted good demand. Week-end prices were:—*Guwar* Rs. 58.94 to Rs. 61.62; *methi* Rs. 52.50 to Rs. 55; maize Rs. 44.25 to Rs. 46.40 and oats Rs. 59 to Rs. 60 per quintal.

Steadier conditions continued in the pulses market and prices in all the sections registered further gains on small arrivals, coupled with meagre stocks. Peas rose by Rs. 2 to Rs. 3 per quintal according to quality and was quoted between Rs. 55 to Rs. 57.50 and farm quality between Rs. 58 to Rs. 60 per quintal. Peas *dal* prices also advanced to Rs. 57.50 per quintal. *Arhar* also ruled firm as stocks with trade were reported to be nominal, and prices now ranged between Rs. 71 and Rs. 75.02 per quintal. *Urd* and *moong* were steadier in sympathy with peas and *arhar*. Other sections also reported a firm trend. Week-end prices were:—*Arhar dal* Rs. 93.77 to Rs. 99.13; *urd dal* Rs. 85.74; *moong dal* Rs. 102.50; *masoor dal* Rs. 84.50; and *gram dal* Rs. 66.98 per quintal.

"KHANDSARI" STOCKS FREEZED

(From Our Own Correspondent)

HAPUR, *22nd June*

A steadier trend was in evidence in the crystal sugar market during the week, as the supply position deteriorated further. Demand continued to be brisk, following freezing of *khandsari* stocks by the State Government. In order to ease the supply position, the U.P. Government proposed to utilised the *khandsari* stocks seized. Sugar in the open market touched a new height upto Rs. 175-Rs. 180 per quintal, as against the controlled price of Rs. 130 and, in retail, the commodity was not available even at Rs. 2 a kilo.

Trading in *khandsari* here as well as in other important centres of Muzaffarnagar, Bareilly and all over U.P. came to a standstill following freezing of stocks by the State Government. Such seizure aggregated over 60,000 tons. Arrangements to distribute these stocks through fair-price shops were being made and, as trade and *khandsari* producers were clamouring for an increase in prices, it was gathered that the U.P. Government was reconsidering the fixation of *khandsari* prices at Rs. 120 per quintal and prices might be enhanced. After the seizure of *khandsari* stocks, *goora* prices touched new heights upto Rs. 2.25 a kilo.

Ready *gur* stayed steady here during the week on revival of demand against import permits received. Week's offtake was four wagon loads mostly to Gujarat and Punjab and local stock shrank to about 14,000 quintals. Daily arrivals from producing ends were small at an average of 200 maunds. Cane crop prospects were fair as yet, but most of it would depend on monsoons which is now expected shortly. *Shakker* was very much in request during the week, due to dearth of sugar in the markets and prices of the commodity touched new heights. Week-end prices (in rupees per 40 kilogram) were:—*Gur pansera* 30; *dara* 29.25; *kotha* selected 30; dry-wet 28.75; *shakker* 31 to 33.50.

After an early improvement, *gur* and *shakker* sustained sharp losses during the week in the Muzaffarnagar market on selling pressure. Despite demand from Gujarat, Maharashtra and Punjab, prices eased by upto Re. 1 per 40 kilogram on fears of Government measures to check the rise in prices of essential commodities. *Gur pansera*, however, attracted support from West Bengal. *Ladoo* quality ran down by Rs. 2 per 40 kilogram on want of support. *Shakker*, too, was depressed and week-end prices (in rupees per 40 kilogram) were:—*Chaku* 31 to 32; *pansera* 30; *khurpapar* 32 to 33; *laddoo* 30 to 33; *shakker* 33 to 41.30.

COTTON FUTURES ERRATIC

(From Our Own Correspondent)

BOMBAY, *24th June*

The buoyancy which prevailed in cotton futures towards the end of last week, continued during the beginning of the week when the Jarilla August Contract touched a high of Rs. 740.75, on buying by speculators influenced by reports of absence of rains in some of the cotton growing tracts. The high level induced profit-taking and the upward momentum received a check. The stern warning issued by the Forward Markets Commission about the unhealthy speculation resulting from the option deals also helped to restrain the rising trend. The warning had a perceptible effect and, on the following day, trading in futures was characterised by a subdued trend. There was some unloading by upcountry operators who had played a very prominent role in the earlier bullish activity. In the latter half of the week, especially towards the close, the Contract moved erratically on alternate bouts of buying and selling.

The Jarilla August Contract which had closed at Rs. 736.25 last week touched a high of Rs. 740.75 on the first day of the week (that is, 18th June) and came down to Rs. 731.25 by the middle of the week, thus losing 9.50 points within a period of four days. The Forward Markets Commission's warning started the downward trend, which was accentuated by reports of good rains in Akola, Marathwada, Berar and Vidharbha districts. Thereafter, the Contract moved forward, subject to irregular fluctuations, to touch Rs. 740 again on Wednesday, before closing lower at Rs. 736. Bear-covering at the lower levels, firmness of other markets like that of oilseeds, and encouraging advices from the spot market tended to pull the Contract upwards, while the desire to book quick profits by the bulls prevented a continuously rising trend.

At the Sewri spot market except for some moderate activity, there was no special development. Domestic varieties were in restricted demand from the mills. Selected lots of L.147, Co2, Laxmi and Digvijay varieties changed hands. Towards the end of the week, trading became thin. The following are the latest available quotations for some of the popular varieties:

Dhulia Rs. 1,055; Hubli Laxmi Rs. 1,141; Khamgaon Rs. 1,010; and Nagar Co2 Rs. 1,101.

Among foreign varieties some stray business was transacted in Sudan cotton for July shipment. Though spinners' interest in Egyptian was keen, no actual business was reported in absence of finalisation of the Indo-Egyptian Trade Agreement. Export business was at a standstill. Japan and other importing countries preferred to wait and see as to what India would do in regard to the export duty on cotton. The East India Cotton Association is said to have moved the Ministry of Commerce for the abolition of export duty on cotton, as a sequel to the reduction of duty on cotton by 40 per cent in Pakistan. The Association has also advised the Government to give a rebate of 50 per cent in the railway freight on cotton exports, as freight rates in Pakistan are much lower. Another suggestion made by it is that sales tax on cotton sold for export must be withdrawn. Not only has Pakistan already done this, but it has also been suggested by the Saraiya Committee which recently went into the question of sales tax on exports of all goods.

BETTER DEMAND FOR TEAS

(From Our Own Correspondent)

CALCUTTA, *23rd June*

Fair demand was in evidence during the external sale held yesterday. In last week's internal sales also, better demand prevailed as the proportion of tea on offer with improving liquors showed an improvement. Tea shipments were satisfactory during the week, and space in prompt loaders for the United Kingdom and the Continent was difficult to be obtained. Forward space was, however, easier. Tea arrivals have gathered momentum, but it is apprehended that floods may cause some hold-up. Already, the water level in the Brahmaputra has alarmingly risen.

Export buyers are proceeding cautiously, and the average price of leaf realised so far in the new season's sales has been only Rs. 6.26 a kg. as against Rs. 6.77 a kg. for the same period in the last year. In view of the trend for a bumper crop, buyers expect more favourable prices and are in no hurry to enter into commitments. Up to the end of May, the North-East Indian crop amounted to 57,771,025 lbs., showing a rise of 8,423,625 lbs. as compared with the corresponding period in 1963. Similarly, other producing areas, excepting South India, have recorded higher figures. Up to the end of April, South Indian production totalled 46 million lbs., showing a shortfall of 13 million lbs. Up to the end of May, Pakistani output at 9.87 million lbs. represented a rise of 3.41 million lbs. Ceylon produced 174 million lbs. up to the end of April, as against 166.56 million lbs. East Africa and Mozambique (P.E.A.) produced 37 million and 11.46 million lbs., respectively, up to the end of March, as against 31.12 million and 9.60 million lbs. These figures only confirm the earlier forecast that in this year tea producing countries would need to send to world markets more tea than in 1963. Stiffer competition is, therefore, in store, and the Indian industry is worried about rising costs.

In last week's internal sales held in Calcutta, dusts on offer totalled 6,291 chests, including 282 chests of old season's teas. There was a better general demand, and teas with improving liquors were particularly favoured. C.T.C. teas, barring the first flush offerings, came to a dearer market. Prices of orthodox teas were maintained, but there were withdrawals of this category. Legg-cut teas were in better demand. No quotations were issued in view of the limited quantity of suitable teas on offer.

Strong general demand was accorded to leaf on offer totalling 20,733 chests during yesterday's external sale. The strongest features were the brighter liquoring Assams and Dooars C.T.Cs, prices of both of which appreciated. Other C.T.Cs were in good demand, although prices were irregular. The ordinary Darjeelings eased, but the bright flavoury Darjeelings were absorbed at higher rates. Orthodox teas eased, but those with improved quality realised higher prices. Quotations per 1 kg. inclusive of excise duty (given for the first time since the present series of sales began a few weeks ago) were: best Assam C.T.C. fannings Rs. 7.50 to 8.50, medium Assam C.T.C. B.P. Rs. 5.80 to 6.80, best Assam C.T.C. B.P. Rs. 7.50 to 8.50, medium Assam C.T.C. fannings Rs. 5.80 to 6.60, clean plain pekoe Rs. 5.20 to 5.40, plain B.P. Rs. 4.50 to 4.70, and plain fannings Rs. 4.30 to 4.50.

EXPORT BUSINESS IN KIPS POOR

(From Our Own Correspondent)

MADRAS, *22nd June*

Tanned cow hides were slightly firmer than last week, following good demand for light weight cow hides for shipment to U.K. Inquiries for other lines were small and selective. Ordinary marks were not in demand. U.S. interest in buff calf or lights was absent. Export trading in kips on the whole was poor.

In the tanned skins section, there was good call for light weight goat skins, all selections, but inquiries for higher averages were poor; and this detered shippers from accepting orders for light weights alone, in a big way. Demand for 8/9 lbs. average was patchy and that for higher weights negligible. In sheep skins, primes and semi-primes were held steady, but the volume of business was not much. In middle class, top selections were in demand but not lower ends. In the local market, prices remained firm and were unworkable for exporters.

The following were the ruling prices per lb. for all round lots in the local market:

		Rs.
Tanned cow hides	8/8½ lbs. average	2.06 to 2.12
Tanned buff	12/14 lbs. average	1.80 to 1.90
Tanned buff calf	1½/2 lbs. average	2.90 to 3.00

ZINC RISES, TIN STEADY

(From Our Own Correspondent)

CALCUTTA, *23rd June*

While zinc continued to rise and tin was steady but unchanged, both lead and copper scrap eased a little in the Calcutta metal market during the week under review. Prices on the London Metal Exchange showed a steady rise.

Tin in Calcutta was maintained firm at Rs. 2,800 per 100 kgs. The improvement in the stock position—imports into India in May 1964 totalled 737 tonnes as against 288 tonnes in the previous month and 298 tonnes in May 1963—prevented the price from rising further. On the L.M.E. spot tin opened at £1,190 a ton and steadily rose to £1,220. At £1,182 the three-months' quotation gained £17. Prices in the Far Eastern markets also advanced. The rising trend reflects the low level of warehouse stocks in London, although the end of the strike in the Bolivian tin mines has been a matter of satisfaction. On the other hand, labour troubles have brought to a standstill Nigerian tin movements to the world markets. World markets are avoiding a breakdown in supplies only on account of timely releases from the U.S. strategic stockpiles. The U.S.A.'s total releases in this year would be 20,000 tons, which is estimated to be the effective gap between production and consumption. Tin released from U.S. stockpiles is free to be exported to all countries excepting Mainland China.

Following good demand, spot lead in London closed higher on balance at £90⅞ after opening at £89½. In Calcutta, virgin lead at Rs. 297 eased by Rs. 3. The fall was attributed to consumers' reluctance to follow the rising trend. Moreover, with imports into the country in the last month having substantially risen to 5,463 tonnes from 657 tonnes in April 1964, the stock position has recorded a marked improvement. On the other hand, zinc imports in the last month were only 3,788 tonnes as against 6,030 tonnes in the previous month and 7,037 tonnes in May 1963. The deterioration in the stock position was naturally reflected in the price rising from Rs. 308 per 100 kgs. to Rs. 311. In London, spot zinc touched a new high at £136 a ton. The three-months' metal hardened from £117⅞ to £122½. On the other hand, spot copper wire-bars in London closed lower at £295 after opening at £300. At £284 and £285 spot copper cathodes and fire-refined copper disclosed losses of £6 and £1, respectively. The closing rates for the forward position were £278 and £274, respectively, as against the opening rates of £284 and £278. Utensil copper scrap in Calcutta was steady at Rs. 675. Demand was moderate. Although May imports of copper totalled only 6,141 tonnes, as against 10,252 tonnes in the previous month, recent arrivals have improved the stock position.

ELPHINSTONE SPG. & WVG. MILLS CO., LTD.

(Concluded from page 1122)

tax exemption for dividends on equity capital. The incidence would act as a deterrent to companies declaring even normal dividends and the provisions would therefore come in the way of savings and investments. The Companies (Profits) Surtax, replacing Super Profits Tax, with dividend tax and the bonus tax, would together place a heavy burden on companies. It is also urged that the cotton textile industry of the country which is facing a mighty problem of modernisation and expansion should be brought within the purview of the specified industries to be entitled to the rebate of super-tax like other specified industries.

Leather Cloth Division

The working of this division was hampered considerably during the year under review owing to acute shortage of basic raw materials. And although in the latter part of the year the required raw materials could be procured from indigenous manufacturers, these were available only in restricted quantities and besides the quality was not uniform, with the result that the quality of the finished products could not come up to the required standards. During the current year, however, we have installed one of the most modern and up-to-date machines in this division and have also introduced Foam PVC and Profile Jet qualities. All these are expected to produce leather cloth of very high quality and new varieties apart from improving the existing quality of products. We have also been availing the services of foreign technical consultants to advise us on the latest techniques in the field of leather cloth manufacture.

Expansion

You might have observed from the Directors' report that the Cotton Textile Loan Advisory Committee has recommended an additional loan of Rs. 37 lakhs to the Company from the National Industrial Development Corporation Ltd. for the purpose of equipping the Company's Moon Mills unit with the latest types of spinning and other machinery. We are now trying to finalise negotiation for placement of orders for the second unit.

Modernisation and Renovation

In spite of the various difficulties confronting the working as enumerated in the preceding paragraphs, the management has been continuously putting all its efforts to rationalise, modernise and increase the efficiency all round to enable us to look forward to the future with optimism. In accordance with this policy, several useful items of machinery valued at about Rs. 15 lakhs were installed in the various departments during the year under review in addition to the amount spent towards extension of factory buildings. The Company's equipment of automatic looms has steadily increased thereby improving the quality of its cloth production and its capacity to export its goods.

In this context, I would like to point out that the machinery available from indigenous sources are not sufficient for the cotton mill industry to meet its expansion and rehabilitation requirements in the next few years. Until, however, the capacity of the indigenous industry is expanded sufficiently to enable it to make prompt deliveries, the Government should allow liberally some imports of textile machinery, especially ring frames and carding engines, etc. even though such import entail foreign exchange spending. Since several aid-giving countries are reported to have agreed to make available to India untied credits, a part of it should be allotted to the cotton mill industry for importation of the badly needed items of machinery.

Note: *This does not purport to be a record of the proceedings of the Annual General Meeting.*

FOREIGN COLLABORATION NUMBER OF "INDUSTRIAL TIMES"

The fortnightly *Industrial Times* (Editor: Mr. Subhash J. Rele, Bombay), has just brought out a special number on foreign collaboration. The number presents different shades of opinion on foreign collaboration from official spokesmen, industrialists and representatives of foreign countries, in the various articles they have contributed to the journal.

The significant value of foreign collaboration, both financial and technical, in the planned development of this country cannot be overemphasised. The *Industrial Times* has focussed attention on this aspect of the economic growth of India in the special number under review. The consensus of opinion of the contributors is that a quicker flow of foreign private investment from industrialised countries is most essential for a rapid economic development of the country.

MISCELLANEOUS STATISTICAL INFORMATION

Reserve Bank of India

Statement of Affairs for the week ended 19th June 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	5,00,00,000
Reserve Fund	80,00,00,000
National Agricultural Credit (Long Term Operations) Fund	73,00,00,000
National Agricultural Credit (Stabilisation) Fund	3,00,00,000
Deposits—	
(a) Government—	
(i) Central Government	65,39,77,000
(ii) State Governments	14,84,43,000
(b) Banks—	
(i) Scheduled Banks	89,20,87,000
(ii) State Co-operative Banks	2,43,45,000
(iii) Other Banks	1,65,000
(c) Others	160,61,24,000
Bills Payable	39,37,76,000
Other Liabilities	75,63,83,000
Rupees	613,51,99,000

ASSETS	Rs.
Notes	26,39,13,000
Rupee Coin	4,16,000
Small Coin	3,21,000
National Agricultural Credit (Long Term Operations) Fund—	
(a) Loans and Advances to—	
(i) State Governments	28,30,57,000
(ii) State Co-operative Banks	8,65,02,000
(iii) Central Land Mortgage Banks	—
(b) Investment in Central Land Mortgage Bank Debentures	4,08,83,000
National Agricultural Credit (Stabilisation) Fund—	
Loans and Advances to State Co-operative Banks.	....
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	44,20,64,000
Balances Held Abroad*	7,38,77,000
Loans and Advances to Governments**	49,69,04,000
Loans and Advances to—	
(i) Scheduled Banks†	4,02,78,000
(ii) State Co-operative Banks†	121,50,90,000
(iii) Others	2,44,20,000
Investments	234,02,00,000
Other Assets	32,72,65,000
Rupees	613,51,99,000

* Includes Cash and Short-term Securities.

** Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund, but including temporary overdrafts to State Governments.

† Includes Rs. 1,67,15,000 advanced to scheduled banks against usance bills under Section 17(4)(c) of the Reserve Bank of India Act.

‡ Excluding Loans and Advances from the National Agricultural Credit (Long Term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	26,39,13,000	
Notes in circulation	2517,27,50,000	
Total Notes issued		2543,66,63,000
Total Liabilities		2543,66,63,000

ASSETS	Rs.	Rs
Gold Coin and Bullion—		
(a) Held in India	117,76,10,000	
(b) Held outside India		
Foreign Securities	93,45,69,000	
Total		211,21,79,000
Rupee Coin		100,24,85,000
Government of India Rupee Securities		2232,19,99,000
Internal Bills of Exchange and other commercial paper		....
Total Assets		2543,66,63,000

State Bank of Pakistan

Statement of Affairs for the week ended 29th May 1964

BANKING DEPARTMENT

LIABILITIES	Rs.
Capital paid-up	3,00,00,000
Reserve Fund	6,55,00,000
Deposits—	3,00,00,000
(a) Central Government	17,77,00,000
(b) Provincial Governments	1,04,29,000
(c) Banks	36,92,27,000
(d) Others	93,18,31,000
Bills Payable	32,19,000
Other Liabilities	20,60,32,000
Rupees	182,49,88,000

ASSETS	Rs.
Notes	13,03,58,000
Rupee Coin	18,000
Subsidiary Coin	45,000
Bills Purchased and Discounted—	
(a) Internal	....
(b) External	....
(c) Government Treasury Bills	....
Balances held outside Pakistan*	25,21,72,000
Loans and Advances to Governments	45,00,000
Provincial Governments' Debtor Balances	....
Other Loans and Advances	90,47,14,000
Investments	39,71,02,000
Other Assets	13,60,79,000
Rupees	182,49,88,000

* Includes Cash and Short-term Securities.

ISSUE DEPARTMENT

LIABILITIES	Rs.	Rs.
Notes held in the Banking Department	13,03,58,000	
Notes in circulation	454,12,88,000	
Total Notes issued		467,16,46,000
Total Liabilities		467,16,46,000

ASSETS	Rs.	Rs.
I. A. Gold Coin and Bullion—		
Silver Bullion	25,00,44,000	
Foreign Securities	85,16,38,000	
India Notes representing assets receivable from the Reserve Bank of India		
	43,01,64,000	
B. Rupee Coin	4,89,58,000	153,18,44,000
Government of Pakistan Securities	303,18,38,000	
Internal bills of exchange and other commercial paper	....	
II. Held with the Reserve Bank of India pending transfer to Pakistan—		308,07,96,000
Gold Coin and Bullion	19,02,000	
Sterling Securities	4,40,63,000	
Government of India Securities	1,00,90,000	
Rupee Coin	29,51,000	
		5,90,06,000
Total Assets		467,16,46,000

Ratio of gold coin and bullion, silver bullion and approved foreign exchange to total notes issued : 33.99 per cent.

State Bank of India

Statement of Affairs for the week ended 19th June 1964

CAPITAL AND LIABILITIES	Rs.	Rs.
CAPITAL—		
Authorised Capital :— 20,00,000 shares of Rs. 100 each.	20,00,00,000	
Issued, Subscribed and Paid-up :— 5,62,500 shares of Rs. 100 each.	5,62,50,000	
Reserve Fund and Other Reserves		5,62,50,000
Deposits and Other Accounts		9,30,00,000
Borrowings from Other Banking Companies, Agents, etc.		622,31,54,000
Bills Payable		67,15,000
Bills for Collection being Bills receivable as per contra		6,74,71,000
Acceptances, Endorsements and Other Obligations per contra		9,50,74,000
Other Liabilities (including Inter-Office Adjustments)		18,11,88,000
Total .. Rs.		10,74,10,000
		683,02,62,000

PROPERTY AND ASSETS	Rs.	Rs.
Cash in hand and with Reserve Bank		21,60,10,000
Balances with other Banks		3,55,30,000
Money at Call and Short Notice		3,53,33,000
INVESTMENTS :—		
Government and other Trustee Securities	Rs. 230,64,54,000	
Other Authorised Investments	9,44,22,000	240,08,76,000
ADVANCES :—		
Loans, Cash Credits, Overdrafts, etc.	Rs. 338,22,99,000	
Bills Discounted and Purchased	21,15,14,000	359,37,23,000
Bills Receivable being Bills for Collection as per contra		9,50,74,000
Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra		18,11,88,000
Premises less Depreciation		2,27,21,000
Furniture and Fixtures less Depreciation		1,82,37,000
Other Assets (including Inter-Office Adjustments)		23,15,70,000
Total .. Rs.		683,02,62,000

EXCHANGE RATES

	24th June 1964	17th June 1964
London on New York $ per Dollar	2.7935 -2.7937	2.7948- 2.7951
London on Berne .. Sw. Frs.	12.0545-12.0565	12.0590-12.0610
London on Paris .. Frs.	13.6880-13.6900	13.6940-13.6960
New York on London Cents per £	279.350-279.380	279.470-279.500
Pound Sterling—		
Sellers T.T. D.D. Spot .. £.	1-5 31/32	1-5 31/32
Sellers T.T. D.D. upto six months .. .. .. £.	1-5 15/16	1-5 15/16
Buyers T.T. .. .. .. £.	1-6 1/32	1-6 1/32
Buyers D.D. .. .. .. £.	1-6 1/16	1-6 1/16
U.S. Dollar—		
Sellers T.T. D.D. .. Rs. to $100	479.25	479.00
Buyers T.T. .. Rs. to $100	475.75	475.50
Canadian Dollar—		
Sellers T.T. D.D. .. Rs. to $100	445.50	445.50
Buyers T.T.	437.50	437.50
French Francs—		
Sellers T.T. D.D. .. per Rs. 100	102.10	102.20
Buyers T.T. .. „	103.20	103.20
Swiss Francs—		
Sellers T.T. D.D. .. „	89.90	90.00
Buyers T.T. .. „	90.90	90.90
Deutsche Marks—		
Sellers T.T. D.D. .. „	82.80	82.80
Buyers T.T. .. „	83.70	83.70
Italian Lire—		
Sellers T.T. D.D. .. „	13,005	13,010
Buyers T.T. .. „	13,180	13,185
Swedish Kronas—		
Sellers T.T. D.D. .. „	107.10	107.10
Buyers T.T. .. „	108.10	108.20
Belgian Francs—		
Sellers T.T. D.D. .. „	1,037	1,037
Buyers T.T. .. „	1,053	1,053
Dutch Guilders—		
Sellers T.T. D.D. .. „	75.40	75.50
Buyers T.T. .. „	76.30	76.30
Hongkong Dollars—		
Sellers T.T. D.D. .. „	119.60	119.60
Buyers T.T. .. „	120.60	120.60
Norwegian Krones—		
Sellers T.T. D.D. .. „	149.10	149.10
Buyers T.T. .. „	150.50	150.50
Danish Kroner—		
Sellers T.T. D.D. .. „	144.10	144.20
Buyers T.T. .. „	145.50	145.50

Position of Scheduled Banks

(In lakhs of rupees)

	For the week ended (Friday)		
	12-6-64	5-6-64	14-6-63
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	65,01	63,87	51,78
(ii) From others	1,077,16	1,081,31	887,66
(b) Borrowings from banks	49,22	45,33	34,27
(c) Others	64,34	66,97	54,41
2. Time liabilities—			
(a Time deposits—			
(i) From banks	25,45	25,23	27,98
(ii) From others	1,265,72	1,265,71	1,224,82
(b) Borrowings from banks	10,61	11,29	21,29
(c) Others	11,80	11,97	10,22
3. Aggregate deposits [(1) (a) (ii)+ 2 (a) (ii)]	2,342,88	2,347,03	2,112,47
4. Borrowings from Reserve Bank	18,37	35,42	6,91
(a) Against usance bills and/or promissory notes	5,53	8,19	2,86
(b) Others	12,84	27,23	4,05
5 Borrowings from State Bank and/ or a notified Bank	21,52	19,97	16,06
6. Cash	64,47	64,52	54,97
7. Balances with Reserve Bank	86,11	87,60	80,11
8. Cash and balances with Reserve Bank	150,57	152,12	135,08
9. S as per cent of S	6.43	6.48	6.39
10. Balance with other banks in current account	21,51	21,54	19,99
11. Money at call and short notice	57,13	53,60	51,77
12. Investments in Government securities	619,86	620,50	632,55
13. 12 as per cent of S	26.46	26.44	29.94
14. Advances—			
(a) Loans cash credits and overdrafts	1,542,14	1,551,34	1,318,04
(b) Due from banks	12,55	12,39	8,50
15. Inland bills purchased and discounted	67,84	68,71	48,56
16. Foreign bills purchased and discounted	198,96	203,32	172,86
17. Total Bank Credit [14(a)+15+16]	1,808,94	1,823,37	1,539,45
18. 17 as per cent. of S	77.21	77.69	72.87

INDEX NUMBERS OF SECURITY PRICES

(1952-53=100)

Group and Sub-Group	Week ended 13th June 1964	6th June 1964	16th May 1964	15th June 1963
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES—ALL INDIA.				
1. Total	99.8	98.8	99.7	98.7
2. Government of India	99.5	99.5	99.4	98.3
3. State Governments	102.0	102.0	102.0	101.3
4. Municipal, Port Trust, etc.	98.9	98.9	98.9	98.8
DEBENTURES OF JOINT STOCK COMPANIES—ALL INDIA.				
5. Total	97.8	97.7	97.6	97.0
PREFERENCE SHARES—ALL INDIA.				
6. Total	81.1	81.1	81.2	81.6
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—ALL INDIA.				
7. Total	160.9	161.4	163.6	162.2
8. *Agriculture and Allied activities : Total**	142.9	143.2	143.9	145.1
9. Tea Plantations	130.6	130.8	131.1	135.6
10. Coffee Plantations	163.1	163.1	164.4	144.6
11. Rubber Plantations	181.4	181.3	182.8	159.5
12. *Mining and Quarrying: Total**	134.1	133.5	134.3	140.8
13. Coal	95.3	95.7	96.3	110.5
14. Other Mining	160.7	159.5	160.3	161.6
15. *Processing and Manufacturing : Total*	172.8	173.8	176.7	174.7
16. *Processing and Mfg. (Foodstuffs,Textiles,etc.): Total*†*	170.5	171.7	175.5	177.7
17. Sugar	122.5	122.5	123.9	122.1
18. Cotton Textiles	156.9	158.4	160.0	164.6
19. Jute Textiles	85.1	85.3	86.1	98.7
20. Silk and Woollen	802.0	808.0	837.8	821.5
21. *Processing and Mfg. (Metals, Chemicals, etc.): Total**	187.4	188.6	191.6	182.7
22. Iron and Steel	156.2	156.5	158.7	147.9
23. Transport Equipment	308.6	312.7	319.0	326.9
24. Electrical Machinery	150.4	148.6	150.8	146.0
25. Machinery other than Transport and Electrical	215.5	217.6	221.8	214.6
26. Basic Industrial Chemicals	175.0	176.0	177.3	165.0
27. *Processing and Mfg. (Others) : Total**	152.3	152.3	152.5	150.9
28. Cement	143.7	143.9	144.2	139.1
29. Paper	194.6	194.8	195.4	196.5
30. *Other Industries : Total**	106.8	106.9	107.2	103.4
31. Electricity Generation and Supply	88.3	88.2	87.9	83.7
32. Trading	109.0	109.3	108.9	109.3
33. Shipping and Other Transport	93.6	94.0	94.8	80.2
34. Construction	278.2	278.0	282.2	261.3
35. *Financial: Total*	184.5	182.6	184.8	183.8
36. Banks	203.4	201.7	205.4	201.7
37. Insurance	159.5	155.8	153.4	159.1
38. Investment Trusts	79.5	79.5	79.6	80.0
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL.				
39. Bombay	168.2	169.4	171.1	166.7
40. Calcutta	148.7	148.7	151.3	152.1
41. Madras	169.3	170.2	172.8	173.2
42. Delhi	219.1	218.9	222.4	212.2

*Including 'Miscellaneous.' † Including Edible and Vegetable Oils.

INDEX NUMBERS OF WHOLESALE PRICES

(Base 1952-53=100)

Particulars	Weight	23rd May 1964	16th May 1964	25th May 1963	March 1964	March 1963	Percentage of increase (+) or decrease (—) in March 1964 as compared with March 1963	Financial Year Averages 1963-64	1962-63
Food Articles	504	149.6	148.2R	132.7	142.1	123.4	+15.2	136.8	126.1
Cereals	192	120.4	123.2	110.1	123.6	102.0	+21.2	116.3	105.6
Pulses	43	136.6	135.1R	107.7	133.9	99.9	+34.0	115.4	105.2
Fruits and Vegetables	62	177.1	172.4	160.0	162.9	133.4	+22.1	140.6	135.6
Milk and Ghee	84	137.9	138.7R	128.0	133.0	124.8	+ 6.6	128.2	124.4R
Edible Oils	47	175.7	175.3R	140.4	160.0	141.8	+12.8	151.1	142.5
Fish, Eggs and Meat	17	158.5	159.3R	148.5	152.7R	137.5	+11.1	149.8	148.6R
Sugar and Gur	48	190.2*	181.9	175.3	175.7	147.6	+17.3	188.8	145.0
Others	50	178.7	178.6R	178.5*	175.7	172.9	+ 1.6	179.3	171.8
Liquor and Tobacco	21	117.0	117.0R	118.7	119.0	114.2	+ 4.2	119.8	100.8R
Tobacco	..	113.9	113.9R	115.8	115.8	111.6	+ 4.0	116.8	97.4R
Fuel, Power, Light and Lubricants	30	141.7	141.6R	139.1	141.7	137.7	+ 4.4	139.5R	124.4R
Industrial Raw Materials	155	149.9	149.7	138.2	144.9	135.2	+ 7.2	139.5	136.5
Fibres	61	135.2	135.5	134.1	135.7	133.5	+ 1.6	133.2	128.8
Oilseeds	60	176.5	175.4R	150.6	162.9R	143.0	+13.9	154.1	151.4
Minerals	2	103.2*	103.2*	93.4*	93.1	93.4	+ 5.0	92.8	93.6
Others	32	130.8	130.8R	125.6	131.5R	125.6	+ 3.9	127.3	125.5
Manufactures	290	133.8	134.0	130.7	132.8	129.6	+ 2.5	131.1	126.8R
Intermediate Products	41	146.9	146.8R	139.3	144.7	136.2	+ 2.4	139.6	139.5
Finished Products	249	131.7	131.9	129.3	129.8	126.2	+ 2.8	129.7	127.1
Textiles	147	129.0	129.4	127.8	128.6	134.4	+ 1.7	127.7	126.1
Cotton	..	137.6*	138.1*	134.9*	136.7	127.0	+ 1.3	135.6	130.7
Jute	..	98.7	99.1	104.2	98.7	102.1	- 3.3	100.2	110.9
Woollen	..	162.5*	162.5*	142.7*	162.4	142.4	+14.0	155.3	140.4
Silk and Rayon	..	141.9*	141.9*	138.4*	143.2	139.2	+ 2.9	139.8	131.8
Metal Products	12	168.9	168.9	161.2	166.1	161.0	+ 3.2	163.1	160.1
Chemicals	20	119.2*	119.5	117.2*	120.2	117.3	+ 2.5	117.9	115.5
Oil Cakes	9	185.6	184.4	164.7*	172.5	157.8	+ 9.3	165.7	160.9
Machinery and Transport Equipment	31	125.8	125.8	122.2	125.6	122.2	+ 2.8	124.2	117.0R
Others	30	127.5	127.6	127.5	127.8	127.2	+ 0.5	128.2	125.3
All Commodities	1,000	144.1	143.4	132.9	139.3	127.2	+ 9.5	135.3	127.9

NOTE:—Weight shown against the sub-groups under each of the groups are those assigned to the respective sub-group to arrive at that group index. P=Subject to revision. R—Revised. * Estimated.

TREND OF SHARES

BUOYANCY RETURNS

(From Our Own Correspondent)

BOMBAY, 25*th June*

IN brisk dealings Dalal Street maintained a buoyant tone during the week under review on persistent bull support and heavy short-covering. Intermittent profit-taking induced moderate reactions, but sales were well and readily absorbed. Closing levels were slightly down on the highest of the week; nevertheless, the list showed substantial on-balance gains. The volume of business was sizable and tended to increase with the improvement in prices, thereby indicating that the undertone was firm.

Among market leaders, Tata Ordinary closed the week at Rs. 151.50, against Rs. 147 of the previous week. Indian Iron improved from Rs. 24.50 to Rs. 25. Among Mill shares, Bombay Dyeing and Century were quoted at Rs. 57.30 and Rs. 593.50, respectively, against Rs. 56.50 and Rs. 585 of the previous week. Similarly, Standard improved from Rs. 587 *cum-div.* to Rs. 615 *ex-div.*, disclosing a handsome gain of Rs. 44 over the week. Bombay Burmah was well held at Rs. 58.20 against Rs. 57.20 of the previous week while Associated Cement closed on a distinctly better note at Rs. 152.25.

National Rayon was firm at Rs. 369.50, an improvement of nearly ten points over the previous week but a notable counter was Indian Dyestuff which moved up to Rs. 284 on Wednesday on consistent bull support. The shares were apparently set for further advance but, as the rise was already more than 10 per cent on the last *hawala* rate of Rs. 255, a margin of Rs. 29 against bulls came automatically into force. The shares closed the week at around Rs. 276.25.

Telco was another bright counter at Rs. 277, while Hindustan Motors and Premier Auto were both slightly better at Rs. 18.40 and Rs. 97.50 respectively. Voltas improved during the week from Rs. 245 to Rs. 252.25; so did Tata Chemicals—from Rs. 17.68 to Rs. 18.60.

Apart from the moderate contango charges at Friday's settlement and easy money conditions, sentiment was induced by hopes of an early relaxation of margin restrictions following the talks between the Chairman of the Company Law Board, Mr. R. C. Dutt, and the President of the Stock Exchange. The market had never been happy with these margins and had been looking forward to their withdrawal. There is, however, nothing to suggest that margins would be withdrawn wholesale but the market would be satisfied even with a substantial relaxation of margin restrictions.

Sentiment was also helped by hopes of a higher dividend by Tata Steel which might be followed by its counterpart in Calcutta, Indian Iron. What the dividend is going to be is anybody's guess, but it is apparent that the market is carried away so much by bull factors that it even ignored reports of fresh Pakistani outrages in Poonch. To brush aside bearish news is the characteristic of a market which is set for a rise.

Corporate news was generally favourable. Tata Oil came out with a cut in the dividend but the disappointment was more than offset by the one for three bonus issue which the Directors announced at the same time. A total number of 1,40,150 shares of Rs. 25 each will be issued by capitalising Rs. 35.04 lakhs from out of the share premium account of Rs. 35.95 lakhs.

J. K. Rayon has been back on the dividend list with a proposal to pay 5 per cent for 1963 on Ordinary shares. The Company is shaping well, though the Directors have not been able to make any headway with their scheme of reorganisation of the cotton textiles section owing to foreign exchange difficulties.

The day for an Ordinary dividend from Khandelwal Udyog should not be distant. Arrears of Preference dividend have been cleared in part and as the Chairman, Dr. A Ramaswamy Mudaliar, has pointed out, working results for the first five months of the current year have been encouraging enough to make the Directors feel that the arrears might be wiped off in full. It appears that the Company will be able to make a handsome profit during the current year.

Indian Rayon has been progressing consistently with the ideas of its shareholders. The Company is getting Yen credit to the tune of Rs. 20 lakhs and the scheme of doubling the plant capacity to 11.11 tonnes a day is being implemented.

A noteworthy feature was the support from investors to electricity shares in general and to Ahmedabad Electricity in particular which enabled it to be quoted again at par after a long interval, though the shares suffered a slight reaction at the close. Shipping and sugar shares were well held. In fact, there was not a single section on the stock exchange which failed to receive support. That cash shares were equally firm with forward scrips was a welcome feature and augured well for the strength of the market.

It would, however, be hasty to read in the present rise more than what is contained in it. The market has to be watched carefully before drawing conclusions. Anyway, the market had been lying low too long and it was only natural that it should sit up for a while. However, Government policies will have much to say in the future trend of the market.

In keeping with the firm trend in Bombay, the Calcutta market was well maintained under the lead of Indian Iron. Prices, wherever changed, showed moderate to good increases. Here too, the market was expecting higher dividends from steel companies as well as relaxations in margins. Almost all the sections were active.

Indian Aluminium consolidated its gains and advanced further on active follow up support. Jute and coal shares attracted selective support, but cotton mill shares failed to make an impression. Paper shares were steady, with Orient at Rs. 36.30. Titaghur was distinctly better. Interest in tea shares was selective. In the cash section, selected engineering and miscellaneous shares gained further ground.

Although the volume of business was moderate, Madras was steady on the whole presumably under the influence of Bombay and Calcutta. In the forward section, selected shares were supported. There was talk of a one for six bonus issue by Deccan Sugars. Rayons were well held. Mettur Chemicals attracted buying interest but by and large plantation shares were neglected. Parrys Confectionery improved presumably due to shortage of scrips. Mill shares were sticky, though the rise in Sivananda was notable as an exception.

ROCKWELL INDIA LTD.

The demand for machine tools continues to be far in excess of indigenous production. Hence the high priority assigned to the development of this industry in both the public and private sectors. But not many entrepreneurs are coming forward in the private sector to establish new units, for there are several practical difficulties in the way. Whoever displays some enterprise in this field deserves to be praised. That Rockwell India Limited was incorporated in December 1962 with the object of manufacturing wood working and metal working machinery is, therefore, a welcome development.

The Company has an authorised capital of Rs. one crore, divided into 100,000 ordinary shares of Rs. 100 each. The issued capital is Rs. 30 lakhs, of which Rs. 15 lakhs have been subscribed by Rockwell International S.A., Switzerland, and Rs. 7.65 lakhs by Batliboi and Company Private Limited of Bombay and its associates and friends. A public offer for the balance of Rs. 7.35 lakhs, all in ordinary shares, was made this week. The issue was oversubscribed within two days, even though the condition was that the entire amount of Rs. 100 per share should be paid along with the application. The amount offered to the public was no doubt small. Nevertheless, it has the distinction of being one of the very few, if not the only, new equity issues that got oversubscribed since the Union Budget for 1964-65.

The Company's financial and technical collaborator is a Swiss firm which is a wholly owned subsidiary of the well-known Rockwell Manufacturing Company of the United States. The Indian promoter, that is, Batliboi & Company Private Ltd., too, has been acting for many years as the selling agents in India for wood and metal working machinery manufactured by the U.S. firm. Rockwell India Limited, as a manufacturing firm, will thus benefit from the rich experience of both the promoters. Its plant, which is to be located in Surat District in Gujarat, will involve a capital outlay of about Rs. 52 lakhs which will be met by the issued capital of Rs. 30 lakhs and loans from bankers and other sources. With Mr. Pratap Bhogilal as the Chairman of the Board of Directors and with American representatives on the Board, the Company may be expected to show drive and enterprise in the field of machine tool manufacture.

DELHI LETTER

(Concluded from page 1096)

mature, it will be some years before such crude may be available. Such crude supplies may also not be in quantities sufficient to meet the country's growing needs. Notwithstanding all this, the Oil Ministry is now reluctant to enter into agreements for the refineries in Madras and Haldia until the foreign firms agree in principle to take imported "Government Crude" as and when it becomes available. The final round of talks with oil company officials on this question is expected to take place in a few weeks. These talks will delay the signing of collaboration agreements for the Madras and Haldia projects.

While officials declare there is no question of higher priority for one plant, as between the Madras and Haldia projects, it appears certain that the Madras plant will receive the go-ahead earlier. This is partly because the Haldia plant will have to await the erection of an efficient oil terminal port there. The arrangements in Madras are easier. It now appears that, for the Madras refinery, two foreign collaboration offers are in the lead. The offer by the Burmah Oil Company and Shell International together is said to be attractive in terms of crude prices, while the Italian ENI's offer is to be reported to be cheaper in terms of the initial cost of the plant. ENI does not have crude oil supplies of its own, but Italy uses Soviet crude for one thing and ENI is one of the possible partners for an oil exploration deal in Iran. The Madras plant rules out permission for any large-scale expansion of the Caltex refinery in Visakhapatnam for the present. As regards demand estimates, there is now general agreement among the refiners in both the sectors on 18 million tonnes by the end of the third Plan and about 30 million tonnes by the end of the fourth Plan.

WEEK'S STOCK EXCHANGE TREND

THE following quotations indicate the trend of transactions on the Bombay Stock Exchange during the week ended 25th June 1964.

	Closing quotations 18-6-1964	High	Low	Closing quotations 25-6-1964
TEXTILES	Rs.	Rs.	Rs.	Rs.
Ahm. Adv. (100)	140.00	150.00	147.00	149.00
Apollo (2)	1.72	1.80	1.72	1.72
Baroda Rayon (100)	79.50	80.50	79.00	79.50
Bombay Dyeing (25)	56.40	57.70	56.00	57.30
Bradbury (50)	145.00	162.50	145.00	162.50
Central India (100)	90.00	92.00	89.00	90.50
Century Mills (100)	580.00	596.00	582.50	593.50
Dawn (50)	161.50	165.00	161.00	165.00
Elphinstone (50)	98.00	100.50	98.00	100.50
Finlay (100)	285.00	291.00	290.00	290.00
Gokak (10)	180.50	186.00	179.00	185.00
Gold Mohur (100)	200.00	210.00	200.00	210.00
Gwalior Rayon (10)	36.50	—	—	36.50
Ind. Unit. Def. (1)	2.72xd	2.72xd	2.42xd	2.42xd
Ind. Untd. Ord. (10)	21.80xd	21.80xd	20.72xd	20.72xd
Indian Rayon (100)	64.50	65.00	62.00	64.00
Indore Malwa (100)	215.00xd	215.00xd	207.00xd	210.00xd
Khatau (100)	175.00	182.50	176.25	181.25
Kohinoor (100)	814.25	822.00	814.25	822.00
Mafatlal (100)	477.50xd	487.50	477.50	487.50
Modella Woollens (10)	12.12	12.24	12.12	12.24
Morarji (100)	256.00	265.00	256.00	265.00
Myrora (50)	36.00	39.00	38.00	39.00
National Rayon (100)	351.50	373.50	357.00	369.50
New Great (100)	165.00	—	—	165.00
Phoenix (100)	236.00	250.00	237.50	250.00
Podar Mills (10)	11.24	11.76	11.32	11.76
Raymond Woollen (100)	140.00	142.50	140.00	142.50
Sasoon Spg. (10)	35.60xd	37.00	35.60	37.00
Shreeniwas (100)	232.00	240.00	232.00	240.00
Simplex (50)	128.00	132.50	127.75	132.50
Standard (100)	587.00xd	619.00xd	593.00xd	615.00xd
Svadeshi (100)	251.00	254.50	251.00	254.50
Swan (100)	256.00	262.00	258.00	262.00
S. I. Viscose (100)	119.50	121.50	119.50	121.00
Tata Mills (25)	57.50	59.00	57.00	58.50
Lakshmi-Vishnu (100)	86.50	86.50	80.00	80.00
Western India (250)	850.00	—	—	850.00
BANKS				
Bank of India (50)	103.00	103.00	102.50	102.50
Do. (New) (50)	104.25	104.50	104.00	104.50
Bank of Baroda (50)	95.50	95.70	95.00	95.70
Central (25)	46.75	47.75	47.00	47.75
Central 'A' (25)	48.25	49.00	48.25	49.00
Dena Bank (50)	61.50	62.00	61.50	62.00
Punjab National (10)	19.40	—	—	19.40
Union Bank (5)	5.96	6.12	5.92	6.12
United Com. (50)	69.00	69.50	69.00	69.50
Maharatra (50)	53.00	—	—	53.00
ELECTRIC COS.				
Ahmedabad (100)	99.50	100.50	99.50	100.50
Amalgamated (10)	9.08	9.08	9.04	9.08
Andhra Valley (1,000)	1,075.00	—	—	1,074.00
Bom. Sub. El. (100)	104.50	104.50	104.00	104.50
Surat (100)	101.50	105.00	101.50	105.00
Tata Hydro (100)	112.50	113.25	112.50	113.00
Tata Power (1,000)	1,137.50	1,161.25	1,135.00	1,150.00
INSURANCE COS.				
British India (10)	14.00	—	—	14.00
Indian Mercantile (50)	64.00	—	—	66.00
New India (15)	50.00xd	51.50xd	47.00xd	47.00xd
New India 'A' (15)	49.75xd	52.30xd	48.00xd	48.75xd
Vulcan (10)	15.84	—	—	16.24
STEEL COS.				
Ind. Iron (10)	24.32	25.05	24.48	25.00
Mukand Iron (10)	17.36	17.60	17.32	17.52
Tata Steel Ord. (76)	145.25	152.00	146.00	151.50
SUGAR COS.				
Belapur (50)	209.00

ANNUITY DEPOSITS

(*Concluded from page* 1095)

respect of income which is recognised by law to be exempt, the tax-payer will be called upon to make Annuity Deposits.

Let us now see how Annuity Deposits are to be calculated. The Finance Act has prescribed rates which are to be applied to the adjusted total income to find out the amount of Annuity Deposit. Regarding these rates, two curious points must be noted. The first is that, unlike income-tax rates, these rates are step-rates. One has, therefore, to find out in which bracket one's income falls and apply the rate indicated against that bracket to the whole of the total income. Secondly, although the ultimate rate is to be applied to the adjusted total income, for finding out the rate, one must look at not the adjusted total income but the total income. I will illustrate this point thus:

Suppose a man has got a total income of Rs. 1 lakh, consisting of Rs. 10,000 dividends and Rs. 90,000 capital gains. The adjusted total income will be Rs. 10,000, because capital gains are to be eliminated in arriving at the adjusted total income. Yet Annuity Deposit will be required to be made, since the total income exceeds Rs. 15,000.

Law has made special provision for authors, playwrights, musicians and actors. Such persons can voluntarily make an Annuity Deposit equal to 25 per cent of the adjusted total income. The principle is that the income earning span of life of such people is relatively a limited one and, if they are permitted to make deposits of substantial portions out of their total income as and by way of saving for future, it will secure a reduction in their present tax liability, and, at the same time, secure income in future by making the refunds of Annuity Deposits available in future perhaps at a time when their income earning faculties are not at the same level. Similarly, a person receiving a gratuity can make additional Deposit equal to 50 per cent of the gratuity amount.

The amount of Annuity Deposit is to be reduced from the total income. This, indeed, is very kind of the legislature, because, otherwise, for tax-payers in the high income brackets, it would be very difficult to find funds to make their Annuity Deposits. It is very essential that Annuity Deposit is shown in the return of income as a deduction. This is because, under the newly introduced Section 140A, one will now have to pay one's tax liability within 30 days of filing the return of income. Now the amount that one is so required to pay is to be calculated on the basis of the return of income. Hence, if Annuity Deposit is not shown as a reduction, technically, one will have to pay tax on a higher total income, although he is entitled to an allowance from that total income. It will, therefore, be obvious that total income will have to be smaller in quantum and hence the provisions relating to relief in respect of the life insurance premia, donation, etc. which are based on total income will also be affected, since the percentages will now be applied to the reduced total income. This has very nearly upset many persons' calculations when they took out life insurance policies subject to such amount of premia as to be within the limit of one-fourth of their total income. Now suddenly they find that the premia which they are paying is in excess of the limit, because the total income is not the same income which they anticipated. Similarly, the annual letting value of self-occupied property which is to be restricted to 10 per cent of the total income, will also be affected.

A very curious provision has been made in law in regard to the manner in which the reduction of Annuity Deposit from total income is to be made. The law says that the reduction shall operate first against salary income, next against any other earned income and lastly against unearned income. An example will clarify this point. Suppose a man's total income is Rs. 1 lakh consisting of salary of Rs. 4,000, property business income of Rs. 2,000 and dividends of Rs. 94,000. The Annuity Deposit will be calculated on the adjusted total income which will be Rs. 96,000 (total income Rs. 1,00,000 *less* salary Rs. 4,000). The applicable rate is 12½ per cent and the amount of Annuity Deposit will work out Rs. 12,000. Now this amount of Rs. 12,000 is to be deducted from the total income and the reduction will first come against salary income Rs. 4,000, business income Rs. 2,000 and the balance of Rs. 6,000 against dividends. The result will be that the reduced total income of Rs. 88,000 will consist entirely of dividends that is unearned income. This will be very harsh, since unearned income is taxed at much higher rates than earned income. It is particularly harsh, in view of the position that, when Annuity Deposits will be subsequently refunded, they will be taxed as income and that too as unearned income. One may not be able to believe it, but it exists in reality. This shows to what extent legislative insincerity can go. I do not, for a moment, think that legislature could have thought of specifically providing that the reduction shall operate first against earned income and somehow forgotten to say that the refunds also shall first be treated as earned income. It is nothing but a case of dishonest drafting.

There are three stages in which Annuity Deposits will be called upon to be paid. The first stage is the "Advance Payment." Since the Scheme came into force from this assessment year only, there is no "advance payment" for assessment year 1964-65, but, for subsequent assessment years, there is a provision requiring advance payment of Annuity Deposits to be made. The provisions relating to advance Annuity Deposits are on the same lines as advance income-tax. That is, for an existing tax-payer, the income-tax officer will serve a notice for advance Annuity Deposit based on the latest completed assessment, while a new assessee will have voluntarily to file his Estimate of Income and pay Annuity Deposit on the basis of such estimate. The advance Annuity Deposits are to be paid in four instalments just like advance taxes. The second stage is the stage of "self-assessment." That is, payment of Annuity Deposit amount by the tax-payer himself on the basis of his return of income within 30 days of the filing of the return of income. Hence, no sooner one files one's return of income, one must be ready to pay Annuity Deposit within 30 days. The third stage is the stage of Income-tax Officer's completing the assessment either on a provisional or a regular basis. At that stage, balance, if any, which may be payable will be demanded. At this stage, I cannot help expressing concern over the needless and pointless complications which the "law-makers" have introduced into the Act. Just consider what tremendous amount of uncertainty and complications will surround the Annuity Deposit Refund position where assessments are subject-matters of long drawn-out appeals, rectifications, etc. The Annuity Deposit has to be refunded in ten equated annual instalments. How will Government repay Annuity Deposits which are subject to adjustments consequent upon modifications in total income? And every time an adjustment in Annuity Deposit takes place, inevitably intricate calculations in respect of interest will follow. It is a pity that politicians do not comprehend how much they are burdening the administration by their queer and novel experiments just to satisfy their own ego and craze. Why cannot we do away with all these complications and have a simple scheme or simple tax law? But, as has been repeatedly pointed out, if there are two ways of doing a thing in India—one simple and the other intricate—we instinctively prefer the latter. If a person does not file his return of income for the assessment year 1964-65, he will still have to pay the Annuity Deposit before 31st March 1965.

The exact details will only become known when the Central Government frames the Scheme. From the provisions in the Income-tax Act, all that can be said is that the deposits will be refunded in ten annual equated instalments of principal amount and interest. The rate of interest is to be notified by the Central Government. Here is a case where a person is involuntarily required to make an investment and is told that how much he would earn out of it the Government woud let him know in due course but first he should hand over whatever he has to pay and whatever the Government requires. There is no provision at the moment dealing with the excess Annuity Deposit which may have been made, but I hope the Scheme will contain provisions dealing with such an eventuality and I further hope that the provisions will be simple to operate.

A question of some importance is whether the amount of Annuity Deposits outstanding is liable to wealth tax or not. Under the Wealth Tax Act, the right to receive an Annuity where the terms of Annuity prohibit commutation into a lump sum grant is exempt from wealth tax. However, from the provisions in the Income-tax Act, it appears that, under the Annuity Deposit Scheme to be framed by the Central Government, provision will be made to make lump sum grant in case of hardship. Hence, in my opinion, the amount of Annuity Deposit will be liable to wealth tax.

On paper there exists an option not to make Annuity Deposits, but the conditions and consequences are so prohibitive that I cannot visualise what set of people can really take advantage of such an option. The option can be exercised before 30th June of the assessment year and not later. But, for the current year, the time limit is 30th September. If any one delays, he will have to satisfy the Income-tax Officer that he was prevented by sufficient cause. The declaration once made is final in the sense that it will apply not merely for the assessment year in which it is made but for all future assessment years. The declaration will exempt the declarant from Annuity Deposit subject to the condition that he pays an amount of additional tax equal to half of the difference between the Annuity Deposit and the reduction in his total tax liability resulting from the allowance of Annuity Deposit as a deduction from his total income. Let me illustrate this part of the condition:

Suppose a man's income before deducting Annuity Deposit is Rs. 1,00,000. The Annuity Deposit ordinarily would work out to Rs. 12,500. But, at the same time, this Rs. 12,500 will be allowed to him as a reduction from Rs. 1,00,000. By this, his effective total income will be only Rs. 87,500. Thus, he saves (assuming his income to be earned income) 75 per cent of Rs. 12,500 in his tax liability which will work out to Rs. 9,375. Now if this person were to exercise the option not to make Annuity Deposit, he would have to pay half of the difference between Rs. 12.500 and Rs. 9,375, that is, Rs. 1,562.50, as an additional income-tax. Now, surely, nobody would like to pay Rs. 1,562.50 as additional tax unless peculiar circumstances exist. I venture to suggest that this provision is deliberately designed to make exercise of option so expensive that it will be well-nigh impossible for any one to get rid of Annuity Deposit obligation. There is, however, one relaxation and that is that for persons above the age of 70, there would be no obligation to pay additional tax, if he were to exercise the option. But even persons above the age of 70, if they want to take advantage of this, should make a declaration of their intention.

I have tried to summarise the important provisions relating to Annuity Deposit. I know I might have left out certain points, but the complications and the intricacies in which the whole new Chapter XXIIA is hedged are such that nothing but a full-sized commentary can deal with all possible points in respect of Annuity Deposits.

The whole basis and the spirit behind the Scheme are utterly fallicious and are opposed to principle of equity and justice. If the Government wanted to offer incentive to persons like musicians, authors, actors, etc., it could have done so by restricting the provisions affecting them. But requiring, on an involuntary basis, Annuity Deposits from all persons is something which, I think, can never be justified. In fact, in the whole of the Budget discussions, not a single cogent reason has been made out in support of the Annuity Deposit Scheme. But existing as we are in a country where anything is tolerated, Annuity Deposit, happily, had a smooth passage and is, like a giant monster, very much amongst us scaring us away, and our only hope, and I pray hope, is that the infantile mortality syndrom overtook Compulsory Deposit will also not spare Annuity Deposit.

1964

Notice

BHARAT NIDHI LIMITED

Registered Office:
5, Parliament Street, New Delhi

NOTICE

THE ANNUAL GENERAL MEETING OF THE shareholders of Bharat Nidhi Ltd. will be held at The Punjab National Bank Building, 5, Parliament Street, New Delhi, on Friday, the 17th day of July, 1964 at 3-30 p.m., to transact the following business:

1. To receive and adopt the Directors' Report and the Audited Statements of Accounts for the year ended 31st December, 1963.
2. To declare dividends on Preference and Ordinary Shares.
3. To elect a Director in place of Shri B. P. Khaitan who retires by rotation and, being eligible, offers himself for re-election.
4. To appoint Auditors for the current year and fix their remuneration. Messrs. Sodhbans & Co., Chartered Accountants, and Messrs. Aiyar & Co., Chartered Accountants, retiring Auditors, being eligible, offer themselves for re-appointment.
5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as Special Resolution:—

   RESOLVED that Article 43 of the Company's Articles of Association be deleted and be substituted by the following Article which may be numbered as 43:—

   "43.—There shall be paid to the Company in respect of every registration of membership on transmission and of every registration of a transfer of shares, a fee not exceeding one rupee for each transfer or transmission. Notwithstanding anything herein contained the Directors shall have power to waive payment of such fee generally or in any particular case."

A member entitled to attend and vote at the meeting of the company is entitled to appoint another person as his proxy to attend and vote instead of himself and the proxy need not be a member.

By Order of the Board,
(Sd.) V. K. VERMA & CO.,
Registrars.

NEW DELHI,
12*th June*, 1964.

Note: As previously notified, the Share Transfer Books of the Company were closed from 1st June, 1964 to 20th June, 1964, both days inclusive.

The dividends when declared will be made payable to those Members whose names appear in the Registers of Members on 20th June, 1964.

Explanatory Statement as required under Section 173 of the Companies Act, 1956

Ministry of Finance has suggested to Stock Exchange in the country that in the interest of wider and broader dissemination of share ownership among general public the companies listed on the exchanges should not charge any transfer fees on the transfer or transmission of shares as well as on the subdivision or consolidation of share certificates. This practice is followed by many well-known companies in India.

Your Directors are of the opinion that they should have the power to waive the charging of fee on transfer or transmission of shares. The amount of fee received by the Company for the above purpose during the year 1963 is not substantial.

As Article 43 of Articles of Association of the Company does not give any power to the Directors to waive the fee payable on transfers or transmission it is necessary that the above Article should be amended as shown in the proposed resolution.

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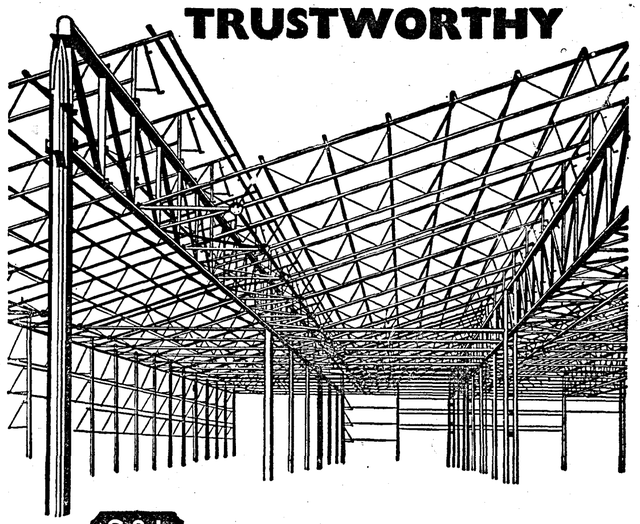

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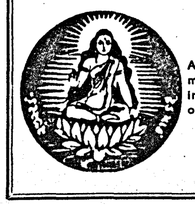

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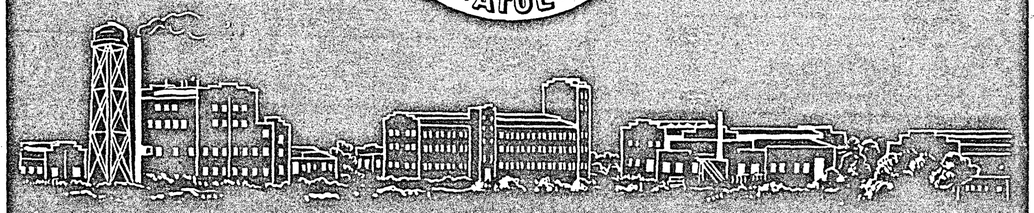

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